

**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 Actual	FY 11 Actual	FY 12 Budget	FY 13 Manager	Change FY 12 - 13	Percent Change
Operating Revenues	\$ 4,129,830	3,868,419	4,090,295	3,837,000	3,947,145	110,145	2.9%
Interest	\$ 53,326	24,575	21,074	20,000	20,000	0	0.0%
State Grants	\$ 0	0	0	0	0	0	0.0%
<b>SUBTOTAL REVENUES</b>	<b>\$ 4,183,156</b>	<b>3,892,994</b>	<b>4,111,369</b>	<b>3,857,000</b>	<b>3,967,145</b>	<b>110,145</b>	<b>2.9%</b>
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	145,624	478,543	0	(478,543)	-100.0%
<b>TOTAL RESOURCES</b>	<b>\$ 4,433,156</b>	<b>4,278,678</b>	<b>4,256,993</b>	<b>4,335,543</b>	<b>3,967,145</b>	<b>(368,398)</b>	<b>-8.5%</b>
Operating Budget	\$ 2,414,823	2,452,970	2,481,230	2,832,287	2,874,504	42,217	1.5%
Gen. Fund Services	\$ 385,111	--	--	--	--		
Debt Service	\$ 875,559	779,773	703,716	703,688	340,000	(363,688)	-51.7%
Capital Program	\$ 445,000	536,600	345,000	384,000	325,000	(59,000)	-15.4%
<b>TOTAL APPROPRIATION</b>	<b>\$ 4,120,493</b>	<b>3,769,343</b>	<b>3,529,946</b>	<b>3,919,975</b>	<b>3,539,504</b>	<b>(380,471)</b>	<b>-9.7%</b>
Indirect Costs Appropriated in General Fund	\$	394,416	411,616	415,568	427,641	12,073	2.9%
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,120,493</b>	<b>4,163,759</b>	<b>3,941,562</b>	<b>4,335,543</b>	<b>3,967,145</b>	<b>(368,398)</b>	<b>-8.5%</b>

**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 13 OBJECTIVES:**

Continue to adequately fund operating and capital needs with a minimum water rate increase.  
Develop a more defined policy regarding an appropriate reserve level for Water Fund Surplus.

**SERVICE LEVELS:**

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

## WATER FUND

## RESOURCES

	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Budget	FY 13 Manager	Change FY 12 - 13	Percent Change
Water Rates	\$ 3,917,358	3,718,035	3,929,040	3,696,000	3,806,145	110,145	3.0%
Water Liens	97,574	87,515	78,495	60,000	60,000	0	0.0%
Water Connection Fees	41,100	14,700	21,650	20,000	20,000	0	0.0%
Other Water Revenues	73,798	48,169	61,110	61,000	61,000	0	0.0%
Interest	53,326	24,575	21,074	20,000	20,000	0	0.0%
State Grants							
	<u>4,183,156</u>	<u>3,892,994</u>	<u>4,111,369</u>	<u>3,857,000</u>	<u>3,967,145</u>	<u>110,145</u>	<u>2.9%</u>

**SIGNIFICANT BUDGET CHANGES:**

The FY 13 proposed Water Fund budget \$3,947,145 is a decrease of 8.5% from the *amended* FY 12 budget of \$4,335,543. The amended budget included \$234,000 of additional Water Surplus appropriations that were approved by the November 2011 Special Town meeting to pay for additional water meters (\$100,000) and watershed land acquisitions in Shutesbury and Pelham (\$134,000). The FY 13 proposed Water Fund budget is a decrease of \$134,398 or 3.3% from the *original* FY 12 budget, as voted at the spring Annual Town Meeting. There is an increase in the operating budget to fund collective bargaining contracts that were settled in 2011. The final payment for the Atkins Water Treatment Plant was made in FY 12, so in FY 13 there is a significant decrease in water debt that results in an overall decrease in the total Water Fund budget. The current water rate is \$3.30 per 100 CF. A water rate increase of \$0.10 or 3% per average household will be necessary to meet ongoing expenses. This will be the first increase in two years. No funds will be drawn from Water Fund Surplus to support this budget. The July 1, 2011 Water Fund Free Cash balance was \$1,114,642. 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:**

- Completed the Baby Carriage Treatment plant generator and well drive upgrade.
- Completed study of the Centennial Water Treatment Plant upgrades.
- Began installation of new radio read devices for existing water meters.
- Purchased additional land in the watersheds for source protection.

**LONG RANGE OBJECTIVES:**

To increase the attention and oversight to the Divisions meter and backflow programs. This will involve dedicating existing and possibly one new supervisor position to these programs.

To transition from the existing Water Resources Division Director to his replacement while maintaining the capabilities of the current water treatment operators and adding replacement personnel to maintain continuity in the department

To continue investigating 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 two years to minimize water loss in the pipes.

**FY 13 OBJECTIVES:**

To improve security at water supply sources by improving communications with the remote facilities and onsite monitoring.

To begin the improvements for the Centennial Water Treatment facility.

**SERVICE LEVELS:**

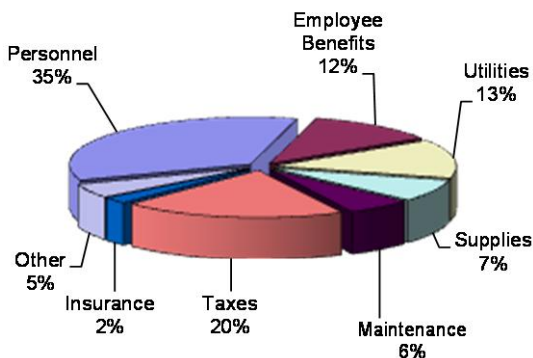
	<b>FY 07</b> <b>Actual</b>	<b>FY 08</b> <b>Actual</b>	<b>FY 09</b> <b>Actual</b>	<b>FY 10</b> <b>Actual</b>	<b>FY 11</b> <b>Actual</b>
New water services installed	28	15	20	11	12
Water service relays	20	0	10	17	12
Water services Water metered	6,428	6,225	6,245	6,253	6,262
& produced (billion gals)	1.2	1.2	1.2	1.1	1.3
Positive coliform bacteria samples	0	1	2	2	2
Meters installed	238	265	330	207	322
Hydrants in service	1,100	1,104	1,104	1,108	1,112
Frozen water services	1	0	0	0	0
Hydrants repaired	28	41	96	18	31
Water mains flushed (miles)	113	113	113	113	113
Water main breaks repaired	14	20	10	5	14

**WATER FUND**

**4450: WATER SUPPLY AND DISTRIBUTION**

	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Budget	FY 13 Manager	Change FY 12 - 13	Percent Change
Personnel Services	\$ 766,054	833,449	922,244	984,905	998,259	13,354	1.4%
Operating Expenses	\$ 1,644,459	1,616,573	1,547,675	1,844,982	1,873,845	28,863	1.6%
Capital Outlay	\$ 4,311	2,947	11,311	2,400	2,400	0	0.0%
<b>TOTAL APPROPRIATION</b>	<b>\$ 2,414,823</b>	<b>2,452,970</b>	<b>2,481,230</b>	<b>2,832,287</b>	<b>2,874,504</b>	<b>42,217</b>	<b>1.5%</b>
<b>SOURCES OF FUNDS</b>							
Water Revenues	\$ 2,414,823	2,452,970	2,481,230	2,832,287	2,874,504	42,217	1.5%
Surplus Funds	\$ 0	0	0	94,543	0	94,543	100.0%
<b>POSITIONS</b>							
Full Time	14.75	14.75	15.75	16.58	16.08	(0.50)	
Part Time with Benefits	1.00	1.00	2.00	2.00	2.00	0.00	
Full Time Equivalents	15.08	15.08	16.15	16.98	16.48	(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, four 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 two 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.

\$335,807 is budgeted 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, include 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:**

Professional services increase in accordance with the collective bargaining settlement reached in 2011. Operating expenses increase by 1.6% because of an increase in health benefit costs due to more employees electing coverage as well as an increase in the retirement assessment from the Hampshire County Retirement Board.

FTE reduction of 0.5 is due to the retirement of an electrician split between Water and Sewer Departments who will retire at the end of FY 12. His replacement was hired last year to allow for a one year transition period during which the new employee was trained.

**WATER FUND****GENERAL FUND SERVICES**

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

**LONG RANGE OBJECTIVES:****FY 13 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:**

	<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>	<u>FY 11</u> <u>Actual</u>
Number of departments reimbursed	7	7	7	7	7



**WATER FUND**

**GENERAL FUND SERVICES**

		FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Budget	FY 13 Manager	Change FY 12 - 13	Percent Change
General Fund Services	\$	385,111	394,416	411,616	415,568	427,641	12,073	2.9%
Transfer to Trust Funds	\$	0	0	0	0	0	0	0.0%
<b>TOTAL APPROPRIATION</b>	<b>\$</b>	<b>385,111</b>	<b>394,416</b>	<b>411,616</b>	<b>415,568</b>	<b>427,641</b>	<b>12,073</b>	<b>2.9%</b>
<b>SOURCES OF FUNDS</b>								
Water Revenues	\$	385,111	394,416	411,616	415,568	427,641	12,073	2.9%

**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 13 are as follows:

Select Board / Town Manager	6% of budget	\$20,493
Finance Department	9% of budget	107,418
Human Resources/Human Rights	5% of budget	13,689
Information Technology	6% of budget	43,280
Public Works Administration	28% of budget	118,879
Construction & Maintenance	5% of budget	42,687
Equipment Maintenance	15% of budget	45,113
Conservation	5% of budget	18,768
Town Hall Debt	6% of budget	15,312
Health		<u>2,000</u>
<b>TOTAL</b>		<b><u>\$427,641</u></b>

**SIGNIFICANT BUDGET CHANGES:**

None.

**WATER FUND****DEBT SERVICE**

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

**RECENT ACCOMPLISHMENTS & CURRENT CHALLENGES:**

- Received Town Meeting approval for \$4,000,000 debt issuance for improvements to the Centennial Water Treatment Facility, including extension of a sewer line to the Town of Pelham to service the Facility.

**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 13.

**FY 13 OBJECTIVES:**

To make payments on debt incurred to renovate the Centennial Water Treatment Plant and associated sewer line extension.

**SERVICE LEVELS:**

	<b>FY 07</b> <b><u>Actual</u></b>	<b>FY 08</b> <b><u>Actual</u></b>	<b>FY 09</b> <b><u>Actual</u></b>	<b>FY 10</b> <b><u>Actual</u></b>	<b>FY 11</b> <b><u>Actual</u></b>
Number of issues outstanding	2	2	2	2	1
Number of new issues	0	0	0	0	0

**WATER FUND**

**DEBT SERVICE**

		FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Budget	FY 13 Manager	Change FY 12 - 13	Percent Change
Principal	\$	743,376	714,000	673,550	695,000	200,000	(495,000)	-71.2%
Interest	\$	132,183	65,773	30,166	8,688	140,000	131,312	1511.4%
<b>TOTAL APPROPRIATION</b>	<b>\$</b>	<b>875,559</b>	<b>779,773</b>	<b>703,716</b>	<b>703,688</b>	<b>340,000</b>	<b>(363,688)</b>	<b>-51.7%</b>
<b>SOURCES OF FUNDS</b>								
Water Revenues	\$	875,559	779,773	703,716	703,688	340,000	(363,688)	-51.7%

<b>MAJOR COMPONENTS:</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Centennial Treatment Plant	\$200,000	\$120,000	\$320,000

**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 realized interest savings in FY 12, the last year of debt service on these bonds.

The Town will issue new debt to fund improvements to the Centennial Water Treatment Plant and associated extension of a sewer line into the Town of Pelham to service the Centennial Plant.

## 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 water treatment plant.

### FY 13 OBJECTIVES:

To complete the following:

- Installation of the Centennial WTP Sewer line
- Water System Improvements
- Replacement Vehicle
- DPW Facility Improvements

### SERVICE LEVELS:

	<u>FY 07 Actual</u>	<u>FY 08 Actual</u>	<u>FY 09 Actual</u>	<u>FY 10 Actual</u>	<u>FY 11 Actual</u>
Number of Projects:					
Departmental Equipment	1	2	1	0	0
Existing Facilities	3	3	4	5	2
New Facilities	0	0	0	1	0

**WATER FUND**

**CAPITAL PROGRAM SUMMARY**

		FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Budget	FY 13 Manager	Change FY 12 - 13	Percent Change
Departmental Equip.	\$	50,000	0	0	145,000	220,000	75,000	0.0%
Existing Facilities	\$	395,000	366,600	345,000	105,000	105,000	0	0.0%
New Facilities	\$	0	170,000	0	134,000	0	(134,000)	-100.0%
<b>TOTAL APPROPRIATION</b>	<b>\$</b>	<b>445,000</b>	<b>536,600</b>	<b>345,000</b>	<b>384,000</b>	<b>325,000</b>	<b>(59,000)</b>	<b>-15.4%</b>
<b>SOURCES OF FUNDS</b>								
Water Revenues	\$	445,000	366,600	199,376	0	325,000	325,000	--
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	145,624	384,000	0	(384,000)	-100.0%

<b>MAJOR COMPONENTS:</b>	Facilities:	50,000	Treatment system improvements
		50,000	Water System Improvements
		45,000	Replacement Vehicle
		175,000	Backhoe
		5,000	DPW Facility Improvements

Major improvements to the Centennial Water Treatment Plant located in Pelham will be funded with a 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 FY 12.