

TEMPORARY ORDINANCE NO. _____

PERMANENT ORDINANCE NO. _____

AN ORDINANCE TO AMEND SECTIONS 915.04(a) OF THE CODIFIED ORDINANCES OF THE CITY OF LANCASTER, OHIO, AND DECLARING AN EMERGENCY

BE IT ORDAINED by the Council of the City of Lancaster, State of Ohio, that:

SECTION 1. Section 915.04(a) of the Codified Ordinances of the City of Lancaster, Ohio, is hereby amended to read as follows:

(a) For the use of and the service rendered by the treatment works, rates and charges shall be collected from the owner of each and every lot, parcel of real estate or building that is connected with the City sanitary system or otherwise discharges sanitary sewage, industrial wastes, water or other liquids, either directly or indirectly into the sanitary sewerage system of the City. Such rates and charges include user charges, debt services costs, excessive strength surcharges and other service charges which rates shall be payable as hereinafter provided and shall be in an amount determined as follows:

(1) The Sewer rates and charges shall be based on the quantity of water used on or in the property or premises subject to such rates and charges, as the same is measured by the water meter therein used, plus a base charge except as herein otherwise provided. For the purpose of billing and collecting the charges for sewage service, the water meters shall be read monthly and users shall be billed each month. The water usage schedule on which the amount of such rate and charges shall be determined as follows:

| | USER CHARGE | DEBT SERVICE | TOTAL |
|-----------|----------------|-----------------|---------------|
| Base Rate | \$ 6.03 | \$ 9.43 | \$ 15.46 |
| Treatment | \$ 3.69/100cf | \$ 1.65/100cf | \$ 5.34/100cf |

Effective January 1, 2013:

| | USER CHARGE | DEBT SERVICE | TOTAL |
|-----------|----------------|-----------------|---------------|
| Base Rate | \$ 6.28 | \$ 9.83 | \$ 16.11 |
| Treatment | \$ 3.84/100cf | \$ 1.72/100cf | \$ 5.56/100cf |

Effective January 1, 2014:

| | USER CHARGE | DEBT SERVICE | TOTAL |
|-----------|----------------|-----------------|---------------|
| Base Rate | \$ 6.54 | \$ 10.24 | \$ 16.78 |
| Treatment | \$ 4.00/100cf | \$ 1.79/100cf | \$ 5.79/100cf |

Effective January 1, 2015

| | USER CHARGE | DEBT SERVICE | TOTAL |
|-----------|----------------|-----------------|---------------|
| Base Rate | \$ 6.81 | \$ 10.67 | \$ 17.48 |
| Treatment | \$ 4.17/100cf | \$ 1.86/100cf | \$ 6.03/100cf |

Effective January 1, 2016:

| | USER CHARGE | DEBT SERVICE | TOTAL |
|-----------|----------------|-----------------|---------------|
| Base Rate | \$ 7.09 | \$ 11.12 | \$ 18.21 |
| Treatment | \$ 4.34/100cf | \$ 1.94/100cf | \$ 6.28/100cf |

Effective January 1, 2017:

| | USER CHARGE | DEBT SERVICE | TOTAL |
|-----------|----------------|-----------------|---------------|
| Base Rate | \$ 7.39 | \$ 11.59 | \$ 18.98 |
| Treatment | \$ 4.52/100cf | \$ 2.02/100cf | \$ 6.54/100cf |

(2) For residential users of the sewage works that are not metered water users or from whom accurate meter readings are not available, the monthly charge shall be as follows:

| | USER CHARGE | DEBT SERVICE | TOTAL |
|--|----------------|-----------------|----------|
| Base Rate | \$ 6.03 | \$ 9.43 | \$ 15.46 |
| Treatment (Based upon 800 Cf per mo. average Residential usage) | \$ 29.52 | \$ 13.20 | \$ 42.72 |
| Total | \$ 35.55 | \$ 22.63 | \$ 58.18 |

Effective January 1, 2013:

| | USER CHARGE | DEBT SERVICE | TOTAL |
|--|----------------|-----------------|----------|
| Base Rate | \$ 6.28 | \$ 9.83 | \$ 16.11 |
| Treatment (Based upon 800 Cf per mo. average Residential usage) | \$ 30.72 | \$ 13.76 | \$ 44.48 |
| Total | \$ 37.00 | \$ 23.59 | \$ 60.59 |

Effective January 1, 2014:

| | USER CHARGE | DEBT SERVICE | TOTAL |
|--|----------------|-----------------|----------|
| Base Rate | \$ 6.54 | \$ 10.24 | \$ 16.78 |
| Treatment (Based upon 800 Cf per mo. average Residential usage) | \$ 32.00 | \$ 14.32 | \$ 46.32 |
| Total | \$ 38.54 | \$ 24.56 | \$ 63.10 |

Effective January 1, 2015:

| | USER CHARGE | DEBT SERVICE | TOTAL |
|--|----------------|-----------------|----------|
| Base Rate | \$ 6.81 | \$ 10.67 | \$ 17.48 |
| Treatment (Based upon 800 Cf per mo. average Residential usage) | \$ 33.36 | \$ 14.88 | \$ 48.24 |
| Total | \$ 40.17 | \$ 25.55 | \$ 65.72 |

Effective January 1, 2016:

| | USER CHARGE | DEBT SERVICE | TOTAL |
|--|----------------|-----------------|----------|
| Base Rate | \$ 7.09 | \$ 11.12 | \$ 18.21 |
| Treatment (Based upon 800 Cf per mo. average Residential usage) | \$ 34.72 | \$ 15.52 | \$ 50.24 |
| Total | \$ 41.81 | \$ 26.64 | \$ 68.45 |

Effective January 1, 2017:

| | USER CHARGE | DEBT SERVICE | TOTAL |
|--|----------------|-----------------|----------|
| Base Rate | \$ 7.39 | \$ 11.59 | \$ 18.98 |
| Treatment (Based upon 800 Cf per mo. average Residential usage) | \$ 36.16 | \$ 16.16 | \$ 52.32 |
| Total | \$ 43.55 | \$ 27.75 | \$ 71.30 |

Non-residential unmetered users shall be charged at a rate based upon estimated monthly usage to be determined by the Service-Safety Director on an individual basis.

(3) For the service rendered to the City, the City shall be subject to the same rates and charges hereinabove provided or to charges and rates established in harmony therewith.

SECTION 2. This Council finds and determines that all formal actions of this Council and any of its committees concerning and relating to the passage of this ordinance were taken in an open meeting of this Council or committees, and that all deliberations of this Council and any of its committees that resulted in these formal actions were in meetings open to the public, all in compliance with the law.

SECTION 3. This ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace and health of the City, and for further reason that this ordinance is required to be immediately effective in order to comply with the terms and conditions of the Wastewater System Improvement Revenue Bonds, Series 2008 and 2012; wherefore, this ordinance shall be in full force and effective immediately upon its passage and approval of the Mayor.

Passed: _____ after _____ reading. Vote: Yeas _____ Nays _____

Approved: _____

President of Council

Attest

Mayor

Offered by: _____

Second by: _____

Requested by Water/Wastewater Committee



Michael Nixon
City of Lancaster
Water/Water Pollution Control
800 Lawrence Street
Lancaster, Ohio 43130-9401

Subject:
Wastewater Rate Study Update 2012

Dear Mr. Nixon:

The City of Lancaster (City) retained Red Oak Consulting (Red Oak), the management consulting group of ARCADIS-US, Inc. to update the City's five-year wastewater rate study. This report summarizes our understanding of the City's planned capital improvements, documents the financial condition of the City's wastewater utility and provides a forecast of rate adjustments necessary to fund the capital program and operation and maintenance expenses. The information contained in this report was obtained from audited and unaudited records and discussions with City utility staff.

Existing Rates, Fees and Charges

The City has exclusive jurisdiction over wastewater rates and operations of the wastewater system within the City's service boundaries. Rates are approved by City Council and no other Federal, State, County or regulatory agency has jurisdiction over the rates charged. The existing rates and charges for the Wastewater Utility are as defined in the City's Codified Ordinance Chapter 915 (Sewer Rates). The City's wastewater rates consist of a fixed monthly customer charge comprised of a user charge and a debt service charge, and a commodity (or unit) charge comprised of a user charge and a debt service charge. The rates are uniform for residential, commercial and industrial customers. The wastewater rates and charges are based on the quantity of water used and recorded by the water meter (per hundred cubic feet) plus a base charge. The current wastewater rate structure and historical rate structures shown in Table 1 became effective January 1 of each year.

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Date:
October 16, 2012

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Carol.Malesky@arcadis-us.com

Our ref:
00491067.0000

Table 1
2007-2012 Monthly Wastewater Rates

| 2007 | User Charge | Debt Service Charge | Total |
|------------------------------|--------------------|----------------------------|-------------------|
| Customer Charge (base rate) | \$3.47 | \$5.42 | \$8.89 per month |
| Treatment Charge (commodity) | \$2.12 per ccf | \$0.95 per ccf | \$3.07 per ccf |
| 2008 | User Charge | Debt Service Charge | Total |
| Customer Charge (base rate) | \$3.88 | \$6.05 | \$9.93 per month |
| Treatment Charge (commodity) | \$2.37 per ccf | \$1.06 per ccf | \$3.43 per ccf |
| 2009 | User Charge | Debt Service Charge | Total |
| Customer Charge (base rate) | \$4.33 | \$6.76 | \$11.09 per month |
| Treatment Charge (commodity) | \$2.65 per ccf | \$1.18 per ccf | \$3.83 per ccf |
| 2010 | User Charge | Debt Service Charge | Total |
| Customer Charge (base rate) | \$4.84 | \$7.55 | \$12.39 per month |
| Treatment Charge (commodity) | \$2.96 per ccf | \$1.32 per ccf | \$4.28 per ccf |
| 2011 | User Charge | Debt Service Charge | Total |
| Customer Charge (base rate) | \$5.40 | \$8.44 | \$13.84 per month |
| Treatment Charge (commodity) | \$3.30 per ccf | \$1.48 per ccf | \$4.78 per ccf |
| 2012 | User Charge | Debt Service Charge | Total |
| Customer Charge (base rate) | \$6.03 | \$9.43 | \$15.46 per month |
| Treatment Charge (commodity) | \$3.69 per ccf | \$1.65 per ccf | \$5.34 per ccf |

Residential wastewater system users without metered water service or from whom accurate meter readings are not available are charged the same base rate as found in Table 1 in addition to a fixed commodity (or unit) charge to recover treatment costs based on 800 cubic feet per month. For the non-metered residential user, the commodity cost for 800 cubic feet effective January 1, 2012 is comprised of a user charge of \$29.52 plus a debt service charge of \$13.20, totaling \$42.72 per month in addition to the \$15.46 per month base (fixed) charge.

Capital Improvement Plan

A summary of the capital projects and associated costs of planned wastewater treatment and collection system improvements in 2012 to 2017 are provided in Table 2. Additional wastewater treatment plant capacity, equalization, pump station and sewer system infrastructure improvements are planned from 2018 through 2030, which are expected to cost the City more than \$151 million over the period.

Table 2
Summary of Wastewater Capital Improvement Costs 2012-2017 (2012 dollars)

| Project Description | Capital Cost |
|---|--------------------|
| FY12 Projects | |
| Existing WPCF Rehabilitation (yearly maintenance alloc for Lawrence St WPCF) | \$423,500 |
| Design of Pipe Section No. 70 and No. 71 (Broad Street Express Sewer) | \$46,017 |
| Pipe Section No. 10 - Anchor Ave east of Mill Park Drive. (AMT THRU 2011) | \$301,305 |
| Pipe Section No. 61 - West of Becks Knob Rd, south of SR188 to RMCP (THRU 2011) | \$913,171 |
| Estimate of Annual Project Cost FY12 | \$1,683,993 |
| FY13 Projects | |
| Existing WPCF Rehabilitation (yearly maintenance alloc for Lawrence St WPCF) | \$423,500 |
| Design of 8 mgd Upper Hocking WPCF on site Pump Station | \$744,074 |
| Design of Pipe Section No. 60 - Campground Rd to new WPCF | \$46,281 |
| Design of Pipe Section No. 70 and No. 71 (Broad Street Express Sewer) | \$113,754 |
| Pipe Section No. 53 - South of W Fair Ave east of Knox Acres | \$410,729 |
| Pipe Section No. 54 - South of W Fair Ave west of Knox Acres | \$1,297,665 |
| Pipe Section No. 10 - Anchor Ave east of Mill Park Drive. (AMT 2012+) | \$206,895 |
| Pipe Section No. 61 - West of Becks Knob Rd, south of SR188 to RMCP (2012+) | \$627,045 |
| Estimate of Annual Project Cost FY13 | \$3,869,943 |
| FY14 Projects | |
| Existing WPCF Rehabilitation (yearly maintenance alloc for Lawrence St WPCF) | \$423,500 |
| C/A of 8 mgd Upper Hocking WPCF on site Pump Station | \$597,789 |
| Construction of 8 mgd Upper Hocking WPCF on site Pump Station | \$4,598,375 |
| C/A of Pipe Section No. 60 - Campground Rd to new WPCF | \$37,182 |
| Pipe Section No. 60 - Campground Rd to new WPCF | \$286,019 |
| Design of Pipe Section No. 70 and No. 71 (Broad Street Express Sewer) | \$29,292 |
| Pipe Section No. 53 - South of W Fair Ave east of Knox Acres | \$282,034 |
| Pipe Section No. 54 - South of W Fair Ave west of Knox Acres | \$334,149 |
| Pipe Section No. 12 - RMCP Interceptor Sewer Northwest of Mill Park Drive and Anchor Ave | \$180,306 |
| Pipe Section No. 13 - RMCP Interceptor Sewer from Sect. 12 to Campground Rd | \$1,274,438 |
| Estimate of Annual Project Cost FY14 | \$8,043,083 |
| FY15 Projects | |
| Existing WPCF Rehabilitation (yearly maintenance alloc for Lawrence St WPCF) | \$423,500 |
| C/A of 8 mgd Upper Hocking WPCF on site Pump Station | \$410,482 |
| Construction of 8 mgd Upper Hocking WPCF on site Pump Station | \$3,157,551 |
| C/A of Pipe Section No. 60 - Campground Rd to new WPCF | \$25,532 |
| Pipe Section No. 60 - Campground Rd to new WPCF | \$196,400 |
| C/A of Pipe Section No. 70 and No. 71 (Broad Street Express Sewer) | \$156,886 |
| Construction of Pipe Section No. 70 - West of the existing WPCF on Canal Street (Broad Street | \$730,247 |
| Construction of Pipe Section No. 71 - West of the existing WPCF on Canal Street (Broad Street | \$476,569 |
| Pipe Section No. 25B - West of SR 158 at Rainbow Dr | \$400,693 |
| Pipe Section No. 12 - RMCP Interceptor Sewer Northwest of Mill Park Drive and Anchor Ave | \$123,810 |
| Pipe Section No. 13 - RMCP Interceptor Sewer from Sect. 12 to Campground Rd | \$875,114 |
| Estimate of Annual Project Cost FY15 | \$6,976,784 |
| FY16 Projects | |
| Existing WPCF Rehabilitation (yearly maintenance alloc for Lawrence St WPCF) | \$423,500 |
| C/A of Pipe Section No. 70 and No. 71 (Broad Street Express Sewer) | \$107,728 |
| Construction of Pipe Section No. 70 - West of the existing WPCF on Canal Street (Broad Street | \$501,436 |
| Construction of Pipe Section No. 71 - West of the existing WPCF on Canal Street (Broad Street | \$327,244 |
| Pipe Section No. 25B - West of SR 158 at Rainbow Dr | \$275,143 |
| Estimate of Annual Project Cost FY16 | \$1,635,051 |
| FY17 Projects | |
| Existing WPCF Rehabilitation (yearly maintenance alloc for Lawrence St WPCF) | \$423,500 |
| Design of 1.5 mgd Hunters Run Pump Station | \$153,130 |
| Estimate of Annual Project Cost FY17 | \$576,630 |

Historical and Projected Revenues and Revenue Requirements

Wastewater utility revenues and expenses were reviewed for fiscal year 2010 through 2012 along with other information in order to project revenues and expenses for the test period. The updated financial planning model includes projections through 2022.

Revenues

Historical revenues include sewer service rate revenues, new service capacity fees, new service tap fees, industrial waste surveillance charges and other miscellaneous fees and charges. These revenues are used to recover the costs of operating and maintaining the wastewater utility.

Projected revenues from sewer services are based on a customer usage forecast and projected rate adjustments required to meet projected expenditures and other financial obligations. Based on discussions with City staff, conservative growth in customer accounts is equal to 0.50 percent per year over the forecast period.

Revenue Requirements

Historical revenue requirements include operating and capital expenditures, debt service, and fund transfers. These revenue requirements are recovered by wastewater user fees and charges.

A detailed projection of operating expenses was developed based on the City's past actual and 2012 budgeted expenses, as well as estimates of future expenses as a result of implementing the capital improvements provided by the City. Based on a review of this information, the following assumptions were made:

- Operating expenses (excluding labor and insurance) are projected to increase by 3.0 percent annually over the forecast period. Inflation was the primary basis for escalating the projected operating expenses. Operating expenses that are impacted by customer growth (e.g. chemicals) will increase by inflation plus the rate of customer growth.
- Utilities costs were escalated by 5.0 percent annually rather than the inflation plus growth used in the previous financial update because of the more conservative account growth assumption.

- Labor expenses will increase by approximately 3.0 percent annually over the forecast period.
- Benefits are projected to increase by 6.0 percent annually over the forecast period.
- Insurance expenses are projected to increase by 5.0 percent annually over the forecast period.

Table 3 outlines the primary assumptions used in the 2012 financial model update.

A detailed projection of debt repayments and interest expenses was developed based on bond and loan information provided by the City. It was also assumed that any additional debt required will be revenue bonds with an interest rate of 6.0 percent and a term of 30 years.

During the course of this project, the City provided Red Oak with a variety of technical information, including revenue and expense data. Red Oak did not independently assess or test the accuracy of such data, historical or projected. We have relied on this data in the formation of our findings and subsequent recommendations, as well as in the preparation of this report.

| Description | Assumption |
|--|--------------|
| Accounts | |
| Residential | 13,672 |
| Commercial | 1,213 |
| Industrial | 31 |
| County | 10 |
| City Department | 40 |
| Total | 14,966 |
| Annual Growth Rate (2013-2017) | 0.50% |
| Interest Earnings Rate | 0.50% |
| Percent of Year Rate Increases Effective | 100% |
| Operating Reserve (Months of O&M) | 3 |
| Default Financing | Revenue Bond |
| Issuance Costs | 1.50% |
| Interest Rate | 6.00% |
| Amortization Period (years) | 30 |
| Annual Debt Service Coverage Requirement | 1.2 |
| Cost Escalation Rates | |
| Inflation | 3.00% |
| Labor | 3.00% |
| Benefits | 6.00% |
| Legal | 3.00% |
| Insurance | 5.00% |
| Utilities | 5.00% |
| Capital Improvements | 3.00% |

Projected Debt Service Coverage

The expansion and rehabilitation of the wastewater system to accommodate new growth and meet the EPA Long Term Control Plan requirements (as noted in the NPDES Permit Compliance Schedule) have and will continue to increase the level of indebtedness of the utility. The recommended rate increase projections in 2013 through 2017 are anticipated to allow the City to maintain a revenue bond debt coverage ratio of at least 120 percent and a total debt coverage ratio of above 100 percent over the next five years.

Additional Bonds Test

The financial model results have included an additional bonds test. Net revenues during the 12 calendar months immediately preceding the passage of an ordinance authorizing additional bonds, adjusted to reflect, if necessary, rates in effect at the time of passage of that ordinance, less the estimated annual wastewater operating expenses, will aggregate not less than 120 percent of the maximum annual debt service required to be paid into the wastewater bond service fund on all wastewater bonds to be outstanding.

Table 4
Historical and Projected Wastewater Revenues and Expenses

| | Historical | Current Year | Forecasted | | | | |
|---------------------------------------|---------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
| Revenues¹ | | | | | | | |
| Sewer Rate Revenues ² | \$ 8,531,352 | \$ 8,425,000 | \$ 9,059,824 | \$ 9,742,481 | \$ 10,574,489 | \$ 11,477,551 | \$ 12,457,734 |
| Greenfield Township WPC Fees | 268,536 | 169,000 | 181,734 | 195,428 | 212,117 | 230,232 | 249,894 |
| Surveillance Fees | 57,273 | 57,300 | 57,300 | 57,300 | 57,300 | 57,300 | 57,300 |
| Capacity Fee and Tap-in Fee Revenue | 71,342 | 71,300 | 73,796 | 76,379 | 79,053 | 81,821 | 84,687 |
| State Grants | - | - | - | - | - | - | - |
| Other Operating Revenues | 1,013,049 | 1,345,044 | 1,345,044 | 1,345,044 | 1,345,044 | 1,345,044 | 1,345,044 |
| Interest Income ³ | - | 20,317 | 12,059 | 5,955 | 6,184 | 6,434 | 12,054 |
| Total Revenues: | \$ 9,941,552 | \$ 10,087,961 | \$ 10,729,756 | \$ 11,422,587 | \$ 12,274,188 | \$ 13,198,382 | \$ 14,206,713 |
| Forecasted Customer Growth Rate | | | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| Expenditures¹ | | | | | | | |
| <i>Operating Expenditures</i> | | | | | | | |
| Personnel | \$ 2,006,628 | \$ 1,974,201 | \$ 2,054,172 | \$ 2,137,786 | \$ 2,225,227 | \$ 2,316,691 | \$ 2,412,381 |
| Utilities | 609,772 | 731,500 | 767,945 | 806,208 | 846,381 | 888,558 | 932,839 |
| Materials & Supplies | 274,800 | 385,800 | 398,198 | 410,997 | 424,210 | 437,850 | 451,932 |
| Equipment | 296,000 | 296,000 | 304,880 | 314,026 | 323,447 | 333,151 | 343,145 |
| Contractual Services | 906,940 | 968,604 | 997,662 | 1,027,592 | 1,058,420 | 1,090,172 | 1,122,877 |
| Internal Services | 15,000 | 15,000 | 15,450 | 15,914 | 16,391 | 16,883 | 17,389 |
| Miscellaneous | 132,761 | 130,435 | 135,648 | 141,082 | 146,748 | 152,655 | 158,815 |
| <i>Total Operating Expenditures</i> | <i>\$ 4,241,901</i> | <i>\$ 4,501,540</i> | <i>\$ 4,673,954</i> | <i>\$ 4,853,605</i> | <i>\$ 5,040,824</i> | <i>\$ 5,235,959</i> | <i>\$ 5,439,378</i> |
| <i>Debt Service</i> | | | | | | | |
| Existing Debt Service - Bonds | \$ 1,788,300 | \$ 1,849,070 | \$ 1,930,235 | \$ 1,929,923 | \$ 2,103,938 | \$ 2,104,763 | \$ 2,110,725 |
| Existing Debt Service - OWDA | 3,362,725 | 4,553,958 | 4,486,160 | 3,534,079 | 3,534,079 | 2,636,339 | 2,465,151 |
| Proposed Debt Service ⁴ | - | - | 86,301 | 739,291 | 1,327,954 | 1,327,954 | 1,327,954 |
| <i>Total Debt Service</i> | <i>\$ 5,151,025</i> | <i>\$ 6,403,028</i> | <i>\$ 6,502,696</i> | <i>\$ 6,203,293</i> | <i>\$ 6,965,970</i> | <i>\$ 6,069,055</i> | <i>\$ 5,903,829</i> |
| Capital Projects Funded with Cash | - | - | 2,039,679 | 320,777 | 220,589 | 1,840,265 | 668,473 |
| Total Revenue Requirements | \$ 9,392,926 | \$ 10,904,568 | \$ 13,216,329 | \$ 11,377,674 | \$ 12,227,383 | \$ 13,145,280 | \$ 12,011,680 |
| Revenues Over (Under) Expenses | \$ 548,626 | \$ (816,607) | \$ (2,486,573) | \$ 44,913 | \$ 46,805 | \$ 53,102 | \$ 2,195,032 |
| Average Rate Increase ⁵ | | | 7.0% | 7.0% | 8.0% | 8.0% | 8.0% |

¹ Actual and forecasted revenues and expenditures are shown on cash basis.

² Rate Revenue includes additional revenues anticipated to be generated from the rate increases needed to meet cash needs and coverage requirements.

³ Interest Income includes projected interest earnings on working capital funds at an assumed interest earnings rate of 0.5 percent per year.

⁴ Proposed Debt Service assumes the issuance of revenue bonds at an interest rate of 6.0 percent, a 30 year term, and 1.5 percent issuance fees.

⁵ Average Rate Increase equals the annual rate increase required to meet coverage, working capital, cash flow needs, and additional bonds test.

Scenarios

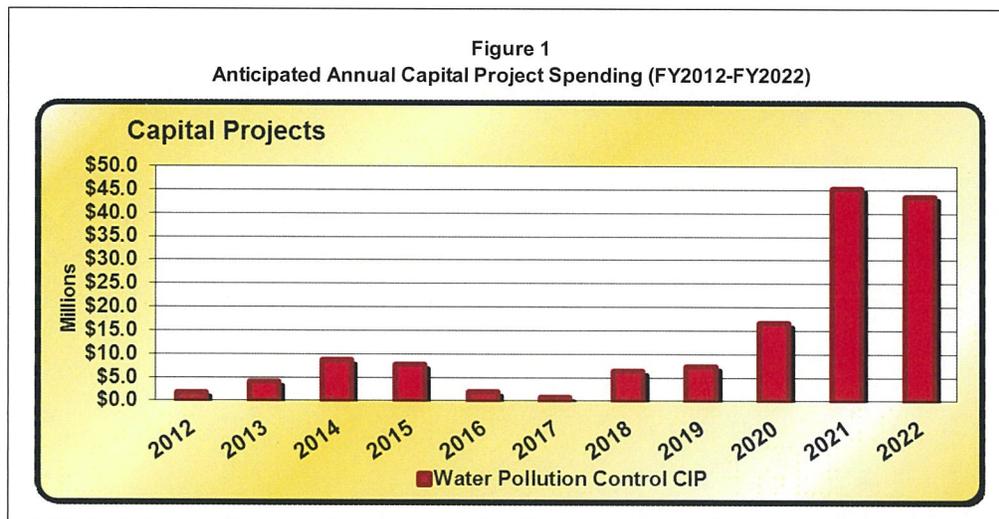
Two scenarios were reviewed; a baseline set of just-in-time (JIT) increases and a set of smoothed rate increases. The just-in-time increases are annual revenue increases determined to be necessary by the model to meet various constraints, including paying for operating expenses, capital improvements funding, maintaining minimum fund balances, and debt service coverage requirements.

The smoothed rate increases are calculated based on funding the annual revenue requirements and building reserves in anticipation of future revenue requirements.

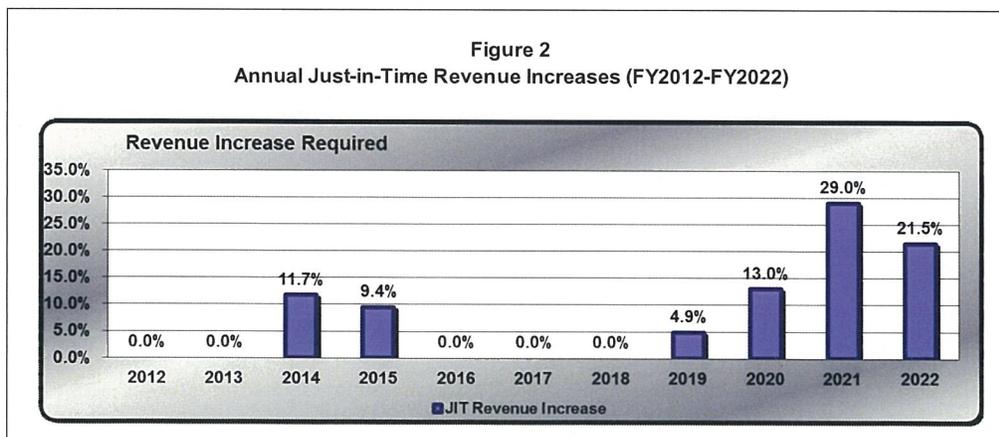
Results/Recommendations

A review of the results limited to the test period of 2012 through 2017 suggests that revenue increases are necessary in only 2014 and 2015. However, considering the anticipated capital improvements scheduled to begin after 2017, a longer view was considered when developing the smoothed rate increases scenario.

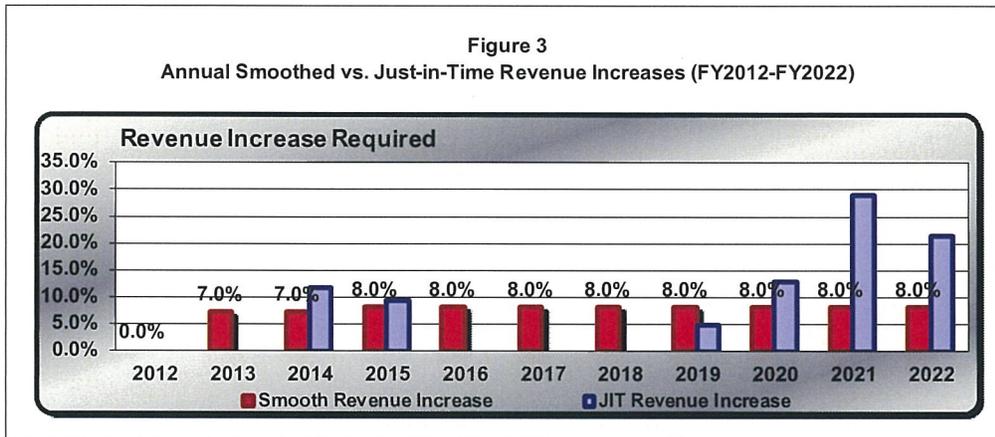
The capital projects in 2020, 2021, and 2022 will require significant rate revenue increases. The smoothed rate increase scenario was therefore developed on a longer time period than the 5-year window initially anticipated for this 2012 wastewater rate study update.



Considering a longer planning period shows that while no rate revenue increases are necessary until 2014, additional increases are projected just past the horizon of the test period. Even more significant increases are projected to be associated with the 2020 through 2022 capital expenditures (see Figure 2).



With the consideration of the required revenues in 2018-2022, a smoothed rate scenario was developed. This scenario demonstrates a proactive rate-setting method that reduces rate shocks to the City’s customers by initiating even, annual increases. The following figure compares the baseline and smoothed rate increase scenarios for the test period.



A comparison of the recommended rate increases for the test period, as well as the just-in-time increases, are shown in Table 5 while Table 6 presents the associated recommended monthly wastewater rates.

Table 5
Rate Revenue Increases (FY2012-FY2017)

| Description | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------------------|------|------|-------|------|------|------|
| Annual Revenue Adjustments (JIT) | 0.0% | 0.0% | 11.7% | 9.4% | 0.0% | 0.0% |
| Annual Revenue Adjustments (Smooth) | 0.0% | 7.0% | 7.0% | 8.0% | 8.0% | 8.0% |

Table 6
Proposed 2012-2017 Monthly Wastewater Rates

| 2012 | User Charge | Debt Service Charge | Total |
|------------------------------|--------------------|----------------------------|-------------------|
| Customer Charge (base rate) | \$6.03 | \$9.43 | \$15.46 per month |
| Treatment Charge (commodity) | \$3.69 per ccf | \$1.65 per ccf | \$5.34 per ccf |
| 2013 | User Charge | Debt Service Charge | Total |
| Customer Charge (base rate) | \$6.45 | \$10.09 | \$16.54 per month |
| Treatment Charge (commodity) | \$3.95 per ccf | \$1.77 per ccf | \$5.71 per ccf |
| 2014 | User Charge | Debt Service Charge | Total |
| Customer Charge (base rate) | \$6.90 | \$10.80 | \$17.70 per month |
| Treatment Charge (commodity) | \$4.22 per ccf | \$1.89 per ccf | \$6.11 per ccf |
| 2015 | User Charge | Debt Service Charge | Total |
| Customer Charge (base rate) | \$7.46 | \$11.66 | \$19.12 per month |
| Treatment Charge (commodity) | \$4.56 per ccf | \$2.04 per ccf | \$6.60 per ccf |
| 2016 | User Charge | Debt Service Charge | Total |
| Customer Charge (base rate) | \$8.05 | \$12.59 | \$20.65 per month |
| Treatment Charge (commodity) | \$4.93 per ccf | \$2.20 per ccf | \$7.13 per ccf |
| 2017 | User Charge | Debt Service Charge | Total |
| Customer Charge (base rate) | \$8.70 | \$13.60 | \$22.30 per month |
| Treatment Charge (commodity) | \$5.32 per ccf | \$2.38 per ccf | \$7.70 per ccf |

A summary of typical monthly bills is presented in Table 7.

Table 7
Summary of Projected Typical Monthly Bills

| Year | Rate Inc. | Monthly Bill¹ |
|-------------|------------------|---------------------------------|
| 2012 | N/A | \$58.18 |
| 2013 | 7.0% | \$62.25 |
| 2014 | 7.0% | \$66.61 |
| 2015 | 8.0% | \$71.94 |
| 2016 | 8.0% | \$77.69 |
| 2017 | 8.0% | \$83.91 |

¹Monthly bill based on 8 ccf per month of flow

Conclusions

The City's wastewater utility must continue to generate sufficient revenues to cover the costs of the wastewater system operation and maintenance, future capital improvements, the proposed bond program and associated financial obligations. The cash flow analysis reveals that sufficient funds will be available to pay for the costs associated with operation and maintenance of the wastewater utility, and repayment of the existing and anticipated debt with the implementation of moderate rate increases over the next several years.

However, as is often the case, there will likely be differences between actual and projected data, some of the assumptions used in this report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the data or results projected in this report and actual results achieved, and those differences may be material. Red Oak recommends the City closely monitor its actual revenues and expenses to assess whether adjustments in rates may be necessary throughout the forecast period.

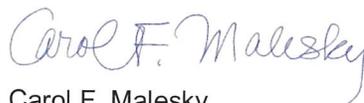
We appreciate this opportunity to once again work with you. If you have any questions or need any additional information, please feel free to contact Carol at 330-515-5696 or Tom at 614-430-2609.

Sincerely,

ARCADIS U.S., Inc.



Thomas J. Bulcher, P.E.
Associate Vice President



Carol F. Malesky
Principal Consultant

Option 1

Draft - For Discussion Purposes Only

Model Integrity Test
Optimized! | Balanced | OK!

Calc Error
OK!

City of Lancaster, Ohio
Wastewater Study
Water Pollution Control

DASHBOARD: Smoothed Increases v. Baseline - Just-in-Time Increases

Select Last Year to Solve: 2032

Select Last Year to Solve: 2036

Actual Year Solved To: 2021

Actual Year Solved To: 2022

Time: 15 Seconds

| Description | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Debt Service Coverage Test 1 | 3.03 | 3.19 | 2.60 | 2.22 | 2.43 | 2.66 | 2.90 | 2.99 | 2.61 | 1.65 | 1.27 |
| Debt Service Coverage Test 2 | 3.03 | 3.19 | 2.60 | 2.22 | 2.43 | 2.66 | 2.90 | 2.99 | 2.61 | 1.65 | 1.27 |

Clear Rate Adjustments: 0.0%

Operating Fund: 7.0%

Capital Plan 1: 8.0%

Percent of CIP Spent: 100%

Fund Balance and Target

Capital Projects

Revenue Increase Required

Annual Debt Service

Draft - For Discussion Purposes Only

Table 1
City of Lancaster, Ohio
Water Pollution Control
Proforma - Operating Fund

| Line No. | Description | Historical | | | | | |
|-----------------------------|---------------------------------------|--------------|---------------|----------------|---------------|---------------|---------------|
| | | 1 FY2011 | 2 FY2012 | 3 FY2013 | 4 FY2014 | 5 FY2015 | 6 FY2017 |
| Revenues | | | | | | | |
| Rate Revenues | | | | | | | |
| 1 | Consumer Collections/Utilities | \$ 8,531,352 | \$ 8,425,000 | \$ 8,467,125 | \$ 9,105,123 | \$ 9,791,194 | \$ 10,627,362 |
| 2 | Greenfield TWP WPC Fees | 268,536 | 169,000 | 169,845 | 182,643 | 196,405 | 213,178 |
| 3 | Rate Revenues from Increase | - | - | 604,588 | 650,144 | 799,008 | 867,243 |
| Miscellaneous Revenue | | | | | | | |
| 4 | Surveillance Fees | 57,273 | 57,300 | 57,300 | 57,300 | 57,300 | 57,300 |
| 5 | Capacity Fee and Tap-in Fee Revenue | 71,342 | 71,300 | 73,796 | 76,379 | 79,053 | 81,821 |
| 6 | State Grants | - | - | - | - | - | - |
| 7 | Other Operating Revenues | 1,013,049 | 1,345,044 | 1,345,044 | 1,345,044 | 1,345,044 | 1,345,044 |
| 8 | Transfers In | - | - | - | - | - | - |
| 9 | Interest Income | - | 20,317 | 12,059 | 5,955 | 6,184 | 6,434 |
| 10 | Total Revenues | \$ 9,941,552 | \$ 10,087,961 | \$ 10,729,756 | \$ 11,422,587 | \$ 12,274,188 | \$ 13,198,382 |
| Revenue Requirements | | | | | | | |
| Operating Expenses | | | | | | | |
| 11 | Personnel | \$ 2,006,628 | \$ 1,974,201 | \$ 2,054,172 | \$ 2,137,786 | \$ 2,225,227 | \$ 2,316,691 |
| 12 | Utilities | 609,772 | 731,500 | 767,945 | 806,208 | 846,381 | 888,558 |
| 13 | Materials & Supplies | 274,800 | 385,800 | 398,198 | 410,997 | 424,210 | 437,850 |
| 14 | Equipment | 296,000 | 296,000 | 304,880 | 314,026 | 323,447 | 333,151 |
| 15 | Contractual Services | 906,940 | 968,604 | 997,662 | 1,027,592 | 1,058,420 | 1,090,172 |
| 16 | Internal Services | 15,000 | 15,000 | 15,450 | 15,914 | 16,391 | 16,883 |
| 17 | Miscellaneous | 132,761 | 130,455 | 135,648 | 141,082 | 146,748 | 152,655 |
| 18 | Total Operating Expenses | \$ 4,241,901 | \$ 4,501,540 | \$ 4,673,954 | \$ 4,853,605 | \$ 5,040,824 | \$ 5,235,959 |
| 19 | Non-Operating Expenses | - | - | - | - | - | - |
| 20 | Transfers Out - OWDA Debt Service | 3,362,725 | 4,553,958 | 4,486,160 | 3,534,079 | 3,534,079 | 2,636,339 |
| 21 | Minor Capital Expense | - | - | - | - | - | - |
| Debt Service | | | | | | | |
| 22 | Existing Debt Service | 1,788,300 | 1,849,070 | 1,930,235 | 1,929,923 | 2,103,938 | 2,104,763 |
| 23 | New-Revenue Bond | - | - | 86,301 | 739,291 | 1,327,954 | 1,327,954 |
| 24 | New-General Obligation Bond | - | - | - | - | - | - |
| 25 | New-State Revolving Loan Func | - | - | - | - | - | - |
| 26 | Total Debt Service | \$ 1,788,300 | \$ 1,849,070 | \$ 2,016,536 | \$ 2,669,214 | \$ 3,431,891 | \$ 3,432,716 |
| 27 | Capital Projects Funded with Cash | - | - | 2,039,679 | 320,777 | 220,589 | 1,840,265 |
| 28 | Total Revenue Requirements | \$ 9,392,926 | \$ 10,904,568 | \$ 13,216,329 | \$ 11,377,674 | \$ 12,227,383 | \$ 13,145,280 |
| 29 | Revenues Over (Under) Expenses | \$ 548,626 | \$ (816,607) | \$ (2,486,573) | \$ 44,913 | \$ 46,805 | \$ 53,102 |
| 30 | Beginning Balance | \$ 3,923,042 | \$ 4,471,668 | \$ 3,655,061 | \$ 1,168,489 | \$ 1,213,401 | \$ 1,260,206 |
| 31 | Revenues Over (Under) Expenses | 548,626 | (816,607) | (2,486,573) | 44,913 | 46,805 | 53,102 |
| 32 | Ending Balance | \$ 4,471,668 | \$ 3,655,061 | \$ 1,168,489 | \$ 1,213,401 | \$ 1,260,206 | \$ 1,313,308 |

Table 2
City of Lancaster, Ohio
Water Pollution Control
Proforma - Wastewater Replacement & Improvement Fund

| Line No. | Description | Fiscal Year Ending December 31st | | | | | |
|-------------------------|--|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| | | 1 FY2012 | 2 FY2013 | 3 FY2014 | 4 FY2015 | 5 FY2016 | 6 FY2017 |
| Sources of Funds | | | | | | | |
| 1 | Other Operating Revenue | - | - | - | - | - | - |
| 2 | Revenue Bond Proceeds | - | - | - | - | - | - |
| 3 | General Obligation Bond Proceeds | - | - | - | - | - | - |
| 4 | State Revolving Loan Fund Proceeds | - | - | - | - | - | - |
| 5 | Other Miscellaneous Sources | - | - | - | - | - | - |
| 6 | Interest Income | 8,169 | 8,210 | 8,251 | 8,292 | 8,334 | 8,376 |
| 7 | Transfers In | - | - | - | - | - | - |
| 8 | Total Sources of Funds | 8,169 | 8,210 | 8,251 | 8,292 | 8,334 | 8,376 |
| Uses of Funds | | | | | | | |
| 9 | Capital Improvements | - | - | - | - | - | - |
| 10 | Cash Funded | - | - | - | - | - | - |
| 11 | Debt Funded | - | - | - | - | - | - |
| 12 | Operating Expense | - | - | - | - | - | - |
| 13 | Minor Capital Expense | - | - | - | - | - | - |
| 14 | Non Operating Expense | - | - | - | - | - | - |
| 15 | Capital Outlay | - | - | - | - | - | - |
| | Total Uses of Funds | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | Annual Surplus/(Deficiency) | 8,169 | 8,210 | 8,251 | 8,292 | 8,334 | 8,376 |
| 17 | Beginning Balance | 1,629,662 | 1,637,831 | 1,646,041 | 1,654,292 | 1,662,584 | 1,670,918 |
| 18 | Ending Balance | 1,637,831 | 1,646,041 | 1,654,292 | 1,662,584 | 1,670,918 | 1,679,293 |
| 19 | Fund 3 Ending Balance | \$ 1,637,831 | \$ 1,646,041 | \$ 1,654,292 | \$ 1,662,584 | \$ 1,670,918 | \$ 1,679,293 |
| | Check that Proforma Matches Fund Calcs | Ok | Ok | Ok | Ok | Ok | Ok |

Table 3
City of Lancaster, Ohio
Water Pollution Control
Proforma - Wastewater Construction Fund

| Line No. | Description | Fiscal Year Ending December 31st | | | | | |
|-------------------------|-------------------------------|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| | | 1 FY2012 | 2 FY2013 | 3 FY2014 | 4 FY2015 | 5 FY2016 | 6 FY2017 |
| Sources of Funds | | | | | | | |
| 1 | Other Operating Revenue | - | - | - | - | - | - |
| 2 | Bonds and Loans | - | - | - | - | - | - |
| 3 | Interest Income | 12,659 | 4,294 | - | - | - | - |
| 4 | Transfers In | 4,553,958 | 4,486,160 | 3,534,079 | 3,534,079 | 2,636,339 | 2,465,151 |
| | Total Sources of Funds | 4,566,617 | 4,490,455 | 3,534,079 | 3,534,079 | 2,636,339 | 2,465,151 |
| Uses of Funds | | | | | | | |
| 5 | Capital Projects Funded | 1,683,993 | 861,028 | - | - | - | - |
| 6 | Operating Expense | - | - | - | - | - | - |
| 7 | Minor Capital Expense | - | - | - | - | - | - |
| 8 | Non Operating Expense | - | - | - | - | - | - |
| 9 | Capital Outlay | - | - | - | - | - | - |
| 10 | Transfer Out | - | - | - | - | - | - |
| 11 | Debt Service | 4,548,908 | 4,486,160 | 3,534,079 | 3,534,079 | 2,636,339 | 2,465,151 |
| 12 | Total Uses of Funds | 6,232,900 | 5,347,189 | 3,534,079 | 3,534,079 | 2,636,339 | 2,465,151 |
| 13 | Annual Surplus/(Deficiency) | (1,666,283) | (856,734) | - | - | - | - |
| 14 | Beginning Balance | 2,523,017 | 856,734 | - | - | - | - |
| 15 | Ending Balance | 856,734 | - | - | - | - | - |
| 16 | Ending Balance Check | Ok | Ok | Ok | Ok | Ok | Ok |

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Table 4
 City of Lancaster, Ohio
 Wastewater Utility Rate Study
 Projected Annual Capital Improvement Project Cost (2012 Dollars) - 2012-2017

| Row | Project Description | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 |
|-----|---|---------|---------|-----------|-----------|---------|---------|
| 1 | Wastewater Treatment Plant Improvements | - | - | - | - | - | - |
| 2 | Existing WPCF Rehabilitation (yearly maintenance alloc for Lawrence St WPCF) | 423,500 | 423,500 | 423,500 | 423,500 | 423,500 | 423,500 |
| 3 | SR 37 PROJECT | - | - | - | - | - | - |
| 4 | Design of 2.0 mgd Upper Hocking WPCF | - | - | - | - | - | - |
| 5 | C/A for 2.0 mgd UHWPCF, effluent line, FM, and UHPS | - | - | - | - | - | - |
| 6 | Construction of 2.0 mgd Upper Hocking WPCF | - | - | - | - | - | - |
| 7 | Const. Pipe Section No. 36 UHWPCF 42" Effluent Line | - | - | - | - | - | - |
| 8 | Construction of Upper Hocking 2/6 mgd pump station | - | - | - | - | - | - |
| 9 | Construction of Upper Hocking FM 18" and 14" to UHWPCF | - | - | - | - | - | - |
| 10 | Design for 2 mgd upgrade Upper Hocking WPCF | - | - | - | - | - | - |
| 11 | C/A for 2 mgd upgrade Upper Hocking WPCF | - | - | - | - | - | - |
| 12 | Construction for 2 mgd upgrade Upper Hocking WPCF | - | - | - | - | - | - |
| 13 | Design of 8 mgd Upper Hocking WPCF on site Pump Station | - | 744,074 | - | - | - | - |
| 14 | C/A of 8 mgd Upper Hocking WPCF on site Pump Station | - | - | 597,789 | 410,482 | - | - |
| 15 | Construction of 8 mgd Upper Hocking WPCF on site Pump Station | - | - | 4,598,375 | 3,157,551 | - | - |
| 16 | Design for EQ at Lawrence Street WPCF | - | - | - | - | - | - |
| 17 | C/A for EQ at Lawrence Street WPCF | - | - | - | - | - | - |
| 18 | Misc. Equalization Structures | - | - | - | - | - | - |
| 19 | 2 mgd Equalization (w/ screens and aeration) | - | - | - | - | - | - |
| 20 | Force Main for Equalization Pump Station | - | - | - | - | - | - |
| 21 | 20 mgd Equalization Pump Station | - | - | - | - | - | - |
| 22 | Pump Station Improvements | - | - | - | - | - | - |
| 23 | Design of 1.5 mgd Hunters Run Pump Station | - | - | - | - | - | 153,130 |
| 24 | C/A of 1.5 mgd Hunters Run Pump Station | - | - | - | - | - | - |
| 25 | Construction of 1.5 mgd Hunters Run Pump Station | - | - | - | - | - | - |
| 26 | Design of 1 mgd upgrade Hunters Run Pump Station | - | - | - | - | - | - |
| 27 | C/A of 1 mgd upgrade Hunters Run Pump Station | - | - | - | - | - | - |
| 28 | Construction of 1 mgd upgrade Hunters Run Pump St | - | - | - | - | - | - |
| 29 | Sewer System Improvements | - | - | - | - | - | - |
| 30 | Pipe Section No. 72A - Along Pleasant Run east of Lynwood Lane in development area C-19. | - | - | - | - | - | - |
| 31 | Pipe Section No. 73 - Along Pleasant Run east of Lynwood Lane in development area C-19. | - | - | - | - | - | - |
| 32 | Pipe Section No. 80 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 33 | Pipe Section No. 81 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 34 | Pipe Section No. 82 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 35 | Pipe Section No. 83 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 36 | Pipe Section No. 84 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 37 | Pipe Section No. 85 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 38 | Pipe Section No. 86 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 39 | Pipe Section No. 87 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 40 | Pipe Section No. 88 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 41 | Pipe Section No. 89 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 42 | Storm Sewer Work - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 43 | Chestnut Street Sewer Rehab (CIPP) - LJA/M | - | - | - | - | - | - |
| 44 | Design of Pipe Section No. 59 - Collins Road from existing gravity sewer near Fair Avenue to new WPCF | - | - | - | - | - | - |
| 45 | C/A of Pipe Section No. 59 | - | - | - | - | - | - |
| 46 | Pipe Section No. 59 | - | - | - | - | - | - |
| 47 | Design of Pipe Section No. 60 - Campground Rd to new WPCF | - | 46,281 | - | - | - | - |
| 48 | C/A of Pipe Section No. 60 - Campground Rd to new WPCF | - | - | 37,182 | 25,532 | - | - |
| 49 | Pipe Section No. 60 - Campground Rd to new WPCF | - | - | 286,019 | 196,400 | - | - |
| 50 | Design of Pipe Section No. 70 and No. 71 (Broad Street Express Sewer) | 46,017 | 113,754 | 29,292 | - | - | - |

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Table 4 (continued)
 City of Lancaster, Ohio
 Wastewater Utility Rate Study
 Projected Annual Capital Improvement Project Cost (2012 Dollars) - 2018-2022

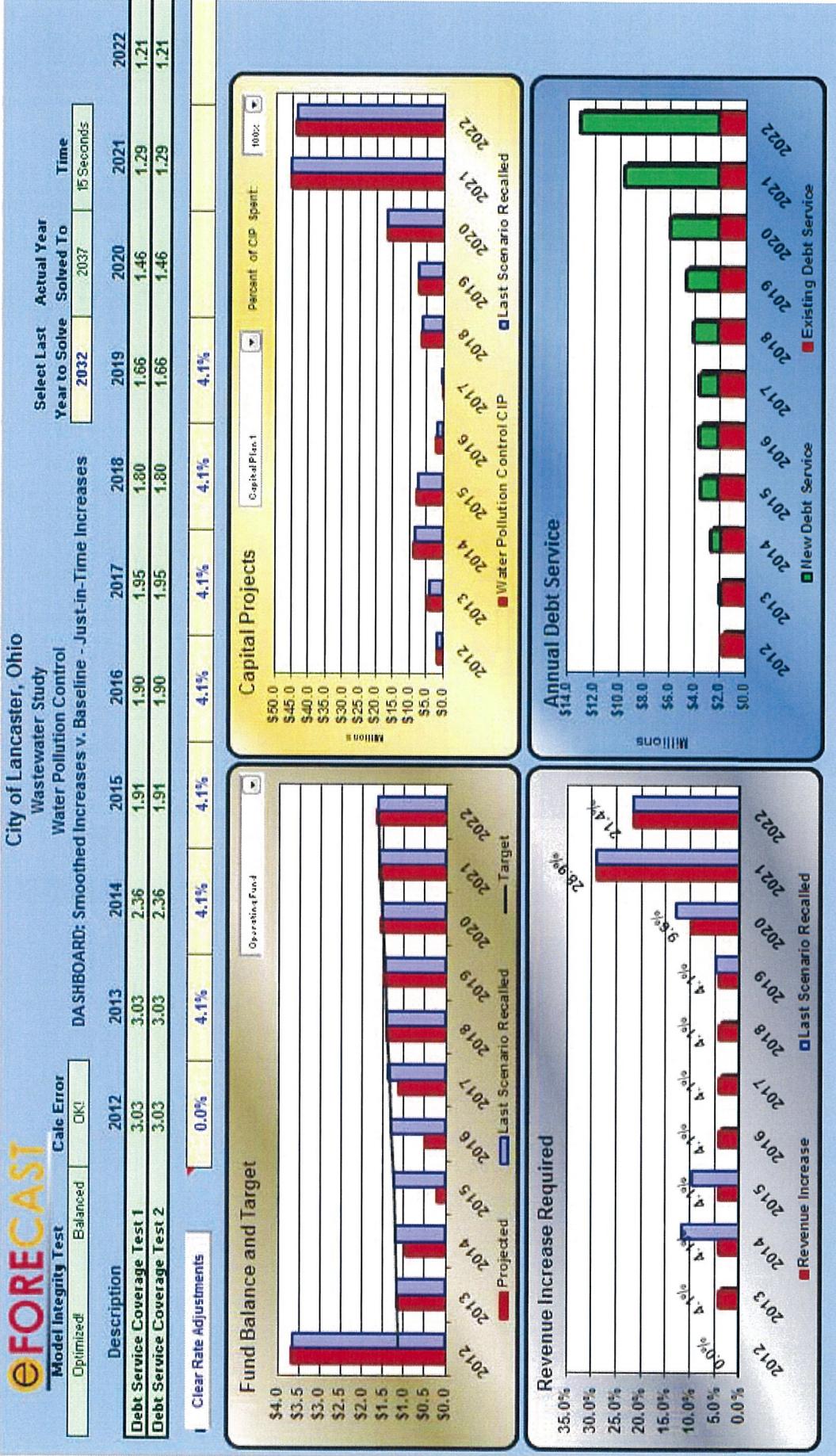
| Row | Project Description | FY18 | FY19 | FY20 | FY21 | FY22 |
|-----|---|---------|-----------|-----------|------------|------------|
| 1 | Wastewater Treatment Plant Improvements | - | - | - | - | - |
| 2 | Existing WPCF Rehabilitation (yearly maintenance alloc for Lawrence St WPCF) | 423,500 | 423,500 | 423,500 | 423,500 | 423,500 |
| 3 | SR 37 PROJECT | - | - | - | - | - |
| 4 | Design of 2.0 mgd Upper Hocking WPCF | - | - | - | - | - |
| 5 | C/A for 2.0 mgd UHWPCF, effluent line, FM, and UHPS | - | - | - | - | - |
| 6 | Construction of 2.0 mgd Upper Hocking WPCF | - | - | - | - | - |
| 7 | Const. Pipe Section No. 36 UHWPCF 42" Effluent Line | - | - | - | - | - |
| 8 | Construction of Upper Hocking 2/6 mgd pump station | - | - | - | - | - |
| 9 | Construction of Upper Hocking FM 18" and 14" to UHWPCF | - | - | - | - | - |
| 10 | Design for 2 mgd upgrade Upper Hocking WPCF | - | - | 3,157,551 | - | 3,883,390 |
| 11 | C/A for 2 mgd upgrade Upper Hocking WPCF | - | - | - | 3,119,915 | 2,142,342 |
| 12 | Construction for 2 mgd upgrade Upper Hocking WPCF | - | - | - | 23,999,348 | 16,479,552 |
| 13 | Design of 8 mgd Upper Hocking WPCF on site Pump Station | - | - | - | - | - |
| 14 | C/A of 8 mgd Upper Hocking WPCF on site Pump Station | - | - | - | - | - |
| 15 | Construction of 8 mgd Upper Hocking WPCF on site Pump Station | - | - | - | - | - |
| 16 | Design for EQ at Lawrence Street WPCF | - | 2,182,389 | - | - | - |
| 17 | C/A for EQ at Lawrence Street WPCF | - | - | 1,168,888 | 1,203,954 | 620,036 |
| 18 | Misc. Equalization Structures | - | - | 407,324 | 419,544 | 216,065 |
| 19 | 2 mgd Equalization (w/ screens and aeration) | - | - | - | - | 3,157,551 |
| 20 | Force Main for Equalization Pump Station | - | - | - | - | 47,363 |
| 21 | 20 mgd Equalization Pump Station | - | - | - | - | 5,407,622 |
| 22 | Pump Station Improvements | - | - | - | - | - |
| 23 | Design of 1.5 mgd Hunters Run Pump Station | - | - | - | - | - |
| 24 | C/A of 1.5 mgd Hunters Run Pump Station | 123,025 | 84,477 | - | - | - |
| 25 | Construction of 1.5 mgd Hunters Run Pump Station | 946,346 | 649,824 | - | - | - |
| 26 | Design of 1 mgd upgrade Hunters Run Pump Station | - | - | - | - | - |
| 27 | C/A of 1 mgd upgrade Hunters Run Pump Station | - | - | - | - | - |
| 28 | Construction of 1 mgd upgrade Hunters Run Pump St | - | - | - | - | - |
| 29 | Sewer System Improvements | - | - | - | - | - |
| 30 | Pipe Section No. 72A - Along Pleasant Run east of Lynwood Lane in development area C-19. | - | - | - | - | - |
| 31 | Pipe Section No. 73 - Along Pleasant Run east of Lynwood Lane in development area C-19. | - | - | - | - | - |
| 32 | Pipe Section No. 80 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 33 | Pipe Section No. 81 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 34 | Pipe Section No. 82 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 35 | Pipe Section No. 83 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 36 | Pipe Section No. 84 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 37 | Pipe Section No. 85 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 38 | Pipe Section No. 86 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 39 | Pipe Section No. 87 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 40 | Pipe Section No. 88 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 41 | Pipe Section No. 89 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 42 | Storm Sewer Work - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 43 | Chestnut Street Sewer Rehab (CIPP) - L/A/M | - | - | - | - | - |
| 44 | Design of Pipe Section No. 59 - Collins Road from existing gravity sewer near Fair Avenue to new WPCF | - | - | - | - | - |
| 45 | C/A of Pipe Section No. 59 | - | - | - | - | - |
| 46 | Pipe Section No. 59 | - | - | - | - | - |
| 47 | Design of Pipe Section No. 60 - Campground Rd to new WPCF | - | - | - | - | - |
| 48 | C/A of Pipe Section No. 60 - Campground Rd to new WPCF | - | - | - | - | - |
| 49 | Pipe Section No. 60 - Campground Rd to new WPCF | - | - | - | - | - |
| 50 | Design of Pipe Section No. 70 and No. 71 (Broad Street Express Sewer) | - | - | - | - | - |

Table 5
 City of Lancaster, Ohio
 Wastewater Study
 Debt Service

| | 1 | 2 | 3 | 4 | 5 | 6 |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Account # | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| SRF (OWDA) Loans | | | | | | |
| 1671 | \$933,144 | \$933,144 | \$0 | \$0 | \$0 | \$0 |
| 1672 | 18,937 | 18,937 | 0 | 0 | 0 | 0 |
| 2312 | 897,740 | 897,740 | 897,740 | 897,740 | 0 | 0 |
| 2313 | 342,378 | 342,378 | 342,378 | 342,378 | 342,378 | 171,189 |
| 5035 | 2,356,709 | 2,293,962 | 2,293,962 | 2,293,962 | 2,293,962 | 2,293,962 |
| Subtotal¹ | \$4,548,908 | \$4,486,160 | \$3,534,079 | \$3,534,079 | \$2,636,339 | \$2,465,151 |
| Revenue Bonds | | | | | | |
| Series 2012 Wastewater | \$59,610 | \$143,500 | \$143,200 | \$317,900 | \$319,100 | \$323,250 |
| Existing Bond Debt | 1,789,460 | 1,786,735 | 1,786,723 | 1,786,038 | 1,785,663 | 1,787,475 |
| Proposed Debt Service | - | 86,301 | 739,291 | 1,327,954 | 1,327,954 | 1,327,954 |
| Subtotal | \$1,849,070 | \$2,016,536 | \$2,669,214 | \$3,431,891 | \$3,432,716 | \$3,438,679 |
| Total Debt Service | \$6,397,977 | \$6,502,696 | \$6,203,293 | \$6,965,970 | \$6,069,055 | \$5,903,829 |

¹Budgeted balance transfer exceeds debt service by \$5,050 in 2012

Option 2



Draft - For Discussion Purposes Only

Table 1
City of Lancaster, Ohio
Water Pollution Control
Proforma - Operating Fund

| Line No. | Description | Fiscal Year Ending December 31st | | | | | | |
|-----------------------------|---------------------------------------|----------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| | | Historical FY2011 | 1 FY2012 | 2 FY2013 | 3 FY2014 | 4 FY2015 | 5 FY2016 | 6 FY2017 |
| Revenues | | | | | | | | |
| Rate Revenues | | | | | | | | |
| 1 | Consumer Collections/Utilities | \$ 8,531,352 | \$ 8,425,000 | \$ 8,467,125 | \$ 8,858,349 | \$ 9,267,649 | \$ 9,695,860 | \$ 10,143,857 |
| 2 | Greenfield TWP WPC Fees | 268,536 | 169,000 | 169,845 | 177,693 | 185,903 | 194,493 | 203,479 |
| 3 | Rate Revenues from Increase | - | - | 354,116 | 370,478 | 387,596 | 405,504 | 424,241 |
| Miscellaneous Revenue | | | | | | | | |
| 4 | Surveillance Fees | 57,273 | 57,300 | 57,300 | 57,300 | 57,300 | 57,300 | 57,300 |
| 5 | Capacity Fee and Tap-in Fee Revenue | 71,342 | 71,300 | 73,796 | 76,379 | 79,053 | 81,821 | 84,687 |
| 6 | State Grants | - | - | - | - | - | - | - |
| 7 | Other Operating Revenues | 1,013,049 | 1,345,044 | 1,345,044 | 1,345,044 | 1,345,044 | 1,345,044 | 1,345,044 |
| 8 | Transfers In | - | - | - | - | - | - | - |
| 9 | Interest Income | - | 20,317 | 12,059 | 5,309 | 2,910 | 1,709 | 4,012 |
| 10 | Total Revenues | \$ 9,941,552 | \$ 10,087,961 | \$ 10,479,284 | \$ 10,890,551 | \$ 11,325,454 | \$ 11,781,732 | \$ 12,262,620 |
| Revenue Requirements | | | | | | | | |
| Operating Expenses | | | | | | | | |
| 11 | Personnel | \$ 2,006,628 | \$ 1,974,201 | \$ 2,054,172 | \$ 2,137,786 | \$ 2,225,227 | \$ 2,316,691 | \$ 2,412,381 |
| 12 | Utilities | 609,772 | 731,500 | 767,945 | 806,208 | 846,381 | 888,558 | 932,839 |
| 13 | Materials & Supplies | 274,800 | 385,800 | 398,198 | 410,997 | 424,210 | 437,850 | 451,932 |
| 14 | Equipment | 296,000 | 296,000 | 304,880 | 314,026 | 323,447 | 333,151 | 343,145 |
| 15 | Contractual Services | 906,940 | 968,604 | 997,662 | 1,027,592 | 1,058,420 | 1,090,172 | 1,122,877 |
| 16 | Internal Services | 15,000 | 15,000 | 15,450 | 15,914 | 16,391 | 16,883 | 17,389 |
| 17 | Miscellaneous | 132,761 | 130,435 | 135,648 | 141,082 | 146,748 | 152,655 | 158,815 |
| 18 | Total Operating Expenses | \$ 4,241,901 | \$ 4,501,540 | \$ 4,673,954 | \$ 4,853,605 | \$ 5,040,824 | \$ 5,235,959 | \$ 5,435,378 |
| 19 | Non-Operating Expenses | - | - | - | - | - | - | - |
| 20 | Transfers Out - OWDA Debt Service | 3,362,725 | 4,553,958 | 4,486,160 | 3,534,079 | 3,534,079 | 2,636,339 | 2,465,151 |
| 21 | Minor Capital Expense | - | - | - | - | - | - | - |
| Debt Service | | | | | | | | |
| 22 | Existing Debt Service | 1,788,300 | 1,849,070 | 1,930,235 | 1,929,923 | 2,103,938 | 2,104,763 | 2,110,725 |
| 23 | New-Revenue Bond | - | - | 107,938 | 786,435 | 1,392,637 | 1,538,967 | 1,592,121 |
| 24 | New-General Obligation Bond | - | - | - | - | - | - | - |
| 25 | New-State Revolving Loan Func | - | - | - | - | - | - | - |
| 26 | Total Debt Service | \$ 1,788,300 | \$ 1,849,070 | \$ 2,038,173 | \$ 2,716,357 | \$ 3,496,575 | \$ 3,643,729 | \$ 3,702,846 |
| 27 | Capital Projects Funded with Cash | - | - | 1,767,570 | - | - | - | - |
| 28 | Total Revenue Requirements | \$ 9,392,926 | \$ 10,904,568 | \$ 12,965,857 | \$ 11,104,041 | \$ 12,071,478 | \$ 11,516,028 | \$ 11,607,374 |
| 29 | Revenues Over (Under) Expenses | \$ 548,626 | \$ (816,607) | \$ (2,486,573) | \$ (213,490) | \$ (746,023) | \$ 265,704 | \$ 655,245 |
| 30 | Beginning Balance | \$ 3,923,042 | \$ 4,471,668 | \$ 3,655,061 | \$ 1,168,489 | \$ 954,998 | \$ 208,975 | \$ 474,679 |
| 31 | Revenues Over (Under) Expenses | 548,626 | (816,607) | (2,486,573) | (213,490) | (746,023) | 265,704 | 655,245 |
| 32 | Ending Balance | \$ 4,471,668 | \$ 3,655,061 | \$ 1,168,489 | \$ 954,998 | \$ 208,975 | \$ 474,679 | \$ 1,129,924 |

Table 2
City of Lancaster, Ohio
Water Pollution Control
Proforma - Wastewater Replacement & Improvement Fund

| Line No. | Description | Fiscal Year Ending December 31st | | | | | |
|-------------------------|--|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| | | 1 FY2012 | 2 FY2013 | 3 FY2014 | 4 FY2015 | 5 FY2016 | 6 FY2017 |
| Sources of Funds | | | | | | | |
| 1 | Other Operating Revenue | - | - | - | - | - | - |
| 2 | Revenue Bond Proceeds | - | - | - | - | - | - |
| 3 | General Obligation Bond Proceeds | - | - | - | - | - | - |
| 4 | State Revolving Loan Fund Proceeds | - | - | - | - | - | - |
| 5 | Other Miscellaneous Sources | - | - | - | - | - | - |
| 6 | Interest Income | 8,169 | 8,210 | 8,251 | 8,292 | 8,334 | 8,376 |
| 7 | Transfers In | - | - | - | - | - | - |
| 8 | Total Sources of Funds | 8,169 | 8,210 | 8,251 | 8,292 | 8,334 | 8,376 |
| Uses of Funds | | | | | | | |
| 9 | Capital Improvements | - | - | - | - | - | - |
| 10 | Cash Funded | - | - | - | - | - | - |
| 11 | Debt Funded | - | - | - | - | - | - |
| 12 | Operating Expense | - | - | - | - | - | - |
| 13 | Minor Capital Expense | - | - | - | - | - | - |
| 14 | Non Operating Expense | - | - | - | - | - | - |
| 15 | Capital Outlay | - | - | - | - | - | - |
| | Total Uses of Funds | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | Annual Surplus/(Deficiency) | 8,169 | 8,210 | 8,251 | 8,292 | 8,334 | 8,376 |
| 17 | Beginning Balance | 1,629,662 | 1,637,831 | 1,646,041 | 1,654,292 | 1,662,584 | 1,670,918 |
| 18 | Ending Balance | 1,637,831 | 1,646,041 | 1,654,292 | 1,662,584 | 1,670,918 | 1,679,293 |
| 19 | Fund 3 Ending Balance | \$ 1,637,831 | \$ 1,646,041 | \$ 1,654,292 | \$ 1,662,584 | \$ 1,670,918 | \$ 1,679,293 |
| | Check that Proforma Matches Fund Calcs | Ok | Ok | Ok | Ok | Ok | Ok |

Table 3
City of Lancaster, Ohio
Water Pollution Control
Proforma - Wastewater Construction Fund

| Line No. | Description | Fiscal Year Ending December 31st | | | | | |
|-------------------------|-------------------------------|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| | | 1 FY2012 | 2 FY2013 | 3 FY2014 | 4 FY2015 | 5 FY2016 | 6 FY2017 |
| Sources of Funds | | | | | | | |
| 1 | Other Operating Revenue | - | - | - | - | - | - |
| 2 | Bonds and Loans | - | - | - | - | - | - |
| 3 | Interest Income | 12,659 | 4,294 | - | - | - | - |
| 4 | Transfers In | 4,553,958 | 4,486,160 | 3,534,079 | 3,534,079 | 2,636,339 | 2,465,151 |
| | Total Sources of Funds | 4,566,617 | 4,490,455 | 3,534,079 | 3,534,079 | 2,636,339 | 2,465,151 |
| Uses of Funds | | | | | | | |
| 5 | Capital Projects Funded | 1,683,993 | 861,028 | - | - | - | - |
| 6 | Operating Expense | - | - | - | - | - | - |
| 7 | Minor Capital Expense | - | - | - | - | - | - |
| 8 | Non Operating Expense | - | - | - | - | - | - |
| 9 | Capital Outlay | - | - | - | - | - | - |
| 10 | Transfer Out | - | - | - | - | - | - |
| 11 | Debt Service | 4,548,908 | 4,486,160 | 3,534,079 | 3,534,079 | 2,636,339 | 2,465,151 |
| 12 | Total Uses of Funds | 6,232,900 | 5,347,189 | 3,534,079 | 3,534,079 | 2,636,339 | 2,465,151 |
| 13 | Annual Surplus/(Deficiency) | (1,666,283) | (856,734) | - | - | - | - |
| 14 | Beginning Balance | 2,523,017 | 856,734 | - | - | - | - |
| 15 | Ending Balance | 856,734 | - | - | - | - | - |
| 16 | Ending Balance Check | Ok | Ok | Ok | Ok | Ok | Ok |

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Table 4
 City of Lancaster, Ohio
 Wastewater Utility Rate Study
 Projected Annual Capital Improvement Project Cost (2012 Dollars) - 2012-2017

| Row | Project Description | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 |
|-----|---|---------|---------|-----------|-----------|---------|---------|
| 1 | Wastewater Treatment Plant Improvements | - | - | - | - | - | - |
| 2 | Existing WPCF Rehabilitation (yearly maintenance alloc for Lawrence St WPCF) | 423,500 | 423,500 | 423,500 | 423,500 | 423,500 | 423,500 |
| 3 | SR 37 PROJECT | - | - | - | - | - | - |
| 4 | Design of 2.0 mgd Upper Hocking WPCF | - | - | - | - | - | - |
| 5 | C/A for 2.0 mgd UHWPCF, effluent line, FM, and UHPS | - | - | - | - | - | - |
| 6 | Construction of 2.0 mgd Upper Hocking WPCF | - | - | - | - | - | - |
| 7 | Const. Pipe Section No. 36 UHWPCF 42" Effluent Line | - | - | - | - | - | - |
| 8 | Construction of Upper Hocking 2/6 mgd pump station | - | - | - | - | - | - |
| 9 | Construction of Upper Hocking FM 18" and 14" to UHWPCF | - | - | - | - | - | - |
| 10 | Design for 2 mgd upgrade Upper Hocking WPCF | - | - | - | - | - | - |
| 11 | C/A for 2 mgd upgrade Upper Hocking WPCF | - | - | - | - | - | - |
| 12 | Construction for 2 mgd upgrade Upper Hocking WPCF | - | - | - | - | - | - |
| 13 | Design of 8 mgd Upper Hocking WPCF on site Pump Station | - | 744,074 | - | - | - | - |
| 14 | C/A of 8 mgd Upper Hocking WPCF on site Pump Station | - | - | 597,789 | 410,482 | - | - |
| 15 | Construction of 8 mgd Upper Hocking WPCF on site Pump Station | - | - | 4,598,375 | 3,157,551 | - | - |
| 16 | Design for EQ at Lawrence Street WPCF | - | - | - | - | - | - |
| 17 | C/A for EQ at Lawrence Street WPCF | - | - | - | - | - | - |
| 18 | Misc. Equalization Structures | - | - | - | - | - | - |
| 19 | 2 mgd Equalization (w/ screens and aeration) | - | - | - | - | - | - |
| 20 | Force Main for Equalization Pump Station | - | - | - | - | - | - |
| 21 | 20 mgd Equalization Pump Station | - | - | - | - | - | - |
| 22 | Pump Station Improvements | - | - | - | - | - | - |
| 23 | Design of 1.5 mgd Hunters Run Pump Station | - | - | - | - | - | 153,130 |
| 24 | C/A of 1.5 mgd Hunters Run Pump Station | - | - | - | - | - | - |
| 25 | Construction of 1.5 mgd Hunters Run Pump Station | - | - | - | - | - | - |
| 26 | Design of 1 mgd upgrade Hunters Run Pump Station | - | - | - | - | - | - |
| 27 | C/A of 1 mgd upgrade Hunters Run Pump Station | - | - | - | - | - | - |
| 28 | Construction of 1 mgd upgrade Hunters Run Pump St | - | - | - | - | - | - |
| 29 | Sewer System Improvements | - | - | - | - | - | - |
| 30 | Pipe Section No. 72A - Along Pleasant Run east of Lynwood Lane in development area C-19. | - | - | - | - | - | - |
| 31 | Pipe Section No. 73 - Along Pleasant Run east of Lynwood Lane in development area C-19. | - | - | - | - | - | - |
| 32 | Pipe Section No. 80 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 33 | Pipe Section No. 81 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 34 | Pipe Section No. 82 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 35 | Pipe Section No. 83 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 36 | Pipe Section No. 84 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 37 | Pipe Section No. 85 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 38 | Pipe Section No. 86 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 39 | Pipe Section No. 87 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 40 | Pipe Section No. 88 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 41 | Pipe Section No. 89 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 42 | Storm Sewer Work - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - | - |
| 43 | Chestnut Street Sewer Rehab (CIPP) - LJA/M | - | - | - | - | - | - |
| 44 | Design of Pipe Section No. 59 - Collins Road from existing gravity sewer near Fair Avenue to new WPCF | - | - | - | - | - | - |
| 45 | C/A of Pipe Section No. 59 | - | - | - | - | - | - |
| 46 | Pipe Section No. 59 | - | - | - | - | - | - |
| 47 | Design of Pipe Section No. 60 - Campground Rd to new WPCF | - | 46,281 | - | - | - | - |
| 48 | C/A of Pipe Section No. 60 - Campground Rd to new WPCF | - | - | 37,182 | 25,532 | - | - |
| 49 | Pipe Section No. 60 - Campground Rd to new WPCF | - | - | 286,019 | 196,400 | - | - |
| 50 | Design of Pipe Section No. 70 and No. 71 (Broad Street Express Sewer) | 46,017 | 113,754 | 29,292 | - | - | - |

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Table 4 (continued)
 City of Lancaster, Ohio
 Wastewater Utility Rate Study
 Projected Annual Capital Improvement Project Cost (2012 Dollars) - 2018-2022

| Row | Project Description | FY18 | FY19 | FY20 | FY21 | FY22 |
|-----|---|---------|-----------|-----------|------------|------------|
| 1 | Wastewater Treatment Plant Improvements | - | - | - | - | - |
| 2 | Existing WPCF Rehabilitation (yearly maintenance alloc for Lawrence St WPCF) | 423,500 | 423,500 | 423,500 | 423,500 | 423,500 |
| 3 | SR 37 PROJECT | - | - | - | - | - |
| 4 | Design of 2.0 mgd Upper Hocking WPCF | - | - | - | - | - |
| 5 | C/A for 2.0 mgd UHWPCF, effluent line, FM, and UHPS | - | - | - | - | - |
| 6 | Construction of 2.0 mgd Upper Hocking WPCF | - | - | - | - | - |
| 7 | Const. Pipe Section No. 36 UHWPCF 42" Effluent Line | - | - | - | - | - |
| 8 | Construction of Upper Hocking 2/6 mgd pump station | - | - | - | - | - |
| 9 | Construction of Upper Hocking FM 18" and 14" to UHWPCF | - | - | - | - | - |
| 10 | Design for 2 mgd upgrade Upper Hocking WPCF | - | - | 3,157,551 | - | 3,883,390 |
| 11 | C/A for 2 mgd upgrade Upper Hocking WPCF | - | - | - | 3,119,915 | 2,142,342 |
| 12 | Construction for 2 mgd upgrade Upper Hocking WPCF | - | - | - | 23,999,348 | 16,479,552 |
| 13 | Design of 8 mgd Upper Hocking WPCF on site Pump Station | - | - | - | - | - |
| 14 | C/A of 8 mgd Upper Hocking WPCF on site Pump Station | - | - | - | - | - |
| 15 | Construction of 8 mgd Upper Hocking WPCF on site Pump Station | - | - | - | - | - |
| 16 | Design for EQ at Lawrence Street WPCF | - | 2,182,389 | - | - | - |
| 17 | C/A for EQ at Lawrence Street WPCF | - | - | 1,168,888 | 1,203,954 | 620,036 |
| 18 | Misc. Equalization Structures | - | - | 407,324 | 419,544 | 216,065 |
| 19 | 2 mgd Equalization (w/ screens and aeration) | - | - | - | - | 3,157,551 |
| 20 | Force Main for Equalization Pump Station | - | - | - | - | 47,363 |
| 21 | 20 mgd Equalization Pump Station | - | - | - | - | 5,407,622 |
| 22 | Pump Station Improvements | - | - | - | - | - |
| 23 | Design of 1.5 mgd Hunters Run Pump Station | - | - | - | - | - |
| 24 | C/A of 1.5 mgd Hunters Run Pump Station | 123,025 | 84,477 | - | - | - |
| 25 | Construction of 1.5 mgd Hunters Run Pump Station | 946,346 | 649,824 | - | - | - |
| 26 | Design of 1 mgd upgrade Hunters Run Pump Station | - | - | - | - | - |
| 27 | C/A of 1 mgd upgrade Hunters Run Pump Station | - | - | - | - | - |
| 28 | Construction of 1 mgd upgrade Hunters Run Pump St | - | - | - | - | - |
| 29 | Sewer System Improvements | - | - | - | - | - |
| 30 | Pipe Section No. 72A - Along Pleasant Run east of Lynwood Lane in development area C-19. | - | - | - | - | - |
| 31 | Pipe Section No. 73 - Along Pleasant Run east of Lynwood Lane in development area C-19. | - | - | - | - | - |
| 32 | Pipe Section No. 80 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 33 | Pipe Section No. 81 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 34 | Pipe Section No. 82 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 35 | Pipe Section No. 83 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 36 | Pipe Section No. 84 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 37 | Pipe Section No. 85 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 38 | Pipe Section No. 86 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 39 | Pipe Section No. 87 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 40 | Pipe Section No. 88 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 41 | Pipe Section No. 89 - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 42 | Storm Sewer Work - Lake/Allen/Maple Sewer Improvement | - | - | - | - | - |
| 43 | Chestnut Street Sewer Rehab (CIPP) - L/A/M | - | - | - | - | - |
| 44 | Design of Pipe Section No. 59 - Collins Road from existing gravity sewer near Fair Avenue to new WPCF | - | - | - | - | - |
| 45 | C/A of Pipe Section No. 59 | - | - | - | - | - |
| 46 | Pipe Section No. 59 | - | - | - | - | - |
| 47 | Design of Pipe Section No. 60 - Campground Rd to new WPCF | - | - | - | - | - |
| 48 | C/A of Pipe Section No. 60 - Campground Rd to new WPCF | - | - | - | - | - |
| 49 | Pipe Section No. 60 - Campground Rd to new WPCF | - | - | - | - | - |
| 50 | Design of Pipe Section No. 70 and No. 71 (Broad Street Express Sewer) | - | - | - | - | - |

Table 5
 City of Lancaster, Ohio
 Wastewater Study
 Debt Service

| | 1 | 2 | 3 | 4 | 5 | 6 |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Account # | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| SRF (OWDA) Loans | | | | | | |
| 1671 | \$933,144 | \$933,144 | \$0 | \$0 | \$0 | \$0 |
| 1672 | 18,937 | 18,937 | 0 | 0 | 0 | 0 |
| 2312 | 897,740 | 897,740 | 897,740 | 897,740 | 0 | 0 |
| 2313 | 342,378 | 342,378 | 342,378 | 342,378 | 342,378 | 171,189 |
| 5035 | 2,356,709 | 2,293,962 | 2,293,962 | 2,293,962 | 2,293,962 | 2,293,962 |
| Subtotal¹ | \$4,548,908 | \$4,486,160 | \$3,534,079 | \$3,534,079 | \$2,636,339 | \$2,465,151 |
| Revenue Bonds | | | | | | |
| Series 2012 Wastewater | \$59,610 | \$143,500 | \$143,200 | \$317,900 | \$319,100 | \$323,250 |
| Existing Bond Debt | 1,789,460 | 1,786,735 | 1,786,723 | 1,786,038 | 1,785,663 | 1,787,475 |
| Proposed Debt Service | - | 107,938 | 786,435 | 1,392,637 | 1,538,967 | 1,592,121 |
| Subtotal | \$1,849,070 | \$2,038,173 | \$2,716,357 | \$3,496,575 | \$3,643,729 | \$3,702,846 |
| Total Debt Service | \$6,397,977 | \$6,524,333 | \$6,250,436 | \$7,030,654 | \$6,280,068 | \$6,167,996 |

¹Budgeted balance transfer exceeds debt service by \$5,050 in 2012

2007 Rate Study

Table 8-A
Historical and Projected Wastewater Revenues and Expenses

| | Historical | | Five Year Forecast | | | | | Ten Year Forecast | | | | |
|---|----------------------|-------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | FY 2006 | Current Year FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
| REVENUES¹ | | | | | | | | | | | | |
| Sewer Rate Revenue ² | \$ 4,211,186 | \$ 4,472,513 | \$ 5,050,751 | \$ 5,703,748 | \$ 6,441,168 | \$ 7,273,927 | \$ 8,214,351 | \$ 9,317,884 | \$ 10,569,667 | \$ 11,989,617 | \$ 12,727,578 | \$ 13,510,961 |
| Residential Customers | 1,090,856 | 1,158,550 | 1,308,335 | 1,477,486 | 1,668,505 | 1,884,221 | 2,127,827 | 2,413,683 | 2,737,942 | 3,105,763 | 3,296,923 | 3,499,848 |
| Commercial Customers | 194,420 | 204,238 | 228,134 | 254,826 | 284,640 | 317,943 | 355,143 | 398,470 | 447,083 | 501,628 | 526,709 | 553,044 |
| Industrial Customers | 2,305 | 2,421 | 2,705 | 3,021 | 3,375 | 3,769 | 4,210 | 4,724 | 5,301 | 5,947 | 6,245 | 6,557 |
| Governmental Customers | 190,002 | 199,997 | 223,843 | 250,533 | 280,405 | 313,838 | 351,259 | 394,900 | 443,964 | 499,124 | 525,129 | 552,488 |
| Greenfield Township WPC Fees | 496,806 | 496,806 | 496,806 | 496,806 | 496,806 | 496,806 | 496,806 | 496,806 | 496,806 | 496,806 | 496,806 | 496,806 |
| Surveillance Fees | 309,294 | 405,000 | 813,285 | 822,231 | 831,275 | 840,419 | 849,664 | 859,010 | 868,459 | 878,012 | 887,671 | 897,435 |
| Capacity Fee and Tap-in Fee Revenue | 250,000 | 200,000 | 173,641 | 173,641 | 173,641 | 173,641 | 173,641 | 173,641 | 173,641 | 173,641 | 173,641 | 173,641 |
| State Grants | 165,200 | 173,641 | 46,793 | 58,281 | 63,886 | 67,869 | 61,132 | 40,605 | 32,203 | 33,496 | 34,846 | 36,257 |
| Other Operating Revenues | 79,041 | 51,384 | 8,344,292 | 9,240,571 | 10,243,701 | 11,372,435 | 12,634,033 | 14,099,724 | 15,775,067 | 17,684,034 | 18,675,547 | 19,727,036 |
| TOTAL REVENUES: | \$ 6,989,110 | \$ 7,364,550 | \$ 8,344,292 | \$ 9,240,571 | \$ 10,243,701 | \$ 11,372,435 | \$ 12,634,033 | \$ 14,099,724 | \$ 15,775,067 | \$ 17,684,034 | \$ 18,675,547 | \$ 19,727,036 |
| Forecasted Customer Growth Rate ⁴ | | | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% |
| EXPENDITURES¹ | | | | | | | | | | | | |
| Operating Expenditures | | | | | | | | | | | | |
| Personnel | \$ 1,444,577 | \$ 1,538,900 | \$ 1,598,735 | \$ 1,661,260 | \$ 2,151,910 | \$ 2,236,882 | \$ 2,325,723 | \$ 2,418,628 | \$ 2,515,805 | \$ 2,617,469 | \$ 2,723,851 | \$ 2,835,190 |
| Utilities | 335,716 | 426,000 | 447,500 | 469,665 | 650,832 | 683,374 | 717,542 | 753,419 | 791,090 | 830,645 | 872,177 | 915,786 |
| Materials & Supplies | 236,098 | 272,400 | 282,525 | 293,035 | 431,087 | 446,981 | 493,473 | 480,588 | 493,349 | 516,781 | 535,909 | 553,557 |
| Equipment | 48,429 | 66,000 | 66,480 | 66,974 | 86,055 | 86,714 | 87,393 | 88,093 | 88,814 | 89,556 | 90,321 | 91,108 |
| Contractual Services | 1,037,418 | 1,147,000 | 1,192,152 | 1,239,108 | 1,421,311 | 1,477,357 | 1,535,644 | 1,596,262 | 1,659,305 | 1,724,871 | 1,793,063 | 1,863,987 |
| Internal Services | 546,620 | 586,010 | 611,942 | 639,086 | 667,501 | 697,248 | 728,390 | 760,993 | 795,129 | 830,871 | 868,295 | 907,483 |
| Miscellaneous | 199,216 | 343,600 | 352,323 | 361,403 | 431,259 | 443,367 | 455,973 | 469,100 | 482,770 | 497,007 | 511,834 | 527,279 |
| Total Operating Expenditures | \$ 3,848,075 | \$ 4,379,910 | \$ 4,551,457 | \$ 4,730,531 | \$ 5,839,956 | \$ 6,071,922 | \$ 6,314,138 | \$ 6,567,084 | \$ 6,831,262 | \$ 7,107,199 | \$ 7,395,450 | \$ 7,677,391 |
| Existing Debt Service | | | | | | | | | | | | |
| 1671 OWDA Loan | \$ 958,322 | \$ 958,322 | \$ 958,322 | \$ 958,322 | \$ 958,321 | \$ 958,322 | \$ 958,322 | \$ 958,322 | \$ 479,161 | \$ - | \$ - | \$ - |
| 1672 OWDA Loan | 897,740 | 897,740 | 897,740 | 897,740 | 897,740 | 897,740 | 897,740 | 897,740 | 897,739 | 897,740 | 897,740 | 897,740 |
| 2312 OWDA Loan | 342,378 | 342,378 | 342,378 | 342,377 | 342,378 | 342,378 | 342,378 | 342,378 | 342,378 | 342,378 | 342,378 | 342,378 |
| 2313 OWDA Loan | 351,641 | 351,641 | 350,466 | 351,754 | 352,554 | 347,841 | 352,766 | 352,148 | 351,148 | 350,125 | 351,625 | 352,625 |
| Series 2004 Wastewater Revenue Bonds-Rockmill | 42,846 | 48,584 | 48,584 | 48,584 | 48,584 | 48,584 | 48,584 | 48,584 | 48,584 | 48,584 | 48,584 | 48,584 |
| Upper Hooking WWTP BAN (\$725,000) | (84,312) | 315,000 | 315,000 | 315,000 | 315,000 | 315,000 | 315,000 | 315,000 | 315,000 | 315,000 | 315,000 | 315,000 |
| Lake Allen Sewer Separation BAN (\$7,520,000) | | | | | | | | | | | | |
| Adjustment (to match 2006 actual bond payment) | \$ 2,527,806 | \$ 2,929,931 | \$ 2,931,681 | \$ 2,932,969 | \$ 2,933,768 | \$ 2,929,056 | \$ 2,570,397 | \$ 2,569,779 | \$ 2,080,020 | \$ 1,590,243 | \$ 1,142,873 | \$ 695,003 |
| Total Existing Debt Service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| New Debt Service | | | | | | | | | | | | |
| Anticipated 2009 BAN payments (\$16,839,503) ⁵ | \$ - | \$ - | \$ - | \$ 589,383 | \$ 589,383 | \$ 589,383 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Anticipated 2010 BAN payments (\$17,365,033) | \$ - | \$ - | \$ - | \$ 607,776 | \$ 607,776 | \$ 607,776 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Anticipated 2011 BAN payments (\$9,966,483) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 348,827 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Revenue Bonds ⁶ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,658,856 | \$ - | \$ - | \$ - | \$ - | \$ - |
| OWDA Loans | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| General Obligation Bonds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total New Debt Service | \$ - | \$ - | \$ - | \$ 589,383 | \$ 1,197,159 | \$ 1,545,986 | \$ 3,658,856 | \$ 3,724,852 | \$ 4,370,803 | \$ 5,381,612 | \$ 7,237,851 | \$ 8,415,884 |
| Minor Capital Outlay | | | | | | | | | | | | |
| Capital Outlay - Cash Funded CIP | \$ 662,577 | \$ - | \$ - | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ - | \$ 2,141,465 | \$ 2,429,746 | \$ 3,538,935 | \$ 2,710,387 | \$ 1,146,696 |
| Non-Operating Transfers⁷ | | | | | | | | | | | | |
| Transfer to Fund 623 (Replacement & Improvement) | \$ 1,740,800 | \$ 675,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 120,000 | \$ 120,000 |
| Transfer to Fund 630 (Construction) | 2,300,000 | 2,300,000 | - | - | - | - | - | - | - | - | - | - |
| Total Non-Operating Transfers | \$ 4,040,800 | \$ 675,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 120,000 | \$ 120,000 |
| TOTAL EXPENDITURES | \$ 11,079,258 | \$ 8,334,841 | \$ 7,833,138 | \$ 8,602,883 | \$ 10,320,883 | \$ 10,896,964 | \$ 13,783,231 | \$ 15,003,179 | \$ 15,711,830 | \$ 17,617,990 | \$ 18,606,562 | \$ 19,654,974 |
| REVENUE SURPLUS (DEFICIENCY) | (4,090,147) | (970,291) | 511,153 | 637,688 | (77,181) | 475,471 | (1,149,198) | (903,455) | 63,236 | 66,044 | 68,984 | 72,063 |
| AVERAGE RATE INCREASE⁸ | | 5.1% (adopted) | 11.7% | 11.7% | 11.7% | 11.7% | 11.7% | 12.2% | 12.2% | 12.2% | 5.0% | 5.0% |

¹ Actual and forecasted revenues and expenditures are shown on a cash basis.

² Rate Revenue includes additional revenues anticipated to be generated from the rate increases needed to meet cash needs and coverage requirements (2008 through 2012).

³ Interest Earnings includes projected interest earnings on working capital funds at an assumed interest earnings rate of 2 percent per year.

⁴ Customer growth rate of 1.1% applies to residential and commercial customer classes only. No growth is assumed in industrial or governmental customer classes.

⁵ BAN Payments includes projected Bond Anticipation Notes to be issued through 2011 to finance capital projects.

⁶ New Revenue Bond Debt Service includes conversion of all BANs to Revenue Bonds at an interest rate of 5.5 percent, a 30 years term, and 1.5 percent issuance fees.

⁷ Non-Operating Transfers to Fund 623 (Replacement & Improvement) and Fund 630 (Construction) to fund capital costs in addition to cash-funded CIP.

⁸ Average Rate Increase equals the annual rate increase required to meet coverage, working capital, cash flow needs and additional bonds test.

Summary of Projected Monthly Wastewater Rates

| Year | Rate Inc. | Customer Charge | | | Treatment Charge (per ccf) | | |
|------|-----------|-----------------|---------------------|---------|----------------------------|---------------------|---------|
| | | User Charge | Debt Service Charge | Total | User Charge | Debt Service Charge | Total |
| 2007 | --- | \$3.47 | \$5.42 | \$8.89 | \$2.12 | \$0.95 | \$3.07 |
| 2008 | 11.7% | \$3.88 | \$6.05 | \$9.93 | \$2.37 | \$1.06 | \$3.43 |
| 2009 | 11.7% | \$4.33 | \$6.76 | \$11.09 | \$2.65 | \$1.19 | \$3.83 |
| 2010 | 11.7% | \$4.84 | \$7.55 | \$12.39 | \$2.95 | \$1.32 | \$4.28 |
| 2011 | 11.7% | \$5.40 | \$8.44 | \$13.84 | \$3.30 | \$1.48 | \$4.78 |
| 2012 | 11.7% | \$6.03 | \$9.42 | \$15.46 | \$3.69 | \$1.65 | \$5.34 |
| 2013 | 12.2% | \$6.77 | \$10.57 | \$17.34 | \$4.14 | \$1.85 | \$5.99 |
| 2014 | 12.2% | \$7.60 | \$11.86 | \$19.46 | \$4.64 | \$2.08 | \$6.72 |
| 2015 | 12.2% | \$8.52 | \$13.31 | \$21.83 | \$5.21 | \$2.33 | \$7.54 |
| 2016 | 5.0% | \$8.95 | \$13.98 | \$22.93 | \$5.47 | \$2.45 | \$7.92 |
| 2017 | 5.0% | \$9.40 | \$14.68 | \$24.07 | \$5.74 | \$2.57 | \$8.31 |
| 2018 | 5.0% | \$9.87 | \$15.41 | \$25.28 | \$6.03 | \$2.70 | \$8.73 |
| 2019 | 5.0% | \$10.36 | \$16.18 | \$26.54 | \$6.33 | \$2.84 | \$9.17 |
| 2020 | 3.5% | \$10.72 | \$16.75 | \$27.47 | \$6.55 | \$2.94 | \$9.49 |
| 2021 | 3.5% | \$11.10 | \$17.33 | \$28.43 | \$6.78 | \$3.04 | \$9.82 |
| 2022 | 3.5% | \$11.49 | \$17.94 | \$29.43 | \$7.02 | \$3.14 | \$10.16 |
| 2023 | 0.0% | \$11.49 | \$17.94 | \$29.43 | \$7.02 | \$3.14 | \$10.16 |
| 2024 | 0.0% | \$11.49 | \$17.94 | \$29.43 | \$7.02 | \$3.14 | \$10.16 |
| 2025 | 0.0% | \$11.49 | \$17.94 | \$29.43 | \$7.02 | \$3.14 | \$10.16 |
| 2026 | 0.0% | \$11.49 | \$17.94 | \$29.43 | \$7.02 | \$3.14 | \$10.16 |
| 2027 | 0.0% | \$11.49 | \$17.94 | \$29.43 | \$7.02 | \$3.14 | \$10.16 |
| 2028 | 0.0% | \$11.49 | \$17.94 | \$29.43 | \$7.02 | \$3.14 | \$10.16 |
| 2029 | 2.5% | \$11.77 | \$18.39 | \$30.16 | \$7.19 | \$3.22 | \$10.42 |
| 2030 | 2.5% | \$12.07 | \$18.85 | \$30.92 | \$7.37 | \$3.30 | \$10.68 |

Table 10**Summary of Projected Sewer Rates**

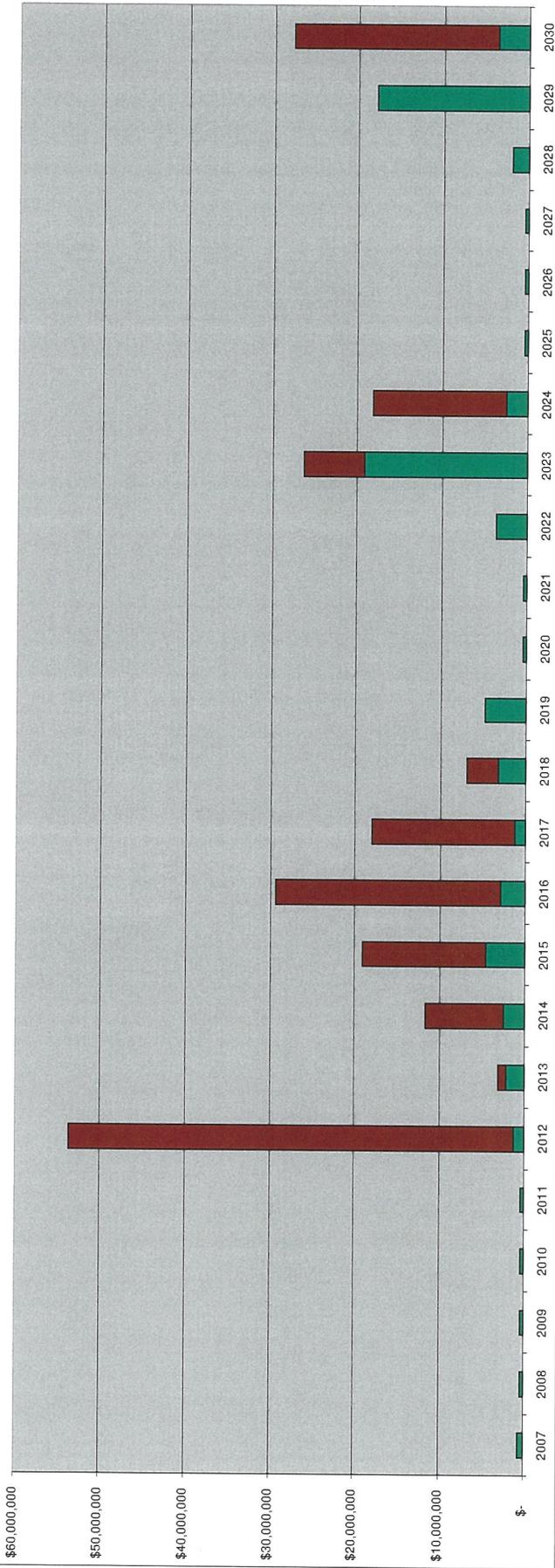
| Year | Rate Inc. | Customer Charge | Treatment Charge¹ |
|-------------|------------------|------------------------|-------------------------------------|
| 2007 | -- | \$8.89 | \$3.07 |
| 2008 | 11.7% | \$9.93 | \$3.43 |
| 2009 | 11.7% | \$11.09 | \$3.83 |
| 2010 | 11.7% | \$12.39 | \$4.28 |
| 2011 | 11.7% | \$13.84 | \$4.78 |
| 2012 | 11.7% | \$15.46 | \$5.34 |
| 2013 | 12.2% | \$17.34 | \$5.99 |
| 2014 | 12.2% | \$19.46 | \$6.72 |
| 2015 | 12.2% | \$21.83 | \$7.54 |
| 2016 | 5.0% | \$22.93 | \$7.92 |
| 2017 | 5.0% | \$24.07 | \$8.31 |
| 2018 | 5.0% | \$25.28 | \$8.73 |
| 2019 | 5.0% | \$26.54 | \$9.17 |
| 2020 | 3.5% | \$27.47 | \$9.49 |
| 2021 | 3.5% | \$28.43 | \$9.82 |
| 2022 | 3.5% | \$29.43 | \$10.16 |
| 2023 | 0.0% | \$29.43 | \$10.16 |
| 2024 | 0.0% | \$29.43 | \$10.16 |
| 2025 | 0.0% | \$29.43 | \$10.16 |
| 2026 | 0.0% | \$29.43 | \$10.16 |
| 2027 | 0.0% | \$29.43 | \$10.16 |
| 2028 | 0.0% | \$29.43 | \$10.16 |
| 2029 | 2.5% | \$30.16 | \$10.42 |
| 2030 | 2.5% | \$30.92 | \$10.68 |

¹ Treatment Charge per 100 cubic feet (ccf)**Table 11****Summary of Projected Typical Monthly Bill**

| Year | Rate Inc. | Monthly Bill¹ |
|-------------|------------------|---------------------------------|
| 2007 | -- | \$33.45 |
| 2008 | 11.7% | \$37.36 |
| 2009 | 11.7% | \$41.74 |
| 2010 | 11.7% | \$46.62 |
| 2011 | 11.7% | \$52.07 |
| 2012 | 11.7% | \$58.17 |
| 2013 | 12.2% | \$65.26 |
| 2014 | 12.2% | \$73.22 |
| 2015 | 12.2% | \$82.16 |
| 2016 | 5.0% | \$86.26 |
| 2017 | 5.0% | \$90.58 |
| 2018 | 5.0% | \$95.11 |
| 2019 | 5.0% | \$99.86 |
| 2020 | 3.5% | \$103.36 |
| 2021 | 3.5% | \$106.97 |
| 2022 | 3.5% | \$110.72 |
| 2023 | 0.0% | \$110.72 |
| 2024 | 0.0% | \$110.72 |
| 2025 | 0.0% | \$110.72 |
| 2026 | 0.0% | \$110.72 |
| 2027 | 0.0% | \$110.72 |
| 2028 | 0.0% | \$110.72 |
| 2029 | 2.5% | \$113.49 |
| 2030 | 2.5% | \$116.32 |

¹ Monthly bill based on 8 ccf per month flow

CIP Funding Summary (Cash vs. Debt Funding)

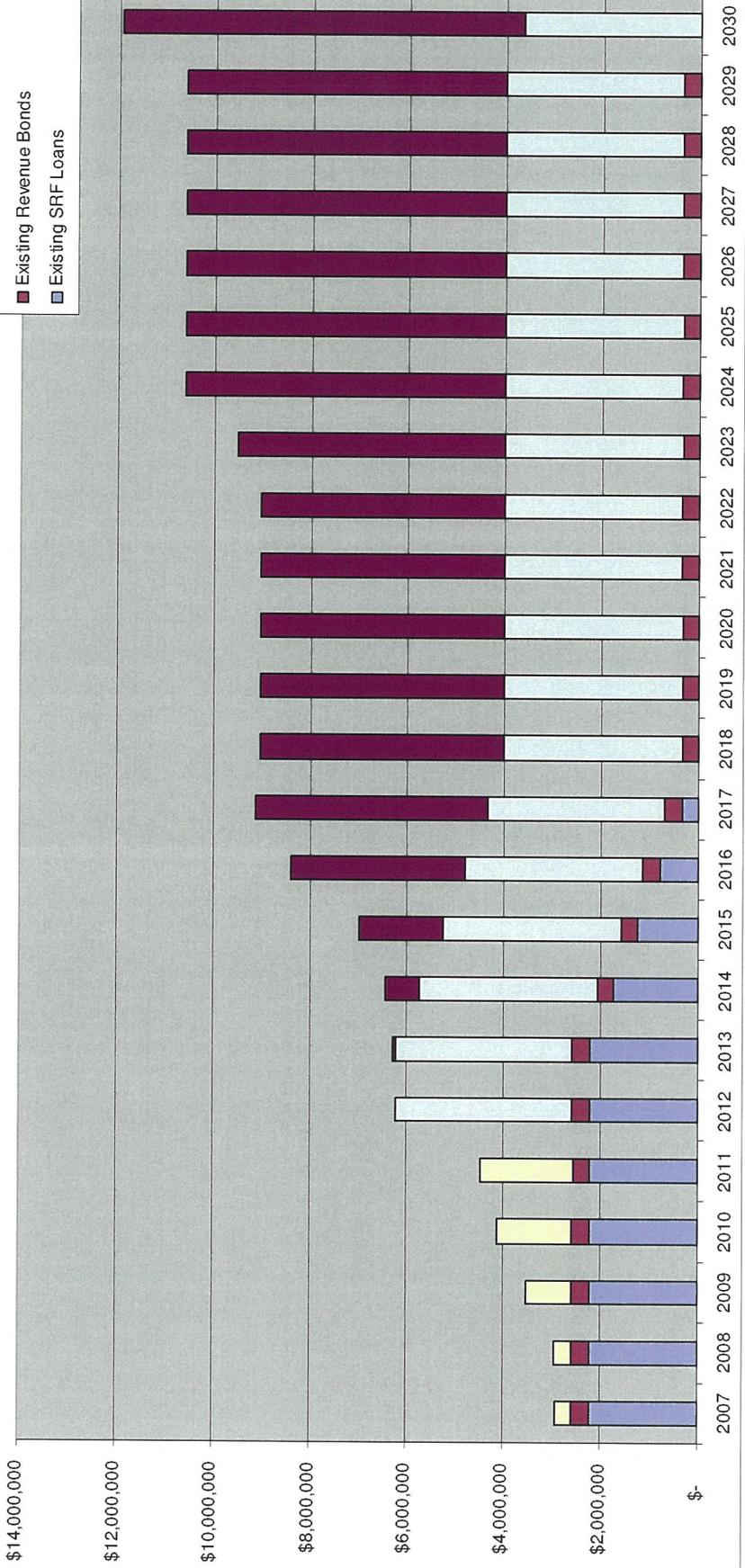


| | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| CASH FUNDING | | | | | | | | | | | | |
| Operating Fund | | | | | | | | | | | | |
| Capital Outlay | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 |
| Cash-Funded CIP | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 889,839 | \$ 1,791,465 | \$ 2,079,746 | \$ 3,188,935 | \$ 2,360,387 | \$ 796,896 | \$ 2,877,884 |
| Wastewater Replacement Fund | | | | | | | | | | | | |
| Cash-Funded CIP | \$ 300,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,000,025 | \$ 120,000 | \$ 120,000 | \$ - |
| TOTAL CASH-FUNDED CIP | \$ 650,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 1,239,839 | \$ 2,141,465 | \$ 2,429,746 | \$ 4,538,960 | \$ 2,830,387 | \$ 1,266,896 | \$ 3,227,884 |
| DEBT REPAYMENT | | | | | | | | | | | | |
| Operating Fund | | | | | | | | | | | | |
| Capital Outlay | \$ 2,929,931 | \$ 2,931,681 | \$ 3,522,352 | \$ 4,130,927 | \$ 4,475,042 | \$ 6,229,253 | \$ 6,294,630 | \$ 6,450,823 | \$ 6,971,855 | \$ 8,380,724 | \$ 9,110,887 | \$ 9,016,501 |
| Cash-Funded CIP | \$ 3,579,931 | \$ 3,281,681 | \$ 3,872,352 | \$ 4,480,927 | \$ 4,825,042 | \$ 7,469,092 | \$ 8,436,095 | \$ 8,880,569 | \$ 11,510,815 | \$ 11,211,112 | \$ 10,377,563 | \$ 12,244,384 |
| Percent Cash Funded | 18% | 11% | 9% | 8% | 7% | 17% | 25% | 27% | 39% | 25% | 12% | 26% |
| Percent Debt Repayment | 82% | 89% | 91% | 92% | 93% | 83% | 75% | 73% | 61% | 75% | 88% | 74% |

| | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|------------------------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| (Con't) CASH FUNDING | | | | | | | | | | | | |
| Operating Fund | | | | | | | | | | | | |
| Capital Outlay | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 |
| Cash-Funded CIP | \$ 4,458,733 | \$ - | \$ - | \$ 3,209,413 | \$ 18,827,433 | \$ 2,158,061 | \$ - | \$ - | \$ - | \$ 1,498,968 | \$ 17,448,111 | \$ 3,241,277 |
| Wastewater Replacement Fund | | | | | | | | | | | | |
| Cash-Funded CIP | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL CASH-FUNDED CIP | \$ 4,808,733 | \$ 350,000 | \$ 350,000 | \$ 3,559,413 | \$ 19,177,433 | \$ 2,508,061 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 1,848,968 | \$ 17,798,111 | \$ 3,591,277 |
| DEBT REPAYMENT | | | | | | | | | | | | |
| Operating Fund | | | | | | | | | | | | |
| Capital Outlay | \$ 9,016,751 | \$ 9,016,501 | \$ 9,020,751 | \$ 9,019,251 | \$ 9,516,119 | \$ 10,613,333 | \$ 10,610,083 | \$ 10,611,333 | \$ 10,612,558 | \$ 10,613,071 | \$ 10,612,871 | \$ 11,943,536 |
| Cash-Funded CIP | \$ 13,825,483 | \$ 9,366,501 | \$ 9,370,751 | \$ 12,578,663 | \$ 28,693,552 | \$ 13,121,394 | \$ 10,960,083 | \$ 10,961,333 | \$ 10,962,558 | \$ 12,462,039 | \$ 28,410,982 | \$ 15,534,812 |
| Percent Cash Funded | 35% | 4% | 4% | 28% | 67% | 19% | 3% | 3% | 3% | 15% | 63% | 23% |
| Percent Debt Repayment | 65% | 96% | 96% | 72% | 33% | 81% | 97% | 97% | 97% | 85% | 37% | 77% |

Debt Repayment Overview

- Post FY 2012 NEW Revenue Bonds
- NEW FY 2012 Revenue Bond
- BANS thru FY 2011
- Existing Revenue Bonds
- Existing SRF Loans



| | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| DEBT Repayment | | | | | | | | | | | | |
| Existing SRF Loans | \$ 2,217,631 | \$ 2,217,631 | \$ 2,217,631 | \$ 2,217,630 | \$ 2,217,631 | \$ 2,217,631 | \$ 2,217,631 | \$ 1,728,872 | \$ 1,240,118 | \$ 791,248 | \$ 342,378 | \$ - |
| Existing Revenue Bonds | \$ 348,716 | \$ 350,466 | \$ 351,754 | \$ 352,554 | \$ 347,841 | \$ 352,766 | \$ 352,148 | \$ 351,148 | \$ 350,125 | \$ 351,625 | \$ 352,625 | \$ 348,125 |
| BANS (thru FY 2011) | \$ 363,584 | \$ 363,584 | \$ 952,967 | \$ 1,560,743 | \$ 1,909,570 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| New FY 2012 Revenue Bond | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Post FY 2012 Revenue Bonds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 |
| TOTAL DEBT REPAYMENT: | \$ 2,929,931 | \$ 2,931,681 | \$ 3,522,352 | \$ 4,130,927 | \$ 4,475,042 | \$ 6,229,253 | \$ 6,294,630 | \$ 6,450,823 | \$ 6,971,855 | \$ 8,380,724 | \$ 9,110,887 | \$ 9,016,501 |

| | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| DEBT Repayment (cont) | | | | | | | | | | | | |
| Existing SRF Loans | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Existing Revenue Bonds | \$ 348,375 | \$ 348,125 | \$ 352,375 | \$ 350,875 | \$ 348,875 | \$ 351,375 | \$ 348,125 | \$ 349,375 | \$ 350,600 | \$ 351,113 | \$ 350,913 | \$ - |
| BANS (thru FY 2011) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| New FY 2012 Revenue Bond | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 | \$ 3,658,856 |
| Post FY 2012 Revenue Bonds | \$ 5,009,519 | \$ 5,009,519 | \$ 5,009,519 | \$ 5,009,519 | \$ 5,508,388 | \$ 6,603,102 | \$ 6,603,102 | \$ 6,603,102 | \$ 6,603,102 | \$ 6,603,102 | \$ 6,603,102 | \$ 6,284,679 |
| TOTAL DEBT REPAYMENT: | \$ 9,016,751 | \$ 9,016,501 | \$ 9,020,751 | \$ 9,019,251 | \$ 9,516,119 | \$ 10,613,333 | \$ 10,610,083 | \$ 10,611,333 | \$ 10,612,558 | \$ 10,613,071 | \$ 10,612,871 | \$ 11,943,536 |