



FY13 Water and Sewer Enterprise Budget Recommendation

2012 Annual Town Meeting

Articles 35 & 36

May 8, 2012

FY13 Water Department Budget

- Recommended Budget: \$17,474,984
 - Increase of \$937,842 or 5.7% over FY12
 - MWRA assessment increase of \$580,642 (8.5%)
 - Debt Service increase of \$243,204 (7%)
 - \$100,170 is due to FY13 capital budget
 - Operating & salary costs increase \$72,842 (1.5%)
 - MWRA assessment of \$7,439,936 is 43% of the total budget
 - Debt Service of \$3,825,280 is 22% of the total budget
 - Salary & operating costs of \$4,796,475 is 27% of the total budget

FY13 Sewer Department Budget

- **Recommended Budget: \$21,380,186**
 - Increase of \$1.2 or 6% over FY12
 - MWRA assessment increase of \$129,438 (1%)
 - Debt Service increase of \$748,810 (17%)
 - \$100,180 is due to FY13 capital budget
 - Operating & salary costs increase \$78,907 (2%)
 - MWRA assessment of \$10,494,715 is 49% of the total budget
 - Debt Service of \$5,378,983 is 25% of the total budget
 - Salary & operating costs of \$4,197,102 is 20% of the total budget

Estimated Impact on Rates

<u>Comparison of Water Rates</u>					
	<u>FY12 Current</u>	<u>FY13 New</u>	<u>\$ Change</u>	<u>% Change</u>	
<u>Metered Rates</u>					
	Tier 1	\$4.25	\$4.61	\$0.36	8.5%
	Tier 2	\$4.71	\$5.11	\$0.40	8.5%
	Tier 3	\$5.46	\$5.93	\$0.47	8.6%
	Tier 4	\$6.39	\$6.94	\$0.55	8.6%
	Tier 5	\$7.72	\$8.40	\$0.68	8.8%
	Irrigation	\$7.97	\$8.65	\$0.68	8.5%
	Elderly	\$3.19	\$3.46	\$0.27	8.5%

<u>Comparison of Sewer Rates</u>					
	<u>FY12 Current</u>	<u>FY13 New</u>	<u>\$ Change</u>	<u>% Change</u>	
<u>Metered Rates</u>					
	Tier 1	\$5.23	\$5.44	\$0.21	4.0%
	Tier 2	\$5.40	\$5.62	\$0.22	4.1%
	Tier 3	\$7.20	\$7.50	\$0.30	4.2%
	Tier 4	\$10.30	\$10.75	\$0.45	4.4%
	Tier 5	\$14.95	\$15.62	\$0.67	4.5%
	Elderly	\$3.92	\$4.08	\$0.16	4.1%

Estimated Impact on Rates

<u>Comparison of Combined Water & Sewer Rates</u>				
	<u>FY12</u>	<u>FY13</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Metered Rates</u>				
Tier 1	\$9.48	\$10.05	\$0.57	6.0%
Tier 2	\$10.11	\$10.73	\$0.62	6.1%
Tier 3	\$12.66	\$13.43	\$0.77	6.1%
Tier 4	\$16.69	\$17.69	\$1.00	6.0%
Tier 5	\$22.67	\$24.02	\$1.35	6.0%
Irrigation	\$7.97	\$8.65	\$0.68	8.5%
Elderly	\$7.11	\$7.54	\$0.43	6.0%

Estimated Impact on Rates

<u>Impact of Combined Rates on Selected Customers</u>				
<u>Annual Bill</u>				
<u>Annual Usage</u>	<u>FY12 Current</u>	<u>FY13 New</u>	<u>\$ Change</u>	<u>% Change</u>
<i>5/8 inch meter</i>				
24	\$227.52	\$241.20	\$13.68	6.0%
Elderly 24	\$170.64	\$180.96	\$10.32	6.0%
48	\$455.04	\$482.40	\$27.36	6.0%
105	\$1,031.31	\$1,094.01	\$62.70	6.1%
120	\$1,213.56	\$1,287.36	\$73.80	6.1%
156	\$1,669.32	\$1,770.84	\$101.52	6.1%
Irrigation 156	\$1,243.32	\$1,348.92	\$105.60	8.5%
4 Unit Apt - 420	\$4,125.24	\$4,376.04	\$250.80	6.1%
<i>2 inch meter</i>				
250	\$3,044.74	\$3,229.22	\$184.48	6.1%
500	\$7,217.24	\$7,651.72	\$434.48	6.0%
1,000	\$15,562.24	\$16,496.72	\$934.48	6.0%
<i>4 inch meter</i>				
60 Unit Apt 2,136	\$34,522.08	\$36,592.56	\$2,070.48	6.0%
<i>6 inch meter</i>				
5,000	\$94,282.24	\$99,916.72	\$5,634.48	6.0%
20,000	\$434,171.99	\$460,216.72	\$26,044.73	6.0%

Using Retained Earnings

- Retained Earnings is the “free cash” of enterprise funds
 - The ending available fund balance when the annual accounting books are closed
- The use of retained earning needs to stay within the Fund
 - Allocate for capital investment
 - Incorporate into rate building to mitigate large increases
 - Save a portion for FY14 which is forecast to have a more substantial budget increase

Near Term Use of Retained Earnings

Water Enterprise	
FY11 Certified amount	\$5,224,481
FY12 Budget Adjustments Appropriation	\$913,489
FY13 Capital Budget allocation	\$535,779
FY13 Revenue Reserve	\$1,000,000
Balance available for Rate Mitigation	\$2,775,213
Recommended Use FY13	\$1,000,000
Net Available FY14 Rates	\$1,775,213

Near Term Use of Retained Earnings

Sewer Enterprise	
FY11 Certified amount	\$3,858,310
FY12 Budget Adjustments Appropriation	\$220,000
FY13 Capital Budget allocation	\$639,451
FY13 Revenue Reserve	\$1,000,000
Balance available for Rate Mitigation	\$1,998,859
Recommended Use FY13	\$450,000
Net Available FY14 Rates	\$1,548,859

FY13 Rates mitigated w/RE

<u>Comparison of Water Rates</u>					
	<u>FY12 Current</u>	<u>FY13 New</u>	<u>\$ Change</u>	<u>% Change</u>	
<u>Metered Rates</u>					
Tier 1	\$4.25	\$4.34	\$0.09	2.1%	
Tier 2	\$4.71	\$4.81	\$0.10	2.1%	
Tier 3	\$5.46	\$5.58	\$0.12	2.2%	
Tier 4	\$6.39	\$6.53	\$0.14	2.2%	
Tier 5	\$7.72	\$7.90	\$0.18	2.3%	
Irrigation	\$7.97	\$8.13	\$0.16	2.0%	
Elderly	\$3.19	\$3.26	\$0.07	2.2%	

<u>Comparison of Sewer Rates</u>					
	<u>FY12 Current</u>	<u>FY13 New</u>	<u>\$ Change</u>	<u>% Change</u>	
<u>Metered Rates</u>					
Tier 1	\$5.23	\$5.36	\$0.13	2.5%	
Tier 2	\$5.40	\$5.54	\$0.14	2.6%	
Tier 3	\$7.20	\$7.39	\$0.19	2.6%	
Tier 4	\$10.30	\$10.57	\$0.27	2.6%	
Tier 5	\$14.95	\$15.35	\$0.40	2.7%	
Elderly	\$3.92	\$4.02	\$0.10	2.6%	

FY13 Rates mitigated w/RE

<u>Comparison of Combined Water & Sewer Rates</u>				
	<u>FY12</u>	<u>FY13</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Metered Rates</u>				
Tier 1	\$9.48	\$9.70	\$0.22	2.3%
Tier 2	\$10.11	\$10.35	\$0.24	2.4%
Tier 3	\$12.66	\$12.97	\$0.31	2.4%
Tier 4	\$16.69	\$17.10	\$0.41	2.5%
Tier 5	\$22.67	\$23.25	\$0.58	2.6%
Irrigation	\$7.97	\$8.13	\$0.16	2.0%
Elderly	\$7.11	\$7.28	\$0.17	2.4%

FY13 Rates mitigated w/RE

Impact of Combined Rates on Selected Customers

Annual Bill

<u>Annual Usage</u>	<u>FY12 Current</u>	<u>FY13 New</u>	<u>\$ Change</u>	<u>% Change</u>
<i>5/8 inch meter</i>				
24	\$227.52	\$232.80	\$5.28	2.3%
Elderly 24	\$170.64	\$174.72	\$4.08	2.4%
48	\$455.04	\$465.60	\$10.56	2.3%
105	\$1,031.31	\$1,055.55	\$24.24	2.4%
120	\$1,213.56	\$1,242.24	\$28.68	2.4%
156	\$1,669.32	\$1,709.16	\$39.84	2.4%
Irrigation 156	\$1,243.32	\$1,268.35	\$25.03	2.0%
4 Unit Apt - 420	\$4,125.24	\$4,222.20	\$96.96	2.4%
<i>2 inch meter</i>				
250	\$3,044.74	\$3,118.32	\$73.58	2.4%
500	\$7,217.24	\$7,393.32	\$176.08	2.4%
1,000	\$15,562.24	\$15,943.32	\$381.08	2.4%
<i>4 inch meter</i>				
60 Unit Apt 2,136	\$34,522.08	\$35,368.92	\$846.84	2.5%
<i>6 inch meter</i>				
5,000	\$94,282.24	\$96,643.32	\$2,361.08	2.5%
20,000	\$434,171.99	\$445,393.32	\$11,221.33	2.6%

FY12 Combined Annual Water & Sewer Charges in Metro MWRA Communities (120HCF)

Community (MWRA Service)	Avg. Water Rate	Water	Avg. Sewer Rate	Sewer	Combined Total
Hingham (S)	\$7.66	\$919.20	\$8.95	\$1,074.00	\$1,993.20
Belmont (W/S)	\$5.91	\$709.72	\$10.59	\$1,270.40	\$1,980.12
Milton (W/S)	\$5.07	\$608.16	\$9.74	\$1,168.80	\$1,776.96
Ashland (S)	\$2.78	\$333.60	\$11.97	\$1,436.80	\$1,770.40
Nahant (W)	\$5.74	\$688.80	\$8.93	\$1,071.60	\$1,760.40
Newton (W/S)	\$5.78	\$693.60	\$8.49	\$1,018.80	\$1,712.40
Melrose (W/S)	\$5.25	\$630.00	\$8.42	\$1,009.80	\$1,639.80
Medford (W/S)	\$5.31	\$637.20	\$7.60	\$912.00	\$1,549.20
Dedham (partial W/S)	\$4.94	\$592.44	\$7.81	\$937.28	\$1,529.72
Weymouth (S)	\$5.07	\$608.88	\$7.67	\$920.84	\$1,529.72
Needham (partial W/S)	\$4.03	\$483.00	\$8.32	\$997.80	\$1,480.80
Chelsea (W/S)	\$4.10	\$492.00	\$8.03	\$963.60	\$1,455.60
Brookline (W/S)	\$4.86	\$583.60	\$6.98	\$837.40	\$1,421.00
Wellesley (partial W/S)	\$3.71	\$445.68	\$7.84	\$940.80	\$1,386.48
Cambridge (emergency W/S)	\$3.17	\$380.00	\$8.17	\$980.00	\$1,360.00
Westwood (partial W/S)	\$4.94	\$592.44	\$6.23	\$748.00	\$1,340.44
Watertown (W/S)	\$3.79	\$455.36	\$7.26	\$871.20	\$1,326.56
Natick (S)	\$2.63	\$316.00	\$8.09	\$971.20	\$1,287.20
Framingham FY13 Preliminary	\$4.70	\$563.88	\$5.65	\$678.36	\$1,242.24
Framingham FY12	\$4.60	\$552.12	\$5.51	\$661.44	\$1,213.56
Boston (W/S)	\$4.37	\$523.82	\$5.62	\$673.83	\$1,197.66
Lynn (partial W)	\$3.34	\$400.80	\$6.14	\$736.92	\$1,137.72
Malden (W/S)	\$4.38	\$526.08	\$4.90	\$588.24	\$1,114.32
Clinton (W/S)	\$2.86	\$343.60	\$2.15	\$257.70	\$601.30