



East Shore Conservancy District
Financial Plan – Rates & Charges
August 7, 2020

East Shore Conservancy District

- **Conservancy District Provides the Best & Least Expensive Means of Solving the Wastewater Collection & Treatment Requirements for the Property Owners (Freeholders) within the District's Boundaries.**

- **Board of Directors:**

- **Area 1 Representative** is Peter Cleveland, clevelandescd@gmail.com (Term: 2020 – 2023)
- **Area 2 Representative** is Whitney Johnson, whitney.johnson@roche.com (Term: 2020 – 2022)
- **Area 3 Representative** is Fritz Steck, fsteck@winthroptsupply.com (Term: 2020 – 2024)
 - Fritz has been elected Chair
- **Area 4 Representative** is Brian Welch, b.welch.esc@gmail.com (Term: 2020 – 2024)
 - Brian has been appointed Board Secretary.
- **Area 5 Representative** is Jim Bremner, jim.bremner@icloud.com (Term: 2020 – 2021)
 - Jim has been elected Vice Chair and appointed Financial Clerk
- **District's Operations Manager – Kathy Clark**
- **District Engineer - Mark Sullivan, Midwestern Engineers, Inc.**

East Shore Conservancy District

- **Conservancy District was approved on June 15, 2020 (per Court Order).**
- **Held initial organizational meeting on July 17th, 2020 (Culver Library).**
- **District will provide wastewater collection service and own, operate and maintain the collection system.**
- **Treatment contract with the Town of Culver for capacity allocation at the Town's Wastewater Treatment Plant ("WWTP").**
- **Conservancy District qualifies for tax-exempt financing and other Government Funding Programs, including the Indiana State Revolving Fund ("SRF").**
- **Conservancy District Statutes provide 3 primary funding resources:**
 - **Exceptional Benefits Assessments ("EBA"),**
 - **Special Benefits Assessments ("SBA") &**
 - **User Fees**

East Shore Conservancy District

- **District is a Governmental Entity that Qualifies for Tax-Exempt Funding.**
- **Total Estimated Cost of District's Initial Project - \$2.7M**
- **Proposed Funding through Indiana State Revolving Fund ("SRF") Pool Program at Below-Market Interest Rates**
 - **(Currently, SRF Terms are 20 yrs @ 2.25%)**
- **Debt Service to be Repaid (in whole or in part) with Exceptional Benefits Assessments**
 - **2021 projected to require 100% Special Benefits Assessment ("SBA") for Debt Service.**
 - **2022 projected to be first year for Exceptional Benefits Assessments ("EBA").**
 - **District will also establish a combination of Special Benefits Assessments ("SBA") and Monthly User Fees to operate & maintain the District Collection System.**

East Shore Conservancy District

Estimated Project Costs

ESTIMATED COST OF ACQUISITION OF EAST SHORE CORP'S ASSETS		2,380,000
CULVER CAPACITY RESERVATION COST		179,254
ESTIMATED IURC COSTS - CTA TRANSFER PROCEEDINGS		25,000
LEGAL		25,000
MUNICIPAL ADVISOR		25,000
BOND COUNSEL		40,000
ADMINISTRATIVE COSTS & CONTINGENCIES		10,746
TOTAL ESTIMATED PROJECT COSTS - TO BE FUNDED BY STATE REVOLVING FUND LOAN		\$ 2,685,000
ESTIMATED FREEHOLDS SUBJECT TO E.B.A.		125
TOTAL ESTIMATED COST PER FREEHOLD	\$ 2,685,000	<u>\$21,480</u>
		130
		<u>\$20,654</u>
		133
		<u>\$20,188</u>

Acquisition price by statute cannot exceed the average of 2 independent appraisals, and supported by actual costs of the recent collection main extension for the District to connect to the Town's collection system & WWTP.

East Shore Conservancy District

- District will Establish Monthly User Fees for Operation, Maintenance and Replacement Costs (OM&R). Estimated Initial Annual Flows to Culver's WWTP are anticipated to amount to between 3 - 4 million gallons per year.

5 YEAR PROJECTED CUSTOMER BASE, OPERATING BUDGET & REVENUE REQUIREMENTS

PER DISTRICT OFFICIALS

	2020 (4 Mos)	2021	2022	2023	2024
INITIAL CUSTOMER BASE (FREEHOLDS)	102	104	109	117	125
ASSUMED GROWTH (FREEHOLDS)	2	5	8	8	5
TOTAL CUSTOMER BASE (FREEHOLDS)	104	109	117	125	130
ASSUMED AVERAGE MONTHLY USAGE (GALLONS) / FREEHOLD	2,750	2,750	2,750	2,750	2,750
TOTAL ASSUMED FLOWS PER MONTH -- BASED ON ACTUAL FLOW VOLUMES THRU 7-18-2020	286,000	299,750	321,750	343,750	357,500
TOTAL ASSUMED FLOWS PER YEAR	1,144,000	3,597,000	3,861,000	4,125,000	4,290,000

ANNUAL CASH OPERATING EXPENSES:	Per 1,000 Gallons	Monthly Fixed Charge	2020 (4 Mos)	2021	2022	2023	2024
ESTIMATED ANNUAL TREATMENT CHARGES - CULVER	\$5.50	\$680.00	\$ 8,900	\$ 27,600	\$ 29,396	\$ 30,848	\$ 31,755

East Shore Conservancy District

Pro Forma Revenue Requirements / Resources

OPERATING BUDGET MINUS EXCEPTIONAL BENEFITS ASSESSMENTS - MONTHLY USER FEE FOR SEWAGE WORKS OPERATIONS

	Per 1,000 Gallons	Monthly Fixed Charg		2021	2022	2023	2024
ANNUAL CASH OPERATING EXPENSES:							
ESTIMATED ANNUAL TREATMENT CHARGES - CULVER	\$5.50	\$680.00		\$ 26,692	\$ 28,488	\$ 29,940	\$ 30,848
COLLECTION SYSTEM O&M CONTRACTS				29,550	30,050	30,050	30,550
UTILITIES				1,000	1,500	2,000	2,500
MANAGEMENT CONTRACT				30,000	31,000	32,000	33,000
LEGAL, ACCTG & FINANCIAL				20,400	21,400	22,400	23,400
CUSTOMER ACCOUNTS				12,000	13,000	14,000	15,000
ADMINISTRATIVE & GENERAL				6,800	7,800	8,800	9,800
CONTINGENCIES 10%				12,950	14,950	16,950	18,950
TOTAL ANNUAL CASH OPERATING EXPENSES				139,392	148,188	156,140	164,048
DEBT SERVICE REQUIREMENTS:							
BOND PRINCIPAL & INTEREST			<i>FUND WITH EXCEPTIONAL BENEFITS ASSESSMENTS</i>	120,447	173,556	175,913	173,213
DEBT RESERVE - <i>ASSUMES 5 YR BUILD-UP WITH COVERAGE ALLOWANCE</i>							
DEDUCT SPECIAL BENEFITS ASSESSMENTS				(180,947)	(55,000)	(55,000)	(55,000)
DEDUCT EXCEPTIONAL BENEFITS ASSESSMENTS					(173,556)	(175,913)	(173,213)
REPLACEMENTS & COVERAGE ALLOWANCE		25.0%		45,000	45,000	45,000	45,000
TOTAL REVENUE REQUIREMENTS				\$ 123,892	\$ 138,188	\$ 146,140	\$ 154,048
COMPUTED AVERAGE MONTHLY COST / EDU				\$ 99.27	\$ 102.82	\$ 101.49	\$ 102.70
SPECIAL BENEFITS ASSESSMENT - TAX RATE per \$100				\$0.1005	\$0.0306	\$0.0306	\$0.0306

- Summary of Estimated Revenue Resources / Costs for Freeholds
- Assessments (SBA & EBA) to be Collected Semi-Annually with Property Taxes
- User Fees will be Collected each Month

East Shore Conservancy District

Estimated Equivalent Monthly Cost per Freehold (Customer)

- **Monthly User Fee (OM&R)** **\$ 100**
 - **\$1,200 / yr**
- **Exceptional Benefits Assessment** **\$ 107**
 - **\$640 payable Semi-Annually (\$1,280 / yr)**
- **Special Benefits Assessment (SBA)** **\$ 30**
 - **Estimated at 2 cents per \$100 of Assessed Value**
 - **i.e. 1.8M Assessed Value x 2% / 12 = \$ 360 / Yr**
 - **\$180 payable Semi-annually (\$360 / yr)**
- **Total Estimated Equivalent Monthly Cost** **\$ 237**

East Shore Conservancy District

Concurrent Next Steps for Board

- **Petition IURC to acquire Certificate of Territorial Authority**
 - **Formal Appraisals for Asset Acquisition – August 7th**
 - **Formal Administrative Law Proceeding (3-4 Months)**
- **Proceed with SRF Funding Requirements**
 - **Establish just & equitable rates & charges sufficient to maintain the sewage works in a sound physical & financial condition to render adequate & efficient service.**
 - **Prepare Asset Management Plan (SRF Grant for this - \$25k)**
- **Dept. of Local Government Finance (“DLGF”) Budget for 2021**
- **DNR and Court Approval of District Plan**
- **Petition the Court to appoint the Board of Appraisers**

KROHN & ASSOCIATES – ENGAGEMENT LETTER

MUNICIPAL ADVISORY SERVICES

- **Rates & Charges:** (Included in Project Budget Fee Range – Estimate \$20k to \$30k)
 - Work with District to establish combination of fair & equitable rates & charges for service (including capacity fees for future connections)
 - Assist District’s attorney with Rate Resolution
 - Participation in Public Hearing on Rates
- **State Revolving Fund:** (Included in Project Budget Fee Range – Estimate \$20k to \$30k)
 - Preparation of Financial Due Diligence Filing with SRF
 - Work with SRF Staff & Financial Review Team towards financial approval of proposed funding plan
 - Assist District’s attorney with Bond Resolution & Purchase Agreement
 - Prepare Monthly Bond & Debt Reserve Transfer Schedules
- **Additional Services - General Accounting & Support Services:**
 - Assist with DLGF Budgets & Gateway Reporting Activities (Hourly Time Charges)
 - Asset Management Plan (Work with Engineers – Payable with SRF Grant)