



900 Magazine Rd.
Petersburg, VA 23803
Office: (804) 861-0111
Fax: (804) 861-3254

SOUTH CENTRAL WASTEWATER AUTHORITY Board of Directors Meeting

DATE: January 16, 2025

TIME: 2:00 pm

LOCATION: **Appomattox River Water Authority**
Board Room, Administration Building
21300 Chesdin Road
S. Chesterfield, VA 23803

AGENDA

1. Call to Order/Roll Call
2. Approval of Minutes: Minutes of the Board Meeting held on November 21, 2024 (Exhibit A, Pages 2 to 12)
3. Public Comment (Exhibit B, Page 13)
4. Executive Director's Report:
 - Proposed FY25/26 Budget (Exhibit C, Page 14 to 44)
 - Nutrient Reduction Project Update (Exhibit D, Page 45 to 51)
 - Legal Services Annual Contract (Exhibit E, Page 52)
 - Status Report (Exhibit F, Pages 53 to 54)
 - Financials (Exhibit G, Pages 55 to 57)
5. Items from Counsel
6. Closed Meeting
7. Other items from Board Members/Staff Not on Agenda
8. Adjourn

EXHIBIT A

BOARD OF DIRECTORS MEETING
South Central Wastewater Authority
November 21, 2024, at 2:00 p.m.
Location: South Central Wastewater Authority
900 Magazine Rd. Petersburg, VA 23803

MEMBERS PRESENT:

Doug Smith, Chairman (Colonial Heights)
Kevin Massengill, Vice Chairman (Dinwiddie)
Joseph Casey, (Chesterfield)
March Altman, (Petersburg)
Jeff Stoke, (Prince George)

STAFF PRESENT:

Robert B. Wilson, Executive Director, (ARWA & SCWWA)
James C. Gordon, Asst. Executive Director (ARWA & SCWWA)
Arthur Anderson, (McGuireWoods)
Melissa Wilkins, Business Manager/FOIA (ARWA & SCWWA)
Tiffanee Rondini, Administrative Assistant (ARWA & SCWWA)

ALTERNATES PRESENT:

Eddie Pearson, (Alternate, Dinwiddie)
Frank Haltom, Secretary/Treasurer (Alternate, Prince George)
George Hayes, (Alternate, Chesterfield)

OTHERS PRESENT:

Amanda (Marlo) Green (Pocahontas Island Resident,
OCR Community Empowerment Group)
Stuart Connock, (Chesterfield County Park and Recreation)
John Harmon, (Real Property Manager)
Zach Hipes, (Farmer & Cox)

ABSENT:

Todd Flippen, (Alternate, Colonial Heights)
Jerry Byerly, (Alternate Petersburg)
Matt Rembold, (Alternate, Chesterfield)

The SCWWA meeting was called to order by Mr. Smith, Chairman, at 2:03 p.m.

1. Call to Order/Roll Call

The roll was called:

Participating members at the table were:

Doug Smith	Present
Kevin Massengill	Present
Frank Haltom	Present
Joseph Casey	Present
March Altman	Present

The Chairman polled members and requested that the Agenda be revised to allow for the Public Comment next, members agreed.

2. Public Comment

Ms. Green commented originally in the SCWWA meeting public comment period and requested that her comment also be added to the ARWA meeting minutes. Ms. Green stated that she was excited and would like to advise the Board that Petersburg's City Council approved the bypass road through the Roper site and as a community would like to know what the next steps are for SCWWA and what the timeline would be for breaking ground on the road project. Mr. Smith asked if staff or Mr. Altman had any information on this matter. Mr. Altman stated that Petersburg's City Council did approve of moving forward with the bypass road pending DCR authorization. There is a question whether the bypass road can be constructed in the floodplain. DCR will need to provide guidance on this question. Mr. Smith thanked Ms. Green for addressing the Board and asked if there were any other public comments. There were no additional public comments, and the public comment period was closed.

The SCWWA meeting was called to recess by Mr. Smith, Chairman, at 2:06 p.m. and reconvened at 3:17 p.m.

3. Approval of Minutes: Minutes of the Regular Meeting of the Board on July 18, 2024

Upon a motion made by Mr. Haltom and seconded by Mr. Altman the following resolution was adopted:

RESOLVED, that the Minutes of the Regular Meeting of the Board on July 18, 2024, are hereby approved:

For: 5 Against: 0 Abstain: 0

4. Executive Director's Report:

- **Annual Audit Presentation**

Mr. Hipes from Robinson, Farmer, Cox Associates presented the findings of the annual audit. Mr. Hipes stated there were no deficiencies, no issues, and no material weaknesses for FY2023/2024. Mr. Smith thanked Robinson, Farmer, Cox Associates. Mr. Smith thanked Mr. Wilson, staff, and Ms. Wilkins for the diligent work getting everything processed and for the outstanding results. Mr. Gordon requested the Board accept the findings and annual true up and authorize redistribution of funds per staff calculations and recommendations.

Upon a motion made by Mr. Massengill and seconded by Mr. Haltom the following resolution was adopted:

RESOLVED, that the Board accepts the findings of the FY2023/2024 audit as presented by Robinson, Farmer, Cox Associates.

For: 5 Against: 0 Abstain: 0

Upon a motion made by Dr. Casey and seconded by Mr. Altman the following resolution was adopted:

RESOLVED, that the Board accepts the true-up and authorizes redistribution per staff calculation and recommendation.

For: 5 Against: 0 Abstain: 0

Roll Call Vote:

Participating members at the table were:

Doug Smith	Aye
Frank Haltom	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
March Altman	Aye

- **Nutrient Project Update**

- Mr. Gordon stated DEQ has requested that all phases of the NRP be bid and awarded by the end of the 2024 calendar year.
- Phase 1 Sludge Conditioning project is projected to be mobilized and work started in early 2025. The contract with Schwing Bioset Inc. was modified to include firm delivery dates for the lime conveyance and blending equipment. All equipment related to the SCWWA Phase 1 NRP will be received no later than January 24, 2025, and March 3, 2025, or liquidated damages will be charged.
- A land disturbance permit was issued November 21, 2024, for the Phase 2 NRP Electrical Feed and Power Distribution project.

- MEB received the first round of comments for the site plan from Chesterfield County for Phase 3 Intermediate Pump Station, Filter Building, and Clarifiers rehabilitation.
- Phase 4 Headworks and Primary Tank Improvements project measurements and equipment finalizing for submittal is being completed and MEB will have multiple crews beginning several phases in the next few months.
- Phase 5 North and South Tank bid advertisement was posted to SCWWA website and eVA website on September 23rd, 2024. The Authority received 2 bids. MEB General Contractors Inc. for \$98,917,000, and English Construction Co. Inc. for \$103,118,300. The Engineer's estimate was \$100,000,000. The engineer recommends award to MEB General Contractors Inc. in the amount of \$98,917,000. Staff concurs with the engineer's recommendation. and recommends award of Phase 5 to MEB General Contractors. Staff also requests a 5% contingency in the amount of \$4,945,850.
- Phase 6 Building Improvements bid advertisement was posted to the SCWWA website and eVA website on October 2nd, 2024. The Authority received one bid from Norman Company in the amount of \$4,894,000. The engineer's estimate was \$4,500,000. The engineer reviewed the bid and recommends award to Norman Company in the amount of \$4,894,000. Staff concurs with the engineer's recommendation and also requests the Board authorize a contingency of 5%, an additional \$244,700.
- The Authority's design/construction engineer provided a fee proposal for procuring and managing the special inspections required for this project in the amount of \$520,442.

Upon a motion made by Mr. Haltom and seconded by Mr. Altman the following resolution was adopted:

RESOLVED, that the Board awards Phase 5 NRP North and South Tank to MEB General Contractors Inc. in the amount of \$98,917,000 and authorizes the Executive Director to execute the necessary documents and authorizes a contingency of 5% an additional \$4,945,850, the Executive Director will be responsible for reporting back to the Board at project completion with a summary for total construction costs.

For: 5 Against: 0 Abstain: 0

Roll Call Vote:

Participating members at the table were:

Doug Smith	Aye
Frank Haltom	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
March Altman	Aye

Upon a motion made by Mr. Massengill and seconded by Mr. Haltom the following resolution was adopted:

RESOLVED, that the Board awards Phase 6 NRP Building Improvements to Norman Company in the amount of \$4,894,000 and authorize the Executive Director to execute the necessary documents and authorizes a 5% contingency of \$244,700, the Executive Director will be responsible for reporting back to the Board at project completion with a summary for total construction costs.

For: 5 Against: 0 Abstain: 0

Roll Call Vote:

Participating members at the table were:

Doug Smith	Aye
Frank Haltom	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
March Altman	Aye

Upon a motion made by Mr. Altman and seconded by Mr. Massengill the following resolution was adopted:

RESOLVED, that the Board authorizes the Executive Director to proceed with executing the necessary documents to accept the fee proposal for special inspection services from WW Associates, not to exceed \$520,442.

For: 5 Against: 0 Abstain: 0

Roll Call Vote:

Participating members at the table were:

Doug Smith	Aye
Frank Haltom	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
March Altman	Aye

- **Meeting Schedule for Calendar Year 2025**

Mr. Gordon presented the proposed meeting schedule for the 2025 calendar year. The Board recommended changing the January meeting date from January 23rd, 2025, to January 16th, 2025.

Upon a motion made by Mr. Altman and seconded by Mr. Massengill the following resolution was adopted:

RESOLVED, that the Board approves the amended meeting schedule for regular scheduled meetings for calendar year 2025.

For: 5 Against: 0 Abstain: 0

- **Election of Officers**

Officer elections for Chairman, Vice Chairman, and Secretary/Treasurer were conducted by the Board.

Upon a motion made by Mr. Altman and seconded by Dr. Casey the following resolution was adopted:

RESOLVED, that the Board approves to continue with the current officers, Doug Smith as Chairman, Kevin Massengill as Vice Chairman, and Frank Haltom as Secretary/Treasurer for the 2025-2026 term beginning January 1st, 2025.

For: 5 Against: 0 Abstain: 0

Roll Call Vote:

Participating members at the table were:

Doug Smith	Aye
Frank Haltom	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
March Altman	Aye

- **Status Report**

Mr. Gordon reviewed the status report included in the agenda.

- **Financials**

Ms. Wilkins reported on the financials.

5. Items from Counsel

Mr. Anderson recommends readopting the 2023 remote participation policy with certain revisions and to add provisions for all-virtual public meetings.

Upon a motion made by Mr. Haltom and seconded by Mr. Altman the following resolution was adopted:

RESOLVED, that the Board approves the amended Remote Participation and All-Virtual Meeting Policy.

For: 5 Against: 0 Abstain: 0

Roll Call Vote:

Participating members at the table were:

Doug Smith	Aye
Frank Haltom	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
March Altman	Aye

Mr. Anderson announced that he would be retiring at the end of this year. Mr. Anderson stated it has been a privilege and pleasure to have represented both Authorities over the years and he will miss everyone. Mr. Smith presented a resolution recognizing Mr. Arthur Anderson for his contributions and dedication to both Authorities for the past 30 years.

Upon a motion made by Mr. Massengill and seconded by Mr. Altman the Board approved the Resolution:

RESOLVED, that the Resolution honoring Mr. Anderson is hereby approved:

For: 5 Against: 0 Abstain: 0

Roll Call Vote:

Participating members at the table were:

Doug Smith	Aye
Frank Haltom	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
March Altman	Aye

6. Closed Session

There were no closed sessions

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

Mr. Gordon stated as part of site plan approval for the NRP project, SCWWA is required to purchase nutrient credits. The cost for the nutrient credits is approximately \$60,000. Staff requests the Board authorize the Executive Director to proceed with the purchase of these phosphorus credits upon review and approval of the agreement by counsel, not to exceed \$60,000.

Upon a motion made by Mr. Altman and seconded by Mr. Massengill the following resolution was adopted:

RESOLVED, that the Board authorizes the Executive Director to proceed with the purchase of phosphorus credits upon review and approval of the agreement by counsel, not to exceed \$60,000:

For: 5 Against: 0 Abstain: 0

Roll Call Vote:

Participating members at the table were:

Doug Smith	Aye
Frank Haltom	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
March Altman	Aye

Mr. Gordon wanted to thank everyone for the cards, letters, and kind words after the passing of his father.

8. Adjourn

Mr. Smith stated, if there is no other business, he would entertain a motion to adjourn.

Upon a motion by Mr. Massengill and seconded by Mr. Haltom the meeting was adjourned at 4:06 p.m.

MINUTES APPROVED BY:

Frank Haltom/Secretary/Treasurer

RESOLUTION
OF THE SOUTH CENTRAL WASTEWATER AUTHORITY
ESTABLISHING A REMOTE PARTICIPATION
AND ALL-VIRTUAL MEETING POLICY

NOVEMBER 21, 2024

WHEREAS, on January 26, 2023, the Board of the South Central Wastewater Authority (the "Authority Board") adopted a policy to permit individual Board members to participate in meetings using electronic communication means ("remote participation") pursuant to the Virginia Freedom of Information Act (Va. Code § 2.2-3700 et. seq.); and

WHEREAS, the Authority Board has determined to readopt the 2023 remote participation policy (with certain changes) and to add provisions for all-virtual public meetings.

NOW, THEREFORE, BE IT RESOLVED THAT:

A. A member of the Authority Board may use remote participation instead of attending a public meeting in person only as follows and subject to the requirements of section B, if, on or before the day of a meeting, the member notifies the Chairman of the Authority Board in writing or by telephone or e-mail that such member is unable to attend the meeting in person because:

1. The member has a temporary or permanent disability or other medical condition that prevents the member's physical attendance;
2. A medical condition of a member of the member's family requires the member to provide care that prevents the member's physical attendance;
3. The member's principal residence is more than 60 miles from the meeting location identified in the required notice for such meeting; or
4. The member is unable to attend the meeting due to a personal matter, the nature of which personal matter is identified with specificity.

B. Remote participation by a Board member as authorized under section A shall be only under the following conditions:

1. A member may not use remote participation due to personal matters as described in section A.4. above more than two meetings per calendar year or 25 percent of the meetings held per calendar year rounded up to the next whole number, whichever is greater;
2. If remote participation by a member is authorized pursuant to this Resolution, such member shall state and the Authority Board shall record in its minutes the

remote location from which the member participated; however, the remote location need not be open to the public and may be identified in the minutes by a general description;

3. If remote participation is authorized pursuant to section A.1 or A.2, the Authority Board shall also include in its minutes the fact that the member remotely participated due to a (i) temporary or permanent disability or other medical condition that prevented the member's physical attendance or (ii) family member's medical condition that required the member to provide care for such family member, thereby preventing the member's physical attendance;

4. If remote participation is authorized pursuant to section A.3, the Authority Board shall also include in its minutes the fact that the member remotely participated due to the distance between the member's principal residence and the meeting location;

5. If remote participation is authorized pursuant to section A.4, the Authority Board shall also include in its minutes the specific nature of the personal matter cited by the member;

6. A quorum of the Authority Board must be physically assembled at the primary or central meeting location; provided that, for purposes of determining whether a quorum is physically assembled, an individual member will count toward the quorum if the member (i) is a person with a disability as defined in § 51.5-40.1 and uses remote participation or (ii) is a caregiver for a person with a disability and uses remote participation;

7. The Chairman is authorized to determine whether a member's remote participation is authorized pursuant to section A.1, A.2 and A.3, but a majority of the quorum must approve a member's remote participation pursuant to section A.4 ;

8. In the event a Board member's remote participation is disapproved by the Chairman or the Board, such disapproval and the reason therefor shall be recorded in the minutes with specificity; and

9. The Authority Board will arrange for the voice of the remote participant to be heard by all persons at the primary or central meeting location.

C. A public meeting of the Board may be all virtual (i) whenever the Chairman deems an all-virtual meeting to be necessary or convenient for the Board and (ii) subject to the following requirements and limitations:

1. An indication of whether the meeting will be in-person or all-virtual shall be included in the required meeting notice along with a statement notifying the public that the method by which the Board chooses to meet shall not be changed unless the Board provides a new meeting notice in accordance with the provisions of § 2.2-3707;

2. Public access to the all-virtual public meeting shall be provided via electronic communication means;

3. The electronic communication means used shall allow the public to hear all members of the Board participating in the all-virtual public meeting and, when audio-visual technology is available, to see the members of the Board as well;

4. When audio-visual technology is available, a member of the Board shall, for purposes of a quorum, be considered absent from any portion of the meeting during which visual communication with the member is voluntarily disconnected or otherwise fails or during which audio communication involuntarily fails;

5. The public shall be afforded the opportunity to comment through electronic means, including by way of written comments, at those public meetings when public comment is customarily received;

6. Persons must activate their camera, with their face fully visible, before they will be given the opportunity to participate in public comment;

7. A phone number or other live contact information shall be provided to alert the Board if the audio or video transmission of the meeting provided by the Board fails, the Board monitors such designated means of communication during the meeting, and the Board takes a recess until public access is restored if the transmission fails for the public;

8. A copy of the proposed agenda and all agenda packets and, unless exempt, all materials furnished to members of the Board for a meeting shall be made available to the public in electronic format on the Authority's website at the same time that such materials are provided to members of the Board;

9. Votes taken during the electronic meeting shall be recorded by name in roll-call fashion and included in the minutes of the meeting;

10. No more than two members of the Board shall be together in any one remote location unless that remote location is open to the public to physically access it;

11. If a closed session is held during an all-virtual public meeting, transmission of the meeting to the public shall resume before the Board votes to certify the closed meeting as required by subdivision D of § 2.2-3712;

12. The Board shall not convene an all-virtual public meeting (i) more than two times per calendar year or 50 percent of the meetings held per calendar year rounded up to the next whole number, whichever is greater, or (ii) consecutively with another all-virtual public meeting; and

13. Minutes of all-virtual public meetings held by electronic communication means shall be taken as required by § 2.2-3707 and include the fact that the meeting was

held by electronic communication means and the type of electronic communication means by which the meeting was held. If a member's participation from a remote location is disapproved because such participation would violate the policy set forth in this Resolution, such disapproval shall be recorded in the minutes with specificity.

D. As required by subdivision D of §2.2-3708.3, the policy set forth herein shall be applied strictly and uniformly, without exception, to the entire membership of the Board and without regard to the identity of the member requesting remote participation or the matters that will be considered or voted on at the meeting.

E. Counsel has advised that for the Board to continue to use remote participation and all-virtual meetings the Board is required to adopt at least once annually, by recorded vote at a public meeting, a policy meeting the requirements of §2.2-3708.3.

F. This Resolution shall take effect on December 1, 2024.

Vote:

<u>Doug Smith</u>	<u>Aye</u>
<u>Frank Haltom</u>	<u>Aye</u>
<u>Kevin Massingill</u>	<u>Aye</u>
<u>Joseph Casey</u>	<u>Aye</u>
<u>March Altman</u>	<u>Aye</u>

RESOLUTION

WHEREAS, for more than 30 years, Mr. Arthur E. Anderson II has served as both legal and bond counsel for both the Appomattox River Water Authority and the South Central Wastewater Authority, and;

WHEREAS, Mr. Anderson was instrumental in the development and organization of the South Central Wastewater Authority and its service agreement, and;

WHEREAS, Mr. Anderson has provided sound advice on funding major projects, and;

WHEREAS, Mr. Anderson has provided both policy and administrative related recommendations, and;

WHEREAS, Mr. Anderson has advised Staff and the Board in legal matters related to Water Resource and Wastewater Treatment matters, and;

WHEREAS, the Boards of Directors wishes to recognize Mr. Anderson's years of service and dedication to both Authorities.

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Appomattox River Water Authority and the South Central Wastewater Authority, by unanimous vote this 21st day of November 2024, hereby recognize and commend Mr. Anderson on his exemplary service and wish him well in his future endeavors.

BE IT FURTHER RESOLVED that a copy of this RESOLUTION be incorporated into the Minutes of the Boards of the Appomattox River Water Authority and South Central Wastewater Authority and a copy be presented to him.

Appomattox River Water Authority &

South Central Wastewater Authority

Board of Directors

Douglas Smith, Colonial Heights

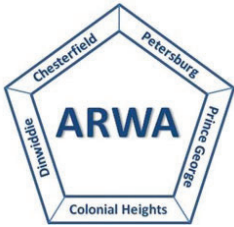
W. Kevin Massengill, Dinwiddie

Frank Haltom, Prince George

Dr. Joseph Casey, Chesterfield

March Altman, Petersburg

Jeffrey Stoke, Prince George



APPOMATTOX RIVER WATER AUTHORITY
21300 Chesdin Road
Petersburg, VA 23803



SOUTH CENTRAL WASTEWATER AUTHORITY
900 Magazine Road
Petersburg, VA 23803

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.



900 Magazine Rd.
Petersburg, VA 23803
Office: (804) 861-0111
Fax: (804) 861-3254

EXHIBIT C

TO: South Central Wastewater Authority Board of Directors

FROM: Robert B. Wilson, Executive Director
James C. Gordon, Assistant Executive Director

DATE: January 16, 2025

SUBJECT: Proposed FY2025/2026 Budget

On December 16, 2024, staff distributed, via email, the proposed FY25/26 budget narrative to the primary members, utility directors and financial representatives. On December 19, 2024, staff presented the proposed budget to the utility directors in a meeting held at ARWA in the conference room.

The original budget narrative (black text) presented, and the comments captured from the member utility directors' meeting (blue text) are included as Attachment C-1.

Staff will present the highlights from the compiled Budget Narrative at the meeting and address any questions.

Staff recommends the Board proceed with advertising the budget as presented in Attachment C-1 and setting the public hearing date for March 20, 2025, at 2:00 p.m. at the Appomattox River Water Authority. A copy of the proposed budget resolution as Attachment C-2.

Board Action Requested:

Staff requests the Board review the proposed budget and set a public hearing date for March 20, 2025, at 2:00 pm at the Appomattox River Water Authority for the proposed FY2025/2026 budget.



900 Magazine Rd.
 Petersburg, VA 23803
 Office: (804) 861-0111
 Fax: (804) 861-3254

TO: South Central Wastewater Authority Utility Directors

FROM: Robert B. Wilson, Executive Director
 James C. Gordon, Assistant Executive Director

DATE: December 16, 2024

SUBJECT: Proposed FY25/26 Budget Narrative
 Revision 001 – Comments from December 19th directors’ meeting

The following members and staff attended the December 19th meeting:

George Hayes	Chesterfield County
Matt Rembold	Chesterfield County
Eddie Pearson	Dinwiddie County Water Authority
Frank Haltom	Prince George County
Todd Flippen	City of Colonial Heights
Brian Copple	City of Petersburg
Robert Wilson	ARWA/SCWWA
Jamie Gordon	ARWA/SCWWA

The assistant executive director gave an overview of the budget highlights

The budgets, Exhibits A and B are divided into operating and maintenance costs (O&M) which includes the operating capital outlay, equipment repair and replacement fund (ERRF), debt service, reserve policy, and the capital reserve account. Each incorporating subdivision is responsible for a pro rata share of the O&M expenses. The pro rata share for O&M expenses has been calculated using the previous five-year running average.

The pro rata shares used to develop the portion of O&M costs for FY25/26 were:

	FY25/26	FY24/25	% Difference
City of Petersburg	61.401%	61.15%	-0.251%
City of Colonial Heights	18.417%	18.03%	-0.392%
Chesterfield County	8.296%	8.33%	0.036%
Prince George County	4.210%	4.64%	0.425%
Dinwiddie County	7.676%	7.86%	0.181%

1) % shares are based on five-year running annual average

The five-year data is included as Exhibit C.

The ERRF and debt service is distributed amongst incorporating subdivisions by ownership in the plant per the Service Agreements:

City of Petersburg	52.5%
City of Colonial Heights	20.0%
Chesterfield County	10.0%
Prince George County	7.5%
Dinwiddie County	10.0%

The required minimum balance in the ERRF is \$2,500,000 as outlined on page 41, paragraph E. of the Service Agreement. Currently the ERRF is fully funded and therefore, no appropriation is requested for FY25/26.

For FY25/26, SCWWA does not have any outstanding bonds and therefore the debt service is \$0. We do not anticipate a need to borrow funds for the Nutrient Reduction Project. Based on discussion with DEQ, the ARPA grants and WQIF funding should cover all project costs. Below is a table from the SCWWA ARPA Grant Agreement (ENRCPP-05) that illustrates a potential exposure of \$654,980 worst case for the NRP construction. The actual bids received came in below these cost estimates.

Project Category/Project Name	Total Project Cost	SCWWA ARPA ENRCPP-05	Petersburg ARPA ENRCPP-06	WQIF 22-03	WQIF 22-03 Grant Amendment	Local Funds
Engineering	\$ 9,650,000.00	\$ -	\$ 2,673,624.00	\$ 6,976,376.00	\$ -	\$ -
Construction	\$ 191,600,000.00	\$ 35,614,859.00	\$ 16,616,376.00	\$ 71,571,964.00	\$ 67,796,801.00	\$ -
Construction Contingency	\$ 19,200,000.00	\$ -	\$ -	\$ 6,824,715.00	\$ 11,720,305.00	\$ 654,980.00
TOTALS	\$ 220,450,000.00	\$ 35,614,859.00	\$ 19,290,000.00	\$ 85,373,055.00	\$ 79,517,106.00	\$ 654,980.00

Staff still needs to meet with DEQ to finalize the WQIF contract amendment now that all phases of the project have been awarded.

The Reserve Policy was adopted by the Board on May 21, 2015, in the “Financial Policy Guidelines for South Central Wastewater Authority”. The pro rata share for the Reserve Policy is distributed by ownership in the plant similar to the ERRF. The required balance in the Reserve Policy is 50% of O&M costs. The Reserve Policy is currently funded and therefore, no appropriation is requested for FY25/26.

One of the main factors that influences the running averages is rain. Unfortunately, water from rain enters into the incorporating subdivision’s collection systems and ultimately ends up at the wastewater treatment plant for treatment. This is commonly known as inflow and infiltration or I&I. Sewer improvements that reduce I&I help to reduce the incorporating subdivision’s treatment costs by reducing their five-year running average. The lower the five-year running average the lower the corresponding O&M costs.

SCWWA currently has a contract to purchase total nitrogen nutrient credits through FY28/29 and expects to extend that contract to FY29/30 to cover calendar year 2029. In calendar year 2026 the SCWWA’s total phosphorus Waste Load Allocation (WLA) will be cut in half. There will not be an impact in FY25/26, but SCWWA has arranged to purchase the necessary total phosphorus credits for FY26/27 through FY29/30.

To assist incorporating subdivision with determining the Authority's impact on budgets and looking at their future rates, we included a section on estimated rates for the next five years. For these future estimates, we increased the operating expenses annually by 3% and did not inflate operating capital outlay items or nutrient costs.

For the proposed FY25/26 budget the operating and maintenance costs and operating capital outlay costs are developed by meeting with staff, setting priorities, and using up-to-date estimates. The proposed FY25/26 budget includes a 4.7% salary adjustment, which is a COLA as detailed in the Compensation and Classification Study. The selection of a 4.7% salary adjustment is based on the attached letter, Exhibit D, from the Archer Company that performed our Compensation and Classification Study in 2022 and the Employment Cost Index Summary for the third quarter of 2024, Exhibit E. We are also recommending increasing the top end of each salary ranges by 2.5%.

Specific highlights for the Operating Budget:

- The total FY25/26 budget for Option 1, that maintains the Capital Reserve Account funding, is +4.22%. The total FY25/26 budget for Option 2, that does not continue to fund the Capital Reserve Account, is -21.87%.
- 51000 – Salaries (-\$7,708, -0.33%)
 - Several staff at the Authority have retired or left our employment. Many of the positions were held by staff that had been with the Authority for many years and/or were in senior level positions. In one instance, due to efficiencies, the decision was made not to fill a position opened after an employee's retirement.
- 52000 – Employee Benefits (+\$25,145, +2.42%)
 - This increase is related to budgeted hospitalization insurance increases. We are budgeting for an 8% increase, and we will not know the actual increase until April or May of 2025.
- 53000 - Contractual Services (+\$5,000, +1.53%)
 - 53190 – Samples and Testing (+\$5,000, +8.74%). This budget line was increased to cover the cost of some smaller pieces of equipment that need to be replaced. This equipment does not meet definition for a capital purchase, so the O&M budget was increased.
- 55000 Other Charges (+\$45,000, +3.91%)
 - 55110 – Electricity (+\$45,000, +15.00%). Increase based on projection of actual historical costs.
- 56000 Materials and Supplies (+\$77,000, +4.09%)
 - 56004 – Laboratory Supplies (+\$7,000, +11.11%). This increase is to cover increases being seen in the current fiscal year and projected increases for next fiscal year.
 - 56005 – Process Chemicals (+\$70,000, +5.83%). This increase is based on estimated cost increases and projected increased usage.
- 57000 – Operating Capital Outlay (+\$243,250, +139.00%). Increase to address items not included as part of the Nutrient Reduction Project (NRP) and to improve cybersecurity.
- 58000 – Nutrient Credit Purchases (+\$17,750, +9.47%) Increasing per contract.
- Reserve Policy (\$0) – The Reserve Policy is fully funded for FY25/26.
- ERRF (\$0) – The ERRF is fully funded for FY25/26.

- Capital Reserve Account – Two options are presented. See discussion for further details.

The Operating Capital Outlay (57000 series) included the following changes for FY25/26:

- 57010 – Machinery and Equipment. Funding to replace generator batteries (\$45,000) and to purchase a new Idexx Sealer (\$7,000) and glassware washer for the laboratory (\$20,000). The generators are not being replaced as part of the NRP and the batteries are beyond their normal duty cycle. Testing indicates there are some bad cells. The sealer is over 10 years old and QC testing indicates the sealer needs to be scheduled for replacement. The glassware washer is approximately 15 years old.
- 57020 – Instrumentation. Arc Flash Protection (\$30,000) is scheduled for the upcoming fiscal year. The controls have been upgraded and there is an option with the new system to upgrade the Arc Flash Protection. This is consistent with what is being accomplished at ARWA.
- 57030 – SCADA. Funding for SCADA terminal virtual machine (VM) replacement (\$30,000), OT storage area network server (SANS) (\$21,000), historian server VM replacement (\$10,000), SCADA 1&2 VM Replacement (\$15,000), and OT VMWare 2 hosts (\$20,000). Items included are scheduled for replacement every 5 years or 7 years. These systems are maintained separate from the administrative system.
- 57040 – Computer Hardware and Software. Funding for a new LAN (Local Area Network) switch (\$5,500). The plan is to replace one LAN switch per year.
- 57050 - Motor Vehicles. Funding for a new vehicle (\$45,000) and two replacement golf carts (\$12,000). Vehicles will be rotated so that a 2008 truck is taken out of service and auctioned.
- 57055 – Plant Equipment Replacement. Funding for two replacement Dump Trucks (\$150,000). These will replace the existing 2000 and 2001 dump trucks that haul solids to the solids pad onsite.
- 57060 – Construction. Funding for the installation of two new radiators for our emergency generators (\$65,000). Generators are the same age and are not being replaced. One radiator currently has a small leak. Radiators were purchased over the last two fiscal years.

Under the Capital Budget the only project shown is the Nutrient Reduction Project. The Capital Reserve Account was setup to help offset the cost impact of the Nutrient Reduction Project. The SCWWA is currently collecting \$2,500,000/year. Similar to the ERRF and Reserve Policy, the Capital Reserve Account is funded by percent ownership in the plant. The Capital Reserve Account, like a Rate Stabilization Reserve, has been utilized to collect the proposed debt service towards the local share portion of the Nutrient Reduction Project. Based on recent discussions with DEQ, it appears the ARPA funding and WQIF grants will be sufficient to fund the entire Nutrient Reduction Project and there will be no local share funding. For this reason, the SCWWA is presenting two budget options for FY2025/26. Option one would maintain the existing Capital Reserve Account funding and option two would remove the Capital Reserve Account Funding. The current Capital Reserve Account has \$17,674,994 in the SCWWA's LGIP account. This reserve will be used to pay construction invoices in the event the reimbursements from ARPA and WQIF are behind.

If the members elect to discontinue funding the Capital Reserve Account, future planning will be important for member rate structures. Upon completion of the NRP, there will be significant increases in the operating cost for the new plant. With the addition of the new south tank, NRCY pumps, filter building, and lift station the plant will see a significant increase in electrical power costs. We estimate the electrical cost will double. In addition, to biologically removing total phosphorus and total nitrogen

necessary to meet permit requirements, the SCWWA will need to increase the amount of chemicals to aid in phosphorous and nitrogen removal. Staff anticipates increasing alum, caustic, and sodium hypochlorite. The new treatment train will also begin to feed MicroC as a carbon source to enhance treatment.

The additional cost for electrical power and chemical usage will increase the SCWWA’s operating cost an estimated \$1,500,000 - \$2,000,000 annually. The five-year projection shows the new plant online for FY28/29. If the decision is made to stop collecting for the Capital Reserve Account, the budget will decrease by 21% but when construction is complete, and the new plant is fully operational the budget will increase 22%. In contrast, if the Capital Reserve Account funding continues to be collected until project completion, the budget will be consistent until the Capital Reserve Account funding is halted and there is an estimated 7% decrease. Upon project completion, staff would request Board direction for distribution of any surplus funds remaining in the Capital Reserve Account.

Staff are presenting two budgets for discussion. Option one (Exhibit A), maintains Capital Reserve Account funding at \$2,500,000 and option two (Exhibit B) does not include any additional funding for the Capital Reserve Account.

Budget rate and percent increase/decrease summary:

Fiscal Year Rate change from prior fiscal years

	Petersburg	Colonial Heights	Chesterfield	Prince George	Dinwiddie	Total Annual \$
	\$/year	\$/year	\$/year	\$/year	\$/year	\$/year
FY21/22 Budget Year	\$5,096,057	\$1,637,529	\$761,223	\$584,501	\$814,291	\$8,893,601
FY22/23 Budget Year	\$5,245,251	\$1,619,772	\$784,944	\$556,141	\$815,709	\$9,021,817
FY23/24 Budget Year	\$5,654,257	\$1,721,809	\$829,209	\$547,499	\$828,625	\$9,581,397
FY24/25 (current budget)	\$5,800,581	\$1,822,941	\$861,506	\$527,714	\$826,694	\$9,839,437
FY25/26 (proposed budget w CRA funding)	\$6,067,330	\$1,926,212	\$892,429	\$513,485	\$844,419	\$10,243,874
FY25/26 (proposed budget wo CRA funding)	\$4,754,830	\$1,426,212	\$642,429	\$325,985	\$594,419	\$7,743,874
FY25/26 (proposed budget reduced CRA funding)	\$5,411,080	\$1,676,212	\$767,429	\$419,735	\$719,419	\$8,993,874

1) CRA = Capital Reserve Account

Fiscal Year Percent change from prior fiscal years

	Petersburg	Colonial Heights	Chesterfield	Prince George	Dinwiddie	Average Member
	% change	% change	% change	% change	% change	% change
FY21/22 Budget Year	1.89%	0.93%	1.23%	0.91%	4.46%	1.88%
FY22/23 Budget Year	2.93%	-1.08%	3.12%	-4.85%	0.17%	0.06%
FY23/24 Budget Year	7.39%	5.93%	5.27%	-1.87%	1.23%	3.59%
FY24/25 (current budget)	2.59%	5.87%	3.90%	-3.61%	-0.23%	1.70%
FY25/26 (proposed budget w CRA funding)	4.60%	5.67%	3.59%	-2.70%	2.14%	2.66%
FY25/26 (proposed budget wo CRA funding)	-18.03%	-21.76%	-25.43%	-38.23%	-28.10%	-26.31%
FY25/26 (proposed budget reduced CRA funding)	-6.71%	-8.05%	-10.92%	-20.46%	-12.98%	-11.82%

1) CRA = Capital Reserve Account

The above tables reflect the change in rates per member from fiscal year to fiscal year as shown in the approved budgets. These numbers do not reflect true-up costs. For FY23/24, for Petersburg, 7.39% means the percent difference from FY22/23 to FY23/24, the rate increased by 7.39%. For FY25/26 (proposed budget w CRA funding), for Petersburg, 4.60% means the percent difference from the FY24/25 to the FY25/26 rate increased by 4.60% if funding for the Capital Reserve Account is maintained. Respectively, -18.03% for FY25/26 (proposed budget wo CRA funding) means the percent difference from the FY24/25 to the FY25/26 rate decreases by -18.03% if Capital Reserve Funding is not maintained. If the Capital Reserve Account funding is not maintained member utilities will need to plan their rate structures to prepare for operating cost increases associated with the new plant as mentioned previously and shown in the 5-year projections.

Five Year Running Averages for flow percent to plant

	Petersburg	Colonial Heights	Chesterfield	Prince George	Dinwiddie
FY21/22 Budget Year	59.18%	17.79%	8.00%	6.21%	8.83%
FY22/23 Budget Year	60.30%	17.17%	8.20%	5.65%	8.67%
FY23/24 Budget Year	61.31%	17.25%	8.18%	5.08%	8.17%
FY24/25 (current budget)	61.15%	18.03%	8.33%	4.64%	7.86%
FY25/26 (proposed budget)	61.40%	18.42%	8.30%	4.21%	7.68%

Each fiscal year, the member jurisdictions provide actual conveyance flow numbers to the Authority. These actual flow numbers are used to calculate the actual percent of wastewater conveyed to the Authority from each member. This percent of wastewater conveyed is used to calculate the true-up of actual operating costs for each member and is also used to calculate the average flow distribution percentage for the budget development. Historically the SCWWA has used a five-year average flow distribution to even out wet and dry years, but the past two years has seen a change in the actual versus the estimated flow distribution.

Key points for discussion at the December 19th meeting:

- Proposed salary adjustment.
 The group discussed the salary adjustment. There was a comment that the Archer letter recommended a different value than the Employment Cost Index (EPI). The Archer letter was received in July and the EPI was through September. The EPI has a recent number, 4.7%, for government employees and that was the value used in the budget preparation for the salary adjustment.

Mr. Flippen stated he did not think the City of Colonial Heights was going that high for their salary adjustment. Mr. Hayes stated that Chesterfield County has gone to January 1st of each year for their salary adjustments and their next salary adjustment is scheduled for January 2025 at 4%.

- Discuss budget options and impacts of removing the Capital Reserve Account funding.

The two options presented were to maintain the current funding of \$2,500,000 for the Capital Reserve Account or to discontinue funding the Capital Reserve Account. This was initially established to create a rate stabilization fund for the estimated debt service for the local share and to cover monthly invoices for the Nutrient Reduction Project (NRP) if funding reimbursement was delayed from the WQIF. The assistant executive director stated the estimated monthly invoicing for the NRP could be up to \$22,000,000 - \$24,000,000. The NRP terms for partial payment reimbursement is net 60-day to allow for ARPA and WQIF processing. The Capital Reserve Account's current balance is approximately \$17,675,000, below the highest estimate for NRP monthly invoicing.

From our discussion at the meeting, the consensus was the Authority should have at least a month of NRP invoicing on hand to bridge any delayed ARPA or WQIF reimbursement payments. Two options were discussed; to continue funding the Capital Reserve Account at \$2,500,000 in the FY25/26 fiscal year and then decrease it the following year and the other would be to decrease the Capital Reserve Account funding in the FY25/26 fiscal year to \$1,250,000. The group agreed, it would like to minimize large rate swings as much as possible. Therefore, we are presenting a budget with the Capital Reserve Account at \$1,250,000.

- Discuss percentages for cost distribution with the recent variances.

From discussions at the meeting, the group was comfortable moving forward with the 5-year running average for O&M distribution.

- Address any budget questions.

There were no other formal budget questions outside which is captured in the other bullets.

SOUTH CENTRAL WASTEWATER AUTHORITY

FY 2025/2026 Budget

PROPOSED: January 16, 2025

APPROVED:

REVISED:

REVISION APPROVED:

Acct #	ITEM	Fiscal Year	Revised	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	FY24/25 to FY25/26	
		2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	\$ Change	% Change
		Actual	Actual	Actual	Actual	Actual	Budget	Budget		
51000	SALARY	\$ 1,921,241	\$ 1,905,157	\$ 1,940,015	\$ 2,149,532	\$ 2,142,978	\$ 2,330,613	\$ 2,322,904	-\$7,708	-0.33%
52000	EMPLOYEE BENEFITS	\$ 738,930	\$ 879,662	\$ 650,403	\$ 820,555	\$ 945,822	\$ 1,050,574	\$ 1,074,720	\$24,145	2.42%
52100	Employer FICA	\$ 157,154	\$ 153,468	\$ 143,051	\$ 154,322	\$ 131,960	\$ 178,292	\$ 177,702	-\$590	-0.33%
52200	Virginia Retirement System	\$ 96,504	\$ 102,715	\$ 102,954	\$ 115,472	\$ 112,644	\$ 156,850	\$ 156,331	-\$519	-0.33%
52300	Hospitalization Insurance	\$ 492,449	\$ 503,403	\$ 495,068	\$ 534,462	\$ 584,668	\$ 672,702	\$ 698,059	\$25,357	4.10%
52400	Group Life	\$ 25,204	\$ 25,783	\$ 27,190	\$ 30,039	\$ 31,277	\$ 31,230	\$ 31,127	-\$103	-0.33%
52450	Supplemental Group Life	\$ 1,188	\$ 1,037	\$ 1,151	\$ 1,163	\$ 1,216	\$ 1,500	\$ 1,500	\$0	0.00%
52500	Health Insurance Credit				\$ 3,000		\$ -	\$ -	\$0	0.00%
52600	Workers Comp/Unemployment		\$ 1,822		\$ -		\$ -	\$ -	\$0	0.00%
52700	Employee Promotions	\$ 2,689	\$ 1,375	\$ 3,377	\$ 7,403	\$ 5,312	\$ 10,000	\$ 10,000	\$0	0.00%
52900	OPEB Health Insuranc ARC Adj	\$ 1,820	\$ 750	\$ (13,988)	\$ (12,152)	\$ (9,281)	\$ -	\$ -	\$0	0.00%
52952	Net Pension Adjustment	\$ (38,078)	\$ 89,308	\$ (108,400)	\$ (13,155)	\$ 88,026	\$ -	\$ -	\$0	0.00%
53000	Contractual Services	\$ 569,239	\$ 288,135	\$ 229,722	\$ 191,705	\$ 212,993	\$ 324,300	\$ 329,300	\$5,000	1.53%
53121	Auditing Services	\$ 12,600	\$ 12,900	\$ 13,374	\$ 14,200	\$ 15,900	\$ 15,000	\$ 15,000	\$0	0.00%
53122	Accounting Services	\$ 10,529	\$ 10,783	\$ 10,702	\$ 10,887	\$ 18,319	\$ 12,000	\$ 12,000	\$0	0.00%
53123	Administrative Service	\$ 52,741	\$ (15,671)	\$ (18,265)	\$ (24,981)	\$ (485)	\$ 40,000	\$ 40,000	\$0	0.00%
53124	Part-Time Summer Interns				\$ -	\$ -	\$ 5,000	\$ 5,000	\$0	0.00%
53140	Consults - Engineering	\$ 303,581	\$ 64,588	\$ 2,831	\$ -	\$ -	\$ 25,000	\$ 25,000	\$0	0.00%
53145	Consults - General	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$0	0.00%
53150	Legal Services	\$ 79,615	\$ 45,107	\$ 77,260	\$ 36,441	\$ 22,219	\$ 70,000	\$ 70,000	\$0	0.00%
53152	Software Support	\$ 32,362	\$ 55,982	\$ 38,531	\$ 39,533	\$ 56,364	\$ 50,000	\$ 50,000	\$0	0.00%
53160	Medical	\$ 2,921	\$ 5,999	\$ 5,168	\$ 2,900	\$ 4,750	\$ 5,000	\$ 5,000	\$0	0.00%
53162	Bank Service Charges	\$ 45	\$ 4				\$ -	\$ -	\$0	0.00%
53170	Payment in Lieu of Taxes (City of Petersburg)	\$ -					\$ -	\$ -	\$0	0.00%
53190	Samples and Testing	\$ 39,157	\$ 51,775	\$ 56,519	\$ 52,902	\$ 42,096	\$ 52,300	\$ 57,300	\$5,000	8.74%
53220	VPDES Permit Fee	\$ 9,947	\$ 10,149	\$ 10,912	\$ 10,452	\$ 11,073	\$ 12,500	\$ 12,500	\$0	0.00%
53320	Maintenance Service Contracts	\$ 5,074	\$ 21,100	\$ 6,932	\$ 25,172	\$ 15,558	\$ 10,000	\$ 10,000	\$0	0.00%
53600	Grounds Maintenance	\$ 20,667	\$ 25,418	\$ 25,758	\$ 24,200	\$ 27,200	\$ 27,500	\$ 27,500	\$0	0.00%
55000	Other Charges	\$ 898,451	\$ 914,323	\$ 1,003,846	\$ 1,204,703	\$ 1,255,386	\$ 1,282,700	\$ 1,327,700	\$45,000	3.91%
55050	Advertising	\$ 4,375	\$ 3,174	\$ 3,305	\$ 5,704	\$ 1,935	\$ 4,000	\$ 4,000	\$0	0.00%
55110	Electricity	\$ 408,820	\$ 416,587	\$ 408,251	\$ 567,873	\$ 614,766	\$ 575,000	\$ 620,000	\$45,000	9.00%
55120	Natural Gas	\$ 13,372	\$ 12,581	\$ 11,101	\$ 28,092	\$ 18,513	\$ 20,000	\$ 20,000	\$0	0.00%
55130	Solid Waste	\$ 2,855	\$ 2,692	\$ 2,516	\$ 2,862	\$ 3,333	\$ 3,500	\$ 3,500	\$0	0.00%
55140	Water	\$ 8,955	\$ 9,329	\$ 8,327	\$ 8,866	\$ 8,727	\$ 10,000	\$ 10,000	\$0	0.00%
55150	Storm Water (City of Petersburg)	\$ 3,777	\$ 5,193	\$ 5,193	\$ 5,666	\$ 5,666	\$ 6,000	\$ 6,000	\$0	0.00%
55160	Biosolids Disposal	\$ 301,256	\$ 297,540	\$ 389,680	\$ 408,019	\$ 398,036	\$ 475,000	\$ 475,000	\$0	0.00%
55210	Postage and Freight	\$ 21,076	\$ 19,302	\$ 18,366	\$ 20,436	\$ 17,160	\$ 22,000	\$ 22,000	\$0	0.00%
55230	Telecommunications	\$ 15,758	\$ 16,951	\$ 15,959	\$ 17,287	\$ 20,647	\$ 18,200	\$ 18,200	\$0	0.00%

55308	General Liability Insurance	\$ 64,830	\$ 63,281	\$ 67,417	\$ 71,233	\$ 77,053	\$ 75,000	\$ 75,000	\$0	0.00%
55410	Lease/Rent of Equipment	\$ 8,752	\$ 9,774	\$ 11,082	\$ 7,206	\$ 14,152	\$ 11,000	\$ 11,000	\$0	0.00%
55530	Meals and Lodging	\$ 1,582	\$ 112	\$ 2,505	\$ 3,503	\$ 7,028	\$ 3,000	\$ 3,000	\$0	0.00%
55540	Education and Training	\$ 13,770.50	\$ 14,036.91	\$ 16,189	\$ 20,822	\$ 23,660.72	\$ 30,000	\$ 30,000	\$0	0.00%
55550	Safety Supplies	\$ 25,139.54	\$ 43,769.24	\$ 43,956	\$ 37,134	\$ 44,709.17	\$ 30,000	\$ 30,000	\$0	0.00%
55700	Grounds Maintenance	\$ 4,133								
56000	Materials and Supplies	\$ 1,185,063	\$ 1,204,555	\$ 1,379,044	\$ 1,908,636	\$ 1,739,719	\$ 1,921,500	\$ 1,998,500	\$77,000	4.09%
56001	Office Supplies	\$ 6,143	\$ 7,499	\$ 5,752	\$ 6,751	\$ 10,050	\$ 7,500	\$ 7,500	\$0	0.00%
56004	Laboratory Supplies	\$ 48,016	\$ 59,494	\$ 82,640	\$ 63,043	\$ 62,802	\$ 63,000	\$ 70,000	\$7,000	11.11%
56005	Process Chemicals	\$ 526,043	\$ 549,822	\$ 592,322	\$ 865,335	\$ 1,047,991	\$ 1,200,000	\$ 1,270,000	\$70,000	5.83%
56006	Repair and Maintenance Supplies - IT	\$ 65,657	\$ 93,722	\$ 57,331	\$ 24,468	\$ 24,669	\$ 30,000	\$ 30,000	\$0	0.00%
56007	Repair and Maintenance Supplies - Shop	\$ 416,017	\$ 409,416	\$ 542,319	\$ 845,214	\$ 485,073	\$ 500,000	\$ 500,000	\$0	0.00%
56008	Vehicle and Equipment Fuels	\$ 20,696	\$ 18,685	\$ 32,065	\$ 32,800	\$ 26,992	\$ 33,000	\$ 33,000	\$0	0.00%
56009	Inventory Purchases			\$ 2,823			\$ -	\$ -	\$0	0.00%
56010	Janitorial Supplies	\$ 12,244	\$ 8,414	\$ 6,416	\$ 8,044	\$ 7,791	\$ 10,000	\$ 10,000	\$0	0.00%
56011	Uniforms	\$ 22,476	\$ 17,913	\$ 21,846	\$ 20,143	\$ 22,036	\$ 24,000	\$ 24,000	\$0	0.00%
56012	Dues and Subscriptions	\$ 25,009	\$ 24,109	\$ 26,776	\$ 32,949	\$ 31,921	\$ 34,000	\$ 34,000	\$0	0.00%
56015	Small Equipment Purchases	\$ 34,189	\$ 3,174	\$ 4,216			\$ -	\$ -	\$0	0.00%
56016	Operation - Supplies - Maintenance	\$ 8,573	\$ 12,305	\$ 4,538	\$ 9,890	\$ 20,394	\$ 20,000	\$ 20,000	\$0	0.00%
57000	Operating Capital Outlay	\$ 608,597	\$ 443,513	\$ 621,434	\$ 396,879		\$ 242,250	\$ 485,500	\$243,250	139.00%
58000	Nutrient Credit Purchases	\$ 471,552	\$ 471,552	\$ 132,374	\$ 87,500	\$ 87,500	\$ 187,500	\$ 205,250	\$17,750	9.47%
59000	Rate Stabilization Funds to be deposited to Capital Reserve Acct								\$0	0.00%
	Total(Operations & Maintenance)	\$ 6,393,072	\$ 6,106,897	\$ 5,956,837	\$ 6,759,510	\$ 6,384,398	\$ 7,339,437	\$ 7,743,874	\$404,437	5.71%
	Reserve policy (50% O&M) (1)						\$ -	\$ -	\$0	0.00%
	ERRF (5% of Operations & Maintenance) (2)						\$ -	\$ -	\$0	0.00%
	Capital Reserve Account (3)	\$ 2,000,000	\$ 2,000,000	\$ 2,250,000	\$ 2,250,000	\$ 2,500,000	\$ 2,500,000	\$ 1,250,000	-\$1,250,000	-50.00%
	Debt Service						\$ -	\$ -	\$0	0.00%
	Total	\$ 8,393,072	\$ 8,106,897	\$ 8,206,837	\$ 9,009,510	\$ 8,884,398	\$ 9,839,437	\$ 8,993,874	-\$845,563	-8.83%

Notes

(1) Reserve Policy requirement is to maintain 50% O&M reserves. Reserve Policy account currently has 50% O&M

(2) Equipment Replacement and Reserve Fund (ERRF) has > \$2.5 million. Per service agreement, the budget must include 5% O&M charge for ERRF until the account reaches \$2.5 million

(3) Capital Reserve account is used to offset future capital expenditures.

SOUTH CENTRAL WASTEWATER AUTHORITY

FY 2025/2026 Budget

Proposed: Jan. 16, 2025

Approved: _____

Revised: _____

Revision Approved: _____

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

Operation and Maintenance, Section 10, Para. 2

Budget: \$7,743,874.14

Community	Petersburg	Colonial Heights	Chesterfield	Prince George	Dinwiddie
% O&M (1)	61.401%	18.417%	8.296%	4.210%	7.676%
O&M	\$ 4,754,829.69	\$ 1,426,211.54	\$ 642,428.96	\$ 325,984.59	\$ 594,419.35

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

Budget: \$ -

%ERRF(2)	52.5%	20.0%	10.0%	7.5%	10.0%
ERRF	\$ -	\$ -	\$ -	\$ -	\$ -

Debt Service, Section 11, Para. A.2

Budget: \$ -

% Participation	52.50%	20.00%	10.00%	7.50%	10.00%
P&I Owed	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred	\$ -	\$ -	\$ -	\$ -	\$ -
Total P&I	\$ -	\$ -	\$ -	\$ -	\$ -

Reserve Policy

Budget: 0

% Participation (3)	52.5%	20.0%	10.0%	7.5%	10.0%
Reserve Policy	\$ -	\$ -	\$ -	\$ -	\$ -

Capital Reserve Account (to offset future Capital Expenditures)

Budget: \$ 1,250,000.00

% Participation	52.5%	20.0%	10.0%	7.5%	10.0%
Reserve Policy	\$ 656,250.00	\$ 250,000.00	\$ 125,000.00	\$ 93,750.00	\$ 125,000.00

Annual Total	\$ 5,411,079.69	\$ 1,676,211.54	\$ 767,428.96	\$ 419,734.59	\$ 719,419.35
O&M Due Monthly	\$ 396,235.81	\$ 118,850.96	\$ 53,535.75	\$ 27,165.38	\$ 49,534.95
ERRF Due Monthly	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve policy Due Monthly	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Account	\$ 54,687.50	\$ 20,833.33	\$ 10,416.67	\$ 7,812.50	\$ 10,416.67
P&I Due Monthly	\$ -	\$ -	\$ -	\$ -	\$ -
Total Due Monthly	\$ 450,923.31	\$ 139,684.29	\$ 63,952.41	\$ 34,977.88	\$ 59,951.61

Notes:

(1) Participation percentage based on flow data for period from FY19 to FY23

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

(3) 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

SOUTH CENTRAL WASTEWATER AUTHORITY

FY 2025/2026 Budget

Proposed: Jan. 16, 2025

Approved: _____

Revised: _____

Revision Approved: _____

<u>Proposed Revenues</u>	<u>Petersburg</u>	<u>Colonial Heights</u>	<u>Chesterfield</u>	<u>Prince George</u>	<u>Dinwiddie</u>	<u>Total</u>
Estimated Share of Plant Flow	61.401%	18.417%	8.296%	4.210%	7.676%	100.000%
Estimated Share of Operations & Maintenance	\$ 4,754,829.69	\$ 1,426,211.54	\$ 642,428.96	\$ 325,984.59	\$ 594,419.35	\$ 7,743,874.14
Share of Plant Capacity (%)	52.50%	20.00%	10.00%	7.50%	10.00%	100.00%
Share of Equipment Replacement Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Policy - (50% O&M)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Account	\$ 656,250.00	\$ 250,000.00	\$ 125,000.00	\$ 93,750.00	\$ 125,000.00	\$ 1,250,000.00
Share of Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly Amount	\$ 450,923.31	\$ 139,684.29	\$ 63,952.41	\$ 34,977.88	\$ 59,951.61	\$ 749,489.51
Annual Total	\$ 5,411,079.69	\$ 1,676,211.54	\$ 767,428.96	\$ 419,734.59	\$ 719,419.35	\$ 8,993,874.14
Electrical Credit						\$ -
Miscellaneous Revenue - PROPOSE THIS REVENUE IS DEPOSITED TO A CAPITAL RESERVE FUND						\$ -
Total Budget						\$ 8,993,874.14

Budget Comparison

	FY25/26 Budget	FY24/25 Budget	FY25/26 - FY24/25	
Locality	Revenue	Revenue	Difference	
City of Petersburg	\$ 5,411,080	\$ 5,800,581	\$ (389,502)	-6.71%
City of Colonial Heights	\$ 1,676,212	\$ 1,822,941	\$ (146,730)	-8.05%
Chesterfield County	\$ 767,429	\$ 861,506	\$ (94,077)	-10.92%
Prince George County	\$ 419,735	\$ 527,714	\$ (107,979)	-20.46%
Dinwiddie County	\$ 719,419	\$ 826,694	\$ (107,275)	-12.98%
Sub-totals	\$ 8,993,874	\$ 9,839,437	\$ (845,563)	-11.824%
Total Budget	\$ 8,993,874.14	\$ 9,839,437.17	\$ (845,563.03)	

50% Reserve Policy:

Reserve Policy Calculation

	O&M Reserves on June 30, 2024	Recommended 50% O&M Reserves	Charges required to achieve 50% reserves	Annual Charge
SCWWA O&M Budget	\$7,339,437	\$3,669,718.59	-\$246,695.86	0

**South Central Wastewater Authority
Operating Capital Outlay - 57000
FY25/26**

Acct#	Proposed FY ITEM	Budget 24/25	Proposed Budget 25/26	INFORMATIONAL & PLANNING										
				26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35		
57010 - Machinery & Equipment	Lab Refrigerators	\$ 16,000												
	Screw Compactor Rebuild	\$ 35,000												
	Generator Radiator	\$ 25,000												
	Generator Fuel Line	\$ 10,000												
	Generator Battery Replacement		\$ 45,000											
	Filter Housing for Lime Silo				\$ 75,000									
	BOD Incubator		\$ 10,000											
	Microbiological Incubator			\$ 7,000										
	Idexx Sealer		\$ 7,000											
	Glassware Washer		\$ 20,000											
57020 - Instrumentation	Bar Screen PLC Replacement	\$ 63,000												
	Arc Flash Protection		\$ 30,000											
57030 - SCADA	OT Firewall (replace every 5 years)					\$ 12,750							\$ 16,250	
	SCADA Terminal Server VM Replacement		\$ 30,000					\$ 38,000						
	Add additional host to OT VM	\$ 7,000												
	OT Domain and VM Migrations	\$ 21,000				\$ 12,250								
	OT SAN (replace every 7 years)		\$ 21,000								\$ 29,500			
	Historian Server VM Replacement		\$ 10,000					\$ 12,500						
	SCADA 1&2 VM Replacement		\$ 15,000					\$ 19,500						
	SCADA/Historian Refresh/Upgrade					\$ 165,000								
OT VMWare 2 hosts (replace every 5 yrs)		\$ 20,000					\$ 25,500							
57040 - Computer Hardware & Software	IT LAN switch replacement (1/yr)	\$ 5,250	\$ 5,500	\$ 5,800	\$ 6,000	\$ 6,400	\$ 6,720	\$ 7,000	\$ 7,300	\$ 7,800	\$ 8,200	\$ 8,610		
	IT Domain Controllers 1 &2 Replacement			\$ 15,000								\$ 20,000		
	Plant WiFi Development													
	SANS (replace every 7 yrs)	\$ 20,000							\$ 28,000					
	Corporate Terminal Server Replacement	\$ 25,000						\$ 38,000						
	IT Firewall Replacement (every 5 years)			\$ 5,000					\$ 6,500					
	Corporate IT VMWare 3 hosts (replace every 5 yrs)				\$ 25,000						\$ 32,000			
	Server Room Enterprise Switch (replace every 7 yrs)					\$ 25,000								
57050 - Motor Vehicles	Plant Vehicles Replacement	\$ -	\$ 57,000	\$ 12,000	\$ 67,000	\$ 12,000		\$ 45,000	\$ 85,000	\$ 102,000				
57055 - Equipment	Plant Equipment Replacement	\$ 15,000	\$ 150,000		\$ 150,000		\$ 157,500	\$ 100,000	\$ 70,000					

South Central Wastewater Authority
Nutrient Credit Purchase - Acct # 58100
FY25/26

Acc# 58100 <u>ITEM</u>	Budget 24/25	Proposed Budget 25/26	INFORMATIONAL & PLANNING											
			26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35			
Private Purchase - Chesterfield County (2)	\$ 87,500	\$ 105,250	\$ 106,500	\$ 115,500	\$ 123,000	\$ 125,500								
Exchange Purchases (3)			\$ 83,125	\$ 90,283	\$ 96,302	\$ 101,162								
Contengency for additional credits if needed	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Totals	\$ 187,500	\$ 205,250	\$ 289,625	\$ 305,783	\$ 319,302	\$ 326,662	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

NOTE:

SCWWA Budget comparisons

Year	(1)		(2)			(3)		Total	Difference	% change	Comments
	O&M Expenses	Operating Capital Outlay	Nutrients	Debt Service	Reserve policy	ERRF					
24/25	\$ 6,909,687.17	\$ 242,250.00	\$ 187,500.00	\$ 2,500,000.00	\$ -	\$ -	\$ 9,839,437.17				
25/26	\$ 7,053,124.14	\$ 485,500.00	\$ 205,250.00	\$ 1,250,000.00	\$ -	\$ -	\$ 8,993,874.14	\$ (845,563.03)	-9%		
26/27	\$ 7,264,717.86	\$ 89,800.00	\$ 289,625.00	\$ 1,250,000.00	\$ -	\$ -	\$ 8,894,142.86	\$ (99,731.28)	-1%		
27/28	\$ 7,482,659.40	\$ 323,000.00	\$ 305,783.00	\$ 1,250,000.00	\$ -	\$ -	\$ 9,361,442.40	\$ 467,299.54	5%		
28/29 (4)	\$ 9,312,139.18	\$ 233,400.00	\$ 319,301.62	\$ -	\$ -	\$ -	\$ 9,864,840.80	\$ 503,398.40	5%	added IE + benefits	
29/30	\$ 9,591,503.36	\$ 176,720.00	\$ 326,662.45	\$ -	\$ -	\$ -	\$ 10,094,885.81	\$ 230,045.01	2%	should be last year purchasing credits	

Notes:

(1) Annual increase in operating expenses 3%

(2) This is funding for the Capital Reserve Account. No debt service is currently expected for this project. WQIF funding agreement still needs to be finalized now that all phases of the NRP are awarded.

(3) Equipment Replacement and Reserve Fund (currently fully funded at >\$2,500,000)

(4) O&M increase is a result of increased chemical usage for the new treatment process. Also includes additional staffing for instrumentation and electrical (IE)

SCWWA Projected Annual Cost

5 year projected annual cost per Participating Jurisdiction

	Dinwiddie	Prince George	Colonial Heights	Chesterfield	Petersburg	total
5 year aver flows	7.676%	4.210%	18.417%	8.296%	61.401%	100.000%
Allocation	10.000%	7.500%	20.000%	10.000%	52.500%	100.000%
FY 25/26	\$ 719,419	\$ 419,735	\$ 1,676,212	\$ 767,429	\$ 5,411,080	\$ 8,993,874
FY 26/27	\$ 711,764	\$ 415,536	\$ 1,657,844	\$ 759,155	\$ 5,349,844	\$ 8,894,143
FY 27/28	\$ 747,634	\$ 435,208	\$ 1,743,908	\$ 797,922	\$ 5,636,771	\$ 9,361,442
FY 28/29	\$ 757,225	\$ 415,268	\$ 1,816,836	\$ 818,384	\$ 6,057,128	\$ 9,864,841
FY 29/30	\$ 774,883	\$ 424,952	\$ 1,859,204	\$ 837,468	\$ 6,198,378	\$ 10,094,886

Note: Budget % based on five year average flows (FY19/20 to FY23/24)

Exhibit C

South Central Wastewater Authority Annual Wastewater Flows (Gallons)						
Fiscal Year	Dinwiddie	Prince George	Colonial Heights	Chesterfield	Petersburg	All Members (Influent)
2020	375,334,670	169,500,036	729,281,921	318,643,000	2,327,442,448	3,920,202,075
2021	478,629,234	219,003,179	973,849,911	494,466,000	3,763,369,761	5,929,318,085
2022	291,731,110	172,904,630	803,152,839	364,162,000	2,703,926,232	4,335,876,811
2022	253,576,987	154,526,620	753,666,057	338,089,000	2,442,635,548	3,942,494,212
2024	359,790,223	124,764,510	922,572,307	381,871,000	2,961,865,100	4,750,863,140

South Central Wastewater Authority Annual Wastewater Flows (Percent)						
Fiscal Year	Dinwiddie	Prince George	Colonial Heights	Chesterfield	Petersburg	Total
2020	9.574%	6.821%	18.603%	8.128%	56.873%	100.000%
2021	8.072%	3.694%	16.424%	8.339%	63.471%	100.000%
2022	6.728%	3.988%	18.523%	8.399%	62.362%	100.000%
2023	6.432%	3.920%	19.116%	8.576%	61.957%	100.000%
2024	7.573%	2.626%	19.419%	8.038%	62.344%	100.000%
<u>5 Year Averages (%)</u>						
5 Years - FY2025	7.857%	4.635%	18.025%	8.332%	61.150%	100.000% FY19-23
5 Years - FY2026	7.676%	4.210%	18.417%	8.296%	61.401%	100.000% FY20-24
						FY25 Budget
						FY26 Budget



Memorandum

To: Clients and Friends of The Archer Company

Subject: Pay Increase Budget and Salary Structure Movement Recommendations for 2025

Dear Clients and Friends:

The intent of this letter is to provide The Archer Company's recommendations regarding budgeting for both pay increases and salary structure adjustments for 2025. Given the continued volatility in the labor market and general economy (with inflation moving steadily down but continued wage pressure experienced by most employers), our recommendations continue to be particularly important.

Depending on when your fiscal year starts, this letter is either timely, too late or too early. But the analysis process we recommend in making the decisions can be used at any time during the year, to accommodate different budget planning timelines.

We have two compensation decisions for your consideration, and because we believe the decisions should be made based on different criteria, we will make recommendations for both pay increase budgets and salary structure increases in this email.

Our bottom-line recommendations are presented in the "Quick Summary and Key Takeaways" section below.

This year we have expanded our letter to include more market predictions, a discussion about the relative value of cost of living and cost of labor data in making compensation planning decisions (see the Appendix), and more information from the market on projected salary increases and salary structure adjustments for 2025.

Quick Summary And Key Takeaways

- The labor market will show strength but will no longer be "hot"
- Inflation will continue to cool
- If you budget 4.0%-4.4% for annual salary increases (general/across-the-board and merit increases) and 2.4% for salary structure adjustments, you should be competitive
- We recommend focusing on ECI data (cost of labor changes) and CPI data together to determine next year's pay increase budget

Our Best Market Predictions for 2025

The Status of the General Economy and Labor Economy:

- At the time of writing, the inflation rate stands at 2.9%. It is down over 6% since the high in June of 2022 (9.1%). These rates continue the trend of moderating inflation and may have a tempering effect on compensation increases. However, some economists predict that as long as inflation is above the target rate of 2.0%, we may continue to see higher levels of compensation growth
- While employers are trending toward moderation in salary budgeting for 2025 (see below), an employee survey from the American Staffing Association and The Harris Poll earlier this year indicates that over half of US workers feel their pay checks are not keeping up with the pace of inflation. This level of concern is likely to lead to continued job-hunting behavior in our opinion. In fact, according to interpretations of Consumer Price Index data reported by PayScale, wages have risen 33.1% overall in the U.S. since 2006 but, when



factoring in inflation, “real wages” have actually fallen 12.6%. In other words, it is arguable that the income for a typical employee today buys less than it did almost 20 years ago

Salary Increase Budgets for 2025

- The professional association for compensation professionals, WorlDatWork, in their July 31, 2024 article “Global Salary Increase Budgets Contracting” perhaps says it best – “Moderation is the Trend”
- As a baseline, **actual pay increases** in 2024 for U.S. employees averaged 4.1% -- down from 4.5% in 2023. Annual pay increases are softening in a “cooler” U.S. labor market
- Salary increase **budgets** were also lower in 2024 than in 2023, falling from 4.4% in 2023 to 3.9% in 2024
- Another indicator of a softening in annual pay increase trends is that the **actual** average salary increase budgets in the U.S. of 3.9% represents a full 0.2% decrease from **the projected 2024 average salary increase budget** of 4.1%. In this area of statistics, a 0.2% decrease is significant
- The largest survey of Total Salary Budgets, published by WorlDatWork with a sample size of 2,249 U.S. employers, predicts, for **government workers**, an **average salary increase in budgets of 4.3% in 2025** (across all job levels) following an **actual** average salary increase of 4.7% in 2024, a notable reduction
 - A few other industries report a projected salary increase budget of greater than 4.0% (agriculture, construction, pharmaceuticals, professional and scientific, rental, and real estate, and mining/extraction)
- Other major compensation surveys are also predicting slightly higher salary increases in 2025 for **government employees** compared to other groups
- There are indications that employers plan to be more conservative with 2025 salary budgets, anticipating lower demand, which in turn is resulting from larger-term stability in their employee base following a several year period of high turnover and resignations
 - Indeed, according to Willis Towers Watson, while 38% of employer reported having trouble hiring and retaining employees in 2024, this figure dropped almost 20 percentage points from two years ago (57%)
- The variation in the size of salary increase budgets is lessening. Fewer organizations are reporting extremely low or extremely high salary increase budgets for 2024 and 2025. In other words there is increasing consolidation in salary increase budget decisions than there has been in the last few years
- Only 20% of U.S. employers plan to set aside a higher compensation budget for 2025 than they did for 2024; the majority of organizations report budgets will be about the same for 2025 than they were in 2024
 - Employers indicating their salary budgets have actually *increased* recently tend to attribute it to continued competition for talent and/or labor shortages. At the same time, many organizations plan to reduce salary increase budgets, in order to offset higher increases in 2024
- Employers continue to make longer-term changes to their compensation programs as well as to their workplace flexibility programs. According to Willis Towers Watson, 45% of US employers have undertaken a full compensation review of all employees in the last 1-2 years
- In summary, compensation growth appears to be slowing along with a tightening labor market. But there is still a gap between the hires and open jobs rate, which indicates that employers are still looking for employees. This points toward higher compensation growth, but the tightening of the gap may indicate that the time of high compensation growth is cooling.



Marianne Oyaas
Regional Director
8601 Caswell Court
Raleigh, NC 27613
marianneoyaas@archercompany.com
608-698-0606

Salary Structure Adjustments Planned for 2025

- According to WorldatWork the average salary structure increase was 2.5% in 2024, lower than the projected increase of 2.65% for the same year
- The average projected salary structure increase for 2025 dips down again to **2.4%** across all employee levels and all regions

Other Human Resources Trends

- Realizing that success in attracting and retaining employees is more than just about pay, organizations are taking action to address current market conditions and employee needs by providing more workplace flexibility (52%) and improving the employee experience (52%) through a variety of means
- Employers are taking more of a holistic approach to their rewards programs, factoring in such components as bonuses, long-term incentives, and health and wellness benefits. While bonuses and long-term incentives may not be possible or are more difficult in the public sector, keep in mind your private sector competitors are taking action in these areas. Your private sector competitors may increasingly impact your ability to recruit from the private sector for jobs in several areas including IT, Finance, Engineering, Planning, and various management role

Sources: WorldatWork, Willis Towers Watson, U.S. News and World Reports, Society for Human Resources Management, PayScale, The Harris Poll, American Staffing Association

Recommendations

General Recommendations

- We recommend that, annually, several months before the beginning of your fiscal year, you determine the appropriate amounts to budget for both pay increases and salary structure movement. Ideally the amounts will not generally be the same percentage
- While you may choose not to increase the pay structure itself each year, we recommend you at least become aware of the average amount, or trends, in salary structure movement in the labor market
- The decisions you make on pay increase budget and salary structure movement, are related but should be independent. In general we recommend that the pay structure movement percentage lag the pay increase budget (as a percentage of total base salaries) by a minimum of 1.5% -2.0%. If you match salary structure movement to pay increase amounts actually given to employees, employees' pay does not progress further into their ranges. This is a very common cause of pay compression that many of our clients are concerned about. As employees in some cases fail to move farther into the range for several years and labor market pressures force employers to pay new employees "higher" into the range, pay compression often results. You can take steps to avoid compression proactively, and one step is to ensure the pay structure movement is lower than the percentage increase given to employees for their annual increase
- If your pay increases are not "across-the-board" or the same for everyone, e.g., are based on performance using a "merit matrix," you want to ensure the *average* increase is, at minimum, 1-1.5% higher than the pay structure increase. You can often do this by setting the percentage increase in your merit matrix used for employees in the middle of the matrix at least 1-1.5% higher than your pay structure adjustment
- As the labor market continues to stabilize, we recommend you review and update your Compensation Philosophy to ensure the philosophy aligns with current market conditions



Marianne Oyaas
Regional Director
8601 Caswell Court
Raleigh, NC 27613
marianneoyaas@archercompany.com
608-698-0606

- Pay attention to the principles of pay equity. According to WorldatWork, seventy percent of US employers expect to make pay equity-related pay adjustments in 2025. That is an impressive number and indicates that the trend among US employers to study and correct inequitable pay practices is continuing and even strengthening. Pay equity issues are potential litigation situations so you are wise to ask yourself if your pay plan and pay practices may have unintended consequences including evidence of pay inequities

Salary Increase Budget Recommendations:

The Archer Company has determined that as part of our annual guidance to our clients and friends on both pay structure adjustments as well as pay increase budgets, the best approach and methodology for determining pay increase budgets is to utilize the Employment Cost Index (published quarterly by the U.S. Bureau of Labor Statistics) found at <https://www.bls.gov/news.release/pdf/eci.pdf> as well as Consumer Price Index data (also published quarterly by the same bureau) ([CPI Home : U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov)). Correct application of the data published by BLS will provide a competitive pay increase budget.

As stated above, the ECI measures changes in the costs of all compensation. The ECI is a percentage measure of the change in the cost of maintaining a competitive labor supply. The ECI includes both a benefit component and a wage and salary component. The wage and salary component of the ECI is often used by employers to determine the percent change in wages each year that would ensure that their pay levels remain competitive in the labor market(s) in which they compete for their labor supply.

The ECI is well suited as an index to use for salary budget adjustment to keep pace with what other organizations are planning to spend on pay increases for four reasons:

1. It is comprehensive including not only wages and salaries but also employer costs for benefits, covering nearly all employees in the civilian, non-federal, economy
2. It measure the “pure” change in labor costs, excluding changes in relative employment of occupations and industries with differing compensation levels
3. Closely watched by major US economists, the ECI is an indicator of cost pressures within organizations that could lead to price inflation for goods and services. In that way, the ECI is a proactive measure for an employer wanting to adjust wages and salaries in high inflationary times.
4. Frequency of publication (quarterly) also makes it a superior tool employer to use in making key decisions on salary increase budgeting

Using the most recent ECI report published by the Department of Labor (June 2024), we focus on the report for the 12-month ECI change statistic for Wages and Salaries, for State and Local Government Workers (Table 11, page 18). The 12-month change index for June 2023 – June 24 is **5.1%, as shown below:**



Table 11. Employment Cost Index for wages and salaries, for state and local government workers, by occupational group and industry
 [Not seasonally adjusted]

Occupational group and industry	Indexes (Dec. 2005=100)			Percent changes for					
	Jun. 2023	Mar. 2024	Jun. 2024	3-months ended-			12-months ended-		
				Jun. 2023	Mar. 2024	Jun. 2024	Jun. 2023	Mar. 2024	Jun. 2024
All workers.....	147.2	153.9	154.7	0.4	1.0	0.5	4.7	5.0	5.1
Occupational group									
Management, professional, and related.....	144.7	151.1	151.8	0.4	0.9	0.5	4.5	4.9	4.9
Professional and related.....	144.5	150.6	151.4	0.3	0.9	0.5	4.6	4.6	4.8
Sales and office.....	148.6	156.0	157.0	0.7	1.2	0.6	4.9	5.8	5.7
Office and administrative support.....	149.1	156.5	157.6	0.7	1.1	0.7	5.0	5.7	5.7
Service occupations.....	156.2	163.9	164.8	0.6	1.5	0.5	5.5	5.6	5.5
Industry									
Education and health services.....	145.2	151.4	152.0	0.3	0.9	0.4	4.6	4.6	4.7
Educational services.....	143.9	150.0	150.6	0.3	0.7	0.4	4.5	4.6	4.7
Schools.....	143.9	150.0	150.6	0.3	0.8	0.4	4.5	4.6	4.7
Elementary and secondary schools.....	143.4	149.4	150.0	0.4	0.7	0.4	4.6	4.6	4.6
Health care and social assistance.....	156.1	163.0	163.8	0.5	1.3	0.5	5.4	4.9	4.9
Hospitals.....	154.8	161.5	162.5	0.5	1.3	0.6	5.2	4.9	5.0
Public administration.....	150.5	158.6	159.7	0.5	1.4	0.7	4.7	5.9	6.1

SOURCE: U.S. Bureau of Labor Statistics, National Compensation Survey

Using the most recent CPI report published by the Department of Labor (for July 2024), the 12-month Consumer Price Index for All Urban Consumers (CPI-U), U.S. City average, is 2.9%.

If your organization is budgeting for annual pay increases for 2025, we recommend you consider budgeting an increase of **4.0%, giving equal weight to the ECI and CPI indexes, and therefore changes in the cost of labor and cost of living, respectively.** If you determine annual increase budgets at a different time of the year, you can reference the most recent quarterly report and use the same statistic. The ECI data is published quarterly.

Market Trends in Projected Salary Increases

We also reviewed projected salary increase budgets from a major annual survey published by WorldatWork, and projected average salary increases from a few other highly reputable national surveys. Here are our findings:

- In terms of projected 2025 actual pay increases, employees in engineering, science and **government** may continue to see average salary increase in the range of 4.0% to 4.6%, whereas employees who work in most other sectors are likely to receive pay increase averaging about 3.5%
- Perhaps the largest survey of its kind, WorldatWork, predicts an average salary increase budget of **4.0%** for federal, state, local and tribal governments, for 2025
- PayScale’s survey of over 1,500 employers predicts an average actual annual salary increase of **4.6%** for government workers in the non-exempt, exempt and manager categories, but an average actual annual salary increase of only 4.2% for “officers and executives
- Employers indicating their salary budgets have increased recently tend to attribute it to continued competition for talent and/or labor shortages. Many organizations plan to reduce salary increase budgets in order to offset high increases provided in 2024
- Only 20% of U.S. employers plan to set aside a higher compensation budget for 2025 than they did for 2024; the majority of organizations report budgets will be about the same for 2025 than they were in 2024

Integrating the ECI Data and Salary Increase Survey Results

As stated, we recommend you use both ECI and CPI data to establish your salary increase budget. Our recommendation for 2025 is 4.0%. You can use the ECI data in a second, very useful way. If you set aside the **5.1%** reported for the most recent 12-month period by government employers for wage and salary expenditures, your 4.0% budget is used for annual increases, and the remainder (1.1%) can be used to fund non-annual, non-standard increases such as promotional increases, market adjustments and equity adjustments. Therefore the ECI data is a good benchmark for budgeting all kinds of salary increases you might typically need to fund during the year, enabling



Marianne Oyaas
Regional Director
8601 Caswell Court
Raleigh, NC 27613
marianneoyaas@archercompany.com
608-698-0606

you to “match” your salary increase budget to the most recent 12-month trend in total salary and wage expenditures among U.S. government employers

Budgeting amounts higher than 5.1% will give you a competitive advantage if that is something you choose to do and can afford to do.

If you do choose to continue to utilize CPI data (cost of living changes) in setting pay increase budgets, we do caution you to be careful about repeated “permanent” adjustments to salaries that may unduly burden you with long term commitments that are not sustainable and likely to require a course change. In the long run, cost of labor exceeds cost of living for most areas. While this has not been the case in all periods since 2021/2022, inflation continues to move down. If you want to give additional increase dollars for “inflation” or “cost-of-living” we would recommend you separate out that additional increase in written communications, policies and in any communications to reinforce the message that inflationary adjustments are “temporary” and should not be expected to continue when the economy returns to low inflationary times. If you can provide these “payments” as non-base building (one-time payments) this is often an even better option for fiscal management purposes.

Pay Structure Adjustment Recommendations:

We recommend that the pay structure adjustments you apply to your pay structures be determined annually, based on current market data around planned structure increases for the upcoming year as well as actual structure increases applied by employers in the current year. We provide the market data in this letter for your consideration.

As we mentioned, in general, the pay structure adjustments should lag behind the pay increase budgets by a minimum of 1-1.5%.

There may be years where you decide not to adjust your pay structures, but we recommend you consider market data each year and make an informed decision. Repeated years of no increase to the salary structure will put your structure in an increasingly non-competitive position and most of our clients report that remaining or even increasing their competitiveness is a key compensation goal for this and next year.

Market Trends in Projected Salary Structure Adjustments

- According to WorldatWork the average salary structure increase was 2.5% in 2024, lower than the projected 2.65 for the same year
- The average projected salary structure increase for 2025 dips down again to **2.4%** across all employee levels (averaged and across all regions)
 - For both 2024 and projected 2025 salary structure increases for officers and executives have been slightly lower than for other levels of employees. **For example for projected 2025, the average projected officer/executive structure increase is 2.25, compared to 2.5% for all other employee groups (non-exempt/non-union, non-exempt salaried and exempt salaried)**
- Approximately 16% of organizations plan NO structure increase for 2025. It is common for organizations to NOT increase their pay structure each year. The Archer company recommends using market data such as that reported here to inform their pay structure increase. If an employer chooses to skip a year, the data covering the most recent two years should be considering for determining the pay structure increase in the next year (so that a structure increase is applied to the employer’s wage and salary structure(s))

A Note on the Concept of the “Living Wage”

Particularly among our public sector clients, we see a continuing trend toward establishing a “living wage” as a salary or wage floor in the pay structure. A “living wage” is the hourly wage that a full-time worker must earn to help cover the cost of their family’s minimum basic needs where they live while still being self-sufficient.



Marianne Oyaas
Regional Director
8601 Caswell Court
Raleigh, NC 27613
marianneoyaas@archercompany.com
608-698-0606

The living wage is often confused with the national **minimum wage**. In fact, the terms are often used interchangeably. In fact, the U.S. Congress originally created the minimum wage with the intent to provide a living wage.

The minimum wage is an amount set by law, whereas the living wage is determined by average costs to live. The minimum wage was originally set to allow workers enough income to stay out of poverty. The minimum wage concept has failed because it has not kept pace with the rising cost of living, causing many working people to live below the poverty level. One study indicates that if the current federal minimum wage of \$7.25 had been indexed to the consumer price index since 1968, the minimum wage would have been up to \$24.00 per hour in 2020.

The Complications of Mandating Wages

Mandating a local, much less a national, “living wage” is a very complex and often controversial issue. However many localities are attempting to set some sort of living wage.

MIT has put together a [living wage calculator](#) that estimates the cost of living in particular cities or regions based on typical expenses. It helps individuals, communities and employers determine a local wage rate that allows residents to meet minimum standards of living. The Living Wage Calculator’s estimate of living wage includes eight typical expenses or basic needs – childcare, civic engagement, food, health care, housing, internet and mobile, transportation, and other necessities. In addition to these basic needs, the Calculator also accounts for the additional cost to families associated with income and payroll taxes. The calculator has established 12 different family types available, which vary by the number of working adults and children. MIT’s living wage calculator is updated annually, by the end of the first quarter each year.

It is an interesting exercise to calculate your community’s living wage through the MIT calculator and the results might be one useful consideration in finalizing your salary increase budget as well as your salary structure adjustment for the upcoming year.

Final Thoughts

Next year at this time, we may find that one or more of several potential events and trends may have impacted actual 2025 salary increase and salary structure adjustment budgets, varying actual 2025 numbers from predictions. For example, these trends may be influential:

- The continuation of a strong (but no longer “hot”) labor market
- Continued easing of inflation
- Potential for release of capital to businesses when interest rates finally drop
- Expanding pay transparency requirements in the states, through state legislation
- Continued expansion and solidifying of remote and hybrid work arrangements
- Strongly divergent national political party platforms and objectives, which may be foreshadowing much different regulatory environments depending on the outcome of the 2024 presidential election
- Economic uncertainty due to geopolitical factors including conflicts in the Middle East and Ukraine

We have provided solid general recommendations for setting market-competitive salary increase budgets and salary structure adjustment budgets – *everything else being equal*. If you budget 5.1% for all types of salary increase and 2.4% for salary structure adjustments, you should be competitive with other government organizations in general and also successful in maintaining the recommended minimum difference of 1.5 – 2.0% between pay increase budgets and salary structure adjustments – to allow for continued movement of employees within their pay ranges.

This thought process and the balancing of multiple considerations and contextual factors should occur each year.

We are happy to work with you to make the best recommendations for your organizations by, for example, helping you understand the ECI index data applies to your particular geographic location, or how to weigh the two decisions



Marianne Oyaas
Regional Director
8601 Caswell Court
Raleigh, NC 27613
marianneoyaas@archercompany.com
608-698-0606

of compensation structure adjustments and pay increase budgets or even how to use the ECI and compensation market data to set the “anchor” for your merit matrix. Please feel free to email or call me and we can easily work with you on these kinds of situations, for no charge.

We at the Archer Company are grateful for your trust in our services and products and we hope to connect with you in the not-too-distant future.

Sincerely,

A handwritten signature in black ink that reads 'Marianne Oyaas'.

Marianne Oyaas
Regional Consulting Director

Attached: Appendix



Appendix: Cost of Labor and Cost of Living in Compensation Planning

This letter focuses on determining your planned salary increase and salary structure adjustment budgets for the upcoming year. In making these decisions, our clients naturally turn to measures of economic change in considering options.

Historically, many employers tied their individual pay increase percentages to changes in cost of living. When inflation and cost of living approached 9-10% in 2022, this practice became difficult for many employers. It is important to understand the two concepts of cost of labor and cost of living, and how they should be used in compensation budgeting.

Lets' start with definitions:

Cost of Living:

- **Cost of living** refers to the amount of money a consumer needs to maintain an acceptable standard of living in a specific geographic area. The cost of living indices are published by the Bureau of Labor Statistics and are based on a market basket of goods and services including consumables such as food and household supplies, transportation, health services, housing, energy and taxes [CPI Home : U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov) The cost of living can be referenced to compare the cost to live in two or more cities and, of course, changes in the cost of living index (COLA) within any particular area indicate changes in the cost to obtain that defined market basket between two periods
- Changes in the CPI are used to adjust Social Security payments, to determine eligibility for certain government assistance programs, and in some employment situations, to determine general/across-the-board pay increases for employees

Current Trends in Cost of Living:

- The Consumer Price Index (CPI) The Consumer Price Index (CPI) measures the rate at which prices increase. The most recent update from the Bureau of Labor Statistics (August 14, 2024) for **July 2024** indicates the CPI for All Urban Consumers increased by 0.2% (June to July) following a 0.1% decrease for the previous period. **However, over the last 12 months, the "all items" index increased 2.9% before seasonal adjustment.**
 - The July CPI "All items" index of 2.9% is the smallest 12 month increase in that index since April 2021
 - Most of the increase in the last two one-month periods was due to housing costs moving up. The BLS indicates that declining inflation in the last 12 months was largely driven by a large drop in gasoline prices, which offset increases in other areas such as housing. During the same 12-month period, national unemployment rose slightly from 3.65 in June 2023 to 4.1% in June of 2024. There are some signs of a slowing economy including a slowing in the growth of the number of new jobs.

Cost of Labor:

Cost of Labor refers to the cost to hire and retain employees with the education and skills to do a job in a specific industry and geographic location. This calculation is impacted by the availability of talent as well as the "going rate" paid to that talent in a particular geographic market. The cost varies based on supply and demand. The cost of labor reflects what a particular geographic market offers as compensation for a specific type of work and changes within a particular period, such as 12 months, is useful to determine market-competitive pay increases for the next cycle. The cost of labor is determined by the supply and demand of labor across all industries and occupations by geographic location. It represents the cost to hire and retain employees in a given city or location. The cost of labor for a location -- whether it be, for example, all of the United States or a region or a particular community -- moves up and down



over time based on several economic factors.

Changes in the cost of labor can be measured by using the Economic Cost Index (ECI) published by the Bureau of Labor Statistics. [ECI Home: U.S. Bureau of Labor Statistics \(bls.gov\)](#). The Employment Cost Index (ECI) focuses on measuring inflation in the labor market and provides data on compensation expenditure increases occurring across the labor economy, from the employers' perspective, measured quarterly. In other words, the ECI measures the change in the cost of labor (wages, salaries, benefits) between two or more periods. The data is derived from over 21,000 observations selected from a sample of over 7,000 public and private sector employers. The data we report in this letter was published on 7/31/24 and the next release for September 2024 will be published on October 31st.

Current Trends in the Economic Cost Index:

- The most recent BLS release of ECI data (June 2024) indicates that, across all "private industry" employers (regardless of industry or geography), wages and salaries increased **4.1%** for the period ending in June 2024, as compared to a **4.6%** increase in the 12-month period ending June 2023.
- Wage and salaries are moving up higher for the "**government worker**" industry, as compared to the "all U.S. employer" data cut, with government worker wages and salaries moving up **5.1%** for the period ending in June 2024, as compared to a **4.7%** increase in the 12-month period ending June 2023.
- Note that "wages and salaries" takes into consideration base salaries, most types of bonus and incentive payments, cost-of-living allowances, hazard pay and excludes on-call pay, shift differentials, premium pay for overtime, holidays and weekends and end-of-the-year and profit-sharing bonus types)

Best Use of the Economic Indices:

In general, our clients' compensation programs are directed at offering a competitive salary for particular jobs they perform, and specific skills and capabilities they offer to the organization. They are **NOT** directed at reimbursing employees for changes in the cost of living.

In fact, cost of labor and cost of living do not run hand in hand:

- From an employer's perspective, employees in many desirable locations such as New York City or Honolulu, HI do not have to match cost-of-living to attract and retain talent. They do have to focus on cost of labor to be competitive, however. For example, compared to Raleigh, NC, Manhattan is 122% higher in cost of labor (for an employee earning \$80,000) and but only 39% higher in cost of living.
- We see the same phenomenon in many attractive cities such as Honolulu, HI where workers are willing to accept a relative high cost of living and lower cost of labor (translating to wages that do not reflect the local cost of living) for the other benefits of living in say, a tropical island (Honolulu) or an exciting city full of opportunities (Manhattan).
- It is also possible that cost of living rates can be *lower* than cost of labor rates in particular areas. For example, companies with highly technical roles (IT, Engineering, Legal for example) that are located in more rural areas, where cost of living is low, may have to pay a "premium" to get the talent they need, even when the cost of living in these areas is well below national averages

The cost-of-living index is generally best used to manage relocations as part of an employer's mobility program. In mobility programs, comparisons between two locations in terms of cost of living are often used to determine the appropriate salary for an employee moving from one location to another in the U.S. or even globally. Beyond that particular compensation management use, organizations typically use the cost of living for other business decisions including acquisitions, divestitures and considering new business locations. *From a compensation management standpoint, it is generally NOT recommended that public or private sector employers base pay increase budgets on cost of living.*

Where cost of living is very valuable in managing relocations as mentioned before, **The Archer Company recommends**



Marianne Oyaas
Regional Director
8601 Caswell Court
Raleigh, NC 27613
marianneoyaas@archercompany.com
608-698-0606

focusing on both ECI data (cost of labor changes) and the COL data (cost of living changes) to determine next year's pay increase budget and focusing on changes in the most recent 12-month period available from BLS at the time you make your decision.

It is true that in previous high inflationary times, cost-of living increase have become more prevalent. This was seen during the early 1980s where the U.S. experienced double-digit inflation with salary budgets over 10% for a few years. During that time, some companies elected to deliver both merit increases and cost-of-living increases, but they were frequently administered on two different dates.

The Problems With Using Cost of Living Data to Determine Pay Increase Budgets:

Tying the pay increase budgeted percentage directly (dollar-for-dollar) to changes in the cost of living, even in high inflationary times, is generally recommended only when there is a contractual obligation to do so, such as "COLA-based cost-of-living increase" found in many labor contracts in unionized public sector employment contracts. If you have a policy, especially in writing, to tie pay increases to changes in the cost of living, during high inflationary times, your organization may struggle to find sufficient funds. We tend to see policies tying pay increases to cost of living increases are much more common in the public sector than they are in the private sector.

If your policy on tying cost of living increase to pay increases is sufficiently flexible, we recommend two considerations:

- (1) You may choose to use the cost of living data to inform the final salary increase budget as one consideration but that final amount need not necessarily equal the actual cost of living as reported by the Bureau of Labor Statistics. Our pay increase budget recommendation for 2025 does factor in both cost of labor and cost of living
- (2) Especially in high inflationary times, consider both salary and benefits expenditures and how inflation is impacting your benefits expenditures. A holistic view of the impact of inflation on your expenditures is important to make the best-informed decisions on both benefits changes (e.g., increase in premiums, deductibles, etc.) and the appropriate budget for pay increases

In sum, both cost of labor and cost of living changes are important to consider for determining the salary increase budget for the upcoming year. The ECI has several advantages including it is a direct measure of how much organizations are increasing their salaries and wages over the most recent period and using that index along with cost of living protects you from employee expectations that you expect to fully protect their buying power in high inflationary times. It is best in high *and* low inflationary times to focus on labor cost changes, through the Economic Cost Index, and use the CPI as a consideration but not a lever.



Economic News Release



Employment Cost Index Summary

Transmission of material in this release is embargoed until 8:30 a.m. (ET) Thursday, October 31, 2024

USDL-24-2232

Technical information: (202) 691-6199 • ncsinfo@bls.gov • www.bls.gov/eci
Media contact: (202) 691-5902 • pressoffice@bls.gov

EMPLOYMENT COST INDEX - SEPTEMBER 2024

Compensation costs for civilian workers increased 0.8 percent, seasonally adjusted, for the 3-month period ending in September 2024, the U.S. Bureau of Labor Statistics reported today. Wages and salaries increased 0.8 percent and benefit costs increased 0.8 percent from June 2024. (See tables A, 1, 2, and 3.)

Compensation costs for civilian workers increased 3.9 percent for the 12-month period ending in September 2024 and increased 4.3 percent in September 2023. Wages and salaries increased 3.9 percent for the 12-month period ending in September 2024 and increased 4.6 percent for the 12-month period ending in September 2023. Benefit costs increased 3.7 percent over the year and increased 4.1 percent for the 12-month period ending in September 2023. (See tables A, 4, 8, and 12.)

Compensation costs for private industry workers increased 3.6 percent over the year. In September 2023, the increase was 4.3 percent. Wages and salaries increased 3.8 percent for the 12-month period ending in September 2024 and increased 4.5 percent in September 2023. The cost of benefits increased 3.3 percent for the 12-month period ending in September 2024 and increased 3.9 percent in September 2023. Inflation-adjusted (constant dollar) wages and salaries increased 1.2 percent for the 12 months ending September 2024. (See tables A, 5, 9, and 12.)

Within private industry by bargaining status, compensation costs increased 5.8 percent for union workers and 3.4 percent for non-union workers for the 12-month period ending in September 2024. Wages and salaries increased 6.4 percent for union workers and 3.6 percent for non-union workers for the 12-month period ending in September 2024. Benefit costs increased 4.9 percent for union workers and 3.1 percent for non-union workers for the period ending in September 2024. (See tables 6, 10, and 12.)

Compensation costs for state and local government workers increased 4.7 percent for the 12-month period ending in September 2024 and increased 4.8 percent in September 2023. Wages and salaries increased 4.6 percent for the 12-month period ending in September 2024 and 4.8 percent from a year ago. Benefit costs increased 4.8 percent for the 12-month period ending in September 2024. The prior year's increase was 4.7 percent. (See tables A, 7, 11, and 12.)

Changes to ECI Index Rounding

Effective with the release of the June 2025 ECI, BLS plans to publish index levels to three decimal places. Percent changes based on these more precise indexes will continue to be published to one decimal place, see www.bls.gov/eci/notices/2024/changes-to-index-rounding.htm.

Table A. Major series of the Employment Cost Index

[Percent change]

Category	3-month, seasonally adjusted		12-month, not seasonally adjusted, current dollar			12-month, not seasonally adjusted, constant dollar		
	Jun. 2024	Sep. 2024	Sep. 2023	Jun. 2024	Sep. 2024	Sep. 2023	Jun. 2024	Sep. 2024
Civilian workers⁽¹⁾								
Compensation⁽²⁾	0.9	0.8	4.3	4.1	3.9	0.6	1.1	1.4
Wages and salaries	0.9	0.8	4.6	4.2	3.9	0.9	1.2	1.4
Benefits	1.0	0.8	4.1	3.8	3.7	0.4	0.8	1.2
Private industry								
Compensation⁽²⁾	0.9	0.7	4.3	3.9	3.6	0.6	0.9	1.2
Wages and salaries	0.8	0.8	4.5	4.1	3.8	0.8	1.1	1.2
Benefits	0.8	0.7	3.9	3.5	3.3	0.2	0.5	0.8
Health benefits	-	-	1.9	3.6	3.4	-	-	-

Footnotes

(1) Includes private industry and state and local government.

(2) Includes wages and salaries and benefits.

Note: All estimates in the table can be found in the public database at www.bls.gov/eci/data.htm. Dashes indicate data not available.

Category	3-month, seasonally adjusted		12-month, not seasonally adjusted, current dollar			12-month, not seasonally adjusted, constant dollar		
	Jun. 2024	Sep. 2024	Sep. 2023	Jun. 2024	Sep. 2024	Sep. 2023	Jun. 2024	Sep. 2024
State and local government								
Compensation ⁽²⁾	1.2	1.1	4.8	4.9	4.7	1.0	1.9	2.2
Wages and salaries	1.1	1.0	4.8	5.1	4.6	1.0	2.0	2.1
Benefits	1.4	1.2	4.7	4.8	4.8	1.0	1.8	2.3

Footnotes

(1) Includes private industry and state and local government.

(2) Includes wages and salaries and benefits.

Note: All estimates in the table can be found in the public database at www.bls.gov/eci/data.htm. Dashes indicate data not available.

- [Employment Cost Index Technical Note](#)
- [Table 1. Seasonally adjusted: Employment Cost Index for total compensation, by ownership, occupational group, and industry](#)
- [Table 2. Seasonally adjusted: Employment Cost Index for wages and salaries, by ownership, occupational group, and industry](#)
- [Table 3. Seasonally adjusted: Employment Cost Index for benefits, by ownership, occupational group, and industry](#)
- [Table 4. Compensation \(not seasonally adjusted\): Employment Cost Index for total compensation, for civilian workers, by occupational group and industry](#)
- [Table 5. Compensation \(not seasonally adjusted\): Employment Cost Index for total compensation, for private industry workers, by occupational group and industry](#)
- [Table 6. Compensation \(not seasonally adjusted\): Employment Cost Index for total compensation, for private industry workers, by bargaining status and Census region and division](#)
- [Table 7. Compensation \(not seasonally adjusted\): Employment Cost Index for total compensation, for state and local government workers, by occupational group and industry](#)
- [Table 8. Wages and salaries \(not seasonally adjusted\): Employment Cost Index for wages and salaries, for civilian workers, by occupational group and industry](#)
- [Table 9. Wages and salaries \(not seasonally adjusted\): Employment Cost Index for wages and salaries, for private industry workers, by occupational group and industry](#)
- [Table 10. Wages and salaries \(not seasonally adjusted\): Employment Cost Index for wages and salaries, for private industry workers, by bargaining status and Census region and division](#)
- [Table 11. Wages and salaries \(not seasonally adjusted\): Employment Cost Index for wages and salaries, for state and local government workers, by occupational group and industry](#)
- [Table 12. Benefits \(not seasonally adjusted\): Employment Cost Index for benefits, by ownership, occupational group, industry, and bargaining status](#)
- [Table 13. Compensation and wages and salaries \(not seasonally adjusted\): Employment Cost Index for total compensation, and wages and salaries, for private industry workers, by area](#)
- [HTML version of the entire news release](#)

The PDF version of the news release**News release charts****Supplemental Files Table of Contents****Table of Contents**

Last Modified Date: October 31, 2024

U.S. BUREAU OF LABOR STATISTICS Office of Compensation and Working Conditions PSB Suite 4160 2 Massachusetts Avenue NE Washington, DC 20212-0001

Telephone: 1-202-691-6199 www.bls.gov/ECI [Contact ECI](#)

Attachment C-2

RESOLUTION

**OF THE SOUTH CENTRAL WASTEWATER AUTHORITY
PROVIDING PRELIMINARY APPROVAL OF THE
BUDGET FOR FISCAL YEAR 2026 AND
THE RELATED WHOLESALE WASTEWATER SERVICE
PAYMENT SCHEDULE**

WHEREAS, in the fall and winter of 2024 and 2025 the staff of the South Central Wastewater Authority (the "Authority") developed the Authority's proposed budget and wholesale wastewater service payment schedule for Fiscal Year 2026 and has presented the proposed budget and payment schedule to the Authority Board at this meeting held on January 16, 2025; and

WHEREAS, Virginia Code Section 15.2-5136(G) requires an authority to hold a public hearing on the fixing of any rates, fees and charges following the preliminary approval of such rates, fees and charges;

NOW, THEREFORE, BE IT RESOLVED that the Board of the South Central Wastewater Authority hereby (a) provides preliminary approval of (i) the proposed Fiscal Year 2026 budget submitted as an attachment to this resolution and (ii) the proposed wholesale wastewater service payment schedule for Fiscal Year 2026 as set forth below, (b) schedules a public hearing on the proposed Fiscal Year 2026 budget and wholesale wastewater service payment schedule at the Authority's next scheduled Board meeting on March 20, 2025, and (c) directs Authority staff to provide for the publication of the notices of such public hearing in accordance with Virginia Code Section 15.2-5136(G):

	FY2026 WHOLESALE WASTEWATER SERVICE PAYMENTS
City of Petersburg	\$5,411,079.69
City of Colonial Heights	1,676,211.54
Chesterfield County	767,428.96
Prince George County	419,734.59
Dinwiddie County	719,419.35
TOTAL	\$8,993,874.14

BE IT FURTHER RESOLVED that the Authority Board acknowledges that pursuant to the wastewater service agreement in effect between the Authority and each of its five member jurisdictions, the wholesale wastewater service payment schedule is subject to change during or after Fiscal Year 2026 based on, among other things, each member jurisdiction's actual use of the Authority's wastewater treatment facilities and the actual amount of revenues received and expenses incurred by the Authority during Fiscal Year 2026.



900 Magazine Rd.
Petersburg, VA 23803
Office: (804) 861-0111
Fax: (804) 861-3254

EXHIBIT D

TO: South Central Wastewater Authority Board of Directors

FROM: Robert B. Wilson, Executive Director
James C. Gordon, Assistant Executive Director

DATE: January 16, 2025

SUBJECT: Nutrient Reduction Project Update

The following tasks have been performed since the last board meeting:

- Project Funding
 - The first ARPA reimbursement requisition has been received and deposited to the Capital Reserve account.
 - Cash flow estimates for the NRP over the next three years has been provided to DEQ as requested.
 - Staff will need to schedule a meeting with DEQ to finalize the WQIF agreement now that all phases of the project are bid and awarded.
- Phase 1 NRP Sludge Conditioning Building
 - A construction meeting was held on December 3, 2024, and January 8, 2025.
 - MEB stated that the Motor Control Centers (MCCs) are still scheduled for delivery in February.
 - They project demo work to begin April 1st.
 - Delivery of the Schwing Bisoset, Inc. (SBI) lime conveyance and blending equipment is scheduled for January 24th and March 3rd.
 - Synagro will setup the temporary sludge equipment MCCs and lime conveyance and blending equipment is onsite. Synagro is planning to be onsite in January to discuss current operation.
 - Gravity Belt Thickeners (GBTs) and Belt Filter Presses (BFPs) are onsite.
- Phase 2 NRP Electrical Feed and Distribution
 - A construction meeting was held on December 3, 2024, and January 8, 2025.
 - Site plans have been approved by Chesterfield County and the City of Petersburg.
 - Staff met onsite with the City of Petersburg Engineer to discuss the NRP.

- Staff and Engineer have been in contact with Dominion Energy regarding the new services. A new project designer has been assigned to the project. Application for the new services and the load letters have been resubmitted with a schedule for the project completion.
- Phase 3 NRP Lift Station, Filter Building, and Clarifiers rehabilitation
 - A construction meeting was held on December 3, 2024, and January 8, 2025.
 - Chesterfield County has approved the site plan for this phase of the NRP.
 - MEB performed some exploratory potholing to locate the Return Activated Sludge (RAS) and Mixed Liquor (ML) lines. Based on the actual location of the lines the contractor will not need to move the RAS line and provide temporary service. A change order for the credit of \$1,083,000 is included as Exhibit D-1.
- Phase 4 NRP Headworks and Primary Tank Improvements
 - A construction meeting was held on December 3, 2024, and January 8, 2025.
 - Rudy Hawkins is scheduled to be onsite January 13, 2025, to discuss electrical coordination.
 - MEB has completed pre-construction measurements.
- Phase 5 NRP North and South Tank
 - Contract was executed following November approval.
 - A construction meeting was held on December 3, 2024, and January 8, 2025.
 - Plans have been sent to the City of Petersburg.
 - MEB was informed that a set of plans needs to be sent to Chesterfield as well.
- Building Improvements – NRP Phase 6
 - Notice of award was sent to Norman Company, Inc.
 - Project contract is being developed.
- The contract for special inspections has been executed.
- MEB plans to have the construction trailers delivered the week of January 6th.
- Attachment D-2 is the updated expenditure analysis for the NRP.

Board Action Requested:

Staff requests the Board authorize the executive director to execute the Phase 3 change order #2 for a credit of \$1,083,000.

Potential Contract Summary

7/1/2024

Item	Description	Total	Proposed/NA
1	Total Project Bid	88,277,000	
2	Delete RAS PS (Includes Applicable Steel Piles)	(7,981,000)	
3	Delete Clarifier #5 (Includes Applicable Steel Piles)	(13,924,000)	
4	Delete Existing Clarifier Mods	NA	(1,724,000)
5	Delete Yard Pipe Associated with RAS PS	(927,000)	
6	Delete Yard Pipe Associated with Final Clarifier #5	(3,572,000)	
7	Delete 60" FE and 60" SCE Unnecessary Bends (Either/Or with Item 8)	NA	(367,000)
8	Delete 42" ML Relocation (Either/Or with Item 7)	(747,000)	
9	Delete 60" Future Piping at Disk Filter	(430,000)	
10	Delete Yard Pipe Excavation Haul Off and Replace with Select Fill (Provide note that soil on site is acceptable for backfill)	(387,000)	
11	Wood Piles in lieu of Steel Piles at Filter Building and Caustic Facility	(194,000)	
12	Wood Piles in lieu of Steel Piles at Intermediate PS	(124,000)	
13	Delete Steel Piles at Ductbanks and Yard Pipe	(699,000)	
14	Delete Pump Discharge Pipe Insulation and Heat Trace at Exposed Piping at Intermediate PS	(264,000)	
15	Delete 3 Each 60" 90's Pipe Insulation and Heat Trace at Exposed Piping at Disk Filter	(159,000)	
16	Delete PLC20 Functions for Clarifier and RAS PS	(22,000)	
17	Delete Clearing and Grubbing at Clarifier No. 5 Area	(32,000)	
18	Delete Parking and Sidewalks at Clarifier No. 5	(7,000)	
→ 19	Delete Relocation of the 30" RAS Yard Pipe Line (If this Item is accepted both Items 7 and 8 Above can be Accepted)	NA	(1,083,000)
20	Delete New 8'x8' Square Precast Manhole next to New Junction Box 3	(96,000)	
21	Delete Electrical Work at Existing RAS PS 1	NA (50,000)	59,000
22	Delete Concrete Footings Associated with Ductbanks and Yard Pipe	(356,000)	
23	Add New Clarifier Equipment at Clarifiers 1 and 2	NA 1,344,000	1,314,000
Potential Total Contract		59,611,000	
		58,356,000	

Attachment D-2

Sum of Amount Row Labels	Column Labels			
	58000-1 · Nutrient Upgrade-Engineering	58000-2 · Nutrient Upgrade-Equipment	58000-3 · Nutrient Upgrade-Solids Handlin	Grand Total
Alfa Laval, Inc.			\$899,378.30	\$899,378.30
5734			\$94,671.40	\$94,671.40
5734			\$804,706.90	\$804,706.90
AQUALAW PLC	\$25,168.50			\$25,168.50
Aqua	\$17,874.50			\$17,874.50
Legal	\$7,294.00			\$7,294.00
City of Petersburg	\$2,250.00			\$2,250.00
City	\$2,250.00			\$2,250.00
Comcast Cable Communications			\$2,194.64	\$2,194.64
Cable			\$2,194.64	\$2,194.64
Electric Power Systems			\$2,400.00	\$2,400.00
5947			\$2,400.00	\$2,400.00
Endress+Hauser	\$3,037.77		\$51,802.03	\$54,839.80
5679	\$3,037.77			\$3,037.77
5914			\$51,802.03	\$51,802.03
Hazen & Sawyer	\$4,140,031.14			\$4,140,031.14
5376	\$3,304,369.00			\$3,304,369.00
5845	\$656,420.46			\$656,420.46
Rebid	\$179,241.68			\$179,241.68
McGuireWoods	\$116,577.08			\$116,577.08
Legal	\$76,866.75			\$76,866.75
Contract	\$39,710.33			\$39,710.33
McGuireWoods Consulting	\$25,789.98			\$25,789.98
5906	\$20,000.00			\$20,000.00
Legal	\$5,789.98			\$5,789.98
Schwing Bioset			\$409,564.00	\$409,564.00
5723			\$392,960.00	\$392,960.00
5723			\$16,604.00	\$16,604.00
Sherwood Logan			\$83,683.00	\$83,683.00
5725			\$83,683.00	\$83,683.00
W W Associates	\$2,097,925.50			\$2,097,925.50
5975	\$327,500.00			\$327,500.00
ENR	\$11,485.00			\$11,485.00
WW Eng	\$450.00			\$450.00
5975	\$748,500.00			\$748,500.00
5997	\$233,750.00			\$233,750.00
5997	\$41,250.00			\$41,250.00
5987	\$171,000.00			\$171,000.00

6095	\$400,500.00			\$400,500.00
6130	\$25,000.00			\$25,000.00
6095	\$94,500.00			\$94,500.00
5987	\$34,000.00			\$34,000.00
6433	\$9,990.50			\$9,990.50
A & R Electric, Inc.	\$67,050.00	\$141,825.00		\$208,875.00
6105	\$67,050.00			\$67,050.00
5718		\$127,825.00		\$127,825.00
6301		\$14,000.00		\$14,000.00
Airline Hydraulics		\$143,711.00		\$143,711.00
5793		\$143,711.00		\$143,711.00
MEB General Contractors, Inc.		\$1,542,158.75	\$888,535.00	\$2,430,693.75
6193			\$642,010.00	\$642,010.00
6319		\$64,125.00	\$140,600.00	\$204,725.00
6193			\$105,925.00	\$105,925.00
6383		\$122,550.00		\$122,550.00
6319		\$201,162.50		\$201,162.50
6383		\$30,400.00		\$30,400.00
6444		\$1,123,921.25		\$1,123,921.25
McGuireWoods	\$2,381.40			\$2,381.40
Legal	\$2,381.40			\$2,381.40
RLP Investments, LC	\$56,000.00			\$56,000.00
Nutrient Credit	\$56,000.00			\$56,000.00
Grand Total	\$6,536,211.37	\$2,783,469.72	\$1,381,782.00	\$10,701,463.09

Vendor	PO #	Original Amount	YTD Expenditures	Remaining
A&R Electric	5718	\$ 207,764.00	\$ 127,825.00	\$ 79,939.00
A&R Electric	6105	\$ 67,050.00	\$ 67,050.00	\$ -
A&R Electric	6243	\$ 14,850.00	\$ -	\$ 14,850.00
A&R Electric	6301	\$ 18,000.00	\$ 14,000.00	\$ 4,000.00
Alfa Laval	5734	\$ 946,714.00	\$ 899,378.30	\$ 47,335.70
Carter Machinery	6255	\$ 1,095,764.25	\$ -	\$ 1,095,764.25
EAT-N/Airline Hydraulics	5793	\$ 143,711.00	\$ 143,711.00	\$ -
Electric Power Systems	5947	\$ 3,600.00	\$ 2,400.00	\$ 1,200.00
Endress+Hauser	5679	\$ 3,037.77	\$ 3,037.77	\$ -
Endress+Hauser	5914	\$ 51,802.03	\$ 51,802.03	\$ -
Hazen & Sawyer	5376	\$ 3,316,735.00	\$ 3,304,369.00	\$ 12,366.00
Hazen & Sawyer	5845	\$ 656,420.46	\$ 656,420.46	\$ -
McGuireWoods Consulting	5906	\$ 20,000.00	\$ 20,000.00	\$ -
MEB General Contractors Phase 1	6193	\$ 10,195,345.06	\$ 747,933.00	\$ 9,447,412.06
MEB General Contractors Phase 2	6319	\$ 4,451,882.39	\$ 443,887.50	\$ 4,007,994.89
MEB General Contractors Phase 4	6383	\$ 2,169,000.00	\$ 204,320.00	\$ 1,964,680.00
MEB General Contractors Phase 3	6444	\$ 58,674,000.00	\$ 1,123,921.25	\$ 57,550,078.75
Schwing Bioset	5723	\$ 1,023,910.00	\$ 409,564.00	\$ 614,346.00
Sherwood Logan	5725	\$ 83,683.00	\$ 83,683.00	\$ -
WW Associates	5975	\$ 3,650,000.00	\$ 1,076,000.00	\$ 2,574,000.00
WW Associates	5987	\$ 205,000.00	\$ 205,000.00	\$ -
WW Associates	5997	\$ 275,000.00	\$ 275,000.00	\$ -
WW Associates	6095	\$ 495,000.00	\$ 495,000.00	\$ -
WW Associates	6130	\$ 25,000.00	\$ 25,000.00	\$ -
WW Associates	6433	\$ 520,442.00	\$ 9,990.50	\$ 510,451.50
		\$ 88,313,710.96	\$ 10,389,292.81	\$ 77,924,418.15
Aqualaw PLC	Aqua	\$ -	\$ 25,168.50	\$ -
City of Petersburg	City	\$ -	\$ 2,250.00	\$ -
Comcast Cable	Cable	\$ -	\$ 2,194.64	\$ -
Hazen & Sawyer	Rebid	\$ -	\$ 179,241.68	\$ -
McGuireWoods	Legal	\$ -	\$ 79,248.15	\$ -
McGuireWoods Consulting	Legal	\$ -	\$ 5,789.98	\$ -
McGuireWoods	Contract	\$ -	\$ 39,710.33	\$ -
RLP Investments	Nutrient Purchase	\$ -	\$ 56,000.00	\$ -
WW Associates	ENR	\$ -	\$ 11,485.00	\$ -
WW Associates	WW Eng	\$ -	\$ 450.00	\$ -
		\$ -	\$ 401,538.28	\$ -
		\$ 88,313,710.96	\$ 10,790,831.09	\$ 77,924,418.15



900 Magazine Rd.
Petersburg, VA 23803
Office: (804) 861-0111
Fax: (804) 861-3254

EXHIBIT E

TO: South Central Wastewater Authority Board of Directors

FROM: Robert B. Wilson, Executive Director
James C. Gordon, Assistant Executive Director

DATE: January 16, 2025

SUBJECT: Legal Services

At the November 21st meeting, Mr. Anderson advised he was retiring from McGuire Woods. With that in mind and the terms of the current legal contract running through December 31, 2024, staff recommended not to extend the legal services contract with McGuire Woods and prepared a legal services RFP for ARWA and SCWWA. This contract is for “as needed” general counsel support that includes attending meetings, addressing employment and employee issues, procurement and financial support, policy review and bond counsel.

The Authority received four responses:

- Sands Anderson PC
- AquaLaw PLC
- Hefty Wiley & Gore, P.C.
- Whiteford, Taylor & Preston L.L.P.

The selection committee consists of the executive director, assistant executive director and business manager. The committee is currently reviewing the proposals and ranking the four firms. Based on the results, the committee will interview the firm scoring highest.

Staff hopes to have the process completed before the Board meeting and be in a position to make a recommendation at the meeting.

Board Action Requested:

Staff will request the Board award the legal services contract to the successful respondent upon recommendation and review by the Board.



900 Magazine Rd.
 Petersburg, VA 23803
 Office: (804) 861-0111
 Fax: (804) 861-3254

EXHIBIT F

TO: South Central Wastewater Authority Board of Directors

FROM: Robert B. Wilson, P.E., Executive Director
 James C. Gordon, Assistant Executive Director

DATE: January 16, 2025

SUBJECT: Status Report

This report hits the highlights and does not cover the day-to-day maintenance or preventive maintenance summaries.

The following is an update for plant operations.

➤ General

- The next Board of Directors meeting is Thursday, March 20th, at the Appomattox River Water Authority at 2:00 pm.
- Septage revenues were:

Month	Septage
November	\$5,932.45
December	\$5,579.89
- SCWWA’s annual total nitrogen (TN) waste load allocation (WLA) is 350,239 lbs. TN discharged for 2024 was 385,405 lbs. We have a contract with Chesterfield to purchase 50,000 credits to cover any WLA overages.
- SCWWA’s annual total phosphorus (TP) WLA is 28,404 lbs. TP discharged for 2024 was 26,606 lbs.
- EasyGen generator transfer system was completed, and system is operational.
- Annual chemical bids will be opened on January 9, 2025.
- The 42” airline for aeration basins has a leak. A purchase order has been issue to WACO for this work and they are schedule to be onsite the of January 20th. A 6 foot stick of 42” stainless steel pipe has been purchased in preparation of the repair.
- A replacement sodium hypochlorite tank will be delivered the week of January 6th. Staff will install the tank.

➤ Operations

- Plant effluent met all permit requirements for November and December 2024.
- Average daily effluent flows were:

Month	Average Effluent Flow (mgd)	Total Monthly Precipitation (inches)
November	10.911	3.040
December	10.708	1.960

- RAS Pump Station continues to be run in hand due to Pump Building 5 MCC replacement.
- Reviewed 2024 Discharge Monitoring Reports (DMRs) and Reports for End of Year
- Standard Operating Procedures (SOPs) were reviewed and updated
- Operator training on SOPs and new EasyGen generator controls.
- Two open Operator Trainee positions have been filled. Operations is fully staffed
- SCWWA is hosting a DEQ 21 Wastewater Microscope class on March 4th and 5th.

➤ Maintenance

- Staff complete work on replacing the airline to the scum pots with stainless steel lines.
- Staff is planning to rebuild BFP 1 the week of January 6th.
- Staff disassembled the Quonset Hut. This was required in preparation for the NRP.
- Repaired Lime Conveyor 4.
- Preparing to upgrade the barscreen PLC. This will be done inhouse.
- Preparing to install the new sodium hypochlorite tank.

➤ SI-IT

- Corrected an issue with the Win911 SCADA alarm system.
- Preparing a secure area in the file storage room in the blower building to setup new server rack and server for the IT and OT separation.

➤ Laboratory/Industrial Pretreatment

- Virginia Linen Services has provided a compliance schedule for Total Petroleum Hydrocarbons (TPH). They have exceeded there limits several times and were issued a significant non-compliance. They have been fined for the exceedance as required by the SCWWA Industrial Pretreatment Program (IPP).
- Pretreatment annual report will be sent to DEQ by January 31st.
- Internal Audit completed.
- Pretreatment annual inspections and sampling completed.
- Whole Effluent Toxicity testing scheduled for February 24th.

➤ PB3 and PB5 MCC Replacement

- Motor Control Centers (MCC) have been received.
- RAS pumps are currently being operated manually on the temporary system.
- The contractor has everything needed to complete the switch to the new MCC in PB5. Work for PB5 MCC is scheduled for January 8th and 9th. This should complete the PB5 MCC upgrade.
- PB3 MCC will be scheduled once the PB5 work is complete.

EXHIBIT G

South Central Wastewater Authority For Month Ending December 31, 2024

Assets		
Current Assets		
Petty Cash	\$	500
Wells Fargo Operating Account	\$	4,049,991
Payments In-Transit To LGIP Fund	\$	(1,501,893)
<i>Total Unrestricted Cash</i>	<u>\$</u>	<u>2,548,598</u>
Wells Fargo Reserve	\$	3,916,414
LGIP-ERRF	\$	2,710,468
LGIP_Capital Improvements Reserve	\$	17,488,563
<i>Total Restricted Cash</i>	<u>\$</u>	<u>24,115,445</u>
Total Checking/Savings	\$	26,664,043
Accounts Receivable	\$	117,902
Additional Accounts Receivable	\$	-
Accounts Receivable-ARPA	\$	1,784,419
Prepaid Expenses	\$	65,859
Total Current Assets	\$	28,632,223
Fixed Assets		
Sewer System Plant	\$	33,990,396
Equipment & Vehicles	\$	2,643,121
Plant Machinery	\$	7,408,434
Construction in Progress	\$	8,245,784
Land	\$	92,968
Accumulated Depreciation	\$	(31,302,635)
Total Fixed Assets	\$	21,078,067
Other Assets		
Due from Member Localities	\$	-
Inventory	\$	909,138
Def Out Res-Post ER Pension Con	\$	112,645
Deferred Outflows-GLI OPEB	\$	24,084
Deferred Outflows-Pension related	\$	155,325
Def Out Res-OPEB Assumptions	\$	2,792
Def Out Res-OPEB Experience	\$	7,252
Def Out Res-OPEB Contributions	\$	24,781
Right of Use Lease Assets	\$	10,643
Accum amort-right of use lease	\$	(8,979)
Total Other Assets	\$	1,237,681
Total Assets	\$	50,947,971
Liabilities & Equity		
Current Liabilities		
Accounts Payable	\$	1,451,114
Total Current Liabilities	\$	1,451,114
Other Current Liabilities		
Payroll Accruals	\$	219,510
Health Ins-ARWA	\$	-
Retainage Payable	\$	35,553
Accrued interest-GASB87	\$	15
Accrue for Nutrient Credit Purchases	\$	93,750
Lease Liability-Current	\$	1,799
Lease Liability- non-current	\$	-
Refunds Due Member Localities	\$	-
Total Other Current Liabilities	\$	350,627
Long Term Liabilities		
Net OPEB Obligation	\$	93,502
Net OPEB Liability-GLI	\$	100,742
Def Infl-OPEB-Chg of Assumption	\$	-
Deferred Inflows-GLI OPEB	\$	18,640
Def Inf-Chg in Ex and Act	\$	26,899
Def Inf Res-Net Dif Pension Inv	\$	-
Def Inf Res-Pens Chg Assumption	\$	-
Def Inf Res-Pens Dif Proj/Act E	\$	93,706
Net Pension Liability	\$	323,643
Total Long-Term Liabilities	\$	657,132
Total Liabilities	\$	2,458,872
Equity		
Retained Earnings	\$	34,958,016
Initial Locality Contribution Cap.	\$	14,166,822
Net Income	\$	(635,739)
Total Equity	\$	48,489,099
Total Liabilities & Equity	\$	50,947,971

South Central Wastewater Authority
YTD Income Statement for the period ending December 31, 2024

<i>Budget</i>	<i>Budget</i>	<i>Actual</i>	<i>YTD Budget</i>	<i>Variance</i>
<i>FY 24/25</i>	<i>Year-to-Date</i>	<i>Year-to-Date</i>	<i>vs. Actual</i>	<i>Percentage</i>

Wastewater Rate Center
Revenues and Expenses Summary

Operating Budget vs. Actual

Revenues

Septage/Misc Revenue	\$ -	\$ -	\$ 41,245	\$ 41,245	#DIV/0!
O&M Revenue	\$ 7,339,437	\$ 3,669,719	\$ 3,669,719	\$ 0	0.00%
Capital Improvements Reserve	\$ 2,500,000	\$ 1,250,000	\$ 1,250,000	\$ (0)	0.00%
ER&RF Revenue	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Total Operating Revenues	\$ 9,839,437	\$ 4,919,719	\$ 4,960,964	\$ 41,245	0.84%

Expenses

Personnel Cost	\$ 3,381,187	\$ 1,690,594	\$ 1,557,970	\$ (132,623)	-7.84%
Contractual/Professional Services	\$ 328,300	\$ 164,150	\$ 127,056	\$ (37,094)	-22.60%
Utilities	\$ 614,500	\$ 307,250	\$ 282,864	\$ (24,386)	-7.94%
Communication/Postage/Freight	\$ 40,200	\$ 20,100	\$ 18,270	\$ (1,830)	-9.11%
Office/Lab/Janitorial Supplies	\$ 84,595	\$ 42,298	\$ 38,304	\$ (3,994)	-9.44%
Insurance	\$ 75,000	\$ 37,500	\$ 75,660	\$ 38,160	101.76%
Lease/Rental Equipment	\$ 11,000	\$ 5,500	\$ 2,845	\$ (2,655)	-48.28%
Travel/Training/Dues	\$ 67,000	\$ 33,500	\$ 24,293	\$ (9,207)	-27.48%
Safety/Uniforms	\$ 54,000	\$ 27,000	\$ 35,831	\$ 8,831	32.71%
Chemicals/Sludge Disposal	\$ 1,670,905	\$ 835,453	\$ 644,287	\$ (191,166)	-22.88%
Repair/Maintenance Parts & Supplies/Purchases	\$ 583,000	\$ 291,500	\$ 224,248	\$ (67,252)	-23.07%
Total Operating Expenses	\$ 6,909,687	\$ 3,454,844	\$ 3,031,627	\$ (423,217)	-12.25%
Operating Suplus/(Deficit)	\$ 2,929,750	\$ 1,464,875	\$ 1,929,337	\$ 464,462	31.71%

Replacement Outlay Budget vs. Actual

Machinery & Equipment	\$ 86,000	\$ 43,000	\$ 64,000	\$ 21,000	48.84%
Instrumentation	\$ 63,000	\$ 31,500	\$ 118,631	\$ 87,131	276.61%
SCADA	\$ 28,000	\$ 14,000	\$ -	\$ (14,000)	-100.00%
Computer Equipment	\$ 50,250	\$ 25,125	\$ 8,378	\$ (16,747)	-66.66%
Motor Vehicles	\$ -	\$ -	\$ 19,730	\$ 19,730	#DIV/0!
Plant Equipment	\$ 15,000	\$ 7,500	\$ 28,500	\$ 21,000	280.00%
Roof Repairs	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Gutter Replacement	\$ -	\$ -	\$ 32,950	\$ 32,950	#DIV/0!
Fixtures/Furniture	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Total Replacement Outlay	\$ 242,250	\$ 121,125	\$ 272,188	\$ 151,063	124.72%

Nutrient Upgrade Budget vs. Actual

Nutrient Upgrade-Engineering	\$ -	\$ -	\$ 713,084	\$ 713,084	#DIV/0!
Nutrient Upgrade-Equipment	\$ -	\$ -	\$ 1,699,870	\$ 1,699,870	#DIV/0!
Nutrient Upgrade-Solids Handling	\$ -	\$ -	\$ 251,038	\$ 251,038	#DIV/0!

Other Income/Expense Budget vs. Actual

Depreciation Expense	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Amortization Expense-ROU Asset	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Nutrient Credit Purchases (Expense)	\$ 187,500	\$ 93,750	\$ 93,750	\$ -	0.00%
Nutrient Reduction	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Interest-Income	\$ -	\$ -	\$ 464,858	\$ 464,858	#DIV/0!
Leases-GASB87 Interest	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Gain/Loss on Disposal	\$ -	\$ -	\$ 5	\$ 5	#DIV/0!
Other Income-Other	\$ -	\$ -	\$ -	\$ -	#DIV/0!
ARPA Reimbursement	\$ -	\$ -	\$ -	\$ -	#DIV/0!

South Central Wastewater Authority
Executive Review
Cash and Debt Highlights
As of December 31, 2024

Highlights: SCWWA Cash Positions				30-Jun-24	31-Dec-24	Change	Explanation
Unrestricted Cash & Investments:							
	Petty Cash			\$ 500.00	\$ 500.00	\$ -	On-Hand Petty Cash for incidental expenses
	Wells Fargo Operating Account			\$ 4,321,815.79	\$ 4,049,991.46	\$ (271,824.33)	Financial Policy: All incoming O & M charges under service agreement
	Wells Fargo Reserve Account			\$ 3,916,414.45	\$ 3,916,414.45	\$ -	Financial Policy: 50% of Authority's Annual O & M Budget
	Payments In-Transit to LGIP Fund (Performed Quarterly)			\$ (257,940.57)	\$ (1,501,893.24)	\$ (1,243,952.67)	Incoming Leachate Revenues-Moved Quarterly to LGIP Account
Restricted Cash and Investments:							
	LGIP-ERRF			\$ 2,710,467.97	\$ 2,710,467.97	\$ -	Resolution adopted by BOD, January 2018
	LGIP-Capital Improvement Reserve			\$ 13,910,155.00	\$ 17,488,562.70	\$ 3,578,407.70	Resolution adopted by BOD, January 2018
Total Cash and Investments				\$ 24,601,412.64	\$ 26,664,043.34	\$ 2,062,630.70	