

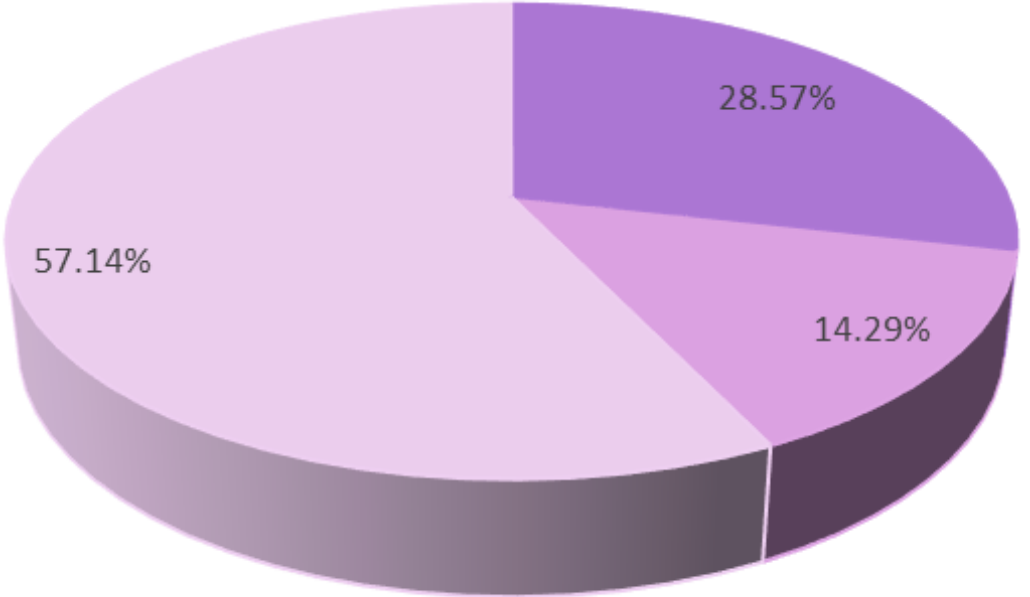


Water & Sewer Funds

BUDGET WORKSHOP

FISCAL YEAR 2022-2023

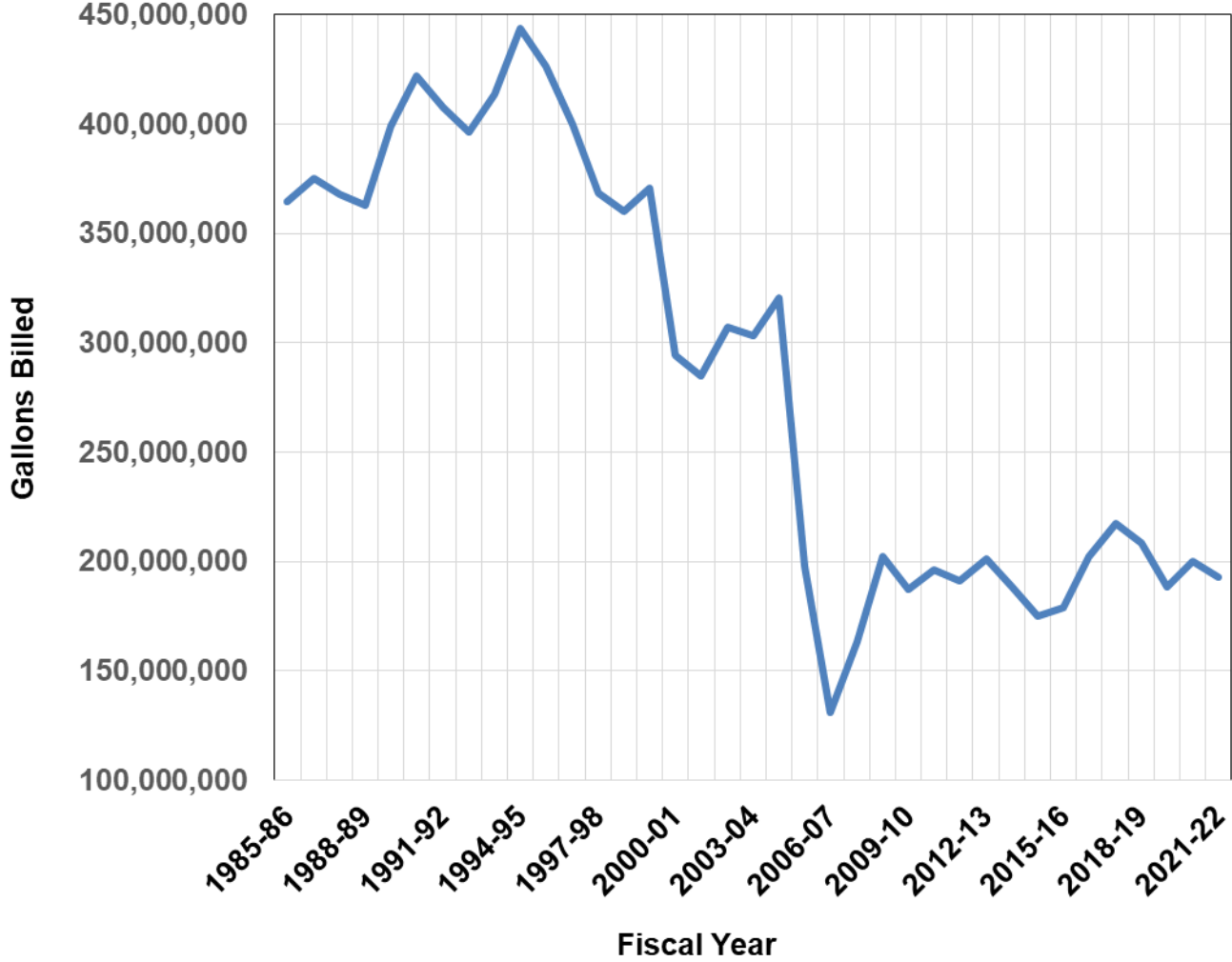
City of Otsego Budget Workshop Progress (Out of 14 Funds)



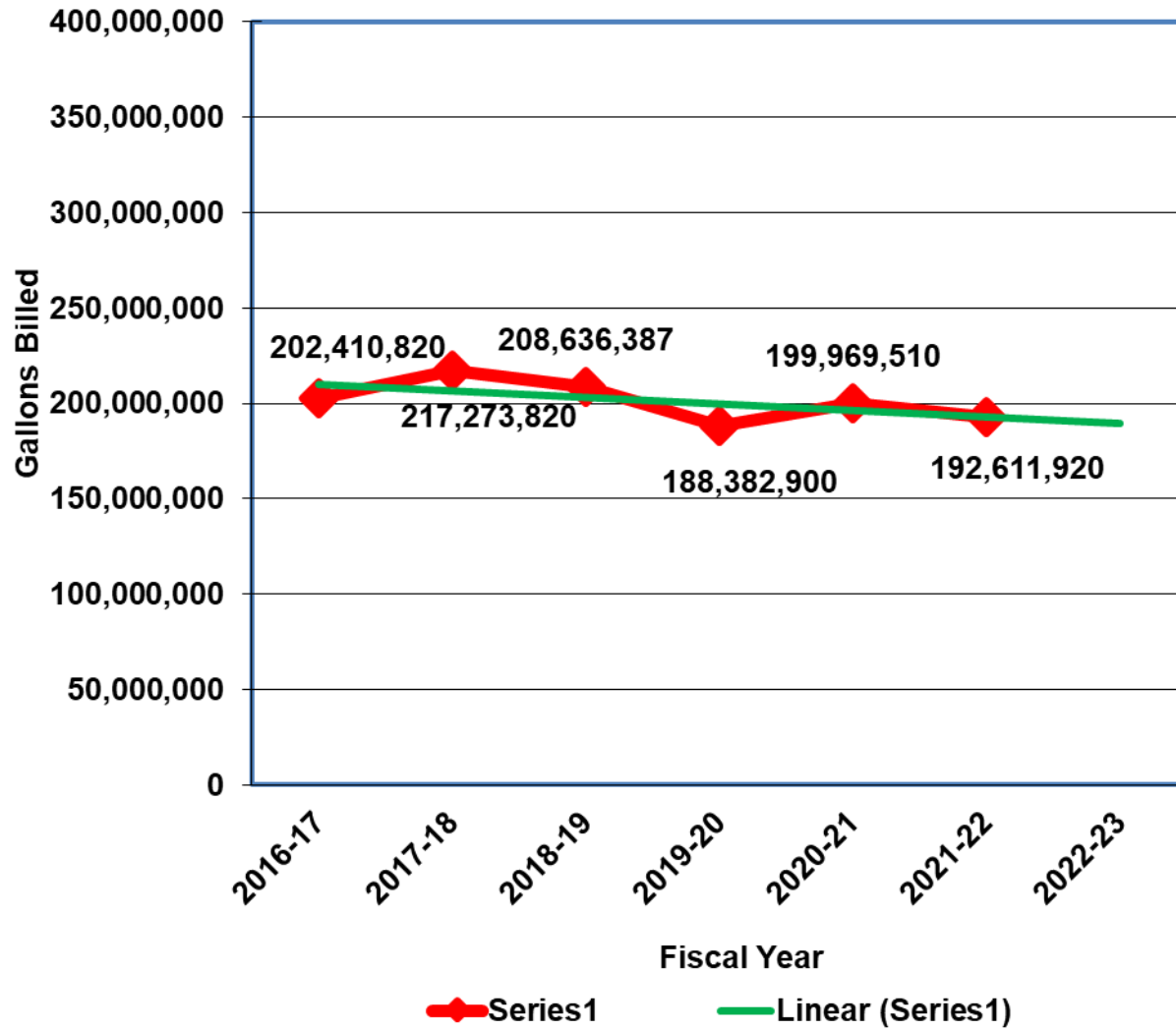
Covered To Date
 Current Workshop
 Future Workshop

- General Fund
- Major Street Fund
- Local Street Fund
- Public Safety Fund
- Street & Bridge Fund
- Solid Waste & Recycling Fund
- Downtown Development Authority/Main Street
- Equipment Replacement Debt Service Fund
- Capital Projects Fund
- Equipment Replacement Fund
- Sewer Fund
- Water Fund
- DPW Motor Pool Fund
- Special Assessment Capital Project Fund

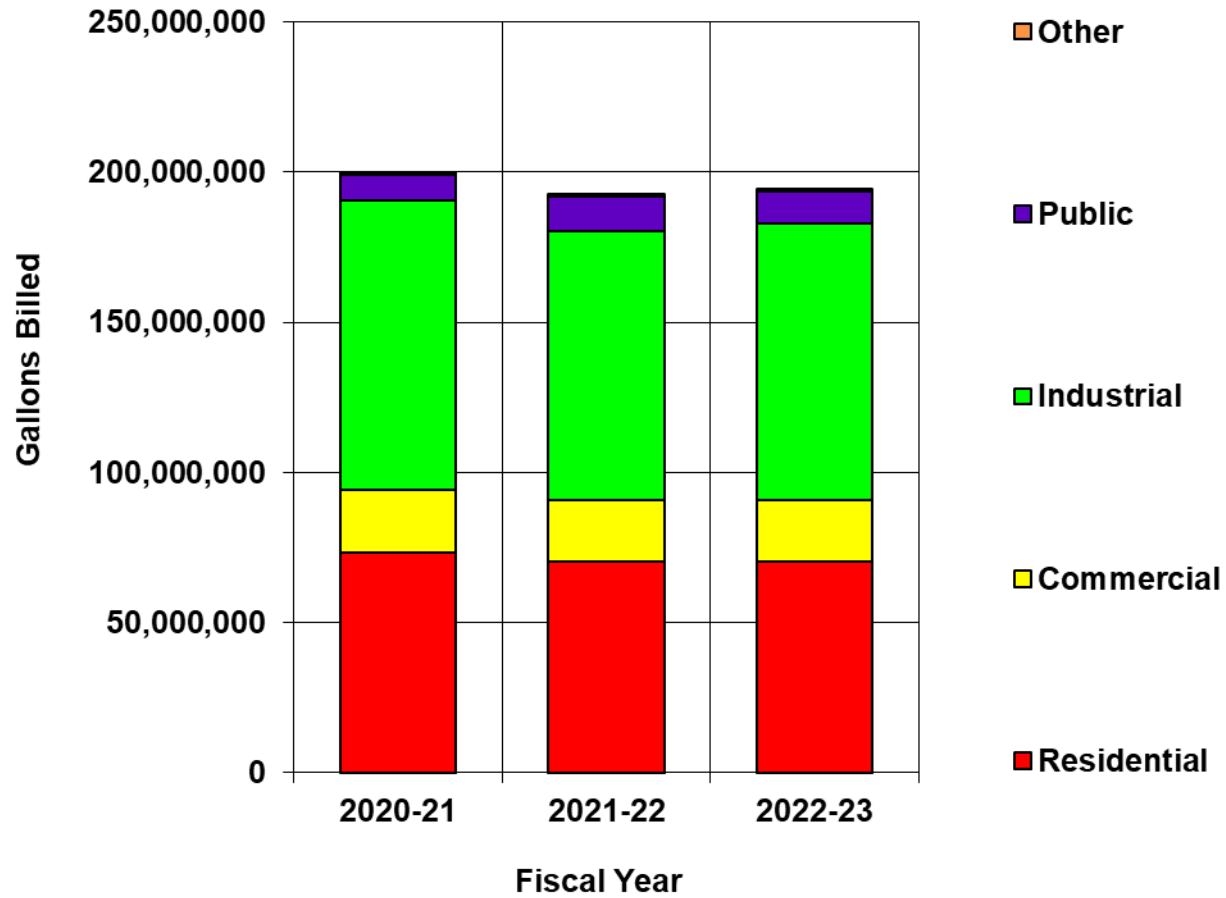
CITY OF OTSEGO TOTAL WATER BILLED



CITY OF OTSEGO WATER USAGE



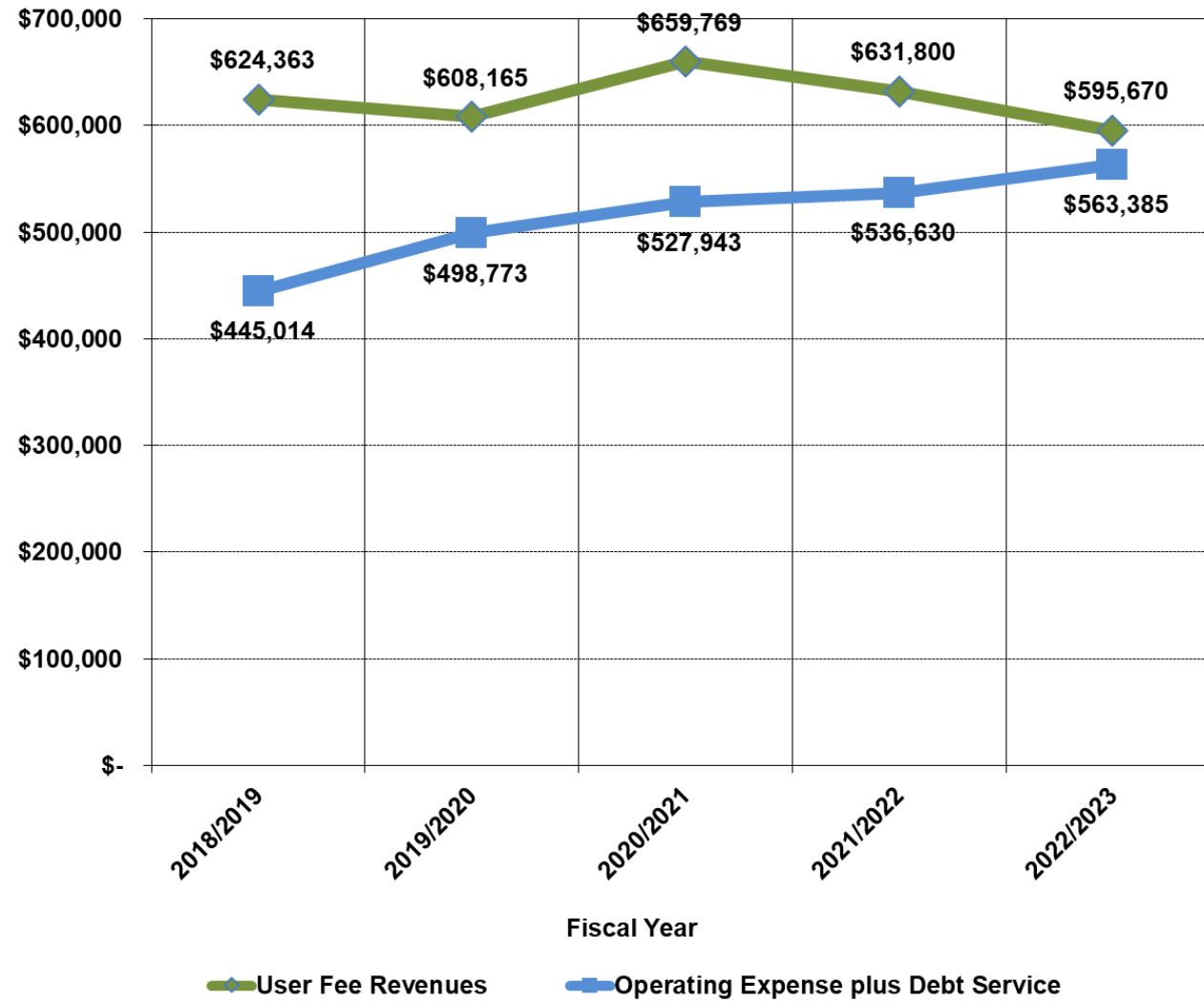
CITY OF OTSEGO WATER USAGE BILLABLE GALLONS BY CUSTOMER TYPE



Water Fund

ESTIMATED REVENUES		
CHARGES FOR SERVICES	\$ 595,670	
<u>OTHER REVENUE</u>	<u>\$ 17,280</u>	
TOTAL ESTIMATED REVENUES		\$ 612,950
APPROPRIATIONS		
WATER MAINS	\$ 255,270	
WATER PUMPING	\$ 151,780	
WATER FUND ADMINISTRATION	\$ 73,335	
WATER FUND DEPRECIATION	\$ 83,000	
CAPITAL IMPROVEMENTS	\$ 450,000	
<u>DEBT SERVICE</u>	<u>\$ 0</u>	
TOTAL APPROPRIATIONS		\$1,013,385
EXCESS (DEFICIENCY) OF REVENUES OVER APPROPRIATIONS		(\$ 400,435)
CASH BUDGET ADJUSTMENT TO CHANGE IN NET ASSETS*		
CAPITAL IMPROVEMENTS BECOME ASSET(S)	\$ 450,000	
<u>DEBT SERVICE PRINCIPAL REDUCES A LIABILITY</u>	<u>\$ 0</u>	
NET ADJUSTMENT TO CHANGE IN NET ASSETS		\$ 450,000
CHANGE IN NET ASSETS		\$ 49,565
PROJECTED NET ASSETS JULY 1, 2022		\$2,637,295
PROJECTED NET ASSETS JUNE 30, 2023		\$2,686,860

WATER FUND OPERATING EXPENSE COMPARED TO CHARGES FOR SERVICES



Water Fund Revenues Needed

Water Mains		\$325,270
Water Pumping		\$164,780
Administration		\$73,335
Operational Funds Needed		\$563,385
Plus Amount to Reserves	5.00%	\$28,169
Total Funds Needed		\$591,554

Quarterly Readiness to Serve Base Fee

Total Funds Needed		\$591,554
Percent of Total Funds Needed		30.00%
Amount Billed Through RTS		\$177,466

		Current Rate	Increase/ (Decrease)	Percent Change
Meter Equivalency	2,198			
Calculated RTS/Quarter	\$20.19	\$20.22	(\$0.03)	-0.1%
Proposed RTS/Quarter	\$20.19		(\$0.03)	-0.1%

Commodity Rate Per Thousand Gallons

Total Funds Needed		\$591,554
Percent of Total Funds Needed		70.00%
Amount Billed Through Commodity		\$414,088

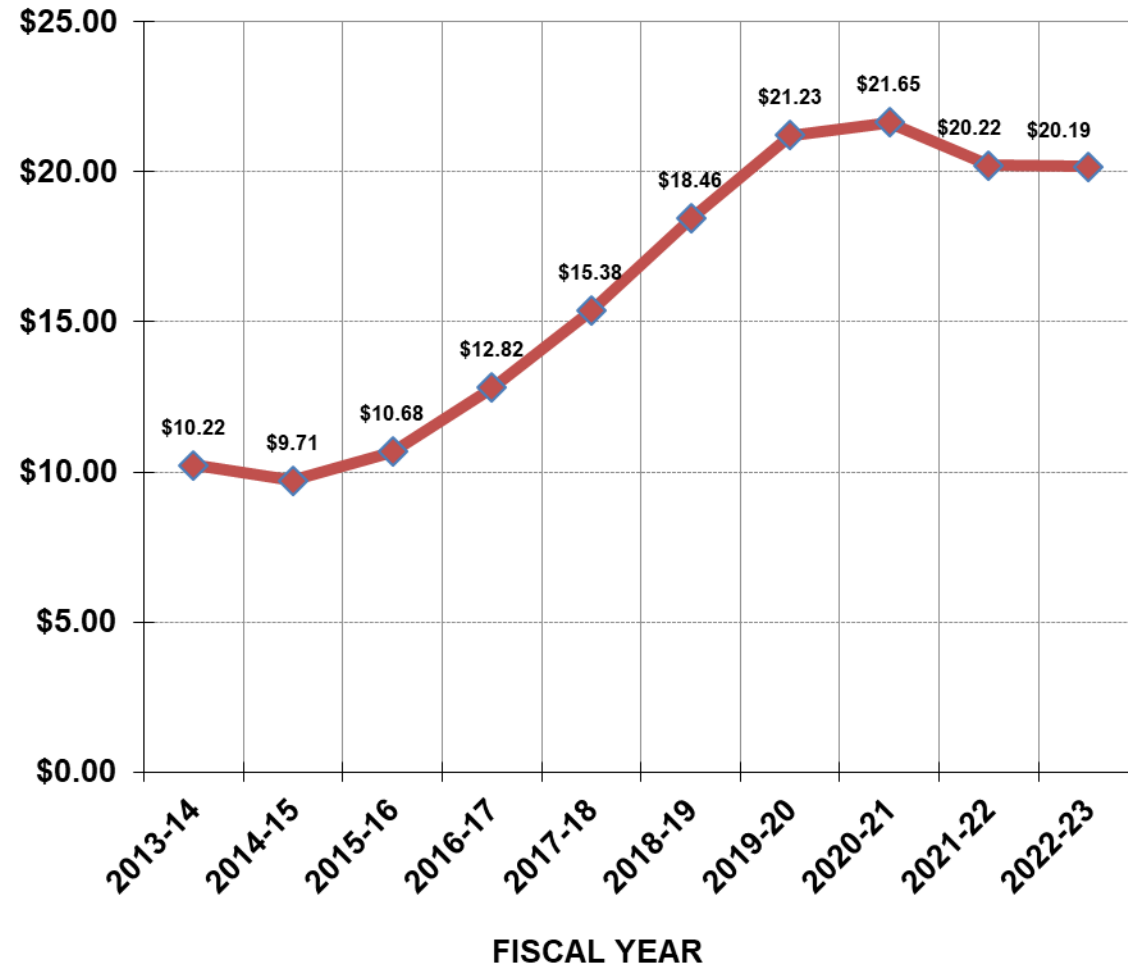
		Current Rate	Increase/ (Decrease)	Percent Change
Projected Billable Gallons:	194,000,000			
Calculated Commodity Rate/1,000 Gallons	\$2.14	\$2.12	\$0.02	0.9%
Proposed Commodity Rate/1,000 Gallons	\$2.14		\$0.02	0.9%

Water RTS Fees – Meter Equivalency

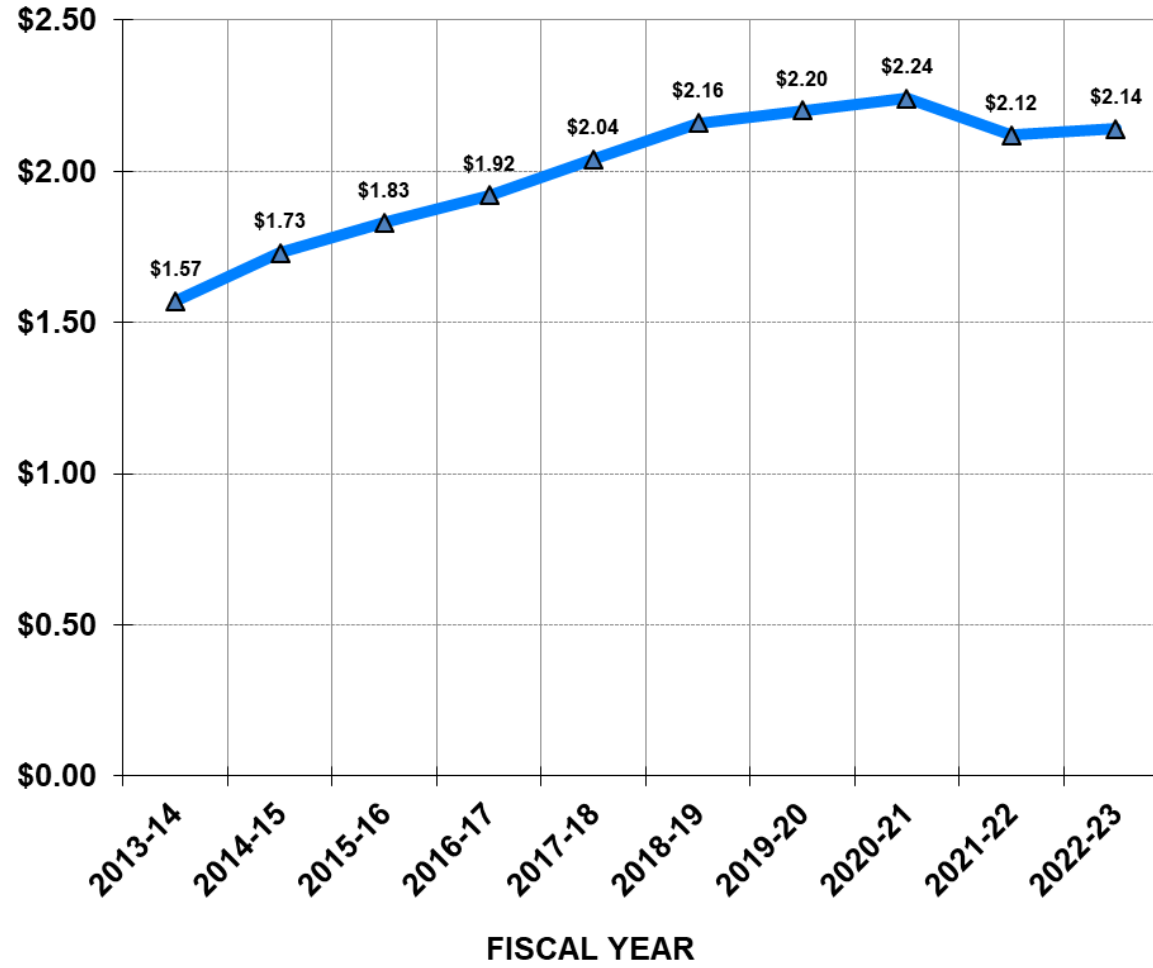
Meter Size (Inches)	Meter Equivalency	Number of Meters/RTS Fees	Total Meter Equivalency	New RTS Charge
5/8" - 3/4"	1.00	1,550	1,550	\$ 20.19
1"	2.50	27	68	\$ 50.48
1 ½"	5.00	9	45	\$ 100.95
2"	8.00	27	216	\$ 161.52
3"	16.00	4	64	\$ 323.04
4"	25.00	5	125	\$ 504.75
6"	50.00	1	50	\$ 1,009.50
8"	80.00	1	80	\$ 1,615.20
	Totals	1,624	2,198	

Meter equivalency factors as established by the American Water Works Association C700-95 Standards.

CITY OF OTSEGO WATER READINESS TO SERVE FEE HISTORY (Quarterly)



CITY OF OTSEGO WATER RATE HISTORY (Per Thousand Gallons of Use)



Water Fire Suppression Quarterly RTS

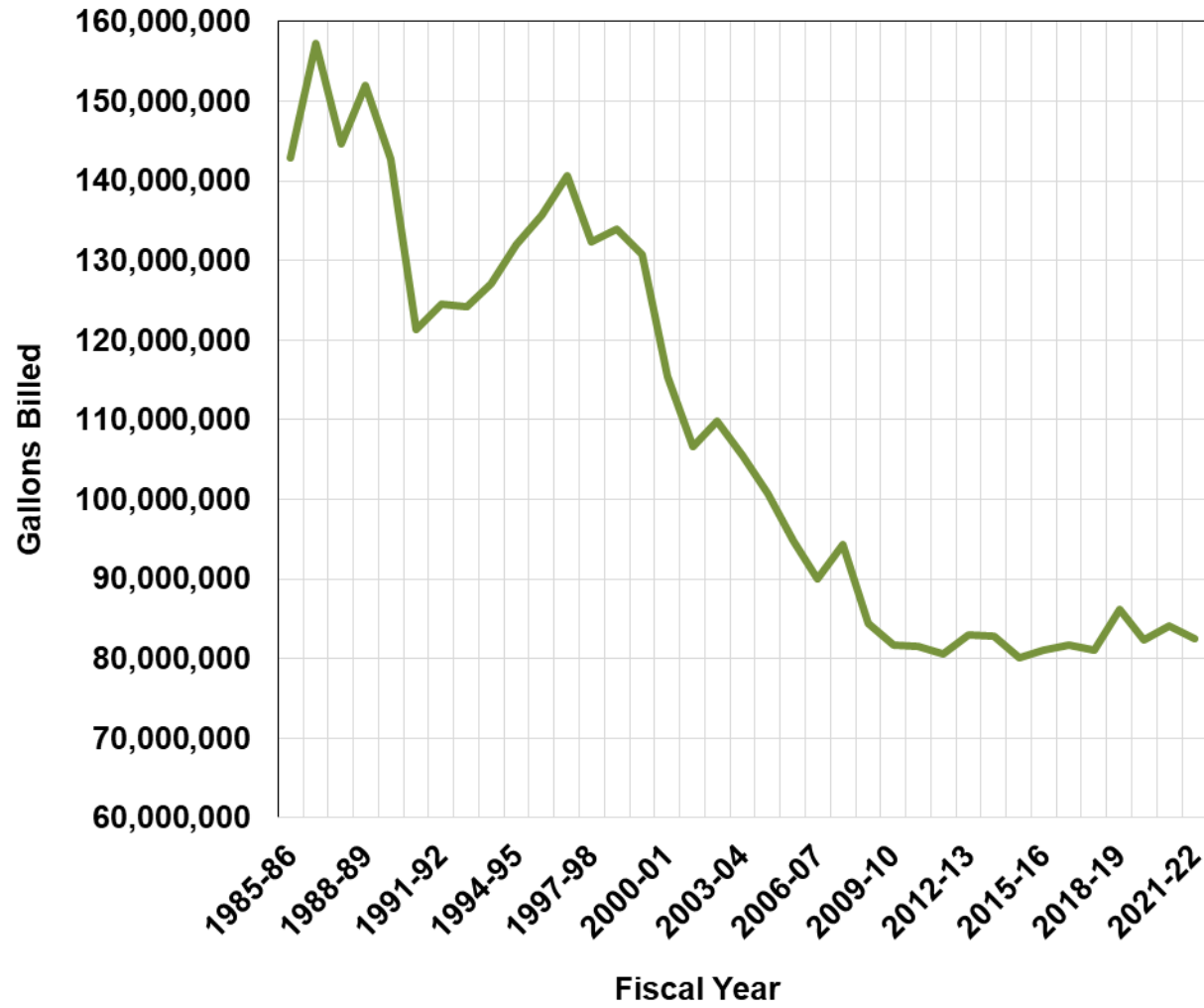
Increased by 1 percent.

- 3/4 Inch Line- \$ 12.80
- 2.0 Inch Line - \$ 34.12
- 2.5 Inch Line - \$ 42.65
- 3.0 Inch Line - \$ 51.18
- 4.0 Inch Line - \$ 68.25
- 6.0 Inch Line - \$102.36
- 8.0 Inch Line - \$136.49

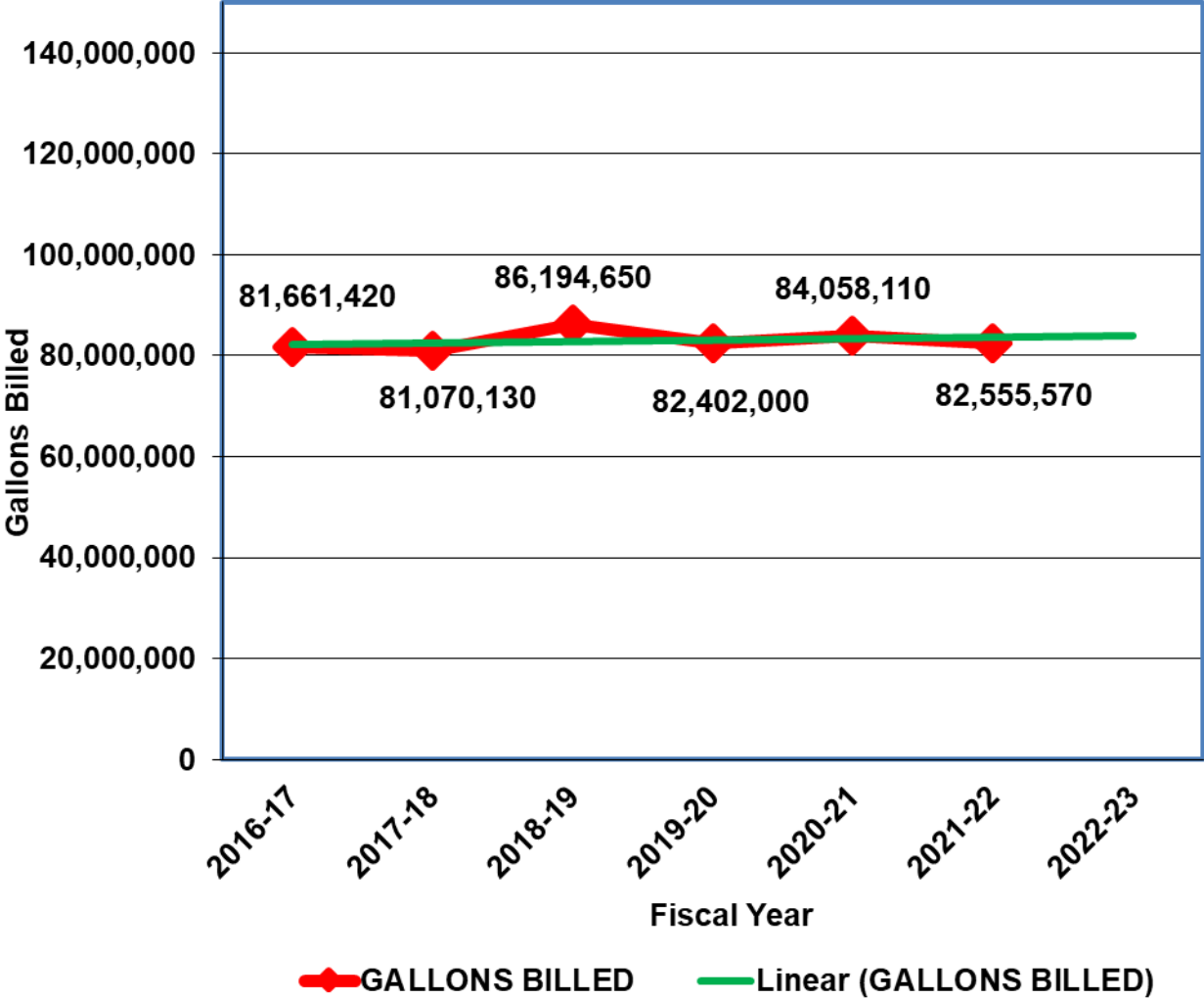
Water Fund “Tap-In” Fee

\$1,000 + Time and Materials

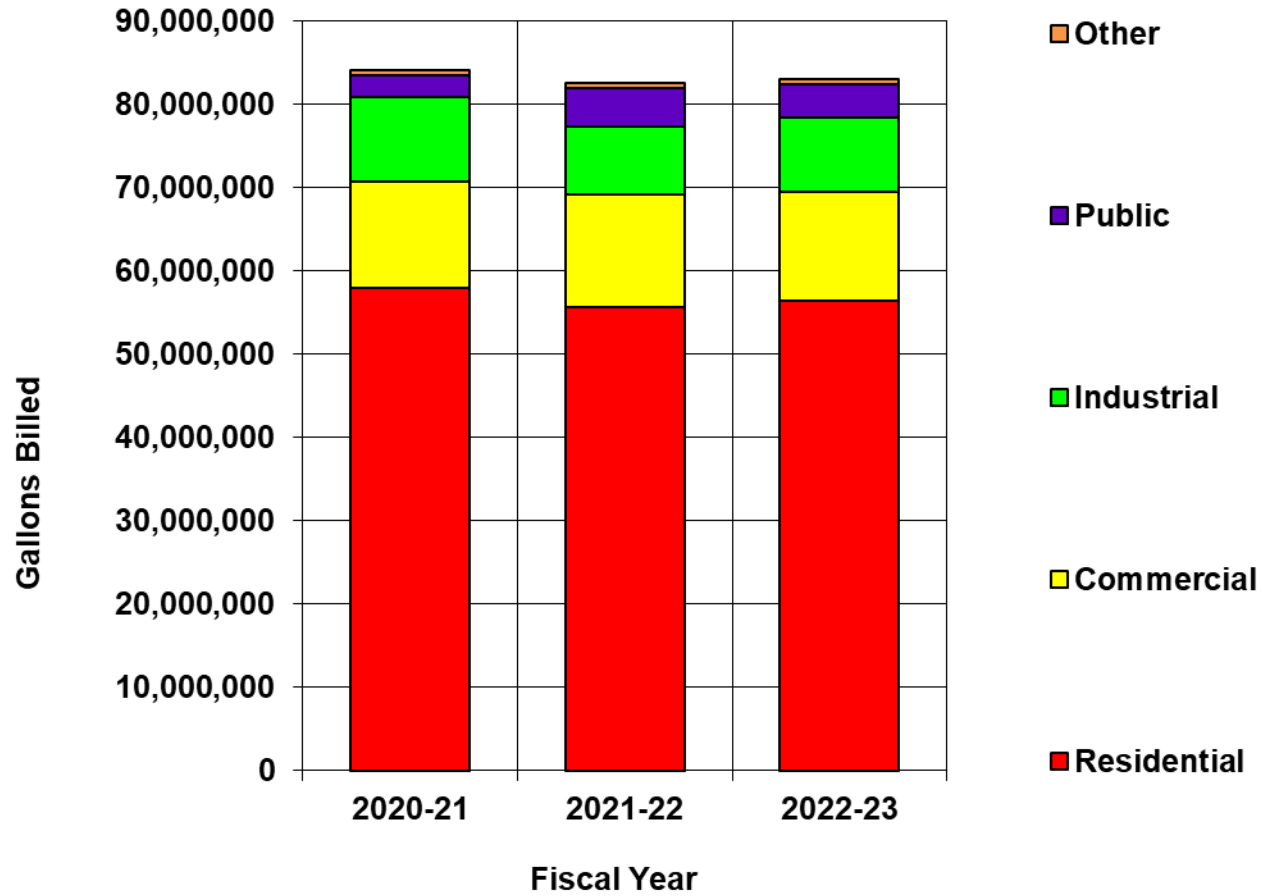
CITY OF OTSEGO TOTAL SEWER BILLED



CITY OF OTSEGO SEWER USAGE



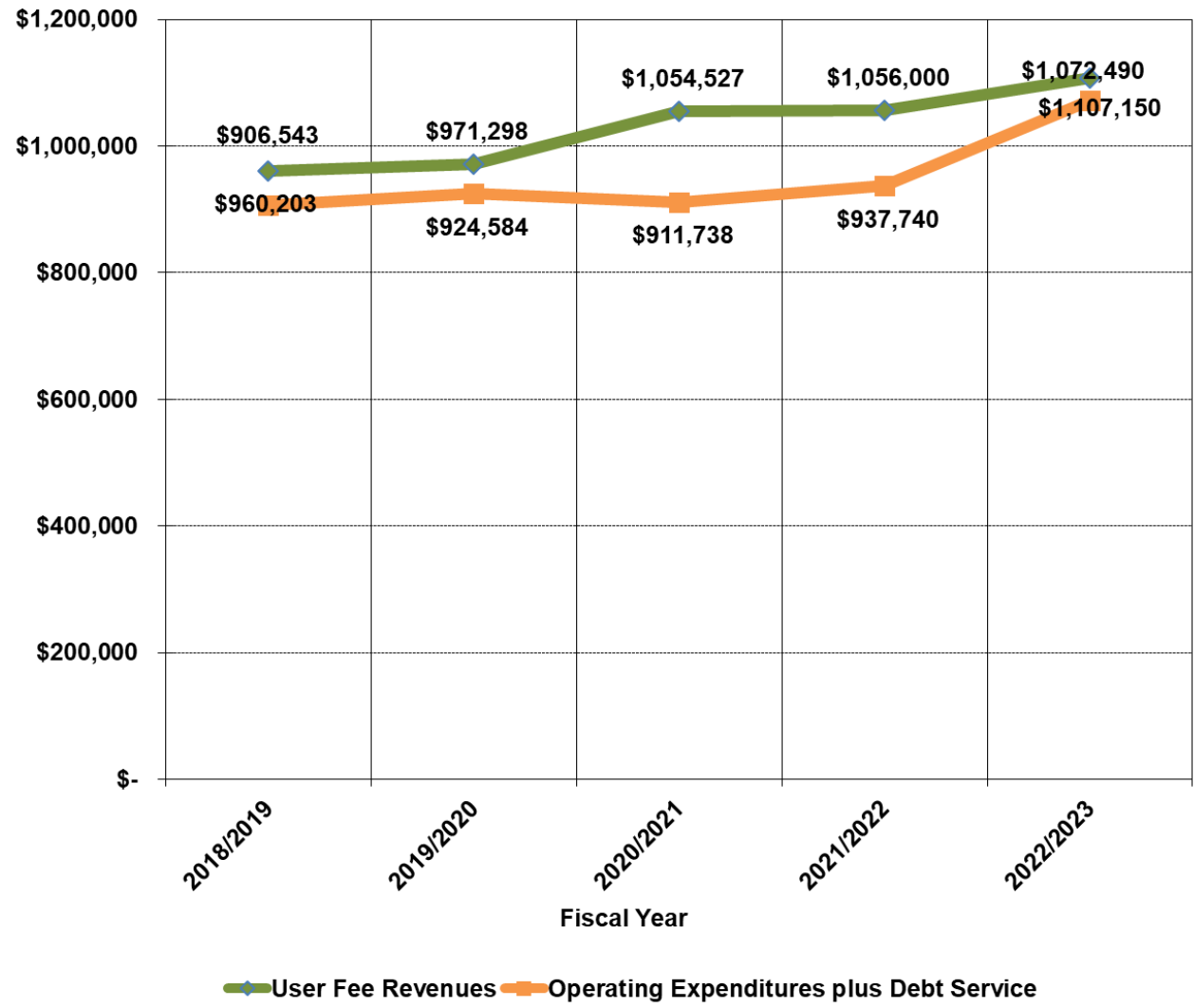
CITY OF OTSEGO SEWER USAGE BILLABLE GALLONS BY CUSTOMER TYPE



Sewer Fund

ESTIMATED REVENUES		
CHARGES FOR SERVICES	\$ 1,107,150	
GRANT REVENUE	\$ 400,000	
<u>OTHER REVENUE</u>	<u>\$ 20,500</u>	
TOTAL ESTIMATED REVENUES		\$1,204,650
APPROPRIATIONS		
SEWER MAINS	\$ 154,760	
SEWER TREATMENT	\$ 520,415	
SEWER ADMINISTRATION	\$ 69,565	
DEPRECIATION	\$ 245,000	
CAPITAL IMPROVEMENTS	\$ 400,000	
<u>DEBT SERVICE</u>	<u>\$ 82,750</u>	
TOTAL APPROPRIATIONS		\$1,472,490
EXCESS (DEFICIENCY) OF REVENUES OVER APPROPRIATIONS		\$ 55,160
CASH BUDGET ADJUSTMENT TO CHANGE IN NET ASSETS*		
CAPITAL IMPROVEMENTS BECOME ASSET(S)	\$ 400,000	
<u>DEBT SERVICE PRINCIPAL REDUCES A LIABILITY</u>	<u>\$ 55,000</u>	
NET ADJUSTMENT TO CHANGE IN NET ASSETS		\$ 455,000
CHANGE IN NET ASSETS		\$ 510,160
PROJECTED NET ASSETS JULY 1, 2022		\$4,900,985
PROJECTED NET ASSETS JUNE 30, 2023		\$5,411,145

SEWER FUND OPERATING EXPENSE & DEBT SERVICE COMPARED TO CHARGES FOR SERVICES



Sewer Fund Operating Expense

Sewer Mains		\$252,760
Sewer Treatment		\$667,415
Less Industrial Monitoring		-\$3,000
Administration		\$69,565
Total Operating Expense		\$986,740
Plus Amount to Reserves	3.00%	\$19,735
Total Operating + Reserves		\$1,006,475

Quarterly Readiness to Serve Base Fee

Total Operating + Reserves		\$1,006,475
Percent funded by RTS		30.00%
Operating & Reserves Funded by RTS		\$301,943
Plus Debt Service (100%)		\$82,750
Amount Funded by RTS		\$384,693

Meter Equivalency	1,988
Calculated RTS/Quarter	\$48.38
Proposed RTS/Quarter	\$48.92

Current Rate	Increase/ (Decrease)	Percent Change
\$47.66	\$0.72	1.5%
	\$1.26	2.6%

Commodity Rate Per Thousand Gallons

Total Funds Needed	\$1,006,475
Percent of Total Funds Needed	70.00%
Amount Billed Through Commodity	\$704,533

Projected Billable Gallons:	83,000,000
Calculated Commodity Rate/1,000 Gallons	\$8.49
Proposed Commodity Rate/1,000 Gallons	\$8.58

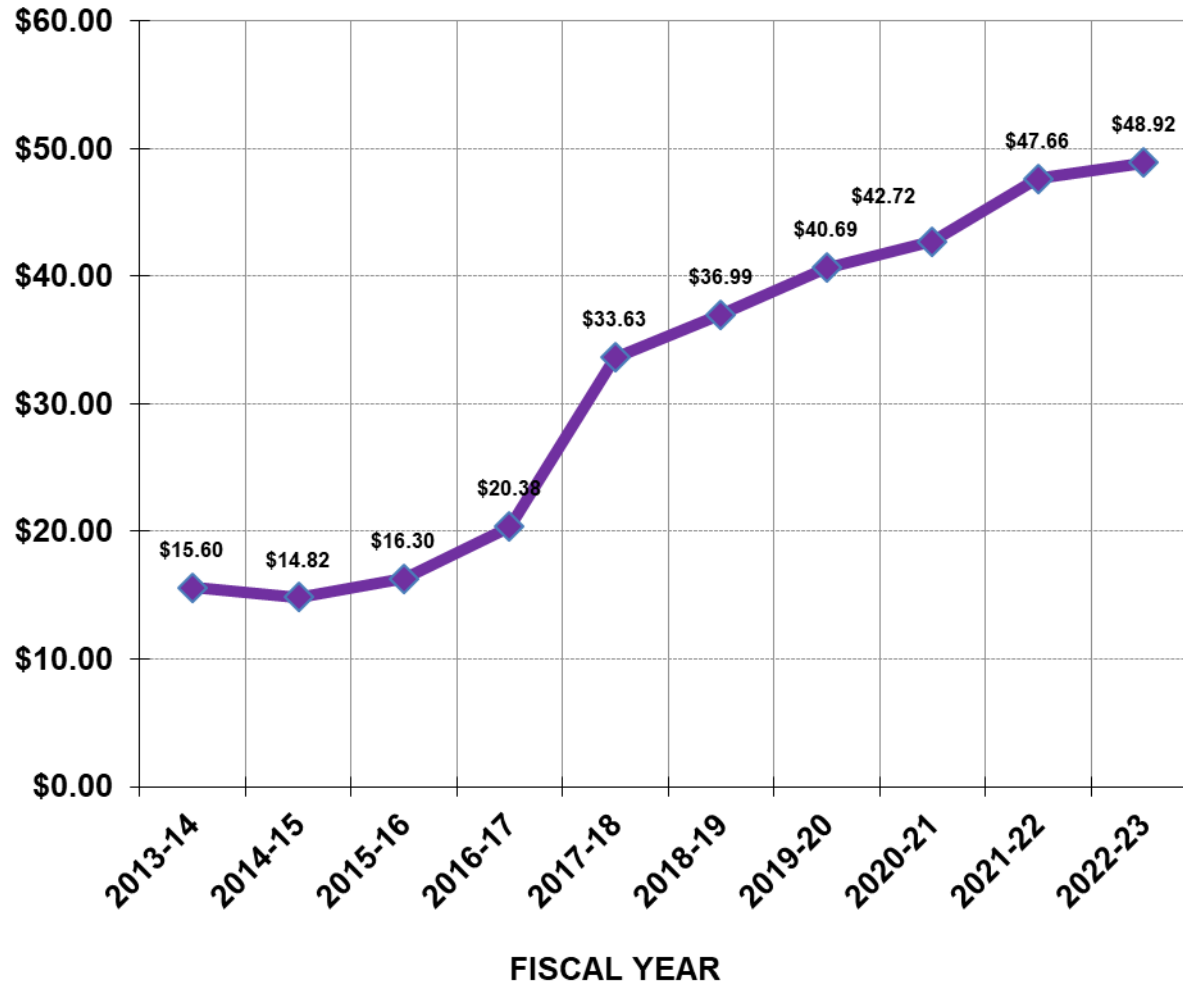
Current Rate	Increase/ (Decrease)	Percent Change
\$8.30	\$0.19	2.3%
	\$0.28	3.4%

Sewer RTS Fees – Meter Equivalency

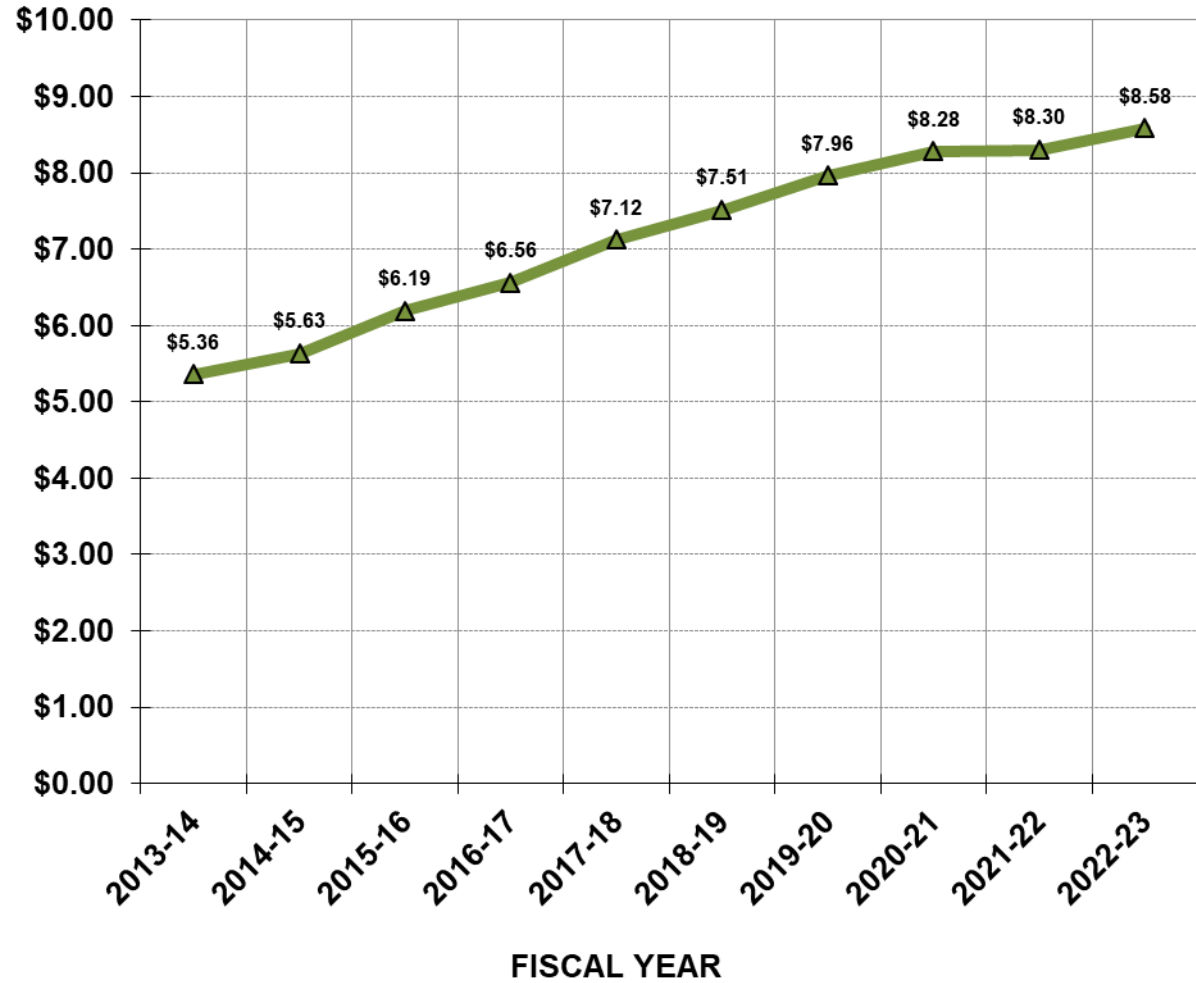
Meter Size (Inches)	Meter Equivalency	Number of Meters/RTS Fees	Total Meter Equivalency	New RTS Charge
5/8" - 3/4"	1.00	1,520	1,520	\$ 48.92
1"	2.50	23	58	\$ 122.30
1 1/2"	5.00	9	45	\$ 244.60
2"	8.00	22	176	\$ 391.36
3"	16.00	4	64	\$ 782.72
4"	25.00	5	125	\$ 1,223.00
6"	50.00	0	0	\$ 2,446.00
8"	80.00	0	0	\$ 3,913.60
	Totals	1,583	1,988	

Meter equivalency factors as established by the American Water Works Association C700-95 Standards.

CITY OF OTSEGO SEWER READINESS TO SERVE FEE HISTORY (Quarterly)



CITY OF OTSEGO RESIDENTIAL & COMMERCIAL SEWER RATE HISTORY (Per Thousand Gallons of Use)



Sewer Fund “Tap-In” Fee

\$1,000 + Time and Materials

		<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Annual Increase</u>	<u>Percent Change</u>
Residential Customer (18,000 gallons/quarter)					
3/4" meter -	Sewer	\$ 788.24	\$ 813.44	\$ 25.20	3.20%
	Water	\$ 233.52	\$ 234.84	\$ 1.32	0.57%
	Total	\$ 1,021.76	\$ 1,048.28	\$ 26.52	2.60%
Commercial Customer (30,000 gallons/quarter)					
1" meter -	Sewer	\$ 1,472.60	\$ 1,518.80	\$ 46.20	3.14%
	Water	\$ 456.60	\$ 458.72	\$ 2.12	0.46%
	Total	\$ 1,929.20	\$ 1,977.52	\$ 48.32	2.50%
Institutional Customer (165,275 gallons/quarter)					
3" meter -	Sewer	\$ 8,537.37	\$ 8,803.12	\$ 265.75	3.11%
	Water	\$ 2,695.61	\$ 2,706.91	\$ 11.30	0.42%
	Total	\$ 11,232.98	\$ 11,510.03	\$ 277.05	2.47%
Industrial Customer (4,776,750 gallons/quarter)					
4" meter -	Sewer	\$ 163,354.10	\$ 168,830.06	\$ 5,475.96	3.35%
	Water	\$ 42,528.84	\$ 42,907.98	\$ 379.14	0.89%
	Total	\$ 205,882.94	\$ 211,738.04	\$ 5,855.10	2.84%

Residential Quarterly Bill Comparison Based Upon 18,000 Gallons of Use

<u>Community</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Wayland	\$ 97.62	\$ 103.45	\$ 201.07
Paw Paw	\$ 108.63	\$ 95.88	\$ 204.51
Rockford	\$ 116.13	\$ 117.45	\$ 233.58
Mattawan	\$ 72.72	\$ 164.52	\$ 237.24
Plainwell	\$ 76.44	\$ 166.14	\$ 242.58
Proposed Otsego	\$ 58.71	\$ 198.32	\$ 257.03
Parchment	\$ 94.48	\$ 174.42	\$ 268.90
Allegan	\$ 122.10	\$ 167.55	\$ 289.65

Water Fund Five Year Projection

	Annual Increase	2022 2023	2023 2024	2024 2025	2025 2026	2026 2027
Revenues						
Charges for Services	2%	\$595,670	\$607,583	\$619,735	\$632,130	\$644,772
Grant Revenue		\$0	\$0	\$0	\$0	\$0
Other Revenue	1%	\$17,280	\$17,453	\$17,627	\$17,804	\$17,982
Total Revenue		\$612,950	\$625,036	\$637,362	\$649,933	\$662,754
Operating Appropriations						
Water Mains	5%	\$255,270	\$268,034	\$281,435	\$295,507	\$310,282
Water Pumping	5%	\$151,780	\$159,369	\$167,337	\$175,704	\$184,490
Administration	5%	\$73,335	\$77,002	\$80,852	\$84,894	\$89,139
Water Fund Depreciation		\$83,000	\$113,000	\$113,000	\$118,462	\$147,645
Debt Service Principal		\$0	\$0	\$0	\$0	\$0
Debt Service Interest		\$0	\$0	\$0	\$0	\$0
Total Operating		\$563,385	\$617,404	\$642,624	\$674,568	\$731,556
Capital Improvements						
Main Improvements		\$300,000	\$0	\$109,240	\$477,540	\$0
Well Improvements		\$150,000	\$0	\$0	\$53,060	\$14,070
Equipment/Other		\$0	\$0	\$0	\$0	\$0
Total Capital Improvments		\$450,000	\$0	\$109,240	\$530,600	\$14,070
Net of Revenues to Appropriations:		-\$400,435	\$7,632	-\$114,502	-\$555,234	-\$82,872
Net Assets						
Beginning of Fiscal Year		\$2,637,295	\$2,686,860	\$2,694,492	\$2,689,230	\$2,664,596
End of Fiscal Year		\$2,686,860	\$2,694,492	\$2,689,230	\$2,664,596	\$2,595,794
Cash						
Beginning of Fiscal Year		\$995,897	\$678,462	\$799,094	\$797,592	\$360,819
End of Fiscal Year		\$678,462	\$799,094	\$797,592	\$360,819	\$425,593

(Depreciation is a non-cash expense)

Water Fund Five Year End of Year Net Asset and Cash Tests

	2022 2023	2023 2024	2024 2025	2025 2026	2026 2027
Net Asset Test	<i>45 Days (12.3%) of Operating Costs + 10% of Gross Investment in Capital Assets</i>				
Beginning Gross Fixed Assets	3,044,079	3,494,079	3,494,079	3,603,319	4,133,919
Ending Gross Fixed Assets	3,494,079	3,494,079	3,603,319	4,133,919	4,147,989
Operating Cost	563,385	617,404	642,624	674,568	731,556
Net Asset Objective:	418,704	425,349	439,375	496,364	504,780
Net Asset Projection:	2,686,860	2,694,492	2,689,230	2,664,596	2,595,794
Sufficient EOY Net Assets?	Yes	Yes	Yes	Yes	Yes
Cash Test	<i>45 Days (12.3%) of Operating Costs + Following Year's Debt Service</i>				
Operating Costs (Excluding Debt)	\$563,385	\$617,404	\$642,624	\$674,568	\$731,556
45 Days (12.3%) of Operations:	\$69,296	\$75,941	\$79,043	\$82,972	\$89,981
<u>Next Year's Debt Service:</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Minimum Cash Needed:	\$69,296	\$75,941	\$79,043	\$82,972	\$89,981
EOY Cash Projection:	\$678,462	\$799,094	\$797,592	\$360,819	\$425,593
Sufficient EOY Cash?	Yes	Yes	Yes	Yes	Yes

Sewer Fund Five Year Projection

	Annual Increase	2022 2023	2023 2024	2024 2025	2025 2026	2026 2027
Revenues						
Charges for Services	2%	\$1,107,150	\$1,129,293	\$1,151,879	\$1,174,916	\$1,198,415
Grant Revenue		\$400,000	\$0	\$0	\$0	\$0
Other Revenue	1%	\$20,500	\$20,705	\$20,912	\$21,121	\$21,332
Total Revenue		\$1,527,650	\$1,149,998	\$1,172,791	\$1,196,038	\$1,219,747
Operating Appropriations						
Sewer Mains	5%	\$154,760	\$162,498	\$170,623	\$179,154	\$188,112
Sewer Treatment	5%	\$520,415	\$546,436	\$573,758	\$602,445	\$632,568
Administration	5%	\$69,565	\$73,043	\$76,695	\$80,530	\$84,557
Sewer Fund Depreciation		\$245,000	\$253,000	\$253,000	\$254,061	\$262,317
Debt Service Principal		\$55,000	\$60,000	\$60,000	\$60,000	\$65,000
Debt Service Interest		\$27,750	\$26,375	\$24,875	\$23,375	\$21,875
Total Operating		\$1,072,490	\$1,121,352	\$1,158,951	\$1,199,566	\$1,254,428
Capital Improvements						
System Improvements		\$400,000	\$0	\$53,050	\$412,810	\$175,350
Building Improvements		\$0	\$0	\$0	\$0	\$0
Equipment/Other		\$0	\$0	\$0	\$0	\$0
Total Capital Improvements		\$400,000	\$0	\$53,050	\$412,810	\$175,350
Net of Revenues to Appropriations:		\$55,160	\$28,646	-\$39,210	-\$416,338	-\$210,031
Net Assets						
Beginning of Fiscal Year		\$4,900,985	\$5,411,145	\$5,499,791	\$5,573,631	\$5,630,103
End of Fiscal Year		\$5,411,145	\$5,499,791	\$5,573,631	\$5,630,103	\$5,660,422
Cash						
Beginning of Fiscal Year		\$996,309	\$1,296,469	\$1,578,115	\$1,791,905	\$1,629,628
End of Fiscal Year		\$1,296,469	\$1,578,115	\$1,791,905	\$1,629,628	\$1,681,914

(Depreciation is a non-cash expense)

Sewer Fund Five Year End of Year Net Asset and Cash Tests

	2022	2023	2024	2025	2026
	2023	2024	2025	2026	2027
Net Asset Test	<i>45 Days (12.3%) of Operating Costs + 10% of Gross Investment in Capital Assets</i>				
Beginning Gross Fixed Assets	8,259,004	8,659,004	8,659,004	8,712,054	9,124,864
Ending Gross Fixed Assets	8,659,004	8,659,004	8,712,054	9,124,864	9,300,214
Operating Cost	1,072,490	1,121,352	1,158,951	1,199,566	1,254,428
Net Asset Objective:	997,817	1,003,827	1,013,756	1,060,033	1,084,316
Net Asset Projection:	5,411,145	5,499,791	5,573,631	5,630,103	5,660,422
Sufficient EOY Net Assets?	Yes	Yes	Yes	Yes	Yes

Cash Test	<i>45 Days (12.3%) of Operating Costs + Following Year's Debt Service</i>				
Operating Costs (Excluding Debt)	\$989,740	\$1,034,977	\$1,074,076	\$1,116,191	\$1,167,553
45 Days (12.3%) of Operations:	\$121,738	\$127,302	\$132,111	\$137,291	\$143,609
<u>Next Year's Debt Service:</u>	<u>\$86,375</u>	<u>\$84,875</u>	<u>\$83,375</u>	<u>\$86,875</u>	<u>\$85,250</u>
Minimum Cash Needed:	\$208,113	\$212,177	\$215,486	\$224,166	\$228,859
EOY Cash Projection:	\$1,296,469	\$1,578,115	\$1,791,905	\$1,629,628	\$1,681,914
Sufficient EOY Cash?	Yes	Yes	Yes	Yes	Yes