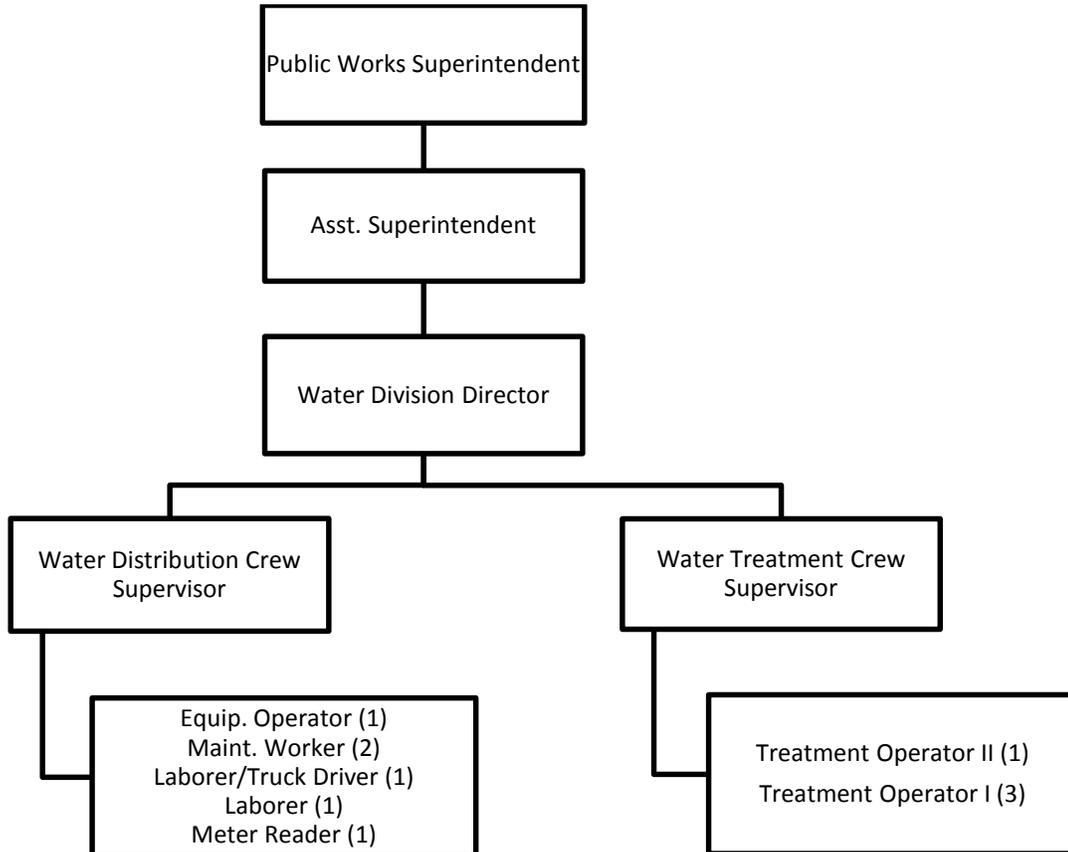


**WATER
FUND**

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 11 Actual | FY 12 Actual | FY 13 Actual | FY 14 Budget | FY 15 Department | Change FY 14 - 15 | Percent Change |
|--|-----------|------------------|------------------|------------------|------------------|---------------------|----------------------|-------------------|
| Operating Revenues | \$ | 4,090,295 | 3,923,046 | 4,049,760 | 4,221,000 | 4,236,067 | 15,067 | 0.4% |
| Interest and Late Fees | \$ | 21,074 | 21,759 | 27,650 | 20,000 | 20,000 | 0 | 0.0% |
| State Grants | \$ | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| SUBTOTAL REVENUES | \$ | 4,111,369 | 3,944,805 | 4,077,410 | 4,241,000 | 4,256,067 | 15,067 | 0.4% |
| Borrowing | | | | | | | | |
| Authorizations | \$ | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Other Available Funds | \$ | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Surplus Funds | \$ | 145,624 | 478,543 | 0 | 21,887 | 0 | (21,887) | -100.0% |
| TOTAL RESOURCES | \$ | 4,256,993 | 4,423,348 | 4,077,410 | 4,262,887 | 4,256,067 | (6,820) | -0.2% |
| Operating Budget | \$ | 2,481,230 | 2,738,055 | 3,015,169 | 3,150,628 | 3,215,438 | 64,810 | 2.1% |
| Debt Service | \$ | 703,716 | 703,688 | 298,850 | 294,850 | 365,850 | 71,000 | 24.1% |
| Capital Program | \$ | 345,000 | 384,000 | 325,000 | 368,000 | 220,000 | (148,000) | -40.2% |
| TOTAL APPROPRIATION | \$ | 3,529,946 | 3,825,742 | 3,639,019 | 3,813,478 | 3,801,288 | (12,190) | -0.3% |
| Indirect Costs Appropriated in General Fund | \$ | 411,616 | 415,568 | 427,641 | 449,409 | 454,779 | 5,370 | 1.2% |
| TOTAL EXPENDITURES | \$ | 3,941,562 | 4,241,310 | 4,066,660 | 4,262,887 | 4,256,067 | (6,820) | -0.2% |

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 15 OBJECTIVES:**

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

SERVICE LEVELS:

| | FY 09 <u>Actual</u> | FY 10 <u>Actual</u> | FY 11 <u>Actual</u> | FY 12 <u>Actual</u> | FY 13 <u>Actual</u> |
|-------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Funding Composition (%) | | | | | |
| Operating Revenues | 93 | 90 | 96 | 89 | 99 |
| Interest | 1 | 1 | 1 | 1 | 1 |
| Surplus Funds | 6 | 9 | 3 | 10 | 0 |
| Grants | 0 | 0 | 0 | 0 | 0 |
| Other Available Funds | 0 | 0 | 0 | 0 | 0 |

WATER FUND

RESOURCES

| | | FY 11 Actual | FY 12 Actual | FY 13 Actual | FY 14 Budget | FY 15 Department | Change FY 14 - 15 | Percent Change |
|------------------------------|----|-----------------|-----------------|-----------------|-----------------|---------------------|----------------------|-------------------|
| Water Rates | \$ | 3,929,040 | 3,753,913 | 3,834,871 | 4,080,000 | 4,095,067 | 15,067 | 0.4% |
| Water Liens | \$ | 78,495 | 82,100 | 95,278 | 60,000 | 60,000 | 0 | 0.0% |
| Water Connection Fees | \$ | 21,650 | 27,850 | 50,800 | 20,000 | 20,000 | 0 | 0.0% |
| Other Water Revenues | \$ | 61,110 | 59,184 | 68,812 | 61,000 | 61,000 | 0 | 0.0% |
| Water Interest and Late Fees | \$ | 21,074 | 21,759 | 27,650 | 20,000 | 20,000 | 0 | 0.0% |
| State Grants | | | | | | | | |
| | \$ | 4,111,369 | 3,944,805 | 4,077,410 | 4,241,000 | 4,256,067 | 15,067 | 0.4% |

SIGNIFICANT BUDGET CHANGES:

The FY 15 proposed Water Fund budget of \$4,256,067 is a decrease of 0.2% from the FY 14 budget of \$4,262,887 (see table on page 125). The current water rate is \$3.40 per 100 CF, a rate increase to \$3.45 per 100 CF (1.5%) is recommended for FY 15, this small rate increase will help maintain an adequate fund balance in future years. The July 1, 2013 Water Fund Free Cash balance was \$1,289,068. 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 rehabilitation of the vertical turbine pump for well #4 including designing a new chemical feed injection system.
- Completed the installation of the Pelham valve and booster pump station.
- Replaced the 4 inch cast iron water main on Hillcrest with a 6 inch ductile iron water main.
- Replaced the 2 inch galvanized water main on Old Town and Moorland streets with a 6 inch ductile iron main.
- Completed the design of a 6 inch water main from Hazel Avenue to Snell Street, construction in the spring 2014.
- Painted the exterior of Baby Carriage Brook Water Treatment Plant
- Increased meters read by radio read instead of manual read to 26% of all meters.
- Increased Department of Environmental Protection regulations concerning per capita water consumption and the environmental impacts of ground water withdrawals will require the DPW to examine our current billing and water usage tracking systems. This review will require additional resources to compare individual customer usages with regulatory goals.

LONG RANGE OBJECTIVES:

- To continue investigating new sources of drinking water.
- To continue to execute the system improvement plans to repair/replace old water mains, valves, and hydrants.
- To continue to keep all water meters up to date, with no meters greater than 20 years old.
- To continue the program to calibrate all master meters on an annual schedule and replace them as needed.
- To do leak detection surveys every two years to minimize water loss in the pipes.

FY 15 OBJECTIVES:

- To replace the water main on Harris Street.
- To increase the number of backflow devices that are tested as required by the State.
- To replace the caustic bulk tanks at well 3.
- To complete the Centennial Water Treatment Plant treatment pilot program and the design for the new treatment facility.
- To complete the engineering study and develop the plans to upgrade well 4 to a variable frequency drive to save on energy costs.
- To complete a Town wide water system analysis based on current and proposed developments to verify systems components.

SERVICE LEVELS:

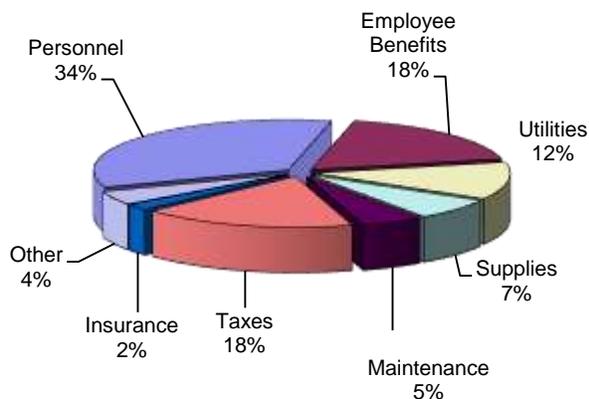
| | FY 09 Actual | FY 10 Actual | FY 11 Actual | FY 12 Actual | FY 13 Actual |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| New water services installed | 20 | 11 | 12 | 11 | 17 |
| Water service relays | 10 | 17 | 12 | 12 | 20 |
| Water services | 6,245 | 6,253 | 6,262 | 6,263 | 2,671 |
| Water metered & produced (billion gals) | 1.2 | 1.1 | 1.3 | .98 | .96 |
| Positive coliform bacteria samples | 2 | 2 | 2 | 0 | 0 |
| Meters installed | 330 | 207 | 322 | 850 | 433 |
| Hydrants in service | 1,104 | 1,108 | 1,112 | 1,118 | 1,116 |
| Frozen water services | 0 | 0 | 0 | 0 | 1 |
| Hydrants repaired | 96 | 18 | 31 | 27 | 18 |
| Water mains flushed (miles) | 113 | 113 | 113 | 114 | 114 |
| Water main breaks repaired | 10 | 5 | 14 | 6 | 9 |
| Percent of meters read by radio | | | | 10% | 18% |

WATER FUND

4450: WATER SUPPLY AND DISTRIBUTION

| | FY 11 Actual | FY 12 Actual | FY 13 Actual | FY 14 Budget | FY 15 Department | Change FY 14 - 15 | Percent Change |
|----------------------------|---------------------|------------------|------------------|------------------|---------------------|----------------------|-------------------|
| Personnel Services | \$ 922,244 | 898,623 | 1,006,438 | 1,061,631 | 1,097,585 | 35,954 | 3.4% |
| Operating Expenses | \$ 1,547,675 | 1,838,669 | 2,007,448 | 2,084,597 | 2,113,453 | 28,856 | 1.4% |
| Capital Outlay | \$ 11,311 | 763 | 1,283 | 4,400 | 4,400 | 0 | 0.0% |
| TOTAL APPROPRIATION | \$ 2,481,230 | 2,738,055 | 3,015,169 | 3,150,628 | 3,215,438 | 64,810 | 2.1% |
| SOURCES OF FUNDS | | | | | | | |
| Water Revenues | \$ 2,481,230 | 2,738,055 | 3,015,169 | 3,150,628 | 3,215,438 | 64,810 | 2.1% |
| Surplus Funds | \$ 0 | 94,543 | 0 | 0 | 0 | 0 | 0.0% |
| POSITIONS | | | | | | | |
| Full Time | 15.75 | 16.58 | 16.58 | 17.58 | 17.58 | 0.00 | |
| Part Time with Benefits | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | |
| Full Time Equivalents | 16.15 | 16.98 | 16.98 | 17.98 | 17.98 | 0.00 | |

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, two division supervisors, four water treatment operators, two skilled laborers, two maintenance workers, one meter reader, and an equipment operator. 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, a secretary, a division director and one electrician are shared with the Sewer Fund. A part time program coordinator is shared with the Solid Waste Fund. A watershed land manager and a part time land manager is shared with the General Fund. Also included is \$77,000 for overtime.

\$577,415 is budgeted for health, retirement, life insurance, and other benefits, including a payment of \$150,000 into the OPEB Trust Fund.

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:

Personnel services increase in accordance with the collective bargaining settlement reached in 2013.

Operating expenses increase by 1.4% 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.

WATER FUND**GENERAL FUND SERVICES**

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

LONG RANGE OBJECTIVES:**FY 15 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 09 Actual</u> | <u>FY 10 Actual</u> | <u>FY 11 Actual</u> | <u>FY 12 Actual</u> | <u>FY 13 Actual</u> |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Number of departments reimbursed | 7 | 7 | 7 | 7 | 7 |

WATER FUND

GENERAL FUND SERVICES

| | FY 11 Actual | FY 12 Actual | FY 13 Actual | FY 14 Budget | FY 15 Department | Change FY 14 - 15 | Percent Change |
|----------------------------|-------------------|-----------------|-----------------|-----------------|---------------------|----------------------|-------------------|
| General Fund Services | \$ 411,616 | 415,568 | 427,641 | 449,409 | 454,779 | 5,370 | 1.2% |
| Transfer to Trust Funds | \$ 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| TOTAL APPROPRIATION | \$ 411,616 | 415,568 | 427,641 | 449,409 | 454,779 | 5,370 | 1.2% |
| SOURCES OF FUNDS | | | | | | | |
| Water Revenues | \$ 411,616 | 415,568 | 427,641 | 449,409 | 454,779 | 5,370 | 1.2% |

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 14 are as follows:

| | | |
|------------------------------|---------------|-------------------------|
| Select Board / Town Manager | 6% of budget | \$ 23,420 |
| Finance Department | 9% of budget | 111,490 |
| Human Resources/Human Rights | 6% of budget | 13,488 |
| Information Technology | 6% of budget | 48,605 |
| Public Works Administration | 30% of budget | 126,980 |
| Construction & Maintenance | 5% of budget | 47,605 |
| Equipment Maintenance | 15% of budget | 48,892 |
| Conservation | 5% of budget | 20,577 |
| Town Hall Debt | | 7,656 |
| Health | | <u>2,000</u> |
| TOTAL | | <u>\$454,779</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.

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 15 OBJECTIVES:

- To make payments on debt incurred to renovate the Centennial Water Treatment Plant and associated sewer line extension.
- To make payments on debt incurred to repair water lines on Pine Street.

SERVICE LEVELS:

| | <u>FY 09</u> <u>Actual</u> | <u>FY 10</u> <u>Actual</u> | <u>FY 11</u> <u>Actual</u> | <u>FY 12</u> <u>Actual</u> | <u>FY 13</u> <u>Actual</u> |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Number of issues outstanding | 2 | 2 | 1 | 1 | 1 |
| Number of new issues | 0 | 0 | 0 | 0 | 0 |

WATER FUND

DEBT SERVICE

| | | FY 11 Actual | FY 12 Actual | FY 13 Actual | FY 14 Budget | FY 15 Department | Change FY 14 - 15 | Percent Change |
|----------------------------|-----------|-----------------|-----------------|-----------------|-----------------|---------------------|----------------------|-------------------|
| Principal | \$ | 673,550 | 695,000 | 200,000 | 200,000 | 250,000 | 50,000 | 25.0% |
| Interest | \$ | 30,166 | 8,688 | 98,850 | 94,850 | 115,850 | 21,000 | 22.1% |
| TOTAL APPROPRIATION | \$ | 703,716 | 703,688 | 298,850 | 294,850 | 365,850 | 71,000 | 24.1% |
| SOURCES OF FUNDS | | | | | | | | |
| Water Revenues | \$ | 703,716 | 703,688 | 298,850 | 294,850 | 365,850 | 71,000 | 24.1% |

| MAJOR COMPONENTS: | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|------------------|------------------|------------------|
| Centennial Treatment Plant | \$200,000 | \$90,850 | \$290,850 |
| Pine Street | <u>50,000</u> | <u>25,000</u> | <u>75,000</u> |
| | <u>\$250,000</u> | <u>\$115,850</u> | <u>\$365,850</u> |

SIGNIFICANT BUDGET CHANGES:
 The Town previously issued 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. New debt is being added for the Pine Street work.

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 by the chlorination process). Compliance with these regulations might result in significant capital improvements to the Atkins water treatment plant.

FY 15 OBJECTIVES:

- To complete the following:
 - Upgrade the Centennial WTP
 - Water System Improvements
 - Replace a Pickup Truck
 - DPW Facility Improvements.

SERVICE LEVELS:

| | <u>FY 09 Actual</u> | <u>FY 10 Actual</u> | <u>FY 11 Actual</u> | <u>FY 12 Actual</u> | <u>FY 13 Actual</u> |
|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Number of Projects: | | | | | |
| Departmental Equipment | 1 | 0 | 0 | 2 | 2 |
| Existing Facilities | 4 | 5 | 2 | 2 | 2 |
| New Facilities | 0 | 1 | 0 | 1 | 0 |

WATER FUND

CAPITAL PROGRAM SUMMARY

| | FY 11 Actual | FY 12 Actual | FY 13 Actual | FY 14 Budget | FY 15 Department | Change FY 14 - 15 | Percent Change |
|----------------------------|-------------------|-----------------|-----------------|-----------------|---------------------|----------------------|-------------------|
| Departmental Equip. | \$ 0 | 145,000 | 220,000 | 63,000 | 40,000 | (23,000) | 0.0% |
| Existing Facilities | \$ 345,000 | 105,000 | 105,000 | 305,000 | 180,000 | (125,000) | -41.0% |
| New Facilities | \$ 0 | 134,000 | 0 | 0 | | 0 | 0.0% |
| TOTAL APPROPRIATION | \$ 345,000 | 384,000 | 325,000 | 368,000 | 220,000 | (148,000) | -40.2% |
| SOURCES OF FUNDS | | | | | | | |
| Water Revenues | \$ 199,376 | 0 | 325,000 | 368,000 | 220,000 | (148,000) | -40.2% |
| 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 | \$ 145,624 | 384,000 | 0 | 21,887 | 0 | (21,887) | -100.0% |

| MAJOR COMPONENTS: | | | |
|--------------------------|-----------|-------------------------------|--|
| Facilities: | \$100,000 | Treatment System Improvements | |
| | 50,000 | Water System Improvements | |
| | 5,000 | DPW Facility Improvements | |
| | 15,000 | GPS Aerial Photography | |
| | 10,000 | Water System Leak Study | |
| Equipment | 40,000 | Replacement Truck | |