



# MUNICIPAL AUTHORITY

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## TOWNSHIP OF SOUTH FAYETTE

### 2020 ANNUAL REPORT & BUDGET FOR 2021

#### **Authority Board**

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## BUDGET MESSAGE

This 2020 annual report and proposed operating and capital budget for Fiscal Year 2021 is intended to provide specific details into the operations of the Municipal Authority of the Township of South Fayette (MATSF).

MATSF was incorporated in compliance with the “Municipality Authority’s Act of 1945” on February 10, 1963. Presently the Authority is responsible for operation and maintenance of over 137 miles of sanitary sewer and 2 pump stations serving approximately 6,976 premises in South Fayette Township. The Authority also jointly owns and manages an interceptor sewer and the Oakdale pump station in the Robinson Run watershed which serves McDonald Borough, Oakdale Borough, and portions of North and South Fayette Townships. Joint facilities are also constructed in the Thoms Run watershed where the Collier Township has primary jurisdiction for operation and maintenance. Sewage from all MATSF and Robinson Run facilities is ultimately conveyed through ALCOSAN interceptors to their treatment facility located in the Woods Run section of the City of Pittsburgh.

Operating revenue is generated by charges for the collection, conveyance and treatment of sanitary sewage. Customers are billed monthly based on water consumption along with a monthly service charge. MATSF also receives revenue from connection fees for new connections to the system, developer deposits for inspection of newly constructed facilities and fees associated with real estate transfers such as dye tests, lateral inspections and lien letters. Of note is the fact that regional sewage conveyance and treatment costs (performed by ALCOSAN) have increased significantly over the past several years. ALCOSAN had a 7.0% increase 2019, with planned 7.0% increases for each subsequent year through 2021. Details as to the historic costs for sanitary sewer service are presented commencing on Page 9 of this report.

Overall operating expenditures of MATSF are influenced by several factors, the most significant being the cost of regional sewage conveyance and treatment by ALCOSAN. **Anticipated payments to ALCOSAN in 2021 represent approximately 70 percent of proposed operating expenditures.**

Capital expenditures are funded by a combination of a portion of the monthly customer service charge, connection charges and borrowing (for major capital projects). Following is a summary of recent select projects with a full detail of MATSF capital budget later in this report:

In late 2019, MATSF and Collier Township Municipal Authority approved the transfer to ALCOSAN of the jointly owned Thoms Run Truck Sewer downstream of Steen Hollow Road. This is one of numerous multi-municipal trunk sewer scheduled to be taken over by ALCOSAN over the next few years as part of their agreement with EPA to take a more regional role in those key sewers. No capital costs were incurred by MATSF with respect to the Thoms Run transfer. However, as a result of “Most Favored Nation” language inserted in the transfer agreement documents, ALCOSAN elected not to finalize the transfer. That transfer is expected to be finalized in 2021, but documents will need to be re-executed to reflect revised transfer agreement language and also because Collier Township Municipal Authority has been disbanded and their role has been assumed by Collier Township. As such, Collier Township will need to execute the revised transfer documents. In a related matter, MATSF will be working with participating communities and with ALCOSAN toward the future transfer of the jointly owned Robinson Run Interceptor System and Oakdale Pump Station. While there is a possibility that such a transfer could occur in late 2021, it likely would not take place until 2022 as several issues need to be resolved as part of that transfer.

In 2020, MATSF awarded 2 contracts for sewer lining and limited lateral grouting in the Portman Run sewershed. Those 2 contracts amounted to \$448,269. The majority of the work has already been completed, the lateral grouting portion of the work is scheduled to be completed by the end of 2020. MATSF and KLH have preliminary discussed

this work with ALCOSAN representatives with respect to submission of a GROW grant application in 2021. It is our understanding that the maximum amount that could be awarded via a GROW grant for this work would be 25% of the project costs. In 2020, MATSF received GROW grant payments from ALCOSAN in the amount of \$35,800 for lining/grouting work performed on the upper portions of the Millers Run trunk sewer in 2016.

Communities tributary to the ALCOSAN regional sewer system have since 2004 been under Consent Orders with either Allegheny County Health Department (ACHD) or PaDEP. Additionally, in late 2019, ALCOSAN finalized their extended negotiations with EPA with respect to a Consent Decree. The general intent of these orders is for both ALCOSAN and tributary communities to undertake initiatives to reduce the amount of sanitary sewer and combined sewer overflows to the waters of the Commonwealth. While the most recent municipal orders expired in 2018, negotiations have been on-going with PaDEP/ACHD. It is anticipated that those updated orders will be ready for execution in 2021. As such, MATSF has continued to budget for on-going flow monitoring and system rehabilitation projects to comply with such orders and to meet conditions of the service agreement executed with ALCOSAN in 1983.

No extraordinary costs are anticipated within the 2021 budget, although certain allowances have been made in the capital expenditure portion of the budget for a new utility truck and certain other field equipment. Also, the capital budget proposes expenditures of up to \$330,000 for system upgrades and anticipated system modeling work by KLH Engineers.



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## CUSTOMER PROFILE

In the Chartiers Creek watershed, the Authority provides sewage service to 6,165 residential customers (each residential unit is counted for the purposes of this report), 246 Commercial/Industrial customers and 9 public customers. There were 101 new residential customers added to the Chartiers Creek system since late 2019. Additions in residential developments in 2020 include the following: Hastings (73 taps), Lafayette Meadow (44 taps), Deerfield Ridge (1 tap), Lion Ridge (1 tap) and Kevington Plan (1 tap). There were also 6 miscellaneous residential taps in 2020 in the Chartiers Creek watershed and one new residential customer was added in 2020 in the Robinson Run watershed. None were added to the Thoms Run watershed

New commercial taps in 2020 include 2 multi-use buildings in the Hastings subdivision with each building having the potential for two businesses. Also, on an on-parcel at Hastings is the “Over the Bar” restaurant which will open in late 2020 or early 2021. The Pa Turnpike Commission pre-paid in 2019 for a maintenance facility which will service the Southern Beltway. Construction of that facility is not expected to be complete until late 2021.

### EXISTING CUSTOMERS BY WATERSHED AND PROJECTIONS FOR 2020

	CHARTIERS CREEK	ROBINSON RUN	THOMS RUN	2019 TOTAL	PROJECTED At End 2020
Residential*	6165	306	240	6711	6805
Commercial, Industrial	246	0	9	255	259
Public **	9	1	0	10	10
<b>Total Customers</b>	<b>6420</b>	<b>307</b>	<b>249</b>	<b>6976</b>	<b>7074</b>

\*A residential unit is considered a single family home, townhome, condo, or apartment.

\*\*Includes Hospitals, Schools, Post Offices and Fire Departments.

An increase of 94 residential customers is projected for 2021 based on continued build out of several developments underway. The Hastings Development at the former Mayview Hospital site is a mixed-use community that includes a combination of apartments, townhomes, single family homes along with a local small business component. One outparcel to the Hastings Development is the Resort Lifestyles at Hastings senior citizens apartment complex. Another is the aforementioned “Over the Bar” restaurant. For 2021, MATSF projects another 50 residential units to be constructed in the Hastings Development.

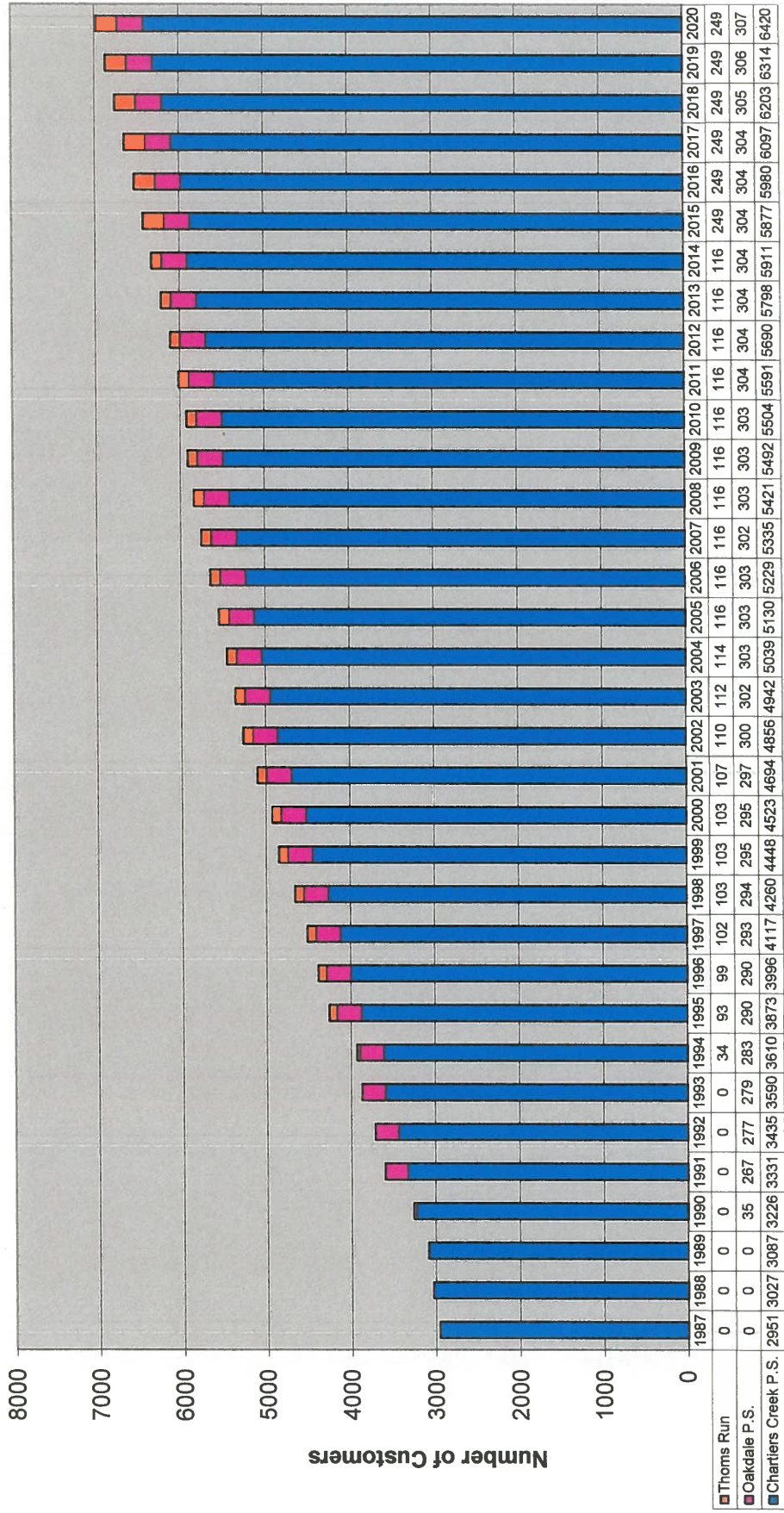
Other significant residential subdivisions that will add new customers the sewer system in 2021 is the Lafayette Meadows development located along Battle Ridge Road (across from Walnut Ridge). This subdivision will ultimately consist of 104 single family homes of which 68 connection fees have already been paid. For 2021, an additional 35 connection fees are anticipated.

Another new major subdivision approved by the South Fayette Township Planning Commission and Township Commissioners is the Stonegate Plan located off of Battle Ridge Road with the proposed entrance east of Union Avenue. Projections for the Stonegate Plan anticipate up to 192 single family homes to be constructed over several years. Groundbreaking for Stonegate is projected in the Spring of 2021 but it unlikely that any home construction will commence until 2022.

Commercial development is expected to continue at an accelerated pace in 2020. The most significant commercial development envisioned for 2021 the Piazza at the former Star City Theater location. The Piazza intends to construct 7 restaurant/mixed use commercial buildings over the next few years. Groundbreaking has occurred for general site redevelopment work and sanitary sewer installation will be underway before the end of 2020. The proposed American Natural gas station/convenience store proposed at the location of the former Kings Restaurant is also anticipated to be constructed in 2021. Finally, in Newbury Market, plans are being finalized for a BJ Wholesale Club that is anticipated to be completed by the end of 2021.

The following page graphically depicts the MATSF customer growth since 1987.

## SOUTH FAYETTE MUNICIPAL AUTHORITY CUSTOMERS





## RATES FOR SEWAGE SERVICE

The rates and fees charged by the Authority are set annually by the MATSF Board. The rate schedule incorporates charges for treatment and conveyance which are set independently by ALCOSAN, the regional treatment provider. Additionally, charges to operate and maintain the local collector sewers and pump stations and to provide customer service in South Fayette Township are included. The full schedule of rates currently in effect by the Authority is detailed in Resolution #204 adopted December 5, 2019 and is available for viewing on the Authority website at [www.MATSF.net](http://www.MATSF.net).

The present schedule of rates for basic sewage service, based on metered water usage, is as follows:

### **2020 MATSF Rates for Sewage Service**

\$12.00 per month service charge + \$12.15 per 1,000 Gallons of Water Used

### **ALCOSAN RATE MODIFICATIONS FOR 2021**

Correspondence from ALCOSAN dated November 17, 2017 indicated that their Board of Directors determined that their rates would increase 7.5% for 2018 and that their rates will increase an additional 7.0% per year for 2019, 2020, and 2021. For 2021, ALCOSAN's rates will consist of a consumption charge of \$9.10 for each 1000 gallons of water used (up from \$8.50) plus a service charge in the amount of \$19.11/quarter per bill issued (Up from \$17.86).

**The charges that ALCOSAN imposes for sewage conveyance and treatment represents approximately 70 percent of the proposed 2021 operating expenses of MATSF.**

In a related matter, ALCOSAN announced via press release on October 28, 2016 that their Board approved a plan with the Dollar Energy Fund to assist low income residential customers with a \$30 quarterly credit toward their wastewater bill. The financial assistance is intended to help those families that have income less than 150% of the federal poverty level. Details of this program were made available and subsequently sent out to all MATSF customers as a bill insert

in early 2017. The current quarterly credit is \$36 per eligible customer. This information along with application criteria are also posted on both the MATSF and ALCOSAN web sites. MATSF has had as many as 16 customers that have applied and been approved for this program. The program does call for customers to provide information for renewal at least annually. Currently, 11 MATSF customers are still on this assistance program.

### RECOMMENDED 2021 RATE MODIFICATIONS

As a result of ALCOSAN's announced rate increase for 2021, an increase to South Fayette customers is necessary. A separate formal resolution to this regard will be acted upon by the MATSF Board.

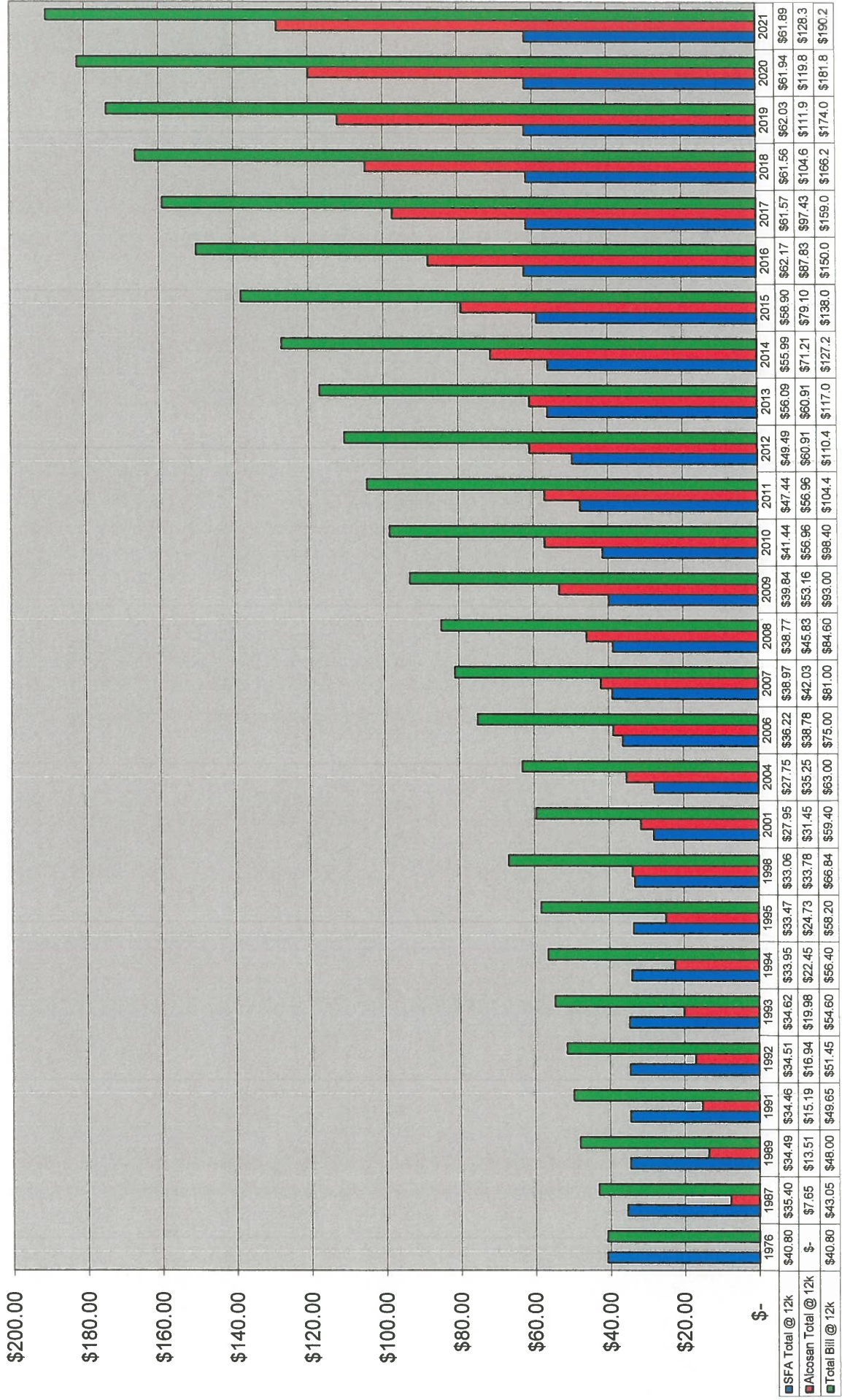
1. Increase the charge per thousand gallons of water usage from the present rate of \$12.15 per thousand gallons to \$12.85 per 1000 gallons.
2. Maintain the monthly customer service charge at \$ 12.00 per month.
3. Continue to pass on ALCOSAN's fees to customers with commercial garbage grinders with no mark-up in costs.
4. Continue to pass on all high-strength waste surcharges imposed by ALCOSAN with no mark-up.
5. Maintain the charge for a credit (deduct) meter at \$3.00 per month.

#### Recommended 2021 MATSF Rates for Sewage Service

\$12.00 per month service charge + \$12.85 per 1,000 Gallons of Water Used

**The effect of the recommended rate changes on a typical residential customer using 4,000 gallons of water per month results in an increase of \$2.80/month (\$60.60 to \$63.40). See the historical rate graph on the following page that provides information since the inception of the Authority based upon a typical water use of 12,000 gallons/quarter. The proposed 2021 rate increase is directly related to offset the aforementioned ALCOSAN rate increase.**

### South Fayette Authority Rate Structure Based on 12,000 Gallons/Quarter



Year



## CONNECTION CHARGES

MATSF connection charges are in accordance with ACT 57 of 2003. This Act of the PA legislature requires that all municipalities review their sewer system connection fees with respect to a list of parameters defined in the Act. In December 2018, KLH Engineers updated the ACT 57 study to determine the allowable charges that could be imposed for connection to the MATSF system. Upon review of that information, the MATSF Board adopted Resolution No. 201 on May 2, 2019. The following is a summary of that resolution:

Effective July 1, 2019, the fee for connection to the South Fayette Municipal Authority sanitary sewer system was increased throughout the Township. The fee is per dwelling unit and a separate fee is applicable for each home, townhome, apartment, condominium, etc. that connects to the MATSF system.

CONDITION	FEE EFFECTIVE 7-1-19
<b>Developer provides wye</b>	<b>\$5,000</b>
<b>Authority provides wye</b>	<b>\$6,894</b>

Non-residential buildings will be charged based upon the number of equivalent dwelling units (EDU's) for each building. An EDU is defined as 225 gallons per day of water usage. As the developer traditionally provides the connection point (wye) for any non-residential project, the number of EDU's will be multiplied times the \$5,000 value indicated above. In the event that a single connection point (wye) is utilized for multiple EDU's, the connection fee will be reduced \$580 for each EDU after the initial EDU.

No further modification of connection charges are anticipated to occur in 2021.



## DISCUSSION OF OPERATING REVENUE

A detail of the operating revenue is presented in Table I. The table presents actual revenue data for 2018 and 2019, the projections for 2020 and a recommended budget for 2021. Excess revenue collected that is not required for operating expenditures is transferred to Authority reserve funds for various capital projects discussed separately later in this budget report. Following is a discussion of operating revenue by category.

### 602.00 MATSF In-house Billing

Monthly customer billings are the primary source of revenue for the operation of the Authority. In November 2012, the monthly billing shifted from PAWC to in-house billing by MATSF staff. Since then, MATSF has utilized 3 different billing programs for calculating the monthly sewer bills. In mid 2019, MATSF began to utilize the Muni-Link billing software as a result of retirement of our previous software vendor. As such, essentially all revenue in 2020 for routine monthly wastewater billing is tracked through the Muni-Link billing system.

In 2020, the total customer billing revenue received is expected to be approximately \$5.377 Million, or approximately \$274,000 more than budget projections. This increase was in large part related to higher than normal water use in 2020 during the dry Summer and Fall months. The increased revenue is essentially offset by higher fees paid to ALCOSAN in 2020 as discussed in the operating expense section of this report. It is also important to note that MATSF office staff diligently pursued delinquency collections to the degree possible during the COVID-19 pandemic considering water shut-off was not an option during the majority of 2020.

Billing revenues for 2021 are anticipated to be \$5.592 Million. The 2021 increase is directly a result of proposed 2021 modification to sewage billing rates discussed previously in this report.

### 616.00 Other Reimbursements

This revenue category is for fees for various services including developer deposits, no-lien letters, dye testing fees, insurance rebates, etc. The 2020 revenue in this category will be approximately \$150,550 or about \$5,450 less than anticipated. Of this total, dye testing/lateral inspection revenue is anticipated to be \$46,900 in 2020 with a similar amount envisioned for 2021. The typical fee for a dye test/lateral inspection is recommended to remain unchanged at \$175.00. Developer deposits are held in escrow and those funds are utilized for any expenses incurred by MATSF with respect to plan review, legal fees and inspection costs. Upon completion of a project and after receipt of 18 month maintenance security for newly installed sanitary sewers, the developer is refunded any unused portion of their deposit.

This overall category also includes insurance and agency rebates. Insurance rebates are typically from annual disbursements from the MRM Workers Trust program to which MATSF is a member. Those disbursements are sent to MRM participants and the amount of refund is directly related to specific performance of each entity regarding the number/magnitude of historic workers compensation claims. Agency rebates include payments from ALCOSAN as a result of our lump sum billing arrangement (\$20,227 in 2020) and rebates for eligible customers enrolled in their Dollar Energy program. Also, Pa One Call System provides rebates to municipal members based upon level of activity. For 2020, their rebate amounted to \$937.

\$174,500 is the recommended 2021 budget for the "Other Reimbursements" category. It is recommended that the fee for a no-lien letters and door postings remain at \$25.

### 620.00 Robinson Run Reimbursement

This category is for revenue received for MATSF's operation and management of the jointly owned Robinson Run Interceptor facilities including the Oakdale Pump Station. The facilities are operated with funds generated by monthly payments from contributing communities. MATSF is the managing entity for these facilities and is responsible for the day to day operation and maintenance thereto.

Revenues received in 2020 from North Fayette, Oakdale, and McDonald will be approximately \$156,355. Due to the COVID 19 pandemic, the Robinson Run Advisory Committee chose not to meet in person as they normally would in November to discuss budget items and related issues. Alternatively, the MATSF Managing Director submitted various operational documentation and a Draft 2021 Budget to the Advisory Group members. That budget calls for a slight decrease in expenditures and corresponding revenue in 2021. No objections have been received regarding the proposed 2021 budget and therefore revenues from the participating communities are expected to amount to \$145,843. A detailed budget analysis for the jointly owned facilities is included at the end of this report.

#### 625.00 Investment Income

Investment revenue for the past few years has been in the order of magnitude of \$40,000 per year. However, as a result of the COVID-19 pandemic in 2020, interest rate revenue has decreased dramatically and will only amount to around \$12,500. Interest rates are currently just above 0% and no significant change is forecast for 2021. As such, investment income for 2021 is expected to be just under \$2,500.

**TABLE I - OPERATING REVENUE**

	Actual 2018	Actual 2019	Est. 2020	Budget 2020	Under/Over	Budget 2021
Ordinary Income/Expense						
602.00 · MATSF In-House Billing						
602.10 · Office Payments	3,193,750	1,308,486	0	0	0	0
602.20 · PNC ACH Payments	844,987	351,373	0	0	0	0
602.30 · Credit Card Payments	685,797	350,361	0	0	0	0
602.40 · Charge Off Payments	11,886	8,374	1,925	3,000	-1,075	2,000
602.50 · Muni-Link Billing Revenue	0	2,974,221	5,375,000	5,100,000	275,000	5,590,000
<b>Total 602.00 · MATSF In-House Billing</b>	<b>\$4,736,420</b>	<b>\$4,992,816</b>	<b>\$5,376,925</b>	<b>\$5,103,000</b>	<b>\$273,925</b>	<b>\$5,592,000</b>
616.00 · Other Reimbursements						
601.45 · Cecil Sewer Reimbursement	8,620	16,944	9,484	11,000	-1,516	10,000
616.20 · Misc. Rebates	7,473	9,609	2,200	3,500	-1,300	1,500
616.30 · Lien Letters	9,135	10,560	13,000	9,000	4,000	12,000
616.40 · Developer Deposits	119,594	118,764	46,365	50,000	-3,635	70,000
616.50 · Dye Testing/Lateral Inspections	45,585	56,363	46,900	52,000	-5,100	48,000
616.60 · Insurance Rebate	14,411	10,254	9,899	10,000	-101	10,000
616.70 · Agency Rebates	19,636	20,278	22,700	20,500	2,200	23,000
<b>Total 616.00 · Other Reimbursements</b>	<b>\$224,454</b>	<b>\$242,771</b>	<b>\$150,548</b>	<b>\$156,000</b>	<b>-\$5,452</b>	<b>\$174,500</b>
620.00 · Robinson Run Reimbursement						
620.40 · North Fayette	90,085	76,685	82,297	82,297	0	76,486
620.50 · Oakdale	29,260	28,622	33,109	33,109	0	31,152
620.60 · McDonald	37,904	37,070	40,949	40,949	0	38,205
<b>Total 620.00 · Robinson Run Reimbursement</b>	<b>\$157,249</b>	<b>\$142,377</b>	<b>\$156,355</b>	<b>\$156,355</b>	<b>\$0</b>	<b>\$145,843</b>
625.00 · Investment Income						
625.10 · PLGIT Term CD's	0	0	0	0	0	0
625.20 · PNC Sweep Account	2,210	1,015	115	1,000	-885	15
625.30 · PLGIT Plus/Class - Money Market	1	1	0	0	0	0
625.40 · Escrow CD's	14	10	6	0	6	0
625.50 · PLGIT - Class/Prime Interest	37,726	41,948	12,400	38,500	-26,100	2,400
<b>Total 625.00 · Investment Income</b>	<b>\$39,951</b>	<b>\$42,975</b>	<b>\$12,521</b>	<b>\$39,500</b>	<b>-\$26,979</b>	<b>\$2,415</b>
<b>Total Operating Revenue</b>	<b>\$5,158,074</b>	<b>\$5,420,938</b>	<b>\$5,696,349</b>	<b>\$5,454,855</b>	<b>\$241,494</b>	<b>\$5,914,758</b>



## DISCUSSION OF OPERATING EXPENSES

A detail of the operating expenses is presented in Table II. The table presents actual expenditures for 2018 and 2019, the projections for 2020 and a recommended budget for 2021. Following is a discussion of the operating expenses by category.

### 700.00 Sewer System Expenses

This is related to various expenditures for the operation and maintenance of the collector sewers and is broken into several subcategories. For 2020, the overall costs will be approximately \$40,000 less than the \$103,090 budgeted value. The savings are primarily due lower than normal costs for contracted maintenance in 2020, since MATSF personnel have the ability and equipment to perform various system maintenance tasks that have historically been contracted. The proposed budget for 2020 for this category is \$86,790. Some of the key expenditures that influence this category include:

- An allowance of \$20,000 for maintenance costs for sewer televising, cleaning and flow monitoring equipment
- Purchase of various supplies such as grade rings/donuts to adjust manholes to grade
- Purchase of various products for in-house manhole repairs
- Miscellaneous tools/equipment necessary for the day to day operation of the system
- Contracted maintenance of pipe or manholes for emergency or small scheduled projects

### 710.00 O&M Building

This category is for the maintenance and utility expenses associated with the O&M building located at 900 Presto Sygan Road, which as of early 2012, became the Authority's operation center for both office and field personnel. The building was constructed in 2010/2011. In 2019, significant expenditures included complete interior painting of the office at a cost of \$4,750 and new flooring was installed at a cost of \$15,700. No major expenditures were experienced in 2020 and therefore the overall operational costs for this facility including utilities and various

supplies/expenses will amount to approximately \$21,800 in 2020. For 2020, the recommended budget is for the O&M building is 24,700.

#### 730.00 Robinson Run Interceptor System

This category is for the non-labor related expenses associated with the O&M of the jointly owned Robinson Run Interceptor and Oakdale Pump Station to which MATSF is the managing entity. Non-labor related expenses in 2020 will amount to just over \$48,000, or approximately \$55,000 less than the budget value. No major problems were experienced in 2020 with resulted in lower than normal costs. For 2021, \$96,800 is the recommended budget value for non-labor related costs. This includes an allowance of \$25,000 for engineering and legal work associated with a future potential transfer of these facilities to ALCOSAN. More detail is provided at the rear of this report specific to the jointly owned Robinson Run facilities, including full budget detail for those facilities that was emailed to the Robinson Run Advisory Group in early November.

#### 725.0 Oakridge Pump Station

This category is for non-labor expenditures for operating and maintaining this pump station located at the lower end of Oakridge Road. It currently serves under 200 homes but this would change significantly in the future if the proposed 250 unit Newbury Village Apartment complex is constructed. The pump station was placed in operation in 1999 and with few operational problems for the first 20 years of operation, with most expenditures related to power costs and various chemical costs. However, one of the main sewage pumps failed in the 2<sup>nd</sup> half of 2018 necessitating the purchase of a new pump at a cost of \$11,815 in early 2019. Subsequently, in October 2019, the remaining original sewage pump began to malfunction. Therefore, another pump was ordered and installed in the Spring of 2020. Also, a wet well mixer was recently ordered at a cost of \$3,300. Thus, the 2020 non-labor costs associated with this facility will be just under \$21,000 versus a budget value of \$19,500. For 2021, the costs of operating this facility is expected to be significantly less and a budget value of \$13,750 is recommended.

#### 740.00 - 744.00 Main (Chartiers Creek) Pump Station

This category is for non-labor expenditures for operating and maintaining the Chartiers Creek pump station located at 900 Presto Sygan Road. This facility serves over 92% of the Authority customers. It was placed into operation in 1986 and had a major upgrade undertaken in 2014. The cost of that upgrade was over \$1.2 Million and the work included replacement of the motor control center along with a significant amount of other electrical/lighting work, wet well corrosion protection, a new sluice gate and piping improvements, a new comminutor and wet well mixer, a new fuel system for the generator, a new hoist, an odor control system, and various alarm and safety improvements.

Overall routine O&M expenses for the Chartiers Creek pump station in 2020 are anticipated to be approximately \$42,700 as compared with the budget value of \$42,950, with the cost of electric being approximately \$14,300 of the 2020 cost. Significant equipment maintenance at this location in 2020 included parts/ionizer bulbs for the odor control system (\$8,300) and costs associated with the rebuild of one of the main sewage pumps (\$7,920). Also, \$4,535 was spent for crack filling and sealing the asphalt driveway around the pump station and MATSF office. For 2021, the recommended non-labor budget for O&M of the Chartiers Creek Pump Station is recommended to be \$43,850. Note that the Capital Budget discussed later in this report makes an allowance for potential replacement of the flow metering data logger and associated components at a projected additional cost of \$15,000.

#### 747.0 Vehicle Operating Expenses

This category is for expenditures associated with operating and maintaining service vehicles and special mobile equipment. The Authority maintains a service fleet of 6 vehicles and the sewer televising van. Special mobile equipment includes the 2015 truck mounted sewer cleaner, along with 2 equipment trailers, a 2005 Kobelco mini excavator, a 2012 John Deere skid steer and a recently purchased Kubota off road utility vehicle. The cost in 2020 for the overall vehicle operating expense category will be approximately \$16,900 of which approximately \$7,200 will be for fuel. For 2021, the overall recommended budget for vehicle operating expenses is \$19,300.

#### 750.0 ALCOSAN Treatment Costs

This is the single largest category impacting the operating budget for MATSF. It is for expenditures associated with ALCOSAN fees for the cost of regional sewage conveyance and treatment. As discussed in the rates section of this report, ALCOSAN currently charges a \$17.86 quarterly service fee to MATSF for each customer plus an additional charge of \$8.50/thousand gallons of water use. For 2020, payments to ALCOSAN are expected to be approximately \$3.628 Million or nearly \$275,000 greater than anticipated. This is primarily due to the dry Summer months where overall water use was greater than normal. For 2021, ALCOSAN has indicated that their rates will increase 7.0% (to \$9.10/thousand gallons and \$19.11/quarter service charge). As such, the recommended 2021 budget value for ALCOSAN regional wastewater conveyance and treatment costs is \$3,800,000.

#### 780.0 Accounting

This category traditionally has been for expenditures for the non-labor related cost of bill collection, including fees paid to PAWC for their meter readings (at a unit cost of \$0.0627/account/month/ along with fees paid for delinquency collection issues such as payments to service providers for posting doors and payments to PAWC for shutting off water service to delinquent accounts. Due to the COVID-19 pandemic, MATSF was not able to pursue water shut off for delinquent accounts for the majority of the year. Therefore, the costs associated with those activities were far less than normal in 2020.

The accounting category also includes payments in 2020 of \$700 for each of the 4 South Fayette Volunteer Fire Departments, who assist MATSF personnel during emergency conditions.

The budget for 2021 is recommended to be \$15,100 for the Accounting category which includes continued payments to each of the 4 fire departments in the amount of \$700.



### 790.0 General Office

This category for operating the administrative office including a broad range of sub-tasks detailed in the budget table. For 2020, the overall category cost is anticipated to be approximately \$9,050 under the budget value of \$179,025. This General Office category includes all non-labor costs associated with the routine monthly MATSF in-house customer billing process, consisting of the “Billing Expenses” and “Postage” sub-categories. The approximate unit cost for in-house billing (exclusive of labor costs and bank fees) for 2020 is approximately \$0.87/bill exclusive of labor and bank/credit card fees. For 2021, the unit cost per bill is expected to be slightly greater than the 2020 cost.

Note that there are several additional subcategories under “General Office” called out on the expenses table. Those subcategories are considered to be self-explanatory.

The recommended 2021 budget value for the overall General Office category is \$187,775.

### 800.0 Employee Benefits

This category is for expenditures for the cost of employee benefits, workers compensation and uniforms. As always, the most significant employee benefit is related to health care costs amounting to \$163,490, which is approximately 57% of the total cost of employee benefits in 2020. However, steps taken by the Authority Board over the past several years have resulted in keeping health care costs under control. For 2021, health care costs are expected to be approximately \$176,500. This is due to a 3.5% rate increase for health care premiums from our provider for 2021 along with various personnel changes.

Pensions represent the second greatest benefit line item, with the 2020 value being \$51,558 and the 2021 cost projected to be \$55,932.

The overall Employee Benefit budget for 2021 is recommended to be \$299,219, or 5.3% greater than the 2020 budget value.

#### 798.0 Administrative/Professional Services

This category is for expenditures for various services including legal, engineering, IT and GIS consulting services. The 2020 budget for this overall category was \$210,000 and expenditures are expected to be approximately \$17,400 greater than the budgeted value. However, the over expenditures in 2020 are directly related to higher than anticipated inspection costs for various developments. Those inspection costs are reimbursed to MATSF by the developer. Other costs for engineering in this category are related to non-capital projects and include the engineer's retainer costs. GIS costs are for the MATSF portion of consulting costs associated with the Geographic Information System database utilized by both the Township and Authority.

For the IT category, costs are generally for the MATSF portion of the consultant shared with the Township. Other IT costs for software and hardware upgrades are tracked under a separate category in the Capital portion of this budget.

Legal costs for 2020 are projected to be approximately \$500 less than the budgeted value of \$95,000.

For 2021, the overall category budget for this category is recommended to be \$258,800. Of that, \$135,000 of the budget is expected to be related operating engineering expenses (including those expenses relating to reimbursable development inspection). Additional engineering services may be required in 2021, but those services are related to capital projects discussed later in this budget report. The cost of IT and miscellaneous consulting services is expected to be around \$13,000. A budget value for legal services in the amount of \$95,000 is recommended for 2021. Finally, GIS consulting costs are expected to be around \$15,800 in 2021.

#### 699.00 Payroll

Expenditures for the payment of employee salaries and overtime in 2020 will be around \$575,400 or about \$6,900 less than the budgeted value. In mid-2020, Rebecca Sray, the long term MATSF Office Manager, retired. Jamie Summers subsequently has assumed the Office Manager role. The remaining MATSF work force consists of the Managing Director, 1 full time and 3 part time customer service representatives, 4 full-time field personnel and 1 summer intern.

For 2021, the recommended budget for MATSF payroll, including an allowance for overtime, is \$547,000

Summary

Overall operating expenses in 2020 will be approximately \$5.108 Million, or approximately \$170,300 over budget. This overage is directly a result of the greater than anticipated payments to ALCOSAN in 2020 due to higher than normal water use by MATSF customers.

For 2021, the recommended operating budget is just over \$5.393 Million.

The most significant impact resulting in this value is the 7.0% increase in ALCOSAN rates for 2021.

TABLE II - OPERATING EXPENSES

	Actual 2018	Actual 2019	Est. 2020	Budget 2020	Under/(Over)	Budget 2021
<b>700.00 · Sewer System Expense</b>						
709.00 · CCTV / Flow Meter Maintenance	16,366	47,482	17,000	35,000	18,000	20,000
708.00 · Portable Tools and Equipment	5,592	3,983	4,900	5,000	100	5,000
703.00 · Supplies and Expense	21,090	19,596	26,500	27,000	500	30,000
704.00 · Contracted Maintenance	7,632	11,365	9,200	25,000	15,800	25,000
704.10 · Thoms Run Sewer System Maint	0	0	0	5,000	5,000	1,000
706.00 · Rent - RR & PaDot	3,090	3,090	3,090	3,090	0	3,090
707.00 · PA One Call System	2,684	2,812	2,400	3,000	600	2,700
<b>Total 700.00 · Sewer System Expense</b>	<b>\$56,454</b>	<b>\$88,328</b>	<b>\$63,090</b>	<b>\$103,090</b>	<b>\$40,000</b>	<b>\$86,790</b>
<b>710.00 - O &amp; M Building</b>						
710.70 · Vector Security	377	2,957	550	720	170	600
710.60 · Gas	3,409	3,066	2,900	4,100	1,200	3,500
710.50 · Supplies/Maintenance Expenses	8,120	29,650	9,100	11,000	1,900	10,500
710.40 · Telephone	6,226	6,217	6,300	6,800	500	6,600
710.30 · Water (Charged under Main Pump Station)	0	0	0	0	0	0
710.20 · Electric	3,885	3,293	2,950	4,000	1,050	3,500
<b>Total 710.00 - O &amp; M Building</b>	<b>\$22,018</b>	<b>\$45,182</b>	<b>\$21,800</b>	<b>\$26,620</b>	<b>\$4,820</b>	<b>\$24,700</b>
<b>730.00 · Robinson Run Interceptor w/o labor</b>						
730.01 · Maintenance Expense	71,875	35,320	13,134	35,000	21,866	32,000
731.10 · Electricity	15,159	14,801	12,414	16,500	4,086	16,000
731.40 · Water	169	168	171	250	79	200
731.30 · Diesel Fuel	298	0	400	600	200	600
Engineering & Professional	3,757	1,406	3,133	25,000	21,867	25,000
731.60 · Insurance	6,575	7,499	8,597	7,900	-697	9,000
731.70 · Stage I Inter & ADS Meters	4,738	12,676	10,347	18,000	7,653	14,000
731.80 · Stage II Inter	0	0	0	0	0	0
<b>Total 730.00 · Robinson Run Interceptor w/o labor</b>	<b>\$102,570</b>	<b>\$71,870</b>	<b>\$48,196</b>	<b>\$103,250</b>	<b>\$55,054</b>	<b>\$96,800</b>
<b>720.00 · South Fayette Pump Station</b>						
723.00 · Maintenance Expense	0	0	0	0	0	0
724.10 · Electricity	0	0	0	0	0	0
724.20 · Phone & Communications	0	0	0	0	0	0
724.30 · Fuel	0	0	0	0	0	0
<b>Total 720.00 · South Fayette Pump Station</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>725. · Oakridge Pump Station</b>						
725.30 · Fuel	0	0	150	250	100	250
725.20 · Phone & Communications	563	563	563	600	37	600
725.10 · Electricity	3,960	3,260	3,500	3,700	200	3,900
725.00 · Maintenance Expense	1,914	14,831	16,650	15,000	-1,650	9,000
<b>Total 725. · Oakridge Pump Station</b>	<b>\$6,437</b>	<b>\$18,655</b>	<b>\$20,863</b>	<b>\$19,550</b>	<b>-\$1,313</b>	<b>\$13,750</b>



**TABLE II - OPERATING EXPENSES**

	Actual 2018	Actual 2019	Est. 2020	Budget 2020	Under/(Over)	Budget 2021
<b>740 · Main Pump Station Expenses</b>						
743.00 · Utilities Supplies & Expense						
743.20 · Phone & Communications	623	623	623	650	27	650
743.10 · Electricity	15,719	14,850	14,300	16,000	1,700	15,500
743.40 · Water	1,523	1,213	1,400	1,800	400	1,600
743.50 · Chemicals	2,900	1,392	1,400	2,000	600	1,600
743.60 · Other Supplies & Expense	206	0	325	500	175	500
<b>Total 743.00 · Utilities Supplies &amp; Expense</b>	<b>\$20,971</b>	<b>\$18,079</b>	<b>\$18,048</b>	<b>\$20,950</b>	<b>\$2,902</b>	<b>\$19,850</b>
<b>744.00 · Maintenance</b>						
745.00 · Structure and Grounds	0	2,157	4,535	2,000	-2,535	2,000
746.00 · Equipment	21,578	34,361	20,100	20,000	-100	22,000
<b>Total 744.00 · Maintenance</b>	<b>\$21,578</b>	<b>\$36,518</b>	<b>\$24,635</b>	<b>\$22,000</b>	<b>-\$2,635</b>	<b>\$24,000</b>
<b>Total 740 · Main Pump Station Expenses</b>	<b>\$42,549</b>	<b>\$54,597</b>	<b>\$42,683</b>	<b>\$42,950</b>	<b>\$267</b>	<b>\$43,850</b>
<b>747.00 · Vehicle Expense</b>						
747.30 · Special Mobile Equipment	6,886	242	1,200	2,000	800	2,000
747.20 · Repairs	8,431	4,644	8,500	7,000	-1,500	9,000
747.10 · Gasoline	10,243	7,946	7,200	9,500	2,300	8,300
<b>Total 747.00 · Vehicle Expense</b>	<b>\$25,561</b>	<b>\$12,833</b>	<b>\$16,900</b>	<b>\$18,500</b>	<b>\$1,600</b>	<b>\$19,300</b>
<b>750.00 · Alcosan Treatment Costs</b>						
751.00 · Sewage Treatment	2,934,125	3,121,709	3,628,400	3,354,235	-274,165	3,800,000
<b>Total 750.00 · Alcosan Treatment Costs</b>	<b>\$2,934,125</b>	<b>\$3,121,709</b>	<b>\$3,628,400</b>	<b>\$3,354,235</b>	<b>-\$274,165</b>	<b>\$3,800,000</b>
<b>780.00 · Accounting</b>						
781.00 · User Readings	3,995	4,176	4,320	4,300	-20	4,500
781.20 · User's Billings Water Off/On	1,410	1,080	950	1,800	850	1,800
781.50 · Misc. Accounting/Fire Dept. Contributions	2,400	2,800	2,800	2,800	0	2,800
781.60 · Posting Costs	5,880	4,695	1,995	5,500	3,505	6,000
<b>Total 780.00 · Accounting</b>	<b>\$13,685</b>	<b>\$12,751</b>	<b>\$10,065</b>	<b>\$14,400</b>	<b>\$4,335</b>	<b>\$15,100</b>
<b>790.00 · General Office</b>						
793.95 · Billing Expenses	34,272	45,228	39,000	40,000	1,000	41,000
793.90 · Legal Advertisement	353	2,204	435	500	65	400
793.00 · Telephone Service (Cell Phones)	6,033	5,052	5,750	5,600	-150	5,700
793.10 · Supplies and Expense	18,849	22,627	20,300	20,000	-300	22,000
793.20 · Postage	25,616	31,551	31,800	33,000	1,200	33,000
793.40 · Audit Fees	7,875	7,975	8,225	8,225	0	8,475
793.50 · Insurance	29,876	29,495	31,625	31,500	-125	34,500
793.60 · Bank Charges/Billing Credit Card Fees	23,223	28,331	29,100	26,000	-3,100	31,500
793.70 · Dues	2,605	2,425	2,540	3,200	660	3,200
793.80 · Seminars, Continued Education	8,532	9,367	1,200	11,000	9,800	8,000
<b>Total 790.00 · General Office</b>	<b>\$157,233</b>	<b>\$184,254</b>	<b>\$169,975</b>	<b>\$179,025</b>	<b>\$9,050</b>	<b>\$187,775</b>

**TABLE II - OPERATING EXPENSES**

	Actual 2018	Actual 2019	Est. 2020	Budget 2020	Under/(Over)	Budget 2021
<b>800.00 · Employee Benefits</b>						
800.10 · Workers Compensation	11,491	11,372	11,200	11,879	679	11,922
<b>800.20 · Medical</b>						
800.31 - Deductible Payments	17,625	16,400	16,400	16,400	0	16,450
800.20 · Premiums less employee contributions	118,709	131,133	147,090	146,090	-1,000	160,088
<b>Total 800.20 · Medical</b>	<b>\$136,334</b>	<b>\$147,533</b>	<b>\$163,490</b>	<b>\$162,490</b>	<b>-\$1,000</b>	<b>\$176,538</b>
<b>793.30 · Uniforms</b>	<b>3,163</b>	<b>5,218</b>	<b>4,400</b>	<b>3,700</b>	<b>-700</b>	<b>4,500</b>
<b>800.30 · Pension Expense</b>	<b>53,831</b>	<b>55,214</b>	<b>51,558</b>	<b>51,558</b>	<b>0</b>	<b>55,932</b>
<b>800.40 · FICA Expense - Employees</b>	<b>42,983</b>	<b>39,298</b>	<b>43,100</b>	<b>44,546</b>	<b>1,446</b>	<b>41,845</b>
<b>800.60 · Life/Disability Insurance</b>	<b>7,370</b>	<b>6,439</b>	<b>7,000</b>	<b>7,433</b>	<b>433</b>	<b>6,167</b>
<b>800.70 · Unemployment Insurance</b>	<b>2,674</b>	<b>2,874</b>	<b>2,860</b>	<b>2,553</b>	<b>-307</b>	<b>2,315</b>
<b>Total 800.00 · Employee Benefits</b>	<b>\$257,846</b>	<b>\$267,948</b>	<b>\$283,608</b>	<b>\$284,159</b>	<b>\$551</b>	<b>\$299,219</b>
<b>798.00 · Administrative</b>						
798.40 · GIS	10,372	20,914	12,400	18,000	5,600	15,800
798.30 · IT / Part time in-house consultant	14,760	15,900	8,500	17,000	8,500	13,000
798.10 · Engineering & Development Inspection	68,163	124,379	112,000	80,000	-32,000	135,000
798.20 · Legal	75,624	84,528	94,500	95,000	500	95,000
<b>Total 798.00 · Administrative</b>	<b>\$168,919</b>	<b>\$245,721</b>	<b>\$227,400</b>	<b>\$210,000</b>	<b>-\$17,400</b>	<b>\$258,800</b>
<b>699.0 Payroll</b>	<b>\$580,467</b>	<b>\$531,292</b>	<b>\$575,400</b>	<b>\$582,300</b>	<b>\$6,900</b>	<b>\$547,000</b>
<b>TOTAL - OPERATING EXPENSES</b>	<b>\$4,367,866</b>	<b>\$4,655,139</b>	<b>\$5,108,380</b>	<b>\$4,938,079</b>	<b>-\$170,301</b>	<b>\$5,393,084</b>

## DISCUSSION OF CAPITAL REVENUES AND EXPENSES

A detail of the capital revenue and expenses is presented in Table III. The table presents actual capital revenue and expenses data for 2018, 2019, along with projections for 2020 and a recommended budget for 2021. Note that Debt Service costs associated with loans for major capital improvements are tracked as non-operating expenses under this portion of the budget. Likewise, revenue from connection charges and investment income are tracked as non-operating revenue in this section. Connection charges are generally utilized for the purposes of offsetting the cost of major capital system improvements as opposed to offsetting expenditures in the operating budget. Surpluses or deficits from either the operating budget or capital budget are transferred to or from the Authority Reserve funds, which will be summarized later in this report.

Capital spending for special projects in 2020 will amount to approximately \$514,000 as compared with a 2020 budget value of \$544,000.

Capital revenue is generated primarily from such items as connection charges, grants, and new borrowing. For 2020, the vast majority of capital revenue received is related to connections charges. The total anticipated connection charge revenue in 2020 is \$237,000 or \$63,000 under the revenues that were anticipated in the 2020 budget. Additional capital revenue received in 2020 was \$35,442 in the form of a “GROW” grant from ALCOSAN for rehabilitation work completed in 2016 on the upper portion of the Millers Run Trunk Sewer.

A brief explanation of each category follows along with recommendation by category for the 2021 budget follows:

TABLE III - CAPITAL EXPENSES AND REVENUE

	Actual 2018	Actual 2019	Est. 2020	Budget 2020	Under/Over	Budget 2021
<b>Capital Expenses</b>						
<b>Debt Service</b>						
913 · AIM Loan	0	0	0	0	0	0
912 · PNC# 604901744 - 2011	181,302	181,302	181,302	181,302	0	15,109
905 · Pennvest # 75015	0	0	0	0	0	0
906 · Pennvest # 71074	0	0	0	0	0	0
911 · PNC #603046075	0	0	0	0	0	0
914 · PNC 2013 Loan	222,448	222,448	222,448	222,448	0	222,448
915 · 2018 Washington Financial Loan	101,996	174,850	174,850	174,850	0	174,850
<b>Total Debt Service</b>	<b>\$505,746</b>	<b>\$578,600</b>	<b>\$578,600</b>	<b>\$578,600</b>	<b>\$0</b>	<b>\$412,408</b>
<b>Special Projects</b>						
<b>Miscellaneous</b>						
919.00 · Administrative & Fiscal	15,000	0	0	0	0	0
927.00 · Hickory Heights Repairs	0	0	0	0	0	0
925.10 · 3RWW Consolidation Study	0	0	0	0	0	0
<b>Total Miscellaneous</b>	<b>\$15,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>921.00 · System Upgrades</b>						
927.02 · Millers Run Trunk Sewer	2,578,506	139,766	661	0	-661	0
921.40 · Main Pump Station Improvements	28,905	0	0	15,000	15,000	15,000
921.20 · Pipeline Rehabilitation	13,431	24,557	475,700	400,000	-75,700	250,000
921.10 · Manhole Rehabilitation	0	0	0	10,000	10,000	10,000
921.00 · System Upgrades - Other	0	0	0	0	0	25,000
<b>Total 921.00 · System Upgrades</b>	<b>\$2,620,842</b>	<b>\$164,323</b>	<b>\$476,361</b>	<b>\$425,000</b>	<b>-\$51,361</b>	<b>\$300,000</b>
<b>922 · Capital Purchases</b>						
922.30 · Vehicles	0	82,821	0	0	0	65,000
922.20 · Field Equipment	3,154	43,802	15,845	79,000	63,155	54,000
922.10 · Office Equipment/IT Buildout	21,052	45,874	17,800	20,000	2,200	20,000
<b>Total 922 · Capital Purchases</b>	<b>\$24,207</b>	<b>\$172,497</b>	<b>\$33,645</b>	<b>\$99,000</b>	<b>\$65,355</b>	<b>\$139,000</b>
<b>924 · Alcosan Capital Project</b>						
924.20 · Alcosan Capital Project-ACO	0	0	0	0	0	30,000
924.10 · Lateral Rebate	7,000	13,300	4,000	20,000	16,000	14,000
924 · Alcosan Capital Project - Other	0	0	0	0	0	0
<b>Total 924 · Alcosan Capital Project</b>	<b>\$7,000</b>	<b>\$13,300</b>	<b>\$4,000</b>	<b>\$20,000</b>	<b>\$16,000</b>	<b>\$44,000</b>
<b>Total Special Projects</b>	<b>\$2,667,049</b>	<b>\$350,119</b>	<b>\$514,006</b>	<b>\$544,000</b>	<b>\$29,994</b>	<b>\$483,000</b>
<b>Total Debt Service and Capital Purchases/Projects</b>	<b>\$3,172,795</b>	<b>\$928,719</b>	<b>\$1,092,606</b>	<b>\$1,122,600</b>	<b>\$29,994</b>	<b>\$895,408</b>



**TABLE III - CAPITAL EXPENSES AND REVENUE**

	Actual 2018	Actual 2019	Est. 2020	Budget 2020	Under/Over	Budget 2021
<b>Capital Revenue</b>						
Loan Proceeds						
PNC 2013 Loan	0	0	0	0	0	0
Washington Financial 2018 Loan	1,500,000	0	0	0	0	0
<b>Total - Loan Proceeds</b>	\$1,500,000	\$0	\$0	\$0	\$0	\$0
<b>650.00 - Tap In Fees</b>						
Tap fee for Thoms Run	0	0	0	0	0	0
Tap fee for Robinson Run	0	4,000	5,000	0	-5,000	0
Tap fee for Chartiers Creek	662,978	273,686	232,000	300,000	68,000	454,600
<b>Total 650.00 - Tap In Fees</b>	\$662,978	\$277,686	\$237,000	\$300,000	\$63,000	\$454,600
<b>675.00 - Capital Reimbursements</b>						
Benefit Assessment Liens Paid	0	6,470	0	0	0	0
PEMA/FEMA Reimbursements	0	0	0	0	0	0
Misc. Capital Reimbursements	0	0	35,442	35,800	358	0
<b>Total 675.00 - Capital Reimbursements</b>	\$0	\$6,470	\$35,442	\$35,800	\$358	\$0
<b>Total Capital Revenue</b>	<b>\$2,162,978</b>	<b>\$284,156</b>	<b>\$272,442</b>	<b>\$335,800</b>	<b>\$63,358</b>	<b>\$454,600</b>
<b>Capital Revenues Less Capital Expenses</b>	<b>-\$1,009,817</b>	<b>-\$644,563</b>	<b>-\$820,164</b>	<b>-\$786,800</b>	<b>\$33,364</b>	<b>-\$440,808</b>

## CAPITAL EXPENSES-SPECIAL PROJECTS

### *Miscellaneous System Upgrades*

Miscellaneous capital system upgrades consist of projects to rehabilitate the sanitary collection and conveyance system. Projects include rehabilitation of manholes and pipelines as well as upgrades to the pump stations. In 2020, no capital costs were incurred for manhole rehabilitation. Routine in-house manhole repairs are tracked under the operating budget.

In 2019, approximately \$25,000 was expended for lining a portion of the Portman Run sewer behind the Giant Eagle. In 2020, MATSF awarded 2 contracts totaling \$448,269 for continued pipe lining/grouting in the Portman Run sewershed. The project includes cured in place (CIPP) lining of sewer mains along with lateral lining and lateral grouting. The work was broken into 2 contracts (2020-01A for the main lining and 2020-01B for the lateral lining/grouting).

Those contracts were awarded by the MATSF Board during their April 2020 meeting.

The sewer main lining work was awarded to Insight Pipe and they completed their work in early June. Robinson Pipe was awarded the lateral lining and grouting work. The lateral lining work was performed in August and the grouting work is underway and will be complete by December.

All expenses for the Chartiers Creek pump station in 2020 were tracked within the operating budget., although the 2021 capital budget allows \$15,000 to purchase/install a new flow data logger and associated components at this facility.

For 2021, a budget value of \$10,000 is recommended for potential manhole repairs not performed by MATSF personnel. For pipe rehabilitation, \$250,000 is recommended to be budgeted to allow for lining of various mains and laterals and spot liners at multiple locations throughout the system.

Finally, under System Upgrades for 2021, \$25,000 is recommended to be set aside for preliminary design work associated with potential sanitary extensions from the proposed Stonegate Plan.

### ***Millers Run Trunk Sewer***

The most significant capital project recently undertaken over the past few years by MATSF is related to improvements in conveyance capacity on the Millers Run Trunk Sewer. As part of MATSF's Feasibility Study that was submitted to ACHD/PaDEP in July of 2013, the Millers Run Trunk Sewer was identified as having insufficient capacity for conveyance of wet weather flow from severe storm events. As such, the study recommended increasing the capacity of that portion of the system via a combination of parallel piping or enlargement of the existing sewer. . Subsequently, KLH in 2015 was authorized to proceed with detailed design of the project which included approximately 8,750 linear feet of pipe in 2 locales. The lower portion of the work commenced from the vicinity of the Magistrates office located along Millers Run Road to the Newbury Market entrance road. The upper portion of the project commenced from the upper end of Cuddy Lane and terminated behind the Shultz facility across from Westbridge Industrial Park. The PaDEP construction permit for the project was approved in early November 2017. Easement acquisition and advertisement for bids occurred in early 2018. Bids were received in February 2018 and the MATSF Board subsequently awarded the contract to the low bidder, Kukurin Contracting, in the amount of \$2,542,245. The project was substantially completed in late 2018 and the final construction cost was \$2,590,242. Contractor close-out costs and related engineering costs for this project in 2019, including release of retainage amounted to approximately \$140,000. Final project costs in 2020 were under \$1,000 and were related to post project documentation to the Allegheny County Conversation District.

### ***Capital Purchases***

Capital purchases are for equipment and related items that will be depreciated over time. Examples are vehicles, construction equipment, office furniture and computer equipment. In 2019, a new F550 dump with plow and spreader was purchased from A&H equipment in the amount of \$82,821. No new vehicles were purchased in 2020 but \$65,000 is recommended to be budgeted for a new utility truck in 2021. Capital field equipment purchases in 2020 included a plate tamper (\$1,930), a Honda portable generator (\$1,210) and a Kubota ATV (\$13,915). In 2021, additional field equipment considered for the budget include \$9,000 for new GPS equipment (to the extent the additional unit needs replaced), \$10,000 for manhole grouting equipment and initial supplies, and \$35,000 for a sewer televising equipment for off-road applications.

Approximately \$17,800 will be expended in 2020 for Office Equipment/IT build-out. This includes IT services by Jenlor Integrations. For 2021, similar expenses are envisioned including software updates, system back-ups, and related costs with the recommended budget being \$20,000.

### ***ALCOSAN Corrective Action Plan/ACHD Consent Order Implementation***

This budget category represents expenses that relate directly to meeting the requirements of the MATSF's Corrective Action Plan agreement with ALCOSAN (executed in 1996) along with non-labor costs associated with compliance with MATSF's Administrative Consent Orders with Allegheny County Health Department (ACHD). While the most recent update to the ACHD orders is still under negotiation with the regulatory agencies and various municipal representatives, it is recommended that the 2021 capital budget allow \$30,000 for various engineering activities related to flow modeling and other compliance related activities.

Independent of the Administration Consent Orders, as a condition of the 1983 Agreement between MATSF and ALCOSAN, the amount of wastewater conveyed to the ALCOSAN system must be monitored and compared with billed water consumption on a quarterly basis. In 1996, MATSF, in conjunction with the few other communities that have a similar agreement with



ALCOSAN, reached a settlement which allows each community to establish an internal escrow fund for local studies/projects/equipment that are related to reducing infiltration and inflow (I/I) in lieu of making penalty payments to ALCOSAN. See Table IV for an annual summary of excess I/I for the MATSF Chartiers Creek system. Note that in 2017 through mid-2020, excess I/I values are significantly higher than normal due to extraordinarily higher than normal precipitation. MATSF has undertaken studies/projects to date that exceed the required escrow amount. Costs for capital projects involving the repair of manholes and major pipe rehabilitation are discussed and tracked in the System Upgrades portion of this report.

A subcategory under the ALCOSAN CAP/ACO category relates to the reimbursement program that MATSF has in place for property owners that replace their private sewer lateral. This program exists to help MATSF comply with the ALCOSAN CAP agreement regarding infiltration/inflow and as part of the long-term strategy of MATSF to maintain system capacity and to eliminate wet weather related sewer overflows. Approximately \$4,000 in payments are anticipated to be made to property owners in 2020 who replaced laterals. The current rebate is \$1,000. An additional \$5.00/foot is paid for any sewer replacement greater than 100 feet.. The recommended budget value for lateral replacement reimbursements to property owners in 2021 is recommended to be \$14,000.

TABLE IV  
 CHARTIERS CREEK SEWERSHED EXCESS INFILTRATION/INFLOW

<u>YEAR</u>	<u>Excess I/I</u>	<u>Cost/YEAR</u>	<u>\$/Thousand Gallons</u>	<u>Customers</u>	<u>COST/Customer/Month</u>	<u>PRECIP. (Inches)</u>
1987	12.214	\$3,506.27	\$0.29	2,951	\$0.10	
1988	18.827	\$5,542.12	\$0.29	3,027	\$0.15	
1989	81.833	\$35,408.00	\$0.43	3,087	\$0.96	
1990	71.037	\$38,103.12	\$0.54	3,261	\$0.97	
1991	32.248	\$22,361.72	\$0.69	3,598	\$0.52	31.67
1992	17.153	\$15,266.17	\$0.89	3,712	\$0.34	29.55
1993	46.166	\$48,473.68	\$1.05	3,869	\$1.04	33.34
1994	85.332	\$100,690.22	\$1.18	3,927	\$2.14	46.14
1995	41.769	\$54,299.70	\$1.30	4,256	\$1.06	27.24
1996	113.263	\$123,063.20	\$1.09	4,385	\$2.34	42.83
1997	66.318	\$86,213.40	\$1.30	4,512	\$1.59	34.78
1998	84.479	\$147,909.58	\$1.75	4,657	\$2.65	34.37
1999	30.680	\$55,837.60	\$1.82	4,846	\$0.96	37.4
2000	11.315	\$20,593.30	\$1.82	4,921	\$0.35	40.06
2001	45.146	\$97,881.77	\$2.17	5,105	\$1.60	33.65
2002	49.206	\$109,729.38	\$2.23	5,266	\$1.74	39.6
2003	118.238	\$263,670.74	\$2.23	5,356	\$4.10	41.67
2004	160.051	\$394,446.00	\$2.46	5,456	\$6.02	54.44
2005	101.817	\$254,542.50	\$2.50	5,549	\$3.82	34.61
2006	26.156	\$70,109.24	\$2.68	5,652	\$1.03	36.49
2007	29.985	\$89,355.30	\$2.98	5,753	\$1.29	34.60
2008	50.679	\$162,265.60	\$3.20	5,840	\$2.32	36.74
2009	12.335	\$44,367.02	\$3.60	5,911	\$0.63	29.06
2010	0.000	\$0.00	\$4.04	5,923	\$0.00	33.47
2011	64.107	\$258,991.88	\$4.04	6,011	\$3.59	45.37
2012	16.581	\$70,083.91	\$4.32	6,110	\$0.96	35.98
2013	22.641	\$97,809.12	\$4.32	6,218	\$1.31	37.63
2014	18.821	\$92,978.38	\$5.05	6,331	\$1.22	36.57
2015	21.016	\$117,899.76	\$5.61	6,430	\$1.53	40.39
2016	26.479	\$161,163.65	\$6.23	6,533	\$2.06	41.06
2017	55.535	\$378,859.82	\$6.91	6,650	\$4.75	44.89
2018	79.917	\$1,060,780.04	\$7.42	6,757	\$13.08	62.20
2019	88.677	\$693,295.39	\$7.94	6,869	\$8.41	54.12
2020	77.756	\$805,115.02	\$8.50		Through August	
<b>TOTAL</b>	<b>1,362.899</b>	<b>\$5,563,456.50</b>	<b>Since June 1996</b>			

## CAPITAL REVENUES

### *Tap Fees (Connection Charges)*

Approximately \$237,000 is anticipated for Tap Fee revenue in 2020 (vs. budget value of \$300,000). Through November 5, 2020, MATSF received connection applications for 101 residential units. In addition, commercial connection fees were paid in 2020 for the following:

- i. Gateway Shoppes (Tropical Smoothie)      \$ 8,536
- ii. Hastings Crescent (commercial portion)      \$ 1,211

For 2021, approximately \$454,600 of connection charge revenue is anticipated. Once again, the majority of these fees (estimated at \$335,000) will be from continued residential development. Significant commercial connection fees in excess of \$100,000 are anticipated to be received based upon activity in Newbury Market (proposed BJ Wholesale Club), the proposed American Natural to be located at the former King's Restaurant site and initial buildings at The Piazza located at the former Star City property.

### *Capital Reimbursements*

This category is for revenue received from outstanding liens, various grants or miscellaneous capital income. In 2019, MATSF reapplied for a "GROW" grant from ALCOSAN for lining/grouting work done in the upper end of the Millers Run Trunk Sewer in 2016. ALCOSAN subsequently approved a reimbursement grant in the amount of \$35,442 which was received in 2020. No such funding is anticipated to be received in 2021 but another GROW grant application likely will be submitted to ALCOSAN by mid-year for the sewer rehabilitation work completed in the Portman Run sewershed.

### *Loan Proceeds*

This category is for funds received from new borrowing. There was no new borrowing in 2020 and none is anticipated for 2021.

## DEBT SERVICE

The following tables provide information for 2020 and 2021 MATSF debt service.

### 2020 DEBT YEAR END

LOAN DESCRIPTION	PRINCIPAL/ TERM	RATE	OUTSTANDING BALANCE	2020 DEBT SERVICE	EXPIRATION
PNC 2011 Note Contracts2009-1,2/2011-1	\$ 1,500,000.00 10 Year	3.890%	\$ 15,109.00	\$ 181,302	January 2021
PNC 2013 Note	\$2,000,000.00 10 Year	2.150%	\$ 567,009.57	\$ 222,448	August 2023
Washington Financial Millers Run Contract 2016-01	\$ 1,500,000.00 10 Year	3.125%	\$ 1,167,683.00	\$ 174,850	May 2028
			<b>\$ 1,749,801.57</b>	<b>\$ 578,600</b>	

### 2021 DEBT SERVICE

LOAN DESCRIPTION	PRINCIPAL/ TERM	RATE	2021 DEBT SERVICE	EXPIRATION
PNC 2011 Note Contracts2009-1,2/2011-1	\$ 1,500,000.00 10 Year	3.890%	\$ 15,109	January 2021
PNC 2013 Note	\$2,000,000.00 10 Year	2.150%	\$ 222,448	August 2023
Washington Financial Millers Run Contract 2016-01	\$ 1,500,000.00 10 Year	3.125%	\$ 174,850	May 2028
			<b>\$ 412,408</b>	

Note that 2011 PNC Note will be paid in full in January 2021.



## AUTHORITY RESERVES

Surpluses or deficits from either the operating budget or capital budget are transferred to or from the Authority Reserve funds. Following is a summary of the approximate end of year Authority Reserve balance and some of the key factors impacting the reserve balance.

<b>Year End</b>	<b>Notes of key factors impacting reserves</b>	<b>Approx. Reserve Balance</b>
2012		\$0.542 Million
2013	\$2.0 Million PNC Loan secured this year	\$1.973 Million
2014	Chartiers Creek P.S. Improvements completed	\$1.601 Million
2015	Steen Hollow, Manhole and Pipe rehab projects	\$1.565 Million
2016	Design Millers Run Trunk Sewer upgrades	\$1.943 Million
2017	Millers Run Trunk Sewer upgrade final design/permitting and pipe/lateral rehabilitation	\$2.330 Million
2018	Millers Run Trunk Sewer upgrade construction and Washington Financial \$1.5 Million Loan	\$2.119 Million
2019	No major capital projects in 2019	\$2.237 Million
2020	Expanded pipe rehab in Portman Run vicinity	\$2.005 Million
2021	Continued miscellaneous system upgrades	\$2.086 Million

## ROBINSON RUN OPERATING BUDGET

A separate operating fund is maintained for the operation and maintenance of the jointly owned Robinson Run Interceptor sewer facilities. The facilities consist of a gravity interceptor sewer from McDonald Borough to a pump station located in the Oakdale Industrial Park, an 18 inch diameter Force Main which follows the alignment of the Panhandle trail to the vicinity of Nike Site Road in Collier Township and a 24 inch diameter gravity interceptor sewer which continues to follow the trail to a point of connection with the ALCOSAN Chartiers Creek Interceptor in Scott Township near Carnegie. The oversight of the facilities, although managed and operated on a day to day basis by MATSF personnel, includes participation by all of the contributing communities via the Robinson Run Advisory Group. This advisory group consists of designated

management, board and/or engineering representatives from each of the participating entities. The group meets as required and approves the annual budget as well as any extraordinary expenses that may arise.

Revenue to operate the joint RRIS facilities comes from user fees assessed to the contributing communities based on a percentage agreed to during the initial construction and flow allocations. MATSF has been the manager and operator of the facilities since they were placed into operation in 1989. The annual RRIS budget is divided into monthly amounts charged to each entity. Any excess funds are placed into a reserve fund to help defray unforeseen circumstances not contemplated with the annual budget.

The chart below details the member contributions in 2020 and the 2020 customer count.

	2020 Monthly Budget Contribution	2020 Annual Budget Contribution	2020 Special Payments beyond budget	Customers End of 2020
North Fayette Township	\$ 6,858.10	\$ 82,297	\$ 0	2,720
McDonald Sewage Authority	\$ 3,412.45	\$ 40,949	\$ 0	1,033
Oakdale Borough	\$ 2,759.10	\$ 33,109	\$ 0	700
South Fayette Township MA	\$ 1,574.50	\$ 18,894	\$ 0	306
<b>Totals</b>	<b>\$ 14,604.15</b>	<b>\$ 175,250</b>	<b>\$ 0</b>	<b>4,759</b>

The RRIS reserve fund balance at the beginning of 2020 was \$72,229. The balance as of October 2020 was \$142,621.

The proposed budget for 2021 for the operation of the jointly owned RRIS facilities is \$163,800. The following table depicts actual values for 2018 and 2019 along with a projection for 2020 and the 2021 budget.

ROBINSON RUN INTERCEPTOR SYSTEM

	2018		2019		2020		2021	
	Actual	Budget	Actual	Budget	Projected	Budget	Projected	Budget
<b>INCOME</b>								
620.00 · Robinson Run Reimbursement								
620.40 · North Fayette	90,085	75,085	76,685	76,685	82,297	82,297	100.00%	\$ 76,486
620.50 · Oakdale	29,260	29,260	28,621	28,621	33,109	33,109	100.00%	\$ 31,152
620.60 · McDonald	37,904	37,904	37,070	37,070	40,949	40,949	100.00%	\$ 38,205
620.70 · South Fayette	15,690	15,690	15,375	15,375	18,894	18,894	100.00%	\$ 17,957
<b>Total 620.00 · Robinson Run Reimbursement</b>	<b>172,940</b>	<b>157,940</b>	<b>157,750</b>	<b>157,750</b>	<b>175,250</b>	<b>175,250</b>	<b>100.00%</b>	<b>\$ 163,800</b>
<b>EXPENSE</b>								
730.00 · Robinson Run Interceptor								
730.01 · Oakdale PS Maintenance	68,681	20,000	34,098	35,000	13,134	35,000	37.53%	\$ 32,000
Stage I Sewer Maint.	0	10,000	0	10,000	0	8,000	0.00%	\$ 5,000
Stage II Sewer Maint.	0	0	0	0	0	0	0.00%	\$ -
731.10 · Electricity	14,244	15,000	14,873	16,500	12,414	16,500	75.24%	\$ 16,000
731.20 · Telephone	0	0	0	0	0	0		\$ -
731.40 · Water	173	250	168	250	171	250	68.40%	\$ 200
731.30 · Diesel Fuel	448	500	0	600	400	600	66.67%	\$ 600
731.60 · Insurance	3,587	6,400	7,499	7,400	8,597	7,900	108.82%	\$ 9,000
731.70 · Stage I Inter/ADS Meters	4,643	4,000	12,960	7,500	10,347	10,000	103.47%	\$ 9,000
Engineering & Professional	5,614	10,000	1,407	10,000	3,133	25,000	12.53%	\$ 25,000
Administration PS/ Sewers	8,176	9,000	7,979	10,000	7,982	10,000	79.82%	\$ 10,000
MATSF Labor - Oakdale PS	42,422	45,000	33,438	45,000	28,677	45,000	63.73%	\$ 40,000
MATSF Labor-Stage I & Flow Meters	8,157	7,000	8,322	9,000	8,646	10,000	86.46%	\$ 10,000
MATSF Labor - Stage II Sewer	5,478	1,500	0	2,000	0	2,000	0.00%	\$ 2,000
Flow Meters Administration	3,500	5,000	3,476	4,500	4,343	5,000	86.86%	\$ 5,000
<b>Total 730.00 · Robinson Run Interceptor</b>	<b>165,123</b>	<b>133,650</b>	<b>124,220</b>	<b>157,750</b>	<b>97,844</b>	<b>175,250</b>	<b>55.83%</b>	<b>\$ 163,800</b>
<b>NOTES:</b>								
ANNUAL SURPLUSES OR DEFICITS ARE TRANSFERRED TO/FROM THE RRIS RESERVE ACCOUNT								
RRAG ELECTED TO CONTINUE TO MAKE MONTHLY PAYMENTS IN 2017 and 2018 AT THE SAME AMOUNT AS THE 2016 BUDGET.								
NORTH FAYETTE TOWNSHIP MADE A SUPPLEMENTAL PAYMENT OF \$15,000 IN 2018.								

2021 EDU's

2,720  
700  
1,033  
306  
4,759