



## Debt Repayment Scenarios

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- Along with City staff, we analyzed four potential scenarios for a preliminary summary of impact on waste water system users:
  - ✓ Financing with 20-year Clean Water SRF Loan in 2019.
    - Scenario 1: One-time rate adjustment in 2021 to provide sufficient revenues to cover debt service on loan.
    - Scenario 2: Annual rate increases starting in 2016 to provide sufficient revenues to cover debt service on loan.
  - ✓ Financing with 20-year General Obligation debt in 2019.
    - Scenario 3: Projected Local Option Sales Tax revenues applied starting in 2021.
    - Scenario 4: Projected Local Option Sales Tax revenues applied starting in 2016.



# Debt Repayment Impact

**TABLE 1 - SUMMARY OF PROJECTED RATE IMPACT RELATED TO PLANT FINANCING**

Scenario Description	Projected Par Amount Financed	Projected Debt Service (Series 2019)	Total	Current Average Monthly Bill	Projected FY 22 Average Monthly Bill	Projected FY 25 Average Monthly Bill
			Difference Compared to #1			
1 One-time Increase in 2021	\$22,150,000	\$27,480,600	<i>n.a.</i>	\$35.15	\$46.75	\$48.65
2 Annual Rate Increases starting 2016	20,140,000	24,985,000	(2,495,600)	35.15	44.48	46.29
3 Local Option Sales Tax: Applied starting 2021	22,400,000	28,840,666	1,360,066	35.15	37.31	39.61
4 Local Option Sales Tax: Applied starting 2016	19,360,000	24,926,094	(2,554,506)	35.15	35.15	37.31

**Assumptions:**

- 1) \$24 million plant cost.
- 2) All financing over 20 years at current interest rates as of April 10, 2015.
- 3) Average monthly residential usage of 4,000 gallons.

**TABLE 2 - DEBT NOTES**

<p><b>Scenarios 1 &amp; 2:</b></p> <p>Assumes Clean Water SRF Loan at current 2.00% all-in interest rate.          Clean Water SRF Loan repaid 100% by Sewer Revenues.          Target sewer rates to maintain 1.25 x minimum debt coverage.</p> <p><b>Scenarios 3 &amp; 4:</b></p> <p>Assumes G.O. Bond at current interest rates as of April 13, 2015.          Assumes G.O. Bond repaid 50/50 by Sales Tax and Sewer Revenues.          Target sewer rates to maintain 1.25 x minimum debt coverage (all debt).</p>
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