

Peters Township Sanitary Authority

**2011 BUDGET PERFORMANCE SUMMARY REPORT
AND
YEAR 2012 BUDGET REQUEST**

FINAL

As Adopted at the November 29, 2011 Board Meeting

**2011 BUDGET PERFORMANCE SUMMARY REPORT
AND
2012 BUDGET REQUEST**

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REVENUE AND EXPENSE APPENDIX

CAPITAL IMPROVEMENT PLAN FOR 2012

CAPITAL ASSESTS

INTRODUCTION

This budget document consists of four major sections. The first major section is the 2011 Budget Performance Summary Report, which describes the status and performance of the existing year's budget, along with our accomplishments. The second major section is the 2012 Budget Request, which identifies the funds Management has determined are required for 2012 to properly operate and maintain the facilities, and to meet all of our obligations. This section is followed by an Appendix section which provides detailed memorandums prepared during budget preparation. The Capital Improvement Plan follows the Appendix, then the Capital Assets Summary. The final budget report will be bound with section tabs.

2011 BUDGET PERFORMANCE SUMMARY

2011 REVENUES

The following summarizes the Revenues that were budgeted for 2011, the actual revenues billed through October 31, 2011, along with the projected revenues to be billed through the end of the year. A summary is provided on Table-II on Page 2011-3, and detail on each revenue line item can be found in the Table-III on Page 2011-4.

Total Projected Revenues for 2011, which includes **Operating Revenues**, and **Non-Operating Revenues (Taps, Assessments, and Trustee Account Interest)**, are expected to total \$3,152,900, which is \$13,600, or 0.4% less than our 2011 budget forecast. Comparing 2011 total revenue with 2010, we expect to collect \$87,000 less than the \$3,240,000 collected in 2010. This large decrease in revenue is almost entirely due to reduced tap fee revenue from the slow housing market. Partially contributing to the year to year reduction in tap revenue was 2010's end of year rush to acquire taps/building permits to avoid the new residential fire sprinkler requirement that began in 2011. We estimate that this accounted for \$45,000 of the \$81,200 difference, or 55% of the difference.

Operating Revenues for 2011 are projected at this time to total \$3,023,000, which is 0.9% more than budgeted. Residential water consumption was 1.5% greater than our forecast, whereas, Non-Residential water consumption was 0.8% less, netting an overall increase in water consumption revenue.

Deduct meter credits totaled \$118,800, which is a slight decrease from 2010's credit total. The number of deduct meter customers increased by 15 for a total of 466.

Non-Operating Revenues, which consist of **Taps, Assessments, and Trustee Account Interest**, totaled only \$129,600 which is \$41,600 less than the budget forecast, or 24% less. The Tap Fee revenue of \$69,500 is the lowest total tap fee revenue in more than a decade. We had anticipated the housing market would slowly recover during 2011, and we were wrong. Of this total, \$3,200 was reimbursed to developers under Tap Reimbursement Agreements. The Tap Fee Reimbursements are shown at the bottom of Table-II, adjusting the total Non-Operating Revenue to \$126,500 for clarity.

The Sewer Permit Summary, updated through October 31, 2011, and projected to the end of year, is presented on Table-IV on Page 2011-5. As of October 31st, 18.64 taps and tap reimbursements were sold, consisting of 16.6 taps sold in the Brush Run Sewer System, and 2.1 taps sold in the DC System.

Trustee Account Interest is expected to total \$45,200, just short of the budget forecast of \$50,000.

2011 OPERATING BUDGET PERFORMANCE OVERALL

Overall, we have operated within budgeted amounts, with a projected surplus of \$146,000 in the Operating Budget. Keep in mind that we budget a 10% debt service cover at \$74,000, therefore, after accounting for that, there is surplus of approximately \$71,800.

Operating Revenue Transfers to Capital Improvement and Redemption Fund (CIRF)

We discuss the CIRF funding at this place in the report because it is directly related to Budget Performance overall, as well as Tap Fee Revenue performance. We strive to be on budget in order to properly fund the Capital Improvement Plan. Barring any unusual demands on the Operating Fund in early 2012, the 2011 surplus of \$146,000, plus the balance of the Equipment Replacement Allowance of \$242,000 will become a CIRF transfer in 2012.

The Authority finances its capital improvements through borrowed funds which are set aside in Construction Funds, or through our accumulated surplus which is held in the CIRF. In order to have an on-going capital improvement program to provide for the upgrade of our sewer system and facilities it is necessary to have a mechanism to fund the CIRF. Otherwise we would have to rely on borrowed funds for all major projects. The CIRF is funded by: 1) sewer tap fees; 2) interest earned on CIRF investments, and 3) any operating budget surplus at the end of the year. A surplus is generally created by the Trust Indenture's requirement to budget not only our annual debt service but also a 10% cover. This cover results as a surplus at the end of the year. Additionally, any funds not expended from the Equipment Replacement Allowance results in a surplus, which beginning in 2010, is directly charged as an expense at the end of the year. Our Trust Indenture requires annual transfers of excess amounts from the Operating Fund and tap fees collected to the CIRF each May. The May 2011 transfer consisted of \$460,000 from the Operating Fund, and \$241,000 from the Tap & Assessments Fund, for a 2011 total fund transfer to the CIRF of \$701,000.

For comparison, the net transfers to the CIRF from the Operating Fund and Tap Fund were as follows:

Table I

Year	Operating Fund	Taps/Assessments	Total
2002	\$ 211,000	\$ 236,633	\$ 447,633
2003	\$ 286,535	\$ 302,272	\$ 588,807
2004	\$ 0	\$ 450,000	\$ 450,000
2005	\$ 180,000	\$ 423,000	\$ 603,000
2006	\$ 180,000	\$ 578,000	\$ 758,000
2007	\$ 250,000	\$ 253,000	\$ 503,000
2008	\$ 300,000	\$ 167,000	\$ 467,000
2009	\$ 240,000	\$ 250,000	\$ 490,000
2010	\$ 321,296	\$ 148,000	\$ 469,296
2011	\$ 460,000	\$ 241,000	\$ 701,000
Total:	\$ 2,428,831	\$ 3,048,905	\$5,477,736
Average:	\$ 242,883	\$304,891	\$547,774

TABLE-II*ALL DEPARTMENTS COMBINED*

**PETERS TOWNSHIP SANITARY AUTHORITY
REVENUE AND EXPENSE SUMMARY BUDGET REPORT for 2011**

	Budget 2011	YTD 10/31/2011	Projected Nov-Dec	Projected Year End	Budget Minus Projection
<i>OPERATING REVENUES</i>					
Charges for Services					
Sewer Rentals	\$ 2,011,025	\$ 1,482,991	\$ 543,030	\$ 2,026,021	\$ (14,996)
Debt and Administrative Charges	879,447	665,089	221,386	886,475	(7,028)
Penalties and Interest	34,000	37,893	120	38,013	(4,013)
Total Charges for Services	\$ 2,924,472	\$ 2,185,973	\$ 764,536	\$ 2,950,509	\$ (26,037)
Miscellaneous	\$ 70,897	\$ 60,152	\$ 12,692	\$ 72,844	\$ (1,947)
TOTAL OPERATING REVENUE	\$ 2,995,369	\$ 2,246,125	\$ 777,228	\$ 3,023,353	\$ (27,984)
<i>NON-OPERATING REVENUE</i>					
Tap and Assessments	\$ 121,286	\$ 73,968	\$ 10,371	\$ 84,338	\$ 36,948
Trustee Interest	\$ 50,000	\$ 44,165	\$ 1,100	\$ 45,265	\$ 4,735
TOTAL NONOPERATING REVENUES (inc.adj. Interest)	\$ 171,286	\$ 118,132	\$ 11,471	\$ 129,603	\$ 41,683
TOTAL REVENUES	\$ 3,166,655	\$ 2,364,258	\$ 788,699	\$ 3,152,956	\$ 13,699
OPERATING BUDGET PERFORMANCE SUMMARY - PROJECTIONS					
Total Operating Revenue		\$ 3,023,353			
Total Expenses (excluding Equip Rp Allowance)		\$ 2,626,691			
Total Equipment Replacement Allowance		\$ 250,500			
Total Expenses		\$ 2,877,191			
Surplus Available		\$ 146,162			
Surplus minus Debt Service Cover	\$ 74,364	\$ 71,798			
NON-OPERATING BUDGET PERFORMANCE SUMMARY					
Total Tap Fees (excluding Tap Fee Reimburs)		\$ 69,517			
Other Non-Operating Revenue(assmt. & t.interest)		\$ 56,886			
Total Non-Operating Revenue		\$ 126,403			
Total Tapping Fee Reimbursements		\$ 3,200			

TABLE-III

PETERS TOWNSHIP SANITARY AUTHORITY BUDGET REPORT

Budgeted vs Actual with Year End Projections

	Budget 2011	YTD 10/31/2011	Projected Nov-Dec	Projected Year End	Budget Minus Projection
<u>Operating Revenues</u>					
Sewer Rentals					
01-9121-0-00-000-0 Residential Sewer	\$ 1,636,000	\$ 1,213,215	\$ 441,774	\$ 1,654,989	\$ (18,989)
01-9122-0-00-000-0 Non Residential Sewer	375,025	269,777	101,256	371,033	3,992
Sewer Rentals	\$ 2,011,025	\$ 1,482,991	\$ 543,030	\$ 2,026,021	\$ (14,996)
Debt and Administrative Charges					
01-9124-0-00-000-0 DA Residential	\$ 700,927	\$ 525,168	\$ 175,416	\$ 700,584	\$ 343
01-9125-0-00-000-0 DA Non Residential	165,000	129,601	42,500	172,101	(7,101)
01-9127-0-00-000-0 Meter Size Charge - NR	13,520	10,320	3,470	13,790	(270)
Debt and Administrative Charges	\$ 879,447	\$ 665,089	\$ 221,386	\$ 886,475	\$ (7,028)
Penalties and Interest					
01-9300-0-00-000-0 Billing Penalties	\$ 32,000	\$ 36,146	\$ -	\$ 36,146	\$ (4,146)
01-9301-0-00-000-0 Billing Interest	2,000	1,747	120	1,867	133
Penalties and Interest	\$ 34,000	\$ 37,893	\$ 120	\$ 38,013	\$ (4,013)
Miscellaneous					
01-9116-0-00-000-0 Deduct Meter and Application Incom	\$ 1,200	\$ 920	\$ 120	\$ 1,040	\$ 160
01-9117-0-00-000-0 Lien Letter Fees	8,010	5,260	1,215	6,475	1,535
01-9117-0-00-000-1 Dye Testing Fees	29,550	25,730	2,470	28,200	1,350
01-9318-0-00-000-5 Curtailment Revenue	14,229	9,990	4,237	14,227	2
01-9118-0-00-000-0 Miscellaneous Income	-	2,137	3,000	5,137	(5,137)
01-9118-0-00-000-1 Labor Reim from CIRF/Dev	2,700	3,543	-	3,543	(843)
01-9305-0-00-000-0 Church Hill Rental	8,608	6,881	1,518	8,399	209
01-9303-0-00-000-0 Deduct Meter Read Fees	5,800	5,554	72	5,626	174
01-9313-0-00-000-0 Dev Review/Inspec Fees	100	-	-	-	100
01-9315-0-00-000-0 Revenue Fund Interest	700	137	60	197	503
Miscellaneous	\$ 70,897	\$ 60,152	\$ 12,692	\$ 72,844	\$ (1,947)
Total Operating Revenues	\$ 2,995,369	\$ 2,246,125	\$ 777,228	\$ 3,023,353	\$ (27,984)
<u>Non-Operating Revenues</u>				\$ -	\$ -
Tap and Assessments					
01-9317-0-00-000-0 Tap In Fees	\$ 105,600	\$ 59,917	\$ 9,600	\$ 69,517	\$ 36,083
01-9317-0-00-000-1 Tap In Fee Reim. - Brook view Villa	-	-	-	-	-
01-9317-0-00-000-2 Tap In Fee Reim. - Overlook	6,400	3,200	-	3,200	3,200
01-9318-0-00-000-0 Assmt Pmt Plan/Princ/Ivy Lane	3,050	6,539	390	6,929	(3,879)
01-9318-0-00-000-1 Assmt Pmt Plan/Princ/ 2007 E. Mc	438	366	28	394	44
01-9318-0-00-000-2 Assmt Pmt Plan/Interest/2007 E.Mc	4,644	2,909	262	3,171	1,473
01-9318-0-00-000-1 Assmt Pmt Plan/Interest/Ivy Lane	1,154	1,037	91	1,128	26
Total Tap and Assessments	\$ 121,286	\$ 73,968	\$ 10,371	\$ 84,338	\$ 36,948
Trustee Interest					
01-9316-0-00-000-0 Trustee Interest	\$ 50,000	\$ 44,165	\$ 1,100	\$ 45,265	\$ 4,735
Trustee Interest	\$ 50,000	\$ 44,165	\$ 1,100	\$ 45,265	\$ 4,735
Total Non-Operating Revenues	\$ 171,286	\$ 118,132	\$ 11,471	\$ 129,603	\$ 41,683
TOTAL REVENUES	\$ 3,166,655	\$ 2,364,258	\$ 788,699	\$ 3,152,956	\$ 13,699

TABLE-IV

PETERS TOWNSHIP SANITARY AUTHORITY				
TAP & ASSESSMENT RECEIPTS				
2011				
<i>Per EDU</i>				
2008 Sept increase	\$3,200	\$3,460		
	Brush Run		Donaldsons Crossroads	
	Residential	Non-Residential	Residential	Non-Residential
1 QTR				
January	4	0.0	0	0.0
February	3	0.0	0	0.0
March	0	0.0	1	0.03
Total Taps	7	0.0	1	0.03
Tap Reim - Brookwood Villa				
Total Receipts	\$ 22,660	\$ -	\$ 3,200	\$ 91
2nd QTR				
April	2	0.0	1	0.0
May	0	0.0	0	0.0
June	2	0.0	0	0.0
Total Taps	4	0.0	1	0.0
Tap Reim - Overlook Developmt	1			
Total Receipts	\$ 12,800	\$ -	\$ 3,200	\$ -
3rd QTR				
July	1	1.55	0	0.03
August	2	0.03	0	0.0
September	1	0.0	0	0.0
Total Taps	4	1.58	0	0.03
Tap Reim - Overlook Developmt				
Tap Reim - Brookwood Villa				
Total Receipts	\$ 9,600	\$ 5,075	\$ -	\$ 91
4th QTR				
October	1	0.0	0	0.0
November	2	0.0	0	0.0
December	1	0.0	0	0.0
Total Taps	4	0.0	0	0.0
Tap Reim - Overlook Developmt				
Total Receipts	\$ 12,800	\$ -	\$ -	\$ -
TOTAL TAPS	19	1.58	2	0.06
TOTAL RECEIPTS	\$ 57,860	\$ 5,075	\$ 6,400	\$ 182
Total Tap Reimbursements	\$ (3,200)			
Total per Watershed	Receipts	Taps	Total Receipts & Taps minus Reim	
Brush Run	\$ 62,935	20.6	\$ 59,735	18.0
Donaldsons Crossroads	6,582	2.1	6,582	2.1
Grand Total	\$ 69,517	22.64	\$ 66,317	20.06
Balance of Credit Taps Owed to Developer				
Tap Fee Reim Fair Acres = 50% of 3 Taps expires 12-15-2014				
Outstanding Assessments & Liens			O/S	
Agriculture Deferment			\$	94,672
Assessments - Ivy Lane Project & 2007 E. McMurray Project			\$	46,233
Liens - Sewage & Tap Fee				\$2,073

Outstanding Assessments & Liens					
<u>Agriculture Deferment</u>					
			<u>Date Assessed</u>	<u>Amount</u>	
Beacon Manor	John Munroe (Proskine)	267 Thompsonville Road	11/13/1991	\$ 15,422	
Brookwood	Martha Lushen	216 Sugar Camp Road	6/10/1992	\$ 73,000	
Ivy Lane	Beinhauer	548 Justabout Road	11/8/2004	\$ 6,250	
				\$ 94,672	
<u>Special Purpose Tapping Fees</u>					
			<u>Date Assessed</u>	<u>Original</u>	<u>Updated 7/31/11</u>
Severns Extension	948 E. McMurray Rd - future	540-002-00-00-0012-00	12/13/2005	\$4,415.00	\$5,242.34
Hays Road	McClosky's lot behind	540-002-04-03-0003-00	10/11/2005	\$900.00	\$1,080.52
2007 E. McMurray -Engineering	864 E. McMurray Rd	540-002-01-00-0009-00	6/4/2008	\$897.14	\$1,000.62
2007 E. McMurray - Construction	864 E. McMurray Rd	540-002-01-00-0009-00	6/4/2008	\$6,604.00	\$7,365.72
<u>Liened Assessments</u>					
	RENEW 20-YEARS	File a sujection every 20-years			
<u>Ivy Lane Project</u>					
			<u>Date</u>	<u>Amount</u>	<u>Balance as of 12/31/10</u>
Hartman, Lawrence P. & Donna	635 Bower Hill Road	540-006-03-00-0003-00	11/8/2004	\$ 5,250.00	\$ 2,618.13
Quarture, Robert T. & Louise M.	569 Justabout Road	540-006-00-00-0029-00	11/8/2004	5,250.00	\$ 2,618.13
Khalouf, George A. & Dolores C.	122 Ivy Lane	540-006-00-00-0059-00	11/8/2004	5,250.00	2,618.13
Donolo, Frank & Deborah	111 Ivy Lane	540-006-00-00-0064-04	11/8/2004	5,250.00	2,658.13
Ashton, Beverly Jean	106 Ivy Lane	540-006-00-00-0056-00	11/8/2004	5,250.00	2,687.78
Prothero, Thomas K. & Barbara R.	150 Ivy Lane	540-006-00-00-0050-01	11/8/2004	5,250.00	2,687.78
Soffel, George V.	145 Ivy Lane	540-006-00-00-0061-02	11/8/2004	5,250.00	1,545.31
Pfeuffer, Richard H. & Mary Ann	587 Justabout Road	540-006-00-00-0027-00	11/8/2004	5,250.00	1,228.84
HYRB	126 Ivy Lane	540-006-00-00-0060-00	11/8/2004	4,250.00	2,716.42
Hutton, William R. & Dorothy M.	109 Ivy Lane	540-006-00-00-0064-03	11/8/2004	5,250.00	3,621.44
Hayes, Karen	131 Ivy Lane	540-006-00-00-0064-06	11/8/2004	5,250.00	3,687.44
Steiner, Lee M. & Cynthia	588 Justabout Road	540-006-00-00-0066-03	11/8/2004	5,250.00	3,687.44
Hohowski, Robert R. & Carol J.	119 Ivy Lane	540-006-00-00-0064-02	11/8/2004	5,250.00	3,746.01
Cappellotti, Frank J. & Sarah J.	592 Justabout Road	540-006-00-00-0066-00	11/8/2004	2,250.00	1,557.32
			Ivy Lane Receivable Pmt Plans		\$ 37,678.30
<u>2007 E. McMurray Project</u>					
Koenig, Ronald & Randi	854 E. McMurray	540-002-01-00-0007-00	7/31/2008	7,501.00	\$ 4,154.88
Laipple Mark & Duranti Marie	840 E. McMurray	540-002-01-00-0003-00	7/31/2008	7,501.00	\$ 4,400.16
			2007 E. McMurray Pmt Plans		\$ 8,555.04
<u>Sewage Liens</u>					
		<u>Date</u>	<u>Amount</u>	<u>Interest</u>	<u>Legal Fees</u>
<u>Sewage Liens - Non-payment of sewage</u>					
			Includes ptsa Legal and Admin not pawa/jts fees		
David J. & Eileen Powell	824 Old Washington Road	12/23/2008	\$462.30		240055359
David J. & Eileen Powell	824 Old Washington Road	3/10/2011	\$195.57		240055359
Melissa & Dustin Jones	305 Bunker Hill	3/10/2011	\$278.18		240599628
Watkins George & Carrie	111 Joyce Drive	6/10/2011	\$209.87		240055294
Brush John	106 Elfwood Drive	8/29/2011	\$560.10		240686071
Leonard Walter	207 Thomas Road	8/29/2011	\$367.14		240056131

2011 BUDGET PERFORMANCE SUMMARY

OPERATING EXPENSES

The budget worksheet summarizing the 2011 expenses can be found on the next page, and the Expense Detail worksheets begin at the end of each department section (Treatment, Collection, Administration).

Expenses Overall

We project our 2011 Operating Expenses and Debt Service will total \$2,877,000 which is approximately \$146,000 less than the budgeted amount. A substantial portion of this budget surplus is the \$74,000 from the 10% debt service cover, and much of the remaining surplus is due to an employee on long term medical leave.

The Expense Summary Table-V on page 2011-7 shows near the bottom of the page the distribution of expenses across the four major departments, with Debt Service being considered a separate department. Debt Service accounts for 27% of our expenses. The Treatment Department demands the highest percentage of the budget at 29%, with the Collection System Department and the Administration Department each at 22%.

Referring to Expense Summary Table-V on page 2011-7, the major categories with the greatest percentage overrun are the Computers/Networking category at 45% over budget, expending \$5,000 more than planned, and Professional Services at 23% over budget, expending \$20,000 more than planned. The Computers/Networking overrun was due to efforts to resolve the Brush Run SCADA automatic failover feature. The Professional Services overrun was due mostly to increased engineering support for the Brush Run Infiltration Removal Program. Also, the Authority will be supplementing its workforce during the Friar Lane Rainfall Simulation Testing in November by using a field technician from LSSE for two weeks during the month.

Categories under budget are most notably Personnel Expense at 3%, or \$30,000, and Administrative Services at 22%, or \$23,400. Personnel is under budget due to the long term medical leave of one employee, and the lower healthcare costs for the Management and Administration staff by changing healthcare providers half way through 2011. The efforts to find a temporary replacement were not successful, and therefore, we do not plan to fill the position through the end of the year. Administrative Services is under budget due to revisions to the Grants Coordinator's retainer, negotiated after the 2011 budget was adopted.

The Expense Summary Table-V shows at the bottom of the page the cost to collect and treat 1,000 gallons of sewage. For 2011, the cost was \$3.781/1,000 gallons of sewage (sewage and infiltration), with the resulting cost per 1,000 gallons of water consumed being \$7.12/1,000 gallons. Our 2011 sewer use charge/1,000 gals. water consumed was \$7.20/1,000 gallons for the average residential customer. Based on water consumption, 47% of the sewage processed at our treatment plants in 2011 was infiltration, compared to previous years:

	% Infiltration
2008	44%
2009	38%
2010	35%
2011	47%

TABLE-V

ALL DEPARTMENTS COMBINED

PETERS TOWNSHIP SANITARY AUTHORITY
EXPENSE SUMMARY BUDGET REPORT for 2011

OPERATING EXPENSES	Budget	YTD	Projected	Projected	Variance	Budget
ALL DEPARTMENTS	2011	10/31/2011	Nov-Dec	Total	%	Minus
				2011		Projection
Total Miscellaneous	\$ -	\$ 3,200	\$ -	\$ 3,200	NA	\$ (3,200)
Consumable Supplies						
Material & Supplies	\$ 38,650	\$ 32,666	\$ 7,680	\$ 40,346	-4.4%	\$ (1,696)
Chemicals	35,066	29,380	3,700	33,080	6%	1,986
Lab Supplies	19,940	15,377	3,900	19,277	3%	663
Total Consumable Supplies	\$ 93,656	\$ 77,423	\$ 15,280	\$ 92,703	1%	\$ 953
Total Vehicles	\$ 32,500	\$ 25,186	\$ 4,800	\$ 29,986	8%	\$ 2,514
Total Equipment/Facilities	\$ 283,135	\$ 37,362	\$ 245,717	\$ 283,079	0%	\$ 56
Total Maintenance & Repair	\$ 175,800	\$ 113,283	\$ 73,001	\$ 186,284	-6%	\$ (10,484)
Total Utilities	\$ 200,299	\$ 167,858	\$ 27,432	\$ 195,290	3%	\$ 5,009
Total Biosolids	\$ 75,415	\$ 59,015	\$ 13,285	\$ 72,300	4%	\$ 3,115
Personnel						
Salary & Wages	\$ 755,736	\$ 632,337	\$ 109,803	\$ 742,140	1.8%	\$ 13,596
Employee Benefits	227,765	181,940	30,780	212,721	6.6%	15,044
Travel/Training/Meetings	11,450	7,254	2,800	10,054	12.2%	1,396
Total Personnel	\$ 994,951	\$ 821,532	\$ 143,383	\$ 964,915	3%	\$ 30,036
Total Computers/Networking	\$ 11,000	\$ 14,985	\$ 1,000	\$ 15,985	-45%	\$ (4,985)
Total POTW Fees	\$ 30,300	\$ 18,250	\$ 5,600	\$ 23,850	21%	\$ 6,450
Total Professional Services	\$ 87,599	\$ 86,053	\$ 21,950	\$ 108,003	-23%	\$ (20,403)
Total Insurance	\$ 57,482	\$ 47,587	\$ -	\$ 47,587	17%	\$ 9,895
Total Administrative Services	\$ 107,801	\$ 66,539	\$ 17,430	\$ 83,969	22%	\$ 23,831
TOTAL OPERATING EXPENSES						
ALL DEPARTMENTS COMBINED	\$ 2,149,938	\$ 1,538,272	\$ 568,878	\$ 2,107,150	2%	\$ 42,787
DEPARTMENT SUBTOTALS					Variance	Percent of
					%	Budget
TREATMENT	\$ 844,220	\$ 574,831	\$ 248,961	\$ 823,792	2%	29%
COLLECTION	\$ 616,017	\$ 424,333	\$ 215,334	\$ 639,667	-4%	22%
ADMINISTRATION	\$ 689,700	\$ 539,109	\$ 104,583	\$ 643,692	7%	22%
DEBT SERVICE	\$ 844,398	\$ 765,641	\$ 4,400	\$ 770,041	9%	27%
GRAND TOTAL EXPENSES	\$ 2,994,335	\$ 2,303,913	\$ 573,278	\$ 2,877,191		100%

Total Million Gallons of Sewage Treated: 759.2 (previous 12 months)
 Cost per 1,000 gallons of Sewage Treated: \$3.79

Total Million Gallons of Water Consumed: 402.6 (previous 12 months)
 Cost per 1,000 gallons of Water Consumed: \$7.15

Total Infiltration/Inflow Treated: 356.6 million gallons
 Infiltration % : 47%

INDIVIDUAL DEPARTMENTS – 2011 EXPENSES

TREATMENT DEPARTMENT

Overall, Management believes we continue to improve and optimize operations and maintenance of both treatment plants while operating within the budgeted amounts. The budget provides for adequate funding to properly maintain the facilities.

Brush Run WPCP

This December will mark the 17th year anniversary of the startup of the first half of the upgraded treatment plant. During these 17 years we have been in compliance with the NPDES effluent discharge limits 100% of the time. After 17 years of operation, equipment availability remains near 100%. That is, all new equipment and previous existing equipment is operational, including automatic control systems, with the exception of the effluent flow meter removed from service in 1999. All equipment and facilities are considered in very good to excellent condition.

Brush Run Plant Treatment Statistics

The Brush Run WPCP provides sewage treatment and disposal to 3,787 residential households, and 136 non-residential customers, which combined, generate the sewage flow of approximately 4,255 Equivalent Dwelling Units (EDUs). Based on the census per capita of 2.87 persons/household, 4,255 EDUs is the equivalent population of 12,210 persons. The treatment plant's design hydraulic capacity is currently 2.0 MGD, and its design year is (was) 2011. Its design population is 11,454 persons. The current 12-month average flow is 1.31 MGD. Even though we are beyond the plant's design year and serving more than the design population, the plant is not expected to need a major upgrade/expansion project for another 20 years, after we complete construction of the wet weather improvements in May 2012, which are underway at an anticipated cost of \$1.5 million.

During the previous 12 months (October 1, 2010 through September 30, 2011) the plant:

- Treated approximately 478 million gallons of wastewater
- Removed 97% of Biochemical Oxygen Demand (BOD), 96% of the Suspended Solids, and 98% of the ammonia-nitrogen from the wastewater
- Disposed of approximately 1,777 tons of digested biosolids by landfill

Brush Run Plant Major Operation and Maintenance Items in 2011

Areas of major work items completed through the use of operating funds at Brush Run included:

- Conducted Variable Frequency Drive (VFD) annual preventive maintenance by vendor
- Participated in Laboratory Proficiency Testing and Audit
- Participated in Electrical Energy Demand Response Program, including one test of curtailment capability, earning approximately \$3,800 in curtailment revenue.
- Installed solid covers over the Parshall flume drop box and scum pit in order to contain odors.

- Installed permanent sludge discharge pipe to below minimum operating level of Digester No. 1 so that DC Sludge transfer did not emit odors during unloading.
- Installed a clarifier center well flush system to continuously flush accumulated scum from the well and thereby reduce odors. Besides reducing odors the flushing system also eliminates the manpower effort required to manually flush the wells periodically.
- Completed one RAS pump repair by vendor (\$3,034).
- Completed repair to Blower Motor No. 1's 150 Hp motor by vendor (\$2,500 net, covered by insurance).
- Authorized planned bearing overhaul by vendor to Blower No. 1. Work to be completed in December (\$6,050).
- Dewatered and cleaned Aeration Tank No. 1 of accumulated grit. Accumulation was moderate.
- Dewatered and cleaned Digester No. 1 of accumulated grit and sludge. Accumulation was moderate.
- Performed field testing of reduced aeration blower speed following CET's recommendations, and implemented recommendations reducing blower motor minimum speed reduction from 65% to 55% in order to reduce power consumption.
- Removed the 4-fixture pole light from the automatic dusk to dawn lighting controls to reduce power consumption. Lights are now manually operated when needed, saving approximately \$200/year in power expense.
- Replaced Belt Filter Press conveyor belt, rollers, and take-up bearings (\$6,281).
- Replaced lower belt of Belt Filter Press due to tear at splice (\$1,138).

Improvements made through the CIRF included:

- The grant funded Brush Run Wet Weather Improvements are currently underway at a cost of \$1.5 million dollars. At completion the plant will have a peak hourly flow capacity of 12.5 mgd, and will have anoxic selectors in each aeration tank, which besides removing some nitrogen will return the needed alkalinity to the treatment process, and reduce power consumption somewhat. While the permitted maximum month design flow remains at 2.0 MGD, the plant will have adequate capacity for 2.5 MGD, allowing a future inexpensive rerate to 2.5 MGD if ever required.
- Replaced the SCADA system Remote Terminal Units (RTUs) due to age (16 years) and unavailability of replacement parts (\$26,876)
- The grant funded Conservation Works project installed a 100-Hp VFD for the digester blower, Blower No. 3, which was completed in early 2011. The project also included a Dissolved Oxygen probe to control the Digester VFD.
- The Conservation Works project also included conversion of the Headworks Building's ventilation system from continuous ventilation to intermittent. Natural gas expense saved in 2011 due to this conversion was approximately \$2,700.

Donaldson's Crossroads WPCP

While effluent performance has not been as exemplary as at the Brush Run Plant, we have stayed in compliance at the DC Plant with its NPDES discharge limits for the past 16 years with the exception of only several excursions, and the period immediately after the September 17, 2004 flood. Unfortunately, during 2011, two NPDES discharge limit excursion were experienced, both related to effluent suspended solids during wet weather events.

DC Plant Treatment Statistics

The DC WPCP provides sewage treatment and disposal to 1,831 residential households, and 139 non-residential customers, which combined, generate the sewage flow of 2,600 Equivalent Dwelling Units (EDUs). Based on the census per capita of 2.87 persons/household, 2,557 EDUs is the equivalent population of 7,338 persons. The treatment plant's design hydraulic capacity is 1.2 MGD, and its design year is considered 2012. Current annual average flow is 0.78 MGD. The plant is in need of a major replacement, and the Sewage Facilities Plan for the project was submitted to DEP in November, 2011, with construction of the replacement project expected to begin in 2013 or 2014.

During the previous 12 months (October 1, 2010 through September 30, 2011) the plant:

- Treated approximately 281 million gallons of wastewater
- Removed 98% of Biochemical Oxygen Demand (BOD), 92% of the Suspended Solids, and 86% of the ammonia-nitrogen from the wastewater, which are not bad performance statistics for a plant of its age, and out-dated technology.

In April 2009, the Authority established an Organic Capacity Management Plan for the DC Sewer System to manage the remaining organic capacity to ensure that the plant did not become organically over loaded prior to the plant upgrade.

The Capacity Management Plan (CMP) included limiting the number of taps to 51 in 2011, with 25 taps available in 2012. Other points in the CMP include quarterly third party calibrations of the plant's flow meter to ensure high accuracy; relocation of the influent composite sample collection point to ensure collection of representative composite samples during low flow, night time conditions; increased inspection of food establishment grease traps to minimize the organic loading from fats, grease and oils; and an overall increases awareness of organic loadings. The organic loadings in 2011 through October have varied widely, from 1,300 lbs/day to 2,100 lbs/day. Two months, April and May, exceeded the design organic influent loading.

DC Plant Major Operation and Maintenance Items in 2011

Due to the impending replacement of the plant minimal time is invested in non-essential maintenance, however, several major improvements in the DC Plant facilities were achieved in 2011:

- Completed installation of a separate air main to the Package Plant Digester, thereby allowing one process blower to be dedicated to the aerobic digesters, and allowing each aeration tank to be supplied by a dedicated blower (\$3,734).
- Dewatered and removed grit and cleaned process air diffusers in Package Plant Cells A& B. Cell A is used as the aerobic digester.
- Replaced one Raw Sewage Pump VFD by Vendor due to a VFD failure (\$2,327).
- Serviced in-ground plant Clarifier No. 1 chain and fights sprockets.
- Replaced Chlorinator flow pacing control unit (\$1,763) due to failure.
- Acquired replacement pH meter due to accidental damage to the existing meter (\$694)
- Completed painting of all handrail and general exterior painting.
- Installed hour meters on new VFDs (\$803)
- Complete repair to in-ground flow meter (Datagator) which was under-recording flow.

- Eliminated the power company's pole light at the plant man-gate entrance and replaced with motion detecting lights, thereby eliminating \$480 annual expense charged by power company.

Improvements made through the CIRF included:

- The grant funded Conservation Works project installed four process air blower VFDs and high efficiency motors, and three Dissolved Oxygen probes to control blower speed, thereby significantly reducing power consumption. We had budgeted for a 15% reduction in power expense, and expect to exceed that by 11%. DC power expense for 2011 is expected to be \$65,500 vs. the 2010 expense before the improvements of \$88,400. That is a 26% reduction. Note that some of these savings are due to locking in a lower cost for power through First Energy. Overall plant Kw reduction has been reduced approximately 23%.
- Completed the DC Service Area Act 537 Plan Update in late 2010 and obtained PaDEP approval in early 2011. Issued Request for Proposal for Plant Replacement Design Engineering Services in October. Also dedicated \$250,000 in CIRF funds during 2011 to partially fund the design costs.

Treatment Department Overall Summary

Overall, the Treatment Plants category will expend \$823,200, which is under budget by \$20,500 or 2%.

Discussion of significant budget line items:

- **Consumable Supplies, Material and Supplies** – This category includes the materials and supplies used to maintain the treatment plant equipment, buildings, and grounds, and includes janitorial supplies, lubricants, paper products, weed killer, insect killer, etc. It is expected to be over budget by \$1,700 or 11%. The over run is equally distributed between Brush and DC for the Material and Supplies due mostly to the re-piping of the digester air main at DC, and the efforts made at Brush Run to reduce odors.
- **Chemicals** - This category includes the chemicals used in the treatment process, including chlorine, sodium bisulfite, polymer for sludge thickening at DC and dewatering at Brush Run, and sodium bicarbonate for pH adjustment of sludge prior to dewatering, and occasional aeration tank pH adjustment at Brush Run and DC to stay in compliance with the NPDES pH discharge limit. The category is expected to be under budget by \$2,000 or 5.6%, largely due to not cleaning the Brush Run aeration tank diffusers with HCL gas. This was budgeted at \$3,700 and did not occur. This cleaning will have to be a priority in 2012. See detailed memos in Appendix for more information on Chemicals and Polymers.
- **Lab Supplies** – This category includes routine chemicals and supplies for the laboratory, QA/QC samples, yearly calibration of lab equipment by an outside vendor, yearly flow meter calibration at Brush Run and DC, and annual sludge analysis. This category is expected to be under budget by \$600 or 3.3%. See detailed memo in Appendix for more information.

- **Vehicles** – The only vehicle in the Treatment Department is the 1992 tanker truck, used to haul digested biosolids from the DC Plant to the Brush Run Plant for dewatering. This category is expected to be under budget by \$2,200 or 29% due to fewer repairs than expected. Shop repairs and service this year totaled \$3,576, consisting of lumber replacement on tank, radiator repair, front tires, and inspection. The annual mileage for the tanker is 3,663 miles, with total mileage at 64,889 miles.
- **Equipment/Facilities** – This category includes line items for replacement parts purchased for inventory, minor equipment, laboratory equipment, equipment rental, and the treatment department's Equipment Replacement Allowance. A new item included in this category beginning in 2011 is the new annual NPDES fees of \$1,400 per plant. This category is expected to be over budget by \$4,800 or 3%. The Equipment Replacement Allowance line item has a budgeted amount of \$145,000, which is used to charge to when we elect to completely replace plant equipment instead of repairing the equipment. By allocating these unusually high replacement costs to a separate line item the normal Maintenance & Repair line items do not get ratcheted up in future years by the current year's unusual expenditures. It also provides a method to help segregate the expenditures that will be revised in the Asset Inventory prior to the annual audit. The only item charged to the treatment Equipment Replacement Allowance this year was the replacement Raw Sewage Pump VFD at \$2,327.

Beginning in 2010, any balance remaining in the Equipment Replacement Allowance is shown as Capital Fund Transfer expenditure and is transferred to the CIRF to be used to fund the Capital Budget. The amount of the transfer from the Treatment Department for 2011 is expected to be \$142,700.

- **Maintenance & Repair** – This category will be under budget by \$8,900 or 19%. We experienced relatively few major repairs to mechanical and electrical equipment this year, especially at DC. The major repairs consisted of:
 - Brush Run RAS Pump Repair by vendor at \$3,034
 - Replaced lower belt on Belt Filter Press at \$1,138
 - Replaced BFP conveyor belt, rollers and take-up bearing at \$6,281 (planned item)
 - Bush Run 150-Hp Blower motor repair at \$2,500 (insurance paid for majority of repair)
 - Brush Run Blower No. 1 bearing overhaul at \$6,050 (planned item, to be completed in December)
 - DC Raw Sewage Pump VFD replaced at \$2,327
 - Chlorinator Flow Pacing Control Unit replaced at \$1,763
- **Utilities** – This category is expected to be under budget by a total of \$4,600 or 3%. While at DC Power expense is \$10,800 under budget, the Brush Run power expense is over budget by \$4,400, largely due to responding to odor complaints from the nearby, new restaurant. See detailed memo in Appendix regarding Electrical Power expense and Demand Curtailment Program.

- **Biosolids** – This category includes biosolids disposal and screenings disposal. We expect to be under budget by \$3,100 due to improved cake performance, and the new biosolids disposal contract price of \$40.75/ton, effective October 2011, is 3% lower than the amount we budgeted for. See detailed memo in Appendix.
- **Salary & Wages** – Each treatment plant is staffed by one certified operator and one maintenance person, for one shift each weekday. Weekend coverage is achieved by overtime with one individual traveling between both plants to perform the required tests and data collection. Five to six hours is required each weekend day and holiday. Treatment Plant Wages are expected to be on budget.
- **Employee Benefits** - This category is expected to be under budget by \$4,100 or 5.6%, largely due to conservative budgeting going into the union contract renewal negotiations.
- **Computers/Networking** – This category includes the maintenance of the SCADA system at the Brush Run Plant, the annual SCADA software maintenance fee, and other related plant computer and printer expense. This category will be over budget by 70% due to efforts to get the SCADA system's automatic fail over to function properly. This is where in the event the lead computer experiences a fault, the on-line back-up computer takes over control.
- **POTW Fees** - POTW being Publicly Owned Treatment Works. These are the fees paid to ALCOSAN based on water consumption of the 82 customers in the Marella Manor service district. ALCOSAN last raised it in 2010. ALCOSAN's current charge is:

Service Charge:	\$8.48/Quarter
Gallage Charge:	\$4.04/1,000 gallons

Based on 2011 total charges, the average cost for treatment at ALCOSAN for the Marella Manor customer was \$63.69/quarter, plus \$9.02/quarter for payments to Upper St. Clair for operation & maintenance charges, for a total of \$72.71/quarter per customer, plus any cost we have in it for billing/administration and our sewer maintenance costs.

By agreement we are required to budget 120% of the estimated ALCOSAN fee based on water consumption, thereby, there is always a small surplus at the end of the year. This year it is 16%.

- **Insurance** – the only insurance assigned individually to the Treatment Department is Worker's Compensation Insurance. The costs of other insurances are assigned to the Administration Department. The Authority's Worker's Compensation rates are stable, not having any compensable injuries for over a decade. The Authority maintains a Work Place Safety Committee, in accordance with the state's requirements, and receives a 5% rebate on our insurance premium.

Individual Plant Budget Operating Performance

The following table compares the cost to operate each treatment plant, based on Treatment Department Year-to-Date operating expenses. During 2011 year to date, Brush Run operated 12% more efficiently than the DC Plant, based on actual flow, whereas in 2010 Brush Run operated 26% more efficiently. Operating costs per Million Gallons (MG) of sewage decreased slightly for each plant from 2010, largely due to the increased infiltration volume processed during 2011 which was much wetter than 2010. Costs exclude the Equipment Replacement Allowance.

<u>Plant</u>	<u>2011</u>	<u>2010</u>
Brush Run WPCP	\$806/MG	\$956/MG
DC WPCP	\$923/MG	\$1,292/MG

What is our overall charge for Treatment?

The aforementioned values are based on department operating costs only, and do not include debt service or the administrative overhead associated with treatment. The services provided by the Authority are limited to of 1) Sewage Collection and Conveyance, and 2) Sewage Treatment and Disposal. Therefore, all of the administrative overhead cost can be assigned to these two services. A reasonable method to assign the administrative overhead is proportionally based on the Operating Budget. Thereby, the Treatment Department would receive 56% of the administrative cost, and the Sewage Collection Department would receive 44%.

The proportional share of debt is assigned using the allocation contained in the Tapping Fee Calculation, with 91% assigned to treatment and 9% assigned to collection.

Based on the 2011 budget, the following are the total treatment costs, with debt service and administrative overhead included:

Treatment Operating Cost:	\$823,800
Treatment Debt Service:	\$644,150 (assigns \$84,482 of office related debt)
Administrative Portion:	<u>\$360,500</u> (56% of Administration costs)
Treatment Total:	\$1,828,500 (rounded)

When administrative and debt service costs are included, the total cost for treatment is \$1,828,500. In the previous 12 months, 759.2 million gallons of sewage was treated, which includes infiltration. Therefore, the cost to treat 1,000 gallons of sewage (inclusive of infiltration) was \$2.41/1,000 gallons. On a water consumption basis, based on 402.6 million gallons of water consumed, the cost is \$4.55/1,000 gallons. That makes the quarterly charge for treatment \$65.98 for the average customer who uses 14,500 gallons of water quarterly. Subtracting the treatment charge from the average quarterly bill of \$104.23 provides the cost for sewer collection service at \$38.25/quarter. Treatment comprises 63% of the charge to our customers.

Note that the treatment charge for sewage (inclusive of infiltration) is a considerable amount lower than in 2010 when it was \$3.11/1,000 gallons because 2011 was about 30% wetter, resulting in more infiltration, which generally does not add to the treatment cost.

PETERS TOWNSHIP SANITARY AUTHORITY BUDGET REPORT
Final 2011 Budget Performance Summary

Budgeted vs Actual with Year End Projections

	Budget 2011	YTD 10/31/2011	Projected Nov-Dec	Projected Year End	Budget Minus Projection
DEPARTMENT - TREATMENT					
Operating Expenses					
Material & Supplies					
01-4200-1-00-000-0 Material & Supplies Gen Treatment	\$ 2,400	\$ 1,634	\$ 200	\$ 1,834	\$ 566
01-4200-1-10-000-0 Material & Supplies Brush Run Plar	4,600	5,994	250	6,244	(1,644)
01-4200-1-30-000-0 Material & Supplies Donaldson Plar	2,500	3,313	250	3,563	(1,063)
01-4201-1-10-000-0 Janitorial Supplies-B.R. Plant	2,100	1,827	280	2,107	(7)
01-4201-1-30-000-0 Janitorial Supplies-D.C. Plant	1,500	950	100	1,050	450
01-4202-1-00-000-0 Lubricants-General Treatment	700	205	100	305	395
01-4202-1-10-000-0 Lubricants-B.R. Plant	1,300	1,451	300	1,751	(451)
01-4202-1-30-000-0 Lubricants-D.C. Plant	250	131	100	231	19
Total Material & Supplies	\$ 15,350	\$ 15,503	\$ 1,580	\$ 17,083	\$ (1,733)
Chemicals					
01-4222-1-10-000-0 Polymer-Brush Run Plant	\$ 8,883	\$ 12,160	\$ 1,000	\$ 13,160	\$ (4,277)
01-4222-1-30-000-0 Polymer-Donaldson Plant	737	1,134	-	1,134	(397)
01-4223-1-10-000-0 Disinfection-Brush Run Plant	12,396	11,167	1,200	12,367	29
01-4223-1-30-000-0 Disinfection-Donaldson Plant	5,647	3,396	800	4,196	1,451
01-4224-1-10-000-0 Process Other-Brush Run Plant	7,153	1,524	700	2,224	4,929
01-4224-1-30-000-0 Process Other-Donaldson Plant	250	-	-	-	250
Total Chemicals	\$ 35,066	\$ 29,380	\$ 3,700	\$ 33,080	\$ 1,986
Lab Supplies					
01-4225-1-00-000-0 Lab Supplies-Treatment General	\$ 12,690	\$ 10,668	\$ 2,000	\$ 12,668	\$ 22
01-4225-1-10-000-0 Lab Supplies-Brush Run Plant	5,000	3,028	1,500	4,528	472
01-4225-1-30-000-0 Lab Supplies-Donaldson Plant	1,000	431	400	831	170
01-4226-1-10-000-0 Lab Accreditation -BR	1,250	1,250	-	1,250	-
Total Lab Supplies	\$ 19,940	\$ 15,377	\$ 3,900	\$ 19,277	\$ 663
Vehicles					
01-4231-1-30-000-0 Fuel-Donaldson (Tanker 55)	\$ 2,500	\$ 2,512	\$ 400	\$ 2,912	\$ (412)
01-4251-1-00-000-0 Parts Vehicles-Treatment	-	1	-	1	(1)
01-4251-1-30-000-0 Parts Vehicles-Donaldson (Tanker)	1,500	15	-	15	1,485
01-4451-1-30-000-0 Shop Repairs-D.C. (Tanker)	3,500	2,381	-	2,381	1,119
Total Vehicles	\$ 7,500	\$ 4,910	\$ 400	\$ 5,310	\$ 2,190
Equipment/Facilities					
01-4252-1-00-000-0 Replacement Parts -Gen Treatment	\$ -	\$ 94	\$ -	\$ 94	\$ (94)
01-4252-1-10-000-0 B.R. Replcmt Parts-Inventory	3,000	763	600	1,363	1,637
01-4252-1-30-000-0 D.C. Replcmt Parts Inventory	1,000	1,945	1,000	2,945	(1,945)
01-4260-1-00-000-0 Treatment Minor Equipment	3,000	745	800	1,545	1,455
01-4260-1-10-000-0 B.R. Minor Equipment	2,800	36	600	636	2,164
01-4260-1-30-000-0 D.C. Minor Equipment	1,000	3,085	200	3,285	(2,285)
01-4261-1-00-000-0 Lab Instruments - Treatment Gener	1,800	560	-	560	1,240
01-4261-1-10-000-0 Lab Instruments - B.R. Plant	-	772	-	772	(772)
01-4261-1-30-000-0 Lab Instruments - D.C. Plant	-	1,049	-	1,049	(1,049)
01-4265-1-00-000-0 Plant Safety Equipment	2,200	3,422	-	3,422	(1,222)
01-4202-1-10-010-0 BR NPDES Fees	-	1,400	-	1,400	(1,400)
01-4202-1-30-010-0 DC NPDES Fees	-	1,400	-	1,400	(1,400)
01-4269-1-10-000-0 B.R. Equip Replace/Capital Transfe	125,000	-	125,000	125,000	-
01-4269-1-30-000-0 D.C. Equip Replace/Capital Transfe	20,000	2,327	17,673	20,000	-
01-4340-1-10-000-0 B.R.Plant Equipment Rental	1,000	342	-	342	658
01-4340-1-30-000-0 D.C.Plant Equipment Rental	-	1,823	-	1,823	(1,823)
01-4380-1-00-000-0 Equipment Storage Rental	935	935	-	935	-
Total Equipment/Facilities	\$ 161,735	\$ 20,697	\$ 145,873	\$ 166,570	\$ (4,835)
Maintenance & Repair					
01-4450-1-10-000-0 B.R.Plant Maintenance & Repair	\$ 17,000	\$ 13,236	\$ 3,000	\$ 16,236	\$ 764
01-4450-1-30-000-0 D.C.Plant Maintenance & Repair	4,000	6,578	235	6,813	(2,813)
01-4450-1-30-001-0 DC Plant Inlet Modifications	-	-	-	-	-
01-4450-1-30-003-0 Bertini Property Acquisition	-	-	-	-	-
01-4450-1-30-004-0 DC Pole Building	-	-	-	-	-
01-4452-1-10-000-0 Shop Repair - Mechanical-B.R. Plar	15,000	251	4,900	5,151	9,850
01-4452-1-30-000-0 Shop Repair - Mechanical-D.C. Plar	4,000	392	500	892	3,109
01-4453-1-10-000-0 Shop Repair-Electrical-BR Plant	3,500	4,909	1,200	6,109	(2,609)
01-4453-1-30-000-0 Shop Repair-Electrical-DC Plant	2,500	1,807	-	1,807	693
Total Maintenance & Repair	\$ 46,000	\$ 27,171	\$ 9,835	\$ 37,006	\$ 8,994

TABLE-VI

DEPARTMENT - TREATMENT	Final 2011 Budget Performance Summary					Budget
	Budget 2011	YTD 10/31/2011	Projected Nov-Dec	Projected Year End	Projection	Minus
Utilities						
01-4320-1-10-000-0 Telephone - BR Plant	\$ 2,803	\$ 2,453	\$ 280	\$ 2,733	\$ 70	
01-4320-1-30-000-0 Telephone - DC Plant	463	489	130	619	(156)	
01-4351-1-10-000-0 Power - B. R. Plant	78,600	72,394	10,610	83,004	(4,404)	
01-4351-1-30-000-0 Power - D.C. Plant	76,300	56,855	8,645	65,500	10,800	
01-4355-1-10-000-0 Natural Gas - B. R. Plant	1,500	1,668	600	2,268	(768)	
01-4366-1-10-000-0 Water - B. R. Camp Lane	2,600	2,758	480	3,238	(638)	
01-4366-1-30-000-0 Water - D.C. Oakwood	3,300	2,776	820	3,596	(296)	
Total Utilities	\$ 165,566	\$ 139,393	\$ 21,565	\$ 160,958	\$ 4,608	
Biosolids						
01-4365-1-10-000-0 Sludge Disposal - B.R. Plant	\$ 44,495	\$ 32,779	\$ 6,540	\$ 39,319	\$ 5,176	
01-4365-1-30-000-0 Sludge Disposal - D.C. Plant	30,920	26,236	6,745	32,981	(2,061)	
Total Biosolids	\$ 75,415	\$ 59,015	\$ 13,285	\$ 72,300	\$ 3,115	
Salary & Wages						
01-4790-1-10-000-0 Salary & Wages-B.R. Plant	\$ 103,993	\$ 90,613	\$ 14,600	\$ 105,213	\$ (1,220)	
01-4790-1-30-000-0 Salary & Wages-D.C. Plant	83,695	68,007	14,800	82,807	888	
01-4792-1-10-000-0 FICA & Medicare-B.R. Plant	7,955	6,934	1,117	8,051	(96)	
01-4792-1-30-000-0 FICA & Medicare-D.C. Plant	6,403	5,203	1,132	6,335	68	
01-4793-1-10-000-0 Unemploy Comp-B.R. Plant	432	432	-	432	-	
01-4793-1-30-000-0 Unemploy Comp-D.C. Plant	432	497	-	497	(65)	
Total Salary & Wages	\$ 202,910	\$ 171,686	\$ 31,649	\$ 203,335	\$ (425)	
Employee Benefits						
01-4021-1-10-000-0 Pension - Union-B.R. Plant	\$ 8,640	\$ 7,291	\$ 1,390	\$ 8,681	\$ (41)	
01-4021-1-30-000-0 Pension - Union- D.C. Plant	7,409	4,996	1,420	6,416	993	
01-4030-1-10-000-0 Health & Welfare-B.R. Plant	31,248	26,651	3,882	30,534	714	
01-4030-1-10-000-1 Life S-T Insurance - BR Plant	426	142	-	142	284	
01-4030-1-30-000-0 Health & Welfare-D.C. Plant	20,972	15,418	3,882	19,300	1,672	
01-4030-1-30-000-1 Life S-T Insurance - DC Plant	404	135	-	135	269	
01-4061-1-00-000-0 Certifications	300	-	-	-	300	
01-4060-1-10-000-0 Uniforms - Brush Run Plant	1,470	1,140	300	1,440	30	
01-4060-1-30-000-0 Uniforms - D.C. Plant	1,470	1,345	200	1,545	(75)	
Total Employee Benefits	\$ 72,339	\$ 57,117	\$ 11,074	\$ 68,191	\$ 4,148	
Computers/Networking						
01-4360-1-10-000-0 SCADA - B.R. Plant	\$ 8,000	\$ 13,659	\$ -	\$ 13,659	\$ (5,659)	
Total Computers/Networking	\$ 8,000	\$ 13,659	\$ -	\$ 13,659	\$ (5,659)	
POTW Fees						
01-4510-1-25-000-0 ALCOSAN Fees - Marella Manor	\$ 25,000	\$ 15,290	\$ 5,600	\$ 20,890	\$ 4,110	
Total POTW Fees	\$ 25,000	\$ 15,290	\$ 5,600	\$ 20,890	\$ 4,110	
Professional Services						
01-4312-1-00-000-0 Engineering-Treatment General	\$ 500	\$ -	\$ -	\$ -	\$ 500	
01-4312-1-10-000-0 Engineering - B.R. Plant	1,000	305	500	805	195	
01-4312-1-30-000-0 Engineering - D.C. Plant	1,500	53	-	53	1,448	
01-4310-1-10-000-0 Ins/Risk Appraisal-B.R. Plant	-	-	-	-	-	
01-4310-1-30-000-0 Ins/Risk Appraisal-D.C. Plant	-	-	-	-	-	
01-4313-1-00-000-0 Legal - Treatment - General	250	66	-	66	184	
01-4313-1-30-000-0 Legal - D.C. Plant	100	700	-	700	(600)	
Total Professional Services	\$ 3,349	\$ 1,123	\$ 500	\$ 1,623	\$ 1,726	
Insurance						
01-4051-1-10-000-0 Workers Comp-B.R. Plant	\$ 3,025	\$ 3,030	\$ -	\$ 3,030	\$ (5)	
01-4051-1-30-000-0 Workers Comp - D.C. Plant	3,025	1,479	-	1,479	1,546	
Total Insurance	\$ 6,050	\$ 4,509	\$ -	\$ 4,509	\$ 1,541	
DEPARTMENT TOTAL	\$ 844,220	\$ 574,831	\$ 248,961	\$ 823,792	\$ 20,429	

COLLECTION SYSTEM DEPARTMENT – 2011 Expenses

Collector and Interceptor Sewers

The Collection System Department maintains the Authority's 130 miles of collector sewers, interceptors, and eight sewage pumping stations. Expenses are projected to be over budget by approximately \$23,000, or 3.8%.

Tasks undertaken this year from the Operating Budget included:

- Televised a total of 7,035 feet of sewer
- No force main repairs were required this year
- Dyes tested 152 homes by PTSA staff through September, and project an additional 36 through end of year for a total of 188 for transfer of property dye testing, at a charge of \$150.00 each, for a projected total revenue of \$27,300 by end of year.
- Uncovered 7 manholes at the cost of the property owners, with an additional 12 in the process of notification or repair.
- Installed 14 manhole inflow protectors.
- Replaced the flow recorder at the Rutledge Drive Pump Station due to a failure and replacement parts were no longer available.
- Staff inspected 45 grease traps during the year.
- Engaged contractor to air test and chemically grout failed joints in 7,035 feet of sewers in the Brush Run sewer system at various locations at a cost of \$75,058.00. 54% of the joints tested failed and were grouted and retested. This project also involved 17 trenchless repairs to cracked and broken pipe, and one manhole to manhole segment, 175 feet in length, was CIP lined.
- Conducted area wide dye testing in the various sewersheds, testing 45 homes, identifying 6 properties with violations (13% failure) consisting of downspouts, low vents, and area drains connected to the sanitary sewer. Based on drainage area, removal of these violations should reduce the inflow to the sewer by 33 gpm during a 1-inch, 1-hour thunderstorm.
- Conducted the initial round of Rainfall Simulation Testing in the Friar Lane Sewershed as part of pilot program. 65 property owners enrolled in the pilot program.

Improvements made through the CIRF included:

- Designed sewer extension to the Valley View Drive area of the Township with construction planned for 2012.

Our maintenance and repair strategy for the sewer system is to televise 24,000 feet each year and rehabilitate 12,000 feet of sewer each year. So far this year we have:

Televised:	7,035 feet (29% of target)
Rehabilitation/Replacement:	5,166 feet (43% of target)

In most years, we come close to achieving our target footage for televising sewers, but seldom are we able to achieve the target of 12,000 feet rehabilitated. Televising only 7,035 feet this year was mostly caused by the lack of staff by planning not filling the vacant General Maintenance position resulting from an employee retiring last summer, followed by an employee being off on medical leave.

Completing only 43% of the Rehabilitation/Replacement target was planned this year, with the deferral of major sewer line rehabilitation projects for several years as a way to redirect capital funds to the Brush Run Wet Weather Improvement Project and accumulating CIRF funds to be able to pay for the DC Plant Replacement project design costs with CIRF funds.

I/I Removal Evaluation

This I/I evaluation is restricted to the Brush Run Sewer System, and compares 2011 January through October I/I with previous years for the same time period. The volume of I/I is calculated by subtracting the metered water consumption from the total flow processed at the treatment plant. Then, the total I/I is divided by the total inches of precipitation (rain/snowmelt) to arrive at the “calculated I/I per inch of precipitation.”

Referring to the Table-VII on the following page, the analysis this year indicates that 5.4 Million Gallons (MG) of groundwater/rain water infiltrated into our sewer system for every inch of precipitation received so far this year. The year’s precipitation volume has been above average, about 24% wetter than an average year, with a very wet spring. The trend line does show a steady decline over the 15 year period, but with most of the decline occurring in the early years.

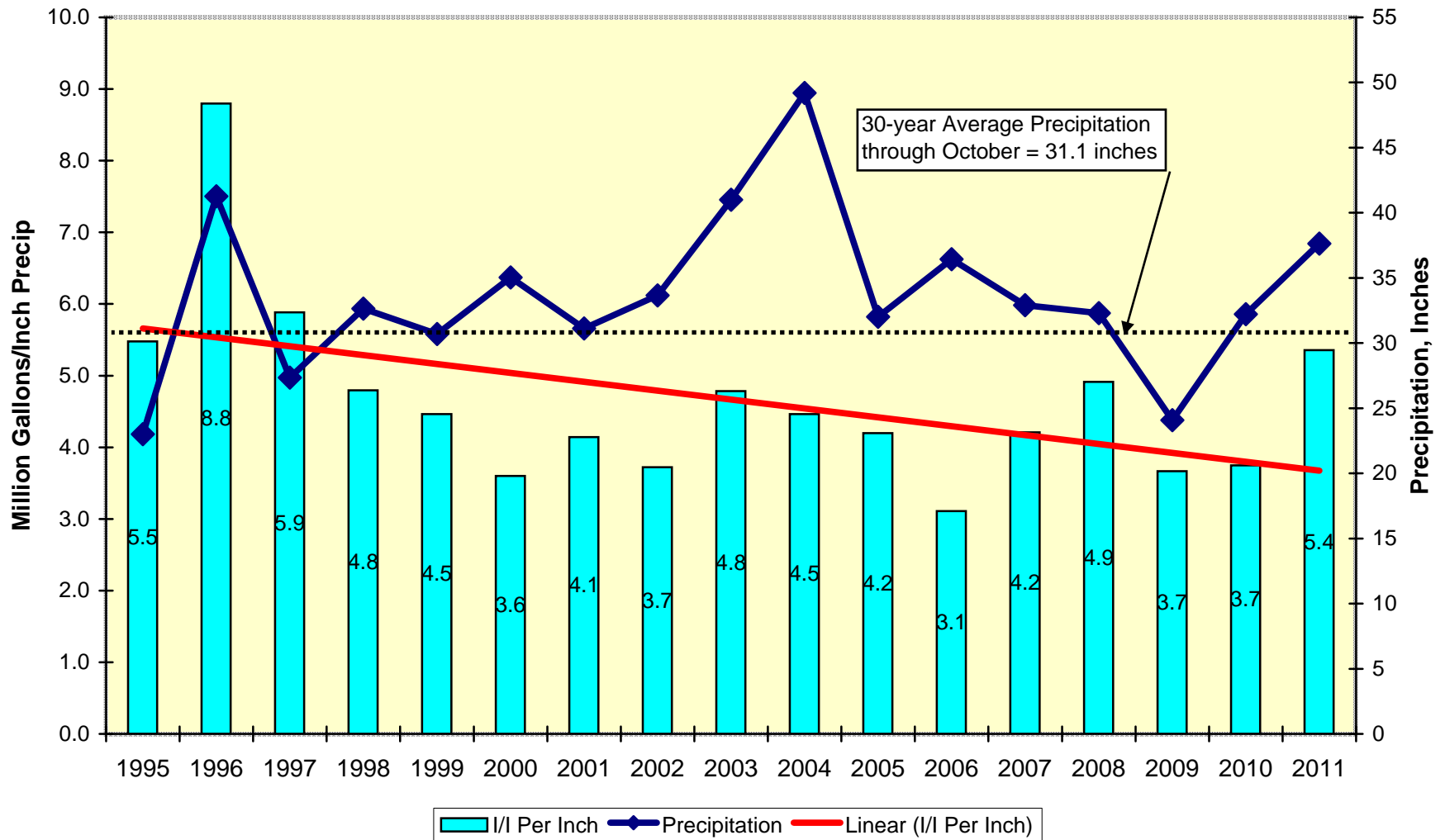
While it is important to not read too much in to the analysis, either positively or negatively, the dramatic increase to 5.4 MG/inch precipitation does suggest that we are loosing ground. When we look at the past 12 months of precipitation and sewage volume, thereby including the exceptional 3.75 inch rainfall in November of 2010, the gallons/inch precipitation remains the same at 5.4 MG.

Dye Testing at Property Transfer

The Authority staff began conducting the required dye tests at property transfer in July 2008. Prior to that date the dye tests were conducted by plumbers engaged by the property owners. The program change was in part undertaken to refocus the I/I removal program to sources located on private property, with the intent to eventually expand the program to include CCTV inspection of private building sewers and the requirement to repair defective building sewers.

Since the Authority began conducting the dye tests in July 2008 the percentage of failures detected has increased from 4% when plumbers were conducting the dye tests to 5.3% with our staff conducting the tests. The definition of failure being a direct or indirect connection that allows rain water or groundwater into the sanitary sewer. See memo in the Appendix.

BRUSH RUN WPCP I/I Per Inch of Precipitation Local Precipitation through October



Discussion of significant Collection System budget items:

- **Vehicles** – This category is essentially on budget. We experienced relatively few vehicle repairs compared to previous years. The Collection Department (and Administration Department, 2002 Ford Explorer) vehicles requiring shop repairs were:

Table-VIII

Year/ Vehicle	Repair Expense	Description of Repairs	Annual Mileage	Total Mileage
1996 GMC Dump	\$1,304	Inspection, brake line repair, master cylinder, rear brake pads	2,345	51,883
2000 GMC Van	\$1,936	Inspection, brake pads, ignition switch, and light bar replacement which was \$1,150	7,976	97,484
2002 Ford Explorer	\$77	Inspection only (third yr with no repairs)	1,849	106,091
2004 Sterling Vac	\$1,304	Inspection, jet pump check valve replaced, seat belts, air tank regulator replaced	4,245	28,101
2006 Ford 350	\$99	Inspection, replace rear brakes (in-house)	5,246	38,160
2008 Chevy Blazer	\$1,569	Inspection, front brakes and rotors, tires, turn signal repair	10,074	46,586
Totals:	\$6,290		31,735	NA

The only vehicle that requires consideration for replacement is the 2000 GMC Van. This is the camera van. It is the second most used vehicle and is loaded with substantial gear. Replacement in 2012 will be necessary.

- **Equipment/Facilities** – This category will be under budget by \$3,800 or 3.3%. This category includes replacement parts, minor equipment purchases (items like weed whackers, lawn mowers), safety equipment, rental of equipment, and the Equipment Replacement Allowance. The Collection Department Equipment Replacement Allowance was budgeted at \$100,000. There was \$6,900 charged to the Equipment Replacement Allowance account, therefore, the Department's Capital Transfer will be \$93,000.
- **Maintenance & Repair** – This category is expected to be over budget by \$18,800 or 14%. The Maintenance & Repair category includes general maintenance costs, the mechanical and electrical repairs costs associated with pump stations, and the cost for more comprehensive repairs or rehabilitation of sewers. Generally sewer rehabilitation work paid out of the operating budget is limited to point repairs, chemical grouting of sewer lines, and manhole rehabilitation. Major sewer replacements or major sewer Cured In Place lining projects are funded from the CIRF. The major project this year charged to the Maintenance & Repair line item was 7,035 feet of chemical grouting and trenchless point repair of various sewer lines.
- **Utilities** - This category is expected to be on budget. Included in this category are the utilities at each of the pump stations which include power and telephone (for automatic phone dialers) at each of the pump stations, water at several, and natural gas at the Hidden Brook Pump Station and Maple Lane Pump Station which are equipped with on-site automatic, standby emergency generators.

Additionally, the Hidden Brook Station, being our largest pump station, is equipped with a DSL line to transmit data to the Brush Run SCADA System. This provides us the ability to remotely, over the Internet, to monitor the Hidden Brook Pump Station's equipment and flow.

We apparently transposed the power expense for Stratford and Maple Lane in the 2011 budget numbers. Maple Lane should have been budgeted at \$2,300 and Stratford at \$900.

During 2010 we upgraded three pump stations' autodialers to cell phone technology (Rutledge, Stratford, and Maple Lane). The remaining pump stations' autodialers can not be upgraded to cell phones, and require replacement of the autodialer. These autodialers will be replaced with cell phone units when they require either replacement or repair.

- **Salary & Wages** – There are normally four employees in the Collection System Department, consisting of two Skilled Maintenance and two General Maintenance employees. One employee retired in 2010 and we had planned to not fill the position until April 2011. This category is under budget by \$14,000 or 6.1% due to an employee being on medical leave due to an off-duty vehicle accident. As a result the Sewer Collection Department has been under-staffed for almost the entire year.

The line item identified as “Salary & Wages, Labor Allocation” is the line item used to track the labor costs reimbursed from the CIRF for capital projects that staff constructs; or from developers for inspection performed on developer sewer extension projects.

- **Employee Benefits** – This category is expected to be slightly under budget.
- **POTW Fees** – These are the fees paid annually to Upper St. Clair Township in accordance with the Marella Manor service agreement. Essentially, we pay 3% of the operation and maintenance costs of their Brush Run Pump Station, force main, and the trunk sewer. They invoice us annually for the previous year. USC's charge for sewage collection equates to \$9.02/quarter per customer in Marella Manor, which has 82 customers. This charge is relatively small compared to our charge for sewage collection to the average residential customer which equates to \$38.25/quarter.
- **Professional Services** – This category is over budget by \$27,200 or 124%. It includes allowance for LSSE to attend ALCOSAN/3 Rivers Wet Weather meetings on the Authority's behalf, as well routine engineering assistance with collection system issues. The budget overrun is due to using LSSE for I/I program support that was not included in the budget. The work included trunk sewer flow monitoring at various locations and night time flow gauging in the Brush Run Sewer System. It also includes an allowance of \$5,700 for using LSSE's staff to assist the Authority's staff during the rainfall simulation tests in November.

PETERS TOWNSHIP SANITARY AUTHORITY BUDGET REPORT

Budgeted vs Actual with Year End Projections

<u>DEPARTMENT - COLLECTION</u>	<u>Budget</u>	<u>YTD</u>	<u>Projected</u>	<u>Projected</u>	<u>Budget</u>	
	<u>2011</u>	<u>10/31/2011</u>	<u>Nov-Dec</u>	<u>Year End</u>	<u>Minus</u>	
					<u>Projection</u>	
<u>Operating Expenses</u>						
Material & Supplies						
01-4200-2-00-000-0	Mat & Supplies-Collection Admin	\$ 500	\$ 1,974	\$ -	\$ 1,974	\$ (1,474)
01-4200-2-10-000-0	Mat & Supplies-General Collection	1,900	545	1,200	1,745	155
01-4200-2-10-000-1	Mat & Supplies-Dye Test Program	3,000	842	1,200	2,042	958
01-4200-2-11-000-0	Mat & Supplies-Rutledge/Fairway	100	109	-	109	(9)
01-4200-2-14-000-0	Mat & Supplies-Hidden Brook	100	-	100	100	-
01-4200-2-12-000-1	Mat & Supplies-Sylvania	100	53	-	53	47
01-4200-2-30-000-0	Mat & Supplies-DC Collection	500	-	100	100	400
01-4200-2-31-000-0	Mat & Supplies-Stratford	250	109	-	109	141
01-4200-2-32-000-0	Mat & Supplies-Maple Lane	100	13	-	13	87
01-4200-2-25-000-0	Mat & Supplies-Waterdam	300	115	-	115	185
01-4202-2-00-000-0	Lubricants-Collection System	100	-	-	-	100
Total Material & Supplies		\$ 6,950	\$ 3,760	\$ 2,600	\$ 6,360	\$ 590
Vehicles						
01-4231-2-00-000-0	Fuel-Collection System	\$ 14,000	\$ 11,937	\$ 2,600	\$ 14,537	\$ (537)
01-4251-2-00-000-0	Parts Vehicles-Collection	2,000	1,572	300	1,872	128
01-4451-2-00-000-0	Shop Repairs - Vehicles-Collection	9,000	6,768	1,500	8,268	732
Total Vehicles		\$ 25,000	\$ 20,277	\$ 4,400	\$ 24,677	\$ 323
Equipment/Facilities						
01-4252-2-00-000-0	Gen Collection Replcmt Prts Invent	\$ 5,000	\$ 4,313	\$ 600	\$ 4,913	\$ 87
01-4260-2-00-000-0	Collection Minor Equipment	4,000	1,910	100	2,010	1,990
01-4260-2-11-000-0	Rutledge Minor Equipment	-	86	-	86	(86)
01-4260-2-31-000-0	Stratford Minor Equipment	-	125	-	125	(125)
01-4260-2-33-000-0	Waterdam Plaza Minor Equipment	100	-	-	-	100
01-4265-2-00-000-0	Collection Safety Equipment	1,000	1,085	-	1,085	(85)
01-4269-2-00-000-0	Collect Equip Replcmt /Capital Trans	100,000	6,976	93,024	100,000	-
01-4340-2-00-000-0	Equipment Rental - Collection	2,500	440	120	560	1,940
Total Equipment/Facilities		\$ 112,600	\$ 14,935	\$ 93,844	\$ 108,779	\$ 3,821
Maintenance & Repair						
01-4385-2-00-000-0	PA One Call	\$ 2,000	\$ 1,363	\$ 400	\$ 1,763	\$ 237
01-4450-2-00-000-0	Collection Maint & Repair General	7,000	1,191	2,000	3,191	3,809
01-4450-2-10-000-0	B.R. Collection Maint & Repair	104,000	68,010	59,152	127,162	(23,162)
01-4450-2-11-000-0	Rutledge/Fairway Maint & Repair	250	350	-	350	(100)
01-4450-2-12-000-0	Sylvania Maintenance & Repair	100	36	-	36	64
01-4450-2-13-000-0	Colony Manor Maint & Repair	50	1,099	-	1,099	(1,049)
01-4450-2-14-000-0	Hidden Brook Maint & Repair	500	789	-	789	(289)
01-4450-2-32-000-0	Maple Lane Maintenance & Repair	500	28	-	28	473
01-4450-2-30-000-0	DC Collection Maint & Repair	4,000	1,398	1,000	2,398	1,602
01-4450-2-31-000-0	Stratford Maintenance & Repair	75	316	-	316	(241)
01-4450-2-33-000-0	Waterdam Plaza Maint & Repair	75	550	-	550	(475)
01-4452-2-00-000-0	Shop Rep-Mechanical-Gen Collect	4,000	-	-	-	4,000
01-4452-2-10-000-0	Shop Rep-Mechanical-BR Collection	600	3,034	-	3,034	(2,434)
01-4452-2-14-000-0	Shop Rep-Mech-Hidden Brook	250	-	-	-	250
01-4453-2-00-000-0	Shop Repair-Elec-Gen Collection	3,000	3,601	-	3,601	(601)
01-4453-2-11-000-0	Shop Rep-Elect-Rtledge/Fairway	100	283	-	283	(183)
01-4453-2-12-000-0	Shop Repair - Electrical-Sylvania	250	272	-	272	(22)
01-4453-2-14-000-0	Shop Repair - Electrical-Hidden Broc	-	455	-	455	(455)
01-4453-2-15-000-0	Shop Repair - Electrical-Maple Lane	-	455	-	455	(455)
01-4453-2-31-000-0	Shop Repair - Electrical-Stratford	100	-	-	-	100
01-4453-2-33-000-0	Shop Repair - Electrical-Waterdam	50	11	-	11	39
01-4454-2-00-000-0	Shop Repairs-Equip Collection Gen	100	-	-	-	100
Total Maintenance & Repair		\$ 127,000	\$ 83,241	\$ 62,552	\$ 145,793	\$ (18,793)
Utilities						
01-4320-2-11-000-0	Telephone- Rutledge	\$ 96	\$ 24	\$ 9	\$ 33	\$ 63
01-4320-2-12-000-0	Telephone - Sylvania	403	374	105	479	(76)
01-4320-2-13-000-0	Telephone- Colony Manor	355	292	79	371	(16)
01-4320-2-14-000-0	Telephone-Hidden Brook DSL	1,063	942	276	1,218	(155)

DEPARTMENT - COLLECTION	Budget 2011	YTD 10/31/2011	Projected Nov-Dec	Projected Year End	Budget Minus Projection
01-4320-2-31-000-0 Telephone - Stratford	96	26	9	35	61
01-4320-2-32-000-0 Telephone - Maple Lane	144	31	18	49	95
01-4320-2-33-000-0 Telephone - Waterdam Plaza	96	24	15	39	57
01-4351-2-11-000-0 Power - Rutledge/Fairway	1,700	1,718	360	2,078	(378)
01-4351-2-12-000-0 Power - Sylvania	190	155	32	187	3
01-4351-2-13-000-0 Power - Colony Manor brandy	460	333	80	413	47
01-4351-2-14-000-0 Power - Hidden Brook Manor	1,950	1,898	360	2,258	(308)
01-4351-2-31-000-0 Power - Stratford	850	781	120	901	(51)
01-4351-2-32-000-0 Power- Maple Lane	2,300	1,807	260	2,067	233
01-4351-2-33-000-0 Power - Waterdam Plaza	750	533	110	643	107
01-4355-2-30-000-0 Natural Gas- Hidden Brook	250	310	180	490	(240)
01-4355-2-31-000-0 Natural Gas- Maple Lane	390	258	60	318	72
01-4366-2-11-000-0 Water - Rutledge/Fairway	365	142	28	170	195
01-4366-2-14-000-0 Water - Hidden Brook Manor	166	137	28	165	1
01-4366-2-15-000-0 Water - Maple Lane	396	341	68	409	(13)
01-4366-2-31-000-0 Water - Stratford Hemlock	170	167	40	207	(37)
Total Utilities	\$ 12,189	\$ 10,293	\$ 2,237	\$ 12,530	\$ (341)
Salary & Wages					
01-4790-2-00-000-0 Salary & Wages-Collection General	\$ 210,413	\$ 172,593	\$ 26,000	\$ 198,593	\$ 11,820
01-4791-2-00-000-0 Salary & Wages- Labor Allocation	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
01-4790-2-00-000-0 Total Salaries & Wages	\$ 211,913	\$ 172,593	\$ 26,000	\$ 198,593	\$ 13,320
01-4792-2-00-000-0 FICA & Medicare Collection General	16,211	13,515	1,989	15,504	707
01-4793-2-00-000-0 Unemploy Comp-General Collection	864	864	-	864	-
Total Salary & Wages	\$ 228,988	\$ 186,972	\$ 27,989	\$ 214,961	\$ 14,027
Employee Benefits					
01-4021-2-00-000-0 Pension - Union-Collection General	\$ 17,324	\$ 13,342	\$ 2,400	\$ 15,742	\$ 1,581
01-4030-2-00-000-0 Health & Welfare - Collection	48,408	42,764	6,162	48,926	(518)
01-4030-2-00-000-1 Life S-T Insurance - Collection	709	213	-	213	496
01-4060-2-00-000-0 Uniforms - Collection	3,350	2,348	800	3,148	202
01-4061-2-00-000-0 Certifications	-	-	-	-	-
Total Employee Benefits	\$ 69,790	\$ 58,667	\$ 9,362	\$ 68,029	\$ 1,761
POTW Fees					
01-4520-2-25-000-0 USC Pump Station-Marella Manor	\$ 5,300	\$ 2,960	\$ -	\$ 2,960	\$ 2,340
Total POTW Fees	\$ 5,300	\$ 2,960	\$ -	\$ 2,960	\$ 2,340
Professional Services					
01-4312-2-00-000-0 Engineering-Collection General	\$ 4,000	\$ 2,967	\$ 1,000	\$ 3,967	\$ 33
01-4312-2-10-000-0 Engineering-Collection B.R.	7,000	-	-	-	7,000
01-4312-2-30-000-0 Engineering-Collection D.C.	300	-	-	-	300
01-7312-2-10-001-0 Engineering-I/I Brush Run	-	27,910	10,000	37,910	(37,910)
01-4312-2-30-000-1 Engineering-Marella Manor	10,000	3,408	1,200	4,608	5,392
01-4313-2-00-000-0 Legal - Collection - General	500	2,875	150	3,025	(2,525)
01-4315-2-00-000-0 Computer Consult-Collection-Gen.	100	-	-	-	100
Total Professional Services	\$ 21,900	\$ 37,160	\$ 12,350	\$ 49,510	\$ (27,610)
Insurance					
01-4051-2-00-000-0 Workers Comp-Collection	\$ 6,300	\$ 6,067	\$ -	\$ 6,067	\$ 233
Total Insurance	\$ 6,300	\$ 6,067	\$ -	\$ 6,067	\$ 233
DEPARTMENT TOTAL	\$ 616,017	\$ 424,333	\$ 215,334	\$ 639,667	\$ (23,649)

ADMINISTRATIVE DEPARTMENT – 2011 Expenses

This Administrative Department consists of the Manager, Assistant Manager, Financial Controller, Special Projects Manager, and Administrative Assistant. Expenses include management and administrative salaries, the office overhead expenses, the bulk of the professional support services, insurance expenses, and billing related expenses. This department's expenses are projected to be under budget by approximately \$46,000 or 6.7%. The majority of the budget under run was due to the change in arrangements with the Grants Coordinator, which occurred after the 2011 budget was finalized.

The Administrative Department's accomplishments in 2011 included:

- Continued with improving Jordan Tax Services' pursuit and collection of delinquent accounts, with the Accounts Receivable at 90 days from billing remaining below \$5,000.
- Completed the process of overhauling our paper sewer construction drawing system. Over a period of several years all construction drawings were photocopied and scanned into digital files, creating both a paper archive and a digital archive. The time consuming step in the process was attaching the digital files to the corresponding sewer segments in the GIS system, so that we will have immediate access to any construction drawing by accessing the GIS.
- Continued with our Workplace Safety Committee, holding 12 monthly meetings, and monthly tailgate safety meetings. We have participated since 2006 and receive a 5% credit on our Workmen's Compensation premium.
- Administered the grant requirements of the \$600,000 H2O PA grant for the Authority's Brush Run Wet Weather Improvements, and the \$137,250 Conservation Works grant. The Conservation Works Grant was very demanding on administrative time, requiring numerous reports and verifications, including a final report. In February 2012, a one-year certification report will be required.
- Prepared grant applications, including the LSA grant application for the DC Plant Replacement Design Engineering in cooperation with County Line Advisors.
- Updated the Authority's website which is a significant improvement over the old site. We plan on adding additional capabilities in 2012 including videos of real estate transfer dye tests, sewer line inspections, etc.

Discussion of significant items:

- **Material & Supplies** – This item is expected to be over budget by \$500 or 3%. It includes basic office supplies of paper, ink cartridges, envelopes, postage, etc. It also includes the Employee Appreciation Award, which is a monthly award of a dinner gift certificate at a local restaurant provided to employees on a rotating basis each month that we meet all of the requirements of our NPDES permits. The award recognizes their contribution to achieving that objective.

- **Equipment/Facilities** – This item is under budget. The Office Rent charge is for our 9% share of annual building expenses for the first quarter of 2010 when our office lease was still in effect, which was billed to us in early 2011. It had been budgeted.
- **Maintenance & Repair** – This category is over budget by \$685 or 24%. This category includes the maintenance charge for the color photocopier, and we are over our allowance for number of copies. In the past 10 months we ran a total of 39,158 black & white copies, averaging 3,900 copies/month. Our annual total is expected to 49,000 black & white copies. The maintenance agreement includes an allowance for 40,000 copies; therefore, we will have to pay a surcharge this year of approximately \$1,150. An additional 6,329 color copies were run. In 2010 (full year) we used 47,000 black & white, and 2,600 color copies. We have managed to control the number of black & white copies, but our use of color copies is dramatically increasing.
- **Utilities** – This category is under budget by \$700 or 3%. The category includes the office utilities including telephones, and any utilities paid for the Churchill property, and office cleaning and landscaping. Electric power will be slightly under budget, which is a surprise considering the number of days over 90 degrees. The over run for telephone was due to an error of not including the cell phone in the budget.
- **Salary & Wages** – This category is on budget. The Management and Administrative staff consists of the four management employees, which are salaried employees, and one Administrative Assistant, whom is an hourly employee. The \$3,500 in Labor Allocation was the Manager's and Assistant Manager's time charged to developer projects.
- **Employee Benefits** – This category is under budget by \$9,100 or 10.6% because of the change in hospitalization to HealthAmerica and migration to a high deductible plan.
- **Travel/Training/Meeting** – This category is under budget by \$1,300 or 12%. It includes registration fees and expenses for attendance at seminars; membership dues which include PMAA membership and management employees' memberships in Water Environment Federation, etc.; Board member meeting stipend; and employee training expense.
- **Professional Services** - This category is under budget by \$5,400 or 8%, largely due to the change in the Grants Coordinator compensation which was arranged after the budget was approved. Below is the breakdown of Engineering charges to the Operating Budget (*all three departments*):

Task		Year To Date	Nov -Dec	Task Total
Operating Budget	LSSE			
Annual Retainer		\$12,500	\$2,500	\$15,000
Miscellaneous		\$1,264	\$600	\$1,864
ALCOSAN/Marella Manor		\$3,408	\$620	\$4,028
Grant Application Assistance		\$386	\$0	\$386
Brush Run Flow Monitoring Program/Staff assist		\$30,877	\$4,700	\$35,577
Assist with DC Design Engineering RFP		\$53	\$500	\$553
TOTAL:		\$48,488.00	\$8,920.00	\$57,408.00

The total amount expended on engineering (including CET) through October 31, 2011 was \$161,860, consisting of CIRF expenditures of \$56,444, Developer expenditures of \$6,477, and the \$48,488 from above. The CIRF expenditures include \$50,452 paid to CET Engineering for the Brush Run Wet Weather construction phase services.

This year's \$161,860 engineering expense (year to date) compares to a 2010 period total of \$222,928. Total 2011 Engineering cost is expected to approach \$210,000.

The Legal Administration budget is expected to be under budget by \$5,200 or 24%. The Labor Negotiations budget item did run over budget but that was because negotiations began late, and we had budgeted more in 2010 than was required. Our two-year total budget was \$10,000, whereas, the total actual was \$7,332.

Bassi, McCune & Vreeland

<i>Operating Budget</i>	<u>Year To Date</u>	<u>Nov-Dec</u>	<u>Task Total</u>
Annual Retainer	\$8,500	\$1,700	\$10,200
Miscellaneous	\$4,093	\$1,100	\$5,193
Oil and Gas Lease	\$1,345	\$0	\$1,345
Building Lateral Pilot Program	\$3,258	\$500	\$3,758
Quail Run Leaking Laterals	\$385	\$0	\$385
Labor Contract Negotiations	\$5,354	\$0	\$5,354
Valley View Rights of Ways	\$605	\$8,000	\$8,600
Total	\$23,540	\$11,300	\$34,840

- **Insurance** – This category includes all of the insurances, with the exception of Worker's Compensation. This category is under budget by \$8,100 or 18%. Our agent is B&W Insurance, and the insurance company is Selective. In 2010 we engaged an insurance consultant to develop detailed specifications and recommendations and bid the insurance package in late 2010. The bids were lower than anticipated and we also received an insurance rebate for 2009.
- **Administrative Services** – This category includes Bond Trustee Fees, Billing Expenses, Public Relations expenses, and the Grants Coordinator's fee. Contract Billing fees are based on the agreement rate of 1.9% of amount collected by Jordan Tax Service. This category is under budget overall by \$23,400 or 22% because the Grant coordinator's fee was re-negotiated from a flat \$36,000 annually to \$12,000 annually plus a percentage of grants obtained. No grants were obtained in 2011, therefore the total fee is \$12,000. The Public Relations budget item usually includes the publication and mailing of a newsletter annually. We did not do a newsletter this year. Instead we redid our website to a much improved site, and went over budget on this task by \$2,100.

NON-OPERATING EXPENSES - Debt Service

The Authority's borrowed funds consist of the following:

- Sewer Revenue Bonds, Series 1993, refinanced 1998, refinanced 2003, and refinanced/restructured 2011. The 1993 borrowing financed the upgraded and expanded Brush Run Treatment Plant and Valleybrook Interceptor Relief Sewer. The 1998 refinancing borrowed limited additional funds for the DC Phase I Improvements. The 2011 refinancing borrowed limited additional funds for construction of the Office Building and partially funded the Brush Run Wet Weather Improvements. The current trustee is Wells Fargo Bank.
 - Principle balance of \$3,100,000 as of September 1, 2011
 - Final payment date is September 1, 2017
 - Interest Rate (Weighted Average Coupon) of 2.77%
- Pennvest Loans for:
 - Ivy Lane Sewer Extension, 2003
 - Principle balance of \$275,470 as of October 31, 2011
 - Final payment date is March 31, 2023
 - Interest Rate of 2.774% after 4/1/2011
- Our total outstanding debt is \$3,375,470, which is only 10.1% of our net assets of \$23.5 million.
- Our debt per EDU is \$492/EDU, or \$171/person.
 - While it is difficult to find good benchmarks to compare ourselves with regarding debt, one published by the US government in 1992, identifies Comparative Municipal Indicators for Debt Burden as being "Stronger" if below \$750/person. That is, the municipality or organization is considered stronger if its debt/person is lower than \$750. Adjusting that value to 2011 by the CPI would be \$1,170/person. Obviously, our debt/person is extremely low.
 - Looking forward, if we borrow \$15 million for the DC Plant Expansion project, and say our existing debt is retired at that time, then the debt per person, assuming 6,900 EDUs at that time, would be \$757/person, assuming 2.87 persons/EDU.

PETERS TOWNSHIP SANITARY AUTHORITY BUDGET REPORT

Budgeted vs Actual with Year End Projections

	Budget 2011	YTD 10/31/2011	Projected Nov-Dec	Projected Year End	Budget Minus Projection
<u>DEPARTMENT - ADMINISTRATION</u>					
<u>Operating Expenses</u>					
Miscellaneous					
01-4100-0-00-000-(Miscellaneous - Administration	\$ -	\$ 3,200	\$ -	\$ 3,200	\$ (3,200)
Total Miscellaneous	\$ -	\$ 3,200	\$ -	\$ 3,200	\$ (3,200)
Material & Supplies					
01-4200-0-00-000-(Material & Supplies-Administrati	\$ 16,350	\$ 13,402	\$ 3,500	\$ 16,902	\$ (552)
Total Material & Supplies	\$ 16,350	\$ 13,402	\$ 3,500	\$ 16,902	\$ (552)
Equipment/Facilities					
01-4252-0-0-000-0 Replcmt Parts-Inventory-Equip-Ge	\$ -			\$ -	\$ -
01-4260-0-00-000-(Office Minor Equipment	2,700	1,219	500	1,719	981
01-4265-0-00-000-(Admin Safety Equipment	100	98	-	98	2
01-4340-0-00-000-(Office Equip Replace/Capital Trans	5,500	-	5,500	5,500	-
01-4381-0-00-000-(Office Rent	500	412	-	412	88
Total Equipment/Facilities	\$ 8,800	\$ 1,730	\$ 6,000	\$ 7,730	\$ 1,070
Maintenance & Repair					
01-4450-0-00-000-(Office Maintenance & Repair	\$ 1,600	\$ 2,490	\$ 114	\$ 2,604	\$ (1,004)
01-4450-0-00-000-2 Office Building Maintenance & Rej	\$ 1,000	\$ 381	\$ 500	\$ 881	\$ 119
01-4452-0-00-000-(Shop Repair - Mechanical-Admin	200	-	-	-	200
Total Maintenance & Repair	\$ 2,800	\$ 2,871	\$ 614	\$ 3,485	\$ (685)
Total Utilities					
01-4320-0-00-000-(Telephone - Admin	\$ 3,324	\$ 3,345	\$ 616	\$ 3,961	\$ (637)
01-4321-0-00-000-(Security System	420	398	-	398	22
01-4321-0-00-000-1 Cleaning	5,700	4,230	846	5,076	624
01-4321-0-00-000-2 Landscaping	3,500	3,288	212	3,500	-
01-4322-0-00-000-(Garbage Pickup	500	384	72	456	44
01-4351-0-00-000-(Power	3,970	2,680	800	3,480	490
01-4355-0-00-000-(Natural Gas	2,450	1,292	900	2,192	258
01-4366-0-00-000-(Water	480	447	84	531	(51)
01-4200-0-00-000-1 Admin Supplies/Janitorial	500	361	100	461	39
01-4364-0-00-000-(Church Hill Property Util/Taxes	1,700	1,746	-	1,746	(46)
Total Utilities	\$ 22,544	\$ 18,172	\$ 3,630	\$ 21,802	\$ 742
Salary & Wages					
01-4790-0-00-000-(Salary & Wages - Administration	\$ 298,622	\$ 249,602	\$ 46,600	\$ 296,202	\$ 2,420
01-4790-0-00-000-1 Salary & Wages -Labor Allocation	1,200	3,543	-	3,543	(2,343)
01-4790-0-00-000-(Total Salaries & Wages	\$ 299,822	\$ 253,145	\$ 46,600	\$ 299,745	\$ 77
01-4792-0-00-000-(FICA & Medicare-Administration	22,936	19,313	3,565	22,878	58
01-4793-0-00-000-(Unemployment Comp-Administrati	1,080	1,222	-	1,222	(142)
Total Salary & Wages	\$ 323,838	\$ 273,679	\$ 50,165	\$ 323,844	\$ (6)
Employee Benefits					
01-4020-0-00-000-(Pension - Non Union Administratio	\$ 17,989	\$ 13,780	\$ 4,200	\$ 17,980	\$ 9
01-4030-0-00-000-1 Life S-T Insurance - Admin	2,178	1,548	358	1,906	272
01-4040-0-00-000-(Hospitalization - Administration	65,468	50,828	5,786	56,614	8,854
Total Employee Benefits	\$ 85,635	\$ 66,156	\$ 10,344	\$ 76,500	\$ 9,135

<u>DEPARTMENT - ADMINISTRATION</u>	<u>Budget</u> <u>2011</u>	<u>YTD</u> <u>10/31/2011</u>	<u>Projected</u> <u>Nov-Dec</u>	<u>Projected</u> <u>Year End</u>	<u>Budget</u> <u>Minus</u> <u>Projection</u>
Travel/Training/Meetings					
01-4201-0-00-000-(Board Member's Expenses	\$ 4,000	\$ 2,500	\$ 600	\$ 3,100	\$ 900
01-4202-0-00-000-(Memberships	3,200	914	2,000	2,914	286
01-4203-0-00-000-(Travel Expense	250	-	-	-	250
01-4204-0-00-000-(In-Service Training	4,000	3,840	200	4,040	(40)
Total Travel/Training/Meetings	\$ 11,450	\$ 7,254	\$ 2,800	\$ 10,054	\$ 1,396
Computers/Networking					
01-4370-0-00-000-(Network/Software	\$ 3,000	\$ 1,326	\$ 1,000	\$ 2,326	\$ 674
Total Computers/Networking	\$ 3,000	\$ 1,326	\$ 1,000	\$ 2,326	\$ 674
Professional Services					
01-4311-0-00-000-(Accounting/Audit - Administration	\$ 7,650	\$ 7,625	\$ -	\$ 7,625	\$ 25
01-4312-0-00-000-(Engineering - Administration	20,500	14,573	3,500	18,073	2,427
01-4313-0-00-000-(Legal - Administration	21,500	14,643	2,300	16,943	4,557
01-4314-0-00-000-(Labor Negotiator - Union	2,000	5,354	-	5,354	(3,354)
01-4315-0-00-000- GIS Update	3,200	3,520	1,100	4,620	(1,420)
01-4315-0-00-000-(Computer Consultants-Admin.	7,500	2,054	2,200	4,254	3,246
Total Professional Services	\$ 62,350	\$ 47,769	\$ 9,100	\$ 56,869	\$ 5,481
Insurance					
01-4051-0-00-000-(Workmen's Comp-Administration	\$ 1,190	\$ 920	\$ -	\$ 920	\$ 270
01-4310-0-00-000-(Ins/Risk Appraisal-Administration	1,000	-	-	-	1,000
01-4391-0-00-000-(Insurance/Consultant	42,000	34,922	-	34,922	7,078
01-4391-0-00-000- Insurance Mine Sub	942	1,169	-	1,169	(227)
Total Insurance	\$ 45,132	\$ 37,011	\$ -	\$ 37,011	\$ 8,121
Administrative Services					
01-4015-0-00-000-(Trustee Fees	\$ 2,000	\$ 2,000	\$ -	\$ 2,000	\$ 0
01-4015-0-00-000- Grants Coordinator	36,500	10,000	2,000	12,000	24,500
01-4215-0-00-000-(Billing Expense	4,300	3,328	480	3,808	492
01-4316-0-00-000-(Contract Billing Services	59,000	43,054	14,950	58,004	996
01-4390-0-00-000-(Public Relations	6,000	8,157	-	8,157	(2,157)
Total Administrative Services	\$ 107,801	\$ 66,539	\$ 17,430	\$ 83,969	\$ 23,831
Total Operating Expenses	\$ 689,700	\$ 539,109	\$ 104,583	\$ 643,692	\$ 46,007
<u>Non-Operating Expenses</u>					
Non-Operating Expenses					
01-4014-0-00-000-(10 % Cover	\$ 74,364	\$ -	\$ -	\$ -	\$ 74,364
01-4016-0-00-000-(Pennvest Interest	7,835	6,565	1,270	7,835	0
01-4016-0-00-000- Pennvest Principle	18,564	15,441	3,130	18,571	(7)
01-4017-0-00-000-(Bond Interest	98,635	98,635	-	98,635	-
01-4017-0-00-000- Bond Principle	645,000	645,000	-	645,000	-
Total Non-Operating Expenses	\$ 844,398	\$ 765,641	\$ 4,400	\$ 770,041	\$ 74,357
DEPARTMENT TOTAL	\$ 1,534,098	\$ 1,304,750	\$ 108,983	\$ 1,413,733	\$ 120,365

End of 2011 Budget Performance Summary Report