

**CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM BUDGET**



**2008 FISCAL YEAR
AS ADOPTED BY CITY COUNCIL**

CITY OF WARREN, MICHIGAN

WATER & SEWER SYSTEM BUDGET

2008 FISCAL YEAR

CITY OF WARREN

James R. Fouts
Mayor

One City Square
Warren, Michigan 48093

ADMINISTRATION

City of Warren was incorporated January 1, 1957, under Act 279, P.A. 1909 as amended (Home Rule Act). The 2000 population per Federal Census, 138,247

City is administered by a Mayor, a Council of nine members, Treasurer and Clerk, all of whom are elected to four-year terms.

PRESENT ELECTIVE OFFICERS

(Terms expire November 11, 2011)

MAYOR

JAMES R. FOUTS

COUNCIL

Mary M. Kamp, President

Scott C. Stevens, Assistant Secretary

Mark Liss

Donna Kaczor Caumartin, Vice President

Robert Boccomino

Kathy J. Vogt

Keith Sadowski, Secretary

Patrick Green

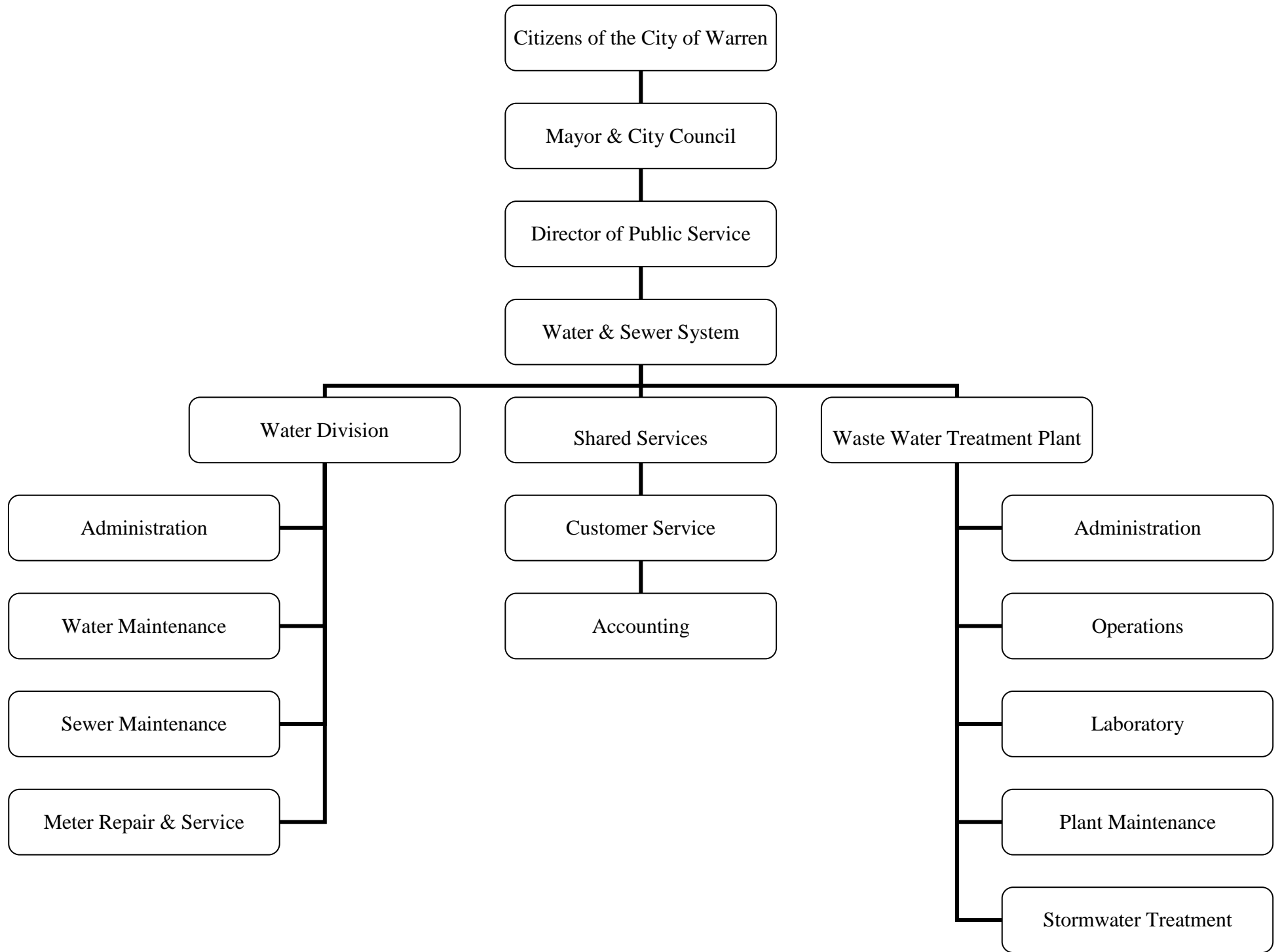
Steven Warner

TREASURER

Carolyn Kurkowski Mocerri

CITY CLERK

Paul Wojno



Citizens of the City of Warren

Mayor & City Council

Director of Public Service

Water & Sewer System

Water Division

Shared Services

Waste Water Treatment Plant

Administration

Water Maintenance

Sewer Maintenance

Meter Repair & Service

Customer Service

Accounting

Administration

Operations

Laboratory

Plant Maintenance

Stormwater Treatment

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET

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CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET

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CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
INTRODUCTION

The Water & Sewer System's functions include the financing, acquisition, operation and maintenance of an adequate water supply and a waste water treatment facility for the benefit of the citizens and business community in the City of Warren. Budget and accounting policies, as presented herein, conform to generally accepted accounting principles for enterprise funds. Revenues are initially deposited in a receiving fund in accordance with State statutes and local revenue ordinances adopted by the City of Warren. Monies are transferred, as needed, to the Operation & Maintenance Fund and Debt Service Reserve and Construction Reserves.

A major issue facing the Water & Sewer System is bringing sales projections in line with actual experience. Sales volumes have significant declined in the last decade. There are several potentially contributing factors.

The poor economic climate in Michigan has eliminated many businesses as contributing users to the Water & Sewer System and has caused many others to scale back operations and economize their use of resources, including water. This has had a significant carryover effect on residential usage. With declining incomes, residential users are scaling back on discretionary usages such as lawn irrigation. More and more users defer payment of amounts due to the summer tax roll. The lack of an aggressive collection effort on the part of the City has reduced cash flow and placed larger amounts at risk when customers file for legal relief of indebtedness, a practice that is growing annually.

Our infrastructure, the water and sewer lines that carry fresh water to homes and businesses and transport waste material to the Waste Water Treatment Plant for processing, is in decline. While we attempt to earmark funds for infrastructure replacement each year, the fact is that much more than what we have provided is needed. This is not merely a local issue. Every major city in the country faces problems similar to ours, particularly in the Midwest and Eastern states where changes in climate have devastating effects on underground utilities.

In addition to water and sewer lines, the meters that register usage are also getting older. Most of the residential meters in service were installed 20 years ago or more. The manufacturers of the meters have indicated that, according to their specifications and studies, these meters are nearing the ends of their useful lives and a deterioration of registration accuracy can be expected. Independent statistical samplings taken in the past few years are consistent with manufacturer predictions. Registration failures are evident at low volume flows. While these failures do not account for a substantial amount of system usage overall they are indicators of things to come. Within the next few years we can expect the registration inaccuracies to progress to more significant percentages of system usage. Since it will take an estimated 1-1/2 to 2 years to complete a changeover to updated meters the time to act is upon us.

There are certainly plusses and minuses to a meter changeout program. A meter changeout program is not an inexpensive undertaking with an estimated price tag of \$10 million. Aside from its significant cost, that will be spread among system users through a special assessment bond issue, there will certainly be users who will experience an increase in registered usage. However, all users will benefit in that the total usage volume will increase thereby reducing per unit costs.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
INTRODUCTION
(continued)

Let's take a look at the financial data on which the 2008 Adopted Budget is based and show how an improvement in meter registration can impact the rates charged to system users:

In the 2008 Adopted Budget it is assumed that we will bill customers for 900 million cubic feet of water during the fiscal year. Customers are billed in units of 100 cubic feet each called **consumptions**. (A consumption is approximately 750 gallons of water) . 900 million cubic feet translates to 9 million consumptions.

On pages 8-9 of the budget there is a breakdown of budgeted operating costs with charges allocated to each of the 4 major user fees. The costs allocated to the water consumption charge as shown on that page are \$15,433,406. The per unit charge is calculated by dividing the total costs by the total units to be sold. \$15,433,406 in costs divided by 9 million consumptions equates to a per unit charge of \$1.715.

The System currently experiences a water loss – the difference between the volume purchased from the City of Detroit and the volume billed to customers – of approximately 10% per year. This means that we expect to buy 10 million consumptions of water from Detroit to supply the sales volume with 1 million consumptions not registering at the sales end (potential reasons for this other than meter inaccuracies will be explained in the paragraphs following).

Theoretically, with new meters, we could potentially halve the loss down to 5%. That would mean an additional 500,000 consumptions billed to customers. This changes the equation for the per unit charge. The amount of revenue needed is still \$15,433,406 but now the number of units expected to be sold rises to 9.5 million. This would lower the per unit rate to \$1.625, a reduction of 5.3%.

While there is no absolute guarantee that the water loss would be cut in half by installing new meters it is certain that the loss of meter accuracy is a significant contributor to the loss. Other items that contribute to water loss are unregistered usage of water from fire hydrants, preventative maintenance activities of Water & Sewer Maintenance personnel and fire fighting by the Fire Department. There may be other unregistered usage in that some customers may have illegally bypassed their water meters and are as yet undetected. A meter changeout program will weed those out.

There are other peripheral benefits to a meter changeout program. The proposed changeout entails installing meters capable of being remotely read through radio or cellular frequencies. This will eventually bring all meter reading activity back in-house and save over \$325,000 per year in contractual meter reading cost.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
INTRODUCTION
(continued)

Remote reading means that data can be collected more frequently than is currently done. Instead of taking days to complete a reading of the city it can be accomplished in minutes with the data being fed into a computer program designed to look for unusual spikes in customer usage. As it is now, customers may not know about problems like undetectable leaks for up to 2 months after they occur by which time they may have run up bills totalling hundreds of dollars or more. With data being collected on a daily basis a customer can be alerted to a problem within a very short time.

Another factor in water loss is water main breaks and leaks. As the system ages this becomes more and more significant both in the frequency of breaks and their severity.

Combatting water loss requires an aggressive pro-active effort on several fronts. We need to update aging meters to improve accuracy and allocate costs to those users who are actually using the water. We need to fully staff our maintenance personnel and bring them into focus on early detection of problems and preventative maintenance. We need to continue pinpointing major problem areas in the infrastructure and dedicate the necessary funds to correcting problems before they become disasters. One need not look too far to see the potential for costly repairs if a coordinated, efficient approach to maintaining our utility system is not developed and adhered to. We don't want to be the next community making headlines for a major sewer collapse as happened in Sterling Heights a few years ago or a major watermain break as occurred in Livonia early in 2007.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
RATE CALCULATION

Introduction:

The City of Warren Water & Sewer System's current rate structure is based on the recommendations contained in a study by McNamee, Porter & Seeley completed in 1981. Minor modifications have been made to comply with State Revolving Fund (SRF) financing requirements and in response to changing system needs and customer base structure but it remains essentially as originally adopted.

Overview of rates:

There are four basic rates charged to almost every customer of the system. Two, the water rate and waste water treatment rate, are consumption based. This means that total charges can vary from month to month depending on the usage registered by the customer's meter. Some communities use rates that are progressive (the per unit charge increases with higher volumes of usage) and some use rates that are regressive (the per unit charge *decreases* with higher volumes of usage). In Warren, the rates are constant. That is, the per unit costs are the same regardless of the volume of usage. General Motors pays the same per unit cost as residential users; they just pay it on tens of thousands more units each month. Commercial/industrial customers also pay charges that residential users are not subject to. Those will be discussed in the paragraphs that follow.

The remaining two basic rates are flat rate charges – the water service charge and the sewer service charge. Both are based on the size of the meter at the customer location. Rates are apportioned among the various sizes in accordance with AWWA Demand standards. While there has been debate over the actual relationship between meter size and customer demand, especially when focusing on a very narrow range of accounts, the use of the current standard achieves the purpose of recovering a large percentage of cost from customers with the largest meters and highest overall system demand. Optional methods of cost recovery that achieve substantially the same result are priority areas of the rate study.

In addition to the basic rates there are rates that are solely charged to commercial and industrial customers. The cross-connection charge is consumption based and recovers the cost of the system's infrastructure review to determine the existence of illicit cross-connections that could potentially contaminate the fresh water supply. The commodity charge, also consumption based, recovers the cost of administering the industrial pre-treatment program. Discharge from commercial/industrial sites is tested for compliance with EPA standards and individual customers are charged for the treatment of regulated particulates in excess of EPA limits.

Each rate is directly related to particular areas of budgeted expenditures. For example, the **Water rate** recovers the cost of water purchases from the City of Detroit plus the system's costs in maintaining the infrastructure. These costs include the purchase of sections of water main, materials needed to repair leaks as they occur, costs for the purchase, operation and maintenance of vehicles and equipment to perform repairs, costs to operate and maintain buildings and other storage facilities, the costs for the repair of roadways, driveway approaches, sidewalks and green areas, debt service costs for revenue bonds issued to fund the full scale replacement of water lines that are beyond repair and the cost of labor – wages and benefits for the employees who perform repairs and preventative maintenance services and for those who administer the activities and perform billing and collection services.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
RATE CALCULATION
(continued)

The Water & Sewer System serves three principal functions. The first is the delivery of fresh water to each customer within the system. The second is the transport of waste material from customer locations to the Waste Water Treatment Plant. The third is the treatment of residential, commercial and industrial waste by the Waste Water Treatment Plant including disposal of solid waste materials and purification of liquids to be returned to the freshwater system.

The following pages show how each area of the budget is allocated among these functions for purposes of rate determination. On the first page, Schedule A, the budget Expenditure Summary is allocated to each rate. Wages & Fringe Benefits and Supplies and Other Charges are simple enough to follow. There are elements within Water & Sewer Maintenance that are chargeable to the Meter Service Charge – such as wages & fringe benefits for meter repair personnel. Those costs are subtracted out of the total and the balance allocated between the water consumption charge and the sewer service charge in a 60/40 ratio – the approximate historical allocation of time and materials between water maintenance and sewer maintenance. As indicated previously, the costs for Shared Services is distributed 50/50 between the water rate and the waste water treatment rate. Transfers to reserves for debt service and capital outlay are allocated between the rates in accordance with the proposed usage of those items. For example, if a capital item is for the wastewater treatment plant it is charged to that rate. For debt service, the principal and interest costs are allocated among the rates in accordance with how the borrowed funds were used.

Schedule B starts with the Total Costs from Schedule A and subtracts other revenue sources from it to arrive at the net amount that has to be charged to each rate. If the other revenue is water related, it is subtracted from the charges allocable to the water rate, and other charges specific to a function are subtracted in the same manner. Common other income items, like penalties and interest, are allocated equally between the two largest consumption based rates for water and wastewater treatment.

Once the costs to be recovered from the rates are determined, it is simply a matter of calculating the per unit charges. For the consumption-based rates, the total costs are divided by the number of units expected to be sold during the year, based on historical data. The number of units for wastewater treatment is somewhat smaller than that for water (approximately 96%) since there are some “water-only” customers. Some of these are those with second meters purchased pursuant to recent policy changes. There are also some properties on our borders, or just outside, that get water service from here and sewer from another community and there are also a few existing properties still using septic systems although those are in the process of being eliminated.

For the fixed rates, meter service charges and sewer service charges, the allocation is bit more complex. The total number of meters in the system is distributed according to size. This information comes from recent billings – in the case of the current proposed budget, from the billing for October 2007. An AWWA approved factor is then applied to come up with the total “equivalent meters” in the system. This factor ranges from 1 as the base unit for a 5/8” meter to 500 for a 10” meter.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
RATE CALCULATION
(continued)

To determine the rate for the base unit, a 5/8" meter, the total charges to be recovered for the year is divided by 12 (to get a monthly value) and divided by the total equivalent meters. The AWWA factor is then applied to arrive at the rate for each of the other meter sizes.

Other commercial and industrial charges are subject to different formulas, most of which spring from compliance with Environmental Protection Agency (EPA) and the Michigan Department of Environmental Quality (DEQ) mandated policies and procedures. These charges, as stated before, are in addition to the basic charges that all customers pay.

CHANGE IN SALES ESTIMATES

The single largest factor affecting the overall rate is a reduction in the volume of estimated sales. For many years annual sales volumes were estimated at 10.7 million consumptions (100 cubic feet). The last time we actually sold that much water was in 1999. From 2000 through 2006 the average annual sales volume has been just over 9.3 million consumptions per year with a high of 10.2 million in 2002 and a low of 8.4 million in 2004. The projected sales volume for Fiscal 2007 is expected to be approximately 8.7 million consumptions.

There are a number of potential reasons why the billable usage volumes have fallen. The meters in service are at or near the ends of their useful lives and are surely not reading at the same accuracy levels as when they were new. The recommended budget included a proposal to begin a meter change out program in this budget coupled with an Automated Meter Reading System (AMR)

Changes in climate have had a great impact on water usage. For example, the summer of 2004 was unusually cold and wet and there was less need for residential, commercial and industrial customers to use water for lawns or other outdoor purposes.

As the rates have risen, there is greater incentive for customers to find ways to economize on usage. Small volume users, such as residential customers, can install flow-regulating devices in showers and lavatory facilities to reduce usage and/or change usage habits such as not watering lawns as frequently and using less water in other activities. Large volume commercial and industrial users can install similar devices and change processes reduce usage volumes.

It is an unfortunate situation for the system and the system users. The higher the unit price is of water and waste water treatment, the more incentive there is for the user to economize – but – the user reducing usage does not significantly reduce operating costs. In fact, about the only cost reduced by less customer usage is that of water purchases. Other operating costs like supplies, chemicals and utilities are minimally impacted. Debt service and wages and fringe benefits are not changed at all.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
RATE CALCULATION
(continued)

We have no choice but to adjust projected sales volumes to be in line with what we have been experiencing. The recommended budget projects sales at 9 million consumptions rather than the 9.5 million estimated in 2007.

We are hopeful that our efforts to pinpoint and repair major problem areas in the infrastructure will reduce water loss and generate savings in water purchase costs as well as lessen the need for costly emergency repairs. The imminent installation of pressure reducing valves in key areas should stabilize water pressure in the water mains, lessening the stress placed on an aging infrastructure. Updating water meters should give a more accurate reading of usage at each user location that in turn results in a more equitable share of operating costs for the customer.

It cannot be overly stressed how important it is to use reasonable estimates for sales volumes. Shortfalls in sales dramatically hinder the Water & Sewer System's ability to meet performance objectives for the year. The resulting cash flow shortages mean that needed personnel positions have to be left vacant, equipment purchases have to be eliminated or delayed and capital projects have to be postponed.

One of the fundamental differences between budgeting in the Water & Sewer System and City's General is the certainty of revenue sources. If you examine the General Fund budget you will find that over 83% of revenue sources are in the form of property taxes, state shared revenues, grants and administrative fees. The volatility of state shared revenues in the past several years notwithstanding, these are all fairly stable and reliable income sources. At the time the budget is adopted the city knows with reasonable certainty that those monies will be collected.

On the other hand, 89% of the revenue sources for the Water & Sewer System can be significantly impacted by circumstances outside our control. All usage based fees can fluctuate dramatically depending on factors such as weather conditions, changes in the makeup of the user base and the general economic climate in the city and the state.

For example, usage typically peaks during the summer months when residential, commercial and industrial customers are all more active. If the summer is unusually cold and rainy, usage will be reduced. Changes in the makeup of the customer base can have long lasting effects on the system. The privatization of the Tank Plant property, while overall a very positive event for the City, resulting in replacing a high-volume industrial quality user with several commercial users with lower volumes of water utility usage. Other commercial and industrial users, affected by the depressed economic climate in Michigan, and in particular with the auto industry, have scaled back discretionary usage and sought alternative, less costly processes. Likewise, residential users have reduced their discretionary usage in response to the economic downturn and rising rates for not only water utilities but all utility costs.

Adjusting sales volumes is not an option, it is a necessity. Using an inflated volume would reduce rates on paper but would result in the system being far short of the financial resources necessary to operate. We have scaled back expenses as much as possible but basic operations have to be maintained and we have to continue addressing the problems associated with an aging infrastructure. To ignore them is a recipe for disaster in the long term.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 BUDGET FINANCIAL STATEMENTS

SCHEDULE A
DISTRIBUTION OF COSTS TO RATES
CITY COUNCIL ADOPTED BUDGET

Budget Cost Item:	<u>Total</u>	<u>Supporting Revenue</u>			
		<u>Water Rate</u>	<u>Waste Water Rate</u>	<u>Water Service Charge</u>	<u>Sewer Service Charge</u>
<i>Wages & Fringe Benefits</i>					
Water & Sewer Maintenance	\$ 5,003,308	\$ 2,281,903	\$ -	\$ 969,487	\$ 1,751,918
Shared Services	1,948,657	974,329	974,328	-	-
Waste Water Treatment	6,579,192	-	6,579,192	-	-
<i>Total Wages & Fringe Benefits</i>	<u>13,531,157</u>	<u>3,256,232</u>	<u>7,553,520</u>	<u>969,487</u>	<u>1,751,918</u>
<i>Supplies & Other Charges</i>					
Water Purchases	7,950,000	7,950,000	-	-	-
Water & Sewer Maintenance	1,648,000	986,700	-	130,000	531,300
Shared Services	2,753,500	1,376,750	1,376,750	-	-
Waste Water Treatment	3,237,000	-	3,237,000	-	-
<i>Total Supplies & Other Charges</i>	<u>15,588,500</u>	<u>10,313,450</u>	<u>4,613,750</u>	<u>130,000</u>	<u>531,300</u>
<i>Transfers To Reserves</i>					
WWT Improvement	-	-	-	-	-
Infrastructure Replacement	-	-	-	-	-
Capital Equipment	-	-	-	-	-
Debt Service	4,700,000	2,330,924	2,051,826	-	317,250
<i>Total Transfers</i>	<u>4,700,000</u>	<u>2,330,924</u>	<u>2,051,826</u>	<u>-</u>	<u>317,250</u>
TOTAL COSTS	<u>\$33,819,657</u>	<u>\$15,900,606</u>	<u>\$14,219,096</u>	<u>\$ 1,099,487</u>	<u>\$ 2,600,468</u>

CITY OF WARREN, MICHIGAN
 WATER & SEWER SYSTEM
 2008 BUDGET FINANCIAL STATEMENTS

SCHEDULE B
 RATE CALCULATION
 CITY COUNCIL ADOPTED BUDGET

	<u>Total</u>	<u>Supporting Revenue</u>			
		<u>Water Rate</u>	<u>Waste Water Rate</u>	<u>Water Service Charge</u>	<u>Sewer Service Charge</u>
TOTAL COSTS {FROM PREVIOUS PAGE}	\$33,819,657	\$15,900,606	\$14,219,096	\$ 1,099,487	\$ 2,600,468
OFFSETS FOR OTHER REVENUES:					
Water Sales - Unmetered	12,000	12,000	-	-	-
Public Fire Protection	90,000	90,000	-	-	-
Penalties	300,000	150,000	150,000	-	-
Water Division - Other Income	15,000	15,000	-	-	-
Land Contract Interest	24,500	24,500	-	-	-
Meter Repairs	30,000	-	-	30,000	-
Outside Service Income	15,000	15,000	-	-	-
Meter Sales	35,000	-	-	35,000	-
Centerline Transmission Charge	17,000	17,000	-	-	-
Pre-Treatment Surcharges	942,000	-	942,000	-	-
Cross Connection Charges	250,000	250,000	-	-	-
Waste Treatment - Other Income	150,000	-	150,000	-	-
Interest On Investments	125,000	62,500	62,500	-	-
Gain {Loss} On Asset Conversion	10,000	5,000	5,000	-	-
Total revenue offsets	<u>2,015,500</u>	<u>641,000</u>	<u>1,309,500</u>	<u>65,000</u>	<u>0</u>
NET COSTS ALLOCATED TO RATES	<u>\$31,804,157</u>	<u>\$15,259,606</u>	<u>\$12,909,596</u>	<u>\$ 1,034,487</u>	<u>\$ 2,600,468</u>
Estimated billable consumption { 100 c.f. }		9,000,000	8,640,000		
Supporting rates required		\$ 1.701	\$ 1.494	\$ 0.74	\$ 1.89
Current rate		\$ 1.670	\$ 1.396	\$ 0.74	\$ 1.89
Increase (decrease)		<u>\$ 0.031</u>	<u>\$ 0.098</u>	<u>\$ -</u>	<u>\$ -</u>

WATER SERVICE CHARGE

Meter Size	# of Meters	AWWA Meter Ratio	Equivalent Meters	2007 Service Charge	2008 Service Charge	Estimated Revenue
5/8"	44,116	1	44,116	\$0.74	\$0.74	\$ 391,750
3/4"	8	2	16	\$1.48	\$1.48	142
1"	3,632	4	14,528	\$2.96	\$2.96	129,009
1 - 1/2"	941	10	9,410	\$7.40	\$7.40	83,561
2"	887	25	22,175	\$18.50	\$18.50	201,814
3"	173	45	7,785	\$33.30	\$33.30	69,131
4"	73	90	6,570	\$66.60	\$66.60	58,342
6"	25	170	4,250	\$125.80	\$125.80	37,740
8"	13	300	3,900	\$222.00	\$222.00	34,632
10"	9	500	4,500	\$370.00	\$370.00	39,960
	<u>49,877</u>		<u>117,250</u>			<u>\$ 1,046,081</u>

SEWER SERVICE CHARGE

Meter Size	# of Meters	AWWA Meter Ratio	Equivalent Meters	2007 Service Charge	2008 Service Charge	Estimated Revenue
5/8"	43,723	1	43,723	\$1.89	\$1.89	\$ 991,638
3/4"	15	2	30	\$3.78	\$3.78	680
1"	3,548	4	14,192	\$7.56	\$7.56	321,875
1 - 1/2"	916	10	9,160	\$18.90	\$18.90	207,749
2"	863	25	21,575	\$47.25	\$47.25	491,821
3"	172	45	7,740	\$85.05	\$85.05	175,543
4"	71	90	6,390	\$170.10	\$170.10	144,925
6"	25	170	4,250	\$321.30	\$321.30	96,390
8"	13	300	3,900	\$567.00	\$567.00	88,452
10"	8	500	4,000	\$945.00	\$945.00	90,720
	<u>49,354</u>		<u>114,960</u>			<u>\$ 2,609,793</u>

CITY OF WARREN, MICHIGAN
 WATER & SEWER SYSTEM
 2008 FISCAL YEAR FINANCIAL STATEMENTS

RATE EFFECT
 CITY COUNCIL ADOPTED BUDGET

EFFECT OF RATE ON THE AVERAGE RESIDENTIAL USER
 {BASED ON 1,000 CUBIC FEET OF WATER METERED WITH A 5/8" WATER METER}
 - PER MONTH -

	Current Rate	Council Adopted Rate	Increase (Decrease) Amount	%
Water Service Charge	\$ 0.74	\$ 0.74	\$ -	
Sewer Service Charge	1.89	1.89	-	
Water Charge	16.70	17.01	0.31	
Waste Water Treatment Charge	13.96	14.94	0.98	
Total	\$ 33.29	\$ 34.58	\$ 1.29	3.9%

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET

STATEMENT OF ESTIMATED REVENUES, EXPENSES & CHANGES IN RETAINED
EARNINGS/RESERVE BALANCES
YEAR ENDING DECEMBER 31, 2008

	TOTAL	OPERATION & MAINTENANCE 592020	WASTE WATER TREATMENT IMPROVEMENT 592040	NFRASTRUCTURE REPLACEMENT 592044	METER REPLACEMENT 592045	CAPITAL EQUIPMENT REPLACEMENT 592047	BUILDING CONSTRUCTION 592060	DEBT SERVICE 592072
OPERATING REVENUES:								
Water & sewer charges	\$ 31,804,200	\$ 31,804,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other operating revenue	1,880,500	1,880,500	-	-	-	-	-	-
NON-OPERATING REVENUES:								
Interest on investments	535,000	125,000	100,000	150,000	-	10,000	-	150,000
Gain on sale of fixed assets	10,000	10,000	-	-	-	-	-	-
TRANSFERS FROM:								
Operation & Maintenance Fund	4,700,000	-	-	-	-	-	-	4,700,000
Restricted Reserves	2,665,461	-	-	1,350,000	-	315,461	-	1,000,000
OTHER FINANCIAL RESOURCES:								
Long term debt	10,150,000	-	-	10,150,000	-	-	-	-
TOTAL FINANCIAL RESOURCES	51,745,161	33,819,700	100,000	11,650,000	-	325,461	-	5,850,000
OPERATING EXPENSES:								
Water purchases	7,950,000	7,950,000	-	-	-	-	-	-
Water & sewer maintenance	6,651,308	6,651,308	-	-	-	-	-	-
Shared services	4,702,157	4,702,157	-	-	-	-	-	-
Waste water treatment plant	9,816,192	9,816,192	-	-	-	-	-	-
NON-OPERATING EXPENSES:								
Construction contracts & related project costs	13,301,300	-	-	12,550,000	-	751,300	-	-
Other non-operating expenses	5,616,671	-	-	859,515	-	-	-	4,757,156
TRANSFERS TO:								
Reserves	7,365,461	4,700,000	2,350,000	-	270,759	-	44,702	-
TOTAL EXPENSES	55,403,089	33,819,657	2,350,000	13,409,515	270,759	751,300	44,702	4,757,156
NET FISCAL YEAR INCREASE (DECREASE)	(3,657,928)	43	(2,250,000)	(1,759,515)	(270,759)	(425,839)	(44,702)	1,092,844
OTHER ADJUSTMENTS:								
Net decrease (increase) in long term liability	(7,579,904)	(7,579,904)	-	-	-	-	-	-
Fixed assets capitalized	13,301,300	13,301,300	-	-	-	-	-	-
Depreciation	(4,200,000)	(4,200,000)	-	-	-	-	-	-
Estimated Retained Earnings/Reserves - January 1, 2008	14,476,563	2,932,560	3,292,653	1,997,114	270,759	514,029	44,702	5,424,746
Estimated Retained Earnings/Reserves - December 31, 2008	\$ 12,340,031	\$ 4,453,999	\$ 1,042,653	\$ 237,599	\$ -	\$ 88,190	\$ -	\$ 6,517,590

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2008 BUDGET FINANCIAL STATEMENTS

Revenues

Account Name	Account Number	2006	2007			2008		
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Water & Sewer Charges								
Water Sales - Commercial/Industrial	080-46101	\$ 5,335,401	\$ 6,346,000	\$ 1,871,956	\$ 5,722,900	\$ 7,095,500	\$ 6,173,300	\$ 6,103,800
Water Sales - Residential	080-46102	8,208,799	9,519,000	3,000,098	8,584,300	10,643,200	9,260,000	9,155,800
Water Service Charges	080-46103	1,036,915	1,041,200	433,237	1,041,000	1,040,600	975,700	1,034,550
Waste Water Treatment Charges	080-47501	10,656,608	12,731,500	3,862,291	11,481,400	12,859,200	12,909,600	12,909,600
Sewer Service Charges	080-47502	2,600,164	2,607,300	1,086,425	2,607,000	2,611,500	2,485,600	2,600,450
<i>Total Water & Sewer Charges</i>		27,837,887	32,245,000	10,254,007	29,436,600	34,250,000	31,804,200	31,804,200
Other Operating Revenue								
Water Sales - Unmetered	080-46000	13,599	12,000	5,155	12,000	12,000	12,000	12,000
Public Fire Protection	080-46300	90,000	90,000	45,000	90,000	90,000	90,000	90,000
Penalties	080-47000	299,240	280,000	141,436	280,000	300,000	300,000	300,000
Water Division - Other Income	080-47100	13,554	10,000	10,448	15,000	15,000	15,000	15,000
Garage Installment Sale	080-47200	34,131	29,480	14,740	29,480	24,500	24,500	24,500
Meter Repairs	080-47402	30,738	30,000	14,200	30,000	30,000	30,000	30,000
Outside Service Income	080-47404	49,509	15,000	5,400	15,000	15,000	15,000	15,000
Meter Sales	080-47405	36,905	35,000	16,570	35,000	35,000	35,000	35,000
Centerline Transmission Charge	080-47406	18,072	15,000	6,380	17,000	17,000	17,000	17,000
Pre-Treatment Surcharges	080-47407	951,010	921,000	295,216	864,500	942,000	942,000	942,000
Cross Connection Charges	080-47408	244,248	285,000	82,628	257,000	250,000	250,000	250,000
Waste Treatment - Other Income	080-47410	55,704	50,000	31,478	50,000	50,000	150,000	150,000
<i>Total Other Operating Revenue</i>		1,836,710	1,772,480	668,651	1,694,980	1,780,500	1,880,500	1,880,500
Total Operating Revenue		29,674,597	34,017,480	10,922,658	31,131,580	36,030,500	33,684,700	33,684,700
Non-Operating Revenue								
Interest On Investments	080-66500	138,352	90,000	67,741	130,000	125,000	125,000	125,000
Gain {Loss} On Asset Conversion	080-47401	-	10,000	-	10,000	10,000	10,000	10,000
<i>Total Non-Operating Revenue</i>		138,352	100,000	67,741	140,000	135,000	135,000	135,000
GRAND TOTAL		\$ 29,812,949	\$ 34,117,480	\$ 10,990,399	\$ 31,271,580	\$ 36,165,500	\$ 33,819,700	\$ 33,819,700

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

Expenditure Summary

Account Name	Account Number	2006	2007		2008			
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Wages & Fringe Benefits								
Water & Sewer Maintenance	1540	\$ 4,333,260	\$ 4,838,259	\$ 2,094,120	\$ 4,412,950	\$ 5,453,288	\$ 5,003,308	\$ 5,003,308
Shared Services	1560	1,684,273	1,863,730	824,196	1,816,750	1,985,812	1,948,657	1,948,657
Waste Water Treatment	1580	5,705,097	6,399,502	2,537,911	5,640,550	6,806,382	6,579,192	6,579,192
<i>Total Wages & Fringe Benefits</i>		11,722,630	13,101,491	5,456,227	11,870,250	14,245,482	13,531,157	13,531,157
Supplies & Other Charges								
Water Purchases	1537-92700	7,007,742	8,490,000	3,629,654	7,587,900	7,950,000	7,950,000	7,950,000
Water & Sewer Maintenance	1540	1,489,313	1,458,000	321,687	1,483,000	1,753,000	1,648,000	1,648,000
Shared Services	1560	2,589,327	2,638,500	1,216,690	2,620,100	2,780,000	2,753,500	2,753,500
Waste Water Treatment	1580	3,299,806	3,482,000	1,203,468	3,107,000	3,437,000	3,237,000	3,237,000
<i>Total Supplies & Other Charges</i>		14,386,188	16,068,500	6,371,499	14,798,000	15,920,000	15,588,500	15,588,500
Transfers To Reserves								
Retained Earnings	1537-96501	(1,295,869)	2,489	(2,437,327)	(41,670)	18	43	43
WWT Improvement Reserve	1537-96540	600,000	1,250,000	-	1,250,000	-	-	-
Infrastructure Repair Reserve	1537-96544	-	-	-	-	-	-	-
Capital Equipment	1537-96547	700,000	300,000	-	-	300,000	-	-
Debt Service	1537-96572	3,700,000	3,395,000	1,600,000	3,395,000	5,700,000	4,700,000	4,700,000
<i>Total Transfers</i>		3,704,131	4,947,489	(837,327)	4,603,330	6,000,018	4,700,043	4,700,043
GRAND TOTAL		\$ 29,812,949	\$ 34,117,480	\$ 10,990,399	\$ 31,271,580	\$ 36,165,500	\$ 33,819,700	\$ 33,819,700

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 BUDGET FINANCIAL STATEMENTS

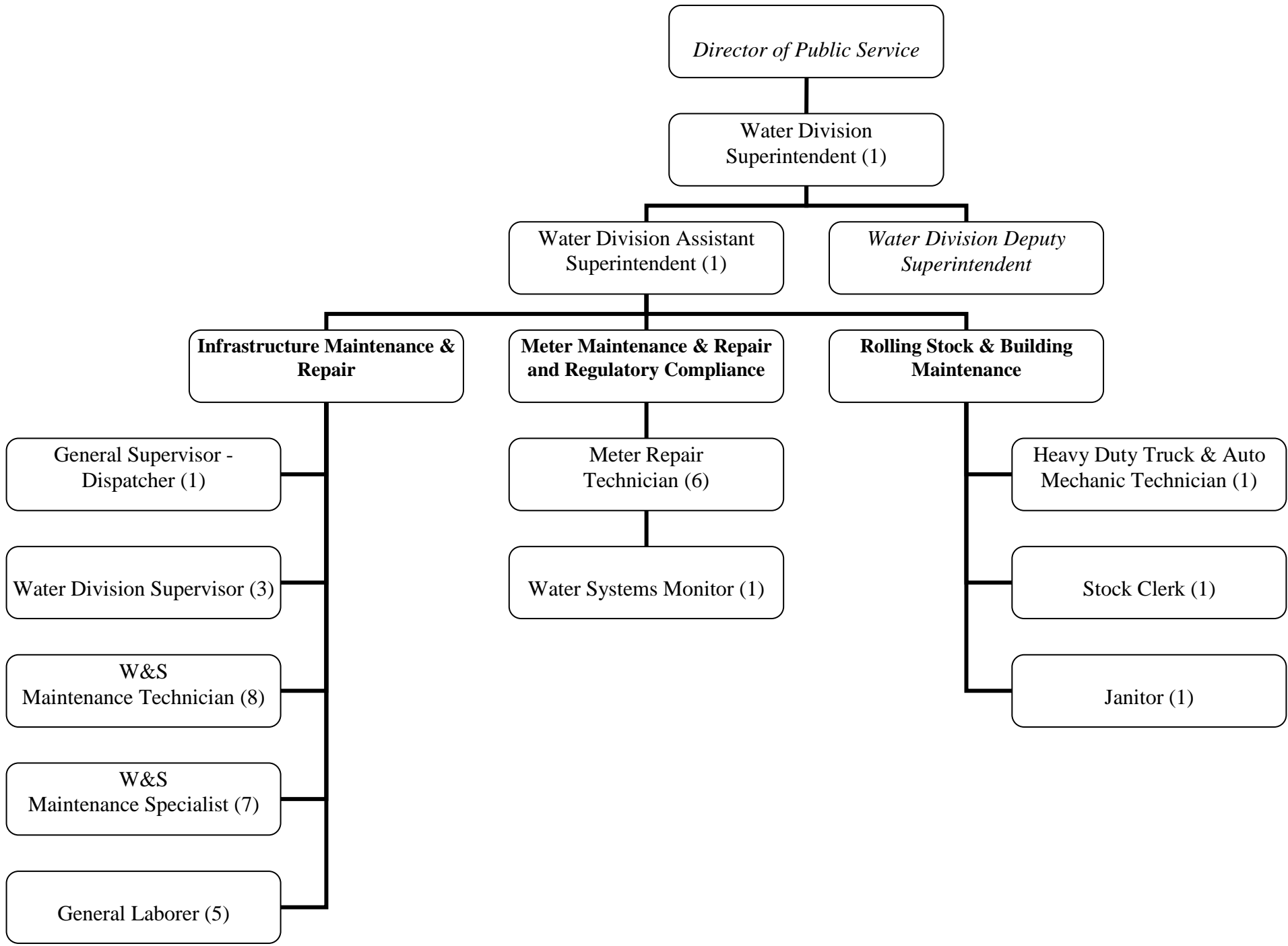
10 Year History of Expenditures

Fiscal Year	Water &			Waste	Total
	Water Purchases	Sewer Maintenance	Shared Services	Water Treatment	
1999	\$ 6,050,000	\$ 4,412,500	\$ 3,830,800	\$ 7,144,700	\$ 21,438,000
2000	\$ 5,871,592	\$ 5,172,490	\$ 3,032,062	\$ 7,624,852	\$ 21,700,996
2001	\$ 5,999,460	\$ 5,127,376	\$ 2,902,329	\$ 8,240,905	\$ 22,270,070
2002	\$ 7,232,632	\$ 5,445,014	\$ 3,509,087	\$ 7,422,741	\$ 23,609,474
2003	\$ 7,578,869	\$ 5,373,938	\$ 3,653,705	\$ 7,774,064	\$ 24,380,576
2004	\$ 6,832,765	\$ 5,916,995	\$ 4,042,620	\$ 8,568,872	\$ 25,361,252
2005	\$ 7,395,809	\$ 5,807,447	\$ 4,480,884	\$ 8,758,069	\$ 26,442,209
2006	\$ 7,007,742	\$ 5,822,573	\$ 4,273,600	\$ 9,004,903	\$ 26,108,818
2007 Projected	\$ 7,587,900	\$ 5,895,950	\$ 4,436,850	\$ 8,747,550	\$ 26,668,250
2008 Adopted	\$ 7,950,000	\$ 6,651,308	\$ 4,702,157	\$ 9,816,192	\$ 29,119,657

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Water Purchases

An agreement between the City of Warren and the City of Detroit Board of Water Commissioners provides for the sale and delivery of water to the City of Warren. This agreement is for a minimum term of thirty-five (35) years, commencing on January 23, 1980, and requires ninety (90) days notice in the event of any rate change. The rate at October 1, 2007, was \$7.95 per 1,000 cubic feet.

It is erroneous to label the difference between what we pay the City of Detroit for water and what we charge end users as “profit”. The price that we pay for water to Detroit is only for delivery to our corporate boundaries. Over 400 miles of water mains must be maintained, repaired, and replaced as needed. Though the cost of water purchases is a significant part of the cost to deliver water to Warren homes and businesses, it is not our only cost. It is not even the majority of the cost. Outlays for personnel, supplies, equipment and debt service on bond issues used for large replacement projects are all expenses that have to be considered in determining the charges to end users.



CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Water & Sewer Maintenance

Water Maintenance services include the maintenance and repair of the water mains throughout the City, water service installation, service repairs, responses to requests from the Miss Dig system, gate valve maintenance (repairing and cleaning), and hydrant repair and maintenance.

The Water Division Superintendent and the Deputy Superintendent delegate the Assistant Superintendent assignments. These vary from inventory control, general supervision, assisting in the resolution of personnel issues and direction of the Water Division to maintain operational efficiency in situations where both the Superintendent and Deputy Superintendent are assigned elsewhere.

The Heavy Duty Truck & Auto Mechanic Technician will perform repairs to the Water Division fleet as assigned.

The repair and relocation of hydrants throughout the City, at the request of the Fire Department, are water maintenance responsibilities. A continuing effort will be made this year to identify each hydrant and shut off valve and to place that information in a computer database. Other water maintenance services include the routine repair of water main breaks and leaking services, performance of gate valve inspection and maintenance and emergency repairs required to protect the health and safety of citizens of Warren.

Meter Repair services include repairing of meters in the shop and in the field, the installation of meters, repairing remote units, responding to service order requests, and maintaining records for proper reading and billing purposes are responsibilities of this section.

Two major testing and repair or replacement programs are in operation. During the winter months, the repair or replacement of 1-1/2" and 2" meters is conducted at service locations. The summer program focuses on the testing and repair of large meters at service locations to insure that reading accuracy is maintained within acceptable parameters. In shop testing and repair of small meters is also performed year round. Other services performed include the installation of meters in new homes and businesses, servicing meters and remote reading units in the field and responding to service orders written up by the Customer Service personnel for customer inquiries regarding noisy meters, high bills and water leaks.

As more remote readers have been installed, the remote repair work has developed into a very technical job. Locating defective wiring, shorts, pinched wires, bad pins and no lights due to no contact with the remote head are just some of the problems the service personnel encounter. The complexity of the remote system requires the running of continuity tests on each unit that is in need of repair.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Water & Sewer Maintenance
(continued)

Sewer Maintenance services include the televising, cleaning, jetting and vactoring of the main sewers.

The general work assignments are detailed as follows:

The cleaning of sanitary sewers throughout the city is a priority activity. A systematic program of sewer cleaning helps reduce basement flooding, since a clean sewer acts as a reservoir for sanitary sewage. Specialized equipment, such as jet, vector, rodder, and bucket machines, are utilized in the performance of this function. This, and other related equipment must be properly maintained and available for use, without delay, as the need arises.

The filming of sanitary sewers where problems are suspected confirms the nature and extent of existing problems and provides the data necessary for effective repair or replacement. A section by section routine filming program is in process as it is a goal of the Water & Sewer System to establish a video database of the entire sanitary sewer system.

Other tasks of sewer maintenance include repairing manholes on a regular basis and investigating and resolving citizen complaints regarding plugged main sewers.

Major non-personnel budget line items within the Water & Sewer Maintenance section are utilized as follows:

Operating Supplies - asphalt, gravel, and other fill materials used in water main repair; safety equipment {barricades, etc.}; building maintenance and minor repairs supplies; Miss Dig; trade publications, meter parts for repair & maintenance of in-service meters and reconditioning of meters placed back into inventory, sand and other fill materials used in sewer main repair.

Materials - repair sleeves; water main sections; other repair water main repair materials; hydrants.

Meter Replacement - purchase of residential, commercial and industrial meters to replace worn out in-service meters

Professional Services - computer system consulting; professional water main testing services; communication equipment rental, elevator maintenance, building maintenance services, professional meter testing of large meters in use at commercial and/or industrial locations, professional sewer testing services; building maintenance services, contractual sewer line repairs, line locating services.

Concrete, Lawn & Manhole Repairs - restoration of sidewalks, roadways, driveway approaches and grass areas disturbed as the result of water main repair activities.

Facility Maintenance - major repairs to heating & cooling systems, garage doors and building structure.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

**Water & Sewer Maintenance
Personnel**

	<u>Present</u>		<u>Department Requested {a}</u>		<u>Recommended By Mayor {a}</u>		<u>Council Adopted</u>	
	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>
Superintendent	1	\$ 90,739	1	\$ 92,028	1	\$ 92,028	1	\$ 92,028
Assistant Superintendent	1	84,034	1	85,247	1	85,247	1	85,247
General Supervisor/Dispatcher	1	35.28/hr.	1	35.81/hr.	1	35.81/hr.	1	35.81/hr.
Water Division Supervisor	3	32.66/hr.	3	33.16/hr.	3	33.16/hr.	3	33.16/hr.
Water & Sewer Maintenance Technician	8	26.02/hr.	20	{c} 26.45/hr.	8	26.45/hr.	8	26.45/hr.
Water & Sewer Maintenance Specialist	12	25.57/hr.	-	{c} -	7	{e} 26.00/hr.	7	{e} 26.00/hr.
General Laborer	-	-	-	-	5	{e} 17.16/hr	5	{e} 17.16/hr
Meter Repair Technician	7	26.20/hr.	7	26.63/hr.	6	{d} 26.63/hr.	6	{d} 26.63/hr.
Water Systems Monitor	1	61,047	1	62,002	1	62,002	1	62,002
Heavy Duty Truck & Auto Mechanic Technician	1	29.56/hr.	1	30.03/hr.	1	30.03/hr.	1	30.03/hr.
Stock Clerk	1	24.44/hr.	1	24.85/hr.	1	24.85/hr.	1	24.85/hr.
Janitor	1	23.72/hr.	1	24.12/hr.	1	24.12/hr.	1	24.12/hr.
Overtime		225,000		275,000		250,000		250,000
		-		90,000		75,000		75,000
Total Personnel	<u>37</u>		<u>37</u>		<u>36</u>		<u>36</u>	

{a} Wage rates are based on the AFSCME Local 1250, Local 1917, and U.A.W. Local 412 Unit 35 contracts that expire 06-30-2009.

{c} Reclassification of Water & Sewer Maintenance Specialist to Water & Sewer Maintenance Technician.

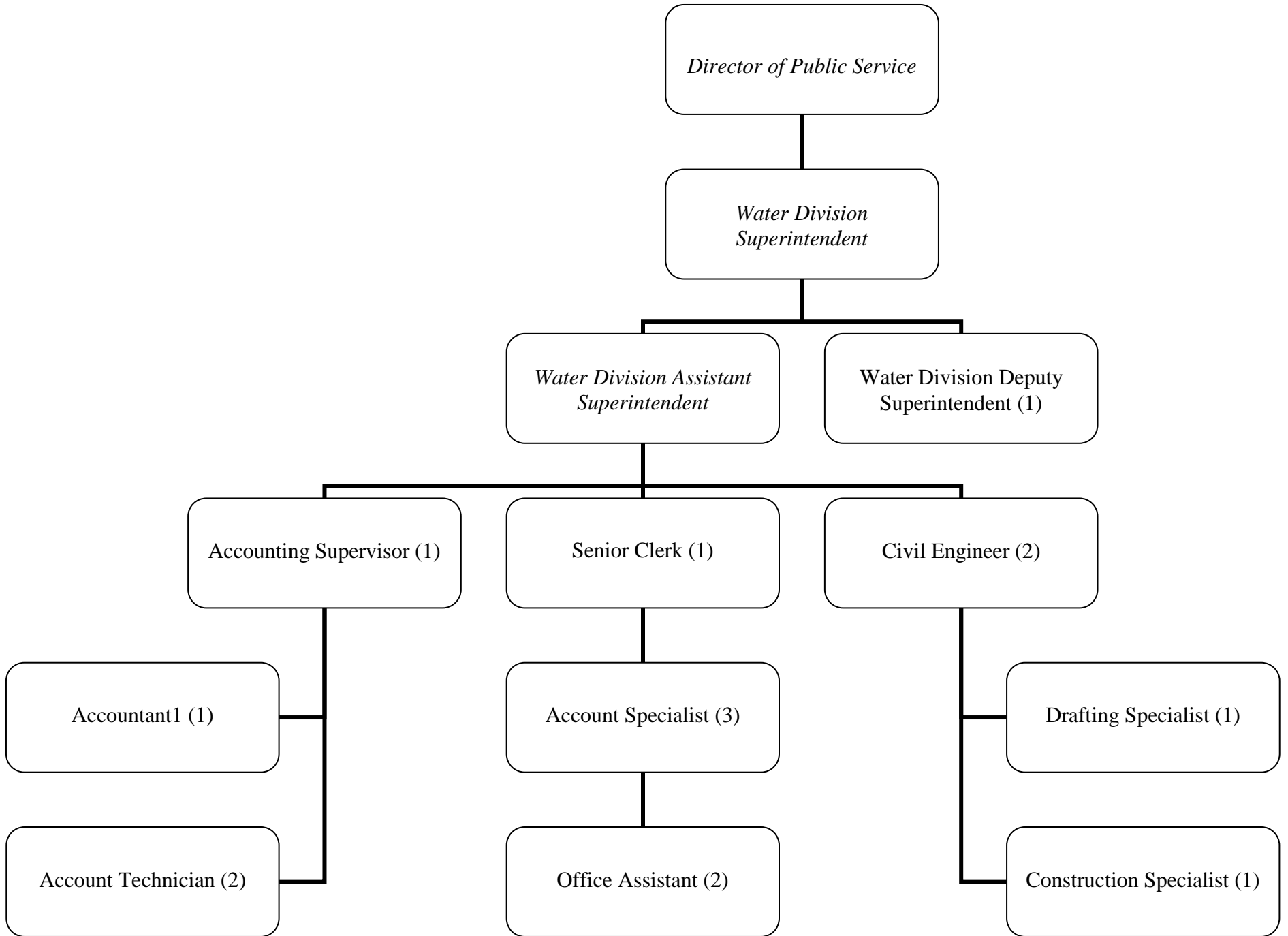
{d} Eliminate vacant position

{e} Reclassification of 5 Water & Sewer Maintenance Specialists to General Laborers

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

**1540
Water & Sewer Maintenance**

Account Name	Account Number	2006	2007		2008			
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Personnel Services								
Permanent Employees	70600	\$ 1,915,774	\$ 2,089,928	\$ 860,293	\$ 1,790,900	\$ 2,190,862	\$ 2,030,910	\$ 2,030,910
Temporary Labor	70700	-	-	19,998	81,500	90,000	75,000	75,000
Overtime	70900	270,675	225,000	178,724	320,000	275,000	250,000	250,000
Employee Benefits								
Education & Training	71302	-	17,250	6,200	13,000	14,000	12,000	12,000
Uniform/Cleaning Allowance	71306	27,000	14,000	9,000	9,000	-	-	-
Social Security	71500	173,708	198,980	86,585	169,100	204,146	189,113	189,113
Insurances	71900	399,137	583,627	118,867	400,000	666,975	606,383	606,383
Employees' VEBA Trust	71904	555,021	689,165	302,372	600,000	753,035	700,099	700,099
Supplemental Life Insurance	71906	-	-	-	650	972	972	972
Longevity	72100	79,062	91,401	60,926	91,000	66,953	72,489	72,489
Retirement Fund	72200	876,586	883,630	436,650	900,000	1,161,919	1,026,383	1,026,383
Defined Contribution Expense	72201	22,196	22,582	11,627	19,800	8,800	19,907	19,907
Cost Of Living Allowance	72400	4,246	8,391	-	7,000	8,431	8,202	8,202
Uniforms	72401	5,818	7,790	830	5,000	6,460	6,270	6,270
My Lawyer	72505	4,037	6,515	2,048	6,000	5,735	5,580	5,580
Other Charges								
Operating Supplies	74000	197,347	225,000	61,544	225,000	250,000	225,000	225,000
Materials	78700	93,699	100,000	45,000	100,000	100,000	100,000	100,000
Meter Replacement	78900	138,440	50,000	24,975	50,000	50,000	50,000	50,000
Professional Services	80100	143,182	150,000	35,870	150,000	200,000	150,000	150,000
Dirt Removal	80102	108,610	110,000	21,634	100,000	125,000	110,000	110,000
Concrete, Lawn & Manhole Repairs	80103	578,274	600,000	31,078	600,000	750,000	750,000	750,000
Telephone	85300	8,673	8,000	3,330	8,000	8,000	8,000	8,000
Auto Expense	86300	98,426	100,000	44,938	130,000	150,000	140,000	140,000
Utilities	92000	102,690	100,000	49,766	100,000	100,000	100,000	100,000
Facility Maintenance	97500	19,972	15,000	3,552	20,000	20,000	15,000	15,000
Total Water & Sewer Maintenance		\$ 5,822,573	\$ 6,296,259	\$ 2,415,807	\$ 5,895,950	\$ 7,206,288	\$ 6,651,308	\$ 6,651,308



CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Shared Services

The 2008 Water & Sewer System Budget includes fifteen employees in the Shared Services section, with job responsibilities apportioned into the following five function categories:

Accounting
Customer Service
Meter Book Audit
Meter Reading
Engineering

The Deputy Superintendent reports directly to the Water Division Superintendent and is responsible for assisting in confidential matters and other duties such as reports to the Mayor and Council, budget preparation, education and training of employees in Federal, State, Municipal and divisional matters of health and safety and ordinance compliance. The Deputy Superintendent also fills in for the Superintendent during periods of absence to assure operational efficacy. The person in this position will be responsible for the direct supervision, assemblage of work rules, guidelines and enforcement in this area.

An Accounting Supervisor, Accountant 1, and two Account Technicians assemble data and issue financial reports for both the Water Division and Waste Water Treatment Plant. Their responsibilities include the review and computer entry of all purchase requisitions, purchase orders and invoices. All financial activity for the Water & Sewer System, including List-of-Bills, cash receipts and City Treasurer investments are verified and entered in the System's official computerized financial records by accounting personnel. They are responsible for verifying time cards and correctly distributing Water & Sewer System payroll costs. Preparation of all interim financial reports, the Water & Sewer System Annual Financial Report and annual Budget are handled by the Accounting staff. They also prepare monthly reports on work performed by the maintenance sections and office staff and invoice private parties and other City departments for reimbursement of costs incurred on their behalf by the Water & Sewer System.

Customer Service personnel serve as customer relations representatives for the Water Division. They handle all questions regarding water bills, water taps, meter installations, repairing or replacing stop boxes, plugged main sewers, the availability of water and sewer service. Other responsibilities of this subsection include the issuance of all water permits and resolution of delinquent accounts. Contact is made with customers whose accounts are delinquent and payment arrangements are coordinated. Customer Service also compiles a listing of all unpaid accounts as of December 31st, since all unpaid accounts as of that date are placed on the tax roll for collection.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Shared Services
(continued)

Personnel assigned to the Meter Book Audit function review the accuracy of readings entered into our permanent records for each meter in service. Included in this review is a check for inordinately high or low readings that could indicate a mechanical malfunction of either the meter or remote reading devices or a customer problem that requires resolution. Any changes as a result of this review are transmitted to Data Processing for entry in the master Accounts Receivable records. Billing adjustments and corrections are coordinated with the Data Processing department. Those individuals assigned to the Meter Book audit function also coordinate the mailing of bills to both monthly and quarterly customers.

Meter Reading is vital to the Water & Sewer System, providing accurate meter readings and visual inspections on bypass seals to assure accountability in our water sales. Currently, there are approximately 50,000 monthly accounts in the City from which physical readings must be taken. The monthly accounts include several meters that are located in meter pits, making the reading process very time consuming.

Responses to high bill inquiries, re-checking meter readings in cases of dispute, and the collection of our delinquent accounts are other tasks assigned to this section.

Through an agreement with Consumers Energy we now provide monthly readings for all accounts. This agreement is a prelude to a broad based cooperative venture to implement future technology changes for metering and remote access reading.

Under the direction of the City Engineer, two Civil Engineers, a Drafting Specialist and a Construction Specialist draft and inspect Water Division projects performed in the right-of-way.

Major non-personnel budget line items within the Shared Services section are utilized as follows:

Postage - cost of mailing utility billings and public information notices to customers.

General Insurance - insurance on rolling stock, buildings and general liability insurance on employees.

Administration Expense - reimbursement to General Fund for support services from City Administration, City Council, Treasurer and City Clerk such as bill processing, cash collection and deposit, purchasing, legal services, tax roll assessment {delinquent water} and contract review and approval.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

**Shared Services
Personnel**

	<u>Present</u>		<u>Department Requested {a}</u>		<u>Recommended By Mayor {a}</u>		<u>Council Adopted</u>	
	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>
Deputy Superintendent	1	\$ 85,937	1	\$ 87,172	1	\$ 87,172	1	\$ 87,172
W & S System Accounting Supervisor	1	83,679	1	84,888	1	84,888	1	84,888
Senior Clerk	1	51,725	1	52,575	1	52,575	1	52,575
Accountant 2	-	-	1	{c} 68,761	-	-	-	-
Accountant 1	1	57,668	-	{c} -	1	58,585	1	58,585
Account Technician	2	51,721	2	52,571	2	52,571	2	52,571
Account Specialist	5	48,196	3	49,006	3	{d} 49,006	3	{d} 49,006
Office Assistant	-	-	2	33,640	2	{d} 33,640	2	{d} 33,640
Civil Engineer	2	76,175	2	77,300	2	77,300	2	77,300
Drafting Specialist	1	56,068	1	56,967	1	56,967	1	56,967
Construction Specialist	1	28.81/hr.	1	29.27/hr.	1	29.27/hr.	1	29.27/hr.
Overtime		70,000		100,000		90,000		90,000
Temporary Employees		40,000		40,000		35,000		35,000
Total Personnel	<u>15</u>		<u>15</u>		<u>15</u>		<u>15</u>	

{a} Wage rates are based on the AFSCME Local 1250, Local 1917, and U.A.W. Local 412 Unit 35 contracts that expire 06-30-2009.

{c} Reclassification of Accountant 1 to Accountant 2.

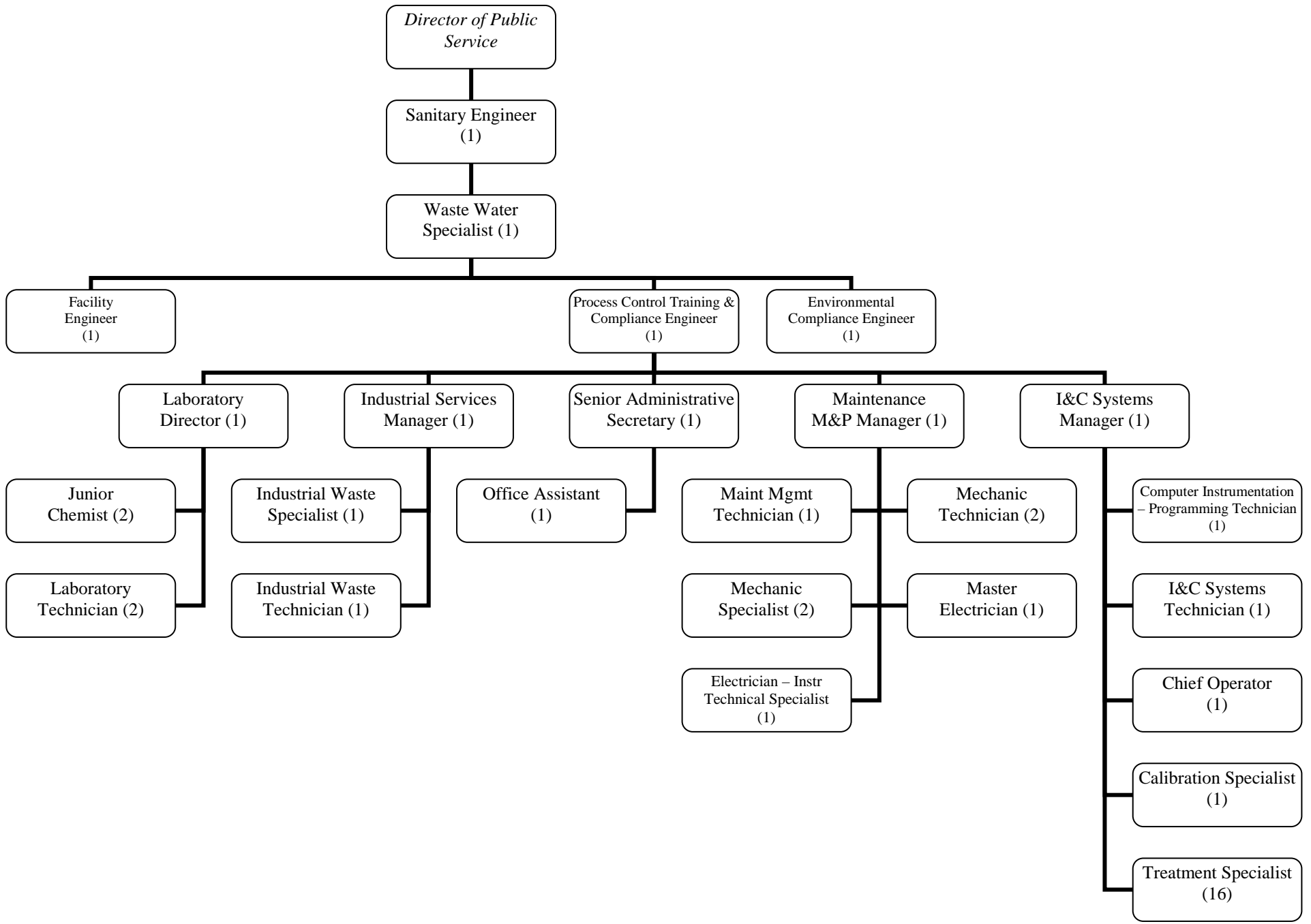
{d} Reclassification of 2 Account Specialists to Office Assistants

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

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Shared Services

Account Name	Account Number	2006	2007		2008			
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Personnel Services								
Permanent Employees	70600	\$ 775,819	\$ 848,652	\$ 385,389	\$ 815,000	\$ 900,302	\$ 893,116	\$ 893,116
Temporary Employees	70700	32,635	40,000	12,030	35,000	40,000	35,000	35,000
Overtime	70900	101,516	70,000	50,319	125,000	100,000	90,000	90,000
Employee Benefits								
Education & Training	71302	2,803	14,150	7,519	14,150	4,250	4,250	4,250
Uniform/Cleaning Allowance	71306	9,000	8,000	10,000	10,000	-	-	-
Social Security	71500	71,631	78,646	36,562	76,000	83,963	82,243	82,243
Insurances	71900	204,418	199,933	62,135	195,000	203,052	202,924	202,924
Employees' VEBA Trust	71904	202,748	261,216	119,964	250,000	282,504	277,417	277,417
Health Savings	71905	445	525	258	650	889	889	889
Supplemental Life Insurance	71906	-	-	-	450	914	914	914
Longevity	72100	33,266	33,878	15,734	33,800	35,569	35,569	35,569
Retirement Fund	72200	179,672	239,305	87,166	192,000	259,973	251,939	251,939
Defined Contribution Expense	72201	66,917	64,104	35,939	64,000	68,642	68,642	68,642
Cost Of Living Allowance	72400	1,904	3,131	-	3,100	3,239	3,239	3,239
Uniforms	72401	113	190	259	600	190	190	190
My Lawyer	72505	1,386	2,000	922	2,000	2,325	2,325	2,325
Other Charges								
Operating Supplies	74000	15,358	20,000	1,232	15,000	20,000	15,000	15,000
Professional Services	80100	400,190	390,000	153,696	390,000	450,000	450,000	450,000
Auditing	80105	15,000	20,000	13,000	16,000	20,000	15,500	15,500
Postage	80200	181,725	200,000	92,000	195,000	225,000	210,000	210,000
Unemployment Benefits	80300	2,744	1,000	-	1,000	1,000	1,000	1,000
Auto Expense	86300	14,674	18,000	6,362	15,000	15,000	15,000	15,000
Conferences & Workshops	86400	1,555	1,500	180	500	1,000	-	-
General Insurance	91000	400,000	400,000	200,000	400,000	400,000	400,000	400,000
Utilities	92000	423	1,000	220	600	1,000	1,000	1,000
Administrative Expense	94200	1,506,500	1,560,000	750,000	1,560,000	1,620,000	1,620,000	1,620,000
M.S.D.W.A. Annual Fee	96202	24,076	25,000	-	25,000	25,000	25,000	25,000
Agents Fees	99602	27,082	2,000	-	2,000	2,000	1,000	1,000
Total Shared Services		\$ 4,273,600	\$ 4,502,230	\$ 2,040,886	\$ 4,436,850	\$ 4,765,812	\$ 4,702,157	\$ 4,702,157



CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Waste Water Treatment Plant

Warren's Waste Water Treatment Plant was originally built in 1959 composed of primary settling tanks and secondary treatment units using the activated sludge process and disinfection. The Treatment Plant was designed for flows of approximately 24 million gallons per day (MGD). In 1963 the Plant was further expanded to handle 36 MGD. During the mid 1970's expansion, the pumping capacity was increased to 197 MGD, a 50 million gallon retention basin, two new final tanks, and mixed media tertiary filter building were added. In 1987, a new laboratory was added with the most sophisticated analytical equipment then available, such as an Atomic Absorption Spectrophotometer, a Mercury Analyzer, and an Automatic Ammonia Distillation Unit. Since that time, additional instrumentation such as a Gas Chromatograph/Mass Spectrometer (GC/MS), Toxicity Characteristics Leachate Procedure (TCLP) Apparatus, HNU Vapor Analyzer and Flash Point Tester have been added to meet increasingly stringent regulatory requirements. A system for wet well and incinerator stack odor control was put on line in 1989. Also in 1989, an extensive confined space program was instituted and a computerized maintenance management system and comprehensive plant training manuals were developed. Recently executed contracts will upgrade pumping reliability and increase pumping capacity to 206 MGD and replace the process control computer with a state-of-the-art system incorporating a fiber optic data highway to eliminate loss of computer control during storms. Additional accomplishments include total PCB removal, a major upgrade of the Nine Mile Pumping Station, the addition of a lunch room and locker room for operators, an automatic transfer switch for the 14 Mile Treatment Plant generator, a computerized account tracking system, and a thorough orientation and training program for new employees. These additions enable the Treatment Plant to operate more effectively in order to assure compliance with State and Federal regulations.

This investment and commitment to the City's Waste Water Plant now allows for treatment resulting in:

- 99% Removal of Solids
- 99% Removal of Biochemical Oxygen Demand
- 99% Removal of Nitrogen
- Diversion and Storage of Sewage During Major Storms for Subsequent Treatment
- Diversion and Storage of Industrial Spills for Subsequent Treatment

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Waste Water Treatment Plant
(continued)

A small, but highly technical staff of forty-four (44) employees will operate and maintain the Treatment Plant in Fiscal 2008. Their responsibilities include plant operations, plant maintenance, laboratory operations, the Industrial Pretreatment Program (IPP), employee safety, grounds maintenance, and administrative support.

The City of Warren Waste Water Treatment Plant is a recognized leader in the protection of the environment in southeast Michigan. In 1983, and again in 1991, the United States Environmental Protection Agency presented an award to the Treatment Plant for being the best operated and maintained water pollution control facility in Region V, a six-state region. Also in 1991, the Warren Waste Water Treatment Plant won the award for the best operated and maintained facility in the nation for the "Large WWTP Category", (flow more than 20 MGD).

In 1994, the City's Industrial Pretreatment Program received the Environmental Protection Agency's national 2nd place award for an outstanding Pretreatment Program in the 21 to 50 Significant Industrial Users category. This award, officially announced at the EPA Wastewater Management Excellence Awards Ceremony on October 17, 1994 in Chicago, Illinois, recognizes the program's "exceptional pretreatment efforts" and the dedication of the staff. The EPA's selection of the City of Warren's program was result of an extensive national competition and based on the "innovative and effective approaches" the pretreatment program has implemented to improve influent and effluent water quality and sludge quality.

Warren's Waste Water Treatment Facility was one of the first advanced waste water treatment facilities to be placed in service and continues to meet the stringent discharge limitations imposed by State and Federal authorities. Warren residents can be proud of their facility and should be aware that their sewer rates have not dramatically increased over the past several years, as have the rates of suburban customers of the Detroit Sewage Treatment System. The Treatment Plant staff is proud of the many awards received attesting to the outstanding operational performance of the Plant. The exemplary performance record has been maintained in part as the result of the solid budgetary support provided in the past and can only be maintained with a continuation of that support.

The Efficiency Study commissioned in Fiscal 1999 began an elaborate process of evaluating the technologies employed in the operation of the Waste Water Treatment Plant and the work practices of employees at every level of operation. The collaborative efforts of employees and consultants shows much promise in developing and maintaining an efficient and competitive operation.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Waste Water Treatment Plant
(continued)

Major non-personnel budget line items within the Waste Water Treatment Plant are utilized as follows:

Operating Supplies - office supplies; small computer software & hardware enhancements; laboratory supplies.

Chemicals - chemicals used in testing and treatment of effluent.

Professional Services - computer system consulting; testing services; regulatory compliance consultants.

Ash Removal - removal and disposal of ash from facility.

Repairs & Maintenance - repair and replacement of precision equipment used in testing and treatment activities at the Waste Water Treatment Plant.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

**Waste Water Treatment Plant
Personnel**

	<u>Present</u>		<u>Department Requested {a}</u>		<u>Recommended By Mayor {a}</u>		<u>Council Adopted</u>	
	#	Rate	#	Rate	#	Rate	#	Rate
Sanitary Engineer	1	\$ 98,659	1	\$ 100,037	1	\$ 100,037	1	\$ 100,037
Wastewater Specialist	1	81,416	1	82,600	1	82,600	1	82,600
Facility Engineer	1	83,369	1	84,575	1	84,575	1	84,575
Process Control/Trning & Compliance Engineer	1	83,224	1	84,428	1	84,428	1	84,428
Environmental Compliance Engineer	1	83,224	1	84,428	1	84,428	1	84,428
Regulatory Affairs Specialist	-	-	1	{c} 84,428	-	{d} -	-	{d} -
<i>Laboratory Section:</i>								
Laboratory Director	1	77,826	1	78,970	1	78,970	1	78,970
Junior Chemist	2	29.26/hr.	2	29.73/hr	2	29.73/hr	2	29.73/hr
Laboratory Technician	2	26.01/hr.	2	26.44/hr	2	26.44/hr	2	26.44/hr
<i>Maintenance Section:</i>								
Maintenance M&P Manager	1	71,107	1	72,175	1	72,175	1	72,175
Maintenance Management Technician	1	45,554	1	46,334	1	46,334	1	46,334
Mechanic Technician	2	60,014	2	60,957	2	60,957	2	60,957
Mechanic Specialist	2	54,945	2	55,831	2	55,831	2	55,831
Master Electrician	1	66,588	1	67,605	1	67,605	1	67,605
Electrician/Instrumentation Technical Specialist	1	73,448	1	74,542	1	74,542	1	74,542

{a} Wage rates are based on the AFSCME Local 1250, Local 1917, and U.A.W. Local 412 Unit 35 and 59 contracts that expire on 05-1-2009

{c} Reclassification of Industrial Waste Specialist to Regulatory Affairs Specialist.

{d} Reclassification in requested budget reversed by Mayor & vacant position eliminated.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

**Waste Water Treatment Plant
Personnel {continued}**

	<u>Present</u>		<u>Department Requested {a}</u>		<u>Recommended By Mayor {a}</u>		<u>Council Adopted</u>	
	#	Rate	#	Rate	#	Rate	#	Rate
Industrial Services/Stormwater Program:								
Industrial Services Manager	1	73,448	1		1	74,542	1	74,542
Industrial Waste Specialist	2	58,004	1	{c}	1	{d} 58,925	1	{d} 58,925
Industrial Waste Technician	1	51,363	1		1	52,209	1	52,209
Operating Section:								
I & C System Manager	1	77,925	1		1	79,070	1	79,070
Comp. Instr./Programming Technician	1	56,901	1		1	57,809	1	57,809
I & C System Technician	1	65,529	1		1	66,534	1	66,534
Chief Operator	1	83,224	1		1	84,428	1	84,428
Treatment Specialist	14	28.00/hr.	16	{c}	16	{c} 28.45/hr	16	{c} 28.45/hr
WWTP Specialist/Trainee	2	26.01/hr.	-	{c}	-	{c} -	-	{c} -
WWTP Trainee	1	20.44/hr.	-	{c}	-	{c} -	-	{c} -
Calibration Specialist	-	-	1	{c}	1	{c} 57,909	1	{c} 57,909
Clerical Section:								
Senior Administrative Secretary - WWTP	2	53,691	1		1	54,563	1	54,563
Office Assistant	-	-	1	{c}	1	{c} 33,640	1	{c} 33,640
Overtime		280,000				250,000		225,000
Temporary Employees		50,000				50,000		45,000
Total Personnel	<u>45</u>		<u>45</u>		<u>44</u>		<u>44</u>	

{a} Wage rates are based on the AFSCME Local 1250, Local 1917, and U.A.W. Local 412 Unit 35 and 59 contracts that expire 6/30/09.

{c} Reclassification of Industrial Waste Specialist to Regulatory Affairs Specialist; WWTP Specialist/Trainee to Treatment Specialist; WWTP Trainee to Calibration Specialist and Senior Administrative Secretary to Office Assistant.

{d} Reclassification in requested budget reversed by Mayor & vacant position eliminated.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

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Waste Water Treatment

Account Name	Account Number	2006		2007		2008		
		Fiscal Year	Amended	Actual Thru	Fiscal Year	Department	Recommended	Council
		Actual	Budget	June 30	Estimated	Request	By Mayor	Adopted
Personnel Services								
Permanent Employees	70600	\$ 2,570,528	\$ 2,727,559	\$ 1,151,336	\$ 2,500,600	\$ 2,974,614	\$ 2,889,498	\$ 2,889,498
Temporary Employees	70700	40,251	50,000	20,785	60,000	50,000	45,000	45,000
Overtime	70900	287,818	280,000	111,966	250,000	250,000	225,000	225,000
Employee Benefits								
Education & Training	71302	30,004	155,850	27,240	60,000	11,500	11,500	11,500
Certification Bonuses	71303	55,000	68,000	25,000	55,000	55,000	55,000	55,000
Uniform/Cleaning Allowance	71306	30,000	-	22,000	22,000	-	-	-
Social Security	71500	236,325	256,805	110,018	240,000	273,215	264,276	264,276
Holiday Pay	71700	61,971	63,467	39,418	63,000	72,619	72,619	72,619
Insurances	71900	603,705	635,687	164,079	575,000	725,841	707,314	707,314
Employees' VEBA Trust	71904	743,873	909,913	382,932	800,000	1,020,486	987,828	987,828
Health Savings	71905	258	-	71	250	313	313	313
Supplemental Life Insurance	71906	-	-	-	1,200	2,983	2,983	2,983
Longevity	72100	92,401	102,627	52,685	100,000	105,203	105,203	105,203
Retirement Fund	72200	776,096	1,005,375	348,609	750,000	1,085,477	1,033,897	1,033,897
Defined Contribution Expense	72201	161,682	122,790	78,152	145,000	156,121	156,121	156,121
Cost Of Living Allowance	72400	5,371	9,589	-	7,000	9,955	9,740	9,740
Uniforms	72401	5,227	5,840	1,034	5,500	6,080	6,080	6,080
My Lawyer	72505	4,587	6,000	2,586	6,000	6,975	6,820	6,820
Other Charges								
Operating Supplies	74000	70,424	75,000	26,993	80,000	75,000	70,000	70,000
Chemicals	74300	310,259	375,000	107,580	325,000	375,000	350,000	350,000
Professional Services	80100	144,770	350,000	50,033	200,000	350,000	275,000	275,000
Building Lease	80104	54,000	54,000	27,000	54,000	54,000	54,000	54,000
Odor Control	80107	45,952	50,000	23,400	50,000	50,000	45,000	45,000
Ash Removal Contract	81800	63,948	150,000	27,768	80,000	80,000	70,000	70,000
Telephone	85300	17,582	13,000	880	13,000	13,000	13,000	13,000
Auto Expense	86300	20,879	25,000	1,513	15,000	25,000	20,000	20,000
Utilities	92000	995,917	840,000	335,385	840,000	825,000	825,000	825,000
Electric Power	92001	1,147,102	1,100,000	452,452	1,000,000	1,000,000	1,000,000	1,000,000
Repairs & Maintenance	93000	372,999	400,000	133,804	400,000	550,000	475,000	475,000
Management Agency Fee	96201	55,974	50,000	16,660	50,000	40,000	40,000	40,000
Total Waste Water Treatment		\$ 9,004,903	\$ 9,881,502	\$ 3,741,379	\$ 8,747,550	\$ 10,243,382	\$ 9,816,192	\$ 9,816,192

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

WATER AND WASTE WATER RATES

		Present	2008	2008	2008
		Rate	Department	Recommended	Council
Based on the amount of metered water			Requested	By Mayor	Adopted
0 to 600 Cubic Feet		\$1.670 per C	\$1.824 per C	\$1.715 per C	\$1.701 per C
Each 100 Cubic Feet Thereafter		\$1.670 per C	\$1.824 per C	\$1.715 per C	\$1.701 per C
<u>Monthly Water Service Charge:</u>					
Meter Size:	5/8"	\$ 0.74	\$ 0.74	\$ 0.69	\$ 0.74
	3/4"	\$ 1.48	\$ 1.48	\$ 1.48	\$ 1.48
	1"	\$ 2.96	\$ 2.96	\$ 2.96	\$ 2.96
	1-1/2"	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.40
	2"	\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50
	3"	\$ 33.30	\$ 33.30	\$ 33.30	\$ 33.30
	4"	\$ 66.60	\$ 66.60	\$ 66.60	\$ 66.60
	6"	\$ 125.80	\$ 125.80	\$ 125.80	\$ 125.80
	8"	\$ 222.00	\$ 222.00	\$ 222.00	\$ 222.00
	10"	\$ 370.00	\$ 370.00	\$ 370.00	\$ 370.00
Monthly Water Service Charge					
<u>Fire Line Only - Flat Rate:</u>					
Service Line Size:	5/8"	\$ 4.23	\$ 4.58	\$ 4.31	\$ 4.33
	3/4"	\$ 4.97	\$ 5.32	\$ 5.10	\$ 5.07
	1"	\$ 6.45	\$ 6.80	\$ 6.58	\$ 6.55
	1-1/2"	\$ 24.85	\$ 26.58	\$ 25.49	\$ 25.35
	2"	\$ 35.95	\$ 37.68	\$ 36.59	\$ 36.45
	3"	\$ 50.75	\$ 52.48	\$ 51.39	\$ 51.25
	4"	\$ 84.05	\$ 85.78	\$ 84.69	\$ 84.55
	6"	\$ 143.25	\$ 144.98	\$ 143.89	\$ 143.75
	8"	\$ 239.45	\$ 241.18	\$ 240.09	\$ 239.95
	10"	\$ 387.45	\$ 389.18	\$ 388.09	\$ 387.95

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

Waste Water Treatment Consumption Rates

Based on the amount of metered water

0 to 600 Cubic Feet	\$1.396 per C	\$1.634 per C	\$1.494 per C	\$1.494 per C
Each 100 Cubic Feet Thereafter	\$1.396 per C	\$1.634 per C	\$1.494 per C	\$1.494 per C

Monthly Sewer Service Charge:

Meter Size:	5/8"	\$ 1.89	\$ 1.94	\$ 1.80	\$ 1.89
	3/4"	\$ 3.78	\$ 3.88	\$ 3.60	\$ 3.78
	1"	\$ 7.56	\$ 7.76	\$ 7.20	\$ 7.56
	1-1/2"	\$ 18.90	\$ 19.40	\$ 18.00	\$ 18.90
	2"	\$ 47.25	\$ 48.50	\$ 45.00	\$ 47.25
	3"	\$ 85.05	\$ 87.30	\$ 81.00	\$ 85.05
	4"	\$ 170.10	\$ 174.60	\$ 162.00	\$ 170.10
	6"	\$ 321.30	\$ 329.80	\$ 306.00	\$ 321.30
	8"	\$ 567.00	\$ 582.00	\$ 540.00	\$ 567.00
	10"	\$ 945.00	\$ 970.00	\$ 900.00	\$ 945.00

Unmetered Minimum Bill

Per Month - Sewer Only Charge:

Water Service Size:	5/8"	\$ 4.68	\$ 5.21	\$ 4.79	\$ 4.88
	3/4"	\$ 6.57	\$ 7.15	\$ 6.59	\$ 6.77
	1"	\$ 10.35	\$ 11.03	\$ 10.19	\$ 10.55
	1-1/2"	\$ 32.86	\$ 35.74	\$ 32.94	\$ 33.84
	2"	\$ 61.21	\$ 64.84	\$ 59.94	\$ 62.19
	3"	\$ 99.01	\$ 103.64	\$ 95.94	\$ 99.99
	4"	\$ 184.06	\$ 190.94	\$ 176.94	\$ 185.04
	6"	\$ 335.26	\$ 346.14	\$ 320.94	\$ 336.24
	8"	\$ 580.96	\$ 598.34	\$ 554.94	\$ 581.94
	10"	\$ 958.96	\$ 986.34	\$ 914.94	\$ 959.94

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

WATER AND WASTE WATER RATES

Meter Minimum Bill Per Month With 5/8" Meter Service Charge:	Present Rate	2008 Department Requested	2008 Recommended By Mayor	2008 Council Adopted
Water Service Charge	\$ 0.74	\$ 0.74	\$ 0.69	\$ 0.74
Sewer Service Charge	1.89	1.94	1.80	1.89
Water 0 - 200 Cubic Feet	3.34	3.65	3.43	3.40
Waste Water Treatment 0 - 200 Cubic Feet	2.79	3.27	2.99	2.99
Total	\$ 8.76	\$ 9.60	\$ 8.91	\$ 9.02
 Waste Water Extra Strength Surcharges				
<u>Per Pound:</u>				
Bio-chemical Oxygen Demand (BOD)	\$ 0.2504	\$ 0.2463	\$ 0.2463	\$ 0.2463
Suspended Solids (SS)	\$ 0.3187	\$ 0.3174	\$ 0.3174	\$ 0.3174
Phosphorus (P)	\$ 2.4560	\$ 2.4089	\$ 2.4089	\$ 2.4089
Ammonia (NH3-N)	\$ 0.5393	\$ 0.4550	\$ 0.4550	\$ 0.4550
 <u>Waste Water Pretreatment Charge:</u>				
Per Sample	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
Per Analysis	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
 <u>Commodity Charge Per 100 Cubic Feet:</u>				
Non-Domestic User	\$ 0.2008	\$ 0.2329	\$ 0.2329	\$ 0.2329
 <u>Cross-Connection Charge Per 100 Cubic Feet:</u>				
Non-Domestic User	\$ 0.0750	\$ 0.0940	\$ 0.0940	\$ 0.0940

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Debt Service Reserve

The Debt Service Reserve Fund was established to set aside funds for the payment of bonded indebtedness. Included in Fiscal 2008 appropriations are the actual debt service costs the following debt instruments issued directly by the Water & Sewer System or in conjunction with other city funding entities:

Conventional revenue bonds:

- \$12.0 million revenue refunding bonds issued in 1999 to refinance revenue bond issues from 1994 and 1996
- \$11.4 million revenue bonds issued in 1999 {refinanced in 2005}
- \$13.75 million revenue bonds issued in 2000 (refinanced in 2005 - \$2.325 million outstanding)
- \$21.07 million of the \$21.675 million revenue refunding bonds issued in 2005 to refinance bond issues from 1999 and 2000 (\$21.07 million outstanding)

State Revolving Fund {SRF} revenue bonds:

- \$4.18 million of \$4.75 million issued in 2003 {5134-01}
- \$6.205 million of \$6.465 million issued in 2004 {5134-02}
- \$997,091 of \$1.22 million issued in 2004 {5134-03}
- \$7.85 million of \$8.2 million issued in 2005 {5134-04}

Capital Equipment financing:

- \$83,079 of \$260,799 Building Authority capital equipment bonds issued in 2002
- \$1,095,540 of \$1,280,543 of City of Warren capital improvement bonds issued in 2003
- \$2,106,615 of \$2,120,700 City of Warren capital improvement bonds issued in 2006

The SRF bond issues differed from conventional revenue bonds in that the proceeds were transmitted to the City as construction progressed on a reimbursement basis. As a result repayment schedules fluctuated from year to year. Disbursements for each project have been completed so the amounts listed above and the debt schedules in the debt service section of the budget documents reflect total liability and the final repayment schedules.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

9072

Debt Service

Account Name	Account Number	2006	2007			2008		
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Revenues:								
Interest on Investments	66500	\$ 156,161	\$ 75,000	\$ 49,797	\$ 105,000	\$ 150,000	\$ 150,000	\$ 150,000
Transfer From:								
Operation & Maintenance Fund	67620	3,700,000	3,395,000	1,600,000	2,900,000	5,700,000	4,700,000	4,700,000
Waste Water Treatment Improvement	67640	641,250	1,258,110	830,777	1,339,168	-	1,000,000	1,000,000
Infrastructure Replacement	67644	-	96,609	20,396	75,271	-	-	-
Capital Equipment	67647	43,959	42,481	2,131	42,583	-	-	-
Total Financial Resources		4,541,370	4,867,200	2,503,101	4,462,022	5,850,000	5,850,000	5,850,000
Expenditures:								
<i>Revenue Bond Debt Service</i>								
Principal	99600	1,450,000	1,520,000	855,000	1,520,000	1,585,000	1,585,000	1,585,000
Interest	99601	1,514,245	2,030,506	738,948	1,459,513	1,684,520	1,684,520	1,684,520
<i>Building Authority Bond Debt Service</i>								
Principal	99602	85,174	86,565	-	86,565	91,014	91,014	91,014
Interest	99603	48,589	124,319	54,015	124,512	39,628	39,628	39,628
<i>Capital Improvement Bond Debt Service</i>								
Principal	99604	-	14,082	-	14,082	14,082	14,082	14,082
Interest	99605	-	82,527	20,396	61,189	81,058	81,058	81,058
<i>State Revolving Fund Bond Debt Service</i>								
Principal	99606	240,000	855,000	610,000	855,000	880,000	880,000	880,000
Interest	99607	311,446	317,234	201,904	398,201	379,354	379,354	379,354
Other costs	99700	986	2,500	500	2,500	2,500	2,500	2,500
Total Transfers & Expenditures		3,650,440	5,032,733	2,480,763	4,521,562	4,757,156	4,757,156	4,757,156
Net Increase (Decrease)	96501	890,930	(165,533)	22,338	(59,540)	1,092,844	1,092,844	1,092,844
FY Beginning Restricted Reserve		4,593,356	5,484,286	5,484,286	5,484,286	5,424,746	5,424,746	5,424,746
FY Ending Restricted Reserve		\$ 5,484,286	\$ 5,318,753	\$ 5,506,624	\$ 5,424,746	\$ 6,517,590	\$ 6,517,590	\$ 6,517,590

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 BUDGET WORKPAPERS
DEBT SERVICE SUMMARY

Date	2008 Fiscal Year			Total Outstanding Debt	Average Annual Debt Service	Highest Annual Debt Service
	Principal	Interest	Total			
Revenue Bonds						
1999 Refunding Issue	\$ 890,000.00	\$ 379,007.50	\$ 1,269,007.50	\$ 8,895,000	\$ 1,191,329	\$ 1,293,798
1999 Revenue Bonds	50,000.00	8,700.00	58,700.00	200,000	55,500	58,700
2000 Revenue Bonds	525,000.00	118,500.00	643,500.00	2,325,000	657,641	667,250
2005 Refunding Issue	120,000.00	884,712.50	1,004,712.50	21,070,000	1,661,409	2,654,431
2008 Revenue Bonds (Proposed)	-	293,600.00	293,600.00	10,150,000	775,000	990,400
Total revenue bonds	1,585,000.00	1,684,520.00	3,269,520.00	42,640,000.00	4,340,879.00	5,664,579.00
Building Authority Bonds						
2002 Capital Equipment Bonds	40,474.61	2,993.00	43,467.61	83,079	43,824	44,181
2003 Capital Improvement Bonds	50,539.67	36,634.83	87,174.50	1,095,540	90,754	93,813
Total building authority bonds	91,014.28	39,627.83	130,642.11	1,178,619	134,578	137,994
Capital Improvement Bonds						
2006 Capital Improvement Bonds	14,081.65	81,057.50	95,139.15	2,106,615	162,192	228,714
State Revolving Fund Bonds						
5134-01: Sand filter	200,000.00	104,500.00	304,500.00	4,180,000	304,919	306,875
5134-02: Water system improvements	270,000.00	128,987.51	398,987.51	6,205,000	396,869	398,988
5134-03: Sand filter stage 2	55,000.00	21,188.18	76,188.18	997,091	69,791	76,519
5134-04: Solids handling improvements	355,000.00	124,678.13	479,678.13	7,850,000	480,189	482,938
Total state revolving fund bonds	880,000.00	379,353.82	1,259,353.82	19,232,091	1,251,768	1,265,320
Total 2008 Debt Service	\$ 2,570,095.93	\$ 2,184,559.15	\$ 4,754,655.08	\$ 65,157,325	\$ 5,889,417	\$ 7,296,607

Debt Service Reserve Options		
10% of O/S Debt	110% of Avg Debt	Highest Annual
\$ 6,515,733	\$ 6,478,359	\$ 7,296,607

Debt Service Reserve Ordinance Requirement
\$ 6,478,359

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 BUDGET WORKPAPERS
DEBT SERVICE DETAIL - REVENUE BONDS

Payment Due Date	1999 Refunding Issue \$12,000,000		1999 Revenue Bonds \$300,000		2000 Revenue Bonds \$3,750,000		2005 Refunding Issue \$21,675,000		Combined Total		Fiscal Year Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
05/01/2008	\$ 890,000.00	\$ 199,071.25	\$ -	\$ 4,350.00	\$ -	\$ 59,250.00	\$ -	\$ 442,356.25	\$ 890,000.00	\$ 705,027.50	
11/01/2008	-	179,936.25	50,000.00	4,350.00	525,000.00	59,250.00	120,000.00	442,356.25	695,000.00	685,892.50	\$ 2,975,920.00
05/01/2009	930,000.00	179,936.25	-	3,300.00	-	46,125.00	-	440,181.25	930,000.00	669,542.50	
11/01/2009	-	159,941.25	50,000.00	3,300.00	575,000.00	46,125.00	125,000.00	440,181.25	750,000.00	649,547.50	2,999,090.00
05/01/2010	975,000.00	159,941.25	-	2,225.00	-	31,390.63	-	437,915.63	975,000.00	631,472.51	
11/01/2010	-	138,978.75	50,000.00	2,225.00	600,000.00	31,390.63	130,000.00	437,915.63	780,000.00	610,510.01	2,996,982.52
05/01/2011	1,035,000.00	138,978.75	-	1,125.00	-	16,015.63	-	435,559.38	1,035,000.00	591,678.76	
11/01/2011	-	116,467.50	50,000.00	1,125.00	625,000.00	16,015.63	135,000.00	435,559.38	810,000.00	569,167.51	3,005,846.27
05/01/2012	1,080,000.00	116,467.50	-	-	-	-	-	433,028.13	1,080,000.00	549,495.63	
11/01/2012	-	92,167.50	-	-	-	-	865,000.00	433,028.13	865,000.00	525,195.63	3,019,691.26
05/01/2013	1,135,000.00	92,167.50	-	-	-	-	-	416,809.38	1,135,000.00	508,976.88	
11/01/2013	-	66,630.00	-	-	-	-	885,000.00	416,809.38	885,000.00	483,439.38	3,012,416.26
05/01/2014	1,060,000.00	66,630.00	-	-	-	-	-	400,215.63	1,060,000.00	466,845.63	
11/01/2014	-	42,250.00	-	-	-	-	930,000.00	400,215.63	930,000.00	442,465.63	2,899,311.26
05/01/2015	1,050,000.00	42,250.00	-	-	-	-	-	381,615.63	1,050,000.00	423,865.63	
11/01/2015	-	17,575.00	-	-	-	-	975,000.00	381,615.63	975,000.00	399,190.63	2,848,056.26
05/01/2016	740,000.00	17,575.00	-	-	-	-	-	362,115.63	740,000.00	379,690.63	
11/01/2016	-	-	-	-	-	-	1,870,000.00	362,115.63	1,870,000.00	362,115.63	3,351,806.26
05/01/2017	-	-	-	-	-	-	-	324,715.63	-	324,715.63	
11/01/2017	-	-	-	-	-	-	2,005,000.00	324,715.63	2,005,000.00	324,715.63	2,654,431.26
05/01/2018	-	-	-	-	-	-	-	283,362.50	-	283,362.50	
11/01/2018	-	-	-	-	-	-	2,040,000.00	283,362.50	2,040,000.00	283,362.50	2,606,725.00
05/01/2019	-	-	-	-	-	-	-	241,287.50	-	241,287.50	
11/01/2019	-	-	-	-	-	-	2,075,000.00	241,287.50	2,075,000.00	241,287.50	2,557,575.00
05/01/2020	-	-	-	-	-	-	-	197,193.75	-	197,193.75	
11/01/2020	-	-	-	-	-	-	2,110,000.00	197,193.75	2,110,000.00	197,193.75	2,504,387.50
05/01/2021	-	-	-	-	-	-	-	152,356.25	-	152,356.25	
11/01/2021	-	-	-	-	-	-	2,170,000.00	152,356.25	2,170,000.00	152,356.25	2,474,712.50
05/01/2022	-	-	-	-	-	-	-	106,243.75	-	106,243.75	
11/01/2022	-	-	-	-	-	-	1,030,000.00	106,243.75	1,030,000.00	106,243.75	1,242,487.50
05/01/2023	-	-	-	-	-	-	-	83,068.75	-	83,068.75	
11/01/2023	-	-	-	-	-	-	1,025,000.00	83,068.75	1,025,000.00	83,068.75	1,191,137.50
05/01/2024	-	-	-	-	-	-	-	60,006.25	-	60,006.25	
11/01/2024	-	-	-	-	-	-	1,015,000.00	60,006.25	1,015,000.00	60,006.25	1,135,012.50
05/01/2025	-	-	-	-	-	-	-	37,168.75	-	37,168.75	
11/01/2025	-	-	-	-	-	-	1,010,000.00	37,168.75	1,010,000.00	37,168.75	1,084,337.50
05/01/2026	-	-	-	-	-	-	-	13,181.25	-	13,181.25	
11/01/2026	-	-	-	-	-	-	555,000.00	13,181.25	555,000.00	13,181.25	581,362.50
Total	\$ 8,895,000.00	\$ 1,826,963.75	\$ 200,000.00	\$ 22,000.00	\$ 2,325,000.00	\$ 305,562.52	\$ 21,070,000.00	\$ 10,496,762.58	\$ 32,490,000.00	\$ 12,651,288.85	\$ 45,141,288.85

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 BUDGET WORKPAPERS
DEBT SERVICE DETAIL - BUILDING AUTHORITY BONDS

2002 Capital Equipment Bonds

Total Issue: \$ 3,125,000
Water Share: \$ 266,280

2003 Capital Improvement Bonds

Total Issue: \$ 3,585,000
Water Share: \$ 1,280,543

Date	Principal	Interest	Date	Principal	Interest	Combined Total		Fiscal Year Total
						Principal	Interest	
05/01/2008	\$ -	\$ 1,496.50	06/01/2008	\$ 50,539.67	\$ 18,601.70	\$ 50,539.67	\$ 20,098.20	
11/01/2008	40,474.61	1,496.50	12/01/2008	-	18,033.13	40,474.61	19,529.63	\$ 130,642.11
05/01/2009	-	788.19	06/01/2009	55,000.00	18,033.13	55,000.00	18,821.32	
11/01/2009	42,604.85	788.19	12/01/2009	-	17,414.38	42,604.85	18,202.57	134,628.74
	-	-	06/01/2010	55,000.00	17,414.38	55,000.00	17,414.38	
	-	-	12/01/2010	-	16,713.13	-	16,713.13	89,127.51
	-	-	06/01/2011	55,000.00	16,713.13	55,000.00	16,713.13	
	-	-	12/01/2011	-	15,956.88	-	15,956.88	87,670.01
	-	-	06/01/2012	60,000.00	15,956.88	60,000.00	15,956.88	
	-	-	12/01/2012	-	15,101.88	-	15,101.88	91,058.76
	-	-	06/01/2013	60,000.00	15,101.88	60,000.00	15,101.88	
	-	-	12/01/2013	-	14,201.88	-	14,201.88	89,303.76
	-	-	06/01/2014	65,000.00	14,201.88	65,000.00	14,201.88	
	-	-	12/01/2014	-	13,186.25	-	13,186.25	92,388.13
	-	-	06/01/2015	65,000.00	13,186.25	65,000.00	13,186.25	
	-	-	12/01/2015	-	12,113.75	-	12,113.75	90,300.00
	-	-	06/01/2016	70,000.00	12,113.75	70,000.00	12,113.75	
	-	-	12/01/2016	-	10,888.75	-	10,888.75	93,002.50
	-	-	06/01/2017	70,000.00	10,888.75	70,000.00	10,888.75	
	-	-	12/01/2017	-	9,628.75	-	9,628.75	90,517.50
	-	-	06/01/2018	75,000.00	9,628.75	75,000.00	9,628.75	
	-	-	12/01/2018	-	8,241.25	-	8,241.25	92,870.00
	-	-	06/01/2019	75,000.00	8,241.25	75,000.00	8,241.25	
	-	-	12/01/2019	-	6,816.25	-	6,816.25	90,057.50
	-	-	06/01/2020	80,000.00	6,816.25	80,000.00	6,816.25	
	-	-	12/01/2020	-	5,256.25	-	5,256.25	92,072.50
	-	-	06/01/2021	85,000.00	5,256.25	85,000.00	5,256.25	
	-	-	12/01/2021	-	3,556.25	-	3,556.25	93,812.50
	-	-	06/01/2022	85,000.00	3,556.25	85,000.00	3,556.25	
	-	-	12/01/2022	-	1,856.25	-	1,856.25	90,412.50
	-	-	06/01/2023	90,000.00	1,856.25	90,000.00	1,856.25	91,856.25
Total	\$ 83,079.46	\$ 4,569.38	Total	\$ 1,095,539.67	\$ 356,531.76	\$ 1,178,619.13	\$ 361,101.14	\$ 1,539,720.27

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 BUDGET WORKPAPERS
DEBT SERVICE DETAIL - CAPITAL IMPROVEMENT BONDS

2006 Capital Improvement Bonds
Total Issue: \$ 7,530,000
Water Share: \$ 2,120,700

Date	Principal	Interest	Fiscal Year Total
03/01/2008	\$ -	\$ 40,528.75	
09/01/2008	14,081.65	40,528.75	\$ 95,139.15
03/01/2009	-	40,264.72	
09/01/2009	14,081.65	40,264.72	94,611.09
03/01/2010	-	40,000.69	
09/01/2010	14,081.65	40,000.69	94,083.03
03/01/2011	-	39,736.66	
09/01/2011	42,244.95	39,736.66	121,718.27
03/01/2012	-	38,944.56	
09/01/2012	42,244.95	38,944.56	120,134.07
03/01/2013	-	38,152.47	
09/01/2013	87,306.23	38,152.47	163,611.17
03/01/2014	-	36,515.48	
09/01/2014	133,775.68	36,515.48	206,806.64
03/01/2015	-	34,007.18	
09/01/2015	140,816.50	34,007.18	208,830.86
03/01/2016	-	31,366.88	
09/01/2016	147,857.33	31,366.88	210,591.09
03/01/2017	-	28,594.55	
09/01/2017	154,898.15	28,594.55	212,087.25
03/01/2018	-	25,690.21	
09/01/2018	161,938.98	25,690.21	213,319.40
03/01/2019	-	22,653.85	
09/01/2019	176,020.63	22,653.85	221,328.33
03/01/2020	-	19,309.46	
09/01/2020	183,061.45	19,309.46	221,680.37
03/01/2021	-	15,785.53	
09/01/2021	197,143.10	15,785.53	228,714.16
03/01/2022	-	11,941.24	
09/01/2022	118,285.86	11,941.24	142,168.34
03/01/2023	-	9,575.52	
09/01/2023	118,285.86	9,575.52	137,436.90
03/01/2024	-	7,209.80	
09/01/2024	119,694.03	7,209.80	134,113.63
03/01/2025	-	4,815.92	
09/01/2025	119,694.03	4,815.92	129,325.87
03/01/2026	-	2,422.04	
09/01/2026	121,102.16	2,422.04	125,946.24
Total	\$ 2,106,614.84	\$ 975,031.02	\$ 3,081,645.86

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 BUDGET WORKPAPERS
DEBT SERVICE DETAIL - STATE REVOLVING FUND REVENUE BONDS

Date	5134-01: \$4,750,000		5134-02: \$6,465,000		5134-03: \$1,147,091		5134-04: \$8,200,000		Combined Total		Fiscal Year
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
04/01/2008	\$ -	\$ 52,250.00	\$ 270,000.00	\$ 65,928.13	\$ -	\$ 10,594.09	\$ 355,000.00	\$ 63,781.25	\$ 625,000.00	\$ 192,553.47	
10/01/2008	200,000.00	52,250.00	-	63,059.38	55,000.00	10,594.09	-	60,896.88	255,000.00	186,800.35	\$ 1,259,353.82
04/01/2009	-	49,750.00	275,000.00	63,059.38	-	10,009.72	360,000.00	60,896.88	635,000.00	183,715.98	
10/01/2009	205,000.00	49,750.00	-	60,137.50	55,000.00	10,009.72	-	57,971.88	260,000.00	177,869.10	1,256,585.08
04/01/2010	-	47,187.50	280,000.00	60,137.50	-	9,425.34	370,000.00	57,971.88	650,000.00	174,722.22	
10/01/2010	210,000.00	47,187.50	-	57,162.50	55,000.00	9,425.34	-	54,965.63	265,000.00	168,740.97	1,258,463.19
04/01/2011	-	44,562.50	285,000.00	57,162.50	-	8,840.97	375,000.00	54,965.63	660,000.00	165,531.60	
10/01/2011	215,000.00	44,562.50	-	54,134.38	55,000.00	8,840.97	-	51,918.75	270,000.00	159,456.60	1,254,988.20
04/01/2012	-	41,875.00	290,000.00	54,134.38	-	8,256.59	380,000.00	51,918.75	670,000.00	156,184.72	
10/01/2012	220,000.00	41,875.00	-	51,053.13	55,000.00	8,256.59	-	48,831.25	275,000.00	150,015.97	1,251,200.69
04/01/2013	-	39,125.00	300,000.00	51,053.13	-	7,672.22	385,000.00	48,831.25	685,000.00	146,681.60	
10/01/2013	225,000.00	39,125.00	-	47,865.63	60,000.00	7,672.22	-	45,703.13	285,000.00	140,365.98	1,257,047.58
04/01/2014	-	36,312.50	305,000.00	47,865.63	-	7,034.72	390,000.00	45,703.13	695,000.00	136,915.98	
10/01/2014	230,000.00	36,312.50	-	44,625.00	60,000.00	7,034.72	-	42,534.38	290,000.00	130,506.60	1,252,422.58
04/01/2015	-	33,437.50	310,000.00	44,625.00	-	6,397.22	400,000.00	42,534.38	710,000.00	126,994.10	
10/01/2015	240,000.00	33,437.50	-	41,331.25	60,000.00	6,397.22	-	39,284.38	300,000.00	120,450.35	1,257,444.45
04/01/2016	-	30,437.50	315,000.00	41,331.25	-	5,759.72	405,000.00	39,284.38	720,000.00	116,812.85	
10/01/2016	245,000.00	30,437.50	-	37,984.38	65,000.00	5,759.72	-	35,993.75	310,000.00	110,175.35	1,256,988.20
04/01/2017	-	27,375.00	325,000.00	37,984.38	-	5,069.09	410,000.00	35,993.75	735,000.00	106,422.22	
10/01/2017	250,000.00	27,375.00	-	34,531.25	65,000.00	5,069.09	-	32,662.50	315,000.00	99,637.84	1,256,060.06
04/01/2018	-	24,250.00	330,000.00	34,531.25	-	4,378.47	420,000.00	32,662.50	750,000.00	95,822.22	
10/01/2018	255,000.00	24,250.00	-	31,025.00	65,000.00	4,378.47	-	29,250.00	320,000.00	88,903.47	1,254,725.69
04/01/2019	-	21,062.50	340,000.00	31,025.00	-	3,687.84	425,000.00	29,250.00	765,000.00	85,025.34	
10/01/2019	265,000.00	21,062.50	-	27,412.50	65,000.00	3,687.84	-	25,796.88	330,000.00	77,959.72	1,257,985.06
04/01/2020	-	17,750.00	345,000.00	27,412.50	-	2,997.22	430,000.00	25,796.88	775,000.00	73,956.60	
10/01/2020	270,000.00	17,750.00	-	23,746.88	70,000.00	2,997.22	-	22,303.13	340,000.00	66,797.23	1,255,753.83
04/01/2021	-	14,375.00	355,000.00	23,746.88	-	2,253.47	440,000.00	22,303.13	795,000.00	62,678.48	
10/01/2021	275,000.00	14,375.00	-	19,975.00	70,000.00	2,253.47	-	18,728.13	345,000.00	55,331.60	1,258,010.08
04/01/2022	-	10,937.50	360,000.00	19,975.00	-	1,509.72	445,000.00	18,728.13	805,000.00	51,150.35	
10/01/2022	285,000.00	10,937.50	-	16,150.00	70,000.00	1,509.72	-	15,112.50	355,000.00	43,709.72	1,254,860.07
04/01/2023	-	7,375.00	370,000.00	16,150.00	-	765.97	455,000.00	15,112.50	825,000.00	39,403.47	
10/01/2023	290,000.00	7,375.00	-	12,218.75	70,000.00	765.97	-	11,415.63	360,000.00	31,775.35	1,256,178.82
04/01/2024	-	3,750.00	375,000.00	12,218.75	-	22.22	460,000.00	11,415.63	835,000.00	27,406.60	
10/01/2024	300,000.00	3,750.00	-	8,234.38	2,091.00	22.22	-	7,678.13	302,091.00	19,684.73	1,184,182.33
04/01/2025	-	-	385,000.00	8,234.38	-	-	470,000.00	7,678.13	855,000.00	15,912.51	
10/01/2025	-	-	-	4,143.75	-	-	-	3,859.38	-	8,003.13	878,915.64
04/01/2026	-	-	390,000.00	4,143.75	-	-	475,000.00	3,859.38	865,000.00	8,003.13	873,003.13
Total	\$ 4,180,000.00	\$ 1,003,625.00	\$ 6,205,000.00	\$ 1,335,509.45	\$ 997,091.00	\$ 189,349.18	\$ 7,850,000.00	\$ 1,273,593.87	\$ 19,232,091.00	\$ 3,802,077.50	\$ 23,034,168.50

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Waste Water Treatment Improvement Reserve

The WWTP Improvement Fund reserves are designated for replacements and improvements at the Waste Water Treatment Plant. Debt service costs previously shown in this section have been transferred to the Debt Service Reserve.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

9040

Waste Water Treatment

Account Name	Account Number	2006	2007			2008		
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Revenues:								
Interest on Investments	66500	\$ 55,713	\$ 50,000	\$ 45,570	\$ 90,000	\$ 100,000	\$ 100,000	\$ 100,000
Transfer From:								
Operation & Maintenance	67620	700,000	1,250,000	-	1,250,000	-	-	-
Other Sources:								
Financing Proceeds	69600	4,307,326	-	-	-	-	-	-
Total Financial Resources		5,063,039	1,300,000	45,570	1,340,000	100,000	100,000	100,000
Expenditures:								
Construction Contracts	97001	1,813,400	100,000	-	100,000	-	-	-
State Revolving Fund Projects	97002	4,307,326	-	-	-	-	-	-
Transfer To:								
Infrastructure Replacement	96544	-	-	-	-	2,500,000	1,350,000	1,350,000
Debt Service	96572	641,250	1,258,110	830,777	1,339,168	-	1,000,000	1,000,000
Total Expenditures		6,761,976	1,358,110	830,777	1,439,168	2,500,000	2,350,000	2,350,000
Net Increase (Decrease)	67601	(1,698,937)	(58,110)	(785,207)	(99,168)	(2,400,000)	(2,250,000)	(2,250,000)
FY Beginning Restricted Reserve		5,090,758	3,391,821	3,391,821	3,391,821	3,292,653	3,292,653	3,292,653
FY Ending Restricted Reserve		\$ 3,391,821	\$ 3,333,711	\$ 2,606,614	\$ 3,292,653	\$ 892,653	\$ 1,042,653	\$ 1,042,653

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Infrastructure Replacement Reserve

The Capital Improvement Fund was established to account for ongoing capital projects that are approved in the annual Water & Sewer System budget.

Funds are principally earmarked for replacements and/or new installations of water mains and sanitary sewers in the System.

Projects requested but unfunded are still listed on the projects page both to show the need for infrastructure replacements and improvements as determined by the department heads and professional consultants.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

9044

Infrastructure Replacement

Account Name	Account Number	2006	2007		2008			
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Revenues:								
Interest on Investments	66500	\$ 218,738	\$ 75,000	\$ 105,543	\$ 210,000	\$ 150,000	\$ 150,000	\$ 150,000
Transfer From:								
Waste Water Treatment Reserve	67640	-	-	-	-	2,500,000	1,350,000	1,350,000
Other Sources:								
Financing Proceeds	69600	2,072,666	-	-	-	10,150,000	10,150,000	10,150,000
Total Financial Resources		2,291,404	75,000	105,543	210,000	12,800,000	11,650,000	11,650,000
Expenditures:								
Non-capitalized expenses	95600	-	-	-	-	859,515	859,515	859,515
Construction Contracts	97001	1,066,102	625,000	46,501	2,274,906	13,700,000	12,550,000	12,550,000
Transfer To:								
Debt Service	96572	-	96,609	33,011	75,271	-	-	-
Total Expenditures		1,066,102	721,609	79,512	2,350,177	14,559,515	13,409,515	13,409,515
Net Increase (Decrease)	67601	1,225,302	(646,609)	26,031	(2,140,177)	(1,759,515)	(1,759,515)	(1,759,515)
FY Beginning Restricted Reserve		2,911,989	4,137,291	4,137,291	4,137,291	1,997,114	1,997,114	1,997,114
FY Ending Restricted Reserve		\$ 4,137,291	\$ 3,490,682	\$ 4,163,322	\$ 1,997,114	\$ 237,599	\$ 237,599	\$ 237,599

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

INFRASTRUCTURE REPLACEMENT RESERVE
Proposed Projects

Project Description	<u>Cost Estimate</u>
Priority projects - funded from reserves:	
<i>Water delivery system projects - shared cost with Act 51 Road funds:</i>	
9 Mile between Ryan & Dequindre	\$ 1,100,000
<i>Sanitary sewer projects:</i>	
Dexter between 8 Mile & Toepfer	550,000
Eastwood between Allyn & Toepfer	750,000
Chesterfield between Hayes & Berry	150,000
Subtotal	<u>2,550,000</u>
Priority projects - revenue bond issue:	
AMR Meter reading system	<u>10,000,000</u>
Priority projects - non-capital:	
Emergency watermain break repairs	150,000
Footing drain disconnection pilot program	325,000
Emergency Sewer Televising and Cleaning	250,000
Subtotal	<u>725,000</u>
Total Funded Projects	<u><u>\$ 13,275,000</u></u>
Unfunded projects:	
Water main & sewer line assessment program (42" main)	\$ 270,000
Pressure reducing valves - remaining 3 locations from study	1,600,000
<i>Water delivery system projects:</i>	
Hayes Road between Adams and Masonic	1,050,000
Ryan Road, Eight to Nine Mile	1,150,000
Regency Park, south of Stephens	131,000
Waltham, Eight Mile to Nine Mile	1,150,000
<i>Sanitary Sewer projects:</i>	
Curie between 8 Mile & Toepfer	450,000
Cunningham between Toepfer and 9 Mile Road	200,000
Investigation and repair of sewage infiltration into storm water system	990,000
9 Mile Pump Station District Sanitary Sewer Infiltration Removal	<u>6,180,000</u>
Total unfunded projects	<u><u>\$ 13,171,000</u></u>
Grand Total Project Requests	<u><u>\$ 26,446,000</u></u>

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Meter Replacement Reserve

The Meter Replacement Fund was established to account for the cost of the removal and replacement of meters in the City of Warren Water & Sewer System. All replacement meters were first tested in the Meter Shop by Water Division personnel and then placed in service by an independent contractor.

In 2008, this function is being transferred to the Infrastructure Replacement Reserve to consolidate reporting. The balance of funds left in this reserve is being transferred to the Capital Equipment Reserve to be used for current year equipment purchases.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

9045
Meter Replacement

Account Name	Account Number	2006	2007		2008			
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Revenues:								
Interest on Investments	66500	\$ 11,625	\$ 12,000	\$ 6,327	\$ 12,500	\$ -	\$ -	\$ -
Total Financial Resources		11,625	12,000	6,327	12,500	-	-	-
Expenditures:								
Transfer to Capital Equipment	96547	-	-	-	-	270,759	270,759	270,759
Total Expenditures		-	-	-	-	270,759	270,759	270,759
Net Increase (Decrease)	67601	11,625	12,000	6,327	12,500	(270,759)	(270,759)	(270,759)
FY Beginning Restricted Reserve		246,634	258,259	258,259	258,259	270,759	270,759	270,759
FY Ending Restricted Reserve		\$ 258,259	\$ 270,259	\$ 264,586	\$ 270,759	\$ -	\$ -	\$ -

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Capital Equipment Replacement Reserve

The Capital Equipment Replacement Reserve Fund was established to designate monies for the replacement of capital equipment, as needed.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

9047

Capital Equipment

Account Name	Account Number	2006	2007			2008		
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Revenues:								
Interest on Investments	66500	\$ 51,948	\$ 18,000	\$ 12,921	\$ 20,000	\$ 10,000	\$ 10,000	\$ 10,000
Transfer From:								
Operation & Maintenance	67620	600,000	300,000	-	-	300,000	-	-
Meter Replacement	67645	-	0	-	-	270,759	270,759	270,759
Building Construction	67660	-	-	-	-	44,702	44,702	44,702
Total Financial Resources		651,948	318,000	12,921	20,000	625,461	325,461	325,461
Capital Purchases:								
Water Maintenance	98040	228,819	168,000	-	-	213,000	213,000	213,000
Meter Repair & Service	98050	15,898	40,000	-	-	20,000	20,000	20,000
Administration	98060	4,750	23,900	-	-	20,000	20,000	20,000
Waste Water Treatment	98080	232,711	230,000	43,281	440,627	658,300	498,300	498,300
Sewer Maintenance	98090	350,336	-	-	-	-	-	-
Transfer To:								
Debt Service	96572	43,959	42,481	2,131	42,583	-	-	-
Total Expenditures		876,473	504,381	45,412	483,210	911,300	751,300	751,300
Net Increase (Decrease)	67601	(224,525)	(186,381)	(32,491)	(463,210)	(285,839)	(425,839)	(425,839)
FY Beginning Restricted Reserve		1,201,764	977,239	977,239	977,239	514,029	514,029	514,029
FY Ending Restricted Reserve		\$ 977,239	\$ 790,858	\$ 944,748	\$ 514,029	\$ 228,190	\$ 88,190	\$ 88,190

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS
CAPITAL EQUIPMENT

Funding Category	Item Description	#	New or Replacement	Estimated Cost
98040 Water Maintenance:				
2008-01	Backhoes	2	R	\$ 150,000
2008-02	Garage entry doors	9	R	18,000
2008-03	Roof repair		R	45,000
				<u>213,000</u>
98050 Meter Repair & Service:				
2008-04	Pickup trucks	1	R	<u>20,000</u>
98060 Administration:				
2008-05	Computer/office equipment		R	<u>20,000</u>
				<u>20,000</u>
98080 Waste Water Treatment Plant:				
	<i>Control system/administration</i>			
2008-06	RSView 32 HMI client license	8	N	\$ 21,000
2008-07	RSLinx Pro software	1	N	2,000
2008-08	RSLogix 5 PLC programming software	1	N	4,000
2008-09	RSLogix SLC programming software	1	N	2,500
2008-10	RSView 32 Works HMI programming software	1	N	7,500
2008-11	Workstations w/o monitors	10	R	10,000
2008-12	MS Outlook 2007	1	N	3,000
2008-13	GPS receiver	1	N	8,000
2008-14	Bookshelves	1	N	1,800
	<i>Safety</i>			
2008-15	Ladders with safety cage		N	6,000
2008-16	Chemical storage cabinets		N	7,500

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS
CAPITAL EQUIPMENT

Funding Category	Item Description	#	New or Replacement	Estimated Cost
98080 Waste Water Treatment Plant (continued):				
<i>Facility maintenance/electrical</i>				
2008-17	9 Mile spare main circuit breaker	1	N	25,000
2008-18	Main air flow meter	1	N	10,000
2008-19	9 Mile sewer gate positioner with shaft	1	N	25,000
2008-20	Mixed liquor gate actuator	1	N	48,000
2008-21	Main backwash valve positioner	1	R	10,000
2008-22	Analog output cards	1	N	12,000
2008-23	Valve actuators, storage #1 & #2	2	N	12,000
2008-24	Nonpotable pump check valves		N	8,000
2008-25	ID Fan VFD spare		N	7,000
2008-26	Centershaft drive VFD spare		N	6,000
2008-27	Combustion air blower VFD spare		N	10,000
2008-28	Flight chain for grit chamber	1	R	9,000
2008-29	MHF rabble teeth		R	10,000
2008-30	Gas welder	1	R	6,500
2008-31	Primary tank replacement parts		R	10,000
2008-32	Doors replacement	1	R	25,000
<i>Facility security</i>				
2008-33	Security fence and gate upgrade	1	R	9,500
2008-34	Plant lighting upgrade	1	R	9,500
<i>Laboratory/IPP</i>				
2008-35	Cyanide analyzer	1	N	29,500
2008-36	Aquamate colorimeter	1	N	6,500
2008-37	On-Line trace level chlorine analyzer	1	R	11,000
2008-38	BOD meter	1	N	2,000
2008-39	SS/Turbidity probes with controller		R	8,500

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS
CAPITAL EQUIPMENT

Funding Category	Item Description	#	New or Replacement	Estimated Cost
98080 Waste Water Treatment Plant (continued):				
	<i>Operations/Process Control</i>			
2008-40	Trash pumps	2	N	4,000
2008-41	Hose racks/reels		N	5,000
2008-42	Solids retention time control system	1	N	35,000
	<i>Vehicles</i>			
2008-43	GMC 1-ton dual dumps with plow	1	R	32,000
2008-44	John Deere Gator ground vehicle	1	R	9,000
2008-45	Electrical work van	1	R	30,000
				<u>498,300</u>
GRAND TOTAL - EQUIPMENT REQUESTS				<u><u>\$ 751,300</u></u>

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2008 CITY COUNCIL ADOPTED BUDGET
Building Construction Reserve

The Building Construction Reserve Fund was established to account for the construction cost of the new Water Division Headquarters. The majority of Water Division employees operate from this new facility. The Water Division's rolling stock, major equipment, repair materials and inventory are stored and maintained there as well.

The major portion of the Headquarters' cost was financed through a City of Warren Building Authority bond issue. Payment of principal and interest on the bonds is directly related to lease/purchase payments made by the Water & Sewer System to the Building Authority. Final payment on the bond issue was processed in fiscal year 2004.

This reserve is being closed in 2008 with the unused balance of funds transferred to the Capital Equipment Reserve.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2008 FISCAL YEAR BUDGET FINANCIAL STATEMENTS

9060
Building Construction

Account Name	Account Number	2006	2007		2008			
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Revenues:								
Interest on Investments	66500	\$ 1,922	\$ 2,000	\$ 1,046	\$ 2,000	\$ -	\$ -	\$ -
Total Financial Resources		1,922	2,000	1,046	2,000	-	-	-
Transfer To:								
Capital Equipment	96547	-	-	-	-	44,702	44,702	44,702
Total Expenditures		-	-	-	-	44,702	44,702	44,702
Net Increase (Decrease)	67601	1,922	2,000	1,046	2,000	(44,702)	(44,702)	(44,702)
FY Beginning Restricted Reserve		40,780	42,702	42,702	42,702	44,702	44,702	44,702
FY Ending Restricted Reserve		\$ 42,702	\$ 44,702	\$ 43,748	\$ 44,702	\$ -	\$ -	\$ -