2023

Adopted Budget

Cobb County-Marietta Water Authority

Marietta, GA

Adopted December 19, 2022

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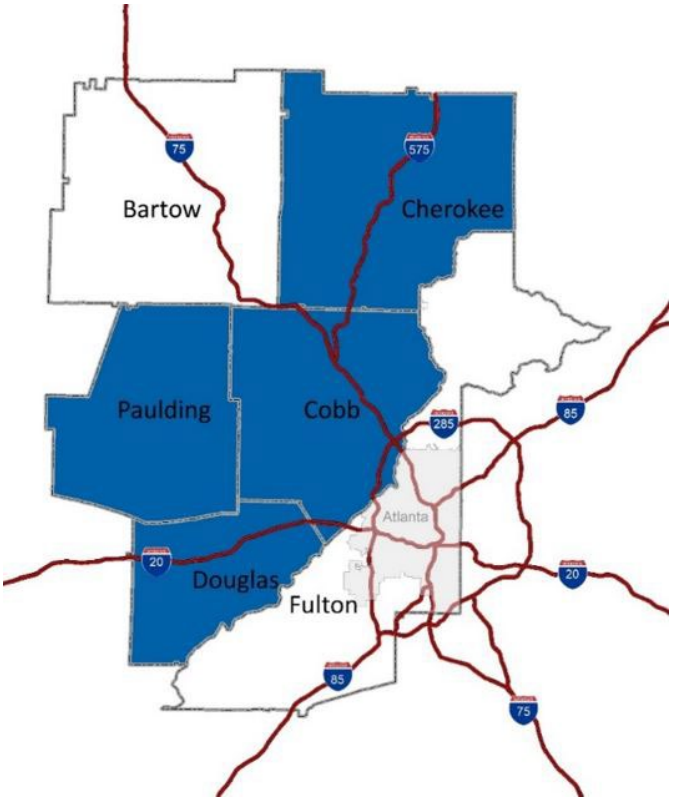
General Information

History and Service Area

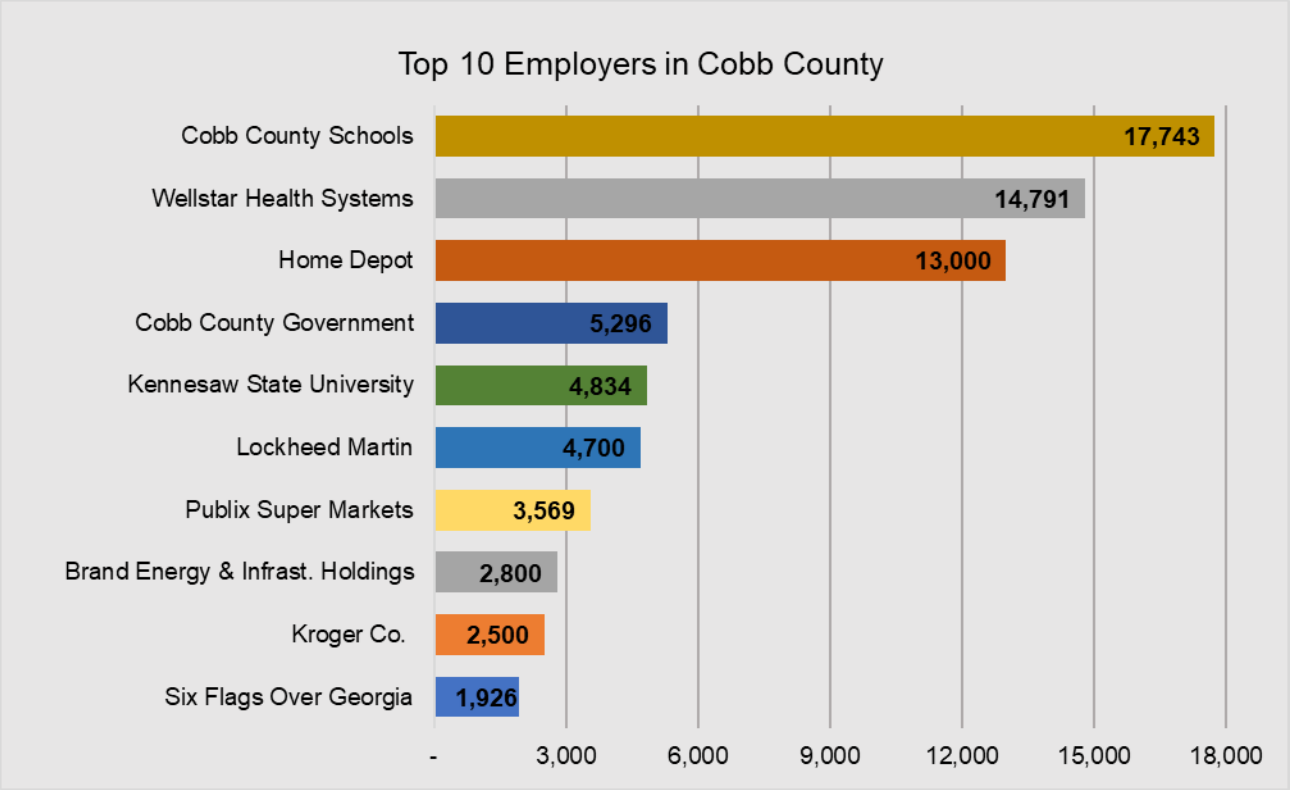
Cobb County-Marietta Water Authority (CCMWA) was created in 1951 by an act of the General Assembly of the State of Georgia as a political subdivision with the sole function of supplying drinking water to wholesale customers. CCMWA serves wholesale customers north of Metro Atlanta, Georgia with water service reaching four counties (shown in blue in the map below) and one city, Mountain Park, located in Fulton County. Our wholesale customers are all governmental water purveyors except for Lockheed Martin Corporation, which shares its location with the Dobbins Air Force Base complex in Marietta. CCMWA also has a contract with Fulton County, but there are currently no active connections to Fulton County's water system.

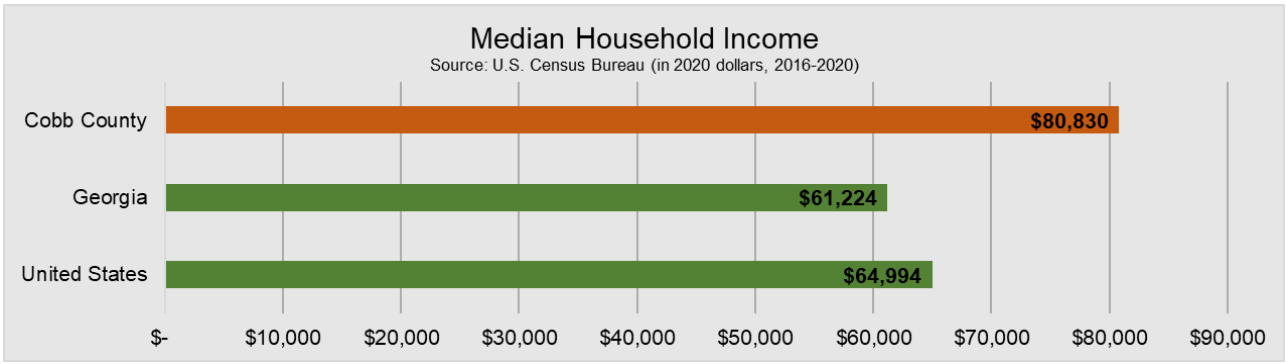


The largest population served by CCMWA is through sales to Cobb County Water System, the retail water provider for Cobb County, which has an estimated population of 773,480 according to Woods & Poole Economics 2021 Data Pamphlet and is the third most-populous county in Georgia.

2022 Water Sales by Volume

Customer	% of Sales	Location
Cobb County Water System	74.95%	Cobb County, GA
City of Marietta	9.71%	Cobb County, GA
Paulding County	6.13%	Paulding County, GA
City of Smyrna	5.10%	Cobb County, GA
City of Woodstock	1.78%	Cherokee County, GA
City of Austell	1.20%	Cobb County, GA
Lockheed Martin	1.07%	Cobb County, GA
City of Mountain Park	0.05%	Fulton County, GA
Douglasville Douglas County Water & Sewer Authority	0.01%	Douglas County, GA
Cherokee County Water & Sewer Authority	0.00%	Cherokee County, GA
Fulton County	0.00%	Fulton County, GA


Top 10 Employers in Cobb County
Cobb County Schools
17,743
Wellstar Health Systems
14,791
Home Depot
13,000
Cobb County Government
5,296
Kennesaw State University
4,834
Lockheed Martin
4,700
Publix Super Markets
3,569
Brand Energy & Infrast. Holdings
2,800
Kroger Co.
2,500
Six Flags Over Georgia
1,926
-
3,000
6,000
9,000
12,000
15,000
18,000


Median Household Income
Source: U.S. Census Bureau (in 2020 dollars, 2016-2020)
Cobb County
$80,830
Georgia
$61,224
United States
$64,994
$-
$10,000
$20,000
$30,000
$40,000
$50,000
$60,000
$70,000
$80,000
$90,000

Mission and Values

The mission of Cobb County-Marietta Water Authority is “to provide sustainable and reliable drinking water that supports public health, public safety, and the economic vitality of the region”. Although CCMWA does not have residential customers, it values the importance of keeping water consumers satisfied and well-informed. CCMWA has built a strong reputation of success by investing in the protection of our precious water resources through conservation programs, while maintaining dependable customer service and consistent product quality.

CCMWA’s Strategic Plan outlines the three categories of values that are integral to our operations:

Core Values

- **Service**: Preserving the trust of customers and stakeholders by exceeding their expectations
- **Stewardship**: Responsible and sustainable management of resources and assets
- **Professionalism**: Exhibiting high standards in personal conduct with a commitment to quality

Permission-to-Play Values

- **Integrity**: Acting honestly and consistently
- **Trust**: Confidence that employees will do the right thing, while safeguarding the confidence that others have in us
- **Technical Excellence**: Acquiring, developing, and maintaining expertise needed to support our purpose

Aspirational Values

- **Safety Culture**: Protecting our employees and the public through an ingrained mindset of safety
- **Transparency**: Open and clear decision-making process; information is easily available and readily shared
- **Innovation**: Translating new technology, ideas, business processes, and systems to improve our services and work environment

Governance and Board Members

Cobb County-Marietta Water Authority is governed by a seven-member board, with members selected by virtue of office or by appointment. The current CCMWA board is constructed of members from the following positions:

By Virtue of Elected Office:

- Chairman of the Cobb County Board of Commissioners

Appointed by the Governing Authority of the:

- City of Marietta
- City of Smyrna

Appointed by the Cobb County Delegation to the Georgia General Assembly:

- One member from Cobb Commission District 1 or 4, excluding residents of Marietta and Smyrna
- One member from Cobb Commission District 2 or 3, excluding residents of Marietta and Smyrna
- Two members from unincorporated Cobb County

Term limits for the seven board members are staggered in two-year increments to ensure consistency and stability of the overall board. Board Officers are elected on an annual basis to one-year terms to preserve the board's impartiality.

James C. Scott, Jr.
Chairman

T. Daniel Buyers
Vice Chair

Charlie N. Crowder
Secretary

Lisa N. Cupid
Member

Griffin L. Chalfant
Member

James A. Balli
Member

Charles A. Welch
Member

Executive Team

Cole Blackwell
General Manager

George Kaffezakis
Director of Engineering

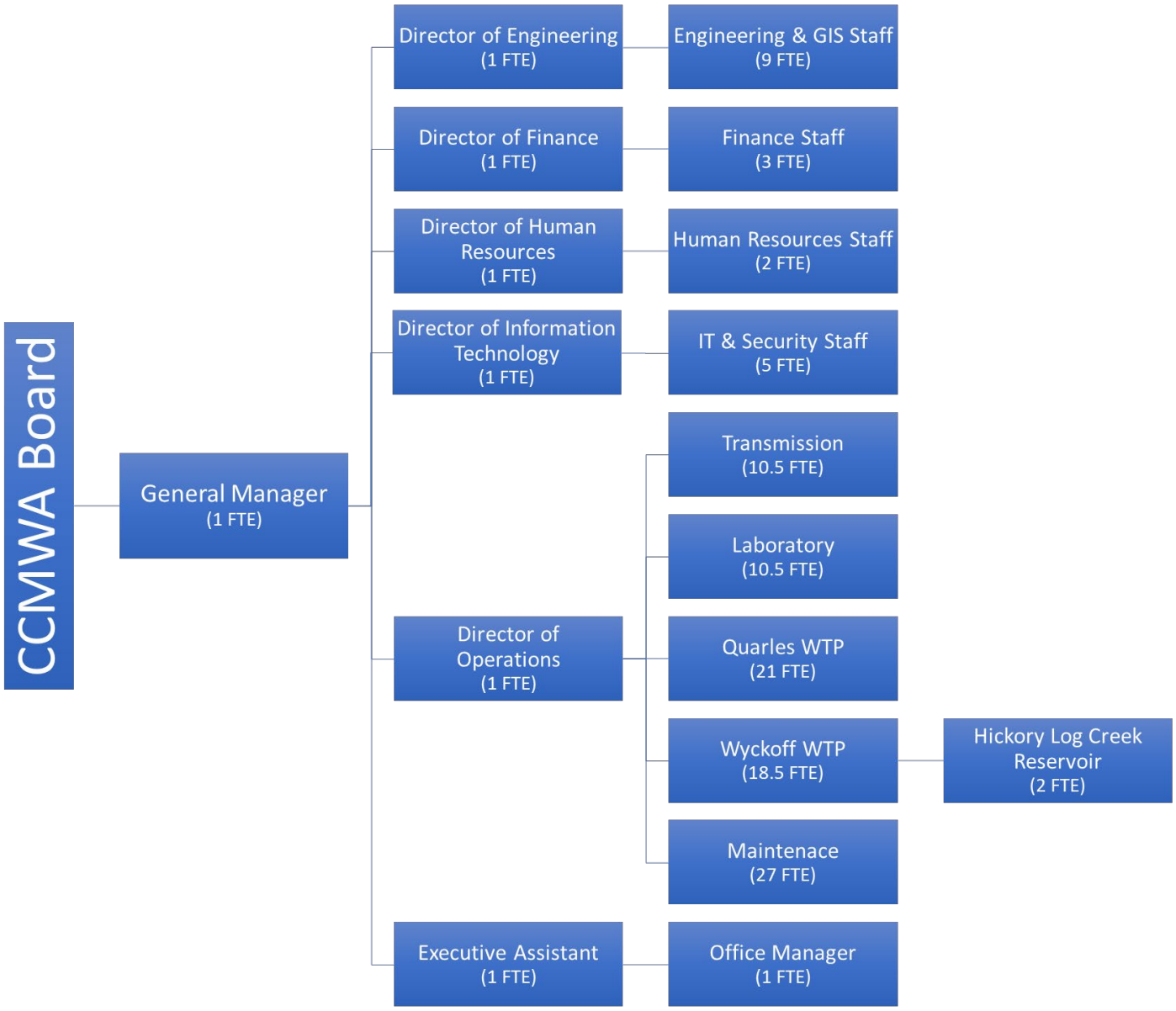
Allison Clements
Director of Finance

Patrick Henley
Director of Human Resources

Lonnie Gilmore
Director of Information Technology

Dawn Lei
Director of Operations

Organizational Chart



FTE – Full Time Equivalent

118 Full Time Equivalent positions for Fiscal Year 2023

Intern program is allocated 1.5 FTE's that are not assigned to a specific division

System Overview

CCMWA has award-winning water treatment and testing facilities, which include the James E. Quarles Water Treatment Plant, the Hugh A. Wyckoff Water Treatment Plant, and the Calvin F. Simmons Microbiological Laboratory. Each treatment facility is staffed with certified professionals who manage the operations 24 hours a day, seven days a week. The dual water treatment plants, which are supplied with water by two separate river basins, provide production flexibility and reliability for CCMWA's service area. The laboratory, which is certified by the State of Georgia, ensures drinking water safety and regulatory compliance.

The Quarles Water Treatment Plant is currently permitted to produce 87 million gallons of water per day and is supplied by the Chattahoochee River, part of the Apalachicola-Chattahoochee-Flint (ACF) River Basin. The Quarles Water Treatment Plant is comprised of two individual treatment plants with different capacities that are permitted as a single treatment plant. The Quarles campus also features a raw water storage reservoir.

The Wyckoff Water Treatment Plant is currently permitted to produce 86 million gallons of water per day and is supplied by Allatoona Lake, a U.S. Army Corps of Engineers impoundment on the Etowah River, which is part of the Alabama-Coosa- Tallapoosa (ACT) River Basin.

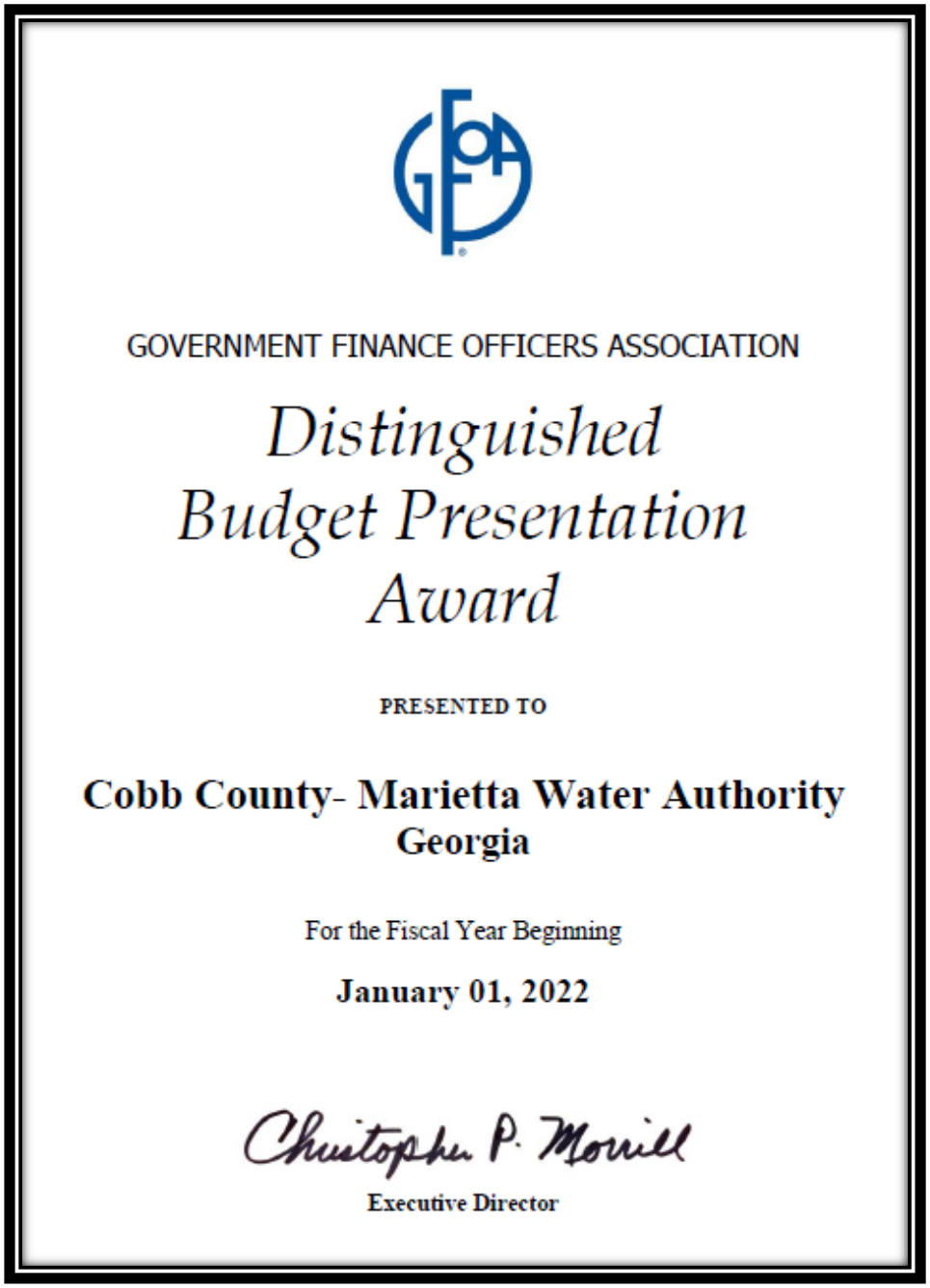
CCMWA's laboratory is responsible for testing the water that CCMWA provides to its wholesale customers to ensure that it meets state and federal drinking water standards. The laboratory tests approximately 500 regulatory water samples each month from raw water sources, both water treatment plants, CCMWA's water transmission pipeline system, and wholesale customers' distribution systems. The laboratory also provides microbiological water testing services to residents who have wells and for various other purposes on a fee basis.

In addition to water treatment and testing facilities, a transmission pipeline network including over 200 miles of pipe conveys drinking water to CCMWA's wholesale customers. The system includes pipe ranging in diameter from 16 to 64 inches, with most pipe at least 36 inches in diameter.

To provide additional water supply, CCMWA operates the Hickory Log Creek Reservoir, a pumped storage project located upstream of Allatoona Lake in the Etowah River Basin. Hickory Log Creek Reservoir covers approximately 411 acres and impounds 5.7 billion gallons of water. The reservoir is jointly owned and operated by CCMWA and the City of Canton, with CCMWA owning 75% of the project. The reservoir was constructed with a designed yield of 44 million gallons per day (MGD), with 33 MGD allocated to CCMWA.

Distinguished Budget Presentation Award

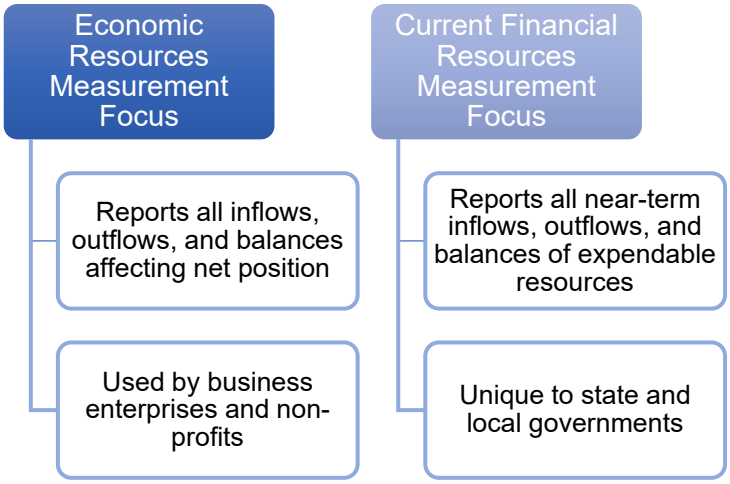
Cobb County-Marietta Water Authority was presented the Distinguished Budget Presentation Award by the Government Finance Officers Association (GFOA) for the Fiscal Year 2022 budget document. This award reflects our commitment to meeting the highest principles of governmental budgeting. To receive this award, the budget must meet nationally recognized guidelines designed to assess how well the budget serves as a policy document, a financial plan, an operations guide, and a communications device. This marks the 10th year of submitting a budget document to GFOA for consideration and receiving the Distinguished Budget Presentation Award.



Basis of Budgeting and Fund Structure

Fund Type

CCMWA is considered a government entity due to its creation as a political subdivision of the State of Georgia. This government designation allows CCMWA to account for its activities using an enterprise fund, which is required for business-like activities under the Generally Accepted Accounting Principles (GAAP). The enterprise fund type uses a measurement focus known as the flow of economic resources. This measurement focus is most like that used by commercial entities, with both long-term assets and liabilities reported on the balance sheet.



CCMWA operates as an independent entity and is not considered a component unit of any other government. The financial statements and annual budget account for all CCMWA operations, including its single revenue source - volumetric water sales to public entities on a wholesale basis. CCMWA does not have taxing authority, nor does it have access to tax revenue through a city or county government.

Basis of Budgeting

CCMWA operates and reports as an enterprise fund utilizing the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The annual budget and five-year Capital Improvement Program are also based on the accrual method and are structured to reflect the same format as the audited financial statements.

Fund and Division Relationship

The single enterprise fund utilized by CCMWA is referred to as the Water Fund and has four primary functions. The duties within each function are divided into operating divisions, with a total of fourteen divisional budgets across the organization. The four primary functions and their respective budgetary divisions are:

- **Administrative** – Oversees planning and coordination for the entire organization in the areas of General Operating, Administration, Finance, Engineering, Human Resources, Information Technology, and Research & Development.
- **Water Resources** – Responsible for the operation and maintenance of Hickory Log Creek Reservoir and represented by the Hickory Log Creek Division.
- **Water Treatment** - Responsible for water production, water testing, and routine maintenance of treatment plant infrastructure with responsibilities divided among the Wyckoff Treatment Division, Quarles Treatment Division, Maintenance Division, and Laboratory Division.
- **Distribution** – Responsible for maintenance of the transmission pipeline system and represented by the Transmission Division.

505 – Water Fund

Functions and Operating Divisions

4410 – Administrative

- 10 General Operating
- 15 Administration
- 17 Administration & Rentals Buildings
- 25 Finance Division
- 45 Engineering Division
- 55 Human Resources Division
- 65 Information Technology Division
- 90 Research & Development

4420 – Water Resources

- 20 Hickory Log Creek Division

4430 – Water Treatment

- 30 Wyckoff Treatment Division
- 35 Quarles Treatment Division
- 50 Maintenance Division
- 60 Laboratory Division

4440 – Distribution

- 4440-40 Transmission Division

Budget Introduction

Budget Message/Transmittal Letter

The 2023 budget book is a comprehensive document that addresses anticipated revenues, operating expenses, and capital expenses. For accounting purposes, all operations are managed within a single fund, but details of each division's expenses are presented separately in the budget document.

The annual budget document is the most important policy document adopted by the Cobb County-Marietta Water Authority Board each year. The budget guides management throughout the year by providing guidelines for spending, authorizing the Capital Improvement Program, and clearly setting goals and objectives for the coming year. The Board-approved budget sets the annual operating and capital budgets and outlines future capital projects in the five-year plan. The 2023 operating and capital budgets recognize the importance of well-planned improvements and replacements that are necessary to protect Cobb County-Marietta Water Authority's assets and facilities. The budget document not only serves as a policy guide for the coming year, but it also establishes a long-range planning document that provides the framework for sound financial decision-making and establishes the foundation for a strong future for CCMWA.

Cobb County-Marietta Water Authority's main revenue source is the sale of wholesale water and the ability to sustain a pay-as-you-go financing structure for capital improvements is dependent upon annual rate increases. Since most of our customers are government entities that provide water to citizens, it is important that water rates represent the true value of water without placing an unnecessary burden on customers and their citizens. By using a long-term planning model and multi-year rate programs, Cobb County-Marietta Water Authority has been able to gradually reduce the annual rate increase required to support the Capital Improvement Plan. A program of annual rate increases, instead of intermittent rate increases of unplanned value, helps prevent customers from experiencing "rate shock" when additional funds are needed to finance large capital projects. Cobb County-Marietta Water Authority plans to review its needs annually and adjust the rate program to best allow for the continuation of "pay-as-you-go" financing. By avoiding debt issuance until necessary to fund a project that truly provides a benefit to future generations, Cobb County-Marietta Water Authority can continue to provide safe, reliable, and affordable drinking water.

Message from the General Manager

"Providing sustainable and reliable drinking water that supports public health, public safety, and the economic vitality of the region."

The worst impacts of COVID are hopefully behind us. Changes in consumer behavior and working practices that the pandemic triggered, some of which are positive, are here to stay. Unfortunately, we are now operating in a world where a war in Europe means further economic uncertainty. There continues to be persistent supply chain disruptions and labor shortages. Soaring food and energy costs have fueled the highest rates of inflation since the 1980s. Despite these challenges, CCMWA is maintaining high levels of service while moderating its 2023 rate increase to less than one-third of annual inflation. This is possible because of sound long-term planning and a strong financial position.

Historically, Paulding County has been CCMWA's second largest customer. Paulding County began reducing purchases of drinking water in late 2021 after commissioning a new drinking water treatment plant. In 2022, sales of drinking water to Paulding County fell by 55% but increases in sales to other customers resulted in total water sales falling by less than 4% year-over-year. CCMWA is anticipating slightly higher water sales in 2023 but is moderating expectations because of an anticipated economic recession.

The 2023 Budget includes a 2.5% increase in each of our rate structures. This increase is both lower than the Atlanta Consumer Price Index (CPI) of 10.7% (October 2021 – October 2022) and less than the sector-specific CPI for Water and Sewer and Trash Collection Services of 4.8% (October 2021 – October 2022). This modest price increase will allow us to fund infrastructure renewal, sustainably maintain and operate our facilities, and implement advanced treatment technologies for emerging contaminates and regulatory changes.

CCMWA implemented a new 5-year Strategic Plan in 2022. The Strategic Plan concentrates on four strategic initiatives: Safety & Emergency Preparedness, Workforce Development, Water Quality, and Stakeholder Engagement. Fiscal resources and staff efforts have been and will be directed towards completion of areas of focus and corresponding strategic initiatives.

Since 2013, the Cobb County-Marietta Water Authority has developed a comprehensive budget book each fiscal year to not only serve as a financial plan, but as a policy document, operations guide, and communications tool. This budget book is a culmination of many months of planning and hundreds of hours of work by the Finance Division in cooperation with all other Divisions at CCMWA. Without CCMWA's dedicated and knowledgeable staff members, this document, and the level of excellence in budgeting it represents, would not be possible.

Respectfully,

Cole E. Blackwell, CPA

General Manager

Consolidated Budget – Fiscal Year 2023

	2022 Budget	2022 Projected Actual	Variance - Favorable (Unfavorable)	2023 Budget	Increase (Decrease) over 2022 Budget ($)	Increase (Decrease) over 2022 Budget (%)
Operating Revenues	$ 86,883,393	$ 91,738,133	$ 4,854,740	$ 93,710,494	$ 6,827,101	7.9%
Operating Expenses	54,181,690	53,920,834	260,856	58,367,756	4,186,066	7.7%
Operating Income	**32,701,703**	**37,817,299**	**5,115,596**	**35,342,738**	**2,641,035**	**8.1%**
Other Income	2,755,693	(6,167,170)	(8,922,863)	3,397,585	641,892	23.3%
Other Expenses	1,692,167	1,691,269	898	1,618,992	(73,175)	-4.3%
Extraordinary Items	100,000	-	100,000	100,000	-	0.0%
Net Income	**$ 33,665,230**	**$ 29,958,861**	**$ (3,908,165)**	**$ 37,021,332**	**$ 3,356,102**	**10.0%**

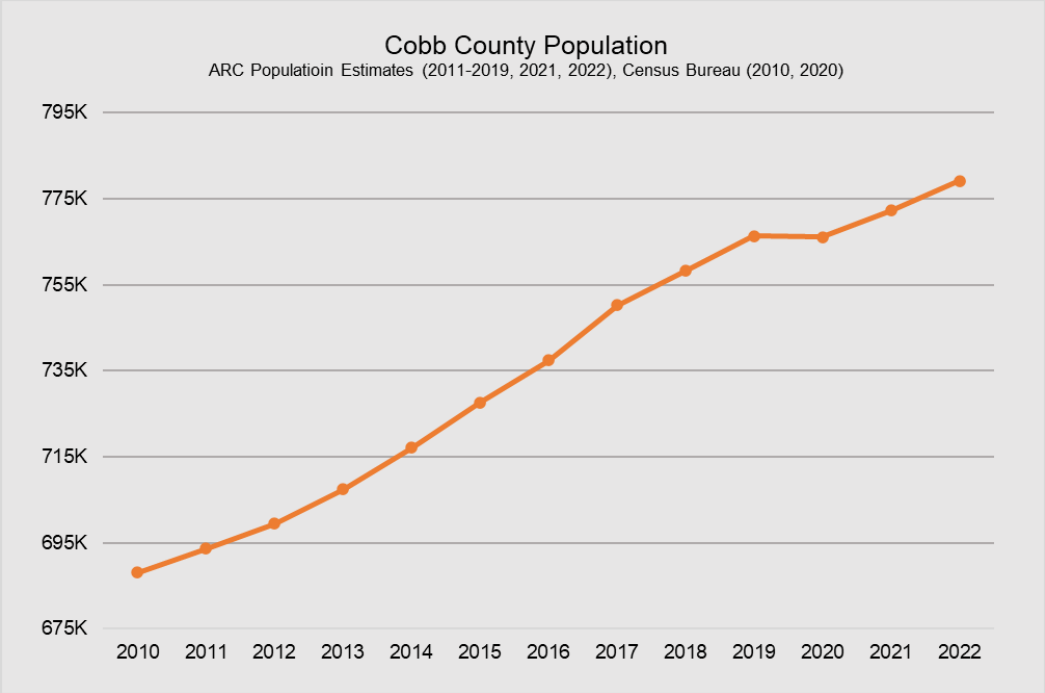
	2022 Budget	2022 Projected Actual	Variance - Favorable (Unfavorable)	2023 Budget	Increase (Decrease) over 2022 Budget ($)	Increase (Decrease) over 2022 Budget (%)
Aged Pipe Replacements	$ 9,723,592	$ 7,496,493	$ 2,227,099	$ 9,098,085	$ (625,507)	-6.4%
Blow-Off & Valve Replacements	2,515,000	1,472,328	1,042,672	2,445,304	(69,696)	-2.8%
Pipeline Improvements	10,194,452	7,450,336	2,744,116	9,171,750	(1,022,702)	-10.0%
Plant Improvements	17,829,942	8,625,944	9,203,998	19,245,253	1,415,311	7.9%
Tank Improvements	700,000	1,400,000	(700,000)	3,300,000	2,600,000	371.4%
Asset Renewal & Replacement	5,758,537	3,120,921	2,637,616	6,180,254	421,717	7.3%
Total Capital Improvements	**46,721,523**	**29,566,022**	**17,155,501**	**49,440,646**	**2,719,123**	**5.8%**
Reservation for DOT Projects	2,200,000	895,686	1,304,314	1,500,000	(700,000)	-31.8%
Contingency	2,500,000	16,274	2,483,726	2,000,000	(500,000)	-20.0%
Total Capital Expenditures	**$ 51,421,523**	**$ 30,477,982**	**$ 20,943,541**	**$ 52,940,646**	**$ 1,519,123**	**3.0%**

Priorities and Issues

Cobb County-Marietta Water Authority's annual budget is impacted by a variety of factors, which drive budget development and strategic planning, as well as operational decisions. The priorities and issues that are expected to have the largest impact on the 2023 budget are **per capita demand changes**, **production cost increases**, and **aging infrastructure**. These influencing factors are discussed in detail in the following section, including how CCMWA plans to address each area of concern in the coming years.

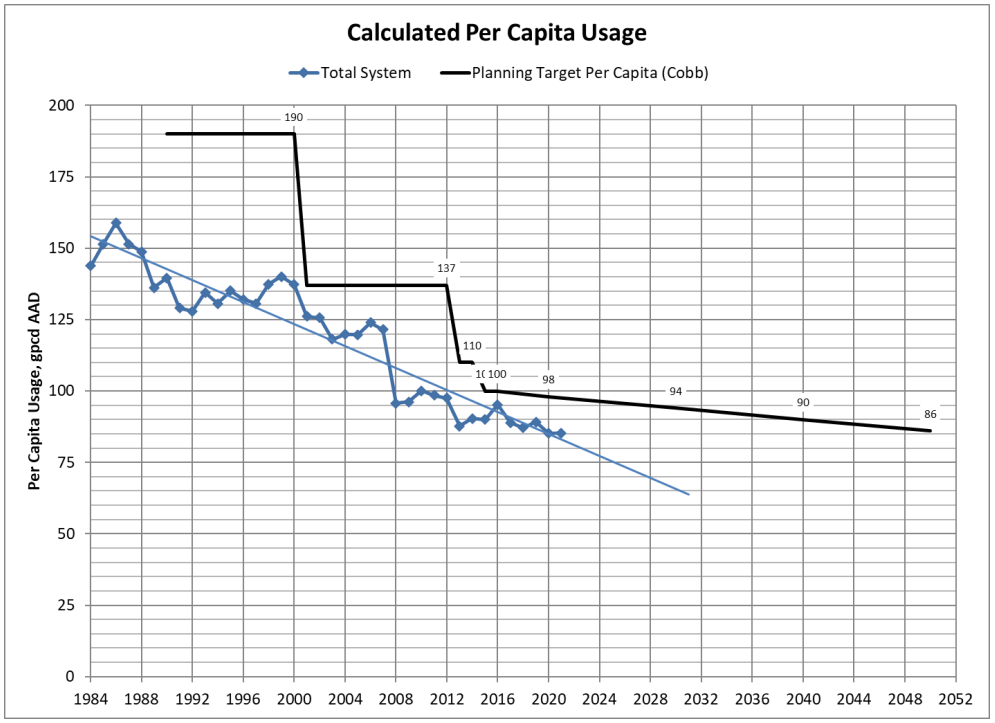
Per Capita Demand

The population of Cobb County, the largest area served by CCMWA, has grown by more than 91,000 residents since 2010. The Atlanta Regional Commission estimates Cobb County's population grew by 6,900 people in the last year and the county is ranked third in the 10-county Atlanta region for population growth between 2010 and 2022.

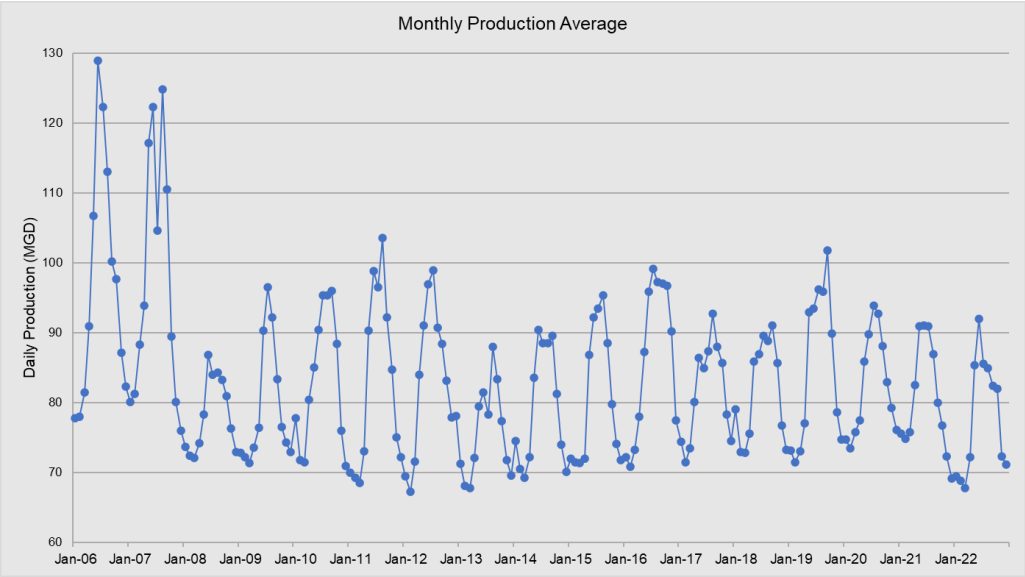


However, despite the rapid population growth in our service area, CCMWA has experienced a downward trend in per capita demand for water over the last decade. This trend began in 2008 when per capita demand decreased from an annual average of nearly 125 gallons per capita per day to approximately 95 gallons per capita per day as depicted in the graph below. The years since have shown a continuation of this downward trend in per capita demand and has become the "new normal" as end users of water become more conscious about water usage, manufacturers develop more water efficient products and processes, and plumbing codes and water pricing structures promote less water use.

The Calculated Per Capita Usage graph shows total system demand from 1984 to 2022, as well as the target per capita demand used for planning by CCMWA. The planning target of 190 gallons per capita per day used in 2000 has been decreased over time to 97 gallons per capita per day for the 2023 fiscal year. Future planning targets to the year 2052 have been adjusted to match the trend line of actual total system demand.

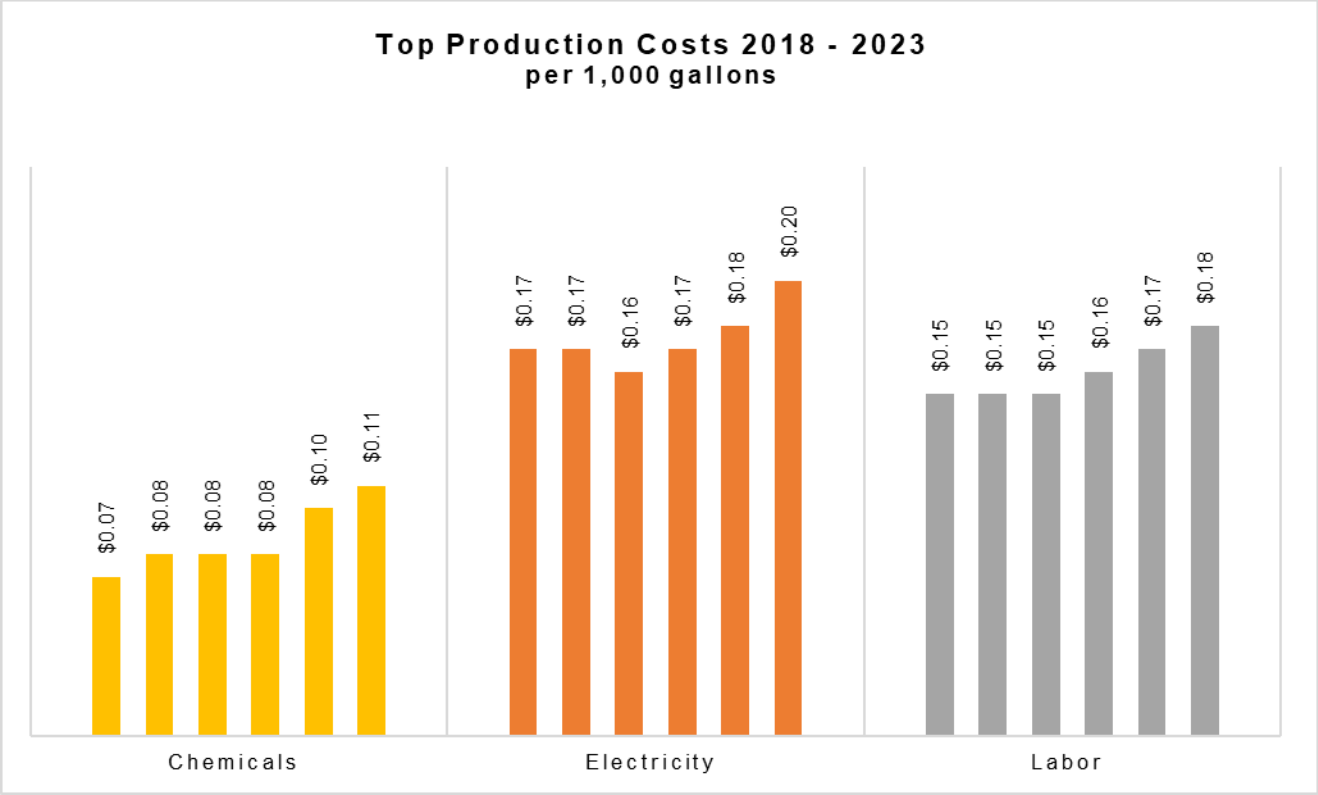


The downward trend of per capita water demand can also be seen in our monthly production averages, shown in the Monthly Production Average graph below. CCMWA has experienced only two months in the last fourteen years (July 2011 & September 2019) with average production of over 100 million gallons per day, both due to hot, dry weather conditions. Water efficiency and conservation efforts made since 2008 are now ingrained in the water use habits of consumers and are expected to continue into future years. As a result, there are no capital improvements included in the current 5-year Capital Improvement Plan (CIP) that would result in an increase to overall water production capacity. The 5-year CIP now focuses on projects addressing reliability and rehabilitation of infrastructure instead of projects related to system expansion.



Production Cost Increases

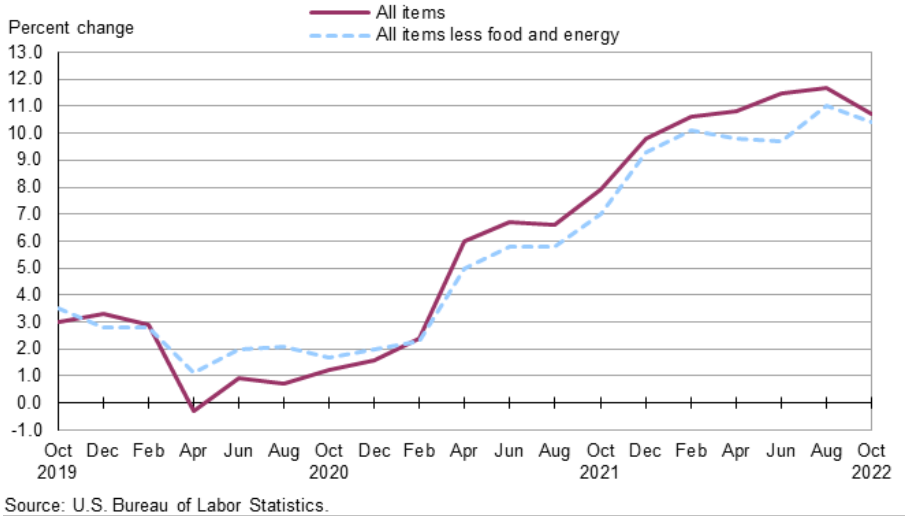
Three of CCMWA's five largest operating costs are directly associated with the production of drinking water – chemicals, electricity, and labor. Specifically, the cost of water treatment chemicals, electricity used by the water treatment plants, and personnel costs of the Wyckoff and Quarles divisions. Personnel costs are fixed costs, with a certain number of staff required to operate a water treatment plant regardless of the amount of water produced. Water treatment chemicals and electricity usage vary based on water production and are subject to economies of scale. In 2022, water production decreased to its lowest point in five years due to Paulding County Water System, our second largest customer, reducing water purchases. For 2023, water production is not expected to increase beyond the actual demand experience in 2022; however, the impact of inflation is expected to be more noticeable in operating expenses. The impact of increasing production costs can be seen by calculating each category's cost on a per unit basis (1,000 gallons).



Water treatment chemicals are competitively bid each year and in past years decreases in the per ton cost of individual chemicals have offset increases in the cost of others. Water treatment chemical costs increased by an average of 16% per ton when bid in late 2022 and several suppliers indicated they would be unable to guarantee prices throughout the next year due to rising costs. Electricity usage by kilowatt hour is not expected to increase in 2023; however, the cost per kilowatt hour is expected to increase by up to 8.7%, an increase of $0.02 per thousand gallons. The cost of labor to operate the water treatment plants will also increase in 2023 due to a cost-of-living increase required to stay competitive in the market.

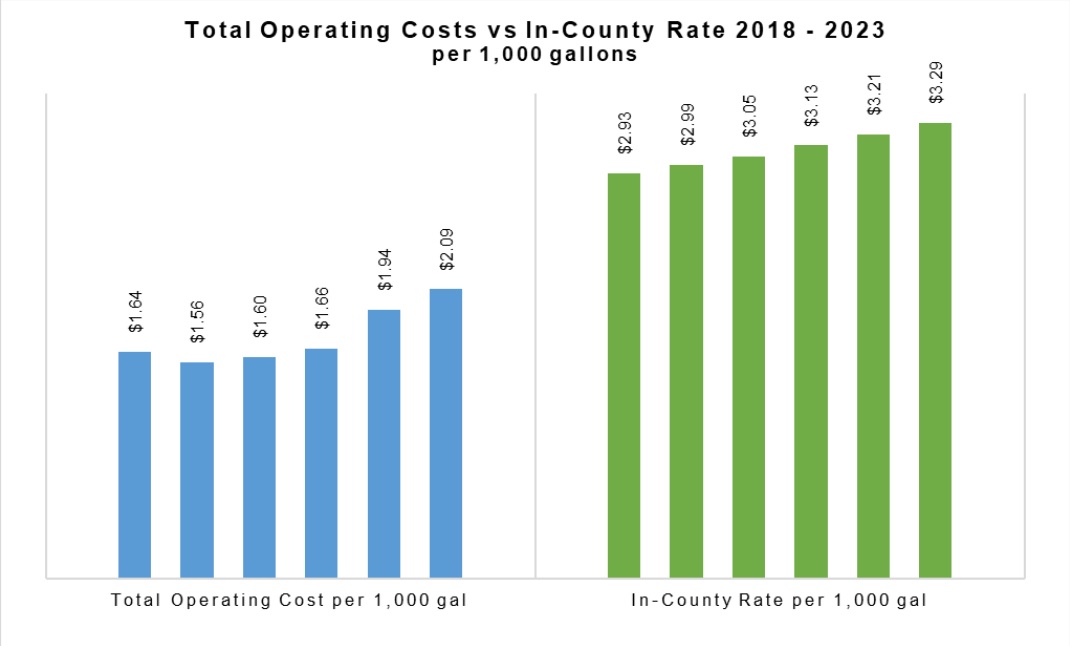
Inflation has impacted all operating cost categories, not just those directly associated with water production. The CPI-U (Consumer Price Index for All Urban Consumers) for the Atlanta metro-region that includes CCMWA's service area increased 10.7% from the prior year as of October 2022. Total operating costs for 2023 are anticipated to increase 7.7% over the prior year, which is closer to the CPI-U increase of 7.9% seen in October 2021. Many of CCMWA's operating expenses have been set by contracts that expire in mid-2023 and the renewal of those contracts is anticipated to bring operating expenses closer to the CPI-U increase observed during 2022.

Chart 1. Over-the-year percent change in CPI-U, Atlanta-Sandy Springs-Roswell, GA, October 2019–October 2022



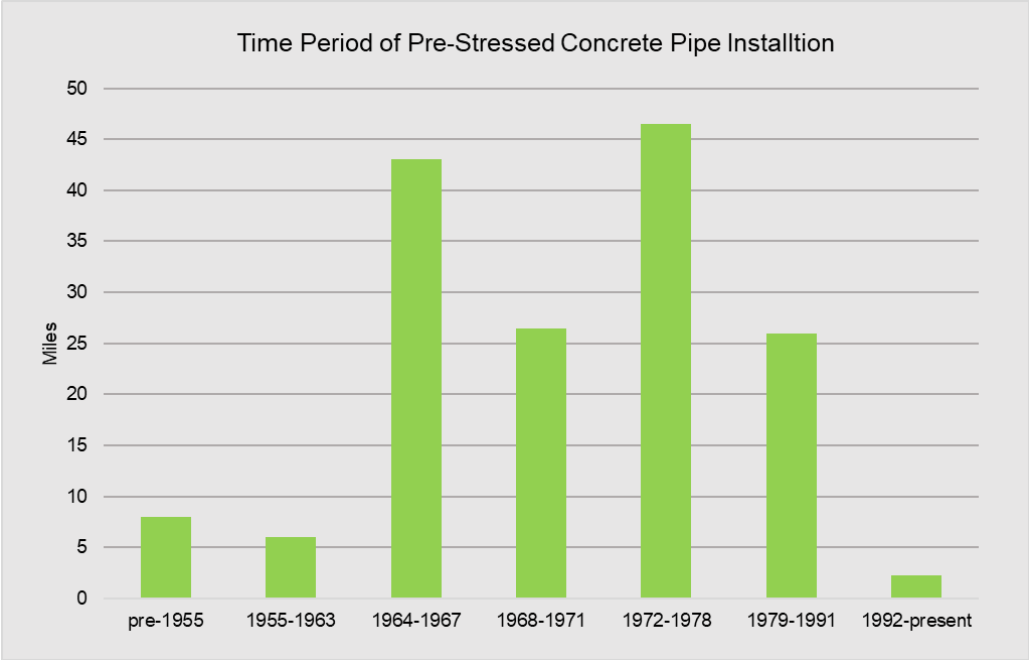
Source: U.S. Bureau of Labor Statistics.

CCMWA monitors operating expenses by comparing operating costs per thousand gallons sold for the current year to historical years. For 2023, total operating expenses are projected to increase to $2.09 per thousand gallons sold, $0.15 higher than the prior year. When compared to CCMWA's in-county water rate of $3.29, the total cost of producing 1,000 gallons of water is still below the rate charged for those 1,000 gallons. The difference between these two figures contributes to CCMWA's planned net income which is used to fund capital projects. By ensuring that water rates are adequate to cover operating costs, CCMWA has been able to establish a long-term plan for funding capital projects. The per unit cost of operating expenses will continue to be monitored and the impact of any anticipated increases on our long-term financial plan will be evaluated each year. If inflation continues to rise, actual operating expenses for 2023 may exceed projections and further analysis will be needed to determine the impact of increasing operating costs on future water rates.



Aging Infrastructure

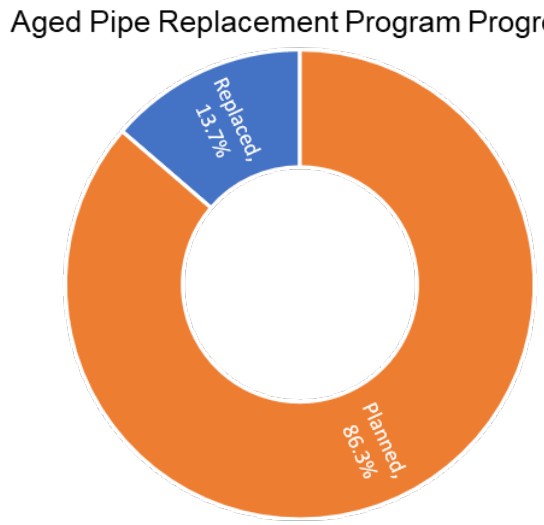
CCMWA's underground pipeline infrastructure includes pipelines ranging from 16 to 64 inches in diameter. These pipelines run under major highways, through neighborhoods, and near other critical infrastructure. Most of CCMWA's pipelines were installed before the area was densely populated and before above ground infrastructure was built, resulting in a greater risk of damage to surrounding structures and people in the event of a pipeline failure. In 2016, the CCMWA Board approved funds to develop a multi-year program to proactively replace pipelines as they near the end of their useful life. The Aged Pipe Replacement Program's goal was to evaluate all pipelines in the system, including pre-stressed concrete cylinder pipe (PCCP) and ductile iron pipe. An analysis tool was used to assess over 2,200 pipe sections based on age, internal pipe pressures, soil conditions, traffic impacts, potential collateral damage to properties, ease of repairs, and criticality to the transmission system. An emphasis was placed on PCCP, due to its estimated life being shorter than the estimated life of ductile iron pipe. The initial evaluation of CCMWA's transmission pipelines identified 12 pipe sections with the potential for failure, leaks, or significant impact to the system and 5 pipe sections in need of a condition assessment.

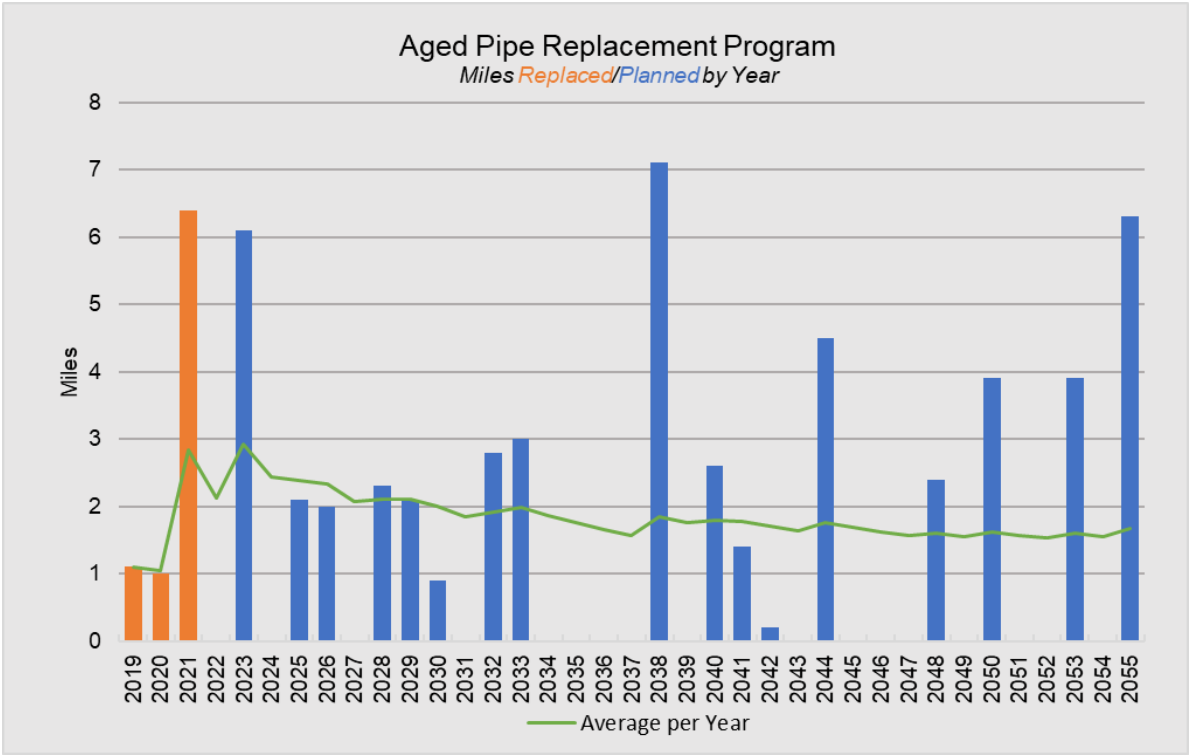


This graph shows the original 160 miles of PCCP in the transmission system by year of installation, with the majority installed between the years 1964-1978. When the Aged Pipe Replacement (APR) Program began 87 miles of those 160 miles had already been replaced as part of other projects. The remaining 73 miles of PCCP were prioritized for replacement based on their criticality and risk. The highest priority items from assessment were added to the Capital Improvement Plan in 2017 and as of the latest update, 20 projects are identified through 2055. The Aged Pipe Replacement projects planned for the next five years account for 16% of the $308 million Capital Improvement Plan and are a critical part of CCMWA's plan to address aging infrastructure.

The following Aged Pipe Replacement projects have been completed or will be completed in the upcoming year:

Project Name	Year Installed	Year Replaced	Feet Replaced	Miles Replaced
Mableton Parkway 36" Water Main Replacement	1969	2019	5,600	1.1
Wyckoff 42" Finished Water Main Replacement	1964	2020	5,200	1.0
U.S. Highway 41 Parallel 20" Water Main Replacement	1977	2021	12,000	2.3
West Side Loop Section #2 36" Water Main Replacement	1967	2021	21,500	4.1
Blackjack Tank Supply 36" Water Main Replacement	~1952	2023	32,000	6.1
Total			76,300	14.5





Budget Development

Planning Process

CCMWA conducts various planning processes throughout the year to facilitate the development of the operating budget and the Capital Improvement Plan (CIP). At the beginning of each year, the current Strategic Plan is reviewed to determine which action items will be addressed and if they will require budgetary support. These needs are incorporated into budget plans, along with any identified staffing, operational, or organization wide issues.

Capital project needs are reviewed through a series of prioritization workshops held in June and July, which include staff at all levels of the organization. During these workshops, the prior year's 20-year capital outlook is reviewed, new projects are added, and each project's scope and timeline are discussed. All projects are evaluated using a methodology known as Business Risk Exposure (BRE). The first step of this process is to determine if the failure of an asset associated with an individual capital project or a delay in completing the project would create a safety risk to employees or a public health risk. If a project is classified as a safety risk or public health risk during this step, it is given priority over other projects. Projects that do not qualify for this prioritization override are then evaluated based on the underlying assets' physical condition, performance, capacity impact, and water quality impact. Each category is reviewed individually and assigned a score of 1 – 5 which is used to determine Probability of Failure (PoF) and Consequence of Failure (CoF) scores. The product of the PoF and CoF scores produces the final BRE score upon which all projects are ranked. A draft schedule of projects based on the BRE is developed and modified based on each project sequencing requirements, impact on plant operations, required staff resources, and annual spending targets. The draft 5-year CIP developed from these planning workshops is then reviewed with operations staff, before being incorporated into a long-term cash flow model to determine if funding is available for the proposed projects.

The purpose of the cash flow model is to provide the necessary guidelines to ensure that the operating budget and rate program can support the 20-year CIP outlook with cash available to pay budgeted costs in a timely manner. The results of the cash flow model analysis are used to finalize the 5-year CIP and support any adjustments to the rate program. The cash flow model analysis includes the current year projected and future year proposed operating and capital budgets and assumes a 3.5% inflation factor for operating expenses and 4.0% inflation factor for capital expenses in future years. Estimated water demand is also updated annually based on known customer changes and historical trends.

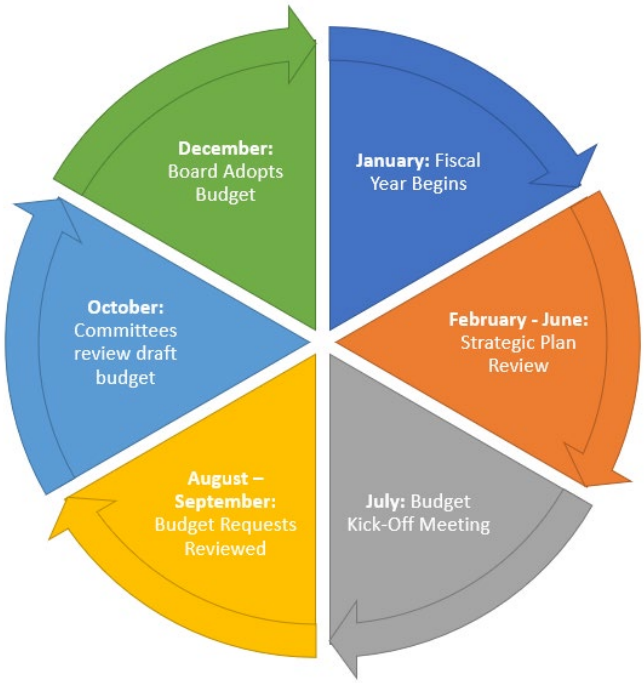
The cash flow model and 20-year CIP outlook do not include projects that are currently speculative and inestimable, and, if realized, would be funded through contingency or through the issuance of new debt. These

possible, but unplanned, projects could include land purchases or settlements related to future reservoir sites, major shifts in the 20-year CIP outlook due to regulatory changes, or unfavorable decisions regarding future water availability through Allatoona Lake and Hickory Log Creek Reservoir.

The results of the cash flow analysis are used to develop a water rate recommendation to the CCMWA Board. The CCMWA Board has implemented a plan for stabilized rate increases that span a set number of years instead of assessing rate increases based on the needs of a single year. Each year the Board reviews the 5-year CIP and recommends a rate increase for the next budget year, along with a planning estimate to be used for the remaining four years covered by the 5-year CIP. The establishment of a planning estimate aids CCMWA and its customers in forecasting and budgeting. The current rate plan includes a 2.5% increase for 2032, with a planning estimate of annual 2.5% increases for 2024 and 2025. Each year's adopted increase will be reviewed during the planning and development of the 5-year CIP to ensure that it supports our future capital plans and will be adjusted based on changes to the capital plan and each year's financial outcome.

Budget Process

CCMWA recognizes that planning and budgeting are crucial to our ability to achieve our mission. The budget process is ongoing to ensure that critical areas receive adequate attention, and the process is viewed as a continuous cycle that begins as soon as the next year's budget is adopted. CCMWA utilizes a collaborative budget progress, with each division actively involved in the development process. Due to CCMWA's use of a proprietary fund, budget amendments are not performed to match revenues to expenditures as is done in governmental funds. Throughout the year, budget reallocations may be made between individual line items, but the budget total is not changed.



Budget Calendar

The budget process begins in January when staff reviews the upcoming year's priorities and begins to plan work. Strategic Plan goals are also reviewed at this time and progress measurements are recorded. A budget development kick-off meeting is held in July, which allows Division Managers and the Finance Division to discuss frequently asked budget questions and due dates for the upcoming budget development process. The CIP prioritization workshops are also held around this time. The information gathered by the Divisions throughout the first half of the year is then used to develop budget requests. Division Managers meet with the Finance Division in August to discuss their operational and capital budget needs. During September, the draft 5-year Capital Improvement Plan is developed by operations staff and the Engineering Division. After a draft master budget is compiled by Finance, the information is reviewed by the Directors and General Manager before it is presented to the board during committee meetings in October and November. The first reading of the draft budget occurs at the November board meeting and any board recommended changes are made before the second budget reading and adoption in December.

Strategic Plan

CCMWA's current strategic plan began implementation in January 2022 and covers fiscal years 2022 – 2026. The planning process to develop this plan began with the Executive Team reviewing the previous strategic plan and the progress made towards those initiatives. The Executive Team determined that CCMWA still had progress to make in four areas of focus. Each area of focus was assigned a new list of initiatives through staff-led workshops with employees throughout the organization. Additional workshops were held to develop action items for each initiative that are intended to move CCMWA closer to realizing each initiative. Progress towards the action items will be measured by key performance indicators (KPI's) which will be regularly reviewed and recorded on a central dashboard.

The areas of focus and strategic initiatives highlighted in CCMWA's 2022 - 2026 Strategic Plan are:

Safety and Emergency Preparedness

- Improve Safety Culture
- Increase awareness of safety compliance to better detect risk and potential threats to employees
- Develop a staff that is prepared, organized, and consistent in their response to emergency situations
- Develop and expand company-wide cyber security policies to address specific risks

Workforce Development

- Refine leadership skill development opportunities for non-supervisory staff and current leaders
- Enhance workforce diversity
- Formalize succession planning program to fill key roles
- Enhance internal communication at all levels by developing and implementing regular, scheduled communication

Water Quality

- Address declining source water quality and prepare for anticipated future regulations

Stakeholder Engagement

- Create and implement processes to communicate financial, strategic, and capital project related information to all stakeholders

Safety and Emergency Preparedness	
Improve safety culture	
Authority-Wide Action Items: • Scheduled safety training for all staff to improve knowledge of safety practices & procedures • Implement incentive & recognition program for safety suggestions and solutions made by employees • Assign a safety officer to each division to serve on the safety committee	**Key Performance Indicators:** # of safety training hours per year % of employees passing safety quizzes # of updates to safety training matrix
Increase awareness of safety compliance	
Authority-Wide Action Items: • Maintain a regular training schedule for risk & threat detection • Enhance position-based training for site-specific hazards, & evacuation plans • Include safety assessments in weekly/monthly meetings	**Key Performance Indicators:** # of emergency response training hours % of after-action reports generated % of safety assessment issues resolved
Be prepared, organized, & consistent in response to emergency situations	
Authority-Wide Action Items: Regular drills & tabletop exercises for emergency scenarios with debriefing sessions • Emergency communication system training & testing • Formalize Incident Command System (ICS) structure • Review Crisis Communication Strategy	**Key Performance Indicators:** # of tabletop exercises per year % of staff attending tabletop exercises % of ISC roles assigned % of NIMS training completed # of crisis communication tabletops
Develop and expand cybersecurity policies	
Authority-Wide Action Items: • Reach AWWA J100 compliance • Create cybersecurity focused tabletop exercises • Enhance cybersecurity training	**Key Performance Indicators:** % progress towards J100 compliance # of critical items after assessment % of employees passing training
Workforce Development	
Refine leadership skill development opportunities	
Authority-Wide Action Items: • Implement Leadership Competency Model • Create job shadowing program • Create formal onboarding process for new leaders • Encourage volunteering & community service • Foster interagency connections	**Key Performance Indicators:** % of roles using model # of positions being shadowed # of volunteer hours % of employees attending volunteering events
Enhance workforce diversity	
Authority-Wide Action Items: • Expand recruiting efforts to include diverse applicant pools • Diversify interview panels • Expand diversity & inclusion training • Review job descriptions to attract a larger applicant pool	**Key Performance Indicators:** % of interview panels meeting criteria # of diversity training hours per year # of job descriptions reviewed annually

Formalize succession planning program	
Authority-Wide Action Items: • Formalized cross training program • Capture critical institutional knowledge from retirees • Include future desired role/position on annual review forms • Create trainee positions • Utilize competency model for all positions	**Key Performance Indicators:** # of positions identified to cross train % of retirees given exit interviews # of trainee positions created # of positions using competency model
Enhance internal communication at all levels	
Authority-Wide Action Items: • Publish divisional KPI's • Direct communication of Authority-wide initiatives • Annual State of the Authority meeting for employees	**Key Performance Indicators:** % of divisions tracking KPI's % of KPI's posted to intranet site % of employees attending meeting
Water Quality	
Address declining source water quality & prepare for anticipated future regulations	
Authority-Wide Action Items: • River corridor monitoring plan for Chattahoochee River • Lake monitoring plan for Allatoona Lake • Residuals Management Treatment Process review • Model directional flow of Allatoona Lake • Refine Harmful Algae Bloom (HAB) monitoring plan • Establish a regulatory committee	**Key Performance Indicators:** # of Chattahoochee water quality parameters set # of Allatoona water quality parameters set % of directional flow model complete # of regulatory committee meetings
Stakeholder Engagement	
Communicate financial, strategic, & CIP replaced information to all stakeholders	
Authority-Wide Action Items: • Snapshot report of Authority information • Annual State of Authority meeting for customers & stakeholders • Stand-alone CIP document to address project details & public impact • Update Level of Service goals with customer input	**Key Performance Indicators:** # of reports distributed % of customers attending presentation % of stakeholders attending presentation # of LOS goals defined

Performance towards the Authority-Wide action items will be measured each quarter through the defined KPI's and will be published on the employee portal and presented to the CCMWA Board. Throughout the year, KPI's may be revised as work begins on specific action items and new KPI's may be developed as needed. More information about each strategic initiative, including a detailed description of why each category was included in the plan, can be found in the 2022-2026 Strategic Plan document. Any updated Authority-Wide performance measures will be added to the Strategic Plan document on the CCMWA website.

Goals and Objectives

CCMWA uses the Strategic Plan initiatives for guidance when developing annual goals and objectives. The goals set by each division are intended to foster a culture where all employees across the Authority are working towards a single outcome: a stronger organization for the future. The goals set by each division are presented with their individual operating budgets and include stated objectives and KPI's needed to meet each goal. Historical KPI performance is also included when available.

CCMWA also sets Authority-wide financial and non-financial goals that require continued focus and attention from the organization. Some of these goals were achieved through prior Strategic Plans and require continued efforts to maintain a desired standard, while others are directly related to current Strategic Plan initiatives. Financial goals ensure CCMWA maintains a strong financial position, while non-financial goals focus on areas that impact the overall operation of the Authority, allow CCMWA to fulfill its core mission, and prepare the organization for future changes.

Authority-Wide Financial Goals		
Short-Term	*Prior Year Achieved*	*Current Year Planned*
Plan for, develop, and adhere to a balanced budget for the current fiscal year	✓	•
Maintain pay-as-you-go financing method for renewal-type capital improvements	✓	•
Maintain planned rate structure with annual increases adequate to support current levels of service	✓	•
Maintain unrestricted cash reserves equal to six months of budgeted operating expenses	✓	•
Align capital reserve investment strategy with long-term capital improvement plan	✓	•
Monitor impact of inflation on operating and capital expenses and adjust cash flow model accordingly	✓	•
Update Paulding County's contract to include a defined Reserve Daily Allocation	✓	
Negotiate and finalize a contract renewal with Lockheed Martin		•
Long-Term	*Prior Year Achieved*	*Current Year Planned*
Maintain AAA bond rating from multiple rating agencies	✓	•
Avoid issuance of new debt for renewal-type capital improvements	✓	•
Ensure that five-year capital improvement plan is fully funded through annual net income and capital reserves	✓	•
Use cash flow model to estimate cash flows and capital outlays for at least 20 years into the future	✓	•
Maintain a competitive rate structure to facilitate financial and overall economic sustainability	✓	•
Explore opportunities to increase our service area through new customers		•

Authority-Wide Non-Financial Goals		
Short-Term (* - Strategic Plan action item)	*Prior Year Achieved*	*Current Year Planned*
Monitor the structural integrity of aging pre-stressed concrete cylinder pipe	✓	•
Roll-out 2022-2026 Strategic Plan through ongoing communication with staff	✓	
Update CCMWA's Asset Management Plan to conform with Georgia Environmental Protection Division requirements		•
Investigate options for the replacement of our Computerized Maintenance Management System (CMMS) through a needs assessment		•
Adopt and implement a formalized Safety Incentive Program *	✓	
Assign a Safety Officer from each Division to serve on the Safety Committee *	✓	
Formalize Incident Command System (ICS) structure *		•
Conduct one cybersecurity focused tabletop exercise and debrief *		•
Create and implement a formal (written) onboarding process for new leaders *		•
Implement Leadership Competency model *		•
Expand and encourage opportunities for water supply/drinking water related community service *	✓	•
Expand recruiting efforts beyond industry specific job boards to include minority organizations and diverse applicant pools *	✓	•
Using historical data, establish "normal ranges" for specific water quality parameters over the last 5 years in raw, source water *		•
Develop Harmful Algae Bloom monitoring plans for all water sources *	✓	•
Develop and implement a Revised Lead & Copper Rule corrosion control monitoring plan in concert with implementation of orthophosphate treatment process		•
Create and distribute a 1-page report showing pertinent organizational info *		•
Develop and conduct a "State of the Authority" presentation for stakeholders *	✓	•
Long-Term	*Prior Year Achieved*	*Current Year Planned*
Meet or exceed all drinking water quality regulations, including monitoring and reporting requirements	✓	•
Utilize US EPA anticipated water quality regulatory changes in long-term capital improvement planning	✓	•
Coordinate with the Metropolitan North Georgia Water Planning District to ensure alignment of planned water resources & water treatment infrastructure	✓	•
Maintain a competitive total compensation program to attract and retain highly competent staff and remain an employer of choice in the industry	✓	•
Gain US Army Corp of Engineers approval of the proposed accounting methodology for the use of releases from Hickory Log Creek Reservoir		•
Gain consent from the US Army Corp of Engineers to credit wastewater inflows into Allatoona Lake as an offset to water withdrawals from the lake		•
Create a long-term plan for construction of Sharp Mountain Creek Reservoir or acquisition of alternative made in-flows to Allatoona Lake		•

Executive Summary

Budget Overview

The 2023 annual operating budget for Cobb County-Marietta Water Authority is a balanced budget with operating revenues exceeding operating expenses and was developed in accordance with all financial policies. Planned net income for 2023 will support a multi-year capital program that includes $307.3 million in capital investment over the next five years.

Operating income for 2023 is expected to increase by $2.6 million over the 2022 budget. Actual operating income for 2022 is expected to be $37.8 million due to operating revenues exceeding the budget estimate. Net income for 2023 is projected to total $37 million, a 10% increase over the 2022 budget. Actual net income for 2022 is expected to be $30 million, $3.7 million lower than expected, due to an unrealized loss on the fair market value of investments.

	2022 Budget	2022 Projected Actual	Variance - Favorable (Unfavorable)	2023 Budget	Increase (Decrease) over 2022 Budget ($)	Increase (Decrease) over 2022 Budget (%)
Operating Revenues	$ 86,883,393	$ 91,738,133	$ 4,854,740	$ 93,710,494	$ 6,827,101	7.9%
Operating Expenses	54,181,690	53,920,834	260,856	58,367,756	4,186,066	7.7%
Operating Income	**32,701,703**	**37,817,299**	**5,115,596**	**35,342,738**	**2,641,035**	**8.1%**
Other Income	2,755,693	(6,167,170)	(8,922,863)	3,397,585	641,892	23.3%
Other Expenses	1,692,167	1,691,269	898	1,618,992	(73,175)	-4.3%
Extraordinary Items	100,000	-	100,000	100,000	-	0.0%
Net Income	**$ 33,665,230**	**$ 29,958,861**	**$ (3,908,165)**	**$ 37,021,332**	**$ 3,356,102**	**10.0%**

The 2023 capital budget totals $52.9 million, which includes $49.4 million in capital improvements, a $1.5 million reservation for Department of Transportation (DOT) required projects, and a $2 million contingency. Actual capital spending for 2022 is expected to be $30.5 million with a large portion of budgeted spending rolling over into 2023 due to project delays.

	2022 Budget	2022 Projected Actual	Variance - Favorable (Unfavorable)	2023 Budget	Increase (Decrease) over 2022 Budget ($)	Increase (Decrease) over 2022 Budget (%)
Aged Pipe Replacements	$ 9,723,592	$ 7,496,493	$ 2,227,099	$ 9,098,085	$ (625,507)	-6.4%
Blow-Off & Valve Replacements	2,515,000	1,472,328	1,042,672	2,445,304	(69,696)	-2.8%
Pipeline Improvements	10,194,452	7,450,336	2,744,116	9,171,750	(1,022,702)	-10.0%
Plant Improvements	17,829,942	8,625,944	9,203,998	19,245,253	1,415,311	7.9%
Tank Improvements	700,000	1,400,000	(700,000)	3,300,000	2,600,000	371.4%
Asset Renewal & Replacement	5,758,537	3,120,921	2,637,616	6,180,254	421,717	7.3%
Total Capital Improvements	**46,721,523**	**29,566,022**	**17,155,501**	**49,440,646**	**2,719,123**	**5.8%**
Reservation for DOT Projects	2,200,000	895,686	1,304,314	1,500,000	(700,000)	-31.8%
Contingency	2,500,000	16,274	2,483,726	2,000,000	(500,000)	-20.0%
Total Capital Expenditures	**$ 51,421,523**	**$ 30,477,982**	**$ 20,943,541**	**$ 52,940,646**	**$ 1,519,123**	**3.0%**

Revenue Analysis and Assumptions

Revenue Sources

Operating revenue for CCMWA consists of water sales, base charges, summer surcharges, and water testing fees. Water sales revenue and base charges constitute more than 99% of revenue. Water sales revenue is based on volumetric charges for monthly water demand at a rate set by the customer's status as an in-county (sole-source) or out-of-county (non-sole-source) customer. Monthly water demand is projected for the upcoming year using historical demand, weather trends, and known customer changes. This data is compared to historical information and used to develop monthly demand projections, which are then used to develop the water sales revenue budget. Yearly demand is presented in million gallons per day (MGD) which is calculated as the total of each month's estimated demand in million gallons divided by the number of days in the calendar year.

Base charge revenue is received from customers with reserved daily allocation contracts and is realized in equal monthly installments. Customers on this type of contract pay a base charge equal to 45% of the in-county rate for a set amount of water (referred to as a reserved daily allocation) regardless of the volume of water used. When water is used, volumetric charges are added at 55% of the in-county rate.

Water testing fees are collected by the CCMWA laboratory at a rate of $65 per sample. Testing fees apply only to special samples requested by our customers or private citizens. Regulatory samples are collected and analyzed by the laboratory for sole-source customers at no charge and make up the largest category of samples collected and tested each month. All sources of revenue are budgeted except for potential revenue from summer surcharges. These surcharges take effect when summer water usage exceeds 130% of the previous winter's base demands. Summer water usage is heavily dependent on rainfall and temperature; therefore, it is not possible to project potential revenue from summer surcharges.

	2019 Audited	2020 Audited	2021 Audited	**2022 Budget**	2022 Projected	**2023 Budget**
Water Sales	$93,980,958	$93,862,547	$93,222,982	**$85,173,825**	$88,745,858	**$89,119,938**
Base Charges	1,472,628	1,504,009	1,540,464	**1,580,868**	2,730,618	**4,456,656**
Summer Surcharges	551,289	49,845	14,479	**-**	123,802	**-**
Water Testing	46,200	38,750	75,810	**128,700**	137,855	**133,900**
Total Operating Revenue	$96,051,075	$95,455,151	$94,853,735	**$86,883,393**	$91,738,133	**$93,710,494**
% of Total Operating Revenue	100%	100%	100%	**100%**	100%	**100%**
Gallons Sold (in millions)	30,950	30,222	29,350	**26,333**	27,813	**27,893**
MGD (average)	84.8	82.6	80.2	**72.1**	76.2	**76.4**

2022 Revenue Analysis

Water sales revenue for 2022 is projected to be $88.7 million with demand of 76.2 MGD, compared to a budget of $85.2 million with water demand of 72.1 MGD. The water demand projection for 2022 assumed that demand from Paulding County, CCMWA's second largest customer prior to August 2021, would average 10 MGD and demand from other customers would be lower than experienced in the prior year. However, actual demand during

2022 exceeded this projection due to higher demand from our other customers, as Paulding County averaged 9.5 MGD which was slightly lower than anticipated.

Base charge revenue is projected to be $2.7 million in 2022 and exceed the budget projection by $1.1 million due to unanticipated base charge revenue collected from Paulding County. One year from the date their water treatment plant began operations, Paulding County's contract terms allowed for a rate structure modification from the out of county rate to a monthly base charge and a volumetric charge equal to the in-county rate up to a set reserved daily allocation. Paulding County set a reserved daily allocation in August 2022 and base charges were collected for the remainder of the year. Summer surcharges in the months of May through September provided $123,802 in unbudgeted revenue for 2022, an increase from the prior year due to higher summer demand. Water testing revenue for 2022 is projected to be $137,855 compared to a budget of $128,700. The 2022 budget assumed that 1,980 billable samples would be processed by the CCMWA laboratory; however, the laboratory is projected to process more than 2,100 samples due to an increased demand in sampling for Paulding County's water treatment plant.

2023 Revenue Assumptions

Operating revenue for 2023 is forecasted at $93.7 million, a 7.9% increase over the 2022 budget and a 2.1% increase over 2022 projected actual revenue. The 2023 revenue forecast includes a planned 2.5% rate increase and assumes $89.1 million in revenue from water sales, $4.5 million from base charges, and $133,900 from water testing. The increase over 2022 projected actual revenue is slightly less than the planned 2.5% rate increase due to unbudgeted summer surcharge revenue collected during the year. The revenue collection rate is assumed to be 100% based on previous collection rates and the financial stability of our customers.

The forecast for water sales revenue assumes 76.4 MGD in water sales, with 98% of water sales to in-county customers at $3.29 per thousand gallons and 2% of sales to out-of-county customers at $3.63 per thousand gallons. This projection is a slight increase from 2022 projected actual demand of 76.2 MGD. No major customer changes are anticipated, so 2023 demand was estimated with the assumption that demand will remain relatively constant. Customers with base charge contracts will also have a 2.5% increase, which matches the rate increase for volumetric sales. The forecast for 2023 water testing revenue is based on 1,200 billable samples for Paulding County and 860 billable samples for other customers.

Expense Analysis and Assumptions

The top five expense categories in the operating budget are depreciation, salaries and benefits, electricity and natural gas, repairs and maintenance, and water treatment chemicals. In 2022, depreciation expense is expected to account for 40.4% of the operating expense budget, salaries, and benefits for 25.6%, electricity and natural gas for 10.1%, repairs and maintenance for 8%, and water treatment chemicals for 5.8%. These proportions are in line with historical trends, with slight changes from year to year driven by water production.

Operating Expenses by Type

	2019 Audited	2020 Audited	2021 Audited	**2022 Budget**	2022 Projected	**2023 Budget**
Depreciation	$ 19,423,834	$ 19,474,859	$ 19,941,347	**$ 21,713,000**	$ 21,802,467	**$ 22,859,850**
Salaries, Benefits, & Pension	12,582,132	11,531,754	11,391,220	**14,305,775**	13,810,653	**15,585,673**
Electricity & Natural Gas	5,391,984	5,248,136	5,250,014	**5,268,625**	5,449,680	**5,959,228**
Repairs & Maintenance	3,224,153	4,010,954	3,952,095	**4,283,744**	4,325,303	**4,046,593**
Chemicals	2,746,135	2,645,337	2,599,843	**2,684,245**	3,117,551	**3,473,631**
Research & Development	1,164,539	1,365,021	798,599	**1,109,632**	877,134	**1,226,640**
Residuals Management	818,749	748,218	845,748	**877,360**	1,012,676	**938,600**
Information Technology	465,027	543,189	714,562	**876,872**	932,493	**1,278,119**
General Insurance	539,273	548,276	558,839	**619,147**	609,719	**670,500**
Legal	371,750	217,528	356,813	**270,658**	235,513	**245,000**
Miscellaneous	1,582,159	2,165,119	2,173,709	**2,172,632**	1,747,646	**2,083,922**
	$ 48,309,734	$ 48,498,392	$ 48,582,789	**$ 54,181,690**	$ 53,920,834	**$ 58,367,756**

Operating Expenses by Percent of Total

	2019 Audited	2020 Audited	2021 Audited	**2022 Budget**	2022 Projected	**2023 Budget**
Depreciation	40.2%	40.2%	41.0%	**40.1%**	40.4%	**39.2%**
Salaries, Benefits, & Pension	26.0%	23.8%	23.4%	**26.4%**	25.6%	**26.7%**
Electricity & Natural Gas	11.2%	10.8%	10.8%	**9.7%**	10.1%	**10.2%**
Repairs & Maintenance	6.7%	8.3%	8.1%	**7.9%**	8.0%	**6.9%**
Chemicals	5.7%	5.5%	5.4%	**5.0%**	5.8%	**6.0%**
Research & Development	2.4%	2.8%	1.6%	**2.0%**	1.6%	**2.1%**
Residuals Management	1.7%	1.5%	1.7%	**1.6%**	1.9%	**1.6%**
Information Technology	1.0%	1.1%	1.5%	**1.6%**	1.7%	**2.2%**
General Insurance	1.1%	1.1%	1.2%	**1.1%**	1.1%	**1.1%**
Legal	0.8%	0.4%	0.7%	**0.5%**	0.4%	**0.4%**
Miscellaneous	3.3%	4.5%	4.5%	**4.0%**	3.2%	**3.6%**
	100.0%	100.0%	100.0%	**100.0%**	100.0%	**100.0%**

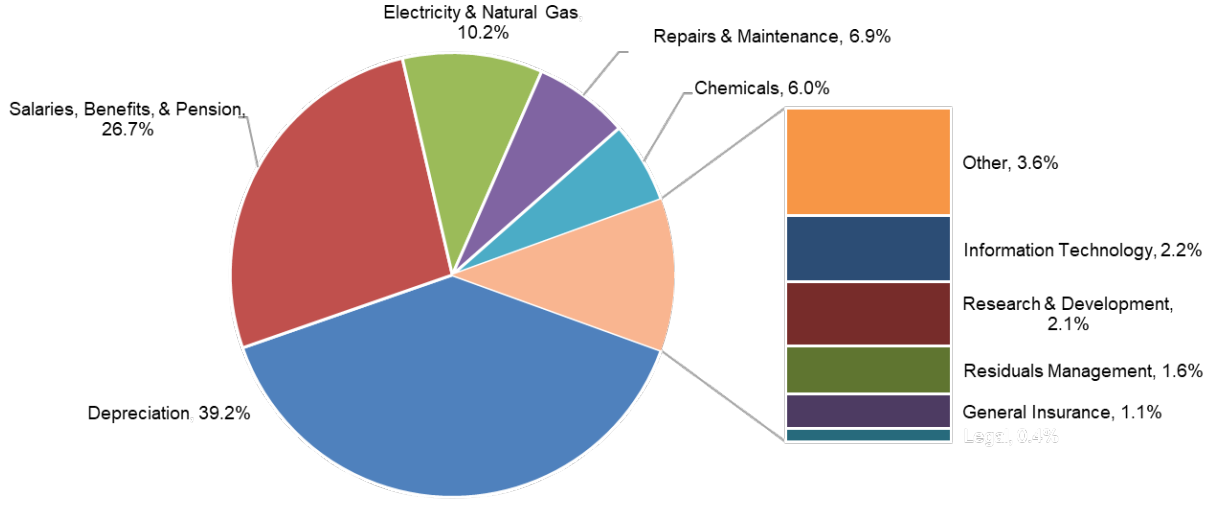
The 2023 budget anticipates depreciation expense of $22.8 million, a $1.1 million increase over the 2022 budget of $21.7 million. CCMWA's assets are depreciated on a straight-line basis over their determined useful lives. Many of CCMWA's assets are near or beyond the end of their useful lives and scheduled for replacement. As major construction projects are completed and added to the depreciation schedule, depreciation expense will continue to increase.

Personnel costs (salaries, employee benefits, payroll taxes, and pension expenses) are estimated to increase by 8.9% in 2023 to $15.5 million. Personnel costs were estimated based on the assumption that all full-time positions will be funded, and each position will receive a 10.5% cost-of-living adjustment. A merit allocation was also included in the salaries budget to allow managers to recognize employee growth and achievements. Employee benefits expense, which is the employer paid portion of insurance premiums, is expected to increase by 6% or $136,000 in 2023. Pension expenses, which include quarterly pension contributions and plan administration costs, are expected to increase by less than 1%. These personnel costs, along with the associated increase in payroll taxes, resulted in a budget increase of $1.3 million from 2022 to 2023.

CCMWA's main supplier of electricity is expected to implement a rate increase in January 2023, with an 8.7% increase for the Wyckoff Water Treatment Plant and a 7.9% increase for the Quarles Water Treatment Plant. Different electricity rate structures are used at each water treatment plant to obtain the greatest cost savings based on operational differences. The 2023 budget for electricity was developed based on these new rate structures and anticipated water demand for the year. Natural gas prices are also expected to increase in 2023, due to CCMWA's natural gas contract expiring in July. The impact of these increases resulted in a 2023 budget for electricity and natural gas that is $691,000 or 13.1% higher than the previous year. Actual electricity and natural gas expenses for 2022 are projected to total $5.4 million, compared to a budget of $5.2 million, due to water demand exceeding budget expectations during the year.

Repair and maintenance expenses include costs related to the maintenance of buildings, property, equipment, electrical systems, SCADA system, security systems, vehicles, pipelines, meters, and water storage tanks. Repair and maintenance expenses for 2022 are projected to total $4.3 million. The total budget for these expenses is expected to decrease by 5.5% in 2023 to $4 million due to one-time expenses budgeted in the prior year and due to the Transmission Division's easement clearing program moving into a phase of maintenance versus clearing large trees and brush.

The budget for water treatment chemicals in 2023 is expected to increase by 29.4% to $3.5 million based on price increases from supplying vendors. CCMWA utilizes seven different chemicals in the water treatment process and prices for water treatment chemicals are obtained each September through a competitive bidding process. The lowest cost provider in each category is awarded a contract to supply chemicals in the upcoming year. The most recent chemical bid resulted in an average increase of 16% per ton. This increase combined with higher projected water demand for 2023 resulted in a budget increase of $789,000 over the prior year. Actual chemicals expense in 2022 is projected to total $3.1 million, exceeding the budget by $433,000 due to water demand exceeding budget expectations during the year.



2023 Budgeted Operating Expenses by Type

Other Income and Expense Assumptions

Budgeted other income consists of interest income, rental income, and miscellaneous income. Non-budgeted sources of other income include gain/loss on disposal of assets, gain/loss on market value of investments, timber sales, reimbursements, settlements, and sales tax refunds. These non-budgeted items represent income that is difficult to estimate due to changes in market conditions or to being out of CCMWA's control.

Other income for 2022 is projected to be $3.2 million excluding an unrealized loss on the fair market value of investments, which is recorded for accounting purposes and does not represent cash outflows. When compared to the 2022 budget for other income, actual cash inflows from other income are projected to be $441,000 higher due primarily to interest income which is projected to exceed the budget expectation by $434,000. Interest rates increased beyond the original assumption during 2022 and higher interest rates were locked in on investments purchased during the year. An unrealized loss on the fair market value of investments, which was not budgeted, is estimated to total $9.3 million in 2022. All investments are held to maturity, so this loss will never be realized but it is required to be included in the calculation of net income. In 2023, other income is forecasted to total $3.4 million, a 23% increase over the prior year to align the expectation for interest income with the current market.

Budgeted other expenses include debt related items such as the interest portion of revenue bond payments and fiscal agent fees, which are partially offset by the amortization of bond premium which is classified as other income. CCMWA currently has one outstanding debt issuance that contributes to expenses in this category with associated expenses of $1.4 million in 2023 after the bond premium amortization offset.

Capital Improvement Plan Assumptions

The 2023-2027 Capital Improvement Plan is focused on maintaining and reinvesting in infrastructure. The projects outlined in the 5-year CIP include aged pipe replacements, blow-off and valve replacements, pipeline improvements, water treatment plant and pump station improvements, water storage tank replacements, and small capital purchases referred to as renewal and replacement projects (AR&R). In 2023, capital spending is budgeted at $52.9 million and capital spending over the 5-year plan is estimated to be $307.3 million.

Actual capital spending for 2022 is estimated to be $30.5 million, with $26.5 million from capital improvement projects, $3.1 million from asset renewal and replacement projects, and $900,000 from DOT projects, and $132,136 in land purchases. CCMWA's planning target is to spend at least 70% of the annual CIP budget and capital spending in 2021 is estimated to be 59.3% of the annual CIP budget. All projects under construction were delayed due to material and labor shortages, but as these projects move further into the construction phase during 2023, spending should progress at a faster pace. The 2022 portion of these projects' budgets that was unspent will be spent in future years and did not impact the total estimated cost of the projects.

Impact of Capital Improvement Plan on Operating Budget

When prioritizing and scheduling capital projects, CCMWA considers the impact each project will have on the operating budget. While the actual impact will not be known until a project is completed, the table below shows the estimated impact of each project that will be completed in the next five budget years. Depreciation expense has the greatest impact on the operating budget, as it is CCMWA's largest expense category. Many of the capital projects planned for the next five years will result in lower maintenance costs as they are replacing pipelines or equipment that are currently prone to failure and in need of frequent maintenance.

Estimated Impact of 5-Year Capital Improvement Plan on Operating Budget

CIP Project Description	Cost Category	2023	2024	2025	2026	2027
Blackjack Tank Supply 36" Water Line	D	269,641	539,283	539,283	539,283	539,283
Factory Shoals 30" & Six Flags 24" Water Mains	D	-	-	100,141	200,281	200,281
Mars Hill Church Rd to Pine Mountain 36" Water Main	D	-	-	-	290,568	290,568
BOR 2023 - Beech Haven Trail to Maner Rd (6)	D	32,500	65,000	65,000	65,000	65,000
BOR 2024 - Mableton Pkwy/Discovery Blvd/Riverview Rd (8)	D	-	44,185	88,370	88,370	88,370
BOR 2025 - Six Flags Way/Lee Ind./Mableton Pkwy (6)	D	-	-	35,136	70,273	70,273
BOR 2026 - Legacy Park to Jiles Rd (8)	D	-	-	-	47,791	47,791
Critical Valve Replacement Program	D	57,265	78,780	54,891	57,087	59,370
Wyckoff 42" Raw Water Pipeline Improvements	D	124,290	248,580	248,580	248,580	248,580
Maner Road 36" Water Main Replacement	D	-	87,058	174,115	174,115	174,115
Cedarcrest New 16" Water Main	D	-	25,720	51,440	51,440	51,440
Corrosion Control Feed System (Both Plants)	C/D	-	652,750	705,500	705,500	705,500
Quarles - Plant 2 SCADA Replacement	D	-		-	-	1,215,420
Quarles - Taste & Odor Process Improvements	C/D	62,547	325,930	325,930	325,930	325,930
Quarles - Reservoir Cleaning	D	-	-	517,781	1,035,562	1,035,562
Quarles - Plant 2 Filter Valve & Actuator Replacements	D	-	302,970	605,941	605,941	605,941
Quarles - Plant 2 Pump Station Valve & Actuator Replacements	D	-	-	-	274,227	548,454
Wyckoff - 6MG Clearwell Addition	D	237,271	474,543	474,543	474,543	474,543
Wyckoff - Maintenance Facility Improvements	D	-	69,041	138,083	138,083	138,083
Wcykoff - Filter Underdrain Replacements (Filters 1-8)	D	-	-	-	-	24,328
Wyckoff - Press Filtrate Discharge Pre-Treatment	C/D	-	332,289	464,579	464,579	464,579
Wyckoff - Residuals Building Replacement & Thickener Addition	D	-	-	-	-	276,454
Wyckoff - Electrical Switchgear 2 Replacement	D	-	-	-	-	42,378
Blackjack Mountain Tank Replacement (5MG)	D/M	-	65,408	150,815	150,815	150,815
Pine Mountain Tank No. 1 Replacement (5 MG)	D/M	-	-	59,750	139,500	139,500
Tank Painting Program	D	-	-	18,907	75,629	75,629
2023 AR&R Projects *	D	882,893	882,893	882,893	882,893	882,893
Total Operating Impact from CIP and AR&R Projects		1,666,408	4,194,431	5,701,679	7,105,990	8,941,082

Cost Category	2023	2024	2025	2026	2027
Chemicals (C)	50,000	775,000	775,000	775,000	775,000
Maintenance (M)	-	-	20,000	40,000	40,000
Depreciation (D)	1,616,408	3,419,431	4,906,679	6,290,990	8,126,082
	1,666,408	4,194,431	5,701,679	7,105,990	8,941,082

* The averaged expected life for AR&R projects is 7 years

Water main replacement projects typically result in zero added maintenance costs and potential failures are difficult to estimate.

Emergency repairs to a water main in the event of failure, over $10,000, are capitalized as AR&R and included in the AR&R category above.

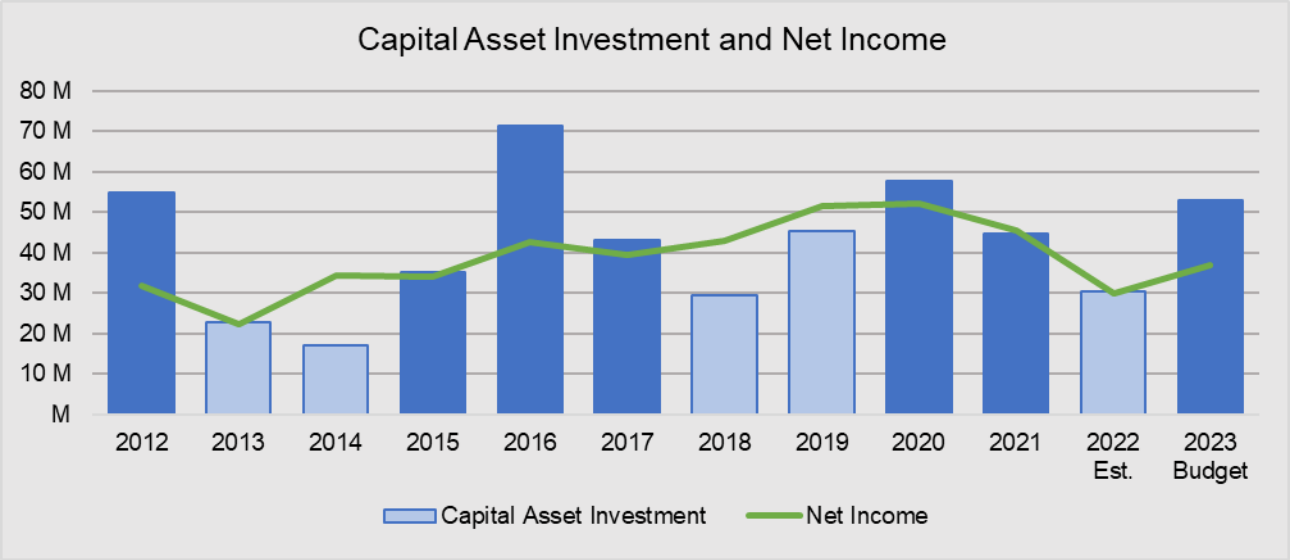
Fund Equity

Cobb County-Marietta Water Authority operates as a proprietary fund and defines fund equity, also called net position, as total net assets. Net position is comprised of three components – net investment in capital assets, restricted, and unrestricted. Net income for each fiscal year increases CCMWA's total net position.

	2019 Audited	2020 Audited	2021 Audited	2022 Estimated	2023 Budget
Operating Revenues	$ 96,051,075	$ 95,455,151	$ 94,853,735	$ 91,738,133	$ 93,710,494
Operating Expenses	48,309,734	48,490,645	48,582,789	53,920,834	58,367,756
Operating Income	47,741,341	46,964,506	46,270,946	37,817,299	35,342,738
Non-Operating Revenue (Expense)	3,885,586	5,081,291	(772,203)	(7,858,438)	1,678,594
Change in Net Position	51,626,927	52,045,797	45,498,743	29,958,861	37,021,332
Net Position - Beginning	634,996,079	686,623,006	738,668,803	784,167,546	814,126,407
Net Position - Ending	$ 686,623,006	$ 738,668,803	$ 784,167,546	$ 814,126,407	$ 851,147,739

Total net position as of December 31, 2021 was $784,167,546. Total net position is projected to be $814,126,407 by December 31, 2022 and $851,147,739 by December 31, 2023. The annual increases in total net position are attributable to CCMWA's use of net income to fund capital projects, which are capitalized and depreciated over the assets' useful lives with the value of those long-term assets listed on the balance sheet.

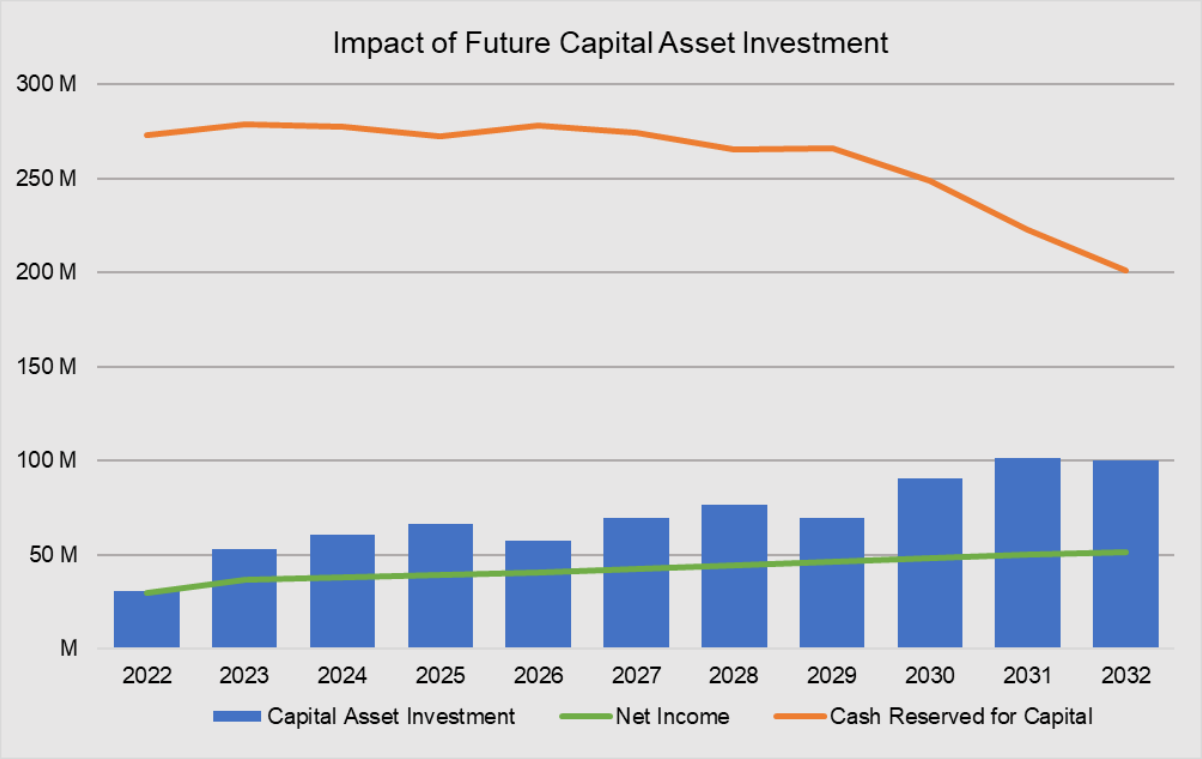
Capital asset investment has exceeded annual net income in six of the last ten years and has been slightly higher than annual net income in two of the last ten years (2013 and 2022). In these years, net income was supplemented by funds reserved for capital projects through a pay-as-you-go plan for financing capital projects. Budgeted capital spending for 2023 is also expected to exceed net income and we plan to continue using reserved funds to support the pay-as-you-go plan.



Financial Plan

Cobb County-Marietta Water Authority's current financial plan is to use the pay-as-you go method for financing capital projects and to avoid issuing debt except under specific conditions. Under this method, annual net income and cash reserved for capital spending are used to fund each year's capital spending. Capital reserves are held in interest-bearing investments, including money market accounts, certificates of deposit, treasury bonds, and federal agency bonds. The maturity dates of these investments are timed to match the monthly capital outlays projected for the five-year capital improvement plan. Capital outlays beyond five years are estimated with maturities set to fall in each quarter instead of specific months. If annual capital asset investment is less than planned net income, residual net income is invested under the same guidelines and reserved for future capital spending.

Future cash flow projections are developed each year using a cash flow model. The upcoming budget year serves as a base, with operating revenues escalated by 3% each year and operating income adjusted for potential customer changes and planned rate increases. Future capital spending estimates are escalated for assumed annual inflation of 4%. As shown in the graph below, annual net income through 2032 is estimated to be between $29 million and $51 million with capital asset investment increasing in later years up to $101 million. The current model anticipates capital asset investment will exceed estimated net income every year.



The impact of this can be seen in the total cash reserved for capital, which is projected to decrease from just under $273 million in 2022 to $200 million by 2032. The current capital reserve balance has been built over time through fully funding depreciation expense. Many of CCMWA's original assets, placed in service in the 1960's and 1970's, have reached the end of their useful lives and the cash to fund their replacement has been gradually saved through depreciation expense. This replacement cycle is also reflected in the declining cash reserve balance between 2022 and 2032, as most of the original assets are replaced with new infrastructure and depreciation of those new assets will begin to build the cash reserve once again.

As changes are made to the Capital Improvement Plan and actual budget results are added to the model, the outlook changes; however, the sustainability of the pay-as-you-go plan depends on maintaining a capital reserve that exceeds the next five years of planned capital investments. The current financial plan indicates that CCMWA has adequate cash reserved to continue the pay-as-you-go plan into the future without the need for debt issuance.

CCMWA's Financial Management Policy outlines the criteria to be considered when planning debt issuance to fund capital improvements. The most heavily weighted criterion is the benefit future users will receive from the capital improvement financed by debt. Future benefit is based on the expected life of asset, which should extend beyond the life of the debt. Additional consideration is placed on the justification for a capital improvement and if the project that will expand our service area.

The overall goal of our financial plan is to ensure that financial resources are managed in a way that allows our rate structure to reflect the true value of water. By using the pay-as-you-go method, we have been able to adequately plan for future capital needs and maintain a schedule of proactively replacing and rehabilitating capital infrastructure. This schedule also helps to reduce unexpected rate increases due to unplanned capital improvements or unexpected revenue changes. Operating expenses are also more stable due to the planned replacement of assets because the likelihood of unexpected equipment and infrastructure failures is reduced, which can have a major impact on operating expenses if an emergency repair is needed before a full replacement can be planned and funded.

Debt Obligations

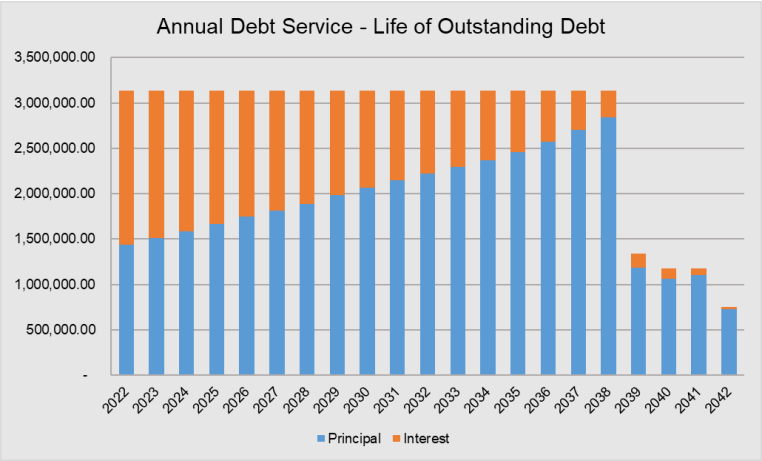
CCMWA has a legal debt limit of $400 million as established by the Georgia General Assembly. Total liabilities were $51,310,106 as of January 1, 2022, with $9,221,095 classified as current liabilities (due in less than one year) and $42,089,011 classified as long-term liabilities. Compensated absences payable contributed to $2,453,275 of total liabilities. CCMWA's debt ratio, calculated as total liabilities divided by total assets, is 6.1% as of January 1, 2023.

CCMWA has one outstanding debt issuance with a principal balance of $37,945,000 as of December 31, 2022. These Revenue Bonds, Series 2015 were issued on June 15, 2015, for the purpose of refunding the aggregate principal of two loans made by the Georgia Environmental Finance Authority (GEFA). The Series 2015 bonds were issued in the amount of $47,315,000 and will mature on November 1, 2042. The original GEFA loans were issued in 2006 and 2008 to fund the construction of the Hickory Log Creek Reservoir.

Series 2015 Revenue Bonds - Maturity 2042

Fiscal Year	Principal	Interest	Total
2022	1,435,000	1,698,125	3,133,125
2023	1,510,000	1,626,375	3,136,375
2024	1,585,000	1,550,875	3,135,875
2025	1,665,000	1,471,625	3,136,625
2026	1,745,000	1,388,375	3,133,375
2027	1,815,000	1,318,575	3,133,575
2028	1,890,000	1,245,975	3,135,975
2029	1,985,000	1,151,475	3,136,475
2030	2,065,000	1,072,075	3,137,075
2031	2,145,000	989,475	3,134,475
2032	2,220,000	917,081	3,137,081
2033	2,295,000	842,156	3,137,156
2034	2,370,000	764,700	3,134,700
2035	2,455,000	681,750	3,136,750
2036	2,575,000	559,000	3,134,000
2037	2,705,000	430,250	3,135,250
2038	2,840,000	295,000	3,135,000
2039	1,185,000	153,000	1,338,000
2040	1,065,000	108,563	1,173,563
2041	1,105,000	68,625	1,173,625
2042	725,000	27,188	752,188

CCMWA's bond rating was first affirmed as AAA by the three primary rating agencies in 2002 due to both short-term and long-term financial and nonfinancial planning. CCMWA maintained this rating through the Great Recession of 2007-2009, while many other utilities and governments experienced bond rating downgrades. CCMWA's bond rating was reaffirmed as AAA by the three primary rating agencies during issuance of the 2015 revenue bonds. CCMWA's bond rating was last reviewed on June 14, 2022 by Fitch Ratings, which concluded that there should be no change to the existing AAA rating or outlook.



No additional debt was issued in 2021 and CCMWA does not intend to issue debt in the current 5-year plan; however, if interest rates become favorable, refinancing of existing debt could occur. Only the interest payments on outstanding debt are included in the calculation of net income; however, principal payments are considered when planning annual net income and capital spending.

Staffing Changes

CCMWA has a total of 118 full-time equivalent (FTE) positions with all positions budgeted for 2023. Each year position needs are reviewed by the Executive Team and requests for additional positions are presented to the CCMWA Board's Personnel Committee for consideration. Vacant positions, due to promotions, resignations, or retirements, are used as an opportunity to assess the needs of the impacted division and, if needed, reallocate positions throughout the organization to better address identified needs.

Positions Created

- Operational Technology Network Administrator position added to the Information Technology Division during 2022 by the CCMWA Board, increasing the number of positions from 117 to 118

Positions Reallocated

- Vacant Custodian position will be reallocated from the Wyckoff Division to the Engineering Division in 2023 and will be filled as an Engineer to address increasing project needs
- Part-Time Water Treatment Plant Operator position was reallocated from the Wyckoff Division to the Laboratory Division during 2022 to address an increase in the number of samples collected per month

Position Control

Full Time Equivalent Positions

Division	FY 2020	FY 2021	FY 2022	FY 2023
Administration	5.50	4.00	4.00	4.00
Finance	3.00	3.00	4.00	4.00
Engineering	9.00	9.00	9.00	10.00
Human Resources	-	3.00	3.00	3.00
Information Technology	5.00	5.00	6.00	6.00
Safety & Security	1.00	-	-	-
Hickory Log Creek Reservoir	2.00	2.00	2.00	2.00
Wyckoff	21.00	20.00	20.00	18.50
Quarles	21.00	21.00	21.00	21.00
Maintenance	26.25	27.00	27.00	27.00
Laboratory	10.00	10.00	10.00	10.50
Transmission	10.75	10.50	10.50	10.50
Intern Program	1.50	1.50	1.50	1.50
Total	116.00	116.00	118.00	118.00

Operating Budget











Statement of Operations

Statement of Operations	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Revenue						
Water Sales & Base Charges	$ 86,754,693	$ 91,600,278	$ 4,845,585	**$ 93,576,594**	$ 6,821,901	7.9%
Water Testing	128,700	137,855	9,155	**133,900**	5,200	4.0%
Total Revenue	$ 86,883,393	$ 91,738,133	$ 4,854,740	**$ 93,710,494**	$ 6,827,101	7.9%
Division Expense						
General Operations	$ 2,161,012	$ 2,030,809	$ 130,203	**$ 2,146,800**	$ (14,212)	-0.7%
Depreciation Expense	21,713,000	21,802,467	(89,467)	**22,859,850**	1,146,850	5.3%
Administration Division	702,972	700,760	2,212	**778,563**	75,591	10.8%
Administration & Rental Buildings	148,644	167,536	(18,892)	**170,522**	21,878	14.7%
Finance Division	477,760	438,575	39,185	**566,706**	88,946	18.6%
Engineering Division	1,527,118	1,491,462	35,656	**1,814,232**	287,114	18.8%
Human Resources Division	415,962	377,651	38,311	**465,824**	49,862	12.0%
Information Technology Division	1,295,922	1,234,160	61,762	**1,812,535**	516,613	39.9%
Research & Development	1,109,632	877,134	232,498	**1,226,640**	117,008	10.5%
Hickory Log Creek Reservoir Division	564,158	498,131	66,027	**617,238**	53,080	9.4%
Wyckoff Treatment Plant Division	8,261,977	8,354,361	(92,384)	**9,100,645**	838,668	10.2%
Quarles Treatment Plant Division	8,410,035	8,379,568	30,467	**9,260,399**	850,364	10.1%
Maintenance Division	3,042,037	2,990,615	51,422	**3,419,374**	377,337	12.4%
Laboratory Division	1,338,123	1,302,679	35,444	**1,502,586**	164,463	12.3%
Transmission Division	3,013,338	3,274,929	(261,591)	**2,625,842**	(387,496)	-12.9%
Total Division Expense	$ 54,181,690	$ 53,920,834	$ 260,856	**$ 58,367,756**	$ 4,186,066	7.7%
Total Income from Operations	$ 32,701,703	$ 37,817,299	$ 5,115,596	**$ 35,342,738**	$ 2,641,035	8.1%
Other Income						
Interest Income	$ 2,400,000	$ 2,834,339	$ 434,339	**$ 3,060,000**	$ 660,000	27.5%
Rental Income	116,207	112,639	(3,568)	**108,327**	(7,880)	-6.8%
Gain (Loss) on Asset Disposal	-	(47,951)	(47,951)	**-**	-	0.0%
Gain (Loss) on Market Value of Investments	-	(9,364,307)	(9,364,307)	**-**	-	0.0%
Reimbursements & Settlements	-	47,595	47,595	**-**	-	0.0%
Sales Tax Refund	-	2,719	2,719	**-**	-	0.0%
Timber Sales	-	-	-	**-**	-	0.0%
Amortized Bond Premium	238,286	238,286	-	**228,058**	(10,228)	-4.3%
Miscellaneous Income	1,200	9,509	8,309	**1,200**	-	0.0%
Total Other Income	$ 2,755,693	$ (6,167,170)	$ (8,922,863)	**$ 3,397,585**	$ 641,892	23.3%
Other Expense						
Bond Interest - 2015 Revenue Bonds	1,686,167	1,686,167	-	**1,613,792**	(72,375)	-4.3%
Fiscal Agent Fees	6,000	5,102	898	**5,200**	(800)	-13.3%
Total Other Expense	$ 1,692,167	$ 1,691,269	$ 898	**$ 1,618,992**	$ (73,175)	-4.3%
Net Income Before Extraordinary Items	$ 33,765,230	$ 29,958,861	$ (3,806,369)	**$ 37,121,332**	$ 3,356,102	9.9%
Extraordinary Items	100,000	-	100,000	**100,000**	-	0.0%
Net Income after Extraordinary Items	$ 33,665,230	$ 29,958,861	$ (3,706,369)	**$ 37,021,332**	$ 3,356,102	10.0%
Water Production						
Million Gallons Per Day Average	72.1	76.2	4.1	**76.4**	4.3	6.0%
Operating Cost per Thousand Gallons Sold	$2.06	$1.94	($0.12)	$2.09	$0.04	1.7%

General Operations Budget

This operating segment is used to track expenditures related to the operation of the entire organization and includes pension contributions, liability insurance, legal fees, investment advisory fees, board member fees, safety initiatives, and the employee wellness program.

Major Changes

- Decrease to Health Reimbursement Account allowance based on historical claims
- Increase to Workers Compensation Insurance and Liability Insurance budget to account for increased premiums upon renewal
- Decrease to Fees for Long Term Water Supply Litigation budget based on status of active court cases
- Increase to Depreciation expense due to the addition of new assets during the last fiscal year

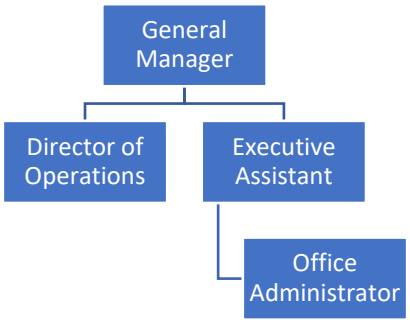
General Operations	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Pension Plan Contributions & Fees	$ 984,500	$ 984,500	$ -	**$ 992,500**	$ 8,000	0.8%
Health Reimubursement Account	100,000	35,000	$ 65,000	**60,000**	(40,000)	-40.0%
Workers' Compensation Insurance	96,906	92,860	$ 4,046	**115,000**	18,094	18.7%
Liability Insurance	338,587	333,205	$ 5,382	**360,000**	21,413	6.3%
Boiler/Machinery Insurance	36,527	36,527	$ -	**38,000**	1,473	4.0%
Umbrella & Crime Insurance	57,427	57,427	$ -	**57,500**	73	0.1%
Risk Reduction / Safety Initiative	10,000	784	$ 9,216	**6,000**	(4,000)	-40.0%
Employee Incentive	19,500	19,500	$ -	**22,800**	3,300	16.9%
Fees - Board Members	34,800	34,800	$ -	**34,800**	-	0.0%
Fees - Audit	31,565	31,565	$ -	**32,000**	435	1.4%
Fees - Long Term Water Supply Litigation	235,658	200,513	$ 35,145	**210,000**	(25,658)	-10.9%
Fees - Legal	35,000	35,000	$ -	**35,000**	-	0.0%
Fees - Drug Testing & Background Checks	8,500	6,970	$ 1,530	**6,000**	(2,500)	-29.4%
Technical Services	16,700	16,700	$ -	**6,000**	(10,700)	-64.1%
Travel Expenses	15,342	15,342	$ -	**20,000**	4,658	30.4%
Dues and Fees	57,575	55,009	$ 2,566	**58,600**	1,025	1.8%
Education and Training	6,800	5,370	$ 1,430	**8,800**	2,000	29.4%
Public Education & Outreach	10,425	9,754	$ 671	**10,000**	(425)	-4.1%
Bank Fees	2,500	1,776	$ 724	**1,800**	(700)	-28.0%
Office Supplies	5,000	3,500	$ 1,500	**5,000**	-	0.0%
Investment Advisor	32,000	31,259	$ 741	**40,000**	8,000	25.0%
Food	5,000	5,000	$ -	**6,500**	1,500	30.0%
Books and Periodicals	700	447	$ 253	**500**	(200)	-28.6%
Employee Wellness Program	20,000	18,000	$ 2,000	**20,000**	-	0.0%
General Operating Expense	$ 2,161,012	$ 2,030,809	$ 130,203	**$ 2,146,800**	$ (14,212)	-0.7%
Depreciation Expense	21,713,000	21,802,467	(89,467)	**22,859,850**	1,146,850	5.3%
Total General Operating Expense	**$ 23,874,012**	**$ 23,833,275**	**$ 40,737**	**$ 25,006,650**	**$ 1,132,638**	**4.7%**

Administration Division

The Administration Division is responsible for overseeing the entire organization and includes the roles of General Manager, Director of Operations, and their support staff.

Full Time Equivalent Positions

Division	FY 2020	FY 2021	FY 2022	FY 2023
Administration	5.50	4.00	4.00	4.00



Goal	Objective	Performance Measure
Communication Enhancements	Maintain regular communications with our customers Maintain positive communications with employees Improve the public's understanding of the value of water	# of customer outreach meetings # of lunch meetings with employees # of months since last update to the CCMWA website # of public outreach speaking engagements

Performance Measures (* projected)	2020	2021	2022	2023*
# of customer outreach meetings	3	1	6	8
# of lunch meetings with employees	1	4	4	4
# of months since last update to the CCMWA website	0	0	0	0
# of public outreach speaking engagements	0	0	9	10

Administration Division

Major Budget Changes

- Increase to Salaries & Wages, FICA, and Medicare budgets due to cost-of-living increase
- Increase to Travel Expense budget for additional staff to attend conferences

Administration Division	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Personnel Costs						
Salaries & Wages	$ 517,535	$ 557,291	$ (39,756)	**$ 586,218**	$ 68,683	13.3%
Employee Benefits	111,085	83,514	27,571	**101,976**	(9,109)	-8.2%
FICA - Employer Share	32,088	27,823	4,265	**36,346**	4,258	13.3%
Medicare - Employer Share	7,505	7,879	(374)	**8,501**	996	13.3%
Travel Expense	9,570	6,307	3,263	**17,480**	7,910	82.7%
Dues and Fees	1,000	648	352	**1,000**	-	0.0%
Education and Training	7,795	3,450	4,345	**7,740**	(55)	-0.7%
Uniforms	600	236	364	**600**	-	0.0%
Total Personnel Costs	$ 687,178	$ 687,148	$ 30	**$ 759,861**	$ 72,683	10.6%
Non-Personnel Costs						
Automotive Maintenance & Repairs	$ 750	$ 120	$ 630	**$ 500**	$ (250)	-33.3%
Communications	8,044	7,267	777	**10,102**	2,058	25.6%
Office Supplies	3,500	3,500	-	**3,500**	-	0.0%
Gasoline, Oil, & Diesel Fuel	500	414	86	**300**	(200)	-40.0%
Food	2,000	2,000	-	**3,800**	1,800	90.0%
Small Equipment	500	-	500	**250**	(250)	-50.0%
Safety Supplies & Equipment	500	312	188	**250**	(250)	-50.0%
Total Non-Personnel Costs	$ 15,794	$ 13,612	$ 2,182	**$ 18,702**	$ 2,908	18.4%
Total Administration Expense	$ 702,972	$ 700,760	$ 2,212	**$ 778,563**	$ 75,591	10.8%

Administration and Rental Buildings

This operating segment is managed by the Administration Division and is used to track expenditures related to the Administration & Engineering buildings and CCMWA's rental properties. The rental properties owned by CCMWA include the organization's previous office building and warehouse space located on the same property as the current Administration & Engineering buildings.

Major Budget Changes

- Increase to overall budget to allow for improvements at rental properties outlined in active lease agreements

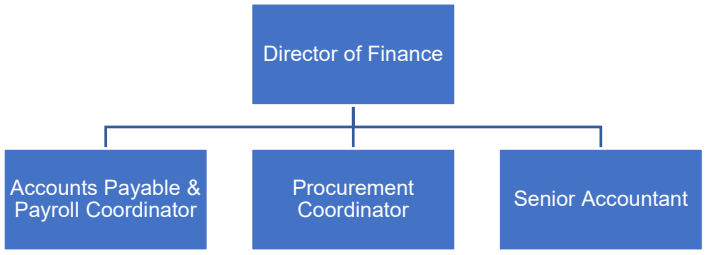
Administration and Rental Buildings	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Cleaning Services	$ 15,000	$ 15,000	$ -	**$ 15,880**	$ 880	5.9%
General Maint. & Repairs - Admin Building	52,500	14,149	38,351	**42,000**	(10,500)	-20.0%
General Maint. & Repairs - Rental Buildings	5,000	38,907	(33,907)	**28,000**	23,000	460.0%
Security Maintenance & Repairs	10,000	17,227	(7,227)	**5,000**	(5,000)	-50.0%
Grounds Maintenance	11,644	25,928	(14,284)	**18,314**	6,670	57.3%
Natural Gas	5,000	5,258	(258)	**8,478**	3,478	69.6%
Electricity	38,000	42,467	(4,467)	**42,000**	4,000	10.5%
Water Purchases	2,000	1,831	169	**2,000**	-	0.0%
Sewer / Wastewater Handling	1,000	866	134	**850**	(150)	-15.0%
Janitorial Supplies	2,000	981	1,019	**1,500**	(500)	-25.0%
Small Equipment	6,500	4,922	1,578	**6,500**	-	0.0%
Total Admin& Rental Buildings Expense	$ 148,644	$ 167,536	$ (18,892)	**$ 170,522**	$ 21,878	14.7%

Finance Division

The Finance Division is responsible for coordination and administration of financial and accounting functions of CCMWA, including billing, accounts payable, procurement, and payroll. The division manages the development and implementation of the annual budget, maintains the chart of accounts and cash flow model, ensures accounting compliance with GASB and FASB, oversees the work of CCMWA's investment advisor, and coordinates the annual financial audit.

Full Time Equivalent Positions

Division	FY 2020	FY 2021	FY 2022	FY 2023
Finance	3.00	3.00	4.00	4.00



Goal	Objective	Performance Measure
Effectively communicate CCMWA's financial condition through an Annual Comprehensive Financial Report (ACFR)	Produce an ACFR that meets the highest GFOA criteria	# of years GFOA certificate has been received
Published a balanced annual budget that highlights CCMWA's commitment to financial responsibility and transparency	Produce an adopted annual budget that meets the highest GFOA criteria	# of years GFOA award has been received
Meet all financial reporting requirements and principals of the Governmental Accounting Standards Board (GASB)	Minimize audit findings by accurately applying all accounting standards	# of audit findings per year
Provide efficient and cost-effective processing of accounts payable	Issue electronic payments for all routine purchases	% of vendors receiving electronic payments
Preserve high bond rating	Maintain cash flow model in line with financial policies regarding debt	# of years AAA rating has been maintained

Performance Measures (* projected)	2020	2021	2022	2023*
# of years GFOA Certificate of Achievement for Excellence in Financial Reporting has been received	7	8	9	10
# of years GFOA Distinguished Budget Award has been received	8	9	10	11
# of audit findings per year	0	0	0	0
% of vendors receiving electronic payments	36%	34%	33%	40%
# of years AAA rating has been maintained	19	20	21	22

Finance Division

Major Budget Changes

- Increase to Salaries & Wages, FICA, and Medicare budgets due to cost-of-living increase
- Increase to Employee Benefits budget based on employee benefit elections

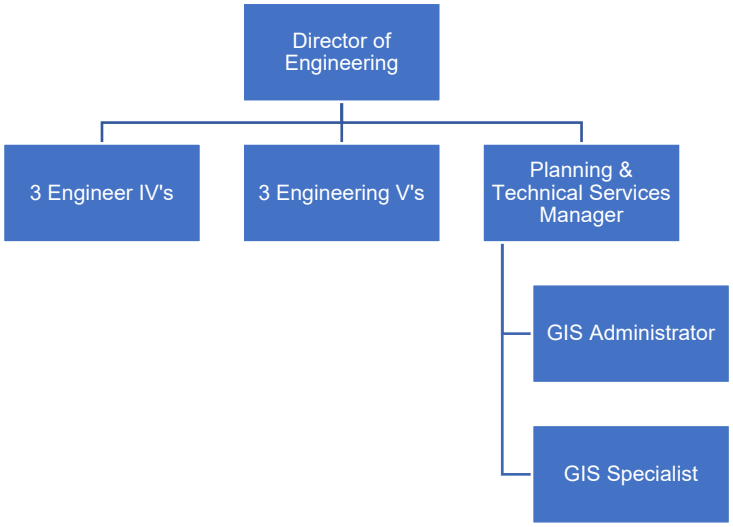
Finance Division	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Personnel Costs						
Salaries & Wages	$ 363,683	$ 342,211	$ 21,472	**$ 434,793**	$ 71,110	19.6%
Employee Benefits	73,261	60,152	13,109	**83,035**	9,774	13.3%
FICA - Employer Share	22,549	20,301	2,248	**26,958**	4,409	19.6%
Medicare - Employer Share	5,274	4,745	529	**6,305**	1,031	19.5%
Travel Expense	500	25	475	**500**	-	0.0%
Dues and Fees	480	630	(150)	**630**	150	31.3%
Education and Training	2,150	1,387	763	**3,000**	850	39.5%
Uniforms	150	186	(36)	**300**	150	100.0%
Total Personnel Costs	$ 468,047	$ 429,637	$ 38,410	**$ 555,521**	$ 87,474	18.7%
Non-Personnel Costs						
Communications	$ 6,113	$ 5,675	$ 438	**$ 7,735**	$ 1,622	26.5%
Office Supplies	3,000	3,000	-	**3,000**	-	0.0%
Food	300	200	100	**250**	(50)	-16.7%
Safety Supplies & Equipment	300	62	238	**200**	(100)	-33.3%
Total Non-Personnel Costs	$ 9,713	$ 8,938	$ 775	**$ 11,185**	$ 1,472	15.2%
Total Finance Expense	$ 477,760	$ 438,575	$ 39,185	**$ 566,706**	$ 88,946	18.6%

Engineering Division

The Engineering Division plans, coordinates, and implements capital projects for CCMWA. Recommendations from the Engineering Division drive the strategic decisions made by CCMWA in relation to capital improvement projects. When a capital project is planned, a member of the Engineering Division is assigned as project manager and is responsible for engineering and construction coordination, as well as overall project management. The Engineering Division provides strategic and regulatory guidance for operations and is also charged with development and maintenance of CCMWA's GIS platform.

Full Time Equivalent Positions

Division	FY 2020	FY 2021	FY 2022	FY 2023
Engineering	9.00	9.00	9.00	10.00



Goal	Objective	Performance Measure
Maintain a sustainable capital infrastructure program	Develop and deliver the annual Capital Improvement Plan	% of CIP projects in progress by year end
Make data-driven decisions regarding future CCMWA technical initiatives	Perform business case evaluations, studies, and master plans	% of Research & Development projects with >75% budget expended by year end

Performance Measures (* projected)	2020	2021	2022	2023*
% of CIP projects in progress by year end	100%	90%	95%	100%
% of Engineering Research & Development projects with >75% budget expended by year end	100%	7%	36%	80%

Engineering Division

Major Budget Changes

- Increase to Salaries & Wages, FICA, and Medicare budget due to cost-of-living increase and the reallocation of a position to be filled as an Engineer IV
- Increase to Employee Benefits budget due to new position and employee benefit elections

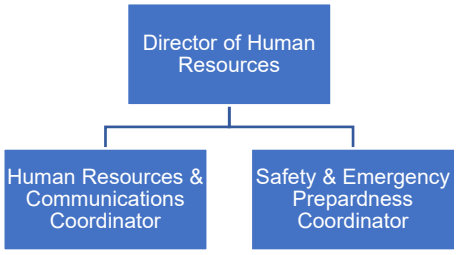
Engineering Division	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Personnel Costs						
Salaries & Wages	$ 1,170,445	$ 1,148,387	$ 22,058	**$ 1,364,975**	$ 194,530	16.6%
Employee Benefits	169,541	206,430	(36,889)	**259,088**	89,547	52.8%
FICA - Employer Share	72,568	68,083	4,485	**84,629**	12,061	16.6%
Medicare - Employer Share	16,972	15,923	1,049	**19,793**	2,821	16.6%
Travel Expense	20,000	4,073	15,927	**15,000**	(5,000)	-25.0%
Dues and Fees	2,100	431	1,669	**2,300**	200	9.5%
Education and Training	17,000	2,615	14,385	**10,000**	(7,000)	-41.2%
Uniforms	1,000	365	635	**1,000**	-	0.0%
Total Personnel Costs	$ 1,469,626	$ 1,446,307	$ 23,319	**$ 1,756,785**	$ 287,159	19.5%
Non-Personnel Costs						
Automotive Maintenance & Repairs	$ 3,000	$ 9,143	$ (6,143)	**$ 3,000**	$ -	0.0%
Communications	27,992	24,559	3,433	**30,447**	2,455	8.8%
Office Supplies	5,000	2,815	2,185	**5,000**	-	0.0%
Gas, Oil & Diesel	7,000	6,202	798	**7,000**	-	0.0%
Food	4,000	2,010	1,990	**4,000**	-	0.0%
Small Equipment	7,500	280	7,220	**5,000**	(2,500)	-33.3%
Safety Supplies & Equipment	3,000	145	2,855	**3,000**	-	0.0%
Total Non-Personnel Costs	$ 57,492	$ 45,155	$ 12,338	**$ 57,447**	$ (45)	-0.1%
Total Engineering Expense	$ 1,527,118	$ 1,491,462	$ 35,656	**$ 1,814,232**	$ 287,114	18.8%

Human Resources Division

The Human Resources Division is responsible for all major aspects of human capital management. These functions include attracting and retaining a skilled workforce, training and developing CCMWA staff, compensation and benefits administration, risk management, and employee relations. The division is also responsible for internal and external communications, promoting CCMWA's safety culture, ensuring a diverse and inclusive workplace, developing workplace policies, and ensuring organizational compliance with federal, state, and local employment laws.

Full Time Equivalent Positions

Division	FY 2020	FY 2021	FY 2022	FY 2023
Human Resources	-	3.00	3.00	3.00



Goal	Objective	Performance Measure
Maintain a fully staffed workforce	Fill open positions within 55 days	# of days to fill open positions
Develop a highly competent, committed, & supported workforce	Provide position related training	# of training hours per employee
Ensure continuous improvement of the Safety Program	Perform annual safety audits	# of safety audits performed each year
Develop a fully trained, educated, & safety-aware workforce	Provide mandatory safety training to all employees (First Aid/CPR/AED & Defensive Driving)	% of employees fully trained

Performance Measures (* projected)	2020	2021	2022	2023*
# of days to fill open positions	65	75	53	55
# of training hours per employee (*unable to be measured for 2022*)	20	10	N/A	20
# of safety audits performed each year	0	1	1	1
% of employees fully trained (*unable to be measured for 2022*)	73%	70%	N/A	80%

Human Resources Division

Major Budget Changes

- Increase to Salaries & Wages, FICA, and Medicare budgeted due to cost-of-living increase
- Increase to Education & Training – Safety budget for required employee training
- Increase to Communications budget for phone upgrades and additional services

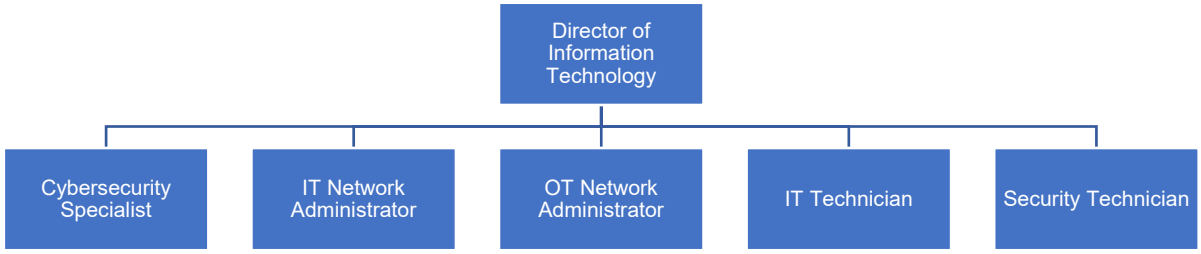
Human Resources Division	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Personnel Costs						
Salaries & Wages	$ 299,925	$ 276,820	$ 23,105	**$ 335,253**	$ 35,328	11.8%
Employee Benefits	31,918	35,998	(4,080)	**35,151**	3,233	10.1%
FICA - Employer Share	18,596	16,701	1,895	**20,786**	2,190	11.8%
Medicare - Employer Share	4,349	3,906	443	**4,862**	513	11.8%
Travel Expense	7,400	3,792	3,608	**6,800**	(600)	-8.1%
Dues and Fees	3,804	2,128	1,676	**3,904**	100	2.6%
Education and Training	18,129	12,169	5,960	**17,950**	(179)	-1.0%
Education and Training - Safety	16,500	14,019	2,481	**22,000**	5,500	33.3%
Uniforms	600	600	-	**500**	(100)	-16.7%
Total Personnel Costs	$ 401,221	$ 366,133	$ 35,088	**$ 447,206**	$ 45,985	11.5%
Non-Personnel Costs						
Communications	$ 6,516	$ 7,203	$ (687)	**$ 11,018**	$ 4,502	69.1%
Office Supplies	3,350	2,940	410	**3,250**	(100)	-3.0%
Food	1,875	634	1,241	**1,850**	(25)	-1.3%
Safety Supplies & Equipment	3,000	740	2,260	**2,500**	(500)	-16.7%
Total Non-Personnel Costs	$ 14,741	$ 11,517	$ 3,224	**$ 18,618**	$ 3,877	26.3%
Total Human Resources Expense	$ 415,962	$ 377,651	$ 38,311	**$ 465,824**	$ 49,862	12.0%

Information Technology Division

The Information Technology Division is responsible for installing, monitoring, and maintaining CCMWA's information technology equipment and infrastructure. The Division ensures the integrity and reliability of CCMWA's network by performing regular security monitoring and backup procedures, operates the Help Desk for all CCMWA locations, manages the phone system and mobile communications contracts, and oversees all purchases of computer hardware and software. Positions that specialize in networking, security systems, and cyber security are part of the Information Technology Division.

Full Time Equivalent Positions

Division	FY 2020	FY 2021	FY 2022	FY 2023
Information Technology	5.00	5.00	6.00	6.00



Goal	Objective	Performance Measure
Improve security against cyber-attacks and external threats	Educate employees about phishing attacks through training	% of employees that fail surprise phishing email test
	Educate employees on cybersecurity threats through quarterly training	>90% of staff completing assigned cybersecurity training
	Reduce number of items listed as critical vulnerabilities on cyber security assessments	< 10 critical vulnerabilities on cyber security assessments
Ensure business viability by efficiently responding to IT issues	Resolve all support requests in a timely manner	# of days to resolve and close a help desk ticket
Ensure security, operability, and protection of end-use devices	Perform regularly scheduled updates	>90% of hardware with latest updates installed

Performance Measures (* projected)	2020	2021	2022	2023*
% of employees that fail surprise phishing email test	6.9%	12.9%	10.1%	0%
>90% of staff completing assigned quarterly cybersecurity training	N/A	N/A	100%	90%
< 10 critical vulnerabilities on cyber security assessments	N/A	N/A	8	< 10
# of days to resolve and close a help desk ticket	1	3.8	5	< 3
> 90% of hardware with latest updates installed	N/A	85%	94%	90%

Information Technology Division

Major Budget Changes

- Increase to Salaries & Wages, FICA, and Medicare budgets due to cost-of-living increase
- Increase to Employee Benefits budget based on employee benefit elections
- Increase to IT – Software, Renewals & Support budget for cybersecurity software and to bring budget in line with historical spending

Information Technology Division	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Personnel Costs						
Salaries & Wages	$ 535,543	$ 407,808	$ 127,735	**$ 597,218**	$ 61,675	11.5%
Overtime Wages	3,000	2,151	849	**3,000**	-	0.0%
Employee Benefits	92,056	84,135	7,921	**144,231**	52,175	56.7%
FICA - Employer Share	28,088	23,927	4,161	**37,028**	8,940	31.8%
Medicare - Employer Share	6,569	5,596	973	**8,660**	2,091	31.8%
Travel Expense	3,000	-	3,000	**1,500**	(1,500)	-50.0%
Dues and Fees	250	-	250	**250**	-	0.0%
Education and Training	9,000	3,222	5,778	**9,000**	-	0.0%
Uniforms	600	-	600	**750**	150	25.0%
Total Personnel Costs	$ 678,106	$ 526,840	$ 151,266	**$ 801,637**	$ 123,531	18.2%
Non-Personnel Costs						
Automotive Maintenance & Repairs	$ 1,000	$ 390	$ 610	**$ 1,000**	$ -	0.0%
Communications	18,989	10,803	8,186	**14,082**	(4,907)	-25.8%
Office Supplies	2,000	1,000	1,000	**1,500**	(500)	-25.0%
Gas, Oil & Diesel	2,000	1,821	179	**2,000**	-	0.0%
Food	500	160	340	**500**	-	0.0%
Safety Supplies & Equipment	500	216	284	**500**	-	0.0%
General - Software, Renewals and Support	6,500	6,100	400	**2,000**	(4,500)	-69.2%
General - Technology, PCs & Peripherals	5,000	-	5,000	**5,000**	-	0.0%
Admin - Software, Renewals and Support	6,218	4,711	1,507	**7,689**	1,471	23.7%
Admin - Technology, PCs & Peripherals	5,000	5,000	-	**5,500**	500	10.0%
HLC - Software, Renewals and Support	6,750	674	6,076	**5,049**	(1,701)	-25.2%
HLC - Technology, PCs & Peripherals	2,250	-	2,250	**2,250**	-	0.0%
Finance - Software, Renewals and Support	10,039	8,756	1,283	**11,225**	1,186	11.8%
Finance - Technology, PCs & Peripherals	5,000	5,459	(459)	**9,000**	4,000	80.0%
Wyckoff - Software, Renewals & Support	14,244	14,214	30	**17,890**	3,646	25.6%
Wyckoff - Technology, PCs & Peripherals	14,500	7,700	6,800	**16,900**	2,400	16.6%
Quarles - Software, Renewals & Support	12,608	12,254	354	**16,280**	3,672	29.1%
Quarles - Technology, PCs & Peripherals	10,000	3,841	6,159	**30,800**	20,800	208.0%
Trans - Software, Renewals & Support	6,071	6,882	(811)	**8,414**	2,343	38.6%
Trans - Technology, PCs & Peripherals	8,000	1,237	6,763	**4,000**	(4,000)	-50.0%
Maint - Software, Renewals & Support	229,695	205,424	24,272	**238,962**	9,267	4.0%
Maint - Technology, PCs & Peripherals	39,000	37,619	1,381	**60,500**	21,500	55.1%
Engineer - Software, Renewals & Support	126,739	126,739	-	**181,800**	55,061	43.4%
Engineer - Technology, PCs & Peripherals	10,915	9,812	1,103	**20,780**	9,865	90.4%
HR - Software, Renewals & Support	23,501	18,969	4,532	**23,052**	(449)	-1.9%
HR - Technology, PCs & Peripherals	3,000	490	2,510	**6,000**	3,000	100.0%
Lab - Software, Renewals & Support	15,495	15,495	-	**17,965**	2,470	15.9%
Lab - Technology, PCs & Peripherals	6,500	3,419	3,081	**24,400**	17,900	275.4%
IT - Software, Renewals & Support	19,302	190,302	(171,000)	**260,860**	241,558	1251.5%
IT - Technology, PC's & Peripherals	6,500	7,834	(1,334)	**15,000**	8,500	130.8%
Total Non-Personnel Costs	$ 617,816	$ 707,320	$ (89,504)	**$ 1,010,898**	$ 393,082	63.6%
Total Information Technology Expense	$ 1,295,922	$ 1,234,160	$ 61,762	**$ 1,812,535**	$ 516,613	39.9%

Research and Development

The Research and Development segment is used to track costs associated with resource management efforts, program development, and the evaluation of potential future capital projects. Most projects within this budget are a joint effort between Operations and Engineering staff.

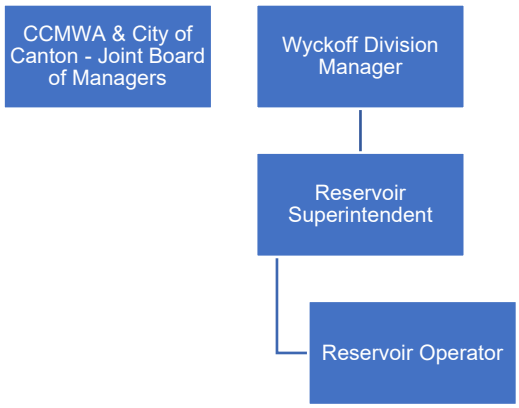
Research and Development	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Other Professional Services	$ 102,482	$ 73,413	29,069	**$ 200,000**	$ 97,518	95.2%
Hydraulic Model	10,000	-	10,000	**25,000**	15,000	150.0%
Miscellaneous Engineering	25,000	4,843	20,157	**20,000**	(5,000)	-20.0%
Security, SCADA, & I.T. Evaluation	65,000	61,760	3,240	**100,000**	35,000	53.8%
Business Case Evaluation Program	75,000	77,986	(2,986)	**75,000**	-	0.0%
GIS Initiatives	25,000	-	25,000	**25,000**	-	0.0%
Energy Optimization Program	-	-	-	**80,000**	80,000	0.0%
Surveying & Easements	10,000	43,078	(33,078)	**10,000**	-	0.0%
Internal Corrosion Control Study	30,000	7,746	22,254	**30,000**	-	0.0%
Safety Audits & Investigations	10,000	10,000	-	**10,000**	-	0.0%
Upper Etowah Resource Management	20,000	17,473	2,527	**17,500**	(2,500)	-12.5%
Long Term Water Supply	35,000	53,974	(18,974)	**44,640**	9,640	27.5%
Allatoona Lake Clean-up / Monitoring	6,000	6,136	(136)	**6,000**	-	0.0%
Pipeline Investigations / Monitoring	100,000	94,250	5,750	**100,000**	-	0.0%
Chattahoochee River Monitoring	50,000	16,155	33,845	**50,000**	-	0.0%
Website & Communications Development	4,600	-	4,600	**-**	(4,600)	-100.0%
Information System Management	60,000	39,504	20,496	**100,000**	40,000	66.7%
Aged Pipe & Critical Valve Replacement Program	50,000	-	50,000	**-**	(50,000)	-100.0%
Workforce Development	22,500	47,706	(25,206)	**51,500**	29,000	128.9%
Structural Analysis Program	25,000	-	25,000	**25,000**	-	0.0%
Production Meter Testing	100,000	100,000	-	**50,000**	(50,000)	-50.0%
Water Research Initatives	100,000	90,490	9,510	**72,000**	(28,000)	-28.0%
External Pipeline Corrosion Control Program	50,000	4,100	45,900	**10,000**	(40,000)	-80.0%
Education Assistance Program	40,000	33,770	6,230	**30,000**	(10,000)	-25.0%
Payments to Other Agencies (Research)	94,050	94,751	(701)	**95,000**	950	1.0%
Total Research & Development Expense	$ 1,109,632	$ 877,134	$ 232,498	**$ 1,226,640**	$ 117,008	10.5%

Hickory Log Creek Reservoir Division

The Hickory Log Creek Reservoir Division consists of a 411-acre reservoir and a 44 MGD intake/pumping system located in the City of Canton, in Cherokee County. The Hickory Log Creek management office is located adjacent to the reservoir. The project withdraws water from the Etowah River and impounds water from Hickory Log Creek to fill the 5.77 billion gallon reservoir. The project supplies water to the Wyckoff Water Treatment Plant by supplementing flow into Allatoona Lake through releases of water from the reservoir into the Etowah River. The project is jointly owned by CCMWA (75% ownership) and the City of Canton (25% ownership). In 2019, a new Joint Project Agreement was negotiated between CCMWA and the City of Canton to ensure more effective operation of the project with better defined parameters for sharing the resource.

Full Time Equivalent Positions

Division	FY 2020	FY 2021	FY 2022	FY 2023
Hickory Log Creek Reservoir	2.00	2.00	2.00	2.00



Goal	Objective	Performance Measure
Ensure staff, local authorities, and emergency responders are prepared in the event of a failure	Maintain an Emergency Action Plan document that is tested annually	# of updates to the Emergency Action Plan # of years since last plan exercise
Ensure on-call support can be provided	Cross-train at least 3 CCMWA employees in operating procedures	# of employees cross trained

Performance Measures (* projected)	2020	2021	2022	2023*
# of updates to the Emergency Action Plan	1	1	0	1
# of years since last plan exercise (performed every 4 years)	0	2	3	2
# of employees cross trained	4	5	5	4

Hickory Log Creek Division

Major Budget Changes

- Decrease to Engineering Services budget after a one-time expense in the prior year
- Increase to General Maintenance and Repairs budget to address ongoing maintenance issues
- Increase to Liability Insurance budget to account for increased premiums upon renewal
- Increase to Contingency budget in anticipation of increasing maintenance expenses

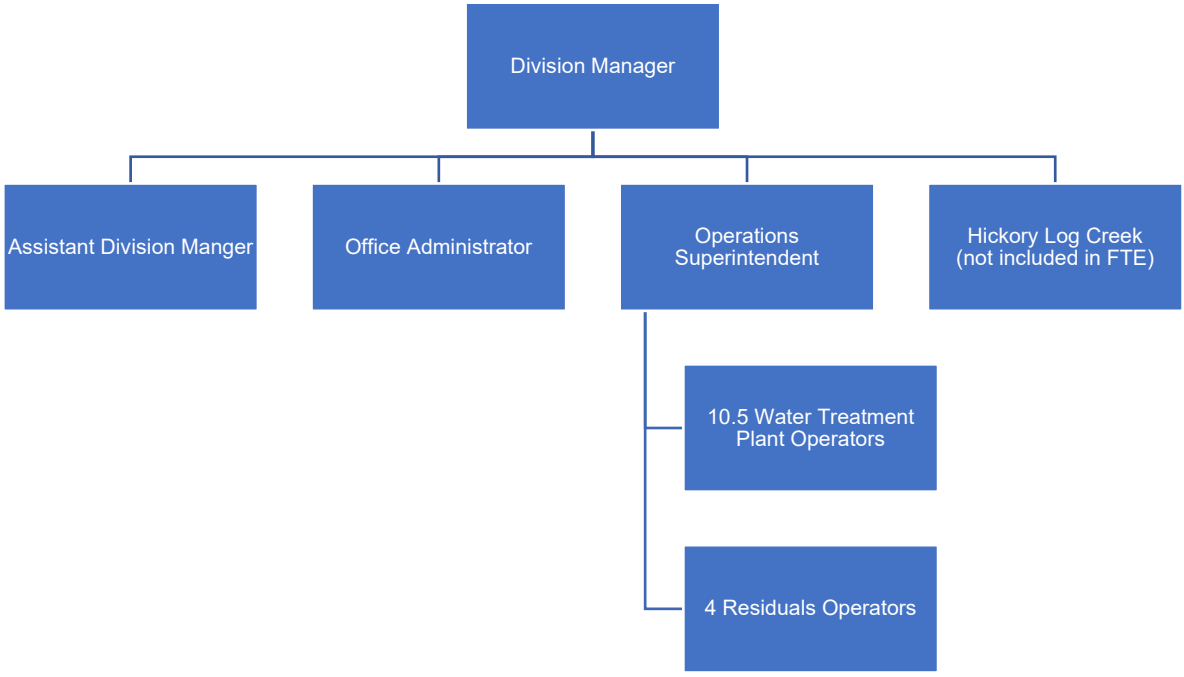
Hickory Log Creek Reservoir Division	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Personnel Costs						
Salaries & Wages	$ 120,420	$ 123,007	$ (2,587)	**$ 135,511**	$ 15,091	12.5%
Overtime Wages	1,500	-	1,500	**750**	(750)	-50.0%
Employee Benefits	24,869	23,657	1,212	**26,302**	1,433	5.8%
FICA - Employer Share	7,758	7,528	230	**8,449**	691	8.9%
Medicare - Employer Share	1,814	1,762	52	**1,976**	162	8.9%
Travel Expense	1,500	629	871	**1,500**	-	0.0%
Dues and Fees	1,838	1,300	538	**1,875**	37	2.0%
Education and Training	1,875	458	1,418	**2,625**	750	40.0%
Uniforms	900	719	181	**900**	-	0.0%
Total Personnel Costs	$ 162,474	$ 159,061	$ 3,233	**$ 179,888**	$ 17,414	10.7%
Non-Personnel Costs						
Engineering Services - Dam	$ 83,025	$ 52,262	$ 30,763	**$ 63,000**	$ (20,025)	-24.1%
Technical Services	10,500	3,091	7,409	**10,875**	375	3.6%
Motor/Gear Inspections	-	37,134	(37,134)	**-**	-	0.0%
USGS Monitoring	24,975	24,737	238	**24,975**	-	0.0%
General Maintenance & Repairs	17,250	41,476	(24,226)	**37,500**	20,250	117.4%
Electrical Maintenance & Repairs	3,000	974	2,026	**8,250**	5,250	175.0%
SCADA Maintenance & Repairs	9,750	132	9,618	**9,750**	-	0.0%
Security Maintenance & Repairs	12,000	8,825	3,175	**10,500**	(1,500)	-12.5%
Automotive Maintenance & Repairs	1,350	125	1,225	**1,350**	-	0.0%
Grounds Maintenance	14,925	18,049	(3,124)	**15,705**	780	5.2%
Rental of Equipment and Vehicles	375	5,139	(4,764)	**750**	375	100.0%
Liability Insurance	89,700	89,700	-	**100,000**	10,300	11.5%
Communications	6,379	6,247	132	**9,720**	3,341	52.4%
Office Supplies	1,875	185	1,690	**2,025**	150	8.0%
Natural Gas	750	580	170	**2,100**	1,350	180.0%
Electricity	64,125	47,278	16,847	**68,250**	4,125	6.4%
Gas, Oil & Diesel	1,875	829	1,046	**1,875**	-	0.0%
Laboratory Supplies and Chemicals	225	-	225	**225**	-	0.0%
Food	375	181	194	**375**	-	0.0%
Water Purchases	1,125	1,320	(195)	**1,125**	-	0.0%
Janitorial Supplies	375	128	247	**375**	-	0.0%
Small Equipment	1,125	334	791	**1,500**	375	33.3%
Safety Supplies & Equipment	3,375	344	3,031	**3,375**	-	0.0%
Contingency	53,230	-	53,230	**63,750**	10,520	19.8%
Total Non-Personnel Costs	$ 401,684	$ 339,070	$ 62,614	**$ 437,350**	$ 35,666	8.9%
Total Hickory Log Creek Expense	$ 564,158	$ 498,131	$ 65,846	**$ 617,238**	$ 53,080	9.4%

Wyckoff Division

The Wyckoff Water Treatment Plant is located in the northwestern portion of Cobb County near the City of Acworth. The treatment plant withdraws water from Allatoona Lake, treats the water to potable standards, and pumps the water into CCMWA's transmission system. Allatoona Lake is an impoundment of the Etowah River operated by the U.S. Army Corps of Engineers. The Division consists of one water treatment facility and one intake/pumping station. The Division has a total permitted capacity of 86 million gallons per day.

Full Time Equivalent Positions

Division	FY 2020	FY 2021	FY 2022	FY 2023
Wyckoff	21.00	20.00	20.00	18.50



Wyckoff Division

Goal	Objective	Performance Measure
Meet or exceed regulatory requirements for water treatment	Participate in AWWA Plant of the Year Award Program Achieve full compliance with all water quality, monitoring, & reporting requirements to qualify for the GAWP Platinum Award	> 90 score on program inspection # of years with total compliance (GAWP Platinum Award)
Develop a highly competent, committed, & supported workforce	Water Treatment Plant Operators with Class 1 Water Treatment license	> 75% with Class 1 license

Performance Measures (* projected)	2020	2021	2022	2023*
> 90 score for AWWA Plant of the Year inspection	97.8	99.5	96.1	90.0
Plant of the Year Winner – Surface Water > 50MGD Category	Yes	Yes	No	
# of years with total compliance (GAWP Platinum Award)	12	13	14	15
> 75% of Water Treatment Operators with Class 1 license	62%	85%	71%	75%

Major Budget Changes

- Decrease to Salaries & Wages, Employee Benefits FICA, and Medicare budgets due to Custodian position being reallocated to Engineering
- Increase to Cleaning Services budget to allow for custodial services to be outsourced
- Increase to Water Treatment Chemicals budget due to a 16% increase in prices for process chemicals and a 30% anticipated increase in the price for the regeneration of granular activated carbon
- Increase to Electricity budget based on projected demand for 2023 and an 8.7% anticipated rate increase from the supplier
- Increase to Backup and Emergency Electric Power budget based on increased prices for diesel and natural gas used in emergency generators
- Decrease to Water Purchases budget in anticipation of a reduction in costs paid to the United States Army Corp of Engineers for the operation of Allatoona Dam

Wyckoff Division

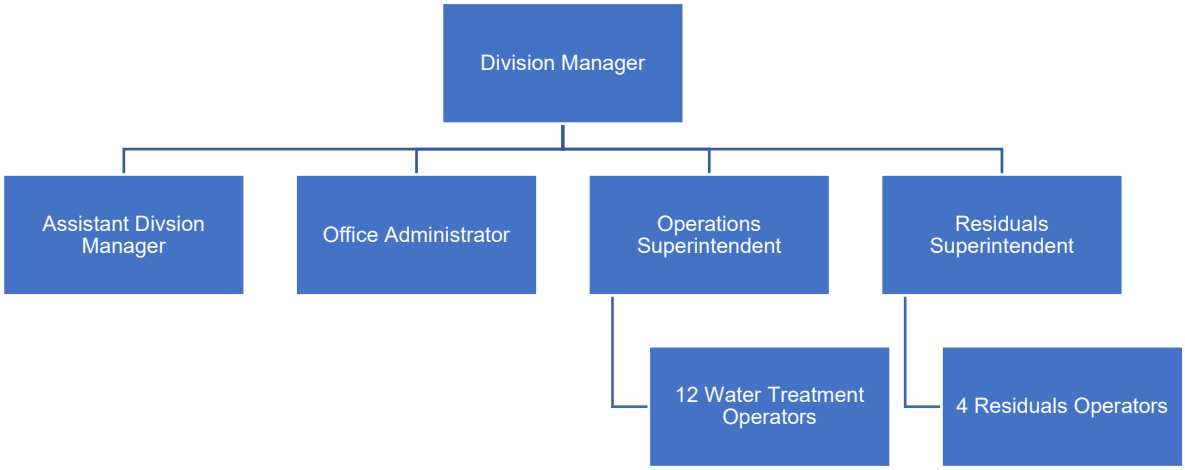
Wyckoff Division	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Personnel Costs						
Salaries & Wages	$ 1,554,653	$ 1,414,235	$ 140,418	**$ 1,515,265**	$ (39,388)	-2.5%
Overtime Wages	199,500	188,363	11,137	**199,000**	(500)	-0.3%
Employee Benefits	353,561	322,933	30,628	**330,596**	(22,965)	-6.5%
FICA - Employer Share	103,758	95,972	7,786	**106,285**	2,527	2.4%
Medicare - Employer Share	25,436	22,447	2,989	**24,857**	(579)	-2.3%
Travel Expense	5,000	1,158	3,842	**5,000**	-	0.0%
Dues and Fees	1,500	1,003	497	**3,250**	1,750	116.7%
Education and Training	13,000	11,236	1,764	**13,000**	-	0.0%
Uniforms	6,300	4,256	2,044	**6,300**	-	0.0%
Total Personnel Costs	$ 2,262,708	$ 2,061,603	$ 201,105	**$ 2,203,553**	$ (59,155)	-2.6%
Non-Personnel Costs						
Motor / Gear Inspection	$ 150,000	$ 130,998	$ 19,002	**$ 150,000**	$ -	0.0%
Land Application Soil Scientist	55,000	68,758	(13,758)	**55,000**	-	0.0%
Cleaning Services	-		-	**73,840**	73,840	0.0%
General Maintenance & Repairs	350,000	333,047	16,953	**350,000**	-	0.0%
Electrical Maintenance & Repairs	45,000	37,900	7,100	**45,000**	-	0.0%
Coatings Maintenance & Repairs	200,000	122,486	77,514	**225,000**	25,000	12.5%
SCADA Maintenance & Repairs	120,000	132,527	(12,527)	**120,000**	-	0.0%
Security Maintenance & Repairs	20,000	27,473	(7,473)	**20,000**	-	0.0%
Residuals Management	417,360	417,360	-	**445,600**	28,240	6.8%
Automotive Maintenance & Repairs	2,000	3,260	(1,260)	**2,000**	-	0.0%
Grounds Maintenance	60,000	58,452	1,548	**60,000**	-	0.0%
Rental of Equipment & Vehicles	5,000	73	4,927	**2,500**	(2,500)	-50.0%
Communications	52,889	44,331	8,558	**54,940**	2,051	3.9%
Office Supplies	5,000	3,215	1,785	**5,000**	-	0.0%
Water Treatment Chemicals	1,434,020	1,734,348	(300,328)	**1,948,112**	514,092	35.8%
Natural Gas	15,000	15,782	(782)	**24,000**	9,000	60.0%
Electricity	2,200,000	2,382,100	(182,100)	**2,500,100**	300,100	13.6%
Gasoline, Oil & Diesel Fuel	12,000	14,627	(2,627)	**14,000**	2,000	16.7%
Laboratory Supplies & Chemicals	35,000	35,000	-	**35,000**	-	0.0%
Backup / Emergency Electric Power	125,000	165,755	(40,755)	**180,000**	55,000	44.0%
Food	5,000	5,000	-	**5,000**	-	0.0%
Water Purchases	300,000	168,470	131,530	**186,000**	(114,000)	-38.0%
Sewer / Wastewater Handling	352,000	351,374	626	**352,000**	-	0.0%
Janitorial Supplies	12,000	9,539	2,461	**12,000**	-	0.0%
Small Equipment	12,000	7,907	4,093	**12,000**	-	0.0%
Safety Supplies & Equipment	15,000	22,977	(7,977)	**20,000**	5,000	33.3%
Total Non-Personnel Costs	$5,999,269	$6,292,758	($293,489)	**$ 6,897,092**	$ 897,823	15.0%
Total Wyckoff Expense	$ 8,261,977	$ 8,354,361	$ (92,384)	**$ 9,100,645**	$ 838,668	10.2%

Quarles Division

The Quarles Water Treatment Plant is located in eastern Cobb County. The treatment plant withdraws water from the Chattahoochee River, treats the water to potable standards, and pumps the water into CCMWA's transmission system. The Division consists of two water treatment facilities and two intakes/pumping stations. The Division has a total permitted capacity of 87 million gallons per day. CCMWA's original water treatment plant, known as Quarles Water Treatment Plant 1, was replaced with a new plant in 2021 and is located partially within the footprint of the old building.

Full Time Equivalent Positions

Division	FY 2020	FY 2021	FY 2022	FY 2023
Quarles	21.00	21.00	21.00	21.00



Goal	Objective	Performance Measure
Meet or exceed regulatory requirements for water treatment	Participate in AWWA Plant of the Year Award Program Achieve full compliance with all water quality, monitoring, & reporting requirements to qualify for the GAWP Platinum Award	> 90 score on program inspection # of years with total compliance (GAWP Platinum Award)
Develop a highly competent, committed, & supported workforce	Water Treatment Plant Operators with Class 1 Water Treatment license	> 75% with Class 1 license

Performance Measures (* projected)	2020	2021	2022	2023*
> 90 score for AWWA Plant of the Year inspection	97.0	98.1	92.7	90.0
# of years with total compliance (GAWP Platinum Award)	12	13	14	15
> 75% of Water Treatment Operators with Class 1 license	80%	81%	73%	75%

Quarles Division

Major Budget Changes

- Increase to Salaries & Wages, Overtime, FICA, and Medicare budgets due to cost-of-living increase
- Increase to Employee Benefits budget based on employee benefit elections
- Increase to various Repair and Maintenance budgets to address aging equipment at Plant 2
- Increase to Water Treatment Chemicals budget due to a 16% increase in prices for process chemicals
- Increase to Electricity budget based on projected demand for 2023 and a 7.9% anticipated rate increase from the supplier
- Increase to Backup and Emergency Electric Power budget based on increased prices for diesel and natural gas used in emergency generators


New Quarles Plant 1


New Quarles Plant 1

Quarles Division

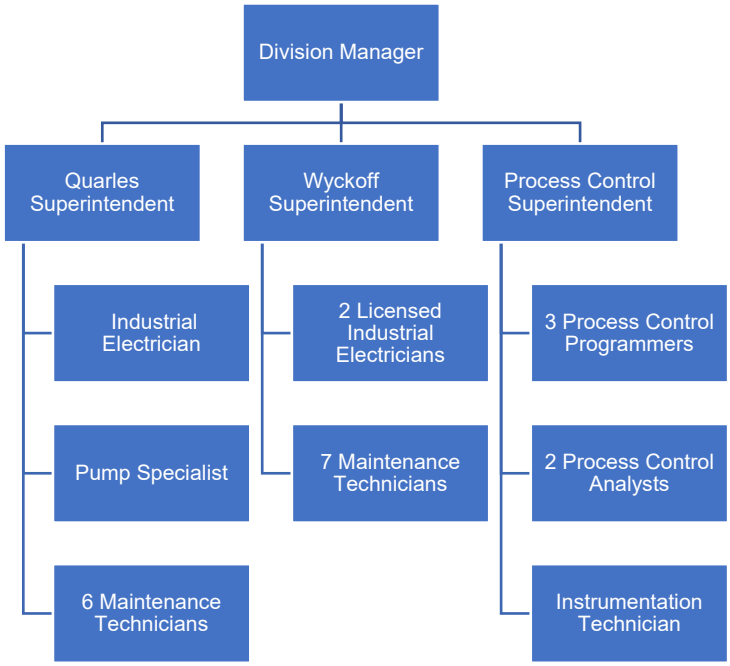
Quarles Division	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	2023 Budget	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Personnel Costs						
Salaries & Wages	$ 1,642,595	$ 1,610,108	$ 32,487	**$ 1,773,872**	$ 131,277	8.0%
Overtime Wages	278,250	353,738	(75,488)	**306,075**	27,825	10.0%
Employee Benefits	471,551	449,784	21,767	**489,702**	18,151	3.8%
FICA - Employer Share	119,093	118,302	791	**128,957**	9,864	8.3%
Medicare - Employer Share	27,853	27,762	91	**30,160**	2,307	8.3%
Travel Expense	6,000	3,783	2,217	**6,000**	-	0.0%
Dues and Fees	2,500	1,209	1,291	**5,500**	3,000	120.0%
Education and Training	9,000	2,447	6,553	**5,000**	(4,000)	-44.4%
Uniforms	7,350	3,060	4,290	**7,350**	-	0.0%
Total Personnel Costs	$ 2,564,192	$ 2,570,193	$ (6,001)	**$ 2,752,616**	$ 188,424	7.3%
Non-Personnel Costs						
Motor / Gear Inspection	$ 165,000	$ 77,200	$ 87,800	**$ 140,000**	$ (25,000)	-15.2%
Land Application Soil Scientist	55,000	68,758	(13,758)	**55,000**	-	0.0%
Cleaning Services	70,000	55,312	14,688	**73,840**	3,840	5.5%
General Maintenance & Repairs	350,000	405,199	(55,199)	**385,000**	35,000	10.0%
Electrical Maintenance & Repairs	125,000	95,438	29,562	**200,000**	75,000	60.0%
Coatings Maintenance & Repairs	200,000	41,676	158,324	**225,000**	25,000	12.5%
SCADA Maintenance & Repairs	145,000	112,504	32,496	**145,000**	-	0.0%
Security Maintenance & Repairs	25,000	41,397	(16,397)	**35,000**	10,000	40.0%
Residuals Management	350,000	457,800	(107,800)	**383,000**	33,000	9.4%
Automotive Maintenance & Repairs	2,500	1,915	585	**2,500**	-	0.0%
Grounds Maintenance	70,000	65,091	4,909	**70,000**	-	0.0%
Rental of Equipment & Vehicles	102,300	93,363	8,937	**51,900**	(50,400)	-49.3%
Communications	50,750	42,391	8,359	**52,389**	1,639	3.2%
Office Supplies	5,000	7,000	(2,000)	**7,000**	2,000	40.0%
Water Treatment Chemicals	1,000,000	1,137,800	(137,800)	**1,245,294**	245,294	24.5%
Natural Gas	20,000	20,355	(355)	**27,900**	7,900	39.5%
Electricity	2,743,000	2,638,239	104,761	**2,959,500**	216,500	7.9%
Gasoline, Oil & Diesel Fuel	11,000	17,504	(6,504)	**16,500**	5,500	50.0%
Laboratory Supplies & Chemicals	60,000	55,403	4,597	**65,000**	5,000	8.3%
Backup / Emergency Electric Power	25,000	105,268	(80,268)	**113,650**	88,650	354.6%
Food	5,000	5,000	-	**5,000**	-	0.0%
Sewer / Wastewater Handling	207,810	207,810	-	**207,810**	-	0.0%
Janitorial Supplies	2,500	1,535	965	**2,500**	-	0.0%
Small Equipment	36,983	28,952	8,031	**20,000**	(16,983)	-45.9%
Safety Supplies & Equipment	19,000	26,465	(7,465)	**19,000**	-	0.0%
Total Non-Personnel Costs	$ 5,845,843	$ 5,809,375	$ 36,468	**$ 6,507,783**	$ 661,940	11.3%
Total Quarles Expense	$ 8,410,035	$ 8,379,568	$ 30,467	**$ 9,260,399**	$ 850,364	10.1%

Maintenance Division

The Maintenance Division is responsible for maintaining the buildings and equipment at both of CCMWA's water treatment plants. The Division includes specialized maintenance technicians, industrial electricians, and instrumentation/controls technicians, analysts, and programmers. Maintenance staff work closely with plant operations staff and the Engineering Division to schedule, perform, and track preventative maintenance and work order requests for equipment repairs. The Division also maintains information related to CCMWA's assets in a computerized asset management system that is used for analyzing future capital needs.

Full Time Equivalent Positions

Division	FY 2020	FY 2021	FY 2022	FY 2023
Maintenance	26.25	27.00	27.00	27.00



Goal	Objective	Performance Measure
Fully utilize the life of all capital assets	Implement a condition-based O&M program	> 80% of work orders are preventive or predictive vs corrective
Maintain a sustainable capital replacement program	Complete planned AR&R projects on time (within budget year)	% of AR&R projects completed on time

Performance Measures (* projected)	2020	2021	2022	2023*
> 80% of work orders are preventative or predictive	78%	77%	78%	80%
% of AR&R projects completed on time	73%	83%	65%	90%

Maintenance Division

Major Budget Changes

- Increase to Salaries & Wages, FICA, and Medicare budgets due to cost-of-living increase
- Increase to Employee Benefits budget based on employee benefit elections

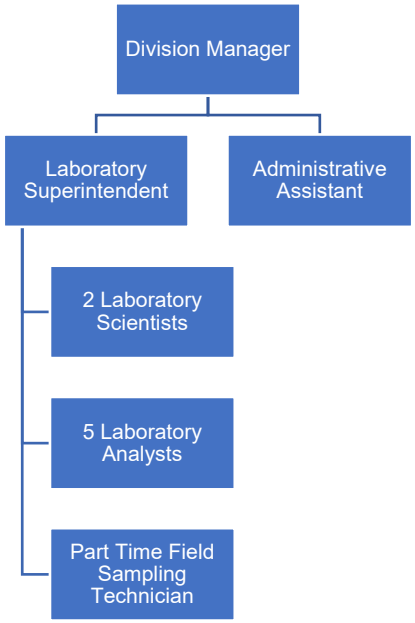
Maintenance Division	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Personnel Costs						
Salaries & Wages	$ 2,073,940	$ 2,078,865	$ (4,925)	**$ 2,373,373**	$ 299,433	14.4%
Overtime Wages	37,800	22,388	15,412	**36,000**	(1,800)	-4.8%
Employee Benefits	503,225	506,609	(3,384)	**550,703**	47,478	9.4%
FICA - Employer Share	130,928	124,239	6,689	**149,382**	18,454	14.1%
Medicare - Employer Share	30,621	29,056	1,565	**34,936**	4,315	14.1%
Travel Expense	8,000	8,119	(119)	**12,000**	4,000	50.0%
Dues and Fees	3,000	1,022	1,978	**2,500**	(500)	-16.7%
Education and Training	30,000	24,476	5,524	**38,800**	8,800	29.3%
Uniforms	10,800	10,800	-	**12,500**	1,700	15.7%
Total Personnel Costs	$ 2,828,314	$ 2,805,573	$ 22,741	**$ 3,210,194**	$ 381,880	13.5%
Non-Personnel Costs						
Automotive Maintenance & Repairs	$ 26,000	$ 30,104	$ (4,104)	**$ 30,000**	$ 4,000	15.4%
Rental of Equipment and Vehicles	15,000	8,416	6,584	**15,000**	-	0.0%
Communications	59,723	49,890	9,833	**53,680**	(6,043)	-10.1%
Office Supplies	7,500	6,682	818	**7,500**	-	0.0%
Gas, Oil & Diesel	24,500	22,399	2,101	**24,500**	-	0.0%
Food	6,000	5,353	647	**6,500**	500	8.3%
Small Equipment	45,000	36,747	8,253	**45,000**	-	0.0%
Safety Supplies & Equipment	30,000	25,452	4,548	**27,000**	(3,000)	-10.0%
Total Non-Personnel Costs	$ 213,723	$ 185,042	$ 28,681	**$ 209,180**	$ (4,543)	-2.1%
Total Maintenace Expense	$ 3,042,037	$ 2,990,615	$ 51,422	**$ 3,419,374**	$ 377,337	12.4%

Laboratory Division

The Laboratory Division is responsible for testing the water that CCMWA provides its wholesale customers to ensure that it meets state and federal water quality standards. The laboratory facility houses a research lab, chemistry lab, microbiology lab, media prep lab, and an incubator lab. Beyond its regulatory monitoring and reporting work, the Division provides support for operations through analysis of raw water sources and water at various stages of the treatment process.

Full Time Equivalent Positions

Division	FY 2020	FY 2021	FY 2022	FY 2023
Laboratory	10.00	10.00	10.00	10.50



Goal	Objective	Performance Measure
Exceed laboratory quality assurance & quality control for drinking water analysis	Participate in GAWP Laboratory Quality Assurance Award Program	> 95 score on program inspection
Meet or exceed regulatory requirements for water treatment	Maintain standard of zero samples out of compliance	# of samples out of compliance

Performance Measures (* projected)	2020	2021	2022	2023*
> 95 score on GAWP Laboratory Quality Assurance inspection	98.5	99.2	99.7	95.0
GAWP Laboratory QA/QC Gold Award (> 95 on inspection)	Yes	Yes	Yes	
# of samples out of compliance	0	0	0	0

Laboratory Division

Major Budget Changes

- Increase to Salaries & Wages, FICA, and Medicare budgets due to cost-of-living increase
- Decrease to Employee Benefits budget based on employee benefit elections
- Increase to General Maintenance & Repairs budget to allow for annual maintenance plan for new laboratory equipment purchased during the prior year
- Increase to Laboratory Supplies budget based on price increases during the prior year

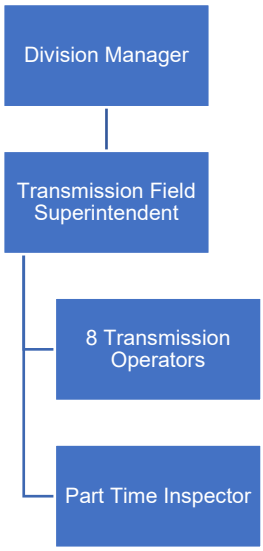
Laboratory Division	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Personnel Costs						
Salaries & Wages	$ 696,804	$ 696,804	$ -	**$ 811,484**	$ 114,680	16.5%
Overtime Wages	11,025	9,677	1,348	**12,000**	975	8.8%
Employee Benefits	161,052	139,267	21,785	**150,285**	(10,767)	-6.7%
FICA - Employer Share	43,886	41,650	2,236	**51,057**	7,171	16.3%
Medicare - Employer Share	10,264	9,741	523	**11,941**	1,677	16.3%
Travel Expense	7,300	3,653	3,647	**7,300**	-	0.0%
Dues and Fees	500	330	170	**1,000**	500	100.0%
Education and Training	11,500	8,779	2,721	**8,500**	(3,000)	-26.1%
Uniforms	2,400	2,203	197	**2,750**	350	14.6%
Total Personnel Costs	$ 944,731	$ 912,104	$ 32,627	**$ 1,056,317**	$ 111,586	11.8%
Non-Personnel Costs						
EPD Compliance Sampling	$ 39,000	$ 29,080	$ 9,920	**$ 35,000**	$ (4,000)	-10.3%
Cleaning Services	13,655	13,812	(157)	**14,100**	445	3.3%
General Maintenance & Repairs	65,000	70,572	(5,572)	**80,000**	15,000	23.1%
SCADA Maintenance & Repairs	4,000	3,123	877	**4,000**	-	0.0%
Security Maintenance & Repairs	8,000	5,848	2,153	**8,000**	-	0.0%
Automotive Maintenance & Repairs	3,000	4,379	(1,379)	**3,800**	800	26.7%
Grounds Maintenance	10,000	13,553	(3,553)	**14,464**	4,464	44.6%
Rental Equipment and Vehicles	2,500	3,676	(1,176)	**5,900**	3,400	136.0%
Communications	26,317	24,425	1,892	**30,955**	4,638	17.6%
Office Supplies	5,600	3,025	2,575	**4,500**	(1,100)	-19.6%
Natural Gas	3,000	2,434	566	**4,750**	1,750	58.3%
Electricity	28,000	24,163	3,837	**28,500**	500	1.8%
Gas, Oil & Diesel	8,000	8,316	(316)	**8,500**	500	6.3%
Laboratory Supplies	155,000	155,000	-	**180,000**	25,000	16.1%
Food	2,220	1,757	463	**3,000**	780	35.1%
Janitorial Supplies	2,500	2,500	-	**2,500**	-	0.0%
Small Equipment	14,600	21,911	(7,311)	**14,600**	-	0.0%
Safety Supplies & Equipment	3,000	3,000	-	**3,700**	700	23.3%
Total Non-Personnel Costs	$ 393,392	$ 390,575	$ 2,817	**$ 446,269**	$ 52,877	13.4%
Total Laboratory Expense	$ 1,338,123	$ 1,302,679	$ 35,444	**$ 1,502,586**	$ 164,463	12.3%

Transmission Division

The Transmission Division is responsible for maintaining the transmission pipeline system and storage tanks. The Division's primary functions include monthly meter reading, providing utility locates of water mains, overseeing the Valve Maintenance Program, and coordination of repair and maintenance of the transmission system. The Division also works closely with the Engineering Division to maintain the GIS database and provide updates on buried infrastructure.

Full Time Equivalent Positions

Division	FY 2020	FY 2021	FY 2022	FY 2023
Transmission	10.75	10.50	10.50	10.50



Goal	Objective	Performance Measure
Meet or exceed regulatory requirements for drinking water distribution	Participate in GAWP Water Distribution System Award Program	> 95 score on program inspection
Proactively replace meters as they approach the end of their useful lives	Prioritize meter replacements annually with ≥ 5 changed per year	# of meters replaced per year
Ensure system operability through regular maintenance	Continue valve maintenance program to ensure all valves are located and operable	% of valves exercised and evaluated per year
Proactively replace critical blow-off valves	Replace valves through the Blow-Off Replacement program	# of valves replaced per year

Performance Measures (* projected)	2020	2021	2022	2023*
> 95 score on GAWP Distribution System inspection	120	115	111	95.0
GAWP Water Distribution System Platinum Award	Yes	Yes	Yes	
# of meters replaced per year	6	9	6	5
% of valves exercised and evaluated per year	16%	43%	%	25%
# of critical "high-risk" blow-off valves replaced per year	9	5	8	6

Transmission Division

Major Budget Changes

- Increase to Employee Benefits to more employees selecting family health insurance coverage than in the prior year
- Decrease to Tank Maintenance & Repairs budget after one-time repairs were performed during the prior year
- Decrease to Meter Maintenance & Repairs due to one-time meter abandonments that were performed during the prior year
- Decrease to Right of Way & Tank Grounds Maintenance budget due to less maintenance required for easements

Transmission Division	2022 Budget	2022 Projected Actual	Variance Favorable (Unfavorable)	**2023 Budget**	Increase (Decrease) Over 2022 Budget ($)	Increase (Decrease) Over 2022 Budget (%)
Personnel Costs						
Salaries & Wages	$ 741,339	$ 741,339	$ -	**$ 807,593**	$ 66,254	8.9%
Overtime Wages	25,725	11,592	14,133	**25,725**	-	0.0%
Employee Benefits	180,824	165,210	15,614	**178,381**	(2,443)	-1.4%
FICA - Employer Share	47,558	44,848	2,710	**51,666**	4,108	8.6%
Medicare - Employer Share	11,123	10,489	634	**12,084**	961	8.6%
Travel Expense	8,000	2,901	5,099	**6,000**	(2,000)	-25.0%
Dues and Fees	1,000	176	824	**1,000**	-	0.0%
Education and Training	9,500	3,322	6,178	**6,000**	(3,500)	-36.8%
Uniforms	5,000	3,753	1,247	**5,000**	-	0.0%
Total Personnel Costs	$ 1,030,069	$ 983,629	$ 46,440	**$ 1,093,449**	$ 63,380	6.2%
Non-Personnel Costs						
Security Maintenance & Repairs	$ 2,000	$ -	$ 2,000	**$ -**	$ (2,000)	-100.0%
Pipeline Maintenance & Repairs	850,000	1,313,086	(463,086)	**850,000**	-	0.0%
Tanks Maintenance & Repairs	260,420	342,938	(82,518)	**100,420**	(160,000)	-61.4%
Meters Maintenance & Repairs	105,000	59,571	45,429	**75,000**	(30,000)	-28.6%
Automotive Maintenance & Repairs	20,000	15,768	4,232	**20,000**	-	0.0%
Right of Way & Tank Grounds Maintenance	660,000	483,095	176,905	**401,720**	(258,280)	-39.1%
Rental Equipment and Vehicles	1,000	-	1,000	**1,000**	-	0.0%
Communications	26,849	23,975	2,874	**22,753**	(4,096)	-15.3%
Office Supplies	2,000	1,324	676	**2,000**	-	0.0%
Gas, Oil & Diesel	30,000	33,928	(3,928)	**35,000**	5,000	16.7%
Food	3,500	2,826	674	**4,000**	500	14.3%
Small Equipment	9,500	10,106	(606)	**7,500**	(2,000)	-21.1%
Safety Supplies & Equipment	13,000	4,683	8,317	**13,000**	-	0.0%
Total Non-Personnel Costs	$ 1,983,269	$ 2,291,300	$ (308,031)	**$ 1,532,393**	$ (450,876)	-22.7%
Total Transmission Expense	$ 3,013,338	$ 3,274,929	$ (261,591)	**$ 2,625,842**	$ (387,496)	-12.9%

Capital Budget

Capital Budget Overview

Cobb County-Marietta Water Authority's capital budget is based on a 5-year Capital Improvement Plan, which includes projects planned to be in progress between 2023 and 2027. This portion of the annual budget includes all capital expenditures planned during the year. A capital expenditure is the use of funds to acquire or maintain long-term assets that are used in the operation of the organization over a multi-year period. CCMWA plans for capital projects on a 20-year schedule through long-term replacement programs, with projects currently prioritized beyond 2043. Projects are funded with cash reserves that are aligned with the 20-year schedule to ensure funding will be available when the projects are scheduled to begin.

The presented 5-year plan does not include any capital expenditures after 2027, nor any costs incurred before 2023. Projects that have continued into 2023 are budgeted for the remaining project spending and past spending is shown as a prior year investment. All projects listed in CCMWA's capital budget will be financed with designated reserves and net income.

The projects defined in the 2023-2027 Capital Improvement Plan are classified into one of five categories:

- **Aged Pipe Replacements** - Projects in this category were identified by the Aged Pipe Replacement study and have been prioritized based on criticality with one or two projects budgeted per year through 2055.
- **Blow-Off and Critical Valve Replacements** – Projects in this category were identified through an internal review and have been prioritized based on history of failures, age, and criticality.
- **Pipeline Improvements** - Projects in this category are large, multi-year pipeline projects that are focused on addressing system performance or expansion.
- **Plant Improvements** - Projects in this category are focused on the replacement, renovation, or addition of infrastructure at CCMWA's water treatment plants.
- **Pump Station Improvements** - Projects in this category are focused on the replacement, renovation, or addition of pump station infrastructure.
- **Water Storage Tank Improvements** - Projects in this category are focused on the addition or replacement of water storage tanks within the transmission system.
- **Other Capital Projects** - Projects in this category include routine capital projects, referred to as Asset Renewal & Replacement (AR&R) projects, which involve the rehabilitation or renovation of capital equipment and buildings. This category also includes capital expenditures outside of CCMWA's planning ability, including potential land purchases and pipeline relocation projects required by other entities, such as the Department of Transportation.

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5-Year Capital Improvement Plan

5-Year Capital Improvement Plan
2023 - 2027

Project Description	Estimated Project Timeline	Prior Year(s) Investments	2023 Budgeted Cost	2024 Estimated Cost	2025 Estimated Cost	2026 Estimated Cost	2027 Estimated Cost	5- Year Estimated Cost
Aged Pipe Replacements								
Blackjack Tank Supply 36" Water Main	*2019-2023*	24,790,048	2,174,097	-	-	-	-	2,174,097
Factory Shoals 30" & Six Flags 24" Water Mains	*2022-2025*	225,000	3,569,275	3,947,502	2,272,273	-	-	9,789,050
Mars Hill Church Rd to Pine Mountain 36" Water Main	*2022-2026*	250,000	3,354,713	9,728,902	11,055,020	4,668,186	-	28,806,820
Trickum Road 20" Water Main	*2026-2028*	-	-	-	-	281,216	4,130,829	4,412,045
Dallas Highway 20" Water Main	*2026-2028*	-	-	-	-	317,999	4,284,051	4,602,050
Wooten Lake Road 24" Water Main	*2027-2029*	-	-	-	-	-	292,465	292,465
Quarles 30" Raw Water Main	*2027-2029*	-	-	-	-	-	310,013	310,013
Blow-Off & Critical Valve Replacements								
CVR 2022 - 4 Valves	*2022-2023*	7,650	610,304	-	-	-	-	610,304
BOR 2023 - Beech Haven Trail to Maner Rd (6)	*2022-2023*	15,000	1,285,000	-	-	-	-	1,285,000
CVR 2023 - 4 Valves	*2022-2024*	15,000	520,000	520,000	-	-	-	1,040,000
BOR 2024 - Mableton Pkwy/Discovery Blvd/Riverview Rd (8)	*2023-2024*	-	15,000	1,752,400	-	-	-	1,767,400
CVR 2024 - 4 Valves	*2023-2024*	-	15,000	1,040,000	-	-	-	1,055,000
BOR 2025 - Six Flags Way/Lee Ind./Mableton Pkwy (6)	*2024-2025*	-	-	15,600	1,389,856	-	-	1,405,456
BOR 2026 - Legacy Park to Jiles Rd (8)	*2025-2026*	-	-	-	16,224	1,895,396	-	1,911,620
BOR 2027 - Beech Haven Trail to Cumberland Blvd	*2026-2027*	-	-	-	-	16,873	1,737,240	1,754,113
BOR 2028 - Riverview Rd to Maner Rd	*2027-2028*	-	-	-	-	-	17,548	17,548
Critical Valve Replacement Program 2025 - 2027	*Ongoing*	-	-	15,600	1,097,824	1,141,737	1,187,406	3,442,567
Pipeline Improvements								
Wyckoff 42" Raw Water Pipeline Improvements	*2020-2023*	7,929,020	4,500,000	-	-	-	-	4,500,000
Maner Road 36" Water Main Replacement	*2020-2024*	565,205	3,871,750	4,268,796	-	-	-	8,140,546
Cedarcrest New 16" Water Main	*2022-2024*	160,000	800,000	1,612,000	-	-	-	2,412,000
Plant Improvements								
Corrosion Control Feed System (Both Plants)	*2022-2024*	50,000	500,000	1,560,000	-	-	-	2,060,000
Quarles - Plant 2 SCADA Replacement	*2018-2027*	1,449,943	2,250,000	8,459,074	8,652,800	8,998,912	6,651,873	35,012,660
Quarles - Taste & Odor Process Improvements	*2020-2023*	2,544,038	2,474,570	-	-	-	-	2,474,570
Quarles - Reservoir Cleaning	*2020-2025*	355,590	3,156,832	4,680,000	2,163,200	-	-	10,000,032
Quarles - Plant 2 Filter Valve & Actuator Replacements	*2021-2024*	314,313	3,002,287	2,742,807	-	-	-	5,745,094
Quarles - Chemical Building Replacement	*2022-2028*	50,000	1,000,000	2,080,000	6,489,600	6,749,184	11,698,586	28,017,370
Quarles - Plant 2 Pump Statioin Valve & Actuator Replacements	*2024-2026*	-	-	520,000	2,433,600	2,530,944	-	5,484,544
Quarles - Campus Building Improvements	*2026-2028*	-	-			224,973	1,052,873	1,277,846
Quarles - Thickener #3 Addition	*2026-2029*	-	-	-	-	674,918	2,105,745	2,780,664
Quarles - Advanced Treatment Process	*2027-2032*	-	-	-	-	-	877,394	877,394
Wyckoff - 6MG Clearwell Addition	*2019-2023*	16,325,189	2,656,524	-	-	-	-	2,656,524
Wyckoff - Maintenance Facility Improvements	*2019-2024*	224,292	1,410,000	1,127,360	-	-	-	2,537,360
Wyckoff - Filter Underdrain Replacements (Filters 1-8)	*2022-2024*	200,000	2,055,040	1,976,000	-	-	-	4,031,040
Wyckoff - Press Filtrate Discharge Pre-Treatment	*2023-2027*		165,000	343,200	2,855,424	2,969,641	965,133	7,298,398
Wyckoff - Residuals Building Replacement & Thickener Addition	*2023-2027*	-	500,000	1,040,000	8,652,800	8,998,912	2,924,646	22,116,358
Wyckoff - Electrical Switchgear 2 Replacement	*2023-2027*	-	75,000	156,000	405,600	1,349,837	1,403,830	3,390,267
Wyckoff - Filter Underdrain Replacements (Filters 9-20)	*2027-2029*	-	-	-	-	-	818,901	818,901
Wyckoff - Traveling Bridge Basin Rehabilitation	*2027-2028*	-	-	-	-	-	233,972	233,972
Pump Station Improvements								
Wyckoff Raw Water Pump Station Replacement	*2024-2029*	-	-	208,000	216,320	3,374,592	14,389,260	18,188,172
Factory Shoals Pump Station and Tank Replacement	*2027-2028*	-	-	-	-	-	514,738	514,738
Water Storage Tank Improvements								
Blackjack Mountain Tank Replacement (5 MG)	*2021-2024*	1,481,614	3,200,000	551,005	-	-	-	3,751,005
Pine Mountain Tank No. 1 Replacement (5 MG)	*2023-2025*	-	100,000	1,976,000	2,704,000	-	-	4,780,000
Tank Painting Program	*Ongoing*	-	-	20,800	735,488	-	23,397	779,685
Water Resources								
Hickory Log Creek Weir Gate Replacement	*2024-2026*	-	-	130,000	5,408,000	140,608	-	5,678,608
Other Capital Projects								
Sharp Mountain Creek Reservior Land Purchases			Contingency	Contingency	Contingency	Contingency	Contingency	-
Department of Transportation Projects			1,500,000	1,560,000	1,081,600	1,124,864	1,169,859	6,436,323
Asset Renewal & Replacement Projects			6,180,254	6,760,000	7,030,400	10,123,776	10,528,727	40,623,157
General Contingency			2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Totals			**52,940,646**	**60,791,046**	**66,660,028**	**57,582,568**	**69,318,486**	**307,292,774**

Note:
Projects in **green font** are scheduled to be under design as of December 31, 2022.
Projects in **purple font** are scheduled to be under construction as of December 31, 2022.
Projects in **red font** are ongoing land purchases made when land is available or as condemnations are resolved.
All other projects are not scheduled to start until after January 1, 2023.

Capital Project Descriptions


Facility Replacements & Upgrades


Pipeline Projects

SCADA System Replacements


Process Improvements


Water Storage Tanks

Blackjack Tank Supply 36” Water Main Replacement

This project will replace 32,000 feet of 30" pre-stressed concrete cylinder pipe with new 30”/36" zinc-coated ductile iron pipe. The water line being replaced was installed in the early 1950’s as the first water supply line for the City of Marietta. This project will extend from the Quarles Water Treatment Plant on Lower Roswell Road to the Blackjack Mountain storage tank and from the Blackjack Mountain storage tank to U.S. Highway 41. Most of the original pipeline lies within a 60-foot-wide permanent easement through several residential neighborhoods, including the Indian Hills Country Club. The intent of this project is to eliminate critical, vulnerable infrastructure that is prone to leaks, with the last failure in 2016 that required emergency repairs.

Classification	Prior Year(s) Actual Spending	2022 Actual Spending (Estimated)	2023 Budgeted Spending	Total Anticipated Spending at Completion
Design Engineering	395,423	-	-	395,423
Construction Engineering	494,610	170,083	227,673	892,366
Construction	15,324,051	6,661,487	1,946,424	23,931,962
Other Professional Services	39,452	-	-	39,452
Land & Easements	1,515,019	189,923	-	1,704,942
Totals	**$ 17,768,555**	**$ 7,021,493**	**$ 2,174,097**	**$ 26,964,145**

Project Justification and Operating Impact

This project was identified for replacement as part of the Aged Pipe Replacement (APR) Program study. By proactively replacing aged pipe, CCMWA mitigates the risk of catastrophic failure and costly repair.

Electricity costs associated with pumping are expected to decrease due to the new pipeline’s improved hydraulic capabilities. Operational costs associated with emergency pipeline repairs are also expected to decrease as the average age of the transmission system decreases. Operational costs associated with these types of repairs are classified in the Transmission Division operating budget, while repairs over $10,000 are capitalized as part of the annual AR&R budget.

Project Details

Project Manager:	Jacob Wilson		
Project Start Date:	Fiscal Year 2019	Engineering Contract:	$1,287,789
Scheduled Completion Date:	Fiscal Year 2023	Construction Contract:	$23,931,962

Factory Shoals 30” & Six Flags 24” Water Main Replacements

This project will replace 11,500 feet of 30” pre-stressed concrete cylinder pipe and 24” pre-stressed concrete cylinder pipe (installed in 1972) with new ductile iron pipe. The project begins near the intersection of South Gordon Road and Factory Shoals Road at Wade Farm Drive and is planned to run south along the travel lanes of Factory Shoals Road to the intersection of Factory Shoals Road and Riverside Parkway. The project includes a feed from this intersection to the Factory Shoals Tank Site. The project also continues southeast along Riverside Parkway and turns east down Cityview Drive to its termination point near the intersection of Cityview Drive and Six Flags Parkway with a tie-in to an existing 24-inch ductile iron water main.

Classification	2022 Actual Spending (Estimated)	2023 Budgeted Spending	2024 Estimated Spending	2025 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	224,581	38,520	-	-	263,101
Construction Engineering	-	200,000	261,386	155,693	617,079
Construction	-	2,780,755	3,136,535	2,116,580	8,033,870
Other Professional Services	419	25,000	24,581	-	50,000
Land & Easements	-	525,000	525,000	-	1,050,000
Totals	**$ 225,000**	**$ 3,569,275**	**$ 3,947,502**	**$ 2,272,273**	**$ 10,014,050**

Project Justification and Operating Impact

This project was identified for replacement as part of the Aged Pipe Replacement (APR) Program study. By proactively replacing aged pipe, CCMWA mitigates the risk of catastrophic failure and costly repair.

Electricity costs associated with pumping are expected to decrease, as the new pipeline will have improved hydraulic capabilities. Operational costs associated with emergency pipeline repairs are also expected to decrease as the average age of the transmission system decreases. Operational costs associated with these types of repairs are classified in the Transmission Division operating budget, while repairs over $10,000 are capitalized as part of the annual AR&R budget.

Project Details

Project Manager:	Chris Dillard		
Project Start Date:	Fiscal Year 2022	Engineering Contract:	$ 880,180
Scheduled Completion Date:	Fiscal Year 2025	Construction Contract:	Not Awarded

Mars Hill Church Rd to Pine Mountain 36" Water Main Replacement

This project will replace 25,000 feet of 30", 36", and 42" pre-stressed concrete cylinder pipe (installed in 1964) with new 36" ductile iron pipe. This section of pipeline is in the northwestern portion of Cobb County and generally follows Mars Hill Church Rd, Acworth Due West Rd, and Old Stilesboro Rd. The project also includes two cross-country phases between Paul Samuel Rd, the CCMWA Pine Mountain Tank site, and Stilesboro Road.

Classification	2022 Actual Spending (Estimated)	2023 Budgeted Spending	2024 Estimated Spending	2025-2026 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	249,581	144,747	-	-	394,328
Construction Engineering	-	262,744	350,000	438,234	1,050,978
Construction	-	2,397,222	6,829,321	15,284,971	24,511,514
Other Professional Services	419	50,000	49,581	-	100,000
Land & Easements	-	500,000	2,500,000	-	3,000,000
Totals	**$ 250,000**	**$ 3,354,713**	**$ 9,728,902**	**$ 15,723,205**	**$ 29,056,820**

Project Justification and Operating Impact

This project was identified for replacement as part of the Aged Pipe Replacement (APR) Program study. By proactively replacing aged pipe, CCMWA mitigates the risk of catastrophic failure and costly repair.

Electricity costs associated with pumping are expected to decrease, as the new pipeline will have improved hydraulic capabilities. Operational costs associated with emergency pipeline repairs are also expected to decrease as the average age of the transmission system decreases. Operational costs associated with these types of repairs are classified in the Transmission Division operating budget, while repairs over $10,000 are capitalized as part of the annual AR&R budget.

Project Details

Project Manager:	George Kaffezakis/TBD		
Project Start Date:	Fiscal Year 2022	Engineering Contract:	$ 1,445,306
Scheduled Completion Date:	Fiscal Year 2026	Construction Contract:	Not Awarded

2022 Critical Valve Replacements

This project will replace three existing butterfly valves at a three-way valve setup located along Shallowford Road at the intersection of Mabry Road.

Classification	2022 Actual Spending (Estimated)	2023 Budgeted Spending	Total Anticipated Spending at Completion
Design Engineering	7,650	1,700	9,350
Construction Engineering	-	45,726	45,726
Construction	-	546,678	546,678
Other Professional Services	-	16,200	16,200
Totals	**$ 7,650**	**$ 610,304**	**$ 617,954**

Project Justification and Operating Impact

CCMWA has created a multi-year program to replace critical valves to prevent premature failure and widespread water outages. Delay in addressing this ongoing risk could result in property damage or personal injury.

Operational costs associated with emergency pipeline repairs are expected to decrease as the average age of the transmission system decreases. Operational costs associated with these types of repairs are classified in the Transmission Division operating budget, while repairs over $10,000 are capitalized as part of the annual AR&R budget.

Project Details

Project Manager:	Chris Dillard		
Project Start Date:	Fiscal Year 2022	Engineering Contract:	$ 55,076
Scheduled Completion Date:	Fiscal Year 2023	Construction Contract:	$ 546,678

2023 Blow-Off Replacements

This project consists of replacing four existing 6” saddle outlets and associated blow-off piping, removal of two 6” saddle blow-offs, and replacement of one 36”x12” saddle and 12” outlet valve with a 36”x12” tee and 12” gate valve, on existing 36” ductile iron pipe (DIP) water mains installed in 1989 in the area of Maner Road to Beech Haven Trail. Although the ductile iron pipelines are only 33 years old, they have experienced blow-off saddle failures in 2013 and 2014.

Classification	2022 Actual Spending (Estimated)	2023 Budgeted Spending	Total Anticipated Spending at Completion
Design Engineering	14,400	13,478	27,878
Construction Engineering	-	101,204	101,204
Construction	-	1,086,615	1,086,615
Other Professional Services	600	83,703	84,303
Totals	**$ 15,000**	**$ 1,285,000**	**$ 1,300,000**

Project Justification and Operating Impact

CCMWA has created a multi-year program to replace critical blow-off assemblies to prevent failure of these appurtenances. Delay in addressing this ongoing risk could result in widespread water outages, property damage and personal injury. Prioritization of the critical blow-offs throughout CCMWA’s transmission system was generated from information gathered for the Aged Pipe Replacement Program. A procurement plan for effective and efficient replacement of the identified blow-offs was then developed by staff.

Operational costs associated with emergency pipeline repairs are expected to decrease as the average age of the transmission system decreases. Operational costs associated with these types of repairs are classified in the Transmission Division operating budget, while repairs over $10,000 are capitalized as part of the annual AR&R budget.

Project Details

Project Manager:	Chris Dillard		
Project Start Date:	Fiscal Year 2022	Engineering Contract:	$ 129,082
Scheduled Completion Date:	Fiscal Year 2023	Construction Contract:	$ 1,086,615

2023 Critical Valve Replacements

This project will replace three existing 24” butterfly valves at a three-way valve setup located at the intersection of Callaway Road and Austell Road.

Classification	2022 Actual Spending (Estimated)	2023 Budgeted Spending	2024 Budgeted Spending	Total Anticipated Spending at Completion
Design Engineering	15,000	5,000	-	20,000
Construction Engineering	-	20,000	20,000	40,000
Construction	-	490,000	500,000	990,000
Other Professional Services	-	5,000	-	5,000
Totals	**$ 15,000**	**$ 520,000**	**$ 520,000**	**$ 1,055,000**

Project Justification and Operating Impact

CCMWA has created a multi-year program to replace critical valves to prevent premature failure and widespread water outages. Delay in addressing this ongoing risk could result in property damage or personal injury.

Operational costs associated with emergency pipeline repairs are expected to decrease as the average age of the transmission system decreases. Operational costs associated with these types of repairs are classified in the Transmission Division operating budget, while repairs over $10,000 are capitalized as part of the annual AR&R budget.

Project Details

Project Manager:	Chris Dillard		
Project Start Date:	Fiscal Year 2022	Engineering Contract:	Not Awarded
Scheduled Completion Date:	Fiscal Year 2024	Construction Contract:	Not Awarded

2024 Blow-Off Replacements

This project consists of replacing seven 8” and 12” saddle outlets and associated blow-off piping on existing 36” ductile iron pipe (DIP) water mains installed in 1987 in the area of Riverview Road and Discovery Boulevard southward to Mableton Parkway. Although the ductile iron pipelines are only 35 years old, they have experienced blow-off saddle failures in 2014 and 2017.

Classification	2023 Budgeted Spending	2024 Budgeted Spending	Total Anticipated Spending at Completion
Design Engineering	14,400	25,600	40,000
Construction Engineering	-	60,000	60,000
Construction	-	1,661,400	1,661,400
Other Professional Services	600	5,400	6,000
Totals	**$ 15,000**	**$ 1,752,400**	**$ 1,767,400**

Project Justification and Operating Impact

CCMWA has created a multi-year program to replace critical blow-off assemblies to prevent failure of these appurtenances. Delay in addressing this ongoing risk could result in widespread water outages, property damage and personal injury. Prioritization of the critical blow-offs throughout CCMWA’s transmission system was generated from information gathered for the Aged Pipe Replacement Program. A procurement plan for effective and efficient replacement of the identified blow-offs was then developed by staff.

Operational costs associated with emergency pipeline repairs are expected to decrease as the average age of the transmission system decreases. Operational costs associated with these types of repairs are classified in the Transmission Division operating budget, while repairs over $10,000 are capitalized as part of the annual AR&R budget.

Project Details

Project Manager:	Chris Dillard		
Project Start Date:	Fiscal Year 2023	Engineering Contract:	Not Awarded
Scheduled Completion Date:	Fiscal Year 2024	Construction Contract:	Not Awarded

2024 Critical Valve Replacements

This project will replace four existing 36” butterfly valves generally along Riverview Road between South Cobb Drive and Veterans Memorial Highway.

Classification	2023 Budgeted Spending	2024 Budgeted Spending	Total Anticipated Spending at Completion
Design Engineering	15,000	5,000	20,000
Construction Engineering	-	40,000	40,000
Construction	-	990,000	990,000
Other Professional Services	-	5,000	5,000
Totals	**$ 15,000**	**$ 1,040,000**	**$ 1,055,000**

Project Justification and Operating Impact

CCMWA has created a multi-year program to replace critical valves to prevent premature failure and widespread water outages. Delay in addressing this ongoing risk could result in property damage or personal injury.

Operational costs associated with emergency pipeline repairs are expected to decrease as the average age of the transmission system decreases. Operational costs associated with these types of repairs are classified in the Transmission Division operating budget, while repairs over $10,000 are capitalized as part of the annual AR&R budget.

Project Details

Project Manager:	Chris Dillard		
Project Start Date:	Fiscal Year 2023	Engineering Contract:	Not Awarded
Scheduled Completion Date:	Fiscal Year 2024	Construction Contract:	Not Awarded

Wyckoff 42” Raw Water Pipeline Improvements

This project will replace 7,200 feet of 30” pre-stressed concrete cylinder pipe with new 54” ductile iron pipe. The Wyckoff Water Treatment Plant is supplied by two raw water mains from Allatoona Lake that were installed in stages to meet water demands. The initial raw water main was installed in 1965 and consists of approximately 23,000 feet of 30”, 36”, and 42” pre-stressed concrete cylinder pipe. A second 60” raw water main was installed in 1977 and runs parallel to the original raw water main. The 30” section of the original raw water main, that runs from Allatoona Lake to State Route 293, will be replaced during this project and remaining sections have been prioritized for replacement in the future.

Classification	Prior Year(s) Actual Spending	2022 Actual Spending (Estimated)	2023 Budgeted Spending	Total Anticipated Spending at Completion
Design Engineering	159,440	-	-	159,440
Construction Engineering	5,451	188,299	91,938	285,688
Construction	-	7,051,989	4,406,725	11,458,714
Other Professional Services	11,467	2,196	1,337	15,000
Land & Easements	417,489	92,689	-	510,178
Totals	**$ 593,847**	**$ 7,335,173**	**$ 4,500,000**	**$ 12,429,020**

Project Justification and Operating Impact

This section of pipe was selected for replacement due to hydraulic issues caused by the raw water main’s varying diameters, which will be improved by replacing the 30” diameter section with 54” diameter pipe.

Operational costs associated with emergency pipeline repairs are expected to decrease as the average age of the transmission system decreases. Operational costs associated with these types of repairs are classified in the Transmission Division operating budget, while repairs over $10,000 are capitalized as part of the annual AR&R budget.

Project Details

Project Manager:	Chris Dillard		
Project Start Date:	Fiscal Year 2020	Engineering Contract:	$ 445,128
Scheduled Completion Date:	Fiscal Year 2023	Construction Contract:	$ 11,458,714

Maner Road 36" Water Main Replacement

This project will replace up to 4,500 feet of 36" ductile iron pipe that has experienced multiple corrosion related failures in the last 18 years. The last failure occurred in 2019 and resulted in loss of pressure to some customers of Cobb County Water System. This section of pipeline is in the southern portion of Cobb County and is adjacent to Georgia Power's Plant McDonough-Atkinson near the intersection of I-285 and South Cobb Drive. A Business Case Evaluation was completed in 2020 and determined that, rather than a miles-long replacement project in a new corridor, replacing pipe in the corrosion-affected area would be the most viable alternative. The project scope has been finalized and will include replacement of the corrosion-prone 36" ductile iron pipe (DIP) with 30" Fiberglass Reinforced Polymer (FRP) pipe, a non-metallic material.

Classification	Prior Year(s) Actual Spending	2022 Actual Spending (Estimated)	2023 Budgeted Spending	2024 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	157,041	163,011	14,690	-	334,742
Construction Engineering	-	-	33,399	300,595	333,994
Construction	-	-	3,718,124	3,918,891	7,637,015
Other Professional Services	242,823	950	56,227	-	300,000
Land & Easements	-	1,380	49,310	49,310	100,000
Totals	**$ 399,864**	**$ 165,341**	**$ 3,871,750**	**$ 4,268,796**	**$ 8,705,751**

Project Justification and Operating Impact

Due to the criticality of this project, it was introduced into the 2020-2024 CIP to enhance the reliability of the transmission system.

The proactive replacement of this pipe section before another corrosion related failure occurs will reduce operational costs associated with emergency pipeline repairs. The repair made in 2019 resulted in unplanned operational costs of over $280,000.

Project Details

Project Manager:	George Kaffezakis/TBD		
Project Start Date:	Fiscal Year 2020	Engineering Contract:	$ 668,736
Scheduled Completion Date:	Fiscal Year 2023	Construction Contract:	Not Awarded

Cedarcrest New 16" Water Main

This project will install approximately 2,500 feet of new 16" ductile iron pipe (DIP) water main in northwestern Cobb County, along Highway 41/Cobb Parkway and Cedarcrest Road. To maintain high water quality, a small section of 8" DIP will be installed to transfer service connections and fire hydrants off the existing 16" transmission main. This project will connect CCMWA's existing pipeline along Highway 41 to an existing 16" water main, owned by CCMWA's largest customer Cobb County Water System, and will result in improved reliability in the area.

Classification	2022 Actual Spending (Estimated)	2023 Budgeted Spending	2024 Budgeted Spending	Total Anticipated Spending at Completion
Design Engineering	113.321	-	-	113,321
Construction Engineering	26,679	46,209	72,889	145,777
Construction	-	753,791	1,539,111	2,292,902
Other Professional Services	10,000	-	-	10,000
Land & Easements	10,000	-	-	10,000
Totals	**$ 160,000**	**$ 800,000**	**$ 1,612,000**	**$ 2,572,000**

Project Justification and Operating Impact

This project is necessary due to a Georgia Department of Transportation road-widening project and the future abandonment of a pipeline and meter that supplies water to Paulding County Water System. By adding this pipeline section, supply to this area will shift away from the meter that currently supplies Paulding County to an existing meter on Cedarcrest Road.

This project will have no impact on the operating budget, as pipelines require little maintenance until they near the end of their useful lives, which is expected to be more than 50 years.

Project Details

Project Manager:	George Kaffezakis/TBD		
Project Start Date:	Fiscal Year 2022	Engineering Contract:	$ 259,098
Scheduled Completion Date:	Fiscal Year 2023	Construction Contract:	Not Awarded

Corrosion Control Feed System

This project will add a new chemical feed system for orthophosphate at both water treatment plants. Orthophosphate is used for internal corrosion control and will replace CCMWA's current corrosion control chemical. The new systems will include truck fill stations, storage tanks, chemical containment, feed pumps, and SCADA controls which will be added to both the Quarles and Wyckoff treatment plant chemical buildings. Safety and spill response will also be part of the design due to orthophosphate being a strong acid.

Classification	2022 Actual Spending (Estimated)	2023 Estimated Spending	2024 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	49,855	127,165	-	177,020
Construction Engineering	-	11,563	89,767	101,330
Construction	-	-	1,470,233	1,470,233
Materials	-	360,417		360,417
Other Professional Services	145	855	-	1,000
Totals	**$ 50,000**	**$ 500,000**	**$ 1,560,000**	**$ 2,110,000**

Project Justification and Operating Impact

CCMWA worked with Hazen and Sawyer to complete a desk top evaluation and a 17-month pilot study to determine the best corrosion control chemical for the next 20 years. In 1994, the pH-Alkalinity strategy was implemented by CCMWA, which has accomplished compliance with the Lead and Copper Rule. However, pinhole leaks have become more common in copper pipe in residential homes on our customers' systems since 2010. The EPA is currently revising the Lead and Copper rule to be more precise on lead and copper levels in home, schools, and daycare centers. To stay ahead of this regulation, CCMWA performed a lead and copper treatment optimization pilot study. The results of the study indicated that orthophosphate produce would be more beneficial for lead and copper control. It is also expected to have benefits of slowing the pinhole leak issues occurring in some residences with copper pipe. In 2022, CCMWA requested and received EPD approval to implement this new strategy and will proceed with the design, construction, and phased introduction of the new chemical feed systems

Water treatment chemical costs will increase for both plants when orthophosphate is added; however, the final cost of purchasing orthophosphate cannot be determined until the project is complete.

Project Details

Project Manager:	Patrick Pherson		
Project Start Date:	Fiscal Year 2022	Engineering Contract:	$ 309,975
Scheduled Completion Date:	Fiscal Year 2024	Construction Contract:	Not Awarded

Quarles - Plant 2 SCADA Replacement

This project is intended to overhaul and upgrade the Supervisory Control and Data Acquisition (SCADA) system at Quarles Plant 2. The current system was installed in 2002 and has reached the end of its useful life due to hardware and software obsolescence. The project scope includes replacement of SCADA hardware and software, server equipment, programmable logic controls (PLCs), panels, and field instruments. The project will also include installation of new conduit and fiber between the Quarles Water Treatment Plant and the Quarles Raw Water Pump Station, modifications to the Plant 2 operators' station, a new server room on the second level, and removal of control panels.

Classification	Prior Year(s) Actual Spending	2022 Actual Spending (estimated)	2023 Budgeted Spending	2024 Estimated Spending	2025-2027 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	1,325,943	99,352	3,903	-	-	1,429,198
Construction Engineering	-	-	50,000	435,130	1,305,389	1,790,519
Construction	-	-	2,195,745	7,773,944	22,98,196	32,967,885
Materials	-	-	-	250,000	-	250,000
Other Prof. Services	24,000	648	352	-	-	25,000
Totals	**$ 1,349,943**	**$ 100,000**	**$2,250,000**	**$8,459,074**	**$24,303,585**	**$ 36,462,602**

Project Justification and Operating Impact

The SCADA system has become an integral part of the water treatment process since its installation almost 20 years ago. However, due to the age of the system it is becoming difficult to locate replacement parts for the existing equipment. Older PLCs are slower to respond to system changes and have been failing at an increasing rate over the last two years.

Replacement of the existing SCADA system should minimize the likelihood of potential downtime, which would impact the operation of the plant and decrease the cost of maintaining aging equipment. The Quarles Division budget for SCADA maintenance and repairs has increased in the last three years in response to failing equipment. After the SCADA system is upgraded, maintenance costs for SCADA should decrease in the Quarles operating budget.

Project Details

Project Manager:	Rita Neely		
Project Start Date:	Fiscal Year 2018	Engineering Contract:	$3,219,717
Scheduled Completion Date:	Fiscal Year 2027	Construction Contract:	Not Awarded

Quarles - Taste & Odor Process Improvements

This project will involve the addition of a Powdered Activated Carbon (PAC) feed system and PAC storage silo at the Quarles Raw Water Pump Station site to address intermittent taste and odor problems. The addition of this system will allow staff the ability to feed PAC to help prevent taste and odor in finished water during higher levels of Geosmin and MIB in raw water from the Chattahoochee River. The PAC system could also be used on an emergency basis during a source water contamination event to absorb and help remove various contaminates.

Classification	Prior Year(s) Actual Spending	2022 Actual Spending (estimated)	2023 Budgeted Spending	Total Anticipated Spending at Completion
Design Engineering	498,302	6,720	-	505.022
Construction Engineering	44,006	282,811	669	327.486
Construction	100	1,710,469	2,464,431	4,175,000
Other Professional Services	1,630	-	9,470	11,100
Totals	**$ 544,038**	**$ 2,000,000**	**$ 2,474,570**	**$ 5,018,608**

Project Justification and Operating Impact

The existing treatment process at the Quarles Water Treatment Plant does not include any specific processes to address intermittent taste and odor events which might occur; however, powdered activated carbon is already effectively in use at the Wyckoff Water Treatment Pump Station to address taste and odor concerns.

The annual cost of procuring the powdered activated carbon for this system is estimated to be $75,000 and would be charged to the Quarles Division budget under water treatment chemicals.

Project Details

Project Manager:	Rita Neely		
Project Start Date:	Fiscal Year 2019	Engineering Contract:	$ 832,508
Scheduled Completion Date:	Fiscal Year 2023	Construction Contract:	$ 4,175,000

Quarles - Reservoir Cleaning

The Quarles Water Treatment Plant utilizes an approximate 7.5-acre reservoir for temporary storage of raw water pumped from the Chattahoochee River by the Quarles Raw Water Intake. The reservoir provides for equalization of the raw water, additional capacity in the event of a failure of the intake or contamination plume in the Chattahoochee River, and optimization of pumping schedules to reduce power usage.

Classification	Prior Year(s) Actual Spending	2022 Actual Spending (estimated)	2023 Budgeted Spending	2024 Budgeted Spending	2025 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	235,590	101,157	47,163	-	-	383,910
Construction Engineering	-	-	102,656	162,656	63,200	328,512
Construction	-	-	2,995,856	4,517,344	2,100,000	9,613,200
Other Professional Services	-	18,843	11,157	-	-	30,000
Totals	**$ 235,590**	**$ 120,000**	**$ 3,156,832**	**$ 4,680,000**	**$ 2,163,200**	**$ 10,355,622**

Project Justification and Operating Impact

Sediment builds up in the reservoir over time, reducing its storage capacity and its ability to function effectively. The reservoir was last cleaned in 2010 and since then, sediment levels have been monitored periodically to determine when the next cleaning will be required. Removing the accumulated sediment will significantly reduce the potential for growth of aquatic vegetation in the reservoir. During 2019, an unprecedented episode of increased growth of aquatic plant vegetation and algae in the reservoir created problems in the downstream treatment process, causing the timeline for this project to be escalated.

This project will not have an annual impact on the operating budget, but it does help the Quarles Division control costs related to water treatment chemicals. Improved conditions in the reservoir will help to mitigate water quality issues coming into the treatment process, which would require more chemicals to address than water without algae and vegetation.

Project Details

Project Manager:	Tom Ginn		
Project Start Date:	Fiscal Year 2020	Engineering Contract:	$ 712,422
Scheduled Completion Date:	Fiscal Year 2025	Construction Contract:	Not Awarded

Quarles - Plant 2 Filter Valve & Actuator Replacements

This project will replace the filter valves on Filters 1 - 11 and the actuators on Filters 4 -11 in the Quarles Water Treatment Plant 2, the actuators in the High Service Pump Station and Transfer Pump Station, and the oil-actuated cylinder valves at the Quarles Raw Water Pump Station. All actuators will be replaced with electric operated actuators.

Classification	Prior Year(s) Actual Spending	2022 Actual Spending (estimated)	2023 Estimated Spending	2024 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	14,313	263,109	53,936	-	331,358
Construction Engineering	-	-	153,610	113,609	267,219
Construction	-	-	2,045,217	2,042,783	4,088,000
Materials	-	-	586,415	586,415	1,172,830
Other Professional Services	-	36,891	163,109	-	200,000
Totals	**$ 14,313**	**$ 300,000**	**$ 3,002,287**	**$ 2,742,807**	**$ 6,059,407**

Project Justification and Operating Impact

The current valves and actuator equipment are hydraulic (oil) actuators which have reached the end of their useful lives and are prone to leaks. Hydraulic actuators also require air compressors and oil accumulators to be maintained in case of a power failure. Electric actuators will increase reliability and eliminate the need for additional equipment.

Maintenance and repair costs associated with actuators are classified in the Quarles Division operating budget and costs associated with these types of repairs are expected to decrease as the average age of plant equipment decreases.

Project Details

Project Manager:	Rita Neely		
Project Start Date:	Fiscal Year 2021	Engineering Contract:	$ 498,577
Scheduled Completion Date:	Fiscal Year 2024	Construction Contract:	$ 4,088,000

Quarles - Chemical Building Replacement

This project will replace the current Quarles chemical buildings with a new building to house current and future chemical feed systems. A small pre-lime storage and feed facility will be located at Plant 1. A new front entrance to the plant which includes a guard house is part of this design. Construction will be planned so that the water treatment plant remains operational, with the new building fully operational before the old buildings are demolished. A carbon dioxide storage and feed system will be constructed where the old buildings are located. Each chemical housed in the chemical building has health and safety hazards which must be considered in the design of the facility. The design of this project will include truck unloading stations, chemical storage tanks, chemical containment, generating equipment for chlorine dioxide and hypochlorite, feed pumping equipment, and SCADA controls. A new feed system will be added to boost the alkalinity of the water by adding carbon dioxide and an orthophosphate feed system, which is being designed and constructed as a smaller project, will also be housed in the new building.

Classification	2022 Actual Spending (estimated)	2023 Estimated Spending	2024 Estimated Spending	2025 Estimated Spending	2026-2028 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	49,058	995,942	497,360	-		1,542,360
Construction Engineering		-	100,000	600,000	2,646,910	3,346,910
Construction		-	1,482,640	5,889,600	15,800,860	23,173,100
Other Professional Services	942	4,058	-	-	-	5,000
Totals	**$50,000**	**$1,000,000**	**$2,080,000**	**$6,489,600**	**$18,447,770**	**$ 28,067,370**

Project Justification and Operating Impact

The current chemical building has been retrofitted over the years to accommodate the addition of new chemical feed systems resulting in issues with ventilation, safety, and ease of access for maintenance of equipment. Two new chemical processes are planned for the Quarles Water Treatment Plant and the new chemical building will consolidate all systems into a single facility and include specific chemical resistant coatings, safety upgrades, proper ventilation, and a covered area for truck offloading.

Maintenance and repair costs associated with the chemical building are expected to decrease once the building and equipment is replaced. Costs associated with the addition of orthophosphate are considered in the operating impact of the Corrosion Control Feed System project.

Project Details

Project Manager:	Patrick Pherson		
Project Start Date:	Fiscal Year 2022	Engineering Contract:	$ 4,889,270
Scheduled Completion Date:	Fiscal Year 2028	Construction Contract:	Not Awarded

Wyckoff - 6MG Clearwell Addition

This project will provide approximately 6 million gallons (MG) of additional clearwell storage for the Wyckoff Water Treatment Plant. Water stored in clearwells has been fully treated but is being detained for the required contact time with chlorine disinfectant prior to being pumped into the transmission system. The two existing 3 MG clearwells at the Wyckoff Plant were constructed in 1964 and 1984. Both clearwells are in good structural condition and should have more than 25 years of useful life remaining. A facilities assessment conducted in 2014 determined that the existing clearwell storage capacity was inadequate for a 72 MGD plant, providing a storage to treatment ratio of only 8.33% compared to the industry standard of 15%. The addition of a 6 MG clearwell will increase the storage to treatment ratio at Wyckoff to 15% for an 82 MGD plant, which covers the existing plant plus 10 MGD to allow for future plant expansion.

Classification	Prior Year(s) Actual Spending	2022 Actual Spending (estimated)	2023 Budgeted Spending	Total Anticipated Spending at Completion
Design Engineering	142,464	-	-	142,464
Construction Engineering	560,743	461,826	88,937	1,111,506
Construction	9,905,133	5,218,480	2,567,587	17,691,200
Other Professional Services	905	35,638	-	36,543
Totals	**$ 10,609,245**	**$ 5,715,944**	**$ 2,656,524**	**$ 18,981,713**

Project Justification and Operating Impact

Although CCMWA can take one clearwell out of service for maintenance, the remaining clearwell does not provide enough storage for adequate contact time with chlorine disinfectant. To accommodate the decreased storage capacity, the plant must chlorinate raw water instead of finished water to provide the necessary contact time, which can increase disinfection byproducts. By adding an additional clearwell, the Wyckoff plant would be able to take clearwells out of service for necessary maintenance without sacrificing treatment standards.

This project will not have an annual impact on the operating budget; however, every five years the Wyckoff Division will budget approximately $75,000 in general maintenance and repairs for cleaning and inspection of the additional clearwell.

Project Details

Project Manager:	Chris Dillard		
Project Start Date:	Fiscal Year 2019	Engineering Contract:	$ 850,300
Scheduled Completion Date:	Fiscal Year 2023	Construction Contract:	$ 17,791,200

Wyckoff - Maintenance Facility Improvements

This project will involve the renovation of the Maintenance Building at the Wyckoff Water Treatment Plant campus and possibly the finishing of the second floor of the Wyckoff Water Treatment Plant to provide additional space. The Maintenance Building was designed and built in 1997 for a smaller staff than is currently housed in the building and was not designed to contain communication hub equipment. Interim building improvements have been made as part of this project, including the replacement of ventilation equipment in areas where electronics are stored.

Classification	Prior Year(s) Actual Spending	2022 Actual Spending (estimated)	2023 Budgeted Spending	2024 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	60,306	90,000	104,056	-	254,362
Construction Engineering	-	-	100,000	100,000	200.000
Construction	-	-	1,200,944	927,360	2,128,304
Materials	73,986	-	-	100,000	173,986
Other Professional Services	-	-	5,000	-	5,000
Totals	**$ 134,292**	**$ 90,000**	**$ 1,410,000**	**$ 1,127,360**	**$ 2,761,652**

Project Justification and Operating Impact

The current Maintenance Building on the Wyckoff Water Treatment Plant property cannot provide enough workspace for the employees assigned to the building and many employees share offices.

The operating impact of this project is difficult to estimate because the scope of the project is not clearly defined. If unused space in the Treatment Plant is finished to provide additional workspace, there could be an impact to electricity and natural gas expenses because the unused space is not currently climate controlled. As this project moves further along in the design phase, operational costs will be estimated based on the selected design.

Project Details

Project Manager:	Lance Buchanan		
Project Start Date:	Fiscal Year 2019	Engineering Contract:	$ 254,362
Scheduled Completion Date:	Fiscal Year 2024	Construction Contract:	Not Awarded

Wyckoff – Filter Underdrain Replacements (Filters 1-8)

This project will replace the existing filter underdrains and media in Filters 1, 3, 4, 6, 7, and 8 with stainless steel underdrains and new media to match the existing filter media specifications. The underdrains and media in Filters 2 and 5 were replaced with stainless steel underdrains in the last two years due to premature failures. By replacing the remaining underdrains, potential failures will be mitigated, and all eight filters will be consistent with standardized operating procedures.

Classification	2022 Actual Spending (estimated)	2023 Estimated Spending	2024 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	117,823	-	-	117,823
Construction Engineering	81,912	501,305	300,000	883,217
Construction	-	1,504,000	1,626,000	3,130,000
Other Professional Services	265	49,735	50,000	100,000
Totals	**$ 200,000**	**$ 2,055,040**	**$ 1,976,000**	**$ 4,231,040**

Project Justification and Operating Impact

In 2003, the subsurface wash system that was originally installed in Filters 1 through 8 of the Wyckoff Water Treatment Plant was demolished and an air scour system was installed along with new Leopold Type S underdrains with an IMS Cap. Over the past couple of years, plant staff has noticed failures in the underdrains because of either plugging of the underdrain or the undrain blocks uplifting during backwash cycles. Two of the right filter underdrains have already been replaced due to premature failure and the remaining six underdrains have begun to show signs of possible failure.

Once installed, the filter underdrains and media require no additional maintenance outside of the normal operating procedures.

Project Details

Project Manager:	Lance Buchanan		
Project Start Date:	Fiscal Year 2022	Engineering Contract:	$ 117,823
Scheduled Completion Date:	Fiscal Year 2024	Construction Contract:	$ 3,130,000

Wyckoff - Press Filtrate Discharge Pre-Treatment

The Wyckoff Water Treatment plant is in the process of acquiring an industrial wastewater discharge permit from the Cobb County Water System for use of the wastewater system to dispose of Press Filtrate from the Residuals process. This permit will have specific limits on the water quantity and quality that can be discharged to the sewer. Staff will work with Cobb County Water System to determine the specific requirements of Wyckoff's permit, then design and install the required equipment to meet the permit requirements. Most likely the permit will require the addition of a flow meter, online pH analyzer, and possibly the addition of a chemical system to neutralize the press filtrate.

Classification	2023 Budgeted Spending	2024 Estimated Spending	2025 Estimated Spending	2026-2027 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	160,000	-	-	-	160,000
Construction Engineering	-	10,000	100,000	130,000	240,000
Construction	-	328,200	2,755,424	3,804,774	6,888,398
Other Professional Services	5,000	5,000	-	-	10,000
Totals	**$ 165,000**	**$ 343,200**	**$ 2,855,424**	**$ 3,934,774**	**$ 7,298,398**

Project Justification and Operating Impact

This project will address a regulatory requirement from Cobb County Water System, the entity that operates wastewater treatment plants in the county.

The industrial wastewater discharge permit fee increased sewer handling costs in the Wyckoff Division operating budget beginning in 2021. The cost of the new permit is approximately $950,000, to be paid in monthly installments during fiscal years 2021 - 2023. If the completed project requires a chemical system, the Wyckoff Division budget will also have increased water treatment chemical expenses beginning in 2025.

Project Details

Project Manager:	Lance Buchanan		
Project Start Date:	Fiscal Year 2023	Engineering Contract:	Not Awarded
Scheduled Completion Date:	Fiscal Year 2027	Construction Contract:	Not Awarded

Wyckoff – Residuals Building Replacement & Thickener Addition

The Wyckoff Water Treatment plant residuals complex uses circular tanks called thickeners to thicken the residuals produced in the water treatment process before the residuals are pumped to plate and frame presses where the residuals are dewatered and then transported to the storage yard. This project will replace the residuals building, constructed in the 1970's, and add new structures and equipment including: a larger thickener, a new plate and frame press, a new sludge conditioning tank, and new acid wash tanks.

Classification	2023 Budgeted Spending	2024 Estimated Spending	2025 Estimated Spending	2026-2027 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	500,000	60,000	-	-	560,000
Construction Engineering	-	40,000	300,000	600,000	940,000
Construction	-	930,000	8,352,800	11,323,558	20,606,358
Other Professional Services	-	10,000	-	-	10,000
Totals	**$ 500,000**	**$ 1,040,000**	**$ 8,652,800**	**$ 11,923,558**	**$ 22,116,358**

Project Justification and Operating Impact

The residuals building and ancillary structures are nearing the end of their useful lives and due for replacement. Over the years, the residuals complex has been expanded with the addition of new storage tanks and plate and frame presses, but additional structures and equipment cannot be added until the building is replaced. This project will improve redundancy of the residuals process by adding new structures and equipment.

Maintenance and repair costs associated with the residuals building and equipment are expected to decrease once this project is completed; however, the reduction is difficult to estimate at this time.

Project Details

Project Manager:	Lance Buchanan		
Project Start Date:	Fiscal Year 2023	Engineering Contract:	Not Awarded
Scheduled Completion Date:	Fiscal Year 2027	Construction Contract:	Not Awarded

Wyckoff – Electrical Building Switchgear 2 Replacement

The Wyckoff Water Treatment plant's electrical switchgear 2 was installed in 2004 and is the oldest outdoor switchgear at this location. The switchgear provides power to the maintenance building, chemical building, and residuals building. This project will replace the switchgear with new equipment, located in a new climate-controlled building. The timing of this project will be timed to occur along with the Wyckoff Residuals Building Replacement and Thickener Addition project.

Classification	2023 Budgeted Spending	2024 Estimated Spending	2025 Estimated Spending	2026-2027 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	75,000	25,000	-	-	100,000
Construction Engineering	-	25,000	50,000	125,000	200,000
Construction	-	96,000	355,600	2,628,667	3,080,267
Other Professional Services	-	10,000	-	-	10,000
Totals	**$ 75,000**	**$ 156,000**	**$ 405,600**	**$ 2,753,667**	**$ 3,390,267**

Project Justification and Operating Impact

This project will replace essential equipment that is currently at risk of critical failure. A study performed in 2021 determined the gear needed repairs, but direct replacement parts are no longer being manufactured. The switchgear is also located outside, which does not provide adequate protection for the electrical equipment.

Maintenance and repair costs associated with this equipment are expected to decrease once this project is completed; however, the reduction is difficult to estimate at this time.

Project Details

Project Manager:	Lance Buchanan		
Project Start Date:	Fiscal Year 2023	Engineering Contract:	Not Awarded
Scheduled Completion Date:	Fiscal Year 2027	Construction Contract:	Not Awarded

Blackjack Mountain Tank Replacement

This project will replace the existing steel 4.2-million-gallon finished water storage tank at the Blackjack Mountain location with a new 4.2-million-gallon finished water storage tank.

Classification	Prior Year(s) Actual Spending	2022 Actual Spending (Estimated)	2023 Estimated Spending	2024 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	81,614	76,395	-	-	158,009
Construction Engineering	-	14,230	58,920	29,460	102,610
Construction	-	1,307,911	3,140,544	521,545	4,970,000
Other Professional Services	-	1,464	536	-	2,000
Totals	**$ 81,614**	**$ 1,400,000**	**$ 3,200,000**	**$ 551,005**	**$ 5,232,619**

Project Justification and Operating Impact

A structural assessment of the tank was performed in January 2021, while the tank was out of service for the Blackjack Tank Supply 36" Water Line Replacement. The structural assessment determined that immediate repairs will be needed to put the tank back in service after the water line project is complete and additional repairs would be needed within 3-5 years. A cost analysis indicated that replacement of the tank would be more cost effective than making the necessary repairs.

This project will not have an annual impact on the operating budget; however, every other year the Transmission Division budget includes approximately $20,000 under tank maintenance and repairs for cleaning and inspection of each water storage tank.

Project Details

Project Manager:	Rita Neely		
Project Start Date:	Fiscal Year 2021	Engineering Contract:	$ 260,619
Scheduled Completion Date:	Fiscal Year 2024	Construction Contract:	$ 4,970,000

Pine Mountain No. 1 Tank Replacement

This project will replace the existing steel 4.3-million-gallon finished water storage tank at the Pine Mountain location with a new 5-million-gallon finished water storage tank. Additional project improvements will include replacement of yard piping, upgraded controls for the site, as well as ancillary improvements to the existing infrastructure.

Classification	2023 Budgeted Spending	2024 Estimated Spending	2025 Estimated Spending	Total Anticipated Spending at Completion
Design Engineering	100,000	57,000	-	157,000
Construction Engineering	-	30,000	93,000	123,000
Construction	-	1,884,000	2,611,000	4,495,000
Other Professional Services	-	5,000	-	5,000
Totals	**$ 100,000**	**$ 1,976,000**	**$ 2,704,000**	**$ 4,780,000**

Project Justification and Operating Impact

The existing steel tank has reached the end of its useful life and has required significant maintenance repairs over the last two years. Steel tanks require regular internal and external coating every 10-15 years to maintain the tank's integrity. A life cycle cost analysis determined that due to the high recurring cost of maintaining the coating on steel water tanks, replacing the tank with a pre-stressed concrete tank be more cost effective with less ongoing maintenance.

This project will reduce ongoing maintenance costs associated with internally and externally coating a steel tank. Every other year the Transmission Division budget includes approximately $20,000 under tank maintenance and repairs for cleaning and inspection of each water storage tank.

Project Details

Project Manager:	Rita Neely		
Project Start Date:	Fiscal Year 2023	Engineering Contract:	Not Awarded
Scheduled Completion Date:	Fiscal Year 2025	Construction Contract:	Not Awarded

Asset Renewal & Replacement Projects

*Red font indicates project carrying over from prior year(s)

	Prior Year Allocations Carried Over	2023 Allocation	Total Project Allocation	Estimated Prior Year Investments	2023 Budgeted Project Spending
Administration & Engineering					
Board Room Tables & Chairs		45,000	45,000	-	45,000
Robotic Surveying Total Station		24,000	24,000	-	24,000
Trimble R2 GNSS GPS Units (2)		27,000	27,000	-	27,000
	-	96,000	96,000	-	96,000
Information Technology					
Quarles Front Office Copier Replacement	-	9,000	9,000	-	9,000
Lab Copier Replacement	-	9,000	9,000	-	9,000
Wyckoff Camera Replacements	-	81,000	81,000	-	81,000
Quarles Camera Replacements	-	63,000	63,000	-	63,000
	-	162,000	162,000	-	162,000
Hickory Log Creek					
Water Qualtiy Sonde Replacement	-	9,750	9,750	-	9,750
	-	9,750	9,750	-	9,750
Wyckoff Treatment Division					
Wyckoff SCADA Network Segmentation	110,000	-	110,000	52,406	57,594
Electrical Building HVAC Replacement	500,000	240,916	740,916	26,045	714,871
Wyckoff SCADA Server Replacement and Software Upgrade	620,000	169,823	789,823	89,823	700,000
Wyckoff Surge Tank Manway Installation	-	173,000	173,000	-	173,000
Replace 2007 International Dump Truck (Vehicle 07-01)	-	223,000	223,000	-	223,000
Wyckoff Front Drive & Parking Lot Repaving	-	56,000	56,000	-	56,000
Filter Master PLC upgrade to Hot Standy PLC	-	92,500	92,500	-	92,500
Wyckoff Intake Redundant UPS System	-	72,000	72,000	-	72,000
Chemical Master PLC upgrade to Hot Standy PLC	-	92,500	92,500	-	92,500
Chlorine Dioxide Generator Replacement	-	90,000	90,000	-	90,000
	1,230,000	1,209,739	2,439,739	168,274	2,271,465
Quarles Treatment Division					
Raw Water #1 Vacuum Priming System Replacement	96,660	-	96,660	10,488	86,173
High Service Pump Vacuum Priming System Replacement	96,660	-	96,660	10,488	86,173
Fluoride Bulk Tanks Replacement	58,064	-	58,064	-	58,064
Q2 High Service Pump 5 VFD Controller Replacement	51,905	30,000	81,905	-	81,905
Quarles Plant 2 Fire Alarm Audio/Visual	20,085	4,304	24,389	6,100	18,289
Replace 2010 Ford Explorer (Vehicle 10-01)	-	49,242	49,242	-	49,242
Quarles Wash Water Pump 1 Rebuild	-	60,365	60,365	-	60,365
Quarles Transfer Pump 2 Rebuild	-	43,515	43,515	-	43,515
Quarles Plant 2 High Service Pump 2 Rebuild	-	68,855	68,855	-	68,855
Quarles Raw Water Pump 4 Rebuild	-	127,100	127,100	-	127,100
Filter Media Replacement at Quarles Plant 2, Filters 5-8	-	219,000	219,000	-	219,000
Fixed Ladder SRLs and Anchor Posts (Safety Improvement)	-	49,648	49,648	-	49,648
Filter Gullet Platforms for Quarles Plant 2 (Safety Improvement)	-	20,000	20,000	-	20,000
Quarles Plant 2 Coagulation Flash Mixer SCM & pH Instruments	-	40,000	40,000	-	40,000
Quarles Residuals Acid Wash Refurbishment	-	73,000	73,000	-	73,000
2MG Clearwell Vent Improvements	-	13,300	13,300	-	13,300
Weatherproof Canopies for Raw Water Pump Station Switchgear	-	75,000	75,000	-	75,000
Power Panel PP-1 Replacement	-	120,000	120,000	-	120,000
Quarles Generator PLC System Upgrades	-	300,000	300,000	-	300,000
Quarles Transfer Pump Station Exhaust Fans & Air Supply Filtration	-	50,000	50,000	-	50,000
Quarles Plant 2 Post Mixers Replacement	-	49,000	49,000	-	49,000
Quarles Raw Water Pump 3 Rebuild	-	36,000	36,000	-	36,000
Chlorine Dioxide Generator Replacement	-	90,000	90,000	-	90,000
	323,374	1,518,329	1,841,703	27,075	1,814,628

*Red font indicates project carrying over from prior year(s)

	Prior Year Allocations Carried Over	2023 Allocation	Total Project Allocation	Estimated Prior Year Investments	2023 Budgeted Project Spending
Maintenance					
Replace 2000 Ford F550 Dump Truck (Vehicle 00-01)	47,742	2,772	50,514	-	50,514
Replace 2000 Ford F250 Utility Bed (Vehicle 00-02)	-	51,376	51,376	-	51,376
Replace 2010 Ford F250 (Vehicle 10-09)	-	51,376	51,376	-	51,376
Replace 2009 Ford Explorer (Vehicle 09-03)	-	50,514	50,514	-	50,514
Replace 2010 Ford F250 (Vehicle 10-07)	-	50,514	50,514	-	50,514
Preventative Maintenance Equipment (Vibration & Thermal Imaging)	-	47,617	47,617	-	47,617
Electrical Relay Testing Equipment	-	45,000	45,000	-	45,000
	47,742	299,169	346,911	-	346,911
Transmission					
Pete Shaw Tank 1 Handrail	132,500	-	132,500	-	132,500
Pipe Yard Replacement Inventory - 2023	-	200,000	200,000	-	200,000
Meter Replacement - Humphries Hill Hiram/Lithia Springs Rd (Acct 9-7)	-	40,000	40,000	-	40,000
Meter Replacement - Perkerson Mill/Sweetwater Creek (Acct 9-0)	-	40,000	40,000	-	40,000
Meter Replacement - Plantation Crossing Apt on Delk Rd (Acct 12-14)	-	40,000	40,000	-	40,000
Meter Replacement - Sweetwater Clay Rd/Flint Hill Rd (Acct 9-6)	-	40,000	40,000	-	40,000
Meter Replacement - Clock Tower 10" Meter (Acct 10-14)	-	40,000	40,000	-	40,000
Trimble R2 GNSS GPS Units (2)	-	27,000	27,000	-	27,000
Factory Shoals Tank Repairs	-	420,000	420,000	-	420,000
Reservation for Unplanned Pipe & Valve Replacements	-	500,000	500,000	-	500,000
	132,500	1,347,000	1,479,500	-	1,479,500
Totals	$ 1,733,616	$ 4,641,987	$ 6,375,603	$ 195,349	$ 6,180,254

Prior Year Capital Completed Projects

The 2022 Blow-Off Valve Replacement project was completed in December 2022. This project totaled $3,892,655 and replaced seven 8” and 12” saddle outlets and associated blow-off piping on existing 48” and 42” ductile iron pipe (DIP) water mains installed between 1994 and 1999. This project was part of an ongoing multi-year program to replace critical blow-off assemblies that are prone to failure.

A total of 53 Asset Renewal and Replacement Projects were completed in 2022, for a total of $3.1 million. Projects in this category include vehicle replacements, water treatment plant equipment, and meter replacements. Two of the projects completed in 2022 are highlighted below.

The Laboratory Division purchased a FlowCam instrument in 2022 to aid in the cataloging and identification of algae in CCMWA’s source water. Algal organisms in source water can contribute not only to taste and odor concerns but can result in harmful toxins from cyanobacteria. In the past, sampling algae in source water has been a labor-intensive process that required a lot of skill. Water samples were collected and then concentrated with a centrifuge and a drop of water was placed on a slide for examination under a microscope. The algae were identified and counted, and a formula was used to determine concentration. However, this method has been found to be unreliable due to the small sample size. After the purchase of the FlowCam instrument, staff have been able to process much larger sample sizes as well as automate the process of counting and identifying the algal organisms. This automation allows the Laboratory to provide regular reports to Operations that are used to make changes to the treatment process and allow CCMWA to respond more quickly to algal problems in the source water.

CCMWA uses on-site generation of chlorine dioxide as opposed to storing chlorine gas on-site, which can be a potential safety hazard. The generation process of chlorine dioxide mixes a blend of sodium chlorate and hydrogen peroxide with sulfuric acid to create the final chemical needed to provide for oxidation of iron and manganese in untreated source water while avoiding creation of disinfection byproducts. The typical lifespan of a chlorine dioxide generator is ten to twelve years and during 2022, CCMWA replaced two 10-year-old units with new generators, placing one at each water treatment plant. The water treatment plants each have one additional chlorine dioxide generator, which will be replaced in the 2023 budget.

Financial Policies

The financial management policies adopted by CCMWA are intended to provide guidelines for staff to use in making financial decisions related to daily operations and strategic long-term planning. These policies were established to ensure a shared understanding of financial practices across the Authority and to promote stability and continuity in financial reporting. CCMWA's financial policies are considered a living document and are reviewed by staff and the Board on an annual basis to accommodate change in the Authority's needs and structure. The following financial policies have been adopted by the CCMWA Board:

- Financial Management Policy
- Investment Policy
- Capitalization Policy
- Procurement Policy

Financial Management Policy

CCMWA has adopted a Financial Management Policy to provide regulatory guidelines in all areas of the Authority's financial reporting. This policy also addresses internal controls and the proper application of State and Federal accounting standards. Board adopted guidelines regarding financial management include, but are not limited to, the following:

Debt Issuance

- Debt issuance for capital improvements and equipment shall be considered when at least one of the following conditions exist:
  - When one-time, non-continuous projects are required
  - When CCMWA determines that future users will receive a benefit from the capital improvement financed by the debt
  - When the project is necessary to provide basic services to CCMWA rate payers
  - When total debt does not constitute an unreasonable burden to the rate payers
  - When exhaustion of the use of all other possible revenue sources provides no alternative funding for capital projects
- When CCMWA utilizes debt financing, the following will occur to assure that the debt is soundly financed:
  - Analysis of the financial impact, both short-term and long-term, of issuing debt
  - Conservative projection of the revenue sources that CCMWA will use to repay the debt
  - Assurance that the term of any long-term debt CCMWA incurs shall not exceed the expected useful life of the asset the debt financed
  - Maintaining a debt service coverage ratio that assure that revenues pledged for repaying of outstanding debt will be adequate to make required debt service payments

Accounting

- CCMWA shall maintain a system of financial monitoring, control, and reporting for all operations and funds to provide an effective means of assuring that financial integrity is not compromised.
- CCMWA shall establish and maintain a high standard of accounting practices that conform to Generally Accepted Accounting Principles (GAAP). These principles will be updated when required by the Governmental Accounting Standards Board (GASB), which is the authority charged with defining and developing GAAP.
- CCMWA shall maintain a minimum number of funds consistent with legal compliance and sound financial administration. The Authority shall adhere to the mandatory fund structure included in the Georgia Department of Community Affairs' (DCA) chart of accounts.
- An independent audit will be performed annually by a qualified, independent auditor, in compliance with Generally Accepted Audit Standards (GAAS).

Internal Controls

- CCMWA's internal control system is intended to:
    - Promote orderly, economical, efficient, and effective operations
    - Safeguard resources against loss due to waste, abuse, mismanagement, errors, and fraud
    - Promote adherence to statutes, regulations, bulletins, and procedures
    - Develop and maintain reliable financial data
    - Accurately report financial data in a timely manner

Budgeting

- CCMWA shall annually adopt a balanced budget where operating revenues are equal to or greater than operating expenditures.
- CCMWA shall prepare and publish an annual budget document in accordance with the budget policy and will strive to prepare the budget to meet the standards of the GFOA Distinguished Budget Award Program.
- The operating budget will be prepared utilizing the accrual basis of accounting as a means of estimating the flow of financial resources on an annual basis.
- Expenditures shall be budgeted on a "line-item" basis. This type of budget focuses on categories of expenditures such as personnel services, contractual services, supplies, equipment, etc. within each Division.
- Revenue estimates made for the budget process shall be done through an analytical process to ensure that revenues are estimated conservatively, prudently, and realistically.
- CCMWA shall establish a cash reserve to cover the cost of expenditures caused by unforeseen emergencies, shortfalls caused by revenue declines, and eliminate the need for any short-term

borrowing for cash flow purposes. This reserve shall accumulate and be maintained at an amount which represents no less than two months of operating and debt expenditures.

- The budget document shall include goals and objectives for each Division that measure Division effectiveness on a historical basis and for the upcoming year. Goals and objectives should be linked to the Authority wide goals outlined in the current Strategic Plan.
- The Finance Division shall prepare and distribute timely, monthly financial reports that compare actual revenues, outstanding encumbrances, and expenditures with budgeted amounts.
- Budget amendments that increase the operations budget and/or increase the number of authorized positions must be approved by the CCMWA Board. Budget reallocations, which do not increase the overall operations budget and/or do not increase the number of positions, must be approved by the General Manager.
- CCMWA's capital budget will consist of the following:
    - Asset Renewal and Replacement (AR&R) – a capital budget for renewal or replacement of capital assets in which individual projects are valued at less than $3,000,000
    - Capital Improvement Plan (CIP) – a rolling five-year capital budget for construction projects valued at more than $3,000,000. A project budget is adopted for each capital project and adopted allocations do not lapse at the end of the fiscal year, instead they remain in effect until the project is complete or a reallocation is made by the CCMWA Board.

Financial Reporting

- In conjunction with the annual independent audit, the Authority shall prepare an Annual Comprehensive Financial Report (ACFR) in accordance with GAAP and will strive to prepare the ACFR to meet the standards of the GFOA Certificate of Achievement for Excellence in Financial Reporting Program.
- The Finance Division will prepare and present a summarized monthly and year to date unaudited, financial report to the Board. This financial report will include a Statement of Revenue and Expenditures, a comparative schedule of water sales in both dollars and gallons, and a capital improvement plan report.
- The Finance Division will prepare and distribute monthly reports to each division within the Authority to provide staff with adequate financial information to make sound business decisions. This financial report will include expenses, personnel costs, and recommended budget line-item reallocations for accounts in excess of budget.
- A copy of the Authority's annual independent audit will be submitted to the Georgia Division of Audits and Accounts in accordance with OCGA 36-81-7.

Investment Policy

CCMWA has adopted an Investment Policy to guide financial decisions related to long term planning. This policy dictates how funds are to be invested by CCMWA in order to ensure adequate liquidity to fund current operations and planned capital projects. The investment strategy outlined in this policy focuses on maximizing return on investment and mitigating risk. Board adopted guidelines regarding investments include, but are not limited to, the following:

- CCMWA shall delegate authority to manage the investment portfolio to an external Investment Advisor, selected through a request for proposals (RFP) process and subject to Board review and evaluation.
- Only financial institutions, brokers, and dealers that have been pre-qualified and formally approved by the CCMWA Board are eligible to provide investment services as a designated qualified bidder.
- All financial institutions on the qualified bidder list shall be monitored on an ongoing basis to ensure compliance with applicable laws and CCMWA policies.
- Any financial institution that holds investment funds for CCMWA is required to abide by a "Suitability of Collateral" agreement which corresponds to the Georgia state statute regarding the collateralization of public funds.
- Maturity of investments shall be staggered to provide a stable income and should be structured to mature at specific times to meet expected cash requirements, limiting the need to sell securities prior to maturity.
- No more than 20% of the entire portfolio value may be deposited with a single bank or invested in securities of one issuer, excluding investments guaranteed by the U.S. Government and investment pools such as Georgia Fund 1.
- A minimum of 15% of the entire portfolio value shall be held in U.S. Treasury bills, overnight purchase agreements, the Local Government Investment Pool (LGIP), or money market accounts to ensure sufficient liquidity to meet current obligations.
- A third party shall be obtained for safekeeping of investment securities to protect CCMWA from potential fraud and embezzlement.
- Competitive bidding shall be the primary method of soliciting investment opportunities to ensure the best rate of return on investment.
- CCMWA's investment portfolio shall be updated monthly and included in the financial report to the Board at every monthly board meeting.
- CCMWA's investment advisor shall submit quarterly reports to the Board that summarize recent market conditions, economic developments, and anticipated investment conditions, as well as the investment strategies employed in the most recent quarter, the quarter's total investment return, and a summary of all purchase transactions made in the last quarter.

Capitalization Policy

CCMWA has adopted a Capitalization Policy to set dollar thresholds for capitalization of assets and define depreciation methodologies based on asset categories. Capital assets are financial resources that are tangible or intangible in nature, with a useful life expectancy greater than three years. These resources provide the Authority services in the normal course of operations and are not for resale. The capitalization policy outlines the following thresholds, which are used to determine if an asset qualifies for capitalization:

Capital Asset Class	Threshold	Useful Life
Construction in Progress	> $1	Various
Land and Land Improvements	> $1	Various
Computer Hardware and Software	> $5,000	3 Years
Furniture, Fixtures and Other Equipment	> $5,000	5-7 Years
Laboratory and Monitoring Equipment	> $5,000	10 Years
Building and Building Improvements	> $10,000	25-50 Years
Infrastructure	> $10,000	10 50 Years
Machinery and Equipment	> $10,000	5-25 Years
Vehicles	> $10,000	5 Years
Intangible Assets	> $25,000	3-50 Years

Board adopted guidelines regarding capitalization include, but are not limited to, the following:

- Useful life of a capital asset is determined based on the asset's present condition, past experience with similar assets, physical environment of the asset, maintenance requirements of the asset, and expected service levels.
- The Authority shall periodically evaluate actual experiences with capital assets to be included in future useful life determinations and to determine if adjustments are needed.
- Capital assets are included the annual budget process and categorized, budgeted, and reported by account code.
- Significant costs related to a capital asset that are incurred in periods after the original acquisition will be included in the assets value and capitalized over the remaining estimated useful life of the asset, if one of the following apply:
    - Improvements provide additional value to the asset by extending the asset's original estimated useful life by another three years.
    - Improvements provide additional value to the asset by increasing the asset's ability to provide a specific service level.
- Repair and maintenance costs incurred to maintain an asset's original level of service shall be treated as operating expenses and not capitalized.

- Land is considered to be non-expendable, real property with an indefinite useful life and is not depreciated. The cost of land includes the purchase price plus legal fees, appraisal fees, and site preparation fees incurred to put the land in condition for its intended use.
- Land Improvements are considered non-building assets that enhance the quality or facilities the use of land. Land Improvements with limited lives, such as driveways, walkways, fences, parking lots, and landscaping are recorded separately a depreciated over their estimated lives. Land improvements such as fill, grading, and excavation that provide permanent benefits and incur limited deterioration with use or the passage of time are considered Land and are non-depreciable.
- Easements are considered a right to use land owned by another entity for a specific purpose and may be granted on a permanent or temporary basis. Permanent easements are recorded as Land and are non-depreciable. Temporary easements granted during a construction project are included in the cost of the project.
- The CCMWA Board or General Manager must directly authorize the donation, disposal, or transfer of any capital assets.

Procurement Policy

CCMWA has adopted a Procurement Policy to guide staff when making purchasing decisions and ensure the best products and services are obtained at the lowest total cost. This policy also outlines methods for obtaining competitive pricing to provide an equitable and fair method for acquiring goods and services. Board adopted guidelines regarding procurement include, but are not limited to, the following:

- Purchase orders shall be issued for all purchases made by the Authority to ensure proper budget allocation and division level approval.
- A purchase requisition is required for the purchase of budgeted goods and services between $2,000 and $9,999. The requisition shall include three verbal or emailed quotes, excluding purchases of replacement parts/service required for repair and maintenance of existing equipment and infrastructure, and must be approved by the Division Manager or Assistant Division Manager before a purchase order will be issued.
- A purchase requisition is required for the purchase of budgeted goods and services between $10,000 and $49,999. The requisition shall include three written quotes and must be approved by the Division Manager or a Director before a purchase order will be issued.
- Non-budgeted purchases of goods and services under $50,000 must be approved by both the Division Manager and the General Manager or in their absence, a Director before a purchase order will be issued.
- Competitive quotes are not required for purchases of goods and services over $2,000 and for purchases of replacement parts/service required for repair and maintenance of existing equipment and infrastructure over $10,000 when accompanied by a Sole Source request form that has been approved by the Director of Operations and the General Manager. Sole source procurement shall be used only when a situation

warrants and must be supported by documentation that identifies why foregoing the competitive quote process is in the Authority's best interest.

- Purchases of goods and services over $50,000 shall be made through a formal sealed bidding process. In compliance with the Official Code of Georgia Annotated (OCGA) 36-91-20, the sealed bidding process for purchases in this threshold shall be advertised two times with the first advertisement at least four weeks prior to the opening of the sealed bids or proposals. The second advertisement shall follow no earlier than two weeks after the publication date of the first advertisement.
- Sole source procurement of goods, services, and construction contracts over $50,000 shall be presented to the Board for consideration and must include documentation to support the request.
- Construction contracts of $100,000 or more shall be made through a formal sealed bidding process, in compliance with OCGA 36-91-20.
- Contracts adopted within a line item of the annual budget under $100,000 and task authorizations under an approved Demand Services Contract under $200,000 may be signed by the General Manager or a Director and do not require further action by the Board.
- Contracts in excess of $100,000 and task authorizations under an approved Demand Services Contract in excess of $200,000 must be presented to the Board for approval. The Board may authorize the Chairman, General Manager, or any other delegated authority to sign the contract.

Statistical Section

The primary purpose of the Statistical Section in this document is to provide detailed information in tabular and graphical form that gives the reader a context for understanding the budgetary decisions and operational background of Cobb County-Marietta Water Authority. The data contained in this section includes information related to both revenues and expenses, and when possible, presents results for the most recent 5-year period.

Information about CCMWA's customers, rates, and production capacity are intended to assist the reader in understanding significant revenue trends that impacted current budgetary decisions. Information about operating costs per million gallons produced and electricity used per million gallons produced are provided to assist the reader in understanding trends related to operating expenses.

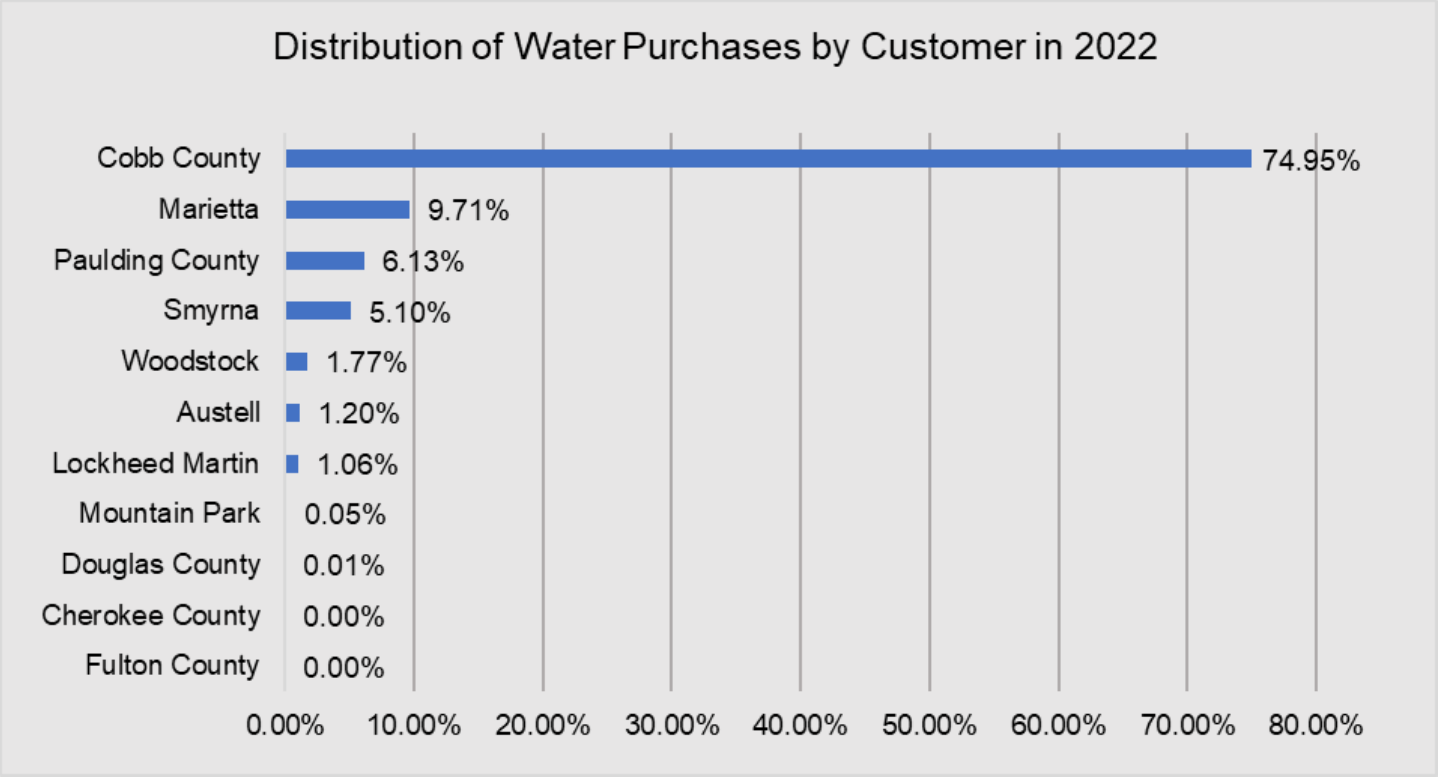
Demographic and economic measures of CCMWA's service area are presented to provide context for CCMWA's business environment. All demographic information is taken directly from the CCMWA's most recent Annual Comprehensive Financial Report and is reported on a fiscal year basis (as of December 31st). Information related to water quality is presented to represent CCMWA's commitment to providing safe, reliable drinking water to our customers. Finally, performance indicators of CCMWA are presented to highlight CCMWA's operational efficiency.

Cobb County-Marietta Water Authority's Customers

Cobb County-Marietta Water Authority currently has active connections with the following customers:

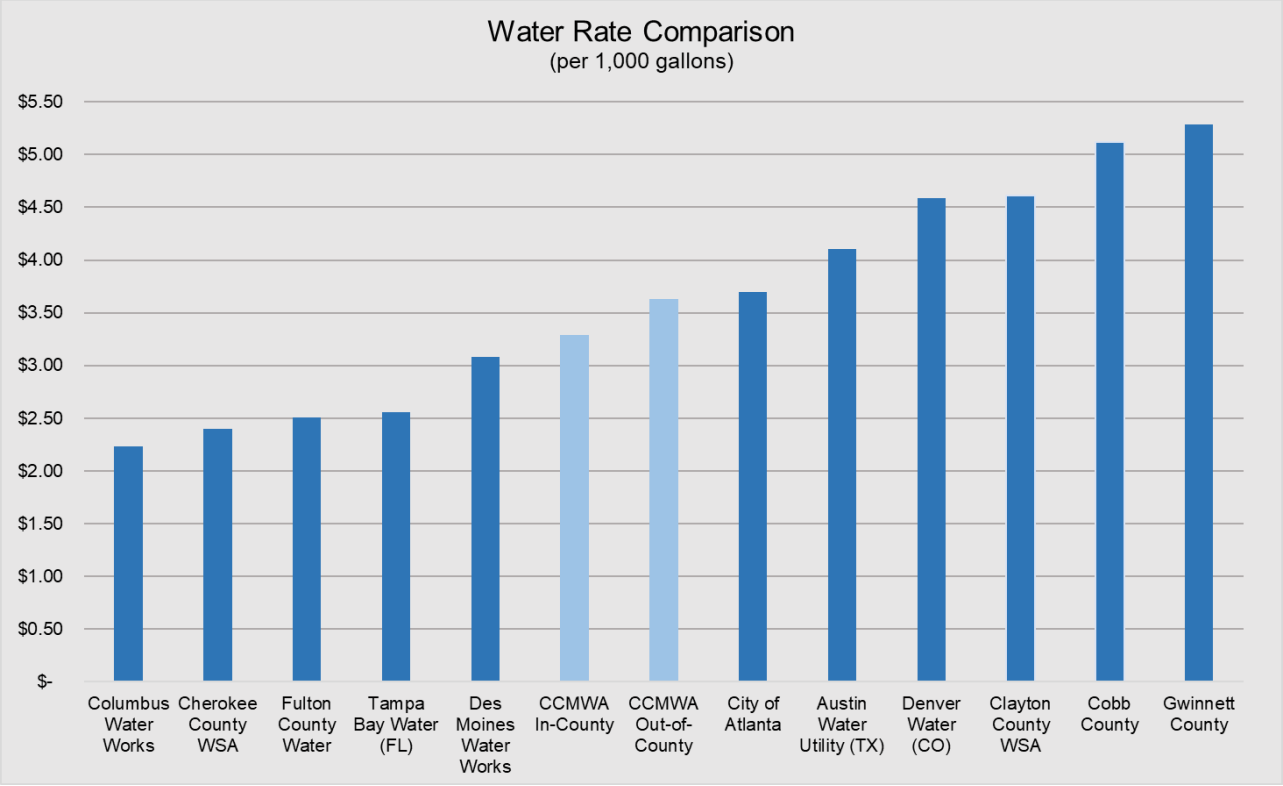
- Cherokee County Water and Sewer Authority (CCWSA)
- City of Austell
- City of Mountain Park
- City of Smyrna
- City of Woodstock
- Cobb County Water System
- Douglasville/Douglas County Water and Sewer Authority (DDCWSA)
- Lockheed Martin Aerospace and Defense Company
- Marietta Board of Lights and Water
- Paulding County Water System

Cobb County-Marietta Water Authority also has a contract with Fulton County Public Works; however, there are no active connections between Fulton County's system and CCMWA's system which prevent Fulton County from purchasing water at this time.



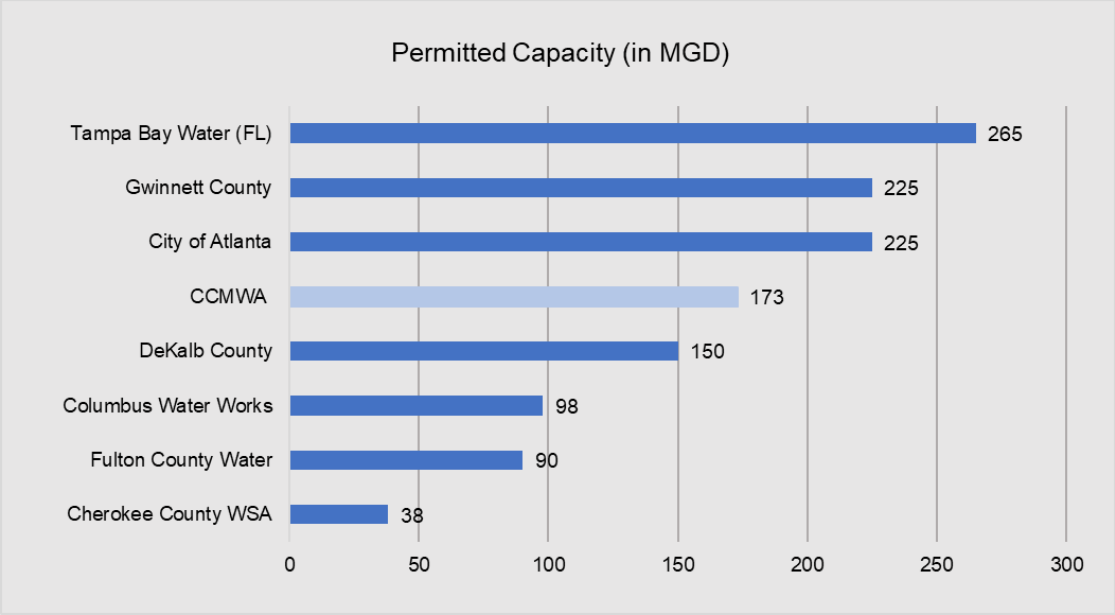
Rate Comparison Information

The following table represents select peer water purveyors of Cobb County-Marietta Water Authority in the Atlanta metropolitan area and similarly sized peer water purveyors outside of Georgia.

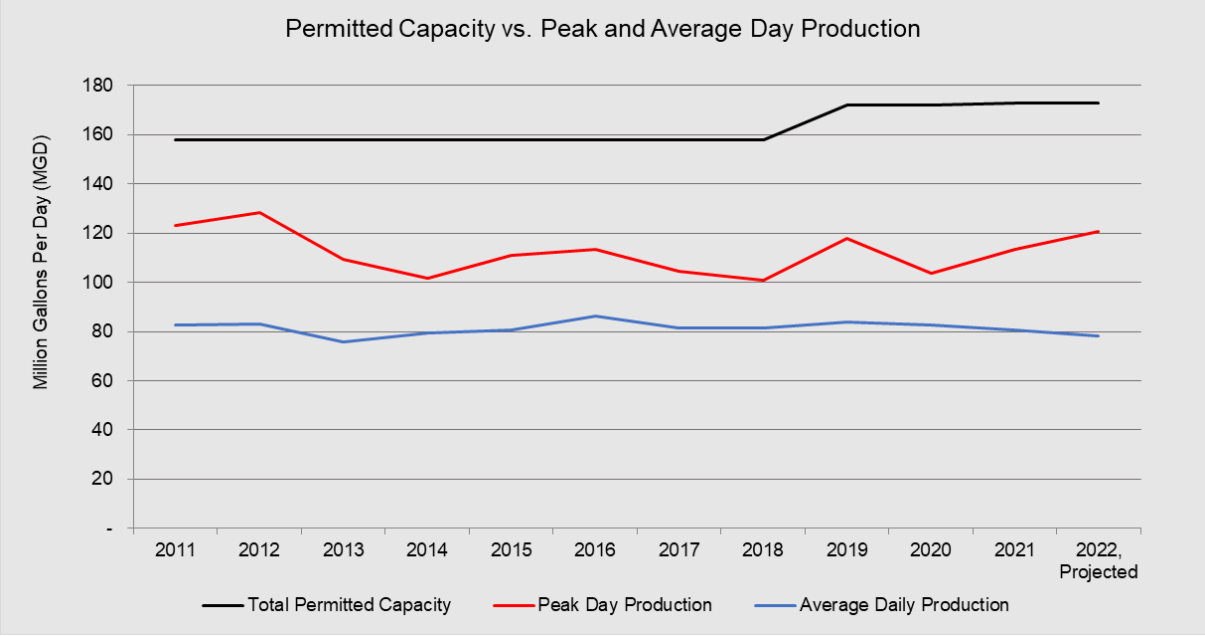


Permitted Production Capacity Comparison Information

The chart below represents total daily potable water production capacity of major peer water purveyors of Cobb County-Marietta Water Authority in the Atlanta metropolitan area and similarly sized peer water purveyors outside of Georgia.



The chart below compares CCMWA's permitted capacity to average daily production for the last ten years. During this time, average daily production has not exceeded 55% of production capacity and peak day production has not exceeded 81% of production capacity.



Costs per Thousand Gallons of Water Produced

Operationing Cost per Thousand Gallons Produced			
Fiscal Year	**Operating Expense**	**1,000 Gallons**	**Cost/1,000 gal**
2014	44,701,985	28,728,039	1.56
2015	45,099,147	29,369,116	1.54
2016	46,224,169	31,499,532	1.47
2017	46,093,835	29,612,782	1.56
2018	48,964,073	29,842,139	1.64
2019	48,609,734	30,949,853	1.57
2020	48,490,645	30,222,797	1.60
2021	48,582,789	29,350,373	1.66
2022	53,920,834	27,813,356	1.94
2023, Projected	58,367,756	27,893,000	2.09

kWh Used per Thousand Gallons Produced			
Fiscal Year	**Kilowatts Used**	**1,000 Gallons**	**kWh/1,000 gal**
2014	71,318,540	28,728,039	2.48
2015	72,424,851	29,369,116	2.47
2016	76,901,520	31,499,532	2.44
2017	73,595,318	29,612,782	2.49
2018	73,131,071	29,842,139	2.45
2019	75,198,508	30,949,853	2.43
2020	73,686,172	30,222,797	2.44
2021	72,779,165	29,350,373	2.48
2022	70,744,601	27,813,356	2.54
2023, Projected	70,943,711	27,893,000	2.54

Demographic Information

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
Unaudited

Fiscal Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	County Unemployment Rate (2)
2012	707,170	$ 31,338,650,000	$ 44,316	7.30%
2013	716,950	32,029,550,000	44,675	7.10%
2014	726,850	32,765,870,000	45,079	6.00%
2015	733,860	33,827,430,000	46,095	4.90%
2016	741,334	35,410,880,000	47,766	4.50%
2017	753,860	35,656,700,000	47,299	3.60%
2018	773,930	37,682,170,000	48,689	3.20%
2019	774,300	40,221,270,000	51,945	3.20%
2020	773,290	42,575,110,000	55,057	5.70%
2021	773,480	43,552,580,000	56,307	2.90%

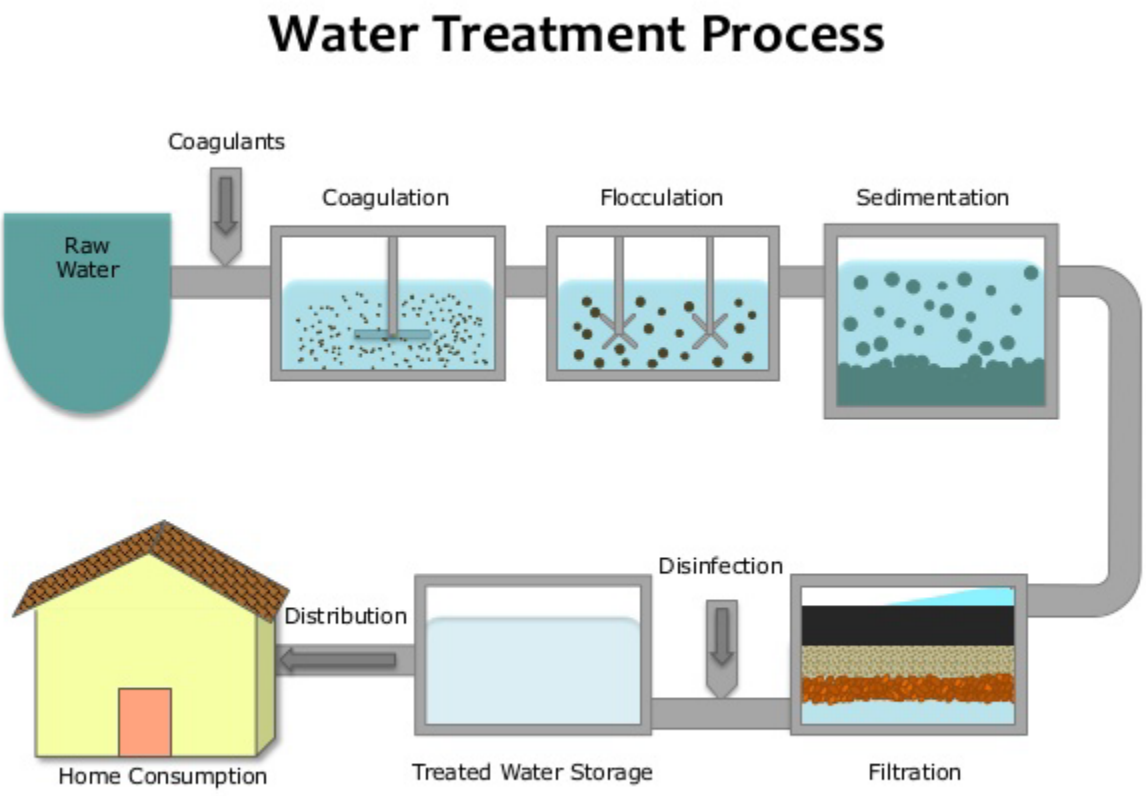
City	Population
Acworth	22,818
Austell	7,170
Kennesaw	34,077
Marietta	60,867
Powder Springs	15,758
Smyrna	56,666

***Sources:**
(1) Woods and Poole Economics 2021 Data Pamphlet
(2) Cobb County Office of Economic Development and Cobb County Chamber of Commerce

Water Quality Information

Water Treatment Process

The process begins by pumping untreated water from the Chattahoochee River or Allatoona Lake to the Quarles or Wyckoff Plant, respectively. A primary coagulant, alum, is added along with other chemicals to begin removal of particulate and dissolved organic matter from the raw water. The water is then directed to a process called flocculation, in which a gentle mixing of the water with coagulant produces larger particles, called floc, to form. The next process, sedimentation, occurs in a large, still basin, where the floc particles can settle to the bottom, clarifying the water. Next, the water flows through filters composed of anthracite coal and silica sand, trapping particles too small to settle in the sedimentation basins. After filtration, chlorine is added to maintain disinfection of the water all the way to the consumer, along with lime to provide protection from corrosion of copper and lead in home plumbing systems, and fluoride as required by the State of Georgia to provide protection from dental cavities. At the Wyckoff Plant, an additional step of adsorption using granular activated carbon is used during the warmer months to ensure compliance with the Disinfection By-Product Rule.



Why are there contaminants?

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of land or through the ground, it dissolves naturally occurring minerals and radioactive material, and can pick up substances resulting from the presence of animals or from human activity. Contaminants that may be present in untreated source water include:

a) **Microbial Contaminants** such as viruses and bacteria which may come from sewage treatment plants, septic systems, agricultural livestock operations and wildlife.

b) **Inorganic Contaminants** such as salts and metals which can be naturally occurring or result from storm water runoff, wastewater discharges, oil and gas production, mining or farming.

c) **Pesticides and herbicides** which may come from a variety of sources such as agriculture, storm water runoff, and residential uses.

d) **Organic chemical contaminants**, including synthetic (man-made) and volatile organics, which are by-products of industrial processes and petroleum production, and can also come from gasoline stations, urban storm water runoff, and septic systems.

e) **Radioactive contaminants**, which can be naturally occurring or be the result of oil and gas production and mining activities.

Water Testing and EPA Results

The U.S. Environmental Protection Agency (EPA) has established treatment methods to reduce contaminants to levels that protect human health. CCMWA's laboratory continuously monitors water quality to be sure it is properly treated to EPA standards. To ensure tap water is safe to drink, EPA prescribes limits on the number of certain contaminants in water provided by public water systems. The tables below show the results of our water quality analysis, as published in Cobb County Water System's Consumer Confidence Report. Every contaminant regulated by the EPA that was detected in our water, even in the minutest traces, is listed here. The following definitions are important for understanding the information presented within the tables.

- Maximum Contaminant Level (MCL) is the highest level of a contaminant that is allowed in drinking water.
- Maximum Contaminant Level Goal (MCLG) is the level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.
- Action Level (AL) is the concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must implement.
- Treatment Technique (TT) is a required process intended to reduce the level of a contaminant in drinking water.

Consumer Confidence Report

EPA Regulated Inorganic Substances or Contaminants

Substance (Unit)	Date Tested	MCL	MCLG	Detected Level	Range	Major Sources	Violation
Fluoride [1] (ppm)	2021	4	4	0.89	0.59 - 0.89	Erosion of natural deposits; water additive which promotes strong teeth	NO
Lead [2] (ppb)	2020	AL=15	0	2.0	n/a	Corrosion of household plumbing systems	NO
Copper [3] (ppm)	2020	AL=1.3	0	0.040	n/a	Corrosion of household plumbing systems	NO
Nitrate/Nitrite [4] (ppm)	2021	10	10	0.74	0.30 - 0.74	Runoff from fertilizer use; leaching from septic tanks; erosion of natural deposits	NO

Notes: [1]Fluoride is added to water to help in the prevention of dental cavities (caries) in children.
[2]Of the 50 sites tested 1 exceeded the action level. The next round of testing is due in 2023.
[3]Of the 50 sites tested none exceeded the action level. The next round of testing is due in 2023.
[4]Nitrate and Nitrite are measured together as N.

Disinfection By-Products, By-Product Precursors and Disinfectant Residuals

Substance (Unit)	Date Tested	MCL	MCLG	Detected Level	Range	Major Sources	Violation
TTHMs (Total Trihalomethanes) (ppb)	2021	80	n/a	51[1] Highest LRAA at site 501	19.1-59.5	By-products of drinking water disinfection	NO
HAA5s (Haloacetic Acids) (ppb)	2021	60	n/a	34[1] Highest LRAA at site 508	18.3-41.4	By-products of drinking water disinfection	NO
TOC (Total Organic Carbon (ppm)	2021	TT	n/a	1.8	0.9 –1.80	Decay of organic matter in the water withdrawn from sources such as lakes and streams	NO
Chlorite (ppm)	2021	1.0	0.8	0.42	0.041 – 0.42	By-product of drinking water disinfection	NO
Chlorine$_{Free}$ (ppm)	2021	MRDL= 4	MRDLG= 4	2.00	0.00– 2.00	Drinking water disinfection	NO

Note: [1]The highest detected LRAA (Locational Running Annual Average)

Turbidity

Substance	Date Tested	MCL	MCLG	Detected Level	Range	Typical Sources	Violation
Turbidity [1]	2021	TT=1 NTU	0	0.14	n/a	Soil runoff	NO
		TT=percentage of samples <0.3 NTU		100%	n/a		

Notes: [1]Turbidity is a measure of the cloudiness of the water. We monitor it because it is a good indicator of water quality. High turbidity can hinder the effectiveness of disinfectants.

Microbiological Contaminants
(Data presented in this table were from Systems that collected more than 40 Total coliform samples per month.)

Substance	Date Tested Positive	MCL	MCLG	TT Level 1 Assessment Trigger	% Positive Samples	Level Detected	Likely Sources	Violation
Total Coliform	06/2021 11/2021 12/2021	TT	n/a	Exceeds 5.0% TC+ samples in a month	0.41%[1] 0.81%[2] 0.41%[1]	0	Naturally present in the environment	NO
E. coli	None	One Positive Sample*	0	n/a	0.00%	0	Human or animal fecal waste	NO

Notes: * A PWS will receive an *E. coli* MCL violation when there is any combination of an EC+ sample result with a routine/repeat TC+ or EC+ sample result.
[1] one positive sample out of 243 samples tested during the month.
[2] Two positive samples out of 246 samples tested during the month.
** CCMWA, our wholesaler, had a 1.56% detected level of Total coliform and *E. coli* on June 28, 2021 that was not a violation.

Performance Indicators

Return on Assets

(Net Income/Total Assets)

Fiscal Year	Net Income	Total Assets	Return on Assets
2015	33,921,068	603,441,449	5.62%
2016	42,769,492	642,946,957	6.65%
2017	39,390,219	670,815,017	5.87%
2018	42,881,718	708,927,648	6.05%
2019	51,626,927	745,801,332	6.92%
2020	52,045,797	803,049,354	6.48%
2021	45,498,743	839,062,167	5.42%
2022, Projected	29,958,861	861,865,337	3.48%
AWWA Benchmark (Median Quartile, 2012)			2.20%

Debt Ratio

(Total Liabilities/Total Assets)

2014, Audited	16.3%
2015, Audited	16.0%
2016, Audited	14.0%
2017, Audited	11.7%
2018, Audited	10.8%
2019, Audited	7.6%
2020, Audited	7.6%
2021, Audited	6.1%
2022, Projected	5.7%
AWWA Industry Benchmark	34.0%

Million Gallons per Day of Water Delivered per Full Time Equivalent

(Average MGD Delivered/Number of FTEs)

Fiscal Year	MGD	FTEs	MGD per FTE
2015	80.8	114.5	0.71
2016	86.3	116	0.74
2017	81.4	116	0.70
2018	84.3	116	0.73
2019	81.9	116	0.71
2020	82.6	116	0.71
2021	80.2	116	0.69
2022	76.2	118	0.65

Budget Terminology

Glossary

Accrual Basis of Accounting: a method of accounting that recognizes the financials effect of transactions, events, and activities when they occur, regardless of the related cash flows.

Annual Comprehensive Financial Report (ACFR): set of U.S. government financial statements comprising the financial report of the state, municipal or other governmental entity that complies with the accounting requirements promulgated by the GASB.

Audit: an official inspection of an organization's accounts, typically by an independent body.

Balanced Budget: a budget in which estimated revenues and other financing sources equal estimated expenditures.

Bond: a fixed obligation to pay that is issued by a corporation or government entity to investors.

Budget: an estimate of income and expenditure for a set period of time.

Capital Asset: assets with a useful life of more than a year and is not intended for resale in the regular course of operations, also known as fixed assets. Examples include land and improvements, computers, equipment, furniture and fixtures, machinery, buildings, infrastructure, vehicles, and intangibles.

Capital Expenditure: the use of funds to acquire or maintain long-term assets that are used in the operation of the organization over a multi-year period.

Contingency: money set aside to cover unexpected costs during the fiscal year.

Depreciation: a reduction in the value of an asset over its useful life.

Economies of scale: a proportionate savings in costs gained by an increased level of production.

Enterprise Fund: a proprietary fund used to account for business-like operations of a government to provide goods and/or services to the public and are primarily funded through user charges. GAAP requires state and local governments to use the enterprise fund type to account for "business-type activities"

Flow of Economic Resources Measurement Focus: measures all assets that are available to the entity, not only cash or soon to be cash assets. Both long-term assets and long-term liabilities are measured.

Generally Accepted Accounting Principles (GAAP): a common set of accounting principles, standards, and procures issued by the Financial Accounting Standards Board that must be followed by public companies in the United States.

Request for Proposal: a document that solicits proposal through the bidding process of goods or services to potential suppliers/contractors.

Sole Source Request: a contract made after determination by the Board, or by the General Manager, if authorized, by this policy, that there is only one viable source for the required supply, service, or construction item.

Total Net Assets: total assets minus total liabilities.

Acronyms

A

ACF ..... Apalachicola-Chattahoochee-Flint River Basin

ACFR ..... Annual Comprehensive Financial Report

ACT ..... Alabama-Coosa-Tallapoosa River Basin

APR ..... Aged Pipe Replacement

AR&R ..... Asset Renewal and Replacement

C

CIP ..... Capital Improvement Plan

D

DCA ..... Georgia Department of Community Affairs

E

EPA ..... United States Environmental Protection Agency

EPD ..... Georgia's Environmental Protection Division

F

FASB ..... Financial Accounting Standards Board

FTE ..... Full Time Equivalent

G

GAAS ..... Generally Accepted Auditing Standards

GASB ..... Governmental Accounting Standards Board

GEFA ..... Georgia Environmental Finance Authority

GFOA ..... Governmental Finance Officers Association

GIS ..... Geographic Information System

K

KPI's ..... Key Performance Indicators

L

LGIP ..... Local Government Investment Pool

M

MGD ..... Million Gallons per Day

O

OCGA ..... Official Code of Georgia Annotated

P

PCCP ..... Pre-Stressed Concrete Cylinder Pipe

R

RFP ..... Request for Proposal

S

SCADA ..... Supervisory Control and Data Acquisition