

MOHAWK VALLEY WATER AUTHORITY
FISCAL 2012-2013 PROPOSED BUDGET
EXECUTIVE SUMMARY

Budget Workshop: January 11, 2012

Budget Assumptions

- Consumption levels lower by 6-8 million cubic feet (approx. 2.0%) compared to prior year;
- 1.0% on Water Rates = \$182,892;
- Salaries/ Wages: Teamsters settled at 2.5% for FY 2013; Remaining Staff: An allowance for negotiated settlements has been established for both FY 2012 and FY 2013;
- Workforce realignment—Savings of approximately \$155,000;
- Increase “Cash Carried Forward” by an additional \$182,000 = 1.0% on rates.
- Health Insurance: Assumption all employees eventually move from Premium Plan to Select Plan—Savings approx. \$130,000--\$150,000;
- Restore Granulated Activated Carbon (GAC) as operating expense--\$1 million;
- Bonding:
 - a. Total Estimate--\$9 Million: Automated Meter Reading (AMR)--\$6 Million; Sothern Tank Project \$2.75 Million; Closing Costs--\$250,000;
 - b. Minimize effect on water rates by paying “interest-only” in first year; this will reduce debt service by half in the FY 2013 year;
 - c. \$73,300 debt service per \$1 Million bonding. Semi-annual payments for 20 years;
- Maintain Capital Maintenance Reserve--\$750,000.

Highlights:**Effect on Existing
Rate Structure**

("Line #"—reference line on Summary Statement)

1. Line 4 —Revenue from Timber Sales--\$100,000	(.55%)
2. Line 5 --"Cash carried forward" from prior years savings used to balance the budget increased \$182,000 to \$732,000. Equivalent to 4.0% on rates.	(1.00%)
3. Line 8 —Reduction in legal fees of approximately (\$80,000)	(.50%)
4. Line 9 —Credit Card charges increased \$70k; banking services/loss of earnings credit--\$30k	.60%
5. Lines 8-18 —Mandated Retirement payout--no significant change	0.00%
6. Lines 8-18 —Health Insurance decrease (\$140,000) to \$1.4 million.	(.80%)
7. Line 8-18 —Staff Realignment (including benefits)—(\$155,000)	(.85%)
8. Line 8-18 —Projected/ Negotiated Salary adjustments	.35%
9. Lines 8-18 —All other operating costs /vehicles/equipment decreased by (\$116,000)	(.60%)
10. Line 15 —Chemicals (non-GAC) at Treatment Plant estimated increase--\$138,000	.74%
11. Line 16 —Maintenance supplies and parts--\$66,000	.36%
12. Line 20 —Restore granulated activated carbon (GAC) re-occurring operating cost--\$1,000,000	5.5%
13. Line 24 —Reduction in debt service due to two EFC refinancing--\$(210,000). Total Debt Service--\$5.0 million.	(1.2%)
14. Line 30 —PILOT payments increase \$100,000. Total PILOTs--\$1.5 million.	.55%
15. Line 30 —Capital Maintenance Reserve maintained at \$750,000 annually.	0.0%
16. Line 25-26 —New bonding and bond reserve requirement (see above assumptions)	2.0%