

**CITY OF BOZEMAN  
COMPREHENSIVE WASTEWATER RATE STUDY  
EXHIBIT 1  
DATA ASSUMPTIONS**

	FY07	FY08	FY09	FY10	FY11	FY12	
<b>Escalation Factors</b>							
1 Revenues							
2 Rates	4.00%	5.00%	2.00%	2.00%	2.00%	2.00%	Per Facility Plan
3 Other Revenues	4.00%	4.00%	4.00%	3.00%	3.00%	3.00%	
4							
5							
6 Expenses							
7 Utilities	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
8 Labor	3.85%	3.85%	3.85%	3.85%	3.85%	3.85%	Per City
9 Benefits - Medical	4.00%	10.00%	10.00%	10.00%	10.00%	10.00%	Per City
10 Benefits - Other	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
11 Materials & Supplies	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
12 Chemicals	7.00%	8.00%	5.00%	5.00%	5.00%	5.00%	Materials & Supplies + Growth
13 Electricity	9.00%	10.00%	7.00%	7.00%	5.00%	5.00%	Materials & Supplies + Growth
14 Natural Gas	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
15 Gas & Oil	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
16 Equipment	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
17 Miscellaneous	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Interest Income	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
<b>New Debt Service (Actual debt issues shown in following exhibit)</b>							
<i>Revenue Bond Issue ***MADE SAME AS SRF... ASKING TO USE ADDITIONAL SRF DOLLARS</i>							
Term in Years	20	20	20	20	20	20	
Rate	5.50%	5.50%	3.75%	3.75%	3.75%	3.75%	
<b>New SRF Loans</b>							
Term in Years	20	20	20	20	20	20	
Rate	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	Per City WW Fund Projection
<b>New SRF Loans</b>							
Term in Years	20	20	20	20	20	20	
Rate	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	

**CITY OF BOZEMAN  
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SOURCES AND APPLICATIONS OF FUNDS  
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	P R O J E C T E D						Notes	Method
	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
<b>SOURCES OF FUNDS</b>								
<b>Rate Revenues</b>								
Residential	\$1,515,085	\$1,689,573	\$1,723,364	\$1,757,831	\$1,792,988	\$1,828,848	Rates	2
Low-Income	2,630	2,936	2,995	3,055	3,116	3,179	Rates	2
Multi-Family	873,205	974,146	993,629	1,013,502	1,033,772	1,054,447	Rates	2
Commercial	1,044,525	1,161,839	1,185,075	1,208,777	1,232,952	1,257,612	Rates	2
Commercial - Special	11,910	13,330	13,597	13,869	14,146	14,429	Rates	2
Country Classic Dairies	26,028	26,028	26,549	27,080	27,621	28,174	Rates	2
Government	49,676	55,236	56,341	57,468	58,617	59,790	Rates	2
Government - Special	268	277	282	288	294	300	Rates	2
Montana State University	466,677	521,198	531,622	542,255	553,100	564,162	Rates	2
Unmetered Sewer Sales	9,200	9,200	9,200	9,200	9,200	9,200	Other Revenues	3
<b>Total Rate Revenues</b>	<b>\$3,999,205</b>	<b>\$4,453,764</b>	<b>\$4,542,655</b>	<b>\$4,633,324</b>	<b>\$4,725,807</b>	<b>\$4,820,139</b>		
<b>Other Revenues</b>								
Sales of Sewer Materials	\$7,800	\$8,112	\$8,436	\$8,690	\$8,950	\$9,219	Other Revenues	3
Sewer Hookups	17,807	17,807	17,807	17,807	17,807	17,807	Flat Escalation	3
Extra Strength Fees	36,400	37,856	39,370	40,551	41,768	43,021	Other Revenues	3
Interest Income	284,000	284,000	88,435	15,035	18,952	3,451	Calculated	
Refunds & Reimbursements	31,200	32,448	33,746	34,758	35,801	36,875	Other Revenues	3
Rents & Royalties	5,200	5,408	5,624	5,793	5,967	6,146	Other Revenues	3
<b>Total Other Revenues</b>	<b>\$382,407</b>	<b>\$385,631</b>	<b>\$193,419</b>	<b>\$122,633</b>	<b>\$129,245</b>	<b>\$116,519</b>		

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	P R O J E C T E D						Notes	Method
	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$4,381,612</b>	<b>\$4,839,395</b>	<b>\$4,736,074</b>	<b>\$4,755,958</b>	<b>\$4,855,052</b>	<b>\$4,936,658</b>		
<b>APPLICATIONS OF FUNDS</b>								
<b>Operation &amp; Maintenance Expense</b>								
<b>Wastewater Operations</b>								
Personnel Services								
Salaries & Wages	\$358,161	\$412,700	\$469,339	\$528,159	\$548,493	\$569,610	Labor; 1 FTE '08, '09, '10	8
Overtime	16,672	17,314	17,981	18,673	19,392	20,138	Labor	8
PERS	21,239	29,278	37,478	45,841	46,758	47,693	Benefits - Other; 1 FTE '08, '09, '10	10
Health/Dental Ins	47,970	60,567	74,424	89,666	98,633	108,496	Benefits - Medical; 1 FTE '08, '09, '10	9
Life Insurance	218	223	227	232	236	241	Benefits - Other	10
Unemploy Tax	499	509	519	529	540	551	Benefits - Other	10
FICA	21,377	21,805	22,241	22,686	23,139	23,602	Benefits - Other	10
Workers Comp	13,267	13,532	13,803	14,079	14,361	14,648	Benefits - Other	10
Total Personnel Services	\$479,404	\$555,928	\$636,011	\$719,865	\$751,552	\$784,979		
Supplies & Materials								
Office Supplies	\$2,575	\$2,652	\$2,732	\$2,814	\$2,898	\$2,985	Materials & Supplies	11
Computer Supplies	773	796	820	844	869	896	Materials & Supplies	11
Personal Computers	5,150	5,305	5,464	5,628	5,796	5,970	Materials & Supplies	11
Clothing & Uniforms	2,060	2,122	2,185	2,251	2,319	2,388	Materials & Supplies	11
Chemicals	8,240	8,487	8,742	9,004	9,274	9,552	Materials & Supplies	11
Road Supplies	5,150	5,305	5,464	5,628	5,796	5,970	Materials & Supplies	11
Vehicle Supplies	3,863	3,978	4,098	4,221	4,347	4,478	Materials & Supplies	11
Gas & Oil	5,768	5,941	6,119	6,303	6,492	6,687	Materials & Supplies	11
Small Equip & Tools	8,755	9,018	9,288	9,567	9,854	10,149	Equipment	16
Books & Ref Materials	103	106	109	113	116	119	Materials & Supplies	11
General	36,050	37,132	38,245	39,393	40,575	41,792	Materials & Supplies	11
Total Supplies & Materials	\$78,486	\$80,841	\$83,266	\$85,764	\$88,337	\$90,987		
Maintenance								
Rep & Maint - Equip	\$9,785	\$10,079	\$10,381	\$10,692	\$11,013	\$11,343	Equipment	16
Rep & Maint - Other	6,180	6,365	6,556	6,753	6,956	7,164	Equipment	16
Total Maintenance	\$15,965	\$16,444	\$16,937	\$17,445	\$17,969	\$18,508		
Utilities								
Electricity	\$13,625	\$14,988	\$16,037	\$17,159	\$18,017	\$18,918	Electricity	13
Water Service	927	955	983	1,013	1,043	1,075	Utilities	7
Natural Gas	9,188	9,647	10,129	10,636	11,167	11,726	Natural Gas	14
Telephone	2,060	2,122	2,185	2,251	2,319	2,388	Utilities	7
Total Utilities	\$25,800	\$27,711	\$29,335	\$31,059	\$32,547	\$34,107		
Contracted Services								
Consult & Prof Serv	\$7,100	\$7,373	\$7,657	\$7,952	\$8,258	\$8,576	Labor; Reduce to monitoring	8
Maint Contract	6,231	6,471	6,720	6,979	7,247	7,526	Labor	8
General	54,262	56,351	58,520	60,773	63,113	65,543	Labor	8
Total Contracted Services	\$67,593	\$70,195	\$72,897	\$75,704	\$78,619	\$81,645		
Travel/Training								
In-State	\$2,678	\$2,731	\$2,786	\$2,841	\$2,898	\$2,956	Miscellaneous	17
Total Travel/Training	\$2,678	\$2,731	\$2,786	\$2,841	\$2,898	\$2,956		
Other								
Advertising	\$306	\$312	\$318	\$325	\$331	\$338	Miscellaneous	17
Subscriptions	510	520	531	541	552	563	Miscellaneous	17
Postage	15,300	15,606	15,918	16,236	16,561	16,892	Miscellaneous	17
Insurance	42,713	43,567	44,438	45,327	46,233	47,155	Miscellaneous; Incr. for WWTP	17
Rents & Leases	3,605	3,713	3,825	3,939	4,057	4,179	Materials & Supplies	11
General	3,060	3,121	3,184	3,247	3,312	3,378	Miscellaneous	17
Total Other	\$65,494	\$66,839	\$68,213	\$69,624	\$71,068	\$72,546		

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	P R O J E C T E D						Notes	Method
	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
Internal Charges								
Admin Overhead	\$130,079	\$135,087	\$140,288	\$145,689	\$151,298	\$157,123	Labor	8
Veh Maint Fund	7,265	7,545	7,836	8,137	8,450	8,776	Labor	8
Total Internal Charges	\$137,345	\$142,633	\$148,124	\$153,827	\$159,749	\$165,899		
Total Wastewater Operations	\$872,763	\$963,321	\$1,057,569	\$1,198,121	\$1,245,557	\$1,295,287		
<b>Utilities Locate</b>								
Personnel Services								
Overtime	\$465	\$483	\$502	\$521	\$541	\$562	Labor	8
Total Personnel Services	\$465	\$483	\$502	\$521	\$541	\$562		
Supplies & Materials								
Computer Supplies	\$927	\$955	\$983	\$1,013	\$1,043	\$1,075	Materials & Supplies	11
General	515	530	546	563	580	597	Materials & Supplies	11
Total Supplies & Materials	\$1,442	\$1,485	\$1,530	\$1,576	\$1,623	\$1,672		
Contracted Services								
General	\$2,596	\$2,696	\$2,800	\$2,908	\$3,020	\$3,136	Labor	8
Total Contracted Services	\$2,596	\$2,696	\$2,800	\$2,908	\$3,020	\$3,136		
Total Utilities Locate	\$4,503	\$4,665	\$4,832	\$5,005	\$5,184	\$5,370		
<b>Wastewater Services</b>								
Supplies & Materials								
General	\$8,240	\$8,487	\$8,742	\$9,004	\$9,274	\$9,552	Materials & Supplies	11
Total Wastewater Services	\$8,240	\$8,487	\$8,742	\$9,004	\$9,274	\$9,552		
<b>Wastewater Operations Manholes</b>								
Supplies & Materials								
General	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	Materials & Supplies	11
Total Manholes	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851		
<b>Wastewater Operations Televising</b>								
Supplies & Materials								
Clothing & Allowance	\$618	\$637	\$656	\$675	\$696	\$716	Materials & Supplies	11
General	618	637	656	675	696	716	Materials & Supplies	11
Total Televising - Supplies & Materials	\$1,236	\$1,273	\$1,311	\$1,351	\$1,391	\$1,433		
Repair & Maintenance Equipment								
Equipment	\$4,635	\$4,774	\$4,917	\$5,065	\$5,217	\$5,373	Equipment	16
Total Televising - Repair & Maintenance Equipment	\$4,635	\$4,774	\$4,917	\$5,065	\$5,217	\$5,373		
Total Televising	\$5,871	\$6,047	\$6,229	\$6,415	\$6,608	\$6,806		
<b>Wastewater Operations Main Repairs</b>								
Supplies & Materials								
General	\$8,240	\$8,487	\$8,742	\$9,004	\$9,274	\$9,552	Materials & Supplies	11
Total Main Repairs	\$8,240	\$8,487	\$8,742	\$9,004	\$9,274	\$9,552		
Total Operations & Maintenance	\$925,367	\$1,017,530	\$1,113,431	\$1,255,686	\$1,304,879	\$1,356,419		
<b>Wastewater Plant Operations</b>								
Personnel Services								
Salaries & Wages	\$530,010	\$550,415	\$571,606	\$593,613	\$616,467	\$680,951	Labor; New FTE bene. '12	8
Overtime	25,266	26,238	27,249	28,298	29,387	30,519	Labor	8
PERS	41,891	42,729	43,584	44,455	45,345	53,865	Benefits - Other; New FTE bene. '12	10
Health/Dental Ins	92,430	101,673	111,840	123,024	135,327	156,659	Benefits - Medical; FTE Med. bene. '12	9
Life Insurance	456	465	474	484	494	503	Benefits - Other	10
Unemploy Tax	955	974	993	1,013	1,033	1,054	Benefits - Other	10

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	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
FICA	39,836	40,633	41,445	42,274	43,120	43,982	Benefits - Other	10
Workers Comp	26,778	27,314	27,860	28,417	28,985	29,565	Benefits - Other	10
Total Personnel Services	\$757,622	\$790,441	\$825,052	\$861,579	\$900,158	\$997,100		
Supplies & Materials								
Office Supplies	\$4,635	\$4,774	\$4,917	\$5,065	\$5,217	\$5,373	Materials & Supplies	11
Computer Supplies	3,090	3,183	3,278	3,377	3,478	3,582	Materials & Supplies	11
Clothing & Uniforms	2,163	2,228	2,295	2,364	2,434	2,508	Materials & Supplies	11
Chemicals	37,450	40,446	76,468	80,292	59,306	62,272	ChemicalsLess 25K FY11 Chlorine &S02	12
Road Supplies	2,060	2,122	2,185	2,251	2,319	2,388	Materials & Supplies	11
Vehicle Supplies	1,545	1,591	1,639	1,688	1,739	1,791	Materials & Supplies	11
Gas & Oil	2,625	2,756	2,894	3,039	3,191	3,350	Gas & Oil	15
Small Equip & Tools	7,725	7,957	8,195	8,441	8,695	8,955	Equipment	16
Books & Ref Materials	515	530	546	563	580	597	Materials & Supplies	11
General	25,750	26,523	27,318	28,138	28,982	29,851	Materials & Supplies	11
Total Supplies & Materials	\$87,558	\$92,110	\$129,737	\$135,216	\$115,940	\$120,668		
Maintenance								
Rep & Maint - Equip	\$30,900	\$31,827	\$32,782	\$33,765	\$34,778	\$35,822	Equipment	16
Rep & Maint - Buildings	96,820	99,725	102,716	105,798	108,972	112,241	Equipment	16
Rep & Maint - Other	25,750	26,523	27,318	28,138	28,982	29,851	Equipment	16
Total Maintenance	\$153,470	\$158,074	\$162,816	\$167,701	\$172,732	\$177,914		
Utilities								
Electricity	\$233,260	\$256,586	\$307,547	\$329,075	\$385,529	\$404,806	ElectricityPlus 40K FY11 UV Dis	13
Water Service	1,648	1,697	1,748	1,801	1,855	1,910	Utilities	7
Natural Gas	16,800	17,640	18,522	19,448	20,421	21,442	Natural Gas	14
Telephone	5,562	5,729	5,901	6,078	6,260	6,448	Utilities	7
Refuse Disposal	1,957	2,016	2,076	2,138	2,203	2,269	Utilities	7
General	103	106	109	113	116	119	Utilities	7
Total Utilities	\$259,330	\$283,774	\$335,904	\$358,653	\$416,383	\$436,994		
Contracted Services								
Consult & Prof Serv	\$6,231	\$6,471	\$6,720	\$6,979	\$7,247	\$7,526	Labor	8
Maint Contract	4,876	5,063	5,258	5,461	5,671	5,889	Labor	8
Janitorial Contracts	831	863	896	930	966	1,004	Labor	8
Engineers	18,003	0	0	0	0	0	Labor Adjusted for one-time exps.	8
Medical Services	831	863	896	930	966	1,004	Labor	8
General	17,135	17,795	18,480	19,192	19,930	20,698	Labor	8
Total Contracted Services	\$47,907	\$31,055	\$32,251	\$33,492	\$34,782	\$36,121		
Travel/Training								
In-State	\$10,710	\$10,924	\$11,143	\$11,366	\$11,593	\$11,825	Miscellaneous	24
Total Travel/Training	\$10,710	\$10,924	\$11,143	\$11,366	\$11,593	\$11,825		
Other								
Advertising	\$510	\$520	\$531	\$541	\$552	\$563	Miscellaneous	24
Subscriptions	408	416	424	433	442	450	Miscellaneous	24
Postage	306	312	318	325	331	338	Miscellaneous	24
Shipping & Handling	1,428	1,457	1,486	1,515	1,546	1,577	Miscellaneous	24
Dues & Subscriptions	102	104	106	108	110	113	Miscellaneous	24
Insurance	42,713	43,567	44,438	45,327	46,233	47,158	Miscellaneous	24
Rents & Leases	8,240	8,487	8,742	9,004	9,274	9,552	Materials & Supplies	11
General	15,300	15,606	15,918	16,236	16,561	16,892	Miscellaneous	24
Total Other	\$69,007	\$70,469	\$71,963	\$73,490	\$75,050	\$76,644		
Internal Charges								
Admin Overhead	\$130,079	\$135,087	\$140,288	\$145,689	\$151,298	\$157,123	Labor	8
Veh Maint Fund	10,691	11,103	11,530	11,974	12,435	12,914	Labor	8
Total Internal Charges	\$140,771	\$146,190	\$151,819	\$157,664	\$163,734	\$170,038		

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	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
<b>Total Wastewater Plant Operations</b>	<b>\$1,526,374</b>	<b>\$1,583,038</b>	<b>\$1,720,684</b>	<b>\$1,799,161</b>	<b>\$1,890,370</b>	<b>\$2,027,301</b>		
<b>Wastewater Plant Laboratory</b>								
Personnel Services								
Salaries & Wages	\$95,233	\$98,899	\$102,707	\$106,661	\$110,767	\$115,032	Labor	8
Overtime	4,563	4,739	4,921	5,111	5,308	5,512	Labor	8
PERS	7,557	7,708	7,862	8,020	8,180	8,344	Benefits - Other	10
Health/Dental Ins	17,940	19,734	21,707	23,878	26,266	28,893	Benefits - Medical	9
Life Insurance	82	83	85	87	88	90	Benefits - Other	10
Unemploy Tax	166	170	173	176	180	184	Benefits - Other	10
FICA	6,625	6,757	6,893	7,030	7,171	7,314	Benefits - Other	10
Workers Comp	5,353	5,460	5,569	5,681	5,794	5,910	Benefits - Other	10
Total Personnel Services	\$137,519	\$143,550	\$149,917	\$156,643	\$163,754	\$171,278		
Supplies & Materials								
Office Supplies	\$773	\$796	\$820	\$844	\$869	\$896	Materials & Supplies	11
Small Equip & Tools	1,030	1,061	1,093	1,126	1,159	1,194	Equipment	16
General	8,240	8,487	8,742	9,004	9,274	9,552	Materials & Supplies	11
Total Supplies & Materials	\$10,043	\$10,344	\$10,654	\$10,974	\$11,303	\$11,642		
Maintenance								
Rep & Maint - Equip	\$3,502	\$3,607	\$3,715	\$3,827	\$3,942	\$4,060	Equipment	16
Total Maintenance	\$3,502	\$3,607	\$3,715	\$3,827	\$3,942	\$4,060		
Contracted Services								
Maint Contract	\$1,869	\$1,941	\$2,016	\$2,094	\$2,174	\$2,258	Labor	8
General	8,308	8,628	8,960	9,305	9,663	10,035	Labor	8
Total Contracted Services	\$10,177	\$10,569	\$10,976	\$11,399	\$11,837	\$12,293		
Other								
Shipping & Handling	\$510	\$520	\$531	\$541	\$552	\$563	Miscellaneous	17
Total Other	\$510	\$520	\$531	\$541	\$552	\$563		
<b>Total Wastewater Plant Laboratory</b>	<b>\$161,750</b>	<b>\$168,591</b>	<b>\$175,793</b>	<b>\$183,384</b>	<b>\$191,388</b>	<b>\$199,836</b>		
<b>Wastewater Plant Sludge Injection</b>								
Personnel Services								
Salaries & Wages	\$4,094	\$4,251	\$4,415	\$4,585	\$4,762	\$4,945	Labor	8
Overtime	782	812	843	876	910	945	Labor	8
PERS	325	332	339	345	352	359	Benefits - Other	10
Health/Dental Ins	780	858	944	1,038	1,142	1,256	Benefits - Medical	9
Life Insurance	3	3	3	3	3	3	Benefits - Other	10
Unemploy Tax	7	7	7	8	8	8	Benefits - Other	10
FICA	294	300	306	312	318	324	Benefits - Other	10
Workers Comp	231	235	240	245	250	255	Benefits - Other	10
Total Personnel Services	\$6,516	\$6,799	\$7,097	\$7,412	\$7,744	\$8,095		
Supplies & Materials								
Road Supplies	\$1,545	\$1,591	\$1,639	\$1,688	\$1,739	\$1,791	Materials & Supplies	11
Vehicle Supplies	515	530	546	563	580	597	Materials & Supplies	11
Gasoline and Oil	11,550	12,128	12,734	13,371	14,039	14,741	Gas & Oil	15
Small Equip & Tools	412	424	437	450	464	478	Equipment	16
General	4,120	4,244	4,371	4,502	4,637	4,776	Materials & Supplies	11
Total Supplies & Materials	\$18,142	\$18,917	\$19,727	\$20,574	\$21,458	\$22,383		
Maintenance								
Rep & Maint - Equip	\$12,875	\$13,261	\$13,659	\$14,069	\$14,491	\$14,926	Equipment	16
Total Maintenance	\$12,875	\$13,261	\$13,659	\$14,069	\$14,491	\$14,926		
Contracted Services								
General	\$4,154	\$4,314	\$4,480	\$4,652	\$4,832	\$5,018	Labor; No New Inject Svcs.	8

**CITY OF BOZEMAN  
COMPREHENSIVE WASTEWATER RATE STUDY  
EXHIBIT 3  
SOURCES AND APPLICATIONS OF FUNDS  
FOR PROJECTED 2006 TO 2012**

	P R O J E C T E D						Notes	Method
	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
Total Contracted Services	\$4,154	\$4,314	\$4,480	\$4,652	\$4,832	\$5,018		
Other								
Rents & Leases	\$2,575	\$2,652	\$2,732	\$2,814	\$2,898	\$2,985	Equipment	16
Total Other	\$2,575	\$2,652	\$2,732	\$2,814	\$2,898	\$2,985		
Total Wastewater Plant Sludge Injection	\$44,262	\$45,943	\$47,695	\$49,520	\$51,423	\$53,406		
<b>Total Operations and Maintenance</b>	<b>\$2,657,753</b>	<b>\$2,815,102</b>	<b>\$3,057,604</b>	<b>\$3,287,751</b>	<b>\$3,438,061</b>	<b>\$3,636,963</b>		
<b>Capital Outlays</b>								
<b>Sewer Operations</b>								
WW01 Dump Truck	\$0	\$0	\$0	\$93,600	\$0	\$0	From CIP Plan 1/10/07	
WW02 1 Ton Truck W/Hoist	0	0	0	0	0	44,995	From CIP Plan 1/10/07	
WW03 3/4 Ton 4X4 Pickup	0	0	0	0	37,856	0	From CIP Plan 1/10/07	
PW01 Shop Complex - Phase 1 <i>Insulation of lower yard bldg</i>	0	0	0	463,500	0	0	From CIP Plan 1/10/07	
WW07 Bi-Annual Engineering Design	0	0	0	0	0	126,000	From CIP Plan 1/10/07	
WW08 Wastewater Bi-Annual Upgrades	0	0	750,000	0	0	800,000		
WW17 Television Van Replacement/Flusher Truck	0	0	0	0	0	263,218	From CIP Plan 1/10/07	
<b>Sewer Treatment</b>								
WW04 WWTP BNR Construction	3,039,825	660,175	9,377,549	14,066,324	14,066,324	0	\$41,210,198	<b>Rate Study</b>
WW18 Semi Trucks Replacement	0	200,000	0	0	0	0	From CIP Plan 1/10/07	From Rates \$41,210,198 77%
WW24 Latchet Lab Equipment	0	0	0	0	50,000	0		
<b>Sewer Comp Plan - WWTP Phase II</b>	<b>0</b>	<b>60,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	Upgrading Floating Dredge	From Impact Fee \$12,600,000 23%
<b>Sewer Comp Plan - Collections</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	From CIP Plan 1/10/07	Total Costs \$53,810,198 100%
Unidentified CIP Projects [1]	0	0	0	0	0	0	Input	
Total Capital Outlays	\$3,039,825	\$920,175	\$10,127,549	\$14,623,424	\$14,154,180	\$1,234,213	\$2,629,169	
<b>Less: Funding Sources Other Than Rates</b>								
Funds From Operating Reserve Fund [2]	\$1,448,825	\$0	\$3,000,000	\$0	\$0	\$0	\$3,000,000	<b>Tom Adams Est</b>
Funds From Capital Reserve Fund	0	0	2,000,000	250,000	1,600,000	0	\$3,850,000	Project Cost \$43,200,000 \$53,810,198
Grants (STAG)	0	0	178,000	1,200,000	0	0	\$1,378,000	Less '08 Design \$3,700,000 \$3,700,000
Revenue Bond	0	0	1,522,000	3,051,000	4,000,000	0	\$8,573,000	Project Costs \$39,500,000 \$50,110,198
New SRF Loan - WWTP Phase I	0	0	1,925,000	8,825,000	6,985,000	0	\$17,735,000	
Total Funding Sources Other Than Rates	\$1,448,825	\$0	\$8,625,000	\$13,326,000	\$12,585,000	\$0	\$0	
<b>Rate Revenues Dedicated to CIP [2]</b>	<b>\$1,591,000</b>	<b>\$920,175</b>	<b>\$1,502,550</b>	<b>\$1,297,424</b>	<b>\$1,569,180</b>	<b>\$1,234,213</b>	Per City 1/10/07; Deprec.\$1,638,184 in '05	
<b>Capital Outlays - Impact Fee</b>								
<b>Sewer Plant</b>								
PW01 Shop Complex - Phase 1	\$0	\$0	\$0	\$0	\$0	\$0	From CIP Plan 1/10/07	\$6,583,333 25.00% \$9,377,549 25.00%
WW04 WWTP BNR Construction	0	0	3,150,000	4,725,000	4,725,000	0	\$12,600,000	\$9,875,000 37.50% \$14,066,324 37.50%
WWIF05 E8 Hospital Trunk: Haggerty	0	0	0	0	0	0	From CIP Plan 1/10/07	\$9,875,000 37.50% \$14,066,324 37.50%
WWIF14 R17 - Lincoln Street	0	0	350,625	0	0	0	From CIP Plan 1/10/07	\$26,333,333 100.00% \$37,510,198 100.00%
WWIF10 A* South Rose Trunk E Babcock/Graf Str	0	0	0	0	0	0	Unsched. \$970,000	
WWIF11 R4 Replace Front Street	0	0	0	0	0	0	Unsched. \$1.8 million	\$53,810,198
Total Impact Fee Plant	\$0	\$0	\$3,500,625	\$4,725,000	\$4,725,000	\$0		
Less: Impact Fees	\$0	\$0	(\$3,500,625)	(\$4,725,000)	(\$4,725,000)	\$0		
Total Unfunded Impact Fee Plant	\$0	\$0	\$0	\$0	\$0	\$0		
<b>Debt Service</b>								
New Revenue Bond	\$0	\$0	\$109,526	\$329,083	\$616,931	\$616,931	20 yrs @ 3.75%	
New SRF Loan - WWTP Phase I	0	0	149,055	832,386	1,373,243	1,373,243	20 yrs @ 3.75%	
Total Debt Service	\$0	\$0	\$258,581	\$1,161,468	\$1,990,174	\$1,990,174		
Less: Impact Fees	0	0	0	0	0	0	May use up to 40% of impact fees	
<b>Net Debt Service</b>	<b>\$0</b>	<b>\$0</b>	<b>\$258,581</b>	<b>\$1,161,468</b>	<b>\$1,990,174</b>	<b>\$1,990,174</b>		
<b>TOTAL REVENUE REQUIREMENT</b>	<b>\$4,248,753</b>	<b>\$3,735,277</b>	<b>\$4,818,735</b>	<b>\$5,746,644</b>	<b>\$6,997,415</b>	<b>\$6,861,349</b>		
<b>TOTAL BALANCE/(DEFICIENCY)</b>	\$132,859	\$1,104,118	(\$82,661)	(\$990,686)	(\$2,142,363)	(\$1,924,692)	(\$5,057,741)	

CITY OF BOZEMAN  
 COMPREHENSIVE WASTEWATER RATE STUDY  
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 SOURCES AND APPLICATIONS OF FUNDS  
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	P R O J E C T E D						Notes	Method
	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
REQUIRED RATE ADJUSTMENT (Cumulative)	-3.3%	-24.8%	1.8%	21.4%	45.3%	39.9%		
PROPOSED RATE ADJUSTMENT	0.0%	5.0%	9.0%	10.2%	10.2%	10.2%		
ADDITIONAL REVENUE WITH RATE ADJUSTMENT	\$0	\$222,688	\$635,972	\$1,121,265	\$1,625,678	\$2,149,782	\$4,896,724	
BALANCE/(DEFICIENCY) OF FUNDS	\$132,859	\$1,326,806	\$553,311	\$130,578	(\$516,686)	\$225,090	(\$161,017)	
ADDITIONAL RATE ADJUSTMENT REQUIRED	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Debt Service Coverage Ratio</b>								
Before Rate Increase	0.00	0.00	6.49	1.26	0.71	0.65		
After Proposed Rate Increase	0.00	0.00	8.95	2.23	1.53	1.73		

[1] Unidentified CIP relates to the unscheduled projects to be funded  
 [2] The WWTP funding sources are City provided from the 10/08 WW funding spreadsheet.

Operating Reserve Fund		Ending balances were plugged in the formula to equal new \$6.4 million						
<b>Beginning Reserve Balance</b>	\$2,937,000	\$1,621,034	\$2,947,840	\$501,151	\$631,730	\$115,044		
Less: To CIP Reserves for WWTP Phase I	(1,448,825)	0	(3,000,000)	0	0	0	To keep SRF loan at \$17.7	
Additional rate revenue	0	222,688	635,972	1,121,265	1,625,678	2,149,782	Approved rate transition plan revenue	
Balance (Deficiency)	132,859	1,104,118	(82,661)	(990,686)	(2,142,363)	(1,924,692)	From Revenue Requirement	
<b>Ending Reserve Balance</b>	\$1,621,034	\$2,947,840	\$501,151	\$631,730	\$115,044	\$340,134		
<b>Minimum 45 days O&amp;M</b>	\$327,668	\$347,067	\$376,965	\$405,339	\$423,870	\$448,393		
<b>Capital Reserve Fund</b>								
<b>Beginning Reserve Balance</b>	\$4,825,849	\$4,970,624	\$5,404,799	\$3,566,943	\$3,423,952	\$1,926,670		
Plus: From Impact Fee Reserve Fund	0	0	0	0	0	0		
Grants	0	0	178,000	1,200,000	0	0		
Rate Revenues Dedicated to CIP	1,591,000	920,175	1,502,550	1,297,424	1,569,180	1,234,213	From CIP funding sources	
From Operating Reserves for WWTP Phase I	1,448,825	0	3,000,000	0	0	0	From CIP funding sources	
Revenue Bond Proceeds	0	0	1,522,000	3,051,000	4,000,000	0	From CIP funding sources	
SRF Loan Proceeds	0	0	1,925,000	8,825,000	6,985,000	0	From CIP funding sources	
Interest Income	144,775	284,000	162,144	107,008	102,719	57,800	Calculated	
Less: Uses of Funds - Total Capital Outlay	3,039,825	770,000	10,127,549	14,623,424	14,154,180	1,234,213	From CIP per above RR	
<b>Ending Reserve Balance</b>	\$4,970,624	\$5,404,799	\$3,566,943	\$3,423,952	\$1,926,670	\$1,984,470		
<b>Estimated Annual Depreciation</b>	\$1,687,330	\$1,737,949	\$1,790,088	\$1,843,791	\$1,899,104	\$1,956,077	Increased 3% per year	
	(\$191,658)							
<b>Percentage of Rates Dedicated to CIP</b>	39.8%	19.7%	29.0%	22.5%	24.7%	17.7%	(Includes Proposed Rate Revenue)	
							Target for reserves to be \$1 million or less	
<b>Total Operating and Capital Reserve Balance</b>	\$6,591,658	\$8,352,640	\$4,068,095	\$4,055,681	\$2,041,714	\$2,324,605	City looks at a total not separate.	
<b>Total Operating and Capital Reserve Minimum Target</b>	\$2,014,998	\$2,085,017	\$2,167,053	\$2,249,130	\$2,322,975	\$2,404,470		

Impact Fee Reserve Fund								
<b>Beginning Reserve Balance</b>	\$8,630,000	\$10,628,000	\$11,027,000	\$8,257,185	\$4,079,901	(\$222,702)		
Plus: Impact Fees	1,950,000	1,306,000	400,000	300,000	300,000	300,000	From City Estimates 10/08	
Developer Revenue	0	0	0	0	0	0		
Interest Income	497,000	553,000	330,810	247,716	122,397	0	Calculated	
Less: Transfer to Capital Reserve Fund	0	0	0	0	0	0	From CIP funding sources	
Charges/Credits Used	449,000	134,000	0	0	0	0		
PW01 Shop Complex - Phase 1	0	0	0	0	0	0		
WW04 WWTP BNR Construction	0	1,326,000	3,150,000	4,725,000	4,725,000	0		
WWIF05 E8 Hospital Trunk: Haggerty	0	0	0	0	0	0		
WWIF07 S15 Install 21" Sewer Interceptor	0	0	350,625	0	0	0		
WWIF10 A* South Rose Trunk E Babcock	0	0	0	0	0	0	Unsched. \$970,000	
WWIF11 R4 Replace Front Street	0	0	0	0	0	0	Unsched. \$1.8 million	

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	P R O J E C T E D						Notes	Method
	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
<b>Ending Reserve Balance</b>	\$10,628,000	\$11,027,000	\$8,257,185	\$4,079,901	(\$222,702)	\$77,298		
<b>CITY OF BOZEMAN COMPREHENSIVE WASTEWATER RATE STUDY EXHIBIT 2 SUMMARY OF WASTEWATER REVENUE REQUIREMENTS</b>								
	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
<b>Revenues</b>								
Retail Sales	\$3,999,205	\$4,453,764	\$4,542,655	\$4,633,324	\$4,725,807	\$4,820,139		
Other Revenue [1]	382,407	385,631	193,419	122,633	129,245	116,519		
<b>Total Revenues</b>	<b>\$4,381,612</b>	<b>\$4,839,395</b>	<b>\$4,736,074</b>	<b>\$4,755,958</b>	<b>\$4,855,052</b>	<b>\$4,936,658</b>		
<b>Expenses</b>								
O&M Expenses								
Operations	\$872,763	\$963,321	\$1,057,569	\$1,198,121	\$1,245,557	\$1,295,287		
Utilities Locate	4,503	4,665	4,832	5,005	5,184	5,370		
Services	8,240	8,487	8,742	9,004	9,274	9,552		
Manholes	25,750	26,523	27,318	28,138	28,982	29,851		
Televising	5,871	6,047	6,229	6,415	6,608	6,806		
Main Repairs	8,240	8,487	8,742	9,004	9,274	9,552		
Plant Operations	1,526,374	1,583,038	1,720,684	1,799,161	1,890,370	2,027,301		
Plant Laboratory	161,750	168,591	175,793	183,384	191,388	199,836		
Plant Sludge Injection	44,262	45,943	47,695	49,520	51,423	53,406		
Rate Revenues Dedicated to CIP	1,591,000	920,175	1,502,550	1,297,424	1,569,180	1,234,213		
Net Debt Service	0	0	258,581	1,161,468	1,990,174	1,990,174		
<b>Total Expenses</b>	<b>\$4,248,753</b>	<b>\$3,735,277</b>	<b>\$4,818,735</b>	<b>\$5,746,644</b>	<b>\$6,997,415</b>	<b>\$6,861,349</b>		
<b>Balance/(Deficiency) of Funds</b>	<b>\$132,859</b>	<b>\$1,104,118</b>	<b>(\$82,661)</b>	<b>(\$990,686)</b>	<b>(\$2,142,363)</b>	<b>(\$1,924,692)</b>		
<b>REQUIRED RATE ADJUSTMENT (Cummulative)</b>	<b>-3.3%</b>	<b>-24.8%</b>	<b>1.8%</b>	<b>21.4%</b>	<b>45.3%</b>	<b>39.9%</b>		
<b>PROPOSED RATE ADJUSTMENT</b>	<b>0.0%</b>	<b>5.0%</b>	<b>9.0%</b>	<b>10.2%</b>	<b>10.2%</b>	<b>10.2%</b>	<b>City approved rate adjustments</b>	
<b>ADDITIONAL REVENUE WITH RATE ADJUSTMENT</b>	<b>\$0</b>	<b>\$222,688</b>	<b>\$635,972</b>	<b>\$1,121,265</b>	<b>\$1,625,678</b>	<b>\$2,149,782</b>	<b>Revenue generated from rate adjustments</b>	
<b>BALANCE/(DEFICIENCY) OF FUNDS AFTER ADJ.</b>	<b>\$132,859</b>	<b>\$1,326,806</b>	<b>\$553,311</b>	<b>\$130,578</b>	<b>(\$516,686)</b>	<b>\$225,090</b>	<b>Balance of Funds after rate adjustments</b>	
Less: CHANGE IN WORKING CAPITAL (OPERATING RESERV	<b>\$132,859</b>	<b>\$1,326,806</b>	<b>\$553,311</b>	<b>\$130,578</b>	<b>(\$516,686)</b>	<b>\$225,090</b>	<b>Transfer to operating cash</b>	
<b>BALANCE/(DEFICIENCY) OF FUNDS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>Balance of Funds</b>	<b>\$1,719,101</b>
<b>ADDITIONAL RATE ADJUSTMENT REQUIRED</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>		
Average Residential Rate (3/4" meter, 6 cf winter) [1]	\$21.67	\$21.67	\$22.75	\$24.80	\$27.33	\$30.12	<b>EFFECTIVE RATE INCREASE FROM FY08 to FY12</b>	
Rate Impact with Increase	\$0.00	\$1.08	\$2.05	\$2.53	\$2.79	\$3.07		
Total Monthly Rate with Increase	\$21.67	\$22.75	\$24.80	\$27.33	\$30.12	\$33.19		<b>33.83%</b>
<b>Debt Service Coverage Ratio</b>								
Before Rate Increase	0.00	0.00	6.49	1.26	0.71	0.65		
After Proposed Rate Increase	0.00	0.00	8.95	2.23	1.53	1.73		
[1] Rate increase as of September 1, 2006	3,999	4,454	4,543	4,633	4,726	4,820		

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P R O J E C T E D							Notes	Method
FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12			
382	386	193	123	129	117			
4,382	4,839	4,736	4,756	4,855	4,937			
2,658	2,815	3,058	3,288	3,438	3,637			
1,591	920	1,503	1,297	1,569	1,234			
0	0	259	1,161	1,990	1,990			
4,249	3,735	4,819	5,747	6,997	6,861			
133	1,104	(83)	(991)	(2,142)	(1,925)			