

EXECUTIVE DIRECTOR
Nicole Johnston
SECRETARY/TREASURER
John W. Holcomb
ADMINISTRATIVE ASSISTANT
Susan White



CHAIRMAN
Wayne Moore
VICE-CHAIR
J. L. Lowe, Jr.
DIRECTORS
Anita Darnell
Rheajean Bengé
Harold Lee Wagoner

BUDGET MESSAGE

June 1st, 2017

Dear Chairman Moore, Yadkin Valley Sewer Authority Board of Directors, and Citizens:

I am pleased to present to you the 2017-2018 Annual Budget for your consideration. The proposed budget represents a compilation of priorities expressed at one (1) workshop this spring. As with our first seven years of operations, revenue projections have been conservatively estimated. A fee increase for both the minimum bill as well as the volumetric rate for sewer have been proposed and will be discussed in more detail later in this message.

The budget was prepared in accordance with N.C.G.S. 159, Article 3, the North Carolina Local Government Budget and Fiscal Control Act. All funds within the budget are balanced, and all revenues and expenditures are identified for fiscal year 2017-2018.

Budget Format:

This year's budget is designed to function as a 'work plan' in guiding operations, in an attempt to accomplish all the goals and objectives established by the Chairman and the Board of Directors.

Personnel – Under the guidance of the Board, a Base Compensation Adjustment increase of 2.0% across the board for all employees has been proposed. An additional 1.0% of all salaries have been proposed for merit increases effective January 1st, 2018. These merit increases have been proposed as a bonus check as opposed to adding the percentage increase to the salary of the employee.

Fees – Two fee increases have been proposed and are contained within the schedule of fees. They are as follows:

Volumetric Rate: Last year, the YVSA Board raised the volumetric rate from \$8.75 per 1,000 gallons to \$9.50. Our wastewater flows have continued to increase this past year due to Pittsburgh Glass Works. Although our operating costs have remained fairly consistent with the previous year's budget, our debt service payments will start to increase during this upcoming year. We have discussed this matter at length in various Board meetings. Therefore, as agreed upon by the YVSA Board of Directors at the budget workshop and Board meeting, the proposed FY 2017-2018 budget includes increasing the volumetric rate from \$9.50 per 1,000 gallons above the 2,000 gallon minimum to \$10.00 per 1,000 gallons above the 2,000 gallons.

Minimum Bill: In conjunction with the information above regarding the volumetric rate, the proposed FY 2017-2018 budget includes increasing the minimum bill for 2,000 gallons of sewer from the current rate of \$21.00 to \$22.00.

Debt Service: We have eight (8) debt service items noted in FY2017-2018. These eight (8) debt service items were on our list last year, and include the following: Regionalization Project and WWTP Upgrade, Memorial Park Pump Station Loan, Assumed Sewer Debt for the Town of Jonesville, and YVSA Operations Center. Two (2) of the three (3) debt service items are related to the projects that were implemented during the FY 2015-2016 year along with purchasing new equipment, and include the following: NCDENR Debt Payment for the Southwest Elkin Rehab Project and CWSRF Debt Payment for the Pump Station Phase II Rehab Project. The last remaining debt service is for Equipment Purchases for five (5) new assets.

CLOSING: The proposed budget does reflect a volumetric increase from \$9.50 per thousand gallons to \$10.00 per thousand gallons as well as the minimum bill increasing from \$21.00 to \$22.00 for the first 2,000 gallons. As everyone is aware, there is never a good time to raise sewer rates, but this year has been a breaking point as demonstrated in our past discussions. Even with these proposed rate increases, I anticipate sewer rates may need to go up again next year. We have a great amount of capital needs (as provided by our CIP discussions). Furthermore, we are still struggling to take out any additional debt unless we can get revenues above expenditures. However, please note that YVSA staff will continue to look for ways to cut costs.

The budget not only establishes the priority by the YVSA Board of Directors but likewise serves as a blueprint for YVSA staff and me. It lays out the services and work plans for the coming year. I welcome comments, questions, and/or inquiries on the proposed budget for the coming year. I am confident we will continue to work together to make our communities of Elkin, Jonesville, and Ronda a better place to live.

Sincerely,

Nicole B. Johnston
Executive Director