

LONG TERM CAPITAL & FINANCIAL PLANNING FOR MUNICIPAL/PUBLIC WATER AND WASTEWATER UTILITIES

April 6-7, 2017
EUCI Offices
4601 DTC Blvd., Suite 800
Denver, CO



EUCI is authorized
by IACET to offer 1.0
CEUs for this course



EUCI is authorized by
CPE to offer 13 credits
for this course

OVERVIEW

In today's dynamic utility environment, managers face a greater need for capital funding than ever before to pay for new infrastructure, system expansions, renewal and replacement of existing facilities, as well as to meet increasingly stringent environmental regulations and compliance requirements. As federal and state grant funding programs continue to be reduced and/or eliminated, utility managers must focus more attention on planning for the funding of future capital needs and finding alternative sources for capital funding. In addition, they must get creative in developing and securing funding mechanisms that will meet the capital needs of the system while mitigating the rate impact on customers.

This course will address the benefits of effective long-term financial planning, the factors that drive capital expenditure needs (e.g. new customer growth, regulatory compliance, etc), and the common funding sources (both internal and external sources) available for capital projects. In addition, since the utilization of debt has become increasingly prevalent in the public utility industry, it is imperative for managers and directors to become informed and knowledgeable of the process and requirements for issuing bonds. As such, special attention is focused on the types of bonds and how they are incorporated into an effective financial plan. The general intent is to provide utility managers with a clear overview of how to utilize available funding sources to maintain the operational and financial health of the utility system.

LEARNING OUTCOMES

- Discuss the evolution of the water and wastewater industry
- Review different types of utility ownership
- Discuss the basic financial elements for a water and wastewater utility (IOU/Muni)
- Explain the basic elements of financial reports for a water and wastewater utility
- Assess the need for long term financial and capital planning
- Discuss capital improvement programs and their financial impacts
- Identify common capital funding sources
- Discuss debt funding and rating agencies
- Define basic cost of service approaches
- Identify rate structure types and relative impact on customers
- Review important key performance indicators
- Understand the rate design process

IACET CREDITS



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CPE CREDITS



EUCI is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org.

Upon successful completion of this event, program participants interested in receiving CPE credits will receive a certificate of completion. **EUCI is authorized by CPE to offer 13 credits for the course.** There is no prerequisite for this course.

Program Level: Beginner **Delivery Method:** Group-Live **Advanced Preparation:** None

COURSE TIMING

THURSDAY, APRIL 6, 2017

8:00 – 8:30 am **Registration and Continental Breakfast**

8:30 am – 4:30 pm **Course timing**

12:00 – 1:00 pm **Group Luncheon**

PROGRAM AGENDA

Introductions

Overview

- Background & History of American Public Water/Wastewater Utilities
- Safe Drinking Water Act
- Environmental Protection Agency (EPA)
- American Water Works Association (AWWA)
- Basic Ownership Types - Public vs. Private

Public W/WW Utility Financial Basics

- Revenue Sources - Rates, Impact Fees, Miscellaneous Revenues, Other
- Retail Rates and User Charges - General
- Expenditures - O&M, Debt Service, PILOT/General Fund Transfers, Capital Costs

Long-Term Financial W/WW Planning

- Master Plans
- Capital Improvement Programs
- Funding Options for Capital Projects
 - o Grants
 - o State Revolving Fund Loans
 - o Revenue/General Obligation Bonds
 - o Impact Fee Revenues
 - o Developer Contributions
 - o Pay-As-You-Go Funding

Financial Planning Considerations

- Full Cost Recovery
- Impact on Customers
- Goals & Objectives of the Utility
- Competitiveness with Surrounding Utilities
- Cost Based Fees/Charges (Growth Pays for Growth)
- Projected Operating Results (Cash Flow Basis)
 - o Debt Service Coverage Requirements
 - o Reserve Fund Balance Goals
 - o Rating Agencies and Interest Rates

THURSDAY, APRIL 6, 2017 (CONTINUED)

Financial Planning Tools

- Professional Assistance - Financial Advisors, Investment Bankers, Consultants, etc.
- “Optimize” Debt Structure
- Phasing of Rate Adjustments
- Key Performance Indicators (Historical/Projected)
- Benchmarking

COURSE TIMING

FRIDAY, APRIL 7, 2017

8:00 – 8:30 am **Continental Breakfast**

8:30 am – 12:30 pm **Course Timing**

PROGRAM AGENDA

Overview of Typical Rate Structures and Charges

- American Water Works Association (AWWA) Standards
- Cost of Service
- Meter-Based Structure & Equivalency Factors
- Common Volumetric Rate Structures
- Conservation Rates & Objectives

Designing Rates (Spreadsheet Presentation)

- Review Rate Model Components
 - o Utility Budget
 - o Cost Allocations Between Water and Wastewater
 - o Cost Allocations into Rate Components (Fixed, Variable & Customer)
 - o Customer and Flow Projections (Rate Determinants)
 - o Calculation of Revenues
 - o Projected Operating Results (Cash Flow Statements)
 - o Dashboard
- Algebraic Process of Revenue Neutrality
- Balancing Financial Plans vs Political Reality

Wrap Up and Adjourn

INSTRUCTOR

Daryll Parker

Principal Consultant, Willdan Financial Services

As a lifelong Floridian, Mr. Parker resides in Winter Garden, FL, a small city just outside of Orlando. He is a graduate of the University of Florida (Go Gators) where he earned an undergraduate degree in Marketing and an MBA. For more than 22 years, Mr. Parker has been providing consulting services associated with the financial, strategic planning, management, and administrative aspects of water and wastewater utility systems. His professional experience encompasses a wide range of financial and management related issues within the utility industry. He has assisted both private and public utility systems throughout the United States with projects such as:

- Utility Rate Studies (Water, Sewer, Reuse and Stormwater)
- Impact/Capacity Fee Studies
- Financial Feasibility Analyses
- Revenue Bond Issues
- Long Term Capital Funding Plans
- Utility Valuations
- Mergers and Acquisitions
- Cost-of-Service Allocations
- Wholesale Customer Rates
- Water Conservation Structures and Elasticity Effect

Mr. Parker has also made presentations associated with the financial feasibility of capital funding programs to local government commissions, rating agencies such as Moody's and Standard & Poor's to assist public utility systems in issuing bonds, improving their credit ratings and lowering their issuance costs. In addition to standard capital funding sources such as revenue bonds and bank loans, Mr. Parker has assisted utility systems in obtaining grants and low-interest loans from such government funding programs as:

- CDBG
- USDA Rural Development, and
- State Revolving Funds

Over the years, Mr. Parker has worked for such nationally recognized consulting firms as Tetra Tech and Black & Veatch, as well as smaller regional firms such as SVBK and Hartman & Associates. In 2005, he decided to utilize his experience at both the national and regional levels to venture into a partnership with 2 long-time colleagues and started Utility Advisors Network, a "boutique" consulting firm specializing in the Southeast region. As the President of the firm, Mr. Parker enjoyed the entrepreneurship and autonomy of business ownership, while learning the challenges that go along with such aspects as marketing, management and cash flow. After more than 9 years of successful operations, the partnership was merged into Willdan, where Mr. Parker and his partners remain as integral members of the management consulting team.

REQUIREMENTS FOR SUCCESSFUL COMPLETION OF PROGRAM

Participants must sign in/out each day and be in attendance for the entirety of the course to be eligible for continuing education credit.

INSTRUCTIONAL METHODS

This program will use PowerPoint Presentations, group discussions, as well as active participation.

PROCEEDINGS

The proceedings of the course will be published, and one copy will be distributed to each registrant at the course.

EVENT LOCATION

EUCI Offices

4601 DTC Blvd. Suite 800
Denver, CO 80237

NEARBY HOTELS

Hyatt Regency Denver Tech Center

7800 E. Tufts Ave
Denver, CO 80237
Phone: 303-779-1234
0.3 miles away

Hilton Garden Inn Denver Tech Center

7675 E. Union Ave
Denver, CO 80237
Phone: 303-770-4200
0.6 miles away

Denver Marriott Tech Center

4900 S. Syracuse St
Denver, CO 80237
Phone: 303-779-1100
0.7 miles away

Hyatt Place Denver Tech Center

8300 E. Crescent Parkway
Greenwood Village, CO 80111
Phone: 303-804-0700
0.9 miles away





Please make checks payable to: "PMA"

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PLEASE REGISTER

**LONG TERM CAPITAL & FINANCIAL PLANNING
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APRIL 6-7, 2017: US \$1095

Early bird on or before March 17, 2017: US \$995

How did you hear about this event? (direct e-mail, colleague, speaker(s), etc.)

Print Name

Job Title

Company

What name do you prefer on your name badge?

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List any dietary or accessibility needs here

CREDIT CARD INFORMATION

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Account Number

Billing Address

Billing City

Billing State

Billing Zip Code/Postal Code

Exp. Date

Security Code (last 3 digits on the back of Visa
 and MC or 4 digits on front of AmEx)

OR Enclosed is a check for \$ _____ to cover _____ registrations.

Substitutions & Cancellations

Your registration may be transferred to a member of your organization up to 24 hours in advance of the event. Cancellations must be received on or before March 3, 2017 in order to be refunded and will be subject to a US \$195.00 processing fee per registrant. No refunds will be made after this date. Cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI event. This credit will be good for six months from the cancellation date. In the event of non-attendance, all registration fees will be forfeited. In case of course cancellation, EUCI's liability is limited to refund of the event registration fee only. For more information regarding administrative policies, such as complaints and refunds, please contact our offices at (201) 871-0474.