

Delmar Utility Commission

Budget
Fiscal Year 2021



July 1, 2020 - June 30, 2021

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INTRODUCTION

The Delmar Utility Commission, hereafter referred to as Commission, is a joint venture of the Mayor & Commissioners of Delmar, MD and the Mayor & Council of Delmar, DE. The Commission is comprised of representatives from both elected bodies and a resident member from each town. As a separate legal entity and enterprise fund, the Commission has separate financial reporting from the Town of Delmar.

The Commission provides water and sewer service to residential and commercial properties in and limited area outside the Town incorporate boundaries of Delmar. Providing quality drinking water, promoting water conservation, managing wastewater collection/treatment and establishing an equitable service fee structure are the major goals of the Commission. As the Commission monitors and controls expenses, they also must comply with state mandates such as fluoride in water and sewer emission limits. As a growing community, we are also presented with the task of increasing services through efficient and prudent use of available resources.

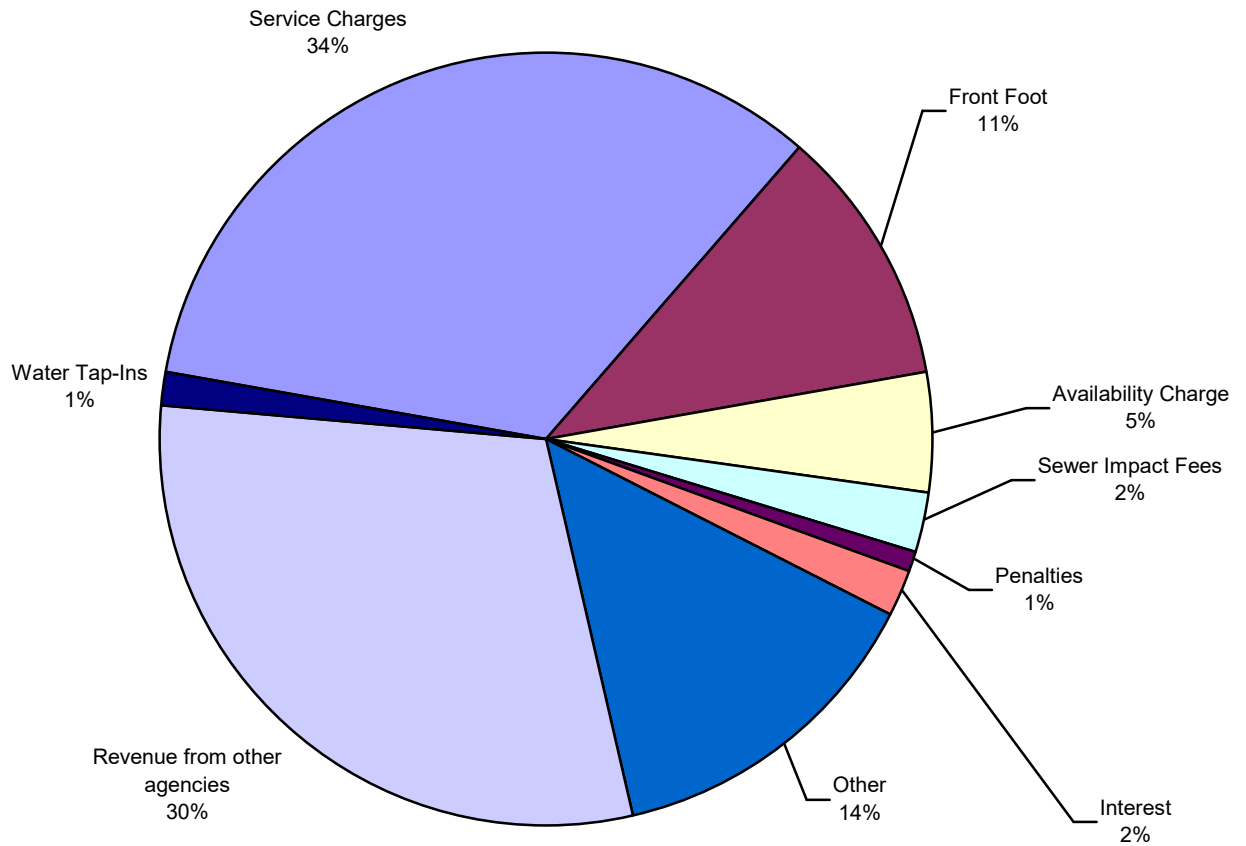
The financial highlights of the Commission are presented in the Budget Message. As a narrative introduction to the budget, the message provides concise and specific data accompanied with explanations of significant financial matters. The budget message is a tool for gaining a greater understanding of the Commission's financial position and improving participation in the budget process.

BUDGET 2020-2021

Operating	\$ 1,998,554.00
Capital	\$ 1,688,831.00
TOTAL	\$ 3,687,385.00

REVENUE BUDGET, by source

	Budget 2020-2021	Budget 2019-2020	Budget 2018-2019
Water & sewer service charges	\$ 1,237,000.00	\$ 1,180,603.00	\$ 1,157,000.00
Water availability charge	\$ 190,833.00	\$ 184,000.00	\$ 178,409.00
Sewer front foot fees	\$ 399,518.00	\$ 382,160.00	\$ 371,238.00
Sewer impact fees	\$ 84,000.00	\$ 70,000.00	\$ 154,000.00
Water tap-In fees	\$ 48,000.00	\$ 40,000.00	\$ 88,000.00
Penalties	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00
Finance expense, net (interest)	\$ 75,000.00	\$ 60,000.00	\$ 20,000.00
Meter installation fees	\$ -	\$ -	\$ -
Revenue from other agencies	\$ 1,106,728.00	\$ 1,117,728.00	\$ 532,274.00
Other revenue	\$ 511,306.00	\$ 352,151.00	\$ 158,000.00
Total Revenues	\$ 3,687,385.00	\$ 3,421,642.00	\$ 2,693,921.00



BUDGET MESSAGE - REVENUES, by source

WATER & SEWER SERVICE CHARGES:

The Delmar Utility Commission service rates for water & sewer will remain the same in FY 21.

The connection fees for water & sewer will remain the same in FY 21. The water service charge for residential will continue at \$4.00 per 1,000 gallons. The sewer service charge for residential will continue at \$5.50 per 1,000 gallons. The quarterly availability fee of \$17.45 will remain the same. The quarterly front footage fee will also remain the same, at \$35.00. The Town's overall objective is to maintain the same level of water and sewer service to our customers that they currently receive.

An average water and sewer customer, with quarterly usage of 15,000 gallons, can expect a quarterly bill of \$209.95.

Water	Residential	Commercial
Usage Fees, quarterly	4.00 per 1,000	5.50 per 1,000
Availability Charge, quarterly	17.45 per EDU	17.45 per EDU
Tap-In Fee, performed by owner	\$4,000 per EDU	\$4,000 per EDU
Tap-In Fee, performed by Commission	\$4,500per EDU	\$4,500 per EDU

Notes: 1) Out-of-Town Customers are billed at a 1.5 rate on their usage fees.
2) Tap-In Fee rates are the same for all types of residences, specifically, mobile homes are charged the same as standard residences.
3) Tap-In Fee rates increase if the connection size is more than one (1) inch in size.

Sewer	Residential	Commercial
Usage fees, quarterly	\$5.50 per 1,000	\$7.00 per 1,000
Non-Metered, quarterly	\$110.00 per EDU	\$110.00 per EDU
Front Foot, quarterly	\$33.00 per EDU	\$33.00 per EDU
Tap-In Fee, performed by owner	\$4,000 per EDU	\$4,000 per EDU

Tap-In Fee, performed by Commission	\$4,500 per EDU	\$4,500 per EDU
Transmission Fee	\$3,000 per EDU	\$3,000 per EDU
Bay Restoration Fee (State of MD)	\$15.00 per EDU	Sliding scale fee

Notes: 1) Out-of-Town Customers are billed at a 1.8 rate for usage and non-metered fees.
 2) Tap-In Fee rates are the same for all types of residences, specifically, mobile homes are charged the same as standard residences.

WATER AVAILABILITY CHARGE & SEWER FRONT FOOT FEES:

These fees are specifically for paying debt that was incurred to maintain and improve the system. These fees can also be used to offset operational deficits. Actual rates are listed on page 5 of the budget message.

WATER TAP-IN & SEWER IMPACT FEES:

These revenues are reserved for future replacement, repair, or upgrades of the system. Due to the current economic conditions the projected revenues have decreased for this budget year. Rates are listed on page 5 of the budget message.

WATER CUT-ON/CUT-OFF FEES:

Penalties generated from delinquent accounts will remain the same and include the following:

- 1% monthly interest
- \$10 late notice fees
- \$40 disconnection fees
- \$10 during hours re-connect fees
- \$30 after-hours re-connect fees
- \$25 returned check fees

FINANCIAL EXPENSE, NET:

This line-item is adjusted at the end of each fiscal year to include interest income net of interest paid on notes and bonds. For budgeting purposes, only interest income from financial institutions is listed and is based on prior years as well as projected cash available for investing.

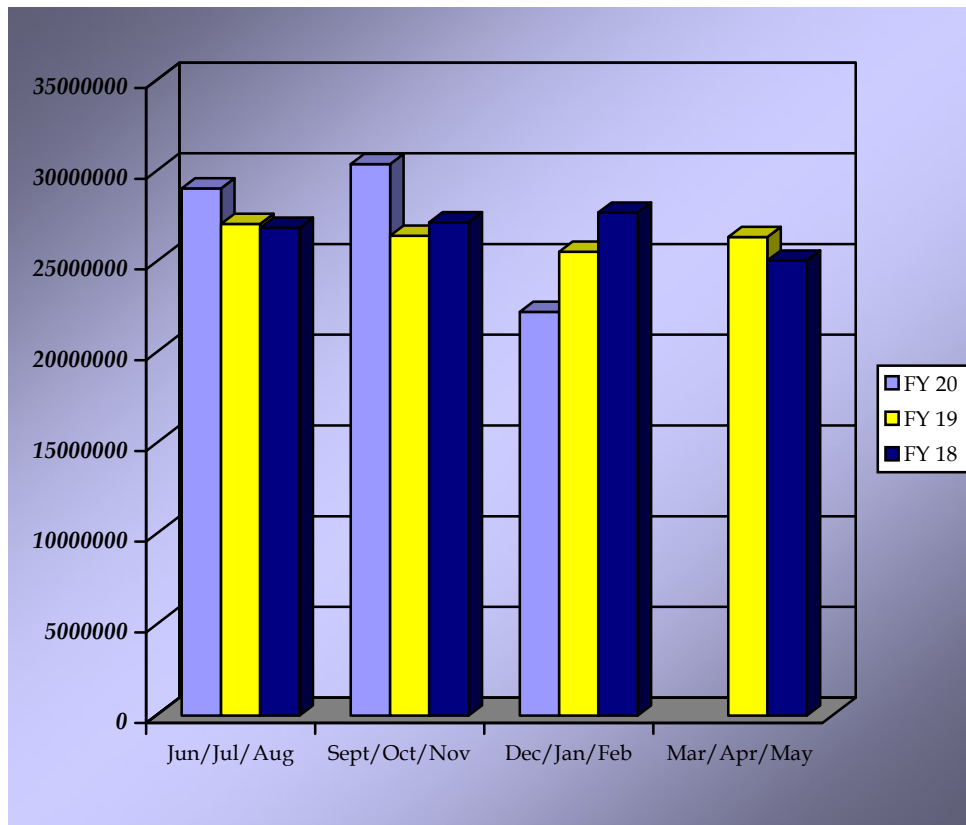
REVENUE FROM OTHER AGENCIES:

The Commission is anticipating \$1,106,728.00 from MDE for the purpose of sewer line replacement. The Commission has applied for this grant in previous years however we have not been awarded it in previous years. It is believed that 2021 will be the year that the Commission is approved for this grant.

OTHER REVENUES/MISCELLANEOUS:

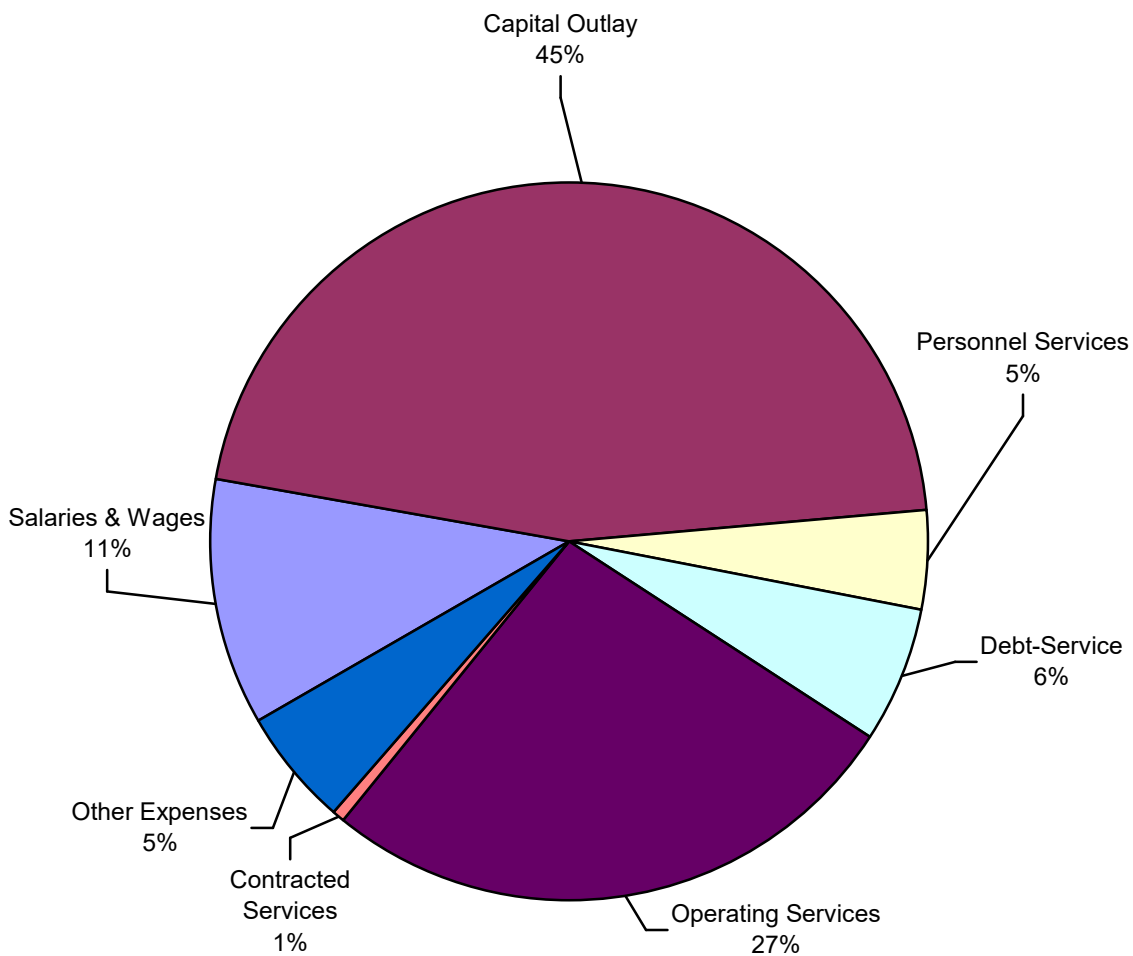
The State of Maryland passed the Governor’s Chesapeake Bay Watershed Restoration Fund bill. The purpose of the bill is to provide basic infrastructure upgrades for wastewater treatment plants. The Utility Commission will collect and submit to the State of Maryland an annual \$60 fee per EDU from all sewer customers minus a minimal administrative fee. Miscellaneous income is based on the prior year’s revenue.

WATER USAGE HISTORY, in gallons:



EXPENSES, by type

	Budget 2020-2021	Budget 2019-2020	Budget 2018-2019
Salaries and wages	\$ 412,705.00	\$ 369,712.00	\$ 361,567.00
Personnel services	\$ 165,990.00	\$ 165,200.00	\$ 160,589.00
Capital outlay	\$ 1,688,831.00	\$ 1,561,898.00	\$ 941,010.00
Operating	\$ 980,974.00	\$ 871,340.00	\$ 786,955.00
Contracted services	\$ 22,160.00	\$ 19,100.00	\$ 21,500.00
Other	\$ 192,300.00	\$ 186,064.00	\$ 180,584.00
Debt services	\$ 224,425.00	\$ 248,328.00	\$ 241,716.00
Total Expenses	\$ 3,687,385.00	\$3,421,642.00	\$2,693,921.00



BUDGET MESSAGE - EXPENSES, by type

SALARIES & WAGES:

A cost of living adjustment of 3% was included in this year's budget.

Department	Full-Time	Part-Time
Executive & Financial	6	0
Public Works & WWTP	9	0
TOTALS	15	0

PERSONNEL SERVICES:

Personnel services includes FICA, health insurance premiums, life insurance, long-term care insurance, pension contributions, training, uniforms and workman's compensation insurance.

The Town will maintain the current level of employee benefits. Health & dental insurance premiums are anticipated to increase by 5%. The general pension contributions shall be 8% of wages for employees.

CAPITAL OUTLAY:

The Waste Water Treatment Plant capital outlay items will be purchased by utilizing our investment account funds. The Commission plans to cover the cost of the water main/sewer line replacements through local offices, previously mentioned.

OPERATING EXPENSES:

An overall increase in operating expenses is attributed to inflation in costs in materials and chemicals.

CONTRACTED SERVICES:

The Town of Delmar will extend their current contract agreement with auditing firm, TGM Group, LLC, for an independent audit at a total estimated cost of \$11,300.00 for the Utility Commission. Additional accounting services are also performed throughout the year for an hourly rate.

Engineering services are performed for the Town of Delmar by Davis, Bowen & Friedel, Inc. Costs for "on-call services" & special projects vary based

upon the requests and needs of the town. These costs were budgeted based on prior year activity.

OTHER EXPENSES:

Property & Liability Insurance are projected to be increase by approximately 3%.

DEBT SERVICE

<u>Utility Commission Principal/Interest Payments</u>					
Water Dept					
<u>Financing Agency</u>	<u>Purpose</u>	<u>Payment Schedule</u>	<u>Amount of Payment</u>	<u># of Payments per Year</u>	<u>Total Annual Payment</u>
USDA-Rural Dev.	Water Treatment Pl	Quarterly	\$ 22,599.00	4	\$ 90,396.00
DE-SRF	DE Ave/1st Water	Semi-annually	\$ 8,907.00	2	\$ 17,814.00
Ford Motor Credit	2017 Ford F-350	Annually	\$ 2,812.50	1	\$ 2,812.50
DE-SRF	Back Up Well	Semi-annually	\$ 4,156.61	2	\$ 8,313.22
Grove Street	Water Main	Semi-annually	\$ 4,924.61	2	\$ 9,849.22
Ford Motor Credit	2019 Ford F-350	Annually	\$ 3,678.58	1	\$ 3,678.58
Ford Motor Credit	2021 Ford F-650	Annually	\$ 5,030.27	1	\$ 5,030.27
Bank of Delmarva	Bobcat	Monthly	\$ 166.48	12	\$ 1,997.76
					\$ 139,891.55
Sewer Dept					
<u>Financing Agency</u>	<u>Purpose</u>	<u>Payment Schedule</u>	<u>Amount of Payment</u>	<u># of Payments per Year</u>	<u>Total Annual Payment</u>
State of DE-DNREC	WWTF Imp. Project	Semi-annually	\$ 38,369.35	2	\$ 76,738.70
Ford Motor Credit	2017 Ford F-350	Annually	\$ 2,812.50	1	\$ 2,812.50
Ford Motor Credit	2019 Ford F-350	Annually	\$ 3,678.58	1	\$ 3,678.58
Ford Motor Credit	2021 Ford F-650	Annually	\$ 5,030.27	1	\$ 5,030.27
Bank of Delmarva	Bobcat	Monthly	\$ 166.49	12	\$ 1,997.88
					\$ 90,257.93

GROWTH PROJECTIONS -

Fiscal Year 2021

Delmar, MD	Heron Ponds	Residential
Delmar, DE	None	Residential

CAPITAL IMPROVEMENT PLAN

The Capital Improvement Plan is guidance for the commission in adoption of the regular annual budget and the council may delete items or make revisions as deemed appropriate and may arrange items in the order of priority.

WWTP	Conversion of Surge Tank to EQ Basin	\$	75,000.00
	(4) Yard Hydrants	\$	6,000.00
	Check Valves on Raw Influent Pumps	\$	13,000.00
	2020 Chevrolet Silverado 1500	\$	31,000.00
	Amonia Probe	\$	10,000.00
	RAS Pump	\$	18,000.00
	W. Tertiary Clarifier Scum/Sludge Drive & Flocculator Drive	\$	80,000.00
		\$	233,000.00
Public Works	Replace PLC & HMI Control Panel	\$	12,400.00
	WTP Roof	\$	24,995.00
		\$	37,395.00
	Storm Manhole Replacement-Bi-State Blvd.	\$	39,987.00
	Sliplining	\$	75,000.00

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