

WATERWORTH™

Waterworth <> Lewes BPW, DE

A financial forecasting and revenue calibration solution adopted by hundreds of organizations across North America. Our job is to help utilities like yours plan financially — so you can avoid surprises, avoid emergency rate hikes, and make smart choices about how to invest in your infrastructure.

Our Tool

- Continuous Process
- Full Cost Recovery
- Communication

Presentation Outcomes

Lewes BPW
Electric, Water, and Sewer Utility

- To have a clear picture on current/forecasted financials
- To know what the revenue requirements are
- To have an actionable plan

- Understanding of our tool/process
- To know how we have produced the information
- Have confidence in the results

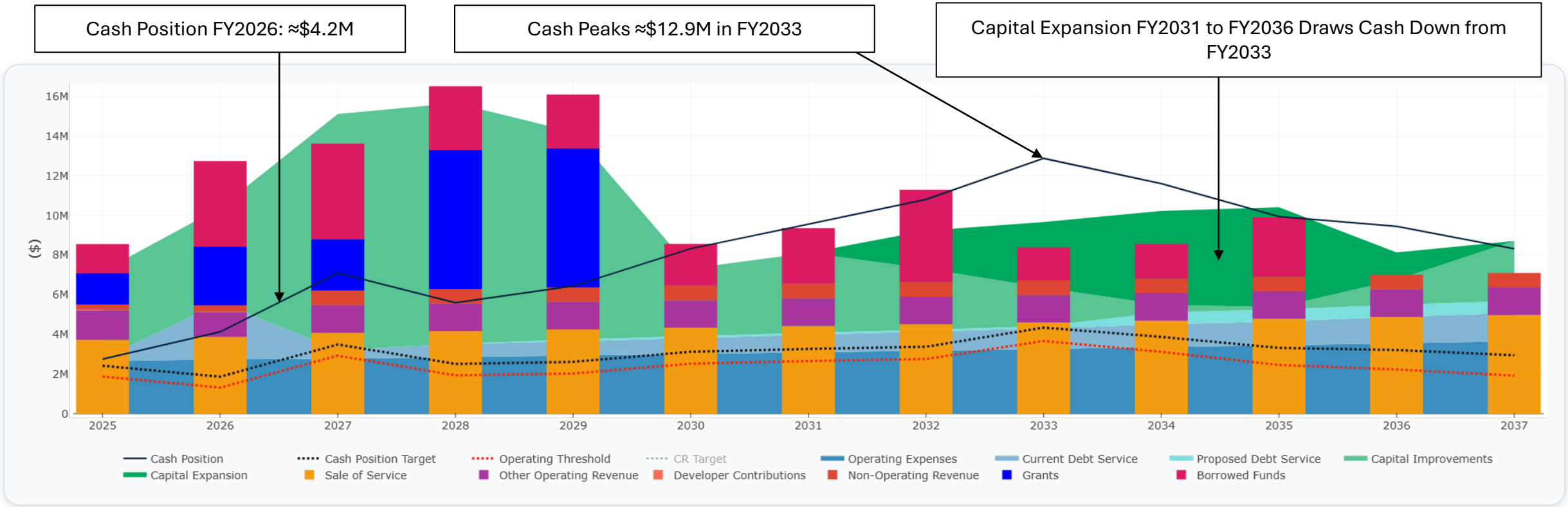
Our Process

1. Establish Financial Baseline
2. Build Long-term Financial Forecasts
3. Determine Revenue Needs and Funding Strategies
4. Communicate, Refine and Repeat

Water Fund: Updated Outlook

2% Annual Adjustment: Long Term Financial Model

The long-term financial model with proposed revenue increases shows the utility's projected financial performance after implementing changes to rates or funding strategies. It illustrates how the additional revenue impacts the ability to cover operating costs, fund capital reinvestment, and maintain target cash reserves. This version of the model helps assess whether the proposed increases are sufficient to achieve long-term financial sustainability and meet established financial goals.



FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033+
2%	2%	2%	2%	2%	2%

Reserve Policy Impact on Cash Outlook: 90 Days vs. 180 Days

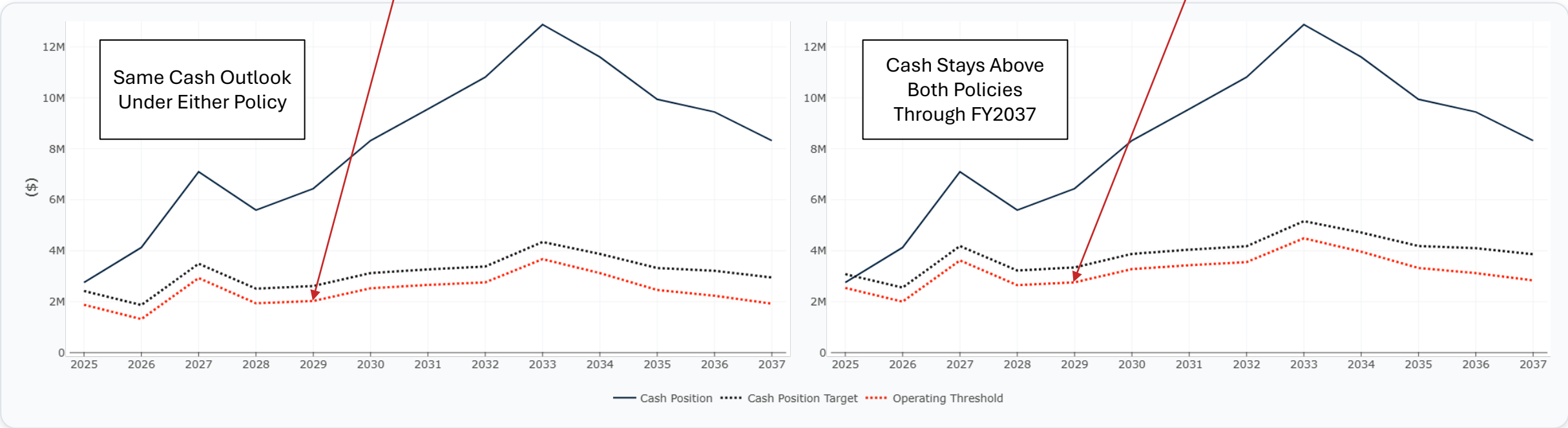
The cash position reflects the available funds a utility has on hand to cover operations, emergencies, and financial obligations. Maintaining adequate cash reserves (guided by targets or thresholds) ensures stability, supports long-term planning, and helps manage unexpected costs. Regularly tracking the cash position is key to maintaining financial resilience.

Left: 90 Days of Working Capital (25% of OpEx)

90-Day Threshold: ≈$1.3M to $3.7M

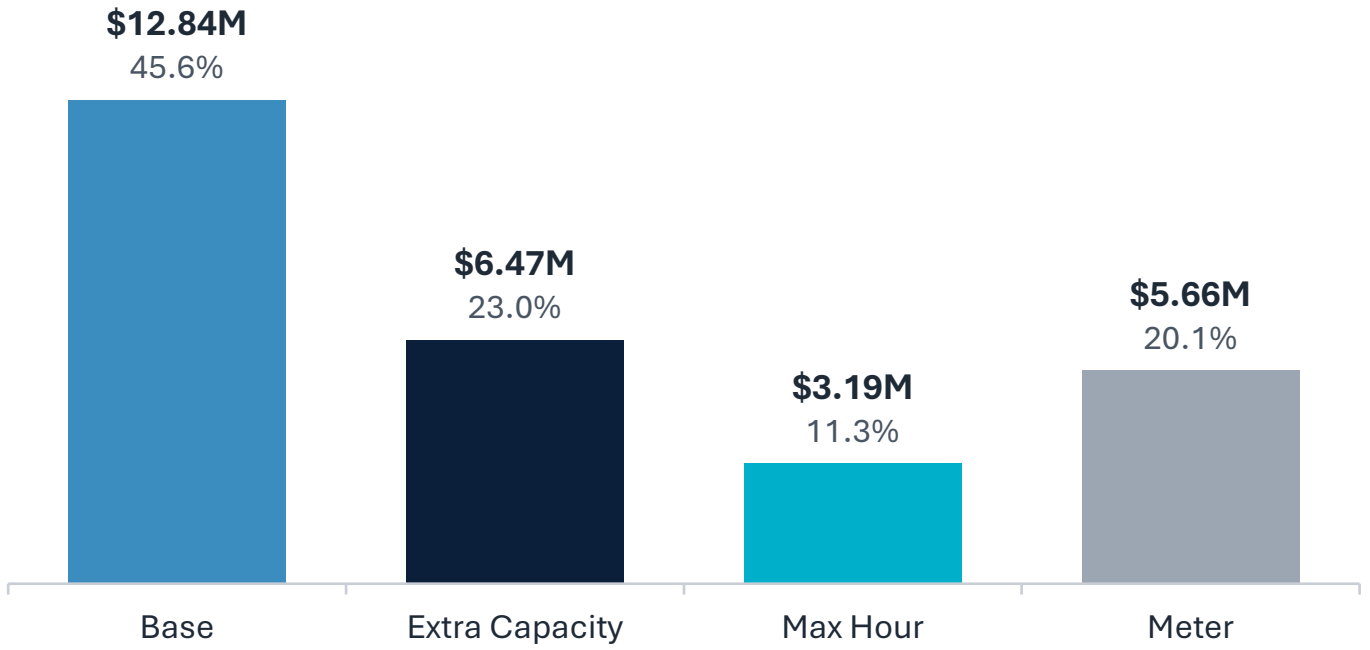
Right: 180 Days of Working Capital (50% of OpEx)

180-Day Threshold: ≈$0.7M to $0.9M Higher Each Year



Water Assets by Replacement Value and Functional Breakdown

Asset Type	Replacement Value
Distribution	$15,734,731
Treatment	$4,174,709
Transmission	$3,899,634
Meters	$1,421,655
Structures	$1,194,043
Equipment	$793,893
Wells	$478,697
Vehicles	$227,221
Other	$156,003
Hydrants	$65,871
SCADA	$8,794
Total	**$28,155,249**

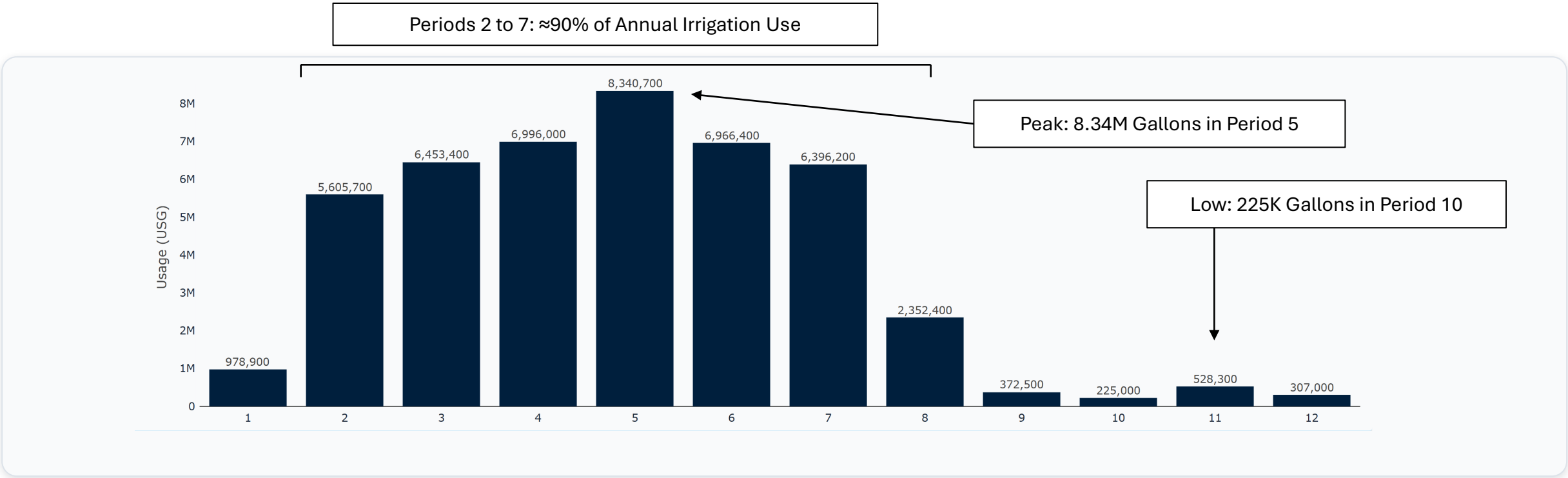


Built for peaks: about a third

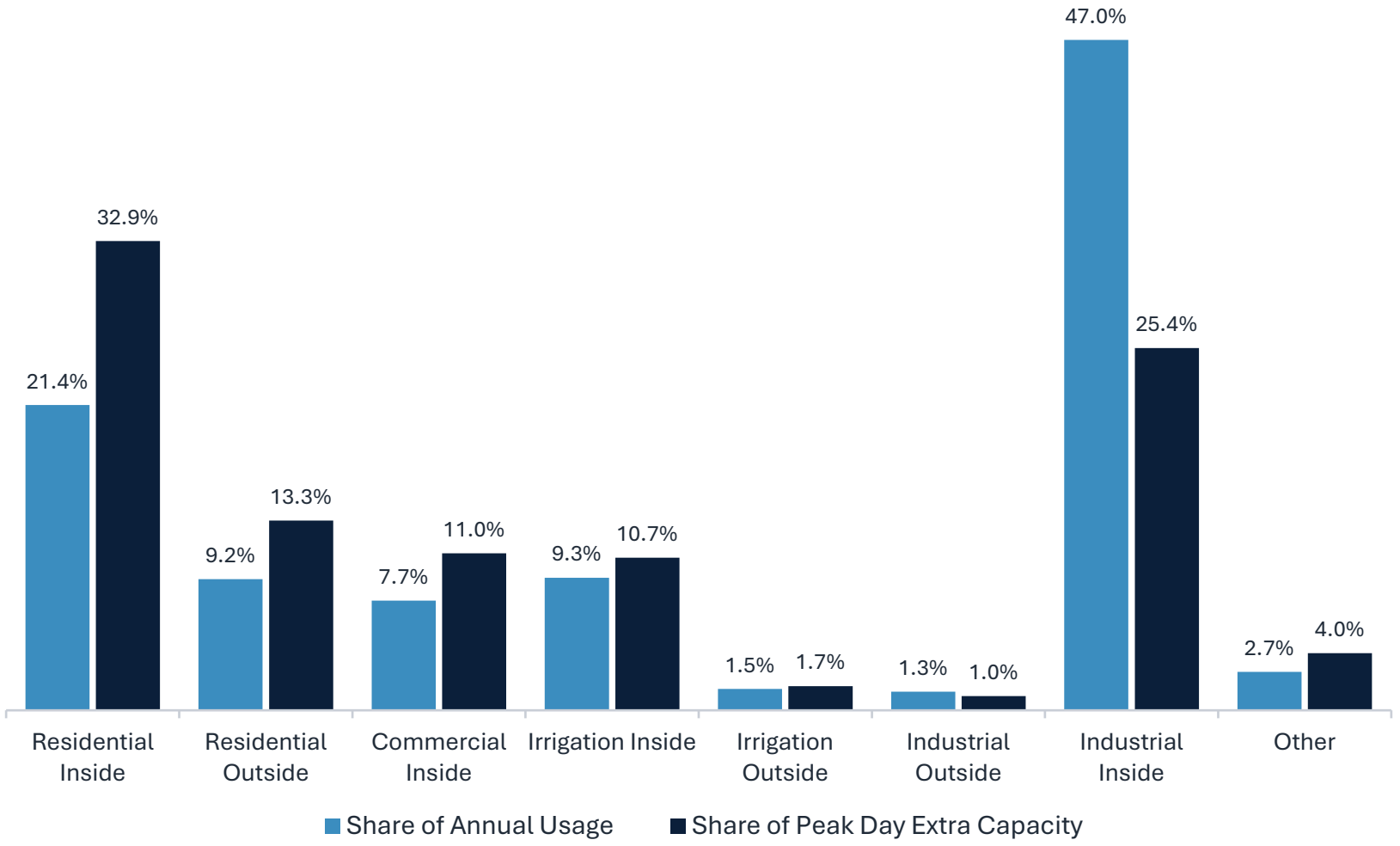
Extra capacity and max hour together are about $9.7M (34%) of the system's value: the wells, treatment and storage sized for the busiest days and hours.

Usage Patterns: Irrigation Demand Is Concentrated in a Few Months

This chart shows monthly water use by inside city irrigation accounts across the fiscal year. Demand that is concentrated in a few months requires wells, treatment and storage sized for peak days. That added cost is the extra capacity the cost of service assigns to each customer class.



Extra Capacity: Who Drives Peak Demand



Residential Inside: 1.5×

21.4% of usage, 32.9% of peak day capacity

Commercial Inside: 1.4×

7.7% of usage, 11.0% of peak day capacity

Industrial Inside: 0.5×

47.0% of usage, 25.4% of peak day capacity

Ratio = share of peak day capacity ÷ share of usage. Other = Municipal, Commercial Outside and BPW (Internal).

Cost of Service Results: Who Pays More or Less Than Their Share

Paying More Than Their Share

Hold or phase down increases

- Residential Outside City
- Industrial Inside City
- Industrial Outside City

About Right

Within $10,000: keep the same

- BPW (Internal)
- Commercial Outside City

Paying Less Than Their Share

Larger increases over time

- Irrigation Inside City
- Residential Inside City
- Commercial Inside City
- Municipal
- Irrigation Outside City

Billing Impacts: Current vs. Proposed Water Rate Card

Inside City

Ready to Serve Monthly Charge			
Meter Size	**Current**	**Proposed**	**Change**
5/8"	$26.00	$26.52	+2.0%
1"	$37.50	$38.25	+2.0%
1 1/4"	$48.50	$49.47	+2.0%
1 1/2"	$57.50	$58.65	+2.0%
2"	$91.50	$93.33	+2.0%
3"	$260.00	$263.90	+1.5%
4"	$442.00	$448.63	+1.5%
6"	$695.00	$705.43	+1.5%
8"	$935.00	$949.02	+1.5%
Irrigation 5/8"	$6.50	$6.66	+2.5%
Irrigation 1"	$8.00	$8.20	+2.5%
All Other Irrigation	$18.50	$18.96	+2.5%

Consumption Charge per 1,000 Gallons			
Usage Tier	**Current**	**Proposed**	**Change**
Tier 1: 0 to 4,500 gal	$2.36	$2.41	+2.0%
Tier 2: 4,501 to 9,000 gal	$3.79	$3.87	+2.0%
Tier 3: Over 9,000 gal	$4.88	$4.98	+2.0%
Irrigation: All Flows	$4.88	$5.00	+2.5%

Outside City

Ready to Serve Monthly Charge			
Meter Size	**Current**	**Proposed**	**Change**
5/8"	$39.00	$39.58	+1.5%
1"	$56.25	$57.09	+1.5%
1 1/4"	$72.75	$73.84	+1.5%
1 1/2"	$86.25	$87.54	+1.5%
2"	$137.25	$139.31	+1.5%
3"	$390.00	$395.85	+1.5%
4"	$663.00	$672.94	+1.5%
6"	$1,042.50	$1,058.14	+1.5%
8"	$1,402.50	$1,423.54	+1.5%
Irrigation 5/8"	$8.75	$8.97	+2.5%
Irrigation 1"	$12.00	$12.30	+2.5%
All Other Irrigation	N/A	N/A	N/A

Consumption Charge per 1,000 Gallons			
Usage Tier	**Current**	**Proposed**	**Change**
Tier 1: 0 to 4,500 gal	$3.42	$3.49	+2.0%
Tier 2: 4,501 to 9,000 gal	$5.50	$5.61	+2.0%
Tier 3: Over 9,000 gal	$7.08	$7.22	+2.0%
Irrigation: All Flows	$7.08	$7.26	+2.5%

Billing Impacts: Illustrative Monthly Bills, Inside City

Customer Class	
Residential (5/8" Meter)	

Monthly Usage (gal)		4,000
Current	Base	$26.00
	Usage	$9.44
	Total	**$35.44**
Proposed	Base	$26.52
	Usage	$9.64
	Total	**$36.16**
Net Increase ($)		**$0.72**
Percentage		*2.0%*

Customer Class	
Commercial (1" Meter)	

Monthly Usage (gal)		4,000
Current	Base	$37.50
	Usage	$9.44
	Total	**$46.94**
Proposed	Base	$38.25
	Usage	$9.64
	Total	**$47.89**
Net Increase ($)		**$0.95**
Percentage		*2.0%*

Customer Class	
Industrial (2" Meter)	

Monthly Usage (gal)		100,000
Current	Base	$91.50
	Usage	$471.76
	Total	**$563.26**
Proposed	Base	$93.33
	Usage	$481.44
	Total	**$574.77**
Net Increase ($)		**$11.51**
Percentage		*2.0%*

Water charges only (excludes sewer and stormwater). Proposed rates from the rate card builder; meter sizes and usage are illustrative. Base = ready to serve monthly charge.

Billing Impacts: Illustrative Monthly Bills, Outside City

Customer Class	
Residential (5/8" Meter)	

Monthly Usage (gal)		4,000
Current	Base	$39.00
	Usage	$13.68
	Total	**$52.68**
Proposed	Base	$39.58
	Usage	$13.96
	Total	**$53.54**
Net Increase ($)		**$0.86**
Percentage		*1.6%*

Customer Class	
Commercial (1" Meter)	

Monthly Usage (gal)		4,000
Current	Base	$56.25
	Usage	$13.68
	Total	**$69.93**
Proposed	Base	$57.09
	Usage	$13.96
	Total	**$71.05**
Net Increase ($)		**$1.12**
Percentage		*1.6%*

Customer Class	
Industrial (2" Meter)	

Monthly Usage (gal)		100,000
Current	Base	$137.25
	Usage	$684.42
	Total	**$821.67**
Proposed	Base	$139.31
	Usage	$697.97
	Total	**$837.28**
Net Increase ($)		**$15.61**
Percentage		*1.9%*

Water charges only (excludes sewer and stormwater). Proposed rates from the rate card builder; meter sizes and usage are illustrative. Base = ready to serve monthly charge.

Summary & Next Steps

2% Scenario

2%

Annual revenue adjustment from FY2028

- Cash peaks at ≈$12.9M in FY2033
- About $8.4M in FY2037 after expansion projects
- Proposed rate card: residential bills up 1.6% to 2.0%

Reserve Policy

180

Days of working capital: threshold up to ≈$0.9M higher by FY2037

- Cushion above the 180-day target stays above $1.6M
- Same cash outlook; only the goal changes
- Affordable under the 2% scenario

Next Steps

Reserve Policy

Board direction on 90 or 180 days

Rate Design

Class-specific adjustments from cost of service

Rate Card

Draft for staff review, then finalise with average bills by class

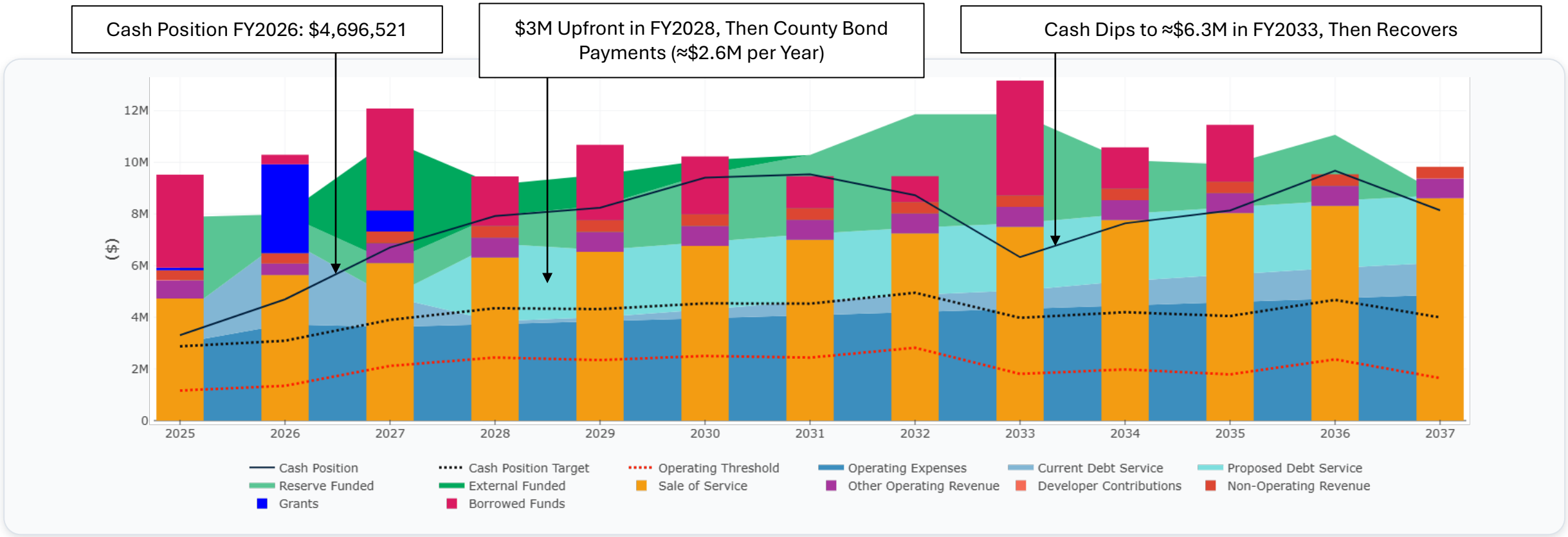
Asset Records

Refine replacement values and useful lives

Wastewater Fund

Wastewater: Long Term Financial Model with 3.5% Revenue Adjustments

The long-term financial model with proposed revenue increases shows the utility's projected financial performance after implementing changes to rates or funding strategies. It illustrates how the additional revenue impacts the ability to cover operating costs, fund capital reinvestment, and maintain target cash reserves. This version of the model helps assess whether the proposed increases are sufficient to achieve long-term financial sustainability and meet established financial goals.



FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033+
3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Wastewater Reserve Policy Impact on Cash Outlook: 90 Days vs. 180 Days

The cash position reflects the available funds a utility has on hand to cover operations, emergencies, and financial obligations. Maintaining adequate cash reserves (guided by targets or thresholds) ensures stability, supports long-term planning, and helps manage unexpected costs. Regularly tracking the cash position is key to maintaining financial resilience.

Left: 90 Days of Working Capital (25% of OpEx)

90-Day Threshold: ≈$1.2M to $2.8M

Right: 180 Days of Working Capital (50% of OpEx)

180-Day Threshold: ≈$0.9M to $1.2M Higher Each Year



Stormwater Fund

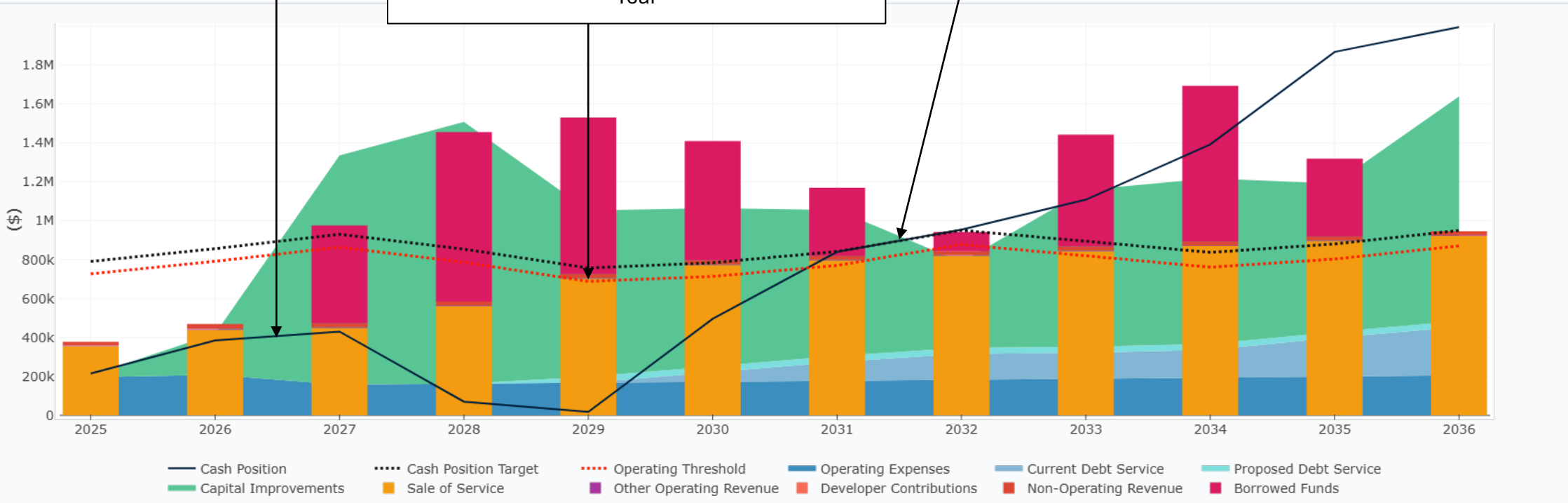
Stormwater: Long Term Financial Model with Revenue Adjustments

The long-term financial model with proposed revenue increases shows the utility's projected financial performance after implementing changes to rates or funding strategies. It illustrates how the additional revenue impacts the ability to cover operating costs, fund capital reinvestment, and maintain target cash reserves. This version of the model helps assess whether the proposed increases are sufficient to achieve long-term financial sustainability and meet established financial goals.

Cash Position FY2026: $384,913

Sale of Service: +25%, +25%, +10%, Then 3% per Year

Cash Recovers Above Target by FY2031



FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033+
25%	25%	10%	3%	3%	3%

Stormwater Reserve Policy Impact on Cash Outlook: 90 Days vs. 180 Days

The cash position reflects the available funds a utility has on hand to cover operations, emergencies, and financial obligations. Maintaining adequate cash reserves (guided by targets or thresholds) ensures stability, supports long-term planning, and helps manage unexpected costs. Regularly tracking the cash position is key to maintaining financial resilience.

Left: 90 Days of Working Capital (25% of OpEx)

90-Day Threshold: ≈$0.65M to $0.83M

Right: 180 Days of Working Capital (50% of OpEx)

180-Day Threshold: Only ≈$40K to $52K Higher



Electric Fund

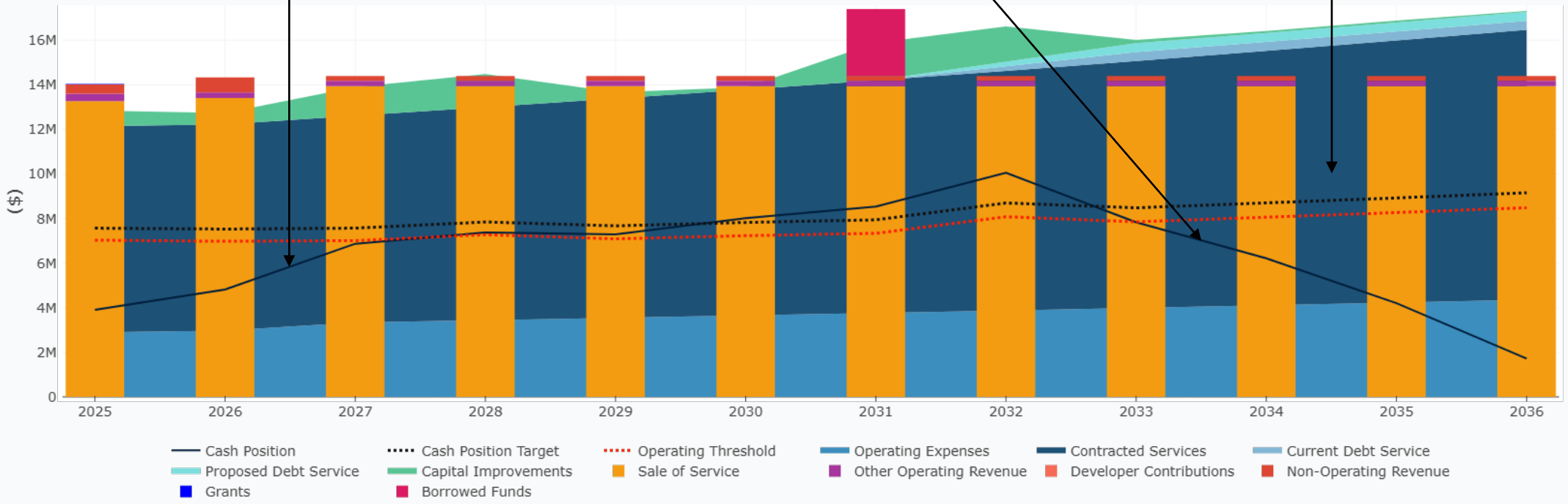
Electric Baseline: Long Term Financial Model (No Rate Change)

The status quo long-term financial model reflects the utility's projected financial performance under current rates and policies, before any revenue increases are considered. It shows how existing revenues align with future expenses, capital needs, and cash reserve targets. This model helps identify potential funding gaps, assess long-term sustainability, and determine whether adjustments are needed to maintain financial stability.

Cash Position FY2026: $4,817,031

Below 180-Day Threshold From FY2033; ≈$1.7M by FY2036

Purchased Power Now Grows 3% a Year (Was 0.5%)



Electric Reserve Policy Impact on Cash Outlook: 90 Days vs. 180 Days

The cash position reflects the available funds a utility has on hand to cover operations, emergencies, and financial obligations. Maintaining adequate cash reserves (guided by targets or thresholds) ensures stability, supports long-term planning, and helps manage unexpected costs. Regularly tracking the cash position is key to maintaining financial resilience.

Left: 90 Days of Working Capital (25% of OpEx)

90-Day Threshold: ≈$3.7M to $4.4M

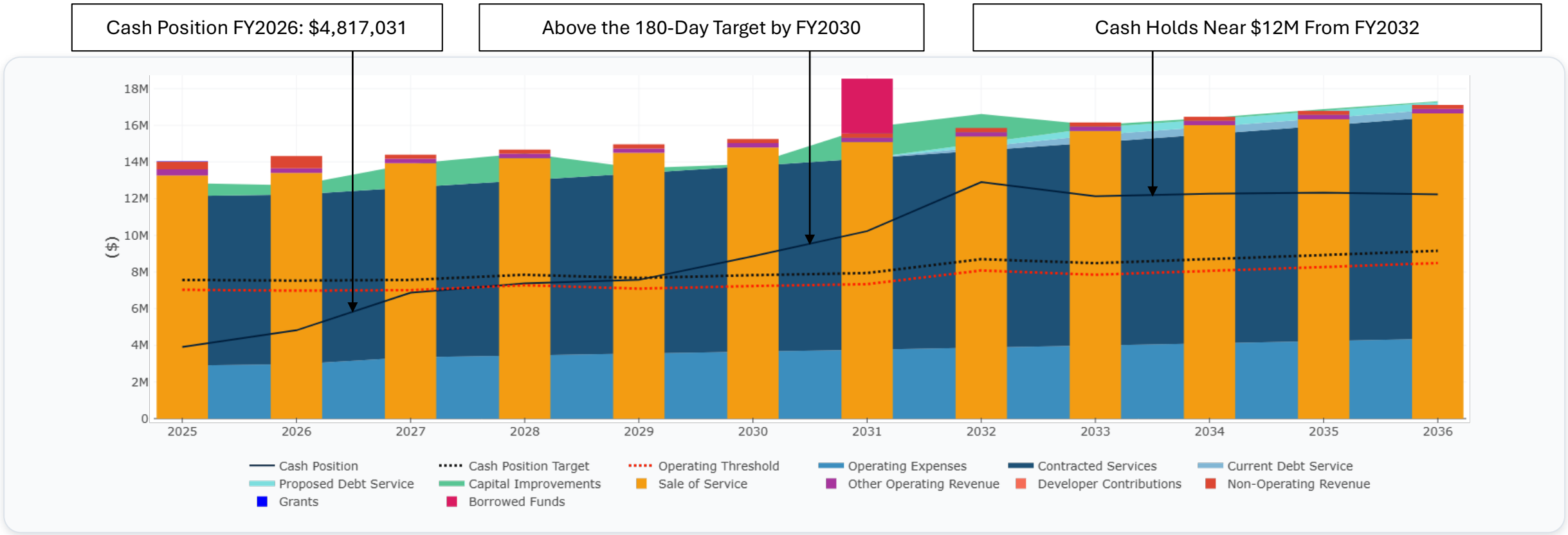
Right: 180 Days of Working Capital (50% of OpEx)

180-Day Threshold: ≈$3.0M to $4.1M Higher



Electric Scenario: 180-Day Reserve with 2% Revenue Adjustments

The long-term financial model with proposed revenue increases shows the utility's projected financial performance after implementing changes to rates or funding strategies. It illustrates how the additional revenue impacts the ability to cover operating costs, fund capital reinvestment, and maintain target cash reserves. This version of the model helps assess whether the proposed increases are sufficient to achieve long-term financial sustainability and meet established financial goals.



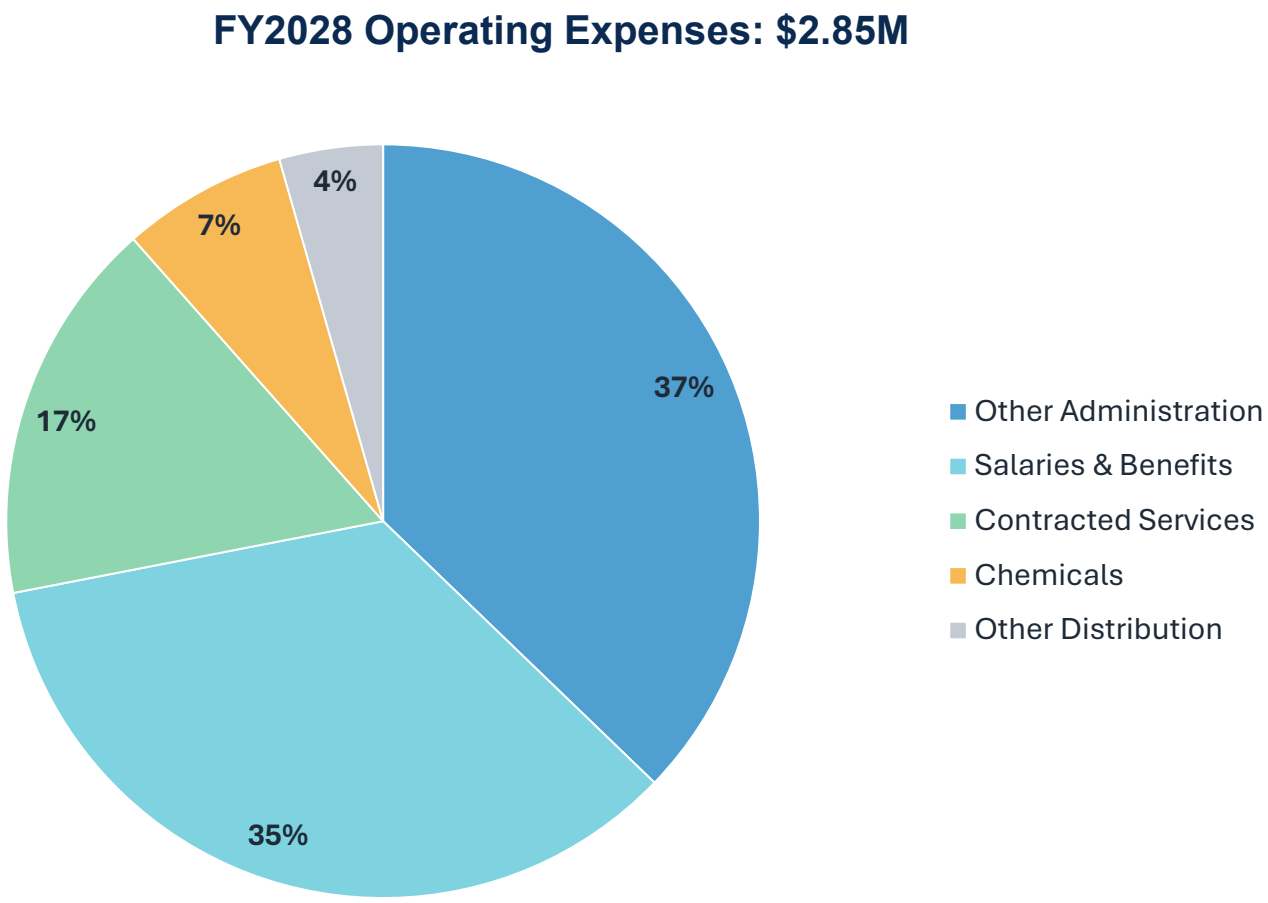
FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033+
2%	2%	2%	2%	2%	2%

Appendix

Water Assets by Replacement Value and Function

Asset Type	Replacement Value	Share	Base	Extra Capacity	Max Hour	Meter
Distribution	$15,734,731	55.9%	50%	20%	10%	20%
Treatment	$4,174,709	14.8%	35%	50%	15%	0%
Transmission	$3,899,634	13.9%	60%	20%	20%	0%
Meters	$1,421,655	5.0%	0%	0%	0%	100%
Structures	$1,194,043	4.2%	30%	0%	0%	70%
Equipment	$793,893	2.8%	45.6%	23.0%	11.3%	20.1%
Wells	$478,697	1.7%	50%	35%	15%	0%
Vehicles	$227,221	0.8%	45.6%	23.0%	11.3%	20.1%
Other	$156,003	0.6%	45.6%	23.0%	11.3%	20.1%
Hydrants	$65,871	0.2%	50%	20%	10%	20%
SCADA	$8,794	<0.1%	45.6%	23.0%	11.3%	20.1%
Total	**$28,155,249**	**100%**	**45.6%**	**23.0%**	**11.3%**	**20.1%**

Water Operating Costs: Where the Money Goes (FY2028)



Staff and administration: about 72%

Other administration and salaries & benefits make up nearly three quarters of water operating costs.

These costs rise every year with wages and inflation, which is why small, steady adjustments keep pace better than occasional large ones.



WATERWORTH™