



**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

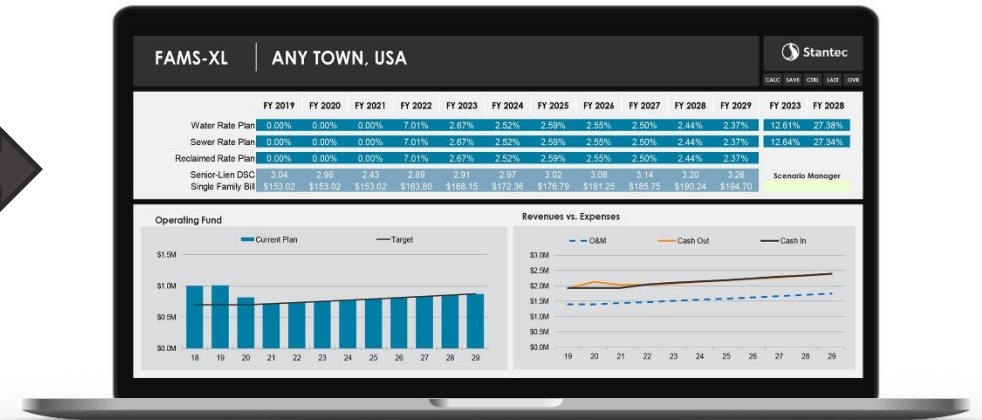
## INPUTS

- ✓ 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

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

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

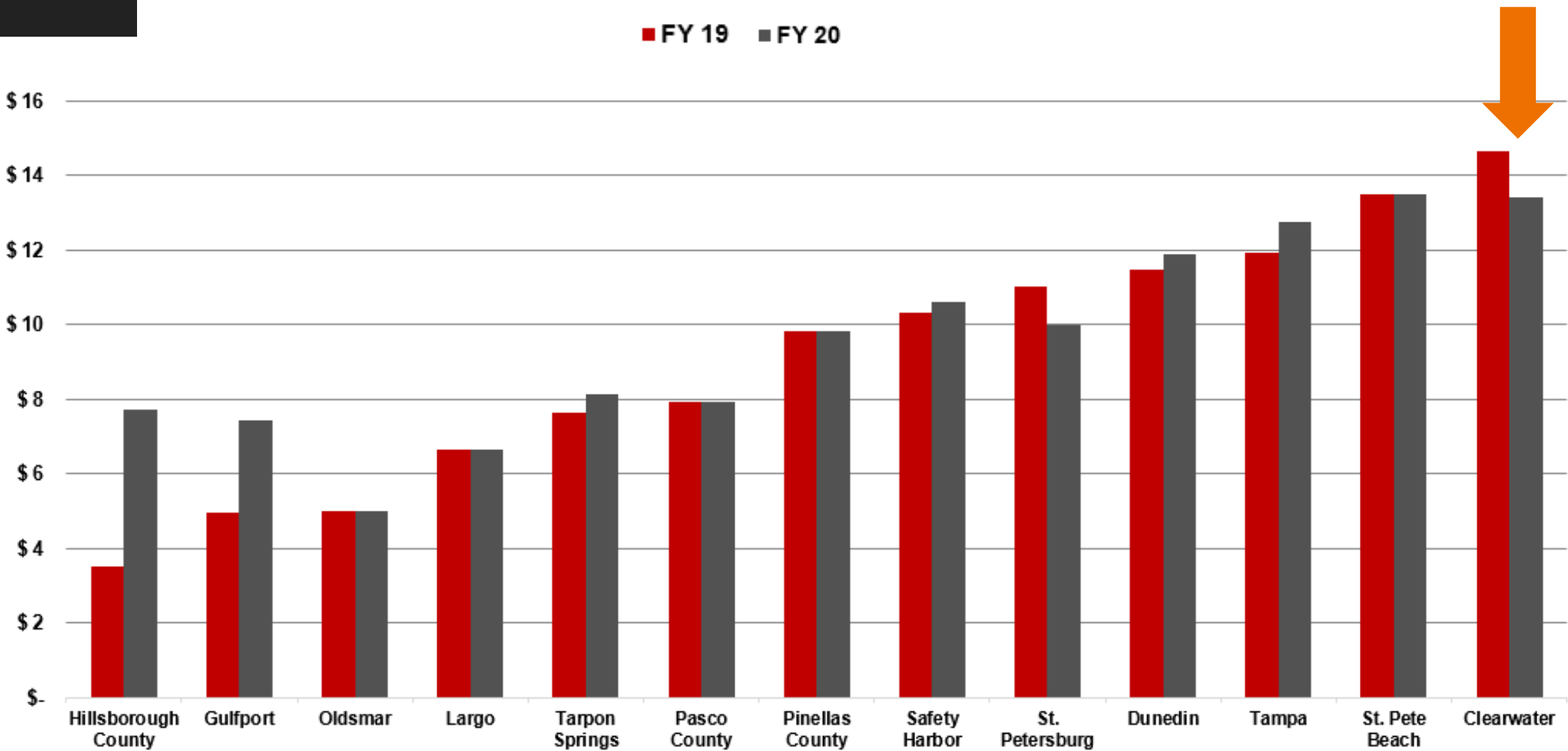
Rate Adjustment	-8.5%	0.5%	0.5%	0.5%	0.5%
Monthly Bill	\$13.40	\$13.47	\$13.54	\$13.61	\$13.68
\$ Change	-\$1.25	\$0.07	\$0.07	\$0.07	\$0.07

## 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

Local Cost  
Comparison

# 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