



East Shore Conservancy District

Financial Plan – Rates & Charges

October 10, 2020

East Shore Conservancy District

- Total Estimated Cost of District's Initial Project – Approximately \$2.9M
 - **NEGOTIATED ACQUISITION COST REDUCTION TO \$1,875,000**
- Proposed Funding through Indiana State Revolving Fund (“SRF”) Program at Below-Market Interest Rates (*SRF Terms = 20 yrs @ 2.0%*)
- Debt Service to be Re-paid (in whole or in part) with Exceptional Benefits Assessments and/or Special Benefits Assessments and/or User Fees
 - 2021 projected to require 100% Special Benefits Assessment (“SBA”) for Debt Service and Bond Coverage Requirements. User Fees for Operation & Maintenance costs.
 - 2022 projected to be first year for Exceptional Benefits Assessments (“EBA”).
 - District will also establish a combination of Special Benefits Assessments (“SBA”) to Fund Debt Coverage (Replacement Funds) and Monthly User Fees to Operate & Maintain the District's Wastewater Collection System.

East Shore Conservancy District

Estimated Project Costs

ESTIMATED COST OF ACQUISITION OF EAST SHORE CORP'S ASSETS (AVERAGE OF 2 FORMAL APPRAISALS)	2,685,000
OTHER CAPITAL COSTS OF COMPLETING THE DISTRICT'S PLAN	160,000
PREVIOUS PROJECT BUDGET & BOND SIZE	\$ 2,845,000
UPDATED ESTIMATED ACQUISITION COST & BOND SIZE	\$ 1,875,000
ESTIMATED NUMBER OF FREEHOLDS	<u>130</u>
TOTAL ESTIMATED COST PER FREEHOLD	<u>\$14,423</u>

PER APPRAISAL: \$2,845,000 OR \$21,885 / USER

Acquisition price by statute cannot exceed the average of 2 independent appraisals.

Proposed Acquisition of East Shore Corp. Assets are \$810,000 less than appraisals
Proposed SRF Bond Issue Sizing Reduced by \$970,000

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Proposed User Fees – 2020 / 2021 (104 Users)

Schedule of Proposed Rates and Charges

Does Not Include Exceptional Benefits or Special Benefits Assessments

<u>Number of Bathrooms</u>	<u>Fixed Cost of OM&R</u>	<u>Additional Treatment Costs</u>	<u>Total O&M Charges</u>
1	\$ 74.70	\$ 8.30	\$ 83.00
2	74.70	16.60	91.30
3	74.70	24.90	99.60
4	74.70	33.20	107.90
5	74.70	41.50	116.20
6	74.70	49.80	124.50
7	74.70	58.10	132.80
8	74.70	66.40	141.10
9 or more	74.70	74.70	149.40

Commercial User Rates To Be Determined By District based upon 327 IAC Guidelines

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Pro Forma Revenue Requirements – 2021 & 2022

OPERATION & MAINTENANCE EXPENSES:		<u>2021</u>		<u>2022</u>
TOTAL O&M EXPENSES	140,300	<i>3 B.R. HOME / MO</i> \$99.60 <i>RATE / \$100 A.V.</i>	143,100	<i>3 B.R. HOME / MO</i> \$90.00 <i>RATE / \$100 A.V.</i>
MINIMUM BOND COVERAGE REQUIREMENT <i>-\$0.005</i>	35,000	<i>\$0.0200</i> <i>RATE / \$100 A.V.</i>	35,000	<i>\$0.0200</i> <i>E.B.A. / YR</i>
ESTIMATED BOND PRINCIPAL & INTEREST PAYMENTS	115,000	<i>\$0.0639</i>	115,000	<i>\$885</i>
TOTAL REVENUE REQUIREMENTS	\$ 290,300		\$ 293,100	<i>ORIGINAL EBA</i> \$1,340
<i>ANNUAL IMPACT OF REDUCED ACQUISITION COST PER SHAREHOLDER</i>			<i>EBA REDUCTION / YR</i>	<i>-\$455</i>

Indiana Utility Laws Require That Utility Rates & Charges Meet The Standards of Fair, Equitable & Non-Discriminatory

Utility Rate & Charges Must be “Cost Based” & “Uniform”

The proposed combination of User Fee, EBA & SBA meet those standards and are commonly applied in such a manner for Indiana Conservancy Districts

East Shore Conservancy District

Combined User Fees with Special Benefits & Exceptional Benefits Assessments

ILLUSTRATION OF TYPICAL EQUIVALENT MONTHLY BILLS

	1 BATHROOM / \$100K HOME		3 BATHROOM / \$1.5M HOME	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
•Monthly User Fee (OM&R)	\$83.00	\$75.00	\$99.60	\$90.00
•Exceptional Benefits Assessment • <i>\$885.00 per year / \$442.50 semi-annual tax bills (1)</i>	N/A	\$73.50	N/A	\$73.50
•Special Benefits Assessment (SBA) •Estimated at 2.0 cents per \$100 of Assessed Value •Estimated at 7 cents per \$100 of Assessed Value • <i>Payable semi-annually with tax bills</i>	\$1.67 \$5.83	\$1.67	\$25.00 \$87.50	\$25.00
•Total Estimated Equivalent Monthly Cost	\$90.50	\$150.16	\$212.10	\$188.50
	<i>ORIGINAL ESTIMATED EQUIVALENT COST / MO</i>			
	\$90.67	\$188.75	\$214.60	\$232.92

(1) Freeholders that elect to pre-pay their Exceptional Benefits Assessment will eliminate the semi-annual EBA payment for their respective Freehold.