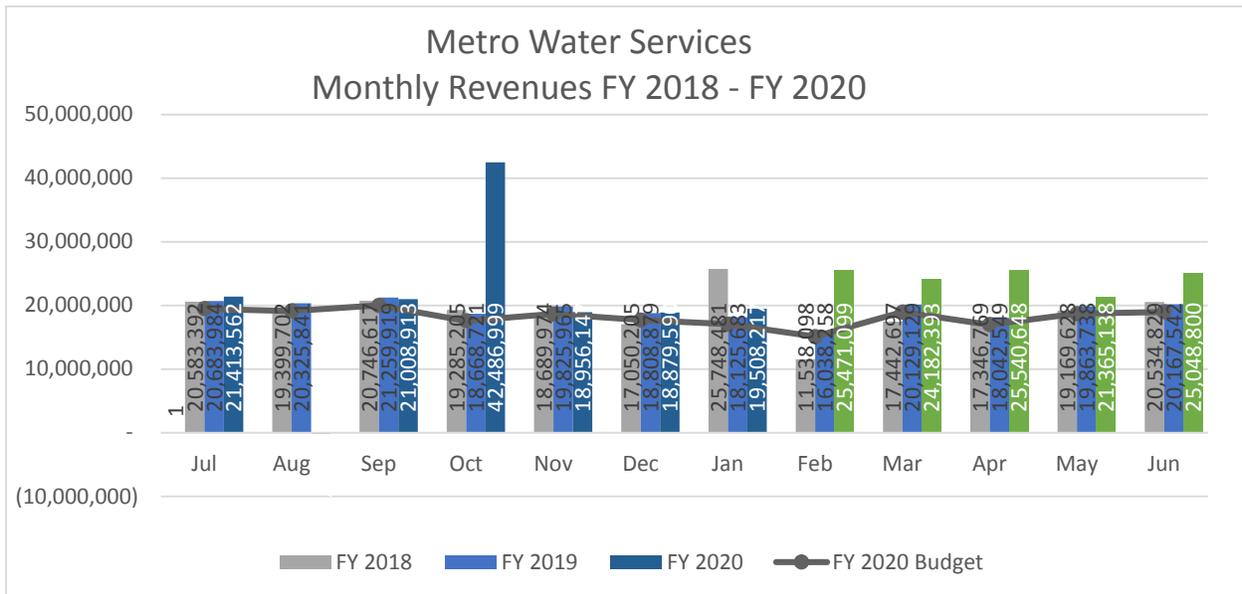


Metro Water Services Revenue Update

Pursuant to BL-19-046, the director of the department of water and sewerage services shall submit a semiannual report to the metropolitan council not later than June 30 and December 31 of 2020 and 2021 summarizing the status of implementing the new water/sewer rates approved pursuant to Ordinance No. BL2019-45, including a description of milestones achieved and any obstacles to full implementation.

The new rate structure went into effect January 1, 2020. February bills reflected the increased rates. In the chart below, the increased rates over the past two fiscal years are shown in green. The chart shows consistent increased revenues as expected and projected during rate discussions. MWS received \$25,471,099 in February of 2020 which is \$9,432,841 over the same period in 2019. The increased revenue has allowed MWS meet necessary debt requirements and begin investing in required capital replacement.



**** August and October are disproportionate due to software conversion and posting timing. June 2020 is estimated.**

The above chart also shows the reduced revenue in May. This is due to a significant reduction in demand in commercial sector during April due to COVID 19. Estimated June revenue has returned to February levels, suggesting that while demand remains down, water sales in the summer has compensated for that decline.

Due to increased rates, MWS met necessary debt services ratios to secure the 2020 Bonds to refund Commercial Paper. The Treasury division secured \$235,310,000 in revenue bonds to refinance commercial paper and refinance 2010 bonds at a True Interest Cost of 2.9%. Based on this cash availability, MWS has begun the largest project related to the Consent Decree: the Central Plant Optimization at estimated cost \$450M.

MWS was able to meet required financial sufficiency tests to obtain \$44,093,000 in low interest (less than 1%) loans for much needed projects, such as 8th Ave Reservoir, 38th Ave Tank, 12th Ave Water Line Replacement, and Shelby 6 Sewer Rehab Project.