



Ask Me Anything: The Importance of Projecting Budgets

August 6, 2025



About Us

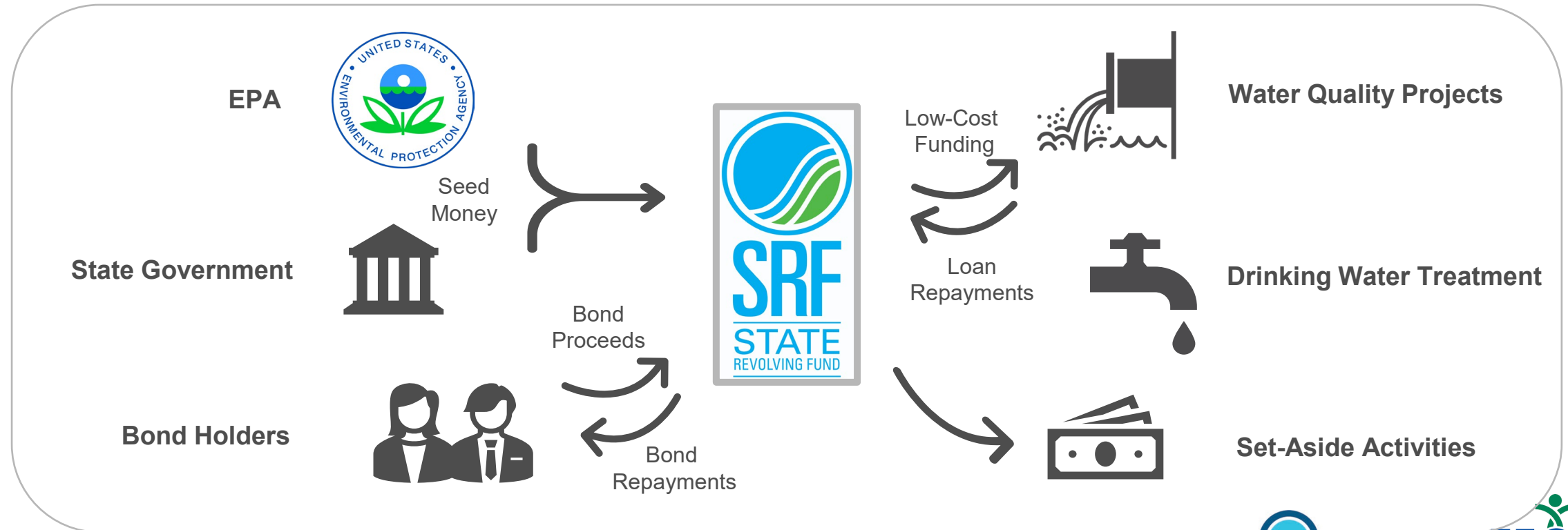
The **Environmental Finance Center Network (EFCN)** is a university- and non-profit-based organization creating innovative solutions to the difficult how-to-pay issues of environmental protection and water infrastructure.

The EFCN works collectively and as individual centers to address these issues across the entire U.S, including the 5 territories and the Navajo Nation. The EFCN aims to assist public and private sectors through training, direct professional assistance, production of durable resources, and innovative policy ideas.



What are the SRFs?

- Low interest revolving loan program with subsidies for targeted projects and communities
- Money comes from EPA/Federal Government, state match, loan repayments, interest, bond proceeds



THE JOURNEY



Asset Management
Capital Improvement Plan
Reserves
Policies and Procedures
Revenue and Expenses

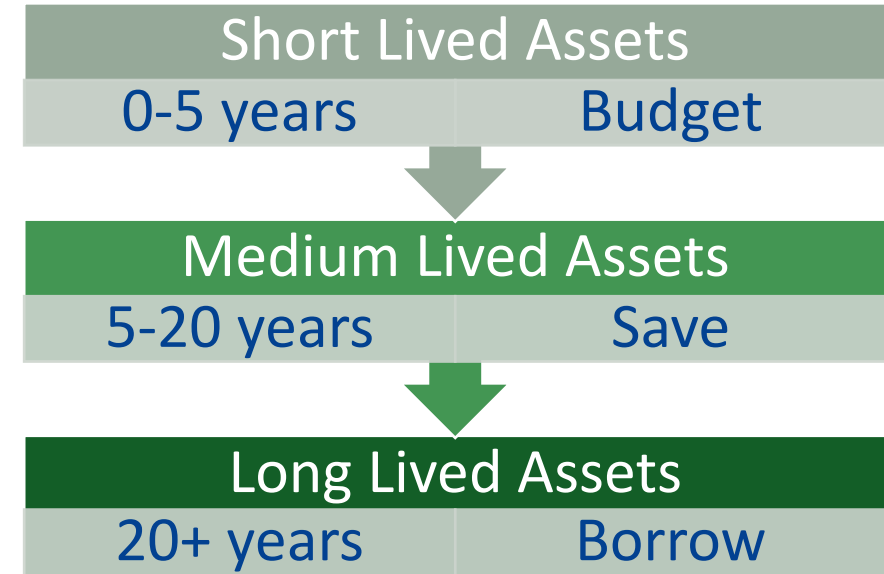
CIP v. AMP

What's the difference between a CIP and an AMP?

- **Scope:** An AMP covers an organization's entire asset infrastructure, while a CIP focuses on capital improvement projects and equipment purchases.
- **Duration:** An AMP is a long-term plan that helps manage assets throughout their lifecycle, while a CIP is a short-range plan that typically covers a period of four to ten years.
- **Purpose:** An AMP helps organizations make cost-effective, proactive decisions about their assets, while a CIP helps organizations coordinate community planning and fiscal management to determine the location, timing, and financing of capital improvements.

What is the Right Amount to Save?

- It depends
 - Asset Management Plan
 - Capital Improvement Plan
 - Short Term Asset Reserve Table
- Board tolerance
- Ashley's Budget Philosophy
 - Intergenerational Equity



- Surcharge Fund
- Capital Improvement Fund
- Sinking Fund
- Cash accrual
- Budget line items for maintenance and capital investment

Rate Increase Policy

SECTION 3.27 ANNUAL INCREASE OF RATES AND FEES

The following fees: Water and Sewer Service, Building Permit Fees, School Impact Fees, Fire Prevention and Life Safety Donations and Municipal Impact Fees as set forth by Village ordinance are subject to an annual increase to be applied by the Village Treasurer by May 1 of each year using the following prescribed formula:

The above rates and Fees will be increased by the amount of the percentage increase of the Consumer Price Index (hereinafter defined) for the previous calendar year. Consumer Price Index ("CPI") means the U.S. City Averages for all Urban Consumers, All Items, (1982-1984=100) of the United States Bureau of Labor Statistics. The CPI for any calendar year shall be determined by averaging the monthly indices for that year. If the Bureau of Labor Statistics substantially revises the manner in which the CPI is determined, an adjustment shall

Part of the Journey



Revenues and Expenses

Revenues

User Fees	Taxes	Loans/ Grants	Development/ Allocation Fees	Other
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Expenses

O&M	Capital	Debt
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Expense Considerations

- Debt maturity/initiation
- Contractually required expenses/increases
- DSCR
- COLA increases
- Inflation
- Routine, not regular O&M expenses

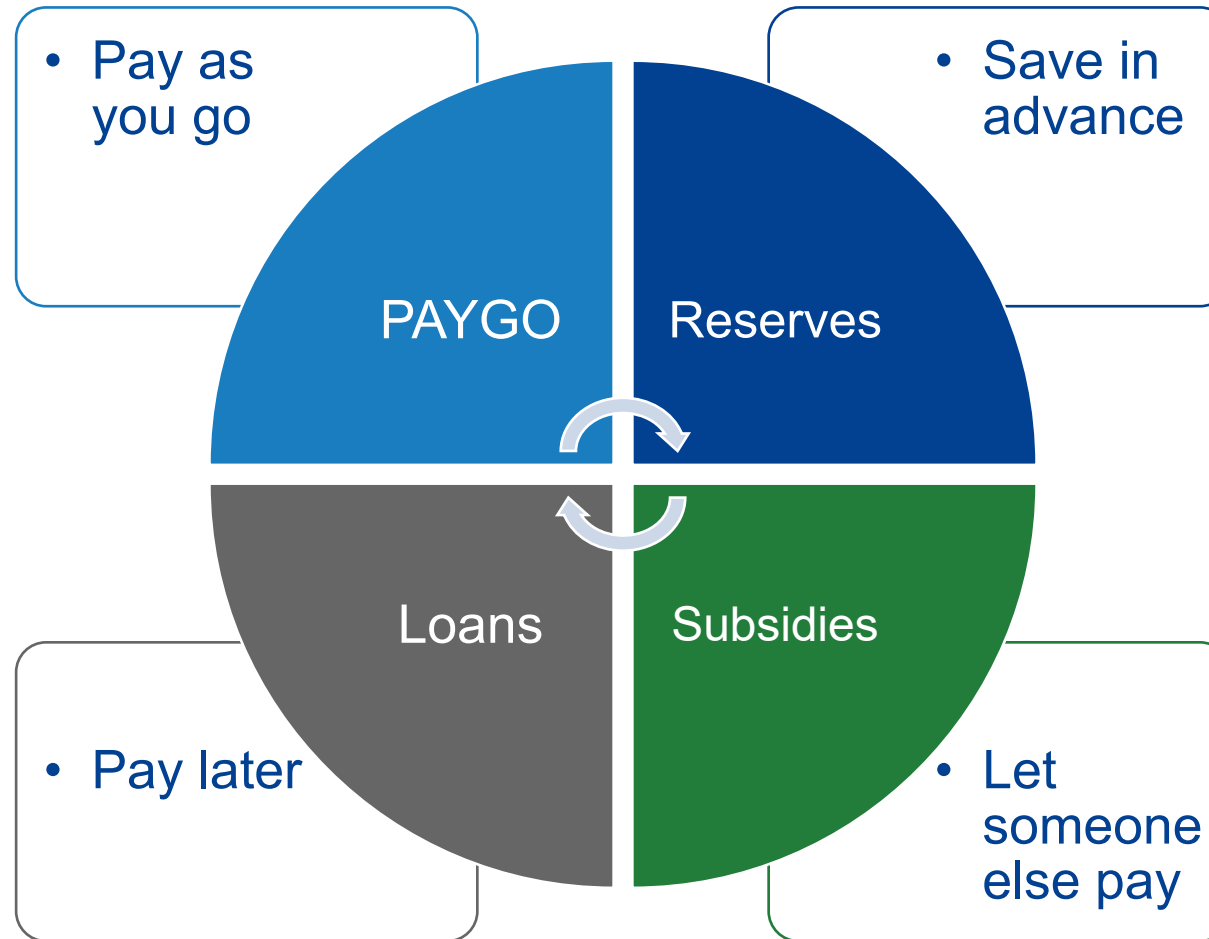


Revenue Considerations

- Reserve Transfers
- Investment
- PILOT
- General Fund transfers
- Required/Planned increases
- Policy requirement for increases



Paying for Infrastructure



Real World Examples

	Projected FY26	Projected FY27	Projected FY28	Projected FY29	Projected FY30
TOTAL OPERATING EXPENSES	\$ 47,032,812	\$ 48,638,059	\$ 50,301,176	\$ 52,024,386	\$ 53,810,000
TOTAL DEBT SERVICE + ASSET RESERVE FUND	\$ 18,188,370	\$ 18,188,370	\$ 18,188,370	\$ 18,188,370	\$ 18,188,370
TOTAL PROJECTED CIP DEBT	\$ 4,972,000	\$ 8,127,700	\$ 11,420,900	\$ 14,227,613	\$ 16,947,313
TOTAL PROJECTED LSLR DEBT	\$ 3,355,385	\$ 6,626,885	\$ 9,814,500	\$ 12,918,231	\$ 15,938,077
TOTAL PROJECTED 15% ASSET RESERVE FUND	\$ 624,554	\$ 1,122,208	\$ 1,636,324	\$ 2,120,515	\$ 2,603,994
TOTAL PROJECTED DEBT SERVICE	\$ 8,951,938	\$ 15,876,792	\$ 22,871,724	\$ 29,266,359	\$ 35,489,384
TOTAL EXPENSES including projected P+I	\$ 74,173,121	\$ 82,703,221	\$ 91,361,270	\$ 99,479,115	\$ 107,487,754

Real World Examples

			Budget FY25	Projected FY26	Projected FY27	Projected FY28	Projected FY29	Projected FY30
REVENUE								
		Forecasted Rate & Charge Increase	10%	9.75%	7.0%	5.0%	5.0%	5.0%
		FLAT RATE WTRBRD	\$ 5,504,030.73	\$ 6,040,673.73	\$ 6,463,520.89	\$ 6,786,696.93	\$ 7,126,031.78	\$ 7,482,333.37
		METER RATE WTRBRD	\$ 54,174,114.22	\$ 59,456,090.36	\$ 63,618,016.68	\$ 66,798,917.52	\$ 70,138,863.39	\$ 73,645,806.56
		Allowance for Adjustments (1.8%)	\$ (1,074,206.61)	\$ (1,178,941.75)	\$ (1,261,467.68)	\$ (1,324,541.06)	\$ (1,390,768.11)	\$ (1,460,306.52)
		Total Water Billing/Charges	\$ 58,603,938.34	\$ 64,317,822.33	\$ 68,820,069.89	\$ 72,261,073.39	\$ 75,874,127.06	\$ 79,667,833.41
		Forecasted Rate & Charge Increase		9.5%	9.5%	9.5%	9.5%	9.5%
		Total Other Revenue	\$ 3,793,526.64	\$ 4,153,911.67	\$ 4,548,533.28	\$ 4,980,643.94	\$ 5,453,805.12	\$ 5,971,916.60
TOTAL REVENUE			\$ 62,397,464.98	\$ 68,471,734.00	\$ 73,368,603.17	\$ 77,241,717.33	\$ 81,327,932.17	\$ 85,639,750.01

Real World Examples

			annual increase O&M + Debt:	0%	17.0%	3.0%	3.0%	3.0%	3.0%
			FY24	FY25	FY26	FY27	FY28	FY29	FY30
			Budget	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Operating Revenue									
Charges and Fees									
	Charges								
	601010	users metered sales	\$ 748,900.00	\$ 707,023.00	\$ 827,216.91	\$ 852,033.42	\$ 877,594.42	\$ 903,922.25	\$ 931,039.92
		less bad debt 2.5% of billed metered revenue	\$ (18,722.50)	\$ (17,675.58)	\$ (20,680.42)	\$ (21,300.84)	\$ (21,939.86)	\$ (22,598.06)	\$ (23,276.00)
	601011	LWPCA flow meter sales	\$ 87,142.00	\$ 103,782.00	\$ 121,424.94	\$ 125,067.69	\$ 128,819.72	\$ 132,684.31	\$ 136,664.84
	602010	Unmetered sales	\$ 2,253.00	\$ 3,243.00	\$ 3,794.31	\$ 3,908.14	\$ 4,025.38	\$ 4,146.14	\$ 4,270.53
		Total Charges	\$ 819,572.50	\$ 796,372.43	\$ 931,755.74	\$ 959,708.41	\$ 988,499.66	\$ 1,018,154.65	\$ 1,048,699.29
	Fees								
		Total Fees	\$ 500.00	\$ 1,900.00	\$ 2,223.00	\$ 2,289.69	\$ 2,358.38	\$ 2,429.13	\$ 2,502.01
Penalties	611000	penalties/interest fees on delinquent bills	\$ 17,764.00	\$ 18,918.00	\$ 22,134.06	\$ 22,798.08	\$ 23,482.02	\$ 24,186.48	\$ 24,912.08
Lien Fees	606002	Lien Fees	\$ 6,120.00	\$ 6,480.00	\$ 7,581.60	\$ 7,809.05	\$ 8,043.32	\$ 8,284.62	\$ 8,533.16
		Total Operating Revenue	\$ 843,956.50	\$ 823,670.43	\$ 963,694.40	\$ 992,605.23	\$ 1,022,383.39	\$ 1,053,054.89	\$ 1,084,646.53
Non-operating revenue									
		Total Non-Operating Revenue	\$ 36,994.00	\$ 38,253.00	\$ 38,253.00	\$ 38,253.00	\$ 38,253.00	\$ 38,253.00	\$ 38,253.00
Investment Revenue (to pay CWF-443C)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Total Revenue	\$ 880,950.50	\$ 861,923.43	\$ 1,001,947.40	\$ 1,030,858.23	\$ 1,060,636.39	\$ 1,091,307.89	\$ 1,122,899.53

Real World Examples

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	
	Budget	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
O&M Expenses		\$ 865,226.40	\$ 891,183.19	\$ 917,918.69	\$ 945,456.25	\$ 973,819.94	\$ 1,003,034.53	
difference		\$ (41,555.97)	\$ 72,511.21	\$ 74,686.54	\$ 76,927.14	\$ 79,234.95	\$ 81,612.00	
		5%	-8%	-8%	-8%	-8%	-8%	
O&M + Debt Expenses	\$ 865,226.40	\$ 957,233.59	\$ 983,969.09	\$ 1,011,501.85	\$ 1,039,830.74	\$ 1,069,154.53	\$ 1,099,245.57	
difference	\$ (21,269.90)	\$ (133,563.17)	\$ (20,274.69)	\$ (18,896.62)	\$ (17,447.35)	\$ (16,099.65)	\$ (14,599.04)	
		14%	2%	2%	2%	2%	1%	

Upcoming Trainings

Creative Uses of SRFs

August 18, 2025 / 2:00-4:00 pm EST

Source Water Protection & the SRFs

September 3, 2025 / 11:00-1:00 pm EST

Navigating Federal Cross-Cutters

September 11, 2025 / 12:00-2:00 pm EST

What are Set-Asides?

September 15, 2025 / 2:00-4:00 pm EST

This is **NOT** an Ask Me Anything session. To register, go to:
<https://efcnetwork.org/event/virtual-office-hours-ask-me-anything-srf-technical-assistance-open-discussion/>

For more information and to register visit:
<https://efcnetwork.org/event/virtual-office-hours-ask-me-anything-srf-technical-assistance-open-discussion/>

Community Finance Team

<https://www.quantifiedventures.com/community-finance>



Ashley Lucht

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- Former DWSRF Project Manager for the State of Vermont

- Contact me:



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