



Town of Hayden Utility Revenue Discussion

November 18, 2024

Purpose and Scope of This Presentation

- Discuss 6-Year Utility Revenue Forecast for Town of Hayden Water and Sewer Utilities
- Incorporate revenue needs identified by the Town
- Identify revenue adjustments for council consideration

Community Profile

- Declining population (U.S. Census): 892 (2000), 662 (2010), 512 (2020). 2024 Est. = 515
- Moderate residential density (405 persons/sq. mile)
- 5-Yr Median Household Income (2022)* = \$33,182 +/- 15,094

*Source: 2022 American Community Survey 5-Year Estimate.



Utility Observations

- ~187 active water and sewer connections (Town of Hayden = 172, AZ Division = 15)
- Annual USDA sewer loan payment = \$19,212
- No 5-Year Infrastructure Capital Improvement Plan identified; minimal available reserves (\$15,198.95)
- Large transfers provided by Town to operate system (FY25 Budgeted = \$106K for water + \$94,455 for sewer)
- Last rate adjustment (2023)

Enterprise Fund Revenue

Operating

- Monthly water and sewer service charges
- Connections, reconnections, penalties, call-outs, etc.

Non-Operating

- Interest on investments, rentals (facilities, cell towers), administrative contracts; property tax assessments, dedicated share of Gross Receipts Tax

***FOCUS: Earned and consistent sources of revenue.
Transfers Not Included.***

Revenue Needs

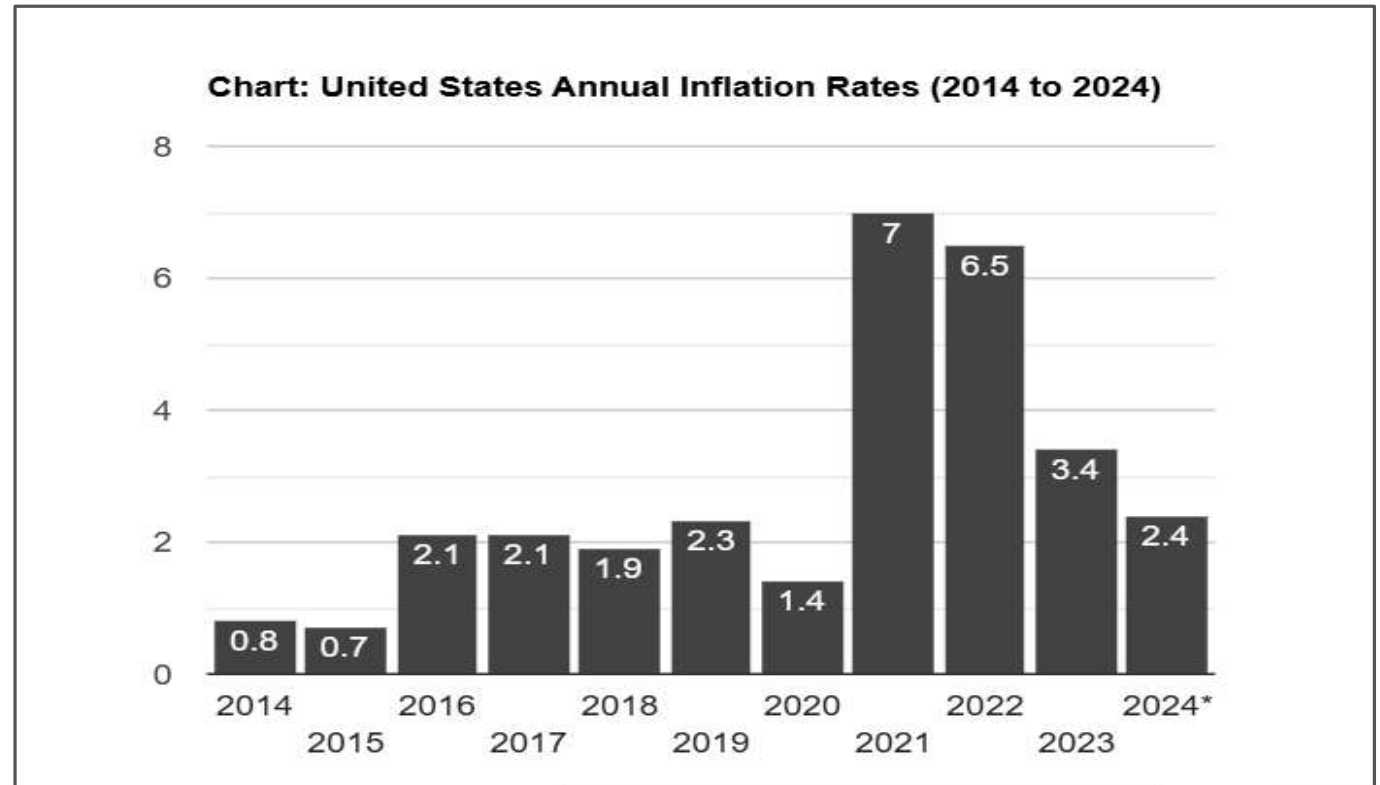
- **Base Operating Expenses** – Salaries and benefits, utilities, chemicals, maintenance & repairs, fuel, office supplies, insurance, et. al.
- **Debt Service**– loan payments (principal and interest)
- **Reserves** – Operating, Emergency, Debt, and Capital

Recommended Reserves

- **Operating** – provides for fluctuations in day-to-day operating cash flow (30 to 90 days Cash on Hand)
- **Debt Service**– ensures timely debt payments; often stipulated by lender (10% of annual loan payments)
- **Emergency** – provides for repair of critical asset (e.g., replacement of well pump)
- **Capital Reserve** – addresses existing and future infrastructure needs (nominal guidance in lieu of asset management plan: 1 – 2% annually based of original system cost, 10-15% of base operating costs, or % cash match on upcoming projects)

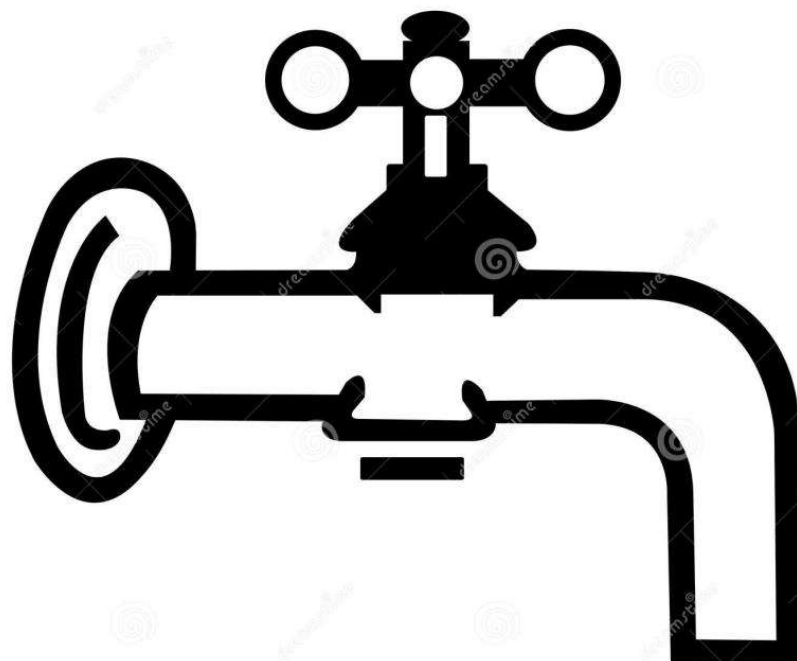
Factors Affecting Revenue Needs

- System growth & per capita usage
- Operating Efficiency
- Timing
- **Inflation**



***Cumulative Inflation 1/21 – 9/24 = 21%**

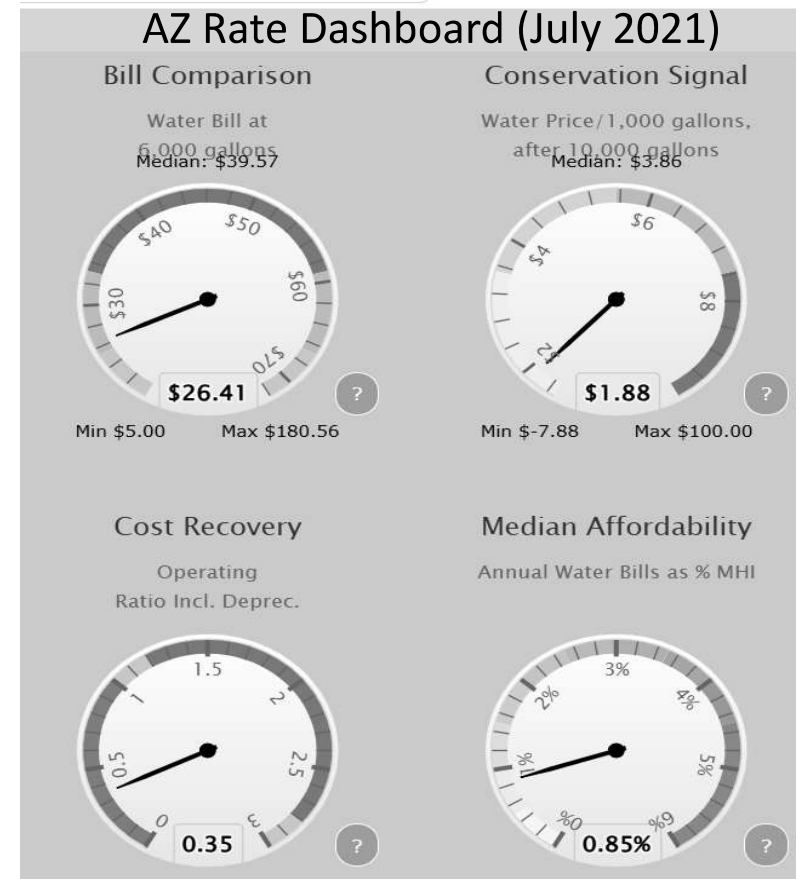
WATER



Current Monthly Water Rates

- Hayden Division (~172 Active Users)
- Base: \$27.40 (Includes 4K gals.)
- Usage: \$2.27/K
- Avg. Mo. Bill (6K gals.) = **\$31.94**
- Affordability Ratio (6K gals.) = 1.16

Median charge in AZ for systems
with similar population (500-1000) at 6K monthly usage =
\$39.57 (2021)



<https://dashboards.efc.sog.unc.edu/az>

Financial Performance

Item	FY22	FY23	FY24	FY25 Forecast
Monthly Water Service (Hayden & AZ Division)	\$72,187.68	\$75,106.94	\$87,160.16	\$87,160.16
Water Tap & Other Fees	\$1,105.00	\$679.65	\$423.80	\$500
Base Operating Expenses*	\$154,918.18	\$108,907.11	\$74,671.91	\$199,095.00
Loan Payments	\$0	\$0	\$0	\$0
Net Revenue	-\$81,625.50	-\$33,120.52	13,057.75	-\$111,434.84

**Excludes Depreciation*

Financial Forecast (FY25-30)

- Purpose: Recognize full cost of providing water service including base operating expenses, debt and reserves
- Approach: Implement revenue adjustments over multi-year period to meet recognized needs
- Goal: 1) Build needed capacity; 2) Reduce reliance on General Fund capping transfers to \$50K annually by FY30

FY25-30: Base Operating Expenses

- FY25 Current = \$199,095
- FY26 = \$205,068
- 3% annual cost factor applied (FY25-30)

Expenses	FY25 Current Forecast	Inflation Factor	FY26 Forecast
COMP. TIME PD.(BARE)	\$0.00	3%	\$ -
SALARIES	\$64,800.00	3%	\$ 66,744.00
FICA	\$4,955.00	3%	\$ 5,103.65
AZ STATE RETIREMENT	\$7,950.00	3%	\$ 8,188.50
HEALTH	\$15,280.00	3%	\$ 15,738.40
DEFERRED COMPENSATION	\$0.00	3%	\$ -
WORKER'S COMP. INSURANCE	\$5,510.00	3%	\$ 5,675.30
UNEMPLOYMENT	\$0.00	3%	\$ -
ACCRUED VACATION & COMP TIME	\$0.00	3%	\$ -
NET CHANGE IN PENSION LIAB.	\$0.00	3%	\$ -
PROFESSIONAL SERVICE	\$36,500.00	3%	\$ 37,595.00
UTILITIES	\$0.00	3%	\$ -
TELEPHONE	\$500.00	3%	\$ 515.00
TRAVEL & TRAINING	\$3,000.00	3%	\$ 3,090.00
REPAIRS	\$20,000.00	3%	\$ 20,600.00
JUDGEMENT FEES SEWER PROJECT	\$0.00	3%	\$ -
SUPPLIES	\$8,000.00	3%	\$ 8,240.00
GASOLINE	\$3,500.00	3%	\$ 3,605.00
UNIFORMS	\$1,500.00	3%	\$ 1,545.00
TREATMENT FEES	\$0.00	3%	\$ -
CAPITAL OUTLAY	\$5,000.00	3%	\$ 5,150.00
WATER PURCHASE	\$20,100.00	3%	\$ 20,703.00
POSTAGE	\$1,000.00	3%	\$ 1,030.00
SUPER FUND TAX	\$500.00	3%	\$ 515.00
SUBSCRIPTION & DUES	\$1,000.00	3%	\$ 1,030.00
Base Operating Expenses	\$199,095.00		\$205,067.85

FY25-30: Project Financing

Project	Anticipated Source	Anticipated Cost	% Grant	Adjusted Cost	Term (years)	Interest Rate	Payment Begins	Annual PMT
Selected water system improvements including planning, design, and construction	TBD	\$1,000,000	90%	\$100,000.00	30.00	2.00%	FY30	\$4,464.99

- Aging Infrastructure (No 5-year Infrastructure Capital Improvement Plan identified)
- Capital financing will likely be needed (100% grant cannot be guaranteed)
- \$1M project identified in FY30 as a prospective project = \$4,464.99/year starting FY30 (90% grant/2% IR, 30 years)

FY25-30: Reserve Contributions

- Funds Available = \$7,415
- Operating Reserve (45 days Cash on Hand) = \$3,809 annually beginning in FY26
- Emergency Reserve (\$25K) = \$5K annually beginning in FY26
- Debt Reserve (10% of annual debt service) = \$446.50 beginning in FY30
- Capital Reserve (7.5% Cash Match based on \$1M capital project in FY30) = \$15,000 annually beginning in FY26

Section 1: Balance Sheet		
Type	Designation	Actual June 30, 2024
Cash/Cash Recivables	Operating Reserve	\$7,415.15
	Total Expected Available Reserves	\$7,415.15

Section 2: Reserve Allocation								
Fund	Unit	Target Based on Description	Additonal Contribution	Total Target	Amount Available	Amount Needed	MakeUp Period	Target Annl Contribution
Operating	45	\$26,462.22	\$0.00	\$26,462.22	\$7,415.15	\$19,047.07	5	\$3,809.41
Emergency	\$25,000	\$25,000.00	\$0.00	\$25,000.00	\$0.00	\$25,000.00	5	\$5,000.00
Debt Reserve	10%	\$446.50	\$0.00	\$446.50	\$0.00	\$446.50	1	\$446.50

Section 3: Capital Reserve Worksheet								
	Unit	Target Based on Description	Addn'l Contrtbution	Total Target	Amt. Available	Amt. Needed	Makeup Pd. In Blue	Target Annl Contribution
Capital Reserve (Option 2)	7.5%	\$75,000.00	\$0.00	\$75,000.00	\$0.00	\$75,000.00	5	\$15,000.00

FY25-30 Financial Forecast with Revenue Adjustments: FY25 (1/25) = 25%, FY26 (1/26) = 25%, FY 27 (1/27) = 25%, FY28 (1/28) = 25%, FY29 (1/29) = 4.8%, and FY30 (7/29) = 3.0%

Line	Town of Hayden Water Utility	FY25	FY26	FY27	FY28	FY29	FY30
1	Monthly Water Sales	\$69,595.59	\$ 86,994.49	\$ 108,743.11	\$ 135,928.89	\$ 169,911.11	\$ 178,066.84
2	Monthly Water Sales (AZ Water)	\$17,792.41	\$ 17,792.41	\$ 17,792.41	\$ 17,792.41	\$ 17,792.41	\$ 17,792.41
3	Other Operating Revenue	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
4	Total Operating Revenue	\$ 87,888.00	\$ 105,286.90	\$ 127,035.52	\$ 154,221.30	\$ 188,203.52	\$ 196,359.25
5	Additional Revenue from Service Rate Adjustment	\$ 17,398.90	\$ 21,748.62	\$ 27,185.78	\$ 33,982.22	\$ 8,155.73	\$ 5,342.01
6	Deduction for Partial Year Rate Adjustment	\$ (8,699.45)	\$ (10,874.31)	\$ (13,592.89)	\$ (16,991.11)	\$ (4,077.87)	\$ -
7	Uncollected Accounts (Gain or Loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Adjusted Operating Revenue	\$ 96,587.45	\$ 116,161.21	\$ 140,628.41	\$ 171,212.41	\$ 192,281.39	\$ 201,701.26
9	Base Operating Expense*	\$ 199,095.00	\$ 205,067.85	\$ 211,219.89	\$ 217,556.48	\$ 224,083.18	\$ 230,805.67
10	Other Operating Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Total Operating Expenses	\$ 199,095.00	\$ 205,067.85	\$ 211,219.89	\$ 217,556.48	\$ 224,083.18	\$ 230,805.67
12	NET OPERATING REVENUE	\$ (102,507.55)	\$ (88,906.64)	\$ (70,591.48)	\$ (46,344.07)	\$ (31,801.79)	\$ (29,104.41)
13	Interest Earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Other Recurring Non Operating Revenue	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
15	Total Recurring Non-Operating Revenue	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
16	NET SYSTEM REVENUE	\$ (102,007.55)	\$ (88,406.64)	\$ (70,091.48)	\$ (45,844.07)	\$ (31,301.79)	\$ (28,604.41)
17	Loan Payments (Principal and Interest)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	Additional Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,464.99
19	Total Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,464.99
20	Amount Available for Reserves	\$ (102,007.55)	\$ (88,406.64)	\$ (70,091.48)	\$ (45,844.07)	\$ (31,301.79)	\$ (33,069.41)
21	Transfer	\$ 106,000.00	\$ 100,000.00	\$ 90,000.00	\$ 80,000.00	\$ 65,000.00	\$ 50,000.00
22	Plus: Beginning Available Cash Balance	\$ -	\$ 3,992.45	\$ (8,223.61)	\$ (12,124.50)	\$ (1,777.99)	\$ 8,110.81
23	Net Position Before Reserves	\$ 3,992.45	\$ 15,585.81	\$ 11,684.92	\$ 22,031.43	\$ 31,920.22	\$ 25,041.40
24	Operating Reserve	\$ -	\$ 3,809.41	\$ 3,809.41	\$ 3,809.41	\$ 3,809.41	\$ 3,809.41
25	Emergency Reserve	\$ -	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
26	Debt Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 446.50
27	Short-lived Asset Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	Capital Replacement Reserve	\$ -	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
29	Total Reserves	\$ -	\$ 23,809.41	\$ 23,809.41	\$ 23,809.41	\$ 23,809.41	\$ 24,255.91
30	Ending Net Position	\$ 3,992.45	\$ (8,223.61)	\$ (12,124.50)	\$ (1,777.99)	\$ 8,110.81	\$ 785.49
	*Excludes Interest Expense and Depreciation						

FY25-30 Financial Forecast with No Revenue Adjustments

Town of Hayden Water Utility	FY25	FY26	FY27	FY28	FY29	FY30
Monthly Water Sales	\$69,595.59	\$ 69,595.59	\$ 69,595.59	\$ 69,595.59	\$ 69,595.59	\$ 69,595.59
Monthly Water Sales (AZ Water)	\$ 17,792.41	\$ 17,792.41	\$ 17,792.41	\$ 17,792.41	\$ 17,792.41	\$ 17,792.41
Other Operating Revenue	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Total Operating Revenue	\$ 87,888.00	\$ 87,888.00	\$ 87,888.00	\$ 87,888.00	\$ 87,888.00	\$ 87,888.00
Additional Revenue from Service Rate Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deduction for Partial Year Rate Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uncollected Accounts (Gain or Loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Adjusted Operating Revenue	\$ 87,888.00	\$ 87,888.00	\$ 87,888.00	\$ 87,888.00	\$ 87,888.00	\$ 87,888.00
Base Operating Expense*	\$ 199,095.00	\$ 205,067.85	\$ 211,219.89	\$ 217,556.48	\$ 224,083.18	\$ 230,805.67
Other Operating Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 199,095.00	\$ 205,067.85	\$ 211,219.89	\$ 217,556.48	\$ 224,083.18	\$ 230,805.67
NET OPERATING REVENUE	\$ (111,207.00)	\$ (117,179.85)	\$ (123,331.89)	\$ (129,668.48)	\$ (136,195.18)	\$ (142,917.67)
Interest Earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Recurring Non Operating Revenue	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Total Recurring Non-Operating Revenue	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
NET SYSTEM REVENUE	\$ (110,707.00)	\$ (116,679.85)	\$ (122,831.89)	\$ (129,168.48)	\$ (135,695.18)	\$ (142,417.67)
Loan Payments (Principal and Interest)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,464.99
Total Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,464.99
Amount Available for Reserves	\$ (110,707.00)	\$ (116,679.85)	\$ (122,831.89)	\$ (129,168.48)	\$ (135,695.18)	\$ (146,882.66)
Transfer	\$ 106,000.00	\$ 100,000.00	\$ 90,000.00	\$ 80,000.00	\$ 65,000.00	\$ 50,000.00
Plus: Beginning Available Cash Balance	\$ -	\$ (4,707.00)	\$ (45,196.26)	\$ (101,837.56)	\$ (174,815.46)	\$ (269,320.05)
Net Position Before Reserves	\$ (4,707.00)	\$ (21,386.85)	\$ (78,028.15)	\$ (151,006.05)	\$ (245,510.64)	\$ (366,202.71)
Operating Reserve		\$ 3,809.41	\$ 3,809.41	\$ 3,809.41	\$ 3,809.41	\$ 3,809.41
Emergency Reserve		\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Debt Reserve		\$ -	\$ -	\$ -	\$ -	\$ 446.50
Short-lived Asset Reserve		\$ -	\$ -	\$ -	\$ -	\$ -
Capital Replacement Reserve		\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
Total Reserves	\$ -	\$ 23,809.41	\$ 23,809.41	\$ 23,809.41	\$ 23,809.41	\$ 24,255.91
Ending Net Position	\$ (4,707.00)	\$ (45,196.26)	\$ (101,837.56)	\$ (174,815.46)	\$ (269,320.05)	\$ (390,458.63)
*Excludes Interest Expense and Depreciation						

FY25-30 Summary (With Revenue Adjustments)

<i>Identifier</i>	FY25 Current Forecast	FY26	FY27	FY28	FY29	FY30
Adjustment to Monthly Rates	25.0%	25.0%	25.0%	25.0%	4.8%	3.0%
Net System Revenue	-\$102,007.6	-\$88,406.6	-\$70,091.5	-\$45,844.1	-\$31,301.8	-\$28,604.4
Transfer	\$106,000.0	\$100,000.0	\$90,000.0	\$80,000.0	\$65,000.0	\$50,000.0
Net Position	\$3,992.45	(\$8,223.61)	(\$12,124.50)	(\$1,777.99)	\$8,110.81	\$785.49
Operating Ratio	0.49	0.57	0.67	0.79	0.86	0.86
Debt Coverage Ratio	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	4.79
Additional Forecasted Loan PMT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,464.99

- Net Position (FY30) = **\$785.49 vs. -\$390,459 (with no adjustments)**
- Outcomes: 1) provides for full-cost of service, and 2) reduces annual transfers to \$50K per year by FY30
- Key assumptions: 0% growth in *connections*¹, 0% change in per capita usage; 3.0% annual growth in costs, no adjustment applied to AZ Division rates

¹ Replaces revenue as identified in original 11.18.24 presentation copy. The correction has no impact on results provided.

FY25 Rate Options

Monthly Usage Level (Gallons)	Option 1 (No Change)	Option 2 (Uniform Adjustment)	Option 3 (Adjusted Tier)	Arizona Division Rates
0	\$27.40	\$34.25	\$28.10	\$26.65
3,000	\$27.40	\$34.25	\$31.10	\$42.16
6,000	\$31.94	\$39.93	\$38.60	\$57.67
12,000	\$50.10	\$62.63	\$65.60	\$88.69
25,000	\$97.77	\$122.21	\$143.60	\$155.90
Monthly Rates	Existing Base Rate (incl. 4K gallons) + \$2.27 per/K over 4K gallons	25% increase in base + usage charges	Base Rate + \$1.00/K up to 3K + 2.50/K up to 6K + \$4.5/K up to 12K + \$6.00/K thereafter	Base Charge +\$5.17 per K
Affordability at 6K Gals. Mo. Usage: MHI = 33182	1.16%	1.44%	1.40%	2.09%

- Option 1 is not viable
- Option 2 provides greater revenue stability
- Option 3 reduces impact for most customers and encourages H2O conservation

Monthly bill under Option 3 at 3K Gals/Mo. would increase by \$3.70 for Hayden Division customers
with no change for AZ Division customers

SEWER



Current Monthly Sewer Rates

TOWN OF HAYDEN			Rates List - Water and Sewer Rates for Rate Study						
Report Criteria:									
Selected services: WATER, SEWER									
Rate Number	Description	Service	Base Amount	Quantity 1	Rate 1	Quantity 2	Rate 2	Minimum Amount	
101	WATER FOR HAYDEN DIVISION	1 (WATER)	27.40	4		999999999	2.27	27.40	
102	WATER FOR AZ DIVISION	1 (WATER)	26.65	999999999	5.17			26.65	
404	SEWER, CHURCH	4 (SEWER)	.00					113.00	
405	SEWER, RESIDENTIAL	4 (SEWER)	.00					85.40	
410	SEWER, BUSINESS	4 (SEWER)	.00					93.00	
415	SEWER, RESTAURANT	4 (SEWER)	.00					113.00	

Median charge in AZ for systems
with similar population (500-1000) at 6K monthly usage =
\$38.39 (2021). Hayden Residential Mo. Charge = **\$85.40**

Financial Performance

Item	FY22	FY23	FY24	FY25 Forecast
Monthly Sewer Service Fees	\$168,227.26	\$181,811.20	\$188,567	\$192,880.60
Sewer Tap & Other Fees	\$0	\$0	-\$10.77	\$500
Base Operating Expenses	\$137,767.69	\$198,768.52	\$256,085.47	\$248,091.61
Loan Payments	\$0	\$10,734.00	\$19,212.00	\$19,212.00
Net Revenue	-\$30,459.57	-\$27,691.32	-\$86,741.24	-\$73,922.81

Financial Forecast (FY25-30)

- Purpose: Recognize full cost of providing sewer service including base operating expenses, debt and reserves
- Approach: Implement revenue adjustments over multi-year period to meet recognized needs
- Goals: 1) Build needed financial capacity; 2) Phase out transfers from the General Fund by FY30

FY25-30: Base Operating Expenses

- FY25 Current = \$248,092
- FY26 = \$255,534
- 3% annual cost factor applied (FY25-30)

Expenses	FY25 Current Forecast	Inflation Factor	FY26 Forecast
SALARIES	\$69,455.20	3%	\$ 71,538.86
FICA	\$5,313.32	3%	\$ 5,472.72
AZ STATE RETIREMENT	\$8,522.15	3%	\$ 8,777.82
HEALTH	\$20,135.00	3%	\$ 20,739.05
DEFERRED COMPENSATION	\$0.00	3%	\$ -
WORKER'S COMP. INSURANCE	\$4,215.93	3%	\$ 4,342.41
UNEMPLOYMENT	\$0.00	3%	\$ -
ACCRUED VACATION & COMP TIME	\$0.00	3%	\$ -
NET CHANGE IN PENSION LIAB.	\$0.00	3%	\$ -
PROFESSIONAL SERVICE	\$41,000.00	3%	\$ 42,230.00
UTILITIES	\$32,000.00	3%	\$ 32,960.00
TELEPHONE	\$750.00	3%	\$ 772.50
TRAVEL & TRAINING	\$3,000.00	3%	\$ 3,090.00
REPAIRS	\$30,000.00	3%	\$ 30,900.00
JUDGEMENT FEES SEWER PROJECT	\$0.00	3%	\$ -
SUPPLIES	\$12,000.00	3%	\$ 12,360.00
GASOLINE	\$500.00	3%	\$ 515.00
UNIFORMS	\$1,200.00	3%	\$ 1,236.00
TREATMENT FEES	\$20,000.00	3%	\$ 20,600.00
Base Operating Expenses	\$248,091.61		\$255,534.35

FY25-30: Reserve Contributions

- Funds Available = \$7,783.80
- Operating Reserve (45 days Cash on Hand) = \$4,198.45 annually beginning in FY25
- Emergency Reserve (\$50K) = \$8,333.33K annually beginning in FY25
- Debt Reserve (10% of annual debt service) = \$446.50 beginning in FY30
- Capital Reserve (10% Cash Match based on \$1M capital project in FY30) = \$16,667 annually beginning in FY25

Source	Type	Designation	Actual June 30, 2024
Balance Sheet	Cash/Cash Receivables	Combined	\$9,718.80
Balance Sheet	Cash/Cash Receivables	Loan Reserve (Restricted)	\$1,935.00
Total Expected Available Reserves			\$7,783.80

Section 2: Reserve Allocation								
Fund	Unit	Target Based on Description	Additional Contribution	Total Target	Amount Available	Amount Needed	MakeUp Period	Target Annl Contribution
Operating	45	\$32,974.48	\$0.00	\$32,974.48	\$7,783.80	\$25,190.68	6	\$4,198.45
Emergency	\$50,000	\$50,000.00	\$0.00	\$50,000.00	\$0.00	\$50,000.00	6	\$8,333.33
Debt Reserve	10%	\$446.50	\$0.00	\$446.50	\$0.00	\$446.50	1	\$446.50

Section 3: Capital Reserve Worksheet								
	Unit	Target Based on Description	Addnl Contribution	Total Target	Amt. Available	Amt. Needed	Makeup Pd. In Blue	Target Annl Contribution
Capital Reserve (Option 2)	10.0%	\$100,000.00	\$0.00	\$100,000.00	\$0.00	\$100,000.00	6	\$16,666.67

FY25-30: Project Financing

Project	Anticipated Source	Anticipated Cost	% Grant	Adjusted Cost	Term (years)	Interest Rate	Payment Begins	Annual PMT
Selected wastewater system improvements including planning, design, and construction	TBD	\$1,000,000.00	90%	\$100,000.00	30.00	2.00%	FY30	\$4,464.99

- Aging Infrastructure-no 5-year Infrastructure Capital Improvement Plan identified
- Capital financing will likely be needed (100% grant cannot be guaranteed)
- \$1M prospective project identified in FY30. Annual PMT = \$4,464.99 (90% grant, 2% IR, 30 years)

FY25-30 Financial Forecast with Revenue Adjustments: FY25 (1/25) = 9.0%, FY26 (1/26) = 15.0%, FY 27 (1/27) = 15.0%, FY28 (1/28) = 7.4%, FY29 (7/28) = 3.0%, and FY30 (7/29) = 3.0%

Line	Town of Hayden (Wastewater Utility)	FY25	FY26	FY27	FY28	FY29	FY30
1	Monthly Wastewater Sales	\$ 192,880.80	\$ 210,240.07	\$ 241,776.08	\$ 278,042.50	\$ 298,617.64	\$ 307,576.17
2	Other Operating Revenue	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
3	Total Operating Revenue	\$ 193,380.80	\$ 210,740.07	\$ 242,276.08	\$ 278,542.50	\$ 299,117.64	\$ 308,076.17
4	Additional Revenue from Service Rate Adjustment	\$ 17,359.27	\$ 31,536.01	\$ 36,266.41	\$ 20,575.14	\$ 8,958.53	\$ 9,227.29
5	Deduction for Partial Year Rate Adjustment	\$ (8,679.64)	\$ (15,768.01)	\$ (18,133.21)	\$ (10,287.57)	\$ -	\$ -
6	Uncollected Accounts (Gain or Loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Total Adjusted Operating Revenue	\$ 202,060.44	\$ 226,508.08	\$ 260,409.29	\$ 288,830.07	\$ 308,076.17	\$ 317,303.45
8	Base Operating Expense*	\$ 248,091.61	\$ 255,534.35	\$ 263,200.39	\$ 271,096.40	\$ 279,229.29	\$ 287,606.17
9	Other Operating Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Total Operating Expenses	\$ 248,091.61	\$ 255,534.35	\$ 263,200.39	\$ 271,096.40	\$ 279,229.29	\$ 287,606.17
11	NET OPERATING REVENUE	\$ (46,031.17)	\$ (29,026.28)	\$ (2,791.10)	\$ 17,733.67	\$ 28,846.88	\$ 29,697.29
12	Interest Earned	\$ -	\$ -	\$ -	\$ 68.05	\$ 179.19	\$ 143.04
13	Other Recurring Non Operating Revenue	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
14	Total Recurring Non-Operating Revenue	\$ 500.00	\$ 500.00	\$ 500.00	\$ 568.05	\$ 679.19	\$ 643.04
15	NET SYSTEM REVENUE	\$ (45,531.17)	\$ (28,526.28)	\$ (2,291.10)	\$ 18,301.73	\$ 29,526.07	\$ 30,340.33
16	Loan Payments (Principal and Interest)	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00
17	Additional Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,464.99
18	Total Debt	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00	\$ 23,676.99
19	Amount Available for Reserves	\$ (64,743.17)	\$ (47,738.28)	\$ (21,503.10)	\$ (910.27)	\$ 10,314.07	\$ 6,663.34
20	Transfer	\$ 94,455.00	\$ 80,000.00	\$ 60,000.00	\$ 40,000.00	\$ 20,000.00	\$ -
21	Plus: Beginning Available Cash Balance	\$ -	\$ 513.38	\$ 3,576.66	\$ 12,875.11	\$ 22,766.39	\$ 23,882.01
22	Net Position Before Reserves	\$ 29,711.83	\$ 32,775.10	\$ 42,073.56	\$ 51,964.84	\$ 53,080.46	\$ 30,545.35
23	Operating Reserve	\$ 4,198.45	\$ 4,198.45	\$ 4,198.45	\$ 4,198.45	\$ 4,198.45	\$ 4,198.45
24	Emergency Reserve	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33
25	Debt Reserve						\$ 446.50
26	Short-lived Asset Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	Capital Replacement Reserve	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67
28	Total Reserves	\$ 29,198.45	\$ 29,198.45	\$ 29,198.45	\$ 29,198.45	\$ 29,198.45	\$ 29,644.95
29	Ending Net Position	\$ 513.38	\$ 3,576.66	\$ 12,875.11	\$ 22,766.39	\$ 23,882.01	\$ 900.40
	*Excludes Interest Expense and Depreciation						

FY25-30 Financial Forecast with No Revenue Adjustments

Town of Hayden (Wastewater Utility)	FY25	FY26	FY27	FY28	FY29	FY30
Monthly Wastewater Sales	\$ 192,880.80	\$ 192,880.80	\$ 192,880.80	\$ 192,880.80	\$ 192,880.80	\$ 192,880.80
Other Operating Revenue	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Total Operating Revenue	\$ 193,380.80	\$ 193,380.80	\$ 193,380.80	\$ 193,380.80	\$ 193,380.80	\$ 193,380.80
Additional Revenue from Service Rate Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deduction for Partial Year Rate Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uncollected Accounts (Gain or Loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Adjusted Operating Revenue	\$ 193,380.80	\$ 193,380.80	\$ 193,380.80	\$ 193,380.80	\$ 193,380.80	\$ 193,380.80
Base Operating Expense*	\$ 248,091.61	\$ 255,534.35	\$ 263,200.39	\$ 271,096.40	\$ 279,229.29	\$ 287,606.17
Other Operating Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 248,091.61	\$ 255,534.35	\$ 263,200.39	\$ 271,096.40	\$ 279,229.29	\$ 287,606.17
NET OPERATING REVENUE	\$ (54,710.81)	\$ (62,153.55)	\$ (69,819.59)	\$ (77,715.60)	\$ (85,848.49)	\$ (94,225.37)
Interest Earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Recurring Non Operating Revenue	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Total Recurring Non-Operating Revenue	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
NET SYSTEM REVENUE	\$ (54,210.81)	\$ (61,653.55)	\$ (69,319.59)	\$ (77,215.60)	\$ (85,348.49)	\$ (93,725.37)
Loan Payments (Principal and Interest)	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00
Additional Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,464.99
Total Debt	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00	\$ 19,212.00	\$ 23,676.99
Amount Available for Reserves	\$ (73,422.81)	\$ (80,865.55)	\$ (88,531.59)	\$ (96,427.60)	\$ (104,560.49)	\$ (117,402.36)
Transfer	\$ 94,455.00	\$ 80,000.00	\$ 60,000.00	\$ 40,000.00	\$ 20,000.00	\$ -
Plus: Beginning Available Cash Balance	\$ -	\$ (8,612.75)	\$ (39,123.25)	\$ (97,299.79)	\$ (183,372.33)	\$ (297,577.76)
Net Position Before Reserves	\$ 21,032.19	\$ (9,478.31)	\$ (67,654.84)	\$ (153,727.38)	\$ (267,932.82)	\$ (414,980.12)
Operating Reserve	\$ 4,198.45	\$ 4,198.45	\$ 4,198.45	\$ 4,198.45	\$ 4,198.45	\$ 4,198.45
Emergency Reserve	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33
Debt Reserve	\$ 446.50	\$ 446.50	\$ 446.50	\$ 446.50	\$ 446.50	\$ 446.50
Short-lived Asset Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Replacement Reserve	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67
Total Reserves	\$ 29,644.95	\$ 29,644.95	\$ 29,644.95	\$ 29,644.95	\$ 29,644.95	\$ 29,644.95
Ending Net Position	\$ (8,612.75)	\$ (39,123.25)	\$ (97,299.79)	\$ (183,372.33)	\$ (297,577.76)	\$ (444,625.07)
*Excludes Interest Expense and Depreciation						

FY25-30 Summary (With Revenue Adjustments)

Identifier	FY25	FY26	FY27	FY28	FY29	FY30
Adjustment to Monthly Rates	9.0%	15.0%	15.0%	7.4%	3.0%	3.0%
Net System Revenue	(\$45,531.17)	(\$28,526.28)	(\$2,291.10)	\$18,301.73	\$29,526.07	\$30,340.33
Transfer	\$94,455.00	\$80,000.00	\$60,000.00	\$40,000.00	\$20,000.00	\$0.00
Net Position	\$513.38	\$3,576.66	\$12,875.11	\$22,766.39	\$23,882.01	\$900.40
Operating Ratio	0.76	0.82	0.92	0.99	1.03	1.02
Debt Coverage Ratio	-2.37	-1.48	-0.12	0.95	1.54	1.28
Additional Forecasted Loan PMT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,464.99

- Net Position (FY30) = **\$900.40 vs. -\$444,625 (with no adjustments)**
- Outcomes: 1) provides for full-cost of service, and 2) phases out transfers by FY30
- Key Assumptions: 0% growth in *connections*¹, 0% change in per capita usage; 3.0% annual growth in costs

¹ Replaces revenue as identified in original 11.18.24 presentation copy. The correction has no impact on results provided.

FY25 Sewer Rate Options

Customer Class	Option 1 (No Change)	Option 2 (9.0% Uniform Rate Increase)	Monthly Increase (Option 2)
Residential	\$85.40	\$93.09	\$7.69
Church	\$113.00	\$123.17	\$10.17
Business	\$93.00	\$101.37	\$8.37
Restaurant	\$113.00	\$123.17	\$10.17

- Option 1 – no rate adjustment
- Option 2 – 9% increase applied to all customer classes

Monthly residential sewage bill would increase by \$7.69 for both Hayden and AZ Division customers

Summary

- Utilities are not generating sufficient revenue to cover true cost of service including basic operating costs, debt, and reserves.
- Proposed rate adjustments have been identified to cover these costs and to reduce transfers from the General Fund. Transfers to the Water Fund will gradually decrease to \$50K annually by FY30; transfers to the Sewer Fund will be phased out by FY30.
- Preliminary rate options provided: Option #3 (Water) identifies a **\$3.70** increase in the Hayden Division monthly water bill effective January 2025 based on average usage of 3K gallons with no increase for AZ Division customers; Option #2 (Sewer) identifies a **9%** rate increase for all wastewater customers effective January 2025 (**=\$7.69** increase in the current monthly residential wastewater bill).
- Continued need to examine costs and revenue opportunities.

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