

**WATER AUTHORITY
OF
WESTERN NASSAU COUNTY**

OPERATING PLAN

FINANCIAL FORECAST

FISCAL YEAR JUNE 2014 - MAY 2015

FINANCING \$40 MILLION BALANCED RATES

PROJECTION OF REVENUES, EXPENSES

AND REQUIRED RATE RELIEF

**Water Authority of Western Nassau County
OPERATING PLAN
FISCAL YEAR JUNE 2014 - MAY 2015
FINANCING \$40 MILLION BALANCED RATES**

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Water Authority of Western Nassau County
Summary of Revenue Requirement
Fiscal Year
2014 - 15

FINANCING \$40 MILLION BALANCED RATES	Tariffs		Op Plan		Op Plan	Op Plan	Variance
	Projected	Adjustments	2014 - 15	Rate Change	2014 - 15	2013 - 14	Before
							Increase
Operating Revenues:							
Residential Water Sales	\$10,105,700		\$10,105,700	\$707,700	\$10,813,400	\$10,155,100	(\$49,400)
Commercial Water Sales	1,793,300		1,793,300	125,600	1,918,900	1,811,400	(18,100)
Municipal Hydrant Rentals	2,128,000		2,128,000	149,000	2,277,000	2,127,300	700
Commercial Fire Sprinklers	110,400		110,400	7,700	118,100	110,700	(300)
Water Sales	14,137,400		14,137,400	990,000	15,127,400	14,204,500	(67,100)
Other Revenue	71,000		71,000		71,000	64,000	7,000
Rate Subsidy		100,000	100,000		100,000	100,000	
Rate Stabilization Contribution		(313,000)	(313,000)		(313,000)		(313,000)
Total Revenues	14,208,400	(213,000)	13,995,400	990,000	14,985,400	14,368,500	(373,100)
Operating Expenses:							
Operations & Maintenance	9,109,740		9,109,740		9,109,740	8,717,290	392,450
Amortization of Plant	1,448,000		1,448,000		1,448,000	1,377,000	71,000
Total Operating Expenses	10,557,740		10,557,740		10,557,740	10,094,290	463,450
Total Utility Operating Margin	3,650,660	(213,000)	3,437,660	990,000	4,427,660	4,274,210	(836,550)
Interest Charges & Other:							
Interest on Bonds	2,939,600		2,939,600		2,939,600	3,464,900	(525,300)
Amortization of Debt Expense	36,600		36,600		36,600	80,800	(44,200)
Transfer From Rate Fund							
Less: Interest & Other Income	(458,800)	(71,300)	(530,100)		(530,100)	(1,303,800)	773,700
Net Interest Charges	2,517,400	(71,300)	2,446,100		2,446,100	2,241,900	204,200
Surplus (Deficit)	\$1,133,260	(\$141,700)	\$991,560	\$990,000	\$1,981,560	\$2,032,310	(\$1,040,750)
Debt Coverage Ratio	1.214		0.846		1.400	1.375	
Required Change in Rates				990,000	990,000	807,000	
Required Change in Revenue		(213,000)		990,000	777,000	907,000	
Percentage Rate Change				7.00%	7.00%	6.02%	
Subsidy %		0.71%			0.71%	0.75%	
Rate Stabilization %		-2.21%			-2.21%		
Total Additional Revenue Required		-1.51%		7.00%	5.50%	6.77%	

Water Authority of Western Nassau County

**Debt Coverage Ratio
2014 - 15**

FINANCING \$40 MILLION BALANCED RATES

	Operating Plan Current Rates	Operating Plan Adjustments	Operating Plan Rate Change	Operating Plan 2011 - 12
Total Utility Operating Margin	\$3,650,660	(\$213,000)	\$4,427,660	\$4,274,210
Add:				
Non-cash Items	1,448,000		1,448,000	1,377,000
Interest & Other Income	458,800	71,300	530,100	1,303,800
Total Available for Coverage	5,557,460	(141,700)	6,405,760	6,955,010
Debt Service:				
Interest on Revenue Bonds	2,939,600		2,939,600	3,464,900
Principle on Revenue Bonds	1,640,000		1,640,000	1,595,000
Net Debt Service	\$4,579,600		\$4,579,600	\$5,059,900
Ratio	1.214	0.846	1.399	1.375

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
2014 - 15**

Proposed Plan vs. Prior Operating Plan Total Operation & Maintenance Expenses	Projected 2014 - 15	Op Plan 2013 - 14	Change
Supervisory Salaries	\$1,151,370	\$1,141,380	\$9,990
Non Supervisory Salaries	2,062,510	2,107,470	(44,960)
Payroll Overheads	1,853,420	1,861,620	(8,200)
Transportation	323,460	302,160	21,300
Materials & Stores	26,800	24,700	2,100
Tools & Equipment including Uniforms Including Uniforms	44,580	44,200	380
Laboratory Charges	131,000	122,000	9,000
Chemicals	256,000	223,000	33,000
Production Contractors	363,500	124,000	239,500
T & D Contractors	115,040	101,240	13,800
Billing and Inserting Contractor	64,090	61,500	2,590
Special Services	206,700	207,200	(500)
Union Contract Negotiations	50,000	75,000	(25,000)
Purchased Power	1,497,100	1,108,400	388,700
Building & Yard Maintenance	14,570	8,570	6,000
Various Training and Education	22,680	12,270	10,410
Uncollectibles	14,100	15,000	(900)
Insurance Costs	298,880	272,400	26,480
General Office Supplies & Expenses	107,000	89,500	17,500
Information Systems	186,500	144,300	42,200
Administrative Costs	39,590	37,580	2,010
Central Operations Office	152,250	518,900	(366,650)
Production Miscellaneous	35,700	32,700	3,000
T & D Miscellaneous	63,000	56,400	6,600
Customer Service Miscellaneous	29,900	25,800	4,100
Total Summary by Functional Cost	\$9,109,740	\$8,717,290	\$392,450

Water Authority of Western Nassau County
Operating Plan
2014 - 15

Proposed Plan vs. Prior Operating Plan	Projected	Op Plan	Change
Production Expenses	2014 - 15	2013 - 14	
(Source of Supply, Pumping and Water Treatment Expenses)			
Supervisory Salaries	\$369,270	\$351,660	\$17,610
Non Supervisory Salaries	722,980	725,030	(2,050)
Payroll Overheads - Production	629,890	616,950	12,940
Transportation	170,870	150,730	20,140
Materials	400	640	(240)
Tools & Equipment including Uniforms including Uniforms	25,200	23,980	1,220
Laboratory Charges	131,000	122,000	9,000
Chemicals	256,000	223,000	33,000
Contractors:			
Pump Repairs & Maintenance	87,700	56,550	31,150
Structures and Improvements	250,000	28,800	221,200
Water Treatment	17,050	29,900	(12,850)
VOC Towers Maintenance	8,750	8,750	
Purchased Power	1,497,100	1,108,400	388,700
Snow Removal & Ground Maintenance	12,570	6,570	6,000
Miscellaneous Voucher Purchases:			
Pumping Equipment	20,700	17,700	3,000
Structures & Improvements	15,000	15,000	
Water Treatment Supplies			
Total Production Expenses	\$4,214,480	\$3,485,660	\$728,820

**Water Authority of Western Nassau County
Operating Plan
2014 - 15**

Proposed Plan vs. Prior Operating Plan Transmission & Distribution Expenses	Projected 2014 - 15	Op Plan 2013 - 14	Change
Supervisory Salaries	\$136,220	\$134,520	\$1,700
Non Supervisory Salaries	685,940	710,570	(24,630)
Payroll Overheads - T & D	474,130	484,250	(10,120)
Transportation	123,040	112,030	11,010
Materials	26,400	23,160	3,240
Tools & Equipment including Uniforms including Uniforms	15,410	15,460	(50)
Contractor Charges:			
Paving Contractors	53,400	53,400	
Mark Out Contractors	61,640	47,840	13,800
Carting Refuse From Station 44	15,000	15,000	
Engineering Services	20,000	20,000	
Miscellaneous Voucher Purchases:			
Removing & Resetting Meters	500	500	
Boring Samples	5,000	5,000	
T & D - Maintenance			
Mains	8,000	5,700	2,300
Services	27,800	24,700	3,100
Hydrants	6,700	5,500	1,200
Total Transmission & Distribution Expenses	\$1,659,180	\$1,657,630	\$1,550

Water Authority of Western Nassau County
Operating Plan
2014 - 15

Proposed Plan vs. Prior Operating Plan	Projected	Op Plan	Change
Customer Service Expenses	2014 - 15	2013 - 14	
Supervisory Salaries - Office	\$142,550	\$174,110	(\$31,560)
Non Supervisory Salaries	461,910	449,740	12,170
Payroll Overheads - Customer Service	348,590	357,470	(8,880)
Transportation	20,760	21,870	(1,110)
Materials		840	(840)
Tools & Equipment including Uniforms including Uniforms - Opera	3,400	3,890	(490)
Information Systems:			
MUPS Software Maintenance & Support	115,200	117,000	(1,800)
Info Systems Equipment Maintenance	64,400	22,800	41,600
Miscellaneous Data Processing Costs	6,900	4,500	2,400
Uncollectibles	14,100	15,000	(900)
Billing and Inserting Contractor	64,090	61,500	2,590
Annual Water Supply Statement	10,000	11,000	(1,000)
Rights & Responsibility Brochure			
Customer Outreach	5,000	5,000	
Miscellaneous Voucher Purchases:			
Meter Reading	5,000	5,000	
Billing & Accounting	24,900	20,800	4,100
Total Customer Service Expenses	\$1,286,800	\$1,270,520	\$16,280

**Water Authority of Western Nassau County
Operating Plan
2014 - 15**

Proposed Plan vs. Prior Operating Plan Administrative & General Expenses	Projected 2014 - 15	Op Plan 2013 - 14	Change
Supervisory Salaries	\$475,670	\$455,810	\$19,860
Chairman Salary	27,660	25,280	2,380
Non Supervisory Salaries	191,680	222,130	(30,450)
Payroll Overheads - Administrative	400,810	402,950	(2,140)
Transportation	8,790	17,530	(8,740)
Tools & Equipment including Uniforms Materials	570	870	(300)
		60	(60)
Legal Services	135,000	135,000	
Union Contract Negotiations	50,000	75,000	(25,000)
Audit & Actuarial Fees	36,700	36,200	500
General Liability Insurance	218,460	216,400	2,060
Property Insurance	80,420	56,000	24,420
Building & Yard Maintenance	2,000	2,000	
Central Operations Office:			
Lease Payments		276,000	(276,000)
Property Taxes		74,100	(74,100)
Office Repairs & Lease Requirements		85,600	(85,600)
Electric & Heating	131,100	59,250	71,850
Cleaning Service	17,100	15,000	2,100
Carting Refuse Costs	2,100	2,100	
HVAC Maintenance Contract		5,000	(5,000)
Fire Inspections	750	650	100
Pest Control	1,200	1,200	
Administrative Voucher Charges:			
Various Training and Education	11,930	11,820	110
Industry Related Conferences/Meetings	10,750	450	10,300
Telephone Charges	53,200	50,700	2,500
Office Postage	24,000	12,000	12,000
Office Machine Supplies/Expense	29,800	26,800	3,000
Dues, Memberships & Licenses	17,230	14,630	2,500
Public/Legal Notices	8,200	4,700	3,500
Bond Trustee Fees	6,700	10,100	(3,400)
Employee Programs	5,410	6,100	(690)
Miscellaneous Administrative	2,050	2,050	
Total Administrative & General Expenses	\$1,949,280	\$2,303,480	(\$354,300)

Water Authority of Western Nassau County
Operating Plan
2014 - 15

Comparison to Prior Fiscal Year	Projected	Actual	Change
Total Operation & Maintenance Expenses	2014 - 15	FY 2013	
Supervisory Salaries	\$1,151,370	\$969,558	\$181,812
Non Supervisory Salaries	2,062,510	2,150,323	(87,813)
Payroll Overheads	1,853,420	1,793,065	60,355
Transportation	323,460	241,208	82,252
Materials & Stores	26,800	71,372	(44,572)
Tools & Equipment including Uniforms Including Uniforms	44,580	41,083	3,497
Laboratory Charges	131,000	80,521	50,479
Chemicals	256,000	356,971	(100,971)
Production Contractors	363,500	5,860	357,640
T & D Contractors	115,040	176,748	(61,708)
Billing and Inserting Contractor	64,090	62,175	1,915
Special Services	206,700	180,552	26,148
Union Contract Negotiations	50,000		50,000
Purchased Power	1,497,100	1,356,918	140,182
Building & Yard Maintenance	14,570	58,461	(43,891)
Various Training and Education	22,680	321	22,359
Uncollectibles	14,100	11,260	2,840
Insurance Costs	298,880	254,165	44,715
General Office Supplies & Expenses	107,000	91,569	15,431
Information Systems	186,500	191,146	(4,646)
Administrative Costs	39,590	35,281	4,309
Central Operations Office	152,250	416,463	(264,213)
Production Miscellaneous	35,700	26,994	8,706
T & D Miscellaneous	63,000	10,397	52,603
Customer Service Miscellaneous	29,900	24,478	5,422
Total Summary by Functional Cost	\$9,109,740	\$8,606,889	\$502,851

**Water Authority of Western Nassau County
Operating Plan
2014 - 15
FINANCING \$40 MILLION BALANCED RATES
Breakdown of Required Rate Relief by Element**

<u>Category</u>	<u>Fiscal Year 2014 - 15</u>	<u>Fiscal Year 2013 - 14</u>	<u>Change</u>
Operating Revenues:	\$14,308,400	\$14,368,500	(\$60,100)
Operation & Maintenance Expenses:			
Labor	3,213,880	3,248,850	(34,970)
Employee Benefits	1,853,420	1,861,620	(8,200)
Power	1,497,100	1,108,400	388,700
Office Operations	445,750	752,700	(306,950)
Transportation, Tools & Materials	409,410	379,630	29,780
Chemicals	256,000	223,000	33,000
Insurance	298,880	272,400	26,480
Contractors	880,330	615,940	264,390
Other O&M	254,970	254,750	220
Total Operation & Maintenance	9,109,740	8,717,290	392,450
Financing Activity			
Interest & Other Income	530,100	1,303,800	(773,700)
Debt Requirements:			
Interest Expense	2,939,600	3,464,900	(525,300)
Principal Repayment	1,640,000	1,595,000	45,000
Total Debt Service	4,579,600	5,059,900	(480,300)
Required Return on Debt	1,826,160	1,895,110	(68,950)
Required Debt Coverage	6,405,760	6,955,010	(549,250)
Total Revenue Required Before Adjustments	14,985,400	14,368,500	616,900
Revenue Adjustments	313,000	(60,100)	373,100
Total Revenue Required	\$15,298,400	\$14,308,400	\$990,000

**Water Authority of Western Nassau County
Operating Plan
2014 - 15
FINANCING \$40 MILLION BALANCED RATES
Summary of Change in Revenue Requirement**

Change in Water Service Revenues		
Water Revenue per last Operating Plan	\$14,204,500	
Water Revenues Projected per Tariffs	14,137,400	
	<u>(67,100)</u>	
Change in Water Service Revenues		
Change in Miscellaneous Revenue	7,000	
	<u>(60,100)</u>	
Revenue Change by Category		
Change in Residential Revenue	(49,400)	
Change in Commercial Revenue	(18,100)	
Change in Other Revenue	7,400	
	<u>(60,100)</u>	
Change in Revenue Requirement		
Additional Revenue due to Revenue Forecast	60,100	0.43%
Additional Revenue due to Operating Activity	392,450	2.78%
Additional Revenue due to Financing Activity	537,450	<u>3.80%</u>
Revenue Shortfall	990,000	7.00%
Change in Rate Subsidy		
Required Rate Increase	<u>\$990,000</u>	<u>7.00%</u>

WATER AUTHORITY OF WESTERN NASSAU COUNTY
PROPOSED TARIFF RATES
Operating Plan
2014 - 15

FINANCING \$40 MILLION BALANCED RATES

	<u>OLD RATES</u> 2013 - 14	<u>NEW RATES</u> 2014 - 15
METER RESIDENTIAL - Service Classification 1		
METER COMMERCIAL - Service Classification 2		
Minimum Charge		<u>7.00%</u>
5/8"	\$35.78	\$38.29
3/4"	\$35.78	\$38.29
1"	\$35.78	\$38.29
1.5"	\$35.78	\$38.29
2"	\$35.78	\$38.29
3"	\$35.78	\$38.29
4"	\$35.78	\$38.29
6"	\$35.78	\$38.29
8"	\$35.78	\$38.29
10"	\$35.78	\$38.29
Base Rates (per 1,000 gallons)		
For the first 9,000		
For the next 96,000	\$3.442	\$3.683
All over 105,000	\$2.362	\$2.527
Summer Surcharge		
PUBLIC FIRE HYDRANTS - Service Classification 3		
S.C. 3	\$875.00	<u>7.00%</u> \$936.00
PRIVATE FIRE SPRINKLERS - Service Classification 4		
1"	\$12.60	<u>7.00%</u> \$13.48
1.5"	\$19.35	\$20.71
2"	\$29.01	\$31.04
2.5"	\$33.95	\$36.33
3"	\$50.37	\$53.90
4"	\$91.08	\$97.46
6"	\$186.09	\$199.12
8"	\$372.10	\$398.16
10"	\$511.21	\$547.01