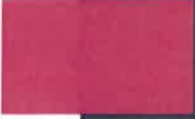




2020-2021 MUPB Budget Overview

HOLLY MCGRATH-ROSAS, GENERAL
MANAGER APRIL 13, 2020



Objectives

2019-2020 Capital Project Update

2020-2021 Capital Budget Projects

Budget Overview

Capital Project Update (Wastewater)

- MUPB has aggressively addressed the failing sewer system .
 - Engineering and Funding for the MMRC/801 Sewer Expansion, KIA funded \$4.2, construction currently in progress.(eliminate 60% percent of our overflows)
 - Gravity Sewer and Manhole Repair and Rehab \$ 421,000 spent in last years budget and \$540,000 in the current Budget.
 - Main Station Lift Station Rehab project \$150,000 current Budget.
 - Lift station repair and upgrades project spent last year \$318,000 current Budget \$244,000.
 - Sewer Extension 158 Project completed, \$1,600,00 funded by KIA.
 - Derrickson Sewer upgrade and expansion \$3 million (2020-2021)
 - Totalling **\$10,473,000** over the last **2 years**.



Capital Project Update(Water)

Water Tank Maintenance Program, \$180,000 current Budget (Suez) Divide Hill, Wilson Knapp and MMRC have been rehabilitated.

WTP Phase 1, construction of Water Treatment Plant(Tentatively July/August 2020)Phase 2, Raw Water Intake (tentatively to start Fall 2020). KIA re appropriated funds of \$5,257,000 for the construction of the water plant. KIA funded \$1,297,200 (2018) in planning and design.

EPA implemented America's Water Infrastructure Act(AWIA) as part of this, there is a required Risk and Resilience Plan required.

Also, EPA amended the Lead and Copper Rule. The changes will easily double the current staff workload for compliance, monitoring and replacement. We will be modifying our existing information systems and start replacing lead service lines, galvanized lines and service taps. It will also increase lead and copper sampling and they have lowered the action limit from 15 ppb to 10 ppb.

Future Capital Projects (Gas)

- MUPB has identified \$4 million dollars must be spent to replace existing failing steel gas lines.
- Also, identified is the necessity to rehab the current entry point stations for natural gas. MUPB must also begin replacing gas meters. The life of a gas meter is approx. 20 years, ours have been in service since 1982 and some even older. We expect these projects to cost \$1 million dollars.
- MUPB is proposing a gas administrative increase of 11% for the cost to fund these projects.
- Gas Rates have not been raised since 2007. (13 years)

Capital Budget Projects 2020-2021

Water Tank Maintenance Program- \$180,000

Water Pump Station Upgrades- \$61,000

Raw Water Intake Pump- \$120,000

Radio Read Meters- \$200,000

General Waterline/Valve/Hydrant Replacements- \$327,000

Gutterman Leak Detection Equipment- \$10,400

Combination Sewer Vac/Jet Truck- \$425,000

Gravity Sewer I&I Repair- \$170,000

Duplex Pump Stations Upgrades- \$222,000

Residential Grinders and Pumps- \$100,000

Capital Budget Projects 2020-2021 Continued

ATAD Upgrades- \$50,000

Spare Influent/Effluent Pump- \$27,000

Gas Upgrades and Replacement- \$91,000

Administration Building Engineering- \$50,000
Totalling \$2,033,400 in Capital Projects for the
proposed Budget year 2020-2021



Stormwater Department

- ▲ The Stormwater Department was created for the 2020-2021 Budget Year.
- ▲ Reminder, that this is still unfunded, there is not a generation of revenue to pay for the department yet and MUPB is absorbing the cost and fronting the funding from other departments.
- ▲ Residential billing for Stormwater became in effect January 1st 2020, this means a customer would not see a bill for it until February. The monthly revenue for residential stormwater is **\$3,160**. This means at the start of the 2020-2021 Budget July 1st 2020 we will have collected a total of **\$18,960**.
- ▲ Commercial and Industrial billing for Stormwater does not take effect until July 1st 2020.



MUPB 2020-2021 Budget Overview

Gas Increase

- ▶ 2020-2021 Reflects an 11% increase in gas rates
- ▶ \$3.45 to \$3.83 First MCF (\$0.38)
- ▶ \$1.60 to \$1.78 Over 1 to 4999 MCF (\$0.18) (All Residential)
- ▶ \$1.10 to \$1.22 5,000 to 24,999 MCF (\$0.12)(Commercial)
- ▶ \$0.93 to \$1.03 Over 25,000 MCF (\$0.10)(Industrial)
- ▶ Average home increase heavy use \$3.38 (20MCF's)
- ▶ Average home increase lower use \$2.00(10 MCF's)
- ▶ In 2006 MUPB entered a contract with Munigas that gave us a discount on purchase cost, we passed this discount onto the customers, which is not a common practice and to date we have passed a discount of \$3,034,249.90 back to the customers.
- ▶ Morehead has the cheapest gas rates in the state of Kentucky, the average administrative cost ranges \$4.00 to \$9.00.

Gas Example

- ▶ Delta Gas- Minimum bill, \$20.90 Residential
- ▶ Delta bills in CCF's, MUPB bills in MCF's, it take 10 CCF's to equal an MCF.
- ▶ Delta cost per CCF= \$0.84874 which = \$8.50 per MCF
- ▶ Average bill for December for 10 MCFs with Delta Rates \$85.00 + \$29.50 minimum bill fee = **\$114.50**
- ▶ Average bill for 10 MCFs with MUPB cost for gas \$2.74 (December)= \$27.40 + \$17.85
= **\$45.25**



Water Rate Increase

- ▶ We are in year 3 of the 5 years water rate increase plan to fund failing infrastructure. This year the Water increase will be 10.17%
- ▶ MUPB paired with Morehead Housing Authority to offer water, sewer billing credits of \$5.00 per month to those that qualify. Currently, we are assisting 60 house holds.
- ▶ On a minimum bill of 2,000 gallons the increase will be \$2.02
- ▶ On an average household use of 4,000 gallons the increase will be \$3.66

Salaries and Benefits Overview

- ▶ Salaries include actual Salaries, Overtime and Part Time positions(Summer help) in each Department.
- ▶ Benefits include:
 - ▶ Pension/Retirement, FICA, Unemployment, Health/HRA, Workman's Comp and Dental.
 - ▶ In the 2019-2020 Budget Pension/Retirement went up 3% and Health/HRA went up 2.99%.
 - ▶ For the 2020-2021 budget year Pension/Retirement went up 2.89 %, no confirmation on Health Insurance increase, we added 5% as the increase in the proposed budget and feel confident it will remain low.

Benefits “Healthier You”

Continuing to educate employees and promoting the “Healthier You” program has saved MUPB over the last few Budget years. Insurance premiums rise based on how much you use your insurance as a whole, we successfully provided education to our employees.

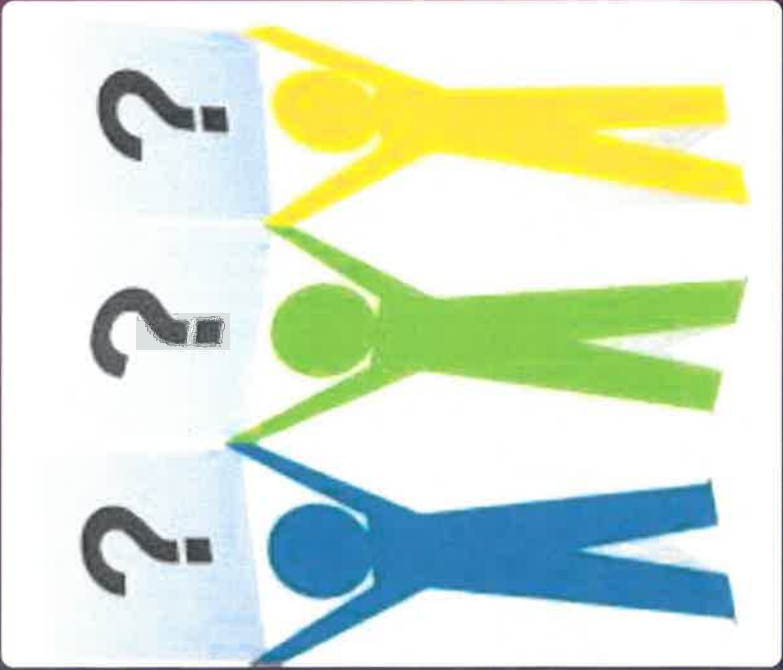
A Healthier You is a program/App to help minimize the cost of insurance for both employee and employer.

It is an education program to promote Teledoc, 24/7 app that lets one Facetime/Phone Call with a doctor for common ailments such as flu, strep, sinus infections, stomachache etc... For NO cost to the employee. If a prescription is needed, they call it in to your pharmacy and offer alternatives.

Our rates are based on how much we use our insurance.

Departmental Additions and Re-allocations

- ▶ The Utilities Asset Coordinator position was moved to the Administrative Budget from the Maintenance Department.
- ▶ We added a Customer Service Representative position as well as an Environmental Compliance Manager position in the proposed 2020-2021 Budget, under Administration
- ▶ This includes three positions, salaries, benefits and miscellaneous line item increases to accommodate the additional positions.
- ▶ An Operator position was moved from the Wastewater Treatment Plant to the Water Plant budget.
- ▶ The Stormwater Department Budget was created under the Maintenance Department.



Questions?

