

Chapter 9: FINANCIAL PROGRAM

Introduction

This chapter provides a summary of the City of Sunnyside Water Divisions financial program that shows it is financially viable, and has the capacity to obtain sufficient funds to construct the water system improvements identified in the previous chapter. The information presented here was obtained from the City of Sunnyside’s Annual Financial Report, and proposed 2017 budget.

9.1 RECENT FINANCIAL CONDITION

Table 9-1 shows the Water Division’s Fund resources and uses arising from cash transactions for the years 2013-2015.

Table 9-1 Fund Balances

Description	2013	2014	2015
Unreserved Beginning Cash & Investment	\$1,749,434	1,731,335	1,995,272
Operating Revenue	\$2,120,252	2,191,783	2,950,604
Operating Expenditures	\$1,284,123	1,353,526	1,199,886
Net Operating Increase	\$836,129	838,526	1,167,820
Non-operating Revenues	\$1,130,858	391,403	8,000
Non-operating Expenditures	\$1,970,843	965,992	924,699
Net Increase in Cash and Investments	(\$3,856)	263,937	251,121
Total Ending Cash and Investments	\$1,731,335	1,995,272	2,246,393

9.2 RATE FEES AND CHARGES

A Rate Analysis and Cost of Service Study was completed in 2014. In addition to considering the capital improvement projects outlined in the Draft 2013 WSP, there were concerns regarding the equity of charges between residential and commercial customers. As a result the Study recommended changes to the monthly base rate by meter size, and adjustment in consumption charges.

The City has an Equity Fee that is intended to provide a new customer an equitable “buy-in” to the existing water system that is detailed in City Code 13.20120 and is summarized in Table 9-2 as are the meter installation costs. In addition, there is an addition fee for the actual cost of tapping the mainline and installing the service line to the meter and meter box.

Table 9-2 Water System Equity Fee and Meter Installation Costs

Meter Sizes	Equity Fee	Meter Installation
Residential		
¾"	\$450.00	\$750.00
1"	\$500.00	\$845.00
1 ½"	\$500.00	\$1,500
2"	\$500.00	\$2,500
Commercial		
The larger of the fee shown	a) \$500.00 b) \$.05 per square feet of the building to which the water connection is being made c) \$3.00 per gallon of demand based on size of water meter	For meters larger than 2" the costs will be the actual itemized costs incurred buy the City

The study also recommended an annual water rate increase of 2.5% through 2018. The City Council increased rates on Jan 12, 2015, and has recently approved a 2.5% increase for 2017. The current rates are shown in Table 9-3.

Table 9-3 Current Water Rates

Meter Size	Minimum Monthly Charge
5/8"	\$16.88
3/4"	\$16.88
1"	\$28.13
1-1/2"	\$56.27
2"	\$90.03
3"	\$196.93
4"	\$337.60
6"	\$703.33
Consumption Charge per 100 cubic feet (CCF)	
Metered Consumption	Charge per CCF
Usage from 3.1 to 12 CCF	\$1.73
Usage from 12.1 to 50 CCF	\$1.26
Usage from 50.1 to 1,500 CCF	\$0.86
Usage over 1,500 CCF	\$0.63

Water service outside the City corporate limits shall be furnished where approved by an outside utility agreement at a rate of one and one-half times that stipulated for inside the City corporate limits.

9.3 SYSTEM LIABILITIES

The 2005 Water/Sewer Refinance refunded revenue bonds issue in 1993 and 1996 for the purpose of substantial debt service savings. 64.6% of this loan and debt payments is attributed to the Water Division. In 2007 the City issued \$3,640,000 in Water/Sewer Revenue Bonds for the purpose of financing capital improvements to the water and sewer systems. 60% of this loan is allocated to the Water Division. The City also secured a \$4,040,000 State Revolving Fund Loan to finance the water source improvements (Wells 12 and 13). The City has drawn a total of \$3,940,635 on this load and has made payments totaling \$1,331,173. A summary for the outstanding liabilities is shown in Table 9-4.

Table 9-4 Schedule of Liabilities

Description	Due Date	2012 Ending Balance	2013 Ending Balance	2014 Ending Balance	2015 Ending Balance
2005 Water/Sewer Revenue Refinance	8/1/2017	\$1,070,000	\$875,000	\$607,000	\$460,000
2007 Water/Sewer Revenue	12/1/2027	\$2,285,000	\$2,285,000	\$2,285,000	\$2,285,000
DWSRF Loan	10/1/2025	\$1,874,417	\$2,745,961	\$2,870,407	\$2,609,461
Total Revenue Obligations		\$5,229,417	\$5,905,961	\$5,762,407	\$5,354,461
Additions/Year			\$1,018,529	\$385,392	-
Reductions/Year			\$437,514	\$465,946	\$470,946

9.4 ANNUAL BUDGET

As shown in Table 9.1, the City has increased the ending cash and investment amounts in the Water Division budget in recent years. The existing 2016 budget and the proposed 2017 budget continue that approach in order to meet the operating and capital improvement needs of the City.

Table 9-5 Budget

Description	2016 Budget	Proposed 2017 Budget
Revenue		
Water Fund	\$3,472,765	\$3,538,365
W/S Revenue Fund	\$362,484	\$356,680
Expenses		
Water Fund	\$1,811,965	\$1,934,131
W/S Revenue Fund	\$362,494	\$356,680

9.5 FUNDING ALTERNATIVES

It will be necessary for the City to obtain additional financial resources to accomplish some of the larger maintenance and growth related projects identified on Table 8-1. A list of possible funding options is provided in Table 9-6.

Table 9-6 Funding Alternatives

Funding Source	Description
Drinking Water State Revolving Fund (DWSRF)	This low interest loan fund, managed by DOH, is available for water quality related projects as well as infrastructure projects. The term of the loan is for 20 years and requires at least 10% match.
Public Works Trust Fund (PWTF)	This loan program was established to assist public entities with repair or replacement of various public works projects, including water systems. In addition to repair and replacement of public works systems, growth related projects foreseen within 20 years are also eligible. This money for this fund, however, has not been allocated during the past few years due to the State legislature budgeting other priorities.
Community Development Block Grant (CDBG)	The federal government grant program is administered by the Washington Department of Commerce to help Cities to serve the needs of low and moderate income residents.
Supporting Investments in Economic Development (SIED)	Yakima County's Supporting Investments in Economic Development (SIED) program makes investment loans to support business and economic development projects throughout Yakima County. The program is often used as a resource to help companies defray costs of extending roads and other public utilities to their new facilities.
Revenue Bonds	The most common method of financing water system improvements for a growing community is the issuance of revenue bonds which are paid by earmarking a portion of the City's annual revenue.
Local Improvement District (LIDs)	A mechanism for funding water infrastructure that assesses benefitted properties based on the special benefit received by the construction of specific facilities. Bonds are repaid by an assessment on those customers benefitting from the improvements.
Developer Extension Contribution	The City requires that a developer to extend on-site and sometimes off-site improvements as a condition of extending service. The City may enter into a reimbursement agreement to repay the original developer for a portion of the extension when other customers tap into the original installation within 15 years. (City Code 13.24)