

Memorandum

To: Board of Selectmen

From: Michael Walters Young, Deputy Town Administrator

Cc: Martha White, Town Administrator
Robert Palmer, Finance Director

Date: Friday, March 13, 2009

Re: Item 5: Water & Sewer Presentation

Tonight the Board of Selectmen will receive a series of information regarding the Water & Sewer Enterprise Fund.

- 5a. Under Section 5a, the Board will receive a report & work requests from the Water & Sewer Rate Subcommittee of the Board of Selectmen. This subcommittee is a result of the Board's deliberations about the FY 2009 rates, the impact and concerns raised by ratepayers concerning those rates and responses from staff on outstanding questions raised by board members.
- 5b-5d. Under Sections 5b-5d, the Board will receive and review information concerning the FY 2010 budget: FY 2010 proposed Capital under section 5b, FY 2010 proposed Operating Budget under section 5c, and finally the preliminary impact and options concerning rates for FY 2010 under section 5d.

Concerned ratepayers have been notified of this review and will likely be present on Monday Night.

Please let us know if you have any questions.



Memorandum

To: Board of Selectmen

From: Michael Walters Young, Deputy Town Administrator

Cc: Martha White, Town Administrator
Robert Palmer, Finance Director

Date: Friday, March 13, 2009

Re: Summary of Findings: Water/Sewer Rate Subcommittee

The Water/Sewer Rate Subcommittee met on January 9, 2009 to review, analyze and evaluate the Water and Sewer Enterprise Fund, the rate plan approved by the Board for FY 2009, and to review the citizen concerns raised subsequent to the rate-setting process. This memorandum summarizes the findings of the Subcommittee and lists their requests for further analysis regarding the Water/Sewer Enterprise Fund and the status of those analyses.

Findings:

Staff presented the Subcommittee with a packet of information. This packet came in two parts – a copy of all information provided by staff during the FY 2009 rate setting process (April-June 2008) and a series of constituent concerns and complaints regarding the new rate structure. We reviewed the concerns individually and determined how they should be addressed. A summary of those concerns and the recommended answers or actions to them is attached (Attachment A)

As far as the rates themselves go, through eight (8) months, the rate structure appears to be working. Based on revenues and expenses to date, we project that a year-end balance of just over \$648,000 (see attached FY 2009 Expenditure Summary). A positive year-end balance is consistent with recommended policy, as will be discussed in greater detail in the rate setting memorandum at the end of this agenda item.

The averaging of water & sewer bills for condominiums is also working. Staff has dedicated considerable more time to averaging than billing in the past because all averaging must be done manually at this time. Staff has been in contact with our software provider on the subject of automation, but that solution has not been developed as of yet.

Requests:

The Subcommittee recommended that the following work products be produced by staff:

Short-term

- 1) An explanation from the Comptroller as to the difference in Retained Earnings from what was certified by the Department of Revenue to what is the actual amount. (Provided as Attachment B)
- 2) A year-to-date budget update (through February 28, 2009). (Provided as Attachment C)
- 3) Creation of a list of Frequently Asked Questions concerning Water & Sewer Rates to post on the website (Provided as Attachment D)
- 4) A letter to multi-unit properties and condominiums addressing issues regarding averaging including the basis for and explanation of the decisions that have been made, including (a) to which properties the averaging method is and is not being applied, (b) the basis for applying the \$5 administrative charge, and (c) the determination to not apply the averaging method for irrigation water usage. (In progress)
- 5) An updated list of recently completed Water/Sewer capital projects. (In progress)
- 6) An updated list of ongoing and pending Water/Sewer Capital projects and their status or timetable. (In progress)

Long-term (and ongoing)

- 7) Creation of a longer-term maintenance plan for Water & Sewer assets similar to pavement management program.
- 8) Annual estimates of the impact of operating and capital budgets on Water/Sewer Rates.

Recommendations:

At this point in time, staff recommends no changes to the rates or rate structure as adopted by the Board of Selectmen in June 2008. When rate setting for FY 2010 begins next month, staff will recommend a few changes to the rates themselves and reengage the board in the formal adoption of financial management policies for the Water/Sewer Enterprise Fund.

Staff is available to answer any questions.

Attachments:

- A – Summary of ratepayer concerns regarding Water/Sewer Enterprise rates and operations and what has been done about them.
- B – Letter from Comptroller to Board of Selectmen explaining FY 2009 Retained Earnings difference between DOR certification and actual amount.
- C – Year-to-Date Budget update of Water/Sewer Operations through December 31, 2008.
- D – List of Frequently Asked questions regarding Water /Sewer Issues.

Water & Sewer Commissioners Rate Subcommittee – Citizen Concerns List

Post-Rate Setting (June-November 2008)

General Concerns:

- When can rate payers raise or voice concerns to the Water & Sewer Commissioners?
Answer: Concerned ratepayers can send correspondence (via phone, e-mail or written letter) to the Board of Selectmen at anytime. They can also appear at any Selectmen's meeting and be heard under Citizen's Concerns.
- Where can ratepayers to turn to for abatements of their bills and the current rate structure?
Answer: Concerned ratepayers can send correspondence (via phone, e-mail or written letter) to the Board of Selectmen at anytime. They can also appear at any Selectmen's meeting and be heard under Citizen's Concerns.

Averaging Concerns:

- Can the irrigation rates also be averaged? (from concerned condominiums)
Answer: 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.
- Can averaging of water & sewer bills also be implemented for residents outside of Natick who take Natick Water?
Answer: Staff met with Town Administrator Ramsey of Dover in Fall 2008 and offered a counterproposal to this issue. The interested party was to get back with the Town administrator of Dover who was then to return correspondence with Natick.
- Can averaging or some other discount be applied to Laundromats?
Answer: Although the burdens of tiered-rate structures do impose higher rates on businesses such as Laundromats, the principal of the tiered rates bill higher consumers of water regardless of the end use. The more you use, the more you pay. Businesses do have the ability pass on higher costs through changing the pricing mechanisms for their service.
- Can the Golf Course receive some degree of municipal rate?
Answer: Although this was discussed in the initial budget proposal for Sassamon Trace, staff has identified two reasons why no municipal rate should be offered. First, no municipal rate currently exists for any municipal function, purpose or structure. Staff does not advise implementing one at this time. Second, the immediate need to implement a municipal rate for the golf course has been mitigated by the use of alternative irrigation supplies in FY 2009. This should continue to be reviewed.

- If condominiums can be averaged, why not apartment complexes or multi-family homes?

Answer: It has long been the recommendation of the Town of Natick that whenever possible, individual units should be metered individually. When staff decided to begin averaging with condominiums, it was on the basis that large-unit condominiums were being unfairly affected by the combination of not averaging their bills and the costs incurred by the owners of condominiums trying to retrofit large buildings to individual meters from mass or pit meters. It was also stated that averaging condominiums would create an administrative burden and would tax existing resources.

Apartment buildings were not considered because whereas condominiums are individual units and can be averaged as similar as possible to single-family homes, apartments are fundamentally businesses. State law requires that water be billed to the owner and that he/she distribute the cost of the water to the tenants via rent. There is no guarantee that averaged water rates would actually be passed onto the tenants.

Multi-family units, especially 2, 3 and 4 unit structures, can more easily and affordably install second water meters than can either condominium developments or apartment buildings.

Administrative Service Fee Concerns:

- Can the administrative service fee be billed for each meter for an averaged bill rather than one administrative service fee for each unit?

Answer: Staff has administered averaging on one basic principle: equity to all. Condominium units have received one average bill per unit and thus one admin. service fee per bill, just like a single family homeowner. This follows internal policies developed by the Finance Department.

Bills:

- The bills are difficult to understand. Can they be made simpler to understand? Can they be printed bigger? Can more information be put on them, such as how to calculate my bill step by step? Can less information be put on them? Can the price listed on each bill be lower?

Answer: Staff will continue to work to make materials available which help ratepayers understand their bills; the distribution of the one-page summary for Water/Sewer with the bills was designed to help individuals see the change in rates from 2008 to 2009. We can certainly continue to provide the necessary information on each bill (how much you were charged, what the rates are and how you pay your bill) while keeping the information as clear to understand and the presentation as clean as possible.

- Can the MWRA & Sewer charges be broken out separately as in previous years?

Answer: On some initial bills, this separation of the Sewer charge by percentage was not found on the bills due to a technical error. It has been corrected so people can calculate their separate charges.

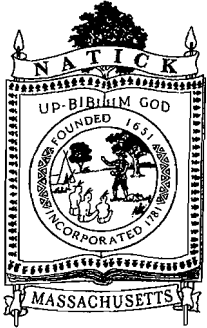
- Can an online bill calculator be created?

Answer: Such a calculator was available in the past, but there was extremely low usage of such an application. Any requested for calculations have been provided on an individual basis by the Treasurer's Office.

Presentation:

- Can all of the Revenues be broken out? (e.g.; separate out monies raised from water, sewer rates, administrative service fees, liens, etc.)

[Answer: Yes; this has been corrected for online version of the Water/Sewer Rate Summary.](#)



Town of Natick
Massachusetts

01760

RECEIVED

JAN 12 2008

BOARD OF SELECTMEN
NATICK, MA

Fred E. Witte
Comptroller

January 9, 2008

Natick Board of Selectmen
13 E. Central Street
Natick MA 01760

Re: Water and Sewer Enterprise Fund Retained Earnings FY2008

Dear Members of the Board of Selectmen,

On November 13, 2008 the Department of Revenue certified the Water and Sewer Enterprise Fund Retained Earnings to be \$1,331,440. However, after further review that amount erroneously includes \$675,000 in Reserves for Expenditures. Since Retained Earnings is comprised of Unreserved/Undesignated Funds the \$675,000 mentioned above should not be included. Hence, the correct Retained Earnings at the end of FY 2008 is \$656,440 which is equal to the total Unreserved/Undesignated Fund Balance.

This also occurred in FY 2007 when the original certification for Water and Sewer Retained Earnings dated October 16, 2007 was \$3,310,509 which was revised by DOR on December 7, 2007 to \$682,304. This was a result of including \$2,628,205 of funds Reserved for Encumbrances and Expenditures in the Unreserved/Undesignated Fund Balance.

Sincerely,

Fred E. Witte

Cc: Martha White, Town Administrator
Robert Palmer, Finance Director and Treasurer/Collector
Michael Walters-Young, Deputy Town Administrator ✓



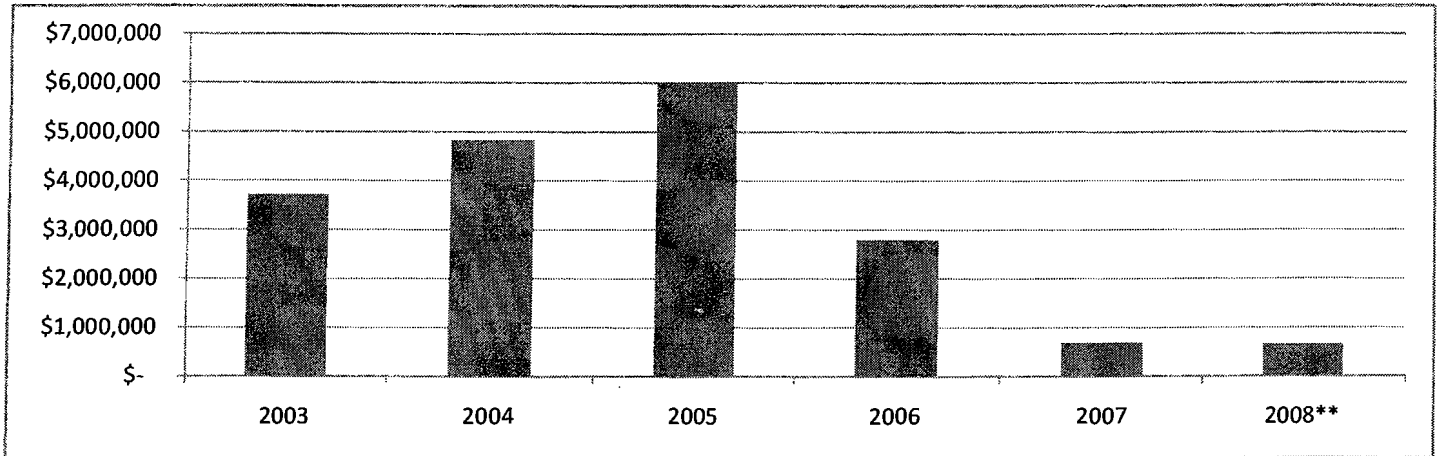


Town of Natick

Water/Sewer Rates - FY 2009

Retained Earnings History*

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



Fiscal Year	2003	2004	2005	2006	2007	2008**
Certified Retained Earnings	\$ 3,712,973	\$ 4,835,052	\$ 6,024,895	\$ 2,791,973	\$ 682,304	\$ 656,440

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.

Please refer to the memorandum on back by the Comptroller in regards to FY 2008.

Water & Sewer Expenditure Summary - FY 2009 through 2/28/2009

Shown below is the Y-T-D Revenue & Expenditure Summary for the Water & Sewer Enterprise Fund. Through the first 8 months of the fiscal year, revenues collected are performing better than expectations by close to \$730,000, while expenses are under budget by close to \$700,000. From the Revenue perspective, this is expected because of higher usage billed in the Summer and Fall when irrigation usage is captured on bills. From the Expense side this is expected, because of when debt payments are scheduled and no use of the Reserve Fund through February 28th.

The columns on the far left are the total budget and the forecast at year-end. Revenues should be approximately \$250,000 higher than forecast while expenses at year end should be more than \$350,000 less than budgeted. All told, this should mean turnbacks close to \$650,000.

Revenues

	<u>Budget Y-T-D</u>	<u>Actual Y-T-D</u>	<u>Budget</u>	<u>Forecast</u>
Rate Revenue				
Water	\$ 3,246,303	\$ 3,489,097	\$ 4,869,455	\$ 4,814,954
Sewer	\$ 4,869,455	\$ 5,390,726	\$ 7,304,182	\$ 7,439,202
Rate Revenue	\$ 8,115,758	\$ 8,879,823	\$ 12,173,637	\$ 12,254,156
Investment Income	\$ 40,000	\$ 12,300	\$ 60,000	\$ 20,000
Liens	\$ 300,000	\$ 317,754	\$ 450,000	\$ 635,507
Betterments	\$ 133,333	\$ 149,191	\$ 200,000	\$ 298,383
Misc. Fees	\$ 123,333	\$ 96,486	\$ 185,000	\$ 144,729
Total Revenue	\$ 8,712,425	\$ 9,455,555	\$ 13,068,637	\$ 13,352,776

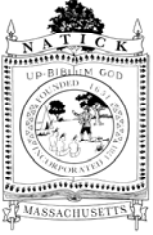
Expenses

	<u>Budget Y-T-D</u>	<u>Actual Y-T-D</u>	<u>Budget</u>	<u>Forecast</u>
Sewer	\$ 3,289,251	\$ 3,272,473	\$ 4,933,877	\$ 4,908,710
Water	\$ 1,286,703	\$ 1,200,355	\$ 1,930,055	\$ 1,800,533
Utility Billing	\$ 144,841	\$ 138,706	\$ 217,262	\$ 208,059
Fringe Benefits	\$ 441,023	\$ 466,409	\$ 661,535	\$ 661,535
Debt Service	\$ 1,509,709	\$ 1,212,676	\$ 2,264,563	\$ 2,264,563
Reserve Fund	\$ 133,333	\$ -	\$ 200,000	\$ -
Indirects (included in G/F)	\$ 1,697,563	\$ 1,697,563	\$ 2,546,345	\$ 2,546,345
Capital	\$ 210,000	\$ 32,383	\$ 315,000	\$ 315,000
Total Expenses	\$ 8,712,425	\$ 8,020,567	\$ 13,068,637	\$ 12,704,745

Balance of Operations	\$ -	\$ 1,434,988	\$ -	\$ 648,031
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Notes:

Year-end forecasts for rates assume 92% collection rates.



Town of Natick

Water & Sewer Frequently Asked Questions



Who sets the rates?

A: The Board of Selectmen set the rates for water & sewer users in the Town of Natick. This is because in addition to being elected to the Board of Selectmen, they also serve as the Water & Sewer Commissioners.



When can rate payers raise or voice concerns to the Water & Sewer Commissioners?

A: Concerned ratepayers can send correspondence (via phone, e-mail or written letter) to the Board of Selectmen at anytime. They can also appear at any Selectmen's meeting and be heard under Citizen's Concerns.



What is the rate setting philosophy for the Town of Natick?

A: Water & Sewer Rates were established for FY 2009 with three primary goals: 1) Raise sufficient revenues to cover costs. 2) Promote water conservation. 3) Structure rate increases such that the average water/sewer user pays the average rate of increase.



Why are rates so much higher this year than last year? What happened?

A: Due to the combination of decreased usage, increased expenses and a diminished amount of savings to augment rates, revenues from rates must increase approximately 23% for FY 2009. In order to achieve this increase, the Water & Sewer Commissioners voted a tiered increase in the rates from the current fiscal year to FY 2009.



What are the major changes in FY 2009?

A: The rates approved for FY 2009 institute a number of changes in the rate structure for both water & sewer users. They include:

- Creation of new tiers: Instead of tiers running from 0-7, 7-20, 21-40, 41-100 and 100+ HCF (Hundred Cubic Feet), the tiers have been condensed to four: 0-10, 11-20, 21-40 and 40+ HCF
- Elimination of the Minimum Bill
- Creation of a \$5.00 Administrative Service Fee
- Modified averaging for certain master meter properties

- Simplification of MWRA & Sewer rates into one combined rate



What should I do if I have a question about my bill?

A: You should contact the Treasurer's Office at (508) 647-6425 if you have any questions about your bill.



How can I abate my bill?

A: Abatements to Water & Sewer Bills begin with the Treasurer. Once you have contacted the treasurer's Office, he can make a determination as to your individual situation and can decide whether to abate your bill or forward to the Water/Sewer Commissioners (Board of Selectmen) for further investigation. The Treasurer can only abate bills if there is a billing error, incorrect meter read, or if the property owner can demonstrate that excess usage does not go into the sewer system.

Once it has been reviewed by the Treasurer and if it is determined it needs to be forwarded to the BOS, the Board will schedule a date and hold an abatement hearing during a regularly scheduled meeting. Most regularly scheduled meetings of the Board of Selectmen begin at 7:00pm on Monday Night's. Please check the public meeting calendar at www.natickma.org for more information on meeting times and dates.



Memorandum

To: Board of Selectmen

From: Michael Walters Young, Deputy Town Administrator

Cc: Martha White, Town Administrator
Robert Palmer, Finance Director

Date: Friday, March 13, 2009

Re: Item 5b. FY 2010 Capital

The Water/Sewer Enterprise Division has requested capital projects totaling \$1,650,000 for FY 2010. The most critical of these projects is the \$100,000 to upgrade the SCADA system and the \$150,000 in routine Sewer Main Relining. Those projects and their recommended funding sources are listed below:

FY 2010 Water/Sewer Enterprise Capital Requests

Upgrade SCADA	Cash	\$100,000
- Upgrades the SCADA Townwide		
Sewer Main Relining	Cash	\$150,000
- Annual relining of sewer mains in various locations		
WTP/Elm Bank Security Rehab	Cash	\$100,000
- Replaces an antiquated and aging security system. Necessary to maintain proper protection of the Water Treatment Plant.		

Sub-total cost of all Cash Funded Projects in FY 2010 **\$350,000**

Replace W-30		\$250,000
- Replaces a 1998 Sewer Vac/Truck with a more efficient model		
Replace Springvale #1 Well		\$250,000
- Among one the most important priorities for the Water & Sewer Enterprise Division, this project would comprise two years and incorporate replacing and increasing the capacity of the Springvale #1 Well within 250 feet of the existing well. This is required by the Mass. Department of Environmental Protection. It has the benefits of increasing water flow to the Water Treatment Plant, assists in keeping the reservoirs full at peak demands in the summertime and allows for improved management of the Town's ten wells.		

Broad's Hill Town Forest Renovations	\$500,000
- Project would replace roofs and wall sections at reservoirs in the Town Forest based upon results of inspection from 2008.	

Sewer Pump Station Replacement & Upgrade	\$300,000
- This project would replace the Crescent and Fieldstone sewer pump stations	

Sub-total cost of all Debt Funded Projects in FY 2010	\$1,300,000
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Total All Requests – FY 2010	\$1,650,000
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Financing

As indicated above, \$350,000 of capital is forecast to be funded directly from rate revenue, while the remaining \$1,300,000 is forecast to be funded through debt. This has very limited financial implications in FY 2010, as only one interest payment would be required to be paid for this issuance in FY 2010. However, an additional \$305,000 of cost would hit in FY 2011 unless the items listed above are issued for periods greater than 10 years. Staff is researching the ability of the Selectmen to extend the useful life of some of these items to produce a lesser burden on ratepayers in FY 2011 and beyond.

A detailed debt analysis is attached.

Recommendations:

At this point in time, staff recommends proceeding with \$1,650,000 of capital requests for the Water/Sewer Enterprise. This is not without a cost, however, and that cost will be described in greater detail in Section 5d. of Monday night's agenda.

We hope to have detailed descriptions of each project available at the meeting on Monday Night.

Staff is available to answer any questions.

Attachments:

- A – FY 2010-2015 Capital Plan
- B – Debt Summary for Water/Sewer Enterprise Fund – FY 2010 through FY 2027.



Town of Natick

Home of Champions
FY 2010 Budget Development

Item 5b.	Attachment A
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Capital Plan - FY 2010-2015

Department/Project	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Beyond	Total
Enterprise Funds								
Public Works - Water/Sewer								
REPLACE EVERGREEN #1 WELL	0	0	250,000	0	0	0	0	250,000
REPLACE SPRINGVALE #1 WELL	250,000	250,000	0	0	0	0	0	500,000
REPLACE SPRINGVALE #4 WELL	0	0	0	250,000	0	0	0	250,000
SEWER MAIN RELINING	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,050,000
ELM BANK REPAIRS - VFD	0	100,000	0	0	0	0	0	100,000
BOOSTER PUMP - GLENRIDGE	0	250,000	0	0	0	0	0	250,000
REPLACE W-30	250,000	0	0	0	0	0	0	250,000
PINE OAKS WELLS REPLACE MCC	0	0	0	90,000	0	0	0	90,000
RUNNING BROOK/VESTA RD PUMP STATION	0	0	10,000	0	0	0	0	10,000
SEWER ALARMS UPGRADE	0	0	100,000	0	0	0	0	100,000
TRAVIS ROAD GENERATOR	0	0	75,000	0	0	0	0	75,000
REPLACE ROOFS AND GUTTERS WELL HOUSES&SEWER STA.	0	50,000	50,000	0	0	0	0	100,000
SEWER MAIN ON COTTAGE & UNION STREET	0	50,000	0	0	0	0	0	50,000
WTP/ELM BANK SECURITY REHAB	100,000	0	0	0	0	0	0	100,000
CHLORINE UPGRADE ELM BANK/PINE OAKS/MORSE POND	0	90,000	0	0	0	0	0	90,000
UPGRADE SCADA	100,000	0	0	0	0	0	0	100,000
BROADS HILL TOWN FOREST RENOVATIONS	500,000	0	0	0	0	0	0	500,000
SEWER PUMP STATION REPLACEMENT AND PUMP UPGRADE	300,000	0	0	0	0	0	0	300,000
GENERATOR BRADFORD RD & GRINDER PUMP	0	0	0	125,000	0	0	0	125,000
W-12 AIR COMPRESSOR	0	0	30,000	0	0	0	0	30,000
DATA COLLECTION GPS BASE STATION	0	0	25,000	0	0	0	0	25,000
REPLACE SPRINGVALE WELL #3	0	0	0	200,000	0	0	0	200,000
Total Water & Sewer Enterprise	1,650,000	940,000	690,000	815,000	150,000	150,000	150,000	4,545,000

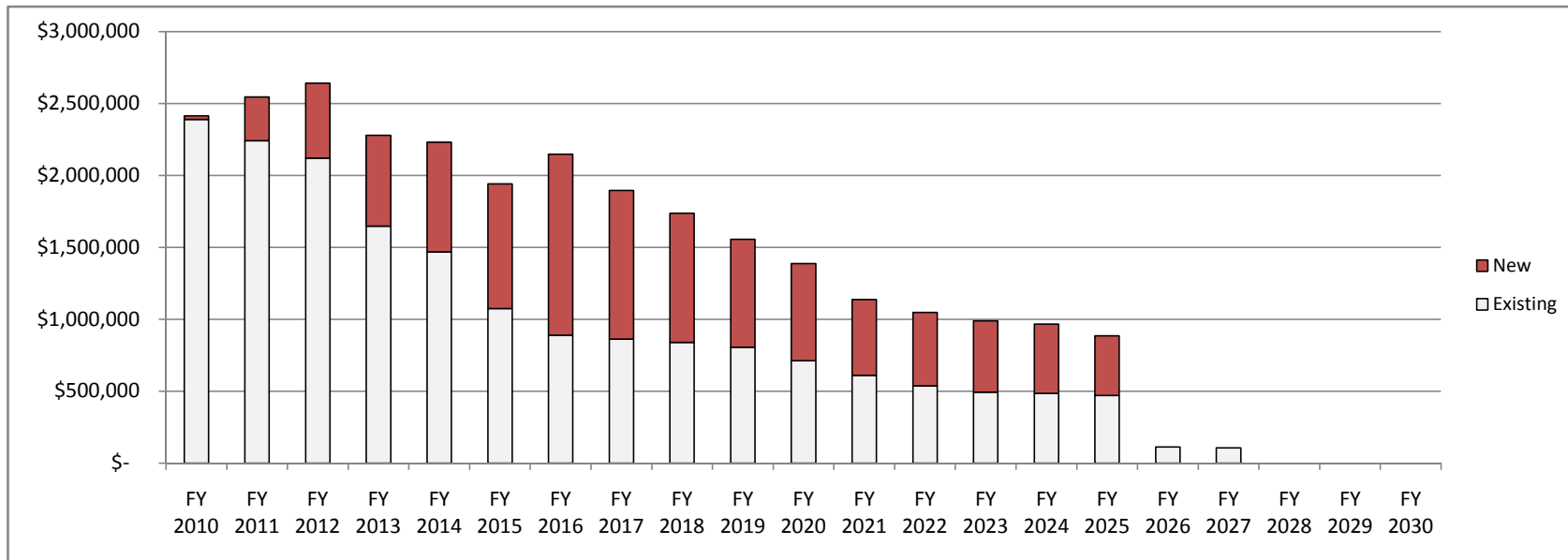


Town of Natick

Water/Sewer Rates - FY 2010 (Proposed)

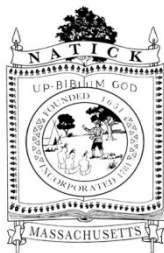
Item 5b. Debt Analysis

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 red above the line. All new debt is forecast to be issued at 3.5% interest, with projects under \$500,000 issued for 5 years and those over \$500,000 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 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Existing	\$ 2,389,052	\$ 2,240,816	\$ 2,120,991	\$ 1,647,163	\$ 1,469,411	\$ 1,074,438	\$ 889,698	\$ 863,208	\$ 839,404
New	\$ 26,000	\$ 305,500	\$ 520,870	\$ 632,310	\$ 761,050	\$ 867,035	\$ 1,257,995	\$ 1,031,985	\$ 897,130
Total	\$ 2,415,052	\$ 2,546,316	\$ 2,641,861	\$ 2,279,473	\$ 2,230,461	\$ 1,941,473	\$ 2,147,693	\$ 1,895,193	\$ 1,736,534

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Existing	\$ 807,288	\$ 711,881	\$ 610,285	\$ 536,862	\$ 493,823	\$ 486,166	\$ 471,657	\$ 111,536	\$ 107,179
New	\$ 748,125	\$ 676,600	\$ 527,000	\$ 511,250	\$ 495,500	\$ 479,750	\$ 414,000	\$ -	\$ -
Total	\$ 1,555,413	\$ 1,388,481	\$ 1,137,285	\$ 1,048,112	\$ 989,323	\$ 965,916	\$ 885,657	\$ 111,536	\$ 107,179



Memorandum

To: Board of Selectmen

From: Michael Walters Young, Deputy Town Administrator

Cc: Martha White, Town Administrator
Robert Palmer, Finance Director

Date: Friday, March 13, 2009

Re: Item 5c: FY 2010 Operating Budget Request for Water & Sewer Enterprise Fund

Attached to this cover memorandum is the FY 2010 Recommended Budget for the operations of the Water & Sewer Enterprise Fund. Total requests for operations come to \$10,881,523 or an increase of \$604,231 or 5.9% over last year's appropriation.

Key drivers include:

Higher MWRA Assessment: The budgeted assessment for the MWRA is \$405,286 or 10% higher than FY 2009. Although this is a planning number (final assessment numbers will not be available until June 2009), initial assessments from the MWRA are running between a 9-9.5% increase. Staff does not believe any changes should be made in that amount this year.

Debt Service Costs: \$150,489 or 6.6% higher; driven by initial principal payments for several projects in FY 2010 (see pages X.1.10 & X.1.11 for more information).

Staff will be on hand to answer any questions.



Town of Natick

Home of Champions

FY 2010 Budget Development

Revised	FinComm	BOS
1/29/2009	1/29/2009	
	App. 10-0-0	

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 backfills, 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 the 2" water main on Vermont Ave, Maine Ave, Massachusetts Ave, and Gannett Road with 8" D.I. water pipe
- Replace the 20 year old or older water service lines on Oak Street and Pine Street.
- Replace the valves on the H&T sand filters at the water treatment plant.
- Start media replacement on the air strippers and pressure filters at the water treatment plant.
- Upgrade SCADA software and hardware.
- Install flow meters at elm bank wells.
- Finish phase 5 water relining.

Utility Billing Operations:

Personnel Advancement

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

Enhance On-line, Web, Computer Applications

- Work with DPW to add on-line Geographic Information System (GIS) capabilities; create Executive Committee to enhance usability throughout organization
- Working with Information Technology department, work toward development of intranet

Budget Process Improvements

- With DPW, consider alternatives to water billing system



Town of Natick

Home of Champions

FY 2010 Budget Development

Department: Water & Sewer

Enterprise Fund

Goals (con't)

Utility Billing Operations:

Miscellaneous

- Implement new water billing system including averaging for condos
- Begin to assess opportunities for public information kiosk at Town Hall & Morse Institute Library

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 131 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 six 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

- Completion of the Speen Street and Park Avenue sewer main projects
- Continuation of the sewer mains relining program
- Replacement of Grove Road and Jennings Pond Sewer Pump Station

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

- Increase to Sewer Pump Station/Line Maintenance to reline problem sewer mains and to continue the Degreasing Program.
- Increase of utility costs
- Fieldstone Lane and Crescent Street sewer pump station renovations

V. On the Horizon

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

Department of Public Works Water Division

I. Main Purpose of the Department

The Water Division operates and maintains the Town's water wells and water treatment plant. It provides safe and potable drinking water throughout the 152 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.



Town of Natick

Home of Champions

FY 2010 Budget Development

Department: Water & Sewer

Enterprise Fund

Budget Overview:

Department of Public Works Water Division (con't)

II. Recent Developments

- Implementation of the Environmental Management System (ISO 14001) at the Springvale Water Treatment Plant
- Completion of Backflow Prevention Program
- Phase 4 of the Water Main Relining program is completed
- Implemented a new water leak detection program to reduce unaccounted for water.
- Replacement of all residential water services on Speen Street

III. Current Challenges

- Continue to update the ISO 14001 Certification of the Springvale Water Treatment Plant
- Completion of the current contracts for the Phase 5 Water Main Relining program
- Replacement of all residential water services on Oak Street, Pine Street, Glen Street, and Union Street
- Structural and sanitary survey and inspection of both reservoirs and installation of chlorine injector system to the Town Forest Reservoir.

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

- Implement a new pump preventive maintenance schedule
- Significant increase in the cost of electricity.

V. On the Horizon

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

Utility Billing Division

I. Main Purpose of the Department

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

II. Recent Developments

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

III. Current Challenges

The format and content of information included with the water and sewer bill is being evaluated for clarity. The goal is to improve the information provided to ratepayers. The budget request for FY2010 includes an additional \$10,000 for improvements to the billing software.

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

A more informative billing format will be implemented in FY2010. This format will at a minimum include usage history, comprehensive explanation of bill calculation, and other informational materials. The budget request for FY2010 continues to include funding for improved notification to delinquent accounts, notification to subsequent/new property owners, and additional research/resolution for returned mail.



Town of Natick

Home of Champions

FY 2010 Budget Development

Department: Water & Sewer

Enterprise Fund

Budget Overview:

Utility Billing Division (con't)

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

FY 2010 Budget Development

Department: Water & Sewer

Enterprise Fund

Appropriation Summary

Water & Sewer Enterprise Fund

Sewer Operations

	2008	2009	08 vs. 09	2010	2009 vs. 2010	
	Actual	Appropriated	%	Requested	\$	%
Total Salaries	591,741	665,522	12.5%	686,001	20,479	3.1%
Total Operating Expenses	4,152,034	4,268,355	2.8%	4,680,641	412,286	9.7%
Total Sewer Operations	4,743,775	4,933,877	4.0%	5,366,642	432,765	8.77%

Water Operations

	2008	2009	08 vs. 09	2010	2009 vs. 2010	
	Actual	Appropriated	%	Requested	\$	%
Total Salaries	853,948	902,255	5.7%	919,172	16,917	1.9%
Total Operating Expenses	795,733	1,027,800	29.2%	1,090,200	62,400	6.1%
Total Water Operations	1,649,681	1,930,055	17.0%	2,009,372	79,317	4.11%

Utility Billing Operations

	2008	2009	08 vs. 09	2010	2009 vs. 2010	
	Actual	Appropriated	%	Requested	\$	%
Total Salaries	87,649	96,562	10.2%	99,636	3,074	3.2%
Total Operating Expenses	143,467	120,700	-15.9%	120,700	0	0.0%
Total Utility Billing Operations	231,116	217,262	-6.0%	220,336	3,074	1.42%

Employee Benefits

	2008	2009	08 vs. 09	2010	2009 vs. 2010	
	Actual	Appropriated	%	Requested	\$	%
Total Employee Benefits	604,816	661,535	9.4%	600,120	-61,415	-9.3%
Total Employee Benefits	604,816	661,535	9.4%	600,120	-61,415	-9.3%

Debt Service

	2008	2009	08 vs. 09	2010	2009 vs. 2010	
	Actual	Appropriated	%	Requested	\$	%
Debt Service						
Principal	1,314,051	1,629,665	24.0%	1,777,370	147,705	9.1%
Interest	574,341	634,898	10.5%	637,682	2,784	0.4%
Total Debt Service	1,888,392	2,264,563	19.9%	2,415,052	147,705	6.6%
Total Debt Service	1,888,392	2,264,563	19.9%	2,415,052	150,489	6.6%

Reserves

	2008	2009	08 vs. 09	2010	2009 vs. 2010	
	Actual	Appropriated	%	Requested	\$	%
Total Reserve Fund	0	200,000	#DIV/0!	200,000	0	0.0%
Total Reserve Fund	0	200,000	#DIV/0!	200,000	0	0.00%

Total Water & Sewer Enterprise Fund	9,117,781	10,207,292	11.9%	10,811,523	604,231	5.92%
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Town of Natick

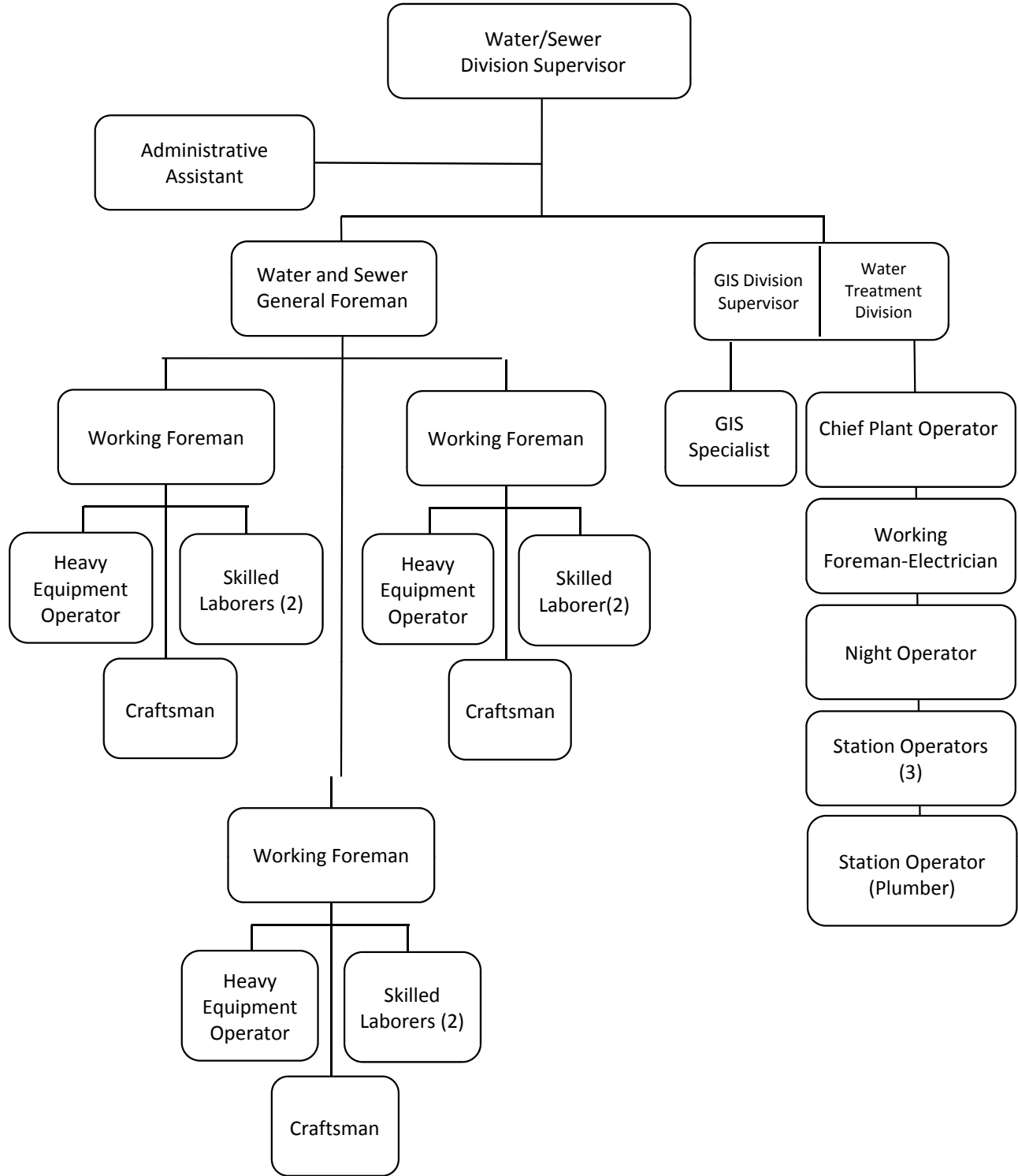
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FY 2010 Budget Development

Department: Water & Sewer Operations

Enterprise Fund

Organizational Chart



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



Town of Natick

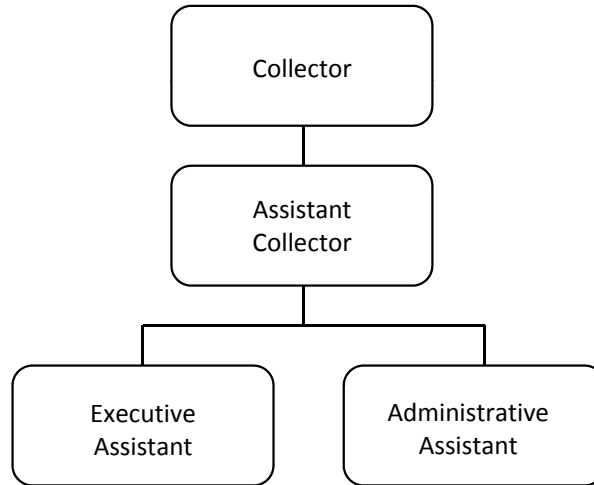
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FY 2010 Budget Development

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
FY 2010 Budget Development

Department: **Water & Sewer** Enterprise Fund

Sewer Operations

	2008 Actual	2009 Appropriated	08 vs. 09 %	2010 Requested	2009 vs. 2010	
					\$	%
Salaries Supervisory	110,886	116,917	5.4%	120,316	3,399	2.9%
Salaries Operational Staff	397,258	443,408	11.6%	455,800	12,392	2.8%
Salaries Temp Oper. - Police Details	6,987	5,000	-28.4%	5,200	200	4.0%
Supervisory Additional Comp	11,400	12,550	10.1%	15,700	3,150	25.1%
Operational Staff Additional Comp	24,292	31,485	29.6%	31,485	0	0.0%
Operational Staff Overtime	40,918	56,162	37.3%	57,500	1,338	2.4%
Personnel Services	591,741	665,522	12.5%	686,001	20,479	3.1%
Repairs & Maint. Equipment	2,705	2,000	-26.1%	3,000	1,000	50.0%
Repairs & Maint. Other	2,973	3,000	0.9%	3,000	0	0.0%
Utilities Electric	91,007	137,000	50.5%	137,000	0	0.0%
Purchase of Services	96,685	142,000	46.9%	143,000	1,000	0.7%
Licenses - CDL & Special	420	1,000	138.1%	2,000	1,000	100.0%
Clothing Allowance Operational Staff	3,150	3,500	11.1%	3,500	0	0.0%
Other Services Inc.	3,570	4,500	26.1%	5,500	1,000	22.2%
Tech & Prof Svs & MWRA Sulfide Testing	17,230	10,000	-42.0%	15,000	5,000	50.0%
Tech/ Prof. Services	17,230	10,000	-42.0%	15,000	5,000	50.0%
Repairs & Maint. Misc. Constr.	3,965	4,000	0.9%	4,000	0	0.0%
Supplies	3,965	4,000	0.9%	4,000	0	0.0%
Sewer Pump Station/Line Maintenance	36,944	50,000	35.3%	50,000	0	0.0%
MWRA Sewer Assessment	3,993,641	4,052,855	1.5%	4,458,141	405,286	10.0%
Water/Sewer Damage Claims	0	5,000	#DIV/0!	5,000	0	0.0%
Other Chgs. / Exp.	4,030,585	4,107,855	1.9%	4,513,141	405,286	9.9%
Total Operating Expenses	4,743,775	4,933,877	4.0%	5,366,642	432,765	8.8%

Water Operations

	2008 Actual	2009 Appropriated	08 vs. 09 %	2010 Requested	2009 vs. 2010	
					\$	%
Salaries Supervisory	189,274	198,002	4.6%	205,419	7,417	3.7%
Salaries Operational Staff	573,464	581,853	1.5%	589,754	7,901	1.4%
Salaries Temp Operational	17,799	20,000	12.4%	20,500	500	2.5%
Supervisory Additional Comp	20,608	26,050	26.4%	26,050	0	0.0%
Operational Staff Additional Comp	23,198	32,650	40.7%	32,650	0	0.0%
Operational Staff Overtime	29,606	43,700	47.6%	44,800	1,100	2.5%
Personnel Services	853,948	902,255	5.7%	919,172	16,917	1.9%
Repairs & Maint. Software	11,600	10,000	-13.8%	15,000	5,000	50.0%
Utilities Electric	416,393	551,000	32.3%	600,000	49,000	8.9%
GIS Software & Training	27,638	25,500	-7.7%	25,500	0	0.0%
Copy/Mail Center Fees	11,407	12,000	5.2%	18,000	6,000	50.0%
Purchased Services: Miscellaneous	11,274	10,000	-11.3%	12,000	2,000	20.0%
Purchase of Services	478,312	608,500	27.2%	618,500	10,000	1.6%
Licenses - CDL & Special	4,990	5,600	12.2%	6,000	400	7.1%
Clothing Allowance Operational Staff	4,200	4,200	0.0%	4,200	0	0.0%
Other Services Inc.	9,190	9,800	6.6%	10,200	400	4.1%
Implement SDWA Amendment	18,418	20,000	8.6%	20,000	0	0.0%
Water Testing	19,460	20,000	2.8%	25,000	5,000	25.0%
Tech./Prof. Services	37,878	40,000	5.6%	45,000	5,000	12.5%
Repairs & Maint - Equipment	2,961	3,000	1.3%	3,000	0	0.0%
Repairs & Maint - Facilities	2,000	2,000	0.0%	2,000	0	0.0%
Repairs & Maint - Hydrants	9,990	10,000	0.1%	10,000	0	0.0%



Town of Natick

Home of Champions
FY 2010 Budget Development

Department: Water & Sewer				Enterprise Fund		
Repairs & Maint - Misc. Repairs	18,979	18,000	-5.2%	18,000	0	0.0%
Repairs & Maint - Misc. Constr	17,850	18,000	0.8%	18,000	0	0.0%
Supplies	51,779	51,000	-1.5%	60,000	9,000	17.6%
Chemical Supplies	104,863	100,000	-4.6%	120,000	20,000	20.0%
Obsolete Meters	21,139	20,000	-5.4%	30,000	10,000	50.0%
Service Connections	12,968	13,000	0.3%	15,000	2,000	15.4%
Other Supplies	138,969	133,000	-4.3%	165,000	32,000	24.1%
Water Well/Water Line Maint.	45,442	150,000	230.1%	150,000	0	0.0%
New Hydrant Installation	10,000	10,000	0.0%	10,000	0	0.0%
Asphalt Crushing	8,983	9,000	0.2%	15,000	6,000	66.7%
Legal Services - Litigation	365	-				
DEP Assessment	12,742	14,000	9.9%	14,000	0	0.0%
MWRA Discharge Permit	2,073	2,500	20.6%	2,500	0	0.0%
Other Charges/Expenditures	79,605	185,500	133.0%	191,500	6,000	3.2%
Total Operating Expenses	1,649,681	1,930,055	17.0%	2,009,372	79,317	4.1%

Utility Billing

	2008	2009	08 vs. 09	2010	2009 vs. 2010	
	Actual	Appropriated	%	Requested	\$	%
Salaries Operational Staff	87,044	89,408	2.7%	92,123	2,715	3.0%
Part-Time Operational Staff	-	4,808	#DIV/0!	5,043	235	4.9%
Operational Staff - Additional Comp	-	346	#DIV/0!	471	125	36.1%
Operational Staff Overtime	605	2,000	230.6%	2,000	0	0.0%
Personnel Services	87,649	96,562	10.2%	99,636	3,074	3.2%
Repair & Maint Equipment	4,969	4,000	-19.5%	4,000	0	0.0%
In State Travel/Meetings	500	500	0.0%	500	0	0.0%
Training & Education	2,500	2,500	0.0%	2,500	0	0.0%
Communication Telephone	1,363	1,500	10.0%	1,500	0	0.0%
Communication Postage	17,098	20,000	17.0%	20,000	0	0.0%
Collection Activities	17,911	10,000	-44.2%	10,000	0	0.0%
Copy/Mail Center Fees	38,775	33,000	-14.9%	33,000	0	0.0%
Purchase of Services	83,116	71,500	-14.0%	71,500	0	0.0%
Professional Serv. Misc.	14,000		-100.0%	0	0	#DIV/0!
Utility Billing Software	5,000	15,000	200.0%	15,000	0	0.0%
Utility Billing Printing	37,317	30,200	-19.1%	30,200	0	0.0%
Tech/Prof. Services	56,317	45,200	-19.7%	45,200	0	0.0%
Office Supplies	4,034	4,000	-0.9%	4,000	0	0.0%
Supplies	4,034	4,000	-0.9%	4,000	0	0.0%
Total Utility Billing	231,116	217,262	-6.0%	220,336	3,074	1.4%

Employee Benefits

	2008	2009	08 vs. 09	2010	2009 vs. 2010	
	Actual	Appropriated	%	Requested	\$	%
FICA {Medicare}	14991	13,750	-8.3%	16,298	2,548	18.5%
Insurance Group Health & Life	358455	407,532	13.7%	371,609	-35,923	-8.8%
LIUNA Pension	36888	37,018	0.4%	40,489	3,471	9.4%
Other Personnel Services	410,333	458,300	11.7%	428,395	-29,905	-6.5%
Funding Schedule (22 Year) (W&S)	194,483	203,235	4.5%	171,725	-31,510	-15.5%
Other Charges & Expenditures	194,483	203,235	4.5%	171,725	-31,510	-15.5%
Total Employee Benefits	604,816	661,535	9.4%	600,120	-61,415	-9.3%



Town of Natick

Home of Champions
FY 2010 Budget Development

Department: **Water & Sewer** Enterprise Fund

Water & Sewer Debt Service

	2008 Actual	2009 Appropriated	08 vs. 09 %	2010 Requested	2009 vs. 2010 \$	2009 vs. 2010 %
1992 Elm Bank * Refunded (2003)	155,000	155,000	0.0%	150,000	-5,000	-3.2%
1997 Water Treatment Plant* Refunded (2008)	25,000	25,000	0.0%	30,000	5,000	20.0%
1998 Water Treatment Plant	63,000	63,000	0.0%	62,000	-1,000	-1.6%
1999 Waterline Lakeshore Road	25,000	25,000	0.0%	25,000	0	0.0%
2000 Waterline Lakeshore Rd	30,000	30,000	0.0%	25,000	-5,000	-16.7%
2002 Water Mains North Main/Pine/North Ave.	140,000	140,000	0.0%	140,000	0	0.0%
2002 Water Mains Bacon/North Sts	70,000	70,000	0.0%	70,000	0	0.0%
2002 Water Meters	180,000	180,000	0.0%	180,000	0	0.0%
2003 MWPAT Trust	202,401	210,015	3.8%	215,720	5,705	2.7%
2005 Water Meters	35,000	35,000	0.0%	35,000	0	0.0%
Water Principal Sub-Totals	925,401	933,015	0.8%	932,720	-295	0.0%

1998 Sewer-Pleasant/Rockwood/Scardsdale	11,000	11,000	0.0%	12,000	1,000	9.1%
1999 Sewers-Eliot/Union/Pleasant & Others	40,000	40,000	0.0%	40,000	0	0.0%
1999 Sewer Union Street	35,000	30,000	-14.3%	30,000	0	0.0%
2000 Boden Lane Pump Sta	50,000	45,000	-10.0%	45,000	0	0.0%
2000 Sewer Water,River, Lincoln,Cohn St	45,000	45,000	0.0%	45,000	0	0.0%
2002 Sewer Lakeshore Rd	25,000	20,000	-20.0%	20,000	0	0.0%
2002 Sewer Leach Lane	10,000	10,000	0.0%	10,000	0	0.0%
2005 Sewer I/I	67,650	67,650	0.0%	67,650	0	0.0%
2006 Sewer-Speen/Park	105,000	105,000	0.0%	105,000	0	0.0%
Sewer Principal Service Sub-Totals	388,650	373,650	-3.9%	374,650	1,000	0.3%

Phase V Water Relining	-	300,000	#DIV/0!	300,000	0	0.0%
Estimated Final Phase V Water Relining	-	-	#DIV/0!	140,000	140,000	#DIV/0!
2008 Capital Equipment	-	23,000	#DIV/0!	30,000	7,000	30.4%
Paydowns on Pending Issues Sub-Totals	-	323,000	#DIV/0!	470,000	147,000	45.5%

Principal Totals

Principal Totals	1,314,051	1,629,665	24.0%	1,777,370	147,705	9.1%
1992 Elm Bank	29,438	24,400	-17.1%	19,050	-5,350	-21.9%
1997 Water Treatment Plant	13,531	12,232	-9.6%	6,500	-5,732	-46.9%
1998 Water Treatment Plant	33,819	30,905	-8.6%	27,780	-3,125	-10.1%
1999 Water Line Lakeshore	15,600	14,463	-7.3%	13,300	-1,163	-8.0%
2000 Waterline Lakeshore Road	17,769	16,307	-8.2%	14,950	-1,357	-8.3%
2002 Water Meters	38,790	31,410	-19.0%	23,760	-7,650	-24.4%
2002 Water Mains No Main/Pine/North Ave	30,170	24,430	-19.0%	18,480	-5,950	-24.4%
2002 Water Mains Bacon/No Main Sts	15,085	12,215	-19.0%	9,240	-2,975	-24.4%
2003 Water Treatment Plant MWPAT Trust	131,688	124,072	-5.8%	118,366	-5,706	-4.6%
2004 Water Meters	9,188	7,963	-13.3%	6,913	-1,051	-13.2%
Interest on Debt Water Sub-Totals	335,077	298,397	-10.9%	258,338	-40,059	-13.4%

1998 Sewer-Pleasant/Rockwood/Scardsdale	6,654	6,145	-7.6%	5,570	-575	-9.4%
1999 Sewers-Eliot/Union/Pleasant & Others	22,418	20,598	-8.1%	18,738	-1,861	-9.0%
1999 Sewer Union Street	17,530	16,053	-8.4%	14,658	-1,396	-8.7%
2000 Sewer Boden Lane Sta	8,930	8,029	-10.1%	27,670	19,641	244.6%
2000 Sewer Water,River, Lincoln,Cohn St	27,693	24,086	-13.0%		-24,086	-100.0%
2002 Sewer Lakeshore Rd	14,435	13,410	-7.1%	12,560	-850	-6.3%
2002 Sewer Leach Lane	7,115	6,705	-5.8%	6,280	-425	-6.3%
2006 Sewer-Speen/Park	127,181	79,275	-37.7%	74,681	-4,594	-5.8%
Interest on Debt Sewer Sub-Totals	231,956	174,301	-24.9%	160,156	-14,145	-8.1%

Phase V Water Relining	-	135,000	#DIV/0!	111,375	-23,625	-17.5%
Estimated Final Phase V Water Relining	-	-	#DIV/0!	56,000	56,000	#DIV/0!
2008 Capital Equipment	-	7,200	#DIV/0!	5,813	-1,388	-19.3%
Paydowns on Pending Issues Totals	-	142,200	#DIV/0!	173,188	30,988	21.8%



Town of Natick

Home of Champions
FY 2010 Budget Development

Department: **Water & Sewer** Enterprise Fund

Bond Anticipation Notes	7,309	20,000	173.6%	46,000	26,000	130.0%
Total Interest	574,341	634,898	10.5%	637,682	2,784	0.4%

Total Water & Service Debt Service	1,888,392	2,264,563	19.9%	2,415,052	150,489	6.6%
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Reserve Fund

	2008 Actual	2009 Appropriated	08 vs. 09 %	2010 Requested	2009 vs. 2010 \$	2009 vs. 2010 %
Reserve Fund	-	200,000	#DIV/0!	200,000	0	0.0%
Total Reserve Fund	-	200,000	#DIV/0!	200,000	0	0.0%



Town of Natick

Home of Champions

FY 2010 Budget Development

Department: Water & Sewer Operations	Line-Item Detail	Enterprise Fund
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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, 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 Technician, CADD GIS Technician 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

FY 2010 Budget Development

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 inturlusion 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, 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, etc.

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/Serviceing: 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

FY 2010 Budget Development

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. Costs will also be reduced as a result of utility billing enhancements which include CASS certified mailing of bills.

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

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

Technical & Professional Services

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

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

Supplies

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



Town of Natick

Home of Champions

FY 2010 Budget Development

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 \$1,777,370 represents repayment of principal for multiple water and sewer capital improvement projects.

Interest Payments:

The requested budget amount of \$637,682 represents the respective interest payments associated with general obligation bonds issued for water and sewer projects. Of that amount, \$46,000 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.



Town of Natick

Home of Champions

FY 2010 Budget Development

Department: Water/Sewer Debt Service - Principal

Enterprise Fund

Year of Issue	Project	Amount Issued	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Issue	Total	
			2009	2010	2011	2012	2013	2014	2015			
			Principal	Principal	Principal	Principal	Principal	Principal	Principal	Balance	Principal	
1998	Water Treatment Plant	\$ 1,175,000	\$ 63,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 52,000	\$ 243,000	\$ 605,000
1998	Sewer (Pleasant, Rockwood, etc.)	\$ 285,000	\$ 11,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 49,000	\$ 121,000
1999	Sewer (Pleasant, Eliot, Union, etc.)	\$ 750,000	\$ 40,000	\$ 40,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 175,000	\$ 390,000
1999	Sewer (Union St)	\$ 615,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 125,000	\$ 305,000
1999	Water (Lakeshore Dr)	\$ 500,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 125,000	\$ 275,000
2000	Water (Lakeshore Dr)	\$ 540,000	\$ 30,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 150,000	\$ 300,000
2000	Sewer (Boden Ln & Water, Lincoln, etc.)	\$ 1,335,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 240,000	\$ 580,000
2002	Water Meters	\$ 1,800,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540,000
2002	Water Relining	\$ 700,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,000
2002	Water Relining	\$ 1,420,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 420,000
2002	Sewer (Lakeshore Rd)	\$ 430,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 140,000	\$ 260,000
2002	Sewer (Leach Ln)	\$ 210,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 70,000	\$ 130,000
2003	Water Elm Bank *Refunded	\$ 1,375,000	\$ 155,000	\$ 150,000	\$ 145,000	\$ 140,000	\$ 135,000	\$ -	\$ -	\$ -	\$ -	\$ 570,000
2004	Water Meters	\$ 350,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ 175,000
2005	Sewer I&I (MWRA)	\$ 338,250	\$ 67,650	\$ 67,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,650
2006	Sewer (Speen St, Park Ave)	\$ 2,100,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 1,260,000	\$ 1,890,000
2007	Water Treatment (MWPAT) *Refunded	\$ 4,884,838	\$ 210,014	\$ 215,720	\$ 221,640	\$ 227,662	\$ 233,911	\$ 243,023	\$ 250,438	\$ 250,438	\$ 3,022,977	\$ 4,415,370
2008	Water Treatment Plant *Refunded	\$ 225,925	\$ 30,925	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 25,000	\$ 20,000	\$ 20,000	\$ 30,000	\$ 195,000
2009	Water Relining	\$ 3,000,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 900,000	\$ 2,700,000
2009	Equipment W-9 Backhoe	\$ 90,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 20,000	\$ 80,000
2009	Equipment W-29 Dump Truck	\$ 70,000	\$ 20,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
	Estimated Final Phase V	\$ 1,400,000	\$ -	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 560,000	\$ 1,400,000
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water and Sewer Enterprise Principals		\$ 23,594,013	\$ 1,642,589	\$ 1,777,370	\$ 1,700,640	\$ 1,651,662	\$ 1,247,911	\$ 1,117,023	\$ 1,074,438	\$ 7,109,977	\$ 15,679,020	
Total Balance Remaining				\$ 15,679,020	\$ 13,901,650	\$ 12,201,010	\$ 10,549,348	\$ 9,301,438	\$ 8,184,414	\$ 7,109,977	\$ -	



Town of Natick

Home of Champions

FY 2010 Budget Development

Department: Water/Sewer Debt Service - Interest **Enterprise Fund**

Year of Issue	Project	Amount Issued	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Issue	Total
1998	Water Treatment Plant	\$ 1,175,000	\$ 30,905.00	\$ 27,780.00	\$ 24,835.00	\$ 22,014.00	\$ 19,131.00	\$ 16,186.00	\$ 13,424.00	\$ 25,675.00	\$ 149,045.00
1998	Sewer (Pleasant, Rockwood, etc.)	\$ 285,000	\$ 6,145.00	\$ 5,570.00	\$ 5,000.00	\$ 4,454.00	\$ 3,896.00	\$ 3,326.00	\$ 2,744.00	\$ 4,975.00	\$ 29,965.00
1999	Sewer (Pleasant, Eliot, Union, etc.)	\$ 750,000	\$ 20,597.50	\$ 18,737.50	\$ 16,957.50	\$ 15,264.38	\$ 13,536.25	\$ 11,786.25	\$ 10,014.37	\$ 22,881.25	\$ 109,177.50
1999	Sewer (Union St)	\$ 615,000	\$ 16,052.50	\$ 14,657.50	\$ 13,232.50	\$ 11,781.25	\$ 10,300.00	\$ 8,800.00	\$ 7,281.25	\$ 16,343.75	\$ 82,396.25
1999	Water (Lakeshore Dr)	\$ 500,000	\$ 14,462.50	\$ 13,300.00	\$ 12,112.50	\$ 10,903.13	\$ 9,668.75	\$ 8,418.75	\$ 7,153.12	\$ 16,343.75	\$ 77,900.00
2000	Water (Lakeshore Dr)	\$ 540,000	\$ 16,306.25	\$ 14,950.00	\$ 13,700.00	\$ 12,450.00	\$ 11,200.00	\$ 9,937.50	\$ 8,650.00	\$ 24,118.75	\$ 95,006.25
2000	Sewer (Boden Ln & Water, Lincoln, etc)	\$ 1,335,000	\$ 32,113.75	\$ 27,670.00	\$ 23,170.00	\$ 19,920.00	\$ 17,920.00	\$ 15,900.00	\$ 13,840.00	\$ 38,590.00	\$ 157,010.00
2002	Water Meters	\$ 1,800,000	\$ 31,410.00	\$ 23,760.00	\$ 16,020.00	\$ 8,100.00	\$ -	\$ -	\$ -	\$ -	\$ 47,880.00
2002	Water Relining	\$ 700,000	\$ 12,215.00	\$ 9,240.00	\$ 6,230.00	\$ 3,150.00	\$ -	\$ -	\$ -	\$ -	\$ 18,620.00
2002	Water Relining	\$ 1,420,000	\$ 24,430.00	\$ 18,480.00	\$ 12,460.00	\$ 6,300.00	\$ -	\$ -	\$ -	\$ -	\$ 37,240.00
2002	Sewer (Lakeshore Rd)	\$ 430,000	\$ 13,410.00	\$ 12,560.00	\$ 11,700.00	\$ 10,820.00	\$ 9,920.00	\$ 9,000.00	\$ 8,040.00	\$ 28,260.00	\$ 90,300.00
2002	Sewer (Leach Ln)	\$ 210,000	\$ 6,705.00	\$ 6,280.00	\$ 5,850.00	\$ 5,410.00	\$ 4,960.00	\$ 4,500.00	\$ 4,020.00	\$ 14,130.00	\$ 45,150.00
2003	Water Elm Bank *Refunded	\$ 1,375,000	\$ 24,400.00	\$ 19,050.00	\$ 13,900.00	\$ 8,200.00	\$ 2,700.00	\$ -	\$ -	\$ -	\$ 43,850.00
2004	Water Meters	\$ 350,000	\$ 7,962.50	\$ 6,912.50	\$ 5,600.00	\$ 4,200.00	\$ 2,800.00	\$ 1,400.00	\$ -	\$ -	\$ 20,912.50
2005	Sewer I&I (MWRA)	\$ 338,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2006	Sewer (Speen St, Park Ave)	\$ 2,100,000	\$ 79,275.00	\$ 74,681.25	\$ 70,350.00	\$ 66,150.00	\$ 62,081.25	\$ 58,143.75	\$ 54,206.25	\$ 312,506.25	\$ 698,118.75
2007	Water Treatment (MWPAT) *Refunded	\$ 4,884,838	\$ 124,071.37	\$ 118,365.98	\$ 112,445.86	\$ 106,424.63	\$ 100,176.78	\$ 91,064.83	\$ 83,651.16	\$ 293,499.28	\$ 905,628.52
2008	Water Treatment Plant *Refunded	\$ 225,925	\$ 8,755.91	\$ 6,500.00	\$ 5,525.00	\$ 4,550.00	\$ 3,575.00	\$ 2,600.00	\$ 1,787.50	\$ 1,650.00	\$ 26,187.50
2009	Water Relining	\$ 3,000,000	\$ 61,687.50	\$ 111,375.00	\$ 96,375.00	\$ 81,375.00	\$ 66,375.00	\$ 56,250.00	\$ 45,750.00	\$ 70,500.00	\$ 528,000.00
2009	Equipment W-9 Backhoe	\$ 90,000	\$ 1,856.25	\$ 3,312.50	\$ 2,812.50	\$ 2,312.50	\$ 1,812.50	\$ 1,475.00	\$ 1,125.00	\$ 1,150.00	\$ 14,000.00
2009	Equipment W-29 Dump Truck	\$ 70,000	\$ 1,650.00	\$ 2,500.00	\$ 1,500.00	\$ 750.00	\$ -	\$ -	\$ -	\$ -	\$ 4,750.00
	Estimated Final Phase V	\$ 1,400,000	\$ -	\$ 56,000.00	\$ 50,400.00	\$ 44,800.00	\$ 39,200.00	\$ 33,600.00	\$ 28,000.00	\$ 56,000.00	\$ 308,000.00
	BANs and Issue Costs	\$ -	\$ 20,000.00	\$ 46,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ -	\$ 146,000.00
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water and Sewer Enterprise - Int		\$ 23,594,013	\$ 554,411	\$ 637,682	\$ 540,176	\$ 469,329	\$ 399,253	\$ 352,388	\$ 309,687	\$ 926,623	\$ 3,635,137

Total Balance Remaining **\$ 3,635,137** **\$ 2,997,455** **\$ 2,457,279** **\$ 1,987,950** **\$ 1,588,698** **\$ 1,236,310** **\$ 926,623** **\$ -**

Summary of Debt

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Issue	Total
Principal	\$ -	\$ 1,777,370	\$ 1,700,640	\$ 1,651,662	\$ 1,247,911	\$ 1,117,023	\$ 1,074,438	\$ 7,109,977	\$ 15,679,020
Interest	\$ -	\$ 637,682	\$ 540,176	\$ 469,329	\$ 399,253	\$ 352,388	\$ 309,687	\$ 926,623	\$ 3,635,137
Total	\$ -	\$ 2,415,052	\$ 2,240,816	\$ 2,120,991	\$ 1,647,163	\$ 1,469,411	\$ 1,384,124	\$ 8,036,600	\$ 19,314,158
Total Balance Remaining		\$ 18,094,073	\$ 16,142,467	\$ 14,322,001	\$ 12,196,511	\$ 10,770,849	\$ 9,568,539	\$ 15,146,577	\$ -

Analysis of Projected FY 2010
Insurance Appropriation
Water & Sewer Enterprise Fund
Based on December, 2008 Enrollment with February 2009 rates as set by West Suburban Health Group

Active Employees Plans:	Individual		Family		Total Cost		Individual			
	Total	Town Share	Total	Town Share			Total	Town Share	Total	
HEALTH PLANS:	\$	%	\$	\$	%	\$	\$	\$	%	\$
Network Blue										
Monthly Rates (Regular Members)	650.56	86.38%	561.95	1,747.31	77.30%	1,350.67				
Participants			2			2				
Annual Total			\$13,487			\$32,416	\$	45,903		
Harvard/Pilgrim PPO										
Rates (Regular Members)	1,206.15	50.00%	603.08	2,679.98	50.00%	1,339.99				
Participants			1			0				
Annual Total			\$7,237			\$0	\$	7,237		
Harvard/Pilgrim EPO										
Monthly Rates (Regular Members)	605.23	84.96%	514.20	1,577.03	76.71%	1,209.74				
Participants Includes 25 N/H)			4			8				
Annual Total			\$24,682			\$116,135	\$	140,816		
Tufts POS										
Monthly Rates (Regular Members)	1,206.15	50.00%	603.08	2,679.98	50.00%	1,339.99				
Participants			0			0				
Annual Total			\$0			\$0	\$	-		
Tufts EPO										
Monthly Rates (Regular Members)	619.53	88.73%	549.71	1,622.12	77.75%	1,261.20				
Participants			5			8				
Annual Total			\$32,983			\$121,075	\$	154,058		
Fallon Group Select Care										
Monthly Rates (Regular Members)	535.00	90.00%	481.50	1,442.36	80.00%	1,153.89				
Participants			0			0				
Annual Total			\$0			\$0	\$	-		
Fallon Group Direct Care										
Monthly Rates (Regular Members)	496.48	90.00%	446.83	1,340.71	80.00%	1,072.57				
Participants			0			0				
Annual Total			\$0			\$0	\$	-		
RATE SAVER EPO PLANS:										
Blue Choice										
Monthly Rates (Regular Members)	536.65	86.38%	463.55	1,440.74	76.71%	1,105.19				
Participants Includes 25 N/H)			0			0				
Annual Total			\$0			\$0	\$	-		
Fallon Group Direct Care										
Monthly Rates (Regular Members)	422.65	90.00%	380.39	1,139.55	80.00%	911.64				
Participants			0			0				
Annual Total			\$0			\$0	\$	-		
Fallon Group Select Care										
Monthly Rates (Regular Members)	454.75	90.00%	409.28	1,226.22	80.00%	980.98				
Participants			0			0				
Annual Total			\$0			\$0	\$	-		
Harvard/Pilgrim										
Monthly Rates (Regular Members)	513.85	84.96%	436.57	1,340.53	76.71%	1,028.32				
Participants			0			0				
Annual Total			\$0			\$0	\$	-		
Tufts Navigator										
Monthly Rates (Regular Members)	526.44	88.73%	467.11	1,379.23	77.75%	1,072.35				
Participants			0			0				
Annual Total			\$0			\$0	\$	-		
ITT Hartford Life										
Monthly Rate			4.20							
Participants (All)			30							
Annual Total			\$1,512			\$	1,512			
Premium Cost Summary										
WSHG Active Health Plans			12			18	\$	348,014		
WSHG Retiree Health Plans			9				\$	22,083		
Medicare Reimbursement							\$	-		
Life							\$	1,512		
Total Premium							\$	371,609		
Flu Shots							\$	-		
Sentinel Benefits							\$	-		
Cook & Co - Consultants							\$	-		
All other Miscellaneous Items: (Health Fair/Legal Issues, etc.)							\$	-		
Total Appropriation Needed							\$	371,609		

as of 2/25/09



Memorandum

To: Board of Selectmen

From: Michael Walters Young, Deputy Town Administrator

Cc: Martha White, Town Administrator
Robert Palmer, Finance Director

Date: Friday, March 13, 2009

Re: Item 5d: Preliminary Rate Proposals & Options for FY 2010

In order to assist the Board in its deliberations on Monday, March 16 regarding the proposed FY 2010 operating and capital budgets for the Water/Sewer Enterprise Fund, staff has prepared several preliminary rate proposals for your consideration.

Within initial steps taken to contain costs, the most notable issuance of debt-funded capital projects to minimize costs in FY 2010, the budget for FY 2010 looks like this:

	FY 2008 Budget	FY 2009 Budget	FY 08-09 %	FY 2010 Projected	FY 09-10 Change	
					\$	%
Water & Sewer Enterprise Revenues						
User Charges	9,992,305	12,173,950	21.8%	12,771,522	597,572	4.9%
Connection Fees	94,291	95,000	0.8%	95,000	-	0.0%
Other Departmental Income	739,814	740,000	0.0%	700,000	(40,000)	-5.4%
Investment Income	81,930	60,000	-26.8%	45,000	(15,000)	-25.0%
Retained Earnings	2,675,000	-	-100.0%	-	-	#DIV/0!
Total Water & Sewer	13,583,340	13,068,950	-3.8%	13,611,522	542,572	4.15%
Water & Sewer Enterprise Expenses						
Sewer	4,743,775	4,933,877	4.01%	5,366,642	432,765	8.8%
Water	1,649,681	1,930,055	17.00%	2,009,372	79,317	4.1%
Utility Billing	231,116	217,262	-5.99%	220,336	3,074	1.4%
Fringe Benefits	604,816	661,535	9.38%	600,120	(61,415)	-9.3%
Debt Service	1,888,392	2,264,563	19.92%	2,415,052	150,489	6.6%
Reserve Fund	0	200,000	#DIV/0!	200,000	-	0.0%
Indirects (included in G/F)	2,379,592	2,546,345	7.01%	2,450,000	(96,345)	-3.8%
Capital	TBD	315,000	#VALUE!	350,000	35,000	11.11%
Total Water & Sewer	11,497,373	13,068,637	13.67%	13,611,522	542,885	4.15%

All things being equal, and the operating and capital budget proposals approved as they have been submitted, rates would go up approximately 4.9% in FY 2010. For the “normal” average user of water/sewer services (26.57 HCF/quarter), the annual bill would increase from \$958.20 to \$1005.15. This is a prospective increase of \$11.74/quarter or \$46.95/annually.

Option 1: Rate Increase of 4.9% - WSM – Single Family Unit

2009	Tier	Combined Rate	Consumption	Qtr. Cost	Annual Cost
Bills	0-10	\$ 5.23	10	\$ 52.30	\$ 209.20
	011-20	\$ 9.10	10	\$ 91.00	\$ 364.00
	021-40	\$ 14.65	6.57	\$ 96.25	\$ 385.00
			26.57	\$ 239.55	\$ 958.20

2010 ver. 1	Tier	Combined Rate	Consumption	Qtr. Cost	Annual Cost
Bills	0-10	\$ 5.49	10	\$ 54.86	\$ 219.45
	011-20	\$ 9.55	10	\$ 95.46	\$ 381.84
	021-40	\$ 15.37	6.57	\$ 100.97	\$ 403.87
			26.57	\$ 251.29	\$ 1,005.15

Options for Rate Reductions:

Rates are expected to be impacted solely by the amount expenses necessary to run operations in FY 2010. Unlike last year’s model, initial projections show that FY 2008 was a better year than FY 2007 from a usage perspective, so there will be no need to make up for lower usage in the rates. And, most importantly, with no use of retained earnings in FY 2009, there is no deficit in one-time revenues to make up. To reduce rates, staff advises one of two options:

- 1) Reduce capital expenditures and/or
- 2) Apply limited amounts of retained earnings to fund capital.

One or both of these approaches could be taken to lower potential rate increases. Staff would advise either the elimination of up to \$250,000 of cash-funded capital expenditures and/or the application of \$250,000 of retained earnings. Currently there is \$656,440 of Certified Retained Earnings available.

If \$250,000 of retained earnings were applied to fund capital, the new summary would appear as follows:

	FY 2008 Budget	FY 2009 Budget	FY 08-09 %	FY 2010 Projected	FY 09-10 Change	
					\$	%
Water & Sewer Enterprise Revenues						
User Charges	9,992,305	12,173,950	21.8%	12,521,522	347,572	2.9%
Connection Fees	94,291	95,000	0.8%	95,000	-	0.0%
Other Departmental Income	739,814	740,000	0.0%	700,000	(40,000)	-5.4%
Investment Income	81,930	60,000	-26.8%	45,000	(15,000)	-25.0%
Retained Earnings	2,675,000	-	-100.0%	250,000	250,000	#DIV/0!
Total Water & Sewer	13,583,340	13,068,950	-3.8%	13,611,522	542,572	4.15%
Water & Sewer Enterprise Expenses						
Sewer	4,743,775	4,933,877	4.01%	5,366,642	432,765	8.8%
Water	1,649,681	1,930,055	17.00%	2,009,372	79,317	4.1%
Utility Billing	231,116	217,262	-5.99%	220,336	3,074	1.4%
Fringe Benefits	604,816	661,535	9.38%	600,120	(61,415)	-9.3%
Debt Service	1,888,392	2,264,563	19.92%	2,415,052	150,489	6.6%
Reserve Fund	0	200,000	#DIV/0!	200,000	-	0.0%
Indirects (included in G/F)	2,379,592	2,546,345	7.01%	2,450,000	(96,345)	-3.8%
Capital	TBD	315,000	#VALUE!	350,000	35,000	11.11%
Total Water & Sewer	11,497,373	13,068,637	13.67%	13,611,522	542,885	4.15%

This would result in a rate increase of 2.9%

Option 2: Rate increase of 2.9% - WSM – Single-Family Unit

2009	Tier	Combined Rate	Consumption	Qtr. Cost	Annual Cost
Bills	0-10	\$ 5.23	10	\$ 52.30	\$ 209.20
	011-20	\$ 9.10	10	\$ 91.00	\$ 364.00
	021-40	\$ 14.65	6.57	\$ 96.25	\$ 385.00
				26.57	\$ 239.55
					\$ 958.20
2010 ver. 1	Tier	Combined Rate	Consumption	Qtr. Cost	Annual Cost
Bills	0-10	\$ 5.38	10	\$ 53.82	\$ 215.27
	011-20	\$ 9.36	10	\$ 93.64	\$ 374.56
	021-40	\$ 15.07	6.57	\$ 99.04	\$ 396.17
				26.57	\$ 246.50
					\$ 985.99

For the “normal” average user of water/sewer services (26.57 HCF/quarter), the annual bill would increase from \$958.20 to \$985.99, or an increase of \$6.95/quarter and \$27.79/annually.

Further permutations could be considered, but staff strongly advises against spending down retained earnings any further than \$400,000 for the remainder of FY 2009. If the FY 2009 forecast holds, and \$640,000 is turned back at year’s end, retained earnings in the Water/Sewer Enterprise Fund could be certified close to \$1,000,000 as of 7/1/2010, an important step in gradually rebuilding the health of the enterprise fund as outlined in the recommended fiscal management policy, a copy of which is attached.

Appendix H - Water-Sewer Policies

The Town of Natick does not have adopted policies governing the use and administration of its finances. One such area where policies are a necessary and effective tool is for Enterprise Funds. The list of proposed policies below is not a complete list, and is intended for discussion purposes only. Any adoption of policies for one entity of the Town should be done in concert with a comprehensive set of policies for all fiscal matters.



Town of Natick, Massachusetts Water/Sewer Enterprise Fund Recommended Financial Policies

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) Operating Reserve: Maintain 30-60 days of operating reserve in retained earnings or a specialized stabilization fund at all times. The Natick equivalent to this in FY 2009 would be approximately \$1,000,000-\$2,000,000. This reserve could be used to stabilize rates in the event of unforeseen, significant budgetary impacts, (e.g. unpredicted mid-year MWRA Assessments).
- b) Capital Reserve: Maintain an appropriate capital reserve for two purposes: a) to mitigate those pieces of the Town's infrastructure which pose a moderate to immediate risk and require immediate resolution, and b) to fund items which regularly need to be replaced (i.e. Vehicles, Equipment and Small Infrastructure). The recommended amount for Natick would be approximately \$750,000.
- c) Asset Renewal & Replacement Reserve (Stabilization Fund): In order to augment debt issuance and repayment costs, the Town should establish and regularly fund an Asset Renewal & Replacement Fund for the purpose of partially or completely funding capital improvements.

2) Capital Financing

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 shall finance all vehicles, equipment and infrastructure with a useful life under 10 years out of its Capital Reserve. For those vehicles, equipment and infrastructure with a useful life greater than 10 years, the town shall borrow as per the regulations set forth under M.G.L. Ch. 44 Sec. 7 & 8 and/or any other applicable laws.
- 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.

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.

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