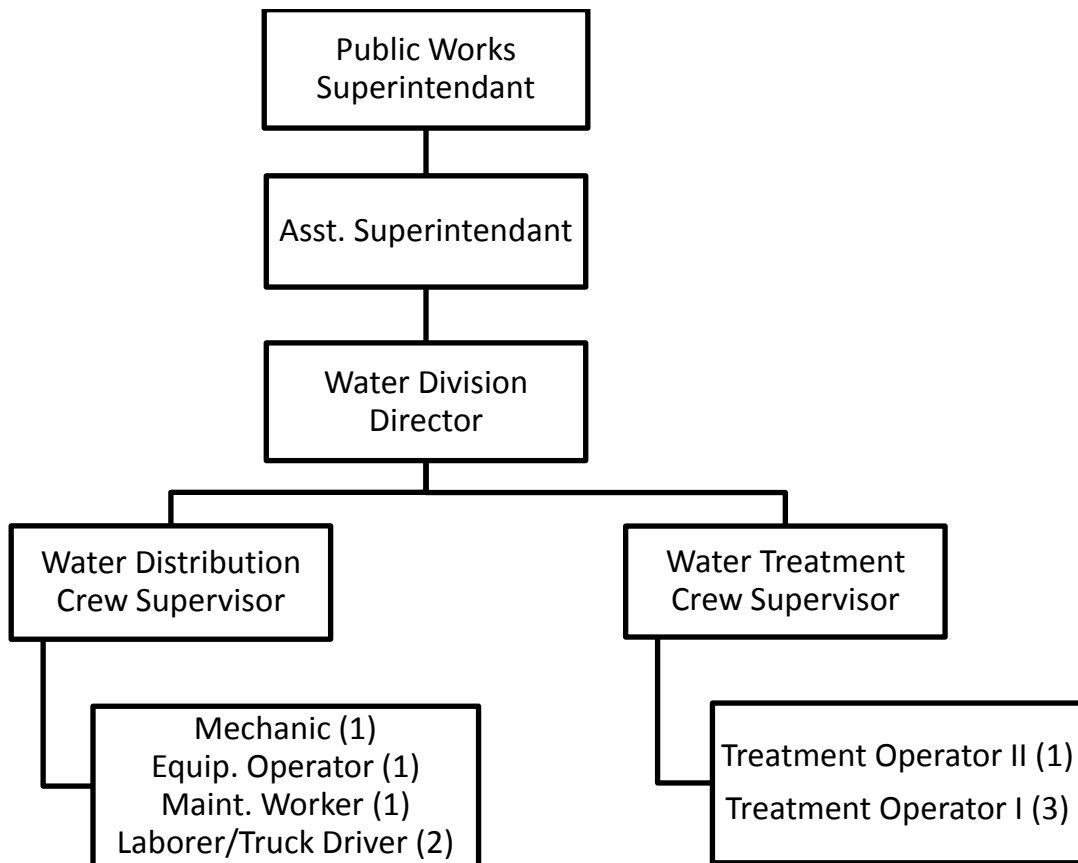


**WATER
FUND**

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 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Budget	FY 14 Department	Change FY 13 - 14	Percent Change
Operating Revenues	\$ 3,868,419	4,090,295	3,923,046	3,905,995	4,221,000	315,005	8.1%
Interest and Late Fees	\$ 24,575	21,074	21,759	20,000	20,000	0	0.0%
State Grants	\$ 0	0	0	0	0	0	0.0%
SUBTOTAL REVENUES	\$ 3,892,994	4,111,369	3,944,805	3,925,995	4,241,000	315,005	8.0%
Borrowing							
Authorizations	\$ 0	0	0	0	0	0	0.0%
Other Available Funds	\$ 0	0	0	0	0	0	0.0%
Surplus Funds	\$ 385,684	145,624	478,543	0	21,887	21,887	--
TOTAL RESOURCES	\$ 4,278,678	4,256,993	4,423,348	3,925,995	4,262,887	336,892	8.6%
Operating Budget	\$ 2,452,970	2,481,230	2,738,055	2,874,504	3,150,628	276,124	9.6%
Gen. Fund Services	\$ --	--	--	--	--	--	--
Debt Service	\$ 779,773	703,716	703,688	298,850	294,850	(4,000)	-1.3%
Capital Program	\$ 536,600	345,000	384,000	325,000	368,000	43,000	13.2%
TOTAL APPROPRIATION	\$ 3,769,343	3,529,946	3,825,742	3,498,354	3,813,478	315,124	9.0%
Indirect Costs Appropriated in General Fund	\$ 394,416	411,616	415,568	427,641	449,409	21,768	5.1%
TOTAL EXPENDITURES	\$ 4,163,759	3,941,562	4,241,310	3,925,995	4,262,887	336,892	8.6%

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 14 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:

	FY 08 <u>Actual</u>	FY 09 <u>Actual</u>	FY 10 <u>Actual</u>	FY 11 <u>Actual</u>	FY 12 <u>Actual</u>
Funding Composition (%)					
Operating Revenues	96	93	90	96	89
Interest	2	1	1	1	1
Surplus Funds	3	6	9	3	0
Grants	0	0	0	0	0
Other Available Funds	0	0	0	0	10

WATER FUND

RESOURCES

	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Budget	FY 14 Department	Change FY 13 - 14	Percent Change
Water Rates	\$ 3,718,035	3,929,040	3,753,913	3,764,995	4,080,000	315,005	8.4%
Water Liens	87,515	78,495	82,100	60,000	60,000	0	0.0%
Water Connection Fees	14,700	21,650	27,850	20,000	20,000	0	0.0%
Other Water Revenues	48,169	61,110	59,184	61,000	61,000	0	0.0%
Water Interest and Late Fees	24,575	21,074	21,759	20,000	20,000	0	0.0%
State Grants							
	<u>3,892,994</u>	<u>4,111,369</u>	<u>3,944,805</u>	<u>3,925,995</u>	<u>4,241,000</u>	<u>315,005</u>	<u>8.0%</u>

SIGNIFICANT BUDGET CHANGES:

The FY 14 proposed Water Fund budget of \$4,262,887 is an increase of 8.6% from the FY 13 budget of \$3,925,995. The current water rate is \$3.40 per 100 CF, and no increase is recommended for FY 14. This will be the second consecutive year of no increase in rates. A modest use of \$21,887 from Water Fund Surplus will support this budget. The July 1, 2012 Water Fund Free Cash balance was \$1,073,974. The Water Fund revenue is forecast to increase by over \$300,000 in FY1 4, because the Commonwealth College dormitories at UMass are scheduled to open next year, substantially increasing water usage. 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:

- Participated in the Sustainable Water Management Initiative.
- Completed the Centennial Water Treatment Plant sewer line installation.
- Installation of new radio read devices for existing water meters is 1/3 complete.
- 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 complete the employee transition due to retirements, 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 keep all water meters up to date, with no meters greater than 20 years old.

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 14 OBJECTIVES:

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

To continue the improvements at the Centennial Water Treatment facility.

SERVICE LEVELS:

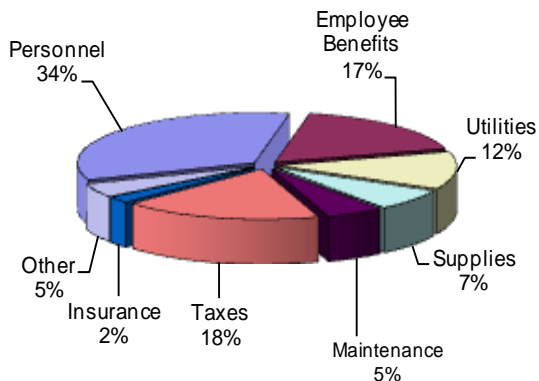
	FY 08	FY 09	FY 10	FY 11	FY 12
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
New water services installed	15	20	11	12	11
Water service relays	0	10	17	12	12
Water services	6,225	6,245	6,253	6,262	6,263
Water metered & produced (billion gals)	1.2	1.2	1.1	1.3	2.6
Positive coliform bacteria samples	1	2	2	2	0
Meters installed	265	330	207	322	850
Hydrants in service	1,104	1,104	1,108	1,112	1,118
Frozen water services	0	0	0	0	0
Hydrants repaired	41	96	18	31	27
Water mains flushed (miles)	113	113	113	113	114
Water main breaks repaired	20	10	5	14	6

WATER FUND

4450: WATER SUPPLY AND DISTRIBUTION

	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Budget	FY 14 Department	Change FY 13 - 14	Percent Change
Personnel Services	\$ 833,449	922,244	898,623	998,259	1,061,631	63,372	6.3%
Operating Expenses	\$ 1,616,573	1,547,675	1,838,669	1,873,845	2,086,597	212,752	11.4%
Capital Outlay	\$ 2,947	11,311	763	2,400	2,400	0	0.0%
TOTAL APPROPRIATION	\$ 2,452,970	2,481,230	2,738,055	2,874,504	3,150,628	276,124	9.6%
SOURCES OF FUNDS							
Water Revenues	\$ 2,452,970	2,481,230	2,738,055	2,874,504	3,150,628	276,124	9.6%
Surplus Funds	\$ 0	0	94,543	0	0	0	0.0%
POSITIONS							
Full Time	14.75	15.75	16.58	16.08	17.58	1.50	
Part Time with Benefits	1.00	2.00	2.00	2.00	2.00	0.00	
Full Time Equivalents	15.08	16.15	16.98	16.48	17.98	1.50	

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, two skilled laborers, 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, a secretary, 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.

\$548,559 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:

Professional services increase in accordance with the collective bargaining settlement reached in 2011, plus an amount reserved for contract negotiations for the contract beginning in FY 14 and the addition of a half time secretary and the conversion of a mechanic position into two laborer positions.

Operating expenses increase by 11.4% 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 and the for the first time, the inclusion of a payment to the Other Post Employment Benefit (OPEB) Trust Fund, to fund health insurance benefits for retirees of the Water Fund.

FTE increase of 1.5 is due to transferring a half the time of a secretary from the General Fund and to reorganizing the department by eliminating a mechanic position (due to a retirement) and hiring two laborers instead.

WATER FUND**GENERAL FUND SERVICES**

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

LONG RANGE OBJECTIVES:**FY 14 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 08 <u>Actual</u>	FY 09 <u>Actual</u>	FY 10 <u>Actual</u>	FY 11 <u>Actual</u>	FY 12 <u>Actual</u>
Number of departments reimbursed	7	7	7	7	7

WATER FUND

GENERAL FUND SERVICES

	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Budget	FY 14 Department	Change FY 13 - 14	Percent Change
General Fund Services	\$ 394,416	411,616	415,568	427,641	449,409	21,768	5.1%
Transfer to Trust Funds	\$ 0	0	0	0	0	0	0.0%
TOTAL APPROPRIATION	\$ 394,416	411,616	415,568	427,641	449,409	21,768	5.1%
SOURCES OF FUNDS							
Water Revenues	\$ 394,416	411,616	415,568	427,641	449,409	21,768	5.1%

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 FY14 are as follows:

Select Board / Town Manager	6% of budget	\$ 22,361
Finance Department	9% of budget	120,849
Human Resources/Human Rights	5% of budget	13,495
Information Technology	6% of budget	43,649
Public Works Administration	28% of budget	118,629
Construction & Maintenance	5% of budget	47,295
Equipment Maintenance	15% of budget	46,439
Conservation	5% of budget	19,380
Town Hall Debt	6% of budget	15,312
Health		<u>2,000</u>
TOTAL		<u>\$449,409</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 14 OBJECTIVES:
 To make payments on debt incurred to renovate the Centennial Water Treatment Plant and associated sewer line extension.

SERVICE LEVELS:	FY 08 <u>Actual</u>	FY 09 <u>Actual</u>	FY 10 <u>Actual</u>	FY 11 <u>Actual</u>	FY 12 <u>Actual</u>
Number of issues outstanding	2	2	2	1	1
Number of new issues	0	0	0	0	0

WATER FUND

DEBT SERVICE

	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Budget	FY 14 Department	Change FY 13 - 14	Percent Change
Principal	\$ 714,000	673,550	695,000	200,000	200,000	0	0.0%
Interest	\$ 65,773	30,166	8,688	98,850	94,850	(4,000)	-4.0%
TOTAL APPROPRIATION	\$ 779,773	703,716	703,688	298,850	294,850	(4,000)	-1.3%
SOURCES OF FUNDS							
Water Revenues	\$ 779,773	703,716	703,688	298,850	294,850	(4,000)	-1.3%

MAJOR COMPONENTS:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Centennial Treatment Plant	\$200,000	\$94,850	\$294,850

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. There is no new Water debt to be issued for FY 14.

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 14 OBJECTIVES:

To complete the following:
 Upgrade the Centennial WTP
 Water System Improvements
 Replacement Vehicle
 DPW Facility Improvements.

SERVICE LEVELS:

	<u>FY 08 Actual</u>	<u>FY 09 Actual</u>	<u>FY 10 Actual</u>	<u>FY 11 Actual</u>	<u>FY 12 Actual</u>
Number of Projects:					
Departmental Equipment	2	1	0	0	2
Existing Facilities	3	4	5	2	2
New Facilities	0	0	1	0	1

WATER FUND

CAPITAL PROGRAM SUMMARY

Capital Program		FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Budget	FY 14 Department	Change FY 13 - 14	Percent Change
Departmental Equip.	\$	0	0	145,000	220,000	63,000	(157,000)	0.0%
Existing Facilities	\$	366,600	345,000	105,000	105,000	305,000	200,000	190.5%
New Facilities	\$	170,000	0	134,000	0	0	0	0.0%
TOTAL APPROPRIATION	\$	536,600	345,000	384,000	325,000	368,000	43,000	13.2%
SOURCES OF FUNDS								
Water Revenues	\$	366,600	199,376	0	325,000	368,000	43,000	13.2%
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	\$	170,000	145,624	384,000	0	21,887	21,887	--

MAJOR COMPONENTS:			
	Facilities:	\$100,000	Treatment system improvements
		200,000	Water System Improvements
		5,000	DPW Facility Improvements
	Equipment	45,000	Replacement Vehicle
		18,000	Mower