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City of Franklin, Tennessee Water Management

**Amendment to the
Operating & Capital Equipment
Biennial Budget
Fiscal Years 2012 & 2013**



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Water Management Overview

Mark S. Hilty, Director

The Water Management Department's vision, in support of the City's vision statement, is to continually strive to enhance quality of life through exceptional, responsive, and cost effective water resources services. These services include drinking water treatment and distribution, wastewater collection and treatment, and reclaimed water treatment and distribution for its customers located primarily in the City of Franklin.

To achieve this vision it is necessary to effectively and consistently deliver safe drinking water and efficient collection and treatment of wastewater. As the Water Management Department evolves, aggressive operations and programs have been introduced to protect sources of supply and receiving streams, investments are ongoing to replace and renew infrastructure to enhance water quality and service delivery, and treatment operations are being refined.

This biennial budget amendment was developed to further refine operations to achieve the department's vision, in support of the City of Franklin's goals and objectives. Revenues and expenditures for each division are presented in consolidated Sections as follows:

Division	Section
Water Distribution	Water
Water Treatment	Water
Wastewater Collection	Wastewater
Wastewater Treatment	Wastewater
Reclaimed Water	Reclaimed Water
Utility Billing	Water
Utility Administration	Wastewater

Water and wastewater are independent business units of the City of Franklin and are required to be self-sufficient entities. These utilities are not subsidized by local taxes, paying the General Fund monies to cover the costs of services such as payroll, human resources and other support activities. Reclaimed water, while presented as its own section, is an alternative disposal method of treated wastewater. This disposal method effectively increases the discharge capacity of the wastewater treatment plant (primarily during summer months) and provides a cost effective source of irrigation water within the reclaimed water distribution system while providing revenue to support its operation.



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Water Section

Water Section

Overview

The Water Section comprises the Water Treatment and Water Distribution Divisions. In June 2012, the Tennessee Department of Environment and Conservation (TDEC) performed a Sanitary Survey of the Water Section resulting in an approved score of 97. Significant progress has been made in terms of regulatory compliance and quality assurance over the last six years and continues to remain a focus for these divisions.

The Water Treatment facility is located on Lewisburg Pike. Staff at the plant performs numerous functions including water treatment, compliance sampling, and assisting Water Distribution service crews with system maintenance and operation.

The Water Distribution service crews maintain approximately 275 miles of distribution lines, six (6) booster stations, and seven (7) finished water storage tanks. In February 2012 a two (2) million gallon tank in the Goose Creek area was brought online to serve the area as it develops. The new tank is being operated at a fraction of its overall capacity due to relatively low demands in the area. At full capacity the tank increases the overall finished water storage capacity to 11.5 million gallons.

Water Section

Goals & Strategic Initiatives

The primary goal for the Water Section is to continue to provide safe, reliable drinking water to customers. Operationally, the Water Section is enhancing and implementing various programs to improve customer service and regulatory compliance, and to move from a reactive to a proactive approach in operating and maintaining the system. Some of these initiatives include the following:

- **Condition and Criticality Assessments** – The department has been compiling available information to develop condition and criticality assessments of infrastructure. Possible sources of available data include geographic information system (GIS) data, as-built drawing, historic service requests and work orders, and institutional knowledge. The goal of these assessments is to help prioritize maintenance, rehabilitation and replacement and to help identify risk of failure.
- **Leak Detection Program** – With the success of the initial leak detection surveys, the department contracted with a firm to perform surveys of approximately 155 miles of distribution system. The financial plan provides for additional funding to complete surveys of the entire distribution system in FY 2013. The leak detection services in FY 2012 identified 63 leaks equating to approximately 94 million gallons of water loss annually. The leaks identified during the leak detection surveys were repaired within weeks of identification.

Water Section

Water Rates

The Water Management Department has been performing cost of service analyses over the past several years to ensure that the department can adequately fund the cost of operations. In October 2010, the Board of Mayor and Aldermen took measures that established a five year plan in which to achieve appropriate revenue streams by increasing projected water revenues by 4% annually (approximately \$308,000 based on the 2010 cost of service analysis) starting in January 2011.

Franklin's rate analyses and evolving rate structure has been developed using a cost of service approach per user class that includes a component for conservation through inclining rates based on monthly consumption. The structure also includes a higher rate for customers that have service outside of the city limits in recognition of the benefits to customers that do not pay city taxes.

The City is currently undergoing a cost of service analyses to gauge the impact of the five year plan established in 2010 and to determine if the plan still reflects need. The current rate structure and the cost of service values established in 2010 for the City of Franklin water customers is presented in the following table.

Current Water Rate Structure

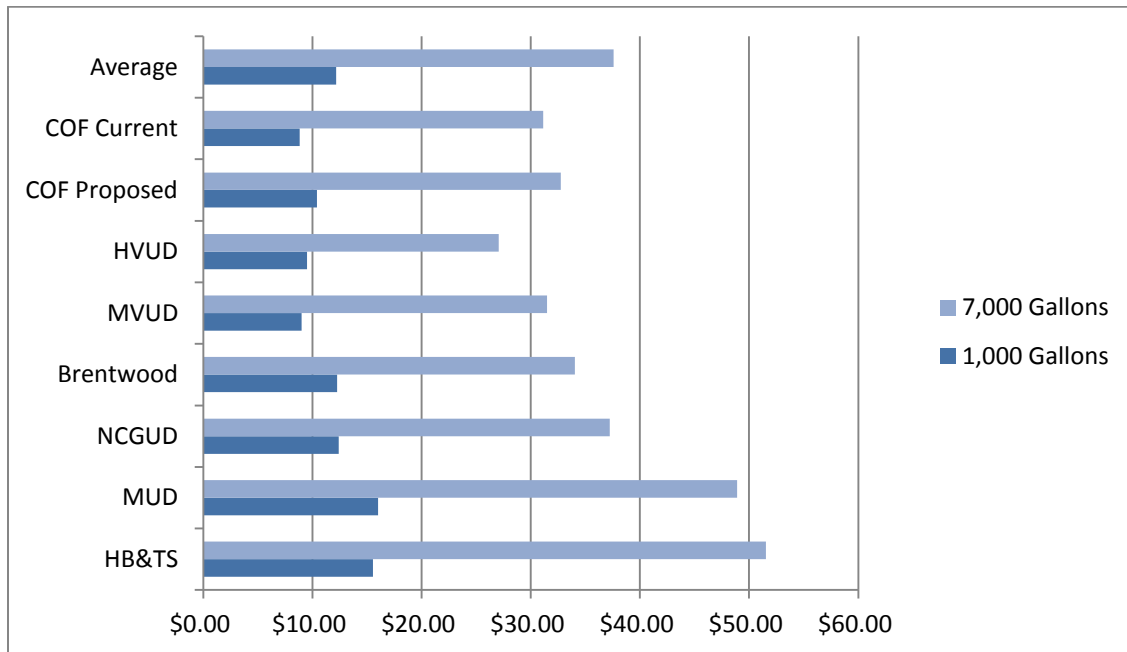
Water - Residential; Inside	Cost of Service	Current
	\$14.94	
Availability Charge (plus 1,000 Gal Included)	(\$10.71+\$4.23)	\$10.42
Next 9,000 Gallons		\$3.72
Next 15,000 Gallons		\$4.65
All Additional		\$5.58
Water - Residential; Outside	Cost of Service	Current
	\$15.12	
Availability Charge (plus 1,000 Gal Included)	(\$10.84+\$4.28)	\$12.42
Next 9,000 Gallons		\$5.80
Next 15,000 Gallons		\$6.38
All Additional		\$6.96
Water - Commercial; Inside	Cost of Service	Current
	\$18.66	
Availability Charge (plus 1,000 Gal Included)	(\$14.46+\$4.20)	\$13.21
Next 9,000 Gallons		\$3.72
Next 15,000 Gallons		\$4.65
All Additional		\$5.58
Water - Commercial; Outside	Cost of Service	Current
	\$19.89	
Availability Charge (plus 1,000 Gal Included)	(\$15.54+\$4.35)	\$14.01
Next 9,000 Gallons		\$5.80
Next 15,000 Gallons		\$6.38
All Additional		\$6.96

Water providers are required to recover the cost of operations. This is inclusive of administration, operations and maintenance, and rehabilitation and replacement. It is important to note that the City is also required to maintain a rates structure (user rates and development fees, as appropriate) to fully recover costs to ensure eligibility for low interest loans through the State Revolving Fund (SRF).

The operations of individual utility districts can widely vary. The table and chart below present a rate comparison of various utilities within Franklin and Williamson County. Of the seven utilities presented, Franklin’s proposed rates are third from the lowest in both the 1,000 gallon and 7,000 gallon volumes.

**Water Rate Comparison
(Sales Tax applies)**

Service Provider	1,000 Gallons	7,000 Gallons
HB&TS	\$15.54	\$51.54
MUD	\$16.00	\$48.89
NCGUD	\$12.40	\$37.25
Brentwood	\$12.25	\$34.05
MVUD	\$9.00	\$31.50
HVUD	\$9.50	\$27.05
COF Proposed	\$10.42	\$32.74
COF Current	\$8.82	\$31.14
<i>Average (not including COF Current)</i>	<i>\$12.16</i>	<i>\$37.57</i>



Water Section

Revenues

The revenues presented below are based on the revenues presented in the 2012-2013 biennial budget which includes proposed revenue increases based on the 2010 financial plan adopted by the Board of Mayor and Aldermen. Upon completion of the cost of service analyses currently underway, an amendment to the revenues shall be presented to the Board of Mayor and Aldermen for consideration.

Revenues through Budget 2012

	Actual 2009	Actual 2010	Budget 2011	Estd 2011	Budget 2012
REVENUE					
33956 Federal ARRA # 6	0	2,348,557	0	151,443	0
TOTAL INTERGOVERNMENTAL	0	2,348,557	0	151,443	0
36100 Interest Income	2,508	9,253	100,000	15,000	15,300
36150 Lease Proceeds	0	0	0	136,676	0
36500 Rental Income	11,600	10,633	12,000	11,600	11,600
36800 Sale of Surplus Assets	0	5,995	0	0	0
TOTAL USE OF MONEY & PROPERTY	14,108	25,881	112,000	163,276	26,900
37100 Transfer from General Fund	45,000	45,000	0	0	0
TOTAL OTHER REVENUE	45,000	45,000	0	0	0
38100 Customer Service	7,047,516	6,964,693	8,333,218	8,025,000	8,745,000
38110 Penalties	167,149	181,385	230,000	225,000	240,000
38120 Service Charges	137,453	155,968	110,000	100,000	100,000
38130 Inspection Fees	59,201	55,374	98,000	55,000	65,000
38190 Other Service Revenue	112,600	38,834	100,000	75,000	100,000
TOTAL CUSTOMER SERVICE	7,523,919	7,396,254	8,871,218	8,480,000	9,250,000
39300 Installation Fee	46,673	28,186	25,000	25,747	25,000
TOTAL CAPITAL CONTRIBUTIONS	46,673	28,186	25,000	25,747	25,000
TOTAL REVENUE	7,629,700	9,843,878	9,008,218	8,820,466	9,301,900

Water Section

Revenues (continued)

Revenues Forecast 2013 – 2017

	Budget 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017
REVENUE					
33956 Federal ARRA # 6	0	0	0	0	0
TOTAL INTERGOVERNMENTAL	0	0	0	0	0
36100 Interest Income	15,600	15,900	16,200	16,500	16,800
36150 Lease Proceeds	0	0	0	0	0
36500 Rental Income	11,600	11,600	11,600	11,600	11,600
36800 Sale of Surplus Assets	0	0	0	0	0
TOTAL USE OF MONEY & PROPERTY	27,200	27,500	27,800	28,100	28,400
38100 Customer Service	9,007,500	9,270,000	9,532,500	9,707,500	9,882,500
38110 Penalties	247,650	254,850	261,720	269,160	276,330
38120 Service Charges	103,000	106,090	109,270	112,550	115,920
38130 Inspection Fees	66,950	68,960	71,030	73,160	75,350
38190 Other Service Revenue	103,000	106,090	109,270	112,550	115,930
TOTAL CUSTOMER SERVICE	9,528,100	9,805,990	10,083,790	10,274,920	10,466,030
39300 Installation Fee	25,750	26,520	27,320	28,140	28,980
TOTAL CAPITAL CONTRIBUTIONS	25,750	26,520	27,320	28,140	28,980
TOTAL REVENUE	9,581,050	9,860,010	10,138,910	10,331,160	10,523,410

Water Section

Water Expenditures – Proposed Amendments

Personnel – Proposed personnel amendments in the Water Section include postponing the addition of one equipment operator senior position and one utility service worker senior position until fiscal year 2014.

The staffing per position tables present the position, pay grade, number of 2012 and 2013 budgeted positions, and the proposed amendments to the 2013 budgeted positions. Proposed changes for the FY 2013 budget are highlighted in red.

WATER SECTION					
UTILITY BILLING					
POSITION	PAY GRADE	BUDGETED FY 2012 FULL-TIME	BUDGETED FY 2013 FULL-TIME	AMENDED FY 2013 FULL-TIME	CURRENT VACANCIES
Meter Reader Sr	10	1	1	1	2
Meter Reader	9	2	2	2	0
TOTALS		3	3	3	2
WATER DISTRIBUTION					
POSITION	PAY GRADE	BUDGETED FY 2012 FULL-TIME	BUDGETED FY 2013 FULL-TIME	AMENDED FY 2013 FULL-TIME	CURRENT VACANCIES
Service Division Superintendent	20	1	1	1	0
Water Distribution Assistant Superintendent	19	1	1	1	0
Utilities Crew Chief	13	3	3	3	1
Backflow Inspector	16	2	2	2	0
Administrative Assistant	12	1	1	1	0
Stock Room Supervisor	12	1	1	1	1
Equipment Operator Senior	11	2	3	2	1
Utility Service Worker Sr	10	4	5	4	0
TOTALS		15	17	15	3
WATER TREATMENT PLANT					
POSITION	PAY GRADE	BUDGETED FY 2012 FULL-TIME	BUDGETED FY 2013 FULL-TIME	AMENDED FY 2013 FULL-TIME	CURRENT VACANCIES
Water Plant Superintendent	20	1	1	1	0
Asst Superintendent	19	1	1	1	0
Water Operator Sr	16	5	5	5	0
Water Operator 2	13	2	2	2	2
Administrative Assistant	12	1	1	1	0
Water Operator 1	11	3	3	3	-2
TOTALS		13	13	13	0
WATER SECTION TOTALS		31	33	31	5

Operations – The following table presents the requested changes to the FY 2013 operations budget. A brief explanation has been provided for items that have a difference greater than \$10,000.

OPERATIONS	BUDGET AMENDMENT			REQUEST JUSTIFICATION
	BUDGET 2013	2013	DIFFERENCE	
TRANSPORTATION CHARGES	\$ 3,987	\$ 3,987	\$ -	
OPERATING SERVICES	\$ 10,850	\$ 12,900	\$ 2,050	
NOTICES, SUBSCRIPTIONS, PUBLICITY	\$ 8,000	\$ 11,250	\$ 3,250	
UTILITIES	\$ 263,350	\$ 285,145	\$ 21,795	The request for additional monies is related to utility services (electrical, solid waste, water, etc) stormwater facilities that are owned by the Water Management Department, yet are not related to operations. These facilities included the 4-H barn, Five Points Post Office, jails)
CONTRACTUAL SERVICES	\$ 21,000	\$ 35,000	\$ 14,000	Water Management Department is requesting additional funds to continue the leak detection services.
REPAIR & MAINTENANCE SERVICES	\$ 121,800	\$ 186,300	\$ 64,500	The additional funding requested is to address items identified in the Five Year Tank Inspections. Items include internal cleaning and mixing mechanisms. Additional items will be identified in future years.
EMPLOYEE PROGRAMS	\$ 5,100	\$ 5,100	\$ -	
PROFESSIONAL DEVELOPMENT/TRAVEL	\$ 8,340	\$ 8,840	\$ 500	
OFFICE SUPPLIES	\$ 4,800	\$ 4,800	\$ -	
OPERATING SUPPLIES	\$ 194,200	\$ 209,700	\$ 15,500	Additional funding is requested due to increased unit cost of chemicals in treatment of water
FUEL & MILEAGE	\$ 36,200	\$ 28,500	\$ (7,700)	
SUPPLIES FOR RESALE	\$ 3,400,000	\$ 3,400,000	\$ -	
MACHINERY & EQUIPMENT (<\$25,000)	\$ 49,300	\$ 61,025	\$ 11,725	Budgeting for operations capital has been modified and is explained in Appendix B
REPAIR & MAINTENANCE SUPPLIES	\$ 245,850	\$ 250,750	\$ 4,900	
OPERATIONAL UNITS	\$ 994,170	\$ 1,033,983	\$ 39,813	Operational units have been reevaluated.
PROPERTY & LIABILITY COSTS	\$ 44,400	\$ 76,996	\$ 32,596	Adequate information was not available in 2011 when budgeting for this item
RENTALS	\$ 1,500	\$ 2,050	\$ 550	
PERMITS	\$ 41,100	\$ 38,100	\$ (3,000)	
FINANCIAL FEES	\$ 100	\$ 40,000	\$ 39,900	Adequate information was not available in 2011 when budgeting for this item
OTHER BUSINESS EXPENSES	\$ 500	\$ -	\$ (500)	
DEBT SERVICE	\$ 191,321	\$ 249,246	\$ 57,925	Adequate information was not available in 2011 when budgeting for this item
TOTAL OPERATIONS	\$ 5,645,868	\$ 5,943,672	\$ 297,804	

Operations Capital – Operations Capital expenditures are related to equipment and vehicles directly related to operations versus system replacement or expansion. The Water Management Department in an effort to levelize the budgeting of operations capital has evaluated the annual cost of replacement of operations capital items based on present day replacement value, anticipated lifecycle, and a projected annual increase in replacement cost of five percent.

There are various goals the department is striving to achieve in using this approach including the ability to:

- Provide for adequate funding of operations capital,

- Avoid significant swings in required funding from one budget to another, and
- Provide more stable data in performing cost of service analyses.

The following tables present a summary of

INSERT TABLES

Water Section

Proposed Expenditures Amendment Summary

PERSONNEL	BUDGET				
	BUDGET 2012	YTD @ 6/30/2012	ESTD 2012	BUDGET 2013	AMENDMENT 2013
WAGES	\$ 1,253,445	\$ 1,090,217	\$ 1,090,217	\$ 1,335,006	\$ 1,285,123
BENEFITS	\$ 538,241	\$ 528,163	\$ 528,163	\$ 579,086	\$ 577,333
TOTAL PERSONNEL	\$ 1,791,686	\$ 1,618,380	\$ 1,618,380	\$ 1,914,092	\$ 1,862,456

OPERATIONS	BUDGET				
	BUDGET 2012	YTD @ 6/30/2012	ESTD 2012	BUDGET 2013	AMENDMENT 2013
TRANSPORTATION CHARGES	\$ 3,687	\$ 4,724	\$ 4,724	\$ 3,987	\$ 3,987
OPERATING SERVICES	\$ 16,700	\$ 17,072	\$ 17,072	\$ 10,850	\$ 12,900
NOTICES, SUBSCRIPTIONS, PUBLICITY	\$ 9,650	\$ 9,846	\$ 9,846	\$ 8,000	\$ 11,250
UTILITIES	\$ 256,310	\$ 228,672	\$ 249,051	\$ 263,350	\$ 285,145
CONTRACTUAL SERVICES	\$ 205,875	\$ 205,494	\$ 205,494	\$ 21,000	\$ 35,000
REPAIR & MAINTENANCE SERVICES	\$ 150,800	\$ 220,656	\$ 220,656	\$ 121,800	\$ 186,300
EMPLOYEE PROGRAMS	\$ 5,100	\$ 433	\$ 750	\$ 5,100	\$ 5,100
PROFESSIONAL DEVELOPMENT/TRAVEL	\$ 8,340	\$ 2,669	\$ 2,669	\$ 8,340	\$ 8,840
OFFICE SUPPLIES	\$ 5,900	\$ 5,123	\$ 5,123	\$ 4,800	\$ 4,800
OPERATING SUPPLIES	\$ 191,500	\$ 358,599	\$ 358,599	\$ 194,200	\$ 209,700
FUEL & MILEAGE	\$ 33,300	\$ 26,301	\$ 26,675	\$ 36,200	\$ 28,500
SUPPLIES FOR RESALE	\$ 3,300,000	\$ 2,594,424	\$ 3,281,034	\$ 3,400,000	\$ 3,400,000
MACHINERY & EQUIPMENT (<\$25,000)	\$ 80,900	\$ 123,049	\$ 123,049	\$ 49,300	\$ 61,025
REPAIR & MAINTENANCE SUPPLIES	\$ 246,550	\$ 378,213	\$ 378,213	\$ 245,850	\$ 250,750
OPERATIONAL UNITS	\$ 965,211	\$ 965,211	\$ 965,211	\$ 994,170	\$ 1,033,983
PROPERTY & LIABILITY COSTS	\$ 59,798	\$ 60,468	\$ 60,468	\$ 44,400	\$ 76,996
RENTALS	\$ 1,900	\$ 545	\$ 545	\$ 1,500	\$ 2,050
PERMITS	\$ 32,640	\$ 28,294	\$ 28,294	\$ 41,100	\$ 38,100
FINANCIAL FEES	\$ 56,100	\$ 36,417	\$ 36,417	\$ 100	\$ 40,000
OTHER BUSINESS EXPENSES	\$ 500	\$ -	\$ -	\$ 500	\$ -
DEBT SERVICE	\$ 202,496	\$ 225,419	\$ 225,419	\$ 191,321	\$ 249,246
TOTAL OPERATIONS	\$ 5,833,257	\$ 5,491,629	\$ 6,199,309	\$ 5,645,868	\$ 5,943,672

OPERATIONS CAPITAL	BUDGET				
	BUDGET 2012	YTD @ 6/30/2012	ESTD 2012	BUDGET 2013	AMENDMENT 2013
BUILDINGS	\$ 45,000	\$ -	\$ -	\$ -	\$ -
IMPROVEMENTS	\$ 1,000,000	\$ 841,725	\$ 841,725	\$ 1,000,000	\$ 1,000,000
MACHINERY & EQUIPMENT (>\$25,000)	\$ 414,000	\$ 177,976	\$ 177,975	\$ 461,000	\$ 432,000
TOTAL OPERATIONS CAPITAL	\$ 1,459,000	\$ 1,019,701	\$ 1,019,700	\$ 1,461,000	\$ 1,432,000

EXPENDITURES	\$ 9,083,943	\$ 8,129,710	\$ 8,837,389	\$ 9,020,960	\$ 9,238,128
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Note: Operational Units (84000) in 2010 and 2011 includes the ARRA payments made to repair the City reservoir. The actual amounts are those listed on page 4.

Rate funded capital is accounted for in code 89300, consistent with the cost of service analyses performed in 2010.



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Wastewater Section

Wastewater Section

Overview

The Wastewater Section includes the Wastewater Collection and Wastewater Treatment (Water Reclamation) Divisions.

The City of Franklin operates an activated sludge treatment facility located at 135 Claude Yates Drive. The City of Franklin presently has a National Pollutant Discharge Elimination System Permit (NPDES) for treatment and discharge of twelve (12) million gallons of treated effluent per day. Limits and procedures were incorporated into the NPDES Permit that allows the City of Franklin to operate a reclaimed water network. This Division is facing increasing regulatory constraints from EPA and TDEC in the area of Local Limit Loading Reductions to the Harpeth River and additional Capacity Management Operation Maintenance (CMOM) Initiative requirements. The City has received a new NPDES permit effective November 1, 2010 through November 1, 2011 and is in the process of applying for a new NPDES permit.

The Wastewater Collection Division is responsible for the operation and maintenance of the wastewater collection system including gravity sewer lines, force main lines and sewage lift stations located throughout the service area. Under this division, there are crews that are assigned to the replacement and extension of the wastewater collection system which collects and transports wastewater to the treatment plant. It is anticipated that this division will be facing an increasing workload in order to maintain compliance with EPA's Capacity Management Operation Maintenance (CMOM) Initiative requirements.



Wastewater Section

Goals and Strategic Initiatives

The primary goal for the Wastewater Section is to effectively operate the collection system with no sanitary sewer overflows and to produce high quality effluent water for distribution in the reclaimed water system and discharge to the Harpeth River that meets or exceeds permit requirements. As with the Water Section, the Wastewater Section is enhancing and implementing various programs to improve customer service, regulatory compliance, and overall operations. Some of these initiatives include the following:

- **Condition and Criticality Assessments** – The department has been compiling available information to develop condition and criticality assessments of infrastructure. Possible

sources of available data include geographic information system (GIS) data, as-built drawing, historic service requests and work orders, and institutional knowledge. Additionally, the department has new closed circuit video inspection software that is aiding in prioritization of rehabilitation, replacement and maintenance. The goal of these assessments is to help prioritize maintenance, rehabilitation and replacement and to help identify risk of failure.

- **Tennessee Water and Wastewater Utilities Partnership Energy Management Program** – The Water Reclamation Facility is participating in an energy management program., partnering with the United States Environmental Protection Agency (EPA), the Tennessee Valley Authority (TVA) and the Tennessee Department of Environment and Conservation (TDEC). Department representatives have worked with this group to develop an energy management analysis and has participated in three of four scheduled workshops. The goal of the program is to identify operational changes to reduce electricity consumption and ultimately developing an energy management plan.

In November 2011, Water Reclamation Facility staff started modifying operations in an effort to reduce energy consumption and have made a significant amount of progress in a short period of time. Electrical costs per thousand gallons of water treated in FY 2011 was approximately \$0.35 versus \$0.33 in FY 2012. The Water Reclamation Facility treats approximately 3.35 billion gallons annually which equates to approximately \$65,000 annual cost savings.

Wastewater Section

Wastewater Rates

As with the Water Section, the Water Management Department has been performing cost of service analyses for the Wastewater Section to ensure that the Department can adequately fund the cost of operations and capital investments.

In October 2010, the Board of Mayor and Aldermen took measures that established a five year plan in which to achieve appropriate revenue streams by increasing projected wastewater revenues by 7% annually, starting in January 2011.

Similar to water rates, the sanitary sewer rate analyses and evolving rate structure has been developed using a cost of service approach per user class. Similar to the water rates, the sanitary sewer rates are higher for customers that have service outside of the city limits in recognition of the benefits to customers that do not pay city taxes.

The sanitary sewer rates, as opposed to water rates, include a declining structure that is intended to alleviate wastewater user fees that are potentially due to water consumption associated with flows that do not reach the sanitary sewer stream such as irrigation. The City also allows for irrigation meters to be installed which are not billed sanitary sewer fees.

The City is currently undergoing a cost of service analyses to gauge the impact of the five year plan established in 2010. The current rate structure and the cost of service values established in 2010 for the City of Franklin water customers is presented in the following table.

Current Wastewater Rate Structure

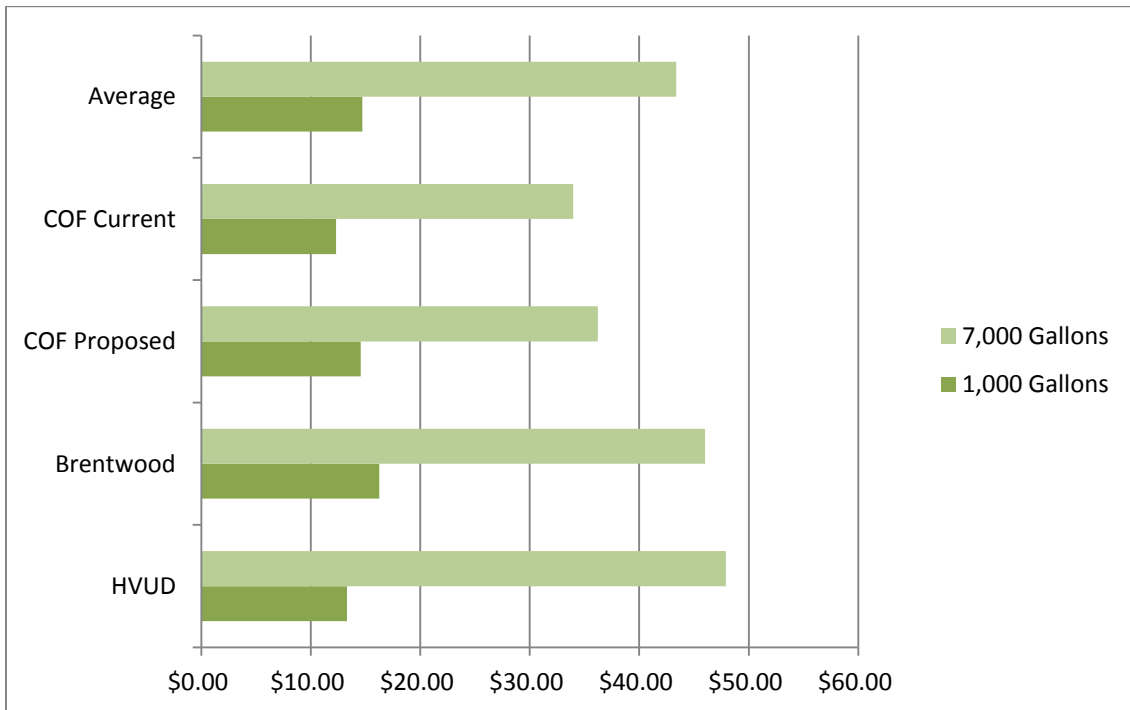
Wastewater - Residential; Inside	Cost of Service	Current
Availability Charge (plus 1,000 Gal Included)	\$24.82 (\$21.56+\$3.26)	\$14.55
Next 14,000 Gallons		\$3.61
All Additional		\$2.82
Wastewater - Residential; Outside	Cost of Service	Current
Availability Charge (plus 1,000 Gal Included)	\$22.94 (\$19.68+\$3.26)	\$19.21
Next 14,000 Gallons		\$5.62
All Additional		\$4.47
Wastewater - Commercial; Inside	Cost of Service	Current
Availability Charge (plus 1,000 Gal Included)	\$46.87 (\$43.52+\$3.35)	\$29.00
Next 14,000 Gallons		\$4.42
All Additional		\$3.43
Wastewater - Commercial; Outside	Cost of Service	Current
Availability Charge (plus 1,000 Gal Included)	\$40.81 (\$37.46+\$3.35)	\$31.00
Next 14,000 Gallons		\$6.91
All Additional		\$5.02

Wastewater providers are required to recover the cost of operations. This is inclusive of administration, operations and maintenance, and rehabilitation and replacement. It is important to note that the City is also required to maintain a rates structure (user rates and development fees, as appropriate) to fully recover costs to ensure eligibility for low interest loans through the State Revolving Fund (SRF).

The operations of individual utility districts can widely vary. The table and chart below present a rate comparison of various utilities within Franklin and Williamson County. Of the three utilities presented, Franklin’s proposed rates continue to be significantly lower for the 7,000 gallon volume and remain competitive for the 1,000 gallon volume.

**Wastewater Rate Comparison
(Sales Tax Does Not Apply)**

Service Provider	1,000 Gallons	7,000 Gallons
HVUD	\$13.30	\$47.90
Brentwood	\$16.25	\$46.00
COF Proposed	\$14.55	\$36.21
COF Current	\$12.30	\$33.96
<i>Average (not including COF Current)</i>	<i>\$14.70</i>	<i>\$43.37</i>



Wastewater Section

Revenues

The revenues presented below are based on the revenues presented in the 2012-2013 biennial budget which includes proposed revenue increases based on the 2010 financial plan adopted by the Board of Mayor and Aldermen. Upon completion of the cost of service analyses currently underway, an amendment to the revenues shall be presented to the Board of Mayor and Aldermen for consideration.

Revenues through Budget 2012

	Actual 2009	Actual 2010	Budget 2011	Estd 2011	Budget 2012
REVENUE					
33956 Federal ARRA # 6	0	310,677	0	777,914	0
TOTAL INTERGOVERNMENTAL	0	310,677	0	777,914	0
36100 Interest Income	2,217	10,058	110,000	15,000	15,300
36150 Lease Proceeds	0	0	0	136,676	0
36500 Rental Income	0	2,800	0	2,800	2,800
36800 Sale of Surplus Assets	(36,808)	8,111	0	22	0
TOTAL USE OF MONEY & PROPERTY	(34,591)	20,969	110,000	154,498	18,100
37900 Miscellaneous Other Revenue	0	216	0	162	0
TOTAL OTHER REVENUE	0	216	0	162	0
38100 Customer Service	8,774,499	8,692,758	8,881,611	9,950,000	10,460,000
38130 Inspection Fees	31,191	13,028	100,000	25,000	30,000
38190 Other Service Revenue	30,634	24,400	100,000	16,192	100,000
TOTAL CUSTOMER SERVICE	8,836,324	8,730,186	9,081,611	9,991,192	10,590,000
39300 Installation Fee	79,873	78,863	75,000	70,630	75,000
TOTAL CAPITAL CONTRIBUTIONS	79,873	78,863	75,000	70,630	75,000
TOTAL REVENUE	8,881,606	9,140,911	9,266,611	10,994,396	10,683,100

Wastewater Section

Revenues (continued)

Revenues Forecast 2013 – 2017

	Budget 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017
REVENUE					
33956 Federal ARRA # 6	0	0	0	0	0
TOTAL INTERGOVERNMENTAL	0	0	0	0	0
36100 Interest Income	15,600	15,900	16,200	16,500	16,800
36150 Lease Proceeds	0	0	0	0	0
36500 Rental Income	0	0	0	0	0
36800 Sale of Surplus Assets	0	0	0	0	0
TOTAL USE OF MONEY & PROPERTY	15,600	15,900	16,200	16,500	16,800
37900 Miscellaneous Other Revenue	180	190	200	210	220
TOTAL OTHER REVENUE	180	190	200	210	220
38100 Customer Service	10,960,000	11,460,000	11,960,000	12,260,000	12,560,000
38130 Inspection Fees	31,000	32,000	33,000	34,000	35,000
38190 Other Service Revenue	103,000	106,090	109,270	112,550	115,930
TOTAL CUSTOMER SERVICE	11,094,000	11,598,090	12,102,270	12,406,550	12,710,930
39300 Installation Fee	77,250	79,570	81,960	84,420	86,950
TOTAL CAPITAL CONTRIBUTIONS	77,250	79,570	81,960	84,420	86,950
TOTAL REVENUE	11,187,030	11,693,750	12,200,630	12,507,680	12,814,900

Wastewater Section

Wastewater Expenditures – Proposed Amendments

Personnel – The Water Management Department is requesting two overarching changes to personnel in FY 2013. These changes include the following:

- Expand the scope and intent of the Regulatory Coordinator position budgeted for FY 2013 to an Assistant Director of Administration and Policy. The purpose for this request is to provide additional support at the administration level to more readily refine policy, standard operating procedures and to assist with managing extensive projects that are necessary to ensure water, wastewater and reclaimed water capacity.
- The development of a Maintenance Division to serve process equipment maintenance needs department wide. Currently there are four Lift Station Technicians and one Wastewater Maintenance Technician that serve the maintenance needs of process equipment for the lift stations and water reclamation facility. The formation of this division allows for more comprehensive use of staff to provide preventative and reactive maintenance in all divisions of the Water Management Department. The division does not require additional staff but would require reclassification of existing staff. The reclassifications include introduction of a Maintenance Division Supervisor and four Maintenance Technicians. The reclassification of one of the existing technician positions to a Maintenance Division Supervisor

The staffing per position tables present the position, pay grade, number of 2012 and 2013 budgeted positions, and the proposed amendments to the 2013 budgeted positions. Proposed changes for the FY 2013 budget are highlighted in red.

WASTEWATER SECTION						
UTILITY ADMINISTRATION						
POSITION	PAY GRADE	BUDGETED FY 2012 FULL-TIME	BUDGETED FY 2013 FULL-TIME	AMENDED FY 2013 FULL-TIME	CURRENT VACANCIES	
Director	25	1	1	1	0	
Assistant Director of Operations	23	1	1	1	0	
Assistant Director of Administration and Policy	23 EST	0	0	1	1	
GIS Specialist	17	1	1	1	0	
Administrative Assistant	12	1	1	1	0	
Utility Inspector	17	3	3	3	0	
Secretary	9	1	1	1	1	
Utilities Project Manager	20	1	1	1	0	
Regulatory Coordinator	19-Est	0	1	0	0	
TOTALS		9	10	10	2	

WASTEWATER COLLECTION					
POSITION	PAY GRADE	BUDGETED FY 2012 FULL-TIME	BUDGETED FY 2013 FULL-TIME	AMENDED FY 2013 FULL-TIME	CURRENT VACANCIES
Wastewater Collection Assistant Superintendent	19	1	1	1	0
W&S Const. Supervisor	16	1	1	1	1
Television Sewer Inspector	15	2	2	2	0
Lift Station Technician RECLASSIFY TO MAINT TECH	14	4	4	0	0
Utilities Crew Chief	13	4	4	4	1
Equipment Operator Senior	11	2	2	2	1
Sewer Equipment Technician	11	4	4	4	0
Utility Service Worker Sr	10	5	5	5	1
TOTALS		23	23	19	4
WATER RECLAMATION					
POSITION	PAY GRADE	BUDGETED FY 2012 FULL-TIME	BUDGETED FY 2013 FULL-TIME	AMENDED FY 2013 FULL-TIME	CURRENT VACANCIES
Wastewater Plant Superintendent	20	1	1	1	0
Asst Wastewater Superintendent	19	1	1	1	0
Industrial Pretreatment Coordinator	17	1	1	1	1
Wastewater Operator Sr	16	3	3	3	1
Wastewater Maint Technician RECLASSIFY TO MAINT TECH	14	1	1	0	0
Heavy Equipment Operator	12	2	2	2	1
Wastewater Operator 1	11	10	10	10	-1
Secretary	9	1	1	1	1
TOTALS		20	20	19	3
MAINTENANCE					
POSITION	PAY GRADE	BUDGETED FY 2012 FULL-TIME	BUDGETED FY 2013 FULL-TIME	AMENDED FY 2013 FULL-TIME	CURRENT VACANCIES
Maintenance Supervisor	19 EST	0	0	1	1
Maintenance Technician	14 EST	0	0	4	0
TOTALS		0	0	5	1
WASTEWATER SECTION TOTALS		52	53	53	10

Operations and Maintenance – The following table presents the requested changes to the FY 2013 operations budget. A brief explanation has been provided for items that have a difference greater than \$10,000.

OPERATIONS	BUDGET AMENDMENT			REQUEST JUSTIFICATION
	BUDGET 2013	2013	DIFFERENCE	
TRANSPORTATION CHARGES	\$ 3,145	\$ 3,145	\$ -	
OPERATING SERVICES	\$ 607,573	\$ 610,573	\$ 3,000	
NOTICES, SUBSCRIPTIONS, PUBLICITY	\$ 8,600	\$ 11,900	\$ 3,300	
UTILITIES	\$ 1,510,076	\$ 1,410,076	\$ (100,000)	Reduction is attributed to the energy management efforts at the Water Reclamation Facility
CONTRACTUAL SERVICES	\$ 169,800	\$ 164,000	\$ (5,800)	
REPAIR & MAINTENANCE SERVICES	\$ 233,350	\$ 233,300	\$ (50)	
EMPLOYEE PROGRAMS	\$ 1,800	\$ 1,800	\$ -	
PROFESSIONAL DEVELOPMENT/TRAVEL	\$ 14,400	\$ 16,400	\$ 2,000	
OFFICE SUPPLIES	\$ 7,850	\$ 8,050	\$ 200	
OPERATING SUPPLIES	\$ 226,256	\$ 241,375	\$ 15,119	Request is based on trending of operating supplies
FUEL & MILEAGE	\$ 136,750	\$ 145,550	\$ 8,800	
MACHINERY & EQUIPMENT (<\$25,000)	\$ 30,700	\$ 96,350	\$ 65,650	Budgeting for operations capital has been modified and is explained in the next section
REPAIR & MAINTENANCE SUPPLIES	\$ 205,900	\$ 190,900	\$ (15,000)	Request is based on trending of operating supplies
OPERATIONAL UNITS	\$ 883,380	\$ 919,096	\$ 35,716	Operational units have been reevaluated.
PROPERTY & LIABILITY COSTS	\$ 101,000	\$ 106,500	\$ 5,500	
RENTALS	\$ 7,600	\$ 7,600	\$ -	
PERMITS	\$ 14,500	\$ 14,500	\$ -	
FINANCIAL FEES	\$ -	\$ 30,000	\$ 30,000	Adequate information was not available in 2011 when budgeting for this item
OTHER BUSINESS EXPENSES	\$ 600	\$ 600	\$ -	
DEBT SERVICE	\$ 1,101,801	\$ 1,110,076	\$ 8,275	
TOTAL OPERATIONS	\$ 5,265,081	\$ 5,321,791	\$ 56,710	

Operations Capital – Operations Capital expenditures are related to equipment and vehicles directly related to operations versus system replacement or expansion. The Water Management Department in an effort to levelize the budgeting of operations capital has evaluated the annual cost of replacement of operations capital items based on present day replacement value, anticipated lifecycle, and a projected annual increase in replacement cost of five percent.

There are various goals the department is striving to achieve in using this approach including the ability to:

- Provide for adequate funding of operations capital,
- Avoid significant swings in required funding from one budget to another, and
- Provide more stable data in performing cost of service analyses.

The following tables present a summary of

INSERT TABLES

Wastewater Section

Proposed Expenditures Amendment Summary

WASTEWATER SUMMARY

PERSONNEL	BUDGET 2012	YTD @ 6/30/2012	ESTD 2012	BUDGET 2013	BUDGET	
					AMENDMENT 2013	
WAGES	\$ 2,259,156	\$ 1,973,704	\$ 1,973,704	\$ 2,373,501	\$ 2,384,857	
BENEFITS	\$ 1,008,585	\$ 921,252	\$ 921,252	\$ 1,049,302	\$ 1,027,882	
TOTAL PERSONNEL	\$ 3,267,741	\$ 2,894,956	\$ 2,894,956	\$ 3,422,803	\$ 3,412,739	

OPERATIONS	BUDGET 2012	YTD @ 6/30/2012	ESTD 2012	BUDGET 2013	BUDGET	
					AMENDMENT 2013	
TRANSPORTATION CHARGES	\$ 3,075	\$ 1,912	\$ 1,912	\$ 3,145	\$ 3,145	
OPERATING SERVICES	\$ 596,747	\$ 342,832	\$ 342,832	\$ 607,573	\$ 610,573	
NOTICES, SUBSCRIPTIONS, PUBLICITY	\$ 9,400	\$ 11,352	\$ 11,352	\$ 8,600	\$ 11,900	
UTILITIES	\$ 1,451,200	\$ 1,240,515	\$ 1,248,929	\$ 1,510,076	\$ 1,410,076	
CONTRACTUAL SERVICES	\$ 668,075	\$ 70,833	\$ 70,833	\$ 169,800	\$ 164,000	
REPAIR & MAINTENANCE SERVICES	\$ 233,550	\$ 195,433	\$ 195,433	\$ 233,350	\$ 233,300	
EMPLOYEE PROGRAMS	\$ 1,800	\$ 748	\$ 1,488	\$ 1,800	\$ 1,800	
PROFESSIONAL DEVELOPMENT/TRAVEL	\$ 15,100	\$ 11,519	\$ 11,519	\$ 14,400	\$ 16,400	
OFFICE SUPPLIES	\$ 7,650	\$ 5,591	\$ 5,609	\$ 7,850	\$ 8,050	
OPERATING SUPPLIES	\$ 235,800	\$ 263,613	\$ 263,613	\$ 226,256	\$ 241,375	
FUEL & MILEAGE	\$ 124,300	\$ 128,587	\$ 130,500	\$ 136,750	\$ 145,550	
MACHINERY & EQUIPMENT (<\$25,000)	\$ 94,400	\$ 205,258	\$ 205,258	\$ 30,700	\$ 96,350	
REPAIR & MAINTENANCE SUPPLIES	\$ 206,000	\$ 125,381	\$ 125,381	\$ 205,900	\$ 190,900	
OPERATIONAL UNITS	\$ 857,965	\$ 924,213	\$ 924,213	\$ 883,380	\$ 919,096	
PROPERTY & LIABILITY COSTS	\$ 100,100	\$ 126,801	\$ 126,801	\$ 101,000	\$ 106,500	
RENTALS	\$ 7,600	\$ 752	\$ 752	\$ 7,600	\$ 7,600	
PERMITS	\$ 16,500	\$ 16,533	\$ 16,810	\$ 14,500	\$ 14,500	
FINANCIAL FEES	\$ 66,000	\$ 30,311	\$ 30,311	\$ -	\$ 30,000	
OTHER BUSINESS EXPENSES	\$ 600	\$ -	\$ -	\$ 600	\$ 600	
DEBT SERVICE	\$ 1,105,010	\$ 1,066,346	\$ 1,066,346	\$ 1,101,801	\$ 1,110,076	
TOTAL OPERATIONS	\$ 5,800,872	\$ 4,768,530	\$ 4,779,892	\$ 5,265,081	\$ 5,321,791	

OPERATIONS CAPITAL	BUDGET 2012	YTD @ 6/30/2012	ESTD 2012	BUDGET 2013	BUDGET	
					AMENDMENT 2013	
LAND	\$ -	\$ 49,202	\$ 49,202	\$ -	\$ -	
BUILDINGS	\$ -	\$ -	\$ -	\$ -	\$ 1,400	
IMPROVEMENTS	\$ 800,000	\$ 60,432	\$ 60,432	\$ 1,300,000	\$ 1,300,000	
MACHINERY & EQUIPMENT (>\$25,000)	\$ 651,000	\$ -	\$ -	\$ 1,065,000	\$ 1,007,500	
TOTAL OPERATIONS CAPITAL	\$ 1,451,000	\$ 109,634	\$ 109,634	\$ 2,365,000	\$ 2,308,900	
TOTAL EXPENDITURES	\$ 10,519,613	\$ 7,773,120	\$ 7,784,482	\$ 11,052,884	\$ 11,043,430	

Note: Operational Units (84000) in 2010 and 2011 includes the ARRA payments made for sewer improvements at Country Road, Boyd Mill, and Simmons Ridge. The actual amounts are those listed on page 4.

Rate funded capital is accounted for in code 89300, consistent with the cost of service analyses performed in 2010.



HISTORIC
FRANKLIN
TENNESSEE

Reclaimed Water Section

Reclaimed Water Section

Overview

On February 10, 2004, the City of Franklin Board of Mayor and Aldermen officially created the Reclaimed Division through adoption of Title 18, Chapter 4, of the Franklin Municipal Code. With the adoption of Chapter 4, the Water Management Department instituted the enforcement of the State Approved Construction Standards, Regulation and Fee Structures as set forth in the



Ordinance. The Reclaimed Water Section produces and distributes water for commercial and residential irrigation use within the City's water service area.

There are no dedicated personnel assigned to this division. Personnel from the Wastewater Collection Division and Water Distribution Division currently maintain the reclaimed water lines and personnel from the Water Reclamation Plant operate and maintain the pumps and sampling stations.

Reclaimed Water Section

Goals and Strategic Initiatives

The primary goal for the Reclaimed Water Section is to distribute high quality effluent water for irrigation needs of customers. The Downs Boulevard and West Reclaimed Water construction projects are completed.

Though it is not an essential service, it is imperative that the Department be able to serve the demands for the system. Depending on growth and technical issues, it is anticipated that the existing Long Lane Water Tank (500,000 gallons) will be converted to a reclaimed storage facility in the coming years. Additional storage facilities are being considered using existing Department property.

Reclaimed Water Section

Reclaimed Water Rates

The reclaimed water rate of \$0.87/1,000 gallons that was established in 1990s was changed to \$0.97/1,000 gallons on January 1, 2012. As with the water and wastewater rates, the City is currently undergoing an analyses to define the cost of service.

Reclaimed Water Section

Revenues

The revenues presented below are based on the revenues presented in the 2012-2013 biennial budget . Upon completion of the cost of service analyses currently underway, an amendment to the revenues shall be presented to the Board of Mayor and Aldermen for consideration.

Revenues through Budget 2012

	Actual 2009	Actual 2010	Budget 2011	Estd 2011	Budget 2012
REVENUE					
33956 Federal ARRA # 6	0	44,580	0	774,937	0
TOTAL INTERGOVERNMENTAL	0	44,580	0	774,937	0
36100 Interest Income	750	520	4,000	695	500
TOTAL USE OF MONEY & PROPERTY	750	520	4,000	695	500
38100 Customer Service	252,892	139,365	330,000	150,000	272,000
38110 Penalties	51	1,477	1,650	500	500
38130 Inspection Fees	0	0	500	0	500
TOTAL CUSTOMER SERVICE	252,943	140,842	332,150	150,500	273,000
TOTAL REVENUE	253,693	185,942	336,150	926,132	273,500

Reclaimed Water Section

Revenues (continued)

Revenues Forecast 2013 – 2017

	Budget 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017
REVENUE					
33956 Federal ARRA # 6	0	0	0	0	0
TOTAL INTERGOVERNMENTAL	0	0	0	0	0
36100 Interest Income	510	520	530	540	550
TOTAL USE OF MONEY & PROPERTY	510	520	530	540	550
38100 Customer Service	287,740	182,620	187,650	192,830	198,160
38110 Penalties	500	500	500	500	500
38130 Inspection Fees	520	540	560	580	600
TOTAL CUSTOMER SERVICE	288,760	183,660	188,710	193,910	199,260
TOTAL REVENUE	289,270	184,180	189,240	194,450	199,810

Reclaimed Water Section

Proposed Expenditures Amendment Summary

RECLAIMED WATER SUMMARY

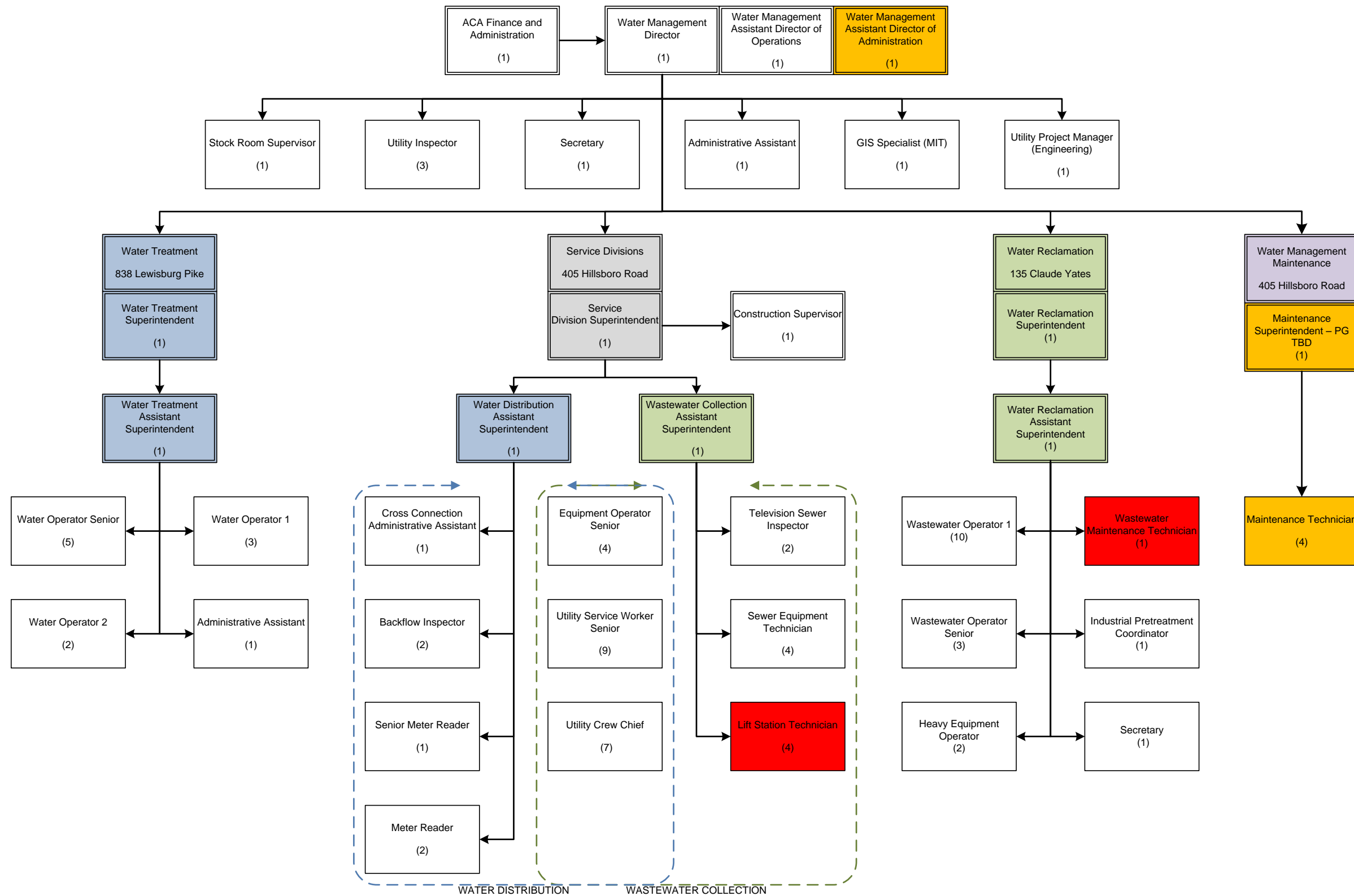
OPERATIONS	BUDGET 2012	YTD @ 6/30/2012	ESTD 2012	BUDGET 2013	BUDGET	
					AMENDMENT 2013	
TRANSPORTATION CHARGES	\$ 250	\$ -	\$ -	\$ 250	\$	250
NOTICES, SUBSCRIPTIONS, PUBLICITY	\$ 100	\$ -	\$ -	\$ 100	\$	100
UTILITIES	\$ 40,000	\$ 49	\$ 49	\$ 41,600	\$	41,600
CONTRACTUAL SERVICES	\$ -	\$ 14,107	\$ 14,107	\$ -	\$	-
REPAIR & MAINTENANCE SERVICES	\$ 12,000	\$ -	\$ -	\$ 12,000	\$	15,000
OPERATING SUPPLIES	\$ 132,700	\$ 75,357	\$ 71,628	\$ 135,700	\$	135,700
MACHINERY & EQUIPMENT (<\$25,000)	\$ 2,000	\$ -	\$ -	\$ 2,000	\$	2,000
REPAIR & MAINTENANCE SUPPLIES	\$ 15,500	\$ 427	\$ 427	\$ 17,500	\$	20,500
OPERATIONAL UNITS	\$ -	\$ 172,837	\$ 172,837	\$ -	\$	-
DEBT SERVICE	\$ 70,693	\$ 18,131	\$ 70,693	\$ 70,692	\$	70,692
TOTAL OPERATIONS	\$ 273,243	\$ 280,908	\$ 329,741	\$ 279,842	\$	285,842
EXPENDITURES	\$ 273,243	\$ 280,908	\$ 329,741	\$ 279,842	\$	285,842

Appendix A: Organization

The Water Management Department staffed facilities include the Administration and Service Divisions facility, the Water Reclamation Facility and the Water Treatment Plant. The following pages present the Water Management Department organization and the staffing per division. The red blocks and the orange blocks in the organization figure identify the eliminated and the proposed positions respectively as described in the proposed changes to personnel.

City of Franklin Water Management – Proposed Organization

FY 2013



Appendix B

Debt Payments (Debt Service, ARRA Loans, Leases)

WATER OPERATIONS					% of Debt Paid by Water Operations	Type of Payment	DEBT PAYMENTS BY YEAR						
Debt Issue	Description	Maturing	Original Amount	Amount Outstanding @ June 30, 2011			2012	2013	2014	2015	2016	2017	Total
2008 Issue	Used to construct and improve various water & sewer projects	2030	\$20,000,000	\$19,362,000	7%	Principal	\$46,620	\$48,720	\$50,960	\$53,200	\$55,580	\$58,100	\$313,180
						Interest	\$5,286	\$5,704	\$4,914	\$4,715	\$4,508	\$4,291	\$29,418
ARRA Loan	Used to repair water reservoir	2031	\$1,500,000	\$1,471,879	100%	Principal	\$57,446	\$59,086	\$60,775	\$62,510	\$64,296	\$66,133	\$370,246
						Interest	\$40,768	\$39,128	\$37,439	\$35,703	\$33,918	\$32,080	\$219,036
Hansen UB Software Lease	Used to acquire new utility billing system	2013	\$361,697	\$241,931	40%	Principal	\$50,113	\$38,657					\$88,770
						Interest	\$2,263	\$626					\$2,889
Water Operations Total							\$202,496	\$191,921	\$154,088	\$156,128	\$158,302	\$160,604	\$1,023,539

WASTEWATER OPERATIONS					% of Debt Paid by Wastewater Operations	Type of Payment	DEBT PAYMENTS BY YEAR						
Debt Issue	Description	Maturing	Original Amount	Amount Outstanding @ June 30, 2011			2012	2013	2014	2015	2016	2017	Total
2002A Refunding	Used to refund 1995 & 1997 bonds used for wastewater projects	2013	\$4,715,000	\$1,540,000	6%	Principal	\$45,300	\$47,100					\$92,400
						Interest	\$2,790	\$942					\$3,732
2002B Issue	Used for various wastewater improvement projects	2013	\$26,230,000	\$2,600,000	25%	Principal	\$312,500	\$337,500					\$650,000
						Interest	\$28,469	\$15,188					\$43,656
2005 Refunding	Used to refund bonds issued in 2001 and large portion of 2002B issue	2025	\$24,670,000	\$24,390,000	40%	Principal	\$116,000	\$118,000	\$804,000	\$812,000	\$820,000	\$846,000	\$3,516,000
						Interest	\$479,940	\$475,880	\$471,750	\$431,550	\$390,950	\$349,950	\$2,600,020
2008 Issue	Used to construct and improve various water & sewer projects	2030	\$20,000,000	\$19,362,000	1%	Principal	\$6,660	\$6,960	\$7,280	\$7,600	\$7,940	\$8,300	\$44,740
						Interest	\$755	\$729	\$702	\$674	\$644	\$613	\$4,117
ARRA Loan	Used for sewer improvement projects @ Boyd Mill, Country Road, and Simmons Ridge	2031	\$1,888,200	\$1,888,200 (estd)	46%	Principal	\$36,855	\$37,846	\$38,865	\$39,910	\$40,984	\$42,086	\$236,546
						Interest	\$23,365	\$22,373	\$21,355	\$20,310	\$19,236	\$18,134	\$124,773
Hansen UB Software Lease	Used to acquire new utility billing system	2013	\$361,697	\$241,931	40%	Principal	\$50,113	\$38,657					\$88,770
						Interest	\$2,263	\$626					\$2,889
Wastewater Operations Totals							\$1,105,010	\$1,101,801	\$1,343,952	\$1,312,044	\$1,279,754	\$1,265,083	\$7,407,643

RECLAIMED WATER OPERATIONS					% of Debt Paid by Reclaimed Operations	Type of Payment	DEBT PAYMENTS BY YEAR						
Debt Issue	Description	Maturing	Original Amount	Amount Outstanding @ June 30, 2011			2012	2013	2014	2015	2016	2017	Total
ARRA Loan	Used for reclaimed water project at Downs Blvd & West Reclaimed Water Line	2031	\$1,888,200	\$1,888,200 (estd)	54%	Principal	\$43,265	\$44,428	\$45,624	\$46,851	\$48,111	\$49,405	\$277,684
						Interest	\$27,428	\$26,264	\$25,069	\$23,842	\$22,581	\$21,287	\$146,471
Reclaimed Operations Totals							\$70,693	\$70,692	\$70,693	\$70,693	\$70,692	\$70,692	\$424,155

Combined Totals

\$1,378,198 \$1,364,414 \$1,568,733 \$1,538,865 \$1,508,748 \$1,496,379 \$8,855,337

Appendix C

Fund Reserves

In addition to the funds provided by access fees and tap fees, it is both customary and advisable for water and wastewater systems to maintain a level of cash reserves for emergency operations and for working capital purposes. Many systems have more reserves in their enterprise funds than in their general government accounts, strictly because utility systems are constructed and intended to operate as freestanding business models.

Currently, the water and wastewater funds do not have specific reserves for those purposes. In order to establish such reserves, a contribution from operating revenues above and beyond the normal funding of depreciation would be required for several years.

Over the next eight years, a suggested target rate of reserves of one months operating expenditures would be an advisable goal. Over a longer period of time, the goal should be set to increase those reserves to the level of 25% of operating revenues.

Appendix D Contributed Revenues

In addition to the operating (customer service) revenue shown in the Water/Wastewater budget document, the City receives access and taps fees for its Water, Wastewater, and Reclaimed systems. Access fees generally are used for implementing system improvements due to growth or upgrading existing facilities for additional capacity. Tap fees generally are used for capital maintenance of the systems.

In addition to the cost of service study, the City is also performing an analysis to update the fees pertaining to contributed revenues. It is anticipated that the results of these analyses will be presented along with the cost of service study.

The City has accumulated the following access and tap fees:

Tap and Access Reserves (Cash in Bank and Invested Less Accounts Payables at Fiscal Year End)		
<u>System</u>	<u>FY2010</u>	<u>FY2011 (estimated)</u>
Water	\$7,291,149	\$5,175,249
Wastewater	\$6,962,321	\$8,264,069
Reclaimed	\$1,197,435	\$1,299,000
Totals	\$15,450,905	\$14,738,318

* Wastewater access fees have been utilized to pay debt service on 75% of system improvements to the wastewater distribution system due to growth. As the portion of debt service has exceeded available access fees, this source is currently in a deficit position.