

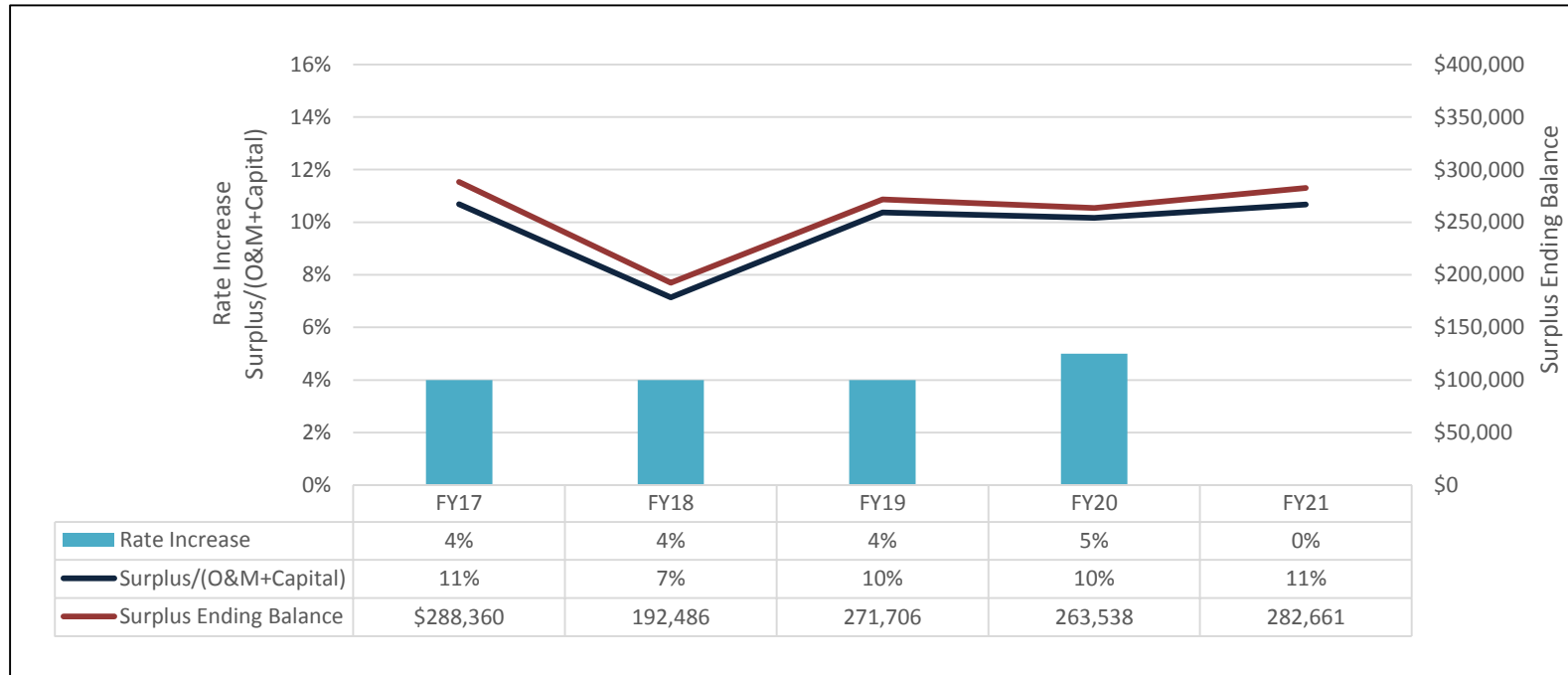
FY17  
Water & Wastewater  
Budget Discussion

February 1, 2016

# Proposed FY17 Water Budget

Projections	FY17	FY18	FY19	FY20	FY21
O&M+Capital	\$2,698,524	\$2,697,780	\$2,619,113	\$2,592,587	\$2,648,264
Long Term Debt	\$726,245	734,618	767,652	1,049,865	966,897
Total Budget	\$3,424,769	\$3,432,397	\$3,386,765	\$3,642,451	\$3,615,161
Rate Increase	4%	4%	4%	5%	0%
April 2015 Projected Rate Increase	13%	5%	5%	4%	
Surplus Use	\$212,727	\$95,874	-\$79,219	\$8,167	-\$19,123
Surplus Ending Balance	\$288,360	192,486	271,706	263,538	282,661
Surplus/(O&M+Capital)	11%	7%	10%	10%	11%

BOS target surplus balance = \$250k by FY20, not to fall below \$100k in any year



## Proposed FY17 Water Budget

- Changes from April 2015 projections
  - Smaller rate increases
  - Surplus higher than projected (+\$154k)
  - Wastewater portion of Utilities shared services reevaluated – Water portion reduced (-\$33k)
  - Bottom line less than projected (-177k)

## Proposed FY17 Water Budget

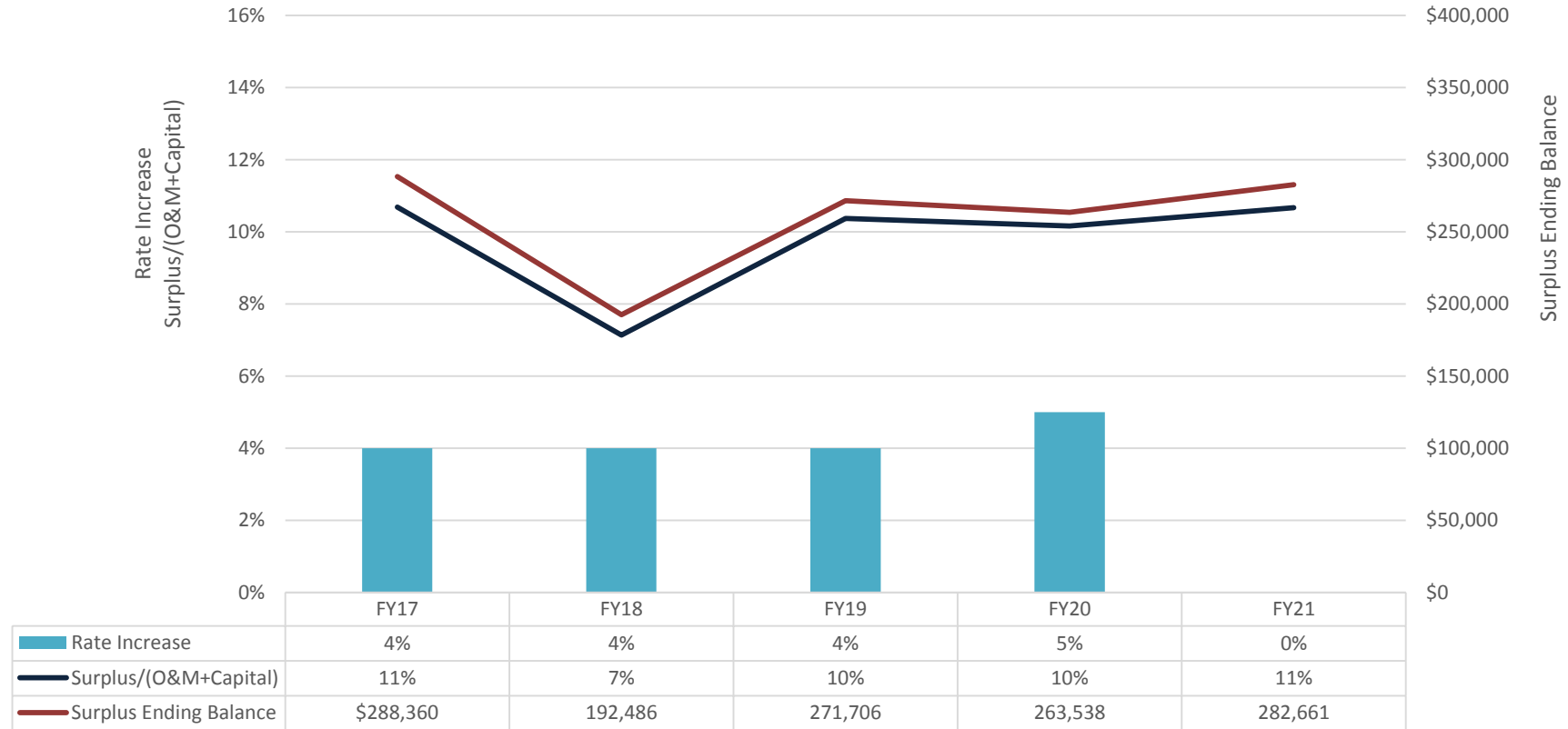
Salaries & Expenses:	\$2,308,524	-8%
Long Term Debt:	\$726,245	+51%
Capital:	<u>\$390,000</u>	+81%
Total:	\$3,424,769	

- 7% Increase from FY16 – contractual obligations, debt service, capital
- Meter replacement program funding increased. Completion of conversion to new system estimated FY18
- Dump truck replacement
- Water system master plan (funded over 2 years)

## Proposed FY17 Water Budget

- Current Reserve Balance = \$501,087 (16% of total budget)
- Current Water Rate = \$8.01/100 cubic feet
- Rate increases and reserve use are required to support this and future budgets
- 4% rate increase and \$212,727 surplus use for FY17
- Proposed Water Rate = \$8.33/100 cubic feet
- Water Subcommittee voted unanimously to support budget

# Proposed FY17 Water Budget

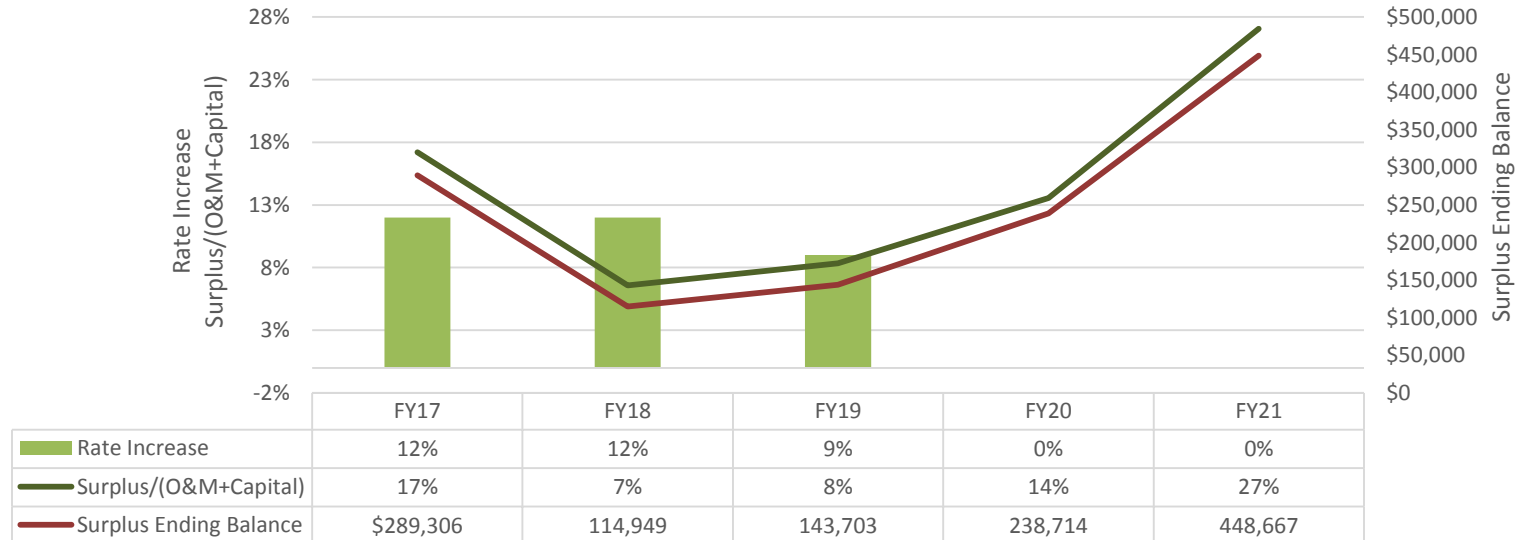


- Notes:
1. Target surplus of \$250,000 by FY20, not to fall below \$100,000 in any year
  2. Assumes entire budget is spent each year, including \$50,000 Extraordinary & Unforeseen

# Proposed FY17 Wastewater Budget

Projections	FY17	FY18	FY19	FY20	FY21
O&M+Capital	\$1,681,250	\$1,749,788	\$1,724,631	\$1,760,820	\$1,658,395
Long Term Debt	\$702,854	689,958	674,039	571,593	559,076
Total Budget	\$2,384,104	\$2,439,746	\$2,398,670	\$2,332,413	\$2,217,471
Rate Increase	12%	12%	9%	0%	0%
April 2015 Projected Rate Increase	12%	9%	2%	1%	
Surplus Use	\$311,614	\$174,357	-\$28,754	-\$95,011	-\$209,953
Surplus Ending Balance	\$289,306	114,949	143,703	238,714	448,667
Surplus/(O&M+Capital)	17%	7%	8%	14%	27%

BOS target surplus balance = \$200k by FY20, not to fall below \$100k in any year



## Proposed FY17 Wastewater Budget

- Changes from April 2015 projections
  - December budget draft more consistent with April projections
  - Septage revenue exceeds projections – improves surplus position (+\$259k)
  - Subcommittee discussed expanding budget due to favorable surplus position
  - Wastewater portion of Utilities shared services reevaluated (+\$23k)
  - Benefit costs increased (+\$60k)
  - Meter upgrade funds increased in FY18 (to achieve completion in FY18)
- Rapid surplus increase FY20 to FY21
  - Potential large capital projects are not included
  - FY19 funds evaluation of Ipswich River crossing
  - FY20 funds evaluation of aeration blowers
  - Evaluations likely to identify needed upgrades in FY21



## Proposed FY17 Wastewater Budget

Salaries & Expenses:	\$1,451,250	+9%
Long Term Debt:	\$702,854	+15%
Capital:	<u>\$230,000</u>	+44%
Total:	\$2,384,104	

- 13% Increase from FY16 – contractual obligations, debt service, capital
- Wastewater portion of Utilities shared services reevaluated. 15% allocated to wastewater (office salaries, town hall salaries, billing, metering support, IT)
- Dump truck replacement

## Proposed FY17 Wastewater Budget

- Current Reserve Balance = \$600,920 (29% of FY16 budget)
- Current Wastewater Rate = \$7.06/100 cubic feet
- Rate increases and reserve use are required to support this and future budgets
- 12% rate increase and \$311,614 surplus use for FY17
- Proposed Wastewater Rate = \$7.91/100 cubic feet
- Wastewater Subcommittee voted unanimously to support budget

# Proposed FY17 Wastewater Budget



- Notes:
1. Target surplus balance of \$200,000 by FY20, not to fall below \$100,000 in any year.
  2. Assumes entire budget is spent each year, including \$50,000 Extraordinary & Unforeseen