

Town of Natick

FY 2014 Water & Sewer Rate Recommendations

Martha White, Town Administrator
May 6, 2013



Town of Natick

2014 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 & FY 2013 in Review

Fiscal Year 2013 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 third year in a row, FY 2012 usage decreased when compared to the previous year. However, preliminary (because the year is NOT final) FY 2013 usage estimates indicate usage will be greater than FY 2012 and approaching the 1.4 million hundred cubic feet level last seen in FY 2011. Detailed actual usage for FY 2006-2012 is shown in the table below, (and in greater detail in Attachment H).

Water & Sewer Usage (in Hundred Cubic Feet)

FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY2011	FY 2012	Average
1,588,409	1,385,440	1,628,202	1,409,444	1,422,220	1,408,927	1,329,410	1,453,150

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.

FY 2012 was a difficult year for the Water & Sewer system. As has been explained in depth via Article 21 of the 2013 Spring Annual Town Meeting, staff was surprised by the performance of

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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the fund in FY 2012, especially with significantly reduced revenues compared to budgeted estimates. Although the Town budgeted \$13,724,776 for total revenues in FY 2012, only \$12,719,513 was collected – a shortfall of almost a million dollars.

The reasons for the revenue shortfall were numerous: 1) A combination of the water ban when rain was scarce and then a subsequent arrival of Hurricane Irene lowered overall usage by over 5% from the prior fiscal year and the lowest usage total for the last 6 years. 2) Several large accounts which had consumed large amounts of water in previous years took steps to promote water conservation and thus did not consume and pay for water in FY 2012 like they had in previous years. 3) Finally, the affect of averaging condominiums and apartment buildings was fully implemented in FY 2012, causing lower than anticipated collections from those previously high-revenue generation complexes. In a fund of more than \$13,000,000, a million shortfall is not sustainable and a cause for concern.

Town Meeting affirmed the recommendation of staff and the Water & Sewer Commission by rescinding \$375,000 worth of capital projects funded by Retained Earnings. This rescission will strengthen the fund and should restore retained earnings close to the recommended level of the Water & Sewer Financial Principles (see Attachment I).

FY 2013 Operational Impacts

Although rates and fees were set to in order to collect \$14,286,504 in revenue in FY 2013, staff believes that target will not be reached. Although this is concerning given last year’s revenue shortfall, we believe that the severity of the shortfall will not be as extreme as FY 2012. It is not unusual for the water & sewer enterprise fund to fall short of revenue targets:

	2010	2011	2012
Budget	\$ 13,530,366	\$ 13,549,497	\$ 13,724,776
Actual	\$ 13,398,019	\$ 13,432,875	\$ 12,719,513
Difference - Budget to Actual	\$ (132,347)	\$ (116,622)	\$ (1,005,263)

The projection for year end is shown on the next page.



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	2013	2013	Budget vs. Actual	
	Appropriated	Projection	\$	%
Water/Sewer Enterprise Fund				
Revenues				
User Charges	12,143,096	11,866,552	\$ (276,544)	-2.28%
Connection Fees*	114,290	227,045	\$ 112,755	98.66%
Other Departmental Income	1,120,000	841,792	\$ (278,208)	-24.84%
Investment Income	25,000	20,000	\$ (5,000)	-20.00%
Capital Article Closeouts	-	-	\$ -	#DIV/0!
I&I fund	39,369	39,369	\$ -	0.00%
Retained Earnings	1,291,746	1,291,746	\$ -	0.00%
Total Revenues	14,733,501	14,286,504	\$ (446,997)	-3.03%
Expenses				
Water & Sewer Operations	7,798,124	7,213,625	\$ (584,499)	-7.50%
Utility Billing	233,568	233,568	\$ -	0.00%
Fringe Benefits	652,593	652,593	\$ -	0.00%
Debt Service	2,096,702	2,096,702	\$ -	0.00%
Reserve Fund	200,000	50,000	\$ (150,000)	-75.00%
Indirects (included in G/F)	2,581,514	2,581,514	\$ -	0.00%
Capital	1,171,000	796,000	\$ (375,000)	-32.02%
Total Expenses	14,733,501	13,624,002	\$ (1,109,499)	-7.53%
Surplus / (Deficit)		662,502		

However, expenses are projected to be significantly under budget. These reductions in expenditures (or “turnbacks”) are forecast to be slightly over \$1,100,000. Although operational turnbacks, the largest portion of these reductions and the most subject to change, we are confident that the majority of the reserve fund and definitively \$375,000 from capital will be turned back at year-end.

It should be noted, that with close to two months of the fiscal year remaining, final collections and expenses will change from those shown here.

FY 2014 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



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2014 Water/Sewer Rate Setting

incentive to the commissioners and the operators to make sure that operations are as efficient and cost effective as possible.

For FY 2014, the proposed operating and capital budget for the Water/Sewer Enterprise Fund is \$13,644,879 or a decrease of 7.39%.

	2011 Actual	2012 Actual	2013 Appropriated	2014 Recommended	2013 vs. 2014 \$ %	
Water/Sewer Enterprise Fund						
Revenues						
User Charges	12,353,351	11,127,657	12,143,096	12,307,879	164,783	1.36%
Connection Fees	104,470	71,064	114,290	70,000	(44,290)	-38.75%
Other Departmental Income	758,698	1,100,812	1,120,000	1,100,000	(20,000)	-1.79%
Investment Income	66,356	19,980	25,000	20,000	(5,000)	-20.00%
Capital Article Closeouts	150,000	-	-	-	-	#DIV/0!
I & I Fund	-	-	39,369	-	(39,369)	-100.00%
Retained Earnings	-	410,000	1,291,746	147,000	(1,144,746)	-88.62%
Total Revenues	13,432,875	12,729,513	14,733,501	13,644,879	(1,088,622)	-7.39%
Expenses						
Water & Sewer Operations	7,021,847	7,743,788	7,798,124	7,971,946	173,822	2.23%
Utility Billing	167,179	224,318	233,568	237,383	3,815	1.63%
Fringe Benefits	627,467	675,431	652,593	682,834	30,241	4.63%
Debt Service	2,287,229	1,800,816	2,096,702	2,082,138	-14,564	-0.69%
Reserve Fund	0	200,000	200,000	200,000	0	0.00%
Indirects (included in G/F)	2,449,757	2,535,885	2,581,514	2,323,579	-257,935	-9.99%
Capital	312,000	410,000	1,171,000	147,000	-1,024,000	-87.45%
Total Expenses	12,865,480	13,590,238	14,733,501	13,644,879	-1,088,622	-7.39%

Although the combined operating and capital budget is decreasing by 7.39%, the vast majority of the decrease is due to a sizeable drop in cash funded (retained earnings) reduction in capital spending. The other notable differences are as follows:

- a) Increase in the MWRA Assessment of \$182,571: 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 \$182,571 increase (or 3.9% over the FY 2013 Assessment) is slightly higher than the previous year’s increase. However, this rate of increase may rise 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.



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- b) Decrease in Indirect Costs: Indirect costs are decreasing by 10.00% or nearly \$258,000. The decrease in indirect costs are part of a three-year plan to lower all overall indirect costs by nearly 20%. A careful review of all indirect cost allocations by staff found that while the assessments are defensible, many are too high and not realistic for the purpose of properly accounting for the cost of administrative overhead. The goal is to lower overall indirects to between 18-20% of the cost of the fund. Staff hopes to achieve this by end of FY 2016.
- c) Benefit Cost Increases: Fringe benefits will be increasing by \$30,241 or 4.63% as a result of health care rate increases and a higher pension assessment.
- d) Decreased Debt Service: For the third year in a row debt service in FY 2014 is forecast to drop. The reduction is nominal - \$14,564 or 0.69% - and 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 adjustments to debt service will take place at the 2013 Fall Annual Town Meeting.

Overall, although expenses are dropping by more than \$1 million, one-time revenue sources (namely retained earnings) are dropping by more than \$1.1 million and a rate increase is necessary.



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Section II: Rate Recommendations

3.5% Rate Increase



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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 2013. 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.

In comparison to last year, the proposed collection rate been reduced to 92% from 93.2% to represent what we actually collect. Although we bill and will eventually collect 100% of what we read from meters, the Finance Department has consistently reported that between 7-8% of bills are not paid on time, thus delaying the receipt of that collection to a future fiscal year, often through a tax lien.

For FY 2014, staff has prepared one rate option for the Board of Selectmen to consider:

- 1) **3.5% Rate Increase:** This option proposes a 3.5% rate increase on all tiers and rate categories. It leaves the current rate structure - complete with all connection fees and tiering otherwise the same. It also adds a vacancy rate to averaged properties of 5%.

This rate increase has two major components. First, the increase of 3.5% across all rate blocks and tiers is designed to equitably raise the costs of water & sewer services for all users. It is anticipated to raise an additional \$329,000. The second increase is the implementation of a vacancy rate of 5% for multi-unit averaged dwelling units. As commissioners may remember, from FY 2009-2011, the Town implemented a phased



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averaging of all multi-unit dwellings in the Town of Natick. This was designed to create a fairer and more equitable rate structure for all rate-payers, and it has largely worked. An apartment dweller or condominium owner should now be paying either tier 1 or tier 2 water rates, comparable to what a single-metered and single-family home pays. But the method of averaging the Town uses does not take into account factor for the reality of the real estate market. Thus we are proposing adding a vacancy rate for multi-unit complexes. This is something we do when evaluating the value of such properties for tax purposes, and the Assessor's office has validated that larger multi-unit dwellings in Natick maintain a 5% vacancy rate. We suggest that this factor be applied to larger multi-unit dwellings to accurately reflect actual cost of water per unit in multi-unit complexes. We estimate this will raise approximately \$80,000 in FY 2014.

Overall, we believe that these changes will raise an additional \$429,000 for the fund in FY 2014.

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 2014-2018 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 2014 (Proposed)
3.5% Rate Increase

Option: 3.5% Rate Increase

Summary

This option proposes a 3.5% rate increase on all tiers and rate categories. It leaves the current rate structure - complete with all connection fees, and tiering otherwise the same. It also adds a vacancy rate to averaged multi-unit developments of 5%.

This option covers all anticipated costs of the Water & Sewer Enterprise Fund, and will build Retained Earnings.

Summary of Budgeted Expenditures & Revenues

	FY13	FY14	FY13 - FY14 \$ Difference	FY13 - FY14 % Change
Revenue Summary				
Water & Sewer Fees	12,143,096	12,552,396	409,300	3.37%
Connection Fees	114,290	70,000	(44,290)	-38.75%
Investment Income	25,000	20,000	(5,000)	-20.00%
Betterments				
Misc. Fees	1,120,000	1,100,000	(20,000)	-1.79%
Revenue from Liens				
I&I Funds	39,369		(39,369)	-100.00%
Water & Sewer Retained Earnings	1,291,746	147,000	(1,144,746)	-88.62%
TOTAL WATER & SEWER RECEIPTS	\$ 14,733,501	\$ 13,889,396	(844,105)	-5.73%
Expenditure Summary				
	FY12	FY13	FY12 - FY13 \$ Difference	FY12 - FY13 % Change
Operational Budget	8,031,693	8,209,329	177,636	2.21%
Insurance	452,634	466,879	14,245	3.15%
Pension	199,959	215,955	15,996	8.00%
Debt & Interest	2,096,702	2,082,138	(14,564)	-0.69%
In-Kind Services (Indirects)	2,581,514	2,323,579	(257,935)	-9.99%
Reserve	200,000	200,000	-	0.00%
Capital Improvements	1,171,000	147,000	(1,024,000)	-87.45%
TOTAL WATER & SEWER EXPENDITURES	\$ 14,733,501	\$ 13,644,879	(1,088,622)	-7.39%
NET EXCESS / (DEFICIT)	\$ 0	\$ 244,517		



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Water/Sewer Rates - FY 2014 (Proposed)
3.5% Rate Increase

Rate Changes

This page shows comparative rates between FY 2013 and 2014 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 2013</u>		<u>FY 2014</u>	
0-10	Water \$ 1.55	0-10	Water \$ 1.60
	Sewer \$ 4.15		Sewer \$ 4.30
11-20	Water \$ 2.36	11-20	Water \$ 2.44
	Sewer \$ 7.40		Sewer \$ 7.66
21-40	Water \$ 3.49	21-40	Water \$ 3.61
	Sewer \$ 12.23		Sewer \$ 12.66
40+	Water \$ 5.42	40+	Water \$ 5.61
	Sewer \$ 12.23		Sewer \$ 12.66

Combined Elderly Rates

<u>FY 2013</u>		<u>FY 2014</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 \$ 2.71
	Sewer \$ 9.17		Sewer \$ 9.49
40+	Water \$ 4.07	40+	Water \$ 4.21
	Sewer \$ 9.17		Sewer \$ 9.49

Water Only Rates

<u>FY 2013</u>		<u>FY 2014</u>	
0-10	Water \$ 1.55	0-10	Water \$ 1.60
11-20	Water \$ 2.36	11-20	Water \$ 2.44
21-40	Water \$ 3.49	21-40	Water \$ 3.61
40+	Water \$ 8.77	40+	Water \$ 9.08

Elderly Water Only

<u>FY 2013</u>		<u>FY 2014</u>	
0-10	Water \$ -	0-10	Water \$ -
11-20	Water \$ -	11-20	Water \$ -
21-40	Water \$ 2.62	21-40	Water \$ 2.71
40+	Water \$ 4.07	40+	Water \$ 4.21

Irrigation Rates

<u>FY 2013</u>		<u>FY 2014</u>	
0-10	Water \$ 2.75	0-10	Water \$ 2.85
11-20	Water \$ 5.36	11-20	Water \$ 5.55
21-40	Water \$ 7.16	21-40	Water \$ 7.41
40+	Water \$ 8.77	40+	Water \$ 9.08

Sewer Only Rates

<u>FY 2013</u>		<u>FY 2014</u>	
0-10	Sewer \$ 4.15	0-10	Sewer \$ 4.30
11-20	Sewer \$ 7.40	11-20	Sewer \$ 7.66
20+	Sewer \$ 12.23	20+	Sewer \$ 12.66



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Water/Sewer Rates - FY 2014 (Proposed)
3.5% Rate Increase

Sample Bills & Increases by Rate Type

The next two pages show current rates and proposed rates between FY 2013 and FY 2014 with a comparative % column to the far right.

Current Rates			Proposed FY 2014 Rates			%																																										
<table border="1"> <thead> <tr> <th colspan="3">Standard Water and Sewer User</th> </tr> <tr> <th>Usage</th> <th>Quarterly Amount</th> <th>Annual Amount</th> </tr> </thead> <tbody> <tr> <td>5</td> <td>\$ 33.50</td> <td>\$ 134.00</td> </tr> <tr> <td>20</td> <td>\$ 159.60</td> <td>\$ 638.40</td> </tr> <tr> <td>40</td> <td>\$ 474.00</td> <td>\$ 1,896.00</td> </tr> <tr> <td>75</td> <td>\$ 1,091.75</td> <td>\$ 4,367.00</td> </tr> <tr> <td>120</td> <td>\$ 1,886.00</td> <td>\$ 7,544.00</td> </tr> </tbody> </table>			Standard Water and Sewer User			Usage	Quarterly Amount	Annual Amount	5	\$ 33.50	\$ 134.00	20	\$ 159.60	\$ 638.40	40	\$ 474.00	\$ 1,896.00	75	\$ 1,091.75	\$ 4,367.00	120	\$ 1,886.00	\$ 7,544.00	<table border="1"> <thead> <tr> <th colspan="3">Standard Water and Sewer User</th> </tr> <tr> <th>Usage</th> <th>Quarterly Amount</th> <th>Annual Amount</th> </tr> </thead> <tbody> <tr> <td>5</td> <td>\$ 34.50</td> <td>\$ 137.99</td> </tr> <tr> <td>20</td> <td>\$ 165.01</td> <td>\$ 660.04</td> </tr> <tr> <td>40</td> <td>\$ 490.42</td> <td>\$ 1,961.66</td> </tr> <tr> <td>75</td> <td>\$ 1,129.79</td> <td>\$ 4,519.15</td> </tr> <tr> <td>120</td> <td>\$ 1,951.84</td> <td>\$ 7,807.34</td> </tr> </tbody> </table>			Standard Water and Sewer User			Usage	Quarterly Amount	Annual Amount	5	\$ 34.50	\$ 137.99	20	\$ 165.01	\$ 660.04	40	\$ 490.42	\$ 1,961.66	75	\$ 1,129.79	\$ 4,519.15	120	\$ 1,951.84	\$ 7,807.34	3.0%
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Town of Natick

Water/Sewer Rates - FY 2014 (Proposed)

3.5% Rate Increase

Sample Bills & Increases by Rate Type - Combined Water & Sewer Rates

This chart shows in detail the different costs 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	\$ 10.90	\$ 0.20	1.9%
2	\$ 16.40	\$ 16.80	\$ 0.40	2.4%
3	\$ 22.10	\$ 22.70	\$ 0.60	2.7%
4	\$ 27.80	\$ 28.60	\$ 0.80	2.9%
5	\$ 33.50	\$ 34.50	\$ 1.00	3.0%
6	\$ 39.20	\$ 40.40	\$ 1.20	3.1%
7	\$ 44.90	\$ 46.30	\$ 1.40	3.1%
8	\$ 50.60	\$ 52.20	\$ 1.60	3.2%
9	\$ 56.30	\$ 58.10	\$ 1.80	3.2%
10	\$ 62.00	\$ 64.00	\$ 2.00	3.2%
11	\$ 71.76	\$ 74.10	\$ 2.34	3.3%
12	\$ 81.52	\$ 84.20	\$ 2.68	3.3%
13	\$ 91.28	\$ 94.30	\$ 3.02	3.3%
14	\$ 101.04	\$ 104.40	\$ 3.36	3.3%
15	\$ 110.80	\$ 114.50	\$ 3.70	3.3%
16	\$ 120.56	\$ 124.60	\$ 4.04	3.4%
17	\$ 130.32	\$ 134.71	\$ 4.39	3.4%
17.35	\$ 133.74	\$ 138.24	\$ 4.51	3.4% Average User/Quarter after Averaging (FY 2011 & FY 2012)
18	\$ 140.08	\$ 144.81	\$ 4.73	3.4%
19	\$ 149.84	\$ 154.91	\$ 5.07	3.4%
20	\$ 159.60	\$ 165.01	\$ 5.41	3.4%
25	\$ 238.20	\$ 246.36	\$ 8.16	3.4%
25.94	\$ 252.98	\$ 261.66	\$ 8.68	3.4% Historic Average User/Quarter
30	\$ 316.80	\$ 327.71	\$ 10.91	3.4%
35	\$ 395.40	\$ 409.06	\$ 13.66	3.5%
40	\$ 474.00	\$ 490.42	\$ 16.42	3.5%
45	\$ 562.25	\$ 581.75	\$ 19.50	3.5%
50	\$ 650.50	\$ 673.09	\$ 22.59	3.5%
55	\$ 738.75	\$ 764.43	\$ 25.68	3.5%
60	\$ 827.00	\$ 855.77	\$ 28.77	3.5%
65	\$ 915.25	\$ 947.11	\$ 31.86	3.5%
70	\$ 1,003.50	\$ 1,038.45	\$ 34.95	3.5%
75	\$ 1,091.75	\$ 1,129.79	\$ 38.04	3.5%
80	\$ 1,180.00	\$ 1,221.13	\$ 41.13	3.5%
85	\$ 1,268.25	\$ 1,312.46	\$ 44.21	3.5%
90	\$ 1,356.50	\$ 1,403.80	\$ 47.30	3.5%
95	\$ 1,444.75	\$ 1,495.14	\$ 50.39	3.5%
100	\$ 1,533.00	\$ 1,586.48	\$ 53.48	3.5%
105	\$ 1,621.25	\$ 1,677.82	\$ 56.57	3.5%
110	\$ 1,709.50	\$ 1,769.16	\$ 59.66	3.5%
115	\$ 1,797.75	\$ 1,860.50	\$ 62.75	3.5%
120	\$ 1,886.00	\$ 1,951.84	\$ 65.84	3.5%



Town of Natick

Water/Sewer Rates - FY 2014 (Proposed)

Projected Revenue by Rate Code & Tier - 3.5% Increase w/changes to averaging

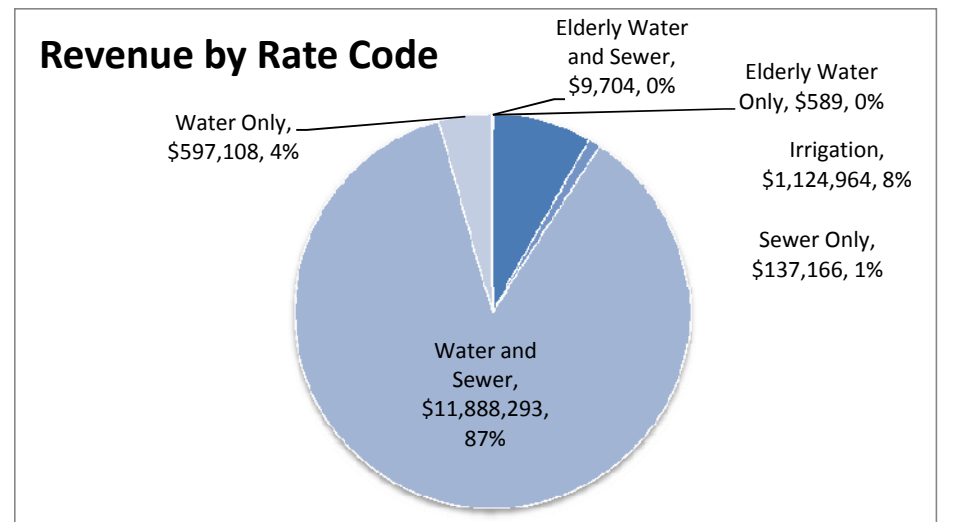
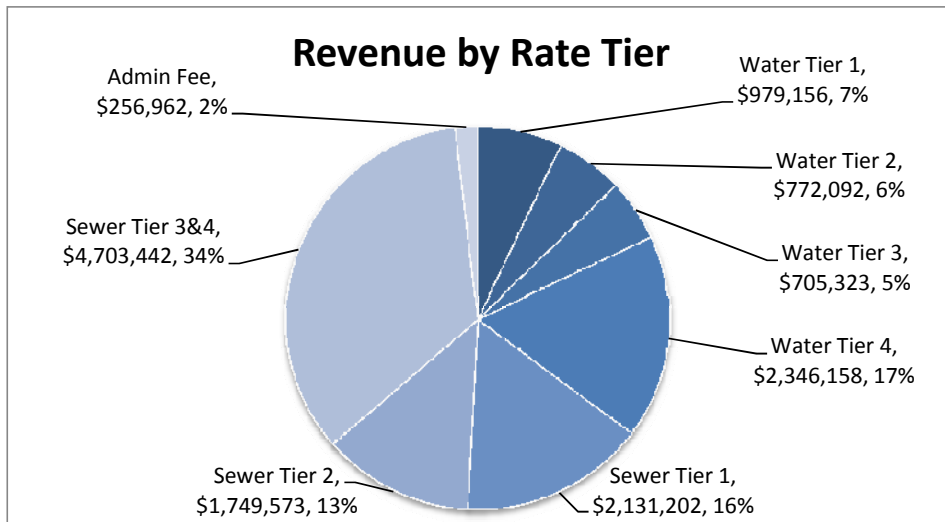
	Water				Sewer			Admin Fee	Total Billed
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 1	Tier 2	Tiers 3 & 4		
Elderly Water and Sewer	\$0	\$1,872	\$391	\$0	\$0	\$7,440	\$0	\$0	\$9,704
Elderly Water Only	\$0	\$371	\$218	\$0	\$0	\$0	\$0	\$0	\$589
Irrigation	\$106,733	\$139,255	\$226,206	\$608,996	\$0	\$0	\$0	\$43,106	\$1,124,964
Sewer Only	\$0	\$0	\$0	\$0	\$3,459	\$4,244	\$128,929	\$280	\$137,166
Water and Sewer	\$791,723	\$553,584	\$398,451	\$1,407,895	\$2,127,744	\$1,737,890	\$4,574,513	\$187,305	\$11,888,293
Water Only	\$80,701	\$77,010	\$80,057	\$329,267	\$0	\$0	\$0	\$26,271	\$597,108
Total Rate Revenue Billed	\$979,156	\$772,092	\$705,323	\$2,346,158	\$2,131,202	\$1,749,573	\$4,703,442	\$256,962	\$13,643,909

Total Rate Revenue Collected (@ 93.2%)	\$912,574	\$719,590	\$657,361	\$2,186,619	\$1,986,280	\$1,630,602	\$4,383,608	\$239,489	\$12,716,123
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Total Rate Revenue Collected (@ 92%)	\$900,824	\$710,325	\$648,897	\$2,158,465	\$1,960,706	\$1,609,607	\$4,327,167	\$236,405	\$12,552,396
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Estimated Revenue from Rates in FY 2014 as per proposal **\$12,552,396**





Town of Natick

2014 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 is to 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.



Town of Natick

2014 Water/Sewer Rate Setting

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



**Section III:
Future Year's Considerations**



Town of Natick

2014 Water/Sewer Rate Setting

Section III: Future Year's Considerations

Towards FY 2015 and Beyond

Although the rates for FY 2014 are projected to be modestly increase, the preliminary outlook for FY 2015-2018 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:

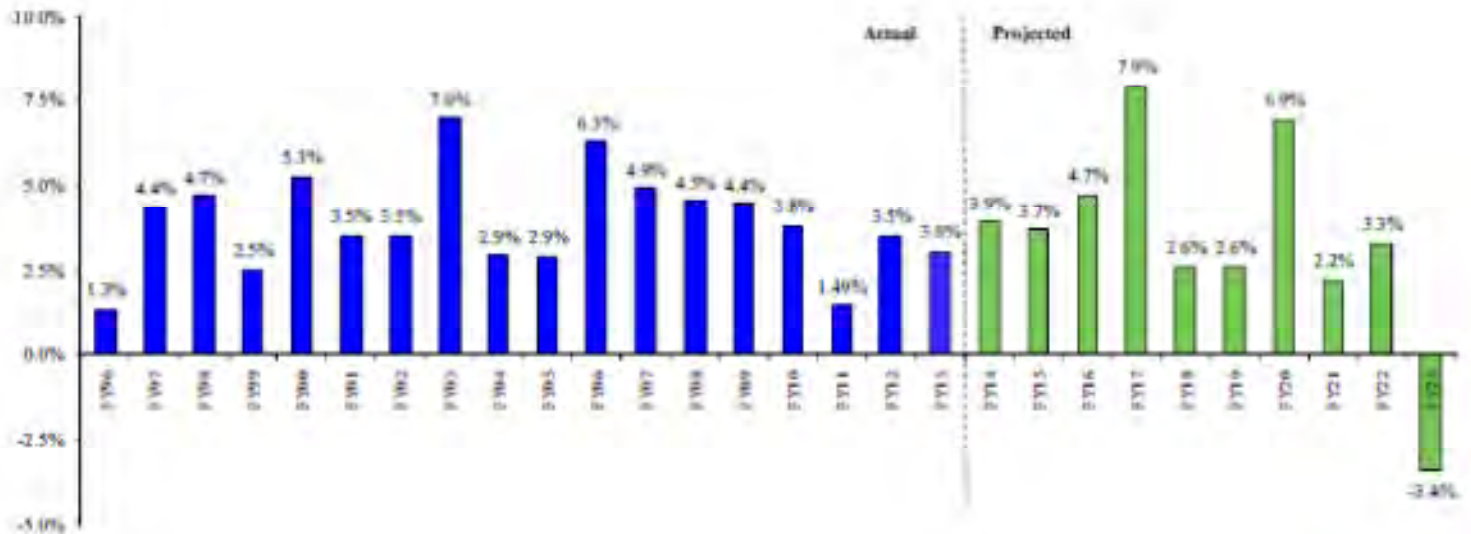
Revenue Assumptions:

- 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 2015-2018
- All other departmental expenses will increase at the rate of 2.5%
- MWRA assessments will increase between 4%-9%. (3.9% for FY 2014) The extent to which, is still quite uncertain. Preliminarily, this is based upon the chart below (which comes from their FY 2014 Proposed Current Expense Budget, Page I-2).

Historical and Projected Rate Revenue Changes





Town of Natick

2014 Water/Sewer Rate Setting

- As shown on the previous page, 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 2014-2018 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.
- 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 2014-2018 is on the next page.



Town of Natick

Water/Sewer Ratesetting - FY 2014
FY 2014-2018 Forecast

	2013 Appropriated	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	Notes
Water & Sewer Enterprise Revenues							
User Charges	\$ 12,143,096	\$ 12,552,396	\$ 12,558,949	\$ 12,857,819	\$ 13,574,851	\$ 13,855,993	Indicates between 0-5.5% rate increases; highly dependent on MWRA spikes
Connection Fees	\$ 114,290	\$ 70,000	\$ 70,000	\$ 150,000	\$ 150,000	\$ 150,000	Assumes steady amount of new growth over next two years
Other Departmental Income	\$ 1,120,000	\$ 1,100,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	Assumes continued liens/betterments
Investment Income	\$ 25,000	\$ 20,000	\$ 70,000	\$ 75,000	\$ 75,000	\$ 75,000	Assumes growth in economy
Capital Article Closeouts/Trans.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Only if available; none forecast
I&I fund	\$ 39,369	\$ -	\$ -	\$ -	\$ -	\$ -	Only if available
Retained Earnings	\$ 1,291,746	\$ 147,000	\$ -	\$ 21,000	\$ -	\$ 190,000	Assumes only those pieces of equipment paid out of cash
Total Revenues	\$ 14,733,501	\$ 13,889,396	\$ 13,648,949	\$ 14,053,819	\$ 14,749,851	\$ 15,220,993	
Forecast Growth in W/S Rates							
		3.37%	0.05%	2.38%	5.58%	2.07%	
Water & Sewer Enterprise Expenses							
Water & Sewer Operations							
Salaries	\$ 1,688,524	\$ 1,721,525	\$ 1,755,956	\$ 1,799,854	\$ 1,844,851	\$ 1,890,972	Increases of between 2.0%-3.0% annually; steps and COLAs included
Expenses	\$ 1,321,050	\$ 1,269,300	\$ 1,301,033	\$ 1,333,558	\$ 1,366,897	\$ 1,401,070	Assumes 2.5% annual increase in expenses
Other - Chgs. & Expenditures	\$ 4,788,550	\$ 4,981,121	\$ 5,165,422	\$ 5,408,197	\$ 5,835,445	\$ 5,987,166	MWRA rate increases vary between 4-9% annually; could be more dependent upon I&I charges (Source: http://www.mwra.com/finance/ceb/fy14proposed/document.pdf)
Total Sanitary Sewer	\$ 7,798,124	\$ 7,971,946	\$ 8,222,410	\$ 8,541,610	\$ 9,047,193	\$ 9,279,208	
Utility Billing							
Salaries	\$ 103,618	\$ 107,433	\$ 109,582	\$ 111,773	\$ 114,009	\$ 116,289	Increase of around 2% annually; COLA's included
Expenses	\$ 129,950	\$ 129,950	\$ 133,199	\$ 136,529	\$ 139,942	\$ 143,440	Assumes 2.5% annual increase in expenses
Total Utility Billing	\$ 233,568	\$ 237,383	\$ 242,780	\$ 248,302	\$ 253,951	\$ 259,729	
Fringe Benefits							
Other Personal Services	\$ 452,634	\$ 466,879	\$ 513,567	\$ 564,924	\$ 621,416	\$ 683,558	Assumes 10% annual increase in health care costs (could be lower)
Other - Chgs. & Expenditures	\$ 199,959	\$ 215,955	\$ 233,231	\$ 251,890	\$ 272,041	\$ 293,804	Assumes 8% annual increase (max. allowed for under M.G.L.)
Total Benefits	\$ 652,593	\$ 682,834	\$ 746,798	\$ 816,814	\$ 893,457	\$ 977,362	
Water & Sewer Debt Service							
Principal	\$ 1,602,757	\$ 1,609,869	\$ 1,561,284	\$ 1,541,663	\$ 1,543,410	\$ 1,451,787	Authorized and Issued Debt Service
Interest	\$ 493,945	\$ 472,269	\$ 424,952	\$ 376,288	\$ 377,019	\$ 313,465	Authorized and Issued Debt Service
New Debt Service	\$ -	\$ -	\$ 43,324	\$ 211,112	\$ 289,560	\$ 354,838	Projected new Debt Service as Per FY-2014-2018 Capital Plan
Total Debt Service	\$ 2,096,701	\$ 2,082,138	\$ 2,029,560	\$ 2,129,063	\$ 2,209,988	\$ 2,120,090	
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	\$ 2,581,514	\$ 2,323,579	\$ 2,207,400	\$ 2,097,030	\$ 2,145,262	\$ 2,194,603	Ties to annual increase in General Fund (approx. 2.3% annually per forecast)
Capital (from Retained Earnings)	\$ 1,171,000	\$ 147,000	\$ -	\$ 21,000	\$ -	\$ 190,000	Assumes only those pieces of equipment paid out of cash
Total W&S Enterprise	\$ 14,733,501	\$ 13,644,879	\$ 13,648,949	\$ 14,053,819	\$ 14,749,851	\$ 15,220,993	
Growth in Costs (%)	7.65%	-7.39%	0.03%	2.97%	4.95%	3.19%	
Growth in Costs (\$)	\$ 1,046,666	\$ (1,088,622)	\$ 4,070	\$ 404,870	\$ 696,032	\$ 471,142	



Town of Natick

2014 Water/Sewer Rate Setting

Results

These projections indicate rate increases of between 0%-5.5% 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. 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. Certainly rate increases larger than what is proposed in FY 2014 will be avoided if at all possible.



Town of Natick

2014 Water/Sewer Rate Setting

Section IV: Rate Recommendation



Town of Natick

2014 Water/Sewer Rate Setting

Section IV: Rate Recommendation

Staff recommends the Board of Selectmen ***raise the current rates by 3.5%*** for FY 2014. Should fiscal year 2013 end as forecast and rates are raised by 3.5% for FY 2014, we should restore a balance of 10% in retained earnings in accordance with our adopted Financial Management Principles (See Attachment I) by the end of FY 2014. Such a balance is not only prudent financial policy, but as FY 2012 has shown, such a reserve is essential to maintain operations while avoiding mid-year rate increases.

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.



Town of Natick

2014 Water/Sewer Rate Setting

Attachments

-
- A - FY 2010-2012 Budget v. Actual – Water & Sewer Enterprise Revenues & Expenses**
 - B - FY 2014 Water/Sewer Operating Budget**
 - C - FY 2014 Water/Sewer Capital Budget**
 - D - FY 2014-2018 Water/Sewer Capital Plan**
 - E - FY 2004-2013 Retained Earnings History**
 - F - FY 2004-2013 MWRA Assessment History**
 - G - FY 2007-2013 Indirect Cost History**
 - H - FY 2006-2012 Summary Usage Data**
 - I - Water/Sewer Enterprise Fund Policies**



Town of Natick

Water/Sewer Rates - FY 2014 (Proposed)
Budget Vs. Actual - FY 2010-2013

Attachment A

Summary:

This table shows the annual budgeted revenues and expenses vs. actual annual revenues and expenses for FY 2010-2013.

	2010 Appropriated	2010 Actual	2011 Appropriated	2011 Actual	2012 Appropriated	2012 Actual	2013 Appropriated	2013 Projection	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	11,127,657	12,143,096	11,866,552	\$ (276,544)	-2.28%
Connection Fees*	95,000	117,505	170,000	104,470	170,000	71,064	114,290	227,045	\$ 112,755	98.66%
Other Departmental Income	700,000	1,116,991	750,000	758,698	750,000	1,100,812	1,120,000	841,792	\$ (278,208)	-24.84%
Investment Income	45,000	41,740	45,000	66,356	45,000	19,980	25,000	20,000	\$ (5,000)	-20.00%
Capital Article Closeouts	162,304	162,306	150,000	150,000	-	-	-	-	\$ -	#DIV/0!
I&I fund	-	-	-	-	-	-	39,369	39,369	\$ -	0.00%
Retained Earnings	213,696	213,698	-	-	320,000	400,000	1,291,746	1,291,746	\$ -	0.00%
Total Revenues	13,530,366	13,398,019	13,544,891	13,432,875	13,686,835	12,719,513	14,733,501	14,286,504	\$ (446,997)	-3.03%
Expenses										
Water & Sewer Operations	5,218,449	6,855,364	7,334,684	7,021,847	7,435,391	7,743,788	7,798,124	7,213,625	\$ (584,499)	-7.50%
Utility Billing	219,282	164,334	222,566	180,693	224,318	224,318	233,568	233,568	\$ -	0.00%
Fringe Benefits	607,776	606,191	627,468	627,467	630,025	675,431	652,593	652,593	\$ -	0.00%
Debt Service	2,389,052	2,177,447	2,398,416	2,287,229	2,341,218	1,800,816	2,096,702	2,096,702	\$ -	0.00%
Reserve Fund	200,000	0	200,000	0	200,000	200,000	200,000	50,000	\$ (150,000)	-75.00%
Indirects (included in G/F)	2,506,416	2,506,418	2,449,757	2,449,757	2,535,883	2,535,885	2,581,514	2,581,514	\$ -	0.00%
Capital	350,000	350,002	312,000	312,000	320,000	410,000	1,171,000	796,000	\$ (375,000)	-32.02%
Total Expenses	13,504,366	12,659,755	13,544,891	12,878,994	13,686,835	13,590,238	14,733,501	13,624,002	\$ (1,109,499)	-7.53%
Surplus / (Deficit)		738,264		553,881		-870,725		662,502		

*Connection Fees of \$227,045 are reserved at year-end and automatically transferred to I&I Fund. If projection holds true, then net surplus going to retained earnings would be \$435,457. Current remaining balance of Retained Earnings is \$728,658. Projected FY 2014 (7/1/2013) balance of Retained Earnings is \$1,164,115.



Town of Natick

Spring 2013 Annual Town Meeting - FY 2014 Preliminary Budget

Article 12: Motions H1 & H2: Water/Sewer Enterprise Fund

Water & Sewer Enterprise Fund

Sanitary Sewer Collection & Disposal

Water Supply & Distribution

Utility Billing

Fringe Benefits

Debt Service

Budgetary Reserves

Indirects

Projections & Initial Rate



Town of Natick

2013 Spring Town Meeting - FY 2014 Recommended Budget

Finance Committee Recommendation

Motions for Section H: Water/Sewer Enterprise

Motion 1 for Water/Sewer Enterprise Fund - Section H under Article 12:

Move that the Town vote to appropriate the Total Budget Amount shown below for the purpose of operating the departments shown under the associated categories, said funds are to be expended under the direction of each Department Head or Director:

Water & Sanitary Sewer Operations

Salaries	\$	1,721,525
Expenses	\$	6,250,421

Total Sanitary Sewer	\$	7,971,946
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Utility Billing

Salaries	\$	107,433
Expenses	\$	129,950

Total Utility Billing	\$	237,383
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Fringe Benefits

Other Personal Services	\$	466,879
Other - Chgs. & Expenditures	\$	215,955

Total Benefits	\$	682,834
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Water & Sewer Debt Service

Principal	\$	1,609,869
Interest	\$	472,269

Total Debt Service	\$	2,082,138
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Water & Sewer Reserve Fund

Expenses	\$	200,000
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Total W & S Reserve Fund	\$	200,000
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Motion Total	\$	11,174,301
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And that the above Total Budget Amount be raised from the following sources:

Water-Sewer User Fees	\$	11,174,301
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	\$	11,174,301
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Town of Natick

2013 Spring Town Meeting - FY 2014 Recommended Budget

Finance Committee Recommendation

Motions for Section H: Water/Sewer Enterprise

Water/Sewer Indirect Cost Allocations - Motion 2 under Section H Article 12:

Move that the Town vote to approve the following indirect cost allocations raised in the General Fund:

PERCENTAGE ALLOCATIONS	TOTAL
DPW ADMINISTRATION	\$ 129,823
BUILDING MAINTENANCE	45,019
ENGINEERING SERVICES	330,631
GIS SERVICES	(66,936)
EQUIPMENT MAINTENANCE	336,939
HIGHWAY MAINTENANCE	381,054
PUBLIC SAFETY	\$ 292,725
FINANCIAL / ADMINISTRATIVE	546,157
PROPERTY INSURANCE	221,270
ENERGY	106,897
SUBTOTAL - GENERAL FUND	2,323,579

And that the Sum of \$2,323,579 appropriated in the General Fund be raised from the following source:

Water-Sewer User Fees	\$ 2,323,579
(See Motion for Section G, Article 14: Shared Expenses (Unclassified))	\$ 2,323,579



Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Appropriation Summary

Water & Sewer Operations

	2011	2012	2013	2014	2013 vs. 2014	
	Actual	Actual	Appropriated	Recommended	\$	%
Total Salaries	1,438,875	1,493,268	1,688,524	1,721,525	33,001	2.0%
Total Operating Expenses	5,539,348	5,612,540	6,109,600	6,250,421	140,821	2.3%
Total Water & Sewer Operations	6,978,223	7,105,808	7,798,124	7,971,946	173,822	2.23%

Utility Billing Operations

	2011	2012	2013	2014	2013 vs. 2014	
	Actual	Actual	Appropriated	Recommended	\$ (+/-)	% (+/-)
Total Salaries	98,349	101,777	103,619	107,433	3,814	3.7%
Total Operating Expenses	82,344	106,594	129,950	129,950	0	0.0%
Total Utility Billing Operations	180,693	208,371	233,569	237,383	3,814	1.63%

Employee Benefits

	2011	2012	2013	2014	2013 vs. 2014	
	Actual	Actual	Appropriated	Recommended	\$ (+/-)	% (+/-)
Total Employee Benefits	627,467	630,025	652,593	682,834	30,241	4.6%
Total Employee Benefits	627,467	630,025	652,593	682,834	30,241	4.6%

Debt Service

	2011	2012	2013	2014	2013 vs. 2014	
	Actual	Actual	Appropriated	Recommended	\$ (+/-)	% (+/-)
Debt Service						
Principal	1,745,640	1,827,139	1,602,757	1,609,869	7,112	0.4%
Interest	541,589	501,804	493,946	472,269	-21,677	-4.4%
Total Debt Service	2,287,229	2,328,943	2,096,702	2,082,138	-14,564	-0.7%
Total Debt Service	2,287,229	2,328,943	2,096,702	2,082,138	-14,564	-0.7%

Reserves

	2011	2012	2013	2014	2013 vs. 2014	
	Actual	Actual	Appropriated	Recommended	\$ (+/-)	% (+/-)
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	10,073,612	10,273,145	10,980,987	11,174,301	193,313	1.76%
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Indirects	2,449,758	2,535,883	2,581,514	2,323,579	-257,935	-10.00%
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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 and Evergreen #1.*
- Repair Roof at Town Forest Reservoir.*
- H&T Filter Controls Upgrade*
- Pine Oaks Well MCC replacement*
- Elm Bank VFD installation*

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*
- *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
- Upgrade to the 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

- Continual maintenance of an aging infrastructure

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.(168 services Rockland st.-14, Eisenhower -18, Irving Rd -21, Halsey Way -12, Liberty St - 20, Marshall Rd -18, Pamela Rd - 6, Terrane Ave - 11, Wethersfield Rd -31, Other streets -17)

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 & Evergreen Well #1
- 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

- Continue the improvement and efficiency of the water system

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

None.

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 will be implemented in late FY2013. This format will at a minimum include usage history, comprehensive explanation of bill calculation, and other informational materials. The budget request for FY2014 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

	2010	2011	2012	2013	2014
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
Working Foreman	4	4	4	4	4
Heavy Equipment Operator	3	3	3	3	3
Skilled Laborer	5	5	5	5	5
Craftsman	3	3	3	3	3
Water Distribution Assistant Supervisor	1	1	1	1	1
Water Operations/ GIS Manager	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
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	28.1	28.1	28.1	28.1	28.1
Total FT/PT	28 FT / 1 PT	28 FT / 1 PT	28 FT / 1 PT	28 FT / 1 PT	28 FT / 1 PT

Notes

Utility Billing Notes:

Departmental Support person:

works 960 hours total

720 hours allocated to collections

240 hours allocated to utility billing

Performance Indicators

	2010	2011	2012	2013*	2014*
Workload Indicators					
Water & Sewer Operations					
Number of Water Leaks/Repairs (CY)	28	40	32	30	35
# of Sewer Backups		7	8	14	14
Total Number of Hydrants Replaced (CY)	7	15	12	15	15
Total Mileage of Water & Sewer Pipes	196.7/147.3	200/150	200/150	200/151	200/150
Number of Sewer Main lines Lined (in feet) (CY)	2,553	3000	0	3000	3000
Water Pumped (in Millions of Gallons)	1,148	1,179	1250*	1251*	1251*

	2010	2011	2012	2013*	2014*
Outcome Indicators					
Water & Sewer Operations					
# of Sewer Backups causing Insurance Claims(CY)	6	4	2	5	5

Utility Billing

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



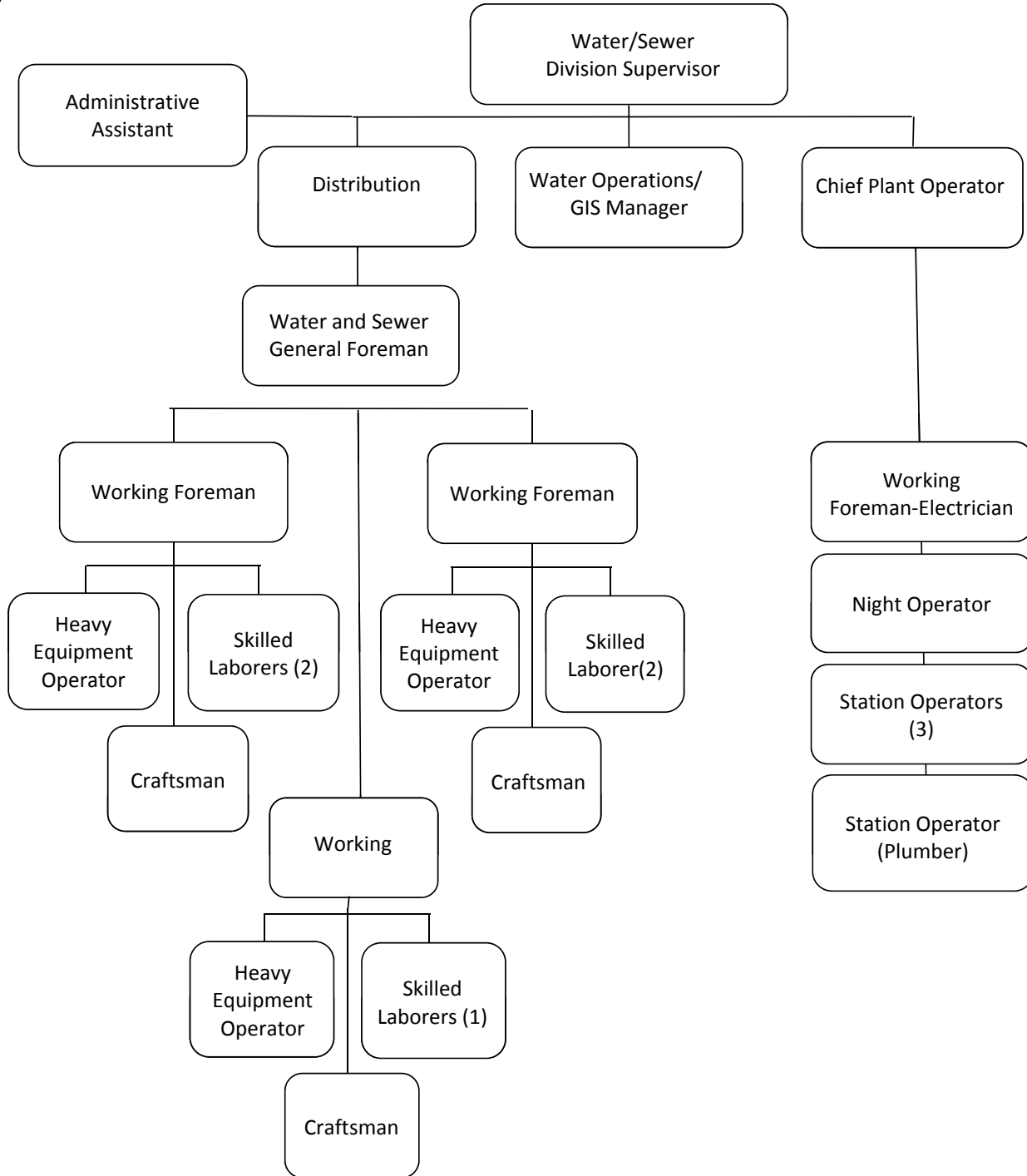
Town of Natick

Home of Champions

Department: Water & Sewer Operations

Enterprise Fund

Organizational Chart



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



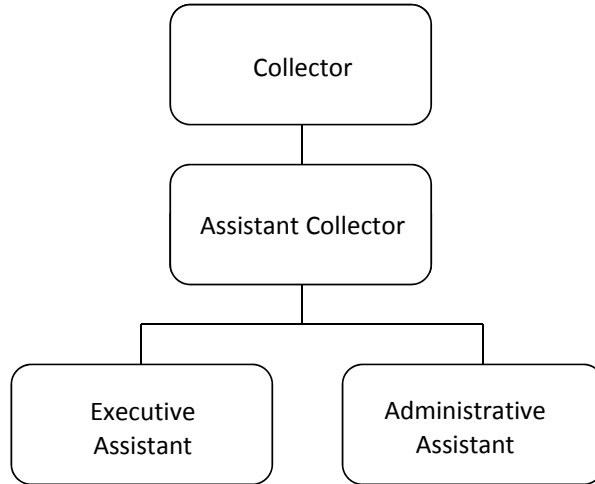
Town of Natick

Home of Champions

Department: Water & Sewer Operations

Enterprise Fund

Organizational Chart: Utility Billing Operations



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



Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Sewer Operations

	2011 Actual	2012 Actual	2013 Appropriated	2014 Recommended	2013 vs. 2014	
					\$	%
Salaries Supervisory	\$ 124,903	\$ 133,775	\$ 144,604	\$ 162,587	\$ 17,983	12.4%
Salaries Operational Staff	\$ 393,609	\$ 346,244	\$ 464,598	\$ 463,282	\$ (1,316)	-0.3%
Salaries Temp Oper. - Police Details	\$ 6,605	\$ -	\$ 8,624	\$ 28,641	\$ 20,017	232.1%
Supervisory Additional Comp	\$ 11,965	\$ 8,550	\$ 57,850	\$ 16,600	\$ (41,250)	-71.3%
Operational Staff Additional Comp	\$ 19,935	\$ 17,381	\$ 12,450	\$ 18,050	\$ 5,600	45.0%
Operational Staff Overtime	\$ 58,522	\$ 44,344	\$ 23,150	\$ 57,850	\$ 34,700	149.9%
Personnel Services	\$ 615,540	\$ 550,294	\$ 711,276	\$ 747,010	\$ 35,734	5.0%
Repairs & Maint. Equipment	\$ 2,394	\$ 2,401	\$ 3,000	\$ 3,000	\$ -	0.0%
Repairs & Maint. Other	\$ 2,955	\$ 2,895	\$ 3,000	\$ 3,000	\$ -	0.0%
Utilities Electric	\$ 125,669	\$ 87,337	\$ 144,400	\$ 128,600	\$ (15,800)	-10.9%
Purchase of Services	\$ 131,018	\$ 92,633	\$ 150,400	\$ 134,600	\$ (15,800)	-10.5%
Licenses - CDL & Special	\$ 180	\$ 793	\$ 2,000	\$ 2,000	\$ -	0.0%
Clothing Allowance Operational Staff	\$ 3,150	\$ 2,800	\$ 3,150	\$ 3,150	\$ -	0.0%
Other Services Inc.	\$ 3,330	\$ 3,593	\$ 5,150	\$ 5,150	\$ -	0.0%
Tech & Prof Svs & MWRA Sulfide Testing	\$ 12,986	\$ 11,503	\$ 15,000	\$ 15,000	\$ -	0.0%
Tech/ Prof. Services	\$ 12,986	\$ 11,503	\$ 15,000	\$ 15,000	\$ -	0.0%
Repairs & Maint. Misc. Constr.	\$ 3,128	\$ 3,649	\$ 4,000	\$ 4,000	\$ -	0.0%
Supplies	\$ 3,128	\$ 3,649	\$ 4,000	\$ 4,000	\$ -	0.0%
Sewer Pump Station/Line Maintenance	\$ 44,610	\$ 96,942	\$ 100,000	\$ 100,000	\$ -	0.0%
MWRA Sewer Assessment	\$ 4,346,280	\$ 4,460,551	\$ 4,683,550	\$ 4,866,121	\$ 182,571	3.9%
Water/Sewer Damage Claims	\$ 35,000	\$ 11,824	\$ 5,000	\$ 15,000	\$ 10,000	200.0%
Other Chgs. / Exp.	\$ 4,425,890	\$ 4,569,317	\$ 4,788,550	\$ 4,981,121	\$ 192,571	4.0%
Total Operating Expenses	\$ 5,191,891	\$ 5,230,989	\$ 5,674,376	\$ 5,886,881	\$ 212,505	3.7%

Water Operations

	2011 Actual	2012 Actual	2013 Appropriated	2014 Recommended	2013 vs. 2014	
					\$	%
Salaries Supervisory	\$ 215,968	\$ 227,706	\$ 227,870	\$ 193,378	\$ (34,492)	-15.1%
Salaries Operational Staff	\$ 470,855	\$ 580,110	\$ 623,361	\$ 660,670	\$ 37,309	6.0%
Salaries Temp Operational	\$ 23,192	\$ 4,071	\$ 26,157	\$ 25,957	\$ (200)	-0.8%
Supervisory Additional Comp	\$ 27,861	\$ 23,350	\$ 22,250	\$ 18,100	\$ (4,150)	-18.7%
Operational Staff Additional Comp	\$ 27,602	\$ 32,008	\$ 29,210	\$ 25,310	\$ (3,900)	-13.4%
Operational Staff Overtime	\$ 57,856	\$ 75,729	\$ 48,400	\$ 51,100	\$ 2,700	5.6%
Personnel Services	\$ 823,335	\$ 942,974	\$ 977,248	\$ 974,515	\$ (2,733)	-0.3%
Repairs & Maint. Software	\$ 14,811	\$ 5,323	\$ 15,000	\$ 15,000	\$ -	0.0%
Utilities	\$ 416,349	\$ 450,689	\$ 527,300	\$ 492,500	\$ (34,800)	-6.6%
GIS Software & Training	\$ 13,117	\$ 26,190	\$ 25,500	\$ 25,500	\$ -	0.0%
Copy/Mail Center Fees	\$ 11,813	\$ 2,220	\$ 18,000	\$ 18,000	\$ -	0.0%
Purchased Services: Miscellaneous	\$ 6,680	\$ 10,325	\$ 12,000	\$ 12,000	\$ -	0.0%
Purchase of Services	\$ 462,770	\$ 494,747	\$ 597,800	\$ 563,000	\$ (34,800)	-5.8%
Licenses - CDL & Special	\$ 3,885	\$ 5,830	\$ 10,000	\$ 8,500	\$ (1,500)	-15.0%
Environmental Management - ISO 14001 Certification	\$ 1,876	\$ 8,457	\$ 10,000	\$ 10,000	\$ -	0.0%
Clothing Allowance Operational Staff	\$ 3,500	\$ 4,200	\$ 4,200	\$ 4,550	\$ 350	8.3%
Other Services Inc.	\$ 9,261	\$ 18,487	\$ 24,200	\$ 23,050	\$ (1,150)	-4.8%
Implement SDWA Amendment	\$ 19,238	\$ 20,002	\$ 30,000	\$ 30,000	\$ -	0.0%
Water Testing	\$ 24,710	\$ 21,593	\$ 25,000	\$ 25,000	\$ -	0.0%
Tech./Prof. Services	\$ 43,948	\$ 41,595	\$ 55,000	\$ 55,000	\$ -	0.0%
Repairs & Maint - Equipment	\$ 2,768	\$ 2,745	\$ 3,000	\$ 3,000	\$ -	0.0%



Town of Natick

Home of Champions

Department: Water & Sewer		Enterprise Fund				
Repairs & Maint - Facilities	\$ 2,000	\$ 355	\$ 2,000	\$ 2,000	\$ -	0.0%
Repairs & Maint - Hydrants	\$ 10,000	\$ 10,363	\$ 10,000	\$ 10,000	\$ -	0.0%
Repairs & Maint - Misc. Repairs	\$ 18,282	\$ 6,620	\$ 18,000	\$ 18,000	\$ -	0.0%
Repairs & Maint - Misc. Constr	\$ 17,997	\$ 14,192	\$ 18,000	\$ 18,000	\$ -	0.0%
Supplies	\$ 51,047	\$ 34,275	\$ 51,000	\$ 51,000	\$ -	0.0%
Chemical Supplies	\$ 177,504	\$ 143,902	\$ 177,500	\$ 177,500	\$ -	0.0%
Obsolete Meters	\$ 28,338	\$ 7,034	\$ 30,000	\$ 30,000	\$ -	0.0%
Service Connections	\$ 14,889	\$ 12,282	\$ 18,000	\$ 18,000	\$ -	0.0%
Other Supplies	\$ 220,731	\$ 163,218	\$ 225,500	\$ 225,500	\$ -	0.0%
Water Well/Water Line Maint.	\$ 139,637	\$ 145,478	\$ 150,000	\$ 150,000	\$ -	0.0%
New Hydrant Installation	\$ 9,924	\$ 9,125	\$ 10,000	\$ 10,000	\$ -	0.0%
Asphalt Crushing	\$ 11,899	\$ 12,714	\$ 15,000	\$ 15,000	\$ -	0.0%
DEP Assessment	\$ 10,704	\$ 9,840	\$ 14,000	\$ 14,000	\$ -	0.0%
MWRA Discharge Permit	\$ 3,076	\$ 2,366	\$ 4,000	\$ 4,000	\$ -	0.0%
Other Charges/Expenditures	\$ 175,240	\$ 179,523	\$ 193,000	\$ 193,000	\$ -	0.0%
Total Operating Expenses	\$ 1,786,332	\$ 1,874,819	\$ 2,123,748	\$ 2,085,065	\$ (38,683)	-1.8%

Utility Billing

	2011	2012	2013	2014	2013 vs. 2014	
	Actual	Actual	Appropriated	Recommended	\$	%
Salaries Operational Staff	\$ 93,451	\$ 90,595	\$ 95,829	\$ 98,723	\$ 2,894	3.0%
Part-Time Operational Staff	\$ 3,766	\$ 9,605	\$ 4,835	\$ 4,835	\$ -	0.0%
Operational Staff - Additional Comp	\$ 934	\$ 757	\$ 955	\$ 1,875	\$ 920	96.3%
Operational Staff Overtime	\$ 199	\$ 820	\$ 2,000	\$ 2,000	\$ -	0.0%
Personnel Services	\$ 98,349	\$ 101,777	\$ 103,619	\$ 107,433	\$ 3,814	3.7%
Repair & Maint Equipment	\$ -	\$ 4,622	\$ 4,000	\$ 4,000	\$ -	0.0%
Utility Billing Software	\$ -	\$ 6,900	\$ 15,000	\$ 15,000	\$ -	0.0%
Utility Billing Printing	\$ 7,951	\$ 15,000	\$ 30,200	\$ 30,200	\$ -	0.0%
In State Travel/Meetings	\$ -	\$ 17,470	\$ 750	\$ 750	\$ -	0.0%
Communication Telephone	\$ 861	\$ -	\$ 1,500	\$ 1,500	\$ -	0.0%
Training & Education	\$ -	\$ 1,105	\$ 2,500	\$ 2,500	\$ -	0.0%
Communication Postage	\$ 18,902	\$ 3,750	\$ 22,000	\$ 22,000	\$ -	0.0%
Copy/Mail Center Fees	\$ 39,948	\$ 23,934	\$ 40,000	\$ 40,000	\$ -	0.0%
Collection Activities	\$ 9,429	\$ 27,683	\$ 10,000	\$ 10,000	\$ -	0.0%
Office Supplies	\$ 5,254	\$ 2,856	\$ 4,000	\$ 4,000	\$ -	0.0%
Supplies	\$ 82,344	\$ 106,594	\$ 129,950	\$ 129,950	\$ -	0.0%
Total Utility Billing	\$ 180,693	\$ 208,371	\$ 233,569	\$ 237,383	\$ 3,814	1.6%

Employee Benefits

	2011	2012	2013	2014	2013 vs. 2014	
	Actual	Actual	Appropriated	Recommended	\$	%
FICA {Medicare}	\$ 17,306	\$ 20,100	\$ 25,170	\$ 26,520	\$ 1,350	5.4%
Insurance Group Health & Life	\$ 395,891	\$ 380,795	\$ 387,484	\$ 398,839	\$ 11,355	2.9%
LIUNA Pension	\$ 34,817	\$ 41,604	\$ 39,980	\$ 41,519	\$ 1,539	3.9%
Other Personnel Services	\$ 448,014	\$ 442,499	\$ 452,634	\$ 466,879	\$ 14,245	3.1%
Funding Schedule (22 Year) (W&S)	\$ 179,453	\$ 187,526	\$ 199,959	\$ 215,955	\$ 15,996	8.0%
Other Charges & Expenditures	\$ 179,453	\$ 187,526	\$ 199,959	\$ 215,955	\$ 15,996	8.0%
Total Employee Benefits	\$ 627,467	\$ 630,025	\$ 652,593	\$ 682,834	\$ 30,241	4.6%



Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Water & Sewer Debt Service

	2011 Actual	2012 Actual	2013 Appropriated	2014 Recommended	2013 vs. 2014	
					\$	%
Water Principal Sub-Totals	\$ 1,233,640	\$ 1,479,662	\$ 1,184,911	\$ 1,089,023	\$ (95,888)	-8.1%
Sewer Principal Sub-Totals	\$ 512,000	\$ 347,477	\$ 417,846	\$ 520,846	\$ 103,000	24.7%
Principal Totals	\$ 1,745,640	\$ 1,827,139	\$ 1,602,757	\$ 1,609,869	\$ 7,112	0.4%
Interest on Debt Water Sub-Totals	\$ 319,203	\$ 329,529	\$ 352,363	\$ 268,462	\$ (83,901)	-23.8%
Interest on Debt Sewer Sub-Totals	\$ 200,574	\$ 147,275	\$ 116,583	\$ 173,807	\$ 57,224	49.1%
Bond Anticipation Notes	\$ 21,812	\$ 25,000	\$ 25,000	\$ 30,000	\$ 5,000	20.0%
Interest Totals	\$ 541,589	\$ 501,804	\$ 493,946	\$ 472,269	\$ (21,677)	-4.4%
Total Water & Service Debt Service	\$ 2,287,229	\$ 2,328,943	\$ 2,096,702	\$ 2,082,138	\$ (14,564)	-0.7%

Reserve Fund

	2011 Actual	2012 Actual	2013 Appropriated	2014 Recommended	2013 vs. 2014	
					\$	%
Reserve Fund	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ -	0.0%
Total Reserve Fund	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ -	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.



Town of Natick

Home of Champions

Department: Water & Sewer Operations Line-Item Detail

Narrative:

Water Operations (con't)

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

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/Service: 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.



Town of Natick

Home of Champions

Department: Water & Sewer Operations Line-Item Detail

Narrative:

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.

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.

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.

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).

Supplies

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



Town of Natick

Home of Champions

Department: Water & Sewer Operations Line-Item Detail

Employee Benefits

Pays for benefits for Water & Sewer Benefit eligible employees.

Debt Service

Principal Payments:

The requested budget amount of \$1,609,869 represents repayment of principal for multiple water and sewer capital improvement projects.

Interest Payments:

The requested budget amount of \$466,109 represents the respective interest payments associated with general obligation bonds issued for water and sewer projects. Of that amount, \$30,000 represents the estimated amount for Bond Anticipation Notes & issue costs (bond counsel, financial advisor, rating agency fees, etc.) for authorized borrowings.

Reserve Fund

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

Water & Sewer Employee Health Benefits Summary

Active		
- Rate Saver HMO's	\$	344,948
Tier #1 Safety Net	\$	11,200
Tier #2 Safety Net	\$	-
Tier #3 Safety Net	\$	-
Sentinel Benefits Administration Fee	\$	1,620
Retiree		
- Retiree Health Plans	\$	39,541
Life Insurance (\$4.25/mo. x Total Benefited Employees)	\$	1,530
Total Employee Health Benefits	\$	398,839

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)	628.00	90.00%	565.20	1,685.00	80.00%	1,348.00	
Participants			0			0	
Monthly Rates (Regular Members)	628.00	82.50%	518.10	1,685.00	77.50%	1,305.88	
Participants			1			1	
Monthly Rates (Regular Members)	628.00	80.00%	502.40				
Participants			0				
Annual Total			\$6,217			\$15,671	\$ 21,888
Fallon Group Direct Care							
Monthly Rates (Regular Members)	505.00	90.00%	454.50	1,357.00	80.00%	1,085.60	
Participants			0			0	
Monthly Rates (Regular Members)	505.00	82.50%	416.63	1,357.00	77.50%	1,051.68	
Participants			0			1	
Monthly Rates (Regular Members)	505.00	80.00%	404.00				
Participants			0				
Annual Total			\$0			\$12,620	\$ 12,620
Fallon Group Select Care							
Monthly Rates (Regular Members)	542.00	90.00%	487.80	1,460.00	80.00%	1,168.00	
Participants			0			0	
Monthly Rates (Regular Members)	542.00	82.50%	447.15	1,460.00	77.50%	1,131.50	
Participants			0			0	
Monthly Rates (Regular Members)	542.00	80.00%	433.60				
Participants			0				
Annual Total			\$0			\$0	\$ -
Harvard/Pilgrim							
Monthly Rates (Regular Members)	610.00	90.00%	549.00	1,590.00	80.00%	1,272.00	
Participants			0			0	
Monthly Rates (Regular Members)	610.00	82.50%	503.25	1,590.00	77.50%	1,232.25	
Participants			8			9	
Monthly Rates (Regular Members)	610.00	80.00%	488.00	1,590.00	75.00%	1,192.50	
Participants			0			0	
Monthly Rates (Regular Members)	610.00	75.00%	457.50				
Participants			0				
Annual Total			\$48,312			\$133,083	\$ 181,395
Tufts Rate Saver							
Monthly Rates (Regular Members)	645.00	90.00%	580.50	1,688.00	80.00%	1,350.40	
Participants			0			0	
Monthly Rates (Regular Members)	645.00	82.50%	532.13	1,688.00	77.50%	1,308.20	
Participants			3			7	
Monthly Rates (Regular Members)	645.00	80.00%	516.00				
Participants			0				
Annual Total			\$19,157			\$109,889	\$ 129,045

Premium Cost Summary	Enrollments	Single	12	Family	18	
Active Health Plans						\$ 344,948
Tier #1 Safety Net						\$ 11,200
Tier #2 Safety Net						\$ -
Tier #3 Safety Net						\$ -
Sentinel FSA Costs						\$ 1,620
Total Appropriation Needed						\$ 357,768

Retiree Health Care

Retirees - Non Medicare Eligible

Active Employees Plans: HEALTH PLANS:	Individual			Family			Total Cost
	Total	Town Share		Total	Town Share		
	\$	%	\$	\$	%	\$	\$
RATE SAVER EPO PLANS:							
Blue Choice							
Monthly Rates (Regular Members)	628.00	82.50%	518.10	1,685.00	77.50%	1,305.88	
			0			0	
Annual Total			\$0			\$0	\$ -
Fallon Group Select Care							
Monthly Rates (Regular Members)	542.00	82.50%	447.15	1,460.00	77.50%	1,131.50	
Participants			0			0	
Annual Total			\$0			\$0	\$ -
Harvard/Pilgrim							
Monthly Rates (Regular Members)	610.00	82.50%	503.25	1,590.00	77.50%	1,232.25	
Participants			0			0	
Annual Total			\$0			\$0	\$ -
Tufts Navigator							
Monthly Rates (Regular Members)	645.00	82.50%	532.13	1,688.00	77.50%	1,308.20	
Participants			0			0	
Annual Total			\$0			\$0	\$ -
Harvard/Pilgrim PPO							
Rates (Regular Members)	1,750.00	50.00%	875.00	3,886.00	50.00%	1,943.00	
Participants			1			0	
Annual Total			\$10,500			\$0	\$ 10,500
Tufts POS							
Monthly Rates (Regular Members)	1,750.00	50.00%	875.00	3,886.00	50.00%	1,943.00	
Participants			0			0	
Annual Total			\$0			\$0	\$ -

Premium Cost Summary	Enrollments		\$
	Single	Family	
Active Health Plans	1	0	10,500
Total Appropriation Needed			\$ 10,500

Retirees - Medicare Eligible

Senior Plans: HEALTH PLANS:	Individual			HEALTH PLANS:	Individual		
	Total	Town Share			Total	Town Share	
	\$	%	\$	\$	%	\$	
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)	279.00	68.05%	189.86	Monthly Rates (Senior Care)	332.00	65.20%	216.46
Monthly Rates (Senior Care)	293.70	68.05%	199.86	Monthly Rates (Senior Care)	365.20	65.20%	238.11
Participants			0	Participants			6
Total			\$0	Total			\$7,793
Tufts Medicare Preferred HMO				BCBS Managed Blue for Seniors			
Monthly Rates (Senior Care)	240.00	71.32%	171.17	Monthly Rates (Senior Care)	402.00	61.99%	249.20
Monthly Rates (Senior Care)	264.00	71.32%	188.28	Monthly Rates (Senior Care)	442.20	61.99%	274.12
Participants			1	Participants			0
			\$2,157	Total			\$0

Medicare Eligible Retirees	Enrollments		
	Single	Family	
	13	0	
Total Medicare Eligible Employees (Senior Plans)			\$29,041

Total Retiree Health Care	\$39,541
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Town of Natick

Home of Champions

Department: Enterprise Fund Debt Service - Principal

Year of Issue	Project	Amount Issued	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Issue	Total
			Principal	Principal	Principal	Principal	Principal	Principal	Balance	Principal
1998	Water Treatment Plant	\$ 1,175,000	\$ 81,000	\$ 74,000	\$ 65,000	\$ 64,000	\$ 64,000	\$ 60,000	\$ -	\$ 327,000
1998	Sewer (Pleasant, Rockwood, etc.)	\$ 285,000	\$ 15,000	\$ 14,000	\$ 14,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ -	\$ 67,000
1999	Sewer (Pleasant, Eliot, Union, etc.)	\$ 750,000	\$ 39,000	\$ 38,000	\$ 38,000	\$ 38,000	\$ 35,000	\$ 35,000	\$ 42,000	\$ 226,000
1999	Sewer (Union St)	\$ 615,000	\$ 34,000	\$ 33,000	\$ 33,000	\$ 29,000	\$ 26,000	\$ 25,000	\$ 25,000	\$ 171,000
1999	Water (Lakeshore Dr)	\$ 500,000	\$ 29,000	\$ 28,000	\$ 28,000	\$ 27,000	\$ 27,000	\$ 26,000	\$ 25,000	\$ 161,000
2000	Water (Lakeshore Dr)	\$ 540,000	\$ 27,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 23,000	\$ 23,000	\$ 66,000	\$ 184,000
2000	Sewer (Boden Ln & Water, Lincoln, etc.)	\$ 1,335,000	\$ 44,000	\$ 40,000	\$ 38,000	\$ 38,000	\$ 37,000	\$ 36,000	\$ 106,000	\$ 295,000
2002	Sewer (Lakeshore Rd)	\$ 430,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 80,000	\$ 180,000
2002	Sewer (Leach Ln)	\$ 210,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 40,000	\$ 90,000
2003	Water Elm Bank *Refunded	\$ 1,375,000	\$ 135,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2004	Water Meters	\$ 350,000	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000
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 (MW PAT) *Refunded	\$ 4,884,838	\$ 233,911	\$ 243,023	\$ 250,438	\$ 258,294	\$ 268,041	\$ 277,787	\$ 2,553,695	\$ 3,851,277
2008	Water Treatment Plant *Refunded	\$ 225,925	\$ 30,000	\$ 25,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ 75,000
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	\$ -	\$ -	\$ 40,000
2010	Water Relining	\$ 600,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 120,000	\$ 420,000
2010	Springvale Well	\$ 250,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 175,000
2010	Reservoir Refurbishment	\$ 500,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 100,000	\$ 350,000
2010	Sewer Pump Station 5	\$ 300,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 60,000	\$ 210,000
2010	Sewer Jet Truck	\$ 250,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 175,000
2010	Sewer I&I (MWRA)	\$ 77,385	\$ 15,477	\$ 15,477	\$ 15,477	\$ -	\$ -	\$ -	\$ -	\$ 30,954
2011	Final Phase V	\$ 800,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 365,000	\$ 640,000
2012	Radio Meter Transmitters	\$ 150,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ -	\$ 120,000
2012	Ground Water Wells	\$ 300,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 120,000	\$ 270,000
2012	Variable Frequency Drives	\$ 260,000	\$ 30,000	\$ 30,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 100,000	\$ 230,000
2012	DPW Headquarters Renovations	\$ 504,000	\$ 54,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 200,000	\$ 450,000
2012	MWRA I&I	\$ 196,845	\$ 39,369	\$ 39,369	\$ 39,369	\$ 39,369	\$ 39,369	\$ -	\$ -	\$ 157,476
2012	DPW Vehicle Garage Roof	\$ 66,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ -	\$ 55,000
2013	(Est.) Force Main Bradford / Pamela - Rt 9	\$ 1,650,000	\$ -	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 1,100,000	\$ 1,650,000
2013	(Est.) Replace Ground Water Wells	\$ 300,000	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 150,000	\$ 300,000
2013	(Est.) Filter Modification @ Springvale WTP	\$ 200,000	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 100,000	\$ 200,000
Water and Sewer Enterprise Principal			\$ 1,602,757	\$ 1,609,869	\$ 1,561,284	\$ 1,541,663	\$ 1,543,410	\$ 1,451,787	\$ 6,802,695	\$ 14,510,707
Total Amount Remaining			\$ -	\$ 14,510,707	\$ 12,900,838	\$ 11,339,555	\$ 9,797,892	\$ 8,254,482	\$ 6,802,695	\$ -



Town of Natick

Home of Champions

Department: Enterprise Fund Debt Service - Interest

Year of Issue	Project	Fiscal Year 2013		Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Issue	Total
		Amount Issued	Interest	Interest	Interest	Interest	Interest	Interest	Balance	Interest
1998	Water Treatment Plant	\$ 1,175,000	\$ 7,002	\$ 9,560	\$ 8,170	\$ 6,240	\$ 3,680	\$ 1,200	\$ -	\$ 28,850
1998	Sewer (Pleasant, Rockwood, etc.)	\$ 285,000	\$ 1,438	\$ 1,980	\$ 1,700	\$ 1,300	\$ 780	\$ 260	\$ -	\$ 6,020
1999	Sewer (Pleasant, Eliot, Union, etc.)	\$ 750,000	\$ 5,078	\$ 7,140	\$ 6,380	\$ 5,240	\$ 3,680	\$ 2,380	\$ 1,640	\$ 26,460
1999	Sewer (Union St)	\$ 615,000	\$ 3,737	\$ 5,190	\$ 4,530	\$ 3,620	\$ 780	\$ 1,500	\$ 980	\$ 16,600
1999	Water (Lakeshore Dr)	\$ 500,000	\$ 3,595	\$ 5,040	\$ 4,480	\$ 3,660	\$ 3,780	\$ 1,520	\$ 980	\$ 19,460
2000	Water (Lakeshore Dr)	\$ 540,000	\$ 4,312	\$ 6,160	\$ 5,680	\$ 4,960	\$ 2,520	\$ 3,100	\$ 3,960	\$ 26,380
2000	Sewer (Boden Ln & Water, Lincoln, etc.)	\$ 1,335,000	\$ 6,873	\$ 9,800	\$ 9,020	\$ 7,900	\$ 6,420	\$ 6,960	\$ 6,320	\$ 46,420
2002	Sewer (Lakeshore Rd)	\$ 430,000	\$ 9,920	\$ 9,000	\$ 8,040	\$ 7,040	\$ 6,040	\$ 5,040	\$ 10,140	\$ 45,300
2002	Sewer (Leach Ln)	\$ 210,000	\$ 4,960	\$ 4,500	\$ 4,020	\$ 3,520	\$ 3,020	\$ 2,520	\$ 5,070	\$ 22,650
2003	Water Elm Bank *Refunded	\$ 1,375,000	\$ 2,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2004	Water Meters	\$ 350,000	\$ 2,800	\$ 1,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,400
2006	Sewer (Speen St, Park Ave)	\$ 2,100,000	\$ 62,081	\$ 58,144	\$ 54,206	\$ 50,138	\$ 45,938	\$ 41,213	\$ 175,219	\$ 424,856
2007	Water Treatment (MWPAT) *Refunded	\$ 4,884,838	\$ 175,811	\$ 91,065	\$ 83,651	\$ 75,936	\$ 123,775	\$ 102,445	\$ 208,822	\$ 685,694
2008	Water Treatment Plant *Refunded	\$ 225,925	\$ 3,575	\$ 2,600	\$ 1,788	\$ 1,088	\$ 563	\$ -	\$ -	\$ 6,038
2009	Water Relining	\$ 3,000,000	\$ 66,375	\$ 56,250	\$ 45,750	\$ 34,875	\$ 23,625	\$ 12,000	\$ -	\$ 172,500
2009	Equipment W-9 Backhoe	\$ 90,000	\$ 1,814	\$ 1,475	\$ 1,125	\$ 763	\$ 388	\$ -	\$ -	\$ 3,750
2010	Water Relining	\$ 600,000	\$ 13,500	\$ 12,150	\$ 10,650	\$ 9,150	\$ 7,500	\$ 5,700	\$ 5,850	\$ 51,000
2010	Springvale Well	\$ 250,000	\$ 5,625	\$ 5,063	\$ 4,438	\$ 3,813	\$ 3,125	\$ 4,750	\$ 4,875	\$ 26,063
2010	Reservoir Refurbishment	\$ 500,000	\$ 11,250	\$ 10,125	\$ 8,875	\$ 7,625	\$ 6,250	\$ 2,850	\$ 2,925	\$ 38,650
2010	Sewer Pump Station 5	\$ 300,000	\$ 6,750	\$ 6,075	\$ 5,325	\$ 4,575	\$ 3,750	\$ 2,375	\$ 2,438	\$ 24,538
2010	Sewer Jet Truck	\$ 250,000	\$ 5,625	\$ 5,063	\$ 4,438	\$ 3,813	\$ 3,125	\$ 2,375	\$ 2,438	\$ 21,250
2011	Phase V	\$ 800,000	\$ 24,625	\$ 22,975	\$ 21,325	\$ 19,675	\$ 16,925	\$ 15,275	\$ 59,950	\$ 156,125
2012	Radio Meter Transmitters	\$ 150,000	\$ 4,500	\$ 3,900	\$ 3,000	\$ 2,100	\$ 1,200	\$ -	\$ -	\$ 10,200
2012	Ground Water Wells	\$ 300,000	\$ 9,300	\$ 8,700	\$ 7,800	\$ 6,900	\$ 6,000	\$ 4,800	\$ 7,800	\$ 42,000
2012	Variable Frequency Drives	\$ 260,000	\$ 8,000	\$ 7,400	\$ 6,500	\$ 5,750	\$ 5,000	\$ 4,000	\$ 6,500	\$ 35,150
2012	DPW Headquarters Renovations	\$ 504,000	\$ 15,580	\$ 14,500	\$ 13,000	\$ 11,500	\$ 10,000	\$ 8,000	\$ 13,000	\$ 70,000
2012	MWRA I&I	\$ 196,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2012	DPW Vehicle Garage Roof	\$ 66,000	\$ 2,120	\$ 1,766	\$ 1,412	\$ 1,059	\$ 706	\$ 353	\$ -	\$ 5,297
2013	(Est.) Force Main Bradford / Pamela - Rt 9	\$ 1,650,000	\$ -	\$ 57,750	\$ 53,900	\$ 50,050	\$ 46,200	\$ 42,350	\$ 211,750	\$ 462,000
2013	(Est.) Replace Ground Water Wells	\$ 300,000	\$ -	\$ 10,500	\$ 9,450	\$ 8,400	\$ 7,350	\$ 6,300	\$ 15,750	\$ 57,750
2013	(Est.) Filter Modification @ Springvale WTP	\$ 200,000	\$ -	\$ 7,000	\$ 6,300	\$ 5,600	\$ 4,900	\$ 4,200	\$ 10,500	\$ 38,500
	BANs and Issue Costs	\$ -	\$ 25,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ 150,000
Water and Sewer Enterprise Interest			\$ 493,945	\$ 472,269	\$ 424,952	\$ 376,288	\$ 377,019	\$ 313,465	\$ 756,906	\$ 2,720,899

Total Amount Remaining		\$ 2,720,899	\$ 2,248,630	\$ 1,823,678	\$ 1,447,390	\$ 1,070,371	\$ 756,906	\$ -
			\$ 6,160					

Summary of Debt - Water & Sewer Enterprise Fund								
	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Issue	Total
Water & Sewer Enterprise Fund Principal	\$ 1,602,757	\$ 1,609,869	\$ 1,561,284	\$ 1,541,663	\$ 1,543,410	\$ 1,451,787	\$ 6,802,695	\$ 14,510,707
Water & Sewer Enterprise Fund Interest	\$ 493,945	\$ 472,269	\$ 424,952	\$ 376,288	\$ 377,019	\$ 313,465	\$ 756,906	\$ 2,720,899
Total Annual Debt Service	\$ 2,096,701	\$ 2,082,138	\$ 1,986,236	\$ 1,917,951	\$ 1,920,428	\$ 1,765,252	\$ 7,559,601	\$ 17,231,607
Total Amount Remaining	\$ -	\$ 17,231,607	\$ 15,149,469	\$ 13,163,233	\$ 11,245,282	\$ 9,324,853	\$ 7,559,601	\$ -



Town of Natick

Home of Champions

Department: Water & Sewer Operations

Indirect Cost Allocations

PERCENTAGE ALLOCATIONS	PERSONNEL	FRINGE	EXPENSES	TOTAL
DPW ADMINISTRATION	\$ 83,201	\$ 32,122	\$ 14,500	\$ 129,823
BUILDING MAINTENANCE	\$ -	\$ -	\$ 45,019	\$ 45,019
ENGINEERING SERVICES	\$ 202,320	\$ 78,111	\$ 50,200	\$ 330,631
GIS SERVICES	\$ (48,292)	\$ (18,644)	\$ -	\$ (66,936)
EQUIPMENT MAINTENANCE	\$ 176,968	\$ 68,323	\$ 91,648	\$ 336,939
HIGHWAY MAINTENANCE	\$ 141,395	\$ 54,589	\$ 185,070	\$ 381,054
PUBLIC SAFETY	202,590	78,215	11,920	\$ 292,725
FINANCIAL / ADMINISTRATIVE	267,414	103,242	175,501	\$ 546,157
PROPERTY INSURANCE	-	-	221,270	\$ 221,270
ENERGY	-	-	106,897	\$ 106,897
SUBTOTAL - GENERAL FUND	1,025,597	395,958	902,025	\$ 2,323,579

Notes:

Indirect Costs are based upon the Previous Fiscal Year's (FY 2013) 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.

Water/Sewer Enterprise Fund Projection & Initial Proposed Single-Family Home Rate for FY 2014

Water/Sewer Enterprise Fund Projection - FY 2014 - FY 2016

Summary: The projection shown below is for planning purposes **ONLY**. It is not intended to serve as a budget or plan for expenditures. Accounting for level indirect costs and funding of requested capital projects through a mixture of debt and retained cash financing, FY 2014 should see an increase of 3.5% in most rates (See below). Later years, however, rates will likely be between 4-7% increases annually, driven mainly by anticipated 12.5% increases in the MWRA assessment annually and full funding of capital requests.

	2011 Actual	2012 Actual	2013 Appropriated	2014 Recommended	2015 Estimate	2016 Estimate
Revenues						
User Charges	\$ 12,353,351	\$ 11,127,657	\$ 12,143,096	\$ 12,307,879	\$ 13,163,221	\$ 13,798,352
Connection Fees	\$ 104,470	\$ 71,064	\$ 114,290	\$ 70,000	\$ 70,000	\$ 70,000
Other Departmental Income	\$ 758,698	\$ 1,100,812	\$ 1,120,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
Investment Income	\$ 66,356	\$ 19,980	\$ 25,000	\$ 20,000	\$ 20,000	\$ 20,000
Capital Article Closeouts/Trans.	\$ 150,000	\$ -	\$ 39,369	\$ -	\$ -	\$ -
Retained Earnings	\$ -	\$ 410,000	\$ 1,291,746	\$ 147,000	\$ 90,000	\$ 21,000
Total Revenues	\$ 13,432,875	\$ 12,729,513	\$ 14,733,501	\$ 13,644,879	\$ 14,443,221	\$ 15,009,352
Expenses						
Sewer	\$ 5,191,891	\$ 5,230,989	\$ 5,674,376	\$ 5,886,881	\$ 6,505,004	\$ 7,188,029
Water	\$ 2,081,463	\$ 1,874,819	\$ 2,123,748	\$ 2,085,065	\$ 2,147,617	\$ 2,212,045
Utility Billing	\$ 180,693	\$ 208,371	\$ 233,569	\$ 237,383	\$ 244,504	\$ 251,840
Fringe Benefits	\$ 627,467	\$ 630,025	\$ 652,593	\$ 682,834	\$ 737,460	\$ 796,457
Debt Service	\$ 2,287,229	\$ 2,328,943	\$ 2,096,702	\$ 2,082,138	\$ 2,311,236	\$ 2,242,951
Reserve Fund	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Indirects (included in G/F)	\$ 2,449,757	\$ 2,535,883	\$ 2,851,514	\$ 2,323,579	\$ 2,207,400	\$ 2,097,030
Capital	\$ 312,000	\$ 410,000	\$ 1,171,000	\$ 147,000	\$ 90,000	\$ 21,000
Total Expenses	13,130,501	13,219,029	15,003,500	13,644,879	14,443,221	15,009,352

Preliminary Proposed Single-Family Water & Sewer Rates for FY 2014

Summary: Just as the projection above, the projected rates below are purely for illustrative purposes only. Actual rates will be determined through recalibration of the rate model in preparation of meeting with the Water & Sewer Commissioners for FY 2014 rate setting, which will begin in April 2013. Should the budget be approved as it is recommended, including funding of the revised capital requests, the impact upon this years rates is shown below. Average W/S bills for a single family home would increase around 3.5%, or \$36.10 annually.

Rate Options for the average Single-Family House (26.57 HCF/quarter)

2013	Tier	Combined Rate	Consumption	Qtr. Cost	Annual Cost	3.50%
Bills	0-10	\$ 5.70	10	\$ 57.00	\$ 228.00	
	011-20	\$ 9.76	10	\$ 97.60	\$ 390.40	
	021-40	\$ 15.72	6.57	\$ 103.28	\$ 413.12	
			26.57	\$ 257.88	\$ 1,031.52	
2014 (draft)						
Bills	0-10	\$ 5.90	10	\$ 59.00	\$ 235.98	
	011-20	\$ 10.10	10	\$ 101.02	\$ 404.06	
	021-40	\$ 16.27	6.57	\$ 106.90	\$ 427.58	
			26.57	\$ 1,067.62		

Cost increase/year over FY 2014	\$ 36.10
Cost increase/quarter over FY 2014	\$ 9.03



Town of Natick

FY 2014-2018 Capital Plan Summary

FY 2014 Capital Improvement Budget

Department/Division	Description	2014	Spring Town Meeting	Fall Town Meeting	Funding Source			
Enterprise Funds								
Water-Sewer Enterprise		2014	Equipment	Improvement	Equipment	Improvement	Cash	Debt
WATER SEWER ENTERPRISE	I/I MWRA GRANT	1374000		1374000				1374000
WATER SEWER ENTERPRISE	REPLACE GROUND WATER WELLS	300000		300000				300000
WATER SEWER ENTERPRISE	TOWN FOREST RESERVOIR ROOF COATING & MIXING SYSTEM	220000		220000				220000
WATER SEWER ENTERPRISE	SEWER MAIN RELINING	150000		150000				150000
WATER SEWER ENTERPRISE	PRIME PARK PUMP STATION WALL REPAIR	150000		150000				150000
WATER SEWER ENTERPRISE	ENERGY EFFICIENCY UPGRADES - SPRINGVALE WTP	150000		150000				150000
WATER SEWER ENTERPRISE	REPLACE CONTROL VALVES AND TONKA FILTERS	100000		100000				100000
WATER SEWER ENTERPRISE	SEWER LINE REPLACEMENT - CHRYSLER ROAD	48000		48000				48000
WATER SEWER ENTERPRISE	REPLACE W-28 (TRUCK W/PLOW)	47000			47000		47000	
WATER SEWER ENTERPRISE	REPLACE W-21 (1 TON WORK TRUCK)	40000			40000		40000	
WATER SEWER ENTERPRISE	REPLACE W-1 (VEHICLE)	30000			30000		30000	
WATER SEWER ENTERPRISE	REPLACE W-12 (AIR COMPRESSOR)	30000			30000		30000	
Total Water-Sewer		2639000	0	2492000	147000	0	147000	2492000
<i>Less grants, subsidies, etc.</i>		<i>-1524000</i>	<i>0</i>	<i>-1524000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-1524000</i>
Net Water/Sewer (dependent upon rates)		1115000	0	968000	147000	0	147000	968000

Funding Summary	
Water/Sewer Debt	\$ 968,000
Grants, Subsidies	\$ 1,524,000
Retained Earnings	\$ 147,000
Total Water/Sewer Enterprise Funding	\$ 2,639,000



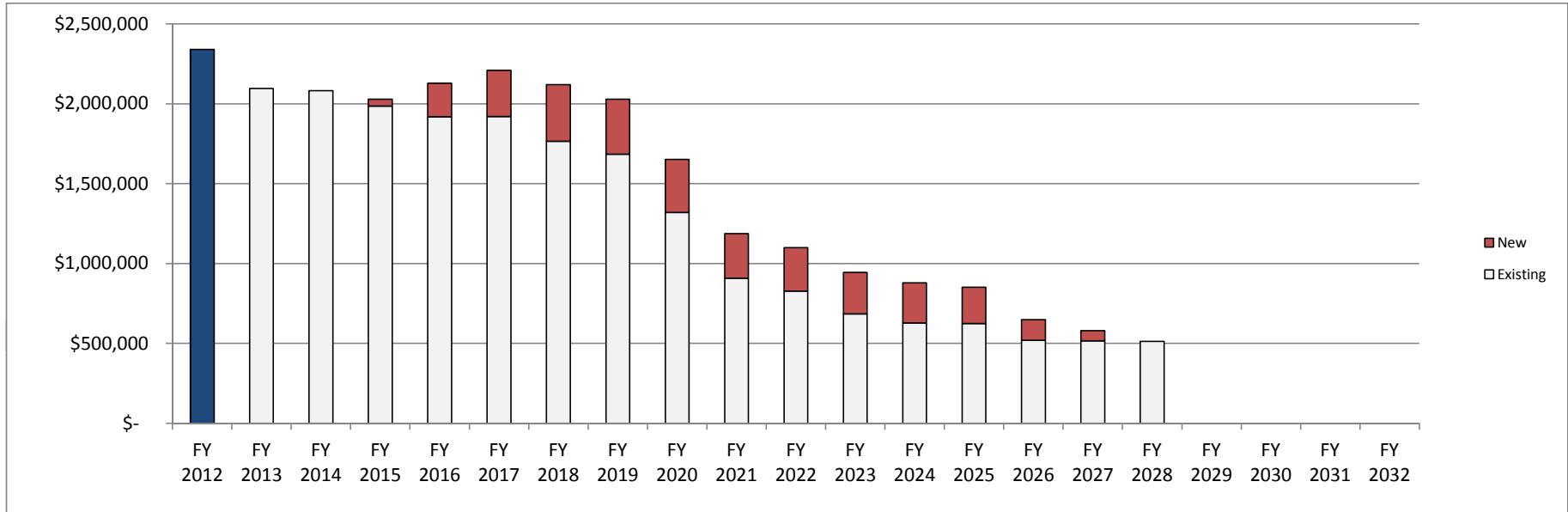
Town of Natick

Water/Sewer Rates - FY 2014 (Proposed)

Appendix D - FY 2014-2018 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 improvements issued for 10 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	\$ 2,096,701	\$ 2,082,138	\$ 1,986,236	\$ 1,917,951	\$ 1,920,428	\$ 1,765,252	\$ 1,685,240	\$ 1,319,580	\$ 908,310	\$ 828,254
New	\$ -	\$ -	\$ -	\$ 43,324	\$ 211,112	\$ 289,560	\$ 354,838	\$ 343,866	\$ 332,894	\$ 279,782	\$ 270,530
Total	\$ 2,341,218	\$ 2,096,701	\$ 2,082,138	\$ 2,029,560	\$ 2,129,063	\$ 2,209,988	\$ 2,120,090	\$ 2,029,106	\$ 1,652,474	\$ 1,188,092	\$ 1,098,784
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Existing	\$ 684,124	\$ 628,024	\$ 624,174	\$ 520,324	\$ 516,474	\$ 512,624					
New	\$ 261,278	\$ 252,026	\$ 228,270	\$ 128,470	\$ 63,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 945,402	\$ 880,050	\$ 852,444	\$ 648,794	\$ 580,224	\$ 512,624	\$ -	\$ -	\$ -	\$ -	\$ -



Town of Natick

FY 2014-2018 Capital Plan Summary

FY 2014-2018 Capital Improvement Plan

Department/Division	Description	2014	2015	2016	2017	2018	Total
Enterprise Funds							
Water-Sewer Enterprise		2014	2015	2016	2017	2018	Total
WATER SEWER ENTERPRISE	I/I MWRA GRANT	1374000	0	0	0	0	1374000
WATER SEWER ENTERPRISE	REPLACE GROUND WATER WELLS	300000	300000	0	0	0	600000
WATER SEWER ENTERPRISE	TOWN FOREST RESERVOIR ROOF COATING & MIXING SYSTEM	220000	0	0	0	0	220000
WATER SEWER ENTERPRISE	SEWER MAIN RELINING	150000	150000	150000	150000	150000	750000
WATER SEWER ENTERPRISE	PRIME PARK PUMP STATION WALL REPAIR	150000	0	0	0	0	150000
WATER SEWER ENTERPRISE	ENERGY EFFICIENCY UPGRADES - SPRINGVALE WTP	150000	0	0	0	0	150000
WATER SEWER ENTERPRISE	REPLACE CONTROL VALVES AND TONKA FILTERS	100000	0	0	0	0	100000
WATER SEWER ENTERPRISE	SEWER LINE REPLACEMENT - CHRYSLER ROAD	48000	0	0	0	0	48000
WATER SEWER ENTERPRISE	REPLACE W-28 (TRUCK W/PLOW)	47000	0	0	0	0	47000
WATER SEWER ENTERPRISE	REPLACE W-21 (1 TON WORK TRUCK)	40000	0	0	0	0	40000
WATER SEWER ENTERPRISE	REPLACE W-1 (VEHICLE)	30000	0	0	0	0	30000
WATER SEWER ENTERPRISE	REPLACE W-12 (AIR COMPRESSOR)	30000	0	0	0	0	30000
WATER SEWER ENTERPRISE	SEWER STATION GENERATORS	0	250000	0	0	0	250000
WATER SEWER ENTERPRISE	WATER METER RADIO TRANSMITTERS	0	200000	200000	0	0	400000
WATER SEWER ENTERPRISE	VFD INSTALLS & CONTROLS	0	180000	150000	0	0	330000
WATER SEWER ENTERPRISE	REPLACE W-16 (BACKHOE)	0	125000	0	0	0	125000
WATER SEWER ENTERPRISE	INSTALL SEWER GRINDER PUMP	0	90000	0	0	0	90000
WATER SEWER ENTERPRISE	BOOSTER PUMP - GLENRIDGE	0	0	250000	0	0	250000
WATER SEWER ENTERPRISE	REPLACE W-23 (DUMP TRUCK)	0	0	160000	0	0	160000
WATER SEWER ENTERPRISE	REPLACE W-4 RANGER (TRUCK)	0	0	21000	0	0	21000
WATER SEWER ENTERPRISE	RUNNING BROOK/VESTA RD PUMP STATION	0	0	0	500000	0	500000
WATER SEWER ENTERPRISE	GENERATOR BRADFORD RD	0	0	0	0	125000	125000
WATER SEWER ENTERPRISE	CAPT TOM'S BOOSTER PUMP	0	0	0	0	65000	65000
WATER SEWER ENTERPRISE	REPLACE W-10 (1 TON WORK TRUCK)	0	0	0	0	50000	50000
WATER SEWER ENTERPRISE	REPLACE W-8 (GENERATOR)	0	0	0	0	45000	45000
WATER SEWER ENTERPRISE	REPLACE W-11 (AIR COMPRESSOR)	0	0	0	0	30000	30000
WATER SEWER ENTERPRISE	WATER MAIN RELINING PHASE 6	0	0	0	0	0	0
WATER SEWER ENTERPRISE	CHLORINE UPGRADE ELM BANK/PINE OAKS/MORSE POND	0	0	0	0	0	0
WATER SEWER ENTERPRISE	ROUTE 30 WATER MAIN LOOP	0	0	0	0	0	0
WATER SEWER ENTERPRISE	SPRINGVALE TONKA FILTER MEDIA REPLACEMENT	0	0	0	0	0	0
Total Water-Sewer		2639000	1295000	931000	650000	465000	5980000
<i>Less grants, subsidies, etc.</i>		<i>-1524000</i>	<i>-150000</i>	<i>-150000</i>	<i>-150000</i>	<i>-150000</i>	<i>-2124000</i>
Net Water/Sewer (dependent upon rates)		1115000	1145000	781000	500000	315000	3856000

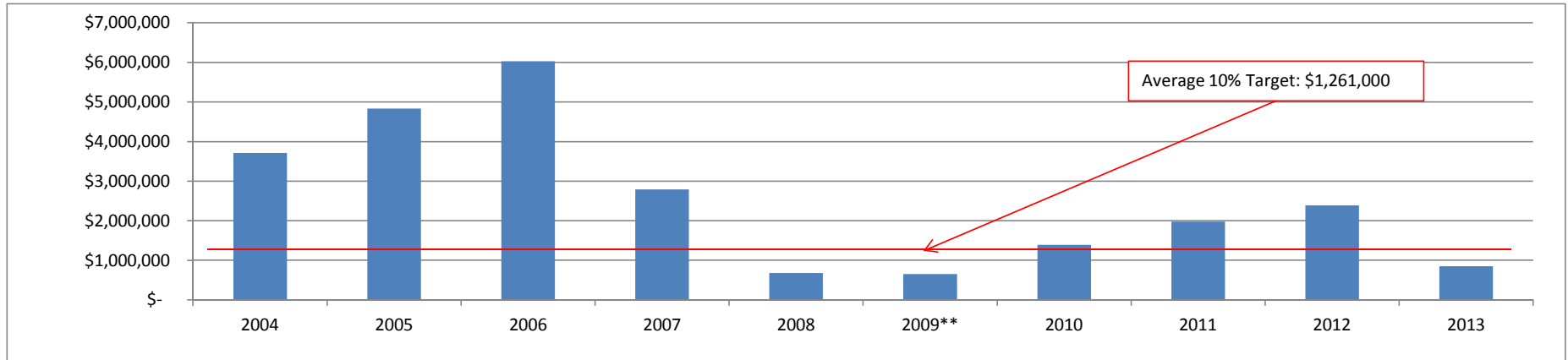


Town of Natick

Water/Sewer Ratesetting - FY 2014 (Proposed)
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	2013
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	7/1/2012
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	\$ 849,404

Total Fund	N/A	\$ 11,617,800	\$ 11,319,315	\$ 11,994,334	\$ 12,463,370	\$ 12,753,636	\$ 13,180,066	\$ 13,237,497	\$ 13,366,834	\$ 13,562,501
10% Target	N/A	\$ 1,161,780	\$ 1,131,932	\$ 1,199,433	\$ 1,246,337	\$ 1,275,364	\$ 1,318,007	\$ 1,323,750	\$ 1,336,683	\$ 1,356,250
Reserves Target Met?	N/A	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No

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 2014 (Proposed)
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	FY 2013
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	\$ 4,683,550
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	\$ 4,634,401
Difference	\$ (23,684)	\$ 140,225	\$ 22,161	\$ 328,222	\$ 557,151	\$ 111,224	\$ 137,018	\$ 42,315	\$ 33,047	\$ 49,149
Year Over-year Growth		4.18%	3.13%	4.37%	-1.77%	-1.30%	7.06%	3.00%	2.63%	3.90%



Town of Natick

Water/Sewer Rates - FY 2014 (Proposed)

Appendix G - Indirect Charges History - FY 2007-2014

Attachment G

This attachment provides a eight-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	FY 2014
General Fund Budget	\$ 96,127,026	\$ 99,219,463	\$ 102,992,739	\$ 103,904,157	\$ 106,958,773	\$ 118,267,009	\$ 122,741,389	\$ 124,684,680
Increase from year-to-year	3.74%	3.22%	3.80%	0.88%	2.94%	10.57%	3.78%	1.58%
Water Sewer Budgets	\$ 9,643,700	\$ 10,083,778	\$ 10,207,292	\$ 10,673,650	\$ 10,787,740	\$ 10,830,952	\$ 10,980,987	\$ 11,374,301
Increase from year-to-year	5.86%	4.56%	1.22%	4.57%	1.07%	0.40%	1.39%	3.58%

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Indirect Charges								
DPW ADMINISTRATION	\$ 136,443	\$ 140,922	\$ 149,508	\$ 138,329	\$ 93,371	\$ 122,675	\$ 126,753	\$ 129,823
BUILDING MAINTENANCE	\$ 196,786	\$ 115,671	\$ 122,956	\$ 125,907	\$ 124,412	\$ 112,618	\$ 123,071	\$ 45,019
ENGINEERING SERVICES	\$ 320,523	\$ 334,638	\$ 361,715	\$ 364,839	\$ 394,794	\$ 318,870	\$ 318,870	\$ 330,631
GIS SERVICES		\$ (57,217)	\$ (56,308)	\$ (62,896)	\$ (64,937)	\$ (66,936)	\$ (66,936)	\$ (66,936)
EQUIPMENT MAINTENANCE	\$ 478,352	\$ 365,109	\$ 389,071	\$ 384,479	\$ 379,595	\$ 328,142	\$ 333,476	\$ 336,939
HIGHWAY MAINTENANCE	\$ 136,325	\$ 137,700	\$ 141,577	\$ 134,745	\$ 173,236	\$ 363,134	\$ 367,483	\$ 381,054
PUBLIC SAFETY	\$ 307,323	\$ 317,591	\$ 342,625	\$ 321,431	\$ 336,034	\$ 374,211	\$ 369,890	\$ 292,725
FINANCIAL / ADMINISTRATIVE	\$ 534,908	\$ 562,822	\$ 596,211	\$ 563,180	\$ 544,238	\$ 593,844	\$ 619,583	\$ 546,157
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	\$ 221,270
ENERGY	\$ -	\$ 221,752	\$ 250,762	\$ 257,884	\$ 190,660	\$ 111,314	\$ 111,315	\$ 106,897
GENERAL FUND INDIRECTS	\$ 2,350,634	\$ 2,379,592	\$ 2,546,344	\$ 2,506,416	\$ 2,449,757	\$ 2,535,882	\$ 2,581,514	\$ 2,323,579
Increase from year-to-year	6.39%	1.23%	7.01%	-1.57%	-2.26%	3.52%	1.80%	-10.00%



Town of Natick

Water/Sewer Rates - FY 2014 (Proposed)

Usage History

Attachment H

This attachment provides a history of gross usage in the water/sewer enterprise fund. Amounts shown are in Hundred Cubic Feet (HCF).

Based on FY2006 Use			Based on FY2007 Use			Based on FY2008 Use		
CODE	USE	AVERAGE	CODE	USE	AVERAGE	CODE	USE	AVERAGE
ELD	7,357	14.48	ELD	6,972	13.67	ELD	7,379	14.64
ELW	1,768	15.24	ELW	1,726	14.63	ELW	1,986	14.71
IRR*	199,534	97.57	IRR*	129,355	62.92	IRR*	229,183	110.77
PIT	9,719	359.96	PIT	12,987	618.43	PIT	16,186	735.73
SEW	15,492	336.78	SEW	11,607	154.76	SEW	20,942	265.09
WAT	200,574	35.65	WAT	174,904	30.6	WAT	169,441	27.8
WSM	1,153,965	31.34	WSM	1,047,889	26.07	WSM	1,183,085	29.33
Total	1,588,409		Total	1,385,440		Total	1,628,202	

Based on FY2009 Use			Based on FY2010 Use			Based on FY2011 Use		
CODE	USE	AVERAGE	CODE	USE	AVERAGE	CODE	USE	AVERAGE
ELD	6,434	14.27	ELD	5,621	14.34	ELD	5,710	14.87
ELW	1,274	11.80	ELW	1,014	12.07	ELW	1,076	13.62
IRR*	160,116	76.79	IRR*	115,156	55.15	IRR*	171,645	79.10
PIT	11,746	587.30	PIT	2,067	516.75	PIT#		
SEW	13,229	171.81	SEW	12,157	209.60	SEW	7,441	130.54
WAT	136,178	24.84	WAT	130,920	25.44	WAT	146,227	24.42
WSM	1,080,467	28.54	WSM	1,155,285	31.62	WSM	1,076,828	17.92
Total	1,409,444		Total	1,422,220		Total	1,408,927	

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

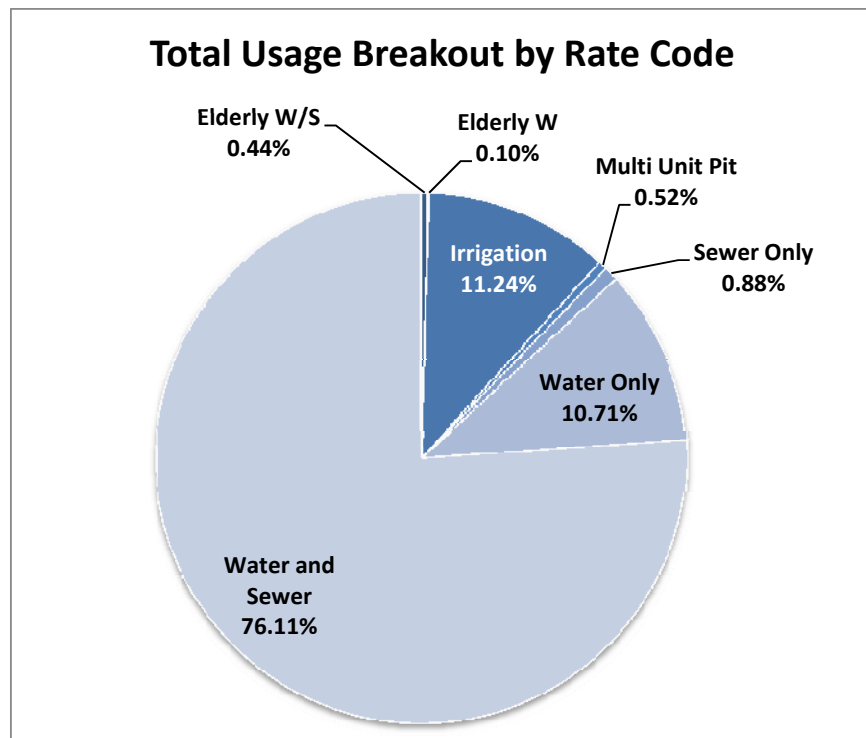
PIT meters are now averaged

Based on FY2012 Use

CODE	USE	AVERAGE
ELD	5,511	14.31
ELW	873	10.91
IRR*	137,975	62.57
PIT#		
SEW	9,041	74.72
WAT	131,325	21.50
WSM	1,044,685	16.79
Total	1,329,410	

Seven-year Average

CODE	USE	AVERAGE
ELD	6,426	14.37
ELW	1,388	13.28
IRR	163,281	77.84
PIT	7,529	563.63
SEW	12,844	191.90
WAT	155,653	27.18
WSM	1,106,029	25.94
Total	1,453,150	





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.



Town of Natick

2014 Water/Sewer Rate Setting

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