NO SURPRISES

By Joe Redmond

When it comes to budgets, municipalities need to be prepared for what is coming ahead. Most times we do not have endless amounts of money in reserve funds or grants available to pull cash from. Our systems are working with the revenues generated from water and sewer billing. Therefore, it is so important to keep track of your upcoming needs before it becomes an emergency purchase.

Much like I stated in my past article titled "Preparing for Winter", there are several ways to prepare for up coming budgets. Although work budgets differ from our household budget, we can think of the process much in the same way. We plan constantly at home with our fixed expenses, anticipated repairs, and our income. We prefer to run in the black and not from paycheck to paycheck. If we run our household in the red, we eventually become bankrupt. You can bring the same strategies into the workplace budgeting process and managing system.

First, lets talk about saving. In municipal terms it can be called several things like a sidewalk rehab program, water main replacement fund, or sewer system repair fund and so on. Since villages are not "technically" allowed to make a profit, we need to allocate funds towards improvements. This can only be done with planning and not with spending large amounts of money on unbudgeted items. You may also be able to save during your current budget year by cutting back on fuel costs, electricity, and overtime.

The next step is to look at your facilities fixed expenses. Electric, chemicals, fuel, and routine maintenance all fall under this category. It is helpful to save past budget copies to see trends. Usually, prices increase by a few percent each year. By putting chemicals out to bid you may be able to see if a large price increase is anticipated. This is where you can work on your savings though out the year. Drive around less. Yeah, I know, we have places to go and service calls to make right? How about coming up with a routine where you can make that service call while you are out checking a lift station or chlorine booster station? Or why not pick up the mail at the office while you are driving by reading meters? Save electricity by not running large pumps at the same time. Sometimes it is possible to turn off raw water pumps during a filter backwash or not pump backwash water to the lagoons until the backwash is done. This is done because business electric is billed differently from residential electric. If you run over so many kilowatt hours in a fixed amount of time, the cost per kwh goes to a higher rate for the entire month with business accounts. Savings can also be made on chemical usage. If you do not have to use a certain chemical all year long like potassium permanganate, then only run during the months you have taste and odor issues. The same can be applied to polymer.

Now is a good time to look at your maintenance items. Routine maintenance is very important for longevity and preventing emergency repairs and overtime. I would recommend having a maintenance book or a spreadsheet on the computer. It should include weekly, monthly, and yearly maintenance. Not all items will require money, perhaps just cleaning and inspections. By having this log, you will be able to document the condition of the item. I always include a comment section on the page for each unit. In this area, you can add the installation date to see trends on how long the equipment is lasting. You will see when turbidimeters need to be cleaned and calibrated, bottles in a chlorine analyzer are due to be changed, or when fire extinguishers need to be sent out for hydro-testing. This will help in future planning when budget time rolls around. We all know that things break and sometimes the replacement cost is less than the repair. By maintaining the logbook, you can see how the equipment has been maintained and when. Keeping track of this may minimize the surprise emergency repairs.

The best way to lessen the shock to your administration is to have an inventory of your treatment plant and distribution or collection system. Know what you have and how old it is will help you determine when you should start asking the board to think about replacement. There are a few tools to help with this task. Develop and update a vulnerability assessment. This tool looks at the different areas where a failure could occur and identifies how critical it would be to replace it then or can you get by without it for some time. It also should contain a cost estimate for repair and replacement.

An inventory list is just what it says. It is a list of every component and its age. These items include mains and of what size and length, backflow devices, turbidity meters, SCADA systems, valves, meters, etc.... The inventory list can be incorporated in the vulnerability assessment.

The last tool is what we called "The Wish List". This can also be called the five-year plan or even a ten-year plan. With this plan, you may know that a tractor or skid steer is reaching the end of its useful life. Put these items on a five-year replacement list. If it lasts seven more years then great, but when it does finally go, the board will at least have some fair notice. The $30,000 request may not come as such a shock to them, especially if they were setting money aside for its replacement over the last five years. In some villages, the police cars are rotated out with new ones every five years and the department trucks rotate out at ten years. By doing this, the old vehicles are still worth a good amount at auction and those funds can be put towards the new one.

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The point of this topic is to help you as the professional, be able to prepare yourself and your municipality for upcoming expenses. Look, things break unexpectedly. Boards should know this, but by being prepared and relaying information ahead of time, that's what helps lessen the surprise.

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