



Proposed Fiscal Year 2019 Utility Funds

Budget Work Session III
May 2, 2018

Proposed Fee Changes

➤ Fee changes were proposed via Public Hearing at Council Meeting on April 10. Utility Fund fee changes are listed below:

- Water and Wastewater Usage Fee - Proposed increase of 2% from current rates effective July 1, 2019
- Water Meter Fee – Increases price to Town's cost for water meter equipment and Town's labor for installation. Only applies to installation for new water meters.



WATER FUND

WATER FUND

Highlights

The Proposed Budget

- Water Fund budget totals \$5.29 million an increase of \$712,022 over the adopted FY 2018 budget due to increases in water availability revenue
- Recognizes decrease in debt service obligations by \$266,849

Proposed Revenues

- 2% proposed rate increase in water user fees consistent with recommendations of financial advisors in FY 2018 long-range planning process to continue plan for loss of availability revenue in FY 2021

Proposed Expenditures

- No new or expanded positions
- A recommended 3.0% indexed pay increase for employees plus 2% adjustment set aside for Compensation Study implementation
- Recognition that the Town's Virginia Retirement System (VRS) contribution rate for FY 2019 decreased by 0.02%
- Recognition that the Local Choice Health Insurance Program rates for FY 2019 have increased by 8% as opposed to 10% projected by staff
- Maintains projected Charge Back cost of \$493,226 to reimburse General Fund for Public Works personnel costs for providing water system support
- Capital Improvement Program includes seven (7) projects valued at \$1.11 million to begin catch up on previous deferrals
- Projected contingency/surplus of \$986,481 due to collection of one time availability fees with funds being placed in reserves

Water Fund

Enhancements (pgs. 21-22)

- Filter Rehabilitation (\$27,000) – Replaces filter equipment that has been in operation since 1987.
- Elevated Tank Maintenance (\$10,000) – Once the current tank is rehabilitated (FY 2018 Water Fund CIP), this costs represents the annual maintenance service costs annually.
- Building Security (\$4,200) – New line item to break out the Building's security costs. Security was originally paid from the Building Repairs and Maintenance line item. This line item was reduced by \$4,200 so the net budget effect is \$0

Water Fund

Enhancements (cont'd)

- Generator (\$23,000) – Additional resources to cover all Town's generators under a maintenance contract. In the past, the Main Street well was not covered under the contract. Ensures all well generators are regularly maintained and optimal efficiency.
- Utility Line Repairs (\$27,000) – Due to the age of the water lines and the raw water line, this increased funding provides additional resources to plan water line replacement and avoid emergency procedures in case of breakdown.
- Long Range Planning – Water Resource Study (\$150,000) – Provides comprehensive study and review of the Town's current and future growth plans. The study would look at current capacity, future growth plans, and needed capital improvements to determine the most cost effective path forward.

Water Fund

Enhancements (cont'd)

- Purchased Water (\$10,000) – Provides additional water resources for the Town that better balances the use at the JT Hirst reservoir.
- Water Well Repairs and Maintenance (\$20,000) – Increases budget to actual cost level of \$45,000 to ensure the Town's wells are in working order and are available to meet Town demand.
- Well Rehabilitation (\$49,500) – Funding to rehabilitate 2 wells (Jefferies and Mountain View) that have caused the most downtime.

Water Fund

Enhancements (cont'd)

- Water Meter Equipment Replacement (\$45,000) – A \$90,000 replacement project splitting the cost with Wastewater. Replaces equipment that could include meter interface units, meters, and / or additional antenna. The equipment replacement will help identify leaks more quickly and reduce water loss.
- Capital Outlay (\$42,000) – A pick-up truck will replace a 2011 Ford Escape (132,813 miles).

Water Fund CIP Projects

SUMMARY

- FY 2019 – FY 2023 5-year CIP has 8 projects totaling \$5.68 million
- FY 2019 Water CIP funds 7 projects totaling \$1.11 million using cash transfers from the Water Fund's Operating Budget.

Water Fund CIP Projects

FY 2019 Funded Projects

- Nature Park Wells & PLC Upgrades (\$350,000) – Ongoing project includes connecting the two drilled wells in Nature Park to the existing treatment facility that will provide automated controls (pgs. 246-247)
- S Nursery Avenue Water Main Replacement (\$128,800) – To improve fire flow capability in the area, the project replaces a 4 inch water main with a new 6-inch water main. (pgs. 248-249)
- 12th Street Water Main Replacement (\$64,062) – This project is being funded in concert with the 12th Street General Fund CIP improvement which was recently recommended for funding by VDOT. Final funding approval will be known in June (pgs. 252-253)
- Hirst Well Membrane (\$350,000) – The proposed project will provide membrane technology to treat the well water at the Hirst Well that was rehabilitated in 2017 to full utilize the Hirst wells as a drinking water resource. (pgs. 254-255)

Water Fund CIP Projects

FY 2019 Funded Projects (cont'd)

- Consolidated Well Treatment Facility (\$50,000) – Proposed project involves construction of a well filter building to provide treatment to the Short Hill wells. The \$50,000 is the initial engineering costs of the facility. (pgs. 258-259)
- Hall Ave / O St Water Main Replacement (\$73,600) – Proposed project funds initiation of replacement of approximately 1,000 linear feet of 4 inch water main with new 6 inch water main increasing the fire flows and reducing future breaks in the line. (pgs. 260-261)
- F Street Water Main Replacement (\$93,600) – Similar to the above project, proposed project funds initiation of replacement of approximately 1,000 linear feet of 4 inch water main with new 6 inch water main increasing the fire flows and reducing future breaks in the line. (pgs. 262-263)



WASTEWATER FUND

WASTEWATER FUND

Highlights

The Proposed Budget

- Wastewater Fund budget increased to \$5.32 million (increase of \$556,952) over the adopted FY 2018 budget due to increase in availability revenue ---*Now changed due to West End Pump Station*
- Recognizes decrease in debt service obligations by \$85,709

Proposed Revenues

- 2% proposed rate increase in wastewater user fees consistent with recommendations of financial advisors in FY 2018 long-range planning process to continue plan for loss of availability revenue in FY 2021

Proposed Expenditures

- No new or expanded positions
- A recommended 3.0% indexed pay increase for employees plus 2% adjustment set aside for Compensation Study implementation
- Recognition that the Town's Virginia Retirement System (VRS) contribution rate for FY 2019 decreased by 0.02%
- Recognition that the Local Choice Health Insurance Program rates for FY 2019 have increased by 8% as opposed to 10% projected by staff
- Maintains projected Charge Back cost of \$493,226 to reimburse General Fund for Public Works personnel costs for providing water system support
- Capital Improvement Program includes five (5) projects valued at \$.79 million to continue improvements
- Projected contingency/surplus of \$479,475 due to collection of one time availability fees with funds being placed in reserves --- *Now changed due to West End Pump Station*

Wastewater Fund Revenue Change

Availability Revenues Changes

- West End Pump Station – Agreement with Ball Property developer to build new West End Pump Station (April 10, 2018 Town Council Meeting)

Results

- Reduce 10 Availability Revenue in FY 2019 (\$473,540); 2 Availabilities in FY 2020 (\$94,708)
- Overall cost savings to Town for West End Pump Station is \$383,580 through this agreement
- Transfer from Wastewater to CIP does not change at \$793,600 for FY 2019 (Reduction in CIP costs of \$178,250 for FY 2020 than Initial Proposed CIP)
- Due to Revenue reduction, Wastewater uses \$14,000 in cash reserves to balance account and leave \$20,000 for operating reserve.

Wastewater Fund

Enhancements (pgs. 22)

- New Plant Equipment (\$46,000) – As part of the phase-in and to prepare for the upcoming membrane change-out, this increase to procure 2 of the 4 permeate pumps within the membrane system.
- Water Meter Equipment Replacement (\$45,000) – Shares the cost with the Water Fund to replace equipment that could include meter interface units, meters, and / or additional antenna. The equipment replacement will help identify leaks more quickly and reduce water loss.
- Capital Outlay (\$84,000) – Replaces 2006 Ford Escape (64,271 miles) and 2005 Ford SuperDuty truck that was used as a crane truck at the Wastewater Plant.

Wastewater Fund CIP Projects

SUMMARY

- FY 2019 – FY 2023 5-year CIP has 6 projects totaling \$3.25 million
- FY 2019 Wastewater CIP funds 5 projects totaling \$793,600 using cash transfers from the Wastewater Fund's Operating Budget.

Wastewater Fund CIP Projects

FY 2019 Funded Projects

- East End Pump Station (\$116,520) – Project funds a replacement facility that will meet future flows with lower operational requirements and improved aesthetics to match the surrounding area (pgs. 270-271)
- Membrane Replacement (\$173,780) – Town provided a down payment of \$198,880 in FY 2018 to obtain preferred pricing for membrane replacement at wastewater treatment plant. This amount represents the 2nd of 5 annual payments. (pgs. 272-273)

Wastewater Fund CIP Projects

FY 2019 Funded Projects

- West End Pump Station (\$198,300) – Cost share agreement with Ball property developer constructing the facility to Town standards. (pgs. 274-275)
- Cell Tower (\$280,000) – Constructs cell tower to address safety need for 911 calls from Hirst Farm Subdivision and adjacent low lying neighborhoods. The cell tower could also receive potential revenue from cell phone carriers. (pgs. 276-277)
- Reclaimed Water Dispensing Station (\$25,000) – This amount initiates the engineering and design of the Reclaimed Water Dispensing program (pgs. 280-281)