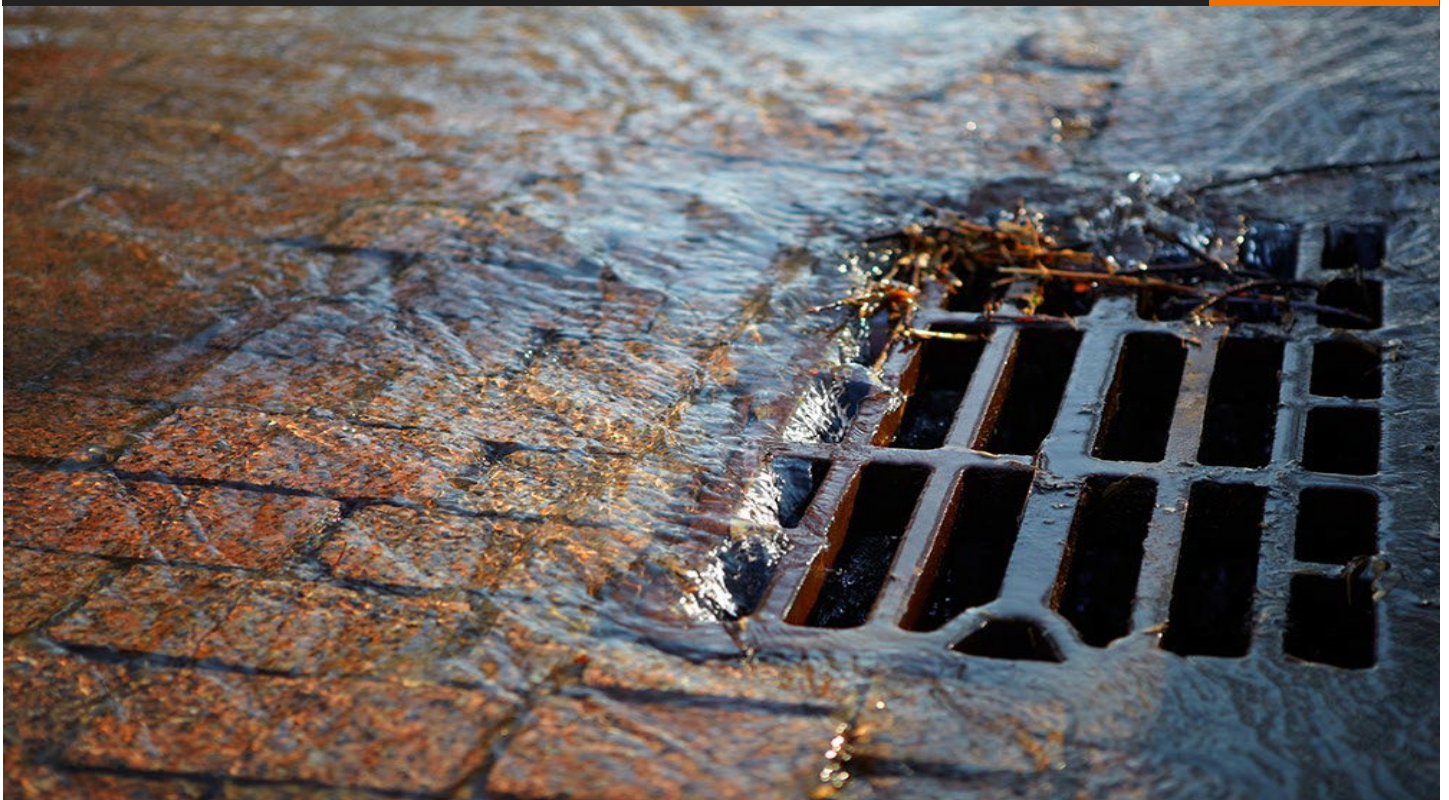




City of Annapolis

Stormwater Utility Rate Study

July 14, 2023





July 14, 2023

Ms. Betsey McKeown, PE, PMP
Civil Engineer II – Public Works
Department of Public Works
City of Annapolis
145 Gorman St.
Annapolis, MD 21401

Re: Stormwater Rate Study
Update – Final Report

Dear Ms. McKeown,

Stantec is pleased to present this Final Report on the Stormwater Water Utility Rate (Study) that we performed for the City of Annapolis ("City"). We appreciate the professional assistance provided by you and all of the members of the City staff who participated in the Study.

If you have any questions, please do not hesitate to call us at (202) 585-6391. We appreciate the opportunity to be of service to the City of Annapolis and look forward to the possibility of doing so again in the near future.

Sincerely,

A handwritten signature in black ink, appearing to read "David Hyder", with a stylized flourish at the end.

David A. Hyder
Senior Principal

1101 14th Street NW Suite 1200
Washington DC 20005
(202) 585-6391
david.hyder@stantec.com

Enclosure

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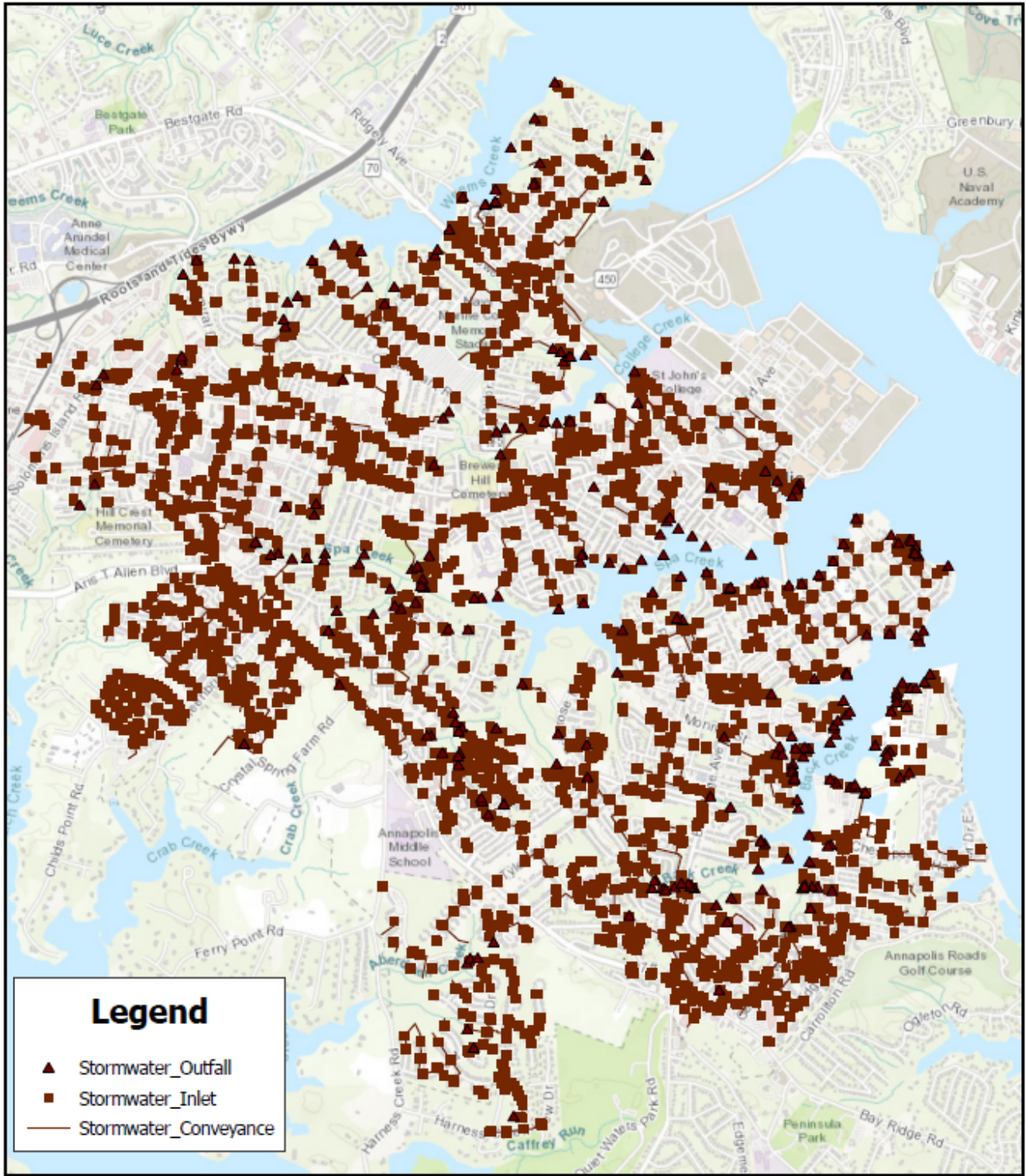
1. INTRODUCTION

Stantec Consulting Services Inc. (Stantec) has conducted a Rate Study (Study) for the City of Annapolis's Stormwater Management Fund (hereafter referred to as the "City" or "Utility"). This report presents the results of the comprehensive Study, including background information, an explanation of the calculation methodology employed, and the results of the analysis.

1.1 BACKGROUND

The City of Annapolis (City) manages an extensive stormwater system. The system includes over 58 miles of pipes and culverts, 1,192 manholes, 285 outfalls, 307 miles of roadway curb and gutters, and 3,170 inlets and catch basins that ultimately convey stormwater in the community to the Chesapeake Bay. The City is located in both the Severn River and South River Watersheds. The City's stormwater system provides essential services within the community by reducing the impacts of urban runoff to the natural environment, specifically the Chesapeake Bay. Within the City, stormwater management also includes regulatory compliance and programming, green infrastructure to comply with the regional MS4 Permit, and public education/outreach. Figure 1, on the following page, presents an overview of the extensive nature of the City's stormwater system.

Figure 1-1: City-Wide Stormwater Infrastructure Managed by the Stormwater Program



The City's stormwater system discharges into local surface waters. As such, it is subject to the Clean Water Act which requires the City to meet the requirements of the National Pollutant Discharge

Elimination System (NPDES) program. The NPDES program is administered locally by the Maryland Department of Environment (MDE). The program requires regulated entities to comply with the Municipal Separate Storm Sewer System (MS4) General Permit. The MS4 Permit requires specific activities to be undertaken within the community to manage the stormwater system discharges. The activities are typically referred to as the “six minimum control measures” and consist of the following:

- Public Education and Outreach
- Public Participation / Involvement
- Illicit Discharge Detection and Elimination
- Construction Site Runoff Control
- Post-Construction Site Stormwater Runoff Control
- Pollution Prevention / Good Housekeeping

In 2018, the City received its Phase II MS4 permit which include the Chesapeake Bay Total Maximum Daily Load (TMDL) goals. The permit requires that the City treat 20 percent of the unmanaged impervious area within the City. In 2016 the City engaged an engineering consultant to complete a watershed implementation plan (WIP). The City is executing the necessary projects on a programmatic basis. The City will be engaged in completing the efforts on an annual basis for the foreseeable future.

Stormwater management within the City is provided primarily by the City’s Public Works Department. The Department manages the majority of the aspects of the system including maintenance and regulatory compliance. Other departments within the City also provide some support for the stormwater system. The City maintains a separate Stormwater Management Enterprise Fund to account the expenditures and revenues generated to fund the operations and maintenance of the stormwater system. The revenues within the Fund are generated primarily from a stormwater fee that is assessed to property owners within the City on a quarterly basis.

This stormwater rate study update builds off the revenue sufficiency analysis that was completed by Stantec in 2022. The 2022 study provided recommendations for increases in the annual rate revenue collected by the stormwater enterprise to address the needs of the system and as a result of the study, the City adopted a 7% increase in stormwater fees for FY 23. This study will evaluate the sufficiency of the City’s updated rates and identify if additional adjustments are required to meet the operating and capital needs of the stormwater system.

1.2 STUDY OBJECTIVES

The primary objectives of this Study are to:

1. Update the stormwater utility financial model to evaluate the revenue requirements,
2. Evaluate the sufficiency of the existing stormwater fees,
3. Determine if any adjustments to stormwater rate revenue are needed to achieve the City's required level of service

2. CURRENT AND PROJECTED REVENUE REQUIREMENTS

This section of the report documents Stantec’s review of the current and proposed budget for the Utility and its ability to fund the revenue requirements with revenues collected by current stormwater fee.

We reviewed the Utility’s historical and proposed budgeted financial information regarding the operation of its stormwater system. We also reviewed the multi-year capital improvement programs (CIP) and documented target levels for the Utility’s reserves. A ten-year projection period (FY 24 to FY 33) was developed and used to evaluate the sufficiency of the existing rates to meet current and future needs and to develop a long-term financial plan.

We met with City staff to review the current and proposed expense and capital budgets, and assumptions and policies that would affect the financial performance of the Utility, such as staffing changes, incremental operating costs associated with the City’s MS4 permit and other factors that might impact system expenditures and/or revenues. We also examined historical spending levels (budget to actual) to determine if the City has historically executed its budget, and if any adjustments to future spending levels should be made. Finally, we completed a review of the historic count of properties billed and planned developments to develop a baseline for forecasting future revenues.

Work sessions were held with staff to validate the data and assumptions used in the model, and to examine the impact of various inputs or assumptions upon key financial indicators. The work session focused on the capital improvement plan, including funding sources and spending levels. Each alternative financial plan was evaluated in light of key financial metrics for the Utility including cash reserves and customer bill impacts. The recommended financial plan was developed for the full 10-year projection period recognizing that the City will evaluate the plan annually and make adjustments as necessary given changing conditions within the Utility.

The revenue sufficiency analysis examines the ability of the stormwater system to fund the revenue requirements of the system with the current stormwater fee, and determines any necessary adjustments required to ensure revenue sufficiency. The following sub-sections of the report present a description of the source data, assumptions, and results of the study.

2.1 SOURCE DATA AND ASSUMPTIONS

The following presents the key source data and assumptions relied upon in conducting the study.

2.1.1 Available Fund Balance

The FY 22 end of year trial balance and Comprehensive Annual Financial Report (CAFR) provided by City staff were used to establish the beginning FY 2023 balances for the Utility. As of the end of year FY 22, the utility operating fund had a negative cash balance of approximately \$200 thousand. In FY 23 the City staff made the decision to refund the FY22 capital appropriations back to the operating fund to resolve this negative balance. This is a transfer is shown in the financial model as a transfer of \$1.2 million back to the operating reserves from the capital reserves.

2.1.2 Current Revenues

The revenues utilized in the study reflect an evaluation of multiple years of historical results. FY 23 stormwater fee revenue used in the financial model are based upon the FY 23 budgeted amount. Stormwater fee revenues will be escalated in the model based on the recommended fee revenue adjustments. To evaluate the sufficiency of current revenues to meet the funding requirements of the stormwater program, the revenues are forecasted at current fee with minimal growth in customer accounts. The model assumes 0.2% growth in equivalent residential units (ERUs) each year, based on discussion with staff.

Projected revenues at current stormwater fees are shown below in Table 2-1 over the next five years.

Table 2-1: Stormwater Projected Revenues at Current Fees (millions)

	FY 23	FY 24	FY 25	FY 26	FY27	FY2
Stormwater Fee Revenues	\$1.79	\$1.79	\$1.80	\$1.80	\$1.80	\$1.81

2.1.3 Operating Expenditures

The utility’s operating expenditures include all operating and maintenance expenses, transfers, debt service requirements, and minor capital outlay. The study based operating expenditure projections on the individual expense categories and expense amounts within the FY 24 Budget Request. The FY 24 budget was adjusted annually thereafter based upon assumed cost escalation factors that were reviewed with City staff (with the exception of annual debt service expenses which reflect the repayment schedules of each outstanding bond/loan). Based on a historical review of the City’s budget to actual spending, no adjustment was made within the forecast since the Utility has historically not over-budgeted.

2.1.4 Debt Service

The City currently has five outstanding debt service issuances for public improvements that include funding for the stormwater program. The annual debt service amortization schedules for all existing and planned stormwater obligations were provided by City staff and included in the RSA. The current annual debt payments are approximately \$61,000 per year with an increase starting in FY 24 when the utility will begin payments for newly issued public improvement bonds. Total existing debt service payment is \$82,200 in FY 24.

2.1.5 Capital Improvement Program

City staff provided the multi-year Capital Improvement Program (CIP) for FY 24 through FY 28. The City's six-year CIP includes \$1.9 million for MS4 permit compliance capital projects in FY 24, followed by \$0.9 million in each future year of the planning period. The CIP also includes \$0.1 million for stormwater retrofit capital projects and \$0.3 million of funding for the City's contribution to the Chesapeake Bay Trust (CBT) annually. To facilitate a ten-year projection period, our analysis assumes that the City will continue to invest in permit compliance, retrofit projects, and the CBT at the same level as the current CIP plan over the remaining modeled years (FY 29 – FY 33). Capital cost are assumed to increase 3% each year beginning in FY25 to account for inflation. In total, the City expects to spend approximately \$15.9M over the planning period of FY 24 – FY 33. The City anticipates funding the CIP with a balance of available cash from revenues and by issuing new debt service.

2.1.6 Minimum Reserve Policy

To assist with development of a financial plan for the Stormwater Fund it is necessary to establish a minimum reserve balance to maintain within the Fund. Reserve balances for utility systems are funds set aside for a specific cash flow requirement, financial need, project, task, or legal covenant. These balances are maintained in order to meet short-term cash flow requirements and simultaneously minimize the risk associated with meeting the financial obligations and continued operational and capital needs under adverse conditions. The level of reserves maintained by a utility is an important component and consideration when developing a multi-year financial management plan.

Many utilities, rating agencies, and the investment community as a whole place a significant emphasis on having sufficient reserves available for potentially adverse conditions. Stantec recommends an operating reserve equal to six months of operating expenses and 20% of the average annual capital spending. This equates to a total minimum reserve level in the Stormwater Operating Fund of approximately \$0.92 million in FY 24. This total reserve target is projected to increase to \$1.1 million

by FY 33 as operating and capital costs escalate. These reserves will ensure that the City maintains adequate funds with the utility to meet the needs of the system.

2.2 TOTAL STORMWATER REVENUE REQUIREMENTS

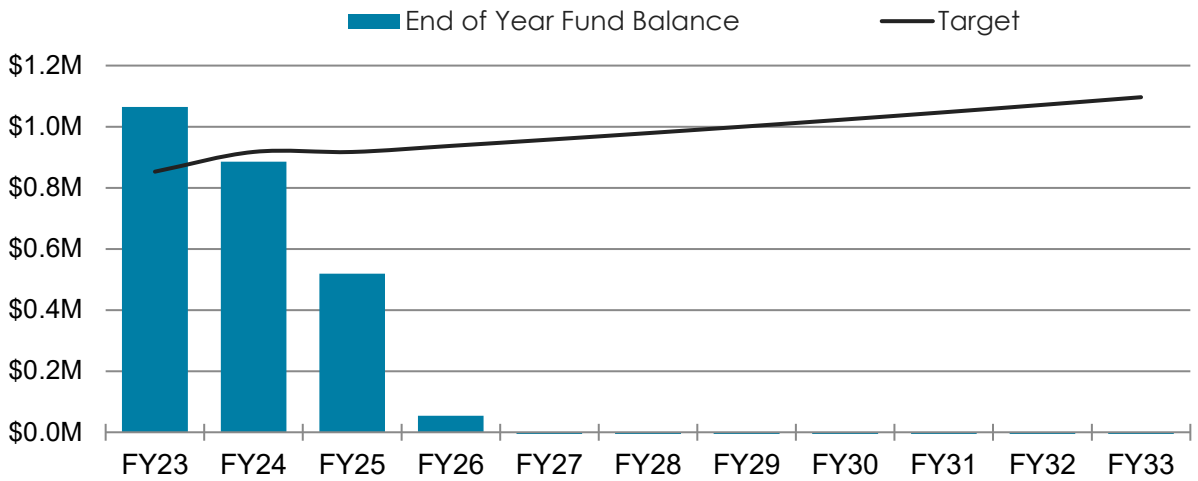
The total stormwater revenue requirements include operating expenditures, existing and planned debt service, and the funding of capital projects. Table 2-2 presents the stormwater revenue requirements assuming the City cash funds all capital projects identified in the capital improvements plan. The table compares the revenue requirements with the projected revenues from the current stormwater fees.

Table 2-2: Stormwater Revenue Requirements Projection

(\$ Million)	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33
Total Operating Expenses	\$1.50	\$1.50	\$1.55	\$1.60	\$1.64	\$1.69	\$1.75	\$1.80	\$1.86	\$1.91
Cash Funded Capital	0.30	0.40	0.41	0.41	0.41	0.42	0.42	0.42	0.43	0.43
Existing Debt Service (Existing + New)	0.17	0.26	0.31	0.37	0.43	0.49	0.54	0.61	0.68	0.75
Total Capital Expenses	\$0.47	\$0.66	\$0.72	\$0.78	\$0.84	\$0.91	\$0.96	\$1.03	\$1.11	\$1.18
Total Stormwater Expenses	\$1.97	\$2.16	\$2.27	\$2.37	\$2.48	\$2.60	\$2.71	\$2.83	\$2.96	\$3.09
Revenues from Existing Stormwater Fees	\$1.79	\$1.80	\$1.80	\$1.80	\$1.81	\$1.81	\$1.82	\$1.82	\$1.82	\$1.83

As demonstrated in the Table 2-2, current revenues from stormwater fees will be insufficient to meet the annual expenditures of the system. Figure 2-1 illustrates that if the City maintains its current stormwater fees the Stormwater Fund balance will drop below the target fund balance by FY 24 and exhaust all resources by FY 26.

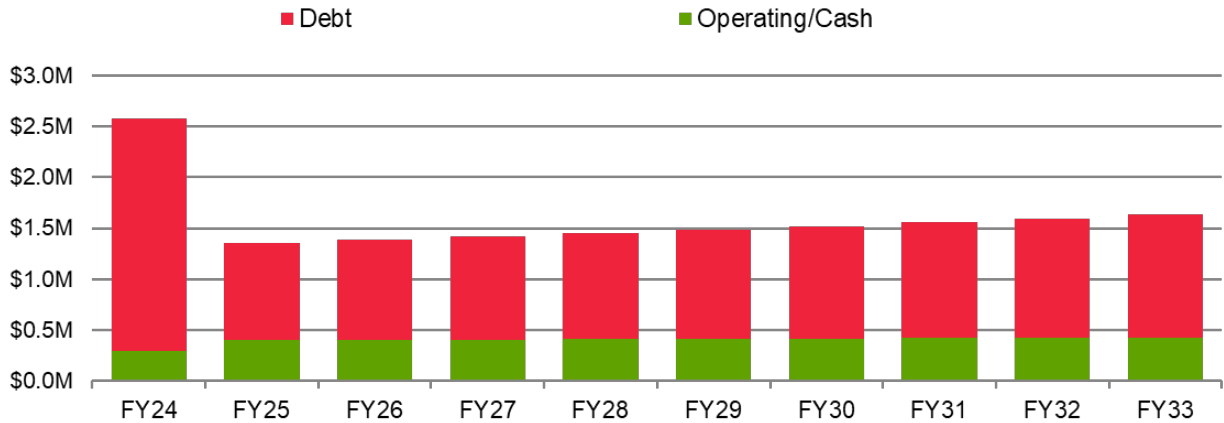
Figure 2-1: Stormwater Fund Balance



2.3 FINANCIAL PLAN DEVELOPMENT

As demonstrated in the revenue sufficiency analysis, the City’s current stormwater fees are not sufficient to meet the funding requirements of the system. In 2020, Stantec recommended that the City pursue an optimized mixture of cash and debt to deliver the proposed level of service at the lowest cost to the City’s rate payers. Under this plan, the City will spend down existing stormwater cash balances to the minimum reserve target, while gradually increasing stormwater fees and utilizing debt funding to minimize the necessary increases. The proposed split between cash and debt funding of the annual stormwater projects is shown in Figure 2-2. The utility will need to issue new debt to fund a significant portion of the CIP starting in FY 2024 to minimize the annual stormwater fee increases to a maximum of 7% per year.

Figure 2-2 Annual Capital Project Funding



To achieve the maintenance of the cash balance within the Stormwater Fund and make the necessary capital investments in the stormwater system, annual increases in the stormwater fees are required at a level of 7% per year over the next five years. Table 2-3 presents the proposed stormwater fee increases and the resulting quarterly stormwater fees by customer class.

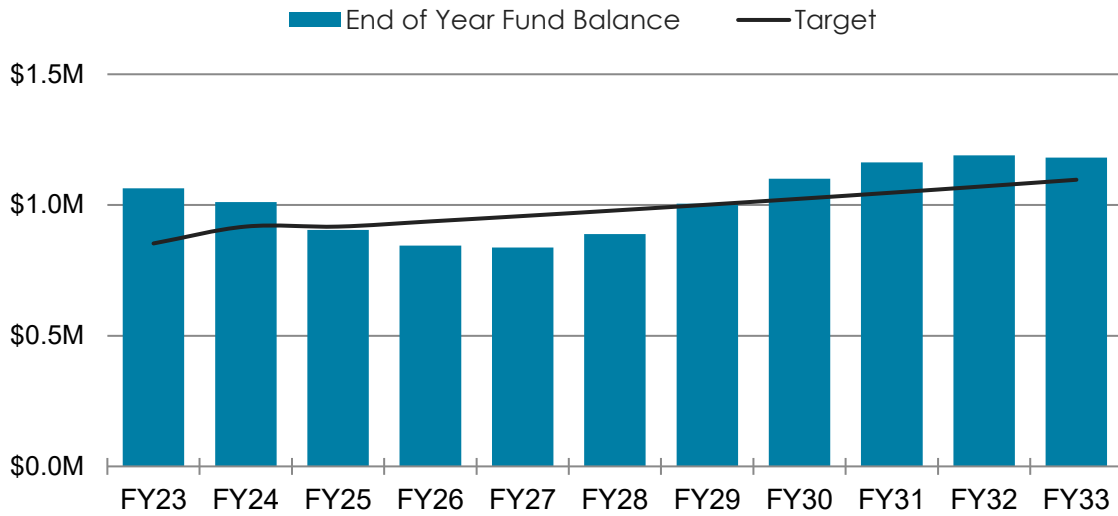
Table 2-3: Stormwater Fee Adjustments and Fees by Class

	ERUs	Current	FY 24	FY 25	FY 26	FY 27	FY 28
Effective Date		7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
Stormwater Fee Increase ⁽¹⁾		7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Quarterly Single-Family Residential Stormwater Bill	1.0	\$21.35	\$22.84	\$24.44	\$26.15	\$27.98	\$29.94
Quarterly Multi-Family Residential Stormwater Bill	0.5	\$10.68	\$11.42	\$12.22	\$13.08	\$13.99	\$14.97
Quarterly Non-Residential Stormwater Bill (by Impervious Area)							
Tier 1: 0 - 5,000 sq. ft.	1.0	\$21.35	\$22.84	\$24.44	\$26.15	\$27.98	\$29.94
Tier 2: 5,001 - 25,000 sq. ft.	5.0	\$105.61	\$113.00	\$120.91	\$129.37	\$138.43	\$148.12
Tier 3: 25,001 - 80,000 sq. ft.	21.0	\$446.03	\$477.25	\$510.66	\$546.41	\$584.66	\$625.59
Tier 4: Over 80,000 sq. ft.	65.0	\$1,379.66	\$1,476.24	\$1,579.58	\$1,690.15	\$1,808.46	\$1,935.05

⁽¹⁾ Plan requires additional increases in future years (following FY 28) of at least 3.0% to maintain minimum reserve balances.

Figure 2-3 illustrates the cash balances within the fund based on the proposed stormwater fee increases presented in Table 2-3 and the implementation of the capital funding plan that incorporates the use of debt. Under the proposed plan, available cash balance will be used to fund a portion of the CIP projects each year, but the fund will maintain the targeted cash balance each year, with the exception of a slight drop below target in FY 26, FY 27, and FY28.

Figure 2-3: End of Year Stormwater Fund Balance with “Optimized” Rate Plan



The City should continue to monitor the financial performance of the Stormwater Fund on an annual basis to evaluate the necessity of the projected stormwater fee increases. Should the City not execute the CIP consistent with the plan outlined in this Report, the adjustments in stormwater fees may require acceleration or can be delayed depending on variations in CIP funding needs.

3. CONCLUSIONS AND RECOMMENDATIONS

Based on our review of the City’s current and projected stormwater system revenue requirements and the corresponding stormwater fee revenues, we have developed several conclusions:

- The current and projected revenue requirements for the management of the City’s stormwater system will outpace the system revenues over the coming years without continued rate increases as planned.
- To address the needs of the stormwater system, the City will need to adjust stormwater fees over the next several years. The magnitude of the increases that are required will depend on how aggressively the City moves forward with the completion of capital improvement projects and the continued monitoring of the cost of compliance with the City’s MS4 permit.
- The City currently has adequate cash balances within the Stormwater Fund to cash fund a portion of the capital improvement projects identified for the stormwater system. The use of a combination of cash “pay-go” funding and debt issuance will minimize the necessary adjustments to the stormwater fee.

Table 3-1 presents a proposed financial plan for the Stormwater Fund based on the currently planned capital improvement projects. The plan will require adjustments should the City be required to more aggressively execute capital improvement projects over the next several years.

Table 3-1 - Stormwater Financial Plan

	FY 24	FY 25	FY 26	FY 27	FY 28
Effective Date	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
Stormwater Fee Increase⁽¹⁾	7.0%	7.0%	7.0%	7.0%	7.0%

⁽¹⁾ Plan requires additional increases in future years (following FY 28) of at least 5% to maintain minimum reserve balances and debt service coverage requirements.

We recommend that the City review and evaluate the adequacy of the financial plan for the utility annually and adjust when necessary due to cost inflation, changes in operation or level of service, and any changes to the capital improvement and investment program.

Disclaimer

This document was produced by Stantec Consulting Services, Inc. (“Stantec”) for the City of Annapolis, MD and is based on a specific scope of work agreed upon by both parties. In preparing this report, Stantec utilized information and data obtained from the City of Annapolis or public and/or industry sources. Stantec has relied on the information and data without independent verification, except only to the extent such verification is expressly described in this document. Any projections of future conditions presented in the document are not intended as predictions, as there may be differences between forecasted and actual results, and those differences may be material.

Additionally, the purpose of this document is to summarize Stantec’s analyses and findings related to this project, and it is not intended to address all aspects that may surround the subject area. Therefore, this document may have limitations, assumptions, or reliance on data that are not readily apparent. Moreover, the reader should understand that Stantec was called on to provide judgments on a variety of critical factors which are incapable of precise measurement. Therefore, the use of this document and its findings by the City of Annapolis should only occur after consultation with Stantec, and any use of this document and findings by any other person is undertaken entirely at their own risk.

City of Annapolis - Stormwater Fund

FY 2024 Stormwater Revenue Sufficiency Analysis
Assumptions & Preliminary Results Workbook



Preliminary Financial Management Plan

Assumptions

Schedule 1

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Rate Increase Adoption Date	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030	7/1/2031	7/1/2032
Annual Growth											
Stormwater											
Ending # of ERUs	24,458	24,507	24,556	24,605	24,654	24,703	24,753	24,802	24,852	24,902	24,951
ERU Growth	49	49	49	49	49	49	49	50	50	50	50
% Change in ERUs	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Capital Spending											
Annual Capital Budget (Future Year Dollars)	\$ -	\$ 2,572,500	\$ 1,353,175	\$ 1,384,770	\$ 1,417,313	\$ 1,450,833	\$ 1,485,358	\$ 1,520,918	\$ 1,557,546	\$ 1,595,272	\$ 1,634,131
Annual Percent Executed	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Impact Fees											
Stormwater Impact Fees	-	-	-	-	-	-	-	-	-	-	-
Average Annual Interest Earnings Rate											
On Fund Balances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Budget Reserve											
Target (Number of Months of Reserve)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Operating Budget Execution Percentage											
Personal Services	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Variable Operations and Maintenance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Fixed Operations and Maintenance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capital Outlay	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

FY 2023 Beginning Balances as of 7/1/2022**Schedule 2**

Stantec Grouping of Funds in Model	Revenue Fund
Current Unrestricted Assets	
Cash and Cash Equivalents	\$ (246,993)
Accounts Receivable: Service Charges & Penalties	323,402
Total Assets	\$ 76,409
Current Liabilities	
Accounts Payable	\$ (224,302)
Accrued Expenses and Other Liabilities	(32,610)
Escrowed Accounts	-
Accrued Interest	(8,021)
Current Portion of:	
Long-term Debt	-
Compensated Absences	(33,420)
Calculated Fund Balance (Assets - Liabilities)	\$ (221,944)
Plus/(Less):	-
Net Unrestricted Fund Balance	\$ (221,944)
Funds Encumbered or Reserved for Projects not in the CIP	-
Available Fund Balance	\$ (221,944)

Preliminary Financial Management Plan

Projection of Cash Inflows

Schedule 3

	FY 2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
1 Rate Revenue Growth Assumptions											
2 Stormwater											
3 Assumed Rate Revenue Increases											
4 Assumed Stormwater Rate Increase	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	3.00%	3.00%	3.00%	3.00%
5 Stormwater Rate Revenue											
6 Base Rate Revenue	\$ 1,789,900	\$ 1,919,023	\$ 2,057,462	\$ 2,205,887	\$ 2,365,020	\$ 2,535,632	\$ 2,718,553	\$ 2,805,710	\$ 2,895,661	\$ 2,988,495	\$ 3,084,307
7 Total Stormwater Rate Revenue	\$ 1,789,900	\$ 1,919,023	\$ 2,057,462	\$ 2,205,887	\$ 2,365,020	\$ 2,535,632	\$ 2,718,553	\$ 2,805,710	\$ 2,895,661	\$ 2,988,495	\$ 3,084,307
8 Transfers In											
9 Revenue Fund	\$ 1,150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10 Total Transfers In	\$ 1,150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11 Interest Income											
12 Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13 Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 Total Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15 Impact Fees											
16 Impact Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17 Stormwater Impact Fees	-	-	-	-	-	-	-	-	-	-	-
18 Total Impact Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19 Total Cash Inflows	\$ 2,939,900	\$ 1,919,023	\$ 2,057,462	\$ 2,205,887	\$ 2,365,020	\$ 2,535,632	\$ 2,718,553	\$ 2,805,710	\$ 2,895,661	\$ 2,988,495	\$ 3,084,307

Preliminary Financial Management Plan

Projection of Cash Outflows

Schedule 4

Expense Line Item	Escalation Factor	FY 2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
1 STW - SALARIES	Salaries & Wages	\$ 661,000	\$ 706,100	\$ 727,283	\$ 749,101	\$ 771,575	\$ 794,722	\$ 818,563	\$ 843,120	\$ 868,414	\$ 894,466	\$ 921,300
2 STW - OVERTIME	Salaries & Wages	\$ 2,600	\$ 2,600	\$ 2,678	\$ 2,758	\$ 2,841	\$ 2,926	\$ 3,014	\$ 3,105	\$ 3,198	\$ 3,294	\$ 3,392
3 STW - BENEFITS	Salaries & Wages	\$ 287,000	\$ 197,300	\$ 207,165	\$ 217,523	\$ 228,399	\$ 239,819	\$ 251,810	\$ 264,401	\$ 277,621	\$ 291,502	\$ 306,077
4 SALARIES - BONUS	Salaries & Wages	\$ -	\$ 36,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5 BENEFITS - BONUS	Salaries & Wages	\$ -	\$ 2,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6 BENEFITS - FICA OT	Salaries & Wages	\$ -	\$ 200	\$ 206	\$ 212	\$ 219	\$ 225	\$ 232	\$ 239	\$ 246	\$ 253	\$ 261
7 STW - R&M EQUIPMENT	Salaries & Wages	\$ 6,400	\$ 6,600	\$ 6,765	\$ 6,934	\$ 7,107	\$ 7,285	\$ 7,467	\$ 7,654	\$ 7,845	\$ 8,041	\$ 8,242
8 STW - R & M - VEHICLES	Salaries & Wages	\$ 15,100	\$ 15,700	\$ 16,093	\$ 16,495	\$ 16,907	\$ 17,330	\$ 17,763	\$ 18,207	\$ 18,662	\$ 19,129	\$ 19,607
9 STW - CONTRACT SERVICES	Salaries & Wages	\$ 146,400	\$ 267,400	\$ 272,748	\$ 278,203	\$ 283,767	\$ 289,442	\$ 295,231	\$ 301,136	\$ 307,159	\$ 313,302	\$ 319,568
10 POSTAGE	Salaries & Wages	\$ 1,300	\$ 1,300	\$ 1,326	\$ 1,353	\$ 1,380	\$ 1,407	\$ 1,435	\$ 1,464	\$ 1,493	\$ 1,523	\$ 1,554
11 STW - TELEPHONE	Salaries & Wages	\$ 600	\$ 600	\$ 612	\$ 624	\$ 637	\$ 649	\$ 662	\$ 676	\$ 689	\$ 703	\$ 717
8 STW - SUPPLIES	Salaries & Wages	\$ 56,700	\$ 64,000	\$ 65,280	\$ 66,586	\$ 67,917	\$ 69,276	\$ 70,661	\$ 72,074	\$ 73,516	\$ 74,986	\$ 76,486
9 STW - COPIER	Salaries & Wages	\$ 1,000	\$ 1,000	\$ 1,020	\$ 1,040	\$ 1,061	\$ 1,082	\$ 1,104	\$ 1,126	\$ 1,149	\$ 1,172	\$ 1,195
10 STW -FUEL & OIL	Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11 STW - DUES AND MEMBERSHIPS	Salaries & Wages	\$ 1,300	\$ 6,900	\$ 7,038	\$ 7,179	\$ 7,322	\$ 7,469	\$ 7,618	\$ 7,771	\$ 7,926	\$ 8,084	\$ 8,246
12 Total Expenses		\$ 1,179,400	\$ 1,308,500	\$ 1,308,214	\$ 1,348,009	\$ 1,389,132	\$ 1,431,633	\$ 1,475,563	\$ 1,520,972	\$ 1,567,918	\$ 1,616,456	\$ 1,666,646
13 Total Expenses by Category												
14 Personal Services		\$ 950,600	\$ 945,000	\$ 937,332	\$ 969,595	\$ 1,003,034	\$ 1,037,693	\$ 1,073,620	\$ 1,110,865	\$ 1,149,478	\$ 1,189,515	\$ 1,231,031
15 Operations & Maintenance		228,800	363,500	370,882	378,413	386,099	393,941	401,943	410,108	418,439	426,941	435,615
16 Total Expenses		\$ 1,179,400	\$ 1,308,500	\$ 1,308,214	\$ 1,348,009	\$ 1,389,132	\$ 1,431,633	\$ 1,475,563	\$ 1,520,972	\$ 1,567,918	\$ 1,616,456	\$ 1,666,646
17 Transfers Out												
18 TRANSFER TO FLEET REPLACEMENT		\$ 285,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19 STW TRSFR - ADMIN CHRGS CR		\$ 128,000	\$ 189,000	\$ 194,670	\$ 200,510	\$ 206,525	\$ 212,721	\$ 219,103	\$ 225,676	\$ 232,446	\$ 239,420	\$ 246,602
20 Total Transfers Out		\$ 413,000	\$ 189,000	\$ 194,670	\$ 200,510	\$ 206,525	\$ 212,721	\$ 219,103	\$ 225,676	\$ 232,446	\$ 239,420	\$ 246,602
21 Debt Service												
22 Existing Debt Service		\$ 61,265	\$ 82,196	\$ 84,508	\$ 81,485	\$ 78,688	\$ 76,928	\$ 80,032	\$ 67,682	\$ 65,686	\$ 68,557	\$ 66,559
23 Projected New Debt Service		\$ -	\$ 92,755	\$ 172,884	\$ 230,117	\$ 289,068	\$ 349,787	\$ 412,328	\$ 476,744	\$ 543,094	\$ 611,434	\$ 681,824
24 Total Debt Service		\$ 61,265	\$ 174,951	\$ 257,391	\$ 311,602	\$ 367,756	\$ 426,715	\$ 492,360	\$ 544,426	\$ 608,780	\$ 679,991	\$ 748,383
25 Projects Funded with Cash		\$ -	\$ 300,000	\$ 403,000	\$ 406,090	\$ 409,273	\$ 412,551	\$ 415,927	\$ 419,405	\$ 422,987	\$ 426,677	\$ 430,477
26 Total Cash Outflows		\$ 1,653,665	\$ 1,972,451	\$ 2,163,275	\$ 2,266,211	\$ 2,372,686	\$ 2,483,620	\$ 2,602,953	\$ 2,710,480	\$ 2,832,131	\$ 2,962,543	\$ 3,092,109

Cost Escalation Factors

Schedule 5

<u>Inflation Factor</u>	FY 2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
Salaries & Wages		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Health Insurance		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Retirement		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Repair & Maintenance		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fuel, Utilities, Chemicals		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Admin Services		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
No Escalation		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Default Inflation Factor		1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
<i>Weighted Average Increase in O&M Expenses¹</i>	10.95%	-0.02%	3.04%	3.05%	3.06%	3.07%	3.08%	3.09%	3.10%	3.10%

¹ The Weighted Average Increase in O&M Expenses is reflective of the cost escalation factors presented on this schedule and the cost execution factors on Schedule 1.

¹ Weighted Average Increased in FY25 shows 0% due to one time bonuses accounted for in the FY 24 Budget Salaries and Wages

Preliminary Financial Management Plan

Capital Improvement Program

Schedule 6

	FY 2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
1 Stormwater Management Retrofit Projects	\$ -	\$ 300,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
2 Stormwater MS4 Permit Compliance	-	1,972,500	922,500	922,500	922,500	922,500	922,500	922,500	922,500	922,500	922,500
3 Unscheduled CIP	-	-	-	-	-	-	-	-	-	-	-
4 CBT GRANT (+ 5% ADMIN)	-	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
5 South Southwood MS4 Permit Compliance	-	-	-	-	-	-	-	-	-	-	-
6 Hawkins Cove MS4 Permit Compliance	-	-	-	-	-	-	-	-	-	-	-
7 Cheston Street End MS4 Permit Compliance	-	-	-	-	-	-	-	-	-	-	-
8 Total CIP Budget (in current dollars)	\$ -	\$ 2,572,500	\$ 1,322,500	\$ 1,322,500	\$ 1,322,500	\$ 1,322,500	\$ 1,322,500	\$ 1,322,500	\$ 1,322,500	\$ 1,322,500	\$ 1,322,500
9 Cumulative Projected Cost Escalation	0.0%	0.0%	3.0%	6.1%	9.3%	12.6%	15.9%	19.4%	23.0%	26.7%	30.5%
10 Resulting CIP Funding Level	\$ -	\$ 2,572,500	\$ 1,362,175	\$ 1,403,040	\$ 1,445,131	\$ 1,488,485	\$ 1,533,140	\$ 1,579,134	\$ 1,626,508	\$ 1,675,303	\$ 1,725,563
11 Annual CIP Execution Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
12 Final CIP Funding Level	\$ -	\$ 2,572,500	\$ 1,362,175	\$ 1,403,040	\$ 1,445,131	\$ 1,488,485	\$ 1,533,140	\$ 1,579,134	\$ 1,626,508	\$ 1,675,303	\$ 1,725,563

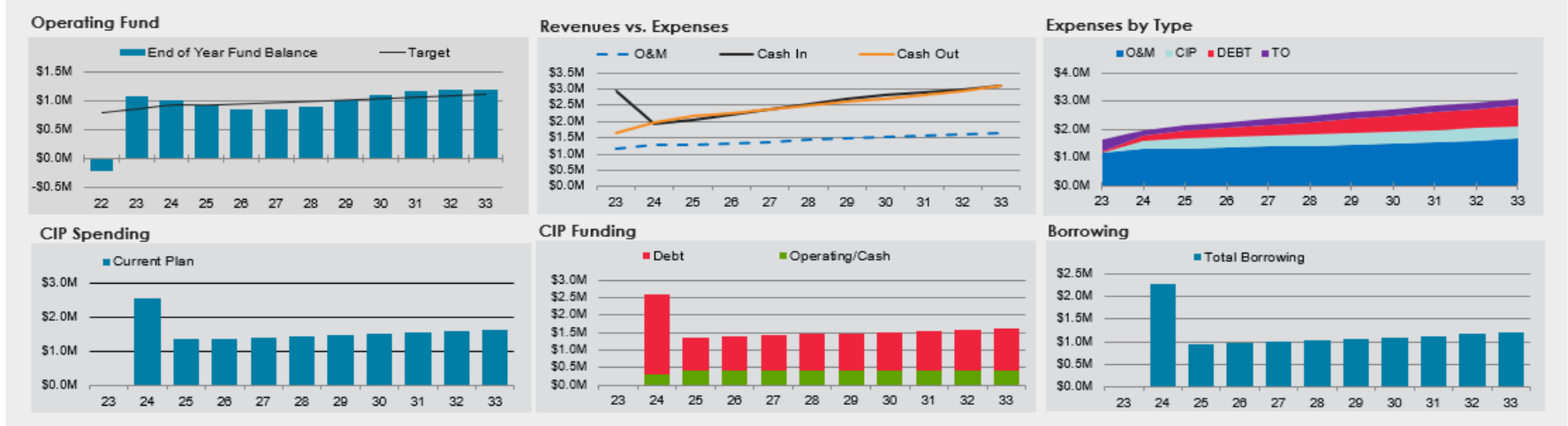


CITY OF ANNAPOLIS - STORMWATER FUND



CALC SAVE CTRL LAST OVR

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2027	FY 2033
Override ▶	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	3.00%	3.00%	3.00%	3.00%	Cumulative	
Stormwater Rate Plan	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	3.00%	3.00%	3.00%	3.00%	31.05%	68.90%
↑ Insert New Panel Controls Above this Row ↓													
Single Family Stormwater Bill	\$21.35	\$22.84	\$24.44	\$26.15	\$27.98	\$29.94	\$32.04	\$33.00	\$33.99	\$35.01	\$36.06		
Mid-Size Commercial Stormwater Bill	\$446.03	\$477.25	\$510.66	\$546.41	\$584.66	\$625.59	\$669.38	\$689.46	\$710.14	\$731.44	\$753.38		



Preliminary Financial Management Plan

Pro Forma

Schedule 8

	FY 2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
1 Operating Revenue											
2 Stormwater, Rate Revenue	1,789,900	1,789,900	1,919,023	2,057,462	2,205,887	2,365,020	2,535,632	2,718,553	2,805,710	2,895,661	2,988,495
3 Change in Revenue From Growth	-	3,580	3,838	4,115	4,412	4,730	5,071	5,437	5,611	5,791	5,977
4 Subtotal	\$1,789,900	\$1,793,480	\$1,922,861	\$2,061,577	\$2,210,299	\$2,369,750	\$2,540,703	\$2,723,990	\$2,811,321	\$2,901,452	\$2,994,472
5 <i>Weighted Average Rate Increase</i>	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	3.00%	3.00%	3.00%
6 Additional Rate Revenue From Rate Increase	-	125,544	134,600	144,310	154,721	165,882	177,849	81,720	84,340	87,044	89,834
7 Price Elasticity Adjustment	-	-	-	-	-	-	-	-	-	-	-
8 Total Rate Revenue	\$1,789,900	\$1,919,023	\$2,057,462	\$2,205,887	\$2,365,020	\$2,535,632	\$2,718,553	\$2,805,710	\$2,895,661	\$2,988,495	\$3,084,307
9 Plus: Other Operating Revenue	-	-	-	-	-	-	-	-	-	-	-
10 Equals: Total Operating Revenue	\$1,789,900	\$1,919,023	\$2,057,462	\$2,205,887	\$2,365,020	\$2,535,632	\$2,718,553	\$2,805,710	\$2,895,661	\$2,988,495	\$3,084,307
11 Less: Operating Expenses											
12 Personal Services	\$ (950,600)	\$ (945,000)	\$ (937,332)	\$ (969,595)	\$ (1,003,034)	\$ (1,037,693)	\$ (1,073,620)	\$ (1,110,865)	\$ (1,149,478)	\$ (1,189,515)	\$ (1,231,031)
13 Operations & Maintenance Costs	(228,800)	(363,500)	(370,882)	(378,413)	(386,099)	(393,941)	(401,943)	(410,108)	(418,439)	(426,941)	(435,615)
14 Equals: Net Operating Income	\$ 610,500	\$ 610,523	\$ 749,248	\$ 857,878	\$ 975,887	\$ 1,103,999	\$ 1,242,990	\$ 1,284,737	\$ 1,327,743	\$ 1,372,040	\$ 1,417,661
15 Plus: Non-Operating Income/(Expense)											
16 Non-Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17 Interest Income	-	-	-	-	-	-	-	-	-	-	-
18 Stormwater Impact Fees	-	-	-	-	-	-	-	-	-	-	-
19 Transfers In	1,150,000	-	-	-	-	-	-	-	-	-	-
20 Equals: Net Income	\$ 1,760,500	\$ 610,523	\$ 749,248	\$ 857,878	\$ 975,887	\$ 1,103,999	\$ 1,242,990	\$ 1,284,737	\$ 1,327,743	\$ 1,372,040	\$ 1,417,661
21 Less: Revenues Excluded From Coverage Test											
22 Impact Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23 Other Excluded Revenues	-	-	-	-	-	-	-	-	-	-	-
24 Transfers In	-	-	-	-	-	-	-	-	-	-	-
25 Equals: Net Income Available For Debt Service	\$ 1,760,500	\$ 610,523	\$ 749,248	\$ 857,878	\$ 975,887	\$ 1,103,999	\$ 1,242,990	\$ 1,284,737	\$ 1,327,743	\$ 1,372,040	\$ 1,417,661
26 Senior Lien Debt Service Coverage Test											
27 Net Income Available for Senior-Lien Debt Service	\$ 610,500	\$ 610,523	\$ 749,248	\$ 857,878	\$ 975,887	\$ 1,103,999	\$ 1,242,990	\$ 1,284,737	\$ 1,327,743	\$ 1,372,040	\$ 1,417,661
28 Existing Senior-Lien Debt	61,265	82,196	84,508	81,485	78,688	76,928	80,032	67,682	65,686	68,557	66,559
29 Cumulative New Senior-Lien Debt Service (calculated)	-	92,755	172,884	230,117	289,068	349,787	412,328	476,744	543,094	611,434	681,824
30 Total Annual Senior-Lien Debt Service	Req. \$ 61,265	\$ 174,951	\$ 257,391	\$ 311,602	\$ 367,756	\$ 426,715	\$ 492,360	\$ 544,426	\$ 608,780	\$ 679,991	\$ 748,383
31 <i>Calculated Senior-Lien Debt Service Coverage</i>	1.50	9.96	3.49	2.91	2.75	2.65	2.59	2.52	2.36	2.18	2.02
32 Total All-In Debt Service Coverage Test											
33 Net Income Available for Subordinate Debt Service	\$ 549,235	\$ 653,235	\$ 707,723	\$ 815,228	\$ 932,074	\$ 1,039,191	\$ 1,124,602	\$ 1,215,285	\$ 1,311,538	\$ 1,413,674	\$ 1,522,023
34 Total Senior-Lien Debt Service	61,265	125,622	222,658	330,948	391,729	437,760	489,158	524,829	570,457	620,662	665,284
35 Total Subordinate Debt Service	-	-	-	-	-	-	-	-	-	-	-
36 Total Annual Debt Service	\$ 61,265	\$ 174,951	\$ 257,391	\$ 311,602	\$ 367,756	\$ 426,715	\$ 492,360	\$ 544,426	\$ 608,780	\$ 679,991	\$ 748,383
37 <i>Calculated All-In Debt Service Coverage</i>	9.96	3.49	2.91	2.75	2.65	2.59	2.52	2.36	2.18	2.02	1.89
38 Cash Flow Test											
39 Net Income Available For Debt Service	\$ 610,500	\$ 610,523	\$ 749,248	\$ 857,878	\$ 975,887	\$ 1,103,999	\$ 1,242,990	\$ 1,284,737	\$ 1,327,743	\$ 1,372,040	\$ 1,417,661
40 Less: Non-Operating Expenditures											
41 Net Debt Service Payment	(61,265)	(174,951)	(257,391)	(311,602)	(367,756)	(426,715)	(492,360)	(544,426)	(608,780)	(679,991)	(748,383)
42 Net Cash Flow	\$ 505,809	\$ 535,802	\$ 539,236	\$ 540,149	\$ 597,976	\$ 633,289	\$ 668,257	\$ 724,255	\$ 775,899	\$ 828,884	\$ 893,701
43 Unrestricted Reserve Fund Test											
44 Balance At Beginning Of Fiscal Year	\$ (221,944)	\$ 1,064,290	\$ 1,010,862	\$ 905,049	\$ 844,725	\$ 837,059	\$ 889,071	\$ 1,004,671	\$ 1,099,900	\$ 1,163,430	\$ 1,189,382
45 Cash Flow Surplus/(Deficit)	\$ 1,286,235	\$ 246,572	\$ 297,187	\$ 345,766	\$ 401,606	\$ 464,563	\$ 531,527	\$ 514,635	\$ 486,517	\$ 452,629	\$ 422,675
46 Projects Designated To Be Paid With Cash	\$ -	\$ (300,000)	\$ (403,000)	\$ (406,090)	\$ (409,273)	\$ (412,551)	\$ (415,927)	\$ (419,405)	\$ (422,987)	\$ (426,677)	\$ (430,477)
47 Projects Paid With Non Specified Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48 Balance At End Of Fiscal Year	\$ 1,064,290	\$ 1,010,862	\$ 905,049	\$ 844,725	\$ 837,059	\$ 889,071	\$ 1,004,671	\$ 1,099,900	\$ 1,163,430	\$ 1,189,382	\$ 1,181,580
49 Minimum Working Capital Reserve Target	852,882	917,432	917,289	937,186	957,748	978,999	1,000,963	1,023,668	1,047,141	1,071,410	1,096,505
50 Excess/(Deficiency) Of Working Capital To Target	\$ 211,409	\$ 93,431	\$ (12,239)	\$ (92,461)	\$ (120,689)	\$ (89,928)	\$ 3,708	\$ 76,232	\$ 116,289	\$ 117,972	\$ 85,075

Preliminary Financial Management Plan

Capital Project Funding Summary

Schedule 9

Final Capital Projects Funding Sources	FY 2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
Revenue Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Senior-Lien Debt Proceeds	\$ -	\$ 2,272,500	\$ 950,175	\$ 978,680	\$ 1,008,041	\$ 1,038,282	\$ 1,069,430	\$ 1,101,513	\$ 1,134,559	\$ 1,168,595	\$ 1,203,653
Projects Designated To Be Paid With Cash	\$ -	\$ 300,000	\$ 403,000	\$ 406,090	\$ 409,273	\$ 412,551	\$ 415,927	\$ 419,405	\$ 422,987	\$ 426,677	\$ 430,477
Total Projects Paid	\$ -	\$ 2,572,500	\$ 1,353,175	\$ 1,384,770	\$ 1,417,313	\$ 1,450,833	\$ 1,485,358	\$ 1,520,918	\$ 1,557,546	\$ 1,595,272	\$ 1,634,131

Preliminary Financial Management Plan

Funding Summary by Fund

Schedule 10

	FY 2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
Revenue Fund											
Balance At Beginning Of Fiscal Year	\$ (221,944)	\$ 1,064,290	\$ 1,010,862	\$ 905,049	\$ 844,725	\$ 837,059	\$ 889,071	\$ 1,004,671	\$ 1,099,900	\$ 1,163,430	\$ 1,189,382
Net Cash Flow	\$ 1,286,235	246,572	297,187	345,766	401,606	464,563	531,527	514,635	486,517	452,629	422,675
Less: Cash-Funded Capital Projects	\$ -	(300,000)	(403,000)	(406,090)	(409,273)	(412,551)	(415,927)	(419,405)	(422,987)	(426,677)	(430,477)
Less: Payment Of Debt Service	\$ -	-	-	-	-	-	-	-	-	-	-
Subtotal	\$ 1,064,290	\$ 1,010,862	\$ 905,049	\$ 844,725	\$ 837,059	\$ 889,071	\$ 1,004,671	\$ 1,099,900	\$ 1,163,430	\$ 1,189,382	\$ 1,181,580
Less: Restricted Funds	(852,882)	(917,432)	(905,049)	(844,725)	(837,059)	(889,071)	(1,000,963)	(1,023,668)	(1,047,141)	(1,071,410)	(1,096,505)
Total Amount Available For Projects	211,409	93,431	-	-	-	-	3,708	76,232	116,289	117,972	85,075
Amount Paid For Projects	-	-	-	-	-	-	-	-	-	-	-
Subtotal	\$ 211,409	\$ 93,431	\$ -	\$ -	\$ -	\$ -	\$ 3,708	\$ 76,232	\$ 116,289	\$ 117,972	\$ 85,075
Add Back: Restricted Funds	852,882	917,432	905,049	844,725	837,059	889,071	1,000,963	1,023,668	1,047,141	1,071,410	1,096,505
Plus: Interest Earnings	-	-	-	-	-	-	-	-	-	-	-
Less: Interest Allocated To Cash Flow	-	-	-	-	-	-	-	-	-	-	-
Balance At End Of Fiscal Year	\$ 1,064,290	\$ 1,010,862	\$ 905,049	\$ 844,725	\$ 837,059	\$ 889,071	\$ 1,004,671	\$ 1,099,900	\$ 1,163,430	\$ 1,189,382	\$ 1,181,580

Preliminary Financial Management Plan

Senior Lien Borrowing Projections

Schedule 11

	FY 2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
Term (Years)	30	30	30	30	30	30	30	30	30	30	30
Interest Rate	3.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Sources of Funds											
Par Amount	\$ -	\$ 2,318,878	\$ 969,566	\$ 998,653	\$ 1,028,613	\$ 1,059,471	\$ 1,091,255	\$ 1,123,993	\$ 1,157,713	\$ 1,192,444	\$ 1,228,218
Uses of Funds											
Proceeds	\$ -	\$ 2,272,500	\$ 950,175	\$ 978,680	\$ 1,008,041	\$ 1,038,282	\$ 1,069,430	\$ 1,101,513	\$ 1,134,559	\$ 1,168,595	\$ 1,203,653
Cost of Issuance	\$ -	\$ 46,378	\$ 19,391	\$ 19,973	\$ 20,572	\$ 21,189	\$ 21,825	\$ 22,480	\$ 23,154	\$ 23,849	\$ 24,564
Debt Service Reserve											
	2.00%	of Par									
	0	Year(s) of Debt Service									
Total Uses	\$ -	\$ 2,318,878	\$ 969,566	\$ 998,653	\$ 1,028,613	\$ 1,059,471	\$ 1,091,255	\$ 1,123,993	\$ 1,157,713	\$ 1,192,444	\$ 1,228,218
1 Year Interest	-	92,755	38,783	39,946	41,145	42,379	43,650	44,960	46,309	47,698	49,129
Annual Debt Service	\$ -	\$ 134,101	\$ 56,070	\$ 57,752	\$ 59,485	\$ 61,269	\$ 63,107	\$ 65,001	\$ 66,951	\$ 68,959	\$ 71,028
Total Debt Service	-	4,023,028	1,682,103	1,732,566	1,784,544	1,838,079	1,893,222	1,950,019	2,008,520	2,068,775	2,130,839
Cumulative New Annual Senior Lien Debt Service¹	\$ -	\$ 92,755	\$ 172,884	\$ 230,117	\$ 289,068	\$ 349,787	\$ 412,328	\$ 476,744	\$ 543,094	\$ 611,434	\$ 681,824

¹Reflects interest-only payment due in year of issuance.