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2018 Electric, Water, and Road Department Budgets

The Board of Public Works recommends the proposed 2018 operating budgets for the Borough's Electric and Water Utilities for Mayor and Council approval. In the Electric Utility, the **Purchase of Current** is our cost to purchase the power that we sell to our customers and is based upon the Borough's wholesale power purchase contracts and pass-through costs.

Revenues for 2018 are estimated based upon our projected consumption and our present rates. **Other Expenses** for both utilities include items required to carry on the operations such as maintenance, supplies, contracts and professional services. **Capital Outlay** includes items that have a life expectancy of five years or more, such as wires, poles, pumps, vehicles, and structure improvements. In the Electric Utility, the Capital Outlay has been reduced in 2018 as we will be utilizing previously authorized electric capital reserve funds to purchase these materials. In the Water Utility, the funding to purchase capital items is included in the operating budget.

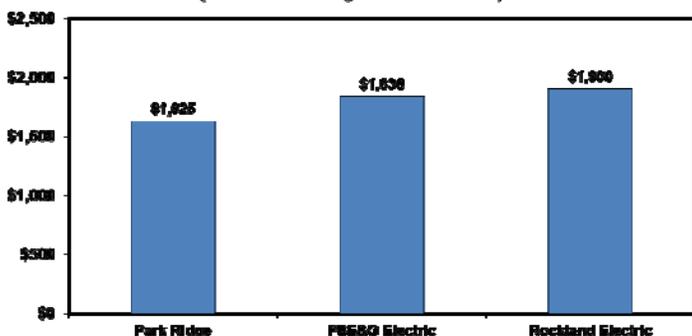
Electric Utility: The Electric Utility budget includes funds in the Other Expenses line item to perform substation maintenance. Capital reserve funds will be used to perform utility pole testing and treatment, and power line clearance tree trimming. The Electric Utility will once again transfer \$655,000 in cash to the Borough's current account in lieu of energy taxes, pay rent, and for the reimbursement of shared municipal expenses. Effective January 1, 2018 there was an increase to the Power Adjustment charge, but we do not anticipate an increase in electric base rates this year. **Park Ridge's residential electric rate is approximately 11% lower than PSE&G's rate as of January 1, 2018.**

Water Utility: Revenues are based upon historical water consumption and our new water rates that became effective on January 1, 2018. **Park Ridge's residential rate is now approximately 33% lower than Suez Water's rate.** Funding is included in "Other Expenses" to replace the resin at our Well #13 treatment facility, the contracted testing of water distribution system street valves, and the carbon replacement at our Well #3 treatment facility. This budget also includes a pass-through allocation of \$550,000 of reserve funds to pay a deferred charge for the unfunded capital costs to upgrade the water treatment plant at Well #17. Two major capital projects for 2018 include the replacement of a water main on Glen Road, and the design, permitting and installation of a new Well 21 water pumping facility.

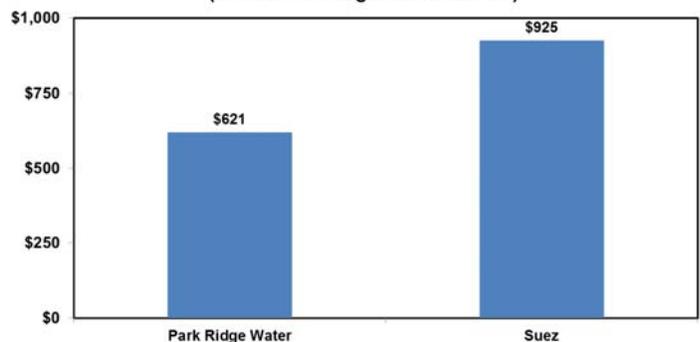
Road Department: The 2018 Budget includes funding for the continued focus on the maintenance of the roads, parks, Borough-owned buildings and the operation of the Borough's recycling center. This year's capital budget includes funds to purchase a front end loader to replace a 2000 model loader, along with other plowing and landscaping equipment.

Sewer Department: The Sewer Department will continue to monitor and work to reduce the infiltration and inflow into the sewer system. We will continue to enforce our aggressive grease reduction program by conducting inspections at commercial food preparation facilities.

Annual Residential Electric Cost Comparison
(based on average residential bill)



Annual Residential Water Cost Comparison
(based on average residential bill)



ELECTRIC UTILITY BUDGET

A. REVENUES

| | 2018 BUDGET | 2017 MODIFIED BUDGET | 2017 ACTUAL |
|------------------------------------|---------------------|-----------------------------|--------------------|
| 1. SURPLUS | 436,296 | 528,350 | 528,350 |
| 2. LIGHT AND POWER | 9,225,000 | 9,835,000 | 9,239,750 |
| 3. ADDL REVENUE - POWER ADJUSTMENT | 359,872 | 0 | 0 |
| 4. MISCELLANEOUS | 22,000 | 30,000 | 22,348 |
| TOTAL REVENUES: | \$10,043,168 | \$10,393,350 | \$9,790,448 |

B. OPERATING EXPENSES

| | | | |
|--|---------------------|--------------------|------------------|
| 1. SALARY AND WAGES | 1,149,371 | 1,106,100 | 1,078,330 |
| 2. OTHER EXPENSES | 674,000 | 518,500 | 475,570 |
| 3. PURCHASE OF CURRENT | 6,730,674 | 6,686,000 | 6,651,427 |
| 4. GROUP INSURANCE EMPLOYEES | 238,829 | 259,000 | 223,889 |
| 5. IN LIEU FR & GR RECEIPT TAXES | 500,000 | 500,000 | 500,000 |
| 6. PAYMENT IN LIEU OF TAXES-CURRENT | 155,000 | 155,000 | 155,000 |
| 7. CAPITAL IMPROVEMENT FUND | 5,000 | 0 | 0 |
| 8. CAPITAL OUTLAY | 30,000 | 75,500 | 60,598 |
| 9. BOND/NOTE PRINCIPAL | 270,000 | 265,000 | 265,000 |
| 10. INTEREST ON BONDS | 36,687 | 29,493 | 29,493 |
| 11. INTEREST ON NOTES | 8,500 | 5,065 | 5,065 |
| 12. DEFERRED CHARGES | 24,107 | 25,500 | 25,500 |
| 13. PUBLIC EMPLOYEES RETIREMENT SYSTEM | 135,000 | 116,000 | 115,673 |
| 14. SOCIAL SECURITY | 86,000 | 87,000 | 78,091 |
| TOTAL EXPENSES: | \$10,043,168 | \$9,828,158 | 9,663,636 |

Surplus

\$860,117 January 1, 2017

\$657,939 December 31, 2017

\$164,522 2017 Appropriation Reserves

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|-----------------------------|
| WATER UTILITY BUDGET |
|-----------------------------|

A. REVENUES

| | 2018 BUDGET | 2017 MODIFIED BUDGET | 2017 ACTUAL |
|--|--------------------|-----------------------------|--------------------|
| 1. SURPLUS | 528,355 | 604,542 | 604,542 |
| 2. RENTS | 2,825,000 | 2,950,000 | 2,848,255 |
| 3. RENTS FROM RATE INCREASE | 105,990 | 0 | 0 |
| 4. MISCELLANEOUS | 246,000 | 280,000 | 246,694 |
| 5. WCL PROJ DEBT PRINCIPAL | 65,508 | 64,208 | 64,208 |
| 6. RESERVE FOR HANDY & HARMON SETTLEMENT | 550,000 | 0 | 0 |
| TOTAL REVENUES: | \$4,320,853 | \$3,898,750 | \$3,763,699 |

B. OPERATING EXPENSES

| | | | |
|--|--------------------|--------------------|--------------------|
| 1. SALARY AND WAGES | 1,211,209 | 1,174,500 | 1,163,534 |
| 2. OTHER EXPENSES | 1,664,000 | 1,496,500 | 1,458,723 |
| 3. GROUP INSURANCE EMPLOYEES | 303,849 | 304,500 | 285,839 |
| 4. CAPITAL IMPROVEMENT FUND | 5,000 | 5,000 | 5,000 |
| 5. CAPITAL OUTLAY | 150,000 | 150,000 | 116,580 |
| 6. BOND PRINCIPAL | 120,000 | 120,000 | 120,000 |
| 7. BOND ANTICIPATION NOTES/CAPITAL NOTES | 1,300 | 0 | 0 |
| 8. INTEREST ON BONDS | 50,255 | 32,703 | 32,703 |
| 9. INTEREST ON NOTES | 12,700 | 15,000 | 15,000 |
| 10. DEFERRED CHARGES/EMERGENCY AUTH | 569,540 | 121,500 | 121,500 |
| 11. PUBLIC EMPLOYMENT RETIREMENT SYSTEM | 140,000 | 120,000 | 116,571 |
| 12. SOCIAL SECURITY | 93,000 | 93,000 | 85,150 |
| TOTAL EXPENSES: | \$4,320,853 | \$3,632,703 | \$3,520,600 |

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|----------------|
| Surplus |
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|---------------------------|
| \$868,290 January 1, 2017 |
|---------------------------|

| |
|-----------------------------|
| \$659,758 December 31, 2017 |
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|---------------------------------------|
| \$112,103 2017 Appropriation Reserves |
|---------------------------------------|