

January 14, 2019

Rudolph Chow Director of Public Works City of Baltimore 200 N Holiday Street Baltimore, Maryland

Mr. Chow:

Raftelis Financial Consultants, Inc. (Raftelis) was engaged by Baltimore City Department of Public Works (DPW) in 2018 to undertake a Financial Planning Study (Study). The purpose of this Study was review and projection of revenues and expenditures within the DPW Water, Wastewater, and Stormwater Enterprise Funds (collectively, the utilities). As a result of the Study, Raftelis developed revenue adjustments, or rate increases, necessary to support the operation, maintenance, capital investment, and financial health of the utilities over a multi-year forecast period. Raftelis employed industry-accepted methodologies as described in the American Water Works M-1 Rates Manual and the Water Environment Federation MOP-27 Manual – Finance and Pricing for Wastewater Systems.

Raftelis developed a financial planning model (model) upon which the conclusions of the Study were based. The model projects operating, and capital expenditures based on approved City budgets. Historical revenues and expenditures captured in the model are consistent with audited financial results in the City Comprehensive Annual Financial Reports (CAFRs). The model projects cash expenditures, bond ordinance requirements, and City financial policy requirements (collectively revenue requirements) and compares them to projected revenues under existing rates. If revenues under existing rates are insufficient to meet projected revenue requirements, the model calculates the rate adjustments necessary to generate sufficient revenue.

Operating Expenditures

Operating expenses used in the model include items like labor, chemicals, energy, and contracted services. Operating expenditures for the utilities are based on the approved FY 2019 budget. These costs for the water and wastewater utility are expected to increase at about 2.4% in FY 2020 due to inflationary increases in items like labor and treatment chemicals. The operating expenses for the stormwater utility have increased at an average annual rate of 4.45% since FY 2016. These increases are related to increasing the level of service according to the designs of the utility implementation. One of the primary drivers for the cost increases is that the stormwater enterprise is now the primary funding source for the street sweeping program; previously this cost was shared with the Department of Transportation.

Capital Debt Requirements and Capital Investment

The other major cost driver for the utilities financial forecast is the requirement to repay outstanding system indebtedness and continue reinvestment in system infrastructure. Approximately \$818 million of additional long-term debt is anticipated to be issued by FY 2022 to fund capital investment for the water, wastewater, and stormwater systems. This level of borrowing represents over \$50 million in annual debt service payments across the utilities. Major projects that are part of this investment include: large water main rehabilitation, upgrades at the water treatment plants, sanitary sewer overflow remediation, digester renovations, enhanced nutrient removal at the wastewater treatment plants, and other sewer system rehabilitation and improvements. These are critical investments in multibillion-dollar infrastructure systems. The utilities plan to fund these capital projects with a mixture of additional long-term debt and

rate-funded capital (pay-as-you-go capital, "Pay-Go"). The current financial plan forecasts these necessary capital investments which influence projected rate increases to fund these investments and support the utilities financial policies that are the basis of critically important credit ratings.

Revenue and Units of Service

The majority of annual revenue received by the utilities is generated from water, wastewater, and stormwater user charges. Customers have been using less metered water according to recent trends. This behavior is consistent with many utilities across the country due to the emergence of high efficiency appliances and low-flow fixtures coupled with increased customer awareness that water is a valuable resource in need of conservation. Since the inception of the stormwater fee, impervious area within the City has remained steady, although rate payers have taken advantage of the various credit and incentive programs over time. The projection of Baltimore City user charge revenue is based on historical revenue and a forecast of customer demand and projected water, wastewater, and stormwater rates throughout the financial plan. It is important to note that the impact of projected rate increases is dampened by the assumption of continued decline in metered water usage. For example, a 9.9% increase in the water rates for FY 2020 is projected to generate 8.2% in additional water revenue. Projected rate increases also account for the cost sharing agreements with surrounding counties. Revenue from Baltimore County is tied directly to the annual cost to operate and maintain the system and therefore fluctuates in similar fashion to the operating budget.

Financial Plan Results

Using the detailed information described above, Raftelis built a financial planning model that develops a separate, comprehensive financial forecast for the water, wastewater, and stormwater utilities. The model is developed to meet the objectives listed below:

- Fund the daily operating and maintenance costs of the water, wastewater, and stormwater utilities and prepare for anticipated operating cost increases;
- Meet existing and proposed debt obligations while maintaining coverage ratios consistent with City bond indentures and financial policies;
- Actively reinvest in system infrastructure to build a sustainable and reliable operation through the use of a responsible blend of long-term debt and pay-go capital; and
- Minimize and shave peaks off any annual rate adjustments to limit impacts to customer bills.

The model allows the utilities to analyze and test several different assumptions and planning options when preparing the financial plan, including:

- Future rate adjustments;
- Customer demand and growth projections;
- The timing and amount of future debt issues;
- Options for future debt parameter assumptions, including the use of capitalized interest; and
- The utilization of reserve funds to balance the cash-needs and financial policies of the utilities.

The financial forecasts for the utilities are presented as attachments to this letter. These forecasts require a 9.9% annual rate increase for water and a 9.0% annual rate increase for wastewater and stormwater from FY 2020 through FY 2022. Projected rate increases beyond the FY 2022 proposal are provided for informational purposes only and are subject to change. Future utilities rate adjustments developed in the forecasts are shown below.

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	Proposed	Proposed	Proposed	Forecast						
Water	9.90%	9.90%	9.90%	9.90%	9.90%	9.90%	6.00%	3.25%	3.25%	3.25%
Wastewater	9.00%	9.00%	9.00%	6.00%	6.00%	5.00%	3.25%	3.25%	3.25%	3.25%
Stormwater	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	3.25%	3.25%	3.25%

Future debt service costs related to funding the projects that have been identified in the CIP are the major driving factor in the water financial plan. Capital expenditures result in substantial increases in total debt service costs which drive the large increases in revenue requirements which are the basis for proposed rates. The additional revenue from the rate increases support the debt coverage and cash reserve requirements identified in the City's bond ordinance and the utilities investment-grade bond ratings.

DPW understands that these increases affect some customer's ability to afford clean water service. With this in mind, the financial forecast includes establishing and funding a customer assistance program, currently called Baltimore H2O Assists. This program is currently under development and DPW expects to begin the program during fiscal year 2020 and would be eligible to any residential household customer with income at or below 175% of Federal poverty limits. DPW has included an estimate or approximately \$11 million per year in assistance once the program is at full participation.

Raftelis is grateful for the opportunity to work with the City of Baltimore and is pleased to provide this summary of the methodology used to develop utility rates for the utilities. Feel free to contact us for further information or to answer questions as needed.

Respectfully submitted,

Jon Davis, Executive Vice President Raftelis Financial Consultants, Inc.

Joe Crea, Senior Manager Raftelis Financial Consultants, Inc.

Appendix A. Water Financial Forecast

Revenues		FY 2018 Unaudited		FY 2019 Budget		<u>FY 2020</u> Projected		FY 2021 Projected		FY 2022 Projected		FY 2023 Projected		FY 2024 Projected		FY 2025 Projected		FY 2026 Projected		FY 2027 Projected		FY 2028 Projected
Baltimore City User Charge Revenue Customer Assistance Program (Revenue Offset) Other Jurisdiction User Charge Revenue Miscellaneous Water Revenue Interest Income	\$	100,047,662 75,320,042 5,286,155 (653,690)	\$	108,303,095 - 88,095,391 2,755,617 -	\$	117,239,724 (2,024,500) 92,626,456 4,335,496		126,913,760 (3,660,813) 96,873,057 4,009,974	\$	137,386,049 (3,950,108) 101,460,097 3,652,225		148,722,459 (4,266,717) 106,599,464 3,259,059		160,994,293 (4,595,644) 111,989,688 2,826,970	\$	(4,948,375) 117,830,763 2,352,104	\$	181,964,429 (5,177,182) 122,328,626 2,035,814 -	\$	185,060,099 (5,281,365) 125,637,302 1,854,211 -	\$	191,074,552 (5,435,686) 129,054,712 1,666,706
Transfers (to)/from Rate Stabilization Fund Transfers (to)/from Residual Fund				(8,000,000)				(5,000,000) (12,000,000)		(5,000,000) (12,000,000)		(5,000,000) (2,750,000)		(5,000,000) (4,000,000)		(5,000,000) (4,000,000)		(3,000,000) (3,000,000)		(2,000,000) (4,000,000)		
Total: Revenues	\$	180,000,168	\$	191,154,102	\$ 2	12,177,177	\$	207,135,979	\$ 2	221,548,264	\$	246,564,266	\$ 2	262,215,308	\$ 3	280,513,229	\$ 2	295,151,688	\$ 3	801,270,247	\$ 3	316,360,285
Projected City Water Rate Increase		9.90%		9.90%		9.90%		9.90%		9.90%		9.90%		9.90%		9.90%		6.00%		3.25%		3.25%
Revenue Requirements Operations & Maintenance Expenses	\$	101,960,975	\$	118,378,398	\$	121,995,145	\$	125,048,773	\$	128,877,814	\$	132,116,223	\$	136,898,741	\$	141,844,956	\$	145,429,582	\$	150,681,276	\$	154,503,441
Debt Service (Principal & Interest) Senior Lien Debt Service Existing Indebtedness Proposed Indebtedness	\$	34,257,515	\$	34,897,464	\$	35,395,814 2,801,250	\$	31,186,364 6,533,093	\$	31,121,764 9,765,528	\$	28,584,264 14,347,811	\$	28,573,965 20,353,487	\$	29,397,514 27,042,469	\$	32,893,715 34,157,474	\$	32,866,265 41,175,423	\$	33,691,115 43,058,992
Subtotal: Senior Lien Debt Service	\$	34,257,515	\$	34,897,464	\$	38,197,064	\$	37,719,457	\$	40,887,292	\$	42,932,075	\$	48,927,452	\$	56,439,983	\$	67,051,189	\$	74,041,688	\$	76,750,107
Subordinate Lien Debt Service Existing Indebtedness Proposed Indebtedness	\$	26,224,658	\$	25,727,138 970,557	\$	25,244,788 3,604,741	\$	30,879,312 3,604,741	\$	30,739,561 6,577,019	\$	31,955,811 11,077,111	\$	31,989,311 14,130,048	\$	31,030,812 14,214,740	\$	27,602,311 14,214,740	\$	27,618,062 14,214,740	\$	26,882,186 19,436,540
Subtotal: Subordinate Lien Debt Service	\$	26,224,658	\$	26,697,695	\$	28,849,528	\$	34,484,052	\$	37,316,581	\$	43,032,922	\$	46,119,360	\$	45,245,552	\$	41,817,052	\$	41,832,802	\$	46,318,727
Total: Debt Service (Principal & Interest)	\$	60,482,174	\$	61,595,159	\$	67,046,592	\$	72,203,509	\$	78,203,872	\$	85,964,998	\$	95,046,812	\$	101,685,534	\$	108,868,241	\$	115,874,490	\$	123,068,834
Cash-Financed CIP (Pay-GO)	\$	5,000,000	\$	7,685,183	\$	19,746,045	\$	6,232,296	\$	10,457,164	\$	24,262,180	\$	25,838,160	\$	27,339,780	\$	35,029,075	\$	28,723,840	\$	29,441,940
Other Expenses Additional Expense SRF Administrative Fees Bad Debt Expense Allowance	\$	-	\$	400,000 18,203 2,500,000	\$	400,000 18,203 2,747,500	\$	400,000 18,203 3,019,503	\$	400,000 18,203 3,318,433	\$	400,000 18,203 3,646,958	\$	400,000 18,203 4,008,007	\$	400,000 18,203 4,404,800	\$	400,000 18,203 4,669,088	\$	400,000 18,203 4,820,833	\$	400,000 18,203 4,977,510
Total: Water System Revenue Requirements	\$	167,443,149	\$	190,576,943	\$ 2	11,953,485	\$	206,922,284	\$ 2	221,275,487	\$	246,408,562	\$ 2	262,209,922	\$ 2	275,693,273	\$ 2	294,414,189	\$ 3	800,518,642	\$ 3	312,409,928
Annual Cashflow	\$	12,557,020	\$	577,160	\$	223,692	\$	213,695	\$	272,777	\$	155,704	\$	5,386	\$	4,819,956	\$	737,499	\$	751,606	\$	3,950,357
Fund Balance Ending Fund Balance Rate Stabilization Fund Operating Reserve Requirement Additional Operating Reserve Residual Fund	\$	5,000,000 8,156,878 4,078,439 14,166,703	\$	5,000,000 9,470,272 4,735,136 20,773,772	\$	5,000,000 9,759,612 4,879,806 20,563,454	\$	10,000,000 10,003,902 5,001,951 27,410,714	\$	15,000,000 10,310,225 5,155,113 34,224,006	\$	20,000,000 10,569,298 5,284,649 31,741,101	\$	25,000,000 10,951,899 5,475,950 30,172,584	\$	30,000,000 11,347,596 5,673,798 33,398,995	\$	33,000,000 11,634,367 5,817,183 33,706,339	\$	35,000,000 12,054,502 6,027,251 35,827,741	\$	35,000,000 12,360,275 6,180,138 39,319,439
Total: Cash Balance Days of O&M (Target 120 Days) Days W/O Rate Stabilization (Min Target 90 Days)	\$	31,402,020 112 95	\$	39,979,180 123 108	\$	40,202,872 120 105	\$	52,416,567 153 124	\$	64,689,344 183 141	\$	67,595,047 187 131	\$	71,600,433 191 124	\$	80,420,389 207 130	\$	84,157,889 211 128	\$	88,909,494 215 131	\$	92,859,852 219 137
Debt Service Coverage Senior Lien Debt Coverage Actual Min Target	•	2.28 1.40	•	2.23 1.40	•	2.28 1.40	•	2.40 1.40	•	2.47 1.40	•	2.64 1.40	•	2.55 1.40	•	2.44 1.40	•	2.20 1.40		2.02 1.40	•	2.04 1.40
Total Debt Debt Coverage Actual Min Target		1.29 1.10	•	1.26 1.10	•	1.30 1.10	•	1.26 1.10	•	1.29 1.10	•	1.32 1.10	•	1.31 1.10	•	1.36 1.10	•	1.36 1.10		1.29 1.10	•	1.27 1.10

Appendix B. Wastewater Financial Forecast

		<u>FY 2018</u> Unaudited		FY 2019 Projected		<u>FY 2020</u> Projected		<u>FY 2021</u> Projected		FY 2022 Projected		<u>FY 2023</u> Projected		FY 2024 Projected		<u>FY 2025</u> Projected		FY 2026 Projected		FY 2027 Projected		FY 2028 Projected
Revenues Baltimore City User Charge Revenue Customer Assistance Program (Revenue Offset) Other Jurisdiction User Charge Revenue Miscellaneous Wastewater Revenue Interest Income Transfers (to)/from Rate Stabilization Fund Transfers (to)/from Residual Fund	\$	184,488,999 - 63,361,160 8,367,032 791,422 - (20,000,000)		198,076,612 70,939,868 11,441,795 791,422 (8,500,000)	\$	212,664,953 (3,858,965) 84,500,527 13,317,872 791,422 (10,000,000)		228,327,724 (6,920,851) 86,373,280 13,317,872 791,422 1,600,000	\$	245,144,060 (7,406,614) 88,519,423 13,317,872 791,422 (6,000,000) (10,000,000))	255,954,912 (7,716,365) 90,643,914 13,317,872 791,422 (6,000,000)	\$	267,242,522 (8,016,291) 92,796,988 13,317,872 791,422 (6,000,000)	\$	276,395,578 (8,246,722) 95,050,380 13,317,872 791,422	\$	281,097,757 (8,404,199) 97,340,701 13,317,872 791,422	\$	285,879,933 (8,573,321) 99,689,335 13,317,872 791,422 4,000,000		290,743,465 (8,691,475) 102,107,099 13,317,872 791,422 4,000,000 6,000,000
Total: Revenues	\$	237,008,613	\$	272,749,697	\$	297,415,809	\$	323,489,447	\$	324,366,162	\$	346,991,755	\$	360,132,514	\$	377,308,530	\$	384,143,553	\$	395,105,241	\$	408,268,383
Implemented City Sewer Rate Increase		9.00%		9.00%		9.00%		9.00%		9.00%		6.00%		6.00%		5.00%		3.25%		3.25%		3.25%
Revenue Requirements Operations & Maintenance Debt Service (Principal & Interest)	\$	148,217,490	\$	166,122,295	\$	171,738,576	\$	179,442,262	\$	187,416,708	\$	191,677,815	\$	196,046,337	\$	200,525,185	\$	205,117,361	\$	209,825,950	\$	214,654,117
Senior Lien Deb Service Existing Indebtedness Proposed Indebtedness	\$	51,882,910 -	_	51,429,585 1,427,995	\$	51,229,327 3,576,421	\$	47,986,213 6,729,563		47,588,078 7,165,888	\$	48,111,631 11,186,955	\$	47,996,659 15,506,055	\$	47,722,909 22,539,563	\$	47,169,260 29,586,959	\$	47,167,538 36,603,435		47,085,408 43,796,702
Subtotal: Senior Lien Debt Service	\$	51,882,910	\$	52,857,580	\$	54,805,748	\$	54,715,776	\$	54,753,966	\$	59,298,586	\$	63,502,713	\$	70,262,471	\$	76,756,219	\$	83,770,973	\$	90,882,110
Subordinate Lien Debt Service Existing Indebtedness Proposed Indebtedness	\$	28,964,578	\$	29,878,900 3,870,815	\$	30,203,800 16,137,991	\$	30,200,550 22,058,142	\$	29,772,644 30,714,375	\$	29,218,696 35,022,353	\$	28,211,055 35,452,576	\$	26,118,605 35,455,127	\$	25,223,772 35,457,792	\$	23,226,257 35,460,577	\$	23,189,757 35,463,488
Subtotal: Subordinate Lien Debt Service	\$	28,964,578	\$	33,749,715	\$	46,341,790	\$	52,258,691	\$	60,487,019	\$	64,241,049	\$	63,663,632	\$	61,573,732	\$	60,681,564	\$	58,686,835	\$	58,653,245
Total: Debt Service (Principal & Interest)	\$	80,847,489	\$	86,607,295	\$	101,147,538	\$	106,974,467	\$	115,240,985	\$	123,539,635	\$	127,166,345	\$	131,836,204	\$	137,437,783	\$	142,457,808	\$	149,535,355
Cash-Financed CIP (Pay-GO)	\$	15,000,000	\$	15,422,923	\$	16,914,902	\$	32,295,780	\$	15,972,225	\$	22,428,160	\$	28,206,480	\$	34,790,800	\$	35,660,575	\$	36,552,075	\$	37,465,900
<u>Other Expenses</u> Additional Expense SRF Administrative Fees Bad Debt Expense	\$	- -	\$	600,000 600,000 3,000,000	\$	600,000 600,000 3,270,000	\$	600,000 600,000 3,564,300	\$	600,000 600,000 3,885,087	\$	600,000 600,000 4,118,192	\$	600,000 600,000 4,365,284	\$	600,000 600,000 4,583,548	\$	600,000 600,000 4,732,513	\$	600,000 600,000 4,886,320	\$	600,000 600,000 5,045,125
Total: Wastewater System Revenue Requiremen	\$	244,064,979	\$	272,352,514	\$	294,271,017	\$	323,476,809	\$	323,715,007	\$	342,963,803	\$	356,984,446	\$	372,935,738	\$	384,148,233	\$	394,922,154	\$	407,900,499
Annual Cashflow	\$	(7,056,365)	\$	397,183	\$	3,144,792	\$	12,637	\$	651,155	\$	4,027,951	\$	3,148,067	\$	4,372,793	\$	(4,680)	\$	183,087	\$	367,883
Fund Balance Ending Fund Balance Rate Stabilization Fund Operating Reserve Requirement Additional Operating Reserve Residual Fund	\$	28,800,000 11,857,399 5,928,700 54,223,107	\$	28,800,000 13,289,784 6,644,892 40,771,713	\$	38,800,000 13,739,086 6,869,543 33,242,551	\$	38,800,000 14,355,381 7,177,690 30,730,746	\$	44,800,000 14,993,337 7,496,668 34,424,968	\$	50,800,000 15,334,225 7,667,113 31,941,586	\$	56,800,000 15,683,707 7,841,853 28,565,431	\$	56,800,000 16,042,015 8,021,007 32,400,762	\$	56,800,000 16,409,389 8,204,694 31,845,021	\$	52,800,000 16,786,076 8,393,038 35,463,077	\$	48,800,000 17,172,329 8,586,165 33,251,580
Total: Cash Balance Days of O&M (Target 120 Days) Days W/O Rate Stabilization (Min Target 90 Days)	\$	100,809,206 248 177	\$	89,506,388 197 133	\$	92,651,180 197 114	\$	91,063,817 185 106	\$	101,714,973 198 111	\$	105,742,924 201 105	\$	108,890,992 203 97	\$	113,263,784 206 103	\$	1 13,259,104 202 100	\$ 1	13,442,191 197 105	\$1	07,810,075 183 100
Debt Service Coverage Senior Lien Debt Coverage Actual Min Target Total Debt Debt Coverage	•	2.10 1.40	•	2.10 1.40	•	2.21 1.40	•	2.52 1.40	•	2.59 1.40	•	2.53 1.40	•	2.50 1.40	•	2.43 1.40	•	2.26 1.40		2.14 1.40	•	2.00 1.40
Actual Min Target	•	1.35 1.10	•	1.28 1.10	•	1.20 1.10	•	1.29 1.10	•	1.23 1.10	•	1.21 1.10	•	1.25 1.10	•	1.30 1.10	•	1.26 1.10		1.26 1.10	0	1.21 1.10

Appendix C. Stormwater Financial Forecast

		FY 2018 Unaudited		FY 2019 Projected		FY 2020 Projected		FY 2021 Projected		FY 2022 Projected		FY 2023 Projected		FY 2024 Projected		FY 2025 Projected		<u>FY 2026</u> Projected		<u>FY 2027</u> Projected	FY 2028 Projected
Revenues Impervious Area Charge Revenue Clustomer Assistance Program (Revenue Offset) Miscellaneous Stormwater Revenue Interest Income Transfers (to)/from Rate Stabilization Fund	\$	27,550,593 (500,000)	\$	28,239,357 20,000	\$	30,780,899 (375,540) 20,000		33,551,180 (675,425) 20,000		36,570,786 (724,897) 20,000		,	\$	43,449,751 (805,017) 20,000	\$,	\$	51,622,650 (866,897) 20,000	\$		\$ 55,032,649 (901,734) 20,000
Transfers (to)/from Residual Fund		4,750,000				600,000		1,750,000			_	2,500,000		175,000		200,000		650,000		190,000	 -
Total: Revenues	\$	31,800,593	\$	28,259,357	\$	31,025,359	\$	34,645,755	\$	35,865,889	\$	41,617,279	\$	42,839,734	\$	46,737,989	\$	51,425,753	\$	52,626,044	\$ 54,150,915
Projected City Stormwater Rate Increase Projected City Stormwater Rate per ERU		0.00% \$ 5.00		0.00% \$ 5.00		9.00% \$ 5.45		9.00% \$ 5.95		9.00% \$ 6.50		9.00% \$ 7.10		9.00% \$ 7.75		9.00% \$ 8.45		9.00% \$ 9.25		3.25% \$ 9.60	3.25% \$ 9.95
Revenue Requirements Operations & Maintenance	\$	19,740,560	\$	20,817,259	\$	22,095,806	\$	22,858,059	\$	25,352,765	\$	25,929,091	\$	26,263,209	\$	26,598,910	\$	25,571,825	\$	26,217,572	\$ 25,743,611
Debt Service (Principal & Interest) Senior Lien Debt Service Existing Indebtedness Proposed Indebtedness	\$	2,831,182	\$	1,583,833 -	\$	1,597,352 2,900,000	\$	1,625,143 2,839,238	\$	1,633,097 4,175,373	\$	1,635,869 7,203,380	\$	1,294,856 7,147,400	\$	1,165,504 9,105,156	\$	1,098,532 9,390,840	\$	1,054,973 9,397,717	\$ 1,055,672 9,404,955
Subtotal: Senior Lien Debt Service	\$	2,831,182	\$	1,583,833	\$	4,497,352	\$	4,464,381	\$	5,808,470	\$	8,839,248	\$	8,442,256	\$	10,270,660	\$	10,489,372	\$	10,452,691	\$ 10,460,626
Subordinate Lien Debt Service Existing Indebtedness Proposed Indebtedness	\$	372,206	\$	372,206	\$	372,205 180,000	\$	372,206 3,254,002	\$	341,207 3,875,618	\$	- 4,542,075	\$	- 5,636,014	\$	- 5,905,824	\$	- 6,503,235	\$	- 6,879,413	\$ - 6,882,700
Subtotal: Subordinate Lien Debt Service	\$	372,206	\$	372,206	\$	552,205	\$	3,626,208	\$	4,216,825	\$	4,542,075	\$	5,636,014	\$	5,905,824	\$	6,503,235	\$	6,879,413	\$ 6,882,700
Total: Debt Service (Principal & Interest)	\$	3,203,388	\$	1,956,039	\$	5,049,557	\$	8,090,589	\$	10,025,295	\$	13,381,324	\$	14,078,269	\$	16,176,484	\$	16,992,606	\$	17,332,104	\$ 17,343,326
Cash-Financed CIP (Pay-GO)	\$	10,411,917	\$	4,747,000	\$	3,627,240	\$	3,400,870	\$	-	\$	2,234,700	\$	2,492,940	\$	3,957,450	\$	8,849,200	\$	9,070,400	\$ 9,297,200
Total: Stormwater System Revenue Requirement	t\$	33,355,865	\$	27,520,299	\$	30,772,605	\$	34,349,520	\$	35,378,062	\$	41,545,117	\$	42,834,420	\$	46,732,846	\$	51,413,634	\$	52,620,078	\$ 52,384,139
Annual Cashflow	\$	(1,555,272)	\$	739,058	\$	252,754	\$	296,235	\$	487,826	\$	72,162	\$	5,313	\$	5,143	\$	12,120	\$	5,967	\$ 1,766,776
Fund Balance Ending Fund Balance Rate Stabilization Fund Operating Reserve Requirement Additional Operating Reserve Residual Fund	\$	- 1,579,245 789,622 11,325,860	\$	- 1,665,381 832,690 11,935,715	\$	- 1,767,664 883,832 11,435,043	\$	- 1,828,645 914,322 9,889,807	\$	- 2,028,221 1,014,111 10,078,269	\$	- 2,074,327 1,037,164 7,581,272	\$	- 2,101,057 1,050,528 7,371,491	\$	- 2,127,913 1,063,956 7,136,350	\$	- 2,045,746 1,022,873 6,621,720	\$	- 2,097,406 1,048,703 6,360,197	\$ - 2,059,489 1,029,744 8,183,848
Total: Cash Balance Days of O&M (Target 120 Days) Days W/O Rate Stabilization (Min Target 90 Days)	\$	13,694,728 253 253	\$	14,433,786 253 253	\$	14,086,539 233 233	\$	12,632,774 202 202	\$	13,120,601 189 189	\$	10,692,763 151 151	\$	10,523,076 146 146	\$	10,328,219 142 142	\$	9,690,339 138 138	\$	9,506,306 132 132	\$ 11,273,082 160 160
Debt Service Coverage Senior Lien Debt Coverage Actual		4.24		4.70		1.99		2.44	•	1 01		1.78		1.04	•	1.04		2.47		252	2.72
Min Target Total Debt Debt Coverage		4.26 1.40	•	4.70 1.40	•	1.40	•	2.64 1.40		1.81 1.40	•	1.78	•	1.96 1.40		1.96 1.40	•	2.47 1.40	•	2.53 1.40	1.40
Actual Min Target	•	3.77 1.10	•	3.81 1.10	•	1.77 1.10	•	1.46 1.10	•	1.05 1.10	0	1.17 1.10	•	1.18 1.10	•	1.25 1.10	•	1.52 1.10		1.52 1.10	1.64 1.10