

## **Finance Committee Meeting**

Suffolk County Water Authority

March 20, 2025, at 2:30 PM

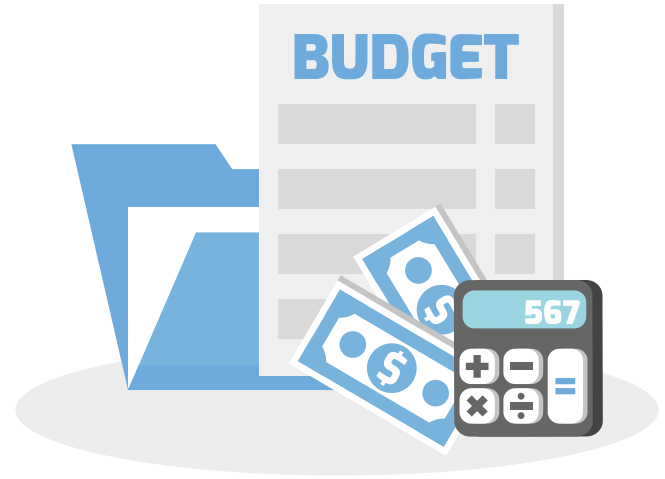
4060 Sunrise Hwy, Oakdale

### **Agenda**

- 1. Presentation-** Fiscal Year 2026 Budget & Rate Proposal
- 2. Budgets-** Fiscal Year Ending May 31, 2026, Recommended Proposed Budgets for Fiscal Year Ending May 31, 2026:  
  
Operating & Maintenance Expenses: \$167.8M  
Capital Budget: \$100.6M  
Debt Service: \$41.9M
- 3. Rates Recommendation-** Recommend the proposed rates and fees in accordance with the attached schedule effective June 1, 2025

# Suffolk County Water Authority

FISCAL YEAR 2026 BUDGET & RATE PROPOSAL

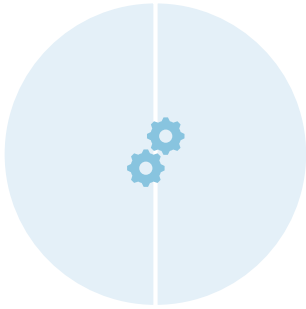




# Our mission is...

*to provide the customers of the Suffolk County Water Authority the highest quality water at the lowest possible cost with excellent customer service.*

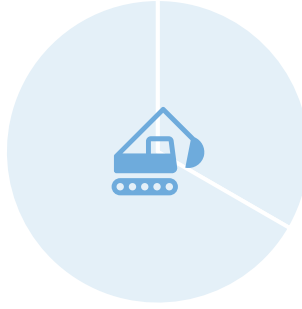
# SCWA Budget Composition



## Operating & Maintenance

54%

- Payroll, benefits, power, etc.
- Infrastructure maintenance
- Activity appears on the *Statement of Revenues, Expenses, and Changes in Net Position*



## Capital

32%

- Large construction projects
- Acquisition of equipment with long useful lives (i.e. vehicles)
- Activity appears on the *Statement of Net Position*



## Debt Service

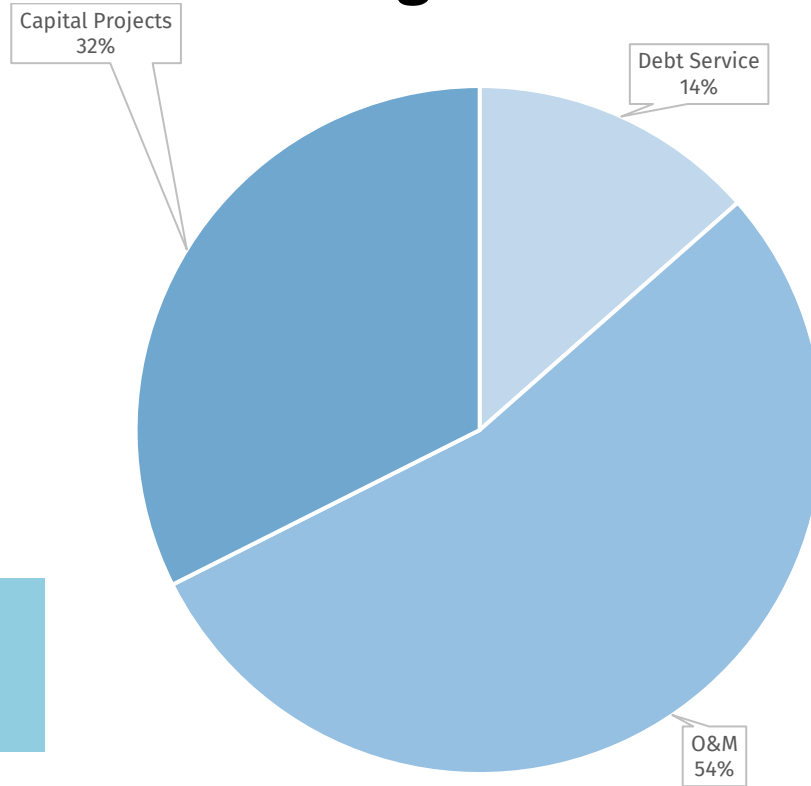
14%

- Annual long-term debt obligations
- Principal activity appears on the *Statement of Net Position*
- Interest activity appears on the *Statement of Revenues, Expenses, and Changes in Net Position*

# 2026 Budget Overview



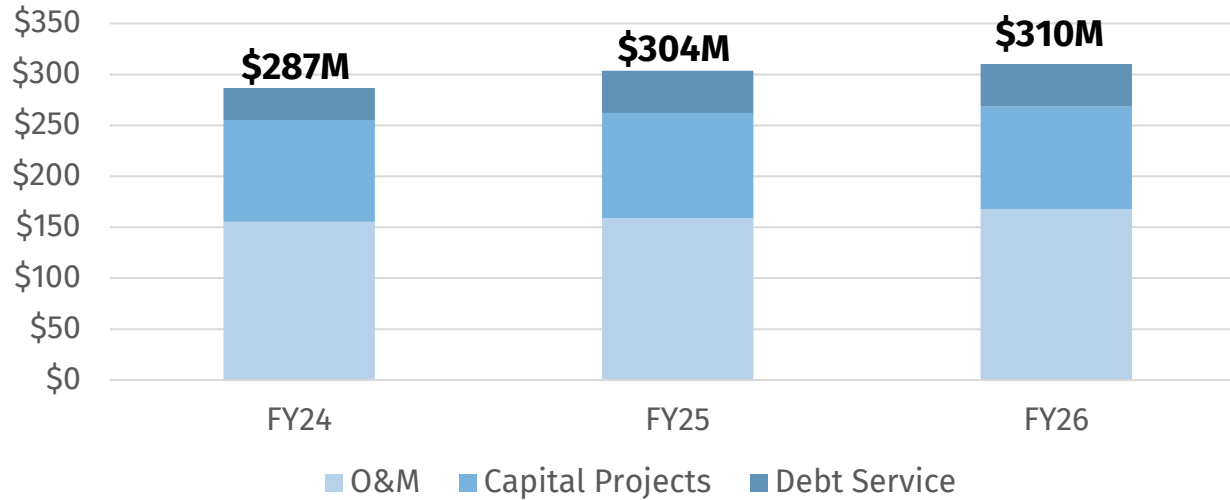
**\$310M**



- Debt Service **\$41.9M**
- O&M **\$167.8M**
- Capital Projects **\$100.6M**

Figures in millions

# Budget Comparison: year over year totals



**2026 total budget**



**+ 2.2%**

2025 total  
budget

Figures in millions

# Budget Comparison: year over year by category



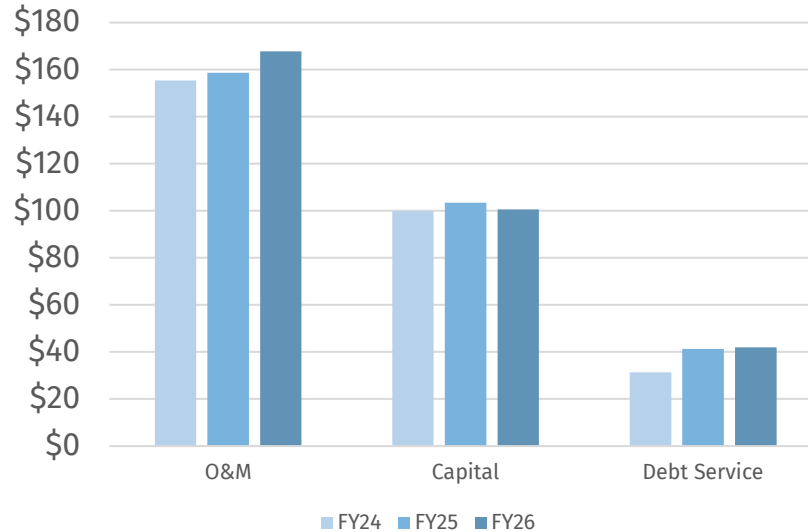
## FY26

All budgets reflect increases over FY25, 2.2% in total



## FY25

All budgets reflect increases over FY24, 6.0% in total



FY24 totals

**\$287M**

FY25 totals

**\$304M**

FY26 totals

**\$310M**

Figures in millions

# Operating & Maintenance Budget: Detail

## Total O&M budget

**\$167.8M**



## Budgets over prior year

- \$9.1M (5.7%) increase over FY25
- Modest payroll increase (3.6%)
- Benefits remains consistent
- Increase in power (3.5%)
- Construction Maintenance remains consistent
- Significant increase in Production Control (42.3%)

## Budget Detail

|                          |                |
|--------------------------|----------------|
| Payroll                  | <b>\$48.5M</b> |
| Benefits                 | <b>\$33.7M</b> |
| Power                    | <b>\$32.3M</b> |
| Construction Maintenance | <b>\$12.4M</b> |
| Production Control       | <b>\$14.2M</b> |
| Other                    | <b>\$26.7M</b> |



## Headcount is a cost driver

Direct relationship with  
largest line items within  
O&M:

Payroll

**\$48.5M**

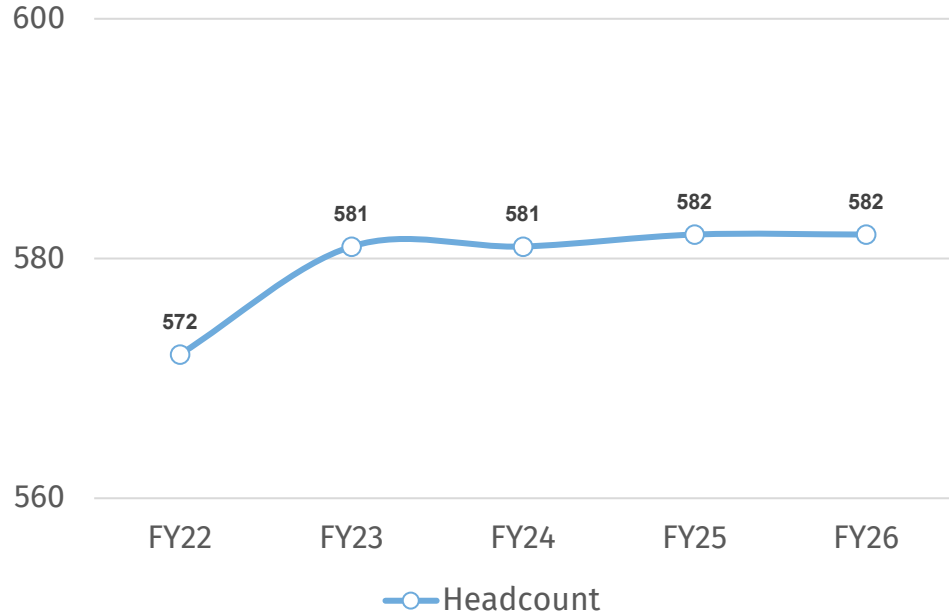


Benefits

**\$33.7M**



# Headcount



Headcount figures exclude PINE employees

# Capital Projects Budget: detail

## Total Capital Projects budget

**\$100.6M**



## Budgets over prior year

- \$2.9M (2.9%) decrease over FY25
- Construction Maintenance decrease of \$1.6M (3.5%)
- Engineering consistent with prior year
- Transportation increase of \$4.7M (293%); reflects supply chain issues
- Facilities decrease of \$5.2M (37.7%)
- Meters reduction of \$1.0M (41.6%)

## Budget Detail

|                          |                |
|--------------------------|----------------|
| Construction Maintenance | <b>\$43.6M</b> |
| Engineering & PC         | <b>\$37.9M</b> |
| Facilities               | <b>\$8.6M</b>  |
| Transportation           | <b>\$6.3M</b>  |
| Meters                   | <b>\$1.4M</b>  |
| Other                    | <b>\$2.8M</b>  |

# Capital Budget Highlights



## Construction Maintenance

**\$43.6M**

- Extension & replacement of water main
- Distribution system improvements
- Small services
- Hydrants



## Engineering & PC

**\$37.9M**

- New & replacement wells
- AOP & GAC treatment systems
- Tank construction
- Pump station infrastructure



## Transportation

**\$6.3M**

- Utility vehicles
- Boom truck
- MD6 Crew trucks
- Cargo vans
- Field operator vehicles



## Facilities

**\$8.6M**

- CM Oakdale building project
- BMS system
- Replacement chiller
- Coram campus renovations
- Fuel tank and pump upgrades



## Information Technology

**\$1.2M**

- SAP upgrades
- Network upgrades
- Replacement hardware
- Clevest upgrade

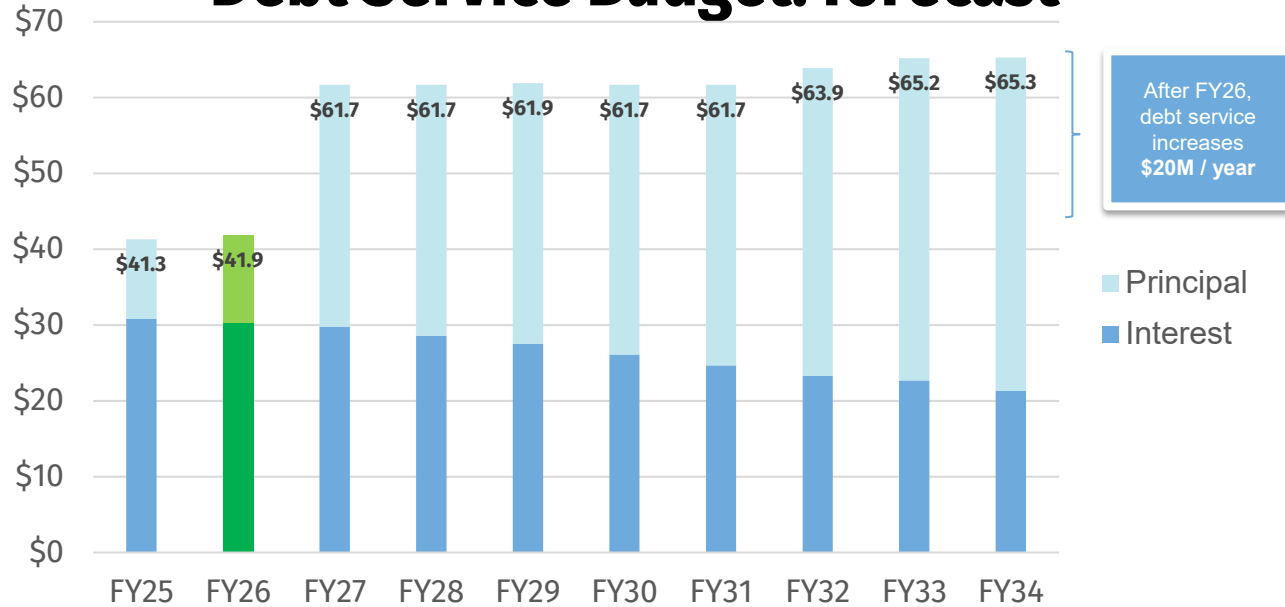


## Laboratory

**\$0.6M**

- Tandem mass spectrometer system
- Gas chromatography systems

# Debt Service Budget: forecast



**\$41.9M** FY26 debt service cash requirement

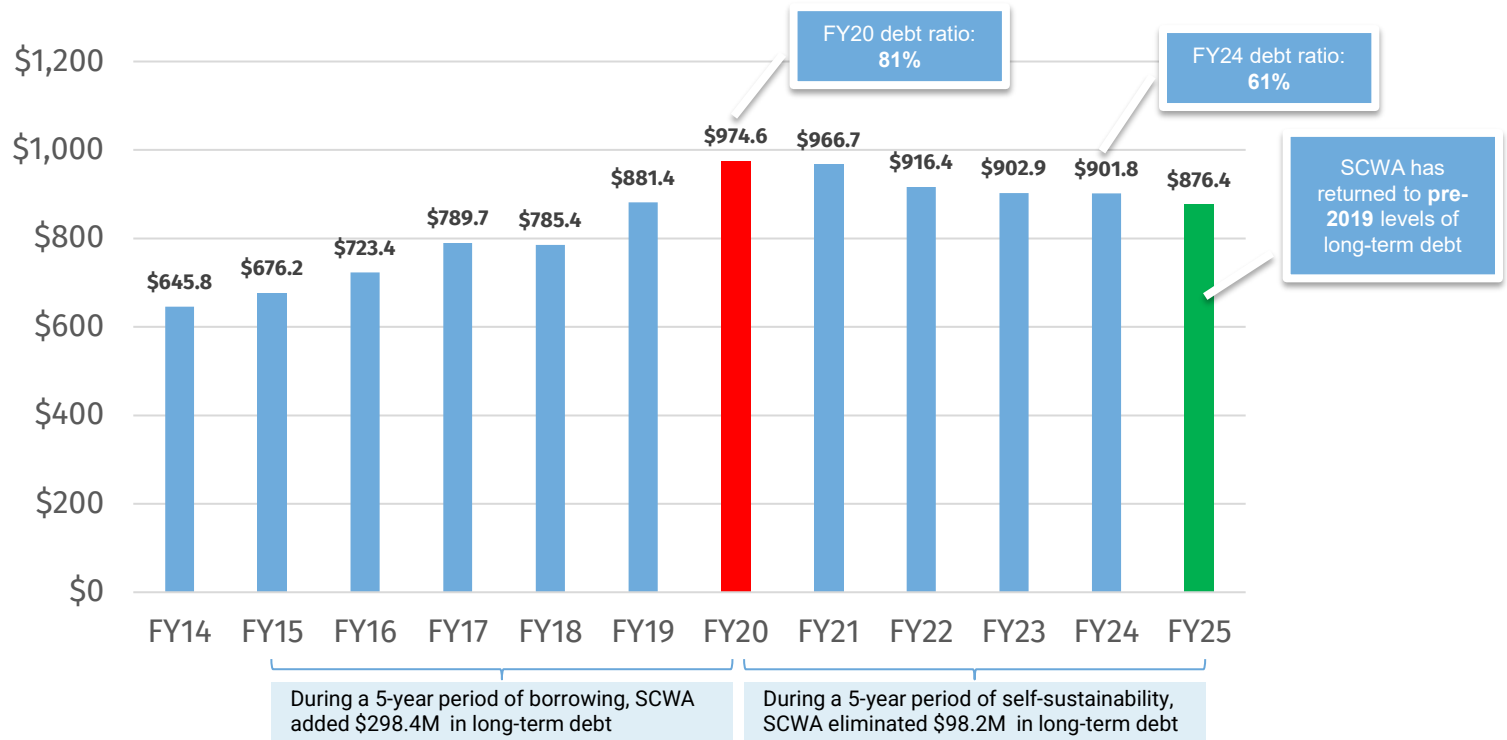


**+ 1.5%**

Or \$0.6M

Figures in millions

# Long-term Debt Balance History



Figures in millions; FY25 is a projected figure based upon debt service schedules

# FY26 Finance Metrics Targets

**2X**

**Debt service  
coverage ratio**



**Revenues**

**\$310M**

**AAA**

**Bond rating**



**35%**

**Improved debt  
ratio**



**Annual budget**

Revenue requirement to achieve  
break-even

**365+**

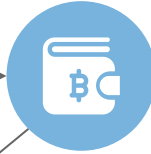
**Days cash-on-  
hand**



# FY26 Finance Roadmap

Revenue requirement

**\$310M**



**Rate increase**

2.99% effective rate increase  
to achieve revenues of \$309M

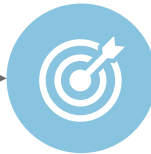
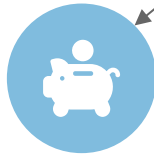
99.7%



**\$310M**

**Cash reserves utilization**

Reliance on general fund cash  
reserves to supplement  
revenues



**Targeted metrics**

Debt service coverage ratio,  
improved debt ratio, days  
cash on hand, bond rating

0.3%



**\$1M**

# FY26 Finance Metrics Projections

3.50



Debt service  
coverage ratio



60%



Improved debt  
ratio



Revenues

\$309M

Annual budget

Projected revenues with assumed  
rate increases

AAA



Bond rating



320





Days cash-on-  
hand







# Current Rate Structure


|   |                       |                |
|---|-----------------------|----------------|
|  | <b>Service Charge</b> |                |
|   | Fixed                 |                |
|   | Per quarter:          | <b>\$33.18</b> |


|   |   |                |
|---|---|----------------|
|  | <b>Water Quality &amp; Treatment Charge</b> |                |
|   | Fixed                                       |                |
|   | Per quarter:                                | <b>\$20.00</b> |


|   |                           |                              |
|---|---------------------------|------------------------------|
|  | <b>Consumption Charge</b> |                              |
|   | Variable, Tier 1          |                              |
|   | CCF /<br>KGAL             | <b>\$1.803 /<br/>\$2.410</b> |


|   |                          |                              |
|---|--------------------------|------------------------------|
|  | <b>Conservation Rate</b> |                              |
|   | Variable, Tier 2         |                              |
|   | CCF /<br>KGAL            | <b>\$2.604 /<br/>\$3.481</b> |

# Proposed Rate Structure

|   |                       |                |
|---|-----------------------|----------------|
|  | <b>Service Charge</b> |                |
|   | Fixed                 |                |
|   | Per quarter:          | <b>\$34.33</b> |

|   |   |                |
|---|---|----------------|
|  | <b>Water Quality &amp; Treatment Charge</b> |                |
|   | Fixed                                       |                |
|   | Per quarter:                                | <b>\$20.00</b> |

|   |                           |                              |
|---|---------------------------|------------------------------|
|  | <b>Consumption Charge</b> |                              |
|   | Variable, Tier 1          |                              |
|   | CCF /<br>KGAL             | <b>\$1.866 /<br/>\$2.494</b> |

|   |                          |                              |
|---|--------------------------|------------------------------|
|  | <b>Conservation Rate</b> |                              |
|   | Variable, Tier 2         |                              |
|   | CCF /<br>KGAL            | <b>\$2.694 /<br/>\$3.602</b> |

# Consumption Thresholds (Quarterly)

| METER SIZE | CCF   | GAL       |
|------------|-------|-----------|
| 5/8" – 1"  | 120   | 89,760    |
| 1 ½" – 3"  | 390   | 291,720   |
| 4"         | 2,400 | 1,795,200 |
| 6" – 8"    | 3,000 | 2,244,000 |

# Rate Proposal Summary

Projected Total  
Revenues

**\$309M**

\$1.0M cash reserve  
utilization to supplement  
total budget requirement

**2.99%**

Effective overall rate  
increase

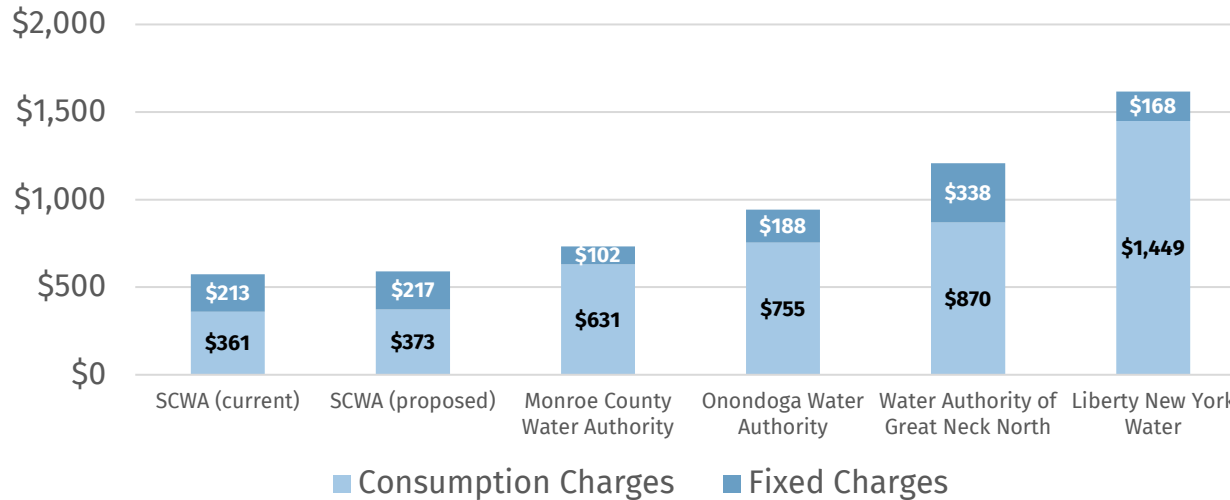
Consumption thresholds  
unmodified

**\$17.15**

Average customer  
annual bill increase

\$ 4.29 per quarter,  
\$1.43 per month  
\$0.05 per day

# Peer Benchmarking



- Fixed charges continue to comprise a larger percentage of average SCWA bill total than our peers, a focal point for rating agencies as this reflects a **fixed, predictable revenue stream**
- On average, **SCWA customer bills are lowest** compared to regional peers regardless of proposed rate increases

# Proposed versus Current Rate Structure

|                                      | Proposal<br>(proposed rates, proposed budgets) | Current<br>(current rates, proposed budgets) | \$ Change          | % Change      |
|--------------------------------------|--|--|--------------------|---------------|
| Water Revenues                       | \$256,205,000                                  | \$248,712,000                                | \$7,493,000        | 3.0%          |
| Other Revenues                       | 53,074,000                                     | 52,868,000                                   | 206,000            | 0.0%          |
| <b>Total Revenues</b>                | <b>\$309,279,000</b>                           | <b>\$301,580,000</b>                         | <b>\$7,699,000</b> | <b>2.5%</b>   |
| Operating & Maintenance Expenses     | (\$167,788,000)                                | (\$167,788,000)                              | -                  | -             |
| Debt Service                         | (41,948,000)                                   | (41,948,000)                                 | -                  | -             |
| Capital Improvements                 | (100,570,000)                                  | (100,570,000)                                | -                  | -             |
| <b>Total Expenditures</b>            | <b>(\$310,306,000)</b>                         | <b>(\$310,306,000)</b>                       | <b>-</b>           | <b>-</b>      |
| <b>Cash reserves utilization</b>     | <b>(\$1,027,000)</b>                           | <b>(\$8,726,000)</b>                         | <b>\$7,699,000</b> | <b>-88.2%</b> |
| <b>Debt Service Coverage Ratio *</b> | <b>3.50</b>                                    | <b>3.30</b>                                  |                    |               |

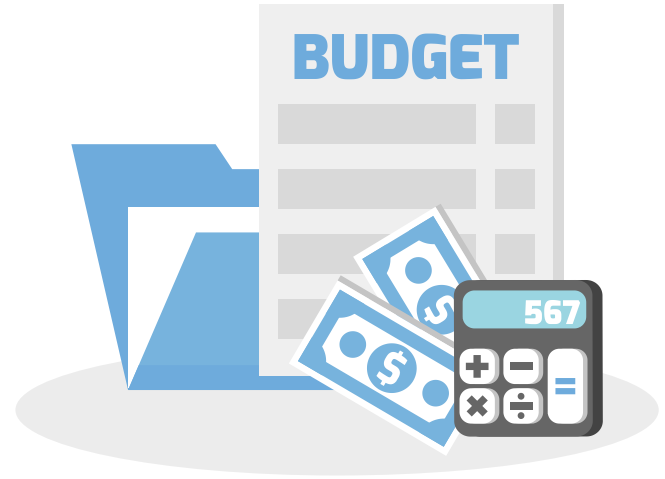
\* Debt Service Coverage Ratio based on GAAP debt service; debt service figure above reflects actual cash outlay

# Cash Forecast

| FY26         | June    | July    | Aug    | Sept   | Oct    | Nov    | Dec    | Jan     | Feb     | Mar     | Apr     | May     |
|--------------|---------|---------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|
| Water Rev    | \$13.3  | \$14.4  | \$27.1 | \$33.5 | \$24.9 | \$25.4 | \$19.8 | \$11.8  | \$9.8   | \$12.3  | \$9.6   | \$10.0  |
| WQ&T         | \$2.6   | \$2.6   | \$2.6  | \$2.6  | \$2.6  | \$2.6  | \$2.6  | \$2.6   | \$2.6   | \$2.6   | \$2.6   | \$2.6   |
| Other        | \$3.0   | \$1.4   | \$4.7  | \$5.8  | \$2.7  | \$6.1  | \$4.6  | \$1.8   | \$5.2   | \$4.6   | \$3.5   | \$4.4   |
| Investments  | \$0.9   | \$0.9   | \$0.9  | \$0.9  | \$0.9  | \$0.9  | \$0.9  | \$0.9   | \$0.9   | \$0.9   | \$0.9   | \$0.9   |
| TOTAL        | \$19.8  | \$19.3  | \$35.3 | \$42.8 | \$31.1 | \$35.0 | \$27.9 | \$17.2  | \$18.5  | \$20.4  | \$16.6  | \$17.9  |
| O&M          | \$11.5  | \$16.7  | \$16.8 | \$16.1 | \$14.8 | \$14.2 | \$12.4 | \$13.1  | \$11.9  | \$13.8  | \$13.5  | \$13.2  |
| Capital      | \$8.4   | \$8.4   | \$8.4  | \$8.4  | \$8.4  | \$8.4  | \$8.4  | \$8.4   | \$8.4   | \$8.4   | \$8.4   | \$8.4   |
| Debt Service | \$3.5   | \$3.5   | \$3.7  | \$3.5  | \$3.8  | \$3.5  | \$3.5  | \$3.5   | \$3.5   | \$3.5   | \$3.5   | \$3.5   |
| TOTAL        | \$23.4  | \$28.5  | \$28.9 | \$27.9 | \$27.0 | \$26.0 | \$24.3 | \$25.0  | \$23.8  | \$25.7  | \$25.4  | \$25.1  |
| CASH +/-     | (\$3.5) | (\$9.2) | \$6.4  | \$14.8 | \$4.1  | \$9.0  | \$3.6  | (\$7.8) | (\$5.3) | (\$5.3) | (\$8.8) | (\$7.2) |

# Thank you


Christopher Cecchetto, CFO   
christopher.cecchetto@scwa.com 





**SUFFOLK COUNTY WATER AUTHORITY  
Oakdale, Long Island, New York**

**I N T E R O F F I C E   C O R R E S P O N D E N C E**

DATE: March 18, 2025  
TO: Jeff Szabo, Chief Executive Officer  
FROM: Christopher Cecchetto, Chief Financial Officer   
SUBJECT: **BUDGETS – FISCAL YEAR ENDING MAY 31, 2026**

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In accordance with the *2026 Budget & Rates Proposal* presentation, I respectfully submit the Suffolk County Water Authority budgets for the fiscal year ending May 31, 2026 for Board approval. In accordance with Public Authorities Law, these budgets must be approved by the Board and accessible to applicable agencies by March 31, 2025.

The following summarizes the proposed budgets for fiscal year ending, May 31, 2026:

**Operating & Maintenance Expenses: \$167.8M**  
**Capital Budget: \$100.6M**  
**Debt Service: \$41.9M**

If you are in agreement, please include on the agenda for the March 20, 2025 board meeting.

CC:ms

cc. S. Hannan

FIN-25-022

**SUFFOLK COUNTY WATER AUTHORITY  
Oakdale, Long Island, New York**

**I N T E R O F F I C E   C O R R E S P O N D E N C E**

DATE: March 18, 2025  
TO: Jeff Szabo, Chief Executive Officer  
FROM: Christopher Cecchetto, Chief Financial Officer  
SUBJECT: **Rate & Fee Recommendations**



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The Finance department prepares financial analysis on (1) consumption and service charges and (2) hydrants, firelines, and flow test rates. This analysis includes revenue modeling to ensure that all budget and cash requirements are satisfied. Cash reserves utilization is also considered to manage consumption and service charge rate increases. Hydrants, firelines, and flow test rates are increased 3% annually, in accordance with Board resolution 136-03-2023.

Additionally, the Finance department prepares an internal analysis to assess the appropriateness of (3) tapping fees and (4) meter vault fees. This analysis considers current labor and material costs and aims to ensure that all associated costs are recovered through the respective fee structures. The Construction Maintenance department prepares a similar analysis of (5) standard cost fees.

The revenue sources noted above provide the Authority the means to support its capital, operating & maintenance, and debt service budgets.

Based upon these analyses, it is recommended to amend the Authority's rates and fees in accordance with the attached schedule, effective June 1, 2025 and January 1, 2026 (wholesale water rate).

These proposed rates will be published in Newsday on March 19, 2025.

If you are in agreement, please place the following items on the March 20, 2025 Board agenda.

cc. S. Hannan, S. Galante, J. Pokorny, F. Tassone, B. Warner, C. Given, S. Huber

FIN-25-021

NOTICE IS HEREBY GIVEN a Public Hearing will be held remotely at 3:00 p.m. on Thursday, March 20, 2025, to receive comment on the proposed rate increases for certain Suffolk County Water Authority service classifications as stated below. The Zoom Meeting link will be provided on Suffolk County Water Authority's website.

Please submit any questions to [info@scwa.com](mailto:info@scwa.com) by 12:00 PM EST on March 20, 2025.

|   |             | CURRENT<br>June 1, 2024     | PROPOSED<br>June 1, 2025    |
|---|-------------|-----------------------------|-----------------------------|
| <b>Minimum Service Charge</b>                     |             |                             |                             |
| Service Classification 1 – Quarterly              | General     | 33.18                       | 34.33                       |
| Service Classification 1 – Monthly                | General     | 11.06                       | 11.44                       |
| Service Classification 1D – Annual                | Fire Island | 277.45                      | 287.08                      |
| <b>Water Quality &amp; Treatment Charge</b>       |             |                             |                             |
| Service Classification 1 – Quarterly              | General     | 20.00                       | 20.00                       |
| Service Classification 1 – Monthly                | General     | 6.67                        | 6.67                        |
| Service Classification 1D – Quarterly             | Fire Island | 20.00                       | 20.00                       |
| Service Classification 1D – Annual                | Fire Island | 80.00                       | 80.00                       |
| <b>Commodity Charge <sup>1</sup></b>              |             |                             |                             |
| Service Classification 1 – Quarterly              | General     | 1.803                       | 1.866                       |
| Service Classification 1 – Monthly                | General     | 1.803                       | 1.866                       |
| Service Classification 1D – Annual                | Fire Island | 2.509                       | 2.596                       |
| <b>Conservation Rate <sup>1 2</sup></b>           |             |                             |                             |
| Service Classification 1 – Quarterly              | General     | 2.604                       | 2.694                       |
| Service Classification 1 – Monthly                | General     | 2.604                       | 2.694                       |
|   |             | PROPOSED<br>January 1, 2025 | PROPOSED<br>January 1, 2026 |
| <b>Commodity Charge</b>                           |             |                             |                             |
| Service Classification 1B – Special Service Water |             |                             |                             |
| Districts wholesale rate per 1,000,000 gallons    |             | 1,928.00                    | 1,995.00                    |
| Wholesale rate per 1,000 gallons                  |             | 1.928                       | 1.995                       |

<sup>1</sup> Rates noted are per CCF (centum cubic feet); for estimated rates per 1,000 gallons, please visit SCWA.com after rate approval

<sup>2</sup> Consumption in excess of the following thresholds for the respective meter sizes will be billed at the Conservation Rate:

| <b>Meter Size</b> | Quarterly Consumption<br>(CURRENT: June 1, 2024) |            | Quarterly Consumption<br>(PROPOSED, June 1, 2025) |            |
|-------------------|--|------------|---|------------|
|                   | <b>Gallons</b>                                   | <b>CCF</b> | <b>Gallons</b>                                    | <b>CCF</b> |
| 5/8"              | 89,760   | 120        | 89,760  | 120        |
| 3/4"              | 89,760   | 120        | 89,760  | 120        |
| 1"                | 89,760   | 120        | 89,760  | 120        |
| 1 1/2"            | 291,720  | 390        | 291,720   | 390        |
| 2"                | 291,720  | 390        | 291,720   | 390        |
| 3"                | 291,720  | 390        | 291,720   | 390        |
| 4"                | 1,795,200  | 2,400      | 1,795,200   | 2,400      |
| 6"                | 2,244,000  | 3,000      | 2,244,000   | 3,000      |
| 8"                | 2,244,000  | 3,000      | 2,244,000   | 3,000      |

Tapping fee increases, effective June 1, 2025, are as follows:

| <b>Service Size</b> | <b>Current Fee</b>       | <b>Proposed Fee</b>      | <b>% Increase</b> |
|---------------------|--------------------------|--------------------------|-------------------|
| 1"                  | \$4,500 (includes vault) | \$4,600 (includes vault) | 2.22%             |
| 1 1/2"              | \$6,500                  | \$6,700                  | 3.07%             |
| 2"                  | \$8,400                  | \$10,200                 | 21.43%            |
| 4"                  | \$16,600                 | \$17,200                 | 3.61%             |
| 6"                  | \$17,600                 | \$18,600                 | 5.68%             |
| 8"                  | \$18,200                 | \$19,900                 | 9.34%             |
| 10"                 | \$19,200                 | \$20,000                 | 4.16%             |
| 12"                 | \$19,900                 | \$20,800                 | 4.52%             |

Meter vault fee increases, effective June 1, 2025, are as follows:

| <b>Meter Vault</b>     | <b>Current</b> | <b>Proposed</b> | <b>% Increase</b> |
|------------------------|----------------|-----------------|-------------------|
| 1"                     | \$1,050        | \$1,050         | 0.00%             |
| 1 1/2" (without labor) | \$1,700        | \$1,700         | 0.00%             |
| 1 1/2" (with labor)    | \$2,100        | \$2,200         | 4.76%             |
| 2" (without labor)     | \$2,200        | \$2,200         | 0.00%             |
| 2" (with labor)        | \$2,970        | \$3,000         | 1.01%             |

Standard cost increases, effective June 1, 2025, are as follows:

| <u>Current</u> | <u>Proposed</u> | <u>% Increase</u> |
|----------------|-----------------|-------------------|
| \$285          | \$330           | 15.78%            |

Hydrant fee increases, effective June 1, 2025, are as follows:

| <b>Hydrant Rate Category <sup>3</sup></b>        | <b>Current<br/>(semi-annual)</b> | <b>Proposed<br/>(semi-annual)</b> | <b>% Increase</b> |
|--|----------------------------------|-----------------------------------|-------------------|
| SCWA Public Hydrant Public Main No Flow Test     | \$84.975                         | \$87.53                           | 3.00%             |
| SCWA Private Hydrant Private Main No Flow Test   | \$124.788                        | \$128.54                          | 3.00%             |
| SCWA Private Hydrant Public Main No Flow Test    | \$124.788                        | \$128.54                          | 3.00%             |
| SCWA Private Hydrant Private Main With Flow Test | \$151.310                        | \$155.85                          | 3.00%             |
| SCWA Private Hydrant Public Main With Flow Test  | \$151.310                        | \$155.85                          | 3.00%             |

Fireline rate increases, effective June 1, 2025, are as follows:

| <b>Fireline Rate Category <sup>3</sup></b> | <b>Current<br/>(quarterly)</b> | <b>Proposed<br/>(quarterly)</b> | <b>% Increase</b> |
|--|--------------------------------|---------------------------------|-------------------|
| 2" General Fireline                        | \$45.279                       | \$46.64                         | 3.00%             |
| 3" General Fireline                        | \$45.279                       | \$46.64                         | 3.00%             |
| 4" General Fireline                        | \$65.323                       | \$67.28                         | 3.00%             |
| 6" General Fireline                        | \$135.661                      | \$139.73                        | 3.00%             |
| 8" General Fireline                        | \$271.560                      | \$279.71                        | 3.00%             |
| 10" General Fireline                       | \$386.992                      | \$398.60                        | 3.00%             |
| 12" General Fireline                       | \$558.003                      | \$574.74                        | 3.00%             |
| 16" General Fireline                       | \$1,189.125                    | \$1,224.80                      | 3.00%             |

Flow Test rate increases, effective June 1, 2025, are as follows:

| <b>Flow Test Rate Category <sup>3</sup></b> | <b>Current<br/>(semi-annual)</b> | <b>Proposed<br/>(semi-annual)</b> | <b>% Increase</b> |
|---|----------------------------------|-----------------------------------|-------------------|
| Flow Test Only                              | \$26.523                         | \$27.32                           | 3.00%             |

<sup>3</sup> Hydrant, Fireline, and Flow Test rates will be increased 3.00%, effective June 1 of every year until otherwise directed by the SCWA Board.