



CAPITAL REGION.

WATER

2016 Draft Budget - Workshop

October 14, 2015

Budget Preparation Timeline - September

- Finance Dept. compiles 8+4 Forecast for current year
- Managers develop budgets based on 8+4 and coming year projections
- Focus on Major Cost Items
- Consulting Engineer's Annual Reports are Prepared
 - Conditional Assessment
 - Additional O&M Needs
 - Capital Improvement Plan



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Budget Preparation Timeline - October

- Finance Dept. combines manager budgets into Fund budgets
- Provide First Draft to Board (tonight)
- Review/Refine/Revise Fund Budgets
- Populate Rate Model with Draft Expense Data – Initial Indicator of Rate Revenue Requirements
- Board provides guidance / direction for Expense Budgets for Finalizing Rate Study (October 28 meeting)



Budget Preparation Timeline - November/December

- November
 - Rate Consultant Outlines Rate Setting Strategy for 2016 with initial results of Rate Model (November 4 Workshop)
 - Board approves Final Budgets and Rates for 2016 (November 18 Meeting)
- December
 - Wholesale Rates Due to Suburbs and Steelton December 1, 2015
 - Budgets Due per Indenture December 1, 2015



Focus on Major Cost Items

- >80% of Administrative
 - Payroll, Insurance, Professional Fees
- >80% of Drinking Water Budget
 - Payroll, Insurance, Chemicals, Utilities, Debt Service, Capital
- >70% of Wastewater Budget
 - Payroll, Insurance, Chemicals, Utilities, Debt Service, Capital



Payroll - Revisions from 2015 Forecast

- 26 Partial Year Employees budgeted at Full Year
 - 16 Hired, 10 Anticipated
- 13 New Positions for 2016
- Reassignment of two (2) positions from Admin
- Collective Bargaining Unit – 1% Contractual Salary Increase
- Non-Bargaining Unit – 2.5% Cost of Living Salary Increase
- Contingency included for potential adjustments pending a Compensation Study in 2016 – to ensure recruitment and retention of high-quality staff



Insurance

Employee Benefits

- RFP for Brokerage
- Health Insurance
 - 20-25% Increase
- Dental and Vision
 - Minimal Increase
- Life / Disability
 - No Increase (2-year agt)

Non-Employee Insurance

- Cyber Liability
 - New in late 2015
- Property
- General & Excess Liability
- Auto
- Public Officials
- Workers Compensation



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Questions/Comments



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Focus Points / Key Decisions

- “Acceptable” Rate Increase?
- Defer Capital or Improved O&M?

Administrative Fund

Administrative Fund

Treasury

- Transition from City complete April 2015
- In-house billing and cashiering
- Reduction in Lockbox expense
- Elimination of Shared Services payments to City
- Increase in Credit Card Processing and Postage Expenses

Professional Fees

- Annual Audit, Rate Covenant & Arbitrage Calculations
- Financial Advisor
- Strategic Plan
- Compensation Study
- IT Services



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Water Fund



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Water Fund - Capital

Infrastructure Projects:	
Repaving DeHart Complex	\$ 645,000
DeHart repair bridge over spillway [spalling and exposed rebar]	110,000
DeHart paint piping or dehumidify control building basement	50,000
DeHart repair parapet and cracks on control building	50,000
DeHart repair vicinity of Carsonville weir	30,000
Mountain Line Repairs	500,000
WSC Emergency Switchgear System / Emergency Generator Connection	150,000
WSC Filter Media Replacement	50,000
WSC Tube Settler Replacement	190,000
WSC Replace FRP Rails	570,000
WSC Influent Streaming Current Meter	50,000
Inspect Upper Reservoir	70,000
Inspect Lower Reservoirs	30,000
Line and Rehabilitate Upper Reservoir	800,000
Water Main Assessment	200,000
Water Main Replacement	500,000
Total Infrastructure Projects	\$ 3,995,000

Equipment Capital:	
Pickup Trucks (2)	\$ 100,000
Valve Turning equipped Vehicle	100,000
Total Equipment Capital	\$ 200,000
Total 2016 Water Capital	\$ 4,195,000

Note: All funding for these projects will come from rate revenue, there is no new borrowing anticipated for 2016.



Water Fund - Debt Service

- Refund ~50% of outstanding bond by April 2016
 - Includes Amalgamated Instrument
- Interest Relief
- Avoids accelerated principal payments



Wastewater Fund



Wastewater Fund - Capital

Infrastructure Projects:		Equipment Capital:	
AWTF - Headworks Screening Design and Construction	\$ 4,075,000	Payloader	\$ 200,000
AWTF - Anaerobic Digester Roof Replacement	500,000	Pickup Trucks (4)	150,000
AWTF - Primary Thickner & Gravity Thickener Sludge Pump Replacement	500,000	Hydro-excavator	325,000
AWTF - Hydrogritter Replacement	350,000	Total Equipment Capital	\$ 675,000
AWTF - Cogeneration Improvements Study	100,000		
AWTF - Primary Clarifier Improvements/Repairs - Design	200,000		
Front St Pump Station Design & Construction	3,400,000		
MS4 and Long Term Control Plan Compliance	1,046,000		
Paxton Creek Interceptor Rehabilitation	1,700,000		
Interceptor Rehabilitation Design	370,000		
GIS and Asset Management	448,000		
CSO Outfall Inventory, Inspection, and Remediation Design	60,000		
Sanitary Sewer Collection System Follow-up to Internal Pipe Inspections	140,000		
Sinkhole Remediation Construction	100,000		
Green Infrastructure Escrow Fund	200,000		
AWTF - BNR Upgrade Project	5,000,000		
MS4 and Long Term Control Plan Compliance	1,129,000		
Total Infrastructure Projects	\$ 19,318,000	Total 2016 Wastewater Capital	\$ 19,993,000

Note: With the exception of the * projects, funding of the above projects will be provided by a combination of new borrowings and rate revenues

* These projects will be funded through existing M&T Bank & Pennvest Financings



Wastewater Fund - Debt Service

- Replace M&T
 - Avoid balloon payment in July 2017
- New Money Borrowing
 - Fund Necessary Projects
 - 2016, 2017, 2018
 - Split between Conveyance/Treatment and Collection System

Questions/Comments

Discussion

- “Acceptable” Rate Increase?
- Defer Capital or Improved O&M?



Next Steps

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