

Budget Discussion

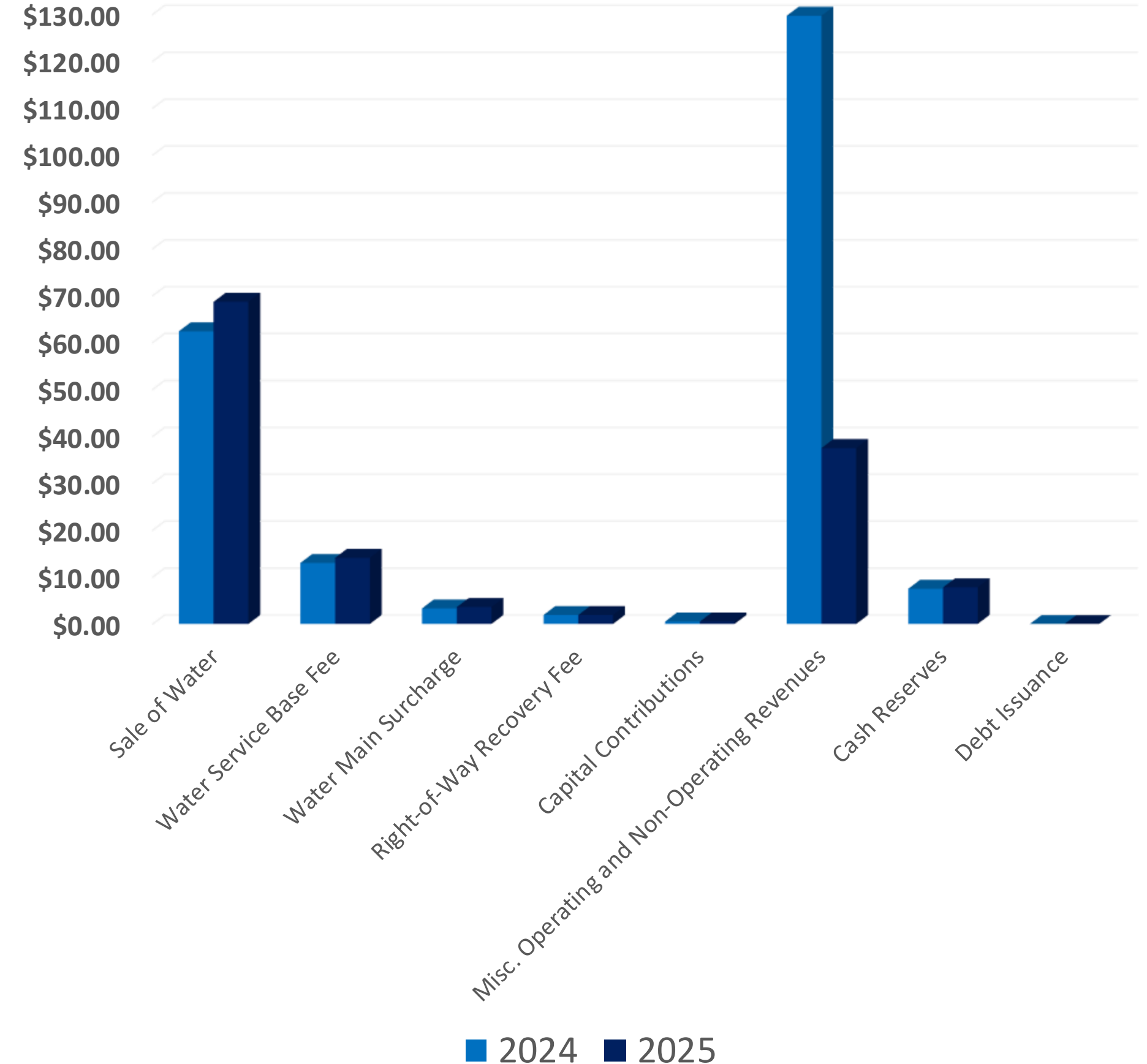


2024 vs 2025 Financing Analysis

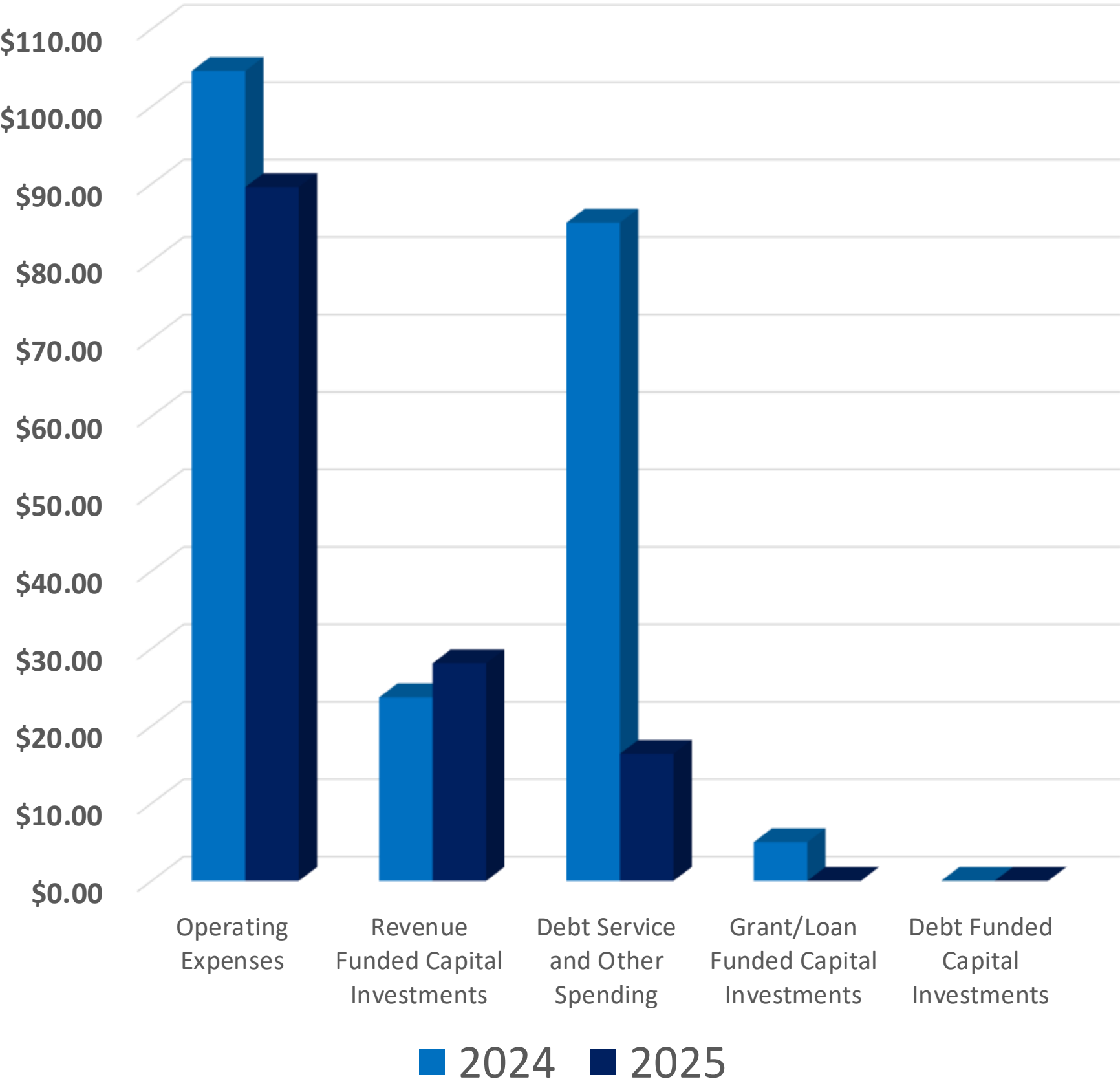
TYPE OF FINANCING	2024	2025
Sale of Water	\$62.40	\$68.70
Water Service Base Fee	\$13.00	\$14.10
Water Main Surcharge	\$3.30	\$3.60
Right-of-Way Recovery Fee	\$1.90	\$1.90
Capital Contributions	\$0.50	\$0.50
Misc. Operating and Non-Operating Revenue	\$129.70	\$37.50
Cash Reserves	\$7.50	\$7.80
Debt Issuance	\$0.00	\$0.00
TOTAL SPENDING	\$218.30	\$134.10



FINANCING COMPARISON (IN MILLIONS)



SPENDING COMPARISON (IN MILLIONS)



2024 vs 2025 Spending Analysis

TYPE OF SPENDING	2024	2025
Operating Expenses	\$104.60	\$89.60
Revenue Funded Capital Investments	\$23.70	\$28.10
Debt Service and Other Spending	\$85.00	\$16.40
Grant/Loan Funded Capital Investments	\$5.00	\$0.00
Debt Funded Capital Investments	\$0.00	\$0.00
TOTAL SPENDING	\$218.30	\$134.10



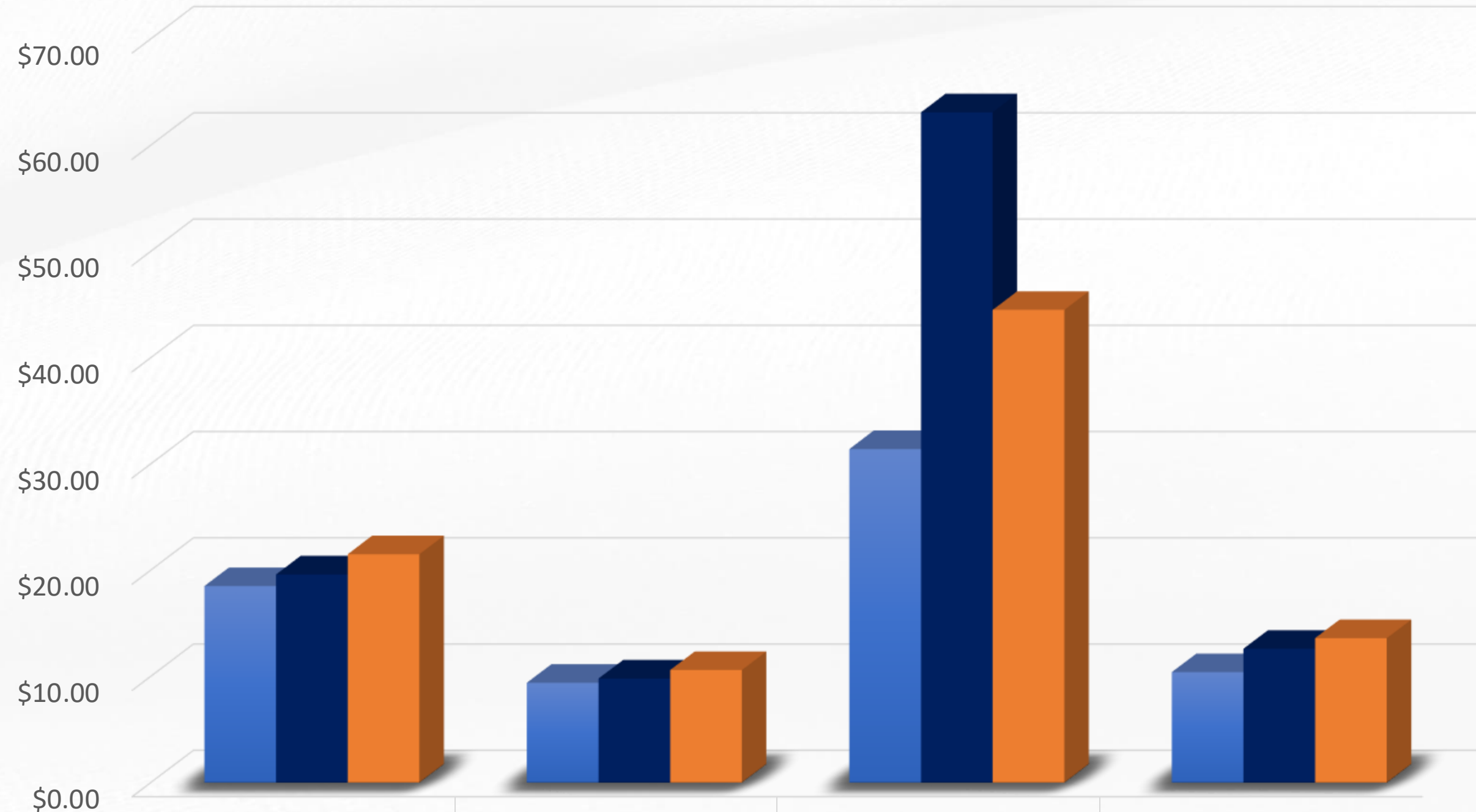
NOTEWORTHY ITEMS

Consumptions Assumptions Remain Unchanged

7% Increase in Employment Expenses

\$1M Increase in Chemicals

OPERATIONS & MAINTENANCE EXPENSES (IN MILLIONS)



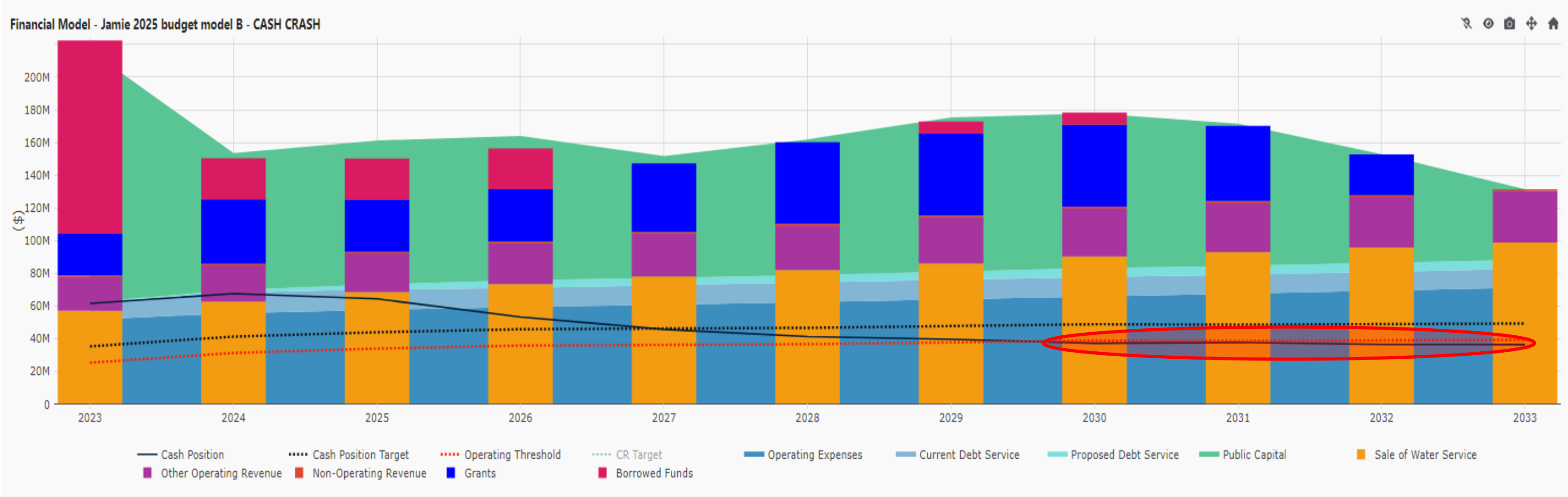
	Salaries	Fringes	Services	Materials, Supplies & Misc.
■ 2023	\$18.50	\$9.40	\$31.40	\$10.40
■ 2024	\$19.60	\$9.80	\$63.10	\$12.60
■ 2025	\$21.50	\$10.60	\$44.50	\$13.60

Capital Improvement Plan Recap



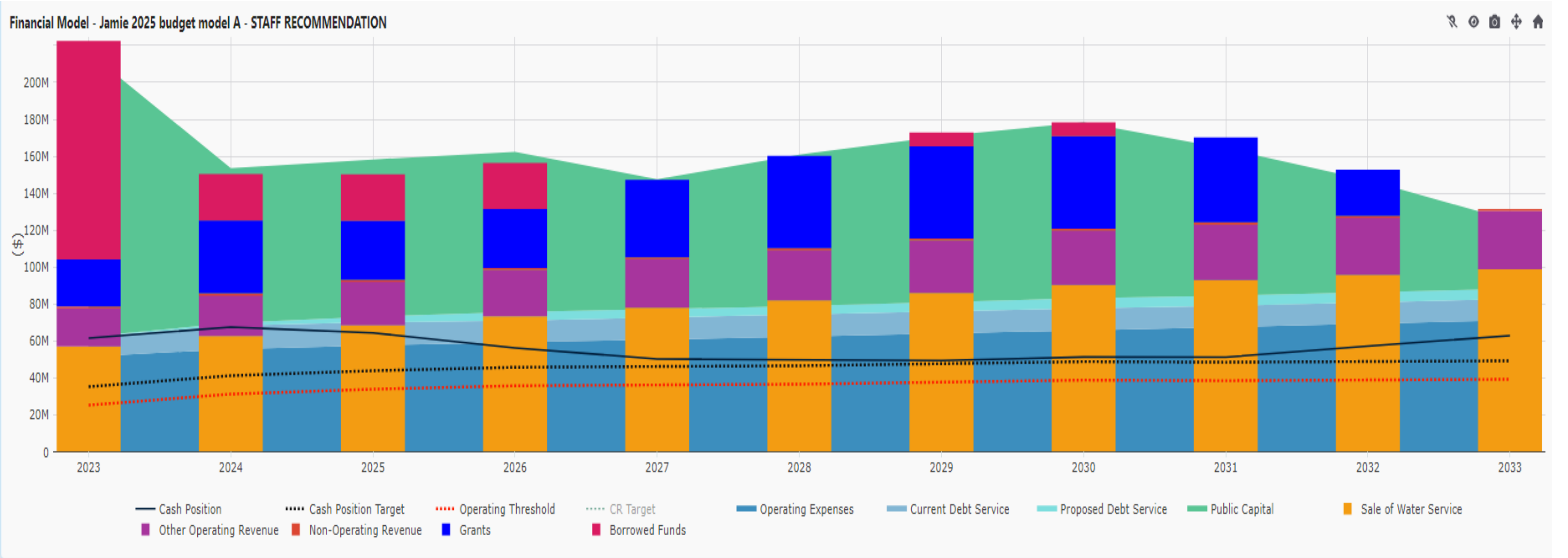
Capital Improvement Plan

- Current Asset Replacement Estimated Value: \$4.3 Billion
- Historical Investment Shortfall
 - 2024 Capital Investment: \$23.7 Million
- Proposed Models Balance Need with Rate Impacts/Cash Balance
 - Striving to Achieve Replacement Cycles
 - Incremental Increases Over 10 Years
- Meet Standard 100 Year Cycle for Water Mains by 2032



2025	2026	2027	2028	2029	2030	2031	2032	2033
9.5%	7.5%	6.5%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%

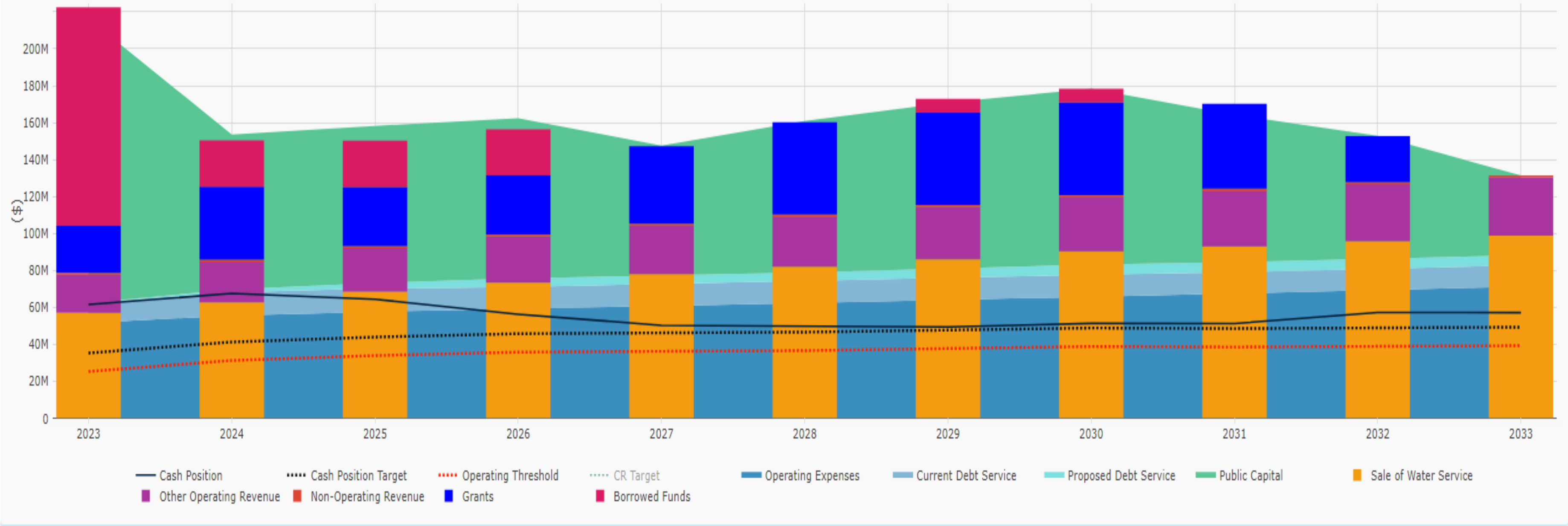
Waterworth Model – Scenario 1
Not Recommended Due to Cash Balance



2025	2026	2027	2028	2029	2030	2031	2032	2033
9.5%	7.5%	6.5%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%

Waterworth Model – Scenario 2A

Financial Model - Jamie 2025 budget model A - STAFF RECOMMENDATION add in mains in 2032 & 33



2025	2026	2027	2028	2029	2030	2031	2032	2033
9.5%	7.5%	6.5%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%

Waterworth Model – Scenario 2B

Primary Capital Project Categories

Business Division

- IT and Customer Information System Replacement
- Water Meter Register Replacements

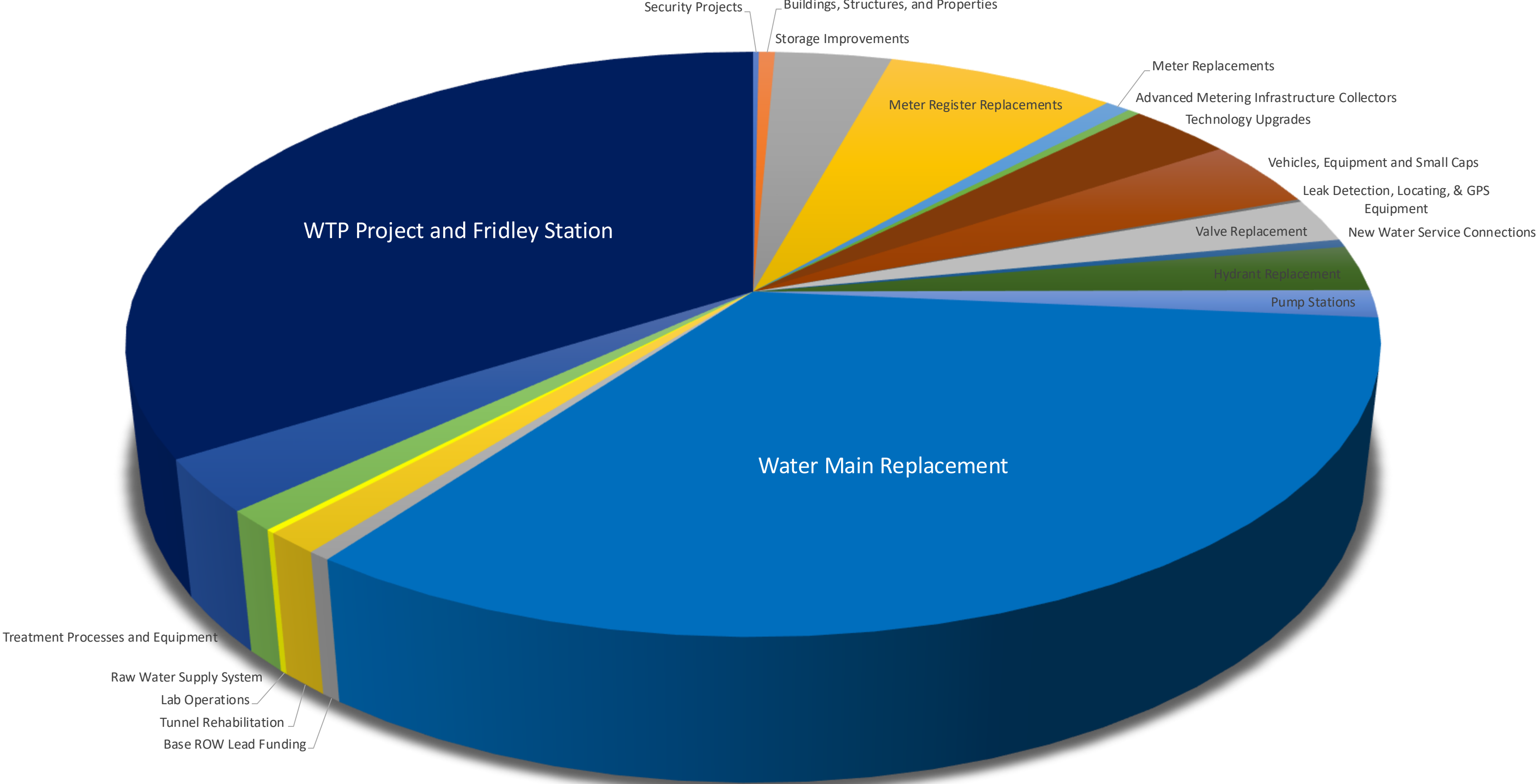
Distribution

- Pump Stations
- Storage Facilities
- Water Main Replacement (1 percent cycle goal)
- Fleet & Equipment Replacement

Production

- Electrical, SCADA, and Operational Technology
- Raw Water Conduits and Gate Houses
- Sludge Press Improvements
- Treatment Process Equipment Replacement

2025 Capital Investments



Seeking Board Direction
Operating Budget
and
Capital Improvement Plan

Does the Board support the following elements for the proposed 2025 Budget?

1. The 2025 to 2032 Capital Improvement Program, Scenario 2B is incorporated into the budget document as a roadmap plan for future capital investments.

Note: The Capital Improvement Program and long-term financial models are reviewed each year with the Board to discuss priorities, changes, and rate adjustments.

2. The 2025 Recommended Budget include projects as outlined in the **10-year Capital Plan Summary**.
3. A proposed 2025 rate adjustment of 9.5 percent is recommended to accommodate the 2025 Operating and Capital Budgets, with future annual rate adjustments anticipated to decrease with CIP implementation.