



TOWN OF CONCORD
MASSACHUSETTS

**Town Manager's Proposed
Enterprise Budgets
FY2019**

For the Fiscal Year
July 1, 2018 - June 30, 2019



Town Government Mission Statement:

The mission of Concord's Town Government is to enhance the quality of life of Concord residents by providing efficient, effective, and innovative services, protecting the Town's character, and being a responsible steward of Town resources.

Town Manager's Budget Goals**1: Preserve the Health and Safety of Residents and Visitors and Protect their Property**

- See Town Manager's Budget Book.

2: Enhance Residents' Quality of Life

- Beede Swim & Fitness Center (swimming programs, fitness facilities, personal training).
- Recreation Programs (before and after school day care, summer camps, preschool, sports, group exercise, and social activities).
- Curbside Collection program for residents' trash and recycling needs.
- Telecommunications Division, which provides broadband services for residents and businesses.

3: Preserve the Town's Character

- See Town Manager's Budget Book.

4: Promote Sustainability of Resources

- Electricity from renewable energy sources which equals approximately 23% of the kilowatt hours of all purchased power. The Light Plant Board's goal is to increase the percentage of renewable energy to 30% by 2020.

5: Ensure Quality Operational & Financial Management

- See Town Manager's Budget Book.

6: Maintain the Town's Infrastructure

- A well-maintained Water System consisting of over 130 miles of pipe.
- A Sewer System that serves 1,866 residential and commercial customers (34% of the community) and consists of 33 miles of collection mains.
- Placement by the Concord Municipal Light Plant of power cables underground to protect the power grid, Concord Municipal Light Plant (approximately 50% of the Town's power lines are now underground).
- Investments in the Beede Center facility, which includes funds for new fitness equipment.



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CHRISTOPHER WHELAN, TOWN MANAGER

Town Manager's Budgetary Priorities

March 12, 2018

The Honorable Select Board:

In the FY19 Town Manager's Proposed Enterprise Budget Book, I have identified six general goals that the programs and services of the Town Government should strive to achieve. These goals set the priority of what is to be funded in this budget. The goals are as follows:

1. Preserve the health and safety of residents and visitors and protect their property,
2. Enhance residents' quality of life,
3. Preserve the Town's character,
4. Promote the sustainability of resources,
5. Ensure quality operational and financial management, and
6. Maintain the Town's infrastructure

This budget attempts to align these goals with funding levels. Although many aligned programs and services are well-established and proposed funding has been maintained or modified slightly from last year, there are several new initiatives being proposed. The section below highlights current and new programs and services.

Enhance Residents' Quality of Life

The Town of Concord strives to offer community-oriented recreation programs and facilities that help to enhance residents' quality of life. This Enterprise Budget Book presents information about the Recreation Department which hosts a variety of programs including summer camps, after-school day care, and fitness/sports programs. Likewise, the Beede Swim & Fitness Center is a well-maintained facility in which members have access to several pools, fitness areas, and personal trainers.

Promote Sustainability of Resources

The Concord Municipal Light Plant has taken the lead in ensuring that the Town is a "Green Community" through sustainable energy practices. The 2017 Power Portfolio includes 23% of electricity purchased from renewable sources. Additionally, the Light Plant has implemented a Conservation and Renewable Energy Surcharge (CARES) that provides assistance to customers for more energy efficient fixtures and appliances.

Maintain the Town's Infrastructure

Maintaining the Town's infrastructure is done through the careful planning and practices of the Light, Water, and Sewer Enterprises. All of these enterprises provide quality services at a reasonable cost while investing in their infrastructure. According to the 2016 Town Residential Survey, 87% of residents polled indicated that electricity rates were a "good bargain" or "reasonably priced". Also 85% responded that water prices were either a "good bargain" or "reasonably priced". Similarly, 78% indicated that sewer rates were either a "good bargain" or "reasonably priced".

Sincerely,

Christopher Whelan
Town Manager

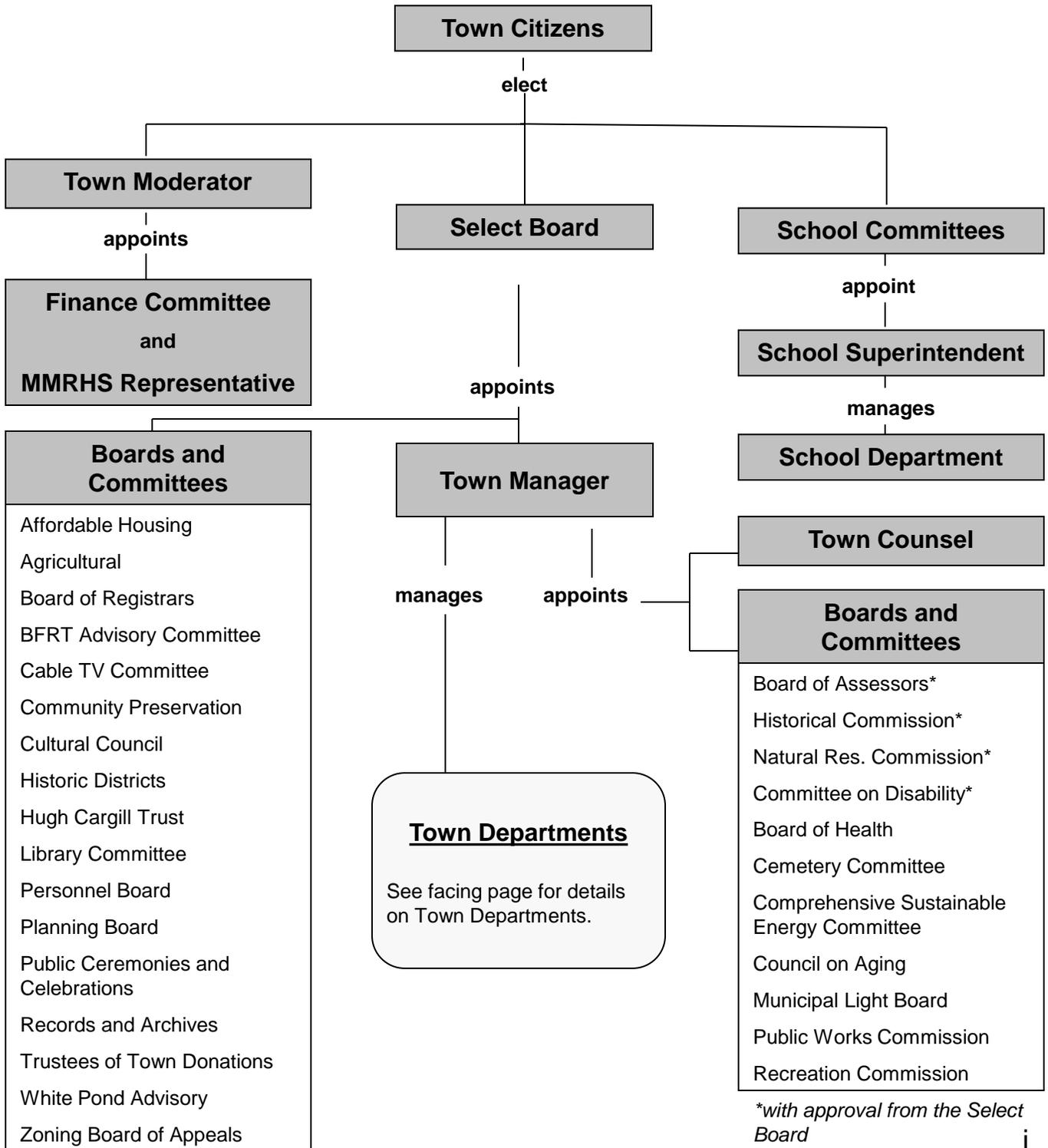
Town of Concord – FY19 Proposed Enterprise Budget

Town Government Mission Statement:

The mission of Concord's Town Government is to enhance the quality of life of Concord residents by providing efficient, effective, and innovative services, protecting the Town's character, and being a responsible steward of Town resources.

The chart below outlines how Concord citizens, either through elections or by sitting on boards and committees, influence the operations of their government.

On the facing page, the chart shows how Town Government is structured to carry out the wishes of its citizens.

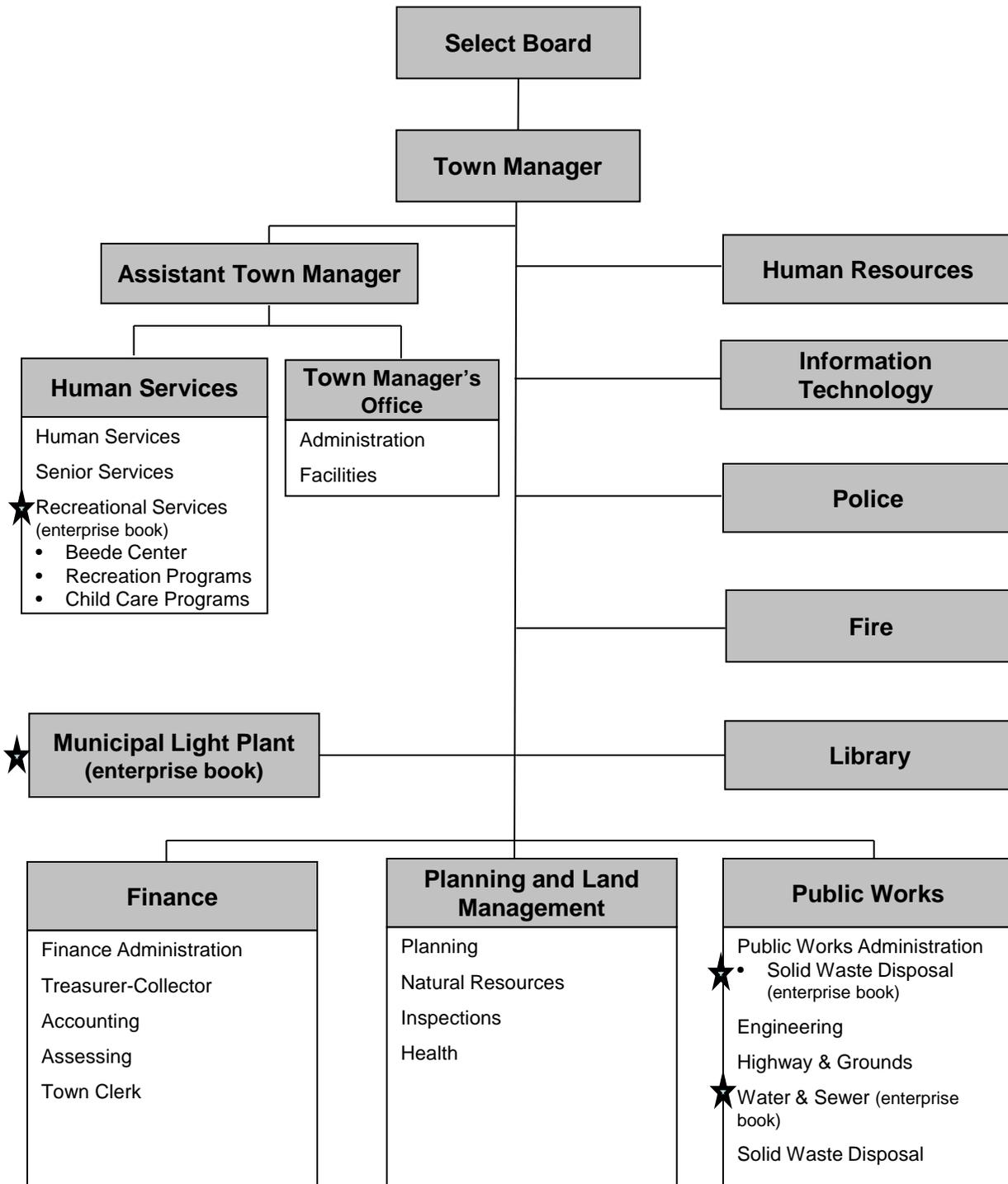


**with approval from the Select Board*

The Town Manager oversees all Town Departments, including the enterprise, revolving, and special revenue funds.

This Enterprise Budget Book includes information about the Concord Municipal Light Plant, the Water Division, the Sewer Division, the Beede Swim & Fitness Center, Solid Waste Disposal Program, and the Recreation Program.

**Town of Concord, Massachusetts
Organization Chart**



Budget Book Guide

Section I – Letter of Transmittal

The Letter of Transmittal is an introduction to the budget book by the Town Manager. Included in the letter is summary information about each of the four enterprise funds (Light, Water, Sewer, and Swim and Fitness), the one special revenue fund (Solid Waste Disposal), and the (Recreation) revolving fund. The letter highlights some of the major changes budgeted for the coming year.

Section II – Introduction

This Introduction provides a general description of the Town's management practices for the four enterprise funds (Light Fund, Water Fund, Sewer Fund, and Beede Center Fund) and special revenue fund (Solid Waste Fund and the revolving fund (Recreation Fund).

Section III – Light Fund

The Light Fund presentation provides the charts and narratives necessary to understand the operations and plans of the Concord Municipal Light Plant. At the end of Light Fund section, there is an operational overview of the new Telecommunications Division.

Section IV – Water Fund

The Water Fund presentation provides the charts and narratives necessary to understand the operations and plans of Concord's Municipal Water Services Division.

Section V – Sewer Fund

The Sewer Fund presentation provides the charts and narratives necessary to understand the operations and plans of Concord's Municipal Sewer Services Division.

Section VI – Solid Waste Fund

The Solid Waste Fund presentation provides the charts and narratives necessary to understand the operations and plans of Concord's Solid Waste Disposal Division.

Section VII – Swim and Fitness Fund

The Swim and Fitness Fund presentation provides the charts and narratives necessary to understand the operations and plans of Concord's Beede Swim and Fitness Center.

Section VIII – Recreation Fund

The Recreation Fund presentation provides the charts and narratives necessary to understand the operations and plans of Concord's Recreation Department.

Section IX – Appendix

The Appendix contains information describing the budgeting process (including a calendar of events), as well as relevant excerpts from the most recent Audited Financial Statements and a glossary of terms used throughout the book.

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Section I

Letter of Transmittal

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CHRISTOPHER WHELAN, TOWN MANAGER

March 12, 2018

The Honorable Select Board:

I am pleased to submit for your review the Town Manager's Proposed Enterprise Budgets for Fiscal Year 2019 (July 1, 2018 – June 30, 2019). The document presents the Town's business-type operations. These operations have the following characteristics:

- They are **not** supported from property taxes but rather from fees and charges directly related to the services provided;
- They are intended to operate in a fiscally self-sustaining manner with respect to operating expenses, capital expenses and long-term liabilities; and
- They are expected to provide for the continuous renewal of all related investments in plant and equipment without resort to debt-financing except for the expansion of the related plant or service, and for this purpose depreciation expense is accounted for as an operating expense and is incorporated into rate-setting and planning.
- As departments of the Town Government organized under the direction of the Town Manager, each enterprise functions within the personnel bylaw and financial rules and regulations of the town government. Each enterprise receives various central administrative services, including through the Human Resources Department and the Finance Department, the cost of which is allocated to the enterprise.

Each of the funds reported herein is financed entirely by rate-payers, the users of the particular service involved. Six operations are reported upon:

Light Fund

The Concord Municipal Light Plant was established by an 1898 Town Meeting action. The CMLP provides for the distribution of electricity and operates in full compliance with generally accepted enterprise accounting standards.

The Concord Municipal Light Plant (CMLP) is a department of the Town Government and functions under the specific statutory authority contained in Chapter 164 of Massachusetts General Laws (M.G.L.). The CMLP is managed under the operational authority of the Town Manager pursuant to Section 9 of the Town Charter and designation in the Light Department Administrative Code as Manager of the Municipal Light Plant. The Town Manager appoints the five-member Light Board, the department head (the CMLP Director) and all CMLP staff. The CMLP Director supervises all department staff and reports to the Town Manager. It is the CMLP

Director's responsibility to keep the Light Board fully informed of department matters so that the Board can effectively carry out its responsibilities of oversight and planning.

The budget is developed for the Town Manager by the CMLP Director and is reviewed by the Light Board. The Light Board is the electric utility rate-setting body, in accordance with the provisions of M.G.L. Chapter 164. Rates are subject to limited oversight of the Commonwealth of Massachusetts Department of Public Utilities, as the Light Plant operates as a home-rule municipal light plant. The Town Meeting annually authorizes the Town Manager to expend the income of the Light Fund without further appropriation. For FY19, this action will be taken under Article 47 of the 2018 Town Meeting Warrant.

Water Fund

The bylaw that established the Water Revolving Fund dates back to 1974. Beginning in 1984, the Town has applied enterprise accounting standards to its accounting and reporting of the Water Fund activity. Among other aspects of the accounting change, this involved recording the acquisition cost of all plant assets and the recognition of depreciation as an operating expense.

The Public Works Director is appointed by the Town Manager. The Concord Public Works (CPW) Department includes the Water/Sewer Division. The Water/Sewer Superintendent reports to the Public Works Director. CPW staff prepares an annual Water Fund budget recommendation for review by the Town Manager. The budget is also reviewed by the Public Works Commissioners, a five-member body appointed by the Town Manager. The Commissioners are the water utility rate-setting body, in accordance with General Law provisions and the Town Bylaw. The Town Meeting annually authorizes the Town Manager to expend the income of the Water Fund without further appropriation. For FY19, this action will be taken under Article 51 of the 2018 Town Meeting Warrant.

Sewer Fund

The bylaw that first established the Sewer Revolving Fund was adopted by the Town Meeting in 1976. Enterprise accounting commenced in 1984.

In a process identical to the management of the Water Fund, CPW staff under the direction of the Public Works Director prepares the annual Sewer Fund budget recommendation for review by the Town Manager. The budget is also reviewed by the Public Works Commissioners. The Commissioners are the sewer utility rate-setting body, in accordance with General Law provisions and the Town Bylaw. The Town Meeting annually authorizes the Town Manager to expend the income of the Sewer Fund without further appropriation. For FY19, this action will be taken under Articles 49 and 50 of the 2018 Town Meeting Warrant.

Solid Waste Fund

This fund was established by Town Bylaw adopted in 1989. Technically, it is not an enterprise fund but rather is a Revolving Fund. However, the Solid Waste Fund is included in this presentation because its basic purpose is to operate the curbside collection and recycling program as a business-type activity without property tax support. Rates are set by the Public Works Commission, and program costs are expected to be fully recovered by these rates. There are, however, no capital assets and no depreciation expense is associated with the operation of the Solid Waste Fund. The Town Meeting annually authorizes the Town Manager

to expend the income of the fund without further appropriation. For FY19, this action will be taken under Article 48 of the 2018 Town Meeting Warrant.

Beede Swim & Fitness Center Fund

This facility opened its doors on April 18, 2006. Article 30 adopted by the 2005 Annual Town Meeting authorized the establishment of an enterprise fund for this operation, in accordance with requirements of the General Laws of the Commonwealth, Chapter 44, section 53 F 1/2. This section of the state statutes, enacted in 1986, requires that the annual budget of the Center be submitted to the Town Meeting for enactment in the same manner as is the General Fund budget. Accordingly, the motion under Article 52 of the 2018 Town Meeting Warrant will make an appropriation for the estimated expenses of the Center for the fiscal year beginning July 1, 2018 based upon an estimate of the income to be derived from the operation.

The operation of the Center has been assigned by the Town Manager to the Assistant Town Manager under the direction of the Recreation Director. Rates and fees are set under the authority of the Town Manager pursuant to Section 22F of Chapter 40 of the General Laws adopted by the Town Meeting in 1992. The Recreation Commission, appointed by the Town Manager, also monitors the performance of the Center and provides guidance and advice.

Recreation Fund

With the adoption of Article 3 at the 1979 Town Meeting, this Fund was established by Town Bylaw to be used solely for the maintenance and support of recreation and park facilities and services of the Town. The Recreation Fund is not an enterprise fund but rather is a Revolving Fund, since it has no capital assets and no depreciation expense is associated with its operations. Like the Solid Waste Fund, the Recreation Fund is included in this presentation because its basic purpose is to operate the recreation programs as a business-type activity. Rates are set by the Recreation Director and program costs are expected to be fully recovered by these rates. At the time that the Recreation Fund was established, there was no requirement that an annual appropriation would need to be adopted by Town Meeting and the Bylaw was written so that expenditures can be made by the Town Manager without further appropriation, so there is no action required of and no article presented to the 2018 Town Meeting.

Budgetary Focus

Each of the six budget presentations focuses on the projection of operating income and net income. The long-term objective in the management of each enterprise is to generate sufficient income from current operations to fund operating and capital needs without tax support. In general, debt financing of enterprise infrastructure should be employed only to finance system expansion. Resources derived from recording depreciation as an operating expense plus the net income realized from operations should, over a span of years, provide for the continuous reinvestment in the maintenance and renewal of enterprise physical assets. The Town has a long record of successfully operating its enterprises on this basis.

Operating income of each fund is the difference between operating revenues and operating expenses. Certain revenues and expenses are not the result of operations but must be added to or subtracted from **operating income** to arrive at **net income**. These non-operating transactions include:

Revenues:

- Interest earnings on available cash balances
- Fees not associated with operations, such as the electric underground surcharge and the sewer improvement fee

Expenses:

- Interest paid on debt (bonds and notes)

The budgets proposed for FY19 (calendar year 2018 for CMLP), and the related projections of operating and net income are:

	<u>Operating Revenue</u>	<u>Operating Expenditure</u>	<u>Operating Income</u>	<u>Net Income</u>
Light Fund	\$28,601,606	\$25,942,802	\$2,658,803	\$902,684
Water Fund	5,366,785	4,443,957	946,778	933,748
Sewer Fund	3,202,398	3,501,678	-299,280	-122,448
Solid Waste Fund	1,421,584	1,421,532	52	52
Beede Center Fund	2,122,500	2,379,905	-257,405	-245,405
Recreation Fund	1,906,015	1,967,452	-44,952	-44,952

One measure for determining whether an enterprise has sufficient resources to fund necessary capital improvements is to: (a) sum net income plus cash generated from recording depreciation expense and (b) subtract debt principal repayments and transfers in the form of Payments in Lieu of Taxes or PILOT (for the CMLP only). This arrives at the net resources available for replacement and renewal of plant and equipment. For each enterprise, this amount can then be compared to the planned capital outlay expenditure, as shown in the following:

<u>FY19 Proposed Budgets</u>	<u>Light</u>	<u>Water</u>	<u>Sewer</u>	<u>Beede</u>
Net Income Projected	\$902,684	\$933,748	\$ -122,448	\$ -245,405
Depreciation Expense	<u>1,891,383</u>	<u>1,190,649</u>	<u>1,593,254</u>	<u>363,268</u>
Subtotal	2,794,067	2,124,397	1,470,806	117,863
Less:				
Debt Principal Payment	658,333	485,000	618,831	0
CMLP PILOT Payment	461,000	0	0	0
Net Resources derived from Current Operations and available for Capital Purposes	<u>\$1,674,734</u>	<u>\$1,639,397</u>	<u>\$ 851,975</u>	<u>\$ 117,863</u>

The planned FY19 capital expenditures of each enterprise (exclusive of expenditures that will be funded by debt issuance) are as follows:

	<u>Light</u>	<u>Water</u>	<u>Sewer</u>	<u>Beede</u>
Capital Outlay	\$1,889,250	\$3,847,260	\$2,217,970	\$567,500

It is not necessary that Net Resources from Current Operations equal or exceed the actual or planned Capital Outlay for each year. If an enterprise has greater capital outlay needs, the difference can be financed from the available cash balance of the fund. Over the long term, it is the objective to manage each of these enterprises so that the cost for replacement and renewal of plant and equipment will be met from cash generated by current operations.

In some cases, there is additional funding available for capital purposes. For example, the Light Plant conducts work to place utility wires underground and these projects are financed from the accumulated balance of the Underground Fund.

Program Highlights

Light Fund

The major item affecting operating expenses and revenues for the Concord Municipal Light Plant is the purchase of power supply and distribution of electricity to customers. Since changes in purchased power costs are passed along to customers, the Light Plant's portfolio of power supply purchase agreements in effect at any time greatly affects the price that its customers will pay. In 2019, purchased power expense is projected to be approximately \$19.2 million or 74.2% of operating costs.

The Concord Municipal Light Plant is also actively pursuing efforts to promote energy conservation and renewable energy. In 2015, the Light Board voted to update its residential tiered rate structure in which the unit price rises with higher monthly consumption levels. The Light Plant is in the process of implementing the utilization of its Smart Grid infrastructure to allow CMLP and its customers to manage electricity usage. Article 26 at the 2017 Town Meeting authorized the Town to borrow \$3 million to speed the process of deploying smart meters through town in order to better manage the electrical distribution system and assist residents and business customers to manage electricity usage. In addition, for both residential and commercial customers, there are rebate programs to encourage the purchase of energy-efficient lighting fixtures and energy-star appliances.

The Light Plant Board is committed to reducing the Town's dependency on electricity generated from fossil fuels. Initiatives include seeking to purchase commercially available electricity from renewable sources, developing utility-scale solar generation in Town, facilitating rooftop solar in Town, and participating in wind power generation projects outside of Town. All of these efforts will contribute to the goal of increasing the percentage of electricity generated from renewable sources from the 23% of all purchased power in 2017 to 30% by 2020.

In 2014, the Light Plant began offering broadband service to Town residences and commercial establishments. This service uses the excess capacity of the optical fiber network that has been installed throughout Town for the Smart Grid program. In 2013, Town Meeting approved Article 48 which authorized the Town to borrow up to \$1 million in startup capital funds to get the project off the ground. Article 24 at the 2017 Town Meeting authorized the Town to borrow \$1 million to perform significant equipment upgrades and additional fiber-optic network construction to meet customer demand.

With the installation of service for 850 Concord customers in 2017 and additional 300 installations expected in 2018, the 2018 operating income is projected to be \$104,250. These funds will be available to replenish the fund balance, which has been as expected negative during the startup period and make debt service payments on the borrowed funds.

Water Fund

The Water Fund is in sound financial condition, and needed capital improvements are proceeding on schedule. With Article 28 of the 2016 Annual Town Meeting, the Town approved of \$16.5 million in borrowing to construct the Nagog Pond water treatment facility, replace the water intake pipeline, and rehabilitate the Annursnac and Pine Hill storage tanks. The Water Division is in the process of obtaining the proper permits from the Town of Acton – the location of the water source and proposed treatment plant – for the final design and construction of the plant.

To maintain sufficient funds to cover operating and capital costs, the Water Division is proposing a rate increase of 4.0% for normal residential use as of June 1, 2018 that is an annual dollar increase of approximately \$18.90 for the average residential customer over the year.

Sewer Fund

It has been noted above that the Sewer Fund's projected operating income is negative. The main cause of this deficit is an increase in the depreciation expense, from \$628,375 in FY05 to \$1,593,254 projected for FY19, a reflection of the infrastructure improvements that had been made in 2006-08 to the treatment plant first put into service in 1987.

The Sewer Division completed a major renovation project of the Wastewater Treatment Plant in 2008, as authorized by Article 47 of the 2005 Town Meeting and funded by a \$12 million bond issued through the Massachusetts Water Pollution Abatement Trust at a 2% subsidized rate of interest. This project extended the life of the 1987 plant by an additional twenty years. As a budgetary consequence, the town must simultaneously pay back the debt (through FY27) and recognize a substantially increased annual depreciation expense. Nevertheless, reserve balances carried over from previous years will be adequate to cover the current operating deficit, and cash balances will continue to be sufficient to finance needed sewer system capital maintenance.

A rate increase of 1.0% is proposed to be effective June 1, 2018, which is an annual dollar increase of approximately \$7.20 for the average residential customer.

Solid Waste Fund

The Town offers curbside trash and recycling collection to all residences and small commercial facilities. The program pays for itself through issuing subscriptions, which make a residence eligible for trash and/or recycling pickup, and by selling barrel tags and stickers, which make a garbage barrel eligible for pickup. The Solid Waste Fund holds no capital assets and the collection and disposal of trash and recycling is contracted out to a third party, Waste

Management of New England. There are approximately 3,600 subscribers for this service. In FY19, it is expected that the Solid Waste Fund will generate a slight net income.

Beede Center Fund

Completing its eleventh year of operation as of April 2017, the Beede Swim and Fitness Center continues to operate successfully. Given that it is the only one of the Town's enterprises that operates in a competitive market, the Beede Center is very dependent upon the satisfaction of its members and on the overall condition of the regional and national economy to maintain membership levels for what may be seen as a discretionary expense. Thus far, the Beede Center has been well received by the community and is increasingly perceived as an important contributor to the community's physical health. As of January 1, 2018, the Beede Center had a total of 1,058 individual, 313 family, 269 couple, and 12 student memberships.

For FY19, the Beede Center is estimated to have \$2,122,500 in operating revenues and \$2,379,905 in operating expenses, which combined will result in a negative operating income of \$257,405. A marketing effort is underway to boost membership and thus revenues and measures are being taken to contain costs. With an undesignated fund balance of \$1.35 million and of June 30, 2017, the Beede Center has the resources to absorb this potential loss.

Recreation Fund

The Town has had the Recreation Fund since 1979, though this is the third year that the Fund has been presented in the Enterprise Budget Book, which will provide a more appropriate place in which the financial and budgetary information can be displayed.

The Recreation Fund earns revenue from user fees to cover its expenses. In FY19, it is projected that revenues will be \$1.92 million and expenses will be \$1.96 million. As the demand for a particular program increases, so does staffing and expenses as well as revenues earned from program fees. Although this allows the Recreation Department to be very flexible with its cost and hire staff to meet the need, it also makes budgeting difficult.

The Recreation Department provides five types of programs: recreation programs; summer camp; school year programs such as before and after school day care; sports clinics, and special programs. For those Concord residents who cannot afford the program fees, the Recreation Department has a scholarship fund.

In FY18, the Recreation Department assumed the responsibility from the Chamber of Commerce of running the Visitors Center in Concord Center. During the first year of operations, revenues from the Visitors Center were \$33,854 and expenses were \$13,582 for a profit of \$20,271.

Acknowledgements

Preparation of this document involves teamwork between the Finance Department, the Concord Municipal Light Plant, the Public Works Department and the Recreation Department. I would like to express my appreciation to Jon Harris (Budget and Purchasing Director) and Brandon Roberts (Budget Analyst) for their efforts in facilitating the production of the Enterprise

Budget Book. Input from Kerry Lafleur (Finance Director) and Kate Hodges (Assistant Town Manager) was instrumental in arriving at the final product.

Preparation of the individual enterprise budget submissions was carried out under the direction of David Wood (CMLP Director), Richard Reine (Public Works Director), Alan Cathcart (Water & Sewer Superintendent), Rod Robison (Recycling and Disposal Program Administrator), and Ryan Kane (Recreation Director). In addition, assistance was provided by Paul Reinhardt (Public Works Management Analyst), Paul Cote (Assistant to the W&S Superintendent), Stephen Daly (CMLP Financial Manager), Jon Straggas (Beede General Manager), and Anna McKeown (Assistant Recreation Director).

The efforts of the staff in compiling this annual document reflect our commitment to maintain the soundness of financial operations and the long-term perspective essential to the successful management of the Town's enterprise operations.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Chris Whelan", written in a cursive style.

Christopher Whelan
Town Manager

CC: Finance Committee, Municipal Light Board, Public Works Commission, and Recreation Commission

Section II

Introduction

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Section Overview

This Introduction provides a general description of the Town’s management practices for the four enterprise funds (Light Fund, Water Fund, Sewer Fund, and Beede Center Fund) , the special revenue fund (Solid Waste Fund) and the revolving fund (Recreation Fund).

The sub-sections found in this summary are:

- Overview** II-1
- Management Policies** II-2 to II-3
- Useful Definitions** II-4 to II-5

Enterprise Fund Financial Policy

Along with their missions to provide their respective services in an efficient and effective manner, each of the Town’s enterprise activities must also work to be financially self-supporting.

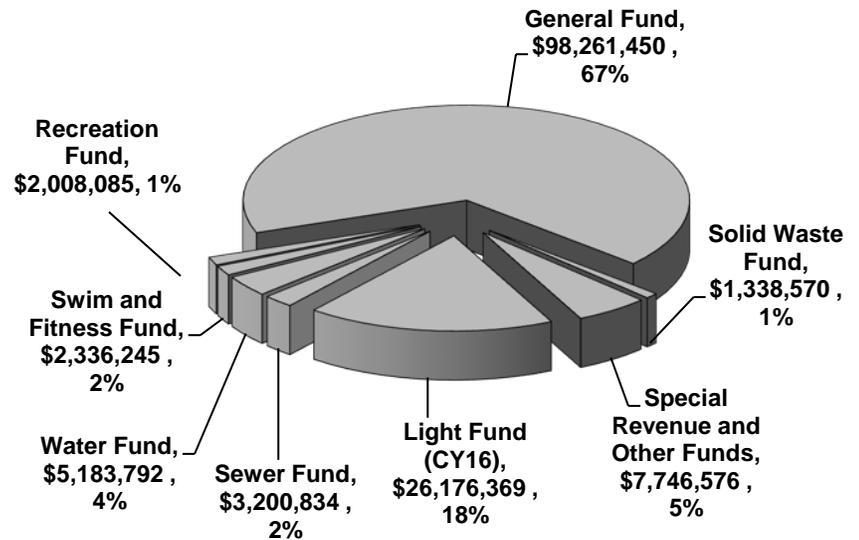
This means that each is expected to cover all costs associated with operations as well as all costs associated with capital maintenance and depreciation by generating the necessary revenue itself (i.e. through user fees).

Debt should only be used to expand an enterprise activity’s capacity or level of service, and not to replace or renew the existing infrastructure.

Enterprise Funds

Light Fund	Section III
Water Fund	Section IV
Sewer Fund	Section V
Solid Waste Fund	Section VI
Swim & Fitness Fund	Section VII
Recreation Fund	Section VIII

Enterprise Revenues as a Percentage of Total FY17 Town Government Revenues
Totaling \$146,251,921



A Note on the Solid Waste Fund & Recreation Fund

The Town’s Solid Waste Fund and Recreation Fund are not enterprise funds; rather, they are special revenue funds established by local bylaw. Both funds control no capital equipment or infrastructure. Their principal purpose is to operate as a business-type activity with little or no taxpayer support. These enterprises represent a significant business-type service of the Town and therefore the budgets for the Solid Waste Fund and Recreation Fund are presented in this Budget Book.

Definition

Enterprise Fund: An accounting and reporting entity for a business-type activity that is separate from the taxpayer supported General Fund and involves a municipal service supported wholly or primarily by user fees. The separate accounting and reporting of such an entity allows the Town to balance the specific costs of providing the service, which typically involves the maintenance of capital infrastructure, with the revenues generated from the related user fees. Resources of an enterprise fund cannot be diverted to other unrelated uses.

Management of the Enterprise Funds

Town Charter and Bylaws

Under the Town Charter, the Town Manager serves as the executive of all Town enterprise and special revenue funds. The Town Manager supervises all personnel and expenditures, exclusive of the schools, regardless of the funding source.

Enterprise operations are subject to the same personnel bylaws and administrative procedures as all other Town departments.

General Fund Services

Rather than hire their own management, finance, and human resource staffs, each enterprise fund utilizes some of the general Town staff to perform certain core functions. This allows the Town to avoid task duplication and keep overall overhead costs to a minimum.

To compensate for these services, and to maintain the goal of accurate cost accounting and self-sufficiency, each enterprise fund makes regular payments to the General Fund in the form of “General Fund Services” transfers (or in the Light Fund’s case, “Administrative and General Expenses” transfers). In some cases, enterprise funds are directly charged for costs (such as health insurance and other employee benefits) throughout the year. Allocations are reviewed each year to tie administrative services payments to the actual services provided.

General Fund services involve the following:

- Financial services are provided by the Finance Department for billing and collection, banking, cash and debt management, purchasing administration, general accounting, payables, financial analysis, and reporting;
- The Human Resources Department handles recruitment, employee retention, and employee benefit administration for the enterprise operations; and
- General management of all enterprise operations is provided from the Town Manager’s office, along with more specific administrative services from the Public Works Department (for Water, Sewer, and Solid Waste operations), and from the Assistant Town Manager (for Beede Center & Recreation operations).

Role of Town Meeting

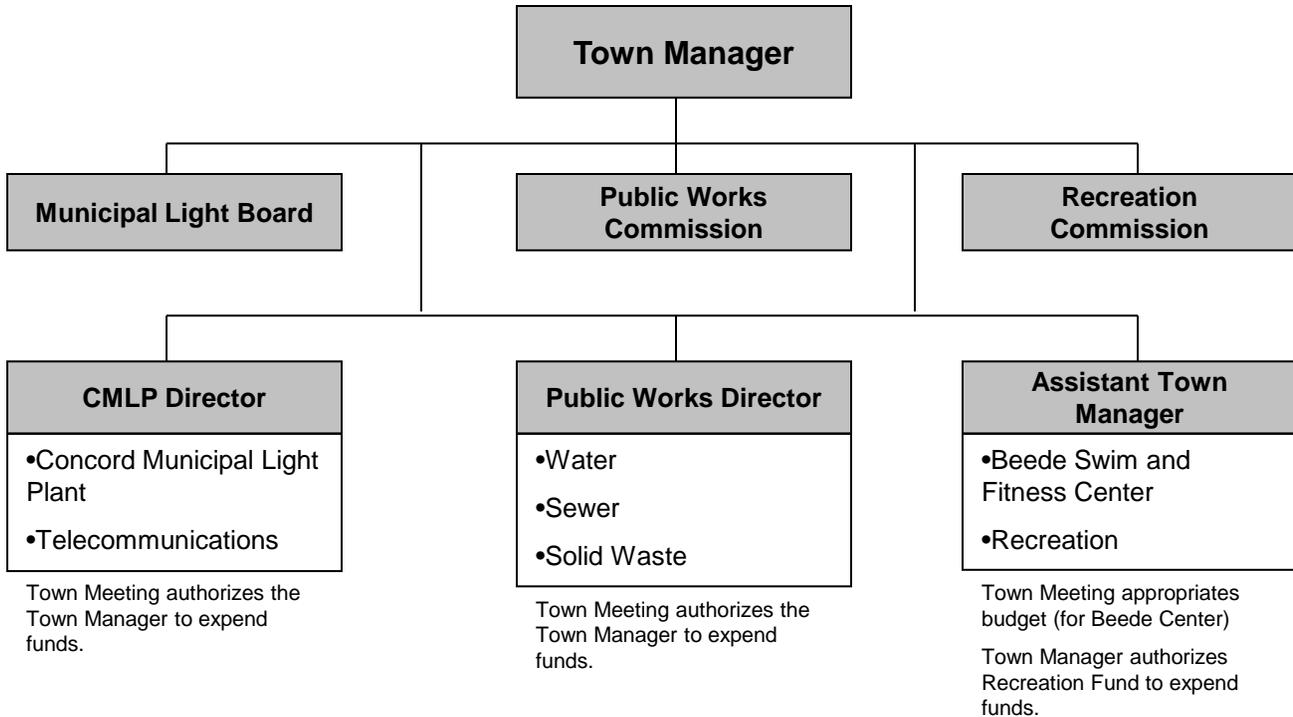
The budgets presented for the Light, Water, Sewer, and Solid Waste funds are *spending plans* and do not carry the same restrictive legal obligations as the voted appropriations made for the Town’s General Fund operations. However, the Swim and Fitness Fund’s budget is authorized by Town Meeting as an appropriation, in accordance with its enabling bylaw pursuant to state law, M.G.L. Ch. 44, §53 F½. The Recreation Fund does not require an appropriation by Town Meeting and the Town Manager can authorize expenditures.

Setting Rates and User Fees

Rates, or user fees, for each enterprise activity are set by the following entities:

- The Concord Municipal Light Plant (CMLP) Board is the rate-setting authority for the *electric utility (CMLP)*;
- The Public Works Commission is the rate-setting authority for *water, sewer, and solid waste services*;
- The Town Manager is the rate-setting authority for the Beede Swim and Fitness Center (pursuant to M.G.L. Ch. 40 § 22F as adopted by Town Meeting in 1992).

Enterprise Organizational Chart



The Purpose of Enterprise Funds

An enterprise operation is a business-type activity supported primarily by the user fees it charges for its services. Funds raised through these user fees are dedicated to the ongoing operations of the specific enterprise activity, while taxpayer support for the activity is eliminated (or in less ideal cases, significantly reduced).

A key component of Concord's enterprise operations is the maintenance of the capital equipment and infrastructure of the "business". User fees are set to recover operating costs as well as to finance the continuous maintenance (depreciation) of the capital investments supporting the service. A completely successful enterprise operation would never need to borrow funds to replace and renew the existing infrastructure of the business. Borrowing would be required only to expand the business (for example, to extend water or sewer service into new areas). However, enterprises in both the public and private sectors often fall short of this definition of "success". See pages II-4 to II-5 for an analysis of how Concord's enterprise activities measure-up to this ideal.

In summary, enterprise funds are management tools that aid in the pursuit of the following policy objectives:

- Property tax subsidies are reduced or eliminated for operations with the goal of self-sufficiency;
- Unlike tax-supported services, the charge for any enterprise service is based on the direct use of a service or resource. However, unlike many private-sector activities, Concord's enterprise funds often promote (through investments, education, and rate structures) the conservation of whatever is being sold (e.g., the Water Division aims to *reduce* water consumption rather than to maximize the sale of water).
- Consumers who are exempt from the property tax (such as nonprofit organizations) nevertheless pay user fees for their consumption of enterprise fund resources. For the basic utilities (Electricity, Water, and Sewer), approximately 20% of revenue is derived from tax-exempt customers.

Useful Definitions

An understanding of enterprise operations and financial reporting requires familiarity with terms not used in the normal presentation of the General Fund budgets.

Available Capital Resources - Cash for the replacement and renewal of the assets of the enterprise operation is generated from three sources:

- (a) net income;
- (b) cash produced by the recording of depreciation as an expense; and
- (c) borrowing.

The first two items, Net Income and Depreciation Expense, represent the capital resources projected to be generated from current operations. From the combined total of Net Income and Depreciation Expense, maturing principal repayments on existing long-term debt must first be paid. The remaining balance then can be compared to the proposed Capital Spending Plan. These amounts need not match in any fiscal period, but planned spending which exceeds the projected generation of current capital resources can be financed only if there is an available cash balance in the enterprise, or through borrowing.

Capital Expenditure - The use of funds to acquire or enhance productive assets, such as structures, land, and equipment (including related plans, designs, and studies), which have a life expectancy of at least 2 years and a cost of at least \$5,000, and procured with the intention of increasing service capacity or efficiency.

Depreciation--The using up of an asset chargeable to current users. Depreciation is a non-cash expense that is intended to provide resources for capital maintenance and eventual replacement in order to sustain the provision of the service.

Enterprise Funds, as explained above, should be used to account for operations that are financed and operated in a manner similar to private business enterprises:

- (a) when the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or
- (b) when the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Inter-fund Transfers/General Fund Services - These are the "indirect cost" components of the enterprise operations. They include billing, treasury, investment and accounting services provided centrally by the Town Finance Department; personnel management services provided by the Human Resources Department; and various planning, environmental management, general management, and other services provided through other Town departments. In the case of the water, sewer and solid waste enterprises, this category also includes allocated costs from the Public Works Administration and Engineering Divisions.

Useful Definitions (continued)

Net Assets – Sometimes called net worth, *Net Assets* represent how much an entity would be worth after accounting for everything it owns (buildings, equipment, cash, etc.) and subtracting everything it owes (unpaid bills, outstanding loans, etc.).

Net Income - Operating Income *plus* other non-operating income (such as interest earnings) **less** debt interest and issuance expense. Net income measures the result of current operations. While Net Income should generally be a positive number, it is possible for an enterprise operation to operate with a loss for a fiscal period and still remain in operation and be financially sound. However, a pattern of negative net income for more than one year, or a declining trend in net income for several years, is cause for concern, and requires remedial action with respect either to rates, expenses, or both.

Operating Expenses - Costs, both direct and indirect, of providing the service, including the cost of using up assets (which is the depreciation expense). Outlays that are not part of operating expenses are:

- (a) the acquisition or construction of an asset; and
- (b) debt principal and interest cost.

Operating Income - The difference between Operating Revenue and Operating Expense for a fiscal period.

Operating Revenue - Earnings from the provision of services, recorded at the time of service rather than as billed or as received. Revenues and other resources that are not part of Operating Revenue include interest earnings, grants from other levels of government, and proceeds from the issuance of bonds.

See Glossary on Page IX-8 for more definitions.

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Section III
Light Fund

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Mission Statement

The mission of Concord Municipal Light Plant is to supply reliable and cost effective energy services, in a responsible and courteous manner, which meets the current and future needs of our customers.

Light Fund Contents

Overview	pp. 1-3
Revenues and Expenditures	pp. 4-11
Electricity Sales Data and Chart	p. 12-14
Rate Comparison	p. 15
Energy Supply	p. 16
Telecommunications	p. 17-21

NOTE: The Light Plant differs from all other municipal departments in that it operates on a calendar year basis per MA DPU requirements.

Light Fund Highlights

- The cost of purchased power, a pass-through expense to the customer, makes up approximately 75% of operating expenditures.
- The Light Plant has a three-tiered rate schedule for residential customers to encourage conservation; the more electricity that a customer uses the higher the rate.
- Electricity from renewable energy sources equals approximately 23% of the kilowatt hours of all purchased power. The Light Plant Board's goal is to increase the percentage of renewable energy to 30% by 2020.
- In 2014, CMLP implemented its broadband service to residences and businesses by using extra capacity available in the fiber optic cables installed as part of the Smart Grid program.

Operating and Net Income Summary

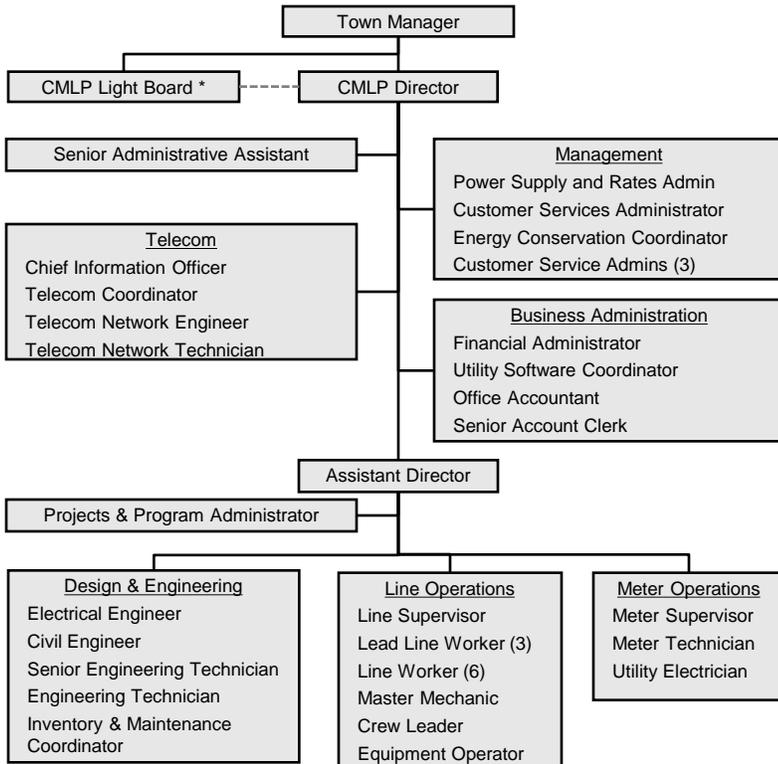
	2015 Actual	2016 Actual	2017 Estimated	2018 Budgeted
Operating Income	\$ 2,321,971	\$ 2,093,609	\$ 2,435,454	\$ 2,658,802
Net Income	\$ 253,825	\$ 338,147	\$ 651,709	\$ 902,684

Description

The Concord Municipal Light Plant (CMLP) is responsible for providing electricity to more than 8,300 residential, municipal, and business customers throughout Concord. Since the Light Plant does not have generating capability, it purchases its power from outside suppliers. To distribute the electricity, the CMLP operates three substations along with transmission and distribution facilities. Power lines are maintained by CMLP line workers. To monitor the system, the Light Plant has a modern, consolidated operations center. In addition, the CMLP staff is responsible for reading electric and water meters, and for providing customer service.

As a Town Enterprise, the Light Plant is supported by revenue raised from electric utility rates and other charges paid by its customers. Current resources are allocated to pay for the upkeep of existing infrastructure, purchase of power, administration and CMLP customer-related programs.

The Telecommunications Division within CMLP, managed by the Chief Information Officer reporting to the CMLP Director, provides broadband service to residences and businesses.



The Concord Municipal Light Plant is committed to providing the Town with reliable power while decreasing the Town's dependence on electricity generated from fossil fuels. CMLP has upgraded its transformers and increased the pass-through capacity of its power grid. At the same time, CMLP has set a goal to obtain 30% of its electricity from renewable sources by 2020. In addition, the Light Plant has initiated programs and policies to encourage energy efficiency and conservation measures by its residential and commercial customers.



Purchased Power: Energy and Capacity

Purchased power is comprised of two components: energy and capacity. To understand the difference, one can use the analogy of water distribution. Electrical energy (kilowatt hours) can be compared to the amount of water consumed (gallons) over time. Electrical capacity (megawatts or more precisely mega volt amperes that includes power lost during distribution) can be compared to the size of the water pipe or the capacity to deliver water (i.e. the larger the pipe the more water it can carry). So energy has to do with consumption over time while capacity measures the amount of electricity delivered at any one moment. The Town must purchase both.

Purchased Power: Power Supply Portfolio (23% from Renewable Sources)

The 2017 power supply portfolio consists of the purchase of electricity from the following sources:

- Non-Renewable Sources
 - Shell Energy Natural Gas 24% of total MWh
 - Exelon Natural Gas 19%
 - RISE Natural Gas 18%
 - ISO Energy Purchases 16%
 - Renewable Sources
 - Solar Projects 5%
 - Niagra Hydro 4%
 - Brown Bear Hydro 3%
 - Spruce Mountain Wind 3%
 - Granby Landfill Gas 3%
 - Saddleback Wind 3%
 - New Bedford Landfill Gas 2%
- 77%
- 23%

Purchased Power: Local Conservation Initiatives

The Light Plant has initiated programs and policies to encourage energy conservation. The Smart Grid Infrastructure will allow CMLP to better manage its customers' electricity demands. A new residential rate structure adopted in May 1, 2015 has tiers in which users of lower amounts of electricity will pay a lower unit rate.

An active rebate program has been put in place by CMLP to promote local conservation initiatives. For residential and commercial customers, CMLP provides rebates for efficient lighting fixture upgrades and energy star appliance purchases. Additional rebates for residential customers are available for weatherization and central A/C efficiency projects.

Electricity Revenue

Total operating revenue expected to be raised through electric operations in 2018 is projected to be \$28,601,606 as shown in the following categories:

Residential sales:	\$11,591,632
Commercial sales:	13,540,960
Municipal sales:	<u>1,707,770</u>
Sales subtotal:	\$26,840,362
Provision for Rate Stabilization:	991,033
Other Revenue:	<u>770,211</u>
Total:	\$28,601,606

It is forecast that 2018 residential sales in kilowatt hours will be 67.0 million, commercial sales 83.9 million and municipal sales 10.5 million.

Electric Rate Highlights

•Effective on February 2, 2017, the residential rate (R-1) is set at a meter charge of \$9.00 per month for a single phase system and the following three-tiered energy rates:

		per kWh
Tier 1:	first 600 kWh	\$0.04853
Tier 2:	next 316 kWh	\$0.06311
Tier 3:	over 916 kWh	\$0.09107

The distribution charge is \$0.03160 and the energy charge is \$0.06418. The above rates per kWh will be adjusted plus or minus in accordance with a formula specified in the Power Cost Adjustment Clause and the NYPA Power Cost Adjustment Clause.

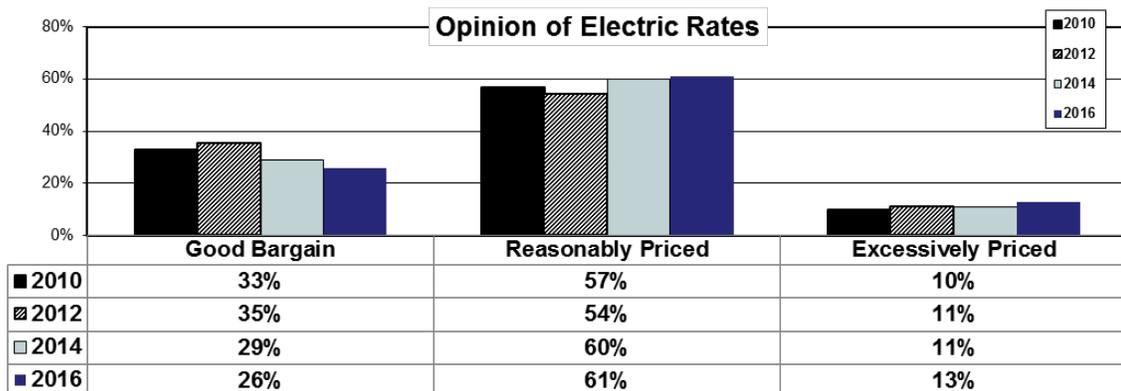
Surcharges

Each electric utility bill includes a 1.5% Underground Surcharge and a 0.52% Conservation and Renewable Energy Service (CARES) surcharge. The money raised through the underground surcharge is used to place power lines underground. As a result of this activity and in association with zoning requirements for new developments, the Town currently has approximately 50% of its power lines underground.

The Conservation and Renewable Energy Service surcharge pays for the energy conservation activities sponsored by the Light Plant, among them is financial assistance to help customers purchase energy efficient systems and appliances.

Citizen Survey

In 2010, 2012, 2014, and 2016 the Town conducted a survey of Concord residents. For the Light Plant, the following question was asked: "What is your opinion of the price of electric rates?" In 2016, the response was that 26% thought that the price is a Good Bargain and 61% thought that it is Reasonably Priced. Only 13% thought electricity was Excessively Priced.



Program Implementation

For Calendar Year 2018, the Concord Municipal Light Plant is projecting that it will have \$28.6 million in operating revenues and \$25.9 million in operating expenditures.

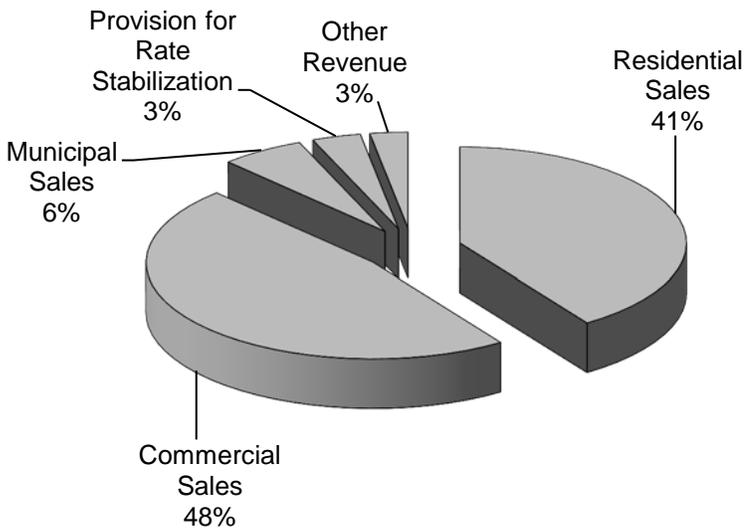
For revenues, funds collected from the sale of electricity are expected to increase from \$25.7 million in 2017 to \$26.8 million in 2018.

For expenditures, the primary cost is the power supply expense. From 2017 to 2018, it is forecast that the power supply expense will increase from \$19.0 million to \$19.2million. Purchased power expense is passed directly onto customers.

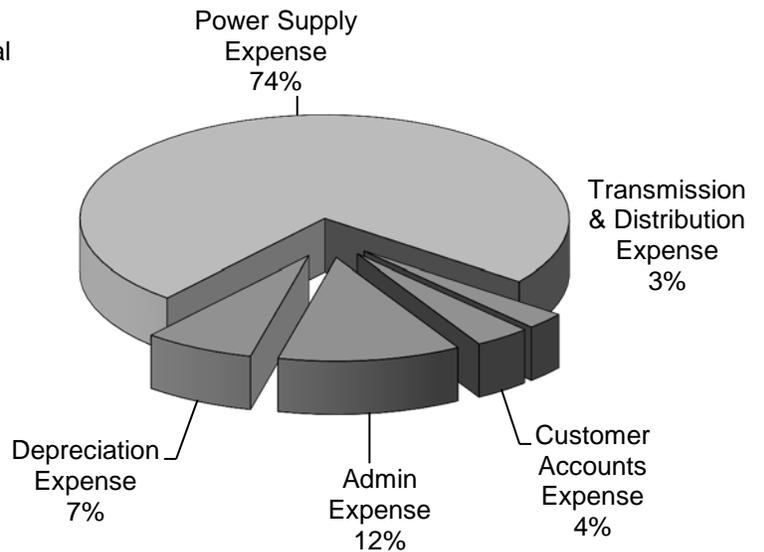
In 2018, the Light Plant is expected to have operating income of \$2,658,802 and net income from operations of \$902,684.

For the calculation of the Return per DPU formula, the sum of net income from operations (\$902,684) , Payment in Lieu of Taxes (\$461,000), Underground Surcharge (\$419,174) and CARES Surcharge (\$137,487) are added together and divided by the previous year's Cost of Plant for Returns Calculation (\$60,327,892) for Return Per DPU Formula of 3.18%.

2018 Operating Revenues
Totaling \$28,601,606



2018 Operating Expenditures
Totaling \$25,942,802



OPERATING REVENUES

	Calendar Year:			
	2015	2016	2017	2018
	Actual	Actual	Estimated	Budgeted
Sales of Electricity				
Residential Sales	\$ 11,427,849	\$ 11,072,975	\$ 11,558,670	\$ 11,591,632
Commercial and Industrial Sales	13,447,261	13,064,292	12,531,860	13,540,960
Municipal Sales	1,816,560	1,658,274	1,628,617	1,707,770
Miscellaneous Sales	108,859	-	-	-
Operating Revenues Billed Total	\$ 26,800,529	\$ 25,795,541	\$ 25,719,147	\$ 26,840,362
Net Change in Unbilled Revenues	(293,056)	(39,652)	-	-
Provision for Rate Stabilization	(1,319,076)	(868,274)	1,252,042	991,033
Electric Operating Revenues	25,188,397	24,887,615	26,971,189	27,831,395
Other Operating Revenues				
Telecom Rental and Fiber Lease		112,021	64,050	64,050
Underground Surcharge	361,337	381,558	406,271	419,174
CARES Surcharge	125,177	125,177	130,000	137,487
Income from Merchandise and Jobbing	153,874	166,908	100,000	100,000
Other Miscellaneous Operating Revenue	30,846	3,805	49,500	49,500
Audit Adjustment		(72,405)		
Other Operating Revenue	671,234	717,064	749,821	770,211
Operating Revenues Total	\$ 25,859,632	\$ 25,604,679	\$ 27,721,010	\$ 28,601,606

OPERATING SALES (kWh)

	Calendar Year:			
	2015	2016	2017	2018
	Actual	Actual	Estimated	Budgeted
Kilowatt-hours Sold:				
Residential Sales	72,156,349	70,075,635	70,571,218	69,966,585
Commercial and Industrial Sales	88,323,302	86,266,031	84,613,493	83,888,529
Municipal Sales	11,868,467	10,715,536	10,567,850	10,477,291
Electric Sales Billed Total	172,348,118	167,057,202	165,752,561	164,332,405
<i>Source: 2015 & 2016 data are actual data from audited financial statements; 2017 data is estimated from the year ending on September 30, 2017; 2018 data is proposed.</i>				

OPERATING EXPENSES (\$)

Calendar Year:	2015	2016	2017	2018
	Actual	Actual	Estimated	Budgeted
Operating Accounts:				
Power Supply Expense				
Power Supply Expense	\$ 17,188,829	\$16,789,040	\$ 19,042,840	\$ 19,273,974
Audit Adjustment				
	<u>\$ 17,188,829</u>	<u>\$16,789,040</u>	<u>\$ 19,042,840</u>	<u>\$ 19,273,974</u>
Transmission & Subtrans. Expenses:				
Operation	6,112	6,225	15,000	13,000
Maintenance	86,292	69,321	0	82,500
	<u>\$ 92,404</u>	<u>\$ 75,545</u>	<u>\$ 15,000</u>	<u>\$ 95,500</u>
Distribution Expenses:				
Operation	200,020	194,911	203,500	204,000
Maintenance	712,678	551,377	457,500	385,500
Audit Adjustment	7,187	6,743		
	<u>\$ 919,885</u>	<u>\$ 753,031</u>	<u>\$ 661,000</u>	<u>\$ 589,500</u>
Customer Accounts Expenses:				
Supervision	36,145	30,561	35,000	40,000
Meter-reading Labor and Expenses	19,416	22,158	20,000	20,000
Billing, Collecting, & Assoc. Costs	187,794	235,440	200,000	200,000
Uncollectible Accounts	(61)	17,183		5,000
Customer Information Services	295,735	103,570	408,480	691,256
Audit Adjustment	3,867	700,654		
	<u>\$ 542,896</u>	<u>\$ 1,109,566</u>	<u>\$ 663,480</u>	<u>\$ 956,256</u>
Administrative & General Expenses:				
Electric Operations				
Administrative & General Salaries	903,065	977,715	1,000,860	1,105,842
General Fund Services	394,670	412,907	420,000	430,500
Office Supplies and Expense	75,699	92,241	80,000	80,000
Outside Services Employed	141,212	141,017	142,000	86,000
Property Insurance	48,923	44,291	55,000	50,000
Employee Pensions & Group Ben.	635,091	661,190	680,000	628,347
Employee Training	79,756	72,195	60,000	61,000
Sick Leave/Vac. Leave/Holidays	444,398	465,737	410,000	422,000
Miscellaneous Expenses	29,376	231,375	54,200	55,000
Smart Grid Operations	13,604	17,002	11,000	11,000
Maintenance of General Plant	205,164	200,028	206,500	206,500
Audit Adjustment	64208	(290,246)		
	<u>\$ 3,036,098</u>	<u>\$ 3,025,452</u>	<u>\$ 3,119,560</u>	<u>\$ 3,136,189</u>
Operating Accounts Subtotal	\$21,780,113	\$21,752,634	\$ 23,501,880	\$ 24,051,419
Depreciation Expense	\$ 1,757,549	\$ 1,758,435	\$ 1,783,676	\$ 1,891,383
Operating Expenses Total	\$23,537,661	\$23,511,070	\$ 25,285,556	\$ 25,942,802

Source: 2015 & 2016 data are actual data from audited financial statements; 2017 data is estimated from the year ending on September 30, 2017; 2018 data is proposed.

AUTHORIZED POSITIONS

Code	Position Title	July 1, 2018 - June 30, 2018			July 1, 2018 - June 30, 2019	
		Grade	# Positions	\$ Amount	# Positions	\$ Amount
Light Plant Operations						
	Director	EM-4	1	146,430	1	146,430
	Assistant Director	EM-3	1	122,199	1	122,199
	Power Supply & Rates Admin	EM-3	1	106,446	1	103,378
	Electrical Engineer	EM-2	1	106,715	1	106,715
	Financial Administrator	MP-4	1	89,080	1	93,838
	Civil Engineer	MP-3	1	87,168	1	87,168
	Customer Service Admin	MP-3	1	98,356	1	90,149
	Energy Conservation Coord.	MP-3	1	90,438	1	90,438
	Meter Supervisor	EM-1	1	86,674	1	86,674
	Utility Software Coordinator	MP-2	1	69,150	1	69,150
	Senior Eng. Technician	MP-2	1	77,516	1	76,936
	Engineering Technician	MP-1	1	67,339	1	67,339
	Office Accountant	MP-2	1	73,753	1	74,604
	Sr. Administrative Assistant	ACL-5	1	65,379	1	65,397
	Sr. Account Clerk	ACL-3	1.88	115,580	1.88	116,011
	Sr. Department Clerk	ACL-3	1	52,911	1	53,182
	Line Supervisor	EL-6	1	104,880	1	104,881
	Lead Line Worker	EL-5	3	280,416	3	280,441
	Lineworker, Grade 1	EL-4	3	267,012	3	263,570
	Lineworker, Grade 2	EL-3	0	0	0	0
	Lineworker, Grade 3	EL-2	2	118,814	2	118,642
	Utility Electrician	EL-3	1	75,064	1	75,064
	Meter Technician	EL-2	1	64,480	1	65,418
	Master Mechanic	TCL-5	1	73,268	1	73,268
	Crew Leader	TCL-5	1	68,325	1	68,403
	Equipment/Line Operator	TCL-4	1	58,902	1	58,903
	Building Maintenance Cust.	TCL-2	1	53,447	1	53,662
	FTE Subtotal		31.88	\$2,619,743	31.88	\$2,611,860
	Line Worker Stand-by Pay		1320 hrs.	48,783	1320 hrs.	48,326
	Engineering Stand-by Pay			31,320		31,320
	Salary Subtotal			2,699,845		2,691,506
	Allowance for Salary Increases					104,474
517X	Group Insurance:					
	Health, Life, Dental			280,000		308,000
	Retirement			403,508		423,095
	OPEB Contribution			10,478		15,509
	Soc. Sec. & Medicare Tax			40,000		42,500
	Clothing Allowance			3,600		3,600
	Benefits Subtotal			737,586		792,704
	Personnel Services Total			\$3,437,431		\$3,588,684

NET INCOME

	Calendar Year:			
	2015 Actual	2016 Actual	2017 Estimated	2018 Budgeted
Statement of Net Income				
Operating Revenues	\$ 25,859,632	\$ 25,604,679	\$ 27,721,010	\$ 28,601,606
Less Operating Expenses	<u>(23,537,661)</u>	<u>(23,511,070)</u>	<u>(25,285,556)</u>	<u>(25,942,802)</u>
Operating Income	\$ 2,321,971	\$ 2,093,609	\$ 2,435,454	\$ 2,658,803
Non-Operating Revenues (Expenses)				
Interest Income	\$ 37,816	\$ 122,590	\$ 50,000	\$ 50,000
Interest Expense	(232,863)	(207,918)	(152,200)	(130,125)
Other	29,192	31,255	(3,774)	-
Non-Operating Income Subtotal	\$ (165,855)	\$ (54,073)	\$ (105,974)	\$ (80,125)
Net Income Before Other Financing	\$ 2,156,116	\$ 2,039,536	\$ 2,329,480	\$ 2,578,678
Other Financing Financing (Uses)				
Loss on Disposal of Capital Assets	(145,877)	(24,154)		
Payment in Lieu of Taxes	(472,400)	(465,500)	(474,000)	(461,000)
Provision for Rate Refund	-			
Subtotal	\$ (618,277)	\$ (489,654)	\$ (474,000)	\$ (461,000)
Change in Net Position	\$ 1,537,839	\$ 1,549,882	\$ 1,855,480	\$ 2,117,678
Less				
Bond & Notes Principal	(797,500)	(705,000)	(667,500)	(658,333)
Undground Surcharge	(361,337)	(381,558)	(406,271)	(419,174)
CARES Surcharge	<u>(125,177)</u>	<u>(125,177)</u>	<u>(130,000)</u>	<u>(137,487)</u>
Net Income from Operations	253,825	338,147	651,709	902,684

NET POSITION

	Calendar Year:			
	2015 Actual	2016 Actual	2017 Estimated	2018 Budgeted
Change in Net Position				
Electricity Operations	\$ 1,537,839	\$ 1,549,882	\$ 1,855,480	\$ 2,117,678
Telecommunication Operations	<u>(94,938)</u>	<u>(90,592)</u>	<u>106,232</u>	<u>97,750</u>
Change in Net Position	1,442,901	1,459,290	1,961,712	2,215,428
Net Position				
Beginning of Year	43,890,161	45,333,062	46,792,352	48,754,064
End of Year	45,333,062	46,792,352	48,754,064	50,969,492

RETURN ANALYSIS

	Calendar Year:	2015	2016	2017	2018
		Actual	Actual	Estimated	Budgeted
Return per DPU Formula					
Net Income from Operations		253,825	338,147	651,709	902,684
Payment in Lieu of Taxes		472,400	465,500	474,000	461,000
Underground Surcharge		361,337	381,558	406,271	419,174
CARES Surcharge		125,177	125,177	130,000	137,487
Return per DPU Formula		1,212,739	1,310,382	1,661,980	1,920,345
Cost of Plant					
Cost of Plant (Year End)		59,268,832	60,327,892	64,233,513	64,578,987
Cost of Plan for Return Calculations		59,268,832	59,298,362	60,327,892	64,233,513
Return per DPU Formula Percentage					
Return per DPU Formula		1,212,739	1,310,382	1,661,980	1,920,345
Cost of Plan for Return Calculations		59,268,832	59,298,362	60,327,892	64,233,513
DPU Return Percentage		2.16%	2.21%	2.80%	3.18%
Effective Return Percentage					
Net Income from Operations		253,825	338,147	651,709	902,684
Cost of Plan for Return Calculations		59,268,832	59,298,362	60,327,892	64,233,513
Effective Return Percentage		0.45%	0.57%	1.10%	1.50%

Note: Return Percentages are calculated using the current year Return per DPU Formula and Effective Return, respectively, divided by the previous year's Cost of Plan for Return Calculations.

DEBT SERVICE

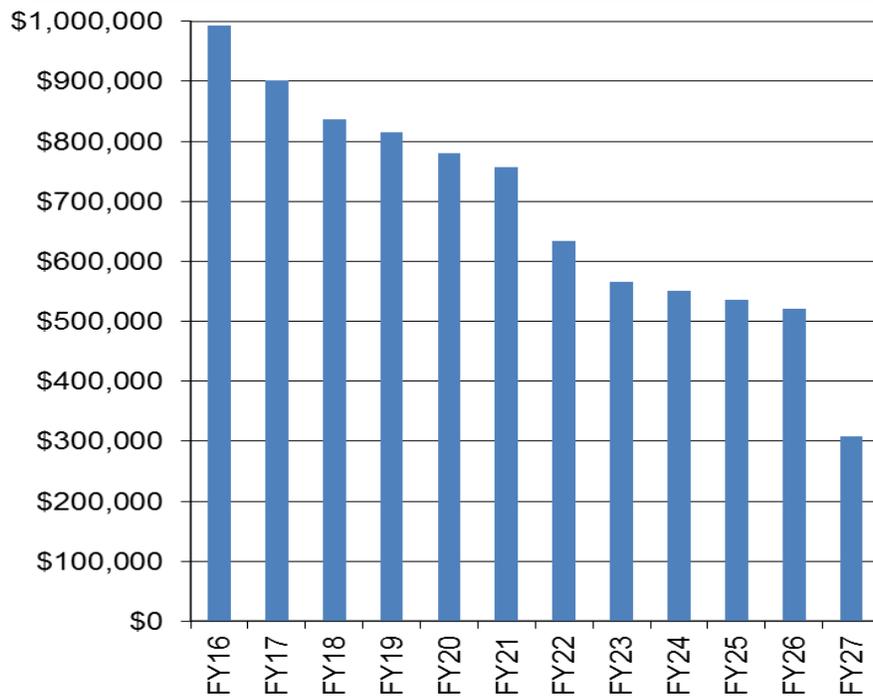
	FY16 Actual	FY17 Actual	FY18 Estimated	FY19 Budgeted
Long Term Debt (Cash Basis):				
Principal	\$767,500	\$705,000	\$662,500	\$662,500
Interest	224,938	196,174	174,938	152,063
Totals	\$999,133	\$901,174	\$837,438	\$814,563

Note: Debt Service data is presented for fiscal years beginning July 1st and ending June 30th, since debt issuance occurs with other Town issuances which are recorded on the fiscal year.

PAYMENTS TO THE GENERAL FUND

Town Fiscal Year Basis	FY16 Actual	FY17 Actual	FY18 Estimated	FY19 Budgeted
Financial & Administrative Services:				
Town Manager's Office	\$101,540	\$98,286	\$103,693	\$103,454
Town Accountant	53,275	55,286	56,600	57,638
Treasurer-Collector	56,507	57,414	58,863	58,446
Finance Administration	44,597	46,905	50,702	48,517
Human Resources	57,403	62,701	65,371	68,028
Town House Facilities	5,612	5,633	5,846	5,879
Subtotal	318,934	326,225	341,075	341,962
Natural Resource Protection:				
Planning	\$10,627	\$11,156	\$11,463	\$11,857
Natural Resources	\$20,556	\$21,360	\$21,740	\$22,423
Subtotal	\$31,183	\$32,516	\$33,203	\$34,280
Landscaping @ Substations:				
Parks & Trees	\$7,225	\$7,225	\$7,225	\$8,764
GIS Administrator:				
CPW Engineering	\$2,967	\$0	\$0	\$0
Adjustment (Fiscal to Calendar Year)	\$34,361	\$46,941	\$38,497	\$45,494
Total	\$394,670	\$412,907	\$420,000	\$430,500
Calendar Year for General Fund Services	2015	2016	2017	2018
Payment in Lieu of Taxes (PILOT)	\$472,400	\$465,500	\$474,000	\$461,000
Calendar Year of PILOT Payment	2015	2016	2017	2018

CMLP Debt Obligations



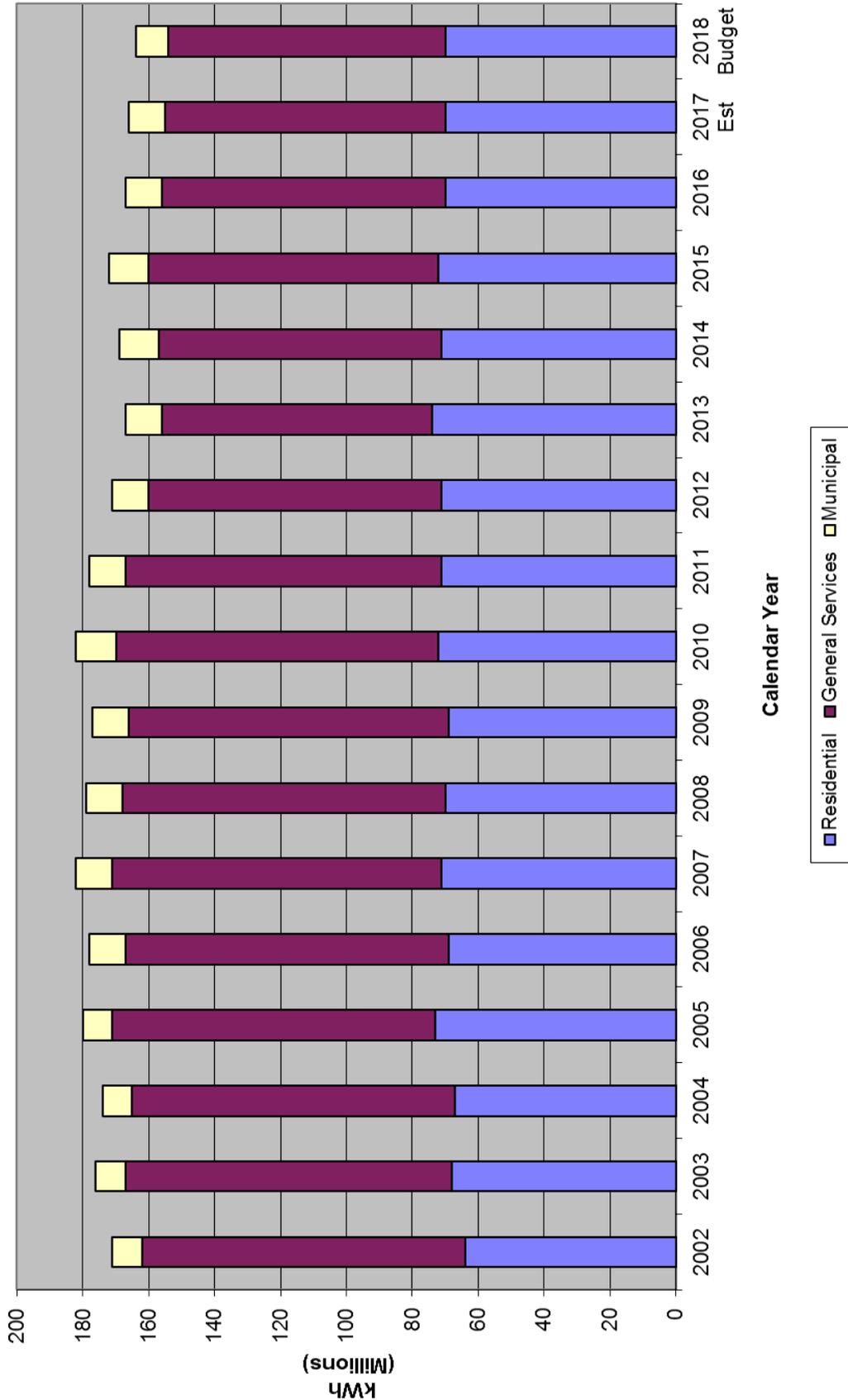
Fiscal Year	Principal	Interest	Total
FY16	767,500	224,938	992,438
FY17	705,000	196,174	901,174
FY18	662,500	174,938	837,438
FY19	662,500	152,063	814,563
FY20	650,000	129,375	779,375
FY21	650,000	106,875	756,875
FY22	550,000	84,375	634,375
FY23	500,000	65,625	565,625
FY24	500,000	50,625	550,625
FY25	500,000	35,125	535,125
FY26	500,000	21,625	521,625
FY27	300,000	7,500	307,500
Totals	\$6,947,500	\$1,249,238	\$9,195,871

Concord Municipal Light Plant
kWhs Sold, Revenues, Expenses, and Operating Income
(2002-2016 Actual, 2017 Estimated, and 2018 Budgeted)

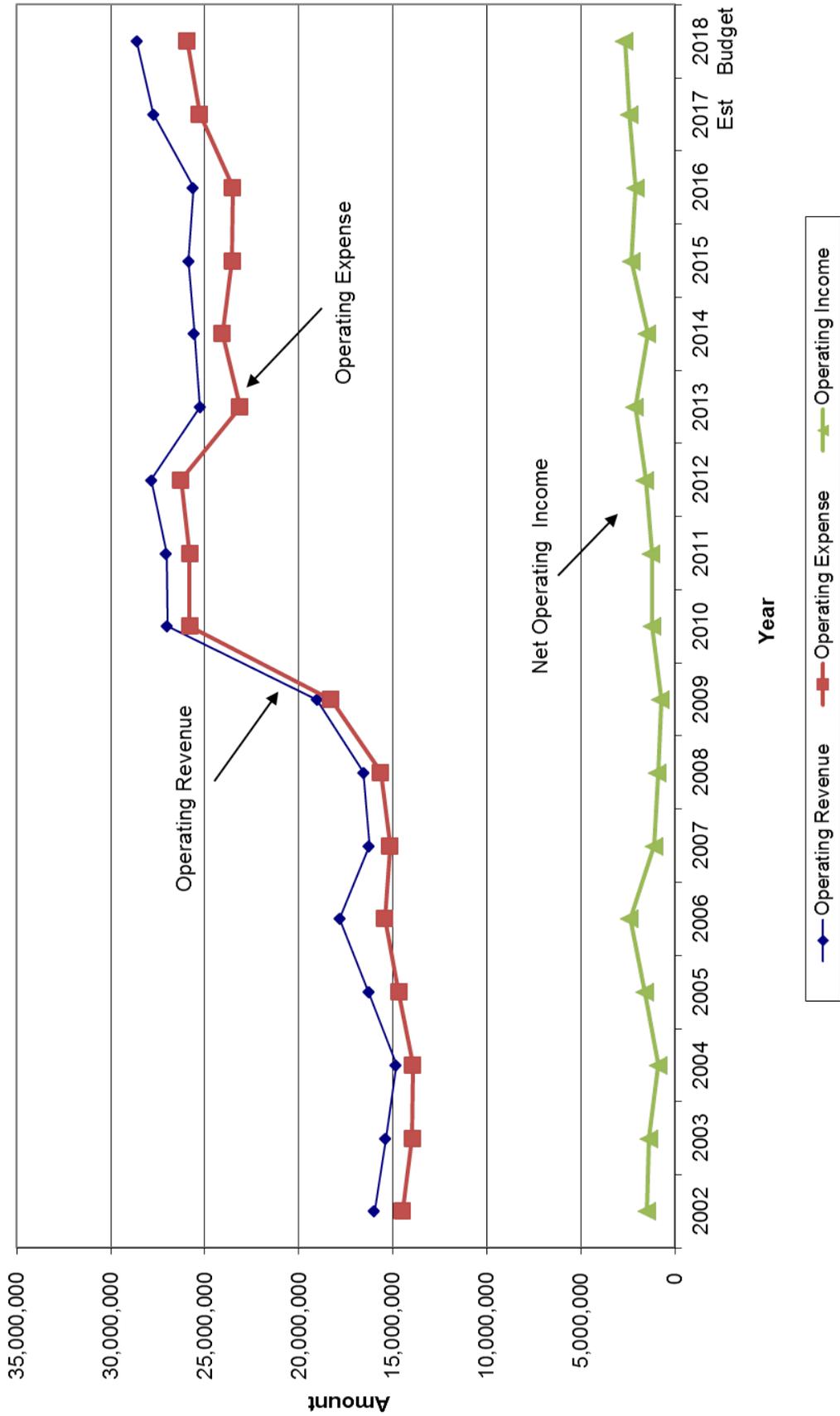
Calendar Year	kWhs Sold (Millions)				Operating Revenues	Operating Expenses	Operating Income
	Residential	Commercial	Municipal	Total			
2002	64	98	9	171	15,975,614	14,495,030	1,480,584
2003	68	99	9	176	15,366,040	13,976,203	1,389,837
2004	67	98	9	174	14,825,982	13,945,302	880,680
2005	73	98	9	180	16,298,994	14,690,064	1,608,930
2006	69	98	11	178	17,829,056	15,433,837	2,395,219
2007	71	100	11	182	16,248,165	15,155,781	1,092,384
2008	70	98	11	179	16,548,218	15,647,921	900,297
2009	69	97	11	177	19,036,385	18,302,574	733,811
2010	72	98	12	182	27,001,169	25,793,559	1,207,610
2011	71	96	11	178	27,040,652	25,793,559	1,247,093
2012	71	89	11	171	27,848,934	26,283,418	1,565,516
2013	74	82	11	167	25,253,854	23,142,707	2,111,147
2014	71	86	12	169	25,547,828	24,078,883	1,468,945
2015	72	88	12	172	25,859,632	23,537,661	2,321,971
2016	70	86	11	167	25,604,679	23,511,070	2,093,609
2017 Est	70	85	11	166	27,721,010	25,285,556	2,435,454
2018 Budget	70	84	10	164	28,601,606	25,942,802	2,658,802

Note: Dues to a reclassification, operating revenues for 2015 to 2018 have been slightly restated from previous budget book presentations.

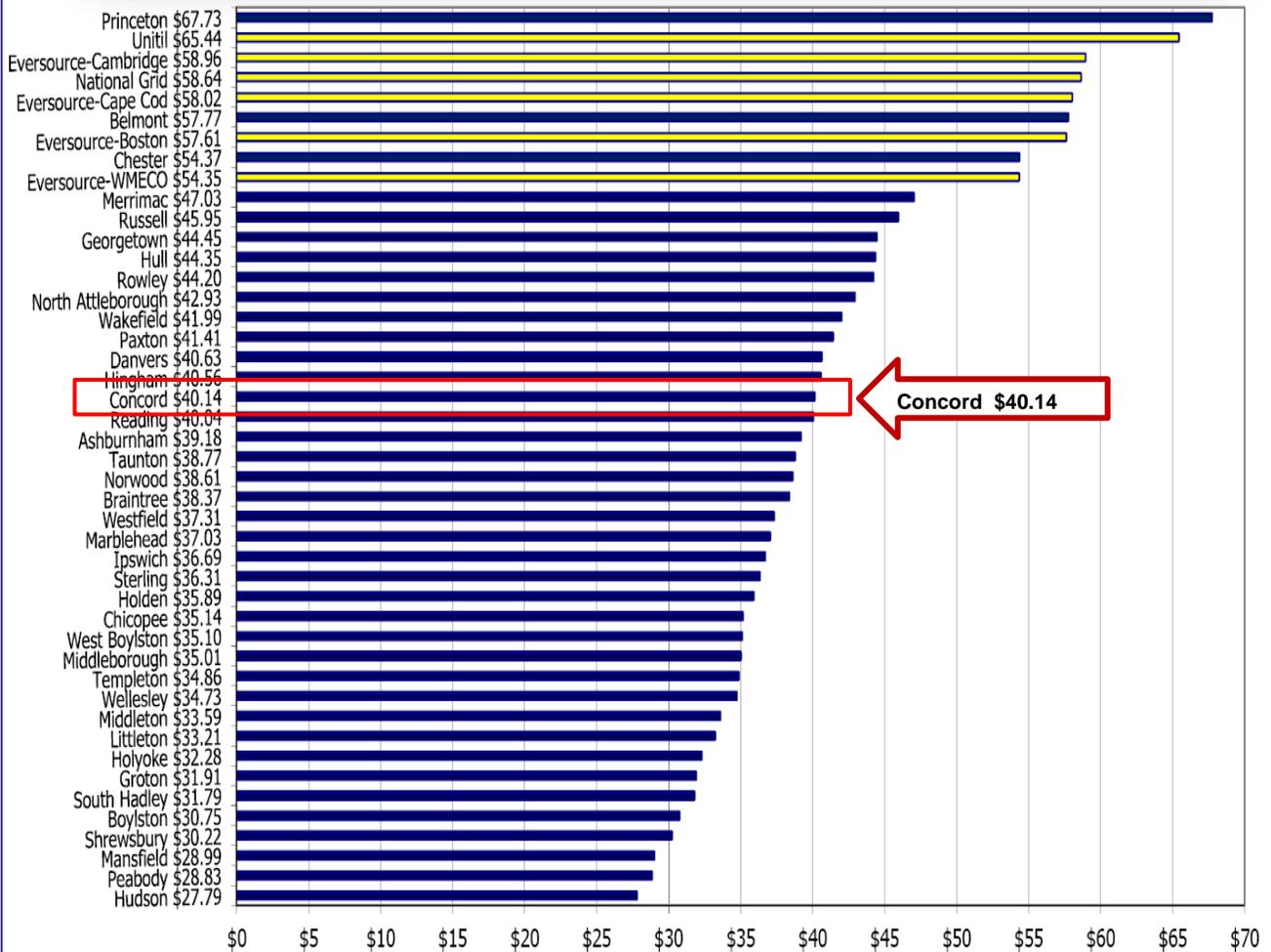
Concord Municipal Light Plant
Electricity Sales



Light Fund
Operating Revenue, Operating Expense, and Operating Income

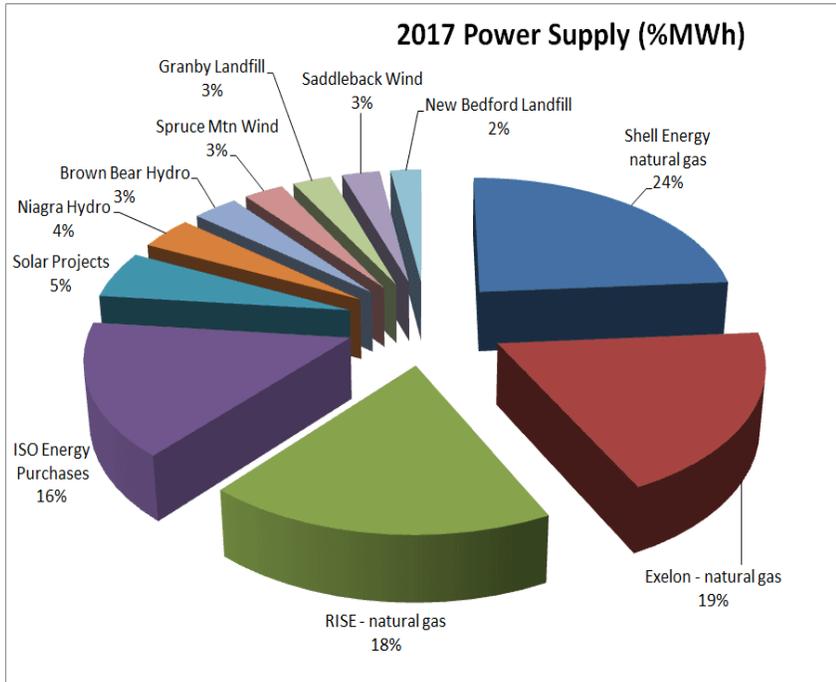


2017 Average Residential Monthly Cost of 250 kWh



Power Supply Portfolio

Since the Concord Municipal Light Plant does not generate electricity, CMLP must purchase power with individual suppliers outside of Concord through purchase power agreements which specifies the pricing per kilowatt hour that is used. One of CMLP's objectives in the area of power supply is to purchase as much energy from renewable sources as possible provided that economics are in line with conventional power supply options.



In 2017, the power supply portfolio is shown in the graph to the left. Seventy-seven percent (77%) of the electricity that the Town used was purchased from conventional sources, primarily suppliers of electricity generated from natural gas. The remaining twenty-three percent (23%) came from renewable sources: seven percent (7%) from hydro-electric, six percent (6%) from wind generation, five percent (5%) from solar panels, and five (5%) from landfill methane gas generation.

Mission Statement

The mission of the Concord Municipal Light Plant Telecommunications Division is to provide cost effective reliable telecommunications services which meets the current and future needs of our customers. CMLP currently provides High Speed Internet and dark fiber leasing.

Telecommunications Highlights

- In 2017 Concord Town Meeting authorized CMLP to borrow an additional \$1,000,000 to fund the capital expenses associated with continued expansion of commercial and residential Internet services.
- In March 2014, High Speed Internet service was made available to both commercial and residential customers of CMLP.
- Over 1000 High Speed Internet customers were connected by January 2018, An increase of over 300 since December 2016. The 2017 plan assumes growth to about 1300 customers by year end 2018
- In 2017 CMLP completed major technology upgrades which enables support for up to 3000 customers.

Telecommunications Contents

Overview	p. 17
Programs	p. 18
Business Results and Plan	P. 19
Revenues & Expenditures	p. 20
Debt Schedule	p. 21

NOTE: As a division of the Light Plant, Telecom operates on a calendar year basis.

Operating and Net Income Summary				
	2015 Actual	2016 Actual	2017 Estimated	2018 Budgeted
Operating Income	\$ 357,013	\$ 571,690	\$ 754,492	\$ 976,500
Operating Expense	\$ (449,061)	\$ (653,249)	\$ (639,566)	\$ (872,250)
Net Position	\$ (324,157)	\$ (414,749)	\$ (308,517)	\$ (210,767)

Description

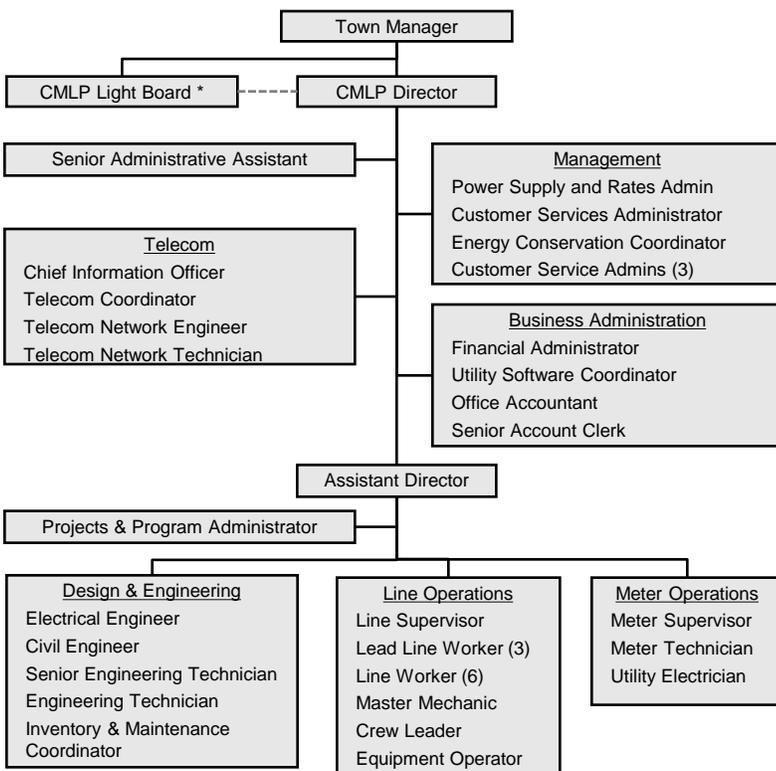
The CMLP Telecommunications Division provides telecommunication services to the electric utility, supports the Town's municipal operations and offers High Speed Internet service to Concord residents and businesses.

In 2016, the Telecommunications Division staff was managed by the CIO and included a a Telecommunications Coordinator, and three Telecomm Technicians. The CIO also manages the Town's Information Technology Department. In 2018, a Network Engineer has been added to the staff. The Engineer is under contract to provide support to Bedford as well as Concord.

This management structure benefits both the Town's municipal operations and CMLP's electrical operations with access to in-house networking resources.

Business Administration and Customer Service for the Telecommunications Division is shared with Electric operations. Engineering and Line Operations also performs some of the outside plant management.

24x7 first Level Broadband Support is provided through a contracted Help Desk. Other contracts provide the Division with installation, emergency restoration, and network performance monitoring. Billing and account management are integrated with Electric Utility billing.



Telecommunications Business Results

2017 was another year of strong, steady growth for the broadband business. Revenue from residential and business subscribers grew by 39% and the number of subscribers grew to over 1000. Average monthly revenue was up 34 percent. 2017 Revenue grew 38% overall and exceeded the budget forecast by 6% which was about \$42,000. Operating Expenses, remained level in 2017 and installations expenses, driven by new subscriptions, were also about the same as 2017, both were in line with the business model. Overall growth in subscribers continued to be steady. Demand for the service is still strong, in 2017 an average of 23 new subscribers were added each month vs. 26 per month in 2016. CMLP will continue to address demand in a controlled way, balancing initial installation cost to achieve growth that remains within the funding plan.

Revenue comes from the following activities:

- One-time installation fees of the fiber optic service to homes and business.
- Monthly fees for High Speed Internet Service
- Monthly fees for private data services.

Telecommunications Programs

The Light Plant, Town Government and the other Town enterprises need to have access to high quality telecommunications. Public Safety, Education and Administration are all increasingly dependent on data and data communications. The Light Plant's investment in fiber laid the foundation for a number projects which contribute to efficient and effective operations. The Telecommunication Division provides the necessary operational capability to utilize the fiber network. There are three main program areas.

Broadband Services (Details at: <http://www.concordma.gov/broadband>)

The 2013 Annual Town Meeting approved a borrowing authorization which enabled CMLP to finance the startup and initial capital costs of retail broadband telecommunication services. Telecommunications revenue is used to repay the expenses and the debt service. As the broadband operating revenue grows it helps to reduce the burden on the electric operations of maintaining the fiber network. The 2017 plan continues to repay the intra-fund loan recorded within the Light Plant's operations. An additional \$1 million in borrowing was authorized by the 2017 Town Meeting. This authorization enables continued growth in new service connections.

CMLP offers High Speed Internet to residential and business customers. CMLP also provides Internet and private data services for Town's operations. By providing a fiber optic based internet service, CMLP is filling a gap in the service available to the community while generating revenue to help pay for the fiber investment and the telecommunications staff. Customer interest and satisfaction are both high.

Smart Grid Infrastructure

CMLP's Smart Grid Infrastructure supports the distribution of electricity to customers. Advanced meters, load control, and customer engagement applications have been deployed. The Telecommunications Division deploys and maintains this network. The network contains over 800 devices capable of real time communications with our customers throughout the service area.

The fiber network is also being leveraged to support the Water and Sewer enterprises as well. Command and control of this important infrastructure is more reliable, comprehensive and secure as a result the use of fiber.

Municipal Operations Support:

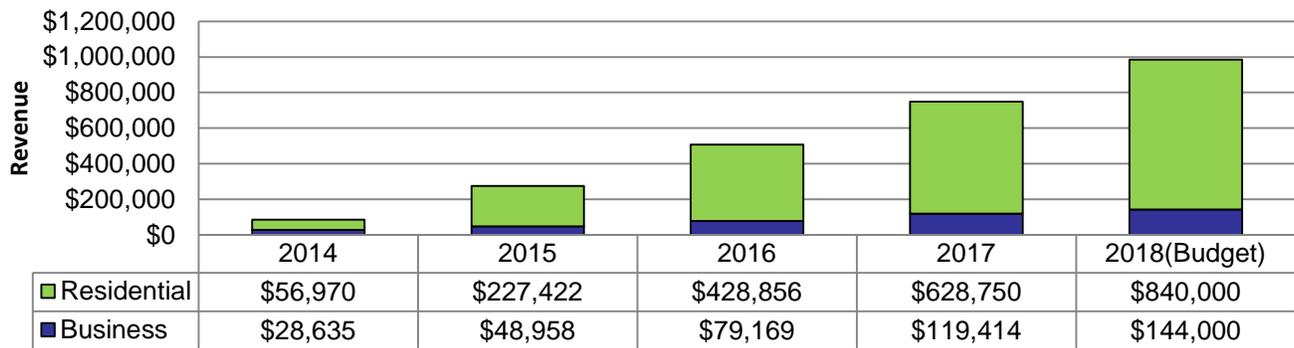
The telecommunications needs of Town Departments is constantly evolving. Separately, neither the Town or the Light Plant could realistically afford to have in-house resources to help meet the requirements. The resulting dependency on vendors and suppliers would be costly and responsiveness would also be reduced. The costs of for providing municipal support for the data and voice network are recovered by the Telecommunication Division through labor sharing agreements that benefit both the Town and the Light Plant. Management by the CIO enables effective coordination and given the close interrelationship between Information Technology and Telecommunications. In 2018 CMLP is extending this municipal cooperation to include the Town of Bedford.

2016 Broadband Service Growth Results

As of March 2018 the Broadband services had been available for four years. In that time subscriptions and monthly revenue have grown steadily. Residential growth has been the most consistent, slowing only during the winter when fiber optic installations are limited due to the weather. The 2017 CMLP survey indicated that 86% of customers are satisfied with Concord Light Broadband and 90% indicated that would recommend the service.

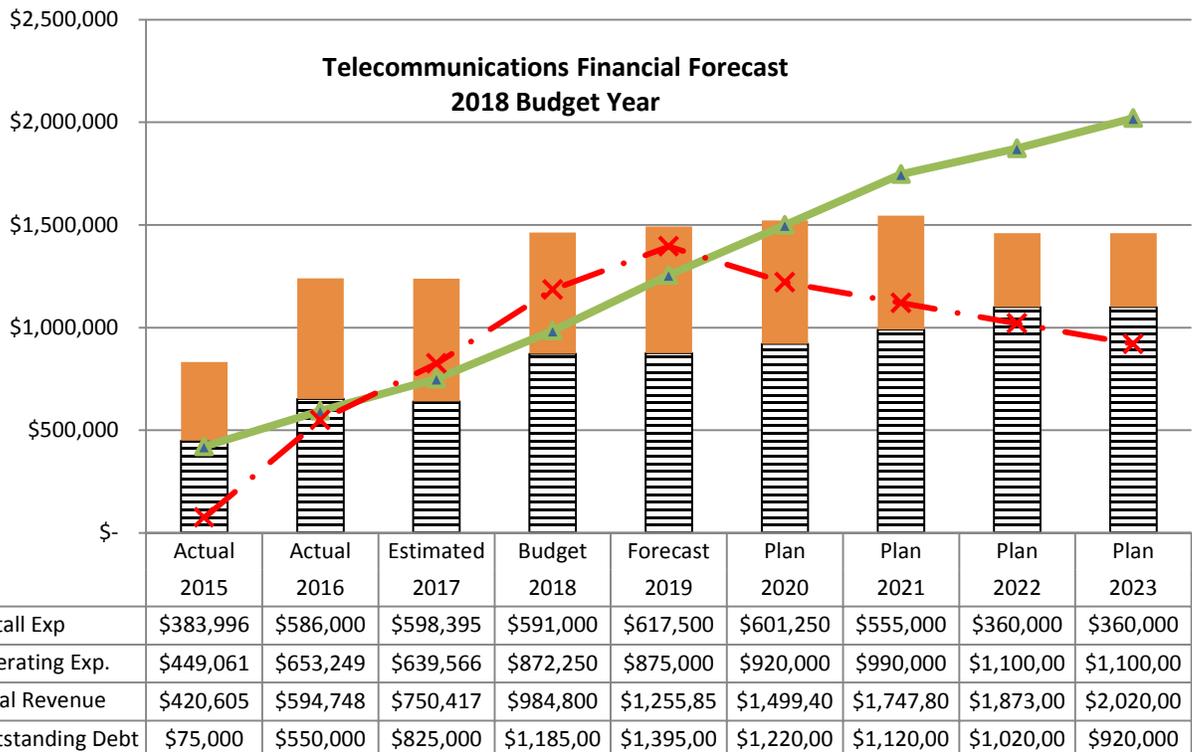
Concord Light Broadband

Annual Billing



Financial Planning

The chart provides a history and an overview of the five-year financial plan for the Broadband Service. Outstanding debt should peak in 2019. By 2020 annual operating revenue should exceed the total of annual operating and capital expenses.



FINANCIAL INFORMATION

	Calendar Year:			
	2015 Actual	2016 Actual	2017 Estimated	2018 Budgeted
Operating Revenue				
Residential & Commercial Fees	\$ 293,405	\$ 532,974	\$ 746,952	\$ 966,000
Municipal Fees	63,600	38,600	3,465	5,000
Other	8	116	4,075	5,500
Operating Revenue Total	\$ 357,013	\$ 571,690	\$ 754,492	\$ 976,500
Operating Expenditures				
Broadband Bandwidth	\$ 98,707	\$ 109,388	\$ 125,945	\$ 186,000
Operating	242,040	350,924	381,596	450,250
Depreciation	8,854	19,777	19,777	22,000
Customer Accounts	19,917	30,800	20,951	36,000
Distribution	79,543	142,360	91,297	178,000
Operating Expense Total	\$ 449,061	\$ 653,249	\$ 639,566	\$ 872,250
Operating Income (Loss)	\$ (92,048)	\$ (81,559)	\$ 114,926	\$ 104,250
Nonoperating Revenues (Expenses)				
Interest Income	\$ -	\$ -	\$ -	\$ -
Interest Expense	(4,371)	(15,507)	(12,769)	(12,000)
Other	1,481	6,474	4,075	5,500
Operating Expense Total	\$ (2,890)	\$ (9,033)	\$ (8,694)	\$ (6,500)
Net Income (Loss)	\$ (94,938)	\$ (90,592)	\$ 106,232	\$ 97,750
Net Position				
Net Position at Beginning of Year	\$ (229,219)	\$ (324,157)	\$ (414,749)	\$ (308,517)
Net Position at End of Year	\$ (324,157)	\$ (414,749)	\$ (308,517)	\$ (210,767)

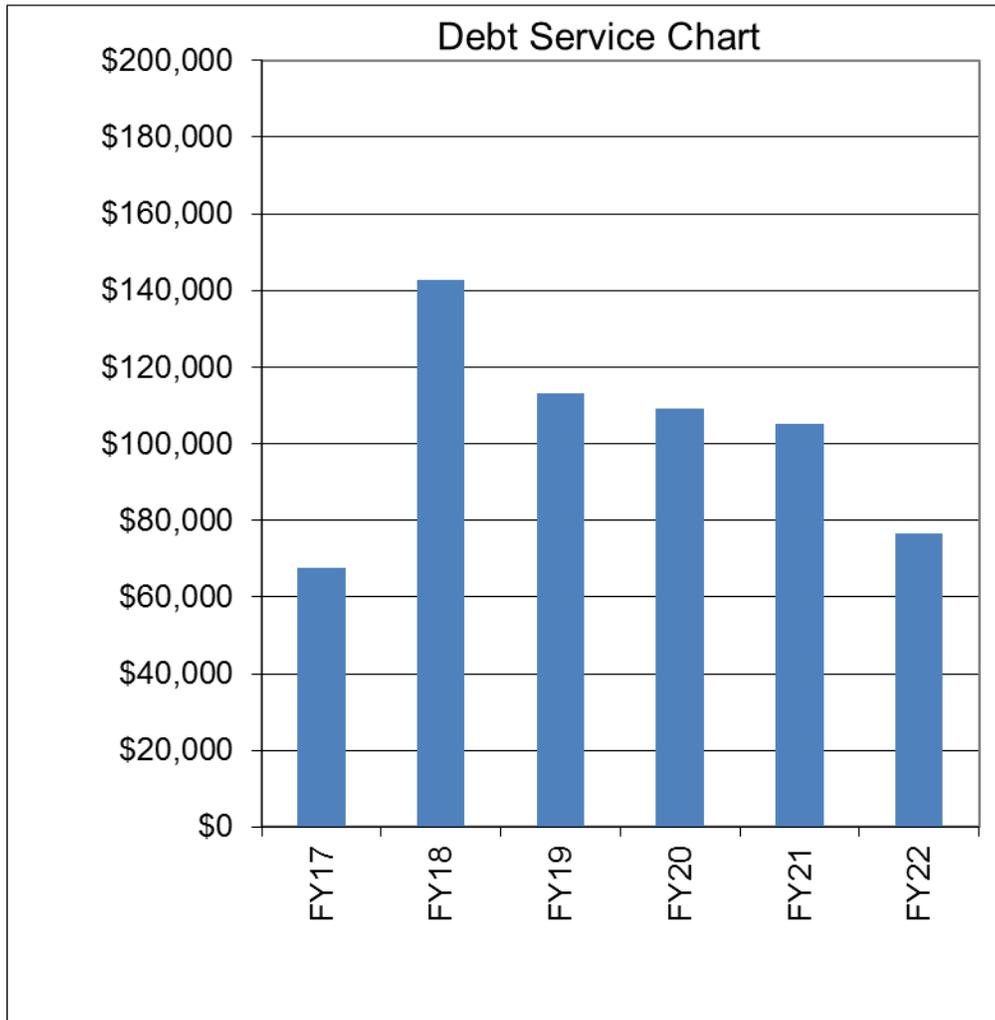
Source: 2015 & 2016 data are actual data from audited financial statements; 2017 data is estimated from the year ending on September 30, 2017; 2018 data is proposed.

AUTHORIZED POSITIONS

		FY18 Budget		FY19 Proposed	
		FTE	Amount	FTE	Amount
Telecommunications					
Chief Information Officer	MP-7	0.40	62,726	0.40	62,726
Telecom Coordinator	MP-4	1.00	90,928	1.00	91,051
Network Engineer	MP-4	1.00	90,000	1.00	90,000
Telecom Network Technician	MP-2	3.00	234,526	3.00	234,649
FTE Subtotal		5.40 FTEs	\$478,180	5.40 FTEs	\$478,426

TELECOM DEBT SERVICE

Fiscal Year	Principal	Interest	Total
FY17	50,000	17,444	67,444
FY18	125,000	17,750	142,750
FY19	100,000	13,000	113,000
FY20	100,000	9,000	109,000
FY21	100,000	5,000	105,000
FY22	75,000	1,500	76,500
Totals	\$550,000	\$63,694	\$613,694



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Section IV

Water Fund

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Water Fund

Mission Statement

The mission of the Water Division is to enhance Concord's quality of life, and through sound management, innovation, teamwork and vision, provide dependable, high quality, responsive water utility services, consistent with values and at reasonable costs to Concord's citizens, businesses, institutions and visitors.

Water Fund Contents

Overview	pp. 1-2
Water Rates	p. 3
Program Highlights	pp. 4-6
Revenues and Expenditures	pp. 7-12
Capital Spending	pp. 13-14
Water Proforma	p. 15
Water Rates and System Map	pp. 16-17

Water Fund Highlights

- The proposed FY19 base level (Step 1) water rate of \$0.0537 per cubic foot is a 4% increase over the FY18 rate of \$0.0516 per cubic foot. For the average residential customer, the annual increase in the water bill will be \$18.90.
- For FY19, \$1,760,000 is proposed to perform water main replacement along the Cambridge Turnpike, Sandy Pond Road and Independence/Alcott Road.
- A Lead Service Line Awareness and Replacement program has been established to provide impacted residents with a timely and cost effective mitigation plan.
- At the 2016 Town Meeting (Article 28), the Town authorized \$15.4 M for construction and construction services for the Nagog Treatment Plant and Intake. Construction has been delayed until FY20 due to ongoing permitting challenges.

Expenditure Summary

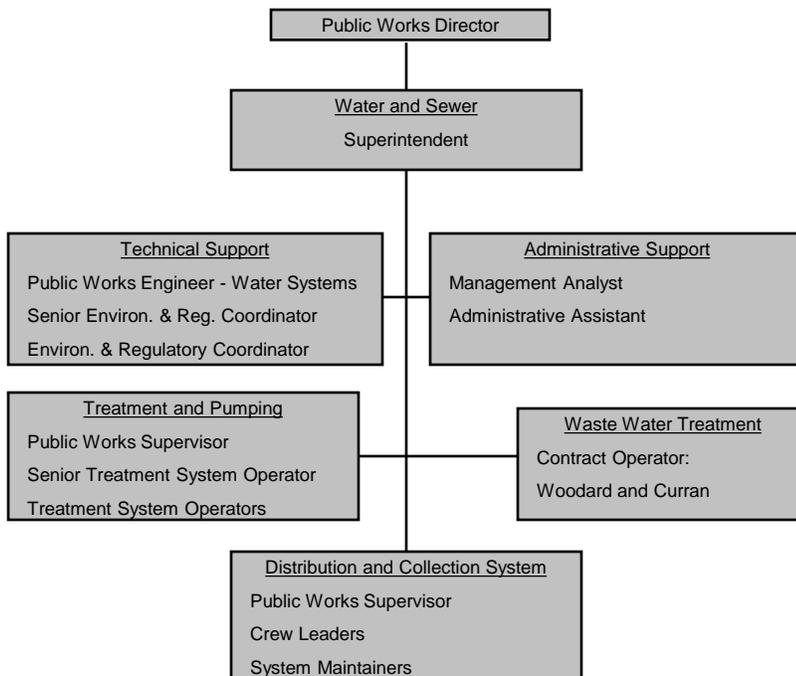
	FY16 Actual	FY17 Actual	FY18 Rev. Budget	FY19 Budget
Operating Income	\$ 2,486,391	\$ 1,442,137	\$ 1,136,263	\$ 946,778
Net Income	\$ 2,328,659	\$ 1,419,212	\$ 1,112,088	\$ 933,748
Fund Balance	\$ 8,399,192	\$ 8,798,161	\$ 8,384,070	\$ 6,152,257

Description:

Concord received legislative authority to establish a public water system in 1872. Today the system consists of ground-water and surface water sources, a total of seven pumping stations, two advanced treatment facilities, and a high pressure water main network consisting of over 134 miles of pipe. Two covered storage reservoirs, one located at Annursnac Hill and the other located at Pine Hill in Lincoln, provide total reserve capacity of 7.5 million gallons.

The 1974 Annual Town Meeting established the Water Fund. Expenses for the water system are covered entirely by user fees. The Water and Sewer Division of Concord Public Works is responsible for managing the day-to-day operations of the water infrastructure. As of FY17, the total value of infrastructure assets was approximately \$21.9 million.

There are presently 5,605 customers receiving potable water service and fire protection from the Town water system. This represents approximately 95% of Concord residents and businesses, along with a small number of Acton properties located on Route 2A.



The Concord Water System is designed to meet a variety of customer needs and interests, which include the provision of safe and reliable potable water, high volume flows for fire protection and integrated water resource protection. Drinking water quality and water withdrawal activities are strictly regulated by the Massachusetts Department of Environmental Protection (MassDEP) and the federal Environmental Protection Agency (EPA).



Alcott School Water Fountain Installation

Long Term Financial Stability

Along with its core mission to operate and maintain the Town’s water system in a reliable and efficient manner, the Water Enterprise must also be financially self-supporting. This means that the Water Division is expected to cover all costs associated with operations, capital maintenance and repairs by generating sufficient revenue through user fees and special service fees. The Water Division maintains a detailed 10-year financial proforma to facilitate long range planning for all revenues and anticipated investments.

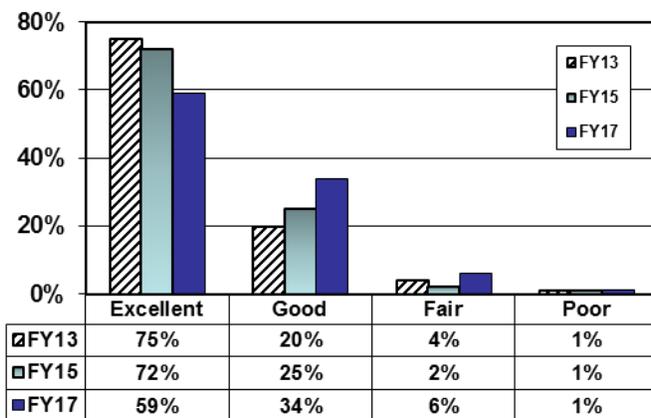
Since the Water Enterprise fund was formally established in 1974, there have been no property tax contributions requested to subsidize annual operations or maintenance of pre-existing infrastructure. Taxpayer contributions would only be sought for major system expansion projects or facility upgrades designed to meet broader community interests. No such projects are presently contemplated.

Town Residential Survey

In the fall of 2010 and 2012 the Town conducted telephone surveys of 375 randomly selected Concord residents as part of the Town Residential Survey. In the fall of 2014 (FY15), the survey was expanded and received 1,337 respondents. For the Water Division, two questions were asked. Below left are the results of the question, “How would you rate the overall quality of water service?” Of those who said they use the service, the vast majority (72%) thought that the quality is Excellent and another (25%) thought it is Good.

Below right are the results of the question, “What is your opinion of the price of water service?” In FY15, of those who said they use the service, 18% thought that the price is a Good Bargain and 71% thought that it is Reasonably Priced. From FY11 to FY15, we see a consistent opinion that water services are a good bargain.

Rating of Water Service



Opinion of Water Service Price



Water Rate Highlights

Water Rates

The total revenue projected to be raised through water user fees in FY19 is \$5,157,949, which represents 96% of total Water Fund revenues.

User fees are assessed according to actual measured (metered) use.

Rates are set each year by the Public Works Commission following a public hearing with the following goals:

1. To ensure that the Division has the resources to operate, maintain, and improve the system,
2. To encourage users to conserve water; and
3. To minimize rate changes so that water use can be a relatively predictable expense for customers.

The FY19 proposed Residential Service (step 1) water rate is \$0.0537 per cubic foot (1 cubic foot = 7.48 gallons)

- The FY19 rate of \$0.0537 represents a 4% increase over the FY18 rate of \$0.0516. Since FY 2008, water rates have increased at an average annual rate of 3.4% per year.

- In FY19, the average residential customer is expected to pay a total of \$483 in water use over the course of the year. The average residential customer is assumed to use 750 cubic feet per month. Customers who consume more than 1,200 cubic feet of water per month will pay a higher rate (a Conservation Step).

- Property owners who meet certain age and income criteria may qualify for a 50% discount on the step 1 residential rates.

Typical Annual Water User Fees Based on Actual Use



Rate comparisons are provided for general information only; differences exist in the management and financial structure of every system. Concord prides itself on operating as a full cost accounting enterprise where rates are designed to cover operations and maintenance (O & M), depreciation and long-term investment needs. Concord is one of only 7% of systems within Massachusetts which have adopted a seasonal ascending-block conservation rate structure. (From Tighe and Bond Survey, 2012).

Program Highlights

Concord Water functions in an increasingly complex and highly regulated environment. Its operations are regulated by federal, state and local government agencies. These laws and regulations directly inform daily operations, capital investments and budget plans required to maintain compliance with related directives.

On the federal level, the Division's operations are governed by the Safe Drinking Water Act (SDWA). Originally enacted in 1974, the SDWA allows the Environmental Protection Agency (EPA) to promulgate national primary drinking water regulations to regulate contaminants that may pose health risks and that are likely to be in the public water supply. Under the SDWA, EPA establishes a maximum contaminant level standard that regulates physical, chemical, biological and radiological substances in the drinking water supply.

The SDWA allows the EPA to delegate primary oversight and enforcement of these laws to the state, if the state meets certain requirements. The state of Massachusetts has been granted this "primacy". In addition to providing oversight and enforcement of drinking water quality issues, MassDEP also regulates water withdrawals and demand management programs in accordance with statutes detailed within the State's Water Management Act program.

The programs and initiatives described below are provided to highlight some of the more noteworthy and potentially significant programs that influence the short-term and long-term financial well-being of the Water Fund.

Regulatory Update

Water Management Act (WMA) Permit Renewal Update: The Massachusetts Department of Environmental Protection (MassDEP) affirmed that Concord's 20 year WMA permit and registration rights, originally scheduled to be renewed prior to June 30, 2017, have been administratively deferred until December 31, 2021, in accordance with that State imposed Permit Extension Act. In a related matter, MassDEP recently re-affirmed their position that they are not prepared to impose water conservation and use restriction "conditions" on registered systems in response to a petition to do so received from the Massachusetts Rivers Alliance.

Water Testing: All routine and non-routine water quality testing activities are performed in accordance with MassDEP regulations. Testing continues to demonstrate that the drinking water provided to customers satisfies State and Federal requirements for public water systems. A summary of the water quality test results is available on the Town website.

Lead and Copper Testing: In accordance with the federal Lead and Copper Rule (commonly referred to as the LCR), Concord performed lead and copper testing at 30 designated sample sites located throughout the water distribution system. Two (2) schools were also included in this sampling effort. Findings confirmed that source water quality treatment efforts continue to reduce risks of lead and copper leaching from private service lines and plumbing fixtures. The actual compliance limit based upon the 90th percentile value (concentration) for lead and copper were calculated as 0.0033 ppm and 0.278 ppm – well below the action levels of 0.015 ppm and 1.3 ppm, respectively, established by EPA.

2016 Water Fluoridation Quality Award: Concord Water once again received recognition from the Centers for Disease Control and Prevention (CDC) and the American Dental Association (ASTDD) for maintaining effective dosing and documentation of ongoing drinking water fluoridation efforts.

Cross-Connection Control Program: Water Safety Services (Woburn, MA) continued to perform routine inspection and testing of all cross-connection control devices installed within industrial and commercial facilities requiring "process" water that is connected directly to the municipal water system. These efforts protect all customers from potential contamination risks associated with a backflow of water that has been tainted by industrial/commercial processes, rendering the water undrinkable.

Program Highlights (continued)**Nagog Pond: Filtration Plant Update**

In early 2017, the Acton Board of Selectmen issued Concord a Use Special Permit and Site Plan Special Permit for a proposed drinking water filtration facility to be constructed at Nagog Pond. The final permit included conditions that were determined to be detrimental to Concord's short and long-term interests. Concord appealed this decision to the Commonwealth of Massachusetts Land Court. Despite having been placed on a "fast" track review schedule and despite engaging in exhaustive negotiations and settlements with Acton, Concord's concerns and interests remain unresolved. This unanticipated and complex permitting process has significantly and adversely impacted Concord's design and construction schedule.

Watershed Protection Plan Update:

In 1991, a Nagog Pond Watershed Resource Protection Plan (WRPP) was developed as a companion document to a drinking water filtration waiver issued by the EPA. The plan identified all existing land uses within the watershed with associated contamination threats that could impact the quality of this unfiltered water supply. As a condition of this long-standing waiver, and to ensure land-use changes within the watershed are both characterized and mitigated effectively, the plan is required to be updated every three years. In accordance with this obligation, the Division submitted an update to this plan that was developed in accordance with MassDEP's guidance.

Demand Management

Concord's Water Management Act registration and permit provides a cap on "authorized" water withdrawals from all supplies of up to 2.51 million gallons per day (MGD) on average or 916 million gallons per year. This allowance must meet all residential, commercial, institutional and municipal needs. Conservation limits are also called out in this permit and include 65 gallons per day per capita (RGPDC) for residences and a 10% allowance for system losses (primarily attributed to leaks). In 2017, the total water production required to meet our system demands was 1.80 million gallons per day or 673 million gallons per year. A peak day demand of 3.04 million gallons was recorded on July 21, 2017. The RGPDC and total system losses (or "unaccounted" for water use) was calculated to be 65 gal/day and 9%, respectively.

Water Station Improvements

Division crews continued to perform routine operation and maintenance of the seven water production facilities and related treatment systems which make up our total water supply. In addition to these routine inspection and service activities, capital upgrades are also planned and performed on the millions of dollars of assets including associated mechanical, electrical, plumbing and instrumentation and control systems housed within these facilities. Notable improvements performed within the past year include: the rehabilitation of a groundwater well located at the Deaconess well site (performed by Denis L. Maher Company of Ayer, MA), the installation of a modified "temporary" ozone generation system at the existing ozone facility at Nagog Pond (furnished by Pinnacle Ozone Solutions of Cocoa, FL), the re-alignment of the high lift booster pump located inside the Route 2A pump station (Hayes Pump of Concord, MA), and external building improvements performed at the Hugh Cargill pumping station including painting/replacement of deteriorating trim, cupola and doors.

Public Water Fountains:

Division staff collaborated with Concord on Tap to increase the availability of public drinking water fountains throughout Town. Concord on Tap obtained funding for these new fountains via the Town's Community Preservation Act program and Division personnel procured and installed these units at the following sites: the Ripley School, Thoreau School, Sanborn School, Alcott School, Peabody School, and South Meadow Field.

Program Highlights (continued)

Mains (New/Replacement):

A key factor in developing the annual Water Enterprise Fund budget is identifying funds required to make necessary investments in our water main infrastructure to maintain a safe and reliable supply of water to our customers. One of the most meaningful measures of success relates to the frequency of interruptions of service resulting from water main breaks. Main breaks occur for a number of reasons, including age of pipe, pressure surges, and cold weather. The Water Research Foundation (WRF) reports that the average number of main breaks in North America is 25 breaks per 100 miles of main per year. The Partnership for Safe Water (PfSW), a group supported by US EPA and the American Water Works Association, recommends a goal of less than 15 main breaks per 100 miles of main per year. As identified previously, Concord's distribution system consists of over 134 miles of water main. Over the past decade, the Water Division typically responds to approximately 5-10 breaks per year. In 2017, crews responded to only two breaks, one occurred on Bedford Street and the other on Arrow Head Road. This past year, notable work included:



Lead Service Line Replacement

- **Whit's End Road** - Fenton and Son (Acton, MA), sub-contractor to Lazaro Paving Corp (responsible for 2018 Roads Program), performed water main replacement activities along Whit's End. Their scope of work included the replacement of approximately 800 LF of 8-inch transite main with new 8-inch cement-lined ductile iron (CLDI) water main, the replacement of 7 active service connections (within the right-of-way up to the private property line) and the replacement of 2 hydrants.
- **Sweet Birch (PRD) – Water Main Extension:** Patriot Excavating (Acton, MA) installed a new 8-inch CLDI water main approximately 1,073 feet into a new 12-lot residential development. Their plan of work involved the installation of new water service laterals, one new hydrant, and two in-line gate valves to connect to an existing 12-inch water main located in Forest Ridge Road.
- **Bruce Freeman Rail Trail** - D.W. White (Acushnet, MA), serving as a subcontractor to the Massachusetts Department of Transportation performed the relay of approximately 180 LF of 12-inch CLDI main along Powder Mill Road in conjunction with overpass/tunnel work associated with the new Bruce Freeman Rail Trail project.

Lead Service Line Awareness and Replacement Program:

As the challenge of lead service line identification and replacement issues continue to be debated across the country, Concord has moved forward on an innovative and customer-friendly lead service line notification and pilot replacement program. This program not only informs but provides targeted support services to customers with known or suspected lead water service lines. While less than 5% of all private water service lines within Concord's system are suspected of being made of lead, the Division is reviewing all records to confirm this. Based on the number of services involved, it is expected that the outreach and replacement program may take several years to complete, depending on receptiveness of our customers. In addition to targeted notification, customers with known or suspected lead service lines are eligible to receive water quality confirmation testing, guidance materials detailing potential health risks and service management recommendations, and a special lead service line replacement assistance program. The replacement program has been tailored to allow for replacement of these private service lines at a very competitive rate (well below market rate).

Program Implementation

The proposed FY19 budget projects operating income of \$946,778 and a net income of \$933,748.

Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Water Division's approximately \$18 million worth of depreciable infrastructure (net value as of the end of FY17). The budgeted FY19 depreciation expense, totaling \$1,166,699, represents a depreciation of roughly 7% of these capital assets.

Personnel Services are budgeted to total \$1,357,711 in FY19, a 1.6% increase from the revised FY18 total of \$1,336,322. There is no change in staffing or overtime hours.

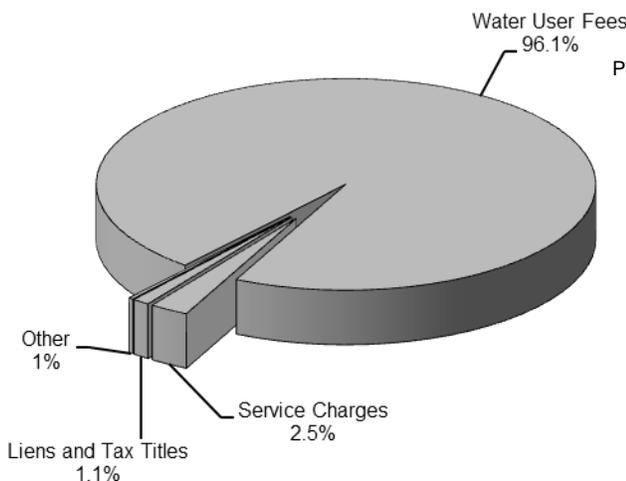
The next largest expense categories are for electricity (\$302,940) and chemicals (\$164,186); these consumables vary widely from year-to-year based on the demand for water. Budgets for these accounts are based on anticipating a relatively strong demand for water. This demand is directly affected by weather trends as well as the water conservation behavior of customers.

The FY19 Budget also includes \$62,181 for water quality testing at 7 pumping stations, 2 reservoirs and throughout the distribution system.

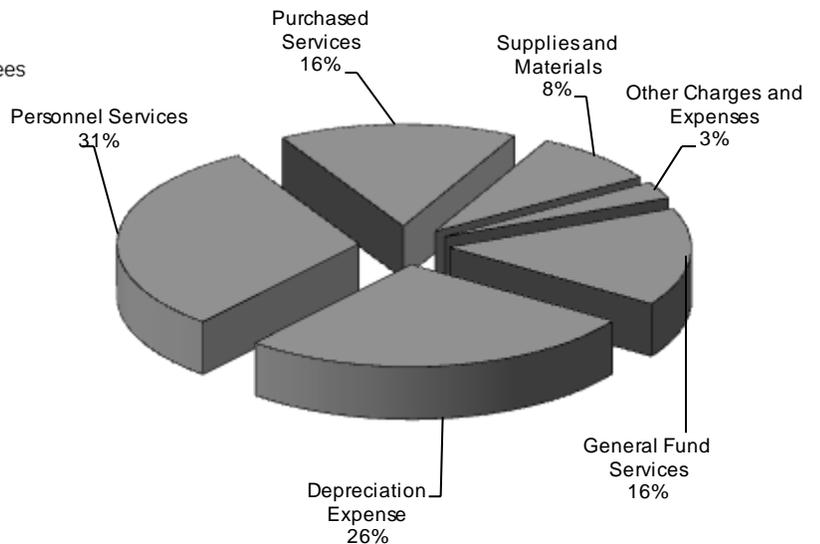
In addition, the FY19 budget includes \$56,200 for inspection services, including leak detection covering half of the entire system (the entire system is checked every two years) and testing of backflow prevention devices at commercial facilities. The budget also includes \$40,111 for electrical, instrumentation and other maintenance and support services at the pumping stations and reservoirs.

During the development of the FY19 budget, the Division reviewed long-standing cost sharing allocation assumptions between water and sewer operating expenses assigned to each enterprise. The results indicate the historical split of 80% water and 20% sewer no longer accurately reflected where resources were spent. Following this review, the split of labor, and shared goods and services has been adjusted from 80% water and 20% sewer to 75% and 25%, respectively. The sewer budget is readily able to absorb this cost shift. The additional time spent on the sewer system reflects expanded preventative maintenance, and the upkeep of pumping stations added since the last cost allocation review. The shift makes cost increases in the operations and maintenance portions of the sewer budget a little larger than usual with a corresponding lowering of the usual cost increases anticipated within the water portion of the budget.

FY19 Operating Revenues
 Totaling \$5,366,785



FY19 Operating Expenditures
 Totaling \$4,420,007



OPERATING REVENUES

	FY16 Actual	FY17 Actual	Rev. FY18 Budget	FY19 Budget
Water User Fees	\$ 5,541,962	\$ 4,848,197	\$ 4,977,949	\$ 5,157,949
Service Charges	380,585	261,759	225,000	135,000
Liens and Tax Titles	44,716	58,051	58,051	58,051
Other	19,428	15,785	15,785	15,785
Operating Revenues Total	\$ 5,986,690	\$ 5,183,792	\$ 5,276,785	\$ 5,366,785

OPERATING EXPENSES

	FY16 Actual	FY17 Actual	Rev. FY18 Budget	FY19 Budget
<u>Personnel Services</u>				
Personnel Expenses	\$ 1,056,618	\$ 1,220,377	\$ 1,336,322	\$ 1,357,711
Audit Adjustment	-	23,496	-	-
Subtotal	\$ 1,056,618	\$ 1,243,873	\$ 1,336,322	\$ 1,357,711
<u>Non-Personnel Services</u>				
Purchased Services	521,301	554,475	649,134	709,056
Supplies & Materials	361,513	330,059	385,561	375,995
Other Charges & Expenses	62,819	69,311	115,785	121,103
Audit Adjustment		(24,355)	-	-
Subtotal	\$ 945,634	\$ 929,491	\$ 1,150,480	\$ 1,206,154
<u>Other</u>				
General Fund Services	613,901	638,482	654,229	689,443
Depreciation Expense	884,146	929,809	999,491	1,166,699
Subtotal	\$ 1,498,047	\$ 1,568,291	\$ 1,653,720	\$ 1,856,142
Total Operating Expense	\$ 3,500,299	\$ 3,741,655	\$ 4,140,522	\$ 4,420,007

RETIREMENT AND OPEB ASSESSMENT

For Informational Purposes Only

	FY16 Actual	FY17 Actual	Rev. FY18 Budget	FY19 Budget
<u>Personnel Services</u>				
Retirement Assessment	\$ 72,280	\$ 86,179	\$ 82,117	\$ 98,164
OPEB Assessment	19,981	21,264	25,000	25,000
Total Assessment	\$ 92,261	\$ 107,443	\$ 107,117	\$ 123,164

AUTHORIZED POSITIONS

Regular Staff	FY18 Revised Budget		FY19 Initial Budget	
	\$ Amount	Position/Hours	\$ Amount	Position/Hours
Water and Sewer Superintendent	\$ 95,038	0.80 FTEs	\$ 86,286	0.75 FTEs
Public Works Engineer	16,730	0.20	20,912	0.25
Assistant to Superintendent	48,902	0.80	-	0.00
Management Analyst	34,990	0.80	59,156	8.00
Sr. Environ. & Regulatory. Coord.	71,300	0.80	66,844	0.75
Environ. & Regulatory. Coord.	47,124	0.80	44,179	0.75
Administrative Assistant	53,914	0.80	51,781	0.75
Public Works Supervisor	145,824	1.60	138,341	1.50
Crew Leader	119,814	1.60	112,626	1.50
Senior Treatment Systems Operator	61,632	0.80	58,983	0.75
Treatment System Operator	105,915	1.60	101,360	1.50
System Maintainer	210,804	4.00	202,279	3.75
Standby Pay (5111)	15,546	N/A	16,122	N/A
Charges to Snow Account	(4,328)	N/A	(4,328)	N/A
Charges to Capital Projects	(20,937)	N/A	(20,937)	N/A
Merit Increase	N/A	N/A	12,346	N/A
Structure Increase	N/A	N/A	13,543	N/A
Subtotal	\$ 1,002,268	14.60 FTEs	\$ 959,493	20.25 FTEs
Part-Time Staff				
Watershed Patrol	\$ 5,060	460 hrs.	\$ 5,060	460 hrs.
Environmental Technology Intern	7,700	700 hrs.	7,700	700 hrs.
GIS Project Specialist	-	0 hrs.	-	0 hrs.
Subtotal	\$ 12,760	0.56 FTEs	\$ 12,760	0.56 FTEs
Employee Benefits				
Health Insurance	\$ 70,000	N/A	\$ 107,553	N/A
Life Insurance	-	N/A	-	N/A
Dental Insurance	-	N/A	-	N/A
Retirement Contribution	82,117	N/A	98,164	N/A
OPEB Contribution	25,000	N/A	25,000	N/A
Subtotal	\$ 177,117	N/A	\$ 230,717	N/A
Payroll Taxes				
Medicare Tax	\$ 12,000	N/A	\$ 12,625	N/A
Social Security Contribution	1,250	N/A	1,300	N/A
Subtotal	\$ 13,250	N/A	\$ 13,925	N/A
Other Personnel Costs				
Overtime (5130)	\$ 102,398	1900 hrs.	\$ 109,471	1900 hrs.
Overtime Adjustments (5130)	2,048	N/A	2,189	N/A
Police Overtime (5131)	7,400	185 hrs.	7,400	185 hrs.
Mobile Phone Allowance	3,840	N/A	3,840	N/A
IT Salary (5111)	15,242	N/A	17,915	N/A
Subtotal	\$ 130,928	N/A	\$ 140,815	N/A
Total Personnel Costs	\$ 1,336,323	15.16 FTEs	\$ 1,357,710	20.81 FTEs

NET INCOME

	FY16 Actual	FY17 Actual	Rev. FY18 Budget	FY19 Budget
Statement of Net Income:				
Operating Revenues	\$ 5,986,690	\$ 5,183,792	\$ 5,276,785	\$ 5,366,785
Less Operating Expenses	(3,500,299)	(3,741,655)	(4,140,522)	(4,420,007)
Operating Income	\$ 2,486,391	\$ 1,442,137	\$ 1,136,263	\$ 946,778
Nonoperating Revenues (Expenses)				
Add Investment Income	\$ 31,175	\$ 64,309	\$ 81,721	\$ 84,401
Add Other Revenue/Expense				
Less Interest Expense	(188,907)	(87,234)	(105,871)	(94,623)
Less Issuance Expense	-	-	(25)	(2,808)
Nonoperating Income	\$ (157,732)	\$ (22,925)	\$ (24,175)	\$ (13,030)
Net Income	\$ 2,328,659	\$ 1,419,212	\$ 1,112,088	\$ 933,748

AVAILABLE RESOURCES

Resources Available from Current Operations for Replacement & Renewal of Facility:				
	FY16 Actual	FY17 Actual	Rev. FY18 Budget	FY19 Budget
Capital Purposes				
Add Depreciation Expense	\$ 884,146	\$ 929,809	\$ 999,491	\$ 1,166,699
Add Net Income	2,328,659	1,419,212	1,112,088	933,748
Add Debt Financing	-	753,000	25,000	2,808,000
Less Bonds Payable	(631,800)	(456,442)	(565,000)	(485,000)
Net Available for Capital	\$ 2,581,005	\$ 2,645,579	\$ 1,571,579	\$ 4,423,447

CASH POSITION AND FUND BALANCE FORECAST

Cash at Year Opening	FY18		FY19	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Cash on July 1st	\$ 8,405,994		\$ 7,991,903	
Add Receivables	1,028,545		1,028,545	
Add Inventory & Other Assets	157,800		157,800	
Less Cash held for Liabilities	(962,879)		(962,879)	
Deferred Outflows (Inflows)	168,701		168,701	
Fund Balance on July 1st	\$ 8,798,161		\$ 8,384,070	
Fund Balance Details (projected)	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Fund Balance on July 1st	\$ 7,124,926	\$ 1,673,235	\$ 7,672,014	\$ 712,056
Net Income	1,112,088		933,748	
Bond Principal Repayment	(565,000)		(485,000)	
BAN and Bond Proceeds	25,000		2,808,000	
Capital Borrowing	(25,000)		(2,808,000)	
Capital Outlay (non-borrowing)		(1,960,670)		(3,847,260)
Add Depreciation Expense		999,491		1,166,699
Balance Projected at June 30th	7,672,014	712,056	8,120,762	(1,968,505)
Fund Balance on June 30th	\$ 8,384,070		\$ 6,152,257	
Cash at Year End (projected)				
Fund Balance on June 30th	\$ 8,384,070		\$ 6,152,257	
Less Receivables	(1,028,545)		(1,028,545)	
Less Inventory & Other Assets	(157,800)		(157,800)	
Add Cash Held for Liabilities	962,879		962,879	
Add Cash Held for Deferred Inflows	(168,701)		(168,701)	
Projected Cash at June 30th	\$ 7,991,903		\$ 5,760,091	

DEBT SERVICE

	FY16	FY17	Rev. FY18	FY19
	Actual	Actual	Budget	Budget
Long-Term Debt Repayment				
Principal	\$ 631,800	\$ 441,200	\$ 565,000	\$ 485,000
Interest	188,907	94,730	105,871	94,435
Debt Issuance Expense	-	-	-	25
Total	\$ 820,707	\$ 535,930	\$ 670,871	\$ 579,460

PAYMENTS TO THE GENERAL FUND

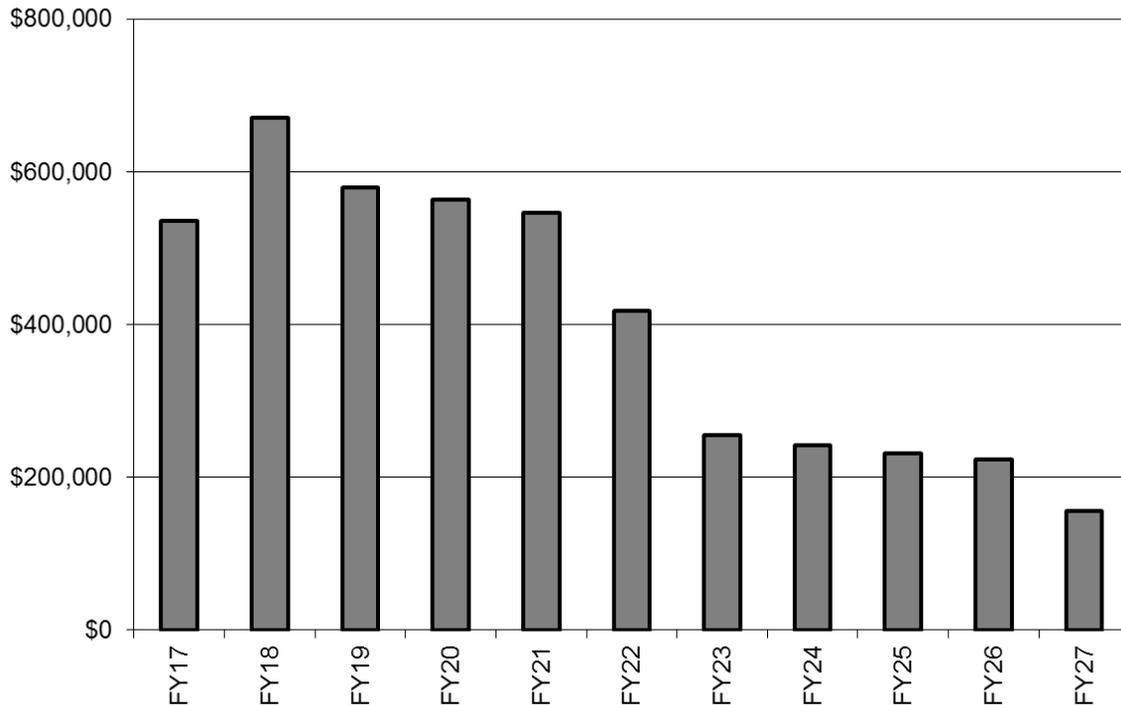
	FY16	FY17	Rev. FY18	FY19
	Actual	Actual	Budget	Budget
<u>Management & Engineering</u>				
Highway Maintenance	\$ 19,110	\$ 19,618	\$ 19,634	\$ 19,634
133/135 Keyes Road	49,782	50,440	51,410	52,601
Public Works Engineering	87,820	89,128	90,796	89,493
Public Works Administration	88,002	92,930	95,427	95,737
Subtotal	\$ 244,714	\$ 252,116	\$ 257,267	\$ 257,465
<u>Finance & Administrative</u>				
Town Manager	\$ 58,973	\$ 62,218	\$ 63,591	\$ 63,957
Human Resources	19,190	19,998	21,847	22,561
Town Accountant				
Accounting Services	50,980	53,625	56,711	60,105
Audit Services	6,000	6,000	6,000	6,000
Treasurer-Collector	53,051	54,789	55,915	53,887
Finance Administration	75,048	81,121	78,154	89,943
Town House Facility	6,759	7,016	7,514	7,506
Subtotal	\$ 270,001	\$ 284,767	\$ 289,732	\$ 303,959
<u>Natural Resources</u>				
Planning Administration	\$ 44,611	\$ 45,840	\$ 48,088	\$ 47,658
Natural Resource Protection	26,047	26,508	28,365	27,070
Health Department Services	28,528	29,251	30,777	31,299
Subtotal	\$ 99,186	\$ 101,599	\$ 107,230	\$ 106,027
Salary Reserve	-	-	-	21,992
Audit Adjustments	-	-	-	-
Totals	\$ 613,901	\$ 638,482	\$ 654,229	\$ 689,443

DEBT SERVICE SCHEDULE

(Issued through June 30, 2017)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY17	441,200	94,730	535,930
FY18	565,000	105,871	670,871
FY19	485,000	94,435	579,435
FY20	485,000	78,735	563,735
FY21	485,000	61,535	546,535
FY22	373,000	44,335	417,335
FY23	225,000	30,015	255,015
FY24	220,000	21,715	241,715
FY25	217,000	14,995	231,995
FY26	215,000	8,300	223,300
<u>FY27</u>	<u>155,000</u>	<u>1,550</u>	<u>156,550</u>
Totals	\$ 4,498,000	\$ 745,123	\$ 5,243,123

DEBT SERVICE CHART



TREATMENT

Nagog Treatment Plant: \$400,000 – Project to construct a facility that would comply with EPA's surface water treatment rule has been deferred to FY19 based upon permitting challenges. Outlay planned for FY19 includes a rental of a temporary ozone generation units as well as completion of design and permitting of full-scale surface water treatment facility. Construction presently planned to span FY2020 and FY2021 at an estimated cost of \$13,500,000, including \$12,400,000 for construction and \$1,100,000 for engineering and construction administration and supervision.

Nagog Intake: \$1,850,000- Replacement of a 16-inch diameter cast iron intake structure which extends into Nagog Pond. The existing intake dates from 1909 and is approximately 1,800 feet long.

DISTRIBUTION SYSTEM

Mains (New/Replacement): \$1,760,000 - Annual capital outlay for improvements and extension to distribution system including water services within the right-of-way. The water distribution system consists of over 134 miles of water main ranging from 6 to 16 inches in diameter. The replacement/rehabilitation program has been developed with consideration of age, material and condition of mains. The plan of work for FY19 includes the replacement of over 5,000 feet of water main along Cambridge Turnpike, 1,000 feet along Sandy Pond Road, and 5,000 feet within the Independence and Alcott Road neighborhood. These projects are being coordinated with Town roadway and drainage improvement initiatives.

Water Meter Replacement Program: \$151,000 - Water Fund portion of costs associated with system-wide meter maintenance and replacement efforts. Efforts will include advancement of smart water-meter technology to allow for increased customer awareness of individual water consumption patterns and water-saving opportunities.

Hydrants: \$39,000 - The Water Division conducts annual hydrant inspection and replacement activities to insure that all hydrants operate properly. Budget includes costs to replace approximately 15 of the 1,300 hydrants in the distribution system.

PUMPING STATIONS AND RESERVOIRS

Reservoirs: \$1,315,000 – Rehabilitation of Annursnac Hill Reservoir, a 2.5 million gallon storage structure, including the installation of a concrete liner as well as minor interior patching and refurbishment of access way to Pine Hill Reservoir.

Station Structures: \$210,000 - Annual capital outlay for improvements and replacement of station structures. Planned work includes chemical storage improvements at the 2nd Division well site and the rehabilitation of two of the nine groundwater wells.

Pumping Station Equipment: \$253,000 - Annual capital outlay for improvements and replacement of station equipment used to control, monitor, pump, store, and treat water including motors, pumps, motor control panels, and chemical feed systems. The Water Division maintains eight different water production/treatment facilities and two storage reservoirs. Planned work includes installation of enhanced security systems, and major upgrade of Supervisory Control and Data Acquisition (SCADA) system.

GENERAL PLANT

Keyes Road Facility: \$615,000 - Capital outlay for improvements to Water/Sewer administrative office and garage facilities. Budget includes allowance for new emergency generator, electrical system upgrade and design of a covered storage facility for rolling stock presently exposed to the elements.

Vehicles/Construction Equipment: \$20,000 – The Water/Sewer fleet consists of 17 service vehicles and miscellaneous equipment such as compressor, vacuum, skid steer, and forklifts which are replaced in accordance with CPW criteria based on industry-accepted useful life measures. Planned improvements include the replacement of one engineering/administration vehicle, two service vehicles, and a small skid steer/loader.

GIS and Miscellaneous Equipment: \$10,000 - Miscellaneous equipment not included in 5-year capital plan.

SUPPLY/CAPACITY

Source Protection: \$12,000 – Funds for ongoing implementation of groundwater and surface water resource protection programs.

CAPITAL SPENDING PLAN										
	Actual	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Total	FY19-23
Distribution System										
Water Mains	433,702	740,000	1,760,000	1,000,000	1,030,000	618,000	637,000	5,045,000		
Meter Replacements	44,442	100,000	151,000	105,000	114,000	126,000	118,000	614,000		
Hydrants	31,540	38,000	39,000	40,000	41,000	42,000	43,000	205,000		
Subtotal	509,684	878,000	1,950,000	1,145,000	1,185,000	786,000	798,000	5,864,000		
Pumping Stations/Treatment										
Structures	40,989	177,000	210,000	50,000	52,000	54,000	56,000	422,000		
Equipment	36,329	206,000	253,000	50,000	52,000	54,000	56,000	465,000		
Reservoir Improvements (debt)			958,000					958,000		
Reservoir Improvements	53,476	130,000	357,000	200,000	200,000					
Nagog Improvements	725,203	320,000	400,000	0	0	0				
Route 2A Station and Filtration				5,362,500	8,170,500					13,533,000
Dam Reconstruction										
Nagog Intake	16,338	25,000	1,850,000							
Subtotal	872,335	858,000	4,028,000	5,662,500	8,274,500	108,000	112,000	15,378,000		
General Plant										
Keyes Road CPW Facility	0	25,000	615,000	27,000	500,000	29,000	30,000	1,201,000		
Vehicles	40,539	120,000	20,000	44,000	83,200	69,600	132,000	348,800		
Utility Software Upgrade	4,959	10,000	10,000	10,300	10,600	10,900	11,200	53,000		
Miscellaneous Equipment	19,093	19,670	20,260	20,870	21,500	22,150	22,810	107,590		
Depreciable Personnel Services	64,591	174,670	665,260	102,170	615,300	131,650	196,010	1,710,390		
Subtotal										
Supply and Capacity										
Source Protection	0	75,000	12,000	12,400	12,800	13,200	13,600	64,000		
Land Acquisition	800,000									
New Source Permitting, Design	0									
Subtotal	800,000	75,000	12,000	12,400	12,800	13,200	13,600	64,000		
Total Capital Uses	2,246,610	1,985,670	6,655,260	6,922,070	10,087,600	1,038,850	1,119,610	23,016,390		
Funding the Capital Plan										
From Debt	816,338	25,000	2,808,000	5,362,500	8,670,500	-	-	16,841,000		
From Water Fund Resources	1,430,272	1,960,670	3,847,260	1,559,570	1,417,100	1,038,850	1,119,610	8,982,390		
Total Capital Sources	2,246,610	1,985,670	6,655,260	6,922,070	10,087,600	1,038,850	1,119,610	25,823,390		

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	10 years FY 19-28
Water Fund: Plan and Projection													
Operating Revenue													
User Fees	4,848,197	4,977,949	5,157,949	5,339,949	5,527,949	5,724,949	5,930,949	6,144,949	6,365,949	6,593,949	6,830,949	7,075,949	60,693,490
Other	335,595	298,836	208,836	209,836	210,836	211,836	212,836	213,836	214,836	215,836	216,836	217,836	2,133,360
Subtotal	5,183,792	5,276,785	5,366,785	5,549,785	5,738,785	5,936,785	6,143,785	6,358,785	6,580,785	6,809,785	7,047,785	7,293,785	62,826,850
Operating Expense													
O & M	2,811,846	3,141,031	3,253,308	3,351,907	3,586,147	3,694,877	3,806,948	3,922,467	4,041,544	4,164,291	4,290,825	4,421,268	38,533,584
Depreciation	929,809	999,491	1,166,699	1,350,960	1,614,415	1,768,006	1,787,457	1,801,349	1,839,067	1,870,901	1,899,136	1,911,753	17,039,743
Subtotal	3,741,655	4,140,522	4,420,007	4,732,867	5,200,563	5,462,883	5,594,405	5,723,817	5,880,611	6,035,192	6,189,961	6,333,021	55,573,327
Operating Income	1,442,137	1,136,263	946,778	816,918	538,222	473,902	549,380	634,968	700,174	774,593	857,824	960,764	7,253,523
ADD: Interest Income	64,309	81,581	84,401	84,218	84,202	76,840	65,800	57,700	51,140	48,280	75,738	51,795	680,115
Miscellaneous Non-Operating Income	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS: Interest Expense													
Existing Debt	87,234	105,871	94,435	78,735	61,535	44,335	30,015	21,715	14,995	8,300	1,500	0	355,565
Future Debt	0	0	0	0	0	680,000	646,000	612,000	578,000	544,000	510,000	476,000	4,046,000
Bond Anticipation Notes (BANs)	0	0	188	28,080	53,625	193,955	0	0	0	0	0	0	275,848
Issuance expense (Premium)	0	25	2,808	5,363	178,671	0	0	0	0	0	0	0	186,841
Net Income	1,419,212	1,111,948	933,748	788,958	328,594	-367,547	-60,835	58,954	158,319	270,573	422,061	536,559	3,069,384
Available Resources from:													
Net income	1,419,212	1,111,948	933,748	788,958	328,594	-367,547	-60,835	58,954	158,319	270,573	422,061	536,559	3,069,384
Depreciation expense	929,809	999,491	1,166,699	1,380,960	1,614,415	1,768,006	1,787,457	1,801,349	1,839,067	1,870,901	1,899,136	1,911,753	17,039,743
subtotal	2,349,021	2,111,439	2,100,447	2,169,918	1,943,009	1,400,459	1,726,622	1,860,303	1,997,386	2,141,474	2,321,197	2,448,312	20,109,128
Bond proceeds	753,000	0	2,808,000	5,362,500	8,670,500	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000
Loan proceeds	0	25,000	2,808,000	5,362,500	8,670,500	8,670,500	8,670,500	8,670,500	8,670,500	8,670,500	8,670,500	8,670,500	16,841,000
LESS: Principal repayments													
Existing Debt	456,442	565,000	485,000	485,000	485,000	373,000	225,000	220,000	217,000	215,000	155,000	0	2,860,000
New Debt	0	0	0	0	0	850,000	850,000	850,000	850,000	850,000	850,000	850,000	5,950,000
BAN Repayment	0	0	0	0	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000
Net Available for Capital Purposes	2,645,579	1,571,440	4,423,447	7,047,418	10,128,509	177,459	651,622	790,303	930,386	1,076,474	1,316,197	1,598,312	28,140,128
Capital Plan	2,246,610	1,985,670	6,655,260	6,922,070	10,087,600	1,038,850	1,119,610	1,278,790	1,207,790	1,080,920	1,157,470	1,191,140	31,739,500
Cash Position													
Beginning balance	7,656,721	8,405,994	7,991,764	5,759,951	5,885,299	5,926,208	5,064,817	4,596,829	4,108,342	3,830,938	3,826,492	3,985,220	
ADD: Net available	2,645,579	1,571,440	4,423,447	7,047,418	10,128,509	177,459	651,622	790,303	930,386	1,076,474	1,316,197	1,598,312	
LESS: Planned Capital	2,246,610	1,985,670	6,655,260	6,922,070	10,087,600	1,038,850	1,119,610	1,278,790	1,207,790	1,080,920	1,157,470	1,191,140	
Changes in assets & liabilities	350,304												
Ending balance	8,405,994	7,991,764	5,759,951	5,885,299	5,926,208	5,064,817	4,596,829	4,108,342	3,830,938	3,826,492	3,985,220	4,392,391	

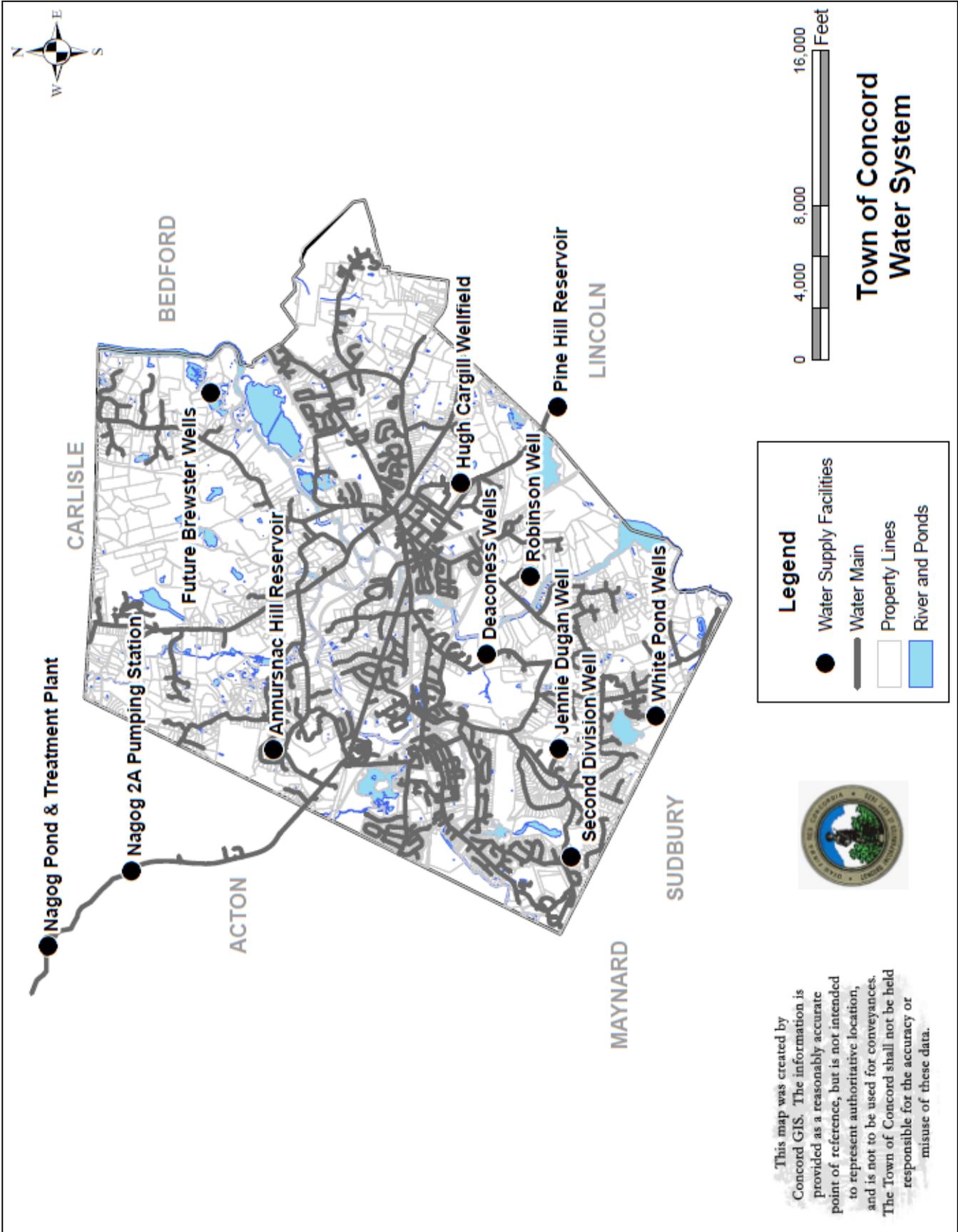
WATER RATES

(Per Cubic Foot)

W-18 Class of Customer	Current FY18	Effective 6/1/18	%Chg.
1 & 2 Residential Service	(1 cubic foot = 7.48 gallons)		
1st Step: (all year)	\$ 0.0516	\$ 0.0537 **	4.0%
Conservation Step*: (1200-2400 cu ft/mo)	\$ 0.1084	\$ 0.1128	4.0%
Conservation Step*: (over 2400 cu ft/mo) *May 1st through October 31st	\$ 0.1367	\$ 0.1423	4.1%
3 General Service			
1st Step: (all year)	\$ 0.0516	\$ 0.0537	4.0%
2nd Step: (all year) (over 2500 cu ft/mo)	\$ 0.0655	\$ 0.0681	4.0%
4 Municipal Service			
1st Step: (all year)	\$ 0.0509	\$ 0.0529	4.0%
Interruptible Outdoor Irrigation use			
5 Second Meter Service			
A. Irrigation/Pool or Accessory use:			
1st Step: (all year)	\$ 0.1084	\$ 0.1128	4.0%
Conservation Step: (over 2400 cu ft/mo) May 1st through October 31st	\$ 0.1367	\$ 0.1423	4.1%
B. Non-Irrigation Commercial/Industrial	\$ 0.0655	\$ 0.0681	4.0%

**A 50% discount on Step 1 water consumption, up to a maximum of 1,200 cubic feet per month, is provided for customers of record who meet certain age and income eligibility criteria.

Sample Impacts	Current Annual	New Annual	Annual Change	Monthly Change	% Chg.
1a Average Residential Customer (750 cu ft/mo) <i>Approximately two-thirds of residential customers normally use less than the Conservation step threshold.</i>	\$ 464	\$ 483	\$ 18.72	\$ 1.56	4.0%
1b Large Summertime Residential Customer (2,000 cu ft/mo during summer; 1,250 cu ft/mo for rest of year)	\$ 1,279	\$ 1,330	\$ 51.60	\$ 4.30	4.0%
3a Small Commercial Customer (1,250 cu ft/mo) <i>Approximately two-thirds of commercial/institutional/Gov't customers normally use less than than the 2nd step threshold.</i>	\$ 774	\$ 805	\$ 31.20	\$ 2.60	4.0%
3b Large Commercial Customer (15,000 cu ft/mo)	\$ 11,373	\$ 11,825	\$ 452	\$ 37.70	4.0%
5a Small Municipal Customer (2,250 cu ft/mo)	\$ 1,374	\$ 1,429	\$ 55	\$ 4.57	4.0%
5b Large Municipal Customer (30,000 cu ft/mo)	\$ 18,324	\$ 19,055	\$ 731	\$ 60.90	4.0%



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Section V

Sewer Fund

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Mission Statement

The mission of the Sewer Division is to enhance Concord's quality of life, and through sound management, innovation, teamwork and vision, provide dependable, high quality, responsive sewer utility services, consistent with values and at reasonable costs to Concord's citizens, businesses, institutions and visitors.

Sewer Fund Budget Contents

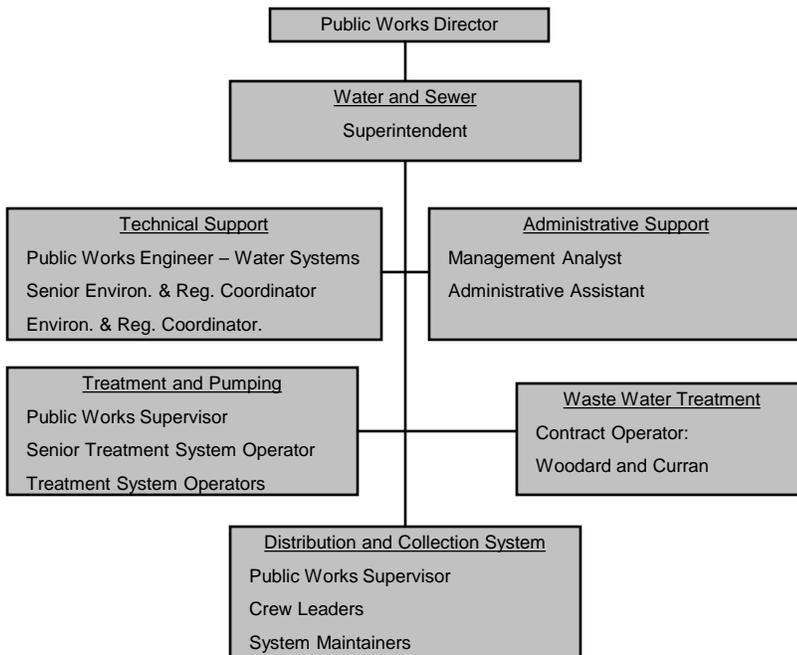
Overview	pp. 1-2
Sewer Rates	p. 3
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Revenues and Expenditures	pp. 5-9
Debt Service	pp. 10-11
Capital Spending	pp. 12-13
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Sewer Fund Highlights

- The proposed FY19 sewer rate of \$0.1153 per cubic foot represents a 1% increase over the FY18 rate of \$0.1141 per cubic foot. For the average residential customer, the annual increase in the sewer bill will be \$7.20.
- The proposed FY19 capital improvement plan is \$2,347,970 which includes \$1,685,000 for design and complete rehabilitation of the two main sewer pumping stations at Lowell Road and Main Street in W. Concord.
- The proposed FY19 operating budget is \$3,501,678, an increase of 8.5% from FY18. Much of the increase is attributable to increased depreciation and a revision in cost-sharing allocation assumptions between Water and Sewer to better reflect actual operational costs.
- The Wastewater Treatment Plant NPDES Permit is to be renewed in FY19. A budget allowance is provided for modest changes in discharge limits.

Expenditure Summary				
	FY16 Actual	FY17 Actual	FY18 Budget	FY19 Proposed
Operating Income	\$ (49,652)	\$ (317,902)	\$ (121,158)	\$ (299,280)
Net Income	\$ 1,021,904	\$ (10,777)	\$ 27,277	\$ (122,448)
Undesignated Fund Balance	\$ 9,094,762	\$10,029,067	\$ 9,981,092	\$ 8,485,097

See page V-9 for greater detail on income and fund balance results.



Description:

In 1894, Concord received legislative authority to create a municipal sewer system. Today, the system consists of 34 miles of collection main, two pumping stations, six neighborhood lift stations, and an advanced wastewater treatment plant.

The 1976 Annual Town Meeting established a Sewer Fund to ensure that the operation, maintenance, and capital improvement of the sewer system would be a financially viable enterprise. Expenses for this system are covered entirely by user fees. As of 2017 the total value of collection system and treatment plant infrastructure assets was approximately 16.8 million dollars.

The municipal sewer system serves 1,869 residential and commercial customers representing approximately 34% of the community. Approximately 40% of the residential households in Concord are served by sewer. The wastewater treatment facility continues to process an average of 1.3 million gallons per year of septage pumped from residential and commercial establishments served by private septic systems within the Town of Concord.

Long-Term Financial Stability

Along with its core mission to operate and maintain the Town’s municipal sewer system in a reliable and efficient manner, the sewer enterprise must also be financially self-supporting. This means that the Sewer Division is expected to cover all costs associated with operations, capital maintenance and repairs by generating sufficient revenue through user fees and special service fees. The Sewer Division maintains a detailed 10-year financial proforma to facilitate long-range planning for all revenues and anticipated investments.

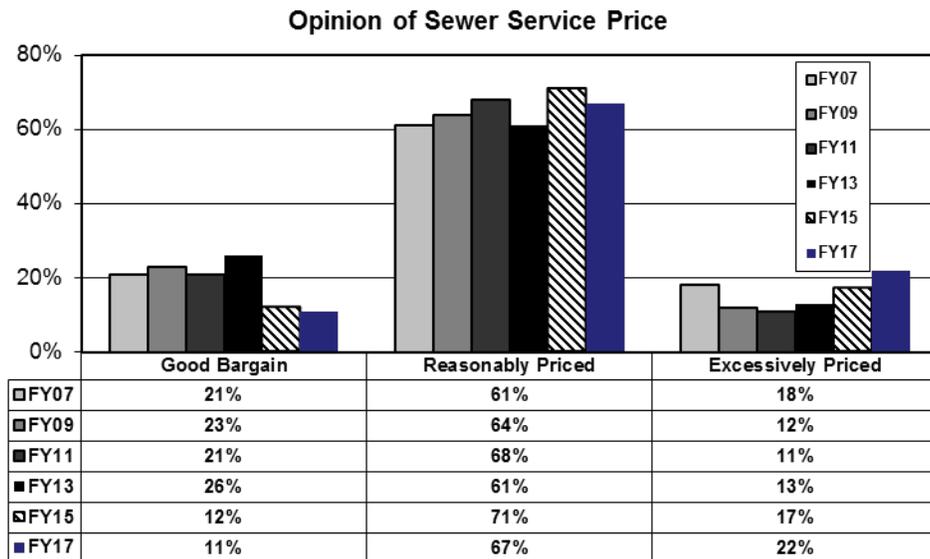
Since the sewer enterprise fund was formally established in 1976, there have been no property tax contributions to subsidize pre-existing operations or infrastructure improvements. Taxpayer support has been sought through Town Meeting for projects which have been designed to expand the sewer collection system and to support major upgrades to the Wastewater Treatment plant, as it also accepts septage from properties which are not directly connected to the sewer system.

Town Residential Survey

In the fall of 2006, 2008, 2010, and 2012, the Town conducted a telephone survey of 375 randomly selected Concord residents. In the fall of 2014 (FY15) and 2016 (FY16), the Town used a different polling methodology and a survey was sent out to all Concord households, In FY17, a total 1,022 responses were received. From those responses, 421 respondents said that they use the Town sewer system.

1. What is your opinion of the price of Town Sewer Services?

The vast majority of Concord households that are on Town sewer lines feel that the service is at least “reasonably priced,” while 11% of survey respondents even describe it as “a good bargain.”



Sewer Rates:

The total revenue projected to be raised through sewer rates in FY19 is **\$3,068,000**.

Rates are set each year by the Public Works Commission following a public hearing with the following goals:

1. To ensure that the Division has the resources to operate, maintain and improve the system;
2. To minimize rate “shock” so that sewer costs can be a relatively predictable expense; and
3. To accurately reflect sewer use (which may be different than seasonally skewed water use).

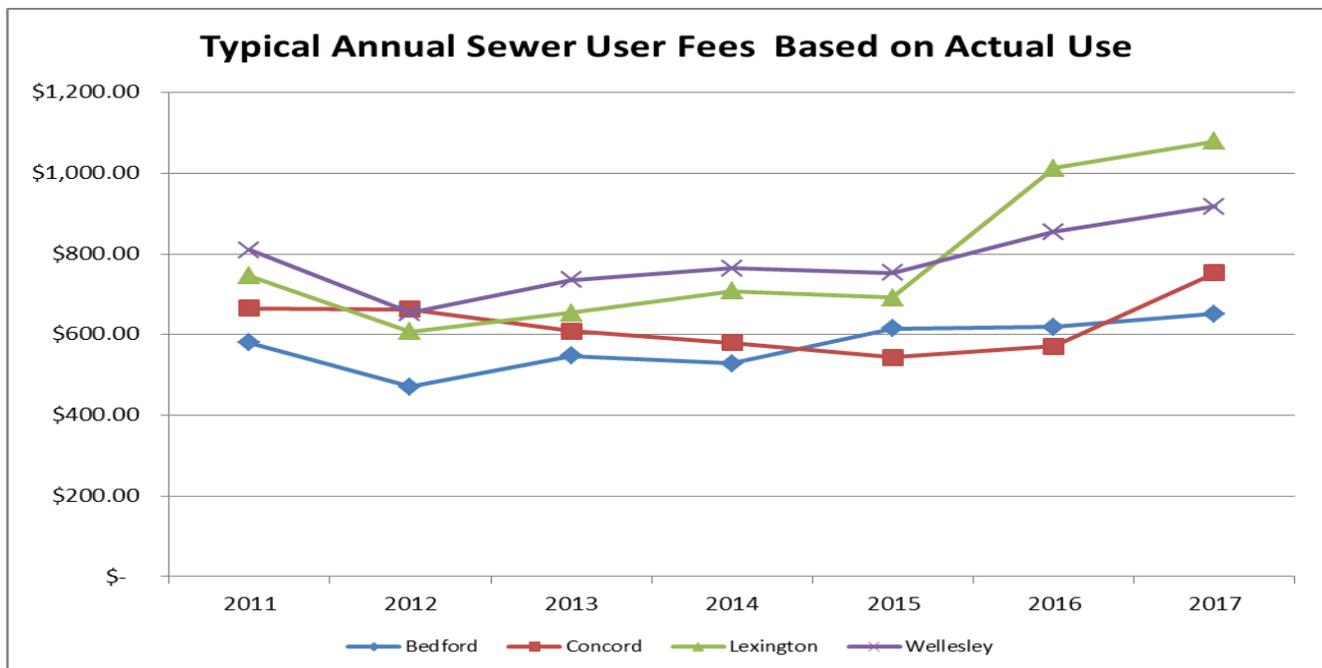
Sewer Fund Highlights

The FY19 proposed sewer rate is \$0.1153 per cubic foot of water use (1 cubic foot = 7.48 gallons).

- The proposed FY19 sewer rate of \$0.1153 per cubic foot represents a 1% increase over the FY18 rate of \$0.1141 per cubic foot. Since FY 2008 sewer rates have increased by an average annual rate of 3.9%.
- In FY19, the average residential customer is expected to pay a total of \$692 in sewer user fees over the course of the year. The typical residential sewer customer uses 500 cubic feet of water per month.
- For Residential customers who typically use significant amounts of water during the summer, sewer use during the summer is based on average water use during the previous winter.

Benchmarking Sewer Rates

The comparison of sewer rates between individual systems and communities can be particularly difficult, given the wide variation in management and financial structures and customer demographics. Some level of public sewerage service is provided by 57% of Massachusetts communities. Some systems, like Concord, adhere to strict enterprise principles (i.e., full cost accounting with consideration of long range investments and depreciation of fixed assets) while other systems are subsidized through a municipality's general fund. Statewide, 57% of communities have adopted a flat rate structure, 35% use an ascending rate structure and 8% assess a flat fee. More sophisticated and flexible rate designs, such as the winter/spring demand basis employed by Concord for residential customers, have been adopted by only 3% of systems across the state (from Tighe and Bond rate survey 2014). The table below demonstrates how rate adjustments (and cost of service) over time have impacted Concord and three neighboring systems based on actual water use.



Wastewater Program

In addition to routine operations, maintenance and improvements to ensure reliable and quality service to all municipal customers, the programs and initiatives detailed below strike the delicate balance between essential needs and broader community and regulatory interests, particularly in the area of increasingly complex and sophisticated water resource management goals.

Wastewater treatment capacity limitations continue to pose the single most immediate and formidable wastewater challenge facing the community. The following summarizes some of the more important developments and recommendations made to date.



WWTP Septage Receiving Tank Cleaning

Regulatory Update:

Wastewater regulation falls under the provisions of the federal Clean Water Act (CWA), promulgated in 1972 and implemented and enforced by EPA. The CWA establishes the basic structure for regulating pollutants that can be discharged into the waters of the United States. EPA authority includes implementation of pollution control programs, such as setting water quality standards and regulating the pollutants that can be introduced into navigable waters through the National Pollutant Discharge Elimination System (NPDES) Permit Program. Under a service contract with the Town, Woodard & Curran, Inc., continued to perform the day-to-day operation of Concord's Wastewater Treatment Plant (WWTP) in accordance with our NPDES permit. Concord's 5-year permit will be renewed on November 30, 2018, introducing a potential for new flow and pollutant limits.

NPDES – State Primacy Initiative: Governor Baker re-filed legislation that would delegate authority for the National Pollutant Discharge Elimination System (NPDES) to the Massachusetts Department of Environmental Protection (MassDEP). The legislation sets aside \$4.7 million annually to help fund the program, in addition to the \$1.4 million in the FY18 annual budget proposal for initial staffing. Many water and wastewater organizations have long advocated for this transition from EPA in the belief that MassDEP has a deeper and more balanced understanding of local needs and interests and will be more reasonable in its permitting program. Massachusetts represents one of three states in the nation that have not yet assumed primacy.

Collection System Operation and Maintenance Plan: While no notable improvements or expansions were made to the wastewater collection system, operations crews continued to manage wastewater flows by performing routine inflow and infiltration (I/I) inspections throughout the system. This past year, there were no reportable sanitary sewer overflows, and the 12-month rolling average of wastewater treated at the WWTP was calculated to be 1.0 million gallons per day.

Sewer Pump Station Upgrades: The Lowell Road and Assabet Sewer pumping stations were last upgraded in the mid 1980's. As most of the mechanical, electrical, plumbing and instrumentation and control systems associated with these two facilities have served well beyond their useful lives, planning efforts have been initiated to replace or recondition these facilities. Kleinfelder, a water and wastewater engineering firm, was retained to perform an evaluation of the existing conditions at each facility. This assessment will lead to the development of a 25% (preliminary) design for each facility. The Division will review the 25% design along with the quality of service rendered before authorizing final design, bidding and construction phases. In addition to these design efforts, Kleinfelder will also develop specifications for the replacement of an intermediate pump located at the WWTP.

Program Implementation:

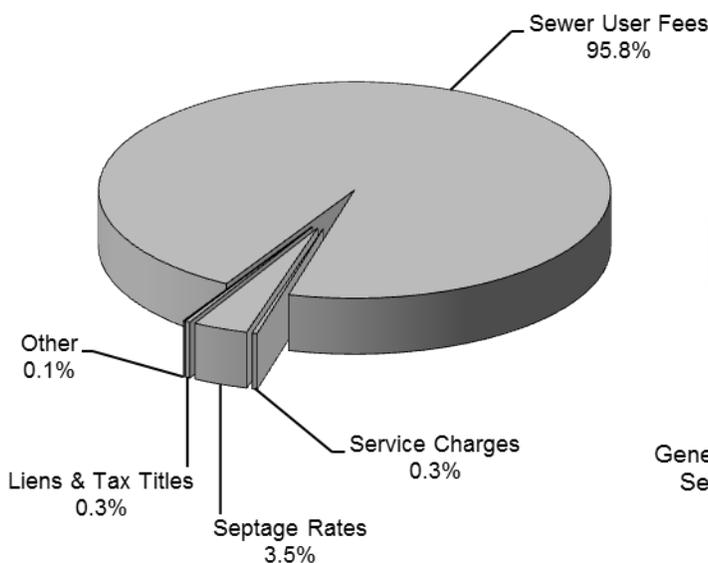
The proposed FY19 operating budget is \$3,501,678. This represents an 8.5% increase as compared to the Sewer Fund’s revised FY18 operating budget. Depreciation expense reflects the cost of the annual use, or wear-and-tear, of the Sewer Division’s approximately \$16.8 million worth of infrastructure (recorded as of the end of FY17). The FY19 budgeted depreciation expense of \$1,593,254 is 9% of these capital assets. Personnel Services are budgeted at \$467,659 in FY19, a 13.5% increase from the revised FY18 total of \$411,795.

Excluding depreciation and General Fund services, the FY19 budget proposes a 7.7% increase in funding overall with a 17% increase for wastewater collection and a 2% increase in wastewater treatment. The costs associated with the operation of the Wastewater Treatment facility are directly related to meeting state and federally mandated National Pollutant Discharge Elimination System (NPDES) permit requirements and funding contract operation services presently provided by Woodard & Curran. Concord’s 5-year NPDES permit is presently under review by EPA and DEP and will be re-issued in the near future. More restrictive water quality limits resulting in increased costs for chemicals, electricity and sludge management are anticipated in this budget.

During the development of the FY19 budget, the Division reviewed long-standing cost sharing allocation assumptions between water and sewer operating expenses assigned for each enterprise. The results indicate the historical split of 80% water and 20% sewer no longer accurately reflected where resources are spent. Following this review, the split of labor, and shared goods and services has been adjusted from 80% water and 20% sewer to 75% and 25%, respectively. The sewer budget is readily able to absorb this cost shift. The additional time spent on the sewer system reflects expanded preventative maintenance, and the upkeep of pumping stations added since the last cost allocation review. The shift makes costs increases in the operations and maintenance portions of the sewer budget a little larger than usual with a corresponding lowering of the usual cost increases anticipated within the water portion of the budget.

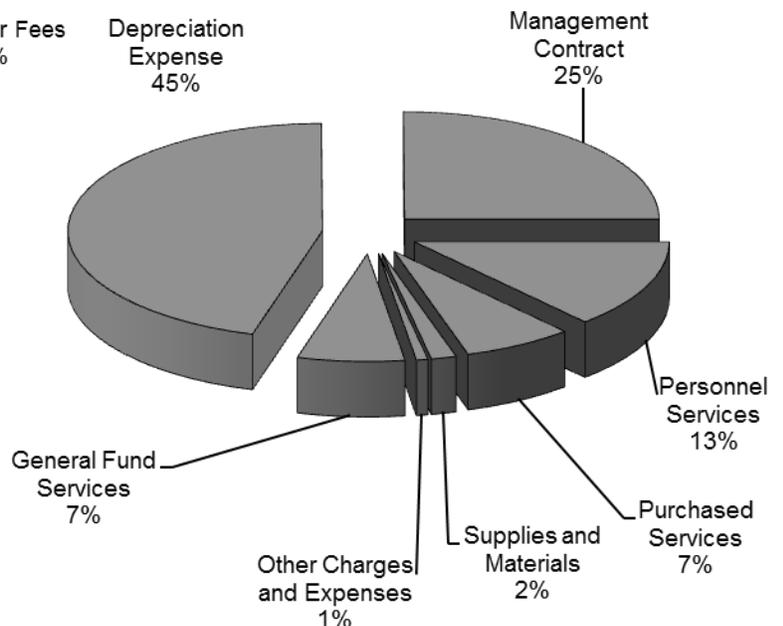
FY19 Operating Revenues

Totaling \$3,202,398



FY19 Operating Expenses

Totaling \$3,501,678



Operating Income:

This FY19 Budget calls for Operating Expenditures that are \$299,280 above Operating Revenues. This results in an operating loss for the year. However, by FY20, Net Income turns positive as depreciation expense, which accounts for roughly 45% of all operating expenses in FY19, begins to decline and revenues increase (see page V-14, Sewer Fund: Plan and Projection).

OPERATING REVENUES

	FY16 Actual	FY17 Actual	Rev. FY18 Budget	FY19 Budget
Sewer User Fees	\$ 2,671,065	\$ 2,527,489	\$ 2,934,000	\$ 3,068,000
Service Charges	31,825	19,775	20,000	10,000
Septage Rates	158,476	124,726	137,600	111,360
Liens & Tax Titles	14,189	10,038	10,038	10,038
Other Revenue	3,449	2,514	3,000	3,000
Other		34,068		
Total Operating Revenues	\$ 2,879,004	\$ 2,718,609	\$ 3,104,638	\$ 3,202,398

OPERATING EXPENSES

Sewer Divisions	FY16	FY17	Rev. FY18	FY19
<u>Collection</u>	Actual	Actual	Budget	Budget
Personnel Services	\$ 315,923	\$ 404,766	\$ 352,586	\$ 408,620
Purchased Services	95,030	116,464	175,807	208,829
Supplies & Materials	42,931	31,917	46,083	55,640
Other Charges & Expenses	13,232	20,300	21,369	25,546
General Fund Services	105,549	110,227	113,157	118,888
Subtotal	\$ 572,665	\$ 683,674	\$ 709,002	\$ 817,523
<u>Treatment</u>				
Personnel Expenses	\$ 35,234	\$ 47,696	\$ 59,209	\$ 59,039
Purchased Services	14,120		35,000	35,000
Management Contract	776,234	778,055	860,397	877,974
Supplies & Materials	-	-	-	-
Other Charges & Expenses	3,470	3,467	-	-
General Fund Services	105,549	110,227	113,157	118,888
Subtotal	\$ 934,607	\$ 939,445	\$ 1,067,763	\$ 1,090,901
Depreciation Expense	1,421,384	1,413,392	1,449,032	1,593,254
Total Operating Expense	\$ 2,928,656	\$ 3,036,511	\$ 3,225,796	\$ 3,501,678

RETIREMENT AND OPEB ASSESSMENT

<i>For Informational Purpose Only</i>				
	FY16 Actual	FY17 Actual	Rev. FY18 Budget	FY19 Budget
Retirement Assessment	\$ 18,070	\$ 21,545	\$ 20,529	\$ 24,541
OPEB Assessment	5,031	5,433	6,000	6,000
Total Assessment	\$ 23,101	\$ 26,978	\$ 26,529	\$ 30,541

AUTHORIZED POSITIONS

Collection Personnel Costs	Rev. FY18		FY19 Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
Regular Staff				
Water and Sewer Superintendent	0.20 FTEs	\$ 23,010	0.25 FTEs	\$ 28,762
Assistant to Superintendent	0.20	12,226		-
Management Analyst	0.20	8,747	0.25	19,719
Senior Env. & Reg. Coordinator	0.20	17,825	0.25	22,281
Env. & Reg. Coordinator	0.20	11,781	0.25	14,726
Administrative Assistant	0.20	13,479	0.25	17,260
Public Works Supervisor	0.40	36,456	0.50	46,114
Crew Leader	0.40	29,954	0.50	37,542
Senior Treatment System Operator	0.20	15,408	0.25	15,729
Treatment System Operator	0.40	26,479	0.50	27,029
System Maintainer	1.00	52,701	1.00	53,941
Standby Pay (5111)	365 hrs	15,546	365 hrs	16,122
Charges to Snow Account	0	-	0	-
Charges to Projects	N/A	(7,593)	N/A	(7,593)
Salary and Wage Adjustments	N/A	-	N/A	7,849
Subtotal	3.60 FTEs	\$ 256,019	4.00 FTEs	\$ 299,481
Employee Benefits				
Health Insurance	N/A	\$ 14,500	N/A	\$ 23,000
Life Insurance	N/A	-	N/A	-
Dental Insurance	N/A	-	N/A	-
OPEB	N/A	6,000	N/A	6,000
Retirement Contribution	N/A	20,529	N/A	24,541
Subtotal	N/A	\$ 41,029	N/A	\$ 53,541
Payroll Taxes				
Medicare Tax	N/A	\$ 4,000	N/A	\$ 3,140
Social Security Contribution	N/A	-	N/A	-
Subtotal	N/A	\$ 4,000	N/A	\$ 3,140
Other Personnel Costs				
Overtime (5130)	800 hrs.	\$ 43,115	800 hrs.	\$ 43,115
Police Overtime (5131)	100	4,000	100	4,000
IT Salary (5111)	N/A	3,813	N/A	4,482
Salary Adjustments OT (5130)	N/A	862	N/A	862
Subtotal	N/A	\$ 51,538	N/A	\$ 52,459
Total Collections	3.60 FTEs	\$ 352,586	4.00 FTEs	\$ 408,621
Treatment Personnel Costs				
Public Works Engineer	0.80 FTEs	\$ 66,918	0.75 FTEs	\$ 62,736
Charge to Capital Projects	N/A	(11,209)	N/A	(11,209)
Salary Adjustments (2%)	N/A	-	N/A	2,823
Health	N/A	2,500	N/A	3,889
Medicare Tax	N/A	1,000	N/A	800
Total Treatment	0.80 FTEs	\$ 59,209	0.75 FTEs	\$ 59,039
Total Sewer Personnel	4.40 FTEs	\$ 411,795	4.75 FTEs	\$ 467,660

NET INCOME

	FY16 Actual	FY17 Actual	Rev. FY18 Budget	FY19 Budget
Operating Income				
Operating Revenues	\$ 2,879,004	\$ 2,718,609	\$ 3,104,638	\$ 3,202,398
Less Operating Expenses	(2,928,656)	(3,036,511)	(3,225,796)	(3,501,678)
Operating Income	\$ (49,652)	\$ (317,902)	\$ (121,158)	\$ (299,280)
Non-operating Income				
Add Investment Income	\$ 34,717	\$ 70,640	\$ 97,381	\$ 112,061
Add Bond Premium	1,065			
Add Sewer Improvement Revenues	1,187,623	372,581	181,000	181,000
Less Int. Exp. and Admin. Fees	(151,849)	(136,096)	(129,946)	(116,229)
Non-operating Income	\$ 1,071,556	\$ 307,125	\$ 148,435	\$ 176,832
Net Income	\$ 1,021,904	\$ (10,777)	\$ 27,277	\$ (122,448)
Reconciliation with Financials				
Add Betterment Revenues	\$ 14,948	\$ 109,644	\$ -	\$ -
WPAT Loan Int. Exp. And Fees	(31,643)	(28,908)	-	-
WPAT Transfer from General Fund	80,895	82,529	-	-
Change in Net Position	\$ 1,086,104	\$ 152,488	\$ 27,277	\$ (122,448)

AVAILABLE RESOURCES

Resources Available from Current Operations for Replacement & Renewal of Facility:				
	FY16 Actual	FY17 Actual	Rev. FY18 Budget	FY19 Budget
Capital Purposes				
Add Depreciation Expense	\$ 1,421,384	\$ 1,413,392	\$ 1,449,032	\$ 1,593,254
Add Net Income	1,021,904	(10,777)	27,277	(122,448)
Add Sewer Improvement Allocation	-	-	239,000	130,000
Add Bond Proceeds	12,500		-	-
Less Bonds Payable	(686,432)	(609,516)	(607,814)	(618,831)
Net Available for Capital	\$ 1,769,356	\$ 793,099	\$ 1,107,495	\$ 981,975

CASH POSITION AND FUND BALANCE FORECAST

	FY18		FY19	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Cash at Year Opening				
Cash on July 1st		\$ 9,762,282		\$ 9,714,307
Add Non-Cash Assets		567,693		567,693
Less Liabilities and Deferred Inflows		(300,908)		(300,908)
Fund Balance on July 1st		\$ 10,029,067		\$ 9,981,092
Fund Balance Details (projected)				
Fund Balance on July 1st	\$ (1,155,025)	\$ 11,184,092	\$ (1,974,562)	\$ 11,955,654
Net Income	27,277	-	(122,448)	-
Bond Principal Repayment	(607,814)	-	(618,831)	-
Capital Borrowing	-	-	-	-
Capital Outlay (non-borrowing)	-	(677,470)	-	(2,217,970)
Capital Sewer Improvement Fund	(239,000)		(130,000)	
Add Depreciation Expense	-	1,449,032	-	1,593,254
Balance Projected at June 30th	(1,974,562)	11,955,654	(2,845,841)	11,330,938
Fund Balance on June 30th		\$ 9,981,092		\$ 8,485,097
Cash at Year End (projected)				
Fund Balance on June 30th		\$ 9,981,092		\$ 8,485,097
Less Receivables		(567,693)		(567,693)
Add Cash Held for Liabilities		300,908		300,908
Projected Cash at June 30th	\$ -	\$ 9,714,307	\$ -	\$ 8,218,312
Sewer Improvement Fund Cash		\$ 4,296,998		\$ 4,347,998
Unrestricted Cash		\$ 5,417,309		\$ 3,870,314

SEWER IMPROVEMENT FUND

	FY16		FY17		Rev. FY18		FY19	
	Actual		Actual		Budget		Budget	
Cash on July 1st	\$	2,795,608	\$	3,982,417	\$	4,354,998	\$	4,296,998
Revenues		1,187,623		372,581		181,000		181,000
Expenditures		(814)				(239,000)		(130,000)
Adjustment		-		-		-		-
Cash on June 30th	\$	3,982,417	\$	4,354,998	\$	4,296,998	\$	4,347,998
Net Activity	\$	1,186,809	\$	372,581	\$	(58,000)	\$	51,000

Note: The Sewer Improvement Fund is included in the cash and fund analysis found on the preceding page (the Sewer Betterment Account, shown below, is not).

SEWER BETTERMENT CASH FLOW ANALYSIS

	FY16		FY17		Rev. FY18		FY19	
	Actual		Actual		Budget		Budget	
Activity								
Cash at July 1st	\$	626,938	\$	591,835	\$	543,540	\$	555,147
Cash Received		122,538		(205,745)		169,057		167,857
Debt Service and Admin. Cost		(157,641)		157,450		(157,450)		(157,256)
Cash at June 30th	\$	591,835	\$	543,540	\$	555,147	\$	565,748
Net Activity	\$	(35,103)	\$	(48,295)	\$	11,607	\$	10,601
Net Assets (as of June 30th)								
Cash	\$	591,835	\$	543,540	\$	555,147	\$	565,748
Betterment Receivables		655,814		558,859		416,607		272,967
Net Assets	\$	1,247,649	\$	1,102,399	\$	971,754	\$	838,715
Less Remaining Debt Service		(1,563,230)		(1,407,799)		(1,250,543)		(1,094,995)
Surplus / Deficit	\$	(315,581)	\$	(305,400)	\$	(278,789)	\$	(256,280)

Note: The negative number shown as Surplus / Deficit will be offset by future collections from interest earned on the account's cash holdings, as well as by interest charged to property owners with outstanding balances (both of which accounting practices do not allow to be shown as an asset).

The **Sewer Improvement Fund** was established under a policy formulated by the Public Works Commission and authorized by Article 25 at Town Meeting in 1989 whereby new connections and uses outside the scope of the 1984 Sewer Facilities Plan pay a fee which is used to create new capacity in the sewer system for the additional flows, either through expansion of the existing sewer infrastructure or reduction in infiltration and inflow.

The **Sewer Betterment Fund** segregates costs and receipts related to expansion of the sewer system. When sewer service is extended into new neighborhoods by vote of Town Meeting, a portion of the cost for the sewer mains in the street and the pumping stations in the neighborhood is assessed as a betterment to the properties on those streets that directly benefit by having sewer available; the remainder of the cost is paid by the Sewer Fund and the Town property tax. The amount of the betterment is set by the Public Works Commission after the sewer extension project is finished and all costs have been paid. Betterments must be paid by property owners when sewer service becomes available whether they immediately tie into the sewer or not. Payments may be made at once or spread over a number of years.

DEBT SERVICE

	FY16 Actual	FY17 Actual	Rev. FY18 Budget	FY19 Budget
Long Term Debt Repayment:				
Principal	\$ 686,432	\$ 609,516	\$ 607,814	\$ 618,831
Interest	149,323	134,224	121,390	108,499
Issuance Expense	-	-	-	-
Administration Fee (WPAT)	10,160	9,366	8,556	7,730
Totals	\$ 845,915	\$ 753,106	\$ 737,760	\$ 735,060

Note: The Debt Schedule above and on the facing page does not account for Accrual periods across fiscal years, and so differs from the Town's Audited Financial Statements.

PAYMENTS TO THE GENERAL FUND

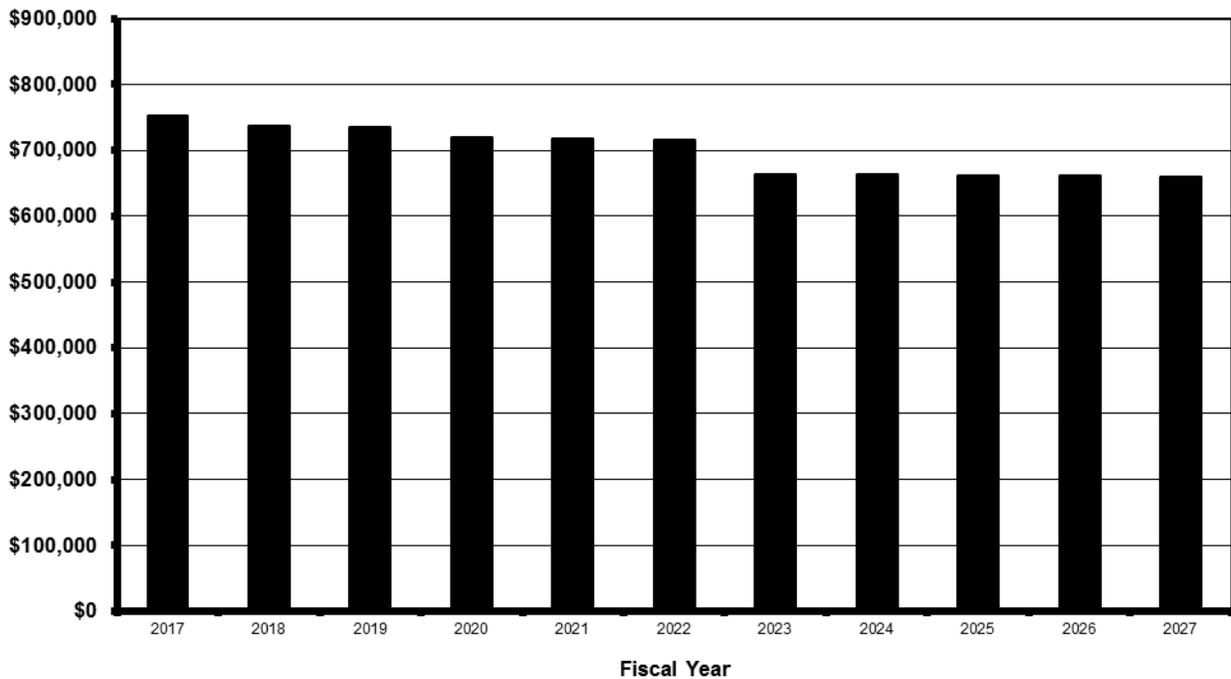
	FY16 Actual	Rev. FY17 Budget	Rev. FY18 Budget	FY19 Budget
Management & Engineering:				
Public Works Administration	\$ 35,202	\$ 37,173	\$ 38,172	\$ 38,296
Public Works Engineering	22,459	22,786	23,203	22,878
Highway Maintenance	4,806	4,937	4,941	4,941
133/135 Keyes Road	12,039	12,200	12,853	13,151
Subtotals	\$ 74,506	\$ 77,096	\$ 79,169	\$ 79,266
Financial & Administrative:				
Town Manager	\$ 29,488	\$ 31,111	\$ 31,798	\$ 31,979
Human Resources	5,823	6,069	6,632	6,850
Finance Administration	18,764	20,283	19,541	22,488
Treasurer-Collector	13,122	13,556	13,846	13,339
Town Accountant:				
General Services	13,224	14,598	15,449	16,569
Audit Services	6,000	6,000	6,000	6,000
Town House Facilities	3,380	3,508	3,758	3,754
Subtotals	\$ 89,801	\$ 95,125	\$ 97,024	\$ 100,979
Natural Resource:				
Planning	\$ 7,437	\$ 7,643	\$ 8,018	\$ 7,949
Natural Resources	6,514	6,631	7,095	6,770
Health	32,840	33,959	35,007	35,137
Subtotals	\$ 46,791	\$ 48,233	\$ 50,120	\$ 49,856
Salary Reserve	\$ -	\$ -	\$ -	\$ 7,675
Totals	\$ 211,098	\$ 220,454	\$ 226,313	\$ 237,776

Sewer Debt Service Schedule

Exclusive of betterment financing

Fiscal Year	Principal	Interest	Admin. Fees	Total
2017	609,516	134,224	9,366	\$753,106
2018	607,814	121,390	8,556	\$737,760
2019	618,831	108,499	7,730	\$735,060
2020	617,570	95,572	6,887	\$720,029
2021	629,036	82,606	6,027	\$717,669
2022	640,734	69,409	5,149	\$715,292
2023	602,668	56,725	4,254	\$663,647
2024	614,843	44,550	3,341	\$662,734
2025	627,265	32,128	2,410	\$661,803
2026	639,936	19,457	1,459	\$660,852
2027	652,865	6,528	490	\$659,883
Totals	\$7,547,510	\$920,411	\$65,829	\$8,533,750

Sewer Debt Service Chart



FY19 Capital Plan:

COLLECTION SYSTEM**Station Structures: \$12,000**

Annual capital outlay for improvements and replacement of structures including six neighborhood lift stations and two main pump stations.

Station Equipment: \$1,685,000

Annual capital outlay for improvements and replacement of equipment housed within six neighborhood lift stations and two main pump stations. Equipment is required to control, monitor, pump, store, and treat wastewater enroute to WWTP including motors, pumps, motor control panels, and air compressors. Complete upgrades are planned for Lowell Road and Assabet Avenue pump stations including replacement of major mechanical, electrical, and instrumentation systems as well as upgrades for odor control and solids handling.

Mains (Sewer Collectors): \$21,000

Annual capital outlay for improvements to and extension of collection system. Program is intended to insure that aging and deteriorating main is repaired or replaced in a manner that will maximize service. The Water & Sewer Division will continue to coordinate system improvements with other Town departments to insure division activities are performed in concert with other public works operations (such as Roads Program and CMLP initiatives). Planned work includes routine casting replacements and adjustments.

Inflow/Infiltration: \$105,000

The wastewater treatment plant currently receives about one million gallons of sewer flow per day. In accordance with our WWTP NPDES permit, annual inflow and infiltration (I/I) activities are required to reduce groundwater and storm water which enters the collection system through deteriorating pipes, leaking manholes or illicit storm water connections. Planned work includes targeted TV inspections, metering and spot repair of sewer mains, as well as full rehabilitation of manholes.

Meter Replacement Program: \$43,000

Sewer Fund portion of costs associated with system-wide meter maintenance and replacement efforts. Efforts will include advancement of smart water-meter technology to allow for increased customer awareness of individual water consumption patterns and water-saving opportunities.

WASTE WATER TREATMENT PLANT**Structures: \$105,000**

Annual capital outlay for improvements and replacement of WWTP structures. Planned improvements include the cleaning of structures and rehabilitation of mechanical drive systems associated with secondary clarifier unit #1.

Equipment: \$202,000

Annual cost to replace equipment presently used beyond recommended service life, including motors, pumps, motor control panels, chemical feed systems, and process instrumentation. Planned work includes replacement of sampling equipment, major SCADA system upgrade, and addition of improved security technology

Wastewater Planning/Capacity: \$25,000

Capacity needs assessment and wastewater NPDES permitting support services. Concord expects to seek regulatory relief from NPDES permitting capacity constraints. Since the completion several years ago of the integrated wastewater and land-use planning efforts, the Town continues to require additional treatment capacity of 320,000 gpd (short-term) to 600,000 gpd (long-term).

GENERAL PLANT**Keyes Road Facility: \$128,000**

Capital outlay for improvements to Water/Sewer administrative office and garage facilities. Budget includes allowance for new emergency generator, electrical system upgrade and design of a covered storage facility for rolling stock presently exposed to the elements.

Vehicles/Construction Equipment: \$5,000

Water/Sewer Fleet consists of 17 service vehicles and miscellaneous equipment such as compressor, vacuum, skid steer loader, and forklifts which are replaced in accordance with CPW criteria based on industry-accepted useful-life measures. Planned improvements include the replacement of one engineering/administration vehicle, two service vehicles, and a small skid steer/loader.

CAPITAL SPENDING PLAN								
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Total FY19-23
Collection System								
Pumping Plant								
Station Structures	0	12,000	12,000	13,000	14,000	15,000	16,000	70,000
Station Equipment	23,540	180,000	1,685,000	26,000	27,000	28,000	29,000	1,795,000
Subtotal	23,540	192,000	1,697,000	39,000	41,000	43,000	45,000	1,865,000
Collection Plant								
Sewer Mains/Laterals	0	16,000	21,000	22,000	23,000	24,000	25,000	115,000
Inflow/Infiltration (Note 1)	0	105,000	105,000	109,000	113,000	117,000	121,000	565,000
Meter Replacements	10,523	25,000	43,000	29,000	31,000	30,000	31,000	164,000
Subtotal	10,523	146,000	169,000	160,000	167,000	171,000	177,000	844,000
Wastewater Treatment Plant								
Structures	0	255,000	105,000	200,000	206,000	30,000	31,000	572,000
Plant Equipment	10,085	115,000	202,000	25,000	26,000	27,000	28,000	308,000
Capacity/Treatment Optimization	0	0	0	0	0	0	0	
Depreciable Personal Services	15,986	16,470	16,970	17,480	18,010	18,560	19,120	90,140
Subtotal	26,071	386,470	323,970	242,480	250,010	75,560	78,120	970,140
General Plant								
Keyes Road CPW Facility	34,067	28,000	128,000	132,000	100,000	31,000	32,000	423,000
Vehicle Replacements	10,135	30,000	5,000	11,000	20,800	17,400	33,000	87,200
Miscellaneous Equipment & Billing Software	13,061							
Subtotal	57,263	58,000	133,000	143,000	120,800	48,400	65,000	510,200
Wastewater Management Project								
Wastewater Planning (Note 1)	0	134,000	25,000	483,000	1,900,000	1,900,000	0	4,308,000
W.R. Grace land acquisition (funded through borrowing)								
Subtotal	0	134,000	25,000	483,000	1,900,000	1,900,000	0	4,308,000
Total Capital Uses	117,397	916,470	2,347,970	1,067,480	2,478,810	2,237,960	365,120	8,497,340
Funding the Capital Plan								
Total - User Fees	117,397	677,470	2,217,970	475,480	365,810	220,960	244,120	3,524,340
Total - Sewer Improvement Fees	0	239,000	130,000	592,000	2,013,000	2,017,000	121,000	4,873,000
Total - Borrowing					100,000			100,000
Total Capital Sources	117,397	916,470	2,347,970	1,067,480	2,478,810	2,237,960	365,120	8,497,340
Note 1: Charged to Sewer Improvement Fund								

Sewer Fund

Revenues and Expenditures

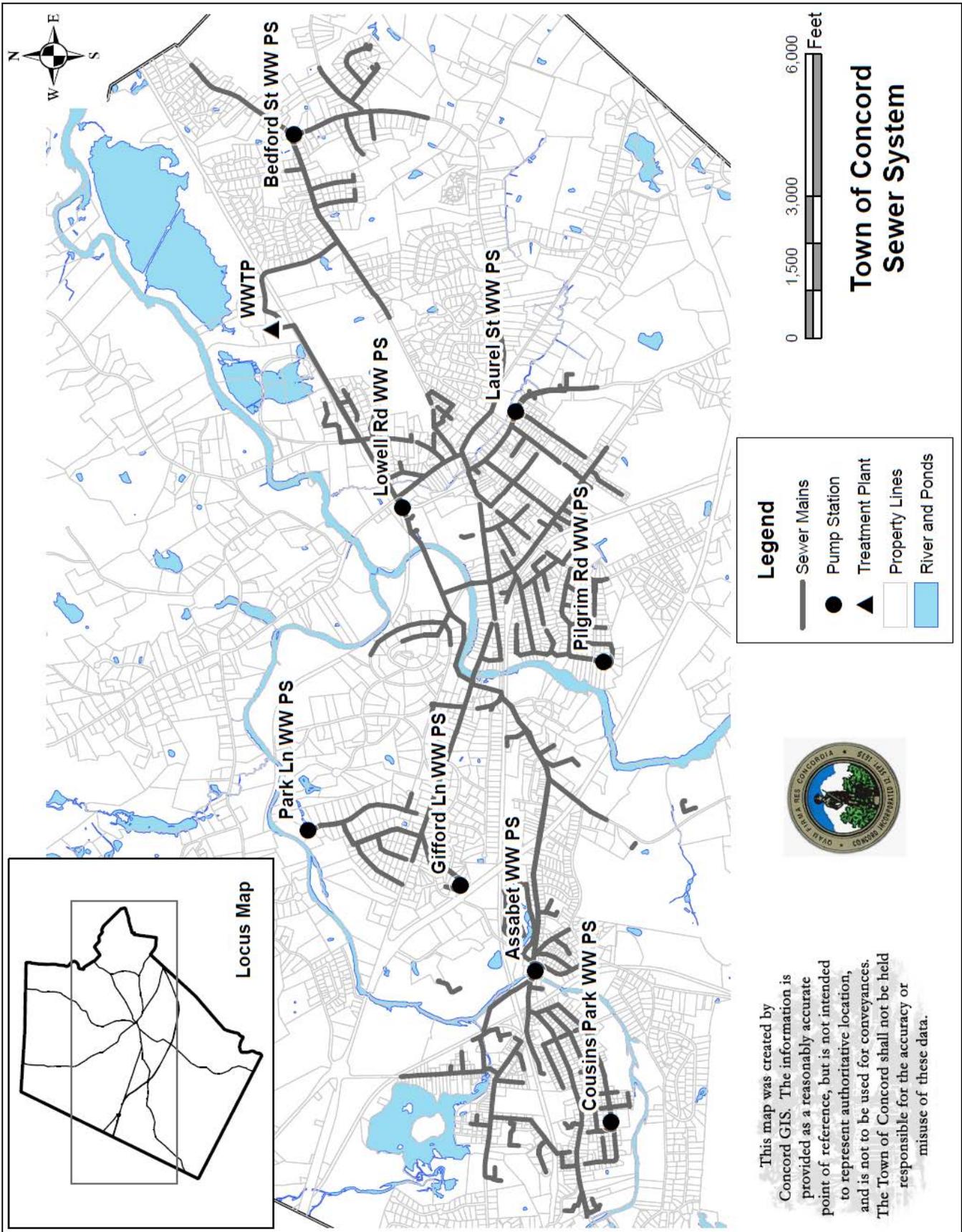
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	10 years FY19-28
Sewer Fund: Plan and Projection													
Operating Revenue													
User Fees	2,527,489	2,934,000	3,068,000	3,099,000	3,131,000	3,163,000	3,195,000	3,228,000	3,261,000	3,293,000	3,328,000	3,361,000	32,127,000
Other	191,120	170,638	134,398	135,038	137,038	138,038	139,038	140,038	141,038	142,038	144,038	145,038	1,395,740
Subtotal	2,718,609	3,104,638	3,202,398	3,234,038	3,268,038	3,301,038	3,334,038	3,368,038	3,402,038	3,435,038	3,472,038	3,506,038	33,522,740
Operating Expense													
O & M	1,623,119	1,776,764	1,908,424	1,965,917	2,025,151	2,086,180	2,149,060	2,213,846	2,280,598	2,349,376	2,420,243	2,493,263	21,892,058
Depreciation	1,413,392	1,449,032	1,593,254	1,090,267	1,154,112	1,181,074	1,154,112	1,132,580	1,092,981	1,085,868	1,066,164	1,089,676	11,640,088
Subtotal	3,036,511	3,225,796	3,501,678	3,056,184	3,179,263	3,267,254	3,303,172	3,346,426	3,373,579	3,435,244	3,486,407	3,582,939	33,532,145
Operating Income	-317,902	-121,158	-299,280	177,854	88,775	33,784	30,866	21,612	28,459	-206	-14,369	-76,901	-9,405
ADD: Interest Income	70,640	97,381	112,061	121,583	107,387	84,484	77,054	82,404	87,134	91,730	95,881	104,214	963,932
Bond Premium	-	-	-	-	-	-	-	-	-	-	-	-	-
Co-Mag Incentive Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewer Improvement Fees	372,581	181,000	181,000	181,000	181,000	181,000	181,000	181,000	181,000	181,000	181,000	181,000	1,810,000
LESS: Interest Expense													
Existing Debt	136,096	129,946	116,229	102,459	88,633	74,558	60,979	47,891	34,538	20,916	7,018	0	553,221
New Debt	0	0	0	0	0	0	4,000	3,600	3,200	2,800	2,400	2,000	18,000
Bond Anticipation Notes (BANs)	0	0	0	0	0	1,000	0	0	0	0	0	0	1,000
Issuance expense	0	0	0	0	100	1,000	0	0	0	0	0	0	1,100
Net Income	-10,777	27,277	-122,448	377,978	288,429	222,709	223,941	233,525	258,855	248,808	253,095	206,313	2,191,205
Available Resources from:													
Net income	-10,777	27,277	-122,448	377,978	288,429	222,709	223,941	233,525	258,855	248,808	253,095	206,313	2,191,205
Depreciation expense	1,413,392	1,449,032	1,593,254	1,090,267	1,154,112	1,181,074	1,154,112	1,132,580	1,092,981	1,085,868	1,066,164	1,089,676	11,640,088
subtotal	1,402,615	1,476,309	1,470,806	1,468,245	1,442,541	1,403,783	1,378,053	1,366,105	1,351,836	1,334,675	1,319,258	1,295,989	13,831,293
Bond proceeds													100,000
Loan proceeds													100,000
LESS: Principal repayments													
Existing Debt	609,516	607,814	618,831	617,570	629,036	640,734	602,668	614,843	627,265	639,936	652,865	0	5,643,748
New Debt	0	0	0	0	0	0	10,000	10,000	10,000	10,000	10,000	10,000	60,000
BAN Repayment													100,000
Net Available for Capital Purposes	793,099	868,495	851,975	850,675	813,505	863,049	765,385	741,262	714,571	684,739	656,393	1,285,989	8,227,545
Capital Plan: User Fee Supported	117,397	677,470	2,217,970	475,480	365,810	220,960	244,120	283,900	265,900	234,910	256,540	267,190	10,471,780
Improvement Fee Supported	-	239,000	130,000	592,000	2,013,000	2,017,000	121,000	125,000	129,000	133,000	137,000	142,000	
Borrowing Supported	-	-	-	-	100,000	-	-	-	-	-	-	-	
Cash Position													
Beginning balance	9,053,897	9,762,282	9,714,307	8,218,312	8,001,507	6,336,203	4,961,292	5,361,557	6,013,590	6,013,590	6,330,419	6,593,272	
ADD: Net available	793,099	868,495	851,975	850,675	813,505	863,049	765,385	741,262	714,571	684,739	656,393	1,285,989	
LESS: Planned Capital	117,397	916,470	2,347,970	1,067,480	2,478,810	2,237,960	365,120	408,900	394,900	367,910	393,540	409,190	
Changes in assets & liabilities													
Ending balance (does not include Betterment balance)	9,762,282	9,714,307	8,218,312	8,001,507	6,336,203	4,961,292	5,361,557	5,693,919	6,013,590	6,330,419	6,593,272	7,470,072	
Sewer Improvement Fund Balance (included in Ending Balance)	4,354,998	4,296,998	4,347,998	3,936,998	2,104,998	268,998	328,998	384,998	436,998	484,998	528,998	567,998	
Ending balance w/o Sewer Improvement	5,407,284	5,417,309	3,870,314	4,064,509	4,231,204	4,692,294	5,032,559	5,308,921	5,576,591	5,845,421	6,064,274	6,902,073	

SEWER RATES

(Per Cubic Foot)

	Class of Customer	Current FY18	Effective 6/1/18			%Chg.
S-18		(1 cubic foot = 7.48 gallons)				
1	Residential Service Rate billed year around but uses wintertime average consumption for non-wintertime months.	\$ 0.1141	\$ 0.1153			1%
2	Non-Residential Service Rate billed year around using actual readings for each billing period.	\$ 0.1141	\$ 0.1153			1%
3	Chiller/Cooling System Discharge Sewer Service For large non-residential sewer customers with dedicated cooling-system water supply	\$ 0.0228	\$ 0.0231			1%

	Sample Impacts	Current Annual	New Annual	Annual Change	Monthly Change	% Chg.
1	Average Residential Customer (500 cu ft/mo wintertime use)	\$ 685	\$ 692	\$ 7.20	\$ 0.60	1%
2	Typical Non-Residential Customer (900 cu ft/mo)	\$ 1,232	\$ 1,245	\$ 12.96	\$ 1.08	1%



Section VI

Solid Waste Fund

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Mission Statement

The mission of the Solid Waste Division is to provide an efficient, environmentally sound and cost-effective solid waste collection & disposal and recycling program for subscribers to the Town’s curbside program.

Solid Waste Fund Contents

Overview	p. 1
Collection and Disposal	p. 2
Performance Measures	pp. 3-5
Revenues and Expenses	pp. 6-10
Seasonal Events	p. 11

Solid Waste Fund Highlights

- Revenues are budgeted to grow to \$1,421,584 in FY19 from \$1,372,643 in FY18 (a 3.6% increase).
- Expenses are budgeted at \$1,421,532, a 4.2% increase from the FY18 budget of \$1,364,382.
- The curbside subscription fee for FY19 is proposed to increase by \$8 to \$262.00 per year. There will be no price increase for barrel stickers or weekly disposal tags.

Expenditure Summary				
	FY16 Actual	FY17 Actual	FY18 Budgeted	FY19 Proposed
Operating Income	\$ 87,951	\$ 116,597	\$ 8,261	\$ 52
Net Income	\$ 87,951	\$ 116,597	\$ 8,261	\$ 52
Undesignated Fund Balance	\$ 317,825	\$ 434,422	\$ 442,683	\$ 442,725



Description:

Concord’s curbside collection program is open to all residents and small commercial facilities. Under the program, curbside collection, disposal and recycling services are provided to residents, municipal sites, and schools under contract by Waste Management of Massachusetts, Inc.

The curbside collection program is a fee-based program that is not supported by tax dollars. Program subscribers pay a base fee, plus a charge per bag or barrel of trash.

The Solid Waste Division partners with REUSIT (Rescue the Environment and Us from being Smothered In Trash) twice-a-year for DropOff-SwapOff events for recyclable materials and oversized waste not collected at the curb.

The Solid Waste Division also co-sponsors two business recycling events per year and an annual bike give-a-way for residents. The division collects fluorescent light bulbs and mercury products from residents on a daily basis. The division also oversees the paint shed at the Compost Site—open Saturdays April through October—for the collection of paint and paint products for re-use and proper disposal.

Collection and Disposal Contract:

FY19 is year 3 of a five-year extension to the Town's contract with Waste Management for the curbside program. The contract extension is effective through June 30, 2021. In FY19, the Town will begin preliminary research on options for a new contract that will best fit the needs of curbside program subscribers starting July 1, 2021.

Collection Rate Highlights

With the FY19 proposed Curbside Collection Rates, the average cost per household (based on 1 barrel per week) is:

\$340.00 per year

•The FY19 cost represents a 2.4% increase over the FY18 amount of \$332.00.

FY16 – FY19 Contract Charges and Collection Rates

	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	
Trash and Recycling	\$202.80	\$209.15	\$216.25	\$223.45	per subscriber per year
Recycling Only	\$118.60	\$123.00	\$126.00	\$131.00	per subscriber per year
Dumpster Pickup	\$43.00	\$46.00	\$48.00	\$50.25	per pickup
Recycling Toter	no charge	no charge	no charge	no charge	
Public Barrels	\$2.35	\$2.50	\$2.65	\$2.80	per barrel per pickup
Trash Tonnage	\$79.00	\$79.00	\$79.00	\$79.00	per ton
Commingled Containers	\$29.00	\$30.00	\$31.00	\$32.00	per ton
Paper Processing Fee	\$60.00	\$60.00	\$60.00	\$60.00	per ton

The Waste Management contract contains an index-based revenue sharing provision whereby the Town receives revenue when the paper market is strong. The index for the paper revenue-share calculation is Sorted Residential Papers – No. 56 (formerly ONP#8) for the New England Region. The Town receives revenue when the high price for No. 56 exceeds \$60.00 per ton. Currently, the high price for No. 56 is \$60.00 per ton, thus the Town is not receiving any paper revenue at this time, nor is it being charged a paper processing fee.

Curbside Collection Rates

(for the periods beginning in April)

	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	
Trash and Recycling Subscription	\$230.00	\$242.00	\$254.00	\$262.00	per year
Recycling Only Subscription	\$120.00	\$126.00	\$128.00	\$133.00	per year
Weekly Disposal Tag	\$1.50	\$1.50	\$1.50	\$1.50	per barrel per week
Barrel Sticker	\$78.00	\$78.00	\$78.00	\$78.00	per year
Cost per Household (Based on 1 barrel per week)	\$308.00	\$320.00	\$332.00	\$340.00	

Key Performance Measures

- Concord's Recycling Rate & Total Tonnage
- MSW Tonnage per Subscriber vs. Other Towns
- Hauler Comparison
- Citizen Survey



Recycling Rate & Tonnage

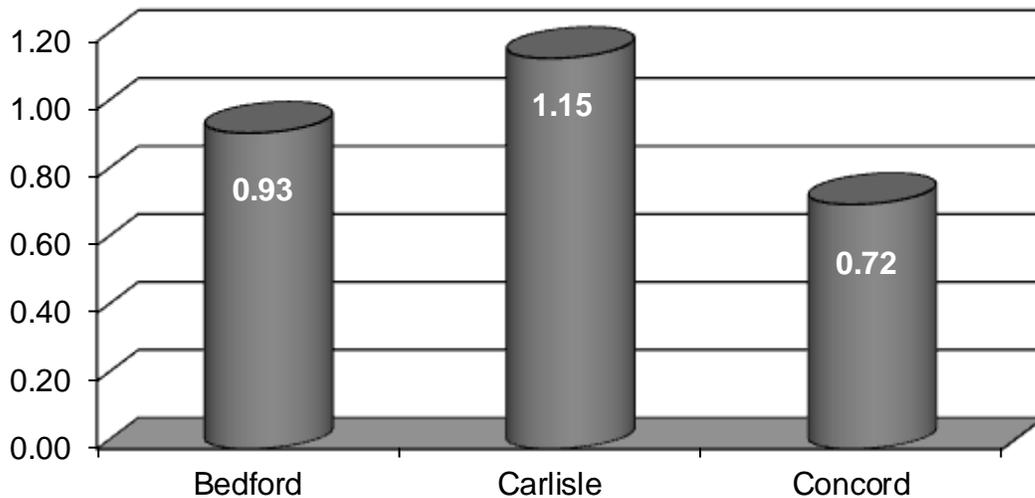
Concord continues to be one of the top curbside recycling communities in Massachusetts. In FY17, subscribers to the municipal curbside collection program disposed of 2,548 tons of trash, and recycled 1,111 tons of paper and 605 tons of commingled containers, resulting in a recycling rate of 40%. Historical tonnages and recycling rates are outlined below.

	No. of subscribers	Change	Trash	Recycling	Total	Percent Recycled
	as of 6/30	# subscribers	tons	tons	tons	%
FY97	2,132	-177	2,226	1,189	3,415	35%
FY98	2,557	425	2,351	1,264	3,615	35%
FY99	2,724	167	2,173	1,598	3,771	42%
FY00	2,828	104	2,254	1,809	4,063	45%
FY01	2,907	79	2,269	1,830	4,099	45%
FY02	3,009	102	2,267	1,902	4,169	46%
FY03	3,077	68	2,376	1,954	4,330	45%
FY04	3,140	63	2,380	1,975	4,355	45%
FY05	3,218	78	2,571	1,998	4,569	44%
FY06	3,224	6	2,551	1,981	4,532	44%
FY07	3,270	46	2,559	1,982	4,541	44%
FY08	3,305	35	2,467	2,025	4,492	45%
FY09	3,323	18	2,387	1,864	4,251	44%
FY10	3,407	84	2,426	1,810	4,236	43%
FY11	3,468	61	2,483	1,780	4,263	42%
FY12	3,488	20	2,484	1,794	4,278	42%
FY13	3,514	26	2,513	1,734	4,247	41%
FY14	3,517	3	2,544	1,760	4,304	41%
FY15	3,539	22	2,574	1,768	4,341	40%
FY16	3,608	69	2,581	1,761	4,342	40%
FY17	3,639	31	2,548	1,716	4,264	40%

Benchmarking: MSW Tonnage per Subscriber

MassDEP shifted its focus from municipal recycling rates to waste reduction, and now focuses on tons of municipal solid waste (MSW) generated per household as a benchmark. As shown in the graph below, subscribers on Concord’s curbside program generate less trash than residents of some surrounding towns. To a large extent, this achievement is a result of the pay-as-you-throw (PAYT) pricing structure that the Town has implemented. PAYT communities typically generate less trash per household than non-PAYT communities.

MSW Tonnage per Subscriber
(Latest DEP figures)



Hauler Comparison

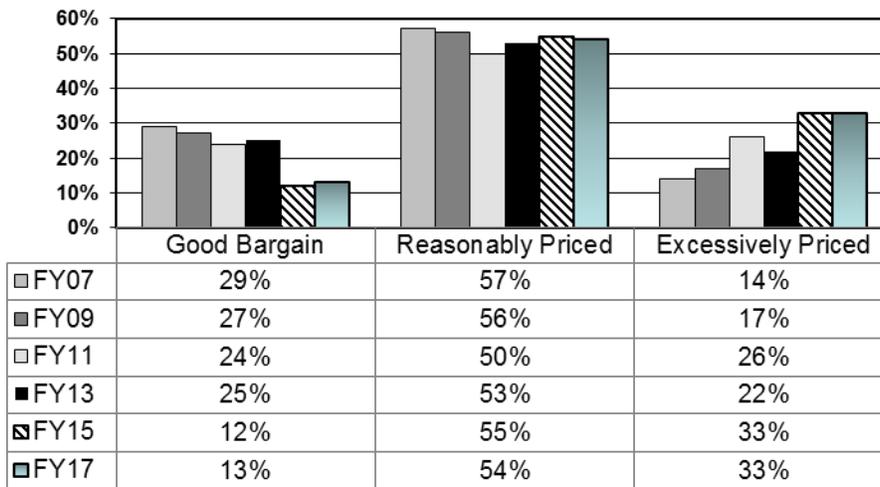
Subscription fees and disposal fees (barrel stickers and weekly tags) are established each year to allow the Division to meet its yearly expenditures while remaining competitive, typically well below the rate private haulers charge. A comparison of annual cost to curbside subscribers with those of private haulers that serve the area is presented below based on an average of 1.36 barrels/bags per week (average determined on the most recent route audit). Even with a two barrel/bag setout weekly, the cost to the subscriber is much less expensive. In addition, the subscription fee includes a pass to the Minuteman Household Hazardous Products Facility (a \$60.00 value). Concord curbside subscribers continue to realize a lower cost option than is otherwise available in the area.

	FY17	FY18	FY19
*TOWN	\$348.08	\$360.08	\$368.08
Mr. Trashman	\$468.00	\$468.00	\$468.00
Old Colonial	\$468.00	\$468.00	\$468.00
Moreau & Son	\$480.00	\$480.00	\$480.00
Barry Brothers	\$528.00	\$528.00	\$528.00

Town Residential Survey

During the fall of 2006, 2008, 2010, 2012, 2014, and 2016 the Town conducted a survey of Town residents and asked the following question: Do you consider the price of the Town’s trash and recycling pickup is a Good Bargain, Reasonably Priced, or Excessively Priced? For the 2016 (FY17) Residential Survey, 13% responded “Good Bargain”, 54% responded as “Reasonably Priced”, and 33% “Excessively Priced”.

Opinion of Collection Rates



Program Implementation

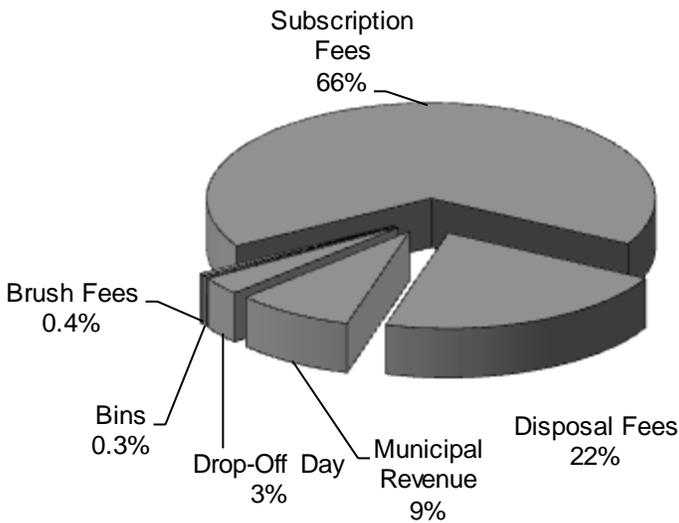
Eighty-eight percent of the Solid Waste Division's revenues in FY19 are expected to come from curbside subscriber subscription fees and disposal fees (\$1,248,204 of the total). Municipal revenue (schools, municipal buildings, parks & fields) is projected at \$120,530 (approximately 9% of the total). Revenue from DropOff Day, brush fees, and sales of recycling bins and compost bins is projected at \$52,850 (3.7% of the total).

The two largest expense categories are Collection and Disposal, both provided by the Contractor.

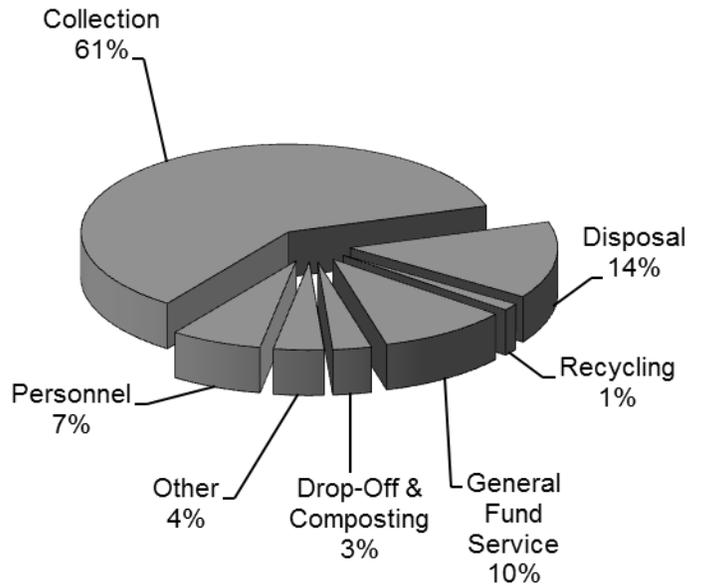
FY19 collection costs, based on Waste Management's FY19 contract pricing, are budgeted at \$857,576. This represents a 4.5% increase over the FY18 budget of \$820,725.

Disposal costs are projected to decrease slightly in FY19 reflecting a somewhat lower estimate of tonnage collected. Disposal costs, based on Waste Management's FY19 contract pricing, are budgeted at \$201,461 vs. \$205,411 in FY18.

FY19 Operating Revenues
Totaling \$1,421,584



FY19 Operating Expenses
Totaling \$1,421,532



OPERATING REVENUES

	FY16 Actual	FY17 Actual	FY18 Budget	FY19 Estimate
Subscription Fees (collection)	\$ 830,566	\$ 877,933	\$ 913,242	\$ 942,114
Customer Rebates	-	-	(14,604) ⁽¹⁾	-
Disposal Fees (tags & stickers)	302,072	300,631	304,309	306,090
Town Facilities & Public Barrels	47,274	54,127	53,231	54,830
Schools	63,087	62,760	64,150	65,700
Compost Bins	1,156	1,459	2,860	2,860
Recycling Bins/Lids	1,054	1,047	1,080	1,080
Drop off day	37,724	37,842	38,817	42,910
Miscellaneous Revenue		331		
Brush Fees	3,460	2,439	6,000	6,000
Sale of Recycled Paper	480	19,524	3,558	-
	<u>\$ 1,286,872</u>	<u>\$ 1,358,093</u>	<u>\$ 1,372,643</u>	<u>\$ 1,421,584</u>

⁽¹⁾ Estimated customer rebates of \$14,604 based on prior year's recycled paper revenue.

OPERATING EXPENSES

	FY16 Actual	FY17 Actual	FY18 Budget	FY19 Estimate
Curbside Program				
Personal Services	\$ 88,591	\$ 95,992	\$ 96,930	\$ 101,017
Curbside Collection Contract	679,713	692,799	820,725	857,576
Contracted Disposal Services	204,424	201,261	205,411	201,461
Recycling Processing Fees	21,762	18,546	17,825	18,400
Fuel Adjustment Expense	-	-	(4,446)	(2,280)
Purchased Services	23,621	40,530	33,409	40,913
Supplies and Materials	3,036	13,722	9,528	9,628
Other Charges and Expenses	1,060	1,162	2,260	2,410
Capital Outlay	-	-	-	-
General Fund Services	129,710	136,721	138,923	144,497
Subtotal - Curbside Program	<u>\$ 1,151,915</u>	<u>\$ 1,200,734</u>	<u>\$ 1,320,565</u>	<u>1,373,622</u>
Oversized waste disposal				
Drop-off Program				
Personal Services	\$ 5,060	\$ 3,898	\$ 5,327	4,780
Oversized waste collection	-	-	4,680	4,680
Oversized waste disposal	10,188	9,959	5,208	5,208
Recyclable Materials processing	23,407	19,688	20,042	24,842
Purchased Services & Supplies	3,350	2,217	3,560	3,400
Subtotal - Drop-off Program	<u>\$ 42,005</u>	<u>\$ 35,762</u>	<u>\$ 38,817</u>	<u>42,910</u>
Composting Site Program				
General Fund Services	5,000	5,000	5,000	5,000
Subtotal - Composting Site	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>5,000</u>
Total Operating Expenses	<u>\$ 1,198,920</u>	<u>\$ 1,241,496</u>	<u>\$ 1,364,382</u>	<u>\$ 1,421,532</u>

AUTHORIZED POSITIONS

<u>Code</u>	<u>Position Title</u>	<u>Grade</u>	<u>FY18 Revised Budget</u>		<u>FY19 Recommendation</u>	
			<u>Hours</u>	<u>\$ Amount</u>	<u>Hours</u>	<u>\$ Amount</u>
Curbside Collection Program						
5111	Regular Time MP-4		1.0 FTE	\$ 95,430	1.0 FTE	\$ 99,217
	Regular Time ACL-4		0.5 FTE	(1)	(1)	
5120	Temporary Status			-		228
5178	Medicare Tax			\$ 1,500		\$ 1,572
				<u>\$ 96,930</u>		<u>\$ 101,017</u>
Drop-off Program						
5130	Overtime		100	\$ 2,687	56	\$ 2,800
5131	Police Overtime		40	\$ 2,640	44	1,980
				<u>\$ 5,327</u>		<u>\$ 4,780</u>
<p>(1) Full-time ACL-4 position shared between CPW Administration (50%) and the Curbside Program (50%). Funded directly by the Solid Waste Fund through a Transfer to the General Fund.</p>						

GENERAL FUND SERVICES

	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>
Curbside Collection/Drop-Off Program				
Management Services	\$ 77,857	\$ 81,663	\$ 82,574	\$ 82,983
Financial & Administrative Services	51,853	55,058	56,349	56,623
Salary Reserve	-	-	-	4,891
	<u>\$ 129,710</u>	<u>\$ 136,721</u>	<u>\$ 138,923</u>	<u>144,497</u>
Composting Site Program				
Management Services	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>5,000</u>
Combined Total	\$ 134,710	\$ 141,721	\$ 143,923	\$ 149,497

NET INCOME

	FY16 Actual	FY17 Actual	FY18 Budget	FY19 Estimate
Statement of Net Income:				
Operating Revenues	\$ 1,286,872	\$ 1,358,093	\$ 1,372,643	\$ 1,421,584
Operating Expenses	<u>(1,198,921)</u>	<u>(1,241,496)</u>	<u>(1,364,382)</u>	<u>(1,421,532)</u>
Operating Income	87,952	116,597	8,261 ^(a)	52
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income from Operations	87,952	116,597	8,261	52
Other Adjustments				-
Net Income	<u>\$ 87,952</u>	<u>\$ 116,597</u>	<u>\$ 8,261</u>	<u>\$ 52</u>

STATEMENT OF FUND BALANCE

	FY16 Actual	FY17 Actual	FY18 Budget	FY19 Estimate
From operating activities:	\$ 87,952	\$ 116,597	\$ 8,261	\$ 52
Capital expenditures:	-	-	-	-
Other adjustments:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease)	87,952	116,597	8,261	52
Beginning Fund Balance	229,873	317,825	434,422	442,683
Ending Fund Balance	317,825	434,422	442,683	442,735

a) FY18 budgeted revenue and expenses revised to reflect significant changes.

DETAIL OF GENERAL FUND SERVICES

	FY16 Actual	FY17 Actual	FY18 Budget	FY19 Estimate	Allocation		
					Curbside	Composting Site	
Management Services							
CPW Administration	\$ 71,215	\$ 74,954	\$ 77,610	\$ 78,088	100% \$ 78,088	0% \$ -	
Highway/Keyes Road	11,642	11,709	9,964	9,895	49% 4,895	51% 5,000	
	82,857	86,663	87,574	87,983	82,983	5,000	
Town Manager	5,456	5,748	5,950	5,980	100%	5,980	
Financial & Administrative Services							
Town Accountant/Audit	4,631	4,984	5,216	5,289	100%	5,289	0%
Treasurer Collector/Finance	39,271	41,729	42,369	42,491	100%	42,491	0%
Human Resources	1,367	1,426	1,560	1,611	100%	1,611	-
Town House	1,128	1,171	1,254	1,252	100%	1,252	-
	51,853	55,058	56,349	56,623	56,623	-	
Salary Reserve	-	-	-	4,891	4,891	-	-
	\$ 134,710	\$ 141,721	\$ 143,923	\$ 149,497	\$ 144,497	\$ 5,000	
Curbside Collection Program	\$ 129,710	\$ 136,721	\$ 138,923	\$ 144,497			
Composting Site Program	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000			

DropOff-SwapOff

Concord Public Works co-sponsors two DropOff–SwapOff events a year with REUSIT (Rescue The Environment and Us From Being Smothered In Trash). These events provide opportunities for Concord residents to recycle, reuse, or dispose of items that no longer have a useful life, including bulky, over-size items that are not collected at the curb.

The DropOff portion of the event is primarily fee-based, whereas the SwapOff is a free take-it-or-leave-it area. The May 6, 2017 DropOff – SwapOff attracted 894 households. The October 14, 2017 DropOff – SwapOff, was attended by 947 households. These events also included highly successful collections of unwanted medication/sharps. There will be another unwanted medication/sharps collection at the upcoming DropOff event on May 5, 2018.

Business Recycling

Concord Public Works partners with CRS (Complete Recycling Solutions) for two business recycling events a year. These events are typically held on the first Friday in April and the last Friday in September. The business recycling events are an opportunity for Concord businesses to properly dispose of old computers, printers, fax machines, other electronics, and fluorescent light bulbs. In 2017, 2.35 tons of electronics and 10,368 linear feet of fluorescent light bulbs were collected from Concord businesses.

Hazardous Waste Disposal

Curbside subscribers are given one free pass per year to the Minuteman Hazardous Products Regional Facility in Lexington, where they can drop off chemicals and other hazardous waste for proper disposal. Concord is one of eight Minuteman communities that help manage hazardous waste collection events at the site. The site is open one weekend day a month from April – November. Ninety-five curbside subscribers visited the site in 2017 along with ten non-curbside subscribers who paid the vendor directly.

Concord Public Works is hosting a hazardous waste collection for residents and businesses on Wednesday, September 21, 2018. Curbside subscribers can utilize their free pass for this event in lieu of one of the Minute Hazardous Products Regional Facility collections. Non curbside subscribers and businesses can also attend the event and pay the vendor directly.

Paint Shed / Compost Site

The Paint Shed is open on Saturdays, April – October. During the 2017 season, 437 residents dropped off paint and 178 residents picked up paint for re-use. Concord residents are permitted to drop off yard waste and brush at the Compost Site. The Compost Site is open Saturdays from April to mid-December as well as additional days in January for Christmas tree disposal. Residents can pick up compost and wood chips free of charge.



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Section VII

Swim and Fitness Fund

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Mission Statement

The Beede Swim & Fitness Center is managed by the Concord Recreation Division and is funded solely by membership and program fees. We are deeply committed to serving the fitness needs and interests of our community, across all ages and abilities.

Beede Center Budget Contents

Overview	p. 1
Operations and Memberships	pp. 2-3
Programs, Features, and Fees	pp. 4-5
Revenues and Expenditures	PP. 6-9
Capital Spending	pp. 10-11
Fund Balance Charts	p. 12

Beede Center Highlights

New membership plans were introduced in March 2017, including monthly recurring memberships, 3 month memberships and a 10 visit pass. All memberships now include swim & fitness, non-resident rates have been eliminated, and the joining fee has been reduced from \$199 to \$99.

- In FY19, the Beede Center is budgeting for negative operating income results due primarily to a depreciation expense of \$363,268.
- The Beede Center ended FY17 with an undesignated fund balance of \$1.35 million. These funds help the Beede Center to weather years of negative net income operating results, such as may occur in FY18 and FY19.

Expenditure Summary				
	FY16 Actual	FY17 Actual	FY18 Budgeted	FY19 Proposed
Operating Income	\$ (16,103)	\$ (180,131)	\$ (114,880)	\$ (257,405)
Net Income	\$ (1,995)	\$ (152,794)	\$ (99,101)	\$ (245,405)
Unassigned Fund Balance	\$ 1,503,666	\$ 1,350,692	\$ 1,251,591	\$ 1,006,185

Description:

The Beede Swim and Fitness Center, located on the campus of the Concord-Carlisle Regional High School, hosts an 8-lane lap pool, a therapy pool, a children's pool, a diving well, and pool-side spectator seating.

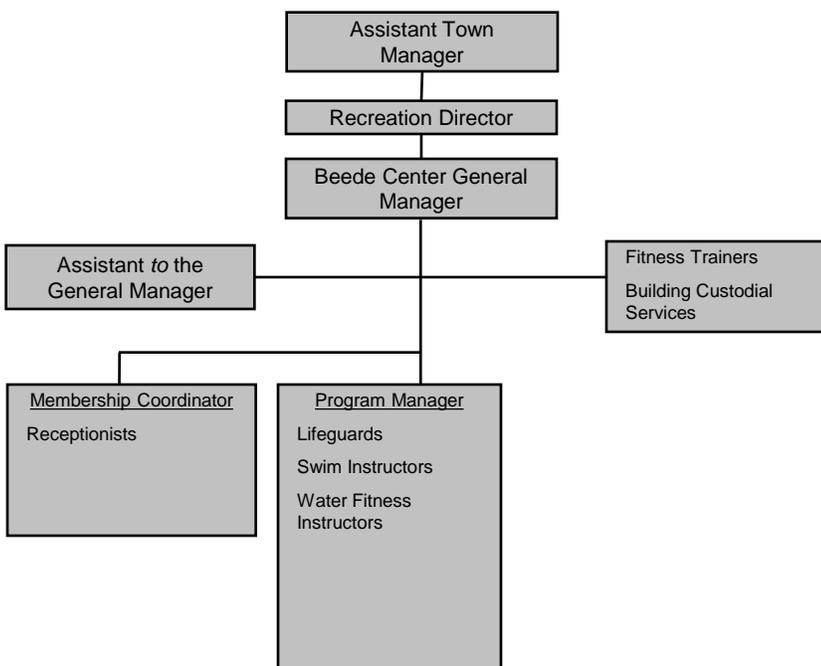
There are two 1,600-square-foot fitness rooms; one for weight training and one for cardiovascular exercise. In addition, the facility includes men's and women's locker/shower rooms, family changing rooms, and staff office space.

The facility is open approximately 100 hours each week throughout the year.

The Beede Center opened on April 18th, 2006. It was constructed for approximately \$11 million, which was made possible by a \$6 million gift from the Alfred Sawyer Trust and a \$1.8 million gift from the Beede family, as well as through many generous contributions from the community.

The Recreation Department operates the Center as an enterprise fund in accordance with Article 30 of the 2005 Annual Town Meeting.

The Beede Center strives to balance the recreational needs of the community with its obligation to be financially self-supporting and stable.





Current Financial Status:

The Beede Center ended FY17 with a negative operating income of \$180,131 and a negative net income of \$152,794. This set the Beede Center's undesignated fund balance at \$1,350,692 at fiscal year end.

Negative operating income projected for FY19 is a projected \$257,405 due to increased depreciation expense, conservative revenue projections, and providing for an appropriation that allows for maximum operating levels. However, this is manageable because the Beede Center has a strong reserve fund. This reserve, totaling \$1.35 million at the beginning of FY18, exists precisely so that the Beede Center does not have to sacrifice its service quality, issue sharp fee increases, or deviate from its long-term plans in order to deal with short-term negative operating results.

The Beede Center will also continue to meet its obligation to plan and prepare for the long-term maintenance and replacement of the \$11 million facility by fully funding its depreciation expense at approximately \$363,268. Membership rates have not increased from 2016. The Beede Center is anticipating increased operating expenditures related to providing a first-class swim and fitness experience.

With sound management, the Beede Center continues to weather the difficult economic times without having to compromise on its long-term financial stability or depend on taxpayer support.

Programs and Fees:

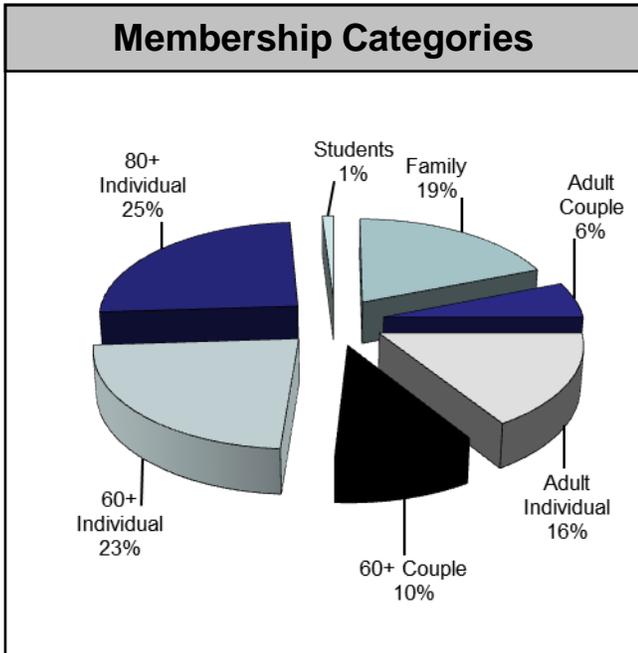
To compliment its swim and fitness offerings, the Beede Center offers personal training, various water fitness and swim lessons. All of these programs are available to the general public, and are offered at a discounted fee to members.

In Fiscal Year 2018, the Concord Recreation Department's group exercise and fitness classes were reassigned to be managed by the Beede Center budget and management. These programs include; Kickboxing, Pilates, Small Group Exercise, Spinning, Yoga, etc. and classes take place at The Beede Center, Hunt Gym, or the newly renovated 55 Church Street building in West Concord. The programs are also available to the general public, and are offered at a discounted fee to members. Participants may reserve their spot with a reservation for an entire session or drop in on a class when space is available.

It should be stressed that the Beede Center operates with revenue solely from user fees and **no tax dollars** are contributed to the Center.

Membership Discussion

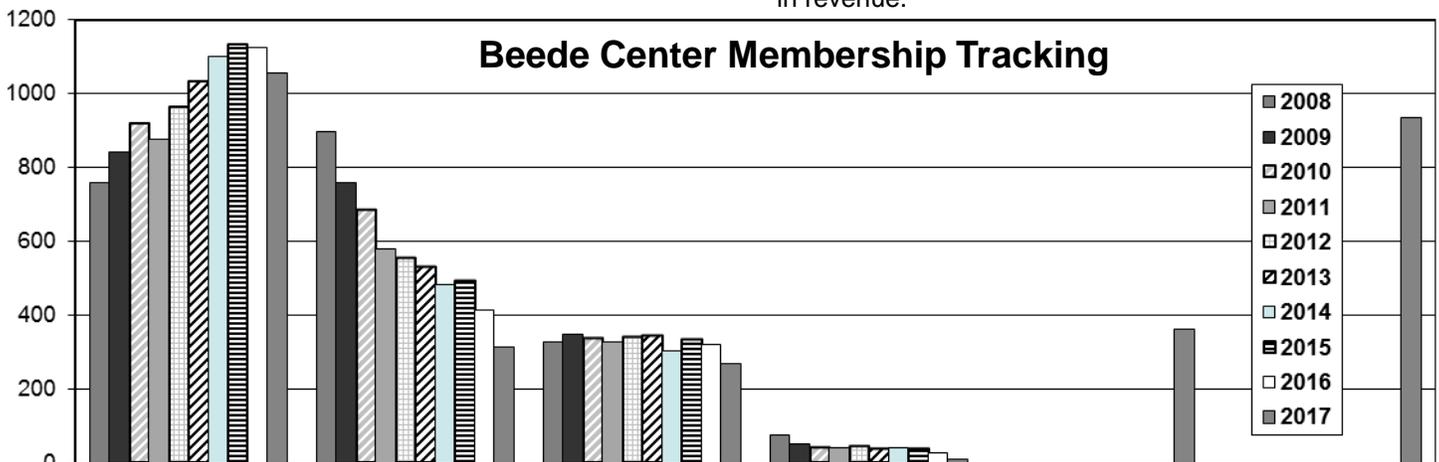
Please note that there is a difference between *members* and *memberships* – memberships often result in multiple members (i.e., one family membership could result in 2, 3, 4, 5, or more resulting new members).



Membership Trends

Membership has decreased over the past year from 2017 to 2018. Some of the decline in traditional memberships can be attributed to the new 3 month and 10 visit options made available in March 2017.

- Since January 2017, Family Memberships have dropped by 102 from 415 to 313.
- Individual Memberships have decreased by 69, from 1127 to 1058.
- Couple Memberships have increased by 10, from 323 to 333.
- Student Memberships have decreased by 15, from 27 to 12.
- The community had been asking for short term membership options. The Beede Center now offers a 3 month membership and 10 visit pass. Since March 2017, 364 3 Month Memberships were purchased generating \$99,425 in revenue and 935 10 Visit Passes were purchased generating \$93,500 in revenue.



	Individual	Family	Couple	Student	3 Month	10 Visit
■ 2008	760	899	328	77	0	0
■ 2009	842	760	348	53	0	0
□ 2010	922	685	337	40	0	0
■ 2011	877	580	330	41	0	0
□ 2012	966	554	342	43	0	0
▨ 2013	1035	531	343	36	0	0
□ 2014	1103	485	304	43	0	0
▨ 2015	1133	494	333	38	0	0
□ 2016	1127	415	323	27	0	0
■ 2017	1058	313	269	12	364	935

Beede Center Membership Fees

On March 1, 2017, the Beede Swim & Fitness Center changed its membership plans. The goal was to provide members with simpler, more flexible membership options. Following an industry standard, the Beede Center moved to monthly recurring billing for all members.

The following goals are kept in mind when setting fees:

- Fees should reflect the cost of services provided, allowing the Beede Center to operate as a self-supporting enterprise fund;
- Fees should be set in a way that minimizes “shock” increases; and
- Fees should be set to encourage a use of the facility that is appropriate for its capacity.



Calendar Year 2018 Membership Rates are as follows:

	Monthly	3 Month	10 Visit	Day Pass
Adult	\$82	\$270	\$100	\$20
Couple	\$129	\$426		\$30
Family	\$153	\$504		\$40
65+	\$62	\$212		
65+ Couple	\$98	\$327		
14-18	\$41	\$138		
80+				

All memberships begin the day of purchase and are valid for one year.

A \$99 joining fee is applied to all new memberships.

Hours of Operation

Monday through Friday: 5:30 AM – 9:00 PM

Saturday and Sunday: 7:00 AM – 6:00 PM

The Beede Center is closed on the following days:

Patriots Day; Easter; Memorial Day; July 4th; Labor Day; and Christmas.

There are limited hours on Thanksgiving Day, Christmas Eve, New Year’s Eve, and New Year’s Day.

Excerpts From the Beede Center's Membership Brochure

At the Beede Center, we strive to be your partner in health with dedicated staff, inspired program offerings and exceptional facilities. Join us today and make yourself at home!

Flexible Membership Options

Our new membership plans offer unlimited access to state-of-the-art aquatic and fitness facilities. Annual, 3-month and 10-visit options let you create the perfect membership to fit your needs.

Aquatics

Beede's state-of-the-art aquatic facilities serve competitive swimmers, fitness classes, therapeutic programs and family fun year-round.

- 8-Lane Competition Pool (25yd x 25m)
- Deep Water Diving Well with two 1m boards
- Warm Water Therapy Pool
- Children's Play Pool with slide and fountains

Youth Swim Lessons & Programs

40% discount for members! Build competence in the water with American Red Cross swim lessons and water safety courses. Available in Group, Semi-Private and Private.

- Parent & Child
- Preschool
- Learn to Swim
- Lifeguard Training
- Water Safety Instruction
- Diving
- Otters Swim Team

Adult Aquatic Programs

Push yourself beyond free swim with Private Lessons, Coached Workouts and water fitness classes like Ai Chi, Deep Water Interval Training and Shallow Water Workout. Up to 40% off all programs for members!

Fitness

Work out in natural light with 12 channels of DirecTV on every cardio machine. New members receive a free equipment orientation and workout plan from one of our certified trainers. Members also enjoy up to a 40% discount on all Group Fitness Classes held at Concord Recreation locations.

- Weight Training Room
- Cardio Fitness Room
- Free Weights

Personal Training

Get the most out of your workout with the expertise of our dedicated trainers who will help you design, and reach, your fitness goals.

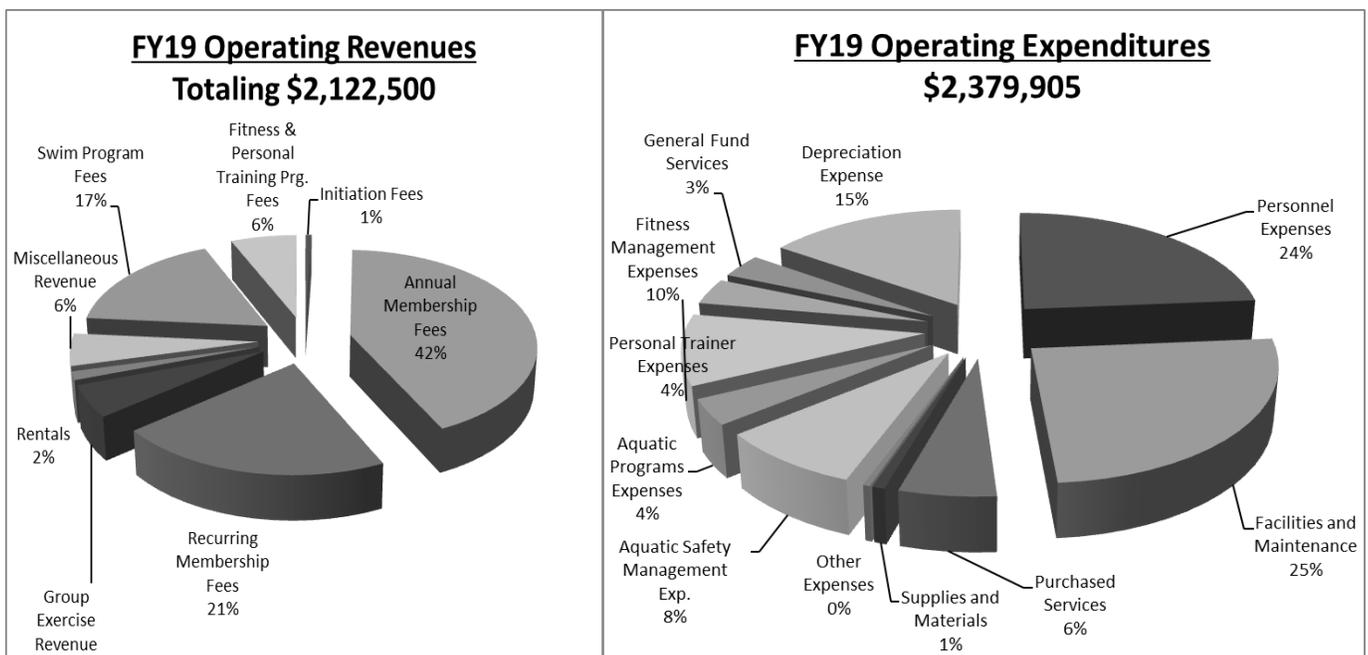
Program Implementation

The vast majority of the Beede Center’s operating revenues come from Membership Fees (\$1,362,500 or 63% of the total). Because of this, membership fees are carefully set each year, and membership levels are monitored. As Beede revenues in general are influenced by economic conditions, the Town also works to manage the enterprise in a way that will allow it to maintain the financial reserves necessary to bridge economic downturns.

The three expense categories of greatest magnitude are Personnel Services, Facilities and Maintenance, and Depreciation Expense.

Personnel Services are budgeted to total \$563,364 in FY19. This level of expenditure is lower than historical expenses, because in FY19 some of the Personnel Services expense have been allocated to four new program codes: Aquatic Management, Aquatic Programs, Fitness Management, and Fitness Programs.

Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Beede Center. Facility and equipment depreciation expense totals \$363,268 in the FY19 budget and is placed in a *depreciation fund*.



Operating Results:

The FY19 budget proposes operating expenditures that are \$257,405 *greater than* operating revenues. This results in an operating loss for the year.

This operating loss is slightly offset by the estimated \$12,000 of investment income, and the results is an estimated net income of negative \$245,405 for FY19.

These negative annual results are an expected occurrence with any enterprise activity, especially one like the Beede Center, which competes in the private market for revenues. Although the Beede Center has built-up an adequate financial reserve (over \$1.35 million at the end of FY17) with which to bridge times of negative operating results, negative net income results are being carefully watched.

OPERATING REVENUES (\$)

	FY16 Actual	FY17 Actual	FY18 Budgeted	FY19 Proposed
Initiation Fees	\$ 21,683	\$ 28,661	\$ 29,203	\$ 12,500
Membership Fees	\$ 1,642,414	\$ 1,508,529	\$ 1,612,199	
Annual Membership Fees			-	900,000
Recurring Membership Fees		108,764	-	450,000
Group Exercise Revenue			-	114,000
Rentals		23,734	-	30,000
Miscellaneous Revenue	61,071	124,378	115,341	115,000
Swim Program Fees	420,160	378,136	414,585	365,000
Fitness & Personal Training Prg. Fees	171,987	163,926	190,864	136,000
Child Care Fees	1,150	117		
Operating Revenues Total	\$ 2,318,464	\$ 2,336,243	\$ 2,362,192	\$ 2,122,500

OPERATING EXPENSES (\$)

	FY16 Actual	FY17 Actual	FY18 Budgeted	FY19 Proposed
<u>Personnel Services</u>				
Personnel Expenses	\$ 1,142,571	\$ 1,070,295	\$ 1,207,389	\$ 563,364
Accrued Employee Benefits		-	-	-
Audit Adjustment	\$ (15,104)	191,244	-	-
Subtotal	\$ 1,127,467	\$ 1,261,539	\$ 1,207,389	\$ 563,364
<u>General Purpose</u>				
Facilities and Maintenance	528,268	630,635	543,000	599,519
Purchased Services	109,976	105,346	125,100	134,100
Supplies and Materials	80,497	81,324	120,000	17,760
Other Expenses	9,208	14,144	20,900	9,700
Audit Adjustment	(2,076)	(50,456)	-	-
Subtotal	725,873	780,993	809,000	761,079
<u>Program</u>				
Aquatic Safety Management Exp.	-	-	-	202,933
Aquatic Programs Expenses	-	-	-	86,000
Fitness Management Expenses	-	-	-	236,483
Personal Trainer Expenses	-	-	-	87,000
Subtotal	\$ -	\$ -	\$ -	\$ 612,416
<u>General Fund Services</u>				
Town Manager	10,239	9,765	9,765	9,765
Human Resources	33,042	29,047	29,047	28,328
Finance Administration	10,143	9,705	9,705	11,246
Treasury	19,742	20,044	20,044	19,529
Accounting	10,228	10,480	10,480	10,910
Recreation Administration	9,757	10,033	10,033	-
Audit Adjustment	(16,045)	(3,408)		
Subtotal	\$ 77,106	\$ 85,666	\$ 89,074	\$ 79,778
<u>Depreciation Expense</u>				
Depreciation Expense	404,121	388,176	371,609	363,268
Subtotal	\$ 404,121	\$ 388,176	\$ 371,609	\$ 363,268
Total Operating Expense	\$ 2,334,567	\$ 2,516,374	\$ 2,477,072	\$ 2,379,905

AUTHORIZED POSITIONS (\$)

	FY18 Budgeted		FY19 Initial Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
5111				
General Manager	1.00	\$ 88,660	1.00	\$ 89,500
Assistant to the General Manager	1.00	70,004	1.00	67,400
Beede Program Manager	1.00	63,940	1.00	64,500
Senior Department Clerk	1.00	58,349	1.00	58,349
Swim and Fitness Specialists	6.00	270,649	6.00	224,077
Subtotal	10.00 FTEs	\$ 551,602	10.00 FTEs	\$ 503,826
5112				
Recreation Clerk	0.65	\$ 37,744	0.65	\$ 31,718
Subtotal	0.65 FTEs	\$ 37,744	0.65 FTEs	\$ 31,718
5115				
Lifeguards	8561 hrs.	156,300	8561 hrs.	125,600
Receptionists	5481 hrs.	85,968	5481 hrs.	52,000
Custodians	0 hrs.	-	0 hrs.	-
Fitness Trainers	2088 hrs.	56,972	2088 hrs.	76,073
Head Lifeguard	988 hrs.	23,633	0 hrs.	-
Subtotal	8.20 FTEs	\$ 322,873	7.73 FTEs	\$ 253,673
5120				
Programming (misc. accts.)				
Swim Programming	3628 hrs.	83,382	3628 hrs.	86,000
Subtotal	1.74 FTEs	\$ 83,382	1.74 FTEs	\$ 86,000
Employee Benefits				
Health Insurance	N/A	56,000	N/A	27,144
Life Insurance	N/A	250	N/A	-
Dental Insurance	N/A	5,000	N/A	-
OPEB	N/A	30,000	N/A	-
Retirement Contribution	N/A	71,038	N/A	53,825
Subtotal	N/A	\$ 162,288	N/A	\$ 80,969
Payroll Taxes				
Medicare Tax	N/A	16,000	N/A	10,634
Social Security Contribution	N/A	21,000	N/A	17,611
Subtotal	N/A	\$ 37,000	N/A	\$ 28,245
Other Personnel Costs				
Overtime	N/A	2,500	N/A	5,000
Unemployment Compensation	N/A	10,000	N/A	-
Car Allowance	N/A	-	N/A	-
Salary Reserve	N/A	-	N/A	-
Subtotal	N/A	\$ 12,500	N/A	\$ 5,000
Total Personnel Costs	20.59 FTEs	\$ 1,207,389	20.11 FTEs	\$ 989,431

NET INCOME (\$)

	FY16 Actual	FY17 Actual	FY18 Budgeted	FY19 Proposed
Statement of Net Income:				
Operating Revenues	\$ 2,318,464	\$ 2,336,243	\$ 2,362,192	\$ 2,122,500
Less Operating Expenses	(2,334,567)	(2,516,374)	(2,477,072)	(2,379,905)
Operating Income	\$ (16,103)	\$ (180,131)	\$ (114,880)	\$ (257,405)
Nonoperating Revenues (Expenses)				
Add Investment Income	\$ 14,108	\$ 27,337	\$ 15,779	\$ 12,000
Add Sawyer Trust Contribution	-	-	-	-
Add Beede Endowment	-	-	-	-
Nonoperating Income	\$ 14,108	\$ 27,337	\$ 15,779	\$ 12,000
Net Income	\$ (1,995)	\$ (152,794)	\$ (99,101)	\$ (245,405)

AVAILABLE RESOURCES (\$)

Resources Available from Current Operations for Replacement & Renewal of Facility:				
	FY16 Actual	FY17 Actual	FY18 Budgeted	FY18 Proposed
Capital Purposes				
Add Depreciation Expense	\$ 404,121	\$ 388,176	\$ 371,609	\$ 363,268
Add Net Income	(1,995)	(152,794)	(99,101)	(245,405)
Net Available for Capital	\$ 402,126	\$ 235,382	\$ 272,508	\$ 117,863

CASH POSITION AND FORECAST

Cash at Year Opening	FY18		FY19	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Cash on July 1st	\$ 3,577,716		\$ 3,679,224	
Add Assets	256,091		256,091	
Less Liabilities	(1,253,429)		(1,253,429)	
Fund Balance on July 1st	\$ 2,580,378		\$ 2,681,886	
Fund Balance Details (projected)				
Fund Balance as of July 1st	1,350,692	1,229,686	1,251,591	1,430,295
Net Income	(99,101)	-	(245,405)	-
Capital Outlay (non-borrowing)	-	(171,000)	-	(567,500)
Add Depreciation Expense	-	371,609	-	363,268
Balance Projected at June 30th	1,251,591	1,430,295	1,006,185	1,226,063
Fund Balance on June 30th	\$ 2,681,886		\$ 2,232,248	
Cash at Year End (projected)				
Fund Balance on June 30th	2,681,886		2,232,248	
Add Cash as Unearned Revenue	(256,091)		677,715	
Add Cash Held for Liabilities	1,253,429		1,253,429	
Projected Cash at June 30th	\$ 3,679,224		\$ 4,163,392	

Definition

Capital Expenditure: The use of funds to acquire or enhance productive assets, such as structures, land, and equipment (including related plans, designs, and studies), which have a life expectancy of at least 2 years and a cost of at least \$5,000, and procured with the intention of increasing service capacity or efficiency.

Facility Highlights

- The Beede Center opened its doors on April 18th, 2006.
- It has now been in operation for almost eleven years.
- Original construction costs were about \$11 million and included:
 - Two 1,600-square-foot fitness rooms (one for weight training and one for cardiovascular exercise);
 - an 8-lane lap pool;
 - a therapy pool;
 - a children's pool;
 - a diving well;
 - pool-side spectator seating;
 - men's and women's locker/shower rooms;
 - family changing rooms; and
 - staff office space.

**Capital Highlights:**

Lighting Improvements: The exterior lighting (\$70,000) were replaced in FY17. New LED lighting fixtures along the building sidewalk, and in the two parking areas will match those of the new high school in design, finish and lighting color temperature.

Swim and Fitness Fund

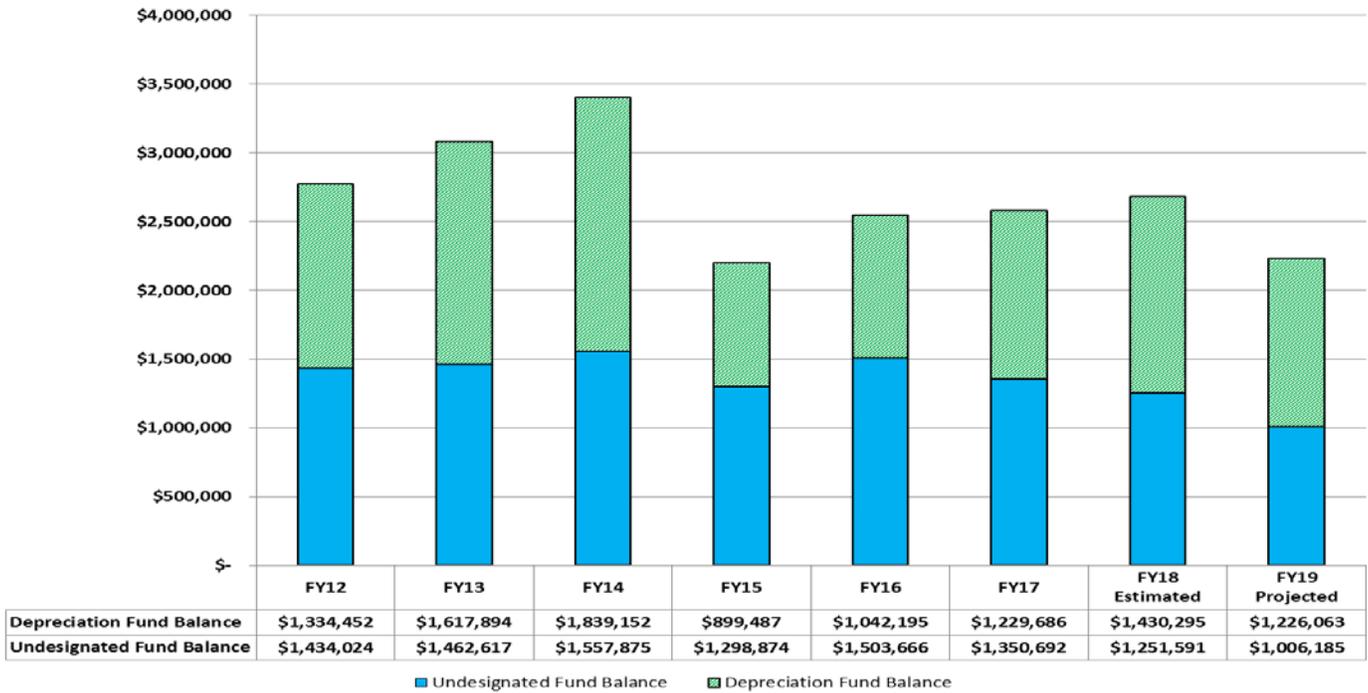
Capital Spending

Beede Swim and Fitness Center

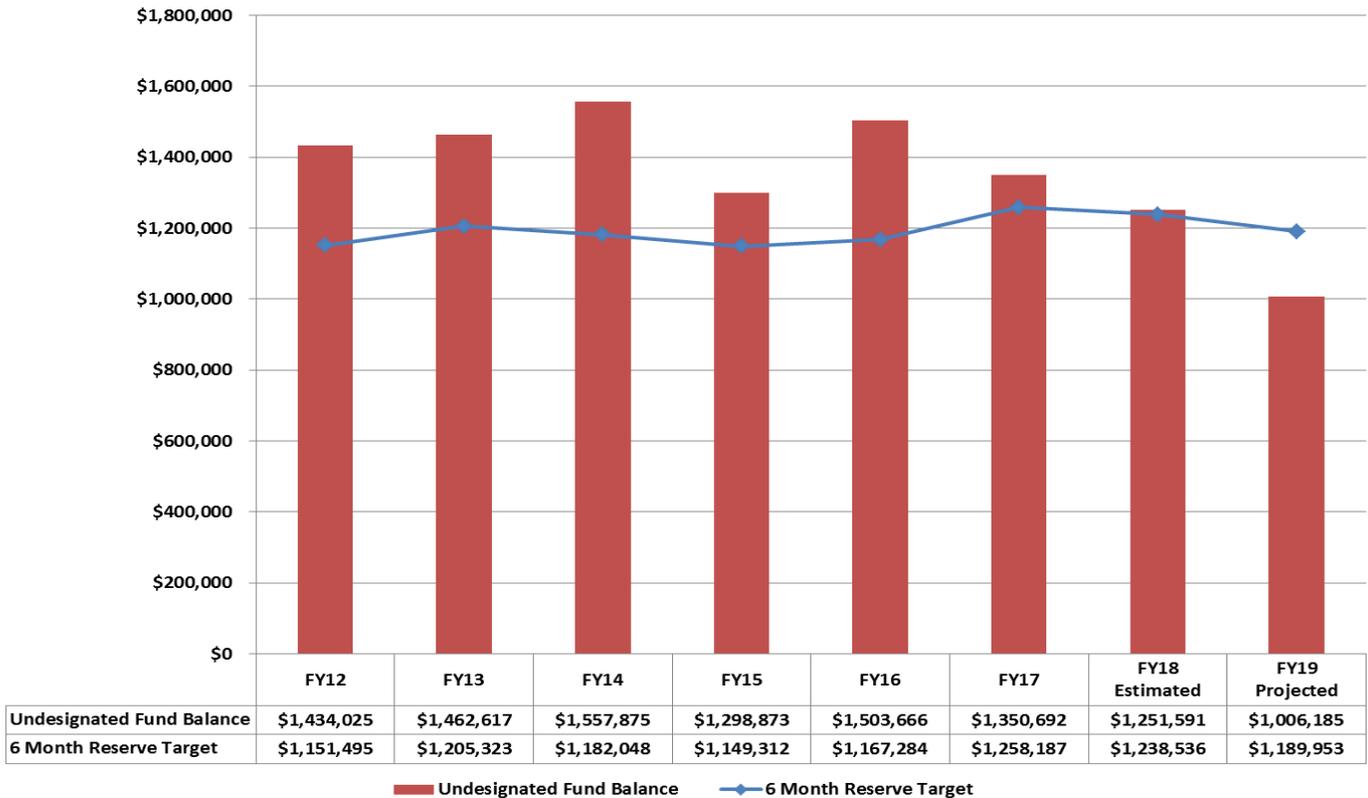
Capital Program

	FY16 Actual	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Total FY19-23
Primary Facility									
Building Improvements	\$ 38,666	\$ 35,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 180,000
Fitness Rooms Flooring	-	-	-	39,000	-	-	-	-	39,000
Dehumidification System	-	-	-	-	-	-	-	-	-
VFD Motors	-	-	-	-	-	-	-	-	-
Roof Top HVAC Units	-	-	-	325,000	-	-	-	-	325,000
Sound System	-	-	-	-	-	-	-	-	-
Parking System	-	-	-	-	-	-	-	-	-
Parking Lighting	-	70,000	-	-	-	-	-	-	-
FCR Doors & Frames	-	-	24,000	-	-	-	-	-	24,000
Misc. Equipment	15,960	10,000	10,000	10,000	10,000	10,000	10,000	10,000	60,000
Subtotal	\$ 54,626	\$115,000	\$ 64,000	\$404,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 628,000
Pool Facility									
Deck Repairs	-	-	-	-	-	-	-	-	-
Pool Filters	-	-	20,000	20,000	20,000	-	-	-	60,000
Diving Stands	-	-	-	36,500	-	-	-	-	36,500
Diving Boards	-	-	7,000	-	7,000	-	7,000	-	21,000
Lap Pool Connectors	-	-	-	12,000	-	-	-	-	12,000
Misc. Equipment	-	20,000	20,000	35,000	35,000	35,000	35,000	35,000	195,000
Subtotal	\$ -	\$ 20,000	\$ 47,000	\$103,500	\$ 62,000	\$ 35,000	\$ 42,000	\$ 35,000	\$ 324,500
Beede Equipment									
Sidewalk Plow	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Fitness Equipment I (treadmills)	-	-	-	-	-	-	-	-	-
Fitness Equipment II (Elipticals)	-	60,000	-	-	60,000	-	-	60,000	120,000
Fitness Equipment III (Strength Machines)	-	-	60,000	-	-	60,000	-	-	120,000
Fitness Equipment IV (Stationary Bikes)	-	-	-	60,000	-	-	60,000	60,000	180,000
Fitness Equipment V (Miscellaneous)	-	-	-	-	10,000	10,000	-	20,000	40,000
Audit Adjustment	-	-	-	-	-	-	-	-	-
Subtotal	\$ -	\$ 60,000	\$ 60,000	\$ 60,000	\$ 70,000	\$ 70,000	\$ 60,000	\$140,000	\$ 460,000
Total Capital	\$ 54,626	\$195,000	\$171,000	\$567,500	\$172,000	\$145,000	\$142,000	\$215,000	\$ 1,412,500

**Beede Center
Fund Balance**



**Beede Center
Undesignated Fund Balance vs 6 Months Reserves**



Section VIII

Recreation Fund

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Recreation Budget Contents

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Mission Statement

Concord Recreation is a leader in providing activities that enhance personal development, promote healthy life styles, and encourage greater community involvement.

As dedicated professionals, we strive to promote lasting experiences while creating fun, unique, inclusive, opportunities in excellent facilities.

Concord Recreation is a self supporting operation that strives to keep pace with a growing community to deliver the highest quality customer focus programs, events and services.

Department Highlights

Depending on the number of participants in each program, the revenues and expenditure attributed to the Recreation Fund varies from year to year. The goal of the Recreation revolving fund, as a self-sustaining entity, is to operate with a positive annual balance, while keeping programs affordable. The Recreation Fund balance is designed to be a safety net and to provide funding that can be allocated to building improvements and capital planning efforts throughout the year.

- FY19 Projected Revenue: \$1,922,500
- FY19 Projected Expenses: \$1,967,452
- FY17 Recreation Fund Balance: \$1,020,452

Department Description

For decades now, Concord Recreation has served as a catalyst for strengthening our community. From youth sports to adult fitness, the Recreation Department has worked hard to assure that all residents have access to quality recreation and leisure services, while utilizing limited tax funding.

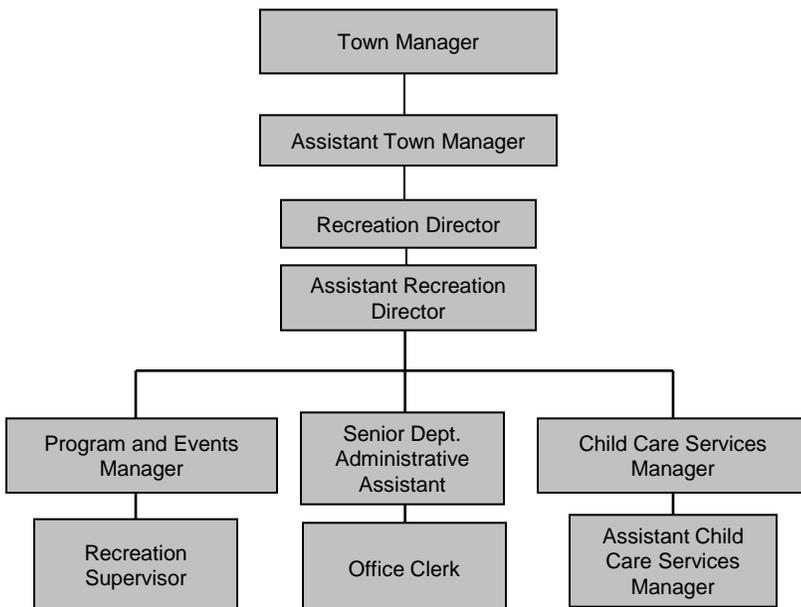
The Department is in process of growing the program offerings and improving facilities for programs. In the past year the Department has expanded, now responsible for the operation of the Visitor Center, offering new programs and special events including the Egg Hunt, Jazz Fest and Holiday Tree Lighting.

Recreation Department staff are spread out amongst our three primary facilities; the Hunt Recreation Center at Emerson Park, the Beede Swim and Fitness Center adjacent to the Concord-Carlisle High School, and the Harvey Wheeler Community Center, home of the Concord Carousel Preschool, located in West Concord.

The Recreation Department works closely with the Recreation Commission, a volunteer advisory, board comprised of five Concord Residents, continually evaluate the needs of the community.

Expenditure Summary

	FY16 Actual	FY17 Actual	FY18 Budget	FY19 Estimate
Operating Revenue	\$ 1,774,351	\$ 1,986,379	\$ 1,922,058	\$ 1,922,500
Operating Expense	\$ 1,679,253	\$ 1,833,707	\$ 1,919,745	\$ 1,967,452
Change in Fund Balance	\$ 95,098	\$ 152,672	\$ 2,313	\$ (44,952)





Recreation Programs Review

Concord Recreation is a self-supporting operation that continues to meet the needs of the community by delivering the highest quality customer-focused programs, events and services. Programs run year round, 7 days a week at Hunt Recreation Center, Emerson Playground, Harvey Wheeler Community center, Everett Street Fitness Studios, and the Ripley Gymnasium. In FY17, the Recreation Department served over 6,000 participants with program revenues totaling \$1,986,379.

Financial Assistance Program

Concord Recreation strives to assure that all Concord Residents are able to participate in programs, regardless of their ability to pay. During FY17, the Department awarded \$200,483 in financial assistance to those that qualified. Financial assistance is a reduced cost award in which the Department is not reimbursed for expenses; awards are given in kind.

Scholarship Program and Funding Sources

In addition to our financial assistance program, Concord Recreation does award scholarships to those that qualify. Scholarship programs allow the Department to award monetary awards to off set the cost of a program and what the participant can afford to pay. To replenish this account, the Recreation Department hosts multiple events and collaborates with local community organizations and non-profits. Examples of these alternative funding sources include the Concord Carlisle Community Chest (\$10,000), the Silent Fund (\$4,500), METCO (\$25,000), the Shamrock Ball (\$11,500), and the Destephano Scholarship Fund (\$15,493). In total, \$66,493 was given in scholarship during FY17.

Facility Improvements and Maintenance

Rideout

- Completion of Phase 1 of the Construction which included a new parking lot, added walkways and park greens was completed in Fall 2017,
- Community Preservation Act funds have been allocated for a new picnic pavilion to be installed in Spring 2018.

Hunt Recreation Center/Emerson Park

- The Emerson track resurfacing was completed in Summer of 2017.
- New Park entrance signs were installed at the Stow Street entrance near Hunt gym and Everett Street entrance. These signs were generously donated by the Picnic in the Park committee is apart of their continuing support of the Department.
- The pool shed at Emerson Park's outdoor pool is scheduled to be replaced in the Spring of 2017.
- ADA door openers will be installed on the side door of the Hunt Recreation Center in the fall of 2017.

55 Church Street

- Recreation offices and programming space has incorporated into the new Human Services building recently purchased by the town. The renovation of the space was managed by the Town Facilities division and partially funded by the Recreation Department fund balance.

Financial Status

Fund Balance: \$1,020,452 (As of 6/30/17)

Fund Balance Analysis: At it's current level, the Recreation Fund Balance covers 53% of FY18's operating expenses. It is important for the Recreation Department to maintain strong reserves due to the unpredictability and variability in revenues, funds that are dependent on participation fees. The annual operating goal of the Recreation revolving fund, as a self-sustaining entity, is to operate with a positive annual balance, while keeping programs affordable.

Recreation Department Strategic Plan Goals

Short-Term Goals (0-12 months)

- Continue to cultivate a stronger sense of community by offering free programs and events for Concord residents that encourage recreation, socialization, and leisure education.
- Collaborate with the Concord Public Works Department to improve park amenities at the Emerson Field Complex as well as the Rideout Field Complex in West Concord.
- Join together with the Town's Human Services team to assure that we providing programs, services, and supports that lead towards "optimal social, emotional health and well-being for all Concord children and families."
- Develop best practices for integrating adaptive recreation and community inclusion programs within already existing Concord Recreation programs, classes, and teams.
- Work with other town and private entities to explore the use of underutilized yet programmable space.
- Develop a funding strategy to support Department needs beyond scheduled budgets to enhance scholarship availability, facility improvements, and program enrichments.
- Creating added value to the Concord Visitor Center in the 2018 season, assuring at a self-sustaining operation.
- Explore the development of events and activities at the visitor center that are attractive to visitors and residents, alike.

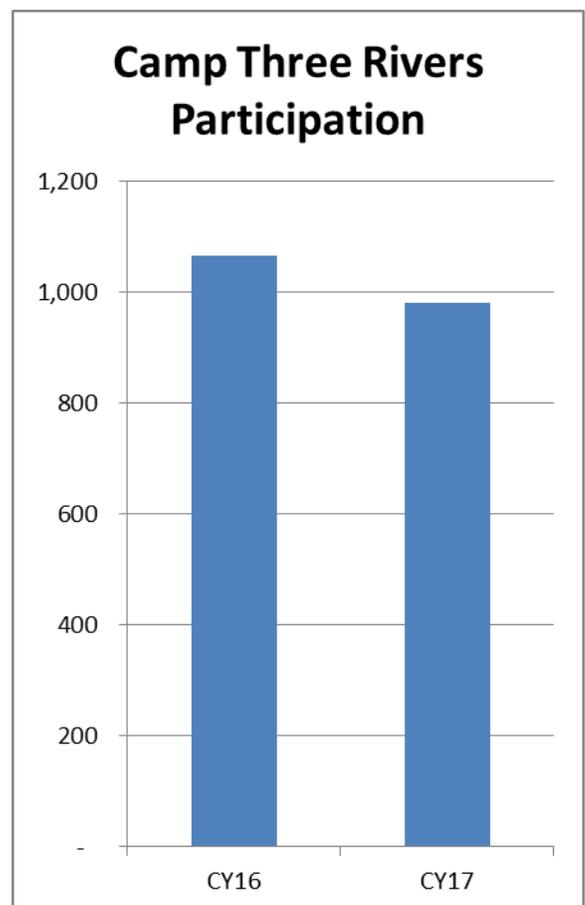
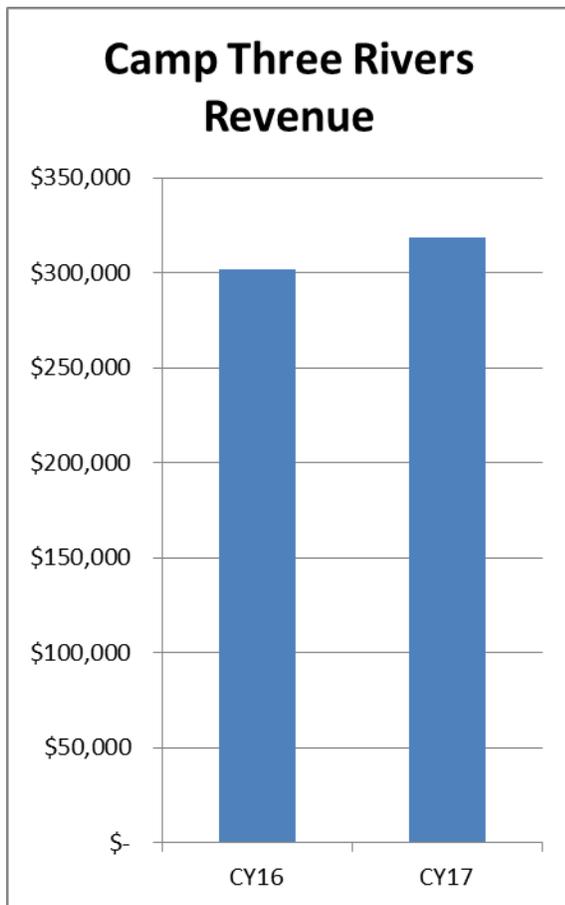
Mid-Term Goals (1-2 years)

- Develop a Department wide marketing plan to better reach target markets, locally and otherwise.
- Explore ways in which the Department can utilize Concord's previously established outdoor recreation opportunities including a vast amount trails, rivers, and parks.
- Collaborate with field and facility user groups to evaluate space usage and scheduling.
- Maximize relationships and opportunities with National Parks, State Parks and Local Historical sights to better serve tourists, visitors, and residents.

Long-Term Goals (3-5 years)

- Focus on enhancing park and open spaces, as recommended in the 2014 Recreation Facilities Strategic Plan, by increasing the number of public drinking fountains, benches, bike racks and picnic pavilions.
- Evaluate the Department's ability to meet the recreation and leisure needs of all residents, focusing on those with disabilities.
- Develop a partnership with the Town's Adult Community Education Program, assuring that leisure pursuits and learning are made possible outside the walls of the classroom.
- Explore the possibility of installing lights on the Emerson Park outdoor basketball courts.

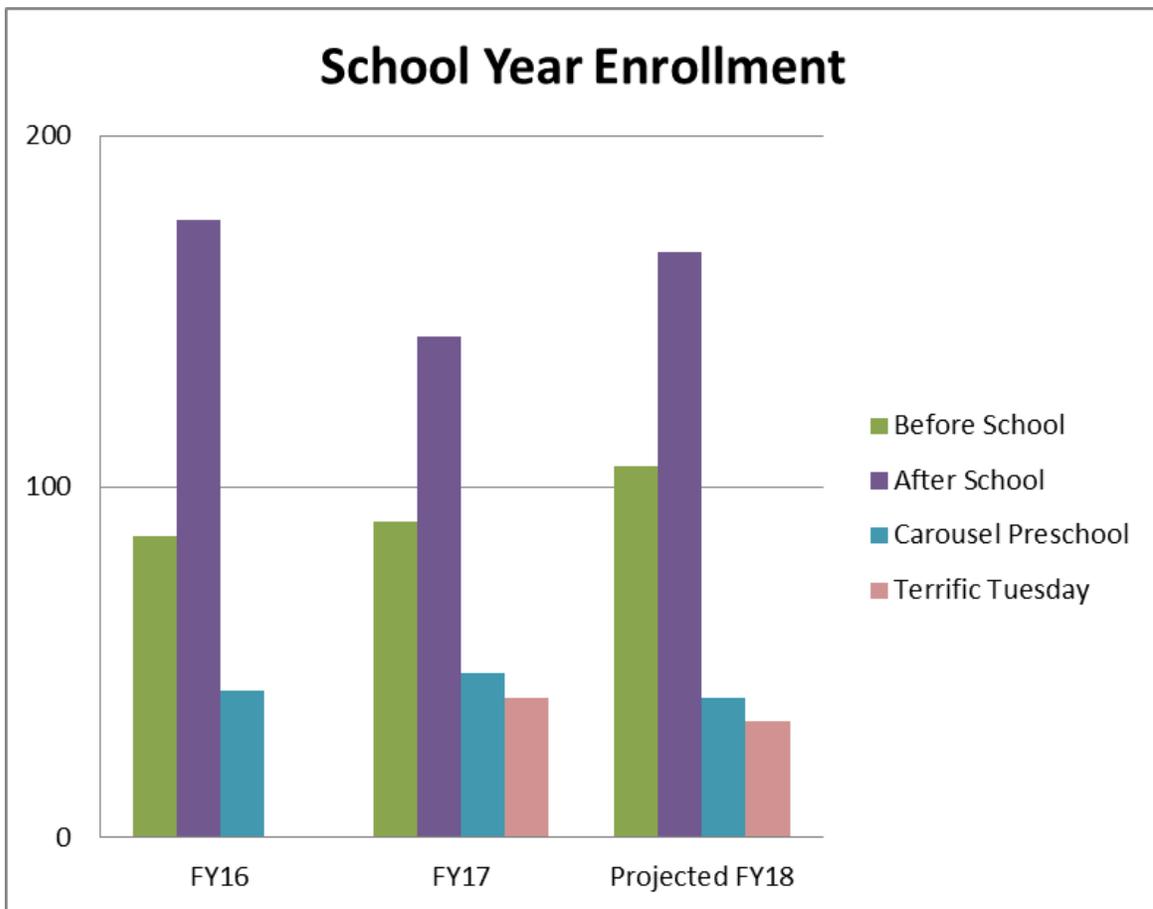
2017 Summer Programs Highlights		
Program	Participation	Revenue
Day Camps/Arts & Rec	980	\$ 318,966
Preschool Adventures & KA	97	\$ 24,383
Lacrosse League	180	\$ 27,000
Workreation	148	\$ 26,054
Theater Camps	67	\$ 20,906
Post Camp	30	\$ 15,861
Minuteman Road Race	219	\$ 3,555
Total	1,721	\$ 436,725



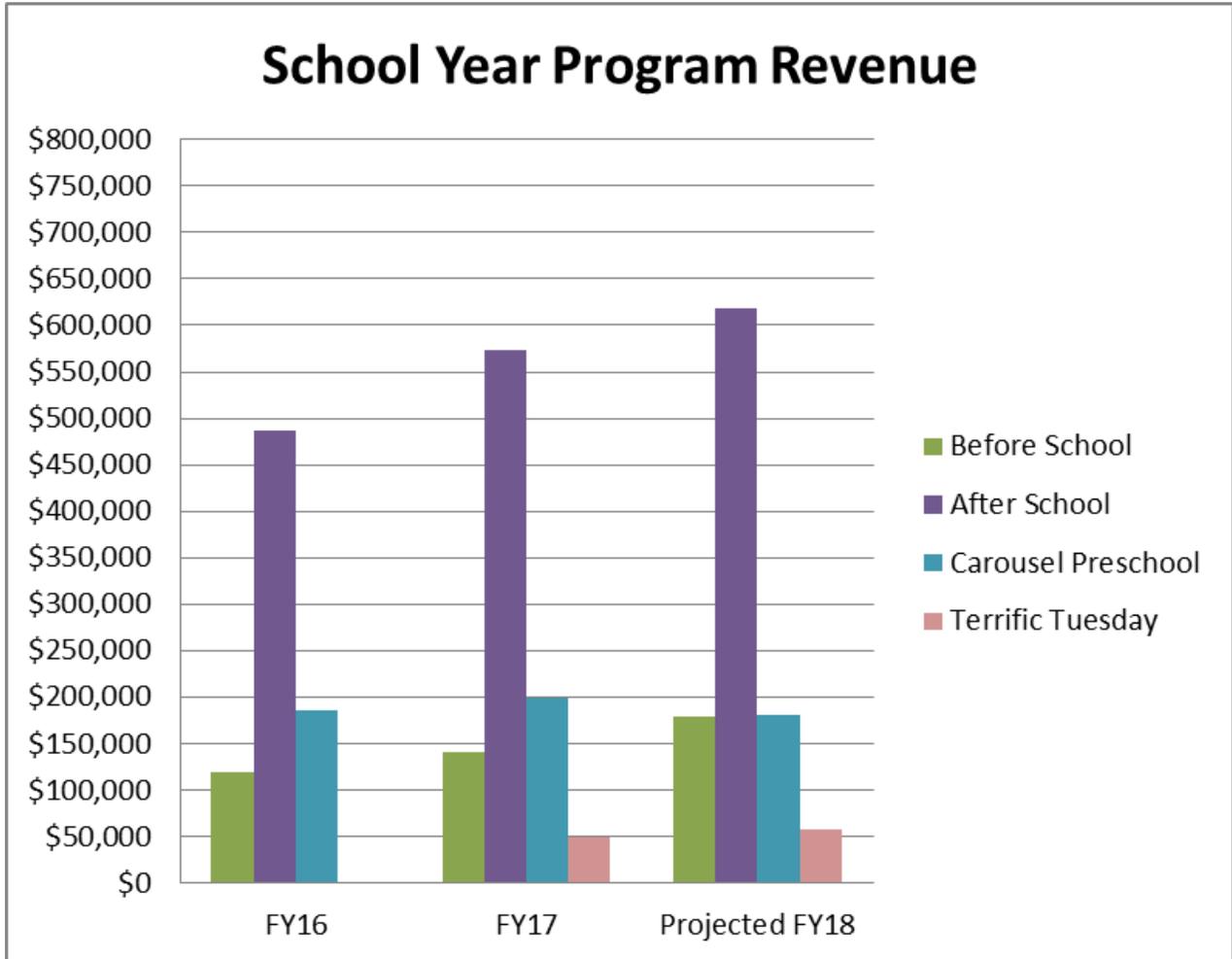
	Revenue	Participation
CY16	\$ 302,026	1,065
CY17	\$ 318,966	980

School Year Programs Participation & Revenue						
	FY16		FY17		Projected FY18	
Program	Participation	Revenue	Participation	Revenue	Participation	Revenue
Before School	86	\$120,116	90	\$140,583	106	\$178,780
After School	176	\$487,724	143	\$573,173	167	\$617,740
Carousel Preschool	42	\$186,692	47	\$199,737	40	\$180,439
Terrific Tuesday	N/A	N/A	40	\$48,936	33	\$58,640

*Programs coded to School Year and not associated with the 4 categories listed

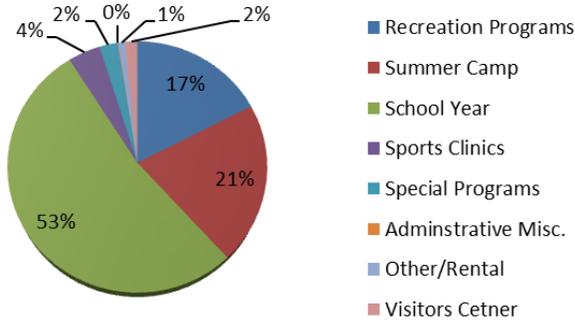


School Year Program Participation			
	FY16	FY17	Projected FY18
Before School	86	90	106
After School	176	143	167
Carousel Preschool	42	47	40
Terrific Tuesday	N/A	40	33

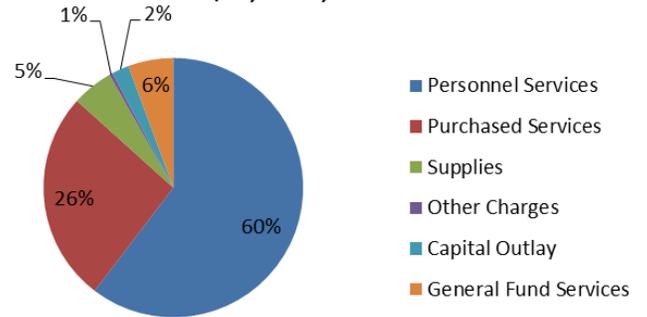


School Year Program Revenue			
	FY16	FY17	Projected FY18
Before School	\$120,116	\$140,583	\$178,780
After School	\$487,724	\$573,173	\$617,740
Carousel Preschool	\$186,692	\$199,737	\$180,439
Terrific Tuesday	N/A	\$48,936	\$58,640

FY19 Proposed Operating Revenues
\$1,922,500



FY19 Proposed Operating Expenditures
\$1,967,452



Operating Revenue/Expense Analysis

Operating revenues are projected at \$1,922,500, which is a decrease from FY17 actuals. This is due to the transfer of Group Exercise programs (revenues and expenses) to the Swim and Fitness budget. The General Fund will support the Recreation Department with \$101,761 for 100% of the salary of the Recreation Director. Operating expenditures are projected at \$1,967,452, the projected loss in operating is accordance with the request from Auditors to reduce the fund balance.

The largest expense seen within the Recreation Fund is that of Department staff. In FY19, the Department is projected to spend approximately \$1,187,567 on full-time, part-time, limited status and temporary status staff including benefits. These 100+ staff members include administration, camp counselors, lifeguards, before/after school staff, fitness instructors, etc. These individuals are the ones that deliver our programs and are continually recognized as being vital to the success of the organization.

The FY19 Recreation Fund budget shows a projected loss of (\$44,952). The projected loss in operating is accordance with the request from Auditors to reduce the fund balance. In doing so, the department focused keeping program cost static or slight increases and continue in investing into resources for programs.



OPERATING REVENUES

	FY16	FY17	FY18	FY19
	Actual	Actual	Budget	Estimate
Recreation Programs	\$ 360,693	\$ 327,908	\$ 300,000	\$ 336,000
Summer Camp	394,046	407,355	466,000	398,000
School Year	822,601	986,476	874,931	1,015,000
Fitness	122,027	118,224	129,000	Moved to BC
Sports Clinics	46,859	45,490	76,000	80,000
Special Programs	26,661	41,062	35,000	45,000
Administrative Misc.				1,500
Other/Rental	1,463	26,010	12,000	17,000
Visitors Center		33,854	29,127	30,000
Subtotal	1,774,351	1,986,379	1,922,058	1,922,500
Operating Revenues Total	\$ 1,774,351	\$ 1,986,379	\$ 1,922,058	\$ 1,922,500

OPERATING EXPENSES

	FY16	FY17	FY18	FY19
	Actual	Actual	Revised	Estimate
Personnel Services	\$ 1,141,977	\$ 1,182,797	\$1,317,193	\$1,187,567
Purchased Services	377,606	442,706	389,235	517,825
Supplies	108,604	113,004	52,525	100,950
Other Charges	2,919	4,762	44,647	8,250
Capital Outlay	5,739	5,883	44,390	42,000
General Fund Services	42,408	84,555	71,755	110,860
Subtotal	\$ 1,679,253	\$ 1,833,707	\$1,919,745	\$1,967,452
Total Expenses	\$ 1,679,253	\$ 1,833,707	\$ 1,919,745	\$ 1,967,452

PERSONNEL DETAIL

		FY18 Budget		FY19 Initial Budget	
		Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
Recreation Staff					
5111	Recreation Director	0.50	\$15,050	0.00	\$0
	Asst. Recreation Director	1.00	\$76,440	1.00	\$87,016
	Events & Program Manager	1.00	\$63,784	1.00	\$68,185
	Recreation Supervisor	1.00	\$59,071	1.00	\$62,621
	Childcare Services Manager	1.00	\$85,622	1.00	\$90,746
	Asst. Childcare Services Manager	1.00	\$62,930	1.00	\$66,844
	Recreation Clerk	0.00	\$35,830	1.00	\$44,687
	Sr. Administrative Assistant	1.00	\$68,295	1.00	\$72,415
	Visitor Center Coordinator	0.00	\$0	0.50	\$23,023
	Subtotal	6.50 FTEs	\$467,022	7.50 FTEs	\$515,537
5115	Limited Status				
	Recreation	170 hrs.	\$47,000	1250 hrs.	\$15,000
	General Recreation Programs	170 hrs.	\$11,579	725 hrs.	\$14,500
	Summer Camp	0 hrs.	\$0	0 hrs.	\$0
	School Year	0 hrs.	\$0	0 hrs.	\$0
	Fitness	1020 hrs.	\$70,000	0 hrs.	\$0
	Sports Clinics	0 hrs.	\$0	0 hrs.	\$0
	Special Programs	0 hrs.	\$0	0 hrs.	\$0
	Subtotal	1360 hrs.	\$128,579	1975 hrs.	\$29,500
5120	Temporary Status				
	Recreation Programs	0 hrs.	\$0	250 hrs.	\$3,000
	General Recreation Programs	837 hrs.	\$34,000	1550 hrs.	\$31,000
	Summer Camp	10912 hrs.	\$195,459	10912 hrs.	\$170,000
	School Year	10817 hrs.	\$243,026	15000 hrs.	\$270,000
	Fitness	0 hrs.	\$0	0 hrs.	\$0
	Sports Clinics	150 hrs.	\$20,000	250 hrs.	\$5,000
	Special Programs	0 hrs.	\$0	100 hrs.	\$1,500
	Visitors Center	1552 hrs.	\$17,075	1600 hrs.	\$20,000
	Subtotal	24268 hrs.	\$509,560	28062 hrs.	\$500,500

PERSONNEL DETAIL (Continued)

5130	Overtime				
	Recreation Programs		\$6,748		\$6,500
	General Recreation Programs		\$78		\$0
	Summer Camp		\$2,500		\$2,000
	School Year		\$100		\$0
	Fitness		\$0		\$0
	Sports Clinics		\$0		\$0
	Special Programs		\$0		\$0
		Subtotal	\$9,426		\$8,500
	Benefits				
5158	Cell Phone Allowance	N/A	\$600	N/A	\$600
5160	Incentive Pay	N/A	\$40,000	N/A	\$6,000
5172	Unemployment Comp.	N/A	\$30,000	N/A	\$0
5173	Life Insurance	N/A	\$175	N/A	\$0
5174	Health Insurance	N/A	\$49,625	N/A	\$72,171
5176	Health Reimbursement	N/A	\$0	N/A	\$0
5177	Dental Insurance	N/A	\$2,200	N/A	\$0
5178	Medicare Tax	N/A	\$13,006	N/A	\$13,082
5180	Social Security	N/A	\$67,000	N/A	\$41,677
		Subtotal	\$202,606		\$133,530
	Total	18.77 FTEs	\$1,317,193	21.89 FTEs	\$1,187,567
					\$0

PAYMENTS TO THE GENERAL FUND

	FY16 Actual	FY17 Budget	FY18 Budget	FY19 Estimate
Recreation Services	-	14,636	-	-
Hunt Gym	20,186	26,045	21,150	21,997
Town Manager	\$ -	\$ 21,466	\$ 21,455	\$ 24,134
Human Resources	7,103	7,408	14,150	16,095
55 Church Street	-	-	-	33,634
Parks and Trees	15,000	15,000	15,000	15,000
Total	\$ 42,289	\$ 84,555	\$ 71,755	\$ 110,860

Net Income and Fund Balance

	FY16 Actual	FY17 Actual	FY18 Budget	FY19 Estimate
Recreation				
Operating Revenues	\$ 1,774,351	\$ 1,986,379	\$ 1,922,058	\$ 1,922,500
Less Operating Expenses	(1,679,253)	(1,833,707)	(1,919,745)	(1,967,452)
Operating Income	\$ 95,098	\$ 152,672	\$ 2,313	\$ (44,952)
Senior Services Transportation				
Operating Revenues	\$ 27,765	\$ 21,707	\$ -	\$ -
Less Operating Expenses	(23,762)	(21,522)	-	-
Operating Income	\$ 4,003	\$ 185	\$ -	\$ -
Total Operating Income	\$ 99,101	\$ 152,857	\$ 2,313	\$ (44,952)
Fund Balance:				
Beginning Fund Balance	\$ 768,495	\$ 867,596	\$ 1,020,452	\$ 1,022,765
Net Income	99,101	152,857	2,313	(44,952)
Ending Fund Balance	\$ 867,596	\$ 1,020,452	\$ 1,022,765	\$ 977,813

Note: The Town's Auditors requested that the Town not carry such a large fund balance. Accordingly, the Recreation Department has looked at ways to use the fund balance to promote programs and, in FY19, the Department is proposing an operating income amount of -\$44,952.

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Section IX

Appendix

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Appendix: Budget Process

Budget Process

The Town of Concord operates under state statutes in general; and under the Town Charter as amended, which established the present Select Board-Town Manager form of government; and under various Town bylaws. The legislative body of Concord is an Open Town Meeting, in which all voters registered in Concord are permitted to participate. While Town Meeting has the sole authority to appropriate funds for the General Fund operating budget and capital projects, it does not appropriate funds for the electric, sewer, and water enterprise funds, or for the special revenue funds. For the three existing enterprise funds and Solid Waste Special Revenue Fund, the responsible department heads, with review by the Town Manager, develop the proposed budgets. The Town Manager then submits these proposed budgets to the Select Board and Finance Committee, and to the public, prior to the Annual Town Meeting. Each budget is approved by the responsible policy committee as a spending plan, and the Town Meeting authorizes the Town Manager to expend the funds. The new Swim and Fitness Center enterprise fund follows this same pattern, with the additional requirement that the Town Meeting enacts this budget as an appropriation. The Swim and Fitness Center Fund is authorized under MGL c. 44, s. 53F $\frac{1}{2}$, a state law enacted in 1986 that sets forth conditions for newly-established enterprise funds. The fiscal year for the electric utility begins on January 1, while the fiscal year for all other funds begins on July 1.

Like prior budgets, these CY18/FY19 budgets have been developed based upon projected assumptions of available revenue. These budgets are based primarily upon fees charged for the services provided by each activity. Added to these service fees are projections for grants and miscellaneous non-operating revenues, such as interest earnings.

The projected expenditures are calculated based upon the costs of operating the existing service. These operating costs include salaries and employee benefits, debt interest payments, and infrastructure repair and maintenance, including depreciation expense.

Budget Schedule

Beginning in September each fiscal year, the responsible boards and commissions discuss budget issues and provide policy guidance to the staff at a series of working meetings. By February, the responsible departments develop and submit their budgets to the Town Manager. With input from these parties, the Town Manager submits the proposed budgets to the public at a hearing held in mid to late March.

Shown on the following pages are a calendar of important dates and a chart of the budget schedules for developing and acting on the CY18/FY19 budgets, including the enterprise/special revenue budgets.

Appendix: Budget Calendar

July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June
	Establish goals; hold planning meeting										
		Depts develop operating & CIP budget requests									
			Depts present budget requests; Finance Comm presents budget guidelines								
					Warrant is open						
					Town Manager reviews budgets & submits them to the Board of Selectmen						
					Departments develop & submit Enterprise Fund budgets to Town Manager						
						Finance Comm holds hearings & completes final recommendations on Town Govt. & School budgets & all articles					
						Town Mgr reviews, publishes & holds hearing on Enterprise Fund budgets					
									Town Meeting discusses & adopts Town Govt., Schools, & capital budgets		
July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June

Appendix: Budget Process

FY18 Budget Calendar

This calendar describes the steps leading to adoption of the budget for those accounts overseen by the Town Manager under the jurisdiction of the Select Board and requiring appropriation by the Town Meeting. The School Superintendent and School Committees carry out similar steps.

2017

August 3	Capital Improvement Program Instructions issued (FY2019-23)
August 30	Capital Improvement Program (FY2019-23) requests due
September 15	Budget Instructions issued to all departments, boards and committees
September 21	Joint Meeting on FY2019 fiscal and budgetary plan
October 13	FY2019 General Fund Operating Budget Requests due
October 30 – November 15	Operating and Capital Budget Requests review: meetings with Town Department Heads and Budget Review Team
November 10	Classification Report submitted by Board of Assessors to Board of Selectmen (Re: setting the FY2018 property tax rate or rates)
November 13	Public Hearing ("Classification Hearing"), proposed property tax rates for FY2018 (based on FY2018 appropriations voted at April 2017 Town Meeting)
November 16	Finance Committee votes Budget Guidelines and issues by November 30 to Selectmen and School Committees
December 1	Preliminary FY2019 Operating and FY2019-23 Capital Budget recommendations compiled by Budget Review Team for Town Manager's review and adjustment
December 2 (Sat)	Selectmen/Committees Coordination Meeting; planning session for 2018 Annual Town Meeting
December 2	Warrant opened for 2018 Annual Town Meeting
December 11	Presentation of Preliminary FY2019 Operating and FY2019-23 Capital Budget recommendations by Town Manager to Select Board

Continued on next page

Appendix: Budget Process

2018

January 4	Warrant for Town Meeting closes at 4:00 PM
January 9	90 days prior to the Annual Town Meeting, the Town Manager's Proposed Budget for FY2019 (General Fund operations and proposed appropriations) is set and submitted to Select Board. (Also, no later than this date, the Superintendent of Schools submits budgets for Concord Public Schools and Concord-Carlisle Regional High School to the respective School Committees.) Through February, these committees and Finance Committee conduct review
January 12	Completed PowerPoint Narrative for General Fund Departments due
February 2	Town Manager's Proposed FY2019 General Fund Budget is published
February 9	Proposed FY2019 Enterprise Budget Requests due
February 15	Public Hearings advertised (for FY2019 General Fund operations)
February 17	Legal deadline for mailing of Town Meeting Warrant to residents (10 days prior to Public Hearing)
February 26 – March 2	Enterprise Budget Requests review: meetings with Enterprise Directors and Budget Review Team
February 26	Finance Committee's Public Hearing on Town Manager's General Fund operating and capital budget proposals for FY2019 and other non-school and non-CPA financial articles on the Town Meeting Warrant
February 27	Finance Committee's Public Hearing on Education budget proposals for FY2019 (Concord Public Schools, Concord-Carlisle Regional High School, and Minuteman Career and Technical High School) and Community Preservation Act Article
March 12	Town Manager's Proposed FY2019 Enterprise Budget published
March 12	Public Hearing on Enterprise Fund budgets and articles
March 12	Finance Committee completes its recommendations for Town Meeting
March 19	Finance Committee Report to printer
March 30	Finance Committee Report mailed (10 days prior to Town Meeting)
April 9	Town Meeting begins

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2017

(Except for the Electric Enterprise Fund, which is as of December 31, 2016)

	Business-Type Activities				Total
	Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	
Assets					
Current:					
Cash and short-term investments	\$ 8,405,994	\$ 10,305,822	\$ 8,064,104	\$ 3,577,716	\$ 30,353,636
User fees, net of allowance for uncollectibles	1,028,545	507,386	4,021,641	-	5,557,572
Beitment receivables	-	51,000	-	-	51,000
Inventory	123,377	-	1,102,209	-	1,225,586
Prepaid expenses	-	-	3,076,716	-	3,076,716
Other assets	-	-	8,720	-	8,720
Total Current Assets	9,557,916	10,864,208	16,273,390	3,577,716	40,273,230
Noncurrent:					
Beitment receivables, net of current portion	-	507,859	-	-	507,859
Restricted cash	-	-	8,432,125	-	8,432,125
Net OPEB asset	34,423	11,429	-	61,744	107,596
Investment in associated companies	-	-	324,741	-	324,741
Capital assets being depreciated, net	17,763,324	18,788,723	35,589,107	8,597,388	78,736,542
Capital assets not being depreciated	4,143,702	512,482	4,664,289	-	9,340,483
Total Noncurrent Assets	21,941,449	17,818,503	49,030,262	8,659,132	97,449,346
Deferred Outflows of Resources					
Related to pensions	185,511	48,878	1,107,052	194,347	1,545,788
Total Assets and Deferred Outflow of Resources	31,694,876	28,731,589	66,410,704	12,431,195	139,268,364
Liabilities					
Current:					
Warrants payable	158,473	26,817	3,880,548	70,601	4,134,439
Accrued liabilities	110,829	92,588	132,796	-	336,213
Accrued payroll	22,775	8,599	-	24,181	55,553
Customer deposits	-	-	355,273	-	355,273
Customer advances for construction	-	-	103,486	-	103,486
Regulatory liabilities	-	-	5,558,272	-	5,558,272
Other current liabilities	-	-	-	555,247	555,247
Current portion of long-term liabilities:					
Bonds payable	580,242	823,150	817,500	-	2,220,892
Accrued employee benefits	13,429	3,357	6,771	4,147	27,704
Total Current Liabilities	883,748	962,511	10,854,646	654,156	13,345,061
Noncurrent:					
Bonds payable, net of current portion	3,012,425	7,530,656	6,142,285	-	16,685,366
Net pension liability	538,510	134,629	2,487,542	535,304	3,695,985
Net OPEB obligation	-	-	5,239	-	5,239
Accrued employee benefits, net of current portion	120,863	30,216	128,640	37,319	317,038
Total Noncurrent Liabilities	3,671,798	7,695,501	8,763,706	572,623	20,703,628
Deferred Inflows of Resources					
Related to pensions	26,810	6,702	-	26,650	60,162
Total Liabilities and Deferred Inflows of Resources	4,582,356	8,654,714	19,618,352	1,253,429	34,108,651
Net Position					
Net investment in capital assets	18,482,026	10,050,380	33,643,395	8,597,388	70,773,189
Restricted for debt service	-	1,280,266	-	-	1,280,266
Restricted for capital improvements	-	4,354,998	2,575,667	-	6,930,665
Unrestricted	8,530,494	4,391,231	10,573,290	2,580,378	26,175,393
Total Net Position	\$ 27,112,520	\$ 20,076,875	\$ 46,792,352	\$ 11,177,786	\$ 105,159,513

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

(Except for the Electric Enterprise Fund, which is for the year-ended December 31, 2016)

	Business-Type Activities				Total
	Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	
Operating Revenues					
Charges for services	\$ 5,183,692	\$ 2,794,186	\$ 26,176,369	\$ 2,336,245	\$ 36,490,492
Improvement fees	-	372,581	-	-	372,581
Other	100	34,067	-	-	34,167
Total Operating Revenues	5,183,792	3,200,834	26,176,369	2,336,245	36,897,240
Operating Expenses					
Salaries and benefits	1,697,440	618,564	-	1,261,539	3,577,543
Other operating expenses	1,028,227	983,010	-	870,077	2,881,314
Depreciation	929,809	1,413,392	1,778,212	388,176	4,509,589
Electric operations	-	-	22,386,107	-	22,386,107
Total Operating Expenses	3,655,476	3,014,966	24,164,319	2,519,792	33,354,553
Operating Income	1,528,316	185,868	2,012,050	(183,547)	3,542,687
Nonoperating Revenues (Expenses)					
Investment income	64,309	70,640	122,590	27,337	284,876
Interest expense	(87,234)	(165,004)	(185,696)	-	(437,934)
Loss on disposal of capital assets	-	-	(24,154)	-	(24,154)
Total Nonoperating Revenues (Expenses), Net	(22,925)	(94,364)	(87,260)	27,337	(177,212)
Income Before Transfers	1,505,391	91,504	1,924,790	(156,210)	3,365,475
Transfers in	-	82,529	-	-	82,529
Transfers out	(86,179)	(21,545)	(485,500)	(86,666)	(658,890)
Change in Net Position	1,419,212	152,488	1,459,290	(241,876)	2,789,114
Net Position at Beginning of Year	25,693,308	19,924,387	45,333,062	11,419,642	102,370,399
Net Position at End of Year	\$ 27,112,520	\$ 20,076,875	\$ 46,792,352	\$ 11,177,766	\$ 105,159,513

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

(Except for the Electric Enterprise Fund, which is for the year-ended December 31, 2016)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 5,405,798	\$ 3,298,756	\$ 27,366,466	\$ 2,069,180	\$ 38,140,200
Payments to employees for salaries and benefits	(1,642,284)	(822,243)	(3,180,898)	(1,301,242)	(6,746,667)
Payments to suppliers and service providers	(955,085)	(1,045,058)	(18,911,101)	(707,213)	(21,618,457)
Net Cash Provided By Operating Activities	2,808,429	1,631,455	5,274,467	60,725	9,775,076
Cash Flows From Noncapital Financing Activities					
Transfers in	-	82,529	-	-	82,529
Transfers out	(86,179)	(21,548)	(465,500)	(85,686)	(658,890)
Net Cash Provided By (Used for) Noncapital Financing Activities	(86,179)	60,984	(465,500)	(85,686)	(576,361)
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets, net of disposals	(2,246,610)	(117,397)	(2,884,536)	(111,784)	(5,360,327)
Contributions in aid of construction	-	-	(97,100)	-	(97,100)
Proceeds from issuance of bonds and notes	753,000	-	-	-	753,000
Principal payments on bonds	(456,442)	(820,588)	(717,500)	-	(1,994,530)
Interest expense	(87,234)	(165,004)	(179,751)	-	(431,989)
Net Cash (Used For) Capital and Related Financing Activities	(2,037,286)	(1,102,989)	(3,878,887)	(111,784)	(7,130,946)
Cash Flows From Investing Activities					
Investment income	64,309	70,640	122,590	27,337	284,876
(Increase) in restricted cash and investments	-	-	(164,919)	-	(164,919)
Net Cash Provided By (Used for) Investing Activities	64,309	70,640	(42,329)	27,337	119,957
Net Change in Cash and Short-Term Investments	749,273	660,090	887,751	(109,388)	2,187,725
Cash and Short-Term Investments, Beginning of Year	7,656,721	9,645,732	15,608,478	3,687,104	36,598,035
Cash and Short-Term Investments, End of Year	\$ 8,405,994	\$ 10,305,822	\$ 16,496,229	\$ 3,577,716	\$ 38,785,761
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income	\$ 1,528,316	\$ 185,868	\$ 2,012,050	\$ (183,547)	\$ 3,542,687
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	929,809	1,413,392	1,778,212	388,176	4,509,589
Changes in assets, liabilities, and deferred outflows/inflows:					
User fees receivables	222,006	967	279,900	-	502,873
Retirements	-	96,955	-	-	96,955
Inventory	(45,789)	-	71,085	-	25,296
Prepaid and other assets	-	-	(817,420)	-	(817,420)
Net OPEB asset	2,159	433	-	(23,354)	(20,762)
Deferred outflows - related to pensions	63,283	20,590	-	(45,999)	57,874
Net pension liability	(60,302)	(15,071)	846,143	216,707	989,477
Accounts payable and accrued liabilities	(630)	(89,587)	294,420	(70,742)	133,461
Accrued expenses	119,561	15,230	21,715	24,161	180,667
Deferred inflows - related to pensions	26,810	1,876	-	26,650	55,336
Other liabilities	3,205	802	(90,440)	(271,327)	(357,759)
Provisions	-	-	676,802	-	676,802
Net Cash Provided By Operating Activities	\$ 2,808,429	\$ 1,631,455	\$ 5,274,467	\$ 60,725	\$ 9,775,076

Appendix: Glossary

A GLOSSARY OF TERMS COMMONLY USED IN MUNICIPAL FINANCE

Abatement: A complete or partial cancellation of a levy imposed by a governmental unit; applicable to tax levies and special assessments.

Accrual Basis: In the context of accounting, practice in which expenses and income are accounted for as they are earned or incurred, whether or not they have been received or paid.

Actuarial Accrued Liability (AAL): Generally represents the portion of the present value of fully projected benefits attributable to service credit earned (or accrued) as of the valuation date.

Actuarial Value of Assets (AVA): The value of a pension plan investments and other property used by the actuary for the purpose of an actuarial valuation (sometimes referred to as valuation assets). Actuaries often select an asset valuation method that smoothes the effects of short-term volatility in the market value of assets.

Annual Required Contribution (ARC): The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB 25. The ARC consists of the Employer Normal Cost and the Amortization Payment.

Appropriation: An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and the time when it may be expended. Only a vote of Town Meeting or the School Committee can authorize money appropriated for one purpose to be used for another. Any amount which is appropriated may be encumbered. Any part of the general appropriation not spent or encumbered by June 30 automatically reverts to surplus. A specific or particular appropriation is carried forward from year to year until spent for the designated purpose or transferred by Town Meeting vote to another account.

Assessed Valuation: The value placed upon a particular property by the local Board of Assessors for the purpose of apportioning the Town's tax levy among individual property owners equitably and in accordance with the legal requirement that property be assessed at "full and fair cash value," certified periodically by the Commonwealth's Commissioner of Revenue (no less frequently than once every three years).

Audit: Work done by accountants in examining financial reports, reviewing compliance with applicable laws and regulations, reviewing efficiency and economy of operations, and reviewing effectiveness in achieving program results. A basic audit examines only the financial reports and legal compliance. An outside Certified Public Accountant (CPA) audit is directed primarily toward the expression of an opinion as to the fairness of the financial statements and submission of a management letter. An auditor must be independent of the executive branch of government. A state auditor, private CPA, or public accountant, or elected auditor meets this test.

Balance Sheet: A statement which discloses the assets, liabilities, reserves, and equities of a fund or government unit at a specified date.

Balanced Budget: A plan of financial operation in which the estimate of proposed expenditures for a given period is less than or equal to the proposed means of financing these expenditures (from various sources of funds or revenues).

Appendix: Glossary

Budget: A plan of financial operation embodying an estimate of proposed expenditures for a given period (usually a 12-month period referred to as the Fiscal Year, or FY) and the proposed means of financing them. A budget may be preliminary (the financial plan presented to the Town Meeting) or final (the plan approved by that body).

Capital Budget: A plan of proposed capital outlays, and the means of financing them for the current fiscal period. It is usually a part of the current budget but may also be a multi-year plan.

Capital Improvement: A major, non-recurring expenditure involving one of the following:

- a. Real Property - Includes the purchase or lease of land, existing buildings and appurtenant structures, and fixtures attached to land and buildings.
- b. Equipment - Includes the replacement or addition of major items of equipment with a life expectancy of at least two years and a cost of at least \$5,000. Similar items can be bundled together.
- c. Projects - Include activities such as the following:
 1. Construction of new buildings or facilities (including architectural, engineering, and related fees).
 2. Improvements or major repairs (costing \$5,000 or more) of existing buildings or facilities, aside from routine maintenance.
 3. Studies or other activities (costing \$5,000 or more) that either relate to future "brick and mortar" projects, or are a part of a multi-year program of infrastructure improvements.
 4. An annual sum available for routine building improvements, renovations, or repairs.

Cherry Sheet: An annual statement received from the Massachusetts Department of Revenue (DOR) detailing estimated receipts for the next fiscal year from the various state aid accounts, and estimated state and county government charges payable by the Town, and included by the local Assessors in setting the tax rate. The actual receipts and charges may vary from the estimates.

Classification: The division of property valuations by type of property. There are five classes: Residential, Open Space, Commercial, Industrial, and Personal. The Selectmen may set as many as three different tax rates (within limits set forth in state law): for residences, for business and personal, and for open space.

Cooling Degree Days: Are a measure of how much (in degrees), and for how long (in days), outside air temperature was *higher* than a specific base temperature. They are used for calculations relating to the energy consumption required to *cool* buildings

Debt Service: Payment of interest and principal related to long term debt.

Depreciation: A non-cash expense (also known as non-cash charge) that provides a source of available funds. Amount allocated during the period to amortize the cost of acquiring long-term assets over the useful life of the assets. This is an accounting expense not a real expense that demands cash.

Encumbrance: Obligations such as purchase orders, contracts, or salary commitments that are chargeable to an appropriation, and for which a part of the appropriation is reserved.

Appendix: Glossary

Enterprise Fund: A fiscal entity with a self-balancing set of accounts that is utilized to account for a governmental service when it is the intent to recover the total cost of service, including depreciation, primarily through user charges imposed on the consumers of the service. Examples in Concord include: electricity provided by the Concord Municipal Light Plant, and Water and Sewer services provided by the Department of Public Works.

Equalized Valuation (EQV): The value of all property as determined by the Commissioner of Revenue biennially, using a standard of "full and fair value"; also referred to as EQV.

Expenditure: The spending of money by the Town for the programs or projects within the approved budget.

Fiscal Year (FY): A 12-month period, commencing July 1 and ending June 30, to which the annual budget applies, and at the end of which a governmental unit determines its financial position and the results of its operations. The number of the fiscal year is that of the calendar year in which it ends; FY2016 is the fiscal year which ends June 30, 2016.

Free Cash: Free cash refers to the amount of Fund Balance that is available for appropriation. It is certified each July 1 by the state. Because of the stringent way that the state makes these calculations, Free Cash more closely represents Cash (actual dollars held) than does Fund Balance, which includes a variety of receivables (i.e., cash due).

Fund: An accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Balance: The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to the stockholders equity account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected (see **Free Cash**).

General Fund: The fund into which the general (non-earmarked) revenues of the Town are deposited, and from which money is appropriated to pay expenses.

General Obligation Bonds: Bonds issued by the Town that are backed by the full faith and credit of its taxing authority.

Governmental Funds: Funds used to organize and separate the finances of various Town activities and objectives. Governmental Fund categories include: the General Fund; Enterprise Funds; Special Revenue Funds; and the Capital Projects Fund.

Heating Degree Days: Are a measure of how much (in degrees), and for how long (in days), outside air temperature was *lower* than a specific "*base temperature*" (or "*balance point*"). They are used for calculations relating to the energy consumption required to *heat* buildings.

Kilowatt-hour (kWh): Kilowatt-hour is an energy unit (symbol kWh). One kilowatt-hour is defined as the energy consumed by power consumption of 1kW during 1 hour. The Town of Concord uses kWh to measure electric output for facilities.

Appendix: Glossary

Land Fund: A fund established by Town bylaw in FY1986 to which may be added an annual appropriation, gifts, and grants. The use of the fund is restricted to the acquisition of land, debt service on designated land purchases, and related costs, such as legal and appraisal fees.

Massachusetts School Building Authority (MSBA): A quasi-independent government authority created to reform the process of funding capital improvement projects in the Commonwealth's public schools.

Net OPEB Obligation (NOO): The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt. (GASB 45 only)

Other Post-Employment Benefits (OPEB): Post-employment benefits that an employee will begin to receive at the start of retirement. This does not include pension benefits paid to the retired employee. Other post-employment benefits that a retiree can be compensated for are life insurance premiums, healthcare premiums and deferred-compensation arrangements

Overlay: The amount raised from the property tax levy in excess of appropriations and other charges. It cannot exceed 5 percent of the levy, and is used to cover abatements and exemptions granted locally or on appeal.

Overlay Surplus: The unused portions of **overlay** accounts from previous years; at the end of each fiscal year, this amount is computed from information provided by the Board of Assessors. Any sum so designated is transferred to, and becomes part of, the General Fund undesignated fund balance.

Override: A vote to increase the amount of property tax revenue that may be raised over the levy limit set by **Proposition 2½**.

Payment in lieu of Taxes (PILOT): made to compensate a local government for some or all of the tax revenue that it loses because of the nature of the ownership or use of a particular piece of real property. Usually it relates to the foregone property tax revenue.

Personal Services: The cost of salaries, wages, and related employment benefits.

Property Tax Levy: The amount produced by multiplying the assessed valuation of property by the tax rate. The tax rate is expressed per thousand dollars of assessed valuation. For example: (based on \$14.29 tax rate)

<i>House Value:</i>	\$700,000
<i>Tax Rate:</i>	\$14.29 (which means \$14.29 per thousand \$\$ of valuation)
<i>Levy Calculation:</i>	\$14.29 multiplied by \$700,000 divided by \$1,000.
<i>Result, Property Tax Levy:</i>	\$10,003

Proposition 2½ (see below): A tax limitation measure passed by Massachusetts voters in 1980 that limits the growth of the total property tax levy to 2.5% per year. New construction values are added to this limit. Two provisions of Prop 2½, so-called, allow the Town to raise taxes above this tax levy limit, upon approval by a Town-wide vote: an operating override or a debt exclusion.

Appendix: Glossary

Public Employee Retirement Administration Commission (PERAC): A government agency that was created for and is dedicated to the oversight, guidance, monitoring, and regulation of the Massachusetts Public Pension Systems.

Purchased Services: The cost of services that are provided by a vendor.

Reserve Fund: A fund appropriated each year that may be used only by vote of the Finance Committee for "extraordinary or unforeseen expenditures."

Revolving Fund: Those funds that may be used without **appropriation**, and that are established for special uses. Fees (such as for recreation) may be paid into a revolving fund. Revolving funds are established directly by state law or by Town bylaw consistent with state law.

Tax Levy: Total amount of dollars assessed in property taxes by the Town each **fiscal year**.

Therm: A unit of measure for heating energy. In Concord this can be linked to facility natural gas output.

Unfunded Actuarial Accrued Liability (UAAL): The excess, if any of the **Actuarial Accrued Liability** over the **Actuarial Value of Assets**. In other words, the present value of benefits earned to date that are not covered by current plan assets.

Warrant: A list of items to be voted upon at Town Meeting.

Terms Associated with Proposition 2½

Excess Levy Capacity: The difference between the Town's maximum annual tax levy limit as established by Proposition 2½, and its actual **tax levy** for the current year. It is additional **tax levy** that a town could raise without asking voters for an **override** or debt exclusion.

Growth Revenue: The amount of property tax revenue that the Town can add to its allowable tax levy as a result of new construction, alterations, subdivision, or change of use of a parcel.

Primary Levy Limit, or Absolute Limit: 2.5 percent of certified full and fair cash value of taxable property.

Secondary Levy Limit, or Annual Levy Limit: Prior levy limit plus 2.5 percent (base) plus **growth revenue**.