

**WATER AUTHORITY
OF
WESTERN NASSAU COUNTY**

OPERATING PLAN

FINANCIAL FORECAST

FISCAL YEAR JUNE 2019 - MAY 2020

APPROVED BY BOARD MAY 20, 2019

**PROJECTION OF REVENUES, EXPENSES
AND REQUIRED RATE RELIEF**

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Water Authority of Western Nassau County
 Summary of Revenue Requirement
 Fiscal Year
 2019 - 20

	Tariffs Projected	Rate Subsidy	Op Plan 2019 - 20	Rate Change *	Op Plan 2019 - 20	Op Plan 2018 - 19	Variance Before Increase	Percent Increase
Operating Revenues:								
Residential Water Sales	\$12,468,500		\$12,468,500	\$477,390	\$12,945,890	\$12,520,930	(\$52,430)	3.83%
Commercial Water Sales	3,233,300		3,233,300	123,790	3,357,090	3,404,670	(171,370)	3.83%
Municipal Hydrant Rentals	2,393,100		2,393,100	91,620	2,484,720	2,393,020	80	3.83%
Commercial Fire Sprinklers	188,000		188,000	7,200	195,200	187,880	120	3.83%
Water Sales	18,282,900		18,282,900	700,000	18,982,900	18,506,500	(223,600)	3.83%
Other Revenue	49,900		49,900		49,900	52,200	(2,300)	
Rate Subsidy	281,800		281,800		281,800	235,000	46,800	
Rate Stabilization & Subsidies		(500,000)	(500,000)		(500,000)	(500,000)		
Total Revenues	18,614,600	(500,000)	18,114,600	700,000	18,814,600	18,293,700	(179,100)	
Operating Expenses:								
Operations & Maintenance	10,002,740		10,002,740		10,002,740	10,135,050	(132,310)	
Amortization of Plant	2,610,700		2,610,700		2,610,700	2,628,200	(17,500)	
Total Operating Expenses	12,613,440		12,613,440		12,613,440	12,763,250	(149,810)	
Total Utility Operating Margin	6,001,160	(500,000)	5,501,160	700,000	6,201,160	5,530,450	(29,290)	
Interest Charges & Other:								
Interest on Bonds	4,689,200		4,689,200		4,689,200	4,846,900	(157,700)	
Amortization of Debt Expense	(370,200)		(370,200)		(370,200)	(344,100)	(26,100)	
Transfer From Rate Fund								
Less: Interest & Other Income	(666,800)		(666,800)		(666,800)	(720,900)	54,100	
Net Interest Charges	3,652,200		3,652,200		3,652,200	3,781,900	(129,700)	
Targeted Bond Coverage Amount	\$2,348,960	(\$500,000)	\$1,848,960	\$700,000	\$2,548,960	\$1,748,550	\$100,410	
Debt Coverage Ratio	1.272		1.185		1.350	1.310		
Required Change in Rates				\$700,000	\$700,000	\$451,000		
Required Change in Revenue		(\$500,000)		\$700,000	\$200,000	(\$49,000)		
Percentage Rate Change				3.83%	3.83%	2.50%		
Subsidy %		-2.73%			-1.19%	-1.47%		
Average Residential Bill					\$486	\$469		
Average Commercial Bill					\$2,456	\$2,366		
Average Hydrant Bill					\$1,020	\$984		
Average Sprinkler Bill					\$938	\$903		

**Water Authority of Western Nassau County
Financial Forecast
Debt Coverage Ratio
2019 - 20**

	Operating Plan Current Rates	Operating Plan Adjustments (b)	Operating Plan Rate Change	Operating Plan 2018 - 19
Total Utility Operating Margin	\$5,501,160	(\$500,000)	\$6,201,160	\$5,530,450
Add:				
(a) Non-cash Items	2,610,700	370,000	2,980,700	3,388,200
Interest & Other Income	666,800		666,800	720,900
Total Available for Coverage	8,778,660	(130,000)	9,848,660	9,639,550
Debt Service:				
Interest on Revenue Bonds	4,690,400		4,690,400	4,846,900
Principle on Revenue Bonds	2,605,000		2,605,000	2,490,000
Net Debt Service	\$7,295,400		\$7,295,400	\$7,336,900
Ratio	1.20	1.19	1.35	1.31

(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
2019 - 20

Proposed Plan vs. Prior Operating Plan Total Operation & Maintenance Expenses	Projected 2019 - 20	Op Plan 2018 - 19	Change
Supervisory Salaries	\$1,357,770	\$1,343,280	\$14,490
Non Supervisory Salaries	2,523,790	2,355,920	167,870
Payroll Overheads	2,359,220	2,156,230	202,990
Transportation \ Purchasing	292,410	280,460	11,950
Materials & Stores	42,700	23,100	19,600
Tools & Equipment including Uniforms	41,380	62,890	(21,510)
Laboratory Charges	109,000	143,000	(34,000)
Purchased Power	1,385,900	1,264,750	121,150
Chemicals	327,000	251,500	75,500
Production Contractors & Preventative Maintenance	107,470	100,940	6,530
T & D Contractors	197,300	306,830	(109,530)
Billing and Inserting Contractor	71,160	67,980	3,180
Special Services	210,700	221,900	(11,200)
Treatment Station Operating Costs		543,000	(543,000)
Building & Yard Maintenance	15,850	15,850	
Various Training and Education	7,690	17,090	(9,400)
Uncollectibles	24,000	19,000	5,000
Insurance Costs	355,350	340,180	15,170
General Office Supplies & Expenses	114,460	105,800	8,660
Information Systems	151,800	217,700	(65,900)
Administrative Costs	40,760	45,500	(4,740)
Central Operations Office	169,510	160,830	8,680
Production Miscellaneous	28,000	26,380	1,620
T & D Miscellaneous	46,620	42,620	4,000
Customer Service Miscellaneous	22,900	22,320	580
Total Summary by Functional Cost	\$10,002,740	\$10,135,050	(\$132,310)

Water Authority of Western Nassau County
Financial Forecast
2019 - 20

Proposed Plan vs. Prior Operating Plan Production Expenses	Projected 2019 - 20	Op Plan 2018 - 19	Change
(Source of Supply, Pumping and Water Treatment Expenses)			
Supervisory Salaries	\$432,630	\$377,720	\$54,910
Non Supervisory Salaries	841,110	758,170	82,940
Payroll Overheads - Production	774,180	662,100	112,080
Transportation \ Purchasing	134,210	131,460	2,750
Materials	70	250	(180)
Tools & Equipment including Uniforms	20,100	30,480	(10,380)
Laboratory Charges	109,000	143,000	(34,000)
Purchased Power	1,385,900	1,264,750	121,150
Chemicals	327,000	251,500	75,500
Contractors & Preventative Maintenance:			
Pump Repairs & Preventative Maintenance	83,970	81,840	2,130
Treatment Equipment Preventative Maintenance	14,000	13,800	200
VOC & Iron Removal Plant Maintenance	9,500	5,300	4,200
Treatment Station Operating Costs		543,000	(543,000)
Snow Removal & Ground Maintenance	10,850	10,850	
Miscellaneous Voucher Purchases:			
Pumping Equipment	18,000	10,000	8,000
Structures & Improvements	10,000	15,000	(5,000)
Water Treatment Supplies		1,380	(1,380)
Total Production Expenses	\$4,170,520	\$4,300,600	(\$130,080)

Water Authority of Western Nassau County
Financial Forecast
2019 - 20

Proposed Plan vs. Prior Operating Plan Transmission & Distribution Expenses	Projected 2019 - 20	Op Plan 2018 - 19	Change
Supervisory Salaries	\$139,040	\$164,590	(\$25,550)
Non Supervisory Salaries	991,870	907,450	84,420
Payroll Overheads - T & D	687,360	624,880	62,480
Transportation	118,030	121,350	(3,320)
Materials	42,260	22,590	19,670
Tools & Equipment including Uniforms	17,540	26,520	(8,980)
Contractor Charges:			
Paving Contractors	54,800	54,000	800
Tank Maintenance		27,330	(27,330)
Mark Out Contractors	65,000	61,000	4,000
Leak Detection Contractors	55,000	142,000	(87,000)
Carting Refuse From Station 44	22,500	22,500	
Engineering Services	30,000	20,000	10,000
Miscellaneous Voucher Purchases:			
Removing & Resetting Meters	1,000	2,300	(1,300)
Boring Samples	2,000	2,000	
T & D - Maintenance			
Mains	30,000	28,200	1,800
Services	11,120	8,520	2,600
Hydrants	2,500	1,600	900
Total Transmission & Distribution Expenses	\$2,270,020	\$2,236,830	\$33,190

Water Authority of Western Nassau County
Financial Forecast
2019 - 20

Proposed Plan vs. Prior Operating Plan Customer Service Expenses	Projected 2019 - 20	Op Plan 2018 - 19	Change
Supervisory Salaries - Office	\$195,260	\$199,830	(\$4,570)
Non Supervisory Salaries	511,200	487,500	23,700
Payroll Overheads - Customer Service	429,390	400,640	28,750
Transportation	20,320	18,670	1,650
Materials	370	260	110
Tools & Equipment including Uniforms	3,350	4,940	(1,590)
Information Systems:			
MUPS Software Maintenance & Support	124,600	124,100	500
Info Systems Equipment Maintenance	19,000	86,900	(67,900)
Miscellaneous Data Processing Costs	8,200	6,700	1,500
Uncollectibles	24,000	19,000	5,000
Billing and Inserting Contractor	71,160	67,980	3,180
Annual Water Supply Statement	10,200	10,200	
Rights & Responsibility Brochure			
Customer Outreach	5,000	5,000	
Miscellaneous Voucher Purchases:			
Meter Reading	5,300	5,500	(200)
Billing & Accounting	17,600	16,820	780
Total Customer Service Expenses	\$1,444,950	\$1,454,040	(\$9,090)

Water Authority of Western Nassau County
Financial Forecast
2019 - 20

Proposed Plan vs. Prior Operating Plan Administrative & General Expenses	Projected 2019 - 20	Op Plan 2018 - 19	Change
Supervisory Salaries	\$555,430	\$565,730	(\$10,300)
Chairman Salary	35,410	35,410	
Non Supervisory Salaries	179,610	202,800	(23,190)
Payroll Overheads - Administrative	468,290	468,610	(320)
Transportation	19,850	8,980	10,870
Tools & Equipment including Uniforms	390	950	(560)
Legal Services	125,000	150,000	(25,000)
Investment Consultant			
Audit & Actuarial Fees	40,500	36,700	3,800
General Liability Insurance	250,000	238,940	11,060
Property Insurance	105,350	101,240	4,110
Building & Yard Maintenance	5,000	5,000	
Central Operations Office:			
Office Repairs	2,500	1,840	660
Electric & Heating	100,550	103,950	(3,400)
Cleaning Service	19,170	17,770	1,400
Carting Refuse Costs	3,300	3,300	
HVAC & Elevator	34,090	31,370	2,720
Fire Inspections	8,500	1,200	7,300
Pest Control	1,400	1,400	
Administrative Voucher Charges:			
Various Training and Education	1,590	6,690	(5,100)
Industry Related Conferences/Meetings	6,100	10,400	(4,300)
Telephone Charges	72,400	65,400	7,000
Office Postage	17,500	17,000	500
Office Machine Supplies/Expense	24,560	23,400	1,160
Dues, Memberships & Licenses	14,610	13,630	980
Public/Legal Notices	7,800	11,900	(4,100)
Bond Trustee Fees	8,500	8,500	
Employee Programs	6,150	5,870	280
Miscellaneous Administrative	3,700	5,600	(1,900)
Total Administrative & General Expenses	\$2,117,250	\$2,143,580	(\$26,330)

Water Authority of Western Nassau County
Financial Forecast
2019 - 20

Comparison to Prior Fiscal Year Total Operation & Maintenance Expenses	Projected 2019 - 20	Actual FY 2018	Change
Supervisory Salaries	\$1,357,770	\$1,209,299	\$148,471
Non Supervisory Salaries	2,523,790	2,432,087	91,703
Payroll Overheads	2,359,220	2,255,418	103,802
Transportation	292,410	223,345	69,065
Materials & Stores	42,700	62,757	(20,057)
Tools & Equipment including Uniforms	41,380	38,125	3,255
Laboratory Charges	109,000	100,776	8,224
Chemicals	327,000	257,294	69,706
Production Contractors	107,470	34,626	72,844
T & D Contractors	197,300	194,392	2,908
Billing and Inserting Contractor	71,160	69,533	1,627
Special Services	210,700	225,048	(14,348)
Purchased Power	1,385,900	1,359,611	26,289
Building & Yard Maintenance	15,850	80,593	(64,743)
Various Training and Education	7,690	87	7,603
Uncollectibles	24,000	38,909	(14,909)
Insurance Costs	355,350	316,159	39,191
General Office Supplies & Expenses	114,460	111,082	3,378
Information Systems	151,800	116,641	35,159
Administrative Costs	40,760	36,114	4,646
Central Operations Office	169,510	112,371	57,139
Production Miscellaneous	28,000	1,081	26,919
T & D Miscellaneous	46,620	33,520	13,100
Customer Service Miscellaneous	22,900	21,647	1,253
Total Summary by Functional Cost	\$10,002,740	\$9,330,515	\$672,225

Water Authority of Western Nassau County
Financial Forecast
2019 - 20
Breakdown of Required Rate Relief by Element

Category	Fiscal Year 2019 - 20	Fiscal Year 2018 - 19	Effect on Rates	Rates %
(a) Operating Revenues:	\$18,114,600	\$18,293,700	\$179,100	0.98%
Operation & Maintenance Expenses:				
Labor	3,881,560	3,699,200	182,360	1.00%
Employee Benefits	2,359,220	2,156,230	202,990	1.11%
Power	1,385,900	1,264,750	121,150	0.66%
Office Operations	435,770	484,330	(48,560)	-0.27%
Transportation, Tools & Materials	392,340	382,300	10,040	0.05%
Chemicals	327,000	251,500	75,500	0.41%
Insurance	355,350	340,180	15,170	0.08%
Contractors	695,630	840,650	(145,020)	-0.79%
Other O&M	169,970	715,910	(545,940)	-2.99%
(a) Total Operation & Maintenance	10,002,740	10,135,050	(132,310)	-0.72%
(A) Total Operating Activity	8,111,860	8,158,650	46,790	0.26%
Financing Activity				
Debt Requirements:				
Interest Expense	4,690,400	4,846,900	156,500	0.86%
Principal Repayment	2,605,000	2,490,000	(115,000)	-0.63%
Total Debt Requirements	7,295,400	7,336,900	41,500	0.23%
Projected Earnings on Debt Requirement	1.35	1.31	0.04	0.92%
(b) Coverage Requirement	9,848,660	9,639,550	209,110	1.14%
Interest & Other Income	(666,800)	(720,900)	54,100	0.30%
Non-cash Items	(2,998,200)	(3,388,200)	390,000	2.13%
(b) Total Interest & Other Adjustments	(3,665,000)	(4,109,100)	444,100	2.43%
(B) Total Finance Activity	6,183,660	5,530,450	653,210	3.57%
(A+B) REQUIRED WATER REVENUE	\$18,982,900	\$18,282,900	\$700,000	3.83%

**Water Authority of Western Nassau County
Financial Forecast
2019 - 20
Summary of Change in Revenue Requirement**

Change in Water Service Revenues:		
Water Revenue per last Operating Plan	\$18,506,500	
Water Revenues Projected per Tariffs	<u>18,282,900</u>	
Change in Water Service Revenues	223,600	
Change in Miscellaneous Revenue	<u>(44,500)</u>	
	179,100	
Revenue Change by Category:		
Change in Residential Revenue	52,430	0.29%
Change in Commercial Revenue	171,370	0.94%
Change in Fire and Miscellaneous Revenue	<u>(44,700)</u>	-0.24%
Change in Revenues	179,100	
Change in Revenue Requirement:		
Additional Revenue due to Revenue Forecast	179,100	0.98%
Additional Revenue due to Operating Activity	(132,310)	-0.72%
Additional Revenue due to Financing Activity	<u>653,210</u>	<u>3.57%</u>
Revenue Shortfall	700,000	3.83%
Change in Rate Subsidy	<u> </u>	<u> </u>
Required Rate Increase	<u>\$700,000</u>	<u>3.83%</u>

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

	OLD RATES 2018 - 19	NEW RATES 2019 - 20
METER RESIDENTIAL - Service Classification 1		<u>3.83%</u>
METER COMMERCIAL - Service Classification 2		<u>3.83%</u>
Minimum Charge - Quarterly		
5/8"	\$46.63	\$48.42
3/4"	\$69.94	\$72.62
1"	\$116.57	\$121.03
1.5"	\$233.14	\$242.07
2"	\$373.01	\$387.29
3"	\$746.02	\$774.58
4"	\$1,165.68	\$1,210.31
6"	\$2,331.33	\$2,420.59
8"	\$3,730.14	\$3,872.96
 Base Rates (per 1,000 gallons)		
For the first 9,000		
For the next 96,000	\$4.266	\$4.429
All over 105,000	\$4.371	\$4.538
Summer Surcharge		

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

PUBLIC FIRE HYDRANTS - Service Classification 3		<u>3.83%</u>	
	Quarterly Rate	\$246.00	\$255.00
	Annual Rate	\$984.00	\$1,020.00
 PRIVATE FIRE SPRINKLERS - Service Classification 4		 <u>3.83%</u>	
	Quarterly Rate		
	2"	\$46.21	\$47.98
	2.5"	\$54.08	\$56.15
	3"	\$80.24	\$83.31
	4"	\$145.08	\$150.63
	6"	\$296.42	\$307.77
	8"	\$592.71	\$615.40