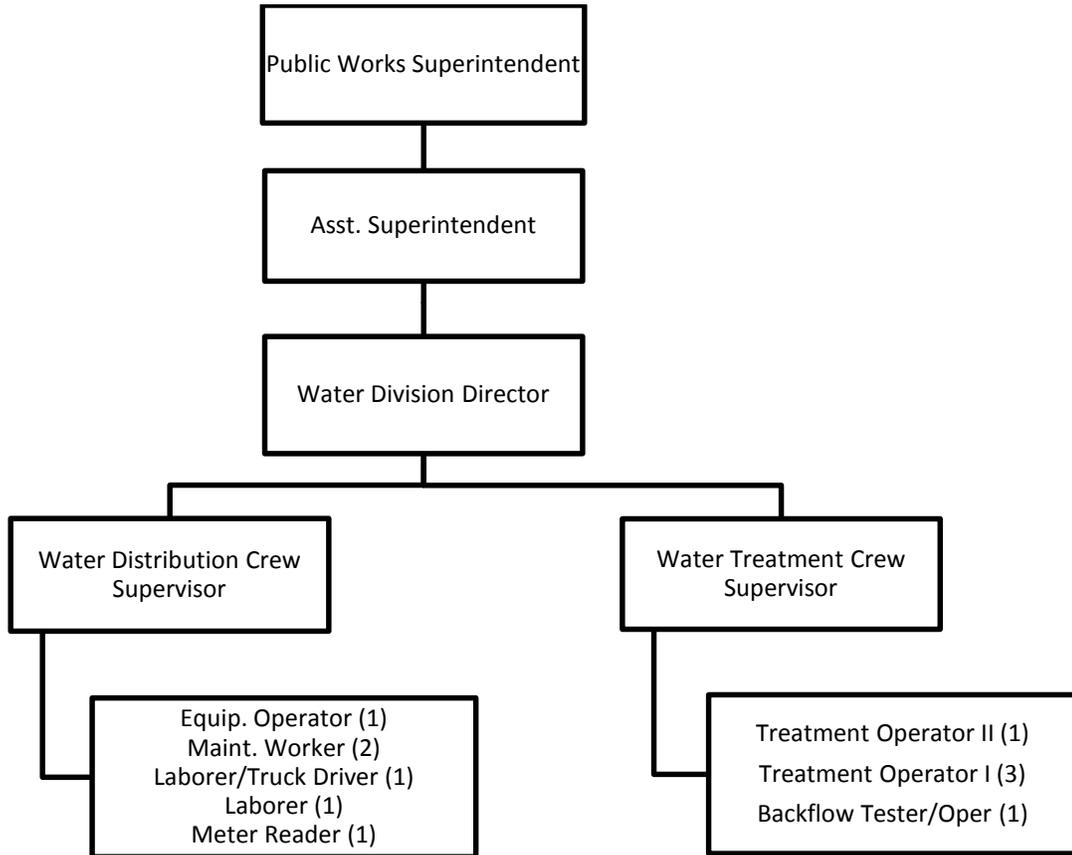


**WATER
FUND**

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 12 Actual	FY 13 Actual	FY 14 Actual	FY 15 Budget	FY 16 Manager	Change FY 15 - 16	Percent Change
Operating Revenues	\$ 3,923,046	4,049,760	4,079,174	4,236,067	4,175,007	(61,060)	-1.4%
Interest and Late Fees	\$ 21,759	27,650	27,243	20,000	20,000	0	0.0%
State Grants	\$ 0	0	0	0	0	0	0.0%
SUBTOTAL REVENUES	\$ 3,944,805	4,077,410	4,106,417	4,256,067	4,195,007	(61,060)	-1.4%
Borrowing							
Authorizations	\$ 0	0	0	0	0	0	0.0%
Other Available Funds	\$ 0	0	0	0	0	0	0.0%
Surplus Funds	\$ 478,543	0	521,877	0	0	0	0.0%
TOTAL RESOURCES	\$ 4,423,348	4,077,410	4,628,294	4,256,067	4,195,007	(61,060)	-1.4%
Operating Budget	\$ 2,738,055	3,015,169	3,061,615	3,215,438	3,224,588	9,150	0.3%
Debt Service	\$ 703,688	298,850	294,850	365,850	362,100	(3,750)	-1.0%
Capital Program	\$ 384,000	325,000	868,000	220,000	145,000	(75,000)	-34.1%
TOTAL APPROPRIATION	\$ 3,825,742	3,639,019	4,224,465	3,801,288	3,731,688	(69,600)	-1.8%
Indirect Costs Appropriated in General Fund	\$ 415,568	427,641	449,409	454,779	463,319	8,540	1.9%
TOTAL EXPENDITURES	\$ 4,241,310	4,066,660	4,673,874	4,256,067	4,195,007	(61,060)	-1.4%

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 16 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 10 <u>Actual</u>	FY 11 <u>Actual</u>	FY 12 <u>Actual</u>	FY 13 <u>Actual</u>	FY 14 <u>Actual</u>
Funding Composition (%)					
Operating Revenues	90	96	89	99	88
Interest	1	1	1	1	1
Surplus Funds	9	3	10	0	11
Grants	0	0	0	0	0
Other Available Funds	0	0	0	0	0

WATER FUND

RESOURCES

	FY 12 Actual	FY 13 Actual	FY 14 Actual	FY 15 Budget	FY 16 Manager	Change FY 15 - 16	Percent Change
Water Rates	\$ 3,753,913	3,834,871	3,832,052	4,095,067	4,005,007	(90,060)	-2.2%
Water Liens	\$ 82,100	95,278	103,259	60,000	75,000	15,000	25.0%
Water Connection Fees	\$ 27,850	50,800	43,400	20,000	35,000	15,000	75.0%
Other Water Revenues	\$ 59,184	68,812	100,463	61,000	60,000	(1,000)	-1.6%
Water Interest and Late Fees	\$ 21,759	27,650	27,243	20,000	20,000	0	0.0%
State Grants							
	\$ 3,944,805	4,077,410	4,106,417	4,256,067	4,195,007	(61,060)	-1.4%

SIGNIFICANT BUDGET CHANGES:

The FY 16 proposed Water Fund budget of \$4,195,007 is a decrease of -1.4% from the FY 14 budget of \$4,256,067 (see table on page 123). The current water rate is \$3.45 per 100 CF. A rate increase to \$3.55 per 100 CF (1.5%) is recommended for FY 16. This small rate increase will help maintain an adequate fund balance in future years. The July 1, 2014 Water Fund Free Cash balance was \$604,206. 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:

Accomplishments

- Completed repairs to well 3 including replacing variable frequency drive (VFD), cleaning the well casing, and repairing the shaft seal.
- Replaced the pump and cleaned the well casing at well 1.
- Replaced the Caustic Tank at well 3.
- Upgrades and Repairs to Atkins Water Treatment Plant (WTP):
 - Rebuilt 4 chemical feed pumps.
 - Replaced 2, 12 inch filter modulation valves at Atkins WTP
 - Cleaned equalization tank.
- Installed temporary bridge at well 4.
- Completed the installation of a water interconnect between Hadley and Amherst. This work included installation of a pressure reducing valve and large meter.
- Replaced water line on Adams Street.
- Installed 12 inch isolation valve on University Drive water main.

Challenges

- Increased Department of Environmental Protection (DEP) 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.
- Develop a plan to fully understand the financial and water use impacts of the new DEP regulations under the Sustainable Water Management Innovative. The Town will have to meet these requirements to renew the current water withdrawal permits in 2017.
- DEP is instituting new requirements for the disinfection byproducts, Trihalomethanes (THM) and Haloacetic Acids (HAA) in finished water.
- Need to increase the number of cross connection surveys completed throughout the system to meet DEP guidelines.

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.
- To increase cross connection surveys.

FY 16 OBJECTIVES:

- To replace the water main on Harris Street and Fisher Street.
- To increase the number of backflow devices that are tested as required by the State.
- To complete the design of the upgrades for the Centennial WTP to meet the new disinfection byproducts rules.
- To finalize the engineering study and develop the plans to upgrade well 4 to a variable frequency drive to save on energy costs.
- To design and install a new generator at wells 1 & 2.

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

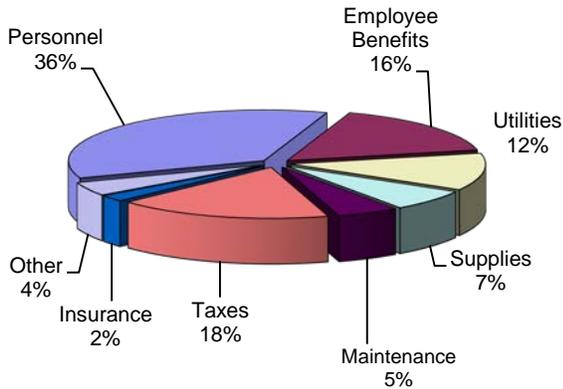
SERVICE LEVELS (continued):	FY 10 <u>Actual</u>	FY 11 <u>Actual</u>	FY 12 <u>Actual</u>	FY 13 <u>Actual</u>	FY 14 <u>Actual</u>
New water services installed	11	12	11	17	15
Water service relays	17	12	12	20	23
Water services	6,253	6,262	6,263	6,271	6,285
Water metered & produced (billion gals)	1.1	1.3	.98	.96	.98
Positive coliform bacteria samples	2	2	0	0	0
Meters installed	207	322	850	433	457
Hydrants in service	1,108	1,112	1,118	1,116	1,126
Frozen water services	0	0	0	1	6
Hydrants repaired	18	31	27	18	30
Water mains flushed (miles)	113	113	114	114	114
Water main breaks repaired	5	14	6	9	11
Percent of meters read by radio			10%	18%	25%

WATER FUND

4450: WATER SUPPLY AND DISTRIBUTION

	FY 12 Actual	FY 13 Actual	FY 14 Actual	FY 15 Budget	FY 16 Manager	Change FY 15 - 16	Percent Change
Personnel Services	\$ 898,623	1,006,438	1,077,949	1,097,585	1,153,040	55,455	5.1%
Operating Expenses	\$ 1,838,669	2,007,448	1,983,666	2,113,453	2,067,148	(46,305)	-2.2%
Capital Outlay	\$ 763	1,283	0	4,400	4,400	0	0.0%
TOTAL APPROPRIATION	\$ 2,738,055	3,015,169	3,061,615	3,215,438	3,224,588	9,150	0.3%
SOURCES OF FUNDS							
Water Revenues	\$ 2,738,055	3,015,169	3,061,615	3,215,438	3,224,588	9,150	0.3%
Surplus Funds	\$ 94,543	0	0	0	0	0	0.0%
POSITIONS							
Full Time	16.58	16.58	17.58	17.58	18.73	1.15	
Part Time with Benefits	2.00	2.00	2.00	2.00	1.00	(1.00)	
Full Time Equivalents	16.98	16.98	17.98	17.98	18.99	1.01	

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, one backflow tester and an equipment operator. The Town Engineer, the Assistant Town Engineer, a secretary, an administrative analyst, and an engineer technician are shared with the General Fund and Sewer Fund. A utility technician, an environmental scientist, a GIS Administrator, a division director and one electrician are shared with the Sewer Fund. A watershed land manager and a part time land manager is shared with the General Fund. Also included is \$77,000 for overtime.

\$528,110 is budgeted for health, retirement, life insurance, and other benefits, including a payment of \$79,000 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, \$67,000, provides building, vehicle, and liability coverage.

SIGNIFICANT BUDGET CHANGES:

Personnel services increase in accordance with the collective bargaining settlement reached in 2013, plus a new backflow tester and one third of the Administrative Analyst. There is a reduction from 50% to 33% of the allocation of the Management Assistant and of the 50% of the Solid Waste Coordinator's time that had been charged to the Water Fund.

Operating expenses decrease by 2.2% the latest OPEB actuarial report showed need for a lower funding level, because the Water Fund was fully contributing the Annual Require Contribution (ARC) amount to the OPEB fund, thereby allowing the Town to use a higher discount rate to calculate the liability for retiree health insurance.

WATER FUND**GENERAL FUND SERVICES**

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

LONG RANGE OBJECTIVES:**FY 16 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 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>	<u>FY 14</u> <u>Actual</u>
Number of departments reimbursed	7	7	7	7	7

WATER FUND**GENERAL FUND SERVICES**

		FY 12 Actual	FY 13 Actual	FY 14 Actual	FY 15 Budget	FY 16 Manager	Change FY 15 - 16	Percent Change
General Fund Services	\$	415,568	427,641	449,409	454,779	463,319	8,540	1.9%
Transfer to Trust Funds	\$	0	0	0	0	0	0	0.0%
TOTAL APPROPRIATION	\$	415,568	427,641	449,409	454,779	463,319	8,540	1.9%
SOURCES OF FUNDS								
Water Revenues	\$	415,568	427,641	449,409	454,779	463,319	8,540	1.9%

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 16 are as follows:

Select Board / Town Manager	6% of budget	\$ 27,263
Finance Department	9% of budget	125,586
Human Resources/Human Rights	7% of budget	16,923
Information Technology	6% of budget	46,007
Public Works Administration	31% of budget	117,731
Construction & Maintenance	5% of budget	48,324
Equipment Maintenance	15% of budget	49,010
Conservation	5% of budget	22,820
Town Hall Debt		7,656
Health		<u>2,000</u>
TOTAL		<u>\$463,319</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 \$1,000,000 debt issuance for improvements to the Pine Street water system infrastructure.

LONG RANGE OBJECTIVES:**FY 16 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 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>	<u>FY 14</u> <u>Actual</u>
Number of issues outstanding	2	1	1	1	1
Number of new issues	0	0	0	0	0

WATER FUND**DEBT SERVICE**

		FY 12 Actual	FY 13 Actual	FY 14 Actual	FY 15 Budget	FY 16 Manager	Change FY 15 - 16	Percent Change
Principal	\$	695,000	200,000	200,000	250,000	250,000	0	0.0%
Interest	\$	8,688	98,850	94,850	115,850	112,100	(3,750)	-3.2%
TOTAL APPROPRIATION	\$	703,688	298,850	294,850	365,850	362,100	(3,750)	-1.0%
SOURCES OF FUNDS								
Water Revenues	\$	703,688	298,850	294,850	365,850	362,100	(3,750)	-1.0%

MAJOR COMPONENTS:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Centennial Treatment Plant	\$200,000	\$84,850	\$284,850
Pine Street	<u>50,000</u>	<u>27,250</u>	<u>77,250</u>
	<u>\$250,000</u>	<u>\$112,100</u>	<u>\$362,100</u>

SIGNIFICANT BUDGET CHANGES:
There is no new debt in the Water Fund.

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 16 OBJECTIVES:

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

SERVICE LEVELS:	FY 10 <u>Actual</u>	FY 11 <u>Actual</u>	FY 12 <u>Actual</u>	FY 13 <u>Actual</u>	FY 14 <u>Actual</u>
Number of Projects:					
Departmental Equipment	0	0	2	2	2
Existing Facilities	5	2	2	2	3
New Facilities	1	0	1	0	1

WATER FUND

CAPITAL PROGRAM SUMMARY

		FY 12 Actual	FY 13 Actual	FY 14 Actual	FY 15 Budget	FY 16 Manager	Change FY 15 - 16	Percent Change
Departmental Equip.	\$	145,000	220,000	63,000	40,000	40,000	0	0.0%
Existing Facilities	\$	105,000	105,000	305,000	180,000	105,000	(75,000)	-41.7%
New Facilities	\$	134,000	0	500,000	0	0	0	0.0%
TOTAL APPROPRIATION	\$	384,000	325,000	868,000	220,000	145,000	(75,000)	-34.1%
SOURCES OF FUNDS								
Water Revenues	\$	0	325,000	346,123	220,000	145,000	(75,000)	-34.1%
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	\$	384,000	0	521,877	0	0	0	0.0%

MAJOR COMPONENTS:			
	Facilities:	\$50,000	Treatment System Improvements
		50,000	Water System Improvements
		5,000	DPW Facility Improvements
	Equipment	40,000	Replacement Truck