

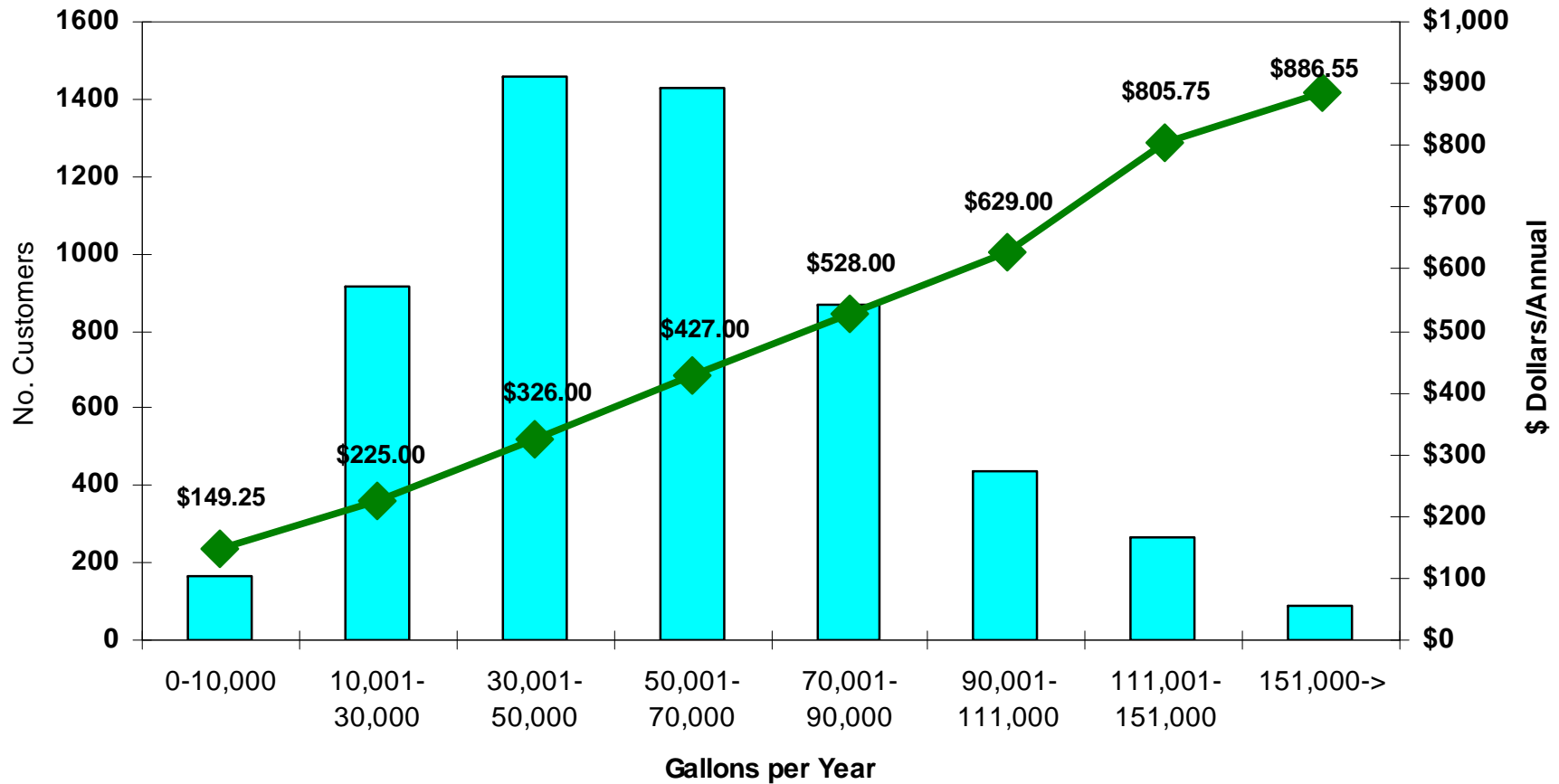
# Year 2012 Budget Request

# Introduction

- Sewer Rate increase not required
  - \$5.05/1,000 gallons water consumed
  - Plus \$31.00/quarter minimum service charge
  - Average Customer, 14,500 gals/quarter
    - Quarterly bill is \$104.23
    - Annual bill is \$417.00
    - On a monthly basis the bill is \$34.75/month.
- Last Sewer Use Rate Increase was in 2009 by 16.7%

### Residential Water Consumption Frequency Distribution Based on 2010 Annual Consumption

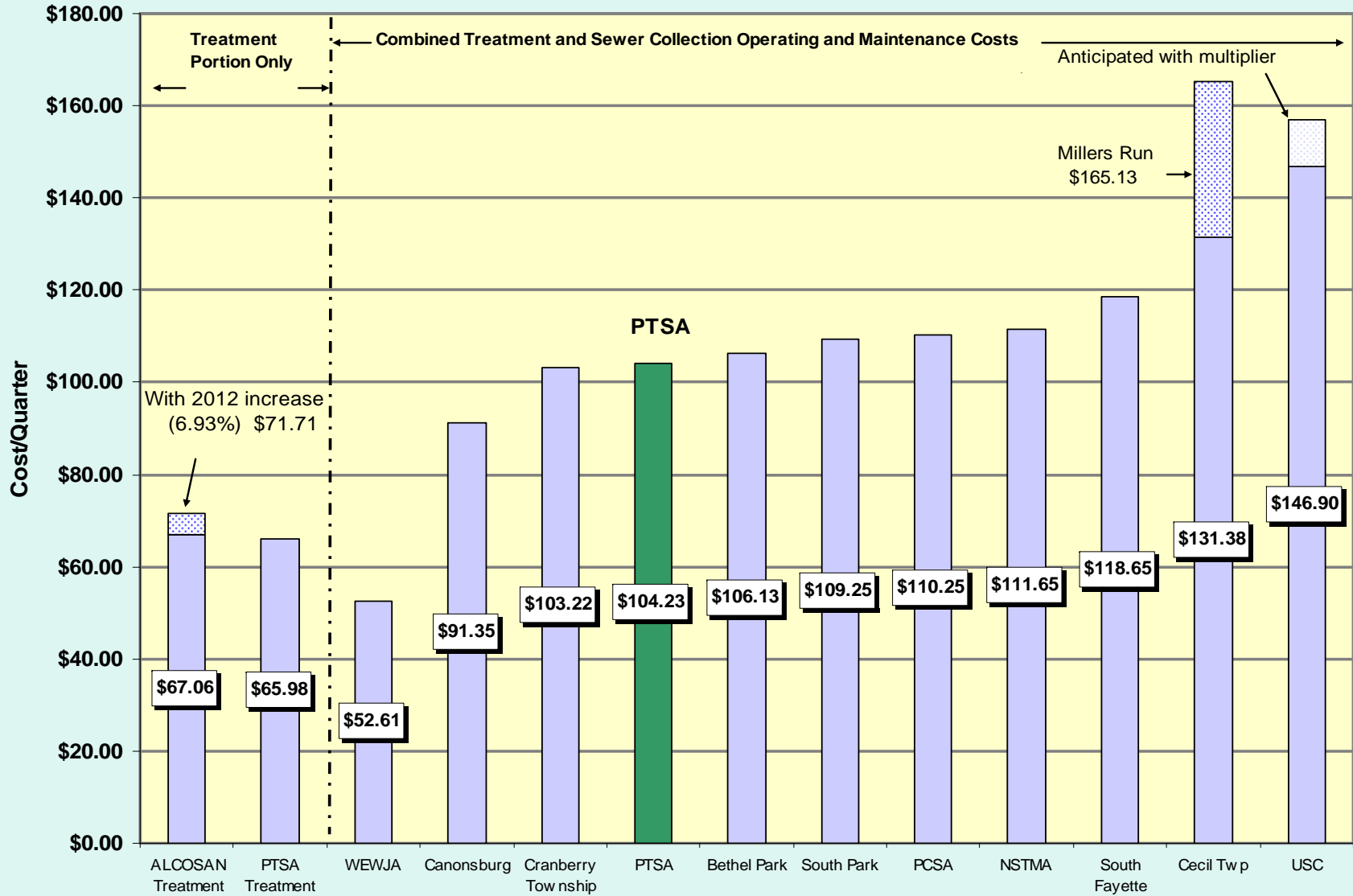
Average Consumption = 57,964 gallons/year  
Median Consumption = 53,610 gallons/year



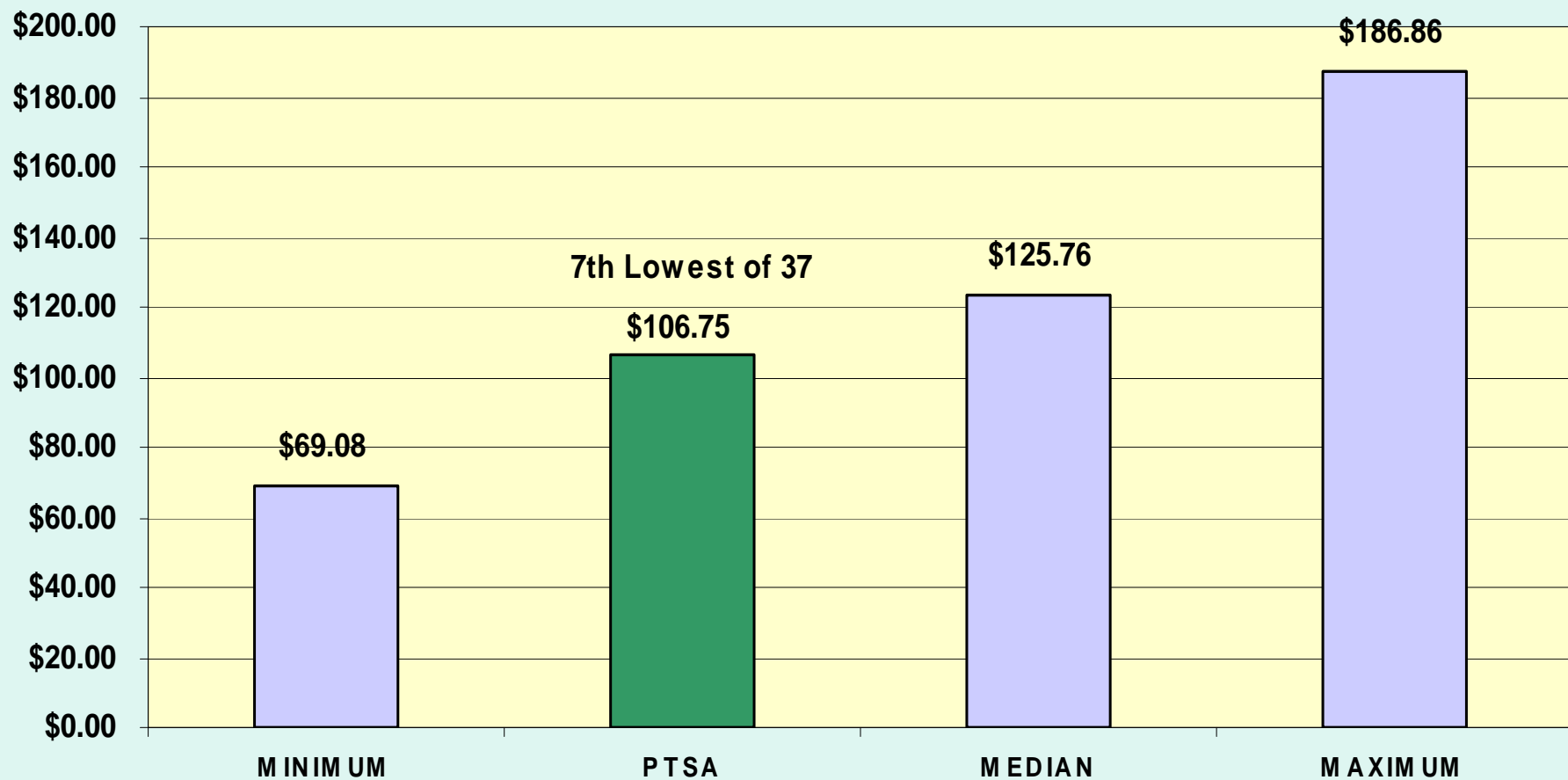
Customers
  \$ Dollars based on \$5.05/1000

# COMPARISON OF LOCAL SEWER RATES October 2011 Data for Other Communitis

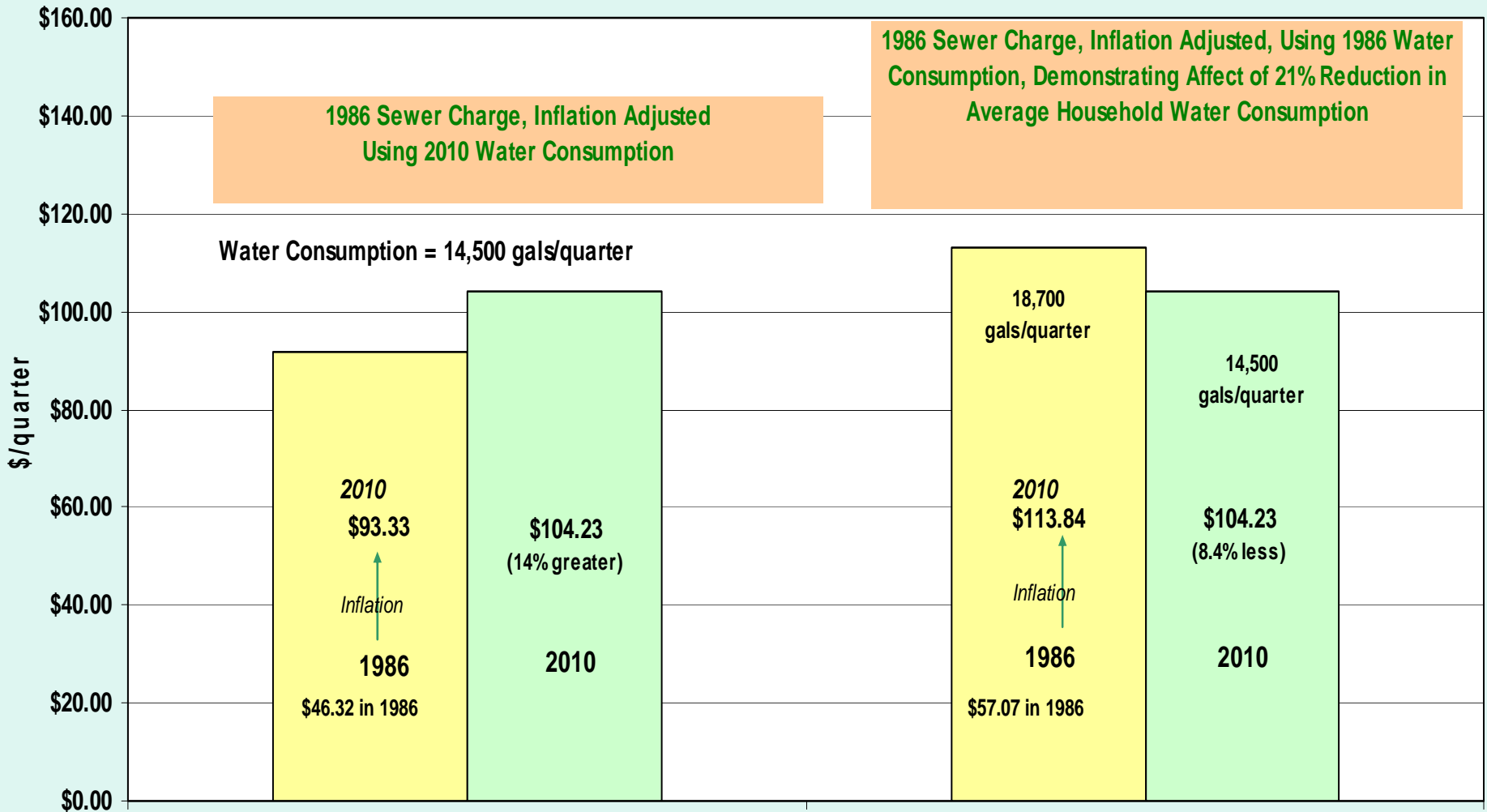
Based on 14,500 Gallons/Quarter



**PTSA vs ALCOSAN's 36 Southern Basin Communities**  
**(Quarterly Bill Based on 15,000 Gallons)**  
**2011 Update By 3 Rivers Wet Weather**



# Inflation and Water Consumption



- If Water Consumption Goes Down
- Then Our Rates Have to Go Up!

- *Management has a real concern that Residential water consumption will continue to decrease due to water conservation and energy conservation, as well as gradual reduction in the size of households*

## 2012 Operating Revenue

- Recommend No Rate Increase
- If rates are not raised then a rate increase in 2013 is a certainty:
  - On the order of 8 to 10%
  - 10% yields \$220,000 in 2013, \$294,000 2014
- DC Plant Replacement increase in 2014 or 2015
  - On the order of 15%
- Existing debt decreases in 2014 to \$475,000
- Could retire \$1,340,000 balance in early 2015

# 2012 Operating Revenue

- Total Operating Revenue \$3,028,000
  - 0% increase from 2011
- Sewer Rentals based on water consumption not decreasing further
  - with 0% increase Residential
  - 3% increase in Non-Residential (economic recovery)
    - Healthcare REIT Senior Living Facility
    - Giant Eagle Get Go and Car Wash
    - Two Hospital Outpatient Centers

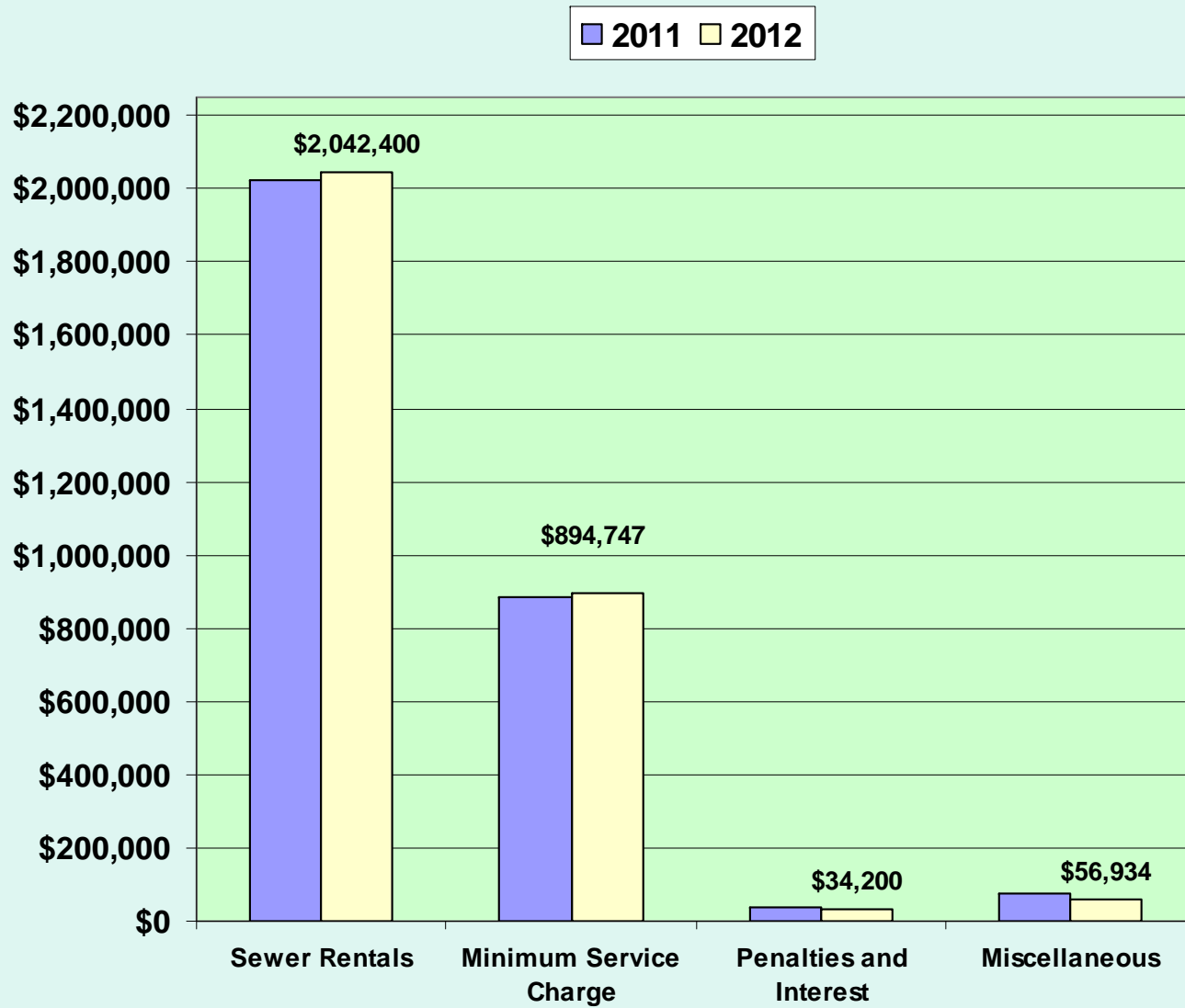
## 2012 Operating Revenue

- Minimum Service Charges
  - Based on 96 new customers
    - 24 Residential, 75 Non-Residential (not same as taps)
  - 7,145 EDUs by end of 2012
- Dye Test Fee Revenue decrease of 5%
  - decrease home sales expected (conservative)
  - \$150 fee, adequate based on average time expended

## 2012 Operating Revenue

- Energy Curtailment Program
  - Decrease from \$14,229 to \$5,876
  - Perhaps lower, due to program changes
  - 2012 Enrollment
    - Brush Run = \$4,948 *estimated*
      - *assuming Peak Load Contribution is same as 2010*
      - *Based on curtailment to 30 Kw from 175 Kw*
    - DC = \$6,928 *estimated*
      - *Based on curtailment to 0 Kw from 203 Kw*
  - *2012 Earned revenue will only be \$1,840*
    - *Perhaps less due to program changes*

## 2012 Proposed Operating Revenue Comparison with 2011



## 2012 Non-Operating Revenue

- Very little development occurring
- Tap fee reimbursements
- Tap fee is \$3,200
- 51 new taps projected (Valley View = 28 taps)
  - = \$163,200
    - But 2 expect to be reimbursed
    - Net income will be \$156,800
- Investment Interest \$45,000
- Total = \$171,900 (104% greater than 2011)

## 2012 Expenses Summary

- Combined Operating and Debt service
  - \$3,027,300
  - 5.2% greater than 2010 actual
    - Equipment Replace Allowance at \$250,500
    - 10% debt service cover
    - New debt payments for Valley View project
      - \$20,000 annual (interest only during construction)
    - Operating Expenses increase 2.3%

PETERS TOWNSHIP SANITARY AUTHORITY  
EXPENSE SUMMARY BUDGET REPORT for 2011

<i>OPERATING EXPENSES</i>	<b>Projected</b>	<b>Forecast</b>	<b>Percent</b>
	<b>Total</b>	<b>Total</b>	<b>%</b>
<b>ALL DEPARTMENTS</b>	<b>2011</b>	<b>2012</b>	<b>Difference</b>
<b>Total Miscellaneous</b>	\$ 3,200	\$ -	NA
<b>Consumable Supplies</b>			
Material & Supplies	\$ 40,346	\$ 42,160	4.5%
Chemicals	33,080	41,210	24.6%
Lab Supplies	19,277	21,760	12.9%
<b>Total Consumable Supplies</b>	\$ 92,703	\$ 105,130	13.4%
<b>Total Vehicles</b>	\$ 29,986	\$ 37,200	24.1%
<b>Total Equipment/Facilities</b>	\$ 283,079	\$ 284,025	0.3%
<b>Total Maintenance &amp; Repair</b>	\$ 186,284	\$ 185,830	-0.2%
<b>Total Utilities</b>	\$ 195,290	\$ 201,336	3.1%
<b>Total Biosolids</b>	\$ 72,300	\$ 81,000	12.0%
<b>Personnel</b>			
Salary & Wages	\$ 742,140	\$ 771,207	3.9%
Employee Benefits	212,721	220,540	3.7%
Travel/Training/Meetings	10,054	12,150	20.8%
<b>Total Personnel</b>	\$ 964,915	\$ 1,003,897	4.0%
<b>Total Computers/Networking</b>	\$ 15,985	\$ 10,500	-34.3%
<b>Total POTW Fees</b>	\$ 23,850	\$ 30,600	28.3%
<b>Total Professional Services</b>	\$ 108,003	\$ 82,830	-23.3%
<b>Total Insurance</b>	\$ 47,587	\$ 50,570	6.3%
<b>Total Administrative Services</b>	\$ 83,969	\$ 83,200	-0.9%
<b>TOTAL OPERATING EXPENSES</b>			
<b>ALL DEPARTMENTS COMBINED</b>	\$ 2,107,150	\$ 2,156,117	2.3%
<b>DEPARTMENT SUBTOTALS</b>			
<b>TREATMENT</b>	\$ 823,792	\$ 898,181	9.0%
<b>COLLECTION</b>	\$ 639,667	\$ 605,258	-5.4%
<b>ADMINISTRATION</b>	\$ 643,692	\$ 652,679	1.4%
<b>DEBT SERVICE</b>	\$ 770,041	\$ 871,143	13.1%
<b>GRAND TOTAL EXPENSES</b>	\$ 2,877,191	\$ 3,027,261	5.2%

## Treatment Expense - Detail

- Department expenses will increase 9%
- Chemicals
  - 25% increase
  - Planned Increased use of bicarbonate to buffer digester to improve operation
  - Chlorine cost to remain the same
  - Diffuser cleaning at Brush Run (\$4,000)
- Lab
  - 13% increase

# Treatment Expense - Detail

- Vehicles
  - 79% increase, allowing for increase in fuel and Tanker truck repairs, and address rust
- Equipment/Facilities
  - 1.5% decrease
  - \$145,000 Equipment Replacement Allow (same as 2011)
- Maintenance & Repair
  - 17% increase
  - Brush Run Blower overhaul based on running hours

# Treatment Expense - Detail

- Utilities
  - Electrical Power 4% increase
    - To minimize odors at Brush Run
  - Power Generation/Transmission Charges Contracted
    - Treatment Plants, First Energy
      - Brush Run = 5.64 cents/Kwh, 36 months (about 24 remaining)
      - DC = 5.58 cents/Kwh, 36 months
    - Pump Stations/office
      - 6.1 cents/Kwh, 30 months (about 18 remaining)
  - Natural gas 21% decrease
    - Energy improvements realized in early 2011

## Treatment Expense - Detail

- Biosolids
  - Re-bid in October, 2011 (7.2% increase)
  - \$40.75/ton until October, 2012, then \$41.97/ton
  - Overall 12% increase in disposal cost

# Treatment Expense - Detail

- Personnel
  - Salary & Wages, 1.1% contract increase
  - 16.5% budget increase due to new employee
    - Hired at lower probationary rate in 2011
    - Allocation of Collection Dept. Weekend hours
  - Postpones filling vacant position until April
  - Health & Welfare
    - Hospitalization projected to increase 8%
  - Pension
    - Based on contract contribution to Pension Fund
    - Combined wage and pension increase is 2.1%

## Treatment Expense - Detail

- **POTW Fees**
  - Marella Manor service
  - Required to budget 120% of estimate
  - ALCOSAN is raising rates in 2012, 6.9%
- **Professional Services**
  - Most is charged to Admin Department
  - Engineering supported associated with Marella Manor/ALCOSAN is charged to the Sewer Collection Department

## Collection System Expense Detail

- Department decrease by 5% due to operating with one person short until April 2012
- Vehicles
  - 12% increase, based on expected fuel increases
  - Need to address rust on dump truck
- Maintenance & Repair
  - decreased by 4%
  - \$90,000 for manhole grouting, sewer line grouting, and excavation point repairs
  - Planned sewer grouting/point repairs to VCP sewers tributary to Stratford Manor Pump Station

# Collection System Expense Detail

- Maintenance & Repair
  - \$20,000 to address crushed pipe of Pleasant View
- Utilities
  - Planned 2% decrease
- POTW Fees
  - USC 3% operation/maintenance of Brush Run PS
  - Increased allowance by 35%
  - 2010 amount of \$3,504 indicates \$117,000 spent on system about size of DC sewer system
  - Much of it would be power expense

## Administration Expense Detail

- Department slight decrease, but when debt service is included an increase of 8% (Valley View)

# Administration Expense Detail

- **Utilities**
  - Increase 2%
- **Salary & Wages**
  - Memo sent to members
  - Action usually taken at the January meeting

## Administration Expense Detail

- Travel/Training/Meetings
  - Member meeting stipend at \$50/meeting
  - Memberships include:
    - PMAA, Office employee professional memberships
  - Attendance at local seminars for professional development
- Professional Services
  - Engineer seeking rate increase, 4%
  - Solicitor not seeking rate increase

## Administration Expense Detail

- Insurance
  - Allowing for a 7% increase
- Administrative Services
  - JTS fee 1.9% of amount collected
  - Newsletters
  - Grants Coordinator \$1,000/month

# Administration Expense Detail

- Non-Operating Expenses
  - Increase by 13% (debt service cover)
  - Pennvest Loan – Ivy Lane Project
  - Charleroi Bank Loan – Valley View Project
- Depreciation Expense
  - Not budgeted directly
  - To cover projected depreciation expense
    - Equipment Replacement Allowance would have to increase to \$370,000 from \$250,500.
- End of 2012 Presentation
- Questions
- 10 minute break, then Capital Plan