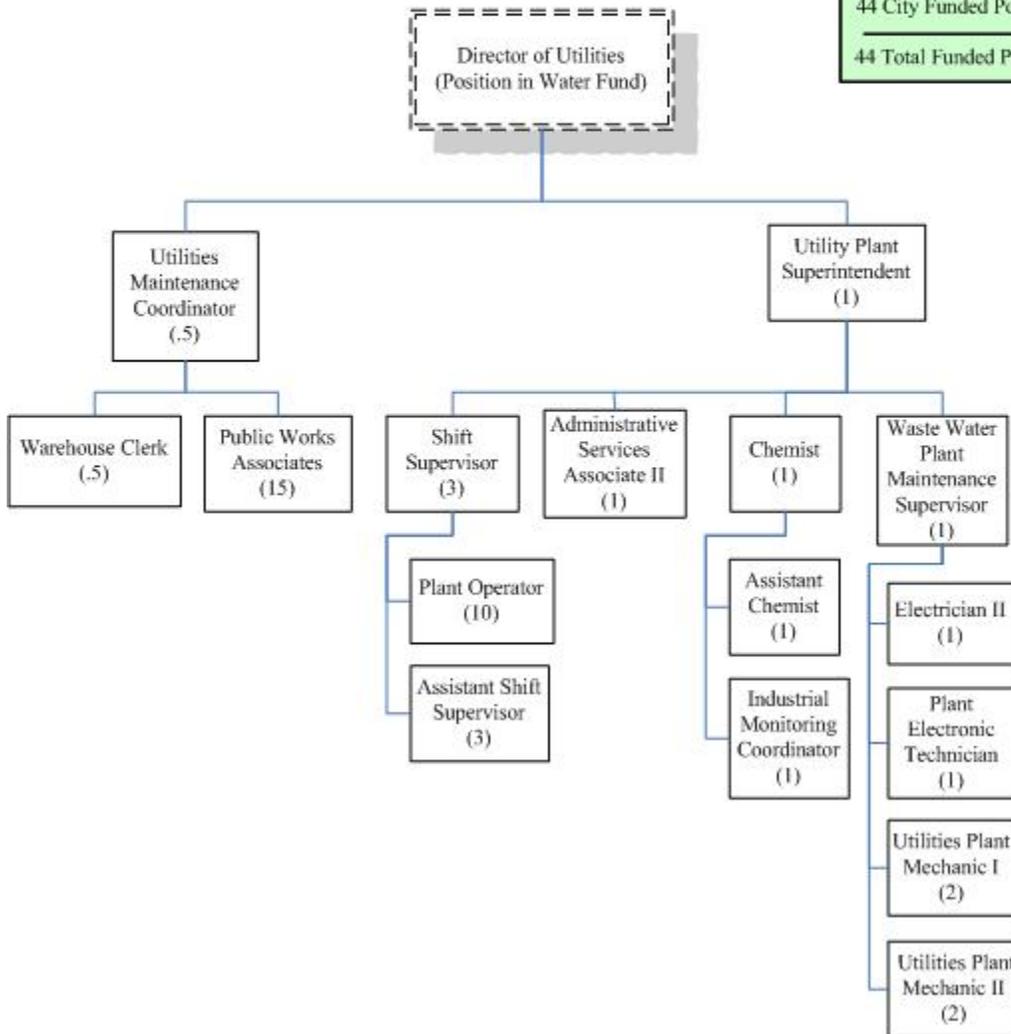




PUBLIC WORKS – UTILITIES DIVISION SEWER FUND

POSITION SUMMARY
.....
44 City Funded Positions

44 Total Funded Positions

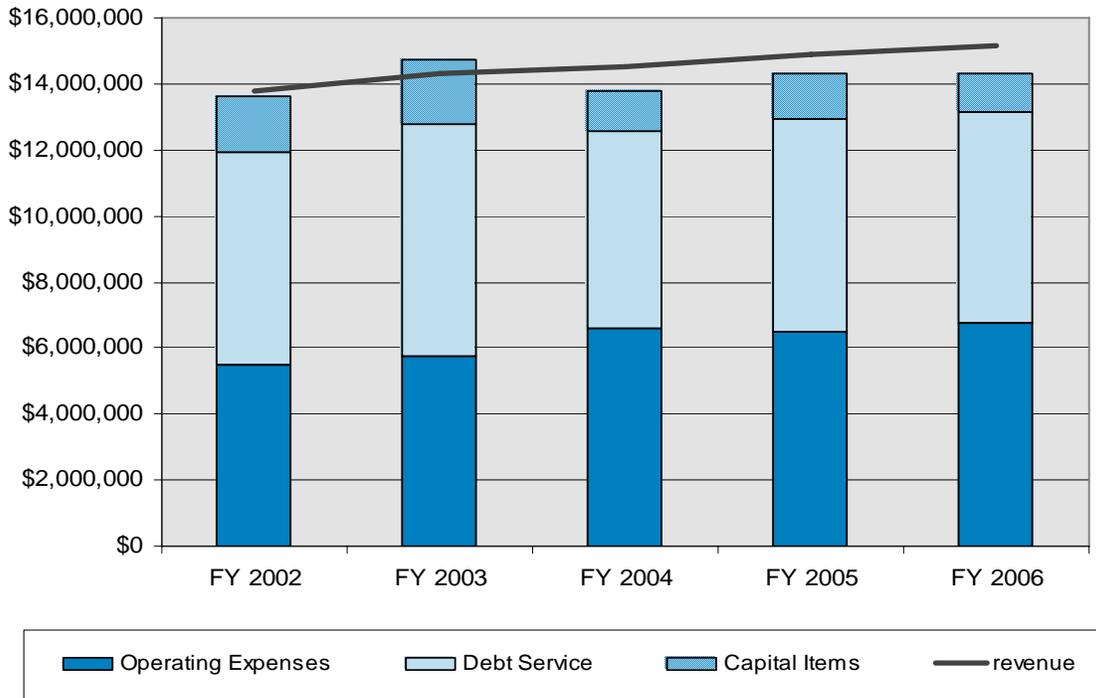




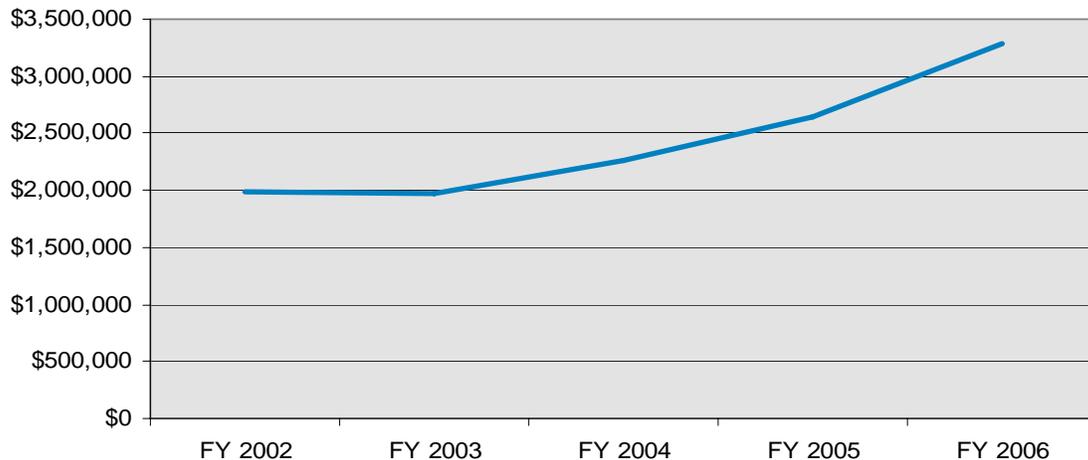
Sewer Fund Description

The Public Works Department Utilities Division operates a regional wastewater treatment plant that can treat up to 22 million gallons a day of domestic and industrial wastewater. Wastewater is treated to Federal and State water quality standards before being discharged into the James River. Wastewater service is provided to approximately 80% of the citizens and businesses in Lynchburg. Service is also provided to parts of Amherst, Bedford and Campbell Counties under the terms of the 1974 Regional Institutional Wastewater Treatment Agreement. Under this agreement, the counties share in 20% of the operating and capital expenses of the wastewater treatment plant. The Utilities Division also cleans, monitors and repairs the wastewater collection system, including an extensive network of sanitary and combined sanitary/storm drains. The City built its original combined sewer system at the turn of the century and is now renovating it to meet new federal and state standards.

Revenues & Expenses



Ending Unrestricted Cash



**Sewer Fund Debt Coverage**

	Actual FY 2004	Adopted FY 2005	Department Requested FY 2006	Manager's Proposed FY 2006	Adopted FY 2006
DEBT COVERAGE					
Revenues:					
Charges for Services	\$12,629,154	\$12,553,251	\$13,277,804	\$13,277,804	\$13,277,804
Sewer Contracts	1,766,288	2,464,341	1,798,083	1,798,083	1,798,083
Interest & Other	139,070	98,500	98,500	98,500	98,500
	<u>\$14,534,512</u>	<u>\$15,116,092</u>	<u>\$15,174,387</u>	<u>\$15,174,387</u>	<u>\$15,174,387</u>
Expenses:					
WWTP	3,704,352	4,134,116	4,112,268	4,112,268	4,113,731
Collection system maintenance	1,326,711	1,374,035	1,436,975	1,436,975	1,445,975
Non-Departmental	847,841	708,447	875,260	875,260	875,260
Major Sewer line cleaning	703,268	200,000	200,000	200,000	200,000
Capital Projects costs charged to operations	26,427	-	100,000	100,000	100,000
	<u>\$6,608,599</u>	<u>\$6,416,598</u>	<u>\$6,724,503</u>	<u>\$6,724,503</u>	<u>\$6,734,966</u>
Operating Income	7,925,914	8,699,494	8,449,884	8,449,884	8,439,421
Debt Service	<u>5,955,878</u>	<u>6,509,525</u>	<u>6,393,339</u>	<u>6,317,613</u>	<u>6,317,613</u>
Net Revenue	<u>\$1,970,036</u>	<u>\$2,189,969</u>	<u>\$2,056,544</u>	<u>\$2,132,270</u>	<u>\$2,121,808</u>
Debt Coverage ratio Target	1.20	1.20	1.20	1.20	1.20
Debt Coverage ratio	1.33	1.34	1.32	1.34	1.34



Sewer Fund Sources and Uses of Cash

	Actual FY 2004	Adopted FY 2005	Department Requested FY 2006	Manager's Proposed FY 2006	Adopted FY 2006
SOURCES AND USES OF CASH					
Sources of Cash:					
Beginning cash balance	\$ 4,753,291	\$ 5,381,465	\$ 4,868,349	\$ 4,868,349	\$ 4,868,349
Net Revenue	1,970,036	2,189,969	2,056,544	2,132,270	2,121,808
G.O. Bond proceeds	3,110,000	2,600,000	2,200,000	2,200,000	2,200,000
VRLF loan drawdowns	1,301,138	7,850,000	6,700,000	6,700,000	6,700,000
LOC borrowings	-	-	-	-	-
Proceeds from other organizations	82,816	-	-	-	-
Federal and State capital grants	4,838,470	1,944,412	903,800	903,800	903,800
	<u>\$16,055,751</u>	<u>\$19,965,846</u>	<u>\$16,728,694</u>	<u>\$16,804,420</u>	<u>\$16,793,958</u>
Uses of Cash					
Capital purchases	\$8,861,576	\$13,918,621	\$11,770,992	\$11,770,992	\$11,770,992
Repayment of line of credit	-	-	-	-	-
Transfers to other funds	396,189	175,000	44,394	44,394	44,394
Change in working capital items	289,829	204,000	212,160	212,160	212,160
	<u>\$9,547,594</u>	<u>\$14,297,621</u>	<u>\$12,027,546</u>	<u>\$12,027,546</u>	<u>\$12,027,546</u>
Ending cash	\$6,508,157	\$5,668,225	\$4,701,148	\$4,776,874	\$4,766,412
Cash Restricted for Capital Projects	<u>(4,239,234)</u>	<u>(2,978,814)</u>	<u>(1,409,264)</u>	<u>(1,409,264)</u>	<u>(1,409,264)</u>
Ending Unrestricted Cash	<u>\$2,268,923</u>	<u>\$2,689,411</u>	<u>\$3,291,884</u>	<u>\$3,367,610</u>	<u>\$3,357,148</u>
Operating expenses and debt service	\$12,564,476	\$12,926,123	\$13,117,842	\$13,042,116	\$13,052,579
Unrestricted cash target as a % of operating expenses and debt service	25%	25%	25%	25%	25%
Unrestricted cash as a % of operating expenses and debt service	18%	21%	25%	25%	25%

This Statement of Sources and Uses of Cash has been added to the Budget in order to more closely align the budget presentation to the requirements of GASB 34 and provide additional information concerning the cash flows in the operating and capital funds.



Sewer Fund

	Actual FY 2004	Adopted FY 2005	Department Requested FY 2006	Manager's Proposed FY 2006	Adopted FY 2006
REVENUE SUMMARY					
Charges for Services:					
Retail Volume Charges	\$11,229,889	\$11,308,179	\$11,960,000	\$11,960,000	\$11,960,000
Meter Charges	383,906	403,000	406,000	406,000	406,000
Septic Hauler Charges	328,444	260,000	260,000	260,000	260,000
Sewer backwash charge	103,000	110,000	112,600	112,600	112,600
Leachate Treatment	51,500	55,167	56,822	56,822	56,822
Industrial pre-treatment	2,850	6,471	6,666	6,666	6,666
Industrial Surcharges	111,234	56,238	103,000	103,000	103,000
Industrial Monitoring Charges	35,026	38,429	51,500	51,500	51,500
Availability Fees	154,761	150,000	150,000	150,000	150,000
Connection Charges	125,370	124,967	131,216	131,216	131,216
Sewer cost plus	27,676	40,799	40,000	40,000	40,000
All Others	75,499	0	0	0	0
	<u>\$12,629,154</u>	<u>\$12,553,251</u>	<u>\$13,277,804</u>	<u>\$13,277,804</u>	<u>\$13,277,804</u>
Sewer Contracts					
Amherst	295,245	318,405	296,390	296,390	296,390
Bedford	282,975	252,594	274,289	274,289	274,289
Campbell	62,400	174,666	155,894	155,894	155,894
Industrial	1,125,668	1,718,676	1,071,510	1,071,510	1,071,510
	<u>\$1,766,288</u>	<u>\$2,464,341</u>	<u>\$1,798,083</u>	<u>\$1,798,083</u>	<u>\$1,798,083</u>
Interest & Other:					
Interest	47,636	60,000	60,000	60,000	60,000
State Highway Maintenance	38,500	38,500	38,500	38,500	38,500
All Other	52,934	0	0	0	0
	<u>\$139,070</u>	<u>\$98,500</u>	<u>\$98,500</u>	<u>\$98,500</u>	<u>\$98,500</u>
Total Revenues	<u>\$14,534,512</u>	<u>\$15,116,092</u>	<u>\$15,174,387</u>	<u>\$15,174,387</u>	<u>\$15,174,387</u>



Sewer Fund

	Actual FY 2004	Adopted FY 2005	Department Requested FY 2006	Manager's Proposed FY 2006	Adopted FY 2006
EXPENDITURE SUMMARY					
Departmental:					
Salaries	\$1,264,338	\$1,364,917	\$1,423,175	\$1,423,175	\$1,423,175
Employee benefits	417,432	479,061	521,173	521,173	521,173
Supplies & Materials	410,881	409,100	433,900	433,900	433,900
Sludge disposal - landfill	573,467	573,375	625,000	625,000	625,000
Chemicals	188,157	398,000	250,000	250,000	250,000
Gasoline / fuel	27,056	29,965	34,737	34,737	45,200
Internal service charges	78,441	69,508	71,888	71,888	71,888
Rentals & leases	6,883	4,500	6,500	6,500	6,500
Communication charges	6,680	9,100	8,700	8,700	8,700
Utilities	420,620	464,000	460,000	460,000	460,000
Building & grounds	10,510	12,400	10,300	10,300	10,300
Contractual Services (a)	455,431	509,094	545,000	545,000	545,000
Training & meetings	13,534	16,700	17,200	17,200	17,200
Indirect Costs	962,275	1,006,670	962,275	962,275	962,275
Self - Insurance	143,759	150,961	161,595	161,595	161,595
Misc.	51,598	10,800	17,800	17,800	17,800
	<u>\$5,031,063</u>	<u>\$5,508,151</u>	<u>\$5,549,243</u>	<u>\$5,549,243</u>	<u>\$5,559,706</u>
Non-Departmental:					
Water Fund Payments	500,000	510,000	600,000	600,000	600,000
Retirees health insurance	51,720	66,896	71,260	71,260	71,260
Financial audit	23,600	21,000	25,000	25,000	25,000
Est. uncollectable accounts	272,285	0	60,000	60,000	60,000
Legal & professional	236	50,000	50,000	50,000	50,000
Compensation Plan Adjustment	0	45,551	54,000	54,000	54,000
IT Systems	0	0	0	0	0
All Other	0	15,000	15,000	15,000	15,000
	<u>\$847,841</u>	<u>\$708,447</u>	<u>\$875,260</u>	<u>\$875,260</u>	<u>\$ 875,260</u>
Major sewer line cleaning (JRI)	<u>\$703,268</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>
Capital Purchases and Transfers:					
Transfer to Sewer Capital Fund	800,000	1,000,000	1,100,000	1,100,000	1,100,000
Transfer to Gen Franchise Tax	99,189	0	44,394	44,394	0
Transfer to City Fleet Fund	297,000	120,000	0	0	0
Transfer to General Fund	0	0	0	0	0
Capital purchases	26,125	55,000	55,000	55,000	55,000
	<u>\$1,222,314</u>	<u>\$1,175,000</u>	<u>\$1,199,394</u>	<u>\$1,199,394</u>	<u>\$1,155,000</u>
Debt Service:	<u>\$5,955,878</u>	<u>\$6,509,525</u>	<u>\$6,393,339</u>	<u>\$6,317,613</u>	<u>\$6,317,613</u>
Total Expenses	<u>\$13,760,364</u>	<u>\$14,101,123</u>	<u>\$14,217,236</u>	<u>\$14,141,510</u>	<u>\$14,097,116</u>



Public Works Utilities Division Collection System Maintenance. Provides installation, maintenance, cleaning and repair of sanitary sewer lines and sewer services as well as monitoring of overflow points. Performs line inspections using TV cameras. Provides vermin control. Manages storm water and maintains retention pond grounds. Maintenance of storm and sanitary sewer lines provides flood and pollution control, thus promoting the welfare and health of the public. Services are federally mandated by the Clean Water Act. Oversight is provided by the Department of Environmental Quality.

	Actual FY 2004	Adopted FY 2005	Requested FY 2006	Manager's Proposed FY 2006	Adopted FY 2006
POSITION SUMMARY					
Total FTE Positions	16	16	16	16	16
BUDGET SUMMARY					
<i>Salaries</i>	\$406,251	\$456,028	\$458,978	\$458,978	\$458,978
<i>Employee Benefits</i>	143,122	163,239	174,980	174,980	174,980
Supplies & materials	135,984	134,800	140,000	140,000	140,000
Gasoline / fuel	21,324	23,640	27,673	27,673	36,673
Internal service charges	63,139	58,914	61,273	61,273	61,273
Rentals & leases	2,995	1,500	1,500	1,500	1,500
Communication charges	2,113	3,200	2,800	2,800	2,800
Buildings & grounds	396	300	300	300	300
Contractual services	60,310	80,623	70,000	70,000	70,000
Training & meetings	5,225	5,200	5,700	5,700	5,700
Indirect Costs	392,959	349,838	392,959	392,959	392,959
Self - Insurance	92,868	96,453	100,512	100,512	100,512
Misc.	25	300	300	300	300
TOTAL	\$1,326,711	\$1,374,035	\$1,436,975	\$1,436,975	\$1,445,975



Sewer Fund – Collection System Maintenance Budget Description

The Department Requested FY 2006 Public Works Utilities Sewer Fund – Collection System Maintenance budget of \$1,436,975 represents a 4.6% increase of \$62,940 as compared to the Adopted FY 2005 budget of \$1,374,035.

Significant changes introduced in the Department Requested FY 2006 budget include:

- \$18,021 increase in Salaries and Benefits reflecting the Public Works Associate salary base realignment, FY 2005 compensation adjustments and increases in insurance premiums.
- \$10,323 decrease in Contractual Services reflecting the decrease in the use of annual contractors for installation and repairs.
- \$6,292 increase in Internal Service charges reflecting rising cost of parts and fuel.
- \$52,580 increase in Other Charges reflecting primarily the indirect costs based on the Maximus study for services provided by the General Fund for Utilities.

All major items requested are proposed by the City Manager for funding.

The Proposed FY 2006 Sewer Fund – Collection System Maintenance budget was adopted by City Council with the following change:

- ◆ \$9,000 increase in fleet service charges due to rising fuel costs.

Sewer Fund – Collection System Maintenance Performance Measures

Goal 1:

Protect the environment and promote the general health and welfare of the citizens of Lynchburg while maintaining a high level of customer satisfaction.

Objective:

Provide pollution and flood control through the maintenance of the sanitary and storm sewer systems.

Performance Measure:	Projected FY 2005	Target FY 2006
Number of dry weather sanitary sewer overflows	26	24
Linear feet of sewer line televised	200,000	225,000
Linear feet of sewer line cleaned	150,000	175,000

Goal 2:

Operate the Wastewater Treatment Plant in a cost effective and efficient manner.

Objective:

Treat wastewater in a technically sound and efficiently operated Regional Wastewater Treatment Plant on an uninterrupted basis.

Performance Measure:	Projected FY 2005	Target FY 2006
Number of sanitary sewer repairs	20	25
Number of storm drain inlets cleaned and repaired	5,500	6,000
Number of new sewer services installed	80	100



Public Works Utilities Division Wastewater Treatment Plant. Performs secondary treatment for an average of 12 million gallons per day (with peaks up to 28 MGD) of domestic and industrial wastewater. Amherst, Bedford, and Campbell Counties partner with the City in this cooperative endeavor. Rock Tenn wastewater is pretreated, which includes grit removal, screening, and clarification on the plant site and then combined with the domestic wastewater. The combined wastes receive primary settling, aeration, secondary settling, and disinfection before the effluent is discharged into the James River. Sludge produced from the treatment process is dewatered and landfilled. The plant operates continually. Wastewater is treated to meet national environmental stream standards and to promote the general health and welfare of residents of the region. The services provided are federally mandated by the Clean Water Act. Oversight is provided by the Department of Environmental Quality.

	Actual FY 2004	Adopted FY 2005	Department Requested FY 2006	Manager's Proposed FY 2006	Adopted FY 2006
POSITION SUMMARY					
Total FTE Positions	28	28	28	28	28
BUDGET SUMMARY					
<i>Salaries</i>	\$858,087	\$908,889	\$964,197	\$964,197	\$964,197
<i>Employee benefits</i>	274,310	315,822	346,193	346,193	346,193
Supplies & materials	274,897	274,300	293,900	293,900	293,900
Sludge disposal - landfill	573,467	573,375	625,000	625,000	625,000
Chemicals	188,157	398,000	250,000	250,000	250,000
Gasoline / fuel	5,732	6,325	7,064	7,064	8,527
Internal service charges	15,302	10,594	10,615	10,615	10,615
Rentals & leases	3,888	3,000	5,000	5,000	5,000
Communication charges	4,567	5,900	5,900	5,900	5,900
Utilities	420,620	464,000	460,000	460,000	460,000
Buildings & grounds	10,114	12,100	10,000	10,000	10,000
Contractual services	395,121	428,471	475,000	475,000	475,000
Training & meetings	8,309	11,500	11,500	11,500	11,500
Indirect Costs	569,316	656,832	569,316	569,316	569,316
Self - Insurance	50,891	54,508	61,083	61,083	61,083
Misc.	51,573	10,500	17,500	17,500	17,500
TOTAL	\$3,704,352	\$4,134,116	\$4,112,268	\$4,112,268	\$4,113,731



Sewer Fund – Wastewater Treatment Budget Description

The Department Requested FY 2006 Public Works Utilities Sewer Fund – Wastewater Treatment budget of \$4,169,266 represents a 0.4% decrease of \$14,850 as compared to the Adopted FY 2005 budget of \$4,184,116.

Significant changes introduced in the Department Requested FY 2006 budget include:

- \$92,677 increase in Salaries and Benefits reflecting FY 2005 compensation adjustments and insurance premium increases.
- \$46,529 increase in Contractual Services reflecting a net increase for Building & Grounds Maintenance and decrease in janitorial and temporary personnel due to the attempt to bring the maintenance service in-house in FY2005. This is still being researched and has not been concluded, thus the new budget reflects historical costs provided by outside services.
- \$660 increase in Internal Service charges reflecting rising cost of parts and fuel.
- \$156,716 decrease in Other Charges reflecting primarily the reduction in anticipated chemical usage and indirect costs based on the Maximus study for services provided by the General Fund for Utilities.
- \$2,000 increase in Rental & Leases reflecting negotiations in renewal of copier contracts.

All major items requested are proposed by the City Manager for funding.

The Proposed FY 2006 Sewer Fund – Wastewater Treatment budget was adopted by City Council with the following change:

- ◆ \$1,463 increase in fleet service charges due to rising fuel costs.



Sewer Fund – Wastewater Treatment Performance Measures

Goal 1:
Protect the environment and promote general health and welfare.

Objective:
Treat wastewater from the City of Lynchburg, Amherst, Bedford, and Campbell Counties to meet or exceed all state and federal regulatory requirements.

Performance Measure:	Projected FY 2005	Target FY 2006
Average volume of wastewater treated per day (million gallons per day)	13.5	13.8
Number of Discharge Monitoring Report violations per year	0	0
Percent of Satisfactory ratings on Department of Environmental Quality Technical and Laboratory Inspection Reports	100	100

Goal 2:
Operate the Wastewater Treatment Plant in a cost effective and efficient manner.

Objective:
Treat wastewater in a technically sound and efficiently operated Regional Wastewater Treatment Plant on an uninterrupted basis.

Performance Measure:	Projected FY 2005	Target FY 2006
Chemical cost per million gallons treated	\$70	\$63
Overall treatment cost per million gallons treated	\$850	\$830
Percent of sludge disposed of in the City’s landfill	88%	94%



HISTORICAL FACT:

According to local legend, Thomas Jefferson, who was visiting the owners of the Miller-Claytor House on his way to his Poplar Forest home, took a bite of the "poisonous love apple." Supposedly, this was the first time anyone had eaten this fruit, which we now call the tomato, in Virginia.

