



City of Plainwell
County of Allegan, State of Michigan
Water Fund – Rate Study

June 22, 2023



MUNICIPAL ADVISORS

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June 22, 2023

City of Plainwell
211 N. Main Street
Plainwell, MI 49080

Subject: City of Plainwell (Michigan) Water Fund – Rate Study

Dear City of Plainwell:

It is our pleasure to provide you this analysis of your Water Fund and the review of the rate structure. A rate study is not a historical document, it is a working document, which should be used as a reference for budget and finance decision-making. To this end, Baker Tilly is available to discuss the study at any point in the future.

Rates and charges must reflect the customer base being served. As such, the rate study found in these pages is unique to your community. The ultimate goal of every rate study is to develop a rate structure and revenue support system that meets the needs of operations, maintenance, and capital improvement and at the same time is as economical and equitable to the customers as possible, this is referred to as a “cost of service” analysis. You will find the observations and recommendations meet your needs and reflect your customer base.

By acceptance of this study the City Council understands and accepts the responsibility and liability for potential challenges to the rate structure and management of the funds. Rate studies, while often based on various methods, industry guidelines, do not follow a clear standard as does, for example, a CPA in producing an audit according to Generally Accepted Accounting Principles. Furthermore, state law and case law do not provide any reasonable or comprehensive guidance regarding methodology, rate structure or management of fund balances. Baker Tilly is reliant upon City officials, and other sources, who have access to relevant data to provide accurate information. The City accepts that fund management and rate adjustment recommendations are inherently subject to estimations and projections and, as such, no assurance is provided regarding the actual performance of the funds over time. The City is advised to seek legal counsel regarding the implementation of any recommendations and their liability implications.

As always, it was a pleasure serving you and do not hesitate to call if you wish to further discuss our findings.

Sincerely,

BAKER TILLY MUNICIPAL ADVISORS, LLC

Andy Campbell, CPA, Director

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Executive Summary

1.1 Community Background

The City of Plainwell is located in Allegan County, Michigan. It is 2.06 square miles and has a population of approximately 3,788 (2020 Census). The water system is comprised of three groundwater wells and roughly 25 miles of water mains. After the water is pumped and treated, it is distributed to residents in the City of Plainwell and several residents in Gun Plain Township.

Source: City of Plainwell

1.2 Objectives and Discussion

To identify the revenue support and fund management needed to fulfill the City’s operations & maintenance, and capital improvements to the system while maintaining adequate cash reserves to be able to respond to unforeseen circumstances.

As discussed with the City, a factor that remains an unknown at this time is the extent to which capital improvement costs will continue to rise, as well as how much grant money will be available for those projects. The City has used some of its current ARPA grant allocation to offset part of the construction costs in the past, but those funds are not available going forward. We are currently forecasting a 5% increase to capital improvement cost assumptions per year. Assumptions are based on past historical figures and known expectations for the future as of today.

After discussion with the working group, the City decided it would be best to implement the rate increase in October 2023 rather than July 2023 to allow time for adjustment and education to the ratepayers.

1.3 Potential Rates

Based on our analysis and direction from City officials, Baker Tilly’s recommendation is that rates will stay the same in the first quarter of 2023/24, and then the rate increase in the second quarter of \$5.00 to the City’s ready-to-serve charge as well as a \$1.00 increase to the commodity charge with inflationary increases of 3.0% per year to all rates thereafter.

TABLE 1-3: PROPOSED RATES SUMMARY

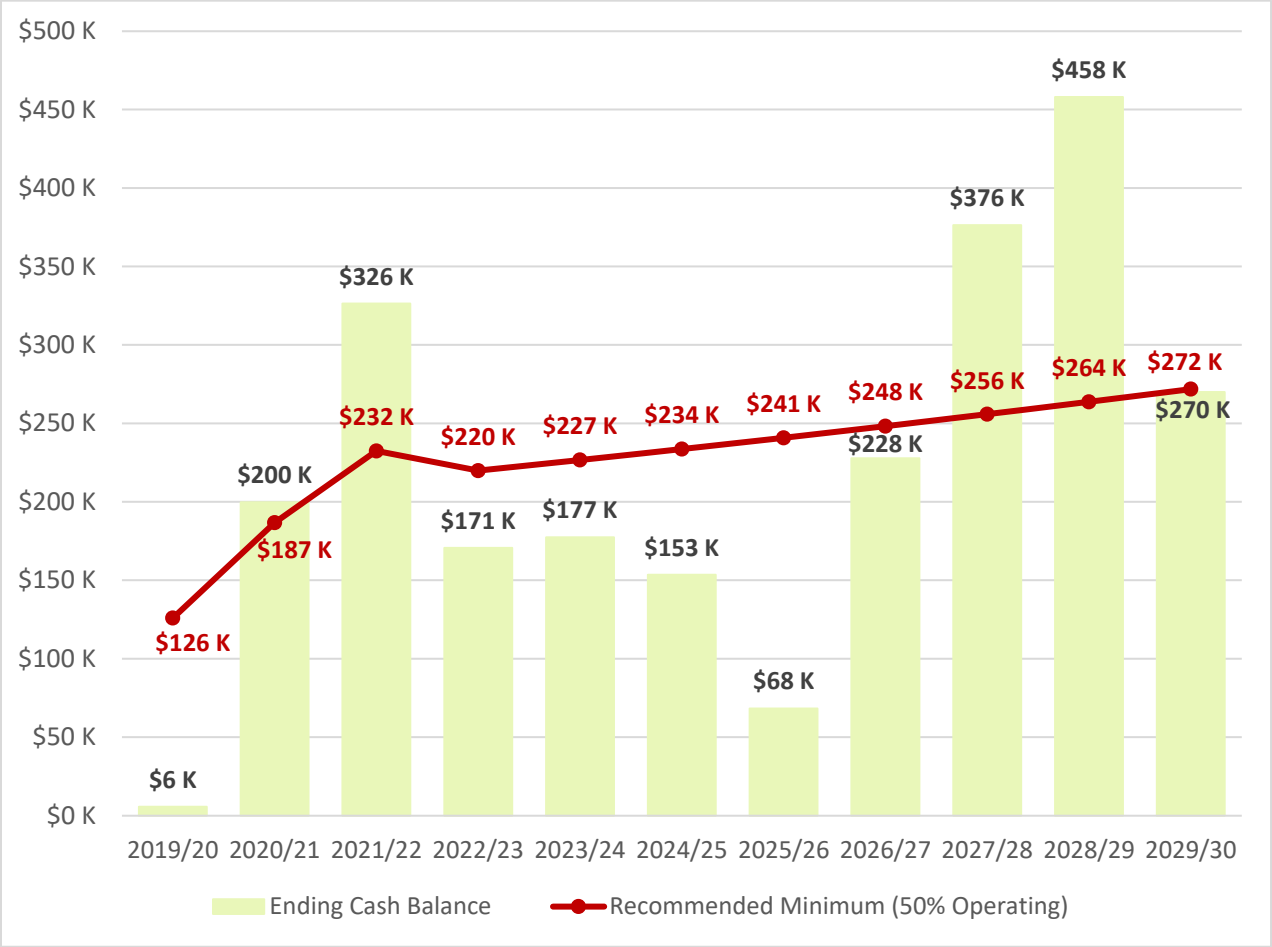
Category	Current Rates	Proposed Rates	
	2022/23	July - Sept. 2023/24	Oct. - June 2023/24
Ready-To-Serve Charge (Monthly) *	\$ 9.73	\$ 9.73	\$ 14.73
Commodity Charge (per 1,000 gallons)	\$ 2.77	\$ 2.77	\$ 3.77

* 3/4" meter size ready-to-serve charge rate

1.4 Cash Position Summary

The cash & investments balance for the City is currently around 5 months of cash operating expenses (net of depreciation). This is above our recommended minimum balance of 6 months of cash operating expenses for the City’s water fund. Over the forecast period, the cash balance fluctuates as the City anticipates cash funding and debt funding \$4,700,000 in capital improvement projects. The forecast estimates the ending cash balance to be at 6 months’ worth of cash operating expenses.

TABLE 1-4: SCHEDULE OF ACTUAL AND ESTIMATED ENDING CASH BALANCE



Information and Assumptions

A significant effort has been made by the City to inventory assets, evaluate the infrastructure, and determine asset criticality. The result is the identification of asset investment cost by project and by year. The rate study covers a 7-year forecast period to take this asset evaluation into account. The rate study is a four-step process: 1) historical comparison with audits and budgets, 2) test year, or normalized budget year, along with inflation assumptions for purposes of forecasting, 3) proof of rate to revenue for reliance on customer data, and 4) cash flow forecast including revenue, operating expense, capital spending, debt, and fund balance (i.e., actual cash and investment balance). The analysis is a “cash basis” approach as described in the AWWA Manual of Rate Making Practices.

Key information

- Audited comprehensive annual financial statements for FYE 2019, FYE 2020, FYE 2021 and FYE 2022.
- Actual Revenue and Expenditure Report for FYE 2021 and FYE 2022
- Budgeted Revenue and Expenditure Report for FYE 2023.
- Water fund cash balance as of June 30, 2022, provided by the City.
- Capital Improvement Project (CIP) provided by the City.

Key Assumptions

- Rates should not only cover the system costs, but also support future system maintenance, capital improvements, and debt service payments.
- The City will follow AWWA guidelines.
- The City is not anticipating significant population growth.
- The budgeted amount for other revenue in FYE 2023 will be consistent in future years.
- The City will conduct all capital improvement projects forecasted by the City.
- No new major customers will be connecting to the system.
- The current market rate is used for calculating proposed bond debt service.

Revenues

2.1 Rates

The City bills customers based on generally accepted methods. Customers are billed a ready-to-serve charge based on meter size and on a commodity basis for the volume of water sold. The number of customers billed at the current rates ties to the revenue reflected in the audit and budget, such that we can rely on these numbers for forecasting. The table below shows the current monthly ready-to-serve charge rate for water customers.

Baker Tilly is recommending these meter ratios to be updated to American Water Works Association's (AWWA) schedule and recommend implementation of the new meter ratios starting October 1, 2023.

TABLE 2-2A: CURRENT MONTHLY READY-TO-SERVE CHARGE

Ready-To-Serve Charge Current Rate		
Meter Size	Rate	Meter Ratios
3/4"	\$9.73	1.00
1"	17.51	1.80
1 1/2"	19.46	2.00
2"	26.26	2.70
3"	36.02	3.70
4"	48.62	5.00
6"	71.01	7.30

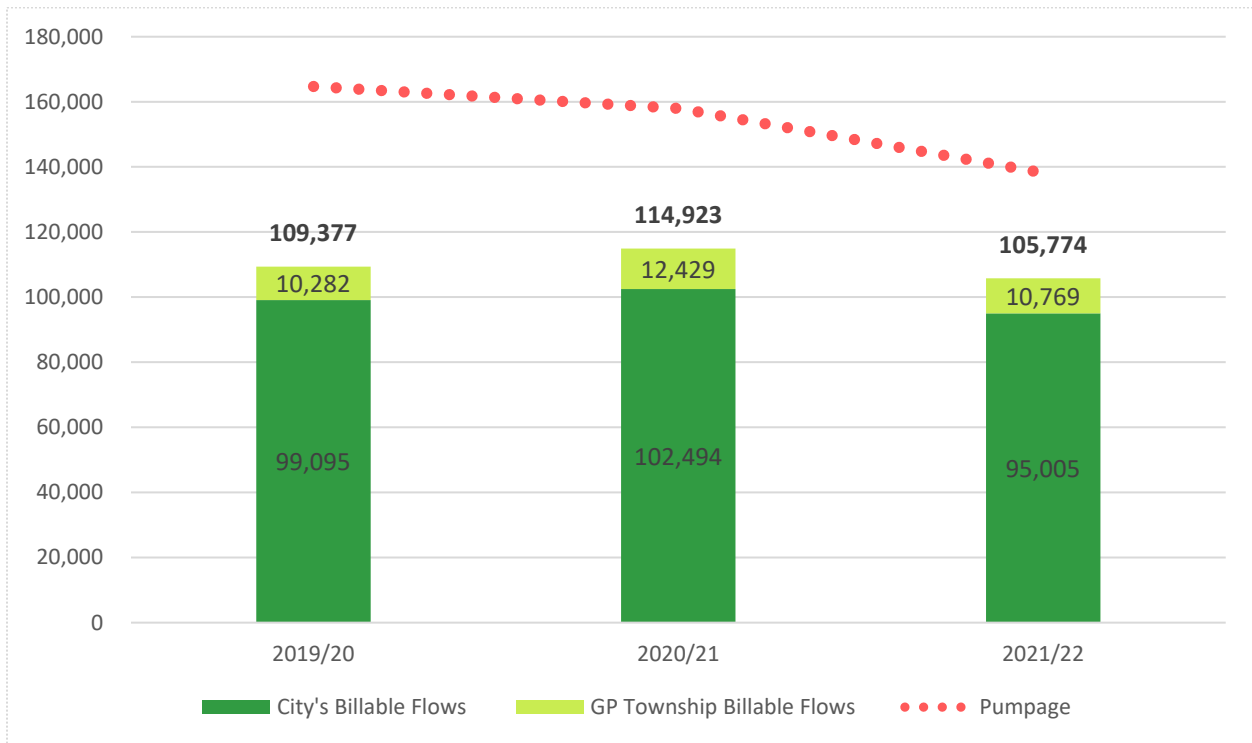
TABLE 2-2B: PROPOSED MONTHLY READY-TO-SERVE CHARGE

Ready-To-Serve Charge Proposed Rate		
Meter Size	Rate	Meter Ratios
3/4"	\$14.73	1.00
1"	24.60	1.67
1 1/2"	49.05	3.33
2"	78.51	5.33
3"	147.30	10.00
4"	245.55	16.67
6"	490.95	33.33

2.2 Customers and Usage

Over the past three years the City has seen relatively consistent levels of usage with a slight decrease. This has been a common theme among communities around Michigan as home appliances become more efficient. The COVID-19 Pandemic is another factor which adds variability in water use. The forecast assumes a consistent flow going forward. The graph below illustrates the total billed usage for the system.

TABLE 2-1B: VOLUME OF WATER BILLED (PER 1,000 GALLONS)



The City serves 1,576 customers within its own City limits as well as customers in Gun Plain Township. The table below shows the breakout of customers by meter size.

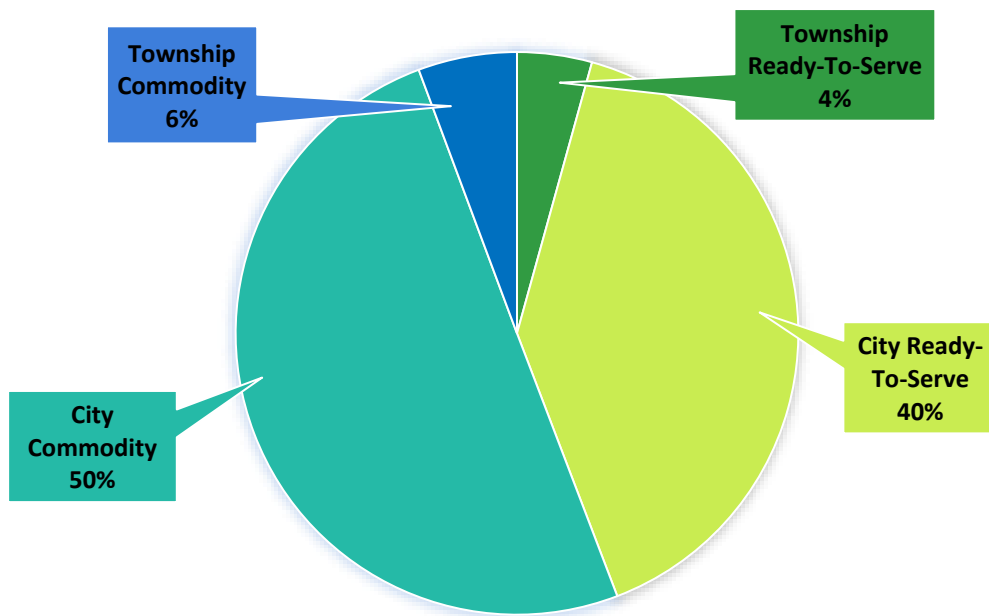
TABLE 2-1A: CUSTOMER COUNTS BY METER SIZE

Meter Size	Meter Count
3/4"	1,141
1"	359
1 1/2"	28
2"	37
3"	8
4"	3
Total Meter Count	1,576

2.3 Revenue

The City derives its revenue from its ready-to-serve and commodity charges from both users in the City of Plainwell and Gun Plain Township. Roughly 56% of the City's user rate revenue is brought in by the City's and Township's commodity charge, while the remaining 44% is brought in by the City's and Township's ready-to-serve charges. Commodity charge based on usage is typically seen as the most equitable way to allocate costs to customers, however, there are still fixed costs the system will need to cover regardless of if there is a large decrease in usage. The chart below demonstrates how much revenue is derived from each rate broken down by the City and Township users.

TABLE 2-3: REVENUE BY RATE CATEGORY



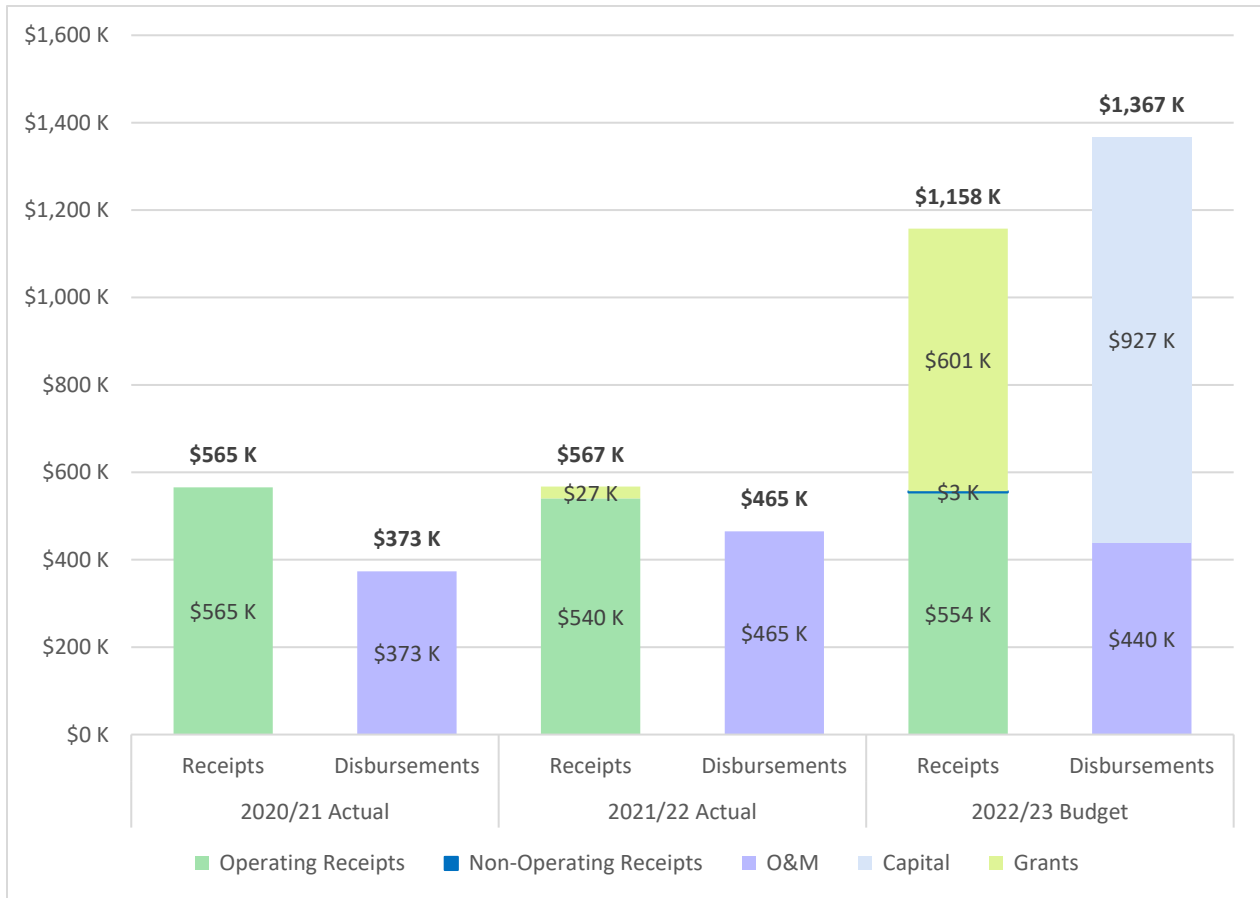
In addition to the revenues brought in by user rates, the City is conservatively assuming approximately \$22,000 per year in other revenue (revenue not derived from user rates). These revenues consist primarily of penalties and water tower rent. The forecast assumes that these other revenues will remain consistent in future years.

Operating & Maintenance Expenses

3.1 Historical O&M Expenses

Historical expenses are analyzed in the report to help look for trends and to help identify any outlier expenses. In 2022/23, the City has a couple large one-time capital improvement projects that will be mostly funded by American Rescue Plan Act (ARPA) grant the City received, which is included in receipts below. The City had a few one-time increases related to various projects and changes in personnel, but overall, the current year budget is consistent with previous years, with most expenses increasing slightly year over year.

TABLE 3-1: RECEIPT AND DISBURSEMENT HISTORY



3.2 Test Year

A test year is a normalized year for operating and maintenance expense and becomes the base year used for forecasting future expenses.

Prior year budget actuals are analyzed for trends, outliers, or one-time expenses. Any items of concern were discussed with City officials to determine what a particular line-item expense would be in a normal year. Certain adjustments were made to these particular line-items to more accurately reflect a normalized year's expense to be used in the test year before forecasted out into future years.

3.3 Inflation Assumptions

The next step is to increase the test year expenses by an annual inflationary percentage. This is done as it is not reasonable to expect expenses to be the same as they are today over the 7 years forecasted in the report. These annual inflationary increases reflect the increases in costs over time and are used to help estimate what future operating and maintenance expenses will be. The table below summarizes the general inflationary assumptions used in the report.

TABLE 3-3: INFLATION ASSUMPTIONS

Expense Type	Inflation Assumptions
Compensation Related	3.0%
Benefits	3.0%
Operating	3.0%
Purchasing	3.0%
Materials & Utilities	4.0%
Contractual Services	3.0%

Capital Improvement Plan

4.1 Capital Improvement Plan (CIP)

Capital improvements are larger, one-time expenses that are not included in annual operating and maintenance expenses. It is beneficial to look at potential capital improvements well in advance and develop a capital improvement plan as it will help the City develop policy to manage rates over time to maintain the system with the most efficient use of funds. The City’s capital improvement plan includes project plans for proactively maintaining the entire system.

The capital improvement plan estimated costs were provided by the City with built in inflation and contingency assumptions. A list of capital improvement costs by year is shown in table 4-2.

4.2 CIP Funding

The City currently plans to cash fund and debt fund capital improvement projects. The tables below show the difference in the debt funded capital improvements.

TABLE 4-2: CAPITAL IMPROVEMENT PROJECTS FUNDING SUMMARY

Year	Cash Funded Capital Improvements	Debt Funded Capital Improvements	Total
2022/23	\$926,881	-	\$926,881
2023/24	221,603	\$2,500,000	2,721,603
2024/25	215,250	-	215,250
2025/26	286,650	-	286,650
2026/27	52,093	-	52,093
2027/28	72,930	-	72,930
2028/29	127,628	900,000	1,027,628
2029/30	316,263	-	316,263
Total	\$2,219,298	\$3,400,000	\$5,619,298

Cash Flow

6.1 Methodology

The revenue needs to support operations, debt, and capital improvements while solving to cash balance. City officials determined that a one-time increase followed by a consistent rate track with manageable annual inflationary increases is the best option for their customer base. The one-time increase is implemented to assist in the systems immediate needs.

6.2 Proposed/Potential Rates

Table 6-2 demonstrates a one-time increase in quarter two of fiscal year 2023/24 of \$5.00 to the City’s ready-to-serve charge as well as a \$1.00 increase to the commodity charge with inflationary increases of 3.0% per year to all rates thereafter.

TABLE 6-2: PROPOSED RATES ADJUSTMENTS

Adjustment	2022/23	July- Sept. 2023/24	Oct. - June 2023/24	2024/25	2025/26
	Ready-To-Serve Charge (Monthly) *	\$9.73	\$9.73	\$14.73	\$15.17
Commodity Charge (per 1,000 gallons)	2.77	2.77	3.77	3.88	4.00
Adjustment Continued	2026/27	2027/28	2028/29	2029/30	
Ready-To-Serve Charge (Monthly) *	\$16.10	\$16.58	\$17.08	\$17.59	
Commodity Charge (per 1,000 gallons)	4.12	4.24	4.37	4.50	

* 3/4" meter size ready-to-serve charge rate

The City bills customers monthly. The table below are estimates of a typical homeowner’s monthly bill based on 4,500 gallons of usage.

TABLE 6-2: TYPICAL HOMEOWNER MONTHLY BILL

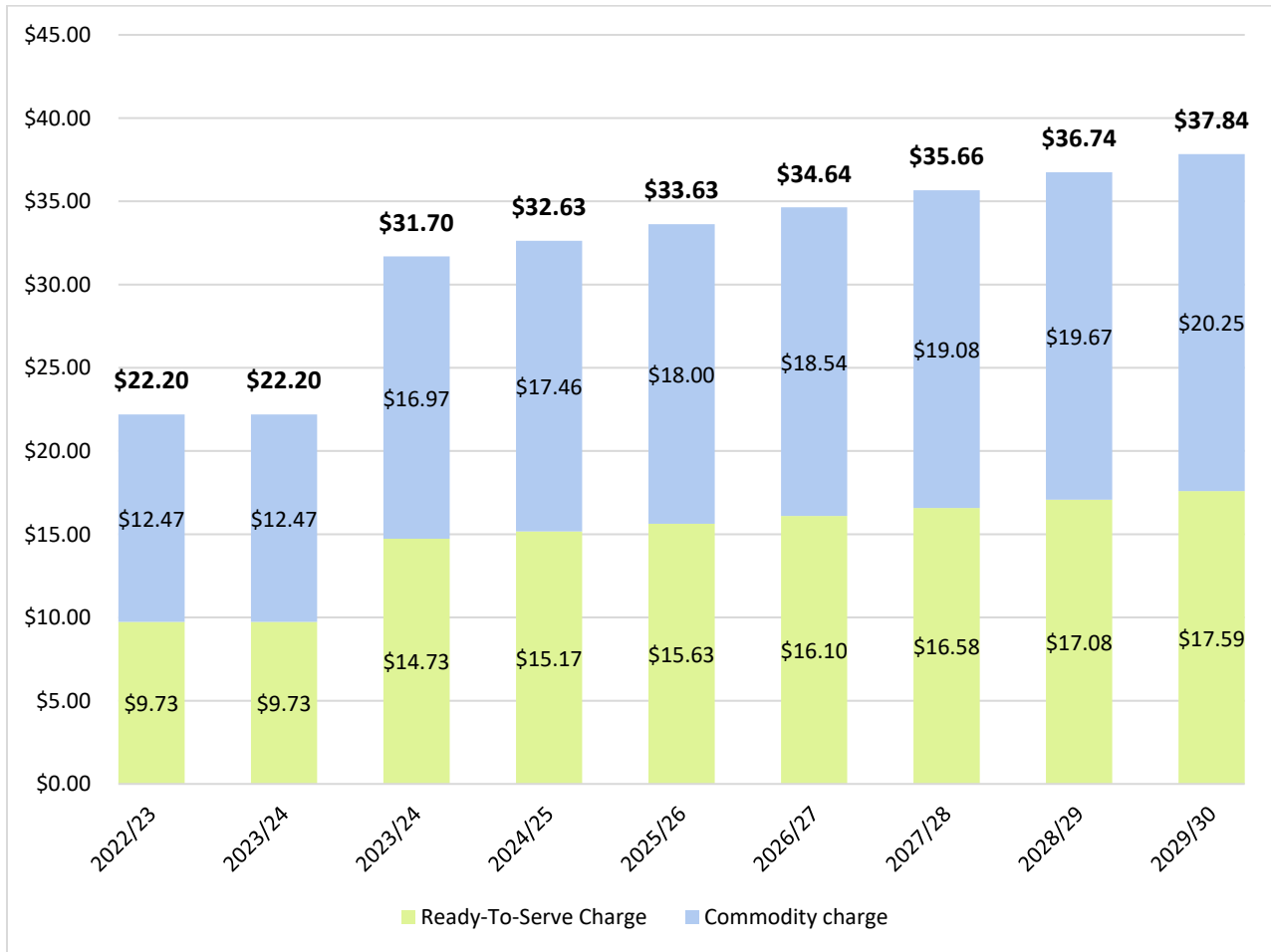
Homeowner Type	2022/23	July- Sept. 2023/24	Oct. - June 2023/24	2024/25	2025/26
	Metered [1]	\$22.20	\$22.20	\$31.70	\$32.63
Homeowner Type Continued	2026/27	2027/28	2028/29	2029/30	
Metered [1]	\$34.64	\$35.66	\$36.74	\$37.84	

[1] Assumes 4,500 gallons/month.

6.3 Rate Impact Summary

The proposed rate track results in an approximate increase of \$9.50 starting October 1, 2023; followed by additional increases of roughly \$1.00 to a typical homeowner’s monthly bill per year. Assumes 4,500 gallons of usage per month.

TABLE 6-3: TYPICAL HOMEOWNER MONTHLY BILL





CITY OF PLAINWELL

Appendix A Comparative Detail
of Operating Expenses



CITY OF PLAINWELL (MICHIGAN) WATER FUND

COMPARATIVE DETAIL OF OPERATING EXPENSES

		Fiscal Year Ended			Test Year	Multiplier
		6/30/2021	6/30/2022	6/30/2023		
		(-----Per Client-----)				
Dept. 540 - Pumping & Treatment						
703.000	Salaries/Wages - Full Time Employees	\$31,579	\$32,704	\$29,896	\$29,896	3.0%
704.001	Wages - Part Time Employees	617	1,299	414	414	3.0%
709.000	Payroll Taxes - FICA - Soc Sec/Medicare	2,720	3,175	2,793	2,793	3.0%
712.001	Cash in Lieu of Benefits - Insurance Buy	245	587	1,440	1,440	3.0%
713.001	Overtime Pay	5,072	4,375	6,080	6,080	3.0%
716.000	Retirement - Defined Contribution 401a	3,095	3,396	2,813	2,813	3.0%
718.001	Health Insurance Premiums - Current EE	4,562	4,212	3,850	3,850	3.0%
718.130	Health Insurance - HSA - Employer Paid	1,294	2,064	1,440	1,440	3.0%
723.001	Retiree Health Care - OPEB	220	398	1,082	1,082	3.0%
723.075	Retiree Health Care - OPEB GASB 75 Costs	11,654	-	-	-	0.0%
725.001	Fringe Benefit - Life Insurance	13	14	15	15	3.0%
725.010	Works Comp Insurance	917	662	821	821	3.0%
752.000	Supplies - Operating	4,822	5,383	5,200	5,200	3.0%
767.000	Clothing - Uniforms	176	182	240	240	3.0%
775.000	Supplies - Repairs and Maintenance	1,244	3,679	2,400	2,400	3.0%
801.000	Professional Services - Engineering	5,650	24,332	38,482	38,482	3.0%
801.050	Professional Services - Well/ Pump Maint	1,600	36,364	1,600	1,600	3.0%
920.000	Utilities - Electric	20,773	25,638	28,800	28,800	4.0%
921.000	Utilities - Natural Gas	874	1,496	1,600	1,600	4.0%
930.001	Outside Services - Land & Building Repairs	383	-	-	-	0.0%
931.000	Outside Services (RMLB)	11,679	6,793	6,000	6,000	3.0%
940.000	Rentals - Equipment	13,187	11,745	13,200	13,200	3.0%
955.000	Miscellaneous Expense	-	2,340	1,340	1,340	3.0%
960.000	Education & Training - Professional	-	1,662	1,100	1,100	3.0%
968.000	Depreciation Expense	-	-	-	-	0.0%
	Total Dept. 540 - Pumping & Treatment	122,375	172,499	150,606	150,606	
Dept. 545 - Distribution						
703.000	Salaries/ Wages - Full Time Employees	29,429	25,927	31,381	31,381	3.0%
704.001	Wages - Part Time Employees	1,234	1,243	562	562	3.0%
709.000	Payroll Taxes - FICA - Soc Sec/Medicare	2,337	2,121	2,660	2,660	3.0%
712.001	Cash in Lieu of Benefits - Insurance Buy	504	641	1,620	1,620	3.0%
713.001	Overtime Pay	1,099	998	2,280	2,280	3.0%
716.000	Retirement - Defined Contribution 401a	2,686	2,104	2,731	2,731	3.0%
718.001	Health Insurance Premiums - Current EE	5,663	3,640	3,111	3,111	3.0%
718.013	Health Insurance - HSA - Employer Paid	922	1,776	1,152	1,152	3.0%
723.001	Retiree Health Care - OPEB	514	582	866	866	3.0%
725.001	Fringe Benefit - Life Insurance	17	18	14	14	3.0%
725.010	Works Comp Insurance	1,047	562	691	691	3.0%
752.000	Supplies - Operating	517	1,268	800	800	3.0%
767.000	Clothing - Uniforms	391	186	384	384	3.0%
775.000	Supplies - Repairs and Maintenance	7,837	30,078	8,000	8,000	3.0%
801.000	Professional Services - Engineering	-	27,159	25,215	25,215	3.0%
920.000	Utilities - Electric	1,987	1,509	1,929	1,929	4.0%
931.000	Outside Services (RMLB)	22,512	6,051	5,800	5,800	3.0%
940.000	Rentals - Equipment	3,292	7,968	7,000	7,000	3.0%
	Total Dept. 545 - Distribution	81,988	113,831	96,196	96,196	

[1]

CITY OF PLAINWELL (MICHIGAN) WATER FUND

COMPARATIVE DETAIL OF OPERATING EXPENSES

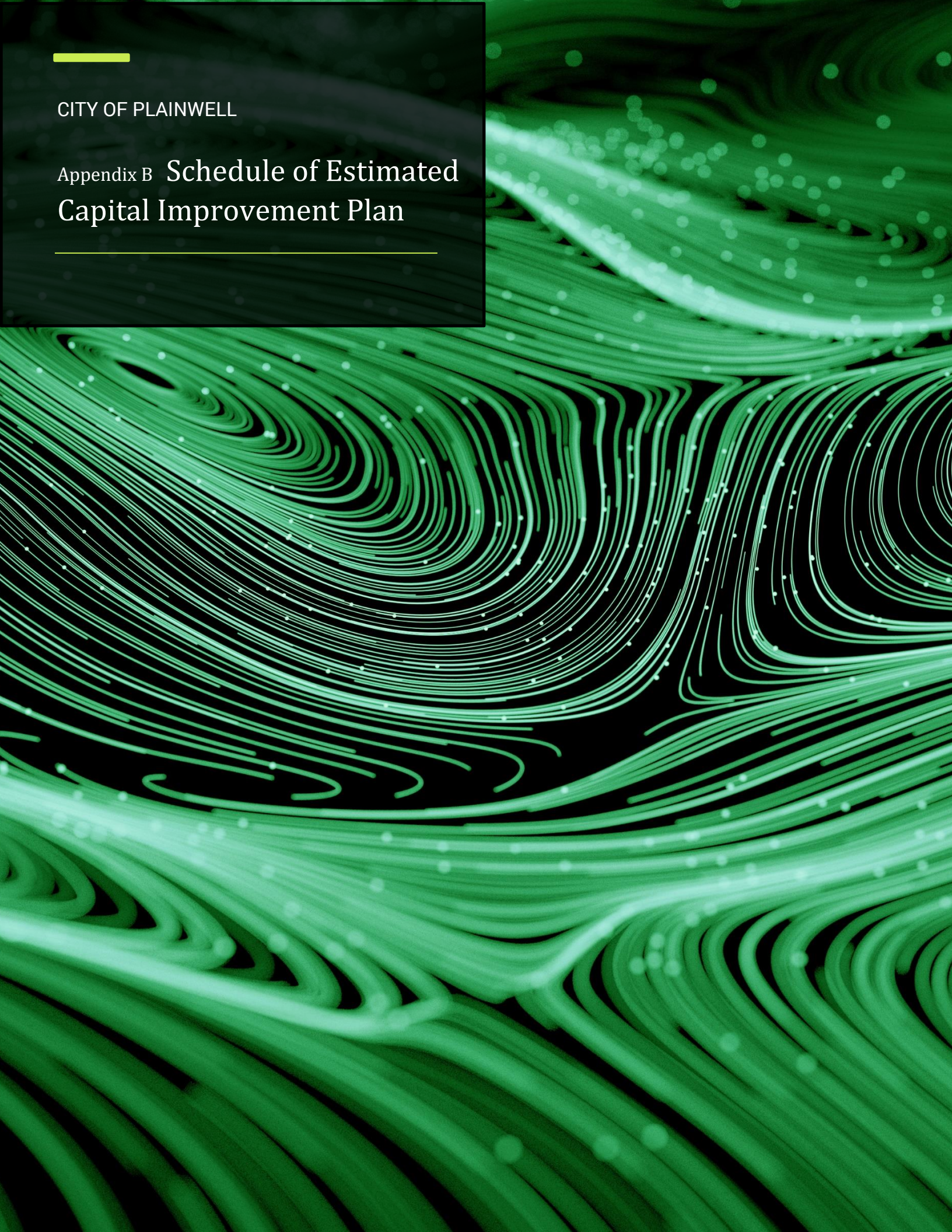
		Fiscal Year Ended			Test Year	Multiplier
		6/30/2021	6/30/2022	6/30/2023		
		<small>(-----Per Client-----)</small>				
Dept. 560 - Utility Administration						
703.000	Salaries/ Wages - Full Time Employees	15,135	11,738	11,548	11,548	3.0%
704.001	Wages - Part Time Employees	17	-	-	-	0.0%
709.000	Payroll Taxes - FICA - Soc Sec/ Medicare	1,161	927	982	982	3.0%
712.001	Cash in Lieu of Benefits - Insurance Buy	599	599	1,320	1,320	3.0%
716.000	Retirement - Defined Contribution 401a	1,495	1,149	1,137	1,137	3.0%
718.001	Health Insurance Premiums - Current EE	217	148	125	125	3.0%
718.013	Health Insurance - HSA - Employer Paid	-	24	-	-	0.0%
725.001	Fringe Benefit - Life Insurance	2	2	7	7	3.0%
725.010	Works Comp Insurance	130	89	116	116	3.0%
751.000	Supplies - Office	53	117	200	200	3.0%
767.000	Clothing - Uniforms	114	158	228	228	3.0%
801.000	Professional Services - Engineering	-	7,729	14,271	14,271	3.0%
801.013	Professional Services - Attorney	899	-	-	-	0.0%
801.030	Professional Services - Auditor	1,165	1,120	1,235	1,235	3.0%
803.010	Administrative Services - GIS Mapping	198	166	1,200	1,200	3.0%
803.030	Administrative Services - PILOT Charge	131,375	137,687	142,209	142,209	3.0%
850.001	Communications - Cell Phones	635	1,999	2,184	2,184	3.0%
851.000	Postage	3,490	4,105	4,200	4,200	3.0%
900.000	Printing and Publishing	211	62	60	60	3.0%
931.000	Outside Services (RMLB)	858	-	250	250	3.0%
935.001	Property Liability Insurance	5,830	6,328	7,054	7,054	3.0%
948.000	Computer Services	1,801	2,101	2,300	2,300	3.0%
955.997	Miscellaneous - UB Penalties Waived	2,100	-	-	-	0.0%
955.999	Bank Service Charges	401	419	432	432	3.0%
960.000	Education & Training - Professional	-	670	700	700	3.0%
962.000	Membership & Dues	1,085	1,116	1,200	1,200	3.0%
	Total Dept. 560 - Utility Administration	168,972	178,452	192,958	192,958	
Dept. 900 - Capital Outlay						
801.000	Professional Services - Engineering	-	-	- [2]	-	0.0%
971.000	Capital Purchase	-	-	- [2]	-	0.0%
972.000	Contracted Services	-	-	- [2]	-	0.0%
	Total Dept. 900 - Capital Outlay	-	-	-	-	
	Total Water Operating Expenses	\$373,335	\$464,782	\$439,760	\$439,760	

[1] Depreciation is removed from this section of the report. This item is addressed later in the report.

[2] Capital Outlay is removed from this section of the report. These items are addressed later in the report.

CITY OF PLAINWELL

Appendix B Schedule of Estimated
Capital Improvement Plan



CITY OF PLAINWELL (MICHIGAN) WATER FUND

SCHEDULE OF ESTIMATED CASH FUNDED CAPITAL IMPROVEMENTS - WATER & ROADS ASSOCIATED

Project Name/Description	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>	<u>2030/31</u>	<u>2031/32</u>	<u>2032/33</u>	<u>2033/34</u>	<u>2034/35</u>
Water Distribution Materials Inventory	\$211,050											
Old Orchard Water		[1]										
Water Tower Painting - Interior			\$240,000									
Obsolete Water Tower Removal		\$85,000										
Well 7 Overhaul		40,000										
Industrial Park Expansion Water Lead		[2]										
Industrial Park Expansion Water Lead - Road		[2]										
Water Van		80,000										
Water Tank Exterior Cleaning			10,000									
Leak Detection - City Wide			10,000									
N Main Water Relay Bridge-Bannister 10"				\$45,000								
Water Tank Exterior Cleaning					\$10,000							
Well 4 Overhaul					50,000							
Industrial Park Water Loop						[3]						
Industrial Park Water Loop - Road						[3]						
VFD Replacement Wells 4 & 7						\$10,000						
Water Tower Painting - Exterior						90,000						
2" Water Main Replacements (8)							\$118,000					
2" Water Main Replacements (8) - Road							118,000					
Acorn Street - Water Main									\$95,000			
Acorn Street - Water Main - Road									95,000			
Water Tower Exterior Cleaning											\$10,000	
Melrose St Water Main Replacement												\$88,000
Melrose St Water Main Replacement - Road												88,000
Sub-total	211,050	205,000	260,000	45,000	60,000	100,000	236,000	-	190,000	-	10,000	176,000
Plus: Inflation Allowance (5%)	10,553	10,250	26,650	7,093	12,930	27,628	80,263	-	90,717	-	6,289	125,020
Total Cash Funded Capital Improvements	\$221,603	\$215,250	\$286,650	\$52,093	\$72,930	\$127,628	\$316,263	\$0	\$280,717	\$0	\$16,289	\$301,020

Note: These capital improvement estimates were increased by 5% every year beginning in 2023/24.

[1] Included in 2023/24 Bonds:

Old Orchard Water \$2,414,720

[2] Costs associated to be billed to prospective builders:

Industrial Park Expansion \$210,000

Industrial Park Expansion Road 210,000

[3] Included in 2028/29 Bonds:

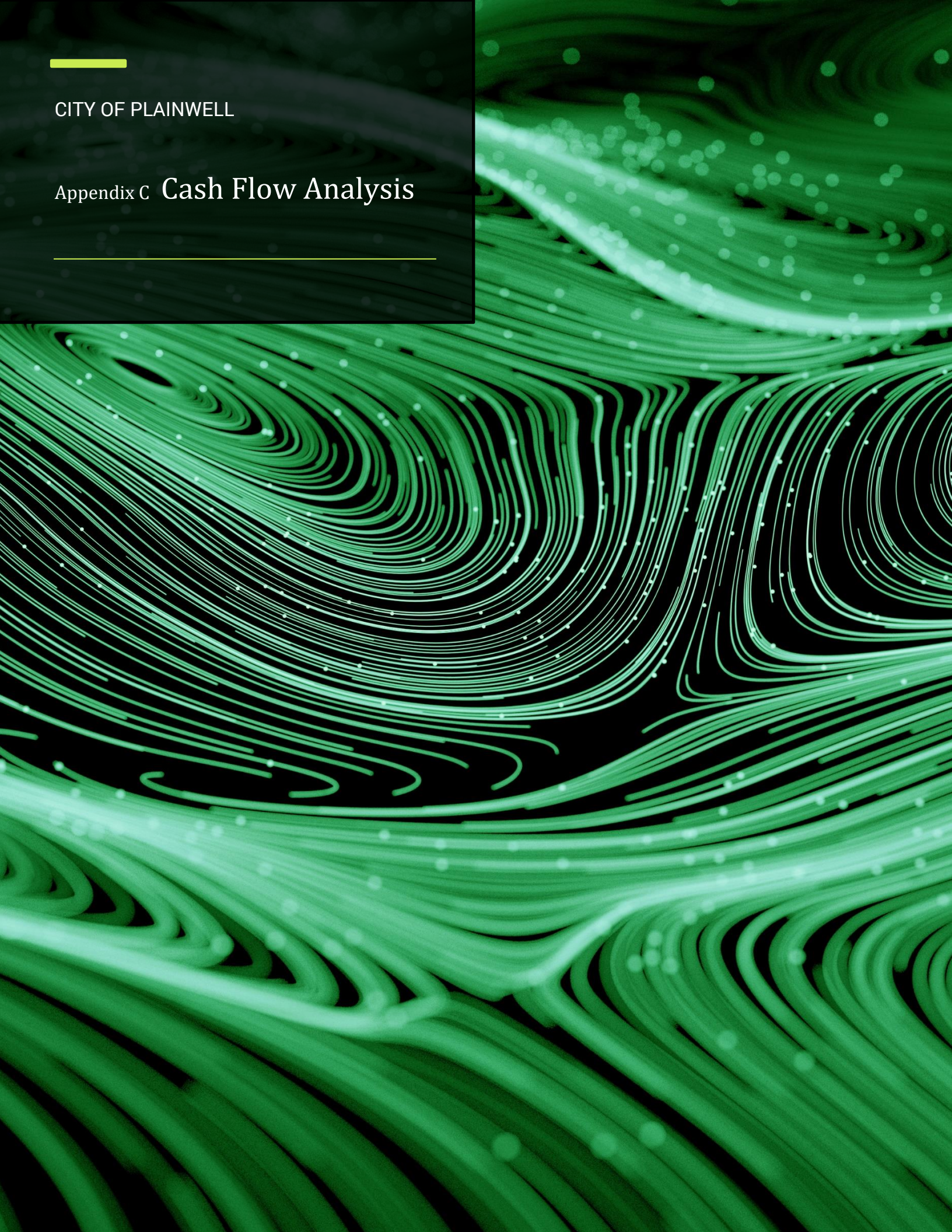
Industrial Park Loop \$443,635

Industrial Park Loop Road 443,635



CITY OF PLAINWELL

Appendix C **Cash Flow Analysis**



CITY OF PLAINWELL (MICHIGAN) WATER FUND

CASH FLOW ANALYSIS - WATER & ASSOCIATED ROADS CAPITAL IMPROVEMENTS

	<u>2022/23</u>	<u>2023/24</u> <u>July - Sept.</u>		<u>2023/24</u> <u>Oct. - June</u>		<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>
			<u>One-time</u> <u>Increase</u>		<u>Increases</u> <u>Per Year</u>						
Assumptions											
City											
Meter Equivalents	1,794	1,794		1,977		1,977	1,977	1,977	1,977	1,977	1,977
Ready-to-Serve Rate	\$9.73	\$9.73	\$5.00	\$14.73	3.00%	\$15.17	\$15.63	\$16.10	\$16.58	\$17.08	\$17.59
Billable Flow (1,000 gal)	95,005	23,751		71,254		95,005	95,005	95,005	95,005	95,005	95,005
Commodity Charge (per 1,000 gal)	\$2.77	\$2.77	\$1.00	\$3.77	3.00%	\$3.88	\$4.00	\$4.12	\$4.24	\$4.37	\$4.50
Gun Plain Township											
Meter Equivalents	193	193		184		184	184	184	184	184	184
Ready-to-Serve Rate	\$9.73	\$9.73		\$14.73		\$15.17	\$15.63	\$16.10	\$16.58	\$17.08	\$17.59
Billable Flow (1,000 gal)	10,769	2,692		8,076		10,769	10,769	10,769	10,769	10,769	10,769
Commodity Charge (per 1,000 gal)	\$2.77	\$2.77		\$3.77		\$3.88	\$4.00	\$4.12	\$4.24	\$4.37	\$4.50
<i>Typical homeowner's monthly bill</i> <i>(assumes 4,500 gallons/month)</i>	\$22.20	\$22.20		\$31.70		\$32.63	\$33.63	\$34.64	\$35.66	\$36.74	\$37.84
Revenue											
City											
Ready-to-Serve Charge	\$209,485	\$52,371		\$262,101		\$359,953	\$370,751	\$381,874	\$393,330	\$405,130	\$417,284
Commodity Charge	263,164	65,791		268,627		368,620	380,020	391,421	402,821	415,172	427,523
Gun Plain Township											
Ready-to-Serve Charge	22,578	5,644		24,381		33,483	34,488	35,522	36,588	37,686	38,816
Commodity Charge	29,829	7,457		30,448		41,782	43,075	44,367	45,659	47,059	48,459
Other											
Miscellaneous	22,934	5,434		16,301		21,734	21,734	21,734	21,734	21,734	21,734
Grant	600,641	-		-		-	-	-	-	-	-
Otsego Township Charge	62,325	-		-		-	-	-	-	-	-
Total Revenues	<u>1,210,956</u>	<u>136,697</u>		<u>601,858</u>		<u>825,572</u>	<u>850,068</u>	<u>874,918</u>	<u>900,133</u>	<u>926,781</u>	<u>953,816</u>
Less: Total Operating Expenditures	<u>(439,760)</u>	<u>(113,319)</u>		<u>(339,957)</u>		<u>(467,211)</u>	<u>(481,577)</u>	<u>(496,388)</u>	<u>(511,657)</u>	<u>(527,400)</u>	<u>(543,631)</u>
Net Operating Revenue	771,196	23,378		261,901		358,361	368,491	378,530	388,475	399,380	410,184
Less: Estimated Cash-Funded Capital Improvements	(926,881)	-		(221,603)		(215,250)	(286,650)	(52,093)	(72,930)	(127,628)	(316,263)
Estimated Debt Service #1 2023/24 Open Market Bonds [1]	-	-		(57,000)		(167,000)	(167,000)	(167,000)	(167,000)	(167,000)	(167,000)
Estimated Debt Service #2 2028/29 Open Market Bonds [2]	-	-		-		-	-	-	-	(23,000)	(115,000)
Net Cash Flow	<u>(\$155,685)</u>	<u>\$23,378</u>		<u>(\$16,701)</u>		<u>(\$23,889)</u>	<u>(\$85,159)</u>	<u>\$159,437</u>	<u>\$148,545</u>	<u>\$81,752</u>	<u>(\$188,078)</u>
<i>Cash & Investments</i>	\$326,363	\$170,678	\$194,056	\$177,355		\$153,466	\$68,308	\$227,745	\$376,290	\$458,042	\$269,964

[1] Estimated debt service payments based on \$2,500,000 25-year open market bond issue at an estimated interest rate. This amount includes estimated bond costs and other contingencies in the amount of \$85,280.

[2] Estimated debt service payments based on \$900,000 10-year open market bond issue at an estimated interest rate.