

FINANCIAL AND COST ANALYSIS PROGRAM

GREENVILLE, MISSISSIPPI



PREPARED BY:

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SUBMITTED TO:

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1.0 INTRODUCTION

The City of Greenville, Mississippi (CITY) has developed a Financial and Cost Analysis Program (FCAP) which establishes and tracks the sufficiency of funds for operations and maintenance (O & M), capital projects financing, and debt service coverage associated with its wastewater collection and transmission system.

Unless otherwise stated, all plans referenced herein are subject to periodic review and modification as deemed necessary by the CITY.

2.0 BUDGETING PROCESS

The CITY will use its five-year operation and maintenance projections, its five-year capital expenditure projections, along with the corresponding cash flow analyses to prepare the appropriate budgets for both the existing known factors and for any potential, foreseeable future events.

Initially, budget worksheets are given to each department head to enter each line item on the budget worksheets. All budgets are then compiled into a master CITY budget, which is first reviewed by the Mayor for his adjustments of each line item. The department heads then come before the Mayor and City Council to discuss the various line items in each budget. After several lengthy budget sessions, the agreed upon adjustments (additions or subtractions) are incorporated into the master budget of the CITY for adoption by the City Council by September 15th.

The capital improvement budget is developed as part of this process.

The capital improvement budget includes any cost that is associated with the planning, design, purchase, O & M, installation and any other cost that covers the life span or specific period of a project. Included are all infrastructure needs, equipment, point repairs, sewer line replacement, pipe bursting, waste water treatment plant repairs or renovations, manhole evaluation, repair and replacement, smoke and camera testing, monitoring, EPA Partial Consent Decree (PCD) related items and anything else necessary to insure the proper O & M of the sanitary sewer collection system and wastewater treatment plant.

The types of costs that are included in the budget include personnel services inclusive of all benefits, contractual services, consumable supplies, and any capital expenditures needed for O & M and maintenance of the system. The costs include virtually every cost that can be reasonably foreseen by the CITY.

The CITY has already approved and implemented budgets prior to the PCD, and on an ongoing basis to address the infrastructure needs of both the EPA sewer rehabilitation program and other infrastructure needs that are not subject to the PCD.



3.0 STAFFING

Staffing needs will be managed through the normal staffing process of the CITY.

The appropriate staffing levels will be maintained for the Capacity, Management, Operations Program (CMOM), Wastewater Treatment Plant Operations, Fats Oils and Grease Control Program, Gravity Sewer System Operations & Maintenance Program, Pump Station Operation Program, Corrosion Control Program, Sewer Overflow Response Plan, Manhole Inspection, Gravity Line/Sewer Lateral Inspection, Flow Monitoring Program, and any other program required by the PCD. All other aspects of staffing will be evaluated and determined in connection with the PCD.

4.0 MATERIALS AND EQUIPMENT

The CITY will assess the equipment and materials needed and maintain sufficient inventory, where possible, to carry out the various programs required by the PCD. Through evaluation and inspection, whether manually, camera testing, smoke testing or whatever means necessary, of the various aspects of the collection and disposal systems to assure the appropriate materials and/or equipment is available. The inventory management system will govern the required levels of inventory for O & M and be used in the budgeting process.

5.0 COST ANALYSIS

The CITY takes into account the capital cost of a project or piece of equipment, add any costs associated with peripheral add-ons, and includes any design, planning and engineering costs. It then compares the “cost of ownership” with various accredited vendors to determine the minimum total cost for a project or an equipment need. The engineers’ GANTT charts and Opinion of Costs are also used.

These costs are calculated or adjusted on a case-by-case basis as often as needed or required.

6.0 CAPITAL BUDGET, CAPITAL FINANCING AND FINANCING SOURCES

The CITY takes into account the capital cost of a project or piece of equipment, adds any costs associated with peripheral add-ons, and includes any design, planning and engineering costs. It then compares the “cost of ownership” with various accredited vendors to determine the minimum total cost for a project or an equipment need. The engineers’ GANTT charts and Opinion of Costs are also used.

These costs are calculated or adjusted on a case-by-case basis as often as needed or required.

The cash flow from operations, grants, State Revolving Fund loans, bond proceeds and any other available sources of funds are carefully examined to see what the CITY can



afford, how much it can afford of that particular source, and actions to be taken if and when a project becomes unfeasible.

The CITY and its consultants will continually strive to determine the most cost-effective options among competing alternatives to purchase, own, operate, maintain, and finally dispose of equipment or a process to minimize the total cost of ownership of the infrastructure or project. This will include the sum of all recurring and non-recurring costs over the full life span for the particular structure or system.

Amortization schedules for all existing debt and expected future debt are used to budget the annual principal and interest payments for a current or future year.

The CITY's capital improvement budget and operating budget are prepared and approved on an annual basis by the Mayor and City Council. Budget amendments are done through the fiscal year to ensure the accuracy of the budgets.

Currently, the CITY has a Five-Year Plan in place for its wastewater treatment plant and sewer collection system. Projects such as the Hancock Street force, WWTP grit chamber and other similar projects appear in the Five Year Plan and have been communicated to the appropriate agencies.

7.0 OUTSIDE SERVICES

The CITY uses a financial advisor for its financial needs, consulting engineers for its wastewater treatment plant and for the overall requirements for the various programs and requirements of the PCD. If needed, it also will utilize outside contractors and consultants. All of these services will reside in their appropriate budget.

8.0 CUSTOMER RATE IMPLEMENTATION

The historical billings and collections are analyzed, along with any projected decrease in population. This analysis is incorporated into a usage analysis to determine where the sewer rates need to be set to service existing debt, future debt projections, O & M costs, equipment needs, and expected future costs to service the infrastructure of the CITY.

No, there is no statutory limit within the municipal limits. The CITY may be limited by the Mississippi Public Works Commission on the rates that are charged on sewer services provided to customers located within five miles of the municipal limits, but those customers make up a very small percentage of the CITY's sewer customer base.

The City Council approves rate increases for users within the city limits. Miss Code Ann. Section 21-27-39 authorizes municipalities to provide utility services within five miles of the municipal limits. For these users, the City Council develops rates and submits them to the Mississippi Public Service Commission for review and approval. As was noted above, however, these customers are very small portion of the CITY's total sewer customers.



9.0 MISCELLANEOUS

On a daily basis, the CITY is dealing with unknown issues and failures which include approximately 206 miles of gravity sewer lines, 106 lift stations, a wastewater treatment plant, everything related to the PCD/Administrative Order and any and all future infrastructure needs/improvements.

Everything contained in this document as well as any future modifications will be used to assess and remediate the items and concerns of the PCD.

- End of Report -

