

City of Lawrence Water Rate Overview

April 12, 2017

Rate Proposal Changes

- Phases in rate increase from 2017 – 2020
- Phase II bond issue delayed a year to 2020
 - Phase I bond issue still desired to close prior to June 30, 2017
- Full annual allowance needed for recurring replacements and improvements to the water system will not be generated until 2019

Rate Proposal Changes

- Cash balances will not increase to provide recommended reserves in Phase I- currently short by required reserves by this much:

| | Account Balance at 2/28/2017 | Minimum Balance Required | Deficit |
|------------------------------|------------------------------------|--------------------------------|----------------------|
| <u>Cash and Investments:</u> | | | |
| Operating | (\$1,539,721) | \$885,623 | (\$2,425,344) |
| Sinking fund: | | | |
| Bond and interest account | 203,761 | 205,261 | (1,500) |
| Debt service reserve account | 1,058,740 | 1,243,136 | (184,396) |
| Capital Improvement | - | - | - |
| Totals | (\$277,220) | \$2,334,020 | (\$2,611,240) |

Rate Proposal Changes

- Minimum user fixed rate proposed:
 - Monthly usage 0-1,200 gallons - \$14.95 monthly excluding sales tax
 - Monthly usage 1,201 gallons – 2,000 gallons - \$24.30 monthly excluding sales tax

Bill Comparison (1,200 Gallons)

| | Current | Phase I | Phase II | Phase III | Phase IV |
|----------------------------|---------|----------|----------|-----------|----------|
| 1,200 gallon usage | \$11.99 | \$14.95 | \$14.95 | \$14.95 | \$14.95 |
| Increase/(Decrease) | - | \$2.96 | \$0 | \$0 | \$0 |
| Percentage | - | 25% | 0% | 0% | 0% |
| Original Proposed Increase | - | \$22.46 | \$23.68 | \$23.68 | \$23.68 |
| Increase/(Decrease) | - | \$10.47 | \$1.22 | \$0 | \$0 |
| Percentage | - | 87% | 5% | 0% | 0% |
| Change | - | (\$7.51) | (\$1.22) | - | - |

Bill Comparison (2,000 Gallons)

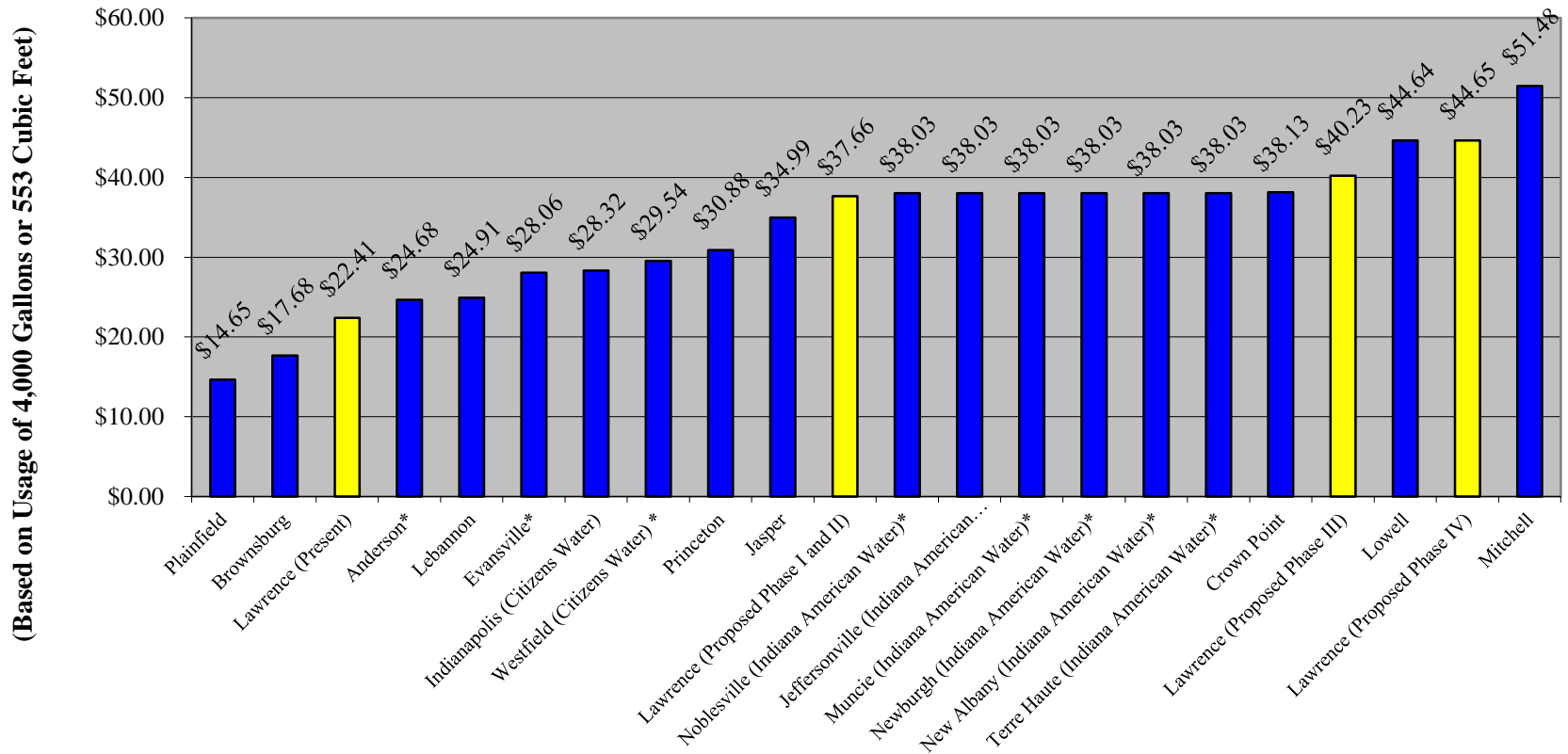
| | Current | Phase I | Phase II | Phase III | Phase IV |
|----------------------------|---------|----------|----------|-----------|----------|
| 2,000 gallon usage | \$14.97 | \$24.30 | \$24.30 | \$24.30 | \$24.30 |
| Increase/(Decrease) | - | \$9.33 | \$0 | \$0 | \$0 |
| Percentage | - | 62% | 0% | 0% | 0% |
| Original Proposed Increase | - | \$28.04 | \$29.56 | \$29.56 | \$29.56 |
| Increase/(Decrease) | - | \$13.07 | \$1.52 | \$0 | \$0 |
| Percentage | - | 87% | 5% | 0% | 0% |
| Change | - | (\$3.74) | (\$1.52) | | |

Bill Comparison (4,000 Gallons)

| | Current | Phase I | Phase II | Phase III | Phase IV | Total |
|----------------------------|---------|----------|----------|-----------|----------|---------|
| 4,000 gallon usage | \$22.41 | \$37.66 | \$37.66 | \$40.23 | \$44.65 | |
| Increase/(Decrease) | - | \$15.25 | \$0 | \$2.57 | \$4.42 | \$22.24 |
| Percentage | - | 68% | 0% | 7% | 11% | |
| Original Proposed Increase | - | \$41.98 | \$44.26 | \$44.26 | \$44.26 | |
| Increase/(Decrease) | - | \$19.57 | \$2.28 | \$0 | \$0 | \$21.85 |
| Percentage | - | 87% | 5% | 0% | 0% | |
| Change | - | (\$4.32) | (\$2.28) | \$2.57 | \$4.42 | \$0.39 |

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

COMPARISON OF RESIDENTIAL WATER UTILITY MONTHLY BILLINGS



Questions?

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