

BAIRD

City of Racine

Water Works Commission Financing

September 12, 2011

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AUGUST 2011						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SEPTEMBER 2011						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

OCTOBER 2011						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Timeline

- Water Works Commission considers Plan of Finance August 30, 2011
- City Council considers communication from Water CommissionSeptember 6, 2011
 - Refers to Financing Committee
- Finance Committee considers Plan of Finance.....September 12, 2011
- Preparations are made for the issuance (compilation of Preliminary Official Statement, rating, marketing)
- City Council – second reading of Ordinance October 4, 2011
 - This step locks in interest rates and terms for the borrowing
- Closing October 25, 2011

City of Racine

EXAMPLE WATER UTILITY FINANCING PLAN



YEAR	EXISTING WATER UTILITY DEBT SERVICE	\$6,500,000 Waterworks System Mortgage Revenue Bonds Dated October 25, 2011 (First interest 3/1/12)			COMBINED WATER UTILITY DEBT SERVICE	COVERAGE RATIO (A)
		PRINCIPAL (9/1)	INTEREST (3/1 & 9/1) EST. TIC = 3.94%	TOTAL		
2011	\$6,255,042				\$6,255,042	1.36
2012	\$6,234,300	\$100,000	\$202,969	\$302,969	\$6,537,270	1.30
2013	\$6,225,576	\$100,000	\$236,788	\$336,788	\$6,562,363	1.30
2014	\$6,196,491	\$125,000	\$234,788	\$359,788	\$6,556,279	1.30
2015	\$6,204,031	\$125,000	\$232,288	\$357,288	\$6,561,318	1.30
2016	\$5,802,903	\$290,000	\$229,788	\$519,788	\$6,322,690	1.35
2017	\$5,834,738	\$300,000	\$223,988	\$523,988	\$6,358,725	1.34
2018	\$5,794,959	\$305,000	\$214,988	\$519,988	\$6,314,947	1.35
2019	\$4,953,717	\$315,000	\$205,838	\$520,838	\$5,474,554	1.56
2020	\$4,977,060	\$325,000	\$196,388	\$521,388	\$5,498,448	1.55
2021	\$4,972,497	\$335,000	\$186,638	\$521,638	\$5,494,135	1.55
2022	\$4,015,903	\$350,000	\$174,913	\$524,913	\$4,540,815	1.88
2023	\$4,016,664	\$360,000	\$162,663	\$522,663	\$4,539,326	1.88
2024	\$4,017,443	\$375,000	\$149,163	\$524,163	\$4,541,606	1.88
2025	\$1,144,013	\$390,000	\$134,163	\$524,163	\$1,668,175	5.11
2026	\$1,146,600	\$405,000	\$118,563	\$523,563	\$1,670,163	5.10
2027	\$246,853	\$420,000	\$101,350	\$521,350	\$768,203	11.09
2028	\$267,500	\$440,000	\$83,500	\$523,500	\$791,000	10.77
2029	\$266,475	\$460,000	\$64,800	\$524,800	\$791,275	10.77
2030		\$480,000	\$44,100	\$524,100	\$524,100	16.26
2031		\$500,000	\$22,500	\$522,500	\$522,500	16.31
TOTAL	<u>\$78,572,764</u>	<u>\$6,500,000</u>	<u>\$3,220,169</u>	<u>\$9,720,169</u>	<u>\$88,292,933</u>	

Sources Of Funds	
Par Amount of Bonds	\$6,500,000
Transfers from Prior Issue DSR Funds	\$3,837,578
Reoffering Premium	\$94,916
Total Sources	\$10,432,494

Uses Of Funds	
Amount Available for Projects	\$6,404,452
Deposit to Debt Service Reserve Fund (DSRF)	\$3,911,417
Estimated Costs of Issuance	\$116,625
Total Uses	\$10,432,494

(A) Must be maintained at a minimum of 1.25 of MADS per Bond documents; Water Utility financials as follows:

2010	
Gross Revenues:	\$18,404,772
Less: Current Expenses:	(\$9,882,231)
Net Revenues:	\$8,522,541



City of Racine Water Utility

	PER CITY PROJECTION					PER AUDITED FINANCIALS			
	2015 Projected	2014 Projected	2013 Projected	2012 Projected	2011 Budget	2010 Actual	2009 Actual	2008 Actual	2007 Actual
TOTAL REVENUES									
Operating Revenues	21,000,000	21,000,000	20,000,000	20,000,000	18,000,000	17,804,118	18,231,981	16,432,766	16,028,625
Investment Earnings	50,000	50,000	50,000	50,000	50,000	76,755	87,710	431,236	986,552
Miscellaneous Income									
Capital Grant								343,999	
Residential Equivalent Connection Fees	450,000	450,000	450,000	450,000	450,000	523,899	517,640	595,927	1,283,752
TOTAL REVENUES	\$21,500,000	\$21,500,000	\$20,500,000	\$20,500,000	\$18,500,000	\$18,404,772	\$18,837,331	\$17,803,928	\$18,298,929
TOTAL OPERATING EXPENSES ⁽¹⁾	10,600,000	10,300,000	10,000,000	9,750,000	9,750,000	9,882,231	10,672,084	10,234,524	10,715,205
Net Revenues Available for Debt Service	\$10,900,000	\$11,200,000	\$10,500,000	\$10,750,000	\$8,750,000	\$8,522,541	\$8,165,247	\$7,569,404	\$7,583,724
Maximum Annual Debt Service on the Bonds	\$6,358,725	\$6,561,318	\$6,561,318	\$6,562,363	\$6,562,363	\$6,562,363	\$6,285,786	\$6,285,786	\$6,489,811
Coverage Ratio (year of MADS)	1.71	1.71	1.60	1.64	1.33	1.30	1.30	1.20	1.17

(1) Net of Depreciation and Tax Equivalents. Includes OPEB.

NOTES:

Assume a 5% PSC rate increase in 2014

Assume a 3% increase in Operating expenses starting in 2013

2011 PSC rate case now includes OPEB funding.