

MEMORANDUM

**TO: RIVANNA WATER & SEWER AUTHORITY
BOARD OF DIRECTORS**

FROM: BILL MAWYER, EXECUTIVE DIRECTOR

SUBJECT: INTRODUCTION OF PROPOSED BUDGET FOR FY 2018-2019

DATE: MARCH 27, 2018

Please find enclosed the proposed FY 2018-2019 Budget for the Rivanna Water & Sewer Authority for the fiscal year beginning July 1, 2018. The proposed budget of \$33,277,000 includes \$17,505,000 for Operating expenses and \$15,772,000 for Debt Service charges. The Board will be asked at this meeting to adopt the attached Preliminary Rate Resolution which sets a public hearing on the proposed budget for Tuesday, May 22, 2018, and requests staff advertise the attached Public Notice showing the proposed changes to the wholesale rates to support the proposed budget. As required by Virginia law, staff will advertise the Public Notice twice in the local newspaper followed by a statutorily-required minimum 14-day period in advance of the scheduled public hearing. Adoption of the Preliminary Rate Resolution does not prejudice final Board actions on the budget, including amendments or changes to the proposed budget the Board may want to consider later. The Board's final deliberations and actions on the budget will not be requested until immediately after the public hearing, as required by the laws of the Commonwealth.

The proposed budget includes resources required to comply with the regulatory mandates, manage our infrastructure and meet debt service obligations. Wholesale water and wastewater services will be provided to the City of Charlottesville and the Albemarle County Service Authority (ACSA) in a collaborative, effective, and fiscally responsible manner. Costs to the City are proposed to increase 5% and 10.4% to the ACSA.

Highlights of the proposed budget include:

1. An increase of \$1,000,000 to support existing and planned water and wastewater programs to effectively address the service expectations of our growing community, including:
 - a. Strategic Plan Implementation
 - b. Reservoir Management
 - c. Urban Wastewater Improvements
 - d. Technology Systems Planning and Management
 - e. Personnel – Workforce Development
 - i. Merit pool of 3%
 - ii. Health insurance premium increases (10%)

- iii. Three additional positions
- 2. An increase of \$1,269,000 in Debt Service expenses to support our FY 2019-2023 CIP including:
 - a. Urban Drinking Water Management
 - Increasing drinking water treatment capacity at the Observatory plant
 - Renewal of our largest water treatment plant at South Rivanna
 - Replacing piping and pumping stations which convey raw water from the Ragged Mountain Reservoir to the Observatory Treatment Plant
 - Acquiring the right-of-way for a pipeline to connect the South Rivanna and Ragged Mountain Reservoirs
 - Installing a major water line from Avon Street to the Pantops area
 - b. Non-Urban Drinking Water Management
 - i. Increasing drinking water treatment capacity at the Crozet plant
 - ii. Modifying the Beaver Creek Dam to comply with new regulatory requirements

Staff will be happy to assist the Board or public with questions regarding the proposed budget.

Board Action Requested:

It is respectfully recommended that the Board of Directors adopt the attached Preliminary Rate Resolution, which calls for a public hearing on the budget during the Board's regular meeting on May 22, 2018, and authorizes the advertising of proposed wholesale rates to the public.

Attachments