

**WATER AUTHORITY
OF
WESTERN NASSAU COUNTY**

APPROVED OPERATING PLAN

FINANCIAL FORECAST

FISCAL YEAR JUNE 2016 - MAY 2017

COST OF SERVICE - HYDRANT RATES FROZEN

PROJECTION OF REVENUES, EXPENSES

AND REQUIRED RATE RELIEF

Water Authority of Western Nassau County
Approved Operating Plan
Fiscal Year June 2016 - May 2017
COST OF SERVICE - HYDRANT RATES FROZEN

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Water Authority of Western Nassau County

Summary of Revenue Requirement

Fiscal Year

2016 - 17

COST OF SERVICE - HYDRANT RATES FROZEN

	Tariffs Projected	Rate Subsidy	Op Plan 2016 - 17	Rate Change	Op Plan 2016 - 17	Op Plan 2015 - 16	Variance Before Increase	Percent Increase
Operating Revenues:								
Residential Water Sales	\$11,727,800		\$11,727,800	\$495,030	\$12,222,830	\$11,683,800	\$44,000	4.2%
Commercial Water Sales	2,137,200		2,137,200	994,670	3,131,870	2,087,300	49,900	46.5%
Municipal Hydrant Rentals	2,276,400		2,276,400		2,276,400	2,276,400		
Commercial Fire Sprinklers	131,100		131,100	40,300	171,400	130,100	1,000	30.7%
Water Sales	16,272,500		16,272,500	1,530,000	17,802,500	16,177,600	94,900	9.4%
Other Revenue	74,500		74,500		74,500	68,700	5,800	
Rate Subsidy						300,000	(300,000)	
Rate Stabilization Contribution		500,000	500,000		500,000		500,000	
Total Revenues	16,347,000	500,000	16,847,000	1,530,000	18,377,000	16,546,300	300,700	
Operating Expenses:								
Operations & Maintenance	9,138,010		9,138,010		9,138,010	9,112,820	25,190	
Amortization of Plant	1,980,000		1,980,000		1,980,000	2,005,000	(25,000)	
Total Operating Expenses	11,118,010		11,118,010		11,118,010	11,117,820	190	
Total Utility Operating Margin	5,228,990	500,000	5,728,990	1,530,000	7,258,990	5,428,480	300,510	
Interest Charges & Other:								
Interest on Bonds	5,061,800		5,061,800		5,061,800	3,821,100	1,240,700	
Amortization of Debt Expense	(344,100)		(344,100)		(344,100)	(4,200)	(339,900)	
Transfer From Rate Fund								
Less: Interest & Other Income	(673,200)		(673,200)		(673,200)	(965,400)	292,200	
Net Interest Charges	4,044,500		4,044,500		4,044,500	2,851,500	1,193,000	
Surplus (Deficit)	\$1,184,490	\$500,000	\$1,684,490	\$1,530,000	\$3,214,490	\$2,576,980	(\$892,490)	
Debt Coverage Ratio	1.074		1.142		1.350	1.350		
Required Change in Rates				\$1,530,000	\$1,530,000	\$1,078,000		
Required Change in Revenue		\$500,000		\$1,530,000	\$2,030,000	\$1,378,000		
Percentage Rate Change				9.40%	9.40%	7.14%		
Subsidy %		3.07%			3.07%	1.99%		
Average Residential Bill					\$488	\$440		
Average Commercial Bill					\$2,032	\$1,832		

Water Authority of Western Nassau County
Approved Operating Plan
Debt Coverage Ratio
2016 - 17

	Operating Plan Current Rates	Operating Plan Adjustments	Operating Plan Rate Change	Operating Plan 2015 - 16
Total Utility Operating Margin	\$5,228,990	\$500,000	\$7,258,990	\$5,428,480
Add:				
(a) Non-cash Items	1,980,000		1,980,000	2,005,000
Interest & Other Income	673,200		673,200	965,400
Total Available for Coverage	7,882,190	500,000	9,912,190	8,398,880
Debt Service:				
Interest on Revenue Bonds	5,061,800		5,061,800	3,821,100
Principle on Revenue Bonds	2,280,000		2,280,000	2,185,000
Net Debt Service	\$7,341,800		\$7,341,800	\$6,006,100
Ratio	1.07	1.14	1.35	1.40

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

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Proposed Plan vs. Prior Operating Plan Total Operation & Maintenance Expenses	Projected 2016 - 17	Op Plan 2015 - 16	Change
Supervisory Salaries	\$1,181,120	\$1,248,660	(\$67,540)
Non Supervisory Salaries	2,338,410	2,135,930	202,480
Payroll Overheads	1,934,010	1,979,630	(45,620)
Transportation	284,670	305,220	(20,550)
Materials & Stores	42,700	45,700	(3,000)
Tools & Equipment including Uniforms	55,410	82,340	(26,930)
Laboratory Charges	100,000	106,000	(6,000)
Chemicals	230,000	221,000	9,000
Production Contractors	193,990	110,500	83,490
T & D Contractors	111,800	112,400	(600)
Billing and Inserting Contractor	70,010	67,180	2,830
Special Services	196,800	196,800	
Union Contract Negotiations		10,000	(10,000)
Purchased Power	1,348,000	1,440,100	(92,100)
Building & Yard Maintenance	11,070	11,070	
Various Training and Education	23,600	23,990	(390)
Uncollectibles	15,800	15,800	
Insurance Costs	304,150	299,750	4,400
General Office Supplies & Expenses	110,400	128,800	(18,400)
Information Systems	212,700	232,700	(20,000)
Administrative Costs	38,400	40,770	(2,370)
Central Operations Office	157,100	160,200	(3,100)
Production Miscellaneous	45,750	44,500	1,250
T & D Miscellaneous	102,120	67,000	35,120
Customer Service Miscellaneous	30,000	26,780	3,220
Total Summary by Functional Cost	\$9,138,010	\$9,112,820	\$25,190

Water Authority of Western Nassau County
Approved Operating Plan
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Proposed Plan vs. Prior Operating Plan Production Expenses	Projected 2016 - 17	Op Plan 2015 - 16	Change
(Source of Supply, Pumping and Water Treatment Expenses)			
Supervisory Salaries	\$401,700	\$396,240	\$5,460
Non Supervisory Salaries	728,620	796,670	(68,050)
Payroll Overheads - Production	621,120	697,720	(76,600)
Transportation	134,390	163,160	(28,770)
Materials	2,700	2,900	(200)
Tools & Equipment including Uniforms	27,170	46,810	(19,640)
Laboratory Charges	100,000	106,000	(6,000)
Chemicals	230,000	221,000	9,000
Contractors:			
Pump Repairs & Maintenance	83,350	84,850	(1,500)
Structures and Improvements	84,990		84,990
Water Treatment	16,400	16,400	
VOC Towers Maintenance	9,250	9,250	
Purchased Power	1,348,000	1,440,100	(92,100)
Snow Removal & Ground Maintenance	9,070	9,070	
Miscellaneous Voucher Purchases:			
Pumping Equipment	29,500	29,500	
Structures & Improvements	15,000	15,000	
Water Treatment Supplies	1,250		1,250
Total Production Expenses	\$3,842,510	\$4,034,670	(\$192,160)

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Proposed Plan vs. Prior Operating Plan Transmission & Distribution Expenses	Projected 2016 - 17	Op Plan 2015 - 16	Change
Supervisory Salaries	\$153,910	\$147,720	\$6,190
Non Supervisory Salaries	901,930	707,950	193,980
Payroll Overheads - T & D	580,190	500,480	79,710
Transportation	123,360	112,090	11,270
Materials	40,000	42,800	(2,800)
Tools & Equipment including Uniforms	22,970	27,290	(4,320)
Contractor Charges:			
Paving Contractors	53,800	53,400	400
Mark Out Contractors	58,000	59,000	(1,000)
Carting Refuse From Station 44	7,500	7,500	
Engineering Services	20,000	20,000	
Miscellaneous Voucher Purchases:			
Removing & Resetting Meters	2,000	500	1,500
Boring Samples	2,000	2,000	
T & D - Maintenance			
Mains	57,300	27,300	30,000
Services	28,420	24,800	3,620
Hydrants	4,900	4,900	
Total Transmission & Distribution Expenses	\$2,056,280	\$1,737,730	\$318,550

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Proposed Plan vs. Prior Operating Plan Customer Service Expenses	Projected 2016 - 17	Op Plan 2015 - 16	Change
Supervisory Salaries - Office	\$123,870	\$130,950	(\$7,080)
Non Supervisory Salaries	558,480	484,580	73,900
Payroll Overheads - Customer Service	374,960	360,020	14,940
Transportation	19,420	19,130	290
Materials			
Tools & Equipment including Uniforms	4,470	6,120	(1,650)
Information Systems:			
MUPS Software Maintenance & Support	121,000	126,800	(5,800)
Info Systems Equipment Maintenance	82,400	96,000	(13,600)
Miscellaneous Data Processing Costs	9,300	9,900	(600)
Uncollectibles	15,800	15,800	
Billing and Inserting Contractor	70,010	67,180	2,830
Annual Water Supply Statement	10,100	10,100	
Rights & Responsibility Brochure			
Customer Outreach	5,000	5,000	
Miscellaneous Voucher Purchases:			
Meter Reading	6,900	5,680	1,220
Billing & Accounting	23,100	21,100	2,000
Total Customer Service Expenses	\$1,424,810	\$1,358,360	\$66,450

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Proposed Plan vs. Prior Operating Plan Administrative & General Expenses	Projected 2016 - 17	Op Plan 2015 - 16	Change
Supervisory Salaries	\$466,930	\$545,470	(\$78,540)
Chairman Salary	34,710	28,280	6,430
Non Supervisory Salaries	149,380	146,730	2,650
Payroll Overheads - Administrative	357,740	421,410	(63,670)
Transportation	7,500	10,840	(3,340)
Tools & Equipment including Uniforms Materials	800	2,120	(1,320)
Legal Services	125,000	125,000	
Union Contract Negotiations		10,000	(10,000)
Audit & Actuarial Fees	36,700	36,700	
General Liability Insurance	223,140	219,760	3,380
Property Insurance	81,010	79,990	1,020
Building & Yard Maintenance	2,000	2,000	
Central Operations Office:			
Lease Payments			
Property Taxes			
Office Repairs & Lease Requirements			
Electric & Heating	115,500	118,700	(3,200)
Cleaning Service	20,400	20,400	
Carting Refuse Costs	3,300	3,300	
HVAC Maintenance Contract	15,400	15,400	
Fire Inspections	1,200	1,200	
Pest Control	1,300	1,200	100
Administrative Voucher Charges:			
Various Training and Education	13,300	12,390	910
Industry Related Conferences/Meetings	10,300	11,600	(1,300)
Telephone Charges	70,700	80,000	(9,300)
Office Postage	17,000	24,000	(7,000)
Office Machine Supplies/Expense	22,700	24,800	(2,100)
Dues, Memberships & Licenses	13,790	13,310	480
Public/Legal Notices	7,700	2,400	5,300
Bond Trustee Fees	8,700	17,700	(9,000)
Employee Programs	5,610	5,560	50
Miscellaneous Administrative	2,600	1,800	800
Total Administrative & General Expenses	\$1,814,410	\$1,982,060	(\$167,650)

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Comparison to Prior Fiscal Year Total Operation & Maintenance Expenses	Projected 2016 - 17	Actual FY 2015	Change
Supervisory Salaries	\$1,181,120	\$1,098,491	\$82,629
Non Supervisory Salaries	2,338,410	2,267,898	70,512
Payroll Overheads	1,934,010	2,005,054	(71,044)
Transportation	284,670	250,949	33,721
Materials & Stores	42,700	106,868	(64,168)
Tools & Equipment including Uniforms	55,410	51,091	4,319
Laboratory Charges	100,000	97,488	2,512
Chemicals	230,000	330,282	(100,282)
Production Contractors	193,990	32,828	161,162
T & D Contractors	111,800	139,873	(28,073)
Billing and Inserting Contractor	70,010	67,864	2,146
Special Services	196,800	261,940	(65,140)
Union Contract Negotiations			
Purchased Power	1,348,000	1,344,304	3,696
Building & Yard Maintenance	11,070	145,997	(134,927)
Various Training and Education	23,600	825	22,775
Uncollectibles	15,800	18,621	(2,821)
Insurance Costs	304,150	277,608	26,542
General Office Supplies & Expenses	110,400	111,602	(1,202)
Information Systems	212,700	112,050	100,650
Administrative Costs	38,400	42,899	(4,499)
Central Operations Office	157,100	153,064	4,036
Production Miscellaneous	45,750	5,748	40,002
T & D Miscellaneous	102,120	23,725	78,395
Customer Service Miscellaneous	30,000	24,988	5,012
Total Summary by Functional Cost	\$9,138,010	\$8,972,057	\$165,953

Water Authority of Western Nassau County
Approved Operating Plan
2016 - 17
COST OF SERVICE - HYDRANT RATES FROZEN
Breakdown of Required Rate Relief by Element

Category	Fiscal Year 2016 - 17	Fiscal Year 2015 - 16	Change
Operating Revenues:	\$16,347,000	\$16,546,300	(\$199,300)
Operation & Maintenance Expenses:			
Labor	3,519,530	3,384,590	134,940
Employee Benefits	1,934,010	1,979,630	(45,620)
Power	1,348,000	1,440,100	(92,100)
Office Operations	480,200	521,700	(41,500)
Transportation, Tools & Materials	393,850	444,330	(50,480)
Chemicals	230,000	221,000	9,000
Insurance	304,150	299,750	4,400
Contractors	672,600	592,880	79,720
Other O&M	255,670	228,840	26,830
Total Operation & Maintenance	9,138,010	9,112,820	25,190
Financing Activity			
Interest & Other Income	673,200	965,400	(292,200)
Debt Requirements:			
Interest Expense	5,061,800	3,821,100	1,240,700
Principal Repayment	2,280,000	2,185,000	95,000
Total Debt Service	7,341,800	6,006,100	1,335,700
Required Return on Debt	2,570,390	2,392,780	177,610
Required Debt Coverage	9,912,190	8,398,880	1,513,310
Total Revenue Required Before Adjustments	18,377,000	16,546,300	1,830,700
Revenue Adjustments	(500,000)	(199,300)	(300,700)
Total Revenue Required	\$17,877,000	\$16,347,000	\$1,530,000

APPENDIX B

Water Authority of Western Nassau County
 Approved Operating Plan
 2016 - 17
COST OF SERVICE - HYDRANT RATES FROZEN
 Summary of Change in Revenue Requirement

Change in Water Service Revenues		
Water Revenue per last Operating Plan	\$16,177,600	
Water Revenues Projected per Tariffs	<u>16,272,500</u>	
Change in Water Service Revenues	94,900	
Change in Miscellaneous Revenue	<u>5,800</u>	
	<u>100,700</u>	
Revenue Change by Category		
Change in Residential Revenue	44,000	
Change in Commercial Revenue	49,900	
Change in Other Revenue	<u>(293,200)</u>	
Change in Revenues	<u>(199,300)</u>	
Change in Revenue Requirement		
Additional Revenue due to Revenue Forecast	199,300	1.22%
Additional Revenue due to Operating Activity	25,190	0.15%
Additional Revenue due to Financing Activity	<u>1,305,510</u>	<u>8.02%</u>
Revenue Shortfall	1,530,000	9.40%
Change in Rate Subsidy	<u> </u>	<u> </u>
Required Rate Increase	<u>\$1,530,000</u>	<u>9.40%</u>

WATER AUTHORITY OF WESTERN NASSAU COUNTY
 PROPOSED TARIFF RATES
 OPERATING PLAN
 2016 - 17
 COST OF SERVICE INCREASE WITH HYDRANTS FROZEN

METERED CUSTOMER RATES

QUARTERLY RATES (90 DAYS)

		<u>BASE RATE</u>		<u>BLOCK 1</u>		<u>BLOCK 2</u>	
		Usage Allowance	Minimum Charge	Usage Allowance	Rate Per Tgal	Usage in Excess of	Rate Per Tgal
METER RESIDENTIAL - Service Classification 1	All Sizes						
Old Rates June 1, 2015		9,000	\$41.51	96,000	\$3.993	105,000	\$2.739
New Rates June 1, 2016		9,000	\$44.38	135,000	\$4.060	144,000	\$4.160
METER COMMERCIAL - Service Classification 2	Meter Size						
Old Rates June 1, 2015	5/8"	9,000	\$41.51	96,000	\$3.993	105,000	\$2.739
New Rates June 1, 2016		9,000	\$44.38	135,000	\$4.060	144,000	\$4.160
Old Rates June 1, 2015	3/4"	9,000	\$41.51	96,000	\$3.993	105,000	\$2.739
New Rates June 1, 2016		13,500	\$66.57	130,500	\$4.060	144,000	\$4.160
Old Rates June 1, 2015	1"	9,000	\$41.51	96,000	\$3.993	105,000	\$2.739
New Rates June 1, 2016		22,500	\$110.95	121,500	\$4.060	144,000	\$4.160
Old Rates June 1, 2015	1.5"	9,000	\$41.51	96,000	\$3.993	105,000	\$2.739
New Rates June 1, 2016		45,000	\$221.90	99,000	\$4.060	144,000	\$4.160
Old Rates June 1, 2015	2"	9,000	\$41.51	96,000	\$3.993	105,000	\$2.739
New Rates June 1, 2016		72,000	\$355.03	153,000	\$4.060	225,000	\$4.160
Old Rates June 1, 2015	3"	9,000	\$41.51	96,000	\$3.993	105,000	\$2.739
New Rates June 1, 2016		144,000	\$710.06	306,000	\$4.060	450,000	\$4.160
Old Rates June 1, 2015	4"	9,000	\$41.51	96,000	\$3.993	105,000	\$2.739
New Rates June 1, 2016		225,000	\$1,109.48	495,000	\$4.060	720,000	\$4.160
Old Rates June 1, 2015	6"	9,000	\$41.51	96,000	\$3.993	105,000	\$2.739
New Rates June 1, 2016		450,000	\$2,218.95	270,000	\$4.060	720,000	\$4.160
Old Rates June 1, 2015	8"	9,000	\$41.51	96,000	\$3.993	105,000	\$2.739
New Rates June 1, 2016		720,000	\$3,550.32	315,000	\$4.060	1,035,000	\$4.160

WATER AUTHORITY OF WESTERN NASSAU COUNTY
 PROPOSED TARIFF RATES
 OPERATING PLAN
 2016 - 17
 COST OF SERVICE INCREASE WITH HYDRANTS FROZEN

FIRE PROTECTION QUARTERLY RATES

	RATE 2015 - 16	RATE 2016 - 17
PUBLIC FIRE HYDRANTS - Service Classification 3		
Quarterly Charge per Hydrant	\$234.00	\$234.00

		RATE 2015 - 16	30.70%	RATE 2016 - 17
PRIVATE FIRE SPRINKLERS - Service Classification 4				
	Service Size			
Quarterly Charge	2"	\$33.65		\$43.98
Quarterly Charge	2.5"	\$39.38		\$51.47
Quarterly Charge	3"	\$58.43		\$76.37
Quarterly Charge	4"	\$105.65		\$138.08
Quarterly Charge	6"	\$215.86		\$282.13
Quarterly Charge	8"	\$431.63		\$564.14