

# Sewer Enterprise Study



**CITY of CHICO**

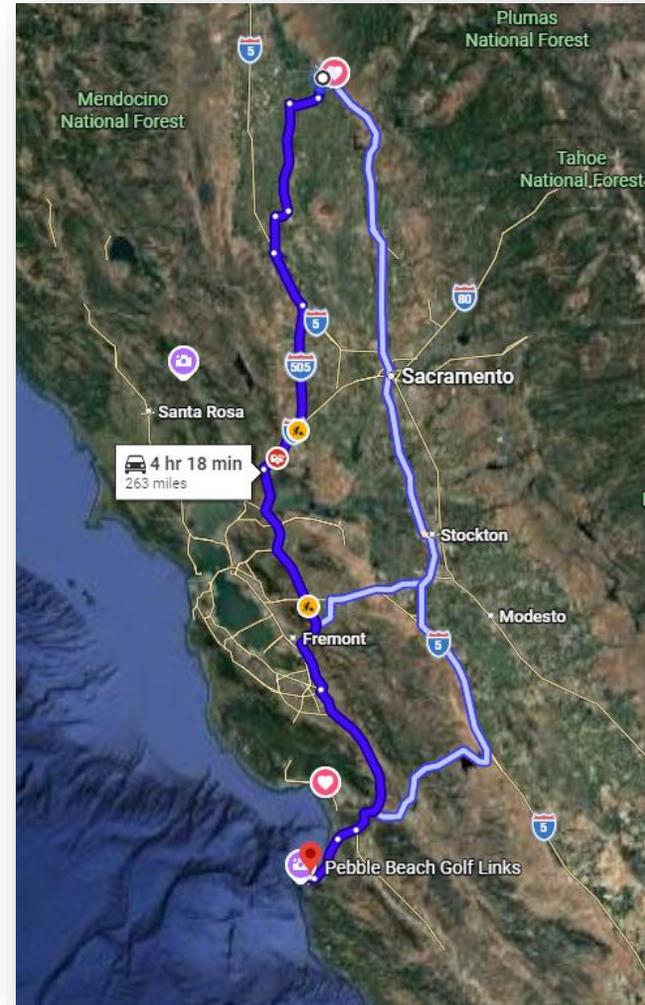
Special Finance Committee  
March 5, 2026

*David Kehn  
Senior Civil Engineer  
Public Works Engineering*

**“A safe place to raise a family, an ideal location for business,  
and a premier place to live.”**

# Overview

- Background
- Debt Financing Assumptions
- Revenue Requirements
- Option 3a, 3b, 3c
- Next Steps



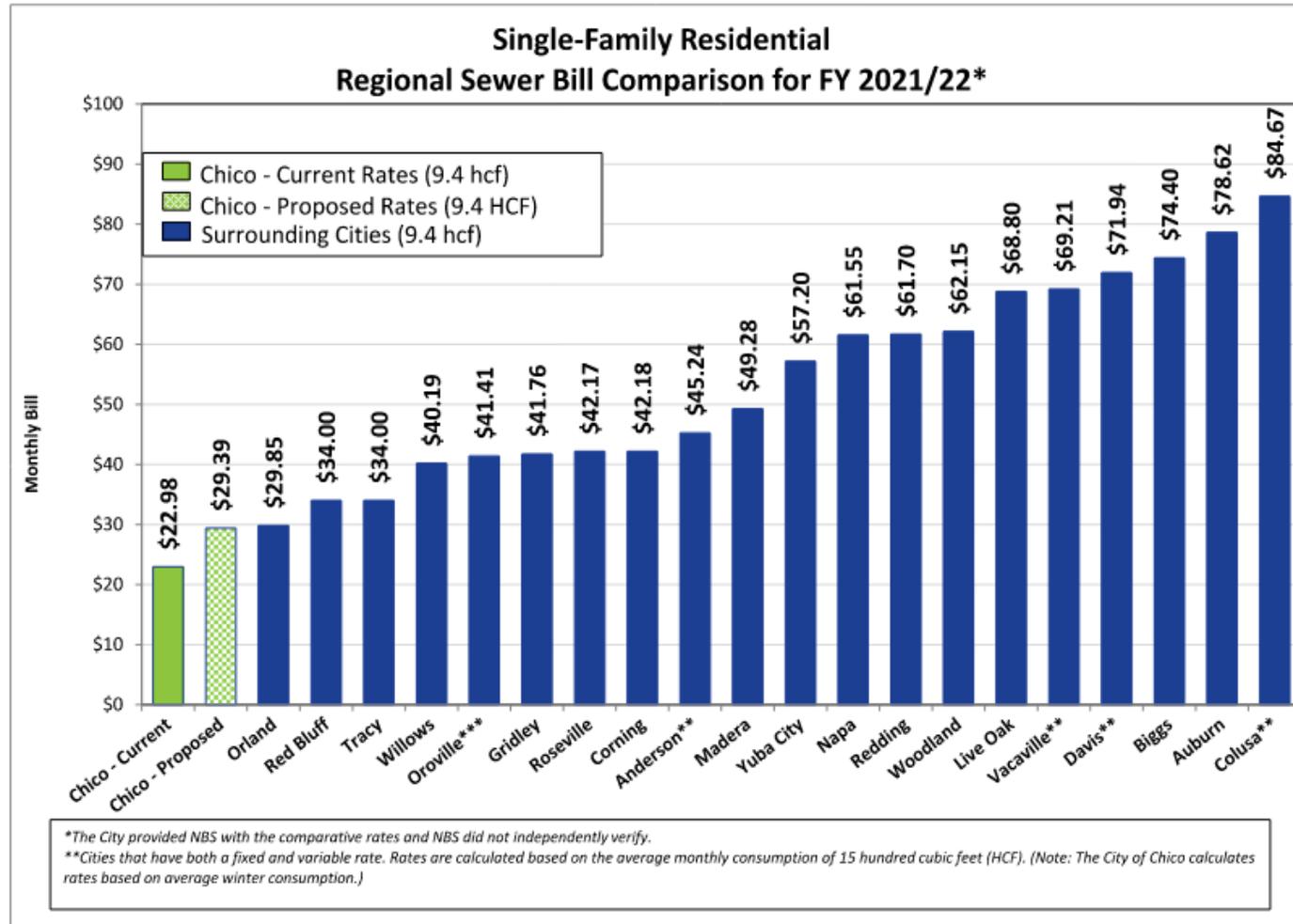
Chico maintains ~288 miles of pipe  
(Chico to Monterey)



# Background

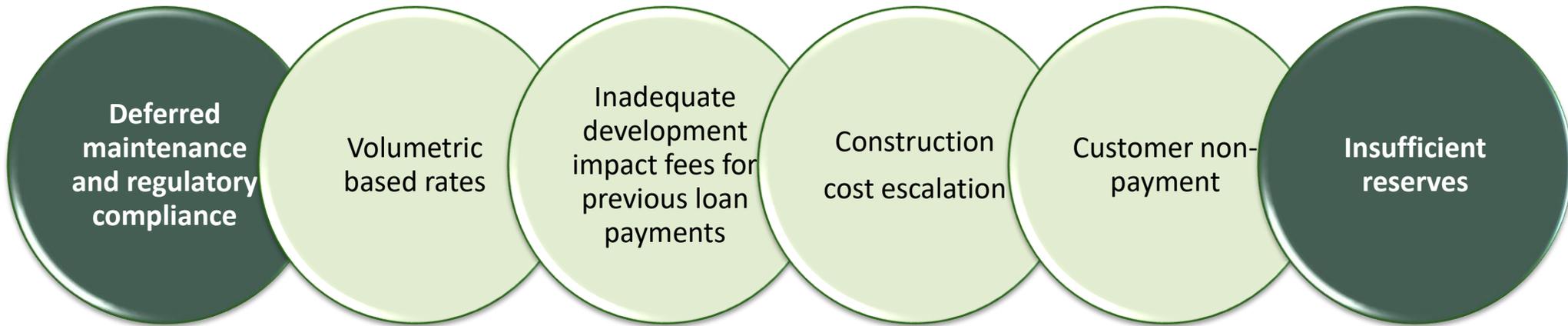
## Long term under-financing

Figure 19. Regional Monthly Sewer Bill Comparisons



# Sewer Fund Financial Condition

## *Key Challenges*



**Catch up  
and  
Establish sustainable rate moving forward**



# Sewer Fund Financial Condition

## *Key Challenges*

Deferred  
maintenance  
and regulatory  
compliance

Volumetric  
based rates

Inadequate  
development  
impact fees for  
previous loan  
payments

Construction  
cost escalation

Customer non-  
payment

Insufficient  
reserves



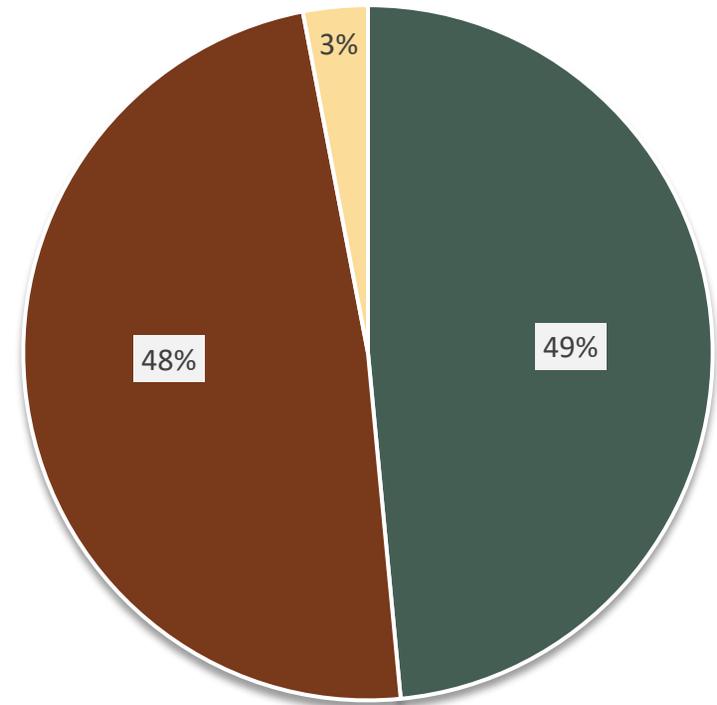
Catch up  
**and**  
Establish sustainable rate moving forward



# Capital Improvement Plan

	5-Year Total By Driver		5-Year % By Driver
<i>Regulatory</i>	\$	64,709,439	48%
<i>Condition</i>	\$	65,175,296	49%
<i>Capacity</i>	\$	4,590,457	3%
<i>Total</i>	\$	<b>134,475,191</b>	

5-Year CIP Budget  
By Driver



■ Regulatory Driven ■ Condition Driven ■ Capacity

# Sewer Rates

## Financing Options

### Option 1

*Cash Funded*

- Large increase Year 1, small increases moving forward

### Option 2

*Cash Funded*

- Incremental Increases Years 1-5

### Option 3

*Debt Financing*

- 3a - \$40M loan
- 3b - \$65M loan
- 3c - \$90M loan



# Debt Financing Options

## Assumptions

Option	Loan Amount	Interest Rate	Loan Term (Years)	Annual Debt Service	Total Interest Paid Over Loan Term
<b>3a</b>	\$40M	4%	20	\$3,194,282	\$20,474,307
<b>3b</b>	\$65M	4%	20	\$5,190,709	\$33,270,749
<b>3c</b>	\$90M	4%	20	\$7,187,135	\$46,067,191

*\*Customer bill impact will vary by customer class*



# Financing Options

## Revenue Requirements

Option	FY 27	FY 28	FY 29	FY 30	FY 31	5-Year Cumulative Rate Change	Rate Changes FY 32-37
1	180%	3%	3%	3%	3%	215%	3%-5%
2	70%	35%	30%	30%	30%	404%	3%-5%
3a (\$40M)	70%	30%	20%	15%	10%	236%	3%-5%
3b (\$65M)	70%	15%	15%	11%	11%	180%	21%, 21%, 3-5%
3c (\$90M)	70%	5%	5%	5%	5%	107%	50%, 50%, 3%-5%

*\*Customer bill impact will vary by customer class*



# Financing Options

## Revenue Requirements

Option	FY 27	FY 28	FY 29	FY 30	FY 31	5-Year Cumulative Rate Change	Rate Changes FY 32-37
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3a (\$40M)	70%	30%	20%	15%	10%	236%	3%-5%
3b (\$65M)	70%	15%	15%	11%	11%	180%	21%, 21%, 3-5%
3c (\$90M)	70%	5%	5%	5%	5%	107%	50%, 50%, 3%-5%

*\*Customer bill impact will vary by customer class*



# Financing Options

## Revenue Requirements

Option	FY 27	FY 28	FY 29	FY 30	FY 31	5-Year Cumulative Rate Change	Rate Changes FY 32-37
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2	70%	35%	30%	30%	30%	404%	3%-5%
3a (\$40M)	70%	30%	20%	15%	10%	236%	3%-5%
3b (\$65M)	70%	15%	15%	11%	11%	180%	21%, 21%, 3-5%
3c (\$90M)	70%	5%	5%	5%	5%	107%	50%, 50%, 3%-5%

*\*Customer bill impact will vary by customer class*



# Financing Options

## Revenue Requirements

Option	FY 27	FY 28	FY 29	FY 30	FY 31	5-Year Cumulative Rate Change	Rate Changes FY 32-37
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3b (\$65M)	70%	15%	15%	11%	11%	180%	21%, 21%, 3-5%
3c (\$90M)	70%	5%	5%	5%	5%	107%	50%, 50%, 3%-5%

*\*Customer bill impact will vary by customer class*



# Financing Options

## Revenue Requirements

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2	70%	35%	30%	30%	30%	404%	3%-5%
3a (\$40M)	70%	30%	20%	15%	10%	236%	3%-5%
3b (\$65M)	70%	15%	15%	11%	11%	180%	21%, 21%, 3-5%
3c (\$90M)	70%	5%	5%	5%	5%	107%	50%, 50%, 3%-5%

*\*Customer bill impact will vary by customer class*



# Option 1

## Pay-as-you-go Large Increase Year 1

Class	Monthly Usage	Existing Bill	2027 Proposed Bill	2028 Proposed Bill	2029 Proposed Bill	2030 Proposed Bill	2031 Proposed Bill
	hcf		2027	2028	2029	2030	2031
<b>Residential</b>							
House	7.2	\$ 37.83	\$ 98.28	\$ 101.21	\$ 104.27	\$ 107.38	\$ 110.61
Multi-Family	5.5	\$ 23.27	\$ 77.13	\$ 79.43	\$ 81.83	\$ 84.27	\$ 86.81
Duplex - 2 Meters	5.6	\$ 16.50	\$ 83.41	\$ 85.90	\$ 88.50	\$ 91.14	\$ 93.88
Duplex - 1 Meter	5.6	\$ 25.76	\$ 83.40	\$ 85.89	\$ 88.49	\$ 91.13	\$ 93.88
<b>Commercial</b>							
Bars w/o Dining	23.7	\$ 111.10	\$ 338.54	\$ 348.74	\$ 359.11	\$ 369.89	\$ 380.88
Brewery	51.3	\$ 608.29	\$ 1,585.34	\$ 1,632.83	\$ 1,681.70	\$ 1,731.95	\$ 1,783.75
Car Wash	74.2	\$ 242.39	\$ 816.77	\$ 841.15	\$ 866.69	\$ 892.63	\$ 919.07
Dorms	369.0	\$ 1,591.78	\$ 4,959.27	\$ 5,109.57	\$ 5,262.42	\$ 5,421.52	\$ 5,583.69
Hospital & Convalescent	128.4	\$ 549.94	\$ 1,718.89	\$ 1,769.90	\$ 1,823.07	\$ 1,877.14	\$ 1,933.56
Hotels w/o Dining	206.6	\$ 986.24	\$ 2,994.54	\$ 3,085.24	\$ 3,177.51	\$ 3,273.41	\$ 3,371.18
Hotels with Dining	8.5	\$ 75.97	\$ 208.24	\$ 214.45	\$ 220.85	\$ 227.45	\$ 234.27
Industrial Laundry	575.8	\$ 6,002.56	\$ 15,833.08	\$ 16,310.09	\$ 16,801.41	\$ 17,307.06	\$ 17,828.73
Laundromat	113.4	\$ 431.54	\$ 1,381.12	\$ 1,422.28	\$ 1,465.28	\$ 1,508.99	\$ 1,554.68
Markets/Bakeries	82.4	\$ 988.95	\$ 2,558.96	\$ 2,636.10	\$ 2,715.45	\$ 2,797.02	\$ 2,881.07
Mortuary	12.2	\$ 151.61	\$ 381.34	\$ 392.73	\$ 404.57	\$ 416.73	\$ 429.26
Restaurants	15.0	\$ 179.74	\$ 464.06	\$ 477.95	\$ 492.25	\$ 506.95	\$ 522.10
Restaurants	25.0	\$ 299.57	\$ 773.43	\$ 796.59	\$ 820.42	\$ 844.91	\$ 870.17
Restaurants	71.2	\$ 853.18	\$ 2,202.74	\$ 2,268.69	\$ 2,336.55	\$ 2,406.32	\$ 2,478.24
School	72.4	\$ 260.85	\$ 852.78	\$ 878.45	\$ 904.56	\$ 931.82	\$ 959.60
All Other	18.9	\$ 85.91	\$ 257.33	\$ 265.02	\$ 273.02	\$ 281.15	\$ 289.63

*\*Customer bill impact will vary by customer class*



# Option 1

## Pay-as-you-go Large Increase Year 1

Class	Monthly Usage	Existing Bill	2027 Proposed Bill	2028 Proposed Bill	2029 Proposed Bill	2030 Proposed Bill	2031 Proposed Bill
	hcf		2027	2028	2029	2030	2031
<b>Residential</b>							
House	7.2	\$ 37.83	\$ 98.28	\$ 101.21	\$ 104.27	\$ 107.38	\$ 110.61
Multi-Family	5.5	\$ 23.27	\$ 77.13	\$ 79.43	\$ 81.83	\$ 84.27	\$ 86.81
Duplex - 2 Meters	5.6	\$ 16.50	\$ 83.41	\$ 85.90	\$ 88.50	\$ 91.14	\$ 93.88
Duplex - 1 Meter	5.6	\$ 25.76	\$ 83.40	\$ 85.89	\$ 88.49	\$ 91.13	\$ 93.88
<b>Commercial</b>							
Bars w/o Dining	23.7	\$ 111.10	\$ 338.54	\$ 348.74	\$ 359.11	\$ 369.89	\$ 380.88
Brewery	51.3	\$ 608.29	\$ 1,585.34	\$ 1,632.83	\$ 1,681.70	\$ 1,731.95	\$ 1,783.75
Car Wash	74.2	\$ 242.39	\$ 816.77	\$ 841.15	\$ 866.69	\$ 892.63	\$ 919.07
Dorms	369.0	\$ 1,591.78	\$ 4,959.27	\$ 5,109.57	\$ 5,262.42	\$ 5,421.52	\$ 5,583.69
Hospital & Convalescent	128.4	\$ 549.94	\$ 1,718.89	\$ 1,769.90	\$ 1,823.07	\$ 1,877.14	\$ 1,933.56
Hotels w/o Dining	206.6	\$ 986.24	\$ 2,994.54	\$ 3,085.24	\$ 3,177.51	\$ 3,273.41	\$ 3,371.18
Hotels with Dining	8.5	\$ 75.97	\$ 208.24	\$ 214.45	\$ 220.85	\$ 227.45	\$ 234.27
Industrial Laundry	575.8	\$ 6,002.56	\$ 15,833.08	\$ 16,310.09	\$ 16,801.41	\$ 17,307.06	\$ 17,828.73
Laundromat	113.4	\$ 431.54	\$ 1,381.12	\$ 1,422.28	\$ 1,465.28	\$ 1,508.99	\$ 1,554.68
Markets/Bakeries	82.4	\$ 988.95	\$ 2,558.96	\$ 2,636.10	\$ 2,715.45	\$ 2,797.02	\$ 2,881.07
Mortuary	12.2	\$ 151.61	\$ 381.34	\$ 392.73	\$ 404.57	\$ 416.73	\$ 429.26
Restaurants	15.0	\$ 179.74	\$ 464.06	\$ 477.95	\$ 492.25	\$ 506.95	\$ 522.10
Restaurants	25.0	\$ 299.57	\$ 773.43	\$ 796.59	\$ 820.42	\$ 844.91	\$ 870.17
Restaurants	71.2	\$ 853.18	\$ 2,202.74	\$ 2,268.69	\$ 2,336.55	\$ 2,406.32	\$ 2,478.24
School	72.4	\$ 260.85	\$ 852.78	\$ 878.45	\$ 904.56	\$ 931.82	\$ 959.60
All Other	18.9	\$ 85.91	\$ 257.33	\$ 265.02	\$ 273.02	\$ 281.15	\$ 289.63

160% increase

12% increase



\*Customer bill impact will vary by customer class



# Option 2

## Pay-as-you-go Incremental Increases Years 1-5

Class	Monthly Usage hcf	Existing Bill	Proposed Bill 2027	Proposed Bill 2028	Proposed Bill 2029	Proposed Bill 2030	Proposed Bill 2031
<b>Residential</b>							
House	7.2	\$ 37.83	\$ 59.62	\$ 80.46	\$ 104.58	\$ 135.98	\$ 176.79
Multi-Family	5.5	\$ 23.27	\$ 46.80	\$ 63.17	\$ 82.10	\$ 106.74	\$ 138.78
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.65	\$ 68.36	\$ 88.86	\$ 115.53	\$ 150.21
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.64	\$ 68.36	\$ 88.85	\$ 115.52	\$ 150.19
<b>Commercial</b>							
Bars w/o Dining	23.7	\$ 111.10	\$ 205.33	\$ 277.22	\$ 360.31	\$ 468.34	\$ 608.83
Brewery	51.3	\$ 608.29	\$ 968.31	\$ 1,307.14	\$ 1,699.32	\$ 2,209.03	\$ 2,871.72
Car Wash	74.2	\$ 242.39	\$ 493.49	\$ 666.47	\$ 866.38	\$ 1,126.30	\$ 1,464.13
Dorms	369.0	\$ 1,591.78	\$ 3,006.20	\$ 4,057.82	\$ 5,274.68	\$ 6,856.76	\$ 8,913.90
Hospital & Convalescent	128.4	\$ 549.94	\$ 1,041.99	\$ 1,406.56	\$ 1,828.62	\$ 2,377.74	\$ 3,090.84
Hotels w/o Dining	206.6	\$ 986.24	\$ 1,816.38	\$ 2,451.81	\$ 3,186.89	\$ 4,143.81	\$ 5,387.43
Hotels with Dining	8.5	\$ 75.97	\$ 126.98	\$ 171.41	\$ 222.87	\$ 289.76	\$ 376.67
Industrial Laundry	575.8	\$ 6,002.56	\$ 9,665.60	\$ 13,046.83	\$ 16,960.01	\$ 22,049.91	\$ 28,668.10
Laundromat	113.4	\$ 431.54	\$ 835.66	\$ 1,127.74	\$ 1,466.36	\$ 1,905.83	\$ 2,477.84
Markets/Bakeries	82.4	\$ 988.95	\$ 1,562.53	\$ 2,109.46	\$ 2,742.11	\$ 3,564.44	\$ 4,634.24
Mortuary	12.2	\$ 151.61	\$ 232.89	\$ 314.37	\$ 408.75	\$ 531.37	\$ 690.78
Restaurants	15.0	\$ 179.74	\$ 283.41	\$ 382.68	\$ 497.55	\$ 646.81	\$ 840.82
Restaurants	25.0	\$ 299.57	\$ 472.35	\$ 637.80	\$ 829.25	\$ 1,078.01	\$ 1,401.36
Restaurants	71.2	\$ 853.18	\$ 1,345.25	\$ 1,816.45	\$ 2,361.71	\$ 3,070.18	\$ 3,991.07
School	72.4	\$ 260.85	\$ 516.00	\$ 696.67	\$ 905.64	\$ 1,177.49	\$ 1,530.53
All Other	18.9	\$ 85.91	\$ 156.15	\$ 210.86	\$ 274.21	\$ 356.42	\$ 463.30

*\*Customer bill impact will vary by customer class*



# Option 2

## Pay-as-you-go Incremental Increases Years 1-5

Class	Monthly Usage hcf	Existing Bill	Proposed Bill 2027	Proposed Bill 2028	Proposed Bill 2029	Proposed Bill 2030	Proposed Bill 2031	
		<b>60% increase</b>		<b>197% increase</b>				
<b>Residential</b>								
House	7.2	\$ 37.83	\$ 59.62	\$ 80.46	\$ 104.58	\$ 135.98	\$ 176.79	
Multi-Family	5.5	\$ 23.27	\$ 46.80	\$ 63.17	\$ 82.10	\$ 106.74	\$ 138.78	
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.65	\$ 68.36	\$ 88.86	\$ 115.53	\$ 150.21	
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.64	\$ 68.36	\$ 88.85	\$ 115.52	\$ 150.19	
<b>Commercial</b>								
Bars w/o Dining	23.7	\$ 111.10	\$ 205.33	\$ 277.22	\$ 360.31	\$ 468.34	\$ 608.83	
Brewery	51.3	\$ 608.29	\$ 968.31	\$ 1,307.14	\$ 1,699.32	\$ 2,209.03	\$ 2,871.72	
Car Wash	74.2	\$ 242.39	\$ 493.49	\$ 666.47	\$ 866.38	\$ 1,126.30	\$ 1,464.13	
Dorms	369.0	\$ 1,591.78	\$ 3,006.20	\$ 4,057.82	\$ 5,274.68	\$ 6,856.76	\$ 8,913.90	
Hospital & Convalescent	128.4	\$ 549.94	\$ 1,041.99	\$ 1,406.56	\$ 1,828.62	\$ 2,377.74	\$ 3,090.84	
Hotels w/o Dining	206.6	\$ 986.24	\$ 1,816.38	\$ 2,451.81	\$ 3,186.89	\$ 4,143.81	\$ 5,387.43	
Hotels with Dining	8.5	\$ 75.97	\$ 126.98	\$ 171.41	\$ 222.87	\$ 289.76	\$ 376.67	
Industrial Laundry	575.8	\$ 6,002.56	\$ 9,665.60	\$ 13,046.83	\$ 16,960.01	\$ 22,049.91	\$ 28,668.10	
Laundromat	113.4	\$ 431.54	\$ 835.66	\$ 1,127.74	\$ 1,466.36	\$ 1,905.83	\$ 2,477.84	
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Mortuary	12.2	\$ 151.61	\$ 232.89	\$ 314.37	\$ 408.75	\$ 531.37	\$ 690.78	
Restaurants	15.0	\$ 179.74	\$ 283.41	\$ 382.68	\$ 497.55	\$ 646.81	\$ 840.82	
Restaurants	25.0	\$ 299.57	\$ 472.35	\$ 637.80	\$ 829.25	\$ 1,078.01	\$ 1,401.36	
Restaurants	71.2	\$ 853.18	\$ 1,345.25	\$ 1,816.45	\$ 2,361.71	\$ 3,070.18	\$ 3,991.07	
School	72.4	\$ 260.85	\$ 516.00	\$ 696.67	\$ 905.64	\$ 1,177.49	\$ 1,530.53	
All Other	18.9	\$ 85.91	\$ 156.15	\$ 210.86	\$ 274.21	\$ 356.42	\$ 463.30	

\*Customer bill impact will vary by customer class



# Option 3a

## Debt financing - \$40M loan

Class	Monthly Usage hcf	Existing Bill	Proposed Bill 2027	Proposed Bill 2028	Proposed Bill 2029	Proposed Bill 2030	Proposed Bill 2031
<b>Residential</b>							
House	7.2	\$ 37.83	\$ 59.64	\$ 77.56	\$ 93.07	\$ 107.02	\$ 117.70
Multi-Family	5.5	\$ 23.27	\$ 46.82	\$ 60.89	\$ 73.06	\$ 84.01	\$ 92.39
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.66	\$ 65.89	\$ 79.06	\$ 90.92	\$ 99.98
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.66	\$ 65.88	\$ 79.06	\$ 90.91	\$ 99.98
<b>Commercial</b>							
Bars w/o Dining	23.7	\$ 111.10	\$ 205.57	\$ 267.36	\$ 320.74	\$ 368.82	\$ 405.78
Brewery	51.3	\$ 608.29	\$ 968.82	\$ 1,259.47	\$ 1,511.57	\$ 1,738.20	\$ 1,911.83
Car Wash	74.2	\$ 242.39	\$ 494.23	\$ 642.50	\$ 771.15	\$ 887.15	\$ 975.66
Dorms	369.0	\$ 1,591.78	\$ 3,006.20	\$ 3,909.17	\$ 4,692.48	\$ 5,395.98	\$ 5,935.26
Hospital & Convalescent	128.4	\$ 549.94	\$ 1,043.28	\$ 1,356.13	\$ 1,627.36	\$ 1,872.11	\$ 2,059.72
Hotels w/o Dining	206.6	\$ 986.24	\$ 1,818.45	\$ 2,363.99	\$ 2,836.78	\$ 3,262.51	\$ 3,589.20
Hotels with Dining	8.5	\$ 75.97	\$ 127.07	\$ 165.20	\$ 198.22	\$ 227.98	\$ 250.74
Industrial Laundry	575.8	\$ 6,002.56	\$ 9,665.60	\$ 12,562.98	\$ 15,076.72	\$ 17,336.79	\$ 19,068.34
Laundromat	113.4	\$ 431.54	\$ 836.79	\$ 1,088.29	\$ 1,306.40	\$ 1,502.58	\$ 1,652.52
Markets/Bakeries	82.4	\$ 988.95	\$ 1,563.36	\$ 2,032.03	\$ 2,438.77	\$ 2,804.59	\$ 3,085.24
Mortuary	12.2	\$ 151.61	\$ 233.01	\$ 302.94	\$ 363.47	\$ 417.97	\$ 459.77
Restaurants	15.0	\$ 179.74	\$ 283.41	\$ 368.43	\$ 442.18	\$ 508.48	\$ 559.27
Restaurants	25.0	\$ 299.57	\$ 472.35	\$ 614.05	\$ 736.97	\$ 847.46	\$ 932.12
Restaurants	71.2	\$ 853.18	\$ 1,345.25	\$ 1,748.83	\$ 2,098.88	\$ 2,413.57	\$ 2,654.66
School	72.4	\$ 260.85	\$ 516.00	\$ 670.65	\$ 804.49	\$ 925.38	\$ 1,018.15
All Other	18.9	\$ 85.91	\$ 156.15	\$ 203.08	\$ 243.69	\$ 280.23	\$ 308.17

*\*Customer bill impact will vary by customer class*



# Option 3a

## Debt financing - \$40M loan

Class	Monthly Usage hcf	Existing Bill	Proposed Bill 2027	Proposed Bill 2028	Proposed Bill 2029	Proposed Bill 2030	Proposed Bill 2031	
		<b>60% increase</b>		<b>97% increase</b>				
<b>Residential</b>								
House	7.2	\$ 37.83	\$ 59.64	\$ 77.56	\$ 93.07	\$ 107.02	\$ 117.70	
Multi-Family	5.5	\$ 23.27	\$ 46.82	\$ 60.89	\$ 73.06	\$ 84.01	\$ 92.39	
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.66	\$ 65.89	\$ 79.06	\$ 90.92	\$ 99.98	
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.66	\$ 65.88	\$ 79.06	\$ 90.91	\$ 99.98	
<b>Commercial</b>								
Bars w/o Dining	23.7	\$ 111.10	\$ 205.57	\$ 267.36	\$ 320.74	\$ 368.82	\$ 405.78	
Brewery	51.3	\$ 608.29	\$ 968.82	\$ 1,259.47	\$ 1,511.57	\$ 1,738.20	\$ 1,911.83	
Car Wash	74.2	\$ 242.39	\$ 494.23	\$ 642.50	\$ 771.15	\$ 887.15	\$ 975.66	
Dorms	369.0	\$ 1,591.78	\$ 3,006.20	\$ 3,909.17	\$ 4,692.48	\$ 5,395.98	\$ 5,935.26	
Hospital & Convalescent	128.4	\$ 549.94	\$ 1,043.28	\$ 1,356.13	\$ 1,627.36	\$ 1,872.11	\$ 2,059.72	
Hotels w/o Dining	206.6	\$ 986.24	\$ 1,818.45	\$ 2,363.99	\$ 2,836.78	\$ 3,262.51	\$ 3,589.20	
Hotels with Dining	8.5	\$ 75.97	\$ 127.07	\$ 165.20	\$ 198.22	\$ 227.98	\$ 250.74	
Industrial Laundry	575.8	\$ 6,002.56	\$ 9,665.60	\$ 12,562.98	\$ 15,076.72	\$ 17,336.79	\$ 19,068.34	
Laundromat	113.4	\$ 431.54	\$ 836.79	\$ 1,088.29	\$ 1,306.40	\$ 1,502.58	\$ 1,652.52	
Markets/Bakeries	82.4	\$ 988.95	\$ 1,563.36	\$ 2,032.03	\$ 2,438.77	\$ 2,804.59	\$ 3,085.24	
Mortuary	12.2	\$ 151.61	\$ 233.01	\$ 302.94	\$ 363.47	\$ 417.97	\$ 459.77	
Restaurants	15.0	\$ 179.74	\$ 283.41	\$ 368.43	\$ 442.18	\$ 508.48	\$ 559.27	
Restaurants	25.0	\$ 299.57	\$ 472.35	\$ 614.05	\$ 736.97	\$ 847.46	\$ 932.12	
<b>Restaurants</b>	<b>71.2</b>	<b>\$ 853.18</b>	<b>\$ 1,345.25</b>	<b>\$ 1,748.83</b>	<b>\$ 2,098.88</b>	<b>\$ 2,413.57</b>	<b>\$ 2,654.66</b>	
School	72.4	\$ 260.85	\$ 516.00	\$ 670.65	\$ 804.49	\$ 925.38	\$ 1,018.15	
All Other	18.9	\$ 85.91	\$ 156.15	\$ 203.08	\$ 243.69	\$ 280.23	\$ 308.17	

*\*Customer bill impact will vary by customer class*



# Option 3a

## Debt financing - \$40M loan

Debt service for  
15 more years

Class	Monthly Usage hcf	Existing Bill	Proposed Bill 2027	Proposed Bill 2028	Proposed Bill 2029	Proposed Bill 2030	Proposed Bill 2031
<b>Residential</b>							
House	7.2	\$ 37.83	\$ 59.64	\$ 77.56	\$ 93.07	\$ 107.02	\$ 117.70
Multi-Family	5.5	\$ 23.27	\$ 46.82	\$ 60.89	\$ 73.06	\$ 84.01	\$ 92.39
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.66	\$ 65.89	\$ 79.06	\$ 90.92	\$ 99.98
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.66	\$ 65.88	\$ 79.06	\$ 90.91	\$ 99.98
<b>Commercial</b>							
Bars w/o Dining	23.7	\$ 111.10	\$ 205.57	\$ 267.36	\$ 320.74	\$ 368.82	\$ 405.78
Brewery	51.3	\$ 608.29	\$ 968.82	\$ 1,259.47	\$ 1,511.57	\$ 1,738.20	\$ 1,911.83
Car Wash	74.2	\$ 242.39	\$ 494.23	\$ 642.50	\$ 771.15	\$ 887.15	\$ 975.66
Dorms	369.0	\$ 1,591.78	\$ 3,006.20	\$ 3,909.17	\$ 4,692.48	\$ 5,395.98	\$ 5,935.26
Hospital & Convalescent	128.4	\$ 549.94	\$ 1,043.28	\$ 1,356.13	\$ 1,627.36	\$ 1,872.11	\$ 2,059.72
Hotels w/o Dining	206.6	\$ 986.24	\$ 1,818.45	\$ 2,363.99	\$ 2,836.78	\$ 3,262.51	\$ 3,589.20
Hotels with Dining	8.5	\$ 75.97	\$ 127.07	\$ 165.20	\$ 198.22	\$ 227.98	\$ 250.74
Industrial Laundry	575.8	\$ 6,002.56	\$ 9,665.60	\$ 12,562.98	\$ 15,076.72	\$ 17,336.79	\$ 19,068.34
Laundromat	113.4	\$ 431.54	\$ 836.79	\$ 1,088.29	\$ 1,306.40	\$ 1,502.58	\$ 1,652.52
Markets/Bakeries	82.4	\$ 988.95	\$ 1,563.36	\$ 2,032.03	\$ 2,438.77	\$ 2,804.59	\$ 3,085.24
Mortuary	12.2	\$ 151.61	\$ 233.01	\$ 302.94	\$ 363.47	\$ 417.97	\$ 459.77
Restaurants	15.0	\$ 179.74	\$ 283.41	\$ 368.43	\$ 442.18	\$ 508.48	\$ 559.27
Restaurants	25.0	\$ 299.57	\$ 472.35	\$ 614.05	\$ 736.97	\$ 847.46	\$ 932.12
Restaurants	71.2	\$ 853.18	\$ 1,345.25	\$ 1,748.83	\$ 2,098.88	\$ 2,413.57	\$ 2,654.66
School	72.4	\$ 260.85	\$ 516.00	\$ 670.65	\$ 804.49	\$ 925.38	\$ 1,018.15
All Other	18.9	\$ 85.91	\$ 156.15	\$ 203.08	\$ 243.69	\$ 280.23	\$ 308.17

60% increase

97% increase



\*Customer bill impact will vary by customer class

# Option 3b

## Debt financing - \$65M loan

Class	Monthly Usage hcf	Existing Bill	Proposed Bill 2027	Proposed Bill 2028	Proposed Bill 2029	Proposed Bill 2030	Proposed Bill 2031
<b>Residential</b>							
House	7.2	\$ 37.83	\$ 59.64	\$ 68.56	\$ 78.85	\$ 87.54	\$ 97.16
Multi-Family	5.5	\$ 23.27	\$ 46.82	\$ 53.82	\$ 61.90	\$ 68.72	\$ 76.27
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.66	\$ 58.25	\$ 66.99	\$ 74.37	\$ 82.54
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.66	\$ 58.25	\$ 66.98	\$ 74.36	\$ 82.54
<b>Commercial</b>							
Bars w/o Dining	23.7	\$ 111.10	\$ 205.57	\$ 236.35	\$ 271.76	\$ 301.74	\$ 334.86
Brewery	51.3	\$ 608.29	\$ 968.82	\$ 1,114.40	\$ 1,281.83	\$ 1,422.60	\$ 1,579.19
Car Wash	74.2	\$ 242.39	\$ 494.23	\$ 568.37	\$ 653.42	\$ 725.50	\$ 805.14
Dorms	369.0	\$ 1,591.78	\$ 3,006.20	\$ 3,455.84	\$ 3,975.45	\$ 4,413.20	\$ 4,898.08
Hospital & Convalescent	128.4	\$ 549.94	\$ 1,043.28	\$ 1,199.71	\$ 1,379.19	\$ 1,531.49	\$ 1,700.17
Hotels w/o Dining	206.6	\$ 986.24	\$ 1,818.45	\$ 2,092.25	\$ 2,405.24	\$ 2,669.90	\$ 2,964.48
Hotels with Dining	8.5	\$ 75.97	\$ 127.07	\$ 146.13	\$ 168.03	\$ 186.49	\$ 207.03
Industrial Laundry	575.8	\$ 6,002.56	\$ 9,665.60	\$ 11,117.17	\$ 12,784.59	\$ 14,191.49	\$ 15,751.85
Laundromat	113.4	\$ 431.54	\$ 836.79	\$ 961.97	\$ 1,106.25	\$ 1,228.03	\$ 1,363.40
Markets/Bakeries	82.4	\$ 988.95	\$ 1,563.36	\$ 1,798.11	\$ 2,067.98	\$ 2,295.81	\$ 2,548.26
Mortuary	12.2	\$ 151.61	\$ 233.01	\$ 267.91	\$ 308.12	\$ 342.00	\$ 379.64
Restaurants	15.0	\$ 179.74	\$ 283.41	\$ 326.00	\$ 374.98	\$ 416.15	\$ 461.96
Restaurants	25.0	\$ 299.57	\$ 472.35	\$ 543.33	\$ 624.96	\$ 693.59	\$ 769.94
Restaurants	71.2	\$ 853.18	\$ 1,345.25	\$ 1,547.40	\$ 1,779.89	\$ 1,975.34	\$ 2,192.78
School	72.4	\$ 260.85	\$ 516.00	\$ 593.32	\$ 682.56	\$ 757.78	\$ 841.47
All Other	18.9	\$ 85.91	\$ 156.15	\$ 179.52	\$ 206.46	\$ 229.22	\$ 254.39

*\*Customer bill impact will vary by customer class*



# Option 3b

## Debt financing - \$65M loan

Debt service for  
15 more years

Class	Monthly Usage hcf	Existing Bill	Proposed Bill 2027	Proposed Bill 2028	Proposed Bill 2029	Proposed Bill 2030	Proposed Bill 2031	
		<b>60% increase</b>	<b>63% increase</b>					
<b>Residential</b>								
House	7.2	\$ 37.83	\$ 59.64	\$ 68.56	\$ 78.85	\$ 87.54	\$ 97.16	
Multi-Family	5.5	\$ 23.27	\$ 46.82	\$ 53.82	\$ 61.90	\$ 68.72	\$ 76.27	
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.66	\$ 58.25	\$ 66.99	\$ 74.37	\$ 82.54	
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.66	\$ 58.25	\$ 66.98	\$ 74.36	\$ 82.54	
<b>Commercial</b>								
Bars w/o Dining	23.7	\$ 111.10	\$ 205.57	\$ 236.35	\$ 271.76	\$ 301.74	\$ 334.86	
Brewery	51.3	\$ 608.29	\$ 968.82	\$ 1,114.40	\$ 1,281.83	\$ 1,422.60	\$ 1,579.19	
Car Wash	74.2	\$ 242.39	\$ 494.23	\$ 568.37	\$ 653.42	\$ 725.50	\$ 805.14	
Dorms	369.0	\$ 1,591.78	\$ 3,006.20	\$ 3,455.84	\$ 3,975.45	\$ 4,413.20	\$ 4,898.08	
Hospital & Convalescent	128.4	\$ 549.94	\$ 1,043.28	\$ 1,199.71	\$ 1,379.19	\$ 1,531.49	\$ 1,700.17	
Hotels w/o Dining	206.6	\$ 986.24	\$ 1,818.45	\$ 2,092.25	\$ 2,405.24	\$ 2,669.90	\$ 2,964.48	
Hotels with Dining	8.5	\$ 75.97	\$ 127.07	\$ 146.13	\$ 168.03	\$ 186.49	\$ 207.03	
Industrial Laundry	575.8	\$ 6,002.56	\$ 9,665.60	\$ 11,117.17	\$ 12,784.59	\$ 14,191.49	\$ 15,751.85	
Laundromat	113.4	\$ 431.54	\$ 836.79	\$ 961.97	\$ 1,106.25	\$ 1,228.03	\$ 1,363.40	
Markets/Bakeries	82.4	\$ 988.95	\$ 1,563.36	\$ 1,798.11	\$ 2,067.98	\$ 2,295.81	\$ 2,548.26	
Mortuary	12.2	\$ 151.61	\$ 233.01	\$ 267.91	\$ 308.12	\$ 342.00	\$ 379.64	
Restaurants	15.0	\$ 179.74	\$ 283.41	\$ 326.00	\$ 374.98	\$ 416.15	\$ 461.96	
Restaurants	25.0	\$ 299.57	\$ 472.35	\$ 543.33	\$ 624.96	\$ 693.59	\$ 769.94	
Restaurants	71.2	\$ 853.18	\$ 1,345.25	\$ 1,547.40	\$ 1,779.89	\$ 1,975.34	\$ 2,192.78	
School	72.4	\$ 260.85	\$ 516.00	\$ 593.32	\$ 682.56	\$ 757.78	\$ 841.47	
All Other	18.9	\$ 85.91	\$ 156.15	\$ 179.52	\$ 206.46	\$ 229.22	\$ 254.39	

Rate increases in Years 6-10

\*Customer bill impact will vary by customer class



# Option 3c

## Debt financing - \$90M loan

Class	Monthly Usage hcf	Existing Bill	2027 Proposed Bill 2027	2028 Proposed Bill 2028	2029 Proposed Bill 2029	2030 Proposed Bill 2030	2031 Proposed Bill 2031	
<b>Residential</b>		per Unit						
House	7.2	\$ 37.83	\$ 59.64	\$ 62.61	\$ 65.75	\$ 69.05	\$ 72.52	
Multi-Family	5.5	\$ 23.27	\$ 46.82	\$ 49.15	\$ 51.61	\$ 54.20	\$ 56.92	
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.66	\$ 53.20	\$ 55.86	\$ 58.66	\$ 61.60	
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.66	\$ 53.19	\$ 55.85	\$ 58.66	\$ 61.60	
<b>Commercial</b>								
Bars w/o Dining	23.7	\$ 111.10	\$ 205.57	\$ 215.91	\$ 226.79	\$ 238.23	\$ 250.25	
Brewery	51.3	\$ 608.29	\$ 968.82	\$ 1,017.52	\$ 1,068.28	\$ 1,121.63	\$ 1,177.73	
Car Wash	74.2	\$ 242.39	\$ 494.23	\$ 518.94	\$ 545.13	\$ 572.06	\$ 600.55	
Dorms	369.0	\$ 1,591.78	\$ 3,006.20	\$ 3,154.85	\$ 3,311.80	\$ 3,477.04	\$ 3,651.10	
Hospital & Convalescent	128.4	\$ 549.94	\$ 1,043.28	\$ 1,094.99	\$ 1,149.59	\$ 1,207.08	\$ 1,267.64	
Hotels w/o Dining	206.6	\$ 986.24	\$ 1,818.45	\$ 1,910.41	\$ 2,005.18	\$ 2,104.83	\$ 2,209.68	
Hotels with Dining	8.5	\$ 75.97	\$ 127.07	\$ 133.45	\$ 140.12	\$ 147.15	\$ 154.49	
Industrial Laundry	575.8	\$ 6,002.56	\$ 9,665.60	\$ 10,149.45	\$ 10,660.23	\$ 11,192.18	\$ 11,752.76	
Laundromat	113.4	\$ 431.54	\$ 836.79	\$ 878.52	\$ 922.65	\$ 969.19	\$ 1,018.27	
Markets/Bakeries	82.4	\$ 988.95	\$ 1,563.36	\$ 1,641.61	\$ 1,724.00	\$ 1,810.55	\$ 1,901.52	
Mortuary	12.2	\$ 151.61	\$ 233.01	\$ 244.68	\$ 256.97	\$ 269.87	\$ 283.42	
Restaurants	15.0	\$ 179.74	\$ 283.41	\$ 297.66	\$ 312.51	\$ 328.11	\$ 344.52	
Restaurants	25.0	\$ 299.57	\$ 472.35	\$ 496.09	\$ 520.84	\$ 546.85	\$ 574.20	
Restaurants	71.2	\$ 853.18	\$ 1,345.25	\$ 1,412.87	\$ 1,483.36	\$ 1,557.43	\$ 1,635.33	
School	72.4	\$ 260.85	\$ 516.00	\$ 542.01	\$ 568.81	\$ 597.11	\$ 627.00	
All Other	18.9	\$ 85.91	\$ 156.15	\$ 163.94	\$ 172.16	\$ 180.79	\$ 189.88	

*\*Customer bill impact will vary by customer class*



# Option 3c

## Debt financing - \$90M loan

Debt service for 15 more years

Class	Monthly Usage hcf	Existing Bill	2027 Proposed Bill 2027	2028 Proposed Bill 2028	2029 Proposed Bill 2029	2030 Proposed Bill 2030	2031 Proposed Bill 2031
<b>Residential</b>	per Unit						
House	7.2	\$ 37.83	\$ 59.64	\$ 62.61	\$ 65.75	\$ 69.05	\$ 72.52
Multi-Family	5.5	\$ 23.27	\$ 46.82	\$ 49.15	\$ 51.61	\$ 54.20	\$ 56.92
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.66	\$ 53.20	\$ 55.86	\$ 58.66	\$ 61.60
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.66	\$ 53.19	\$ 55.85	\$ 58.66	\$ 61.60
<b>Commercial</b>							
Bars w/o Dining	23.7	\$ 111.10	\$ 205.57	\$ 215.91	\$ 226.79	\$ 238.23	\$ 250.25
Brewery	51.3	\$ 608.29	\$ 968.82	\$ 1,017.52	\$ 1,068.28	\$ 1,121.63	\$ 1,177.73
Car Wash	74.2	\$ 242.39	\$ 494.23	\$ 518.94	\$ 545.13	\$ 572.06	\$ 600.55
Dorms	369.0	\$ 1,591.78	\$ 3,006.20	\$ 3,154.85	\$ 3,311.80	\$ 3,477.04	\$ 3,651.10
Hospital & Convalescent	128.4	\$ 549.94	\$ 1,043.28	\$ 1,094.99	\$ 1,149.59	\$ 1,207.08	\$ 1,267.64
Hotels w/o Dining	206.6	\$ 986.24	\$ 1,818.45	\$ 1,910.41	\$ 2,005.18	\$ 2,104.83	\$ 2,209.68
Hotels with Dining	8.5	\$ 75.97	\$ 127.07	\$ 133.45	\$ 140.12	\$ 147.15	\$ 154.49
Industrial Laundry	575.8	\$ 6,002.56	\$ 9,665.60	\$ 10,149.45	\$ 10,660.23	\$ 11,192.18	\$ 11,752.76
Laundromat	113.4	\$ 431.54	\$ 836.79	\$ 878.52	\$ 922.65	\$ 969.19	\$ 1,018.27
Markets/Bakeries	82.4	\$ 988.95	\$ 1,563.36	\$ 1,641.61	\$ 1,724.00	\$ 1,810.55	\$ 1,901.52
Mortuary	12.2	\$ 151.61	\$ 233.01	\$ 244.68	\$ 256.97	\$ 269.87	\$ 283.42
Restaurants	15.0	\$ 179.74	\$ 283.41	\$ 297.66	\$ 312.51	\$ 328.11	\$ 344.52
Restaurants	25.0	\$ 299.57	\$ 472.35	\$ 496.09	\$ 520.84	\$ 546.85	\$ 574.20
Restaurants	71.2	\$ 853.18	\$ 1,345.25	\$ 1,412.87	\$ 1,483.36	\$ 1,557.43	\$ 1,635.33
School	72.4	\$ 260.85	\$ 516.00	\$ 542.01	\$ 568.81	\$ 597.11	\$ 627.00
All Other	18.9	\$ 85.91	\$ 156.15	\$ 163.94	\$ 172.16	\$ 180.79	\$ 189.88

60% increase

22% increase

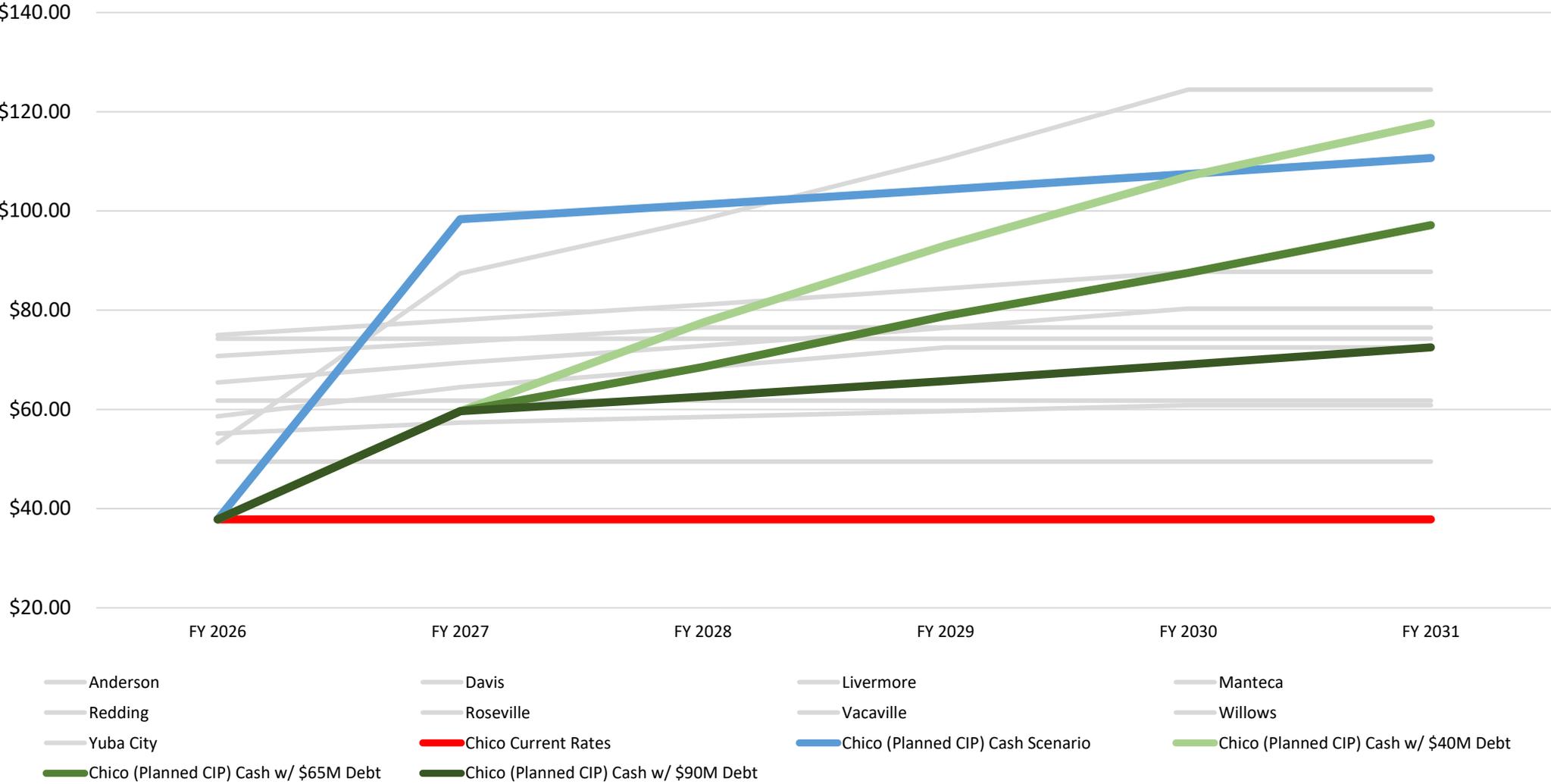
Rate increases in Years 6-10

\*Customer bill impact will vary by customer class



# Sewer Rates

## Regional comparison - Residential

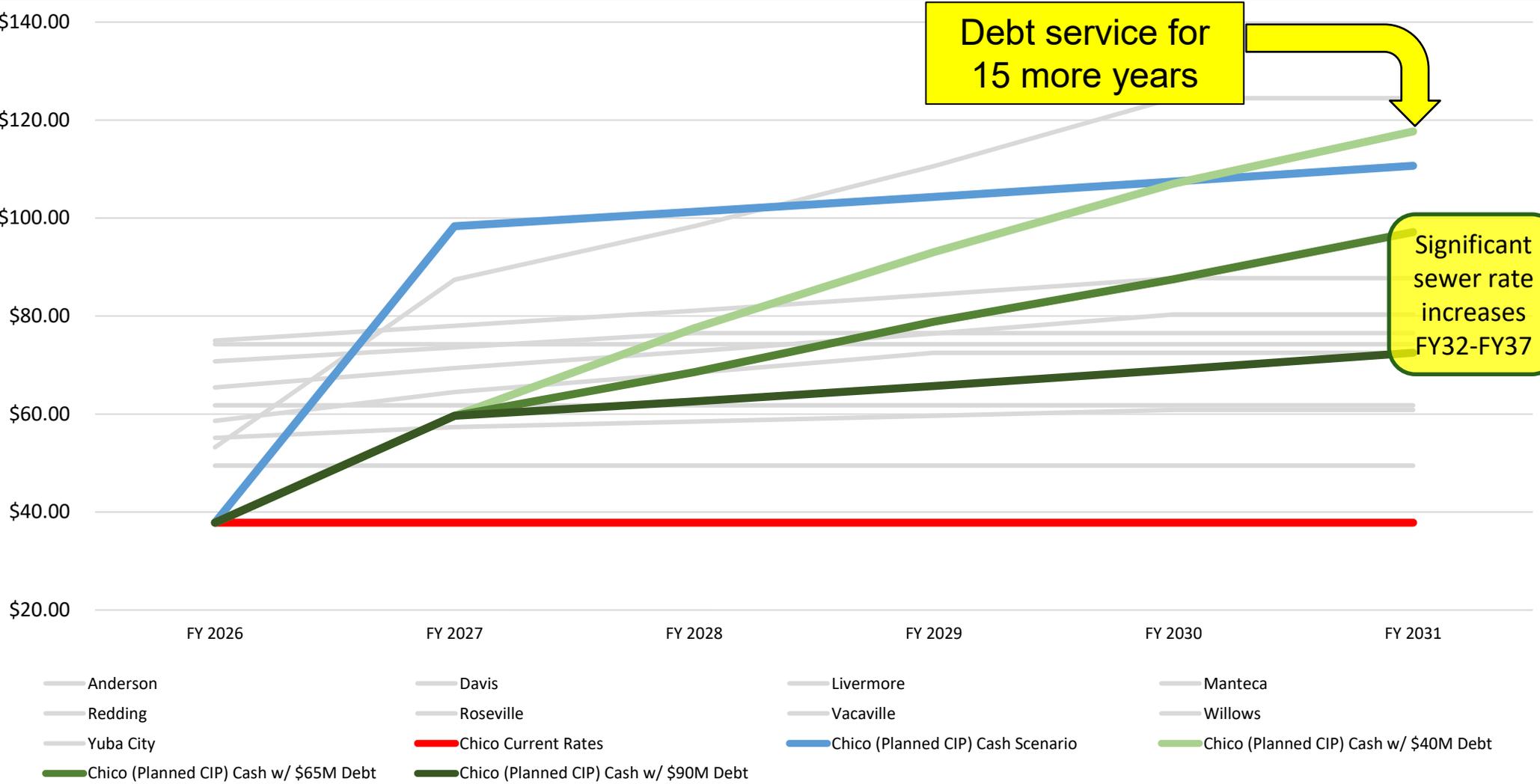


\*Customer bill impact will vary by customer class



# Sewer Rates

## Regional comparison - Residential

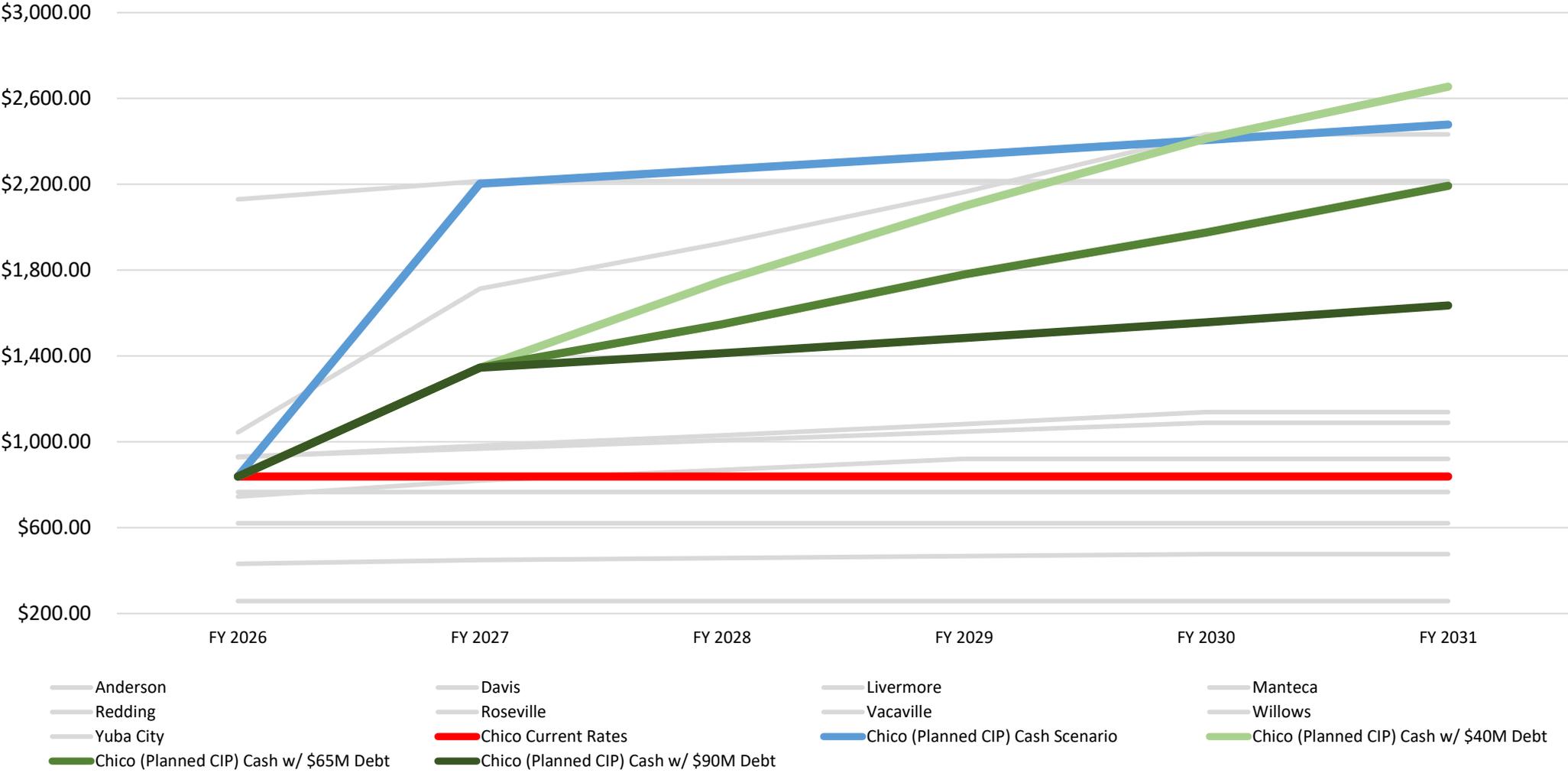


\*Customer bill impact will vary by customer class



# Sewer Rates

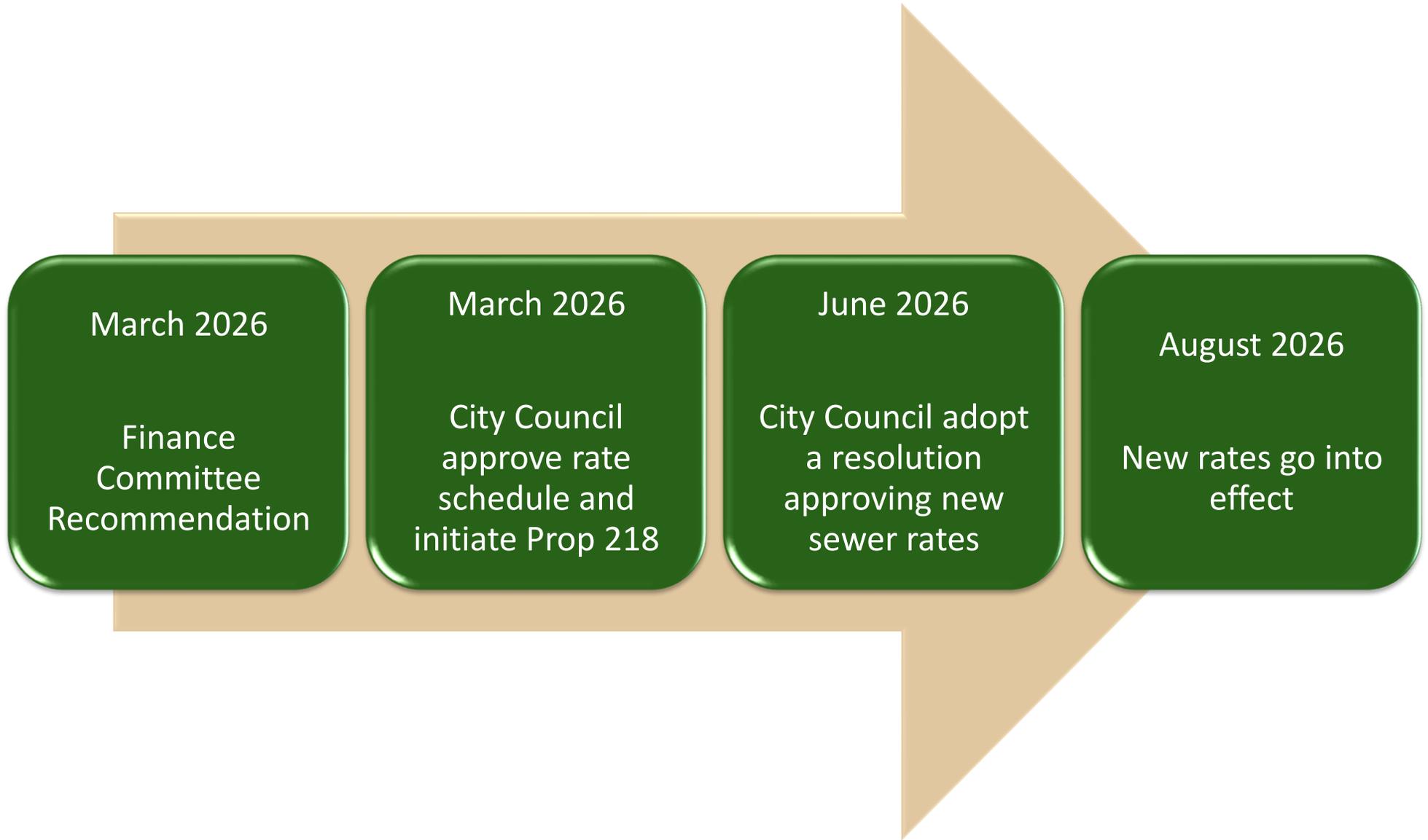
## Regional comparison –Restaurant (High consumption)



\*Customer bill impact will vary by customer class



# Next Steps



# Staff Recommendation

Staff is seeking Finance Committee discussion and **recommendation of a financing strategy to City Council.**

## Option 1

- Large increase Year 1, small increases moving forward

## Option 2

- Incremental Increases Years 1-5

## Option 3

- 3a - \$40M loan
- 3b - \$65M loan
- 3c - \$90M loan

