



City of Havre de Grace Water & Sewer Commission

Annual Report & Recommendations

By Authority of
Havre de Grace City Code 25
Article XI

February 16, 2021



Fiscal Year 2020 State of the Water/Sewer Fund



SUMMARY OF FISCAL YEAR 2020

• Operating Contribution	\$ 1,629,348
• CCRF/User Benefit	\$ 1,136,150
• 2016 Bond Proceeds	\$ 1,706,884
• Operating Grant	<u>\$ 440,900</u>
• Funds Available	<u>\$ 5,513,282</u>
• Debt Service	\$ 2,312,951
• Capital Projects	\$ 3,137,512
• Capital Uses	<u>\$ 5,450,463</u>
• Net Change in Fund Balance	\$ 162,848
• Fund Balance Beginning of Year	<u>\$ 145,736</u>
• Fund Balance End of Year	\$ 308,555



SUMMARY OF CONNECTIONS YEAR 2020

• Projected Connection	80
• Actual Connections	<u>54</u>
• Variance	26

• Projected CCRR	\$ 1,480,000
• Actual CCRF	<u>\$ 949,600</u>
• Variance	\$ 530,400



Summary of Fiscal Year 2020

Funds to address revenues required are generated by three distinct revenue sources:

- (a) Connection fees and CCRF;
- (b) Rates charged to customers for the purchase of water (which includes a sewage rate component);
- (c) Creation of a Fee Structure of some kind. All combined the revenue sources from (a) and (b) historically continue to underperform the revenue necessary to meet the City's obligations for debt and any realistic CIP.
 - Note: 128 new connections annually are required to fully meet the current debt obligation.

The Mayor and City Council recognize the vulnerability of the Water/Sewer Fund and continued to monitor City growth and where necessary to raise rates to fund required infrastructure maintenance and replacement.

- 1) Received citizen approval to borrow \$15,000,000 over the next 5 years to fund infrastructure maintenance and improvements.
- 2) Acceptance & Legislative Execution of the Water/Sewer Commission's FY20 recommendations;
- 3) Continue public out-reach programs to educate the citizens on the challenges of Fund 9;
- 4) Continue the strategy through the Department of Economic Development to encourage future economic growth through aggressive efforts to attract high volume water users;
- 5) Remain open to any negotiations with Harford County to be an available water resource.
- 6) Impact of sediment from Conowingo Dam and on the Water Treatment Plant and dredging of marinas and channel.
- 7) Implementation of the Infrastructure Replacement Fee



Year to Date Overview of Current Fiscal Year 2021



Year to Date Overview of Current Fiscal Year 2021

The Commission is pleased and remains confident that the challenges of the Water/Sewer Fund are both recognized and understood by the Mayor and City Council. This is most evident by the following Mayor and Councils actions:

- Following through with the Referendum on February 4, 2020 that was overwhelmingly approved by the citizens. Borrowing \$9.7 million and initiating the projects to replace aging infrastructure.
- Addition of an Interactive CIP map on the Department of Public Works webpage.
- Adding Aberdeen as a customer for excess water production capabilities.
- Implementation of “*NEW DEVELOPMENT*” Legislation within the City limits to reduce *red tape* for developers and city residents.
- Continuing Engineering Modeling, that will enable both short and long term strategic planning.
- Development and Prioritization of a detailed Capital Improvement Plan (CIP).
- Water and Sewer cut-off notices have reached approximately 400.



Challenges for Fiscal Year 2022



Challenges for Fiscal Year 2022

➤ **Maintain the momentum...!**

**The Administration must continue its marketing strategy-
“Discover Havre de Grace”, as the ‘City of Choice’**

- to own and operate a business**
- to relocate a family**
- to experience our new Middle/Senior High School**
- to experience our parks and participate in our events....**

...while simultaneously demanding a time-sensitive and aggressive reconstruction of our WTP and high priority infrastructure projects, being completely seamless to the end users.



Recommendations for Fiscal Year 2022 (FY22)



Recommendations for Fiscal Year 2022 (FY22)

As required by City Code Chapter 25 Article XI, Section 25-69B, the Commission submits the following recommendations to the Administration:

- 1)Continue the CCRF and IRF at their current levels;**
 - 2)Continue negotiations of the current Harford County / Havre de Grace Water Plant and Water Purchase;**
 - 3)Agreement with the primary focus of creating a mutually beneficial relationship;**
 - 4)The Director of Public Works should continue to update the CIP annually, and seek all Capital Improvement Grant opportunities;**
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- 1)Debt Service - the Administration must continue its practice of “realistic estimates for annual connections” in preparing the FY22 budget, and adjust expenses downward for revenues shortfalls;**



Recommendations for Fiscal Year 2022 (FY22)

- 6) Consider a legislatively mandated annual inflationary “rate” increases to meet the annual increases

In Operating costs to maintain rising employee and chemical costs should be considered.

The

Administration should be sensitive to any pressure to use water and sewer rate revenue to pay debt.

- 7) Continued emphasis on an Employee Succession Plan for both the Water Plant and Waste Water

Plant needs to be addressed.

- 8) Establish a plan for the replacement of the Water Treatment Plant to add Additional capacity and

repurpose prime real estate into open spaces for the City residents and visitors.

- 9) Develop an aggressive plan to identify and eliminate Storm Water Infiltration into the WWTP.

- 10) Consider alternative uses for the processed water from the WWTP.



Recommendations for Fiscal Year 2022 (FY22)

The Commission wishes to recognize the fact that several very high level recommendations from the 2017 Black and Veatch study have been completed :

- a) Through the implementation of a comprehensive CIP and Beehive, DPW can now develop a forecast of the renewal and replacement requirements for the water and sewer infrastructure**
- b) With bond financing available, CIP priorities list can be addressed within an attainable timeline.**
- c) Collaboration between the Commission, Finance and DPW, a model that included a rate schedule and fee structure was designed.**
- d) Implementation of the CIP and the continuation of the Preventive Maintenance Program (PM) will see a decrease in costly unplanned repairs in infrastructure.**
- e) Continuation of the IRF**



Comments from the Water/Sewer Commission

- 1) We wish to thank all the citizens for their continued support of the efforts of the Water/Sewer Commission and the City Havre de Grace for the passage of the Bond Bill Referendum!**
- 2) We commend the Mayor ,City Council and Administration in identifying failures, repairing critical components and committing to improvements throughout Fund 9 areas, and the continued emphasis on the reductions in operating expenses using best practices.**
- 3) It is imperative that revenues continue to be allocated as efficiently and effectively as possible. This is particularly true for any borrowed revenue**



Havre de Grace Water/Sewer Commission

Respectfully Submitted:

- ❖ James Clark - Citizen Member
- ❖ Tracy Conaway - Chief of Finance
- ❖ Fred Cullum - Citizen Member
- ❖ Steve Gamatoria - Chief of Staff
- ❖ Garrett Lyttle - Citizen Member
- ❖ David Martin - Council Member & Commission Chair
- ❖ Harry Miller - Citizen Member
- ❖ William Russell - Citizen Member (retiring member)
- ❖ Jason Robertson - Council Member
- ❖ Tim Whittie - Director of DPW
- ❖ Dan Wusinich - Citizen Member