

# Memo

To: David Leathers  
From: Kelly Hawkins  
Date: October 18, 2021  
Re: 2022 District Heating Division Budget

Please find the attached Budget Worksheets for the District Heating Division. Included are the Budget Worksheet, O & M Expense Detail, and the Capital Projects Summary for 2021 through 2025.

Net income for 2021 is projected to be \$71K, which is \$70K above the budget target of \$1K. Revenues from heat sales for 2021 are projected to be \$1.33M, which is \$125K (10.4%) over budget. Operating expenses for 2021 are projected to be \$1.19M, which is \$46K (4.03%) over budget. Energy costs are projected to be \$43K (8.08%) over budget; this is in line with 2019 energy expenses. Meanwhile, system repairs are expected to be \$35K (28.8%) under budget primarily related to unnecessary Chiller repairs in 2021.

Cash for the District Heating Division remains stable, around \$3M as there is no immediate need for significant capital improvements.

Heat sales for 2022 are expected to be \$1.29M. Operating expenses for 2022 are budgeted to be \$1.2M, which is \$18K or 1.5% more than 2021 projections. Budgeted expenses for 2022 include no change to the amount paid to the Electric Division for reimbursed expenses and slight increases to the Energy purchased expenses. Net Income for 2022 is budgeted to be \$21K.

The 2021 capital budget includes \$20K for various valve and service updates and \$75K for Aux Boiler #1 Control replacements.

	Actual 2019	Actual 2020	Budget 2021	Projection 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
<b>Receipts:</b>									
Cash Balance 1/1	3,130,683	2,833,429	2,845,427	2,911,362	2,997,358	2,945,348	2,961,059	2,969,794	2,964,640
Investments			-		-	-	-	-	-
Restricted Cash									
Heat and Cooling Sales Revenue	1,418,491	1,267,616	1,203,189	1,328,340	1,288,330	1,275,447	1,274,171	1,272,897	1,260,168
Miscellaneous Revenues	45,301	13,108	11,500	2,500	3,000	3,000	3,000	3,000	3,000
	<u>4,594,475</u>	<u>4,114,153</u>	<u>4,060,116</u>	<u>4,242,202</u>	<u>4,288,688</u>	<u>4,223,795</u>	<u>4,238,231</u>	<u>4,245,691</u>	<u>4,227,808</u>
<b>Expenditures:</b>									
Operation & Maintenance	1,000,284	910,863	894,471	929,901	949,115	945,541	954,285	963,944	972,974
Tax Equivalent-City	88,964	84,674	78,207	88,999	87,606	86,730	86,644	86,557	85,691
Bond Principal	529,466	134,536	141,089	141,089	150,943	157,500	162,544	174,000	165,000
Bond Interest	51,393	51,820	67,977	67,977	60,676	52,965	44,964	36,550	28,075
Capital Projects	26,509	20,898	22,500	16,878	95,000	20,000	20,000	20,000	20,000
	<u>2,833,429</u>	<u>2,911,362</u>	<u>2,855,872</u>	<u>2,997,358</u>	<u>2,945,348</u>	<u>2,961,059</u>	<u>2,969,794</u>	<u>2,964,640</u>	<u>2,956,068</u>

	Actual 2019	Actual 2020	Budget 2021	Projection 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
<b>Operating Revenue:</b>									
Sales of Hot Water	\$1,381,780	\$1,220,431	\$1,203,190	\$1,328,340	\$1,288,330	\$1,275,447	\$1,274,171	\$1,272,897	\$1,260,168
Sales of Cold Water	35,579	47,185							
<b>Operating Expenses:</b>									
Energy Purchased	579,855	504,427	529,000	571,727	580,000	585,800	591,658	597,575	603,550
Basic Service Charge	93,816	94,190	94,179	94,190	94,179	94,179	94,179	94,179	94,179
Rep. & Maintenance	153,566	134,159	122,100	86,983	92,300	93,223	96,020	98,900	101,867
Administrative & General	173,047	178,087	149,193	177,001	182,636	172,339	172,428	173,290	173,377
Depreciation	227,635	228,238	173,282	173,214	173,214	169,750	166,355	163,028	159,767
Tax Equivalent - City	88,964	84,674	78,207	88,999	87,606	86,730	86,644	86,557	85,691
Total Operating Expense	<u>1,316,883</u>	<u>1,223,775</u>	<u>1,145,961</u>	<u>1,192,114</u>	<u>1,209,935</u>	<u>1,202,021</u>	<u>1,207,283</u>	<u>1,213,529</u>	<u>1,218,432</u>
Net Operating Income:	<u>\$100,476</u>	<u>\$43,841</u>	<u>\$57,230</u>	<u>\$136,226</u>	<u>\$78,395</u>	<u>\$73,426</u>	<u>\$66,888</u>	<u>\$59,368</u>	<u>\$41,736</u>
<b>Other Income:</b>									
Interest	45,301	13,108	10,000	1,500	2,000	2,000	2,000	2,000	2,000
Miscellaneous	1,132		1,500	1,000	1,000	1,000	1,000	1,000	1,000
Gross Income:	<u>146,910</u>	<u>56,949</u>	<u>68,730</u>	<u>138,726</u>	<u>81,395</u>	<u>76,426</u>	<u>69,888</u>	<u>62,368</u>	<u>44,736</u>
<b>Misc. Income Deductions:</b>									
Interest Payments:									
District Heating	49,775	51,820	67,977	67,977	60,676	52,965	44,964	36,550	28,075
District Cooling	1,618	-	-	-	-	-	-	-	-
Change in Fair Value of Investments	15,892	(2,493)							
Refunding Bond Issuance	(47,081)								
Net Income:	<u>64,327</u>	<u>2,636</u>	<u>753</u>	<u>70,749</u>	<u>20,719</u>	<u>23,461</u>	<u>24,924</u>	<u>25,818</u>	<u>16,661</u>

District Heating Division

O M Expenses

Project No	PA Project Name	2019	2020	2021 Budget	2021 Projection	2022 Budget
DH705CUT	Electric/Water/Sewer-Chiller	51,569	47,954	5,000	\$ 4,024	\$ -
DH705UT	Natural Gas/Electric purchased	24,010	20,015	24,000	\$ 21,321	\$ 30,000
	Energy Purchased - DH	504,276	436,458	500,000	\$ 546,382	\$ 550,000
		<b>579,855</b>	<b>504,427</b>	<b>529,000</b>	<b>\$ 571,727</b>	<b>\$ 580,000</b>
DH721GIS	DH GIS general operation exp.	-	238	100	\$ -	\$ -
DH723DHP	District Heat Maintenance General	78,553	51,973	65,000	\$ 29,251	\$ 35,000
DH723CH	R&M Chiller	21,210	10,461	-	\$ -	\$ -
DH723M	R&M Mains	48,036	62,746	50,000	\$ 54,029	\$ 50,000
DH723S	R&M Services	3,488	4,577	4,000	\$ -	\$ 2,500
SH723SLT	Softener Salt Purchase		4,164	2,500	\$ 3,331	\$ 4,500
	T&D Operations	2,279	-	-	\$ -	\$ -
DH723MT	R&M Meters/Accessory Equipt	-	-	500	\$ 372	\$ 300
		<b>153,566</b>	<b>134,159</b>	<b>122,100</b>	<b>\$ 86,983</b>	<b>\$ 92,300</b>
DH781ACT	DH Accounting Dept	7,877	9,350	8,700	\$ 8,836	\$ 9,057
DH781ADM	DH Administrative General Exp	145,464	155,282	126,165	\$ 155,403	\$ 159,904
DH781HR	DH Human Resources Dept	-	-	-	\$ -	\$ -
DH781L	DH Legal Expense	4,728	4,548	5,000	\$ 4,261	\$ 5,000
DH781PR	DH Purchasing/Stores Dept	13,655	7,038	7,328	\$ 7,000	\$ 7,175
	General Admin Operations	-	-	-	\$ -	\$ -
	Insurance	1,323	1,869	2,000	\$ 1,500	\$ 1,500
DH783S	Safety Expenses	-	-	-	\$ -	\$ -
	Uncollectible Expense	-	-	-	\$ -	\$ -
		<b>173,047</b>	<b>178,087</b>	<b>149,193</b>	<b>\$ 177,001</b>	<b>\$ 182,636</b>
	Depreciation Chiller	55,260	55,260	-	\$ -	\$ -
	Depreciation - Natural Gas Plant	145,498	145,489	146,673	\$ 145,498	\$ 145,498
	T&D - Depreciation Expense	23,122	23,822	23,109	\$ 24,049	\$ 24,049
	Depreciation Exp. - Office Equipt	3,755	3,667	3,500	\$ 3,667	\$ 3,667
		<b>227,635</b>	<b>228,238</b>	<b>173,282</b>	<b>\$ 173,214</b>	<b>\$ 173,214</b>
	Int.Long Term Debt-Chiller	1,618				
	Int Long Term Debt 2010 DH Bonds	84,223	70,042	67,977	\$ 67,977	\$ 60,676
		<b>85,841</b>	<b>70,042</b>	<b>67,977</b>	<b>\$ 67,977</b>	<b>\$ 60,676</b>
		<b>1,219,944</b>	<b>1,114,953</b>	<b>1,041,552</b>	<b>\$ 1,076,902</b>	<b>\$ 1,088,826</b>
	Station Expense - Operations	93,816	94,190	94,179	\$ 94,190	\$ 94,179
	Tax Equilavent Payment	88,964	84,674	78,207	\$ 88,999	\$ 87,606
		<b>1,402,724</b>	<b>1,293,817</b>	<b>1,213,938</b>	<b>\$ 1,260,091</b>	<b>\$ 1,270,611</b>

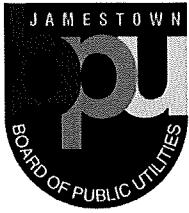
	2019	2020	2021 Budget	2021 Projection	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
<b>Summary:</b>									
Meter Replacement Program	\$ 1,000	\$ 11,182	\$ 2,500	\$ 2,000					
Distribution Line Installations	\$ 15,000	\$ -	\$ 20,000		\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Service connection - CHC Building									
Install 12" DH valves									
Install 3" DH Extension - Garfield St.									
Chiller Upgrades									
Gas Boiler Plant	\$ 111	\$ -	\$ -		\$ 75,000	\$ -	\$ -	\$ -	\$ -
GIS	\$ -	\$ -							
DHS Energy Project		\$ 747							
<b>TOTALS</b>	<b>\$ 16,111</b>	<b>\$ 11,929</b>	<b>\$ 22,500</b>	<b>\$ 2,000</b>	<b>\$ 95,000</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>

**Distribution Line Installations Detail:**

Valves and Services	\$ 15,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
	\$ 15,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000

**Gas Boiler Plant Detail:**

Water circulation pumps/economizer-Aux boiler	\$ -								
LPDH Pump replacement									
District Heat Booster	\$ 111								
Replace Aux 1 Boiler	\$ -	\$ -				\$ -			
Aux Boiler #1 Controls		\$ -			\$ 75,000				
Aux Boiler #2 Controls									
	\$ 111	\$ -	\$ -		\$ 75,000	\$ -	\$ -	\$ -	\$ -



**BOARD OF PUBLIC UTILITIES  
CITY OF JAMESTOWN, NEW YORK**

**#211006 By Ms. Carrubba:**

Resolved, That the District Heating Division Budget for 2022, anticipating cash and investments on hand of \$2,997,358, cash receipts of \$1,291,330, and cash disbursements of \$1,343,340, leaving a cash balance of \$2,945,348, be and hereby is adopted; and be it further

Resolved, That the disbursements shall be divided \$299,225 for Fixed Charges, \$949,115 for Operation and Maintenance, and \$95,000 for Capital Projects, all as set forth in said budget for 2022; and be it further

Resolved, That the amounts set forth in the budget schedules for the benefit of each account against which charges may properly be made, on file in the office of the Board, are hereby appropriated for the purposes therein stated, and the officers and employees of the Board are hereby authorized and directed to contract for necessary expenditures in accordance therewith.

Discussion: There is no rate adjustment for 2022. This final budget has been reviewed by and is recommended by the BPU Board Finance & Capital Projects Committee.

**ADOPTED.** Ayes: 6    Nays: 0  
October 25, 2021

***I HEREBY CERTIFY** that the above resolution is a true and correct copy of the original resolution adopted by the Board of Public Utilities, City of Jamestown, New York, at a regular session held October 25, 2021, a legal quorum being present and voting.*

*Board of Public Utilities  
City of Jamestown, New York  
December 21, 2021*

CERTIFIED RESOLUTION

Jamestown Board of Public Utilities