

MEMO

DATE: September 7, 2021

FROM: Tony Manfre, Superintendent of Pollution Control

TO: Water Pollution Control Authority

SUBJECT: Annual Capital Improvement Project Account Review

CC: Patty Perry, Director of Finance

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This memo will serve as the annual review of the WPCA's open capital improvement project accounts as reported by the Finance Department. The purpose of this review is to close out any accounts that are not active. Closing out completed projects will give a more accurate reserve fund balance.

SEPTEMBER 7, 2021 WPCA CIP ACCOUNT REVIEW

PROJECT	START DATE	ACCT #	REVENUE	EXPENDITURES	ACCT. BALANCE
PLANT OUTFALL PIPE EROSION	Jun-20	44602300	\$ 163,234	\$ 166,092	\$ (2,858)
VI REMOVAL & MANHOLE REHAB	FY10	44615300	\$ 866,558	\$ 482,786	\$ 383,772
MANHOLE RAISING	FY19	44663300	\$ 93,462	\$ 94,692	\$ (1,230)
PUMP STATION UPGRADES	FY19	44661300	\$ 50,000	\$ -	\$ 50,000
ELLINGTON RD SEWER EXTENSION	FY19	44664300	\$ 128,000	\$ 92,086	\$ 35,914
CHAPEL ROAD PHASE 2	FY20	44665300	\$ 2,029,994	\$ 814,929	\$ 1,215,065
BENEDICT, CLARK, PV PUMP STATION UPGRADE	FY 21	44680300	\$ 1,100,000	\$ 660,000	\$ 440,000
TOTAL			\$ 4,431,248	\$ 2,310,585	\$ 2,120,663

The WPCA maintains two reserve fund balances, Replacement Reserve and Operating Reserve.

The Replacement Reserve reflects replacement costs based upon the industry construction cost index. The balance goal is equal to 2% of the facility assets.

The Operating Reserve has been established to offset variations in revenues and expenditures. The balance goal of this fund is 25% of the 3 year average of the Debt Service and Operation and Maintenance budgets.

SEPTEMBER 7, 2021 RESERVE FUND BALANCE REVIEW

FUND NAME	GOAL	YTD BALANCE
REPLACEMENT RESERVE	\$ 4,400,000	\$ 820,810
OPERATING RESERVE	\$ 993,781	\$ 1,618,948
TOTAL	\$ 5,393,781	\$ 2,439,758

Three accounts can be closed out during this review; Plant Outfall, Manhole Raising, and Pump Station Upgrades.

Plant Outfall: This was a project to armor and protect the treatment plant's outfall from the eroding river bank. Over the years the bank has eroded to the point where the access structure and pipe have been exposed presenting the probability of further damage. The project budget, including engineering, permitting, and construction was \$163,234. The project went over budget by \$2,858 when contaminated soils were discovered requiring remediation and disposal of the contaminants.

Manhole Raising: This project was initially opened to raise 50 manholes on Ellington Road after the State DOT paving project was complete. Subsequently as part of our asset management program our staff has located 32 manholes that were located below grade in both the roadways and off-road easements. An additional \$45,962 was allocated to the fund to raise the additional 32 manholes bringing the total project funding to \$93,462. The project went over budget by \$1,230 due to the need for uniformed officers to provide traffic control measures at various locations ensuring a safe work zone.

Pump Station Upgrades: The budget of \$50,000 was allocated in Fiscal Year 2018/2019 to begin the design work for the Benedict Drive Pump Station. The funds were not utilized as it became clear the Water Pollution Control Authority was planning to apply for Clean Water Fund loans to complete the design and construction of the Benedict Drive, Clark Street, and Pleasant Valley Pump Stations.

It should be noted that it was reported in the Fiscal Year 2019/2020 Annual Capital Improvement Project Account Review on September 1, 2020 the Replacement Reserve fund balance was reported as \$1,920,810. On March 2, 2021 the WPCA approved the transfer of \$1,100,000 to the Benedict Drive, Clark Street, Pleasant Valley Pump Station Upgrade account leaving the current balance of \$820,810. Upon approval and receipt of the Clean Water Fund loan the funds will be placed back into the Replacement Reserve and the loan will be paid back at 2% interest over 20 years.

Recommended Actions:

1. Plant Outfall, account #44602300

Transfer \$2,858 from the Replacement Reserve, account #44699300 and close out the account.

2. Manhole Raising, account #446633000

Transfer \$1,230 from the Replacement Reserve, account #44699300 and close out the account.

3. Pump Station Upgrades, account #44661300

Close out the account and transfer the remaining balance of \$50,000 to the Replacement Reserve, account #44699300.

4. Transfer \$618,948 from the Operating Reserve to the Replacement Reserve, account #44699300.

Impact of Recommended Actions on Account Balances:

- A net total of \$664,860 will be transferred into the Replacement Reserve, account #44699300 increasing the balance to \$1,485,670;
- The Operating Reserve will be reduced to \$1,000,000 which will slightly exceed the WPCA's established minimum balance.

X

Tony Manfre
Superintendent of Pollution Control