

A chrome faucet is shown pouring water into a clear glass. The water is captured mid-pour, creating a dynamic splash. The background is a solid blue rectangle that serves as a backdrop for the text.

BUDGETS FOR THE FISCAL YEAR ENDING MAY 31st

2024



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A MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Suffolk County Water Authority is one of the top public water providers in the United States. We maintain the best credit rating of any public authority in New York State and our state-of-the-art Water Quality Testing Laboratory is a model to others around the country.

The operating and capital budgets in the following pages reflect the expertise of our management and our dedication to making continuous investments to improve our operations and water infrastructure. With funds provided in these budgets, we will:

- Begin construction on a transmission line that will bring high quality drinking water from the heart of the Central Pine Barrens to the North Fork's Town of Southold
- Extend water main to serve homes with contaminated private wells in the Manorville area
- Construct a new distribution system to serve the residents of Oak Beach in Babylon
- Replace aging and undersized cast iron water main with larger, reliable ductile iron pipe that will last more than 100 years
- Enhance our Customer Service telephone system with a streamlined menu for easier use and call back functionality
- Construct advanced oxidation process treatment and granular activated carbon systems to remove the emerging contaminants 1,4-dioxane and PFAS and to ensure the highest quality drinking water
- Proactively replace wells to ensure that water supply capabilities remain reliable throughout Suffolk County
- Strengthen cyber security measures by adding additional layers of hardware and software
- Expand our world class Water Quality Testing Laboratory to provide additional space to test for more than 400 contaminants, which is far more than we are required to test for by regulators
- Expand our electric vehicle fleet to maximize sustainability

SCWA is well run and efficient in its management; with these investments and many more, we continue to maintain rates that are among the lowest on Long Island.

We are extremely proud of the men and women of the Authority and the work they do every day to ensure that Suffolk residents always have reliable and safe drinking water.

Please feel free to contact us with any questions about SCWA's finances.

Sincerely,

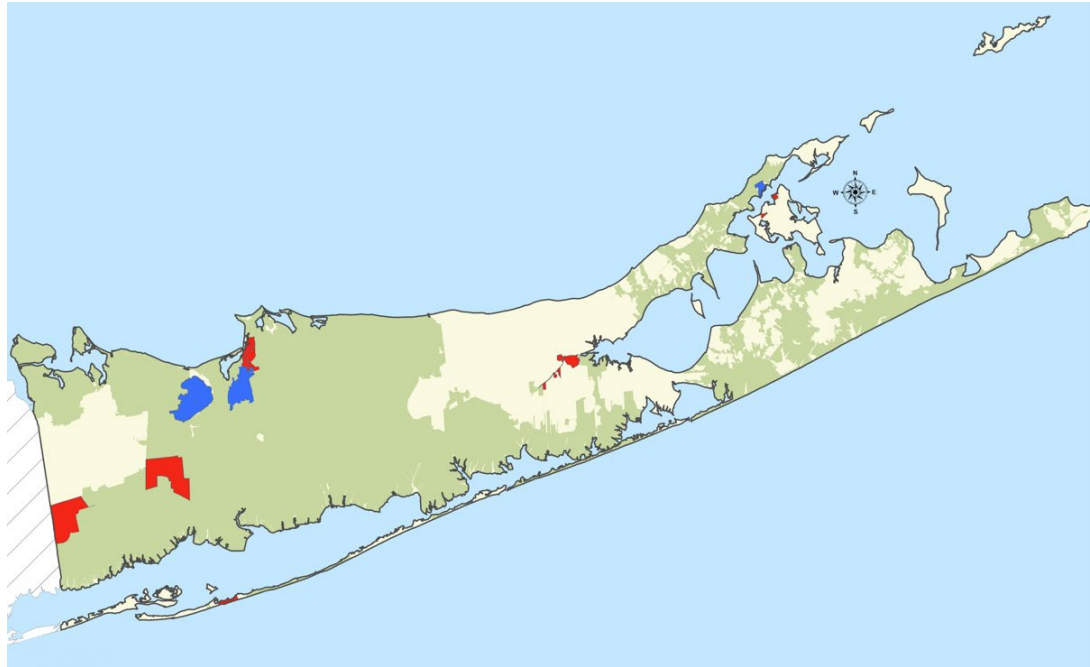






Patrick G. Halpin, Chairman
Suffolk County Water Authority



Jeffrey W. Szabo, Chief Executive Officer
Suffolk County Water Authority

SERVICE TERRITORY



-  Areas served by SCWA
-  Areas not served by SCWA
-  Water districts managed by SCWA (Brentwood, Fair Harbor, Stony Brook, East Farmingdale, Riverside, Dering Harbor, West Neck)
-  SCWA wholesale water customers (Greenport, Saint James, Smithtown)

The Suffolk County Water Authority serves approximately 1.2 million Suffolk residents, which is approximately 85% of the county's population. SCWA also sells water wholesale to Smithtown, St. James, and Village of Greenport Water Districts. SCWA supplies water to and operates seven public water districts in Suffolk, including Brentwood, Fair Harbor, Stony Brook, East Farmingdale, Riverside, Dering Harbor, and West Neck.

HISTORY

The Suffolk County Water Authority is New York's first public benefit corporation for water service and began operations on June 1, 1951, with 21,159 customers, when the SCWA acquired the South Bay Consolidated Water Company. The new not-for-profit entity, which has since become the model for numerous other water authorities, was serving 83,313 customers by 1961.

In SCWA's second decade, a newly constructed control center in Bay Shore enabled us to monitor pump stations through telemetered circuits. SCWA engineers also designed a new type of well in Commack that was the largest well ever drilled on Long Island up to that time. During this decade, SCWA also played a major role in conducting the "Comprehensive Water Supply Study" authorized by the Suffolk County Board of Supervisors.

By the end of the 1970s, SCWA supplied 38,756,000,000 gallons of water to 238,958 customers. SCWA had introduced automated chlorinating equipment as well as new lab equipment, including an Atomic Absorption Spectrophotometer, enabling us to upgrade our ability to conduct internal water analyses. Our Production Control Department replaced a manually controlled system for monitoring pump stations with a sensor-based, automated computer system.

As water quality standards become more stringent in the 1980s, we installed water treatment facilities to meet and surpass the new standards. In subsequent years, SCWA leaders took an active part in the enactment of the Pine Barrens Preservation Act, creating the largest groundwater protection program in the country. SCWA also sued polluters and increased educational outreach and as designated as the largest supplier of drinking water in the country supplying only groundwater, by the American Water Works Association.

New leadership in the first decade of the 21st century placed an increased emphasis on building a more efficient organization that embraced transparency, accountability, and sustainability. In this decade, SCWA also passed the stern test of a massive electrical blackout that crippled much of Long Island, implemented the SAP data processing system, and centralized its Customer Service operations.

In the 2010s, SCWA was presented the Gold Award from the Association of Metropolitan Water Agencies for exceptional utility performance in 2012 and two other awards from the same organization: The Platinum Award for Utility Excellence in 2016 and the Sustainable Utility Management Award – the highest award offered by the organization – in 2019. SCWA also led the way in creating the Long Island Commission for Aquifer Protection in 2015 to address both quantity and quality issues facing Long Island's aquifer system and to advocate for a regional approach to groundwater resource management. In 2015, SCWA released Strategic Plan 2025, a business plan that includes key initiatives to transform SCWA operations over the next decade.

At the onset of the 2020s with most of the initiatives included in Strategic Plan 2025 completed, or in process of being completed, SCWA leadership launched another business plan: Strategic Plan 2030. This plan builds upon the work of the earlier plan. Strategic Plan 2030 was formally approved by the Board in February 2023. A comprehensive water conservation plan is also in development.

RATINGS

Fitch, Inc. ("Fitch") has assigned their long-term municipal rating of "AAA" to SCWA's Outstanding Senior Lien Bonds and Outstanding Subordinate Lien Bonds. Such ratings reflect only the views of such organization and an explanation of the significance of such ratings may be obtained from: Fitch, Inc., One State Street Plaza, New York, NY 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and

assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised, suspended, or withdrawn entirely by such rating agency if in its judgment circumstances so warrant.

SUFFOLK COUNTY WATER AUTHORITY BOARD

The Suffolk County Water Authority has a five-member board. Each board member and chairman are appointed by the Suffolk County Legislature and serve a five-year term. The term of the current Chairman, Patrick G. Halpin, expires March of 2023. The other four board members and the expiration of their current terms of office are as follows: Timothy H. Bishop, May of 2025, Elizabeth Mercado, March of 2026, Jackie A. Gordon, March of 2024, and Charles A. Lefkowitz, March of 2027.

All powers of the Suffolk County Water Authority are vested in the board. The board's responsibilities include providing direct oversight of SCWA's Chief Executive Officer and management employees, establishing policies and procedures, monitoring financial and management controls, and operational decisions.



PATRICK G. HALPIN, Chairman, term as member expires in March of 2023. Mr. Halpin currently serves as managing director in the New York office of Mercury Public Affairs. Mr. Halpin served for nearly two decades as Executive Vice President for External Affairs for the Institute for Student Achievement, beginning in 1994. Mr. Halpin also had an extensive career in local and state politics, which began in 1979 when he was elected to the Suffolk County Legislature. In 1982, he was elected to the New York State Assembly and served three terms in that office. In 1987, Mr. Halpin was elected to the office of Suffolk County Executive. He served as County Executive from 1988 through 1991, managing a budget of more than \$1.4 billion and supervising more than 12,000 employees. During his tenure, Mr. Halpin instituted a comprehensive anti-domestic violence program, a nationally recognized open space and environmental protection program and an extensive affordable housing initiative. He also persuaded Computer Associates International Inc. to establish its worldwide headquarters in Suffolk, creating more than 10,000 jobs. Mr. Halpin, the host of Cablevision's Meet the Leaders television program, serves as a director with the Long Island Housing Partnership, Vision Long Island, and the advisory board of the Long Island Index. Mr. Halpin received a Bachelor of Arts degree in Political Science and Economics from Old Dominion University. He is a member of the Long Island Hall of Fame.



TIMOTHY H. BISHOP, term as member expires in May of 2025. Mr. Bishop is a Southampton resident and former member of the U.S. House of Representatives, serving from 2003-2015 representing New York's 1st congressional district. As a congressman, Mr. Bishop served on the Education and Workforce Committee and Transportation and Infrastructure Committee, supported numerous pieces of landmark legislation, and sponsored legislation that blocked a plan to dump twenty million cubic yards of contaminated dredge waste in the Long Island Sound.

Prior to his service in the House, Mr. Bishop served as provost of Southampton College for 16 years. As provost, Mr. Bishop served as chief executive officer in charge of the campus's day-to-day management. During his tenure at the college, Mr. Bishop oversaw the addition of four graduate programs, construction of a new academic center and development of the award-winning Cooperative Education and Freshman Programs. Since leaving the House, Mr. Bishop has served as Director of the Center for Community Solutions and visiting professor at St. Joseph's College.



ELIZABETH MERCADO, term as member expires in March of 2026. Ms. Mercado is a Brentwood resident and is currently employed as a customer care representative for Verizon, a position she has held for more than 20 years. Ms. Mercado also currently serves as Business Agent on the Executive board Communications Workers of America Local 1105, representing members in offices between Brooklyn and Suffolk County. She also serves on CWA's National Women's Committee.

As former president of the Brentwood Union Free School District Board of Education, Ms. Mercado collaborated with other trustees to establish the district's vision and goals and oversaw an annual budget of approximately \$400 million. She is a member of the Islip Town branch of the National Association for the Advancement of Colored People (NAACP), the Coalition of Labor Union Women (CLUW), and the National Association for Latino Elected Officials (NALEO). Ms. Mercado received a Bachelor of Science degree in Business Management from SUNY College at Old Westbury and an associate of applied science degree in Business Administration from Suffolk County Community College's Grant Campus.



JACKIE GORDON, term as member expires in March of 2024. Ms. Gordon is a Copiague resident, a 13-year former Babylon Town Board member, a long-time school counselor and a U.S. Army veteran. Even while serving as an elected town board member, Ms. Gordon also served her country in the U.S. Army Reserves as a military police officer from 1984 to 2014. She was deployed four times, serving in Germany during Operation Desert Storm, as an operations officer at Guantanamo Bay, as a battle captain in Baghdad during the U.S.-led invasion of Iraq and as commander of the 310th Military Police Battalion in Afghanistan in 2012.

Gordon served for a quarter-century as a school counselor for Western Suffolk BOCES in Farmingdale, where she helped students and provided crisis intervention when social or behavioral issues affected their educational and vocational aspirations. She graduated from CUNY Hunter College with a B.A. in health education in 1987, a M.S. degree in counselor education in 1997 and a professional diploma in educational leadership in 2006.



CHARLES A. LEFKOWITZ, term as member expires in May 2027. Mr. Lefkowitz is a Setauket resident and has been the president of CALCO Development and Louis Lefkowitz Realty, Inc. since 1994. In total, Mr. Lefkowitz now leads five companies that own and manage millions of square feet of commercial properties and oversee a portfolio of more than 3,000 multi-family units. The companies combined have an estimated value of more than one billion dollars.

A Brookhaven Town councilman from 2000-2003, Mr. Lefkowitz as a councilman helped attract hundreds of jobs to the town's Empire Zone, led the upgrade of the town's website and technological capabilities and played a key role in the relocation of Town Hall to a modern facility. He currently serves as president of the Three Village Chamber of Commerce and has served on the boards of various community organizations, including the Three Village Civic Association and the Port Jefferson Chamber of Commerce. He was named Person of the Year by the Three Village Historical Society in 2015 and by The Village Times/Beacon in 2017 as well as Member of the Year by the Three Village Chamber of Commerce in 2015.

A 1980 graduate of Ward Melville High School, Mr. Lefkowitz went on to earn an A.A.S. in hospitality management from SUNY Delhi, a Bachelor of Science degree in management from Florida International University and a graduate degree in real estate studies from New York University.

The powers of the Authority are vested in and exercised by a majority of the members then in office and may be delegated to one or more members, agents, or employees. The members of the Authority receive compensation for their service as fixed by the Suffolk County Legislature and are also reimbursed for all necessary expenses incurred in connection with their duties.

EXECUTIVE STAFF

The executive staff of the Authority consists of a Chief Executive Officer, Deputy Chief Executive Officer for Operations, Deputy Chief Executive Officer for Customer Service/Chief Diversity and Equity Officer, General Counsel, Chief Technology Officer, Chief Human Resources Officer, Director of Water Quality and Laboratory Services, and a Chief Financial Officer.



JEFFREY W. SZABO, Chief Executive Officer. Jeffrey W. Szabo has served as Chief Executive Officer of the Suffolk County Water Authority (SCWA) since May 2010. During that time, he has led the effort to reposition the organization, which serves 1.2 million Suffolk residents, to meet future challenges by creating a water authority that is more accountable to its customers, more efficient, more environmentally conscious and more transparent.

Among Mr. Szabo's notable achievements to date as SCWA's chief executive are the development of the utility's first long-term strategic business plan, which identifies key objectives to transform SCWA operations over a ten-year period, including completion of the transition to automated meter reading technology; implementation of mobile workforce technology; development of long-term sustainable water supply plans for vulnerable areas; development of new treatment methods for emerging contaminants; and conducting vulnerability assessments of critical facilities, among other objectives.

Mr. Szabo was also the architect of the creation of the Long Island Commission for Aquifer Protection (LICAP), a bi-county effort to identify threats to Long Island's sole source aquifer and provide a blueprint for the regional management of Long Island's groundwater resources. He currently serves as LICAP Chairman.

Prior to joining SCWA, Mr. Szabo served as Deputy County Executive and Chief of Staff for the Suffolk County Executive, where he played a significant role in the management of more than 11,000 employees and a \$2.5 billion annual operating budget, with direct oversight of 15 departments.

Mr. Szabo also serves on the Board of Directors of the Association of Metropolitan Water Agencies (AMWA) and as Chairman of its Legislative Committee. Additionally, he serves as Chairman of the Central Pine Barrens Advisory Committee. In 2005, he was a "40 under 40" award recipient of the Long Island Business News. During Mr. Szabo's tenure as Chief Executive Officer of SCWA, the utility has been presented five prestigious awards from various organizations honoring SCWA's performance and commitment to the environment. In 2021, Mr. Szabo was appointed to the Environmental Protection Agency's National Drinking Water Advisory Council (NDWAC) for a term of three years. NDWAC is a Federal Advisory Committee that provides EPA with advice and recommendations related to the national drinking water program.

A lifelong resident of Long Island, New York, Mr. Szabo earned a Bachelor of Arts degree from Long Island University.



JOSEPH M. POKORNY, P.E., Deputy Chief Executive Officer for Operations. Mr. Pokorny has been employed by the Suffolk County Water Authority since 1995. Starting in the Production Control department overseeing maintenance operations on all SCWA water production and storage facilities, Mr. Pokorny was promoted in 1997 to Chief Engineer, responsible for the budgeting, planning, design and construction of all of SCWA's production, storage and treatment facilities. He then served as Acting Director of Distribution in the Construction and Maintenance department where he oversaw the installation of all pipeline construction, rehabilitation and repair work associated with SCWA's 5900-mile distribution system. Prior to working for SCWA, Mr. Pokorny worked for eight years for the Long Island Lighting Company in its Electrical Engineering department, where he worked on a variety of projects from fossil and nuclear power plants to small wastewater treatment plants. He also worked for five years as engineering manager for two systems integration companies designing various automation systems for water, wastewater and transportation systems throughout the Northeast United States. Mr. Pokorny has served as the Chairman of the Long Island Water conference and remains active within the organization. Mr. Pokorny also serves as Vice-Chair of the AWWA Water Utility Council. Mr. Pokorny earned a Bachelor of Science degree in Electrical Engineering from Manhattan College, a Masters in Business Administration from St. John's University and is a licensed professional engineer in the State of New York.



JANICE E. TINSLEY, Esq. Deputy Chief Executive Officer for Customer Service/Chief Diversity and Equity Officer. Ms. Tinsley was appointed by the Authority in April 2008 as Deputy Chief Executive Officer for Customer Service. She is responsible for all facets of the Customer Service Division, which include Metering, Field Service, Workforce Technology and Call Center Operations. In May of 2022, Ms. Tinsley was appointed as the Chief Diversity and Equity Officer. She oversees the Authority's initiative in development of training programs and enhancement of management processes, ensuring the incorporation of DEIB practices. For eight years, Ms. Tinsley served as Town Clerk for the Town of Babylon. Prior to serving in this elected position, she was Special Assistant to the Babylon Town Supervisor concentrating on constituent services. In her current position, Ms. Tinsley oversaw the change out of more than 395,000 traditional style water meters to AMR meters. In addition, her department has transformed from a paper-centric department to a largely paperless environment utilizing newly installed mobile workforce management technology. Before entering public service, Ms. Tinsley was employed in various positions with Northwest Airlines for over 18 years. Ms. Tinsley received her Bachelor of Arts degree in Political Science from Lycoming College and her Juris Doctor in 1992 from Brooklyn Law School. Ms. Tinsley was admitted to practice law in the State of New York.



TIMOTHY J. HOPKINS, Esq., Chief Legal Officer. Mr. Hopkins joined the Suffolk County Water Authority in 1992. He is responsible for managing the Water Authority's Legal Department and outside counsel, and conducts litigation for the Authority. Prior to joining the Water Authority, Hopkins was an associate of Farrell Fritz of Uniondale, NY where he was a member of the municipal litigation department. While attending law school Hopkins was employed by the New York State Attorney General's Office. Hopkins received his Juris Doctor in 1992 from Touro College Jacob D. Fuchsberg Law Center and his Bachelor of Science degree in Industrial Economics in 1986 from Union College. Hopkins is admitted to practice in the State of New York and in the Eastern and Northern Districts of New York of the United States District Court. Hopkins has played important roles in issues ranging from the creation of transferable development rights programs to Federal multidistrict MTBE contamination litigation.



CHRISTOPHER CECCHETTO, Chief Financial Officer. Mr. Cecchetto joined the Suffolk County Water Authority in 2018 as Deputy Chief Financial Officer and was promoted to Chief Financial Officer in 2022. He is responsible for all accounting and finance related matters at SCWA, including the oversight of annual budgets approaching \$280 million, rate structure analysis, forecasting, and financial reporting. Mr. Cecchetto began his career in public accounting with Baker Tilly and EY and later transitioned to internal roles with W.P. Carey and CA Technologies. Mr. Cecchetto earned a Bachelor of Science degree in Accounting from the University of Delaware and is a Certified Public Accountant in the State of New York.



MICHAEL A. LITKA, Chief Technology Officer. Mr. Litka has been employed by the Suffolk County Water Authority since 1989, where he began his service as a programmer in the Laboratory. He was appointed Deputy Director of Information Services in 1998 and Director of Information Technology in 2002. In 2016, he was appointed Chief Technology Officer, where he provides direction and support for Information Technology solutions that enhance mission-critical business operations and strategic goals for the Authority. He also oversees, directs, coordinates and organizes all operational information technology activities for the Information Technology department. Mr. Litka received his Bachelor of Business Administration degree in 1984 from Hofstra University.



DONNA MANCUSO, Deputy CEO for Administration. Ms. Mancuso has been with the Suffolk County Water Authority since 1985. She began her career as a customer service clerk in the Babylon Office and then transferred to the Engineering department. In 1995, she was selected by the Members of the Board to hold the position of Secretary to the Board. While in that position, she developed the role of Educational Programs Coordinator and created an educational outreach program for schools in Suffolk County, which has grown to reach over 10,000 students each year. In her current position of Deputy CEO for Administration, she oversees Human Resources, Communications and General Services. She holds a Bachelor of Arts degree from California Lutheran University and has completed graduate studies toward a Master of Science degree in Education and an MBA in Public Management at Dowling College. Ms. Mancuso is a member of the Long Island Chapter of the Society for Human Resource Management and is the current Chair of the American Water Works Association's (AWWA) Workforce Strategies Committee. She assumed the position of Trustee in the Management and Leadership Division of AWWA in June of 2021.



THOMAS SCHNEIDER, Director of Water Quality & Laboratory Services. Mr. Schneider joined the Suffolk County Water Authority in 1993 as a Chemist and was promoted to Supervising Chemist in 1997. From 2014 until his appointment to Director of Water Quality and Laboratory Services in 2022, Mr. Schneider served as Inorganic Laboratory Supervisor. In 2022, Mr. Schneider received a patent for sodium bisulfate dispenser for 1,4-dioxane collection. A member of the American Chemical Society, Science Advisory Board and American Water Works Association, Mr. Schneider earned a Bachelor of Science degree in Physical Chemistry from Stony Brook University.

BUDGETS FISCAL YEAR MAY 31, 2024

OPERATING & MAINTENANCE BUDGET HIGHLIGHTS

The Operating & Maintenance Revenue and Expense Budget reflects SCWA's activities as it relates to revenues and day-to-day operational and maintenance costs. The following summarizes the proposed budget for the fiscal year ending May 31, 2024:

Operating & Other Revenue	\$ 278,856,000
Operating & Maintenance Expense	155,391,000
Revenues Available for Debt Service	<u>\$ 123,465,000</u>
Debt Service	<u>\$ 32,110,000</u>
Debt Coverage	<u>3.85</u>
Debt Coverage (excluding Water Quality & Treatment)	<u>2.86</u>

REVENUES

The Authority's tax-exempt status and its ability to issue tax-exempt debt rests with the sale of water within the boundaries of Suffolk County. The composition of Suffolk County Water Authority's Revenue Budget for fiscal year May 31, 2024 is as follows:

1. **Water Sales (\$197.8 million)** - The Authority budgets revenues based upon actual customer and consumption data. Additionally, projected customer growth and rate increases are utilized to ensure accurate projections. Information and guidance from external rate study consultants are also considered.
2. **Water Quality & Treatment Systems (\$31.6 million)** - The New York State Department of Health has enacted new drinking water regulations for emerging contaminants PFOS, PFOA, and 1,4 – Dioxane. To meet these new standards, the Authority plans to utilize Granular Activated Carbon ("GAC") and Advanced Oxidation Process ("AOP") systems.
3. **Wholesale Water Sales (\$3.4 million)** – Suffolk County Water Authority has agreements with three municipalities to provide wholesale water; these include Smithtown Water District, St. James Water District, and the Village of Greenport. Although the Authority no longer enters into agreements of this nature, these standing agreements are honored. Effective January 1, 2023, the wholesale rate was increased to \$1.776 per thousand gallons.
4. **Managed Water Districts (\$6.3 million)** - Suffolk County Water Authority has operating agreements to operate and maintain various water districts' system infrastructure. Effectively, these agreements ensure that rates are in accordance with the Authority's most current rate structure.
5. **Hydrants and Firelines (\$8.7 million)** - Suffolk County Water Authority has approximately 38,000 public hydrants and private hydrants. Public hydrants are billed at a rate of \$165.00 per year, effective June 1, 2023. Private hydrant rates are billed \$242.31 per year, effective June 1, 2023.
6. **Miscellaneous Fees (\$29.0 million)**
 - a. **Water Related (\$4.3 million)** – These include customer late charges, reconnect fees, rental agreements.

- b. **Capital Reimbursements (\$12.6 million)** – Suffolk County Water Authority pays for the first 75 feet of main installed for each new homeowner. Residential homeowners will pay the Authority for the costs in excess of 75 feet. Developers typically pay 100% of the cost. To help residents become SCWA customers, standard cost per foot and regional fixed fees have been established. Developer contracts, which the developer pays based on actual costs, is budgeted at \$0.5 million.
 - c. **Non-Water Related Revenues (\$12.1 million)** – Consists of existing antenna leases. The Authority budgets according to the agreements and does not make any assumptions regarding new or modified terms.
7. **Investment Earnings (\$2.0 million)** – Revenues are projected based upon the Authority's investment portfolio.

EXPENSES

1. **Payroll (\$45.8 million)** – As a service providing organization, payroll is the single biggest Authority cost. The Authority continuously reviews workforce data to operate as efficiently as possible. Consequently, budgeted positions are 581 for Budget 2024. Current base payroll is budgeted at \$55.1 million. Overtime is budgeted in the amount of \$2.1 million. In total, the Authority's payroll for fiscal year ending May 31, 2024 is estimated at \$57.2 million. In accordance with Generally Accepted Accounting Principles (GAAP), costs incurred due to purchasing or constructing a capital asset must be recorded as a portion of the capital asset. Therefore, costs incurred by SCWA, principally payroll and benefits, must be allocated. The Authority has determined that 80% of payroll costs are attributable to operations & maintenance and 20% to capital projects. Consequently, \$45.8 million of payroll is reflected in the proposed operating and maintenance budget.
2. **Benefits (\$29.5 million)** – As previously indicated, in accordance with GAAP and analysis of historical information, 80% of all benefit costs are reflected in the operation & maintenance budget and 20% in the capital budget. These costs include health, dental, optical, social security, and New York State Retirement. Health insurance cost increased approximately 14.8% in January 2023 and is estimated to increase 10.0% in January 2024. Life, optical, and dental insurance is appropriated at approximately the same level.
3. **Power (\$35.7 million)** – This figure is based on all water pumped, including billed and unbilled (hydrants, firelines, main flushing, etc.), and power used on building and structures. Components of PSEG's rate structure include demand charges, fuel surcharges, and consumption rates. This budget includes a 14.6% rate increase over Budget 2023 in accordance with Consumer Price Index assumptions sourced from the U.S. Bureau of Labor Statistics.
4. **Administrative Operations & Maintenance (\$18.7 million)** – Major functional components of the Authority's operations include customer billing and collecting (\$1.4 million), computer and telecommunication supplies and expenses (\$3.1 million), consulting costs (\$2.4 million), risk management (\$2.1 million), personnel services and professional training (\$0.4 million), safety and safety training (\$0.5 million), facilities and general services (\$2.4 million), worker's compensation (\$4.5 million), and other expenses (\$1.9 million).
5. **System Operations & Maintenance (\$15.4 million)** – Major functional components of the Authority's maintenance program include transmission and distribution (\$12.8 million), and wells and pumping (\$2.6 million).
6. **Treatment (\$8.3 million)** – This includes chemicals (\$3.2 million), carbon replacement (\$1.0 million), other treatment systems, including perchlorate, nitrates, iron (\$2.4 million), laboratory expenses (\$1.4 million), and system maintenance (\$0.3 million).

7. **Fleet Services (\$1.9 million)** – Fleet Services maintains approximately 345 vehicles and 189 in support equipment (trailers, cranes, backhoes, compressors, etc.). Fleet and related equipment is used in connection with both the Operating & Maintenance and Capital Budgets. As such, these costs are allocated to both budgets in accordance with Generally Accepted Accounting Principles (GAAP). Consequently, \$1.9 million is reflected in this budget.

DEBT SERVICE

As required by SCWA's bond indenture, revenues available after the payment of its operating and maintenance expenses are to be applied to the payment of its debt service (principal and interest of its outstanding debt). The Authority's capital budget is funded with net revenues remaining after the payment of its operating & maintenance expenses and debt service. If necessary, the issuance of bonds will fund a component of the Authority's capital budget. Any bonds issued are secured against the revenues generated. The Authority's Capital Program, the structure of its existing debt, the funding relationship of its capital expenditures between revenue and financing, and the importance placed by management to maintain strong debt coverage has allowed SCWA to be held in highest regard within the financial community as evidenced by its current rating on outstanding senior lien debt of AAA from Fitch, Inc.. Authority Debt Service of \$32.1 million is budgeted for 2024.

CAPITAL BUDGET HIGHLIGHTS

The Authority formulates the capital budget based on information provided by its Construction Maintenance, Engineering, Production Control, Laboratory, Information Technology, General Services, Customer Service, and Administration Departments. The proposed 2024 capital budget of \$99.9 million incorporates information technology, automated meter reading technological improvements, and increased service & distribution system improvements.

Additionally, the Authority has included \$17.1 million to meet new expected standards proposed by the New York State Department of Health to address various emerging contaminants. This figure reflects anticipated capital costs to build and acquire necessary infrastructure as part of a multi-year plan that has been developed.

The following components are part of the proposed capital budget:

WATER MAIN INSTALLATIONS (\$38.2 million)

There are four components to the Authority's water main installation program: (1) the installation of new water mains to serve communities that were previously served by private wells (\$4.8 million), (2) the replacement of existing water mains (\$21.8 million), (3) installation of new water mains paid by developers (\$0.5 million), and (4) improvements to the distribution system to provide better service within existing service areas (\$11.1 million). With respect to the first component, the security of having water that is constantly tested and the safety offered by the presence of public fire hydrants drives the demand for public water.

POINT OF SERVICE DISTRIBUTION (\$13.0 million)

The proposed budget reflects additional hydrants as well as replacements of existing hydrants in an amount of \$1.5 million.

To avoid disruption of roadways and reduce the costs of connecting future customers to new pipes installed underground, the Authority is providing easy connections to the water supply (“stub services”) where existing homes do not immediately connect to the water supply system but are expected to in the future (\$7.3 million).

Meter replacement for automatic meter reading is done both internally and by an outside contractor. Throughout the year, the Authority responds to customers for repair or replacement of the meter. The Authority has determined that for efficiency, the meter will be changed out. Staff reallocation within Customer Service increases the number of meters being changed internally. This has resulted in the annual replacement of approximately 4,700 meters by Authority personnel. The proposed budget includes \$4.0 million for this purpose. Additionally, \$0.2 million is budgeted for vault conversions and sampling stations.

WATER QUALITY & TREATMENT SYSTEMS (\$17.1 million)

It may be necessary for the Authority to treat water to remove volatile organic chemicals, pesticides, herbicides, and other contaminants through the utilization of filtration systems; this includes granular activated carbon or ion exchange. Water is treated as contamination is detected. New contaminants may be added and/or the level of the standard requiring remediation may be changed in accordance with regulations of the EPA and the New York State Department of Health. The Authority also utilizes filtration systems to remove excess iron, primarily for aesthetic reasons. The presence of iron in drinking water poses no known health hazard.

Additionally, the New York State Department of Health has enacted new drinking water regulations for emerging contaminants PFOS, PFOA, and 1,4-Dioxane. To meet these new standards, the Authority will utilize Granular Activated Carbon (“GAC”) and Advanced Oxidation Process (“AOP”) systems. The Authority has budgeted \$17.1 million to continue the construction of these systems in fiscal year 2024.

OTHER EQUIPMENT (\$6.4 million)

The Fleet Services Department has examined the condition of its fleet, and in conjunction with various departments, assessed fleet utilization. The Authority is replacing its aging fleet of vehicles at a budgeted amount of \$5.0 million.

To assist in the operation of the water system, SCWA needs to add or replace certain support equipment in the information technology, laboratory, communications, and clerical areas. This includes the upgrading of computer equipment, field equipment, and office equipment. The proposed budget includes \$1.4 million for this purpose.

FACILITIES (\$4.7 million)

The Authority has numerous administrative properties and facilities that now require upgrades and renovations. The proposed budget includes \$4.7 million for this purpose. Additionally, the Authority has planned a multi-year project to construct a new Construction Maintenance office headquarters. The fiscal year 2024 budget includes \$1.2 million for this purpose.

IMPROVEMENTS IN TECHNOLOGY (\$0.9 million)

The Information Technology Committee has recommended \$0.9 million to proceed with projects concerning meter reading, desktop software, video, and SAP upgrades. Improvements in technology will also include cyber security and network infrastructure upgrades.

ADDITIONAL FACILITIES (\$19.6 million)

The Water System operates approximately 51 separate and distinct pressure distribution zones. The wells have a capacity to pump approximately 870 million gallons of water per day. To meet system demands, the proposed budget includes \$19.6 million for new well and tank construction, replacement of wells, pump station infrastructure, and painting of tanks.

FROM THE DEPARTMENTS: BUDGET PRIORITIES

CONSTRUCTION MAINTENANCE

Construction Maintenance is responsible for the design, construction, maintenance of water mains, and installation and maintenance of fire hydrants. The department will be replacing and rehabilitating more than 10 miles of water mains in fiscal year 2024, focusing on the replacement of older water mains that are undersized for modern demands and susceptible to main breaks. Additionally, there are several new water main projects planned to serve new customers. These projects include approximately eight miles of main extensions to serve homes with contaminated wells in the Manorville area and the construction of a new distribution system to serve the residents of Oak Beach in Babylon. A long-discussed transmission main from Flanders to Southold broke ground at the end of fiscal year 2023 and construction will be phased over the coming years. This project will improve supply to customers on the North Fork and provide relief to some of the highest demand wells in our system. The department will also be expanding a pilot project to use remote flow and pressure monitors in our distribution system. This will come in the form of “smart” hydrants with integrated instrumentation and communication, in addition to battery powered insertable flowmeters that communicate wirelessly.

CUSTOMER SERVICE

The Customer Service department consists of a contact center, billing, metering, collections, and field services. The department aims to provide the best service possible in responding to the needs of our customer base. In November 2018, Field Service became the first department to implement a Mobile Workforce Management System. Throughout the year, Customer Service realized many benefits from the system. With Construction Maintenance and Production Control being added to the MWMS, Customer Service will reap the benefits of upgraded functionality and added features. In fiscal year 2023, the call center introduced a live “chat” feature.” Other telephone system enhancements will be added that include features including a streamlined menu and call back functionality. Retailers continue to be added to the retail cash payments network, which provides additional convenience to our cash paying customers.

Customer Service has continued to further enhance our MWMS, allowing our Field Technicians the ability to complete their duties without having to enter the office. Through utilization of new technologies, our clerical staff is capable of working virtually while continuing to serve our customers with exemplary service.

EMERGENCY MANAGEMENT

The Office of Emergency Management is responsible for providing support to the Authority during emergency situations. This includes creating continuity plans, facilitating vulnerability assessments, and implementing technology and software tools to collect, share, and display critical infrastructure data in a GIS environment. The department collaborates with local, State, federal agencies, and other emergency planning professionals to refine the Authority's emergency response plan, storm, and security readiness.

ENGINEERING

The Engineering Department is responsible for designing, improving, constructing, and delivering all aspects of the Authority's water supply infrastructure facilities (excluding water mains and hydrants) and employee facility needs. In 2024, additional capital funds will allow the Authority to continue to meet the challenges presented by emerging contaminants, 1,4-Dioxane and perfluorinated compounds, by constructing Advanced Oxidation Process and carbon

treatment systems. Additional carbon systems will also be installed to treat other compounds that are not considered emerging contaminants. Funding for multiple generators will increase system resiliency.

INFORMATION TECHNOLOGY

The Information Technology department is charged with serving and empowering the Authority by providing the most innovative, high quality, technology-based services in the most cost-effective manner. This year, the department will continue to achieve its goals by enhancing and upgrading critical applications throughout the Authority. The department plans to complete the Mobile Workforce Management System in our operations division, which will eliminate reliance on paper orders and provide automated resource planning, scheduling, routing, and dispatching of work. Additionally, the department will upgrade the SAP Human Resources module and will work to strengthen cyber security measures.

LABORATORY

The Laboratory maintains an aggressive and comprehensive approach to water quality testing and is responsible for ensuring that the highest quality drinking water is provided to customers. The lab tests for far more contaminants and at a much greater frequency than is required by state and federal regulations, yet its budget has remained constant for many years. This is due to a variety of practices, such as developing methodologies that combine analyses from several methods. Such practices yield a reduction of expenditures for consumables and an increase in efficiency. The next several budget years will involve performing testing for the Unregulated Contaminant Rule Monitoring 5 (UCMR5), as well as increased pilot testing required by New York State to install all future Advanced Oxidation Process systems (AOP). Additionally, the lab will be implementing increased monitoring to meet compliance requirements associated with the regulation of 1,4-Dioxane and Per- and Polyfluoroalkyl substances. Performing this analysis internally will lead to substantial savings for the Authority.

PRODUCTION CONTROL

The Production Control department is responsible for operating our well fields, booster stations, storage tanks, and water treatment facilities. In the coming year, the department will continue its activities involving the replacement of aging infrastructure, including outdated electrical switch gear and aging chemical feed equipment. Production Control is currently evaluating options for upgrading its SCADA communications infrastructure used to communicate and remotely control pump stations. This will lay the groundwork for migrating this equipment to new technology in the future. Funds are also budgeted each year to replace older instrumentation and control equipment that is no longer supported by manufacturers due to continually evolving and improving technologies.

FLEET SERVICES

The Fleet Services department is responsible for the acquisition, maintenance, and disposal of vehicles and equipment utilized in the Authority's daily operations. The department operates out of two locations: the main facility in Oakdale and a satellite facility in Westhampton. The department will replace 40 vehicles/equipment that are between 10 and 16 years old and will add 9 new vehicles. This expands of our electric vehicle fleet and equipment for field crews. Replacement units have been redesigned to carry more tools and equipment that will enable field crews to perform multiple job functions with the same vehicle.

STRATEGIC INITIATIVES

The Office of Strategic Initiatives was established in 2016. The department works directly with the CEO to further develop the historic LICAP water quality program, maintaining the Authority's water conservation program via annual updates, water quality improvements, perform GIS systems integration for the mobile workforce initiative and updated hydraulic modeling system, and works with all departments to make the Authority more productive and efficient by using data and technology. Strategic Initiatives provides day-to-day oversight of the GIS department, including web-based application development for main breaks, hydrant flushings, and laboratory complaint mapping. The department also provides technical support for the Authority's grant submissions.

SCWA HIGHLIGHTS OF BUDGET DATA

SUFFOLK COUNTY WATER AUTHORITY HIGHLIGHTS OF BUDGET DATA FOR FISCAL YEAR ENDING MAY 31,

	Budget 2024	Projection 2023	Budget 2023	Actual 2022
Operating Revenues and Other Income	\$ 278,856,000	\$ 277,605,000	\$ 264,153,000	\$ 246,863,000
Operating and Maintenance Expense	155,391,000	130,303,000	140,160,000	119,984,000
Operating Income Available	\$ 123,465,000	\$ 147,302,000	\$ 123,993,000	\$ 126,879,000
Capital Budget	\$ 99,884,000	\$ 91,695,000	\$ 87,495,000	\$ 76,430,000
Debt-Service	\$ 32,110,000	\$ 44,445,000	\$ 46,245,000	\$ 37,785,000
All Senior Debt Coverage	3.85	3.31	2.68	3.36
All Senior Debt Coverage (excluding Water Quality & Treatment)	2.86	2.61	2.00	2.54

Projection May 31, 2023

Revenues – actual for 8 months, estimated for 4 months

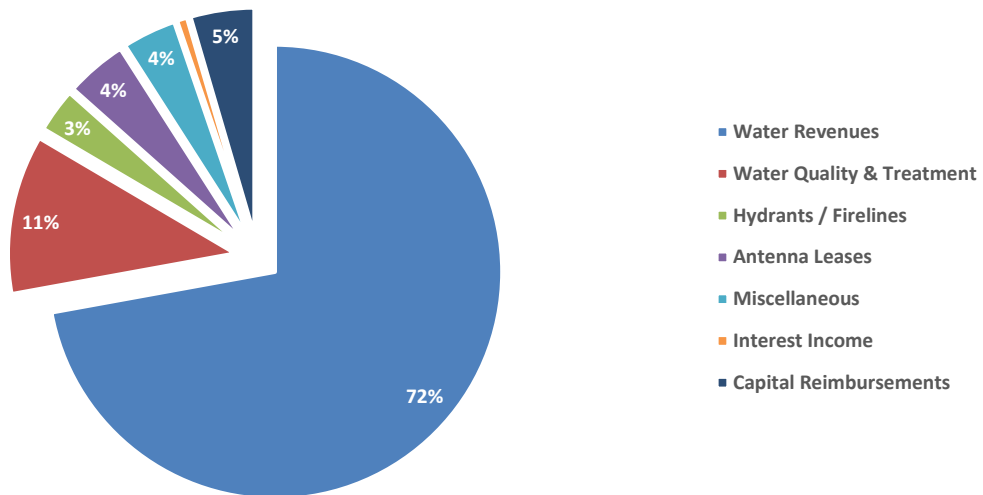
Expenses – actual for 8 months, estimated for 4 months

Capital – figures based upon latest available information

SCWA REVENUES

	Budget 2024	Projection 2023	Budget 2023	Actual 2022
Water Revenues	\$ 201,158,000	\$ 198,536,000	\$ 191,908,000	\$ 176,127,000
Water Quality & Treatment	31,600,000	31,130,000	31,600,000	31,037,000
Hydrants / Firelines	8,684,000	8,512,000	8,431,000	8,360,000
Antenna Leases	12,144,000	12,144,000	11,533,000	12,159,000
Miscellaneous	10,640,000	12,692,000	9,228,000	12,288,000
Total Operating Revenues	\$ 264,226,000	\$ 263,014,000	\$ 252,700,000	\$ 239,971,000
Interest Income	2,000,000	1,514,000	1,000,000	(5,515,000)
Capital Reimbursements	12,630,000	13,077,000	10,453,000	12,407,000
Total Revenues	\$ 278,856,000	\$ 277,605,000	\$ 264,153,000	\$ 246,863,000

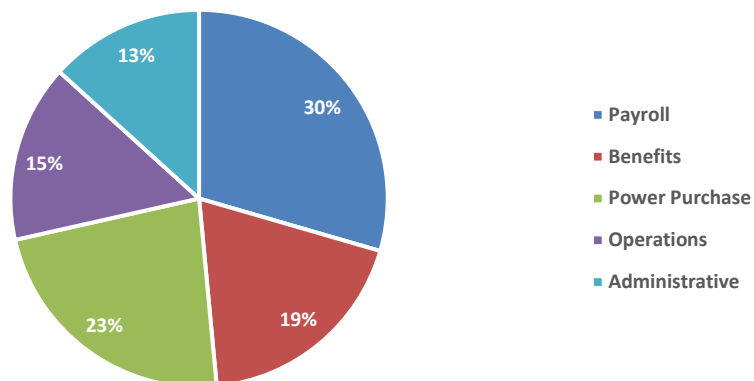
SCWA REVENUES



SCWA OPERATING AND MAINTENANCE BUDGET

	2024	2023
Construction Maintenance	\$ 11,992,000	\$ 9,742,000
Customer Service	582,000	340,000
Diversity, Equity, & Inclusion	150,000	-
Engineering	2,955,000	2,705,000
Facilities Management	2,363,000	1,949,000
Finance	2,523,000	2,476,000
Benefits	29,547,000	33,775,000
Education Awareness	15,000	14,000
Information Technology	3,065,000	2,610,000
Laboratory	1,435,000	1,125,000
Stores	237,000	191,000
Payroll	45,822,000	44,722,000
Emergency Management	30,000	30,000
Transportation	1,910,000	1,270,000
Communications	375,000	50,000
Power Purchase	35,700,000	26,200,000
Production Control	7,282,000	6,292,000
Human Resources	606,000	567,000
Risk Management	6,896,000	4,266,000
Safety	219,000	155,000
Strategic Initiatives	687,000	731,000
Telecommunications	1,000,000	950,000
TOTAL	\$ 155,391,000	\$ 140,160,000

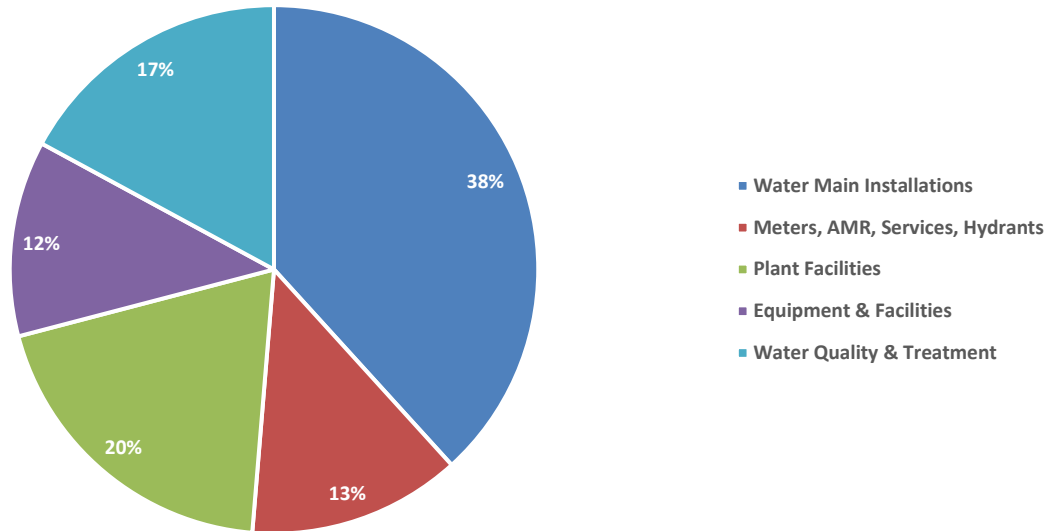
SCWA O&M BUDGET



SCWA CAPITAL BUDGET

Budget Line	Project	Budget 2024	Amended 2023
005/010/015	Mains & Distribution Systems	\$ 37,715,000	\$ 34,300,000
020	Blowoffs and Vault Conversions	200,000	200,000
021/025/026	Hydrants – Contractor & SCWA Installed	1,570,000	1,570,000
030/031	Services/Const. Contracts - Tapping	7,250,000	7,000,000
035/037	Const. Contracts / Dev Installed W/M	500,000	5,700,000
040	New Wells	2,650,000	1,950,000
045/047	Replacement of Existing Wells	3,990,000	4,940,000
050	Tank Maintenance and Construction	4,460,000	1,795,000
055	Treatment Facilities	-	-
060	Instrumentation – New or Replacement	150,000	175,000
065	New Station Infrastructure	1,225,000	750,000
070	Replacement of Pump Station Infrastructure	3,785,000	3,465,000
075	Supervisory Control and Data Acquisition System	280,000	530,000
086	Emergency Management	-	34,000
095	Transportation	5,011,000	2,024,000
100	Facilities	4,733,000	4,462,000
120	Laboratory Equipment	625,000	617,000
125	Office Equipment and Furniture	37,000	184,000
130	Meters	4,018,000	2,846,000
135	Technological Advancement	860,000	1,910,000
140	IT Equipment	328,000	384,000
145	Department Equipment	31,000	53,000
150	Land Acquisition	-	56,000
155	Field Equipment	341,000	301,000
190	EFC Projects	500,000	1,900,000
	SUBTOTAL	\$ 80,259,000	\$ 77,146,000
055/056/057	Treatment Facilities	2,550,000	1,550,000
195	Water Quality & Treatment Systems	17,075,000	13,000,000
	GRAND TOTAL	\$ 99,884,000	\$ 91,695,000

SCWA CAPITAL BUDGET COMPONENTS



SCWA OPERATING CASH FLOW

	Budget 2024	Projection 2023	Budget 2023	Actual 2022
Operating Revenues	\$ 264,226,000	\$ 263,014,000	\$ 252,700,000	\$ 239,971,000
Investment Earnings	2,000,000	1,514,000	1,000,000	(5,515,000)
Construction Revenue	12,630,000	13,077,000	10,453,000	12,407,000
Total Revenue	\$ 278,856,000	\$ 277,605,000	\$ 264,153,000	\$ 246,863,000
Less:				
Operating & Maintenance Expenses	\$ 155,391,000	\$ 130,303,000	\$ 140,160,000	\$ 119,984,000
Net Operating Income Available for Debt Service	\$ 123,465,000	\$ 147,302,000	\$ 123,993,000	\$ 126,879,000
Less:				
a) Interest on Long-Term Debt	\$ 31,040,000	\$ 30,981,000	\$ 32,781,000	\$ 32,3320,000
b) Bond & Note Principal	1,070,000	13,464,000	13,464,000	5,455,000
c) Interest of Notes	-	-	-	-
Total Debt Service	\$ 32,110,000	\$ 44,445,000	\$ 46,245,000	\$ 37,785,000
Operating Funds Available for Capital	\$ 91,355,000	\$ 102,857,000	\$ 77,748,000	\$ 89,094,000

SCWA PROJECTED EARNINGS

	Budget Year Ending 2024	Budget Year Ending 2023	Actual Year Ending 2022
REVENUES:			
Operating	\$ 264,226,000	\$ 252,700,000	\$ 239,971,000
Construction	12,630,000	10,453,000	12,407,000
Investment Earnings	2,000,000	1,000,000	(5,515,000)
Total Revenue	\$ 278,856,000	\$ 264,153,000	\$ 246,863,000
OPERATING AND MAINTENANCE EXPENSE:			
	\$ 155,391,000	\$ 140,160,000	\$ 119,984,000
Net earnings before Interest and Depreciation (Available for Debt Service)	\$ 123,465,000	\$ 123,993,000	\$ 126,879,000
Operating Ratio	55.7%	53.1%	48.6%
OTHER DEDUCTIONS:			
Interest on Long-Term Debt	31,040,000	32,781,000	32,330,000
Interest on Notes	-	-	-
Total Long-Term Debt Interest	\$ 31,040,000	\$ 32,781,000	\$ 32,459,000
PROJECTED EARNINGS	\$ 92,425,000	\$ 91,212,000	\$ 94,549,000
DEPRECIATION / AMORTIZATION	\$ 57,600,000	\$ 59,008,000	\$ 56,938,000

SUFFOLK COUNTY WATER AUTHORITY ADVISORS

Bond Counsel
Financial Consultant
Bond Fund Trustee and Paying Agent

Harris Beach PLLC, New York, NY
Goldman, Sachs & Co., New York, NY
The Bank of New York Mellon, New York, NY

SUFFOLK COUNTY WATER AUTHORITY DEBT

THE FOLLOWING TABLE SETS FORTH SCWA'S OUTSTANDING BONDS AS OF MAY 31, 2022:

Senior Lien Bonds	Original Principal Amount	Principal Outstanding May 31, 2022
Water System Revenue Bonds, Series 2009B (Build America Bonds), dated November 16, 2009	\$ 100,000,000	\$ 100,000,000
Water System Revenue Bonds, Series 2011C (EFC Series 02G), dated July 21, 2011	4,489,841	621,451
Water System Revenue Bonds, Series 2012B (EFC Series 02A), dated June 21, 2012	4,523,189	569,463
Water System Revenue Bonds, Series 2012A dated October 4, 2012	80,000,000	80,000,000
Water System Revenue Bonds, Series 2013 (Refunding), dated March 5, 2013	62,380,000	62,380,000
Water System Revenue Bonds, Series 2013B (EFC Series 03F), dated August 1, 2013	4,088,936	792,863
Water System Revenue Bonds, Series 2014B (EFC Series 04A), dated July 2, 2014	3,947,820	1,262,820
Water System Revenue Bonds, Series 2014A dated October 23, 2014	65,000,000	31,910,000
Water System Revenue Bonds, Series 2014B dated October 23, 2014	50,000,000	50,000,000
Water System Revenue Bonds, Series 2015D (EFC Series 05B), dated August 20, 2015	4,039,184	1,639,184
Water System Revenue Bonds, Series 2015A dated November 17, 2015	49,105,000	49,105,000
Water System Revenue Bonds, Series 2015 (Refunding), dated November 17, 2015	116,660,000	112,180,000
Water System Revenue Bonds, Series 2016A dated November 15, 2016	84,280,000	84,280,000
Water System Revenue Bonds, Series 2016B dated November 15, 2016	40,000,000	40,000,000
Water System Revenue Bonds, Series 2016 (Refunding), dated November 15, 2016	53,825,000	45,250,000
Water System Revenue Bonds, Series 2018A dated August 2, 2018	100,000,000	100,000,000
Water System Revenue Bonds, Series 2020A (EFC), dated February 6, 2020	10,255,297	9,115,807
Water System Revenue Bonds, Series 2020B dated May 12, 2020	87,000,000	87,000,000
Water System Revenue Bonds, Series 2020 (Refunding) dated May 23, 2020	88,280,000	60,255,000
Total Outstanding Senior Lien Bonds		\$ 916,361,588

The Authority has issued, from time to time, Bond Anticipation Notes to finance improvements and additions to the Water System. These notes are redeemed from the proceeds of the Bonds in anticipation of which they are issued and or from any available monies in the General Fund. As of May 31, 2022, the Authority had no bond anticipation notes outstanding.

SERVICE AREAS, PLANT FACILITIES, AND WATER SUPPLY

The Authority currently serves approximately 85% of the total population of Suffolk County. The remaining population is served by other municipal water districts (12%) or private wells (3%). The population served by the Water System is estimated by the Authority to be approximately 1.2 million. The Authority projects an annual growth rate of approximately one-third percent per year over the next several years.

The Water System serves, at retail, areas in the Towns of Babylon, Brookhaven, East Hampton, Huntington, Islip, Shelter Island, Smithtown, Southampton, and Southold, including numerous villages and unincorporated communities. Wholesale service is provided to two water districts and the incorporated Village of Greenport.

CUSTOMER COUNT

The Authority supplies water to its customers in one of the three following ways: (i) direct service to retail customers through facilities owned and operated by the Authority, (ii) direct service to retail customers through facilities that are lease-managed by the Authority, and (iii) wholesale service to other municipal water systems.

THE PERCENTAGE OF TOTAL SALES (BASED ON TOTAL NUMBER OF CUSTOMERS) TO EACH OF THE AFOREMENTIONED CUSTOMERS ARE AS FOLLOWS:

Facilities owned and operated by the Authority	94.5%
Facilities lease-managed by the Authority	2.9%
Wholesale service to other systems	2.6%

As of May 31, 2022, a total of 401,656 retail and wholesale customers were served by the Authority, compared to 400,160 at May 31, 2021, an increase of 1,496 customers. The following table provides a breakdown of the number of customers served directly by the Authority by region, customers served through operating agreements and customers served through wholesale service, as well as their respective percentage growth over the two most recent fiscal years.

CUSTOMERS SERVED DIRECTLY:

	Fiscal Year Ended May 31,	
Region	2022	2021
Western	173,918	173,554
Central	131,540	131,235
Eastern	74,001	73,224
Subtotal	379,459	378,013

CUSTOMERS SERVED THROUGH OPERATING AGREEMENTS:

Brentwood Water District	6,624	6,621
Fair Harbor Water District	472	473
Stony Brook Water District	1,647	1,644
Riverside Water District	614	617
East Farmingdale Water District	2,451	2,442
Village of Dering Harbor Water District	35	37
Subtotal Water District Customers	11,843	11,834

WHOLESALE WATER:

St. James Water District	3,347	3,347
Smithtown Water District	5,886	5,886
Village of Greenport	1,121	1,080
Subtotal Wholesale	10,354	10,313
TOTAL	401,656	400,160

NUMBER OF CUSTOMERS SERVED AS OF MAY 31, 2018 THROUGH MAY 31, 2022:

Year	Number of Customers
2022	401,656
2021	400,160
2020	398,894
2019	397,296
2018	395,291

The Authority's customers are approximately 94% residential and 6% commercial and municipal. The following table lists the top ten metered account users of water and their corresponding water consumption for the 2022 fiscal year. The customers listed below and their corresponding usage, reflect individual metered accounts; each such customer may have more than one account with the Authority.

User	Consumption (gallons)
1. Smithtown Water District	908,060,712
2. St. James Water District	545,752,536
3. State University of New York at Stony Brook	263,914,222
4. National Grid	183,020,640
5. State University of New York at Stony Brook	130,286,640
6. Greenport Water District	106,425,440
7. Suffolk County Comptroller	92,179,780
8. National Grid	85,144,840
9. Bretton Woods, HOA	74,938,380
10. Artist Lake, HOA	72,731,780

Acquisitions of water systems, creation of lease-managed systems, expansion onto the North Fork of Long Island and special contractual arrangements with Federal and State agencies have resulted in average customer growth of approximately one-third of one percent per year over the last four (4) years.

According to the Five-Year Engineer's Report issued in June 2019 by the Authority's consulting engineers, H2M Architects and Engineers (the "Engineer's Report"), the pumping and storage facilities are adequately maintained in accordance with accepted standards for the supply of drinking water.

PHYSICAL PLANT

THE FOLLOWING TABLE PRESENTS CERTAIN DATA RELATING TO THE MAJOR PHYSICAL PROPERTIES OF THE AUTHORITY AS OF MAY 31, 2022:

Town	Wells		Pumping Plants		Storage Facilities	
	Active	Inactive	No.	Capacity *	No.	Capacity *
Babylon	48	8	23	64,238	8	8.22
Brookhaven	173	9	72	209,749	20	21.91
East Hampton	42	5	19	25,238	4	4.32
Huntington	51	4	25	51,888	10	12.52
Islip	100	10	40	115,599	11	11.89
Riverhead	9	-	2	1,900	-	-
Shelter Island	7	-	2	650	1	0.12
Smithtown	69	5	22	62,200	5	3.50
Southampton	59	6	20	47,926	6	6.35
Southold	55	1	17	9,250	3	2.80
TOTALS	590	48	242	588,638	68	71.64

* Millions of gallons

As of May 31, 2022, there were a total of 6,045 miles of water mains in use, an increase of 15 miles since May 31, 2020, and there were 36,121 fire hydrants in-service, an increase of 72 hydrants of which does not include approximately 2,279 hydrants used for private and SCWA pump stations.

The 2023 Capital Budget included provisions for additional wells, pumping equipment and storage capacity amounting to approximately 20% of the total amount budgeted in the Authority's capital improvement budget. (See "CAPITAL IMPROVEMENT PLAN – Plant Facilities, above.)

ADDITIONAL WELLS UNDER CONSTRUCTION, NOT CLASSIFIED AS "IN SERVICE" AS OF MAY 31, 2022, IS EXPECTED TO INCREASE THE CAPACITY OF MAJOR FACILITIES OVER THE NEXT TWELVE MONTHS AS FOLLOWS:

Site Locations	Wells and Pumping Equipment Gallons per Day
Easthampton	1,872,000
Smithtown	1,080,000
Huntington	1,440,000
Islip	1,440,000
TOTAL	5,832,000

HISTORICAL REVENUE AND OPERATING EXPENSES

REVENUES, OPERATING & MAINTENANCE EXPENSE

The revenues, operating and maintenance expenses, and the resulting net revenues of the Authority for the five most recent fiscal years ended May 31, 2018 through fiscal year ending 2022 are set forth in the following table. After provision for the stated debt service charges, the remaining revenues are available for new construction and for the corporate purposes of the Authority. The table sets forth the application of the revenues of the Water System in accordance with the provisions of the Resolution. For a discussion of the Authority's 2022 fiscal year results, see "Management's Discussion & Analysis" in the Authority's audited financial statements.

HISTORICAL FINANCIAL DATA:

(000's omitted)

	2022 (Audited)	2021 (Audited)	2020 (Audited)	2019 (Audited)	2018 (Audited)
Operating Revenue					
Residential & Commercial	\$ 199,545	\$ 208,962	\$ 173,686	\$ 148,437	\$ 143,185
Public & Private Fire Protection	8,360	8,407	8,317	8,409	8,171
Municipal & Wholesale	7,619	7,355	6,349	6,956	6,256
Miscellaneous	24,447	22,962	20,653	25,904	21,379
Total Operating Revenue	\$ 239,971	\$ 247,686	\$ 209,005	\$ 189,706	\$ 178,991
Other Revenue	\$ 6,892	\$ 12,361	\$ 34,533	\$ 14,093	\$ 14,736
Total Revenue	\$ 246,863	\$ 260,047	\$ 243,538	\$ 203,799	\$ 193,727
Operating & Maintenance Expenses:					
Operations	\$ 82,473	\$ 98,969	\$ 98,416	\$ 92,328	\$ 97,812
Maintenance	37,511	36,649	34,421	32,042	31,134
Total Operating & Maintenance Expenses	\$ 119,984	\$ 135,618	\$ 132,837	\$ 124,370	\$ 128,946
Net Revenues Before Debt Service	\$ 126,879	\$ 124,429	\$ 110,701	\$ 79,429	\$ 64,781
Debt Service:					
Interest on Bonds & Notes	\$ 32,330	\$ 32,677	\$ 32,803	\$ 30,819	\$ 27,881
Principal of Bonds	5,455	6,597	4,025	4,097	4,212
Total Debt Service	\$ 37,785	\$ 39,274	\$ 36,828	\$ 34,916	\$ 32,093
Available for New Construction Fund, General Fund and General Corporate Purposes	\$ 89,094	\$ 85,155	\$ 73,873	\$ 44,513	\$ 32,688
Total Debt Service Coverage	3.36	3.17	3.01	2.27	2.02

WATER RATES

The Authority covenants that it will furnish no free service by the Water System to any person, firm or corporation, public or private. The Authority has a uniform water rate schedule for all residential, commercial, industrial, and certain public users for approximately 96% of its service area. The rest of its service territory has different rate schedules. The Authority engages with third party consultants to independently assess the appropriateness of the rate schedule. Upon the recommendation of the CFO, the Authority subsequently adopted certain changes in the rate schedules for the Water System, with current rates as set forth in the table below. Copies of the Authority's Rules and Regulations setting forth all of its present rate schedules are available for inspections, upon request, during regular business hours at the offices of the Authority. These schedules are also available on the Authority's website, www.SCWA.com.

GENERAL RATES

Service Classification No. 1 Quarterly ¹	Service Classification No. 1A Monthly ¹
Service Charge - \$32.07	Service Charge - \$10.69
Tier I	
Commodity Charge \$1.742/hundred cubic ft. ("CCF") or \$2.329/thousand gallons	Commodity Charge \$1.742/hundred cubic ft. ("CCF") or \$2.329/thousand gallons
Tier II ²	
Conservation Rate \$2.516/hundred cubic ft. ("CCF") or \$3.359/thousand gallons	Conservation Rate \$2.516/hundred cubic ft. ("CCF") or \$3.359/thousand gallons

¹ Rates reflected in this table are effective June 1, 2023; figures in thousand gallons are converted

² Customers are subject to the Conservation Rate if they exceed a certain utilization threshold as determined by quarterly/monthly consumption and meter size. See www.SCWA.com for threshold information.

Service Classification No. 1 relates to residential, commercial, and industrial customers (other than those who consume large volumes of water). Service Classification No. 1A relates to customers who consume large volumes of water.

Service Classification No.1B relates to water provided on a wholesale basis to municipal water systems within Suffolk County. Effective January 1, 2023, the following municipal water systems are provided water at the wholesale rate: Village of Greenport, St. James Water District, and Smithtown Water District are billed at the rate of \$1.778 per one thousand gallons, an increase from \$1.695 per one thousand gallons, payable monthly. Service Classification No. 1C relates to water provided on a stand-by wholesale basis to private water utilities interconnected with the Authority's service facilities, provided adequate capacity is available. The rate applicable to such service includes a service charge of \$5.40 per gallon per minute (GPM) of delivery capability, as determined by the Authority, but not less than 500 GPM and \$802 per one million gallons, payable monthly.

In addition, there is also a separate rate schedule for customers on Fire Island. The Authority has been acquiring various water systems on Fire Island since 1994. For the most part, these systems had unmetered flat rates based on various factors including number of rooms in the premise or water-using devices. Over time, meters were installed, and a rate structure created, including an annual minimum and consumption charge. In connection with the aforementioned rate study, effective June 1, 2023 the Authority will increase the annual minimum from \$255.55 to \$268.07 and the consumption rate from \$2.311 per CCF to \$2.424 per CCF.

Effective June 1, 2023, the commodity charge for Service Classification No. 1 and 1A will increase from \$1.661 to \$1.742 per CCF. The general rate quarterly service charge for Service Classification No. 1 will increase from \$30.57 to \$32.07 and in the monthly service charge for Service Classification No. 1A will increase from \$10.19 to \$10.69, effective June 1, 2023.

Effective April 1, 2019, the Authority established a second tier, or “Conservation Rate”. Customers who exceed a specified utilization threshold, as determined by quarterly/monthly consumption and meter size, will be subject to a higher rate. Effective June 1, 2023, the Conservation Rate increased from \$2.398 per CCF to \$2.516 per CCF.

The Authority's financial division analyzes pertinent information and prepares applicable reports and forecasts for the purpose of evaluating water rates and service classifications. When appropriate, recommendations are made to adjust the rates charged by the Authority to remain in compliance with the Rate Covenant established under the Resolution.

The minimum bill is charged to each of the Authority's customers in advance and any excess consumption is billed following the end of the period of service. Bills are rendered for the net amount and are payable within fifteen days after presentation. A late charge of one and one-half percent (1.5%) per month is applied to all outstanding water bills rendered in excess of 45 days.

Sales to the preceding classifications of consumers are made only on a metered basis, except in the case of private fire lines for sprinkler lines.

Rates for fire protection, for the most part, include rentals for public hydrant service, which are billed semi-annually following the period of service. The Authority's system-wide uniform rate schedule for public fire protection service is \$165.00 per hydrant per annum, effective June 1, 2023. The rate schedule for the private Shorewood service area has been consolidated into the system-wide uniform Private Hydrant Rate schedule. The category Private Hydrant Rates was extracted from the system-wide uniform rate schedule and an increase in the rate from \$235.25 to \$242.31 per hydrant per annum became effective June 1, 2023.

As security for the payment of its bills, the Authority generally requires a deposit from each new commercial customer. The amount of the deposit required from a commercial user varies according to the nature and size of the establishment. The Authority may on occasion require, primarily from rental tenants, deposits from residential customers.

MISSION

“It is our mission to provide our customers high quality water that is constantly tested at the lowest possible cost with exemplary customer service.”

PROFILE

The Suffolk County Water Authority is a self-supporting, public benefit corporation operating under the authority of the Public Authorities Law of the State of New York. It is without taxing power and operates as a business enterprise. It is neither an agency of New York State nor Suffolk County government.

The majority of revenues the Suffolk County Water Authority receives is obtained from the sale of water to its customers. SCWA is non-profit: all revenue received must be used for operating expenses, constructions costs, and paying outstanding debts.

