2025 Budget Performance Summary

Management projects a year-end budget surplus of approximately $270,000 in the Operating Budget. However, it should be noted that Operating Revenue is projected $153,300 more than budgeted. The operating surplus is the result of several components: 1) Sewer consumption revenue were over budget by $77,720, 2) dye testing and claim letters by $12,780) revenue fund interest by $31,848, 4) the bond coverage requirement expense are required to be budgeted but not expended, $40,390.

Total Projected Revenues for 2025, which includes **Operating Revenues**, and **Non-Operating Revenues (Taps, Assessments, and Trustee Account Interest)**, are expected to total $5,750,862 which is $699,427 or 13.8% more than our 2025 budget forecast.

Total Projected Expenses for 2025, which includes Operating Expenses, Debt Service, and Debt Service Coverage are expected to total $4,384,081 which is $376,797, or 7.9% less than our 2025 budget forecast.

(Budget worksheets summarizing expenses by department are located at end of each department section and detailed budget memos are provided in the Appendix)

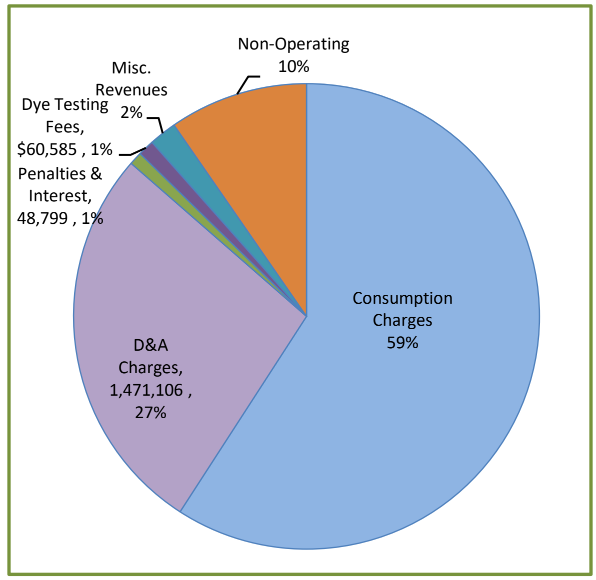
2025 Operating Budget Performance Summary Projections	
Total Operating Revenue	$4,871,945
Total Expense (excluding Equip Replace Allowance)	$4,121,788
Total Equipment Replacement Allowance	$480,000
Total Expenses	$4,601,788
Surplus Available	$270,157

2025 Non-Operating Budget Performance Summary	
General Purpose Tap Fees (excluding Tap Fee Reimbursements)	$287,251
Special Purpose Tap Fees and Assessment Payments	$263
Gas Lease Royalties, Trustee Interest	$231,910
Total Non-Operating Revenue	$519,424

Where our money comes from:

2025 Total Projected Revenues

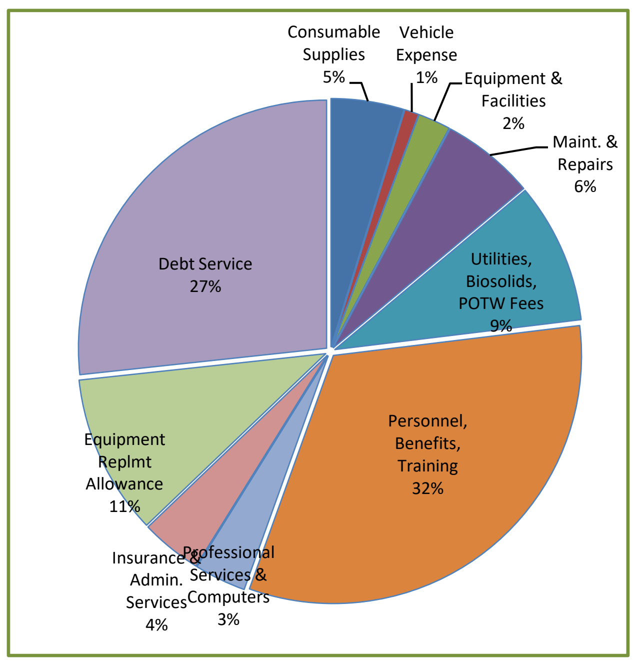
Sewer Consumption Charges	$3,188,260
Debt and Administrative Charges	$1,471,106
Penalties & Interest	$48,799
Dye Testing Fees	$60,585
Miscellaneous Revenues	$103,192
Operating Revenue Total	**$4,871,945**
Non-Operating Revenues	$519,424
Total Revenues	**$5,391,369**



What we spend it on:

2025 Total Projected Expenses

Consumable Supplies & Misc.	$218,301
Vehicle Expense	$42,864
Equipment & Facilities	$97,206
Maintenance & Repairs	$280,532
Utilities, Biosolids, POTW Fees	$420,640
Personnel, Benefits, Training	$1,488,645
Professional Services & Computers	$154,819
Insurance & Administrative Services	$192,677
Equipment Replacement Allowance	$480,000
Debt Service	$1,226,104
Total Expenses	**$4,601,788**



Operating Revenue Transfers to Capital Improvement Fund (CIF)

Note: During 2015 the Series 2009 bonds were redeemed, which allowed changes in procedure that were previously required by its Trust Indenture. One of the changes was the former Capital Improvement and Redemption Fund (CIRF) became the Capital Improvement Fund (CIF).

We discuss the Capital Improvement Fund (CIF) funding at this place in the report because it is directly related to Budget Performance overall, as well as Tap Fee Revenue performance. We strive to be on budget in order to properly fund the Capital Improvement Plan.

The Authority finances its capital improvements through borrowed funds which are set aside in Construction Funds, or through our accumulated surplus which is held in the CIF. In order to have an on-going capital improvement program to provide for the upgrade of our sewer system and facilities, it is necessary to have a mechanism to regularly fund the CIF. Otherwise, we would have to rely on borrowed funds for all major projects. The CIF is funded by: 1) sewer tap fees, 2) interest earned on CIF investments, 3) any operating budget surplus available at the end of the year, and 4) the Equipment Replacement Allowance balance.

Each year, after year-end reconciliation, the Authority transfers funds accumulated in the Equipment Allowance and Operating Surplus to the CIF.

During 2025, a total of $899,251 was transferred to the CIF. The large surplus in 2014 was the result of the Waterdam Apartment Buildings purchased taps (36 per each building, five buildings for a total of 180 taps $576,000) In 2017 and 2018, the large surplus was the result of capital transfers each year, attributed to the debt service for the new treatment not expended from the operating budget but was deferred, and capitalized.

Table I - Operating Surplus and Tap Fees Received to the CIF

	Operating Fund	Taps/Assessments	Total
2015	$586,401	$151,591	$737,992
2016	$497,000	$124,523	$621,523
2017	$958,000	$51,062	$1,009,062
2018	$1,143,706	$109,354	$1,253,060
2019	$220,000	$507,670	$727,670
2020	$350,000	$269,922	$619,922
2021	$270,000	$294,662	$564,662
2022	$210,000	$170,320	$380,320
2023	$980,000	$120,000	$1,100,000
2024	$515,269	$702,179	$1,217,448
2025	**$612,000**	**$287,251**	$899,251
Total:	$6,342,376	$2,788,534	$8,231,659
Average:	$634,237.60	$278,853	$823,166

2025 Operating Revenue Summary

Operating Revenues for 2025 are projected at $4,871.945 which is $153.325 more than budgeted. Detailed memos are provided in the Appendix for all major operating revenue sources.

Residential Sewer Rentals provided revenue of $2,564.913, which is about $69.400 more than our budget forecast, equal to 2.8% of the budgeted amount. Residential water consumption decreased -.0.5% from 2024 water consumption. Water consumption, after deduct meter adjustments, was 296,579,216 gallons, which is 8,021,734 gallons more than what was budgeted.

The chart below compares the current year residential water consumption with the previous five years. Clearly, water consumption indicates a substantial decline. Refer to the memo in the Appendix for more detailed information.

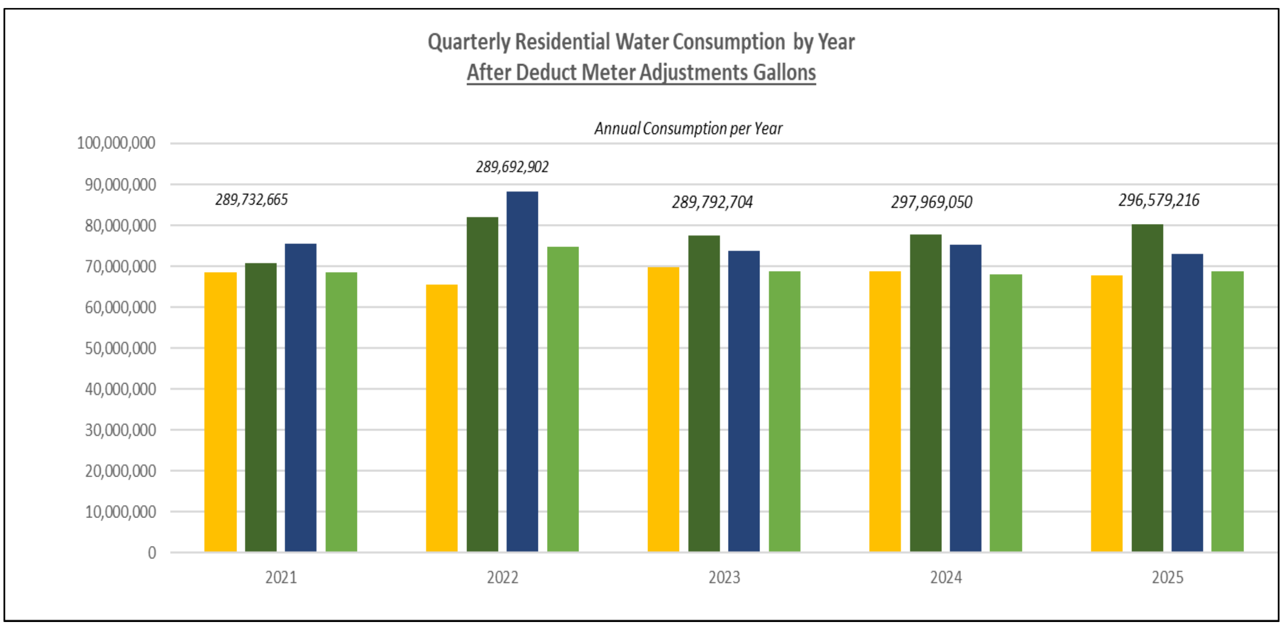
The Projected 2025 residential average quarterly water consumption was 11,250 gallons, the equivalent of 129 gallons/day.

Rate Structure

The Authority's sewer use rate structure consists of a water consumption charge and a minimum service charge. Sewer Rentals are the water consumption portion of the charges.

- The sewer rate during 2025 was $8.65/1,000 gallons of water consumed.
- The minimum service charge was $44.00/ Equivalent Dwelling Unit.

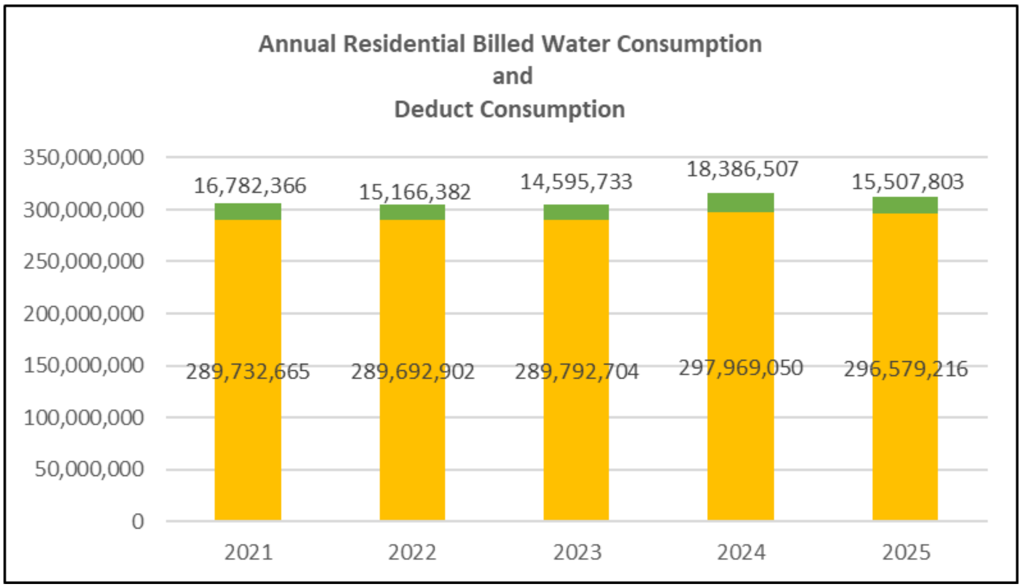
Figure I
Residential Water Consumption Trend
2018 through 2025



Non-Residential Sewer Rentals were more than the budget forecast by approximately 1.4%, with a total of 72,063,237 gallons, generating $623,347 in revenue, or $8,332 more than the budget forecast.

Deduct Meter Credits. The Authority permits the use of deduct meters for both Residential and Non-Residential customers. A deduct meter is a separate meter installed and maintained by the property owner. It is utilized to measure any water consumption which does not flow into the sanitary sewer system. Typically, a deduct meter is installed for lawn irrigation systems. The deduct meter credits issued in 2025 minus the read fee charge was $127,915. There are currently 472 active Residential customers with deduct meters. The chart below illustrates the Total Water Consumption and Total Deduct Credits in gallons.

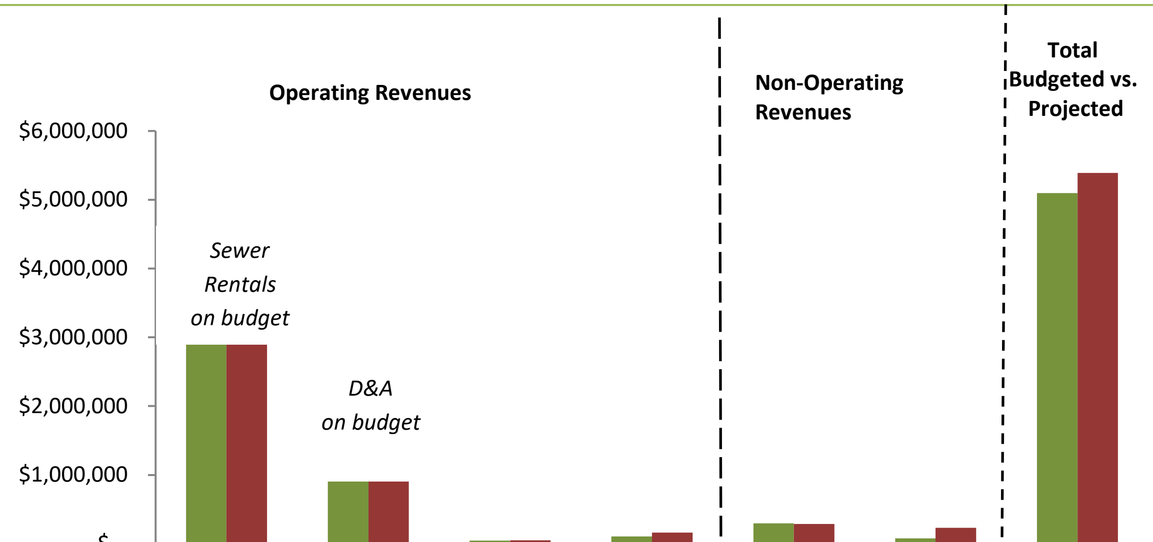
Figure II
Residential Water Consumption and Deduct Meter Consumption
2021 through 2025



Debt and Administrative Charges provided $1,471,106 in revenue, over the budget forecast by $14,846, attributed to net of Residential over $16,550, attributed to developments more aggressive than planned, and non-residential $1,813, attributed to the change in annual average residential, Debt and Administrative Charges are the Minimum Service Charge of $44.00/quarter for customers connected to the sewer system, applied regardless of the volume of water consumed. The Non-Residential customers are charged $44.00 per quarter per billing unit, with a billing unit equal to the average residential water consumption, plus a meter charge based on size of their water meter. The billing units are affected by changes in water consumption. The calculation is performed every quarter and is based on the previous four quarters.

Miscellaneous Revenue of $163,780 exceeded the budget forecast by $57,960. These sources of revenue include claim letter fees, dye testing fees, curtailment revenues, deduct meter read fees, inspection fees, interest revenues, and labor reimbursements from capital or developer funds. The primary reason for exceeding the budget was the dye testing fees, claim letters and interest earnings.

Figure III Total Revenues
Budgeted vs. Projected



	Sewer Rentals	D&A Charges	Pentalty & Interest	Misc.	Tap&Assmt Pmts	T.Interest.R ent.trans	Total
Budgeted	$3,110,540	$1,456,260	$46,000	$105,820	$297,863	$80,000	$5,096,483
Projected	$3,188,260	$1,471,106	$48,799	$163,780	$287,514	$231,908	$5,391,367

Non-Operating Revenues, which consist of **General Purpose Taps, Special Purpose Taps, Assessments, and Trustee Account Interest,** totaled $519,424, which is $141,556 more than the budget forecast. The tap fee revenue was over the budget target, attributed to developments starting construction, and the Special Purpose Taps from Pemberley Manor development. The following developments applied for taps this year; Sugarbrooke, Pemberley Manor, Lutz Farm, McCrobie, Brookwood Village, Tuscany II, and USC.

General Purpose Tapping Fee Revenue Summary. Table II provides a summary of sewer taps sold by sewer system and identifies tap reimbursements. The projected General-Purpose Tap Fee revenue is $676,709. There was one tap reimbursements. Also see detailed memos in the Appendix.

Table II
Summary of Sewer Taps By Sewer System
Projected to end of year

	Brush Run Sewer System		**Donaldson's Crossroads Sewer System**		**Tap Reimbursements**
Item	Residential	Non-Residential	Residential	Non-Residential	Residential
Taps Sold	72	0	1	0	1
Revenues	$285,494	$0	$3,200	$0	0
Total Taps	**72**		**1**		**0**
Total Revenues	**$285,494**		**$3,200**		**-$1,443.05**
Grand Total (net Tap Reimb)	**$287,251**				

Special Purpose Taps and Assessments are projected to total $7,428 consisting of special purpose taps in the Pemberley Manor development. There was 21 Valley View Special Purpose taps were sold during 2025 included in the tap account. These taps are incorporated in with the tap fees.

The Authority permits assessments and special purpose tapping fees to be paid by the customer by entering into payment plan agreements. There is currently 1 property with payment plan consisting of: 1) Valley View sewer extension project. Projected at $263.

Trustee Account Interest of $231,908 exceeded the budget forecast by $151,908. The Authority engaged an investment firm and changed the investment vehicles, which are earning a higher rate than the money market account.

End of 2025 Revenue Section

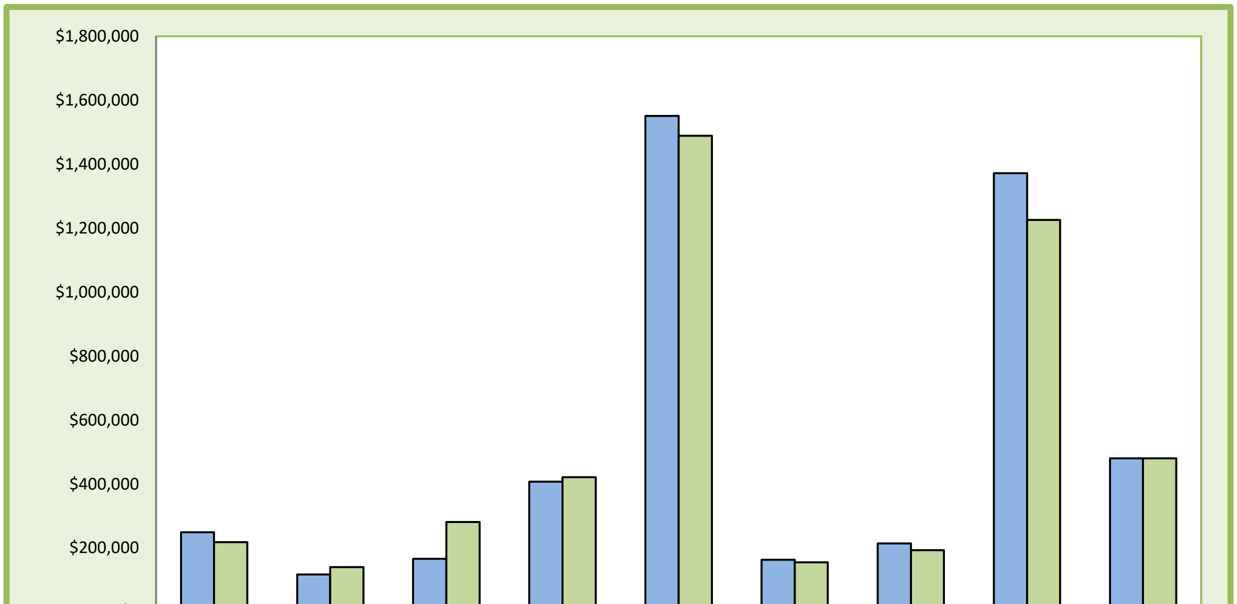
2025 Operating Expense Summary

The 2025 Operating Expenses and Debt Service expense combined is projected to total $4,601,788 which is approximately $116,833 or 2.5% less than the budgeted amount.

Operating Expenses by themselves are projected at $3,375,684 which is $28,555 more than budgeted. The major categories with a budget surplus are: Personnel at $62,743 or 4%, attributed to a maintenance staff on workers compensation, one maintenance employee resignation, and no increase in the union health insurance; Consumable Supplies/ Chemicals at $30,986 or 12%, attributed to the purchase of less Sodium Aluinumate. The POTW fees always have a surplus, attributed to ALCOSAN’s requirement to budget for 120% of the budget.

The significant budget overrun that occurred was in Maintenance and Repairs at $280,532 or 69%, attributed major repairs and the BR treatment plant, and office.

Figure III
Operating Expenses, Budgeted vs. Projected



	Misc. & Supplies	Equip. Facilities, Vehicles	Main. & Repair	Utilities, Biosolids, POTW	Personnel	Profession & Computer Services	Insurance &Admin. Services	Debt Service	Equip. Replacmt Allowance
Budgeted	249,287	116,850	165,798	407,270	1,551,388	162,454	214,085	1,371,493	480,000
Projected	218,301	140,070	280,532	420,640	1,488,645	154,819	192,677	1,226,104	480,000

Table III - Cost to Collect and Treat 1,000 Gallons of Sewage	
Total Million Gallons of Sewage Treated:	626.22 *(previous 12 months)*
Cost per 1,000 gallons of Sewage Treated:	$7.35
Total Million Gallons of Water Consumed:	368.5 (Residential and Non-Residential prev 12 months)
Total Infiltration / Inflow Treated:	257.64 million gallons
Infiltration %	41.1%

Infiltration

Table IV – Historic Infiltration Percentage	
Year	% Infiltration
2018	50%
2019	50%
2020	47%
2021	44%
2022	49.8%
2024	43.1%
2025	41.1%

Based on water consumption, 43.1% of the sewage processed at our treatment plants in 2025 was infiltration. Table IV at right compares previous years.
The efforts and commitment the Authority has dedicated to eliminating I&I indicate the combination of projects are positively influencing the I&I reduction efforts. Recent projects include: DC Treatment Plant construction (2018), DC Conveyance System Project (2019), Stonehenge Truck Sewer Project (2020), coupled with annual grouting and lining projects and an increase in annual time of sale dye tests. However, weather data from the National Oceanic and Atmospheric Administration (NOAA) supports the trend for an ever increasing annual rainfall total. As the climate data continues to support an increase in annual precipitation, the Authority will look to maintain its commitment to reduce I&I sources from entering and overwhelming the sanitary system.

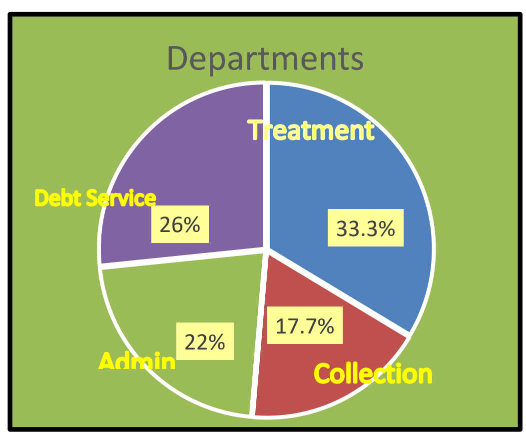
Figure IV

Individual Department Performance

The Expense Summary expenses categorizes across the four major departments, with Debt Service/Capital Transfer being considered a separate department, are shown in Figure IV.

The Treatment Department and the Debt Service demands the highest percentage of the budget at 33%, and 26%, the Collection System Department at 17%, and the Administration Department at 22%.

Figure IV Expenses by Departments



INDIVIDUAL DEPARTMENT PERFORMANCE SUMMARY

TREATMENT DEPARTMENT

Overall, Management believes we continue to improve and optimize operations and maintenance of both treatment plants while operating within the budgeted amounts. The budget provides for adequate funding to properly maintain the facilities.

Brush Run WPCP

This year will mark the 30-year anniversary of the startup of the first half of the upgraded treatment plant. During these years we have been in 100% compliance with the NPDES effluent discharge limits most of the time, with the exception of one permit excursion for fecal coliform in May 2025. After 30 years of operation, equipment availability remains near 100%. That is, all new equipment and previous existing equipment is operational, including automatic control systems. All equipment and facilities are considered in good condition.

The vast majority of plant equipment not already replaced will need to be replaced within the next five years. In 2025, several treatment equipment components were repaired or replaced and further detailed below under Brush Run Plant Major Operation and Maintenance Items in 2025. The concepts developed for equipment probable design life during the DC Plant Alternative Analysis were applied to the equipment at the Brush Run WPCP. With the exception of clarifier drives and collectors, which have a design life of 40 years, the remaining equipment design life is 25 years or less. Therefore the Authority’s maintenance plan includes replacement of a minimum of one major equipment system annually through the Capital Improvement Fund, as well as increased funding of Brush Run Maintenance & Repair line item.

Brush Run Plant Treatment Statistics

The Brush Run WPCP provides sewage treatment and disposal to 4,297, residential households, and 139 non-residential customers (576 EDU’s), which combined, generate the sewage flow of approximately 4,873 Equivalent Dwelling Units (EDUs). Based on the census per capita of 2.91 persons/household, 4,847 EDUs is the equivalent population of 14,180 persons. The treatment plant’s design hydraulic capacity was increased to 2.3 Million Gallons per Day (MGD) in 2024 with the NPDES permit amendment. Current annual average flow is 1.189 MGD

During the previous 12 months (October 1, 2024 through September 30, 2025) the plant:

- Treated approximately 432.315 million gallons of wastewater
- Removed from the waste:
  - 98% of the Biochemical Oxygen Demand (BOD)
  - 98% of the Suspended Solids, and
  - 98% of the ammonia nitrogen
  - 79% of the total phosphorous
  - Disposed of approximately 1050 wet tons of digested biosolids by landfilling

Brush Run Plant Major Operation and Maintenance Items in 2025

Areas of major work items completed through the use of operating funds at the Brush Run plant included:

- Replacement of Clarifier No.2 Gate
- Rebuild of Clarifier No.2 corner sweep
- Replacement of Digester No.1 and 2 diffusers
- Aeration tanks No.1 and No.2
  - Repair of both aeration tank mixers
  - Drained, removed grit, repairs to gas cleaning tubing, tank wall repairs
  - Acid cleaned all diffusers
- Repair both belt filter press drain pumps
- Belt filter press repairs
  - Lower drive roller
  - Top belt replacement
- Belt filter press conveyor repair
- Procured parts for bar screen repair
- Installed new RAS flow meter
- Installed new digester air flow meter
- Replumbed sodium aluminate pump skid and pulled new chemical tubing
- Procured new Ready8 electric submersible pump
- Replaced (2) air control valves on digester No. 2

Major Plant Capital Improvements:

- NPDES permit issued
- Procured replacement autoclave for laboratory
- Design of Return Activated Sludge control panel

Donaldson's Crossroads WPCP

The new treatment facility came online August 18, 2018. Subsequently, the completion and start-up of the new volute rotary press and dewatering facility was completed April 2019.

DC Plant Treatment Statistics

The DC WPCP provides sewage treatment and disposal to 1,896 residential households, and 141 non-residential customers (1027 EDU's), which combined, generate the sewage flow of approximately 2,923 Equivalent Dwelling Units (EDUs). Based on the census per capita of 2.91 persons/household, 2,923 EDUs is the equivalent population of 8,505 persons. The treatment plant's design hydraulic capacity is 1.75 MGD. Current annual average flow is 0.520 MGD.

During the previous 12 months (October 1, 2024 through September 31, 2025) the plant:

- Treated approximately 188.952 million gallons of wastewater
- Removed from the waste:
  - 99% of Biochemical Oxygen Demand (BOD)
  - 99% of the Suspended Solids, and
  - 98% of the ammonia-nitrogen
  - Disposed of approximately 601 wet tons of digested biosolids by landfilling

DC Plant Major Operation and Maintenance Items in 2025

- Completed WET Testing
- Repaired/ rebuilt (2) effluent pumps
- Rebuilt gear reducer on sodium hypochlorite mixer
- Rebuilt wet end of non-potable water pump

Major Plant Capital Improvements:

- Sealing of asphalt parking lot (dewatering driveway)
- Application for NPDES Permit renewal

Treatment Department Overall Expense Summary (Both Plants)

Overall, the Treatment Department's projected expenditure is $1,548,229 which is over budget by $113,978 or 8.0%. Most categories were over budget; the expenses reflect a realignment of wages and pension between both treatment and collection.

Discussion of significant budget line items:

- **Consumable Supplies, Material and Supplies –**Included in this category are the materials and supplies used to maintain the treatment plant equipment, buildings, and grounds, and includes janitorial supplies, lubricants, paper products, weed killer, insect killer, wood, screws, etc. *This category was budgeted at $24,700 and is expected to be under budget.*

- **Chemicals -** Included in this category are the chemicals used in the treatment process, including chlorine, sodium bisulfite, sodium aluminate, polymer for sludge thickening at DC and dewatering at Brush Run, and sodium bicarbonate for pH adjustment of sludge prior to dewatering, and occasional aeration tank pH adjustment at Brush Run and DC to stay in compliance with the NPDES Permit's pH discharge limit. *This category was budgeted at $139,603 and is expected to be under budget by $21,348. The surplus is attributed to the lower influent flows at the plant with a dry year.*

- **Lab Supplies –** Included in this category are routine chemicals and supplies for the laboratory, laboratory equipment, QA/QC samples, yearly calibration of lab equipment by an outside vendor, yearly flow meter calibration at Brush Run and DC, and annual sludge analysis. *This category was budgeted at $53,950 and is expected to be under budget.*

- **Equipment/Facilities** – Included in this category are line items for replacement parts purchased for inventory, minor equipment, equipment rental, and annual NPDES fees. *This category was budgeted at $48,700 and is expected to be over budget by $22,292, attributed to the digester air flow meter replacement and (24) UV replacement lamps.*

- **Equipment Replacement Allowance -** The Treatment Equipment Replacement Allowance has a budgeted amount of $248,000, which is used to charge to when we elect to completely replace plant equipment instead of repairing the equipment. By allocating these unusually high replacement costs to a separate line item, the normal Maintenance & Repair line items do not increase in future years by the current year's unusual repair expenditures. It also provides a method to help segregate the expenditures that will be revised in the Asset Inventory prior to the annual audit.

  Beginning in 2010, any balance remaining in the Equipment Replacement Allowance is shown as a Capital Fund Transfer expenditure and is transferred to the CIRF to be used to fund the Capital Budget. No items were charged in 2025 to the Equipment Replacement Allowance.

Maintenance & Repair – Included in this category are general maintenance costs, and the mechanical and electrical repairs costs associated with the treatment plants. *This category was budgeted at $103,075 and is expected to be over budget by $76,009. The overruns are attributed to the repair parts for the Brush Run bar screen, aeration tank mixers repair (2), digester air-valve replacement (2), DC hot water tank replacement, electrical troubleshooting, and UV level indicator.*

- **Utilities –** Included in this category are the utilities at each of the treatment plants, which include power, natural gas, water, and telephone expense. *This category was budgeted at $160,600 and is expected to be over budget by $24,866, primarily attributed to conservatively budgeting the power transmission rate increase.*
  - **Plant Power Expense:** The *overall treatment plant power expense was budgeted at $133,500; however, an unanticipated increase in the electrical transmission rate is responsible for the budget shortfall.*
  - **Power Generation Procurement:** We are currently under contract with Constellation Energy to supply power generation under a 60-month agreement which began January 1, 2021 – December 31, 2025. The price/kWh is $0.05169 at both treatment plants as well as at the pump stations.
- **Biosolids**– Included in this category are biosolids disposal and screenings disposal. We will have disposed of 1,268 tons combined for both facilities for the 12-month period, with an average cake concentration of 13.88% at DC and 15.83% for BR, only DC is below our target cake concentration of 15%. The hauling and disposal contract was bid in 2021 as (1) year contract with (4) option years expiring October 25, 2026. Disposal pricing increased 5% in October 2025 with the disposal contractor. *This category was budgeted at $119,600 and is expected to be over budget by $2,051.*
- **Salary & Wages –** Each treatment plant is staffed by one certified operator and one maintenance person, for one shift each weekday. Weekend coverage is achieved by overtime with one individual traveling between both plants to perform the required tests and data collection. Five to six hours is required each weekend day and holiday. *This category (both plants) was budgeted at a total of $328,257 and is expected to be over budget; however, this is attributed to reclassification of new employees. Overall, wages for treatment and collection combined are under budget.*
- **Employee Benefits -**Included in this category are the employees' pension contributions, health, life, and disability insurance, uniforms, and employee certifications. *This category was budgeted at $93,863 and is expected to be under budget due to (2) new employees being subject to a 120-day probationary period without benefits.*
- **Computers/Networking** – Included in this category are the maintenance of the SCADA system at the Brush Run Plant, the annual SCADA software maintenance fee, and other related plant *computer and printer expense. This category was budgeted at $18,633 and is expected to be over budget by$8,229. The overage is associated with the support contract for the Win911 software phasing out of the perpetual licenses to a subscription based license for at total increase of $2,900 for all four licenses.*
- **POTW Fees** - Publicly Owned Treatment Works (POTW). These are the fees paid to ALCOSAN based on water consumption of the 82 customers in the Marella Manor service district. In 3rd Quarter 2024, the Deer Field Service area project was completed and there was a customer swap - 11 customers from Fairway Estates (Links View Drive) were transferred to the ALCOSAN. There are total of 93 customers in system.
-

ALCOSAN's 2025 charge was:

Service Charge:	$25.05/Quarter
Gallonage Charge:	$11.92/1,000 gallons

The ALCOSAN annual charges to the Authority include ALCOSAN's charges per customer, expenses paid to USC for operating and maintenance, and capital expenditures, (PTSA is allocated 3.1% of O&M and Capital), minus the ALCOSAN annual rebate.

Total Annual Charges for Marella Manor/ Fairway Estates	$61,416.71
Total Annual Billed to Marella Manor/ Fairway Estates Customers	$49,646.07
	($11,770.64)
The Quarterly Average Charge per customer paid to ALCOSAN	$ 207.77.
The Quarterly Average Billed per PTSA Customer	$ 142.68
Average Quarterly Difference	($65.09)

By agreement we are required to budget 120% of the estimated ALCOSAN fee based on water consumption; thereby, there is always a small surplus at the end of the year. *This category was budgeted at $68,150 and is expected to have a surplus of $8,077 or 12%.*

- **Professional Services -** Included in this category are the routine engineering, legal, and appraisal services associated with the treatment facilities. An industrial appraisal is conducted periodically to establish the insurable values of the Authority's fixed treatment plant assets and updated annually by an inflationary index plus a new additions. The last physical appraisal of the Brush Run plant was performed in 2021, finishing in 2024. The Donaldson's Crossroads plant was updated in a 2020 appraisal. *The Professional Services category was budgeted at $2,321 and is expected to be under budget by $1321.*

- **Insurance –** The only insurance assigned individually to the Treatment Department is Worker's Compensation Insurance. The costs of other insurance are assigned to the Administration Department. *This category was budgeted at $13,800 and is expected to be on budget.*

COLLECTION SYSTEM DEPARTMENT

Collector and Interceptor Sewers

The Collection System Department consists of five full-time field staff that maintain the Authority's 146 miles of collector sewers and interceptors, and nine sewage pumping stations. They also conduct property dye testing for property transfers, perform manhole inspections, locate and identify sewer lines as part of the PA One Call program, perform emergency excavation repairs, and assist with treatment plant operations and maintenance.

Tasks undertaken this year from the Operating Budget included:

- Staff performed 207 dye tests on homes, including CCTV of building sewer, for property transfers through October, and project 30 additional through end of year for a total of 237. Of the testing performed through October, 56% of the properties failed attributed to an inflow or infiltration source.
- Completed annual P/M on all generators
- Completed annual calibration of flow meters
- Repaired one grinder pump for Valley View (public owned grinder pump)
- Repaired Waterdam Lift Station pump

There was only one sewer project undertaken this year and funded by the Capital Improvement Fund.

- Marella Manor Joint Sealing and Partial Pipe Repair Project and spot repair by Stewart Contracting.
- Replacement of 2016 F450 Utility truck with a 2025 F450 Utility truck

Our maintenance and repair strategy for the sewer system is to televise 24,000 feet each year and rehabilitate 12,000 feet of sewer each year.

Televised:	2,427 LF
Rehabilitation:	322 LF of tuberculated pipe was cleaned by State Pipe Services, removing deposits in the ductile iron pipe crossing Route 19 (Applebees & Quarture property)

Dye Testing at Property Transfer

The Authority staff began conducting the required dye tests at property transfer in July 2008. Prior to that date the dye tests were conducted by plumbers engaged by the property owners. The program change was in part undertaken to refocus the I/I removal program to sources located on private property, with the intent to eventually expand the program to include CCTV inspection of private building sewers and the requirement to repair defective building sewers.

The Authority has expanded the program to include CCTV inspection of the building sewer, with dye injection in the vicinity of pipe defects. Evidence of visible infiltration is a violation of the Authority's regulations and requires repair. Additionally, dye is injected close to all vertical risers (i.e. cleanouts and house trap vents) which routinely identifies areas of infiltration requiring repair.

Collection Department Overall Expense Summary

Overall, the Collection System Department's projected expenditures are $814,052 which is under budget by $74,949.

Discussion of significant budget line items:

- **Materials & Supplies** –Included in this category are the materials and supplies used to maintain the collection system, and includes: dye testing supplies, weed killer, insect killer, and miscellaneous supplies. *This category was budgeted at $12,900 and is under budget by $275.*

- **Process Other**– Included in this category are chemicals for odor control for the pump stations. Waterdam pump station has historically required more odor controls. *This category was budgeted at $300 and is slightly over budget, attributed to no treatment of odor control at Stratford Lift Station.*

- **Vehicles** – Included in this category are parts and supplies, fuel, and all repairs for the following vehicles. *This category was budgeted at $36,700 and is over budget by $6,164, attributed mainly to the engine replacement in the 2016 utility truck.*

Table VII - Vehicle Repair Summary

Year/ Vehicle	Repair Expense	Description of Repairs	Annual Mileage	Total Mileage
2003 Sterling Vac	$2,905.98	State inspection, coolant leak repair, air tank replacement, parking air-brake switch repair	8,906	77,779
2008 Chevy Blazer	$76.33	State inspection	4,655	93,167
2015 Ford F-550 Dump Truck	$5,948.53	State inspection, brake repairs, rear wheel seal, vacuum pump, oil separator	1,801	32,967
2016 Ford F-450	$10,943.17	State inspection, new engine	10,292	62,962
2021 Ford Transit Van	$1,010.26	State inspection, 4 tires	5,572	32,764
2023 Chevy HD2500	$51.33	State Inspection	7,750	23,543
2024 Chevy HD2500	$51.33	State Inspection	4,431	4,521
2003 MGS Trailer (Generator)	$0.00	State Inspection (paid 2024)	N/A	N/A
2018 Sure Trac Trailer (Camera)	$0.00	State Inspection	N/A	N/A
Total	**$20,986.93**		**43,407**	N/A

- **Equipment/Facilities –**Included in this category are replacement parts, minor equipment purchases (items like weed trimmers, push mowers), safety equipment, and rental of equipment. *This category was budgeted at $21,000 and is under budget by $4,767.*

- **Equipment Replacement Allowance -** The Collection System Department's Equipment Replacement Allowance was budgeted at $220,000, with no charges to this account.

- **Maintenance & Repair** – Included in this category are general maintenance costs, the mechanical and electrical repairs costs associated with the pump stations, and the cost for more comprehensive repairs or rehabilitation of sewers. Generally, sewer rehabilitation work paid out of the operating budget is limited to point repairs, chemical grouting of sewer lines, and manhole rehabilitation. Major sewer replacements or major sewer CIPP lining projects are funded by the CIRF. *This category was budgeted at $46,620 and is expected to be over budget by $30,452.* This was attributed to the Marella Manor sewer rehabilitation project from 2024 being invoiced in 2025 ($35, 124).

  Major projects this year charged to the Maintenance & Repair line items were:
    - Annual P/M to Generators
    - Marella Manor Joint Sealing and Point Repairs (State Pipe and Stewart Contracting)
    - Rebuild of Fairways Lift Station Pump
  - Rebuild of Waterdam LS Pump
  - Repaired one grinder pump for Valley View (public owned grinder pump)

- **Utilities** - Included in this category are the utilities at each of the pump stations which include power and telephone (for automatic telephone dialers) at each of the pump stations, water at several of the pump stations, and natural gas at the Hidden Brook Pump Station and Maple Lane Pump Station which are equipped with on-site automatic, standby emergency generators. The Waterdam Pump Station's generator is diesel powered. Hiddenbrook station is now equipped with a cellular connection in lieu of a physical internet connection. *This category was budgeted at $14,730 and is expected to be over budget by $44.*

- **Salary & Wages –** The employees consist of one Skilled Maintenance and four General Maintenance employees. *This category was budgeted at $362,786 and is under budget by $87,567. This is attributed to reclassification of new employees between treatment and collection. Overall, wages for treatment and collection combined are under budget.*

- **Employee Benefits** – Included in this category are the employees' pension contributions, health, life, and disability insurance, uniforms, and employee certifications. *This category was budgeted at $137,721 and is expected to be under budget by $5,893 due to reallocation of categories of employees.*

- **Computer Consultant –** Included in this category is the annual subscription to the WinCam software that is utilized for CCTV video of the public sewer lines. *This category was budgeted at $1,500 and is only slightly over budget.*

- **POTW Fees –** These are the fees paid annually to Upper St. Clair Township in accordance with the Marella Manor service agreement. Essentially, we pay 3.1% of the operation and maintenance costs of their Brush Run Pump Station, force main, and the trunk sewer. They invoice us annually for the previous year. This year's invoice was $2,042. *This category was budgeted at $10,000 and is under budget by $7,958, attributed to a minimum repairs required.*

- **Professional Services –**Included in this category are the routine engineering, legal, computer consulting, and appraisal services associated with the collection system. *This category was budgeted at $10,500 and is expected to be under budget by $5,169, attributed to engineering on, PENNDOT's East McMurray* *project, Marella Manor grant application, and the inspection services of Waterdam development.*

- **Insurance –** Included in this category is the workers compensation insurance for the five general maintenance personnel. *This category was budgeted at $14,000 and on budget.*

ADMINISTRATIVE DEPARTMENT

The Administrative Department consists of the Manager, Operations Manager, Operations Manager in Training, Financial Controller, Billing Specialist, and Administrative Assistant. Expenses include management and administrative salaries, the office overhead expenses, the bulk of the professional support services, insurance expenses, networking and computers, and billing related expenses.

Overall, the Administrative Department projected expenditure is $1,013,403 which is under budget by $10,718

The Administrative Department's accomplishments in 2025 included:

- Continued with our Workplace Safety Committee, holding 12 monthly meetings, and separate monthly tailgate safety meetings with the Operation and Maintenance staff. We have participated since 2006 and receive a 5% credit on our Workmen's Compensation premium.
- Bid, award, construction and financial administration of Brush Run RAS Control Panel Upgrade
- Completed submission of DC NPDES Permit
- Design for Brush Run Belt Filter Press Replacement Project
- LSA State Grant application and award for Brush Run WPCP Motor Control Center (MCC) Replacement Project.
- PADEP certification and accreditation of the Brush Run WPCP Laboratory.
- Processed an estimated 326 documents of certification for property transfers, of which were for refinancing and for sales. For refinancing the Authority inspects for buried manholes on the property, requiring them to be raised before the Authority sends a lien status letter to the closing company.
- Coordination and development with new GIS software vendor for internal inspection forms, dye test forms, claim letter application forms
- Completed internal office painting with outside vendor
- Advertising, vetting and interviewing new hires in 2025: (2) General Maintenance, (1) Operations Manager in Training
- Continue to refine the In-House Sewage Billing Program.
    - Made improvements to the online system for customers, and revamped the Ebill billing in My Gov Hub (the customer portal)
    - Customer relations in regard to increasing utilization of Automatic Withdraw Program (ACH) for payments,
    - Provided more flexibility with payment plans at the same time adhere to collection policies for customer payment plans
    - Implementation of an owner/tenant database for rental properties. Goal is to have a better system for both owners and tenants. Moving towards more electronic communications with owners and tenants. The Authority has the responsibility to notify owners of delinquent accounts.
    - Continued with the creation of a billing manual and updated billing personnel's procedures for billing and collections.
    - Continued with Website updates – now have the street listing posted and update as new developments are created
    - Worked with the PAWC to get zero consumption accounts meters changed in order to get actual consumption.

- Sewage Billing Collections – Billings have been consistent between $4.5 – 4.7 million for the last 5 years and collections have been 99%, with very few customer complaints.
- Creation of other Authority forms received by customers to be migrated to online submittals
- Changed the Accounts Payable process by paying most bills by credit card. Obtained a cash back credit card resulting in estimated cash back annually $3,000-$5,000.
- Strategized with Investment Broker resulting in a 30-40% increase in investment earnings over the last two years

<u>Discussion of significant budget line items:</u>

- **Material & Supplies –**Included in this category are basic office supplies of paper, ink cartridges, envelopes, postage, advertising expense, printing, etc. *This category was budgeted at $17,835 is slightly over budget.*
- **Equipment/Facilities** – Included in this category are minor office equipment, replacement parts, safety equipment, and the equipment replacement allowance. *This category was budgeted at $10,450 and is under budget by $569.*
- **Equipment Replacement Allowance** – *This category was budgeted at $12,000. There were no items charged to the replacement allowance account this year.*
- **Maintenance & Repair** – Included in this category are the maintenance fees for the color photocopier, annual phone system maintenance, administration building maintenance and repair. *This category was budgeted at $16,100 and is over budget by $7,947 which is attributed to the reallocation of the office painting from the Capital Budget along with unforeseen repairs (hot water tank, plumbing repairs).*
- **Utilities –**Included in this category are the administration office telephones, security system, cleaning, trash pickup, power, natural gas. *This category was budgeted at $23,190 and is over budget by $2,444, attributed to the required 5-year internal sprinkler inspection and overall increases in utility rates.*
- **Salary & Wages –**The Management and Administrative staff consists of four salaried employees and an hourly Administrative Assistant. This category includes salaries and payroll taxes associated with those employees. This *category was budgeted at $471,681 and is over budget by $9,731 due to the hiring of the Operations Manager in Training earlier than forecasted.*

  The line item identified as "Salary & Wages, Labor Allocation" is the line item used to track the labor costs reimbursed from the CIF for capital projects or from developers for developer sewer extension projects. There was $0 in reimbursed wages.
- **Employee Benefits –** Included in this category are employees' pension, health/dental/vision insurance, and life and short-term disability. The hospitalization plan is a Highmark high deductible plan. All five employees participated in the plan. There is Employee participation to contribute to the cost of the premiums. The Single enrollment will be responsible for a contribution equal to 5% of the cost difference from the base year 2014 to the current premiums. All other enrollments, the contribution is based upon 5% of the difference of the Single enrollment to their enrollment. *This category was budgeted at $140,680 and is over budget by $439.*
- **Travel/Training/Meeting –** Included in this category are registration fees and expenses, membership dues which include PMAA membership and management employees' memberships in Water Environment Federation, etc., Board Member meeting stipend; and employee training expense. *This category was budgeted at $16,400 and is slightly over budget due to staff NASSCO certifications and recertifications.*

- **Computer/Networking -** Included in this category are support for the treatment operating and lab maintenance software and routine consulting time for the network server and all computers. *This category was budgeted at $49,000 and is slightly over budget.*

- **Professional Services** - Included in this category are Auditing, Engineering, Legal, GIS Updates, Computer Services, and Appraisal Services. *This category was budgeted at $80,500 is under budget.*

  Below is the breakdown of engineering charges to the Operating Budget *(all three departments*, Capital Budget, and Developer reimbursed expenses):

	Operating	Developer	Capital	Year to Date
GHD			$188,642	$188,642.00
HRG	$21,822	$51,960	$2,416.40	$76,198.40
Total	$21,822.00	$51,960.00	$181,058.40	$264,840.40

  The total amount expended on engineering through October 31, 2025 was $264,840 and expected to approach $296,000 for 2025. Engineering Fees consisting of:

  - Operating expenditures: retainer services, and several miscellaneous tasks.
  - CIRF expenditures: Design and construction for Brush Run RAS Control Upgrades, Design for Brush Run Belt Filter Press Project, Desing for Brush Run MCC alternative analysis, Brush Run (TRE and Copper evaluation) and Donaldson Crossroads NPDES Permit renewal and testing
  - Developer expenditures for the following developments:
    - Lutz Farm
    - Fife Farm
    - Tuscany II
    - Waterdam Multifamily Development
    - Courtyards at Valleybrook
    - Newcastle

- Legal Fees budgeted were $41,000 and are under budget by $9,665. Legal expenses include retainer services, personnel issues, union contract negotiations and employment related issues.

- **Insurance** –Included in this category are all of the insurances, with the exception of Worker's Compensation for Treatment and Collection Departments. Our agent is B&W Insurance, and the insurance company is Selective Insurance. *This category was budgeted at $130,985 and is under budget by $21,337.*

- **Administrative Services –** This category includes Billing Expenses, Bank Fees, Bond Trustee Fees, Public Relations expenses, and the Grants Coordinator's fee. *This category was budgeted at $55,300 and is on budget.*

NON-OPERATING EXPENSES

Debt Obligations

The Authority's borrowed funds consist of the following:

- Sewer Revenue Bonds, Series 2016 in the amount of $9,190,000 as partial financing of the BR Optimization project, CF Loan pay off, with a term of 2045. There is a required 110% coverage requirement.
    - Principle balance of $8,665,000 as of December 31, 2025
    - Annual debt service of $295,895
    - Final payment date is 9/1/2045
    - Interest Rate (Arbitrage Yield) is 2.350%
- Pennvest Loan of $11,000,000 for the DC Replacement Plant Project.
    - Principle balance of $7,293,023 as of December 31, 2025
    - Monthly debt service is $50,845
    - Annual debt service is estimated at $622,000
    - Final payment date is 8/1/2038
    - Interest Rate is 1.055% (first five years)
    - Interest Rate 6-20th year is 1.835%
- Pennvest Loan for the Ivy Lane Sewer Extension, 2003 – paid off 3/1/2025
- Pennvest Loan of $5,255,000 for the Conveyance System Improvement
    - Principle balance of $3,881,422 as of December 31, 2025
    - Monthly debt service is estimated to be $ 23,459
    - Annual debt service is estimated at $281,502
    - Final payment date is to 10/1/2040
    - Interest Rate is 1.0% (first five years)
    - Interest Rate 6-20th year is 1.743%

Total Outstanding Debt: $ 19,839,445

The Guaranteed Sewer Revenue Bonds Series 2025 Trust Indenture, dated February 17, 2016 requires a Rate Covenant. Article V, Section 501. Receipts and Revenues: Rate Covenant: Revenue Fund. *The Authority covenants that it has adopted and will charge, maintain and collect throughout its services area in each fiscal year as any Bonds remain Outstanding and funds for their payment……(i) funds to pay the Administrative Expenses of the Authority, plus (ii) an amount equal to 110% of the Debt Service Requirements in such fiscal year with respect to its Outstanding Bonds, plus (iii) an amount equal to 100% of the debt service requirements with respect to any outstanding Pennvest Loans……(v) funds sufficient to pay the amount attributed on all Subordinate Debt and other payments obligations of the Sewer System.* The following table illustrates the

Debt Service Coverage for the 2025 Budget.

	Projected	Budget
Article V Revenues and Funds, Section 501.(a) (ii) Outstanding Bonds	2025	2026
Revenues		
Operating Revenues	$ 4,871,945	$ 4,940,480
Non-Operating Revenues	519,424	377,868
Total Revenues	$ 5,391,369	$ 5,318,348
Expenses		
Treatment	$ 1,548,229	$ 1,616,352
Collection	814,052	891,214
Administration	1,013,403	1,190,231
PV Loans, CFS Bank Loan & and Other	927,209	927,209
Subtotal Operating Expenses	$ 4,302,893	$ 4,625,005
Net Revenues	$ 1,088,476	$ 693,343
Bond Debt Service	$ 298,895	$ 286,795
Bond Coverage Requirement 110%	364%	242%
Article V Revenues and Funds, Section 501.(a) (iii) Pennvest Loans		
Total Revenues	$ 5,391,369	$ 5,318,348
Operating Expenses	(3,375,684)	(3,697,797)
Bond Debt Service & Other	(298,895)	(315,475)
CFS Bank Loan	-	-
Net Revenues	$ 1,716,790	$ 1,305,077
Pennvest Loans	927,209	927,209
Pennvest Coverage Requirement 100%	185%	141%