



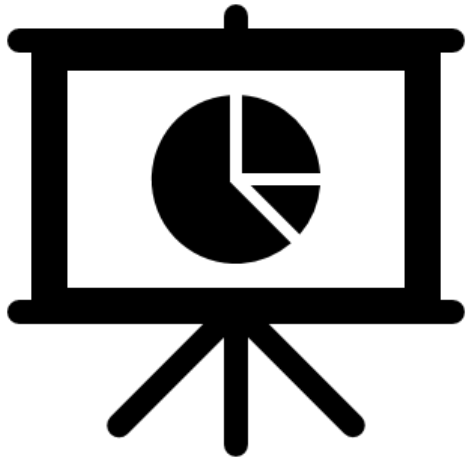
Town of Holliston, MA

Water Rate Study Results and Recommendations

June 29, 2020



Agenda



- Water Utility Sources and Uses of Funds
- Financial Plan
- Proposed Bill Impacts
- Local Rate Survey

Water System Overview

Utility Beginning Balances and Revenues

- \$1.3M of unrestricted fund balance as of Jun 30, 2019
- \$3.0M of FY 2020 Water Rate revenues
- \$1.4M of FY 2020 Infrastructure Fee revenues
- \$150k of FY 2020 Meter Fee revenues

Water System Overview

Town of Holliston serves about 5,000 water customers

Utility Expenses

- \$1.6M of FY 2020 operating expenses
 - Projected to increase by about 2.2% per year through FY 2030
- \$28M of capital expenditures from FY 2020-FY 2030
 - \$8.3M Water Treatment Plant planned to be funded with State Revolving Fund Loan in FY 2021
 - \$1.4M of annual water line replacements
 - \$50k of annual meter costs + \$1M of Town-wide meter replacements planned in FY 2029
- \$4.5M of current outstanding senior debt service funded by user rates from FY 2020-FY 2030

Financial Plan Overview

Financial Targets

- Maintain > 6 months operating expenses as unrestricted reserve balance
- Senior debt service coverage > 1.25x net income
- SRF loan debt service coverage > 1.10x net income

Financial Plan Summary

- 3.0% water usage charge revenue decrease in FY 2021; no rate changes projected in FY 2022-FY 2030
- No infrastructure charge or meter charge changes projected

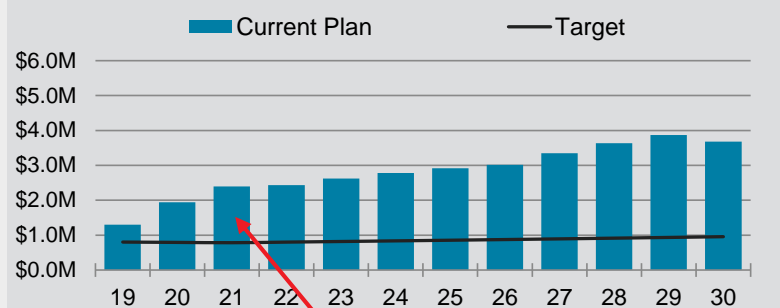
Screen Capture of Financial Model

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025	FY 2030
Water Usage Rate Plan	0.00%	-3.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.0%	-3.0%
Senior DSC	1.94	1.88	1.88	1.87	2.50	2.48	2.48	2.44	6.6			Scenario Manager	
Subordinate DSC	0.00	4.58	1.11	1.38	1.33	1.29	1.22	1.68	1.5				
Infrastructure Charge	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00				
Water Usage Charge (18 CCF)	\$109.83	\$106.50	\$106.50	\$106.50	\$106.50	\$106.50	\$106.50	\$106.50	\$106.50	\$106.50	\$106.50		
Meter Charge	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50		
Total Single Family Bill	\$192.33	\$189.00	\$189.00	\$189.00	\$189.00	\$189.00	\$189.00	\$189.00	\$189.00	\$189.00	\$189.00		
% Change		-1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		

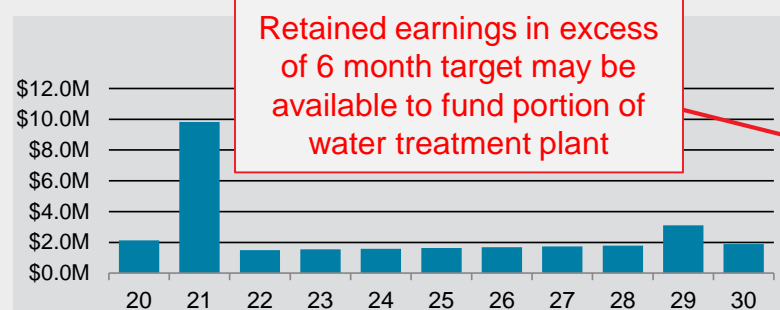
Senior and Subordinate Debt Service Coverage meets target each year

3% water usage charge decrease results in 1.7% bill decrease for average residential customer

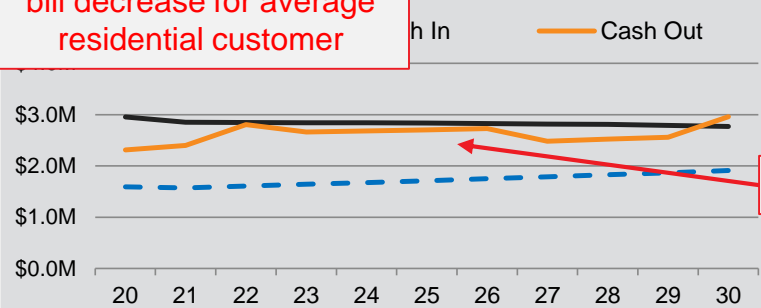
Operating Fund



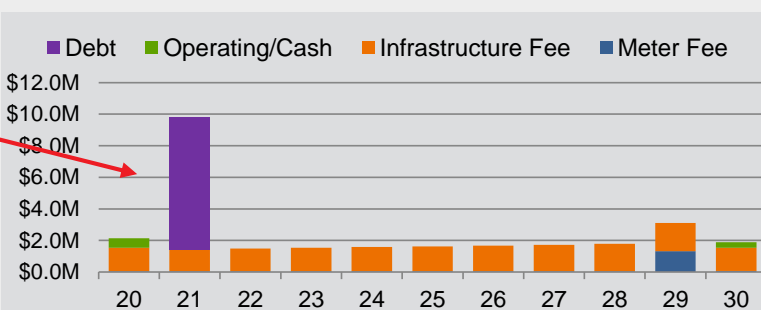
CIP Spending



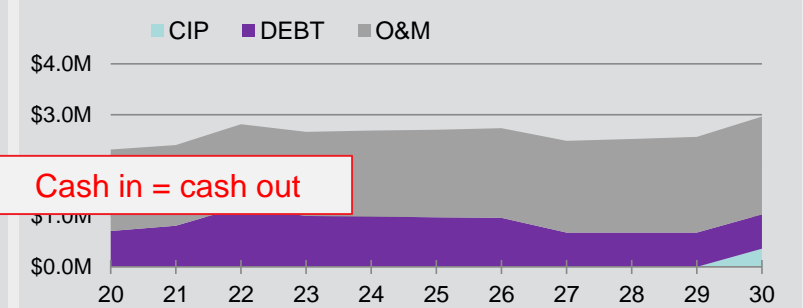
Retained earnings in excess of 6 month target may be available to fund portion of water treatment plant



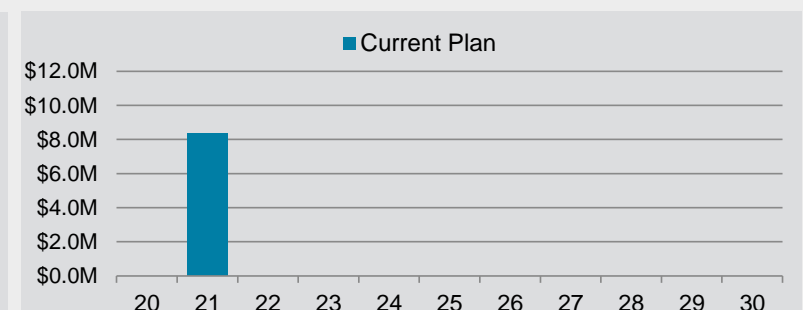
CIP Funding



Expenses by Type



Borrowing



Cash in = cash out

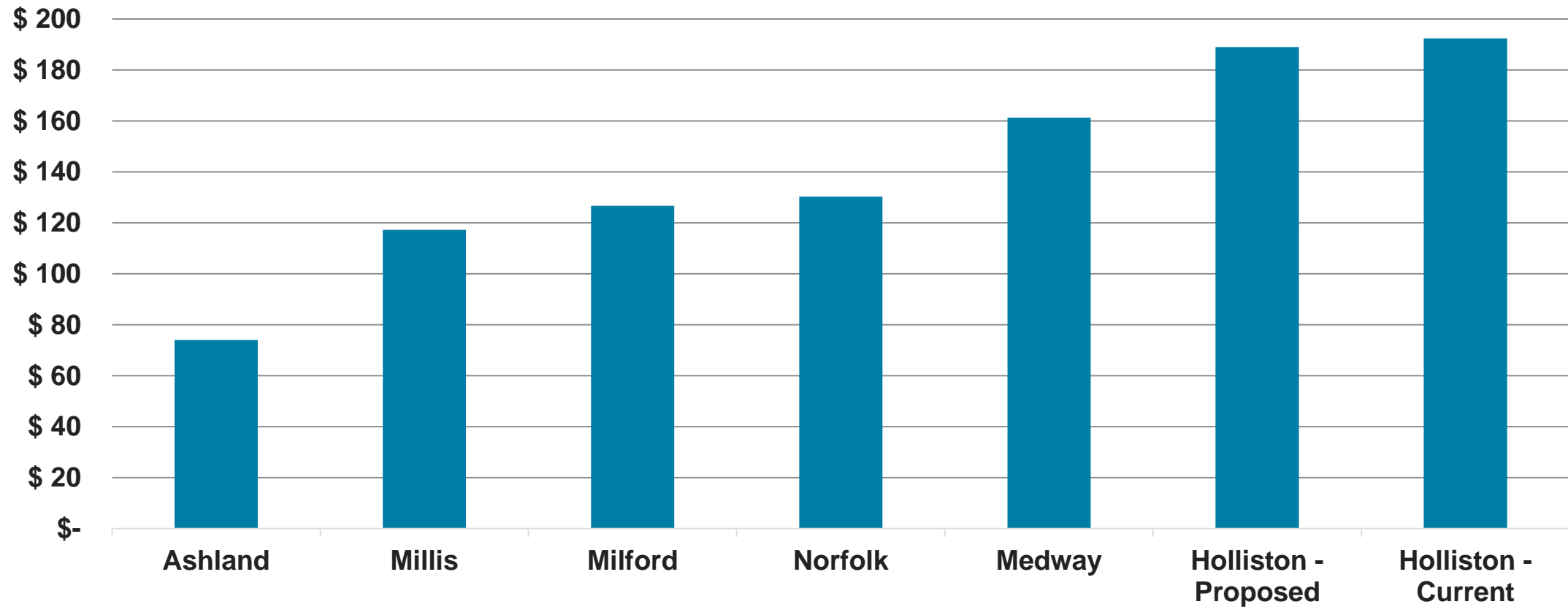
Typical Customer Utility Bill

18 CCF of water use per quarter

	FY 2020	FY 2021	\$ Change	% Change
Infrastructure Charge	\$ 75.00	\$ 75.00	\$ 0.00	0.0%
Water Usage Charge	109.83	106.50	(3.33)	-3.0%
Meter Charge	7.50	7.50	0.00	0.0%
Total	\$ 192.33	\$ 189.00	\$ (3.33)	-1.7%

FY 20 Residential Water & Sewer Bills

(Based on a 5/8" meter and 18 CCF per quarter)



Summary of Results & Recommendations

- 3.0% decrease in water usage charges in FY 2021
- No projected future rate increases
- No projected future changes to infrastructure fee and meter fee
- Retained earnings may be available to cash fund a portion of Water Treatment Plant in FY 2021, reducing SRF borrowing
- Update analysis annually as part of the budget process
 - Maintain adequate reserves and debt coverage levels
 - Incorporate most current revenue, expense, and capital data



Questions?