

THE ABRAHAMS GROUP
YOUR PARTNER IN PERFORMANCE

October 26, 2018

Ms. Sharon Lynn
City Manager
City Hall
229 Rehoboth Avenue
Rehoboth Beach, Delaware 19971

Dear Ms. Lynn:

I am pleased to submit this report that shows the results of our analyses of the Water Enterprise Fund's and the Wastewater Enterprise Fund's financial outlook for the City of Rehoboth Beach ("City"). The City has not conducted a rate study for water and wastewater in several years and has sought to ensure that rates can cover projected expenditures over the upcoming fiscal years. The City is also interested in gauging the impact of the wastewater outfall project and in understanding whether it is practical for the City to continue operating its wastewater treatment plant.

This report contains projected revenues and expenditures over the next few fiscal years for both the Water Enterprise Fund and the Wastewater Enterprise Fund and necessary rate changes in the near future to ensure projected expenditures are covered. Actual results may vary. Projected expenditures include the funding in full of recommended capital investments and infrastructure renewal by GHD, the City's engineering consultant. The following tables contain GHD's recommendations, presented at a high level.

GHD's Water Recommendations

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Repair and Rehab	\$ 68,364	\$ 34,343	\$ 228,527	\$ 144,318	\$ 81,527
Capital Projects	\$ -	\$ 313,750	\$ 803,250	\$ 569,500	\$ 341,600
Distribution System	\$ 163,500	\$ 573,500	\$ 513,500	\$ 513,500	\$ 513,500
Total	\$ 231,864	\$ 921,593	\$ 1,545,277	\$ 1,227,318	\$ 936,627

GHD's Wastewater Recommendations

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Pump Station and Treatment Plant	\$ 1,046,750	\$ 2,346,320	\$ 3,081,965	\$ 1,619,528	\$ 1,618,292
Collection System	\$ 108,470	\$ 570,645	\$ 494,803	\$ 907,208	\$ 445,033
Remaining Pump Station Renewals	\$ 7,986	\$ 2,289	\$ 83,299	\$ 60,938	\$ -
Total	\$ 1,163,206	\$ 2,919,254	\$ 3,660,067	\$ 2,587,674	\$ 2,063,325

The Pump Station and Treatment Plant table in GHD's latest Wastewater plan includes about \$5.7 million for phase two of upgrades to the wastewater treatment plant, capital investments the City has already moved forward with. The City has not yet moved forward with the other investments.

WATER ENTERPRISE FUND

The City has about 5,900 water users, about 2,900 of which are within Rehoboth Beach, about 200 of which are Breezewood users, and about 2,900 of which are outside of Rehoboth Beach.

The Water Enterprise Fund has operated in surplus each of the past few fiscal years as evidenced by actual results from each fiscal year shown in the following table.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Total Revenues	\$ 2,234,065	\$ 2,274,143	\$ 2,239,863	\$ 2,607,569	\$ 2,616,549	\$ 2,764,771
Total Expenditures	\$ 1,504,415	\$ 1,669,248	\$ 1,949,558	\$ 1,946,278	\$ 2,077,823	\$ 1,928,694
Surplus/(Deficit)	\$ 729,650	\$ 604,895	\$ 290,305	\$ 661,291	\$ 538,726	\$ 836,077

The City’s water rates have allowed water revenues to match and exceed water expenditures on a yearly basis in the recent past. In order for water rates to allow water revenues to match and/or exceed water expenditures over the next few fiscal years, the City may need to address water rates, as evidenced by the projections shown in the following table.

	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	BUDGETED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Total Revenues	\$ 2,604,300	\$ 2,443,429	\$ 2,443,429	\$ 2,443,429	\$ 2,443,429	\$ 2,443,429
Total Expenditures	\$ 1,962,708	\$ 2,314,571	\$ 2,326,726	\$ 2,447,533	\$ 2,655,823	\$ 2,678,810
Surplus/(Deficit)	\$ 641,592	\$ 128,858	\$ 116,703	\$ (4,104)	\$ (212,394)	\$ (235,381)

These projections can be found in the Water Fund Analysis workbook attached to this report. The detailed revenue and expenditure line items can be found in the workbook.

The projections shown represent the baseline or “do nothing” scenario, which does not contain the impact of any rate changes. The following other assumptions were used in the analysis:

- For all revenue line items included in the analysis, a five-year average of actual revenues from FY 2014 to FY 2018 was used for the projections for each year FY 2019 to FY 2023, including the revenue line items for water rates and service charges. This is the reason why revenues are unchanged from FY 2019 to FY 2023 in the above table.
- Three revenue line items are considered restricted. These revenues are related to one-time capital charges that are charged when new dwellings are built and are set aside to cover future capital expansion. The three restricted water revenue line items are Water Capital Fee In-Town, Water Capital Fee Out-of-Town, and Water Capital Fee Interest. These revenue line items are included in the financial analysis, but an offset for them also exists, which means they are not included in the Total Revenues amount in the table above. This offset does not exist in the FY 2019 budget, which explains some of the discrepancy between the FY 2019 budgeted and projected revenue amounts in the table above.
- All expenditure line items in the FY 2019 budget were included as expenditures in the analysis.
- Personnel-related expenditures, like salaries, overtime, insurance, pension, and other benefits, are increased 2.5% yearly, from FY 2020 to FY 2023, over the FY 2019 budgeted amount.

- Electric and heating expenditures are increased 6.0% yearly, from FY 2020 to FY 2023, over the FY 2019 budgeted amount.
- Expenditures for compensated absences remained flat year to year at \$100,000, the amount in the FY 2019 budget.
- Debt service related to the Lynch Wells is included in the analysis as it is shown in the debt schedule shared by the City.
- Planned capital outlay expenditures included in the analysis are those found on the City's latest Capital Improvement Plan ("CIP"). Items included in the CIP and included in the financial analysis are:
 - Replacement Vehicle (#36 Ford Transit) for \$6,540 in FY 2019
 - Replacement Vehicle (#32 Ford F350) for \$16,798 in FY 2019
 - SCADA Upgrades for \$25,000 in FY 2021
 - Backhoe Replacement for \$125,000 in FY 2022
 - Census Reading Equipment for \$70,000 in FY 2023
- All other expenditures found in the City's FY 2019 budget are increased 3.0% yearly, from FY 2020 to FY 2023, over the FY 2019 budgeted amount.
- Expenditures the City already includes as part of its yearly budget are enhanced in the financial analysis by what GHD has presented as recommended investments in its latest Drinking Water System Investment plan. The plan originally had FY 2018 as its first year, but the recommended expenditures for that year were pushed out a year since the City did not fund any of them in FY 2018. Therefore, FY 2019 is now the first year of the plan. The plan consists of three different tables – (1) Repair and Rehabilitation Costs, (2) Capital Projects Summary, and (3) Distribution System Recommended Investment. The Repair and Rehabilitation Costs table consists of smaller expenditures related to the upkeep of wells, water towers, and the Lynch Plant. The Capital Projects Summary table consists of larger expenditures related to the upkeep of wells, water towers, and the Lynch Plant. The Distribution System Recommended Investment table consists of expenditures related to pipe replacement, inspections of the distribution system, and valve exercising. For each fiscal year included in the analysis, recommended expenditures were classified as capital or operating expenditures. The classifications were justified by City staff and are used in the financial analysis the following ways:
 - Capital expenditures are generally the larger expenditures included in the plan and are likely to be borrowed by the City. Financing costs related to the borrowings are included in the analysis. Debt schedules used for these financing costs are SRF borrowings with 20-year terms, 2.0% interest rate, and the first payment due the fiscal year after the borrowing's initiation. For each borrowing included in the analysis, short-term debt is 2% of the amount of long-term borrowings expended in the year of the borrowing's initiation. The lone expenditure designated as capital in FY 2019 is \$50,000 for pipe replacement and is included in the financial analysis as capital outlay.
 - Operating expenditures are generally the smaller expenditures included in the plan and are included in the financial analysis as an enhancement to the City's existing operating budget. An expenditure line item named "Additional Operating Expenses in GHD's Table" shows these additional expenditures by year.

The following table shows the breakdown of Capital and Operating expenditures in GHD's Distribution System Recommended Investment plan by fiscal year.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Capital	\$ 50,000	\$ 713,750	\$ 1,344,619	\$ 1,042,833	\$ 782,590
Operating	\$ 181,864	\$ 207,843	\$ 200,658	\$ 184,486	\$ 154,037
Total	\$ 231,864	\$ 921,593	\$ 1,545,277	\$ 1,227,318	\$ 936,627

- Indirect costs are generally appropriated as part of the General Fund’s operating budget and are allocated to the enterprise fund for funding per a documented methodology. The City does not allocate indirect costs to the Water Enterprise Fund, but is interested in doing so. Indirect costs allocations are often the means by which General Fund expenditures, like municipal staff’s time and benefits, are funded by enterprise funds. Per City staff, the financial analysis should include a total indirect costs allocation of \$200,000 with 60% of the amount allocated to the Water Fund and 40% of the amount allocated to the Wastewater Fund. The \$120,000 amount is included as an expenditure in the analysis.

As mentioned in the list of assumptions above, the baseline analysis funds the recommended expenditures in GHD’s latest Drinking Water System Investment plan completely. The analysis would yield different projections if the plan was altered and/or if the City decided not to fund all of the recommended expenditures.

Rate Changes if Capital Funded by Borrowings

In order for projected revenues to match and/or exceed projected expenditures over the next few fiscal years, the following rate changes are needed. These rate changes impact water rates and service charges for users in Rehoboth Beach, North Shores, Dewey Beach, and Breezewood.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Rate Changes	0.00%	0.00%	5.00%	5.00%	5.00%

If these rate changes were to be adopted, the financial projections are updated to what is in the following table.

	FY 2019 BUDGETED	FY 2019 PROJECTED	FY 2020 PROJECTED	FY 2021 PROJECTED	FY 2022 PROJECTED	FY 2023 PROJECTED
Total Revenues	\$ 2,604,300	\$ 2,443,429	\$ 2,443,429	\$ 2,554,792	\$ 2,671,724	\$ 2,794,502
Total Expenditures	\$ 1,962,708	\$ 2,314,571	\$ 2,326,726	\$ 2,447,533	\$ 2,655,823	\$ 2,678,810
Surplus/(Deficit)	\$ 641,592	\$ 128,858	\$ 116,703	\$ 107,259	\$ 15,901	\$ 115,692

The rate changes are needed in order for projected revenues to cover projected expenditures in all five fiscal years of the financial analysis and to ensure that the Water Fund is in good financial shape for projected expenditures in subsequent years. Debt service related to the recommended capital investments in GHD’s latest Drinking Water System Investment plan increases in the fiscal years subsequent to the ones included in this analysis and, additionally, the plan includes an average of about \$590,000 of additional expenditures in fiscal years subsequent to the ones included in this analysis.

The impact of the rate changes on the average user's bills in Breezewood, outside of Rehoboth Beach, and in Rehoboth Beach, with a one-inch meter, is presented in the following table. Each bill shown is counted twice in the total amount shown to represent a full year's worth of bills.

	Current			FY 2019			FY 2020			FY 2021			FY 2022			FY 2023		
	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total
Breezewood	\$ 70	\$44	\$228	\$ 70	\$44	\$228	\$ 73	\$46	\$239	\$ 77	\$49	\$251	\$ 81	\$51	\$264	\$ 81	\$51	\$264
O/T	\$117	\$52	\$339	\$117	\$52	\$339	\$123	\$55	\$356	\$129	\$58	\$374	\$136	\$61	\$393	\$136	\$61	\$393
I/T	\$ 80	\$27	\$215	\$ 80	\$27	\$215	\$ 84	\$29	\$226	\$ 89	\$30	\$237	\$ 93	\$31	\$249	\$ 93	\$31	\$249

Rate Changes if Capital Outlay

The financial analysis presented above assumes that the recommended capital investments in GHD's latest Drinking Water System Investment plan are funded via borrowing. The City could also explore the possibility of funding the capital expenditures as capital outlay and not via borrowing. Doing so would avoid what projects to be about \$900,000 in financing costs for the recommended capital expenditures in the plan from FY 2020 to FY 2023, but would also increase rates at a higher clip. With the capital expenditures in the plan as capital outlay, the baseline analysis is updated with projections as shown in the following table.

	FY 2019 BUDGETED	FY 2019 PROJECTED	FY 2020 PROJECTED	FY 2021 PROJECTED	FY 2022 PROJECTED	FY 2023 PROJECTED
Total Revenues	\$ 2,604,300	\$ 2,443,429	\$ 2,443,429	\$ 2,443,429	\$ 2,443,429	\$ 2,443,429
Total Expenditures	\$ 1,962,708	\$ 2,314,571	\$ 3,026,201	\$ 3,721,609	\$ 3,551,916	\$ 3,256,089
Surplus/(Deficit)	\$ 641,592	\$ 128,858	\$ (582,772)	\$ (1,278,180)	\$ (1,108,487)	\$ (812,660)

In order for projected revenues to match and/or exceed projected expenditures over the next few fiscal years, the following rate changes are needed. These rate changes impact water rates and service charges for users in Rehoboth Beach, North Shores, Dewey Beach, and Breezewood.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Rate Changes	0.00%	30.00%	22.50%	-5.00%	-7.50%

If these rate changes were to be adopted, the financial projections are updated to what is in the following table.

	FY 2019 BUDGETED	FY 2019 PROJECTED	FY 2020 PROJECTED	FY 2021 PROJECTED	FY 2022 PROJECTED	FY 2023 PROJECTED
Total Revenues	\$ 2,604,300	\$ 2,443,429	\$ 3,111,609	\$ 3,763,085	\$ 3,585,739	\$ 3,333,020
Total Expenditures	\$ 1,962,708	\$ 2,314,571	\$ 3,026,201	\$ 3,721,609	\$ 3,551,916	\$ 3,256,089
Surplus/(Deficit)	\$ 641,592	\$ 128,858	\$ 85,408	\$ 41,475	\$ 33,822	\$ 76,931

The rate changes are needed in order for projected revenues to cover projected expenditures in all five fiscal years of the financial analysis and to ensure that the Water Fund is in good financial shape for an average of about \$590,000 of additional expenditures in GHD’s latest Drinking Water System Investment plan in fiscal years subsequent to the ones included in this analysis.

The impact of the rate changes on the average user’s bills in Breezewood, outside of Rehoboth Beach, and in Rehoboth Beach, with a one-inch meter, is presented in the following table. Each bill shown is counted twice in the total amount shown to represent a full year’s worth of bills.

	Current			FY 2019			FY 2020			FY 2021			FY 2022			FY 2023		
	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total
Breezewood	\$ 70	\$ 44	\$ 228	\$ 91	\$ 57	\$ 296	\$ 111	\$ 70	\$ 363	\$ 106	\$ 67	\$ 345	\$ 98	\$ 62	\$ 319			
O/T	\$ 117	\$ 52	\$ 339	\$ 152	\$ 68	\$ 441	\$ 187	\$ 83	\$ 540	\$ 177	\$ 79	\$ 513	\$ 164	\$ 73	\$ 474			
I/T	\$ 80	\$ 27	\$ 215	\$ 104	\$ 35	\$ 279	\$ 128	\$ 43	\$ 342	\$ 121	\$ 41	\$ 325	\$ 112	\$ 38	\$ 301			

WASTEWATER ENTERPRISE FUND

The City has about 2,800 wastewater users, all of which are within Rehoboth Beach. Any wastewater rate changes impact about half as many accounts as water rate changes do.

The Wastewater Enterprise Fund has operated in surplus each of the past few fiscal years as evidenced by actual results from each fiscal year shown in the following table.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Total Revenues	\$ 2,876,154	\$ 2,594,812	\$ 2,607,208	\$ 2,788,466	\$ 3,234,454	\$ 3,828,123
Total Expenditures	\$ 1,920,135	\$ 1,918,183	\$ 2,497,251	\$ 2,262,116	\$ 2,703,034	\$ 2,899,647
Surplus/(Deficit)	\$ 956,019	\$ 676,629	\$ 109,957	\$ 526,350	\$ 531,420	\$ 928,475

The City’s wastewater rates have allowed wastewater revenues to match and exceed wastewater expenditures on a yearly basis in the recent past. In order for wastewater rates to allow wastewater revenues to match and/or exceed wastewater expenditures over the next few fiscal years, the City will need to address wastewater rates, as evidenced by the projections shown in the following table.

	FY 2019 BUDGETED	FY 2019 PROJECTED	FY 2020 PROJECTED	FY 2021 PROJECTED	FY 2022 PROJECTED	FY 2023 PROJECTED
Total Revenues	\$ 3,502,904	\$ 3,981,076	\$ 4,252,793	\$ 4,077,664	\$ 4,163,879	\$ 4,273,026
Total Expenditures	\$ 4,125,451	\$ 4,522,088	\$ 5,180,471	\$ 4,902,421	\$ 5,039,708	\$ 5,209,360
Surplus/(Deficit)	\$ (622,547)	\$ (541,012)	\$ (927,678)	\$ (824,757)	\$ (875,829)	\$ (936,335)

These projections can be found in the Sewer Fund Analysis workbook attached to this report. The detailed revenue and expenditure line items can be found in the workbook.

The projections shown represent the baseline or “do nothing” scenario, which does not contain the impact of any rate changes. The following other assumptions were used in the analysis:

- Four revenue line items included in the analysis are for the allocations of the City's operating expenses and CIP items to North Shores, Dewey Beach, Henlopen Acres, and Sussex County, based on each entity's flow share, which is originally based on a three-year average from FY 2016 to FY 2018 and then modified going forward based on recommendations by the City, GHD, and the County. These allocations are based on the City's Agreed-Upon Procedures. Allocations to the County are planned to begin in FY 2020 with CIP items only included that year and a complete allocation starting in FY 2021. The County's allocations are originally based on a 2.0% flow share that increases to 6.0% by FY 2023.
- Two revenue line items included in the analysis are for the allocations of the City's long-term debt and short-term debt for the Ocean Outfall, Phases 1 and 2 of the WWTP Upgrades, and capital items in GHD's latest Wastewater Infrastructure Renewal plan to Dewey Beach and Henlopen Acres. The allocation of 37.5% of these costs to Dewey Beach and the allocation of 4.5% of these costs to Henlopen Acres are based on an agreement.
- For all other revenue line items included in the analysis, a five-year average of actual revenues from FY 2014 to FY 2018 was used for the projections for each year FY 2019 to FY 2023, including the revenue line items for wastewater rates, service charges, and surcharges.
- Three revenue line items are considered restricted. These revenues are related to one-time capital charges that are charged when new dwellings are built and are set aside to cover future capital expansion. The three restricted wastewater revenue line items are Sewer Impact Fees, Interest on Deposits, and CD Interest for Sewer Impact Fees. These revenue line items are included in the financial analysis, but an offset for them also exists, which means they are not included in the Total Revenues amount in the table above. This offset does not exist in the FY 2019 budget, which explains some of the discrepancy between the FY 2019 budgeted and projected revenue amounts in the table above.
- All expenditure line items in the FY 2019 budget were included as expenditures in the analysis.
- Personnel-related expenditures, like salaries, overtime, insurance, pension, and other benefits, are increased 2.5% yearly, from FY 2020 to FY 2023, over the FY 2019 budgeted amount.
- Electric and heating expenditures are increased 6.0% yearly, from FY 2020 to FY 2023, over the FY 2019 budgeted amount.
- Funding of the Sewer Reserve Fund remained flat year to year at \$30,000, the amount in the FY 2019 budget.
- Debt service related to Schoolvue is included in the analysis as it is shown in the debt schedule shared by the City.

- Debt service related to the Ocean Outfall project is included in the analysis as it is shown in a projected debt schedule. The debt schedule used is an SRF borrowing of \$40.5 million with 25-year term, 2.0% interest rate, and the first payment due in FY 2019. Total payments due in FY 2019 are \$2,075,000, which is close to the \$2,065,566 amount included in the City's FY 2019 budget for Outfall principal and interest.
 - Planned capital outlay expenditures included in the analysis are those found on the City's latest Capital Improvement Plan ("CIP"). Items included in the CIP and included in the financial analysis are:
 - Replacement of Newbold Square Pump #1 for \$13,000 in FY 2019
This amount is \$18,750 in GHD's latest Wastewater Infrastructure Renewal plan and that amount is used in the financial analysis for this expenditure.
 - Replacement of Return Activated Sludge Pump #2 for \$23,500 in FY 2019
 - Vehicle Replacement Truck (#42 F250) for \$11,519 in FY 2019
 - Bucket Truck Replacement (#55 F450) for \$38,526 in FY 2019
 - Sewer Vacuum Truck for \$390,000 in FY 2020
 - Hickman Street Pump #1 for \$15,000 in FY 2023
- Items included in the CIP and not included in the financial analysis are:
- Sewer System CCTV for \$277,000 in FY 2020
GHD's plan has CCTV renewals in FY 2021, FY 2022, and FY 2023 that are included in the financial analysis instead.
 - Sewer Line Replacement Program for \$250,000 in FY 2021, FY 2022, and FY 2023
GHD's plan has force-main replacements in FY 2020, FY 2021, and FY 2022 that are included in the financial analysis instead.
- All other expenditures found in the City's FY 2019 budget are increased 3.0% yearly, from FY 2020 to FY 2023, over the FY 2019 budgeted amount.
 - Debt service related to phase one of upgrades to the wastewater treatment plant is included in the analysis as it is shown in a projected debt schedule. The debt schedule used is an SRF borrowing of \$3 million with 20-year term, 2.0% interest rate, and the first payment due in FY 2019. Total payments due in FY 2019 are \$185,000, which is an expenditure not included in the City's FY 2019 budget.
 - Debt service related to phase two of upgrades to the wastewater treatment plant is included in the analysis as it is shown in a projected debt schedule. The debt schedule used is an SRF borrowing of \$3 million with 10-year term, 0% interest rate, and the first payment due in FY 2020. The City is securing this loan from Sussex County and is responsible for half of the \$6 million cost anticipated for phase two of the upgrades, which is why the loan is for \$3 million.
 - In addition to the additional debt service expenditures for the upgrades to the wastewater treatment plant, expenditures the City already includes as part of its yearly budget are enhanced in the financial analysis by what GHD has presented as recommended investments in its latest Wastewater Infrastructure Renewal plan. The first version of the plan reviewed to include as part of this analysis had FY 2018 as its first year. GHD thoroughly reviewed the plan at a later time and updated it to include its latest recommendations for wastewater infrastructure renewal and the costs and timing of those

recommended investments. The latest plan has FY 2019 as its first year. The plan consists of three different tables – (1) Pump Station and Treatment Plant Capital Projects, (2) Collection System Recommended Investment, and (3) Remaining Pump Station Asset Renewals. The Pump Station and Treatment Plant Capital Projects table consists of larger expenditures related to the upgrades and rehabilitation of the treatment plant and pump stations. The Collection System Recommended Investment table consists of larger expenditures related to the upkeep of existing force mains and other assets in the collection system. The Remaining Pump Station Asset Renewals table consists of smaller expenditures related to the upkeep of pump stations. For each fiscal year included in the analysis, recommended expenditures were classified by GHD as capital or operating expenditures and are used in the financial analysis the following ways:

- o Capital expenditures are generally the larger expenditures included in the plan and are likely to be borrowed by the City. Financing costs related to the borrowings are included in the analysis. Debt schedules used for these financing costs are SRF borrowings with 20-year terms, 2.0% interest rate, and the first payment due the fiscal year after the borrowing’s initiation. For each borrowing included in the analysis, short-term debt is 2% of the amount of long-term borrowings expended in the year of the borrowing’s initiation. The lone expenditure designated as capital in FY 2019, besides one for phase two of upgrades to the treatment plant, is \$18,750 for Newbold PS Pump Replacement and, as mentioned above, is included in the financial analysis as capital outlay since it exists in the CIP, although as \$13,000 there.
- o Operating expenditures are generally the smaller expenditures included in the plan and are included in the financial analysis as an enhancement to the City’s existing operating budget. An expenditure line item named “Additional Operating Expenses in GHD’s Table” shows these additional expenditures by year.

The following table shows the breakdown of Capital and Operating expenditures in GHD’s Distribution System Recommended Investment plan by fiscal year. Since debt service related to phase two of the upgrades to the wastewater treatment plant is included in the analysis as a separate loan already noted, those expenditures are not reflected in this table.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Capital	\$ 18,750	\$ 462,175	\$ 1,197,820	\$ 2,494,108	\$ 2,030,697
Operating	\$ 116,456	\$ 110,759	\$ 115,927	\$ 93,566	\$ 32,628
Total	\$ 135,206	\$ 572,934	\$ 1,313,747	\$ 2,587,674	\$ 2,063,325

- Indirect costs are generally appropriated as part of the General Fund’s operating budget and are allocated to the enterprise fund for funding per a documented methodology. The City does not allocate indirect costs to the Wastewater Enterprise Fund, but is interested in doing so. Indirect costs allocations are often the means by which General Fund expenditures, like municipal staff’s time and benefits, are funded by enterprise funds. Per City staff, the financial analysis should include a total indirect costs allocation of \$200,000

with 60% of the amount allocated to the Water Fund and 40% of the amount allocated to the Wastewater Fund. The \$80,000 amount is included as an expenditure in the analysis.

As mentioned in the list of assumptions above, the baseline analysis funds the recommended expenditures in GHD’s latest Wastewater Infrastructure Renewal plan completely. The analysis would yield different projections if the plan was altered and/or if the City decided not to fund all of the recommended expenditures.

Rate Changes if Capital Funded by Borrowings

Borrowings Option 1

In order for projected revenues to match and/or exceed projected expenditures over the next few fiscal years, the following rate changes are needed. These rate changes impact wastewater rates, service charges, and surcharges for users in Rehoboth Beach only as users in North Shores, Dewey Beach, Henlopen Acres, and ultimately the County are billed based on each entity’s allocation determined using the Agreed-Upon Procedures. This option includes a full year’s worth of updated user charges revenue in FY 2019, which is the current fiscal year at the time of this report.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Rate Changes	35.00%	19.00%	0.00%	0.00%	0.00%

If these rate changes were to be adopted, the financial projections are updated to what is in the following table.

	FY 2019 BUDGETED	FY 2019 PROJECTED	FY 2020 PROJECTED	FY 2021 PROJECTED	FY 2022 PROJECTED	FY 2023 PROJECTED
Total Revenues	\$ 3,502,904	\$ 4,580,289	\$ 5,291,144	\$ 5,116,015	\$ 5,202,230	\$ 5,311,377
Total Expenditures	\$ 4,125,451	\$ 4,522,088	\$ 5,180,471	\$ 4,902,421	\$ 5,039,708	\$ 5,209,360
Surplus/(Deficit)	\$ (622,547)	\$ 58,201	\$ 110,673	\$ 213,594	\$ 162,522	\$ 102,016

The rate changes are needed in order for projected revenues to cover projected expenditures in all five fiscal years of the financial analysis and to ensure that the Wastewater Fund is in good financial shape for projected expenditures in subsequent years. Debt service related to the recommended capital investments in GHD’s latest Wastewater Infrastructure Renewal plan increases in the fiscal years subsequent to the ones included in this analysis and, additionally, the plan includes about \$2.7 million of additional expenditures in FY 2024. The plan includes an average of about \$6.3 million of additional expenditures from FY 2025 to FY 2027, with the large increase from FY 2024’s amount primarily due to the recommended phase four of upgrades to the treatment plant. If the City is to fully fund the recommended expenditures in GHD’s latest plan, it should plan on revisiting wastewater rates when these expenditures are planned in the near future.

The impact of the rate changes on the average user’s bills for Rehoboth Beach, with a one-inch meter, is presented in the following table. Each bill shown is counted twice in the total amount shown to represent a full year’s worth of bills. Since the recommendations include rate changes in FY 2019, the bills for FY 2019 presented in the table below include the rate changes. Bill

amounts include the sewer surcharge for infrastructure improvement, which is 50% of the sewer charges on the bill.

		Current														
		Peak	Off	Total												
I/T		\$220	\$70	\$581												
		FY 2019			FY 2020			FY 2021			FY 2022			FY 2023		
		Peak	Off	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total
I/T		\$297	\$95	\$785	\$354	\$113	\$934	\$354	\$113	\$934	\$354	\$113	\$934	\$354	\$113	\$934

Borrowings Option 2

Since FY 2019 is the current fiscal year at the time of this report and the City may choose to increase rates in time to impact FY 2019’s fourth-quarter bills, the following table shows necessary rate changes to impact the fourth-quarter bills in FY 2019 and to have rates remain set that way moving forward.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Rate Changes	60.00%	0.00%	0.00%	0.00%	0.00%

If these rate changes were to be adopted, the financial projections are updated to what is in the following table. Under this option, the Wastewater Fund is projected to operate in a deficit in FY 2019. Billings data from October of 2016 to September of 2017 shows that the City’s wastewater billings in the fourth quarter are the lowest of all four quarters, representing 11.72% of wastewater billings. That percentage is factored into the financial projections presented for FY 2019.

	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	BUDGETED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Total Revenues	\$ 3,502,904	\$ 4,101,458	\$ 5,280,016	\$ 5,104,887	\$ 5,191,102	\$ 5,300,249
Total Expenditures	\$ 4,125,451	\$ 4,522,088	\$ 5,180,471	\$ 4,902,421	\$ 5,039,708	\$ 5,209,360
Surplus/(Deficit)	\$ (622,547)	\$ (420,630)	\$ 99,545	\$ 202,466	\$ 151,394	\$ 90,888

The impact of the rate changes on the average user’s bills for Rehoboth Beach, with a one-inch meter, is presented in the following table. Each bill shown is counted twice in the total amount shown to represent a full year’s worth of bills, except for FY 2019, which is shown to have two different off-peak bills to reflect the possibility that the City increases rates for one quarter of FY 2019 only. Bill amounts include the sewer surcharge for infrastructure improvement, which is 50% of the sewer charges on the bill.

		Peak	Off	Total													
		Peak	Off 1	Off 2	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total
I/T		\$220	\$70	\$581													
		FY 2019			FY 2020			FY 2021			FY 2022			FY 2023			
I/T		\$220	\$70	\$113	\$623	\$352	\$113	\$930	\$352	\$113	\$930	\$352	\$113	\$930	\$352	\$113	\$930

Rate Changes if Capital Outlay

The financial analysis presented above assumes that the recommended capital investments in GHD’s latest Wastewater Infrastructure Renewal plan are funded via borrowing. The City could also explore the possibility of funding the capital expenditures as capital outlay and not via borrowing. Doing so would avoid what projects to be about \$1.5 million in financing costs for the recommended capital expenditures in the plan from FY 2020 to FY 2023, but would also increase rates at a higher clip. With the capital expenditures in the plan as capital outlay, the baseline analysis is updated with projections as shown in the following table.

	FY 2019 BUDGETED	FY 2019 PROJECTED	FY 2020 PROJECTED	FY 2021 PROJECTED	FY 2022 PROJECTED	FY 2023 PROJECTED
Total Revenues	\$ 3,502,904	\$ 3,981,076	\$ 4,320,611	\$ 4,468,624	\$ 4,953,953	\$ 4,939,679
Total Expenditures	\$ 4,125,451	\$ 4,522,088	\$ 5,633,402	\$ 6,048,019	\$ 7,382,414	\$ 6,945,393
Surplus/(Deficit)	\$ (622,547)	\$ (541,012)	\$ (1,312,792)	\$ (1,579,395)	\$ (2,428,461)	\$ (2,005,714)

Outlay Option 1

In order for projected revenues to match and/or exceed projected expenditures over the next few fiscal years, the following rate changes are needed. These rate changes impact wastewater rates, service charges, and surcharges for users in Rehoboth Beach only as users in North Shores, Dewey Beach, Henlopen Acres, and ultimately the County are billed based on each entity’s allocation determined using the Agreed-Upon Procedures. This option includes a full year’s worth of updated user charges revenue in FY 2019, which is the current fiscal year at the time of this report.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Rate Changes	35.00%	35.00%	8.50%	25.00%	-10.00%

If these rate changes were to be adopted, the financial projections are updated to what is in the following table.

	FY 2019 BUDGETED	FY 2019 PROJECTED	FY 2020 PROJECTED	FY 2021 PROJECTED	FY 2022 PROJECTED	FY 2023 PROJECTED
Total Revenues	\$ 3,502,904	\$ 4,580,289	\$ 5,728,762	\$ 6,141,992	\$ 7,473,672	\$ 7,036,222
Total Expenditures	\$ 4,125,451	\$ 4,522,088	\$ 5,633,402	\$ 6,048,019	\$ 7,382,414	\$ 6,945,393
Surplus/(Deficit)	\$ (622,547)	\$ 58,201	\$ 95,360	\$ 93,973	\$ 91,258	\$ 90,829

The rate changes are needed in order for projected revenues to cover projected expenditures in all five fiscal years of the financial analysis and to ensure that the Wastewater Fund is in good financial shape for projected expenditures in subsequent years. Debt service related to the recommended capital investments in GHD’s latest Wastewater Infrastructure Renewal plan increases in the fiscal years subsequent to the ones included in this analysis and, additionally, the plan includes about \$2.7 million of additional expenditures in FY 2024. The plan includes an average of about \$6.3 million of additional expenditures from FY 2025 to FY 2027, with the large increase from FY 2024’s amount primarily due to the recommended phase four of upgrades to the

treatment plant. If the City is to fully fund the recommended expenditures in GHD’s entire latest plan, it should plan on revisiting wastewater rates when these expenditures are planned in the near future.

The impact of the rate changes on the average user’s bills for Rehoboth Beach, with a one-inch meter, is presented in the following table. Each bill shown is counted twice in the total amount shown to represent a full year’s worth of bills. Since the recommendations include rate changes in FY 2019, the bills for FY 2019 presented in the table below include the rate changes. Bill amounts include the sewer surcharge for infrastructure improvement, which is 50% of the sewer charges on the bill.

		Current														
		Peak	Off	Total												
I/T		\$220	\$70	\$581												
		FY 2019			FY 2020			FY 2021			FY 2022			FY 2023		
		Peak	Off	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total
I/T		\$297	\$95	\$785	\$401	\$128	\$1,059	\$435	\$139	\$1,149	\$544	\$174	\$1,436	\$490	\$156	\$1,293

Outlay Option 2

Since FY 2019 is the current fiscal year at the time of this report and the City may choose to increase rates in time to impact FY 2019’s fourth-quarter bills, the following table shows necessary rate changes to impact the fourth-quarter bills in FY 2019 and to have rates remain set that way moving forward.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Rate Changes	80.00%	0.00%	10.00%	25.00%	-10.00%

If these rate changes were to be adopted, the financial projections are updated to what is in the following table. Under this option, the Wastewater Fund is projected to operate in a deficit in FY 2019. Billings data from October of 2016 to September of 2017 shows that the City’s wastewater billings in the fourth quarter are the lowest of all four quarters, representing 11.72% of wastewater billings. That percentage is factored into the financial projections presented for FY 2019.

	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	BUDGETED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Total Revenues	\$ 3,502,904	\$ 4,141,586	\$ 5,690,241	\$ 6,146,422	\$ 7,479,209	\$ 7,041,206
Total Expenditures	\$ 4,125,451	\$ 4,522,088	\$ 5,633,402	\$ 6,048,019	\$ 7,382,414	\$ 6,945,393
Surplus/(Deficit)	\$ (622,547)	\$ (380,502)	\$ 56,839	\$ 98,402	\$ 96,795	\$ 95,813

The impact of the rate changes on the average user’s bills for Rehoboth Beach, with a one-inch meter, is presented in the following table. Each bill shown is counted twice in the total amount shown to represent a full year’s worth of bills, except for FY 2019, which is shown to have two different off-peak bills to reflect the possibility that the City increases rates for one quarter of FY 2019 only. Bill amounts include the sewer surcharge for infrastructure improvement, which is 50% of the sewer charges on the bill.

Ms. Sharon Lynn
 City Manager
 October 26, 2018
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		Current															
		Peak	Off	Total													
I/T		\$220	\$ 70	\$581													
		FY 2019				FY 2020			FY 2021			FY 2022			FY 2023		
		Peak	Off 1	Off 2	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total	Peak	Off	Total
I/T		\$220	\$ 70	\$127	\$637	\$396	\$127	\$1,046	\$436	\$139	\$1,151	\$545	\$174	\$1,438	\$491	\$157	\$1,294

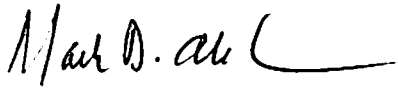
CONCLUSION

The City of Rehoboth Beach has sought assistance with its water and wastewater rates to gauge whether rate changes are needed in the upcoming fiscal years based on large capital needs and projects ongoing, despite the fact that both the Water Enterprise Fund and the Wastewater Enterprise Fund have operated in surplus the last few fiscal years. Financial analysis has shown that water rates can remain unchanged for the immediate future, but must change in the near future in order to fund recommended capital needs. The rate changes needed are small if the City borrows to fund the capital needs and large if the City funds the capital needs as outlay. Financial analysis has shown that the Wastewater Fund can no longer sustain financial viability with the large capital expenditures taking place currently and those recommended for the near future. In order for the City to allow wastewater revenues to match wastewater expenditures, large rate changes are necessary within the next fiscal year, whether the City borrows to fund the recommended capital needs or funds them as outlay. The City should use the results of the financial analysis to determine whether it is practical for the City to continue operating its wastewater treatment plant.

* * * * *

We are pleased to assist the City of Rehoboth Beach on this important and challenging project. I will be pleased to discuss this letter with you at your earliest convenience.

Sincerely yours,



Mark D. Abrahams, CPA

President

Attachments

Description	2018 ACTUAL	2019 BUDGETED	2019 PROJECTED	2020 PROJECTED	2021 PROJECTED	2022 PROJECTED	2023 PROJECTED	COMMENTS
Revenues and Other Sources								
CD Interest Water. Cap.	\$ 1,069	\$ 800	\$ 1,459	\$ 1,459	\$ 1,459	\$ 1,459	\$ 1,459	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Metered Water I/T	\$ 655,386	\$ 690,000	\$ 615,707	\$ 615,707	\$ 615,707	\$ 615,707	\$ 615,707	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Metered Water O/T	\$ 1,118,714	\$ 1,125,000	\$ 1,011,631	\$ 1,011,631	\$ 1,011,631	\$ 1,011,631	\$ 1,011,631	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Dewey Beach Water	\$ 610,623	\$ 594,000	\$ 599,929	\$ 599,929	\$ 599,929	\$ 599,929	\$ 599,929	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Cap O/T	\$ 159,000	\$ 65,000	\$ 174,692	\$ 174,692	\$ 174,692	\$ 174,692	\$ 174,692	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Cap I/T	\$ 14,500	\$ 7,500	\$ 26,194	\$ 26,194	\$ 26,194	\$ 26,194	\$ 26,194	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Meter Installations	\$ 124,174	\$ 75,000	\$ 150,906	\$ 150,906	\$ 150,906	\$ 150,906	\$ 150,906	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Service Connections	\$ 18,806	\$ 4,500	\$ 14,049	\$ 14,049	\$ 14,049	\$ 14,049	\$ 14,049	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Miscellaneous Revenue	\$ 58,543	\$ 40,000	\$ 47,764	\$ 47,764	\$ 47,764	\$ 47,764	\$ 47,764	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Penalties	\$ 3,957	\$ 2,500	\$ 3,443	\$ 3,443	\$ 3,443	\$ 3,443	\$ 3,443	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Less Restricted Water Revenue	\$ (174,569)	\$ -	\$ (202,345)	\$ (202,345)	\$ (202,345)	\$ (202,345)	\$ (202,345)	Per history, this is an offset and totals the amounts highlighted in orange
Total Revenues and Other Sources	\$ 2,590,202	\$ 2,604,300	\$ 2,443,429	\$ 2,443,429	\$ 2,443,429	\$ 2,443,429	\$ 2,443,429	Line items impacted by water consumption
Expenditures and Other Uses								
Salaries and Overtime	\$ 381,832	\$ 418,707	\$ 418,707	\$ 429,175	\$ 439,904	\$ 450,902	\$ 462,174	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Personnel Expenses (insurance, pension)	\$ 135,672	\$ 160,272	\$ 160,272	\$ 164,279	\$ 168,386	\$ 172,595	\$ 176,910	See "FY 2019 Budget" tab; Future years based on % increase used there
Supplies, General Expenses (incl. fuel)	\$ 96,033	\$ 99,825	\$ 99,825	\$ 102,820	\$ 105,904	\$ 109,081	\$ 112,354	See "FY 2019 Budget" tab; Future years based on % increase used there
Professional Services (incl. legal, engineering)	\$ 129,972	\$ 58,500	\$ 58,500	\$ 60,255	\$ 62,063	\$ 63,925	\$ 65,842	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Expenses (incl. phone, travel)	\$ 10,004	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Insurance	\$ 59,668	\$ 75,428	\$ 75,428	\$ 77,691	\$ 80,022	\$ 82,422	\$ 84,895	See "FY 2019 Budget" tab; Future years based on % increase used there
Electric and Heating	\$ 102,201	\$ 112,000	\$ 112,000	\$ 118,720	\$ 125,843	\$ 133,394	\$ 141,397	See "FY 2019 Budget" tab; Future years based on % increase used there
Maintenance (incl. vehicle maintenance)	\$ 250,423	\$ 402,000	\$ 402,000	\$ 414,060	\$ 426,482	\$ 439,276	\$ 452,455	See "FY 2019 Budget" tab; Future years based on % increase used there
Office Equipment, Land and Equipment Rental	\$ 170	\$ 4,200	\$ 4,200	\$ 4,326	\$ 4,456	\$ 4,589	\$ 4,727	See "FY 2019 Budget" tab; Future years based on % increase used there
Water Meters, Connections, Hydrants, Valves	\$ 178,553	\$ 156,500	\$ 156,500	\$ 161,195	\$ 166,031	\$ 171,012	\$ 176,142	See "FY 2019 Budget" tab; Future years based on % increase used there
Compensated Absences Balances	\$ (21,616)	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	See "FY 2019 Budget" tab; Future years based on % increase used there
Additional Operating Expenses in GHD's Table	\$ -	\$ -	\$ 181,864	\$ 207,843	\$ 200,658	\$ 184,486	\$ 154,037	See "Latest Investment Table per GHD" tab, top table added, for amount by year
Lynch Principal and Interest	\$ 85,569	\$ 346,938	\$ 346,938	\$ 346,938	\$ 346,938	\$ 346,938	\$ 346,938	See "FY 2019 Budget" tab; FY19 and on from City's debt schedule
Capital Outlay (Based on Budgeted Items, CIP)	\$ 41,150	\$ 23,338	\$ 23,338	\$ -	\$ 25,000	\$ 125,000	\$ 70,000	See "FY 2019 Budget" tab for FY19; FY19 on based on CIP
Capital Outlay (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	See "Water Investment Table" tab, table with Outlay, for amount by year
Short Term Debt	\$ -	\$ -	\$ -	\$ 14,275	\$ 26,892	\$ 20,857	\$ 15,652	Based on planned borrowings; this assumes BANs for each at 2% interest
New Debt Service (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ 43,651	\$ 125,883	\$ 189,659	See "Water Investment Table" tab, table with Borrowing, for amount by year
Sub Total	\$ 1,928,694	\$ 1,962,708	\$ 2,194,571	\$ 2,206,726	\$ 2,327,533	\$ 2,535,823	\$ 2,558,810	
Indirect Costs			\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	Per Burt, include \$200,000 total water and sewer with water 60% and sewer 40%
Total Expenditures and Other Uses	\$ 1,928,694	\$ 1,962,708	\$ 2,314,571	\$ 2,326,726	\$ 2,447,533	\$ 2,655,823	\$ 2,678,810	
Excess (Deficiency) of Revenues and Available Funds > Expenditures and Other Uses								
	\$ 661,508	\$ 641,592	\$ 128,858	\$ 116,703	\$ (4,104)	\$ (212,394)	\$ (235,381)	Capital Plan Funding: Fully funded with borrowings Note: The Capital Plan Funding toggle affects capital projects only; operating remains

Notes/Assumptions

Revenues

The Comments column above contains an explanation for what goes into each line item. Each line item contains a five-year average for the baseline analysis. The revenue line items highlighted in orange offset each other.

Once the baseline analysis is confirmed to be as accurate as possible, the Metered Water I/T, Metered Water O/T, and Dewey Beach Water line items will be increased to show increased rates.

Expenditures

The Comments column above contains an explanation for what goes into each line item.

The first several line items shown in the Expenditures section (through the Compensated Absences Balances line) are from the City's operating budget. FY19's amount is the FY19 budgeted amount. FY20's and on is based on yearly % increases per detailed line item found on the "FY 2019 Budget + Actuals" tab.

Other line items:

Additional Operating Expenses in GHD's Table

This line contains additional operating expenses in GHD's latest table. Find this detail on the "Water Investment Table" tab.

Lynch Principal and Interest

This line contains existing debt service from the City's loan for Lynch.

Capital Outlay (Based on Budgeted Items, CIP)

This line contains items identified as capital outlay, from both the City's budget and the City's CIP.

Capital Outlay (to Fund Capital in GHD's Plan)

If the toggle's selection above is "Fully funded as capital outlay", this line item contains all capital items in GHD's latest table to be funded as capital outlay.

Short Term Debt

If the toggle's selection above is "Fully funded with borrowings", this line item contains projected new short-term debt service funding all capital items in GHD's latest table. There is no short-term debt for the loan for FY19 capital included. Short-term debt is determined by taking 2% of the amount of long-term borrowings in this analysis the year the long-term borrowings are initiated.

New Debt Service (to Fund Capital in GHD's Plan)

If the toggle's selection above is "Fully funded with borrowings", this line item contains projected new long-term debt service funding all capital items in GHD's latest table, besides the \$50,000 in FY 2019.

Each borrowing used for the projections represents all capital items for one year totaled up, with term of 20 years and an interest rate of 2.00%.

Indirect Costs

Per Burt, the City does not budget indirect costs in the Water Fund currently, but should. This analysis includes indirect costs at \$200,000 yearly between the Water Fund and the Wastewater Fund, with 60% of the amount allocated to the Water Fund and 40% of the amount allocated to the Wastewater fund.

Description	2018 ACTUAL	2019 BUDGETED	2019 PROJECTED	2020 PROJECTED	2021 PROJECTED	2022 PROJECTED	2023 PROJECTED	COMMENTS
Revenues and Other Sources								
CD Interest Water. Cap.	\$ 1,069	\$ 800	\$ 1,459	\$ 1,459	\$ 1,459	\$ 1,459	\$ 1,459	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Metered Water I/T	\$ 655,386	\$ 690,000	\$ 615,707	\$ 615,707	\$ 615,707	\$ 615,707	\$ 615,707	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Metered Water O/T	\$ 1,118,714	\$ 1,125,000	\$ 1,011,631	\$ 1,011,631	\$ 1,011,631	\$ 1,011,631	\$ 1,011,631	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Dewey Beach Water	\$ 610,623	\$ 594,000	\$ 599,929	\$ 599,929	\$ 599,929	\$ 599,929	\$ 599,929	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Cap O/T	\$ 159,000	\$ 65,000	\$ 174,692	\$ 174,692	\$ 174,692	\$ 174,692	\$ 174,692	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Cap I/T	\$ 14,500	\$ 7,500	\$ 26,194	\$ 26,194	\$ 26,194	\$ 26,194	\$ 26,194	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Meter Installations	\$ 124,174	\$ 75,000	\$ 150,906	\$ 150,906	\$ 150,906	\$ 150,906	\$ 150,906	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Service Connections	\$ 18,806	\$ 4,500	\$ 14,049	\$ 14,049	\$ 14,049	\$ 14,049	\$ 14,049	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Miscellaneous Revenue	\$ 58,543	\$ 40,000	\$ 47,764	\$ 47,764	\$ 47,764	\$ 47,764	\$ 47,764	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Penalties	\$ 3,957	\$ 2,500	\$ 3,443	\$ 3,443	\$ 3,443	\$ 3,443	\$ 3,443	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Less Restricted Water Revenue	\$ (174,569)	\$ -	\$ (202,345)	\$ (202,345)	\$ (202,345)	\$ (202,345)	\$ (202,345)	Per history, this is an offset and totals the amounts highlighted in orange
Total Revenues and Other Sources	\$ 2,590,202	\$ 2,604,300	\$ 2,443,429	\$ 2,443,429	\$ 2,443,429	\$ 2,443,429	\$ 2,443,429	Line items impacted by water consumption
Expenditures and Other Uses								
Salaries and Overtime	\$ 381,832	\$ 418,707	\$ 418,707	\$ 429,175	\$ 439,904	\$ 450,902	\$ 462,174	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Personnel Expenses (insurance, pension)	\$ 135,672	\$ 160,272	\$ 160,272	\$ 164,279	\$ 168,386	\$ 172,595	\$ 176,910	See "FY 2019 Budget" tab; Future years based on % increase used there
Supplies, General Expenses (incl. fuel)	\$ 96,033	\$ 99,825	\$ 99,825	\$ 102,820	\$ 105,904	\$ 109,081	\$ 112,354	See "FY 2019 Budget" tab; Future years based on % increase used there
Professional Services (incl. legal, engineering)	\$ 129,972	\$ 58,500	\$ 58,500	\$ 60,255	\$ 62,063	\$ 63,925	\$ 65,842	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Expenses (incl. phone, travel)	\$ 10,004	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Insurance	\$ 59,668	\$ 75,428	\$ 75,428	\$ 77,691	\$ 80,022	\$ 82,422	\$ 84,895	See "FY 2019 Budget" tab; Future years based on % increase used there
Electric and Heating	\$ 102,201	\$ 112,000	\$ 112,000	\$ 118,720	\$ 125,843	\$ 133,394	\$ 141,397	See "FY 2019 Budget" tab; Future years based on % increase used there
Maintenance (incl. vehicle maintenance)	\$ 250,423	\$ 402,000	\$ 402,000	\$ 414,060	\$ 426,482	\$ 439,276	\$ 452,455	See "FY 2019 Budget" tab; Future years based on % increase used there
Office Equipment, Land and Equipment Rental	\$ 170	\$ 4,200	\$ 4,200	\$ 4,326	\$ 4,456	\$ 4,589	\$ 4,727	See "FY 2019 Budget" tab; Future years based on % increase used there
Water Meters, Connections, Hydrants, Valves	\$ 178,553	\$ 156,500	\$ 156,500	\$ 161,195	\$ 166,031	\$ 171,012	\$ 176,142	See "FY 2019 Budget" tab; Future years based on % increase used there
Compensated Absences Balances	\$ (21,616)	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	See "FY 2019 Budget" tab; Future years based on % increase used there
Additional Operating Expenses in GHD's Table	\$ -	\$ -	\$ 181,864	\$ 207,843	\$ 200,658	\$ 184,486	\$ 154,037	See "Latest Investment Table per GHD" tab, top table added, for amount by year
Lynch Principal and Interest	\$ 85,569	\$ 346,938	\$ 346,938	\$ 346,938	\$ 346,938	\$ 346,938	\$ 346,938	See "FY 2019 Budget" tab; FY19 and on from City's debt schedule
Capital Outlay (Based on Budgeted Items, CIP)	\$ 41,150	\$ 23,338	\$ 23,338	\$ -	\$ 25,000	\$ 125,000	\$ 70,000	See "FY 2019 Budget" tab for FY19; FY19 on based on CIP
Capital Outlay (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ 50,000	\$ 713,750	\$ 1,344,619	\$ 1,042,833	\$ 782,590	See "Water Investment Table" tab, table with Outlay, for amount by year
Short Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Based on planned borrowings; this assumes BANs for each at 2% interest
New Debt Service (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "Water Investment Table" tab, table with Borrowing, for amount by year
Sub Total	\$ 1,928,694	\$ 1,962,708	\$ 2,194,571	\$ 2,906,201	\$ 3,601,609	\$ 3,431,916	\$ 3,136,089	
Indirect Costs	\$ 120,000	\$ -	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	Per Burt, include \$200,000 total water and sewer with water 60% and sewer 40%
Total Expenditures and Other Uses	\$ 1,928,694	\$ 1,962,708	\$ 2,314,571	\$ 3,026,201	\$ 3,721,609	\$ 3,551,916	\$ 3,256,089	
Excess (Deficiency) of Revenues and Available Funds > Expenditures and Other Uses								Capital Plan Funding:
								Fully funded as capital outlay
\$ 661,508	\$ 641,592	\$ 128,858	\$ (582,772)	\$ (1,278,180)	\$ (1,108,487)	\$ (812,660)	\$ (812,660)	Note: The Capital Plan Funding toggle affects capital projects only; operating remains

Notes/Assumptions

Revenues

The Comments column above contains an explanation for what goes into each line item. Each line item contains a five-year average for the baseline analysis. The revenue line items highlighted in orange offset each other.

Once the baseline analysis is confirmed to be as accurate as possible, the Metered Water I/T, Metered Water O/T, and Dewey Beach Water line items will be increased to show increased rates.

Expenditures

The Comments column above contains an explanation for what goes into each line item.

The first several line items shown in the Expenditures section (through the Compensated Absences Balances line) are from the City's operating budget. FY19's amount is the FY19 budgeted amount and on is based on yearly % increases per detailed line item found on the "FY 2019 Budget + Actuals" tab.

Other line items:

Additional Operating Expenses in GHD's Table

This line contains additional operating expenses in GHD's latest table. Find this detail on the "Water Investment Table" tab.

Lynch Principal and Interest

This line contains existing debt service from the City's loan for Lynch.

Capital Outlay (Based on Budgeted Items, CIP)

This line contains items identified as capital outlay, from both the City's budget and the City's CIP.

Capital Outlay (to Fund Capital in GHD's Plan)

If the toggle's selection above is "Fully funded as capital outlay", this line item contains all capital items in GHD's latest table to be funded as capital outlay.

Short Term Debt

If the toggle's selection above is "Fully funded with borrowings", this line item contains projected new short-term debt service funding all capital items in GHD's latest table. There is no short-term debt for the loan for FY19 capital included. Short-term debt is determined by taking 2% of the amount of long-term borrowings in this analysis the year the long-term borrowings are initiated.

New Debt Service (to Fund Capital in GHD's Plan)

If the toggle's selection above is "Fully funded with borrowings", this line item contains projected new long-term debt service funding all capital items in GHD's latest table, besides the \$50,000 in FY 2019.

Each borrowing used for the projections represents all capital items for one year totaled up, with term of 20 years and an interest rate of 2.00%.

Indirect Costs

Per Burt, the City does not budget indirect costs in the Water Fund currently, but should. This analysis includes indirect costs at \$200,000 yearly between the Water Fund and the Wastewater Fund, with 60% of the amount allocated to the Water Fund and 40% of the amount allocated to the Wastewater fund.

Description	2018 ACTUAL	2019 BUDGETED	2019 PROJECTED	2020 PROJECTED	2021 PROJECTED	2022 PROJECTED	2023 PROJECTED	COMMENTS
Revenues and Other Sources			0.00%	0.00%	5.00%	5.00%	5.00%	Rate Changes
CD Interest Water, Cap.	\$ 1,069	\$ 800	\$ 1,459	\$ 1,459	\$ 1,459	\$ 1,459	\$ 1,459	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Metered Water I/T	\$ 655,386	\$ 690,000	\$ 615,707	\$ 615,707	\$ 646,492	\$ 678,817	\$ 712,758	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
Metered Water O/T	\$ 1,118,714	\$ 1,125,000	\$ 1,011,631	\$ 1,011,631	\$ 1,062,213	\$ 1,115,323	\$ 1,171,090	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
Dewey Beach Water	\$ 610,623	\$ 594,000	\$ 599,929	\$ 599,929	\$ 629,925	\$ 661,422	\$ 694,493	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
Water Cap O/T	\$ 159,000	\$ 65,000	\$ 174,692	\$ 174,692	\$ 174,692	\$ 174,692	\$ 174,692	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Cap I/T	\$ 14,500	\$ 7,500	\$ 26,194	\$ 26,194	\$ 26,194	\$ 26,194	\$ 26,194	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Meter Installations	\$ 124,174	\$ 75,000	\$ 150,906	\$ 150,906	\$ 150,906	\$ 150,906	\$ 150,906	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Service Connections	\$ 18,806	\$ 4,500	\$ 14,049	\$ 14,049	\$ 14,049	\$ 14,049	\$ 14,049	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Miscellaneous Revenue	\$ 58,543	\$ 40,000	\$ 47,764	\$ 47,764	\$ 47,764	\$ 47,764	\$ 47,764	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Penalties	\$ 3,957	\$ 2,500	\$ 3,443	\$ 3,443	\$ 3,443	\$ 3,443	\$ 3,443	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Less Restricted Water Revenue	\$ (174,569)	\$ -	\$ (202,345)	\$ (202,345)	\$ (202,345)	\$ (202,345)	\$ (202,345)	Per history, this is an offset and totals the amounts highlighted in orange
Total Revenues and Other Sources	\$ 2,590,202	\$ 2,604,300	\$ 2,443,429	\$ 2,443,429	\$ 2,554,792	\$ 2,671,724	\$ 2,794,502	Line items impacted by water consumption
Expenditures and Other Uses								
Salaries and Overtime	\$ 381,832	\$ 418,707	\$ 418,707	\$ 429,175	\$ 439,904	\$ 450,902	\$ 462,174	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Personnel Expenses (insurance, pension)	\$ 135,672	\$ 160,272	\$ 160,272	\$ 164,279	\$ 168,386	\$ 172,595	\$ 176,910	See "FY 2019 Budget" tab; Future years based on % increase used there
Supplies, General Expenses (incl. fuel)	\$ 96,033	\$ 99,825	\$ 99,825	\$ 102,820	\$ 105,904	\$ 109,081	\$ 112,354	See "FY 2019 Budget" tab; Future years based on % increase used there
Professional Services (incl. legal, engineering)	\$ 129,972	\$ 58,500	\$ 58,500	\$ 60,255	\$ 62,063	\$ 63,925	\$ 65,842	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Expenses (incl. phone, travel)	\$ 10,004	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Insurance	\$ 59,668	\$ 75,428	\$ 75,428	\$ 77,691	\$ 80,022	\$ 82,422	\$ 84,895	See "FY 2019 Budget" tab; Future years based on % increase used there
Electric and Heating	\$ 102,201	\$ 112,000	\$ 112,000	\$ 118,720	\$ 125,843	\$ 133,394	\$ 141,397	See "FY 2019 Budget" tab; Future years based on % increase used there
Maintenance (incl. vehicle maintenance)	\$ 250,423	\$ 402,000	\$ 402,000	\$ 414,060	\$ 426,482	\$ 439,276	\$ 452,455	See "FY 2019 Budget" tab; Future years based on % increase used there
Office Equipment, Land and Equipment Rental	\$ 170	\$ 4,200	\$ 4,200	\$ 4,326	\$ 4,456	\$ 4,589	\$ 4,727	See "FY 2019 Budget" tab; Future years based on % increase used there
Water Meters, Connections, Hydrants, Valves	\$ 178,553	\$ 156,500	\$ 156,500	\$ 161,195	\$ 166,031	\$ 171,012	\$ 176,142	See "FY 2019 Budget" tab; Future years based on % increase used there
Compensated Absences Balances	\$ (21,616)	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	See "FY 2019 Budget" tab; Future years based on % increase used there
Additional Operating Expenses in GHD's Table	\$ -	\$ -	\$ 181,864	\$ 207,843	\$ 200,658	\$ 184,486	\$ 154,037	See "Latest Investment Table per GHD" tab, top table added, for amount by year
Lynch Principal and Interest	\$ 85,569	\$ 346,938	\$ 346,938	\$ 346,938	\$ 346,938	\$ 346,938	\$ 346,938	See "FY 2019 Budget" tab; FY19 and on from City's debt schedule
Capital Outlay (Based on Budgeted Items, CIP)	\$ 41,150	\$ 23,338	\$ 23,338	\$ -	\$ 25,000	\$ 125,000	\$ 70,000	See "FY 2019 Budget" tab for FY19; FY19 on based on CIP
Capital Outlay (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	See "Water Investment Table" tab, table with Outlay, for amount by year
Short Term Debt	\$ -	\$ -	\$ -	\$ 14,275	\$ 26,892	\$ 20,857	\$ 15,652	Based on planned borrowings; this assumes BANs for each at 2% interest
New Debt Service (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ 43,651	\$ 125,883	\$ 189,659	See "Water Investment Table" tab, table with Borrowing, for amount by year
Sub Total	\$ 1,928,694	\$ 1,962,708	\$ 2,194,571	\$ 2,206,726	\$ 2,327,533	\$ 2,535,823	\$ 2,558,810	
Indirect Costs			\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	Per Burt, include \$200,000 total water and sewer with water 60% and sewer 40%
Total Expenditures and Other Uses	\$ 1,928,694	\$ 1,962,708	\$ 2,314,571	\$ 2,326,726	\$ 2,447,533	\$ 2,655,823	\$ 2,678,810	
Excess (Deficiency) of Revenues and Available Funds > Expenditures and Other Uses	\$ 661,508	\$ 641,592	\$ 128,858	\$ 116,703	\$ 107,259	\$ 15,901	\$ 115,692	Capital Plan Funding: Fully funded with borrowings Note: The Capital Plan Funding toggle affects capital projects only; operating remains

Description	2018 ACTUAL	2019 BUDGETED	2019 PROJECTED	2020 PROJECTED	2021 PROJECTED	2022 PROJECTED	2023 PROJECTED	COMMENTS
Revenues and Other Sources			0.00%	30.00%	22.50%	-5.00%	-7.50%	Rate Changes
CD Interest Water. Cap.	\$ 1,069	\$ 800	\$ 1,459	\$ 1,459	\$ 1,459	\$ 1,459	\$ 1,459	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Metered Water I/T	\$ 655,386	\$ 690,000	\$ 615,707	\$ 800,419	\$ 980,513	\$ 931,487	\$ 861,626	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
Metered Water O/T	\$ 1,118,714	\$ 1,125,000	\$ 1,011,631	\$ 1,315,121	\$ 1,611,023	\$ 1,530,472	\$ 1,415,686	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
Dewey Beach Water	\$ 610,623	\$ 594,000	\$ 599,929	\$ 779,908	\$ 955,387	\$ 907,618	\$ 839,546	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
Water Cap O/T	\$ 159,000	\$ 65,000	\$ 174,692	\$ 174,692	\$ 174,692	\$ 174,692	\$ 174,692	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Cap I/T	\$ 14,500	\$ 7,500	\$ 26,194	\$ 26,194	\$ 26,194	\$ 26,194	\$ 26,194	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Meter Installations	\$ 124,174	\$ 75,000	\$ 150,906	\$ 150,906	\$ 150,906	\$ 150,906	\$ 150,906	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Service Connections	\$ 18,806	\$ 4,500	\$ 14,049	\$ 14,049	\$ 14,049	\$ 14,049	\$ 14,049	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Miscellaneous Revenue	\$ 58,543	\$ 40,000	\$ 47,764	\$ 47,764	\$ 47,764	\$ 47,764	\$ 47,764	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Water Penalties	\$ 3,957	\$ 2,500	\$ 3,443	\$ 3,443	\$ 3,443	\$ 3,443	\$ 3,443	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Less Restricted Water Revenue	\$ (174,569)	\$ -	\$ (202,345)	\$ (202,345)	\$ (202,345)	\$ (202,345)	\$ (202,345)	Per history, this is an offset and totals the amounts highlighted in orange
Total Revenues and Other Sources	\$ 2,590,202	\$ 2,604,300	\$ 2,443,429	\$ 3,111,609	\$ 3,763,085	\$ 3,585,739	\$ 3,333,020	Line items impacted by water consumption
Expenditures and Other Uses								
Salaries and Overtime	\$ 381,832	\$ 418,707	\$ 418,707	\$ 429,175	\$ 439,904	\$ 450,902	\$ 462,174	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Personnel Expenses (insurance, pension)	\$ 135,672	\$ 160,272	\$ 160,272	\$ 164,279	\$ 168,386	\$ 172,595	\$ 176,910	See "FY 2019 Budget" tab; Future years based on % increase used there
Supplies, General Expenses (incl. fuel)	\$ 96,033	\$ 99,825	\$ 99,825	\$ 102,820	\$ 105,904	\$ 109,081	\$ 112,354	See "FY 2019 Budget" tab; Future years based on % increase used there
Professional Services (incl. legal, engineering)	\$ 129,972	\$ 58,500	\$ 58,500	\$ 60,255	\$ 62,063	\$ 63,925	\$ 65,842	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Expenses (incl. phone, travel)	\$ 10,004	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Insurance	\$ 59,668	\$ 75,428	\$ 75,428	\$ 77,691	\$ 80,022	\$ 82,422	\$ 84,895	See "FY 2019 Budget" tab; Future years based on % increase used there
Electric and Heating	\$ 102,201	\$ 112,000	\$ 112,000	\$ 118,720	\$ 125,843	\$ 133,394	\$ 141,397	See "FY 2019 Budget" tab; Future years based on % increase used there
Maintenance (incl. vehicle maintenance)	\$ 250,423	\$ 402,000	\$ 402,000	\$ 414,060	\$ 426,482	\$ 439,276	\$ 452,455	See "FY 2019 Budget" tab; Future years based on % increase used there
Office Equipment, Land and Equipment Rental	\$ 170	\$ 4,200	\$ 4,200	\$ 4,326	\$ 4,456	\$ 4,589	\$ 4,727	See "FY 2019 Budget" tab; Future years based on % increase used there
Water Meters, Connections, Hydrants, Valves	\$ 178,553	\$ 156,500	\$ 156,500	\$ 161,195	\$ 166,031	\$ 171,012	\$ 176,142	See "FY 2019 Budget" tab; Future years based on % increase used there
Compensated Absences Balances	\$ (21,616)	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	See "FY 2019 Budget" tab; Future years based on % increase used there
Additional Operating Expenses in GHD's Table	\$ -	\$ -	\$ 181,864	\$ 207,843	\$ 200,658	\$ 184,486	\$ 154,037	See "Latest Investment Table per GHD" tab, top table added, for amount by year
Lynch Principal and Interest	\$ 85,569	\$ 346,938	\$ 346,938	\$ 346,938	\$ 346,938	\$ 346,938	\$ 346,938	See "FY 2019 Budget" tab; FY19 and on from City's debt schedule
Capital Outlay (Based on Budgeted Items, CIP)	\$ 41,150	\$ 23,338	\$ 23,338	\$ -	\$ 25,000	\$ 125,000	\$ 70,000	See "FY 2019 Budget" tab for FY19; FY19 on based on CIP
Capital Outlay (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ 50,000	\$ 713,750	\$ 1,344,619	\$ 1,042,833	\$ 782,590	See "Water Investment Table" tab, table with Outlay, for amount by year
Short Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Based on planned borrowings; this assumes BANs for each at 2% interest
New Debt Service (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "Water Investment Table" tab, table with Borrowing, for amount by year
Sub Total	\$ 1,928,694	\$ 1,962,708	\$ 2,194,571	\$ 2,906,201	\$ 3,601,609	\$ 3,431,916	\$ 3,136,089	
Indirect Costs			\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	Per Burt, include \$200,000 total water and sewer with water 60% and sewer 40%
Total Expenditures and Other Uses	\$ 1,928,694	\$ 1,962,708	\$ 2,314,571	\$ 3,026,201	\$ 3,721,609	\$ 3,551,916	\$ 3,256,089	
Excess (Deficiency) of Revenues and Available Funds > Expenditures and Other Uses	\$ 661,508	\$ 641,592	\$ 128,858	\$ 85,408	\$ 41,475	\$ 33,822	\$ 76,931	Capital Plan Funding: Fully funded as capital outlay Note: The Capital Plan Funding toggle affects capital projects only; operating remains

City of Rehoboth Beach
Wastewater Fund Analysis

Description	2018 ACTUAL	2019 BUDGETED	2019 PROJECTED	2020 PROJECTED	2021 PROJECTED	2022 PROJECTED	2023 PROJECTED	COMMENTS
Revenues and Other Sources								
Interest on Deposits	\$ 36	\$ 177	\$ 227	\$ 227	\$ 227	\$ 227	\$ 227	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact CD Interest	\$ 1,288	\$ 1,250	\$ 2,257	\$ 2,257	\$ 2,257	\$ 2,257	\$ 2,257	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Metered Sewer	\$ 1,135,951	\$ 1,177,000	\$ 1,146,184	\$ 1,146,184	\$ 1,146,184	\$ 1,146,184	\$ 1,146,184	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Surcharge	\$ 533,089	\$ 588,500	\$ 565,855	\$ 565,855	\$ 565,855	\$ 565,855	\$ 565,855	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
North Shores Sewer	\$ 334,811	\$ 321,810	\$ 347,381	\$ 399,044	\$ 370,949	\$ 376,251	\$ 382,309	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Dewey Beach Sewer	\$ 971,603	\$ 831,402	\$ 871,369	\$ 1,062,662	\$ 891,145	\$ 905,534	\$ 919,982	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Henlopen Acres Sewer	\$ 100,783	\$ 82,865	\$ 89,908	\$ 108,637	\$ 90,221	\$ 90,814	\$ 91,393	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
County Sewer	\$ -	\$ -	\$ -	\$ 11,206	\$ 43,214	\$ 89,147	\$ 137,690	FY20 CIP Item(s) only; FY21 on using projected allocations of operating and CIP
Sewer Connections & Inspection	\$ 1,650	\$ 1,000	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact P&I Component	\$ 5,543	\$ 5,500	\$ 5,903	\$ 5,903	\$ 5,903	\$ 5,903	\$ 5,903	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact Fees	\$ 42,310	\$ 40,000	\$ 53,995	\$ 53,995	\$ 53,995	\$ 53,995	\$ 53,995	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Penalties	\$ 3,436	\$ 3,400	\$ 3,686	\$ 3,686	\$ 3,686	\$ 3,686	\$ 3,686	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Outfall & Other Capital Dewey Beach	\$ 504,312	\$ 400,000	\$ 847,500	\$ 846,451	\$ 856,176	\$ 874,031	\$ 909,317	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Outfall & Other Capital Henlopen Acres	\$ 56,035	\$ 50,000	\$ 101,700	\$ 101,575	\$ 102,741	\$ 104,884	\$ 109,118	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Less Restricted Wastewater Revenue	\$ (43,634)	\$ -	\$ (56,479)	\$ (56,479)	\$ (56,479)	\$ (56,479)	\$ (56,479)	Per history, this is an offset and totals the amounts highlighted in orange
Total Revenues and Other Sources	\$ 3,740,855	\$ 3,502,904	\$ 3,981,076	\$ 4,252,793	\$ 4,077,664	\$ 4,163,879	\$ 4,273,026	Line items impacted by Rehoboth Beach users' sewer flow
Expenditures and Other Uses								
Salaries and Overtime	\$ 679,199	\$ 686,248	\$ 686,248	\$ 703,404	\$ 720,989	\$ 739,014	\$ 757,489	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Personnel Expenses (insurance, pension)	\$ 279,073	\$ 300,704	\$ 300,704	\$ 308,222	\$ 315,927	\$ 323,825	\$ 331,921	See "FY 2019 Budget" tab; Future years based on % increase used there
Supplies, General Expenses (incl. fuel)	\$ 282,043	\$ 271,650	\$ 271,650	\$ 279,800	\$ 288,193	\$ 296,839	\$ 305,744	See "FY 2019 Budget" tab; Future years based on % increase used there
Professional Services (incl. legal, engineering)	\$ 62,764	\$ 11,400	\$ 11,400	\$ 11,742	\$ 12,094	\$ 12,457	\$ 12,831	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Expenses (incl. phone, travel)	\$ 16,781	\$ 10,300	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Insurance	\$ 65,204	\$ 101,560	\$ 101,560	\$ 104,607	\$ 107,745	\$ 110,977	\$ 114,307	See "FY 2019 Budget" tab; Future years based on % increase used there
Electric and Heating	\$ 291,263	\$ 276,300	\$ 276,300	\$ 292,878	\$ 310,451	\$ 329,078	\$ 348,822	See "FY 2019 Budget" tab; Future years based on % increase used there
Maintenance (incl. vehicle maintenance)	\$ 187,633	\$ 184,000	\$ 184,000	\$ 189,520	\$ 195,206	\$ 201,062	\$ 207,094	See "FY 2019 Budget" tab; Future years based on % increase used there
Office Equipment, Land and Equipment Rental	\$ 38,250	\$ 39,750	\$ 39,750	\$ 40,943	\$ 42,171	\$ 43,436	\$ 44,739	See "FY 2019 Budget" tab; Future years based on % increase used there
Sewer Connections	\$ 2,378	\$ 4,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	See "FY 2019 Budget" tab; Future years based on % increase used there
Depreciation	\$ 732,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "FY 2019 Budget" tab; Future years based on % increase used there
Sewer Reserve Fund	\$ 232,781	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	See "FY 2019 Budget" tab; Future years based on % increase used there
Compensated Absences Balances	\$ 19,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "FY 2019 Budget" tab; Future years based on % increase used there
Additional Operating Expenses in GHD's Table	\$ -	\$ -	\$ 116,456	\$ 110,759	\$ 115,927	\$ 93,566	\$ 32,628	See "Latest Investment Table per GHD" tab, top table added, for amount by year
Schoolvue Principal and Interest	\$ 9,868	\$ 57,428	\$ 57,425	\$ 57,425	\$ 57,425	\$ 57,425	\$ 57,425	See "FY 2019 Budget" tab; FY19 and on from City's debt schedule
Ocean Outfall Principal and Interest	\$ -	\$ 2,065,566	\$ 2,075,000	\$ 2,074,700	\$ 2,073,900	\$ 2,072,600	\$ 2,075,800	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$40.5m loan
WWTP Upgrades Phase 1 Principal and Interest	\$ -	\$ -	\$ 185,000	\$ 182,500	\$ 185,000	\$ 182,400	\$ 184,800	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$3m loan
WWTP Upgrades Phase 2 Principal and Interest	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$3m loan
Capital Outlay (Based on Budgeted Items, CIP)	\$ -	\$ 86,545	\$ 92,295	\$ 390,000	\$ -	\$ -	\$ 15,000	See "FY 2019 Budget" tab for FY19; FY19 on based on CIP
Capital Outlay (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "Latest Investment Table per GHD" tab, table with Outlay, for amount by year
Short Term Debt	\$ -	\$ -	\$ -	\$ 9,244	\$ 23,956	\$ 49,882	\$ 40,614	Based on planned borrowings; this assumes BANs for each at 2% interest
New Debt Service (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ 28,265	\$ 101,520	\$ 254,051	See "Latest Investment Table per GHD" tab, table with Borrowing, for amount by year
Sub Total	\$ 2,899,647	\$ 4,125,451	\$ 4,442,088	\$ 5,100,471	\$ 4,822,421	\$ 4,959,708	\$ 5,129,360	
Indirect Costs			\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	Per Burt, include \$200,000 total water and sewer with water 60% and sewer 40%
Total Expenditures and Other Uses	\$ 2,899,647	\$ 4,125,451	\$ 4,522,088	\$ 5,180,471	\$ 4,902,421	\$ 5,039,708	\$ 5,209,360	
Excess (Deficiency) of Revenues and Available Funds > Expenditures and Other Uses								
	\$ 841,208	\$ (622,547)	\$ (541,012)	\$ (927,678)	\$ (824,757)	\$ (875,829)	\$ (936,335)	<div style="border: 1px solid black; padding: 2px;"> Capital Plan Funding: Fully funded with borrowings Note: The Capital Plan Funding toggle affects capital projects only; operating remains </div>

Notes/Assumptions

Revenues

The Comments column above contains an explanation for what goes into each line item. Each line item contains a five-year average for the baseline analysis, except for:

- North Shores Sewer** This is the allocation of the City's operating expenses and CIP items, based on North Shores' flow share, which is based on a three-year average FY16-FY18.
- Dewey Beach Sewer** This is the allocation of the City's operating expenses and CIP items, based on Dewey Beach's flow share, which is based on a three-year average FY16-FY18.
- Henlopen Acres Sewer** This is the allocation of the City's operating expenses and CIP items, based on Henlopen Acres' flow share, which is based on a three-year average FY16-FY18.
- County Sewer** This is the allocation of the City's operating expenses and CIP items, based on the County's flow share, which starts at 2% in FY21 and increases 2% yearly from there.

Find the flow share used for the four line items above on the "2013-2018 Flows % Allocation" tab.

Find the allocation used for each of the four line items on the "FY 2019 Expense Allocation" tab, the "FY 2020 Expense Allocation" tab, etc., based on the year.

The allocation methodology used for operating expenses and CIP items is the same one the City uses yearly, based on agreed-upon procedures.

Outfall & Other Capital Dewey Beach This is the allocation of the City's long-term debt and short-term debt for Ocean Outfall, Phases 1 and 2 for the WWTP Upgrades, and capital items in GHD's latest capital plan table. The allocation to Dewey Beach is based on an agreement of 37.5% and the allocation can be found at the bottom of the "FY 2019 Expense Allocation" tab, the "FY 2020 Expense Allocation" tab, etc. The \$3 million County loan is not included in the allocation.

Outfall & Other Capital Henlopen Acres This is the allocation of the City's long-term debt and short-term debt for Ocean Outfall, Phases 1 and 2 for the WWTP Upgrades, and capital items in GHD's latest capital plan table. The allocation to Henlopen Acres is based on an agreement of 4.5% and the allocation can be found at the bottom of the "FY 2019 Expense Allocation" tab, the "FY 2020 Expense Allocation" tab, etc. The \$3 million County loan is not included in the allocation.

The revenue line items highlighted in orange offset each other.

Once the baseline analysis is confirmed to be as accurate as possible, the Metered Sewer and Sewer Surcharge line items will be increased to show increased rates.

Expenditures

The Comments column above contains an explanation for what goes into each line item.

The first several line items shown in the Expenditures section (through the Sewer Reserve Fund line) are from the City's operating budget. FY19's amount is the FY19 budgeted amount.

FY20's and on is based on yearly % increases per detailed line item found on the "FY 2019 Budget + Actuals" tab.

Other line items:

- Additional Operating Expenses in GHD's Table** This line contains additional operating expenses in GHD's latest table. Find this detail on the "Latest Investment Table per GHD" tab.
- Schoolvue Principal and Interest** This line contains existing debt service from the City's loan for Schoolvue.
- Ocean Outfall Principal and Interest** This line contains projected debt service for the City's loan for the Ocean Outfall project. Per discussions, the loan amount is \$40.5 million, the term is 25 years, and the interest rate is 2.00%.
- WWTP Upgrades Phase 1 Principal and Interest** This line contains projected debt service for the City's loan for Phase 1 of the WWTP Upgrades project. Per discussions, the loan amount is \$3 million (down from \$6 million initially used), the term is 20 years, and the interest rate is 2.00%.
- WWTP Upgrades Phase 2 Principal and Interest** This line contains projected debt service for the City's loan for Phase 2 of the WWTP Upgrades project. Per discussions, the loan amount is \$3 million (50% of \$6 million County loan), the term is 10 years, and the interest rate is 0.00%.
- Capital Outlay (Based on Budgeted Items, CIP)** This line contains items identified as capital outlay, from both the City's budget and the City's CIP.
- Capital Outlay (to Fund Capital in GHD's Plan)** If the toggle's selection above is "Fully funded as capital outlay", this line item contains all capital items in GHD's latest table to be funded as capital outlay. This excludes the \$6 million for Phase 2 of the WWTP Upgrades.
- Short Term Debt** If the toggle's selection above is "Fully funded with borrowings", this line item contains projected new short-term debt service funding all capital items in GHD's latest table. This excludes the \$6 million for Phase 2 of the WWTP Upgrades. Short-term debt is determined by taking 2% of the amount of long-term borrowings in this analysis the year the long-term borrowings are initiated.
- New Debt Service (to Fund Capital in GHD's Plan)** If the toggle's selection above is "Fully funded with borrowings", this line item contains projected new long-term debt service funding all capital items in GHD's latest table. This excludes the \$6 million for Phase 2 of the WWTP Upgrades. Each borrowing used for the projections represents all capital items for one year totaled up, with term of 20 years and an interest rate of 2.00%.
- Indirect Costs** Per Burt, the City does not budget indirect costs in the Wastewater Fund currently, but should. This analysis includes indirect costs at \$200,000 yearly between the Water Fund and the Wastewater Fund, with 60% of the amount allocated to the Water Fund and 40% of the amount allocated to the Wastewater fund.

City of Rehoboth Beach
Wastewater Fund Analysis

Description	2018 ACTUAL	2019 BUDGETED	2019 PROJECTED	2020 PROJECTED	2021 PROJECTED	2022 PROJECTED	2023 PROJECTED	COMMENTS
Revenues and Other Sources								
Interest on Deposits	\$ 36	\$ 177	\$ 227	\$ 227	\$ 227	\$ 227	\$ 227	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact CD Interest	\$ 1,288	\$ 1,250	\$ 2,257	\$ 2,257	\$ 2,257	\$ 2,257	\$ 2,257	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Metered Sewer	\$ 1,135,951	\$ 1,177,000	\$ 1,146,184	\$ 1,146,184	\$ 1,146,184	\$ 1,146,184	\$ 1,146,184	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Surcharge	\$ 533,089	\$ 588,500	\$ 565,855	\$ 565,855	\$ 565,855	\$ 565,855	\$ 565,855	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
North Shores Sewer	\$ 334,811	\$ 321,810	\$ 347,381	\$ 466,862	\$ 497,197	\$ 633,393	\$ 553,198	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Dewey Beach Sewer	\$ 971,603	\$ 831,402	\$ 871,369	\$ 1,062,662	\$ 891,145	\$ 905,534	\$ 919,982	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Henlopen Acres Sewer	\$ 100,783	\$ 82,865	\$ 89,908	\$ 108,637	\$ 90,221	\$ 90,814	\$ 91,393	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
County Sewer	\$ -	\$ -	\$ -	\$ 11,206	\$ 43,214	\$ 89,147	\$ 137,690	FY20 CIP Item(s) only; FY21 on using projected allocations of operating and CIP
Sewer Connections & Inspection	\$ 1,650	\$ 1,000	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact P&I Component	\$ 5,543	\$ 5,500	\$ 5,903	\$ 5,903	\$ 5,903	\$ 5,903	\$ 5,903	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact Fees	\$ 42,310	\$ 40,000	\$ 53,995	\$ 53,995	\$ 53,995	\$ 53,995	\$ 53,995	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Penalties	\$ 3,436	\$ 3,400	\$ 3,686	\$ 3,686	\$ 3,686	\$ 3,686	\$ 3,686	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Outfall & Other Capital Dewey Beach	\$ 504,312	\$ 400,000	\$ 847,500	\$ 846,451	\$ 1,092,526	\$ 1,349,863	\$ 1,351,963	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Outfall & Other Capital Henlopen Acres	\$ 56,035	\$ 50,000	\$ 101,700	\$ 101,575	\$ 131,104	\$ 161,984	\$ 162,236	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Less Restricted Wastewater Revenue	\$ (43,634)	\$ -	\$ (56,479)	\$ (56,479)	\$ (56,479)	\$ (56,479)	\$ (56,479)	Per history, this is an offset and totals the amounts highlighted in orange
Total Revenues and Other Sources	\$ 3,740,855	\$ 3,502,904	\$ 3,981,076	\$ 4,320,611	\$ 4,468,624	\$ 4,953,953	\$ 4,939,679	Line items impacted by Rehoboth Beach users' sewer flow
Expenditures and Other Uses								
Salaries and Overtime	\$ 679,199	\$ 686,248	\$ 686,248	\$ 703,404	\$ 720,989	\$ 739,014	\$ 757,489	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Personnel Expenses (insurance, pension)	\$ 279,073	\$ 300,704	\$ 300,704	\$ 308,222	\$ 315,927	\$ 323,825	\$ 331,921	See "FY 2019 Budget" tab; Future years based on % increase used there
Supplies, General Expenses (incl. fuel)	\$ 282,043	\$ 271,650	\$ 271,650	\$ 279,800	\$ 288,193	\$ 296,839	\$ 305,744	See "FY 2019 Budget" tab; Future years based on % increase used there
Professional Services (incl. legal, engineering)	\$ 62,764	\$ 11,400	\$ 11,400	\$ 11,742	\$ 12,094	\$ 12,457	\$ 12,831	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Expenses (incl. phone, travel)	\$ 16,781	\$ 10,300	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Insurance	\$ 65,204	\$ 101,560	\$ 101,560	\$ 104,607	\$ 107,745	\$ 110,977	\$ 114,307	See "FY 2019 Budget" tab; Future years based on % increase used there
Electric and Heating	\$ 291,263	\$ 276,300	\$ 276,300	\$ 292,878	\$ 310,451	\$ 329,078	\$ 348,822	See "FY 2019 Budget" tab; Future years based on % increase used there
Maintenance (incl. vehicle maintenance)	\$ 187,633	\$ 184,000	\$ 184,000	\$ 189,520	\$ 195,206	\$ 201,062	\$ 207,094	See "FY 2019 Budget" tab; Future years based on % increase used there
Office Equipment, Land and Equipment Rental	\$ 38,250	\$ 39,750	\$ 39,750	\$ 40,943	\$ 42,171	\$ 43,436	\$ 44,739	See "FY 2019 Budget" tab; Future years based on % increase used there
Sewer Connections	\$ 2,378	\$ 4,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	See "FY 2019 Budget" tab; Future years based on % increase used there
Depreciation	\$ 732,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "FY 2019 Budget" tab; Future years based on % increase used there
Sewer Reserve Fund	\$ 232,781	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	See "FY 2019 Budget" tab; Future years based on % increase used there
Compensated Absences Balances	\$ 19,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "FY 2019 Budget" tab; Future years based on % increase used there
Additional Operating Expenses in GHD's Table	\$ -	\$ -	\$ 116,456	\$ 110,759	\$ 115,927	\$ 93,566	\$ 32,628	See "Latest Investment Table per GHD" tab, top table added, for amount by year
Schoolvue Principal and Interest	\$ 9,868	\$ 57,428	\$ 57,425	\$ 57,425	\$ 57,425	\$ 57,425	\$ 57,425	See "FY 2019 Budget" tab; FY19 and on from City's debt schedule
Ocean Outfall Principal and Interest	\$ -	\$ 2,065,566	\$ 2,075,000	\$ 2,074,700	\$ 2,073,900	\$ 2,072,600	\$ 2,075,800	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$40.5m loan
WWTP Upgrades Phase 1 Principal and Interest	\$ -	\$ -	\$ 185,000	\$ 182,500	\$ 185,000	\$ 182,400	\$ 184,800	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$3m loan
WWTP Upgrades Phase 2 Principal and Interest	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$3m loan
Capital Outlay (Based on Budgeted Items, CIP)	\$ -	\$ 86,545	\$ 92,295	\$ 390,000	\$ -	\$ -	\$ 15,000	See "FY 2019 Budget" tab for FY19; FY19 on based on CIP
Capital Outlay (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ 462,175	\$ 1,197,820	\$ 2,494,108	\$ 2,030,697	See "Latest Investment Table per GHD" tab, table with Outlay, for amount by year
Short Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Based on planned borrowings; this assumes BANs for each at 2% interest
New Debt Service (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "Latest Investment Table per GHD" tab, table with Borrowing, for amount by year
Sub Total	\$ 2,899,647	\$ 4,125,451	\$ 4,442,088	\$ 5,553,402	\$ 5,968,019	\$ 7,302,414	\$ 6,865,393	
Indirect Costs			\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	Per Burt, include \$200,000 total water and sewer with water 60% and sewer 40%
Total Expenditures and Other Uses	\$ 2,899,647	\$ 4,125,451	\$ 4,522,088	\$ 5,633,402	\$ 6,048,019	\$ 7,382,414	\$ 6,945,393	
Excess (Deficiency) of Revenues and Available Funds > Expenditures and Other Uses								
	\$ 841,208	\$ (622,547)	\$ (541,012)	\$ (1,312,792)	\$ (1,579,395)	\$ (2,428,461)	\$ (2,005,714)	Capital Plan Funding: Fully funded as capital outlay Note: The Capital Plan Funding toggle affects capital projects only; operating remains

Notes/Assumptions

Revenues

The Comments column above contains an explanation for what goes into each line item. Each line item contains a five-year average for the baseline analysis, except for:

- North Shores Sewer** This is the allocation of the City's operating expenses and CIP items, based on North Shores' flow share, which is based on a three-year average FY16-FY18.
- Dewey Beach Sewer** This is the allocation of the City's operating expenses and CIP items, based on Dewey Beach's flow share, which is based on a three-year average FY16-FY18.
- Henlopen Acres Sewer** This is the allocation of the City's operating expenses and CIP items, based on Henlopen Acres' flow share, which is based on a three-year average FY16-FY18.
- County Sewer** This is the allocation of the City's operating expenses and CIP items, based on the County's flow share, which starts at 2% in FY21 and increases 2% yearly from there.

Find the flow share used for the four line items above on the "2013-2018 Flows % Allocation" tab.

Find the allocation used for each of the four line items on the "FY 2019 Expense Allocation" tab, the "FY 2020 Expense Allocation" tab, etc., based on the year.

The allocation methodology used for operating expenses and CIP items is the same one the City uses yearly, based on agreed-upon procedures.

- Outfall & Other Capital Dewey Beach** This is the allocation of the City's long-term debt and short-term debt for Ocean Outfall, Phases 1 and 2 for the WWTP Upgrades, and capital items in GHD's latest capital plan table. The allocation to Dewey Beach is based on an agreement of 37.5% and the allocation can be found at the bottom of the "FY 2019 Expense Allocation" tab, the "FY 2020 Expense Allocation" tab, etc. The \$3 million County loan is not included in the allocation.
- Outfall & Other Capital Henlopen Acres** This is the allocation of the City's long-term debt and short-term debt for Ocean Outfall, Phases 1 and 2 for the WWTP Upgrades, and capital items in GHD's latest capital plan table. The allocation to Henlopen Acres is based on an agreement of 4.5% and the allocation can be found at the bottom of the "FY 2019 Expense Allocation" tab, the "FY 2020 Expense Allocation" tab, etc. The \$3 million County loan is not included in the allocation.

The revenue line items highlighted in orange offset each other.

Once the baseline analysis is confirmed to be as accurate as possible, the Metered Sewer and Sewer Surcharge line items will be increased to show increased rates.

Expenditures

The Comments column above contains an explanation for what goes into each line item.

The first several line items shown in the Expenditures section (through the Sewer Reserve Fund line) are from the City's operating budget. FY19's amount is the FY19 budgeted amount. FY20's and on is based on yearly % increases per detailed line item found on the "FY 2019 Budget + Actuals" tab.

Other line items:

- Additional Operating Expenses in GHD's Table** This line contains additional operating expenses in GHD's latest table. Find this detail on the "Latest Investment Table per GHD" tab.
- Schoolvue Principal and Interest** This line contains existing debt service from the City's loan for Schoolvue.
- Ocean Outfall Principal and Interest** This line contains projected debt service for the City's loan for the Ocean Outfall project. Per discussions, the loan amount is \$40.5 million, the term is 25 years, and the interest rate is 2.00%.
- WWTP Upgrades Phase 1 Principal and Interest** This line contains projected debt service for the City's loan for Phase 1 of the WWTP Upgrades project. Per discussions, the loan amount is \$3 million (down from \$6 million initially used), the term is 20 years, and the interest rate is 2.00%.
- WWTP Upgrades Phase 2 Principal and Interest** This line contains projected debt service for the City's loan for Phase 2 of the WWTP Upgrades project. Per discussions, the loan amount is \$3 million (50% of \$6 million County loan), the term is 10 years, and the interest rate is 0.00%.
- Capital Outlay (Based on Budgeted Items, CIP)** This line contains items identified as capital outlay, from both the City's budget and the City's CIP.
- Capital Outlay (to Fund Capital in GHD's Plan)** If the toggle's selection above is "Fully funded as capital outlay", this line item contains all capital items in GHD's latest table to be funded as capital outlay. This excludes the \$6 million for Phase 2 of the WWTP Upgrades.
- Short Term Debt** If the toggle's selection above is "Fully funded with borrowings", this line item contains projected new short-term debt service funding all capital items in GHD's latest table. This excludes the \$6 million for Phase 2 of the WWTP Upgrades. Short-term debt is determined by taking 2% of the amount of long-term borrowings in this analysis the year the long-term borrowings are initiated.
- New Debt Service (to Fund Capital in GHD's Plan)** If the toggle's selection above is "Fully funded with borrowings", this line item contains projected new long-term debt service funding all capital items in GHD's latest table. This excludes the \$6 million for Phase 2 of the WWTP Upgrades. Each borrowing used for the projections represents all capital items for one year totaled up, with term of 20 years and an interest rate of 2.00%.
- Indirect Costs** Per Burt, the City does not budget indirect costs in the Wastewater Fund currently, but should. This analysis includes indirect costs at \$200,000 yearly between the Water Fund and the Wastewater Fund, with 60% of the amount allocated to the Water Fund and 40% of the amount allocated to the Wastewater fund.

Description	2018 ACTUAL	2019 BUDGETED	2019 PROJECTED	2020 PROJECTED	2021 PROJECTED	2022 PROJECTED	2023 PROJECTED	COMMENTS
Revenues and Other Sources			35.00%	19.00%	0.00%	0.00%	0.00%	Rate Changes
Interest on Deposits	\$ 36	\$ 177	\$ 227	\$ 227	\$ 227	\$ 227	\$ 227	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact CD Interest	\$ 1,288	\$ 1,250	\$ 2,257	\$ 2,257	\$ 2,257	\$ 2,257	\$ 2,257	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Metered Sewer	\$ 1,135,951	\$ 1,177,000	\$ 1,547,348	\$ 1,841,344	\$ 1,841,344	\$ 1,841,344	\$ 1,841,344	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
Sewer Surcharge	\$ 533,089	\$ 588,500	\$ 763,904	\$ 909,045	\$ 909,045	\$ 909,045	\$ 909,045	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
North Shores Sewer	\$ 334,811	\$ 321,810	\$ 347,381	\$ 399,044	\$ 370,949	\$ 376,251	\$ 382,309	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Dewey Beach Sewer	\$ 971,603	\$ 831,402	\$ 871,369	\$ 1,062,662	\$ 891,145	\$ 905,534	\$ 919,982	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Henlopen Acres Sewer	\$ 100,783	\$ 82,865	\$ 89,908	\$ 108,637	\$ 90,221	\$ 90,814	\$ 91,393	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
County Sewer	\$ -	\$ -	\$ -	\$ 11,206	\$ 43,214	\$ 89,147	\$ 137,690	FY20 CIP Item(s) only; FY21 on using projected allocations of operating and CIP
Sewer Connections & Inspection	\$ 1,650	\$ 1,000	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact P&I Component	\$ 5,543	\$ 5,500	\$ 5,903	\$ 5,903	\$ 5,903	\$ 5,903	\$ 5,903	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact Fees	\$ 42,310	\$ 40,000	\$ 53,995	\$ 53,995	\$ 53,995	\$ 53,995	\$ 53,995	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Penalties	\$ 3,436	\$ 3,400	\$ 3,686	\$ 3,686	\$ 3,686	\$ 3,686	\$ 3,686	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Outfall & Other Capital Dewey Beach	\$ 504,312	\$ 400,000	\$ 847,500	\$ 846,451	\$ 856,176	\$ 874,031	\$ 909,317	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Outfall & Other Capital Henlopen Acres	\$ 56,035	\$ 50,000	\$ 101,700	\$ 101,575	\$ 102,741	\$ 104,884	\$ 109,118	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Less Restricted Wastewater Revenue	\$ (43,634)	\$ -	\$ (56,479)	\$ (56,479)	\$ (56,479)	\$ (56,479)	\$ (56,479)	Per history, this is an offset and totals the amounts highlighted in orange
Total Revenues and Other Sources	\$ 3,740,855	\$ 3,502,904	\$ 4,580,289	\$ 5,291,144	\$ 5,116,015	\$ 5,202,230	\$ 5,311,377	Line items impacted by Rehoboth Beach users' sewer flow
Expenditures and Other Uses								
Salaries and Overtime	\$ 679,199	\$ 686,248	\$ 686,248	\$ 703,404	\$ 720,989	\$ 739,014	\$ 757,489	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Personnel Expenses (insurance, pension)	\$ 279,073	\$ 300,704	\$ 300,704	\$ 308,222	\$ 315,927	\$ 323,825	\$ 331,921	See "FY 2019 Budget" tab; Future years based on % increase used there
Supplies, General Expenses (incl. fuel)	\$ 282,043	\$ 271,650	\$ 271,650	\$ 279,800	\$ 288,193	\$ 296,839	\$ 305,744	See "FY 2019 Budget" tab; Future years based on % increase used there
Professional Services (incl. legal, engineering)	\$ 62,764	\$ 11,400	\$ 11,400	\$ 11,742	\$ 12,094	\$ 12,457	\$ 12,831	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Expenses (incl. phone, travel)	\$ 16,781	\$ 10,300	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Insurance	\$ 65,204	\$ 101,560	\$ 101,560	\$ 104,607	\$ 107,745	\$ 110,977	\$ 114,307	See "FY 2019 Budget" tab; Future years based on % increase used there
Electric and Heating	\$ 291,263	\$ 276,300	\$ 276,300	\$ 292,878	\$ 310,451	\$ 329,078	\$ 348,822	See "FY 2019 Budget" tab; Future years based on % increase used there
Maintenance (incl. vehicle maintenance)	\$ 187,633	\$ 184,000	\$ 184,000	\$ 189,520	\$ 195,206	\$ 201,062	\$ 207,094	See "FY 2019 Budget" tab; Future years based on % increase used there
Office Equipment, Land and Equipment Rental	\$ 38,250	\$ 39,750	\$ 39,750	\$ 40,943	\$ 42,171	\$ 43,436	\$ 44,739	See "FY 2019 Budget" tab; Future years based on % increase used there
Sewer Connections	\$ 2,378	\$ 4,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	See "FY 2019 Budget" tab; Future years based on % increase used there
Depreciation	\$ 732,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "FY 2019 Budget" tab; Future years based on % increase used there
Sewer Reserve Fund	\$ 232,781	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	See "FY 2019 Budget" tab; Future years based on % increase used there
Compensated Absences Balances	\$ 19,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "FY 2019 Budget" tab; Future years based on % increase used there
Additional Operating Expenses in GHD's Table	\$ -	\$ -	\$ 116,456	\$ 110,759	\$ 115,927	\$ 93,566	\$ 32,628	See "Latest Investment Table per GHD" tab, top table added, for amount by year
Schoolvue Principal and Interest	\$ 9,868	\$ 57,428	\$ 57,425	\$ 57,425	\$ 57,425	\$ 57,425	\$ 57,425	See "FY 2019 Budget" tab; FY19 and on from City's debt schedule
Ocean Outfall Principal and Interest	\$ -	\$ 2,065,566	\$ 2,075,000	\$ 2,074,700	\$ 2,073,900	\$ 2,072,600	\$ 2,075,800	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$40.5m loan
WWTP Upgrades Phase 1 Principal and Interest	\$ -	\$ -	\$ 185,000	\$ 182,500	\$ 185,000	\$ 182,400	\$ 184,800	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$3m loan
WWTP Upgrades Phase 2 Principal and Interest	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$3m loan
Capital Outlay (Based on Budgeted Items, CIP)	\$ -	\$ 86,545	\$ 92,295	\$ 390,000	\$ -	\$ -	\$ 15,000	See "FY 2019 Budget" tab for FY19; FY19 on based on CIP
Capital Outlay (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "Latest Investment Table per GHD" tab, table with Outlay, for amount by year
Short Term Debt	\$ -	\$ -	\$ -	\$ 9,244	\$ 23,956	\$ 49,882	\$ 40,614	Based on planned borrowings; this assumes BANs for each at 2% interest
New Debt Service (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ 28,265	\$ 101,520	\$ 254,051	See "Latest Investment Table per GHD" tab, table with Borrowing, for amount by year
Sub Total	\$ 2,899,647	\$ 4,125,451	\$ 4,442,088	\$ 5,100,471	\$ 4,822,421	\$ 4,959,708	\$ 5,129,360	
Indirect Costs			\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	Per Burt, include \$200,000 total water and sewer with water 60% and sewer 40%
Total Expenditures and Other Uses	\$ 2,899,647	\$ 4,125,451	\$ 4,522,088	\$ 5,180,471	\$ 4,902,421	\$ 5,039,708	\$ 5,209,360	
Excess (Deficiency) of Revenues and Available Funds > Expenditures and Other Uses	\$ 841,208	\$ (622,547)	\$ 58,201	\$ 110,673	\$ 213,594	\$ 162,522	\$ 102,016	Capital Plan Funding: Fully funded with borrowings Note: The Capital Plan Funding toggle affects capital projects only; operating remains

Description	2018	2019	2019	2020	2021	2022	2023	COMMENTS
	ACTUAL	BUDGETED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	
Revenues and Other Sources	FY19 Impact:	11.72%	60.00%	0.00%	0.00%	0.00%	0.00%	Rate Changes
Interest on Deposits	\$ 36	\$ 177	\$ 227	\$ 227	\$ 227	\$ 227	\$ 227	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact CD Interest	\$ 1,288	\$ 1,250	\$ 2,257	\$ 2,257	\$ 2,257	\$ 2,257	\$ 2,257	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Metered Sewer	\$ 1,135,951	\$ 1,177,000	\$ 1,226,778	\$ 1,833,894	\$ 1,833,894	\$ 1,833,894	\$ 1,833,894	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
Sewer Surcharge	\$ 533,089	\$ 588,500	\$ 605,643	\$ 905,367	\$ 905,367	\$ 905,367	\$ 905,367	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
North Shores Sewer	\$ 334,811	\$ 321,810	\$ 347,381	\$ 399,044	\$ 370,949	\$ 376,251	\$ 382,309	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Dewey Beach Sewer	\$ 971,603	\$ 831,402	\$ 871,369	\$ 1,062,662	\$ 891,145	\$ 905,534	\$ 919,982	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Henlopen Acres Sewer	\$ 100,783	\$ 82,865	\$ 89,908	\$ 108,637	\$ 90,221	\$ 90,814	\$ 91,393	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
County Sewer	\$ -	\$ -	\$ -	\$ 11,206	\$ 43,214	\$ 89,147	\$ 137,690	FY20 CIP Item(s) only; FY21 on using projected allocations of operating and CIP
Sewer Connections & Inspection	\$ 1,650	\$ 1,000	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact P&I Component	\$ 5,543	\$ 5,500	\$ 5,903	\$ 5,903	\$ 5,903	\$ 5,903	\$ 5,903	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact Fees	\$ 42,310	\$ 40,000	\$ 53,995	\$ 53,995	\$ 53,995	\$ 53,995	\$ 53,995	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Penalties	\$ 3,436	\$ 3,400	\$ 3,686	\$ 3,686	\$ 3,686	\$ 3,686	\$ 3,686	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Outfall & Other Capital Dewey Beach	\$ 504,312	\$ 400,000	\$ 847,500	\$ 846,451	\$ 856,176	\$ 874,031	\$ 909,317	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Outfall & Other Capital Henlopen Acres	\$ 56,035	\$ 50,000	\$ 101,700	\$ 101,575	\$ 102,741	\$ 104,884	\$ 109,118	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Less Restricted Wastewater Revenue	\$ (43,634)	\$ -	\$ (56,479)	\$ (56,479)	\$ (56,479)	\$ (56,479)	\$ (56,479)	Per history, this is an offset and totals the amounts highlighted in orange
Total Revenues and Other Sources	\$ 3,740,855	\$ 3,502,904	\$ 4,101,458	\$ 5,280,016	\$ 5,104,887	\$ 5,191,102	\$ 5,300,249	Line items impacted by Rehoboth Beach users' sewer flow
Expenditures and Other Uses								
Salaries and Overtime	\$ 679,199	\$ 686,248	\$ 686,248	\$ 703,404	\$ 720,989	\$ 739,014	\$ 757,489	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Personnel Expenses (insurance, pension)	\$ 279,073	\$ 300,704	\$ 300,704	\$ 308,222	\$ 315,927	\$ 323,825	\$ 331,921	See "FY 2019 Budget" tab; Future years based on % increase used there
Supplies, General Expenses (incl. fuel)	\$ 282,043	\$ 271,650	\$ 271,650	\$ 279,800	\$ 288,193	\$ 296,839	\$ 305,744	See "FY 2019 Budget" tab; Future years based on % increase used there
Professional Services (incl. legal, engineering)	\$ 62,764	\$ 11,400	\$ 11,400	\$ 11,742	\$ 12,094	\$ 12,457	\$ 12,831	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Expenses (incl. phone, travel)	\$ 16,781	\$ 10,300	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Insurance	\$ 65,204	\$ 101,560	\$ 101,560	\$ 104,607	\$ 107,745	\$ 110,977	\$ 114,307	See "FY 2019 Budget" tab; Future years based on % increase used there
Electric and Heating	\$ 291,263	\$ 276,300	\$ 276,300	\$ 292,878	\$ 310,451	\$ 329,078	\$ 348,822	See "FY 2019 Budget" tab; Future years based on % increase used there
Maintenance (incl. vehicle maintenance)	\$ 187,633	\$ 184,000	\$ 184,000	\$ 189,520	\$ 195,206	\$ 201,062	\$ 207,094	See "FY 2019 Budget" tab; Future years based on % increase used there
Office Equipment, Land and Equipment Rental	\$ 38,250	\$ 39,750	\$ 39,750	\$ 40,943	\$ 42,171	\$ 43,436	\$ 44,739	See "FY 2019 Budget" tab; Future years based on % increase used there
Sewer Connections	\$ 2,378	\$ 4,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	See "FY 2019 Budget" tab; Future years based on % increase used there
Depreciation	\$ 732,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "FY 2019 Budget" tab; Future years based on % increase used there
Sewer Reserve Fund	\$ 232,781	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	See "FY 2019 Budget" tab; Future years based on % increase used there
Compensated Absences Balances	\$ 19,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "FY 2019 Budget" tab; Future years based on % increase used there
Additional Operating Expenses in GHD's Table	\$ -	\$ -	\$ 116,456	\$ 110,759	\$ 115,927	\$ 93,566	\$ 32,628	See "Latest Investment Table per GHD" tab, top table added, for amount by year
Schoolvue Principal and Interest	\$ 9,868	\$ 57,428	\$ 57,425	\$ 57,425	\$ 57,425	\$ 57,425	\$ 57,425	See "FY 2019 Budget" tab; FY19 and on from City's debt schedule
Ocean Outfall Principal and Interest	\$ -	\$ 2,065,566	\$ 2,075,000	\$ 2,074,700	\$ 2,073,900	\$ 2,072,600	\$ 2,075,800	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$40.5m loan
WWTP Upgrades Phase 1 Principal and Interest	\$ -	\$ -	\$ 185,000	\$ 182,500	\$ 185,000	\$ 182,400	\$ 184,800	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$3m loan
WWTP Upgrades Phase 2 Principal and Interest	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$3m loan
Capital Outlay (Based on Budgeted Items, CIP)	\$ -	\$ 86,545	\$ 92,295	\$ 390,000	\$ -	\$ -	\$ 15,000	See "FY 2019 Budget" tab for FY19; FY19 on based on CIP
Capital Outlay (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "Latest Investment Table per GHD" tab, table with Outlay, for amount by year
Short Term Debt	\$ -	\$ -	\$ -	\$ 9,244	\$ 23,956	\$ 49,882	\$ 40,614	Based on planned borrowings; this assumes BANs for each at 2% interest
New Debt Service (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ 28,265	\$ 101,520	\$ 254,051	See "Latest Investment Table per GHD" tab, table with Borrowing, for amount by year
Sub Total	\$ 2,899,647	\$ 4,125,451	\$ 4,442,088	\$ 5,100,471	\$ 4,822,421	\$ 4,959,708	\$ 5,129,360	
Indirect Costs			\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	Per Burt, include \$200,000 total water and sewer with water 60% and sewer 40%
Total Expenditures and Other Uses	\$ 2,899,647	\$ 4,125,451	\$ 4,522,088	\$ 5,180,471	\$ 4,902,421	\$ 5,039,708	\$ 5,209,360	
Excess (Deficiency) of Revenues and Available Funds > Expenditures and Other Uses	\$ 841,208	\$ (622,547)	\$ (420,630)	\$ 99,545	\$ 202,466	\$ 151,394	\$ 90,888	Capital Plan Funding: Fully funded with borrowings Note: The Capital Plan Funding toggle affects capital projects only; operating remains

Description	2018 ACTUAL	2019 BUDGETED	2019 PROJECTED	2020 PROJECTED	2021 PROJECTED	2022 PROJECTED	2023 PROJECTED	COMMENTS
Revenues and Other Sources			35.00%	35.00%	8.50%	25.00%	-10.00%	Rate Changes
Interest on Deposits	\$ 36	\$ 177	\$ 227	\$ 227	\$ 227	\$ 227	\$ 227	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact CD Interest	\$ 1,288	\$ 1,250	\$ 2,257	\$ 2,257	\$ 2,257	\$ 2,257	\$ 2,257	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Metered Sewer	\$ 1,135,951	\$ 1,177,000	\$ 1,547,348	\$ 2,088,920	\$ 2,266,478	\$ 2,833,097	\$ 2,549,787	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
Sewer Surcharge	\$ 533,089	\$ 588,500	\$ 763,904	\$ 1,031,270	\$ 1,118,928	\$ 1,398,660	\$ 1,258,794	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
North Shores Sewer	\$ 334,811	\$ 321,810	\$ 347,381	\$ 466,862	\$ 497,197	\$ 633,393	\$ 553,198	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Dewey Beach Sewer	\$ 971,603	\$ 831,402	\$ 871,369	\$ 1,062,662	\$ 891,145	\$ 905,534	\$ 919,982	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Henlopen Acres Sewer	\$ 100,783	\$ 82,865	\$ 89,908	\$ 108,637	\$ 90,221	\$ 90,814	\$ 91,393	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
County Sewer	\$ -	\$ -	\$ -	\$ 11,206	\$ 43,214	\$ 89,147	\$ 137,690	FY20 CIP Item(s) only; FY21 on using projected allocations of operating and CIP
Sewer Connections & Inspection	\$ 1,650	\$ 1,000	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact P&I Component	\$ 5,543	\$ 5,500	\$ 5,903	\$ 5,903	\$ 5,903	\$ 5,903	\$ 5,903	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact Fees	\$ 42,310	\$ 40,000	\$ 53,995	\$ 53,995	\$ 53,995	\$ 53,995	\$ 53,995	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Penalties	\$ 3,436	\$ 3,400	\$ 3,686	\$ 3,686	\$ 3,686	\$ 3,686	\$ 3,686	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Outfall & Other Capital Dewey Beach	\$ 504,312	\$ 400,000	\$ 847,500	\$ 846,451	\$ 1,092,526	\$ 1,349,863	\$ 1,351,963	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Outfall & Other Capital Henlopen Acres	\$ 56,035	\$ 50,000	\$ 101,700	\$ 101,575	\$ 131,104	\$ 161,984	\$ 162,236	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Less Restricted Wastewater Revenue	\$ (43,634)	\$ -	\$ (56,479)	\$ (56,479)	\$ (56,479)	\$ (56,479)	\$ (56,479)	Per history, this is an offset and totals the amounts highlighted in orange
Total Revenues and Other Sources	\$ 3,740,855	\$ 3,502,904	\$ 4,580,289	\$ 5,728,762	\$ 6,141,992	\$ 7,473,672	\$ 7,036,222	Line items impacted by Rehoboth Beach users' sewer flow
Expenditures and Other Uses								
Salaries and Overtime	\$ 679,199	\$ 686,248	\$ 686,248	\$ 703,404	\$ 720,989	\$ 739,014	\$ 757,489	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Personnel Expenses (insurance, pension)	\$ 279,073	\$ 300,704	\$ 300,704	\$ 308,222	\$ 315,927	\$ 323,825	\$ 331,921	See "FY 2019 Budget" tab; Future years based on % increase used there
Supplies, General Expenses (incl. fuel)	\$ 282,043	\$ 271,650	\$ 271,650	\$ 279,800	\$ 288,193	\$ 296,839	\$ 305,744	See "FY 2019 Budget" tab; Future years based on % increase used there
Professional Services (incl. legal, engineering)	\$ 62,764	\$ 11,400	\$ 11,400	\$ 11,742	\$ 12,094	\$ 12,457	\$ 12,831	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Expenses (incl. phone, travel)	\$ 16,781	\$ 10,300	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Insurance	\$ 65,204	\$ 101,560	\$ 101,560	\$ 104,607	\$ 107,745	\$ 110,977	\$ 114,307	See "FY 2019 Budget" tab; Future years based on % increase used there
Electric and Heating	\$ 291,263	\$ 276,300	\$ 276,300	\$ 292,878	\$ 310,451	\$ 329,078	\$ 348,822	See "FY 2019 Budget" tab; Future years based on % increase used there
Maintenance (incl. vehicle maintenance)	\$ 187,633	\$ 184,000	\$ 184,000	\$ 189,520	\$ 195,206	\$ 201,062	\$ 207,094	See "FY 2019 Budget" tab; Future years based on % increase used there
Office Equipment, Land and Equipment Rental	\$ 38,250	\$ 39,750	\$ 39,750	\$ 40,943	\$ 42,171	\$ 43,436	\$ 44,739	See "FY 2019 Budget" tab; Future years based on % increase used there
Sewer Connections	\$ 2,378	\$ 4,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	See "FY 2019 Budget" tab; Future years based on % increase used there
Depreciation	\$ 732,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "FY 2019 Budget" tab; Future years based on % increase used there
Sewer Reserve Fund	\$ 232,781	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	See "FY 2019 Budget" tab; Future years based on % increase used there
Compensated Absences Balances	\$ 19,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "FY 2019 Budget" tab; Future years based on % increase used there
Additional Operating Expenses in GHD's Table	\$ -	\$ -	\$ 116,456	\$ 110,759	\$ 115,927	\$ 93,566	\$ 32,628	See "Latest Investment Table per GHD" tab, top table added, for amount by year
Schoolvue Principal and Interest	\$ 9,868	\$ 57,428	\$ 57,425	\$ 57,425	\$ 57,425	\$ 57,425	\$ 57,425	See "FY 2019 Budget" tab; FY19 and on from City's debt schedule
Ocean Outfall Principal and Interest	\$ -	\$ 2,065,566	\$ 2,075,000	\$ 2,074,700	\$ 2,073,900	\$ 2,072,600	\$ 2,075,800	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$40.5m loan
WWTP Upgrades Phase 1 Principal and Interest	\$ -	\$ -	\$ 185,000	\$ 182,500	\$ 185,000	\$ 182,400	\$ 184,800	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$3m loan
WWTP Upgrades Phase 2 Principal and Interest	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$3m loan
Capital Outlay (Based on Budgeted Items, CIP)	\$ -	\$ 86,545	\$ 92,295	\$ 390,000	\$ -	\$ -	\$ 15,000	See "FY 2019 Budget" tab for FY19; FY19 on based on CIP
Capital Outlay (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ 462,175	\$ 1,197,820	\$ 2,494,108	\$ 2,030,697	See "Latest Investment Table per GHD" tab, table with Outlay, for amount by year
Short Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Based on planned borrowings; this assumes BANs for each at 2% interest
New Debt Service (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "Latest Investment Table per GHD" tab, table with Borrowing, for amount by year
Sub Total	\$ 2,899,647	\$ 4,125,451	\$ 4,442,088	\$ 5,553,402	\$ 5,968,019	\$ 7,302,414	\$ 6,865,393	
Indirect Costs			\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	Per Burt, include \$200,000 total water and sewer with water 60% and sewer 40%
Total Expenditures and Other Uses	\$ 2,899,647	\$ 4,125,451	\$ 4,522,088	\$ 5,633,402	\$ 6,048,019	\$ 7,382,414	\$ 6,945,393	
Excess (Deficiency) of Revenues and Available Funds > Expenditures and Other Uses	\$ 841,208	\$ (622,547)	\$ 58,201	\$ 95,360	\$ 93,973	\$ 91,258	\$ 90,829	Capital Plan Funding: Fully funded as capital outlay Note: The Capital Plan Funding toggle affects capital projects only; operating remains

Description	2018	2019	2019	2020	2021	2022	2023	COMMENTS
	ACTUAL	BUDGETED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	
Revenues and Other Sources	FY19 Impact:	11.72%	80.00%	0.00%	10.00%	25.00%	-10.00%	Rate Changes
Interest on Deposits	\$ 36	\$ 177	\$ 227	\$ 227	\$ 227	\$ 227	\$ 227	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact CD Interest	\$ 1,288	\$ 1,250	\$ 2,257	\$ 2,257	\$ 2,257	\$ 2,257	\$ 2,257	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Metered Sewer	\$ 1,135,951	\$ 1,177,000	\$ 1,253,642	\$ 2,063,130	\$ 2,269,444	\$ 2,836,804	\$ 2,553,124	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
Sewer Surcharge	\$ 533,089	\$ 588,500	\$ 618,905	\$ 1,018,538	\$ 1,120,392	\$ 1,400,490	\$ 1,260,441	FY18, FY19 from Budget provided by City; FY19 5-year avg. (FY14-18); rest rate increases
North Shores Sewer	\$ 334,811	\$ 321,810	\$ 347,381	\$ 466,862	\$ 497,197	\$ 633,393	\$ 553,198	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Dewey Beach Sewer	\$ 971,603	\$ 831,402	\$ 871,369	\$ 1,062,662	\$ 891,145	\$ 905,534	\$ 919,982	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Henlopen Acres Sewer	\$ 100,783	\$ 82,865	\$ 89,908	\$ 108,637	\$ 90,221	\$ 90,814	\$ 91,393	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
County Sewer	\$ -	\$ -	\$ -	\$ 11,206	\$ 43,214	\$ 89,147	\$ 137,690	FY20 CIP Item(s) only; FY21 on using projected allocations of operating and CIP
Sewer Connections & Inspection	\$ 1,650	\$ 1,000	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact P&I Component	\$ 5,543	\$ 5,500	\$ 5,903	\$ 5,903	\$ 5,903	\$ 5,903	\$ 5,903	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Impact Fees	\$ 42,310	\$ 40,000	\$ 53,995	\$ 53,995	\$ 53,995	\$ 53,995	\$ 53,995	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Sewer Penalties	\$ 3,436	\$ 3,400	\$ 3,686	\$ 3,686	\$ 3,686	\$ 3,686	\$ 3,686	FY18, FY19 from Budget provided by City; FY19 on using 5-year average (FY14-18)
Outfall & Other Capital Dewey Beach	\$ 504,312	\$ 400,000	\$ 847,500	\$ 846,451	\$ 1,092,526	\$ 1,349,863	\$ 1,351,963	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Outfall & Other Capital Henlopen Acres	\$ 56,035	\$ 50,000	\$ 101,700	\$ 101,575	\$ 131,104	\$ 161,984	\$ 162,236	FY18, FY19 from Budget provided by City; FY19 on using projected allocations
Less Restricted Wastewater Revenue	\$ (43,634)	\$ -	\$ (56,479)	\$ (56,479)	\$ (56,479)	\$ (56,479)	\$ (56,479)	Per history, this is an offset and totals the amounts highlighted in orange
Total Revenues and Other Sources	\$ 3,740,855	\$ 3,502,904	\$ 4,141,586	\$ 5,690,241	\$ 6,146,422	\$ 7,479,209	\$ 7,041,206	Line items impacted by Rehoboth Beach users' sewer flow
Expenditures and Other Uses								
Salaries and Overtime	\$ 679,199	\$ 686,248	\$ 686,248	\$ 703,404	\$ 720,989	\$ 739,014	\$ 757,489	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Personnel Expenses (insurance, pension)	\$ 279,073	\$ 300,704	\$ 300,704	\$ 308,222	\$ 315,927	\$ 323,825	\$ 331,921	See "FY 2019 Budget" tab; Future years based on % increase used there
Supplies, General Expenses (incl. fuel)	\$ 282,043	\$ 271,650	\$ 271,650	\$ 279,800	\$ 288,193	\$ 296,839	\$ 305,744	See "FY 2019 Budget" tab; Future years based on % increase used there
Professional Services (incl. legal, engineering)	\$ 62,764	\$ 11,400	\$ 11,400	\$ 11,742	\$ 12,094	\$ 12,457	\$ 12,831	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Expenses (incl. phone, travel)	\$ 16,781	\$ 10,300	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	See "FY 2019 Budget" tab; Future years based on % increase used there
Other Insurance	\$ 65,204	\$ 101,560	\$ 101,560	\$ 104,607	\$ 107,745	\$ 110,977	\$ 114,307	See "FY 2019 Budget" tab; Future years based on % increase used there
Electric and Heating	\$ 291,263	\$ 276,300	\$ 276,300	\$ 292,878	\$ 310,451	\$ 329,078	\$ 348,822	See "FY 2019 Budget" tab; Future years based on % increase used there
Maintenance (incl. vehicle maintenance)	\$ 187,633	\$ 184,000	\$ 184,000	\$ 189,520	\$ 195,206	\$ 201,062	\$ 207,094	See "FY 2019 Budget" tab; Future years based on % increase used there
Office Equipment, Land and Equipment Rental	\$ 38,250	\$ 39,750	\$ 39,750	\$ 40,943	\$ 42,171	\$ 43,436	\$ 44,739	See "FY 2019 Budget" tab; Future years based on % increase used there
Sewer Connections	\$ 2,378	\$ 4,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	See "FY 2019 Budget" tab; Future years based on % increase used there
Depreciation	\$ 732,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "FY 2019 Budget" tab; Future years based on % increase used there
Sewer Reserve Fund	\$ 232,781	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	See "FY 2019 Budget" tab; Future years based on % increase used there
Compensated Absences Balances	\$ 19,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "FY 2019 Budget" tab; Future years based on % increase used there
Additional Operating Expenses in GHD's Table	\$ -	\$ -	\$ 116,456	\$ 110,759	\$ 115,927	\$ 93,566	\$ 32,628	See "Latest Investment Table per GHD" tab, top table added, for amount by year
Schoolvue Principal and Interest	\$ 9,868	\$ 57,428	\$ 57,425	\$ 57,425	\$ 57,425	\$ 57,425	\$ 57,425	See "FY 2019 Budget" tab; FY19 and on from City's debt schedule
Ocean Outfall Principal and Interest	\$ -	\$ 2,065,566	\$ 2,075,000	\$ 2,074,700	\$ 2,073,900	\$ 2,072,600	\$ 2,075,800	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$40.5m loan
WWTP Upgrades Phase 1 Principal and Interest	\$ -	\$ -	\$ 185,000	\$ 182,500	\$ 185,000	\$ 182,400	\$ 184,800	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$3m loan
WWTP Upgrades Phase 2 Principal and Interest	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	See "FY 2019 Budget" tab; FY19 and on from debt schedule based on \$3m loan
Capital Outlay (Based on Budgeted Items, CIP)	\$ -	\$ 86,545	\$ 92,295	\$ 390,000	\$ -	\$ -	\$ 15,000	See "FY 2019 Budget" tab for FY19; FY19 on based on CIP
Capital Outlay (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ 462,175	\$ 1,197,820	\$ 2,494,108	\$ 2,030,697	See "Latest Investment Table per GHD" tab, table with Outlay, for amount by year
Short Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Based on planned borrowings; this assumes BANs for each at 2% interest
New Debt Service (to Fund Capital in GHD's Plan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See "Latest Investment Table per GHD" tab, table with Borrowing, for amount by year
Sub Total	\$ 2,899,647	\$ 4,125,451	\$ 4,442,088	\$ 5,553,402	\$ 5,968,019	\$ 7,302,414	\$ 6,865,393	
Indirect Costs			\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	Per Burt, include \$200,000 total water and sewer with water 60% and sewer 40%
Total Expenditures and Other Uses	\$ 2,899,647	\$ 4,125,451	\$ 4,522,088	\$ 5,633,402	\$ 6,048,019	\$ 7,382,414	\$ 6,945,393	
Excess (Deficiency) of Revenues and Available Funds > Expenditures and Other Uses	\$ 841,208	\$ (622,547)	\$ (380,502)	\$ 56,839	\$ 98,402	\$ 96,795	\$ 95,813	Capital Plan Funding: Fully funded as capital outlay Note: The Capital Plan Funding toggle affects capital projects only; operating remains