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# ***Brunswick-Glynn County Joint Water and Sewer Commission***

## **Financial Management Plan**

**In Support of Fiscal Year Ending 2017 Budget & Rates**

Presented by:

Andrew Burnham, Senior Vice President of  
Burton & Associates, a subsidiary of Hawksley Consulting



# JWSC Financial Management Process

- ▶ Update financial plan annually as part of budget process
  1. Revenue sufficiency/requirement study begins in January/February
  2. Staff develops preliminary/proposed budget
  3. Analysis/Budget is reviewed with Staff and Commission
  4. Budget is sent to City and County
  5. Notice is sent to customers regarding needed rate changes
  6. Two public hearings held to consider rate adjustments
  7. New rates become effective at beginning of fiscal year (7/1)
- ▶ FY 2016: process delayed to integrate/reflect master plan
  - ▶ No rate adjustments were effective 7/1/15
  - ▶ Last adjustments were effective 7/1/14
    - ▶ 1-2% increase for some users; reductions for others (REU Audit)



# Current Challenges & Considerations

- ▶ Manhole rehabilitation program: \$1M starting in FY 17
- ▶ Cost increases starting in FY 2017 for net additional 18 staff
  - ▶ Deputy Director, Financial Analyst, Inspector, Fleet Manager, Line Cleaning Crew (2 techs), Construction Crew (4 member), Sewer Treatment Administrative Assistant, Wastewater Plant Technicians (2), Water Production Operator, Backflow & Cross Connection Crew (2), Line Flushing Crew (3 staff), Eliminated Field Service Investigator Position
- ▶ \$1M ongoing minor capital outlay in budget starting in FY 18
  - ▶ \$1.5M of \$2.8M need to be funded from reserves in FY 2016 and FY 2017
- ▶ Increase transfer to Renewal & Replacement starting in FY 2017 up to \$7M per year by FY 2020 (presently at \$3M for FY 2016)
- ▶ Key Capital Funding Considerations due to size of Master Plan:
  - ▶ Potential use of debt to address near-term R&R program
  - ▶ Growth funding only through tap fees, SPLOST, developer contributions, etc.



# JWSC Current Master Plan - Water

## WATER REHABILITATION CIPS

Water System	5 Yr	10 Yr	15 Yr	20 Yr	Total
City of Brunswick	\$ 10,661,120	\$ 3,912,082	\$ 3,186,920	\$ 1,543,163	\$ 19,303,285
Interconnect	\$ 746,875	\$ -	\$ -	\$ -	\$ 746,875
North Mainland	\$ 4,939,179	\$ 1,818,135	\$ 266,885	\$ 266,885	\$ 7,291,084
South Mainland	\$ 257,995	\$ 122,995	\$ 86,995	\$ 86,995	\$ 554,980
St. Simons Island	\$ 6,027,142	\$ 3,486,049	\$ 2,478,830	\$ 1,634,380	\$ 13,626,400
<b>Total</b>	<b>\$ 22,632,311</b>	<b>\$ 9,339,261</b>	<b>\$ 6,019,630</b>	<b>\$ 3,531,423</b>	<b>\$ 41,522,625</b>

## WATER EXPANSION CIPS

Water System	5 Yr	10 Yr	15 Yr	20 Yr	Total
City of Brunswick	\$ 1,236,563	\$ -	\$ -	\$ -	\$ 1,236,563
North Mainland	\$ 10,823,296	\$ 6,481,250	\$ 1,600,000	\$ 3,546,875	\$ 22,451,421
South Mainland	\$ 1,246,875	\$ 1,365,625	\$ 3,310,000	\$ 3,459,375	\$ 9,381,875
St. Simons Island	\$ 2,361,250	\$ 183,125	\$ 3,653,250	\$ -	\$ 6,197,625
<b>Total</b>	<b>\$ 15,667,983</b>	<b>\$ 8,030,000</b>	<b>\$ 8,563,250</b>	<b>\$ 7,006,250</b>	<b>\$ 39,267,483</b>



# JWSC Current Master Plan - Sewer

## SEWER REHABILITATION CIPS

Sewer System	5 Yr	10 Yr	15 Yr	20 Yr	Total
Academy Creek WPCP	\$ 18,293,742	\$ 16,203,563	\$ 10,229,451	\$ 4,043,380	\$ 48,770,136
Exit 29 WPCP	\$ 502,924	\$ 395,069	\$ -	\$ -	\$ 897,993
Dunbar Creek WPCP	\$ 11,276,416	\$ 6,324,382	\$ -	\$ -	\$ 17,600,798
<b>Total</b>	<b>\$ 30,073,082</b>	<b>\$ 22,923,015</b>	<b>\$ 10,229,451</b>	<b>\$ 4,043,380</b>	<b>\$ 67,268,928</b>

## SEWER EXPANSION CIPS

Sewer System	5 Yr	10 Yr	15 Yr	20 Yr	Total
Academy Creek WPCP	\$ 28,889,394	\$ 15,559,808	\$ 12,446,924	\$ 6,810,581	\$ 63,706,708
Exit 29 WPCP	\$ 5,891,122	\$ 705,200	\$ 11,475,013	\$ 19,912,911	\$ 37,984,245
Dunbar Creek WPCP	\$ 9,043,522	\$ 2,949,975	\$ 3,610,463	\$ 2,972,463	\$ 18,576,422
NW Mainland WPCP	\$ 2,000,000	\$ 39,611,188	\$ 3,461,800	\$ 298,125	\$ 45,371,113
<b>Total</b>	<b>\$ 45,824,038</b>	<b>\$ 58,826,170</b>	<b>\$ 30,994,199</b>	<b>\$ 29,994,080</b>	<b>\$ 165,638,488</b>

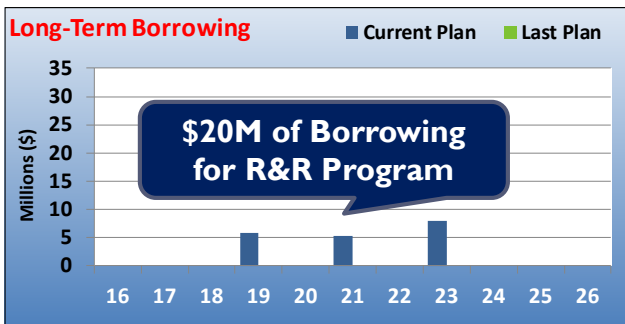
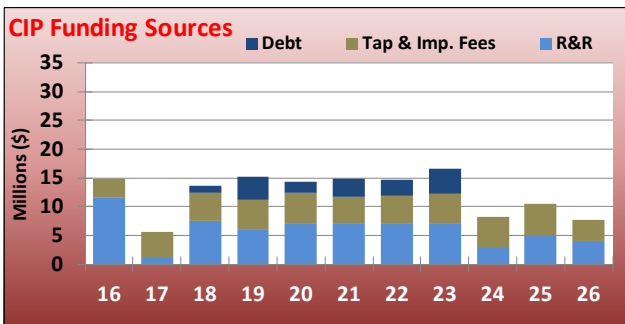
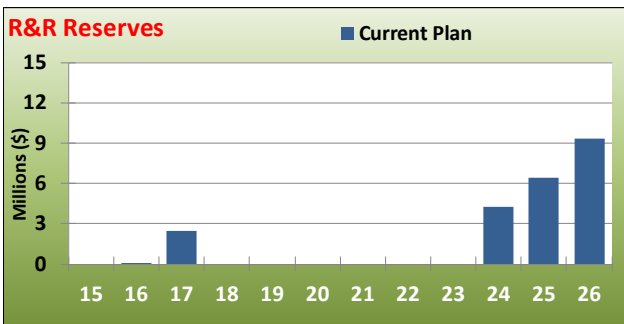
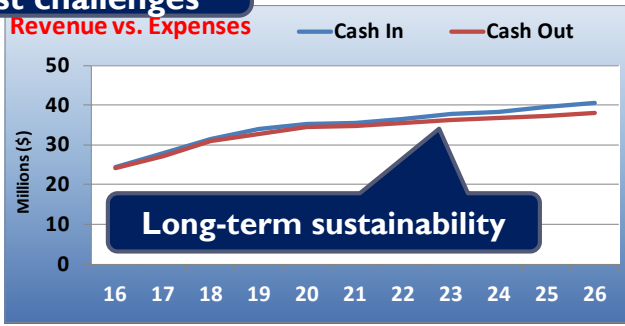
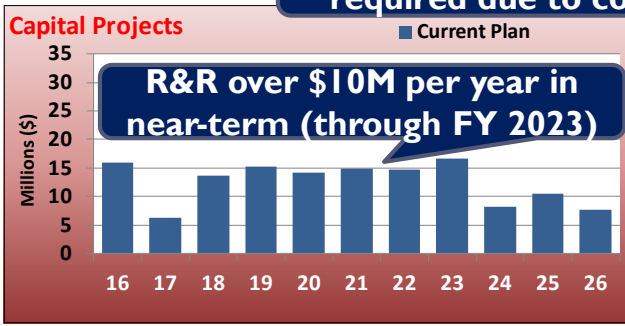
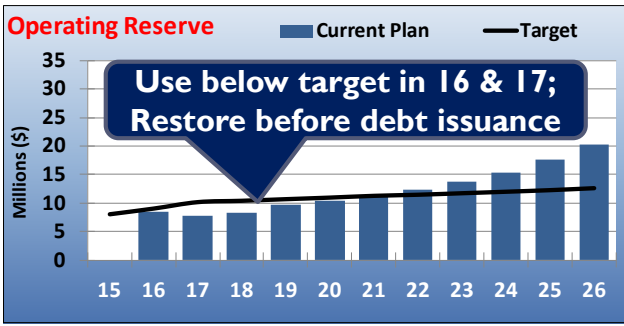


# Financial Management Plan Summary

## BGWSC - COMBINED SYSTEM: WATER & SEWER

		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Cumulative Change	
Override ▶			14.00%	16.00%	10.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	FY 2021	FY 2026
Water Var. Rate Increases		N/A	14.00%	16.00%	10.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	32.3%	42.5%
Override ▶			14.00%	16.00%	10.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%		
Sewer Var. Rate Increases		N/A	14.00%	16.00%	10.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	41.5%	45.9%
Rate Covenant	1.50	1.60	2.03	2.80	3.15	3.13	3.33	3.35	3.17	3.33	3.48	3.56	O&M Exec.	100%
County	% Change	N/A	14.7%	9.4%	6.1%	1.0%	5.1%	0.9%	0.9%	-1.1%	1.1%	1.2%	REU Growth Exec.	25%
City W&S Bill: 4,000 gal.		\$42.00	49.03	54.26	58.00	58.83	55.56	56.39	57.21	58.01	58.87	59.86	Elasticity	0.00
County W&S Bill: 4,000 gal.		\$46.60	53.46	58.51	62.09	62.73						67.97	Reserve Target	
													6.00	Mos. O&M

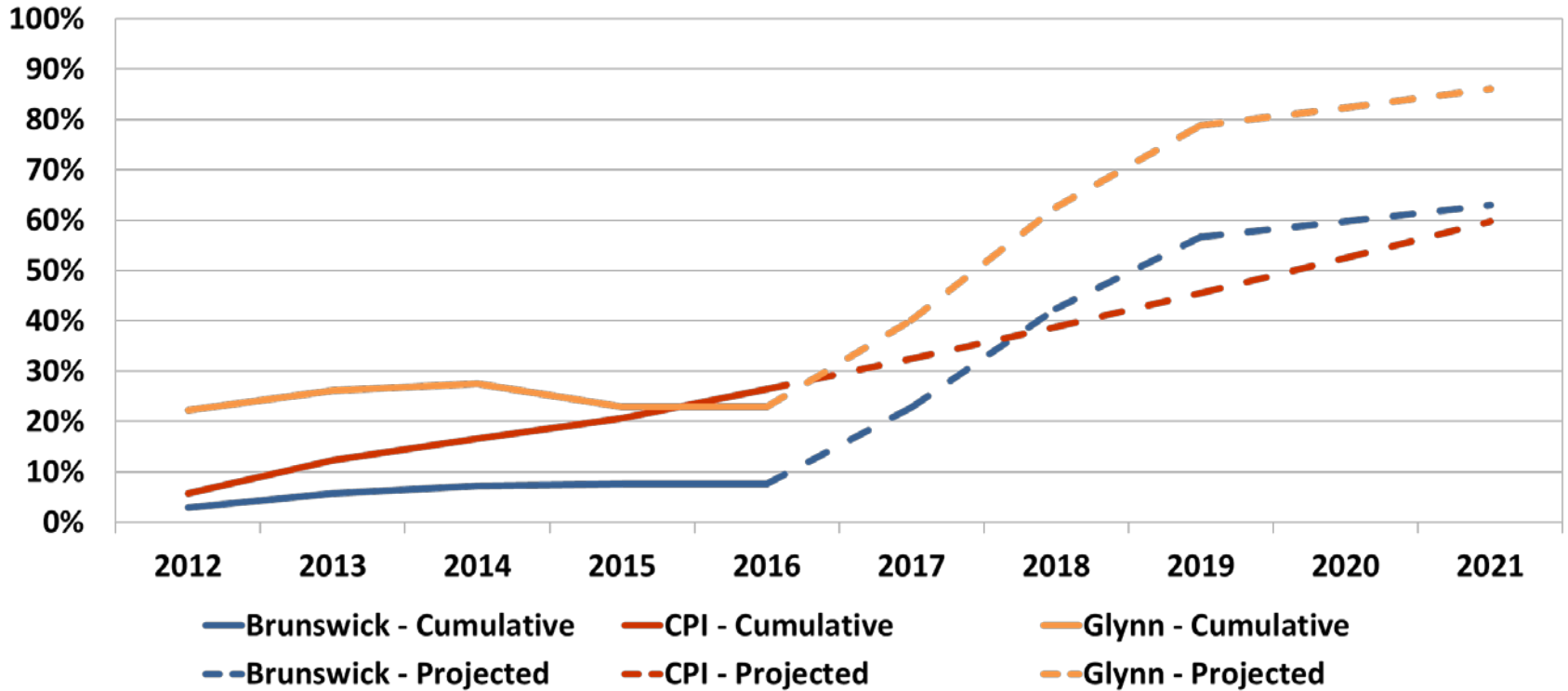
**Higher short-term increases required due to cost challenges**





# Comparison to National Industry Trends

US CPI - Water & Sewerage Maintenance Series vs JWSC Total W/S Rate Increases



- ▶ Measures the national average change in the cost of water and sewer service to households
- ▶ Much more specific & relevant to utilities than overall CPI
- ▶ 10-year average annual increase = 5.7%; Much higher than JWSC recent rate adjustments



# FY 2016 & FY 2017 Rate Schedules

## Water Rates

	CURRENT		PROPOSED	
	<u>Brunswick</u>	<u>Glynn</u>	<u>Brunswick</u>	<u>Glynn</u>
Administration Fee (per bill)	\$ 4.72	\$ 4.72	\$ 6.43	\$ 6.43
Debt Service (per REU)	\$ 2.48	\$ 2.30	\$ 2.31	\$ 1.64
Volume Charges (per Kgal.)				
<u>Potable Water:</u>				
First 3,000 gal.	\$1.19		\$1.36	
3,001 to 6,000 gal.	1.60		1.82	
6,001 to 12,000 gal.	1.99		2.27	
12,001 to 20,000 gal.	2.47		2.82	
20,001 and over	3.74		4.26	
<u>Irrigation:</u>				
First 6,000 gal.	\$1.99		\$2.27	
6,001 to 14,000 gal.	2.47		2.82	
14,001 and over	3.74		4.26	

## Sewer Rates

	CURRENT		PROPOSED	
	<u>Brunswick</u>	<u>Glynn</u>	<u>Brunswick</u>	<u>Glynn</u>
Administration Fee (per bill)	\$ 4.72	\$ 4.72	\$ 6.43	\$ 6.43
Debt Service (per REU)	\$ 2.79	\$ 7.57	\$ 2.76	\$ 7.86
Volume Charges (per Kgal.)	\$5.53		\$6.30	



# Residential Customer Impacts: Brunswick District



Brunswick District Residential Monthly Water & Sewer Bill Calculations

Monthly Use (Gal)	# of Bills	% of Bills <sup>1</sup>	Agg. %	Current (FY 16)	Proposed (FY 17)	\$ Chg	% Chg
-	19,742	16.2%	16.2%	\$ 14.71	\$ 17.93	\$ 3.22	21.9%
1,000	14,157	11.6%	27.8%	\$ 21.43	\$ 25.59	\$ 4.16	19.4%
2,000	18,706	15.4%	43.2%	\$ 28.15	\$ 33.25	\$ 5.10	18.1%
3,000	17,898	14.7%	57.9%	\$ 34.87	\$ 40.91	\$ 6.04	17.3%
<b>4,000</b>	<b>15,144</b>	<b>12.4%</b>	<b>70.3%</b>	<b>\$ 42.00</b>	<b>\$ 49.03</b>	<b>\$ 7.03</b>	<b>16.7%</b>
5,000	11,113	9.1%	79.4%	\$ 49.13	\$ 57.15	\$ 8.02	16.3%
6,000	7,595	6.2%	85.7%	\$ 56.26	\$ 65.27	\$ 9.01	16.0%
7,000	5,348	4.4%	90.0%	\$ 63.78	\$ 73.84	\$ 10.06	15.8%
8,000	3,390	2.8%	92.8%	\$ 71.30	\$ 82.41	\$ 11.11	15.6%
9,000	2,305	1.9%	94.7%	\$ 78.82	\$ 90.98	\$ 12.16	15.4%
10,000	1,562	1.3%	96.0%	\$ 86.34	\$ 99.55	\$ 13.21	15.3%
11,000	1,111	0.9%	96.9%	\$ 93.86	\$ 108.12	\$ 14.26	15.2%
12,000	708	0.6%	97.5%	\$ 101.38	\$ 116.69	\$ 15.31	15.1%
13,000	559	0.5%	98.0%	\$ 109.38	\$ 125.81	\$ 16.43	15.0%
14,000	380	0.3%	98.3%	\$ 117.38	\$ 134.93	\$ 17.55	15.0%
15,000	279	0.2%	98.5%	\$ 125.38	\$ 144.05	\$ 18.67	14.9%
16,000	255	0.2%	98.7%	\$ 133.38	\$ 153.17	\$ 19.79	14.8%
17,000	192	0.2%	98.9%	\$ 141.38	\$ 162.29	\$ 20.91	14.8%
18,000	171	0.1%	99.0%	\$ 149.38	\$ 171.41	\$ 22.03	14.7%
19,000	129	0.1%	99.1%	\$ 157.38	\$ 180.53	\$ 23.15	14.7%
20,000	110	0.1%	99.2%	\$ 165.38	\$ 189.65	\$ 24.27	14.7%



# Residential Customer Impacts: Glynn District

Glynn District Residential Monthly Water & Sewer Bill Calculations							
Monthly Use (Gal)	# of Bills	% of Bills <sup>1</sup>	Agg. %	Current (FY 16)	Proposed (FY 17)	\$ Chg	% Chg
-	10,129	11.4%	11.4%	\$ 19.31	\$ 22.36	\$ 3.05	15.8%
1,000	9,288	10.5%	21.9%	\$ 26.03	\$ 30.02	\$ 3.99	15.3%
2,000	11,339	12.7%	34.6%	\$ 32.75	\$ 37.68	\$ 4.93	15.1%
3,000	11,707	13.0%	47.5%	\$ 39.47	\$ 45.34	\$ 5.87	14.9%
<b>4,000</b>	<b>10,333</b>	<b>11.4%</b>	<b>59.0%</b>	<b>\$ 46.60</b>	<b>\$ 53.46</b>	<b>\$ 6.86</b>	<b>14.7%</b>
5,000	7,905	8.7%	67.7%	\$ 53.73	\$ 61.58	\$ 7.85	14.6%
6,000	5,614	6.2%	73.9%	\$ 60.86	\$ 69.70	\$ 8.84	14.5%
7,000	3,823	4.2%	78.1%	\$ 68.38	\$ 78.27	\$ 9.89	14.5%
8,000	2,686	3.0%	81.0%	\$ 75.90	\$ 86.84	\$ 10.94	14.4%
9,000	1,903	2.1%	83.1%	\$ 83.42	\$ 95.41	\$ 11.99	14.4%
10,000	1,348	1.5%	84.6%	\$ 90.94	\$ 103.98	\$ 13.04	14.3%
11,000	1,023	1.1%	85.7%	\$ 98.46	\$ 112.55	\$ 14.09	14.3%
12,000	789	0.9%	86.6%	\$ 105.98	\$ 121.12	\$ 15.14	14.3%
13,000	662	0.7%	87.3%	\$ 113.98	\$ 130.24	\$ 16.26	14.3%
14,000	532	0.6%	87.9%	\$ 121.98	\$ 139.36	\$ 17.38	14.2%
15,000	424	0.5%	88.4%	\$ 129.98	\$ 148.48	\$ 18.50	14.2%
16,000	373	0.4%	88.8%	\$ 137.98	\$ 157.60	\$ 19.62	14.2%
17,000	265	0.3%	89.1%	\$ 145.98	\$ 166.72	\$ 20.74	14.2%
18,000	259	0.3%	89.4%	\$ 153.98	\$ 175.84	\$ 21.86	14.2%
19,000	213	0.2%	89.6%	\$ 161.98	\$ 184.96	\$ 22.98	14.2%
20,000	183	0.2%	89.8%	\$ 169.98	\$ 194.08	\$ 24.10	14.2%



# SE Coastal Rate Survey

- ▶ FY 2016 Rates
  - ▶ Res Bills @ 4,000 Gal
- ▶ JWSC FY 2017:
  - ▶ Glynn = \$53.46
  - ▶ Brunswick = \$49.03
- ▶ Notable Increases:
  - ▶ Dublin: 12%
  - ▶ Beaufort-Jasper, Valdosta & Warner-Robbins: 10%
  - ▶ Albany & St. Johns: 8%
  - ▶ Tifton & Macon: 6%

System	Water	Sewer	Total
Lake City	\$ 26.69	\$ 51.42	\$ 78.11
St. Mary's	\$ 31.89	\$ 31.89	\$ 63.78
Satilla Water & Sewer Authority	\$ 19.04	\$ 42.72	\$ 61.76
Thomasville	\$ 23.92	\$ 34.70	\$ 58.62
St. Johns County	\$ 24.36	\$ 32.12	\$ 56.48
Beaufort-Jasper Water & Sewer Authority	\$ 21.04	\$ 34.12	\$ 55.16
Nassau County	\$ 10.94	\$ 43.27	\$ 54.21
JEA	\$ 17.80	\$ 35.34	\$ 53.14
St. Augustine	\$ 22.12	\$ 29.70	\$ 51.82
Waycross	\$ 21.83	\$ 26.94	\$ 48.77
Americus	\$ 19.50	\$ 28.26	\$ 47.76
Glynn District	\$ 12.19	\$ 34.41	\$ 46.60
Chatham County	\$ 17.36	\$ 27.49	\$ 44.85
Hilton Head Public Service District	\$ 18.60	\$ 24.00	\$ 42.60
Kingsland	\$ 21.17	\$ 21.17	\$ 42.34
Brunswick District	\$ 12.37	\$ 29.63	\$ 42.00
Blackshear	\$ 16.44	\$ 24.52	\$ 40.96
Macon Water Authority	\$ 20.47	\$ 19.24	\$ 39.70
Jesup	\$ 15.20	\$ 22.55	\$ 37.75
Tifton	\$ 12.60	\$ 24.33	\$ 36.93
Valdosta	\$ 14.60	\$ 21.96	\$ 36.56
Albany	\$ 13.45	\$ 21.79	\$ 35.24
Statesboro	\$ 15.50	\$ 17.30	\$ 32.80
Savannah	\$ 10.77	\$ 21.52	\$ 32.29
Dublin	\$ 15.90	\$ 16.00	\$ 31.90
Hinesville	\$ 15.85	\$ 13.71	\$ 29.56
Warner Robins	\$ 13.72	\$ 12.60	\$ 26.32



Brunswick-Glynn County Joint Water and Sewer Commission - City of ...

Rates Comparison

Characteristics Links

Edit Data or Add Utility

Select residential bill and monthly consumption amount

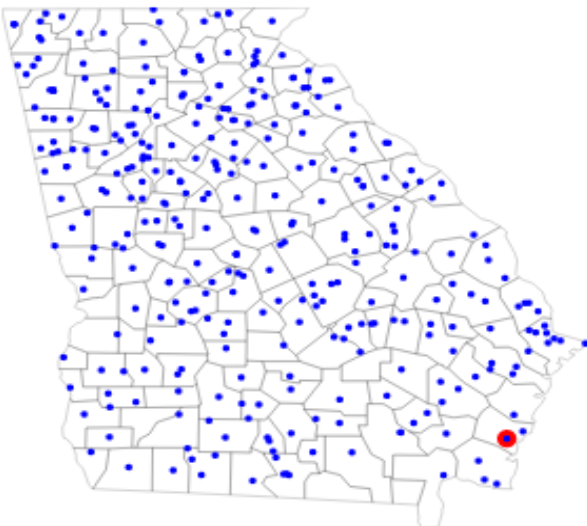
- Water Bill
- Sewer Bill
- Water + Sewer Bill



**Monthly Water & Sewer Bill: \$42.10**  
Local price estimate Basic Cable Bill in 2012: \$49.99

Select comparison group: All Utilities

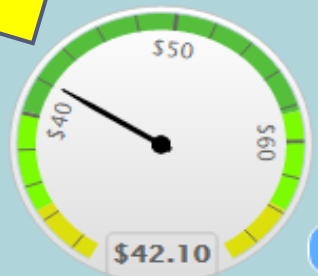
Comparing to all utilities in survey



335 rate structures compared

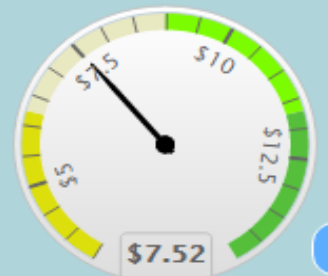
### Bill Comparison

Water & Sewer Bill at  
4,000 gallons  
Median: \$46.30



### Conservation Signal

Water & Sewer Price / 1,000  
Gallons, after 10,000 Gallons  
Median: \$7.50



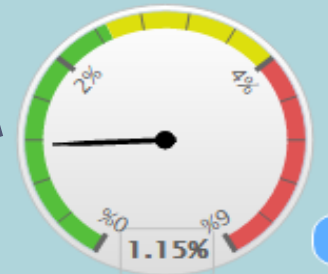
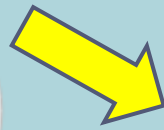
### Cost Recovery

Operating  
Ratio Incl. Deprec. 2013



### Affordability

Water & Sewer Bills as % MHI



**Brunswick District combined water and sewer bill is very comparable to the majority of utilities in Georgia**



Brunswick-Glynn County Joint Water and Sewer Commission - Glynn ...

Rates Comparison

Characteristics

Links

Edit Data or Add Utility

Select residential bill and monthly consumption amount

- Water Bill
- Sewer Bill
- Water + Sewer Bill



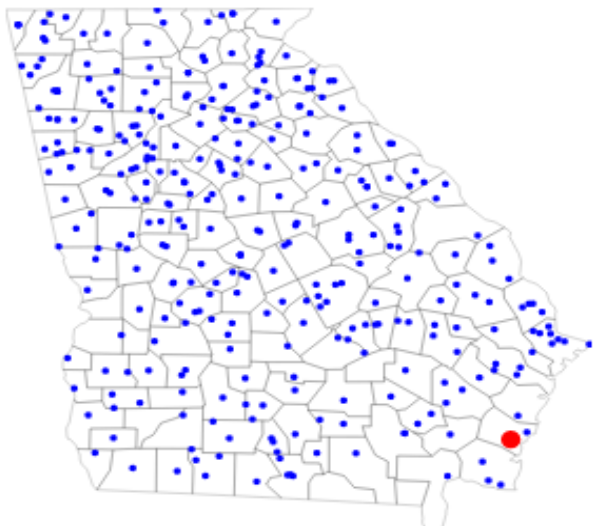
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Local price estimate Basic Cable Bill in 2012: \$49.99



Select comparison group: All Utilities

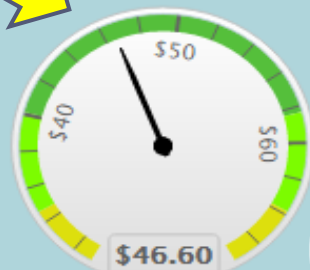
Comparing to all utilities in survey



335 rate structures compared

### Bill Comparison

Water & Sewer Bill at  
4,000 gallons  
Median: \$46.30



Min \$10.50 Max \$131.60

### Conservation Signal

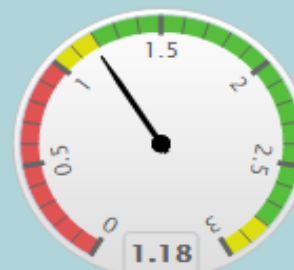
Water & Sewer Price / 1,000  
Gallons, after 10,000 Gallons  
Median: \$7.50



Min \$0.00 Max \$30.85

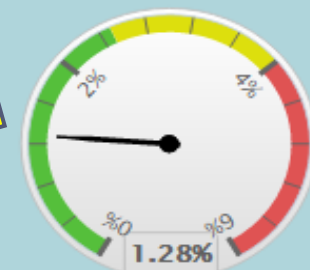
### Cost Recovery

Operating  
Ratio Incl. Deprec. 2013



### Affordability

Water & Sewer Bills as % MHI



Glynn District combined water and sewer bill is very comparable to the majority of utilities in Georgia



# SE Combined Impact/Tap Fees

- ▶ Fund capacity expansions
  - ▶ Minimize burden on rates
- ▶ Fees are for 1 REU
- ▶ Typical Combined fees:
  - ▶ Tap = \$2,000
  - ▶ Impact = \$4,000
  - ▶ Total = \$6,000
- ▶ JWSC
  - ▶ Current tap fees are low
  - ▶ Proposed are highest in area
    - ▶ Concern on impact to growth
    - ▶ Potentially phase in?

System	Impact	Tap	Total
Kingsland	\$ 6,000	\$ 1,800	\$ 7,800
Hilton Head Public Service District	\$ 5,440	\$ 1,840	\$ 7,280
<b>JWSC - Proposed Fees</b>	<b>\$ 0</b>	<b>\$ 7,200</b>	<b>\$ 7,200</b>
St. Mary's	\$ 2,241	\$ 4,650	\$ 6,891
St. Johns County	\$ 4,317	\$ 2,345	\$ 6,662
Macon Water Authority	\$ 5,207	\$ 1,190	\$ 6,397
JEA	\$ 3,309	\$ 2,463	\$ 5,772
St. Augustine	\$ 4,317	\$ 900	\$ 5,217
Beaufort-Jasper Water & Sewer Authority	\$ 3,960	\$ 1,100	\$ 5,060
Nassau County	\$ 4,133	\$ 710	\$ 4,843
Lake City	\$ 4,170	\$ 610	\$ 4,780
Dublin	\$ 4,367	\$ 0	\$ 4,367
Statesboro	\$ 2,000	\$ 1,150	\$ 3,150
Hinesville	\$ 3,040	\$ 0	\$ 3,040
Savannah	\$ 1,234	\$ 1,000	\$ 2,234
Thomasville	\$ 0	\$ 2,150	\$ 2,150
Glynn District – Current Fee	\$ 0	\$ 1,725	\$ 1,725
Warner Robins	\$ 0	\$ 1,500	\$ 1,500
Albany	\$ 250	\$ 1,200	\$ 1,450
Brunswick District – Current Fee	\$ 0	\$ 1,250	\$ 1,250
Tifton	\$ 0	\$ 1,225	\$ 1,225
Americus	\$ 0	\$ 1,200	\$ 1,200
Satilla Water & Sewer Authority	\$ 0	\$ 1,150	\$ 1,150
Waycross	\$ 0	\$ 1,000	\$ 1,000
Blackshear	\$ 0	\$ 960	\$ 960
Jesup	\$ 0	\$ 950	\$ 950
Chatham County	\$ 0	\$ 800	\$ 800
Valdosta	\$ 0	\$ 750	\$ 750





# Miscellaneous Service Charges/Fees

- ▶ Charges for specific services to individual customers
  - ▶ Ex: operational tap fees, service initiation charge, meter tests, etc.
  - ▶ Small portion of annual revenue (about 1%)
- ▶ Many fees not reviewed in a number of years
- ▶ Reviewed services provided & identified their actual cost
  - ▶ Labor, equipment, vehicle, materials & overhead for each service
- ▶ Important to:
  - ▶ Equitably recover the costs of some customer specific activities
  - ▶ Send an appropriate price signal to customers
- ▶ Recommendations:
  - ▶ Changes to more accurately capture current costs for activities
  - ▶ Certain new fees for services being provided to specific users



# Discussion & Next Steps



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