

2011 Strategic *Business* Plan Department of Water Resources



October 2010

2011 Budget Request – Water & Sewer Operating Fund

	Total
2010 Adopted Budget	\$ 194,892,011
2010 Post Adoption Changes	\$ 51,466,000
2010 Total Adoption Budget	\$ 246,358,011
Reconciliation Adjustments	\$ (2,128,002)
Recon Adj to R&E	\$ 4,678,246
2010 Reconciliation Base	\$ 248,908,255
2011 Base Budget	\$ 201,063,680
2011 Trans – R&E	\$ 63,556,334
2011 Total Requested Budget	\$ 264,620,014
Difference in budget from 2010	\$ 15,711,759

2011 Budget Request – Stormwater Operating Fund

	Total
2010 Adopted Budget	\$ 10,477,858
2010 Post Adoption Changes	\$ 18,691,432
2010 Total Adoption Budget	\$ 29,169,290
Reconciliation Adjustments	\$ (1,356,420)
Recon Adj to R&E	\$ 7,460,273
2010 Reconciliation Base	\$ 35,273,143
2011 Base Budget	\$ 10,837,530
2011 Trans – R&E	\$ 18,291,549
2011 Total Requested Budget	\$ 29,129,079
Difference in budget from 2010	\$ 6,144,064

2011 Strategic *Business* Plan Department of Water Resources



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A Message from the Director

The Department of Water Resources' Strategic Business Plan defines the vision, mission, values and goals for our organization and our overall business strategy

Our fundamental role is to protect public health



S **Strengths**

Triple AAA Rating

Credibility with Regulatory Agencies

Business Focused Organization

Industry Leader

Loyal Staff with Dependable Knowledge

Capacity

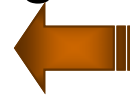
W **Weaknesses**

Maturing Infrastructure / Funding Rehabilitation Needs

Debt Service

Limited Resources for Training / Skill Development

- Bench Strength



Limited Resources for Public Outreach

O Opportunities

Continue to Optimize Costs, Improve Performance and Efficiencies

Improve Public Outreach

Continue Developing Asset / Data Integration

Organizational / Staffing Realignment ←

Environmental Initiatives – Gas-to-Energy / FOG ←

T Threats

Water Wars ←

Stormwater Funding

Overall Economic Environment

Increasing Cost of Operations / Maintenance

Weather Extremes

Revenue Variability

❖ WHAT WAS THE RULING

On July 17, 2009, U.S. District Court ruled the U.S. Army Corps of Engineers failed to comply with its statutory obligations and water supply is not an authorized purpose of Lake Lanier

❖ UPDATE

Phase 1 - Appeals filed in 11th Circuit

Interstate negotiation and Congressional action remain options

Phase 2 - Denied all of FL's claims



The Ten Attributes of Effectively Managed Water and Wastewater Utilities

“Charting a course for wise management of water
systems and precious water resources.”

*Benjamin H. Grumbles
U.S. Environmental Protection Agency
2007*

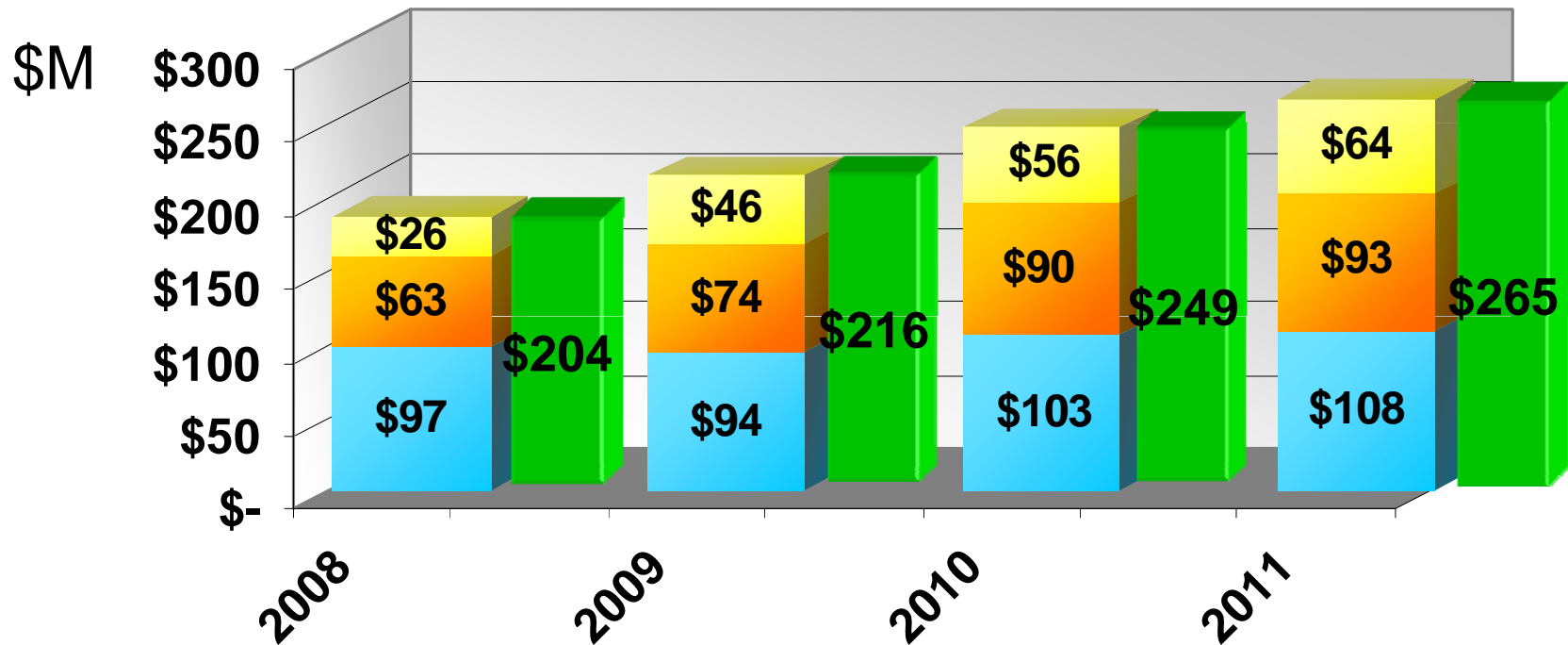
2011 Budget Summary

Water & Sewer Budget Increase

	Operating Revenue Increase	<u>\$16.1M</u>
↑	Transfer to R&E	\$ 7.9M
	Debt Service	\$ 3.2M
	Operating Expense	\$ 5.0M
	Personal Services	\$2.5M
	Bad Debt Expense	\$1.0M
	Water Wars Litigation	\$0.5M
	Utilities	\$0.5M

operating budget

Water & Sewer



Transfer to R&E



Debt Service



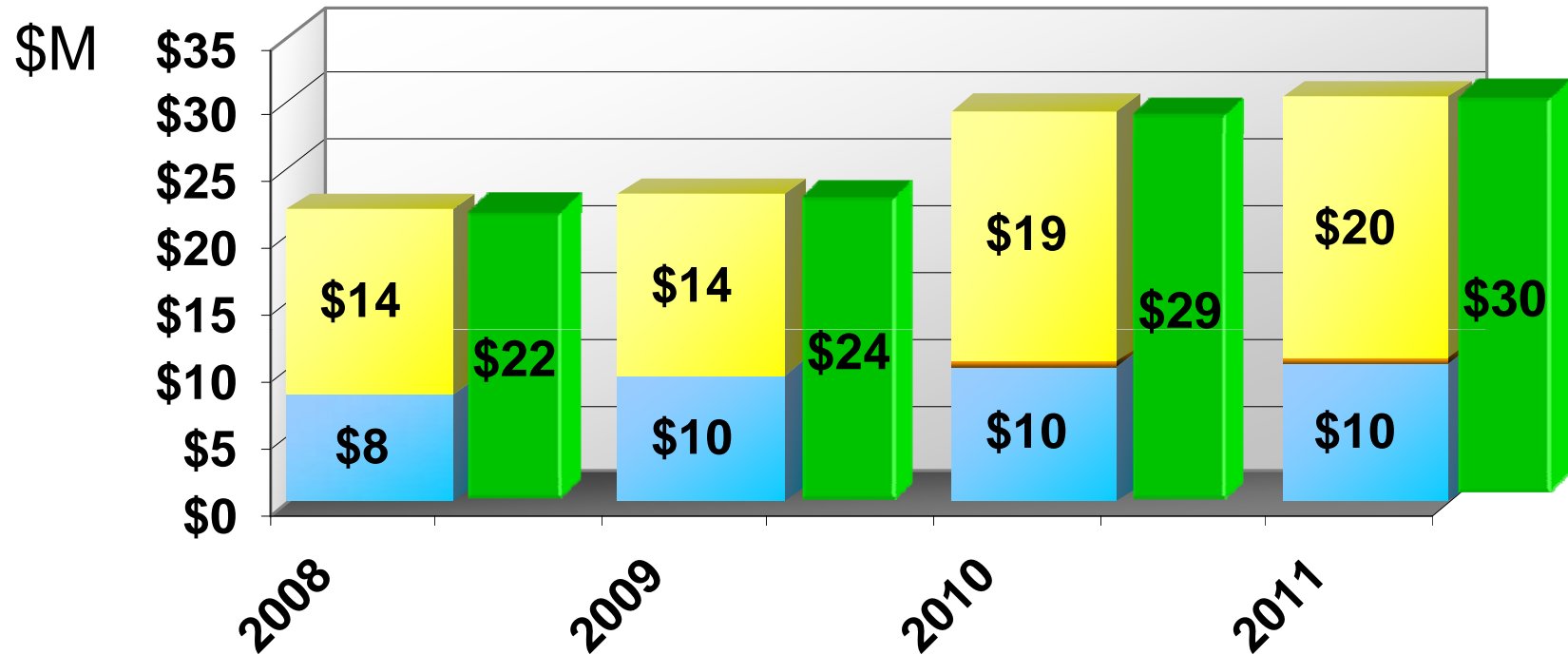
Operating Expenses



Total Revenue

operating budget

Stormwater



Transfer to R&E
Debt Service
Operating Expenses



Total Revenue

operating budget

Staffing

Water & Sewer

2008 2009 2010 2011

Total Authorized 563 552 538 528

Stormwater

Total Authorized 60 60 59 59

DWR Total Authorized

623 612 597 587



Retirement by the Numbers

Filled Positions	548	
Eligible to Retire	65	12%
Eligible to Retire by 2013	144	26%

➤ The department should engage a collection agency to improve its water and sewer fee collections

✓ Penn Credit collection agency was hired in 2009 to collect past due water and sewer receivables

~ \$1M collected to date



➤ We fully support the department's plan of avoiding future bond funding by financing all future capital projects on a "pay as you go" basis

- ✓ 2009 last Water & Sewer debt offering
- ✓ Fund Yellow River WRF Crooked Creek WRF; and Re-use Line to Lake Lanier
- ✓ All future CIP will be funded through operating revenue



➤ The department needs to develop a plan for funding the cost of repairing and replacing portions of the storm water infrastructure that are expected to fail within the next 10 years. The Work Group recognizes this means incurring significant additional costs

- ✓ A financial pro-forma has been developed
- ✓ Funding levels have been identified to support service levels for the next 7 years
- ✓ Funding alternatives are being explored

Current Water and Sewer Rate Resolution:

Water	Effective Jan 1, 2011	\$5.5M
Sewer	Effective Jan 1, 2011	\$9.3M
Total Rate Increase		<u>\$14.8M</u>
Other Fees and Charges		\$1.3M
2011 Water & Sewer Revenue Increase		\$16.1M

cost savings

DWR Initiatives

✂ Initiatives

Large meter
Testing, repair & replacement

Small meter
Replacement schedule
10 to 15 years

Sewer manhole
Inspection/repair in flood plain
Reduction of inflow

\$ Results

Annual cost savings
~ \$ 1M

Annual cost savings
~ \$400 k

Reduced treatment
costs
~ \$300 k per event

cost savings

DWR Initiatives

✂ Initiatives

Power costs

Renegotiated rates and
off peak treatment

Gas-to-Energy, Capture
methane gas, generate
electricity, Hill Plant, 2011

FOG / High Strength Waste
Receiving station,
Hill Plant, 2011

💰 Results

Annual energy savings
~ \$ 1M

Annual electricity savings
~ \$400 k

Gas generation tipping
fees ~ \$450 k per year

cost savings

DWR Initiatives

✂ Initiatives

\$ Results

Water Production
Derceto system

Annual electricity savings ~
\$325 k

Water tank and booster
pump decommissioning

Annual cost savings
~ \$200 k

Stormwater sale of 4,647
stream mitigation credits

Stormwater revenue
\$415 k

cost savings

DWR Initiatives

✂ Initiatives

Hydraulic modeling
In-sourcing

Pump Station Phase Out
Program, begin in 2011

Plant Maintenance
Effectiveness program,
complete by 2012

💰 Results

Internal modeling saved
~ \$400 k on one project
vs. original solution

Annual costs savings
~ \$250k by 2015

Annual savings
~ \$500k in 2012

cost savings

DWR Initiatives

✂ Initiatives

Surplus vehicles -
Realignment of crews,
trailers & backhoes

ARRA Stimulus Funding -
for Operating Cost
Improvements

Central Warehouse
Inventory, *LEAN* project

\$ Results

Annual fuel / maintenance
cost savings \$100 k

Received \$10.5M grant
and \$8M in low interest
loans (2%)

Annual cost savings
~ \$200k

cost savings

DWR Initiatives

✂ Initiatives

Closure of Jackson Creek
WRF, End of 2011

Customer service work
orders, electronic delivery
to meter reading vendor

Customer service
automation, 14 temp
positions eliminated in the
past 12 months

💰 Results

Annual cost savings
~ \$900k, 2012

Annual cost savings
~ \$150k

Annual cost savings
~ \$475k

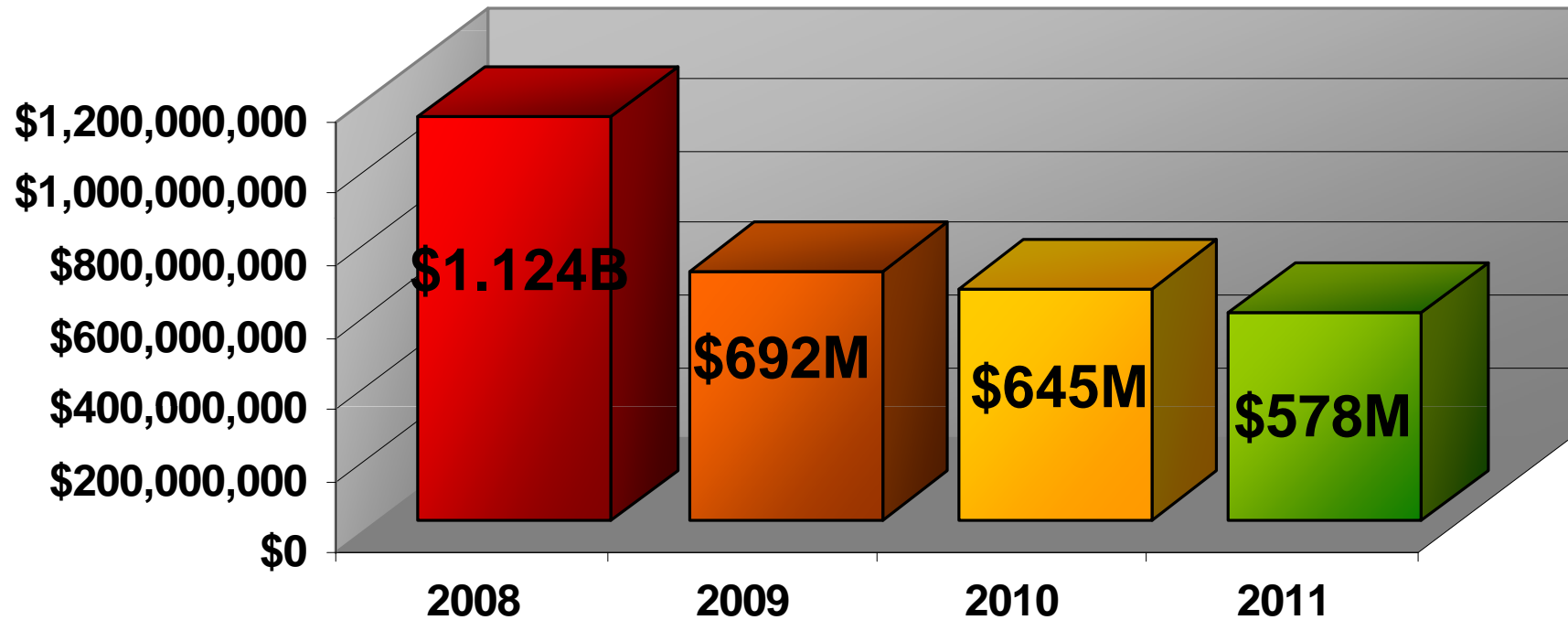
water resources

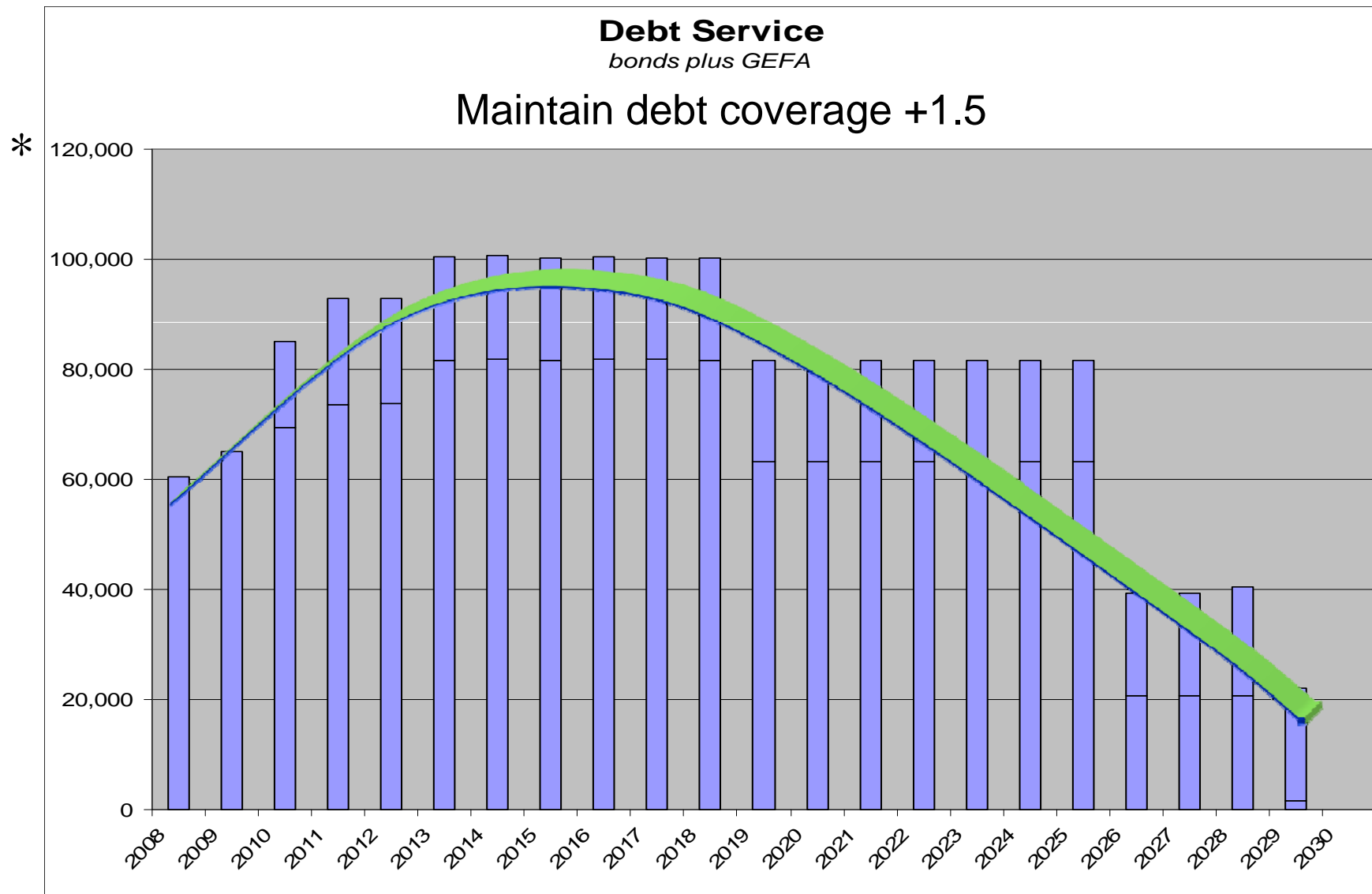
2011 Capital Budget

October 2010

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Water & Sewer



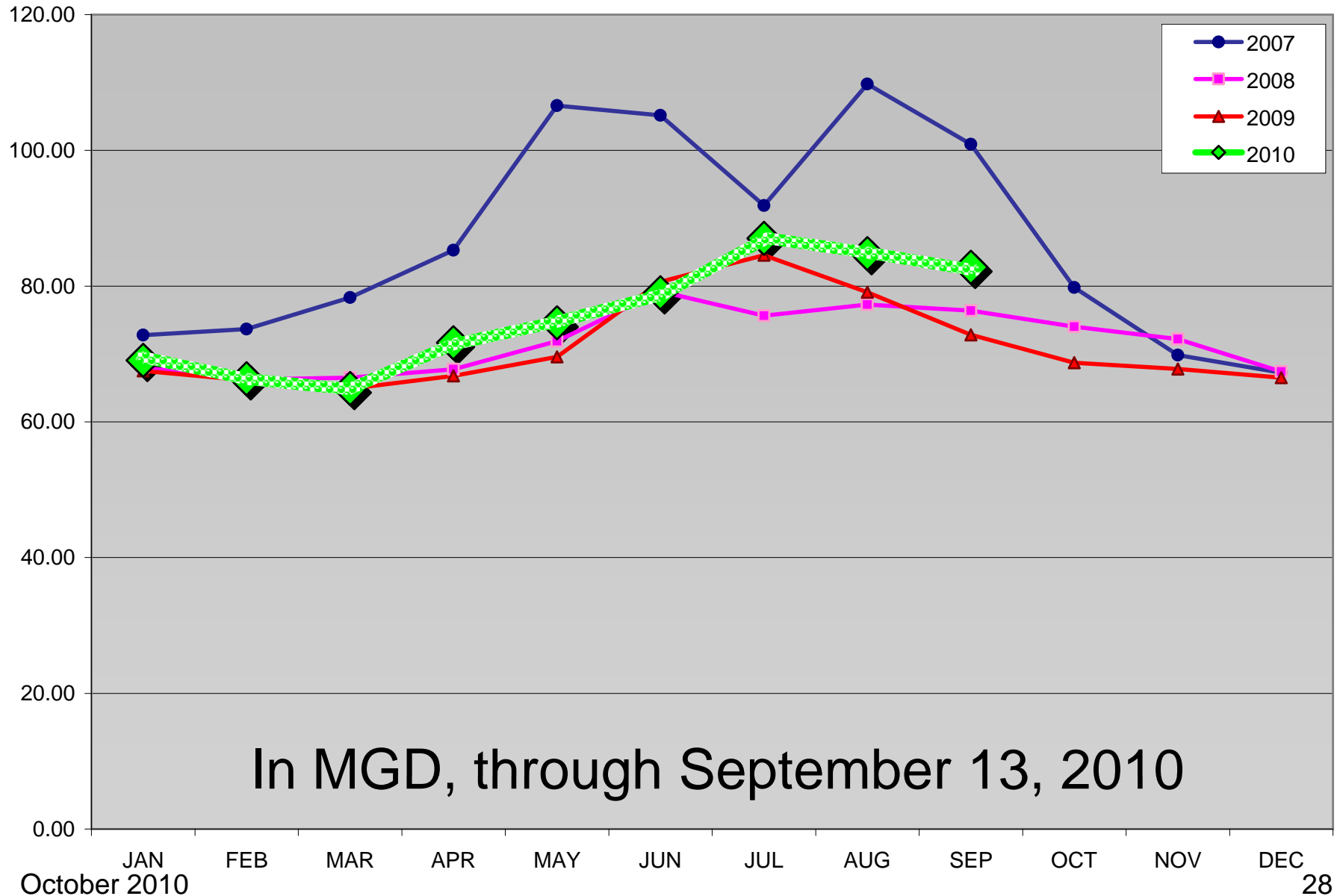


October 2010

* In thousands

trends

Water Production



- ✓ Reduce CIP from \$1.1B to \$578M
 - ❖ 51% savings
 - ❖ Shift from new construction to maintaining infrastructure

- ✓ Cost savings initiatives in 2010
 - ❖ \$ 10.5 M

- ✓ Wastewater Consolidation Continues
 - ❖ Reduction of 15 positions
 - ❖ Reduce another 10 positions by end of 2011

- ✓ Supports our 2011 Budget Targets
 - ❖ Supports Debt Service
 - ❖ Supports Pay-As-You-Go
 - ❖ Supports Operating Expense Levels



strategic business plan

Questions ?



Department of Water Resources

October 2010

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