

The City Utilities Budget

2006



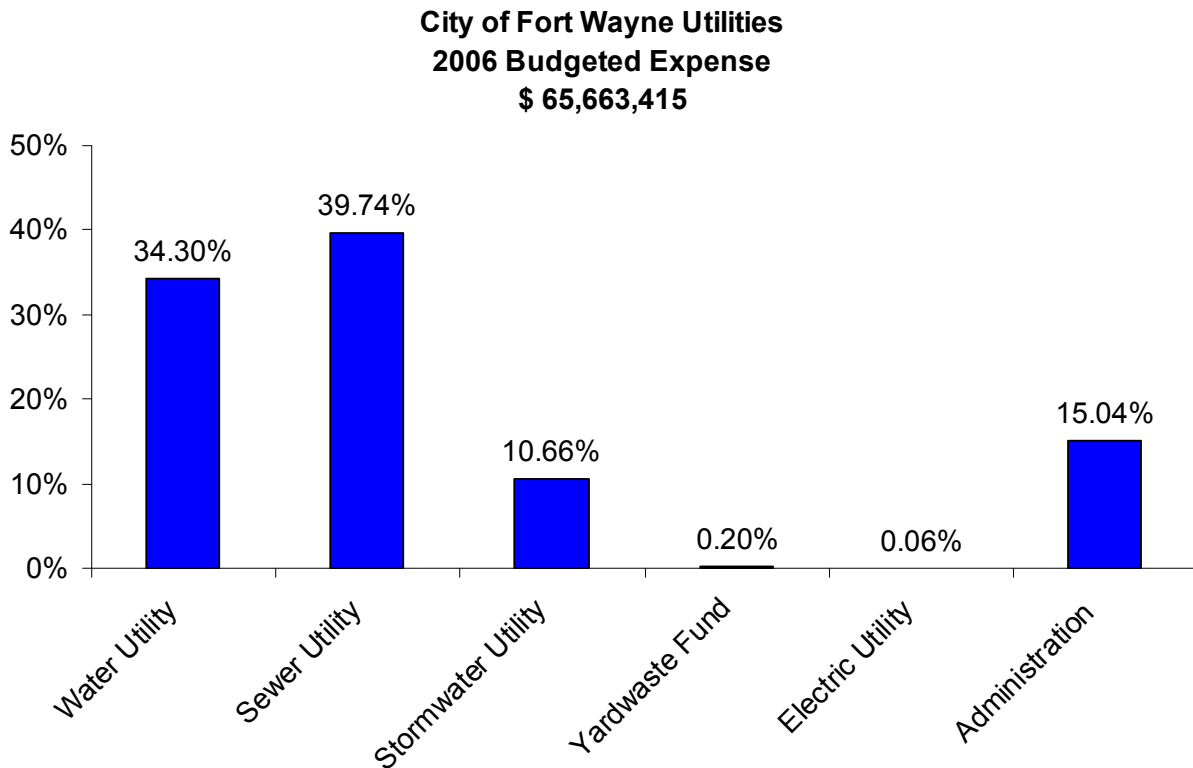
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The City Utilities Budget Process

The City Utilities operation and maintenance budget process begins in July with individual departments preparing draft budgets for the next calendar year. Utility Administration works with the various departments to develop assumptions, service indicators, and objectives. The accounting department prepares revenue and cash flow projections. The budgets and projections are subject to review and modification by Utility Administration. Capital Improvement committees prepare priority lists of revenue capital items, which are subject to review and modification by Utility Administration. Revenue capital items included in the budget are dependent on the available cash after consideration of budgeted operation and maintenance expenses.

With the Mayor's approval, the budget is presented to the Board of Public Works and the Board of Stormwater Management for final approval.

Regardless of the amount, departments are required to submit all budget adjustments to Utility Administration for approval. Plan changes that materially impact the budget are presented to the Boards for approval.



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**City of Fort Wayne - City Utilities
Expense Budget
2005 - 2006**

	2005 Approved Budget	2006 Approved Budget	% Change
Water Utility			
Engineering	\$ 341,312	\$ 208,000	-39.1%
Filtration Plant	5,755,467	6,642,000	15.4%
Maintenance	5,155,091	5,447,000	5.7%
General & Administration	1,955,950	1,888,000	-3.5%
Capital	4,516,750	8,335,000	84.5%
Water Direct Expense Total	17,724,570	22,520,000	27.1%
Sewer Utility			
Engineering	891,900	492,000	-44.8%
Treatment Plant	5,993,069	5,566,000	-7.1%
Maintenance	2,571,423	3,582,000	39.3%
General & Administration	3,245,163	2,617,000	-19.4%
Capital	11,812,027	13,839,000	17.2%
Sewer Direct Expense Total	24,513,582	26,096,000	6.5%
Stormwater Utility			
Engineering	184,758	120,000	-35.1%
Maintenance	3,207,558	3,108,000	-3.1%
General & Administration	106,650	133,000	24.7%
Capital	3,097,000	3,638,000	17.5%
Stormwater Direct Expense Total	6,595,966	6,999,000	6.1%
Yardwaste Fund	132,780	132,479	-0.2%
Electric Utility	38,983	37,822	-3.0%
Utility Administration Indirect Expense			
Customer Relations	1,828,979	1,782,314	-2.6%
Meter Reading	428,298	-	-100.0%
Data Control	508,832	495,492	-2.6%
General Accounting	392,883	441,186	12.3%
Utility Administration	855,110	1,086,788	27.1%
Engineering	2,819,994	3,693,984	31.0%
Customer Billings	370,000	385,000	4.1%
City Services	1,738,100	1,983,250	14.1%
Other	10,100	10,100	0.0%
Utility Administration Indirect Expense Total	8,952,296	9,878,114	10.3%
Total Budgeted Expense	\$ 57,958,177	\$ 65,663,415	13.3%

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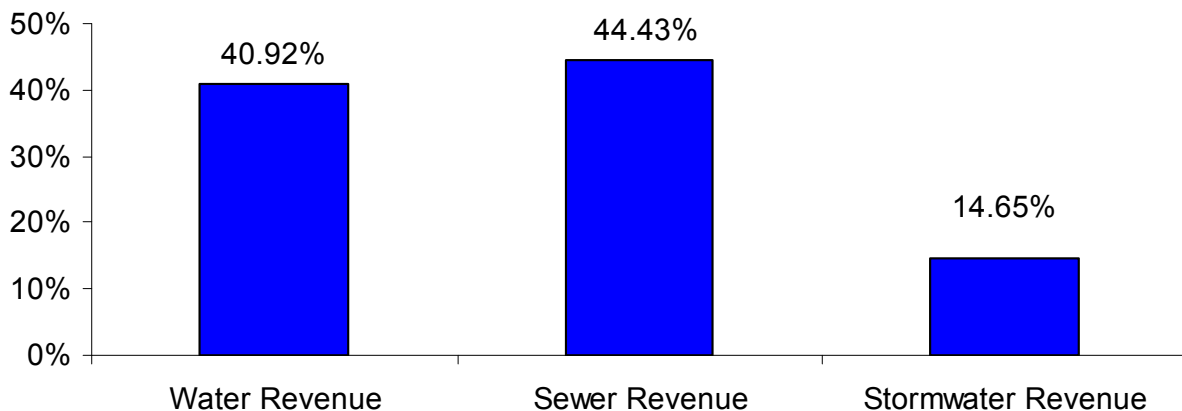
Utility Revenue

The water user rates are based on the quantity of water used plus a charge based on the meter size. Inside-the-city customers pay a lower water usage rate and a lower water meter service charge than outside-the-city customers. Wholesale users are billed for services in accordance with a contract or agreement. The rates and charges set forth in the agreement are intended to cover the City's cost of treating and supplying water as well as a portion of the operation, maintenance and capital cost of the Water Utility.

The sewer user rates are based on the quantity of water used plus a billing charge. Inside-the-city customers pay a lower rate than outside-the-city customers. The City also imposes an additional charge on users whose sewage waste exceeds the "stronger than normal domestic strength" sewage waste limits, based on the applicable levels of discharges. Wholesale users are billed for services in accordance with a contract agreement. The rates and charges set forth in the agreement are intended to cover the City's cost of treating and disposing of the applicable waste as well as a portion of the operation, maintenance, and capital costs of the Treatment Plant.

The storm water user rates are based on ERUs (Equivalent Residential Units) of impervious surface and apply to properties located within the City. An ERU is equal to the average amount of impervious area of a single-family residential property, and is established at 2,500 square feet. Impervious areas are those that have been paved, and/or covered with buildings so the infiltration of water into the soil is prevented. Properties exempt from property tax are granted a 15% discount off their gross ERU's.

**City of Fort Wayne Utilities
2006 Budgeted Revenue
\$ 66,965,000**



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**City of Fort Wayne - City Utilities
Revenues by Source
2005-2006**

	2005 Approved Budget	2006 Approved Budget	% Change
Water Revenue			
Customer Revenue	\$ 21,400,000	\$ 24,010,000	12.2%
Private Fire	650,000	731,000	12.5%
Public Fire	2,100,000	2,363,000	12.5%
Interest Income	100,000	300,000	200.0%
Miscellaneous Income	100,000	-	-100.0%
Water Revenue Total	24,350,000	27,404,000	12.5%
Sewer Revenue			
Customer Revenue	25,600,000	25,450,000	-0.6%
Industrial	1,000,000	1,550,000	55.0%
Bulk & Contract	2,400,000	2,350,000	-2.1%
Interest Income	300,000	300,000	0.0%
Miscellaneous Income	100,000	100,000	0.0%
Sewer Revenue Total	29,400,000	29,750,000	1.2%
Stormwater Revenue			
Customer Revenue	5,376,000	9,446,000	75.7%
Interest Income	50,000	350,000	600.0%
Miscellaneous Income	15,000	15,000	0.0%
Stormwater Revenue Total	5,441,000	9,811,000	80.3%
Total Revenue	\$ 59,191,000	\$ 66,965,000	13.1%

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**City of Fort Wayne - City Utilities
Cash Flow Projections
2006**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>
Operating Cash			
Estimated Cash Balance 1/1/2006	\$ 2,019,000	\$ 10,672,000	\$ 996,000
Current Year Budget:			
Revenue	27,104,000	29,350,000	9,446,000
Other Cash	1,000,000	2,500,000	-
Direct Operating & Maintenance Expenses	(14,185,000)	(12,257,000)	(3,361,000)
Allocated Expenses - Administration	(4,095,000)	(4,320,000)	(974,000)
Capital from Revenue	(8,335,000)	(13,839,000)	(3,638,000)
Debt Service Principal	(3,018,000)	(9,902,000)	(525,000)
	<u>(1,529,000)</u>	<u>(8,468,000)</u>	<u>948,000</u>
 Estimated Cash Balance 12/31/2006	 <u>\$ 490,000</u>	 <u>\$ 2,204,000</u>	 <u>\$ 1,944,000</u>