

# Rate Program Summary 2018-2023



# Operational Efficiencies

- Chemical Optimization Reform – \$5 million savings annually
- Power Generation – \$5 million savings annually
- Sludge Dewatering – \$4 million annually (starting in 2019)
- Grant Funds – \$2.5 million
- Staffing has Decreased from 2009 levels

# Financial Efficiencies

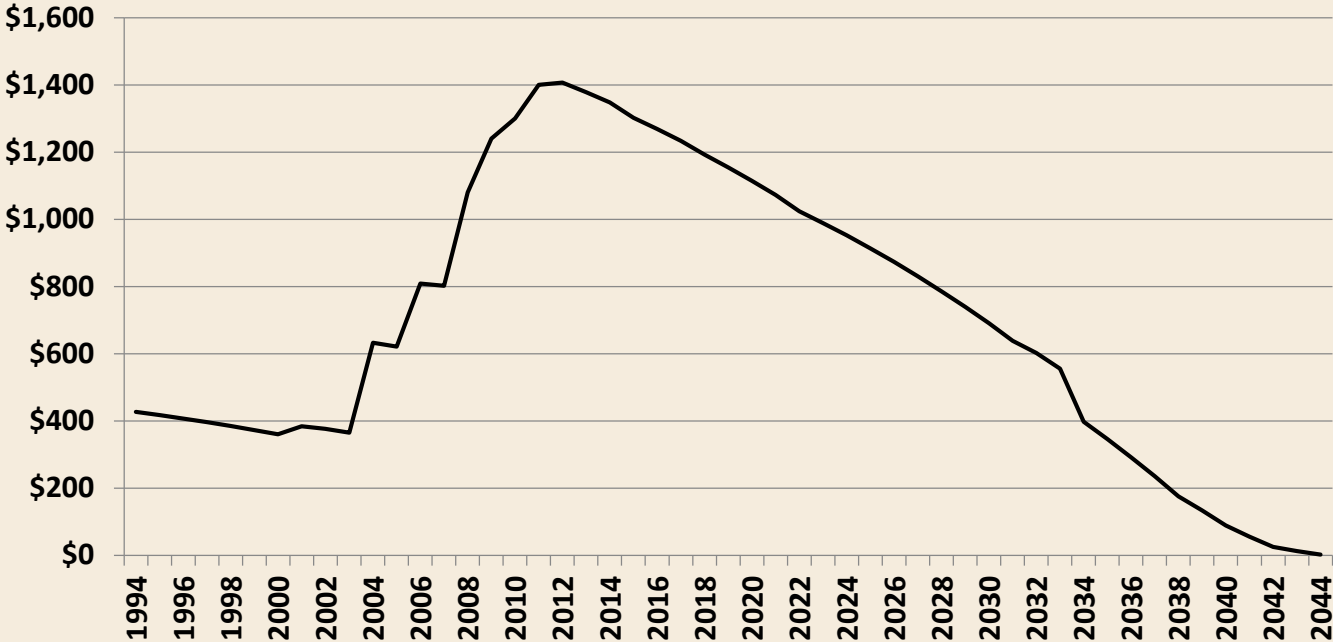
- Debt Refinancing – \$67 million in savings
- Pension Reform – \$37 million savings over 20 years
- Elimination of Unfunded Pension Liability – 72% rate reduction

# Planning and Forecasting

- **Proactive Planning and Forecasting**
  - Facilities Master Plan
  - Biosolids Master Plan
  - Independent Rate Study
  - Legal Review
- **Strong Financial Planning**
  - Cost Efficiencies
  - AAA Bond Rating
  - No New Debt

# Strategic debt program with no new borrowing

### OCSD Outstanding Debt



## 1% Annual Increases

<b>Year</b>	<b>2013</b>	<b>2017</b>	<b>Proposed</b>
2017	\$339	\$331	\$331
2018	\$347	\$337	\$335
2019	\$355	\$344	\$339
2020	\$364	\$351	\$343
2021	\$372	\$358	\$347
2022	\$382	\$365	\$351



# Proposed Rate Schedule

## 1.2% Annual Increase = \$4 per year

Year	2017	2018	2019	2020	2021	2022
Rate	\$331	\$335	\$339	\$343	\$347	\$351
Incr. per yr.		\$4	\$4	\$4	\$4	\$4

The proposed rate increase is to cover the cost of inflation on items needed to inspect, repair, operate and maintain our \$10 billion dollars in aging infrastructure.

## Projected 10 Year Cashflow

Category	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	Total
User Fee	\$335	\$339	\$343	\$347	\$351	\$365	\$380	\$395	\$411	\$427	
Percent	<b>1.21%</b>	<b>1.19%</b>	<b>1.18%</b>	<b>1.17%</b>	<b>1.15%</b>	4.00%	4.00%	4.00%	4.00%	4.00%	
Beg. Bal.	<b>591</b>	626	672	650	579	496	489	484	484	522	
Revenues	468	489	502	513	523	530	542	565	589	616	5,337
Outlays	(433)	(444)	(525)	(583)	(607)	(537)	(547)	(565)	(551)	(600)	(5,390)
<b>Variance</b>	<b>35</b>	<b>46</b>	<b>(22)</b>	<b>(71)</b>	<b>(84)</b>	<b>(7)</b>	<b>(5)</b>	<b>0</b>	<b>38</b>	<b>16</b>	<b>(53)</b>
End Bal.	626	672	650	579	496	489	484	484	522	<b>538</b>	
Res Policy	532	533	531	530	532	534	536	538	537	544	
<b>Policy Var</b>	<b>94</b>	<b>139</b>	<b>119</b>	<b>50</b>	<b>(36)</b>	<b>(45)</b>	<b>(52)</b>	<b>(54)</b>	<b>(15)</b>	<b>(5)</b>	





## Projected 10 Year Cashflow – Without the Increase

<b>Proposed</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>	<b>21-22</b>	<b>22-23</b>	<b>23-24</b>	<b>24-25</b>	<b>25-26</b>	<b>26-27</b>	<b>27-28</b>
User Fee	\$335	\$339	\$343	\$347	\$351	\$365	\$380	\$395	\$411	<b>\$427</b>
Percent	<b>1.21%</b>	<b>1.19%</b>	<b>1.18%</b>	<b>1.17%</b>	<b>1.15%</b>	4.00%	4.00%	4.00%	4.00%	4.00%
<b>No Increase</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>	<b>21-22</b>	<b>22-23</b>	<b>23-24</b>	<b>24-25</b>	<b>25-26</b>	<b>26-27</b>	<b>27-28</b>
User Fee	\$331	\$331	\$331	\$331	\$331	\$355	\$380	\$408	\$437	<b>\$469</b>
Percent	0.00%	0.00%	0.00%	0.00%	0.00%	<b>7.20%</b>	<b>7.20%</b>	<b>7.20%</b>	<b>7.20%</b>	<b>7.20%</b>



# Reserves

- **Non Discretionary Reserves**

- Debt Service Reserve – Mandated \$100M
- Dry Period – Debt Service Dry Period \$ 83M
- Dry Period – Operating Budget Dry Period \$ 76M
- **Total Non Discretionary Reserves \$259M**

- **Discretionary Reserves**

- Capital Improvement Reserve – 50% of the Average CIP \$123M
- Replacement and Refurbishment \$ 66M
- Catastrophe Funds \$ 57M
- Operating Contingencies – 10% of the Operating Budget \$ 15M
- **Total Discretionary Reserves \$261M**

- **Discretionary Reserves are approximately 2.5% of our total assets**

# Rate Program Summary

- **Fiscally Responsible – Does not push out larger rate increases**
- **Cost Saving Measures – Debt Mgmt. and Pension Cost Reduction**
- **Planned and Forecasted – Various Studies and Planning Efforts**
- **Allows Focus on Infrastructure – 75% of Costs**