



***Public Utilities Department
FY2021***

***Budget, Rate Changes, and Tuckahoe
Creek Service District (TCSD)***

Presentation to the
Board of Supervisors
February 25, 2020

FY2021 Departmental Budget

Utilities

Primary Functions

- To Provide the Highest Quality Water and Wastewater Services to our Customers
- Operate and Maintain all Public Utility Assets (150 miles of pipe, 7 sewer pump stations, 2 water pump stations, and 3 water tanks)
- To Be Transparent with all Department Actions



FY2021 Departmental Budget

Utilities

Agency Goals

- Set the Industry Standard for Safety, Technology, and Industry Knowledge
- Address all Emergencies in an Expeditious and Professional Manner
- Provide exceptional customer service to all stakeholders of our public water & sewer systems



FY2021 Departmental Budget

Utilities County Fund

Utility Operating Funding	FY 2019 Actual	FY 2020 Adopted	FY 2021 Requested	FY 2021 Proposed	2021 Proposed over 2020 Adopted Increase (Decrease)	
Personnel	\$ 813,964	\$ 926,578	\$ 918,517	\$ 965,958	\$ 39,380	4.3%
Operating Costs	<u>4,173,330</u>	<u>4,733,900</u>	<u>5,536,472</u>	<u>5,489,031</u>	<u>755,131</u>	<u>16.0%</u>
Total Expenditures	4,987,294	5,660,478	6,454,989	6,454,989	\$ 794,511	14.0%
Revenues	<u>5,275,860</u>	<u>5,660,478</u>	<u>6,454,989</u>	<u>6,454,989</u>		
Net Funds	<u>\$ 288,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

Staffing	FY 2019 Actual	FY 2020 Adopted	FY 2021 Requested	FY 2021 Proposed
Full-time Positions	8.8	10.3	11.3	11.3
Part-time Positions	0	0	0	0

- See page 227 of the proposed budget



FY2021 Departmental Budget

Utilities

Major Developments FY20 to FY21

- New position request: Customer Service Specialist
 - Currently only have one CSC personnel to serve over 1,700 residential and commercial customers
 - Position will provide redundancy for answering customer calls, billing, placing service orders, purchasing, and other administrative tasks.



FY2021 Departmental Budget

Utilities

Major Developments FY20 to FY21

- Operations - Incremental budget increases and decreases to match spending trends.
 - Decrease in Professional Services due to completion of UMP update (Summer 2020)
 - Increase in equipment and maintenance costs due to meters, tank mixer, and sewer camera
 - Increase in water and sewer purchases from Henrico to match usage projections



FY2021 Departmental Budget

Utilities – Accomplishments

- Completed a \$1.8M water service project to bring clean drinking water to the Old Oaks neighborhood in Crozier.



FY2021 Departmental Budget

Utilities – Accomplishments

- Completed and executed an Interjurisdictional Pretreatment Agreement with the City of Richmond
- Continued wastewater sampling program to ensure compliance with DPU's intermunicipal wastewater treatment agreements.
- Received 'Local Review Authority' from VDH



FY2021 Departmental Budget

Utilities – Accomplishments

Verizon 4:11 PM

< Intersection of TUCKAHOE CREEK...



TICKET NUMBER: A904601650

REVISION: 0

DUE DATE: 02-21-2019 07:00

TYPE: NEW : Normal

WORK FOR: SAME

WORK TYPE: TEST HOLE - CHECK UTILITY DEPTH OR...

MEET REQUESTED: NO

DIG IN ROAD: NO

CONTAINS ASSETS: Unsure

REMARKS

INSTRUCTION THE PROPERTY IS ON THE SOUTH SIDE...

LOCATION

Take Complete

- Responded to over 3,600 VA811 utility locate tickets (± 14 tickets/day)

Region Ticket Summary

Tickets received from 1/1/2019 7:00:00 AM to 12/31/2019 7:00:00 AM

Region	Tickets Received
(No region)	9
EGPS, FM, and River Road	1040
Goochland Courthouse	265
I-64 and Vacinity	357
West Creek North	1105
West Creek South	836



FY2021 Departmental Budget

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Future Outlook/Challenges

- Continue to monitor the system for water pressures and quality.
- Review all proposed developmental plans to ensure design and technical compliance with all federal, state, and county standards.
- Maintain responsiveness towards all stakeholders of current and future utility construction projects.





Rates

FY2021 Rate Changes

Utilities

Rate Study

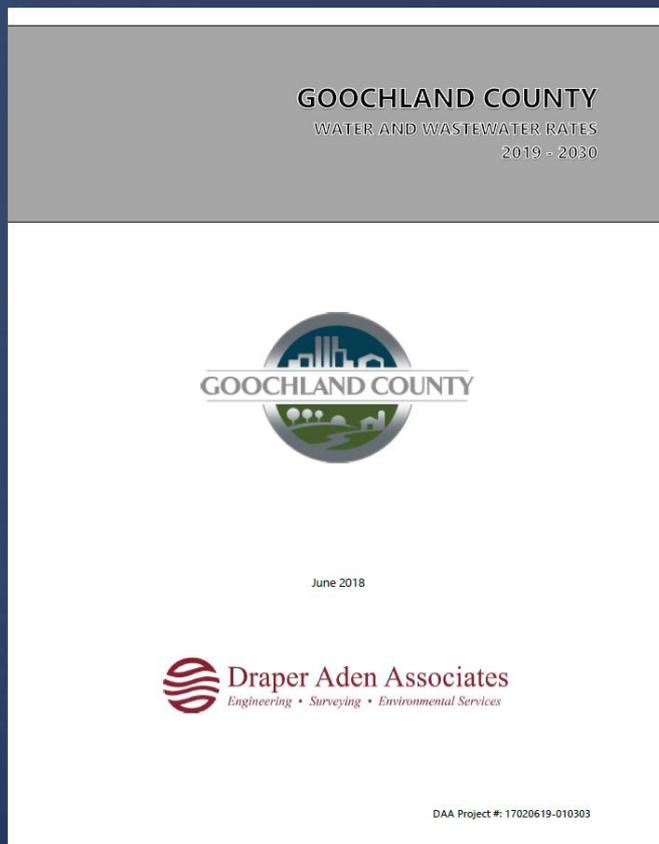
- In FY18, DPU contracted with a consultant firm to complete a Rate Study to help guide staff and the Board of Supervisors on proposed rate adjustments for the next 5 years
- The rate study analyzed expenses, user rates, connection fees, the CIP, and R&R funds



FY2021 Rate Changes

Utilities

Rate Study - Conclusions



- Initial recommendation for rate increases of 28% for water and 70% for sewer to balance budget & contribute to R&R funds.
- More feasible approach of consecutive 5% increases for water and 6% for sewer over 5-year period was determined. FY21 will be 3rd year of implementation.
- Increases will continue to allow for R&R fund investments

See next slide for rate breakdown



FY2021 Rate Changes

Utilities

Impact of the Rate on Residential Customers

- Staff recommends increasing the bi-monthly volume and service charges for water at 5% and wastewater at 6%.

	FY20	FY21	Increase
Water Service			
Cost for 4,000 gallons	\$37.97	\$39.86	\$1.89
Sewer Service			
Cost for 4,000 gallons	\$65.40	\$69.34	\$3.93
Total Bi-monthly:	\$103.37	\$109.19	\$5.82



FY2021 Rate Changes

Utilities

Next Steps

- Public Hearing on user rates to be held on April 7th
- Rates and budgets planned for adoption on April 21st
- Rates would be effective July 1, 2020





Questions?



***Tuckahoe Creek Service District FY2021
Budget, Long Term Debt, & Ad Valorem
Rate Outlook***

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FY2021 Departmental Budget

Utilities TCSD Debt Fund

TCSD Funding	FY 2019 Actual	FY 2020 Adopted	FY 2021 Requested	FY 2021 Proposed	2021 Proposed over 2020 Adopted Increase (Decrease)	
Debt Service & Other	\$ 6,115,743 ⁽¹⁾	\$ 6,515,624	\$ 6,517,886	\$6,517,886	\$ 2,262	0.0%
Revenue	<u>5,689,663</u>	<u>6,515,624</u>	<u>6,517,886</u>	<u>6,517,886</u>		
Net	\$ (426,080)	\$ -	\$ -	\$ -		

- See page 233 of the proposed budget

(1) Budgetary (cash) basis



Long Term Obligations of TCSD

Balances as of 6/30/19:

Obligation	Principal Outstanding
VRA: Revenue Bonds & Accreted Interest	\$93,910,654
City of Richmond: Wastewater Treatment	22,685,338
General Fund: Loan from 2009	\$1,117,634

Source: Pages 53 of FY2019 CAFR

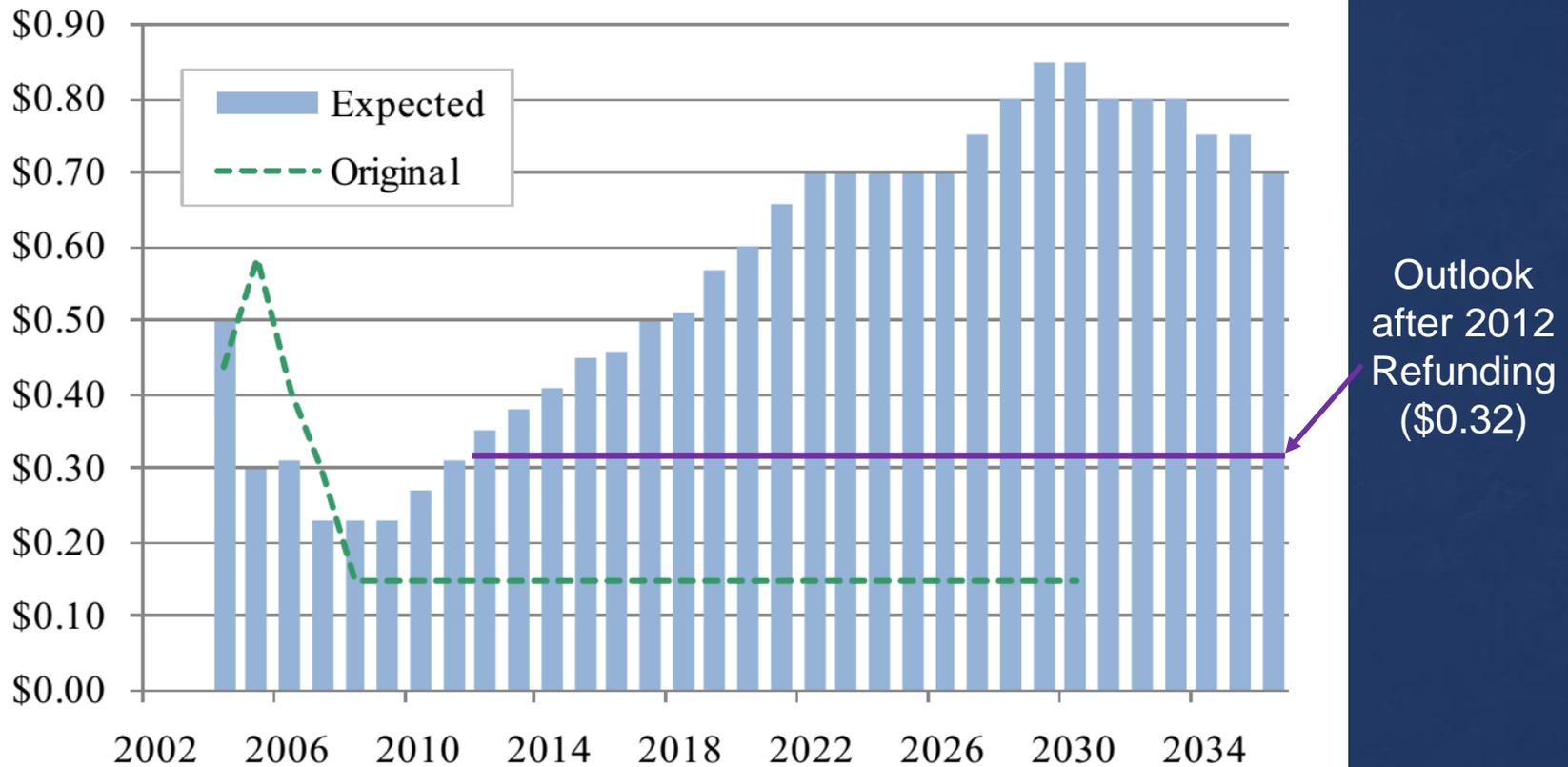
Sources of Revenue

Source	Description
Ad Valorem Tax	\$0.32/\$100 value on all taxable real property in the TCSD – no land use credit
55% Revenue Sharing from Real Estate Property taxes collected in the General Fund	55% of the real estate tax paid on revenue sharing properties (after application of land use credit) above a base value set in 2004

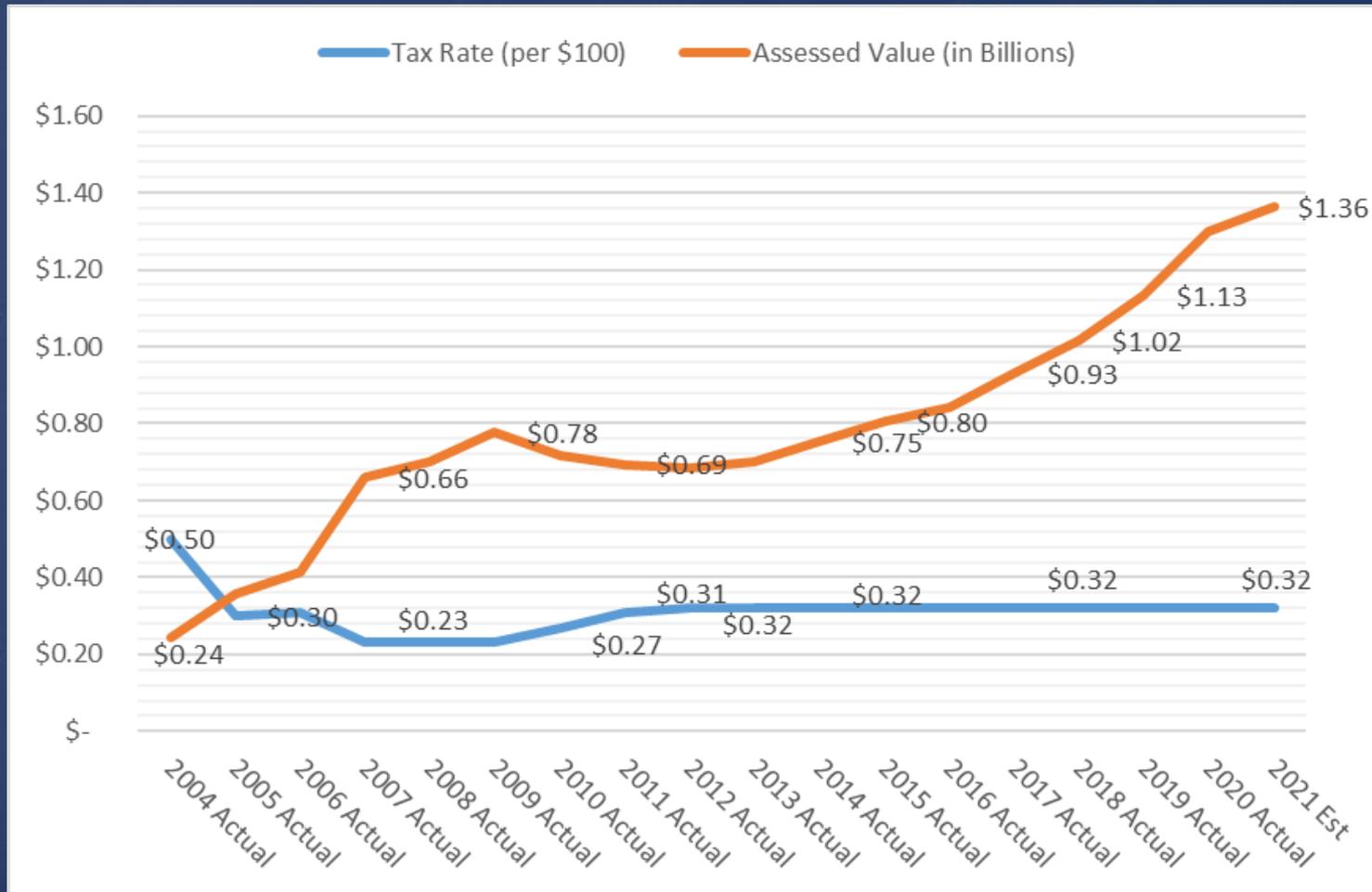
Note: Per the VRA financing agreement, amounts received above are to be used for the following purposes: 1.) regularly scheduled debt service payments, 2.) redemption of bonds, 3.) payment of operation and maintenance expenses.

Previous Ad Valorem Rate Outlook: Per Davenport & Co., Sept 2011

Exhibit 2 – Special Tax Levy

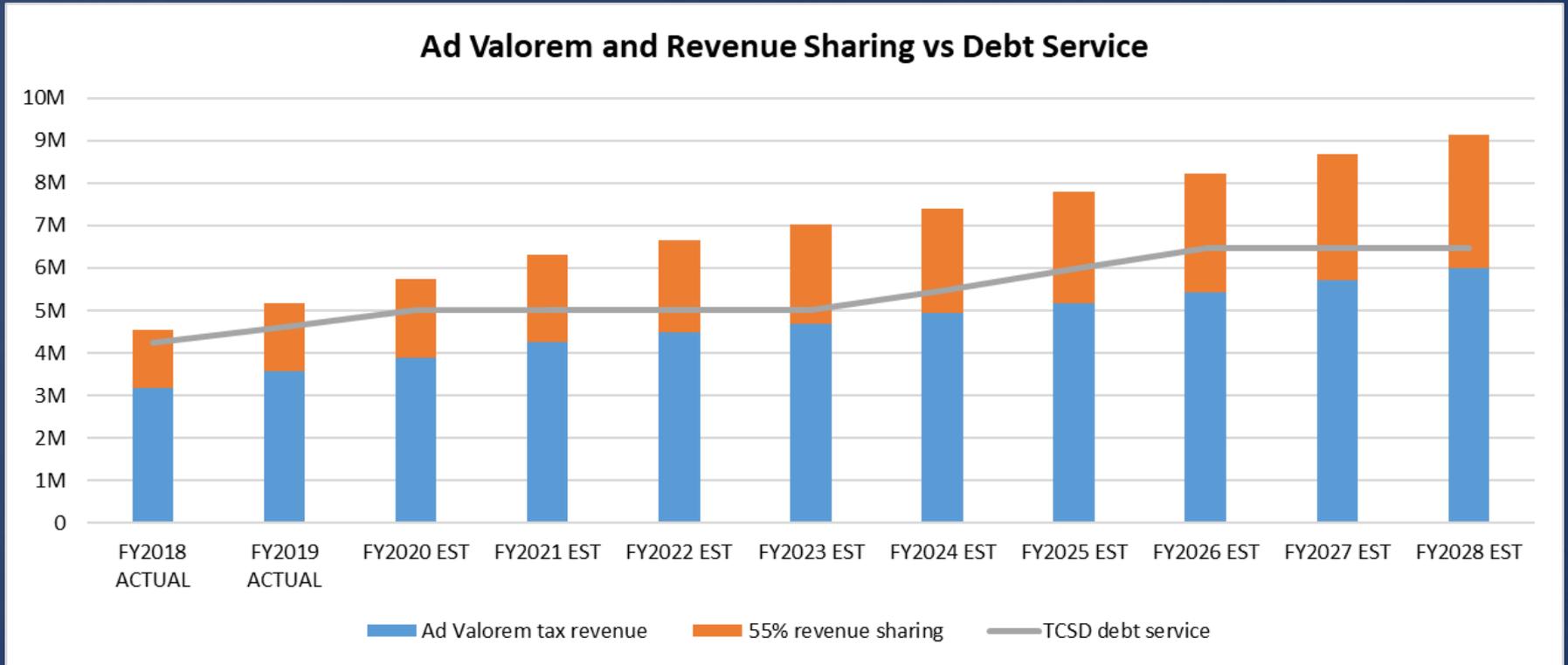


Ad Valorem Rate Versus TCSD Assessed Values



Note: assumes \$0.32 Ad Valorem rate and 5% annual growth in taxable values

TCS D Projected Revenues Versus Debt Fund Expenses (in Millions)



Note: assumes \$0.32 Ad Valorem rate and 5% annual growth in taxable values

Recent Years History: Payments from TCSD Debt Fund

During the past several years:

- Repayment of the general fund loan was restarted in FY17 with paydown by FY22
- Payments to Richmond continue at \$1M in FY21 budget for third year

Current Plan

- Maintain Ad Valorem rate at \$.32
- Continue repayment of general fund loan – \$500K in FY21 (FY22 will be final year of repayment)
- Continue Debt retirement payment to City of Richmond – \$1M per year
- Retain TCSD fund balance (\$7.3M in fund; \$13.5M in US Bank) – to prepare for changing economy or future refundings
- Reserve in General Fund \$1M

Next Steps

- Public Hearing on all tax rates including TCSD rate and user rates to be held April 7th
- Rates and budgets planned for adoption on April 21st



Questions?