

**WATER
FUND**

WATER FUND

MISSION STATEMENT: To develop, treat and distribute high quality water to meet the needs of Amherst residents and to do so through a user fee based revenue system.

WATER FUND SUMMARY

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Operating Revenues	\$ 4,129,830	3,862,000	3,868,419	4,001,967	3,837,000	(164,967)	-4.1%
Interest	\$ 53,326	60,000	24,575	56,000	20,000	(36,000)	-64.3%
State Grants	\$ 0	0	0	0	0	0	0.0%
SUBTOTAL REVENUES	\$ 4,183,156	3,922,000	3,892,994	4,057,967	3,857,000	(200,967)	-5.0%
Borrowing							
Authorizations	\$ 0	0	0	0	0	0	0.0%
Other Available Funds	\$ 0	0	0	0	0	0	0.0%
Surplus Funds	\$ 250,000	385,684	385,684	145,624	244,543	98,919	67.9%
TOTAL RESOURCES	\$ 4,433,156	4,307,684	4,278,678	4,203,591	4,101,543	(102,048)	-2.4%
Operating Budget	\$ 2,472,918	2,564,680	2,496,513	2,743,259	2,832,287	89,028	3.2%
Gen. Fund Services	\$ 385,111	--	--	--	--		
Debt Service	\$ 920,559	811,988	779,773	703,716	703,688	(28)	0.0%
Capital Program	\$ 445,000	536,600	536,600	345,000	150,000	(195,000)	-56.5%
TOTAL APPROPRIATION	\$ 4,223,588	3,913,268	3,812,887	3,791,975	3,685,975	(106,000)	-2.8%
Indirect Costs Appropriated in General Fund	\$	394,416	394,416	411,616	415,568	3,952	1.0%
TOTAL EXPENDITURES	\$ 4,223,588	4,307,684	4,207,303	4,203,591	4,101,543	(102,048)	-2.4%

WATER FUND**RESOURCES**

GOAL STATEMENT: To provide an adequate amount and proper balance of revenue sources to ensure that the Water Fund is completely self-supporting.

LONG RANGE OBJECTIVES:**FY 12 OBJECTIVES:**

Continue to adequately fund operating and capital needs while not increasing water rates.
Develop a more defined policy regarding an appropriate reserve level for Water Fund Surplus.

SERVICE LEVELS:

	FY 06 <u>Actual</u>	FY 07 <u>Actual</u>	FY 08 <u>Actual</u>	FY 09 <u>Actual</u>	FY 10 <u>Actual</u>
Funding Composition (%)					
Operating Revenues	82	79	96	93	90
Interest	3	3	2	1	1
Surplus Funds	7	11	3	6	9
Grants	8	7	0	0	0
Other Available Funds	0	0	0	0	0

WATER FUND

RESOURCES

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Water Rates	\$ 3,917,358	3,762,000	3,718,035	3,861,000	3,696,000	(165,000)	-4.3%
Water Liens	97,574	40,000	87,515	40,000	60,000	20,000	50.0%
Water Connection Fees	41,100	40,000	14,700	40,000	20,000	(20,000)	-50.0%
Other Water Revenues	73,798	20,000	48,169	60,967	61,000	33	0.1%
Interest	53,326	60,000	24,575	56,000	20,000	(36,000)	-64.3%
State Grants		0				0	0.0%
	<u>4,183,156</u>	<u>3,922,000</u>	<u>3,892,994</u>	<u>4,057,967</u>	<u>3,857,000</u>	<u>(200,967)</u>	<u>-5.0%</u>

SIGNIFICANT BUDGET CHANGES:

The current water rate is \$3.30 per 100 CF. The Water Fund budget of \$4,101,543 is recommended to decrease by 2.4% and no water rate increase will be necessary for the second consecutive year. \$244,543 from Water Fund Surplus will be appropriated to support this budget. The July 1, 2010 Water Fund Free Cash balance is \$1,106,136. The Town's water/sewer rates remain below state and regional averages.

WATER FUND**4450: WATER SUPPLY AND DISTRIBUTION**

GOAL STATEMENT: To supply adequate volumes of high quality water to the citizens of Amherst and to maintain compliance with all Environmental Protection Agency Drinking Water Regulations.

RECENT ACCOMPLISHMENTS & CURRENT CHALLENGES:

- Baby Carriage Treatment plant upgraded.
- New Water mains on West Street and Spring Street.
- Completed study of the Centennial Water Treatment Plant upgrades.

LONG RANGE OBJECTIVES:

To investigate new sources of drinking water.
 To repair/replace old water mains, valves and hydrants.
 To replace water meters to achieve a 20 year maximum age.
 To calibrate all master meters on an annual schedule.
 To do leak detection surveys every 2 years to minimize water loss in the pipes.

FY 12 OBJECTIVES:

To encourage water reuse at the University of Massachusetts for irrigation and process water.
 To improve create several additional hydraulic models of the distribution system under new scenarios.
 To improve security at water supply sources.
 To begin the improvements for the Centennial Water Treatment facility.

SERVICE LEVELS:

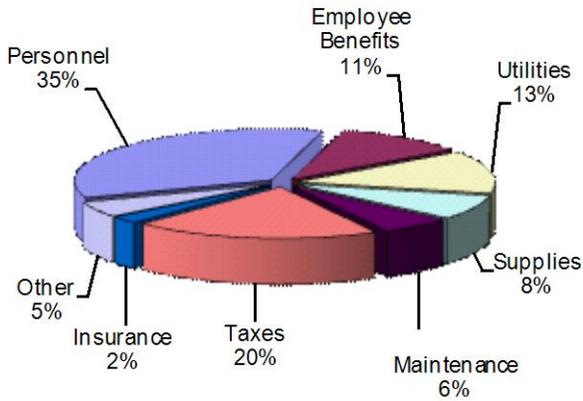
	FY 06	FY 07	FY 08	FY 09	FY 10
	Actual	Actual	Actual	Actual	Actual
New water services installed	31	28	15	20	11
Water service relays	17	20	0	10	17
Water services	6,369	6,428	6,225	6,245	6,253
Water metered & produced (billion gals)	1.27	1.2	1.17	1.163	1,064
Positive coliform bacteria samples	0	0	1	2	2
Meters installed	294	238	265	330	207
Hydrants in service	1,104	1,100	1,104	1,104	1,108
Frozen water services	0	1	0	0	0
Hydrants repaired	9	28	41	96	18
Water mains flushed (miles)	113	113	113	113	113
Water main breaks repaired	4	14	20	10	5

WATER FUND

4450: WATER SUPPLY AND DISTRIBUTION

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Personnel Services	\$ 1,012,413	1,158,009	1,092,873	1,216,821	1,303,349	86,528	7.1%
Operating Expenses	\$ 1,456,195	1,402,271	1,396,990	1,522,038	1,524,538	2,500	0.2%
Capital Outlay	\$ 4,311	4,400	6,651	4,400	4,400	0	0.0%
TOTAL APPROPRIATION	\$ 2,472,918	2,564,680	2,496,513	2,743,259	2,832,287	89,028	3.2%
SOURCES OF FUNDS							
Water Revenues	\$ 2,472,918	2,564,680	2,496,513	2,743,259	2,832,287	89,028	3.2%
Surplus Funds	\$				94,543	0	0.0%
POSITIONS							
Full Time	15.08	15.08	15.08	16.16	16.66	0.50	
Part Time with Benefits	0.00	0.00	0.00	2.00	2.00	0.00	
Full Time Equivalents	15.08	15.08	15.08	16.69	17.19	0.50	

MAJOR COMPONENTS:



Personnel Services include salaries for the Assistant Superintendent/Water Resources Director (shared with the Sewer Fund and the General Fund), one division director, one division supervisor, one crew supervisor, five water treatment operators, one skilled laborer, one maintenance worker, one meter reader, a mechanic and a quarter of a watershed land manager. The Town Engineer, the Assistant Town Engineer, and an engineer technician are shared with the General Fund and Sewer Fund. A utility technician, an environmental scientist, a GIS Administrator and three electricians are shared with the Sewer Fund. A part time program coordinator is shared with the Solid Waste Fund and a part time land manager is shared with the General Fund. Also included is \$77,000 for overtime and \$306,944 for health, retirement, life insurance and other benefits.

Utilities include \$306,254 for electricity and \$71,187 for fuel.

Maintenance, \$165,300, includes funds to repair dams, bridges, service lines and meters.

Supplies, \$219,081, includes funds for gasoline, office supplies and chemicals.

Taxes, \$570,721, are paid to Amherst, Pelham, and Shutesbury for watershed property.

Insurance, \$64,000, provides building, vehicle and liability coverage.

SIGNIFICANT BUDGET CHANGES:

Personnel services increases include the addition of 0.5 FTE of an electrician/programmer which is shared with the Sewer Fund and increases to the Water Fund's share of health insurance costs and retirement assessments.

WATER FUND**GENERAL FUND SERVICES**

GOAL STATEMENT: To compensate the General Fund for services provided by various departments.

LONG RANGE OBJECTIVES:**FY 12 OBJECTIVES:**

To ensure that all costs related to water services are identified and appropriately charged through evaluation and modification of the indirect cost model used to assess charges for General Fund administrative support.

SERVICE LEVELS:

	FY 06 <u>Actual</u>	FY 07 <u>Actual</u>	FY 08 <u>Actual</u>	FY 09 <u>Actual</u>	FY 10 <u>Actual</u>
Number of departments reimbursed	9	9	9	9	9

WATER FUND**GENERAL FUND SERVICES**

		FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
General Fund Services	\$	385,111	394,416	394,416	411,616	415,568	3,952	1.0%
Transfer to Trust Funds	\$	0	0	0	0	0	0	0.0%
TOTAL APPROPRIATION	\$	385,111	394,416	394,416	411,616	415,568	3,952	1.0%
SOURCES OF FUNDS								
Water Revenues	\$	385,111	394,416	394,416	411,616	415,568	3,952	1.0%

MAJOR COMPONENTS:

General Fund Services: The General Fund provides services which are used by the Water Fund. Transfers are made from the Water Fund to the General Fund to compensate for the costs of these services. Charges for FY 12 are as follows:

Select Board / Town Manager	6% of budget	\$20,600
Finance Department	9% of budget	101,144
Human Resources/Human Rights	5% of budget	14,534
Information Technology	6% of budget	43,096
Public Works Administration	28% of budget	116,730
Construction & Maintenance	5% of budget	39,737
Equipment Maintenance	15% of budget	46,157
Conservation	5% of budget	16,258
Town Hall Debt	6% of budget	15,312
Health		<u>2,000</u>
TOTAL		<u>\$415,568</u>

SIGNIFICANT BUDGET CHANGES:

None.

WATER FUND**DEBT SERVICE**

GOAL STATEMENT: To provide funds for principal and interest payments for short and long term debt.

LONG RANGE OBJECTIVES:

To minimize rate impacts by timing issuance of any significant new debt service after retirement of Atkins Treatment Plant debt in FY 12.

FY 12 OBJECTIVES:

To make payments on debt incurred to build the Atkins Treatment Plant.
 Authorize the borrowing of \$4,000,000 for upgrades to the Centennial Water Treatment facility.

SERVICE LEVELS:

	FY 06	FY 07	FY 08	FY 09	FY 10
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Number of issues outstanding	2	2	2	2	2
Number of new issues	0	0	0	0	0

WATER FUND

DEBT SERVICE

		FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Principal	\$	743,376	714,000	714,000	673,550	695,000	21,450	3.2%
Interest	\$	177,183	97,988	65,773	30,166	8,688	(21,478)	-71.2%
TOTAL APPROPRIATION	\$	920,559	811,988	779,773	703,716	703,688	(28)	0.0%
SOURCES OF FUNDS								
Water Revenues	\$	920,559	811,988	779,773	703,716	703,688	(28)	0.0%

MAJOR COMPONENTS:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Atkins Treatment Plant	\$695,000	\$8,688	\$703,688

SIGNIFICANT BUDGET CHANGES:
 In December 2009, the Town refunded (refinanced) bonds originally issued in 1999 for construction of the Atkins Treatment Plant. This refunding results in a savings of \$10,877 in FY 11 due to lower interest rate on bonds. The Town will also realize interest savings in FY 12, the last year of debt service on these bonds.

 FY 12 is the last year of debt service on these bonds.

WATER FUND**CAPITAL PROGRAM SUMMARY**

GOAL STATEMENT: To provide for the maintenance, improvement and enlargement of the Town's water system.

LONG RANGE OBJECTIVES:

To sample our surface water supplies for compliance with two new Environmental Protection Agency regulations; "Long Term 2 Enhanced Surface Water Treatment Rule" and the "Stage 2 Disinfection Byproducts Rule" (reduction in the formation of harmful chemicals formed by the chlorination process). Compliance with these regulations might result in significant capital improvements to the Atkins and Centennial water treatment plants. Authorize the borrowing of \$4,000,000. for upgrades to the Centennial Water Treatment facility.

FY 12 OBJECTIVES:

To complete the following:
 Installation of the Centennial WTP Sewer line
 Water System Improvements
 Replacement Vehicle
 DPW Facility Improvements

SERVICE LEVELS:

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Actual</u>
Number of Projects:					
Departmental Equipment	2	1	2	1	0
Existing Facilities	4	3	3	4	5
New Facilities	0	0	0	0	1

WATER FUND

CAPITAL PROGRAM SUMMARY

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Departmental Equip.	\$ 50,000	0	0	0	45,000	45,000	0.0%
Existing Facilities	\$ 395,000	366,600	366,600	345,000	105,000	(240,000)	-69.6%
New Facilities	\$ 0	170,000	170,000	0	0	0	--
TOTAL APPROPRIATION	\$ 445,000	536,600	536,600	345,000	150,000	(195,000)	-56.5%
SOURCES OF FUNDS							
Water Revenues	\$ 445,000	366,600	366,600	199,376	0	(199,376)	-100.0%
State Grants	\$ 0	0	0	0	0	0	0.0%
Borrowing Auth.	\$ 0	0	0	0	0	0	0.0%
Available Funds	\$ 0	0	0	0	0	0	0.0%
Surplus Funds	\$ 0	170,000	170,000	145,624	150,000	4,376	3.0%

MAJOR COMPONENTS:

Facilities:	4,000,000	Centennial WTP Sewer line
	100,000	Water System Improvements
	45,000	Replacement Vehicle
	5,000	DPW Facility Improvements

Major improvements to the Centennial Water Treatment Plant located in Pelham will be funded with a proposed bond authorization of \$4 million. This is an especially good time to issue debt for this project because of historically low interest rates and because previously authorized debt service for improvements to the Atkins Water Treatment Plant will be retired in FY12.