

**WATER AUTHORITY
OF
WESTERN NASSAU COUNTY**

OPERATING PLAN

FINANCIAL FORECAST

FISCAL YEAR JUNE 2018 - MAY 2019

2.5% RATE CHANGE

APPROVED BY BOARD MAY 21, 2018

PROJECTION OF REVENUES, EXPENSES

AND REQUIRED RATE RELIEF

**Water Authority of Western Nassau County
Financial Forecast
2.5% Rate Change
APPROVED BY BOARD MAY 21, 2018**

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Water Authority of Western Nassau County
 Summary of Revenue Requirement
 Fiscal Year
 2018 - 19

	Tariffs Projected	Rate Subsidy	Op Plan 2018 - 19	Rate Change *	Op Plan 2018 - 19	Op Plan 2017 - 18	Variance Before Increase	Percent Increase
Operating Revenues:								
Residential Water Sales	\$12,215,800		\$12,215,800	\$305,130	\$12,520,930	\$12,540,699	(\$324,899)	2.50%
Commercial Water Sales	3,321,700		3,321,700	82,970	3,404,670	3,447,327	(125,627)	2.50%
Municipal Hydrant Rentals	2,334,700		2,334,700	58,320	2,393,020	2,333,411	1,289	2.50%
Commercial Fire Sprinklers	183,300		183,300	4,580	187,880	178,563	4,737	2.50%
Water Sales	18,055,500		18,055,500	451,000	18,506,500	18,500,000	(444,500)	2.50%
Other Revenue	52,200		52,200		52,200	49,800	2,400	
Rate Stabilization & Subsidies		(500,000)	(500,000)		(500,000)	(452,000)	(48,000)	
Total Revenues	18,342,700	(500,000)	17,842,700	451,000	18,293,700	18,371,500	(528,800)	
Operating Expenses:								
Operations & Maintenance	10,135,050		10,135,050		10,135,050	9,289,640	845,410	
Amortization of Plant	2,628,200		2,628,200		2,628,200	2,220,000	408,200	
Total Operating Expenses	12,763,250		12,763,250		12,763,250	11,509,640	1,253,610	
Total Utility Operating Margin	5,579,450	(500,000)	5,079,450	451,000	5,530,450	6,861,860	(1,782,410)	
Interest Charges & Other:								
Interest on Bonds	4,846,900		4,846,900		4,846,900	4,954,900	(108,000)	
Amortization of Debt Expense	(344,100)		(344,100)		(344,100)	(344,100)		
Transfer From Rate Fund								
Less: Interest & Other Income	(720,900)		(720,900)		(720,900)	(767,200)	46,300	
Net Interest Charges	3,781,900		3,781,900		3,781,900	3,843,600	(61,700)	
Targeted Bond Coverage Amount	\$1,797,550	(\$500,000)	\$1,297,550	\$451,000	\$1,748,550	\$3,018,260	(\$1,720,710)	
Debt Coverage Ratio	1.217		1.252		1.310	1.390		
Required Change in Rates				\$451,000	\$451,000	\$452,000		
Required Change in Revenue		(\$500,000)		\$451,000	(\$49,000)	\$236,000		
Percentage Rate Change				2.50%	2.50%	2.50%		
Subsidy %		-2.77%			-1.47%	-2.50%		
Average Residential Bill					\$481	\$470		
Average Commercial Bill					\$1,945	\$1,898		

* NOTE: A \$452,000 CONTRIBUTION IS BEING MADE TO OUR RATE STABILIZATION FUND.

**Water Authority of Western Nassau County
Financial Forecast
Debt Coverage Ratio
2018 - 19**

	Operating Plan Current Rates	Operating Plan Adjustments (b)	Operating Plan Rate Change	Operating Plan 2017 - 18
Total Utility Operating Margin	\$5,579,450	(\$500,000)	\$5,530,450	\$6,861,860
Add:				
(a) Non-cash Items	2,628,200	760,000	3,388,200	2,220,000
Interest & Other Income	720,900		720,900	767,200
Total Available for Coverage	8,928,550	260,000	9,639,550	9,849,060
Debt Service:				
Interest on Revenue Bonds	4,846,900		4,846,900	4,954,900
Principle on Revenue Bonds	2,490,000		2,490,000	2,380,000
Net Debt Service	\$7,336,900		\$7,336,900	\$7,334,900
Ratio	1.22	1.25	1.31	1.34

(a) Non-cash items are added back to Utility Operating Income and has no effect on the Debt Coverage Ratio.

Water Authority of Western Nassau County
Financial Forecast
2018 - 19

Proposed Plan vs. Prior Operating Plan Total Operation & Maintenance Expenses	Projected 2018 - 19	Op Plan 2017 - 18	Change
Supervisory Salaries	\$1,343,280	\$1,380,240	(\$36,960)
Non Supervisory Salaries	2,355,920	2,305,480	50,440
Payroll Overheads	2,156,230	2,071,390	84,840
Transportation \ Purchasing	280,460	284,430	(3,970)
Materials & Stores	23,100	43,500	(20,400)
Tools & Equipment including Uniforms	62,890	40,670	22,220
Laboratory Charges	143,000	102,000	41,000
Purchased Power	1,264,750	1,257,600	7,150
Chemicals	251,500	216,000	35,500
Production Contractors & Preventative Maintenance	100,940	109,350	(8,410)
T & D Contractors	306,830	128,100	178,730
Billing and Inserting Contractor	67,980	72,000	(4,020)
Special Services	221,900	254,400	(32,500)
Treatment Station Operating Costs	543,000	543,000	543,000
Building & Yard Maintenance	15,850	12,350	3,500
Various Training and Education	17,090	18,720	(1,630)
Uncollectibles	19,000	17,600	1,400
Insurance Costs	340,180	313,920	26,260
General Office Supplies & Expenses	105,800	115,200	(9,400)
Information Systems	217,700	211,900	5,800
Administrative Costs	45,500	45,420	80
Central Operations Office	160,830	164,450	(3,620)
Production Miscellaneous	26,380	42,500	(16,120)
T & D Miscellaneous	42,620	55,420	(12,800)
Customer Service Miscellaneous	22,320	27,000	(4,680)
Total Summary by Functional Cost	\$10,135,050	\$9,289,640	\$845,410

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**Water Authority of Western Nassau County
Financial Forecast
2018 - 19**

Proposed Plan vs. Prior Operating Plan	Projected	Op Plan	Change
Production Expenses	2018 - 19	2017 - 18	
(Source of Supply, Pumping and Water Treatment Expenses)			
Supervisory Salaries	\$377,720	\$454,300	(\$76,580)
Non Supervisory Salaries	758,170	765,720	(7,550)
Payroll Overheads - Production	662,100	685,650	(23,550)
Transportation \ Purchasing	131,460	138,540	(7,080)
Materials	250	100	150
Tools & Equipment including Uniforms	30,480	21,660	8,820
Laboratory Charges	143,000	102,000	41,000
Purchased Power	1,264,750	1,257,600	7,150
Chemicals	251,500	216,000	35,500
Contractors & Preventative Maintenance:			
Pump Repairs & Preventative Maintenance	81,840	80,700	1,140
Treatment Equipment Preventative Maintenance	13,800	16,400	(2,600)
VOC & Iron Removal Plant Maintenance	5,300	12,250	(6,950)
Treatment Station Operating Costs	543,000		543,000
Snow Removal & Ground Maintenance	10,850	10,350	500
Miscellaneous Voucher Purchases:			
Pumping Equipment	10,000	27,500	(17,500)
Structures & Improvements	15,000	15,000	
Water Treatment Supplies	1,380		1,380
Total Production Expenses	\$4,300,600	\$3,803,770	\$496,830

**Water Authority of Western Nassau County
Financial Forecast
2018 - 19**

Proposed Plan vs. Prior Operating Plan Transmission & Distribution Expenses	Projected 2018 - 19	Op Plan 2017 - 18	Change
Supervisory Salaries	\$164,590	\$178,300	(\$13,710)
Non Supervisory Salaries	907,450	893,740	13,710
Payroll Overheads - T & D	624,880	602,500	22,380
Transportation	121,350	118,730	2,620
Materials	22,590	43,400	(20,810)
Tools & Equipment including Uniforms	26,520	15,070	11,450
Contractor Charges:			
Paving Contractors	54,000	59,600	(5,600)
Tank Maintenance	27,330		27,330
Mark Out Contractors	61,000	61,000	
Leak Detection Contractors	142,000		142,000
Carting Refuse From Station 44	22,500	7,500	15,000
Engineering Services	20,000	20,000	
Miscellaneous Voucher Purchases:			
Removing & Resetting Meters	2,300	2,300	
Boring Samples	2,000	2,000	
T & D - Maintenance			
Mains	28,200	31,250	(3,050)
Services	8,520	18,670	(10,150)
Hydrants	1,600	1,200	400
Total Transmission & Distribution Expenses	\$2,236,830	\$2,055,260	\$181,570

Water Authority of Western Nassau County
Financial Forecast
2018 - 19

Proposed Plan vs. Prior Operating Plan Customer Service Expenses	Projected 2018 - 19	Op Plan 2017 - 18	Change
Supervisory Salaries - Office	\$199,830	\$182,110	\$17,720
Non Supervisory Salaries	487,500	444,670	42,830
Payroll Overheads - Customer Service	400,640	352,250	48,390
Transportation	18,670	18,100	570
Materials	260		260
Tools & Equipment including Uniforms	4,940	2,990	1,950
Information Systems:			
MUPS Software Maintenance & Support	124,100	121,800	2,300
Info Systems Equipment Maintenance	86,900	83,500	3,400
Miscellaneous Data Processing Costs	6,700	6,600	100
Uncollectibles	19,000	17,600	1,400
Billing and Inserting Contractor	67,980	72,000	(4,020)
Annual Water Supply Statement	10,200	10,200	
Rights & Responsibility Brochure			
Customer Outreach	5,000	5,000	
Miscellaneous Voucher Purchases:			
Meter Reading	5,500	5,500	
Billing & Accounting	16,820	21,500	(4,680)
Total Customer Service Expenses	\$1,454,040	\$1,343,820	\$110,220

Water Authority of Western Nassau County
Financial Forecast
2018 - 19

Proposed Plan vs. Prior Operating Plan Administrative & General Expenses	Projected 2018 - 19	Op Plan 2017 - 18	Change
Supervisory Salaries	\$565,730	\$530,120	\$35,610
Chairman Salary	35,410	35,410	
Non Supervisory Salaries	202,800	201,350	1,450
Payroll Overheads - Administrative	468,610	430,990	37,620
Transportation	8,980	9,060	(80)
Tools & Equipment including Uniforms	950	950	
Legal Services	150,000	175,000	(25,000)
Investment Consultant		7,500	(7,500)
Audit & Actuarial Fees	36,700	36,700	
General Liability Insurance	238,940	232,050	6,890
Property Insurance	101,240	81,870	19,370
Building & Yard Maintenance	5,000	2,000	3,000
Central Operations Office:			
Office Repairs	1,840		1,840
Electric & Heating	103,950	116,050	(12,100)
Cleaning Service	17,770	20,200	(2,430)
Carting Refuse Costs	3,300	3,300	
HVAC & Elevator	31,370	22,400	8,970
Fire Inspections	1,200	1,200	
Pest Control	1,400	1,300	100
Administrative Voucher Charges:			
Various Training and Education	6,690	8,420	(1,730)
Industry Related Conferences/Meetings	10,400	10,300	100
Telephone Charges	65,400	75,500	(10,100)
Office Postage	17,000	17,000	
Office Machine Supplies/Expense	23,400	22,700	700
Dues, Memberships & Licenses	13,630	13,590	40
Public/Legal Notices	11,900	9,100	2,800
Bond Trustee Fees	8,500	8,700	(200)
Employee Programs	5,870	8,630	(2,760)
Miscellaneous Administrative	5,600	5,400	200
Total Administrative & General Expenses	\$2,143,580	\$2,086,790	\$56,790

Water Authority of Western Nassau County
Financial Forecast
2018 - 19

Comparison to Prior Fiscal Year Total Operation & Maintenance Expenses	Projected 2018 - 19	Actual FY 2017	Change
Supervisory Salaries	\$1,343,280	\$1,106,730	\$236,550
Non Supervisory Salaries	2,355,920	2,593,187	(237,267)
Payroll Overheads	2,156,230	2,031,640	124,590
Transportation	280,460	277,190	3,270
Materials & Stores	23,100	124,514	(101,414)
Tools & Equipment including Uniforms	62,890	45,337	17,553
Laboratory Charges	143,000	90,032	52,968
Chemicals	251,500	255,488	(3,988)
Production Contractors	100,940	84,487	16,453
T & D Contractors	306,830	208,391	98,439
Billing and Inserting Contractor	67,980	80,902	(12,922)
Special Services	221,900	240,120	(18,220)
Purchased Power	1,264,750	1,214,734	50,016
Building & Yard Maintenance	15,850	18,813	(2,963)
Various Training and Education	17,090	1,800	15,290
Uncollectibles	19,000	26,243	(7,243)
Insurance Costs	340,180	301,852	38,328
General Office Supplies & Expenses	105,800	103,285	2,515
Information Systems	217,700	115,544	102,156
Administrative Costs	45,500	39,554	5,946
Central Operations Office	160,830	143,250	17,580
Production Miscellaneous	26,380	109,623	(83,243)
T & D Miscellaneous	42,620	44,220	(1,600)
Customer Service Miscellaneous	22,320	23,087	(767)
Total Summary by Functional Cost	\$10,135,050	\$9,280,023	\$855,027

APPENDIX A

Water Authority of Western Nassau County
Financial Forecast
2018 - 19

Breakdown of Required Rate Relief by Element

Category	Fiscal Year 2018 - 19	Fiscal Year 2017 - 18	Change
Operating Revenues:	<u>\$17,842,700</u>	<u>\$18,371,500</u>	<u>(\$528,800)</u>
Operation & Maintenance Expenses:			
Labor	3,699,200	3,685,720	13,480
Employee Benefits	2,156,230	2,071,390	84,840
Power	1,264,750	1,257,600	7,150
Office Operations	484,330	491,550	(7,220)
Transportation, Tools & Materials	382,300	380,950	1,350
Chemicals	251,500	216,000	35,500
Insurance	340,180	313,920	26,260
Contractors	840,650	665,850	174,800
Other O&M	715,910	206,660	509,250
Total Operation & Maintenance	<u>10,135,050</u>	<u>9,289,640</u>	<u>845,410</u>
Financing Activity			
Interest & Other Income	720,900	767,200	(46,300)
Debt Requirements:			
Interest Expense	4,846,900	4,954,900	(108,000)
Principal Repayment	2,490,000	2,380,000	110,000
Total Debt Service	<u>7,336,900</u>	<u>7,334,900</u>	<u>2,000</u>
Required Return on Debt	2,302,650	2,514,160	(211,510)
Required Debt Coverage	9,639,550	9,849,060	(209,510)
Total Revenue Before Adjustments	19,053,700	18,371,500	682,200
Revenue Adjustments	(760,000)	(528,800)	(231,200)
Total Revenue Required	<u>\$18,293,700</u>	<u>\$17,842,700</u>	<u>\$451,000</u>

**Water Authority of Western Nassau County
Financial Forecast
2018 - 19**

Summary of Change in Revenue Requirement

Change in Water Service Revenues		
Water Revenue per last Operating Plan	\$18,500,000	
Water Revenues Projected per Tariffs	<u>18,055,500</u>	
Change in Water Service Revenues	(444,500)	
Change in Miscellaneous Revenue	<u>2,400</u>	
	<u>(442,100)</u>	
Revenue Change by Category		
Change in Residential Revenue	(324,899)	
Change in Commercial Revenue	(125,627)	
Change in Other Revenue	<u>(78,274)</u>	
Change in Revenues	<u>(528,800)</u>	
Change in Revenue Requirement		
Additional Revenue due to Revenue Forecast	528,800	2.93%
Additional Revenue due to Operating Activity	845,410	4.68%
Additional Revenue due to Financing Activity	<u>(923,210)</u>	<u>-5.11%</u>
Revenue Shortfall	451,000	2.50%
Change in Rate Subsidy	<u>451,000</u>	<u>2.50%</u>
Required Rate Increase	<u>\$902,000</u>	<u>5.00%</u>

**WATER AUTHORITY OF WESTERN NASSAU COUNTY
PROPOSED TARIFF RATES
Operating Plan
Summary of Revenue Requirement**

	<u>OLD RATES</u> 2017 - 18	<u>NEW RATES</u> 2018 - 19
METER RESIDENTIAL - Service Classification 1		<u>2.50%</u>
METER COMMERCIAL - Service Classification 2		<u>2.50%</u>
Minimum Charge - Quarterly		
5/8"	\$45.49	\$46.63
3/4"	\$68.24	\$69.94
1"	\$113.73	\$116.57
1.5"	\$227.46	\$233.14
2"	\$363.92	\$373.01
3"	\$727.84	\$746.02
4"	\$1,137.27	\$1,165.68
6"	\$2,274.52	\$2,331.33
8"	\$3,639.24	\$3,730.14
 Base Rates (per 1,000 gallons)		
For the first 9,000		
For the next 135,000	\$4.162	\$4.266
All over 144,000	\$4.264	\$4.371
Summer Surcharge		

**WATER AUTHORITY OF WESTERN NASSAU COUNTY
PROPOSED TARIFF RATES
Operating Plan
Summary of Revenue Requirement**

PUBLIC FIRE HYDRANTS - Service Classification 3

	<u>2.50%</u>	
Quarterly Rate	\$240.00	\$246.00
Annual Rate	\$960.00	\$984.00

PRIVATE FIRE SPRINKLERS - Service Classification 4

	<u>2.50%</u>	
Quarterly Rate		
2"	\$45.08	\$46.21
2.5"	\$52.76	\$54.08
3"	\$78.28	\$80.24
4"	\$141.54	\$145.08
6"	\$289.20	\$296.42
8"	\$578.27	\$592.71