

Public Utilities Proposed FY16 Budget

Hanover: People, Tradition & Spirit



OVERVIEW

- Business Model
- Operating Expenses
- Capital Improvement Program
- Rates
- Capacity Fees
- Revenues



Bruce Operation Center



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BUSINESS MODEL

- Self-sustaining Enterprise Fund
 - Operates as a “non-profit” for the benefit of Hanover’s citizens and businesses
- Activities funded by:
 - User fees
 - One-time capacity fees charged to new customers
 - Miscellaneous fees
- Receives no financial support from General Fund
 - \$1.37 million payment to the general fund



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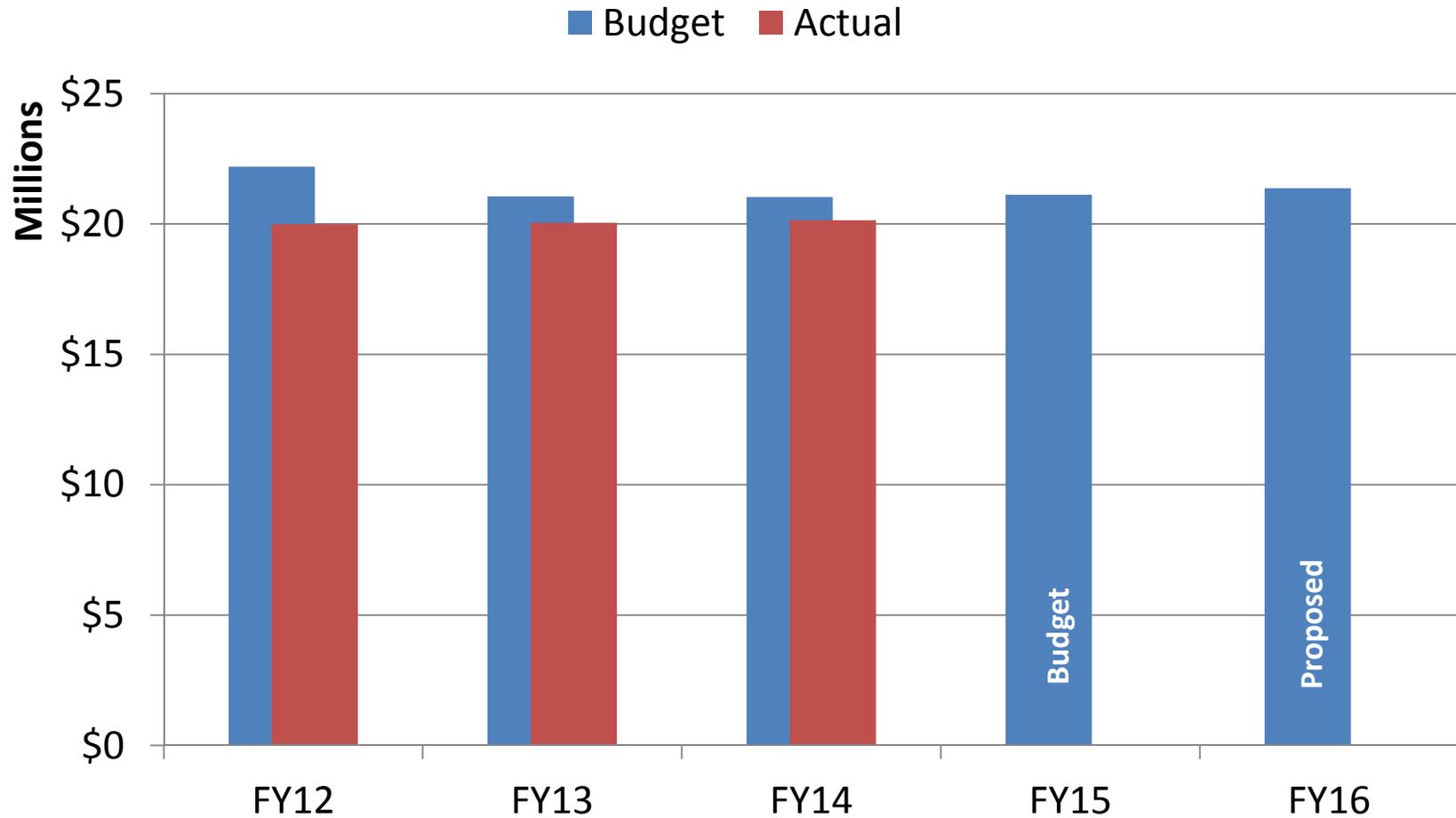
OPERATING EXPENSES

	<u>FY15</u>	<u>FY16</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Personnel Costs	6,330,988	6,467,210	136,222	2.2%
Operations	6,886,145	6,987,046	100,901	1.5%
Purchased Services	4,531,326	4,664,697	133,371	2.9%
Debt Service	3,366,555	3,243,915	(122,640)	-3.6%
Total	\$21,115,014	\$21,362,868	\$247,854	1.2%



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OPERATING EXPENSES

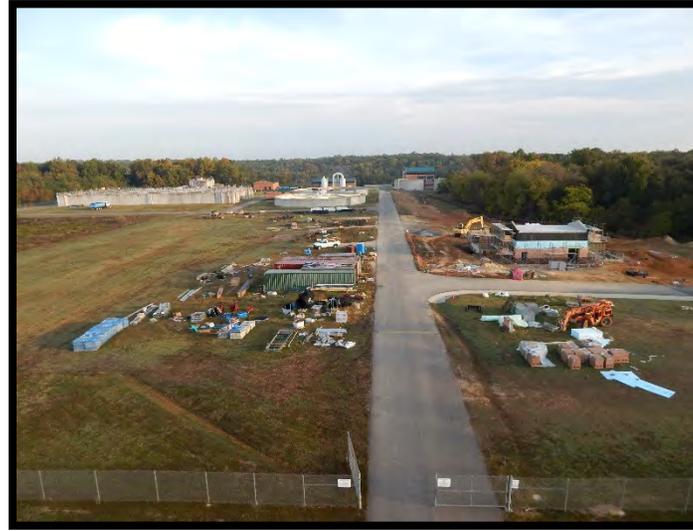


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CAPITAL IMPROVEMENT PROGRAM



PRJ Tank Inspection



Totopotomoy WWTP Nutrient Improvements



PRJ Pump House New Pump



RMC Meter Replacement



Shelton Pointe PS New Pumps

CAPITAL IMPROVEMENT PROGRAM

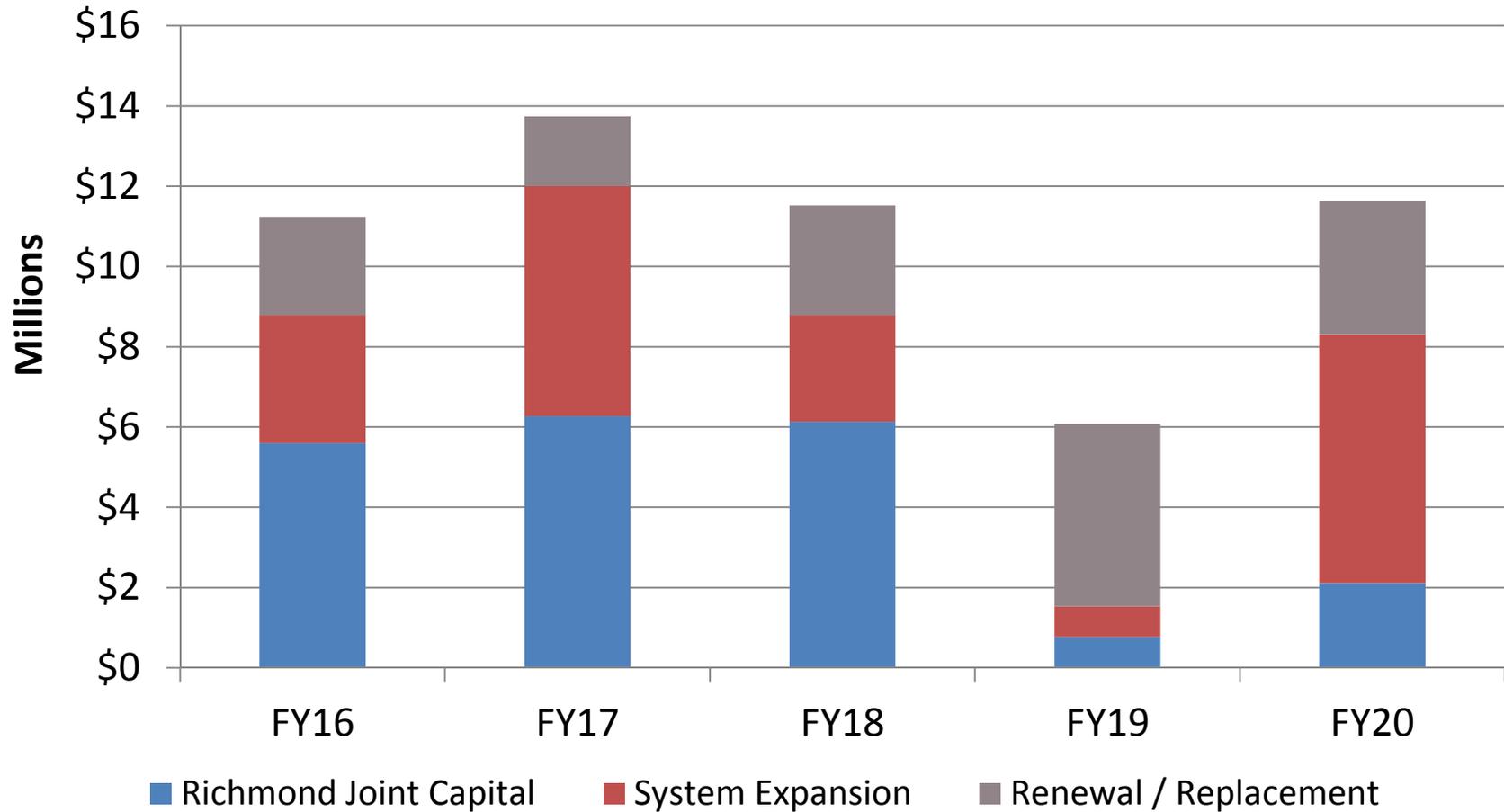
In Thousands

	FY16	FY17	FY18	FY19	FY20	Total
Renewal & Replacement	\$8,045	\$8,012	\$8,859	\$5,311	\$5,444	\$35,671
Expansion & Enhancement	\$3,193	\$5,730	\$2,660	\$764	\$6,200	\$18,547
Total	\$11,238	\$13,742	\$11,519	\$6,075	\$11,644	\$54,218



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CAPITAL IMPROVEMENT PROGRAM



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**DEPARTMENT OF PUBLIC UTILITIES
CAPITAL IMPROVEMENT PLAN
FY16-20 FOR WATER FACILITIES**



ELMONT WATER STORAGE
TANK AND PUMP STATION
FY17 \$5,000,000

ASHCAKE ROAD/LONG ROAD WATERLINE IMPROVEMENTS
FY19 \$282,000

I-95 WATERLINE CROSSING AT LONG ROAD
FY18 \$141,000
FY20 \$581,000

SLIDING HILL ROAD AND ASHCAKE ROAD WATERLINE IMPROVEMENTS
FY19 \$310,000
FY20 \$1,284,000

NEW ASHCAKE ROAD WATERLINE IMPROVEMENTS
FY16 \$322,000
FY18 \$1,334,000

CEDAR LANE WATERLINE IMPROVEMENTS
FY16 \$208,000
FY17 \$280,000
FY18 \$1,185,000
FY20 \$1,196,000

HENRICO COUNTY WATER CAPACITY PURCHASE
FY16 \$2,600,000

MEADOWBRIDGE ROAD WATERLINE IMPROVEMENTS
FY19 \$172,000
FY20 \$701,000

COLD HARBOR ROAD WATERLINE IMPROVEMENTS
FY20 \$191,000



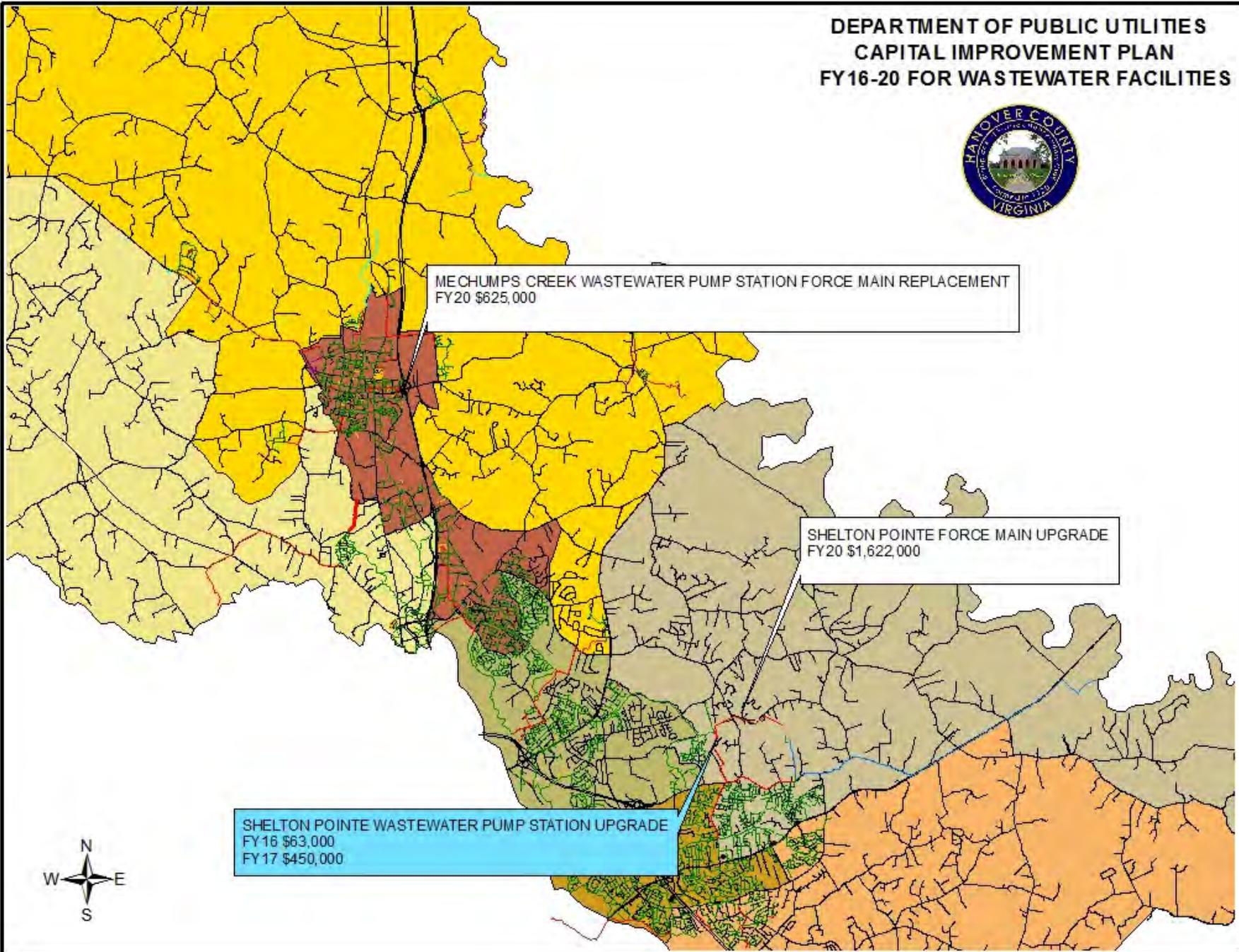
DEPARTMENT OF PUBLIC UTILITIES
CAPITAL IMPROVEMENT PLAN
FY16-20 FOR WASTEWATER FACILITIES



ME CHUMPS CREEK WASTEWATER PUMP STATION FORCE MAIN REPLACEMENT
FY20 \$625,000

SHELTON POINTE FORCE MAIN UPGRADE
FY20 \$1,622,000

SHELTON POINTE WASTEWATER PUMP STATION UPGRADE
FY16 \$63,000
FY17 \$450,000



RATES



Replacing Water Service



LeReve Manor PS - Rehabilitated



Airpark Tank - Repairs



Replacing Railroad Avenue Waterline



Totopotomoy WWTP – New Filters

RATES

Policy Guidelines

- Compliance with bond requirements
 - Debt service coverage
 - Maintain minimum cash balances
- Equitable cost allocation among customers
- Regular rate adjustments to avoid rate shock
- Tiered water rates to promote conservation
- Maintain adequate cash reserves for operations



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RATES

User Rate Increases	Water	Sewer	Combined*
FY13	1%	1%	1.0%
FY14	5%	1%	2.4%
FY15	4%	1%	2.1%
FY16 Proposed	1%	1%	1.0%

*Combined based on 10,000 gallons water and 9,000 gallons sewer bi-monthly



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RATES

Typical Residential Bill	Water	Sewer	Combined
Current Bi-monthly Bill	\$43.16	\$75.36	\$118.52
Proposed FY16 Bi-Monthly Bill	\$43.64	\$76.11	\$119.75
Bi-monthly Increase	\$ 0.48	\$ 0.75	\$ 1.23
Annual Increase	\$2.88	\$ 4.50	\$ 7.38

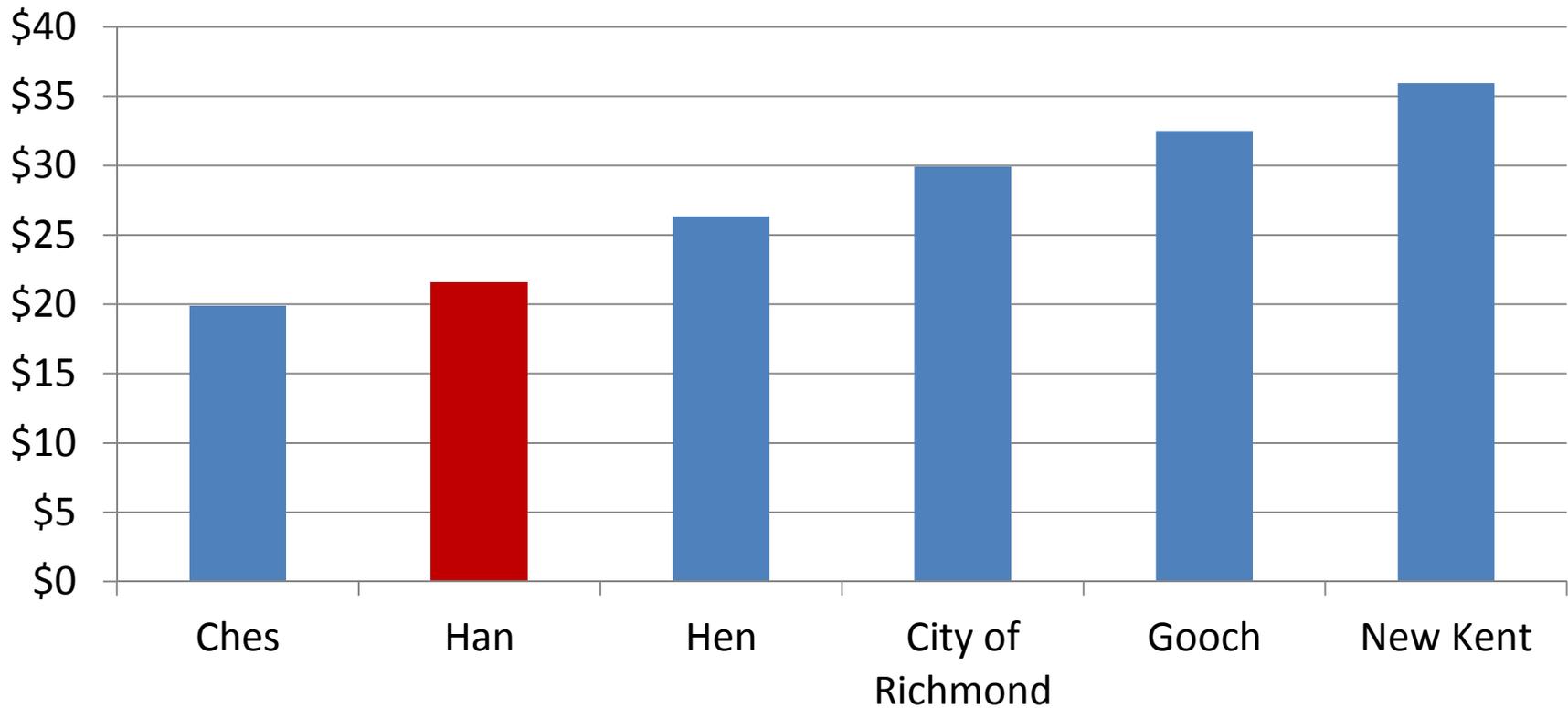
Based on 10,000 gallons water and 9,000 gallons sewer



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RATES

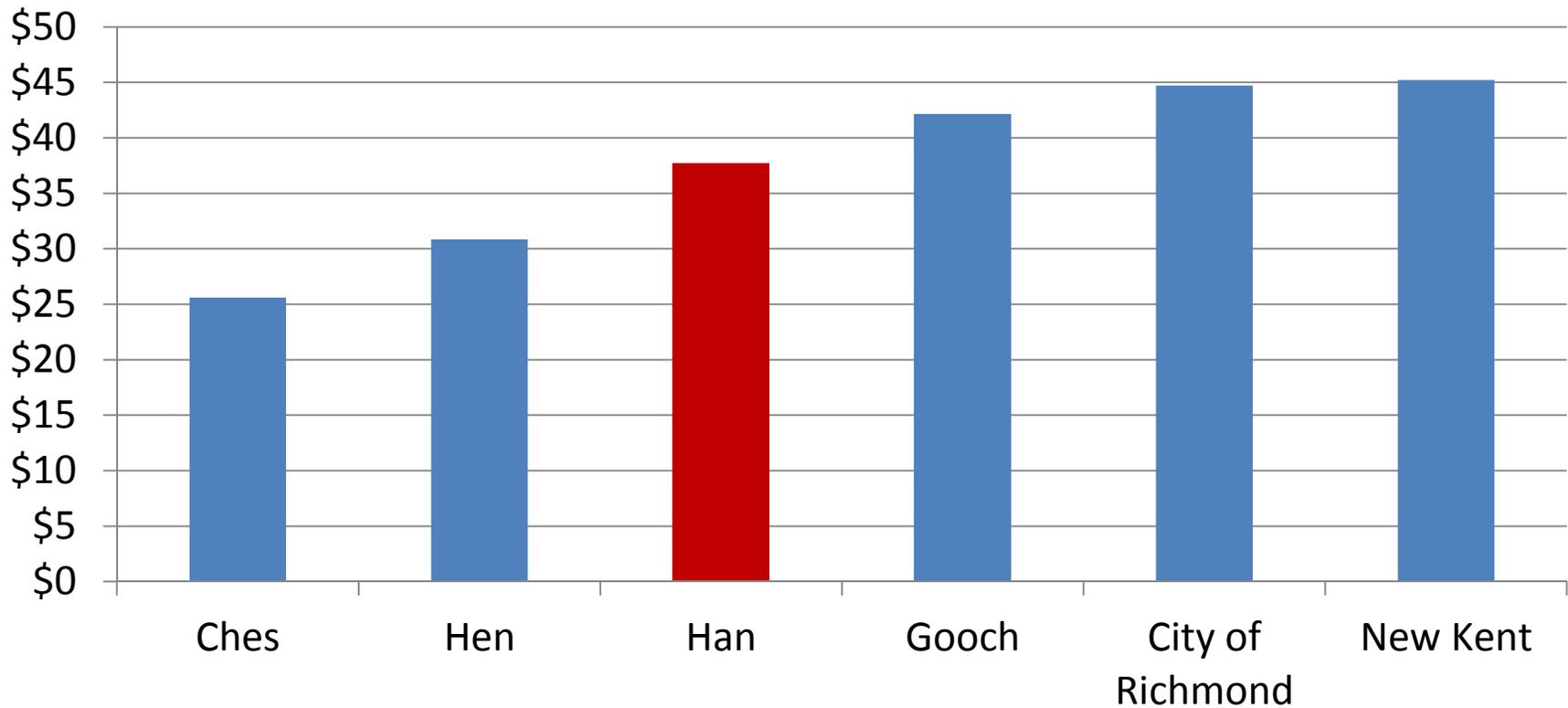
**Monthly Water Cost (FY15)
(based on 5,000 gal/month)**



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RATES

**Monthly Sewer Cost (FY15)
(based on 4,500 gal/month)**



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CAPACITY FEES

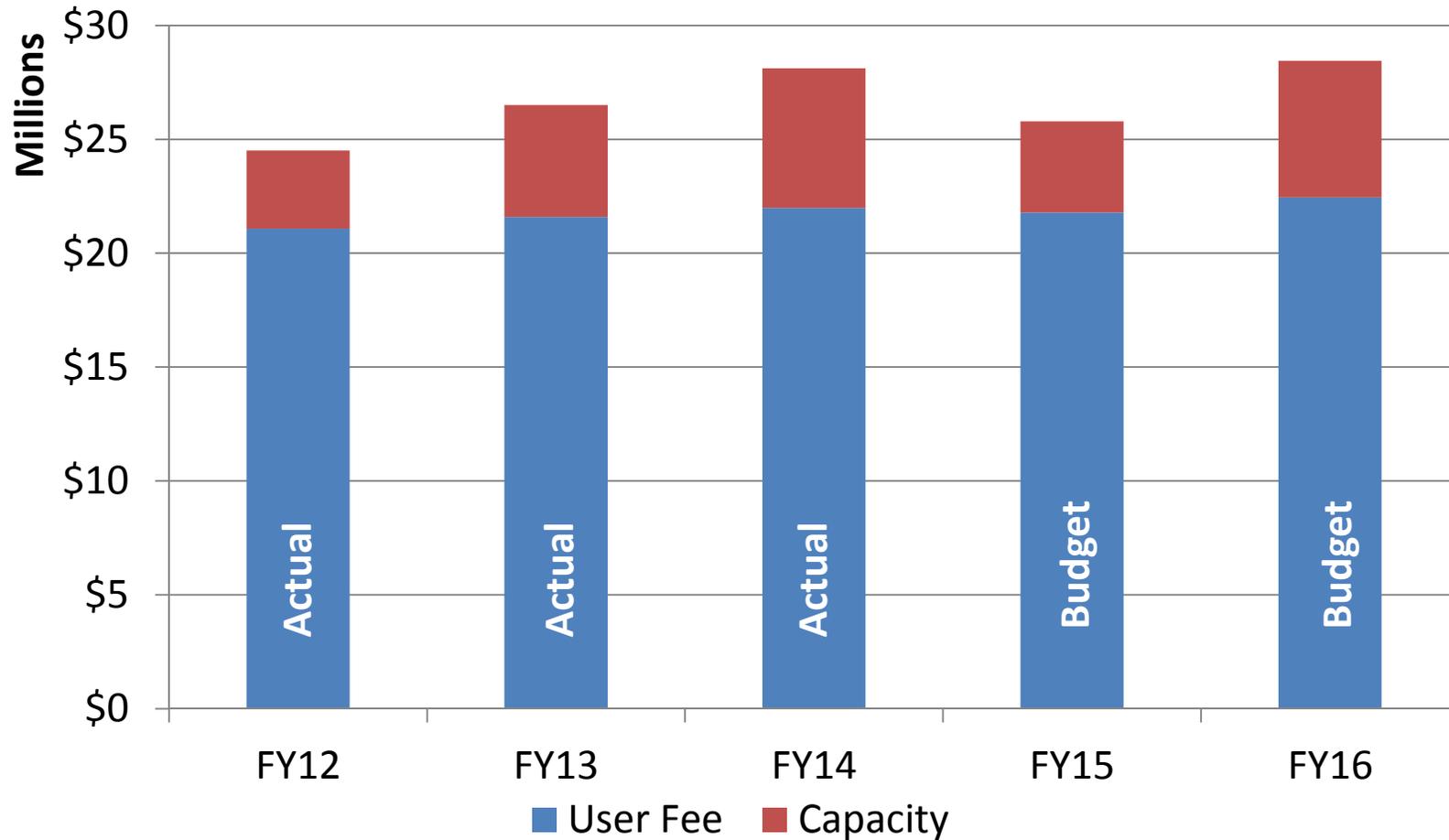
No Change Proposed

Meter Size	Water	Sewer
5/8" & 3/4"	\$5,982	\$6,149
1"	\$13,226	\$15,371
1-1/2"	\$26,451	\$30,744
2"	\$42,322	\$49,189
3"	\$84,643	\$98,380



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REVENUES



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SUMMARY

- FY16 budget
 - Addresses renewal and replacement needs
 - Positions DPU to maintain regulatory compliance
 - Adds two positions:
 - Systems Administrator
 - Utility Agent
 - Includes less than inflation rate increases:
 - 1% water and 1% sewer fee increase
 - No change to capacity fees



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QUESTIONS