
Reengineering

Four new programs will be created or expanded to improve water service to our customers and to ensure that the water system is maintained in good operating condition. These program include the following: (1) adding leak detection surveys to the duties performed by the mapping crew in order to reduce unaccounted for water lost through leaks; (2) expanding the water system mapping improvements program; (3) expanding the meter change-out and testing program and establishing a goal of not allowing any meter older than 12 years to remain in the system without passing a calibration test; (4) and creating a cross-connection control inventory and maintenance program. The leak detection, mapping, and cross-connection control programs will be staffed with current employees. Their job duties will be expanded and some shifting of responsibilities will be required throughout the Water Maintenance Division. The estimated savings of using existing staff to perform these duties versus hiring new employees is approximately \$80,000 in salaries and benefits. The meter change-out and testing program will require hiring a two-person crew at an estimated cost of \$56,000 in salaries and benefits. It will also require the purchase of new meters estimated to cost an additional \$150,000.

Salaries and Benefits

Salary and Fringe Benefit expenses are estimated to increase by 4% as approved in the City of Asheville's Pay Plan. The number of positions authorized in the Fiscal Year 2000-01 Budget was 105. Staff is requesting a total of 107 positions in Fiscal Year 2001-02. This is the first request for an increase in the number of authorized positions in over six years, which demonstrates our commitment to continuously strive for greater efficiency.

Capital Projects Fund (Transfer to Capital)

On May 22, 2001, the Regional Water Authority adopted a goal to maintain an 80-year replacement schedule for water system assets, which will require total annual funding for capital projects of approximately \$4.4 million. A 3.1% rate increase for the next five years will provide adequate revenue financed capital to help meet this goal. The Authority's current five-year capital plan for Fiscal Year 2002-06, based on a 3.1% rate increase annually, includes the following expenditures on replacing aged infrastructure based on the following assumptions:

State Grants \$2.0 Million (Phase II Grant for Critical Needs)

Bond Funds 2.1 Million

NCDOT Projects 5.4 Million

Revenue Financed 7.6 Million (Includes \$1 million in matching funds for Phase II Grant)

Construction Crew 2.8 Million

State Grants 2.0 Million (Phase III Grant for Critical Needs)

Total 21.9 Million

Average of \$4.38 Million per year

-10-

This is slightly below the Authority's goal of \$4.4 million annually, but it will be adequate until staff's replacement schedule can be further refined and reviewed by the Authority's financial consultant. On July 1, 2001, a transfer to capital of \$785,038 will be made to fund \$100,000 for Master Plan Projects (water line oversizing) and \$685,038 for the highest priority projects on the list of Critical Needs Projects. A second transfer to capital of approximately \$400,000 will take place in late Fiscal Year 2001-02 to fund additional Critical Needs Projects. If the Authority is required to provide funding for unanticipated emergency needs or experiences a revenue shortfall, this contribution to capital will be reduced.
