

The Greenville Water Authority
Mercer County, Pennsylvania

**2012 Water System
Annual Report and
2013 Operating Budget**

March 2013



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1. INTRODUCTION

1.1 Introduction

This Water System Annual Report has been prepared in accordance with the authorization given to Gannett Fleming, Inc. by the Greenville Water Authority (Authority) in accordance with Article VI, Section 6.07 of the Third Supplemental Trust Indenture dated December 29, 2011 which states:

"The Consulting Engineer shall be required to report annually on (i) the condition and operation of the Water System, and (ii) on the sufficiency of the Capital Improvements and Redemption Fund. The Capital Improvements and Redemption Fund shall be funded by any additional amounts recommended by the Consulting Engineer. Furthermore, amounts on deposit in the Capital Improvements and Redemption Fund shall be used to replenish any deficiency in the Debt Service Reserve Fund."

The Annual Report, presented herein is classified under the following headings:

2. Operational and Maintenance Status of Authority Water Facilities
3. Revenues and Expenditures
4. Capital Improvements and Redemption Fund
5. Rates, Rents and Charges for Water
6. Insurance
7. Conclusions and Recommendations

This report is the seventieth annual report upon the operation of the water system under Authority management. Reports have been submitted annually covering operations since April 1, 1942. Additions and improvements during the past year are reviewed, and the report includes recommendations for additions and improvements, the operating budget for fiscal year 2013, and the capital expenditures proposed for the fiscal year 2013. Information used in this report has been obtained from Authority Management.

1.2 The Greenville Water Authority Water System Description

The Greenville Water Authority Water System is comprised of one treatment plant, five storage tanks, distribution mains, and associated appurtenances. This system serves Greenville Borough and a portion of Hempfield Township and West Salem Township. Pertinent information about the Authority and its water system is provided in Section 2.

2. OPERATIONAL AND MAINTENANCE STATUS OF AUTHORITY FACILITIES

2.1 System Operational and Maintenance Status

The general performance of all Greenville Water Authority distribution and treatment facilities during Fiscal Year 2012 has been satisfactory. Management reports that all Authority facilities have functioned well throughout the year with no extraordinary operational or maintenance problems encountered.

2.2 Water Treatment Plant

The filtration plant contains four filters that have a total of 360 square feet of surface area. Considering these filters to be rapid rate filters with multimedia beds per the Department of Environmental Protection Regulations, the filters can produce 2,000,000 gallons of water per day.

The filtration plant was operated 5,791 hours during the past year for an average of approximately 16 hours daily and processed sufficient quantities of water to meet all consumer requirements. A review of operating results indicates that the water produced by the plant met or exceeded primary drinking water regulations of the Safe Drinking Water Act.

Filtration Plant equipment addressed in 2012 included replacing the ammonia feed motors, replacing the aquamag and sternpac heads, replacing the hot water heater, replacing the backflow preventers on the polymer and aqua mag systems, replacing the SCADA computer and installing a new sludge pump for the belt filter press.

2.3 Distribution System

The distribution system has been properly maintained during the past year, and extensions were made as required to serve customers. A major improvement project was started in August 2012 in the east end of the distribution system. Approximately 9,300 feet of 12" to 1" pipe and appurtenances were installed. Hydrants were regularly inspected, and repairs were made as

required to the distribution system to provide for minimum interruption of service to customers. The booster station #2 electric check valve was rebuilt and the sump pump was repaired.

Under the Meter Account, 286 remote meters were installed and 62 meters were tested or repaired in 2012.

A review of the operating records, as noted above, indicates that the Authority has continued to expand and improve distribution and service facilities during the past year and has operated and maintained them in accordance with accepted waterworks practice.

The Authority also continued an ongoing inspection of fire hydrants and turned valves in an effort to keep the system's components operated. The Authority flushed the system in April and October.

The Authority began a phased approach to modeling and mapping of the entire distribution system in 2001. Phase I covered the high service district and was utilized to size the 12" fire supply line extension to the Hospital. The Authority completed Phase 2 of the modeling in 2010. Phase 2 consists primarily of remapping and updating of the distribution system. There are presently two maps covering the distribution system.

2.4 Distribution Storage Facilities

The exterior surfaces and grounds surrounding the two 750,000-gallon, 255,000-gallon, the high level 250,000-gallon and 1,000,000-gallon storage tanks are maintained in a satisfactory manner. Construction for the new 1 million gallon storage tank adjacent to the existing Hadley Road storage tank was completed in December 2010.

It is recommended that the Authority continue the yearly inspection and maintenance program for all distribution storage tanks. This program will identify potential problems before they become major and costly.

The water storage tanks were last painted as follows:

<u>Tank</u>	<u>Year</u>
750,000-Gallon, South Tank	1997
750,000-Gallon, North Tank	1995
250,000-Gallon, Hadley Road Tank	1988
255,000-Gallon, West Main Street	2005
1,000,000-Gallon, Hadley Road Tank	2010

2.5 General Office Structures and Equipment

The general office structure has been well maintained and is adequate in size for Authority operations.

Under General Shop Equipment, general tools and equipment were purchased during 2012. Adequate small tools and repair equipment are available and maintained in good condition for repairs and service to customers.

2.6 Consumers

The total number of customers according to consumer classifications listed on the books of the Authority as of December 31, 2012, compared with those listed at the end of 2011, is as follows:

	<u>Number of Consumers</u>	
	<u>December 31, 2011</u>	<u>December 31, 2012</u>
Residential	2,448	2,700
Commercial	376	264
Industrial	3	3
Public	<u>22</u>	<u>21</u>
	2,849	2,988
Private Fire Protection	50	52
Public Fire Protection	2	2

The customer total as of December 31, 2012, included 351 residential multiple minimum accounts and 40 commercial multiple minimum accounts. The customer classification was

adjusted for residential and commercial accounts in 2012. Classification does not reflect rates charged to customer and is for reporting purposes only.

2.7 Use of Water

The comparison of the amount of water sold by consumer classification for the past five years is tabulated in the following summary:

Classification	Total Gallons Sold (in 1,000 Gallons)				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Residential	106,998	103,909	102,718	100,357	105,075
Commercial	55,193	51,732	53,187	58,940	55,535
Industrial	5,625	5,547	5,389	5,909	6,078
Public	17,444	14,897	12,489	12,721	15,120
Bulk Sales	<u>1,034</u>	<u>742</u>	<u>1,247</u>	<u>1,125</u>	<u>1,943</u>
TOTAL	186,294	176,827	175,030	179,052	183,751

Sales to metered consumers totaled 183,751,490 gallons or a daily average of approximately 502,053 gallons in 2012 and represents an increase in total sales of 4,391,240 gallons from 2011. A breakdown of sales per customer class indicates that residential sales increased by 4,718,000 gallons, commercial decreased by 3,405,000 gallons, industrial increased by 169,000 gallons, public increased by 2,399,000 gallons and bulk sales increased by 818,000 gallons in 2012. The Residential and Commercial sales were adjusted by 3,388,000 gallons due to internal reclassification of the type of user.

2.8 Water Treatment Plant Operation

The following tabulation lists plant output, quantity of water sold, water used in plant operation, daily average output and the percentage of water unaccounted for during the past ten years.

<u>Year</u>	<u>Plant Output⁽¹⁾</u>	<u>Sold⁽¹⁾</u>	<u>Other^(1,2)</u>	<u>Daily Average Output⁽¹⁾</u>	<u>Percentage Unaccounted For</u>
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2012	268,303	183,751	7,500	733	28.7
2011	240,000	179,052	1,000	658	25.4
2010	245,171	175,030	3,000	672	27.4
2009	256,327	176,827	2,024	702	30.2
2008	265,236	186,294	5,500	725	26.5
2007	314,148	199,421	11,497	861	33.2
2006	336,783	211,846	2,965 ⁽⁴⁾	923	36.2
2005	315,901 ⁽³⁾	192,038	0 ⁽⁴⁾	865	39.2
2004	328,425 ⁽³⁾	191,741	0 ⁽⁴⁾	897	41.6
2003	234,345	190,009	0 ⁽⁴⁾	642	18.9

- Notes:
- ⁽¹⁾ Water unit in 1,000 gallons.
 - ⁽²⁾ Water use (Other) estimated for hydrant flushing.
 - ⁽³⁾ Water use estimated due to meter inaccuracies.
 - ⁽⁴⁾ Water used in plant operation is supplied before output meter.

The Unaccounted For percentage is based on the Plant Output and Water Sold values. This accounts for unmetered water usage from hydrant flushing, leaks, tank drawdowns, etc.

The following tabulation compares the chemical usage and cost for the last two years:

<u>Chemical</u>	<u>2011</u>		<u>2012</u>	
	<u>Amount Used, lbs.</u>	<u>Total Cost</u>	<u>Amount Used, lbs.</u>	<u>Total Cost</u>
Activated Carbon	0	\$0	0	\$0
AquaMag	296	3,743	426	5,387
Caustic Soda	16,643	4,092	9,813	3,074
Chlorine	10,402	4,467	12,182	5,604
Fluoride	10,349	6,109	13,147	7,566
PolyEZ N1986	104	270	182	519
Stern PAC	162,670	28,778	176,140	32,675
EX 692/300-53 Polymer (Sludge Press)	1,308	3,100	1,097	2,125

Potassium Permanganate	2,007	6,873	1,624	5,792
Ammonia	7,564	<u>2,307</u>	10,892	<u>3,385</u>
TOTAL		\$59,739		\$66,126

3. REVENUES AND EXPENDITURES

3.1 Revenues and Expenditures

Based on information provided by the Authority, Table 1 has been prepared to show the actual 2011 revenues and expenses compared with the projected actual (unaudited) and budgeted revenues and expenses for 2012.

TABLE 1
REVENUES AND EXPENSES FOR THE YEARS 2011 AND 2012
AND 2012 BUDGET

OPERATING REVENUE	<u>Actual 2011</u>	2012 <u>Year End (unaudited)</u>	<u>Budget 2012</u>
Metered Residential	\$1,014,005	\$1,022,932	\$990,344
Metered Commercial	397,490	397,911	384,159
Metered Industrial	32,362	32,655	31,846
Metered Public	27,602	31,568	27,239
Private Fire Protection	27,917	29,371	25,312
Public Fire Protection	23,820	23,163	23,163
Tap Fees	<u>4,112</u>	<u>6,949</u>	<u>4,112</u>
Subtotals Operating Revenue	\$1,527,308	\$1,544,549	\$1,486,175
NON-OPERATING REVENUE			
Bulk Water Sales	\$8,614	11,712	8,614
Well Sample Test	5,275	4,300	6,000
Turn on/off Service Fee (\$20)	8,630	10,000	9,000
Lien Letter Receipts (\$20)	1,545	1,400	1,600
Collection Costs Recovered @ \$10.00	25,899	25,289	26,750
Miscellaneous	2,689	3,186	1,300
Theft of Service Recovered	0	500	500
Job Work Revenue	498	2,586	2,500
Sewer Collection Fees	24,743	27,743	27,743
Interest Earnings	1,010	1,800	800
Uncollectible Recovery	126	1,257	325
Grants, Land & Timber Sales	7,277	0	0
FNB Trust - Debt Interest	135	11	140
FNB Trust - Debt Holdings	315	66	325
FNB Capital Interest	<u>156</u>	<u>4</u>	<u>160</u>
Subtotals Non-Operating Revenue	\$86,912	\$89,854	\$85,757
TOTAL REVENUES	\$1,614,220	\$1,634,403	\$1,571,932

TABLE 1 (Cont'd)

**REVENUES AND EXPENSES FOR THE YEARS 2011 AND 2012
AND 2012 BUDGET**

GENERAL AND ADMINISTRATIVE	<u>Actual 2011</u>	<u>2012 Year End (unaudited)</u>	<u>Budget 2012</u>
Authority Board	\$5,700	\$6,000	\$6,000
Office Salaries	105,978	105,000	105,500
Supplies & Expense (including Postage)	28,628	27,096	29,159
Contracted Services	21,140	21,488	18,500
Utility Expenses (Building)	16,035	12,976	16,000
Office Building Maintenance	2,345	1,573	1,025
Pipe Line Permits (Railroad and Borough)	3,209	4,417	3,500
Uncollectible Consumer (Writeoffs)	1,513	1,573	2,500
Engineer Expense (Not including Projects)	5,000	5,700	5,700
Legal and Professional	55,740 ⁽¹⁾	9,000	90,000
Insurance Expense (Liability & Workers Comp)	44,887	37,849	36,050
Social Security	32,477	33,124	33,000
Employee Health Benefits	120,073	73,164	101,500
Mileage Reimbursement	524	1,500	700
Education Expense	2,698	4,052	4,000
Unemployment Comp.	3,256	3,400	3,300
Retirement Expense	10,212	10,416	10,300
Miscellaneous	<u>12,195</u>	<u>(1,500)</u>	<u>12,000</u>
Subtotal General & Administrative	\$471,610	\$356,828	\$478,734
PURIFICATION SYSTEM			
Operating Labor	\$149,328	\$138,059	\$135,000
Labor Overtime	10,934	7,500	8,671
Operating Expenses	10,972	18,894	27,540
Chemicals	59,745	66,166	65,280
Contracted Services	24,769	26,525	25,500
Utilities	60,733	51,844	65,000
Lab Chemicals	<u>8,031</u>	<u>9,000</u>	<u>8,500</u>
Subtotals Purification System	\$324,512	\$317,988	\$335,491

⁽¹⁾Legal and professions expenses exceeded budgeted figures due to engineering and surveying for the East End Waterline Replacement project that will be funded through a PennVEST loan.

TABLE 1 (Cont'd)

REVENUES AND EXPENSES FOR THE YEARS 2011 AND 2012
AND 2012 BUDGET

	<u>Actual 2011</u>	<u>2012 Year End (unaudited)</u>	<u>Budget 2012</u>
HADLEY BOOSTER PUMP			
Electric/Building	\$602	\$511	\$597
Electric/Pumps	6,373	5,246	6,320
National Fuel	2,115	1,561	1,924
Pump Maintenance	<u>145</u>	<u>1,500</u>	<u>1,592</u>
Subtotals Pumping	\$9,235	\$8,818	\$10,433
DISTRIBUTION SYSTEM			
General Labor	\$68,135	\$67,520	\$72,000
Labor Overtime	9,210	5,951	9,900
Meter Reading	14,797	13,049	14,970
Distribution Labor @ Plant	1,747	1,700	3,000
Gratuitous Labor (No charge, 1-Call, On/Off)	37,487	36,956	36,951
Mains, Labor	4,063	6,300	9,180
Maintenance - Hydrants	4,799	1,200	5,000
Services, Labor	9,227	10,000	12,000
Meters, Labor	3,322	2,423	2,500
Maintenance - Tanks	827	1,000	1,000
Services, Materials	13,934	4,639	11,000
Mains, Materials	2,617	3,200	2,000
Meters, Materials	661	110	905
Operating Expense	10,476	10,750	7,000
Contracted Service	41,539	25,278	44,000
Vehicle Expense	10,338	500	3,000
Gasoline Expense	<u>6,239</u>	<u>6,250</u>	<u>6,618</u>
Subtotal Distribution System	\$239,418	\$196,826	\$241,024
TOTAL EXPENSES	\$1,044,775	\$880,460	\$1,065,682

As shown in Table 1, for Fiscal Year 2012 the total unaudited operating revenue exceeded the budgeted revenues by \$62,471. For the same year, the total operating expenses were less than the budget by \$185,222 and the net operating income available for depreciation, debt service and capital additions is \$753,943.

Table 2 has been prepared to show the actual (unaudited) revenues and expenses of the Authority compared to the 2013 budget of revenues and expenses adopted by the Authority.

TABLE 2

OPERATING BUDGET FOR 2013

	2012	
	<u>Year End (unaudited)</u>	<u>2013 Budget</u>
OPERATING REVENUE		
Metered Residential	\$1,022,932	\$1,022,932
Metered Commercial	397,911	397,911
Metered Industrial	32,655	32,655
Metered Public	31,568	31,568
Private Fire Protection	29,371	29,371
Public Fire Protection	23,163	23,163
Tap Fees	<u>6,949</u>	<u>4,112</u>
Subtotals Operating Revenue	\$1,544,549	\$1,541,712
NON-OPERATING REVENUE		
Bulk Water Sales	\$11,712	\$11,712
Well Sample Test	4,300	4,500
Turn on/off Service Fee (\$20)	10,000	9,000
Lien Letter Receipts (\$20)	1,400	1,500
Collection Cost Recovery (\$10)	25,289	26,000
Miscellaneous	3,186	1,500
Theft of Service Recovered	500	500
Job Work Revenue	2,586	2,500
Sewer Collection Fees	27,743	27,743
Interest Earnings	1,800	800
Uncollectible Recovery	1,257	325
Loans and Grants	0	0
FNB Trust - Debt Interest	11	15
FNB Trust Debt Holding	66	75
FNB - Capital Interest	<u>4</u>	<u>10</u>
Subtotals Non-Operating Revenue	\$89,854	\$86,180
TOTAL REVENUES	\$1,634,403	\$1,627,892

TABLE 2 (Cont'd)

OPERATING BUDGET FOR 2013

	<u>2012</u>	<u>2013 Budget</u>
	<u>Year End (unaudited)</u>	
GENERAL AND ADMINISTRATIVE		
Authority Board	\$6,000	\$6,000
Office Salaries	105,000	95,000
Office Supplies and Expenses (Incl. Postage)	27,096	28,017
Contracted Services	21,488	22,219
Utility Expense (Building)	12,976	13,417
Office Building Maintenance	1,573	1,082
Pipe Line Permits (Railroad and Borough)	4,417	3,500
Uncollectible Consumer (Writeoffs)	1,573	1,500
Engineer Expense (Not including Projects)	5,700	5,894
Legal & Professional	9,000	10,000
Insurance Expense (Liability & Workers Comp)	37,849	39,136
Social Security	33,124	34,250
Employee Health Benefits	73,164	85,000
Mileage Reimbursement	1,500	1,551
Education Expense	4,052	4,190
Unemployment Comp,	3,400	3,516
Retirement Expense	10,416	10,300
Miscellaneous	<u>(1,500)</u>	<u>2,000</u>
Subtotals General and Administrative	\$356,828	\$366,572
PURIFICATION SYSTEM		
Operating Labor	\$138,059	\$140,820
Labor Overtime	7,500	7,755
Operating Expense	18,894	19,536
Chemicals	66,166	68,415
Contracted Services	26,525	27,427
Utilities	51,844	53,606
Lab Chemicals	<u>9,000</u>	<u>9,306</u>
Subtotals Purification System	\$317,988	\$326,865

TABLE 2 (Cont'd)

OPERATING BUDGET FOR 2013

	2012	2013 Budget
	<u>Year End (unaudited)</u>	<u>2013 Budget</u>
HADLEY BOOST PUMP		
Electric/Building	\$511	\$529
Electric/Pumps	5,246	5,425
National Fuel	1,561	1,614
Pump Maintenance	<u>1,500</u>	<u>1,551</u>
Subtotals Pumping System	\$8,818	\$9,119
DISTRIBUTION SYSTEM		
General Labor	\$67,520	\$68,871
Labor Overtime	5,951	6,070
Meter Reading	13,049	13,310
Distribution Labor @ Plant	1,700	1,734
Gratuitous Labor (No charge, 1-call, On/Off)	36,956	37,696
Mains Labor	6,300	6,426
Maintenance - Hydrants	1,200	1,224
Services Labor	10,000	10,200
Meters Labor	2,423	2,471
Maintenance - Tanks	1,000	1,034
Services Materials	4,639	4,797
Mains Materials	3,200	3,309
Meters Materials	110	114
Operating Expense	10,750	11,116
Contracted Services	25,278	26,137
Vehicle Expense	500	517
Gasoline Expense	<u>6,250</u>	<u>6,463</u>
Subtotals Distribution	\$196,826	\$201,489
TOTAL EXPENSES	\$880,460	\$904,045

The Operating Budgeted Expenses for 2013, included herein, total \$904,045. This represents an increase of approximately 3 percent over the unaudited operating expenses in 2012. Expenses are based on present and anticipated 2013 costs of chemicals, power, contract dewatering of treatment plant sludge, and other operating requirements.

The anticipated revenues from metered sales, fire protection, and tap-in fees revenue are estimated to provide approximately \$1,541,712 in 2013. Non-operating revenues are estimated to amount to \$86,180, which includes the fee charged to the Borough of Greenville for billing and collecting sewer charges, and interest income from investments. On the above basis, total revenues for 2013 have been anticipated to amount to \$1,627,892.

3.2 Comparative Statement of Revenues, Expenses, and Debt Service

A comparative statement of operating revenues, expenses, and debt service for Fiscal Years 2012 and 2013 is shown in Table. The Budget FY2013 figures reflect the Fourth Issue Water Revenue Bonds, Series of 2011 dated December 29, 2011 values.

TABLE 3

COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND DEBT SERVICE

	Unaudited <u>FY 2012</u>	Budget <u>FY 2013</u>
<u>Net Revenue</u>		
Total Revenue	\$1,634,403	\$1,627,892
Total Operating Expenses	<u>880,460</u>	<u>904,045</u>
Total Revenue Available for Debt Service	\$753,943	\$723,847
<u>Debt Service</u>		
2011 Bond Issue	\$61,268	\$278,678
PENNVEST Tank	34,588	38,170
Hospital Loan	1,875	0
PENNVEST Waterline	<u>1,000</u>	<u>26,000</u>
Total Debt Service	\$98,731	\$342,848
<u>Capital Additions</u>		
Revenue Available for Debt Service	\$753,943	\$723,847
Total Debt Service	<u>(\$98,731)</u>	<u>(\$342,848)</u>
Available for Capital Additions	\$655,212	\$380,999
Coverage provided	7.64	2.11

The above summary indicates that revenues produced by the rate schedule effective January 1, 2011 together with other non-operating revenue will provide revenues for the year 2013 that will be sufficient to cover the requirements for operating expenses and for debt service as required by the Trust Indenture.

4. CAPITAL IMPROVEMENTS AND REDEMPTION FUND

4.1 Capital Improvements 2012

Cost of capital additions to plant and equipment of the Waterworks System in 2012 totaled \$60,329. These improvements were sufficient for proper operation of the Authority's system.

A tabulation of budgeted and actual expenses is shown in Table 4.

TABLE 4

CAPITAL IMPROVEMENTS PROGRAM 2012

<u>ITEM</u>	<u>Budget 2012</u>	<u>Actual 2012</u>
Plant Evaluation	\$5,000	\$1,548
Lab / Plant Equipment	30,000	18,338
Raw Pumps	0	0
Finish Pumps	0	0
Sludge/Press Pump Improvements	1,250	0
Building & Parking Lot Repairs	31,500	0
System Map and Model	1,500	2,115
Meter Reading & Meter Replacement Program	16,000	34,178
Distribution Vehicles	0	0
Hydrant/Valve Program	6,500	0
Tools & Equipment	3,500	0
Main Line Improvements	100,000	0
Storage Tank Maintenance/Painting	110,000	0
Land Right of Way Acquisition River Crossing	0	0
Computer Hardware	425	0
Computer Software	500	0
Office Improvements	7,500	4,150
Total	\$313,675	\$60,329

4.2 Capital Improvements Program 2013-2015

Proposed capital improvements for the years 2013, 2014 and 2015 are shown in Table 5. These improvements will be prioritized by the Authority and implemented based on need and available funds.

TABLE 5

CAPITAL IMPROVEMENTS PROGRAM 2013, 2014 AND 2015

<u>ITEM</u>	<u>Budget 2013</u>	<u>Budget 2014</u>	<u>Budget 2015</u>
Plant Evaluation	\$5,000	\$5,000	\$7,000
Lab / Plant Equipment	20,000	25,000	35,000
Raw Pumps	0	11,000	0
Finish Pumps	0	6,000	0
Sludge/Press Pump Improvements	1,500	1,750	2,000
Building & Parking Lot Repairs	7,500	15,000	2,000
System Map and Model	1,500	2,450	2,500
Meter Reading & Meter Replacement Program	26,000	20,000	16,000
Distribution Vehicles	25,000	0	35,000
Hydrant/Valve Program	7,000	10,000	10,000
Tools & Equipment	8,000	5,000	5,000
Main Line Improvements	150,000	210,000	280,000
Storage Tank Maintenance/Painting	110,000	0	0
Land Right of Way Acquisition River Crossing	12,000	0	0
Office Improvements	<u>7,500</u>	<u>7,500</u>	<u>8,000</u>
Total	\$381,000	\$318,700	\$402,500

5. RATES, RENTS AND CHARGES FOR WATER

The Authority's current rate schedule, which became effective January 1, 2011, is summarized as follows:

Bi monthly minimum charge for which 1,000 gallons of water is allowed

<u>Size of meter</u>	<u>Rate</u>
5/8"	\$29.21
3/4"	\$43.21
1"	\$64.25
1 1/4"	\$77.02
1 1/2"	\$87.31
2"	\$132.96
3"	\$267.91
4"	\$438.99
6"	\$831.56

Bi monthly consumption charges, per thousand gallons for water used by one consumer

for the next	7,000 gallons	\$6.38
for the next	59,000 gallons	\$6.60
for the next	133,000 gallons	\$6.37
for the next	467,000 gallons	\$4.73
over	667,000 gallons	\$3.34

STAND BY SERVICE FOR PRIVATE FIRE PROTECTION

(Annual Cost – billed bimonthly)

2" Hydrant - each	\$82.98
4" Hydrant - each	\$350.46
6" Hydrant - each	\$461.10

Sprinkler Systems

2" Connection - each	\$82.98
4" Connection - each	\$350.46
6" Connection - each	\$461.10
8" Connection - each	\$793.14

Public Fire Protection includes main line (4" size or larger) and Fire Hydrants include supply line from the treatment plant.

Borough of Greenville	\$16,600.96 per year
Hempfield Township	\$7,218.88 per year

Bulk water rates, per thousand gallons for water used per event per month

for the first	1,000 gallons	\$11.90
over	1,000 gallons	\$5.95

6. INSURANCE

Insurance in force as of December 31, 2012, is tabulated on the following page and includes general Liability, Property Coverage, Earthquake/Flood, Employees, Vehicles, Public Officials Liability, Boiler and Machinery and Employee Dishonesty as noted. The insurance coverage is based on an appraisal by an independent professional appraiser. The appraisal is updated annually. It is recommended that this practice be continued and that the Authority's appraisal be updated annually.

SCHEDULE OF INSURANCE
AS OF DECEMBER 31, 2012

<u>Policy No.</u>	<u>Property Covered</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>
Great American Insurance Co.	General Liability	Liability	\$1,000,000	5/1/13
	Property Coverage	Building Coverage	\$7,821,234	5/1/13
		Content		
		Extra Expense		
		Flood & Earthquake		
Umbrella Coverage		1,000,000	5/1/13	
	Public Officials and Employment Practices Liability		1,000,000	5/1/13
Arch Insurance Co.	2006 Ford Ranger	Property damage	1,000,000	5/1/13
	1999 Ford Dump Truck	Comprehensive		
	2012 Ford Ranger	Collision		
Erie Insurance Co. of New York Q86-7800198	Employee Workers Compensation		PA Standard	2/28/14

7. CONCLUSIONS AND RECOMMENDATIONS

In accordance with the covenants of the Trust Indenture dated as of December 29, 2011, as set forth in Section 6.07, the following conclusions and recommendations are submitted:

1. Operating Expenses in the amount of \$904,045 as outlined in the Budget, represent the estimate of the amount required for operating and administrative costs and maintenance of the water system for the 2013 fiscal year.
2. The operating budget, as provided herein, has been approved and adopted. In our opinion, it represents the required expenditures necessary to maintain the properties of the Authority in good repair and sound operating condition.
3. The insurance schedule, as set forth herein, is based on an independent professional appraisal. It is recommended that this appraisal be updated annually and insurance coverage be revised as necessary for the coming fiscal year.
4. The capital improvements budget has been developed to provide a listing of desirable improvements over the next three (3) years. These improvements will be completed based on the Authority's prioritization and available funding.
5. We recommend that the Authority continue to inspect, maintain, clean, and disinfect all distribution storage tanks.

In its seventieth year of existence, the Authority has continued to provide good, sound direction to the operation of the utility in accordance with recognized water works practices

ACKNOWLEDGMENTS

Gannett Fleming, Inc. would like to take this opportunity to express its sincere thanks to the Authority Board and Mr. William M. Brady and his staff for their work and valuable contributions to this report.

Respectfully submitted,

GANNETT FLEMING, INC.



THOMAS L. THOMPSON, P.E.

Senior Project Manager