

SOUTH CENTRAL WASTEWATER AUTHORITY

PROPOSED: January 21, 2016

APPROVED: May 19, 2016

OPERATION & MAINTENANCE BUDGET 2016/2017

| Acct # | ITEM | Fiscal year | Fiscal Year | Change | |
|--------------|---|----------------------|---------------------|-------------------------|---|
| | | 2015/2016 | 2016/2017 | Increase/ (Decrease) | Reason for changes |
| | | Budget | Budget | FY15/16 to FY16/17 | |
| 51000 | SALARY | \$ 1,769,000 | \$ 1,835,000 | \$ 66,000 | Budget includes up to a 3% pay for performance increase for staff plus 2% market adjustment based on the 2015 Springsted compensation study. This also include 2 new positions for the development of an Authority Shared Instrumentation/IT Department |
| 52000 | EMPLOYEE BENEFITS | \$ 733,700.00 | \$ 746,000 | \$ 12,300 | Increase is due to expected increases in health insurance. |
| 52100 | Employer FICA | \$ 135,500 | \$ 138,000 | | |
| 52200 | Virginia Retirement System | \$ 156,000 | \$ 160,000 | | |
| 52300 | Hospitalization Insurance | \$ 416,000 | \$ 416,500 | | |
| 52400 | Group Life | \$ 23,200 | \$ 23,000 | | |
| 52450 | Supplemental Group Life | \$ 1,500 | \$ 1,500 | | |
| 52500 | Health Insurance Rebate | \$ 1,500 | \$ 1,500 | | |
| 52700 | Employee Promotions | | \$ 5,500 | | |
| 52900 | OPEB Health Insuranc ARC Adj | | | | |
| 53000 | Contractual Services | \$ 304,700 | \$ 321,500 | \$ 16,800 | |
| 53121 | Auditing Services | \$ 17,000 | \$ 17,000 | | |
| 53122 | Accounting Services | \$ 10,000 | \$ 10,000 | | |
| 53140 | Consulting Engineers | \$ 60,000 | \$ 60,000 | | |
| 53150 | Legal Services | \$ 45,000 | \$ 60,000 | | |
| 53152 | Software Support | \$ 40,000 | \$ 40,000 | | |
| 53160 | Medical | \$ 3,500 | \$ 3,500 | | |
| 53162 | Bank Service Charges | \$ 3,500 | \$ 3,500 | | |
| 53170 | Payment in Lieu of Taxes (City of Petersburg) | \$ 33,500 | \$ 33,500 | | |
| 53190 | Samples and Testing | \$ 44,700 | \$ 44,500 | | |
| 53220 | VPDES Permit Fee | \$ 9,500 | \$ 9,500 | | |
| 53320 | Maintenance Service Contracts | \$ 13,000 | \$ 15,000 | | |
| 53600 | Grounds Maintenance | \$ 25,000 | \$ 25,000 | | |
| 53000 | Other | | | | |
| 55000 | Other Charges | \$ 956,500 | \$ 996,900 | \$ 40,400 | |
| 55050 | Advertising | \$ 4,000 | \$ 4,500 | | |
| 55110 | Electricity | \$ 410,000 | \$ 450,000 | | |
| 55120 | Natural Gas | \$ 20,000 | \$ 20,000 | | |
| 55130 | Solid Waste | \$ 2,500 | \$ 2,500 | | |

| | | | | | |
|--------------|---|---------------------|---------------------|---------------------|--|
| 55140 | Water (City of Petersburg) | \$ 7,500 | \$ 10,000 | | |
| 55150 | Storm Water (City of Petersburg) | \$ 5,500 | \$ 5,500 | | |
| 55160 | Sludge Disposal | \$ 361,500 | \$ 360,000 | | |
| 55210 | Postage and Freight | \$ 2,000 | \$ 2,500 | | |
| 55230 | Telecommunications | \$ 14,000 | \$ 15,000 | | |
| 55308 | General Liability Insurance | \$ 70,000 | \$ 70,000 | | |
| 55410 | Lease/Rent of Equipment | \$ 11,000 | \$ 11,000 | | |
| 55530 | Meals and Lodging | \$ 7,500 | \$ 7,500 | | |
| 55540 | Education and Training | \$ 41,000 | \$ 38,400 | | |
| 55800 | Other Expenses | | | | |
| | | | | | |
| 56000 | Materials and Supplies | \$ 1,180,300 | \$ 1,170,500 | \$ (9,800) | Decrease due to switch from Mannic to Emulsion Polymer for GBT and BFP. |
| 56001 | Office Supplies | \$ 17,500 | \$ 17,500 | | |
| 56004 | Laboratory Supplies | \$ 49,500 | \$ 49,000 | | |
| 56005 | Process Chemicals | \$ 574,000 | \$ 560,000 | | |
| 56007 | Repair and Maintenance Supplies | \$ 436,000 | \$ 440,000 | | |
| 56008 | Vehicle and Equipment Fuels | \$ 32,800 | \$ 32,000 | | |
| 56010 | Janitorial Supplies | \$ 8,000 | \$ 8,000 | | |
| 56011 | Uniforms | \$ 22,500 | \$ 22,500 | | |
| 56012 | Dues and Subscriptions | \$ 32,000 | \$ 33,000 | | |
| 56015 | Small Equipment Purchases | \$ 8,000 | \$ 8,500 | | |
| | | | | | |
| 57000 | Equipment Replacement | \$ 1,431,000 | \$ 2,440,000 | \$ 1,009,000 | Construction cost are increasing greatly primarily due to the rehab of the Headworks Building (est. \$1.2 million) |
| 57010 | Machinery & Equipment | \$ 60,000 | \$ 60,000 | | |
| 57020 | Instrumentation | \$ 35,000 | \$ 35,000 | | |
| 57030 | SCADA | \$ 10,000 | \$ 15,000 | | |
| 57040 | Computer Software & Hardware | \$ 16,000 | \$ 15,000 | | |
| 57050 | Motor Vehicle | \$ 40,000 | \$ - | | |
| 57060 | Construction | \$ 1,270,000 | \$ 2,315,000 | | |
| | | | | | |
| 58000 | Nutrient Credit Purchases | \$ 644,978 | \$ 1,020,000 | \$ 375,022 | Contract Obligations for private nutrient purchases |
| 58100 | Nutrient Credit Purchases | \$ 644,978 | \$ 1,020,000 | | |
| | | | | | |
| | | | | | |
| | Total(Operations & Maintenance) | \$ 7,020,178 | \$ 8,529,900 | \$1,509,722 | Increase primarily due to Headworks rehab and nutrient purchases |
| | | | | | |
| | Reserve policy (50% O&M) | \$ 488,086 | \$ 676,801 | \$188,715 | Adjusted to factor increase in O&M |
| | | | | | |
| | ERRF (5% of Operations & Maintenance) | \$ 351,009 | \$ 426,495 | \$75,486 | Service Agreement Requires 5% |
| | ERRF Repayment (From FY14/15 Operating Reserve Adj.) | \$ 226,505 | \$ - | (\$226,505) | Repayment ends 6/30/2016 |
| | | | | | |
| | Debt Service | \$ - | \$ - | \$0 | |
| | | | | | |
| | Total | \$ 8,085,778 | \$ 9,633,196 | \$1,547,418 | Increase primarily due to Headworks rehab (\$1.2 m) and nutrient purchases (+\$375,022) |

| | | | | | | | | |
|--|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-----------|
| Roof Replacement - Pump bldg 5, Sodium Bisulfite, Blower, Vehicle Storage, and Sodium Hypochlorite Miscellaneous Replace RAS Pumps Replace 8" waterline from gate to solids building Upgrade Admin Bathrooms | \$ 20,000 | \$ 300,000 | \$ 250,000 | | | | \$ 1,000,000 | 2022-2023 |
| Total | \$ 1,270,000 | \$ 2,315,000 | \$ 1,074,000 | \$ 100,000 | \$ 100,000 | \$ 2,100,000 | \$ 1,000,000 | |

Exhibit B

| Nutrient Credits | | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 |
|-------------------------|------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
| 70500 | Nutrient Credits | \$ 644,978 | \$ 1,016,828 | \$ 236,300 | \$ 236,300 | \$ 236,300 |
| | Total | \$ 644,978 | \$ 1,016,828 | \$ 236,300 | \$ 236,300 | \$ 236,300 |

Exhibit C

| Capital Projects | | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020/2021 | BEYOND | Year |
|-------------------------|--|-----------|-----------|-----------|-----------|-----------|---------------|--------------|-----------|
| | Nutrient Upgrade Replace Hypochlorite with UV | | | | | | \$ 50,000,000 | \$ 7,500,000 | 2022/2023 |
| | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 50,000,000 | \$ 7,500,000 | |

Exhibit D

SOUTH CENTRAL WASTEWATER AUTHORITY

FY 2016/2017 Proposed Budget

| Proposed Revenues | Petersburg | Colonial Heights | Chesterfield | Prince George | Dinwiddie | Total |
|--|-----------------|------------------|---------------|---------------|---------------|------------------------|
| Estimated Share of Plant Flow | 55.422% | 20.961% | 8.945% | 6.590% | 8.081% | 100.000% |
| Estimated Share of Operations & Maintenance | \$ 3,934,378.81 | \$ 1,488,029.46 | \$ 635,020.39 | \$ 467,816.83 | \$ 573,654.51 | \$ 7,098,900.00 |
| Share of Plant Capacity (%) | 52.50% | 20.00% | 10.00% | 7.50% | 10.00% | 100.00% |
| Share of Equipment Replacement Reserve Fund | \$ 223,909.88 | \$ 85,299.00 | \$ 42,649.50 | \$ 31,987.13 | \$ 42,649.50 | \$ 426,495.00 |
| Reserve Policy (50% O&M) | \$ 355,320.55 | \$ 135,360.21 | \$ 67,680.10 | \$ 50,760.08 | \$ 67,680.10 | \$ 676,801.05 |
| Share of Debt Service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Monthly Amount | \$ 376,134.10 | \$ 142,390.72 | \$ 62,112.50 | \$ 45,880.34 | \$ 56,998.68 | \$ 683,516.34 |
| Annual Total | \$ 4,513,609.23 | \$ 1,708,688.67 | \$ 745,350.00 | \$ 550,564.03 | \$ 683,984.12 | \$ 8,202,196.05 |
| Electrical Credit | | | | | | \$ 20,000.00 |
| Funds Carried over from FY15/16 | | | | | | \$ 996,000.00 |
| Miscellaneous Revenue - Includes Septage at \$115,000 and leachate at 2 trucks/day @ \$0.085/gal | | | | | | \$ 415,000.00 |
| Total Budget | | | | | | \$ 9,633,196.05 |

Budget Comparison

| Locality | FY16/17 Proposed Budget Revenue | FY15/16 Budget Revenue | FY16/17 - FY15/16 Difference | |
|-----------------------------------|---------------------------------|------------------------|------------------------------|-------|
| City of Petersburg | \$ 4,513,609 | \$ 4,412,172 | \$ 101,437 | 2.30% |
| City of Colonial Heights | \$ 1,708,689 | \$ 1,646,045 | \$ 62,644 | 3.81% |
| Chesterfield County | \$ 745,350 | \$ 726,087 | \$ 19,263 | 2.65% |
| Prince George County | \$ 550,564 | \$ 528,859 | \$ 21,705 | 4.10% |
| Dinwiddie County | \$ 683,984 | \$ 665,365 | \$ 18,619 | 2.80% |
| Sub-totals | \$ 8,202,196 | \$ 7,978,528 | \$ 223,668 | |
| Deferred Debt (Petersburg) | \$ - | \$ - | \$ - | |
| Deferred Debt (Colonial Heights) | \$ - | \$ - | \$ - | |
| Deferred Debt (Prince George) | | | \$ - | |
| Electrical Credit | \$ 20,000.00 | \$ 2,250.00 | \$ 17,750.00 | |
| Funds Carried over From FY15/16** | \$ 996,000.00 | \$ - | \$ 996,000.00 | |
| Miscellaneous Revenue | \$ 415,000.00 | \$ 105,000.00 | \$ 310,000.00 | |
| Total Budget | \$ 9,633,196.05 | \$ 8,085,778.17 | \$ 1,547,417.87 | |

**NOTE \$396k for Nutrient Sales, est. \$600k for landfill Stormwater, and \$113k for FY14/15 Refund

Reserve Policy: *South Central Wastewater Authority*
Reserve Fund Calculation (Year 2 of 5)

50% Reserve Fund

| SCWWA O&M Budget | Total expected reserves on June 30, 2016 | Recommended 50% O&M Reserves | Charges required to achieve 50% reserves | Annual Charge spread over 4 years |
|------------------|--|------------------------------|--|-----------------------------------|
| \$8,529,900 | \$1,557,745.82 | \$4,264,950.00 | \$2,707,204.18 | \$676,801.05 |

Exhibit E

SOUTH CENTRAL WASTEWATER AUTHORITY

FY 2016/2017 Proposed Budget

Proposed Monthly Billing

Operations and Maintenance, Equipment Repair and Replacement Funds and Debt Service billing per July 2, 1996 Service Agreement

| Operation and Maintenance, Section 10, Para. 2 | | | | | Budget: | \$7,098,900.00 |
|---|-------------------|-------------------------|---------------------|----------------------|------------------|-----------------------|
| Community | Petersburg | Colonial Heights | Chesterfield | Prince George | Dinwiddie | |
| % O&M (1) | 55.422% | 20.961% | 8.945% | 6.590% | 8.081% | |
| O&M | \$ 3,934,378.81 | \$ 1,488,029.46 | \$ 635,020.39 | \$ 467,816.83 | \$ 573,654.51 | |

| Equipment Repair and Replacement Fund, Section 11, Para. E, 5% of O&M | | | | | Budget: | \$ 426,495.00 |
|--|---------------|--------------|--------------|--------------|----------------|----------------------|
| %ERRF(2) | 52.5% | 20.0% | 10.0% | 7.5% | 10.0% | |
| ERRF | \$ 223,909.88 | \$ 85,299.00 | \$ 42,649.50 | \$ 31,987.13 | \$ 42,649.50 | |

| Debt Service, Section 11, Para. A.2 | | | | | Budget: | \$ - |
|--|-------|-------|-------|-------|----------------|-------------|
| % Participation | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| P&I Owed | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Deferred | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Total P&I | \$ - | \$ - | \$ - | \$ - | \$ - | |

| Reserve Policy | | | | | Budget: | \$676,801.05 |
|-----------------------|---------------|---------------|--------------|--------------|----------------|---------------------|
| % Participation (3) | 52.5% | 20.0% | 10.0% | 7.5% | 10.0% | |
| Reserve Policy | \$ 355,320.55 | \$ 135,360.21 | \$ 67,680.10 | \$ 50,760.08 | \$ 67,680.10 | |

| | | | | | | |
|----------------------------|------------------------|------------------------|----------------------|----------------------|----------------------|--|
| Annual Total | \$ 4,513,609.23 | \$ 1,708,688.67 | \$ 745,350.00 | \$ 550,564.03 | \$ 683,984.12 | |
| O&M Due Monthly | \$ 327,864.90 | \$ 124,002.45 | \$ 52,918.37 | \$ 38,984.74 | \$ 47,804.54 | |
| ERRF Due Monthly | \$ 18,659.16 | \$ 7,108.25 | \$ 3,554.13 | \$ 2,665.59 | \$ 3,554.13 | |
| Reserve policy Due Monthly | \$29,610.05 | \$11,280.02 | \$5,640.01 | \$4,230.01 | \$5,640.01 | |
| P&I Due Monthly | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Total Due Monthly | \$ 376,134.10 | \$ 142,390.72 | \$ 62,112.50 | \$ 45,880.34 | \$ 56,998.68 | |

Notes:

(1) Participation percentage based on flow data for period from FY12 to FY16

(2) Participation percentage based upon Section 6 of the Service Agreement

(3) A Reserve Policy of 50% O&M was adopted with the FY15/16 Budget to be funded initially over a 5 year term. Participation is based on Plant Allocation