



**AGENDA  
CITY OF LAUREL  
CITY COUNCIL WORKSHOP  
TUESDAY, APRIL 01, 2025  
6:30 PM  
COUNCIL CHAMBERS**

**Public Input:** *Citizens may address the Council regarding any item of City business that is not on tonight's agenda. The duration for an individual speaking under Public Input is limited to three minutes. While all comments are welcome, the Council will not take action on any item not on the agenda. Because of the Rules that govern public meetings, Council is not permitted to speak in response to any issue raised that is a non-Agenda item. The Mayor may provide factual information in response, with the intention that the matter may be addressed at a later meeting. In addition, City Council may request that a particular non-Agenda item be placed on an upcoming Agenda, for consideration. Citizens should not construe Council's "silence" on an issue as an opinion, one way or the other, regarding that non-Agenda matter. Council simply cannot debate an item that is not on the Agenda, and therefore, they must simply listen to the feedback given during public input. If a citizen would like to speak or comment regarding an item that is on tonight's agenda, we ask that you wait until the agenda item is presented to the Council by the Mayor and the public is asked to comment by the Mayor.*

*Be advised, if a discussion item has an upcoming public hearing, we would request members of the public to reserve your comments until the public hearing. At the public hearing, the City Council will establish an official record that will include all of your comments, testimony, and written evidence.*

## **General Items**

### **Executive Review**

- 1. Finance:** Resolution - A Resolution To Submit Regularly Elected Officers To The Electorate And Notifying The Yellowstone County Election Administrator Of The City Of Laurel's Desire To Conduct The Primary (If Held) And The General Elections By Mail-In Ballot In Accordance With Mont. Code Ann. § 13-19-202.
- 2. Public Works:** Resolution - A Resolution Of The City Council To Accept Studies Of The City's Existing Water And Wastewater Rate Structures And Recommendations For Any Necessary Modifications To The Existing Rate Structures Prepared By Raftelis Financial Consultants, Inc.

## **Council Issues**

## **Other Items**

## **Attendance at Upcoming Council Meeting**

### **Announcements**

*The City makes reasonable accommodations for any known disability that may interfere with a person's ability to participate in this meeting. Persons needing accommodation must notify the City Clerk's Office to make needed arrangements. To make your request known, please call 406-628-7431, Ext. 5100, or write to City Clerk, PO Box 10, Laurel, MT 59044, or present your request at City Hall, 115 West First Street, Laurel, Montana.*

**File Attachments for Item:**

**1. Finance:** Resolution - A Resolution To Submit Regularly Elected Officers To The Electorate And Notifying The Yellowstone County Election Administrator Of The City Of Laurel's Desire To Conduct The Primary (If Held) And The General Elections By Mail-In Ballot In Accordance With Mont. Code Ann. § 13-19-202.

**RESOLUTION NO. R25-\_\_\_\_\_**

**A RESOLUTION TO SUBMIT REGULARLY ELECTED OFFICERS TO THE ELECTORATE AND NOTIFYING THE YELLOWSTONE COUNTY ELECTION ADMINISTRATOR OF THE CITY OF LAUREL'S DESIRE TO CONDUCT THE PRIMARY (IF HELD) AND THE GENERAL ELECTIONS BY MAIL-IN BALLOT IN ACCORDANCE WITH MONT. CODE ANN. § 13-19-202.**

WHEREAS, voter turnout in City of Laurel municipal elections has historically been low;

WHEREAS, Montana law provides a method for conducting mail-in ballot elections for local elections;

WHEREAS, mail-in ballot elections statistically increase voter turnout in elections;

WHEREAS, the Yellowstone County Election Administrator, K. V. "Ginger" Aldrich, informed the City that the costs of conducting a mail-in ballot are less than the costs of conducting a polling place election;

WHEREAS, mail-in ballot elections remove barriers that keep people from getting to the polls, give people more time to study candidates and issues, and have built-in safeguards that increase the integrity of the election process;

WHEREAS, the City may hold a Primary Election on September 9, 2025, as required by Mont. Code Ann. § 13-1-104(2);

WHEREAS, Mont. Code Ann. § 13-14-115(3) states a governing body may require that a primary election be held if it passes a resolution not more than 10 days after the close of filing by candidates for election stating that a primary election must be held;

WHEREAS, the City of Laurel will hold a General Election on November 4, 2025, as required by Mont. Code Ann. § 13-1-104(3);

WHEREAS, the City of Laurel General Election will include the election of several City Council Members;

WHEREAS, pursuant to Mont. Code Ann. § 13-19-104, such elections can be conducted by a mail-in ballot election and the Yellowstone County Election Administrator has determined that a mail-in ballot election conducted in accordance with the provisions of Title 13, Chapter 19, Parts 1-3, MCA, is in the best interests of the City and the electors thereof, and pursuant to Mont. Code Ann. § 13-19-202, the City of Laurel may notify the Yellowstone County Election Administrator of its intent to conduct a mail-in ballot election;

WHEREAS, the Election Administrator shall prepare a written plan, including a timetable, for the conduct of the elections and shall submit it to the Secretary of State at least 60 days prior to the date set for the election in accordance with Mont. Code Ann. § 13-19-205;

WHEREAS, pursuant to Mont. Code Ann. § 13-1-302, all costs of the regularly scheduled primary and general elections shall be paid by the counties and other political subdivisions for which the elections are held, and each political subdivision shall bear its proportionate share of the costs as determined by the County governing body;

WHEREAS, the Office of the County Election Administrator will serve as the place of deposit for ballots, and electors who wish to mark their ballot in-person may do so at the Office of the County Election Administrator and deposit their ballot with the election officials at that location;

WHEREAS, the Election Administrator will have an ADA accessible voter interface device available for disabled electors to mark their ballot independently, privately, and securely at the Office of the County Election Administrator; and

WHEREAS, for any election conducted by mail, ballots must be mailed no sooner than the 20th day and no later than the 15th day before Election Day and all ballots must be mailed the same day in accordance with Mont. Code Ann. § 13-19-207.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Laurel, Montana, as follows:

1. Calling of the Election. The City Council hereby calls and directs an election for the purpose of electing the following regularly elected officers:
  - 4 (four) City Council Members of the City Council (4-year term)
  - 1 Mayor (4-year term)
  - 1 City Judge (4-year term)
2. Authorization of Election and Ballot. The City Council hereby requests the Election Administrator to place the election of the aforementioned officers to the electors of the City of Laurel.

BE IT FURTHER RESOLVED THAT by the City Council of the City of Laurel, that the City of Laurel hereby notifies the Yellowstone County Election Administrator of the City's desire to conduct the 2025 City Primary (if held) and the 2025 General Election (including election of City Council Members, the Mayor, and the City Judge) by mail-in ballot in accordance with Mont. Code Ann. § 13-19-202;

BE IT FURTHER RESOLVED THAT, except as provided in Mont. Code Ann. § 13-19-204, the decision to conduct an election under the provisions of Mont. Code Ann. § 13-19-202 is within the sole discretion of the Election Administrator;

BE IT FURTHER RESOLVED THAT, the City of Laurel Clerk-Treasurer is hereby directed to forward a certified copy of this Resolution to the Yellowstone County Election Administrator in accordance with the provisions of Mont. Code Ann. § 13-19-202; and

BE IT FURTHER RESOLVED THAT, within five (5) days of receiving this request, the Election Administrator shall respond to the Clerk-Treasurer in writing stating that this request is either granted or denied for reasons specified, and if granted, the Election Administrator shall prepare a plan as provided in Mont. Code Ann. § 13-19-205.

Introduced at a regular meeting of the City Council on the \_\_\_\_ day of \_\_\_\_\_, 2025, by Council Member \_\_\_\_\_.

PASSED and APPROVED by the City Council of the City of Laurel the \_\_\_\_ day of \_\_\_\_\_, 2025.

APPROVED by the Mayor the \_\_\_\_ day of \_\_\_\_\_, 2025.

CITY OF LAUREL

\_\_\_\_\_  
Dave Waggoner, Mayor

ATTEST:

\_\_\_\_\_  
Kelly Strecker, Clerk-Treasurer

APPROVED AS TO FORM:

\_\_\_\_\_  
Michele L. Braukmann, Civil City Attorney

**File Attachments for Item:**

**2. Public Works:** Resolution - A Resolution Of The City Council To Accept Studies Of The City's Existing Water And Wastewater Rate Structures And Recommendations For Any Necessary Modifications To The Existing Rate Structures Prepared By Raftelis Financial Consultants, Inc.

**RESOLUTION NO. R25-\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL TO ACCEPT STUDIES OF THE CITY’S EXISTING WATER AND WASTEWATER RATE STRUCTURES AND RECOMMENDATIONS FOR ANY NECESSARY MODIFICATIONS TO THE EXISTING RATE STRUCTURES PREPARED BY RAFTELIS FINANCIAL CONSULTANTS, INC.**

WHEREAS, on March 26, 2024, the City of Laurel executed a Professional Services Agreement between the City of Laurel and Raftelis Financial Consultants, Inc. (hereinafter “Raftelis”) for a Water Study and a Wastewater Study, via Resolutions No. R24-16 and R24-17;

WHEREAS, Raftelis has now conducted the Water Study and the Wastewater Study and submitted them to the City of Laurel with recommended rate structure changes; and

WHEREAS, City Staff has reviewed the studies and recommends City Council acceptance of the same.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Laurel, Montana, that the Water and Wastewater Rate Studies prepared by Raftelis, copies of which are attached, are hereby accepted.

Introduced at a regular meeting of the City Council on the \_\_\_\_ day of \_\_\_\_\_, 2025, by Council Member \_\_\_\_\_.

PASSED and APPROVED by the City Council of the City of Laurel the \_\_\_\_ day of \_\_\_\_\_, 2025.

APPROVED by the Mayor the \_\_\_\_ day of \_\_\_\_\_, 2025.

CITY OF LAUREL

\_\_\_\_\_  
Dave Waggoner, Mayor

ATTEST:

\_\_\_\_\_  
Kelly Strecker, Clerk-Treasurer

APPROVED AS TO FORM:

\_\_\_\_\_  
Michele L. Braukmann, Civil City Attorney

City of  
**Laurel**

**Water Rate Study Report**

Final Report / March 5, 2025



This page was intentionally left blank.

March 5, 2025

Ms. Kelly Strecker  
City Clerk/Treasurer  
City of Laurel  
115 West 1<sup>st</sup> Street  
Laurel, MT 59044

**Subject: Water Rate Study Report**

Dear Kelly:

Raftelis is pleased to provide this water rate study report prepared for the City of Laurel (City). The primary purpose of this study was to ensure the financial sustainability of the water utility and ensure that rates and fees recovered costs proportionately across all customer classes. This study includes the following:

- 10-year financial plan cash analysis to determine the level of rate revenues to meet annual expenditures, target reserves and debt service coverage.
- Cost-of-service analysis to allocate costs proportionately to customer classes for the water utility.
- Design rates based on the preferred alternative for water.

It has been a pleasure working with you, and we thank you and the City staff for the support provided during this study.

Sincerely,



**Todd Cristiano**  
*Vice President*



# Table of Contents

<b>1. EXECUTIVE SUMMARY .....</b>	<b>5</b>
<b>Introduction.....</b>	<b>5</b>
<b>Assumptions.....</b>	<b>5</b>
<b>Findings and Conclusions .....</b>	<b>6</b>
<i>Cash Flow Analysis.....</i>	<i>6</i>
<i>Cost of Service.....</i>	<i>6</i>
<i>Rate Design .....</i>	<i>7</i>
<i>Reliance on City-Provided Data .....</i>	<i>8</i>
<b>2. FINANCIAL PLAN .....</b>	<b>9</b>
<b>Cash Flow Analysis .....</b>	<b>9</b>
<b>3. COST OF SERVICE AND RATE DESIGN.....</b>	<b>12</b>
<b>Cost-of-Service Analysis.....</b>	<b>12</b>
<b>Rate Design.....</b>	<b>13</b>

## List of Tables

Table 1: Additional Assumptions .....	6
Table 2: Comparison of Existing and Proposed FY25 – FY29 Cost of Service Rates .....	7
Table 3: Comparison of Existing and Proposed FY25- FY29 Cost of Service Rates.....	14

## List of Figures

Figure 1: Water Revenue and Expenditures .....	10
Figure 2: Proposed Annual Water Rate Increases .....	10

## List of Appendices

Appendix A: Water Utility Financial Plan, Cost of Service, and Rate Design Analysis



# 1. Executive Summary

## Introduction

The City of Laurel (City) provides water service to approximately 2,900 customers. The City is financially self-sufficient with funding from capital and operating requirements derived primarily from rate revenues and other operating income. The City authorized this study to ensure that an adequate level of income from rates is maintained to finance daily operations, fund capital projects, maintain reserves and meet debt service coverage requirements along with rates that are fair and aligned with the City's goals and community values.

Raftelis worked closely with the engineering firm, Morrison-Maierle in reviewing capital projects, timing, and costs. Raftelis met weekly over this period to discuss project status and present interim results. These meetings included staff as well as the City's executive management team. The results presented in this report are a culmination of these efforts between the City and Raftelis. The primary objectives of this study included:

- A 5-year financial plan identifying the annual revenue adjustments needed to fund operation and maintenance expenses, debt service, and capital projects while satisfying reserve requirements and debt service coverage;
- A detailed water cost-of-service analysis to determine the cost to provide service to customer classes. The principal concept of this analysis is to assign costs in a proportionate manner to each customer class based on their demand and customer characteristics;
- A rate structure that meets the pricing objectives of the City and equitably recovers the cost to provide service to the City's customer classes; residential, commercial, irrigation, and industrial customers.

This report includes water and wastewater financial plan results for the 5-year study period 2025 through 2029, water cost-of-service analysis, and rate design. Raftelis used industry standard methodologies supported by the American Water Works Association (AWWA) *Principles of Water Rates, Fees, and Charges* M1 manual.

Appendix A contains the tables that detail the financial plan, cost of service, and rate design analysis for the water utility.

## Assumptions

This study is based on numerous assumptions. Changes in these assumptions could materially affect the study findings. Raftelis incorporated the following key assumptions into the study:

- The test year, or the year new rates will be in effect, is FY25.
- The study period is for FY25 – FY29.<sup>1</sup>
- Growth in the number of accounts is projected at 0.1% per year.
- Usage per account is based on historical data. Residential water usage per account is approximately 5,200 gallons per month
- Costs will change as follows:
  - Capital costs are projected to experience an annual increase of 4.5% due to inflation.
  - The expected inflation rates for operation and maintenance (O&M) expenses are:

---

<sup>1</sup> The cash flow tables include FY24 as the base year, or the year in which the model was developed, and is based on a combination of budgetary information and estimated values. The study forecast is for FY25 through FY29.

- Personnel services (FY25 – FY26; FY27 – FY29): 4.5%; 4.0%
- Professional and Contractual Services, Repairs and Maintenance, Operating Supplies and Equipment, Professional Development (FY25 – FY26; FY27 – FY29): 4.0%, 3.5%
- Water supply (FY25 – FY29): 5.0%
- General (FY24 – DY29): 3.0%
- Coverage requirement is 1.20 x debt service based on the revenue bond issuance requirements
- Proposed state loan terms: 2.5% interest rate, 20-year term

**Table 1: Additional Assumptions**

Description	Units
FY25 Beginning Balance	\$4,566,901
Proposed Grants	
FY26	\$207,500
FY27	1,867,5000
Water SRF Loans	
FY27	\$18,556,701
FY28	3,608,247
Target Operating Reserves (FY25 values shown)	
90 Days of O&M (FY25 values shown)	\$739,110
Meter Deposits	<u>250,709</u>
Total	\$989,819
Target Capital Reserves (FY25 values shown)	
Capital Replacement Reserve (-1-Year Depreciation @ Replacement Cost New)	\$1,500,000
Cash - Meter replacement	137
Cash - Restricted - Water Line	276,439
Cash - Refinanced Bonds	736,505
Cash - Bond Reserve SFR SED	169,546
Cash - Bond Reserve DNRC IV	95,903
Cash - Bond Reserve DNRC IV	<u>133,828</u>
Total	\$2,912,357

## Findings and Conclusions

### CASH FLOW ANALYSIS

Revenue from rates should be sufficient to cover operating expenses, the capital improvement program, payments on existing and proposed debt service, and as well as meeting debt service coverage requirements and reserve targets. Raftelis proposes equal annual revenue adjustments of 16% in FY25 through FY27, followed by a 4% in FY28 and FY29. These increases represent the increase in total rate revenue that is required to meet annual expenditures.

### COST OF SERVICE

The cost-of-service analysis determines the cost of providing water service to each customer class and provides guidance for design of the proposed rates. Cost of service is based on the principles of proportionality. Annual costs are assigned to each customer class considering the amount of water used, the rate of water use, and the number of customers and number of meters. Raftelis completed a comprehensive cost-of-service analysis for FY25 using standard methods supported by the American Water Works Association (AWWA) in its M1 manual, *Principles of Water Rates, Fees, and Charges*. Appendix A includes tables showing the development of water cost of service for 2024. Cost-of-service rates were developed for the residential, commercial, and industrial classes. The irrigation class is included with the commercial class.

## RATE DESIGN

In the development of water rate schedules, a basic consideration is to establish equitable charges to customers commensurate with the cost of providing service. Raftelis developed rates for each customer class based on the cost of service analysis. Table 2 compares the existing and proposed rates for the 5-year study period FY25 – FY29.

### Existing structure

- Monthly minimum charge that varies by meter size
  - 1,000 gallons volume allowance
  - Capital charge that varies by meter size (per EDU)
- Uniform volume rate same for all customer classes
- *The City may elect not to adopted the proposed cost-of-service rates. In that circumstance, the annual rate increase would apply uniformly to the base charge, volume allowance charge, the capital surcharge, and volume rate.*

### Proposed Cost of Service Rates

- Monthly base charge that varies by meter size
  - No volume allowance
  - Capital charge that varies by meter size
- Residential volume rate: 4-tiered rate structure
- Commercial and industrial volume rate: uniform rate
- *Future year rate increases identified in the financial plan will apply uniformly to the base charge, capital surcharge, and volume rates.*

**Table 2: Comparison of Existing and Proposed FY25 – FY29 Cost of Service Rates**

Base Charge, \$ per bill

Meter Size	Existing [1,3]	FY25 [2,3]	FY26 [2,3]	FY27 [2,3]	FY28 [2,3]	FY29 [2,3]
3/4"	\$32.61	\$37.83	\$43.88	\$50.90	\$52.94	\$55.06
1"	56.11	65.09	75.51	87.59	91.09	94.73
1.25"	85.57	99.26	115.14	133.56	138.90	144.45
1.5"	121.86	141.36	163.98	190.22	197.83	205.75
2"	215.28	249.73	289.69	336.04	349.49	363.47
3"	478.86	555.48	644.36	747.46	777.36	808.45
4"	852.82	989.27	1,147.55	1,331.16	1,384.41	1,439.79
6"	1,915.49	2,221.97	2,577.49	2,989.89	3,109.48	3,233.86
10"	5,291.82	6,138.51	7,120.67	8,259.97	8,590.37	8,933.98

Volume Rate, \$ per 1,000 gallons

Threshold	Existing	FY25	FY26	FY27	FY28	FY29
<b>Residential</b>						
First 1,000	\$0.00	\$2.17	\$2.52	\$2.92	\$3.04	\$3.16
Next 4,000	2.86	2.17	2.52	2.92	3.04	3.16
Next 5,000	2.86	2.71	3.14	3.64	3.79	3.94
Next 10,000	2.86	3.26	3.78	4.38	4.56	4.74
Over 20,000	2.86	4.34	5.03	5.83	6.06	6.30
<b>Commercial</b>						
First 1,000	\$0.00	\$3.27	\$3.79	\$4.40	\$4.58	\$4.76
Over 1,000	2.86	3.27	3.79	4.40	4.58	4.76
<b>Industrial</b>						
First 1,000	\$0.00	\$4.02	\$4.66	\$5.41	\$5.63	\$5.86
Over 1,000	2.86	4.02	4.66	5.41	5.63	5.86

[1] Includes 1,000 gallons volume allowance

[2] No volume allowance in proposed base charges

[3] Includes capital surcharge which varies by meter size



## **RELIANCE ON CITY-PROVIDED DATA**

During this project, the City (and/or its representatives) provided Raftelis with a variety of technical information, including cost and revenue data. Raftelis did not independently assess or test the accuracy of such data – historic or projected. Raftelis has relied on this data in the formulation of our findings and subsequent recommendations, as well as in the preparation of this report. Raftelis also relied on cost allocation data provided by the City needed to complete the cost-of-service analysis.

There are often differences between actual and projected data. Some of the assumptions used for projections in this report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the data or results projected in this report and actual results achieved, and those differences may be material. As a result, Raftelis takes no responsibility for the accuracy of data or projections provided by or prepared on behalf of the City, nor do we have any responsibility for updating this report for events occurring after the date of this report.

The results presented herein are drafted and under consideration by the City. Drawing conclusions from information in this report is premature and may lead to erroneous assessments as the document may be subject to revisions and refinement.

## 2. Financial Plan

### Cash Flow Analysis

The water utility financial plan is separated into two subfunds- the operating subfund and the capital subfund. The capital subfund tracks activities associated with capital projects and funding sources for the capital projects. The operating subfund tracks activities associated with the daily operations of the utility. The combined FY25 beginning fund balance is \$4.6 million. Water revenues consist primarily of rate revenues and nominal miscellaneous revenues. Rate revenues at current rates average \$3.3 million annually. Other rate revenue sources include water sales to CHS refinery. This includes potable water, raw water, and settled water. Rates for CHS are contractual. CHS rate revenue averages approximately \$199,000 annually.

Other non-rate revenue includes water line insurance, which averages \$33,000 annually, and the 5/8" bypass revenue, which averages \$28,600 annually. Other non-rate revenue includes sales of water supplies, fire line revenue, and other miscellaneous sources averaging in total approximately \$10,000 annually. The City anticipates receiving a grant of \$2,075,000 and a loan of \$18.6 million to fund the new water tank and booster station in FY26 and FY27. A proposed loan of \$3.6 million is also projected in FY28 to fund water treatment filter replacement.

O&M expenses include costs to treat and deliver water to customers. O&M is projected to increase from \$3.0 million to \$3.5 million by FY29. Other expenditures include payments on existing and proposed debt service. Existing debt service averages \$429,000 annually. Proposed debt service is projected at \$1.2 million beginning in FY27. Transfers to the capital fund are \$1.2 million to assist in funding the annual capital program. Capital projects total \$31.2 million for the study period. Highlights of the capital program include:

- A state revolving fund (SRF) loan of \$18.6 million is anticipated in FY27 to fund the majority of the new water tank and booster station project. This is in conjunction with anticipated grants totaling \$2.075 million. The total cost of the new water tank and booster station is \$20.6 million, including an inflation allowance.
- Another SRF loan of \$3,608,247 is planned for FY28 to significantly fund the new filters project with an estimated cost of \$5.7 million, which includes an inflation allowance.

The City has a total reserve target of \$3.9 million for FY25 and a debt service coverage requirement<sup>2</sup> of 1.20x as part of the loan covenants.

### Reserves

The City currently has a number of reserve requirements as identified in Table 1. Raftelis recommends the City include an annual operating reserve of 90 days of O&M and a capital reserve equal to 1-years depreciation expense. The O&M reserve acts as a buffer for unbudgeted emergency expenses, fluctuations in customer payments or reductions in water sales due to drought or wet weather. In addition, lenders and bond agencies view operating reserves as a sign of financial health, which can lead to more favorable credit ratings.

---

<sup>2</sup> Debt service coverage = [Revenues less expenses (excluding depreciation)] / annual debt service

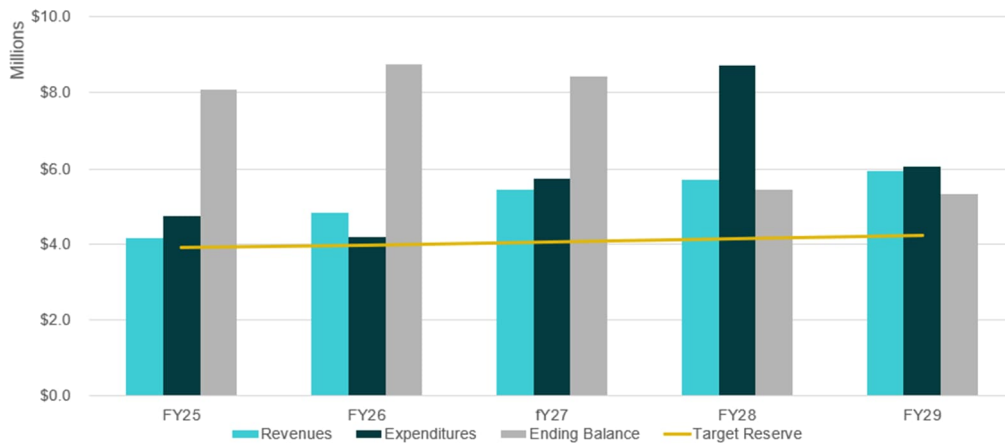
A capital reserve equal to 1-year depreciation expense recognizes the loss in asset value due to wear and tear and obsolescence. A capital reserve can help smooth out the unevenness of annual capital expenditures. As a result, customers can benefit from more steady and predictable rate increases.

**Indicated Financial Plan Increases**

Rate revenues should be sufficient to meet annual requirements, which includes O&M, debt, transfers to the capital fund, target reserves and debt service coverage. Revenues at current rates are insufficient to meet these requirements. The City needs annual adjustments of 16% in FY25 through FY27 followed by 4% in FY28 and FY29. The initial 16% rate increase is required to meet the target debt service coverage. Future increases are required to the debt service coverage and the reserve targets. *It is recommended the financial plan be reviewed annually to ensure that rate revenue is sufficient to meet projected revenue requirements.*

Figure 1 illustrates revenue and expenditures for the operating fund, as well as ending fund balances and target reserves. Figure 2 shows the projected FY25 increase of 16% effective from FY25-FY27, followed by a 4% increase in FY28 and FY29. The FY25 increase is assumed to effective for January water use. Rate increases for future years are assumed to be effective July 1 of each year. Figure 3 illustrates the target and calculated debt service coverage between FY25-FY29.

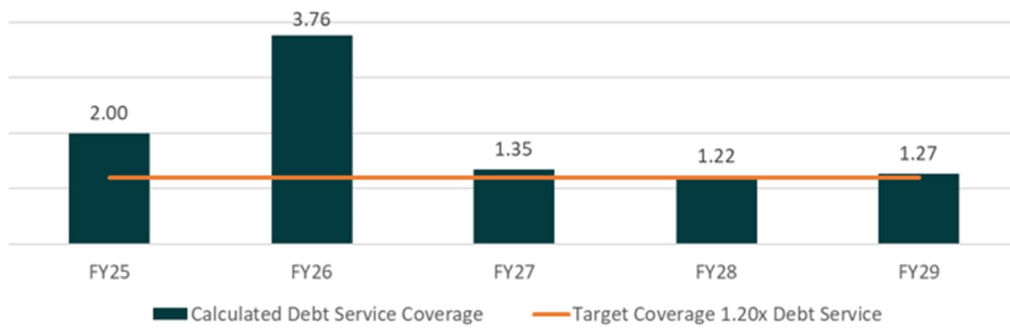
**Figure 1: Water Revenue and Expenditures**



**Figure 2: Proposed Annual Water Rate Increases**



Figure 3: Debt Service Coverage





# 3. Cost of Service and Rate Design

## Cost-of-Service Analysis

Raftelis completed this comprehensive cost-of-service analysis by standard methods supported by the American Water Works Association (AWWA) in its M1 manual, *Principles of Water Rates, Fees, and Charges*. This analysis determines the cost of providing water service to each customer class and guides the design of the proposed rates. The general steps of the cost-of-service analysis are:

1. *Revenue requirement.* Determine the level of revenue required from rates. The revenue requirement includes expenditures in the operating fund: O&M, debt service, capital projects, reserves, and changes in fund balance. The proposed 16% revenue adjustment in FY25 is in effect for 6 months and generates \$265,033 of additional revenue for a total of \$3,577,948. This equates to an annualized increase of 8.0%. However, to ensure that rates recover the 6 months of revenue at a 16% revenue adjustment, the revenue requirement must be stated in annualized terms<sup>3</sup>.
2. *Cost functionalization.* Assigns the costs detailed in the revenue requirements (i.e., O&M, capital, revenue offsets) to functional areas in the system. Functional areas include water treatment, transmission and distribution, storage, source of supply, meters, and services, and billing and administrative costs. Costs are functionalized based on the facility that has the most influence on that expense. For example, chemical costs are most influenced by treatment processes so those costs would be allocated to the water treatment category.
3. *Allocation of Functionalized Costs to System Demand Parameters.* Functional costs can be allocated to demand parameters and customer characteristics. Demand parameters include average day demands and peak demands. Customer characteristics include the number of accounts by meter size and bills. Each facility is designed to meet specific design requirements in the system. For example, water treatment facilities are designed and operated to meet maximum day demands. As a result, a portion of water treatment costs would be allocated to the average day demand category and a portion to the peak demand category. These assignments are completed for all the revenue requirement line items.
4. *Units of service.* The units of service capture the demand and customer characteristics for each customer class. These characteristics include average day demand, peak demand, number of accounts by meter size, and the number of bills.
5. *Distribution of costs to customer classes.* Because customer classes are defined by their demand parameters (average day and peak demands) and the account makeup (meters by meter sizes), the allocated costs can be proportionately distributed to each class based on their specific demand and customer characteristics.

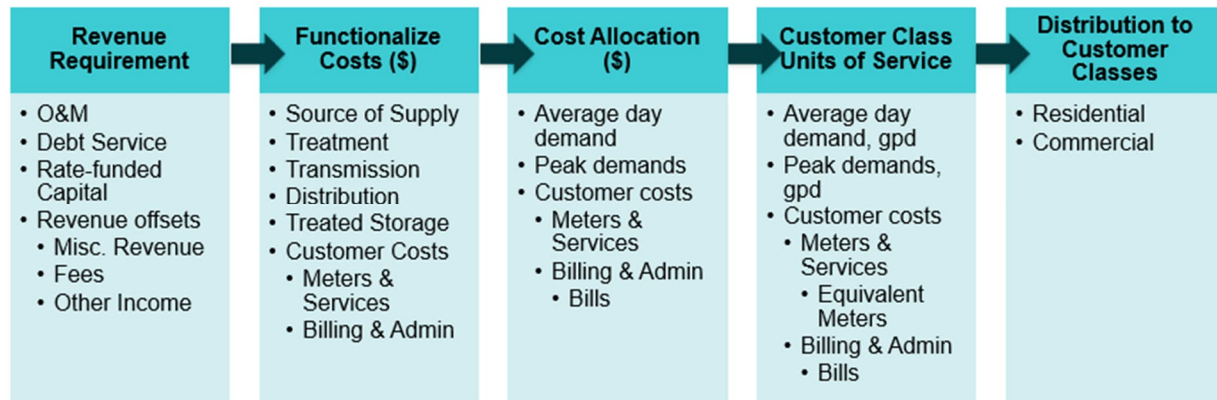
---

<sup>3</sup> The annualized revenue requirement is \$3,842,982. This value is used to calculate rates. Six months of rate revenue calculated on the annualized amount plus six months of revenue under existing rates will generate \$3,577,948.

For example, if the residential customer class represents 50% of total peak day demands, they would be allocated 50% of the allocated peak day demand costs.

Figure 4 illustrates the cost allocation process for a typical water utility. Figure 5 shows the change in the distribution of costs between the customer classes under existing rates and the cost-of-service analysis.

**Figure 4: The Standard Cost Allocation Process**



**Figure 5: Allocation of Water Utility Costs Under Current Rates Compared to the Allocated Cost of Service**



## Rate Design

### Rate Design

In the development of water rate schedules, a basic consideration is to establish equitable charges to customers commensurate with the cost of providing service. Raftelis developed rates for each customer class based on the cost of service analysis. Table 2 compares the existing and proposed rates for the 5-year study period FY25 – FY29.

### Existing structure

- Monthly minimum charge that varies by meter size
  - 1,000 gallons volume allowance

- Capital charge that varies by meter size (per EDU)
- Uniform volume rate same for all customer classes
- *The City may elect not to adopted the proposed cost-of-service rates. In that circumstance, the annual rate increase would apply uniformly to the base charge, volume allowance charge, the capital surcharge, and volume rate.*

**Proposed Cost of Service Rates**

- Monthly base charge that varies by meter size
  - No volume allowance
  - Capital charge that varies by meter size
- Residential volume rate: 4-tiered rate structure
- Commercial and industrial volume rate: uniform rate
- *Future year rate increases identified in the financial plan will apply uniformly to the base charge, capital surcharge, and volume rates.*

**Table 3: Comparison of Existing and Proposed FY25- FY29 Cost of Service Rates**

<b>Base Charge, \$ per bill</b>						
<b>Meter Size</b>	<b>Existing [1,3]</b>	<b>FY25 [2,3]</b>	<b>FY26 [2,3]</b>	<b>FY27 [2,3]</b>	<b>FY28 [2,3]</b>	<b>FY29 [2,3]</b>
3/4"	\$32.61	\$37.83	\$43.88	\$50.90	\$52.94	\$55.06
1"	56.11	65.09	75.51	87.59	91.09	94.73
1.25"	85.57	99.26	115.14	133.56	138.90	144.45
1.5"	121.86	141.36	163.98	190.22	197.83	205.75
2"	215.28	249.73	289.69	336.04	349.49	363.47
3"	478.86	555.48	644.36	747.46	777.36	808.45
4"	852.82	989.27	1,147.55	1,331.16	1,384.41	1,439.79
6"	1,915.49	2,221.97	2,577.49	2,989.89	3,109.48	3,233.86
10"	5,291.82	6,138.51	7,120.67	8,259.97	8,590.37	8,933.98

<b>Volume Rate, \$ per 1,000 gallons</b>						
<b>Threshold</b>	<b>Existing</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>
<u>Residential</u>						
First 1,000	\$0.00	\$2.17	\$2.52	\$2.92	\$3.04	\$3.16
Next 4,000	2.86	2.17	2.52	2.92	3.04	3.16
Next 5,000	2.86	2.71	3.14	3.64	3.79	3.94
Next 10,000	2.86	3.26	3.78	4.38	4.56	4.74
Over 20,000	2.86	4.34	5.03	5.83	6.06	6.30
<u>Commercial</u>						
First 1,000	\$0.00	\$3.27	\$3.79	\$4.40	\$4.58	\$4.76
Over 1,000	2.86	3.27	3.79	4.40	4.58	4.76
<u>Industrial</u>						
First 1,000	\$0.00	\$4.02	\$4.66	\$5.41	\$5.63	\$5.86
Over 1,000	2.86	4.02	4.66	5.41	5.63	5.86

[1] Includes 1,000 gallons volume allowance  
 [2] No volume allowance in proposed base charges  
 [3] Includes capital surcharge which varies by meter size





APPENDIX A

**Water Utility  
Financial Plan, Cost of Service,  
and Rate Design Analysis**



Line No.	Description	For the Fiscal Year Ending June 30				
		Budget	Projected			
		2025	2026	2027	2028	2029
		\$	\$	\$	\$	\$
Sources of Funds						
Water Sales Revenue						
1	Total Revenue from Existing Water Rates RateRev_Projected	3,312,915	3,313,322	3,313,322	3,313,322	3,313,322
2	Additional Water Sales Revenue from Rate Increases	265,033	1,145,084	1,858,429	2,065,299	2,280,444
3	Total Water Rate Revenue	3,577,948	4,458,406	5,171,751	5,378,621	5,593,765
Other Operating Revenue						
4	Water Line Insurance (\$1/month)	33,000	33,000	33,000	33,000	33,000
5	Sales of Water Supplies	2,000	2,000	2,000	2,000	2,000
6	Fire Line	6,300	6,300	6,300	6,300	6,300
7	5/8" Bypass	28,600	28,600	28,600	28,600	28,600
8	System Development Fees	0	0	0	0	0
9	Miscellaneous Water	2,000	2,000	2,000	2,000	2,000
CHS Revenue						
10	Raw Water-CHS	172,400	172,400	172,400	172,400	172,400
11	Settled Water-CHS	26,300	26,300	26,300	26,300	26,300
12	Rate Increase (2027 and 2032 per Contract)	0	0	0	0	0
13	Total CHS Non-Potable Revenues	198,700	198,700	198,700	198,700	198,700
14	Total Sources	3,848,548	4,729,006	5,442,351	5,649,221	5,864,365
Uses of Funds						
15	Operation and Maintenance Expense	2,997,500	3,127,420	3,262,541	3,387,503	3,517,285
Debt Service						
Existing Debt Service						
16	WRF-19431	305,285	305,290	306,171	306,918	307,529
17	WRF-17371	121,125	121,021	120,973	121,668	121,406
18	Proposed State Loans	0	0	1,190,359	1,421,818	1,421,818
19	Proposed Revenue Bonds	0	0	0	0	0
20	Total Debt Service	426,410	426,311	1,617,503	1,850,403	1,850,753
21	Transfer to Capital Fund	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
22	Total Uses	4,623,910	4,753,731	6,080,043	6,437,906	6,568,038
23	Annual Surplus (Deficiency)	(775,362)	(24,725)	(637,693)	(788,686)	(703,673)
24	Beginning Balance	4,566,901	3,791,539	3,766,814	3,129,121	2,340,436
25	Ending Balance	3,791,539	3,766,814	3,129,121	2,340,436	1,636,763
Target Reserves						
26	90 Days O&M	739,110	771,145	804,462	835,275	867,276
27	Meter Deposits	250,709	250,709	250,709	250,709	250,709
28	Total Target Reserves	989,819	1,021,854	1,055,171	1,085,984	1,117,985
29	Unrestricted Funds	2,801,721	2,744,961	2,073,950	1,254,452	518,778
30	Debt Service Coverage	2.00	3.76	1.35	1.22	1.27
31	Target	1.20	1.20	1.20	1.20	1.20
30	Annual Water Service Revenue Increase	16.0%	16.0%	16.0%	4.0%	4.0%
32	Cumulative Revenue Increase	16.0%	34.6%	56.1%	62.3%	68.8%
33	CHS Settled Water/Non-Potable Revenue Increase	0	0	56.1%		

Line No	Description	For the Fiscal Year Ending June 30				
		Budget	Projected			
		2025	2026	2027	2028	2029
1	Transfer from OP	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
2	Proposed Revenue Bonds	0	0	0	0	0
3	Proposed State Loans (30-Year, 2.5% Int)	0	0	18,556,701	3,608,247	0
4	Grants	0	207,500	1,867,500	0	0
5	Connection Fees	0	0	0	0	0
6	Interest Income	316,040	117,887	0	54,012	83,875
7	Total Sources	1,516,040	1,525,387	21,624,201	4,862,260	1,283,875
Uses of Funds						
8	PAYGO Capital Projects	1,341,000	831,820	21,295,580	7,070,665	692,853
9	Total Uses	1,341,000	831,820	21,295,580	7,070,665	692,853
10	Annual Surplus/(Deficiency)	175,040	693,567	328,622	(2,208,406)	591,022
11	Beg Balance (Restricted)	4,111,503	4,286,543	4,980,111	5,308,732	3,100,326
12	Ending Balance	4,286,543	4,980,111	5,308,732	3,100,326	3,691,348
Target Reserves						
13	Target Reserve (1-Year RC Depreciation Expense)	1,500,000	1,545,000	1,591,350	1,639,091	1,688,263
14	Cash - Meter replacement	137	137	137	137	137
15	Cash - Restricted - Water Line	276,439	276,439	276,439	276,439	276,439
16	Cash - Refinanced Bonds	736,505	736,505	736,505	736,505	736,505
17	Cash - Bond Reserve SFR SED	169,546	169,546	169,546	169,546	169,546
18	Cash - Bond Reserve DNRC IV	95,903	95,903	95,903	95,903	95,903
19	Cash - Bond Reserve DNRC IV	133,828	133,828	133,828	133,828	133,828
20	Total Target Reserves	2,912,357	2,957,357	3,003,707	3,051,448	3,100,621
21	Unrestricted Cash	1,374,186	2,022,753	2,305,025	48,879	590,728

Line No.	Fund	Fund Description	Account Description	For the Fiscal Year Ending June 30				
				Budget	Projected			
				2025	2026	2027	2028	2029
				\$	\$	\$	\$	\$
<b>5210-430500 WATER - PURIFICATION AND TREATMENT</b>								
1		392	ADMINISTRATIVE SERVICES	121,000	126,445	132,135	137,420	142,917
<b>5210-430540 WATER - PURIFICATION AND TREATMENT</b>								
2	500	Water Plant	110 SALARIES AND WAGES	570,000	595,650	622,454	647,352	673,247
3	500	Water Plant	111 OVERTIME	15,800	16,511	17,254	17,944	18,662
4	500	Water Plant	138 VISION INSURANCE	600	627	655	681	709
5	500	Water Plant	139 DENTAL INSURANCE	4,500	4,703	4,914	5,111	5,315
6	500	Water Plant	141 UNEMPLOYMENT INSURANCE	1,800	1,881	1,966	2,044	2,126
7	500	Water Plant	142 WORKERS' COMPENSATION	18,000	18,810	19,656	20,443	21,260
8	500	Water Plant	143 HEALTH INSURANCE	97,000	101,365	105,926	110,163	114,570
9	500	Water Plant	144 LIFE INSURANCE	1,200	1,254	1,310	1,363	1,417
10	500	Water Plant	145 FICA	42,000	43,890	45,865	47,700	49,608
11	500	Water Plant	146 PERS	47,000	49,115	51,325	53,378	55,513
12	500	Water Plant	149 ST/LT DISABILITY	4,500	4,703	4,914	5,111	5,315
13	500	Water Plant	194 FLEX MEDICAL	6,500	6,793	7,098	7,382	7,677
14	500	Water Plant	220 OPERATING SUPPLIES	25,000	26,000	27,040	27,986	28,966
15	500	Water Plant	221 CHEMICALS	165,000	171,600	178,464	184,710	191,175
16	500	Water Plant	222 LABORATORY & MEDICAL SUPP	8,000	8,320	8,653	8,956	9,269
17	500	Water Plant	226 CLOTHING AND UNIFORMS	1,200	1,254	1,310	1,363	1,417
18	500	Water Plant	231 GAS, OIL, DIESEL FUEL, GR	7,000	7,315	7,644	7,950	8,268
19	500	Water Plant	232 MOTOR VEHICLE PARTS	2,000	2,080	2,163	2,239	2,317
20	500	Water Plant	233 MACHINERY & EQUIPMENT PAR	16,000	16,640	17,306	17,911	18,538
21	500	Water Plant	241 CONSUMABLE TOOLS	1,000	1,040	1,082	1,119	1,159
22	500	Water Plant	263 SAFETY SUPPLIES	2,000	2,080	2,163	2,239	2,317
23	500	Water Plant	312 NETWORKING FEES	5,000	5,200	5,408	5,597	5,793
24	500	Water Plant	335 MEMBERSHIPS & DUES	1,500	1,560	1,622	1,679	1,738
25	500	Water Plant	337 ADVERTISING	2,500	2,600	2,704	2,799	2,897
26	500	Water Plant	339 CERTIFICATION RENEWAL	2,000	2,080	2,163	2,239	2,317
27	500	Water Plant	341 ELECTRIC UTILITY SERVICES	200,000	208,000	216,320	223,891	231,727
28	500	Water Plant	343 CELLULAR TELEPHONE	1,200	1,254	1,310	1,363	1,417
29	500	Water Plant	344 GAS UTILITY SERVICE	35,000	36,400	37,856	39,181	40,552
30	500	Water Plant	345 TELEPHONE	1,100	1,150	1,201	1,249	1,299
31	500	Water Plant	349 QUALITY TESTING	10,000	10,400	10,816	11,195	11,586
32	500	Water Plant	350 PROFESSIONAL SERVICES	15,000	15,600	16,224	16,792	17,380
33	500	Water Plant	351 MEDICAL, DENTAL, VETERINARY	1,000	1,045	1,092	1,136	1,181
34	500	Water Plant	355 DATA PROCESSING SERVICES	-	-	-	-	-
35	500	Water Plant	360 REPAIR & MAINTENANCE SERVICES	3,000	3,120	3,245	3,358	3,476
36	500	Water Plant	364 WATER / SEWER STRUCTURE & EQUIP	250,000	260,000	270,400	279,864	289,659
37	500	Water Plant	366 BUILDING MAINTENANCE	50,000	52,000	54,080	55,973	57,932
38	500	Water Plant	370 TRAVEL	4,000	4,160	4,326	4,478	4,635
39	500	Water Plant	380 TRAINING SERVICES	3,000	3,120	3,245	3,358	3,476
40	500	Water Plant	397 CONTRACTED SERVICES	16,000	16,640	17,306	17,911	18,538
41	500	Water Plant	511 INSURANCE ON BLDGS/IMPRVM	9,500	9,880	10,275	10,635	11,007
42	500	Water Plant	513 LIABILITY	22,155	23,041	23,963	24,802	25,670
43	500	Water Plant	514 VEHICLE / EQUIPMENT INSURANCE	-	-	-	-	-
44	500	Water Plant	519 POLLUTION INSURANCE	-	-	-	-	-
45	500	Water Plant	533 MACHINERY & EQUIPMENT RENTAL	20,000	20,800	21,632	22,389	23,173
46	500	Water Plant	544 DISCHARGE PERMIT FEE	3,000	3,120	3,245	3,358	3,476
47	900	Water Plant	900 CAPITAL OUTLAY	-	-	-	-	-
48	900	Water Plant	920 BUILDINGS	-	-	-	-	-
49	900	Water Plant	930 IMPROVEMENTS OTHER THAN B	-	-	-	-	-
50	900	Water Plant	940 MACHINERY & EQUIPMENT	-	-	-	-	-
51	900	Water Plant	943 NEW VEHICLE	-	-	-	-	-
52	900	Water Plant	946 COMPUTER EQ/SOFTWARE	-	-	-	-	-
<b>5210-430550 WATER - TRANSMISSION AND DISTRIBUTION</b>								
53	540	Water System	110.00 SALARIES AND WAGES	335,000	350,075	365,828	380,462	395,680
54	540	Water System	111.00 OVERTIME	3,500	3,658	3,822	3,975	4,134
55	540	Water System	138.00 VISION INSURANCE	325	340	355	369	384
56	540	Water System	139.00 DENTAL INSURANCE	2,100	2,195	2,293	2,385	2,480
57	540	Water System	141.00 UNEMPLOYMENT INSURANCE	1,000	1,045	1,092	1,136	1,181
58	540	Water System	142.00 WORKERS' COMPENSATION	9,200	9,614	10,047	10,448	10,866
59	540	Water System	143.00 HEALTH INSURANCE	42,500	44,413	46,411	48,268	50,198
60	540	Water System	144.00 LIFE INSURANCE	500	523	546	568	591
61	540	Water System	145.00 FICA	18,000	18,810	19,656	20,443	21,260
62	540	Water System	146.00 PERS	21,000	21,945	22,933	23,850	24,804

Line No.	Fund	Fund Description	Account Description	For the Fiscal Year Ending June 30					
				Budget	Projected				
				2025	2026	2027	2028	2029	
				\$	\$	\$	\$	\$	
63	540	Water System	149.00	ST/LT DISABILITY	2,500	2,613	2,730	2,839	2,953
64	540	Water System	194.00	FLEX MEDICAL	2,800	2,926	3,058	3,180	3,307
65	540	Water System	220.00	OPERATING SUPPLIES	26,000	27,170	28,393	29,528	30,709
66	540	Water System	221.00	CLOTHING AND UNIFORMS	1,800	1,881	1,966	2,044	2,126
67	540	Water System	226.00	REPAIR & MAINTENANCE SUPP	15,000	15,600	16,224	16,792	17,380
68	540	Water System	231.00	GAS, OIL, DIESEL FUEL, GR	16,000	16,640	17,306	17,911	18,538
69	540	Water System	232.00	MOTOR VEHICLE PARTS	5,000	5,200	5,408	5,597	5,793
70	540	Water System	233.00	MACHINERY & EQUIPMENT PAR	30,000	31,200	32,448	33,584	34,759
71	540	Water System	239.00	TIRES/TUBES/CHAINS	3,000	3,120	3,245	3,358	3,476
72	540	Water System	241.00	CONSUMABLE TOOLS	-	-	-	-	-
73	540	Water System	263.00	SAFETY SUPPLIES	1,500	1,560	1,622	1,679	1,738
74	540	Water System	311.00	POSTAGE	6,400	6,656	6,922	7,165	7,415
75	540	Water System	312.00	NETWORKING FEES	1,000	1,040	1,082	1,119	1,159
76	540	Water System	337.00	ADVERTISING	1,000	1,045	1,092	1,136	1,181
77	540	Water System	339.00	CERTIFICATION RENEWAL	1,200	1,254	1,310	1,363	1,417
78	540	Water System	341.00	ELECTRIC UTILITY SERVICES	15,600	16,302	17,036	17,717	18,426
79	540	Water System	343.00	CELLULAR TELEPHONE	3,000	3,135	3,276	3,407	3,543
80	540	Water System	350.00	PROFESSIONAL SERVICES	50,000	52,250	54,601	56,785	59,057
81	540	Water System	351.00	MEDICAL, DENTAL, VETERINARY	1,000	1,045	1,092	1,136	1,181
82	540	Water System	355.00	DATA PROCESSING SERVICES	2,500	2,613	2,730	2,839	2,953
83	540	Water System	360.00	REPAIR & MAINTENANCE SERV	20,000	20,900	21,841	22,714	23,623
84	540	Water System	362.00	OFFICE MACHINERY & EQUIP	25,000	26,125	27,301	28,393	29,528
85	540	Water System	367.00	WATER/SEWER LINES REPAIR	200,000	209,000	218,405	227,141	236,227
86	540	Water System	368.00	CURB BOX REPAIR/REPLACE	25,000	26,125	27,301	28,393	29,528
87	540	Water System	370.00	TRAVEL	3,000	3,135	3,276	3,407	3,543
88	540	Water System	380.00	TRAINING SERVICES	5,000	5,225	5,460	5,679	5,906
89	540	Water System	397.00	CONTRACTED SERVICES	16,000	16,720	17,472	18,171	18,898
90	540	Water System	452.00	GRAVEL AND SAND	-	-	-	-	-
91	540	Water System	511.00	INSURANCE ON BLDGS/IMPRVM	8,365	8,741	9,135	9,500	9,880
92	540	Water System	513.00	LIABILITY	8,989	9,394	9,816	10,209	10,617
93	540	Water System	514.00	VEHICLE/EQUIPMENT INSURAN	3,566	3,726	3,894	4,050	4,212
94	540	Water System	530.00	RENT	182,000	190,190	198,749	206,698	214,966
95	540	Water System	532.00	LAND RANTAL/EASEMENTS	11,800	12,331	12,886	13,401	13,937
96	540	Water System	533.00	MACHINERY & EQUIPMENT RENT	-	-	-	-	-
97	540	Water System	540.00	SPECIAL ASSESSMENTS	-	-	-	-	-
98	540	Water System	543.00	SERVICE CONNECTION FEE	6,100	6,375	6,661	6,928	7,205
99	540	Water System	811.00	LIABILITY DEDUCTIBLES	-	-	-	-	-
100	900	Water System	901	MISC CAPITAL PROJECTS	-	-	-	-	-
101	900	Water System	938	REPLACE WATER/SEWER LINE	-	-	-	-	-
102	900	Water System	949	VEHICLE(S)	-	-	-	-	-
103	901	Water System	950	MINI EXCAVATOR	-	-	-	-	-
<b>5210-430551 MURRAY HEIGHTS SUBDIVISION - BOOSTER STATION</b>									
104	540.00	Water System	220.00	Operating Supplies	500	523	543	565	588
105	540.00	Water System	231.00	Gas, Oil, Diesel Fuel, Gr	-	-	-	-	-
106	540.00	Water System	241.00	Consumable Tools	-	-	-	-	-
107	540.00	Water System	341.00	Electric Utility Services	15,000	15,675	16,302	16,954	17,632
108	540.00	Water System	344.00	Gas Utility Services	800	836	869	904	940
109	540.00	Water System	360.00	Repair & Maintenance Serv	5,000	5,225	5,434	5,651	5,877
110	540.00	Water System	366.00	Building Maintenance	5,000	5,225	5,225	5,225	5,225
<b>5210-430552 WATER RESERVOIR</b>									
111	540	Water System	220.00	Operating Supplies	300	314	326	339	353
112	540	Water System	341.00	Electric Utility Services	1,500	1,568	1,630	1,695	1,763
113	540	Water System	350.00	Professional Services	7,500	7,838	8,151	8,477	8,816
114	540	Water System	364.00	Water/Sewer Struct. & Equ	-	-	-	-	-
115	540	Water System	452.00	Gravel and Sand	-	-	-	-	-
116	900	Water System	920.00	Buildings	-	-	-	-	-
<b>5210-430553 ELENA BOOSTER STATION</b>									
117	540	Water System	220	Operating Supplies	100	105	109	113	118
118	540	Water System	231	Gas, Oil, Diesel Fuel, Gr	500	523	543	565	588
119	540	Water System	233	Machinery & Equipment Par	1,500	1,568	1,630	1,695	1,763
120	540	Water System	341	Electric Utility Services	7,500	7,838	8,151	8,477	8,816
121	540	Water System	350	Professional Services	500	523	543	565	588
122	540	Water System	360	Repair & Maintenance Serv	1,000	1,045	1,087	1,130	1,175
123	540	Water System	366	Building Maintenance	500	523	543	565	588

City of Laurel  
 Water Utility  
 Annual Operation and Maintenance Expense

Table A-3

Line No.	Fund	Fund Description	Account Description	For the Fiscal Year Ending June 30				
				Budget	Projected			
				2025	2026	2027	2028	2029
				\$	\$	\$	\$	\$
			5210-521000 INTERFUND OPERATING TRANSFERS OUT					
124	540	Water	820 Transfers to Other Funds	5,000	5,000	5,000	5,000	5,000
125	Total Operating Budget		Total Operation and Maintenance Expense	2,997,500	3,127,420	3,262,541	3,387,503	3,517,285
Total Operation and Maintenance Expenses				2,997,500	3,127,420	3,262,541	3,387,503	3,517,285
900.00	Capital Expenditures			0	0	0	0	0
Total Operating Budget				2,997,500	3,127,420	3,262,541	3,387,503	3,517,285



City of Laurel  
 Water Utility  
 Water Capital Improvement Plan Excluding Inflation

Table A-4

		For the Fiscal Year Ending June 30					2025-2034
Line No.	Title	Budget	Projected				Total
		2025	2026	2027	2028	2029	
		\$	\$	\$	\$	\$	\$
1	Bulk Water Sales Station - On Hold			400,000			400,000
2	West 7th St Wtr Replacement - Combined w/1st Ave	650,000					650,000
3	Riverside Park Water + Irrigation System	0	360,000				360,000
4	Water Treatment Plant Stormwater Improvements	125,000					125,000
5	New Wtr Tank, Booster Station & Piping Redun		210,000	18,675,000			18,885,000
6	1st Ave. Water Valve Installation w/ W 7th	170,000			170,000		340,000
7	City Wide Valve & Hydrant Replacement Project	145,000	145,000	145,000	145,000		580,000
8	Replacement of Water Lines (\$900 ft @ 450 lf)	81,000	81,000	81,000	81,000	81,000	405,000
9	Water Tank Painting			200,000	800,000		1,000,000
10	Filters				5,000,000		5,000,000
11	949-Mini Excavator	150,000					150,000
12	920-Buildings-Reserve	20,000					20,000
13	Miscellaneous Undesignated Projects					500,000	500,000
14	Total Capital Improvement Ex. Inflation	4,601,000	796,000	19,501,000	6,196,000	581,000	31,675,000

City of Laurel  
 Water Utility  
 Water Capital Improvement Plan (Inflated)

Table A-5

<i>Annual Inflation</i>	0.0%	4.5%	4.5%	4.5%	4.5%
<i>Cumulative Inflation</i>	0.0%	4.5%	9.2%	14.1%	19.3%

Line No.	Title	For the Fiscal Year Ending June 30					2025-2034 Total
		Budget	Projected				
		2025	2026	2027	2028	2029	
		\$	\$	\$	\$	\$	
1	Bulk Water Sales Station - On Hold	-	-	436,810	-	-	436,810
2	West 7th St Wtr Replacement - Combined w/1st Ave	650,000	-	-	-	-	650,000
3	Riverside Park Water + Irrigation System	-	376,200	-	-	-	376,200
4	Water Treatment Plant Stormwater Improvements	125,000	-	-	-	-	125,000
5	New Wtr Tank, Booster Station & Piping Redun	-	219,450	20,393,567	-	-	20,613,017
6	1st Ave. Water Valve Installation w/ W 7th	170,000	-	-	193,998	-	363,998
7	City Wide Valve & Hydrant Replacement Project	145,000	151,525	158,344	165,469	-	620,338
8	Replacement of Water Lines (\$900 ft @ 450 lf)	81,000	84,645	88,454	92,434	96,594	443,127
9	Water Tank Painting	-	-	218,405	912,933	-	1,131,338
10	Filters	-	-	-	5,705,831	-	5,705,831
11	Settling Pond (2011 Great Westen MP)	-	-	-	-	-	-
12	920-Buildings-Reserve	20,000	-	-	-	-	20,000
13	Miscellaneous Undesignated Projects	-	-	-	-	596,259	596,259
14	Total Capital Improvement Program Including Inflation	1,341,000	831,820	21,295,580	7,070,665	692,853	31,231,918

City of Laurel  
 Water Utility  
 Test Year 2025 Revenue Requirement

Table A-6

Line No.	Description	Operating Expense	Capital Expense	Total
Revenue Requirement				
1	Operation and Maintenance Expense	2,997,500		2,997,500
2	Repair and Replacement Capital		1,200,000	1,200,000
3	Debt Service		426,410	426,410
4	Total Revenue Requirements	2,997,500	1,626,410	4,623,910
Less Revenue Offsets				
5	Water Line Insurance (\$1/month)	(33,000)		(33,000)
6	Sales of Water Supplies	(2,000)		(2,000)
7	Fire Line	(6,300)		(6,300)
8	5/8" Bypass	(28,600)		(28,600)
9	System Development Fees	0		0
10	Miscellaneous Water	(2,000)		(2,000)
	CHS Revenue			0
11	Raw Water-CHS	(172,400)		(172,400)
12	Settled Water-CHS	(26,300)		(26,300)
13	Rate Increase (2027 and 2032 per Contract)	0		0
14	Change in Fund Balance	(330,826)	(179,502)	(510,328)
15	Subtotal Revenue Offsets	(601,426)	(179,502)	(780,928)
16	Net Revenue Requirement	2,396,074	1,446,908	3,842,982

Line No.	Description	O&M Costs	Volume			Customer Related			Total
			Base	Maximum Day Demand	Maximum Hour Demand	Meters & Services	Billing	Indirect	
Water System Assets									
1	Source of Supply		100.0%						100.0%
2	Treatment		55.6%	44.4%					100.0%
3	Transmission & Distribution		16.7%	13.3%	20.0%	50.0%			100.0%
4	Customer/Billing						100.0%		100.0%
5	Meters & Services					100.0%			100.0%
6	Public Fire					100.0%			100.0%
7	Not Used						100.0%		100.0%
8	Not Used						100.0%		100.0%
9	General & Admin							100.0%	100.0%
10	Pump Station		55.6%	44.4%					100.0%
11	Treated Storage		33.3%	26.7%	40.0%				100.0%
12	Land		100.0%						100.0%
13	Total								100.0%

Line No.	Description	Replacement Cost	Volume		Customer Related		Indirect	General & Admin	Total
			Base	Maximum Day Demand	Maximum Hour Demand	Meters & Services			
		\$	\$	\$	\$	\$	\$	\$	\$
Water System Assets									
1	Source of Supply	2,841,754	2,841,754	0	0	0	0	0	2,841,754
2	Treatment	39,991,420	22,217,456	17,773,965	0	0	0	0	39,991,420
3	Transmission & Distribution	33,042,881	5,507,147	4,405,717	6,608,576	16,521,440	0	0	33,042,881
4	Customer/Billing	0	0	0	0	0	0	0	0
5	Meters & Services	2,544,987	0	0	0	2,544,987	0	0	2,544,987
6	Public Fire	184,685	0	0	0	184,685	0	0	184,685
7	Not Used	0	0	0	0	0	0	0	0
8	Not Used	0	0	0	0	0	0	0	0
9	General & Admin	18,474	0	0	0	0	0	18,474	18,474
10	Pump Station	53,810	29,895	23,916	0	0	0	0	53,810
11	Treated Storage	969,401	323,134	258,507	387,761	0	0	0	969,401
12	Land	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	0
14	Total Water System Assets	79,647,413	30,919,385	22,462,105	6,996,337	19,251,113	0	18,474	79,647,413
		TRUE							
15	General & Admin, %		38.8%	28.2%	8.8%	24.2%			
16	General & Admin Allocation, \$	18,474	7,173	5,211	1,623	4,466			
17	Total Reallocated Assets		30,926,558	22,467,316	6,997,960	19,255,579			
18	Percent of Total		38.8%	28.2%	8.8%	24.2%			
19	Annual Capital Costs (with Rev Req Adjustments)	1,446,908	561,825	408,150	127,128	349,805			

Line No.	Description	Test Year 2025	1 Source of Supply	2 Treatment	3 Trans / Dist	4 Customer / Billing	5 Meters & Services	Total
		\$						
1	5210-430500 WATER - PURIFICATION AND TREATMENT							
1	500 392 ADMINISTRATIVE SERVICES	121,000				50%	50%	100%
	5210-430540 WATER - PURIFICATION AND TREATMENT							
2	500 110 SALARIES AND WAGES	570,000		100%				100%
3	500 111 OVERTIME	15,800		100%				100%
4	500 138 VISION INSURANCE	600		100%				100%
5	500 139 DENTAL INSURANCE	4,500		100%				100%
6	500 141 UNEMPLOYMENT INSURANCE	1,800		100%				100%
7	500 142 WORKERS' COMPENSATION	18,000		100%				100%
8	500 143 HEALTH INSURANCE	97,000		100%				100%
9	500 144 LIFE INSURANCE	1,200		100%				100%
10	500 145 FICA	42,000		100%				100%
11	500 146 PERS	47,000		100%				100%
12	500 149 ST/LT DISABILITY	4,500		100%				100%
13	500 194 FLEX MEDICAL	6,500		100%				100%
14	500 220 OPERATING SUPPLIES	25,000		100%				100%
15	500 221 CHEMICALS	165,000		100%				100%
16	500 222 LABORATORY & MEDICAL SUPP	8,000		100%				100%
17	500 226 CLOTHING AND UNIFORMS	1,200		100%				100%
18	500 231 GAS, OIL, DIESEL FUEL, GR	7,000		100%				100%
19	500 232 MOTOR VEHICLE PARTS	2,000		100%				100%
20	500 233 MACHINERY & EQUIPMENT PAR	16,000		100%				100%
21	500 241 CONSUMABLE TOOLS	1,000		100%				100%
22	500 263 SAFETY SUPPLIES	2,000		100%				100%
23	500 312 NETWORKING FEES	5,000		100%				100%
24	500 335 MEMBERSHIPS & DUES	1,500		100%				100%
25	500 337 ADVERTISING	2,500		100%				100%
26	500 339 CERTIFICATION RENEWAL	2,000		100%				100%
27	500 341 ELECTRIC UTILITY SERVICES	200,000		100%				100%
28	500 343 CELLULAR TELEPHONE	1,200		100%				100%
29	500 344 GAS UTILITY SERVICE	35,000		100%				100%
30	500 345 TELEPHONE	1,100		100%				100%
31	500 349 QUALITY TESTING	10,000		100%				100%
32	500 350 PROFESSIONAL SERVICES	15,000		100%				100%
33	500 351 MEDICAL, DENTAL, VETERINARY	1,000		100%				100%
34	500 355 DATA PROCESSING SERVICES	-		100%				100%
35	500 360 REPAIR & MAINTENANCE SERVICES	3,000		100%				100%
36	500 364 WATER / SEWER STRUCTURE & EQUIP	250,000		100%				100%
37	500 366 BUILDING MAINTENANCE	50,000		100%				100%
38	500 370 TRAVEL	4,000		100%				100%
39	500 380 TRAINING SERVICES	3,000		100%				100%
40	500 397 CONTRACTED SERVICES	16,000		100%				100%
41	500 511 INSURANCE ON BLDGS/IMPRVM	9,500		100%				100%
42	500 513 LIABILITY	22,155		100%				100%
43	500 514 VEHICLE / EQUIPMENT INSURANCE	-		100%				100%
44	500 519 POLLUTION INSURANCE	-		100%				100%
45	500 533 MACHINERY & EQUIPMENT RENTAL	20,000		100%				100%
46	500 544 DISCHARGE PERMIT FEE	3,000		100%				100%
47	500 900 CAPITAL OUTLAY	-						0%
48	500 920 BUILDINGS	-						0%
49	500 930 IMPROVEMENTS OTHER THAN B	-						0%
50	500 940 MACHINERY & EQUIPMENT	-						0%
51	501 943 NEW VEHICLE	-						0%
52	500 946 COMPUTER EQ/SOFTWARE	-						0%
	5210-430550 WATER - TRANSMISSION AND DISTRIBUTION							
53	540 110 SALARIES AND WAGES	335,000			100%			100%
54	540 111 OVERTIME	3,500			100%			100%
55	540 138 VISION INSURANCE	325			100%			100%
56	540 139 DENTAL INSURANCE	2,100			100%			100%
57	540 141 UNEMPLOYMENT INSURANCE	1,000			100%			100%
58	540 142 WORKERS' COMPENSATION	9,200			100%			100%
59	540 143 HEALTH INSURANCE	42,500			100%			100%
60	540 144 LIFE INSURANCE	500			100%			100%
61	540 145 FICA	18,000			100%			100%
62	540 146 PERS	21,000			100%			100%
63	540 149 ST/LT DISABILITY	2,500			100%			100%
64	540 194 FLEX MEDICAL	2,800			100%			100%
65	540 220 OPERATING SUPPLIES	26,000			100%			100%
66	540 221 CLOTHING AND UNIFORMS	1,800			100%			100%
67	540 226 REPAIR & MAINTENANCE SUPP	15,000			100%			100%
68	540 231 GAS, OIL, DIESEL FUEL, GR	16,000			100%			100%
69	540 232 MOTOR VEHICLE PARTS	5,000			100%			100%
70	540 233 MACHINERY & EQUIPMENT PAR	30,000			100%			100%
71	540 239 TIRES/TUBES/CHAINS	3,000			100%			100%
72	540 241 CONSUMABLE TOOLS	-			100%			100%
73	540 263 SAFETY SUPPLIES	1,500			100%			100%
74	540 311 POSTAGE	6,400			100%			100%
75	540 312 NETWORKING FEES	1,000			100%			100%
76	540 337 ADVERTISING	1,000			100%			100%
77	540 339 CERTIFICATION RENEWAL	1,200			100%			100%
78	540 341 ELECTRIC UTILITY SERVICES	15,600			100%			100%

Line No.	Description	Test Year 2025	1 Source of Supply	2 Treatment	3 Trans / Dist	4 Customer / Billing	5 Meters & Services	Total	
79	540 343	CELLULAR TELEPHONE	3,000		100%			100%	
80	540 350	PROFESSIONAL SERVICES	50,000		100%			100%	
81	540 351	MEDICAL, DENTAL, VETERINARY	1,000		100%			100%	
82	540 355	DATA PROCESSING SERVICES	2,500			100%		100%	
83	540 360	REPAIR & MAINTENANCE SERV	20,000		100%			100%	
84	540 362	OFFICE MACHINERY & EQUIP	25,000		100%			100%	
85	540 367	WATER/SEWER LINES REPAIR	200,000		100%			100%	
86	540 368	CURB BOX REPAIR/REPLACE	25,000		100%			100%	
87	540 370	TRAVEL	3,000		100%			100%	
88	540 380	TRAINING SERVICES	5,000		100%			100%	
89	540 397	CONTRACTED SERVICES	16,000		100%			100%	
90	540 452	GRAVEL AND SAND	-		100%			100%	
91	540 511	INSURANCE ON BLDGS/IMPRVM	8,365		100%			100%	
92	540 513	LIABILITY	8,989		100%			100%	
93	540 514	VEHICLE/EQUIPMENT INSURAN	3,566		100%			100%	
94	540 530	RENT	182,000		100%			100%	
95	540 532	LAND RANTAL/EASEMENTS	11,800		100%			100%	
96	540 533	MACHINERY & EQUIPMENT RENT	-		100%			100%	
97	540 540	SPECIAL ASSESSMENTS	-		100%			100%	
98	540 543	SERVICE CONNECTION FEE	6,100		100%			100%	
99	540 811	LIABILITY DEDUCTIBLES	-		100%			100%	
100	540 901	MISC CAPITAL PROJECTS	-		100%			100%	
101	540 938	REPLACE WATER/SEWER LINE	-		100%			100%	
102	540 943	VEHICLE(S)	-		100%			100%	
103	540 949	MINI EXCAVATOR	-		100%			100%	
104	540 5210-430551	MURRAY HEIGHTS SUBDIVISION - BOOSTER STATION							
105	540 220	Operating Supplies	500		100%			100%	
106	540 231	Gas, Oil, Diesel Fuel, Gr	-		100%			100%	
107	540 241	Consumable Tools	-		100%			100%	
108	540 341	Electric Utility Services	15,000		100%			100%	
109	540 344	Gas Utility Services	800		100%			100%	
110	540 360	Repair & Maintenance Serv	5,000		100%			100%	
111	540 366	Building Maintenance	5,000		100%			100%	
111	540 5210-430552	WATER RESERVOIR							
112	540 220	Operating Supplies	300	100%				100%	
113	540 231	Electric Utility Services	1,500	100%				100%	
114	540 241	Professional Services	7,500	100%				100%	
115	540 341	Water/Sewer Struct. & Equ	-	100%				100%	
116	540 344	Gravel and Sand	-	100%				100%	
117	540 360	Buildings	-	100%				100%	
117	540 5210-430553	ELENA BOOSTER STATION							
118	540 220	Operating Supplies	100		100%			100%	
119	540 231	Gas, Oil, Diesel Fuel, Gr	500		100%			100%	
120	540 233	Machinery & Equipment Par	1,500		100%			100%	
121	540 341	Electric Utility Services	7,500		100%			100%	
122	540 350	Professional Services	500		100%			100%	
123	540 360	Repair & Maintenance Serv	1,000		100%			100%	
124	540 366	Building Maintenance	500		100%			100%	
124	540 5210-521000	INTERFUND OPERATING TRANSFERS OUT							
125	540 820	Transfers to Other Funds	5,000			100%		100%	
125	Total		2,997,500	9,300	1,691,055	1,168,645	68,000	60,500	2,997,500

Source: City of Laurel - Expenditure Budget by Org Report - MultiYear Actuals

	0.3%	56.4%	39.0%	2.3%	2.0%	100.0%
0	0	0	0	0	0	0
	9,300	1,691,055	1,168,645	68,000	60,500	

Town of Laurel  
Water Utility  
Summary Operation and Maintenance Expense Functional Category Allocations  
Test Year 2025

Line No.	Description	Lookup Column->	1 Source of Supply	2 Treatment	3 Trans / Dist	4 Customer / Billing	5 Meters & Services	Total
1	Total Allocation		9,300	1,691,055	1,168,645	68,000	60,500	2,997,500
126	All Other Infrastructure Reallocation		0.3%	56.4%	39.0%	2.3%	2.0%	
127	Total All Other Infrastructure		-	-	-	-	-	0
128	All Other General Reallocation		0.3%	56.4%	39.0%	2.3%	2.0%	
129	Total Reallocated All Other General		-	-	-	-	-	0
130	Total After Reallocation		9,300	1,691,055	1,168,645	68,000	60,500	2,997,500
131	%		0.3%	56.4%	39.0%	2.3%	2.0%	100.0%

Line No.	Description	Total	Volume		Customer Related			General & Admin	Total
			Base	Maximum Day Demand	Maximum Hour Demand	Meters & Services	Billing		
Functions									
1	Source of Supply	9,300	100.0%						100.0%
2	Treatment	1,691,055	55.6%	44.4%					100.0%
3	Transmission & Distribution	1,168,645	16.7%	13.3%	20.0%	50.0%			100.0%
4	Customer/Billing	68,000					100.0%		100.0%
5	Meters & Services	60,500				100.0%			100.0%
6	Public Fire	0				100.0%			100.0%
7	Common to Irrigation	0					100.0%		100.0%
8	All Other Infrastructure	0					100.0%		100.0%
9	General & Admin	0					50.0%	50.0%	100.0%
10	Pump Station	0		40.0%	60.0%				100.0%
11	Treated Storage	0		40.0%	60.0%				100.0%
12								100.0%	100.0%
13								100.0%	100.0%
14	Total	2,997,500							



Line No.	Description	Total	Volume		Customer Related		Indirect	General & Admin	Total
			Base	Maximum Day Demand	Maximum Hour Demand	Meters & Services			
		\$	\$	\$	\$	\$	\$	\$	\$
Functions									
1	Source of Supply	9,300	9,300	0	0	0	0	0	9,300
2	Treatment	1,691,055	939,475	751,580	0	0	0	0	1,691,055
3	Transmission & Distribution	1,168,645	194,774	155,819	233,729	584,323	0	0	1,168,645
4	Customer Billing	68,000	0	0	0	0	68,000	0	68,000
5	Meters & Services	60,500	0	0	0	60,500	0	0	60,500
6	Public Fire	0	0	0	0	0	0	0	0
7	Common to Irrigation	0	0	0	0	0	0	0	0
8	All Other Infrastructure	0	0	0	0	0	0	0	0
9	Indirect	0	0	0	0	0	0	0	0
10	Pump Station	0	0	0	0	0	0	0	0
11	Treated Storage	0	0	0	0	0	0	0	0
12	Total Allocated O&M	2,997,500	1,143,549	907,399	233,729	644,823	68,000	0	2,997,500
13	Percent of Total		38.2%	30.3%	7.8%	21.5%	2.3%	0.0%	0.0%
14	Indirect & G&A Allocation, %		38.2%	30.3%	7.8%	21.5%	2.3%		
	Settling Water and Raw Water Allocation		55.6%	44.4%					
15	Indirect Allocation, \$	0	0	0	0	0	0		
16	General & Admin Allocation, \$	0	0	0	0	0	0		
17	Subtotal Reallocated O&M - %	2,997,500	1,143,549	907,399	233,729	644,823	68,000		
18	Subtotal Reallocated O&M - %		38.2%	30.3%	7.8%	21.5%	2.3%		
19	Miscellaneous Revenue Offsets	(71,900)	(27,430)	(21,765)	(5,606)	(15,467)	(1,631)		
20	Allocation of Change in Fund Balance	(330,826)	(126,210)	(100,147)	(25,796)	(71,167)	(7,505)		
21	Settling and Raw Water Revenue	(198,700)	(110,389)	(88,311)	0	0	0		
22	Total Revenue Offsets	(601,426)	(264,029)	(210,224)	(31,402)	(86,634)	(9,136)		
19	Annual O&M Expenses with Reallocations (with Rev Req Adjustme	2,396,074	879,520	697,176	202,327	558,188	58,864		

No.	Customer Class	Water Use		Maximum Day Demand			Maximum Hour Demand			3/4" Equivalent Meter Capacity Ratio	
		Annual 1,000 gal	Average Day 1,000 gal	Demand Factor	Total Demand	Extra Capacity	Demand Factor	Total Demand	Extra Capacity		Bills
1	Residential	162,482	445	3.81	1,694	1,249	6.34	2,823	1,129	31,114	31,234
2	Commercial	88,935	244	2.35	573	330	3.92	955	382	2,802	9,115
3	Irrigation	10,391	28	7.65	218	189	12.75	363	145	185	438
4	Industrial	434,162	1,189	2.51	2,984	1,795	4.18	4,974	1,990	72	3,326
5	Total	695,969	1,907		5,470	3,563		9,116	3,646	34,173	44,112

City of Laurel  
Water Utility  
Unit Costs of Service

Table A-13

Line No.	Description	Volume			Customer Related		
		Total	Annual	Maximum Day Demand	Maximum Hour Demand	Meters & Services	Billing
Cost of Service							
1	Operation and Maintenance Expense	\$2,997,500	\$1,143,549	\$907,399	\$233,729	\$644,823	\$68,000
2	Capital Cost	1,446,908	561,825	408,150	127,128	349,805	0
3	Total Cost of Service	\$4,444,408	\$1,705,374	\$1,315,550	\$360,857	\$994,627	\$68,000
4	Miscellaneous Revenue Offsets	(\$71,900)	(\$27,430)	(\$21,765)	(\$5,606)	(\$15,467)	(\$1,631)
5	Allocation of Change in Fund Balance	(330,826)	(126,210)	(100,147)	(25,796)	(71,167)	(7,505)
6	Settling and Raw Water Revenue	(198,700)	(110,389)	(88,311)	0	0	0
7	Net Allocated Revenue Requirement	\$3,842,982	\$1,441,344	\$1,105,326	\$329,454	\$907,993	\$58,864
8	<i>Percent of Total</i>	<i>100%</i>	<i>38%</i>	<i>30%</i>	<i>8%</i>	<i>22%</i>	<i>2%</i>
Units of Service							
	<u>Units of Service</u>		<u>1,000 gal</u>	<u>gpd</u>	<u>gpd</u>	<u>Equivalent Meter Capacity</u>	<u># Bills</u>
9	Common to All Customers (Table A-14, Line 5)		695,969	3,563	3,646	44,112	34,173
10	Common to Retail Customers (Table A-14, Lines 1-4)		261,808	1,768	1,657	40,786	34,101
<u>Units of Service</u>							
11	Common to All Customers (Lines 3 + 4 + 5 / Line 9)		\$2.23	\$335.03	\$90.35	\$20.58	\$1.72
12	Common to Retail Customers (Line 6 / Line 10)		(\$0.42)	(\$49.96)	\$0.00	\$0.00	\$0.00

City of Laurel  
 Water Utility  
 Distribution of Costs to Customer Classes

Table A-14

Line No.	Description	Total	Volume		Customer Related		
			Average Day	Maximum Day Demand	Maximum Hour Demand	Meters & Services	Billing
1	Unit Costs of Service - \$/unit						
	Common to All Customers (Lines 3 - 6 / Line 9)		\$2.23	\$335.03	\$90.35	\$20.58	\$1.72
	Common to Retail Customers (Line 6 / Line 10)		\$1.81	\$285.07	\$90.35	\$20.58	\$1.72
	Customer Class						
	Residential						
2	Units		162,482	1,249	1,129	31,234	31,114
3	Cost of Service - \$	\$1,448,292	\$293,761	\$355,995	\$102,033	\$642,907	\$53,595
	Commercial						
4	Units		88,935	330	382	9,115	2,802
5	Cost of Service - \$	\$481,741	\$160,790	\$93,971	\$34,532	\$187,622	\$4,826
	Irrigation						
6	Units		10,391	189	145	438	185
7	Cost of Service - \$	\$95,209	\$18,786	\$53,975	\$13,119	\$9,010	\$319
	Industrial						
8	Units		434,162	1,795	1,990	3,326	72
9	Cost of Service - \$	\$1,817,739	\$968,007	\$601,385	\$179,770	\$68,454	\$124
10	Total Cost of Service	3,842,982	1,441,344	1,105,326	329,454	907,993	58,864

City of Laurel  
 Water Utility  
 Comparison of Cost of Service With Revenues Under Existing Rates

Table A-15

Line No	Customer Class	2025 Cost of Service COS	Revenue at Existing Rates Rev	Change - \$	Change - %
1	Residential	\$1,448,292	\$1,405,545	\$42,747	3.0%
2	Commercial	481,741	523,700	(41,959)	-8.0%
3	Irrigation	95,209	42,824	52,385	122.3%
4	Industrial	\$1,817,739	1,340,846	476,893	35.6%
5	Total System	\$3,842,982	3,312,915	530,066	16.0%

City of Laurel  
 Water Utility  
 Adjusted Cost of Service

Table A-16

Line No	Customer Class	2025 Cost of Service	Revenue at Existing Rates	Change - \$	Adjustment	Adjusted COS	Change - %
1	Residential	\$1,448,292	\$1,405,545	\$0	\$0	\$1,448,292	3.0%
2	Commercial	481,741	523,700	41,959	\$0	523,700	0.0%
3	Irrigation	95,209	42,824	-	(2,088)	93,121	117.5%
4	Industrial	1,817,739	1,340,846	-	(39,871)	1,777,869	32.6%
5	Total	\$3,842,982	\$3,312,915	\$41,959	(\$41,959)	\$3,842,982	16.0%

Residential Cost of Service				\$1,448,292	Combined Commercial and Irrigation COS				\$616,821	Industrial				\$1,777,869							
Meter Size	Bills	S.C.	Revenue		Meter Size	Bills	S.C.	Revenue		Meter Size	Bills	S.C.	Revenue								
Inches					Inches					Inches											
3/4"	31,030	\$32.61	\$1,011,886		3/4"	1,324	\$32.61	\$43,186		3/4"	12	\$32.61	\$392								
1"	60	\$56.11	\$3,372		1"	931	\$56.11	\$52,234		1"	12	\$56.11	\$674								
1.25"	0	\$85.57	\$0		1.25"	12	\$85.57	\$1,028		1.25"	0	\$85.57	\$0								
1.5"	24	\$121.86	\$2,929		1.5"	322	\$121.86	\$39,278		1.5"	0	\$121.86	\$0								
2"	0	\$215.28	\$0		2"	274	\$215.28	\$59,046		2"	0	\$215.28	\$0								
3"	0	\$478.86	\$0		3"	87	\$478.86	\$41,702		3"	24	\$478.86	\$11,504								
4"	0	\$852.82	\$0		4"	12	\$852.82	\$10,244		4"	0	\$852.82	\$0								
6"	0	\$1,915.49	\$0		6"	24	\$1,915.49	\$46,018		6"	12	\$1,915.49	\$23,009								
10"	0	\$5,291.82	\$0		10"	0	\$5,291.82	\$0		10"	12	\$5,291.82	\$63,565								
Total Service Charge Revenue				\$1,018,187	Total Service Charge Revenue				\$292,737	Total Service Charge Revenue				\$35,579							
Volume Rate Revenue Required				\$430,104	Volume Rate Revenue Required				\$324,085	Volume Rate Revenue Required				\$1,742,290							
Threshold	% Vol	Ratio	Volume	Rate	Revenue	Threshold	% Vol	Ratio	Volume	Rate	Revenue	Threshold	% Vol	Ratio	Volume	Rate	Revenue				
5000	57.3%	1.00	93,125	2.17	202,133	All Usage	100.0%	1.00	99,325	\$3.26	324,085	All Usage	100.0%	1.00	434,162	4.01	1,742,290				
10000	17.6%	1.25	28,667	2.71	77,780		0.0%	1.00	0	3.26	-		0.0%	1.00	0	4.01	-				
20000	15.0%	1.50	24,371	3.26	79,350		0.0%	1.00	0	3.26	-		0.0%	1.00	0	4.01	-				
99999	10.0%	2.00	16,319	4.34	70,841		0.0%	1.00	0	3.26	-		0.0%	1.00	0	4.01	-				
Total			162,482	2.65	430,104	Total			100.0%	1.00	99,325	3.26	324,085	Total			100.0%	1.00	434,162	4.01	1,742,290
				Rounded						Rounded				Rounded							
			93,125	2.17	202,081				99,325	3.27	324,794				434,162	4.02	1,745,329				
			28,667	2.71	77,689				0	3.27	-				0	4.02	-				
			24,371	3.26	79,451				0	3.27	-				0	4.02	-				
			16,319	4.34	70,823				0	3.27	-				0	4.02	-				
			162,482	2.65	430,043				99,325	3.27	324,794				434,162	4.02	1,745,329				
Over/Under Recovery				(61)	Over/Under Recovery				710	Over/Under Recovery				3,039							

Service Charge, \$ per bill

Existing					FY25					FY26				
Meter Size	Base Charge	Volume Allowance	Capital Surcharge	Monthly Base Rate	Meter Size	Base Charge	Volume Allowance	Capital Surcharge	Monthly Base Rate	Meter Size	Base Charge	Volume Allowance	Capital Surcharge	Monthly Base Rate
<i>Inches</i>					<i>Inches</i>					<i>Inches</i>				
3/4"	\$21.75	\$2.86	\$8.00	\$32.61	3/4"	\$28.55	\$0.00	\$9.28	\$37.83	3/4"	\$33.12	\$0.00	\$10.76	\$43.88
1"	38.93	2.86	14.32	56.11	1"	48.48	\$0.00	\$16.61	65.09	1"	56.24	0.00	\$19.27	75.51
1.25"	60.47	2.86	22.24	85.57	1.25"	73.46	\$0.00	\$25.80	99.26	1.25"	85.21	0.00	\$29.93	115.14
1.5"	87.00	2.86	32.00	121.86	1.5"	104.24	\$0.00	\$37.12	141.36	1.5"	120.92	0.00	\$43.06	163.98
2"	155.30	2.86	57.12	215.28	2"	183.47	\$0.00	\$66.26	249.73	2"	212.83	0.00	\$76.86	289.69
3"	348.00	2.86	128.00	478.86	3"	407.00	\$0.00	\$148.48	555.48	3"	472.12	0.00	\$172.24	644.36
4"	621.40	2.86	228.56	852.82	4"	724.14	\$0.00	\$265.13	989.27	4"	840.00	0.00	\$307.55	1,147.55
6"	1,398.31	2.86	514.32	1,915.49	6"	1,625.36	\$0.00	\$596.61	2,221.97	6"	1,885.42	0.00	\$692.07	2,577.49
10"	3,866.72	2.86	1,422.24	5,291.82	10"	4,488.71	\$0.00	\$1,649.80	6,138.51	10"	5,206.90	0.00	\$1,913.77	7,120.67

FY27					FY28					FY30				
Meter Size	Base Charge	Volume Allowance	Capital Surcharge	Monthly Base Rate	Meter Size	Base Charge	Volume Allowance	Capital Surcharge	Monthly Base Rate	Meter Size	Base Charge	Volume Allowance	Capital Surcharge	Monthly Base Rate
<i>Inches</i>					<i>Inches</i>					<i>Inches</i>				
3/4"	\$38.42	\$0.00	\$12.48	\$50.90	3/4"	\$39.96	\$0.00	\$12.98	\$52.94	3/4"	\$41.56	\$0.00	\$13.50	\$55.06
1"	65.24	0.00	\$22.35	87.59	1"	67.85	0.00	\$23.24	91.09	1"	70.56	\$0.00	\$24.17	94.73
1.25"	98.84	0.00	\$34.72	133.56	1.25"	102.79	0.00	\$36.11	138.90	1.25"	106.90	\$0.00	\$37.55	144.45
1.5"	140.27	0.00	\$49.95	190.22	1.5"	145.88	0.00	\$51.95	197.83	1.5"	151.72	\$0.00	\$54.03	205.75
2"	246.88	0.00	\$89.16	336.04	2"	256.76	0.00	\$92.73	349.49	2"	267.03	\$0.00	\$96.44	363.47
3"	547.66	0.00	\$199.80	747.46	3"	569.57	0.00	\$207.79	777.36	3"	592.35	\$0.00	\$216.10	808.45
4"	974.40	0.00	\$356.76	1,331.16	4"	1,013.38	0.00	\$371.03	1,384.41	4"	1,053.92	\$0.00	\$385.87	1,439.79
6"	2,187.09	0.00	\$802.80	2,989.89	6"	2,274.57	0.00	\$834.91	3,109.48	6"	2,365.55	\$0.00	\$868.31	3,233.86
10"	6,040.00	0.00	\$2,219.97	8,259.97	10"	6,281.60	0.00	\$2,308.77	8,590.37	10"	6,532.86	\$0.00	\$2,401.12	8,933.98

Volume Rate, \$ per 1,000 gallons

Threshold	Existing	FY25	FY26	FY27	FY28	FY29
<u>Residential</u>						
First 1,000	\$0.00	\$2.17	\$2.52	\$2.92	\$3.04	\$3.16
Next 4,000	2.86	2.17	2.52	2.92	3.04	3.16
Next 5,000	2.86	2.71	3.14	3.64	3.79	3.94
Next 10,000	2.86	3.26	3.78	4.38	4.56	4.74
Over 20,000	2.86	4.34	5.03	5.83	6.06	6.30
<u>Commercial</u>						
First 1,000	\$0.00	\$3.27	\$3.79	\$4.40	\$4.58	\$4.76
Over 1,000	2.86	3.27	3.79	4.40	4.58	4.76
<u>Industrial</u>						
First 1,000	\$0.00	\$4.02	\$4.66	\$5.41	\$5.63	\$5.86
Over 1,000	2.86	4.02	4.66	5.41	5.63	5.86

[1] Includes 1,000 gallons volume allowance  
 [2] No volume allowance in proposed base charges  
 [3] Includes capital surcharge which varies by meter size



City of  
**Laurel**

**Wastewater Rate Study Report**

Final Report / March 7, 2025

This page was intentionally left blank.

March 7, 2025

Ms. Kelly Strecker  
City Clerk/Treasurer  
City of Laurel  
115 West 1<sup>st</sup> Street  
Laurel, MT 59044

**Subject: Wastewater Rate Study Report**

Dear Kelly:

Raftelis is pleased to provide this wastewater rate study report prepared for the City of Laurel (City). The primary purpose of this study was to ensure the financial sustainability of the wastewater utility and ensure that rates and fees recovered costs proportionately across all customer classes. It has been a pleasure working with you, and we thank you and the City staff for the support provided during this study.

Sincerely,



**Todd Cristiano**  
*Vice President*



# Table of Contents

<b>1. WASTEWATER UTILITY.....</b>	<b>5</b>
<b>Introduction.....</b>	<b>5</b>
<b>Assumptions.....</b>	<b>5</b>
<b>Financial Plan .....</b>	<b>6</b>
<b>Cost of Service.....</b>	<b>9</b>
<b>Rate Design.....</b>	<b>9</b>
<b>Reliance on City-Provided Data .....</b>	<b>10</b>

## List of Tables

Table 1: Additional Assumptions .....	6
Table 2: Comparison of Existing and Proposed FY25 - FY29 Rates.....	10

## List of Figures

Figure 1: Wastewater Revenue and Expenditures .....	7
Figure 2: Proposed Annual Wastewater Rate Increases .....	8
Figure 3: Debt Service Coverage .....	8

## List of Appendices

Appendix : Wastewater Utility Financial Plan and Rate Design Analysis



# 1. Wastewater Utility

## Introduction

The City of Laurel (City) provides wastewater service to approximately 2,900 customers. The City is financially self-sufficient with funding from capital and operating requirements derived primarily from rate revenues and other operating income. The City authorized this study to ensure that an adequate level of income from rates is maintained to finance daily operations, fund capital projects, maintain reserves and meet debt service coverage requirements along with rates that are fair and aligned with the City's goals and community values.

Raftelis worked closely with the engineering firm, Morrison-Maierle in reviewing capital projects, timing, and costs. Raftelis met weekly over this period to discuss project status and present interim results. These meetings included staff as well as the City's executive management team. The results presented in this report are a culmination of these efforts between the City and Raftelis. The primary objectives of this study included:

- A 5-year financial plan identifying the annual revenue adjustments needed to fund operation and maintenance expenses, debt service, and capital projects while satisfying reserve requirements and debt service coverage;
- A rate structure which meets the pricing objectives of the City and equitably recovers the cost to provide service to the City's customer classes; residential and commercial customers.

This report includes wastewater financial plan results for the 5-year study period 2025 through 2029, wastewater cost of service analysis, and rate design. Raftelis used industry standard methodologies supported by the American Water Works Association (AWWA) *Principles of Water Rates, Fees, and Charges* M1 manual.

Appendix A contains the tables that detail the financial plan, cost of service, and rate design analysis for the wastewater utility.

## Assumptions

This study is based on numerous assumptions. Changes in these assumptions could materially affect the study findings. Raftelis incorporated the following key assumptions into the study:

- The test year, or the year new rates will be in effect, is FY25.
- The study period is for FY25 – FY29.<sup>1</sup>
- Growth in the number of accounts is projected at 0.1% per year.
- Usage per account is based on historical data. Residential wastewater usage per account is approximately 8,200 thousand gallons (kgal) per month and commercial wastewater usage per account is approximately 4,500 kgal per month.
- Costs will change as follows:
  - Capital costs are projected to experience an annual increase of 4.5% due to inflation.
  - The expected inflation rates for operation and maintenance (O&M) expenses are:
  - Personnel services (FY25 – FY26; FY27 – FY29): 4.5%; 4.0%

---

<sup>1</sup> The cash flow tables include 2024 as the base year, or the year in which the model was developed, and is based on a combination of budgetary information and estimated values. The study forecast is for 2025 through 2029.

- Professional and Contractual Services, Repairs and Maintenance, Operating Supplies and Equipment, Professional Development (2025 – 2026; 2027 – 2029): 4.0%, 3.5%
- Water supply (FY25 – FY29): 5.0%
- General (FY24 – FY29): 3.0%
- Coverage requirement is 1.20 x debt service based on the revenue bond issuance requirements
- Proposed state loan terms: 2.5% interest rate, 20-year term

**Table 1: Additional Assumptions**

Description	Units
FY25 Beginning Balance	\$2,503,370
Target Reserves (FY25 values shown)	
60 Days of O&M (FY25 values shown)	\$275,595
System Development Fees (cash)	603,518
Revenue Bond Sinking (cash)	323,560
Bond Reserve DNRC (cash)	435,209
Bond Reserve DNRC II (cash)	55,399
Replacement	<u>969,728</u>
Total	\$2,663,009

## Financial Plan

The wastewater utility financial plan is run out of one fund for both operating and capital spending. The capital subfund tracks activities associated with capital projects and funding sources for the capital projects. The operating subfund tracks activities associated with the daily operations of the utility. The FY25 beginning fund balance is \$2.5 million. Wastewater revenues consist primarily of rate revenues and nominal miscellaneous revenues. Rate revenues at current rates average \$1.95 million annually.

O&M expenses include costs to treat and transfer wastewater. O&M is projected to increase from \$1.68 million to \$1.95 million by FY29. Other expenditures include payments on existing and proposed debt service. Existing debt in FY25 is approximately \$512,000 annually. One loan will be paid off in FY25. Proposed debt service is projected to average \$503,000 annually in FY26 through FY29. Capital projects total \$2.8 million for the study period. Highlights of the capital program include:

- A manhole lining project for 563 manholes throughout the city. This project is expected to cost \$1.97 million during the study period.
- Recoating the primary clarifier for \$200k in FY26.
- Update of wastewater plant boilers for \$600k in FY25.

The City has a total reserve target of \$2.7 million for FY25 and a debt service coverage requirement<sup>2</sup> of 1.20x as part of the loan covenants.

### Reserves

The City currently has a number of reserve requirements as identified in Table 1. Raftelis recommends the City include an annual operating reserve of 60 days of O&M and a capital reserve equal to 1-years depreciation expense. The O&M reserve acts as a buffer for unbudgeted emergency expenses, fluctuations in customer payments or

<sup>2</sup> Debt service coverage = [Revenues less expenses (excluding depreciation)] / annual debt service



reductions in wastewater sales due to drought or wet weather. In addition, lenders and bond agencies view operating reserves as a sign of financial health which can lead to more favorable credit ratings.

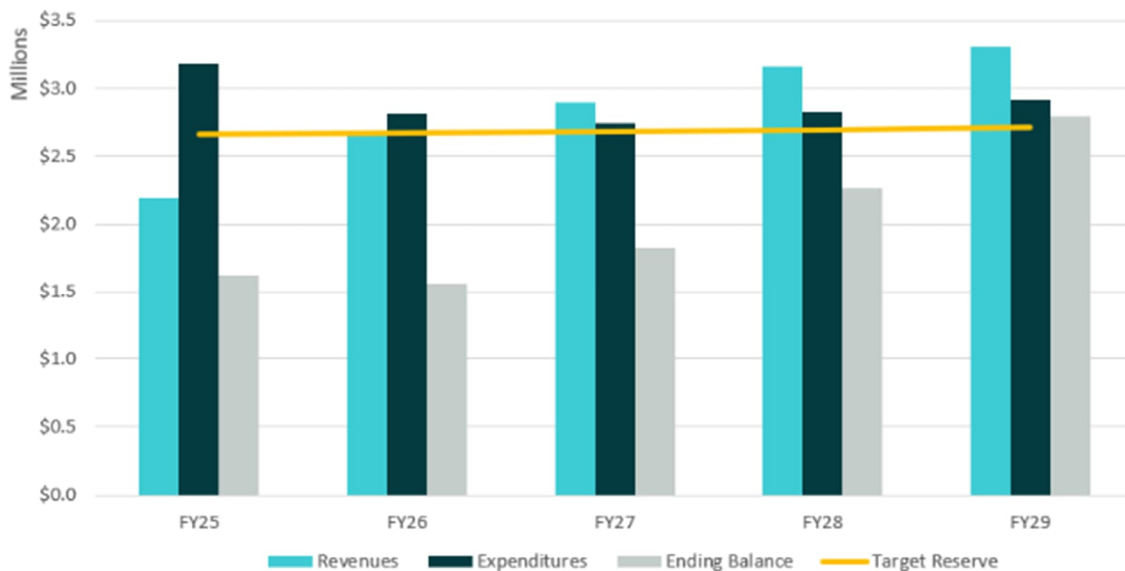
A capital reserve equal to 1-year depreciation expense recognizes the loss in asset value due to wear and tear and obsolescence. A capital reserve can help smooth out the unevenness of annual capital expenditures. As a result, customers can benefit from more steady and predictable rate increases.

**Indicated Financial Plan Increases**

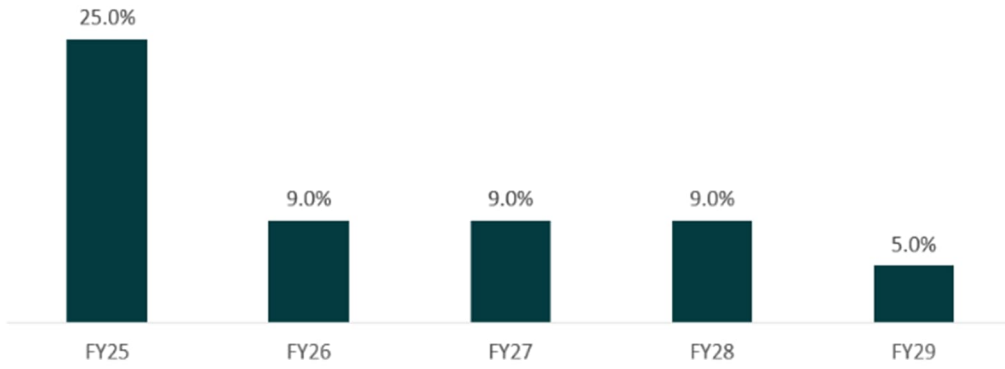
Rate revenues should be sufficient to meet annual requirements, which includes O&M, debt, target reserves and debt service coverage. Revenues at current rates are insufficient to meet these requirements. Annual adjustments of 25% in FY25, followed by 9% in FY26 through FY28 and 5% of FY29 are needed. The initial 25% rate increase is required to meet the target debt service coverage. Future increases are required to meet the debt service coverage and the reserve targets. *It is recommended the financial plan be reviewed annually to ensure that rate revenue is sufficient to meet projected revenue requirements.*

Figure 1 illustrates revenue and expenditures for the operating fund, as well as ending fund balances, and target reserves. Figure 2 shows the projected FY25 increase of 25%, followed by a 9% increase effective from FY26-FY28, followed by a 5% increase in FY29. Figure 3 illustrates the target and calculated debt service coverage between FY25-FY29.

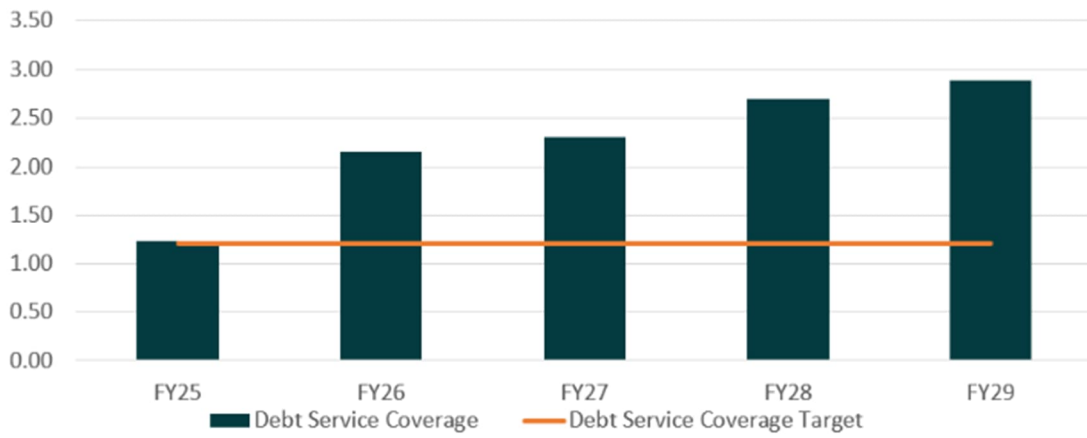
**Figure 1: Wastewater Revenue and Expenditures**



**Figure 2: Proposed Annual Wastewater Rate Increases**



**Figure 3: Debt Service Coverage**



## Cost of Service

Raftelis completed a modified cost-of-service analysis based on standard methods supported by the *Water Environment Federation Manual of Practice 27 (MOP27)*. This analysis determines the cost of providing wastewater service to each customer class and guides the design of the proposed rates. The rate structures developed for this study are based on normal strength contributions of biochemical oxygen demand (BOD) and total suspended solids (TSS). As a result, Raftelis did not complete a cost allocation analysis to determine high strength surcharges. The cost of service analysis focused on customer related costs and volume related costs only. Customer costs recover the cost of billing, general administrative costs, and a portion of capital related costs. The volume rate recovers the cost to collect and convey wastewater to the wastewater treatment plant. Figure 10 illustrates the minor shift in wastewater utility costs across customer classes with current rates compared to cost of service rates.

**Figure 10: Allocation of Wastewater Utility Costs Under Current Rates Compared to the Allocated Cost of Service**



## Rate Design

### **Rate Design**

In the development of schedules of wastewater rates, a basic consideration is to establish equitable charges to customers commensurate with the cost of providing service. The proposed rate structure retains the monthly base charge and volume rate structure. The base charge is the same for both the residential and commercial classes. The base charge recovers a portion of costs related to customer-specific activities such as billing and general administrative functions. The volume rate recovers the cost to collect, treat, and return treated wastewater to bodies of water. Table 2 compares the existing and proposed rates for FY25 through FY29.

**Table 2: Comparison of Existing and Proposed FY25 - FY29 Rates**

Monthly Base Rate, \$ per Bill						
Meter Size <i>Inches</i>	Existing	Proposed				
		FY25	FY26	FY27	FY28	FY29
3/4"	\$29.24	\$29.24	\$31.87	\$34.74	\$37.87	\$39.76
1"	52.34	52.34	57.05	62.18	67.78	71.17
1.25"	81.29	81.29	88.60	96.57	105.26	110.52
1.5"	116.96	116.96	127.49	138.96	151.47	159.04
2"	208.77	208.77	227.56	248.04	270.36	283.88
3"	467.84	467.84	509.95	555.85	605.88	636.17
4"	835.39	835.39	910.57	992.52	1,081.85	1,135.94
6"	1,879.84	1,879.84	2,049.03	2,233.44	2,434.45	2,556.17
10"	5,198.29	5,198.29	5,666.14	6,176.09	6,731.94	7,068.54

Volume Rate, \$ per 1,000 Gallons

<u>Billable Water Volume [1]</u>	\$5.27	\$8.45	\$9.21	\$10.04	\$10.94	\$11.49
----------------------------------	--------	--------	--------	---------	---------	---------

[1] Based on water use average from October through April.

## Reliance on City-Provided Data

During this project, the City (and/or its representatives) provided Raftelis with a variety of technical information, including cost and revenue data. Raftelis did not independently assess or test the accuracy of such data – historic or projected. Raftelis has relied on this data in the formulation of our findings and subsequent recommendations, as well as in the preparation of this report. Raftelis also relied on cost allocation data provided by the City needed to complete the cost-of-service analysis.

There are often differences between actual and projected data. Some of the assumptions used for projections in this report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the data or results projected in this report and actual results achieved, and those differences may be material. As a result, Raftelis takes no responsibility for the accuracy of data or projections provided by or prepared on behalf of the City, nor do we have any responsibility for updating this report for events occurring after the date of this report.

The results presented herein are drafted and under consideration by the City. Drawing conclusions from information in this report is premature and may lead to erroneous assessments as the document may be subject to revisions and refinement.

APPENDIX

**Wastewater Utility  
Financial Plan and  
Rate Design Analysis**



City of Laurel  
Wastewater Utility  
Operating Subfund Cash Flow Analysis

Table A-1

Line No.	Description	For the Fiscal Year Ending June 30				
		Budget	Projected			
		2025	2026	2027	2028	2029
		\$	\$	\$	\$	\$
<b>Sources of Funds</b>						
<i>Service Charge Revenue</i>						
1	Revenue at Existing Rates	1,948,093	1,948,512	1,948,512	1,948,512	1,948,512
2	Additional Sewer Service Revenue Required	243,512	706,335	945,272	1,205,712	1,363,423
3	Total Sewer Rate Revenue	2,191,605	2,654,847	2,893,783	3,154,224	3,311,935
<i>Other Operating Revenue</i>						
4	Interest Income	61,149	47,115	50,123	60,602	75,090
5	Non-Rate Revenue	51,000	51,000	51,000	51,000	51,000
6	Total Sources	2,303,754	2,752,962	2,994,906	3,265,826	3,438,025
<b>Uses of Funds</b>						
7	Operations and Maintenance Expense	1,676,539	1,747,235	1,812,221	1,879,642	1,949,588
<b>Debt Service</b>						
<i>Existing Debt</i>						
8	SRF-15360	121,096	167,951	212,459	211,949	212,329
9	SRF-14330	250,405	249,946	250,364	250,606	250,676
10	SRF-11265	51,425	50,215	50,991	51,713	51,393
11	SRF-06143	89,320	-	-	-	-
12	Proposed State Loans	0	0	0	0	0
13	Total Debt Service	512,246	468,113	513,814	514,267	514,398
14	PAYGO Capital Projects	994,100	594,100	411,835	430,367	449,734
15	Total Uses	3,182,885	2,809,448	2,737,869	2,824,275	2,913,720
16	Annual Surplus (Deficiency)	(879,131)	(56,486)	257,037	441,550	524,305
17	Beginning Balance (Restricted)	2,503,370	1,624,238	1,567,752	1,824,789	2,266,340
18	Ending Balance	1,624,238	1,567,752	1,824,789	2,266,340	2,790,645
<b>Target Reserves</b>						
19	Operating (60 Days O&M)	275,595	287,217	297,899	308,982	320,480
20	Cash - System Development Fees	603,518	603,518	603,518	603,518	603,518
21	Cash - Revenue Bond Sinking	323,560	323,560	323,560	323,560	323,560
22	Cash - Bond Reserve DNRC	435,209	435,209	435,209	435,209	435,209
23	Cash - Bond Reserve DNRC II	55,399	55,399	55,399	55,399	55,399
24	Cash - Replacement	969,728	969,728	969,728	969,728	969,728
25	Total Target Reserves	2,663,009	2,674,630	2,685,313	2,696,396	2,707,894
26	<i>Unrestricted Funds</i>	(1,038,771)	(1,106,878)	(860,524)	(430,056)	82,751
<b>Months Rate Increase Effective</b>						
27	Annual Sewer Service Revenue Increase	25.0%	9.0%	9.0%	9.0%	5.0%
28	Cumulative Revenue Increase	25.0%	36.3%	48.5%	61.9%	70.0%
<b>Debt Service Coverage</b>						
29	Debt Service Coverage	1.22	2.15	2.30	2.70	2.89
30	Target Debt Service Coverage (1.2)	1.20	1.20	1.20	1.20	1.20
<hr/>						
<b>Minimum Reserves</b>						
31	Operating (60 Days O&M)	275,595	287,217	297,899	308,982	320,480
32	Cash - Revenue Bond Sinking	323,560	323,560	323,560	323,560	323,560
33	Cash - Bond Reserve DNRC	435,209	435,209	435,209	435,209	435,209
34	Cash - Bond Reserve DNRC II	55,399	55,399	55,399	55,399	55,399
35	Total Minimum Reserves	1,089,763	1,101,385	1,112,067	1,123,150	1,134,648
36	<i>Unrestricted Funds with Minimum Reserves</i>	534,475	466,368	712,722	1,143,190	1,655,997
37	Debt Service Coverage	1.22	2.15	2.30	2.70	2.89
<hr/>						
		969,728	969,728	969,728	969,728	969,728

City of Laurel  
Wastewater Utility  
Historical & Projected Operation and Maintenance Expense

Table A-2

Line No.	Fund	Account Description	For the Fiscal Year Ending June 30					
			Budget	Projected				
			2025	2026	2027	2028	2029	
			\$	\$	\$	\$	\$	
	600	5310-430600	<i>Sewer Utilities</i>					
1	600	392	ADMINISTRATIVE SERVICES	76,494	79,936	83,134	86,459	89,917
	630	5310-430630	<i>Collection and Transmission</i>					
2	630	110	SALARIES AND WAGES	120,000	125,400	130,416	135,633	141,058
3	630	111	OVERTIME	2,500	2,613	2,717	2,826	2,939
4	630	138	VISION INSURANCE	120	125	130	136	141
5	630	139	DENTAL INSURANCE	890	930	967	1,006	1,046
6	630	141	UNEMPLOYMENT INSURANCE	435	455	473	492	511
7	630	142	WORKERS' COMPENSATION	4,800	5,016	5,217	5,425	5,642
8	630	143	HEALTH INSURANCE	20,000	20,900	21,736	22,605	23,510
9	630	144	LIFE INSURANCE	200	209	217	226	235
10	630	145	FICA	9,500	9,928	10,325	10,738	11,167
11	630	146	PERS	11,020	11,516	11,977	12,456	12,954
12	630	149	ST/LT DISABILITY	1,235	1,291	1,342	1,396	1,452
13	630	194	FLEX MEDICAL	1,330	1,390	1,445	1,503	1,563
14	630	220	OPERATING SUPPLIES	5,000	5,200	5,382	5,570	5,765
15	630	221	CHEMICALS	-	-	-	-	-
16	630	226	CLOTHING AND UNIFORMS	250	261	272	283	294
17	630	230	REPAIR & MAINTENATNCE SUPP.	-	-	-	-	-
18	630	231	GAS, OIL, DIESEL FUEL, GR	7,000	7,280	7,535	7,799	8,071
19	630	232	MOTOR VEHICLE PARTS	-	-	-	-	-
20	630	233	MACHINERY & EQUIPMENT PAR	7,000	7,280	7,535	7,799	8,071
21	630	239	TIRES/TUBES/CHAINS	-	-	-	-	-
22	630	241	CONSUMABLE TOOLS	-	-	-	-	-
23	630	263	SAFETY SUPPLIES	-	-	-	-	-
24	630	311	POSTAGE	5,700	5,957	6,195	6,443	6,700
25	630	337	ADVERTISING	1,000	1,040	1,076	1,114	1,153
26	630	339	CERTIFICATION RENEWAL	1,200	1,248	1,292	1,337	1,384
27	630	343	CELLULAR TELEPHONE	1,000	1,045	1,087	1,130	1,175
28	630	350	PROFESSIONAL SERVICES	50,000	52,000	53,820	55,704	57,653
29	630	351	MEDICAL, DENTAL, VETERINA	200	209	217	226	235
30	630	355	DATA PROCESSING SERVICES	-	-	-	-	-
31	630	364	WATER/SEWER STRUCT. & EQU	75,000	78,000	80,730	83,556	86,480
32	630	367	WATER/SEWER LINES REPAIR	100,000	104,000	107,640	111,407	115,307
33	630	370	TRAVEL	3,000	3,120	3,229	3,342	3,459
34	630	380	TRAINING SERVICES	500	520	538	557	577
35	630	397	CONTRACTED SERVICES	1,800	1,872	1,938	2,005	2,076
36	630	511	INSURANCE ON BLDGS/IMPRVM	-	-	-	-	-
37	630	513	LIABILITY	3,866	4,021	4,161	4,307	4,458
38	630	514	VEHICLE/EQUIPMENT INSURAN	2,456	2,554	2,644	2,736	2,832
39	630	530	RENT	180,000	187,200	193,752	200,533	207,552
40	630	532	LAND RENTAL/EASEMENTS	700	728	753	780	807
41	630	533	MACHINERY & EQUIPMENT RENT	500	520	538	557	577
42	630	811	LIABILITY DEDUCTIBLES	-	-	-	-	-
43	630	938	REPLACE WATER/SEWER LINE	350,000	-	-	-	-
	631	5310-430631	<i>Elm Lift Station</i>					
44	631	220	OPERATING SUPPLIES	100	104	108	111	115
45	631	221	CHEMICALS	500	520	538	557	577
46	631	231	GAS, OIL, DIESEL FUEL, FR	1,000	1,040	1,076	1,114	1,153
47	631	233	MACHINERY & EQUIPMENT PAR	1,000	1,040	1,076	1,114	1,153
48	631	341	ELECTRIC UTILITY SERVICES	5,500	5,720	5,920	6,127	6,342



City of Laurel  
Wastewater Utility  
Historical & Projected Operation and Maintenance Expense

Table A-2

Line No.	Fund	Account Description	For the Fiscal Year Ending June 30					
			Budget	Projected				
			2025	2026	2027	2028	2029	
			\$	\$	\$	\$	\$	
49	631	345	TELEPHONE	825	862	897	932	970
50	631	350	PROFESSIONAL SERVICES	-	-	-	-	-
51	631	360	REPAIR & MAINTENANCE SERV	1,500	1,560	1,615	1,671	1,730
52	631	364	WATER/SEWER STRUCT. & EQU	5,000	5,200	5,382	5,570	5,765
	632	5310-430632	<i>Village Lift Station</i>					
53	632	220	OPERATING SUPPLIES	-	-	-	-	-
54	632	221	CHEMICALS	-	-	-	-	-
55	632	231	GAS, OIL, DIESEL FUEL, FR	700	728	753	780	807
56	632	233	MACHINERY & EQUIPMENT PAR	2,500	2,600	2,691	2,785	2,883
57	632	341	ELECTRIC UTILITY SERVICES	5,500	5,720	5,920	6,127	6,342
58	632	344	GAS UTILITY SERVICE	-	-	-	-	-
59	632	345	TELEPHONE	850	888	924	961	999
60	632	360	REPAIR & MAINTENANCE SERV	1,000	1,040	1,076	1,114	1,153
61	632	364	WATER/SEWER STRUCT. & EQU	-	-	-	-	-
62	632	930	IMPROVEMENTS OTHER THAN B	15,000				
	633	5310-430633	<i>Walmart Lift Station</i>					
63	633	220	OPERATING SUPPLIES	-	-	-	-	-
64	633	221	CHEMICALS	-	-	-	-	-
65	633	231	GAS, OIL, DIESEL FUEL, FR	-	-	-	-	-
66	633	233	MACHINERY & EQUIPMENT PAR	1,000	1,040	1,076	1,114	1,153
67	633	341	ELECTRIC UTILITY SERVICES	1,700	1,768	1,830	1,894	1,960
68	633	360	REPAIR & MAINTENANCE SERV	6,000	6,240	6,458	6,684	6,918
69	633	364	WATER/SEWER STRUCT. & EQU	500	520	538	557	577
	640	5310-430640	<i>Treatment and Disposal</i>					
70	640	110	SALARIES AND WAGES	350,000	365,750	380,380	395,595	411,419
71	640	111	OVERTIME	10,000	10,450	10,868	11,303	11,755
72	640	138	VISION INSURANCE	275	287	299	311	323
73	640	139	DENTAL INSURANCE	2,500	2,613	2,717	2,826	2,939
74	640	141	UNEMPLOYMENT INSURANCE	1,300	1,359	1,413	1,469	1,528
75	640	142	WORKERS' COMPENSATION	11,000	11,495	11,955	12,433	12,930
76	640	143	HEALTH INSURANCE	64,000	66,880	69,555	72,337	75,231
77	640	144	LIFE INSURANCE	650	679	706	735	764
78	640	145	FICA	28,000	29,260	30,430	31,648	32,914
79	640	146	PERS	31,000	32,395	33,691	35,038	36,440
80	640	149	ST/LT DISABILITY	2,800	2,926	3,043	3,165	3,291
81	640	194	FLEX MEDICAL	3,600	3,762	3,912	4,069	4,232
82	640	220	OPERATING SUPPLIES	15,000	15,600	16,146	16,711	17,296
83	640	221	CHEMICALS	47,000	48,880	50,591	52,361	54,194
84	640	222	LABORATORY & MEDICAL SUPP	15,000	15,600	16,146	16,711	17,296
85	640	226	CLOTHING AND UNIFORMS	200	209	217	226	235
86	640	231	GAS, OIL, DIESEL FUEL, GR	9,000	9,360	9,688	10,027	10,378
87	640	232	MOTOR VEHICLE PARTS	500	520	538	557	577
88	640	233	MACHINERY & EQUIPMENT PAR	45,000	46,800	48,438	50,133	51,888
89	640	241	CONSUMABLE TOOLS	-	-	-	-	-
90	640	263	SAFETY SUPPLIES	-	-	-	-	-
91	640	300	PURCHASED SERVICES	-	-	-	-	-
92	640	312	NETWORKING FEES	5,000	5,200	5,382	5,570	5,765
93	640	337	ADVERTISING	-	-	-	-	-
94	640	339	CERTIFICATION RENEWAL	1,500	1,560	1,615	1,671	1,730
95	640	341	ELECTRIC UTILITY SERVICES	100,000	104,000	107,640	111,407	115,307

City of Laurel  
Wastewater Utility  
Historical & Projected Operation and Maintenance Expense

Table A-2

Line No.	Fund	Account Description	For the Fiscal Year Ending June 30				
			Budget	Projected			
			2025	2026	2027	2028	2029
			\$	\$	\$	\$	\$
96	640 343	CELLULAR TELEPHONE	300	314	326	339	353
97	640 344	GAS UTILITY SERVICE	30,000	31,200	32,292	33,422	34,592
98	640 345	TELEPHONE	3,500	3,658	3,804	3,956	4,114
99	640 349	QUALITY TESTING	20,000	20,800	21,528	22,281	23,061
100	640 350	PROFESSIONAL SERVICES	12,000	12,480	12,917	13,369	13,837
101	640 351	MEDICAL, DENTAL, VETERINARY	500	523	543	565	588
102	640 355	DATA PROCESSING SERVICES	-	-	-	-	-
103	640 360	REPAIR & MAINTENANCE SERVICES	5,000	5,200	5,382	5,570	5,765
104	640 364	WATER / SEWER STRUCTURE & EQUIP	-	-	-	-	-
105	640 366	BUILDING MAINTENANCE	40,000	41,600	43,056	44,563	46,123
106	640 370	TRAVEL	2,500	2,600	2,691	2,785	2,883
107	640 380	TRAINING SERVICES	2,500	2,600	2,691	2,785	2,883
108	640 391	DUMPING FEES	30,000	31,200	32,292	33,422	34,592
109	640 397	CONTRACTED SERVICES	5,000	5,200	5,382	5,570	5,765
110	640 511	INSURANCE ON BLDGS/IMPRVM	25,626	26,651	27,584	28,549	29,548
111	640 513	LIABILITY	13,417	13,954	14,442	14,948	15,471
112	640 514	VEHICLE / EQUIPMENT INSURANCE	-	-	-	-	-
113	640 544	DISCHARGE PERMIT FEE	8,000	8,320	8,611	8,913	9,225
114	640 901	MISC CAPITAL PROJECTS	250,000	261,250	271,700	282,568	293,871
115	640 946	COMPUTER EQ/SOFTWARE	350,000	364,000	376,740	389,926	403,573
	600 5210-521000						
118	820 820	Transfers to Other Funds	5,000	5,000	5,000	5,000	5,000
119		Total Operation and Maintenance Expense	2,641,539	2,372,485	2,460,661	2,552,135	2,647,033
120		Less: Budgeted Capital Projects	965,000	625,250	648,440	672,494	697,444
121		Net O&M Expense	1,676,539	1,747,235	1,812,221	1,879,642	1,949,588

Table A-5  
 City of Laurel  
 Wastewater Utility  
 Sewer Capital Improvement Plan Excluding Inflation

Table A-3

Line No.	Title	For the Fiscal Year Ending June 30					2025 - 2029 Total
		Budget	Projected				
		2025	2026	2027	2028	2029	
		\$	\$	\$	\$	\$	\$
1	Primary Clarifier Recoating		200,000				200,000
2	Sewer Line Replacement b/n Main St/1st and 5th/7th - Partial Grant Funding						-
3	Wastewater Plant Boilers	600,000					600,000
4	Manhole Lining Project \$3,500/MH * 563 MH	394,100	394,100	394,100	394,100	394,100	1,970,500
5	Undesignated Collection System Repair and Replacement						-
6	Total Capital Improvement Program Excluding Inflation	994,100	594,100	394,100	394,100	394,100	2,770,500

Source: CIP for Eaton Review with Faith's edits.xlsx

City of Laurel  
 Water Utility  
 Sewer Capital Improvement Plan Including Inflation

Table A-4

Annual Inflation	0.0%	0.0%	4.5%	4.5%	4.5%
Cumulative Inflation	0.0%	0.0%	4.5%	9.2%	14.1%

Line No.	Title	For the Fiscal Year Ending June 30					2025 - 2029 Total
		Budget	Projected				
		2025	2026	2027	2028	2029	
		\$	\$	\$	\$	\$	
1	Primary Clarifier Recoating	-	200,000	-	-	-	200,000
2	Sewer Line Replacement b/n Main St/1st and 5th/7th - Partial Grant Funding	-	-	-	-	-	-
3	Wastewater Plant Boilers	600,000	-	-	-	-	600,000
4	Manhole Lining Project \$3,500/MH * 563 MH	394,100	394,100	411,835	430,367	449,734	2,080,135
5	Undesignated Collection System Repair and Replacement	-	-	-	-	-	-
6	Total Capital Improvement Program Including Inflation	994,100	594,100	411,835	430,367	449,734	2,880,135

City of Laurel  
Wastewater Utility  
Development of Proposed FY25 Rates

Table A-5

<b>Total Cost of Service</b>			<b>\$ 2,435,116</b>	
<u>Meter Size</u>	<u>Residential</u>	<u>Commercial</u>		
3/4"	30,598	0	\$29.24	\$894,699
1"	84	854	52.34	49,094
1.25"	12	0	81.29	977
1.5"	24	286	116.96	36,296
2"	12	192	208.77	42,634
3"	0	108	467.84	50,577
4"	0	12	835.39	10,035
6"	0	12	1,879.84	22,581
Multi	0	1,141	29.24	33,367
<b>Total</b>	<b>30,731</b>	<b>2,606</b>		<b>1,140,259</b>
			<b>Volume Rate f</b>	<b>\$ 1,294,857</b>
			<b>Usage</b>	<b>153,289</b>
			<b>\$ per 1,000 gal</b>	<b>\$ 8.45</b>

City of Laurel  
Wastewater Utility  
Development of Proposed FY25 Rates

Table A-6

Monthly Base Rate, \$ per Bill

Meter Size <i>Inches</i>	Existing	Proposed				
		FY25	FY26	FY27	FY28	FY29
3/4"	\$29.24	\$29.24	\$31.87	\$34.74	\$37.87	\$39.76
1"	52.34	52.34	57.05	62.18	67.78	71.17
1.25"	81.29	81.29	88.60	96.57	105.26	110.52
1.5"	116.96	116.96	127.49	138.96	151.47	159.04
2"	208.77	208.77	227.56	248.04	270.36	283.88
3"	467.84	467.84	509.95	555.85	605.88	636.17
4"	835.39	835.39	910.57	992.52	1,081.85	1,135.94
6"	1,879.84	1,879.84	2,049.03	2,233.44	2,434.45	2,556.17
10"	5,198.29	5,198.29	5,666.14	6,176.09	6,731.94	7,068.54

Volume Rate, \$ per 1,000 Gallons

<u>Billable Water Volume [1]</u>	\$5.27	\$8.45	\$9.21	\$10.04	\$10.94	\$11.49
----------------------------------	--------	--------	--------	---------	---------	---------

[1] Based on water use average from October through April.