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South Central Wastewater Authority Board of Directors Meeting

DATE: May 19, 2016
TIME: 2:00 PM
LOCATION: Appomattox River Water Authority
Board Room, Administration Building
21300 Chesdin Road
Petersburg, Virginia 23803

AGENDA

1. Call to Order/Roll Call
2. Approval of Minutes: Minutes of the Regular Meeting of the Board on March 17, 2016.
3. Public Comment
4. Executive Director's Report:
 - Discussion of Invoice Late Payment Interest Charge
 - Status Report: Ongoing Projects/Financials
5. Approval of Proposed Fiscal Year 2016-2017 Budget
6. Items from Counsel
7. Executive Session
8. Other Items from Board Members/Staff Not on Agenda:
9. Adjourn

Cc:W. Dupler/George Hayes, Chesterfield
D. Harrison, Petersburg Public Works
C. England, Prince George
W. Henley, Colonial Heights
K. Massengill, Dinwiddie County
A. Anderson, McGuire Woods

1. Call to Order/Roll Call

2. Approval of Minutes: Minutes of the Regular Meeting of the Board on March 17, 2016.

Following are the minutes of the March 17, 2016 South Central Wastewater Authority Board of Directors Meeting.

Absent any corrections or revisions, we recommend approval of the minutes as submitted.

BOARD OF DIRECTORS MEETING
South Central Wastewater Authority
Date: March 17, 2016 at 2:00 p.m.
Location: South Central Wastewater Authority
900 Magazine Road, Petersburg, Virginia

PRESENT:

Robert B. Wilson, Chairman (Dinwiddie)
Percy Ashcraft, Vice-Chairman (Prince George)
Thomas L. Mattis, Secretary/Treasurer (Colonial Heights)
William Dupler (Alternate, Chesterfield)
Daniel Harrison (Alternate, Petersburg)
Kevin Massengill, (Dinwiddie)
George Hayes (Alternate, Chesterfield)
Charles England (Alternate, Prince George)

ABSENT:

James J.L. Stegmaier, (Chesterfield)
William Henley (Alternate, Colonial Heights)

STAFF:

Robert C. Wichser, Executive Director, (ARWA & SCWWA)
James C. Gordon, Asst. Executive Director (ARWA & SCWWA)
Arthur Anderson (McGuire Woods)
Melissa Wilkins, Accounting/Office Manager (ARWA & SCWWA)
Kathy Summerson, Administrative Assistant (SCWWA)

OTHERS:

Brennen Keene (McGuire Woods)
Chris Tabor (Hazen & Sawyer)
Roy Covington (Arcadis)
Dironna Belton (Petersburg)
Paul Williams (Tinsley Charter Homeowners Assoc.)

Mr. Wilson, Chairman, called the meeting to order at 4:00 p.m.

1. Call to Order/Roll Call.

The roll was called.

2. Approval of Minutes: Minutes of the Regular Meeting of the Board January 21, 2016.

Upon a motion made by Mr. Dupler and seconded by Mr. Harrison the following resolution was adopted:

RESOLVED, that the minutes of the Regular Meeting of the Board on January 21, 2016 are hereby approved:

For: 5 Against: 0 Abstain: 0

3. Public Comment

There were no public comments.

4. Executive Director Report

• **Approval of Wastewater Improvements Project**

Dr. Wichser reviewed the bid results on the Wastewater Improvements Project. A request was made to the Board for award of the Wastewater Improvements Project to Waco Inc. of Richmond, Virginia in the amount of \$458,000 with the Executive Director approved for an additional project amount of \$45,860 to be used if deemed necessary to complete the project. The additional funds of \$44,460 over the budgeted amount would be transferred from the Equipment Replacement and Reserve Fund.

Upon a motion made by Mr. Dupler and seconded by Mr. Harrison, the following resolution was adopted:

RESOLVED, that the Board authorizes the Executive Director to award the SCWWA Wastewater Facility Improvements Project to Waco Inc., of Richmond, Virginia in the amount of \$458,600 and that the Executive Director is authorized to execute necessary change orders in additional amounts, if deemed necessary to complete this project, not to exceed ten percent of the construction costs (\$45,860). Total expenditures for this project including engineering will not exceed \$544,460.

For: 5 Against: 0 Abstain: 0

• **Status Report: Ongoing Projects/Financials**

Mr. Gordon reviewed the Status Report of Ongoing Projects/Financials. Mr. Dupler requested a copy of the Authority's Septage Rules and Regulations.

5. Public Hearing/Comments: Fiscal Year 2016-2017 Proposed Operating Budget

Mr. Wilson opened the floor for public comments at 4:32 p.m. There were no comments and it was closed at 4:33 p.m.

Mr. Mattis questioned if the construction line in the proposed FY16/17 budget should be pulled out of the O&M for calculation of the 50% reserves.

(Note: April 2016 Memo to the Board was developed to address this question.)

6. Items from Counsel

There were no items from Counsel.

7. Executive Session

There was no Executive Session.

8. Other Items from Board Members/Staff Not on Agenda

Mr. Ashcraft brought up that he felt a regional work session was needed. There was much discussion between Mr. Mattis and Mr. Ashcraft related to issues about ARWA.

Mr. Wilson made a motion for Mr. Mattis to serve out the unexpired Secretary/Treasurer term of Mr. William Johnson until December 31, 2016.

For: 5 Against: 0 Abstain: 0

9. Adjourn

Upon a motion made by Mr. Harrison and seconded by Mr. Mattis the meeting was adjourned at 5:03 p.m.

The next Board meeting is scheduled for Thursday, May 19, 2016 at 2:00 p.m. at the Appomattox River Water Authority.

MINUTES APPROVED BY:

Thomas L. Mattis
Secretary/Treasurer

3. Public Comment

The Guidelines for Public Comment are:

GUIDELINES FOR PUBLIC COMMENT AT SCWWA/ARWA BOARD OF DIRECTORS MEETINGS

If you wish to address the SCWWA/ARWA Board of Directors during the time allocated for public comment, please raise your hand or stand when the Chairman asks for public comments.

Members of the public requesting to speak will be recognized during the specific time designated on the meeting agenda for "Public Comment Period." Each person will be allowed to speak for up to three minutes.

When two or more individuals are present from the same group, it is recommended that the group designate a spokesperson to present its comments to the Board and the designated speaker can ask other members of the group to be recognized by raising their hand or standing. Each spokesperson for a group will be allowed to speak for up to five minutes.

During the Public Comment Period, the Board will attempt to hear all members of the public who wish to speak on a subject, but it must be recognized that on rare occasion presentations may have to be limited because of time constraints. If a previous speaker has articulated your position, it is recommended that you not fully repeat the comments and instead advise the Board of your agreement. The time allocated for speakers at public hearings are the same as for regular Board meeting, although the Board can allow exceptions at its discretion.

Speakers should keep in mind that Board of Directors meetings are formal proceedings and all comments are recorded on tape. For that reason, speakers are requested to speak from the podium and wait to be recognized by the Chairman. In order to give all speakers proper respect and courtesy, the Board requests that speakers follow the following guidelines:

- Wait at your seat until recognized by the Chairman;
- Come forward and state your full name and address. If speaking for a group, state your organizational affiliation;
- Address your comments to the Board as a whole;
- State your position clearly and succinctly and give facts and data to support your position;
- Summarize your key points and provide the Board with a written statement or supporting rationale, when possible;
- If you represent a group, you may ask others at the meeting to be recognized by raising their hand or standing;
- Be respectful and civil in all interactions at Board meetings;
- The Board may ask speakers questions or seek clarification, but recognize that Board meetings are not a forum for public debate; Board Members will not recognize comments made from the audience and ask that members of the audience not interrupt the comments of speakers and remain silent while others are speaking so that other members in the audience can hear the speaker;
- The Board will have the opportunity to address public comments after the Public Comment Period has been closed;
- At the request of the Chairman, the Executive Director may address public comments after the session has been closed as well; and
- As appropriate, staff will research questions by the public and respond through a report back to the Board at the next regular meeting of the full Board. It is suggested that citizens who have questions for the Board or staff submit those questions in advance of the meeting to permit the opportunity for some research before the meeting.

4. Executive Director's Report:

- Discussion of Invoice Late Payment Interest Charge

Existing SCWWA/ARWA Late Payment Penalty Charges

Taken from the existing Service Agreements:

SCWWA: "A rate of 1 point above the prime interest rate announced from time to time by the bank with which the Authority maintains its primary banking relationship".

SCWWA grace period: 30 days after receipt of the invoice

ARWA: "Interest on the amount owed shall accrue at the Default Rate from the date such payment becomes due until paid in full".

Default Rate: Means the Treasury Rate plus 3.00%, [determined on the due date of the payment to which the Default Rate relates or, if applicable, on the last day of the grace period for making of such payment].

ARWA grace period: By the 25th of the month the invoice was sent.

Late Payment Penalty Charges of ARWA/SCWWA Members Agencies

Dinwiddie County: 10% if paid after cut-off date

City of Colonial Heights: 8% if paid after the 25th

Prince George County: 8% if paid after the 15th

- Status Report: Ongoing Projects/Financials

Following are memorandums concerning the Ongoing Project, Financial Status, and Inflow and Infiltration at the SCWWA

MEMORANDUM

TO: SOUTH CENTRAL WASTEWATER AUTHORITY BOARD OF DIRECTORS

FROM: JAMES C. GORDON, ASSISTANT EXECUTIVE DIRECTOR

REVIEWED BY: ROBERT C. WICHSER, EXECUTIVE DIRECTOR

SUBJECT: STATUS REPORT – ON-GOING PROJECTS

DATE: May 19, 2016

The following projects are underway. This report includes sections on Capital projects and large replacement projects.

Electrical Project Phase 1

- This project is nearing completion.
- Change Order No. 2 is in process to include remote start/stop for conveyors, adding a Red Lion Control for Mixer No. 2 VFD, and miscellaneous breakers and ground wires.

Electrical Project Phase 2

- The contract was awarded to ICSE
- A kickoff meeting was held on 2.11.2016 with ICSE, Staff, and WW Associates
- Notice to proceed was provided on 2.29.2016 and contract completion is 240 days.
- Virginia A&E has installed a load monitoring device on Pump Building 1 to monitor actual loads. This has been done due to a determination by the contractor relative to existing wiring and breaker sizing. The monitor is to be removed on May 19th. A determination will be made at that time relative to any modifications required due to this wiring size.

Wastewater Treatment Plant Improvements Project

- This project includes replacement of scum troughs in the primary clarifiers, provisions for fabric covers on a section of the primary clarifiers, and launder covers on Final Clarifier No.'s 3 and 4.
- Waco has been awarded the project and we have had the preconstruction meeting.
- Time of Completion is 210 days. Notice to Proceed date was April 4, 2016.
- Currently we are awaiting shop drawing submissions.

MEMORANDUM

TO: SOUTH CENTRAL WASTEWATER AUTHORITY BOARD OF DIRECTORS

**FROM: ROBERT C. WICHSER, EXECUTIVE DIRECTOR
JAMES C. GORDON, ASST. EXECUTIVE DIRECTOR**

SUBJECT: STATUS REPORT

DATE: May 19, 2016

Financial Report:

- The Operating YTD Budget Performance for the period ending April 30, 2016 is attached for review.

Operating Fund:

- The South Central Wastewater Authority's checking account balance was \$2,848,578.72 as of April 30, 2016.

Equipment Replacement and Reserve Fund (ERRF):

- The South Central Wastewater Authority's ERRF Checking Account balance was \$1,873,071.61 as of April 30, 2016.

Status Report:

General:

- The next Board of Directors Meeting is scheduled for 2:00 PM on Wednesday June 15, 2016 at the Appomattox River Water Authority.
- The plant is currently accepting up to 16 loads of storm water from Waste Management's Atlantic Landfill in Sussex.

Status of Nutrient Waste-load

- Total Phosphorus (TP)
 - Waste-load allocation Total Phosphorus: 35,024 lbs. on a calendar basis
 - Proportional waste-load through April 2016 = 11,675 lbs. Total actual waste-load through April 2016 was 8,269 lbs. (At this time, the SCWWA is 3,406 lbs. of TP under our expected waste-load allocation for this point in the year)
 - Note: The SCWWA is locked-in to purchasing an additional 17,576 credits for 2016.
- Total Nitrogen (TN)
 - Waste-load allocation Total Nitrogen: 350,239 lbs. on a calendar basis
 - Proportional waste-load through April 2016 = 116,746 lbs. Total actual waste-load through April 2016 was 146,698 lbs. (At this time, the SCWWA is 29,952 lbs. of TN over our expected waste-load allocation for this point in the year.)
 - Note: The SCWWA is locked-in to purchasing an additional 283,352 credits for 2016

Operations:

- Plant effluent met all discharge permit requirements for the month of March and April. Copies of the discharge monitoring reports (DMR's) for the VPDES permit and the general permit are available if anyone would like to see them.

Maintenance:

- Staff continues to work on running conduit and fiber for the network upgrade.
- The final Grit Pump has been installed and started up by the representative. Staff will now focus on the installation of the new grit piping.
- The new Franklin Miller is functioning well.

Laboratory

- Staff continue to perform their pretreatment inspections and sampling
- A kick off meeting between staff, Virginia Linen Service, and Hazen and Sawyer is scheduled for May 27th. This meeting is part of their Consent Order.

South Central Wastewater Authority
Year-to-Date Operating Budget Performance
April 2016

	<u>Apr 16</u>	<u>Budget</u>	<u>% of Budget</u>	<u>Jul '15 - Apr 16</u>	<u>YTD Budget</u>	<u>% of Budget</u>	<u>Annual Budget</u>
Ordinary Income/Expense							
Income							
40200 · Septage/Misc Revenue	10,522.95	8,750.00	120.26%	603,348.23	87,500.00	689.54%	105,000.00
40300 · Electricity - Credit	0.00	187.50	0.0%	21,148.34	1,875.00	1,127.91%	2,250.00
40700 · O&M Revenue	616,751.14	576,077.33	107.06%	6,054,374.57	5,760,773.33	105.1%	6,912,928.00
40720 · ER&RF Revenue	48,126.20	48,126.20	100.0%	481,262.00	481,261.98	100.0%	577,514.38
Revenue from FY14/15 for Clarifier 3 Project				453,938.40	453,938.40	100.0%	453,938.40
Revenue from FY14/15 for Electrical Phase 1 Project				513,350.00	513,350.00	100.0%	513,350.00
47000 · Purchase Discounts	568.34			820.99			
Total Income	<u>675,968.63</u>	<u>633,141.03</u>	<u>106.76%</u>	<u>8,128,242.53</u>	<u>7,298,698.71</u>	<u>111.37%</u>	<u>8,564,980.78</u>
Gross Profit	675,968.63	633,141.03	106.76%	8,128,242.53	7,298,698.71	111.37%	8,564,980.78
Expense							
51000 · Salary	135,300.06	147,416.67	91.78%	1,330,425.47	1,474,166.67	90.25%	1,769,000.00
52000 · Employee Benefits							
52100 · Employer FICA	9,906.68	11,291.00	87.74%	100,586.87	112,916.00	89.08%	135,500.00
52200 · Virginia Retirement System	16,684.34	13,000.00	128.34%	135,053.65	130,000.00	103.89%	156,000.00
52300 · Hospitalization Insurance	39,931.00	34,666.67	115.19%	356,055.47	346,666.66	102.71%	416,000.00
52400 · Group Life & Disability	1,524.78	1,933.33	78.87%	8,548.61	19,333.34	44.22%	23,200.00
52450 · Supplemental Group Life	104.64	125.00	83.71%	893.18	1,250.00	71.45%	1,500.00
52500 · Health Insurance Credit	0.00	0.00	0.0%	1,500.00	1,500.00	100.0%	1,500.00
Total 52000 · Employee Benefits	<u>68,151.44</u>	<u>61,016.00</u>	<u>111.69%</u>	<u>602,637.78</u>	<u>611,666.00</u>	<u>98.52%</u>	<u>733,700.00</u>
53000 · Contractual Services							
53121 · Auditing Services	0.00	0.00	0.0%	12,500.00	17,000.00	73.53%	17,000.00
53122 · Accounting Services	0.00	0.00	0.0%	6,494.97	10,000.00	64.95%	10,000.00
53140 · Consulting Engineers	3,260.00	5,000.00	65.2%	53,646.92	50,000.00	107.29%	60,000.00
53150 · Legal Services	0.00	3,750.00	0.0%	19,148.61	37,500.00	51.06%	45,000.00
53152 · Software Support	4,204.15	3,333.33	126.13%	30,837.76	33,333.34	92.51%	40,000.00
53160 · Medical	249.00	291.67	85.37%	2,919.00	2,916.66	100.08%	3,500.00
53162 · Bank Service Charges	-620.45	291.67	-212.72%	548.51	2,916.66	18.81%	3,500.00
53170 · Pmt In Lieu Taxes-Real Est Tax	0.00	2,791.67	0.0%	23,829.99	27,916.66	85.36%	33,500.00
53190 · Samples and Testing	4,997.79	3,725.00	134.17%	42,135.74	37,250.00	113.12%	44,700.00
53220 · VPDES Permit Fee	0.00	0.00	0.0%	9,557.00	9,500.00	100.6%	9,500.00
53320 · Maintenance Service Contracts	1,723.44	1,083.00	159.14%	6,795.42	10,833.00	62.73%	13,000.00
53600 · Grounds Maintenance	2,650.00	2,083.33	127.2%	19,117.53	20,833.34	91.76%	25,000.00
Total 53000 · Contractual Services	<u>16,463.93</u>	<u>22,349.67</u>	<u>73.67%</u>	<u>227,531.45</u>	<u>259,999.66</u>	<u>87.51%</u>	<u>304,700.00</u>
55000 · Other Charges							
55050 · Advertising	0.00	333.33	0.0%	7,651.37	3,333.34	229.54%	4,000.00
55110 · Electricity	31,942.05	34,166.67	93.49%	328,688.62	341,666.66	96.2%	410,000.00
55120 · Natural Gas	1,369.89	1,666.67	82.19%	10,341.11	16,666.66	62.05%	20,000.00
55130 · Solid Waste	575.81	208.33	276.39%	1,939.86	2,083.34	93.11%	2,500.00
55140 · Water	2,565.80	625.00	410.53%	4,922.44	6,250.00	78.76%	7,500.00
55150 · Stormwater	2,360.65	458.33	515.06%	4,249.17	4,583.34	92.71%	5,500.00
55160 · Sludge Disposal	53,145.10	30,125.00	176.42%	207,354.68	301,250.00	68.83%	361,500.00

South Central Wastewater Authority
Year-to-Date Operating Budget Performance
April 2016

	<u>Apr 16</u>	<u>Budget</u>	<u>% of Budget</u>	<u>Jul '15 - Apr 16</u>	<u>YTD Budget</u>	<u>% of Budget</u>	<u>Annual Budget</u>
55210 · Postage and Freight	112.11	166.67	67.27%	4,130.06	1,666.66	247.81%	2,000.00
55230 · Telecommunications	1,222.41	1,166.67	104.78%	12,154.22	11,666.66	104.18%	14,000.00
55308 · General Liability Insurance	0.00	0.00	0.0%	55,687.00	70,000.00	79.55%	70,000.00
55410 · Lease/Rent of Equipment	334.57	916.00	36.53%	8,642.35	9,166.00	94.29%	11,000.00
55530 · Meals and Lodging	333.29	625.00	53.33%	4,416.05	6,250.00	70.66%	7,500.00
55540 · Education and Training	1,660.91	3,416.00	48.62%	17,903.65	34,166.00	52.4%	41,000.00
Total 55000 · Other Charges	95,622.59	73,873.67	129.44%	668,080.58	808,748.66	82.61%	956,500.00
56000 · Materials and Supplies							
56001 · Office Supplies	2,778.38	1,458.33	190.52%	12,177.28	14,583.34	83.5%	17,500.00
56004 · Laboratory Supplies	1,315.95	4,125.00	31.9%	42,805.28	41,250.00	103.77%	49,500.00
56005 · Process Chemicals	31,675.09	47,833.00	66.22%	408,464.01	478,333.00	85.39%	574,000.00
56007 · Repair and Maintenance Supplies	29,848.33	36,333.00	82.15%	409,510.44	363,333.00	112.71%	436,000.00
56008 · Vehicle and Equipment Fuels	1,021.92	2,733.00	37.39%	18,268.89	27,333.00	66.84%	32,800.00
56010 · Janitorial Supplies	469.04	666.67	70.36%	5,722.27	6,666.66	85.83%	8,000.00
56011 · Uniforms	1,049.26	1,875.00	55.96%	15,102.89	18,750.00	80.55%	22,500.00
56012 · Dues and Subscriptions	172.00	2,666.67	6.45%	36,821.35	26,666.66	138.08%	32,000.00
56015 · Small Equipment Purchases	289.78	667.00	43.45%	3,130.82	6,667.00	46.96%	8,000.00
Total 56000 · Materials and Supplies	68,619.75	98,357.67	69.77%	952,003.23	983,582.66	96.79%	1,180,300.00
57000 · Equipment Replacement							
57010 · Machinery and Equipment	39,789.00	5,000.00	795.78%	104,455.17	50,000.00	208.91%	60,000.00
57020 · Instrumentation	8,185.44	2,916.67	280.64%	22,213.29	29,166.66	76.16%	35,000.00
57030 · SCADA	756.62	833.33	90.8%	7,855.48	8,333.34	94.27%	10,000.00
57040 · Computer Software & Hardware	0.00	1,333.33	0.0%	13,618.22	13,333.34	102.14%	16,000.00
57050 · Motor Vehicles	-6,254.20	3,333.00	-187.65%	28,874.21	33,333.00	86.62%	40,000.00
57060 · Construction	54,747.50	105,833.00	51.73%	1,017,633.64	1,058,333.00	96.15%	1,270,000.00
Total 57000 · Equipment Replacement	97,224.36	119,249.33	81.53%	1,194,650.01	1,192,499.34	100.18%	1,431,000.00
66000 · Payroll Expenses	0.00			-585.39			
70500 · NutrientCreditPurchases-Exhc	0.00	53,748.17	0.0%	0.00	537,481.67	0.0%	644,978.00
Total Expense	481,382.13	576,011.18	83.57%	4,974,743.13	5,868,144.66	84.78%	7,020,178.00
Net Ordinary Income	194,586.50	57,129.85	340.6%	3,153,499.40	1,430,554.05	220.44%	1,544,802.78
Other Income/Expense							
Other Income							
80000 · Other Income							
80020 · Nutrient Reduction	0.00			7,774.54			
Total 80000 · Other Income	0.00			7,774.54			
Total Other Income	0.00			7,774.54			
Net Other Income	0.00	0.00	0.0%	7,774.54	0.00	100.0%	0.00
Net Income	194,586.50	57,129.85	340.6%	3,161,273.94	1,430,554.05	220.98%	1,544,802.78

Inflow and Infiltration

March and April were fairly dry months when compared to others over the previous 12 months. April was dry when compared to previous years. The average flows for these months returned to more normal flow rate for this time of year. Average flows for March were slightly higher than normal especially when then precipitation was so low. This could indicate the high rainfall from February raising the groundwater level entering the member conveyance systems. The flows for April did not fluctuate very much. This is most likely due to lower than normal rainfall for this time of year.

Month	Rainfall (inches)	Average Flow (mgd)
April 2015	4.24	13.098
May 2015	1.71	9.987
June 2015	11.33	12.775
July 2015	5.14	13.490
August 2015	2.38	9.835
September 2015	3.42	9.365
October 2015	3.43	10.908
November 2015	4.72	11.575
December 2015	5.57	14.116
January 2016	2.66	15.309
February 2016	5.31	20.289
March 2016	1.43	12.667
April 2016	2.55	10.379

April	2016	2015	2014	2013	2012	2011	2010
Minimum (mgd)	9.535	10.890	10.367	10.972	9.693	9.768	9.528
Maximum (mgd)	11.498	23.441	22.924	17.729	16.078	18.802	20.471
Average (mgd)	10.379	13.098	13.307	13.391	10.887	11.484	13.264
Rainfall (inches)	2.55	4.24	3.64	4.42	2.76	3.73	2.04

5. Approval of Proposed Fiscal Year 2016-2017 Budget

Following is a memorandum concerning the approval of the Proposed Fiscal Year 2016-2017 Budget.

MEMORANDUM

**TO: SOUTH CENTRAL WASTEWATER AUTHORITY
BOARD OF DIRECTORS**

**FROM: ROBERT C. WICHSER, EXECUTIVE DIRECTOR
JAMES C. GORDON, ASSISTANT EXECUTIVE DIRECTOR**

SUBJECT: APPROVAL OF PROPOSED FISCAL YEAR 2016-2017 BUDGET

DATE: MAY 19, 2016

At the January 21, 2016 Board Meeting, the proposed budget was presented and discussed in detail. Additional detailed information was provided directly to the City of Petersburg's Ms. Belton at her request related to the proposed budget. Additionally, after meeting with Chesterfield County, we adjusted proposed changes in our salary classification scale and how the employee salary adjustments would be implemented while still providing for the needed market based adjustment. On April 15th at an Engineering Directors meeting held to further discuss the draft Water Service Agreement, the proposed market based salary adjustment (proposed to be implemented based on the performance evaluation) was also discussed with the Utility Directors. Based on their recommendation, staff will return in the second quarter of the new budget with a proposal on the specific positions to receive a market based adjustment and why. We expect that the cost of a market based salary adjustment would not exceed \$30,415, and this cost impact has already been included in the budget.

We are now ready to move forward with your approval on the proposed fiscal year budget item.

As a recap, the annual revenues for FY 2016/2017 (\$8,202,196) are increasing from FY 2015/2016 (\$7,978,528) mainly due to the increase (from \$644,978 to \$1,020,000 for a difference of \$375,022) in purchase cost of the required nutrient credits and the expected cost to repair the Headworks Building (\$1,200,000).

On Sunday, February 14th & 21st, 2016, the South Central Wastewater Authority proposed budget was advertised in numerous local newspapers as follows:

Proposed FY 2016/2017 Budget:

REVENUE

	PRESENT	PROPOSED	ANNUAL	
	FY2015/16 Costs	FY2016/17 Costs	Cash Diff.	% Difference
City of Petersburg	\$4,412,172	\$4,513,609	\$101,437	2.30
City of Colonial Heights	\$1,646,045	\$1,708,689	\$62,644	3.81
Chesterfield County	\$726,087	\$745,350	\$19,263	2.65
Prince George County	\$528,859	\$550,564	\$21,705	4.10
Dinwiddie County	\$665,365	\$683,984	\$18,619	2.80
Total	\$7,978,528	\$8,202,196	\$223,668	

FY 2016/2017 Proposed Budget

Proposed Revenues	Petersburg	Colonial Heights	Chesterfield	Prince George	Dinwiddie	Total
Estimated Share of Plant Flow	55.422%	20.961%	8.945%	6.590%	8.081%	100.000%
Estimated Share of Operations & Maintenance	\$ 3,934,378.81	\$ 1,488,029.46	\$ 635,020.39	\$ 467,816.83	\$ 573,654.51	\$ 7,098,900.00
Share of Plant Capacity (%)	52.50%	20.00%	10.00%	7.50%	10.00%	100.00
Share of Equipment Replacement Reserve Fund	\$ 223,909.88	\$ 85,299.00	\$ 42,649.50	\$ 31,987.13	\$ 42,649.50	\$ 426,495.00
Reserve Policy (50% O&M)	\$ 355,320.55	\$ 135,360.21	\$ 67,680.10	\$ 50,760.08	\$ 67,680.10	\$ 676,801.05
Share of Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly Amount	\$ 376,134.10	\$ 142,390.72	\$ 62,112.50	\$ 45,880.34	\$ 56,998.68	\$ 683,516.34
Annual Total	\$ 4,513,609.23	\$ 1,708,688.67	\$ 745,350.00	\$ 550,564.03	\$ 683,984.12	\$ 8,202,196.05
Electrical Credit						\$ 20,000.00
Funds Carried over from FY15/16						\$ 996,000.00
Miscellaneous Revenue - Includes Septage at \$115,000 and Leachate at 2 trucks/day @ \$0.085/gal						\$ 415,000.00
Total Budget						\$ 9,633,196.05

Budget Comparison

Locality	FY16/17 Proposed Budget	FY15/16 Budget	FY16/17 - FY15/16	
	Revenue	Revenue	Difference	
City of Petersburg	\$ 4,513,609	\$ 4,412,172	\$ 101,437	2.30%
City of Colonial Heights	\$ 1,708,689	\$ 1,646,045	\$ 62,644	3.81%
Chesterfield County	\$ 745,350	\$ 726,087	\$ 19,263	2.65%
Prince George County	\$ 550,564	\$ 528,859	\$ 21,705	4.10%
Dinwiddie County	\$ 683,984	\$ 665,365	\$ 18,619	2.80%
Sub-totals	\$ 8,202,196	\$ 7,978,528	\$ 223,668	
Deferred Debt (Petersburg)	\$ -	\$ -	\$ -	
Deferred Debt (Colonial Heights)	\$ -	\$ -	\$ -	
Deferred Debt (Prince George)	\$ -	\$ -	\$ -	
Electrical Credit	\$ 20,000.00	\$ 2,250.00	\$ 17,750.00	
Funds Carried over From FY15/16**	\$ 996,000.00	\$ -	\$ 996,000.00	
Miscellaneous Revenue	\$ 415,000.00	\$ 105,000.00	\$ 310,000.00	
Total Budget	\$ 9,633,196.05	\$ 8,085,778.17	\$ 1,547,417.87	

**NOTE \$396k for Nutrient Sales, est. \$600k for Landfill Stormwater, and \$113k for FY14/15 Refund

Reserve Policy:

Reserve Fund Calculation (Year 2 of 5)

50% Reserve Fund

	Total expected reserves on June 30, 2016	Recommended 50% O&M Reserves	Charges required to achieve 50% reserves	Annual Charge spread over 4 years
SCWWA O&M Budget	\$8,529,900	\$1,557,745.82	\$4,264,950.00	\$2,707,204.18
				\$676,801.05

FY 2016/2017 Proposed Budget

Proposed Monthly Billing

Operations and Maintenance, Equipment Repair and Replacement Funds and Debt Service billing per July 2, 1996 Service Agreement

Budget:

\$7,098,900.00

Community	<u>Petersburg</u>	<u>Colonial Heights</u>	<u>Chesterfield</u>	<u>Prince George</u>	<u>Dinwiddie</u>
% O&M (1)	55.422%	20.961%	8.945%	6.590%	8.081%
O&M	\$ 3,934,378.81	\$ 1,488,029.46	\$ 635,020.39	\$ 467,816.83	\$ 573,654.51

Equipment Repair and Replacement Fund, Section 11, Para. E, 5% of O&M

\$ 426,495.00

%ERRF(2)	52.5%	20.0%	10.0%	7.5%	10.0%
ERRF	\$ 223,909.88	\$ 85,299.00	\$ 42,649.50	\$ 31,987.13	\$ 42,649.50

Debt Service, Section 11, Para. A.2

\$ -0-

% Participation (3)	0.00%	0.00%	0.00%	0.00%	0.00%
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Reserve Policy

Budget:

\$676,801.05

% Participation (4)	52.5%	20.0%	10.0%	7.5%	10.0%
Reserve Policy	\$ 355,320.55	\$ 135,360.21	\$ 67,680.10	\$ 50,760.08	\$ 67,680.10

Annual Total	\$ 4,513,608.23	\$ 1,708,688.67	\$ 745,350.00	\$ 550,564.03	\$ 683,984.12
O&M Due Monthly	\$ 327,864.90	\$ 124,002.45	\$ 52,918.37	\$ 38,984.74	\$ 47,804.54
ERRF Due Monthly	\$ 18,659.16	\$ 7,108.25	\$ 3,554.13	\$ 2,665.59	\$ 3,554.13
Reserve Policy Due Monthly	\$29,610.05	\$11,280.02	\$5,640.01	\$4,230.01	\$5,640.01
P&I Due Monthly	0	0	0	0	0
Total Due Monthly	\$ 376,134.10	\$ 142,390.72	\$ 62,112.50	\$ 45,880.34	\$ 56,998.68

Notes:

(1) Participation percentage based on flow data for period from FY11 to FY15

(2) Participation percentage based upon Section 6 of the Service Agreement

(3) Participation percentage based upon Schedule E of the Service Agreement

(4) A Reserve Policy of 50% O&M was adopted with the FY15/16 Budget to be funded initially over a 5 year term. Participation is based on Plant Allocation

Board Action Requested: Staff recommends that the Board approve the proposed FY 2016/2017 budget as advertised with no additional changes.

6. Items from Counsel

7. Executive Session

8. Other Items from Board Members/Staff Not on Agenda:

9. Adjourn