



FINANCE • 1140 Terex Road • Hudson, Ohio 44236 • (330) 650-1799

TO: City Council & Mayor

FROM: Thom Sheridan, City Manager
Jeff Knoblauch, Asst City Manager/Finance Director

RE: Water Expansion – Estimated General Fund Impact

MEETING: June 20, 2023

At the June 13, 2023 workshop, City Council requested staff provide the estimated impact on the General Fund if the City contributed 25% of the construction cost of extending water lines within the various subdivisions discussed at the workshop.

The estimated impact is as follows:

Area	1	2	3	4	5	Total
Project Cost	\$5,044,000	\$3,792,000	\$8,310,000	\$10,841,875	\$5,552,000	\$33,539,875
General Fund - 25% of Project Cost	\$1,261,000	\$948,000	\$2,077,500	\$2,710,469	\$1,388,000	\$8,384,969
<i>If Project is Financed:</i>						
Annual Debt Service	\$323,558	\$243,246	\$533,063	\$695,475	\$356,145	\$2,151,487
Annual Homeowner Share of Debt (75%)	\$242,669	\$182,434	\$399,797	\$521,606	\$267,109	\$1,613,615
Annual General Fund Share of Debt (25%)	\$80,890	\$60,811	\$133,266	\$173,869	\$89,036	\$537,872
<i>For Informational Purposes:</i>						
Annual Sales Revenue (60% Take Rate)	\$53,695	\$43,963	\$91,617	\$111,417	\$51,010	\$351,700
One Time Tap Fees (60%, \$1,000 per connection)	\$96,000	\$79,000	\$164,000	\$199,000	\$91,000	\$629,000

The General Fund's 25% share of all the projects would be \$8,384,969. If the project costs are financed, the General Fund's share of the annual debt service for all five areas would be \$537,872 per year for 20 years.

Key Assumptions:

1. The construction costs of all five projects could be financed with state agency loans at 2.5% for 20 years.
2. Sales revenue and tap fee revenue from new customers would go into the Water Fund and therefore would not go toward the new debt.
3. Area 3 (Nicholson) does not receive the \$4 million grant.

Area 1: Londonairy

Area 2: Barlow/Towbridge

Area 3: Nicholson

Area 4: Carriage Hill/Plantation

Area 5: Pinebrooke/Elmcrest