



Master Planning Ohio's Fastest Growing County



Delaware County Regional Sewer District
OWEA Annual Conference
June 28, 2017



DELAWARE COUNTY

- Fastest growing County in Ohio
- Healthiest County in Ohio
- 2nd Happiest County in USA
- Wealthiest County in Ohio
- Most Educated County (>60% bachelor's degree)

REGIONAL SEWER DISTRICT

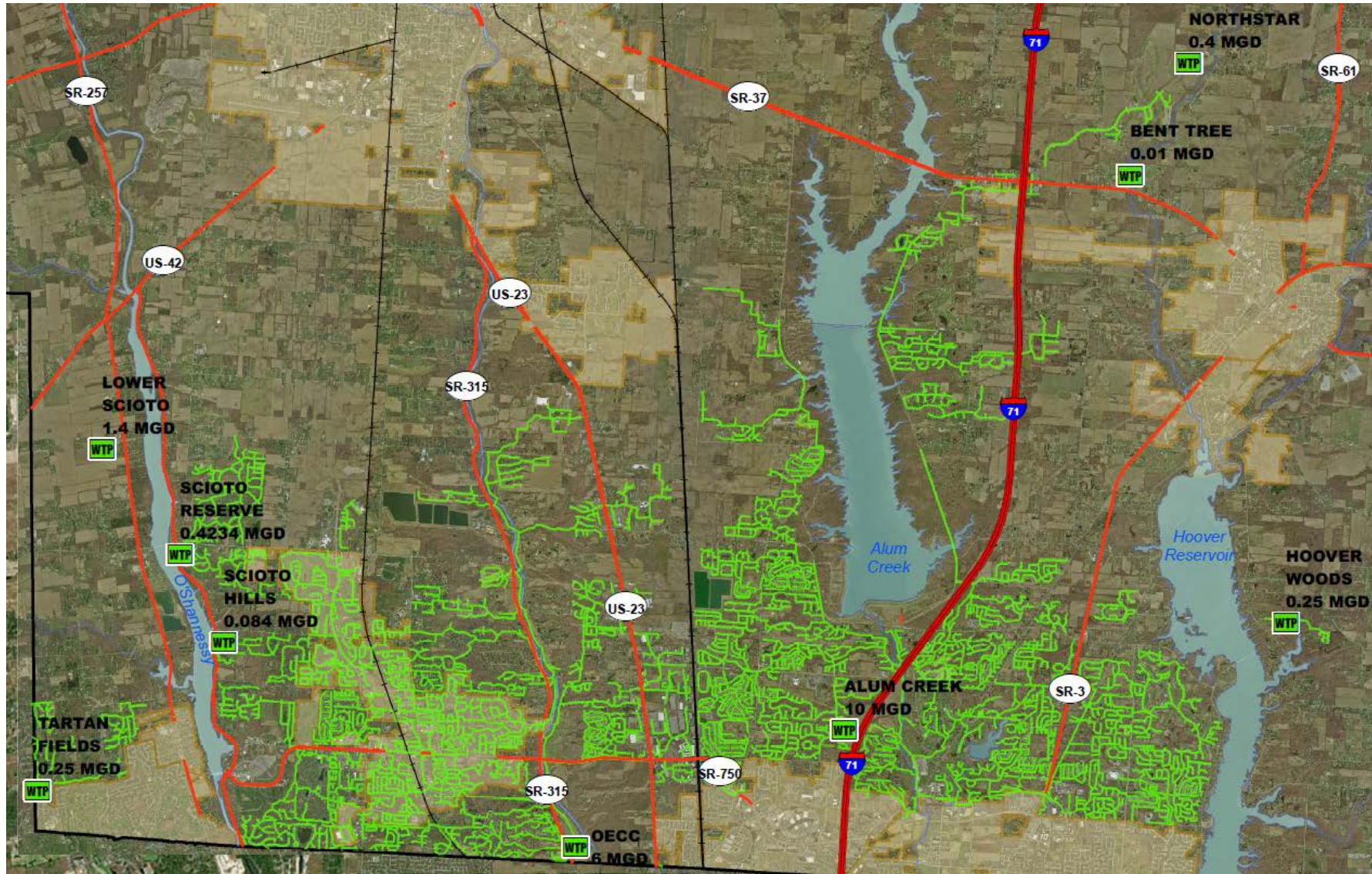
- Discharge to 4 watersheds that include drinking water supply sources, scenic rivers and recreational lakes
 - Alum Creek
 - O'Shaughnessy Reservoir
 - Hoover Reservoir
 - Olentangy River
- 3 Water Reclamation Facilities
 - Alum Creek
 - OECC
 - Lower Scioto
- 3 land application/beneficial reuse facilities
 - Tartan Fields
 - Scioto Reserve
 - North Star
- 3 Small Package Plants
- Separate Sewers - Over 500 Miles of Sewers, 24 Pump Stations, and 10,000 Manholes
- Annual Budget of Over \$22 Million
- 60 Operators, 10 Engineers, 5 Inspectors and 4 Administrative
- 0 overflows last year
- 33,000 Customers on the System
- Sewer Rates = \$32/Month Flat Fee

CUSTOMER INFORMATION

- Top Ten Users = 1.5% of Revenue
- Residential Users Account for 89.1% of System Revenues
- Median Household Income:
 - 2010 - \$87,908
 - 2015 - \$91,955
 - **0.4% Residential Burden**

Customer	# of Equivalents
Alum Creek State Park	98.00
Nationwide Mutual Insurance Co.	97.20
Meijer, Inc.	48.28
Westerville Central High School	41.88
Olentangy Liberty High School	41.88
Olentangy Orange High School	41.88
Pilot Travel Center	41.38
Interstate 71 Rest Area	37.83
Olentangy Lewis Center High School	36.64
Kinsale Golf & Fitness Club	32.21
Total	517.18

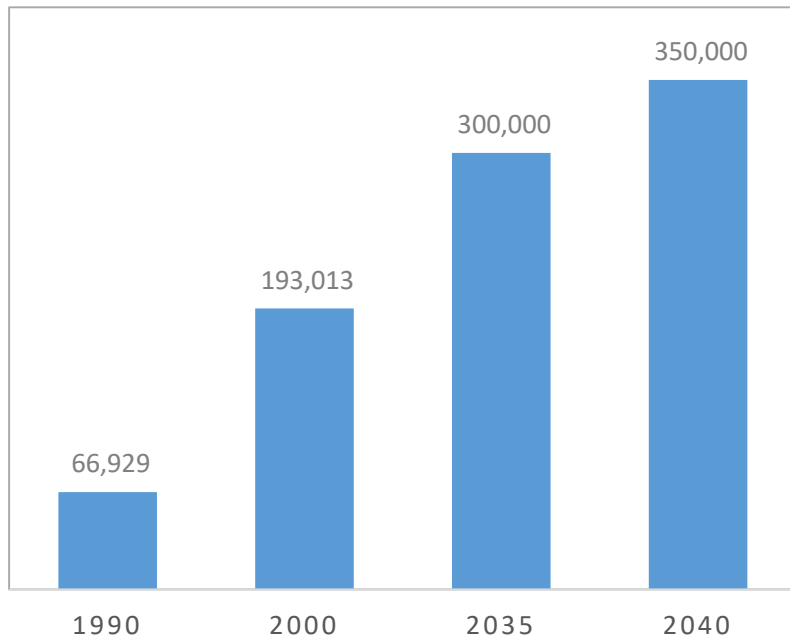
REGIONAL SEWER DISTRICT



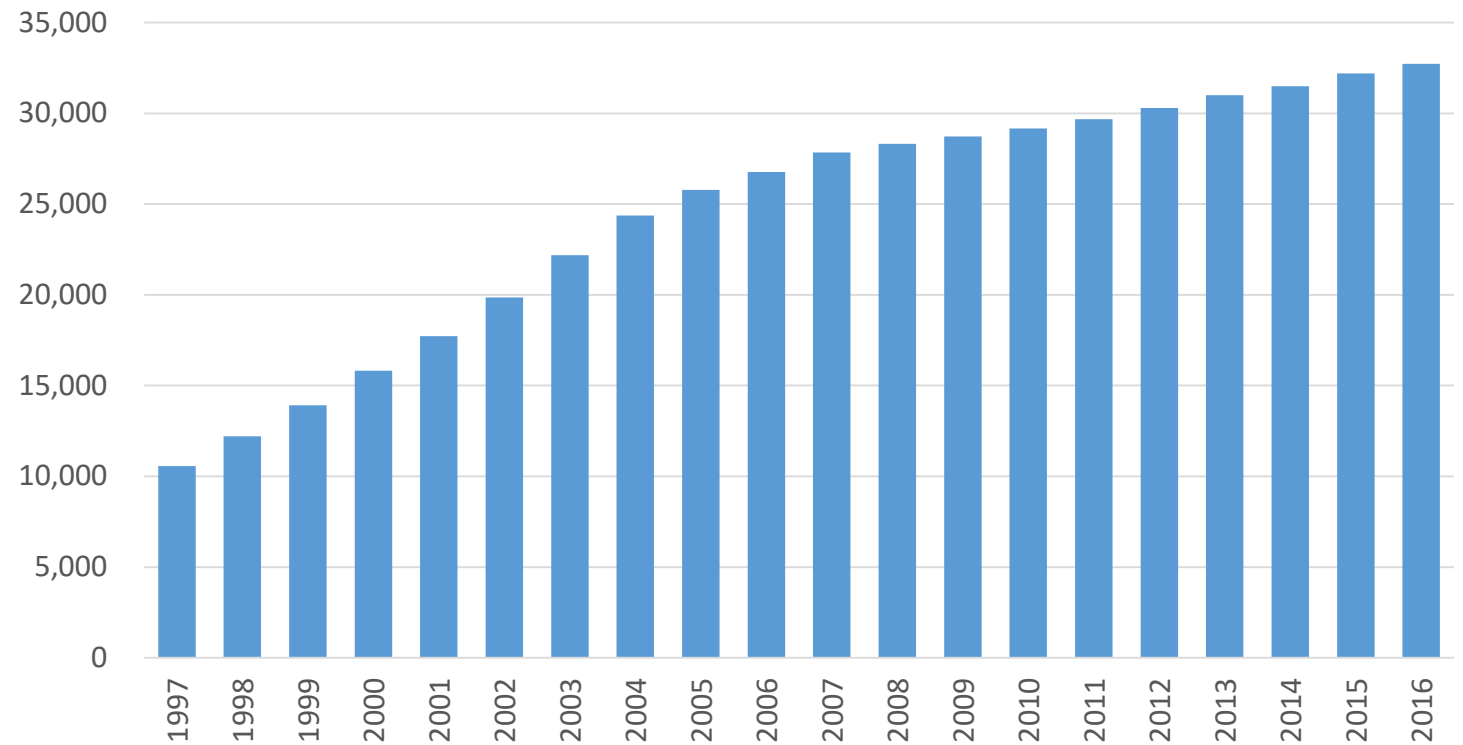
POPULATION GROWTH PROJECTION

- 110,000 Customer currently, projected to be 210,000 in 2040
 - 60% of residents use DCRSD sewer system

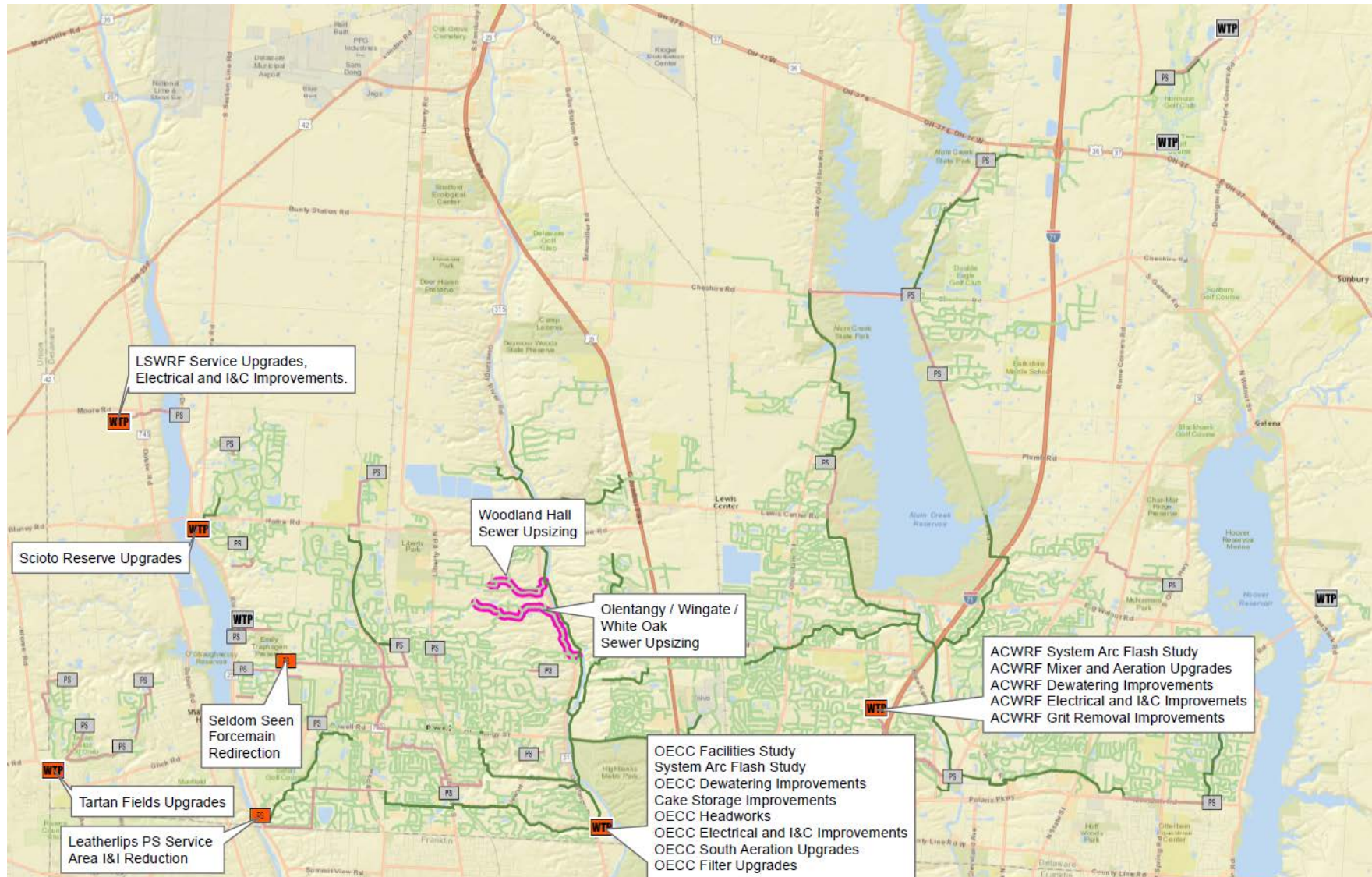
COUNTY POPULATION GROWTH



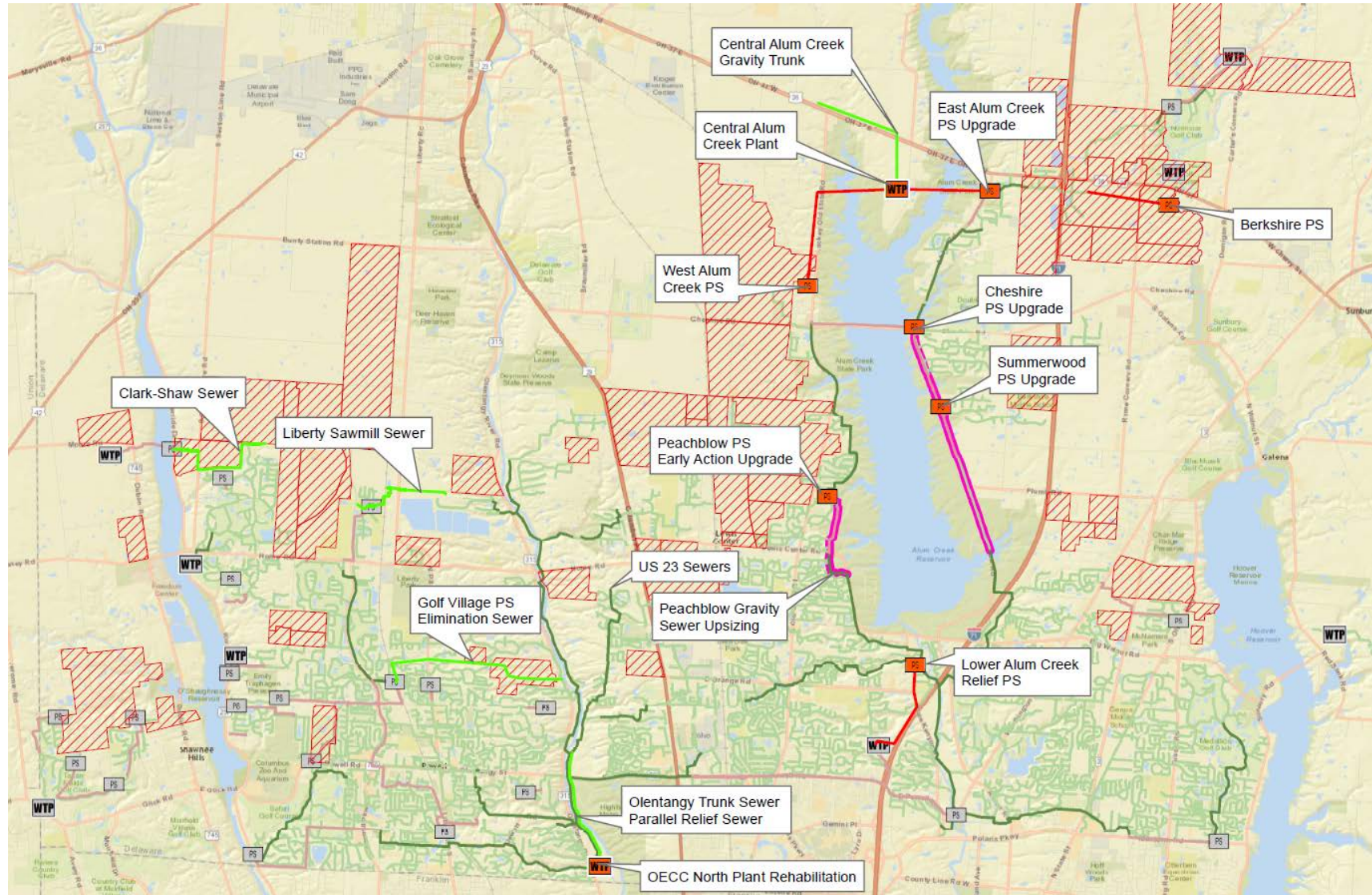
Equivalent Customer Accounts



EXISTING SYSTEM PROJECTS



DEVELOPMENT PROJECTS



DEVELOPMENT EXAMPLES



- Large scale, 900 – 2,000 home “Mega” developments

MASTER PLAN CAPITAL PROJECT NEEDS

Existing System Projects

- \$39 M CIP through 2022
- Alum Creek WRF
 - Mixer and Aeration
 - Dewatering
 - Grit Removal
- OECC
 - Headworks
 - Dewatering
 - North Plant Rehabilitation

Development-related Projects

- \$105M CIP through 2026
- Central Alum Creek WRF
- Clark Shaw Trunk Sewer
- Liberty Sawmill
- Golf Village Sewers

DEVELOPMENT FINANCIAL PLAN

- Connection fees increasing to \$8,100 over 4 years
 - 90% transferred to development capital fund

- 3% of user fee revenues transferred to development capital fund

Capacity Fee & Development Cashflow	CY 2016 <i>Estimated</i>	CY 2017 <i>Projected</i>	CY 2018 <i>Projected</i>	CY 2019 <i>Projected</i>	CY 2020 <i>Projected</i>	CY 2021 <i>Projected</i>	CY 2022 <i>Projected</i>	CY 2023 <i>Projected</i>	CY 2024 <i>Projected</i>	CY 2025 <i>Projected</i>	CY 2026 <i>Projected</i>	Total
Development Capital Fund - Beginning Balance	\$ 3,800,000	\$ 10,024,429	\$ 7,762,850	\$ 6,097,012	\$ 3,474,189	\$ 6,660,141	\$ 5,196,841	\$ 3,848,272	\$ 5,127,642	\$ 2,107,429	\$ 4,774,108	
Sources of Funds												
Capacity Fees	\$ 5,798,829	\$ 6,408,859	\$ 6,696,648	\$ 7,075,307	\$ 7,455,167	\$ 7,149,997	\$ 7,287,697	\$ 7,425,397	\$ 7,563,097	\$ 7,708,897	\$ 7,854,697	\$ 78,424,592
3% Transfer from Sewer Revenue	425,600	428,900	445,300	469,800	492,400	517,400	542,100	569,500	587,800	599,600	611,600	5,690,000
Revenue Bond Proceeds	-	-	2,500,000	-	-	-	15,000,000	19,000,000	-	-	-	36,500,000
SRF Loan Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
TIF Proceeds	-	-	500,000	750,000	1,000,000	1,500,000	250,000	-	-	-	-	4,000,000
Total: Sources of Funds	\$ 6,224,429	\$ 6,837,759	\$ 10,141,948	\$ 8,295,107	\$ 8,947,567	\$ 9,167,397	\$ 23,079,797	\$ 26,994,897	\$ 8,150,897	\$ 8,308,497	\$ 8,466,297	\$ 124,614,592
Uses of Funds												
Proposed Debt Service	\$ -	\$ -	\$ -	\$ 72,649	\$ 145,298	\$ 145,298	\$ 145,298	\$ 581,192	\$ 1,569,220	\$ 2,121,353	\$ 2,121,353	\$ 6,901,661
Revenue Bonds	-	-	-	-	-	-	-	-	-	-	-	-
SRF & Loans	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal: Proposed Debt	\$ -	\$ -	\$ -	\$ 72,649	\$ 145,298	\$ 145,298	\$ 145,298	\$ 581,192	\$ 1,569,220	\$ 2,121,353	\$ 2,121,353	\$ 6,901,661
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Development-Related Capital Expenditures	-	8,458,452	11,125,621	10,137,750	4,870,800	9,770,400	23,479,298	24,296,795	8,845,580	2,749,576	1,247,057	104,981,329
Debt Issuance Costs	-	-	12,500	-	-	-	75,000	95,000	-	-	-	182,500
Total: Uses of Funds	\$ -	\$ 9,099,338	\$ 11,807,786	\$ 10,917,930	\$ 5,761,615	\$ 10,630,698	\$ 24,428,366	\$ 25,715,527	\$ 11,171,109	\$ 5,641,818	\$ 4,153,879	\$ 119,328,066
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Development Capital Fund - Ending Balance	\$ 10,024,429	\$ 7,762,850	\$ 6,097,012	\$ 3,474,189	\$ 6,660,141	\$ 5,196,841	\$ 3,848,272	\$ 5,127,642	\$ 2,107,429	\$ 4,774,108	\$ 9,086,525	
Capacity Fee, per ERU	\$ 5,900	\$ 6,400	\$ 6,900	\$ 7,500	\$ 8,100	\$ 8,100	\$ 8,100	\$ 8,100	\$ 8,100	\$ 8,100	\$ 8,100	\$ 8,100

CY	Cash Balance
CY 16	10.0
CY 17	7.8
CY 18	6.1
CY 19	3.5
CY 20	6.7
CY 21	5.2
CY 22	3.8
CY 23	5.2
CY 24	2.2
CY 25	4.8
CY 26	9.1

Assumptions Used in Development Forecast

- Surcharges phased out between 2017 and 2022, approx 25% per year
- Tap Fee increases through 2020
- Approx. 90% of capacity fees transferred to Development Fund
- Annual transfer equal to 3% of sewer revenues
- \$105M in total capital needs through 2026 (inflated dollars)
 - Approx. \$64.5M funded with cash
 - Approx. \$36.5M funded with debt issuance
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HOW DO WE FUND \$150M IN CAPITAL PROJECTS?



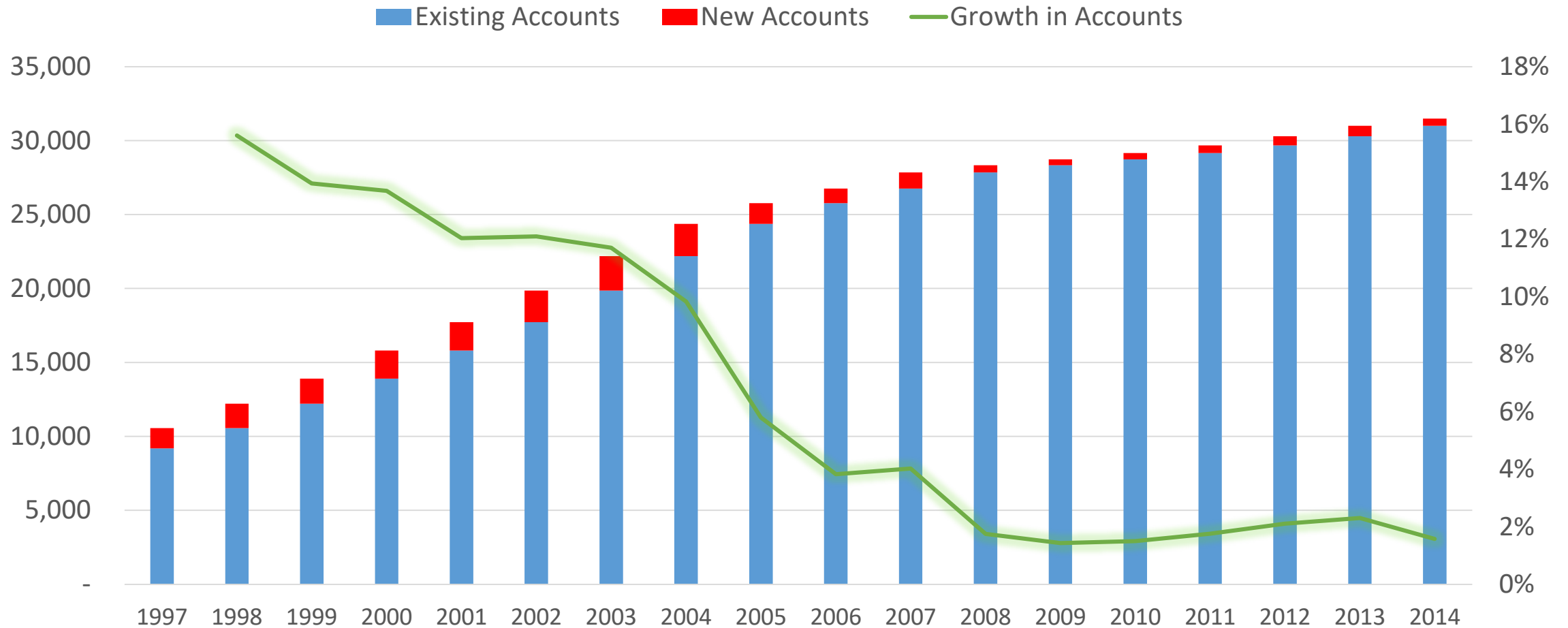
UTILITY FINANCIAL PLANNING

- As an enterprise fund, the utility must run like a self-supporting business
- Scale of operations, infrastructure, and investment requires thoughtful planning for needs for existing and future customers

Objective: Balance system reliability, sustainability and financial integrity with customer costs & impacts

CUSTOMER ACCOUNTS & GROWTH

Equivalent Residential Accounts



SEWER RATE STRUCTURE

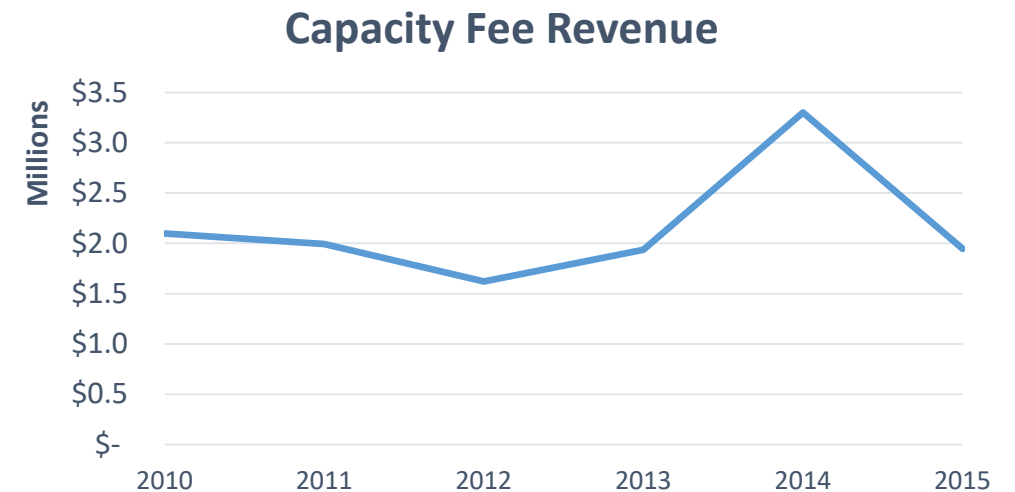
- Monthly flat rate based on equivalent residential units (billed quarterly)
 - Delinquency billed on property taxes

	Current	Feb 1, 2016	Feb 1, 2018
Single Family Residence	\$30.00	\$32.00	\$33.00

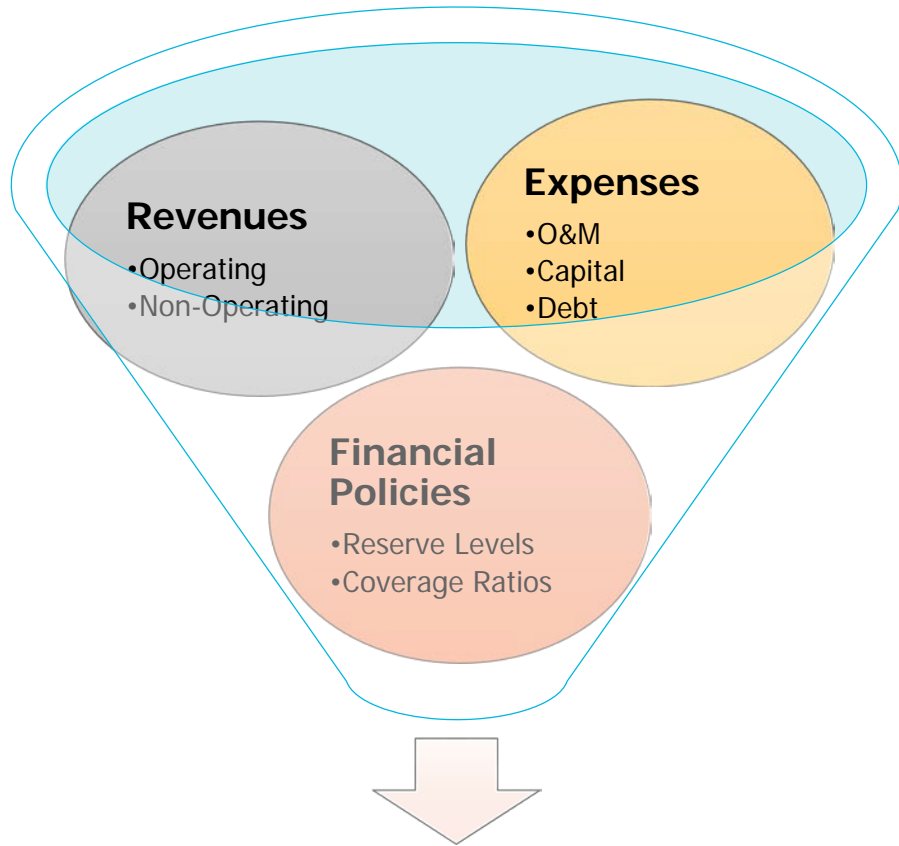
- Non-residential based on anticipated volume and strength
- Capacity Fee per ERU: \$5,900
- Surcharges

CAPACITY FEES

- Capacity fees should recover:
 - Cost of capital investment already made (System Buy-in)
 - Capital costs yet to be made (Marginal Incremental)
- Calculation based on:
 - Value of fixed assets and anticipated CIP
 - System capacity
 - Assumed gpd per new connection
- Defensibility is key!



UTILITY FINANCIAL PLANNING



Multi-year Financial Plan

Rate/Revenue Adjustment Forecast

- Cost increases primarily driven by expansion-related capital needs
- Revenues based on customer accounts and growth projections
- Financial policies can help guide the balancing process

OPERATING FINANCIAL PLAN

- Moderate growth in customer accounts
- Monthly rate increases approved through 2024
 - \$39/month flat rate, average 3% annually
- 3% of user revenues and 90% of capacity fees transferred to development capital fund

Delaware Co. Regional Sewer District Financial Planning Model Cashflow Worksheet													Total
	CY 2015 Actual	CY 2016 Actual	CY 2017 Budget	CY 2018 Projected	CY 2019 Projected	CY 2020 Projected	CY 2021 Projected	CY 2022 Projected	CY 2023 Projected	CY 2024 Projected	CY 2025 Projected	CY 2026 Projected	
Annual Cashflow													
System Revenues													
User Charges	\$ 13,461,126	\$ 14,187,500	\$ 14,844,961	\$ 14,844,050	\$ 15,661,113	\$ 16,414,845	\$ 17,249,319	\$ 18,072,244	\$ 18,985,629	\$ 19,594,798	\$ 19,989,759	\$ 20,387,776	\$ 203,144,120
Capacity Fees	5,696,507	5,798,829	6,408,859	6,696,648	7,075,207	7,455,167	7,841,997	8,227,697	8,613,397	9,000,000	9,386,700	9,773,403	84,121,099
Miscellaneous Revenue	1,750,155	1,260,450	1,291,661	1,322,999	1,354,431	1,386,000	1,417,042	1,448,787	1,481,316	1,514,634	1,548,709	1,583,586	17,359,770
Total: System Revenues	\$ 20,907,789	\$ 21,246,779	\$ 21,997,481	\$ 22,863,696	\$ 24,090,852	\$ 25,256,012	\$ 26,516,358	\$ 27,748,728	\$ 29,080,729	\$ 30,109,432	\$ 30,525,168	\$ 31,744,765	\$ 304,624,990
System Expenditures													
Operating Expenses													
Salary	\$ 3,240,204	\$ 3,538,031	\$ 3,695,000	\$ 3,787,375	\$ 3,882,059	\$ 4,076,162	\$ 4,279,970	\$ 4,493,969	\$ 4,718,667	\$ 4,954,601	\$ 5,202,331	\$ 5,462,447	\$ 51,330,818
Benefits	1,519,892	1,657,630	1,767,000	1,873,020	1,985,401	2,144,233	2,315,772	2,501,034	2,701,116	2,917,206	3,150,582	3,402,629	27,935,515
Materials And Supplies	1,203,383	1,162,168	1,414,330	1,428,875	1,442,962	1,457,392	1,471,966	1,486,685	1,501,552	1,516,568	1,531,733	1,547,051	17,184,665
Services And Charges	3,067,337	3,353,633	3,523,000	3,558,230	3,593,812	3,629,750	3,666,048	3,702,708	3,739,735	3,777,133	3,814,904	3,853,053	43,279,345
Subtotal: Operating Expenses	\$ 9,030,816	\$ 9,711,463	\$ 10,399,530	\$ 10,647,300	\$ 10,904,235	\$ 11,307,538	\$ 11,733,756	\$ 12,184,396	\$ 12,661,071	\$ 13,165,507	\$ 13,699,550	\$ 14,265,180	\$ 139,710,343
Non-Operating Expenses													
Existing Debt Service	\$ 3,865,163	\$ 3,861,864	\$ 3,863,313	\$ 3,865,338	\$ 3,866,488	\$ 3,867,763	\$ 3,864,863	\$ 3,861,638	\$ 3,866,638	\$ 801,238	\$ 803,038	\$ 799,038	\$ 37,186,376
Proposed Debt Service	-	-	-	-	\$ 72,649	-	918,240	918,240	1,354,134	2,342,162	2,894,294	3,512,825	\$ 11,925,872
Transfer to O&M Capital Fund	1,500,000	1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,500,000	2,000,000	4,000,000	5,000,000	6,000,000	32,000,000
Annual Capital Outlays	2,515,000	2,074,500	1,319,500	1,121,575	953,339	810,238	688,787	585,469	497,649	491,921	516,517	542,343	5,423,343
3% Transfer to Development Capital Fund	-	425,600	428,900	445,300	469,800	492,400	517,400	542,100	569,500	587,800	599,600	611,600	6,094,300
Subtotal: Non-Operating Expenses	\$ 7,880,163	\$ 7,861,964	\$ 7,111,713	\$ 7,432,213	\$ 7,362,275	\$ 7,702,269	\$ 7,989,290	\$ 8,407,447	\$ 8,287,921	\$ 8,223,120	\$ 8,183,449	\$ 8,277,275	\$ 87,206,458
Total: System Expenditures	\$ 16,910,978	\$ 17,573,426	\$ 17,511,243	\$ 18,079,513	\$ 18,266,510	\$ 19,009,807	\$ 19,723,046	\$ 20,591,843	\$ 20,948,992	\$ 21,388,627	\$ 21,883,000	\$ 22,542,455	\$ 226,916,801
Net Annual Cashflow: Surplus/(Deficit)	\$ 3,996,810	\$ 3,673,352	\$ 4,486,238	\$ 4,784,184	\$ 5,824,341	\$ 6,246,205	\$ 6,093,312	\$ 6,216,886	\$ 6,943,350	\$ 7,283,902	\$ 7,342,168	\$ 7,472,310	\$ 77,708,189
Transfer to Capacity Fee Fund	-	(5,798,829)	(5,767,973)	(6,026,983)	(6,367,776)	(6,709,650)	(6,434,997)	(6,558,927)	(6,682,857)	(6,806,787)	(6,938,007)	(7,069,227)	(71,162,015)
Debt Funded with Development Fees	-	-	-	-	72,649	145,298	145,298	145,298	145,298	145,298	145,298	145,298	1,212,353
Net Cash Flow - Sewer Revenue Fund	\$ 3,996,810	\$ (2,125,476)	\$ (1,281,735)	\$ (1,242,800)	\$ (470,786)	\$ (318,147)	\$ (196,387)	\$ (196,744)	\$ 841,685	\$ 2,046,334	\$ 916,711	\$ (234,270)	\$ 13,447,834
Sewer User Fee, per ERU	\$ 30.00	\$ 32.00	\$ 32.00	\$ 33.00	\$ 34.00	\$ 35.10	\$ 36.20	\$ 37.30	\$ 38.50	\$ 39.00	\$ 39.00	\$ 39.00	\$ 39.00
Capacity Fee, per ERU	\$ 5.900	\$ 5.900	\$ 6.400	\$ 6.900	\$ 7.500	\$ 8.100	\$ 8.100	\$ 8.100	\$ 8.100	\$ 8.100	\$ 8.100	\$ 8.100	\$ 8.100
Reserve Fund Balances													
Fund Type													
Sewer Revenue Fund	662 Unrestricted	\$ 9,091,522	\$ 8,798,591	\$ 7,516,856	\$ 6,274,056	\$ 5,803,270	\$ 5,485,123	\$ 5,288,736	\$ 5,091,993	\$ 4,933,678	\$ 4,796,012	\$ 4,686,723	\$ 4,662,453
O&M Capital Fund (1)	666 Unrestricted	6,512,779	14,207,164	12,800,164	11,295,264	5,733,365	7,583,365	6,472,605	2,486,494	4,486,494	8,486,494	13,486,494	19,486,494
Development Capital Fund (1)	667 Unrestricted	-	10,024,429	7,762,850	6,097,012	3,474,189	6,660,141	3,848,272	5,127,642	2,107,429	4,774,108	9,086,525	19,086,525
Replacement Fund	665 Restricted	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Bond Reserve Fund	664 Restricted	3,862,374	3,897,748	3,917,188	3,936,725	3,956,360	3,976,093	3,995,924	4,015,854	4,035,883	4,056,013	4,076,243	4,096,573
Total: Cash Reserve Fund Balance		\$ 20,466,675	\$ 37,927,931	\$ 32,997,057	\$ 28,603,057	\$ 19,967,184	\$ 24,704,722	\$ 21,954,106	\$ 16,442,612	\$ 20,583,697	\$ 23,629,948	\$ 32,233,567	\$ 42,332,046
Net: Unrestricted Cash Balance		15,604,301	33,030,183	28,079,869	23,666,332	15,010,824	19,728,629	16,958,182	11,426,758	15,547,813	18,573,935	27,157,325	37,235,473
Days Cash on Hand	631	1,241	986	811	502	637	528	342	448	515	724	953	
SRF Days Cash on Hand	367	331	264	215	194	177	165	153	171	221	237	222	

Operating Cash Flow
(Excludes Capacity Fee Revenue)

Components: Operating Expenses, Proposed Debt Service, Projected Revenue, Existing Debt Service, Transfers to Capital Funds.

Cash Balance

Components: Unrestricted Cash, Restricted Cash, Target Min.

Financial Plan Assumptions

Customer Growth

- 750 Residential ERUs added annually (2016-2020), 2.25% annual growth beyond 2020
- 1.25% annual growth in commercial accounts

Unrestricted Cash Fund Balance Minimum: 360 Days of O&M Expenses

Development Capital Fund

- Annual transfer equal to 3% of sewer revenues
- Approx. 90% of capacity fees transferred to development fund

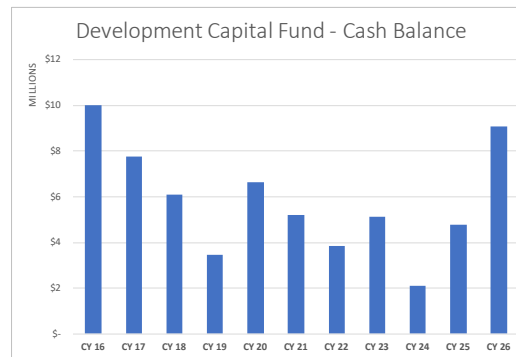
Operating Expenses increase by approx. 3.6% annually, based on estimated 2017 expenses

(1) Capital fund balances exclude debt proceeds

DEVELOPMENT FINANCIAL PLAN

- Connection fees increasing to \$8,100 over 4 years
 - 90% transferred to development capital fund
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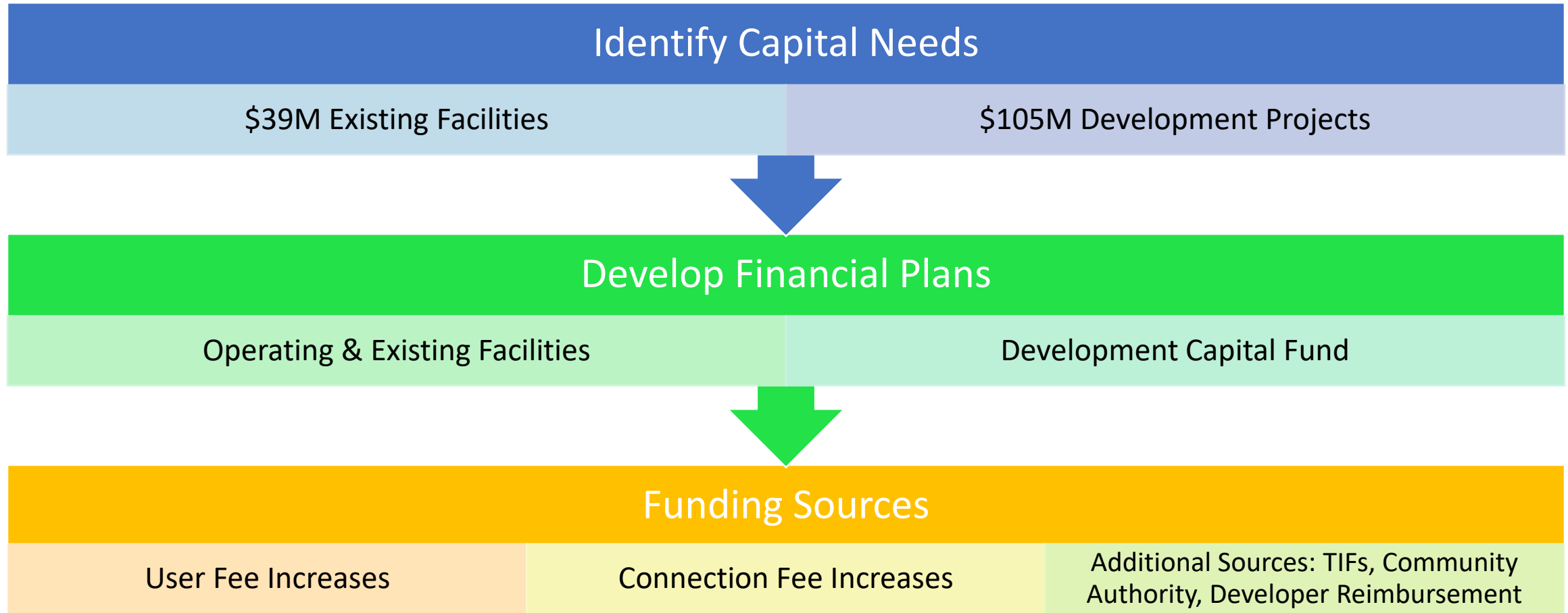
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FINANCIAL PLAN RESULTS



Outcome: Commissioner Buy-in, Stakeholder Support, Ratings Upgrade (AAA)

**THANK
YOU**

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