



ANNUAL REPORT

for year ended May 31

1955

suffolk county

• WATER AUTHORITY

Suffolk County Water Authority

BRIGHTWATERS, N. Y.

AUTHORITY MEMBERS

FRANKLIN S. KOONS, *Chairman*

HARRY PAUL FISHEL, *Secretary*

CARLL S. BURR, JR., *Treasurer*

T. BAYLES MINUSE

CHARLES W. FRIEMAN

N. F. FENN *General Manager*

HOMER F. GARDNER *Assistant General Manager
and Chief Engineer*

LOUIS W. WEINFURT *Assistant General Manager,
Distribution*

DAVID L. GLICKMAN *Counsel*

J. LEONARD NEWMAN *Chief Accountant*

EUGENE SIDOTI *Assistant Chief Accountant*

WILLIAM V. BURNELL *Consulting Engineer*

STONE & WEBSTER ENGINEERING CORPORATION,
NEW YORK *Advisory Engineers*

UNITED STATES TRUST CO. OF NEW YORK . *Fiscal Agent*

PRICE WATERHOUSE & CO. . . *Independent Accountants*

Annual Report

F O R T H E Y E A R E N D E D M A Y 3 1 , 1955

SUFFOLK COUNTY

WATER AUTHORITY

We are pleased to submit the annual report of the Suffolk County Water Authority for the fiscal year ended May 31, 1955. The fourth year of operation has been another year of rapid growth for the Authority. More than 4,200 new homes were connected to the Authority's system. This increase of ten percent brings the total active services to 44,780. The volume of water delivered to the system was 3.9 billion gallons, up more than 13% over the previous year.

Water plant, at cost, stands at \$16,097,266 which is \$2,090,105 over the previous year. Total income was \$1,801,775 as compared with \$1,639,681, an increase of \$162,094 for the period. Net earnings before interest and depreciation were \$1,115,192 as compared with \$1,059,193 for the previous fiscal year, an increase of \$55,999.

The demand for water service throughout the county has made it necessary to increase our efforts to keep our construction program ahead of customer requirements. Every indication points to the continued expansion in the Authority's operations as more home-owners and commercial establishments locate in the communities served.

MEMBERS OF THE AUTHORITY

Franklin S. Koons, CHAIRMAN

Harry Paul Fishel, SECRETARY

Carll S. Burr, Jr., TREASURER

T. Bayles Minuse

Charles W. Frieman

Brightwaters, N. Y.
September 19, 1955

Reviewing the Past Year



Operating and maintenance expenses increased from \$580,488 to \$686,583, in the amount of \$106,095. The major part of this increase was for expenses relating to the growth of the business. Cost of power for pumping water increased by \$13,612 to \$86,170, directly related to the increased volume of business. Maintenance expenses increased by \$42,515 to \$132,154. Most of this increase was due to the Authority's policy of accelerating its maintenance program. A part of the increase in maintenance expenses was caused by hurricanes in 1954 which damaged some of the properties in the eastern section of the County.

Net earnings before interest and depreciation (balance available for debt service requirements) increased from \$1,059,193 to \$1,115,192. Net earnings before interest and depreciation for the year ended May 31, 1955 for the South Bay Division equalled 2.05 times debt service requirements and for the Huntington-Babylon-Sag Harbor Division equalled 1.45 times debt service requirements. Debt service in the past year includes moneys for the retirement of bonds for the first time, also a reduction in the rate of interest on the bonds of the Huntington-Babylon-Sag Harbor Division from $3\frac{3}{4}\%$ to $2\frac{3}{4}\%$ effective December 1, 1954. Separate books are maintained for each Division in accordance with the terms of the respective bond resolutions. The balance sheets and statements of earnings for each Division, included in this report, have been certified by Price Waterhouse & Co. of New York City under date August 12, 1955.



A 1,000,000 gallon per day pump station at North Babylon nearing completion. When landscaped, it will harmonize with the surrounding community.

Capital Improvements

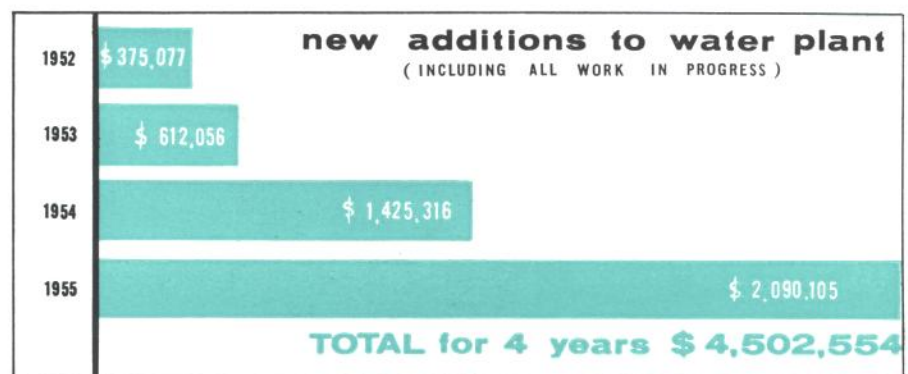


The rapid expansion of housing developments in the communities served by the Authority has made it necessary to accelerate the construction program. During the year 4,208 services, 279 fire hydrants and 43 miles of pipe lines were added to the system. Net additions to plant, including work in progress, for the past year, amounted to \$2,090,105, which represents a new peak. The major portion of the expenditure has been for new water mains.

New pumping plants, each with an initial capacity of more than one million gallons per day, were constructed at North Babylon and Bay Shore. Additional wells and pumping units were installed at North Amityville, Central Islip and Kings Park. These increased the supply of the stations by two million gallons per day. New wells were installed at existing well fields at Amityville, Bay Shore, Babylon, Huntington, Southampton and Westhampton. A 500,000 gallon elevated storage tank for the Village of Patchogue was recently placed in service. Many other additions and improvements to plant and equipment have also been made.

The Authority has adopted a policy of installing new pumping station equipment in residential-type structures, which are attractive and harmonize with surrounding housing developments. An illustration of such a new pumping station building is shown on the opposite page.

The transportation equipment is being gradually replaced with utility trucks of modern design.



Major Additions and Betterments

COMPLETED — 1954-55



AMITYVILLE—Additional well, vault and treatment equipment—North Amityville well field.

BABYLON—New pumping station, well and pump—North Babylon. Reconstruction of two wells at Smith Street well field—Village of Babylon and one well—West Babylon well field.

BAY SHORE—New pumping station, well and pump (under construction)—North Bay Shore.

Reconstruction of one well—Bay Shore well field. Additional well, vault and treatment equipment—Central Islip well field.

HUNTINGTON—Replacement of two wells at Mill Street well field.

PATCHOGUE—New 500,000 gallon elevated storage tank—Village of Patchogue.

SMITHTOWN—New well, pump and miscellaneous equipment—Kings Park.

SOUTHAMPTON—Reconstruction of one well and pumping equipment.

WESTHAMPTON—Reconstruction of one well and improved treatment equipment.

SUMMARY—The major projects described above and other miscellaneous improvements to plant and equipment have increased the capacity of the Authority facilities as follows:

WELL CAPACITY	increased by 5,000,000 Gallons per day
PUMPING CAPACITY	increased by 4,000,000 Gallons per day



One of a fleet of new service trucks operated by the Authority.

Financing



The Authority finances capital improvements to its properties out of surplus cash balances available after payment of all operating expenses and debt service requirements, and by the issuance of additional bonds or bond anticipation notes, under limitations of the Bond Resolutions.

On March 3, 1955, the Authority authorized the issuance of Bond Anticipation Notes in the amount of \$1,200,000 for the South Bay Division and \$200,000 for the Huntington-Babylon-Sag Harbor Division. The proceeds of these notes, to be sold as funds are required, added to moneys available from earnings, are estimated to provide the capital to finance the Authority's construction program (estimated to cost \$2,000,000) until May, 1956. \$500,000 of these notes, which mature December 1, 1956, and bear interest at the rate of $2\frac{1}{4}\%$ per annum, were sold to Suffolk County banks in May. The offering was oversubscribed. Additional notes will be offered to local banks as funds are required. The United States Trust Co. of New York, Fiscal Agent for the Authority, has offered to purchase any of the issue not taken by local banks.

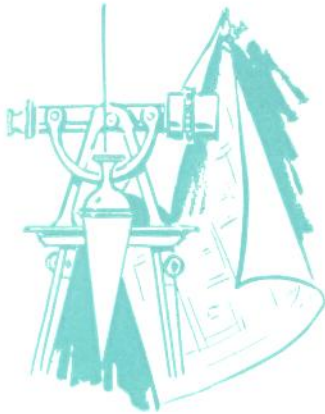
In addition, construction of water mains estimated to cost \$1,000,000 for year ending May 31, 1956 will be financed principally through cash advances from housing developers.

Earnings retained for use in the business of the Authority during its first four years of operation amounted to \$1,160,692. The major portion of these earnings has been used for new construction.



A corner of the Accounting Department at the central office of the Authority.

Construction Program—1955-56



Engineering studies have been made to determine additions and betterments required for each Division for the fiscal year beginning June 1, 1955. On the basis of these studies, the Members of the Authority have adopted construction budgets, which have been approved by the Consulting Engineers, in total amount of \$2,054,250. These budgets are based on a forecast that at least 5,200 new services will be connected to the Authority's system during the year. Cash advances by housing developers for the construction of water mains are expected to exceed \$1,000,000 during the current fiscal year. Under the terms of these contracts, refunds based on revenue from customer connections are made over a period of ten (10) years. The total construction program of the Authority will approach \$3,000,000.

New services are currently being added at the rate of 500 per month. This rise in new business and the increased use of water for irrigation purposes during the prolonged droughts have made it necessary to accelerate the construction program for installation of additional wells, pumps and storage facilities to provide for improved service. Engineers have been added to the Authority's staff to plan and supervise the construction program.

The demand for water increases in the hot summer months. Large amounts of water are used for lawn sprinkling and gardening in the predominantly residential areas which the Authority serves. During certain hours of the day, the demand is greatly in excess of normal usage. To meet these peak hourly periods, the Authority must have capacity considerably beyond that required for its maximum daily pumpage.

Recent experiences during hurricanes on Long Island have made it necessary for the Authority to broaden its policy of providing adequate standby service at its pumping stations. Diesel or gasoline pumping equipment will eventually be installed at all stations of the Authority for use in emergencies.

Provision is made in the budget for installation of 5,200 new services and meters, estimated to cost \$450,000, and for 300 fire hydrants at a cost of \$115,000. The budget also includes an item of \$460,000 for improvements and extensions of the distribution system of water mains.

The construction budget includes the following major plant improvements. Some of these projects have been carried forward from last year's program because it was impossible to complete all the work originally planned.



All meters are tested and repaired at the meter shop. Service to all customers is metered.

Major Construction Projects—1955-56



AMITYVILLE—Install diesel engine equipment for standby service in case of power failure.

BABYLON—Additional well and pump unit at the new North Babylon well field to provide a million gallons per day. Chemical building and equipment at the Smith Street station.

BAY SHORE—Additional well and pump unit at the new North Bay Shore well field to provide a million gallons of water per day.

Erect a 500,000 gallon storage tank at Central Islip. This needed project for a rapidly growing community was planned last year but had to be deferred because a desirable tract of land for the tank was not available. Negotiations are in progress for a suitable tract of land.

HUNTINGTON—New water plant to be constructed at Huntington Station to provide a million gallons of water per day. Engineering studies are being made to determine a suitable location for an additional storage tank at Huntington Station.

Additional well and pump unit at the Mill Street Station.

PATCHOGUE—Complete construction of 500,000 gallon elevated storage tank. This project will provide more adequate storage for fire protection. Install diesel engine equipment at Bayport station. Additional well and pump unit at the Bellport well field.

PORT JEFFERSON—Install well and pump unit in this area to provide an estimated 600,000 gallons of water per day.

SAG HARBOR—Additional well and pump unit. Install gasoline generator unit for standby service.

SMITHTOWN—Standby gasoline engine-generator unit at the Kings Park pump station. Preliminary engineering study for location of a new source of supply in the Smithtown area.

SOUTHAMPTON—Reconstruction of pump station to adequately house chemical equipment, generator unit and storage facilities.

GENERAL OFFICE AND OPERATING CENTER—Purchase land and start construction of an administration building to house the Administrative, Accounting, and Engineering staffs of the Authority. An operating center for the Construction-Maintenance Department to centralize its activities is planned.

DISTRIBUTION SYSTEM—The sum of \$460,000 has been budgeted for improvements and extensions to the distribution of water mains.

ESTIMATED INCREASE IN WELL CAPACITY—5,400,000 gallons per day.

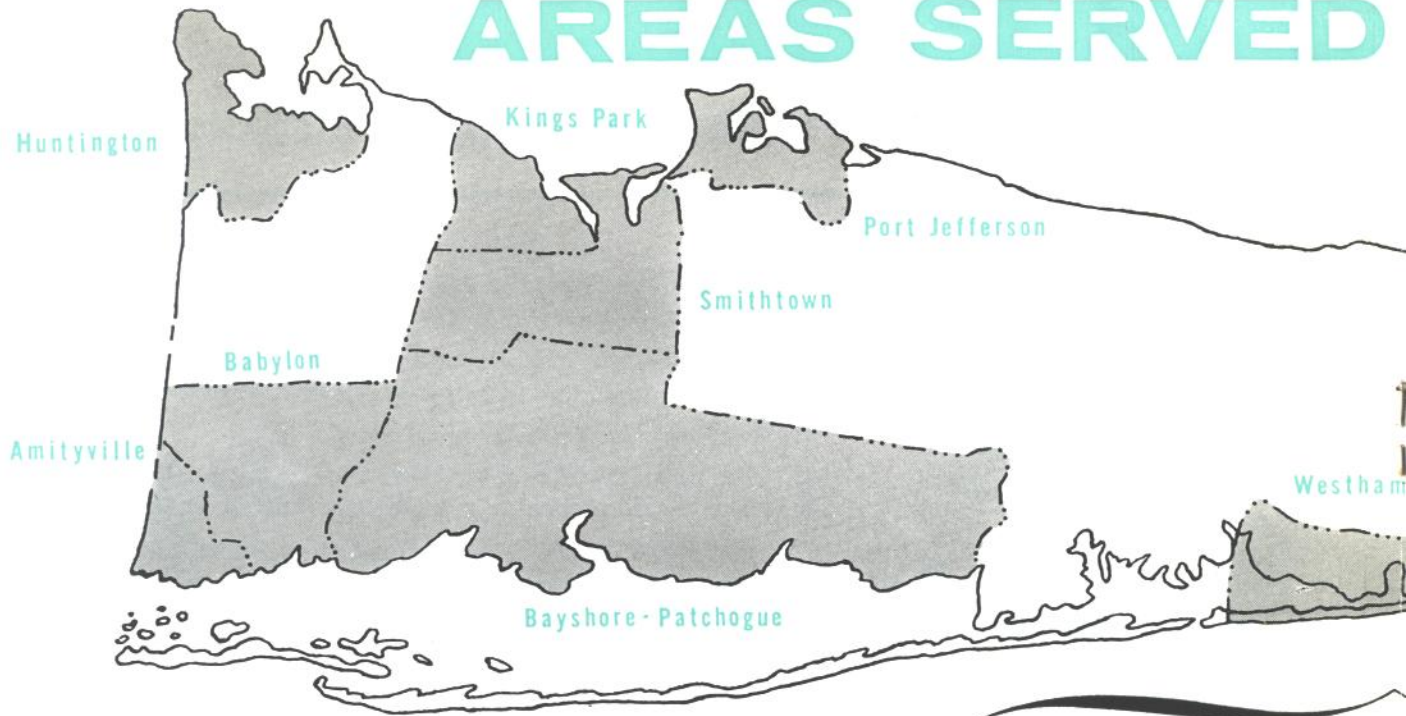
ESTIMATED INCREASE IN PUMPING CAPACITY—6,000,000 gallons per day.

TOTAL INCREASE IN STORAGE CAPACITY—1,000,000 gallons.



Patchogue's new 500,000 gallon tank erected this year. The 200,000 gallon tank in the background has served the community since 1911.

AREAS SERVED

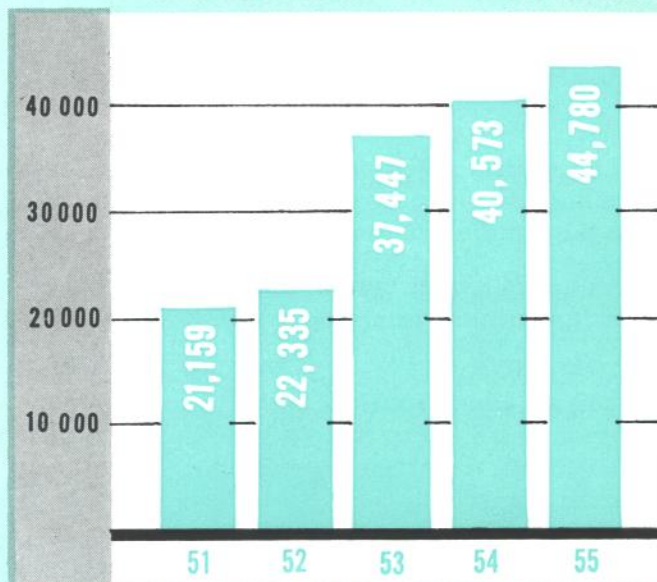


FOUR YEARS

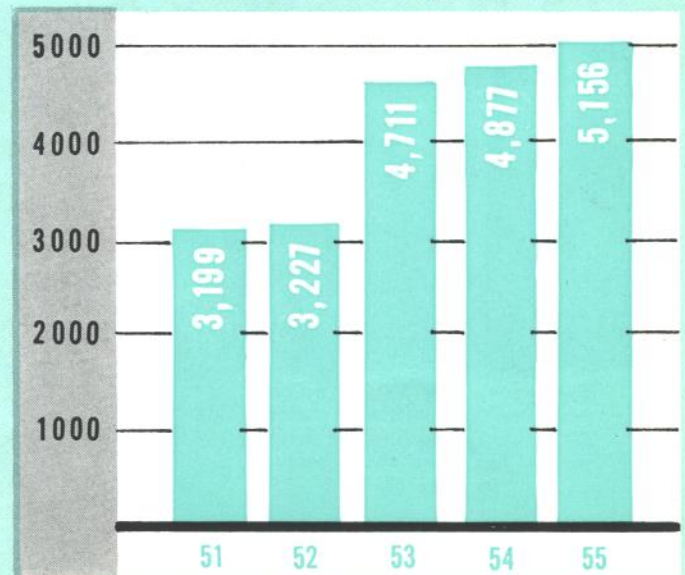
Acquired from South Bay—1
& N.Y. Water Service Corp.—

ACTIVE SERVICES	33,
METERS	34,
FIRE HYDRANTS	4,
MILES OF MAINS	

active services



fire hydrants



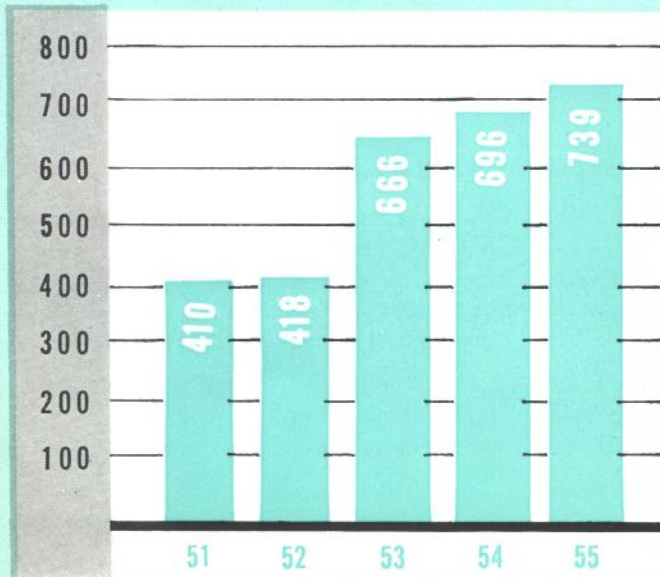
by suffolk county water authority



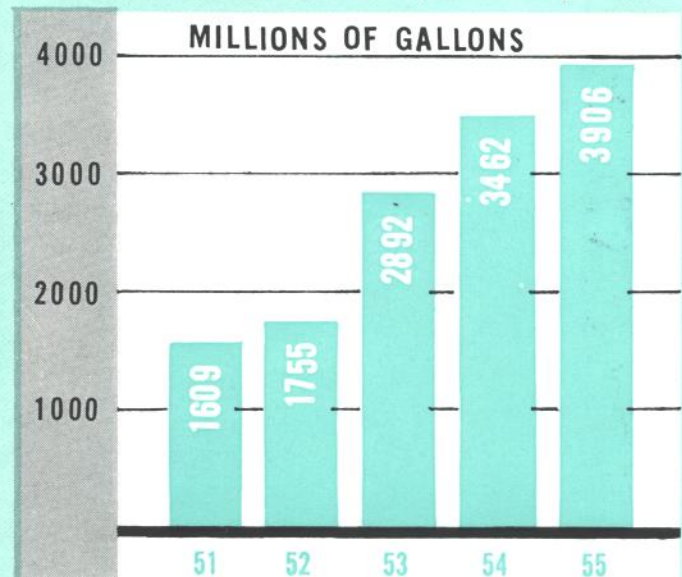
of PROGRESS

1951	Placed in Service	Total
1953	by the Authority	Today
4,457	11,323	44,780
2,218	11,491	45,709
627	529	5,156
643	96	739

miles of main



water pumped



Personnel



The expansion of the Authority's business has made it necessary to increase the staff of the engineering and construction departments. The number of Authority employees has increased from 129 to 147. The Authority continued its policy of advancing qualified employees to positions of greater responsibility.

During the year several important changes occurred in the Management staff of the Authority: Homer F. Gardner was appointed Assistant General Manager and Chief Engineer; Louis W. Weinfurt was appointed Assistant General Manager—Distribution; Eugene Sidoti was appointed Assistant Chief Accountant.

LABOR RELATIONS

The Authority's relations with its employees, during the year, have continued on a friendly basis of mutual respect and confidence.

The majority of the Authority's 147 employees belong to the Utility Workers Union of America—C. I. O. In June 1954, a two-year contract was executed providing for an increase in wages of 5 cents per hour and an additional increase of 3½ cents per hour effective June 15, 1955. The contract provides for paid vacations of one to three weeks and eleven paid holidays. It also provides for liberalized Group Life Insurance and Hospitalization-Surgical-Medical benefits.

All employees are insured against injury on the job by Workmen's Compensation and receive paid sick leave as accumulated. The employees participate in the Government Social Security plan and the New York State Disability Insurance plan.

LONG-RANGE PLANNING

The Authority has retained Thomas H. Wiggin of New York City, an eminent consulting engineer in the water works field. He will prepare a comprehensive report covering long-term water supply requirements. His study will provide a long-range plan for the orderly development of water resources in Suffolk County.

GENERAL

Under the Authority's policy of improving its service, it employs the following consultants:

W. V. Burnell Consulting Engineer
Stone & Webster Engineering Corp. Advisory Engineers
Leggette, Brashears & Graham . Consulting Ground-Water Geologists
George D. Norcom Consulting Sanitary Engineer

The Authority also bears a part of the cost of continuing studies of underground water, being made by the United States Geologic Survey. In addition, the Authority avails itself of the services of the Suffolk County Health Department.



Stephen Ketcham, assistant superintendent at the Huntington plant, operates the diesel equipment at Mill Street Station. His 35 years with the Authority and its predecessor company make him the senior employee in point of service.

Facts About the Authority



The Suffolk County Water Authority is a public benefit corporation. It operates by virtue of the provisions of the Public Authorities Law of the State of New York. The Authority is empowered to survey the water resources of the County and prepare plans for their development, subject to the approval of the State Water Power and Control Commission. It can acquire, construct, develop, and operate a public water supply system in Suffolk County.

The Authority consists of five members who must be residents of Suffolk County. They are appointed by the County Board of Supervisors for five-year terms. Terms of office are staggered so that one expires each year. The chairman of the Authority is appointed by the County Board of Supervisors, who also fix the compensation of the members.

The Authority acquired the properties of the South Bay Consolidated Water Company, Inc. on May 31, 1951, and the Huntington, Babylon, Sag Harbor properties of the New York Water Service Corporation on February 27, 1953. Both properties were acquired by condemnation. At present the Authority provides service to more than 46,000 customers.



More than 2,500 samples of water are analyzed each year at an approved laboratory.



Modern billing machine for the preparation of customers' bills.

Opinion of the Independent Accountants

The firm of Price Waterhouse & Co., independent accountants, was appointed by the Members of the Authority, in accordance with the terms of the Bond Resolutions to audit the books, records and accounts of the Authority for the year ended May 31, 1955.

To the Members of
SUFFOLK COUNTY WATER AUTHORITY

In our opinion, the accompanying balance sheets and related statements of earnings of Suffolk County Water Authority present fairly the financial position of the South Bay Division, the Huntington-Babylon-Sag Harbor Division and the Authority at May 31, 1955, and their results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

New York, N. Y.
August 12, 1955.

Statements of Earnings

FOR THE YEAR ENDED MAY 31, 1955

(With comparative figures for the Authority for the year ended May 31, 1954)

	Year ended May 31, 1955			Year ended May 31, 1954
	South Bay Division	Huntington-Babylon-Sag Harbor Division	Authority (Combined)	Authority (Combined)
Income:				
Operating	\$1,156,082	\$619,665	\$1,775,747	\$1,628,822
Other (net of interest on customers' deposits)	7,805	18,223	26,028	10,859
Total income	1,163,887	637,888	1,801,775	1,639,681
Operating expenses:				
Operation	355,076	199,353	554,429	490,849
Maintenance	90,947	41,207	132,154	89,639
Total operating expenses, except depreciation deducted below	446,023	240,560	686,583	580,488
Net earnings before interest and depreciation (Note D)	717,864	397,328	1,115,192	1,059,193
Deduct:				
Interest on bonds and notes	234,377	197,998	432,375	453,184
Amortization of debt discount and expense	2,731	2,412	5,143	4,429
Depreciation	121,646	65,956	187,602	169,462
	358,754	266,366	625,120	627,075
Net earnings	359,110	130,962	490,072	432,118
Earnings employed in the business at beginning of period	568,126	102,494	670,620	238,502
Earnings employed in the business at close of period, per balance sheet	\$ 927,236	\$233,456	\$1,160,692	\$ 670,620

(See Notes to Financial Statements)

Notes to Financial Statements

NOTE A:

The Series A bonds of the South Bay Division are dated June 1, 1951 and are payable as to principal and interest only out of revenues of properties operated by that division. Of the principal amount of bonds \$5,000,000 mature serially from 1955 through 1984 in annual amounts which begin at \$115,000 for the first year and increase to \$235,000 for the last year and the remaining \$3,000,000 matures in 1985; the bonds are redeemable in the inverse order of their maturity at prices varying from 105% to June 1, 1960 to 103% after June 1, 1975. The bonds bear interest at an annual rate of $2\frac{3}{4}\%$.

The Series A bonds of the Huntington-Babylon-Sag Harbor Division are dated December 1, 1952 and are payable as to principal and interest only out of revenues of properties operated by that division. The bonds mature serially from 1955 through 1985 in annual amounts which begin at \$80,000 for the first year and increase to \$265,000 for the last year. The bonds bear interest at the following annual rates: (a) \$940,000 principal amount of bonds maturing 1955 to 1962 at $3\frac{3}{4}\%$ to December 1, 1954 and $2\frac{3}{4}\%$ thereafter, (b) \$1,395,000 principal amount of bonds maturing 1963 to 1971 at 4% to December 1, 1954 and 3% thereafter, and (c) \$3,065,000 principal amount of bonds maturing 1972 to 1985 at $4\frac{1}{4}\%$ to December 1, 1954 and $3\frac{1}{4}\%$ thereafter. The bonds are redeemable in the inverse order of their maturity at prices varying from 105% to June 1, 1960 to 102% after June 1, 1981.

The Authority's resolutions authorizing the bond issues require that all revenues be deposited in the name of the Fiscal Agent and allocated to specified funds.

NOTE B:

The $2\frac{1}{4}\%$ Bond Anticipation Notes, Series B (dated December 1, 1953) and Series C (dated May 2, 1955) of the South Bay Division are issued under the resolution authorizing the Series A Bonds and supplemental resolutions dated December 28, 1953 and March 3, 1955, respectively, which limit the principal amount of Series B Notes to \$600,000 and of the Series C Notes to an amount not to exceed \$1,200,000. The principal of the notes is payable solely out of the proceeds of the sale of South Bay Water Works Revenue Bonds, Series B and Series C, in anticipation of which they are issued; interest on the notes is payable out of revenues of properties of the South Bay Division. However, the supplemental resolution provides that principal and interest may be paid out of any available moneys in the General Fund. The notes mature on December 1, 1956 and the Authority may redeem them prior to maturity at par plus accrued interest.

The issuance of Huntington-Babylon-Sag Harbor Division Bond Anticipation Notes, Series B in a principal amount not to exceed \$200,000 has been authorized under a resolution of March 3, 1955.

NOTE C:

A substantial portion of cash represents moneys received from the Fiscal Agent and from housing developers to be used solely for new construction.

NOTE D:

Debt service requirements (annual interest on outstanding bonds and notes plus principal of bonds maturing serially on June 1, 1955) for the year ended May 31, 1955 were \$349,377 for the South Bay Division and \$274,313 for the Huntington-Babylon-Sag Harbor Division. Net earnings before interest and depreciation for the year ended May 31, 1955 for the South Bay Division equalled 2.05 times debt service requirements and for Huntington-Babylon-Sag Harbor Division equalled 1.45 times debt service requirements.

Debt service requirements (annual interest on bonds together with principal of bonds maturing serially and bonds redeemable through sinking fund) of the Series A Bonds for the next five years ending May 31 are as follows:

Year	South Bay Division	Huntington-Babylon-Sag Harbor Division
1956	\$392,738	\$275,113
1957	392,980	277,088
1958	393,085	278,925
1959	393,303	280,625
1960	393,133	277,188

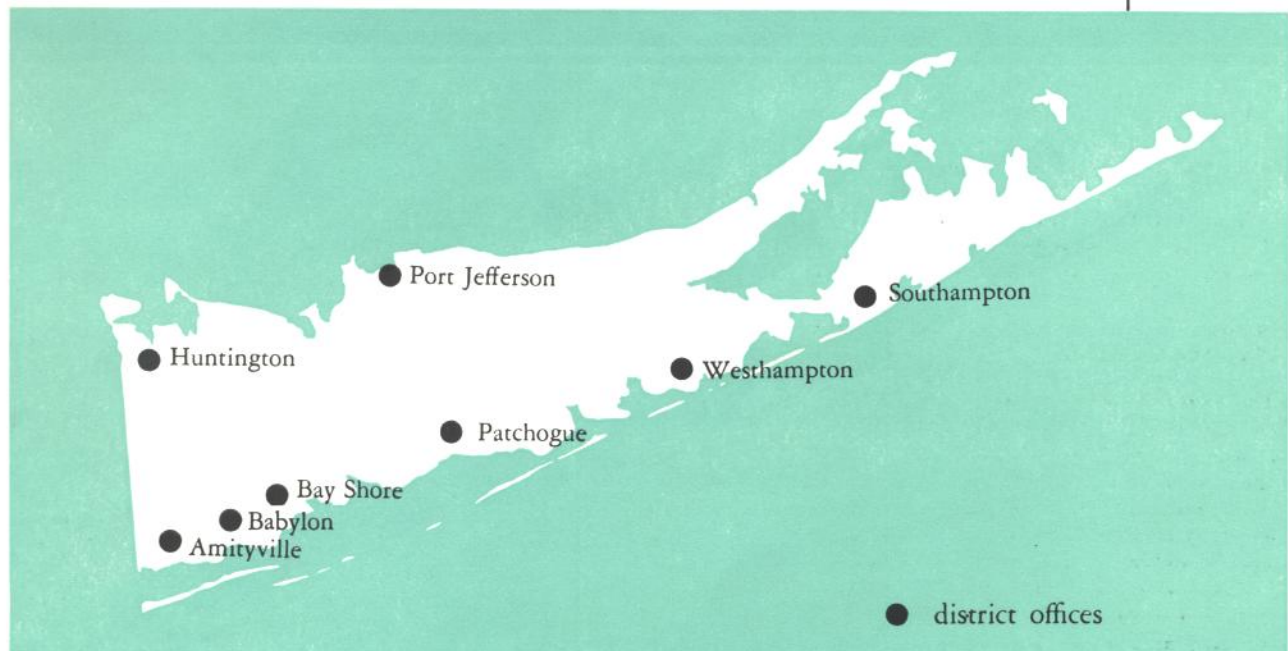
In addition to the above, the debt service requirements of the $2\frac{1}{4}\%$ Bond Anticipation Notes (Series B and C) of the South Bay Division will amount to \$24,750 for 1956 and \$12,375 for 1957.



Entrance to the Authority-owned commercial office at Westhampton Beach.

SUFFOLK COUNTY WATER AUTHORITY

PUBLICLY OWNED FOR PUBLIC SERVICE



Communities Served

Amityville

Retail:

Amityville
Copiague

Wholesale:

Amity Harbor†

Bay Shore

Bay Shore
Brightwaters
Central Islip
Great River
Islip Manor
Islip Terrace
Oakdale
West Islip

Babylon*

Babylon
Lindenhurst
North Babylon
West Babylon

Kings Park

Retail:

Kings Park

Wholesale:

Smithtown†

Huntington*

Centerport
Cold Spring Harbor
Halesite
Huntington
Huntington Bay
Huntington Station
Lloyd Harbor

Patchogue

Bayport
Bellport
Blue Point
Bohemia
Patchogue
Sayville
West Sayville

Port Jefferson

Retail:

East Setauket
Poquet
Port Jefferson
Port Jefferson Station

Wholesale:

Stony Brook†

Sag Harbor*

North Haven
Sag Harbor

Smithtown

Retail:

Head-of-the-Harbor
Smithtown
Smithtown Branch

Wholesale:

St. James†

Southampton

Southampton

Westhampton Beach

East Quogue
Quogue
Quogue
Westhampton
Westhampton Beach

* Huntington-Babylon-Sag Harbor Division.

† Water Districts.

SUFFOLK COUNTY WATER AUTHORITY

BRIGHTWATERS • NEW YORK