

Jackson Spring Treatment Plant Potential Funding

Estimated Project Cost \$42,600,000.00

Available City Funding

Debt Service Available in Current Rates \$9,300,000.00
 Available Cash \$2,500,000.00
 Total Available Funding \$11,800,000.00

Funding Needed

Project Cost \$42,600,000.00
 Less Total Available Funding \$11,800,000.00
 \$30,800,000.00

Cost of Bonding (Debt Service)

Assume \$30,800,000 @ 3.5% for 20 years; 2 payments per year

Annual Debt Service \$2,154,280.00

Annual Debt Service per \$1,000,000 \$69,944.00

2005 Water Usage 5,344,391 Units

Impact of Debt Service to Rate $\frac{\$2,154,280.00}{5,344,391 \text{ Units}} = \0.40 per unit

In 2005 the average Household in Rapid City used 11 units per month

Current Average Water Bill Using 2006 Rates and a 5/8 inch meter:
 \$6.38 Minimum Charge + (11-2 units) x \$1.66/unit = \$21.32 per month

Average Water Bill with Additional Debt Service:
 \$6.38 Minimum Charge + (11-2 units) x \$2.06/unit = \$24.92 per month

Equals \$3.60 per month or \$43.20 per year or 17% increase

Impact of Debt Service per \$1,000,000 Borrowed

\$69,994 per million of Debt Service/5,344,391 units = \$0.013/unit

\$0.013/unit x 9 units/month = \$0.12/month or \$1.40 per year

Example:

If \$10,000,000 in .16 Funds are used: 10 x \$0.013/unit = \$0.13/unit
 9 units/month x \$0.13/unit = \$1.17/month or \$14.04 per year lower rate increase
 This is a 10% vs. a 17% increase in rates

Note: First two units of water are included in Minimum Monthly Charge.

Increase covers only additional debt service. Increase will not cover future increases for operation, maintenance or construction costs."