
UTILITY RATES & CHARGES STUDY:

WATER, SEWER, AND STORM SYSTEMS

PREPARED FOR THE

CITY OF BAINBRIDGE ISLAND, WASHINGTON

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October 27, 2009

Elray Konkell, Finance Director
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TRANSMITTAL OF "WORKING DRAFT" STUDY REPORT:
UTILITY RATES & CHARGES STUDY: WATER, SEWER AND STORM SYSTEMS

Dear Mr. Konkell,

FCS GROUP is pleased to submit a working draft of the rate study findings. This document is not intended as our project deliverable, but simply as a guide to aid the Committee in its review and evaluation of the study process and results. FCS GROUP plans to attend the next Committee meeting (October 29), at which time we will be happy to review the document with the Committee and address questions and/or concerns.

As you are aware, City staff just provided us with requested revisions to some of the financial assumptions used in the current analysis. Due to the Committee's request for documentation in advance of this meeting, we have not yet incorporated this new information. We will finalize the analysis and submit a final study report following further direction from the City.

Any questions regarding this report can be directed to me at (425) 867-1802, ext. 241, or send email to karynj@fcsgroup.com.

Sincerely,

Karyn Johnson
Principal

Samantha Holert
Project Consultant

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SECTION 1

STUDY FRAMEWORK

A. INTRODUCTION

In 2008, the City of Bainbridge Island authorized FCS GROUP to complete a Utility Rates & Charges Study for its Water, Sewer, and Storm Systems. The purpose of this comprehensive rate study was to assist the City in maintaining financially stable utilities and to promote a fair and equitable allocation of costs to customers. The scope of this study included the following major elements:

- Data collection / validation
- Fiscal policy evaluation
- System participation fee development
- Capital financial planning analysis
- Revenue requirement forecast
- Cost of service / rate structure evaluation
- Meetings & documentation

These scope elements are addressed throughout each section described in this report.

B. METHODOLOGY

In analyzing and determining rate and charge structures, there are four fundamental analyses performed: a System Participation Fee Analysis, a Revenue Requirement Analysis, a Cost of Service Analysis; and the Rate Design. The methods used to complete our work are based on analytical principals that are generally accepted and widely followed throughout the industry - rates and charges must generate enough revenue to maintain self-supporting and financially viable utilities without undue discrimination toward or against any customer.

This study process, which evolved over a period of about one year, involved several iterations of data analyses and the development of scenarios for rate and charge increase strategies and customer class rate structures. Several meetings were held with City staff to validate input parameters, review interim findings, and receive policy direction. In addition, several workshops were held with the City Council to evaluate findings and arrive at rate and charge implementation strategies consistent with City policy objectives.

C. REPORT ORGANIZATION

The following sections provide an overview of the major analytical methods employed by FCS GROUP to complete this work, as well as study findings and

recommendations. The remainder of this report provides separate sections for Policy Development (Section 2); System Participation Fees (Section 3); Revenue Requirements (Section 4); Cost of Service Analysis (Section 5); and Rate Design (Section 6). The Technical Appendix contains the analytical detail supporting the analysis for each utility.

SECTION 2

POLICY DEVELOPMENT

The purpose of establishing financial polices for the City’s utility enterprises is to promote the financial integrity and stability of the utilities and help ensure the sustainability of essential utility services. These policies form the foundation of utility management and, with routine application, can act as overarching guidelines for consistent decision making.

Some financial policies are literally imposed by outside influence (minimum debt service coverage, bond reserves, and regulatory guidelines) while other policies are specific to the agency and its utilities (discretionary reserve levels, reinvestment protocols, use of debt). In an attempt to provide consistency to rates and the rate setting process in the future, our study provides recommended policies that should help the City achieve financial and rate stability from year-to-year. In developing the financial plans, we have incorporated the following fiscal policies.

A. FUND ACCOUNTING

From an industry and financial management perspective, cash balances are a necessary and appropriate part of prudent utility management practices. Within each utility enterprise, appropriate segregation of monies should be established and maintained to provide adequate controls as to the sources and uses of funds. This practice helps to ensure that funds raised through each utility are applied to the appropriate purposes, and that equity attained through rate and charge structures is maintained in application. Above all, the City should establish and maintain a financial structure that provides for adequate and predictable revenues to meet the forecasted needs and operational, legal, and policy objectives of the water, sewer, and storm systems.

The rate management strategy presented in this study presumes that each utility will continue to operate as a self-supporting enterprise fund. This means, utility-specific rates and charges have been designed to recover the forecasted costs and financial obligations of each utility – without subsidy between the three utilities, and without subsidy from other City general fund revenue sources, such as property taxes.

1. Operating Reserves

An operating reserve is designed to provide a liquidity cushion to help ensure financial viability of the utilities despite short-term variability in revenues and expenses, primarily caused by seasonal fluctuations in billings and receipts, unanticipated cash operating expenses, or lower than expected revenue collections. Target funding levels are generally expressed in number of days’ operating and maintenance (O&M) expenses, with the minimum requirement varying with the expected risk of unanticipated needs or revenue volatility. For this study, operating

reserve targets have been established at 60 to 90 days for each utility. Consistent with industry practice, the higher target for the water utility is to safeguard against the increased variability in revenue collections resulting from discretionary water use in the summer period. Conservation-based rate structures can increase revenue instability due to a greater reliance on revenues from the volume charge component – which is more susceptible to changes in customer use and weather patterns.

The Operating Reserve target should be as of December 31st of each calendar year, with the balance expected to vary during the course of the year. Generally, in any year where operating reserves exceed the maximum target, we recommend using the excess cash to help pay for capital projects. This can be accomplished by calculating the target balance at year end (e.g. $90/365 \times$ actual O&M expense for the year) and comparing it against the actual ending cash balance. If the actual balance is greater than the target, transfer the difference to the respective utility Capital Account. The rate management strategy presented herein complies with the above established target balance threshold for each utility.

The City does not currently hold operating and capital cash in separate accounts. Therefore, beginning 2009 cash balances were first allocated to the operating utility based on need. The remainder was assigned to the capital fund beginning balance.

Based on these beginning 2009 allocations, the operating reserve was \$0 for the water utility, increasing to about \$413,000 by the end of the six-year study period. For the sewer utility, the reserve began at about \$820,000, reducing to about \$503,000 by the end of the study period. The reserve for the storm utility began at about -\$11,000, increasing to about \$461,000 by the end of 2014.

2. Capital Contingency Reserves

A Capital Contingency Reserve is an amount of cash set aside in case of an emergency, should a major piece of equipment or a portion of the utility's infrastructure fail unexpectedly. Additionally, the reserve could be used for other unanticipated capital needs or capital cost overruns. These reserves are not intended to cover the cost of system-wide failures resulting from catastrophic events; a more common practice is to carry property and casualty insurance for such purposes. The Capital Account holds debt proceeds, system participation fee revenues, system reinvestment funding from rates, and any transfers of cash reserves from the Operating Account.

The capital reserve does not have a direct impact on rates. It is essentially “nested” with the policy to fund annual system reinvestment from rates, meaning, the 1% capital reserve is met by the system reinvestment funding monies transferred from the operating account to the capital account. For this study, we assume that cash from rates for system reinvestment funding and surplus cash from the Operating Account will be transferred to the Capital Account at year's end and become available for capital use in subsequent years.

Common industry practice is to maintain a minimum balance in the Capital Account equal to 1% to 2% of system fixed assets. The rate management strategy presented herein complies with the above established target balance threshold for each utility.

Based on the current fixed assets and planned capital additions for the utilities over the study period, the recommended contingency reserve for the water utility is forecasted to reduce from \$3.7 million to \$548,000 by the end of study period, from \$371,000 increasing to \$502,000 by the end of the study period for the sewer utility, and from \$0 to \$236,000 by the end of 2014 for the storm utility – well within industry standards.

3. Restricted Debt Reserves

When issuing revenue bonds (and some other types of debt), underwriters require the municipality to establish and maintain a restricted cash reserve for the utilities through the term of debt repayment. The purpose of a debt reserve is to provide one safeguard for bondholders, in the event the utilities have insufficient funds to meet annual debt service (i.e., scheduled principal and interest payments). This reserve is generally equal to one year's debt service payment for each bond issue. The reserve can be used to fund the last year's debt service payment for each issue.

The City historically has issued limited tax general obligation bonds (LTGO bonds) and taken out Public Works Trust Fund (PWTF) loans to finance utility system capital needs. Based on the direction of City staff, the rate management strategy presented in this study conservatively presumes that the City will use revenue bonds for any future debt-financing needs.

Revenue bonds are a more secure financing mechanism for utility needs and commonly used to fund utility capital improvements. The debt is secured by the revenues of the issuing utility (or combined utilities) and the debt obligation does not extend to the City's other revenue sources. With this limited commitment, revenue bonds typically bear higher interest rates than GO Bonds and also require security conditions related to the maintenance of dedicated reserves and financial performance (added bond debt service coverage). Revenue bonds can be issued in Washington without a public vote. There is no bonding limit, except perhaps the practical limit of the utility's ability to generate sufficient revenue to repay the debt and provide coverage. In some cases, poor credit might make issuing bonds problematic.

Since revenue bonds require a debt reserve, additional reserves have been incorporated for each future bond issue (assumed to be funded with debt proceeds equal to one year's principal and interest payment). The City will continue to pursue the lower cost state loans to reduce future bond financing requirements.

B. SYSTEM REINVESTMENT FUNDING

The phrase "system reinvestment funding" refers to the practice of setting aside cash revenues from rates each year to help provide for the replacement of aging system

facilities to ensure sustainability of the system for ongoing operations. A common approach of municipal utilities is to establish a policy of system reinvestment funding through rates using depreciation expense as the benchmark for the appropriate level of funding.

Annual depreciation is a non-cash expense intended to recognize the consumption of utility assets over their useful lives, using original cost. Depreciation expense is calculated as the original cost of each asset divided by its estimated useful life, usually derived from published accounting tables by type of asset. For the rate analyses, we started with the actual depreciation expense recorded on financial statement for 2008. For each subsequent year of the forecast period, we then added depreciation expense for the capital assets planned to be constructed by year. Depreciation expense is assumed to begin in the year following the year of capital construction. For example, if a facility is constructed in 2010, depreciation expense for that asset begins in 2011.

Collecting the amount of annual depreciation expense through rates provides a funding source for capital expenditures, especially those related to repair and replacement of existing utility plant. Further, funding depreciation through rates helps to ensure that existing ratepayers pay for the use of the assets serving them (rate equity), with the cash flow funding at least a portion of the eventual replacement of those assets. It is important to note that depreciation is not equal to the future replacement cost of the utility systems, but serves simply as a starting point for addressing long-term replacement needs. Actual system replacement costs will be significantly higher than the cost originally incurred to build the systems.

As an alternative to full depreciation funding, depreciation funding net of outstanding debt principal is sometimes used as a relatively moderate replacement funding strategy. Using this approach, the full funding of depreciation is seen as having two uses: first, reducing liabilities by paying debt principal as due, and second, generating a cash asset for system reinvestment. Debt reduction, cash accumulation, or both thereby offset depreciation. This “net debt funding” benchmark is roughly equivalent to “break-even” performance from a balance sheet perspective.

The annual funding is assumed to be transferred from the operating account to the capital account at year-end, and available to help pay for capital expenditures in the following year. Based on City staff direction, the rate management strategy presented in this study provides for system reinvestment funding for each utility as follows:

- Water Utility –100% of annual depreciation expense net of annual debt principal payments is funded. Water system annual depreciation expense is currently about \$344,000, reaching \$528,000 by the end of this study period. Funding depreciation net of debt principal payments will vary from year to year, ranging from \$231,000 to \$428,000. This funding level does not have any impact on rates during the study period.

- Sewer Utility – Due to the substantially higher debt load for the sewer utility, fund 100% of annual depreciation expense net of annual debt principal payments. This serves to avoid overly burdening existing ratepayers with the payment of debt and funding for future asset replacement at the same time. Sewer system annual depreciation expense is currently \$461,000, reaching \$936,000 by the end of this six-year study period. Since annual debt principal payments are higher than the annual depreciation expense throughout the study period, the rate funded system reinvestment is \$0 from 2009 to 2014 and thus rates are not impacted.
- Storm Utility - 100% of annual depreciation expense net of annual debt principal payments is funded. Storm system annual depreciation expense is currently about \$281,000, reaching \$341,000 by the end of this study period. Funding depreciation net of debt principal payments will vary from year to year, ranging from \$0 to \$218,000. This funding level does not have any impact on rates during the study period.

C. DEBT SERVICE COVERAGE REQUIREMENTS

When a municipality issues revenue bonds (and other types of debt instruments), it agrees to certain terms and conditions related to the repayment of those bonds. One of those terms is referred to as bond coverage. Simply put, the agency agrees to collect enough in annual revenues to meet all operating expenses (net of internal utility taxes) and not only pay debt service, but actually collect an additional multiple of that debt service. Bond coverage ratios typically range from 1.10 to 1.50, meaning that the agency would collect expenses plus 1.10 to 1.50 times revenue bond debt service as a minimum legal level of revenues. The stated coverage factor is a minimum requirement – meaning anything less than this level would be a technical default of the bond covenant.

The rate management strategy presented for this rate study applies a coverage test of 1.25, including the use of SPF revenues. Revenue generated above cash needs to comply with coverage requirements may be used for capital purposes, and thus reduce future borrowing needs.

D. USE OF SYSTEM PARTICIPATION FEES FOR DEBT SERVICE

System Participation Fees are derived from new development rather than from the existing customer base, and are thus subject to wide fluctuations. The City should estimate and budget SPF revenues based on long-term growth estimates, recent growth experience, and the scale of known development planned or underway. The purpose is to establish a reasonable and conservative estimate of potential SPF revenue collections.

SPF revenue should be deposited in the Capital Account of each utility and made available for capital purposes only. SPFs can legally be used in two ways – they can be applied to project costs directly (reducing the amount of debt issued), or they can be applied toward annual debt service payments. FCS GROUP recommends that, as

a general policy, SPF revenues be used to directly fund capital expenditures, and this rate management strategy has been incorporated into these analyses.

E. CAPITAL PROGRAM FUNDING / DEBT MANAGEMENT

In conjunction with establishing or planning its capital program, the City should develop a corresponding capital-financing plan that supports execution of that program. This program should incorporate system replacement and rehabilitation, system upgrade and improvement, and system expansion. The policy intent is to establish an integrated capital funding strategy that considers best management practices for debt management.

1. Capital Funding

Utilities can typically draw funds for capital projects from a variety of sources:

- Grants
- Developer contributions
- System Participation Fees
- System Reinvestment Funding
- Direct Funding from Rates
- Other Capital Revenues
- Debt

Given all of these potential funding sources, utilities often find themselves having to choose between funding sources when establishing a capital financing plan. While grants and developer contributions would logically be applied to project costs first, the next choice in the funding “hierarchy” is not necessarily apparent.

The specific decision regarding whether to fund projects by cash or debt is an important policy decision that will likely be driven by a number of considerations. Cash funding might be cheaper in the long-run because there is no interest, but debt funding could be the more practical option since it allows for the payment of project costs over an extended period of time. In addition, using debt to spread the cost over time will help ensure that future customers pay for their fair share of system costs.

Finding the appropriate balance of cash / debt financing requires an evaluation of debt management policies discussed below.

2. Debt Management

The City does not have a formal debt management policy, but historically has funded capital projects through a combination of “pay-as-you-go” cash funding (cash reserves, system participation fees, rates) and debt issuance. Excessive use of debt is unfavorable for a utility, and can damage the utility’s credit rating, reducing its ability to acquire low-cost debt in the future. On the other hand, “pay-as-you-go” funding might create excessive burdens for existing customers, raising questions of practicality and equity between current and future customers.

Industry standards (and bond underwriter's preference) suggest that municipalities should maintain a debt-to-equity ratio (total debt divided by the sum of total debt and equity) of no greater than 50% debt and 50% equity (cash). The City's current debt-to-equity ratio for each utility are as follows: Water Utility - 1% debt / 99% equity; Sewer Utility - 54% debt / 46% equity; Stormwater Utility - 10% debt / 90% equity.

The rate management strategy presented for this rate study presumes the City will fund its capital programs first, with available capital cash resources (generated from SPFs, system reinvestment funding, and transfers from the operating account in excess of minimum balance thresholds) and next with the use of debt. As a point of reference, capital programs are forecasted to be funded over the six-year study period as follows: Water Utility - 29% debt / 71% cash; Sewer Utility - 44% debt / 56% cash; Stormwater Utility - 57% debt / 43% cash - well within debt management best practices.

F. CUMULATIVE IMPACT OF FISCAL POLICIES

Satisfying all of these policy objectives might seem daunting at first, but the outcome is that multiple benchmarks overlap, resulting in the simultaneous achievement of multiple objectives within the same level of rates. For example, the cash requirement for system reinvestment funding through rates may assure adequate debt service coverage, while also helping to maintain an appropriate debt-to-equity ratio.

Each criterion provides a different perspective on how much revenue is appropriate, and satisfying them all generally results in a higher rate than if only a single standard is considered. However, this approach reduces financial risk and increases financial stability – any near term increases that result will help to ensure more stable, and lower, long-term rates.

SECTION 3

SYSTEM PARTICIPATION FEES

A connection charge or system participation fee (SPF), as provided for by RCW 35.92.025, is a charge imposed on new development as a condition of connection to the utility systems or when increasing the capacity of an existing connection. In general, the purpose of an SPF is to mitigate the impact of growth on the utility systems, or to compensate for investments already made to provide available capacity to serve future growth.

A. METHODOLOGY

Revenues generated from SPFs can be used to directly fund capital projects or to pay debt service incurred to finance capital projects - but *can not* be used to pay operating and maintenance costs.

There are several documented approaches used in the industry to establish SPFs. Within the range of legally defensible approaches, the choice of the costs the City targets is a matter of policy. It is important, however, that the City follow a methodical and rational approach to consistently determine and implement cost-based SPFs. To that end, this study used the approach that combines elements of the “equity” method and “incremental” method for calculating the charge (described in the *American Water Works Association Rates and Charges, M1 Manual*). In short, this approach is based on the original cost of non-contributed plant investment, plus planned capital improvement projects (excluding replacements), spread over the total customer base (existing and future).

A description of the components included in the calculation of the charge (calculated for the Water and Sewer utilities only) follows.

1. Existing Cost Basis

Utilities most often design and build infrastructure with the capacity to serve more customers than are currently connected to the system. The existing cost basis component of the SPF is intended to recover an equitable share of the current system(s). Legal interpretations of connection charge statutes have provided guidelines for SPFs, which suggest that such charges should reflect the actual original cost of the utility system and can include interest on that cost at the rate of interest applicable at the time of construction (up to a 10-year period, not to exceed 100 percent of the construction costs). This cost is net of donated facilities and non-utility cash payments, whether from grants, developers or through Local Improvement District assessments. This method most accurately reflects what utility customers paid for the system. Until future customers connect to the system, existing customers will have to cover the costs of “excess capacity” available to serve growth. This obligation essentially represents a loan from existing customers to

future customers. Given this, it is reasonable to expect that future customers will pay for their share of costs when they connect to the system, plus interest.

Though not required, some municipalities deduct outstanding debt principal from plant-in-service in recognition that some assets were debt financed. Cash should be netted against the outstanding debt liability for this calculation since cash is an asset generated by existing customers that could be used to buy down existing debt on the system, and thereby reduce debt service payments for all customers. This “net debt” deduction serves to reduce the SPF to better reflect “equity” in the system, and to avoid double charging if new customers will pay their share of debt service through user rates.

Plant assets (net of contributed assets) used in the calculations were derived from the City’s fixed assets listings as of December 31, 2008, plus current construction-work-in-progress. Outstanding debt and cash balances were also provided by City staff through debt service schedules and other financial documentation.

2. Future Cost Basis

The future cost basis component of the SPF is intended to recover a fair share of the costs of planned future capital facilities that will serve new customers. Legal interpretations also suggest that the “cost of the system” can include a component for future improvement costs to serve growth, as well as regulatory system improvements (planned for construction and identified in comprehensive system planning documents). Projects directly funded by grants, developer contributions or assessments are not included in the calculation. Repair and replacement projects are most often excluded from the calculation unless needed to upgrade or increase the size of the system, including upsizing of existing mains. The original costs of those assets are already included in the existing cost basis. Further, as a new customer connects and becomes an existing customer, they will pay for their share of repair and replacement project costs through user rates. Double charging would occur if those costs were also recovered in the future cost basis.

In the absence of specific regulation for cities, the planning horizon of the CIP to be used in the calculation is debatable. The key consideration in determining an appropriate planning horizon is to maintain consistency between the capital construction (and related costs) that will be incurred and the system capacity that will be available to serve growth commensurate with that capital construction. For calculation of the City’s SPFs, a 6-year CIP was used, which is expected to provide system capacity for growth through the year 2014.

3. Customer Base / System Capacity

The customer base used in the calculation of the charge is typically expressed in terms of equivalent residential units that can be supported by the system capacity. This concept charges customers based on the potential demand that they will place on the system(s). As stated above, The City engineer provided calculations for the amount of capacity the existing and planned system infrastructure together will

serve. This calculated customer base is 10,424 ERUs for the Water Utility and 5,284 for the Sewer Utility.

4. Calculation of Charges

The sum of the existing cost basis and the future cost basis is divided by the customer base to determine the maximum allowable SPF. The calculated charge represents the maximum allowable charge - the City may choose to implement a charge at any level up to the calculated charge. Revenues generated, as well as equity achieved, will vary depending upon whether or not the full SPF is implemented (e.g., phase-in strategies). The lower the charge and longer the phase-in period, the less revenue will be collected and available to help pay capital-related costs.

It is important to note that the calculated SPFs are expressed in terms of current dollars. In other words, the calculated charges will only recover an equitable share of costs from new customers connecting to the system in the first year of implementation. A customer connecting in the following year should pay a SPF that reflects the cumulative system investment at the time they connect. Relative to the calculated (2009) SPFs presented herein, this would include:

- Assets added to the system during 2009
- An extra year of interest accrued
- Updated costs for the capital improvement program and construction-work-in-progress

Given these considerations, the calculated charges would not recover a fair share of costs from customers connecting in subsequent years. The City could potentially address this concern in several ways:

- Recalculate the charges annually,
- Build a provision for inflation into the connection charges, or
- Compute SPFs in current dollars and adjust annually for inflation (recommended approach).

Calculating the SPFs annually is the most accurate method, but might not be practical given the amount of effort required. FCS GROUP recommends that the City adopt a policy for annual inflationary adjustments to the calculated charges, based on established sources, such as the *Engineering News Record's* "Construction Cost Index" (ENR CCI). This practice facilitates both appropriate cost recovery and increased equitability.

B. RESULTS

Results of the SPF analysis for each utility are summarized in this section. Additional detail identifying specific assets and eligible capital projects (or portions of projects) is provided in the Technical Appendices.

1. Water Utility

The City's current water system participation fee is \$2,754 per equivalent residential unit (ERU), where one ERU is equal to a ¾-inch meter. The data sources and assumptions relied on in the calculation of the updated SPF's are described herein.

As of year end 2008, water utility system assets equal \$13.6 million, including construction-work-in-progress and net of contributed assets. Ten years of interest accumulation totaling \$7.4 million was added to the cost basis. Finally, since the outstanding debt principal is less than the existing cash reserves, no outstanding debt principal was deducted. The resulting existing cost basis totals \$21.0 million.

The City has planned for about \$8.2 million (current day dollars) of capital projects over the next 6 years. About \$3.7 million of this total is for repair and replacement projects, which are excluded from the cost basis. The remaining \$4.5 million in future upgrade/expansion projects forms the future cost basis.

The total cost basis (existing plus future) for the SPF is \$25.5 million.

Based on utility billing system records, the water utility currently has 3,158 meter capacity equivalents. Based on data given by the City Engineer, the system capacity is 10,424 ERU's, adding 7,266 future ERU's to the existing total.

A 2009 water SPF of \$2,447 per meter capacity equivalent (¾-inch meter) is derived by dividing the total cost basis by the total customer base. The charge increases by meter size based on the *American Water Works Association* (AWWA) meter capacity ratios.

Exhibit 3-1: Schedule of Water System Participation Fees

Meter Size	Existing				Proposed
	Single Family	Multi-family	Commercial	Irrigation	All Customers
3/4"	\$ 2,754	\$ 4,515	\$ 5,692	\$ 4,498	\$ 2,447
1"	6,885	11,287	14,231	11,245	4,086
1 1/2"	13,770	22,575	28,462	22,490	8,148
2"	22,033	36,120	45,539	35,984	13,042
3"	44,066	72,241	91,079	7,198	26,109
4"	68,854	112,876	142,311	112,450	40,791
6"	137,708	225,753	284,623	224,901	81,558
8"					130,498

2. Sewer Utility

The City's current sewer system participation fee for Winslow area customers only is \$5,123 per dwelling unit for residential customers. The data sources and assumptions relied on in the calculation of the updated SPF's are described herein.

As of yearend 2008, sewer utility system assets equal \$19.7 million, including construction-work-in-progress and net of assets serving SD7 Customers only and contributed assets. Ten years of interest accumulation totaling \$4.9 million was added to the cost basis. Finally, outstanding debt (net of existing cash balances) of \$11.6 million was deducted. The resulting existing cost basis totals \$13.1million.

The City has planned for about \$16.4 million (current day dollars) of capital projects over the next 10 years. About \$5.1 million of this total is for repair and replacement projects and about \$5.0 million is for assessment-funded future projects, which are excluded from the cost basis. The remaining \$6.3 million in future upgrade/expansion projects forms the future cost basis.

The total cost basis (existing plus future) for the SPF is \$19.4 million.

Based on utility billing system records, the sewer utility currently has 4,100 equivalent customers in the Winslow Area. Based on WWTP BOD capacity, the total customer base will total 5,284, adding 1,184 ERUs to the existing customer equivalents.

A 2009 sewer SPF for the Winslow service area of \$3,670 per meter capacity equivalent (3/4-inch meter) is derived by dividing the total cost basis by the total customer base. In addition, based on the existing ratio between the SPF per ERU and the SPF per multi-family residential unit, the 2009 SPF per MFR is \$2,277.

SECTION 4

REVENUE REQUIREMENTS

The revenue requirement analysis forms the basis for a long-range financial plan and multi-year rate management strategy for each utility. It also enables the City to set utility rate structures that are rooted in the “costs-of-service” and which fully recover the total costs of operating each utility: capital improvement and replacement, operations, maintenance, general administration, and fiscal policy attainment. Linking utility rate levels to a financial plan such as this helps to enable not only sound financial performance for the City’s utility enterprises, but also, a clear and reasonable relationship between the costs imposed on utility customers and the costs incurred to provide them the service.

A. METHODOLOGY

When FCS GROUP conducts a revenue requirement analysis – the financial plan for each utility – it includes the following core elements, which together, form a complete portrayal of the utility’s financial obligations:

- *Capital Funding Analysis* – Defines a strategy for funding the utility systems’ capital improvement programs including an analysis of available resources from rate revenues, system participation fees, debt financing, and any special resources (e.g., grants, developer participation, etc.).
- *Operating Forecast* – Identifies future annual non-capital costs associated with the operation, maintenance, and administration of the utility systems.
- *Sufficiency Testing* – Evaluates the sufficiency of utility revenues in meeting all obligations, including cash uses such as operating expenses, debt service, capital outlays, and reserve contributions, as well as any coverage requirements associated with long-term debt.
- *Strategy Development* – Designs a forward-looking strategy for adjusting utility resources to fully fund all utility obligations on an annual or periodic basis over the forecast period.
- *Reserve Analysis* – Forecasts cash flow and fund balance activity in utility reserves. Tests for satisfaction of recommended minimum fund balance policies (as discussed in Section 2 – Policy Development).

From this foundation, utility rate structures can be adjusted to meet the defined annual and long-term funding targets, as well as the City’s pricing objectives.

The financial plans were developed for a six-year planning horizon – calendar year 2009 through 2014. The approach used for each core element of the financial plan is described below.

1. Capital Projects and Funding

The capital funding analysis aims to identify the costs of capital projects and summarizes funding sources available to help meet those costs. In other words, total sources of funds must at least equal capital expenditures and provide for the targeted level of capital reserve funding.

The first step is to estimate current day costs of capital improvements and replacement needs over the study period. City staff provided a listing of annual capital improvements and replacement needs over the study period. These capital projects were provided in year of construction dollars to account for construction costs increasing over time. Inflation rates used for to escalate these construction costs averaged about 3.7% per year over the study period.

With the system's capital needs defined, the next step is to identify the sources of funding available to help the City meet those needs. Potential sources include grants, developer contributions, reimbursements and capital reserves (including system participation fee revenues and system reinvestment funding). Debt can be issued to cover any costs not met by these other funding sources.

The capital financing strategy developed for this rate study utilizes the City's preferred hierarchy of funding sources, as follows:

- Capital project needs are first funded with available capital cash resources generated from system participation fees, system reinvestment funding from rates, transfers from the operating account, and interest earnings on capital account balances.
- Capital needs not met from the above cash resources will be funded with debt. The City will regularly pursue low-cost state loans, but unless approved at the time of planning, the financing strategy will assume the issuance of revenue bonds.

Debt service payments are assumed to begin in the year debt is issued. Current financing terms assume a 20-year repayment period; 4.5% rate of interest; 1.5% issuance cost; and debt service coverage of 1.25 including SPF revenues.

2. Operating Forecast

The operating forecast focuses on annual expenses incurred to operate, maintain, and manage the utility systems. The forecast used in this study is based on the calendar year 2009 operating budget (plus adjustments provided by City staff to incorporate known or estimated future expenditures for some line item categories).

Operating and maintenance (O&M) costs generally go up over time due to inflation. Historical general cost inflation has averaged about 3.1 % over the last five years.¹ A

¹ Bureau of Labor Statistics, All Urban Customers, "Consumer Price Index", Seattle- Tacoma area, September 2004 through August 2009.

general inflation rate of 2.5% per year was used for this study. Salary costs escalation is also assumed at 2.5% per year, with a onetime addition of 3.5% in 2010 to account for furlough removal. Employee benefits escalation is assumed at a slightly higher rate of 5% to recognize historical cost increases above the rate of general inflation. Variable costs such as chemicals, printing, and postage costs are forecasted to increase with the size of the customer base in addition to inflationary impacts.

3. Revenue Needs Assessment

After forecasting the complete array of obligations facing the utilities, those costs are compared to forecasted revenues – comprised primarily by rate revenues – at their current levels. Rate revenues are increased over the forecast period by the amount of incremental rate revenues presumed to be generated from potential growth in the service areas.

When comparing utility obligations with available resources, we have examined sufficiency from two perspectives: cash sufficiency and debt coverage sufficiency.

- The “*Cash Test*” focuses on cash resources against cash obligations. Cash resources in this test include rate revenue, miscellaneous operating revenue, and interest earnings in the Operating Account. Cash obligations include operating expenses, debt service, system reinvestment funding from rates, direct rate funding of capital projects, and any contributions to the Operating Account to achieve minimum balance thresholds. If these cash obligations exceed resources available, a rate increase is required to fully fund the needs of the utilities.
- The “*Coverage Test*” refers to the ability of the utilities to meet debt covenants (or established internal policies) which require utility revenue streams to satisfy a specific margin. The coverage test evaluates revenues and expenses somewhat differently than under the cash test. For the coverage test, obligations include operating expenses (net of internal utility taxes), revenue bond debt service, and incremental debt service coverage (25% of annual revenue bond debt service). In addition to the revenues included in the cash test, the coverage test allows for the inclusion of interest earnings from all utility accounts (operating account, capital account, and any restricted reserve accounts), and often allows for annual system participation fee revenues (included for this study). This test does not allow for the use of cash reserves in meeting annual coverage obligations.

In determining the revenue requirements, both the cash and coverage sufficiency tests must be met. If a rate revenue deficiency exists under both tests, the analysis adds the greatest deficiency to the forecasted rate revenue. This yields the total rate revenue requirement for any given year. The analysis uses the revenue requirement to indicate system-wide annual rate revenue adjustments for each utility and to drive the cost of service analysis.

B. RESULTS

Results of the revenue requirement analysis for each utility are summarized in this section. Additional detail can be viewed in the Technical Appendices (e.g., detailed listings of capital projects, budgeted revenue and expense line items, inflows and outflows of fund balances, etc.).

1. Water Utility

The water utility financial plan includes a capital funding strategy, operating forecast, revenue needs assessment, rate management strategy, and reserve analysis.

Capital Funding Strategy

Over the six-year forecast, the water system faces a total of \$8.5 million (inflated) in capital program costs: an average of \$1.4 million per year. Of this six-year total, 46% is related to replacement projects and 54% is related to system improvements and upgrades (detailed project lists are included in the technical appendix).

The capital funding plan presumes that the capital program will be funded through a combination of capital cash resources and debt issuance. Based on our analysis, 82.2% (\$7 million) of the total capital program can be funded with current cash reserves, SPF revenue collections, planned annual contributions for system reinvestment funding, and transfers from the operating account. Next, 17.5% of capital needs are assumed to be funded with revenue bond proceeds (\$1.5 million), in the years 2011 and 2013. The remaining 0.3% of the capital needs is funded by outside sources. Exhibit 4-2 summarizes annual planned capital expenditures, along with assumed funding sources.

Exhibit 4-2: Water Capital Projects and Funding Sources

Capital Funding	2009	2010	2011	2012	2013	2014
Total Capital Projects	\$ 653,357	\$ 2,458,766	\$ 2,879,642	\$ 862,465	\$ 865,062	\$ 792,388
Outside Sources	25,119	-	-	-	-	-
Revenue Bond Proceeds	\$ -	\$ -	\$ 1,429,875	\$ -	\$ 63,002	\$ -
Use of Capital Fund Balance [a]	628,238	2,458,766	1,449,767	862,465	802,060	792,388
Direct Rate Funding	-	-	-	-	-	-
Total Funding Sources	\$ 653,357	\$ 2,458,766	\$ 2,879,642	\$ 862,465	\$ 865,062	\$ 792,388
Ending Fund Balance	\$ 429,067	\$ 1,449,767	\$ 1,167,506	\$ 802,060	\$ 793,728	\$ 547,600
Minimum Target Balance	\$ 149,894	\$ 156,427	\$ 181,015	\$ 209,811	\$ 218,436	\$ 227,087

[a] Includes annual System Participation Fee revenues and system reinvestment funding

It should be emphasized that this capital funding strategy presumes implementation of the system reinvestment funding policy at the level described in Section 2 – Policy Development, and implementation of the proposed level and use of system [participation fees as described in Section 3 – System Participation Fees. Furthermore, any changes in the amount of planned annual capital expenditures could impact this strategy.

Operating Forecast

EXPENSES

Over the six-year planning horizon, the water utility's total operating expenditures are forecasted to range from \$1.7 million to \$2.0 million per year (inclusive of inflation effects). The annual forecast is provided in Exhibit 4-3. In addition to O&M expenditures, existing and new annual debt service payments are forecast over the planning horizon. Existing debt service payment schedules were provided by City staff, with a \$123,000 payment in 2009. Future years' debt service incorporates impacts of the capital funding strategy. Incremental debt service incurred to finance the capital program will begin in 2011 at about \$182,000 and reaching \$212,000 per year by the end of the study period.

REVENUES

Water operating revenues are categorized as rate revenues and non-rate revenues. The revenue forecast relied on a combination of historical expenditures, budgeted line items, customer growth, and cost escalation. The annual forecast is provided in Exhibit 4-3. In summary:

RATE REVENUES UNDER EXISTING RATES:

The forecast of rate revenues under the existing level of rates reflect actual 2008 billing system and financial records, plus estimated customer growth over the study period. City staff provided estimated customer growth of 0.50% from 2009 to 2010, increasing to 1.00% in 2011 through the end of the study period.

The rate revenue under existing rates also includes a ramping up of revenue from School District #303, consistent with the current Inter-local between the City and the District. In 2009, revenues from the school district (under excising rates) are forecast at about \$6,200, reaching approximately \$125,000 by the end of the study period.

NON-RATE REVENUES:

Non-rate revenues include meter connection/inspection fees and road and street maintenance services. The forecast of non-rate revenues relies on the 2008 budget, escalated in proportion to customer growth, general cost inflation, or some combination depending upon the type of revenue.

Revenue Needs Assessment

The water utility faces \$14.2 million in total cash obligations over the six-year planning period, including operating expenses; existing and new debt service; system reinvestment funding; and contributions to reserves. Rate revenues – under existing levels – and other available revenues (excluding the use of cash reserves) are forecasted at \$14.3 million over the same time period - yielding a deficit of \$418,000 over the next six years. Based on our review, it appears that the City has historically

relied on cash reserves and/or SPF revenue collections to help pay annual operating expenses (inclusive of debt service payments). As these reserves are drawn down and growth continues to slow, rate increases are required to meet the current and forecasted annual financial obligations of the water utility.

The cash test drives this revenue deficiency. Given the level of cash needs above operating expenses (primarily driven by system reinvestment funding and debt service on loans), additional coverage above cash needs is not required. To eliminate this cash deficiency, rate revenues would need to increase about 3.92% above current levels, cumulative over the study period.

Exhibit 4-3 provides a summary of water utility revenue requirements over the study period.

Exhibit 4-3: Water Revenue Requirements Analysis

Revenue Requirements	2009	2010	2011	2012	2013	2014
Revenues						
Rate Revenues Under Existing Rates	\$ 2,225,128	\$ 2,254,951	\$ 2,302,180	\$ 2,349,633	\$ 2,397,311	\$ 2,445,217
Non-Rate Revenues	51,714	56,823	61,327	66,300	67,276	68,881
Total Revenues	\$ 2,276,842	\$ 2,311,774	\$ 2,363,507	\$ 2,415,933	\$ 2,464,587	\$ 2,514,098
Expenses						
Cash Operating Expenses	\$ 1,706,661	\$ 1,767,655	\$ 1,813,498	\$ 1,860,037	\$ 1,907,889	\$ 1,957,557
Existing Debt Service	122,894	-	-	-	-	-
New Debt Service	-	-	182,006	182,006	212,481	212,481
Rate-Funded System Reinvestment	231,470	365,724	344,719	403,614	409,849	428,371
Additions to Operating Reserve	-	52,517	-	-	-	-
Total Expenses	\$ 2,061,026	\$ 2,185,896	\$ 2,340,223	\$ 2,445,657	\$ 2,530,219	\$ 2,598,410
Annual Surplus / (Deficiency)	\$ 215,816	\$ 125,878	\$ 23,284	\$ (29,723)	\$ (65,632)	\$ (84,312)
Net Revenue from Rate Increases	\$ -	\$ -	\$ -	\$ 29,723	\$ 65,632	\$ 84,312
Net Surplus / (Deficiency)	\$ 215,816	\$ 125,878	\$ 23,284	\$ -	\$ -	\$ 0
Annual Rate Adjustment	0.00%	0.00%	0.00%	1.42%	1.65%	0.80%
Cumulative Rate Adjustment	0.00%	0.00%	0.00%	1.42%	3.09%	3.92%
Rate Revenues After Rate Increase	\$ 2,225,128	\$ 2,254,951	\$ 2,302,180	\$ 2,383,041	\$ 2,471,079	\$ 2,539,980
Net Cash Flow After Rate Increase	215,816	178,395	23,284	0	(0)	0
No of Days of Cash Operating Expenses	50	88	90	88	85	83
Coverage Ratio After Increase	n/a	n/a	3.94	4.13	3.70	3.81

Reserve Analysis

A presumed interest earning rate of 2.0% is applied to annual beginning cash balances in the Operating and Capital Accounts. Operating interest is used to help pay annual operating expenditures, while capital interest is used to offset annual capital expenditures.

The cash balance in the water Operating Account is projected to increase to \$413,000 by year end 2014 (consistent with the recommended policy of 60 to 90 days of O&M expense).

The Capital Account balance is projected to decrease from \$3.7 million at the beginning of 2009 to \$548,000 by year end 2014 (well within the recommended reserve level of 1% to 2% of fixed assets).

2. Sewer Utility

The sewer utility financial plan includes a capital funding strategy, operating forecast, revenue needs assessment, rate management strategy, and reserve analysis.

Capital Funding Strategy

Over the six-year forecast, the sewer system faces a total of \$17.2 million (inflated) in capital program costs: an average of \$2.9 million per year. Of this six-year total, 88% is related to replacement projects and 12% is related to system improvements and upgrades (detailed project lists are included in the technical appendix).

The capital funding plan presumes that the capital program will be funded through a combination of capital cash resources and debt issuance. Based on our analysis, 60% of the capital needs are funded through additional draws on existing loans and through an interfund loan from the Water Utility. Next, 20% (\$3.5 million) of the total capital program can be funded with current cash reserves, SPF revenue collections, planned annual contributions for system reinvestment funding, and transfers from the operating account. The remaining 44% of capital needs are assumed to be funded with revenue bond proceeds (\$7.6 million), in the year 2010. Exhibit 4-4 summarizes annual planned capital expenditures, along with assumed funding sources.

Exhibit 4-4: Sewer Capital Projects and Funding Sources

Capital Funding	2009	2010	2011	2012	2013	2014
Total Capital Projects	\$ 7,020,009	\$ 8,727,409	\$ 271,630	\$ 591,692	\$ 216,042	\$ 336,069
Assessments, Grants, Contributions	3,903,125	4,597,234	-	-	-	-
Revenue Supported G.O. Bond Proceeds	-	4,130,175	-	-	-	-
Use of Capital Fund Balance	116,884	-	271,630	591,692	216,042	336,069
Total Funding Sources	\$ 4,020,009	\$ 8,727,409	\$ 271,630	\$ 591,692	\$ 216,042	\$ 336,069

It should be emphasized that this capital funding strategy presumes implementation of the system reinvestment funding policy at the level described in Section 2 – Policy Development, and implementation of the proposed level and use of system participation fees described in Section 3 – System Participation Fees. Furthermore, any changes in the amount of planned annual capital expenditures could impact this strategy.

Operating Forecast

EXPENSES

Consistent with the water utility, sewer operating expenses are categorized into six categories: salaries & wages; benefits; supplies; other services & charges; intergovernmental; and interfund expenditures. Over the six-year planning horizon, the utility's total operating expenditures are forecasted to range from \$2.1 million to \$2.4 million per year (inclusive of inflation effects). The annual forecast is provided in Exhibit 4-5. In addition to O&M expenditures, existing and new annual debt service payments are forecast over the planning horizon. Existing debt service payment schedules were provided by City staff, with annual payments of just under \$1 million per year. Future years' debt service incorporates impacts of the capital funding strategy. Incremental debt service incurred to finance the capital program will begin in 2009 at about \$643,000 per year through the end of the study period.

REVENUES

Sewer operating revenues are categorized as rate revenues and non-rate revenues. The revenue forecast relied on a combination of historical expenditures, budgeted line items, customer growth, and cost escalation. The annual forecast is provided in Exhibit 4-5. In summary:

RATE REVENUES UNDER EXISTING RATES:

The forecast of rate revenues under the existing level of rates reflect actual 2008 billing system and financial records, plus one year of customer growth and an 8.15% rate increase. City staff provided estimated customer growth of 0.5% per year for 2009 and 2010, increasing to 1.0% in 2011 through the end of the study period. In addition, rate revenues included those from SD7 customers with and without grinder pumps.

NON-RATE REVENUES:

Non-rate revenues include ULID Assessment revenues, which are used to pay PWTF debt service on South Island Sewer LID. Annual revenues are set equal to the PWTF debt service plus an additional 0.5% for administrative costs.

Revenue Needs Assessment

The sewer utility faces \$23.3 million in total cash obligations over the planning period, including operating expenses; existing and new debt service; system reinvestment funding; and contributions to reserves. Rate revenues – under existing levels – and other available revenues (excluding the use of cash reserves) are forecasted at \$18.7 million over the same time period - yielding a deficit of \$4.6 million over the next six years. Similar to the water utility, the City has relied on cash reserves and/or SPF revenues to help pay annual sewer operating expenses (inclusive of debt service payments). As these reserves are drawn down and growth

continues to slow, rate increases are required to meet the financial obligations of the sewer utility.

The cash test drives this revenue deficiency. Given the level of cash needs above operating expenses, additional coverage above cash needs is not required. To eliminate this cash deficiency (with the use of cash reserves), rate revenues would need to increase about 34% above current levels, cumulative over the study period.

Exhibit 4-5 summarizes sewer utility revenue requirements over the study period.

Exhibit 4-5: Sewer Revenue Requirements Analysis

Revenue Requirements	2009	2010	2011	2012	2013	2014
Revenues						
Rate Revenues Under Existing Rates	\$ 2,730,428	\$ 2,749,758	\$ 2,781,536	\$ 2,813,582	\$ 2,845,901	\$ 2,878,494
Non-Rate Revenues / Use of Reserves	320,312	318,316	324,035	322,628	321,221	319,814
Total Revenues	\$ 3,050,740	\$ 3,068,074	\$ 3,105,571	\$ 3,136,210	\$ 3,167,122	\$ 3,198,308
Expenses						
Cash O&M Expenses	\$ 2,126,522	\$ 2,272,288	\$ 2,332,075	\$ 2,393,528	\$ 2,456,491	\$ 2,522,906
Existing Debt Service	925,045	982,362	975,640	973,605	966,035	973,141
New Debt Service	-	643,369	643,369	643,369	643,369	643,369
Rate Funded System Reinvestment	-	-	-	-	-	-
SD7 Rate-Funded Grinder Pump Replacement /	28,636	30,406	32,175	33,944	35,714	37,483
Rate Funded CIP	-	-	-	-	-	-
Total Expenses	\$ 3,080,203	\$ 3,928,424	\$ 3,983,259	\$ 4,044,447	\$ 4,101,609	\$ 4,176,899
Annual Rate Adjustment	0.00%	31.29%	0.20%	0.55%	0.42%	0.87%
Cumulative Rate Adjustment	0.00%	31.29%	31.55%	32.28%	32.84%	34.00%
Rate Revenues After Rate Increase	\$ 2,730,428	\$ 3,610,108	\$ 3,659,224	\$ 3,721,819	\$ 3,780,389	\$ 3,857,085
Net Cash Flow After Rate Increase	(29,463)	(0)	(0)	(0)	(0)	(0)
Coverage After Rate Increases	n/a	2.85	2.87	2.86	2.85	2.86
New Debt Issued	\$ -	\$ 4,130,175	\$ -	\$ -	\$ -	\$ -
Debt Service as a % of Annual Revenue	30.32%	52.99%	52.13%	51.56%	50.82%	50.54%

Reserve Analysis

A presumed interest earning rate of 2.0% is applied to annual beginning cash balances in the Operating and Capital Accounts. Operating interest is used to help pay annual operating expenditures, while capital interest is used to offset annual capital expenditures.

The cash balance in the sewer Operating Account is projected to reduce from \$820,000 at the beginning of 2009 to \$503,000 by year end 2014 (consistent with the recommended policy of 60 to 90 days of O&M expense).

The Capital Account balance is projected to increase from \$371,000 at the beginning of 2009 to \$502,000 by year end 2014 (well within the recommended reserve level of 1% to 2% of fixed assets).

3. Storm Utility

The storm utility financial plan includes a capital funding strategy, operating forecast, revenue needs assessment, rate management strategy, and reserve analysis.

Capital Funding Strategy

Over the six-year forecast, the water system faces a total of \$3.4 million (inflated) in capital program costs: an average of \$562,000 per year. Of this six-year total, 100% is related to system improvements and upgrades (detailed project lists are included in the technical appendix).

The capital funding plan presumes that the capital program will be funded through a combination of capital cash resources and debt issuance. Based on our analysis, 32% of capital needs are can be funded using the capital fund balance (\$1.9 million). Next, direct rate funding in 2009 covers 10.6% of the capital needs. The remaining 57% of the capital program (\$1.7 million) will be funded using revenue bond proceeds, in the years 2010 and 2012. Exhibit 4-6 summarizes annual planned capital expenditures, along with assumed funding sources.

Exhibit 4-6: Storm Capital Projects and Funding Sources

Capital Funding	2009	2010	2011	2012	2013	2014
Total Capital Projects	\$ 569,364	\$ 915,616	\$ 514,232	\$ 436,624	\$ 515,569	\$ 418,319
Assessments, Grants, Contributions	212,052	15,000	-	-	-	-
Revenue Supported G.O. Bond Proceeds	-	900,616	-	169,028	-	-
Use of Capital Fund Balance	-	-	514,232	267,596	515,569	418,319
Direct Rate Funding	357,312	-	-	-	-	-
Total Funding Sources	\$ 569,364	\$ 915,616	\$ 514,232	\$ 436,624	\$ 515,569	\$ 418,319

It should be emphasized that this capital funding strategy presumes implementation of the system reinvestment funding policy at the level described in Section 2 – Policy Development, and implementation of the proposed level and use of system participation fees described in Section 3 – System Participation Fees. Furthermore, any changes in the amount of planned annual capital expenditures could impact this strategy.

Operating Forecast

EXPENSES

Over the six-year planning horizon, the utility’s total operating expenditures are forecasted to range from \$1.7 million to \$2.0 million per year (inclusive of inflation effects). The annual forecast is provided in Exhibit 4-7. In addition to O&M expenditures, existing and new annual debt service payments are forecast over the planning horizon. Existing debt service payment schedules were provided by City staff, decreasing from \$98,000 in 2009 to \$54,000 in 2014. Future years’ debt service incorporates impacts of the capital funding strategy. Incremental debt service

incurred to finance the capital program will begin in 2010 at about \$98,000 and reaching \$150,000 per year by the end of the study period.

REVENUES

Storm operating revenues are categorized as rate revenues and non-rate revenues. The revenue forecast relied on a combination of historical expenditures, budgeted line items, customer growth, and cost escalation. The annual forecast is provided in Exhibit 4-7. In summary:

RATE REVENUES UNDER EXISTING RATES:

The forecast of rate revenues under the existing level of rates reflect actual 2008 billing system and financial records, plus one year of estimated customer growth, and a 3.4% rate increase. City staff provided estimated customer growth of 0.50% from 2009 to 2010, and increasing to 1.00% in 2011 and 2.00% in 2013 through the end of the study period.

NON-RATE REVENUES:

Non-rate revenues include a DOE grant in 2009 of \$50,000 for system mapping/NPDES requirements, and a Health District grant totaling \$91,000 in 2009 and 2010.

Revenue Needs Assessment

The storm utility faces \$13.8 million in total cash obligations over the six-year planning period, including operating expenses; existing and new debt service; system reinvestment funding; and rate funded CIP. Rate revenues – under existing levels – and other available revenues (excluding the use of cash reserves) are forecasted at \$14.1 million over the same time period, therefore covering the cash needs.

Exhibit 4-7 provides a summary of stormwater utility revenue requirements over the study period.

Exhibit 4-7: Storm Revenue Requirements Analysis

	2009	2010	2011	2012	2013	2014
Revenues						
Rate Revenues Under Existing Rates	\$ 2,274,894	\$ 2,286,269	\$ 2,309,131	\$ 2,332,223	\$ 2,378,867	\$ 2,426,444
Non-Rate Revenues	-	3,259	9,464	13,305	18,153	23,095
Use of Operating Reserves	-	-	-	-	-	-
Total Revenues	\$ 2,274,894	\$ 2,289,528	\$ 2,318,596	\$ 2,345,527	\$ 2,397,020	\$ 2,449,539
Expenses						
Cash O&M Expenses	\$ 1,744,287	\$ 1,821,465	\$ 1,872,503	\$ 1,925,176	\$ 1,981,473	\$ 2,039,678
Existing Debt Service	98,339	54,711	54,458	54,204	53,951	53,697
New Debt Service	-	97,559	97,559	150,240	150,240	150,240
Rate Funded System Reinvestment	-	202,458	218,950	205,488	211,250	218,457
Rate Funded CIP	357,312	-	-	-	-	-
Total Expenses	\$ 2,199,938	\$ 2,176,193	\$ 2,243,469	\$ 2,335,109	\$ 2,396,914	\$ 2,462,073
Annual Rate Adjustment	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Cumulative Rate Adjustment	0.00%	2.50%	5.06%	7.69%	10.38%	13.14%
Monthly Rate After Increase	\$ 12.89	\$ 13.21	\$ 13.54	\$ 13.88	\$ 14.23	\$ 14.58
Rate Revenues After Rate Increase	\$ 2,274,894	\$ 2,343,425	\$ 2,426,031	\$ 2,511,549	\$ 2,625,824	\$ 2,745,299
Net Cash Flow After Rate Increase	173,756	212,692	192,026	189,745	247,064	306,321
Coverage After Rate Increases	n/a	7.22	7.30	4.96	5.46	5.88
New Debt Issued	\$ -	\$ 900,616	\$ -	\$ 169,028	\$ -	\$ -
Debt Service as a % of Annual Revenue	4.32%	6.65%	6.56%	8.72%	8.52%	8.33%

Reserve Analysis

A presumed interest earning rate of 2.0% is applied to annual beginning cash balances in the Operating and Capital Accounts. Operating interest is used to help pay annual operating expenditures, while capital interest is used to offset annual capital expenditures.

The cash balance in the storm Operating Account is projected to increase from - \$11,000 at the beginning of 2009 to \$461,000 by year end 2014 (consistent with the recommended policy of 60 to 90 days of O&M expense).

The Capital Account balance is projected to increase from \$0 at the beginning of 2009 to \$236,000 by year end 2014 (well within the recommended reserve level of 1% to 2% of fixed assets).

SECTION 5

COST OF SERVICE ANALYSIS

The purpose of a cost of service analysis is to provide a rational basis for distributing the full costs of utility service to each class of customer in proportion to the distinct demands they place on the system. Detailed cost allocations, along with appropriate customer class designations, help to sharpen the degree of equity that can be achieved in the resulting rate structure design. A detailed cost of service was performed for the Water and Sewer Utilities only.

A. METHODOLOGY

The cost of service analysis was performed for a selected “test year,” corresponding to the year in which new rates will take place. In this case, we used calendar year 2010, with proposed rates planned to be implemented January 1, 2010. Consistent with industry practice, the cost of service analysis includes the following components:

- *Functional Cost Allocation* – Apportions the annual revenue requirement for the selected test year by major function of utility service. For the water system, functional categories include customer, meters & services, base demand, peak demand, and fire protection.
- *Customer Classification & Cost Allocation* – Allocates functional cost pools to classes of customers based on their unique demands for service, as defined by system planning documents, industry standards, and recorded user history (from billing system information). Identifies shifts in cost recovery by customer class from that experienced under the existing rate structures. Determines the amount of revenue to be recovered from each class of customer, linked to a proportionate share of costs required to service their demand. Determines whether new or revised classes are warranted, depending on characteristics obtained from detailed customer data and/or City goals for class equity.

Fire Protection Costs

The Washington State Supreme Court recently ruled (*Lane vs. Seattle*) that fire hydrant costs (and potentially all fire protection related costs) cannot be recovered through water rates. Under their logic, this is a general government service, the charges for which would be considered a tax, and must have statutory or voter approval. The court upheld “a solution” that an increase to the utility tax on the water utility to recover those costs is valid and within statutory authority.

Working with the City's engineer and most recent water system plan, FCS GROUP determined the portion of the water system financial operations attributable to fire hydrant maintenance and the provision of fire related services.

For informational purposes, the percentage increase needed in the current water utility tax to recover the stated fire protection costs has been calculated - should the City wish to move in that direction. However, as FCS GROUP does not practice law, we understand that the City will consult with its own legal counsel regarding the mechanism for cost recovery.

1. Functional Allocations

The cost of service analysis begins with a functional allocation of utility costs. The purpose of this allocation is to categorize the total annual rate revenue requirement of the utility into functions of service, which can then be examined for cost recovery according to the manner in which different classes of customers use or place demands on the system for those specific categories of service.

Allocation of Capital Costs

Capital related costs include debt service payments, system reinvestment funding, and a portion of additions/uses of cash reserves. The most common methodology for assigning the capital portion of the revenue requirement to functional components is to allocate such costs on the basis of each system's existing plant-in-service. The allocations for plant-in-service utilized documented engineering planning criteria from both the City of Bainbridge Island and industry standards. In allocating this utility plant-in-service, we used the City's fixed assets listing as of December 31, 2008, organized into major categories for each system.

Allocation of Operating Costs

Operating costs include O&M expenses and a portion of additions/uses of cash reserves. These costs are allocated to the functions based on a detailed review of line item categories, generally following the cost causation process used in the allocation of plant. For example, customer billing costs are allocated to the "customer" category; maintenance and engineering costs are allocated in proportion to total plant-in-service; administrative costs are allocated in proportion to all other costs, and so on.

2. Customer Class Allocations

Once the annual revenue requirement has been categorized into functional cost pools, each cost pool can be further apportioned to the classes of customers who use the utility system. First, existing customer classes need to be either affirmed or modified to more appropriately group like- users. To accomplish this, the characteristics and historical demands of each class need to be studied. Then, using those characteristics and demands, each functional cost pool is allocated to each customer class in a manner that reflects each group's use of (or demands on) the utility system. These allocations draw upon account data, historical usage data, or

system planning requirements. Ultimately, this element of the analysis defines the total annual revenue that should be generated from each customer class, in order to achieve a reasonably equitable system of cost recovery from rates.

Customer Usage Statistics

A key component in the distribution of costs to customer classes is testing the reliability and accuracy of customer statistics. This is accomplished through a review of historical billing system data and application of the rate schedule in effect for that year. City staff provided historical billing system records for 2008, including number of accounts and dwelling units, size of meters, and monthly water usage. The total revenue generated from these customer statistics should approximate the actual revenue receipts shown in the financial statements (with minor differences due to the timing of new connections / disconnects, delinquencies, etc.). If the revenue estimates are within reasonable limits, statistics are determined “valid” and an adjustment factor is applied to the statistics if necessary to account for any minor discrepancies.

Further, customer usage statistics are evaluated to determine if current customer class designations represent an appropriate grouping of customers, or if revisions are warranted to better reflect customer groupings that exhibit similar usage patterns. This addresses rate equity among customer classes.

Distribution of Costs

The functionally allocated system-wide costs are distributed to the customer classes to determine “cost shares” based on the relative demands placed on the system by each class. This analysis identifies shifts in cost recovery by customer class from that experienced under the existing rate structure. Through this process, if one customer class places a higher or lower proportional average demand in one functional category, that customer class pays a higher or lower portion of that functional category’s costs.

B. RESULTS

Results of the cost of service analysis for each utility are summarized in this section. Additional detail can be viewed in the Technical Appendices (e.g., detailed cost allocations, customer statistics, etc.).

1. Water Utility

The water utility cost of service analysis includes a functional allocation and a customer allocation.

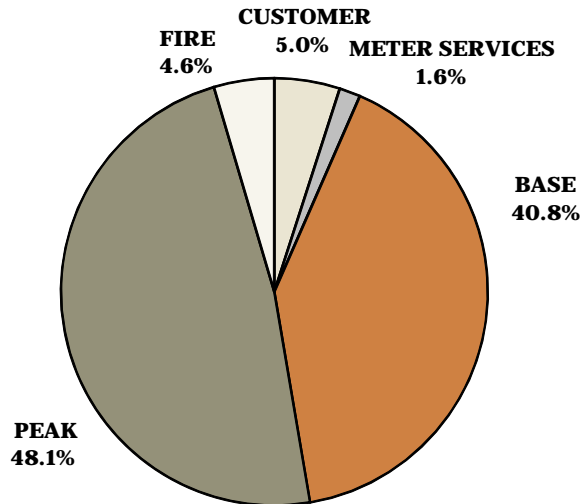
Functional Allocation

The rate revenue requirement for the water utility for year 2009 is projected to be \$2.3 million. Using the approach described above, the revenue requirement was

allocated to water service functional categories. Exhibit 5-1 illustrates the breakdown of water utility costs among these functional categories:

- *Customer* – These costs are associated with services that do not vary by water consumption, including utility billing, meter reading, and office support.
- *Meters & Services* – These costs are associated with installation, maintenance, and repairs of meters and services.
- *Base Demand* – These costs are associated with the utility’s ability to deliver water for average annual levels of demand. These costs tend to vary with the amount of water consumption, such as source of supply, chemical, and power.
- *Peak Demand* – These costs are associated with the utility’s ability to deliver water during periods of peak consumption, such as summer period irrigation.
- *Fire Protection* – These costs are associated with the water system’s delivery of direct fire protection, including the duration and flow rate of water used for fire suppression.

Exhibit 5-1: Allocation of Water Revenue Requirement to Functional Components



This distribution was developed using the following assumptions:

- The water system’s ratio of peak day demand to average day demand is 2.2, as documented in the City of Bainbridge Island Winslow Water System Plan.

This ratio was used to allocate demand-related costs between base and peak demands and for allocations to pumping.

- Allocation of storage facilities is based on storage capacity dedicated to operations, equalizing, emergency (standby) and fire suppression functions as documented in the City’s water system plan update. Fire storage was set to zero, due to nesting in standby storage.
- Allocations to transmission & distribution (T&D) facilities are first allocated to fire protection, and then to the base and peak components. In order to allocate the correct percentage to the fire protection component, a pipe analysis was performed, with guidance from City staff, to determine the percentage for the City’s water pipe related to oversizing for fire protection. The resulting percentage from this pipe analysis, shown in Exhibit 5-2, was 11.66%. The remaining costs are assigned to base and peak demand using the ratio of peak to average day demand.
- Meters & services costs are directly assigned to the meters & services functional component. Hydrant costs are directly assigned to fire protection, and general plant is allocated in proportion to all other infrastructure costs.
- Operating & maintenance costs are allocated based on a detailed review of line items, such as salaries, office and operating supplies, chemicals, power costs, etc., and assigned to functions based on assumed cost causation.

Exhibit 5-2: Water Pipe Analysis

Pipe	Length (lf)	Replacement Cost per lf.	Total Cost	Incremental Cost for Fire Oversizing	Notes:
1					Distribution <=8
2					Distribution <=8
3					Distribution <=8
4	10,095	\$ 130	\$ 1,312,350		Distribution <=8
6	32,590	\$ 160	\$ 5,214,400	\$ 977,700	Distribution <=8
8	71,610	\$ 185	\$ 13,247,850	\$ 1,790,250	Distribution <=8
10	7,090	\$ 215	\$ 1,524,350	\$ 212,700	Transmission => 10
12	42,030	\$ 230	\$ 9,666,900	\$ 630,450	Transmission => 10
14					
16					
18					
20					
24					
30					
Total	163,415		\$ 30,965,850	\$ 3,611,100	

After netting non-rate revenues from expenditures, and reallocating fire protection costs, the net revenue requirement to be recovered from water rates (\$2.2 million) is allocated to the functional categories as follows: 5.2% to customer; 1.7% to meters & services; 42.7% to base demand; and 50.4% to peak demand.

Customer Allocation

The City's customers are classified as: single family residential; multi-family residential; commercial; other; government; government – commercial; government – commercial: school district (interlocal agreement); irrigation; irrigation – government; irrigation – government: school district (interlocal agreement); and hydrant. Furthermore, the City's current rate structure includes a 50% discount (on both fixed and volume charge) for those classified as low-income senior customers, and a multiplier of 1.08 for Rockaway residents.

In analyzing these customer classes, comparing actual service requirements and demand patterns and relying on industry practices, FCS GROUP condensed the customer classes into four classifications: single-family residential, multi-family residential, commercial/other, and irrigation. The City's current discount for low-income seniors and multiplier for Rockaway customers was maintained.

The average use per customer is derived from detailed 2008 customer billing statistics and can be found in the water spreadsheet model, Customer Summary Page 30. Results are as follows:

- All customers: $278,823 \text{ total usage} / 2,405 \text{ total accounts} / 12 \text{ months} = 9.7 \text{ ccf}$
- Single family: $151,796 \text{ total usage} / 1,999 \text{ total accounts} / 12 \text{ months} = 6.3 \text{ ccf}$
- Multi-family: $55,800 \text{ total usage} / 95 \text{ total accounts} / 12 \text{ months} = 49 \text{ ccf}$
- Multi-family: $55,800 \text{ total usage} / 1,476 \text{ total dwelling units} / 12 \text{ months} = 3.2 \text{ ccf}$
- Commercial: $60,191 \text{ total usage} / 247 \text{ total accounts} / 12 \text{ months} = 20.3 \text{ ccf}$
- Irrigation: $11,036 \text{ total usage} / 64 \text{ total accounts} / 12 \text{ months} = 14.3 \text{ ccf}$

Water system functional cost pools were distributed to customer classes using the demographics described below. Exhibit 5-2 illustrates the result of this process:

- *Customer Accounts* – This statistic relates simply to the number of accounts in each customer class. Customer-related costs are allocated to customer classes based on their proportional share of total system number of accounts.
- *Meters & Services Equivalents (MSEs)* – This statistic relates to the number and size of meters included in each customer class. The *American Water Works Association (AWWA)* has developed a meter service equivalency factor that reflects relative costs for different size meters, using the smallest meter as the baseline. Meters & services costs are allocated to customer classes based on proportional shares of total system MSEs.
- *Annual Water Usage* – This statistic relates to total water usage consumed by the customer classes within a year. Total annual consumption, as

- *Peak Water Usage* – This statistic relates to water usage consumed by each customer class within the system’s peak period. The peak season is defined as August through October billing records. Average monthly consumption over the peak period, derived from the 2008 customer statistics, is equal to 34,798 ccf. This recognizes the increased water consumption primarily caused by outdoor irrigation. Peak demand costs are allocated to customer classes in proportion to total system peak season water usage by class.
- *Meter Capacity Equivalents (MCEs)* – This statistic also relates to the meter size included in each customer class. A meter capacity equivalency factor has been developed by the AWWA that reflects maximum potential flow for different sized meters. Fire Protection costs are allocated to customer classes based on proportional shares of total system MCEs.

Exhibit 5-3: Distribution of Costs to Water Customer Classes

<i>Allocation Factor:</i>	<i>Customer</i>	<i>Meter & Services</i>	<i>Base</i>	<i>Peak</i>
Allocation Basis:	Number of Meters	Meter Service Equivalents [a]	Annual Usage	Peak Season Usage [b]
Single Family Residential	83.13%	75.68%	54.44%	57.53%
Multi-Family Residential	3.95%	8.02%	20.01%	15.45%
Commercial / Other	10.25%	12.83%	21.59%	18.79%
Irrigation	2.67%	3.47%	3.96%	8.23%
TOTAL	100.00%	100.00%	100.00%	100.00%

[a] Based on AWWA meters & services cost ratio

[b] Based on August - October billing records

[c] Based on AWWA meter capacity ratios

The respective percentages are applied to the total costs allocated to each functional component (shown in Exhibit 5-1) to determine the share of total costs assigned to each class.

Exhibit 5-3 summarizes the customer class distribution of the \$2.3 million in revenue required from water rates in 2010. The cost of service analysis has identified that some shifts in cost burden amongst the customer classes is warranted.

Exhibit 5-4: Comparison of Water Revenue Distribution by Customer Class

Customer Classes	2010 Revenue under Current Rates	2010 Cost of Service	Cost of Service Increase / (Decrease)
Single Family Residential	\$ 1,183,922	\$ 1,304,403	10.18%
Multi-Family Residential	411,404	376,061	-8.59%
Commercial / Other	534,616	438,427	-17.99%
Irrigation	125,009	136,059	8.84%
TOTAL	\$ 2,254,951	\$ 2,254,951	0.00%

Under the current rate structure, the multi-family residential customer class (as a whole) and customers classified as commercial/other are paying more than their share of cost of service; thereby subsidizing the single family residential and irrigation customer classes. This finding suggests that a shift in cost recovery amongst customer classes would result in a more equitable rate structure than that currently in effect.

2. Sewer Utility

The sewer utility serves two different customer groups: Winslow customers and SD7 customers. The City only provides collection service for SD7 customers; treatment is not provided. Therefore, rates must be designed separately for these two customer classes. In line with industry practice, rates for SD7 customers were designed based on the split between treatment assets compared to collection assets.

O&M costs were first allocated to the treatment function in proportion to current plant assets and planned capital improvements. First, the portion of current plant assets and planned CIP projects related to treatment was calculated, by functionally categorizing each asset / capital project. This percentage (40.9%) was applied to total O&M costs. This resulted in approximately \$900,000 (of the total \$2.2 million) of 2010 O&M costs relating to treatment.

The remaining O&M costs (\$1.3 million) are thus related to the collection portion of the utility service. This provided the cost basis common to all sewer customers (both Winslow Way and SD7 customers). This cost basis divided by the total number of customer ERUs and then divided by 12, results in a monthly rate for SD7 customers. With an ERU basis of 4,339, the SD7 unit cost per month is \$25.06. In addition, the costs for grinder pump maintenance and grinder pump replacement funding were used to calculate the incremental unit costs for customers with grinder pumps (\$18.06).

SECTION 6

RATE DESIGN

The rate design element focuses on constructing rate structures, including fixed and variable rate components, for each class of customer to recover the appropriate amount of revenue from each class of customer and to recover the revenue necessary in total to fully fund utility financial obligations. Further, City pricing objectives regarding affordability, equity, and conservation are applied.

A. METHODOLOGY

Prior to this section, our findings rested on financial and technical analyses to derive the total annual revenue need from each utility and the amount that should be collected from each customer class. In this section, we focus more on the art of a utility rate study, which is the design of the pricing structure itself. Much of this rate design focuses on intended outcomes that carry out desired public policy, such as affordability to the customer, equity considerations, and administrative practicality. The rate design begins with an evaluation of the City's current rate structures. Alternative rate structures are recommended, as warranted, to better achieve the City's desired outcomes.

1. Water Rate Structure Evaluation

The rate structure evaluation reviews the existing water rate structure and presents proposed changes for the City's consideration.

Existing Rate Structure

The City's existing water rate structure consists primarily of two components: a minimum monthly charge (fixed charge) that increases by meter size and a block rate structure used to determine the volume charge per 100 cubic feet of water consumption applicable to all residential, multi-family, commercial, and other customers. There is only one volume charge for all meter sizes for irrigation systems. The City offers a discounted fixed and volume charge (roughly 50% of the regular rate) to qualified single family residential low-income seniors. Finally, a separate schedule of city rates applies for Rockaway Beach customers.

Exhibit 6-1 presents the existing water rate structure.

Exhibit 6-1: Existing Water Rate Structure

	Single Family	Multi-family	Commercial [a]	Other [a]	Irrigation Systems	Rockaway Beach (SFR)	Rockaway Beach (Other)
Fixed Charges							
3/4"	\$ 27.98		\$ 42.73	\$ 62.43	\$ 12.28	\$ 30.24	\$ 67.45
1"	\$ 55.16		\$ 94.55	\$ 143.81	\$ 16.14	\$ 59.59	\$ 155.41
1.5"	\$ 100.58		\$ 181.24	\$ 279.43	\$ 22.60	\$ 108.69	\$ 301.95
2"	\$ 155.09		\$ 284.45	\$ 442.14	\$ 30.38	\$ 167.60	\$ 477.77
3"	\$ 300.50		\$ 560.75	\$ 876.06	\$ 51.01		
4"	\$ 464.01		\$ 871.55	\$ 1,364.20	\$ 74.26		
6"	\$ 919.32		\$ 1,734.91	\$ 2,720.28	\$ 138.89		
Monthly fixed rate per Dwelling Unit		\$ 13.95					
Volume Charges (per 100 cf)							
0-500cf	\$ 2.82	\$ 2.82				\$ 3.07	
500-1200cf	\$ 4.58	\$ 4.58				\$ 4.95	
1200-3000cf	\$ 6.46	\$ 6.46				\$ 6.99	
3000cf +	\$ 8.80	\$ 8.80				\$ 9.51	
Volume Charges (per 100 cf)							
All consumption					\$ 10.10		
Seasonal Volume Charges (per 100 cf)							
Winter			\$ 3.70	\$ 3.70			\$ 4.02
Summer			\$ 4.28	\$ 4.28			\$ 4.63
Rate Recovery:							
Fixed:	60.48%	60.04%	53.74%	64.65%	10.83%		
Volume:	39.52%	39.96%	46.26%	35.35%	89.17%		

[a] Includes Government customers

Based on the cost of service analysis, it appears that the current rate structure recovers a disproportionately high share of costs from the commercial/other class and from the multi-family residential customers, and too low a share of costs from single-family and irrigation customers.

Proposed Rate Structure

Based on the results of the cost of service analysis and discussions with City staff, the following alternative water rate structure was designed:

FIXED CHARGES

Design of class-specific minimum monthly charges that increase with the size of meter. This charge recovers customer related costs, meters & services costs, and a portion of peak demand costs. The following components are included:

- Customer related costs that do not vary by customer class or with the size of meter were assigned a ratio of 1.0, meaning the portion of the charge related to customer costs is the same for all customer classes and all meters sizes.

- Meters & services cost, such as the cost of assembly, repair and maintenance of meters and services were assigned Meter Service Equivalent (MSE) ratio, based on the ratios documented in the AWWA Rates and Charges Manual (M1). The ratio is the same for all customer classes, but increases with each larger meter size in relationship to its cost compared to that of the smallest meter.
- The portion of peak demand costs (currently established at 45% of peak demand costs) included in the monthly charge was assigned the Meter Capacity Equivalent (MCE) ratio, again based on the ratios documented in the AWWA M1 manual. Similar to the MSE ratio, this ratio increases with each larger meter size. This component of the charge also varies by customer class incorporating the differing peak demands of each class.

WATER USE CHARGES

Class-specific usage-based charges, designed to recover all base demand costs and the remaining portion of peak demand costs (currently established at 55% of peak demand costs):

- Single Family Residential (SFR) – A four-tiered increasing block rate, where the rate per unit of consumption increases above each established threshold of usage; thus, both the incremental and average cost of water to the consumer increases with increased usage. The intent of this rate structure is to promote water conservation (or at least to charge appropriately for peak use). Since the SFR class represents the largest portion of total system water usage and has relatively high peak demands on the water system, it is reasonable to target this class for water conservation.
- Multi-Family Residential (MFR) and Commercial/Other – A class-specific seasonal usage charge, where a single rate per unit of consumption is applied to all units of consumption depending on the season.
- Irrigation – A single rate per unit of consumption is applied to all units of consumption.
- Low Income Discount – Maintain the City’s existing discount policy.
- Rockaway Beach Customers – Maintain the City’s existing outside City multiplier of 1.08 times inside City rates.

2. Sewer Rate Structure Evaluation

No change was made to the Sewer Utility’s existing rate structure. The existing rate structure contains a separate schedule for both Winslow Way and SD7 customers.

Winslow Way customers are grouped into a “metered rate” or “flat rate” category. The customer groups within those categories are as follows: Single Family Residential, Multi-family Residential (metered rate category only) and Non-

Residential. As in water, low-income seniors receive a 50% discount on both fixed and volume charges.

The City’s existing Winslow Way sewer rate structure for metered customers consists of a class-specific monthly base rate and a volume charge per 100 cubic feet of water consumption. Multi-family customers pay a monthly rate per dwelling unit, whereas all other customers pay per account. The residential volume charge is applied to the lesser of actual water use or the winter cap. The volume charge for all other classes is applied to actual water usage. Flat rate customers pay a flat monthly charge per account. The City offers a discounted rate (50% of the regular) to qualified single family residential low-income customers.

SD7 customers pay flat rate per account each month. This includes a pass-through treatment charge as well as a City rate component that covers the collection portion of their service. Those customers with grinder pumps pay an additional amount every month to recover the maintenance and replacement costs associated with the grinder pump.

Exhibit 6-2 presents the existing sewer rate structure.

Exhibit 6-2: Existing Sewer Rate Structure

Customer Class	Existing 2009	
	Fixed Charge \$ per acct [1]	Volume Charge \$ per ccf [2]
Winslow Customers		
<u>Metered Rate</u>		
Single Family	\$ 30.42	\$ 5.19
Senior	15.21	2.60
Multi-Family	26.64	5.19
Non-Residential	88.13	5.19
<u>Flat Rate</u>		
Single Family	\$ 85.36	
Senior	42.68	
Non-Residential	92.22	
SD7 WWTP Customers [3]		
With Grinder Pumps	\$ 64.34	
Without Grinder Pumps	54.01	

[1] Multi-family fixed charge is applied per living unit
 [2] Residential sewer volumes based on actual water usage in non-summer months and winter average water usage in summer months; Non-residential volumes based on actual annual water usage
 [3] Includes SD7 Treatment Charge (\$40) and City rate component

Proposed Rate Structure

Based on the results of the cost of service analysis and discussions with City staff it was determined that the existing structure will be maintained with customer class rates adjusted in accordance with the cost of service results.

3. Stormwater Rates

The stormwater utility current charges all customers a monthly rate of \$12.89 per equivalent surface unit. Any future increases will be applied to this current rate.

B. RESULTS

Results of the rate design for each utility are summarized in this section. Additional detail can be viewed in the Technical Appendices.

1. Water Utility

The water utility rate design element includes the rate design and a comparison of customer bill impacts under proposed rates against existing rates.

Rate Design

Exhibit 6-3 - Proposed Rate Schedule

	Single Family	Multi-family	Commercial / Other [a]	Irrigation Systems	Rockaway Beach (SFR)	Rockaway Beach (Other)
Fixed Charges						
3/4"	\$ 17.26	\$ 22.76	\$ 22.25	\$ 30.17	\$ 18.64	\$ 24.03
1"	\$ 25.63	\$ 34.83	\$ 33.97	\$ 47.19	\$ 27.55	\$ 36.68
1.5"	\$ 45.99	\$ 64.34	\$ 62.62	\$ 89.00	\$ 49.52	\$ 67.63
2"	\$ 71.20	\$ 100.56	\$ 97.81	\$ 140.03	\$ 76.64	\$ 105.64
3"	\$ 144.04	\$ 202.82	\$ 197.33	\$ 281.84	\$ 154.62	\$ 213.11
4"	\$ 219.33	\$ 311.17	\$ 302.58	\$ 434.61	\$ 235.67	\$ 326.79
6"	\$ 426.95	\$ 610.56	\$ 593.40	\$ 857.39	\$ 459.30	\$ 640.87
Monthly fixed rate per Dwelling Unit						
Volume Charges (per 100 cf)						
0-500cf	\$ 5.07				\$ 5.48	
500-1200cf	\$ 6.30				\$ 6.80	
1200-3000cf	\$ 8.03				\$ 8.67	
3000cf +	\$ 11.83				\$ 12.77	
Volume Charges (per 100 cf)						
All consumption				\$ 8.11		
Seasonal Volume Charges (per 100 cf)						
Winter		\$ 4.84	\$ 5.14			\$ 5.56
Summer		\$ 5.60	\$ 5.95			\$ 6.43

EVALUATION OF BLOCK RATE THRESHOLDS

An evaluation of the City’s current block rate structure was performed. In discussions with City staff, they emphasized that the City wanted to continue to send strong conservation signals through their volume rate structure.

An evaluation of the City’s current blocks thresholds showed that these blocks are appropriate, based on the historical water usage patterns for the single family residential class. The following “rule of thumb” was used in the analysis:

- Block 1 (0-5 ccf per month) is set equal to average monthly winter period usage per account for the class. This is assumed to approximate normal indoor usage and a nominal amount of outdoor winter use. On an average

annual basis, about 62% of customer bills are expected to remain within this rate block threshold.

- Block 2 (5-12 ccf per month) is set roughly equal to two times average annual usage per account. This is assumed to capture the majority of base demand use and a reasonable amount for normal summer use (peak use). About 26% of customer bills fall into the second block.
- Block 3 (12-30 ccf per month) captures all water usage above the block 2 threshold and is designed to target higher summer use. The third block captures 9% of customer bills.
- Block 4 (over 30 ccf per month) captures all water usage above the block 3 threshold and is designed to target higher the top 3% - 5% of water usage. The City's fourth block captures the remaining 3% of customer bills.

DETERMINATION OF BLOCK RATE DIFFERENTIALS

In order to further encourage conservation, the rates of each volume block were updated. Lower block (blocks 1 and 2) volume charges were reduced to reward low water users, while higher blocks (blocks 3 and 4) were increased to encourage conservation. The City might consider modifying these rate block differentials and/or the proposed block thresholds over time if desired conservation is not achieved.

Customer Bill Impacts

Extensive calculations of monthly water bill impacts for each class are presented in the Technical Appendix.

As an example, a single family residential customer using around the 6 ccf a month (approximately the "class average"), would experience a \$2.26 increase in their monthly bills (\$46.66 to \$48.92). As water use increases, the monthly bill impact increases.

2. Sewer Utility

As previously noted, a new sewer rate structure was not designed in this study. Class-specific cost of service adjustments were applied to the City's current rate structure. Proposed rates are shown in Exhibit 6-5.

The sewer utility rate design element includes the rate design and a comparison of customer bill impacts under proposed rates against existing rates.

Exhibit 6-5 – Proposed Sewer Rates

Customer Class	Existing 2009		Proposed Cost of Service Rates	
			2010	
	Fixed Charge \$ per acct [1]	Volume Charge \$ per ccf [2]	Fixed Charge \$ per acct [1]	Volume Charge \$ per ccf [2]
Winslow Customers			30.30%	
<u>Metered Rate</u>				
Single Family	\$ 30.42	\$ 5.19	\$ 39.64	\$ 6.76
Senior	15.21	2.60	19.82	3.39
Multi-Family	26.64	5.19	34.71	6.76
Non-Residential	88.13	5.19	114.83	6.76
<u>Flat Rate</u>				
Single Family	\$ 85.36		\$ 111.22	
Senior	42.68		55.61	
Non-Residential	92.22		120.16	
SD7 WWTP Customers [3]				% increase
With Grinder Pumps	\$ 64.34		\$ 83.12	29.18%
Without Grinder Pumps	54.01		65.06	20.46%

[1] Multi-family fixed charge is applied per living unit

[2] Residential sewer volumes based on actual water usage in non-summer months and winter average water usage in summer months; Non-residential volumes based on actual annual water usage

[3] Includes SD7 Treatment Charge (\$40) and City rate component

Customer Bill Impacts

Summaries of monthly sewer bill impacts for each class are presented in Exhibit 6-6.

Exhibit 6-6 – Sewer Bill Impacts

Customer Class	No. of Units	Billed Volume (ccf)	Existing Rates	2010	Increase (\$)	Increase (%)
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Winslow Service Area Customers

Residential	1	3	\$ 45.99	\$ 59.92	\$ 13.93	30.30%
	1	6.7	65.19	84.95	19.75	30.30%
	1	10	82.32	107.26	24.94	30.30%
	1	15	108.27	141.07	32.80	30.30%
Multi-Family	2	9	\$ 99.99	\$ 130.29	\$ 30.30	30.30%
	4	15	184.41	240.28	55.87	30.30%
	10	30	422.10	549.99	127.89	30.30%
	30	65	1,136.55	1,480.90	344.35	30.30%
Non-Residential	1	15	\$ 165.98	\$ 216.27	\$ 50.29	30.30%
	1	25	217.88	283.89	66.01	30.30%
	1	65	425.48	554.39	128.91	30.30%
	1	100	607.13	791.08	183.95	30.30%

Kitsap County Sewer District #7 Treatment Plant Customers [a]

With Grinder Pumps	1	n/a	\$ 64.34	\$ 83.12	\$ 18.78	29.18%
Without Grinder Pumps	1	n/a	\$ 54.01	\$ 65.06	\$ 11.05	20.46%

[a] Includes SD7 WWTP charge of \$40.00

APPENDIX A

City of Bainbridge Island Water Utility

Assumptions

Economic & Financial Factors			2009	2010	2011	2012	2013	2014
1	General Cost Inflation	[a]	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
2	Construction Cost Inflation	[b]	8.22%	-11.16%	6.41%	6.35%	6.28%	6.20%
	Cumulative Construction Cost Inflation		8.22%	-3.85%	2.30%	8.80%	15.63%	22.80%
3	Labor Salary Inflation	[c]	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
4	Labor Benefits Inflation	[c]	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
5	City Customer Growth	[c]	0.50%	0.50%	1.00%	1.00%	1.00%	1.00%
6	General Inflation plus Growth		3.01%	3.01%	3.53%	3.53%	3.53%	3.53%
7	Salary Inflation + Furlo Removal	[c]	2.50%	6.00%	2.50%	2.50%	2.50%	2.50%
8	[Other Escalation Factor]							
9	No Escalation		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Cumulative Customer Growth		0.50%	1.00%	2.01%	3.03%	4.06%	5.10%
	Fund Earnings	[c]	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	External (State Excise) Tax		5.03%	5.03%	5.03%	5.03%	5.03%	5.03%
	External (State B&O) Tax		1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
	City Tax		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

[a] Based on last twelve months of Consumer Price Index - All Items, Seattle Area

[b] Construction inflation factors provided by City in InflationFactor.xls, based on WSDOT index

[c] Per City

Accounting Assumptions

		2009	2010	2011	2012	2013	2014
FISCAL POLICY RESTRICTIONS							
	Min. Op. Fund Balance Target (days of O&M expense)	60	60	60	60	60	60
	Max. Op. Fund Balance (days of O&M expense)	90	90	90	90	90	90
Minimum Capital Fund Balance Target							
	Select Minimum Capital Fund Balance Target	1	Defined as % of Plant				
	1 - Defined as % of Plant						
	Plant-in-Service in 2008	\$ 14,989,365					
	Minimum Capital Fund Balance - % of plant assets	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
	2 - Amount at Right ==>						

City of Bainbridge Island Water Utility

Assumptions

RATE FUNDED SYSTEM REINVESTMENT

Select Reinvestment Funding Strategy	2	Equal to Annual Depreciation Expense less Annual Debt Principal Payments					
Amount of Annual Cash Funding from Rates		100%	100%	100%	100%	100%	100%
1 - Equal to Annual Depreciation Expense							
2 - Equal to Annual Depreciation Expense less Annual Debt Principal Payments							
3 - Equal to Amount at Right ==>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4 - Do Not Fund System Reinvestment							

Capital Financing Assumptions

	2009	2010	2011	2012	2013	2014
SYSTEM PARTICIPATION FEE REVENUES						
Select SPF Alternative	2					
1 - User Input (Current Charge)	\$ 2,754					
2 - Calculated Charge	\$ 2,447					
System Participation Fee	\$ 2,754	\$ 2,447	\$ 2,604	\$ 2,768	\$ 2,938	\$ 3,113
Total Residential Customer Equivalents	3,165	3,181	3,213	3,245	3,277	3,310
System Participation Fee Revenues [c] [d]	\$ 43,829	\$ 30,162	\$ 69,276	\$ 70,054	\$ 70,840	\$ 102,014

REVENUE BONDS

Term (years)	20	20	20	20	20	20
Interest Cost [d]	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Issuance Cost	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Revenue Bond Coverage Requirement	1.25					

PWTF LOAN

Term (years; no more than 20 years)	20	20	20	20	20	20
Interest Cost	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Required Local Match	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%

OTHER LOANS

Term (years)	20	20	20	20	20	20
Interest Cost	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Issuance Cost	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

[c] Per City staff, 2009 SPF Revenue forecast equal to YTD June 11, 2009 received revenues (\$16,414.70) doubled, plus \$11,000 for known development project

[d] Per City, 70% discount applied to 5 Residential Customer Equivalents per year, in years 2010-2013, to account for subsidized housing

[e] Based on current Revenue Bond interest rates from Bond Buyer Index, 6.4.09

City of Bainbridge Island Water Utility Operating Revenue and Expenditure Forecast

Revenues			Projection	Projection	Projection	Projection	Projection	Projection
FORECAST BASIS			2009	2010	2011	2012	2013	2014
Rate Revenues								
Water Charges [a]	5	City Customer Growth	\$ 2,218,926	\$ 2,230,021	\$ 2,252,321	\$ 2,274,844	\$ 2,297,593	\$ 2,320,569
BI School District [b]		Based on Interlocal Agreement	\$ 6,201	\$ 24,930	\$ 49,859	\$ 74,789	\$ 99,718	\$ 124,648
Subtotal: Rate Revenues			\$ 2,225,128	\$ 2,254,951	\$ 2,302,180	\$ 2,349,633	\$ 2,397,311	\$ 2,445,217
Meter Connection / Inspection Fees	5	City Customer Growth	25,000	25,125	25,376	25,630	25,886	26,145
Road & Street Maintenance Service	1	General Cost Inflation	26,714	27,382	28,066	28,768	29,487	30,224
TOTAL REVENUES			\$ 2,276,842	\$ 2,307,457	\$ 2,355,623	\$ 2,404,031	\$ 2,452,685	\$ 2,501,586
[a] 2009 projection calculated in Base Year Stats page, using 2008 actual statistics, plus one year of customer growth, applied to the 2009 adopted rate structure			\$ 2,798,135					
[b] As stated in the Inter-Local Agreement, school district #303 is currently charged 5% of the current water rate. In 2010, their charge will increase to 20% of the current rates. In years thereafter, their charge percentage will continue to increase 20%, until they reach full water rates in 2014.			\$ (521,293)	235,345	Difference in Revenues			
			160,948		Shown in Assumptions Page			
			125,000		Investment Interest - Calculated in Tests page			
			\$ -					

Expenditures			Budget	Projection	Projection	Projection	Projection	Projection
FORECAST BASIS			2009	2010	2011	2012	2013	2014
Training	1	General Cost Inflation	\$ 6,375	\$ 6,534	\$ 6,698	\$ 6,865	\$ 7,037	\$ 7,213
Salary								
EX WTR SAL	7	Salary Inflation + Furlo Removal	\$ 11,259	\$ 11,935	\$ 12,233	\$ 12,539	\$ 12,852	\$ 13,173
LEGAL SAL	7	Salary Inflation + Furlo Removal	8,717	9,240	9,471	9,708	9,950	10,199
HR WTR SAL	7	Salary Inflation + Furlo Removal	6,459	6,847	7,018	7,193	7,373	7,557
SALARY	7	Salary Inflation + Furlo Removal	4,569	4,843	4,964	5,088	5,216	5,346
SALARY	7	Salary Inflation + Furlo Removal	86,762	91,968	94,267	96,624	99,039	101,515
SALARY	7	Salary Inflation + Furlo Removal	2,020	2,141	2,195	2,250	2,306	2,363
PW WA SAL	7	Salary Inflation + Furlo Removal	14,821	15,710	16,103	16,506	16,918	17,341
ENG SAL	7	Salary Inflation + Furlo Removal	6,589	6,984	7,159	7,338	7,521	7,709
WTR AD SAL	7	Salary Inflation + Furlo Removal	65,527	69,459	71,195	72,975	74,799	76,669
OM WTR MX	7	Salary Inflation + Furlo Removal	264,111	279,958	286,957	294,131	301,484	309,021
OM ROCK MX	7	Salary Inflation + Furlo Removal	49,845	52,836	54,157	55,511	56,898	58,321
IT WTR SAL	7	Salary Inflation + Furlo Removal	37,752	40,017	41,018	42,043	43,094	44,171
UNEMPL PAY	7	Salary Inflation + Furlo Removal	-	-	-	-	-	-
Subtotal - Salary			\$ 558,431	\$ 591,937	\$ 606,735	\$ 621,904	\$ 637,451	\$ 653,388
Salary - Overtime								
SALARY -OT	3	Labor Salary Inflation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ENG WTR OT	3	Labor Salary Inflation	-	-	-	-	-	-
SALARY -OT	3	Labor Salary Inflation	4,500	4,613	4,728	4,846	4,967	5,091

City of Bainbridge Island Water Utility

Operating Revenue and Expenditure Forecast

SALARY -OT	3	Labor Salary Inflation	13,600	13,940	14,289	14,646	15,012	15,387
SALARY -OT	3	Labor Salary Inflation	2,777	2,846	2,918	2,991	3,065	3,142
Subtotal - Salary - Overtime			\$ 20,877	\$ 21,399	\$ 21,934	\$ 22,482	\$ 23,044	\$ 23,620
Salary - Temporary Employees	3	Labor Salary Inflation	\$ 5,000	\$ 5,125	\$ 5,253	\$ 5,384	\$ 5,519	\$ 5,657
Staff Separation Buyouts	3	Labor Salary Inflation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits								
EX WTR BEN	4	Labor Benefits Inflation	\$ 2,224	\$ 2,335	\$ 2,452	\$ 2,575	\$ 2,703	\$ 2,838
LEGAL BEN	4	Labor Benefits Inflation	2,008	2,108	2,214	2,325	2,441	2,563
HR WTR BEN	4	Labor Benefits Inflation	793	833	874	918	964	1,012
BENEFIT	4	Labor Benefits Inflation	1,503	1,578	1,657	1,740	1,827	1,918
BENEFIT	4	Labor Benefits Inflation	35,650	37,433	39,304	41,269	43,333	45,499
BENEFIT	4	Labor Benefits Inflation	487	511	537	564	592	622
PW WA BENE	4	Labor Benefits Inflation	16,947	17,794	18,684	19,618	20,599	21,629
ENG BEN	4	Labor Benefits Inflation	2,361	2,479	2,603	2,733	2,870	3,013
WTR ADBENE	4	Labor Benefits Inflation	7,582	7,961	8,359	8,777	9,216	9,677
BENEFIT	4	Labor Benefits Inflation	80,663	84,696	88,931	93,378	98,046	102,949
BENEFIT	4	Labor Benefits Inflation	23,746	24,933	26,180	27,489	28,863	30,307
IT WTR BEN	4	Labor Benefits Inflation	12,571	13,200	13,860	14,553	15,280	16,044
Subtotal - Benefits			\$ 186,535	\$ 195,862	\$ 205,655	\$ 215,938	\$ 226,734	\$ 238,071
Staff Separation Buyouts	3	Labor Salary Inflation	\$ 367	\$ 376	\$ 386	\$ 395	\$ 405	\$ 415
Supplies	1	General Cost Inflation	\$ 98,500	\$ 100,963	\$ 103,487	\$ 106,074	\$ 108,726	\$ 111,444
Fuel Consumed	1	General Cost Inflation	\$ 30,100	\$ 30,853	\$ 31,624	\$ 32,414	\$ 33,225	\$ 34,055
Professional Services	1	General Cost Inflation	\$ 175,750	\$ 180,144	\$ 184,647	\$ 189,264	\$ 193,995	\$ 198,845
Professional Services - Carryover	1	General Cost Inflation	\$ 73,668	\$ 75,510	\$ 77,397	\$ 79,332	\$ 81,316	\$ 83,349
Telephone/Fax	1	General Cost Inflation	\$ 13,026	\$ 13,352	\$ 13,685	\$ 14,028	\$ 14,378	\$ 14,738
Communication Ads	1	General Cost Inflation	\$ 500	\$ 513	\$ 525	\$ 538	\$ 552	\$ 566
Community Info & Outreach	1	General Cost Inflation	\$ 3,469	\$ 3,556	\$ 3,645	\$ 3,736	\$ 3,829	\$ 3,925
Travel Expense	1	General Cost Inflation	100	103	105	108	110	113
Advertising	1	General Cost Inflation	200	205	210	215	221	226
Rents & Leases - Operating	9	No Escalation	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250
Rents - Interfund	9	No Escalation	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000
Insurance	1	General Cost Inflation	\$ 17,473	\$ 17,910	\$ 18,358	\$ 18,817	\$ 19,287	\$ 19,769
Utilities (Electric)								
ELECTRIC	1	General Cost Inflation	\$ 90,000	\$ 92,250	\$ 94,556	\$ 96,920	\$ 99,343	\$ 101,827
UTIL	1	General Cost Inflation	5,000	5,125	5,253	5,384	5,519	5,657
Subtotal - Utilities (Electric)			\$ 95,000	\$ 97,375	\$ 99,809	\$ 102,305	\$ 104,862	\$ 107,484
Repairs	1	General Cost Inflation	\$ 44,000	\$ 45,100	\$ 46,228	\$ 47,383	\$ 48,568	\$ 49,782

**City of Bainbridge Island
Water Utility
Operating Revenue and Expenditure Forecast**

Dues, Subscriptions, & Memberships	1	General Cost Inflation	\$ 13,198	\$ 13,528	\$ 13,866	\$ 14,213	\$ 14,568	\$ 14,932
Intergvmntl Professional Serv	1	General Cost Inflation	\$ 5,000	\$ 5,125	\$ 5,253	\$ 5,384	\$ 5,519	\$ 5,657
Extrnl Taxes & Operating Assmnt		Excise and B&O Tax Rate	\$ 113,335	\$ 114,641	\$ 117,617	\$ 120,030	\$ 122,454	\$ 125,346
Intrfund Taxes & Oper Assess		City Utility Tax Rate	\$ 133,508	\$ 135,297	\$ 138,131	\$ 140,978	\$ 143,839	\$ 146,713
Total Cash O&M Expenditures			\$ 1,706,661	\$ 1,767,655	\$ 1,813,498	\$ 1,860,037	\$ 1,907,889	\$ 1,957,557
			<u>\$ 2,501,907</u>					
			\$ (795,246)					
		Debt Service	123,000	<i>Included in Existing Debt worksheet</i>				
		Taxes	44,008	<i>Calculated vs budget</i>				
		Capital Outlay	<u>628,238</u>	<i>Added to CIP</i>				
			\$ -					
Depreciation Expense in 2008 [b]			\$ 343,760					
Depreciation Expense		<i>(Last year's plus annual additions from CIP)</i>	\$ 348,345	\$ 365,724	\$ 420,187	\$ 482,478	\$ 504,897	\$ 527,697
		<i>less: Annual Debt Principal</i>	<u>(116,875)</u>	<u>-</u>	<u>(75,467)</u>	<u>(78,863)</u>	<u>(95,049)</u>	<u>(99,326)</u>
		<i>System Reinvestment Funding Level</i>	\$ 231,470	\$ 365,724	\$ 344,719	\$ 403,614	\$ 409,849	\$ 428,371

[b] 2008 deprecation expense provided by City staff in UtilFA -2008 DONE.xls

**City of Bainbridge Island
Water Utility
Existing Debt Input**

Existing Debt Service - Revenue Bonds	2009	2010	2011	2012	2013	2014
REVENUE BOND 1						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt Reserve for Debt Service	-	-	-	-	-	-
REVENUE BOND 2						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt Reserve for Debt Service	-	-	-	-	-	-
REVENUE BOND 3						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt Reserve for Debt Service	-	-	-	-	-	-
REVENUE BOND 4						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt Reserve for Debt Service	-	-	-	-	-	-
REVENUE BOND 5						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt Reserve for Debt Service	-	-	-	-	-	-
TOTAL REVENUE BONDS						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt Reserve for Debt Service	-	-	-	-	-	-
Debt Reserve Requirement	-	-	-	-	-	-

**City of Bainbridge Island
Water Utility
Existing Debt Input**

Existing Debt Service - PWTF Loans	2009	2010	2011	2012	2013	2014
PWTF LOAN 1						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF LOAN 2						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF LOAN 3						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF LOAN 4						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF LOAN 5						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL PWTF LOANS						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Bainbridge Island
Water Utility
Existing Debt Input

Existing Debt Service - Other Loans [a]

	2009	2010	2011	2012	2013	2014
--	------	------	------	------	------	------

[a] Enter payments for other loans and revenue-supported G.O. issues only. Tax-supported bonds are assumed to be accounted for in the General Fund and do not i

LTGO Refunding Bonds, 1995

Annual Interest Payment	\$ 6,019	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	<u>116,875</u>	-	-	-	-	-
Total Annual Payment	\$ 122,894	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt Reserve for Debt Service	\$ -	-	-	-	-	-
Debt Reserve Requirement						

OTHER LOAN 2

Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	<u>-</u>	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
Debt Reserve Requirement						

OTHER LOAN 3

Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	<u>-</u>	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
Debt Reserve Requirement						

OTHER LOAN 4

Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	<u>-</u>	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
Debt Reserve Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOTAL OTHER LOANS

Annual Interest Payment	\$ 6,019	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	<u>116,875</u>	-	-	-	-	-
Total Annual Payment	\$ 122,894	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt Reserve for Debt Service	-	-	-	-	-	-
Debt Reserve Requirement	-	-	-	-	-	-

**City of Bainbridge Island
Water Utility
Capital Improvement Program**

Project Costs and O&M Impacts in Year:	2009
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(Project costs are escalated using Construction Cost Inflation assumptions)

No	Description	Current Day Cost	Year of Construction Cost	Year	Life in Years	For SPF Calculation		Specific Funding Source 1-Enterprise Fund, 2-Grants & Developer Donations	Upgrade / Expansion	R&R	TOTAL STUDY PERIOD ESCALATED COSTS	
						% Upgrade / Expansion	% R&R					
1	2008 Carryover - High School Reservoir Safety Improvements	\$ 83,000	\$ 83,000	2009	50	100%	0%	1	Enterprise Fund	\$ 83,000	\$ -	\$ 83,000
2	2008 Carryover - Water Supply - Non-Potable Dispensing Station	2,400	2,400	2009	50	5%	95%	1	Enterprise Fund	120	2,280	2,400
3	2008 Carryover - Water Mains Upgrade - Annual - 2008	62,700	62,700	2009	50	10%	90%	1	Enterprise Fund	6,270	56,430	62,700
4	2008 Carryover - From O&M budget	34,000	34,000	2009	50	0%	100%	1	Enterprise Fund	-	34,000	34,000
5	2008 Carryover - From O&M budget	1,852	1,852	2009	50	5%	95%	1	Enterprise Fund	93	1,759	1,852
6									Select Source	-	-	-
7	Winslow Way Reconstruction	269,054	269,054	2009	50	10%	90%	1	Enterprise Fund	26,905	242,149	269,054
8	Winslow Way Reconstruction	1,354,513	1,465,833	2010	50	10%	90%	1	Enterprise Fund	135,451	1,219,062	1,465,833
9									Select Source	-	-	-
10	Generator Sound Attenuation Annual Program	5,587	5,716	2012	20	100%	0%	1	Enterprise Fund	5,587	-	5,716
11	Generator Sound Attenuation Annual Program	5,586	6,078	2013	20	100%	0%	1	Enterprise Fund	5,586	-	6,078
12	Generator Sound Attenuation Annual Program	5,587	6,460	2014	20	100%	0%	1	Enterprise Fund	5,587	-	6,460
13									Select Source	-	-	-
14	Water Mains Upgrade - Annual	121,343	121,343	2009	50	10%	90%	1	Enterprise Fund	12,134	109,209	121,343
15	Water Mains Upgrade - Annual	125,676	136,005	2010	50	10%	90%	1	Enterprise Fund	12,568	113,109	136,005
16	Water Mains Upgrade - Annual	132,119	127,026	2011	50	10%	90%	1	Enterprise Fund	13,212	118,907	127,026
17	Water Mains Upgrade - Annual	136,451	139,595	2012	50	10%	90%	1	Enterprise Fund	13,645	122,806	139,595
18	Water Mains Upgrade - Annual	136,271	148,261	2013	50	10%	90%	1	Enterprise Fund	13,627	122,644	148,261
19	Water Mains Upgrade - Annual	138,678	160,354	2014	50	10%	90%	1	Enterprise Fund	13,868	124,810	160,354
20									Select Source	-	-	-
21	Water & Sewer Telemetry Upgrade Program	53,889	53,889	2009	10	10%	90%	1	Enterprise Fund	5,389	48,500	53,889
22	Water & Sewer Telemetry Upgrade Program	61,080	66,100	2010	10	10%	90%	1	Enterprise Fund	6,108	54,972	66,100
23	Water & Sewer Telemetry Upgrade Program	61,079	58,725	2011	10	10%	90%	1	Enterprise Fund	6,108	54,971	58,725
24	Water & Sewer Telemetry Upgrade Program	61,080	62,487	2012	10	10%	90%	1	Enterprise Fund	6,108	54,972	62,487
25	Water & Sewer Telemetry Upgrade Program	61,080	66,454	2013	10	10%	90%	1	Enterprise Fund	6,108	54,972	66,454
26	Water & Sewer Telemetry Upgrade Program	61,080	70,627	2014	10	10%	90%	1	Enterprise Fund	6,108	54,972	70,627
27									Select Source	-	-	-
28	Pressure-High School Reservoir	381,482	412,834	2010	50	85%	15%	1	Enterprise Fund	324,260	57,222	412,834
29	Pressure-High School Reservoir	2,728,248	2,623,088	2011	50	85%	15%	1	Enterprise Fund	#####	409,237	2,623,088
30									Select Source	-	-	-
31	Head of the Bay Well 2 & 5 Rehabilitation	246,362	266,609	2010	50	100%	0%	1	Enterprise Fund	246,362	-	266,609
32									Select Source	-	-	-
33	Emergency generator installations at Sands Ave and Head of the Bay pu	102,926	111,385	2010	50	100%	0%	1	Enterprise Fund	102,926	-	111,385

**City of Bainbridge Island
Water Utility
Capital Improvement Program**

Project Costs and O&M Impacts in Year:	2009
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(Project costs are escalated using Construction Cost Inflation assumptions)

No	Description	Current Day Cost	Year of Construction Cost	Year	Life in Years	For SPF Calculation		Specific Funding Source 1-Enterprise Fund, 2-Grants & Developer Donations	Upgrade / Expansion	R&R	TOTAL STUDY PERIOD ESCALATED COSTS	
						% Upgrade / Expansion	% R&R					
34	Emergency generator installations at Sands Ave and Head of the Bay pu	102,926	105,297	2012	50	100%	0%	1	Enterprise Fund	102,926	-	105,297
35									Select Source	-	-	-
36	Fletcher Bay Well Building Replacement Phase IV	64,705	62,211	2011	50	85%	15%	1	Enterprise Fund	54,999	9,706	62,211
37	Fletcher Bay Well Building Replacement Phase IV	330,834	338,456	2012	50	85%	15%	1	Enterprise Fund	281,209	49,625	338,456
38									Select Source	-	-	-
39	Fletcher Bay Aquifer Well - New	129,977	141,414	2013	50	100%	0%	1	Enterprise Fund	129,977	-	141,414
40	Fletcher Bay Aquifer Well - New	479,930	554,947	2014	50	100%	0%	1	Enterprise Fund	479,930	-	554,947
41									Select Source	-	-	-
42	Taylor Ave Well Rehabilitation and future aquifer resource planning	8,936	8,592	2011	50	85%	15%	1	Enterprise Fund	7,596	1,340	8,592
43	Taylor Ave Well Rehabilitation and future aquifer resource planning	135,976	139,109	2012	50	85%	15%	1	Enterprise Fund	115,580	20,396	139,109
44									Select Source	-	-	-
45	Sands Well #2, Rehabilitate or Drill Replacement Well	70,188	71,805	2012	50	0%	100%	1	Enterprise Fund	-	70,188	71,805
46	Sands Well #2, Rehabilitate or Drill Replacement Well	462,187	502,855	2013	50	0%	100%	1	Enterprise Fund	-	462,187	502,855
47									Enterprise Fund	-	-	-
48	Pritchard Park - East Bluff	25,119	25,119	2009	50	0%	100%	2	Grants/Developer Do	-	25,119	25,119
49									Enterprise Fund	-	-	-
Total Capital Projects		\$ 8,243,902	\$ 8,511,680			55%	45%			\$ 4,548,358	\$ 3,695,544	\$ 8,511,680
Total Upgrade/Expansion Projects												4,628,610
Total R&R Projects												3,883,070
Projects by Grants / Developer Donations										-	25,119	25,119
Projects by Enterprise Fund										4,548,358	3,670,425	8,486,561

City of Bainbridge Island Water Utility Capital Funding Analysis

Summary of Expenditures	2009	2010	2011	2012	2013	2014	TOTAL
CAPITAL PROJECTS							
Improvement Upgrades & Expansions	\$ 133,911	\$ 895,697	\$ 2,308,382	\$ 537,151	\$ 168,964	\$ 584,505	\$ 4,628,610
Repairs and Replacements	519,446	1,563,069	571,260	325,314	696,099	207,883	3,883,070
TOTAL CAPITAL EXPENDITURES	\$ 653,357	\$ 2,458,766	\$ 2,879,642	\$ 862,465	\$ 865,062	\$ 792,388	\$ 8,511,680

Capital Financing Plan	2009	2010	2011	2012	2013	2014	TOTAL
Project Specific Grants / Developer Donations [a]	\$ 25,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,119
Project to be Funded	628,238	2,458,766	2,879,642	862,465	865,062	792,388	8,486,561
OTHER FUNDING SOURCES [NOTE A]							
Other Outside Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF Loan Proceeds	-	-	-	-	-	-	-
Other Loan Proceeds	-	-	-	-	-	-	-
Capital Fund Balance	628,238	2,458,766	1,449,767	862,465	802,060	792,388	6,993,684
Revenue Bond Proceeds [Note B]	-	-	1,429,875	-	63,002	-	1,492,877
Rates	-	-	-	-	-	-	-
Total	\$ 628,238	\$ 2,458,766	\$ 2,879,642	\$ 862,465	\$ 865,062	\$ 792,388	\$ 8,486,561
TOTAL CAPITAL RESOURCES	\$ 653,357	\$ 2,458,766	\$ 2,879,642	\$ 862,465	\$ 865,062	\$ 792,388	\$ 8,511,680

Info: Capital Contingency Deficit

- - - - -

[a] State grant funding for Pritchard Park - East Bluff project

NOTE A: SELECTION OF FUNDING SOURCE FOR REMAINING CAPITAL FUNDING NEEDS

Select the Residual Funding Source **Revenue Bond Proceeds**

- 1 - Revenue Bond Proceeds
- 2 - Rates

NOTE B: USER INPUT FOR REVENUE BOND PROCEEDS

Select Amount of Bond Proceeds **User Defined**

1 - Amounts at Right ==> \$ - \$ - \$ 2,150,000 \$ - \$ 360,000 \$ -

- 2 - Calculated by the Model

**City of Bainbridge Island
Water Utility
Capital Funding Analysis**

New Debt Computations	2009	2010	2011	2012	2013	2014	TOTAL
REVENUE BONDS							
Amount to Fund	\$ -	\$ -	\$ 2,150,000	\$ -	\$ 360,000	\$ -	\$ 2,510,000
Issuance Costs	-	-	35,513	-	5,946	-	41,459
Reserve Required	-	-	182,006	-	30,475	-	212,481
Amount of Debt Issue	\$ -	\$ -	\$ 2,367,518	\$ -	\$ 396,422	\$ -	\$ 2,763,940
OTHER LOANS							
Amount to Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance Costs	-	-	-	-	-	-	-
Amount of Debt Issue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF LOAN							
Amount to Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Summary							
	2009	2010	2011	2012	2013	2014	
EXISTING DEBT SERVICE							
Annual Interest Payments	\$ 6,019	\$ -	\$ -	\$ -	\$ -	\$ -	-
Annual Principal Payments	116,875	-	-	-	-	-	-
Total Debt Service Payments	\$ 122,894	\$ -	\$ -	\$ -	\$ -	\$ -	-
Revenue Bond Payments Only	-	-	-	-	-	-	-
NEW DEBT SERVICE							
Annual Interest Payments	\$ -	\$ -	\$ 106,538	\$ 103,142	\$ 117,432	\$ 113,155	
Annual Principal Payments	-	-	75,467	78,863	95,049	99,326	
Total Debt Service Payments	\$ -	\$ -	\$ 182,006	\$ 182,006	\$ 212,481	\$ 212,481	
Revenue Bond Payments Only	-	-	182,006	182,006	212,481	212,481	
TOTAL DEBT SERVICE PAYMENTS	\$ 122,894	\$ -	\$ 182,006	\$ 182,006	\$ 212,481	\$ 212,481	
Total Interest Payments	6,019	-	106,538	103,142	117,432	113,155	
Total Principal Payments	116,875	-	75,467	78,863	95,049	99,326	
Total Revenue Bond Payments Only	-	-	182,006	182,006	212,481	212,481	

**City of Bainbridge Island
Water Utility
Revenue Requirements Analysis**

Cash Flow Sufficiency Test (Before Increases)	2009	2010	2011	2012	2013	2014
EXPENSES						
Cash Operating Expenses	\$ 1,706,661	\$ 1,767,655	\$ 1,813,498	\$ 1,860,037	\$ 1,907,889	\$ 1,957,557
Existing Debt Service	122,894	-	-	-	-	-
New Debt Service	-	-	182,006	182,006	212,481	212,481
Rate-Funded Capital	-	-	-	-	-	-
Rate-Funded System Reinvestment	231,470	365,724	344,719	403,614	409,849	428,371
Additions Required for Operating Reserves	-	52,517	-	-	-	-
Total Expenses	\$ 2,061,026	\$ 2,185,896	\$ 2,340,223	\$ 2,445,657	\$ 2,530,219	\$ 2,598,410
REVENUES						
Rate Revenue	\$ 2,225,128	\$ 2,254,951	\$ 2,302,180	\$ 2,349,633	\$ 2,397,311	\$ 2,445,217
Other Revenue	51,714	52,507	53,443	54,398	55,374	56,370
Interest Earnings [a]	-	4,316	7,884	11,902	11,902	12,512
Use of SPF revenues to Pay Debt Service	-	-	-	-	-	-
Total Revenue	\$ 2,276,842	\$ 2,311,774	\$ 2,363,507	\$ 2,415,933	\$ 2,464,587	\$ 2,514,098
USE OF OPERATING RESERVES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET CASH FLOW (DEFICIENCY)	\$ 215,816	\$ 125,878	\$ 23,284	\$ (29,723)	\$ (65,632)	\$ (84,312)

[a] Earnings on operating & debt reserve cash balances

Coverage Sufficiency Test (Before Increases)	2009	2010	2011	2012	2013	2014
EXPENSES						
Cash Operating Expenses, less Utility taxes	\$ 1,573,154	\$ 1,632,358	\$ 1,675,367	\$ 1,719,059	\$ 1,764,051	\$ 1,810,844
Revenue Bond Debt Service	-	-	182,006	182,006	212,481	212,481
Revenue Bond Coverage Requirement at 1.25	-	-	45,501	45,501	53,120	53,120
Total Expenses	\$ 1,573,154	\$ 1,632,358	\$ 1,902,874	\$ 1,946,566	\$ 2,029,652	\$ 2,076,446
ALLOWABLE REVENUES						
Rate Revenue	\$ 2,225,128	\$ 2,254,951	\$ 2,302,180	\$ 2,349,633	\$ 2,397,311	\$ 2,445,217
Other Revenue	51,714	52,507	53,443	54,398	55,374	56,370
SPF Revenues	43,829	30,162	69,276	70,054	70,840	102,014
Interest Earnings - All Funds	74,157	12,898	36,880	35,252	27,943	28,386
Total Revenue	\$ 2,394,828	\$ 2,350,517	\$ 2,461,778	\$ 2,509,338	\$ 2,551,468	\$ 2,631,986
Coverage Realized	n/a	n/a	4.32	4.34	3.71	3.86
COVERAGE SURPLUS (DEFICIENCY)	\$ 821,674	\$ 718,159	\$ 558,904	\$ 562,772	\$ 521,816	\$ 555,541

**City of Bainbridge Island
Water Utility
Revenue Requirements Analysis**

Maximum Revenue Deficiency	2009	2010	2011	2012	2013	2014
Sufficiency Test Driving the Deficiency	<i>None</i>	<i>None</i>	<i>None</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
Maximum Deficiency From Tests	\$ -	\$ -	\$ -	\$ 29,723	\$ 65,632	\$ 84,312
less: Net Revenue From Prior Rate Increases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,020)</u>	<u>(66,288)</u>
Revenue Deficiency	\$ -	\$ -	\$ -	\$ 29,723	\$ 35,612	\$ 18,023
Plus: Adjustment for Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,685</u>	<u>4,415</u>	<u>2,234</u>
Total Revenue Deficiency	\$ -	\$ -	\$ -	\$ 33,408	\$ 40,026	\$ 20,258

Rate Increases	2009	2010	2011	2012	2013	2014
Rate Revenue with no Increase	\$ 2,225,128	\$ 2,254,951	\$ 2,302,180	\$ 2,349,633	\$ 2,397,311	\$ 2,445,217
Revenues from Prior Rate Increases	-	-	-	-	33,742	74,506
Rate Revenue Before Rate Increase (Incl. previous increases)	2,225,128	2,254,951	2,302,180	2,349,633	2,431,053	2,519,722
Required Annual Rate Increase	0.00%	0.00%	0.00%	1.42%	1.65%	0.80%
Number of Months New Rates Will Be In Effect	12	12	12	12	12	12
<i>Info: Percentage Increase to Generate Required Revenue</i>	0.00%	0.00%	0.00%	1.42%	1.65%	0.80%
Policy Induced Rate Increases	0.00%					
ANNUAL RATE INCREASE	0.00%	0.00%	0.00%	1.42%	1.65%	0.80%
CUMULATIVE RATE INCREASE	0.00%	0.00%	0.00%	1.42%	3.09%	3.92%

Impacts of Rate Increases	2009	2010	2011	2012	2013	2014
Rate Revenues After Rate Increase	\$ 2,225,128	\$ 2,254,951	\$ 2,302,180	\$ 2,383,041	\$ 2,471,079	\$ 2,539,980
<i>Full Year Rate Revenues After Rate Increase</i>	2,225,128	2,254,951	2,302,180	2,383,041	2,471,429	2,541,082
Additional Taxes Due to Rate Increases	-	-	-	3,685	8,136	10,451
Net Cash Flow After Rate Increase	215,816	178,395	23,284	0	(0)	0
Coverage After Rate Increase	n/a	n/a	3.94	4.13	3.70	3.81

**City of Bainbridge Island
Water Utility
Revenue Requirements Analysis**

	2009	2010	2011	2012	2013	2014
Projected Rate Revenues w/o Any Rate Increase	\$ 2,225,128	\$ 2,254,951	\$ 2,302,180	\$ 2,349,633	\$ 2,397,311	\$ 2,445,217
Additional Revenues From 2009 Rate Increase	-	-	-	-	-	-
Additional Revenues From 2010 Rate Increase	-	-	-	-	-	-
Additional Revenues From 2011 Rate Increase	-	-	-	-	-	-
Additional Revenues From 2012 Rate Increase	-	-	-	33,408	33,742	34,079
Additional Revenues From 2013 Rate Increase	-	-	-	-	40,026	40,427
Additional Revenues From 2014 Rate Increase	-	-	-	-	-	20,258
Total Additional Revenues From Rate Increases	\$ -	\$ -	\$ -	\$ 33,408	\$ 73,768	\$ 94,763
EFFECTIVE RATE REVENUES AFTER RATE INCREASE	\$ 2,225,128	\$ 2,254,951	\$ 2,302,180	\$ 2,383,041	\$ 2,471,079	\$ 2,539,980
<i>Adjustment for Partial Year Increase</i>	-	-	-	-	349	1,102
<u>Additional State Excise and Utility Taxes</u>						
Additional Taxes From 2009 Rate Increase	-	-	-	-	-	-
Additional Taxes From 2010 Rate Increase	-	-	-	-	-	-
Additional Taxes From 2011 Rate Increase	-	-	-	-	-	-
Additional Taxes From 2012 Rate Increase	-	-	-	3,685	3,721	3,759
Additional Taxes From 2013 Rate Increase	-	-	-	-	4,415	4,459
Additional Taxes From 2014 Rate Increase	-	-	-	-	-	2,234
Total Additional Taxes From Rate Increases	\$ -	\$ -	\$ -	\$ 3,685	\$ 8,136	\$ 10,451
<u>Memorandum Items:</u>						
Annual Growth Rate	0.50%	0.50%	1.00%	1.00%	1.00%	1.00%
Tax Rate	11.03%	11.03%	11.03%	11.03%	11.03%	11.03%
Interfund tax portion on additional revenues	\$ -	\$ -	\$ -	\$ 2,004	\$ 4,426	\$ 5,686
Total Interfund Utility tax	\$ 133,508	\$ 135,297	\$ 138,131	\$ 142,982	\$ 148,265	\$ 152,399

City of Bainbridge Island
Water Utility
Fund Activity

Funds	2009	2010	2011	2012	2013	2014
OPERATING FUND						
Beginning Balance [a]	\$ -	\$ 215,816	\$ 394,211	\$ 413,104	\$ 413,104	\$ 413,104
plus: Net Cash Flow after Rate Increase	215,816	178,395	23,284	0	(0)	0
less: Transfer of Surplus to Capital Fund	-	-	(4,390)	-	-	-
Ending Balance	\$ 215,816	\$ 394,211	\$ 413,104	\$ 413,104	\$ 413,104	\$ 413,104
<i>Minimum Target Balance</i>	258,601	268,333	275,403	282,585	289,981	297,673
<i>Maximum Funds to be Kept as Operating Reserves</i>	387,901	402,499	413,104	423,877	434,971	446,510
<i>Info: No of Days of Cash Operating Expenses</i>	50	88	90	88	85	83
CAPITAL FUND						
Beginning Balance [a]	\$ 3,707,848	\$ 429,067	\$ 1,449,767	\$ 1,167,506	\$ 802,060	\$ 793,728
plus: Rate Funded System Reinvestment	231,470	365,724	344,719	403,614	409,849	428,371
plus: Grants / Developer Donations / Other Outside Sources	25,119	-	-	-	-	-
plus: System Participation Fee Revenues (SPFs)	43,829	30,162	69,276	70,054	70,840	102,014
plus: Net Debt Proceeds Available for Projects	-	-	2,150,000	-	360,000	-
plus: Direct Rate Funding	-	-	-	-	-	-
plus: Interest Earnings (capital reserves)	74,157	8,581	28,995	23,350	16,041	15,875
plus: Transfer of Surplus from Operating Fund	-	-	4,390	-	-	-
less: Capital Expenditures	(653,357)	(2,458,766)	(2,879,642)	(862,465)	(865,062)	(792,388)
less: Interfund (Loan) / Repayment to Sewer Utility [b]	<u>(3,000,000)</u>	<u>3,075,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Balance	\$ 429,067	\$ 1,449,767	\$ 1,167,506	\$ 802,060	\$ 793,728	\$ 547,600
<i>Minimum Target Balance</i>	\$ 149,894	\$ 156,427	\$ 181,015	\$ 209,811	\$ 218,436	\$ 227,087
DEBT RESERVE						
Beginning Balance	\$ -	\$ -	\$ -	\$ 182,006	\$ 182,006	\$ 212,481
plus: Reserve Funding from New Debt	-	-	182,006	-	30,475	-
less: Use of Reserves for Debt Service	-	-	-	-	-	-
Ending Balance [a]	\$ -	\$ -	\$ 182,006	\$ 182,006	\$ 212,481	\$ 212,481
<i>Minimum Target Balance</i>	-	-	182,006	182,006	212,481	212,481
COMBINED FUNDS						
Beginning Balance	\$ 3,707,848	\$ 644,883	\$ 1,843,978	\$ 1,762,616	\$ 1,397,170	\$ 1,419,313
plus: Total Inflows	590,391	582,862	2,802,671	497,018	887,206	546,260
less: Total Outflows	<u>(653,357)</u>	<u>(2,458,766)</u>	<u>(2,884,032)</u>	<u>(862,465)</u>	<u>(865,062)</u>	<u>(792,388)</u>
Ending Balance	\$ 644,883	\$ 1,843,978	\$ 1,762,616	\$ 1,397,170	\$ 1,419,313	\$ 1,173,185

[a] 2009 beginning cash balance (\$3,707,848.05) provided by Karl Shaw in email dated 4.8.09. Allocated first to operating fund, remainder given to capital fund.

[b] Per City, assumed interest of 2.5% for one year

**City of Bainbridge Island
Water Utility
Plant-in-Service [a]**

Assets as of Year End	2008
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No	Function Code	Description	Year Purchased	Original Cost	Allocation to Utility	Allocated Original Cost	Allocated CIAC	Applicable Asset Age	Applicable Interest Rate	Allocable Interest Cost (less CIAC portion)
		Total Contributions-in-Aid (CIAC) [a]		\$ (1,665,049)	100%		\$ (1,665,049)			
		LAND-WELLS								
1	1	HOB Wells	1952	\$ 1,255	100%	\$ 1,255	\$ (139)	10.00	2.37%	\$ 265
2	1	HOB Wells	1966	1,500	100%	1,500	(167)	10.00	3.90%	520
3	1	HOB Wells	1983	55,164	100%	55,164	(6,128)	10.00	10.00%	49,036
4	1	Sands Wells	1988	40,000	100%	40,000	(4,443)	10.00	8.00%	28,445
5	1	Water Monitoring Prgm/Wellhead Protection	2001	290,709	100%	290,709	(32,292)	7.00	5.44%	98,405
6	1	Water Monitoring Prgm/Wellhead Protection	2001	5,000	100%	5,000	(555)	7.00	5.44%	1,692
7	1	Water Monitoring Prgm/Wellhead Protection	2001	11,600	100%	11,600	(1,289)	7.00	5.44%	3,927
8	1	Water Monitoring Prgm/Wellhead Protection	2001	73,738	100%	73,738	(8,191)	7.00	5.44%	24,960
9	1	Water Monitoring Prgm/Wellhead Protection	2002	(5,000)	100%	(5,000)	555	6.00	5.37%	(1,432)
10										
11		LAND-TANKS & T&D LINES								
12	7	Knectel Tank (Donated)	1953	206	100%	206	(23)	10.00	2.75%	50
13	3	Grand Ave Reservoir	1991	18,727	100%	18,727	(2,080)	10.00	7.10%	11,819
14										
15		LAND & RIGHT-OF WAY ADDITIONS								
16	7	Brandt Property/Madrone Lane Water & Sewer easement	2003	7,500	100%	7,500	(833)	5.00	5.15%	1,717
17	7	Casella Short Plat (Builder Donated)	2006	23,060	100%	23,060	(2,562)	2.00	4.99%	2,046
18	7	The Hamlet (Builder Donated)	2006	8,068	100%	8,068	(896)	2.00	4.99%	716
19	7	Casella Short Plat (Builder Donated)	2007	17,100	100%	17,100	(1,900)	1.00	4.64%	705
20	7	The Hamlet (Builder Donated)	2007	5,472	100%	5,472	(608)	1.00	4.64%	226
21	7	Harbor Square (Builder Donated)	2007	82,800	100%	82,800	(9,198)	1.00	4.64%	3,414
22	1	Water Rights Analysis - VCH148180; warrant 318824	2008	538	100%	538	(60)	0.00	5.26%	-
23										
24		WELLS								
25	1	Sands Wells #1	1988	867,703	100%	867,703	(96,386)	10.00	8.00%	617,053
26	1	Sands Road Well #2	1991	154,702	100%	154,702	(17,185)	10.00	7.10%	97,637
27	1	Sands Road Pumphouse	1992	325,173	100%	325,173	(36,121)	10.00	6.60%	190,774
28	1	South Eagle Harbor Well	1993	132,802	100%	132,802	(14,752)	10.00	5.80%	68,469
29	1	South Eagle Harbor Well	1994	740,129	100%	740,129	(82,215)	10.00	6.50%	427,644
30	1	Fletcher Bay Well	1994	300,000	100%	300,000	(33,325)	10.00	6.50%	173,339
31	1	Commodore Well	1995	731,000	100%	731,000	(81,201)	10.00	6.20%	402,875
32	1	Town of Winslow Water System	1952	100,519	100%	100,519	(11,166)	10.00	2.37%	21,195
33	1	Town of Winslow Water System	1953	2,200	100%	2,200	(244)	10.00	2.75%	537
34	1	Town of Winslow Water System	1968	1,376	100%	1,376	(153)	10.00	4.58%	561
35	1	Town of Winslow Water System	1970	2,992	100%	2,992	(332)	10.00	6.61%	1,757
36	1	Town of Winslow Water System	1973	2,350	100%	2,350	(261)	10.00	5.38%	1,125

**City of Bainbridge Island
Water Utility
Plant-in-Service [a]**

Assets as of Year End	2008
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No	Function Code	Description	Year Purchased	Original Cost	Allocation to Utility	Allocated Original Cost	Allocated CIAC	Applicable Asset Age	Applicable Interest Rate	Allocable Interest Cost (less CIAC portion)
37	1	Well 1A	1988	13,437	100%	13,437	(1,493)	10.00	8.00%	9,556
38	1	Well #2	1971	22,500	100%	22,500	(2,499)	10.00	5.69%	11,382
39	1	Well #2	1982	27,162	100%	27,162	(3,017)	10.00	12.40%	29,940
40	1	Well #3	1974	20,662	100%	20,662	(2,295)	10.00	6.44%	11,833
41	1	Well #4	1983	15,000	100%	15,000	(1,666)	10.00	10.00%	13,334
42	1	Well #5	1983	41,545	100%	41,545	(4,615)	10.00	10.00%	36,930
43	1	Well 6	1985	26,250	100%	26,250	(2,916)	10.00	9.60%	22,401
44	1	Water Pumps	1997	8,426	100%	8,426	(936)	10.00	5.80%	4,344
45										
46		RESERVOIRS & STANDPIPES								
47	3	High School Tank 1.5 Mil Gal	1990	486,337	100%	486,337	(54,023)	10.00	7.50%	324,235
48	3	High School Tank 1.5 Mil Gal	1993	42,880	100%	42,880	(4,763)	10.00	5.80%	22,108
49	3	High School Tank 1.5 Mil Gal	2000	5,646	100%	5,646	(627)	8.00	6.00%	2,409
50	3	High School Tank 1 Mil Gal	1977	252,868	100%	252,868	(28,089)	10.00	5.91%	132,950
51	3	High School Tank 1 Mil Gal	1993	45,014	100%	45,014	(5,000)	10.00	5.80%	23,208
52	3	Knechtel Tank	1952	9,619	100%	9,619	(1,068)	10.00	2.37%	2,028
53	3	Knechtel Tank	1979	84,801	100%	84,801	(9,420)	10.00	6.81%	51,346
54	3	Knechtel Tank	1993	19,434	100%	19,434	(2,159)	10.00	5.80%	10,020
55	3	Cherry/Grand Tank	1979	84,801	100%	84,801	(9,420)	10.00	6.81%	51,346
56	3	Cherry/Grand Tank	1993	42,017	100%	42,017	(4,667)	10.00	5.80%	21,663
57	3	Cherry/Grand Tank	1995	9,987	100%	9,987	(1,109)	10.00	6.20%	5,504
58	3	Low Zone Reservoir Tank CIP to Date	2002	3,538	100%	3,538	(393)	6.00	5.37%	1,013
59	4	High School Road Water Transmission Main Upgrade	1997	269,677	100%	269,677	(29,956)	10.00	5.80%	139,038
60	4	Navy Housing Gov't Way Wtr Main	1998	173,836	100%	173,836	(19,310)	10.00	5.30%	81,899
61	4	New Brooklyn Watermain Extension	1993	89,665	100%	89,665	(9,960)	10.00	5.80%	46,229
62	4	Winslow Manor Waterline	1992	20,188	100%	20,188	(2,243)	10.00	6.60%	11,844
63	1	Fluoridation/Chlorination	1997	103,200	100%	103,200	(11,464)	10.00	5.80%	53,207
64	4	Lovell Ave Water Main	1994	137,533	100%	137,533	(15,277)	10.00	6.50%	79,466
65	4	Watermain Ext -Sand Road	1993	802,000	100%	802,000	(89,088)	10.00	5.80%	413,489
66	4	Watermain Ext -Sand Road	1996	54,862	100%	54,862	(6,094)	10.00	6.00%	29,261
67										
68		LIDS								
69	4	LID 16 Valley Vue Waterline	1993					10.00	5.80%	
70	4	LID 13 High School Road-Water Portion	1995					10.00	6.20%	-
71	4	LID 14 Yeomalt Waterline	1991					10.00	7.10%	-
72	4	LID 15 Alder Avenue-Water Portion	1995					10.00	6.20%	-
73	4	LID 19 Commodore Lane Water System	1999					9.00	5.70%	-
74	4	LID 17 Rockaway Beach	1995					10.00	6.20%	-
75								N/A	N/A	N/A

**City of Bainbridge Island
Water Utility
Plant-in-Service [a]**

Assets as of Year End	2008
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No	Function Code	Description	Year Purchased	Original Cost	Allocation to Utility	Allocated Original Cost	Allocated CIAC	Applicable Asset Age	Applicable Interest Rate	Allocable Interest Cost (less CIAC portion)
76		PLANT & INFRASTRUCTURE ADDITIONS								
77	1	Security Fencing @ Well Sites	2003	22,245	100%	22,245	(2,471)	5.00	5.15%	5,092
78	2	Sub-pump for Taylor Well	2003	8,993	100%	8,993	(999)	5.00	5.15%	2,059
79	1	Fletcher Bay/Sands Well Upgrade	2003	18,889	100%	18,889	(2,098)	5.00	5.15%	4,324
80	4	Ericksen Avenue Water Main - PR 147	2003	231,892	100%	231,892	(25,759)	5.00	5.15%	53,079
81	3	High School Road Reservoir Seismic Refit/Upgrade	2003	22,152	100%	22,152	(2,461)	5.00	5.15%	5,071
82	4	Water Pipe (\$ Cost of Total Linear Feet)	2004	125,973	100%	125,973	(13,993)	4.00	5.09%	22,799
83	4	Sunday Cove Forcemain/Waterline Extension	2004	34,758	100%	34,758	(3,861)	4.00	5.09%	6,291
84	4	Cooper Creek Fish Enhancement Water Line	2004	15,163	100%	15,163	(1,684)	4.00	5.09%	2,744
85	4	Wing Pt/Fairview Water Main	2004	86,858	100%	86,858	(9,648)	4.00	5.09%	15,720
86	4	Irene Pl. Water Main	2004	44,366	100%	44,366	(4,928)	4.00	5.09%	8,030
87	4	H.S. Road Impr.	2004	90,604	100%	90,604	(10,064)	4.00	5.09%	16,398
88	4	Ericksen Avenue Improvements	2004	158,773	100%	158,773	(17,637)	4.00	5.09%	28,735
89	1	Sands Avenue Well #1	2005	45,828	100%	45,828	(5,091)	3.00	4.96%	6,062
90	1	Head of the Bay Well Rehab	2005	88,174	100%	88,174	(9,795)	3.00	4.96%	11,663
91	7	Madison Ave/305 light install	2005	6,940	100%	6,940	(771)	3.00	4.96%	918
92	7	Casella Short Plat (Donated)	2006	53,000	100%	53,000	(5,887)	2.00	4.99%	4,702
93	7	The Hamlet (Donated)	2006	6,800	100%	6,800	(755)	2.00	4.99%	603
94	7	Telemetry Master Relocation	2007	133,541	100%	133,541	(14,834)	1.00	4.64%	5,506
95	7	Fletcher Bay Well Telemetry PR00251	2007	26,947	100%	26,947	(2,993)	1.00	4.64%	1,111
96	7	HOB SHGS Purchase and Install PR 00268	2007	51,771	100%	51,771	(5,751)	1.00	4.64%	2,134
97	7	Alliance Project (Donated)	2007	37,118	100%	37,118	(4,123)	1.00	4.64%	1,530
98	7	Cassella Short Plat (Donated)	2007	53,000	100%	53,000	(5,887)	1.00	4.64%	2,185
99	7	The Hamlet (Donated)	2007	6,800	100%	6,800	(755)	1.00	4.64%	280
100	7	Harbor Square (Donated)	2007	73,853	100%	73,853	(8,204)	1.00	4.64%	3,045
101	7	Madison Square N (Donated)	2007	54,656	100%	54,656	(6,071)	1.00	4.64%	2,253
102	7	Pierce Corner (Donated)	2007	16,020	100%	16,020	(1,780)	1.00	4.64%	660
103	4	Water Mains Upgrade - Annual	2008	1,526	100%	1,526	(170)	0.00	5.26%	-
104	4	Madrone Village Waer Main - VCH145444; warrant 317688	2008	17,261	100%	17,261	(1,917)	0.00	5.26%	-
105	4	Winslow Way Improvement (WT) Proj 00041	2008	44,885	100%	44,885	(4,986)	0.00	5.26%	-
106	1	HOB Well Phase 2 Design PR 00175	2008	58,578	100%	58,578	(6,507)	0.00	5.26%	-
107	1	HOB Well Phase III PR 00250	2008	317,179	100%	317,179	(35,233)	0.00	5.26%	-
108	1	Weaver Facility Reconstruction - PR 00362	2008	48,646	100%	48,646	(5,404)	0.00	5.26%	-
109	1	Fletcher Bay Well Rehab/reconstruction - PR 00115	2008	90,666	100%	90,666	(10,071)	0.00	5.26%	-
110										
111	4	Lower Madison Brien Bjune	1999	72,389	100%	72,389	(8,041)	9.00	5.70%	33,010
112	4	Fernclif Ave Reconstruction-5%Water - to date	2002	24,552	100%	24,552	(2,727)	6.00	5.37%	7,032
113	4	Madison Avenue Waterline	2002	19,181	100%	19,181	(2,131)	6.00	5.37%	5,494
114	4	Fletcher Bay Watermain Ext	2002	20,213	100%	20,213	(2,245)	6.00	5.37%	5,789

City of Bainbridge Island
Water Utility
Plant-in-Service [a]

Assets as of Year End	2008
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No	Function Code	Description	Year Purchased	Original Cost	Allocation to Utility	Allocated Original Cost	Allocated CIAC	Applicable Asset Age	Applicable Interest Rate	Allocable Interest Cost (less CIAC portion)
115	4	Water System Monitoring - Wellhead Protection	2002	60,061	100%	60,061	(6,672)	6.00	5.37%	17,202
116	4	High School Road Water Main	2002	34,607	100%	34,607	(3,844)	6.00	5.37%	9,912
117	4	Misc. payroll costs charged to Water Fixed Assets	2002	4,859	100%	4,859	(540)	6.00	5.37%	1,392
118										
111		EQUIPMENT								
112	7	Telemetry	1993	104,718	100%	104,718	(11,632)	10.00	5.80%	53,989
113	7	Telemetry	1996	9,700	100%	9,700	(1,077)	10.00	6.00%	5,174
114	7	Telemetry	1998	8,547	100%	8,547	(949)	10.00	5.30%	4,026
115	7	1988 Dodge Pickup	1992	5,800	100%	5,800	(644)	10.00	6.60%	3,403
116	7	1997 Chevy 1/2 Ton	1997	19,809	100%	19,809	(2,200)	10.00	5.80%	10,213
117	7	1992 Chevy Pickup	1992	19,714	100%	19,714	(2,190)	10.00	6.60%	11,566
118	7	John Deere 310D Backhoe	1992	34,437	100%	34,437	(3,825)	10.00	6.60%	20,204
119	7	1993 Chevy Service Truck	1993	15,144	100%	15,144	(1,682)	10.00	5.80%	7,808
120	7	1994 Chevy 1-Ton Pickup	1994	26,303	100%	26,303	(2,922)	10.00	6.50%	15,198
121	7	55 KW Industrial Generator	1997	25,065	100%	25,065	(2,784)	10.00	5.80%	12,923
122	7	Generator #13	1996	15,409	100%	15,409	(1,712)	10.00	6.00%	8,218
123	7	Generator #13	1994	7,499	100%	7,499	(833)	10.00	6.50%	4,333
124	7	Load-n-Gos	1997	9,380	100%	9,380	(1,042)	10.00	5.80%	4,836
125	7	1999 GMC/Gruman Routestar Van 50%	1999	17,960	100%	17,960	(1,995)	9.00	5.70%	8,190
126	7	Chlormeter & Cells	1999	9,793	100%	9,793	(1,088)	9.00	5.70%	4,466
127	7	Chlorine Generator - Sands Well	2001	27,585	100%	27,585	(3,064)	7.00	5.44%	9,338
128	7	94 Chevy 1/2 Ton PU Truck	2001	7,600	100%	7,600	(844)	7.00	5.44%	2,573
129	7	2006 Dodge Sprinter	2006	17,193	100%	17,193	(1,910)	2.00	4.99%	1,525
130	7	Mini Camera System	1997	11,225	100%	11,225	(1,247)	10.00	5.80%	5,787
131	7	Chlorine Injection Systems	1996	69,270	100%	69,270	(7,695)	10.00	6.00%	36,945
132	7	Survey Equipment	2000	15,907	100%	15,907	(1,767)	8.00	6.00%	6,787
133	7	125 W Nan Portable Generator	2000	33,211	100%	33,211	(3,689)	8.00	6.00%	14,170
134	7	Emergency Generator & Trailer	2002	19,737	100%	19,737	(2,192)	6.00	5.37%	5,653
135	7	Emergency Generator & Trailer	2002	1,678	100%	1,678	(186)	6.00	5.37%	480
136	7	Telemetry Upgrade	2003	14,001	100%	14,001	(1,555)	5.00	5.15%	3,205
137	7	Telemetry Upgrade	2003	7,398	100%	7,398	(822)	5.00	5.15%	1,693
138	7	Telemetry Upgrade	2003	9,797	100%	9,797	(1,088)	5.00	5.15%	2,243
139	7	Telemetry Upgrade	2003	3,748	100%	3,748	(416)	5.00	5.15%	858
140	7	1991 Chevy 3500 Van - PW #92	2003	12,697	100%	12,697	(1,410)	5.00	5.15%	2,906
141	7	1991 Chevy 3500 Van - PW #92	2003	1,061	100%	1,061	(118)	5.00	5.15%	243
142	7	Transmission Core	2003	1,878	100%	1,878	(209)	5.00	5.15%	430
143	7	Transmission Core	2003	760	100%	760	(84)	5.00	5.15%	174
144	7	Outfit Stepvan - PW #92	2003	2,395	100%	2,395	(266)	5.00	5.15%	548
145	7	Licensing - PW#5A / 47A	2003	15	100%	15	(2)	5.00	5.15%	3

City of Bainbridge Island
Water Utility
Plant-in-Service [a]

Assets as of Year End	2008
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No	Function Code	Description	Year Purchased	Original Cost	Allocation to Utility	Allocated Original Cost	Allocated CIAC	Applicable Asset Age	Applicable Interest Rate	Allocable Interest Cost (less CIAC portion)
146	7	2003 Chevy Express Cargo Van - PW#47A	2003	24,012	100%	24,012	(2,667)	5.00	5.15%	5,496
147	7	Fletcher Bay Chlorine Generator and Kit	2004	8,474	100%	8,474	(941)	4.00	5.09%	1,534
148	7	Chlorine Gage	2004	4,245	100%	4,245	(472)	4.00	5.09%	768
149	7	Sands Well Flowserve Pump	2004	8,289	100%	8,289	(921)	4.00	5.09%	1,500
150	7	Fletcher Bay Well Booster Pump	2006	12,776	100%	12,776	(1,419)	2.00	4.99%	1,133
151	7	2006 Dodge Sprinter	2006	17,193	100%	17,193	(1,910)	2.00	4.99%	1,525
152	7	Portable Generator	2006	45,261	100%	45,261	(5,028)	2.00	4.99%	4,015
153	7	2005 Ford Ranger #121	2007	7,973	100%	7,973	(886)	1.00	4.64%	329
154	7	2008 Ford F450 #1212	2007	12,469	100%	12,469	(1,385)	1.00	4.64%	514
155	7	International 7600 Hooklif Cab Chassis	2007	25,877	100%	25,877	(2,874)	1.00	4.64%	1,067
156	7	Truck Equipment	2008	5,135	100%	5,135	(570)	0.00	5.26%	-
157	7	Hooklift System Flat Bed 1/4 Water/Sewer/SSWM/road	2008	8,374	100%	8,374	(930)	0.00	5.26%	-
158										
159		BUILDINGS & STRUCTURES								
160	7	Mobile Office Trailer - 10% Water	1992	1,419	100%	1,419	(158)	10.00	6.60%	832
161	7	Storage Building - 10% Water	1992	3,683	100%	3,683	(409)	10.00	6.60%	2,161
162	7	PW Yard Paving - 638 739448411 allocation	2003	1,167	100%	1,167	(130)	5.00	5.15%	267
163										
164		WATER PIPES								
165	4	Water Pipe	1962	18,861	100%	18,861	(2,095)	10.00	3.20%	5,359
166	4	Water Pipe	1967	58,369	100%	58,369	(6,484)	10.00	4.04%	20,954
167	4	Water Pipe	1979	39,879	100%	39,879	(4,430)	10.00	6.81%	24,147
168	4	Water Pipe	1980	82,553	100%	82,553	(9,170)	10.00	9.05%	66,377
169	4	Water Pipe	1980	89,058	100%	89,058	(9,893)	10.00	9.05%	71,607
170	4	Water Pipe	1980	598,507	100%	598,507	(66,483)	10.00	9.05%	481,231
171	4	Water Pipe	1991	62,884	100%	62,884	(6,985)	10.00	7.10%	39,688
172	4	Water Pipe	1994	324,770	100%	324,770	(36,076)	10.00	6.50%	187,651
173	4	Water Pipe	1996	69,458	100%	69,458	(7,715)	10.00	6.00%	37,045
174	4	Water Pipe	1996	111,260	100%	111,260	(12,359)	10.00	6.00%	59,341
175	4	Water Pipe	1997	244,329	100%	244,329	(27,141)	10.00	5.80%	125,969
176	4	Water Pipe	1998	76,092	100%	76,092	(8,453)	10.00	5.30%	35,849
177	4	Water Pipe	1999	73,953	100%	73,953	(8,215)	9.00	5.70%	33,724
178	4	Water Pipe	1999	145,092	100%	145,092	(16,117)	9.00	5.70%	66,164
179	4	Water Pipe	1999	88,492	100%	88,492	(9,830)	9.00	5.70%	40,354
180	4	Water Pipe	2000	462,640	100%	462,640	(51,391)	8.00	6.00%	197,399
181	4	Water Pipe	2000	153,674	100%	153,674	(17,070)	8.00	6.00%	65,570
182	4	Water Pipe	2001	47,409	100%	47,409	(5,266)	7.00	5.44%	16,048
183	4	Water Pipe	2004	-	100%	-	-	4.00	5.09%	-
184	4	Water Pipe	1990	51,020	100%	51,020	(5,667)	10.00	7.50%	34,014

City of Bainbridge Island
Water Utility
Plant-in-Service [a]

Assets as of Year End	2008
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No	Function Code	Description	Year Purchased	Original Cost	Allocation to Utility	Allocated Original Cost	Allocated CIAC	Applicable Asset Age	Applicable Interest Rate	Allocable Interest Cost (less CIAC portion)
185	4	Water Pipe	1990	44,292	100%	44,292	(4,920)	10.00	7.50%	29,529
186	4	Water Pipe	1907	1,428	100%	1,428	(159)	10.00	2.37%	301
187	4	Water Pipe	1908	1,517	100%	1,517	(169)	10.00	2.37%	320
188	4	Water Pipe	1909	1,613	100%	1,613	(179)	10.00	2.37%	340
189	4	Water Pipe	1909	1,613	100%	1,613	(179)	10.00	2.37%	340
190	4	Water Pipe	1916	2,472	100%	2,472	(275)	10.00	2.37%	521
191	4	Water Pipe	1920	3,156	100%	3,156	(351)	10.00	2.37%	665
192	4	Water Pipe	1945	14,510	100%	14,510	(1,612)	10.00	2.37%	3,059
193	4	Water Pipe	1947	16,393	100%	16,393	(1,821)	10.00	2.37%	3,456
194	4	Water Pipe	1949	18,521	100%	18,521	(2,057)	10.00	2.37%	3,905
195	4	Water Pipe	1952	22,241	100%	22,241	(2,471)	10.00	2.37%	4,690
196	4	Water Pipe	1953	23,641	100%	23,641	(2,626)	10.00	2.75%	5,770
197	4	Water Pipe	1954	25,128	100%	25,128	(2,791)	10.00	2.37%	5,298
198	4	Water Pipe	1958	32,075	100%	32,075	(3,563)	10.00	3.20%	9,131
199	4	Water Pipe	1959	34,093	100%	34,093	(3,787)	10.00	3.63%	11,001
200	4	Water Pipe	1960	36,239	100%	36,239	(4,025)	10.00	3.58%	11,546
201	4	Water Pipe	1962	36,776	100%	36,776	(4,085)	10.00	3.20%	10,449
202	4	Water Pipe	1975	81,872	100%	81,872	(9,095)	10.00	7.39%	53,753
203	4	Water Pipe	1987	134,217	100%	134,217	(14,909)	10.00	8.00%	95,446
204	4	Water Pipe	1989	133,412	100%	133,412	(14,820)	10.00	7.50%	88,944
205	4	Water Pipe	1989	133,412	100%	133,412	(14,820)	10.00	7.50%	88,944
206	4	Water Pipe	1990	137,304	100%	137,304	(15,252)	10.00	7.50%	91,539
207	4	Water Pipe	1990	137,304	100%	137,304	(15,252)	10.00	7.50%	91,539
208	4	Water Pipe	1990	137,304	100%	137,304	(15,252)	10.00	7.50%	91,539
209	4	Water Pipe	1990	137,304	100%	137,304	(15,252)	10.00	7.50%	91,539
210	4	Water Pipe	1991	142,941	100%	142,941	(15,878)	10.00	7.10%	90,215
211	4	Water Pipe	1990	137,304	100%	137,304	(15,252)	10.00	7.50%	91,539
212	4	Water Pipe	1990	137,304	100%	137,304	(15,252)	10.00	7.50%	91,539
213	4	Water Pipe	1990	137,304	100%	137,304	(15,252)	10.00	7.50%	91,539
214	4	Water Pipe	1990	137,304	100%	137,304	(15,252)	10.00	7.50%	91,539
215	4	Water Pipe	1990	137,304	100%	137,304	(15,252)	10.00	7.50%	91,539
216										
217										
218										
Total Plant-in-Service				\$ 14,989,365	100%	\$ 14,989,365	\$ (1,665,049)	8.46	6.35%	\$ 7,405,503

[a] CIAC estimation (10% of total fixed asset value) provided by City in email dated 4.8.09

City of Bainbridge Island
Water Utility
 Plant-in-Service [a]

Assets as of Year End	2008
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No	Function Code	Description	Year Purchased	Original Cost	Allocation to Utility	Allocated Original Cost	Allocated CIAC	Applicable Asset Age	Applicable Interest Rate	Allocable Interest Cost (less CIAC portion)
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Summary

Function Code	DESCRIPTION	ORIGINAL COST	LESS CIAC	PLUS INTEREST	TOTAL COST
1	Supply/Treatment	\$ 4,803,838	\$ (533,620)	\$ 2,428,852	\$ 6,699,069
2	Pumping	8,993	(999)	2,059	10,053
3	Storage	1,127,820	(125,281)	664,721	1,667,260
4	Transmission & Distribution	7,611,284	(845,477)	3,984,821	10,750,629
5	Meters & Services	-	-	-	-
6	Hydrants	-	-	-	-
7	General Plant	1,437,429	(159,673)	325,051	1,602,808
	Total	\$ 14,989,365	\$ (1,665,049)	\$ 7,405,503	\$ 20,729,819

Hydrant Cost Calculation

Select Original Cost Alternative	2	Average Age of System
1 - Based on User Input (No. of Years)	25	
2 - Based on Average Age of System (Weighted)	16	
Number of City Hydrants	360	
2009 Cost per Hydrant	\$ 2,500	
Original Cost per Hydrant [a]	\$ 1,523.07	

Meters & Services Cost Calculation

Select Original Cost Alternative	2	Average Age of System
1 - Based on User Input (No. of Years)	15	
2 - Based on Average Age of System (Weighted)	16	
Number of Meter Service Equivalents	2,664	
2009 Cost for 3/4" meter	\$ 150	
Original Cost for 3/4" meter [a]	\$ 91.38	

[b] Calculated using ENR Historical Construction Cost Index

**City of Bainbridge Island
Water Utility
System Participation Fee**

Existing Cost Basis		Notes
PLANT-IN-SERVICE		
Utility Capital Assets	\$ 14,989,365	Original cost of plant-in-service as of 2008, excluding LIDs
less: Contributions In Aid of Construction	(1,665,049)	Estimated by City
plus: Construction Work-In-Progress [a]	229,246	Year-end 2008 CWP
plus: Interest on Non-Contributed Plant	7,405,503	Interest on assets up to a maximum 10-year period
Existing Cash Balances	\$ 3,707,848	Beginning cash balances for year 2009
less: Debt Principal Outstanding [b]	(116,875)	Principal outstanding on existing debt for plant-in-service
less: Net Debt Principal Outstanding	-	Debt principal outstanding, net of cash reserves
TOTAL EXISTING COST BASIS	\$ 20,959,065	
Future Cost Basis		
CAPITAL IMPROVEMENT PLAN		
Total Future Projects	\$ 8,243,902	Total projects identified in the 6-year CIP
less: Identified Repair & Replacement Projects	(3,695,544)	R&R projects are not eligible for SPF
less: Contributed Future Upgrade & Expansion Assets	-	Not eligible for recovery through SPF
TOTAL FUTURE COST BASIS	\$ 4,548,358	
Customer Base		ERU
Existing Equivalent Residential Units		3,158
Future Equivalent Residential Units (Incremental)		7,266
TOTAL CUSTOMER BASE		10,424
Resulting Charge		Total
Existing Cost Basis	\$ 20,959,065	
Future Cost Basis	4,548,358	
Total Cost Basis	\$ 25,507,423	
Total Customer Base	10,424	
TOTAL CHARGE PER EQUIVALENT RESIDENTIAL UNIT	\$ 2,447	Maximum Allowable SPF per ERU

[a] Year End 2008 balance, as provided in UtilFA-2008 DONE.xls, UB CIP tab

[b] Principal balance as of year end 2008. (1995 LT General Obligation Refunding Bond - Water Share: 42.5%)

WORKING DRAFT

Schedule of Water SPFs

Meter Size	Existing				Proposed
	Single Family	Multi-family	Commercial	Irrigation	All Customers
3/4"	\$ 2,754	\$ 4,515	\$ 5,692	\$ 4,498	\$ 2,447
1"	6,885	11,287	14,231	11,245	4,086
1 1/2"	13,770	22,575	28,462	22,490	8,148
2"	22,033	36,120	45,539	35,984	13,042
3"	44,066	72,241	91,079	7,198	26,109
4"	68,854	112,876	142,311	112,450	40,791
6"	137,708	225,753	284,623	224,901	81,558
8"					130,498

**City of Bainbridge Island
Water Utility
Functional Allocations**

Allocation of Plant-in-Service

PLANT-IN-SERVICE	TOTAL COSTS	GENERAL WATER SERVICE FUNCTIONS				FIRE PROTECTION	AS ALL OTHERS	TOTAL	ALLOCATION BASIS
		CUSTOMER	METERS & SERVICES	BASE	PEAK				
Supply/Treatment	\$ 4,803,838	0.00%	0.00%	45.45%	54.55%	0.00%	0.00%	100.00%	Peak/Average day ratio = 2.2 [a]
Pumping	8,993	0.00%	0.00%	45.45%	54.55%	0.00%	0.00%	100.00%	Peak/Average day ratio = 2.2 [a]
Storage	1,127,820	0.00%	0.00%	50.48%	49.52%	0.00%	0.00%	100.00%	See Table Below
Transmission & Distribution	7,611,284	0.00%	0.00%	40.15%	48.19%	11.66%	0.00%	100.00%	5% Oversizing for Fire, Remainder Peak/Average
Meters & Services	243,422	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	All to Meters & Services
Hydrants	548,307	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	All to Fire Protection
General Plant	1,437,429	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	All to As All Other
Total Utility Plant	\$ 15,781,094	\$ -	\$ 243,422	\$ 5,813,281	\$ 6,851,179	\$ 1,435,783	\$ 1,437,429	\$ 15,781,094	
Total Water Service Functions		0.00%	1.70%	40.53%	47.76%	10.01%		100.00%	
General Water Service Functions		0.00%	1.89%	45.04%	53.08%	-		100.00%	
Allocation of "As All Others"		\$ -	\$ 27,108	\$ 647,370	\$ 762,951	-	\$ (1,437,429)	\$ -	
TOTAL	\$ 15,781,094	\$ -	\$ 270,530	\$ 6,460,651	\$ 7,614,131	\$ 1,435,783	\$ -	\$ 15,781,094	
Total Allocation Percentages		0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	
General Water Service Allocation Percentages		0.00%	1.89%	45.04%	53.08%	-	0.00%	100.00%	

[a] Source: City of Bainbridge Island Winslow Water System Plan, Table 2-4. Average Peaking Factor
\$ 191,129

Allocation of Storage

Function	MILLION GALLONS OF STORAGE [b]	GENERAL WATER SERVICE FUNCTIONS				FIRE PROTECTION	AS ALL OTHERS	TOTAL	ALLOCATION BASIS
		CUSTOMER	METERS & SERVICES	BASE	PEAK				
Operational Storage	0.24	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	100.00%	All to Base
Equalizing Storage	0.16	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%	All to Peak
Emergency (Standby) Storage	0.80	0.00%	0.00%	45.45%	54.55%	0.00%	0.00%	100.00%	Peak/Average Day Ratio
Fire Suppression	-	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	All to Fire [c]
TOTAL STORAGE	1.20	0.00%	0.00%	50.48%	49.52%	0.00%	0.00%	100.00%	

[b] Source: City of Bainbridge Island Winslow Water System Plan, Table 3-9, Water System Storage Analysis (for 2010)

[c] Fire suppression storage set to zero, due to nesting in standby storage

**City of Bainbridge Island
Water Utility
Functional Allocations**

Allocation of Operating Expenses

Test Year =>		2010								
OPERATING EXPENSE	TOTAL COSTS	GENERAL WATER SERVICE FUNCTIONS				FIRE PROTECTION	AS ALL OTHERS	TOTAL	ALLOCATION BASIS	
		CUSTOMER	METERS & SERVICES	BASE	PEAK					
Training	\$ 6,534	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant	
Salary										
EX WTR SAL	\$ 11,935	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant	
LEGAL SAL	9,240	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant	
HR WTR SAL	6,847	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant	
SALARY	4,843	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service	
SALARY	91,968	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service	
SALARY	2,141	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service	
PW WA SAL	15,710	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service	
ENG SAL	6,984	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service	
WTR AD SAL	69,459	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	All to Customer	
OM WTR MX	279,958	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service	
OM ROCK MX	52,836	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service	
IT WTR SAL	40,017	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant	
UNEMPL PAY	-	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service	
Subtotal - Salary	\$ 591,937									
Salary - Overtime										
SALARY -OT	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant	
ENG WTR OT	-	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service	
SALARY -OT	4,613	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant	
SALARY -OT	13,940	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant	
SALARY -OT	2,846	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant	
Subtotal - Salary - Overtime	\$ 21,399									
Salary - Temporary Employees	\$ 5,125	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service	
Staff Separation Buyouts	\$ -	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service	
Benefits										
EX WTR BEN	\$ 2,335	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant	
LEGAL BEN	2,108	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant	
HR WTR BEN	833	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant	
BENEFIT	1,578	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service	
BENEFIT	37,433	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service	
BENEFIT	511	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service	
PW WA BENE	17,794	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service	
ENG BEN	2,479	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service	

**City of Bainbridge Island
Water Utility
Functional Allocations**

WTR ADBENE	7,961	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	All to Customer
BENEFIT	84,696	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service
BENEFIT	24,933	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service
IT WTR BEN	13,200	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service
Subtotal - Benefits	\$ 195,862								
Staff Separation Buyouts	\$ 376	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant
Supplies	\$ 100,963	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service
Fuel Consumed	\$ 30,853	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service
Professional Services	\$ 180,144	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service
Professional Services - Carryover	\$ 75,510	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service
Telephone/Fax	\$ 13,352	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant
Communication Ads	\$ 513	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	All to Customer
Community Info & Outreach	\$ 3,556	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	All to Customer
Travel Expense	\$ 103	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant
Advertising	\$ 205	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	All to Customer
Rents & Leases - Operating	\$ 2,250	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service
Rents - Interfund	\$ 110,000	0.00%	1.89%	45.04%	53.08%	0.00%	0.00%	100.00%	As General Service Plant-In-Service
Insurance	\$ 17,910	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service
Utilities (Electric)									
ELECTRIC	\$ 92,250	0.00%	0.00%	45.45%	54.55%	0.00%	0.00%	100.00%	To Base / Peak
UTIL	5,125	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant
Subtotal - Utilities (Electric)	\$ 97,375								
Repairs	\$ 45,100	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service
Dues, Subscriptions, & Memberships	\$ 13,528	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant
Intergvmtl Professional Serv	\$ 5,125	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant
Extrnl Taxes & Operating Assmnt	\$ 114,641	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant
Intrfund Taxes & Oper Assess	\$ 135,297	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant
Total Operating Expenses	\$ 1,767,655	\$ 81,693	\$ 21,358	\$ 551,996	\$ 651,449	\$ 72,365	\$ 388,795	\$ 1,767,655	
Total Water Service Functions		5.92%	1.55%	40.03%	47.25%	5.25%		100.00%	
General Water Service Functions		6.25%	1.63%	42.25%	49.86%	-		100.00%	
Allocation of "As All Others"		\$ 24,311	\$ 6,356	\$ 164,266	\$ 193,862	-	\$ (388,795)	\$ -	
TOTAL	\$ 1,767,655	\$ 106,004	\$ 27,714	\$ 716,262	\$ 845,310	\$ 72,365	\$ -	\$ 1,767,655	
Allocation Percentages		6.00%	1.57%	40.52%	47.82%	4.09%	0.00%	100.00%	

check: \$ 1,767,655

**City of Bainbridge Island
Water Utility
Functional Allocations**

Allocation of Revenue Requirement

Design Rates For =>	2010	FUNCTIONS OF WATER SERVICE					AS ALL OTHERS	TOTAL	ALLOCATION BASIS
REVENUE REQUIREMENT	TOTAL COSTS	CUSTOMER	METER SERVICES	BASE	PEAK	FIRE PROTECTION			
OPERATING AND CAPITAL EXPENSES									
Cash Operating Expenses	\$ 1,767,655	6.00%	1.57%	40.52%	47.82%	4.09%	0.00%	100.00%	As O&M Expense
Existing Debt Service	-	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service
New Debt Service	-	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service
Rate-Funded Capital	-	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service
Rate-Funded System Reinvestment	365,724	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service
Total Expenses	\$ 2,133,379	4.97%	1.59%	40.59%	47.89%	4.95%	0.00%	100.00%	
OTHER REVENUES AND ADJUSTMENTS									
Less: Other Revenues	(52,507)	6.00%	1.57%	40.52%	47.82%	4.09%	0.00%	100.00%	As O&M Expense
Less: Use of SPFs to Pay Debt Service	-	0.00%	1.71%	40.94%	48.25%	9.10%	0.00%	100.00%	As Total Plant-In-Service
Less: Operating Fund Interest Earnings	(4,316)	6.00%	1.57%	40.52%	47.82%	4.09%	0.00%	100.00%	As O&M Expense
Plus: Additional Taxes	-	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant
Plus: Net Cash Flow after Rate Increase	178,395	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant
Plus: Adjustment for Partial Year Increase	-	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other General Service Plant
Rate Revenue Requirement	\$ 2,254,951	\$ 102,596	\$ 33,093	\$ 842,961	\$ 994,593	\$ 103,313	\$ 178,395	\$ 2,254,951	
Water Service Functions		4.94%	1.59%	40.59%	47.90%	4.98%		100.00%	
Water Service Functions (Excluding Fire)		5.20%	1.68%	42.72%	50.40%			100.00%	
Allocation of "As All Others" (Excluding Fire)		\$ 9,275	\$ 2,992	\$ 76,210	\$ 89,918		\$ (178,395)	\$ -	
Rate Revenue Requirement	\$ 2,254,951	\$ 111,871	\$ 36,084	\$ 919,171	\$ 1,084,511	\$ 103,313	\$ -	\$ 2,254,951	
Allocation Percentages		4.96%	1.60%	40.76%	48.09%	4.58%	0.00%	100.00%	
Reallocation of Fire Protection Costs	-	5,372	1,733	44,135	52,074	(103,313)		-	
Rate Revenue Requirement	\$ 2,254,951	\$ 117,243	\$ 37,817	\$ 963,306	\$ 1,136,585	\$ -		\$ 2,254,951	
Allocation Percentages		5.20%	1.68%	42.72%	50.40%			100.00%	

check: \$ 2,254,951

Note: incremental utility tax per 4.80% based upon rate revenues after rate increase

**City of Bainbridge Island
Water Utility
Test Year Customer Data Summary**

Test Year	2010	
Low Income (Senior) Fixed Weighting Factor [1]:	0.50	Existing
BI Schools Weighting Factor [2]:	0.20	As stated in Interlocal Agreement
Rockaway Beach Weighting Factor [3]:	1.08	

Test Year Customer Data

Meters:	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"		
MSE/MCE Code:	20	30	40	50	60	70	80	90		
Meter Service Equivalents (MSEs):	1.0	1.3	1.6	2.6	10.0	12.7	19.1	26.4		TOTAL
Meter Capacity Equivalents (MCEs):	1.0	1.7	3.3	5.3	10.7	16.7	33.3	53.3		

Current Customer Classes										
Single-Family Residential	1,867	23	1	0	0	0	0	0	0	1,891
Multi-Family Residential	16	13	20	42	1	2	0	0	0	95
Commercial	126	42	18	21	1	0	0	0	0	208
Other	1	4	0	0	1	0	0	0	0	6
* Rockaway - SFR	71	1	0	0	0	0	0	0	0	72
* Rockaway - Other	0	0	1	0	0	0	0	0	0	1
Government	13	0	0	0	0	0	0	0	0	13
Government - Commercial	8	2	1	5	0	0	0	0	0	16
Government - Commercial: BI School District (Interlocal Agreement)	0	0	0	1	0	0	0	0	0	2
Irrigation	28	12	6	6	0	0	0	0	0	53
Gov't Irrigation	2	3	2	4	0	0	0	0	0	11
* Government - Irrigation BI School District (Interlocal Agreement)	0	0	0	0	0	0	0	0	0	1
Hydrant	0	0	0	0	0	0	0	0	0	0
* Senior - SFR	1	32	1	0	0	0	0	0	0	34
* Senior - Rockaway	2	0	0	0	0	0	0	0	0	2
TOTAL	2,136	133	50	80	3	2	0	0	0	2,405

Note: * denotes weighted customer statistic

City of Bainbridge Island
Water Utility
Test Year Customer Data Summary

	Test Year	2010	
Low Income (Senior) Fixed Weighting Factor [1]:		0.50	<i>Existing</i>
BI Schools Weighting Factor [2]:		0.20	<i>As stated in Interlocal Agreement</i>
Rockaway Beach Weighting Factor [3]:		1.08	

**City of Bainbridge Island
Water Utility
Test Year Customer Data Summary**

Test Year	2010	
Low Income (Senior) Fixed Weighting Factor [1]:	0.50	Existing
BI Schools Weighting Factor [2]:	0.20	As stated in Interlocal Agreement
Rockaway Beach Weighting Factor [3]:	1.08	

Current Customer Classes	Proposed Customer Classes	Customer Counts			Water Consumption Characteristics (ccf)						
		Number of Accounts	Number of MSEs	Number of MCEs	Summer Usage	Winter Usage	Total Usage	Summer Average	Winter Average	Annual Average	Peak Ratio [a]
Single-Family Residential	1 Single Family Residential	1,891	1,898	1,909	56,219	87,068	143,287	18,740	9,674	11,941	1.57
Multi-Family Residential	2 Multi-Family Residential	95	214	376	16,130	39,670	55,800	5,377	4,408	4,650	1.16
Commercial	3 Commercial / Other	208	275	379	16,895	34,129	51,024	5,632	3,792	4,252	1.32
Other	3 Commercial / Other	6	16	19	808	1,688	2,496	269	188	208	1.30
Rockaway - SFR	1 Single Family Residential	72	73	73	3,097	3,522	6,619	1,032	391	552	1.87
Rockaway - Other	3 Commercial / Other	1	2	4	14	77	92	5	9	8	0.62
Government	3 Commercial / Other	13	13	13	13	17	30	4	2	3	1.73
Government - Commercial	3 Commercial / Other	16	25	41	1,354	3,069	4,424	451	341	369	1.22
Government - Commercial: BI School District (Interlocal Agreement)	3 Commercial / Other	2	11	16	534	1,591	2,126	178	177	177	1.01
Irrigation	4 Irrigation	53	70	101	6,968	1,938	8,906	2,323	215	742	3.13
Gov't Irrigation	4 Irrigation	11	20	35	1,099	434	1,533	366	48	128	2.87
Government - Irrigation BI School District (Interlocal Agreement)	4 Irrigation	1	3	4	519	77	597	173	9	50	3.48
Hydrant	3 Commercial / Other	-	-	-	-	-	-	-	-	-	0.00
Senior - SFR	1 Single Family Residential	34	43	57	696	1,057	1,753	232	117	146	1.59
Senior - Rockaway	1 Single Family Residential	2	2	2	46	91	136	15	10	11	1.34
TOTAL		2,405	2,664	3,029	104,393	174,430	278,823	34,798	19,381	23,235	1.50

[a] Summer average over annual average.

Summary of Test Year Customer Data with Proposed Rate Classes

		Customer Counts			Water Consumption Characteristics (ccf)						Average Monthly Usage (ccf) per Acct [b]			
		Number of Accounts	Number of MSEs	Number of MCEs	Summer Usage	Winter Usage	Total Usage	Summer Average	Winter Average	Annual Average	Peak Ratio [a]	Summer Usage	Winter Usage	Annual Usage
1	Single Family Residential	1,999	2,016	2,042	60,057	91,739	151,796	20,019	10,193	12,650	1.58	10.0	5.1	6.3
2	Multi-Family Residential	95	214	376	16,130	39,670	55,800	5,377	4,408	4,650	1.16	3.6	3.0	3.2
3	Commercial / Other	247	342	471	19,619	40,572	60,191	6,540	4,508	5,016	1.30	26.5	18.3	20.3
4	Irrigation	64	93	141	8,586	2,450	11,036	2,862	272	920	3.11	44.6	4.2	14.3
	TOTAL	2,405	2,664	3,029	104,393	174,430	278,823	34,798	19,381	23,235	1.50	14.5	8.1	9.7

[a] Summer average over annual average.

[b] Average monthly usage for Multi-family Residential class is per dwelling unit

**City of Bainbridge Island
Water Utility
Test Year Customer Data Summary**

Test Year:	2010	
Low Income (Senior) Fixed Weighting Factor [1]:	0.50	Existing
BI Schools Weighting Factor [2]:	0.20	As stated in Interlocal Agreement
Rockaway Beach Weighting Factor [3]:	1.08	

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Winter	Winter	Winter	Winter	Winter	Winter	Winter	Summer	Summer	Summer	Winter	Winter

Current Customer Classes		Consumption by Month (ccf) Weighted Statistics											Total	
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov		Dec
1	Single Family Residential	10,820	9,085	8,768	9,211	10,672	11,291	11,577	23,765	18,750	17,543	10,453	9,862	15,179,591
2	Multi-Family Residential	4,721	3,925	3,962	4,199	4,695	4,577	4,734	5,583	4,851	5,696	4,452	4,405	5,579,984
3	Commercial / Other	4,910	3,775	4,097	4,222	4,782	5,187	5,008	6,705	6,124	6,790	4,635	3,957	6,019,102
4	Irrigation	16	54	32	26	52	105	812	2,713	2,939	2,935	1,167	187	1,103,614
5	BLANK 1	0	0	0	0	0	0	0	0	0	0	0	0	0
6	BLANK 2	0	0	0	0	0	0	0	0	0	0	0	0	0
7	BLANK 3	0	0	0	0	0	0	0	0	0	0	0	0	0
8	BLANK 4	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL		20,467	16,839	16,859	17,658	20,200	21,160	22,130	38,765	32,664	32,963	20,706	18,411	278,823

Footnotes:
 [1] Applied to Number of Accounts only for In-City SFR Low income and Rockaway Beach SFR Low income
 [2] Applied to BI School District Interlocal Agreement customer classes only
 [3] Applied to Rockaway classes only

**City of Bainbridge Island
Water Utility
Customer Class Allocations**

Test Year 2010

Allocation of Customer Costs to Customer Classes

CUSTOMER COSTS	\$ 117,243		<i>Using Weighted Statistics</i>	
Customer Classes	Allocation Basis		Allocated Cost	Unit Cost
	No. of Meters	% Share		
Single Family Residential	1,999	83.13%	\$ 97,463	\$ 4.06
Multi-Family Residential	95	3.95%	\$ 4,628	\$ 4.06
Commercial / Other	247	10.25%	\$ 12,020	\$ 4.06
Irrigation	64	2.67%	\$ 3,132	\$ 4.06
TOTAL	2,405	100.00%	\$ 117,243	\$ 4.06

check 2,405

Allocation of Meters and Services Costs to Customer Classes

METERS & SERVICES COSTS	\$ 37,817		<i>Using Weighted Statistics</i>	
Customer Classes	Allocation Basis		Allocated Cost	Unit Cost
	No. of MSEs	% Share		
Single Family Residential	2,016	75.68%	\$ 28,620	\$ 1.18
Multi-Family Residential	214	8.02%	\$ 3,032	\$ 1.18
Commercial / Other	342	12.83%	\$ 4,852	\$ 1.18
Irrigation	93	3.47%	\$ 1,313	\$ 1.18
TOTAL	2,664	100.00%	\$ 37,817	\$ 1.18

check 2,664

**City of Bainbridge Island
Water Utility
Customer Class Allocations**

Allocation of Base Demand Costs to Customer Classes

Select Peaking Allo Total Water Usage

Amount of Annual Cash Funding from Rates

- 1 - Total Water Usage
- 2 - Average Winter Usage

BASE DEMAND COSTS	\$ 963,306	<i>Using Weighted Statistics</i>		
Customer Classes	Allocation Basis		Allocated Cost	Unit Cost
	Total Usage (ccf)	% Share		
Single Family Residential	151,796	54.44%	\$ 524,440	\$ 3.45
Multi-Family Residential	55,800	20.01%	\$ 192,783	\$ 3.45
Commercial / Other	60,191	21.59%	\$ 207,954	\$ 3.45
Irrigation	11,036	3.96%	\$ 38,129	\$ 3.45
TOTAL	278,823	100.00%	\$ 963,306	\$ 3.45

check Total Usage: 278,823

Allocation of Peak Demand Costs to Customer Classes

Select Peaking Alloc Average Summer Use

- 1 - Average Summer Usage
- 2 - Peak Month Usage
- 3 - Average Summer Usage - Increment to Average Annual
- 4 - Peak Month Usage - Increment to Average Annual

PEAK DEMAND COSTS	\$ 1,136,585	<i>Using Weighted Statistics</i>			
Customer Classes	Allocation Basis		Allocated Cost	Unit Cost	Peak Season to Total Usage Ratio
	Annualized Peak	% Share			
Single Family Residential	240,230	57.53%	\$ 653,880	\$ 2.72	1.58
Multi-Family Residential	64,520	15.45%	\$ 175,618	\$ 2.72	1.16
Commercial / Other	78,475	18.79%	\$ 213,601	\$ 2.72	1.30
Irrigation	34,346	8.23%	\$ 93,485	\$ 2.72	3.11
TOTAL	417,571	100.00%	\$ 1,136,585	\$ 2.72	

City of Bainbridge Island
Water Utility
Customer Class Allocations

Cost of Service Comparison

Customer Classes	2010 Revenue with Across-the-Board Increase	2010 Cost of Service	Indicated Increase / (Decrease)
Single Family Residential	\$ 1,183,922	\$ 1,304,403	10.18%
Multi-Family Residential	411,404	376,061	-8.59%
Commercial / Other	534,616	438,427	-17.99%
Irrigation	125,009	136,059	8.84%
TOTAL	\$ 2,254,951	\$ 2,254,951	0.00%

2,254,951 check

Comparison of Cost of Service with Revenue under Existing Rates

Customer Classes	2010 Revenue under Current Rates	2010 Cost of Service	Cost of Service Increase / (Decrease)
Single Family Residential	\$ 1,183,922	\$ 1,304,403	10.18%
Multi-Family Residential	411,404	376,061	-8.59%
Commercial / Other	534,616	438,427	-17.99%
Irrigation	125,009	136,059	8.84%
TOTAL	\$ 2,254,951	\$ 2,254,951	0.00%

check

2,254,951

0.00%

**City of Bainbridge Island
Water Utility
Unit Costs**

Test Year 2010

Customer Costs

	Single Family Residential	Multi-Family Residential	Commercial / Other	Irrigation	Total
Percent To Be Recovered:	100.00%	100.00%	100.00%	100.00%	100.00%
Allocated Revenue Requirements:	\$ 97,463	\$ 4,628	\$ 12,020	\$ 3,132	\$ 117,243
Charge Basis: <i>No. of Weighted Meters</i>	1,999	95	247	64	2,405
Monthly Cost per Account:	\$ 4.06	\$ 4.06	\$ 4.06	\$ 4.06	\$ 4.06

Meters & Services Cost

	Single Family Residential	Multi-Family Residential	Commercial / Other	Irrigation	Total
Percent To Be Recovered:	100.00%	100.00%	100.00%	100.00%	100.00%
Allocated Revenue Requirements:	\$ 28,620	\$ 3,032	\$ 4,852	\$ 1,313	\$ 37,817
Charge Basis: <i>No. of Weighted MSEs</i>	2,016	214	342	93	2,664
Monthly Cost per MSE	\$ 1.18	\$ 1.18	\$ 1.18	\$ 1.18	\$ 1.18

Base Demand Costs

	Single Family Residential	Multi-Family Residential	Commercial / Other	Irrigation	Total
Percent To Be Recovered:					
<i>Per MCE</i>	0.00%	0.00%	0.00%	0.00%	0.00%
<i>Per CCF</i>	100.00%	100.00%	100.00%	100.00%	100.00%
Allocated Revenue Requirements:					
<i>Per MCE</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Per CCF</i>	\$ 524,440	\$ 192,783	\$ 207,954	\$ 38,129	\$ 963,306
Charge Basis:					
<i>No. of Weighted MCEs</i>	2,042	376	471	141	\$ 3,029
<i>Total Weighted Consumption (CCF)</i>	151,796	55,800	60,191	11,036	\$ 278,823
Monthly Cost per MCE	\$ -	\$ -	\$ -	\$ -	\$ -
Cost per 100 cf	\$ 3.45	\$ 3.45	\$ 3.45	\$ 3.45	\$ 3.45

Peak Demand Costs

	Single Family Residential	Multi-Family Residential	Commercial / Other	Irrigation	Total
Percent To Be Recovered:					
<i>Per MCE</i>	45.00%	45.00%	45.00%	45.00%	45.00%
<i>Per CCF</i>	55.00%	55.00%	55.00%	55.00%	55.00%
Allocated Revenue Requirements:					
<i>Per MCE</i>	\$ 294,246	\$ 79,028	\$ 96,121	\$ 42,068	\$ 511,463
<i>Per CCF</i>	\$ 359,634	\$ 96,590	\$ 117,481	\$ 51,417	\$ 625,122
Charge Basis:					
<i>No. of Weighted MCEs</i>	2,042	376	471	141	\$ 3,029
<i>Total Weighted Consumption (CCF)</i>	151,796	55,800	60,191	11,036	\$ 278,823
Monthly Cost per MCE	\$ 12.01	\$ 17.52	\$ 17.00	\$ 24.92	\$ 14.07
Cost per ccf	\$ 2.37	\$ 1.73	\$ 1.95	\$ 4.66	\$ 2.24

City of Bainbridge Island Water Utility Unit Costs

Test Year 2010

Unit Cost Summary

Single Family Residential				
Cost Component	Per Meter	Per MSE	Per MCE	Per CCF
Customer	\$ 4.06			
Meters & Services		\$ 1.18		
Base Demand			\$ -	\$ 3.45
Peak Demand			\$ 12.01	\$ 2.37
Total Unit Cost	\$ 4.06	\$ 1.18	\$ 12.01	\$ 5.82

Multi-Family Residential				
Cost Component	Per Meter	Per MSE	Per MCE	Per CCF
Customer	\$ 4.06			
Meters & Services		\$ 1.18		
Base Demand			\$ -	\$ 3.45
Peak Demand			\$ 17.52	\$ 1.73
Total Unit Cost	\$ 4.06	\$ 1.18	\$ 17.52	\$ 5.19

Commercial / Other				
Cost Component	Per Meter	Per MSE	Per MCE	Per CCF
Customer	\$ 4.06			
Meters & Services		\$ 1.18		
Base Demand			\$ -	\$ 3.45
Peak Demand			\$ 17.00	\$ 1.95
Total Unit Cost	\$ 4.06	\$ 1.18	\$ 17.00	\$ 5.41

Irrigation				
Cost Component	Per Meter	Per MSE	Per MCE	Per CCF
Customer	\$ 4.06			
Meters & Services		\$ 1.18		
Base Demand			\$ -	\$ 3.45
Peak Demand			\$ 24.92	\$ 4.66
Total Unit Cost	\$ 4.06	\$ 1.18	\$ 24.92	\$ 8.11

City of Bainbridge Island Water Utility Rate Design

Test Year **2010**

Low Income (Senior) Fixed Weighting Factor:	0.50
BI Schools Weighting Factor:	0.20
Rockaway Beach Weighting Factor:	1.08
SFR Block 3 Reduction:	4.00%
SFR Block 4 Reduction:	5.00%

Single Family Residential

Four-Tiered Block Rate Design

Second Block Rate Multiplier [a]	1.24				
Third Block Rate Multiplier [b]	1.58				
Fourth Block Rate Multiplier [c]	2.33				
Monthly Volume By Block (ccf)					
	1st Block	2nd Block	3rd Block	4th Block	
Block min	0	5	12	30	
Block max	5	12	30	and over	Total
Distribution of Customer Bills	56.23%	35.49%	7.33%	0.95%	100.00%
Distribution of Water Use:	61.83%	26.12%	9.25%	2.81%	100.00%
Distribution of Water Use (ccf)	93,353	39,433	13,962	4,243	150,991
Cost to be Recovered	\$473,561	\$248,243	\$112,090	\$50,180	\$884,074
Volume Charge - \$ per ccf	\$ 5.07	\$ 6.30	\$ 8.03	\$ 11.83	\$ 5.86
Revenue Recovery	\$473,561	\$248,243	\$112,090	\$50,180	\$884,074
Rate Design Distribution	54%	28%	13%	6%	100%
Current Distribution	88%	5%	3%	4%	100%

[a] Second block multiplier equal to ratio of average annual SFR usage over average winter SFR usage

[b] Third block multiplier equal to ratio of average summer SFR usage over average annual SFR usage

[c] Fourth block multiplier equal to ratio of peak month SFR usage over average winter SFR usage

**City of Bainbridge Island
Water Utility
Rate Design**

Calculated Revenues - Inside City

Rate Schedule							Customer Statistics (not weighted)		Calculated Revenues						
Meter Size	Per Meter	MSE Ratio	Per MSE	MCE Ratio	Per MCE	Total Base Charge (Per	Volume Charge (per ccf)				# of Meters	Total Usage (CCF)	Base	Volume	Total
							First 5 CCF	5 - 12 CCF	12 - 30 CCF	Over 30 CCF					
3/4"	\$ 4.06	1.0	\$ 1.18	1.0	\$ 12.01	\$ 17.26					1,867	\$ 386,552			
1"	4.06	1.3	\$ 1.51	1.7	20.06	25.63					23	7,118			
1 1/2"	4.06	1.6	\$ 1.94	3.3	39.99	45.99					1	557			
2"	4.06	2.6	\$ 3.12	5.3	64.01	71.20					-	-			
3"	4.06	10.0	\$ 11.83	10.7	128.15	144.04					-	-			
4"	4.06	12.7	\$ 15.06	16.7	200.21	219.33					-	-			
6"	4.06	19.1	\$ 22.59	33.3	400.30	426.95					-	-			
8"	4.06	26.4	\$ 31.19	53.3	640.50	675.76					-	-			
							\$ 5.07	\$ 6.30	\$ 8.03	\$ 11.83	1,891	142,527	\$ 394,227	\$ 834,517	\$ 1,228,745

Calculated Revenues - Low Income

Rate Schedule							Customer Statistics (not weighted)		Calculated Revenues						
Meter Size	Per Meter	MSE Ratio	Per MSE	MCE Ratio	Per MCE	Total Base Charge (Per	Volume Charge (per ccf)				# of Meters	Total Usage (CCF)	Base	Volume	Total
							First 5 CCF	5 - 12 CCF	12 - 30 CCF	Over 30 CCF					
3/4"	\$ 2.03	1.0	\$ 0.59	1.0	\$ 6.01	\$ 8.63					1	\$ 105			
1"	2.03	1.3	0.75	1.7	10.03	12.81					64	9,848			
1 1/2"	2.03	1.6	0.97	3.3	20.00	23.00					2	557			
2"	2.03	2.6	1.56	5.3	32.01	35.60					-	-			
3"	2.03	10.0	5.92	10.7	64.07	72.02					-	-			
4"	2.03	12.7	7.53	16.7	100.10	109.66					-	-			
6"	2.03	19.1	11.29	33.3	200.15	213.47					-	-			
8"	2.03	26.4	15.60	53.3	320.25	337.88					-	-			
							\$ 2.54	\$ 3.15	\$ 4.01	\$ 5.91	67	3,488	\$ 10,510	\$ 10,212	\$ 20,722

**City of Bainbridge Island
Water Utility
Rate Design**

Calculated Revenues - Rockaway

Rate Schedule							Customer Statistics (not weighted)		Calculated Revenues						
Meter Size	Per Meter	MSE Ratio	Per MSE	MCE Ratio	Per MCE	Total Base Charge (Per	Volume Charge (per ccf)				# of Meters	Total Usage (CCF)	Base	Volume	Total
							First 5 CCF	5 - 12 CCF	12 - 30 CCF	Over 30 CCF					
3/4"	\$ 4.39	1.0	\$ 1.28	1.0	\$ 12.97	\$ 18.64					66	\$ 14,738			
1"	4.39	1.3	\$ 1.51	1.7	21.66	27.55					1	334			
1 1/2"	4.39	1.6	\$ 1.94	3.3	43.19	49.52					-	-			
2"	4.39	2.6	\$ 3.12	5.3	69.14	76.64					-	-			
3"	4.39	10.0	\$ 11.83	10.7	138.40	154.62					-	-			
4"	4.39	12.7	\$ 15.06	16.7	216.23	235.67					-	-			
6"	4.39	19.1	\$ 22.59	33.3	432.32	459.30					-	-			
8"	4.39	26.4	\$ 31.19	53.3	691.74	727.32					-	-			
							\$ 5.48	\$ 6.80	\$ 8.67	\$ 12.77	67	6,096	\$ 15,072	\$ 38,550	\$ 53,623

Calculated Revenues - Rockaway Low Income

Rate Schedule							Customer Statistics (not weighted)		Calculated Revenues						
Meter Size	Per Meter	MSE Ratio	Per MSE	MCE Ratio	Per MCE	Total Base Charge (Per	Volume Charge (per ccf)				# of Meters	Total Usage (CCF)	Base	Volume	Total
							First 5 CCF	5 - 12 CCF	12 - 30 CCF	Over 30 CCF					
3/4"	\$ 2.19	1.0	\$ 0.64	1.0	\$ 6.49	\$ 9.32					5	\$ 518			
1"	2.19	1.3	0.81	1.7	10.83	13.84					-	-			
1 1/2"	2.19	1.6	1.05	3.3	21.60	24.84					-	-			
2"	2.19	2.6	1.68	5.3	34.57	38.45					-	-			
3"	2.19	10.0	6.39	10.7	69.20	77.78					-	-			
4"	2.19	12.7	8.13	16.7	108.11	118.44					-	-			
6"	2.19	19.1	12.20	33.3	216.16	230.55					-	-			
8"	2.19	26.4	16.84	53.3	345.87	364.91					-	-			
							\$ 2.74	\$ 3.40	\$ 4.34	\$ 6.39	5	251	\$ 518	\$ 794	\$ 1,312

\$ 420,327 \$ 884,074

Proof: Single Family Residential

Total Revenues: Single Family Residential	\$ 1,304,401
Revenue Requirement: Single Family Residential	\$ 1,304,403
Surplus (Deficit):	\$ (1)

City of Bainbridge Island Water Utility Rate Design

Multi-Family Residential

Seasonal Rate Design

Summer Rate Multiplier	1.16		
	Seasonal Statistics (per ccf)		
	Winter	Summer	Total
Distribution of Water Use:	71.09%	28.91%	100.00%
Distribution of Water Use (ccf)	39,670	17,399	55,800
Base Cost to be Recovered			\$ 192,783
Peak Costs to be Recovered			96,590
Total Volume Cost to be Recovered	\$ 191,973	\$ 97,400	\$ 289,373
Volume Charge per ccf	\$ 4.84	\$ 5.60	\$ 5.19

Calculated Revenues - Inside City

Rate Schedule							Customer Statistics (not weighted)		Calculated Revenues				
Meter Size	Per Meter	MSE Ratio	Per MSE	MCE Ratio	Per MCE	Total Base Charge (Per)	Volume Charge (per ccf)		# of Units	Total Usage (ccf)	Base	Volume	Total
							Winter	Summer					
3/4"	\$ 4.06	1.0	\$ 1.18	1.0	\$ 17.52	\$ 22.76			16		\$ 4,415		
1"	4.06	1.3	\$ 1.51	1.7	29.26	34.83			13		5,487		
1 1/2"	4.06	1.6	\$ 1.94	3.3	58.34	64.34			20		15,596		
2"	4.06	2.6	\$ 3.12	5.3	93.38	100.56			42		51,190		
3"	4.06	10.0	\$ 11.83	10.7	186.93	202.82			1		2,458		
4"	4.06	12.7	\$ 15.06	16.7	292.05	311.17			2		7,543		
6"	4.06	19.1	\$ 22.59	33.3	583.92	610.56			-		-		
8"	4.06	26.4	\$ 31.19	53.3	934.30	969.55			-		-		
							\$ 4.84	\$ 5.60	95	55,800	\$ 86,689	\$ 289,373	\$ 376,061

Proof: Multi-Family Residential

Total Revenues: Multi-Family Residential	\$ 376,061
Revenue Requirement: Multi-Family Residential	\$ 376,061
Surplus (Deficit):	\$ -

**City of Bainbridge Island
Water Utility
Rate Design
Commercial / Other**

Seasonal Rate Design

Summer Rate Multiplier	1.16		
	Seasonal Statistics (per ccf)		
	Winter	Summer	Total
Distribution of Water Use:	67.41%	32.59%	100.00%
Distribution of Water Use (cf)	40,572	19,619	60,191
Base Cost to be Recovered			\$207,954
Peak Costs to be Recovered			117,481
Total Volume Cost to be Recovered			\$325,435
Volume Charge per ccf	\$ 5.14	\$ 5.95	\$ 5.41

COS Distribution	0%	0%	0%
Current Distribution	39%	61%	100%

Calculated Revenues - Inside City

Rate Schedule							Customer Statistics (not weighted)			Calculated Revenues				
Meter Size	Per Meter	MSE Ratio	Per MSE	MCE Ratio	Per MCE	Total Base Charge (Per	Volume Charge: Winter	Volume Charge: Summer	# of Meters	Winter Usage (ccf)	Summer Usage (ccf)	Base	Volume	Total
3/4"	\$ 4.06	1.0	\$ 1.18	1.0	\$ 17.00	\$ 22.25			148			\$ 39,597		
1"	4.06	1.3	1.51	1.7	28.40	33.97			49			19,808		
1 1/2"	4.06	1.6	1.94	3.3	56.62	62.62			19			14,029		
2"	4.06	2.6	3.12	5.3	90.63	97.81			27			32,009		
3"	4.06	10.0	11.83	10.7	181.44	197.33			2			5,262		
4"	4.06	12.7	15.06	16.7	283.46	302.58			0			1,467		
6"	4.06	19.1	22.59	33.3	566.75	593.40			-			-		
8"	4.06	26.4	31.19	53.3	906.84	942.09			-			-		
							\$ 5.14	\$ 5.95	245	40,495	19,605	\$ 112,172	\$ 324,952	\$ 437,124

**City of Bainbridge Island
Water Utility
Rate Design**

Calculated Revenues - Rockaway Beach

Meter Size	Unit Costs					Fixed Charges	Volume Rates		Customer Statistics (not weighted)			Calculated Revenues		
	Per Meter	MSE Ratio	Per MSE	MCE Ratio	Per MCE	Total Base Charge (Per)	Winter	Summer	# of Meters	Winter Usage (ccf)	Summer Usage (ccf)	Base	Volume	Total
3/4"	\$ 4.39	1.0	\$ 1.28	1.0	\$ 18.36	\$ 24.03			-			\$ -		
1"	4.39	1.3	1.63	1.7	30.67	36.68			-			-		
1 1/2"	4.39	1.6	2.09	3.3	61.15	67.63			1			820		
2"	4.39	2.6	3.37	5.3	97.88	105.64			-			-		
3"	4.39	10.0	12.78	10.7	195.95	213.11			-			-		
4"	4.39	12.7	16.26	16.7	306.14	326.79			-			-		
6"	4.39	19.1	24.39	33.3	612.09	640.87			-			-		
8"	4.39	26.4	33.69	53.3	979.38	1,017.46			-			-		
							\$ 5.56	\$ 6.43	1	72	13	\$ 820	\$ 483	\$ 1,302

Proof: Commercial / Other

Total Revenues: Commercial / Other	\$ 438,427
Revenue Requirement: Commercial / Other	\$ 438,427
Surplus (Deficit):	\$ -

**City of Bainbridge Island
Water Utility
Rate Design**

Irrigation

Calculated Revenues

Rate Schedule							Customer Statistics		Calculated Revenues			
Meter Size	Per Meter	MSE Ratio	Per MSE	MCE Ratio	Per MCE	Total Base Charge (Per)	Volume Charge (per ccf)	# of Meters	Usage (ccf)	Base	Volume	Total
3/4"	\$ 4.06	1.0	\$ 1.18	1.0	\$ 24.92	\$ 30.17		30		\$ 10,970		
1"	4.06	1.3	1.51	1.7	41.62	47.19		15		8,580		
1 1/2"	4.06	1.6	1.94	3.3	83.00	89.00		8		8,629		
2"	4.06	2.6	3.12	5.3	132.85	140.03		11		17,651		
3"	4.06	10.0	11.83	10.7	265.95	281.84		0		683		
4"	4.06	12.7	15.06	16.7	415.49	434.61		-		-		
6"	4.06	19.1	22.59	33.3	830.74	857.39		-		-		
8"	4.06	26.4	31.19	53.3	1,329.23	1,364.49		-		-		
							\$ 8.11	64	11,036	\$ 46,514	\$ 89,546	\$ 136,059

Proof: Irrigation

Total Revenues: Irrigation	\$ 136,059
Revenue Requirement: Irrigation	\$ 136,059
Surplus (Deficit):	\$ -

SUMMARY

Total Revenues:	\$ 2,254,949
Revenue Requirement:	\$ 2,254,951
Surplus (Deficit):	\$ (1)

FIXED VS. VARIABLE

	Current		COS Proposed	
	\$	%	\$	%
Fixed	1,243,842	55.2%	650,112	29.6%
Variable	<u>1,011,109</u>	<u>44.8%</u>	<u>1,548,600</u>	<u>70.4%</u>
Total	2,254,951	100.0%	2,198,712	100.0%

City of Bainbridge Island

Water Utility

Current and Proposed Rate Schedule

Current and Proposed Rate Schedules

	Single Family		Multi-family	
	Current Rates	Proposed Rates	Current Rates	Proposed Rates
Fixed Charges				
3/4"	\$ 27.98	\$ 17.26		\$ 22.76
1"	\$ 55.16	\$ 25.63		\$ 34.83
1.5"	\$ 100.58	\$ 45.99		\$ 64.34
2"	\$ 155.09	\$ 71.20		\$ 100.56
3"	\$ 300.50	\$ 144.04		\$ 202.82
4"	\$ 464.01	\$ 219.33		\$ 311.17
6"	\$ 919.32	\$ 426.95		\$ 610.56
Monthly fixed rate per Dwelling Unit			\$ 13.95	
Volume Charges (per 100 cf)				
0-500cf	\$ 2.82	\$ 5.07	\$ 2.82	
500-1200cf	\$ 4.58	\$ 6.30	\$ 4.58	
1200-3000cf	\$ 6.46	\$ 8.03	\$ 6.46	
3000cf +	\$ 8.80	\$ 11.83	\$ 8.80	
Volume Charges (per 100 cf)				
All consumption				
Seasonal Volume Charges (per 100 cf)				
Winter				\$ 4.84
Summer				\$ 5.60
Rate Recovery:				
Fixed:	60.48%	32.22%	60.04%	23.05%
Volume:	39.52%	67.78%	39.96%	76.95%

City of Bainbridge Island

Water Utility

Current and Proposed Rate Schedule

Current and Proposed Rate Schedules

	Commercial / Other [a]			Irrigation Systems	
	Current Rates COM	Current Rates Other	Proposed Rates	Current Rates	Proposed Rates
Fixed Charges					
3/4"	\$ 42.73	\$ 62.43	\$ 22.25	\$ 12.28	\$ 30.17
1"	\$ 94.55	\$ 143.81	\$ 33.97	\$ 16.14	\$ 47.19
1.5"	\$ 181.24	\$ 279.43	\$ 62.62	\$ 22.60	\$ 89.00
2"	\$ 284.45	\$ 442.14	\$ 97.81	\$ 30.38	\$ 140.03
3"	\$ 560.75	\$ 876.06	\$ 197.33	\$ 51.01	\$ 281.84
4"	\$ 871.55	\$ 1,364.20	\$ 302.58	\$ 74.26	\$ 434.61
6"	\$ 1,734.91	\$ 2,720.28	\$ 593.40	\$ 138.89	\$ 857.39
Monthly fixed rate per Dwelling Unit					
Volume Charges (per 100 cf)					
0-500cf					
500-1200cf					
1200-3000cf					
3000cf +					
Volume Charges (per 100 cf)					
All consumption				\$ 10.10	\$ 8.11
Seasonal Volume Charges (per 100 cf)					
Winter	\$ 3.70	\$ 3.70	\$ 5.14		
Summer	\$ 4.28	\$ 4.28	\$ 5.95		
Rate Recovery:					
Fixed:	53.74%	64.65%	25.77%	10.83%	34.19%
Volume:	46.26%	35.35%	74.23%	89.17%	65.81%

[a] Includes Government customers

City of Bainbridge Island

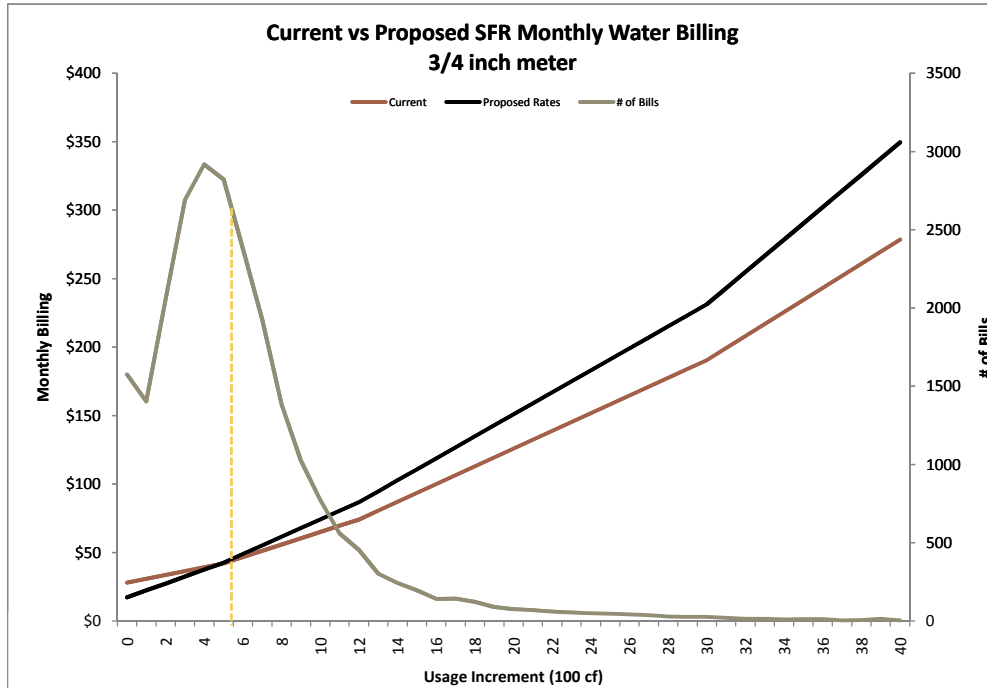
Water Utility

Current and Proposed Rate Schedule

Current and Proposed Rate Schedules

	Rockaway Beach (SFR)		Rockaway Beach (Other)	
	Current Rates	Proposed Rates	Current Rates	Proposed Rates
Fixed Charges				
3/4"	\$ 30.24	\$ 18.64	\$ 67.45	\$ 24.03
1"	\$ 59.59	\$ 27.55	\$ 155.41	\$ 36.68
1.5"	\$ 108.69	\$ 49.52	\$ 301.95	\$ 67.63
2"	\$ 167.60	\$ 76.64	\$ 477.77	\$ 105.64
3"		\$ 154.62		\$ 213.11
4"		\$ 235.67		\$ 326.79
6"		\$ 459.30		\$ 640.87
Monthly fixed rate per Dwelling Unit				
Volume Charges (per 100 cf)				
0-500cf	\$ 3.07	\$ 5.48		
500-1200cf	\$ 4.95	\$ 6.80		
1200-3000cf	\$ 6.99	\$ 8.67		
3000cf +	\$ 9.51	\$ 12.77		
Volume Charges (per 100 cf)				
All consumption				
Seasonal Volume Charges (per 100 cf)				
Winter			\$ 4.02	\$ 5.56
Summer			\$ 4.63	\$ 6.43
Rate Recovery:				
Fixed:				
Volume:				

City of Bainbridge Island Water Utility Sample Monthly Bills - Single Family Residential



WORKING DRAFT

Avg Monthly Usage (ccf)	Average Monthly Bill		Existing to Proposed Increase (\$)	Existing to Proposed Increase (%)
	Current	Proposed Rates		
0	\$ 27.98	\$ 17.26	\$ (10.72)	-38%
1	\$ 30.80	\$ 22.33	\$ (8.47)	-28%
2	\$ 33.62	\$ 27.40	\$ (6.22)	-18%
3	\$ 36.44	\$ 32.47	\$ (3.97)	-11%
4	\$ 39.26	\$ 37.55	\$ (1.71)	-4%
5	\$ 42.08	\$ 42.62	\$ 0.54	1%
6	\$ 46.66	\$ 48.92	\$ 2.26	5%
7	\$ 51.24	\$ 55.21	\$ 3.97	8%
8	\$ 55.82	\$ 61.51	\$ 5.69	10%
9	\$ 60.40	\$ 67.80	\$ 7.40	12%
10	\$ 64.98	\$ 74.10	\$ 9.12	14%
11	\$ 69.56	\$ 80.39	\$ 10.83	16%
12	\$ 74.14	\$ 86.69	\$ 12.55	17%
13	\$ 80.60	\$ 94.72	\$ 14.12	18%
14	\$ 87.06	\$ 102.74	\$ 15.68	18%
15	\$ 93.52	\$ 110.77	\$ 17.25	18%
16	\$ 99.98	\$ 118.80	\$ 18.82	19%
17	\$ 106.44	\$ 126.83	\$ 20.39	19%
18	\$ 112.90	\$ 134.86	\$ 21.96	19%
19	\$ 119.36	\$ 142.88	\$ 23.52	20%
20	\$ 125.82	\$ 150.91	\$ 25.09	20%
21	\$ 132.28	\$ 158.94	\$ 26.66	20%
22	\$ 138.74	\$ 166.97	\$ 28.23	20%
23	\$ 145.20	\$ 175.00	\$ 29.80	21%
24	\$ 151.66	\$ 183.02	\$ 31.36	21%
25	\$ 158.12	\$ 191.05	\$ 32.93	21%
26	\$ 164.58	\$ 199.08	\$ 34.50	21%
27	\$ 171.04	\$ 207.11	\$ 36.07	21%
28	\$ 177.50	\$ 215.14	\$ 37.64	21%
29	\$ 183.96	\$ 223.17	\$ 39.21	21%
30	\$ 190.42	\$ 231.19	\$ 40.77	21%
31	\$ 199.22	\$ 243.02	\$ 43.80	22%
32	\$ 208.02	\$ 254.85	\$ 46.83	23%
33	\$ 216.82	\$ 266.67	\$ 49.85	23%
34	\$ 225.62	\$ 278.50	\$ 52.88	23%
35	\$ 234.42	\$ 290.33	\$ 55.91	24%
36	\$ 243.22	\$ 302.15	\$ 58.93	24%
37	\$ 252.02	\$ 313.98	\$ 61.96	25%
38	\$ 260.82	\$ 325.81	\$ 64.99	25%
39	\$ 269.62	\$ 337.63	\$ 68.01	25%
40	\$ 278.42	\$ 349.46	\$ 71.04	26%

City of Bainbridge Island
Water Utility
Sample Monthly Bills - Multifamily Residential

Account	Meter Size	Units	Avg Monthly Usage (ccf)	Average Monthly Bill		Existing to Proposed Increase
				Current	Proposed Rates	
10026	3/4"	2	8	\$ 52.62	\$ 61.65	17.16%
10098	3/4"	2	6	\$ 45.44	\$ 54.31	19.53%
10385	3/4"	2	4	\$ 39.89	\$ 44.59	11.79%
10457	3/4"	2	22	\$ 123.89	\$ 137.29	10.82%
10638	3/4"	2	10	\$ 58.27	\$ 74.20	27.33%
10825	3/4"	2	6	\$ 45.06	\$ 52.96	17.54%
10969	3/4"	2	-	\$ 27.90	\$ 22.75	-18.45%
11063	3/4"	2	6	\$ 51.49	\$ 55.16	7.13%
11072	3/4"	2	6	\$ 45.55	\$ 52.74	15.78%
11285	3/4"	2	6	\$ 45.76	\$ 54.99	20.17%
11675	3/4"	2	1	\$ 30.72	\$ 27.91	-9.15%
10962	3/4"	4	15	\$ 97.87	\$ 98.12	0.26%
12251	3/4"	4	11	\$ 85.88	\$ 76.22	-11.25%
12252	3/4"	4	10	\$ 84.94	\$ 74.92	-11.80%
10839	3/4"	5	29	\$ 157.57	\$ 167.92	6.57%
10561	3/4"	10	33	\$ 232.56	\$ 190.14	-18.24%
10027	1"	2	8	\$ 52.34	\$ 76.33	45.84%
10029	1"	2	12	\$ 64.53	\$ 94.30	46.14%
10550	1"	2	6	\$ 46.00	\$ 67.08	45.83%
10551	1"	2	8	\$ 49.76	\$ 74.04	48.80%
10564	1"	2	6	\$ 43.41	\$ 62.51	44.00%
10565	1"	2	5	\$ 40.59	\$ 57.23	40.99%
10566	1"	2	7	\$ 47.40	\$ 67.80	43.02%
12610	1"	4	2	\$ 60.27	\$ 43.30	-28.15%
12309	1"	6	140	\$ 122.24	\$ 812.20	564.43%
12541	1"	7	44	\$ 235.87	\$ 255.62	8.37%
10549	1"	9	16	\$ 171.14	\$ 116.42	-31.97%
12253	1"	11	61	\$ 359.20	\$ 353.65	-1.54%
10514	1"	13	58	\$ 346.26	\$ 327.37	-5.45%
10342	1 1/2"	4	14	\$ 95.75	\$ 135.50	41.51%
10507	1 1/2"	4	10	\$ 83.30	\$ 113.55	36.32%
10508	1 1/2"	4	17	\$ 104.21	\$ 150.78	44.69%
10166	1 1/2"	5	16	\$ 113.46	\$ 142.65	25.73%
10555	1 1/2"	5	29	\$ 158.63	\$ 209.49	32.06%
10167	1 1/2"	6	24	\$ 150.44	\$ 183.51	21.98%
11091	1 1/2"	6	17	\$ 132.82	\$ 152.94	15.15%
12534	1 1/2"	9	41	\$ 244.90	\$ 270.61	10.50%
12566	1 1/2"	9	4	\$ 135.89	\$ 83.09	-38.85%
10553	1 1/2"	10	50	\$ 284.52	\$ 315.32	10.82%
10554	1 1/2"	10	31	\$ 226.92	\$ 221.78	-2.26%
10557	1 1/2"	10	48	\$ 277.06	\$ 306.73	10.71%
10560	1 1/2"	10	45	\$ 265.72	\$ 288.84	8.70%
10562	1 1/2"	10	37	\$ 243.84	\$ 251.46	3.12%
10563	1 1/2"	10	38	\$ 247.60	\$ 258.10	4.24%
10446	1 1/2"	11	15	\$ 194.81	\$ 138.17	-29.07%
12626	1 1/2"	11	7	\$ 174.37	\$ 102.76	-41.06%
10447	1 1/2"	18	68	\$ 443.10	\$ 407.23	-8.10%

WORKING DRAFT

Account	Meter Size	Units	Avg Monthly Usage (ccf)	Average Monthly Bill		Existing to Proposed Increase
				Current	Proposed Rates	
11116	1 1/2"	18	76	\$ 464.25	\$ 444.73	-4.20%
10639	1 1/2"	20	51	\$ 421.41	\$ 319.27	-24.24%
11289	2"	2	12	\$ 69.62	\$ 163.50	134.84%
10575	2"	4	11	\$ 86.35	\$ 155.40	79.97%
10279	2"	5	5	\$ 84.79	\$ 128.02	50.99%
10708	2"	5	30	\$ 163.68	\$ 248.78	51.99%
11119	2"	5	13	\$ 105.94	\$ 165.34	56.07%
10706	2"	6	38	\$ 210.96	\$ 295.05	39.86%
10370	2"	7	39	\$ 220.45	\$ 301.32	36.69%
10509	2"	7	9	\$ 123.27	\$ 146.43	18.79%
11282	2"	7	27	\$ 174.26	\$ 237.56	36.33%
11280	2"	8	31	\$ 198.79	\$ 256.47	29.02%
12274	2"	9	26	\$ 197.93	\$ 230.74	16.58%
10369	2"	10	41	\$ 258.67	\$ 308.18	19.14%
10404	2"	10	17	\$ 188.62	\$ 190.12	0.80%
11283	2"	10	11	\$ 169.11	\$ 153.73	-9.10%
11284	2"	10	69	\$ 369.58	\$ 448.39	21.33%
12177	2"	11	49	\$ 305.45	\$ 353.16	15.62%
10633	2"	14	7	\$ 213.87	\$ 133.25	-37.69%
11575	2"	14	47	\$ 329.75	\$ 339.26	2.89%
11065	2"	15	26	\$ 282.57	\$ 230.08	-18.58%
12368	2"	16	28	\$ 303.10	\$ 242.96	-19.84%
10462	2"	20	75	\$ 490.03	\$ 478.72	-2.31%
10640	2"	20	74	\$ 486.98	\$ 471.71	-3.14%
11667	2"	20	41	\$ 396.88	\$ 312.02	-21.38%
10724	2"	24	70	\$ 536.54	\$ 450.36	-16.06%
11616	2"	24	19	\$ 389.32	\$ 196.29	-49.58%
10722	2"	25	72	\$ 550.62	\$ 461.98	-16.10%
10105	2"	28	140	\$ 803.59	\$ 809.01	0.68%
10442	2"	29	77	\$ 620.28	\$ 486.35	-21.59%
12565	2"	29	55	\$ 560.36	\$ 378.11	-32.52%
10526	2"	30	184	\$ 995.69	\$ 1,024.55	2.90%
10692	2"	30	99	\$ 697.21	\$ 600.83	-13.82%
12579	2"	30	76	\$ 632.82	\$ 485.82	-23.23%
10467	2"	32	38	\$ 553.56	\$ 290.00	-47.61%
11612	2"	32	150	\$ 877.94	\$ 859.75	-2.07%
10268	2"	33	127	\$ 819.99	\$ 743.61	-9.31%
11574	2"	36	221	\$ 1,217.38	\$ 1,228.96	0.95%
12205	2"	37	100	\$ 797.68	\$ 606.05	-24.02%
10418	2"	39	101	\$ 829.34	\$ 609.22	-26.54%
10474	2"	45	165	\$ 1,094.78	\$ 930.41	-15.01%
12573	2"	45	82	\$ 859.46	\$ 515.36	-40.04%
10165	2"	50	246	\$ 1,457.22	\$ 1,355.61	-6.97%
12314	2"	60	14	\$ 1,230.86	\$ 103.62	-91.58%
10742	3"	40	35	\$ 656.47	\$ 378.38	-42.36%
10486	4"	60	184	\$ 1,354.71	\$ 1,235.56	-8.79%
12533	4"	165	413	\$ 3,465.24	\$ 2,393.96	-30.91%

City of Bainbridge Island
Water Utility
Sample Monthly Bills - Commercial

Meter Size	Avg Monthly Usage	Average Monthly Bill		Existing to Proposed Increase
		Current	Proposed Rates	
3/4"	1	\$ 45.34	\$ 25.74	-43.23%
3/4"	1	\$ 44.72	\$ 24.88	-44.37%
3/4"	1	\$ 44.37	\$ 24.45	-44.89%
3/4"	1	\$ 45.39	\$ 25.81	-43.15%
3/4"	1	\$ 45.39	\$ 25.81	-43.15%
3/4"	1	\$ 45.44	\$ 25.87	-43.06%
3/4"	1	\$ 45.79	\$ 26.17	-42.86%
3/4"	1	\$ 45.49	\$ 25.94	-42.97%
3/4"	1	\$ 46.72	\$ 27.59	-40.95%
3/4"	1	\$ 58.15	\$ 43.68	-24.88%
3/4"	1	\$ 46.72	\$ 27.59	-40.95%
3/4"	1	\$ 47.79	\$ 29.01	-39.30%
3/4"	1	\$ 47.53	\$ 28.78	-39.45%
3/4"	1	\$ 47.53	\$ 28.71	-39.59%
3/4"	2	\$ 48.36	\$ 29.80	-38.38%
3/4"	2	\$ 49.07	\$ 30.59	-37.66%
3/4"	2	\$ 48.36	\$ 29.87	-38.24%
3/4"	2	\$ 49.07	\$ 30.79	-37.25%
3/4"	2	\$ 49.17	\$ 30.86	-37.24%
3/4"	2	\$ 49.38	\$ 31.35	-36.50%
3/4"	2	\$ 50.40	\$ 32.77	-34.97%
3/4"	2	\$ 49.95	\$ 32.01	-35.91%
3/4"	2	\$ 50.71	\$ 32.93	-35.05%
3/4"	2	\$ 49.88	\$ 32.12	-35.61%
3/4"	2	\$ 50.76	\$ 33.00	-34.98%
3/4"	2	\$ 51.26	\$ 33.77	-34.13%
3/4"	2	\$ 51.42	\$ 33.86	-34.16%
3/4"	2	\$ 51.73	\$ 34.29	-33.72%
3/4"	3	\$ 52.56	\$ 35.30	-32.83%
3/4"	3	\$ 52.30	\$ 35.08	-32.93%
3/4"	3	\$ 72.66	\$ 36.00	-50.45%
3/4"	3	\$ 52.75	\$ 35.98	-31.80%
3/4"	3	\$ 53.14	\$ 36.31	-31.66%
3/4"	3	\$ 53.87	\$ 37.40	-30.58%
3/4"	3	\$ 54.75	\$ 38.35	-29.96%
3/4"	3	\$ 54.96	\$ 38.64	-29.69%
3/4"	3	\$ 56.27	\$ 40.26	-28.45%
3/4"	3	\$ 55.09	\$ 38.75	-29.65%
3/4"	4	\$ 56.39	\$ 40.49	-28.19%
3/4"	4	\$ 56.74	\$ 41.05	-27.65%
3/4"	4	\$ 56.74	\$ 40.99	-27.77%
3/4"	4	\$ 57.46	\$ 42.05	-26.82%
3/4"	4	\$ 55.09	\$ 38.95	-29.29%
3/4"	4	\$ 57.81	\$ 42.41	-26.65%
3/4"	4	\$ 58.09	\$ 42.59	-26.68%
3/4"	4	\$ 58.07	\$ 42.63	-26.58%
3/4"	4	\$ 57.84	\$ 41.71	-27.89%
3/4"	4	\$ 59.00	\$ 43.99	-25.44%
3/4"	4	\$ 57.93	\$ 42.70	-26.28%
3/4"	4	\$ 59.03	\$ 44.23	-25.07%
3/4"	4	\$ 58.83	\$ 43.69	-25.73%
3/4"	4	\$ 59.14	\$ 44.26	-25.17%
3/4"	4	\$ 59.61	\$ 44.85	-24.77%
3/4"	4	\$ 59.90	\$ 45.25	-24.46%
3/4"	5	\$ 62.59	\$ 49.26	-21.31%
3/4"	5	\$ 74.57	\$ 65.91	-11.61%
3/4"	5	\$ 61.82	\$ 48.12	-22.17%
3/4"	5	\$ 63.91	\$ 50.62	-20.80%
3/4"	5	\$ 65.13	\$ 52.24	-19.78%
3/4"	5	\$ 65.13	\$ 52.24	-19.78%
3/4"	6	\$ 66.62	\$ 54.18	-18.67%
3/4"	6	\$ 64.82	\$ 51.61	-20.38%
3/4"	6	\$ 67.07	\$ 54.68	-18.48%
3/4"	6	\$ 67.64	\$ 55.47	-17.99%
3/4"	6	\$ 66.22	\$ 54.63	-17.50%
3/4"	6	\$ 66.24	\$ 54.53	-17.68%
3/4"	7	\$ 68.65	\$ 56.46	-17.75%
3/4"	7	\$ 74.15	\$ 65.26	-11.99%
3/4"	7	\$ 71.04	\$ 60.87	-14.32%
3/4"	8	\$ 73.43	\$ 63.25	-13.86%
3/4"	8	\$ 73.37	\$ 62.83	-14.37%
3/4"	8	\$ 74.13	\$ 64.29	-13.28%

WORKING DRAFT

Meter Size	Avg Monthly Usage	Average Monthly Bill		Existing to Proposed Increase
		Current	Proposed Rates	
3/4"	8	\$ 75.01	\$ 65.64	-12.48%
3/4"	8	\$ 75.33	\$ 65.56	-12.97%
3/4"	9	\$ 76.69	\$ 68.31	-10.92%
3/4"	10	\$ 78.96	\$ 70.53	-10.67%
3/4"	10	\$ 80.58	\$ 73.12	-9.25%
3/4"	10	\$ 81.02	\$ 73.60	-9.16%
3/4"	11	\$ 91.49	\$ 88.50	-3.27%
3/4"	12	\$ 87.00	\$ 81.98	-5.77%
3/4"	12	\$ 92.80	\$ 89.64	-3.40%
3/4"	13	\$ 95.20	\$ 91.90	-3.46%
3/4"	13	\$ 92.25	\$ 89.15	-3.36%
3/4"	14	\$ 88.00	\$ 80.68	-8.31%
3/4"	14	\$ 99.50	\$ 98.28	-1.22%
3/4"	14	\$ 99.08	\$ 98.37	-0.71%
3/4"	15	\$ 102.65	\$ 102.39	-0.25%
3/4"	15	\$ 101.45	\$ 100.86	-0.58%
3/4"	15	\$ 100.46	\$ 101.04	0.57%
3/4"	15	\$ 101.10	\$ 101.38	0.28%
3/4"	15	\$ 102.97	\$ 103.45	0.47%
3/4"	16	\$ 112.88	\$ 116.22	2.96%
3/4"	16	\$ 108.61	\$ 110.42	1.67%
3/4"	18	\$ 114.01	\$ 117.66	3.20%
3/4"	19	\$ 118.05	\$ 123.14	4.31%
3/4"	20	\$ 122.04	\$ 128.49	5.28%
3/4"	21	\$ 125.50	\$ 136.93	9.11%
3/4"	23	\$ 135.29	\$ 146.51	8.29%
3/4"	24	\$ 143.66	\$ 159.56	11.07%
3/4"	27	\$ 149.51	\$ 166.01	11.04%
3/4"	29	\$ 158.52	\$ 177.39	11.91%
3/4"	31	\$ 167.43	\$ 190.13	13.55%
3/4"	33	\$ 178.30	\$ 203.83	14.32%
3/4"	34	\$ 174.39	\$ 203.69	16.80%
3/4"	35	\$ 181.82	\$ 208.45	14.65%
3/4"	36	\$ 187.47	\$ 216.17	15.31%
3/4"	38	\$ 193.66	\$ 227.60	17.53%
3/4"	38	\$ 194.78	\$ 226.33	16.20%
3/4"	38	\$ 195.55	\$ 227.61	16.39%
3/4"	39	\$ 193.29	\$ 220.44	14.04%
3/4"	46	\$ 232.25	\$ 274.34	18.12%
3/4"	66	\$ 304.54	\$ 373.91	22.78%
3/4"	71	\$ 331.64	\$ 407.62	22.91%
3/4"	74	\$ 338.95	\$ 421.95	24.49%
3/4"	83	\$ 375.98	\$ 469.07	24.76%
1"	3	\$ 103.82	\$ 46.43	-55.27%
1"	3	\$ 106.52	\$ 50.00	-53.06%
1"	3	\$ 106.74	\$ 50.22	-52.95%
1"	3	\$ 106.72	\$ 50.33	-52.83%
1"	3	\$ 107.55	\$ 51.35	-52.25%
1"	4	\$ 108.36	\$ 52.01	-52.00%
1"	5	\$ 115.67	\$ 62.31	-46.13%
1"	5	\$ 115.36	\$ 61.82	-46.42%
1"	5	\$ 115.98	\$ 62.47	-46.14%
1"	6	\$ 117.62	\$ 64.75	-44.95%
1"	6	\$ 118.40	\$ 65.90	-44.34%
1"	6	\$ 116.98	\$ 63.73	-45.52%
1"	7	\$ 120.68	\$ 69.01	-42.82%
1"	7	\$ 122.79	\$ 71.88	-41.46%
1"	8	\$ 124.22	\$ 73.66	-40.70%
1"	8	\$ 126.57	\$ 76.19	-39.80%
1"	8	\$ 123.92	\$ 72.84	-41.22%
1"	8	\$ 175.16	\$ 76.07	-56.57%
1"	8	\$ 127.67	\$ 78.19	-38.76%
1"	9	\$ 130.46	\$ 82.14	-37.04%
1"	9	\$ 132.20	\$ 84.55	-36.04%
1"	10	\$ 135.22	\$ 88.41	-34.61%
1"	11	\$ 137.00	\$ 90.89	-33.65%
1"	12	\$ 191.39	\$ 97.37	-49.13%
1"	13	\$ 145.61	\$ 101.18	-30.51%
1"	16	\$ 158.65	\$ 120.46	-24.07%
1"	17	\$ 212.69	\$ 126.51	-40.52%
1"	19	\$ 172.12	\$ 139.72	-18.82%
1"	19	\$ 174.71	\$ 141.11	-19.23%
1"	20	\$ 224.09	\$ 141.82	-36.71%
1"	21	\$ 183.03	\$ 153.08	-16.36%
1"	23	\$ 182.70	\$ 152.69	-16.43%
1"	24	\$ 188.26	\$ 161.09	-14.43%
1"	28	\$ 207.91	\$ 185.33	-10.86%
1"	29	\$ 205.13	\$ 179.51	-12.49%
1"	31	\$ 215.84	\$ 197.35	-8.56%
1"	33	\$ 230.46	\$ 215.87	-6.33%

WORKING DRAFT

Meter Size	Avg Monthly Usage	Average Monthly Bill		Existing to Proposed Increase
		Current	Proposed Rates	
1"	42	\$ 261.12	\$ 260.05	-0.41%
1"	53	\$ 302.12	\$ 312.95	3.59%
1"	55	\$ 310.12	\$ 323.35	4.26%
1"	93	\$ 467.47	\$ 532.79	13.97%
1"	93	\$ 469.01	\$ 536.07	14.30%
1"	112	\$ 545.53	\$ 637.97	16.94%
1.5"	3	\$ 194.23	\$ 79.95	-58.84%
1.5"	5	\$ 202.01	\$ 89.75	-55.57%
1.5"	10	\$ 221.02	\$ 115.72	-47.64%
1.5"	14	\$ 232.37	\$ 130.29	-43.93%
1.5"	14	\$ 235.96	\$ 135.89	-42.41%
1.5"	16	\$ 245.18	\$ 148.38	-39.48%
1.5"	19	\$ 257.72	\$ 165.40	-35.82%
1.5"	21	\$ 263.68	\$ 174.30	-33.90%
1.5"	24	\$ 277.37	\$ 189.43	-31.70%
1.5"	31	\$ 307.57	\$ 232.70	-24.34%
1.5"	38	\$ 332.93	\$ 264.75	-20.48%
1.5"	52	\$ 385.28	\$ 341.36	-11.40%
1.5"	86	\$ 521.51	\$ 526.14	0.89%
1.5"	150	\$ 783.74	\$ 868.65	10.83%
2"	4	\$ 300.76	\$ 120.09	-60.07%
2"	4	\$ 299.40	\$ 117.66	-60.70%
2"	4	\$ 301.68	\$ 120.69	-59.99%
2"	6	\$ 307.06	\$ 126.09	-58.94%
2"	6	\$ 309.92	\$ 131.74	-57.49%
2"	7	\$ 311.63	\$ 134.15	-56.95%
2"	13	\$ 336.15	\$ 166.94	-50.34%
2"	19	\$ 359.62	\$ 199.97	-44.39%
2"	19	\$ 361.12	\$ 200.32	-44.53%
2"	28	\$ 393.79	\$ 247.09	-37.25%
2"	29	\$ 398.47	\$ 252.59	-36.61%
2"	33	\$ 417.74	\$ 276.49	-33.81%
2"	34	\$ 418.48	\$ 279.54	-33.20%
2"	55	\$ 497.37	\$ 377.94	-24.01%
2"	59	\$ 520.83	\$ 413.45	-20.62%
2"	79	\$ 618.30	\$ 539.84	-12.69%
2"	114	\$ 746.91	\$ 717.72	-3.91%
2"	133	\$ 818.46	\$ 813.38	-0.62%
2"	178	\$ 993.17	\$ 1,034.05	4.12%
2"	236	\$ 1,247.75	\$ 1,383.87	10.91%
2"	258	\$ 1,319.52	\$ 1,481.78	12.30%
2"	262	\$ 1,252.00	\$ 1,387.89	10.85%
3"	104	\$ 979.00	\$ 758.61	-22.51%
3"	158	\$ 1,513.13	\$ 1,054.19	-30.33%

City of Bainbridge Island
Water Utility
Sample Monthly Bills - Irrigation

Meter Size	Avg Monthly Usage	Average Monthly Bill		Existing to Proposed Increase
		Current	Proposed Rates	
3/4"	1	\$ 24.06	\$ 39.63	64.70%
3/4"	2	\$ 31.64	\$ 45.72	44.50%
3/4"	3	\$ 38.37	\$ 51.13	33.24%
3/4"	3	\$ 44.26	\$ 55.86	26.20%
3/4"	4	\$ 49.31	\$ 59.92	21.51%
3/4"	4	\$ 54.36	\$ 63.98	17.68%
3/4"	4	\$ 55.20	\$ 64.65	17.11%
3/4"	5	\$ 58.57	\$ 67.36	15.00%
3/4"	6	\$ 67.83	\$ 74.80	10.27%
3/4"	7	\$ 78.77	\$ 83.59	6.11%
3/4"	7	\$ 82.98	\$ 86.97	4.81%
3/4"	7	\$ 87.19	\$ 90.35	3.63%
3/4"	8	\$ 95.60	\$ 97.11	1.58%
3/4"	8	\$ 95.60	\$ 97.11	1.58%
3/4"	9	\$ 100.65	\$ 101.17	0.51%
3/4"	9	\$ 107.39	\$ 106.58	-0.75%
3/4"	10	\$ 115.80	\$ 113.34	-2.13%
3/4"	13	\$ 146.10	\$ 137.69	-5.76%
3/4"	15	\$ 160.41	\$ 149.18	-7.00%
3/4"	15	\$ 167.15	\$ 154.59	-7.51%
3/4"	18	\$ 195.76	\$ 177.59	-9.28%
3/4"	23	\$ 240.37	\$ 213.43	-11.21%
3/4"	58	\$ 593.03	\$ 496.78	-16.23%
1"	1	\$ 27.92	\$ 56.66	102.92%
1"	2	\$ 35.50	\$ 62.74	76.76%
1"	3	\$ 42.23	\$ 68.15	61.39%
1"	6	\$ 72.53	\$ 92.50	27.53%
1"	7	\$ 82.63	\$ 100.61	21.76%
1"	9	\$ 101.99	\$ 116.17	13.90%
1"	9	\$ 105.35	\$ 118.87	12.83%
1"	22	\$ 242.55	\$ 229.10	-5.54%
1"	28	\$ 293.89	\$ 270.35	-8.01%
1"	38	\$ 399.10	\$ 354.89	-11.08%
1"	56	\$ 584.26	\$ 503.66	-13.80%
1.5"	-	\$ 22.60	\$ 89.00	293.84%
1.5"	0	\$ 23.44	\$ 89.68	282.58%
1.5"	4	\$ 66.36	\$ 124.16	87.10%
1.5"	11	\$ 137.06	\$ 180.97	32.03%
1.5"	17	\$ 190.93	\$ 224.25	17.45%
1.5"	18	\$ 202.71	\$ 233.72	15.29%
1.5"	22	\$ 241.43	\$ 264.83	9.69%
1.5"	66	\$ 684.99	\$ 621.21	-9.31%
2"	10	\$ 126.33	\$ 217.13	71.88%
2"	34	\$ 370.41	\$ 413.25	11.57%
2"	38	\$ 415.02	\$ 449.09	8.21%
2"	48	\$ 515.18	\$ 529.56	2.79%
2"	55	\$ 581.67	\$ 582.99	0.23%
2"	59	\$ 622.07	\$ 615.45	-1.06%
2"	62	\$ 654.89	\$ 641.82	-2.00%
2"	118	\$ 1,226.38	\$ 1,101.00	-10.22%
2"	217	\$ 2,220.39	\$ 1,899.66	-14.44%

APPENDIX B

City of Bainbridge Island Sewer Utility

Assumptions

Economic & Financial Factors			2009	2010	2011	2012	2013	2014
1	General Cost Inflation	[a]	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
2	Construction Cost Inflation	[b]	8.22%	-11.16%	6.41%	6.35%	6.28%	6.20%
	Cumulative Construction Cost Inflation		8.22%	-3.85%	2.30%	8.80%	15.63%	22.80%
3	Labor Salary Inflation	[c]	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
4	Labor Benefits Inflation	[c]	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
5	City Customer Growth	[c]	0.50%	0.50%	1.00%	1.00%	1.00%	1.00%
6	SD7 WWTP Customer Growth		16.27%	13.99%	9.58%	8.74%	8.04%	7.44%
7	General Inflation plus Growth		3.01%	3.01%	3.53%	3.53%	3.53%	3.53%
8	Salary Inflation + Furlough Removal	[c]	2.50%	6.00%	2.50%	2.50%	2.50%	2.50%
9	[Other Escalation Factor]		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	No Escalation		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Cumulative Customer Growth		0.50%	1.00%	2.01%	3.03%	4.06%	5.10%
	Fund Earnings	[c]	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Sewer System Allocation (For Excise Tax Calculations)								
	Collection Percentage [d]		4.45%	4.45%	4.45%	4.45%	4.45%	4.45%
	Treatment & Transmission Percentage		95.55%	95.55%	95.55%	95.55%	95.55%	95.55%
	Composite Tax Rate for Rate Revenues		1.60%	1.60%	1.60%	1.60%	1.60%	1.60%
	State Excise Tax		3.85%	3.85%	3.85%	3.85%	3.85%	3.85%
	State B&O Tax		1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
	City Tax		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

[a] Based on last twelve months of Consumer Price Index - All Items, Seattle Area

[b] Construction inflation factors provided by City in InflationFactor.xls, based on WSDOT index

[c] Per City

[d] As provided in last study

**City of Bainbridge Island
Sewer Utility
Assumptions**

Customer Count Assumptions		2008	2009	2010	2011	2012	2013	2014
WINSLOW AREA CUSTOMERS								
ERUs	METERED INSIDE CITY CUSTOMERS							
1,516	Single Family	1,509	1,516	1,524	1,539	1,555	1,570	1,586
	Senior	53	54	54	54	55	55	56
1,445	Multi-Family [1]	1,438	1,445	1,452	1,467	1,481	1,496	1,511
1,095	Non-Residential	218	219	220	222	224	227	229
4,056	Total:	3,218	3,234	3,250	3,282	3,315	3,348	3,382
	METERED OUTSIDE CITY CUSTOMERS							
-	Single Family	-	-	-	-	-	-	-
-	Senior	-	-	-	-	-	-	-
-	Multi-Family	-	-	-	-	-	-	-
-	Non-Residential	-	-	-	-	-	-	-
-	Total:	-	-	-	-	-	-	-
	FLAT RATE INSIDE CITY CUSTOMERS							
15	Single Family	12	12	12	13	13	13	13
2	Senior	2	2	2	2	2	2	2
	Multi-Family	-	-	-	-	-	-	-
6	Non-Residential	1	1	1	1	1	1	1
24	Total:	15	15	15	15	15	16	16
	FLAT RATE OUTSIDE CITY CUSTOMERS							
-	Single Family	-	-	-	-	-	-	-
-	Senior	-	-	-	-	-	-	-
-	Multi-Family	-	-	-	-	-	-	-
-	Non-Residential	-	-	-	-	-	-	-
-	Total:	-	-	-	-	-	-	-
	TOTAL WINSLOW AREA CUSTOMERS							
1,532	Single Family	1,521	1,529	1,536	1,552	1,567	1,583	1,599
2	Senior	55	55	55	56	57	57	58
1,445	Multi-Family	1,438	1,445	1,452	1,467	1,481	1,496	1,511
1,101	Non-Residential	219	220	221	223	225	228	230
4,080	Total:	3,233	3,249	3,265	3,298	3,331	3,364	3,398

[1] Dwelling Units

**City of Bainbridge Island
Sewer Utility
Assumptions**

SD7 WWTP CUSTOMERS	2008	2009	2010	2011	2012	2013	2014
LYNWOOD CENTER							
With Grinder Pumps	-	-	-	-	-	-	-
Without Grinder Pumps	29	37	46	54	63	71	80
Total:	29	37	46	54	63	71	80
SOUTH ISLAND LID							
With Grinder Pumps	124	132	140	149	157	165	173
Without Grinder Pumps	20	26	33	39	45	51	57
Total:	144	159	173	187	201	216	230
OUTSIDE THE LID							
With Grinder Pumps	-	-	-	-	-	-	-
Without Grinder Pumps	7	14	20	20	20	20	20
Total:	7	14	20	20	20	20	20
TOTAL SD7 WWTP CUSTOMERS							
With Grinder Pumps	124	132	140	149	157	165	173
Without Grinder Pumps	56	77	98	113	128	142	157
Total:	180	209	239	261	284	307	330
TOTAL CUSTOMER COUNT							
Single Family	1,521	1,529	1,536	1,552	1,567	1,583	1,599
Senior	55	55	55	56	57	57	58
Multi-Family	1,438	1,445	1,452	1,467	1,481	1,496	1,511
Non-Residential	219	220	221	223	225	228	230
With Grinder Pumps	124	132	140	149	157	165	173
Without Grinder Pumps	56	77	98	113	128	142	157
Grand Total:	3,413	3,458	3,504	3,559	3,615	3,671	3,728

City of Bainbridge Island Sewer Utility

Assumptions

Accounting Assumptions

	2009	2010	2011	2012	2013	2014
FISCAL POLICY RESTRICTIONS						
Min. Op. Fund Balance Target (days of O&M expense)	60	60	60	60	60	60
Max. Op. Fund Balance (days of O&M expense)	90	90	90	90	90	90

Minimum Capital Fund Balance Target

Select Minimum Capital Fund Balance Target	1	Defined as % of Plant				
1 - Defined as % of Plant						
Plant-in-Service in 2008	\$ 14,070,060					
Minimum Capital Fund Balance - % of plant assets		1.00%	1.00%	1.00%	1.00%	1.00%
2 - Amount at Right ==>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

RATE FUNDED SYSTEM REINVESTMENT

Select Reinvestment Funding Strategy	2	Equal to Annual Depreciation Expense less Annual Debt Principal Payments				
Amount of Annual Cash Funding from Rates		100%	100%	100%	100%	100%
1 - Equal to Annual Depreciation Expense						
2 - Equal to Annual Depreciation Expense less Annual Debt Principal Payments						
3 - Equal to Amount at Right ==>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4 - Do Not Fund System Reinvestment						

Capital Financing Assumptions

SYSTEM PARTICIPATION FEE (SPF) REVENUES

Select SPF Alternative	2	Calculated SPF is in use				
1 - User Input (Current Charge)	\$ 5,123					
2 - Calculated Charge	\$ 3,670					
Total Residential Customer Equivalents (Winslow Area)		4,080	4,100	4,141	4,183	4,224
System Participation Fee Revenues [e]	\$ 252,510	62,023	137,641	139,146	140,666	155,047

REVENUE BONDS

Term (years)	20	20	20	20	20	20
Interest Cost [f]	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Issuance Cost	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Revenue Bond Coverage Requirement	1.25					

PWTF LOAN

Terms	20	20	20	20	20	20
Interest Cost	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Local Match	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%

OTHER LOANS

Term (years)	20	20	20	20	20	20
Interest Cost	4.00%	4.00%	4.00%	5.00%	5.00%	5.00%
Issuance Cost	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

[e] Per City, 70% discount applied to 5 Residential Customer Equivalents per year, in years 2010-2013, to account for subsidized housing

[f] Based on current 20-year Revenue Bond interest rates

City of Bainbridge Island Sewer Utility Operating Revenue and Expenditure Forecast

Revenues		FORECAST BASIS	Budgeted 2009	Projection 2010	Projection 2011	Projection 2012	Projection 2013	Projection 2014
Rate Revenue: Winslow Area [a]	5	City Customer Growth	\$ 2,678,859	\$ 2,692,253	\$ 2,719,176	\$ 2,746,367	\$ 2,773,831	\$ 2,801,569
Rate Revenue: SD7 Cust w/ Grinder Pump		Calculated [b]	38,603	40,989	43,374	45,759	48,145	50,530
Rate Revenue: SD7 Cust w/out Grinder Pump		Calculated [b]	12,966	16,517	18,986	21,456	23,925	26,395
ULID Assessment		Calculated [c]	303,912	302,505	301,098	299,691	298,284	296,877
[Other]	10	No Escalation	-	-	-	-	-	-
TOTAL REVENUES			\$ 3,034,340	\$ 3,052,263	\$ 3,082,634	\$ 3,113,273	\$ 3,144,185	\$ 3,175,371
[a] 2009 Winslow rate revenues calculated using 2008 actuals, plus one year of customer growth and 8.15% rate increase		Budget	\$ 12,470,127					
[b] Estimated annual connections x total existing monthly charge, including District charge (\$40) and City charge		Difference	\$ (9,435,787)					
[c] Revenues used to pay PWTF debt service on South Island Sewer LID; annual revenues set equal to PWTF debt service plus an additional 0.5% for admin costs		Rate Revenues	\$ 360,342	calculated				
		Revenue Bond Proceeds	\$ 5,206,722	calculated in Capital Funding page				
		Special Assessment Bond Proceeds	\$ 333,203	shown in CIP page				
		Intergovernmental Loan Proceeds	\$ 3,111,922	shown in Capital Funding page				
		Investment Interest	\$ 75,000	shown in Tests page				
		ULID Assessment	\$ 96,088	calculated				
		System Participation Fee Revenue	\$ 252,510	shown in Assumptions page				
			\$ -					
Expenditures		FORECAST BASIS	Budgeted 2009	Projection 2010	Projection 2011	Projection 2012	Projection 2013	Projection 2014
TRAINING	1	General Cost Inflation	\$ 6,250	\$ 6,406	\$ 6,566	\$ 6,731	\$ 6,899	\$ 7,071
SALARY								
Ex Swr Sal	8	Salary Inflation + Furlough Removal	\$ 11,259	\$ 11,935	\$ 12,233	\$ 12,539	\$ 12,852	\$ 13,173
Legal Sal	8	Salary Inflation + Furlough Removal	8,717	9,240	9,471	9,708	9,950	10,199
HR Swr Sal	8	Salary Inflation + Furlough Removal	6,459	6,847	7,018	7,193	7,373	7,557
Clerk Sal	8	Salary Inflation + Furlough Removal	4,569	4,843	4,964	5,088	5,216	5,346
Salary (Finance)	8	Salary Inflation + Furlough Removal	82,082	87,007	89,182	91,412	93,697	96,039
00279 Salary (So. Isl Swr-Fin)	8	Salary Inflation + Furlough Removal	-	-	-	-	-	-
PW SE Sal (PW Admin)	8	Salary Inflation + Furlough Removal	14,821	15,710	16,103	16,506	16,918	17,341
Swr Ad Sal (PW Eng)	8	Salary Inflation + Furlough Removal	191,389	202,872	207,944	213,143	218,471	223,933
OM Swr Mx	8	Salary Inflation + Furlough Removal	201,744	213,849	219,195	224,675	230,292	236,049
00279 Salary (So. Isl Swr-O&M)	8	Salary Inflation + Furlough Removal	48,448	51,355	52,639	53,955	55,304	56,686
Swr Salary (OM)	8	Salary Inflation + Furlough Removal	215,486	228,415	234,126	239,979	245,978	252,128

City of Bainbridge Island Sewer Utility Operating Revenue and Expenditure Forecast

IT Swr Sal	8	Salary Inflation + Furlough Removal	50,256	53,271	54,603	55,968	57,367	58,802
Don't Use (Eng)	8	Salary Inflation + Furlough Removal	(539)	(571)	(586)	(600)	(615)	(631)
Subtotal - SALARY			\$ 834,691	\$ 884,772	\$ 906,892	\$ 929,564	\$ 952,803	\$ 976,623
SALARY - OVERTIME								
Salary - OT (Finance)	3	Labor Salary Inflation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
00279 OT (So. Isl Swr-Fin)	3	Labor Salary Inflation	-	-	-	-	-	-
Eng Swr OT	3	Labor Salary Inflation	-	-	-	-	-	-
Salary - OT (Eng)	3	Labor Salary Inflation	4,500	4,613	4,728	4,846	4,967	5,091
Salary - OT (OM)	3	Labor Salary Inflation	21,534	22,072	22,624	23,190	23,770	24,364
00279 Salary - OT (So. Isl Swr-OM)	3	Labor Salary Inflation	-	-	-	-	-	-
Salary - OT (OM)	3	Labor Salary Inflation	-	-	-	-	-	-
Subtotal - SALARY - OVERTIME			\$ 26,034	\$ 26,685	\$ 27,352	\$ 28,036	\$ 28,737	\$ 29,455
SALARY - TEMPORARY EMPLOYEES	3	Labor Salary Inflation	\$ 5,000	\$ 5,125	\$ 5,253	\$ 5,384	\$ 5,519	\$ 5,657
STAFF SEPARATION BUYOUTS	3	Labor Salary Inflation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BENEFITS								
Ex Swr Ben	4	Labor Benefits Inflation	\$ 2,224	\$ 2,335	\$ 2,452	\$ 2,575	\$ 2,703	\$ 2,838
Legal Ben	4	Labor Benefits Inflation	2,008	2,108	2,214	2,325	2,441	2,563
HR Swr Ben	4	Labor Benefits Inflation	793	833	874	918	964	1,012
Clerk Ben	4	Labor Benefits Inflation	1,503	1,578	1,657	1,740	1,827	1,918
Benefit (Finance)	4	Labor Benefits Inflation	32,427	34,048	35,751	37,538	39,415	41,386
00279 Benefit (So. Isl Swr-Fin)	4	Labor Benefits Inflation	-	-	-	-	-	-
PW SE Bene (PW Admin)	4	Labor Benefits Inflation	16,947	17,794	18,684	19,618	20,599	21,629
SWR AD Ben (PW Eng)	4	Labor Benefits Inflation	41,434	43,506	45,681	47,965	50,363	52,881
Benefit (OM)	4	Labor Benefits Inflation	175,264	184,027	193,229	202,890	213,034	223,686
00279 Benefit (So. Isl Swr-OM)	4	Labor Benefits Inflation	-	-	-	-	-	-
Swr Bene (OM)	4	Labor Benefits Inflation	141	148	155	163	171	180
IT Swr Ben	4	Labor Benefits Inflation	16,735	17,572	18,450	19,373	20,341	21,359
Unempl Pay	4	Labor Benefits Inflation	-	-	-	-	-	-
Don't Use (Eng)	4	Labor Benefits Inflation	(199)	(209)	(219)	(230)	(242)	(254)
Subtotal - BENEFITS			\$ 289,277	\$ 303,741	\$ 318,928	\$ 334,874	\$ 351,618	\$ 369,199
STAFF SEPARATION BUYOUTS	3	Labor Salary Inflation	\$ 367	\$ 376	\$ 386	\$ 395	\$ 405	\$ 415
SUPPLIES								
Swr AD Sup	1	General Cost Inflation	\$ 6,000	\$ 6,150	\$ 6,304	\$ 6,461	\$ 6,623	\$ 6,788
Office Sup	1	General Cost Inflation	100,000	102,500	105,063	107,689	110,381	113,141
00279 Supplies (So. Isl Swr)	1	General Cost Inflation	2,500	2,563	2,627	2,692	2,760	2,829

City of Bainbridge Island Sewer Utility

Operating Revenue and Expenditure Forecast

Subtotal - SUPPLIES			\$	108,500	\$	111,213	\$	113,993	\$	116,843	\$	119,764	\$	122,758
FUEL CONSUMED	1	General Cost Inflation	\$	36,700	\$	37,618	\$	38,558	\$	39,522	\$	40,510	\$	41,523
PROFESSIONAL SERVICES														
Swr P S	1	General Cost Inflation	\$	6,500	\$	6,663	\$	6,829	\$	7,000	\$	7,175	\$	7,354
00279 Prof Svcs (So. Isl Swr)	1	General Cost Inflation		-		-		-		-		-		-
00343 Swr Syspln	1	General Cost Inflation		145,000		148,625		152,341		156,149		160,053		164,054
Prof Svcs	1	General Cost Inflation		10,000		10,250		10,506		10,769		11,038		11,314
00260 Prof Svcs(Bio solids soil sampling)	1	General Cost Inflation		2,000		2,050		2,101		2,154		2,208		2,263
00279 Prof Svcs (So. Isl Swr)	1	General Cost Inflation		1,000		1,025		1,051		1,077		1,104		1,131
00391 LAB-Swr	1	General Cost Inflation		10,000		10,250		10,506		10,769		11,038		11,314
00393 Locateswr	1	General Cost Inflation		1,000		1,025		1,051		1,077		1,104		1,131
Subtotal - PROFESSIONAL SERVICES			\$	175,500	\$	179,888	\$	184,385	\$	188,994	\$	193,719	\$	198,562
PROFESSIONAL SERVICES-CARRYOVER	1	General Cost Inflation	\$	17,992	\$	18,442	\$	18,903	\$	19,375	\$	19,860	\$	20,356
TELEPHONE/FAX	1	General Cost Inflation	\$	31,526	\$	32,314	\$	33,122	\$	33,950	\$	34,799	\$	35,669
TRAVEL EXPENSE	1	General Cost Inflation	\$	100	\$	103	\$	105	\$	108	\$	110	\$	113
ADVERTISING	1	General Cost Inflation	\$	200	\$	205	\$	210	\$	215	\$	221	\$	226
RENTS & LEASES - OPERATING	10	No Escalation	\$	3,850	\$	3,850	\$	3,850	\$	3,850	\$	3,850	\$	3,850
RENTS - INTERFUND	10	No Escalation	\$	100,000	\$	100,000	\$	100,000	\$	100,000	\$	100,000	\$	100,000
INSURANCE	1	General Cost Inflation	\$	24,964	\$	25,588	\$	26,228	\$	26,883	\$	27,556	\$	28,244
UTILITIES														
Electric	1	General Cost Inflation	\$	110,000	\$	112,750	\$	115,569	\$	118,458	\$	121,419	\$	124,455
Water/Sewer	1	General Cost Inflation	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Disposal	1	General Cost Inflation	\$	12,900	\$	13,223	\$	13,553	\$	13,892	\$	14,239	\$	14,595
Garbage	1	General Cost Inflation		-		-		-		-		-		-
Subtotal - UTILITIES			\$	122,900	\$	125,973	\$	129,122	\$	132,350	\$	135,659	\$	139,050
REPAIRS														
Rpr MTC	1	General Cost Inflation	\$	83,921	\$	86,019	\$	88,170	\$	90,374	\$	92,633	\$	94,949
00279 Repair (So. Isl Swr)	1	General Cost Inflation		20,000		20,500		21,013		21,538		22,076		22,628
00395 Mtrmnt-Swr	1	General Cost Inflation		-		-		-		-		-		-
00396 Elec-Swr	1	General Cost Inflation		-		-		-		-		-		-
Subtotal - REPAIRS			\$	103,921	\$	106,519	\$	109,182	\$	111,912	\$	114,709	\$	117,577
DUES, SUBSCRIPTIONS & MEMBERSH	1	General Cost Inflation	\$	22,322	\$	22,880	\$	23,452	\$	24,038	\$	24,639	\$	25,255
PERMITS - COBI OR OUTSIDE AGENCY	1	General Cost Inflation	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
INTERGVMNTL PROFESSIONAL SERV														
00013 SIS-Recrdg	1	General Cost Inflation	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

City of Bainbridge Island Sewer Utility Operating Revenue and Expenditure Forecast

00279 SD#7 Chrg	1	General Cost Inflation	-	-	-	-	-	-	-
Swr IG Svc	1	General Cost Inflation	5,000	5,125	5,253	5,384	5,519	5,657	5,657
Subtotal - INTERGVMNTL PROFESSIONAL SERV			\$ 5,000	\$ 5,125	\$ 5,253	\$ 5,384	\$ 5,519	\$ 5,657	\$ 5,657
EXTRNL TAXES & OPERATING ASSMT		<i>Excise and B&O Tax Rate [d]</i>	\$ 47,602	\$ 45,055	\$ 46,699	\$ 47,236	\$ 47,777	\$ 48,516	\$ 48,516
INTERFUND TAXES & OPER ASSESS		<i>City Utility Tax Rate [d]</i>	\$ 163,826	\$ 164,986	\$ 166,892	\$ 168,815	\$ 170,754	\$ 172,710	\$ 172,710
Total Cash O&M Expenditures			\$ 2,126,522	\$ 2,206,861	\$ 2,265,330	\$ 2,324,460	\$ 2,385,426	\$ 2,448,487	\$ 2,448,487
		S/D #7 Chg Difference	\$ 120,000	<i>Omitted from Analysis</i>					
			\$ 12,586,359						
			\$ (10,339,837)						
		Debt Service	\$ 1,003,000	<i>Included in Existing Debt Worksheet</i>					
		Taxes	\$ 58,657	<i>Budget vs. Calculated</i>					
		Capital Outlay	\$ 9,278,180						
			\$ -						
Grinder Pump Maintenance		<i>Calculated [e]</i>	\$ 6,608	\$ 7,017	\$ 7,425	\$ 7,833	\$ 8,242	\$ 8,650	\$ 8,650
Grinder Pump Replacement Funding		<i>Calculated [f]</i>	\$ 22,028	\$ 23,389	\$ 24,750	\$ 26,111	\$ 27,472	\$ 28,833	\$ 28,833
		<i>Percent Funded</i>	100%	100%	100%	100%	100%	100%	100%
Depreciation Expense in 2008 [g]			\$ 461,436						
Depreciation Expense		<i>Last year's plus annual additions from CIP</i>	\$ 461,436	\$ 682,807	\$ 887,906	\$ 899,766	\$ 927,385	\$ 935,885	\$ 935,885
		<i>less: Annual Debt Principal (excluding So. Isl Swr Debt)</i>	(543,791)	(868,684)	(885,689)	(908,233)	(926,343)	(960,042)	(960,042)
		<i>System Reinvestment Funding Level</i>	\$ -	\$ -	\$ 2,217	\$ -	\$ 1,042	\$ -	\$ -

[c] Estimated annual connections (180 in 2009) x total District charge of \$40 per month per connection

[d] Excludes SD7 WWTP customer revenues

[e] Maintenance cost estimated at \$50 per grinder pump

[f] Per City staff, replacement cost estimated at \$2500 cost per grinder pump, divided by useful life of 15 years x estimated connections

City of Bainbridge Island
Sewer Utility
Existing Debt Input

Existing Debt Service - Revenue Bonds	2009	2010	2011	2012	2013	2014
REVENUE BOND 1						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
REVENUE BOND 2						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
REVENUE BOND 3						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
REVENUE BOND 4						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
REVENUE BOND 5						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt Reserve for Debt Service	-	-	-	-	-	-
TOTAL REVENUE BONDS						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
Annual Debt Reserve Target on Existing Revenue Bonds	-	-	-	-	-	-

City of Bainbridge Island
Sewer Utility
Existing Debt Input

Existing Debt Service - PWTF Loans	2009	2010	2011	2012	2013	2014
PWTF - South Island Sewer Project (PW-04-691-002)						
Annual Interest Payment	\$ 22,400	\$ 21,000	\$ 19,600	\$ 18,200	\$ 16,800	\$ 15,400
Annual Principal Payment	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>
Total Annual Payment	\$ 302,400	\$ 301,000	\$ 299,600	\$ 298,200	\$ 296,800	\$ 295,400
PWTF - Wwtp Upgrade (PW-04-691-PRE-108)						
Annual Interest Payment	\$ 1,687	\$ 1,582	\$ 1,476	\$ 1,371	\$ 1,265	\$ 1,160
Annual Principal Payment	<u>21,088</u>	<u>21,088</u>	<u>21,088</u>	<u>21,088</u>	<u>21,088</u>	<u>21,088</u>
Total Annual Payment	\$ 22,775	\$ 22,669	\$ 22,564	\$ 22,458	\$ 22,353	\$ 22,247
PWTF - Wwtp Upgrade (PW-05-691-002)						
Annual Interest Payment	\$ 13,162	\$ 15,816	\$ 14,828	\$ 13,839	\$ 12,851	\$ 11,862
Annual Principal Payment	<u>197,702</u>	<u>197,702</u>	<u>197,702</u>	<u>197,702</u>	<u>197,702</u>	<u>197,702</u>
Total Annual Payment	\$ 210,863	\$ 213,518	\$ 212,530	\$ 211,541	\$ 210,552	\$ 209,564
PWTF - Wwtp (PWTF-06-962-004)						
Annual Interest Payment	\$ 11,090	\$ 15,991	\$ 15,050	\$ 14,109	\$ 13,169	\$ 12,228
Annual Principal Payment	<u>188,126</u>	<u>188,126</u>	<u>188,126</u>	<u>188,126</u>	<u>188,126</u>	<u>188,126</u>
Total Annual Payment	\$ 199,216	\$ 204,117	\$ 203,177	\$ 202,236	\$ 201,295	\$ 200,355
PWTF LOAN 5						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL PWTF LOANS						
Annual Interest Payment	\$ 48,338	\$ 54,388	\$ 50,954	\$ 47,519	\$ 44,085	\$ 40,650
Annual Principal Payment	<u>686,916</u>	<u>686,916</u>	<u>686,916</u>	<u>686,916</u>	<u>686,916</u>	<u>686,916</u>
Total Annual Payment	\$ 735,254	\$ 741,304	\$ 737,870	\$ 734,435	\$ 731,000	\$ 727,566

City of Bainbridge Island
Sewer Utility
Existing Debt Input

Existing Debt Service - Other Loans [a]

2009 2010 2011 2012 2013 2014

[a] Enter payments for other loans and revenue-supported G.O. issues only. Tax-supported bonds are assumed to be accounted for in the General Fund and do not in

LTGO Refunding Bonds, 1995

Annual Interest Payment	\$ 6,019	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	<u>116,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Annual Payment	\$ 122,894	\$ -	\$ -	\$ -	\$ -	\$ -

LTGO Refunding Bonds, 1998

Annual Interest Payment	\$ 46,897	\$ 46,058	\$ 37,770	\$ 29,170	\$ 20,035	\$ 10,575
Annual Principal Payment	<u>20,000</u>	<u>195,000</u>	<u>200,000</u>	<u>210,000</u>	<u>215,000</u>	<u>235,000</u>
Total Annual Payment	\$ 66,897	\$ 241,058	\$ 237,770	\$ 239,170	\$ 235,035	\$ 245,575

OTHER LOAN 3

Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

OTHER LOAN 4

Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

OTHER LOAN 5

Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOTAL OTHER LOANS

Annual Interest Payment	\$ 52,916	\$ 46,058	\$ 37,770	\$ 29,170	\$ 20,035	\$ 10,575
Annual Principal Payment	<u>136,875</u>	<u>195,000</u>	<u>200,000</u>	<u>210,000</u>	<u>215,000</u>	<u>235,000</u>
Total Annual Payment	\$ 189,791	\$ 241,058	\$ 237,770	\$ 239,170	\$ 235,035	\$ 245,575

City of Bainbridge Island
Sewer Utility
Capital Improvement Program

Project Costs and O&M Impacts in Year: **2009**

(Project costs are escalated using Construction Cost Inflation assumptions)

No	Description	Current Day Cost	Year of Construction Cost	Year	Life in Years	Area	For SPF Calculation		Specific Funding Source 1-Enterprise Fund, 2-Outside Sources	Upgrade / Expansion	R&R	
							% Upgrade / Expansion	% R&R				
1	2008 Carryover - Horizon View Sewer LID Construction	15,000	15,000	2009	50	1	100%	0%	1	Enterprise Fund	\$ 15,000	\$ -
2	2008 Carryover - Pt. Monroe and Lafayette Sewer LID	107,928	107,928	2009	50	7	100%	0%	1	Enterprise Fund	107,928	-
3	2008 Carryover - From O&M budget	33,000	33,000	2009	50	1	0%	100%	2	Outside Sources	-	33,000
4	2008 Carryover - From O&M budget	4,863	4,863	2009	50	1	0%	100%	1	Enterprise Fund	-	4,863
5	2008 Carryover - Winslow Way	50,000	50,000	2009	50	1	20%	80%	1	Enterprise Fund	10,000	40,000
6	2008 Carryover - Capital Equipment	25,000	25,000	2009	25	1	0%	100%	1	Enterprise Fund	-	25,000
7										Select Source	-	-
8										Select Source	-	-
9	San. Sewer - Treatment Plant Upgrade - Construction	4,473,722	4,473,722	2009	30	1	80%	20%	1	Enterprise Fund	3,578,978	894,744
10	San. Sewer - Treatment Plant Upgrade - Construction	1,046,924	1,132,965	2010	30	1	80%	20%	1	Enterprise Fund	837,539	209,385
11	San. Sewer - Treatment Plant Upgrade - Construction	904,500	904,500	2009	30	1	80%	20%	1	Enterprise Fund	723,600	180,900
12	San. Sewer - Treatment Plant Upgrade - Construction	167,162	180,900	2010	30	1	80%	20%	1	Enterprise Fund	133,729	33,432
13	San. Sewer - Treatment Plant Upgrade - Construction	182,250	182,250	2009	30	1	80%	20%	1	Enterprise Fund	145,800	36,450
14	San. Sewer - Treatment Plant Upgrade - Construction	164,690	178,225	2010	30	1	80%	20%	1	Enterprise Fund	131,752	32,938
15										Select Source	-	-
16	San. Sewer - Pt. Monroe and Lafayette Sewer LID	333,203	333,203	2009	50	7	100%	0%	2	Outside Sources	333,203	-
17	San. Sewer - Pt. Monroe and Lafayette Sewer LID	4,248,105	4,597,234	2010	50	7	100%	0%	2	Outside Sources	4,248,105	-
18	San. Sewer - Pt. Monroe and Lafayette Sewer LID	425,000	425,000	2009	50	7	100%	0%	2	Outside Sources	425,000	-
19										Select Source	-	-
20	San. Sewer - Collection System Upgrades	121,343	121,343	2009	50	1	10%	90%	1	Enterprise Fund	12,134	109,209
21	San. Sewer - Collection System Upgrades	125,676	136,005	2010	50	1	10%	90%	1	Enterprise Fund	12,568	113,109
22	San. Sewer - Collection System Upgrades	128,780	123,816	2011	50	1	10%	90%	1	Enterprise Fund	12,878	115,902
23	San. Sewer - Collection System Upgrades	133,113	136,180	2012	50	1	10%	90%	1	Enterprise Fund	13,311	119,802
24	San. Sewer - Collection System Upgrades	136,216	148,202	2013	50	1	10%	90%	1	Enterprise Fund	13,622	122,595
25	San. Sewer - Collection System Upgrades	140,550	162,519	2014	50	1	10%	90%	1	Enterprise Fund	14,055	126,495
26										Select Source	-	-
27	San. Sewer - Lift Station Upgrade - Village	116,980	112,471	2011	20	1	10%	90%	1	Enterprise Fund	11,698	105,282
28	San. Sewer - Lift Station Upgrade - Village	386,149	395,045	2012	20	1	10%	90%	1	Enterprise Fund	38,615	347,534
29										Select Source	-	-
30	Transportation - Winslow Way Reconstruction (SR305 to Grow)	314,793	314,793	2009	50	1	20%	80%	1	Enterprise Fund	62,959	251,834
31	Transportation - Winslow Way Reconstruction (SR305 to Grow)	1,923,451	2,081,529	2010	50	1	20%	80%	1	Enterprise Fund	384,690	1,538,761
32										Select Source	-	-
33	Transportation - Wyatt Way NM & Road Imp. Phase 4 (Grow to Madison)	3,249	3,535	2013	50	1	20%	80%	1	Enterprise Fund	650	2,599
34	Transportation - Wyatt Way NM & Road Imp. Phase 4 (Grow to Madison)	90,984	105,206	2014	50	1	20%	80%	1	Enterprise Fund	18,197	72,788

City of Bainbridge Island
Sewer Utility
Capital Improvement Program

Project Costs and O&M Impacts in Year: **2009**

(Project costs are escalated using Construction Cost Inflation assumptions)

No	Description	Current Day Cost	Year of Construction Cost	Year	Life in Years	Area	For SPF Calculation		Specific Funding Source 1-Enterprise Fund, 2-Outside Sources	Upgrade / Expansion	R&R
							% Upgrade / Expansion	% R&R			
35									Select Source	-	-
36	Cap Equip - Capital Equipment Replacement Annual Program - Fee	323,921	350,542	2010	25	1	10%	90%	1 Enterprise Fund	32,392	291,529
37									Select Source	-	-
38	Cap Equip - Generator Sound Attenuation Annual Program	27,932	30,228	2010	20	1	5%	95%	1 Enterprise Fund	1,397	26,536
39	Cap Equip - Generator Sound Attenuation Annual Program	22,345	22,860	2012	20	1	5%	95%	1 Enterprise Fund	1,117	21,228
40	Cap Equip - Generator Sound Attenuation Annual Program	22,345	24,311	2013	20	1	5%	95%	1 Enterprise Fund	1,117	21,228
41	Cap Equip - Generator Sound Attenuation Annual Program	22,345	25,838	2014	20	1	5%	95%	1 Enterprise Fund	1,117	21,228
42									Select Source	-	-
43	Water - Water & Sewer Telemetry Upgrade Program	29,407	29,407	2009	10	2	5%	95%	1 Enterprise Fund	1,470	27,937
44	Water - Water & Sewer Telemetry Upgrade Program	36,760	39,781	2010	10	2	5%	95%	1 Enterprise Fund	1,838	34,922
45	Water - Water & Sewer Telemetry Upgrade Program	36,760	35,343	2011	10	2	5%	95%	1 Enterprise Fund	1,838	34,922
46	Water - Water & Sewer Telemetry Upgrade Program	36,760	37,607	2012	10	2	5%	95%	1 Enterprise Fund	1,838	34,922
47	Water - Water & Sewer Telemetry Upgrade Program	36,760	39,994	2013	10	2	5%	95%	1 Enterprise Fund	1,838	34,922
48	Water - Water & Sewer Telemetry Upgrade Program	36,760	42,506	2014	10	2	5%	95%	1 Enterprise Fund	1,838	34,922
49									Select Source	-	-
50									Select Source	-	-
51									Select Source	-	-
52									Select Source	-	-
53									Select Source	-	-
54									Select Source	-	-
55									Select Source	-	-
56									Select Source	-	-
57									Select Source	-	-
Total Capital Projects		\$ 16,434,727	\$ 17,162,851				69%	31%		\$ 11,333,811	\$ 5,100,915
Total Upgrade/Expansion Projects											
Total R&R Projects											
Projects by Grants / Developer Donations										5,006,308	33,000
Projects by Enterprise Fund										6,327,503	5,067,915

Treatment Projects (2009/2010)
 Total Project (2009/2010)
 Treatment @ of Total

\$ 7,052,562
\$ 15,747,418
44.8%

**City of Bainbridge Island
Sewer Utility
Capital Improvement Program**

Project Costs and O&M Impacts in Year:		2009		(Project costs are escalated using Construction Cost Inflation assumptions)						
No	Description	Current Day Cost	Year of Construction Cost	Year	Life in Years	Area	For SPF Calculation		Specific 1-Enterp	TOTAL ESCALATED COSTS
							% Upgrade / Expansion	% R&R		
1	2008 Carryover - Horizon View Sewer LID Construction	15,000	15,000	2009	50	1	100%	0%	1	\$ 15,000
2	2008 Carryover - Pt. Monroe and Lafayette Sewer LID	107,928	107,928	2009	50	7	100%	0%	1	\$ 107,928
3	2008 Carryover - From O&M budget	33,000	33,000	2009	50	1	0%	100%	2	\$ 33,000
4	2008 Carryover - From O&M budget	4,863	4,863	2009	50	1	0%	100%	1	\$ 4,863
5	2008 Carryover - Winslow Way	50,000	50,000	2009	50	1	20%	80%	1	\$ 50,000
6	2008 Carryover - Capital Equipment	25,000	25,000	2009	25	1	0%	100%	1	\$ 25,000
7										\$ -
8										\$ -
9	San. Sewer - Treatment Plant Upgrade - Construction	4,473,722	4,473,722	2009	30	1	80%	20%	1	\$ 4,473,722
10	San. Sewer - Treatment Plant Upgrade - Construction	1,046,924	1,132,965	2010	30	1	80%	20%	1	\$ 1,132,965
11	San. Sewer - Treatment Plant Upgrade - Construction	904,500	904,500	2009	30	1	80%	20%	1	\$ 904,500
12	San. Sewer - Treatment Plant Upgrade - Construction	167,162	180,900	2010	30	1	80%	20%	1	\$ 180,900
13	San. Sewer - Treatment Plant Upgrade - Construction	182,250	182,250	2009	30	1	80%	20%	1	\$ 182,250
14	San. Sewer - Treatment Plant Upgrade - Construction	164,690	178,225	2010	30	1	80%	20%	1	\$ 178,225
15										\$ -
16	San. Sewer - Pt. Monroe and Lafayette Sewer LID	333,203	333,203	2009	50	7	100%	0%	2	\$ 333,203
17	San. Sewer - Pt. Monroe and Lafayette Sewer LID	4,248,105	4,597,234	2010	50	7	100%	0%	2	\$ 4,597,234
18	San. Sewer - Pt. Monroe and Lafayette Sewer LID	425,000	425,000	2009	50	7	100%	0%	2	\$ 425,000
19										\$ -
20	San. Sewer - Collection System Upgrades	121,343	121,343	2009	50	1	10%	90%	1	\$ 121,343
21	San. Sewer - Collection System Upgrades	125,676	136,005	2010	50	1	10%	90%	1	\$ 136,005
22	San. Sewer - Collection System Upgrades	128,780	123,816	2011	50	1	10%	90%	1	\$ 123,816
23	San. Sewer - Collection System Upgrades	133,113	136,180	2012	50	1	10%	90%	1	\$ 136,180
24	San. Sewer - Collection System Upgrades	136,216	148,202	2013	50	1	10%	90%	1	\$ 148,202
25	San. Sewer - Collection System Upgrades	140,550	162,519	2014	50	1	10%	90%	1	\$ 162,519
26										\$ -
27	San. Sewer - Lift Station Upgrade - Village	116,980	112,471	2011	20	1	10%	90%	1	\$ 112,471
28	San. Sewer - Lift Station Upgrade - Village	386,149	395,045	2012	20	1	10%	90%	1	\$ 395,045
29										\$ -
30	Transportation - Winslow Way Reconstruction (SR305 to Grow)	314,793	314,793	2009	50	1	20%	80%	1	\$ 314,793
31	Transportation - Winslow Way Reconstruction (SR305 to Grow)	1,923,451	2,081,529	2010	50	1	20%	80%	1	\$ 2,081,529
32										\$ -
33	Transportation - Wyatt Way NM & Road Imp. Phase 4 (Grow to Madison)	3,249	3,535	2013	50	1	20%	80%	1	\$ 3,535
34	Transportation - Wyatt Way NM & Road Imp. Phase 4 (Grow to Madison)	90,984	105,206	2014	50	1	20%	80%	1	\$ 105,206

**City of Bainbridge Island
Sewer Utility
Capital Improvement Program**

		Project Costs and O&M Impacts in Year: 2009		(Project costs are escalated using Construction Cost Inflation assumptions)						
No	Description	Current Day Cost	Year of Construction Cost	Year	Life in Years	Area	For SPF Calculation		Specifici 1-Enterpr	TOTAL ESCALATED COSTS
							% Upgrade / Expansion	% R&R		
35										\$ -
36	Cap Equip - Capital Equipment Replacement Annual Program - Fee	323,921	350,542	2010	25	1	10%	90%	1	\$ 350,542
37										\$ -
38	Cap Equip - Generator Sound Attenuation Annual Program	27,932	30,228	2010	20	1	5%	95%	1	\$ 30,228
39	Cap Equip - Generator Sound Attenuation Annual Program	22,345	22,860	2012	20	1	5%	95%	1	\$ 22,860
40	Cap Equip - Generator Sound Attenuation Annual Program	22,345	24,311	2013	20	1	5%	95%	1	\$ 24,311
41	Cap Equip - Generator Sound Attenuation Annual Program	22,345	25,838	2014	20	1	5%	95%	1	\$ 25,838
42										\$ -
43	Water - Water & Sewer Telemetry Upgrade Program	29,407	29,407	2009	10	2	5%	95%	1	\$ 29,407
44	Water - Water & Sewer Telemetry Upgrade Program	36,760	39,781	2010	10	2	5%	95%	1	\$ 39,781
45	Water - Water & Sewer Telemetry Upgrade Program	36,760	35,343	2011	10	2	5%	95%	1	\$ 35,343
46	Water - Water & Sewer Telemetry Upgrade Program	36,760	37,607	2012	10	2	5%	95%	1	\$ 37,607
47	Water - Water & Sewer Telemetry Upgrade Program	36,760	39,994	2013	10	2	5%	95%	1	\$ 39,994
48	Water - Water & Sewer Telemetry Upgrade Program	36,760	42,506	2014	10	2	5%	95%	1	\$ 42,506
49										\$ -
50										\$ -
51										\$ -
52										\$ -
53										\$ -
54										\$ -
55										\$ -
56										\$ -
57										\$ -
Total Capital Projects		\$ 16,434,727	\$ 17,162,851				69%	31%		\$ 17,162,851
Total Upgrade/Expansion Projects										11,816,433
Total R&R Projects										5,346,418
Projects by Grants / Developer Donations										5,388,437
Projects by Enterprise Fund										11,774,414

Treatment Projects (2009/2010)
Total Project (2009/2010)
Treatment @ of Total

\$ 7,052,562
\$ 15,747,418
44.8%

City of Bainbridge Island

Sewer Utility

Capital Funding Analysis

Summary of Expenditures	2009	2010	2011	2012	2013	2014
CAPITAL PROJECTS						
Improvement Upgrades & Expansions	\$ 5,416,072	\$ 6,259,367	\$ 25,396	\$ 56,146	\$ 18,742	\$ 40,710
Repairs and Replacements	1,603,937	2,468,042	246,234	535,546	197,300	295,359
TOTAL CAPITAL EXPENDITURES	\$ 7,020,009	\$ 8,727,409	\$ 271,630	\$ 591,692	\$ 216,042	\$ 336,069

Capital Financing Plan	2009	2010	2011	2012	2013	2014
Project Specific Grants / Developer Donations	\$ 791,203	\$ 4,597,234	\$ -	\$ -	\$ -	\$ -
Project to be Funded	6,228,806	4,130,175	271,630	591,692	216,042	336,069
OTHER FUNDING SOURCES [NOTE A]						
Other Outside Sources [a]	\$ 3,111,922	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Loan from Water Utility [b]	3,000,000					
PWTF Loan Proceeds			-	-	-	-
Other Loan Proceeds			-	-	-	-
Capital Fund Balance	116,884	-	271,630	591,692	216,042	336,069
Revenue Bond Proceeds [Note B]	-	4,130,175	-	-	-	-
Rates	-	-	-	-	-	-
Total	\$ 6,228,806	\$ 4,130,175	\$ 271,630	\$ 591,692	\$ 216,042	\$ 336,069
TOTAL CAPITAL RESOURCES	\$ 7,020,009	\$ 8,727,409	\$ 271,630	\$ 591,692	\$ 216,042	\$ 336,069

Info: Capital Contingency Deficit

[a] 2009 draws taken on existing PWTF loans, as shown in City's 2009 budget. Existing debt service already incorporates these additional draws

[b] To be repaid in 2010 (see Funds sheet)

NOTE A: SELECTION OF RESIDUAL CAPITAL FUNDING SOURCE

Select the Residual Funding Source Revenue Bond Proceeds

1 - Revenue Bond Proceeds

2 - Rates

NOTE B: USER INPUT FOR REVENUE BOND PROCEEDS

Select Amount of Bond Proceeds User Defined

1 - Amounts at Right ==>

\$ - \$ 7,600,000 \$ - \$ - \$ - \$ -

2 - Calculated by the Model

**City of Bainbridge Island
Sewer Utility
Capital Funding Analysis**

New Debt Computations	2009	2010	2011	2012	2013	2014
REVENUE BONDS						
Amount to Fund	\$ -	\$ 7,600,000	\$ -	\$ -	\$ -	\$ -
Issuance Costs	-	125,534	-	-	-	-
Reserve Required	-	643,369	-	-	-	-
Amount of Debt Issue	\$ -	\$ 8,368,902	\$ -	\$ -	\$ -	\$ -
OTHER LOANS						
Amount to Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance Costs	-	-	-	-	-	-
Amount of Debt Issue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF LOAN						
Amount to Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Summary						
	2009	2010	2011	2012	2013	2014
EXISTING DEBT SERVICE						
Annual Interest Payments	\$ 101,254	\$ 100,446	\$ 88,724	\$ 76,689	\$ 64,120	\$ 51,225
Annual Principal Payments	<u>823,791</u>	<u>881,916</u>	<u>886,916</u>	<u>896,916</u>	<u>901,916</u>	<u>921,916</u>
Total Debt Service Payments	\$ 925,045	\$ 982,362	\$ 975,640	\$ 973,605	\$ 966,035	\$ 973,141
Revenue Bond Payments Only	-	-	-	-	-	-
NEW DEBT SERVICE						
Annual Interest Payments	\$ -	\$ 376,601	\$ 364,596	\$ 352,051	\$ 338,942	\$ 325,243
Annual Principal Payments	-	<u>266,768</u>	<u>278,773</u>	<u>291,318</u>	<u>304,427</u>	<u>318,126</u>
Total Debt Service Payments	\$ -	\$ 643,369	\$ 643,369	\$ 643,369	\$ 643,369	\$ 643,369
Revenue Bond Payments Only	-	643,369	643,369	643,369	643,369	643,369
TOTAL DEBT SERVICE PAYMENTS	\$ 925,045	\$ 1,625,731	\$ 1,619,009	\$ 1,616,974	\$ 1,609,404	\$ 1,616,510
Total Interest Payments	101,254	477,047	453,320	428,741	403,062	376,468
Total Principal Payments	823,791	1,148,684	1,165,689	1,188,233	1,206,343	1,240,042
Total Revenue Bond Payments Only	-	643,369	643,369	643,369	643,369	643,369

**City of Bainbridge Island
Sewer Utility
Revenue Requirements Analysis**

Cash Flow Sufficiency Test (Before Increases)	2009	2010	2011	2012	2013	2014
EXPENSES						
Cash Operating Expenses	\$ 2,126,522	\$ 2,206,861	\$ 2,265,330	\$ 2,324,460	\$ 2,385,426	\$ 2,448,487
Existing Debt Service	925,045	982,362	975,640	973,605	966,035	973,141
New Debt Service	-	643,369	643,369	643,369	643,369	643,369
Rate-Funded CIP	-	-	-	-	-	-
Rate Funded System Reinvestment	-	-	-	-	-	-
SD7 Rate-Funded Grinder Pump Replacement / Maintenance	28,636	30,406	32,175	33,944	35,714	37,483
Additions to Operating Reserves	-	-	-	-	-	-
Total Expenses	\$ 3,080,203	\$ 3,862,998	\$ 3,916,514	\$ 3,975,379	\$ 4,030,545	\$ 4,102,481
REVENUES						
Rate Revenue	\$ 2,730,428	\$ 2,749,758	\$ 2,781,536	\$ 2,813,582	\$ 2,845,901	\$ 2,878,494
Other Revenue	303,912	302,505	301,098	299,691	298,284	296,877
Operating Fund & Debt Reserve Fund Interest Earnings	16,400	15,811	22,937	22,937	22,937	22,937
Total Revenue	\$ 3,050,740	\$ 3,068,074	\$ 3,105,571	\$ 3,136,210	\$ 3,167,122	\$ 3,198,308
USE OF OPERATING RESERVES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET CASH FLOW (DEFICIENCY)	\$ (29,463)	\$ (794,924)	\$ (810,943)	\$ (839,168)	\$ (863,423)	\$ (904,173)

Coverage Sufficiency Test (Before Increases)	2009	2010	2011	2012	2013	2014
EXPENSES						
Cash Operating Expenses, less Utility taxes	\$ 1,962,696	\$ 2,041,876	\$ 2,098,438	\$ 2,155,645	\$ 2,214,672	\$ 2,275,778
Revenue Bond Debt Service	-	643,369	643,369	643,369	643,369	643,369
Revenue Bond Coverage Requirement at 1.25	-	160,842	160,842	160,842	160,842	160,842
Total Expenses	\$ 1,962,696	\$ 2,846,087	\$ 2,902,649	\$ 2,959,856	\$ 3,018,884	\$ 3,079,989
ALLOWABLE REVENUES						
Rate Revenue	\$ 2,730,428	\$ 2,749,758	\$ 2,781,536	\$ 2,813,582	\$ 2,845,901	\$ 2,878,494
Other Revenue	303,912	302,505	301,098	299,691	298,284	296,877
SPF Revenues	252,510	62,023	137,641	139,146	140,666	155,047
Interest Earnings - All Funds	23,820	26,092	48,302	46,129	37,542	36,327
Total Revenue	\$ 3,310,670	\$ 3,140,379	\$ 3,268,577	\$ 3,298,549	\$ 3,322,393	\$ 3,366,745
Coverage Realized	n/a	1.71	1.82	1.78	1.72	1.70
COVERAGE SURPLUS (DEFICIENCY)	\$ 1,347,974	\$ 294,292	\$ 365,928	\$ 338,693	\$ 303,510	\$ 286,756

**City of Bainbridge Island
Sewer Utility
Revenue Requirements Analysis**

Maximum Revenue Deficiency	2009	2010	2011	2012	2013	2014
Sufficiency Test Driving the Deficiency	Cash	Cash	Cash	Cash	Cash	Cash
Maximum Deficiency From Tests	\$ 29,463	\$ 794,924	\$ 810,943	\$ 839,168	\$ 863,423	\$ 904,173
less: Net Revenue From Prior Rate Increases	-	-	(804,110)	(820,286)	(848,808)	(873,312)
Revenue Deficiency	\$ 29,463	\$ 794,924	\$ 6,833	\$ 18,882	\$ 14,616	\$ 30,861
Plus: Adjustment for Taxes	2,425	65,427	562	1,554	1,203	2,540
Total Revenue Deficiency	\$ 31,888	\$ 860,350	\$ 7,396	\$ 20,436	\$ 15,818	\$ 33,401

Rate Increases	2009	2010	2011	2012	2013	2014
Rate Revenue with no Increase	\$ 2,730,428	\$ 2,749,758	\$ 2,781,536	\$ 2,813,582	\$ 2,845,901	\$ 2,878,494
Revenues from Prior Rate Increases	-	-	870,293	887,800	918,669	945,190
Rate Revenue Before Rate Increase (Incl. previous increases)	2,730,428	2,749,758	3,651,828	3,701,383	3,764,570	3,823,684
Required Annual Rate Increase	1.17%	31.29%	0.20%	0.55%	0.42%	0.87%
Number of Months New Rates Will Be In Effect	12	12	12	12	12	12
Info: Percentage Increase to Generate Required Revenue	1.17%	31.29%	0.20%	0.55%	0.42%	0.87%
Policy Induced Rate Increases	0.00%					
ANNUAL RATE INCREASE	0.00%	31.29%	0.20%	0.55%	0.42%	0.87%
CUMULATIVE RATE INCREASE	0.00%	31.29%	31.55%	32.28%	32.84%	34.00%

Impacts of Rate Increases	2009	2010	2011	2012	2013	2014
Rate Revenues After Rate Increase	\$ 2,730,428	\$ 3,610,108	\$ 3,659,224	\$ 3,721,819	\$ 3,780,389	\$ 3,857,085
Full Year Rate Revenues After Rate Increase	2,730,428	3,610,108	3,659,224	3,721,819	3,780,389	3,857,085
Additional Taxes Due to Rate Increases	-	65,427	66,745	69,068	71,065	74,419
Net Cash Flow After Rate Increase	(29,463)	(0)	(0)	(0)	(0)	(0)
Coverage After Rate Increase	n/a	2.85	2.87	2.86	2.85	2.86

**City of Bainbridge Island
Sewer Utility
Fund Activity**

Funds	2009	2010	2011	2012	2013	2014
OPERATING FUND						
Beginning Balance [a]	\$ 820,000	\$ 790,537	\$ 503,476	\$ 503,476	\$ 503,476	\$ 503,476
plus: Net Cash Flow after Rate Increase	(29,463)	(0)	(0)	(0)	(0)	(0)
less: Transfer of Surplus to Capital Fund	-	(287,061)	-	-	-	-
Ending Balance	\$ 790,537	\$ 503,476	\$ 503,476	\$ 503,476	\$ 503,476	\$ 503,476
<i>Minimum Target Balance</i>	322,635	335,651	344,949	354,353	364,056	374,100
<i>Maximum Funds to be Kept as Operating Reserves</i>	483,952	503,476	517,423	531,529	546,084	561,151
<i>Info: No of Days of Cash Operating Expenses</i>	147	90	88	85	83	81
CAPITAL FUND						
Beginning Balance [a]	\$ 371,015	\$ 514,061	\$ 1,268,252	\$ 1,159,628	\$ 730,275	\$ 669,504
plus: Rate Funded System Reinvestment	-	-	-	-	-	-
plus: Grants / Developer Donations / Other Outside Sources	3,903,125	4,597,234	-	-	-	-
plus: Capital Facilities Charges	252,510	62,023	137,641	139,146	140,666	155,047
plus: Net Debt Proceeds Available for Projects	-	7,600,000	-	-	-	-
plus: Interest Earnings	7,420	10,281	25,365	23,193	14,605	13,390
plus: Transfer of Surplus from Operating Fund	-	287,061	-	-	-	-
plus: Direct Rate Funding	-	-	-	-	-	-
plus: Interfund Loan / (Repayment) from Water Utility [b]	3,000,000	(3,075,000)	-	-	-	-
less: Capital Expenditures	(7,020,009)	(8,727,409)	(271,630)	(591,692)	(216,042)	(336,069)
Ending Balance	\$ 514,061	\$ 1,268,252	\$ 1,159,628	\$ 730,275	\$ 669,504	\$ 501,873
<i>Minimum Target Balance</i>	\$ 140,701	\$ 210,901	\$ 298,175	\$ 300,891	\$ 306,808	\$ 308,968

DEBT RESERVE

Beginning Balance	\$ -	\$ -	\$ 643,369	\$ 643,369	\$ 643,369	\$ 643,369
plus: Reserve Funding from New Debt	-	643,369	-	-	-	-
less: Use of Reserves for Debt Service	-	-	-	-	-	-
Ending Balance	\$ -	\$ 643,369	\$ 643,369	\$ 643,369	\$ 643,369	\$ 643,369
<i>Minimum Target Balance</i>	-	-	-	-	-	-

[a] 2009 beginning cash balance (\$1,191,015) provided by Karl Shaw in email dated 4.8.09. Allocated first to operating fund, remainder given to capital fund.

[b] Per City, assumed interest of 2.5% for one year

COMBINED FUNDS

Beginning Balance	\$ 1,191,015	\$ 1,304,599	\$ 2,415,097	\$ 2,306,473	\$ 1,877,120	\$ 1,816,350
plus: Fund Additions	7,133,593	10,124,968	163,006	162,339	155,272	168,437
less: Fund Uses	<u>(7,020,009)</u>	<u>(9,014,470)</u>	<u>(271,630)</u>	<u>(591,692)</u>	<u>(216,042)</u>	<u>(336,069)</u>
Ending Balance	\$ 1,304,599	\$ 2,415,097	\$ 2,306,473	\$ 1,877,120	\$ 1,816,350	\$ 1,648,718

City of Bainbridge Island
Sewer Utility
Plant-in-Service

Assets as of Year End	2008
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No	Fn Code	Area Code	Description	Year Purchased	Original Cost	Allocation to Utility	Allocated Original Cost	Allocated CIAC	Applicable Asset Age	Applicable Interest Rate	Allocable Interest Cost
			Total Contributions-in-Aid (CIAC)		\$ (1,585,088)	100%		\$ (1,585,088)			
1			LAND								
2	3	1	Sewer Treatment Plant	1952	1,500	100%	1,500	(169)	10.00	2.37%	316
3	4	1	Unknown	1973	30,975	100%	30,975	(3,490)	10.00	5.38%	14,799
4	2	1	Pumping Stations	1974	413,250	100%	413,250	-	10.00	6.44%	266,234
5	4	1	Property Easements	1977	10,000	100%	10,000	-	10.00	5.91%	5,915
6	2	1	Pumping Stations	1977	60	100%	60	(7)	10.00	5.91%	31
7	2	1	Pumping Stations	1990	5,711	100%	5,711	(643)	10.00	7.50%	3,801
8	4	2	Puget Sound Mtg and Escrow-PW yard Land-27.5%	1999	343,397	100%	343,397	-	9.00	5.70%	176,163
9	4	2	Brandt Property/Madrone Lane Water & Sewer easement (50%) Purch	2003	7,500	100%	7,500	(845)	5.00	5.15%	1,714
10	4	1	Casella Short Plat (Builder Donated)	2006	2,806	100%	2,806	(316)	2.00	4.99%	249
11	4	1	Casella Short Plat (Builder Donated)	2007	2,100	100%	2,100	-	1.00	4.64%	97
12						100%	-	-	N/A	N/A	N/A
13			PLANT & INFRASTRUCTURE			100%	-	-	N/A	N/A	N/A
14	4	1	Old Treatment Plant and System	1952	52,423	100%	52,423	(5,906)	10.00	2.37%	11,034
15	4	1	LID #3a & E	1978	238,018	100%	238,018	(26,814)	10.00	6.35%	134,212
16	4	1	LID #3a & E	1979	704,957	100%	704,957	(79,418)	10.00	6.81%	426,091
17	4	1	LID #4	1979	295,551	100%	295,551	(33,296)	10.00	6.81%	178,638
18	3	1	Upper Hawley Lift Station	1959	40,350	100%	40,350	(4,546)	10.00	3.63%	12,997
19	3	1	Wastewater Sewer Treatment Plant	1976	135,266	100%	135,266	-	10.00	6.95%	93,956
20	3	1	Wastewater Sewer Treatment Plant	1977	1,373,265	100%	1,373,265	-	10.00	5.91%	812,247
21	3	1	Wastewater Sewer Treatment Plant Upgrade	1995	2,348,200	100%	2,348,200	(264,541)	10.00	6.20%	1,291,869
22	3	1	Wastewater Sewer Treatment Plant Upgrade	1996	144,723	100%	144,723	(16,304)	10.00	6.00%	77,051
23	1	1	LID 13 High School Road-Sewer Portion	1993	165,025	100%	165,025	(18,591)	10.00	5.80%	84,931
24	1	1	LID 15 Alder Avenue-Sewer Portion	1991	12,041	100%	12,041	(1,356)	10.00	7.10%	7,586
25	1	1	LID 15 Alder Avenue-Sewer Portion	1995	34,910	100%	34,910	(3,933)	10.00	6.20%	19,206
26	1	1	LID 15 Alder Avenue-Sewer Portion	1997	16,539	100%	16,539	(1,863)	10.00	5.80%	8,512
27	1	1	Madison Avenue Sewer Rehabilitation via Insituform	1990	134,852	100%	134,852	(15,192)	10.00	7.50%	89,745
28	1	1	Navy Housing-Gov't Way Sewer Main Construction	1997	6,928	100%	6,928	(780)	10.00	5.80%	3,566
29	1	1	High School Road Wtr/Trms-Sewer Portion	1996	13,008	100%	13,008	(1,465)	10.00	6.00%	6,926
30	1	1	High School Road Wtr/Trms-Sewer Portion	1998	27,093	100%	27,093	(3,052)	10.00	5.30%	12,741

City of Bainbridge Island
Sewer Utility
Plant-in-Service

Assets as of Year End	2008
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No	Fn Code	Area Code	Description	Year Purchased	Original Cost	Allocation to Utility	Allocated Original Cost	Allocated CIAC	Applicable Asset Age	Applicable Interest Rate	Allocable Interest Cost
31	1	5	Lynwood Center Sewer District #7	1998	772,702	100%	772,702	(87,050)	10.00	5.30%	363,395
32	2	5	Lynwood Center WW Pump Station	1997	3,243	100%	3,243	(365)	10.00	5.80%	1,669
33	2	5	Lynwood Center WW Pump Station	1998	8,085	100%	8,085	(911)	10.00	5.30%	3,802
34	2	1	Winslow Boat Launch Pumpout Facility	1991	3,500	100%	3,500	(394)	10.00	7.10%	2,205
35	2	1	Winslow Boat Launch Pumpout Facility	1992	1,160	100%	1,160	(131)	10.00	6.60%	679
36	2	1	Winslow Boat Launch Pumpout Facility	1994	55,463	100%	55,463	(6,248)	10.00	6.50%	31,989
37	2	1	Eagle/Irene Place Sanitary Sewer	2000	6,870	100%	6,870	(774)	8.00	6.00%	2,926
38	2	1	Eagle/Irene Place Sanitary Sewer	2001	68,688	100%	68,688	(7,738)	7.00	5.50%	23,466
39	1	1	Lower Madison Brien Bjune Reconstruction	1995	13,949	100%	13,949	(1,571)	10.00	6.20%	7,674
40	1	1	Lower Madison Brien Bjune Reconstruction	1996	12,910	100%	12,910	(1,454)	10.00	6.00%	6,873
41	1	1	Lower Madison Brien Bjune Reconstruction	1997	25,359	100%	25,359	(2,857)	10.00	5.80%	13,051
42	1	1	Lower Madison Brien Bjune Reconstruction	1998	14,146	100%	14,146	(1,594)	10.00	5.30%	6,653
43	1	1	Lower Madison Brien Bjune Reconstruction	1999	91,092	100%	91,092	(10,262)	9.00	5.70%	41,466
44	1	1	Sewer Pipe (Historical Cost of Total Linear Feet)	2003	2,628,691	100%	2,628,691	(296,140)	5.00	5.15%	600,632
45	1	1	Winslow Way/Madrone Lane Side Sewer Connection Install	2003	4,730	100%	4,730	(533)	5.00	5.15%	1,081
46	1	1	Ericksen Avenue Water Main - PR 147	2003	70,255	100%	70,255	(7,915)	5.00	5.15%	16,053
47	1	1	Sewer Pipe (\$ Cost of Total Linear Feet)	2004	50,268	100%	50,268	(5,663)	4.00	5.09%	9,082
48	1	1	Sunday Cove Forcemain/Waterline Extension	2004	69,239	100%	69,239	(7,800)	4.00	5.09%	12,509
49	3	1	WWTP Effluent Pump Upgrade	2004	619,293	100%	619,293	(69,768)	4.00	5.09%	111,883
50	1	1	Ericksen Avenue Improvements	2004	68,605	100%	68,605	(7,729)	4.00	5.09%	12,394
51	1	1	Casella Short Plat - Builder Donated Land	2006	6,450	100%	6,450	(727)	2.00	4.99%	571
52	1	6	South Island Sewer - LID 20	2006	5,888,755	100%	5,888,755	(663,408)	2.00	4.99%	521,469
53	1	6	South Island Sewer - LID 21	2006	147,344	100%	147,344	(16,599)	2.00	4.99%	13,048
54	2	1	Winery Hydromatic Pump	2006	16,097	100%	16,097	(1,813)	2.00	4.99%	1,425
55	1	6	South Island Sewer - LID 20	2007	97,426	100%	97,426	(10,976)	1.00	4.64%	4,010
56	1	6	South Island Sewer - LID 21	2007	4,443	100%	4,443	(501)	1.00	4.64%	183
57	1	1	Sunday Cove Forcemain/Waterline Extension	2007	331,983	100%	331,983	(37,400)	1.00	4.64%	13,663
58	4	4	Telemetry Master Relocation	2007	180,809	100%	180,809	(20,369)	1.00	4.64%	7,441
59	1	1	Infiltration & Inflow Reduction	2007	21,449	100%	21,449	(2,416)	1.00	4.64%	883
60	2	1	Village Lift Station Genset Replace	2007	34,216	100%	34,216	(3,855)	1.00	4.64%	1,408
61	1	1	Alliance	2007	8,900	100%	8,900	(1,003)	1.00	4.64%	366

City of Bainbridge Island
Sewer Utility
Plant-in-Service

Assets as of Year End	2008
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No	Fn Code	Area Code	Description	Year Purchased	Original Cost	Allocation to Utility	Allocated Original Cost	Allocated CIAC	Applicable Asset Age	Applicable Interest Rate	Allocable Interest Cost
62	1	1	Cassella Short Plat	2007	6,450	100%	6,450	(727)	1.00	4.64%	265
63	1	1	Madison Sq. North	2007	7,685	100%	7,685	(866)	1.00	4.64%	316
64	1	1	Pierce Corner	2007	27,125	100%	27,125	(3,056)	1.00	4.64%	1,116
65	1	1	Wyatt Way Eagle/Weaver NM PR 00057 (part Street, Sewer, SSWM)	2007	1,916	100%	1,916	(216)	1.00	4.64%	79
66	1	1	Wyatt Way, Madison - Gov't	2007	5,325	100%	5,325	(600)	1.00	4.64%	219
67	4	6	SIS LID 20 assessment AR reduction to Asset	2007	(5,220,626)	100%	(5,220,626)	588,139	1.00	4.64%	(214,858)
68	1	1	South Island Sewer - LID 20 - Proj 00013	2008	3,362	100%	3,362	(379)	0.00	5.26%	-
69	1	1	Horizon View Sewer - LID 21 - Proj 00069	2008	2,815	100%	2,815	(317)	0.00	5.26%	-
70	3	3	WWTP Effluent Pump Upgrade - PR 00190	2008	469,295	100%	469,295	(52,869)	0.00	5.26%	-
71	1	1	Winslow Way Improvement (WT) - PR 00041	2008	65,580	100%	65,580	(7,388)	0.00	5.26%	-
72	3	3	Land Acq-WWTP Construction & Staging - PR 00229	2008	3,070	100%	3,070	(346)	0.00	5.26%	-
73	1	1	FT Ward Hill Realignment - PR 00098	2008	36,402	100%	36,402	(4,101)	0.00	5.26%	-
74	1	1	Fort Ward Hill Road Geo Study - PR 00264	2008	823	100%	823	(93)	0.00	5.26%	-
75	1	1	Wyatt Way Madison - Govt Way - PR 00055	2008	40,158	100%	40,158	(4,524)	0.00	5.26%	-
76	1	1	Wyatt Way Ph 6 - PR 00223	2008	2,200	100%	2,200	(248)	0.00	5.26%	-
77	1	1	Wing Pt. Sewer Repair - PR 00334	2008	4,704	100%	4,704	(530)	0.00	5.26%	-
78						100%	-	-	N/A	N/A	N/A
79			EQUIPMENT			100%	-	-	N/A	N/A	N/A
80	4	4	Telemetry	1993	104,718	100%	104,718	(11,797)	10.00	5.80%	53,894
81	4	4	1992 Sludge Truck	1992	80,203	100%	80,203	(9,035)	10.00	6.60%	46,971
82	4	4	1988 Chevy Cheyenne Pickup	1993	9,000	100%	9,000	(1,014)	10.00	5.80%	4,632
83	4	4	Generator	1993	6,000	100%	6,000	(676)	10.00	5.80%	3,088
84	4	4	Generator	1994	6,000	100%	6,000	(676)	10.00	6.50%	3,461
85	4	4	Generator	1995	6,000	100%	6,000	(676)	10.00	6.20%	3,301
86	4	4	2 Generators	1996	12,000	100%	12,000	(1,352)	10.00	6.00%	6,389
87	4	4	1997 Chevy 1/2 Ton PU	1997	19,809	100%	19,809	(2,232)	10.00	5.80%	10,195
88	4	4	55 KW Industrial Generator	1997	25,065	100%	25,065	(2,824)	10.00	5.80%	12,900
89	4	4	Generator	1998	18,239	100%	18,239	(2,055)	10.00	5.30%	8,578
90	4	4	Chopper Pump	1998	6,761	100%	6,761	(762)	10.00	5.30%	3,180
91	4	4	1999 GMC/Gruman Routestar Van	1999	17,960	100%	17,960	(2,023)	9.00	5.70%	8,176
92	4	4	Sewer Inspection System	2000	29,755	100%	29,755	(3,352)	8.00	6.00%	12,673
93	4	4	Chevy Silverado	2001	23,223	100%	23,223	(2,616)	7.00	5.50%	7,934
94	4	4	Generator & Trailer	2002	33,303	100%	33,303	(3,752)	6.00	5.22%	9,256
95	4	4	Roto screen & bearings	2002	3,590	100%	3,590	(404)	6.00	5.22%	998
96	4	4	Generator Upgrade	2008	7,398	100%	7,398	(833)	5.00	5.15%	1,690

**City of Bainbridge Island
Sewer Utility
Plant-in-Service**

Assets as of Year End	2008
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No	Fn Code	Area Code	Description	Year Purchased	Original Cost	Allocation to Utility	Allocated Original Cost	Allocated CIAC	Applicable Asset Age	Applicable Interest Rate	Allocable Interest Cost
			Total		\$ 14,070,060	\$ (1,328,537)	\$ 5,611,661	\$ 18,353,184			

Summary by Function

Function Code	DESCRIPTION	ORIGINAL COST	LESS CIAC	PLUS INTEREST	TOTAL COST
1	Collection	\$ 10,943,636	\$ (1,232,875)	\$ 1,880,265	\$ 11,591,026
2	Lift Stations	616,343	(22,880)	339,637	933,101
3	Treatment	5,134,962	(408,542)	2,400,319	7,126,739
4	General Plant	(2,624,881)	335,760	991,440	(1,297,681)
5	Customer	-	-	-	-
	Total	\$ 14,070,060	\$ (1,328,537)	\$ 5,611,661	\$ 18,353,184

Treatment % of Total Plant

36.5%

	Plant-in-Service	Capital (2009/10)	Total
Treatment:	\$ 5,134,962	7,052,562	\$ 12,187,524
Other:	8,935,098	8,694,856	17,629,954
Total:	\$ 14,070,060	15,747,418	\$ 29,817,478
Treatment as % of Total:	36.5%	44.8%	40.9%

City of Bainbridge Island

Sewer Utility

System Participation Fee

Existing Cost Basis		Notes
PLANT-IN-SERVICE		
Utility Capital Assets	\$ 14,070,060	Original cost of plant-in-service as of 2008, less LID Assets
less: Assets Serving SD7 Customers Only	(1,701,372)	Original cost of plant-in-service as of 2008
less: Contributed Capital	(1,585,088)	CIAC, Grants, and other contributed capital
plus: Construction Work-in-Progress [a]	8,929,019	Year-end 2008 CWP
plus: Interest on Non-Contributed Plant	4,918,943	Interest on assets up to a maximum 10-year period
Existing Cash Balances	\$ 1,191,015	Beginning cash balances for year 2009
less: Debt Principal Outstanding [b]	(12,756,482)	Principal outstanding on existing debt for plant-in-service
less: Net Debt Principal Outstanding	(11,565,467)	Debt principal outstanding, net of cash reserves
TOTAL EXISTING COST BASIS	\$ 13,066,095	
Future Cost Basis		
CAPITAL IMPROVEMENT PLAN		
Total Future Projects	\$ 16,434,727	Total projects identified in the 6-year CIP
less: Identified Repair & Replacement Projects	(5,100,915)	Not eligible for recovery through SPF
less: Assessment-Funded Future Projects	(5,006,308)	Not eligible for recovery through SPF
TOTAL FUTURE COST BASIS	\$ 6,327,503	
Customer Base		ERU
Existing Equivalent Residential Units		4,100
Future Equivalent Residential Units (Incremental)		1,184
TOTAL CUSTOMER BASE		5,284
Resulting Charge		Notes
Existing Cost Basis	\$ 13,066,095	
Future Cost Basis	6,327,503	
Total Cost Basis	\$ 19,393,598	
Total Customer Base	5,284	
TOTAL CHARGE PER EQUIVALENT RESIDENTIAL UNIT	\$ 3,670	Maximum Allowable SPF per ERU [c]
	\$ 2,277	MFR
Current Charge	\$ 5,123	per ERU
	\$ 3,178	MFR

[a] Year End 2008 balance, as provided in UtilFA-2008 DONE.xls, UB CIP tab

[b] Principal balance as of year end 2007. Includes balance from 1995 LT General Obligation Refunding Bond (Water Share: 42.5%), plus principal balances from PWTF loans

Year End 2008 balances:

PW-06-962-004	\$ 3,386,275.02
PW-05-691-002	3,360,931.58
PW-04-691-PRE-108	337,400.00
PW-04-691-002	4,480,000.00
\$9.9M LTGO Bonds, 1998	1,075,000.00
\$2.4M LTGO Refunding Bonds, 1995	<u>116,875.00</u>
	\$ 12,756,482

[c] Applies to Winslow Service Area only

City of Bainbridge Island Sewer Utility SD7 WWTP Customer Cost Allocation

As % Treatment of Total Plant +CIP	40.87%			
Total O&M	\$ 2,237,267			
Less: Grinder Pump Mtce	(7,017)			
Less: Grinder Pump R&R	<u>(23,389)</u>			
Net Total O&M	\$ 2,206,861			
Winslow Only @ % of Trmt to Total Plant +CIP	\$ 902,027			
Common to All		\$ 1,304,834		
Incremental to Grinder Pumps			\$	30,406
Common to All				
ERU Basis		4,339		
Unit Cost - \$/Month			\$	25.06
Incremental to Grinder Pumps				
ERU Basis				140
Unit Cost - \$/Month			\$	18.06

City of Bainbridge Island

Sewer Utility

Rate Summary

Opt B - Recommended

Customer Class	Existing 2009		Proposed Service Area Cost of Service Rates			
	Fixed Charge \$ per acct [1]	Volume Charge \$ per ccf [2]	2010		2011	
			Fixed Charge \$ per acct [1]	Volume Charge \$ per ccf [2]	Fixed Charge \$ per acct [1]	Volume Charge \$ per ccf [2]
Winslow Customers			30.30%		0.20%	
<u>Metered Rate</u>						
Single Family	\$ 30.42	\$ 5.19	\$ 39.64	\$ 6.76	\$ 39.72	\$ 6.78
Senior	15.21	2.60	19.82	3.39	19.86	3.39
Multi-Family	26.64	5.19	34.71	6.76	34.78	6.78
Non-Residential	88.13	5.19	114.83	6.76	115.06	6.78
<u>Flat Rate</u>						
Single Family	\$ 85.36		\$ 111.22		\$ 111.45	
Senior	42.68		55.61		55.72	
Non-Residential	92.22		120.16		120.40	
SD7 WWTP Customers [3]				% increase		% increase
With Grinder Pumps	\$ 64.34		\$ 83.12	29.18%	\$ 83.29	0.20%
Without Grinder Pumps	54.01		65.06	20.46%	65.19	0.20%

[1] Multi-family fixed charge is applied per living unit

[2] Residential sewer volumes based on actual water usage in non-summer months and winter average water usage in summer months; Non-residential volumes based on actual annual water usage

[3] Includes SD7 Treatment Charge (\$40) and City rate component

SD7 Treatment Charge	\$ 40.00	\$ 40.00	\$ 40.00
City Collection Charge	14.01	25.06	25.19
	\$ 54.01	\$ 65.06	\$ 65.19
	1.35	1.63	1.63

WORK AREA

Winslow Area COS Rates	2010	2011
Total Rate Revenue at Existing Rates	\$ 2,749,758	\$ 2,781,536
less: SD7 WWTP Customer Rate Revenue at Existing Rates	(57,505)	(62,360)
Net Revenue at Existing Rates from Winslow Customers	\$ 2,692,253	\$ 2,719,176
Total Rate Revenue Requirement	\$ 3,610,108	\$ 3,659,224
less: SD7 WWTP Customer COS Rate Revenue	(102,155)	(119,959)
Net Revenue Requirement from Winslow Customers	\$ 3,507,954	\$ 3,539,265
Cumulative Additional Rate Revenue Required from Winslow Customers	\$ 815,700	\$ 820,089
less: Winslow Customer Revenue from Previous Increases	-	(823,857)
Net Additional Rate Revenue Required from Winslow Customers	\$ 815,700	\$ (3,768)
Winslow Area Required COS Cumulative Rate Increase	30.30%	30.16%
Winslow Area Required COS Annual Rate Increase	30.30%	-0.11%
	2.09%	
	2.83%	

Proposed Service Area Cost of Service Rates					
2012		2013		2014	
Fixed Charge \$ per acct [1]	Volume Charge \$ per ccf [2]	Fixed Charge \$ per acct [1]	Volume Charge \$ per ccf [2]	Fixed Charge \$ per acct [1]	Volume Charge \$ per ccf [2]
0.55%		0.42%		0.87%	
\$ 39.94	\$ 6.81	\$ 40.10	\$ 6.84	\$ 40.27	\$ 6.87
19.97	3.41	20.05	3.43	20.14	3.44
34.97	6.81	35.12	6.84	35.27	6.87
115.70	6.81	116.19	6.84	116.67	6.87
\$ 112.06		\$ 112.53		\$ 113.01	
56.03		56.27		56.50	
121.07		121.58		122.09	

	% increase		% increase		% increase
\$ 83.75	0.55%	\$ 84.10	0.42%	\$ 84.83	0.87%
65.55	0.55%	65.83	0.42%	66.40	0.87%

\$ 40.00	\$ 40.00	\$ 40.00
25.55	25.83	26.40
\$ 65.55	\$ 65.83	\$ 66.40
1.64	1.65	1.66

2012	2013	2014
\$ 2,813,582	\$ 2,845,901	\$ 2,906,510
(67,215)	(72,070)	(76,925)
\$ 2,746,367	\$ 2,773,831	\$ 2,829,585
\$ 3,721,819	\$ 3,780,389	\$ 3,857,085
(138,958)	(140,207)	(142,815)
\$ 3,582,861	\$ 3,640,182	\$ 3,714,270
\$ 836,494	\$ 866,351	\$ 884,685
(828,290)	(844,859)	(883,764)
\$ 8,204	\$ 21,491	\$ 921
30.46%	31.23%	31.27%
0.23%	0.59%	0.02%

City of Bainbridge Island

Sewer Utility

Sample Bills

Opt B - Recommended

Customer Class	No. of Units	Billed Volume (ccf)	Existing Rates	2010	Increase (\$)	Increase (%)
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Winslow Service Area Customers

Residential	1	3	\$ 45.99	\$ 59.92	\$ 13.93	30.30%
	1	6.7	65.19	84.95	19.75	30.30%
	1	10	82.32	107.26	24.94	30.30%
	1	15	108.27	141.07	32.80	30.30%
Multi-Family	2	9	\$ 99.99	\$ 130.29	\$ 30.30	30.30%
	4	15	184.41	240.28	55.87	30.30%
	10	30	422.10	549.99	127.89	30.30%
	30	65	1,136.55	1,480.90	344.35	30.30%
Non-Residential	1	15	\$ 165.98	\$ 216.27	\$ 50.29	30.30%
	1	25	217.88	283.89	66.01	30.30%
	1	65	425.48	554.39	128.91	30.30%
	1	100	607.13	791.08	183.95	30.30%

Kitsap County Sewer District #7 Treatment Plant Customers [a]

With Grinder Pumps	1	n/a	\$ 64.34	\$ 83.12	\$ 18.78	29.18%
Without Grinder Pumps	1	n/a	\$ 54.01	\$ 65.06	\$ 11.05	20.46%

[a] Includes SD7 WWTP charge of \$40.00

APPENDIX C

City of Bainbridge Island SSWM Rate Analysis

Assumptions

Economic & Financial Factors			2009	2010	2011	2012	2013	2014
1	General Cost Inflation	[a]	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
2	Construction Cost Inflation	[b]	8.22%	-11.16%	6.41%	6.35%	6.28%	6.20%
	Cumulative Construction Cost Inflation		8.22%	-3.85%	2.30%	8.80%	15.63%	22.80%
3	Labor Salary Inflation	[c]	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
4	Labor Benefits Inflation	[c]	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
5	City Customer Growth	[c]	0.50%	0.50%	1.00%	1.00%	2.00%	2.00%
6	General Inflation plus Growth		3.01%	3.01%	3.53%	3.53%	4.55%	4.55%
7	Salary Inflation + Furlough Removal	[c]	2.50%	6.00%	2.50%	2.50%	2.50%	2.50%
8	[Other Escalation Factor]		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	No Escalation		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Cumulative Customer Growth		0.50%	1.00%	2.01%	3.03%	5.09%	7.20%
	Fund Earnings	[c]	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	State B&O Tax		1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
	City Tax		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

[a] Based on last twelve months of Consumer Price Index - All Items, Seattle Area

[b] Construction inflation factors provided by City in InflationFactor.xls, based on WSDOT index

[c] Per City

**City of Bainbridge Island
SSWM Rate Analysis
Assumptions**

Customer Count Assumptions		2009	2010	2011	2012	2013	2014
Single Family Equivalents (SFE)							
BI							
Single Family		8,793	8,837	8,925	9,015	9,195	9,379
Non-Residential		3,735	3,754	3,791	3,829	3,906	3,984
<i>Total:</i>		12,528	12,591	12,717	12,844	13,101	13,363
BS - Seniors							
Single Family		266	267	270	273	278	284
Non-Residential		3	3	3	3	3	3
<i>Total:</i>		269	270	273	276	281	287
Roads	<input checked="" type="checkbox"/> Include						
Centerline miles converted to SFEs		6,367	6,367	6,367	6,367	6,367	6,367
<i>Total:</i>		6,367	6,367	6,367	6,367	6,367	6,367
	<input type="checkbox"/> Include						
TOTAL CUSTOMER COUNT							
Single Family		9,059	9,104	9,195	9,287	9,473	9,662
Non-Residential		3,738	3,757	3,794	3,832	3,909	3,987
Roads		6,367	6,367	6,367	6,367	6,367	6,367
Parks & Public Schools		-	-	-	-	-	-
<i>Total:</i>		19,164	19,228	19,357	19,486	19,749	20,017
TOTAL CUSTOMER COUNT							
Single Family		9,059	9,104	9,195	9,287	9,473	9,662
Non-Residential		3,738	3,757	3,794	3,832	3,909	3,987
Roads		6,367	6,367	6,367	6,367	6,367	6,367
Parks & Public Schools		-	-	-	-	-	-
<i>Grand Total:</i>		19,164	19,228	19,357	19,486	19,749	20,017

City of Bainbridge Island SSWM Rate Analysis

Assumptions

Accounting Assumptions	2009	2010	2011	2012	2013	2014
FISCAL POLICY RESTRICTIONS						
Min. Op. Fund Balance Target (days of O&M expense)	45	60	60	60	60	60
Max. Op. Fund Balance (days of O&M expense)	60	90	90	90	90	90
Minimum Capital Fund Balance Target						
Select Minimum Capital Fund Balance Target	1	Defined as % of Plant				
1 - Defined as % of Plant						
Plant-in-Service in 2008	\$ 11,772,475					
Minimum Capital Fund Balance - % of plant assets	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
2 - Amount at Right ==>						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RATE FUNDED SYSTEM REINVESTMENT						
Select Reinvestment Funding Strategy	2	Equal to Annual Depreciation Expense less Annual Debt Principal Payments				
Amount of Annual Cash Funding from Rates						
1 - Equal to Annual Depreciation Expense	100%	100%	100%	100%	100%	100%
2 - Equal to Annual Depreciation Expense less Annual Debt Principal Payments						
3 - Equal to Amount at Right ==>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4 - Do Not Fund System Reinvestment						

City of Bainbridge Island
SSWM Rate Analysis
Assumptions

Capital Financing Assumptions

	2009	2010	2011	2012	2013	2014
REVENUE BONDS						
Term (years)	20	20	20	20	20	20
Interest Cost [c]	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Issuance Cost	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Revenue Bond Coverage Requirement	1.25					
PWTF LOAN						
Terms	20	20	20	20	20	20
Interest Cost	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Local Match	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
OTHER LOANS						
Term (years)	20	20	20	20	20	20
Interest Cost	4.00%	4.00%	4.00%	5.00%	5.00%	5.00%
Issuance Cost	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

[c] Based on current Revenue Bond interest rates

City of Bainbridge Island

SSWM Rate Analysis

Operating Revenue and Expenditure Forecast

Revenues	FORECAST BASIS	Budget 2009	Projection 2010	Projection 2011	Projection 2012	Projection 2013	Projection 2014
Rate revenues [a] [b]	5 City Customer Growth	\$ 2,274,894	\$ 2,286,269	\$ 2,309,131	\$ 2,332,223	\$ 2,378,867	\$ 2,426,444
Connections & All Others	9 No Escalation	-	-	-	-	-	-
Grant monies [c]	9 No Escalation	98,800	42,200	-	-	-	-
Transfer from General Fund	Input	-	-	-	-	-	-
TOTAL REVENUES		\$ 2,373,694	\$ 2,328,469	\$ 2,309,131	\$ 2,332,223	\$ 2,378,867	\$ 2,426,444
[a] 2009 projection calculated using 2008 actual rate revenues plus one year of customer growth and 3.4% rate increase	Budget	\$ 2,272,947					
[b] Includes revenues from "Streets Charges"	Difference	\$ 100,747					
[c] Includes DOE grant in 2009 (\$50,000) for system mapping / NPDES requirements, and Health District grant (\$91,000 total, in years 2009 and 2010)	Revenue Difference	\$ (88,178)					
	Grant	15,000		To be used for cap expenditures in 2010			
	Grant	(48,800)		Per City, Health District grant expected in 2009 for op expenditures			
	Investment Interest	21,231		Shown in Tests page			
		\$ -					

Operating & Maintenance Expenditures	FORECAST BASIS	Budget 2009	Projection 2010	Projection 2011	Projection 2012	Projection 2013	Projection 2014
Training	1 General Cost Inflation	\$ 3,850	\$ 3,946	\$ 4,045	\$ 4,146	\$ 4,250	\$ 4,356
Salary							
Salary	7 Salary Inflation + Furlough Removal	\$ 11,413	\$ 12,098	\$ 12,400	\$ 12,710	\$ 13,028	\$ 13,354
Legal Sal	7 Salary Inflation + Furlough Removal	8,717	9,240	9,471	9,708	9,950	10,199
HR SWM Sal	7 Salary Inflation + Furlough Removal	3,229	3,423	3,508	3,596	3,686	3,778
Clerk Sal	7 Salary Inflation + Furlough Removal	4,569	4,843	4,964	5,088	5,216	5,346
Salary	7 Salary Inflation + Furlough Removal	33,440	35,446	36,333	37,241	38,172	39,126
HRBRM - Salary	7 Salary Inflation + Furlough Removal	2,294	2,432	2,492	2,555	2,619	2,684
Salary	7 Salary Inflation + Furlough Removal	6,340	6,720	6,888	7,061	7,237	7,418
Salary	7 Salary Inflation + Furlough Removal	5,293	5,611	5,751	5,895	6,042	6,193
COD DSAL	7 Salary Inflation + Furlough Removal	6,680	7,081	7,258	7,439	7,625	7,816
PW SW SAL	7 Salary Inflation + Furlough Removal	17,731	18,795	19,265	19,746	20,240	20,746
00176 Decant SAL	7 Salary Inflation + Furlough Removal	-	-	-	-	-	-
ENG SAL	7 Salary Inflation + Furlough Removal	128,505	136,215	139,621	143,111	146,689	150,356
00031 NonCap SAL	7 Salary Inflation + Furlough Removal	-	-	-	-	-	-
Salary	7 Salary Inflation + Furlough Removal	85,137	90,245	92,501	94,814	97,184	99,614
Salary	7 Salary Inflation + Furlough Removal	90,085	95,490	97,877	100,324	102,832	105,403
00344 NPDES Sal	7 Salary Inflation + Furlough Removal	-	-	-	-	-	-
OM SWM MX	7 Salary Inflation + Furlough Removal	344,569	365,243	374,374	383,734	393,327	403,160

City of Bainbridge Island

SSWM Rate Analysis

Operating Revenue and Expenditure Forecast

00176 Decant SAL	7	Salary Inflation + Furlough Removal	51,457	54,544	55,908	57,306	58,738	60,207
IT SWM Sal	7	Salary Inflation + Furlough Removal	37,063	39,287	40,269	41,276	42,308	43,365
Subtotal: Salary			836,522	886,713	908,881	931,603	954,893	978,766
Salary - Overtime								
Salary - OT	3	Labor Salary Inflation	-	-	-	-	-	-
CP SSWM OT	3	Labor Salary Inflation	-	-	-	-	-	-
LR SSWM OT	3	Labor Salary Inflation	-	-	-	-	-	-
CODESSWMOT	3	Labor Salary Inflation	-	-	-	-	-	-
PW SSWM OT	3	Labor Salary Inflation	-	-	-	-	-	-
Salary - OT	3	Labor Salary Inflation	4,500	4,613	4,728	4,846	4,967	5,091
Salary - OT	3	Labor Salary Inflation	19,820	20,316	20,823	21,344	21,878	22,425
00176 Decant OT	3	Labor Salary Inflation	2,949	3,023	3,098	3,176	3,255	3,337
Subtotal: Salary - Overtime			27,269	27,951	28,649	29,366	30,100	30,852
Salary - Temporary Employees	3	Labor Salary Inflation	20,700	21,218	21,748	22,292	22,849	23,420
Staff Separation Buyouts	1	General Cost Inflation	-	-	-	-	-	-
Benefits								
Benefit	4	Labor Benefits Inflation	2,224	2,335	2,452	2,575	2,703	2,838
Legal Ben	4	Labor Benefits Inflation	2,008	2,108	2,214	2,325	2,441	2,563
HR SWM Ben	4	Labor Benefits Inflation	396	416	437	458	481	505
Clerk Ben	4	Labor Benefits Inflation	1,503	1,578	1,657	1,740	1,827	1,918
Benefit	4	Labor Benefits Inflation	8,873	9,317	9,782	10,272	10,785	11,324
HRBRM - Ben	4	Labor Benefits Inflation	636	668	701	736	773	812
Benefit	4	Labor Benefits Inflation	366	384	404	424	445	467
Benefit	4	Labor Benefits Inflation	678	712	747	785	824	865
COD Dbene	4	Labor Benefits Inflation	305	320	336	353	371	389
PW SW Bene	4	Labor Benefits Inflation	22,494	23,619	24,800	26,040	27,342	28,709
00176 Decant Ben	4	Labor Benefits Inflation	-	-	-	-	-	-
ENG Ben	4	Labor Benefits Inflation	19,786	20,775	21,814	22,905	24,050	25,253
00031 NonCap Ben	4	Labor Benefits Inflation	-	-	-	-	-	-
Benefit	4	Labor Benefits Inflation	18,460	19,383	20,352	21,370	22,438	23,560
Benefit	4	Labor Benefits Inflation	824	865	908	954	1,002	1,052
00344 Benefit	4	Labor Benefits Inflation	-	-	-	-	-	-
Benefit	4	Labor Benefits Inflation	134,030	140,732	147,768	155,156	162,914	171,060
Benefit	4	Labor Benefits Inflation	12,342	12,959	13,607	14,287	15,002	15,752
00176 Decant Ben	4	Labor Benefits Inflation	-	-	-	-	-	-
Unempl Pay	4	Labor Benefits Inflation	-	-	-	-	-	-
Subtotal: Benefits			224,925	236,171	247,980	260,379	273,398	287,068

City of Bainbridge Island

SSWM Rate Analysis

Operating Revenue and Expenditure Forecast

Staff Separation Buyouts	4	Labor Benefits Inflation	304	319	335	352	370	388
Supplies	1	General Cost Inflation	79,500	81,488	83,525	85,613	87,753	89,947
Fuel Consumed	1	General Cost Inflation	46,100	47,253	48,434	49,645	50,886	52,158
Computer Software	1	General Cost Inflation	5,000	5,125	5,253	5,384	5,519	5,657
Computer Parts & Equipment	1	General Cost Inflation	-	-	-	-	-	-
Professional Services	1	General Cost Inflation	52,000	53,300	54,633	55,998	57,398	58,833
Professional Svcs - Carryover	1	General Cost Inflation	27,747	28,441	29,152	29,880	30,627	31,393
Outside Attorney - Civil	1	General Cost Inflation	-	-	-	-	-	-
Outside Attorney - Litigation	1	General Cost Inflation	-	-	-	-	-	-
Telephone / Fax	1	General Cost Inflation	9,119	9,347	9,581	9,820	10,066	10,317
Communication Ads	1	General Cost Inflation	-	-	-	-	-	-
Community Info & Outreach	1	General Cost Inflation	-	-	-	-	-	-
Travel Expense	1	General Cost Inflation	100	103	105	108	110	113
Advertising	1	General Cost Inflation	200	205	210	215	221	226
Rents & Leases - Operating	9	No Escalation	13,500	13,500	13,500	13,500	13,500	13,500
Rents - Interfund	9	No Escalation	75,000	75,000	75,000	75,000	75,000	75,000
Insurance	1	General Cost Inflation	10,284	10,541	10,805	11,075	11,352	11,635
Utilities (Electric)								
SSWM Melec	1	General Cost Inflation	-	-	-	-	-	-
00176 Use Dept 9	1	General Cost Inflation	-	-	-	-	-	-
N/A 4 SSWM	1	General Cost Inflation	6,000	6,150	6,304	6,461	6,623	6,788
00176 Electric	1	General Cost Inflation	87,900	90,098	92,350	94,659	97,025	99,451
Subtotal: Utilities (Electric)			93,900	96,248	98,654	101,120	103,648	106,239
Repairs	1	General Cost Inflation	45,000	46,125	47,278	48,460	49,672	50,913
Dues, Subscriptions and Memberships	1	General Cost Inflation	2,650	2,716	2,784	2,854	2,925	2,998
External Taxes & Operating Assmnt		Calculated	34,123	34,294	34,637	34,983	35,683	36,397
Interfund Taxes & Operating Assmnt		Calculated	136,494	137,176	138,548	139,933	142,732	145,587

Total Cash O&M Expenditures		\$ 1,744,287	\$ 1,817,178	\$ 1,863,736	\$ 1,911,727	\$ 1,962,951	\$ 2,015,764
	<i>Annual Increase/Decrease</i>		4.18%	2.56%	2.57%	2.68%	2.69%
	<i>Budget</i>	\$ 2,521,062					
	<i>Difference</i>	\$ (776,775)					
	<i>Capital Outlay</i>	\$ 694,082	<i>Added to CIP</i>				
	<i>Taxes</i>	\$ (13,517)	<i>Budget vs. Calculated</i>				
	<i>Debt Service Payments</i>	\$ 96,210	<i>shown in Existing Debt worksheet</i>				
		\$ 0					

City of Bainbridge Island
SSWM Rate Analysis
Operating Revenue and Expenditure Forecast

Depreciation Expense in 2008 [d]	\$	280,829							
Depreciation Expense		<i>Last year's plus annual additions from CIP</i>	\$ 282,225	\$ 293,613	\$ 311,925	\$ 322,210	\$ 330,942	\$ 341,254	
		<i>less: Annual Debt Principal</i>	<u>(91,953)</u>	<u>(91,155)</u>	<u>(92,975)</u>	<u>(116,722)</u>	<u>(119,692)</u>	<u>(122,797)</u>	
		<i>System Reinvestment Funding Level</i>	\$ 190,272	\$ 202,458	\$ 218,950	\$ 205,488	\$ 211,250	\$ 218,457	

[d] 2008 deprecation expense provided by City staff in UtilFA-2008 DONE.xls

City of Bainbridge Island
SSWM Rate Analysis
Existing Debt Input

Existing Debt Service - Revenue Bonds	2009	2010	2011	2012	2013	2014
REVENUE BOND 1						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
REVENUE BOND 2						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
REVENUE BOND 3						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
REVENUE BOND 4						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
TOTAL REVENUE BONDS						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service	-	-	-	-	-	-
Annual Debt Reserve Target on Existing Revenue Bonds	-	-	-	-	-	-

City of Bainbridge Island
SSWM Rate Analysis
Existing Debt Input

Existing Debt Service - PWTF Loans	2009	2010	2011	2012	2013	2014
SSWM Materials/Decant Facility Construction Loan (PW-05-691-001)						
Annual Interest Payment	\$ 3,498	\$ 3,293	\$ 3,087	\$ 2,881	\$ 2,675	\$ 2,469
Annual Principal Payment	<u>41,158</u>	<u>41,158</u>	<u>41,158</u>	<u>41,158</u>	<u>41,158</u>	<u>41,158</u>
Total Annual Payment	\$ 44,656	\$ 44,451	\$ 44,245	\$ 44,039	\$ 43,833	\$ 43,627
SSWM Materials/Decant Facility Design Loan (PW-04-691-PRE-107)						
Annual Interest Payment	\$ 764	\$ 716	\$ 668	\$ 620	\$ 573	\$ 525
Annual Principal Payment	<u>9,545</u>	<u>9,545</u>	<u>9,545</u>	<u>9,545</u>	<u>9,545</u>	<u>9,545</u>
Total Annual Payment	\$ 10,309	\$ 10,261	\$ 10,213	\$ 10,165	\$ 10,118	\$ 10,070
PWTF LOAN 3						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF LOAN 4						
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL PWTF LOANS						
Annual Interest Payment	\$ 4,262	\$ 4,009	\$ 3,755	\$ 3,501	\$ 3,248	\$ 2,994
Annual Principal Payment	<u>50,703</u>	<u>50,703</u>	<u>50,703</u>	<u>50,703</u>	<u>50,703</u>	<u>50,703</u>
Total Annual Payment	\$ 54,965	\$ 54,711	\$ 54,458	\$ 54,204	\$ 53,951	\$ 53,697

City of Bainbridge Island
SSWM Rate Analysis
Existing Debt Input

Existing Debt Service - Other Loans [a]

	2009	2010	2011	2012	2013	2014
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[a] Enter payments for other loans and revenue-supported G.O. issues only. Tax-supported bonds are assumed to be accounted for in the General Fund and do not include payments for other loans and revenue-supported G.O. issues only.

\$2,400,000 Limited Tax General Obligation Refunding Bonds, 1995

Annual Interest Payment	\$ 2,124	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	41,250	-	-	-	-	-
Total Annual Payment	\$ 43,374	\$ -	\$ -	\$ -	\$ -	\$ -

OTHER LOAN 3

Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

OTHER LOAN 3

Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

OTHER LOAN 4

Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOTAL OTHER LOANS

Annual Interest Payment	\$ 2,124	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	41,250	-	-	-	-	-
Total Annual Payment	\$ 43,374	\$ -	\$ -	\$ -	\$ -	\$ -

City of Bainbridge Island
SSWM Rate Analysis
Capital Improvement Program

Project Costs and O&M Impacts in Year: **2009** (Project costs are escalated using Construction Cost Inflation assumptions)

No	Description	Current Day Cost	Year of Construction Cost	Year of Construction	Life in Years	Specific Funding Source 1-Enterprise Fund, 2-Grants & Developer	TOTAL ESCALATED COSTS
1	2008 Carryover - Bill Point Homeowners Association Outfall R	\$ 25,000	\$ 25,000	2009	50	1 Enterprise Fund	\$ 25,000
2	2008 Carryover - Vincent Road Landfill Stormwater Improvem	60,000	60,000	2009	50	1 Enterprise Fund	60,000
3	2008 Carryover - From O&M budget	33,000	33,000	2009	50	1 Enterprise Fund	33,000
4	2008 Carryover - From O&M budget	4,862	4,862	2009	50	1 Enterprise Fund	4,862
5						Select Source	-
6	Drainage/Culvert Upgrade Program	199,787	199,787	2009	50	1 Enterprise Fund	199,787
7	Drainage/Culvert Upgrade Program	73,038	79,041	2010	50	1 Enterprise Fund	79,041
8	Drainage/Culvert Upgrade Program	81,010	77,887	2011	50	1 Enterprise Fund	77,887
9	Drainage/Culvert Upgrade Program	270,786	277,025	2012	50	1 Enterprise Fund	277,025
10	Drainage/Culvert Upgrade Program	270,787	294,613	2013	50	1 Enterprise Fund	294,613
11	Drainage/Culvert Upgrade Program	270,787	313,113	2014	50	1 Enterprise Fund	313,113
12						Select Source	-
13	Fish Passage Improvements	21,663	21,663	2009	50	1 Enterprise Fund	21,663
14						Select Source	-
15	161 Wing Pt. Way Repairs and NM Improvements	102,786	98,824	2011	50	1 Enterprise Fund	98,824
16	161 Wing Pt. Way Repairs and NM Improvements	19,234	20,815	2010	50	1 Enterprise Fund	20,815
17	161 Wing Pt. Way Repairs and NM Improvements	351,052	337,521	2011	50	1 Enterprise Fund	337,521
18						Select Source	-
19	163 Winslow Way Reconstruction (SR305 to Grow)	212,052	212,052	2009	50	2 Grants/Developer	212,052
20	163 Winslow Way Reconstruction (SR305 to Grow)	753,809	815,760	2010	50	1 Enterprise Fund	815,760
21						Select Source	-
22	173 Wyatt Way NM & Road Imp. Phase 4	6,499	7,071	2013	50	1 Enterprise Fund	7,071
23	173 Wyatt Way NM & Road Imp. Phase 4	90,984	105,206	2014	50	1 Enterprise Fund	105,206
24						Select Source	-
25	670 Capital Equipment Replacement	13,000	13,000	2009	50	1 Enterprise Fund	13,000
26	672 Capital Equipment Replacement	156,005	159,599	2012	50	1 Enterprise Fund	159,599
27	671 Capital Equipment Replacement	196,587	213,885	2013	50	1 Enterprise Fund	213,885
28						Select Source	-
						Select Source	-
	Total Capital Projects	\$ 3,212,729	\$ 3,369,724				\$ 3,369,724
	Total Upgrade/Expansion Projects						3,369,724
	Total R&R Projects						-
	Projects by Grants / Developer Donations						212,052
	Projects by Enterprise Fund						3,157,672

City of Bainbridge Island

SSWM Rate Analysis

Capital Funding Analysis

Summary of Expenditures	2009	2010	2011	2012	2013	2014
CAPITAL PROJECTS						
Improvement Upgrades & Expansions	\$ 569,364	\$ 915,616	\$ 514,232	\$ 436,624	\$ 515,569	\$ 418,319
Repairs and Replacements	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURES	\$ 569,364	\$ 915,616	\$ 514,232	\$ 436,624	\$ 515,569	\$ 418,319

Capital Financing Plan	2009	2010	2011	2012	2013	2014
Project Specific Grants / Developer Donations [a]	\$ 212,052	\$ -	\$ -	\$ -	\$ -	\$ -
Project to be Funded	357,312	915,616	514,232	436,624	515,569	418,319
OTHER FUNDING SOURCES [NOTE A]						
Other Outside Sources [b]	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -
PWTF Loan Proceeds	-	-	-	-	-	-
Other Loan Proceeds	-	-	-	-	-	-
Capital Fund Balance	-	-	514,232	267,596	515,569	418,319
Revenue Bond Proceeds [Note B]	-	900,616	-	169,028	-	-
Rates	357,312	-	-	-	-	-
Total	\$ 357,312	\$ 915,616	\$ 514,232	\$ 436,624	\$ 515,569	\$ 418,319
TOTAL CAPITAL RESOURCES	\$ 569,364	\$ 915,616	\$ 514,232	\$ 436,624	\$ 515,569	\$ 418,319

Info: Capital Contingency Deficit **(117,725)**

[a] Federal grant funding for a portion of the Winslow Way Reconstruction Project
 [b] Per City, grant funding expected in 2010 for construction of Winslow Way

NOTE A: SELECTION OF RESIDUAL CAPITAL FUNDING SOURCE

Select the Residual Funding Source	1	Revenue Bond Proceeds
1 - Revenue Bond Proceeds		
2 - Rates		

NOTE B: USER INPUT FOR REVENUE BOND PROCEEDS

Select Amount of Bond Proceeds	1	User Defined
1 - Amounts at Right ==>		
2 - Calculated by the Model		

\$ -	\$ 1,250,000	\$ -	\$ 675,000	\$ -	\$ -
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**City of Bainbridge Island
SSWM Rate Analysis
Capital Funding Analysis**

New Debt Computations	2009	2010	2011	2012	2013	2014
REVENUE SUPPORTED G.O. BONDS						
Amount to Fund	\$ -	\$ 1,250,000	\$ -	\$ 675,000	\$ -	\$ -
Issuance Costs	-	19,036	-	10,279	-	-
Reserve Required	<u>-</u>	<u>97,559</u>	<u>-</u>	<u>52,682</u>	<u>-</u>	<u>-</u>
Amount of Debt Issue	\$ -	\$ 1,269,036	\$ -	\$ 685,279	\$ -	\$ -
OTHER LOANS						
Amount to Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount of Debt Issue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF LOAN						
Amount to Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Summary						
	2009	2010	2011	2012	2013	2014
EXISTING DEBT SERVICE						
Annual Interest Payments	\$ 6,386	\$ 4,009	\$ 3,755	\$ 3,501	\$ 3,248	\$ 2,994
Annual Principal Payments	<u>91,953</u>	<u>50,703</u>	<u>50,703</u>	<u>50,703</u>	<u>50,703</u>	<u>50,703</u>
Total Debt Service Payments	\$ 98,339	\$ 54,711	\$ 54,458	\$ 54,204	\$ 53,951	\$ 53,697
Revenue Bond Payments Only	-	-	-	-	-	-
NEW DEBT SERVICE						
Annual Interest Payments	\$ -	\$ 57,107	\$ 55,286	\$ 84,222	\$ 81,251	\$ 78,146
Annual Principal Payments	<u>-</u>	<u>40,452</u>	<u>42,272</u>	<u>66,019</u>	<u>68,989</u>	<u>72,094</u>
Total Debt Service Payments	\$ -	\$ 97,559	\$ 97,559	\$ 150,240	\$ 150,240	\$ 150,240
Revenue Bond Payments Only	-	97,559	97,559	150,240	150,240	150,240
TOTAL DEBT SERVICE PAYMENTS	\$ 98,339	\$ 152,270	\$ 152,016	\$ 204,445	\$ 204,191	\$ 203,938
Total Interest Payments	6,386	61,115	59,041	87,723	84,499	81,141
Total Principal Payments	91,953	91,155	92,975	116,722	119,692	122,797
Total Revenue Bond Payments Only	-	97,559	97,559	150,240	150,240	150,240

City of Bainbridge Island

SSWM Rate Analysis

Revenue Requirements Analysis

Cash Flow Sufficiency Test (Before Rate Increases)	2009	2010	2011	2012	2013	2014
EXPENSES						
Cash Operating Expenses	\$ 1,744,287	\$ 1,817,178	\$ 1,863,736	\$ 1,911,727	\$ 1,962,951	\$ 2,015,764
Existing Debt Service	98,339	54,711	54,458	54,204	53,951	53,697
New Debt Service	-	97,559	97,559	150,240	150,240	150,240
Rate-Funded CIP	357,312	-	-	-	-	-
Rate Funded System Reinvestment	-	202,458	218,950	205,488	211,250	218,457
Additions to Operating Reserves	-	-	-	-	-	-
Total Expenses	\$ 2,199,938	\$ 2,171,906	\$ 2,234,702	\$ 2,321,659	\$ 2,378,392	\$ 2,438,158
REVENUES						
Rate Revenue	\$ 2,274,894	\$ 2,286,269	\$ 2,309,131	\$ 2,332,223	\$ 2,378,867	\$ 2,426,444
Other Revenue	98,800	42,200	-	-	-	-
Operating Fund & Debt Reserve Fund Interest Earnings	-	3,259	9,464	13,305	18,153	23,095
Total Revenue	\$ 2,373,694	\$ 2,331,728	\$ 2,318,596	\$ 2,345,527	\$ 2,397,020	\$ 2,449,539
USE OF OPERATING RESERVES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET CASH FLOW (DEFICIENCY)	\$ 173,756	\$ 159,822	\$ 83,894	\$ 23,868	\$ 18,629	\$ 11,381

Coverage Sufficiency Test (Before Rate Increases)	2009	2010	2011	2012	2013	2014
EXPENSES						
Cash Operating Expenses, less Utility Taxes	\$ 1,607,793	\$ 1,680,002	\$ 1,725,188	\$ 1,771,793	\$ 1,820,219	\$ 1,870,178
Revenue Bond Debt Service	-	97,559	97,559	150,240	150,240	150,240
Revenue Bond Coverage Requirement at 1.25	-	24,390	24,390	37,560	37,560	37,560
Total Expenses	\$ 1,607,793	\$ 1,801,950	\$ 1,847,136	\$ 1,959,593	\$ 2,008,019	\$ 2,057,978
ALLOWABLE REVENUES						
Rate Revenue	\$ 2,274,894	\$ 2,286,269	\$ 2,309,131	\$ 2,332,223	\$ 2,378,867	\$ 2,426,444
Other Revenue	98,800	42,200	-	-	-	-
Interest Earnings - All Funds	-	3,259	20,501	18,657	32,489	31,631
Total Revenue	\$ 2,373,694	\$ 2,331,728	\$ 2,329,632	\$ 2,350,879	\$ 2,411,357	\$ 2,458,076
Coverage Realized	n/a	6.68	6.20	3.85	3.93	3.91
COVERAGE SURPLUS (DEFICIENCY)	\$ 765,901	\$ 529,777	\$ 482,497	\$ 391,286	\$ 403,338	\$ 400,098

City of Bainbridge Island

SSWM Rate Analysis

Revenue Requirements Analysis

Maximum Revenue Deficiency	2009	2010	2011	2012	2013	2014
Sufficiency Test Driving the Deficiency	None	None	None	None	None	None
Maximum Deficiency From Tests	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
less: Net Revenue From Prior Rate Increases	-	-	(53,399)	(109,214)	(169,194)	(233,004)
Revenue Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: Adjustment for Taxes	-	-	-	-	-	-
Total Revenue Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Rate Increases	2009	2010	2011	2012	2013	2014
Rate Revenue with no Increase	\$ 2,274,894	\$ 2,286,269	\$ 2,309,131	\$ 2,332,223	\$ 2,378,867	\$ 2,426,444
Revenues from Prior Rate Increases	-	-	57,728	118,069	182,913	251,896
Rate Revenue Before Rate Increase (Incl. previous increases)	2,274,894	2,286,269	2,366,860	2,450,291	2,561,780	2,678,341
Required Annual Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Number of Months New Rates Will Be In Effect	12	12	12	12	12	12
Info: Percentage Increase to Generate Required Revenue	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Policy Induced Rate Increases	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%
ANNUAL RATE INCREASE	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%
CUMULATIVE RATE INCREASE	0.00%	2.50%	5.06%	7.69%	10.38%	13.14%

Monthly Rate After Increase	\$ 12.89	\$ 13.21	\$ 13.54	\$ 13.88	\$ 14.23	\$ 14.58
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Impacts of Rate Increases	2009	2010	2011	2012	2013	2014
Rate Revenues After Rate Increase	\$ 2,274,894	\$ 2,343,425	\$ 2,426,031	\$ 2,511,549	\$ 2,625,824	\$ 2,745,299
Full Year Rate Revenues After Rate Increase	2,274,894	2,343,425	2,426,031	2,511,549	2,625,824	2,745,299
Additional Taxes Due to Rate Increases	-	4,287	8,767	13,449	18,522	23,914
Net Cash Flow After Rate Increase	173,756	212,692	192,026	189,745	247,064	306,321
Coverage After Rate Increase	n/a	7.22	7.30	4.96	5.46	5.88

City of Bainbridge Island

SSWM Rate Analysis

Fund Activity

OPERATING FUND	2009	2010	2011	2012	2013	2014
Beginning Balance [a]	\$ (10,796)	\$ 162,960	\$ 375,651	\$ 567,678	\$ 757,422	\$ 1,004,486
plus: Net Cash Flow after Rate Increase	<u>173,756</u>	<u>212,692</u>	<u>192,026</u>	<u>189,745</u>	<u>247,064</u>	<u>306,321</u>
Ending Balance (without use of Addl Working Capital)	\$ 162,960	\$ 375,651	\$ 567,678	\$ 757,422	\$ 1,004,486	\$ 1,310,808
less: Working Capital from Previous Years	-	-	-	142,289	320,542	555,665
less: Year End Additional Working Capital	-	-	<u>142,289</u>	<u>178,253</u>	<u>235,123</u>	<u>294,003</u>
Net Ending Balance (with use of Addl Working Capital)	162,960	375,651	425,389	436,881	448,821	461,140
Minimum Target Balance	198,221	276,165	283,592	291,254	299,214	307,426
Maximum Funds to be Kept as Operating Reserves	264,295	414,247	425,389	436,881	448,821	461,140
Info: No of Days of Cash Operating Expenses	37	82	90	90	90	90
CAPITAL FUND						
Beginning Balance	\$ -	\$ -	\$ 551,842	\$ 267,596	\$ 716,812	\$ 426,829
plus: Rate Funded System Reinvestment	-	202,458	218,950	205,488	211,250	218,457
plus: Grants / Developer Donations / Other Outside So	212,052	15,000	-	-	-	-
plus: Net Debt Proceeds Available for Projects	-	1,250,000	-	675,000	-	-
plus: Interest Earnings	-	-	11,037	5,352	14,336	8,537
plus: Transfer of Surplus from Operating Fund	-	-	-	-	-	-
plus: Direct Rate Funding	357,312	-	-	-	-	-
less: Capital Expenditures	<u>(569,364)</u>	<u>(915,616)</u>	<u>(514,232)</u>	<u>(436,624)</u>	<u>(515,569)</u>	<u>(418,319)</u>
Ending Balance	\$ -	\$ 551,842	\$ 267,596	\$ 716,812	\$ 426,829	\$ 235,504
Minimum Target Balance	\$ 117,725	\$ 123,418	\$ 132,575	\$ 137,717	\$ 142,083	\$ 147,239
DEBT RESERVE						
Beginning Balance	\$ -	\$ -	\$ 97,559	\$ 97,559	\$ 150,240	\$ 150,240
plus: Reserve Funding from New Debt	-	97,559	-	52,682	-	-
less: Use of Reserves for Debt Service	-	-	-	-	-	-
Ending Balance	\$ -	\$ 97,559	\$ 97,559	\$ 150,240	\$ 150,240	\$ 150,240
Minimum Target Balance	-	-	-	-	-	-

COMBINED FUNDS

Beginning Balance	\$	(10,796)	\$	162,960	\$	1,025,052	\$	932,832	\$	1,624,475	\$	1,581,556
plus: Total Inflows		743,120		1,777,708		422,013		1,128,266		472,650		533,314
less: Total Outflows		<u>(569,364)</u>		<u>(915,616)</u>		<u>(514,232)</u>		<u>(436,624)</u>		<u>(515,569)</u>		<u>(418,319)</u>
Ending Balance	\$	162,960	\$	1,025,052	\$	932,832	\$	1,624,475	\$	1,581,556	\$	1,696,551
<i>Check</i>		<i>162,960</i>		<i>1,025,052</i>		<i>932,832</i>		<i>1,624,475</i>		<i>1,581,556</i>		<i>1,696,551</i>
		-		-		-		-		-		-

[a] 2009 beginning cash balance (-\$10,796) provided by City staff