

Town of Natick

FY 2013 Water & Sewer Rate Recommendations

Martha White, Town Administrator
May 7, 2012



Town of Natick

2013 Water/Sewer Rate Setting

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Section I: Status of the Water/Sewer Enterprise Fund



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Section I: Status of the Water/Sewer Enterprise Fund

The Town of Natick operates the Water/Sewer Enterprise Fund for the purpose of financially accounting for the operations of providing Natick citizens clean, safe and potable water and sanitary sewer services. According to the Mass. Department of Revenue, an enterprise fund is established “under G.L. c. 44, § 53F½ to separately account for municipal services of a proprietary nature, *i.e.*, those services provided to individual customers for a charge in a manner similar to private business.” Fees and/or rates are charged for this service and the fund is segregated from the other financial operations of the Town of Natick. ¹

FY 2012 in Review

Fiscal Year 2012 rates were based assuming no increase in rates to meet the appropriated expenses of the Water & Sewer Enterprise Fund. As with any budget, the setting of rates and planning of expenditures is just that – a plan. Reality, especially when it comes to an industry directly impacted by climate conditions and the weather, often differs.

Usage Impacts

For the second year in a row, FY 2012 usage decreased when compared to FY 2011. Although not final (because the fiscal year has not ended), preliminary usage estimates indicate usage less than 1.4 million hundred cubic feet in FY 2012. Detailed actual usage for FY 2006-2011 is shown in the table below, (and in greater detail in Attachment H). Preliminary usage estimates for FY 2012 would be the lowest usage levels since FY 2007.

Water & Sewer Usage (in Hundred Cubic Feet)

FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY2011	Average
1,588,409	1,385,440	1,628,202	1,409,444	1,422,220	1,413,219	1,473,774

Analyzing usage is important, because it allows rate setters to see where changes are occurring and what impacts the weather or prices have on the different rate blocks the Town utilizes.

Staff is still working to analyze if reduced usage in the system will result in lower revenues for FY 2012.

¹ For more information, please see Massachusetts Department of Revenue, Bureau of Accounts. [Informational Guideline Release 08-101, Enterprise Funds, G.L. c. 44, § 53F½](#). Commonwealth of Massachusetts. Boston, MA. April 2008.



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FY 2012 Operational Impacts

Although rates and fees were set to in order to collect \$13,646,835 in revenue in FY 2012, staff is not finished with its analysis and cannot positively estimate whether or not that target will be reached at this time. Components of the revenue estimate – such as the amount budgeted for connection fees and the amount appropriated out of retained earnings for use against capital projects in FY 2012 will be met in full, but is premature to estimate whether or not user charge, other departmental income and investment income targets will be achieved.

	2012 Appropriated	2012 E-O-Y (Proj.)	Budget vs. Actual	
			\$	%
Water/Sewer Enterprise Fund				
Revenues				
User Charges	12,401,835	TBD	Revenue Estimates for year-end are still being refined as of May 7th, 2012	
Connection Fees	170,000	TBD		
Other Departmental Income	750,000	TBD		
Investment Income	45,000	TBD		
Capital Article Closeouts	-	TBD		
Retained Earnings	320,000	TBD		
Total Revenues	13,686,835	TBD		
Expenses				
Water & Sewer Operations	7,435,391	7,111,750	\$ 323,641	95.65%
Utility Billing	224,318	202,145	\$ 22,173	90.12%
Fringe Benefits	630,025	630,025	\$ -	100.00%
Debt Service	2,341,218	2,341,218	\$ -	100.00%
Reserve Fund	200,000	0	\$ 200,000	0.00%
Indirects (included in G/F)	2,535,883	2,535,883	\$ -	100.00%
Capital	320,000	320,000	\$ -	100.00%
Total Expenses	13,686,835	13,141,021	\$ 545,814	96.01%
Surplus / (Deficit)		TBD		

More definitively, however, staff is estimating that another sizeable surplus will be created in enterprise fund expenses by year-end. These “turnbacks” are forecast to be as high as \$545,000 and are the result of vacancies in Water/Sewer Department staffing, lower than budgeted utilization of expense line-items in the Water and Sewer Divisions, and using only a portion of the Reserve Fund.



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It should be noted, as is always the case, that with both revenue and expense projections that close to two months of the fiscal year remains, and final collections and expenses will change from those shown here.

FY 2013 Operating & Capital Budgets

The establishment of rates for the Water/Sewer Enterprise Fund is directly a factor of the expenses necessary to provide the service. In other words, the Town of Natick must use an expense-driven model when determining expenses for the upcoming year. This gives a strong incentive to the commissioners and the operators to make sure that operations are as efficient and cost effective as possible.

For FY 2013, the proposed operating and capital budget for the Water/Sewer Enterprise Fund is \$14,659,386 or an increase of 7.11%.

	2010 Actual	2011 Actual	2012 Appropriated	2013 Appropriated	2012 vs. 2013	
					\$	%
Water/Sewer Enterprise Fund						
Revenues						
User Charges	11,745,779	12,353,351	12,401,835	12,407,386	5,551	0.04%
Connection Fees	117,505	104,470	170,000	190,000	20,000	11.76%
Other Departmental Income	1,116,991	758,698	750,000	750,000	-	0.00%
Investment Income	41,740	66,356	45,000	55,000	10,000	22.22%
Capital Article Closeouts	162,306	150,000	-	-	-	0.00%
Retained Earnings	213,698	-	320,000	1,257,000	937,000	292.81%
Total Revenues	13,398,019	13,432,875	13,686,835	14,659,386	972,551	7.11%
Expenses						
Water & Sewer Operations	6,855,364	7,021,847	7,435,391	7,769,261	333,870	4.49%
Utility Billing	164,334	180,693	224,318	233,568	9,250	4.12%
Fringe Benefits	606,191	627,467	630,025	652,593	22,568	3.58%
Debt Service	2,177,447	2,287,229	2,341,218	1,965,450	-375,768	-16.05%
Reserve Fund	0	0	200,000	200,000	0	0.00%
Indirects (included in G/F)	2,506,418	2,449,757	2,535,883	2,581,514	45,631	1.80%
Capital	350,002	312,000	320,000	1,257,000	937,000	292.81%
Total Expenses	12,659,755	12,878,994	13,686,835	14,659,386	972,551	7.11%

Although the overall budget is increasing by 7.11%, the vast majority of the increase is due to a sizeable increase in capital spending out of retained earnings - \$1,257,000 planned in FY 2013 compared to \$320,000 in FY 2012 – or an increase of \$937,000 over the previous year. The other notable differences are as follows:



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- a) Increase in the MWRA Assessment of \$189,962: The MWRA Assessment – the charge which the Town must pay for the treatment of the Town’s sewage by the Massachusetts Water Resource Authority is on the rise. The \$189,962 increase (or 4.2% over the FY 2012 Assessment) is slightly higher than the previous year’s increase, but may not stay this low a rate of increase in the future (Please see Appendix F for detailed information Appropriated vs. Actual MWRA assessments). This amount may be slightly higher or lower when a final budget is approved by the MWRA in June.
- b) Increase in Indirect Costs: Indirect costs are increasing by 1.80% or slightly more than \$45,631. The increase is expected as indirect costs are a percentage charge applied to general fund operations – and general fund operations for the municipal government increased in FY 2012 by more than 2.3%. Staff worked to keep indirect costs below the overall rate of increase by reviewing the actual indirect charges division by division, department by department to determine what true indirects should be in FY 2012.
- c) Miscellaneous cost increases: Of note, there is a \$50,000 increase in sewer line maintenance (within the operating budget), and a \$32,500 increase in chemical supplies in the water division.
- d) Noticeable decreases in Debt Service: For the second year in a row debt service in FY 2013 is forecast to drop. The reduction of more than \$375,000 is a result of debt being retired on water & sewer enterprise projects and a series of anticipated refinancing which will save the town money in later years. Further refinement will take place of the debt service amounts at the 2012 Fall Annual Town Meeting.

The overall increase of 7.11% in the FY 2013 Operating and Capital budgets is primarily being funded through a one-to-one funding of capital through retained earnings. User charges would need to increase by about \$5,500 or 0.04% in FY 2013 to break even.



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2013 Water/Sewer Rate Setting

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2013 Water/Sewer Rate Setting

Section II: Rate Recommendations

Status Quo



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2013 Water/Sewer Rate Setting

Section II: Rate Options

Rate Methodology

The Board of Selectmen, as the Water & Sewer Commissioners of the Town of Natick, is charged with setting rates necessary to support revenues for the operation of the Water & Sewer Enterprise Fund on an annual basis. The proposed rates of the Water/Sewer Enterprise Fund are raised according to the following guiding principles:

- 1) Rates are sufficient to cover expenses in any given year.
- 2) Water rates are designed to foster conservation, thus the more you use, the more you pay.

The options presented on the following pages have been derived from a sophisticated model developed by Department of Public Works staff. Every meter read and every account has been imported into the model from Fiscal Year 2006 to 2012. An average usage of each of the years has been taken and rates applied to that average usage. Staff will continue to review this model on an annual basis, thus insuring better data and quality by creating a larger sample with which to model upon. Similar to last year, the proposed revenue generated by account has been discounted by a factor of 93.2% to represent what we actually collect. Although we will bill 100% of what we read from meters, the Finance Department has consistently reported that close to 7% of bills are not paid on time, thus delaying the receipt of that collection to future fiscal years, often through a tax lien.

For FY 2013, staff has prepared one rate option for the Board of Selectmen to consider:

- 1) **Status quo:** All rates, rate tiers, groupings and averaging would remain the same.

And, as per the Board's recommendations at the meeting of April 23rd, 2012, in-lieu of another rate proposal we have created a five-year forecast taking into account all presumed variables such as labor contract settlements, health insurance increases, MWRA increases, the FY 2013-2017 Capital Plan, pension increases and new cash capital. That is detailed in Section III: Future Year's Considerations.



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Water/Sewer Rates - FY 2013 (Proposed)
Status Quo

Option: Status Quo

Summary

This option leaves the current rate structure - complete with all connection fees, averaging of multi-meter properties, tiering and the rates themselves - exactly the same.

This option nearly covers anticipated costs of the Water & Sewer Enterprise Fund, but does not build Retained Earnings.

Summary of Expenditures & Revenues

	FY12	FY13	FY12 - FY13 \$ Difference	FY12 - FY13 % Change
Revenue Summary				
Water & Sewer Fees	12,401,835	12,407,386	5,552	0.04%
Connection Fees	170,000	190,000	20,000	11.76%
Investment Income	45,000	55,000	10,000	22.22%
Betterments				
Misc. Fees	750,000	750,000	-	0.00%
Revenue from Liens				
New Growth				
Water & Sewer Retained Earnings	320,000	1,257,000	937,000	292.81%
TOTAL WATER & SEWER RECEIPTS	\$ 13,686,835	\$ 14,659,386	972,552	7.11%
Expenditure Summary				
Operational Budget	7,659,709	8,002,829	343,120	4.48%
Insurance	442,499	452,634	10,135	2.29%
Pension	187,526	199,959	12,433	6.63%
Debt & Interest	2,341,218	1,965,450	(375,768)	-16.05%
In-Kind Services (Indirects)	2,535,883	2,581,514	45,631	1.80%
Reserve	200,000	200,000	-	0.00%
Capital Improvements	320,000	1,257,000	937,000	292.81%
TOTAL WATER & SEWER EXPENDITURES	\$ 13,686,835	\$ 14,659,386	972,552	7.11%
NET EXCESS / (DEFICIT)	\$ 0	\$ 0		



Town of Natick

Water/Sewer Rates - FY 2013 (Proposed)
Status Quo

Rate Changes

This page shows comparative rates between FY 2012 and 2013 in a variety of different rate categories and blocks. To calculate your bill, simply take your usage by tier and then apply the appropriate Rate for either Water and/or Sewer services.

Combined Water & Sewer Rates

<u>FY 2012</u>		<u>FY 2013</u>	
0-10	Water \$ 1.55	0-10	Water \$ 1.55
	Sewer \$ 4.15		Sewer \$ 4.15
11-20	Water \$ 2.36	11-20	Water \$ 2.36
	Sewer \$ 7.40		Sewer \$ 7.40
21-40	Water \$ 3.49	21-40	Water \$ 3.49
	Sewer \$ 12.23		Sewer \$ 12.23
40+	Water \$ 5.42	40+	Water \$ 5.42
	Sewer \$ 12.23		Sewer \$ 12.23

Combined Elderly Rates

<u>FY 2012</u>		<u>FY 2013</u>	
0-10	Water \$ -	0-10	Water \$ -
	Sewer \$ -		Sewer \$ -
11-20	Water \$ -	11-20	Water \$ -
	Sewer \$ -		Sewer \$ -
21-40	Water \$ 2.62	21-40	Water \$ 2.62
	Sewer \$ 9.17		Sewer \$ 9.17
40+	Water \$ 4.07	40+	Water \$ 4.07
	Sewer \$ 9.17		Sewer \$ 9.17

Water Only Rates

<u>FY 2012</u>		<u>FY 2013</u>	
0-10	Water \$ 1.55	0-10	Water \$ 1.55
11-20	Water \$ 2.36	11-20	Water \$ 2.36
21-40	Water \$ 3.49	21-40	Water \$ 3.49
40+	Water \$ 8.77	40+	Water \$ 8.77

Elderly Water Only

<u>FY 2012</u>		<u>FY 2013</u>	
0-10	Water \$ -	0-10	Water \$ -
11-20	Water \$ -	11-20	Water \$ -
21-40	Water \$ 2.62	21-40	Water \$ 2.62
41-100	Water \$ 4.07	41-100	Water \$ 4.07
40+	Water \$ 4.07	40+	Water \$ 4.07

Irrigation Rates

<u>FY 2012</u>		<u>FY 2013</u>	
0-10	Water \$ 2.75	0-10	Water \$ 2.75
11-20	Water \$ 5.36	11-20	Water \$ 5.36
21-40	Water \$ 7.16	21-40	Water \$ 7.16
40+	Water \$ 8.77	40+	Water \$ 8.77

Sewer Only Rates

<u>FY 2012</u>		<u>FY 2013</u>	
0-10	Sewer \$ 4.15	0-10	Sewer \$ 4.15
11-20	Sewer \$ 7.40	11-20	Sewer \$ 7.40
20+	Sewer \$ 12.23	20+	Sewer \$ 12.23



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Water/Sewer Rates - FY 2013 (Proposed)
 Status Quo

Sample Bills & Increases by Rate Type

The next two pages show current rates and proposed rates between FY 2012 and FY 2013 with a comparative % column to the far right.

Current Rates			Proposed FY 2013 Rates			%																																										
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Town of Natick

Water/Sewer Rates - FY 2013 (Proposed)

Status Quo

Sample Bills & Increases by Rate Type - Standard Water/Sewer User - (110S - Uses both Water & Sewer)

This chart shows in detail the different by use for the most common user of Water & Sewer services in the Town of Natick. It is designed to illustrate what the effect will be if you adopt this rate option.

Usage	Fiscal Year		Difference	
	2012	2013	\$	%
0	\$ 5.00	\$ 5.00	\$ -	0.0%
1	\$ 10.70	\$ 10.70	\$ -	0.0%
2	\$ 16.40	\$ 16.40	\$ -	0.0%
3	\$ 22.10	\$ 22.10	\$ -	0.0%
4	\$ 27.80	\$ 27.80	\$ -	0.0%
5	\$ 33.50	\$ 33.50	\$ -	0.0%
6	\$ 39.20	\$ 39.20	\$ -	0.0%
7	\$ 44.90	\$ 44.90	\$ -	0.0%
8	\$ 50.60	\$ 50.60	\$ -	0.0%
9	\$ 56.30	\$ 56.30	\$ -	0.0%
10	\$ 62.00	\$ 62.00	\$ -	0.0%
11	\$ 71.76	\$ 71.76	\$ -	0.0%
12	\$ 81.52	\$ 81.52	\$ -	0.0%
13	\$ 91.28	\$ 91.28	\$ -	0.0%
14	\$ 101.04	\$ 101.04	\$ -	0.0%
15	\$ 110.80	\$ 110.80	\$ -	0.0%
16	\$ 120.56	\$ 120.56	\$ -	0.0%
17	\$ 130.32	\$ 130.32	\$ -	0.0%
17.92	\$ 139.30	\$ 139.30	\$ -	0.0% Average User/Quarter after Averaging (FY 2011)
18	\$ 140.08	\$ 140.08	\$ -	0.0%
19	\$ 149.84	\$ 149.84	\$ -	0.0%
20	\$ 159.60	\$ 159.60	\$ -	0.0%
25	\$ 238.20	\$ 238.20	\$ -	0.0%
27.47	\$ 277.03	\$ 277.03	\$ -	0.0% Historic Average User/Quarter
30	\$ 316.80	\$ 316.80	\$ -	0.0%
35	\$ 395.40	\$ 395.40	\$ -	0.0%
40	\$ 474.00	\$ 474.00	\$ -	0.0%
45	\$ 562.25	\$ 562.25	\$ -	0.0%
50	\$ 650.50	\$ 650.50	\$ -	0.0%
55	\$ 738.75	\$ 738.75	\$ -	0.0%
60	\$ 827.00	\$ 827.00	\$ -	0.0%
65	\$ 915.25	\$ 915.25	\$ -	0.0%
70	\$ 1,003.50	\$ 1,003.50	\$ -	0.0%
75	\$ 1,091.75	\$ 1,091.75	\$ -	0.0%
80	\$ 1,180.00	\$ 1,180.00	\$ -	0.0%
85	\$ 1,268.25	\$ 1,268.25	\$ -	0.0%
90	\$ 1,356.50	\$ 1,356.50	\$ -	0.0%
95	\$ 1,444.75	\$ 1,444.75	\$ -	0.0%
100	\$ 1,533.00	\$ 1,533.00	\$ -	0.0%
105	\$ 1,621.25	\$ 1,621.25	\$ -	0.0%
110	\$ 1,709.50	\$ 1,709.50	\$ -	0.0%
115	\$ 1,797.75	\$ 1,797.75	\$ -	0.0%
120	\$ 1,886.00	\$ 1,886.00	\$ -	0.0%



Town of Natick

2013 Water/Sewer Rate Setting

Alternatives Not Considered

Expansion of exemptions and income-qualified reductions

Summary: Water/Sewer Commissioners have asked staff in prior years to investigate ways of broadening the discounted water & sewer rates the Town currently offers for elderly homeowners in Natick. Staff does not recommend any expansion at this time, though we will continue to research a fair and defensible means by which to expand the program and present to the Water/Sewer Commission for your review.

The current discounted rates are tied directly to the statutory exemptions allowed under M.G.L. for elderly and disabled individuals. The same means for qualifying for the existing exemptions also are applied to the discounted water/sewer rates. Natick would have to develop additional criteria and an evaluation system with which to expand the discounts. Given the current burdens on financial staff in the Town of Natick and the lack of a permanent Comptroller, we lack the institutional capacity to actively pursue this alternative at this time.

Averaging of irrigation meters

Summary: Staff does not believe irrigation rates should be averaged in any situation for two reasons. First, the rate structure as it is designed fosters and encourages conservation; averaging of water usage solely for a non-essential purpose would be counter-intuitive to that goal of the rate structure. Second, because irrigation is a secondary use of a natural resource, it is priced higher. To provide averaging for irrigation purposes would change that practice and result in a shift of the burden for raising revenue to those who solely use water for primary health and sustenance purposes.

Averaging of Laundromats

Summary: Staff does not recommend averaging bills for large water users, such as Laundromats. Although the burdens of tiered-rate structures do impose higher rates on businesses such as Laundromats, the principal of the tiered rates bill higher consumers of water regardless of the end use. The more you use, the more you pay. Businesses do have the ability pass on higher costs through changing the pricing mechanisms for their service.

Leveling of the Tiers:

Summary: Proposed in previous years, this scenario would begin to “level” the current inclined block rate structure utilized by the Town of Natick for Water & Sewer Customers. Current tiers would be “leveled”; in other words, high users would pay less where low-end users would pay more in order to “level” out the extreme differences between tiers; however, the total amount of revenue raised would be the same as in FY 2011 and FY 2012. Overall, there would be no increase in rates. We did not run this scenario this year. The current system, while not perfect,



Town of Natick

2013 Water/Sewer Rate Setting

meets our continued dual goals of fostering conservation and maintaining fairness across rate structures.

Surplus building:

Summary: All rate tiers, groupings and averaging would remain the same; however, the gross increase in revenue would be between 3.0% - 3.5% for the purpose of building reserves and retained earnings for use in future years. This would result in approximately \$375,000 of additional reserves.

At this time, we do not believe such an increase is necessary to meet current year needs of the water & Sewer Enterprise Fund. However, as the next section indicates, increases in the magnitude of 3.5% and higher may very well be reality beginning with FY 2014 and beyond.



Section III:
Future Year's Considerations



Town of Natick

2013 Water/Sewer Rate Setting

Section III: Future Year's Considerations

Towards FY 2014 and Beyond

Although the necessary rates for FY 2013 are projected to be essentially flat, the preliminary outlook for FY 2014-2017 does not look as promising. In order to evaluate the size of these increases, staff has prepared the following five-year forecast for the Water & Sewer Enterprise Fund.

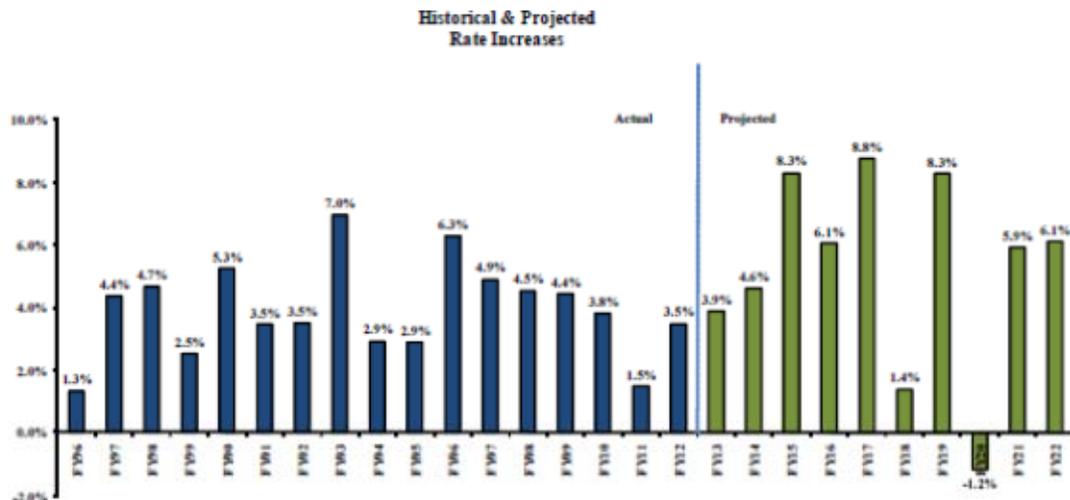
This forecast takes into account the following assumptions/variables:

Revenue Assumptions:

- Connection Fees will raise slightly as new growth hits community in next two years, then drop slightly thereafter
- Investment Income will continue to rise, albeit gradually
- Other Departmental Income will be level
- Retained Earnings, if any exists to support capital, will only be spent on smaller ticket capital projects

Expense Assumptions:

- Labor Contracts will be settled with a 2% COLA annually moving forward FY 2014-2017
- All other departmental expenses will increase at the rate of 2.5%
- MWRA assessments will increase between 4%-9%. The extent to which, is still quite uncertain. Preliminarily, this is based upon the chart below (which comes from their FY 2013 Proposed Current Expense Budget, Page I-2).





Town of Natick

2013 Water/Sewer Rate Setting

As shown above, the sharp spikes in future years are quite problematic from a planning standpoint. We are uncertain to the extent, if at all, to which these spikes take into account changes within flow rates due to continued regional improvements in reducing Inflow & Infiltration (I&I).

- Fully funding the FY 2013-2017 Capital Improvement Plan. This will increase debt service annually until decreasing after FY 2018. This can be avoided/amended if items are issued for longer terms or projects are removed from the CIP. (It should be stated however, that more projects are to be added, perhaps to the plan as soon as September 2012 for funding in FY 2014 and beyond.)
- 10% increase in health care benefits annually. This amount may be high considering recent developments in overall health care costs. Though not enough time to constitute a trend, it maybe that costs are finally starting to level out and not increase as dramatically.
- 8% increase on pension costs (maximum allowed for by law)
- Nominal increases in indirects annually.

In addition, any impact of increased regulations from the EPA and a standing order potentially limiting the amount of water Natick can pull from its water sources have not been built into these assumptions. These have the ability to greatly impact rates for homeowners if the amount of water we have to sell is reduced, while costs increase.

The projection for FY 2013-2017 is on the next page.



Town of Natick

Water/Sewer Ratesetting - FY 2013
FY 2013-2017 Forecast

	2012 Appropriated	2013 Appropriated	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	Notes
Water & Sewer Enterprise Revenues							
User Charges	\$ 12,401,835	\$ 12,407,386	\$ 12,847,113	\$ 13,668,001	\$ 14,345,308	\$ 15,217,882	Indicates between 3.5%-6.5% rate increases; highly dependent on MWRA spikes
Connection Fees	\$ 170,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 150,000	\$ 150,000	Assumes steady amount of new growth over next two years
Other Departmental Income	\$ 750,000	\$ 750,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	Assumes continued liens/betterments
Investment Income	\$ 45,000	\$ 55,000	\$ 65,000	\$ 70,000	\$ 75,000	\$ 75,000	Assumes growth in economy
Capital Article Closeouts/Trans.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Only if available; none forecast
Retained Earnings	\$ 320,000	\$ 1,257,000	\$ 60,000	\$ -	\$ 21,000	\$ -	Assumes only those pieces of equipment paid out of cash
Total Revenues	\$ 13,686,835	\$ 14,659,386	\$ 13,962,113	\$ 14,728,001	\$ 15,391,308	\$ 16,242,882	
Forecast Growth in W/S Rates							
			3.54%	6.39%	4.96%	6.08%	
Water & Sewer Enterprise Expenses							
Water & Sewer Operations							
Salaries	\$ 1,615,953	\$ 1,659,661	\$ 1,701,153	\$ 1,735,176	\$ 1,778,555	\$ 1,831,912	Increases of between 2.0%-3.0% annually; steps and COLAs included
Expenses	\$ 1,270,850	\$ 1,321,050	\$ 1,354,076	\$ 1,387,928	\$ 1,422,626	\$ 1,458,192	Assumes 2.5% annual increase in expenses
Other - Chgs. & Expenditures	\$ 4,548,588	\$ 4,788,550	\$ 5,008,823	\$ 5,424,556	\$ 5,755,454	\$ 6,261,933	MWRA rate increases vary between 4-9% annually; could be more dependent upon I&I charges (Source: http://www.mwra.com/finance/ceb/fy13proposed/document.pdf)
Total Sanitary Sewer	\$ 7,435,391	\$ 7,769,261	\$ 8,064,052	\$ 8,547,659	\$ 8,956,635	\$ 9,552,037	
Utility Billing							
Salaries	\$ 103,618	\$ 103,618	\$ 105,690	\$ 107,804	\$ 109,960	\$ 112,160	Increase of around 2% annually; COLA's included
Expenses	\$ 120,700	\$ 129,950	\$ 133,199	\$ 136,529	\$ 139,942	\$ 143,440	Assumes 2.5% annual increase in expenses
Total Utility Billing	\$ 224,318	\$ 233,568	\$ 238,889	\$ 244,333	\$ 249,902	\$ 255,600	
Fringe Benefits							
Other Personal Services	\$ 442,499	\$ 452,634	\$ 497,897	\$ 547,687	\$ 602,456	\$ 662,701	Assumes 10% annual increase in health care costs (could be lower)
Other - Chgs. & Expenditures	\$ 187,526	\$ 199,959	\$ 215,956	\$ 233,232	\$ 251,891	\$ 272,042	Assumes 8% annual increase (max. allowed for under M.G.L.)
Total Benefits	\$ 630,025	\$ 652,593	\$ 713,853	\$ 780,919	\$ 854,347	\$ 934,743	
Water & Sewer Debt Service							
Principal	\$ 1,827,139	\$ 1,514,188	\$ 1,383,300	\$ 1,340,715	\$ 1,323,094	\$ 1,332,841	Authorized and Issued Debt Service
Interest	\$ 514,079	\$ 451,262	\$ 400,248	\$ 347,141	\$ 300,977	\$ 308,598	Authorized and Issued Debt Service
New Debt Service	\$ -	\$ -	\$ 260,881	\$ 565,604	\$ 721,586	\$ 831,729	Projected new Debt Service as Per FY-2013-2017 Capital Plan
Total Debt Service	\$ 2,341,218	\$ 1,965,450	\$ 2,044,429	\$ 2,253,460	\$ 2,345,658	\$ 2,473,167	
Water & Sewer Reserve Fund							
Expenses	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	Level-Funded
Total W & S Reserve Fund	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	
Indirects	\$ 2,535,883	\$ 2,581,514	\$ 2,640,889	\$ 2,701,630	\$ 2,763,767	\$ 2,827,334	Ties to annual increase in General Fund (approx. 2.3% annually per forecast)
Capital (from Retained Earnings)	\$ 320,000	\$ 1,257,000	\$ 60,000	\$ -	\$ 21,000	\$ -	Assumes only those pieces of equipment paid out of cash
Total W&S Enterprise	\$ 13,686,835	\$ 14,659,386	\$ 13,962,113	\$ 14,728,001	\$ 15,391,308	\$ 16,242,882	
Growth in Costs (%)	6.27%	7.11%	-4.76%	5.49%	4.50%	5.53%	
Growth in Costs (\$)	\$ 807,841	\$ 972,552	\$ (697,273)	\$ 765,888	\$ 663,307	\$ 851,573	



Town of Natick

2013 Water/Sewer Rate Setting

Results

These projections indicate rate increases of between 3.5-6.5% required annually beginning in FY 2014. This supplemental income will be necessary to offset expense increases and still maintain retained earnings/reserves at the low end of recommended levels. Although staff continues to believe that FY 2013 can be managed without a rate increase at this time, we hold no illusions for future rate increases. Costs will be increasing – and the single largest, the MWRA Assessment – is out of our control.

Many things can change, however, and MWRA assessments as well as capital expenditures can be lower than planned. Any opportunity to improve efficiencies and streamline costs has been and will continue to be implemented.



Town of Natick

2013 Water/Sewer Rate Setting

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**Section IV:
Rate Recommendation**



Town of Natick

2013 Water/Sewer Rate Setting

Section IV: Rate Recommendation

Staff recommends the Board of Selectmen ***maintain the current rates*** for FY 2013. Although there is significant merit in pursuing the building of reserves so as to level out future rate increases, we are hopeful that the fund will remain stable and reserves stay sufficient. Should fiscal year 2012 end as planned, we should maintain a balance of 10% in retained earnings as according to our adopted Financial Management Principles (See Attachment I). We will continue a prudent review of operating and capital expenses and do everything in our power to ensure that future increases when necessary can be planned and managed so as to avoid large (over 5%) rate increases in any given year.

Staff does ask, however, that no decision on rates be finalized until we have had the chance to finish refining the end of year revenue forecasts for FY 2012. We believe this can be achieved in time for your meeting of May 21st.



Town of Natick

2013 Water/Sewer Rate Setting

Attachments

-
- A - FY 2010-2012 Budget v. Actual – Water & Sewer Enterprise Revenues & Expenses**
 - B - FY 2013 Water/Sewer Operating Budget**
 - C - FY 2013 Water/Sewer Capital Budget**
 - D - FY 2013-2017 Water/Sewer Capital Plan**
 - E - FY 2004-2012 Retained Earnings History**
 - F - FY 2004-2012 MWRA Assessment History**
 - G - FY 2007-2013 Indirect Cost History**
 - H - FY 2006-2011 Summary Usage Data**
 - I - Water/Sewer Enterprise Fund Policies**



Town of Natick

Water/Sewer Rates - FY 2013
Budget Vs. Actual - FY 2010-2012

Attachment A

Summary:

This table shows the annual budgeted revenues and expenses vs. actual annual revenues and expenses for FY 2010-2012. Actual revenues are still being estimated as of May 7th, 2012 for FY 2012. We hope to have them available for May 21st.

	2010 Appropriated	2010 Actual	2011 Appropriated	2011 Actual	2012 Appropriated	2012 E-O-Y (Proj.)	Budget vs. Actual	
							\$	%
Water/Sewer Enterprise Fund								
Revenues								
User Charges	12,314,366	11,745,779	12,429,891	12,353,351	12,401,835	TBD	Revenue Estimates for year-end are still being refined and estimated as of May 7th, 2012	
Connection Fees	95,000	117,505	170,000	104,470	170,000	TBD		
Other Departmental Income	700,000	1,116,991	750,000	758,698	750,000	TBD		
Investment Income	45,000	41,740	45,000	66,356	45,000	TBD		
Capital Article Closeouts	162,304	162,306	150,000	150,000	-	TBD		
Retained Earnings	213,696	213,698	-	-	320,000	TBD		
Total Revenues	13,530,366	13,398,019	13,544,891	13,432,875	13,686,835	TBD		
Expenses								
Water & Sewer Operations	5,218,449	6,855,364	7,334,684	7,021,847	7,435,391	7,111,750	\$ 323,641	95.65%
Utility Billing	219,282	164,334	222,566	180,693	224,318	202,145	\$ 22,173	90.12%
Fringe Benefits	607,776	606,191	627,468	627,467	630,025	630,025	\$ -	100.00%
Debt Service	2,389,052	2,177,447	2,398,416	2,287,229	2,341,218	2,341,218	\$ -	100.00%
Reserve Fund	200,000	0	200,000	0	200,000	0	\$ 200,000	0.00%
Indirects (included in G/F)	2,506,416	2,506,418	2,449,757	2,449,757	2,535,883	2,535,883	\$ -	100.00%
Capital	350,000	350,002	312,000	312,000	320,000	320,000	\$ -	100.00%
Total Expenses	13,504,366	12,659,755	13,544,891	12,878,994	13,686,835	13,141,021	\$ 545,814	96.01%
Surplus / (Deficit)		738,264		553,881		TBD		



Town of Natick

Home of Champions

Attachment B

Department: Water & Sewer

Enterprise Fund

Appropriation Summary

Water & Sewer Operations

	2010 Actual	2011 Actual	2012 Appropriated	2013 Appropriated	2012 vs. 2013	
					\$	%
Total Salaries	1,511,361	1,438,875	1,628,394	1,659,661	31,267	1.9%
Total Operating Expenses	5,344,003	5,539,348	5,844,938	6,109,600	264,662	4.5%
Total Water & Sewer Operations	6,855,364	6,978,223	7,473,332	7,769,261	295,929	3.96%

Utility Billing Operations

	2010 Actual	2011 Actual	2012 Appropriated	2013 Appropriated	2012 vs. 2013	
					\$	%
Total Salaries	95,503	98,349	103,618	103,618	0	0.0%
Total Operating Expenses	68,830	82,344	120,700	129,950	9,250	7.7%
Total Utility Billing Operations	164,334	180,693	224,318	233,568	9,250	4.12%

Employee Benefits

	2010 Actual	2011 Actual	2012 Appropriated	2013 Appropriated	2012 vs. 2013	
					\$	%
Total Employee Benefits	606,191	627,467	630,025	652,878	22,853	3.6%
Total Employee Benefits	606,191	627,467	630,025	652,878	22,853	3.6%

Debt Service

	2010 Actual	2011 Actual	2012 Appropriated	2013 Appropriated	2012 vs. 2013	
					\$	%
Debt Service						
Principal	1,627,370	1,745,640	1,827,139	1,514,188	-312,951	-17.1%
Interest	550,077	541,589	514,079	451,262	-62,817	-12.2%
Total Debt Service	2,177,447	2,287,229	2,341,218	1,965,450	-375,767	-16.1%
Total Debt Service	2,177,447	2,287,229	2,341,218	1,965,450	-375,767	-16.1%

Reserves

	2010 Actual	2011 Actual	2012 Appropriated	2013 Appropriated	2012 vs. 2013	
					\$	%
Total Reserve Fund	0	0	200,000	200,000	0	0.0%
Total Reserve Fund	0	0	200,000	200,000	0	0.00%
Total Water & Sewer Enterprise Fund	9,803,334	10,073,612	10,868,892	10,821,157	-47,735	-0.44%
Indirects	2,506,417	2,449,758	2,535,883	2,581,514	45,631	1.80%



Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Mission:

Water & Sewer Operations:

The mission of the Natick Department of Public Works is to maintain and improve in a cost-efficient manner the infrastructure, buildings, equipment, and recreational facilities of the Town and be ready and available to provide immediate and professional response to emergency situations.

The Department will provide safe and adequate drinking water and fire protection by maintaining and improving with available resources the water treatment plant, wells and water mains throughout town. The Department will also provide dependable and reliable trash collection and recycling services to the residents of the Town.

The Department will assist, support and cooperate with other Town departments, boards and commissions as well as other municipalities, State and Federal agencies in all relevant activities that promote and benefit the Town and the quality of life for the citizens of the Town.

Utility Billing Operations:

The Utility Billing office is responsible for the billing and collecting of Water and Sewer activity. This includes uploading the usage files received from DPW on a monthly basis, recording the receivable due to the Town of Natick, printing and mailing of water/sewer invoices, and posting water/sewer cash receipts. Also process abatements, corrections, final billing for real estate sales and special billings for backflows, valve work, etc, and maintain the senior citizen account designations with the Assessor's Office. Finally, this department is also responsible for answering customer inquiries and problem research.

Goals:

Water & Sewer Operations:

- Replace force sewer mains on Wethersfield Rd.*
- Replace outdated water meter transmitters.*
- Continue the upgrade SCADA software and hardware.*
- Continue the relocation of Springvale Wells #1 & #3.*
- Rehabilitate Springvale Wells #2 & #4*
- Repair Broads Hill & Town Forest Reservoirs.*
- H&T Filter Controls Upgrade*
- Pine Oaks Well MCC replacement*
- Springvale Fluoride Modification*

Utility Billing Operations:

Personnel Advancement

- *Work with Personnel Director on customer service/team building*
- *Reconfigure Collector's Office personnel to facilitate better service*

Enhance On-line, Web, Computer Applications

- *Work with DPW to add on-line Geographic Information System (GIS) capabilities; create Executive Committee to enhance usability throughout organization*
 - *Working with Information Technology department, work toward development of intranet*
- #### *Budget Process Improvements*
- *With DPW, consider alternatives to water billing system*



Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Budget Overview:

The Water & Sewer Enterprise Fund has three divisions within it: Sanitary Sewer, Water & Utility Billing.

Department of Public Works Sewer Division

I. Main Purpose of the Department

The Sewer Division operates and maintains over 147 miles of the sewer collection system and seeks to meet or exceed all federal and state mandates and guidelines governing the sewer collection system. The division monitors the town's thirty four sewer pump stations seven days a week. Personnel from this division are on call twenty four hours a day, seven days a week to respond to any sewer emergency.

II. Recent Developments

- Continuation of the sewer mains relining program
- Replacement Sewer Pump Stations

III. Current Challenges

- Implementation of the Infiltration and Inflow (I/I) study of the Town's sewer system
- Maintain program to alleviate chronic sewer back up areas
- Monitoring the sulfides in the sewer system
- Loss of Rate Reduction funding by the MWRA may impact MWRA rates.

IV. Significant Proposed Changes for the Upcoming Fiscal Year and the Budget Impact

- Continue to fund the Sewer Pump Station/Line Maintenance to reline problem sewer mains and to continue the Degreasing Program.
- Increase of utility costs

V. On the Horizon

- Coordination of the water and sewer line expansion and rehabilitation with the South Natick Hills and Chrysler Road Housing Development

Department of Public Works Water Division

I. Main Purpose of the Department

The Water Division operates and maintains the Town's water wells and water treatment plant. It provides safe and potable drinking water throughout the 196 miles of distribution mains throughout Town. The Division is responsible for water meter calibration, reading over 12,500 meters, and the installation, inspection and testing of backflow prevention devices. In addition, the Division is responsible for water quality testing on a weekly basis, the testing and maintenance of 1,400 fire hydrants and the repair of water leaks. Personnel from this Division are on-call twenty four hours a day, seven days a week to respond to any water emergency.

II. Recent Developments

- Recertification of the Environmental Management System (ISO 14001) at the Springvale Water Treatment Plant
- Completion of Backflow Prevention Program
- Annual water leak detection program to reduce unaccounted for water.
- Replacement of residential water services on various streets before street rehabilitation.(173 services Rockland st.-17, Nimitz circle-16,Macarthur Rd.-67,Patten Drive-3,Loconia Rd.-9,JenningsPond Rd.-13,Grove Rd.-22 Shore Rd.-5,North Main St.-10,Other Streets 11)

III. Current Challenges

- Continue to update the ISO 14001 Certification of the Springvale Water Treatment Plant
- Repair of the Town Forest Reservoir Roof
- Replacement of Springvale Wells #1 & #3
- Water Management act permit renewal

IV. Significant Proposed Changes for the Upcoming Fiscal Year and the Budget Impact

- Implement a new pump preventive maintenance schedule.
- Complete a review of the cost of electricity and review energy efficiency measures.



Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Budget Overview:

Department of Public Works Water Division (con't)

V. On the Horizon

- Coordination of the water and sewer line rehabilitation with the South Natick Hills and Chrysler Rd Housing Development.

Utility Billing Division

I. Main Purpose of the Department

The primary responsibility of the Department is the quarterly billing of 12,550 water and sewer accounts. These duties include preparation of quarterly invoices, dispute resolution with rate payers, special fee invoicing, etc. This Department is responsible for the certification of delinquent accounts to the Board of Assessors for inclusion as water and sewer liens transferred to real estate bills.

II. Recent Developments

In FY2010 a web application that will facilitate the public viewing of actual bills in a “.pdf” format was implemented.

III. Current Challenges

The format and content of information included with the water and sewer bill is being evaluated for clarity. The goal is to improve the information provided to ratepayers.

IV. Significant Proposed Changes for the Upcoming Fiscal Year and Budget Impact

A more informative billing format was implemented in FY2011. This format will at a minimum include usage history, comprehensive explanation of bill calculation, and other informational materials. The budget request for FY 2013 continues to include funding for improved notification to delinquent accounts, notification to subsequent/new property owners, and additional research/resolution for returned mail.

V. On the Horizon

The development of increased Internet access to information and the development of information kiosks at Town Hall and Library are priorities for the near future.



Town of Natick

Home of Champions

Department: Water & Sewer Operations

Enterprise Fund

Staffing	2009	2010	2011	2012	2013
Water & Sewer Operations					
Water & Sewer Division Supervisor	1	1	1	1	1
Water & Sewer General Foreman	1	1	1	1	1
Administrative Assistant	1	1	1	1	1.49
Working Foreman	4	4	4	4	4
Heavy Equipment Operator	3	3	3	3	3
Skilled Laborer	6	5	5	5	5
Craftsman	3	3	3	3	3
GIS & Water Treatment Plant Supervisor	1	1	1	1	1
GIS Specialist	1	1	1	1	1
Chief Plant Operator	1	1	1	1	1
Night Operator	1	1	1	1	1
Station Operator	4	4	4	4	4
Utility Billing					
Executive Assistant	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Department Support	0.1	0.1	0.1	0.1	0.1
Total FTE	2.1	2.1	2.1	2.1	2.1
Total FT/PT	2 FT / 1 PT				
Total FT/PT	29 FT / 1 PT	28 FT / 2 PT			

Notes

Utility Billing Notes:

Departmental Support person:

works 960 hours total

720 hours allocated to collections

0.4

240 hours allocated to utility billing

0.1

Performance Indicators

	2009	2010	2011	2012*	2013*
Workload Indicators					
Water & Sewer Operations					
Number of Water Leaks/Repairs (CY)	43	28	40	40	29
# of Sewer Backups			7	12	14
Total Number of Hydrants Replaced (CY)	15	7	15	15	11
Total Mileage of Water & Sewer Pipes	196.7/147.3	196.7/147.3	200/150	200/150	200/150
Number of Sewer Main lines Lined (in feet) (CY)	3,216	2,553	3000	3000	0
Water Pumped (in Millions of Gallons)	1,209	1,148	1175*	1250	1250

*Estimated

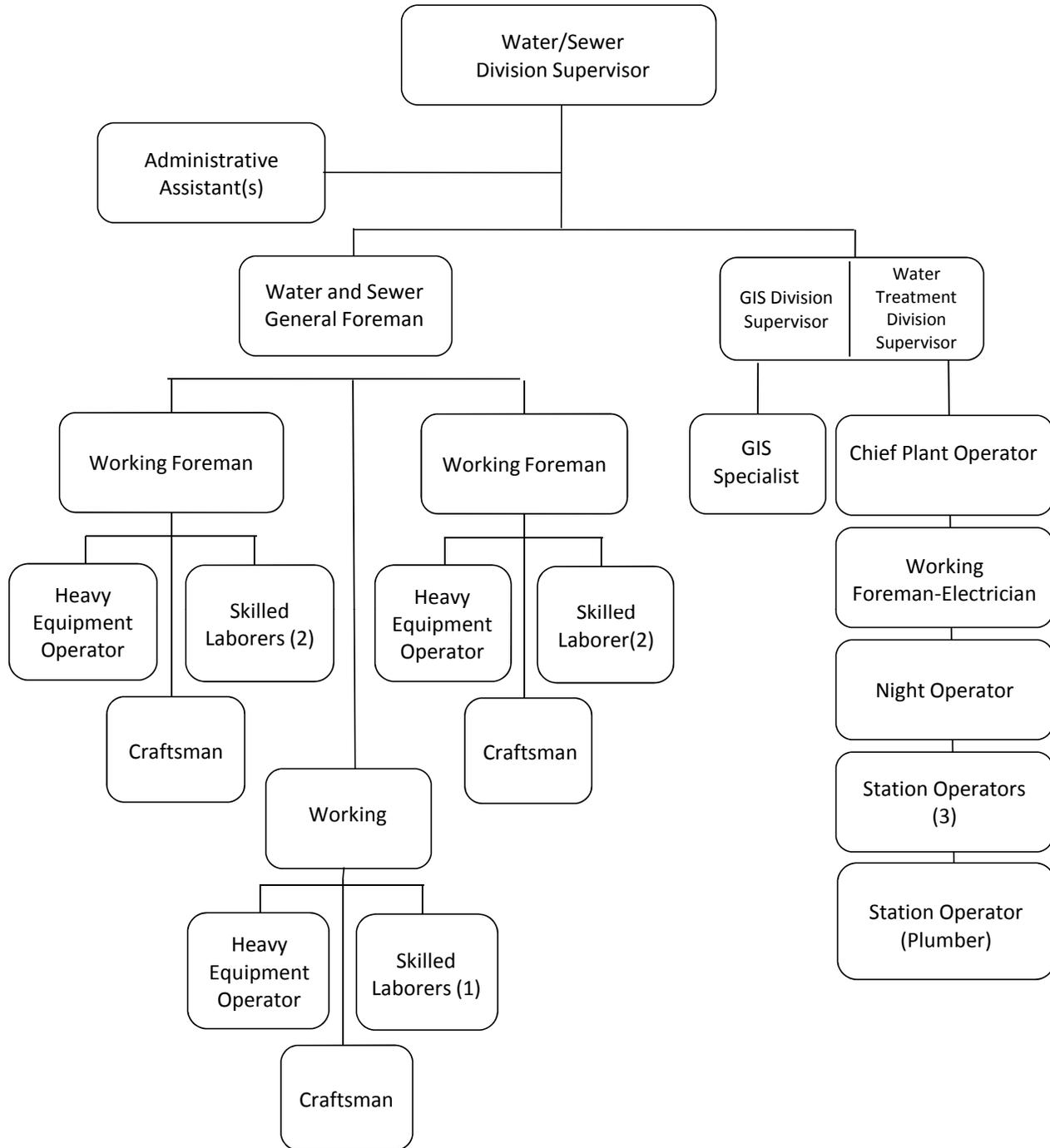
	2009	2010	2011	2012*	2013*
Outcome Indicators					
Water & Sewer Operations					
# of Sewer Backups causing Insurance Claims(CY)	3	6	4	4	5

Utility Billing

See Treasurer's Budget (Section VII) for performance indicators related to utility billing.



Organizational Chart: Water & Sewer



Note: Water & Sewer Divisions under the management of the Director of Public Works



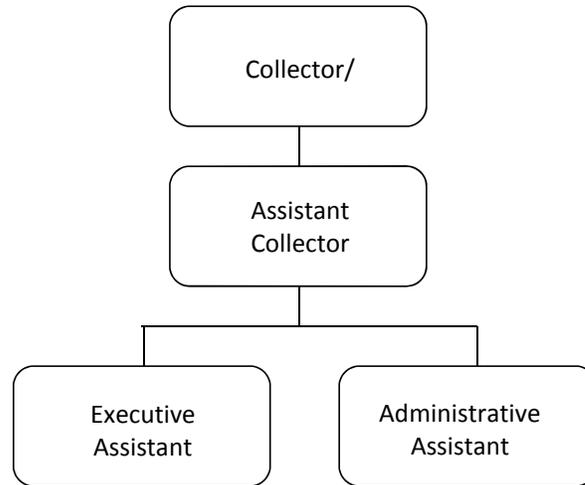
Town of Natick

Home of Champions

Department: Water & Sewer Operations

Enterprise Fund

Organizational Chart: Utility Billing Operations



Note: Utility Billing Division is under the management of the Collector/Treasurer



Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Sewer Operations

	2010 Actual	2011 Actual	2012 Appropriated	2013 Appropriated	2012 vs. 2013	
					\$	%
Salaries Supervisory	119,118	124,903	133,871	133,871	0	0.0%
Salaries Operational Staff	404,057	393,609	422,528	446,468	23,940	5.7%
Salaries Temp Oper. - Police Details	5,633	6,605	6,975	8,624	1,649	23.6%
Supervisory Additional Comp	12,827	11,965	12,450	12,450	0	0.0%
Operational Staff Additional Comp	18,580	19,935	25,850	23,150	-2,700	-10.4%
Operational Staff Overtime	72,223	58,522	57,850	57,850	0	0.0%
Personnel Services	632,438	615,540	659,524	682,413	22,889	3.5%
Repairs & Maint. Equipment	3,000	2,394	3,000	3,000	0	0.0%
Repairs & Maint. Other	3,000	2,955	3,000	3,000	0	0.0%
Utilities Electric	185,007	125,669	162,500	144,400	-18,100	-11.1%
Purchase of Services	191,007	131,018	168,500	150,400	-18,100	-10.7%
Licenses - CDL & Special	713	180	2,000	2,000	0	0.0%
Clothing Allowance Operational Staff	3,247	3,150	3,150	3,150	0	0.0%
Other Services Inc.	3,960	3,330	5,150	5,150	0	0.0%
Tech & Prof Svs & MWRA Sulfide Testing	11,109	12,986	15,000	15,000	0	0.0%
Tech/ Prof. Services	11,109	12,986	15,000	15,000	0	0.0%
Repairs & Maint. Misc. Constr.	4,000	3,128	4,000	4,000	0	0.0%
Supplies	4,000	3,128	4,000	4,000	0	0.0%
Sewer Pump Station/Line Maintenance	41,657	44,610	50,000	100,000	50,000	100.0%
MWRA Sewer Assessment	4,219,801	4,346,280	4,493,588	4,683,550	189,962	4.2%
Water/Sewer Damage Claims	95	35,000	5,000	5,000	0	0.0%
Other Chgs. / Exp.	4,261,553	4,425,890	4,548,588	4,788,550	239,962	5.3%
Total Operating Expenses	5,104,066	5,191,891	5,400,762	5,645,513	244,751	4.5%

Water Operations

	2010 Actual	2011 Actual	2012 Appropriated	2013 Appropriated	2012 vs. 2013	
					\$	%
Salaries Supervisory	207,413	215,968	227,870	227,870	0	0.0%
Salaries Operational Staff	553,053	470,855	620,198	623,361	3,163	0.5%
Salaries Temp Operational	10,395	23,192	23,642	26,157	2,515	10.6%
Supervisory Additional Comp	22,477	27,861	22,250	22,250	0	0.0%
Operational Staff Additional Comp	26,921	27,602	28,660	29,210	550	1.9%
Operational Staff Overtime	58,666	57,856	46,250	48,400	2,150	4.6%
Personnel Services	878,924	823,335	968,870	977,248	8,378	0.9%
Repairs & Maint. Software	12,516	14,811	15,000	15,000	0	0.0%
Utilities	346,055	416,349	524,000	527,300	3,300	0.6%
GIS Software & Training	10,058	13,117	25,500	25,500	0	0.0%
Copy/Mail Center Fees	19,389	11,813	18,000	18,000	0	0.0%
Purchased Services: Miscellaneous	8,580	6,680	12,000	12,000	0	0.0%
Purchase of Services	396,598	462,770	594,500	597,800	3,300	0.6%
Licenses - CDL & Special	5,925	3,885	6,000	10,000	4,000	66.7%
Environmental Management - ISO 14001 Cert.	0	1,876	10,000	10,000	0	0.0%



Town of Natick

Home of Champions

Department: Water & Sewer		Enterprise Fund				
Clothing Allowance Operational Staff	4,200	3,500	4,200	4,200	0	0.0%
Other Services Inc.	10,125	9,261	20,200	24,200	4,000	19.8%
Implement SDWA Amendment	29,509	19,238	30,000	30,000	0	0.0%
Water Testing	24,556	24,710	25,000	25,000	0	0.0%
Tech./Prof. Services	54,065	43,948	55,000	55,000	0	0.0%
Repairs & Maint - Equipment	2,974	2,768	3,000	3,000	0	0.0%
Repairs & Maint - Facilities	1,960	2,000	2,000	2,000	0	0.0%
Repairs & Maint - Hydrants	9,854	10,000	10,000	10,000	0	0.0%
Repairs & Maint - Misc. Repairs	17,919	18,282	18,000	18,000	0	0.0%
Repairs & Maint - Misc. Constr	17,952	17,997	18,000	18,000	0	0.0%
Supplies	50,660	51,047	51,000	51,000	0	0.0%
					0	#DIV/0!
Chemical Supplies	149,840	177,504	145,000	177,500	32,500	22.4%
Obsolete Meters	29,874	28,338	30,000	30,000	0	0.0%
Service Connections	14,843	14,889	15,000	18,000	3,000	20.0%
Other Supplies	194,557	220,731	190,000	225,500	35,500	18.7%
Water Well/Water Line Maint.	138,022	139,637	150,000	150,000	0	0.0%
New Hydrant Installation	9,227	9,924	10,000	10,000	0	0.0%
Asphalt Crushing	14,718	11,899	15,000	15,000	0	0.0%
DEP Assessment	1,438	10,704	14,000	14,000	0	0.0%
MWRA Discharge Permit	2,965	3,076	4,000	4,000	0	0.0%
Other Charges/Expenditures	166,370	175,240	193,000	193,000	0	0.0%
Total Operating Expenses	1,751,298	1,786,332	2,072,570	2,123,748	51,178	2.5%

Utility Billing						
	2010 Actual	2011 Actual	2012 Appropriated	2013 Appropriated	2012 vs. 2013	
					\$	%
Salaries Operational Staff	90,742	93,451	95,829	95,829	0	0.0%
Part-Time Operational Staff	4,097	3,766	4,835	4,835	0	0.0%
Operational Staff - Additional Comp	509	934	954	955	1	0.1%
Operational Staff Overtime	156	199	2,000	2,000	0	0.0%
Personnel Services	95,503	98,349	103,618	103,618	0	0.0%
Repair & Maint Equipment	2,262	0	4,000	4,000	0	0.0%
In State Travel/Meetings	0	0	500	750	250	50.0%
Training & Education	0	0	2,500	2,500	0	0.0%
Communication Telephone	861	861	1,500	1,500	0	0.0%
Communication Postage	18,372	18,902	20,000	22,000	2,000	10.0%
Collection Activities	1,100	9,429	10,000	10,000	0	0.0%
Copy/Mail Center Fees	34,328	39,948	33,000	40,000	7,000	21.2%
Purchase of Services	56,924	69,140	71,500	80,750	9,250	12.9%
Utility Billing Software	0	0	15,000	15,000	0	0.0%
Utility Billing Printing	9,123	7,951	30,200	30,200	0	0.0%
Tech/Prof. Services	9,123	7,951	45,200	45,200	0	0.0%



Town of Natick

Home of Champions

Department: Water & Sewer	Enterprise Fund					
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Office Supplies	2,783	5,254	4,000	4,000	0	0.0%
Supplies	2,783	5,254	4,000	4,000	0	0.0%
Total Utility Billing	164,334	180,693	224,318	233,568	9,250	4.1%

Employee Benefits						
	2010 Actual	2011 Actual	2012 Appropriated	2013 Appropriated	2012 vs. 2013	
					\$	%
FICA {Medicare}	18,575	17,306	20,100	25,455	5,355	26.6%
Insurance Group Health & Life	375,662	395,891	380,795	387,484	6,689	1.8%
LIUNA Pension	40,229	34,817	41,604	39,980	-1,624	-3.9%
Other Personnel Services	434,466	448,014	442,499	452,919	10,420	2.4%
Funding Schedule (22 Year) (W&S)	171,725	179,453	187,526	199,959	12,433	6.6%
Other Charges & Expenditures	171,725	179,453	187,526	199,959	12,433	6.6%
Total Employee Benefits	606,191	627,467	630,025	652,878	22,853	3.6%

Water & Sewer Debt Service						
	2010 Actual	2011 Actual	2012 Appropriated	2013 Appropriated	2012 vs. 2013	
					\$	%
Water Principal Sub-Totals	\$ 1,207,720	\$ 1,233,640	\$ 1,479,662	\$ 1,181,711	-297,951	-20.1%
Sewer Principal Sub-Totals	\$ 419,650	\$ 512,000	\$ 347,477	\$ 332,477	-15,000	-4.3%
Principal Totals	1,627,370	1,745,640	1,827,139	1,514,188	-312,951	-17.1%
Interest on Debt Water Sub-Totals	\$ 380,213	\$ 319,203	\$ 341,804	\$ 306,828	-34,976	-10.2%
Interest on Debt Sewer Sub-Totals	\$ 163,156	\$ 200,574	\$ 147,275	\$ 119,434	-27,841	-18.9%
Bond Anticipation Notes	\$ 6,707	\$ 21,812	\$ 25,000	\$ 25,000	0	0.0%
Interest Totals	550,077	541,589	514,079	451,262	-62,817	-12.2%
Total Water & Service Debt Service	2,177,447	2,287,229	2,341,218	1,965,450	-375,767	-16.1%

Reserve Fund						
	2010 Actual	2011 Actual	2012 Appropriated	2013 Appropriated	2012 vs. 2013	
					\$	%
Reserve Fund	0	0	200,000	200,000	0	0.0%
Total Reserve Fund	-	-	200,000	200,000	0	0.0%



Town of Natick

Home of Champions

Department: Water & Sewer Operations Line-Item Detail

Enterprise Fund

Narrative:

Sanitary Sewer Operations

Personnel Services

Salaries Supervisory: To fund the positions of Coordinator of Technical Services and .5 of the Supervisor of Sewer and Water, who oversees this division.

Salaries Operational Staff: To fund eleven employees who maintain and repair the sewer mains in the town.

Salaries Temporary Operational: This fund is for police details for work done in the roadways and part time help.

Supervisory Additional Compensation: This fund is for education incentive stipends and service award.

Operational Staff Additional Compensation: This fund is for longevity and temporary upgrades per union contract.

Operational Staff Overtime: This fund is for emergencies and callbacks after normal operating hours.

Purchase of Services

Equipment Repairs/Maintenance: This fund is for the repairs and maintenance of the town's thirty six sewer pump stations which include check valves, motor starters, mechanical seals, etc.

Repairs/Maintenance Other: This fund is for the repairs and maintenance of the alarms, wiring and fencing.

Electricity: This fund is for the use of electricity at the Sewer Pumping Stations.

Other Services (Misc.)

Licenses CDL and Special: This fund is for the reimbursement to the employees for license renewals, CDL, Hoisting, required training etc.

Clothing Allowance Operational Staff: This fund is for the clothing allowance per union agreement.

Tech & Professional Services

Professional Services-MWRA/Sulfide Testing: This fund is for the testing of the sewer before it enters the Massachusetts Water Resource Authority (MWRA) sewer system and other professional services dealing with this issue as required by the municipal discharge permit.

Supplies

Miscellaneous Construction Repairs and Maintenance: This fund is for the repairs and maintenance of sewer pipe, fittings, sewer camera, manhole covers and sewer rod equipment.

Other Charges

Sewer Line Maintenance: This fund is used for the engineering, repairing, maintenance and rehabilitation of the thirty six sewer pump stations and for the 150 miles of sewer mains such as television sewers, replacement of sewer pipe and manholes.

Massachusetts Water Resource Authority (MWRA) Assessment: This fund is for the costs of the town's sewer discharge into the MWRA sewer collection system.

Water Operations

Personnel Services

Salaries Supervisory: To fund the positions of GIS/Water Treatment Plant Supervisor, GIS Specialist and .5 Supervisor of Water and Sewer, who oversees this division.

Salaries Operational Staff: To fund thirteen employees positions who maintain and repair the water distribution system.

Salaries Temporary Operational: This fund is for police details for work done in the roadways and for part time help.

Supervisory Additional Compensation: This fund is for education incentive stipends and service award.

Operational Staff Additional Compensation: This fund is for longevity and temporary upgrades per union contract.

Operational Staff Overtime: This fund is for emergencies and callbacks after normal operating hours.



Town of Natick

Home of Champions

Department: Water & Sewer Operations Line-Item Detail

Narrative:

Water Operations (con't)

Purchase of Services

Repairs and Maintenance Software: This fund is used for the Scada System at the Water Treatment Plant. It covers the upgrade of intrusion software, hardware replacements and other related computer items.

Electricity: This fund is for the use of electricity at the Water Treatment Plant, Evergreen Wells, Morse's Pond Well, Pine Oaks Well, Elm Bank Well and the Booster Station at Captain Toms Hill.

Copy Mail Center: This fund is for department's share of the copy/mail center cost.

Purchased Services Miscellaneous: This fund is used for supplies and equipment including printers, computers, computer hardware etc.

Other Services Misc.

Licenses CDL and Special: This fund is for the reimbursement to the employees for license renewals, CDL, Hoisting, Water, memberships to NEWWA, required training, etc.

Environmental Management System: This fund is for the audits required to maintain the Environmental Management System and the ISO Certification.

Clothing Allowance Operational Staff: This fund is for the clothing allowance per union agreement.

Safe Drinking Water Act (SDWA) Amendment: This fund is for all Volatile Organic Compounds (VOC) water and other tests mandated by the Department of Environment Protection (DEP), Environmental Protection Agency (EPA) and Safe Drinking Water Act (SDWA).

Supplies

Water Tests: This fund is for all weekly water testing which includes coliform, manganese, fluoride, lead and copper.

Equipment Repairs/Servicing: This fund is for the repair of metal detectors, hoses and tapping machine.

Facility Repairs and Maintenance: This fund is for the repairs of locks, the purchase of propane gas and belts for air strippers.

Hydrant Repairs and Maintenance: This fund is used to repair and maintain the 1,200 fire hydrants in town.

Miscellaneous Construction Repairs and Maintenance: This fund is for replacing old water gates, ductile iron water pipe, gate boxes, large pipe fittings, tapping sleeves and gates.

Other Supplies

Chemical Supplies: This fund is for the chemicals (chlorine gas, hydroflousilic acid and potassium permanganate) injected into the water.

Replace Obsolete Meters: This fund is for the replacement of large water meters and flow meters for the water wells and for the calibration of large meters, etc.

Service Connections: This fund is to replace old water line services and replacing the water line in the streets that are to be repaved, including one inch plastic water pipe, curb stops, brass fittings, service boxes and cellar valves, etc.

Other Charges & Expenditures

Water Line Maintenance: This fund is for repairs and maintenance at the water treatment plant, water pump stations and water wells, consultant fees and emergencies.

New Hydrant Installation: This fund is for the installation and replacement of old fire hydrants.

Asphalt Crushing: This fund is used to hire a crusher for the gravel pit to recycle extra dirt and asphalt.

Department of Environment Protection Assessment: This fund is used for the DEP annual assessment.

Massachusetts Water Resource Authority Discharge Permit: This fund is used to pay the Massachusetts Water Resource Authority for the water discharge permit at the water treatment plant.

Utility Billing Operations

Personnel Services

Salaries Operational Staff Salaries for two staff positions are funded in this line item. This positions are responsible for preparation of monthly water and sewer charges, special billings (final bills, flat charges, etc.), printing of water / sewer bills, posting payments, customer service inquiries, file maintenance, etc. A full time position has been reduced in the Collector's budget after an employee retirement. This position (Administrative Assistant) will be funded in the amount of 50% via indirect charge to the General Fund. The addition of a part time position is also included in this staffing change.



Town of Natick

Home of Champions

Department: Water & Sewer Operations Line-Item Detail

Narrative:

Utility Billing Operations

Personnel Services (con't)

Part Time Operational This funds 240 hours of part time operational staff. This position will provide administrative / clerical support to the Finance Director/ Collector and will be available during peak receipt periods to supplement the full time Utility Billing staff.

Overtime Operational This funds overtime worked by operational staff during peak receipt periods.

Purchase of Services

Repairs and Maintenance This is for the maintenance and repair of business equipment used in the Collector's office for Utility Billing purposes. The primary equipment is the high speed laser printer used for production of the water / sewer bills and bar code scanning equipment, etc.

In State Travel/Meetings For attendance at Department of Revenue seminars, Treasurer / Collector Association meetings, and administrative / clerical support staff seminars.

Training and Education The costs related to POINT Software training, Neptune meter reading and inventory systems, and PC specialized training seminars, etc.

Communication Telephone This is the proportional costs assigned to the Utility Billing for telephone service.

Communication Postage This is the direct cost associated with the mailings from the Utility Billing Collector's Office. (Water / Sewer bills, water quality survey, water ban, etc.) This item is reduced to reflect the actual amounts expended over the past several years. There has not been a need to mail notices for a mandatory water BAN. Costs will also be reduced as a result of utility billing enhancements which include CASS certified mailing of bills.

Collection Activities These funds are for additional mailings of notices of unpaid / delinquent charges, and demand bills, and other accounts receivable.

Copy/Mail Center Fees This is the proportional cost assigned to the Utility Billing Collector's Office for mail center labor for mail handling and copy charges.

Technical & Professional Services

Utility Billing Software This is utilized for minor programming modifications for water / sewer billing. These would include modifications not included in the annual maintenance that Point Software provides for the Water and Sewer receivable / collection system. The annual maintenance contracts for all Point Software applications are included in the Information Technology budget. This line item was increased by \$10,000 in FY2009 to facilitate the programming / modifications of an improved bill format, revenue forecasting, and web applications.

Utility Billing Printing The cost of services and supplies for the preparation of water / sewer bills including forms, consumables (toner), CASS certification software (Accu-Zip). This line item was increased to include a non capital lease for software to facilitate CASS certified mailings (see reduction in Postage).

Supplies

Office Supplies General office supplies for the Utility Billing Collector's Office for employee benefit and bank reconciliation functions.

Employee Benefits

Pays for benefits for Water & Sewer Benefit eligible employees.

Debt Service

Principal Payments:

The requested budget amount of \$1,827,139 represents repayment of principal for multiple water and sewer capital improvement projects.

Interest Payments:

The requested budget amount of \$514,079 represents the respective interest payments associated with general obligation bonds issued for water and sewer projects. Of that amount, \$25,000 represents the estimated amount for Bond Anticipation Notes & issue costs (bond counsel, financial advisor, rating agency fees, etc.) for authorized borrowings.



Town of Natick

Home of Champions

Department: Water & Sewer Operations Line-Item Detail

Reserve Fund

Covers \$200,000 for emergencies & unforeseen contingencies within the fund.

Department: Water & Sewer Operations Benefits

Water & Sewer Employee Health Benefits Summary

Active		
- Traditional HMO's	\$	-
- Rate Saver HMO's	\$	289,638
Tier #1 Safety Net	\$	11,200
Tier #2 Safety Net	\$	-
Tier #3 Safety Net	\$	-
Sentinel Benefits Administration Fee	\$	1,296
Retiree		
- Retiree Health Plans	\$	84,025
Life Insurance (\$4.25/mo. x Total Benefited Employees)	\$	1,325
Total Employee Health Benefits	\$	387,484

Water & Sewer Employee Health Benefits Summary

Active		
- Traditional HMO's	\$	-
- Rate Saver HMO's	\$	289,638
Tier #1 Safety Net	\$	11,200
Tier #2 Safety Net	\$	-
Tier #3 Safety Net	\$	-
Sentinel Benefits Administration Fee	\$	1,296
Retiree		
- Retiree Health Plans	\$	84,025
Life Insurance (\$4.25/mo. x Total Benefited Employees)	\$	1,325
Total Employee Health Benefits	\$	387,484

Water & Sewer Enterprise - Active Employees - Rate Saver HMO's

Active Employees

Active Employees Plans:		Individual		Family			
HEALTH PLANS:		Total	Town Share	Total	Town Share	Total Cost	
	\$	%	\$	\$	%	\$	\$
RATE SAVER EPO PLANS:							
Blue Choice							
Monthly Rates (Regular Members)	603.00	90.00%	542.70	1,620.00	80.00%	1,296.00	
			1			1	
Annual Total			\$6,512			\$15,552	\$ 22,064
Fallon Group Direct Care							
Monthly Rates (Regular Members)	485.00	90.00%	436.50	1,305.00	80.00%	1,044.00	
Participants			0			1	
Annual Total			\$0			\$12,528	\$ 12,528
Fallon Group Select Care							
Monthly Rates (Regular Members)	521.00	90.00%	468.90	1,404.00	80.00%	1,123.20	
Participants			0			0	
Annual Total			\$0			\$0	\$ -
Harvard/Pilgrim							
Monthly Rates (Regular Members)	586.00	90.00%	527.40	1,529.00	80.00%	1,223.20	
Participants			5			9	
Annual Total			\$31,644			\$132,106	\$ 163,750
Tufts Navigator							
Monthly Rates (Regular Members)	620.00	90.00%	558.00	1,623.00	80.00%	1,298.40	
Participants			2			5	
Annual Total			\$13,392			\$77,904	\$ 91,296

Premium Cost Summary	Enrollments			
	Single	Family		
Active Health Plans	8	16	\$	289,638
Tier #1 Safety Net			\$	11,200
Tier #2 Safety Net			\$	-
Tier #3 Safety Net			\$	-
Sentinel FSA Costs			\$	1,296
Total Appropriation Needed			\$	302,134

Enrollments as of 12/2011
Rates established on 1/24/2012

Water & Sewer Enterprise - Retiree Health Care

Retirees - Non Medicare Eligible

Active Employees Plans:	Individual			Family			Total Cost
	Total	Town Share		Total	Town Share		
HEALTH PLANS:							
	\$	%	\$	\$	%	\$	\$
RATE SAVER EPO PLANS:							
Blue Choice							
Monthly Rates (Regular Members)	603.00	90.00%	542.70	1,620.00	80.00%	1,296.00	
			0			0	
Annual Total			\$0			\$0	\$ -
Fallon Group Select Care							
Monthly Rates (Regular Members)	521.00	90.00%	468.90	1,404.00	80.00%	1,123.20	
Participants			0			0	
Annual Total			\$0			\$0	\$ -
Harvard/Pilgrim							
Monthly Rates (Regular Members)	586.00	90.00%	527.40	1,529.00	80.00%	1,223.20	
Participants			2			0	
Annual Total			\$12,658			\$0	\$ 12,658
Tufts Navigator							
Monthly Rates (Regular Members)	620.00	90.00%	558.00	1,623.00	80.00%	1,298.40	
Participants			0			2	
Annual Total			\$0			\$31,162	\$ 31,162
Harvard/Pilgrim PPO							
Rates (Regular Members)	1,562.00	50.00%	781.00	3,469.40	50.00%	1,734.70	
Participants			1			0	
Annual Total			\$9,372			\$0	\$ 9,372
Tufts POS							
Monthly Rates (Regular Members)	1,562.00	50.00%	781.00	3,469.40	50.00%	1,734.70	
Participants			0			0	
Annual Total			\$0			\$0	\$ -

Premium Cost Summary	Enrollments			
	Single	Family		
Active Health Plans	3	2	\$	53,191
Tier #1 Safety Net			\$	2,000
Tier #2 Safety Net			\$	-
Tier #3 Safety Net			\$	-
Sentinel FSA Costs			\$	270
Total Appropriation Needed			\$	55,461

Retirees - Medicare Eligible

Senior Plans:	Individual			HEALTH PLANS:	Individual		
	Total	Town Share			Total	Town Share	
HEALTH PLANS:							
	\$	%	\$	\$	%	\$	\$
HPHC Medicare Enhancement				Medex III			
Monthly Rates (Senior Care)	378.00	62.75%	237.20	Monthly Rates (Senior Care)	424.00	61.37%	260.21
Monthly Rates (Senior Care)	415.80	62.75%	260.91	Monthly Rates (Senior Care)	466.40	61.37%	286.23
Participants			2	Participants			4
Total			\$5,977	Total			\$13,115
Fallon Senior Plan				Tufts Medicare Plus			
Monthly Rates (Senior Care)	267.00	68.05%	181.69	Monthly Rates (Senior Care)	317.00	65.20%	206.68
Monthly Rates (Senior Care)	293.70	68.05%	199.86	Monthly Rates (Senior Care)	348.70	65.20%	227.35
Participants			0	Participants			6
Total			\$0	Total			\$7,441
Tufts Medicare Preferred HMO				BCBS Managed Blue for Seniors			
Monthly Rates (Senior Care)	226.00	71.32%	161.18	Monthly Rates (Senior Care)	402.00	61.99%	249.20
Monthly Rates (Senior Care)	248.60	71.32%	177.30	Monthly Rates (Senior Care)	442.20	61.99%	274.12
Participants			1	Participants			0
			\$2,031	Total			\$0

Medicare Eligible Retirees	Enrollments		
	Single	Family	
	13	0	
Total Medicare Eligible Employees (Senior Plans)			\$28,563

Total Retiree Health Care	\$84,025
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Town of Natick

Home of Champions

Department: Enterprise Fund Debt Service - Principal

Year of Issue	Project	Amount Issued	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Issue	Total Outstanding
			Principal	Principal	Principal	Principal	Principal	Principal	Balance	Principal
1998	Water Treatment Plant	\$ 1,175,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 139,000	\$ 419,000
1998	Sewer (Pleasant, Rockwood, etc.)	\$ 285,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 25,000	\$ 85,000
1999	Sewer (Pleasant, Eliot, Union, etc.)	\$ 750,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 105,000	\$ 280,000
1999	Sewer (Union St)	\$ 615,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 25,000	\$ 25,000	\$ 75,000	\$ 215,000
1999	Water (Lakeshore Dr)	\$ 500,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 75,000	\$ 200,000
2000	Water (Lakeshore Dr)	\$ 540,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 100,000	\$ 225,000
2000	Sewer (Boden Ln & Water, Lincoln, etc.)	\$ 1,335,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 160,000	\$ 360,000
2002	Water Meters	\$ 1,800,000	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2002	Water Relining	\$ 700,000	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2002	Water Relining	\$ 1,420,000	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2002	Sewer (Lakeshore Rd)	\$ 430,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 100,000	\$ 200,000
2002	Sewer (Leach Ln)	\$ 210,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 50,000	\$ 100,000
2003	Water Elm Bank *Refunded	\$ 1,375,000	\$ 140,000	\$ 135,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,000
2004	Water Meters	\$ 350,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ 70,000
2005	Sewer I&I (MWRA)	\$ 338,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2006	Sewer (Speen St, Park Ave)	\$ 2,100,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 1,050,000	\$ 1,575,000
2007	Water Treatment (MWPAT) *Refunded	\$ 4,884,838	\$ 227,662	\$ 233,911	\$ 243,023	\$ 250,438	\$ 258,294	\$ 268,041	\$ 2,553,695	\$ 3,807,401
2008	Water Treatment Plant *Refunded	\$ 225,925	\$ 30,000	\$ 30,000	\$ 25,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ -	\$ 105,000
2009	Water Relining	\$ 3,000,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,800,000
2009	Equipment W-9 Backhoe	\$ 90,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	\$ 50,000
2009	Equipment W-29 Dump Truck	\$ 70,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010	Water Relining	\$ 600,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 180,000	\$ 480,000
2010	Springvale Well	\$ 250,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 75,000	\$ 200,000
2010	Reservoir Refurbishment	\$ 500,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 150,000	\$ 400,000
2010	Sewer Pump Station 5	\$ 300,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 90,000	\$ 240,000
2010	Sewer Jet Truck	\$ 250,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 75,000	\$ 200,000
2010	Sewer I&I (MWRA)	\$ 77,385	\$ 15,477	\$ 15,477	\$ 15,477	\$ 15,477	\$ -	\$ -	\$ -	\$ 46,431
2011	Final Phase V	\$ 800,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 470,000	\$ 745,000
Estimated	Final Phase V	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated	Ground Water Wells	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated	Capital Equipment (2011 ATM's)	\$ 150,000	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ 150,000
Estimated	Capital Improvements (2011 ATM's)	\$ 1,130,000	\$ -	\$ 115,800	\$ 115,800	\$ 115,800	\$ 115,800	\$ 115,800	\$ 551,000	\$ 1,130,000
Water and Sewer Enterprise Principal			\$ 1,827,139	\$ 1,514,188	\$ 1,383,300	\$ 1,340,715	\$ 1,323,094	\$ 1,332,841	\$ 6,323,695	\$ 13,217,832
Total Amount Remaining				\$ 13,217,832	\$ 11,703,644	\$ 10,320,344	\$ 8,979,630	\$ 7,656,536	\$ 6,323,695	\$ -



Town of Natick

Home of Champions

Department: Enterprise Fund Debt Service - Interest

Year of Issue	Project	Fiscal Year 2012		Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Issue	Total Outstanding
		Amount Issued	Interest	Interest	Interest	Interest	Interest	Interest	Balance	Interest
1998	Water Treatment Plant	\$ 1,175,000	\$ 22,014	\$ 13,576	\$ 9,775	\$ 8,575	\$ 7,475	\$ 1,425	\$ 1,950	\$ 42,776
1998	Sewer (Pleasant, Rockwood, etc.)	\$ 285,000	\$ 4,454	\$ 3,124	\$ 2,368	\$ 1,118	\$ 878	\$ 638	\$ 79	\$ 8,203
1999	Sewer (Pleasant, Eliot, Union, etc.)	\$ 750,000	\$ 15,264	\$ 8,884	\$ 9,825	\$ 4,075	\$ 3,375	\$ 2,675	\$ 4,855	\$ 33,689
1999	Sewer (Union St)	\$ 615,000	\$ 11,781	\$ 7,957	\$ 3,650	\$ 3,050	\$ 2,500	\$ 2,000	\$ 7,263	\$ 26,419
1999	Water (Lakeshore Dr)	\$ 500,000	\$ 10,903	\$ 7,793	\$ 3,500	\$ 3,000	\$ 2,500	\$ 2,000	\$ 7,263	\$ 26,056
2000	Water (Lakeshore Dr)	\$ 540,000	\$ 12,450	\$ 8,220	\$ 9,050	\$ 3,500	\$ 3,000	\$ 2,500	\$ 8,194	\$ 34,464
2000	Sewer (Boden Ln & Water, Lincoln, etc.)	\$ 1,335,000	\$ 19,920	\$ 10,132	\$ 11,500	\$ 10,600	\$ 4,750	\$ 3,950	\$ 6,690	\$ 47,622
2002	Water Meters	\$ 1,800,000	\$ 8,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2002	Water Relining	\$ 700,000	\$ 3,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2002	Water Relining	\$ 1,420,000	\$ 6,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2002	Sewer (Lakeshore Rd)	\$ 430,000	\$ 10,820	\$ 9,920	\$ 9,000	\$ 8,040	\$ 7,040	\$ 6,040	\$ 21,220	\$ 61,260
2002	Sewer (Leach Ln)	\$ 210,000	\$ 5,410	\$ 4,960	\$ 4,500	\$ 4,020	\$ 3,520	\$ 3,020	\$ 10,610	\$ 30,630
2003	Water Elm Bank *Refunded	\$ 1,375,000	\$ 8,200	\$ 2,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,700
2004	Water Meters	\$ 350,000	\$ 4,200	\$ 2,800	\$ 1,400	\$ -	\$ -	\$ -	\$ -	\$ 4,200
2005	Sewer I&I (MWRA)	\$ 338,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2006	Sewer (Speen St, Park Ave)	\$ 2,100,000	\$ 66,150	\$ 62,081	\$ 58,144	\$ 54,206	\$ 50,138	\$ 45,938	\$ 262,369	\$ 532,875
2007	Water Treatment (MWPAT) *Refunded	\$ 4,884,838	\$ 106,425	\$ 100,177	\$ 91,065	\$ 83,651	\$ 75,936	\$ 123,775	\$ 217,563	\$ 692,167
2008	Water Treatment Plant *Refunded	\$ 225,925	\$ 4,550	\$ 3,575	\$ 2,600	\$ 1,788	\$ 1,088	\$ 563	\$ 563	\$ 10,175
2009	Water Relining	\$ 3,000,000	\$ 81,375	\$ 66,375	\$ 56,250	\$ 45,750	\$ 34,875	\$ 23,625	\$ 35,625	\$ 262,500
2009	Equipment W-9 Backhoe	\$ 90,000	\$ 2,313	\$ 1,813	\$ 1,475	\$ 1,125	\$ 763	\$ 388	\$ 388	\$ 5,950
2009	Equipment W-29 Dump Truck	\$ 70,000	\$ 750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010	Water Relining	\$ 600,000	\$ 14,700	\$ 13,500	\$ 12,150	\$ 10,650	\$ 9,150	\$ 7,500	\$ 9,900	\$ 62,850
2010	Springvale Well	\$ 250,000	\$ 6,125	\$ 5,625	\$ 5,063	\$ 4,438	\$ 3,813	\$ 3,125	\$ 4,128	\$ 26,191
2010	Reservoir Refurbishment	\$ 500,000	\$ 12,250	\$ 11,250	\$ 10,125	\$ 8,875	\$ 7,625	\$ 6,250	\$ 8,250	\$ 52,375
2010	Sewer Pump Station 5	\$ 300,000	\$ 7,350	\$ 6,750	\$ 6,075	\$ 5,325	\$ 4,575	\$ 3,750	\$ 4,950	\$ 31,425
2010	Sewer Jet Truck	\$ 250,000	\$ 6,125	\$ 5,625	\$ 5,063	\$ 4,438	\$ 3,813	\$ 3,125	\$ 4,128	\$ 26,191
2010	Sewer I&I (MWRA)	\$ 77,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2011	Phase V	\$ 800,000	\$ 25,725	\$ 24,625	\$ 22,975	\$ 21,325	\$ 19,675	\$ 16,925	\$ 75,225	\$ 180,750
Estimated	Final Phase V	\$ -	\$ 6,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated	Ground Water Wells	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated	Capital Equipment (2011 ATM's)	\$ 150,000	\$ -	\$ 5,250	\$ 4,200	\$ 3,150	\$ 2,100	\$ 1,050	\$ -	\$ 15,750
Estimated	Capital Improvements (2011 ATM's)	\$ 1,130,000	\$ -	\$ 39,550	\$ 35,497	\$ 31,444	\$ 27,391	\$ 23,338	\$ 56,882	\$ 214,102
Estimated	BANs and Issue Costs	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ 125,000
Water and Sewer Enterprise Interest			\$ 514,079	\$ 451,262	\$ 400,248	\$ 347,141	\$ 300,977	\$ 308,598	\$ 748,092	\$ 2,556,319

Total Amount Remaining	\$ 2,556,319	\$ 2,105,057	\$ 1,704,809	\$ 1,357,667	\$ 1,056,690	\$ 748,092	\$ -
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Summary of Debt - Water & Sewer Enterprise Fund								
	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Issue	Total
Water & Sewer Enterprise Fund Principal	\$ 1,827,139	\$ 1,514,188	\$ 1,383,300	\$ 1,340,715	\$ 1,323,094	\$ 1,332,841	\$ 6,323,695	\$ 13,217,832
Water & Sewer Enterprise Fund Interest	\$ 514,079	\$ 451,262	\$ 400,248	\$ 347,141	\$ 300,977	\$ 308,598	\$ 748,092	\$ 2,556,319
Total Annual Debt Service	\$ 2,341,218	\$ 1,965,450	\$ 1,783,548	\$ 1,687,856	\$ 1,624,071	\$ 1,641,439	\$ 7,071,787	\$ 15,774,151
Total Amount Remaining	\$ -	\$ 15,774,151	\$ 13,808,701	\$ 12,025,153	\$ 10,337,297	\$ 8,713,226	\$ 7,071,787	\$ -



Town of Natick

Home of Champions

Department: Water & Sewer Operations

Indirect Cost Allocations

PERCENTAGE ALLOCATIONS	PERSONNEL	FRINGE	EXPENSES	TOTAL
DPW ADMINISTRATION	\$ 80,715	\$ 31,162	\$ 14,876	\$ 126,753
BUILDING MAINTENANCE	\$ 48,217	\$ 18,616	\$ 56,238	\$ 123,071
ENGINEERING SERVICES	\$ 193,907	\$ 74,863	\$ 50,100	\$ 318,870
GIS SERVICES	\$ (48,292)	\$ (18,644)	\$ -	\$ (66,936)
EQUIPMENT MAINTENANCE	\$ 175,200	\$ 67,641	\$ 90,635	\$ 333,476
HIGHWAY MAINTENANCE	\$ 131,860	\$ 50,908	\$ 184,715	\$ 367,483
PUBLIC SAFETY	256,985	99,216	13,689	\$ 369,890
FINANCIAL / ADMINISTRATIVE	323,909	125,054	170,620	\$ 619,583
DEBT SERVICE	-	-	69,626	\$ 69,626
PROPERTY INSURANCE	-	-	208,383	\$ 208,383
ENERGY	-	-	111,315	\$ 111,315
SUBTOTAL - GENERAL FUND	1,162,501	448,816	970,197	\$ 2,581,514

Notes:

Indirect Costs are based upon the Previous Fiscal Year's (FY 2012) Final Appropriated Budget.

Please remember that Town Meeting does not appropriate these - the action taken is to approve these.

Appropriation occurs within the respective budgets listed above.



Town of Natick

FY 2013-2017 Capital Plan Summary

2012 Spring Annual Town Meeting

Attachment C

Department	Project Title	2013	Spring	Fall	Cash	Debt		
Enterprise Funds								
Water/Sewer Enterprise Fund						Ret. Earn.	Debt	
WATER SEWER ENTERPRISE	UPGRADE FORCE MAIN BRADFORD / PAMELA	2100000		2100000		450000	1650000	
WATER SEWER ENTERPRISE	REPLACE GROUND WATER WELLS	300000		300000			300000	
WATER SEWER ENTERPRISE	H & T FILTER MODIFICATION	200000		200000			200000	
WATER SEWER ENTERPRISE	REPLACE W-22 (DUMP TRUCK)	180000	180000			180000		
WATER SEWER ENTERPRISE	MWRA SEWER MAIN RELINING (5-year)	357900		357900		0	357900	
WATER SEWER ENTERPRISE	PINE OAKS WELLS REPLACE MCC	150000		150000		150000		
WATER SEWER ENTERPRISE	REPLACE W-14 (BACKHOE)	135000	135000			135000		
WATER SEWER ENTERPRISE	SPRINGVALE FLUORIDE UPGRADE	100000	100000			100000		
WATER SEWER ENTERPRISE	SEWER MAIN ON COTTAGE & ROCKLAND STREET	75000		75000		75000		
WATER SEWER ENTERPRISE	REPLACE W-28 (TRUCK W/PLOW)	46000			46000	46000		
WATER SEWER ENTERPRISE	REPLACE W-25 (TRUCK)	46000	46000			46000		
WATER SEWER ENTERPRISE	REPLACE W-21 (1 TON WORK TRUCK)	40000			40000	40000		
WATER SEWER ENTERPRISE	REPLACE PUMP 4M SEWER STATION	35000	35000			35000		
Total Water/Sewer Enterprise Fund		3764900	496000	3182900	86000	0	1257000	2507900
Funding Analysis								
Water/Sewer Debt						\$	2,507,900	
Retained Earnings						\$	1,257,000	
Total Water/Sewer Capital FY 2013						\$	3,764,900	



Town of Natick

FY 2013-2017 Capital Plan Summary

2012 Spring Annual Town Meeting

Attachment D

Department	Project Title	2013	2014	2015	2016	2017	Total
Enterprise Funds							
Water/Sewer Enterprise Fund							
WATER SEWER ENTERPRISE	UPGRADE FORCE MAIN BRADFORD & PAMELA	210000	0	0	0	0	210000
WATER SEWER ENTERPRISE	REPLACE GROUND WATER WELLS	300000	300000	300000	0	0	900000
WATER SEWER ENTERPRISE	H & T FILTER MODIFICATION	200000	0	0	0	0	200000
WATER SEWER ENTERPRISE	REPLACE W-22 (DUMP TRUCK)	160000	0	0	0	0	160000
WATER SEWER ENTERPRISE	SEWER MAIN RELINING	150000	150000	150000	150000	150000	750000
WATER SEWER ENTERPRISE	PINE OAKS WELLS REPLACE MCC	150000	0	0	0	0	150000
WATER SEWER ENTERPRISE	REPLACE W-14 (BACKHOE)	125000	0	0	0	0	125000
WATER SEWER ENTERPRISE	SPRINGVALE FLUORIDE UPGRADE	100000	0	0	0	0	100000
WATER SEWER ENTERPRISE	SEWER MAIN ON COTTAGE & ROCKLAND STREET	75000	0	0	0	0	75000
WATER SEWER ENTERPRISE	REPLACE W-28 (TRUCK W/PLOW)	46000	0	0	0	0	46000
WATER SEWER ENTERPRISE	REPLACE W-25 (TRUCK)	46000	0	0	0	0	46000
WATER SEWER ENTERPRISE	W-21 CALL TRUCK 1 TON WORK TRUCK	40000	0	0	0	0	40000
WATER SEWER ENTERPRISE	REPLACE PUMP 4M SEWER STATION	35000	0	0	0	0	35000
WATER SEWER ENTERPRISE	RUNNING BROOK/VESTA RD PUMP STATION	0	500000	0	0	0	500000
WATER SEWER ENTERPRISE	WATER METER RADIO TRANSMITTERS	0	200000	200000	200000	0	600000
WATER SEWER ENTERPRISE	TOWN FOREST RESERVOIR ROOF COATING	0	160000	0	0	0	160000
WATER SEWER ENTERPRISE	VFD INSTALLS & CONTROLS	0	150000	150000	0	0	300000
WATER SEWER ENTERPRISE	TRAVIS ROAD GENERATOR	0	150000	0	0	0	150000
WATER SEWER ENTERPRISE	PRIME PARK PUMP STATION WALL REPAIR	0	140000	0	0	0	140000
WATER SEWER ENTERPRISE	GENERATOR BRADFORD RD & GRINDER PUMP	0	125000	0	0	0	125000
WATER SEWER ENTERPRISE	INSTALL GRINDER PUMP HEALTH CENTER	0	65000	0	0	0	65000
WATER SEWER ENTERPRISE	REPLACE W-1 (VEHICLE)	0	30000	0	0	0	30000
WATER SEWER ENTERPRISE	W-12 AIR COMPRESSOR	0	30000	0	0	0	30000
WATER SEWER ENTERPRISE	REPLACE W-16 (BACKHOE)	0	0	125000	0	0	125000
WATER SEWER ENTERPRISE	REPLACE CONTROL VALVES TONKA AND H&T FILTERS	0	0	100000	0	0	100000
WATER SEWER ENTERPRISE	BOOSTER PUMP - GLENRIDGE	0	0	0	250000	0	250000
WATER SEWER ENTERPRISE	REPLACE W-23 (DUMP TRUCK)	0	0	0	160000	0	160000
WATER SEWER ENTERPRISE	W-4 RANGER	0	0	0	21000	0	21000
WATER SEWER ENTERPRISE	ROUTE 30 WATER MAIN LOOP	0	0	0	0	0	0
WATER SEWER ENTERPRISE	CAPT TOM'S BOOSTER PUMP	0	0	0	0	0	0
WATER SEWER ENTERPRISE	SPRINGVALE TONKA FILTER MEDIA REPLACEMENT	0	0	0	0	0	0
WATER SEWER ENTERPRISE	WATER MAIN RELINING PHASE 6	0	0	0	0	0	0
Total Water/Sewer Enterprise Fund		3527000	2000000	1025000	781000	150000	7483000



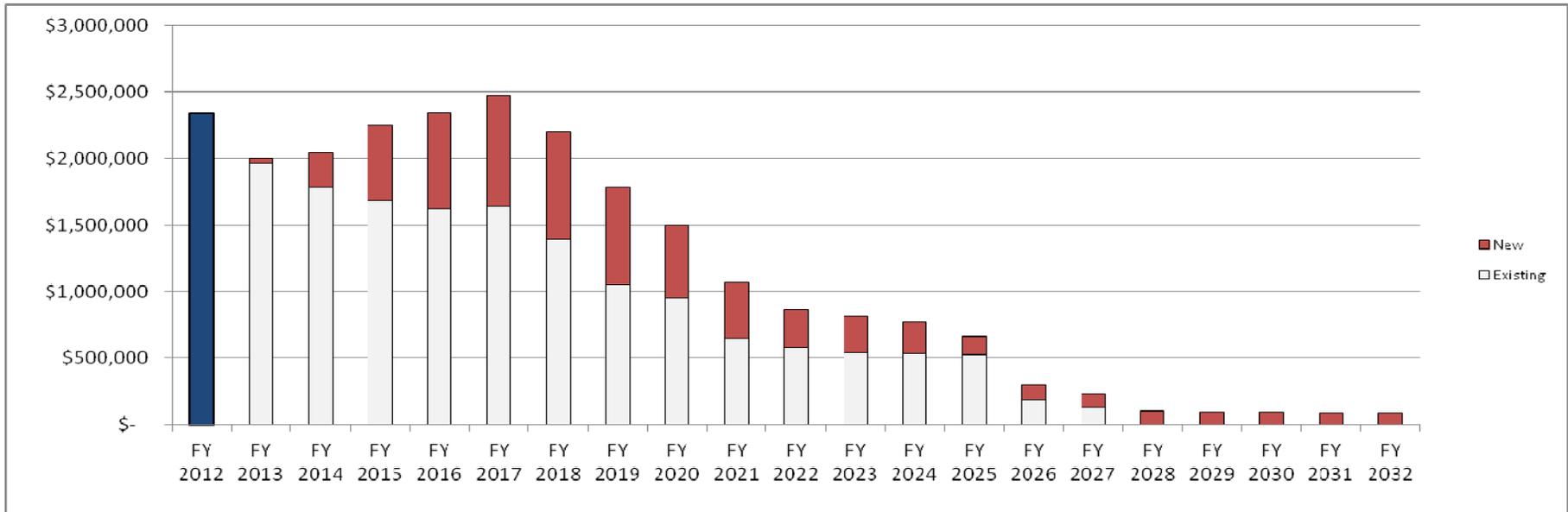
Town of Natick

Water/Sewer Rates - FY 2013 (Proposed)

Appendix D - FY 2013-2017 Capital Plan & Debt Analysis

Appendix D

The analysis shown below is a composite forecast of Water/Sewer Enterprise Debt for the next 20 years. Existing projects are shown below, while new/forecast projects & issuances are shown in above each year. All new debt is forecast to be issued at between 3.5%-4.0% interest, with equipment issued for 5 year terms and improvement issued for between 10-20 years. This is only for discussion purposes, and it is very likely debt would be issued to maximize the best rates and gaps available in the rate structure.



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Existing	\$ 2,341,218	\$ 1,965,450	\$ 1,783,548	\$ 1,687,856	\$ 1,624,071	\$ 1,641,439	\$ 1,396,443	\$ 1,048,686	\$ 948,748	\$ 653,270	\$ 577,305
New	\$ -	\$ 37,625	\$ 260,881	\$ 565,604	\$ 721,586	\$ 831,729	\$ 805,231	\$ 739,434	\$ 551,656	\$ 420,499	\$ 287,081
Total	\$ 2,341,218	\$ 2,003,075	\$ 2,044,429	\$ 2,253,460	\$ 2,345,658	\$ 2,473,167	\$ 2,201,675	\$ 1,788,120	\$ 1,500,405	\$ 1,073,769	\$ 864,386
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Existing	\$ 577,305	\$ 537,162	\$ 532,612	\$ 525,521	\$ 188,300	\$ 132,194					
New	\$ 287,081	\$ 278,104	\$ 239,651	\$ 137,644	\$ 104,156	\$ 101,269	\$ 98,381	\$ 95,494	\$ 92,606	\$ 89,719	\$ 86,831
Total	\$ 864,386	\$ 815,265	\$ 772,263	\$ 663,165	\$ 292,457	\$ 233,463	\$ 98,381	\$ 95,494	\$ 92,606	\$ 89,719	\$ 86,831

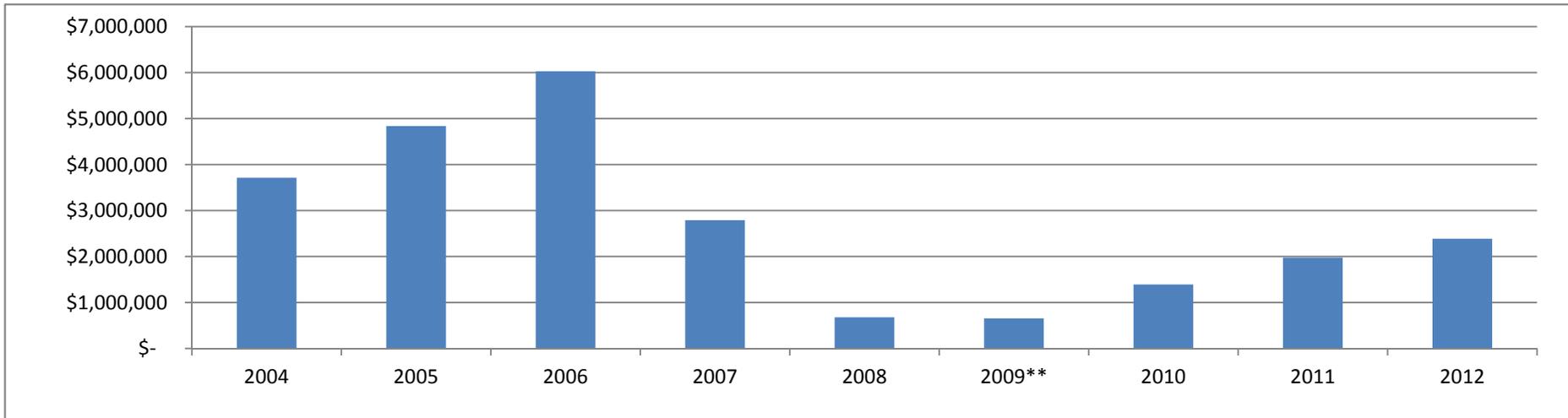


Town of Natick

Water/Sewer Ratesetting - FY 2013
Retained Earnings History*

Attachment E

This attachment provides a history of the retained earnings for the Water/Sewer enterprise fund.



Fiscal Year	2004	2005	2006	2007	2008	2009**	2010	2011	2012
Effective Date of Certification	7/1/2003	7/1/2004	7/1/2005	7/1/2006	7/1/2007	7/1/2008	7/1/2009	7/1/2010	7/1/2011
Certified Retained Earnings	\$ 3,712,973	\$ 4,835,052	\$ 6,024,895	\$ 2,791,973	\$ 682,304	\$ 656,440	\$ 1,390,829	\$ 1,980,622	\$ 2,386,297

Notes:

*All retained earnings certified by the Mass. Department of Revenue effective July 1st of the year shown.

**FY 2008 certified retained earnings shown. This number was originally certified at \$1,331,440.

However, subsequent review by staff found errors in that certification, forcing a reduced amount of \$656,440.



Town of Natick

Water/Sewer Rates - FY 2013

MWRA Assessment History

Attachment F

Summary:

This table shows the MWRA Assessment for the Town of Natick for the last 9 fiscal years. The budgeted amount/Town meeting appropriation is shown above and the actual assessment is shown below.

Preliminary assessments are available around February 1st of each year. This amount serves as a planning number during the budget process. Around April 15th, a revised assessment is available from the MWRA, but does not become final until June. This is the reason for the discrepancy between the Town Meeting vote and the actual assessment.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
TM Vote	\$ 3,602,225	\$ 3,917,765	\$ 3,917,765	\$ 4,393,956	\$ 4,550,782	\$ 4,052,855	\$ 4,356,819	\$ 4,388,595	\$ 4,493,598
Assessment	\$ 3,625,909	\$ 3,777,540	\$ 3,895,604	\$ 4,065,734	\$ 3,993,631	\$ 3,941,631	\$ 4,219,801	\$ 4,346,280	\$ 4,460,551
Difference	\$ (23,684)	\$ 140,225	\$ 22,161	\$ 328,222	\$ 557,151	\$ 111,224	\$ 137,018	\$ 42,315	\$ 33,047



Town of Natick

Water/Sewer Rates - FY 2013

Appendix G - Indirect Charges History - FY 2007-2013

Attachment G

This attachment provides a six-year history of general fund, water/sewer enterprise and indirect charges for the Town of Natick.

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
General Fund Budget	\$ 96,127,026	\$ 99,219,463	\$ 102,992,739	\$ 103,904,157	\$ 106,958,773	\$ 118,267,009	\$ 118,238,296
Increase from year-to-year	3.74%	3.22%	3.80%	0.88%	2.94%	10.57%	-0.02%
Water Sewer Budgets	\$ 9,643,700	\$ 10,083,778	\$ 10,207,292	\$ 10,673,650	\$ 10,787,740	\$ 10,830,952	\$ 10,820,872
Increase from year-to-year	5.86%	4.56%	1.22%	4.57%	1.07%	0.40%	-0.09%
Indirect Charges							
DPW ADMINISTRATION	\$ 136,443	\$ 140,922	\$ 149,508	\$ 138,329	\$ 93,371	\$ 122,675	\$ 126,753
BUILDING MAINTENANCE	\$ 196,786	\$ 115,671	\$ 122,956	\$ 125,907	\$ 124,412	\$ 112,618	\$ 123,071
ENGINEERING SERVICES	\$ 320,523	\$ 334,638	\$ 361,715	\$ 364,839	\$ 394,794	\$ 318,870	\$ 318,870
GIS SERVICES		\$ (57,217)	\$ (56,308)	\$ (62,896)	\$ (64,937)	\$ (66,936)	\$ (66,936)
EQUIPMENT MAINTENANCE	\$ 478,352	\$ 365,109	\$ 389,071	\$ 384,479	\$ 379,595	\$ 328,142	\$ 333,476
HIGHWAY MAINTENANCE	\$ 136,325	\$ 137,700	\$ 141,577	\$ 134,745	\$ 173,236	\$ 363,134	\$ 367,483
PUBLIC SAFETY	\$ 307,323	\$ 317,591	\$ 342,625	\$ 321,431	\$ 336,034	\$ 374,211	\$ 369,890
FINANCIAL / ADMINISTRATIV	\$ 534,908	\$ 562,822	\$ 596,211	\$ 563,180	\$ 544,238	\$ 593,844	\$ 619,583
DEBT SERVICE	\$ 90,544	\$ 87,440	\$ 82,811	\$ 80,058	\$ 79,894	\$ 69,626	\$ 69,626
PROPERTY INSURANCE	\$ 149,430	\$ 153,164	\$ 165,416	\$ 198,460	\$ 198,460	\$ 208,383	\$ 208,383
ENERGY	\$ -	\$ 221,752	\$ 250,762	\$ 257,884	\$ 190,660	\$ 111,314	\$ 111,315
GENERAL FUND INDIRECTS	\$ 2,350,634	\$ 2,379,592	\$ 2,546,344	\$ 2,506,416	\$ 2,449,757	\$ 2,535,882	\$ 2,581,514
Increase from year-to-year	6.39%	1.23%	7.01%	-1.57%	-2.26%	3.52%	1.80%



Town of Natick

Water/Sewer Rates - FY 2013 (Proposed)
Usage History

Attachment H

This attachment provides a six-year history of gross usage in the water/sewer enterprise fund. Amounts shown are in Hundred Cubic Feet (HCF). The most significant change from prior years is the sharp decline in the average for a WSM (Single-Family Residential) Water & Sewer joint user. This is due to the change in policy to average all multi-unit properties - thus there is a significant rise in the total number of Water & Sewer users.

Based on FY2006 Use

CODE	USE	AVERAGE
ELD	7,357	14.48
ELW	1,768	15.24
IRR*	199,534	97.57
PIT	9,719	359.96
SEW	15,492	336.78
WAT	200,574	35.65
WSM	1,153,965	31.34
Total	1,588,409	

Based on FY2007 Use

CODE	USE	AVERAGE
ELD	6,972	13.67
ELW	1,726	14.63
IRR*	129,355	62.92
PIT	12,987	618.43
SEW	11,607	154.76
WAT	174,904	30.6
WSM	1,047,889	26.07
Total	1,385,440	

Based on FY2008 Use

CODE	USE	AVERAGE
ELD	7,379	14.64
ELW	1,986	14.71
IRR*	229,183	110.77
PIT	16,186	735.73
SEW	20,942	265.09
WAT	169,441	27.8
WSM	1,183,085	29.33
Total	1,628,202	

Based on FY2009 Use

CODE	USE	AVERAGE
ELD	6,434	14.27
ELW	1,274	11.80
IRR*	160,116	76.79
PIT	11,746	587.30
SEW	13,229	171.81
WAT	136,178	24.84
WSM	1,080,467	28.54
Total	1,409,444	

Based on FY2010 Use

CODE	USE	AVERAGE
ELD	5,621	14.34
ELW	1,014	12.07
IRR*	115,156	55.15
PIT	2,067	516.75
SEW	12,157	209.60
WAT	130,920	25.44
WSM	1,155,285	31.62
Total	1,422,220	

Based on FY2011 Use

CODE	USE	AVERAGE
ELD	5,710	14.87
ELW	1,076	13.62
IRR*	171,645	79.10
PIT#		
SEW	7,441	130.54
WAT	146,227	24.42
WSM	1,076,828	17.92
Total	1,408,927	

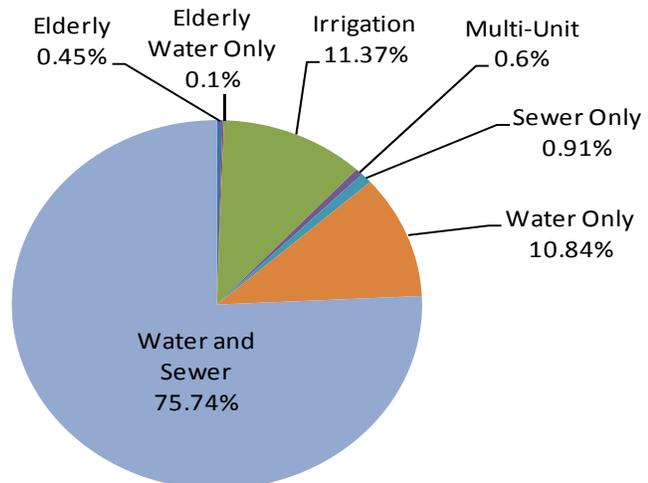
* Annual Use (all others represent average quarterly use.)

PIT meters are now averaged

Six-year Average

CODE	USE	AVERAGE
ELD	6,579	14.38
ELW	1,474	13.68
IRR	167,498	80.38
PIT	8,784	563.63
SEW	13,478	211.43
WAT	159,707	28.13
WSM	1,116,253	27.47
Total	1,473,774	

Percentage Breakout of Use Types





To protect the Water & Sewer Enterprise Fund's financial stability and to ensure the availability of adequate financial resources in times of emergency, it is essential that policies regarding the enterprise fund's financial management be adopted and adhered to in the preparation and implementation of the operating and capital budgets.

1) Reserves

Maintaining adequate reserves is a fundamental principle of sound financial management. Although there is no standardized reserve policy guidance for enterprise funds in Massachusetts, industry practice would suggest the following:

- a) Retained Earnings (as certified by the Mass. Department of Revenue *eff. July 1* of each fiscal year) shall serve as the principle reserves for the Water & Sewer Enterprise Funds.
- b) Retained Earnings balance should be at least 10% of the gross revenues of the Water & Sewer Enterprise Fund after accounting for planned draws in any fiscal year (e.g. capital purchases).
- c) Reserves can be used for any lawful purpose, but serve primarily to provide financial security in case of catastrophic and unforeseen events, or capital and asset renewal and replacement.
- d) Reserves should not be used to subsidize ongoing operations, whenever possible.

2) Capital

In order to preserve the Town's fixed asset base and ensure that Water and Sewer facilities, and equipment efficiently and effectively support the Town's programs and operations, the Town should provide consistent and stable funding sources for the timely and periodic renewal and/or replacement of water/sewer infrastructure, vehicles and equipment. To that end:

- a) **Methods of Financing:** Generally, the Town should finance all vehicles, equipment and infrastructure with a useful life less than 10 years out of its Retained Earnings. For those vehicles, equipment and infrastructure with a useful life greater than 10 years, the town should consider borrowing as per the regulations set forth under M.G.L. Ch. 44 Sec. 7 & 8 and/or any other applicable laws, if sufficient Retained Earnings are not available.
- b) **Debt Management:** When borrowing is necessary to finance a capital improvement, the Town Finance Director shall seek to issue bonds in such way as to minimize issuance and interest costs while achieving the best terms for the financial betterment of the Enterprise Fund.
- c) **Capital Planning:** All capital projects funded through the Enterprise Fund must be part of the agreed to and adopted 5-year Capital Improvement Plan.
- d) **Roadway Improvement:** Any disruption caused of a paved surface as a result of Water & Sewer Infrastructure Improvements shall be restored as part of the Water & Sewer project and paid for out of revenues of the Water & Sewer Enterprise Fund.

3) Rate Structures

- a) The Town of Natick should continue its established practice of ascending or inclined block rates for water usage in order to promote conservation.
- b) Rates should be proposed and adopted sufficient to cover all costs incurred during the fiscal year with the exception of catastrophic events. Mid-year rate modifications should be avoided whenever possible.

4) Indirect Costs

- a) Indirect costs shall be reviewed at regular intervals to ensure that they are reasonable to the services being provided by the General Fund in support of Water & Sewer Operations.

These policies should be reviewed at regular intervals for their effectiveness and continued improvement.