



City of Clearwater, FL

Stormwater Revenue Sufficiency Analysis

Financial Planning & Rate-Setting History

- **City's practice – adopt multi-year rate plans**
 - Current approved plan = 0.50% each year thru FY 2022
- **City conducts annual or bi-annual revenue sufficiency studies for all its utility funds**
 - Validate, revise, and/or develop rate plans as needed
 - Interactive model & decision support

Overview of the Process

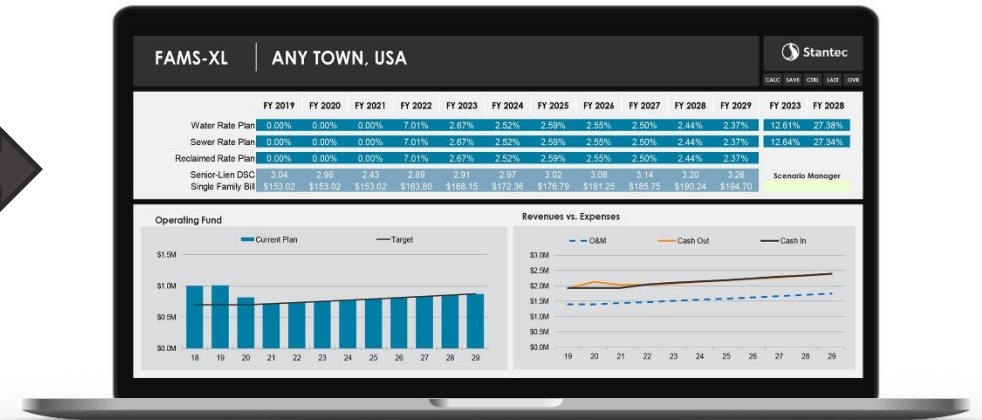
INPUTS

- ✓ Historical Financial Data
- ✓ Customer & Demand Forecast
- ✓ Capital & Operating Plans
- ✓ Policy Considerations
- ✓ Regulatory Requirements

OUTPUTS

- ✓ Revenue & Operating Cost Forecast
- ✓ Capital Funding Plan & New Debt
- ✓ Reserves, Debt Coverage, KPI's
- ✓ Rate Adjustment Requirements
- ✓ Customer Impacts

Interactive Model & Decision Support FAMS-XL



FINANCIAL MANAGEMENT PLAN

Key Assumptions

- **No future grant receipts although staff will continue to pursue**
- **No sizable costs stemming from regulations**
- **Retirement of 2014 Series Bonds in FY 2020 and 2013 Series Bonds in FY 2022**

Key Financial Performance Targets

- **Sufficient Operating Reserves (6 Mo. O&M)**
 - Indicative of financially strong utility per rating agencies
- **Maintaining Sufficient Debt Coverage (1.5x)**
 - Indicative of financially strong utility per rating agencies

Debt Service
Coverage



Net Income

Debt Service Expense

Financial Plan Summary

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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OPTION 1

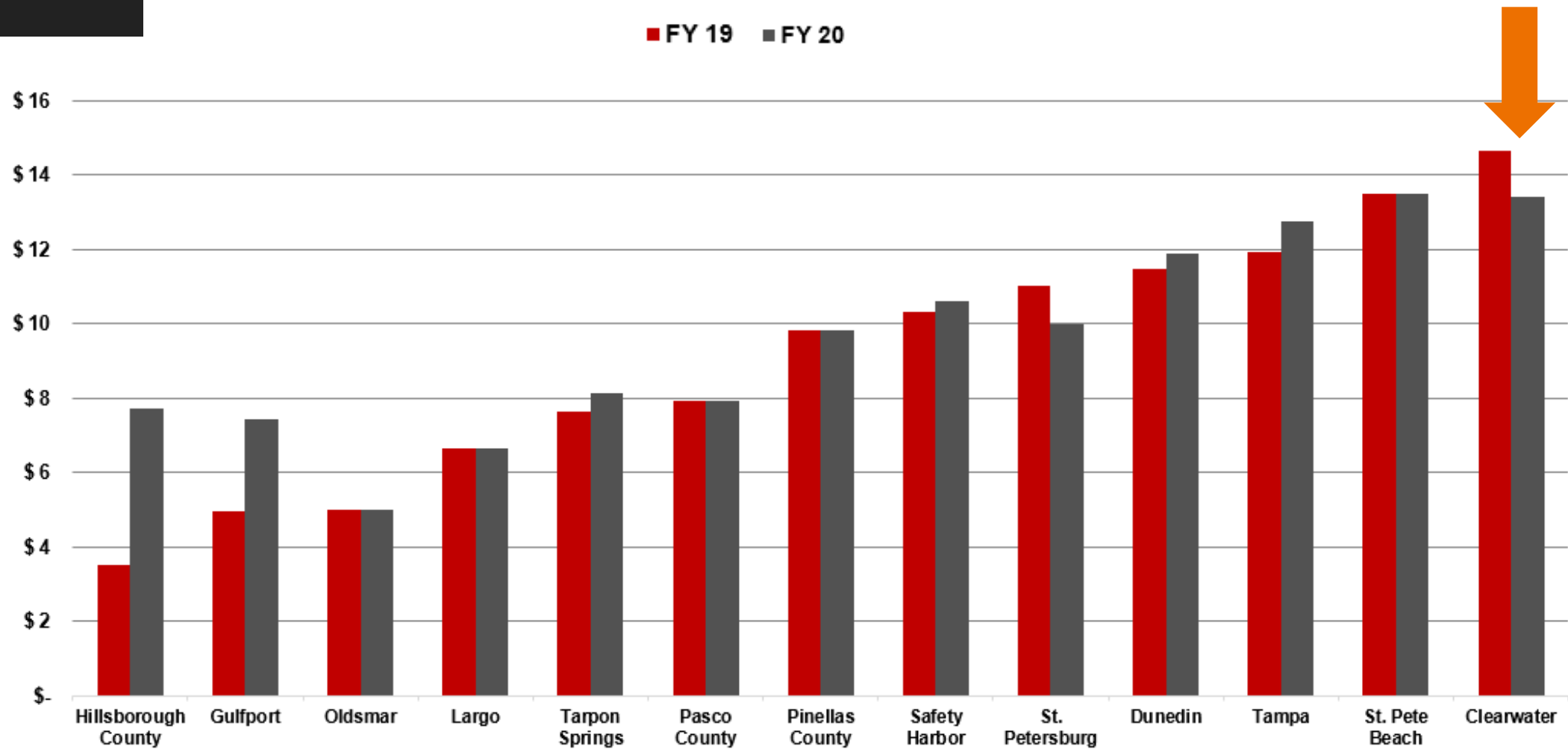
Rate Adjustment	-8.5%	0.5%	0.5%	0.5%	0.5%
Monthly Bill	\$13.40	\$13.47	\$13.54	\$13.61	\$13.68
\$ Change	-\$1.25	\$0.07	\$0.07	\$0.07	\$0.07

OPTION 2

Rate Adjustment	-8.5%	0.0%	0.0%	1.0%	1.0%
Monthly Bill	\$13.40	\$13.40	\$13.40	\$13.53	\$13.67
\$ Change	-\$1.25	\$0.00	\$0.00	\$0.13	\$0.14

Recommendation is to update rate adjustments for current plan thru FY 2022 only and then adopt new plan in the future

FY 19 & FY 20 Residential Stormwater Bill



Recommendations Summary

- **Amend rate ordinance thru FY 2022**
- **Either Option (1 or 2)**
 - Both have 8.50% rate reduction in FY 2020
 - Both ensure adequate reserve balances
 - Both ensure debt coverage > 2.0x
- **Annual or bi-annual updates so necessary changes can be made to Financial Plan**
 - Driven by:
 - ✓ updated revenue and expense data
 - ✓ changes in economic conditions
 - ✓ contractual service costs
 - ✓ regulatory requirements

Questions & Discussion