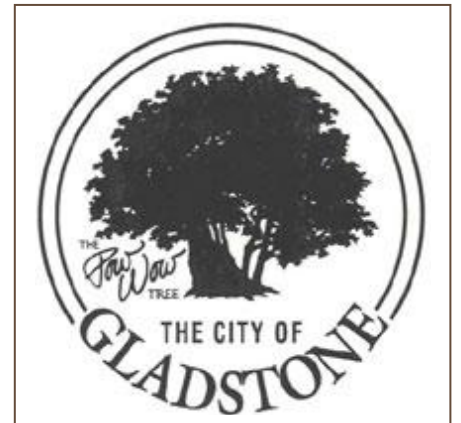


## City of Gladstone



## WATER SDC METHODOLOGY AND RATE REQUIREMENTS

October 2014

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# SECTION I: INTRODUCTION

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This section describes the policy context and project scope upon which the body of this report is based. This report provides a financial plan that will allow the City of Gladstone water utility to implement its capital improvement plan while meeting its other financial obligations taking into account policy objectives. Two components of this plan that will be discussed are computing a system development charge and calculating a revenue requirement that includes fiscal policy recommendations.

## A. SYSTEM DEVELOPMENT CHARGES

Oregon Revised Statutes (ORS) 223.297 to 223.314 authorize local governments to establish system development charges (SDCs). These are one-time fees on new development paid at the time of development. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future growth.

ORS 223.299 defines two types of SDCs:

- ◆ A reimbursement fee that is designed to recover “costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists”
- ◆ An improvement fee that is designed to recover “costs associated with capital improvements to be constructed”

ORS 223.304(1) states, in part, that a reimbursement fee must be based on “the value of unused capacity available to future system users or the cost of existing facilities” and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must “promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.” A reimbursement fee may be spent on any capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed) and on the costs of compliance with Oregon’s SDC law.

ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or do not otherwise increase capacity for future users may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the system for which it is being charged (whether cash-financed or debt-financed) and on the costs of compliance with Oregon’s SDC law.

## B. RATE REVENUE REQUIREMENT

The revenue requirement analysis determines the amount of rate revenue needed to meet the utility’s annual financial obligations. Since the water utility is a standalone entity, it must be financially

independent and set rates to accomplish this. Prudent fiscal management requires that utility rates should be set as low as possible, yet sufficient to provide for the long-term sustainability of the water utility. In this report, we determine the rate revenue necessary to accomplish these goals.

## C. PROJECT

In August, 2013, the City of Gladstone contracted with Financial Consulting Solutions Group, Inc. (FCS GROUP) through Brown & Caldwell to assist in creating a SDC methodology as well as a rate revenue requirement model. The study was performed using the following general approach:

- ◆ **Framework for Charges.** In this step, we worked with City staff to identify and agree on the approach to be used and the components to be included in the analysis.
- ◆ **Technical Analysis.** In this step, we worked with City staff to isolate the recoverable portion of planned facility costs and calculate draft SDC rates. We also worked with City staff to perform a detailed financial analysis with projected costs and utility revenue requirements.
- ◆ **Methodology Report Preparation.** In this step, we documented the calculation of the draft SDC rates and utility rate revenue requirements.

## SECTION II: SDC CALCULATIONS

System development charges (SDCs) are one-time fees imposed on new and increased development to recover the cost of system facilities needed to serve that growth. This section provides the rationale and calculations for proposed water SDCs. As discussed above, a SDC can include three components: a reimbursement fee, an improvement fee, and compliance cost recovery. Below we provide detailed calculations for each component of the fee.

### A. GROWTH CALCULATION

In 2014, the City of Gladstone had 3,852 meter equivalents (ME) with one ME being a 3/4" water meter (see **Exhibit 1**). According to current demand levels, each ME uses 340 gallons per day. For this analysis, we assumed constant water demand per EDU between now and 2035 because the system is essentially built out and the City is not likely to change dramatically in terms of consumption or population. Given constant water demand per ME, we projected the number of MEs to be 4,058 in 2035 – consistent with the total demand growth projected in the water system plan. This is an increase of 206 MEs during the forecasted planning period as well as the denominator in the SDC equation (see **Exhibit 2**).

<b>Exhibit 1: Calculation of Meter Equivalents</b>			
<b>Meter Size</b>	<b># of Accounts</b>	<b>Meter Flow Factor<sup>1</sup></b>	<b># of Meter Equivalents</b>
3/4"	3,163	1	3,163
1"	96	1.67	160.32
1 1/2"	36	3.33	119.88
2"	31	5.33	165.23
3"	1	10.67	10.67
4"	8	16.67	133.36
6"	3	33.33	99.99
	3,338		3,852.45

**Source:** City of Gladstone.

<sup>1</sup> Meter Flow Factors based on maximum continuous flow by meter size as per American Water Works Association standards.

<b>Exhibit 2: SDC Growth Calculation</b>			
	Meter Equivalents <sup>1</sup>	Water Demand (gallons per day)	Water Consumption per Account
2014	3,852	1,310,000	340
2035	4,058	1,380,000	*
Growth	206	70,000	

**Source:** Gladstone Water Master Plan, compiled by FCS GROUP.

<sup>1</sup> Meter Equivalents calculated by FCS GROUP.

\*Water consumption per account assumed constant to calculate 2035 meter equivalents.

## B. REIMBURSEMENT FEE COST BASIS

As stated in Section I, the reimbursement fee is to be based on the value or cost of existing system “unused capacity available to future system users.” The water system plan identifies both fire flow and emergency storage deficiencies which indicate little, if any, unused capacity in those system functions. The plan further describes the distribution system as aged and undersized in many locations along with identifying pump station needs. We conclude that there is no basis for a reimbursement fee at this time.

## C. IMPROVEMENT FEE COST BASIS

The improvement fee portion of the SDC is based on a specific list of planned capacity-increasing capital improvements. The portion of each capital improvement project that can be attributed to growth is determined by the amount that the project increases capacity for future users, calculated as the percentage of growth from future demand (see **Exhibit 3**) that will be served. The table shows that any project increasing water capacity will have 5.07% SDC-eligible costs and any projects increasing storage capacity will have 21% SDC-eligible costs.

<b>Exhibit 3: Improvement Fee Growth Share</b>		
<b>Water System Capacity</b>		
Current Demand, million gallons per day	1.31	MGD
Future Demand, million gallons per day	1.38	MGD
Demand Growth	0.07	MGD
Growth as % of Future Demand	<b>5.07%</b>	
<b>Storage Capacity</b>		
Existing Storage Deficiency	1.58	MG
New Storage Capacity Increasing Project	2.00	MG
Storage Capacity Serving Growth	0.42	MG
% Storage Capacity Serving Growth	<b>21%</b>	

**Source:** Gladstone Water Master Plan, compiled by FCS GROUP.

With the SDC-eligible percentages above, we can calculate the improvement fee portion of each capital improvement in the Water Master Plan. SDC-eligible costs are calculated by multiplying the total costs of projects the percentages calculated above (see **Exhibit 4**). The total SDC-eligible costs for the improvement fee portion of the SDC is \$1,390,362.

<b>Exhibit 4: SDC-Eligible Costs</b>			
<b>Project</b>	<b>Total Cost</b>	<b>Percent Eligible</b>	<b>SDC-eligible Costs</b>
Ranney Intake System Decommissioning - Study	\$50,000	0.00%	\$0
Berkeley Street Pipe Replacement	\$960,000	5.07%	\$48,696
Cason Rd. PRV and Pipe Replacement	\$1,260,000	5.07%	\$63,913
Clackamas Blvd. Pipe Replacement	\$840,000	5.07%	\$42,609
Park Way Pipe Replacement	\$510,000	5.07%	\$25,870
Sherwood Neighborhood Pipe Replacement	\$2,170,000	5.07%	\$110,072
Risley Ave. Pipe Replacement	\$460,000	5.07%	\$23,333
Jersey St. Pipe Replacement	\$330,000	5.07%	\$16,739
SE 82nd Drive Pipe Replacement	\$470,000	5.07%	\$23,841
Meldrum Bar Park Road PRV and Pipe Replacement	\$680,000	5.07%	\$34,493
Rinearson Rd. Pipe Replacement	\$590,000	5.07%	\$29,928
Hull Ave. PRV	\$110,000	5.07%	\$5,580
Hereford PRV	\$110,000	5.07%	\$5,580
Landon PRV	\$110,000	5.07%	\$5,580
Webster Pump Station Upgrades (Generator Set)	\$150,000	5.07%	\$7,609
Webster Pump Station SCADA System	\$20,000	5.07%	\$1,014
Clarendon PRV Condition Assessment	\$10,000	5.07%	\$507
New 2 MG Storage Tank	\$4,500,000	21.00%	\$945,000
AC Pipe Replacement	\$24,600,000	0.00%	\$0
Water System Improvements	\$434,540	0.00%	\$0
<b>Total</b>	<b>\$38,364,540</b>		<b>\$1,390,362</b>

**Source:** Gladstone Water Master Plan, compiled by FCS GROUP.

## D. COMPLIANCE COSTS

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” After discussions with City staff, this SDC methodology assumes compliance costs of 3% of the reimbursement and improvement costs.

## E. SUMMARY OF COSTS

**Exhibit 5** summarizes the components of the Gladstone water SDC. The total SDC is \$6,255 per ME. This includes a \$6,073 improvement fee and a \$182 compliance fee.

<b>Exhibit 5: SDC Fee</b>	
<b>Improvement Fee Costs</b>	
Total Capital Improvement Projects	\$38,364,540
less: Repair and Replacement Projects	-\$36,974,178
less: SDC Fund Balance	-\$140,254
Improvement Fee Cost Basis	\$1,250,108
Growth to the End of Planning Period (Number of MEs)	206
<b>Net Improvement Fee per ME</b>	<b>\$6,073</b>
<b>Total SDC</b>	
Improvement Fee	\$6,073
plus: Compliance Cost Recovery (3%)	\$182
<b>Total System Development Charge per ME</b>	<b>\$6,255</b>

**Source:** Previous tables, compiled by FCS GROUP.

## F. FEE BASIS

In order to impose a water SDC on an individual property, the number of MEs must be determined by the size of the property's water meter, as shown in **Exhibit 6**.

<b>Exhibit X: Water SDC by Meter Size</b>		
<b>Meter Size</b>	Flow Factor	SDC
3/4"	1.00	\$6,255
1"	1.67	\$10,446
1 1/2"	3.33	\$20,829
2"	5.33	\$33,339
3"	10.67	\$66,740
4"	16.67	\$104,269
6"	33.33	\$208,476

**Source:** Previous tables, compiled by FCS GROUP.



## SECTION III: REVENUE REQUIREMENT

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This section provides a summary of the detailed analyses of the rate revenue requirement for the utility under two sets of capital funding assumptions. One scenario assumes pay-as-you-go rate funding of capital improvements, and the second scenario assumes debt is used to meet all capital funding shortfalls.

### A. SELF-SUFFICIENT ENTERPRISE FUND

Because the water utility operates as a self-supporting enterprise fund, utility rates are established such that the utility recovers the full cost of all expenditures, debt service, capital projects, and agreed-upon levels of system reinvestment and reserves.

### B. SYSTEM REINVESTMENT FUNDING

The purpose of system reinvestment funding is to provide for the replacement of aging system facilities to ensure sustainability of the system for ongoing operations. Providing such funding through rates helps to ensure that existing ratepayers pay for the use of the assets serving them (rate equity) with the proceeds funding at least a portion of the eventual replacement of those assets. The water system master plan recommends nearly \$38 million of system improvements, with more than 85% of that cost for replacement projects. The financial plan described herein includes funding for those projects. Hence, we do not recommend setting aside additional funding annually for system reinvestment at this time.

### C. ASSUMPTIONS

In order to project the utility costs into the future, we used the City of Gladstone long range planning assumptions. Additionally, although we calculated an updated SDC in the previous section, we assume the City does not raise the charge in order to project SDC revenues. Finally, we used input from Brown & Caldwell to determine the capital improvements and certain line items required for the water system.

### D. REVENUE REQUIREMENTS

Costs of the water utility consist of ongoing operations and maintenance expenditures as well as capital construction costs. 2015 operating and capital expenditures total \$1,832,497, as per the 2014-2015 City Budget. Future operating expenses include the cost of 2 new FTEs beginning in 2016, totaling \$200,000 in the first year.

The utility expects to begin execution of the projects identified in the water system master plan in 2015-2016. Construction costs are based on a capital improvement plan totaling \$37,930,000, spread

out evenly over the next 30 years. Under these assumptions, construction costs start at \$1,354,385 in the first year and increase annually by construction cost inflation.

## E. PAY-AS-YOU-GO REVENUE REQUIREMENT SUMMARY

A summary of capital expenditures, revenues, operations and maintenance expenses, rate levels, and fund balances is displayed in **Exhibit 7**. See **Appendix A** for full details.

In fiscal year 2015, revenues will have to cover operating expenses at \$1,329,611, existing debt service at \$191,891, and capital expenditures at \$310,995 (total capital expenses less available fund balance), totaling \$1,832,497. Total revenues are only projected to be \$1,172,520, resulting in a cash deficiency in the first year. In order for rate revenues to cover costs in this year, the utility will have to raise rates by 57.19% effective January 1, 2015.

In fiscal year 2016, the utility would need to raise its revenues by another 57% to begin constructing capital improvements identified in the water system master plan. Operating expenditures will be \$1,541,030, existing debt service will be \$192,266, and capital expenditures will be \$1,268,960, summing to \$3,002,257. After two years the utility will need to increase rates by 3% in fiscal year 2017, following which the utility will have minimal rate increases across next several years.

**Exhibit 7: Water Fund Summary – Pay-As-You-Go**

Fiscal Year Ending 6/30:						
Capital Funding	2015	2016	2017	2018	2019	2020
<b>Total Capital Projects</b>	\$ 449,749	\$ 1,354,385	\$ 1,501,631	\$ 1,554,188	\$ 1,608,585	\$ 1,664,886
Revenue Bond Proceeds	-	-	-	-	-	-
Use of Capital Fund Balance	138,754	85,425	16,847	16,888	16,930	16,972
Direct Rate Funding	310,995	1,268,960	1,484,785	1,537,300	1,591,655	1,647,913
<b>Total Funding Sources</b>	\$ 449,749	\$ 1,354,385	\$ 1,501,631	\$ 1,554,188	\$ 1,608,585	\$ 1,664,886

**Projection Summary**

Description	2015	2016	2017	2018	2019	2020
<b>Revenues</b>						
Rate Revenues Under Existing Rates	\$ 1,168,020	\$ 1,214,741	\$ 1,263,330	\$ 1,313,864	\$ 1,366,418	\$ 1,421,075
Non-Rate Revenues	4,500	4,680	4,867	5,062	5,264	5,475
<b>Total Revenues</b>	\$ 1,172,520	\$ 1,219,421	\$ 1,268,198	\$ 1,318,926	\$ 1,371,683	\$ 1,426,550
<b>Expenses</b>						
Cash Operating Expenses - City	\$ 1,329,611	\$ 1,541,030	\$ 1,549,176	\$ 1,626,405	\$ 1,707,490	\$ 1,792,681
Existing Debt Service	191,891	192,266	192,456	192,326	192,006	196,206
New Debt Service	-	-	-	-	-	-
Rate Funded CIP	310,995	1,268,960	1,484,785	1,537,300	1,591,655	1,647,913
Rate Funded System Reinvestment	-	-	-	-	-	-
Additions Required to Meet Minimal Op.	-	-	-	-	-	-
<b>Total Expenses</b>	\$ 1,832,497	\$ 3,002,257	\$ 3,226,417	\$ 3,356,031	\$ 3,491,151	\$ 3,636,800
<b>Annual Surplus / (Deficiency)</b>	\$ (659,977)	\$ (1,782,836)	\$ (1,958,219)	\$ (2,037,106)	\$ (2,119,468)	\$ (2,210,251)
Use of Operating Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Surplus / (Deficiency)</b>	\$ 8,062	\$ (13,130)	\$ (23,631)	\$ (24,583)	\$ (25,577)	\$ (26,672)
<b>Annual Rate Adjustment</b>	<b>57.19%</b>	<b>56.98%</b>	<b>3.34%</b>	<b>0.02%</b>	<b>0.03%</b>	<b>0.17%</b>
<b>Cumulative Rate Adjustment</b>	<b>57.19%</b>	<b>146.77%</b>	<b>155.00%</b>	<b>155.05%</b>	<b>155.11%</b>	<b>155.53%</b>
Rate Revenues After Rate Increase	\$ 1,502,039	\$ 2,997,577	\$ 3,221,549	\$ 3,350,969	\$ 3,485,886	\$ 3,631,325
Net Cash Flow After Rate Increase	(329,989)	0	(0)	(0)	0	(0)
Coverage After Rate Increases	n/a	n/a	n/a	n/a	n/a	n/a

Fiscal Year Ending 6/30:						
Fund Balances	2015	2016	2017	2018	2019	2020
Operating Fund	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632
Capital Fund	85,425	16,847	16,888	16,930	16,972	17,014
Debt Reserve Fund	-	-	-	-	-	-
<b>Total</b>	\$ 413,057	\$ 344,478	\$ 344,520	\$ 344,562	\$ 344,604	\$ 344,646
Combined Minimum Target Balance	\$ 218,566	\$ 250,475	\$ 250,774	\$ 263,313	\$ 276,479	\$ 289,510

**F. DEBT REVENUE REQUIREMENT SUMMARY**

A summary of capital expenditures, revenues, operations and maintenance expenses, rate levels, and fund balances is displayed in **Exhibit 8**. See **Appendix B** for full details.

In fiscal year 2015, revenues will have to cover operating expenses at \$1,329,611, existing debt service at \$191,891, and new debt service at \$25,379, totaling \$1,546,881. Similar to the cash-funded capital scenario, total revenues will be \$1,172,520, resulting in a cash deficiency in the first year. The utility will have to increase rates by 32.44% in order for rate revenues to meet obligations.

In fiscal year 2016, operating expenditures will be \$1,530,635, existing debt service will be \$192,266, and new debt service will be \$117,279 (including debt added in 2015), summing to \$1,840,180. The utility must raise rates in this year by 14% in order to cover costs. After two years

the utility will need to increase rates by 3% in fiscal year 2017, followed by consistent raise rates of about 6% in the next several years as additional debt is incurred.

**Exhibit 8: Water Fund Summary - Debt**

Capital Funding	Fiscal Year Ending 6/30:					
	2015	2016	2017	2018	2019	2020
<b>Total Capital Projects</b>	\$ 449,749	\$ 1,354,385	\$ 1,501,631	\$ 1,554,188	\$ 1,608,585	\$ 1,664,886
Revenue Bond Proceeds	310,995	1,126,152	1,484,785	1,537,300	1,591,655	1,647,913
Use of Capital Fund Balance	138,754	228,233	16,847	16,888	16,930	16,972
Direct Rate Funding	-	-	-	-	-	-
<b>Total Funding Sources</b>	\$ 449,749	\$ 1,354,385	\$ 1,501,631	\$ 1,554,188	\$ 1,608,585	\$ 1,664,886

**Projection Summary**

Description	2015	2016	2017	2018	2019	2020
<b>Revenues</b>						
Rate Revenues Under Existing Rates	\$ 1,168,020	\$ 1,214,741	\$ 1,263,330	\$ 1,313,864	\$ 1,366,418	\$ 1,421,075
Non-Rate Revenues	4,500	4,680	4,867	5,062	5,264	5,475
<b>Total Revenues</b>	\$ 1,172,520	\$ 1,219,421	\$ 1,268,198	\$ 1,318,926	\$ 1,371,683	\$ 1,426,550
<b>Expenses</b>						
Cash Operating Expenses - City	\$ 1,329,611	\$ 1,530,635	\$ 1,533,952	\$ 1,612,072	\$ 1,694,750	\$ 1,781,666
Existing Debt Service	191,891	192,266	192,456	192,326	192,006	196,206
New Debt Service	25,379	117,279	238,445	363,896	493,783	628,261
Rate Funded System Reinvestment	-	-	-	-	-	-
Additions Required to Meet Minimal Op.	-	-	-	-	-	-
<b>Total Expenses</b>	\$ 1,546,881	\$ 1,840,180	\$ 1,964,852	\$ 2,168,294	\$ 2,380,539	\$ 2,606,134
<b>Annual Surplus / (Deficiency)</b>	\$ (374,361)	\$ (620,759)	\$ (696,655)	\$ (849,369)	\$ (1,008,857)	\$ (1,179,584)
Use of Operating Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Surplus / (Deficiency)</b>	\$ 4,573	\$ (2,735)	\$ (8,407)	\$ (10,250)	\$ 42,049	\$ 102,267
<b>Annual Rate Adjustment</b>	<b>32.44%</b>	<b>14.09%</b>	<b>2.68%</b>	<b>6.12%</b>	<b>8.02%</b>	<b>7.57%</b>
<b>Cumulative Rate Adjustment</b>	<b>32.44%</b>	<b>51.10%</b>	<b>55.14%</b>	<b>64.65%</b>	<b>77.85%</b>	<b>91.30%</b>
Rate Revenues After Rate Increase	\$ 1,357,487	\$ 1,835,500	\$ 1,959,985	\$ 2,163,232	\$ 2,430,160	\$ 2,718,583
Net Cash Flow After Rate Increase	(187,181)	0	0	(0)	54,885	117,924
Coverage After Rate Increases	1.28	2.64	1.81	1.53	1.50	1.50

Fund Balances	Fiscal Year Ending 6/30:					
	2015	2016	2017	2018	2019	2020
Operating Fund	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 382,517	\$ 435,165
Capital Fund	228,233	16,847	16,888	16,930	16,972	82,291
Debt Reserve Fund	25,379	117,279	238,445	363,896	493,783	628,261
<b>Total</b>	\$ 581,243	\$ 461,757	\$ 582,965	\$ 708,458	\$ 893,272	\$ 1,145,717
Combined Minimum Target Balance	\$ 243,945	\$ 367,754	\$ 489,219	\$ 627,209	\$ 770,262	\$ 917,771

**G. RATE COMPARISON**

The following tables show the impacts of the calculated increases on monthly rates under the two scenarios described above. We assume that the percentage increases apply uniformly to all rates. City water rates include a fixed monthly charge that varies by meter size and includes the first 600 cubic feet (CF) of water usage, and a volume rate for every 100 CF of usage over 600 CF. The City serves a number of customers who are located outside City boundaries. The rates to those customers are higher than those for inside-City customers. Rate increases in the first scenario, pay-as-you-go capital expenditures, are shown in **Exhibit 9**. The rates increase by more than 150% over the first three years of this scenario, as explained in Section E. Rate increases in the second scenario, debt-

financed capital expenditures, are shown in **Exhibit 10**. The rates increase by about 55% over the first three years of this scenario, as explained in Section F.

<b>Exhibit 9: Monthly Water Charge by Meter Size – Pay-As-You-Go</b>				
Meter Size	2014	2015	2016	2017
<b>Inside the City - 600 CF</b>				
3/4"	\$15.05	\$23.66	\$37.14	\$38.38
1"	\$21.44	\$33.70	\$52.91	\$54.67
1 1/2"	\$33.45	\$52.58	\$82.54	\$85.30
2"	\$59.81	\$94.02	\$147.59	\$152.52
3"	\$74.51	\$117.13	\$183.87	\$190.00
4"	\$89.22	\$140.25	\$220.17	\$227.52
6"	\$99.15	\$155.86	\$244.67	\$252.84
8"	\$123.94	\$194.83	\$305.84	\$316.05
<b>Outside the City - 600 CF</b>				
3/4"	\$20.02	\$31.47	\$49.40	\$51.05
1"	\$30.22	\$47.50	\$74.57	\$77.06
1 1/2"	\$44.55	\$70.03	\$109.93	\$113.60
2"	\$79.58	\$125.10	\$196.38	\$202.93
3"	\$98.64	\$155.06	\$243.41	\$251.54
4"	\$118.69	\$186.57	\$292.89	\$302.66
6"	\$131.85	\$207.26	\$325.36	\$336.22
8"	\$164.84	\$259.12	\$406.77	\$420.35
<b>Rate Above 600 CF, per 100 CF</b>				
Inside City	\$1.75	\$2.75	\$4.32	\$4.46
Outside City	\$2.29	\$3.60	\$5.65	\$5.84
<b>Percent Increase From Model</b>				
		57.19%	56.98%	3.34%

**Source:** City of Gladstone, compiled by FCS GROUP.

<b>Exhibit 10: Monthly Water Charge by Meter Size – Debt-Financed</b>				
Meter Size	2014	2015	2016	2017
<b>Inside the City - 600 CF</b>				
3/4"	\$15.05	\$19.93	\$22.74	\$23.35
1"	\$21.44	\$28.40	\$32.40	\$33.26
1 1/2"	\$33.45	\$44.30	\$50.54	\$51.90
2"	\$59.81	\$79.21	\$90.37	\$92.79
3"	\$74.51	\$98.68	\$112.59	\$115.60
4"	\$89.22	\$118.17	\$134.81	\$138.42
6"	\$99.15	\$131.32	\$149.82	\$153.83
8"	\$123.94	\$164.15	\$187.28	\$192.29
<b>Outside the City - 600 CF</b>				
3/4"	\$20.02	\$26.51	\$30.25	\$31.06
1"	\$30.22	\$40.02	\$45.66	\$46.88
1 1/2"	\$44.55	\$59.00	\$67.32	\$69.12
2"	\$79.58	\$105.40	\$120.25	\$123.46
3"	\$98.64	\$130.64	\$149.05	\$153.03
4"	\$118.69	\$157.20	\$179.34	\$184.14
6"	\$131.85	\$174.63	\$199.23	\$204.56
8"	\$164.84	\$218.32	\$249.08	\$255.74
<b>Rate Above 600 CF, per 100 CF</b>				
Inside City	\$1.75	\$2.32	\$2.64	\$2.72
Outside City	\$2.29	\$3.03	\$3.46	\$3.55
<b>Percent Increase From Model</b>				
		32.44%	14.09%	2.68%

**Source:** City of Gladstone, compiled by FCS GROUP.

## H. RECOMMENDATIONS

Given the two scenarios above, pay-as-you-go and debt, we recommend that the City adopt an immediate increase of 57% to cover the 2015 deficiency in the pay-as-you-go scenario and strategically use debt beginning in 2016. This will allow the utility to raise its rates to cover costs, but still use debt to cover some of the capital expenditures.

# APPENDICES

## Appendix A: Revenue Requirement Analysis – Pay-As-You-Go

### City of Gladstone Water Utility - Pay-As-You-Go Summary

Capital Funding	Fiscal Year Ending 6/30:						2021	2022	2023	2024
	2015	2016	2017	2018	2019	2020				
<b>Total Capital Projects</b>	\$ 449,749	\$ 1,354,385	\$ 1,501,631	\$ 1,554,188	\$ 1,608,585	\$ 1,664,886	\$ 1,723,157	\$ 1,783,467	\$ 1,845,888	\$ 1,910,494
Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Use of Capital Fund Balance	138,754	85,425	16,847	16,888	16,930	16,972	17,014	17,057	17,099	17,141
Direct Rate Funding	310,995	1,268,960	1,484,785	1,537,300	1,591,655	1,647,913	1,706,142	1,766,410	1,828,789	1,893,353
<b>Total Funding Sources</b>	\$ 449,749	\$ 1,354,385	\$ 1,501,631	\$ 1,554,188	\$ 1,608,585	\$ 1,664,886	\$ 1,723,157	\$ 1,783,467	\$ 1,845,888	\$ 1,910,494

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues</b>										
Rate Revenues Under Existing Rates	\$ 1,168,020	\$ 1,214,741	\$ 1,263,330	\$ 1,313,864	\$ 1,366,418	\$ 1,421,075	\$ 1,477,918	\$ 1,537,035	\$ 1,598,516	\$ 1,662,457
Non-Rate Revenues	4,500	4,680	4,867	5,062	5,264	5,475	5,694	5,922	6,159	6,405
<b>Total Revenues</b>	\$ 1,172,520	\$ 1,219,421	\$ 1,268,198	\$ 1,318,926	\$ 1,371,683	\$ 1,426,550	\$ 1,483,612	\$ 1,542,956	\$ 1,604,675	\$ 1,668,862
<b>Expenses</b>										
Cash Operating Expenses - City	\$ 1,329,611	\$ 1,541,030	\$ 1,549,176	\$ 1,626,405	\$ 1,707,490	\$ 1,792,681	\$ 1,882,060	\$ 1,975,899	\$ 2,074,590	\$ 2,178,128
Existing Debt Service	191,891	192,266	192,456	192,326	192,006	196,206	195,006	193,406	196,600	194,600
New Debt Service	-	-	-	-	-	-	-	-	-	-
Rate Funded CIP	310,995	1,268,960	1,484,785	1,537,300	1,591,655	1,647,913	1,706,142	1,766,410	1,828,789	1,893,353
Rate Funded System Reinvestment	-	-	-	-	-	-	-	-	-	-
Additions Required to Meet Minimal Op.	-	-	-	-	-	-	-	-	8,430	15,839
<b>Total Expenses</b>	\$ 1,832,497	\$ 3,002,257	\$ 3,226,417	\$ 3,356,031	\$ 3,491,151	\$ 3,636,800	\$ 3,783,208	\$ 3,935,716	\$ 4,108,409	\$ 4,281,920
<b>Annual Surplus / (Deficiency)</b>	\$ (659,977)	\$ (1,782,836)	\$ (1,958,219)	\$ (2,037,106)	\$ (2,119,468)	\$ (2,210,251)	\$ (2,299,596)	\$ (2,392,760)	\$ (2,503,735)	\$ (2,613,058)
Use of Operating Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Surplus / (Deficiency)</b>	\$ 8,062	\$ (13,130)	\$ (23,631)	\$ (24,583)	\$ (25,577)	\$ (26,672)	\$ (27,750)	\$ (28,874)	\$ (30,214)	\$ (31,533)
<b>Annual Rate Adjustment</b>	57.19%	56.98%	3.34%	0.02%	0.03%	0.17%	0.02%	0.03%	0.37%	0.22%
<b>Cumulative Rate Adjustment</b>	57.19%	146.77%	155.00%	155.05%	155.11%	155.53%	155.60%	155.67%	156.63%	157.18%
Rate Revenues After Rate Increase	\$ 1,502,039	\$ 2,997,577	\$ 3,221,549	\$ 3,350,969	\$ 3,485,886	\$ 3,631,325	\$ 3,777,514	\$ 3,929,794	\$ 4,102,251	\$ 4,275,515
Net Cash Flow After Rate Increase	(329,989)	0	(0)	(0)	0	(0)	0	(0)	8,430	15,839
Coverage After Rate Increases	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Fund Balances	Fiscal Year Ending 6/30:						2021	2022	2023	2024
	2015	2016	2017	2018	2019	2020				
Operating Fund	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 336,062	\$ 351,901
Capital Fund	85,425	16,847	16,888	16,930	16,972	17,014	17,057	17,099	17,141	17,184
Debt Reserve Fund	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	\$ 413,057	\$ 344,478	\$ 344,520	\$ 344,562	\$ 344,604	\$ 344,646	\$ 344,688	\$ 344,731	\$ 353,203	\$ 369,085
Combined Minimum Target Balance	\$ 218,566	\$ 250,475	\$ 250,774	\$ 263,313	\$ 276,479	\$ 289,510	\$ 304,818	\$ 320,059	\$ 336,062	\$ 351,901

**Water Fund**

Account	Fiscal Year Ending	Actual			Budget	Approved
		2011	2012	2013	2014	2015
<b>Resources:</b>						
Beginning fund balance (available cash on hand)		\$ 503,161	\$ 717,915	\$ 751,857	\$ 788,532	\$ 880,299
<b>Revenue:</b>						
Water Service Revenue		\$ 1,041,652	\$ 1,038,492	\$ 1,098,137	\$ 1,184,410	\$ 1,168,020
Water Service Connections		2,920	5,344	2,520	12,975	2,500
Water SDC's		1,509	16,827	9,879	19,626	1,500
All Other Water Fund Resources		600	2,497	2,753	31,897	500
Total revenue		1,046,681	1,063,160	1,113,289	1,248,907	1,172,520
Total resources		\$ 1,549,842	\$ 1,781,075	\$ 1,865,146	\$ 2,037,439	\$ 2,052,819
<b>Requirements:</b>						
<b>Expenditures:</b>						
<b>Personnel Services:</b>						
Public Works Supervisor		\$ 19,511	\$ 23,623	\$ 23,728	\$ 23,847	\$ 23,966
Utility Worker, Journey/Maintenance		27,260	27,878	28,749	30,346	28,142
Utility Worker, Journey		50,379	53,920	55,680	55,971	56,284
Utility Worker, Journey		53,076	54,132	55,680	56,384	56,284
Account Clerk		-	-	-	-	21,448
Overtime		309	484	12,734	6,793	8,000
Career Recognition Pay		531	541	557	635	2,506
Payroll Costs		73,459	78,928	84,687	85,386	112,047
Total Personnel Services		224,525	239,506	261,815	259,362	308,677
<b>Materials and Services:</b>						
Water Bills & Postage		\$ 10,936	\$ 11,265	\$ 11,122	\$ 10,209	\$ 12,000
Office Supplies, Copies		33	138	1,383	17	1,605
Office Equipment Maintenance		83	-	208	-	1,000
Data Processing		5,468	4,527	3,551	3,728	10,000
Memberships, Publications & Schools		3,135	2,704	1,603	5,975	5,500
Oak Lodge Water Purchases		6,488	11,852	30,078	18,796	30,000
NCCWC Water Purchases		219,203	214,352	201,609	280,911	300,000
Electric Power & Lease Lines		13,260	8,414	14,378	16,714	20,000
Water System Maintenance		64,715	51,688	109,037	97,368	126,500
Equipment Operation & Maintenance		19,164	18,286	9,434	4,257	39,160
Refunds & Collection Services		679	1,266	1,605	1,117	3,000
Portland Regional Consortium Dues		5,172	5,942	6,248	6,703	7,000
Laboratory Water Tests		7,070	36,401	16,692	15,548	30,000
Uniforms & Safety Equipment		6,759	8,807	5,182	2,086	9,000
Meter Reading Contract		11,546	11,767	11,784	12,191	15,000
Engineering Services		-	720	64,938	23,013	100,000
Total Materials and Services		373,711	388,129	488,852	498,633	709,765
<b>Capital Outlay</b>						
Fire Hydrant Replacements		\$ 11,571	\$ 5,853	\$ 3,330	\$ 450	\$ 15,000
Meter Replacements/Backflow		14,889	19,910	9,730	25,553	19,320
Equipment Replacement Reserve		25,580	7,015	37,648	-	124,000
Reserve from SDC's		-	-	-	-	138,754
Water System Improvements		73,806	8,560	45,221	17,766	434,540
Total Capital Outlay		125,846	41,338	95,929	43,769	731,614
<b>Debt Service</b>						
2005 Bonded Debt Service Principal		\$ 100,000	\$ 115,000	\$ 120,000	\$ 120,000	\$ 120,000
2005 Bonded Debt Service Interest		84,254	80,504	76,191	71,691	69,290
Total Debt Service		184,254	195,504	196,191	191,691	189,290
<b>Transfers Out</b>						
Inter-fund Transfer to General Fund		\$ -	\$ -	\$ 13,286	\$ 13,685	\$ 14,095
Inter-fund Loan Repayment to Sewer Fund		-	-	-	150,000	-
Inter-fund Loan Repayment to State Rev. Share		-	-	-	-	-
Total Transfers Out		-	-	13,286	163,685	14,095
Total expenditures		908,336	864,477	1,056,073	1,157,140	1,953,441
Ending fund balance		641,506	916,598	809,073	880,299	99,378
Total requirements		\$ 1,549,842	\$ 1,781,075	\$ 1,865,146	\$ 2,037,439	\$ 2,052,819
Days of expenditures in ending fund balance		258	387	280	278	19
Effective franchise fee		0.00%	0.00%	1.21%	1.16%	1.21%



**City of Gladstone**  
**Water Utility - Pay-As-You-Go**

**Assumptions**

<b>Economic &amp; Financial Factors</b>	Fiscal Year Ending 6/30:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water & Sewer Revenue Projections		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Water & Sewer Expenditure Projections		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Construction Cost Inflation		3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Water & Sewer Expenditure Projections plus Growth		5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%
General Inflation plus Growth		4.26%	4.26%	4.26%	4.26%	4.26%	4.26%	4.26%	4.26%	4.26%	4.26%
Fund Earnings		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Franchise Fee		1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%
Customer Growth		0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Cumulative Customer Growth		0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.26%	2.51%
[Extra]		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<b>Accounting Assumptions</b>	Fiscal Year Ending 6/30:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
<b>FISCAL POLICY RESTRICTIONS</b>												
Min. Op. Fund Balance Target (days of O&M expense)		60	60	60	60	60	60	60	60	60	60	
Max. Op. Fund Balance (days of O&M expense)		90	90	90	90	90	90	90	90	90	90	
Minimum Capital Fund Balance Target												
Select Minimum Capital Fund Balance Target		2	User Input									
1 - Defined as % of Plant												
Plant-in-Service in 2014		\$ -										
Minimum Capital Fund Balance - % of plant assets		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
2 - Amount at Right ==>												
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>RATE FUNDED SYSTEM REINVESTMENT</b>												
Select Reinvestment Funding Strategy		3	User Input									
<b>Amount of Annual Cash Funding from Rates</b>												
1 - Equal to Annual Depreciation Expense												
2 - Equal to Annual Depreciation Expense less Annual Debt Principal Payments												
3 - Equal to Amount at Right ==>												
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
4 - Do Not Fund System Reinvestment												
System Reinvestment Policy Implementation (%)		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

<b>Capital Financing Assumptions</b>	Fiscal Year Ending 6/30:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
<b>SYSTEM DEVELOPMENT CHARGE (SDC) REVENUES</b>												
Select SDC Alternative		1	Current Charge is in use									
1 - User Input (Current Charge)		\$ 1,762										
2 - Calculated Charge		\$ 6,949										
Total Equivalent Residential Units (ERUs)		3,852	3,862	3,872	3,881	3,891	3,900	3,910	3,920	3,930	3,939	
System Development Charge Revenues		\$ 1,500	\$ 16,847	\$ 16,888	\$ 16,930	\$ 16,972	\$ 17,014	\$ 17,057	\$ 17,099	\$ 17,141	\$ 17,184	
<b>REVENUE BONDS</b>												
Term (years)		20	20	20	20	20	20	20	20	20	20	
Interest Only Period (First n years)		0	0	0	0	0	0	0	0	0	0	
Interest Cost		4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	
Issuance Cost		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
Revenue Bond Coverage Requirement		1.50										
<b>LOANS</b>												
Term (years; no more than 20 years)		20	20	20	20	20	20	20	20	20	20	
Interest Cost		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
<b>GENERAL OBLIGATION BONDS</b>												
Term (years)		20	20	20	20	20	20	20	20	20	20	
Interest Cost		4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	
Issuance Cost		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
<b>SDC GROWTH CALCULATION</b>												
Meter Equivalents		3,852										
Current Water Demand (gallons per day)		1,310,000										
Present Consumption per Account		340										
Future Water Demand (gallons per day)		1,380,000										
Future Meter Equivalents (assume present consumption continues)		4,058										
Growth in Accounts		206										
Annual Growth Rate		0.25%										



**City of Gladstone**  
**Water Utility - Pay-As-You-Go**  
**Existing Debt Input**

Revenue Bonds	Fiscal Year Ending 6/30:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>REVENUE BOND 1</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service		-	-	-	-	-	-	-	-	-	-	-
<b>REVENUE BOND 2</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service		-	-	-	-	-	-	-	-	-	-	-
<b>REVENUE BOND 3</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service		-	-	-	-	-	-	-	-	-	-	-
<b>REVENUE BOND 4</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service		-	-	-	-	-	-	-	-	-	-	-
<b>REVENUE BOND 5</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt Reserve for Debt Service		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUE BONDS</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service		-	-	-	-	-	-	-	-	-	-	-
Annual Debt Reserve Target on Existing Revenue Bonds		-	-	-	-	-	-	-	-	-	-	-
<b>Loans</b>												
	Fiscal Year Ending 6/30:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>LOAN 1</b>												
Annual Interest Payment		\$ 66,891	\$ 62,266	\$ 57,456	\$ 52,326	\$ 47,006	\$ 41,206	\$ 35,006	\$ 28,406	\$ 21,600	\$ 14,600	\$ 7,400
Annual Principal Payment		125,000	130,000	135,000	140,000	145,000	150,000	160,000	165,000	175,000	180,000	185,000
Total Annual Payment		\$ 191,891	\$ 192,266	\$ 192,456	\$ 192,326	\$ 192,006	\$ 196,206	\$ 195,006	\$ 193,406	\$ 196,600	\$ 194,600	\$ 192,400
<b>LOAN 2</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>LOAN 3</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>LOAN 4</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>LOAN 5</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LOANS</b>												
Annual Interest Payment		\$ 66,891	\$ 62,266	\$ 57,456	\$ 52,326	\$ 47,006	\$ 41,206	\$ 35,006	\$ 28,406	\$ 21,600	\$ 14,600	\$ 7,400
Annual Principal Payment		125,000	130,000	135,000	140,000	145,000	150,000	160,000	165,000	175,000	180,000	185,000
Total Annual Payment		\$ 191,891	\$ 192,266	\$ 192,456	\$ 192,326	\$ 192,006	\$ 196,206	\$ 195,006	\$ 193,406	\$ 196,600	\$ 194,600	\$ 192,400

**City of Gladstone**  
**Water Utility - Pay-As-You-Go**  
**Capital Improvement Program**

Project Costs in Year:	<b>2014</b>	<b>100.0</b>	(Project costs are escalated using Construction Cost Inflation assumptions)
Escalate Project Costs to Base Year:	<b>2014</b>	<b>100.0</b>	(Project costs are escalated using Construction Cost Inflation assumptions)

No	Description	Project Costs in 2014 dollars.			Year	Life in Years	Specific Funding Source	
		Existing Costs	Growth (SDC)	Total			1-Enterprise Fund,	2-Grants & Developer Donations
1	Ranney Intake System Decommissioning - Study	\$ 50,000	\$ -	\$ 50,000	2016	20	1	Enterprise Fund
2	Berkeley Street Pipe Replacement	911,304	48,696	960,000	2016	20	1	Enterprise Fund
3	Cason Rd. PRV and Pipe Replacement	1,196,087	63,913	1,260,000	2016	20	1	Enterprise Fund
4	Clackamas Blvd. Pipe Replacement	797,391	42,609	840,000	2016	20	1	Enterprise Fund
5	Park Way Pipe Replacement	484,130	25,870	510,000	2016	20	1	Enterprise Fund
6	Sherwood Neighborhood Pipe Replacement	2,059,928	110,072	2,170,000	2016	20	1	Enterprise Fund
7	Risley Ave. Pipe Replacement	436,667	23,333	460,000	2016	20	1	Enterprise Fund
8	Jersey St. Pipe Replacement	313,261	16,739	330,000	2016	20	1	Enterprise Fund
9	SE 82nd Drive Pipe Replacement	446,159	23,841	470,000	2016	20	1	Enterprise Fund
10	Meldrum Bar Park Road PRV and Pipe Replacement	645,507	34,493	680,000	2016	20	1	Enterprise Fund
11	Rinearson Rd. Pipe Replacement	560,072	29,928	590,000	2016	20	1	Enterprise Fund
12	Hull Ave. PRV	104,420	5,580	110,000	2016	20	1	Enterprise Fund
13	Hereford PRV	104,420	5,580	110,000	2016	20	1	Enterprise Fund
14	Landon PRV	104,420	5,580	110,000	2016	20	1	Enterprise Fund
15	Webster Pump Station Upgrades (Generator Set)	142,391	7,609	150,000	2016	20	1	Enterprise Fund
16	Webster Pump Station SCADA System	18,986	1,014	20,000	2016	20	1	Enterprise Fund
17	Ciarendon PRV Condition Assessment	9,493	507	10,000	2016	20	1	Enterprise Fund
18	New 2 MG Storage Tank	3,555,000	945,000	4,500,000	2016	20	1	Enterprise Fund
19	AC Pipe Replacement	24,600,000	-	24,600,000	2016	20	1	Enterprise Fund
20	Water System Improvements	434,540	-	434,540	2015	20	1	Enterprise Fund
21		-	-	-	-	-	-	Select Source
22		-	-	-	-	-	-	Select Source
23		-	-	-	-	-	-	Select Source
24		-	-	-	-	-	-	Select Source
25		-	-	-	-	-	-	Select Source
26		-	-	-	-	-	-	Select Source
27		-	-	-	-	-	-	Select Source
<b>Total Capital Projects</b>		<b>\$ 36,974,178</b>	<b>\$ 1,390,362</b>	<b>\$ 38,364,540</b>				
Total R&R Projects								
Total SDC Eligible Projects								
Projects by Grants / Developer Donations		-	-	-				
Projects by Enterprise Fund		36,974,178	1,390,362	38,364,540				

Cumulative Construction Cost Inflation ==>	3.50%	7.12%	10.87%	14.75%	18.77%	22.93%	27.23%	31.68%	36.29%	41.06%
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Project Costs in 2014 dollars.				TOTAL FORECASTED PROJECT COSTS										
Existing Costs	Growth (SDC)	Total	TOTAL ESCALATED COSTS	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
\$ 50,000	\$ -	\$ 50,000	\$ 53,561	\$ -	\$ 53,561	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
911,304	48,696	960,000	1,028,376	-	1,028,376	-	-	-	-	-	-	-	-	
1,196,087	63,913	1,260,000	1,349,744	-	1,349,744	-	-	-	-	-	-	-	-	
797,391	42,609	840,000	899,829	-	899,829	-	-	-	-	-	-	-	-	
484,130	25,870	510,000	546,325	-	546,325	-	-	-	-	-	-	-	-	
2,059,928	110,072	2,170,000	2,324,558	-	2,324,558	-	-	-	-	-	-	-	-	
436,667	23,333	460,000	492,764	-	492,764	-	-	-	-	-	-	-	-	
313,261	16,739	330,000	353,504	-	353,504	-	-	-	-	-	-	-	-	
446,159	23,841	470,000	503,476	-	503,476	-	-	-	-	-	-	-	-	
645,507	34,493	680,000	728,433	-	728,433	-	-	-	-	-	-	-	-	
560,072	29,928	590,000	632,023	-	632,023	-	-	-	-	-	-	-	-	
104,420	5,580	110,000	117,835	-	117,835	-	-	-	-	-	-	-	-	
104,420	5,580	110,000	117,835	-	117,835	-	-	-	-	-	-	-	-	
104,420	5,580	110,000	117,835	-	117,835	-	-	-	-	-	-	-	-	
142,391	7,609	150,000	160,684	-	160,684	-	-	-	-	-	-	-	-	
18,986	1,014	20,000	21,425	-	21,425	-	-	-	-	-	-	-	-	
9,493	507	10,000	10,712	-	10,712	-	-	-	-	-	-	-	-	
3,555,000	945,000	4,500,000	4,820,513	-	4,820,513	-	-	-	-	-	-	-	-	
24,600,000	-	24,600,000	26,352,135	-	26,352,135	-	-	-	-	-	-	-	-	
434,540	-	434,540	449,749	449,749	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>\$ 36,974,178</b>	<b>\$ 1,390,362</b>	<b>\$ 38,364,540</b>	<b>\$ 41,081,313</b>	<b>\$ 449,749</b>	<b>\$ 40,631,564</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
			39,591,922	449,749	1,354,385	1,501,631	1,554,188	1,608,585	1,664,886	1,723,157	1,783,467	1,845,888	1,910,494	
			1,489,391	-	-	-	-	-	-	-	-	-	-	
			-	-	-	-	-	-	-	-	-	-	-	
36,974,178	1,390,362	38,364,540	41,081,313	449,749	40,631,564	-	-	-	-	-	-	-	-	

**City of Gladstone**  
**Water Utility - Pay-As-You-Go**  
**Capital Funding Analysis**

		Fiscal Year Ending 6/30:									
<b>Summary of Expenditures</b>		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
SDC Eligible Project Costs		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
R&R Project Costs		449,749	1,354,385	1,501,631	1,554,188	1,608,585	1,664,886	1,723,157	1,783,467	1,845,888	1,910,494
Subtotal: Project Costs (Building & Improvements)		\$ 449,749	\$ 1,354,385	\$ 1,501,631	\$ 1,554,188	\$ 1,608,585	\$ 1,664,886	\$ 1,723,157	\$ 1,783,467	\$ 1,845,888	\$ 1,910,494
Internal Service Fund Transfer	Water & Sewer Expenditure Projections	-	-	-	-	-	-	-	-	-	-
Street Fund Transfer	Water & Sewer Expenditure Projections	-	-	-	-	-	-	-	-	-	-
Supplemental Budget (Materials/Svsc)	Water & Sewer Expenditure Projections	-	-	-	-	-	-	-	-	-	-
Capital Equip. & Project Fund Transfer	Water & Sewer Expenditure Projections	-	-	-	-	-	-	-	-	-	-
Capitalized Labor (Add'l Positions)	Water & Sewer Expenditure Projections	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURES</b>		<b>\$ 449,749</b>	<b>\$ 1,354,385</b>	<b>\$ 1,501,631</b>	<b>\$ 1,554,188</b>	<b>\$ 1,608,585</b>	<b>\$ 1,664,886</b>	<b>\$ 1,723,157</b>	<b>\$ 1,783,467</b>	<b>\$ 1,845,888</b>	<b>\$ 1,910,494</b>

		Fiscal Year Ending 6/30:									
<b>Capital Financing Plan</b>		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Project-Specific Grants / Developer Donations		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Costs Remaining to be Funded		449,749	1,354,385	1,501,631	1,554,188	1,608,585	1,664,886	1,723,157	1,783,467	1,845,888	1,910,494
<b>OTHER FUNDING SOURCES [NOTE A]</b>											
Existing State Loan Proceeds		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Loan Proceeds		-	-	-	-	-	-	-	-	-	-
Other Loan Proceeds		-	-	-	-	-	-	-	-	-	-
Capital Fund Balance		138,754	85,425	16,847	16,888	16,930	16,972	17,014	17,057	17,099	17,141
Revenue Bond Proceeds [Note B]		-	-	-	-	-	-	-	-	-	-
Rates		310,995	1,268,960	1,484,785	1,537,300	1,591,655	1,647,913	1,706,142	1,766,410	1,828,789	1,893,353
Total		\$ 449,749	\$ 1,354,385	\$ 1,501,631	\$ 1,554,188	\$ 1,608,585	\$ 1,664,886	\$ 1,723,157	\$ 1,783,467	\$ 1,845,888	\$ 1,910,494
<b>TOTAL CAPITAL RESOURCES</b>		<b>\$ 449,749</b>	<b>\$ 1,354,385</b>	<b>\$ 1,501,631</b>	<b>\$ 1,554,188</b>	<b>\$ 1,608,585</b>	<b>\$ 1,664,886</b>	<b>\$ 1,723,157</b>	<b>\$ 1,783,467</b>	<b>\$ 1,845,888</b>	<b>\$ 1,910,494</b>
Info: Capital Contingency Deficit		-	-	-	-	-	-	-	-	-	-

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

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

**NOTE B: USER INPUT FOR REVENUE BOND PROCEEDS**

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

		Fiscal Year Ending 6/30:									
<b>New Debt Computations</b>		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>REVENUE BONDS</b>											
Amount to Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance Costs		-	-	-	-	-	-	-	-	-	-
Reserve Required		-	-	-	-	-	-	-	-	-	-
Amount of Debt Issue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>OTHER LOANS (SRF)</b>											
Amount to Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance Costs		-	-	-	-	-	-	-	-	-	-
Amount of Debt Issue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>PWTF LOAN</b>											
Amount to Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

		Fiscal Year Ending 6/30:									
<b>Debt Service Summary</b>		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>EXISTING DEBT SERVICE</b>											
Annual Interest Payments		\$ 66,891	\$ 62,266	\$ 57,456	\$ 52,326	\$ 47,006	\$ 41,206	\$ 35,006	\$ 28,406	\$ 21,600	\$ 14,600
Annual Principal Payments		125,000	130,000	135,000	140,000	145,000	155,000	160,000	165,000	175,000	180,000
Total Debt Service Payments		\$ 191,891	\$ 192,266	\$ 192,456	\$ 192,326	\$ 192,006	\$ 196,206	\$ 195,006	\$ 193,406	\$ 196,600	\$ 194,600
Revenue Bond Payments Only		-	-	-	-	-	-	-	-	-	-
<b>NEW DEBT SERVICE</b>											
Annual Interest Payments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payments		-	-	-	-	-	-	-	-	-	-
Total Debt Service Payments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bond Payments Only		-	-	-	-	-	-	-	-	-	-
<b>TOTAL DEBT SERVICE PAYMENTS</b>		<b>\$ 191,891</b>	<b>\$ 192,266</b>	<b>\$ 192,456</b>	<b>\$ 192,326</b>	<b>\$ 192,006</b>	<b>\$ 196,206</b>	<b>\$ 195,006</b>	<b>\$ 193,406</b>	<b>\$ 196,600</b>	<b>\$ 194,600</b>
Total Interest Payments		66,891	62,266	57,456	52,326	47,006	41,206	35,006	28,406	21,600	14,600
Total Principal Payments		125,000	130,000	135,000	140,000	145,000	155,000	160,000	165,000	175,000	180,000
Total Revenue Bond Payments Only		-	-	-	-	-	-	-	-	-	-

**City of Gladstone**  
**Water Utility - Pay-As-You-Go**  
**Revenue Requirements Analysis**

Cash Flow Sufficiency Test	Fiscal Year Ending 6/30:									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>EXPENSES</b>										
Cash Operating Expenses	\$ 1,329,611	\$ 1,527,900	\$ 1,525,545	\$ 1,601,822	\$ 1,681,913	\$ 1,766,009	\$ 1,854,309	\$ 1,947,025	\$ 2,044,376	\$ 2,146,595
Existing Debt Service	191,891	192,266	192,456	192,326	192,006	196,206	195,006	193,406	196,600	194,600
New Debt Service	-	-	-	-	-	-	-	-	-	-
Rate-Funded CIP	310,995	1,268,960	1,484,785	1,537,300	1,591,655	1,647,913	1,706,142	1,766,410	1,828,789	1,893,353
Rate-Funded System Reinvestment	-	-	-	-	-	-	-	-	-	-
Additions Required to Meet Minimum Op. Fund Balance	-	-	-	-	-	-	-	-	8,430	15,839
Total Expenses	\$ 1,832,497	\$ 2,989,127	\$ 3,202,786	\$ 3,331,448	\$ 3,465,574	\$ 3,610,128	\$ 3,755,458	\$ 3,906,841	\$ 4,078,196	\$ 4,250,387
<b>REVENUES</b>										
Rate Revenue	\$ 1,168,020	\$ 1,214,741	\$ 1,263,330	\$ 1,313,864	\$ 1,366,418	\$ 1,421,075	\$ 1,477,918	\$ 1,537,035	\$ 1,598,516	\$ 1,662,457
Other Revenue	4,500	4,680	4,867	5,062	5,264	5,475	5,694	5,922	6,159	6,405
Interest Earnings (excluding Capital Fund)	-	-	-	-	-	-	-	-	-	-
Total Revenue	\$ 1,172,520	\$ 1,219,421	\$ 1,268,198	\$ 1,318,926	\$ 1,371,683	\$ 1,426,550	\$ 1,483,612	\$ 1,542,956	\$ 1,604,675	\$ 1,668,862
<b>USE OF OPERATING RESERVES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET CASH FLOW (DEFICIENCY)</b>	<b>\$ (659,977)</b>	<b>\$ (1,769,706)</b>	<b>\$ (1,934,588)</b>	<b>\$ (2,012,523)</b>	<b>\$ (2,093,892)</b>	<b>\$ (2,183,578)</b>	<b>\$ (2,271,846)</b>	<b>\$ (2,363,885)</b>	<b>\$ (2,473,521)</b>	<b>\$ (2,581,525)</b>

Coverage Sufficiency Test	Fiscal Year Ending 6/30:									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>EXPENSES</b>										
Cash Operating Expenses	\$ 1,329,611	\$ 1,527,900	\$ 1,525,545	\$ 1,601,822	\$ 1,681,913	\$ 1,766,009	\$ 1,854,309	\$ 1,947,025	\$ 2,044,376	\$ 2,146,595
Maximum Annual Revenue Bond Debt Service	-	-	-	-	-	-	-	-	-	-
Revenue Bond Coverage Requirement at 1.5	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 1,329,611	\$ 1,527,900	\$ 1,525,545	\$ 1,601,822	\$ 1,681,913	\$ 1,766,009	\$ 1,854,309	\$ 1,947,025	\$ 2,044,376	\$ 2,146,595
<b>ALLOWABLE REVENUES</b>										
Rate Revenue	\$ 1,168,020	\$ 1,214,741	\$ 1,263,330	\$ 1,313,864	\$ 1,366,418	\$ 1,421,075	\$ 1,477,918	\$ 1,537,035	\$ 1,598,516	\$ 1,662,457
Other Revenue	4,500	4,680	4,867	5,062	5,264	5,475	5,694	5,922	6,159	6,405
Interest Earnings - All Funds	-	-	-	-	-	-	-	-	-	-
Total Revenue	\$ 1,172,520	\$ 1,219,421	\$ 1,268,198	\$ 1,318,926	\$ 1,371,683	\$ 1,426,550	\$ 1,483,612	\$ 1,542,956	\$ 1,604,675	\$ 1,668,862
Coverage Realized	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>COVERAGE SURPLUS (DEFICIENCY)</b>	<b>\$ (157,091)</b>	<b>\$ (308,479)</b>	<b>\$ (257,347)</b>	<b>\$ (282,897)</b>	<b>\$ (310,231)</b>	<b>\$ (339,459)</b>	<b>\$ (370,697)</b>	<b>\$ (404,068)</b>	<b>\$ (439,701)</b>	<b>\$ (477,733)</b>

Maximum Revenue Deficiency	Fiscal Year Ending 6/30:									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sufficiency Test Driving the Deficiency	Cash	Cash	Cash	Cash	Cash	Cash	Cash	Cash	Cash	Cash
Maximum Deficiency From Tests	\$ 659,977	\$ 1,769,706	\$ 1,934,588	\$ 2,012,523	\$ 2,093,892	\$ 2,183,578	\$ 2,271,846	\$ 2,363,885	\$ 2,473,521	\$ 2,581,525
less: Net Revenue From Prior Rate Increases	(659,977)	(694,760)	(1,831,775)	(2,011,972)	(2,093,024)	(2,177,647)	(2,270,922)	(2,362,720)	(2,458,440)	(2,572,462)
Revenue Deficiency	\$ 659,977	\$ 1,074,946	\$ 102,814	\$ 551	\$ 868	\$ 5,931	\$ 924	\$ 1,165	\$ 15,081	\$ 9,063
Plus: Adjustment for Taxes	8,062	13,130	1,256	7	11	72	11	14	184	111
Total Revenue Deficiency	\$ 668,039	\$ 1,088,076	\$ 104,069	\$ 558	\$ 878	\$ 6,004	\$ 935	\$ 1,180	\$ 15,265	\$ 9,174

Rate Increases	Fiscal Year Ending 6/30:									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rate Revenue with no Increase	\$ 1,168,020	\$ 1,214,741	\$ 1,263,330	\$ 1,313,864	\$ 1,366,418	\$ 1,421,075	\$ 1,477,918	\$ 1,537,035	\$ 1,598,516	\$ 1,662,457
Revenues from Prior Rate Increases	-	694,760	1,854,150	2,036,548	2,118,590	2,204,247	2,298,661	2,391,580	2,488,470	2,603,884
Rate Revenue Before Rate Increase (Incl. previous increases)	1,168,020	1,909,501	3,117,480	3,350,411	3,485,008	3,625,322	3,776,578	3,928,615	4,086,986	4,266,341
Required Annual Rate Increase	57.19%	56.98%	3.34%	0.02%	0.03%	0.17%	0.02%	0.03%	0.37%	0.22%
Number of Months New Rates Will Be In Effect	6	12	12	12	12	12	12	12	12	12
Info: Percentage Increase to Generate Required Revenue	114.39%	56.98%	3.34%	0.02%	0.03%	0.17%	0.02%	0.03%	0.37%	0.22%
<b>Policy Induced Rate Increases</b>										
<b>ANNUAL RATE INCREASE</b>	<b>57.19%</b>	<b>56.98%</b>	<b>3.34%</b>	<b>0.02%</b>	<b>0.03%</b>	<b>0.17%</b>	<b>0.02%</b>	<b>0.03%</b>	<b>0.37%</b>	<b>0.22%</b>
<b>CUMULATIVE RATE INCREASE</b>	<b>57.19%</b>	<b>146.77%</b>	<b>155.00%</b>	<b>155.05%</b>	<b>155.11%</b>	<b>155.53%</b>	<b>155.60%</b>	<b>155.67%</b>	<b>156.63%</b>	<b>157.18%</b>

Impacts of Rate Increases	Fiscal Year Ending 6/30:									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rate Revenues After Rate Increase	\$ 1,502,039	\$ 2,997,577	\$ 3,221,549	\$ 3,350,969	\$ 3,485,886	\$ 3,631,325	\$ 3,777,514	\$ 3,929,794	\$ 4,102,251	\$ 4,275,515
Full Year Rate Revenues After Rate Increase	1,836,059	2,997,577	3,221,549	3,350,969	3,485,886	3,631,325	3,777,514	3,929,794	4,102,251	4,275,515
Additional Taxes/Franchise Fees Due to Rate Increases	-	13,130	23,631	24,583	25,577	26,672	27,750	28,874	30,214	31,533
Net Cash Flow After Rate Increase	(329,989)	0	(0)	(0)	0	(0)	0	(0)	8,430	15,839
Coverage After Rate Increase	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**City of Gladstone**  
**Water Utility - Pay-As-You-Go**  
**Fund Activity**

Funds	Fiscal Year Ending 6/30:										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
<b>OPERATING FUND</b>											
Beginning Balance	\$ 741,545	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 336,062
plus: Net Cash Flow after Rate Increase	(329,989)	0	(0)	(0)	0	(0)	0	(0)	8,430	15,839	
less: Transfer of Surplus to Capital Fund	(83,925)	-	-	-	-	-	-	-	-	-	
Ending Balance	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 336,062	\$ 351,901
<i>Minimum Target Balance</i>	218,566	250,475	250,774	263,313	276,479	289,510	304,818	320,059	336,062	351,901	
<i>Maximum Funds to be Kept as Operating Reserves</i>	327,632	376,492	375,912	394,708	414,443	435,165	456,923	479,770	503,758	528,946	
<i>Info: No of Days of Cash Operating Expenses</i>	90	78	78	75	71	68	64	61	60	60	
<b>CAPITAL FUND</b>											
Beginning Balance	\$ 138,754	\$ 85,425	\$ 16,847	\$ 16,888	\$ 16,930	\$ 16,972	\$ 17,014	\$ 17,057	\$ 17,099	\$ 17,141	
plus: Rate-Funded System Reinvestment	-	-	-	-	-	-	-	-	-	-	
plus: Grants / Developer Donations / Other Outside Sources	-	-	-	-	-	-	-	-	-	-	
plus: System Development Charges	1,500	16,847	16,888	16,930	16,972	17,014	17,057	17,099	17,141	17,184	
plus: Net Debt Proceeds Available for Projects	-	-	-	-	-	-	-	-	-	-	
plus: Direct Rate Funding	310,995	1,268,960	1,484,785	1,537,300	1,591,655	1,647,913	1,706,142	1,766,410	1,828,789	1,893,353	
plus: Interest Earnings	-	-	-	-	-	-	-	-	-	-	
plus: Transfer of Surplus from Operating Fund	83,925	-	-	-	-	-	-	-	-	-	
less: Capital Expenditures	(449,749)	(1,354,385)	(1,501,631)	(1,554,188)	(1,608,585)	(1,664,886)	(1,723,157)	(1,783,467)	(1,845,888)	(1,910,494)	
Ending Balance	\$ 85,425	\$ 16,847	\$ 16,888	\$ 16,930	\$ 16,972	\$ 17,014	\$ 17,057	\$ 17,099	\$ 17,141	\$ 17,184	
<i>Minimum Target Balance</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>DEBT RESERVE</b>											
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
plus: Reserve Funding from New Debt	-	-	-	-	-	-	-	-	-	-	
less: Use of Reserves for Debt Service	-	-	-	-	-	-	-	-	-	-	
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<i>Minimum Target Balance</i>	-	-	-	-	-	-	-	-	-	-	



Appendix B: Revenue Requirement Analysis – Debt

**City of Gladstone**  
**Water Utility - Debt**  
**Summary**

Capital Funding	Fiscal Year Ending 6/30:						2021	2022	2023	2024
	2015	2016	2017	2018	2019	2020				
<b>Total Capital Projects</b>	\$ 449,749	\$ 1,354,385	\$ 1,501,631	\$ 1,554,188	\$ 1,608,585	\$ 1,664,886	\$ 1,723,157	\$ 1,783,467	\$ 1,845,888	\$ 1,910,494
Revenue Bond Proceeds	310,995	1,126,152	1,484,785	1,537,300	1,591,655	1,647,913	1,640,866	1,602,093	1,598,590	1,602,263
Use of Capital Fund Balance	138,754	228,233	16,847	16,888	16,930	16,972	82,291	181,374	247,298	308,231
Direct Rate Funding	-	-	-	-	-	-	-	-	-	-
<b>Total Funding Sources</b>	\$ 449,749	\$ 1,354,385	\$ 1,501,631	\$ 1,554,188	\$ 1,608,585	\$ 1,664,886	\$ 1,723,157	\$ 1,783,467	\$ 1,845,888	\$ 1,910,494

**Projection Summary**

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues</b>										
Rate Revenues Under Existing Rates	\$ 1,168,020	\$ 1,214,741	\$ 1,263,330	\$ 1,313,864	\$ 1,366,418	\$ 1,421,075	\$ 1,477,918	\$ 1,537,035	\$ 1,598,516	\$ 1,662,457
Non-Rate Revenues	4,500	4,680	4,867	5,062	5,264	5,475	5,694	5,922	6,159	6,405
<b>Total Revenues</b>	\$ 1,172,520	\$ 1,219,421	\$ 1,268,198	\$ 1,318,926	\$ 1,371,683	\$ 1,426,550	\$ 1,483,612	\$ 1,542,956	\$ 1,604,675	\$ 1,668,862
<b>Expenses</b>										
Cash Operating Expenses - City	\$ 1,329,611	\$ 1,530,635	\$ 1,533,952	\$ 1,612,072	\$ 1,694,750	\$ 1,781,666	\$ 1,872,802	\$ 1,968,320	\$ 2,068,497	\$ 2,173,576
Existing Debt Service	191,891	192,266	192,456	192,326	192,006	196,206	195,006	193,406	196,600	194,600
New Debt Service	25,379	117,279	238,445	363,896	493,783	628,261	762,164	892,903	1,023,356	1,154,109
Rate Funded System Reinvestment	-	-	-	-	-	-	-	-	-	-
Additions Required to Meet Minimal Op.	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	\$ 1,546,881	\$ 1,840,180	\$ 1,964,852	\$ 2,168,294	\$ 2,380,539	\$ 2,606,134	\$ 2,829,972	\$ 3,054,630	\$ 3,288,453	\$ 3,522,285
<b>Annual Surplus / (Deficiency)</b>	\$ (374,361)	\$ (620,759)	\$ (696,655)	\$ (849,369)	\$ (1,008,857)	\$ (1,179,584)	\$ (1,346,361)	\$ (1,511,673)	\$ (1,683,779)	\$ (1,853,424)
Use of Operating Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Surplus / (Deficiency)</b>	\$ 4,573	\$ (2,735)	\$ (8,407)	\$ (10,250)	\$ 42,049	\$ 102,267	\$ 167,583	\$ 231,750	\$ 290,957	\$ 355,473
<b>Annual Rate Adjustment</b>	32.44%	14.09%	2.68%	6.12%	8.02%	7.57%	6.47%	5.46%	4.76%	4.20%
<b>Cumulative Rate Adjustment</b>	32.44%	51.10%	55.14%	64.65%	77.85%	91.30%	103.69%	114.81%	125.04%	134.49%
Rate Revenues After Rate Increase	\$ 1,357,487	\$ 1,835,500	\$ 1,959,985	\$ 2,163,232	\$ 2,430,160	\$ 2,718,583	\$ 3,010,354	\$ 3,301,753	\$ 3,597,373	\$ 3,898,335
Net Cash Flow After Rate Increase	(187,181)	0	0	(0)	54,885	117,924	186,076	253,045	315,078	382,455
Coverage After Rate Increases	1.28	2.64	1.81	1.53	1.50	1.50	1.50	1.50	1.50	1.50

Fund Balances	Fiscal Year Ending 6/30:						2021	2022	2023	2024
	2015	2016	2017	2018	2019	2020				
Operating Fund	\$ 327,632	\$ 327,632	\$ 327,632	\$ 327,632	\$ 382,517	\$ 435,165	\$ 456,923	\$ 479,770	\$ 503,758	\$ 528,946
Capital Fund	228,233	16,847	16,888	16,930	16,972	82,291	181,374	247,298	308,231	374,451
Debt Reserve Fund	25,379	117,279	238,445	363,896	493,783	628,261	762,164	892,903	1,023,356	1,154,109
<b>Total</b>	\$ 581,243	\$ 461,757	\$ 582,965	\$ 708,458	\$ 893,272	\$ 1,145,717	\$ 1,400,462	\$ 1,619,971	\$ 1,835,345	\$ 2,057,506
Combined Minimum Target Balance	\$ 243,945	\$ 367,754	\$ 489,219	\$ 627,209	\$ 770,262	\$ 917,771	\$ 1,066,982	\$ 1,212,962	\$ 1,359,418	\$ 1,506,010

**Water Fund**

Account	Fiscal Year Ending	Actual			Budget	Approved
		2011	2012	2013	2014	2015
<b>Resources:</b>						
Beginning fund balance (available cash on hand)		\$ 503,161	\$ 717,915	\$ 751,857	\$ 788,532	\$ 880,299
<b>Revenue:</b>						
Water Service Revenue		\$ 1,041,652	\$ 1,038,492	\$ 1,098,137	\$ 1,184,410	\$ 1,168,020
Water Service Connections		2,920	5,344	2,520	12,975	2,500
Water SDC's		1,509	16,827	9,879	19,626	1,500
All Other Water Fund Resources		600	2,497	2,753	31,897	500
Total revenue		1,046,681	1,063,160	1,113,289	1,248,907	1,172,520
Total resources		\$ 1,549,842	\$ 1,781,075	\$ 1,865,146	\$ 2,037,439	\$ 2,052,819
<b>Requirements:</b>						
<b>Expenditures:</b>						
<b>Personnel Services:</b>						
Public Works Supervisor		\$ 19,511	\$ 23,623	\$ 23,728	\$ 23,847	\$ 23,966
Utility Worker, Journey/Maintenance		27,260	27,878	28,749	30,346	28,142
Utility Worker, Journey		50,379	53,920	55,680	55,971	56,284
Utility Worker, Journey		53,076	54,132	55,680	56,384	56,284
Account Clerk		-	-	-	-	21,448
Overtime		309	484	12,734	6,793	8,000
Career Recognition Pay		531	541	557	635	2,506
Payroll Costs		73,459	78,928	84,687	85,386	112,047
Total Personnel Services		224,525	239,506	261,815	259,362	308,677
<b>Materials and Services:</b>						
Water Bills & Postage		\$ 10,936	\$ 11,265	\$ 11,122	\$ 10,209	\$ 12,000
Office Supplies, Copies		33	138	1,383	17	1,605
Office Equipment Maintenance		83	-	208	-	1,000
Data Processing		5,468	4,527	3,551	3,728	10,000
Memberships, Publications & Schools		3,135	2,704	1,603	5,975	5,500
Oak Lodge Water Purchases		6,488	11,852	30,078	18,796	30,000
NCCWC Water Purchases		219,203	214,352	201,609	280,911	300,000
Electric Power & Lease Lines		13,260	8,414	14,378	16,714	20,000
Water System Maintenance		64,715	51,688	109,037	97,368	126,500
Equipment Operation & Maintenance		19,164	18,286	9,434	4,257	39,160
Refunds & Collection Services		679	1,266	1,605	1,117	3,000
Portland Regional Consortium Dues		5,172	5,942	6,248	6,703	7,000
Laboratory Water Tests		7,070	36,401	16,692	15,548	30,000
Uniforms & Safety Equipment		6,759	8,807	5,182	2,086	9,000
Meter Reading Contract		11,546	11,767	11,784	12,191	15,000
Engineering Services		-	720	64,938	23,013	100,000
Total Materials and Services		373,711	388,129	488,852	498,633	709,765
<b>Capital Outlay</b>						
Fire Hydrant Replacements		\$ 11,571	\$ 5,853	\$ 3,330	\$ 450	\$ 15,000
Meter Replacements/Backflow		14,889	19,910	9,730	25,553	19,320
Equipment Replacement Reserve		25,580	7,015	37,648	-	124,000
Reserve from SDC's		-	-	-	-	138,754
Water System Improvements		73,806	8,560	45,221	17,766	434,540
Total Capital Outlay		125,846	41,338	95,929	43,769	731,614
<b>Debt Service</b>						
2005 Bonded Debt Service Principal		\$ 100,000	\$ 115,000	\$ 120,000	\$ 120,000	\$ 120,000
2005 Bonded Debt Service Interest		84,254	80,504	76,191	71,691	69,290
Total Debt Service		184,254	195,504	196,191	191,691	189,290
<b>Transfers Out</b>						
Inter-fund Transfer to General Fund		\$ -	\$ -	\$ 13,286	\$ 13,685	\$ 14,095
Inter-fund Loan Repayment to Sewer Fund		-	-	-	150,000	-
Inter-fund Loan Repayment to State Rev. Share		-	-	-	-	-
Total Transfers Out		-	-	13,286	163,685	14,095
Total expenditures		908,336	864,477	1,056,073	1,157,140	1,953,441
Ending fund balance		641,506	916,598	809,073	880,299	99,378
Total requirements		\$ 1,549,842	\$ 1,781,075	\$ 1,865,146	\$ 2,037,439	\$ 2,052,819
Days of expenditures in ending fund balance		258	387	280	278	19
Effective franchise fee		0.00%	0.00%	1.21%	1.16%	1.21%

**City of Gladstone**  
**Water Utility - Debt**  
**Assumptions**

<b>Economic &amp; Financial Factors</b>	Fiscal Year Ending 6/30:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water & Sewer Revenue Projections		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Water & Sewer Expenditure Projections		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Construction Cost Inflation		3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Water & Sewer Expenditure Projections plus Growth		5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%
General Inflation plus Growth		4.26%	4.26%	4.26%	4.26%	4.26%	4.26%	4.26%	4.26%	4.26%	4.26%
Fund Earnings		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Franchise Fee		1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%
Customer Growth		0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Cumulative Customer Growth		0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.26%	2.51%
[Extra]		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<b>Accounting Assumptions</b>	Fiscal Year Ending 6/30:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
<b>FISCAL POLICY RESTRICTIONS</b>												
Min. Op. Fund Balance Target (days of O&M expense)		60	60	60	60	60	60	60	60	60	60	
Max. Op. Fund Balance (days of O&M expense)		90	90	90	90	90	90	90	90	90	90	
Minimum Capital Fund Balance Target												
Select Minimum Capital Fund Balance Target		2	User Input									
1 - Defined as % of Plant												
Plant-in-Service in 2014		\$ -										
Minimum Capital Fund Balance - % of plant assets		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
2 - Amount at Right ==>												
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>RATE FUNDED SYSTEM REINVESTMENT</b>												
Select Reinvestment Funding Strategy		3	User Input									
<b>Amount of Annual Cash Funding from Rates</b>												
1 - Equal to Annual Depreciation Expense												
2 - Equal to Annual Depreciation Expense less Annual Debt Principal Payments												
3 - Equal to Amount at Right ==>												
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
4 - Do Not Fund System Reinvestment												
System Reinvestment Policy Implementation (%)		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

<b>Capital Financing Assumptions</b>	Fiscal Year Ending 6/30:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
<b>SYSTEM DEVELOPMENT CHARGE (SDC) REVENUES</b>												
Select SDC Alternative		1	Current Charge is in use									
1 - User Input (Current Charge)		\$ 1,762										
2 - Calculated Charge		\$ 6,949										
Total Equivalent Residential Units (ERUs)		3,852	3,862	3,872	3,881	3,891	3,900	3,910	3,920	3,930	3,939	
System Development Charge Revenues		\$ 1,500	\$ 16,847	\$ 16,888	\$ 16,930	\$ 16,972	\$ 17,014	\$ 17,057	\$ 17,099	\$ 17,141	\$ 17,184	
<b>REVENUE BONDS</b>												
Term (years)		20	20	20	20	20	20	20	20	20	20	
Interest Only Period (First n years)		0	0	0	0	0	0	0	0	0	0	
Interest Cost		4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	
Issuance Cost		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
Revenue Bond Coverage Requirement		1.50										
<b>LOANS</b>												
Term (years; no more than 20 years)		20	20	20	20	20	20	20	20	20	20	
Interest Cost		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
<b>GENERAL OBLIGATION BONDS</b>												
Term (years)		20	20	20	20	20	20	20	20	20	20	
Interest Cost		4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	
Issuance Cost		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
<b>SDC GROWTH CALCULATION</b>												
Meter Equivalents		3,852										
Current Water Demand (gallons per day)		1,310,000										
Present Consumption per Account		340										
Future Water Demand (gallons per day)		1,380,000										
Future Meter Equivalents (assume present consumption continues)		4,058										
Growth in Accounts		206										
Annual Growth Rate		0.25%										



**City of Gladstone**  
**Water Utility - Debt**  
**Existing Debt Input**

Revenue Bonds	Fiscal Year Ending 6/30:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>REVENUE BOND 1</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service		-	-	-	-	-	-	-	-	-	-	-
<b>REVENUE BOND 2</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service		-	-	-	-	-	-	-	-	-	-	-
<b>REVENUE BOND 3</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service		-	-	-	-	-	-	-	-	-	-	-
<b>REVENUE BOND 4</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service		-	-	-	-	-	-	-	-	-	-	-
<b>REVENUE BOND 5</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt Reserve for Debt Service		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUE BONDS</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt reserve for Debt Service		-	-	-	-	-	-	-	-	-	-	-
Annual Debt Reserve Target on Existing Revenue Bonds		-	-	-	-	-	-	-	-	-	-	-
<b>Loans</b>												
	Fiscal Year Ending 6/30:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>LOAN 1</b>												
Annual Interest Payment		\$ 66,891	\$ 62,266	\$ 57,456	\$ 52,326	\$ 47,006	\$ 41,206	\$ 35,006	\$ 28,406	\$ 21,600	\$ 14,600	\$ 7,400
Annual Principal Payment		125,000	130,000	135,000	140,000	145,000	155,000	160,000	165,000	175,000	180,000	185,000
Total Annual Payment		\$ 191,891	\$ 192,266	\$ 192,456	\$ 192,326	\$ 192,006	\$ 196,206	\$ 195,006	\$ 193,406	\$ 196,600	\$ 194,600	\$ 192,400
<b>LOAN 2</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>LOAN 3</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>LOAN 4</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>LOAN 5</b>												
Annual Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment		-	-	-	-	-	-	-	-	-	-	-
Total Annual Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LOANS</b>												
Annual Interest Payment		\$ 66,891	\$ 62,266	\$ 57,456	\$ 52,326	\$ 47,006	\$ 41,206	\$ 35,006	\$ 28,406	\$ 21,600	\$ 14,600	\$ 7,400
Annual Principal Payment		125,000	130,000	135,000	140,000	145,000	155,000	160,000	165,000	175,000	180,000	185,000
Total Annual Payment		\$ 191,891	\$ 192,266	\$ 192,456	\$ 192,326	\$ 192,006	\$ 196,206	\$ 195,006	\$ 193,406	\$ 196,600	\$ 194,600	\$ 192,400

**City of Gladstone**  
**Water Utility - Debt**  
**Capital Improvement Program**

Project Costs in Year:	<b>2014</b>	<b>100.0</b>	(Project costs are escalated using Construction Cost Inflation assumptions)
Escalate Project Costs to Base Year:	<b>2014</b>	<b>100.0</b>	(Project costs are escalated using Construction Cost Inflation assumptions)

No	Description	Project Costs in 2014 dollars.			Year	Life in Years	Specific Funding Source	
		Existing Costs	Growth (SDC)	Total			1-Enterprise Fund,	2-Grants & Developer Donations
1	Ranney Intake System Decommissioning - Study	\$ 50,000	\$ -	\$ 50,000	2016	20	1	Enterprise Fund
2	Berkeley Street Pipe Replacement	911,304	48,696	960,000	2016	20	1	Enterprise Fund
3	Cason Rd. PRV and Pipe Replacement	1,196,087	63,913	1,260,000	2016	20	1	Enterprise Fund
4	Clackamas Blvd. Pipe Replacement	797,391	42,609	840,000	2016	20	1	Enterprise Fund
5	Park Way Pipe Replacement	484,130	25,870	510,000	2016	20	1	Enterprise Fund
6	Sherwood Neighborhood Pipe Replacement	2,059,928	110,072	2,170,000	2016	20	1	Enterprise Fund
7	Risley Ave. Pipe Replacement	436,667	23,333	460,000	2016	20	1	Enterprise Fund
8	Jersey St. Pipe Replacement	313,261	16,739	330,000	2016	20	1	Enterprise Fund
9	SE 82nd Drive Pipe Replacement	446,159	23,841	470,000	2016	20	1	Enterprise Fund
10	Meldrum Bar Park Road PRV and Pipe Replacement	645,507	34,493	680,000	2016	20	1	Enterprise Fund
11	Rinearson Rd. Pipe Replacement	560,072	29,928	590,000	2016	20	1	Enterprise Fund
12	Hull Ave. PRV	104,420	5,580	110,000	2016	20	1	Enterprise Fund
13	Hereford PRV	104,420	5,580	110,000	2016	20	1	Enterprise Fund
14	Landon PRV	104,420	5,580	110,000	2016	20	1	Enterprise Fund
15	Webster Pump Station Upgrades (Generator Set)	142,391	7,609	150,000	2016	20	1	Enterprise Fund
16	Webster Pump Station SCADA System	18,986	1,014	20,000	2016	20	1	Enterprise Fund
17	Ciarendon PRV Condition Assessment	9,493	507	10,000	2016	20	1	Enterprise Fund
18	New 2 MG Storage Tank	3,555,000	945,000	4,500,000	2016	20	1	Enterprise Fund
19	AC Pipe Replacement	24,600,000	-	24,600,000	2016	20	1	Enterprise Fund
20	Water System Improvements	434,540	-	434,540	2015	20	1	Enterprise Fund
21		-	-	-	-	-	-	Select Source
22		-	-	-	-	-	-	Select Source
23		-	-	-	-	-	-	Select Source
24		-	-	-	-	-	-	Select Source
25		-	-	-	-	-	-	Select Source
26		-	-	-	-	-	-	Select Source
27		-	-	-	-	-	-	Select Source
<b>Total Capital Projects</b>		<b>\$ 36,974,178</b>	<b>\$ 1,390,362</b>	<b>\$ 38,364,540</b>				
Total R&R Projects								
Total SDC Eligible Projects								
Projects by Grants / Developer Donations		-	-	-				
Projects by Enterprise Fund		36,974,178	1,390,362	38,364,540				

Cumulative Construction Cost Inflation ==>	3.50%	7.12%	10.87%	14.75%	18.77%	22.93%	27.23%	31.68%	36.29%	41.06%
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Project Costs in 2014 dollars.				TOTAL FORECASTED PROJECT COSTS										
Existing Costs	Growth (SDC)	Total	TOTAL ESCALATED COSTS	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
\$ 50,000	\$ -	\$ 50,000	\$ 53,561	\$ -	\$ 53,561	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
911,304	48,696	960,000	1,028,376	-	1,028,376	-	-	-	-	-	-	-	-	
1,196,087	63,913	1,260,000	1,349,744	-	1,349,744	-	-	-	-	-	-	-	-	
797,391	42,609	840,000	899,829	-	899,829	-	-	-	-	-	-	-	-	
484,130	25,870	510,000	546,325	-	546,325	-	-	-	-	-	-	-	-	
2,059,928	110,072	2,170,000	2,324,558	-	2,324,558	-	-	-	-	-	-	-	-	
436,667	23,333	460,000	492,764	-	492,764	-	-	-	-	-	-	-	-	
313,261	16,739	330,000	353,504	-	353,504	-	-	-	-	-	-	-	-	
446,159	23,841	470,000	503,476	-	503,476	-	-	-	-	-	-	-	-	
645,507	34,493	680,000	728,433	-	728,433	-	-	-	-	-	-	-	-	
560,072	29,928	590,000	632,023	-	632,023	-	-	-	-	-	-	-	-	
104,420	5,580	110,000	117,835	-	117,835	-	-	-	-	-	-	-	-	
104,420	5,580	110,000	117,835	-	117,835	-	-	-	-	-	-	-	-	
104,420	5,580	110,000	117,835	-	117,835	-	-	-	-	-	-	-	-	
142,391	7,609	150,000	160,684	-	160,684	-	-	-	-	-	-	-	-	
18,986	1,014	20,000	21,425	-	21,425	-	-	-	-	-	-	-	-	
9,493	507	10,000	10,712	-	10,712	-	-	-	-	-	-	-	-	
3,555,000	945,000	4,500,000	4,820,513	-	4,820,513	-	-	-	-	-	-	-	-	
24,600,000	-	24,600,000	26,352,135	-	26,352,135	-	-	-	-	-	-	-	-	
434,540	-	434,540	449,749	449,749	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>\$ 36,974,178</b>	<b>\$ 1,390,362</b>	<b>\$ 38,364,540</b>	<b>\$ 41,081,313</b>	<b>\$ 449,749</b>	<b>\$ 40,631,564</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
			39,591,922	449,749	1,354,385	1,501,631	1,554,188	1,608,585	1,664,886	1,723,157	1,783,467	1,845,888	1,910,494	
			1,489,391	-	-	-	-	-	-	-	-	-	-	
			-	-	-	-	-	-	-	-	-	-	-	
36,974,178	1,390,362	38,364,540	41,081,313	449,749	40,631,564	-	-	-	-	-	-	-	-	

**City of Gladstone  
Water Utility - Debt  
Capital Funding Analysis**

		Fiscal Year Ending 6/30:									
<b>Summary of Expenditures</b>		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
SDC Eligible Project Costs		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
R&R Project Costs		449,749	1,354,385	1,501,631	1,554,188	1,608,585	1,664,886	1,723,157	1,783,467	1,845,888	1,910,494
Subtotal: Project Costs (Building & Improvements)		449,749	1,354,385	1,501,631	1,554,188	1,608,585	1,664,886	1,723,157	1,783,467	1,845,888	1,910,494
Internal Service Fund Transfer	Water & Sewer Expenditure Projections	-	-	-	-	-	-	-	-	-	-
Street Fund Transfer	Water & Sewer Expenditure Projections	-	-	-	-	-	-	-	-	-	-
Supplemental Budget (Materials/Svcs)	Water & Sewer Expenditure Projections	-	-	-	-	-	-	-	-	-	-
Capital Equip. & Project Fund Transfer	Water & Sewer Expenditure Projections	-	-	-	-	-	-	-	-	-	-
Capitalized Labor (Add'l Positions)	Water & Sewer Expenditure Projections	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURES</b>		<b>\$ 449,749</b>	<b>\$ 1,354,385</b>	<b>\$ 1,501,631</b>	<b>\$ 1,554,188</b>	<b>\$ 1,608,585</b>	<b>\$ 1,664,886</b>	<b>\$ 1,723,157</b>	<b>\$ 1,783,467</b>	<b>\$ 1,845,888</b>	<b>\$ 1,910,494</b>

		Fiscal Year Ending 6/30:									
<b>Capital Financing Plan</b>		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Project-Specific Grants / Developer Donations		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Costs Remaining to be Funded		449,749	1,354,385	1,501,631	1,554,188	1,608,585	1,664,886	1,723,157	1,783,467	1,845,888	1,910,494
<b>OTHER FUNDING SOURCES [NOTE A]</b>											
Existing State Loan Proceeds		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Loan Proceeds		-	-	-	-	-	-	-	-	-	-
Other Loan Proceeds		-	-	-	-	-	-	-	-	-	-
Capital Fund Balance		138,754	228,233	16,847	16,888	16,930	16,972	82,291	181,374	247,298	308,231
Revenue Bond Proceeds [Note B]		310,995	1,126,152	1,484,785	1,537,300	1,591,655	1,647,913	1,640,866	1,602,093	1,598,590	1,602,263
Rates		-	-	-	-	-	-	-	-	-	-
Total		449,749	1,354,385	1,501,631	1,554,188	1,608,585	1,664,886	1,723,157	1,783,467	1,845,888	1,910,494
<b>TOTAL CAPITAL RESOURCES</b>		<b>\$ 449,749</b>	<b>\$ 1,354,385</b>	<b>\$ 1,501,631</b>	<b>\$ 1,554,188</b>	<b>\$ 1,608,585</b>	<b>\$ 1,664,886</b>	<b>\$ 1,723,157</b>	<b>\$ 1,783,467</b>	<b>\$ 1,845,888</b>	<b>\$ 1,910,494</b>
Info: Capital Contingency Deficit		-	-	-	-	-	-	-	-	-	-

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

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

**NOTE B: USER INPUT FOR REVENUE BOND PROCEEDS**

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

		Fiscal Year Ending 6/30:									
<b>New Debt Computations</b>		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>REVENUE BONDS</b>											
Amount to Fund		\$ 310,995	\$ 1,126,152	\$ 1,484,785	\$ 1,537,300	\$ 1,591,655	\$ 1,647,913	\$ 1,640,866	\$ 1,602,093	\$ 1,598,590	\$ 1,602,263
Issuance Costs		3,398	12,304	16,222	16,795	17,389	18,004	17,927	17,503	17,465	17,505
Reserve Required		25,379	91,900	121,166	125,452	129,887	134,478	133,903	130,739	130,453	130,753
Amount of Debt Issue		\$ 339,771	\$ 1,230,356	\$ 1,622,173	\$ 1,679,547	\$ 1,738,931	\$ 1,800,395	\$ 1,792,696	\$ 1,750,335	\$ 1,746,508	\$ 1,750,521
<b>OTHER LOANS (SRF)</b>											
Amount to Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance Costs		-	-	-	-	-	-	-	-	-	-
Amount of Debt Issue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>PWTF LOAN</b>											
Amount to Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

		Fiscal Year Ending 6/30:									
<b>Debt Service Summary</b>		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>EXISTING DEBT SERVICE</b>											
Annual Interest Payments		\$ 66,891	\$ 62,266	\$ 57,456	\$ 52,326	\$ 47,006	\$ 41,206	\$ 35,006	\$ 28,406	\$ 21,600	\$ 14,600
Annual Principal Payments		125,000	130,000	135,000	140,000	145,000	155,000	160,000	165,000	175,000	180,000
Total Debt Service Payments		\$ 191,891	\$ 192,266	\$ 192,456	\$ 192,326	\$ 192,006	\$ 196,206	\$ 195,006	\$ 193,406	\$ 196,600	\$ 194,600
Revenue Bond Payments Only		-	-	-	-	-	-	-	-	-	-
<b>NEW DEBT SERVICE</b>											
Annual Interest Payments		\$ 14,168	\$ 65,007	\$ 130,472	\$ 196,006	\$ 261,519	\$ 326,910	\$ 389,099	\$ 446,531	\$ 500,747	\$ 551,951
Annual Principal Payments		11,210	52,272	107,973	167,890	232,264	301,351	373,065	446,372	522,610	602,159
Total Debt Service Payments		\$ 25,379	\$ 117,279	\$ 238,445	\$ 363,896	\$ 493,783	\$ 628,261	\$ 762,164	\$ 892,903	\$ 1,023,356	\$ 1,154,109
Revenue Bond Payments Only		25,379	117,279	238,445	363,896	493,783	628,261	762,164	892,903	1,023,356	1,154,109
<b>TOTAL DEBT SERVICE PAYMENTS</b>		<b>\$ 217,270</b>	<b>\$ 309,545</b>	<b>\$ 430,901</b>	<b>\$ 556,222</b>	<b>\$ 685,789</b>	<b>\$ 824,468</b>	<b>\$ 957,171</b>	<b>\$ 1,086,309</b>	<b>\$ 1,219,956</b>	<b>\$ 1,348,709</b>
Total Interest Payments		81,060	127,273	187,928	248,333	308,525	368,116	424,105	474,937	522,347	566,551
Total Principal Payments		136,210	182,272	242,973	307,890	377,264	456,351	533,065	611,372	697,610	782,159
Total Revenue Bond Payments Only		25,379	117,279	238,445	363,896	493,783	628,261	762,164	892,903	1,023,356	1,154,109



**City of Gladstone  
Water Utility - Debt  
Revenue Requirements Analysis**

Cash Flow Sufficiency Test	Fiscal Year Ending 6/30:									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>EXPENSES</b>										
Cash Operating Expenses	\$ 1,329,611	\$ 1,527,900	\$ 1,525,545	\$ 1,601,822	\$ 1,681,913	\$ 1,766,009	\$ 1,854,309	\$ 1,947,025	\$ 2,044,376	\$ 2,146,595
Existing Debt Service	191,891	192,266	192,456	192,326	192,006	196,206	195,006	193,406	196,600	194,600
New Debt Service	25,379	117,279	238,445	363,896	493,783	628,261	762,164	892,903	1,023,356	1,154,109
Rate-Funded CIP	-	-	-	-	-	-	-	-	-	-
Rate-Funded System Reinvestment	-	-	-	-	-	-	-	-	-	-
Additions Required to Meet Minimum Op. Fund Balance	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 1,546,881</b>	<b>\$ 1,837,445</b>	<b>\$ 1,956,446</b>	<b>\$ 2,158,044</b>	<b>\$ 2,367,703</b>	<b>\$ 2,590,476</b>	<b>\$ 2,811,480</b>	<b>\$ 3,033,334</b>	<b>\$ 3,264,332</b>	<b>\$ 3,495,304</b>
<b>REVENUES</b>										
Rate Revenue	\$ 1,168,020	\$ 1,214,741	\$ 1,263,330	\$ 1,313,864	\$ 1,366,418	\$ 1,421,075	\$ 1,477,918	\$ 1,537,035	\$ 1,598,516	\$ 1,662,457
Other Revenue	4,500	4,680	4,867	5,062	5,264	5,475	5,694	5,922	6,159	6,405
Interest Earnings (excluding Capital Fund)	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$ 1,172,520</b>	<b>\$ 1,219,421</b>	<b>\$ 1,268,198</b>	<b>\$ 1,318,926</b>	<b>\$ 1,371,683</b>	<b>\$ 1,426,550</b>	<b>\$ 1,483,612</b>	<b>\$ 1,542,956</b>	<b>\$ 1,604,675</b>	<b>\$ 1,668,862</b>
<b>USE OF OPERATING RESERVES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET CASH FLOW (DEFICIENCY)</b>	<b>\$ (374,361)</b>	<b>\$ (618,024)</b>	<b>\$ (688,248)</b>	<b>\$ (839,119)</b>	<b>\$ (996,020)</b>	<b>\$ (1,163,927)</b>	<b>\$ (1,327,868)</b>	<b>\$ (1,490,378)</b>	<b>\$ (1,659,658)</b>	<b>\$ (1,826,442)</b>

Coverage Sufficiency Test	Fiscal Year Ending 6/30:									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>EXPENSES</b>										
Cash Operating Expenses	\$ 1,329,611	\$ 1,527,900	\$ 1,525,545	\$ 1,601,822	\$ 1,681,913	\$ 1,766,009	\$ 1,854,309	\$ 1,947,025	\$ 2,044,376	\$ 2,146,595
Maximum Annual Revenue Bond Debt Service	25,379	117,279	238,445	363,896	493,783	628,261	762,164	892,903	1,023,356	1,154,109
Revenue Bond Coverage Requirement at 1.5	12,689	58,639	119,222	181,948	246,892	314,131	381,082	446,452	511,678	577,055
<b>Total Expenses</b>	<b>\$ 1,367,679</b>	<b>\$ 1,703,818</b>	<b>\$ 1,883,212</b>	<b>\$ 2,147,666</b>	<b>\$ 2,422,588</b>	<b>\$ 2,708,401</b>	<b>\$ 2,997,556</b>	<b>\$ 3,286,380</b>	<b>\$ 3,579,410</b>	<b>\$ 3,877,759</b>
<b>ALLOWABLE REVENUES</b>										
Rate Revenue	\$ 1,168,020	\$ 1,214,741	\$ 1,263,330	\$ 1,313,864	\$ 1,366,418	\$ 1,421,075	\$ 1,477,918	\$ 1,537,035	\$ 1,598,516	\$ 1,662,457
Other Revenue	4,500	4,680	4,867	5,062	5,264	5,475	5,694	5,922	6,159	6,405
Interest Earnings - All Funds	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$ 1,172,520</b>	<b>\$ 1,219,421</b>	<b>\$ 1,268,198</b>	<b>\$ 1,318,926</b>	<b>\$ 1,371,683</b>	<b>\$ 1,426,550</b>	<b>\$ 1,483,612</b>	<b>\$ 1,542,956</b>	<b>\$ 1,604,675</b>	<b>\$ 1,668,862</b>
Coverage Realized	(6.19)	(2.63)	(1.08)	(0.78)	(0.63)	(0.54)	(0.49)	(0.45)	(0.43)	(0.41)
<b>COVERAGE SURPLUS (DEFICIENCY)</b>	<b>\$ (195,159)</b>	<b>\$ (484,397)</b>	<b>\$ (615,014)</b>	<b>\$ (828,741)</b>	<b>\$ (1,050,905)</b>	<b>\$ (1,281,851)</b>	<b>\$ (1,513,944)</b>	<b>\$ (1,743,423)</b>	<b>\$ (1,974,736)</b>	<b>\$ (2,208,897)</b>

Maximum Revenue Deficiency	Fiscal Year Ending 6/30:									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sufficiency Test Driving the Deficiency	Cash	Cash	Cash	Cash	Coverage	Coverage	Coverage	Coverage	Coverage	Coverage
Maximum Deficiency From Tests	\$ 374,361	\$ 618,024	\$ 688,248	\$ 839,119	\$ 1,050,905	\$ 1,281,851	\$ 1,513,944	\$ 1,743,423	\$ 1,974,736	\$ 2,208,897
less: Net Revenue From Prior Rate Increases	(374,361)	(394,091)	(637,799)	(715,778)	(872,684)	(1,092,942)	(1,333,125)	(1,574,502)	(1,813,160)	(2,053,725)
Revenue Deficiency	\$ 374,361	\$ 223,933	\$ 50,449	\$ 123,341	\$ 178,222	\$ 188,909	\$ 180,819	\$ 168,922	\$ 161,576	\$ 155,172
Plus: Adjustment for Taxes	4,573	2,735	616	1,507	2,177	2,307	2,209	2,063	1,974	1,895
<b>Total Revenue Deficiency</b>	<b>\$ 378,934</b>	<b>\$ 226,668</b>	<b>\$ 51,065</b>	<b>\$ 124,848</b>	<b>\$ 180,399</b>	<b>\$ 191,217</b>	<b>\$ 183,028</b>	<b>\$ 170,985</b>	<b>\$ 163,549</b>	<b>\$ 157,067</b>

Rate Increases	Fiscal Year Ending 6/30:									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rate Revenue with no Increase	\$ 1,168,020	\$ 1,214,741	\$ 1,263,330	\$ 1,313,864	\$ 1,366,418	\$ 1,421,075	\$ 1,477,918	\$ 1,537,035	\$ 1,598,516	\$ 1,662,457
Revenues from Prior Rate Increases	-	394,091	645,590	724,521	883,343	1,106,292	1,349,409	1,593,734	1,835,308	2,078,811
Rate Revenue Before Rate Increase (Incl. previous increases)	1,168,020	1,608,832	1,908,920	2,038,385	2,249,761	2,527,367	2,827,327	3,130,769	3,433,824	3,741,268
Required Annual Rate Increase	32.44%	14.09%	2.68%	6.12%	8.02%	7.57%	6.47%	5.46%	4.76%	4.20%
Number of Months New Rates Will Be In Effect	6	12	12	12	12	12	12	12	12	12
Info: Percentage Increase to Generate Required Revenue	64.88%	14.09%	2.68%	6.12%	8.02%	7.57%	6.47%	5.46%	4.76%	4.20%
<b>Policy Induced Rate Increases</b>										
<b>ANNUAL RATE INCREASE</b>	<b>32.44%</b>	<b>14.09%</b>	<b>2.68%</b>	<b>6.12%</b>	<b>8.02%</b>	<b>7.57%</b>	<b>6.47%</b>	<b>5.46%</b>	<b>4.76%</b>	<b>4.20%</b>
<b>CUMULATIVE RATE INCREASE</b>	<b>32.44%</b>	<b>51.10%</b>	<b>55.14%</b>	<b>64.65%</b>	<b>77.85%</b>	<b>91.30%</b>	<b>103.69%</b>	<b>114.81%</b>	<b>125.04%</b>	<b>134.49%</b>

Impacts of Rate Increases	Fiscal Year Ending 6/30:									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rate Revenues After Rate Increase	\$ 1,357,487	\$ 1,835,500	\$ 1,959,985	\$ 2,163,232	\$ 2,430,160	\$ 2,718,583	\$ 3,010,354	\$ 3,301,753	\$ 3,597,373	\$ 3,898,335
Full Year Rate Revenues After Rate Increase	1,546,954	1,835,500	1,959,985	2,163,232	2,430,160	2,718,583	3,010,354	3,301,753	3,597,373	3,898,335
Additional Taxes/Franchise Fees Due to Rate Increases	-	2,735	8,407	10,250	12,837	15,658	18,493	21,296	24,121	26,981
Net Cash Flow After Rate Increase	(187,181)	0	0	(0)	54,885	117,924	186,076	253,045	315,078	382,455
Coverage After Rate Increase	1.28	2.64	1.81	1.53	1.50	1.50	1.50	1.50	1.50	1.50

**City of Gladstone**  
**Water Utility - Debt**  
**Fund Activity**

Funds	Fiscal Year Ending 6/30:		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024										
<b>OPERATING FUND</b>																						
Beginning Balance	\$	741,545	\$	327,632	\$	327,632	\$	327,632	\$	382,517	\$	435,165	\$	456,923	\$	479,770	\$	503,758				
plus: Net Cash Flow after Rate Increase		(187,181)		0		0		(0)		54,885		117,924		186,076		253,045		315,078		382,455		
less: Transfer of Surplus to Capital Fund		(226,733)		-		-		-		(65,276)		(164,318)		(230,199)		(291,090)		(357,267)				
Ending Balance	\$	327,632	\$	327,632	\$	327,632	\$	327,632	\$	382,517	\$	435,165	\$	456,923	\$	479,770	\$	503,758	\$	528,946		
<i>Minimum Target Balance</i>		218,566		250,475		250,774		263,313		276,479		289,510		304,818		320,059		336,062		351,901		
<i>Maximum Funds to be Kept as Operating Reserves</i>		327,632		376,492		375,912		394,708		414,443		435,165		456,923		479,770		503,758		528,946		
<i>Info: No of Days of Cash Operating Expenses</i>		90		78		78		75		83		90		90		90		90		90		
<b>CAPITAL FUND</b>																						
Beginning Balance	\$	138,754	\$	228,233	\$	16,847	\$	16,888	\$	16,930	\$	16,972	\$	82,291	\$	181,374	\$	247,298	\$	308,231		
plus: Rate-Funded System Reinvestment		-		-		-		-		-		-		-		-		-		-		
plus: Grants / Developer Donations / Other Outside Sources		-		-		-		-		-		-		-		-		-		-		
plus: System Development Charges		1,500		16,847		16,888		16,930		16,972		17,014		17,057		17,099		17,141		17,184		
plus: Net Debt Proceeds Available for Projects		310,995		1,126,152		1,484,785		1,537,300		1,591,655		1,647,913		1,640,866		1,602,093		1,598,590		1,602,263		
plus: Direct Rate Funding		-		-		-		-		-		-		-		-		-		-		
plus: Interest Earnings		-		-		-		-		-		-		-		-		-		-		
plus: Transfer of Surplus from Operating Fund		226,733		-		-		-		65,276		164,318		230,199		291,090		357,267				
less: Capital Expenditures		(449,749)		(1,354,385)		(1,501,631)		(1,554,188)		(1,608,585)		(1,664,886)		(1,723,157)		(1,783,467)		(1,845,888)		(1,910,494)		
Ending Balance	\$	228,233	\$	16,847	\$	16,888	\$	16,930	\$	16,972	\$	82,291	\$	181,374	\$	247,298	\$	308,231	\$	374,451		
<i>Minimum Target Balance</i>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
<b>DEBT RESERVE</b>																						
Beginning Balance	\$	-	\$	25,379	\$	117,279	\$	238,445	\$	363,896	\$	493,783	\$	628,261	\$	762,164	\$	892,903	\$	1,023,356	\$	1,154,109
plus: Reserve Funding from New Debt		25,379		91,900		121,166		125,452		129,887		134,478		133,903		130,739		130,453		130,753		
less: Use of Reserves for Debt Service		-		-		-		-		-		-		-		-		-		-		
Ending Balance	\$	25,379	\$	117,279	\$	238,445	\$	363,896	\$	493,783	\$	628,261	\$	762,164	\$	892,903	\$	1,023,356	\$	1,154,109		
<i>Minimum Target Balance</i>		25,379		117,279		238,445		363,896		493,783		628,261		762,164		892,903		1,023,356		1,154,109		