

**PETERS TOWNSHIP
SANITARY AUTHORITY
2012 BUDGET WORKSHOP**

November 29, 2011

Agenda

- A. 2011 Budget Performance Summary
- B. 2012 Budget Request
- C. 2012 Capital Plan
- D. Consulting Engineer's Annual Report

Preliminary

- Advertised Budget Workshop/Meeting
- Should have 4 separate documents
 - 2011 Budget Performance Summary Report and Year 2012 Budget Request
 - Year 2012 Budget Request
 - Appendix (for both documents)
 - Proposed Capital Improvement Plan for 2012

Why Do We Budget?



PETERS TOWNSHIP SANITARY AUTHORITY

MISSION STATEMENT

Protect the health and welfare of present and future Peters Township community by safely providing cost-effective wastewater disposal in accordance with laws and regulations

VISION STATEMENT

A professionally managed, forward looking, efficient utility that is responsive and accountable to its customers and respects and values its employees

Adopted May 9, 2006

Sustainable Level of Service

- Defined in our Capital Plan as:
 - A service level which provides the capacity for sustained customer growth while providing for uninterrupted service to our customers, and meeting all regulatory requirements.***
- In measurable terms?
 - Benchmarking Rates
 - No Sewage Backups
 - One in 2011 (roots)
 - No Plant Bypasses
 - Brush Run 1994
 - DC 1998
 - No Pump Station Overflows (One in 2011 due to wet weather)
 - No NPDES Violations
 - Brush Run None 1994
 - DC Infrequent
 - April and June 2011

Sustainable Level of Service, cont

- Eliminate MH Overflows
 - Three dry weather in 2011 (one grease, two roots)
 - Wet Weather, Three weather events during exceptionally wet Spring
 - Ultimate Target: “Infrequent to the point of practically non-existent”
 - Dry Weather Target: Realistic, Once every 2 years
- Capacity Available at Plants and Interceptors
 - Say with confidence capacity available for 5 years
 - Brush Run: YES, DC: NO
- Provide Safe Working Environment
 - Only One lost time accident over 10 years
- Take Pride in our Organization and Facilities
- Overall Grade? B (above average, but improvement required)

Where We Came From and Why We Budget?



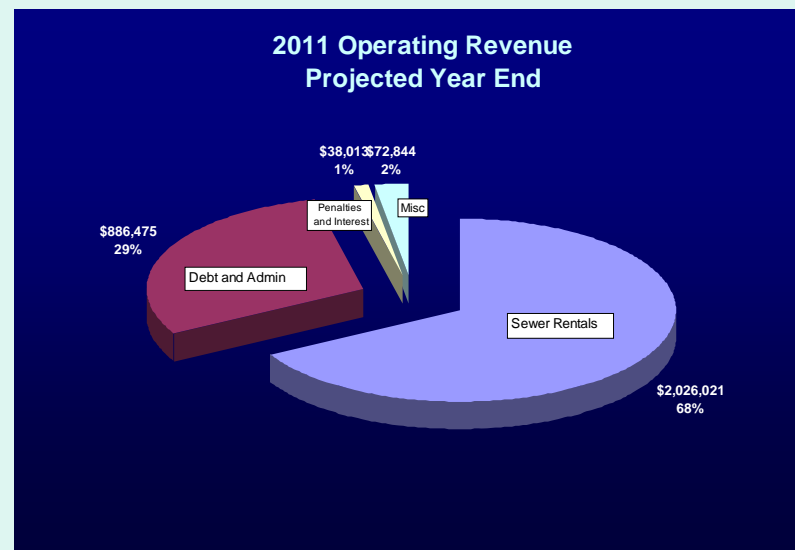
Budget Summary

2011 Summary

- ❑ Operating Surplus of \$146,000
 - \$72,000 actual surplus + \$74,000 cover
- ❑ Also \$242,000 of \$250,500 Equip. Rplc. Allw.
- ❑ Charges for Services Over Target by \$26,000
 - Greater Residential Water Consumption than proj.
 - But Less Non-Residential Water Consumption
- ❑ Non-Operating Revenue \$37,000 less than budget forecast due to less taps

2011 Detail Revenues

- Operating Revenue
= \$3,023,000
\$28,000 > Budget
- Non-Operating Rev
=\$129,000
\$42,000 < Budget
- Total Revenue
= \$3,153,000
\$14,000 > Budget



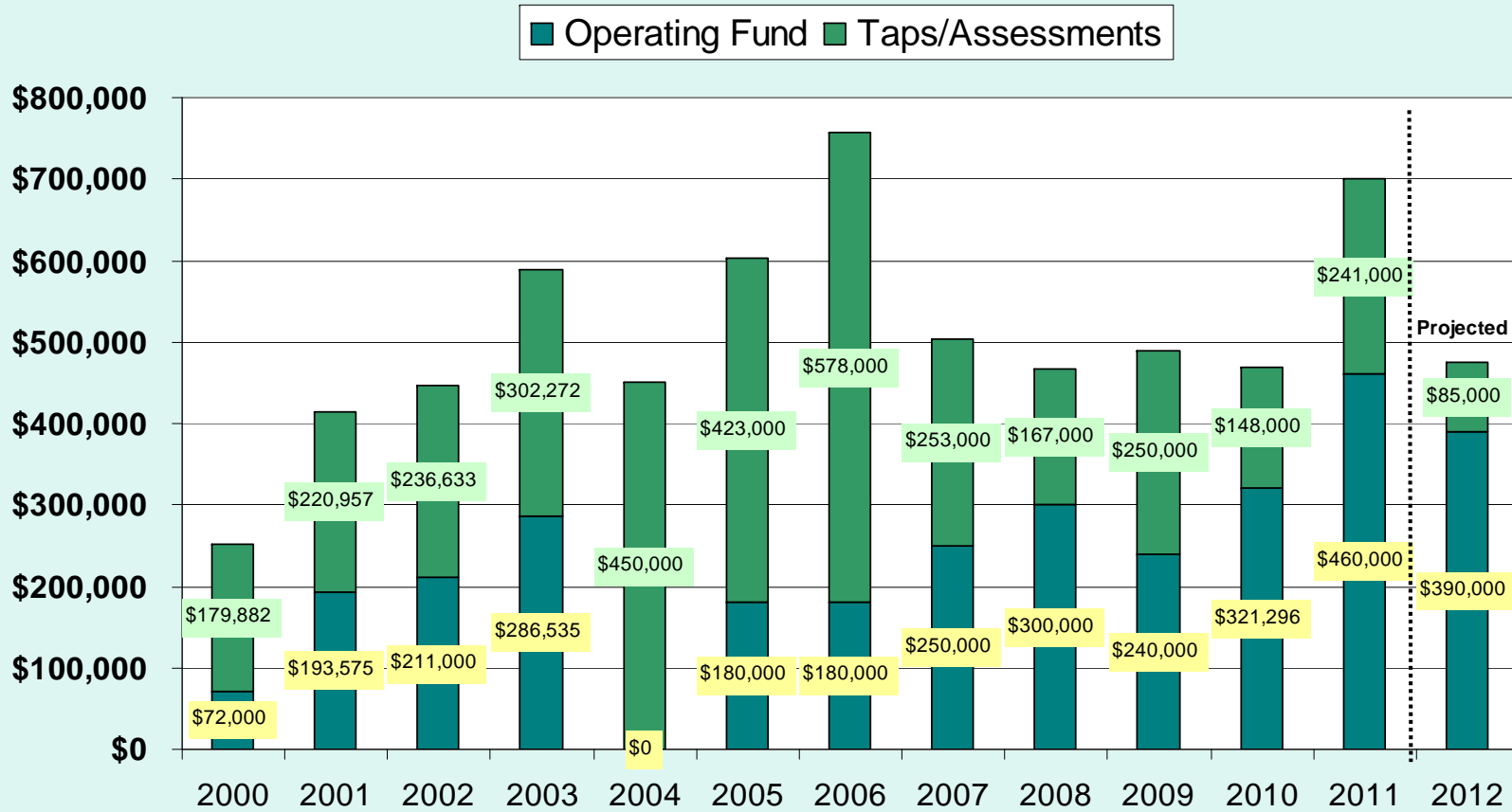
Non-Operating Revenue

How Tap Fee Reimbursements Shown

- Tap Fee Reimbursements are shown under Non-Operating Revenues as a sub-category of the Tap Fee Revenue.
- Each development has its own account in order to properly track the reimbursement back to the Developer .
- The reimbursement is reflected in the Capital Budget.

Operating Surplus and Tap transferred to CIRF

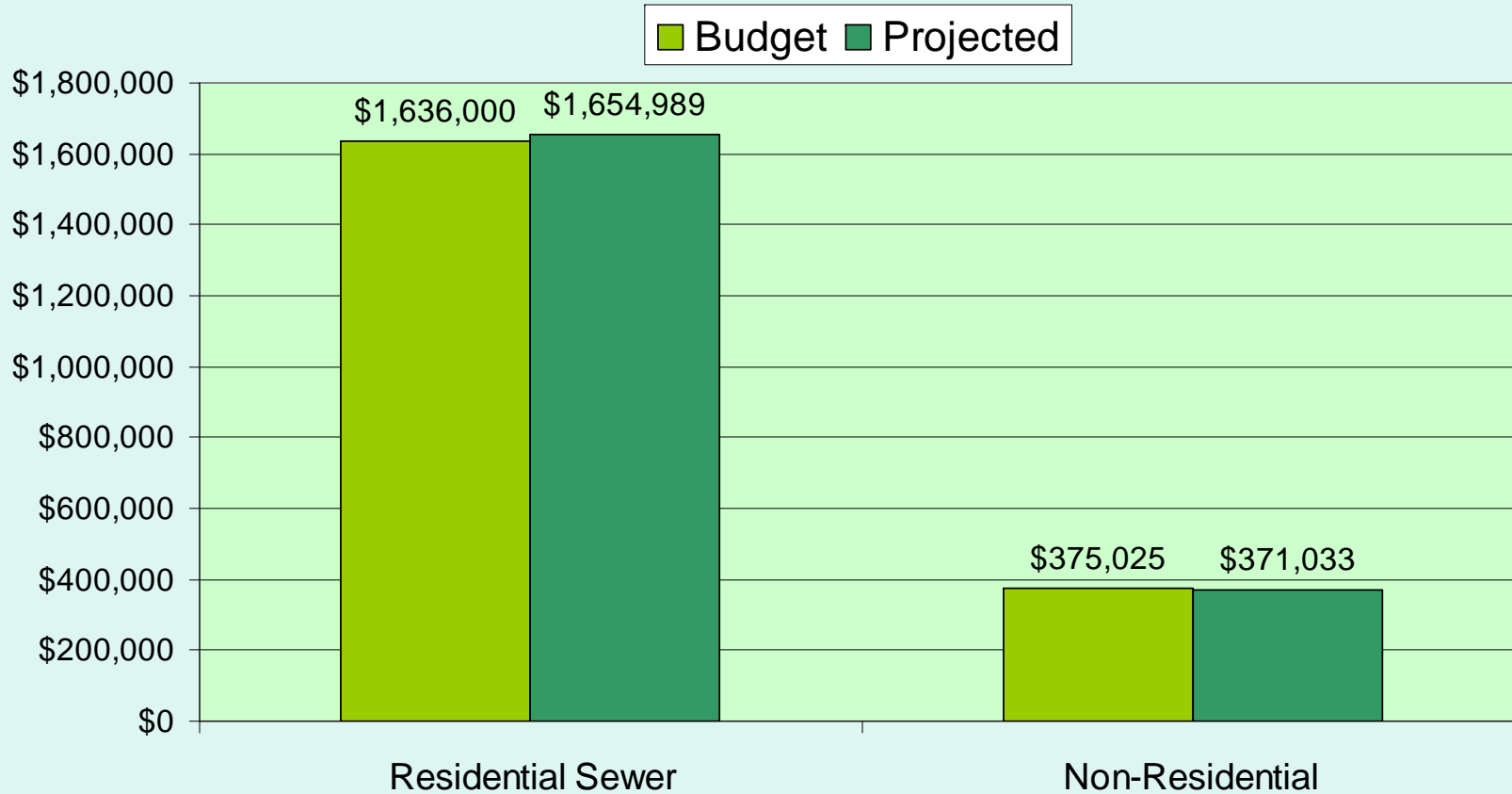
Transfers to CIRF



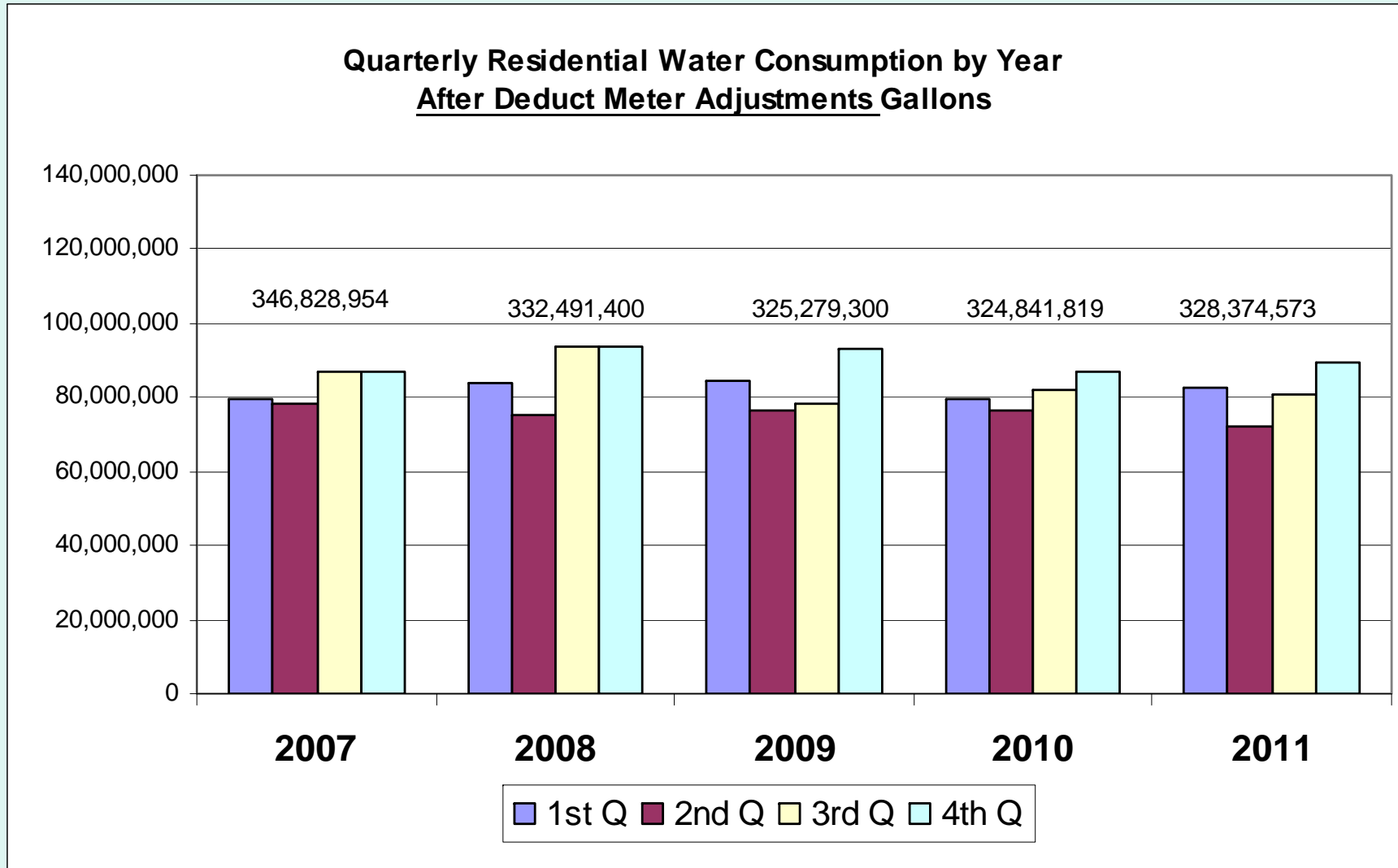
Revenue Detail – Sewer Rentals

Sewer Rentals

Comparison of Budget Forecast to Projected Year End

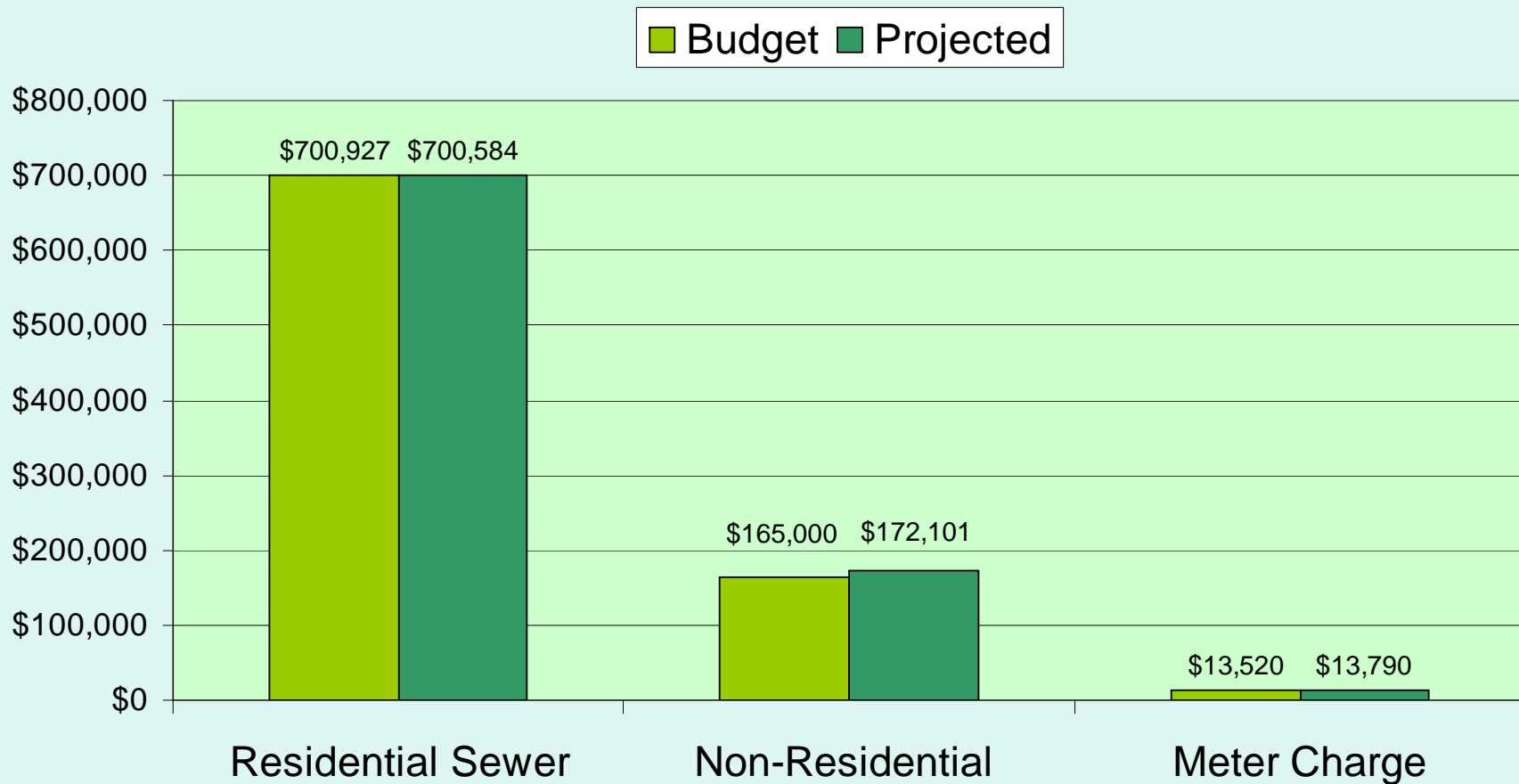


Sewer Rentals – Residential Water Consumption



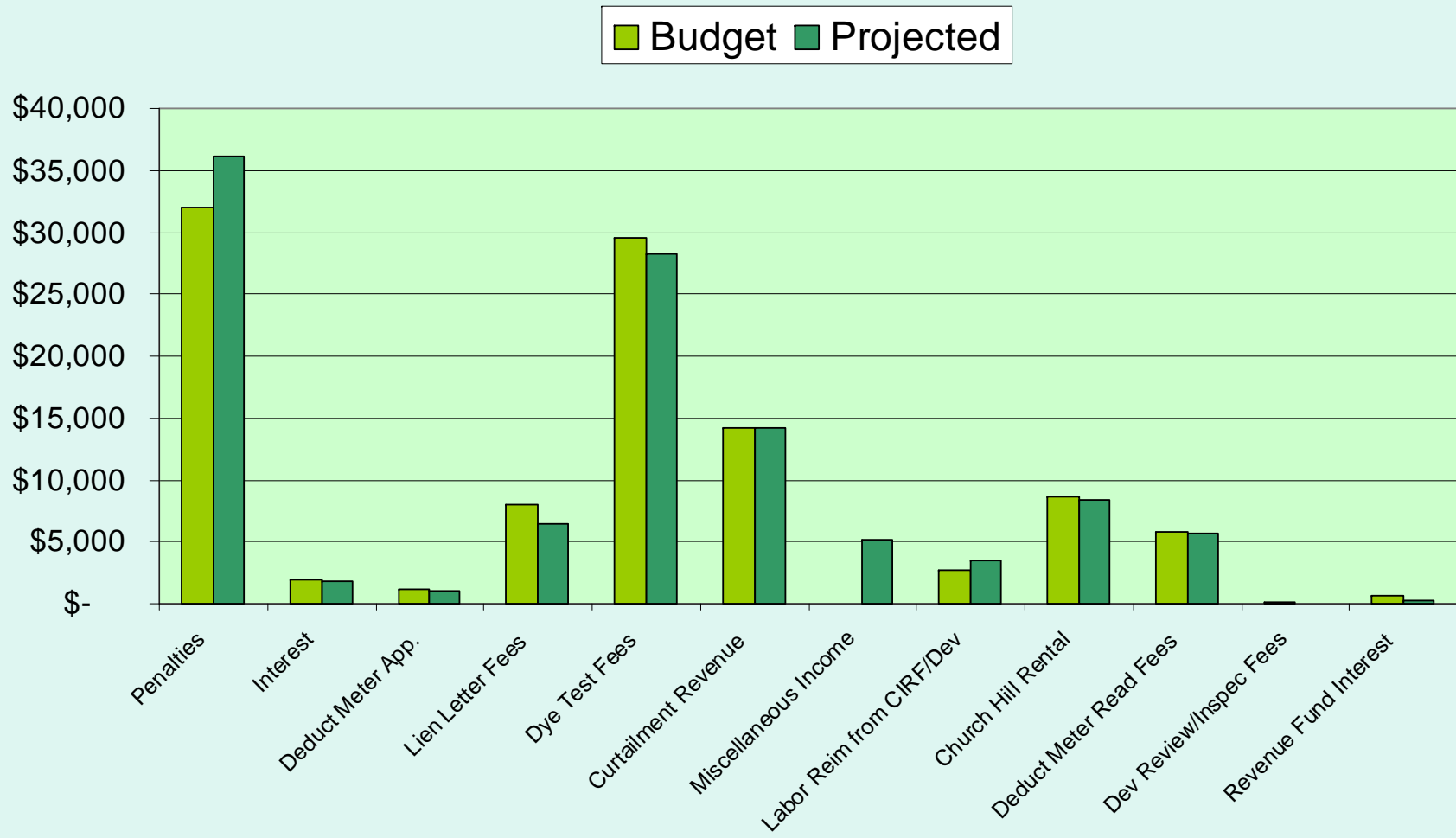
Revenue Detail – Minimum Service Charge

Minimum Service Charge Comparison of Budget forecast to Projected Year End



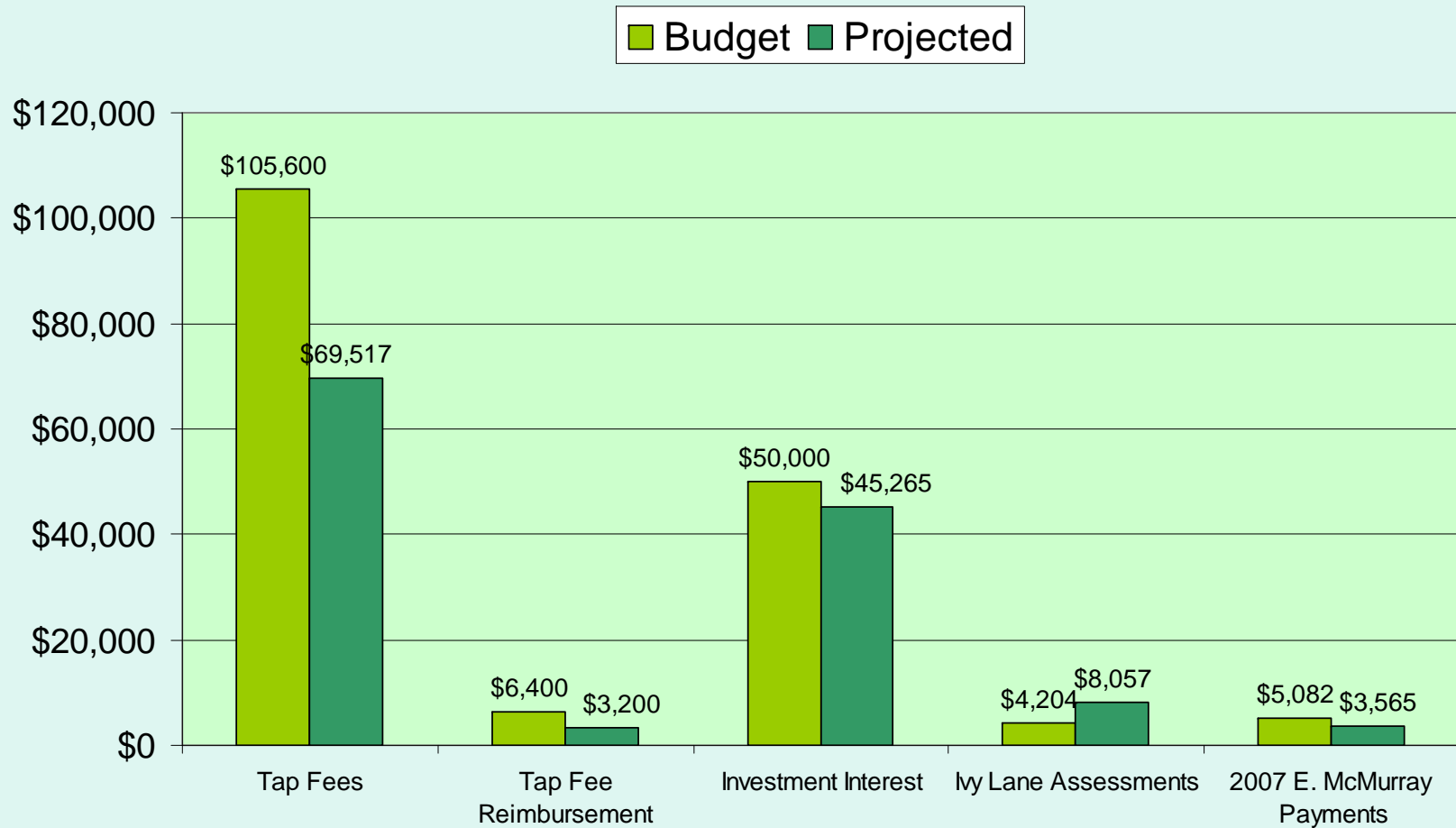
Revenue Detail – Penalties, Interest, Misc

Penalties, Interest, and Miscellaneous Revenue Comparison of Budget Forecast to Projected Year End



Non-Operating Revenue Detail

Non-Operating Revenue Comparison of Budget Forecast to Projected Year End



2011 Operating Expenses

- Expenses Overall
 - Total, including Debt Service, \$2,107,200
 - \$43,000 less than budgeted (2% under budget)
- Departments
 - Only Collection over budget by 4%
- Major Budget Variances
 - Personnel, Under \$30,000, (3%)
 - Admin Services, Under by \$23,800 (22%)
 - Professional Services, Over \$20,400 (23%)
 - Maintenance & Repair, Over \$10,500 (6%)

TABLE-V

ALL DEPARTMENTS COMBINED
PETERS TOWNSHIP SANITARY AUTHORITY
EXPENSE SUMMARY BUDGET REPORT for 2011

OPERATING EXPENSES ALL DEPARTMENTS	Budget 2011	YTD 10/31/2011	Projected Nov-Dec	Projected		Budget Minus Projection
				Total 2011	Variance %	
Total Miscellaneous	\$ -	\$ 3,200	\$ -	\$ 3,200	NA	\$ (3,200)
Consumable Supplies						
Material & Supplies	\$ 18,650	\$ 32,660	\$ 7,680	\$ 40,346	-4.8%	\$ (1,696)
Chemicals	35,066	29,380	3,700	33,080	6%	1,586
Lab Supplies	18,940	15,377	3,900	19,277	3%	663
Total Consumable Supplies	\$ 72,656	\$ 77,423	\$ 15,280	\$ 92,703	1%	\$ 953
Total Vehicles	\$ 32,500	\$ 25,386	\$ 4,800	\$ 29,586	8%	\$ 2,914
Total Equipment/Facilities	\$ 283,135	\$ 37,262	\$ 245,717	\$ 283,079	0%	\$ 56
Total Maintenance & Repair	\$ 175,800	\$ 113,283	\$ 73,001	\$ 186,284	-6%	\$ (10,484)
Total Utilities	\$ 200,399	\$ 167,856	\$ 27,432	\$ 195,290	3%	\$ 5,009
Total Biosolids	\$ 73,415	\$ 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	\$ 66,529	\$ 17,430	\$ 83,960	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	\$ 844,300	\$ 763,641	\$ 4,400	\$ 770,041	9%	27%
GRAND TOTAL EXPENSES	\$ 2,994,335	\$2,303,913	\$ 573,278	\$ 2,877,191		100%

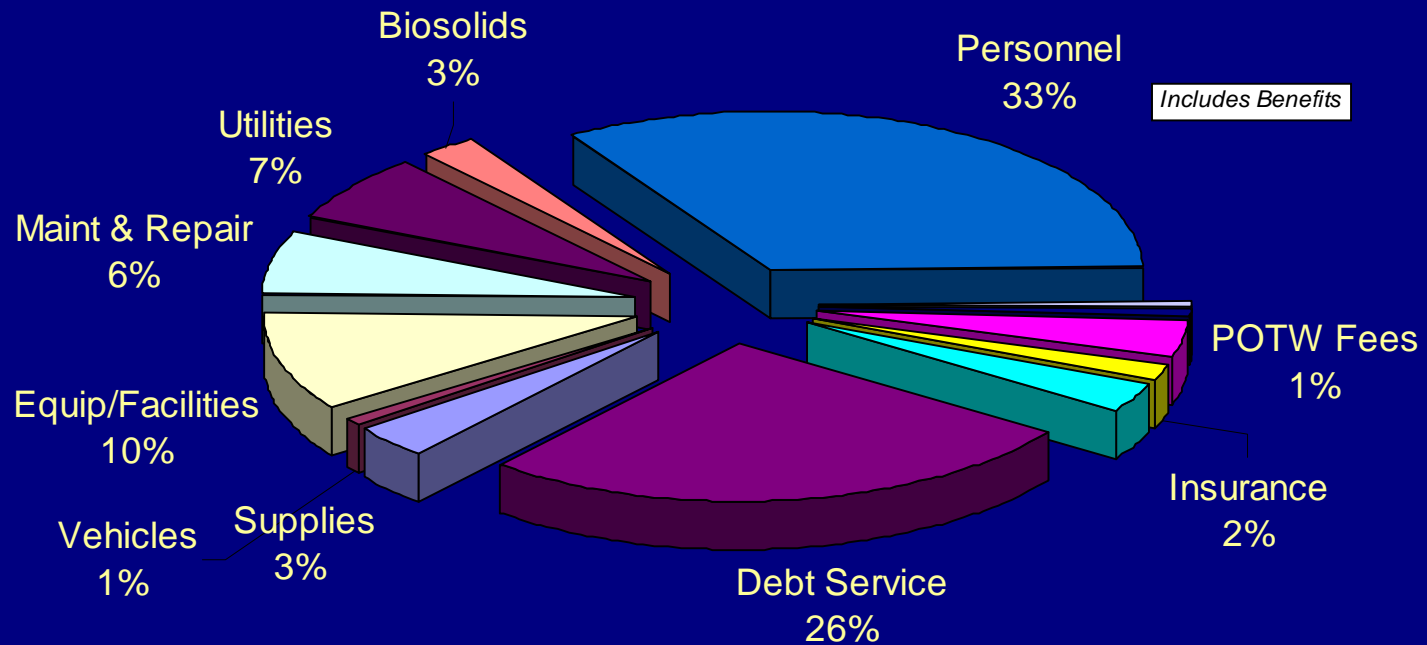
Total Million Gallons of Sewage Treated: 739.2 (previous 12 months)
Cost per 1,000 gallons of Sewage Treated: \$3.79

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%

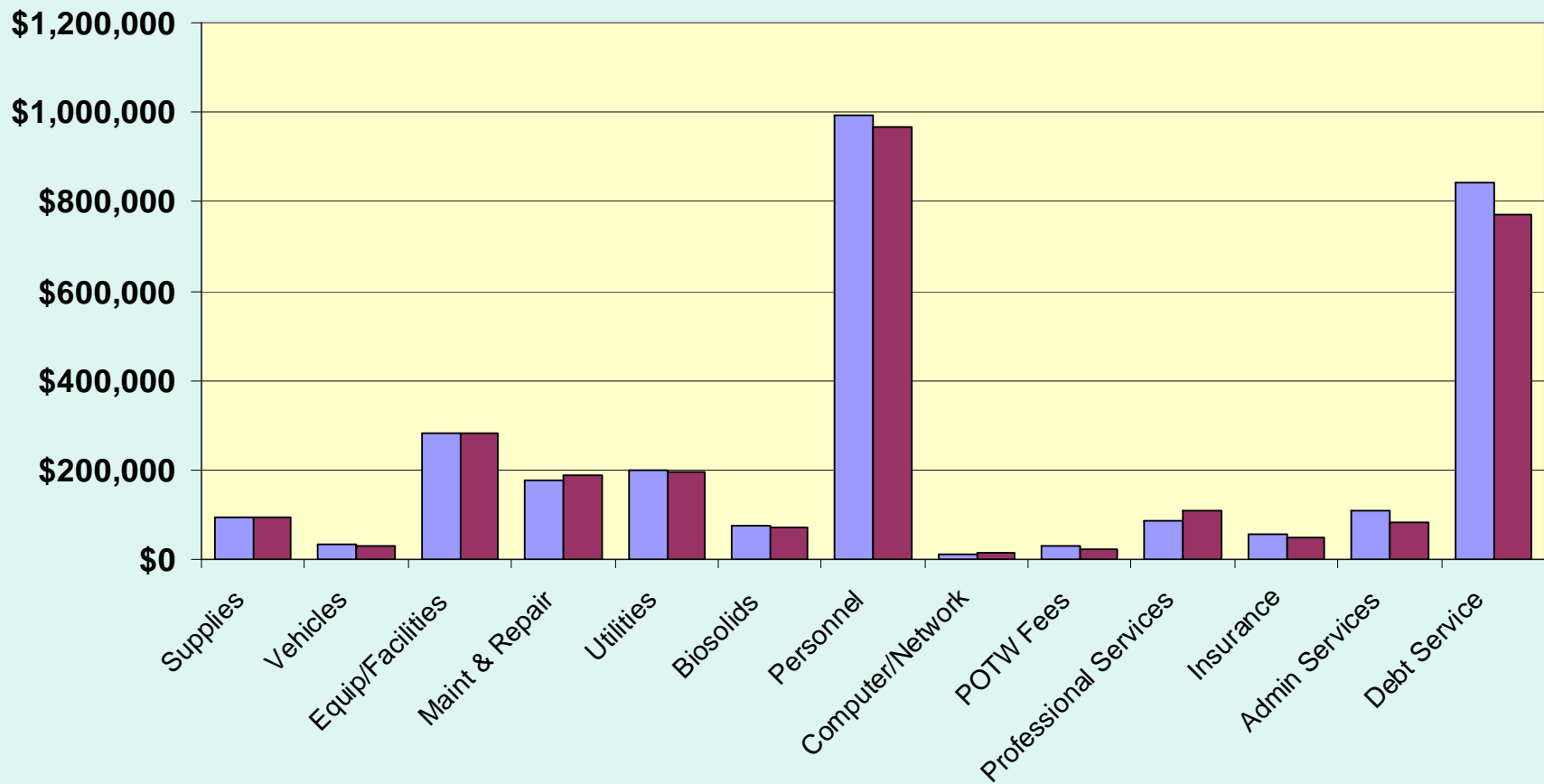
2011 Year End Projected Total Expenses

Total =



2011 Expenses Comparison of Budget Forecast with Projected Year End

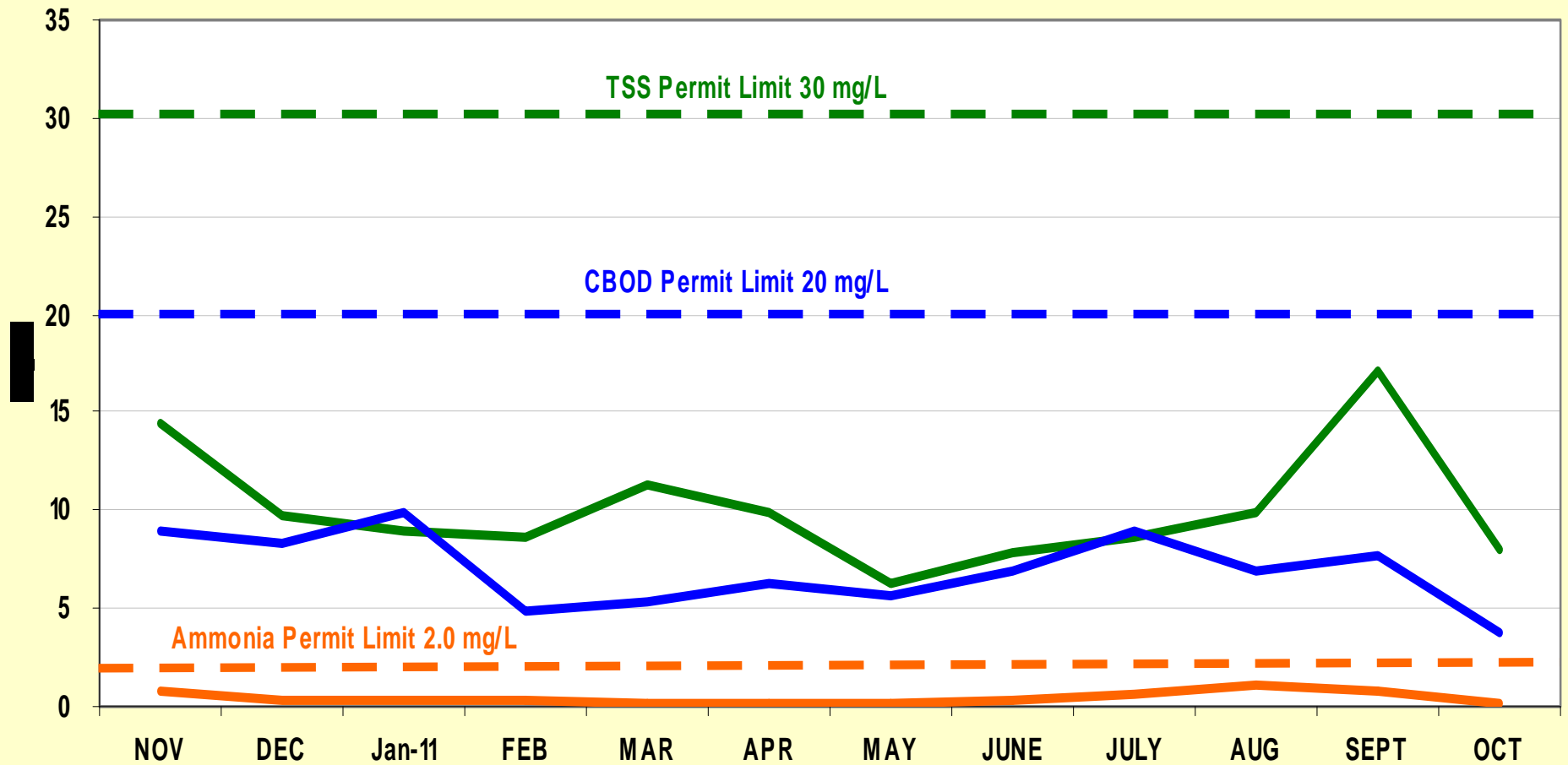
Budget Projected



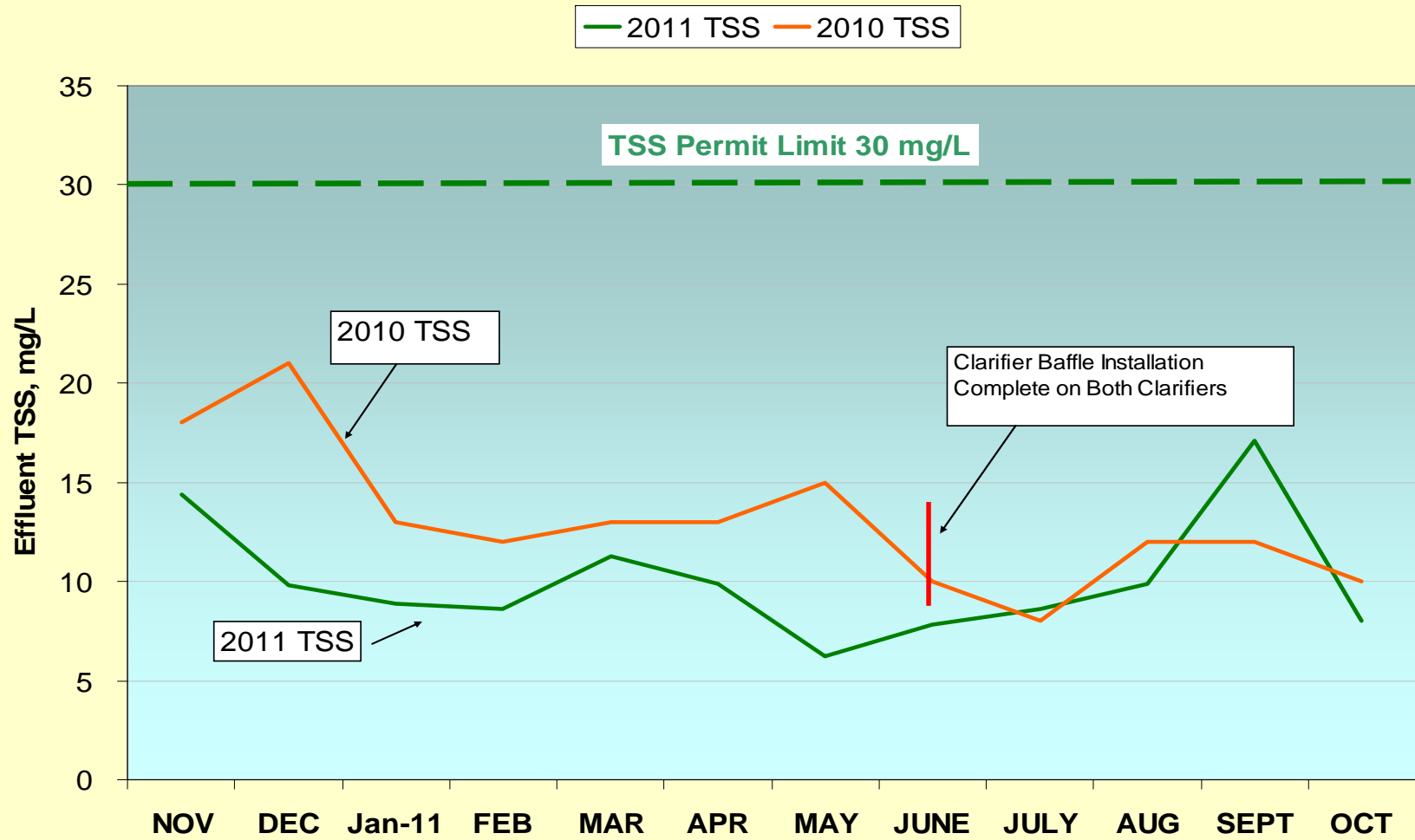
Treatment Expenses

- Treatment Statistics – Brush Run WPCP
 - Treated 478 million gallons of wastewater
 - Disposed of 1,777 tons of biosolids
- Treatment Statistics – DC WPCP
 - Treated 281 million gallons of wastewater
- Service to a total of 6,855 EDUs
 - 19,700 equivalent persons
- 47% of sewage processed was infiltration!

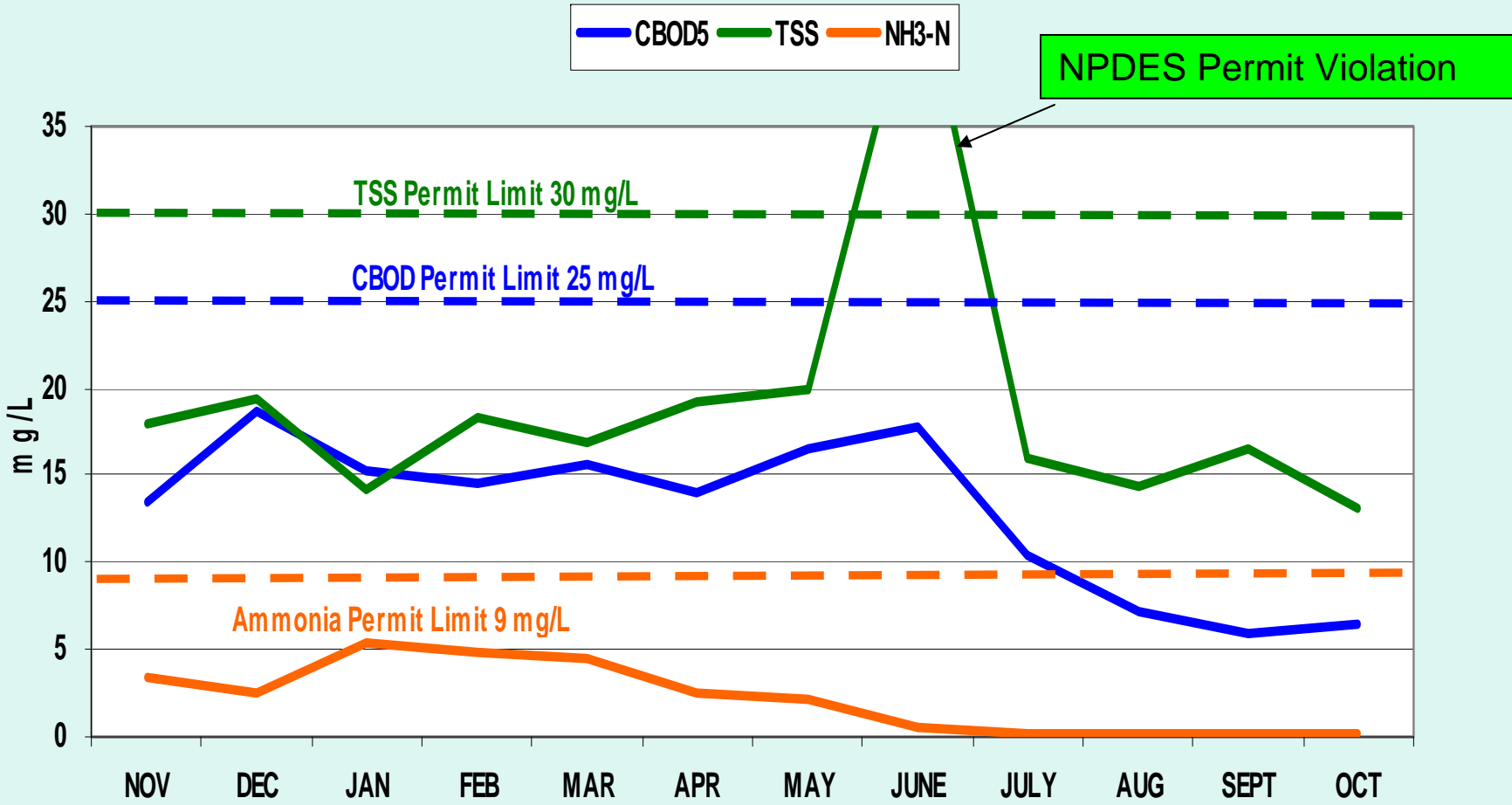
Brush Run WPCP 2011 Performance Summary
Previous 12 Months
30 Day Average Final Effluent Concentration



**Brush Run WPCP
Comparison of 2010 TSS with 2011 TSS
Before and After Clarifier Baffle Installation**



DC WPCP 2011 Performance Summary
Previous 12 months
30 Day Average Final Effluent Concentration



Treatment Expenses – Significant Items

- Department under budget by \$20,500 (2 %)
- Materials & Supplies
 - Over budget by \$1,700 (11%)
 - Re-piped DC digester air
 - Efforts to reduce odors at BR
- Chemicals
 - Under budget by \$2,000 (5.6%)
 - Did not clean diffusers at Brush Run
 - Makes cleaning essential in early 2012
- Equip/Facilities
 - Over budget by \$4,800 (3%)
 - New NPDES Permit annual fees of \$1,200/plant
 - Equipment Allowance \$142,700 of \$145,000 budget

Treatment Expenses – Significant Items

- Maintenance and Repair
 - Under budget by \$8,900 (19%)
 - Less than expected equipment failures, especially at DC
 - Includes planned 150-Hp blower overhaul in Dec @ \$6,050
- Utilities
 - Under budget by \$4,600 (3%)
 - Brush Run will be over on power by \$4,400
 - Demand Curtailment Program earned \$9,913 in 2011
- Biosolids (sludge disposal)
 - Under budget by \$3,100 (4%)
 - Improved Cake Performance (several months had driest cake in years)
 - 43 less tons disposed of than budgeted
 - 12-month Average Cake Conc.= 14.6%
 - Slightly less than 15% target
 - Still room for improvement

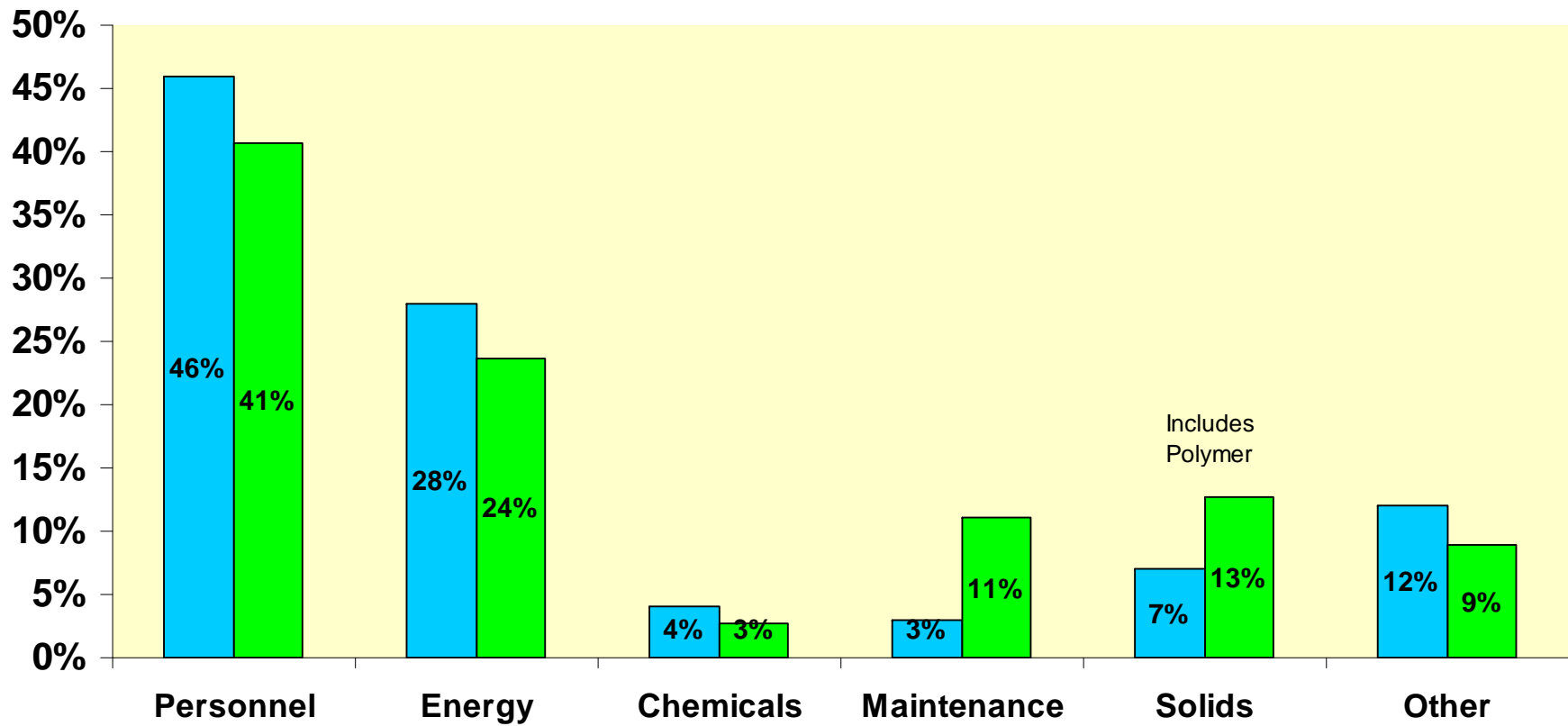
Treatment Expenses – Significant Items

- Individual Plant Performance
 - Brush Run \$806/million gallons
 - DC \$923/million gallons
 - Brush Run operates 12% more efficiently
- Treatment Charge Alone (with Debt/Admin portion)
 - Based on 2 services of Treatment & Collection
 - \$2.41/1,000 gallons of sewage (includes I/I)
 - Was \$3.11/1,000 gallons last year due to drier year
 - \$4.55/1,000 gallons of water consumed
 - Treatment is 63% of our charge to customers

Comparison of PTSA Treatment Expense with Typical WWTP

(source Water/Waste Processing Magazine)

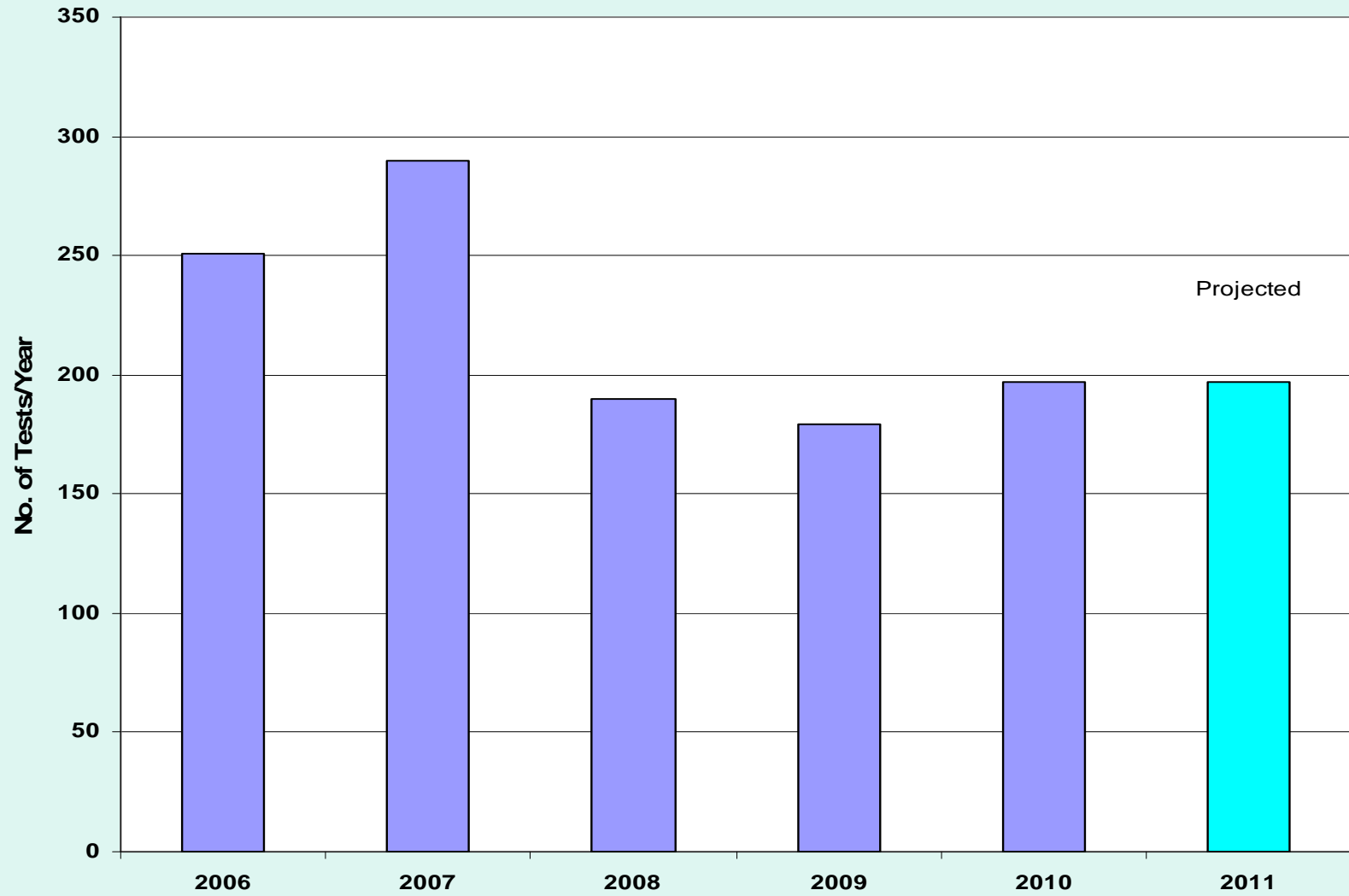
■ Typical ■ PTSA



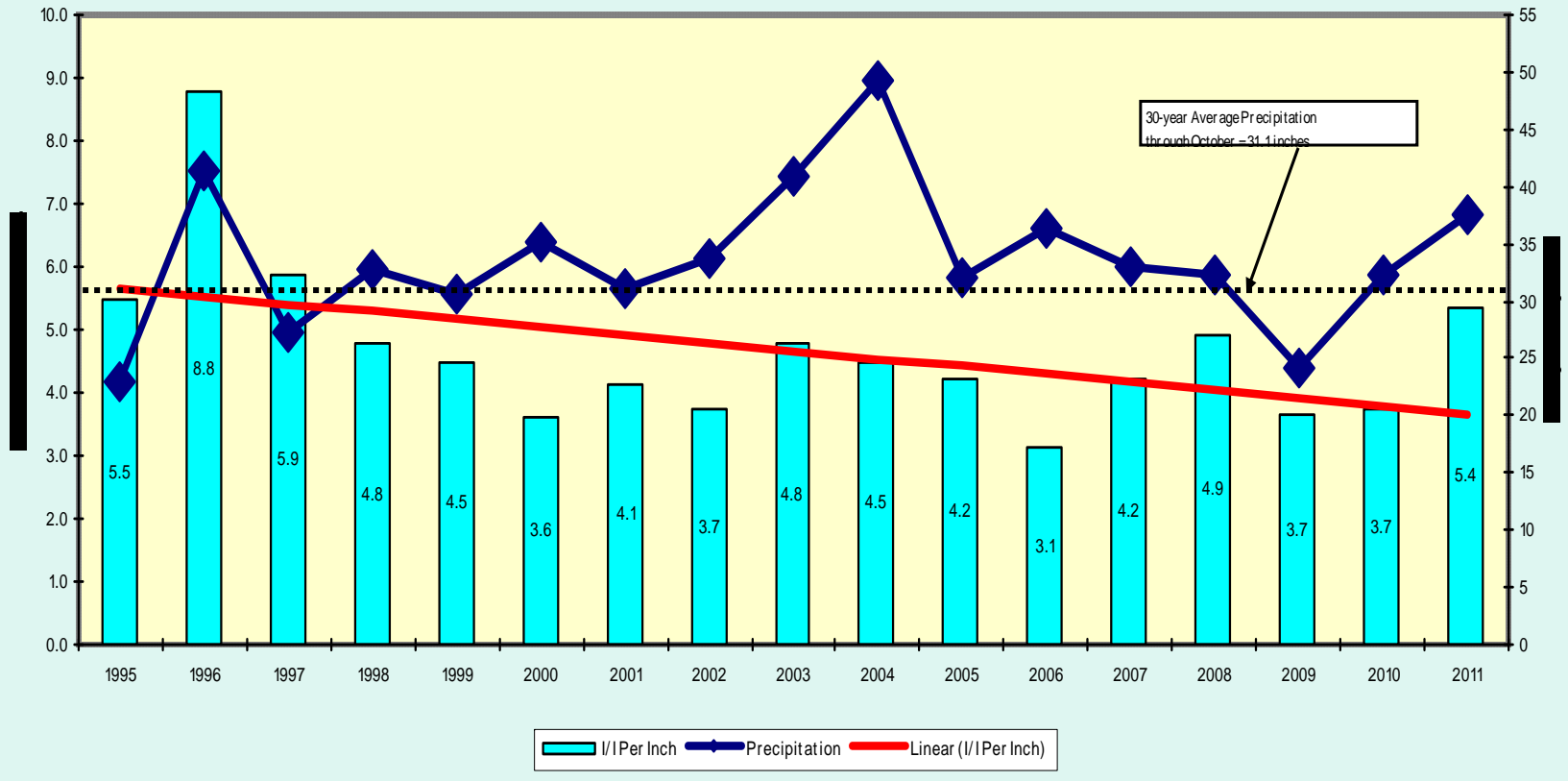
2011 Collection System Expenses

- Department is over budget by \$23,000 (3.8%)
- Major Accomplishments
 - TVed 7,000 feet of sewer (29% of target)
 - Rehabilitated 5,200 feet of sewer (43% of target)
 - Dye tested 188 homes on property transfer by PTSA staff at a charge of \$150.00 each
 - 3% failure rate (5.3% overall since 2008)
 - Dye tested 55 homes as part of area wide
 - 13 % failure rate,
 - 33 gpm of inflow during 1-in, 1-hour storm eliminated

Time of Sale Dye Tests

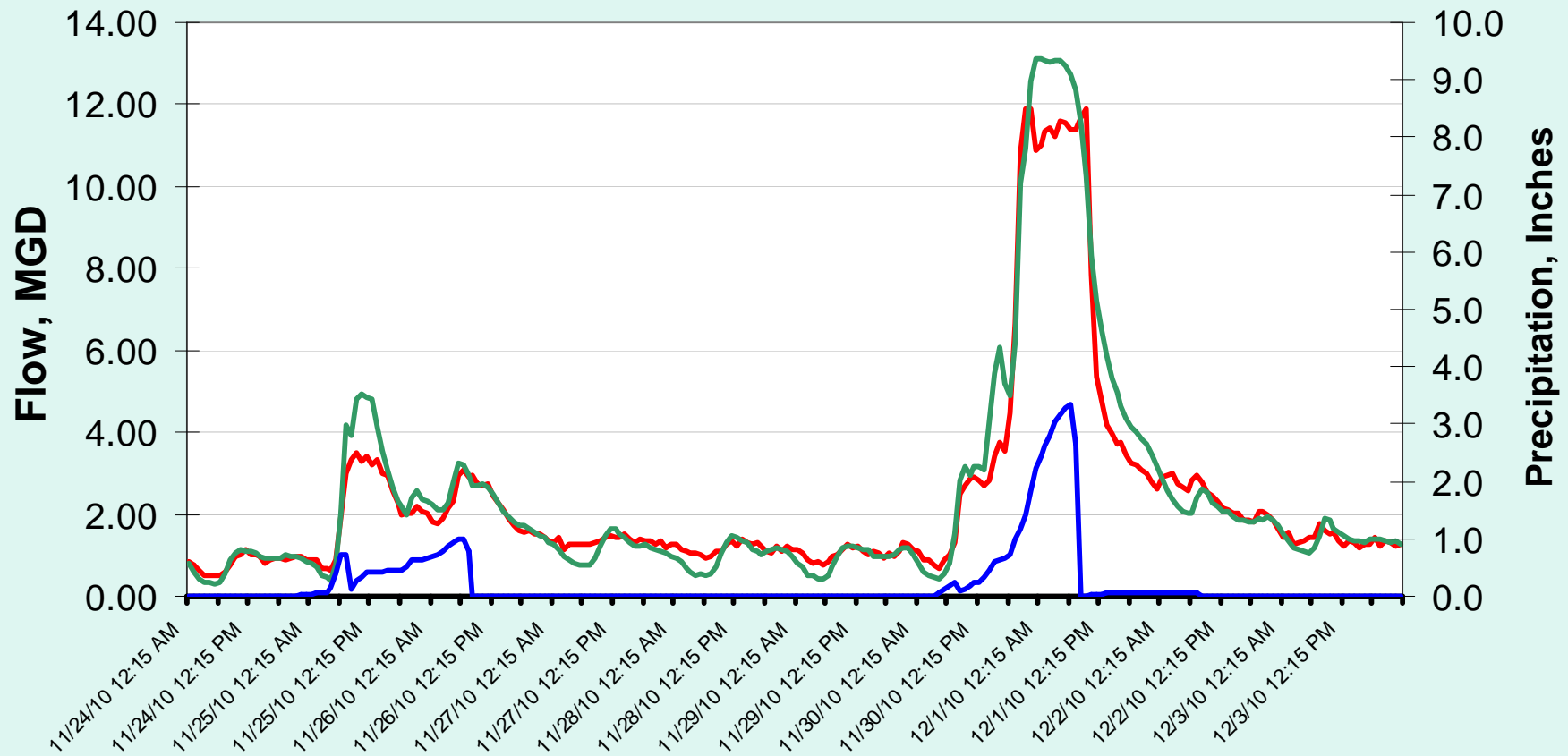


BRUSHRUNWPCP
 I/I Per Inch of Precipitation
 Local Precipitation through October



PCSA Flow vs. Brush Run WPCP Flow November 24 through December 3, 2010

— PCSA Flow — Brush Run Flow — Precipitation



Collection System – Significant Items

- Maintenance & Repair
 - Over budget by \$19,000 (14%)
 - Grout and Point Repair project,
 - Added 4 additional point repairs and 5 lateral grout
- Vehicles
 - On budget, Fuel costs relatively stable
 - 31,600 total miles vs. 2010s 35,000 miles
 - Repair expenses low (total \$6,290)
- Salary & Wages, 4 employees (currently 3)
 - Under budget by \$14,000 (6%)
 - Essentially under staffed entire year

Collection System – Significant Items

- POTW Fees
 - 3% of USC's operation and maintenance cost of their Brush Run Pump Station
 - 82 Marella Manor Customers
 - Equates to \$9.02/quarter per customer
 - Compare to \$38.25/quarter we charge

Administration Department

- Department under budget by \$46,000 (6.7%)
- Continued with Workplace Safety committee and received 5% credit on Workers Compensation premium
- Administered H2O grant and Conservation Works grant
- Updated Authority's website, significant improvement

Admin - Significant Budget Items

- Maintenance & Repair
 - Over by \$685 (24%)
 - Copier Usage
 - Color includes color prints from Laser printer
 - Copier surcharge of \$1,150 for exceeding 40,000 copies

	B&W	Color	Total
2010	30,000	1,951	31,951
2011	39,158	6,329	45,487

Administration – Significant Items

- Utilities
 - Under budget by \$700 (3%)
 - Office Power was under budget despite many days over 90 degrees
- Salary & Wages, 5 employees
 - On budget, \$324,000
- Employee Benefits
 - Under budget by \$9,100 (10.6%)
 - Due to change to HealthAmerica High Deductible

Administration – Significant Items

- Professional Services
 - Under budget by \$5,400 (8%)
 - Engineering total = \$161,860 (YTD)
 - Includes Operating, CIRF, and Developer
 - (2009 = \$240,200, 2010 = \$222,928)
 - Legal total = \$20,326 (YTD)
- Insurance
 - Under budget by \$8,100 (18%)
 - Bid insurance and lower than expected
- Administrative Services
 - Under budget by \$23,400 (22%), Grant Coordinator
 - JTS fee of 1.9% of amount collected = \$58,000

Administration- Debt Service

- \$ 74,400 less than budgeted (9%)
 - \$74,000 due to 10% bond indenture cover
- Sewer Revenue Bonds
 - Principle balance \$3,100,000
 - Final payment 9/1/2017
- Ivy Lane Pennvest Loan
 - Principle balance \$275,470
 - Final payment March 31, 2023
 - Interest rate 2.774%

Administration- Debt Service

- Total outstanding debt is \$3,375,500
 - 14.4% of Net Assets of \$23.5 million
 - Based on data from the Authority's bond insurer in 1998, a Debt to Net Assets ratio for an Operating Authority is:
 - Excellent if between 30% and 50%
 - Adequate if between 60% and 70%
 - Concerned if greater than 70%
 - After DC Borrowing still only 39%

Other Benchmarks

- Debt/EDU = \$492/EDU
- Debt/person = \$171/person
- 1992 Benchmark
 - Stronger if less than \$750/person
 - CPI Adjusted = \$1,170/person
- After DC Borrowing = \$757/person
- Brush Run Borrowing, 1996 = \$518/person, CPI adjusted=\$722

- End of 2011 Performance Summary
 - Questions?
-
- 10 minute Break
 - 2012 is not that long