

**WATER AUTHORITY
OF
WESTERN NASSAU COUNTY**

OPERATING PLAN

FINANCIAL FORECAST

FISCAL YEAR JUNE 2021 - MAY 2022

SUBJECT TO BOARD APPROVAL

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

**Water Authority of Western Nassau County
Financial Forecast
Subject To Board Approval**

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Water Authority of Western Nassau County
 Summary of Revenue Requirement
 Fiscal Year
 2021 - 22

	Tariffs Projected	Rate Subsidy	Op Plan 2021 - 22	Rate Change *	Op Plan 2021 - 22	Op Plan 2020 - 21	Variance Before Increase	Percent Increase
Operating Revenues:								
Residential Water Sales	\$14,543,000		\$14,543,000	\$1,566,490	\$16,109,490	\$14,308,100	\$234,900	10.77%
Commercial Water Sales	3,849,700		3,849,700	414,670	4,264,370	3,653,930	195,770	10.77%
Municipal Hydrant Rentals	2,743,300		2,743,300	295,490	3,038,790	2,742,820	480	10.77%
Commercial Fire Sprinklers	216,810		216,810	23,350	240,160	214,950	1,860	10.77%
Water Sales	21,352,810		21,352,810	2,300,000	23,652,810	20,919,800	433,010	10.77%
Other Revenue	44,700		44,700		44,700	48,900	(4,200)	
Rate Subsidy	282,900		282,900		282,900	295,200	(12,300)	
Rate Stabilization & Subsidies								
Total Revenues	21,680,410		21,680,410	2,300,000	23,980,410	21,263,900	416,510	
Operating Expenses:								
Operations & Maintenance	11,695,920		11,695,920		11,695,920	10,613,200	1,082,720	
Amortization of Plant	2,614,500		2,614,500		2,614,500	2,581,300	33,200	
Total Operating Expenses	14,310,420		14,310,420		14,310,420	13,194,500	1,115,920	
Total Utility Operating Margin	7,369,990		7,369,990	2,300,000	9,669,990	8,069,400	(699,410)	
Interest Charges & Other:								
Interest on Bonds	4,155,900	1,752,300	5,908,200		5,908,200	5,815,000	93,200	
Amortization of Debt Expense	(683,800)		(683,800)		(683,800)	(368,200)	(315,600)	
Transfer From Rate Fund								
Less: Interest & Other Income	(1,165,600)		(1,165,600)		(1,165,600)	(982,050)	(183,550)	
Net Interest Charges	2,306,500	1,752,300	4,058,800		4,058,800	4,464,750	(405,950)	
Targeted Bond Coverage Amount	\$5,063,490	(\$1,752,300)	\$3,311,190	\$2,300,000	\$5,611,190	\$3,604,650	(\$293,460)	
Debt Coverage Ratio	1.126		1.163		1.400	1.410		
Required Change in Rates				\$2,300,000	\$2,300,000	\$2,000,000		
Required Change in Revenue				\$2,300,000	\$2,300,000	\$2,000,000		
Percentage Rate Change				10.77%	10.77%	10.57%		
Subsidy %					1.32%	1.56%		
Average Residential Bill					\$596	\$538		
Average Commercial Bill					\$2,628	\$2,373		
Average Hydrant Bill					\$1,248	\$1,128		
Average Sprinkler Bill					\$1,138	\$1,019		

**Water Authority of Western Nassau County
Financial Forecast
Debt Coverage Ratio
2021 - 22**

	Operating Plan Current Rates	Operating Plan Adjustments (b)	Operating Plan Rate Change	Operating Plan 2020 - 21
Total Utility Operating Margin	\$7,369,990		\$9,669,990	\$8,069,400
Add:				
(a) Non-cash Items	2,614,500	370,000	2,984,500	2,951,300
Interest & Other Income	1,165,600		1,165,600	982,050
Total Available for Coverage	11,150,090	370,000	13,820,090	12,002,750
Debt Service:				
Interest on Revenue Bonds	5,922,600		5,922,600	5,815,000
Principle on Revenue Bonds	3,980,000		3,980,000	2,720,000
Net Debt Service	\$9,902,600		\$9,902,600	\$8,535,000
Ratio	1.13	1.16	1.40	1.41

(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
2021 - 22

Proposed Plan vs. Prior Operating Plan	Projected	Op Plan	Change
Total Operation & Maintenance Expenses	2021 - 22	2020 - 21	
Supervisory Salaries	\$1,614,900	\$1,590,520	\$24,380
Non Supervisory Salaries	2,718,960	2,595,740	123,220
Payroll Overheads	2,358,920	2,210,370	148,550
Transportation \ Purchasing	284,730	316,520	(31,790)
Materials & Stores	39,300	42,700	(3,400)
Tools & Equipment including Uniforms	35,900	42,410	(6,510)
Laboratory Charges	287,860	112,300	175,560
Purchased Power	1,497,320	1,427,500	69,820
Chemicals	377,200	323,300	53,900
Production Contractors & Preventative Maintenance	120,850	123,280	(2,430)
Treatment Station Operating Costs	660,000		660,000
T & D Contractors	237,200	260,600	(23,400)
Billing and Inserting Contractor	74,000	70,370	3,630
Special Services	241,200	240,800	400
Building & Yard Maintenance	15,850	14,350	1,500
Various Training and Education	8,170	12,520	(4,350)
Uncollectibles	32,000	31,000	1,000
Insurance Costs	399,320	522,880	(123,560)
General Office Supplies & Expenses	127,470	122,820	4,650
Information Systems	256,200	242,300	13,900
Administrative Costs	36,920	42,160	(5,240)
Central Operations Office	154,250	174,730	(20,480)
Production Miscellaneous	26,880	28,810	(1,930)
T & D Miscellaneous	52,570	49,320	3,250
Customer Service Miscellaneous	37,950	15,900	22,050
Total Summary by Functional Cost	\$11,695,920	\$10,613,200	\$1,082,720

**Water Authority of Western Nassau County
Financial Forecast
2021 - 22**

Proposed Plan vs. Prior Operating Plan Production Expenses	Projected 2021 - 22	Op Plan 2020 - 21	Change
(Source of Supply, Pumping and Water Treatment Expenses)			
Supervisory Salaries	\$490,040	\$559,920	(\$69,880)
Non Supervisory Salaries	1,081,040	838,070	242,970
Payroll Overheads - Production	855,140	738,150	116,990
Transportation \ Purchasing	148,090	142,260	5,830
Materials	50	70	(20)
Tools & Equipment including Uniforms	20,900	20,110	790
Laboratory Charges	287,860	112,300	175,560
Purchased Power	1,497,320	1,427,500	69,820
Chemicals	377,200	323,300	53,900
Contractors & Preventative Maintenance:			
Pump Repairs & Preventative Maintenance	29,300	86,490	(57,190)
Treatment Equipment Preventative Maintenance	72,470	14,400	58,070
VOC & Iron Removal Plant Maintenance	6,480	9,790	(3,310)
Tank Maintenance	12,600	12,600	
Treatment Station Operating Costs	660,000		660,000
Snow Removal & Ground Maintenance	10,850	9,350	1,500
Miscellaneous Voucher Purchases:			
Pumping Equipment	18,000	18,500	(500)
Structures & Improvements	7,000	10,310	(3,310)
Water Treatment Supplies	1,880		1,880
Total Production Expenses	\$5,576,220	\$4,323,120	\$1,253,100

**Water Authority of Western Nassau County
Financial Forecast
2021 - 22**

Proposed Plan vs. Prior Operating Plan Transmission & Distribution Expenses	Projected 2021 - 22	Op Plan 2020 - 21	Change
Supervisory Salaries	\$183,610	\$170,340	\$13,270
Non Supervisory Salaries	932,980	1,048,470	(115,490)
Payroll Overheads - T & D	607,750	643,540	(35,790)
Transportation	104,470	131,780	(27,310)
Materials	38,910	42,260	(3,350)
Tools & Equipment including Uniforms	12,700	18,480	(5,780)
Contractor Charges:			
Paving Contractors	89,600	60,600	29,000
Mark Out Contractors	84,600	135,000	(50,400)
Leak Detection Contractors	15,000	15,000	
Carting Refuse From Station 44	48,000	50,000	(2,000)
Engineering Services	30,000	30,000	
Miscellaneous Voucher Purchases:			
Removing & Resetting Meters	4,200	1,200	3,000
Boring Samples	2,000	2,000	
T & D - Maintenance			
Mains	30,900	30,800	100
Services	12,520	12,420	100
Hydrants	2,950	2,900	50
Total Transmission & Distribution Expenses	\$2,200,190	\$2,394,790	(\$194,600)

**Water Authority of Western Nassau County
Financial Forecast
2021 - 22**

Proposed Plan vs. Prior Operating Plan Customer Service Expenses	Projected 2021 - 22	Op Plan 2020 - 21	Change
Supervisory Salaries - Office	\$209,750	\$208,540	\$1,210
Non Supervisory Salaries	450,390	497,960	(47,570)
Payroll Overheads - Customer Service	359,320	373,030	(13,710)
Transportation	10,680	19,850	(9,170)
Materials	340	370	(30)
Tools & Equipment including Uniforms	1,700	3,390	(1,690)
Information Systems:			
MUPS Software Maintenance & Support	145,400	135,300	10,100
Info Systems Equipment Maintenance	103,700	100,300	3,400
Miscellaneous Data Processing Costs	7,100	6,700	400
Uncollectibles	32,000	31,000	1,000
Billing and Inserting Contractor	74,000	70,370	3,630
Annual Water Supply Statement Rights & Responsibility Brochure	10,600	10,200	400
Customer Outreach	5,000	5,000	
Miscellaneous Voucher Purchases:			
Meter Reading	5,550	5,300	250
Billing & Accounting	32,400	10,600	21,800
Total Customer Service Expenses	\$1,447,930	\$1,477,910	(\$29,980)

**Water Authority of Western Nassau County
Financial Forecast
2021 - 22**

Proposed Plan vs. Prior Operating Plan Administrative & General Expenses	Projected 2021 - 22	Op Plan 2020 - 21	Change
Supervisory Salaries	\$696,090	\$615,160	\$80,930
Chairman Salary	35,410	36,560	(1,150)
Non Supervisory Salaries	254,550	211,240	43,310
Payroll Overheads - Administrative	536,710	455,650	81,060
Transportation	21,490	22,630	(1,140)
Tools & Equipment including Uniforms	600	430	170
Legal Services	125,000	125,000	
Investment Consultant	30,000	30,000	
Audit & Actuarial Fees	40,600	40,600	
General Liability Insurance	223,220	356,310	(133,090)
Property Insurance	176,100	166,570	9,530
Building & Yard Maintenance	5,000	5,000	
Central Operations Office:			
Office Repairs	2,100	6,900	(4,800)
Electric & Heating	91,280	103,700	(12,420)
Cleaning Service	20,160	19,980	180
Carting Refuse Costs	5,200	5,500	(300)
HVAC & Elevator	32,010	35,200	(3,190)
Fire Inspections	2,000	2,000	
Pest Control	1,500	1,450	50
Administrative Voucher Charges:			
Various Training and Education	3,170	790	2,380
Industry Related Conferences/Meetings	5,000	11,730	(6,730)
Telephone Charges	82,300	79,500	2,800
Office Postage	20,000	18,000	2,000
Office Machine Supplies/Expense	25,170	25,320	(150)
Dues, Memberships & Licenses	12,640	12,440	200
Public/Legal Notices	4,200	7,900	(3,700)
Bond Trustee Fees	8,500	8,500	
Employee Programs	4,730	6,020	(1,290)
Miscellaneous Administrative	6,850	7,300	(450)
Total Administrative & General Expenses	\$2,471,580	\$2,417,380	\$54,200

Water Authority of Western Nassau County
Financial Forecast
2021 - 22

Comparison to Prior Fiscal Year Total Operation & Maintenance Expenses	Projected 2021 - 22	Actual FY 2020	Change
Supervisory Salaries	\$1,614,900	\$1,680,147	(\$65,247)
Non Supervisory Salaries	2,718,960	2,442,295	276,665
Payroll Overheads	2,358,920	2,431,760	(72,840)
Transportation	284,730	242,762	41,968
Materials & Stores	39,300	5,133	34,167
Tools & Equipment including Uniforms	35,900	35,124	776
Laboratory Charges	287,860	197,511	90,349
Chemicals	377,200	289,823	87,377
Production Contractors	120,850	34,080	86,770
T & D Contractors	237,200	235,730	1,470
Billing and Inserting Contractor	74,000	79,797	(5,797)
Special Services	241,200	237,410	3,790
Purchased Power	1,497,320	1,363,769	133,551
Building & Yard Maintenance	15,850	65,814	(49,964)
Various Training and Education	8,170	698	7,472
Uncollectibles	32,000	41,511	(9,511)
Insurance Costs	399,320	350,844	48,476
General Office Supplies & Expenses	127,470	106,134	21,336
Information Systems	256,200	120,744	135,456
Administrative Costs	36,920	31,911	5,009
Central Operations Office	154,250	118,575	35,675
Production Miscellaneous	26,880	8,172	18,708
T & D Miscellaneous	52,570	37,161	15,409
Customer Service Miscellaneous	37,950	21,233	16,717
Total Summary by Functional Cost	\$11,695,920	\$10,178,138	\$1,517,782

APPENDIX A

Water Authority of Western Nassau County
Financial Forecast
2021 - 22
Breakdown of Required Rate Relief by Element

Category	Fiscal Year 2021 - 22	Fiscal Year 2020 - 21	Effect on Rates	Rates %
(a) Operating Revenues:	\$21,680,410	\$21,263,900	(\$416,510)	-1.96%
Operation & Maintenance Expenses:				
Labor	4,333,860	4,186,260	147,600	0.69%
Employee Benefits	2,358,920	2,210,370	148,550	0.70%
Power	1,497,320	1,427,500	69,820	0.33%
Office Operations	537,920	539,850	(1,930)	-0.01%
Transportation, Tools & Materials	375,780	415,980	(40,200)	-0.19%
Chemicals	377,200	323,300	53,900	0.25%
Insurance	399,320	522,880	(123,560)	-0.58%
Contractors	961,110	807,350	153,760	0.72%
Other O&M	854,490	179,710	674,780	3.17%
(a) Total Operation & Maintenance	11,695,920	10,613,200	1,082,720	5.09%
(A) Total Operating Activity	9,984,490	10,650,700	666,210	3.13%
Financing Activity				
Debt Requirements:				
Interest Expense	5,922,600	5,815,000	(107,600)	-0.51%
Principal Repayment	3,980,000	2,720,000	(1,260,000)	-5.93%
Total Debt Requirements	9,902,600	8,535,000	(1,367,600)	-6.43%
Projected Earnings on Debt Requirement	1.40	1.41	(0.01)	14.98%
(b) Coverage Requirement	13,820,090	12,002,750	1,817,340	8.55%
Interest & Other Income	(1,165,600)	(982,050)	(183,550)	-0.86%
Amortization of Debt Expense	(370,000)	(370,000)		
(b) Total Interest & Other Adjustments	(1,535,600)	(1,352,050)	(183,550)	-0.86%
(B) Total Finance Activity	12,284,490	10,650,700	1,633,790	7.65%
(A+B) REQUIRED WATER REVENUE	\$23,980,410	\$21,263,900	\$2,300,000	10.77%

APPENDIX B

**Water Authority of Western Nassau County
Financial Forecast
2021 - 22
Summary of Change in Revenue Requirement**

Change in Water Service Revenues:		
Water Revenue per last Operating Plan	\$20,919,800	
Water Revenues Projected per Tariffs	<u>21,352,810</u>	
Change in Water Service Revenues	(433,010)	
Change in Miscellaneous Revenue	<u>16,500</u>	
	<u>(416,510)</u>	
Revenue Change by Category:		
Change in Residential Revenue	(234,900)	-1.10%
Change in Commercial Revenue	(195,770)	-0.92%
Change in Fire and Miscellaneous Revenue	<u>14,160</u>	<u>0.07%</u>
Change in Revenues	<u>(416,510)</u>	
Change in Revenue Requirement:		
Additional Revenue due to Revenue Forecast	(416,510)	-1.95%
Additional Revenue due to Operating Activity	1,082,720	5.07%
Additional Revenue due to Financing Activity	<u>1,633,790</u>	<u>7.65%</u>
Revenue Shortfall	2,300,000	10.77%
Change in Rate Subsidy	<u> </u>	<u> </u>
Required Rate Increase	<u>\$2,300,000</u>	<u>10.77%</u>

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

		<u>OLD RATES</u> 2021 - 22	<u>NEW RATES</u>
METER RESIDENTIAL - Service Classification 1			<u>10.77%</u>
Base Rates (per 1,000 gallons)			
For the first 9000 Gallons		\$53.54	\$59.31
For the next 135,000 Gallons*		4.897	5.424
All over 144,000 Gallons*		5.018	5.559
OVER MINIMUM USERS		5.949	6.590
METER COMMERCIAL - Service Classification 2			<u>10.77%</u>
Minimum Charge	Allowance		
5/8"	9,000	\$53.54	\$59.31
3/4"	13,500	\$80.30	\$88.95
1"	22,500	\$133.82	\$148.23
1.5"	45,000	\$267.66	\$296.49
2"	72,000	\$428.23	\$474.36
3"	144,000	\$856.46	\$948.71
4"	225,000	\$1,338.25	\$1,482.40
6"	450,000	\$2,676.47	\$2,964.76
8"	720,000	\$4,282.37	\$4,743.64

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

PUBLIC FIRE HYDRANTS - Service Classification 3

Quarterly	\$282.00	<u>10.77%</u>	\$312.00
Annual	\$1,128.00		\$1,248.00

PRIVATE FIRE SPRINKLERS - Service Classification 4

ALL 2" & UNDER RATE	\$53.05	<u>10.77%</u>	\$58.76
2.5"	\$62.09		\$68.78
3"	\$92.12		\$102.04
4"	\$166.55		\$184.49
6"	\$340.30		\$376.96
8"	\$680.45		\$753.74