

LAWRENCE UTILITIES

2022 PROPOSED BUDGET



Investing in Lawrence



Mayor **Steve Collier**
CFO **Tyler Douthit**
Utility Superintendent **Scott Salsbery**

Prepared For the Utility Service Board
Issued: December 14, 2021



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A Word from our Superintendent

Dear Mayor Collier and Board Members,

I am pleased to present the proposed 2022 Water and Sanitary Sewer Utility budgets. We believe these budgets will serve to continue the upward trajectory of operational as well as capital improvements we have been on since 2017.

Our 2021 accomplishments and activities included:

- Completion of the Brookhaven Water Main Replacement Project - Phase 1 (approx. \$2.7M)
- Completion of the Carroll Road Water Main Extension Project - \$220,031
- Commencement of engineering design for the Brook Park-North Lawrence Park West Water Main Replacement Project
- Bid and award of the Maple/Zoeller/Wallingwood Water Main Replacement Project - construction will start in March 2022 (COVID Delays) - \$1,637,000
- Bid and award of the Phase II Water System Improvements Project/Contract 'B' Water Main Replacements - construction will start in October 2021 - \$3,368,000
- Release for bid the 52nd Street Elevated Storage Tank Project - this work will be conducted in 2022
- Completion of the Elmhurst Basin Sanitary

Sewer Rehab Project - \$1,268,111

- Completion of the Fort Harrison Master Sewer Flow Study - \$80,000
- Completion of survey work to properly delineate the existing features and easement areas in the Fort Wellfield in order to continue progress on developing new water production wells in this wellfield - \$25,000
- Applied for and received a State Water Infrastructure Fund grant in the amount of \$2,050,000 - this will be matched with \$2,050,000 in ARP funds in order to conduct sanitary sewer rehab projects in the older parts of the city to replace sewer in bad condition that contribute heavily to our inflow and infiltration problem
- 2021 Water Meter Change Out Project - purchased \$1,009,000 in new meters and entered into contract to replace the meters for an additional \$115,000
- Concluded negotiations with EPA Region V concerning their proposed Administrative Order of Consent - includes approximately \$50,000 in legal and engineering fees associated with the negotiations and preparation of our response
- Commencement of a Sanitary Sewer Rate Study - \$25,000

In 2022, our goals include:

- Final completion of Phase II Water System Improvements/Contract 'A' - this project includes work on our Fort and Indian Lake Water Treatment Plants, Indian Lake Wellfield and Winding Ridge water storage and pumping facility - approx. \$8,000,000, funded by water bonds
- Completion of Phase II Water System Improvements/Contract 'B' - includes work on 46th Street, Elmhurst, Woodcroft, McGuire Ct, Franklin Road, Richardt Street and Hermosa Drive - approx \$3,370,000 funded by water bonds
- Completion of 52nd Street elevated storage tank work - estimated \$600,000
- SWIF Grant/ARP funded Sanitary Sewer Rehab Project - includes work on sewer mains, manholes and lateral in the older parts of the city west of Post Road - \$4,100,000
- Completion of the sewer hydraulic modeling and flow metering work, development of the Sanitary Sewer Corrective Action Plan and updating of Capacity Management Operation and Maintenance (CMOM) Plan and associated engineering work in response to the new EPA Administrative Order of Consent - \$750,000
- Completion of the 2021 meter change out project
- Preparation for the 2022 meter change out project - plan is to replace an additional 2,500 meters - est \$1,200,000

As you can see, we have been and will continue to be, very busy with projects in addition to the daily operations and maintenance activities we perform every day. Perhaps the biggest struggle facing the Utility operations right now, apart from our sewer rate issue, is staffing. The impacts of COVID and our low pay structure have made this issue particularly difficult. Our proposed Salary Ordinance for 2022 contains significant adjustments to pay levels across the utility operations because we must do a better job of attracting and retaining high quality, reliable and motivated staff. We have to be competitive with other municipal utility operators and with the private sector. Proper management and operations of the utilities depends upon attracting and retaining high-quality employees. It takes a highly motivated person to want to work in utility operations, be on-call 24/7, work in all types of weather and at all times of the day or night. This area of our operations needs to be addressed quickly. Adequate staffing will also allow our managers to spend more time managing. All too often, our managers are unable to devote adequate time to management tasks and consequently

we fail to make the desired forward progress in areas that need attention.

There is no doubt that we will have to have a sewer rate increase in 2022. We have not adjusted sewer rates since 2009. We have increasing annual sewage treatment costs to budget for. In addition, we have a new EPA order that will compel us to address chronic SSO's as well as address staffing issues and update our CMOM plan. We also have to have adequate funds to properly invest in replacing our worn out sewer infrastructure on an ongoing basis. Our routine operations and maintenance budget is inadequate. In short, we have to fix our sewer system funding as we did the water system. We cannot continue to kick the can down the road. While the SWIF Grant/ARP funding is most welcome, it will certainly not address all the issues we have with our sewer system. Current estimates to complete the repairs recommended in the original Agreed Order exceed \$32 million. It is imperative that we get our sewer system back to financial and structural soundness so that we can start making these improvements, lower our treatment costs by eliminating I&I, eliminate Sanitary Sewer Overflows, and have a safe and reliable sewage collection system with plenty of capacity for present and future demands.

I would like to take this opportunity to extend my heartfelt thanks to all the outstanding Lawrence Utilities employees in all roles and capacities, who work each and every day to ensure the highest level of service to our customers and residents. Rain, sleet or shine, in hot and cold weather, they provide outstanding water and sanitary sewer services to meet the needs of our customers. They continually demonstrate their dedication, adaptability and resilience in meeting the needs of our customers as well as accomplishing our mission with professionalism, dedication and initiative.

Thank you,



Scott Salsbery, Supt.
City of Lawrence Utilities



A Message from our CFO

November 5, 2020

Honorable Mayor Steve K. Collier
Members of the Lawrence Utility Service Board
9001 E. 59th St.
Lawrence, IN 46216

Honorable Mayor Steve Collier and Members of the
Lawrence Utility Service Board:

I am pleased to present the Fiscal Year 2022 budget proposal for the City of Lawrence Utilities. This budget proposal is a sound and responsible fiscal plan that will enable the Utilities to serve the interests of its ratepayers. We have made tremendous progress in the past six years restoring the financial health of the water utility and have made unprecedented investments into the system. I am pleased to report that this will continue with our 2022 proposed budget. The sanitary sewer system does present some financial challenges that will need to be addressed in the near future.

Our Water utility has maintained its A rating from Standard and Poor's ("S&P") - a dramatic improvement from the junk bond rating of BB+ from a few years ago. The utility launched its Phase II capital projects in 2020, which will include our new Fort

Harrison Water Treatment Plant, the Indian Lake Water Treatment Plant, the Winding Ridge ground storage tank, and water main replacements. These important projects will ensure a safe, reliable, and high quality source of water for our ratepayers for years to come. Our 2022 budget proposal also includes an additional \$4 million for capital improvements to the water system – e.g. water main replacements, meter pit installations, and hydrant and valve replacements. With the 2022 budget, we will have reinvested over \$34 million back into the utility over the past six years!

The sanitary sewer utility has not had a rate adjustment since 2009. The renegotiated sewage treatment contract with Citizens Energy Group, while a favorable outcome for the utility, provides for sewage treatment rate increases each year until 2029. These treatment cost increases are not reflected in our current rate structure and will need to be addressed, as well as additional funding needed to continue to maintain and invest in our vast infrastructure. As with our water utility, it is important that we have adequate sewer funding to continue to address system performance and reliability related to Inflow and Infiltration impacts.

The COVID-19 pandemic continues to disrupt our

everyday lives, including the operations of the utility. Our utility billing staff made tremendous efforts working through office closures and managing the hardships of many of our ratepayers. The pandemic has created opportunities for us to become more efficient in our operations. One example of new efficiencies created is the expansion of payment options for customers. We have recently installed self-service payment kiosks in the Lawrence Government Center at 9001 East 59th Street. These new kiosks take cash, check or credit card payments and will be located inside the Government Center as well as an outside drive-up unit available 24 hours a day at the same location. With implementation of the self-service payment kiosks, we have determined that shuttering our walk-in lobby can be done without adversely impacting this aspect of our operations and will eliminate the risk to customers and office staff with respect to the virus. We will continue to provide a high level of service to our customers via phone and email communications. Additionally, we will be moving our indoor kiosk into a 24/7 location to further increase accessibility for our customers.

This 24/7 payment center will ensure our customers have shelter from the elements when making a cash, check, or card payment. We will continue to look for opportunities to increase payment accessibility for our customers.

With this budget proposal, we will preserve the future of our utilities with unprecedented investments in our water infrastructure and addressing the rate structure of our sewer utility. We look forward to working with the Utility Service Board as you consider this recommended budget.

Regards,



Tyler Douthit
Utility CFO



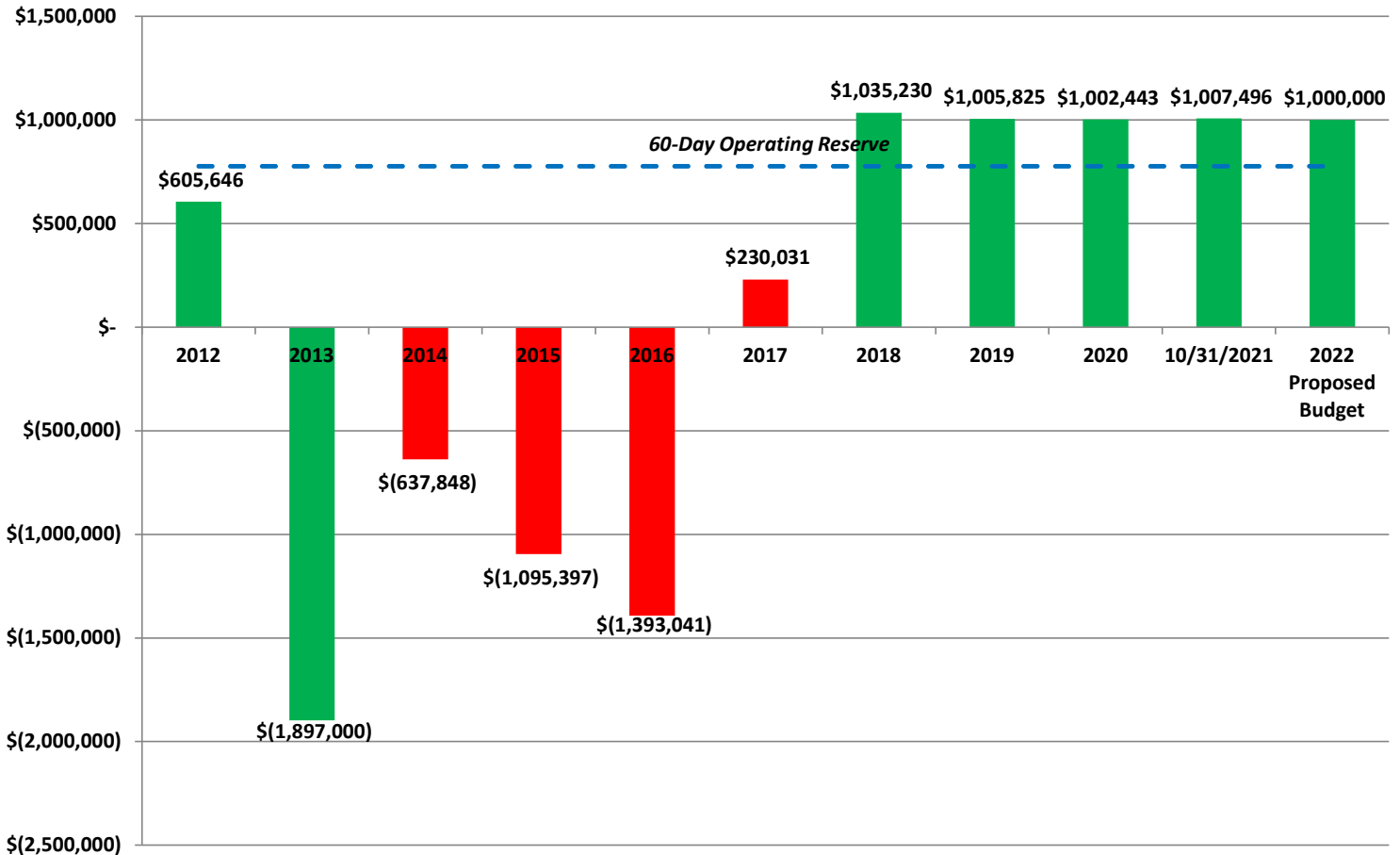


**MUNICIPAL
WATER WORKS
UTILITY**



Year-End Operating Fund Balance Comparison (Actual)

2011 - October 31, 2021 Actual; 2022 Proposed



- Notes:**
- (1) Year-end balances exclude the loan of \$1.5 mm from the Sewage Works Utility made in 2016; loan was repaid in full in March 2018
 - (2) 60-Day operating reserve as required per bond ordinance

City of Lawrence - Municipal Water Works Utility
601 - Water Utility Operating Fund

2022 Proposed Budget

	12/31/2019 Actual	12/31/2020 Actual	2021 Revised Budget	2022 Proposed Budget
Operating Receipts				
Residential Metered Sales	\$ 6,668,778	\$ 7,679,627	\$ 7,395,675	\$ 7,632,850
Commercial Metered Sales	2,719,794	2,843,249	3,016,252	2,833,965
Private Fire Protection	485,544	540,898	538,469	567,987
Hydrant Fees	270,301	303,111	299,763	327,153
Penalties	223,224	89,206	247,556	199,715
New Meters	43,001	73,113	47,688	45,841
Miscellaneous	30,702	23,306	34,048	22,638
Total Operating Receipts	\$ 10,441,344	\$ 11,552,510	\$ 11,579,451	\$ 11,630,149
Operating Disbursements				
Salaries and Benefits	\$ 1,572,889	\$ 1,647,476	\$ 1,910,217	\$ 2,040,298
Professional and Contractual Services	497,019	464,420	533,682	759,000
Materials and Supplies	338,589	226,118	322,065	500,450
Transportation Expense	55,910	76,831	99,364	123,925
Insurance Expense	75,232	82,049	87,500	97,975
Chemicals	90,959	73,598	128,734	130,000
Rental of Equipment	10,392	8,889	11,000	22,900
Purchased Power	313,617	311,609	362,000	327,000
Miscellaneous Expense	852,056	966,953	1,202,551	1,293,006
Contractual Payment to City ¹	-	-	-	-
Total Operating Disbursements	\$ 3,806,663	\$ 3,857,942	\$ 4,657,113	\$ 5,294,554
Net Operating Receipts/(Disbursements)	\$ 6,634,681	\$ 7,694,567	\$ 6,922,338	\$ 6,335,595
Net Operating Margin	63.5%	66.6%	59.8%	54.5%
Non-Operating Receipts				
EDU Fees	\$ 112,540	\$ 372,425	\$ 216,000	\$ 102,124
Other Receipts	131,721	161,884	180,298	129,023
Total Non-Operating Receipts	\$ 244,261	\$ 534,309	\$ 396,298	\$ 231,147
Non-Operating Disbursements				
Transfers to Water Bond and Interest Fund ²	\$ 1,531,821	\$ 1,701,398	\$ 1,902,455	\$ 1,901,185
Transfers to Water Debt Service Reserve Fund ³	45,018	45,018	45,018	22,509
Loan Payment to Sewer Utility ⁴	-	-	-	-
Principal Payment	-	-	-	-
Interest Expense	-	-	-	-
Capital Leases ⁵	-	-	-	-
Other	(13,492)	23,603	-	-
Transfers to Water Capital Improvement Fund	5,345,000	6,460,000	5,375,845	4,643,048
Total Non-Operating Disbursements	\$ 6,908,348	\$ 8,230,019	\$ 7,323,318	\$ 6,566,742
Change in Cash Position - Net Receipts	\$ (29,406)	\$ (1,143)	\$ (4,682)	\$ -
Beginning Cash Position	1,035,230	1,005,824	1,004,682	1,000,000
Ending Cash Position⁶	\$ 1,005,824	\$ 1,004,682	\$ 1,000,000	\$ 1,000,000

Source - Controller's Office

City of Lawrence - Municipal Water Works Utility
Notes to Financial Statements

2022 Proposed Budget

Notes:

- (1) - Contractual payment to City through June 2017. With the adoption of Amended Ordinance No. 7 2017, a Payment-in-Lieu-of-Taxes ("PILOT") commenced in July of 2017. This payment is made from Fund 617 - Water Capital Improvement Fund.
- (2) - Transfers to pay debt service on SRF Series 2017, Series 2017 A & B refunding bonds, and Series 2020
- (3) - Reserve fund requirement for SRF Series 2017. Monthly transfers of \$3,751.49 until June 2022
- (4) - Temporary loan payments to the Sewer Operating fund from loan made in 2016. Loan was repaid in full in March 2018.
- (5) - Capital lease payments included AMR lease payments. Lease was repaid in full in May 2019
- (6) - Minimum 60-days operating expenses in cash required per bond ordinance, or approximately \$780,000. Verbally committed to minimum of \$1 million with Standard and Poor's



City of Lawrence - Municipal Water Works Utility
602 - Water Bond and Interest Fund

2022 Proposed Budget

	FY 2022
Receipts	
Transfer from Water Operating Fund	\$ 1,901,185
Misc.	-
Total Receipts	\$ 1,901,185
Disbursements	
Series 2017A ¹	\$ 557,106
Series 2017B	452,105
SRF Series 2017	519,680
Series 2020 ²	372,294
Total Disbursements	\$ 1,901,185
Change in Cash Position - Net Receipts	\$ -
<u>Beginning Cash Position</u>	-
Ending Cash Position	\$ -

Notes:

(1) - Includes estimated \$2,000 in annual Bond Trustee fees

(2) - Includes estimated \$1,500 in annual Bond Trustee fees



City of Lawrence - Municipal Water Works Utility
602 - Water Bond and Interest Fund

Refunding Revenue Bonds, Series 2017A - Amortization Schedule

Date	Principal	Interest Rate	Interest	Period Total	FY Total	Remaining Balance
7/1/2021	-		78,053	78,053		3,800,000
1/1/2022	400,000	4.00%	78,053	478,053	556,106	3,400,000
7/1/2022	-		70,053	70,053		3,400,000
1/1/2023	415,000	4.00%	70,053	485,053	555,106	2,985,000
7/1/2023	-		61,753	61,753		2,985,000
1/1/2024	435,000	5.00%	61,753	496,753	558,506	2,550,000
7/1/2024	-		50,878	50,878		2,550,000
1/1/2025	450,000	5.00%	50,878	500,878	551,756	2,100,000
7/1/2025	-		39,628	39,628		2,100,000
1/1/2026	475,000	2.38%	39,628	514,628	554,256	1,625,000
7/1/2026	-		33,988	33,988		1,625,000
1/1/2027	485,000	5.00%	33,988	518,988	552,975	1,140,000
7/1/2027	-		21,863	21,863		1,140,000
1/1/2028	515,000	5.00%	21,863	536,863	558,725	625,000
7/1/2028	-		8,988	8,988		625,000
1/1/2029	310,000	2.75%	8,988	318,988	327,975	315,000
7/1/2029	-		4,725	4,725		315,000
1/1/2030	315,000	3.00%	4,725	319,725	324,450	-
Total	\$ 3,800,000		\$ 661,803	\$ 4,461,803	\$ 4,539,856	



Source - Controller's Office

City of Lawrence - Municipal Water Works Utility
602 - Water Bond and Interest Fund

Refunding Revenue Bonds, Series 2017B - Amortization Schedule

Date	Principal	Interest Rate	Interest	Period Total	FY Total	Remaining Balance
7/1/2021	-		41,048	41,048		2,460,000
1/1/2022	370,000	2.70%	41,048	411,048	452,095	2,090,000
7/1/2022	-		36,053	36,053		2,090,000
1/1/2023	380,000	3.45%	36,053	416,053	452,105	1,710,000
7/1/2023	-		29,498	29,498		1,710,000
1/1/2024	390,000	3.45%	29,498	419,498	448,995	1,320,000
7/1/2024	-		22,770	22,770		1,320,000
1/1/2025	405,000	3.45%	22,770	427,770	450,540	915,000
7/1/2025	-		15,784	15,784		915,000
1/1/2026	295,000	3.45%	15,784	310,784	326,568	620,000
7/1/2026	-		10,695	10,695		620,000
1/1/2027	305,000	3.45%	10,695	315,695	326,390	315,000
7/1/2027	-		5,434	5,434		315,000
1/1/2028	315,000	3.45%	5,434	320,434	325,868	-
Total	\$ 2,460,000		\$ 281,513	\$ 2,741,513	\$ 2,782,560	



City of Lawrence - Municipal Water Works Utility
602 - Water Bond and Interest Fund

State Revolving Fund Loan, Series 2017 - Amortization Schedule

Date	Principal	Interest Rate	Interest	Period Total	FY Total	Remaining Balance
7/1/2021	-		77,980	77,980		7,798,000
1/1/2022	364,000	2.00%	77,980	441,980	519,960	7,434,000
7/1/2022	-		74,340	74,340		7,434,000
1/1/2023	371,000	2.00%	74,340	445,340	519,680	7,063,000
7/1/2023	-		70,630	70,630		7,063,000
1/1/2024	379,000	2.00%	70,630	449,630	520,260	6,684,000
7/1/2024	-		66,840	66,840		6,684,000
1/1/2025	387,000	2.00%	66,840	453,840	520,680	6,297,000
7/1/2025	-		62,970	62,970		6,297,000
1/1/2026	394,000	2.00%	62,970	456,970	519,940	5,903,000
7/1/2026	-		59,030	59,030		5,903,000
1/1/2027	402,000	2.00%	59,030	461,030	520,060	5,501,000
7/1/2027	-		55,010	55,010		5,501,000
1/1/2028	410,000	2.00%	55,010	465,010	520,020	5,091,000
7/1/2028	-		50,910	50,910		5,091,000
1/1/2029	418,000	2.00%	50,910	468,910	519,820	4,673,000
7/1/2029	-		46,730	46,730		4,673,000
1/1/2030	427,000	2.00%	46,730	473,730	520,460	4,246,000
7/1/2030	-		42,460	42,460		4,246,000
1/1/2031	435,000	2.00%	42,460	477,460	519,920	3,811,000
7/1/2031	-		38,110	38,110		3,811,000
1/1/2032	444,000	2.00%	38,110	482,110	520,220	3,367,000
7/1/2032	-		33,670	33,670		3,367,000
1/1/2033	453,000	2.00%	33,670	486,670	520,340	2,914,000
7/1/2033	-		29,140	29,140		2,914,000
1/1/2034	462,000	2.00%	29,140	491,140	520,280	2,452,000
7/1/2034	-		24,520	24,520		2,452,000
1/1/2035	471,000	2.00%	24,520	495,520	520,040	1,981,000
7/1/2035	-		19,810	19,810		1,981,000
1/1/2036	481,000	2.00%	19,810	500,810	520,620	1,500,000
7/1/2036	-		15,000	15,000		1,500,000
1/1/2037	490,000	2.00%	15,000	505,000	520,000	1,010,000
7/1/2037	-		10,100	10,100		1,010,000
1/1/2038	500,000	2.00%	10,100	510,100	520,200	510,000
7/1/2038	-		5,100	5,100		510,000
1/1/2039	510,000	2.00%	5,100	515,100	520,200	-
Total	\$ 7,798,000		\$ 1,564,700	\$ 9,362,700	\$ 9,362,700	

City of Lawrence - Municipal Water Works Utility
602 - Water Bond and Interest Fund

Revenue Bonds, Series 2020

Date	Principal	Interest Rate	Interest	Period Total	FY Total	Remaining Balance
7/1/2021	-		185,397	185,397		12,395,000
1/1/2022	-		185,397	185,397	370,794	12,395,000
7/1/2022	-		185,397	185,397		12,395,000
1/1/2023	-		185,397	185,397	370,794	12,395,000
7/1/2023	-		185,397	185,397		12,395,000
1/1/2024	-		185,397	185,397	370,794	12,395,000
7/1/2024	-		185,397	185,397		12,395,000
1/1/2025	-		185,397	185,397	370,794	12,395,000
7/1/2025	-		185,397	185,397		12,395,000
1/1/2026	-		185,397	185,397	370,794	12,395,000
7/1/2026	-		185,397	185,397		12,395,000
1/1/2027	-		185,397	185,397	370,794	12,395,000
7/1/2027	-		185,397	185,397		12,395,000
1/1/2028	-		185,397	185,397	370,794	12,395,000
7/1/2028	-		185,397	185,397		12,395,000
1/1/2029	-		185,397	185,397	370,794	12,395,000
7/1/2029	-		185,397	185,397		12,395,000
1/1/2030	-		185,397	185,397	370,794	12,395,000
7/1/2030	-		185,397	185,397		12,395,000
1/1/2031	205,000	4.00%	185,397	390,397	575,794	12,190,000
7/1/2031	-		181,297	181,297		12,190,000
1/1/2032	215,000	4.00%	181,297	396,297	577,594	11,975,000
7/1/2032	-		176,997	176,997		11,975,000
1/1/2033	220,000	4.00%	176,997	396,997	573,994	11,755,000
7/1/2033	-		172,597	172,597		11,755,000
1/1/2034	230,000	4.00%	172,597	402,597	575,194	11,525,000
7/1/2034	-		167,997	167,997		11,525,000
1/1/2035	240,000	4.00%	167,997	407,997	575,994	11,285,000
7/1/2035	-		163,197	163,197		11,285,000
1/1/2036	250,000	4.00%	163,197	413,197	576,394	11,035,000
7/1/2036	-		158,197	158,197		11,035,000
1/1/2037	260,000	4.00%	158,197	418,197	576,394	10,775,000
7/1/2037	-		152,997	152,997		10,775,000
1/1/2038	270,000	3.00%	152,997	422,997	575,994	10,505,000
7/1/2038	-		148,947	148,947		10,505,000
1/1/2039	280,000	3.00%	148,947	428,947	577,894	10,225,000
7/1/2039	-		144,747	144,747		10,225,000
1/1/2040	805,000	3.00%	144,747	949,747	1,094,494	9,420,000
7/1/2040	-		132,672	132,672		9,420,000
1/1/2041	830,000	2.75%	132,672	962,672	1,095,344	8,590,000
7/1/2041	-		121,259	121,259		8,590,000
1/1/2042	855,000	2.75%	121,259	976,259	1,097,519	7,735,000

Source: City Controller's Office

2022 Proposed Budget

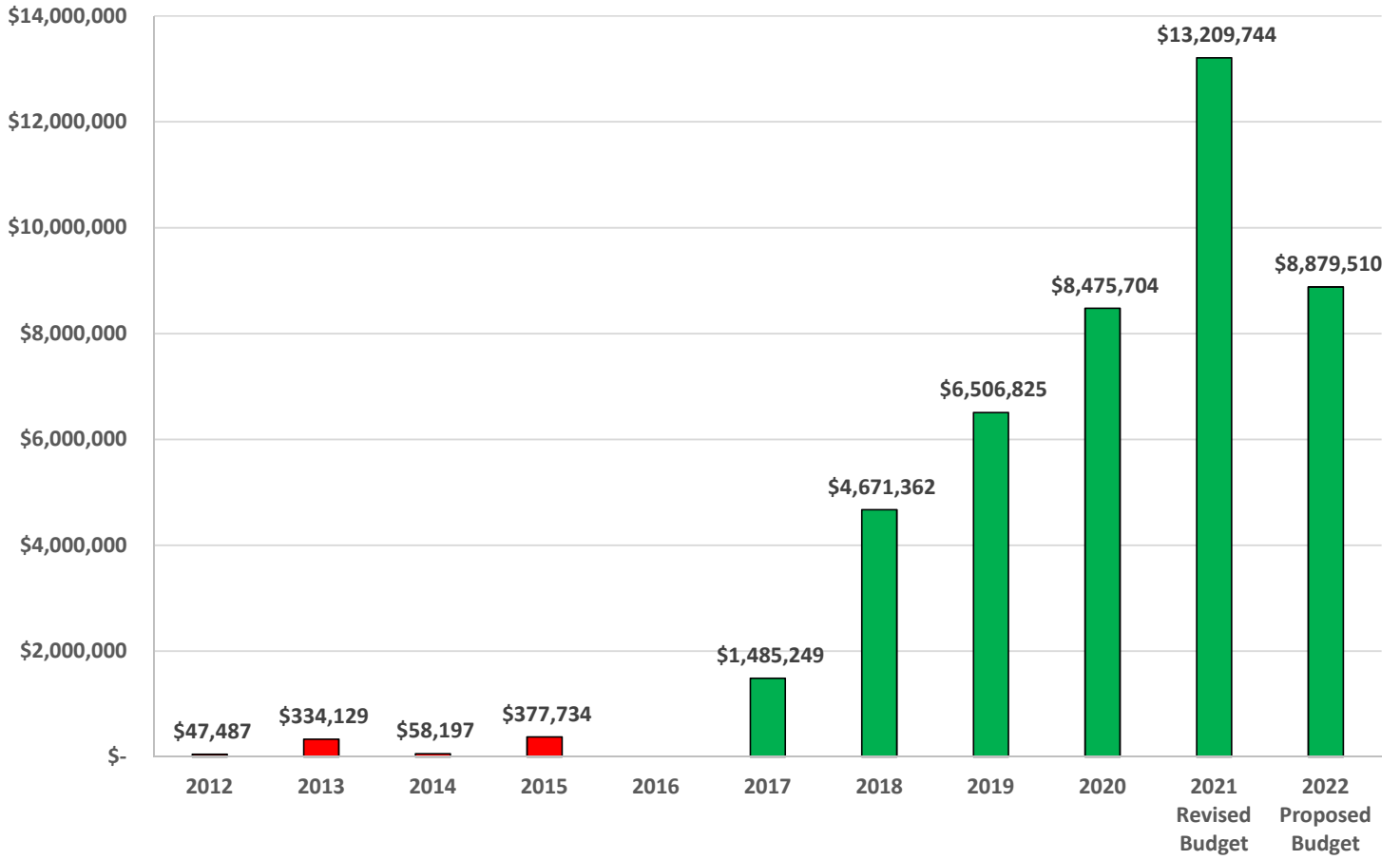
Source - Controller's Office

City of Lawrence - Municipal Water Works Utility
602 - Water Bond and Interest Fund

Revenue Bonds, Series 2020

Date	Principal	Interest Rate	Interest	Period Total	FY Total	Remaining Balance
7/1/2042			109,503	109,503		7,735,000
1/1/2043	875,000	2.75%	109,503	984,503	1,094,006	6,860,000
7/1/2043			97,472	97,472		6,860,000
1/1/2044	900,000	2.75%	97,472	997,472	1,094,944	5,960,000
7/1/2044			85,097	85,097		5,960,000
1/1/2045	925,000	2.75%	85,097	1,010,097	1,095,194	5,035,000
7/1/2045			72,378	72,378		5,035,000
1/1/2046	950,000	2.875%	72,378	1,022,378	1,094,756	4,085,000
7/1/2046			58,722	58,722		4,085,000
1/1/2047	980,000	2.875%	58,722	1,038,722	1,097,444	3,105,000
7/1/2047			44,634	44,634		3,105,000
1/1/2048	1,005,000	2.875%	44,634	1,049,634	1,094,269	2,100,000
7/1/2048			30,188	30,188		2,100,000
1/1/2049	1,035,000	2.875%	30,188	1,065,188	1,095,375	1,065,000
7/1/2049			15,309	15,309		1,065,000
1/1/2050	1,065,000	2.875%	15,309	1,080,309	1,095,619	-
Total	\$ 12,395,000		\$ 7,990,953	\$ 20,385,953	\$ 20,571,350	

City of Lawrence Municipal Water Works Utility
Capital Improvements Projects Comparison: 2012-2020 Actual; 2021-2022 Budgeted



Notes:

(1) - 2017 - 2020 capital improvements include projects financed with funds from the SRF loan program; 2020 - 2022 includes a portion from Series



Source - Controller's Office

City of Lawrence - Municipal Water Works Utility
617 - Water Capital Improvement Fund

2022 Proposed Budget

	12/31/2019 Actual	12/31/2020 Actual	2021 Revised Budget	2022 Proposed Budget
Receipts				
Transfers-In from Water Operating Fund	\$ 5,345,000	\$ 6,460,000	\$ 5,375,845	\$ 4,643,048
Miscellaneous	21,506	630,933	-	-
Total Operating Receipts	\$ 5,366,506	\$ 7,090,933	\$ 5,375,845	\$ 4,643,048
Disbursements				
PILOT	\$ 1,072,500	\$ 1,072,500	\$ 1,072,500	\$ 1,072,500
Available for Capital Projects	-	-	7,587,871	4,077,500
Other	4,384,061	5,323,926	-	-
Total Operating Disbursements	\$ 5,456,561	\$ 6,396,426	\$ 8,660,371	\$ 5,150,000
Change in Cash Position - Net Receipts	\$ (90,055)	\$ 694,507	\$ (3,284,526)	\$ -
Beginning Cash Position	3,680,074	3,590,020	4,284,526	1,000,000
Ending Cash Position	\$ 3,590,020	\$ 4,284,526	\$ 1,000,000	\$ 1,000,000

City of Lawrence - Municipal Water Works Utility
617 - Water Capital Improvement Fund

2022 Capital Improvement Project Plan

Self-Funded Capital Projects	2022 Proposed Projects
Meter Replacements	\$ 250,000
Meter Upgrade Project	1,000,000
Zoeller, Wallingwood, Maple Lane Water Main Replacement	1,637,519
Brookside/North Law Park Water Main Replacements ¹	2,500,000
Fort Harrison - New Well	1,000,000
52nd Street Storage Tank	600,000
Water Vehicle Replacements	126,500
Engineering	200,000
Total	\$ 7,314,019

(1) Bidding to take place in late 2022 with project start and completion expected in 2023.

An aerial photograph of a suburban neighborhood with a city skyline in the distance. The image shows a mix of residential houses, trees, and a road. In the foreground, there is a gravel lot with several vehicles and equipment. The sky is overcast with grey clouds.

LAWRENCE UTILITIES

MUNICIPAL SEWAGE WORKS UTILITY



City of Lawrence - Municipal Water Works Utility
606 - Sewer Utility Operating Fund

2022 Proposed Budget

	12/31/2019 Actual	12/31/2020 Actual	2021 Revised Budget	2022 Proposed Budget
Operating Receipts				
Residential Flat Rate Sales	\$ 4,434,575	\$ 4,457,936	\$ 4,561,561	\$ 4,529,284
Commercial Metered Sales	2,842,677	2,647,838	2,582,724	2,658,700
Residential Metered Sales	712,375	819,202	872,306	791,876
Penalties	222,637	104,641	112,735	176,777
Miscellaneous Receipts	35,580	57,583	60,316	51,275
Total Operating Receipts	\$ 8,247,844	\$ 8,087,200	\$ 8,189,642	\$ 8,207,912
Operating Disbursements				
Salaries and Benefits	\$ 1,249,789	\$ 1,383,312	\$ 1,578,823	\$ 1,667,720
Treatment Expense	2,233,523	2,356,730	3,125,000	3,735,000
Professional and Contractual Services	231,598	276,221	357,934	680,000
Materials and Supplies	71,926	55,463	88,262	259,405
Transportation Expense	51,224	69,390	79,562	97,700
Insurance Expense	75,232	82,049	99,052	104,270
Rental of Equipment	10,354	8,889	38,390	17,500
Purchased Power	111,324	99,787	119,000	102,500
Contractual Payment to City ¹	-	-	-	-
Miscellaneous Expense	621,797	675,630	852,434	806,329
Total Operating Disbursements	\$ 4,656,767	\$ 5,007,470	\$ 6,338,457	\$ 7,470,424
Net Operating Receipts/(Disbursements)	\$ 3,591,077	\$ 3,079,730	\$ 1,851,185	\$ 737,488
Non-Operating Receipts				
EDU Fee	\$ 105,800	\$ 353,380	\$ 577,462	\$ 155,000
Loan Payment from Water Utility ²	-	-	-	-
Other Receipts	2,698	6,000	-	-
Total Non-Operating Receipts	\$ 108,498	\$ 359,380	\$ 577,462	\$ 155,000
Non-Operating Disbursements				
Transfers-Out	\$ 3,720,476	\$ 3,446,438	\$ 543,224	\$ 640,533
Transfers to Capital Improvement Fund	-	-	1,886,881	1,000,000
Loan to Water Utility ²	-	-	-	-
Interest Expense	-	-	-	-
Principal Payment	-	-	-	-
Capital Leases	-	-	-	-
Accounts Payable	(1,957)	(2,914)	-	-
Other	-	-	-	-
Total Non-Operating Disbursements	\$ 3,718,519	\$ 3,443,525	\$ 2,430,105	\$ 1,640,533
Change in Cash Position - Net Receipts	\$ (18,944)	\$ (4,415)	\$ (1,458)	\$ (748,045)
Beginning Cash Position	1,024,818	1,005,873	1,001,458	1,000,000
Ending Cash Position	\$ 1,005,873	\$ 1,001,458	\$ 1,000,000	\$ 251,955

Source - Controller's Office

City of Lawrence - Municipal Sewage Works Utility
Notes to Financial Statements

2022 Proposed Budget

Notes:

(1) - Contractual payment to City paid from Sewer Operating Fund through 2017. Payment is now made out of Fund 618 - Sewer Capital Improvement Fund.

(2) - Sewer Operating Fund excludes proceeds from a temporary loan made to the Water Operating Fund in 2016. Original loan amount was \$1,500,000. Loan was repaid in full in March 2018.



Source - Controller's Office

City of Lawrence - Municipal Sewage Works Utility
607 - Sewer Bond and Interest Fund

2022 Proposed Budget

	FY 2022
Receipts	
Transfer from Operating Fund	\$ 640,533
Misc.	-
Total Revenue	\$ 640,533
Disbursements	
Series 2009A	\$ 191,081
Series 2009B	188,948
Series 2009C	43,176
Series 2015	217,328
Total Expenses	\$ 640,533
Change in Cash Position - Net Receipts	\$ -
<u>Beginning Cash Position</u>	-
Ending Cash Position	\$ -



Source - Controller's Office

City of Lawrence - Municipal Sewage Works Utility
607 - Sewer Bond and Interest Fund

Series 2009A - Amortization Schedule

Date	Principal	Interest Rate	Interest	Period Total	FY Total	Remaining Balance
7/1/2021	-		7,478	7,478		1,643,565
1/1/2022	176,142	0.91%	7,478	183,620	191,098	1,467,423
7/1/2022	-		6,677	6,677		1,467,423
1/1/2023	177,727	0.91%	6,677	184,404	191,081	1,289,696
7/1/2023	-		5,868	5,868		1,289,696
1/1/2024	179,327	0.91%	5,868	185,195	191,063	1,110,369
7/1/2024	-		5,052	5,052		1,110,369
1/1/2025	180,942	0.91%	5,052	185,994	191,046	929,427
7/1/2025	-		4,229	4,229		929,427
1/1/2026	182,569	0.91%	4,229	186,798	191,027	746,858
7/1/2026	-		3,398	3,398		746,858
1/1/2027	184,213	0.91%	3,398	187,611	191,009	562,645
7/1/2027	-		2,560	2,560		562,645
1/1/2028	185,871	0.91%	2,560	188,431	190,991	376,774
7/1/2028	-		1,714	1,714		376,774
1/1/2029	187,543	0.91%	1,714	189,257	190,971	189,231
7/1/2029	-		861	861		189,231
1/1/2030	189,231	0.91%	861	190,092	190,953	-
Total	\$ 1,643,565		\$ 75,674	\$ 1,719,239	\$ 1,719,239	



Source - Controller's Office

City of Lawrence - Municipal Sewage Works Utility
607 - Sewer Bond and Interest Fund

Series 2009B - Amortization Schedule

Date	Principal	Interest	Period Total	FY Total	Remaining Balance
7/1/2021	-	53,856	53,856		1,881,237
1/1/2022	-	53,856	53,856	107,711	1,881,237
7/1/2022	-	53,856	53,856		1,881,237
1/1/2023	81,237	53,856	135,093	188,948	1,800,000
7/1/2023	-	51,658	51,658		1,800,000
1/1/2024	215,000	51,658	266,658	318,316	1,585,000
7/1/2024	-	45,789	45,789		1,585,000
1/1/2025	230,000	45,789	275,789	321,578	1,355,000
7/1/2025	-	39,395	39,395		1,355,000
1/1/2026	240,000	39,395	279,395	318,790	1,115,000
7/1/2026	-	32,603	32,603		1,115,000
1/1/2027	255,000	32,603	287,603	320,206	860,000
7/1/2027	-	25,246	25,246		860,000
1/1/2028	270,000	25,246	295,246	320,492	590,000
7/1/2028	-	17,376	17,376		590,000
1/1/2029	285,000	17,376	302,376	319,752	305,000
7/1/2029	-	8,982	8,982		305,000
1/1/2030	305,000	8,982	313,982	322,964	-
Total	\$ 1,881,237	\$ 657,521	\$ 2,538,758	\$ 2,538,758	



Source - Controller's Office

City of Lawrence - Municipal Sewage Works Utility
607 - Sewer Bond and Interest Fund

Series 2009C - Amortization Schedule

Date	Principal	Interest	Period Total	FY Total	Remaining Balance
7/1/2021	-	5,333	5,333		150,000
1/1/2022	35,000	5,333	40,333	45,666	115,000
7/1/2022	-	4,088	4,088		115,000
1/1/2023	35,000	4,088	39,088	43,176	80,000
7/1/2023	-	2,844	2,844		80,000
1/1/2024	40,000	2,844	42,844	45,688	40,000
7/1/2024	-	1,422	1,422		40,000
1/1/2025	40,000	1,422	41,422	42,844	-
Total	\$ 150,000	\$ 27,374	\$ 177,374	\$ 177,374	



Source - Controller's Office

City of Lawrence - Municipal Sewage Works Utility
607 - Sewer Bond and Interest Fund

Series 2015 - Amortization Schedule

Date	Principal	Interest Rate	Interest	Period Total	FY Total	Remaining Balance
7/1/2021	-		21,420	21,420		1,360,000
1/1/2022	175,000	3.15%	21,420	196,420	217,840	1,185,000
7/1/2022	-		18,664	18,664		1,185,000
1/1/2023	180,000	3.15%	18,664	198,664	217,328	1,005,000
7/1/2023	-		15,829	15,829		1,005,000
1/1/2024	190,000	3.15%	15,829	205,829	221,658	815,000
7/1/2024	-		12,836	12,836		815,000
1/1/2025	195,000	3.15%	12,836	207,836	220,672	620,000
7/1/2025	-		9,765	9,765		620,000
1/1/2026	200,000	3.15%	9,765	209,765	219,530	420,000
7/1/2026	-		6,615	6,615		420,000
1/1/2027	205,000	3.15%	6,615	211,615	218,230	215,000
7/1/2027	-		3,386	3,386		215,000
1/1/2028	215,000	3.15%	3,386	218,386	221,772	-
Total	\$ 1,360,000		\$ 177,030	\$ 1,537,030	\$ 1,537,030	

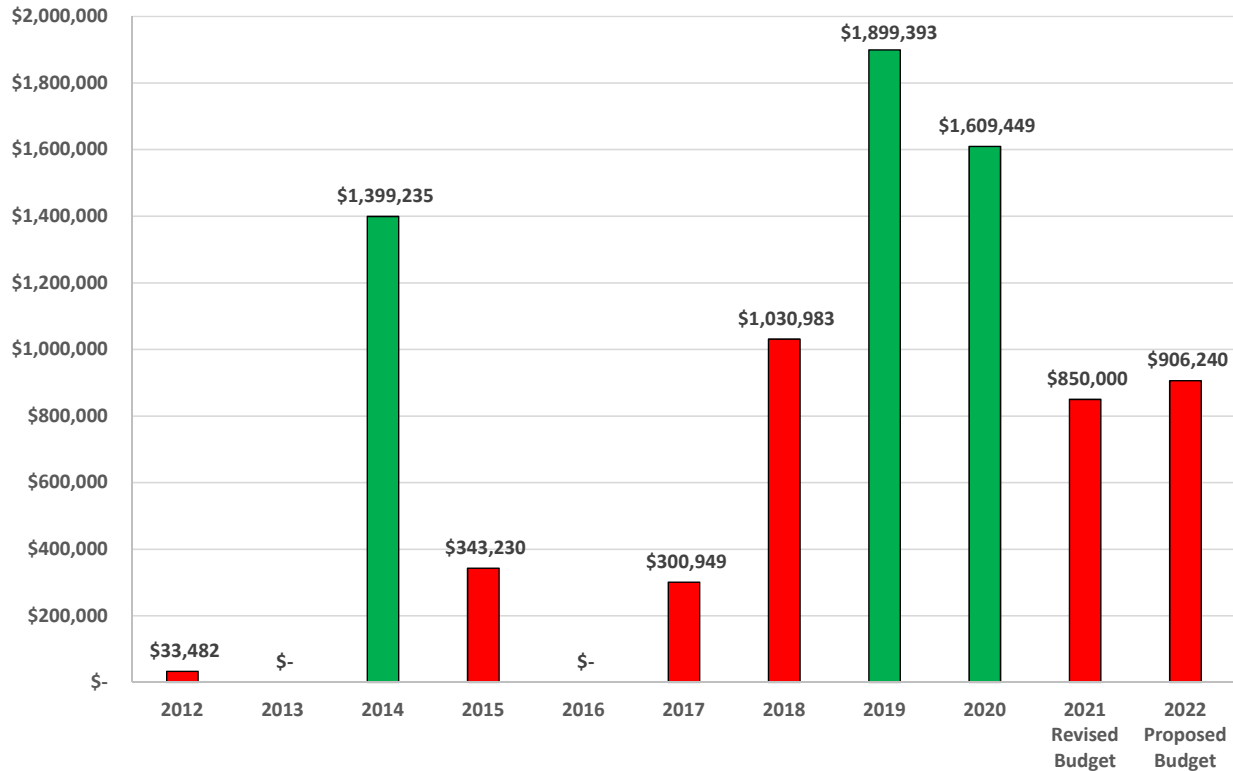


City of Lawrence - Municipal Water Works Utility
618 - Sewer Capital Improvement Fund

2022 Proposed Budget

	12/31/2019 Actual	12/31/2020 Actual	2021 Revised Budget	2022 Proposed Budget
Receipts				
Transfers-In from Sewer Operating Fund	\$ 3,156,511	\$ 2,909,000	\$ 1,886,881	\$ 1,000,000
Miscellaneous	975,625	20,236	36,513	-
Total Operating Receipts	\$ 4,132,136	\$ 2,929,236	\$ 1,923,395	\$ 1,000,000
Disbursements				
Contractual Payment to City	\$ 2,035,959	\$ 2,035,959	\$ 2,035,959	\$ 2,035,959
Available for Capital Projects	-	-	850,000	906,240
Other	1,899,393	1,609,449	-	-
Total Operating Disbursements	\$ 3,935,352	\$ 3,645,408	\$ 2,885,959	\$ 2,942,199
Change in Cash Position - Net Receipts	\$ 196,784	\$ (716,172)	\$ (962,564)	\$ (1,942,199)
Beginning Cash Position	3,424,151	3,620,935	2,904,763	1,942,199
Ending Cash Position⁶	\$ 3,620,935	\$ 2,904,763	\$ 1,942,199	\$ -

City of Lawrence Municipal Sewage Works Utility
Capital Improvements Projects Comparison: 2012-2020 Actual; 2021-2022 Budgeted



Notes:

(1) - 2017 - 2020 capital improvements include projects financed with funds from the SRF loan program; 2020 - 2022 includes a portion from Series

City of Lawrence - Municipal Sewer Works Utility
618 - Sewer Capital Improvement Fund

2022 Capital Improvement Project Plan

Self-Funded Capital Projects	Estimate
Pumps/monitor upgrades	\$ 45,000
Sewer vehicle replacements	202,500
EPA ordered manhole rehab project ¹	250,000
EPA ordered sewer rehab/replacement projects ¹	2,000,000
Annual manhole rehabilitation project	250,000
Total²	\$ 2,747,500

Notes:

(1) - Projects required under our EPA Administrative Order

(2) - Does not include \$2,050,000 SWIF Grant that will be matched with ARP funds.



Source - Controller's Office

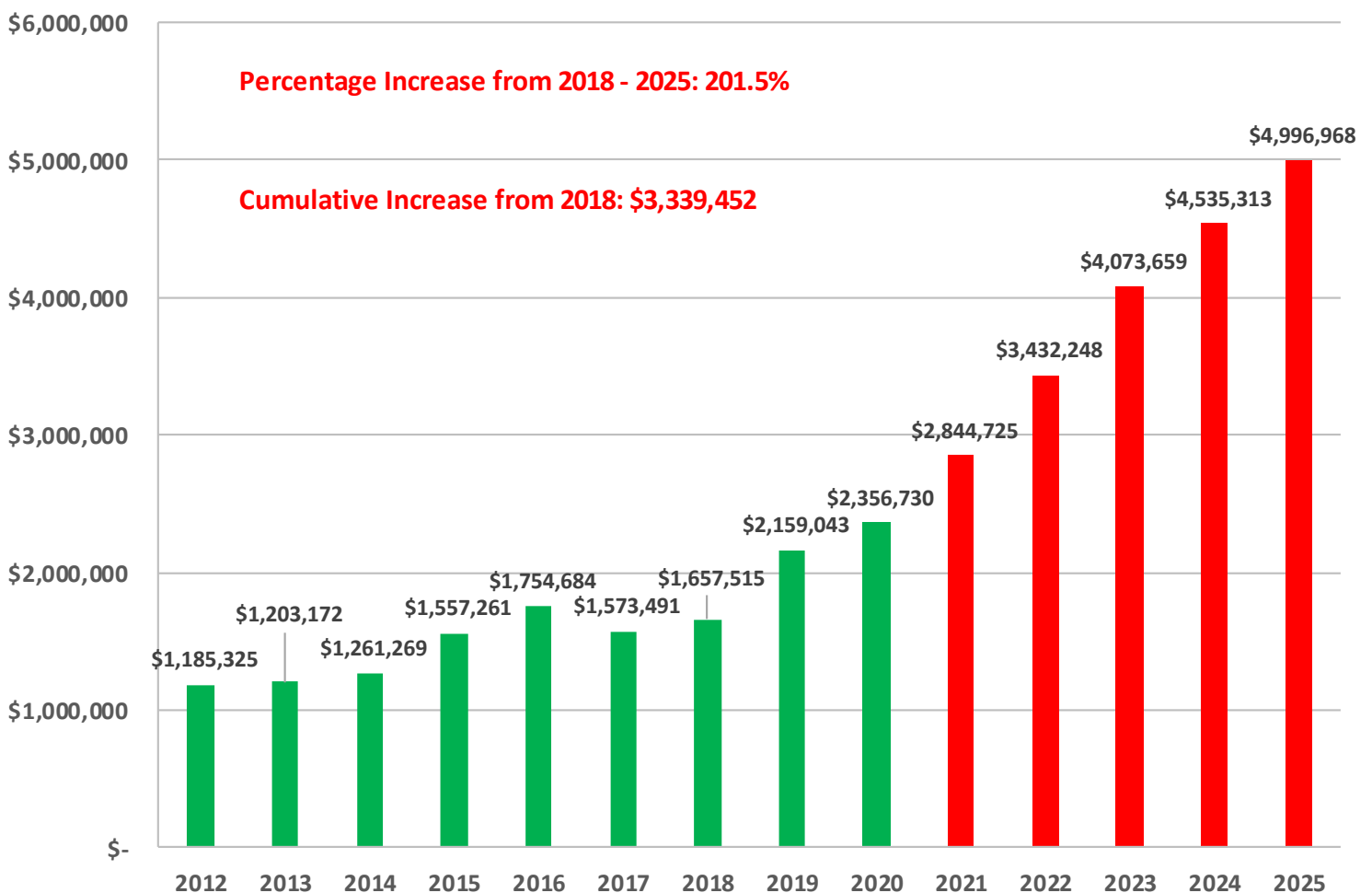
The sanitary sewer utility has not had a rate adjustment since 2009. The renegotiated sewage treatment contract with Citizens Energy Group, while a favorable outcome for the utility, provides for sewage treatment rate increases each year until 2029.

These treatment cost increases are not reflected in our current rate structure and will need to be addressed, as well as additional funding needed to continue to maintain and invest in our vast infrastructure.

As with our water utility, it is important that we have adequate sewer funding to continue to address system performance and reliability related to Inflow and Infiltration impacts.

Estimated Annual Sewage Treatment Charges through CEG

Annual Sewage Treatment Charges¹
 2012 - 2020 Actual; 2021 - 2025 Estimated



(1) - Estimated charges for 2021 through 2025 based on 2020 actual

LAWRENCE UTILITIES

2022 PROPOSED BUDGET

Mayor **Steve Collier**
CFO **Tyler Douthit**
Utility Superintendent **Scott Salsbery**

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Investing in Lawrence

