

Finance Committee Meeting

Suffolk County Water Authority

March 26, 2026, at 2:30 PM

4060 Sunrise Hwy, Oakdale

Agenda

- 1. Approve March 20, 2025, Minutes**
- 2. Presentation-** Fiscal Year 2027 Budget & Rate Proposal
- 3. Budgets-** Fiscal Year Ending May 31, 2027, Recommended Proposed Budgets for Fiscal Year Ending May 31, 2027:

Operating & Maintenance Expenses: \$173.6M
Capital Budget: \$125.7M
Debt Service: \$46.8M
- 4. Rates Recommendation-** Recommend the proposed rates and fees in accordance with the attached scheduled effective June 1, 2026.

FINANCE COMMITTEE MEETING

DATE: March 20, 2025

LOCATION: 4060 Sunrise Highway, Oakdale

ATTENDANCE: Charles Lefkowitz, Chairman
Timothy Bishop, Secretary
Elizabeth Mercado, Member
John Rose, Member
Jeffrey W. Szabo, CEO
Chris Cecchetto, Chief Financial Officer
John Milazzo, Chief Legal Officer

EXCUSED ABSENCE: John Porchia, Member

The meeting was called to order by Mr. Szabo at 2:39 p.m. upon Members of the Committee being present.

Mr. Szabo introduced Mr. Christopher Cecchetto, CFO, who presented the Fiscal Year 2026 Budget & Rate Proposal

On motion made by Mr. Bishop, duly seconded by Ms. Mercado, and unanimously carried, it was

RESOLVED, To approve the 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

On motion made by Mr. Rose, duly seconded by Mr. Bishop, and unanimously carried, it was

RESOLVED, To approve the recommended rates and fees in accordance with the attached schedule effective June 1, 2025

Mr. Szabo asked if any members of the Committee or staff members in attendance any questions had, none were received.

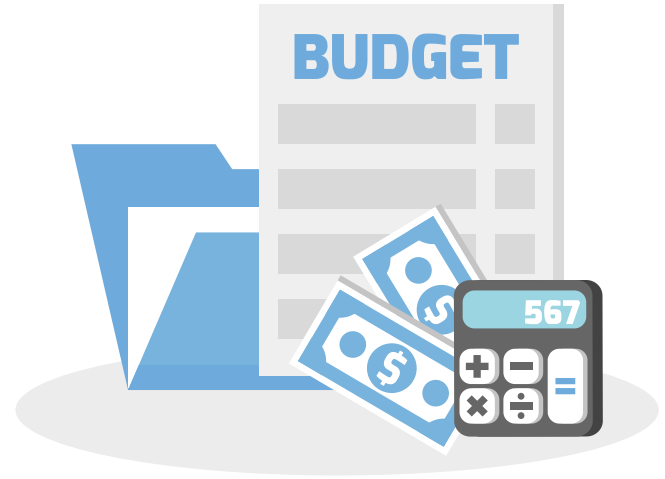
On motion made by Mr. Rose, duly seconded by Mr. Bishop, and unanimously carried, the meeting of the Finance Committee was adjourned at 3:04 p.m.

Ms. Elizabeth Mercado, Secretary

DRAFT

Suffolk County Water Authority

FISCAL YEAR 2027 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.

Recent Performance

		FY24 (AUDITED)	FY25 (AUDITED)	FY26 (PROJECTED)	Target (INTERNAL)
Debt Service Coverage Ratio		5.7	10.4	4.91	2.0
Debt Ratio		61%	55%	51%	35%
Days Cash on Hand		405	328	369	365

Recent Performance

		FY24 (AUDITED)	FY25 (AUDITED)	FY26 (PROJECTED)	Target (INTERNAL)
Investment Balances		\$236M	\$267M	\$365M	-
A/R Turnover Ratio		10.5	11.7	9.2	6.0
Bond Rating		AAA	AAA	AAA	AAA


three+one



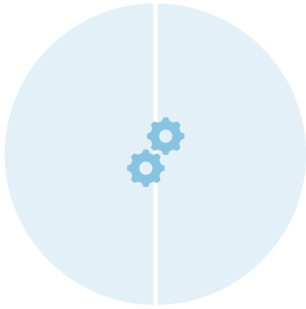
External treasury consultants, three+one have recently awarded SCWA it's cashVest award for achieving a 90+ score for 12 consecutive months.

This award "signifies excellence in optimizing every dollar, using benchmarks that reflect best practices in liquidity management."

Historic Rate Increases

		FY24	FY25	FY26
Rate Increase		4.17%	2.99%	2.99%

SCWA Budget Composition



Operating & Maintenance

50%

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



Capital

36%

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



Debt Service

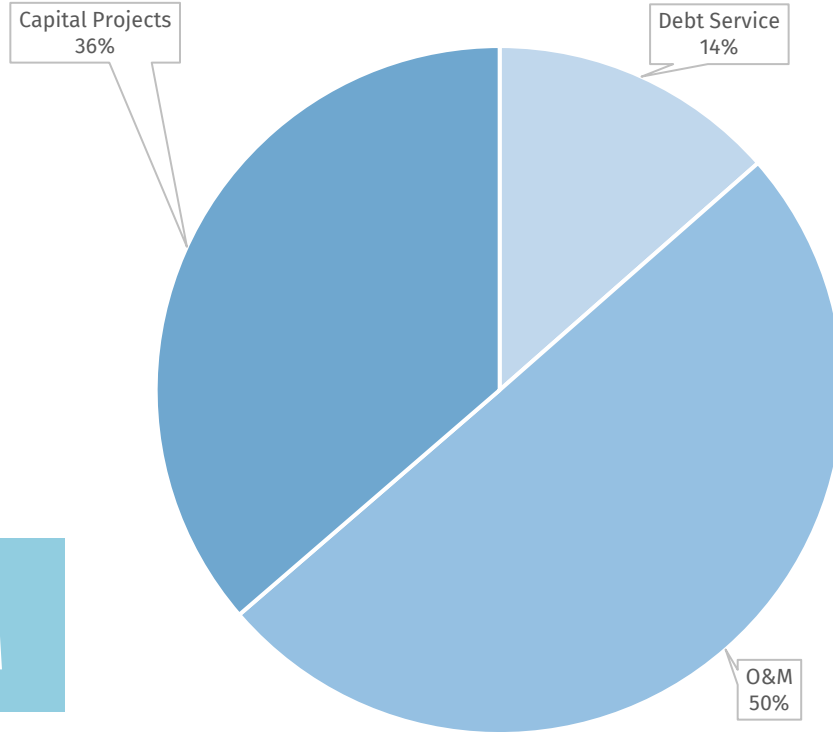
14%

- 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*

2027 Budget Overview



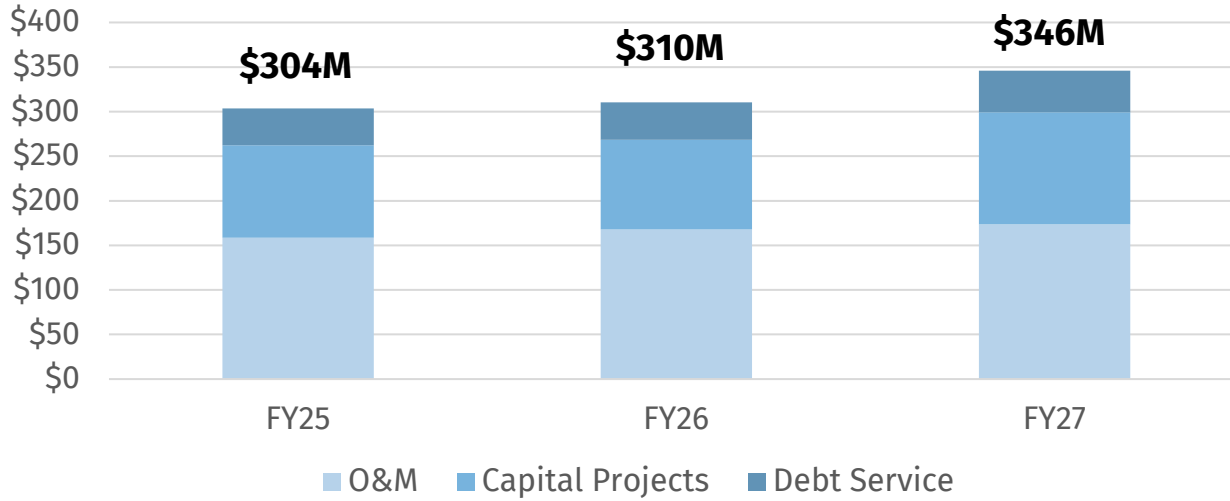
\$346M



- Debt Service **\$46.8M**
- O&M **\$173.6M**
- Capital Projects **\$125.7M**

Figures in millions

Budget Comparison: year over year totals



2027 total budget



11.6%

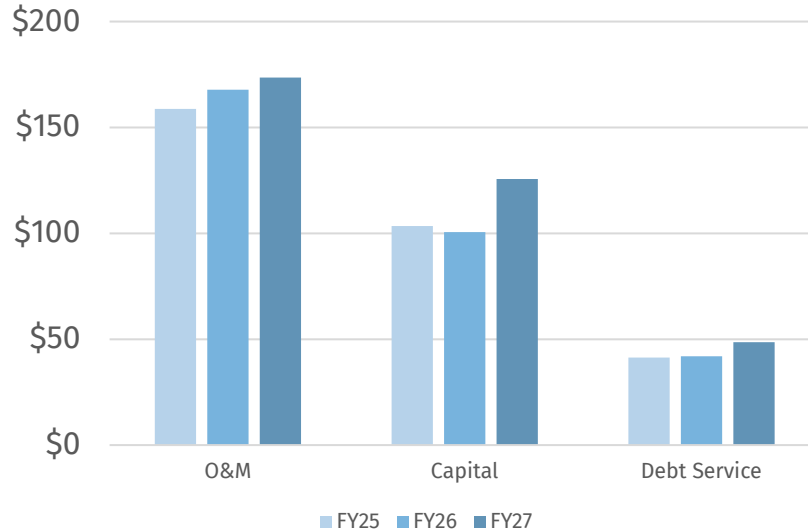
2026 total budget

Figures in millions

Budget Comparison: year over year by category

FY27
All budgets reflect increases over FY26, 11.6% in total

FY26
All budgets reflect increases over FY25, 2.2% in total



Figures in millions

Operating & Maintenance Budget: Detail

Total O&M budget

\$173.6M

Budgets over prior year

\$5.8M (3.4% increase) over FY26

- **Payroll** 4.7% increase
- **Benefits** 2.4% increase
- **Construction Maint.** 3.9% increase
- **Production Control** 23.2% increase



Budget Detail

Payroll	\$50.8M
Benefits	\$34.6M
Power	\$29.1M
Construction Maintenance	\$12.8M
Production Control	\$17.5M
Other	\$28.8M

Budgeted Headcount

Headcount is a cost driver

Direct relationship with largest line items within O&M:

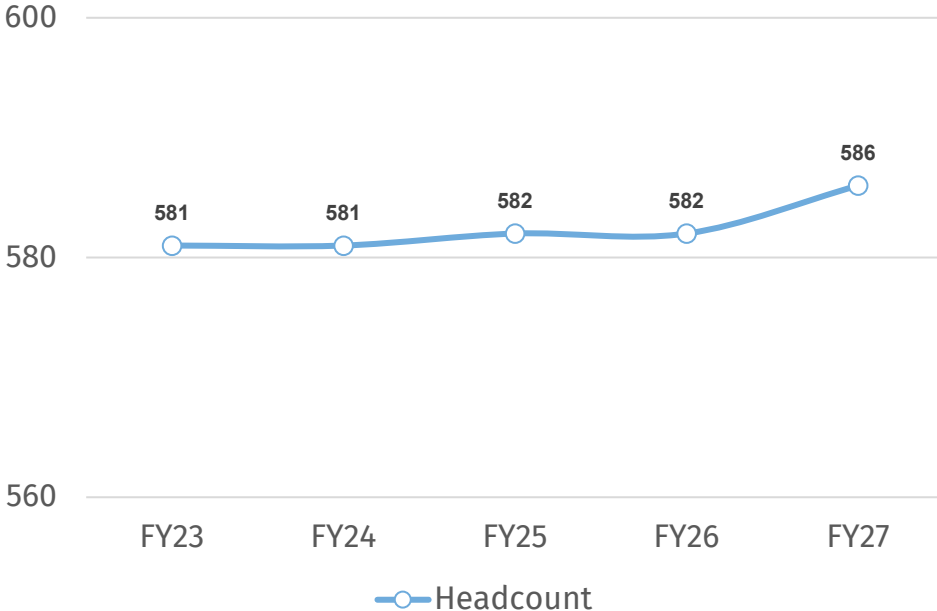
Payroll

\$50.8M



Benefits

\$34.6M



Headcount figures exclude PINE employees

Capital Projects Budget: detail

Total Capital Projects budget

\$125.7M

Budgets over prior year

\$18.8M (18%) increase over FY26

- **Engineering** increase of \$10.4M
- **Facilities** increase of \$14.5M
- **Meters** increase of \$2.5M



Budget Detail

Construction Maintenance	\$43.4M
Engineering & PC	\$48.3M
Facilities	\$23.1M
Transportation	\$4.4M
Meters	\$3.9M
Other	\$2.6M

Capital Budget Highlights



Construction Maintenance

\$43.4M

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



Engineering & PC

\$48.3M

- Bronze screened well replacements
- AOP & GAC treatment systems
- Tank construction
- Pump station infrastructure



Transportation

\$4.4M

- Utility vehicles
- Dump trucks
- Payloader



Facilities

\$23.1M

- **CM Oakdale building**
- BMS system continuation
- HVAC system improvements
- Coram building renovations



Information Technology

\$1.2M

- Network upgrades
- Replacement hardware
- Boardroom renovations

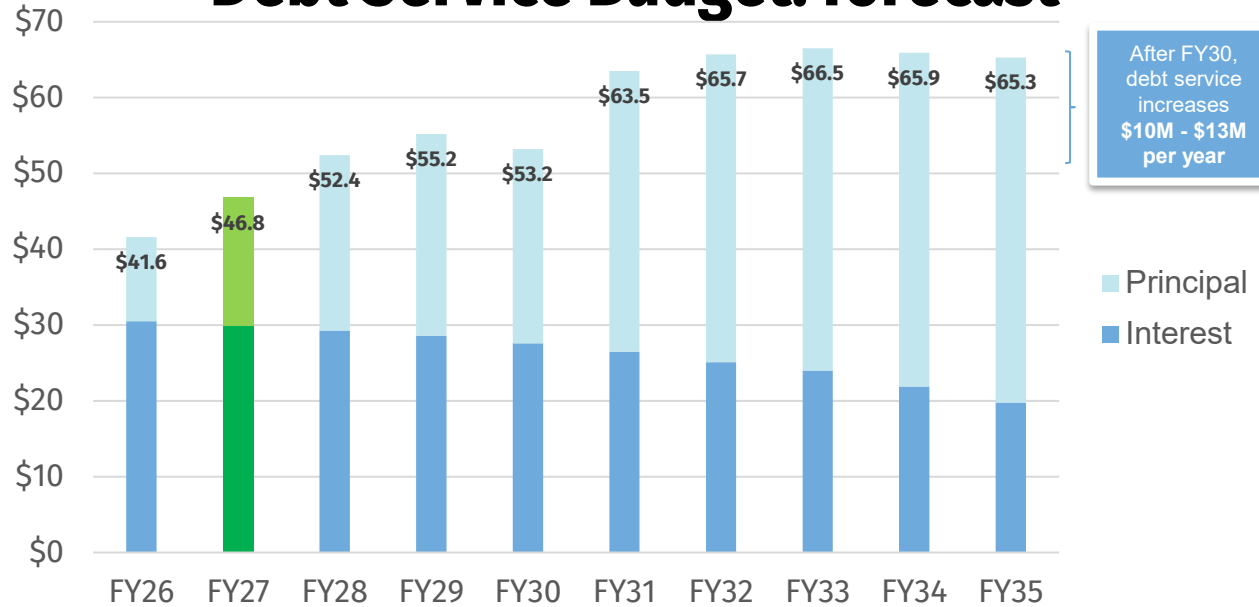


Laboratory

\$0.6M

- ICP-MS system replacement
- Autoextractors

Debt Service Budget: forecast



\$46.8M FY27 debt service cash requirement

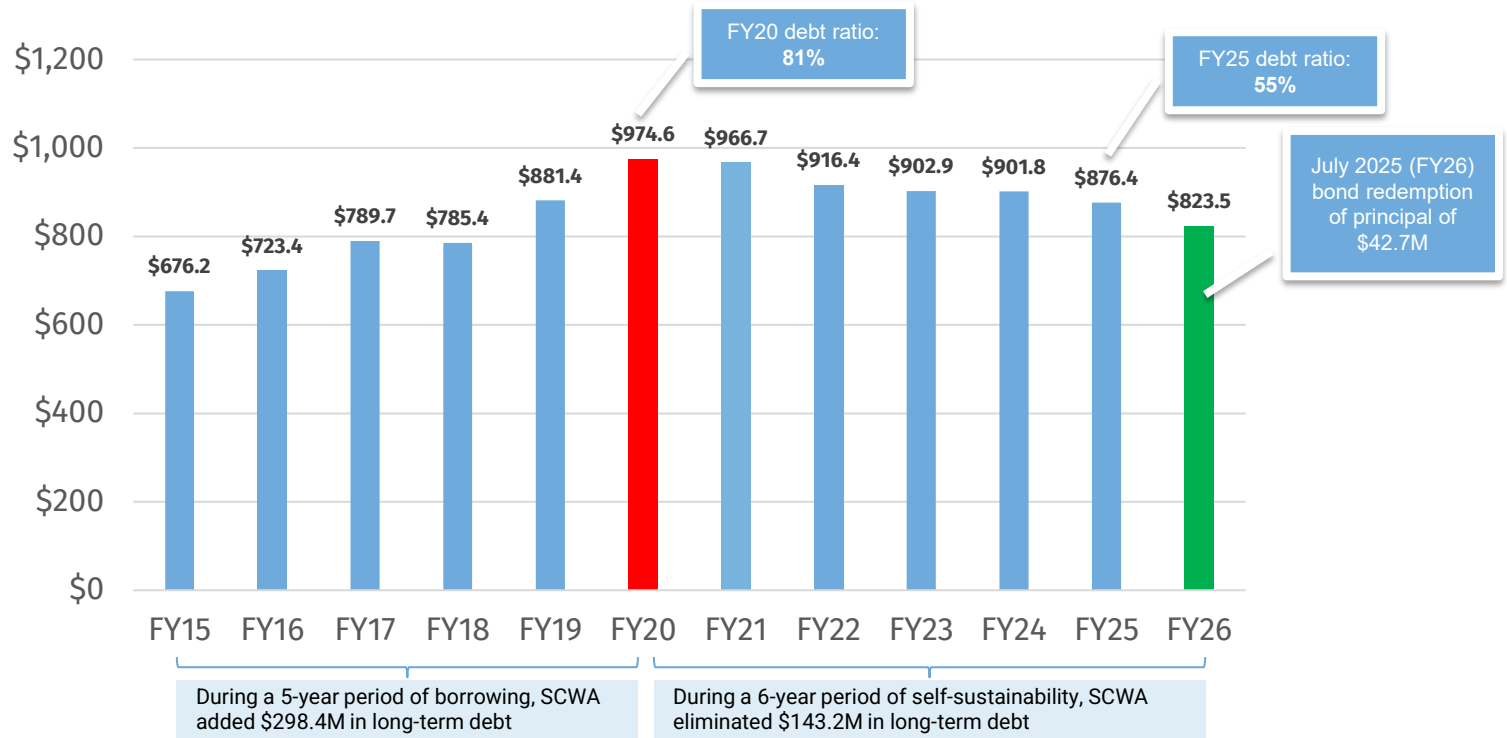


12.6%

Or \$5.2M

Figures in millions

Long-term Debt Balance History



Figures in millions; FY26 is a projected figure based upon debt service schedules

FY27 Finance Targets

2X

**Debt service
coverage ratio**



35%

**Improved debt
ratio**



Revenues

\$346M

Annual budget

Revenue requirement to achieve
break-even

AAA

Bond rating



365+

**Days cash-on-
hand**



Roadmap to Targets

Projected Total
Revenues

\$319M

2.81%


Effective rate increase


\$16.62 per year
\$4.16 per quarter
\$1.39 per month
\$0.05 per day


\$27M

Cash reserve utilization
to supplement total
budget requirement

Current Rate Structure


	Service Charge
	Fixed
	Per quarter: \$34.33


	Water Quality & Treatment Charge
	Fixed
	Per quarter: \$20.00


	Consumption Charge
	Variable, Tier 1
	CCF / KGAL \$1.866 / \$2.494


	Conservation Rate
	Variable, Tier 2
	CCF / KGAL \$2.694 / \$3.602

Proposed Rate Structure

	Service Charge
	Fixed
	Per quarter: \$35.45

	Water Quality & Treatment Charge
	Fixed
	Per quarter: \$20.00

	Consumption Charge
	Variable, Tier 1
	CCF / KGAL \$1.927 / \$2.576

	Conservation Rate
	Variable, Tier 2
	CCF / KGAL \$2.782 / \$3.719

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

FY27 Finance Metrics Projections

3.11



Debt service
coverage ratio



51%



Improved debt
ratio



Revenues

\$320M

Annual budget

Projected revenues with assumed
rate increases

AAA



Bond rating



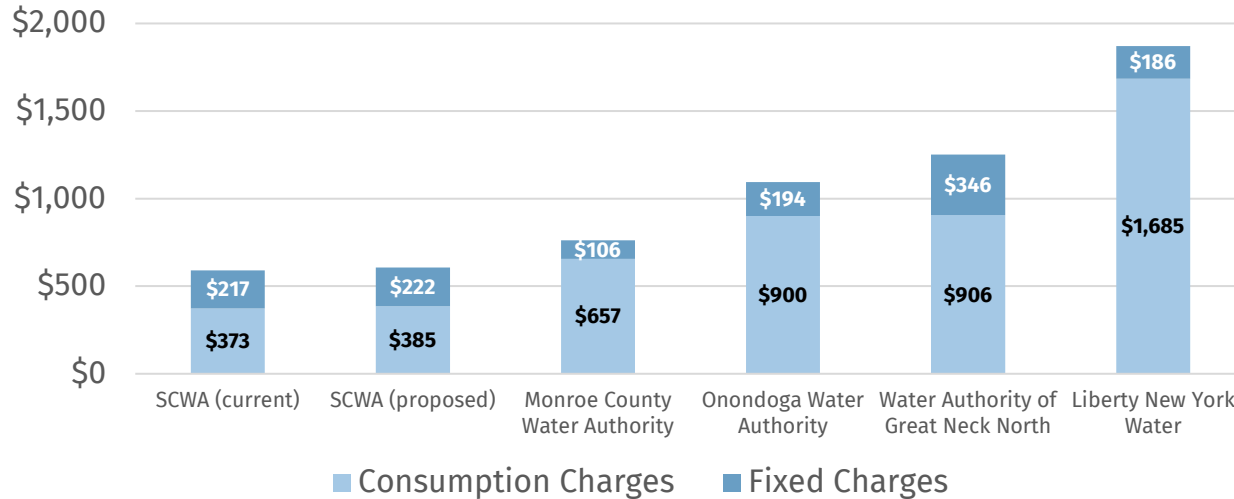
357



Days cash-on-
hand



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

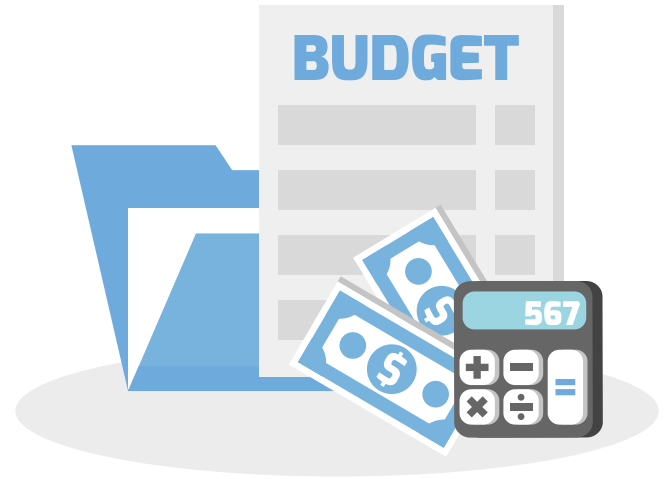
Proposed versus Current Rate Structure

	Proposal (proposed rates, proposed budgets)	Current (current rates, proposed budgets)	\$ Change	% Change
Water Revenues	\$263,502,000	\$256,205,000	\$7,297,000	2.8%
Other Revenues	55,567,000	55,368,000	199,000	0.4%
Total Revenues	\$319,069,000	\$311,573,000	\$7,496,000	2.4%
Operating & Maintenance Expenses	(\$173,566,000)	(\$173,566,000)	-	-
Debt Service	(46,800,000)	(46,800,000)	-	-
Capital Improvements	(125,664,000)	(125,664,000)	-	-
Total Expenditures	(\$346,030,000)	(\$346,030,000)	-	-
Cash reserves utilization	(\$26,961,000)	(\$34,457,000)	\$7,496,000	-21.8%
Debt Service Coverage Ratio *	3.11	2.95		

* Debt Service Coverage Ratio not based on GAAP debt service; debt service figure above reflects actual cash outlay


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 25, 2026
TO: Jeff Szabo, Chief Executive Officer
FROM: Christopher Cecchetto, Chief Financial Officer 
SUBJECT: **BUDGETS – FISCAL YEAR ENDING MAY 31, 2027**

In accordance with the *2027 Budget & Rates Proposal* presentation, I respectfully submit the Suffolk County Water Authority budgets for the fiscal year ending May 31, 2027 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, 2026.

The following summarizes the proposed budgets for fiscal year ending, May 31, 2027:

Operating & Maintenance Expenses: \$173.6M
Capital Budget: \$125.7M
Debt Service: \$46.8M

If you are in agreement, please include on the agenda for the March 26, 2026 board meeting.


CC:ms

cc. S. Hannan

FIN-26-029

**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 25, 2026
TO: Jeff Szabo, Chief Executive Officer
FROM: Christopher Cecchetto, Chief Financial Officer 
SUBJECT: **Rate & Fee Recommendations**

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, 2026 and January 1, 2027 (wholesale water rate).

These proposed rates were published in Newsday on March 25, 2026.

If you are in agreement, please place the following items on the March 26, 2026 Board agenda.

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

FIN-26-030

NOTICE IS HEREBY GIVEN a Public Hearing will be held remotely at 3:00 p.m. on Thursday, March 26, 2026, 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 by 12:00 PM EST on March 26, 2026.

		CURRENT June 1, 2025	PROPOSED June 1, 2026
Minimum Service Charge			
Service Classification 1 – Quarterly	General	34.33	35.45
Service Classification 1 – Monthly	General	11.44	11.82
Service Classification 1D – Annual	Fire Island	287.08	296.41
Water Quality & Treatment Charge			
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
Commodity Charge ¹			
Service Classification 1 – Quarterly	General	1.866	1.927
Service Classification 1 – Monthly	General	1.866	1.927
Service Classification 1D – Annual	Fire Island	2.596	2.680
Conservation Rate ^{1 2}			
Service Classification 1 – Quarterly	General	2.694	2.782
Service Classification 1 – Monthly	General	2.694	2.782
		PROPOSED January 1, 2026	PROPOSED January 1, 2027
Commodity Charge			
Service Classification 1B – Special Service Water			
Districts wholesale rate per 1,000,000 gallons		1,995.00	2,060.00
Wholesale rate per 1,000 gallons		1.995	2.060

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

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

Meter Size	Quarterly Consumption (CURRENT: June 1, 2024)		Quarterly Consumption (PROPOSED, June 1, 2025)	
	Gallons	CCF	Gallons	CCF
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, 2026, are as follows:

Service Size	Current Fee	Proposed Fee	% Increase
1"	\$4,600 (includes vault)	\$4,600 (includes vault)	0.00%
1 1/2"	\$6,700	\$6,700	0.00%
2"	\$10,200	\$10,200	0.00%
4"	\$17,200	\$17,200	0.00%
6"	\$18,600	\$18,600	0.00%
8"	\$19,900	\$19,900	0.00%
10"	\$20,000	\$20,000	0.00%
12"	\$20,800	\$21,800	4.81%

Meter vault fee increases, effective June 1, 2026, are as follows:

Meter Vault	Current	Proposed	% Increase
1"	\$1,050	\$1,050	0.00%
1 1/2" (without labor)	\$1,700	\$1,700	0.00%
1 1/2" (with labor)	\$2,200	\$2,200	0.00%
2" (without labor)	\$2,200	\$2,200	0.00%
2" (with labor)	\$3,000	\$3,000	0.00%

Standard cost increases, effective June 1, 2026, are as follows:

Current	Proposed	% Increase
\$330	\$336	1.81%

Hydrant fee increases, effective June 1, 2026, are as follows:

Hydrant Rate Category ³	Current (semi-annual)	Proposed (semi-annual)	% Increase
SCWA Public Hydrant Public Main No Flow Test	\$87.53	\$90.16	3.00%
SCWA Private Hydrant Private Main No Flow Test	\$128.54	\$132.40	3.00%
SCWA Private Hydrant Public Main No Flow Test	\$128.54	\$132.40	3.00%
SCWA Private Hydrant Private Main With Flow Test	\$155.86	\$160.54	3.00%
SCWA Private Hydrant Public Main With Flow Test	\$155.86	\$160.54	3.00%

Fireline rate increases, effective June 1, 2026, are as follows:

Fireline Rate Category ³	Current (quarterly)	Proposed (quarterly)	% Increase
2" General Fireline	\$46.64	\$48.04	3.00%
3" General Fireline	\$46.64	\$48.04	3.00%
4" General Fireline	\$67.28	\$69.30	3.00%
6" General Fireline	\$139.73	\$143.92	3.00%
8" General Fireline	\$279.71	\$288.10	3.00%
10" General Fireline	\$398.60	\$410.56	3.00%
12" General Fireline	\$574.74	\$591.98	3.00%
16" General Fireline	\$1,224.80	\$1,261.54	3.00%

Flow Test rate increases, effective June 1, 2026, are as follows:

Flow Test Rate Category ³	Current (semi-annual)	Proposed (semi-annual)	% Increase
Flow Test Only	\$27.32	\$28.14	3.00%

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