

**WATER AUTHORITY
OF
WESTERN NASSAU COUNTY**

OPERATING PLAN

FINANCIAL FORECAST

FISCAL YEAR JUNE 2012 - MAY 2013

PROJECTION OF REVENUES, EXPENSES

AND REQUIRED RATE RELIEF

**Water Authority of Western Nassau County
OPERATING PLAN
FISCAL YEAR JUNE 2012 - MAY 2013
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Water Authority of Western Nassau County
Summary of Revenue Requirement

Fiscal Year 2012 - 13	Tariffs	Adjustments	Op Plan	Rate Change	Op Plan	Op Plan	Variance
	Projected		2012 - 13		2012 - 13	2011 - 12	Before Increase
Operating Revenues:							
Residential Water Sales	\$9,234,100		\$9,234,100	\$445,590	\$9,679,690	\$9,230,100	\$4,000
Commercial Water Sales	1,663,300		1,663,300	80,200	1,743,500	1,759,500	(96,200)
Municipal Hydrant Rentals	1,913,900		1,913,900	92,300	2,006,200	1,914,900	(1,000)
Commercial Fire Sprinklers	97,320		97,320	4,700	102,020	97,500	(180)
Water Sales	12,908,620		12,908,620	622,790	13,531,410	13,002,000	(93,380)
Other Revenue	60,000		60,000		60,000	60,000	
Rate Subsidy		100,000	100,000		100,000	100,000	
Rate Stabilization Contribution							
Total Revenues	12,968,620	100,000	13,068,620	622,790	13,691,410	13,162,000	(93,380)
Operating Expenses:							
Operations & Maintenance	8,436,660		8,436,660		8,436,660	8,175,510	261,150
Amortization of Plant	1,267,000		1,267,000		1,267,000	1,170,000	97,000
Total Operating Expenses	9,703,660		9,703,660		9,703,660	9,345,510	358,150
Total Utility Operating Margin	3,264,960	100,000	3,364,960	622,790	3,987,750	3,816,490	(451,530)
Interest Charges & Other:							
Interest on Bonds	2,992,500		2,992,500		2,992,500	3,043,500	(51,000)
Amortization of Debt Expense	78,600		78,600		78,600	76,800	1,800
Transfer From Rate Fund							
Less: Interest & Other Income	(864,300)		(864,300)		(864,300)	(1,277,000)	412,700
Net Interest Charges	2,206,800		2,206,800		2,206,800	1,843,300	363,500
Surplus (Deficit)	\$1,058,160	\$100,000	\$1,158,160	\$622,790	\$1,780,950	\$1,973,190	(\$815,030)
Debt Coverage Ratio	1.188		1.210		1.347	1.377	
Required Change in Rates				622,790	622,790	600,000	
Required Change in Revenue		100,000		622,790	722,790	700,000	
Percentage Rate Change				4.82%	4.82%	4.84%	
Subsidy %		0.77%			0.77%	0.81%	
Rate Stabilization %							
Total Additional Revenue Required		0.77%		4.82%	5.60%	5.64%	

Water Authority of Western Nassau County

Debt Coverage Ratio
2012 - 13

	Operating Plan Current Rates	Operating Plan Adjustments	Operating Plan Rate Change	Operating Plan 2011 - 12
Total Utility Operating Margin	3,264,960	3,364,960	3,987,750	3,816,490
Add:				
(a) Non-cash Items	1,267,000	1,267,000	1,267,000	1,170,000
Interest & Other Income	864,300	864,300	864,300	1,277,000
Total Available for Coverage	5,396,260	5,496,260	6,119,050	6,263,490
Debt Service:				
Interest on Revenue Bonds	2,992,500	2,992,500	2,992,500	3,043,500
Principle on Revenue Bonds	1,550,000	1,550,000	1,550,000	1,505,000
Net Debt Service	4,542,500	4,542,500	4,542,500	4,548,500
Ratio	1.188	1.210	1.347	1.377

(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
Operating Plan
2012 - 13**

Proposed Plan vs. FY 2012 Operating Plan Total Operation & Maintenance Expenses	Projected 2012 - 13	Op Plan 2011 - 12	Change
Supervisory Salaries	\$1,099,290	\$1,083,360	\$15,930
Non Supervisory Salaries	2,002,140	1,871,720	130,420
Payroll Overheads	1,627,300	1,559,390	67,910
Transportation	224,520	229,160	(4,640)
Tools & Work Equipment Charges	3,430	4,380	(950)
Materials & Stores	57,440	48,210	9,230
Small Tools Including Uniforms	44,780	28,470	16,310
Laboratory Charges	122,340	109,000	13,340
Chemicals	205,300	192,000	13,300
Production Contractors	99,450	75,000	24,450
T & D Contractors	109,200	111,000	(1,800)
Billing and Inserting Contractor	62,200	62,800	(600)
Special Services	207,500	222,500	(15,000)
Purchased Power	1,346,000	1,360,800	(14,800)
Building & Yard Maintenance	9,480	19,220	(9,740)
Various Training and Education	18,990	19,100	(110)
Uncollectibles	15,000	15,000	
Insurance Costs	251,900	262,400	(10,500)
General Office Supplies & Expenses	79,500	83,700	(4,200)
Information Systems	227,600	231,700	(4,100)
Administrative Costs	34,720	31,900	2,820
Central Operations Office	476,080	422,400	53,680
Production Miscellaneous	29,000	31,000	(2,000)
T & D Miscellaneous	64,000	80,100	(16,100)
Customer Service Miscellaneous	19,500	21,200	(1,700)
Total Summary by Functional Cost	\$8,436,660	\$8,175,510	\$261,150

**Water Authority of Western Nassau County
Operating Plan
2012 - 13**

Proposed Plan vs. FY 2012 Operating Plan Production Expenses	Projected 2012 - 13	Op Plan 2011 - 12	Change
(Source of Supply, Pumping and Water Treatment Expenses)			
Supervisory Salaries	\$339,760	\$339,220	\$540
Non Supervisory Salaries	638,320	612,200	26,120
Payroll Overheads - Production	513,180	502,070	11,110
Transportation	105,140	109,520	(4,380)
Materials	21,130	6,150	14,980
Small Tools including Uniforms	22,580	20,000	2,580
Tools & Work Equipment		120	(120)
Laboratory Charges	122,340	109,000	13,340
Chemicals	205,300	192,000	13,300
Contractors:			
Pump Repairs & Maintenance	40,250	28,250	12,000
Structures and Improvements	30,050	23,000	7,050
Water Treatment	20,400	15,000	5,400
VOC Towers Maintenance	8,750	8,750	
Purchased Power	1,346,000	1,360,800	(14,800)
Snow Removal & Ground Maintenance	7,480	14,220	(6,740)
Miscellaneous Voucher Purchases:			
Pumping Equipment	14,000	16,000	(2,000)
Structures & Improvements	15,000	15,000	
Water Treatment Supplies			
Total Production Expenses	\$3,449,680	\$3,371,300	\$78,380

**Water Authority of Western Nassau County
Operating Plan
2012 - 13**

Proposed Plan vs. FY 2012 Operating Plan Transmission & Distribution Expenses	Projected 2012 - 13	Op Plan 2011 - 12	Change
Supervisory Salaries	\$122,620	\$123,090	(\$470)
Non Supervisory Salaries	756,420	678,450	77,970
Payroll Overheads - T & D	461,230	422,970	38,260
Transportation	90,630	89,530	1,100
Tools & Work Equipment	3,430	4,020	(590)
Materials	33,530	39,500	(5,970)
Small Tools including Uniforms	17,510	5,000	12,510
Tank Repair & Painting			
Contractor Charges:			
Paving Contractors	54,000	51,000	3,000
Mark Out Contractors	55,200	60,000	(4,800)
Carting Refuse From Station 44	20,000	25,000	(5,000)
Engineering Services	20,000	20,000	
Miscellaneous Voucher Purchases:			
Removing & Resetting Meters	100	1,200	(1,100)
Boring Samples	5,000	5,000	
T & D - Maintenance			
Mains	4,200	2,400	1,800
Services	28,700	41,500	(12,800)
Hydrants	6,000	5,000	1,000
Total Transmission & Distribution Expenses	\$1,678,570	\$1,573,660	\$104,910

**Water Authority of Western Nassau County
Operating Plan
2012 - 13**

Proposed Plan vs. FY 2012 Operating Plan Customer Service Expenses	Projected 2012 - 13	Op Plan 2011 - 12	Change
Supervisory Salaries - Office	\$169,040	\$164,510	\$4,530
Non Supervisory Salaries	446,880	447,920	(1,040)
Payroll Overheads - Customer Service	323,170	323,180	(10)
Transportation	15,810	18,440	(2,630)
Materials	970	2,080	(1,110)
Small Tools including Uniforms - Operations	3,860	3,000	860
Tools & Work		120	(120)
Information Systems:			
MUPS Software Maintenance & Support	196,500	208,500	(12,000)
Info Systems Equipment Maintenance	20,000	22,900	(2,900)
Miscellaneous Data Processing Costs	11,100	300	10,800
Uncollectibles	15,000	15,000	
Billing and Inserting Contractor	62,200	62,800	(600)
Annual Water Supply Statement Rights & Responsibility Brochure	11,000	11,000	
Customer Outreach	5,000	5,000	
Miscellaneous Voucher Purchases:			
Meter Reading	6,800	6,800	
Billing & Accounting	12,700	14,400	(1,700)
Total Customer Service Expenses	\$1,300,030	\$1,305,950	(\$5,920)

**Water Authority of Western Nassau County
Operating Plan
2012 - 13**

Proposed Plan vs. FY 2012 Operating Plan Administrative & General Expenses	Projected 2012 - 13	Op Plan 2011 - 12	Change
Supervisory Salaries	\$442,590	\$430,750	\$11,840
Chairman Salary	25,280	25,790	(510)
Non Supervisory Salaries	160,520	133,150	27,370
Payroll Overheads - Administrative	329,720	311,170	18,550
Transportation	12,940	11,670	1,270
Small Tools	830	470	360
Tools & Work		120	(120)
Materials	1,810	480	1,330
Legal Services	139,000	154,000	(15,000)
Audit & Actuarial Fees	32,500	32,500	
General Liability Insurance	206,800	224,600	(17,800)
Property Insurance	45,100	37,800	7,300
Building & Yard Maintenance	2,000	5,000	(3,000)
Central Operations Office:			
Lease Payments	264,000	252,000	12,000
Property Taxes	68,300	77,900	(9,600)
Office Repairs & Lease Requirements	65,600	4,700	60,900
Electric & Heating	61,350	70,000	(8,650)
Cleaning Service	7,500	7,500	
Carting Refuse Costs	2,500	2,500	
HVAC Maintenance Contract	5,000	6,000	(1,000)
Fire Inspections	630	600	30
Pest Control	1,200	1,200	
Administrative Voucher Charges:			
Various Training and Education	18,690	18,700	(10)
Industry Related Conferences/Meetings	300	400	(100)
Telephone Charges	50,700	53,300	(2,600)
Office Postage	11,000	10,500	500
Office Machine Supplies/Expense	17,800	19,900	(2,100)
Dues, Memberships & Licenses	15,020	13,900	1,120
Public/Legal Notices	4,700	7,100	(2,400)
Bond Trustee Fees	6,600	3,200	3,400
Employee Programs	6,350	5,600	750
Miscellaneous Administrative	2,050	2,100	(50)
Total Administrative & General Expenses	\$2,008,380	\$1,924,600	\$83,780

Water Authority of Western Nassau County
Operating Plan
2012 - 13

Comparison to Fiscal Year Ended May 31, 2011 Total Operation & Maintenance Expenses	Projected 2012 - 13	Actuals FY 2011	Change
Supervisory Salaries	\$1,099,290	\$992,826	\$106,464
Non Supervisory Salaries	2,002,140	1,865,068	137,072
Payroll Overheads	1,627,300	1,390,786	236,514
Transportation	224,520	221,529	2,991
Tools & Work Equipment Charges	3,430	4,745	(1,315)
Materials & Stores	57,440	107,799	(50,359)
Small Tools Including Uniforms	44,780	33,849	10,931
Laboratory Charges	122,340	80,350	41,990
Chemicals	205,300	249,528	(44,228)
Production Contractors	99,450	46,552	52,898
T & D Contractors	109,200	144,610	(35,410)
Billing and Inserting Contractor	62,200	65,509	(3,309)
Special Services	207,500	199,565	7,935
Purchased Power	1,346,000	1,393,123	(47,123)
Building & Yard Maintenance	9,480	13,177	(3,697)
Various Training and Education	18,990	4,603	14,387
Uncollectibles	15,000	15,342	(342)
Insurance Costs	251,900	219,105	32,795
General Office Supplies & Expenses	79,500	85,337	(5,837)
Information Systems	227,600	224,963	2,637
Administrative Costs	34,720	31,190	3,530
Central Operations Office	476,080	382,211	93,869
Production Miscellaneous	29,000	9,134	19,866
T & D Miscellaneous	64,000	42,050	21,950
Customer Service Miscellaneous	19,500	20,413	(913)
Total Summary by Functional Cost	\$8,436,660	\$7,843,364	\$593,296

APPENDIX A

**Water Authority of Western Nassau County
Operating Plan
2012 - 13
Breakdown of Required Rate Relief by Element**

<u>Category</u>	<u>Fiscal Year 2011 - 12</u>	<u>Fiscal Year 2010 - 11</u>	<u>Change</u>
(b) Operating Revenues:	<u>\$13,068,620</u>	<u>\$13,162,000</u>	<u>(\$93,380)</u>
Operation & Maintenance Expenses:			
Labor	3,101,430	2,955,080	146,350
Employee Benefits	1,627,300	1,559,390	67,910
Power	1,346,000	1,360,800	(14,800)
Office Operations	783,180	737,800	45,380
Transportation, Tools & Materials	339,650	329,440	10,210
Chemicals	205,300	192,000	13,300
Insurance	251,900	262,400	(10,500)
Contractors	600,690	580,300	20,390
Other O&M	181,210	198,300	(17,090)
(a) Total Operation & Maintenance	<u>8,436,660</u>	<u>8,175,510</u>	<u>261,150</u>
Financing Activity			
(a) Interest & Other Income	864,300	1,277,000	(412,700)
Debt Requirements:			
Interest Expense	2,992,500	3,043,500	(51,000)
Principal Repayment	1,550,000	1,505,000	45,000
Total Debt Service	<u>4,542,500</u>	<u>4,548,500</u>	<u>(6,000)</u>
Required Return on Debt	1,576,550	1,714,990	(138,440)
(a) Required Debt Coverage	6,119,050	6,263,490	(144,440)
(a) Total Revenue Required Before Adjustments	13,691,410	13,162,000	529,410
(b) Revenue Adjustments		(93,380)	93,380
<u>Total Revenue Required</u>	<u>\$13,691,410</u>	<u>\$13,068,620</u>	<u>\$622,790</u>

APPENDIX B

**Water Authority of Western Nassau County
Operating Plan
2012 - 13
Summary of Change in Revenue Requirement**

Change in Water Service Revenues		
Water Revenue per last Operating Plan	\$13,002,000	
Water Revenues Projected per Tariffs	12,908,620	
Change in Water Service Revenues	(93,380)	
Change in Miscellaneous Revenue		
	(93,380)	
Revenue Change by Category		
Change in Residential Revenue	4,000	
Change in Commercial Revenue	(96,200)	
Change in Other Revenue	(1,180)	
Change in Revenues	(93,380)	
Change in Revenue Requirement		
Additional Revenue due to Revenue Forecast	93,380	0.72%
Additional Revenue due to Operating Activity	261,150	2.02%
Additional Revenue due to Financing Activity	268,260	2.08%
Revenue Shortfall	622,790	4.82%
Change in Rate Subsidy		
Required Rate Increase	\$622,790	4.82%

WATER AUTHORITY OF WESTERN NASSAU COUNTY

PROPOSED TARIFF RATES
Operating Plan
2012 - 13

		<u>OLD RATES</u> 2011 - 12	<u>NEW RATES</u> 2012 - 13
METER RESIDENTIAL - Service Classification 1			
METER COMMERCIAL - Service Classification 2			
	Minimum Charge		<u>4.82%</u>
	5/8"	\$32.20	\$33.75
	3/4"	\$32.20	\$33.75
	1"	\$32.20	\$33.75
	1.5"	\$32.20	\$33.75
	2"	\$32.20	\$33.75
	3"	\$32.20	\$33.75
	4"	\$32.20	\$33.75
	6"	\$32.20	\$33.75
	8"	\$32.20	\$33.75
	10"	\$32.20	\$33.75
	Base Rates (per 1,000 gallons)		
	For the first 9,000		
	For the next 96,000	3.097	3.246
	All over 105,000	2.125	2.228
	Summer Surcharge		
PUBLIC FIRE HYDRANTS - Service Classification 3			
	S.C. 3	\$787.00	<u>4.82%</u> \$825.00
PRIVATE FIRE SPRINKLERS - Service Classification 4			
	1"	\$11.33	<u>4.82%</u> \$11.88
	1.5"	\$17.41	\$18.25
	2"	\$26.10	\$27.36
	2.5"	\$30.55	\$32.02
	3"	\$45.32	\$47.51
	4"	\$81.96	\$85.91
	6"	\$167.44	\$175.52
	8"	\$334.81	\$350.96
	10"	\$459.98	\$482.17