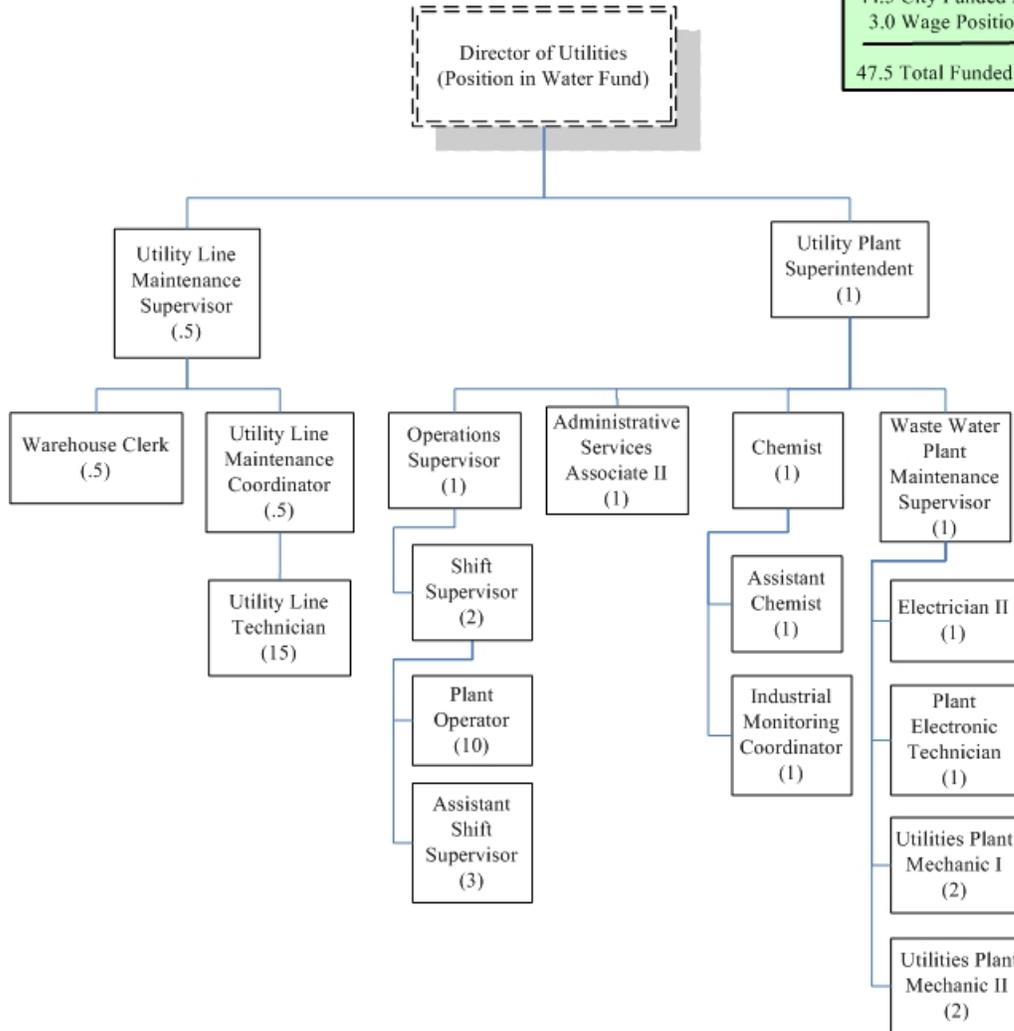




DEPARTMENT OF UTILITIES SEWER FUND

POSITION SUMMARY	
.....	
44.5 City Funded Positions	
3.0 Wage Positions	
<hr/>	
47.5 Total Funded Positions	

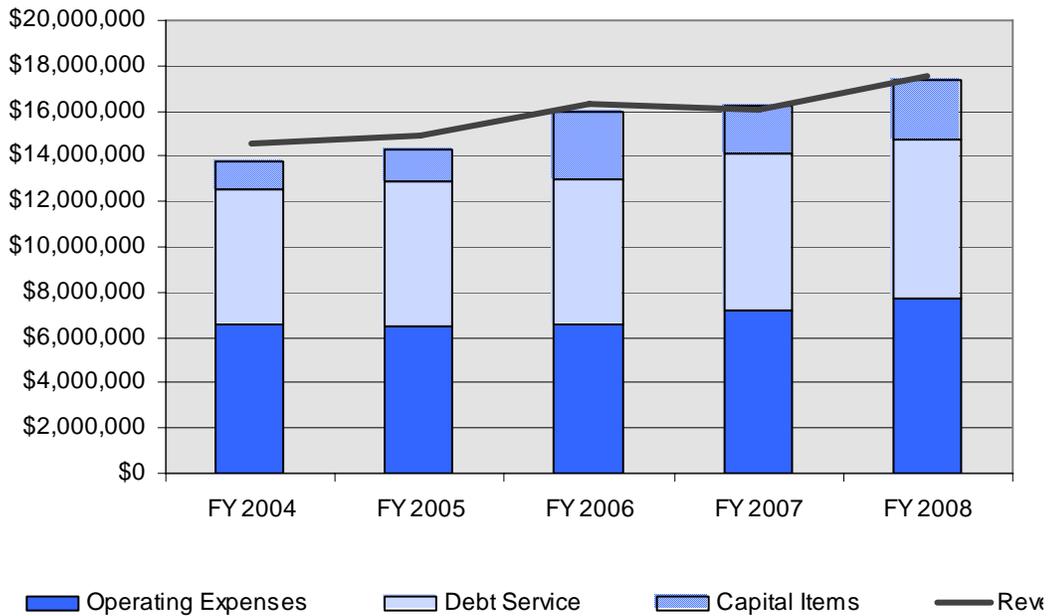




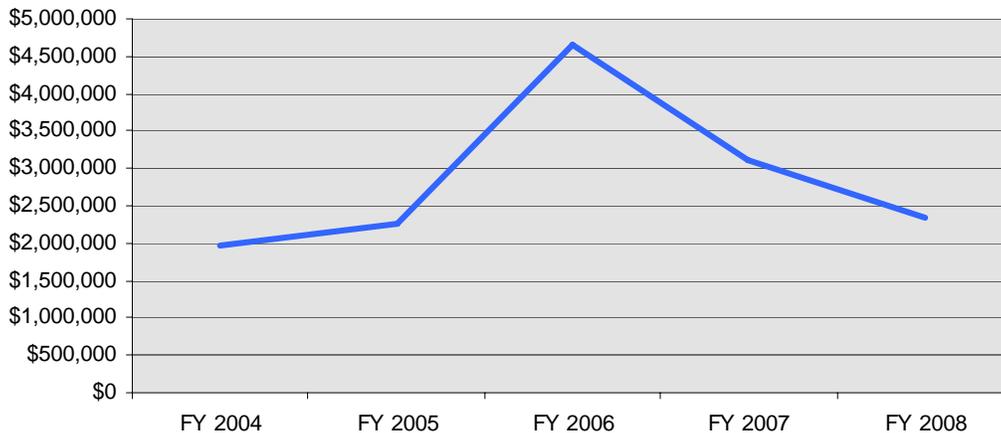
Sewer Fund Description

The Department of Utilities 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 department 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 2006	Adopted FY 2007	Department Requested FY 2008	Manager's Proposed FY 2008	Adopted FY 2008
SEWER FUND DEBT COVERAGE					
Revenues:					
Charges for Services	\$13,910,083	\$13,659,408	\$14,948,476	\$14,948,476	\$14,948,476
Sewer Contracts	2,001,342	2,080,053	2,191,424	2,191,424	2,191,424
Interest & Other	402,518	351,952	379,704	379,704	379,704
	<u>\$16,313,942</u>	<u>\$16,091,413</u>	<u>\$17,519,604</u>	<u>\$17,519,604</u>	<u>\$17,519,604</u>
Expenses:					
WWTP	4,011,208	4,386,135	4,847,315	4,847,315	5,177,315
Sewer Line Maintenance	1,472,700	1,627,190	1,683,384	1,683,384	1,683,384
Non-Departmental	700,904	914,477	1,043,073	1,043,073	1,043,073
Major Sewer line cleaning	346,025	200,000	200,000	200,000	200,000
Projects costs charged to operations	8,448	100,000	0	0	0
	<u>\$6,539,285</u>	<u>\$7,227,802</u>	<u>\$7,773,772</u>	<u>\$7,773,772</u>	<u>\$8,103,772</u>
Operating Income	<u>\$9,774,657</u>	<u>\$8,863,611</u>	<u>\$9,745,832</u>	<u>\$9,745,832</u>	<u>\$9,415,832</u>
Debt Service	<u>6,420,935</u>	<u>6,870,442</u>	<u>7,056,380</u>	<u>7,056,380</u>	<u>7,012,912</u>
Net Revenue	<u>\$3,353,722</u>	<u>\$1,993,168</u>	<u>\$2,689,452</u>	<u>\$2,689,451</u>	<u>\$2,402,919</u>
Debt Coverage ratio Target	1.20	1.20	1.20	1.20	1.20
Debt Coverage ratio	1.52	1.29	1.38	1.38	1.34

**Sewer Fund Sources and Uses of Cash**

	Actual FY 2006	Adopted FY 2007	Department Requested FY 2008	Manager's Proposed FY 2008	Adopted FY 2008
SEWER FUNDSOURCES AND USES OF CASH					
Sources of Cash:					
Beginning cash balance	\$6,909,395	\$10,448,399	\$13,194,995	\$13,194,995	\$13,194,995
Net Revenue	3,353,722	1,993,167	2,689,452	2,689,452	2,402,920
Proceeds from bond anticipation note	6,500,000	0	0	0	0
VRLF loan drawdowns	4,818,630	9,422,652	12,675,000	12,675,000	12,675,000
Proceeds from other organizations	33,894	0	0	0	0
Federal and State capital grants	1,884,717	1,500,000	0	0	0
	<u>\$23,500,358</u>	<u>\$23,364,218</u>	<u>\$28,559,447</u>	<u>\$28,559,447</u>	<u>\$28,272,915</u>
Uses of Cash					
Capital purchases	9,143,199	17,518,933	17,450,000	17,450,000	17,450,000
Transfers to other funds	110,389	452,000	325,000	325,000	325,000
Change in working capital items	166,716	51,000	0	0	0
	<u>\$9,420,304</u>	<u>\$18,021,933</u>	<u>\$17,775,000</u>	<u>\$17,775,000</u>	<u>\$17,775,000</u>
Ending cash	\$14,080,054	\$5,342,285	\$10,784,447	\$10,784,447	\$10,497,915
Cash Restricted for Capital Projects	(9,428,207)	(2,229,625)	(8,500,843)	(8,500,843)	(8,500,843)
Ending Unrestricted Cash	\$4,651,847	\$3,112,660	\$2,283,604	\$2,283,604	\$1,997,072
Operating expenses and debt service	\$12,960,219	\$14,098,244	\$14,830,152	\$14,830,152	\$15,116,684
Unrestricted cash target as a % of operating expenses and debt service	25%	23%	23%	23%	23%
Unrestricted cash as a % of operating expenses and debt service	36%	22%	15%	15%	13%

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 2006	Adopted FY 2007	Revised Estimate FY 2007	Department Requested FY 2008	Manager's Proposed FY 2008
SEWER FUND REVENUE SUMMARY					
Charges for Services:					
Retail Volume Charges	\$12,476,285	\$12,303,720	\$12,937,456	\$13,454,955	\$13,454,955
Meter Charges	402,479	400,000	405,479	408,479	408,479
Septic Hauler Charges	311,516	325,000	310,000	310,000	310,000
Sewer backwash charge	112,600	112,600	112,600	112,600	112,600
Leachate Treatment	56,822	56,822	56,822	57,000	57,000
Industrial pre-treatment	5,107	6,000	6,000	6,000	6,000
Industrial Surcharges	119,851	103,000	120,000	132,000	132,000
Industrial Monitoring Charges	41,735	36,050	42,000	42,000	42,000
Availability Fees	128,220	150,000	150,000	150,000	150,000
Connection Charges	135,861	131,216	149,447	164,392	164,392
Sewer cost plus	33,424	35,000	35,000	36,050	36,050
All Others	86,182	0	83,661	75,000	75,000
	<u>\$13,910,083</u>	<u>\$13,659,408</u>	<u>\$14,408,465</u>	<u>\$14,948,476</u>	<u>\$14,948,476</u>
Sewer Contracts					
Amherst	289,874	286,355	306,142	319,435	319,435
Bedford	300,234	290,334	314,233	319,172	319,172
Campbell	179,492	177,364	197,595	202,711	202,711
Industrial	1,231,742	1,326,000	1,313,086	1,350,106	1,350,106
	<u>\$2,001,342</u>	<u>\$2,080,053</u>	<u>\$2,131,056</u>	<u>\$2,191,424</u>	<u>\$2,191,424</u>
Interest & Other:					
Interest	334,835	313,452	356,402	332,326	332,326
State Highway Maintenance	38,500	38,500	38,500	38,500	38,500
All Other	29,183	0	0	8,878	8,878
	<u>\$402,518</u>	<u>\$351,952</u>	<u>\$394,902</u>	<u>\$379,704</u>	<u>\$379,704</u>
Total Revenues	<u>\$16,313,942</u>	<u>\$16,091,413</u>	<u>\$16,934,423</u>	<u>\$17,519,604</u>	<u>\$17,519,604</u>

Note: Revenues agree to the Rate Study, which includes payments from the counties for the Regional Sewer Plant.



Sewer Fund

	Actual FY 2006	Adopted FY 2007	Department Requested FY 2008	Manager's Proposed FY 2008	Adopted FY 2008
SEWER FUND EXPENSE SUMMARY					
Departmental:					
Salaries	\$1,361,765	\$1,458,116	\$1,621,138	\$1,621,138	\$1,621,138
Employee Benefits	490,442	577,672	628,979	628,979	628,979
Supplies & Materials	476,460	475,700	530,300	530,300	534,800
Sludge disposal - landfill	669,406	700,000	700,000	700,000	700,000
Chemicals	360,174	471,000	536,000	536,000	536,000
Gasoline / fuel	49,755	59,097	68,818	68,818	68,818
Internal service charges	82,189	74,025	72,102	72,102	72,102
Rentals & leases	18,351	6,500	9,500	9,500	9,500
Communication charges	7,216	8,700	9,200	9,200	9,200
Utilities	469,922	470,000	580,000	580,000	580,000
Buildings & Grounds	0	10,000	11,500	11,500	11,500
Contractual Services	456,248	611,894	684,894	684,894	999,212
Training & meetings	15,320	17,200	19,700	19,700	30,882
Indirect Costs	851,886	873,250	851,886	851,886	851,886
Self - Insurance	161,595	182,371	187,882	187,882	187,882
Miscellaneous	13,177	17,800	18,800	18,800	18,800
	<u>\$5,483,908</u>	<u>\$6,013,325</u>	<u>\$6,530,699</u>	<u>\$6,530,699</u>	<u>\$6,860,699</u>
Non-Departmental:					
Water Fund Payments	600,000	600,000	775,000	775,000	775,000
Retirees health insurance	67,751	93,820	86,008	86,008	86,008
Financial audit	10,594	20,657	11,335	11,335	11,335
Est. uncollectable accounts	7,678	60,000	35,000	35,000	35,000
Legal & professional	14,881	50,000	50,000	50,000	50,000
Compensation Plan Adjustment	0	90,000	85,730	85,730	85,730
	<u>\$700,903</u>	<u>\$914,477</u>	<u>\$1,043,073</u>	<u>\$1,043,073</u>	<u>\$1,043,073</u>
Major sewer line cleaning (JRI)	<u>\$346,025</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	2,900,000	1,700,000	2,200,000	2,200,000	2,200,000
Transfer to City Fleet Fund	0	452,000	325,000	325,000	325,000
Transfer to General Fund	110,389	0	0	0	0
Capital purchases	5,569	10,000	45,000	45,000	45,000
	<u>\$3,015,958</u>	<u>\$2,162,000</u>	<u>\$2,570,000</u>	<u>\$2,570,000</u>	<u>\$2,570,000</u>
Debt Service:	<u>6,420,935</u>	<u>6,870,442</u>	<u>7,056,380</u>	<u>7,056,380</u>	<u>7,012,912</u>
Total Expenses	<u>\$15,967,729</u>	<u>\$16,160,244</u>	<u>\$17,400,152</u>	<u>\$17,400,152</u>	<u>\$17,686,684</u>



Department of Utilities Sewer Fund – Sewer Line Maintenance Division. 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 2006	Adopted FY 2007	Department Requested FY 2008	Manager's Proposed FY 2008	Adopted FY 2008
POSITION SUMMARY					
City Funded Full-Time	16.00	16.00	16.50	16.50	16.50
TOTAL FTE	16.00	16.00	16.50	16.50	16.50
BUDGET SUMMARY					
Salaries	\$404,567	\$465,779	\$497,551	\$497,551	\$497,551
Employee Benefits	157,056	193,804	206,381	206,381	206,381
Supplies & materials	160,988	170,300	182,100	182,100	182,100
Gasoline / fuel	44,832	47,853	55,604	55,604	55,604
Internal service charges	67,810	63,281	57,825	57,825	57,825
Rentals & leases	10,924	1,500	1,500	1,500	1,500
Communication charges	2,284	2,800	2,800	2,800	2,800
Contractual services	31,829	66,723	72,323	72,323	72,323
Training & meetings	775	5,700	5,700	5,700	5,700
Indirect Costs	491,002	499,548	483,467	483,467	483,467
Self - Insurance	100,512	109,602	117,833	117,833	117,833
Miscellaneous	121	300	300	300	300
TOTAL	\$1,472,700	\$1,627,190	\$1,683,384	\$1,683,384	\$1,683,384

Sewer Fund – Sewer Line Maintenance Division Budget Description

The Department Requested FY 2008 Sewer Fund – Sewer Line Maintenance Division budget of \$1,683,384 represents a 3.5% increase of \$56,194 as compared to the Adopted FY 2007 budget of \$1,627,190.

Significant changes introduced in the Department Requested FY 2008 budget include:

- \$19,270 increase in Salaries and Employee Benefits reflecting FY 2007 compensation adjustments.
- \$25,079 increase in Salaries and Employee Benefits reflecting the request for a new Utility Line Maintenance Coordinator position that will be split between the Water and Sewer Funds.
- \$5,600 increase in Contractual Services reflecting historic costs for repairs by outside vendors to sewer camera equipment, shoring equipment, and other essential equipment.

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

The Proposed FY 2008 Sewer Fund – Sewer Line Maintenance Division budget was adopted by City Council without changes.



Sewer Fund – Sewer Line Maintenance Division 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:	Target FY 2006	Actual FY 2006	Projected FY 2007	Projected FY 2008
Number of dry weather sanitary sewer overflows	24	17	22	20
Linear feet of sewer line televised	225,000	322,398	240,000	250,000
Linear feet of sewer line cleaned	175,000	226,345	190,000	200,000

Goal 2:

Adequately operate and maintain the City’s wastewater collection system and storm drain system.

Objective:

Perform all necessary repairs, replacement, and preventative maintenance for the wastewater collection and storm drainage systems.

Performance Measure:	Target FY 2006	Actual FY 2006	Projected FY 2007	Projected FY 2008
Number of sanitary sewer repairs	25	80	75	75
Number of storm drain inlets cleaned and repaired	6,000	7,192	7,500	7,500
Number of new sewer services installed	100	92	100	100



Department of Utilities Sewer Fund – 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 2006	Adopted FY 2007	Department Requested FY 2008	Manager's Proposed FY 2008	Adopted FY 2008
POSITION SUMMARY					
City Funded Full-Time	28	28	28	28	28
City Funded Seasonal Wage	3	3	3	3	3
TOTAL FTE	31	31	31	31	31
BUDGET SUMMARY					
Salaries	\$957,197	\$992,337	\$1,123,587	\$1,123,587	\$1,123,587
Employee Benefits	333,387	383,868	422,598	422,598	422,598
Supplies & materials	315,472	305,400	348,200	348,200	352,700
Sludge disposal - landfill	669,406	700,000	700,000	700,000	700,000
Chemicals	360,174	471,000	536,000	536,000	536,000
Gasoline / fuel	4,923	11,244	13,214	13,214	13,214
Internal service charges	14,379	10,744	14,277	14,277	14,277
Rentals & leases	7,427	5,000	8,000	8,000	8,000
Communication charges	4,932	5,900	6,400	6,400	6,400
Utilities	469,922	470,000	580,000	580,000	580,000
Buildings & grounds	0	10,000	11,500	11,500	11,500
Contractual services	424,420	545,171	612,571	612,571	926,889
Training & meetings	14,545	11,500	14,000	14,000	25,182
Indirect Costs	360,884	373,702	368,419	368,419	368,419
Self - Insurance	61,083	72,769	70,049	70,049	70,049
Miscellaneous	13,056	17,500	18,500	18,500	18,500
TOTAL	\$4,011,208	\$4,386,135	\$4,847,315	\$4,847,315	\$5,177,315



Sewer Fund – Wastewater Treatment Budget Description

The Department Requested FY 2008 Sewer Fund – Wastewater Treatment Division budget of \$4,847,315 represents a 10.5% increase of \$461,180 as compared to the Adopted FY 2007 budget of \$4,386,135.

Significant changes introduced in the Department Requested FY 2008 budget include:

- \$169,980 increase in Salaries and Employee Benefits reflecting FY 2007 compensation adjustments.
- \$67,400 increase in Contractual Services reflecting an increase in facility maintenance due to aging components; increases in temporary personnel used as drivers for sludge disposal, cleaning of aeration basin diffusers, grounds maintenance, etc.; and increases in legal services related to nutrient general permit.
- \$213,797 increase in Other Charges reflecting an increase in electricity, general increases in chemicals, conversion from chlorine to sodium hypochlorite, safety supplies related to new chlorine change-out procedures, increases in parts related to additional maintenance, increases in potable water costs, and increases in training.
- \$25,000 increase in Capital Outlay reflecting proposed purchase of lab equipment needed to meet nutrient testing requirements.

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

The Proposed FY 2008 Sewer Fund – Wastewater Treatment Division budget was adopted by City Council with the following changes:

- ◆ \$4,500 increase in Supplies and Materials reflecting additional hardware needed for the Work Management System.
- ◆ \$314,318 increase in Contractual Services reflecting the Utilities portion of the Work Management and GIS systems.
- ◆ \$11,182 increase in Training and Meetings reflecting training for the Work Management and GIS systems.



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:	Target FY 2006	Actual FY 2006	Projected FY 2007	Projected FY 2008
Average volume of wastewater treated per day (million gallons per day)	13.1	12.2	13.2	13.2
Number of Discharge Monitoring Report violations per year	0	0	0	0
Percent of Satisfactory ratings on Department of Environmental Quality Technical and Laboratory Inspection Reports	100%	97.4%	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:	Target FY 2006	Actual FY 2005	Projected FY 2007	Projected FY 2008
Chemical cost per million gallons treated	\$72	\$80	\$72	\$104
Overall treatment cost per million gallons treated	\$830	\$918	\$850	\$973
Percent of sludge disposed of in the City’s landfill	94%	96%	90%	90%



HISTORICAL FACT:

From April 6 to 10, 1865, Lynchburg served as the capital of Virginia. Under Governor William Smith, the executive and legislative branches of the Commonwealth moved to Lynchburg for the few days between the fall of Richmond and the fall of the Confederacy.

