

GLWA/ DWSD

Five-Year Financial Forecast (Lease Feasibility Study)

- ▶ Based on Assumptions vetted through the Lease Assumptions Group (representatives from each County & City);
- ▶ Based on User rates recently approved by the BOWC applied to volumes from the Water Master Plan.

Conclusions (p.4 - Executive Summary)

- ▶ The 4-percent revenue increase cap is sufficient to support the \$50 million lease payment, the \$45.4 million annual pension reimbursement and the \$4.5 million annual Water Residential Affordability Program.
- ▶ There are risks to operating this system, which will require active management to monitor and react to events.
- ▶ Even with a pessimistic scenario (p.30, Appendix E), reduced volumes and higher operating and capital costs can be offset by changes to the financing of the capital program (moving to bond financing)
- ▶ The optimistic scenario (p.31) demonstrates significant opportunities for upside potential.