

Memorandum

Project Name:	City of Petersburg – Rate Update for FY 2013 - 2018	Project Number:	R10 497-02
		Date:	March 19, 2012

This memo summarizes the revised projected expenses of the water and sewer funds and the calculated proposed rates for FY2013 as follows:

Option 1 - Water and Sewer Rates are increased to cover operating expenses and debt service; the *minimum* rate increase needed in FY13.

Option 2 - The Water and Sewer budgets include PILOT payment of \$250,000 (split between Water and Sewer funds) and a contribution to the water and sewer reserve funds totaling \$260,000.

The following table summarizes the impacts of both Options 1 and 2 on the bi-monthly water and sewer bill for the average residential user (12 ccf, bi-monthly).

	Water	Sewer	Total
Existing Rate (12 ccf/bi-monthly)	\$19.47	\$37.78	\$57.25
Option 1 - Increase Rates to Cover Operating Expenses and Debt			
	Water	Sewer	Total
Projected Rate (12 ccf/bi-monthly)	\$19.90	\$41.92	\$61.82
% increase	2.2%	11.0%	8.0%
\$ increase	\$ 0.43	\$ 4.14	\$ 4.57
Option 2 - Increase Rates to Cover Operating Expenses, Debt, Pilot and Reserve Fund			
	Water	Sewer	Total
Projected Rate (12 ccf/bi-monthly)	\$21.47	\$43.98	\$65.45
% increase	10.3%	16.4%	14.3%
\$ increase	\$ 2.00	\$ 6.20	\$ 8.20
Reserve	\$125,000	\$135,000	\$260,000
Pilot	\$112,500	\$137,500	\$250,000
In Option 2, the PILOT is funded at 50% of the desired amount. The reserve is funded at 2.4% of the total operating budget (10% of the operating budget was the initial goal).			

The key assumptions used to project revenue and expenses over the 5-6 year planning period include:

WATER Assumptions:

- a. Growth – 150 EDUs per year
- b. 50% of the connections are in the Enterprise Zone and receive discounted connection fees
- c. Expenses – increases 2.0% to 4.0% - same assumptions as last year
- d. Pilot is \$250,000 per year; 45% is allocated to water costs
- e. Connection fees, to the extent they are available, are used to fund capital projects
- f. \$4.2 million borrowing finances the portion of CIP that is not paid by connection fees. Funds are borrowed at 5% for 30 years. (Note: CIP is not available for FY16 – FY18)
- g. In Option 2, the Reserve is funded with \$125,000; increases each year as shown (Note: the increases in the reserve contribution are set at a level that impacts the user charge by NO MORE than \$2.00 each year.)

SEWER Assumptions:

- a. Growth – 150 EDUs per year
- b. 50% of the connections are in the Enterprise Zone and receive discounted connection fees.
- c. Expenses – increases 2.0% to 4.5%. Wastewater treatment services increase at 4.5% each year, in order to include the cost of purchasing credits until the WWTP is upgraded.
- d. Pilot is \$250,000 per year; 55% is allocated to sewer costs.
- e. Connection fees, to the extent they are available, are used to fund capital projects.
- f. \$685,000 borrowing finances the portion of the CIP that is not paid by connection fees. Funds are borrowed at 5% for 30 years. (Note: CIP is not available for FY16 – FY18.)
- g. In Option 2, the Reserve is funded with \$135,000; increases each year as shown. (Note: the increases in the reserve contribution are set at a level that impacts the user charge by NO MORE than \$2.00 each year.)
- h. Additional costs related to funding improvements at regional WWTP are not included. It is currently anticipated that the cost allocated to Petersburg for the design services will impact the Petersburg’s budget no earlier than FY 2018. The impact is not currently known.

Compare to Neighbors:

The following table makes a simple comparison of the Option 1 and Option 2 rates to the current rates in some of the neighboring jurisdictions.

Bi-Monthly Water and Sewer Charges - Residential Users			
Based on Consumption of 12 CCF over 2 months			
	Water	Sewer	Total
City of Petersburg (Current)	\$ 19.47	\$ 37.78	\$ 57.25
City of Petersburg (Option 1)	\$ 19.90	\$ 41.92	\$ 61.82
City of Petersburg (Option 2)	\$ 21.47	\$ 43.98	\$ 65.45
Chesterfield County	\$ 32.02	\$ 45.52	\$ 77.54
Henrico County	\$ 38.62	\$ 50.70	\$ 89.32
City of Richmond	\$ 56.74	\$ 87.34	\$144.08
Prince George County	\$ 39.90	\$ 55.95	\$ 95.85
City of Colonial Heights	\$ 19.31	\$ 44.52	\$ 63.83
Average in Virginia	\$ 56.28	\$ 68.60	\$124.88

Summary:

The purpose of this memorandum and the attached spreadsheet is to illustrate two approaches to adjusting rates in FY 2013 and throughout the planning period. It is recommended that both Options be considered by City Management and that both options, or variations of both be presented to Council.

Attachments: Water Projections
Sewer Projections

City of Petersburg							
Projected Revenues and Expenses - Water Enterprise Fund							
CURRENT RATES ARE USED TO PROJECT REVENUE							
	FY 2013 Budget	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	Assumptions/Notes
Revenue							
Revenue from Water Sales	\$ 2,950,037	\$ 2,967,560	\$ 2,985,083	\$ 3,002,606	\$ 3,020,129	\$ 3,037,652	150 new ERCs per year (\$19.47 per ERC per bi-monthly billing period).
Miscellaneous Revenue	\$ 118,905	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	
Operating Revenue	\$ 3,068,942	\$ 3,087,560	\$ 3,105,083	\$ 3,122,606	\$ 3,140,129	\$ 3,157,652	
Revenue from Connection Fees	\$ 427,068	\$ 351,450	\$ 351,450	\$ 351,450	\$ 351,450	\$ 351,450	150 ERCs per year / \$2,840 per ERC /assume 50% are in EZ; 65% of \$2,840
Total Water Revenue	\$ 3,496,010	\$ 3,439,010	\$ 3,456,533	\$ 3,474,056	\$ 3,491,579	\$ 3,509,102	
Operating Expenses							
Salaries & Wages - Regular	\$ 484,024	\$ 496,125	\$ 508,528	\$ 521,241	\$ 534,272	\$ 547,629	2.5% increase per year
Salaries & Wages - Overtime	\$ 59,085	\$ 60,562	\$ 62,076	\$ 63,628	\$ 65,219	\$ 66,849	2.5% increase per year
Part Time Salaries & Wages - Regular	\$ 27,270	\$ 27,952	\$ 28,651	\$ 29,367	\$ 30,101	\$ 30,854	2.5% increase per year
FICA	\$ 41,546	\$ 42,584	\$ 43,649	\$ 44,740	\$ 45,859	\$ 47,005	2.5% increase per year
VRS	\$ 78,315	\$ 80,273	\$ 82,280	\$ 84,337	\$ 86,445	\$ 88,606	2.5% increase per year
Hospitalization/Medical Plans	\$ 81,755	\$ 83,799	\$ 85,894	\$ 88,042	\$ 90,243	\$ 92,499	2.5% increase per year
Group Insurance	\$ 4,091	\$ 4,193	\$ 4,298	\$ 4,405	\$ 4,515	\$ 4,628	2.5% increase per year
Tuition	\$ 1,364	\$ 1,398	\$ 1,426	\$ 1,454	\$ 1,483	\$ 1,513	2.0% increase per year
Doctor & Physical Exam Fees	\$ 909	\$ 932	\$ 950	\$ 969	\$ 989	\$ 1,009	2.0% increase per year
Engineer and Architecture Services	\$ 34,088	\$ 34,940	\$ 35,638	\$ 36,351	\$ 37,078	\$ 37,820	2.0% increase per year
Other Contractual Services	\$ 42,950	\$ 44,024	\$ 44,904	\$ 45,803	\$ 46,719	\$ 47,653	2.0% increase per year
Repairs - Motor vehicles	\$ 27,270	\$ 27,952	\$ 28,511	\$ 29,081	\$ 29,663	\$ 30,256	2.0% increase per year
Repairs - Machinery & Motors	\$ 31,815	\$ 32,610	\$ 33,263	\$ 33,928	\$ 34,606	\$ 35,299	2.0% increase per year
Repairs - Office Equipment	\$ 773	\$ 792	\$ 808	\$ 824	\$ 840	\$ 857	2.0% increase per year
Repairs - Streets & Sidewalks	\$ 102,263	\$ 104,819	\$ 106,915	\$ 109,054	\$ 111,235	\$ 113,460	2.0% increase per year
Repairs - Bldg. & Grounds	\$ 5,454	\$ 5,590	\$ 5,702	\$ 5,816	\$ 5,933	\$ 6,051	2.0% increase per year
Pest Control	\$ 59	\$ 61	\$ 62	\$ 63	\$ 64	\$ 66	2.0% increase per year
Advertising	\$ 1,364	\$ 1,398	\$ 1,426	\$ 1,454	\$ 1,483	\$ 1,513	2.0% increase per year
Electric Services	\$ 32,270	\$ 33,076	\$ 34,069	\$ 35,091	\$ 36,143	\$ 37,228	3.0% increase per year
Fuel	\$ 1,364	\$ 1,398	\$ 1,440	\$ 1,483	\$ 1,527	\$ 1,573	3.0% increase per year
Water & Sewer Services	\$ 2,045	\$ 2,096	\$ 2,159	\$ 2,224	\$ 2,291	\$ 2,359	3.0% increase per year
Landfill Charges	\$ 909	\$ 932	\$ 960	\$ 988	\$ 1,018	\$ 1,049	3.0% increase per year
Postal Services	\$ 1,364	\$ 1,398	\$ 1,440	\$ 1,483	\$ 1,527	\$ 1,573	3.0% increase per year
Telecommunications	\$ 12,272	\$ 12,578	\$ 12,956	\$ 13,344	\$ 13,745	\$ 14,157	3.0% increase per year
Insurance Premiums - Fire	\$ 1,818	\$ 1,863	\$ 1,919	\$ 1,977	\$ 2,036	\$ 2,097	3.0% increase per year
Other Property Insurance	\$ 5,454	\$ 5,590	\$ 5,758	\$ 5,931	\$ 6,109	\$ 6,292	3.0% increase per year
Insurance - Auto	\$ 1,895	\$ 1,943	\$ 2,001	\$ 2,061	\$ 2,123	\$ 2,186	3.0% increase per year
Theft Insurance	\$ 73	\$ 75	\$ 77	\$ 79	\$ 81	\$ 84	3.0% increase per year
Rent of Equipment	\$ 5,000	\$ 5,124	\$ 5,278	\$ 5,437	\$ 5,600	\$ 5,768	3.0% increase per year
Rent of Property	\$ 1,591	\$ 1,631	\$ 1,679	\$ 1,730	\$ 1,782	\$ 1,835	3.0% increase per year
Travel Expense	\$ 909	\$ 932	\$ 960	\$ 988	\$ 1,018	\$ 1,049	3.0% increase per year
Indirect Costs - PILOT	\$ 112,500	\$ 115,313	\$ 118,195	\$ 121,150	\$ 124,179	\$ 127,283	2.5% increase per year
Dues & Subscriptions	\$ 455	\$ 466	\$ 480	\$ 494	\$ 509	\$ 524	3.0% increase per year
State Permits/Licenses	\$ 11,931	\$ 12,229	\$ 12,596	\$ 12,974	\$ 13,363	\$ 13,764	3.0% increase per year
Office Supplies	\$ 3,182	\$ 3,261	\$ 3,359	\$ 3,460	\$ 3,563	\$ 3,670	3.0% increase per year
Cleaning Material & Supplies	\$ 1,727	\$ 1,770	\$ 1,823	\$ 1,878	\$ 1,934	\$ 1,992	3.0% increase per year
Vehicle and Powered Equipment Fuels	\$ 36,360	\$ 37,269	\$ 38,387	\$ 39,539	\$ 40,725	\$ 41,947	3.0% increase per year
Wearing Apparel	\$ 9,090	\$ 9,317	\$ 9,597	\$ 9,885	\$ 10,181	\$ 10,487	3.0% increase per year
Other Operating Supplies	\$ 3,409	\$ 3,494	\$ 3,599	\$ 3,707	\$ 3,818	\$ 3,932	3.0% increase per year
Water Purchased for Resale	\$ 1,525,896	\$ 1,564,044	\$ 1,610,965	\$ 1,659,294	\$ 1,709,073	\$ 1,760,345	3.0% increase per year
Construction Materials	\$ 45,450	\$ 46,586	\$ 47,984	\$ 49,423	\$ 50,906	\$ 52,433	3.0% increase per year
Diesel Fuel Mach & Equip	\$ 8,181	\$ 8,386	\$ 8,637	\$ 8,896	\$ 9,163	\$ 9,438	3.0% increase per year
Service Connection Materials	\$ 45,450	\$ 46,586	\$ 47,984	\$ 49,423	\$ 50,906	\$ 52,433	3.0% increase per year
First Aid Supplies	\$ 227	\$ 233	\$ 240	\$ 247	\$ 255	\$ 262	3.0% increase per year
Water & Sewer Materials & Supplies	\$ 63,630	\$ 65,221	\$ 67,177	\$ 69,193	\$ 71,268	\$ 73,407	3.0% increase per year
Small Tools	\$ 5,454	\$ 5,590	\$ 5,758	\$ 5,931	\$ 6,109	\$ 6,292	3.0% increase per year
Replace Machinery & Motors	\$ 27,270	\$ 27,952	\$ 29,070	\$ 30,233	\$ 31,442	\$ 32,700	4.0% increase per year
Replace Motor Vehicles	\$ 27,270	\$ 27,952	\$ 29,070	\$ 30,233	\$ 31,442	\$ 32,700	4.0% increase per year
New Machinery & Motors	\$ 2,273	\$ 2,329	\$ 2,422	\$ 2,519	\$ 2,620	\$ 2,725	4.0% increase per year
New Office Equipment	\$ 2,727	\$ 2,795	\$ 2,907	\$ 3,023	\$ 3,144	\$ 3,270	4.0% increase per year
Water System Repairs	\$ 105,000	\$ 107,625	\$ 111,930	\$ 116,407	\$ 121,063	\$ 125,906	4.0% increase per year
Subtotal Operating Expenses	\$ 3,128,835	\$ 3,207,056	\$ 3,297,855	\$ 3,391,281	\$ 3,487,411	\$ 3,586,325	
Billing Expenses							

City of Petersburg							
Projected Revenues and Expenses - Water Enterprise Fund							
CURRENT RATES ARE USED TO PROJECT REVENUE							
	FY 2013 Budget	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	Assumptions/Notes
Personnel	\$ 42,887	\$ 43,959	\$ 45,058	\$ 46,184	\$ 47,339	\$ 48,522	2.5% increase per year
Purchased Services	\$ 1,195	\$ 1,225	\$ 1,256	\$ 1,287	\$ 1,319	\$ 1,352	2.5% increase per year
Supplies	\$ 13,649	\$ 13,990	\$ 14,340	\$ 14,698	\$ 15,066	\$ 15,442	2.5% increase per year
Subtotal Utility Billing	\$ 57,731	\$ 59,174	\$ 60,653	\$ 62,170	\$ 63,724	\$ 65,317	
Contingency							
Contingencies	\$ 9,090	\$ 9,317	\$ 9,550	\$ 9,789	\$ 10,034	\$ 10,285	2.5% increase per year
Subtotal Contingency	\$ 9,090	\$ 9,317	\$ 9,550	\$ 9,789	\$ 10,034	\$ 10,285	
Debt Service							
11.9% of Annual Requirements to Amortize Existing Debt, Capital Leases	\$ 51,672	\$ 35,645	\$ 34,627	\$ 31,139	\$ 30,946	\$ 13,852	
New Debt #1	\$ -	\$ 274,152	\$ 274,152	\$ 274,152	\$ 274,152	\$ 274,152	\$4.2 mil assume capital needs for 2013 - 2015 are financed for 30 years at 5%
Total Debt Service	\$ 51,672	\$ 309,796	\$ 308,779	\$ 305,291	\$ 305,098	\$ 288,004	
Contribution to Operating Reserve	\$ 125,000	\$ 110,000	\$ 350,000	\$ 590,000	\$ 827,000	\$ 1,080,000	
% of Operating Budget	2%	1%	3%	4%	6%	5%	
Total Expenses, Including Debt Service and Operating Reserve	\$ 3,372,328	\$ 3,695,343	\$ 4,026,837	\$ 4,358,530	\$ 4,693,266	\$ 5,029,930	
Total Operating Revenue Less Total Expenses	\$ (303,386)	\$ (607,783)	\$ (921,754)	\$ (1,235,924)	\$ (1,553,137)	\$ (1,872,278)	
% Increase Needed to Eliminate Deficit - Option 1	2.2%	12.9%	15.2%	17.5%	19.9%	21.9%	
(PILOT and Contribution to Reserve are NOT included)							
Current Bi-Monthly Charge for 12 CCF	\$ 19.47						
Projected Bi-Monthly Charge for 12 CCF	\$ 19.90	\$ 21.98	\$ 22.43	\$ 22.87	\$ 23.35	\$ 23.73	
% Increase Over Previous Year	2.2%	10.4%	2.0%	2.0%	2.1%	1.6%	
\$ Increase over Pervious Year	\$ 0.43	\$ 2.07	\$ 0.45	\$ 0.44	\$ 0.48	\$ 0.38	
% Increase Needed to Eliminate Deficit - Option 2	10.3%	20.5%	30.9%	41.2%	51.4%	61.6%	
(Includes PILOT and Contribution to Reserve as noted above)							
Current Bi-Monthly Charge for 12 CCF	\$ 19.47						
Projected Bi-Monthly Charge for 12 CCF	\$ 21.47	\$ 23.46	\$ 25.48	\$ 27.48	\$ 29.48	\$ 31.47	
% Increase Over Previous Year	10.3%	9.2%	8.6%	7.9%	7.3%	6.7%	
\$ Increase over Pervious Year	\$ 2.00	\$ 1.99	\$ 2.02	\$ 2.00	\$ 2.00	\$ 1.99	
Analysis of Connection Fees and Capital Projects							
Beginning Balance - Cash Available for Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 351,450	
Add Connection Fees Received	\$ 427,068	\$ 351,450	\$ 351,450	\$ 351,450	\$ 351,450	\$ 351,450	
Total Available for Projects	\$ 427,068	\$ 351,450	\$ 351,450	\$ 351,450	\$ 351,450	\$ 702,900	
CIP Projects:							
16" Water Line Rehabilitation Building	\$ -	\$ 1,420,400	\$ -	\$ -	\$ -	\$ -	
Locks and Related 16" Line	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	
20" Water Line Rehabilitation	\$ -	\$ -	\$ 281,250	\$ 1,372,500	\$ -	\$ -	
Water/Sewer GPS Mapping	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	
Automatic Meter Read System	\$ 139,700	\$ 139,700	\$ 139,700	\$ -	\$ -	\$ -	
Miscellaneous Water System Repairs & Replacements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Misc. Tank Repairs	\$ 150,000	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -	
Mt Vernon Upgrade	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	
Total CIP Projects	\$ 1,739,700	\$ 1,785,100	\$ 820,950	\$ 1,372,500	\$ -	\$ -	
Balance (negative # = Amount that needs to be Funded with Debt)	\$ (1,312,632)	\$ (1,433,650)	\$ (469,500)	\$ (1,021,050)	\$ 351,450	\$ 702,900	
Analysis of Debt Reserve							
Goal 100% of Operating Expense	\$ 3,372,328	\$ 3,695,343	\$ 4,026,837	\$ 4,358,530	\$ 4,693,266	\$ 5,029,930	
Previous Balance	\$ -	\$ 125,000	\$ 235,000	\$ 585,000	\$ 1,175,000	\$ 2,002,000	
This Year's Contribution	\$ 125,000	\$ 110,000	\$ 350,000	\$ 590,000	\$ 827,000	\$ 1,080,000	
Total	\$ 125,000	\$ 235,000	\$ 585,000	\$ 1,175,000	\$ 2,002,000	\$ 3,082,000	
Does Total = 100% of Operating Expenses?	No	No	No	No	No	No	
% Funded	3.7%	6.4%	14.5%	27.0%	42.7%	61.3%	

City of Petersburg							
Projected Revenues and Expenses - SEWER Enterprise Fund							
CURRENT RATES ARE USED TO PROJECT REVENUE							
	FY 2013 Budget	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	Assumptions/Notes
Revenue							
Revenue from Sewer Sales	\$ 5,003,810	\$ 5,037,812	\$ 5,071,814	\$ 5,105,816	\$ 5,139,818	\$ 5,173,820	150 new ERCs per year (\$37.78 per ERC per bi-monthly billing period).
Miscellaneous Revenue	\$ 145,329	\$ 146,000	\$ 146,000	\$ 146,000	\$ 146,000	\$ 146,000	
Operating Revenue	\$ 5,149,139	\$ 5,183,812	\$ 5,217,814	\$ 5,251,816	\$ 5,285,818	\$ 5,319,820	
Revenue from Connection Fees	\$ 772,932	\$ 636,758	\$ 636,758	\$ 636,758	\$ 636,758	\$ 636,758	150 ERCs per year / \$5,140 per ERC /assume 50% are in EZ / 65% of \$5,140
Total Sewer Revenue	\$ 5,922,071	\$ 5,820,570	\$ 5,854,572	\$ 5,888,574	\$ 5,922,576	\$ 5,956,578	
Operating Expenses							
Salaries & Wages - Regular	\$ 580,936	\$ 595,459	\$ 610,346	\$ 625,604	\$ 641,244	\$ 657,275	2.5% increase per year
Salaries & Wages - Overtime	\$ 70,915	\$ 72,688	\$ 74,505	\$ 76,368	\$ 78,277	\$ 80,234	2.5% increase per year
Part Time Salaries & Wages - Regular	\$ 32,730	\$ 33,548	\$ 34,387	\$ 35,247	\$ 36,128	\$ 37,031	2.5% increase per year
FICA	\$ 49,864	\$ 51,111	\$ 52,389	\$ 53,698	\$ 55,041	\$ 56,417	2.5% increase per year
VRS	\$ 93,995	\$ 96,345	\$ 98,754	\$ 101,222	\$ 103,753	\$ 106,347	2.5% increase per year
Hospitalization/Medical Plans	\$ 98,125	\$ 100,578	\$ 103,092	\$ 105,669	\$ 108,311	\$ 111,019	2.5% increase per year
Group Insurance	\$ 4,910	\$ 5,032	\$ 5,158	\$ 5,287	\$ 5,419	\$ 5,555	2.5% increase per year
Tuition	\$ 1,637	\$ 1,669	\$ 1,703	\$ 1,737	\$ 1,771	\$ 1,807	2.0% increase per year
Doctor & Phys Exam Fees	\$ 1,091	\$ 1,113	\$ 1,135	\$ 1,158	\$ 1,181	\$ 1,205	2.0% increase per year
Engineer and Architecture Services	\$ 40,913	\$ 41,731	\$ 42,565	\$ 43,417	\$ 44,285	\$ 45,171	2.0% increase per year
Other Contractual Services	\$ 51,550	\$ 52,581	\$ 53,632	\$ 54,705	\$ 55,799	\$ 56,915	2.0% increase per year
Repairs - Motor Vehicles	\$ 32,730	\$ 33,385	\$ 34,052	\$ 34,733	\$ 35,428	\$ 36,137	2.0% increase per year
Repairs - Machinery & Motors	\$ 38,185	\$ 38,949	\$ 39,728	\$ 40,522	\$ 41,333	\$ 42,159	2.0% increase per year
Repairs - Office Equipment	\$ 927	\$ 946	\$ 965	\$ 984	\$ 1,004	\$ 1,024	2.0% increase per year
Repairs - Streets & Sidewalks	\$ 122,738	\$ 125,192	\$ 127,696	\$ 130,250	\$ 132,855	\$ 135,512	2.0% increase per year
Repairs - Bldg & Grounds	\$ 6,546	\$ 6,677	\$ 6,810	\$ 6,947	\$ 7,086	\$ 7,227	2.0% increase per year
Pest Control	\$ 71	\$ 72	\$ 74	\$ 75	\$ 77	\$ 78	2.0% increase per year
Advertising	\$ 1,637	\$ 1,669	\$ 1,703	\$ 1,737	\$ 1,771	\$ 1,807	2.0% increase per year
Electric Services	\$ 38,731	\$ 39,892	\$ 41,089	\$ 42,322	\$ 43,592	\$ 44,899	3.0% increase per year
Fuel	\$ 1,637	\$ 1,686	\$ 1,736	\$ 1,788	\$ 1,842	\$ 1,897	3.0% increase per year
Water & Sewer Services	\$ 2,455	\$ 2,528	\$ 2,604	\$ 2,682	\$ 2,763	\$ 2,846	3.0% increase per year
Landfill Charges	\$ 1,091	\$ 1,124	\$ 1,157	\$ 1,192	\$ 1,228	\$ 1,265	3.0% increase per year
Postal Services	\$ 1,637	\$ 1,686	\$ 1,736	\$ 1,788	\$ 1,842	\$ 1,897	3.0% increase per year
Telecommunications	\$ 14,729	\$ 15,170	\$ 15,625	\$ 16,094	\$ 16,577	\$ 17,074	3.0% increase per year
Insurance Premiums - Fire	\$ 2,182	\$ 2,247	\$ 2,315	\$ 2,384	\$ 2,456	\$ 2,530	3.0% increase per year
Other Property Insurance	\$ 6,546	\$ 6,742	\$ 6,945	\$ 7,153	\$ 7,368	\$ 7,589	3.0% increase per year
Insurance - Auto	\$ 2,275	\$ 2,343	\$ 2,413	\$ 2,486	\$ 2,560	\$ 2,637	3.0% increase per year
Theft Insurance	\$ 87	\$ 90	\$ 93	\$ 95	\$ 98	\$ 101	3.0% increase per year
Rent of Equipment	\$ 6,001	\$ 6,181	\$ 6,366	\$ 6,557	\$ 6,754	\$ 6,956	3.0% increase per year
Rent of Property	\$ 1,909	\$ 1,967	\$ 2,026	\$ 2,086	\$ 2,149	\$ 2,213	3.0% increase per year
Travel Expense	\$ 1,091	\$ 1,124	\$ 1,157	\$ 1,192	\$ 1,228	\$ 1,265	3.0% increase per year
Indirect Costs - PILOT	\$ 137,500	\$ 140,938	\$ 144,461	\$ 148,072	\$ 151,774	\$ 155,569	2.5% increase per year
Dues & Subscriptions	\$ 546	\$ 562	\$ 579	\$ 596	\$ 614	\$ 632	3.0% increase per year
State Permits/Licenses	\$ 14,319	\$ 14,749	\$ 15,191	\$ 15,647	\$ 16,117	\$ 16,600	3.0% increase per year
Wastewater Treatment Service	\$ 2,991,600	\$ 3,126,222	\$ 3,266,902	\$ 3,413,913	\$ 3,567,539	\$ 3,728,078	4.5% increase per year
Office Supplies	\$ 3,819	\$ 3,933	\$ 4,051	\$ 4,173	\$ 4,298	\$ 4,427	3.0% increase per year
Cleaning Material & Supplies	\$ 2,073	\$ 2,135	\$ 2,199	\$ 2,265	\$ 2,333	\$ 2,403	3.0% increase per year
Vehicle and Powered Equipment Fuels	\$ 43,640	\$ 44,949	\$ 46,298	\$ 47,687	\$ 49,117	\$ 50,591	3.0% increase per year
Wearing Apparel	\$ 10,910	\$ 11,237	\$ 11,574	\$ 11,922	\$ 12,279	\$ 12,648	3.0% increase per year
Other Operating Supplies	\$ 4,091	\$ 4,214	\$ 4,340	\$ 4,471	\$ 4,605	\$ 4,743	3.0% increase per year
Construction Materials	\$ 54,550	\$ 56,187	\$ 57,872	\$ 59,608	\$ 61,397	\$ 63,238	3.0% increase per year
Diesel Fuel Mach & Equip	\$ 9,819	\$ 10,114	\$ 10,417	\$ 10,729	\$ 11,051	\$ 11,383	3.0% increase per year
Service Connection Materials	\$ 54,550	\$ 56,187	\$ 57,872	\$ 59,608	\$ 61,397	\$ 63,238	3.0% increase per year
First Aid Supplies	\$ 273	\$ 281	\$ 289	\$ 298	\$ 307	\$ 316	3.0% increase per year
Water & Sewer Materials & Supplies	\$ 76,370	\$ 78,661	\$ 81,021	\$ 83,452	\$ 85,955	\$ 88,534	3.0% increase per year
Small Tools	\$ 6,546	\$ 6,742	\$ 6,945	\$ 7,153	\$ 7,368	\$ 7,589	3.0% increase per year
Replace Machinery & Motors	\$ 32,730	\$ 34,039	\$ 35,401	\$ 36,817	\$ 38,289	\$ 39,821	4.0% increase per year
Replace Motor Vehicles	\$ 32,730	\$ 34,039	\$ 35,401	\$ 36,817	\$ 38,289	\$ 39,821	4.0% increase per year
New Machinery & Motors	\$ 2,728	\$ 2,837	\$ 2,950	\$ 3,068	\$ 3,191	\$ 3,318	4.0% increase per year
New Office Equipment	\$ 3,273	\$ 3,404	\$ 3,540	\$ 3,682	\$ 3,829	\$ 3,982	4.0% increase per year

City of Petersburg							
Projected Revenues and Expenses - SEWER Enterprise Fund							
CURRENT RATES ARE USED TO PROJECT REVENUE							
	FY 2013 Budget	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	Assumptions/Notes
Sewage Collection System	\$ 300,000	\$ 312,000	\$ 324,480	\$ 337,459	\$ 350,958	\$ 364,996	4.0% increase per year
Subtotal Operating Expenses	\$ 5,091,931	\$ 5,284,953	\$ 5,485,740	\$ 5,694,617	\$ 5,911,924	\$ 6,138,015	
Utility Billing							
Personnel	\$ 51,473	\$ 52,760	\$ 54,079	\$ 55,431	\$ 56,817	\$ 58,237	2.5% increase per year
Purchased Services	\$ 1,435	\$ 1,471	\$ 1,507	\$ 1,545	\$ 1,584	\$ 1,623	2.5% increase per year
Supplies	\$ 16,381	\$ 16,791	\$ 17,211	\$ 17,641	\$ 18,082	\$ 18,534	2.5% increase per year
Subtotal Utility Billing	\$ 69,289	\$ 71,022	\$ 72,797	\$ 74,617	\$ 76,483	\$ 78,395	
Pumping and SubStations							
Repairs - Machinery & Motors	\$ 45,000	\$ 46,800	\$ 48,672	\$ 50,619	\$ 52,644	\$ 54,749	4.0% increase per year
Repairs - Bldg & Grounds	\$ 4,000	\$ 4,160	\$ 4,326	\$ 4,499	\$ 4,679	\$ 4,867	4.0% increase per year
Electric Services	\$ 24,000	\$ 24,720	\$ 25,462	\$ 26,225	\$ 27,012	\$ 27,823	3.0% increase per year
Other Operating Supplies	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739	3.0% increase per year
Diesel Fuel Machinery & Equip	\$ 3,500	\$ 3,605	\$ 3,713	\$ 3,825	\$ 3,939	\$ 4,057	3.0% increase per year
Small Tools	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739	3.0% increase per year
Subtotal Pumping and SubStations	\$ 79,500	\$ 82,375	\$ 85,356	\$ 88,447	\$ 91,651	\$ 94,974	
Main Pumping Station							
Other Contractual Services	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	3.0% increase per year
Repairs - Mchy & Motors	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	3.0% increase per year
Repairs - Bldg & Grounds	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	3.0% increase per year
Electric Services	\$ 42,000	\$ 43,260	\$ 44,558	\$ 45,895	\$ 47,271	\$ 48,690	3.0% increase per year
Water & Sewer Services	\$ 2,650	\$ 2,730	\$ 2,811	\$ 2,896	\$ 2,983	\$ 3,072	3.0% increase per year
Laundry, Housekeeping, Janitorial Supplies	\$ 250	\$ 258	\$ 265	\$ 273	\$ 281	\$ 290	3.0% increase per year
Other Operating Supplies	\$ 100	\$ 103	\$ 106	\$ 109	\$ 113	\$ 116	3.0% increase per year
New Machinery and motors	\$ 40,000	\$ 41,600	\$ 43,264	\$ 44,995	\$ 46,794	\$ 48,666	4.0% increase per year
Subtotal Main Pumping Station	\$ 107,500	\$ 111,125	\$ 114,875	\$ 118,754	\$ 122,766	\$ 126,917	
P.G. Pumping Station							
Other Contractual Services	\$ 500	\$ 520	\$ 541	\$ 562	\$ 585	\$ 608	4.0% increase per year
Electric Services	\$ 11,000	\$ 11,440	\$ 11,898	\$ 12,374	\$ 12,868	\$ 13,383	4.0% increase per year
Diesel Fuel Mach & Equipment	\$ 580	\$ 603	\$ 627	\$ 652	\$ 679	\$ 706	4.0% increase per year
Subtotal P.G. Pumping Station	\$ 12,080	\$ 12,563	\$ 13,066	\$ 13,588	\$ 14,132	\$ 14,697	
Poe's Creek							
Repairs - Heat & Cool Equipment	\$ 210	\$ 218	\$ 227	\$ 236	\$ 246	\$ 255	4.0% increase per year
Electric Services	\$ 24,000	\$ 24,960	\$ 25,958	\$ 26,997	\$ 28,077	\$ 29,200	4.0% increase per year
Laundry, Housekeeping, Janitorial Supplies	\$ 210	\$ 218	\$ 227	\$ 236	\$ 246	\$ 255	4.0% increase per year
Other Operating Supplies	\$ 110	\$ 114	\$ 119	\$ 124	\$ 129	\$ 134	4.0% increase per year
Grease, Oil, & Plant Machinery	\$ 580	\$ 603	\$ 627	\$ 652	\$ 679	\$ 706	4.0% increase per year
Diesel Fuel Mach & Equipment	\$ 5,000	\$ 5,200	\$ 5,408	\$ 5,624	\$ 5,849	\$ 6,083	4.0% increase per year
Subtotal Poe's Creek	\$ 30,110	\$ 31,314	\$ 32,567	\$ 33,870	\$ 35,224	\$ 36,633	
Rohoic Creek							
Repairs - Mchy & Motors	\$ 1,000	\$ 1,040	\$ 1,082	\$ 1,125	\$ 1,170	\$ 1,217	4.0% increase per year
Repairs - Bldg & Grounds	\$ 110	\$ 114	\$ 119	\$ 124	\$ 129	\$ 134	4.0% increase per year
Electric Services	\$ 6,000	\$ 6,240	\$ 6,490	\$ 6,749	\$ 7,019	\$ 7,300	4.0% increase per year
Subtotal Rohoic Creek	\$ 7,110	\$ 7,394	\$ 7,690	\$ 7,998	\$ 8,318	\$ 8,650	
Contingency							
Contingencies	\$ 10,910	\$ 11,346	\$ 11,800	\$ 12,272	\$ 12,763	\$ 13,274	4.0% increase per year
Subtotal Contingencies	\$ 10,910	\$ 11,346	\$ 11,800	\$ 12,272	\$ 12,763	\$ 13,274	
Debt Service							
88.1% of Annual Requirements to Amortize Existing Debt, Capital Leases	\$ 382,550	\$ 263,890	\$ 256,357	\$ 230,534	\$ 229,105	\$ 102,551	
New Debt #1	\$ 22,172	\$ 44,344	\$ 44,344	\$ 44,344	\$ 44,344	\$ 44,344	Assume \$685,000, 30 years, 5%
Subtotal Debt Service	\$ 404,722	\$ 308,234	\$ 300,701	\$ 274,878	\$ 273,449	\$ 146,895	

City of Petersburg									
Projected Revenues and Expenses - SEWER Enterprise Fund									
CURRENT RATES ARE USED TO PROJECT REVENUE									
	FY 2013 Budget	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	Assumptions/Notes		
Contribution to Operating Reserve	\$ 135,000	\$ 315,000	\$ 420,000	\$ 539,000	\$ 630,000	\$ 839,000			
% of Operating Budget	2.3%	5.3%	6.9%	8.5%	9.6%	12.6%			
Total Expenses, Including Debt Service and Operating Reserve	\$ 5,970,325	\$ 6,279,671	\$ 6,588,936	\$ 6,902,385	\$ 7,221,054	\$ 7,541,794			
Total Operating Revenue Less Total Expenses	\$ (821,186)	\$ (1,095,859)	\$ (1,371,122)	\$ (1,650,568)	\$ (1,935,236)	\$ (2,221,974)			
% Increase Needed to Eliminate Deficit - OPTION 1	11.0%	12.7%	15.9%	18.9%	22.4%	23.7%			
(PILOT and Contribution to Reserve are NOT included)									
Current Bi-Monthly Charge for 12 CCF	\$ 37.78								
Projected Bi-Monthly Charge for 12 CCF	\$ 41.92	\$ 42.58	\$ 43.79	\$ 44.91	\$ 46.26	\$ 46.74			
% Increase Over Previous Year	11.0%	1.6%	2.8%	2.6%	3.0%	1.0%			
\$ Increase over Previous Year	\$ 4.14	\$ 0.66	\$ 1.21	\$ 1.12	\$ 1.35	\$ 0.48			
% Increase Needed to Eliminate Deficit - OPTION 2	16.4%	21.8%	27.0%	32.3%	37.7%	42.9%			
(Includes PILOT and Contribution to Reserve as noted above)									
Current Bi-Monthly Charge for 12 CCF	\$ 37.78								
Projected Bi-Monthly Charge for 12 CCF	\$ 43.98	\$ 46.00	\$ 47.99	\$ 49.99	\$ 52.00	\$ 54.01			
% Increase Over Previous Year	16.4%	4.6%	4.3%	4.2%	4.0%	3.8%			
\$ Increase over Previous Year	\$ 6.20	\$ 2.02	\$ 2.00	\$ 2.00	\$ 2.01	\$ 2.00			
Analysis of Connection Fees and Capital Projects									
Beginning Balance - Cash Available for Projects	\$ -	\$ -	\$ -	\$ 536,758	\$ 1,173,515	\$ 1,810,273			
Add Connection Fees Received	\$ 772,932	\$ 636,758	\$ 636,758	\$ 636,758	\$ 636,758	\$ 636,758			
Total Available for Projects	\$ 772,932	\$ 636,758	\$ 636,758	\$ 1,173,515	\$ 1,810,273	\$ 2,447,030			
CIP Projects:									
Water/Sewer GPS Mapping	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -			
Lt. Run Creek Crossing N. of River St.	\$ -	\$ 50,000	\$ 100,000	\$ -	\$ -	\$ -			
Blackwater Creek Interceptor Upgrade	\$ -	\$ 970,000	\$ -	\$ -	\$ -	\$ -			
Poor Creek Force Main	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -			
Total CIP Projects	\$ 1,000,000	\$ 1,095,000	\$ 100,000	\$ -	\$ -	\$ -			
Balance (negative # = Amount that needs to be Funded with Debt)	\$ (227,068)	\$ (458,243)	\$ 536,758	\$ 1,173,515	\$ 1,810,273	\$ 2,447,030			
Analysis of Debt Reserve									
Goal 100% of Operating Expense	\$ 5,970,325	\$ 6,279,671	\$ 6,588,936	\$ 6,902,385	\$ 7,221,054	\$ 7,541,794			
Previous Balance	\$ -	\$ 135,000	\$ 450,000	\$ 870,000	\$ 1,409,000	\$ 2,039,000			
This Year's Contribution	\$ 135,000	\$ 315,000	\$ 420,000	\$ 539,000	\$ 630,000	\$ 839,000			
Total	\$ 135,000	\$ 450,000	\$ 870,000	\$ 1,409,000	\$ 2,039,000	\$ 2,878,000			
Does Total + 100% of Operating Expenses?	No	No	No	No	No	No			
% Funded	2.3%	7.2%	13.2%	20.4%	28.2%	38.2%			