

FINAL SCEN

| City of Langley                              | BASE YR.        | PROJ.            | PROJ.            | PROJ.            | PROJ.            | PROJ.            | PROJ.            | FINAL 5/1/09            |        |
|--|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------------|--------|
| Storm Financial Outlook                      | 2008            | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             | Comments                |        |
| <b>Assumptions</b>                           |                 |                  |                  |                  |                  |                  |                  |                         |        |
| New Customer ERUs                            |                 | 10               | 10               | 10               | 10               | 10               | 10               |                         |        |
| Alternative: Past Trends                     |                 | 1.6%             | 1.6%             | 1.6%             | 1.6%             | 1.6%             | 1.6%             | annual growth           |        |
| Wage Escalation                              |                 | 5.0%             | 5.0%             | 5.0%             | 5.0%             | 5.0%             | 5.0%             | general + 1.5%          |        |
| Fuel/Utilities Cost Escalation               |                 | 20.0%            | 20.0%            | 20.0%            | 20.0%            | 20.0%            | 20.0%            |                         |        |
| General Cost Escalation                      |                 | 3.5%             | 3.5%             | 3.5%             | 3.5%             | 3.5%             | 3.5%             |                         |        |
| Construction Cost Escalation                 |                 | 4.5%             | 4.5%             | 4.5%             | 4.5%             | 4.5%             | 4.5%             |                         |        |
| <b>Average Single Family/Mo.</b>             | <b>\$2.90</b>   | <b>\$2.90</b>    | <b>\$2.90</b>    | <b>\$2.90</b>    | <b>\$2.90</b>    | <b>\$2.90</b>    | <b>\$2.90</b>    |                         |        |
| <b>Storm Revenue (Portion of 101)</b>        |                 |                  |                  |                  |                  |                  |                  |                         |        |
| Storm Service Charges (existing rate)        | 24,349          | 24,523           | 24,697           | 24,871           | 25,045           | 25,219           | 25,393           | # of new cust., 6 mo.   |        |
| <b>Total Storm Operating Revenue</b>         | <b>24,349</b>   | <b>24,523</b>    | <b>24,697</b>    | <b>24,871</b>    | <b>25,045</b>    | <b>25,219</b>    | <b>25,393</b>    |                         |        |
| <b>Storm Expenditures (Portion of 101)</b>   |                 |                  |                  |                  |                  |                  |                  |                         |        |
| Wages  | 32,156          | 33,486           | 35,696           | 38,052           | 40,563           | 43,241           | 46,095           | by wage escal+growth    |        |
| Add'l Staff & Benefits                       |                 |                  |                  |                  |                  |                  |                  |                         |        |
| Benefits                                     | 10,721          | 11,408           | 12,161           | 12,964           | 13,820           | 14,732           | 15,704           | by wage escal+growth    |        |
| Roadside Equipment                           | 4,571           | 4,571            | 4,804            | 5,049            | 5,306            | 5,577            | 5,861            | by general + growth     |        |
| Engineering                                  | 10,724          | 10,680           | 11,225           | 11,797           | 12,399           | 13,031           | 13,696           | by general + growth     |        |
| Utilities/Phone                              | 401             | 439              | 534              | 649              | 790              | 960              | 1,168            | by fuel/util + growth   |        |
| Storm Maintenance                            | 1,083           | 1,500            | 1,577            | 1,657            | 1,741            | 1,830            | 1,924            | by general + growth     |        |
| Fuel & Maintenance                           | 3,932           | 1,800            | 2,189            | 2,662            | 3,236            | 3,936            | 4,786            | by fuel/util + growth   |        |
| Travel & Training                            | 300             | 300              | 315              | 331              | 348              | 366              | 385              | by general + growth     |        |
| Uniforms                                     | 240             | 210              | 221              | 232              | 244              | 256              | 269              | by general + growth     |        |
| Supplies                                     | 2,280           | 2,100            | 2,207            | 2,320            | 2,438            | 2,562            | 2,693            | by general + growth     |        |
| Office Rent                                  | 2,220           | 2,220            | 2,333            | 2,452            | 2,577            | 2,709            | 2,847            | by general + growth     |        |
| Storm Excise Tax                             | 494             | 502              | 528              | 555              | 583              | 613              | 644              | by general + growth     |        |
| Operating Xfer to General Fund               | 27,297          | 31,234           | 32,827           | 34,501           | 36,261           | 38,110           | 40,054           | by general + growth     |        |
| Xfer to Equip Maintenance Reserve            | 1,200           | 1,200            | 1,400            | 1,600            | 1,800            | 2,000            | 2,200            | ramp up by \$200/yr     | 11,400 |
| Xfer to Vehicle/Equip Reserve                | 3,000           | 3,000            | 4,500            | 6,000            | 7,500            | 9,000            | 10,500           | ramp up by \$1500/yr    | 43,500 |
| Existing PWTF Loan Repayments /1             | 15,490          | 33,958           | 33,677           | 33,395           | 33,113           | 11,081           | 10,800           | by debt sched.          |        |
| <b>Total Storm Expenditures</b>              | <b>116,110</b>  | <b>138,609</b>   | <b>146,193</b>   | <b>154,216</b>   | <b>162,720</b>   | <b>150,004</b>   | <b>159,624</b>   |                         |        |
| <b>Net Operating Income</b>                  | <b>(91,761)</b> | <b>(114,086)</b> | <b>(121,496)</b> | <b>(129,345)</b> | <b>(137,675)</b> | <b>(124,785)</b> | <b>(134,231)</b> |                         |        |
| <i>Est. Single Family Rate to Break Even</i> |                 | \$13.49          | \$14.27          | \$15.08          | \$15.94          | \$14.35          | \$15.33          | <i>Before Capital</i>   |        |
| <b>Storm Capital Revenue</b>                 |                 |                  |                  |                  |                  |                  |                  |                         |        |
| PWTF Planning Loan                           | 75,000          |                  |                  |                  |                  |                  |                  |                         |        |
| <b>Total Capital Revenue</b>                 | <b>75,000</b>   | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |                         |        |
| <b>Storm CIP Projects - Funded by Rates</b>  | <b>65,000</b>   |                  |                  |                  |                  |                  |                  |                         |        |
| <b>New Debt for CIP</b>                      |                 |                  |                  | 55,812           | 55,812           | 55,812           | 55,812           | USDA-RD Immediate       |        |
| <b>Total Capital Expenditures</b>            | <b>65,000</b>   | <b>-</b>         | <b>-</b>         | <b>55,812</b>    | <b>55,812</b>    | <b>55,812</b>    | <b>55,812</b>    |                         |        |
| <b>Annual Increase/(Use) of Reserves</b>     | <b>(81,761)</b> | <b>(114,086)</b> | <b>(121,496)</b> | <b>(185,157)</b> | <b>(193,487)</b> | <b>(180,597)</b> | <b>(190,042)</b> |                         |        |
| <b>Est. Single Family Rate to Break Even</b> | <b>\$9.74</b>   | <b>\$13.49</b>   | <b>\$14.27</b>   | <b>\$21.59</b>   | <b>\$22.40</b>   | <b>\$20.77</b>   | <b>\$21.70</b>   | <i>Includes Capital</i> |        |

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|---|---------------|-------------------|--------------------|----------------|---------------|---------------|---------------|--------------|
| Storm Financial Outlook   | 2008          | 2009              | 2010               | 2011           | 2012          | 2013          | 2014          | Comments     |
| <b>1) Storm PWTF Debt Service</b>   |               |                   |                    |                |               |               |               |              |
| PWTF - Park Ave Interceptor   | 12,490        | 12,208            | 11,927             | 11,645         | 11,363        | 11,081        | 10,800        | ends 2018    |
| PWTF Planning - Storm Comp Plan   | 3,000         | 21,750            | 21,750             | 21,750         | 21,750        | -             | -             | ends 2012    |
| <b>Existing Storm Debt Service</b>  | <b>15,490</b> | <b>33,958</b>     | <b>33,677</b>      | <b>33,395</b>  | <b>33,113</b> | <b>11,081</b> | <b>10,800</b> |              |
| <b>2) CIP Projects</b>  |               |                   |                    |                |               |               |               |              |
| Storm Comp Plan   | 65,000        |                   |                    |                |               |               |               |              |
| <b>Immediate*</b>   |               | <b>Fund:Rates</b> | <b>Fund:Grants</b> |                |               |               |               |              |
| 1. 6th St -E of Anthes to Brookhaven Ck, 12"  |               | 190,000           |                    |                |               |               |               |              |
| 2. Edgecliff Dr -W of Furman Ave, 12" to 18"  |               | 280,000           |                    |                |               |               |               |              |
| 3. Furman Ave & Decker Ave, 12"   |               | 490,000           |                    |                |               |               |               |              |
| 4. Intersection of Anthes Ave & First St, 4 CBs   |               | 20,000            |                    |                |               |               |               |              |
| 5. Melson Alley, 4th - 6th, 12"   |               | 130,000           |                    |                |               |               |               |              |
| 6. Water Quality Treatment at 4 existing outfalls   |               |                   | 200,000            |                |               |               |               |              |
| 7. Wharf Street, 12" & water qual treat unit  |               |                   | 60,000             |                |               |               |               |              |
| <b>Near-Long Term**</b>   |               |                   |                    |                |               |               |               |              |
| 8. Edgecliff Dr-E of Furman Ave to City Limits  |               |                   |                    | 120,000        |               |               |               |              |
| 9. 2nd St -to Cascade Ave, to Ext of 3rd St, 12"  |               |                   |                    | 180,000        |               |               |               |              |
| 10. Northview Subdiv - drainage & det pond, 15"   |               |                   |                    | 70,000         |               |               |               |              |
| 11. 6th St -Anthes Ave to Park Ave, 12"   |               |                   |                    | 190,000        |               |               |               |              |
| 12. 2nd St -Park Ave to Melson Alley, 12"   |               |                   |                    | 110,000        |               |               |               |              |
| 13. 1st St and DeBruyn Ave, 12"   |               |                   |                    | 130,000        |               |               |               |              |
| 14. 2nd St and DeBruyn Ave, 12"   |               |                   |                    | 150,000        |               |               |               |              |
| <b>Total CIP Projects</b>   | <b>65,000</b> | <b>1,110,000</b>  | <b>260,000</b>     | <b>950,000</b> | <b>-</b>      |               |               |              |
| <i>* Immediate - These projects are included in the combined water/sewer/storm utility project - debt repayment to be paid by rates (\$6.60/mo beginning 2011).</i> |               |                   |                    |                |               |               |               |              |
| <i>Subject to Council approval of rates to fund CIP projects.</i>   |               |                   |                    |                |               |               |               |              |
| <i>** Near-Long Term - Seek grant funding for these projects as rate funding is beyond affordability. Consider additional rate funding in the future.</i>           |               |                   |                    |                |               |               |               |              |
| <b>Capital Funding Alt. 1 - USDA-RD Grant/Loan</b>  |               |                   |                    |                |               |               |               |              |
| All Immediate CIP   |               | 1,370,000         |                    |                |               |               |               |              |
| Escalate to 2009  |               | 1,438,500         |                    |                |               |               |               |              |
| 15% Local Match   |               | 215,775           |                    |                |               |               |               |              |
| Assume USDA 15% Grant   |               | 1,222,725         |                    |                |               |               |               |              |
| Term  | 30            |                   |                    |                |               |               |               |              |
| Interest Rate   | 4.5%          |                   |                    |                |               |               |               |              |
| Annual Debt   |               | \$75,065          |                    |                |               |               |               |              |
| Est. Monthly Impact to Support Debt   |               | \$8.88            |                    |                |               |               |               |              |
| <b>Capital Funding Alt. 2 -</b>   |               |                   |                    |                |               |               |               |              |
| Seek separate grant for outfalls  |               | 1,438,500         |                    |                |               |               |               |              |
| Apply for grant: 6 & 7 WQ Treatment   |               | 273,000           |                    |                |               |               |               |              |
| USDA Grant/Loan for all other   |               | 1,165,500         |                    |                |               |               |               |              |
| Assume USDA 15% Grant   |               | 990,675           |                    |                |               |               |               |              |
| Annual Debt   |               | \$60,819          |                    |                |               |               |               |              |
| Est. Monthly Impact to Support Debt   |               | \$7.19            |                    |                |               |               |               |              |

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|--|---------------|-------------------|--------------------|-------------------------|------------------|----------------|----------------|--------------|
| Storm Financial Outlook  | 2008          | 2009              | 2010               | 2011                    | 2012             | 2013           | 2014           | Comments     |
| <b>Capital Funding Alt. 3.a &amp; b -</b>  |               |                   |                    | <b>15% Grant</b>        | <b>25% Grant</b> |                |                |              |
| Immediate Priority Projects (Combined w W/S)   |               |                   |                    | 1,110,000               | 1,110,000        |                |                |              |
| Escalate to 2010   |               |                   |                    | 1,212,148               | 1,212,148        |                |                |              |
| Est. Loan Principal After Grant  |               |                   |                    | 1,030,326               | 909,111          |                |                |              |
| Annual Debt  |               |                   |                    | <b>\$63,253</b>         | <b>\$55,812</b>  |                |                |              |
| Est. Monthly Impact to Support Debt  |               |                   |                    | \$7.48                  | \$6.60           |                |                |              |
| <b>Monthly Rate Scenario</b>   | <b>2008</b>   | <b>2009</b>       | <b>2010</b>        | <b>2011</b>             | <b>2012</b>      | <b>2013</b>    | <b>2014</b>    |              |
| ALT 3b Smoothing   | \$2.90        | \$13.50           | \$17.60            | \$21.70                 | \$21.70          | \$21.70        | \$22.00        |              |
| Increase in Monthly SF Rate  |               | \$10.60           | \$4.10             | \$4.10                  | \$0.00           | \$0.00         | \$0.30         |              |
|  | <b>2008</b>   | <b>2009</b>       | <b>2010</b>        | <b>2011</b>             | <b>2012</b>      | <b>2013</b>    | <b>2014</b>    |              |
| <b>ALT 4 Rate Stepping with 3b 25% grant</b>   |               |                   |                    |                         |                  |                |                |              |
| Continue with partial Street subsidy   |               | 30,000            | 2,000              |                         | 10,000           |                |                |              |
| Rate for Operations & Existing Debt  | \$2.90        | \$10.00           | \$14.00            | \$15.00                 | \$15.00          | \$15.00        | \$15.50        |              |
| Rate for Debt-funded CIP (Immediate)   |               |                   |                    | \$6.60                  | \$6.60           | \$6.60         | \$6.60         |              |
| <b>Est. Monthly Rate this Scenario</b>   | <b>\$2.90</b> | <b>\$10.00</b>    | <b>\$14.00</b>     | <b>\$21.60</b>          | <b>\$21.60</b>   | <b>\$21.60</b> | <b>\$22.10</b> |              |
|  |               |                   |                    |                         |                  |                |                |              |
|  |               |                   |                    |                         |                  |                |                |              |
| <b>Table 7-4</b>   |               |                   |                    | FINAL 5/1/09            |                  |                |                |              |
| <b>Stormwater Capital Improvement Projects</b>   |               |                   |                    |                         |                  |                |                |              |
| <b>CIP Projects</b>  |               |                   |                    |                         |                  |                |                |              |
| <b>Immediate*</b>  |               | <b>Fund:Rates</b> | <b>Fund:Grants</b> |                         |                  |                |                |              |
| 1. 6th St -E of Anthes to Brookhaven Ck,12"  |               | 190,000           | -                  | -                       |                  |                |                |              |
| 2. Edgecliff Dr -W of Furman Ave,12" to 18"  |               | 280,000           | -                  | -                       |                  |                |                |              |
| 3. Furman Ave & Decker Ave, 12"  |               | 490,000           | -                  | -                       |                  |                |                |              |
| 4. Intersection of Anthes Ave & First St, 4 CBs  |               | 20,000            | -                  | -                       |                  |                |                |              |
| 5. Melson Alley, 4th - 6th,12"   |               | 130,000           | -                  | -                       |                  |                |                |              |
| 6. Water Quality Treatment at 4 existing outfalls  |               | -                 | 200,000            | -                       |                  |                |                |              |
| 7. Wharf Street, 12" & water qual treat unit   |               | -                 | 60,000             | -                       |                  |                |                |              |
| <b>Near-Long Term**</b>  |               |                   |                    | <b>Near-Long Term**</b> |                  |                |                |              |
| 8. Edgecliff Dr-E of Furman Ave to City Limits   |               | -                 | -                  | 120,000                 |                  |                |                |              |
| 9. 2nd St -to Cascade Ave, to Ext of 3rd St,12"  |               | -                 | -                  | 180,000                 |                  |                |                |              |
| 10. Northview Subdiv - drainage & det pond,15"   |               | -                 | -                  | 70,000                  |                  |                |                |              |
| 11. 6th St -Anthes Ave to Park Ave, 12"  |               | -                 | -                  | 190,000                 |                  |                |                |              |
| 12. 2nd St -Park Ave to Melson Alley, 12"  |               | -                 | -                  | 110,000                 |                  |                |                |              |
| 13. 1st St and DeBruyn Ave,12"   |               | -                 | -                  | 130,000                 |                  |                |                |              |
| 14. 2nd St and DeBruyn Ave, 12"  |               | -                 | -                  | 150,000                 |                  |                |                |              |
| <b>Total CIP Projects</b>  | <b>-</b>      | <b>1,110,000</b>  | <b>260,000</b>     | <b>950,000</b>          |                  |                |                |              |
| <i>* Immediate - These projects are included in the combined water/sewer/storm utility project</i>   |               |                   |                    |                         |                  |                |                |              |
| <i>- debt repayment to be paid by rates (\$6.60/mo beginning 2011), subject to Council approval of rates.</i>  |               |                   |                    |                         |                  |                |                |              |
| <i>** Near-Long Term - Seek grant funding for these projects as rate funding is beyond affordability at this time. Consider rate funding for additional debt after rates catch up with full cost of operations and combined project is funded.</i> |               |                   |                    |                         |                  |                |                |              |