

Water and Sewer Forecast and FY15 Budgets

2014 Annual Town Meeting
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Water Enterprise Fund

- Self sustaining fund fed by water usage fees and other revenues
- Fund pays all costs: personnel, operating, MWRA assessment, debt service, insurances and overhead
- Water rates are based on changes to total budget, non-rate revenue and estimated consumption (usage)

Sewer Enterprise Fund

- Self sustaining fund fed by sewer (wastewater) usage fees and other revenues
- Fund pays all costs: personnel, operating, MWRA assessment, debt service, insurances and overhead
- Sewer rates are based on changes to total budget, non-rate revenue and estimated consumption (usage)

FY15 Water Department Budget

- Recommended amount : \$20,504,801
 - Increase of just over \$1 million (5.25%)
 - Debt Service \$6.1 million, increases \$634,294 (11.6%) *[30% of total budget]*
 - MWRA assessment \$7.8 million, increases \$171,842 (2.2%) *[38% of total budget]*
 - Indirect (overhead) \$1.5 million increases \$43,670 (3%)
 - Department costs \$5.09 million increases \$172,996 (3.5%) *[25% of total budget]*

FY15 Wastewater Department Budget

- Recommended amount : \$25,072,389
 - Increase of just over \$1.9 million (8.3%)
 - Debt Service \$8 million, increases \$1.14 million (16.7%) *[32% of total budget]*
 - MWRA assessment \$11.3 million, increases \$601,196 (5.6%) *[45% of total budget]*
 - Indirect (overhead) \$1.4 million increases \$40,460 (3%)
 - Department costs \$4.4 million increases \$126,157 (3%) *[18% of total budget]*

Retained Earnings

- Enterprise Fund version of “Free Cash”
 - Unobligated fund balance at the close of the year certified by DOR
- Water Enterprise FY13 Certified Retained Earnings: \$4.2 million
- Sewer Enterprise FY13 Certified Retained Earnings: \$2.75 million
- Retained earnings can be used for any expense within the fund
 - We have used it in the past for capital expense and rate mitigation
 - In the last two years we have used it only for rate mitigation - this is the recommended use in the future

Water Enterprise Fund Forecast

Water Enterprise Fund							
FY2015 - FY2020 Financial Forecast							
	FY14 Budget	FY15 Forecast	FY16 Forecast	FY17 Forecast	FY18 Forecast	FY19 Forecast	FY20 Forecast
Revenue							
Water Billings	\$18,289,126	\$19,889,656	\$22,602,421	\$23,854,204	\$27,606,251	\$29,495,913	\$30,409,751
Billing Growth Rate		8.8%	13.6%	5.5%	15.7%	6.8%	3.1%
Retained Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Misc. Revenues	\$704,636	\$296,500	\$296,500	\$296,500	\$296,500	\$296,500	\$296,500
Fire Service	\$517,819	\$517,819	\$517,819	\$517,819	\$517,819	\$517,819	\$517,819
Total Revenue	\$19,511,581	\$20,703,975	\$23,416,740	\$24,668,523	\$28,420,570	\$30,310,232	\$31,224,070
Expenditures							
Operating Expense	\$4,358,949	\$4,645,372	\$4,747,274	\$4,861,333	\$4,931,310	\$5,049,343	\$5,143,259
Health Insurance	\$557,134	\$473,564	\$483,035	\$502,357	\$527,475	\$553,848	\$581,541
OPEB	\$0	\$170,091	\$177,370	\$184,962	\$192,884	\$201,149	\$201,149
Debt Service	\$5,449,995	\$6,083,514	\$7,912,096	\$8,523,286	\$11,413,130	\$12,802,781	\$13,216,879
MWRA Assessment	\$ 7,645,878	\$7,832,071	\$8,552,622	\$9,005,910	\$9,717,377	\$9,999,181	\$10,309,155.97
Indirect Costs	\$1,455,692	\$1,499,363	\$1,544,344	\$1,590,674	\$1,638,394	\$1,703,930	\$1,772,087
Total Expenditures	\$19,467,648	\$20,703,975	\$23,416,740	\$24,668,523	\$28,420,570	\$30,310,232	\$31,224,070
Expenditure Growth Rate		6.4%	13.1%	5.3%	15.2%	6.6%	3.0%
Projected Balance	43,933	0	0	0	0	0	0



Sewer Enterprise Forecast

Wastewater Enterprise Fund							
FY2015 - FY2020 Financial Forecast							
	FY14 Budget	FY15 Forecast	FY16 Forecast	FY17 Forecast	FY18 Forecast	FY19 Forecast	FY20 Forecast
Revenue							
Sewer Billings	\$21,397,065	\$24,054,702	\$27,732,757	\$29,154,448	\$30,143,566	\$31,400,418	\$33,082,879
Billing Growth Rate		12.4%	15.3%	5.1%	3.4%	4.2%	5.4%
Town of Ashland Transport Fee	\$ 864,573	\$ 838,120	\$ 917,802	\$ 939,421	\$ 962,176	\$ 987,929	\$ 1,014,497
Retained Earnings							
Other Misc. Revenues	\$1,033,203	\$296,111	\$296,111	\$296,361	\$296,236	\$296,111	\$295,986
Total Revenue	\$23,294,841	\$25,189,433	\$28,947,045	\$30,390,230	\$31,401,977	\$32,684,459	\$34,393,362
Expenditures							
Operating Expense	\$3,885,853	\$4,055,328	\$4,157,024	\$4,238,681	\$4,322,083	\$4,407,270	\$4,494,280
Health Insurance	\$433,097	\$346,478	\$353,407	\$367,543	\$385,921	\$405,217	\$425,477
OPEB	\$0	\$116,044	\$121,010	\$126,190	\$131,594	\$137,233	\$137,233
Debt Service	\$6,883,939	\$8,003,415	\$11,380,181	\$11,943,173	\$12,485,261	\$12,994,063	\$13,440,101
MWRA Assessment	\$10,691,353	\$11,279,040	\$11,504,621	\$12,240,917	\$ 12,559,180	\$ 13,162,021	\$ 14,254,469
Indirect Costs	\$1,348,668	\$1,389,128	\$1,430,802	\$1,473,726	\$1,517,938	\$1,578,655	\$1,641,801
Total Expenditures	\$23,242,910	\$25,189,433	\$28,947,045	\$30,390,230	\$31,401,977	\$32,684,459	\$34,393,362
Expenditure Growth Rate	13.9%	8.4%	14.9%	5.0%	3.3%	4.1%	5.2%
Projected Balance	51,931	0	0	0	0	0	0



Building Water and Sewer Rates

- Essentially budget divided by usage
- We have a five tier conservation based rate system
 - Higher users pay more per unit
- If usage drops dramatically it forces the rates up
- To mitigate increasing rates we can apply retained earnings

Estimated Water Rates

<u>Comparison of Water Rates</u>				
	<u>FY14 Current</u>	<u>FY15 New</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Metered Rates</u>				
Tier 1	\$5.44	\$5.77	\$0.33	6%
Tier 2	\$6.03	\$6.41	\$0.38	6%
Tier 3	\$7.01	\$7.46	\$0.45	6%
Tier 4	\$8.25	\$8.78	\$0.53	6%
Tier 5	\$9.99	\$10.63	\$0.64	6%
Irrigation	\$9.74	\$10.28	\$0.54	6%
Discount	\$4.08	\$4.33	\$0.25	6%

Estimated Sewer Rates

<u>Comparison of Sewer Rates</u>					
		<u>FY14 Current</u>	<u>FY15 New</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Metered Rates</u>					
	Tier 1	\$6.02	\$6.78	\$0.76	13%
	Tier 2	\$6.21	\$7.02	\$0.81	13%
	Tier 3	\$8.32	\$9.39	\$1.07	13%
	Tier 4	\$11.93	\$13.43	\$1.50	13%
	Tier 5	\$17.35	\$19.56	\$2.21	13%
	Discount	\$4.52	\$5.09	\$0.57	13%

Combined Rates

FY14 to FY15					
<u>Comparison of Combined Water & Sewer Rates</u>					
	<u>FY14</u>	<u>FY15</u>	<u>\$ Change</u>	<u>% Change</u>	
<u>Metered Rates</u>					
Tier 1	\$11.46	\$12.55	\$1.09	10%	
Tier 2	\$12.24	\$13.43	\$1.19	10%	
Tier 3	\$15.33	\$16.85	\$1.52	10%	
Tier 4	\$20.18	\$22.21	\$2.03	10%	
Tier 5	\$27.34	\$30.19	\$2.85	10%	
Irrigation	\$9.74	\$10.28	\$0.54	6%	
Discount	\$8.60	\$9.42	\$0.82	10%	



Impact on Average Family/Senior

<u>Annual Bill</u>					
<u>Annual Usage</u>	<u>FY14 Current</u>	<u>FY15 New</u>	<u>\$ Change</u>	<u>% Change</u>	
<i>5/8 inch meter</i>					
24	\$275.04	\$301.20	\$26.16	10%	
Average Senior → 24	\$206.40	\$226.08	\$19.68	10%	
48	\$550.08	\$602.40	\$52.32	10%	
105	\$1,247.76	\$1,367.91	\$120.15	10%	
Average Family → 20	\$1,468.44	\$1,610.40	\$141.96	10%	
156	\$2,020.32	\$2,217.00	\$196.68	10%	
Irrigation 156	\$1,519.44	\$1,603.86	\$84.42	6%	