

Department of Public Utilities Resource Summary

Appropriation Summary

	FY 2002-03 Actual	FY 2003-04 Amended	FY 2004-05 Proposed	FY 2004-05 Adopted	% Change
Revenues	\$ 23,984,813	23,206,248	28,040,589	28,040,589	20.83%
Expenditures	\$ 22,149,439	23,206,248	28,040,589	28,040,589	20.83%
FTE	145	143	143	144	0.70%

Department Mission

The Department of Public Utilities functions as Portsmouth's water and wastewater asset responsible steward. The Department plans, manages and operates a customer focused, efficient, safe and reliable water supply and wastewater collection system.

Department Budget in Brief

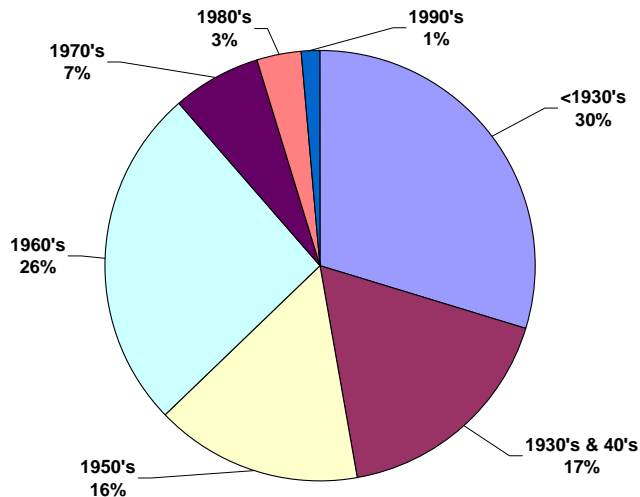
The departments' Strategic Financial Plan and Asset Replacement Valuation Study determines the budget. In this year's budget, no new significant initiatives were introduced.

Department Operational Summary

- Administration
- Engineering- Capital Projects planning and implementation; engineering support to all other divisions of the Department.
- Fiscal Administration: Customer service (Managed by the City's Finance Department); accounts payable and receivable; billing and collection, meter reading and repair.
- Field Operations: Operation and maintenance of water distribution and wastewater collection systems.
- Water Production: Water impoundment and treatment; water plant, wells and related facility maintenance, water quality control and watershed management.

Departmental Trends

The primary service trends impacting Public Utilities are emerging water and waste water regulations (both State and Federal) and Portsmouth's water and sewer infrastructure age and condition. Depicted below is a chart showing Portsmouth's water infrastructure age distribution (sewer is similar). This age distribution is significant, because it illustrates Portsmouth's water and sewer infrastructure useful life. 63% of it is beyond its useful life and is in need of replacement. This translates into a five-year \$59 million capital budget or approximately \$11.8 million per year.



Department
of Public
Utilities
Resource
Summary

Public Utilities Rate Model

Public Utilities Rate Model						
	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Utility System Revenues	\$27,749,902	29,036,651	30,529,357	32,107,939	33,881,893	35,876,439
Operating Expenditures	13,293,801	13,703,635	14,681,368	15,127,978	15,594,507	16,082,061
Net Operating Revenue	14,456,101	15,333,016	15,847,989	16,979,961	18,287,386	19,794,378
Non-Operating Revenue	188,000	188,000	188,000	188,000	188,000	188,000
Net Revenue Available for Debt service	14,644,101	15,521,016	16,035,989	17,167,961	18,475,386	19,982,378
Existing Debt Service	5,279,383	5,710,925	5,202,060	5,153,010	5,095,967	5,048,742
Projected Debt Service	301,050	867,017	1,852,058	2,941,423	4,100,550	5,653,684
Total Debt Service	5,580,433	6,577,942	7,054,118	8,094,433	9,196,517	10,702,426
Debt Service Coverage	2.62x	2.36x	2.27x	2.12x	2.01x	1.87x
Net Cash Available After Debt Service	9,063,668	8,943,074	8,981,871	9,073,528	9,278,869	9,279,952
Return on Investment to General Fund	8,961,087	8,961,087	8,961,087	8,961,087	8,961,087	8,961,087
Net Cash Flow	102,581	(18,013)	20,784	112,441	317,782	318,865
Projected Water Rate	\$3.00	\$3.15	\$3.31	\$3.47	\$3.65	\$3.83
% Change	3.4%	5.0%	5.0%	5.0%	5.0%	5.0%
Projected Sewer Rate	\$2.27	\$2.38	\$2.50	\$2.63	\$2.76	\$2.90
% Change	4.6%	5.0%	5.0%	5.0%	5.0%	5.0%

This City's Utility System is one of its greatest assets. As demonstrated over many years, the Utility System is a viable and self-supporting business entity. With a long history of strong financial performance and with a long term strategic planning defining a renewal and replacement program for the Utility System's infrastructure needs, it is poised to discontinue reliance on general obligation bond funding and convert to utility revenue bond funding. In conjunction with its engineering consultant and financial advisor, the City is developing a 10-year rate model to explore opportunities in changing the Utility System's long term financing methods. The above table summarizes the rate results indicated in the initial development of the model. The rate model was used to develop the FY2004-05 budget.

Department
of Public
Utilities
Resource
Summary

Departmental Performance Measures

		FY 2002-03 Actual	FY 2003-04 Adopted	FY 2004-05 Proposed
Maintain compliance with state and federal Drinking Water Standards	% of days	100%	99.97%	100%
Ensure fiscally prudent and affordable water and wastewater rates	Rates as a % of median family income compared to USEPA's 4% threshold	1.57%	1.61%	1.66%
Read approx. 31,300 bi-monthly and 1,100 monthly meters on a timely basis	100 % read within accepted timeframe	98%	98%	98%
Increase the pace of aging water and wastewater mains replaced or rehabilitated	# of linear feet	8,872	17,000	19,000
Increase the pace of aging water and wastewater services replaced or rehabilitated	Combined # of service lines	325	575	600