

City of Glendale Water & Sewer Services Rate Study Update



GLENDALE UTILITIES
QUALITY • RELIABILITY • VALUE

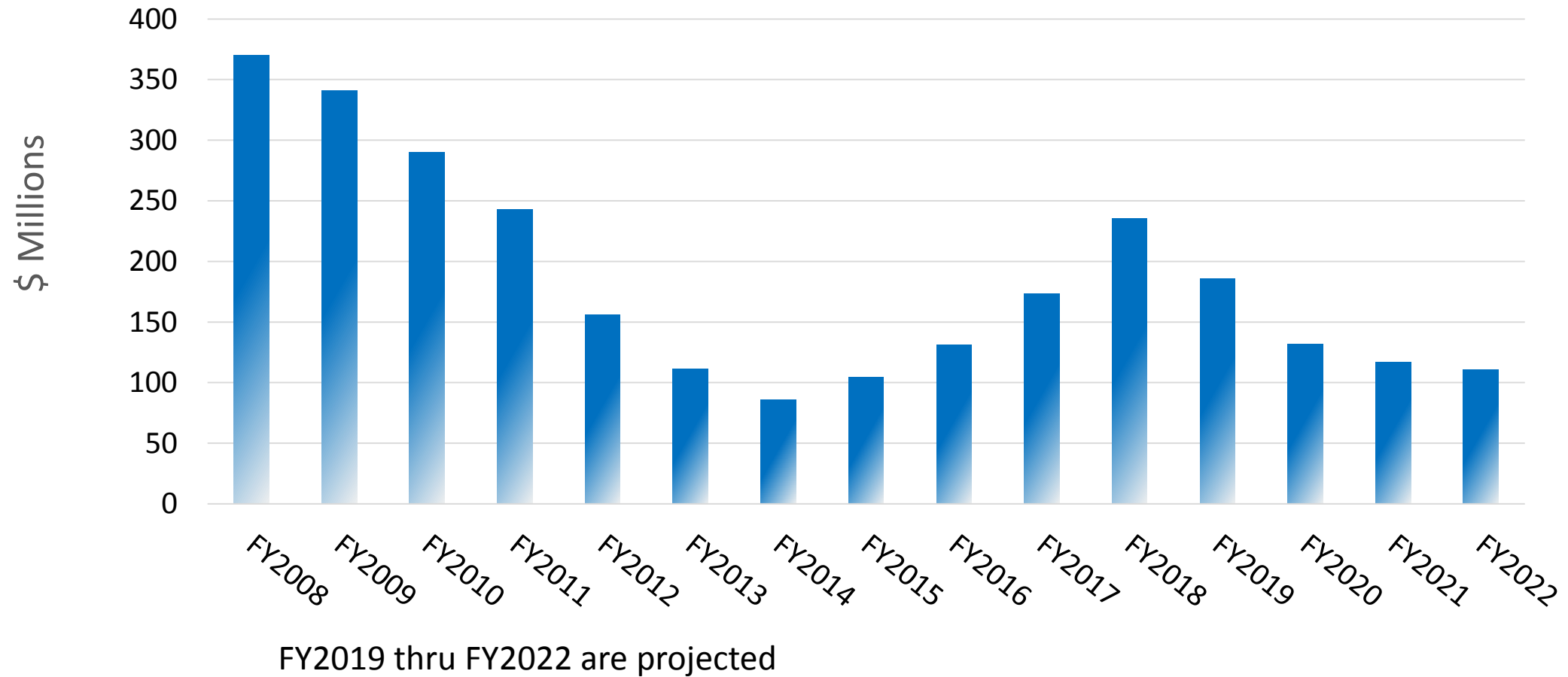


Water and Sewer Revenue Rate Increase History

Fiscal Year	Effective Date	Combined Increase	Consumer Price Index	Compounded CPI (since 2010)
2010-11	7/1/2010	12.0%	3.2%	3.2%
2011-12	-	0%	2.1%	5.4%
2012-13	-	0%	1.5%	6.9%
2013-14	-	0%	1.6%	8.7%
2014-15	-	0%	0.1%	8.8%
2015-16	-	0%	1.3%	10.2%
2016-17	-	0%	~2%	12.4%



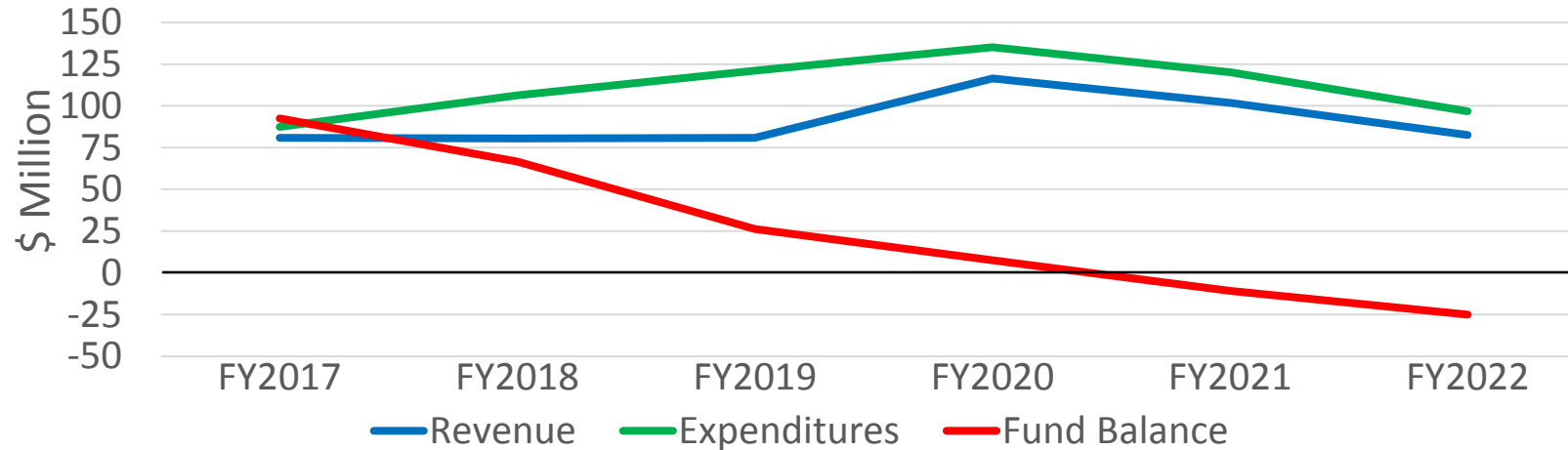
Water and Sewer 5-year Capital Improvement Plans



Fiscal Sustainability Targets

- Water/Sewer current credit rating - Moody's A1, S&P AA
 - Working Capital – 50% of O&M Expense
 - Days Cash on Hand – 250 days
 - Senior Lien Debt Service Coverage (DSC)
 - Minimum – 1.70x Target – 1.85x
 - All-debt Debt Service Coverage (DSC)
 - Minimum – 1.20x Target – 1.50x

Water and Sewer Financial Plan – At Current Rates



Target	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Working Cap 50% O&M	165%	98%	20%	-12%	-44%	-67%
Days Cash on Hand 250	604	358	73	-45	-160	-245
Sr Lien DSC 1.85x	2.58x	1.72x	1.22x	1.19x	1.17x	1.14x
All-debt DSC 1.50x	1.66x	1.35x	1.14x	1.00x	0.93x	0.89x



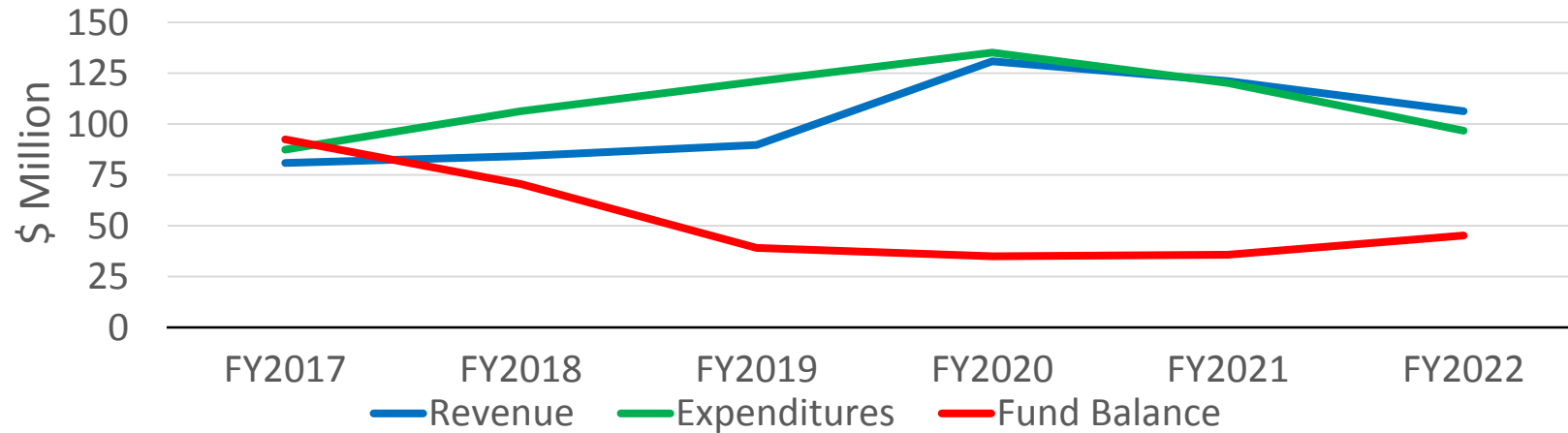
Water and Sewer Proposed Rate Revenue Options *

Fiscal Year	Option 1			Option 2		
	Water	Sewer	Water/Sewer Combined	Water	Sewer	Water/Sewer Combined
2017-18	8%	7%	7.5%	13%	7%	10.2%
2018-19	8%	7%	7.5%	5%	5%	5.0%
2019-20	5%	5%	5.0%	5%	5%	5.0%
2020-21	5%	4%	4.5%	5%	5%	5.0%
2021-22	5%	4%	4.5%	5%	5%	5.0%

* Propose City Council approve the first two years rate revenue increases.



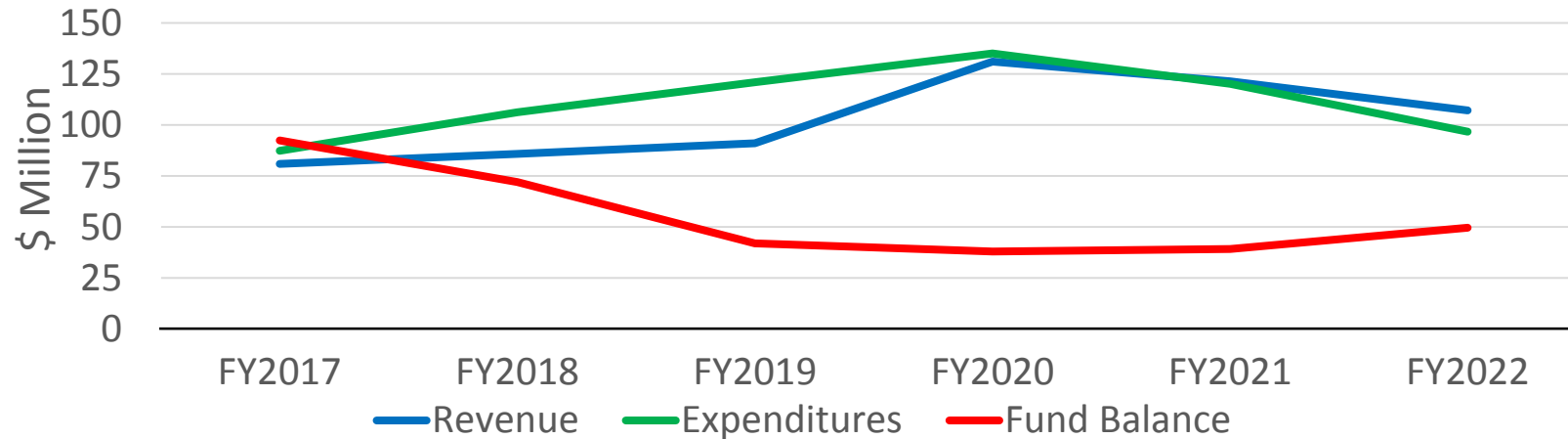
Water and Sewer Financial Plan – Option 1



Target	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Working Cap 50% O&M	165%	113%	45%	39%	40%	55%
Days Cash on Hand 250	604	414	164	141	145	201
Sr Lien DSC 1.85x	2.58x	1.94x	1.60x	1.81x	2.01x	2.20x
All-debt DSC 1.50x	1.66x	1.53x	1.49x	1.52x	1.59x	1.73x



Water and Sewer Financial Plan – Option 2



Target	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Working Cap 50% O&M	165%	116%	50%	44%	46%	63%
Days Cash on Hand 250	604	424	183	161	168	228
Sr Lien DSC 1.85x	2.58x	2.02x	1.65x	1.82x	2.03x	2.23x
All-debt DSC 1.50x	1.66x	1.59x	1.54x	1.53x	1.60x	1.76x



Sample Bill Impacts

Year	Service	Current Bill	Option1	Option2	Option1 Increase	Option2 Increase
First	Water & Sewer	\$ 66.69	71.71	73.46	5.02	6.77
	Solid Waste	16.30	19.05	20.50	2.75	4.20
	Total	82.99	90.76	93.96	7.77	10.97
Second	Water & Sewer		77.10	77.13	5.39	3.67
	Solid Waste		21.80	21.50	2.75	1.00
	Total		98.90	98.63	8.14	4.67

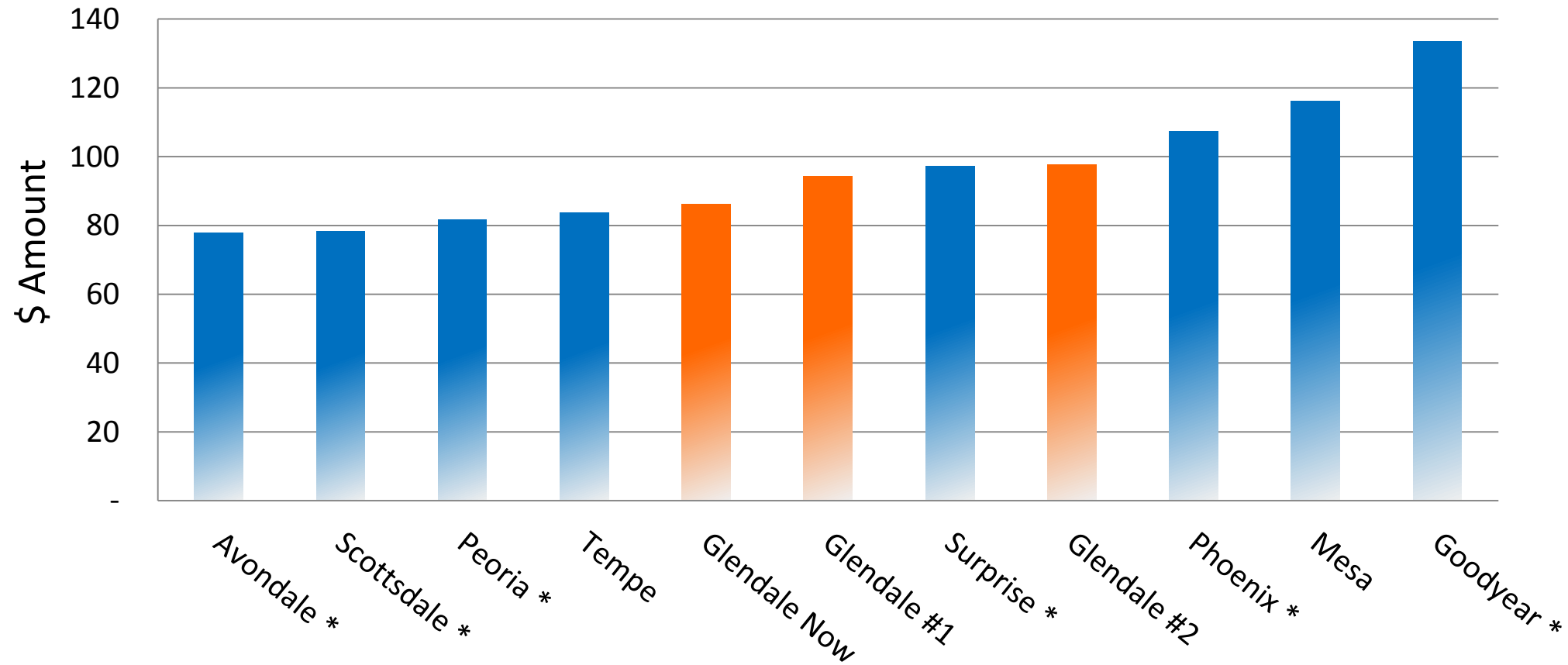
Water usage based on 9,700 gallons monthly average.

Assumes across the board increases without cost of service adjustments.



Single Family Monthly Municipal Services Bill Comparison

(includes water, sewer, solid waste, taxes & fees)



*Indicates the City has increased rates in the last 12 months



This concludes the presentation.

