

ORDINANCE NO. 22-49 (12-6-22)

**AN ORDINANCE OF THE CITY OF SARATOGA SPRINGS, UTAH
AMENDING CITY'S CONSOLIDATED FEE SCHEDULE FOR STREET
LIGHTS AND SECONDARY WATER RATES.**

WHEREAS, the City of Saratoga Springs operates street lights and a secondary water system to ensure the public health, safety, and welfare of its citizens; and

WHEREAS, Utah Code Annotated § 10-8-14 authorizes the City to establish and provide street light and secondary water services; and

WHEREAS, Utah Code Annotated § 10-8-22 authorizes the City to charge a fee for use of the same; and

WHEREAS, Sections 8.01.08 and 8.01.09 of the City Code authorizes the City to charge street light and Secondary water rates to its residents; and

WHEREAS, the City previously adopted street light and Secondary water fees and now desires to amend the same; and

WHEREAS, it is the responsibility and obligation of the City Council of the City of Saratoga Springs to ensure that the costs of street light and secondary water operating expenses are paid for through the City's Street Light and Water Enterprise Funds and that said funds remains solvent; and

WHEREAS, Zions Bank has performed a utility rates study that recommended amendments to the street light and secondary water fees rates and fees; and

WHEREAS, the City Council adopts the utility rates study completed by Zions Bank, which is attached as Exhibit A; and

WHEREAS, the City Council finds that amending the street light and secondary water connection fees and rates as specifically provided herein is in accordance with Utah law and City ordinances and furthers the public health, safety, and welfare.

NOW, THEREFORE, BE IT RESOLVED by the Saratoga Springs City Council as follows:

SECTION I – UTILITY RATES STUDY

The Utility Rates Study completed by Zions Bank dated December 2022, attached as Exhibit A hereto and incorporated herein by this reference, is hereby adopted.

SECTION II – ENACTMENT

The street light and secondary water rates and fees in the Consolidated Fee Schedule are replaced by the following rates and fees:

A. Street Light and Secondary Water Rates and Fees

STREET LIGHT RATES

	Monthly Amount
Single-Family Residential	\$3.50
Multi-family Residential	\$3.50
Non-Residential	\$3.50
Open Space Property	\$0.00
Agricultural Property	\$3.50

SECONDARY WATER RATES

	2022	2023	2024	2025	2026	2027	2028
	0%	0%	0%	0%	0%	0%	0%
Single-Family Residential	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00
	0%	0%	0%	0%	0%	0%	0%
All other types of account	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00
Usage	0%	0%	0%	0%	0%	0%	0%
0-75% of allotment	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
	0%	0%	0%	0%	0%	0%	0%
75% - 100% of allotment	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
	0%	0%	0%	0%	0%	0%	0%
100% - 150% of allotment	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25
	0%	2%	2%	2%	2%	2%	2%
150% - 200% of allotment	\$2.00	\$2.04	\$2.08	\$2.12	\$2.16	\$2.21	\$2.25
	0%	3%	3%	3%	3%	3%	3%
200% - 250% of allotment	\$3.00	\$3.09	\$3.18	\$3.28	\$3.38	\$3.48	\$3.58
	0%	4%	4%	4%	4%	4%	4%
250%+ of allotment	\$3.80	\$3.95	\$4.11	\$4.27	\$4.45	\$4.62	\$4.81

SECTION III – AMENDMENT OF CONFLICTING POLICIES

If any ordinances, resolutions, or policies of the City of Saratoga Springs heretofore adopted are inconsistent herewith they are hereby amended to comply with the provisions hereof. If they cannot be amended to comply with the provisions hereof, they are hereby repealed.

SECTION IV – EFFECTIVE DATE

This resolution shall take effect on January 1, 2023.

SECTION V – SEVERABILITY

If any section, subsection, sentence, clause, phrase, or portion of this ordinance is, for any reason, held invalid or unconstitutional by any court of competent jurisdiction, such provision shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions of this ordinance.

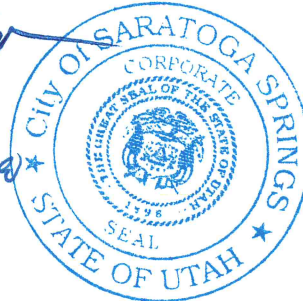
ADOPTED AND PASSED by the City Council of the City of Saratoga Springs, Utah, this 6th day of December, 2022.

Signed: _____

Jim Miller, Mayor

Attest: _____

Cindy LoPiccolo, City Recorder



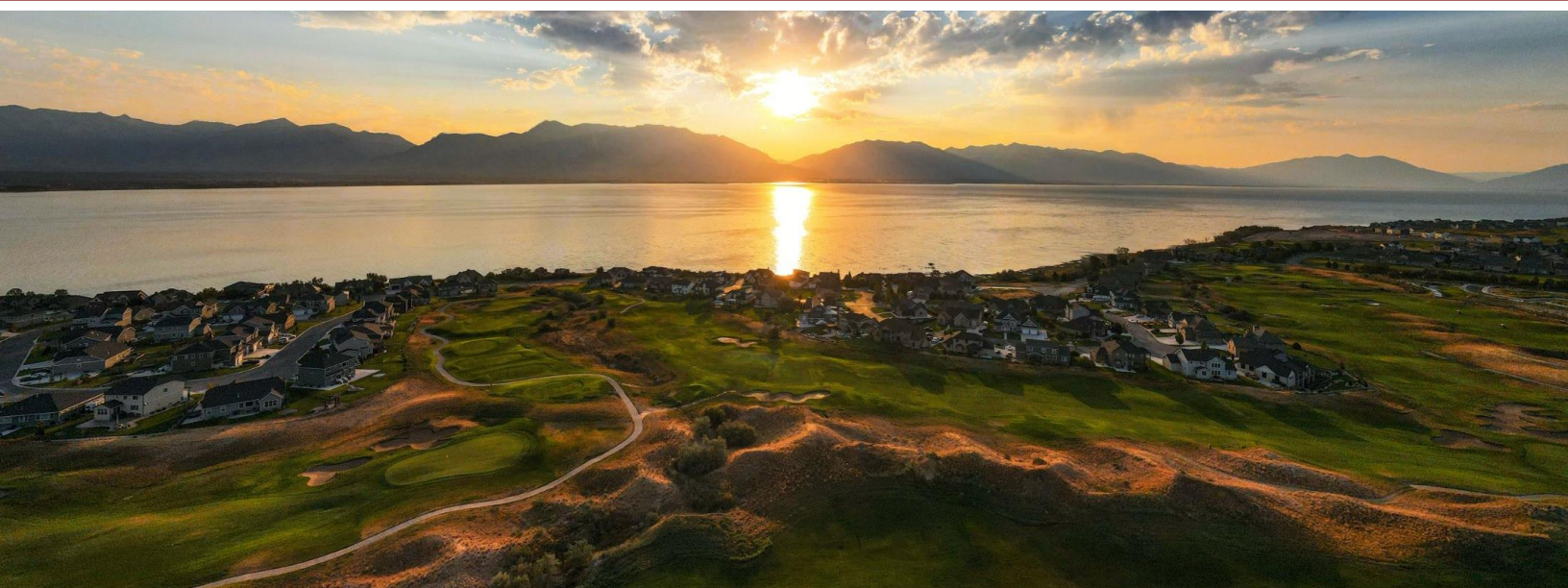
CITY COUNCIL VOTE AS RECORDED

Councilmembers:	Yes	No	Abstain	Excused
Chris Carn	<input checked="" type="checkbox"/>	_____	_____	_____
Michael McOmber	<input checked="" type="checkbox"/>	_____	_____	_____
Ryan Poduska	<input checked="" type="checkbox"/>	_____	_____	_____
Chris Porter	<input checked="" type="checkbox"/>	_____	_____	_____
Stephen Willden	<input checked="" type="checkbox"/>	_____	_____	_____
Mayor Jim Miller (tie only)	_____	_____	_____	_____

EXHIBIT A

Zions Bank Utility Rates Study

City of Saratoga Springs



Saratoga Springs Utility Rates Study



Zions Public Finance, Inc.
December 2022

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Chapter 1 – Executive Summary

During the past year, City of Saratoga Springs has looked in detail into its culinary water, sewer, storm water, street lighting, and PI rates, carefully evaluating operating and capital expenses needed for the next 6 years. A summary of proposed rates for each utility is shown below.

Culinary Water

The culinary water fund is well-positioned to meet its operating and capital costs for the next several years without any rate increases and without the issuance of any bonds.

TABLE 1: PROJECTED CULINARY WATER RATES

	2022	2023	2024	2025	2026	2027	2028
Base Rates	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Single-Family	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75
Master-Metered	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75
Non-Residential							
3/4" - 5/8"	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75
1"	\$23.08	\$23.08	\$23.08	\$23.08	\$23.08	\$23.08	\$23.08
1.5"	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40
2"	\$46.15	\$46.15	\$46.15	\$46.15	\$46.15	\$46.15	\$46.15
3"	\$177.50	\$177.50	\$177.50	\$177.50	\$177.50	\$177.50	\$177.50
4"	\$225.43	\$225.43	\$225.43	\$225.43	\$225.43	\$225.43	\$225.43
6"	\$339.03	\$339.03	\$339.03	\$339.03	\$339.03	\$339.03	\$339.03
8"	\$468.60	\$468.60	\$468.60	\$468.60	\$468.60	\$468.60	\$468.60
Usage							
3,001-7000	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40
7,001-12,000	\$3.25	\$3.25	\$3.25	\$3.25	\$3.25	\$3.25	\$3.25
12,001+	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Days Cash on Hand	343	202	81	243	420	558	660

Sewer

The sewer fund is also well-positioned to meet its operating and capital costs for the next several years without any rate increases and without the issuance of any bonds.

TABLE 2: RECOMMENDED SEWER RATES

	2022	2023	2024	2025	2026	2027	2028
Base Rates	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Single-Family	\$31.36	\$31.36	\$31.36	\$31.36	\$31.36	\$31.36	\$31.36

	2022	2023	2024	2025	2026	2027	2028
Master-Metered	\$31.36	\$31.36	\$31.36	\$31.36	\$31.36	\$31.36	\$31.36
Non-Residential							
3/4" - 5/8"	\$20.16	\$20.16	\$20.16	\$20.16	\$20.16	\$20.16	\$20.16
1"	\$20.16	\$20.16	\$20.16	\$20.16	\$20.16	\$20.16	\$20.16
1.5"	\$26.21	\$26.21	\$26.21	\$26.21	\$26.21	\$26.21	\$26.21
2"	\$32.26	\$32.26	\$32.26	\$32.26	\$32.26	\$32.26	\$32.26
3"	\$52.42	\$52.42	\$52.42	\$52.42	\$52.42	\$52.42	\$52.42
4"	\$201.60	\$201.60	\$201.60	\$201.60	\$201.60	\$201.60	\$201.60
6"	\$256.03	\$256.03	\$256.03	\$256.03	\$256.03	\$256.03	\$256.03
8"	\$385.06	\$385.06	\$385.06	\$385.06	\$385.06	\$385.06	\$385.06
Non-Residential Volume	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45
Usage							
3,001-7000	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70
7,001-12,000	\$3.92	\$3.92	\$3.92	\$3.92	\$3.92	\$3.92	\$3.92
12,001+	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09
Days Cash on Hand	640	665	736	795	836	857	858

Storm Water

The storm water fund is well-positioned to meet its operating and capital costs over the next few years without any rate increases and without the issuance of any bonds.

TABLE 3: PROPOSED STORM WATER RATES

	2022	2023	2024	2025	2026	2027	2028
Base Rates	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Storm Water Rate (All customers)	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Days Cash on Hand	367	541	571	692	746	795	869

Street Lights

The street light utility fund can meet its projected increased operating costs with a one-time rate increase of \$0.67 per month - from \$2.83 to \$3.50 - which represents a one-time increase of nearly 24 percent. All increased costs are operating costs and, therefore, no bonds were considered as part of the analysis for street lights.

TABLE 4: PROPOSED STREET LIGHTS RATES

	2022	2023	2024	2025	2026	2027	2028
Base Rates							
Single-Family Residential	\$2.83	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
Multi-family Residential	\$2.83	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
Non-Residential	\$2.83	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
Open Space Property	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Agricultural Property	\$2.83	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
Days Cash on Hand	398	378	369	366	364	360	350

Pressurized Irrigation (PI)

In order to meet the operating and capital costs of the PI fund, there will need to be some rate increases. After analysis of several rate scenarios, as well as discussions with City staff, this report recommends that increases be made to larger users – those exceeding 100 percent of their allotment. Even with the following rate increases, bonds will need to be issued in order to meet upcoming significant capital costs, as discussed in more detail in the body of this report.

TABLE 5: PROPOSED PI RATES

	2022	2023	2024	2025	2026	2027	2028
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Single-Family Residential	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00
All other types of account	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00
Usage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0-75% of allotment	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
75% - 100% of allotment	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
100% - 150% of allotment	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25
	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
150% - 200% of allotment	\$2.00	\$2.04	\$2.08	\$2.12	\$2.16	\$2.21	\$2.25
	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
200% - 250% of allotment	\$3.00	\$3.09	\$3.18	\$3.28	\$3.38	\$3.48	\$3.58
	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
250%+ of allotment	\$3.80	\$3.95	\$4.11	\$4.27	\$4.45	\$4.62	\$4.81
Days Cash on Hand	329	329	161	527	208	2590	1086

Impact on Single-Family Residential

An average single-family residential unit would see its monthly bill increase by less than \$1 per month over the next 10 years. The table below shows a sample of an average single-family residential unit monthly bill over the next 5 years.

TABLE 7: SAMPLE SINGLE-FAMILY RESIDENTIAL

	Current	FY2028
Culinary Water		
Base Rate	\$17.75	\$17.75
Usage	\$2.40	\$2.40
Sewer		
Base Rate	\$31.36	\$31.36
Usage	\$3.70	\$3.70
Storm Water	\$6.00	\$6.00
Street Lights	\$2.83	\$3.50
PI		
Base Rate	\$65.00	\$65.00
Usage (75%-100% of allotment)	\$1.00	\$1.00
Total Monthly Charge	\$130.04	\$130.71

Chapter 2 – Culinary Water Rates

Background and Approach

City of Saratoga Springs (“Saratoga Springs” or “the City”) is experiencing growth which is putting pressure on the City’s culinary water system to serve more customers. Further, inflationary costs are resulting in increased operating expenses and many parts of the culinary water system are in need of repair. Rates must be designed to keep up with these changes and must be structured to fairly and equitably serve customer needs. As such, the City has two components to its water rates: 1) a base rate charged to all customers, by customer class, monthly; and 2) a usage rate that is tied to the actual amount of water used each month, with varying costs per “tier” of water usage.

The approach used in this analysis is commonly referred to as a “revenue sufficiency model.” All expenses (operating and capital) are first calculated, and then rates are structured to cover annual expenses, maintain sufficient debt service ratios, and to keep a sufficient number of days cash on hand in the culinary water utility fund. A sufficient number of days cash on hand is generally accepted as 180 days of cash that would cover operating expenses of the utility.

Operating Expenses

Growth in all operating expenses is projected at an average annual rate of 12 percent per year. Operational expenses include the new costs attributable to new development, as well as inflationary expenses.

Outstanding Debt

The City has an outstanding water revenue and refunding bond series 2014 split between the culinary water and PI funds. Culinary water accounts for 10% of the split which leads to a payment of about \$69,000 per year through 2034. The other 90% is accounted for in the PI fund.

Capital Projects

There are 32 capital projects anticipated between 2022 and 2030. While the costs shown in the table below are in \$2022, an inflation rate of three percent per year has been added to these projects in the financial model to cover the increased costs of construction for the year in which each project is planned.

TABLE 2-1: CULINARY WATER CAPITAL PROJECTS

Project ID	Cost	Year
Capital and Master Plan	\$38,551	2022
Capital and Master Plan	\$50,000	2023
Capital and Master Plan	\$50,000	2024
Capital and Master Plan	\$50,000	2025
Capital and Master Plan	\$50,000	2026
Capital and Master Plan	\$50,000	2027
Capital and Master Plan	\$50,000	2028
Capital and Master Plan	\$50,000	2029
Capital and Master Plan	\$50,000	2030
Capital and Master Plan	\$50,000	2031
Capital and Master Plan	\$50,000	2032

Project ID	Cost	Year
2300 West CUWCD Connection and Pipeline	\$83,200	2022
Mt Saratoga Zone 2 Tank and Booster	\$10,611	2022
Mt Saratoga Zone 2 Tank and Booster	\$25,000	2023
Northgate Waterlines 2,000 ft 10-inch	\$413,193	2022
Drinking Water Well #7 Pipeline	\$316,900	2023
Wildflower Zone 4 Tank	\$52,000	2022
Wildflower Zone 4 Tank	\$100,000	2023
5 MG Zone 1 North Tank 5,300 24-inch, 4,100 20-inch, 5900 16 inch	\$75,000	2022
5 MG Zone 1 North Tank 5,300 24-inch, 4,100 20-inch, 5900 16 inch	\$11,141,014	2030
Foothill Waterline - Pony to Beacon Pointe, Phase 1	\$3,000,000	2023
Foothill Waterline - Pony to Beacon Pointe, Phase 2	\$3,000,000	2024
Foothill Waterline - Talus Ridge to Pony	\$500,000	2024
Foothill Waterline - Talus Ridge to Pony	\$539,000	2025
Central Zone 2 Tank - Church	\$7,063,500	2030
Fox Hollow Zone 4 Tank & Pump Station	\$3,565,500	2030
Israel Canyon Zone 3 Tank	\$20,000	2022
Israel Canyon Zone 3 Tank	\$40,000	2023
Israel Canyon Zone 3 Tank	\$3,063,000	2030
Mt Saratoga/Wildflower Zone 3 Pipe Connection	\$1,241,800	2030
Mt Saratoga/Wildflower Zone 3 Pipe Connection	\$543,100	2030
Canton Ridge		TBD
TOTAL	\$35,331,369	

Cash Balances

The beginning cash balance in the Culinary Water Fund is \$2,980,000.¹

Rate Structuring

Current culinary water base rates are structured as follows:

TABLE 2-2: CURRENT CULINARY WATER BASE RATES BY CATEGORY

Customer Classes	Amount
Single-Family	\$17.75
Master-Metered	\$17.75
Non-Residential	
3/4" - 5/8"	\$17.75
1"	\$23.08
1.5"	\$28.40
2"	\$46.15
3"	\$177.50
4"	\$225.43

¹ Source: City of Saratoga Springs

Customer Classes	Amount
6"	\$339.03
8"	\$468.60

Usage rates are based on varying tiers of usage and charged per 1,000 gallons as shown below.

TABLE 2-3: CURRENT TIERED WATER USAGE RATES BY CATEGORY

Usage Tier	Monthly Amount per 1,000 Gallons
3,001-7000	\$2.40
7,001-12,000	\$3.25
12,000+	\$4.00

Current Rate Projections

The current rate structure, with no projected rate increases and no new bonds issued, meets the future needs of the Culinary Water Fund. The capital expenses required to maintain the current service level do not create a financial strain under current rates. Financial projections for the current rates with no future rate increases are shown in the following table. With no changes to the existing situation, the Culinary Water Fund will have sufficient cash flows to cover its costs.

TABLE 2-4: CURRENT RATE KEY RATIOS

	2022	2023	2024	2025	2026	2027	2028
Net Revenues before Debt Service	\$599,788	\$726,144	\$821,405	\$2,611,234	\$2,633,327	\$2,612,489	\$2,543,829
Capital Expenses	(\$692,555)	(\$3,637,857)	(\$3,766,195)	(\$643,616)	(\$56,275)	(\$57,964)	(\$59,703)
Debt Service Coverage Ratio	8.64	10.48	11.89	37.74	38.08	37.84	36.66
Days Cash on Hand	343	202	81	243	420	558	660

Proposed Rates

As stated above, there are no rate increases shown in the next 6 years for culinary water in Saratoga Springs given the assumptions used in this analysis. Even with no rate increases, the general rate objectives considered in this analysis are met:

- Ensure sufficient revenues to cover all operating costs and maintain a debt service coverage ratio of at least 1.25;²
- Maintain 180 days cash on hand on average
- Balance minimizing rates with minimizing new debt obligations when debt obligations are considered; and
- Proposed rates should be easy to implement and administer.

² Debt coverage ratios are measured by comparing operating cash (revenues less operating expenses) to annual debt service obligations before capital costs.

The proposed culinary water rates are structured to ensure that new capital improvements can be constructed, that inflationary operating costs can be met and that the water utility fund maintains a sustainable amount of days cash on hand.

Proposed Rates

Under the proposed rates, all base rates would stay the same over 6 years (2028). As of now, there are no future bonds planned.

TABLE 2-5: PROJECTED CULINARY WATER RATES

	2022	2023	2024	2025	2026	2027	2028
Base Rates	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Single-Family	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75
Master-Metered	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75
Non-Residential							
3/4" - 5/8"	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75
1"	\$23.08	\$23.08	\$23.08	\$23.08	\$23.08	\$23.08	\$23.08
1.5"	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40
2"	\$46.15	\$46.15	\$46.15	\$46.15	\$46.15	\$46.15	\$46.15
3"	\$177.50	\$177.50	\$177.50	\$177.50	\$177.50	\$177.50	\$177.50
4"	\$225.43	\$225.43	\$225.43	\$225.43	\$225.43	\$225.43	\$225.43
6"	\$339.03	\$339.03	\$339.03	\$339.03	\$339.03	\$339.03	\$339.03
8"	\$468.60	\$468.60	\$468.60	\$468.60	\$468.60	\$468.60	\$468.60
Usage							
3,001-7000	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40
7,001-12,000	\$3.25	\$3.25	\$3.25	\$3.25	\$3.25	\$3.25	\$3.25
12,001+	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Days Cash on Hand	343	202	81	243	420	558	660

With the proposed rates above, the City maintains good debt service coverage ratios and maintains over 180 days of cash on hand (other than in 2024, where the days cash on hand is at 81) through 2028.

TABLE 2-6: SUMMARY OF KEY RATIOS

	2022	2023	2024	2025	2026	2027	2028
Net Revenues before Debt Service	\$599,788	\$726,144	\$821,405	\$2,611,234	\$2,633,327	\$2,612,489	\$2,543,829
Capital Expenses	(\$692,555)	(\$3,637,857)	(\$3,766,195)	(\$643,616)	(\$56,275)	(\$57,964)	(\$59,703)
Debt Service Coverage Ratio	8.64	10.48	11.89	37.74	38.08	37.84	36.66

	2022	2023	2024	2025	2026	2027	2028
Days Cash on Hand	343	202	81	243	420	558	660

Impacts on Existing Water Users

The actual amount paid by existing water users will vary depending on water usage. For example, if a residential water user now pays \$17.75 monthly for a base rate and uses 6,000 gallons per month (\$14.40 calculated by paying \$2.40 per 1,000 gallons), their current total cost would be \$32.15 per month or \$385.80 annually. Under the proposed rates, the same residential ratepayer would pay the same amount.

Debt Coverage Ratios

Minimum debt coverage ratios are generally assumed to be 1.25. All options maintain at least this ratio.

Days Cash on Hand

All options maintain the City's goal to maintain 180 days cash on hand on average other than in 2024.

Chapter 3 – Sewer Rates

Background and Approach

As stated previously, Saratoga Springs is experiencing growth. This also puts pressure on the City's sewer system to serve more customers. Further, inflationary costs are resulting in increased operating expenses and many parts of the sewer system are in need of repair. Rates must be designed to keep up with these changes and must be structured to fairly and equitably serve customer needs.

The approach used in this analysis is commonly referred to as a "revenue sufficiency model." All expenses (operating and capital) are first calculated, and then rates are structured to cover annual expenses, maintain sufficient debt service ratios, and to keep 180 days cash on hand in the sewer utility fund.

Operating Expenses

Growth in operating expenses is projected at an average annual rate of 12 percent per year (other than Sewer Treatment Expenses, which are 15 percent) based on historical costs as well as discussions with City staff.

Outstanding Debt

The City has two outstanding debt obligations in the sewer fund with a payment of about \$755,400 on average annually.

Capital Projects

There are 33 capital projects anticipated between 2022 and 2032. While the costs shown in the table below are in \$2022, an inflation rate of three percent per year has been added to these projects in the financial model to cover the increased costs of construction for the year in which construction takes place.

TABLE 3-1: SEWER CAPITAL PROJECTS

Project ID	Cost	Year
Master Plan Studies	\$46,800	2022
Master Plan Studies	\$46,800	2023
Master Plan Studies	\$46,800	2024
Master Plan Studies	\$46,800	2025
Master Plan Studies	\$46,800	2026
Master Plan Studies	\$46,800	2027
Master Plan Studies	\$46,800	2028
Master Plan Studies	\$46,800	2029
Master Plan Studies	\$46,800	2030
Master Plan Studies	\$46,800	2031
Master Plan Studies	\$46,800	2032
North Trunk - New Gravity along Riverside Drive	\$1,942,200	2030
North Trunk - Posey forcemain tie- in	\$274,950	2030
Connect 400 N to Gravity Sewer Outfall at Redwood Road - Bypass Posey Lift	\$58,500	2030

Project ID	Cost	Year
New Lift Station 9 in Northshore - DR Horton Upsize Only	\$55,821	Complete
Wetland Mitigation for Sewer Project	\$99,450	2022
Grandview to Ring Road	\$2,480,400	2023
Ring Road Main	\$636,480	TBD
South Golf Course Upsize	\$917,921	Complete
New Lift Station 10 @ Talons Cove Club House with forcemain to ring road	\$3,988,530	2030
Redwood Road Replace North of Wildlife Blvd and South of Silver Fox Lane north of Wildlife Blvd	\$1,873,170	2030
Redwood Rd Lake Mtn Dr to Wildlife Pipe Upsize	\$1,213,290	2030
South 200 West - 21-inch from Market Street to Redwood - Boyer	\$494,910	2030
12-inch from Wildflower to Tractor Supply along Crossroads Blvd	\$1,380,600	2030
Silver Fox Lane Upsize Village	\$483,210	TBD
145 North Collector - East of Willow Glen	\$347,490	TBD
145 North Collector- West of Willow Glen	\$611,910	TBD
146 North Collector - West of Perelle	\$449,280	TBD
West North Shore Collector - West of Northshore	\$2,108,340	TBD
New Parallel Trunk from Legacy Parkway /Redwood Rd to TSSD outfall	\$3,822,390	TBD
Foothill Outfall- North of Beacon Pointe E/W Trunk Line	\$3,627,000	TBD
West of Foothill Blvd N/S Trunk to South End of City	\$14,206,140	TBD
New West to East Trunk North of Tickville Gulch	\$2,992,860	TBD
TOTAL	\$41,847,692	

Cash Balances

The beginning cash balance in the Sewer Fund is \$6,000,000.³

Rate Structuring

Current sewer rates are structured as follows:

³ Source: City of Saratoga Springs

TABLE 3-2: CURRENT SEWER RATES

Description	Amount
Base Rate	
Single-Family	\$31.36
Master-Metered	\$31.36
Non-Residential	
3/4" - 5/8"	\$20.16
1"	\$20.16
1.5"	\$26.21
2"	\$32.26
3"	\$52.42
4"	\$201.60
6"	\$256.03
8"	\$385.06
Volume	
3,001-7,000	\$3.70
7,001-12,000	\$3.92
12,000+	\$4.09
Non-Residential Volume	\$3.45

Current Rate Projections

The current rate structure, with no projected rate increases and no new bonds issued, meets the desired standards of days cash on hand in the future years. Financial projections for the current rates with no future rate increases or issuance of bonds are shown in the following table.

TABLE 3-3: CURRENT RATE PROJECTIONS

	2022	2023	2024	2025	2026	2027	2028
Net Revenues before Debt Service	\$2,366,858	\$4,804,726	\$3,166,831	\$3,409,654	\$3,551,331	\$3,577,728	\$3,536,319
Capital Expenses	(\$261,632)	(\$2,721,859)	(\$172,059)	(\$177,221)	(\$182,537)	(\$188,013)	(\$193,654)
Debt Service Coverage Ratio	3.14	6.36	4.21	4.52	4.7	4.73	4.67
Beginning Cash Balance	\$6,000,000	\$7,351,813	\$8,678,718	\$10,920,427	\$13,397,997	\$16,010,579	\$18,643,181
Ending Cash Balance	\$7,351,813	\$8,678,718	\$10,920,427	\$13,397,997	\$16,010,579	\$18,643,181	\$21,228,283

	2022	2023	2024	2025	2026	2027	2028
Days Cash on Hand	640	665	736	795	836	857	858

Proposed Rate Options

There will be no rate increases necessary for the next 6 years for sewer rates in Saratoga Springs based on the assumptions used in this analysis. Even with no rate increases, the general rate objectives considered in this analysis will be met:

- Ensure sufficient revenues to cover all operating costs and maintain a debt coverage ratio of at least 1.25;⁴
- Maintain 180 days cash on hand on average and never get below 150 days cash on hand;
- Balance minimizing rates with minimizing new debt obligations when debt obligations are considered; and
- Proposed rates should be easy to implement and administer.

The proposed sewer rates are structured to ensure that new capital improvements can be constructed, that inflationary operating costs can be met and that the sewer utility fund maintains 180 days cash on hand.

Proposed Rates

There are no proposed rate increases for sewer.

TABLE 3-4: PROPOSED SEWER RATES

	2022	2023	2024	2025	2026	2027	2028
Base Rates	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Single-Family	\$31.36	\$31.36	\$31.36	\$31.36	\$31.36	\$31.36	\$31.36
Master-Metered	\$31.36	\$31.36	\$31.36	\$31.36	\$31.36	\$31.36	\$31.36
Non-Residential							
3/4" - 5/8"	\$20.16	\$20.16	\$20.16	\$20.16	\$20.16	\$20.16	\$20.16
1"	\$20.16	\$20.16	\$20.16	\$20.16	\$20.16	\$20.16	\$20.16
1.5"	\$26.21	\$26.21	\$26.21	\$26.21	\$26.21	\$26.21	\$26.21
2"	\$32.26	\$32.26	\$32.26	\$32.26	\$32.26	\$32.26	\$32.26
3"	\$52.42	\$52.42	\$52.42	\$52.42	\$52.42	\$52.42	\$52.42
4"	\$201.60	\$201.60	\$201.60	\$201.60	\$201.60	\$201.60	\$201.60
6"	\$256.03	\$256.03	\$256.03	\$256.03	\$256.03	\$256.03	\$256.03
8"	\$385.06	\$385.06	\$385.06	\$385.06	\$385.06	\$385.06	\$385.06
Non-Residential Volume	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45

⁴ Debt coverage ratios are measured by comparing operating cash (revenues less operating expenses) to annual debt service obligations before capital costs.

	2022	2023	2024	2025	2026	2027	2028
Usage							
3,001-7000	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70
7,001-12,000	\$3.92	\$3.92	\$3.92	\$3.92	\$3.92	\$3.92	\$3.92
12,001+	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09
Days Cash on Hand							
Days Cash on Hand	640	665	736	795	836	857	858

With these proposed rates, the Sewer Fund will easily maintain sustainability and will keep pace with inflationary costs.

Impacts on Existing Sewer Ratepayers

Single-family sewer ratepayers currently pay and will continue paying \$31.36 per month (\$376.32 annually) for their base rates plus monthly volume charges which will remain constant as well

Debt Coverage Ratios

Minimum debt coverage ratios are generally assumed to be 1.25. The proposed rate increases maintain at least this ratio. No new bonds are anticipated.

Days Cash on Hand

The proposed rates maintain the City's goal to keep 180 days cash on hand on average and never get below 150 days cash on hand.

Chapter 4 – Storm Water Rates

Background and Approach

Due to the growth in the City, and the paving of formerly pervious surfaces, the City will experience more demands on its storm water system. Further, inflationary costs are resulting in increased operating expenses and many parts of the storm water system are in need of repair. Rates must be designed to keep up with these changes and must be structured to fairly and equitably serve customer needs.

The approach used in this analysis is commonly referred to as a “revenue sufficiency model.” All expenses (operating and capital) are first calculated, and then rates are structured to cover annual expenses, maintain sufficient debt service ratios, and to keep at least 180 days on hand in the storm water utility fund.

Operating Expenses

Growth in operating expenses is projected at an average annual rate of 10 percent per year per budget line item based on input from City staff. Operational expenses include the new costs attributable to new development, as well as inflationary expenses.

Outstanding Debt

There is an outstanding debt payment of \$47,714 annually.

Capital Projects

There are 56 capital projects anticipated between 2022 and 2032, several of which have already been completed. While the costs shown in the table below are in \$2022, an inflation rate of three percent per year has been added to these projects in the financial model to cover the increased costs of construction over time.

TABLE 4-1: STORM WATER CAPITAL PROJECTS

Project ID	Cost	Year
Storm Water Planning	\$30,000	2022
Storm Water Planning	\$30,000	2023
Storm Water Planning	\$30,000	2024
Storm Water Planning	\$30,000	2025
Storm Water Planning	\$30,000	2026
Storm Water Planning	\$30,000	2027
Storm Water Planning	\$30,000	2028
Storm Water Planning	\$30,000	2029
Storm Water Planning	\$30,000	2030
Storm Water Planning	\$30,000	2031
Storm Water Planning	\$30,000	2032
SR-73 Phase 2		TBD
Clark Canyon (grant funded)		2022
800 West (Fairfield to 400 N) - Lexington Green	\$232,663	2024
1400 N Extension Line - StarHaven	\$142,736	2026

Project ID	Cost	Year
1401 N Extension Line - Arcadia Springs	\$124,180	2027
Knolls Fire	\$186,000	Completed
Redwood Rd Storm Water Treatment	\$511,395	Completed
Pioneer Xing to Redwood	\$0	2022
Harbor Parkway Debris Basin	\$66,786	Completed
Perelli Dry Creek Outfall		TBD
Perelli Outfall in E Saratoga Road	\$154,895	Completed
NRCS Watershed EA	\$212,544	2022
Tickville Wash Reimb	\$3,913	2022
Tickville Wash Reimb	\$120,000	2023
Pony Express Extension Outfall - East of Redwood Rd	\$50,000	2022
Pioneer Crossing to Market Street - Costco Reimb	\$215,984	TBD
Redwood Road (1200 N to Market)	\$211,200	TBD
Mtn View Corridor 5	\$96,100	TBD
Saratoga Parkway 1	\$192,200	TBD
Mtn View Corridor 3	\$96,100	TBD
Mtn View Corridor 1 (New)	\$331,605	TBD
Clay Pit Outfall	\$383,100	TBD
Village Parkway & Redwood Road	\$624,200	TBD
Harbor Parkway Reroute	\$234,400	TBD
Saratoga Road 6	\$520,400	TBD
Pioneer Crossing (DN3 to 1200 N)	\$961,300	TBD
1200 North 3	\$163,600	TBD
Harvest Hills to JR	\$1,749,000	TBD
400 South 4	\$300,000	TBD
Pony Express Crossing	\$40,800	TBD
Fairfield Road	\$716,000	TBD
Pioneer Crossing to Exchange Dr	\$295,600	TBD
Market Street	\$176,300	TBD
1200 N 1	\$359,600	TBD
1201 N 2	\$1,038,800	TBD
The Crossing Outfall	\$40,300	TBD
Foothill Blvd 6		TBD
Foothill Culvert @ Tickville	\$331,605	TBD
1900 N/Redwood Road	\$4,000	TBD
Planned Collector 2	\$78,700	TBD
Limekiln Canyon	\$540,020	TBD
Northshore Outfall in W Saratoga Road		TBD
Extension of Line near storage units	\$148,300	TBD
Pony Express Extension Outfall - West of Redwood Rd		TBD
Willow Glen Outfall		TBD

Cash Balances

The beginning cash balance in the Storm Water Fund is \$360,000.⁵

Rate Structuring

Current storm water rates are structured as follows:

TABLE 4-2: CURRENT STORM WATER RATES

	Monthly Amount
Single-Family	\$6.00

Current Rate Projections

The current rate structure, with no projected rate increases and no new bonds issued, meets the future needs of the Storm Water Fund. The upcoming capital expenses required to maintain the current service level will not create a further financial strain under current rates. Financial projections for the current rates with no future rate increases or issuance of bonds are shown in the following table.

TABLE 4-3: CURRENT RATE PROJECTIONS

	2022	2023	2024	2025	2026	2027	2028
Net Revenues before Debt Service	\$766,938	\$687,837	\$530,556	\$572,416	\$604,860	\$626,949	\$637,645
Capital Expenses	(\$296,457)	(\$154,500)	(\$278,659)	(\$32,782)	(\$194,416)	(\$178,737)	(\$35,822)
Debt Service Coverage Ratio	16.07	14.42	11.12	12.00	12.68	13.14	13.36
Beginning Cash Balance	\$360,000	\$782,767	\$1,268,390	\$1,472,573	\$1,964,493	\$2,327,223	\$2,727,721
Ending Cash Balance	\$782,767	\$1,268,390	\$1,472,573	\$1,964,493	\$2,327,223	\$2,727,721	\$3,281,831
Days Cash on Hand	367	541	571	692	746	795	869

Proposed Rate Options

The proposed rate option for Storm Water in Saratoga Springs will have no increases from the current rates. Even with no rate increases, the general rate objectives considered in this analysis are met:

- Ensure sufficient revenues to cover all operating costs and maintain a debt coverage ratio of at least 1.25;⁶
- Maintain 180 days cash on hand on average and never get below 150 days cash on hand;
- Balance minimizing rates with minimizing new debt obligations when debt obligations are considered; and
- Proposed rates should be easy to implement and administer.

⁵ Source: City of Saratoga Springs

⁶ Debt coverage ratios are measured by comparing operating cash (revenues less operating expenses) to annual debt service obligations before capital costs.

The proposed storm water rate is structured to ensure that new capital improvements can be constructed, that inflationary operating costs can be met and that the storm water utility fund maintains at least 180 days cash on hand.

Proposed Storm Water Rates

The proposed storm water rate includes all categories at the same rate with no rate increases.

TABLE 4-4: PROPOSED STORM WATER RATES

	2022	2023	2024	2025	2026	2027	2028
	0%	0%	0%	0%	0%	0%	0%
Storm Water Rate (All Customers)	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00

With these proposed rates, the Storm Water Fund will maintain sustainability.

TABLE 4-5: PROPOSED RATE INCREASE KEY RATIOS

	2022	2023	2024	2025	2026	2027	2028
Net Revenues before Debt Service	\$766,938	\$687,837	\$530,556	\$572,416	\$604,860	\$626,949	\$637,645
Capital Expenses	(\$296,457)	(\$154,500)	(\$278,659)	(\$32,782)	(\$194,416)	(\$178,737)	(\$35,822)
Debt Service Coverage Ratio	16.07	14.42	11.12	12.00	12.68	13.14	13.36
Beginning Cash Balance	\$360,000	\$782,767	\$1,268,390	\$1,472,573	\$1,964,493	\$2,327,223	\$2,727,721
Ending Cash Balance	\$782,767	\$1,268,390	\$1,472,573	\$1,964,493	\$2,327,223	\$2,727,721	\$3,281,831
Days Cash on Hand	367	541	571	692	746	795	869

Impacts on Existing Water Users

Existing ratepayers of a single-family home currently pay \$6.00 per month (\$72.00 annually). Under the proposed rates, the residential ratepayer would pay the same amount.

Debt Coverage Ratios

Minimum debt coverage ratios are generally assumed to be 1.25. The proposed rate increases maintain at least this ratio.

Days Cash on Hand

The proposed rate increases maintain the City's goal to keep 180 days cash on hand on average and never get below 150 days cash on hand.

Chapter 5 - Street Lights Rates

Background and Approach

The approach used in this analysis is commonly referred to as a “revenue sufficiency model.” All expenses (operating and capital) are first calculated, and then rates are structured to cover annual expenses, maintain sufficient debt service ratios, and to keep at least 180 days on hand in the street light utility fund.

Operating Expenses

Growth in most operating expenses is projected at an average annual rate of 10 percent per year per budget line item, with salaries, employee benefits, admin charges, and fund balances at 7 percent. Any street light capital projects will grow at 15 percent. These growth percentages are based on input from City staff. Operational expenses include the new costs attributable to new development, as well as inflationary expenses.

Outstanding Debt

There are no outstanding bond payments.

Capital Projects

There are no planned capital projects.

Cash Balances

The beginning cash balance in the Storm Water Fund is \$721,177.⁷

Rate Structuring

Current Street Light rates are structured as follows:

TABLE 5-1: CURRENT STREET LIGHT RATES

	Monthly Amount
Single-Family Residential	\$2.83
Multi-family Residential	\$2.83
Non-Residential	\$2.83
Open Space Property	\$0.00
Agricultural Property	\$2.83

Current Rate Projections

The current rate structure, if no rate increases were to occur and no new bonds issued is not sustainable. Financial projections for the current rates with no future rate increases or issuance of bonds are shown in the following table.

⁷ Source: City of Saratoga Springs

TABLE 5-2: CURRENT RATE KEY RATIOS

	2022	2023	2024	2025	2026	2027	2028
Net Revenues before Debt Service	(\$87,070)	(\$75,240)	(\$68,516)	(\$67,520)	(\$72,956)	(\$85,623)	(\$106,423)
Capital Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Days Cash on Hand	398	315	248	191	139	91	42

Proposed Rate Options

The proposed rate option for Street Lights in Saratoga Springs is a one-time increase from \$2.83 per month to \$3.50 per month. No bonds need to be issued. Primary goals are as follows:

- Maintain 180 days cash on hand on average and never get below 150 days cash on hand;
- Balance minimizing rates with minimizing new debt obligations when debt obligations are considered; and
- Proposed rates should be easy to implement and administer.

The proposed street light rate is structured to ensure that inflationary operating costs can be met and that the street light utility fund maintains at least 180 days cash on hand.

Proposed Street Light Rates

Proposed rates are for an increase from \$2.83 per month to \$3.50 per month in 2023.

TABLE 5-3: PROPOSED STREET LIGHT RATES

	Monthly Amount
Single-Family Residential	\$3.50
Multi-family Residential	\$3.50
Non-Residential	\$3.50
Open Space Property	\$0.00
Agricultural Property	\$3.50

With these proposed rate increases, the Street Lights Fund will maintain sustainability.

TABLE 5-4: PROPOSED RATE INCREASE KEY RATIOS

	2022	2023	2024	2025	2026	2027	2028
Net Revenues before Debt Service	(\$87,070)	\$26,295	\$46,689	\$61,354	\$69,586	\$70,588	\$63,457
Capital Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Days Cash on Hand	398	378	369	366	364	360	350

Impacts on Existing Street Light Users

Existing ratepayers of a single-family home, multi-family residential units, open space property, and agricultural property all currently pay \$2.83 per month (\$33.96 annually). The proposed rates would increase to \$3.50 monthly (\$42.00 annually).

Debt Coverage Ratios

Minimum debt coverage ratios are generally assumed to be 1.25. The proposed rate increases maintain at least this ratio.

Days Cash on Hand

The proposed rate increases maintain the City's goal to keep 180 days cash on hand on average and never get below 150 days cash on hand.

Chapter 6 - PI Rates

Background and Approach

With growth in the City, Saratoga Springs has proposed an increase in certain usage amounts in the PI rates. These proposed changes will help cover expenses from capital projects over the next 10 years while keeping a sufficient amount of days cash on hand.

The approach used in this analysis is commonly referred to as a “revenue sufficiency model.” All expenses (operating and capital) are first calculated, and then rates are structured to cover annual expenses, maintain sufficient debt service ratios, and to keep at least 180 days on hand in the storm water utility fund.

Operating Expenses

Growth in operating expenses is projected at an average annual rate of 3 percent per year per budget line item. These growth percentages are based on input from City staff. Operational expenses include the new costs attributable to new development, as well as inflationary expenses.

Outstanding Debt

There are two outstanding bond payments in the PI fund with an average payment of \$623,416 through 2024 for the Series 2014 Water Revenue and Refunding Bonds and average payment \$683,852 through 2037 for the Series 2016 Water Revenue Bonds. The average total payment per year for both of the bonds is \$1,307,268.

Capital Projects

There are 34 capital projects anticipated between 2022 and 2032. While the costs shown in the table below are in \$2022, an inflation rate of three percent per year has been added to these projects in the financial model to cover the increased costs of construction for the year in which construction takes place.

TABLE 6-1: PI CAPITAL PROJECTS

Project ID	Cost	Year
Capital and Master Planning	\$43,203.42	2022
Capital and Master Planning	\$58,500.00	2023
Capital and Master Planning	\$58,500.00	2024
Capital and Master Planning	\$58,500.00	2025
Capital and Master Planning	\$58,500.00	2026
Capital and Master Planning	\$58,500.00	2027
Capital and Master Planning	\$58,500.00	2028
Capital and Master Planning	\$58,500.00	2029
Capital and Master Planning	\$58,500.00	2030
Capital and Master Planning	\$58,500.00	2031
Capital and Master Planning	\$58,500.00	2032
Equip Well #7	\$600,000.00	2022
Equip Well #7	\$850,543.00	2023
Northgate Waterlines 2,000 ft 8-inch	\$0.00	2022

Project ID	Cost	Year
Wildflower Zone 4 North 2.5 AF pond and 500 gpm Pump Station	\$50,310.00	2022
Lake Mtn South Zone 2 reservoir 5.5 AF 900 ft of 12-inch pipe and 2,200 lf of 18-in pipe	\$1,433,961	2022
Mt Saratoga North Zone 2 6 AF Pond and Pump Station	\$689,185.00	2022
Mt Saratoga North Zone 3 5.2 AF Pond and Pump Station	\$124,081.00	TBD
Perelle Secondary Waterline - Saratoga Road to 145 North	\$2,478.75	2022
Northshore Secondary Waterlines	\$0.00	TBD
Crossroads 12-inch Pipeline to Commerce Drive - with MAG widening project	\$0.00	Complete
Wildflower 5.5 AF Zone 3 Reservoir	\$0.00	Complete
Wildflower Zone 2/3 North 1,200 gpm Pumpstation	\$0.00	Complete
New Jacobs Ranch Well	\$3,707,496.00	2027
Equip Well #8 in Willow Park	\$2,736,279.00	2024
Wildflower Zone 3 Pipeline		TBD
Zone 1 North Pipeline Swap from Saratoga Road To Riverside Drive Via Pioneer Xing	\$403,650.00	2023
Pond 8 Expansion - Evans Lane - 16.7 AF to 29 AF	\$3,518,658.00	2026
Zone 1 8 AF pond in central part of City on SLR property. 17,400 LF of 24-in pipe and 3,300 LF of 16-in pipe. Property to expand to 20.9 AF at build out.	\$8,589,321.00	2028
Tickville ULDC Zone 1 3,500 gpm Pump Station and 10 AF Pond	\$5,757,921.00	2029
Lake Mtn Zone 1 South Pond 5.5 AF, Marina PS Upgrade to 7,750 gpm	\$1,170,000.00	2023
Lake Mtn Zone 1 South Pond 5.5 AF, Marina PS Upgrade to 7,750 gpm	\$7,733,232.00	2030
Buy Mclachlan Wells	\$438,750.00	2022
Canton Ridge Zone 3 Pond and Booster		TBD

Cash Balances

The beginning cash balance in the PI Fund is \$4,500,000.⁸

Rate Structuring

Current Street Light rates are structured as follows: .

⁸ Source: City of Saratoga Springs

TABLE 6-2: CURRENT PI RATES

	Monthly Amount
Single-Family Residential	\$65.00
All other types of account	\$65.00
Usage	
0-75% of allotment	\$0.35
75% - 100% of allotment	\$1.00
100% - 150% of allotment	\$1.25
150% - 200% of allotment	\$2.00
200% - 250% of allotment	\$3.00
250%+ of allotment	\$3.80

Current Rate Projections

The current rate structure, with no projected rate increases and no new bonds issued, does not meet the future needs of the PI Fund. The capital expenses required to maintain the current service level create a financial strain under current rates. Financial projections for the current rates with no future rate increases are shown in the following table. With no changes to the existing situation, the PI Fund will not have sufficient cash flows to cover its costs.

TABLE 6-3: CURRENT RATE KEY RATIOS

	2022	2023	2024	2025	2026	2027	2028
Net Revenues before Debt							
Service	\$1,717,964	\$3,916,509	\$3,388,343	\$3,432,028	\$3,471,017	\$3,504,980	\$3,533,560
Capital Expenses	(\$3,257,888)	(\$2,557,174)	(\$2,964,981)	(\$63,925)	(\$4,026,123)	(\$4,365,822)	(\$10,325,951)
Debt Service Coverage Ratio	1.31	2.99	2.60	2.63	2.66	2.68	2.70
Beginning Cash on Hand	\$4,500,000	\$1,653,313	\$1,703,693	\$821,898	\$2,885,549	\$1,024,339	(\$1,142,605)
Ending Cash on Hand	\$1,653,313	\$1,703,693	\$821,898	\$2,885,549	\$1,024,339	(\$1,142,605)	(\$9,244,148)
Days Cash on Hand	329	325	150	504	171	(183)	(1,412)

Proposed Rate Options

The proposed rate option for PI in Saratoga Springs will increase the usage rates for 150%-200% allotment, 200%-250% of allotment, and 250%+ allotment. The general rate objectives considered in this analysis include:

- Maintain 180 days cash on hand on average and never get below 150 days cash on hand;
- Balance minimizing rates with minimizing new debt obligations when debt obligations are considered; and
- Proposed rates should be easy to implement and administer.

The proposed PI rate is structured to ensure that inflationary operating costs can be met and that the street light utility fund maintains at least 180 days cash on hand.

Proposed PI Rates

The proposed PI rates have some rate increases over the next 10 years.

TABLE 6-4: PROPOSED PI RATES

	2022	2023	2024	2025	2026	2027	2028
	0%	0%	0%	0%	0%	0%	0%
Single-Family Residential	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00
	0%	0%	0%	0%	0%	0%	0%
All other types of account	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00
Usage	0%	0%	0%	0%	0%	0%	0%
0-75% of allotment	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
	0%	0%	0%	0%	0%	0%	0%
75% - 100% of allotment	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
	0%	0%	0%	0%	0%	0%	0%
100% - 150% of allotment	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25
	0%	2%	2%	2%	2%	2%	2%
150% - 200% of allotment	\$2.00	\$2.04	\$2.08	\$2.12	\$2.16	\$2.21	\$2.25
	0%	3%	3%	3%	3%	3%	3%
200% - 250% of allotment	\$3.00	\$3.09	\$3.18	\$3.28	\$3.38	\$3.48	\$3.58
	0%	4%	4%	4%	4%	4%	4%
250%+ of allotment	\$3.80	\$3.95	\$4.11	\$4.27	\$4.45	\$4.62	\$4.81

With these proposed rate increases, as well as the issuance of two bonds, the PI Fund will maintain sustainability.

TABLE 6-5: PROPOSED RATE INCREASE KEY RATIOS

	2022	2023	2024	2025	2026	2027	2028
Net Revenues before Debt Service	\$1,717,964	\$3,936,395	\$3,430,219	\$3,498,098	\$3,563,584	\$3,626,452	\$3,686,457
Capital Expenses	(\$3,257,888)	(\$2,557,174)	(\$2,964,981)	(\$63,925)	(\$4,026,123)	(\$4,365,822)	(\$10,325,951)
Debt Service Coverage Ratio	1.31	3.01	2.63	2.68	2.73	2.78	1.50
Beginning Cash on Hand	\$4,500,000	\$1,653,313	\$1,723,578	\$883,661	\$3,013,381	\$1,244,737	\$16,199,265
Ending Cash on Hand	\$1,653,313	\$1,723,578	\$883,661	\$3,013,381	\$1,244,737	\$16,199,265	\$7,107,951

	2022	2023	2024	2025	2026	2027	2028
Days Cash on Hand	329	329	161	527	208	2590	1086

Proposed Debt

There are two proposed future bonds in the PI fund. The first bond would need to be issued in 2027 and would have a payment of roughly \$1,142,667 per year with a term of 20 years. The second bond would be issued in 2029 and would have a payment of approximately \$604,941 per year with a term of 20 years.

Impacts on Existing PI Users

The proposed rates would keep base rates the same. The usage rates of 150%-200% of allotment, 200%-250% of allotment, and 200%+ of allotment will have increases starting in 2023 of 2%, 3%, and 4% respectively. Therefore, most users will not be impacted by the rate increase.

Debt Coverage Ratios

Minimum debt coverage ratios are generally assumed to be 1.25. The proposed rate increases maintain at least this ratio other than in 2030 where it drops to 1.24 before increasing to 1.40 in 2031 and 1.60 in 2032.

Days Cash on Hand

The proposed rate increases maintain the City's goal to keep 180 days cash on hand on average and never get below 150 days cash on hand.