



TOWN OF CONCORD
MASSACHUSETTS

**Town Manager's Proposed
Enterprise Budgets
FY2020**

For the Fiscal Year
July 1, 2019 - June 30, 2020



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 24.8% of the kilowatt hours of all purchased power. With the purchase of Renewable Energy Certificates (RECs), the Light Plant expects to be able to affirm that 100% of its purchased power in 2019 will be from renewable resources.

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 134 miles of pipe.
- A Sewer System that serves 1,876 residential and commercial customers (34% of the community) and consists of 34 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 and HVAC units.



OLD NORTH BRIDGE

TOWN OF CONCORD

TOWN MANAGERS OFFICE
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CHRISTOPHER WHELAN, TOWN MANAGER

Town Manager's Budgetary Priorities

March 11, 2019

The Honorable Select Board:

In the FY20 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 2019 Power Portfolio includes 24.8% of electricity purchased directly from renewable sources with the remaining purchased power made renewable through the purchase of Renewable Energy Certificates (RECs). Additionally, the Light Plant has implemented a Conservation and Renewable Energy Surcharge (CARES) that provides assistance to customers to promote energy efficiency.

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 2018 Town Residential Survey, 86% of residents polled indicated that electricity rates were a "good bargain" or "reasonably priced". Also 87% responded that water prices were either a "good bargain" or "reasonably priced". Similarly, 85% indicated that sewer rates were either a "good bargain" or "reasonably priced".

Sincerely,

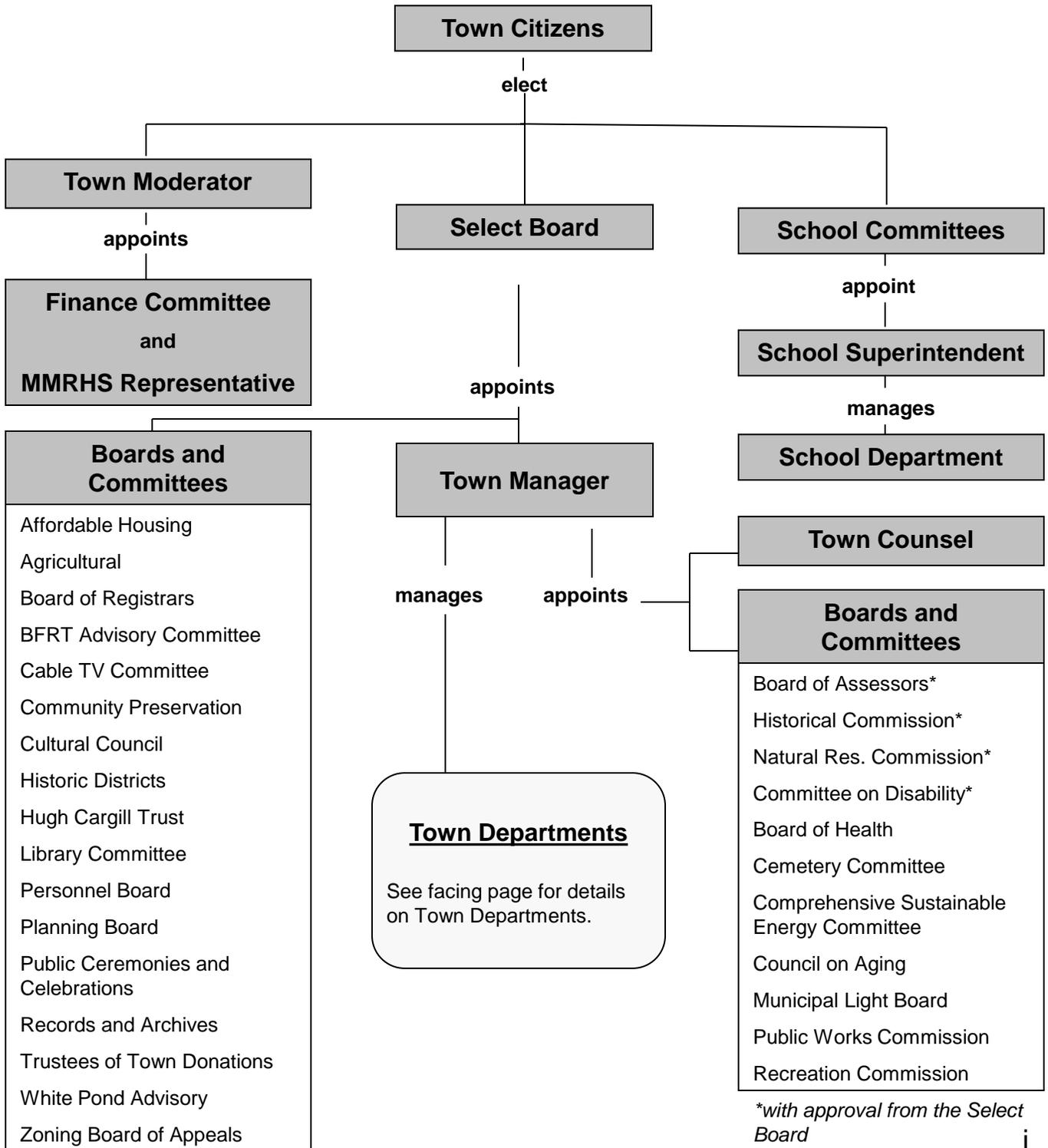
Christopher Whelan
Town Manager

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.

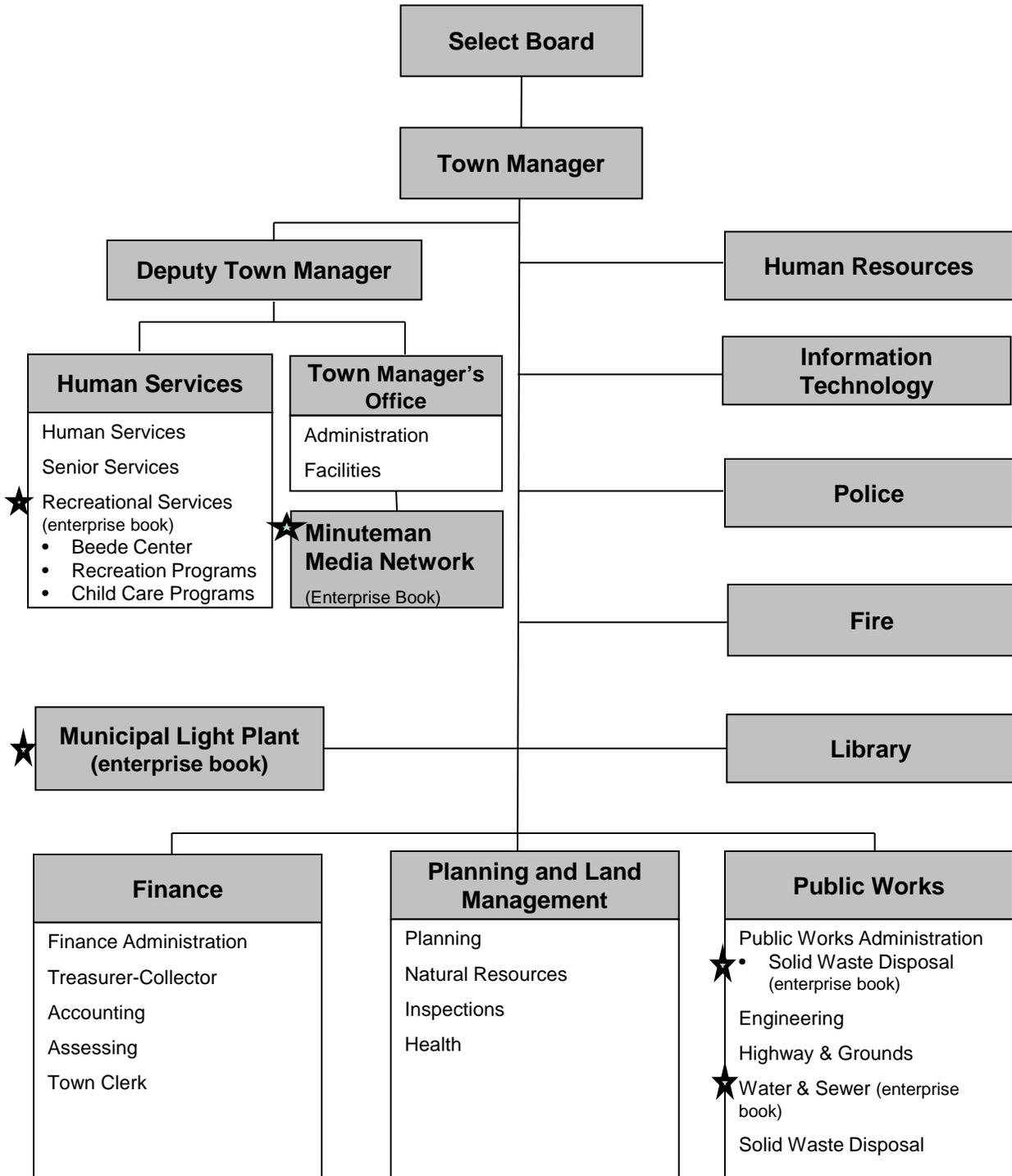


**with approval from the Select Board*

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 – Minuteman Media Network

The Minuteman Media Network (MMN) presentation provides the charts and narratives necessary to understand the operations and plans of Concord's PEG Access Network.

Section X – 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 11, 2019

The Honorable Select Board:

I am pleased to submit for your review the Town Manager's Proposed Enterprise Budgets for Fiscal Year 2020 (July 1, 2019 – June 30, 2020). 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 FY20, this action will be taken under Article 38 of the 2019 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 FY20, this action will be taken under Article 42 of the 2019 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 FY20, this action will be taken under Articles 40 and 41 of the 2019 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 FY20, this action will be taken under Article 39 of the 2019 Town Meeting Warrant.

Beede Swim & Fitness Center

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 45 of the 2019 Town Meeting Warrant will make an appropriation for the estimated expenses of the Center for the fiscal year beginning July 1, 2019 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 2019 Town Meeting.

Minuteman Media Network

In 2015, the Annual Town Meeting voted to adopt Article 37 and accepted M.G.L. 44, Section 53F ¾ authorizing the creation of the PEG Access & Cable Related Fund. As part of a License Agreement, the Select Board has authorized Comcast of Massachusetts to provide non-exclusive cable television and other telecommunication services to homes and businesses in Town. The Agreement also provides for the delivery of PEG Access (Public, Educational and Governmental) television services defined in the Agreement as “noncommercial programming developed by any Concord residents or organizations, schools, government entities.” Three channels are made available to the Town for PEG Access programming and Comcast has provides 4.8% of the company’s gross annual revenues in Concord to the Town for PEG Access operations and related expenses.

In October 2018, the Town assumed the responsibility for the operations of PEG Access services from Concord-Carlisle Television, Inc. (CCTV). The new Town entity to run PEG Access services is the Minuteman Media Network (MMN), which is managed by the Public Information and Communications Manager under the direction of the Deputy Town Manager

who reports to the Town Manager. For FY20, Article 44 of the 2019 Annual Town Meeting proposes that \$600,000 be appropriated from PEG Access and Cable-Related Fund to fund the operations of the Minuteman Media Network.

Budgets

Each of the seven 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 FY20 (calendar year 2019 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 | \$31,658,426 | \$29,533,027 | \$2,125,300 | \$1,455,426 |
| Water Fund | 5,722,000 | 4,981,967 | 740,033 | 687,514 |
| Sewer Fund | 3,245,200 | 3,008,705 | 236,495 | 454,088 |
| Solid Waste Fund | 1,481,392 | 1,480,481 | 911 | 911 |
| Beede Center Fund | 2,353,000 | 2,471,594 | -118,594 | 398 |
| Recreation Fund | 2,111,000 | 2,227,855 | -116,855 | -116,855 |
| MMN Fund | 414,352 | 356,408 | 57,944 | 82,109 |

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>Proposed Capital Plan</u> | <u>Light</u> | <u>Water</u> | <u>Sewer</u> | <u>Beede</u> |
|---|---------------------------|---------------------------|--------------------------|-------------------------|
| Net Income Projected | \$1,446,205 | \$687,514 | \$454,088 | \$398 |
| Depreciation Expense | <u>1,752,134</u> | <u>1,568,209</u> | <u>984,154</u> | <u>378,601</u> |
| Subtotal | 3,198,339 | 2,255,723 | 1,438,242 | 378,999 |
| Less: | | | | |
| Debt Principal Payment | 650,000 | 485,000 | 617,570 | 0 |
| CMLP PILOT Payment | 478,000 | 0 | 0 | 0 |
| Net Resources derived from Current Operations and available for Capital Purposes | <u>\$2,070,339</u> | <u>\$1,770,723</u> | <u>\$ 820,672</u> | <u>\$378,999</u> |

The planned FY20 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 | \$1,904,544 | \$6,308,455 | \$3,320,150 | \$100,000 |

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 \$21.2 million or 74.4% 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. For both residential and commercial customers, there are rebate programs to encourage the purchase of LED lighting fixtures and heat pumps. Additional rebates for residential customers are available for weatherization and to encourage the adoption of electric vehicles.

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, hydro and solar power generation projects outside of Town. All of these efforts will contribute to increasing the percentage of electricity generated from renewable sources to 24.8% of purchased power in 2019. In addition, with the purchase of Renewable Energy Certificates (RECs), the Light Plant expects to be able to affirm that 100% of its purchased power in 2019 will be from renewable resources.

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 1,215 Concord customers as of January 2019 and the plan to increase this number to 1,500 customers by the end of 2019, the operating revenues are projected to increase from \$994,719 to \$1,128,108 from 2018 to 2019. As the number of customers increase, so do the expenses and the projected net income for FY20 is \$9,221.

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. With this funding, the Water Division has begun the process of developing the Nagog Pond facility, a project that is currently delayed due to permitting challenges and water rights challenges that have been introduced by neighboring communities which have asserted their own interests in drawing water from this valuable resource. Since Nagog Pond is Concord's oldest existing supply and is the single most important drinking water resource available to Concord, the Town has invested considerable time and effort protecting its interests.

To maintain sufficient funds to cover operating and capital costs, the Water Division is proposing a rate increase of 5.0% for normal residential use as of June 1, 2019 that would result in a \$24.48 increase of an annual bill for the average residential customer. The total bill would be \$508 for the year.

Sewer Fund

After having several years of negative operating income, the Sewer Fund is projected to finish FY20 in the black with a positive net income of \$236,495. The main cause of these past deficits have been an increase in the depreciation expense from \$628,375 in FY05 to \$1,448,070 in FY19 – a reflection of the infrastructure improvements that had been made in 2006-08 to the treatment plant first put into service in 1987. With many capital items reaching the maximum depreciable term, the depreciation charge has decreased and in FY20 the depreciation expense is projected to be \$984,154.

A rate increase of 1.0% is proposed to go into effective on June 1, 2019, which would result in an annual increase \$7.20 for the average residential customer. The total bill for the year would be \$699.

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. In FY18, there were 3,671 subscribers for this service. In FY20, it is expected that the Solid Waste Fund will generate a slight net income. The average cost per household that disposes of 1.36 barrels of trash per week is \$378.

Beede Center Fund

Completing its thirteen year of operation as of April 2019, 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, 2019, the Beede Center had a total of 1,045 individual, 280 family, 260 couple, and 8 student memberships. In addition, the Beede Center sold 720 3-month passes and 1,082 10-visit passes.

For FY20, the Beede Center is estimated to have \$2,353,000 in operating revenues and \$2,471,594 in operating expenses, which combined will result in a negative operating income of \$118,594 and a positive net income of \$398. At the end of FY20, the Beede Center's fund balance is projected to be \$3,114,749. The monthly membership fee for a family is \$153, for a couple is \$129, and for an individual is \$82.

Recreation Fund

The Town has had the Recreation Fund since 1979, though this is the fourth 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 FY20, it is projected that revenues will be \$2.11 million and expenses will be \$2.22 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. For FY20, revenues from the Visitors Center are projected to be \$25,000 and expenses to be \$15,300 for a profit of \$9,700.

Minuteman Media Network

In October 2018, the Town established the Minuteman Media Network (MMN) to provide PEG Access services for the Town. As a self-sustaining enterprise fund, the vast majority of MMN's revenue comes from fees paid by Comcast as part of License Agreement. Quarterly payments from Comcast are approximately \$90,000 and MMN's fund balance is projected to be \$1,048,688 at the end of FY20. The Town expects to collect \$414,352 and spend \$356,408 during FY20 to provide this service for Concord residents.

Acknowledgements

Preparation of this document involves teamwork between the Finance Department, the Town Manager's Office, the Concord Municipal Light Plant, and the Public Works 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 (Deputy Town Manager) was essential 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 (Environmental Services Program Administrator), and Ryan Kane (Recreation Director). In addition, assistance was provided by Paul Reinhardt (Public Works Management Analyst), Robert Hill (W&S Management Analyst), and Andrew Dutton (Beede General Manager).

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,



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 five enterprise funds (Light, Water, Sewer, Beede Center, and Minuteman Media Network) , the special revenue funds (Solid Waste) and the revolving fund (Recreation).

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).

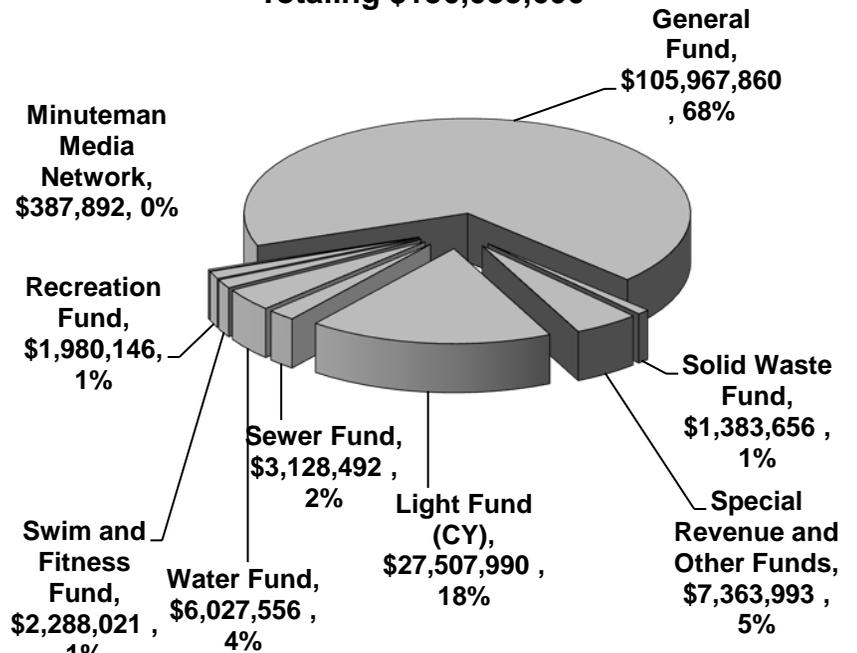
Debt should only be used to expand an enterprise activity’s capacity or level of service, and not to replace or renew the existing infrastructure.

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 |
| Minuteman Media Network | Section IX |

Enterprise Revenues as a Percentage of Total FY18 Town Government Revenues

Totaling \$156,035,606



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 Deputy Town Manager (for Beede Center & Recreation operations).

Role of Town Meeting

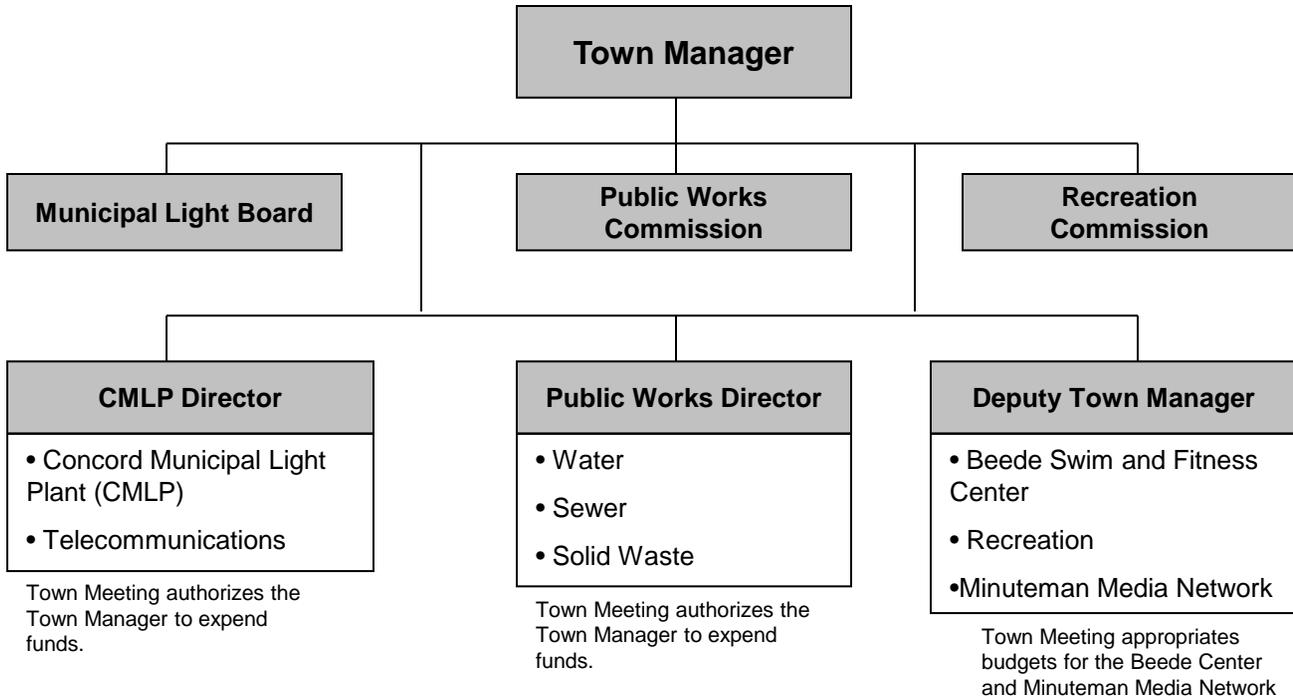
The budgets presented for the Light, Water, Sewer, and Solid Waste funds are *spending plans* and do not carry the same restrictive legal obligations as the voted appropriations made for the Town’s General Fund operations. However, the appropriation for Swim and Fitness Fund is set by Town Meeting in accordance to M.G.L. Ch. 44, §53 F½ and that for Minuteman Media Network is set in accordance to M.G.L. Ch. 44, §53 F¾ . The Recreation Fund does not require any Town Meeting action.

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 should 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).

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 enterprise operations for the goal of an enterprise is to be 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).

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 \$10,000, 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.

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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 74.7% of operating expenditures.
- In 2019, the Light Plant expects to achieve its goal of supplying 100% of its purchased power from renewable resources: 10.0% from wind, 6.8% from hydro, 5.6% from solar, 2.4% from landfill gas, and 75.2% from the purchase of Renewable Energy Certificates (RECs).
- 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.
- Since 2014, CMLP has offered 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

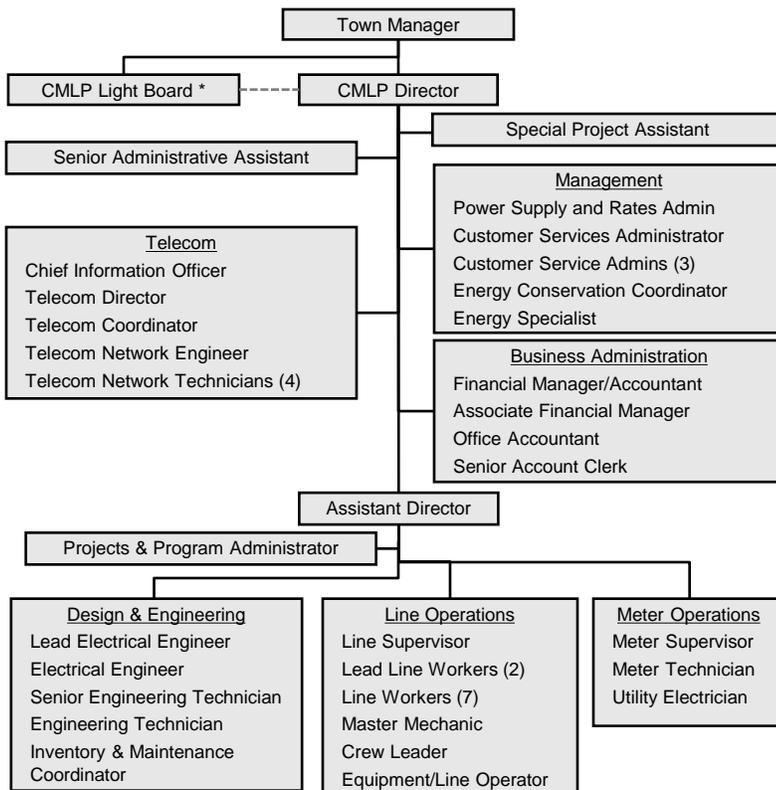
| | 2016 Actual | 2017 Actual | 2018 Estimated | 2019 Budgeted |
|--------------|--------------|--------------|----------------|---------------|
| Net Income | \$ 1,549,882 | \$ 380,415 | \$ 1,051,795 | \$ 1,446,205 |
| Net Position | \$47,207,101 | \$47,587,516 | \$48,639,311 | \$50,085,516 |

Description

The Concord Municipal Light Plant (CMLP) is responsible for providing 190,000 megawatt hours of electricity to 6,898 residential customers, 1,244 commercial customers, and 69 municipal customers in 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.

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 who reports 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. In 2019, the Light Plant will achieve its goal of supplying 100% of its purchased power from renewable resources: 10.0% from wind, 6.8% from hydro, 5.6% from solar, 2.4% from landfill gas, and 75.2% from the purchase of Renewable Energy Certificates (RECs). 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 (24.8% from Renewable Sources)

The 2019 power supply portfolio is planned to consist of the purchase of electricity from the following sources:

| | |
|--------------------------------|--------------------|
| • Non-Renewable Sources | |
| • Shell Energy Natural Gas | 39.1% of total MWh |
| • Nexera Rise Energy | 18.2% |
| • ISO Energy Purchases | <u>17.9%</u> |
| | 75.2% |
| • Renewable Sources | |
| • NYPA (Hydro) | 3.8% |
| • Kearsage 2 (Solar) | 3.6 % |
| • Spruce Mountain (Wind) | 3.3% |
| • Miller (Hydro) | 3.0% |
| • Saddleback (Wind) | 2.9 % |
| • New Bedford (Landfill Gas) | 2.4% |
| • Canton Mountain (Wind) | 2.2% |
| • Granite (Wind) | 1.6 % |
| • Kearsage 1 (Solar) | 1.1% |
| • Nugen Capital (Solar) | 0.6% |
| • Solect Solar Project (Solar) | <u>0.3%</u> |
| | 24.8% |

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 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 LED lighting fixture upgrades and heat pumps. Additional rebates for residential customers are available for weatherization and to encourage the adoption of electric vehicles (EVs).

Electricity Revenue

Total operating revenue expected to be raised through electric operations in 2019 is projected to be \$27,917,745 as shown in the following categories:

| | |
|-----------------------------------|------------------|
| Residential sales: | \$11,722,069 |
| Commercial sales: | 12,868,014 |
| Municipal sales: | <u>1,556,110</u> |
| Sales subtotal: | \$26,146,194 |
| Change in Unbilled Revenue: | -109,445 |
| Provision for Rate Refund: | 1,180,907 |
| Provision for Rate Stabilization: | <u>700,089</u> |
| Total: | \$27,917,745 |

Electric Rate Highlights

- Effective on September 1, 2018, 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 \$0.07418. Pursuant to a greenhouse gas emission reduction strategy adopted by the Concord Municipal Light Board in 2017, CMLP has implemented a \$0.01 per kilowatt-hour energy surcharge to all bills effective on September 1, 2018.

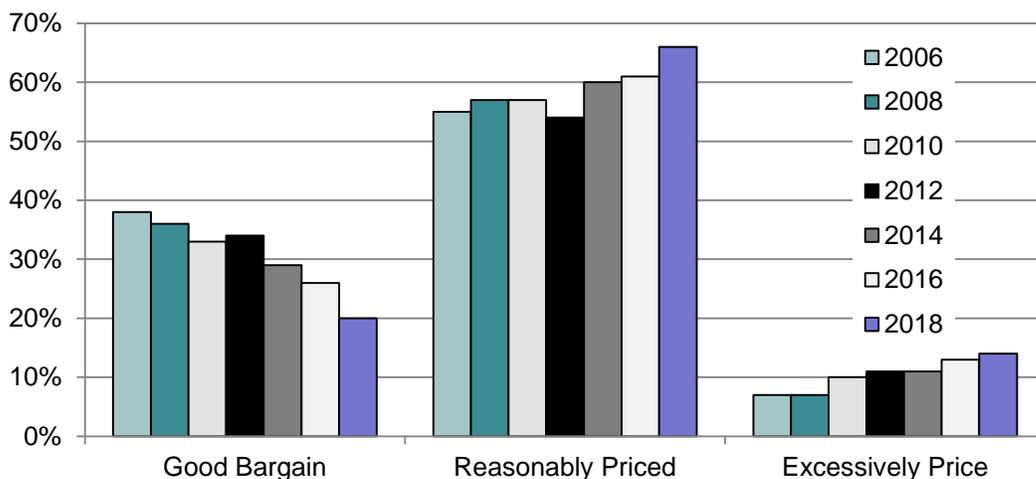
Surcharges

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 are services like energy audits and financial assistance through rebates to help customers become more energy efficient.

Citizen Survey

From 2006 to 2018, the Town conducted a survey of Concord residents and inquired about the opinion of the price of electric rates? In 2018, the response was that 20% thought that the price is a Good Bargain and 66% thought that it is Reasonably Priced, and 14% thought it was Excessively Priced.



Program Implementation

For Calendar Year 2018, the Concord Municipal Light Plant is projecting that it will have \$30.5 million in operating revenues and \$28.4 million in operating expenditures.

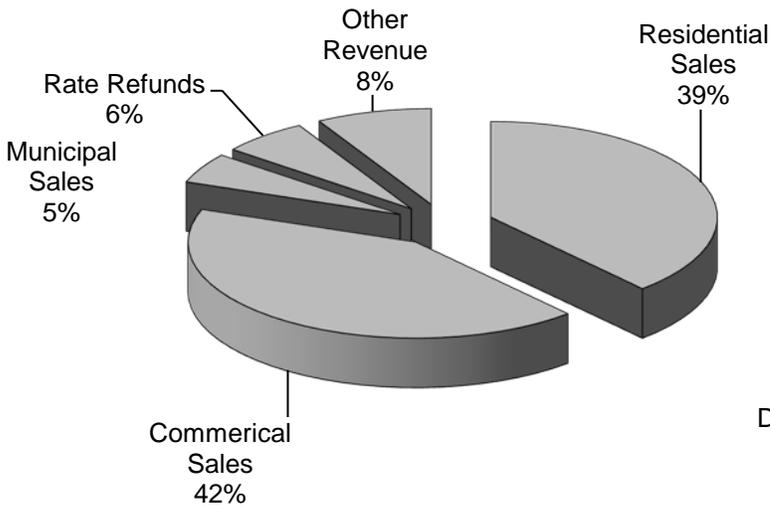
For revenues, funds collected from the sale of electricity are expected to decrease from \$26.8 million in 2018 to \$26.1 million in 2019.

For expenditures, the primary cost is the power supply expense. From 2018 to 2019, it is forecast that the power supply expense will increase from \$20.6 million to \$21.2 million. Purchased power expense is passed directly onto customers.

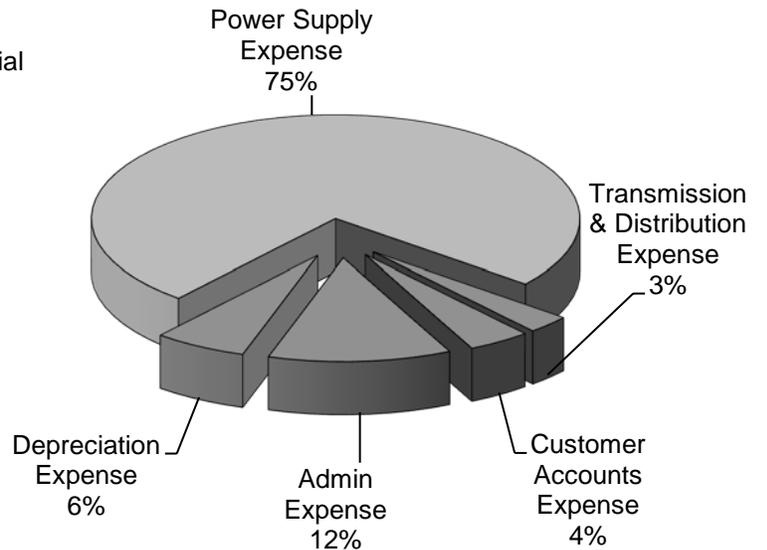
In 2019, the Light Plant is expected to have operating income of \$2,098,829 and net income from operations of \$1,446,205.

For the calculation of the Return per DPU formula, the sum of net income from operations (\$1,446,205), Payment in Lieu of Taxes (\$478,000), Underground Surcharge (\$385,528) and CARES Surcharge (\$133,649) are added together and divided by the previous year's Cost of Plant for Returns Calculation (\$62,649,425) for Return Per DPU Formula of 3.90%.

2019 Operating Revenues
Totaling \$30,420,982



2019 Operating Expenditures
Totaling \$28,431,390



OPERATING REVENUES

| | Calendar Year: | 2016 | 2017 | 2018 | 2019 |
|--|----------------|----------------------|----------------------|----------------------|----------------------|
| | | Actual | Actual | Estimated | Budgeted |
| Sales of Electricity | | | | | |
| Residential Sales | | \$ 11,072,975 | \$ 10,852,841 | \$ 12,049,069 | \$ 11,722,069 |
| Commercial and Industrial Sales | | 13,064,292 | 12,706,888 | 13,226,981 | 12,868,014 |
| Municipal Sales | | 1,658,274 | 1,588,953 | 1,599,519 | 1,556,110 |
| Miscellaneous Sales | | - | - | - | - |
| Operating Revenues Billed Total | | \$ 25,795,541 | \$ 25,148,682 | \$ 26,875,569 | \$ 26,146,194 |
| Net Change in Unbilled Revenues | | (39,652) | (249,473) | (112,498) | (109,445) |
| Provision for Rate Refund | | - | 269,699 | 159,756 | 1,180,907 |
| Provision for Rate Stabilization | | (868,274) | 709,958 | 719,619 | 700,089 |
| Electric Operating Revenues | | 24,887,615 | 25,878,866 | 27,642,446 | 27,917,745 |
| Other Operating Revenues | | | | | |
| Telecom Rental and Fiber Lease | | 84,805 | 98,495 | 108,345 | 87,353 |
| Underground Surcharge | | 293,741 | 368,685 | 396,283 | 385,528 |
| CARES Surcharge | | 101,830 | 127,810 | 137,377 | 133,649 |
| Income from Merchandise and Jobbing | | 170,467 | 224,203 | 187,604 | 188,350 |
| Other Miscellaneous Operating Revenue | | 141,519 | 93,473 | 29,841 | 29,618 |
| Purchases Surcharge | | - | - | 558,771 | 1,678,484 |
| Audit Adjustment | | (75,298) | (48,538) | - | - |
| Other Operating Revenue | | 717,064 | 864,128 | 1,418,221 | 2,502,982 |
| Operating Revenues Total | | \$ 25,604,679 | \$ 26,742,994 | \$ 29,060,667 | \$ 30,420,728 |

OPERATING SALES (kWh)

| | Calendar Year: | 2016 | 2017 | 2018 | 2019 |
|---|----------------|--------------------|--------------------|--------------------|--------------------|
| | | Actual | Actual | Estimated | Budgeted |
| Kilowatt-hours Sold: | | | | | |
| Residential | | 70,077,788 | 68,832,294 | 74,369,576 | 72,351,262 |
| General Services | | 86,238,993 | 85,005,349 | 87,907,272 | 85,521,559 |
| Municipal | | 10,267,419 | 9,969,993 | 9,957,283 | 9,687,053 |
| Street Lighting | | 448,117 | 444,581 | 296,617 | 288,567 |
| Private Area Lighting | | 23,639 | 25,971 | - | - |
| Unbilled Sales Adjustment | | (989,142) | (519,993) | (892,679) | (868,453) |
| Electric Sales Billed Total | | 166,066,814 | 163,758,195 | 171,638,069 | 166,979,988 |
| <i>Source: 2016 & 2017 data are actual data from audited financial statements; 2018 data is estimated; and 2019 data is proposed.</i> | | | | | |

OPERATING EXPENSES (\$)

| | Calendar Year: | 2016 | 2017 | 2018 | 2019 |
|---|----------------|--------------|--------------|---------------|---------------|
| | | Actual | Actual | Estimated | Budgeted |
| Operating Accounts: | | | | | |
| Power Supply Expense | | | | | |
| Power Supply Expense | | \$16,888,138 | \$18,690,028 | \$ 20,591,560 | \$ 21,245,188 |
| Audit Adjustment | | (99,098) | (71,741) | | |
| | | \$16,789,040 | \$18,618,287 | \$ 20,591,560 | \$ 21,245,188 |
| Transmission & Subtrans. Expenses: | | | | | |
| Operation | | 6,225 | 7,230 | 13,000 | 9,227 |
| Maintenance | | 69,321 | 56,030 | 82,500 | 77,706 |
| | | \$ 75,546 | \$ 63,259 | \$ 95,500 | \$ 86,933 |
| Distribution Expenses: | | | | | |
| Operation | | 195,834 | 258,632 | 220,000 | 226,190 |
| Maintenance | | 557,198 | 539,984 | 397,297 | 501,051 |
| Audit Adjustment | | | | | |
| | | \$ 753,031 | \$ 798,616 | \$ 617,297 | \$ 727,241 |
| Customer Accounts Expenses: | | | | | |
| Customer Accounts | | 305,342 | 257,043 | 265,000 | 235,025 |
| Customer Information Services | | 437,857 | 612,544 | 785,672 | 941,616 |
| Audit Adjustment | | 366,367 | 7,205 | | |
| | | \$ 1,109,566 | \$ 876,792 | \$ 1,050,672 | \$ 1,176,641 |
| Administrative & General Expenses: | | | | | |
| Electric Operations | | | | | |
| Salaries and Benefits | | 2,205,014 | 2,368,062 | 2,247,189 | 2,409,831 |
| Other Operating Expenses | | 913,270 | 992,093 | 862,807 | 815,069 |
| Smart Grid Operations | | 17,002 | 16,633 | 26,000 | 17,636 |
| Maintenance of General Plant | | 200,028 | 187,021 | 206,500 | 200,717 |
| Audit Adjustment | 64208 | (309,863) | (122,911) | | |
| | | \$ 3,025,451 | \$ 3,440,898 | \$ 3,342,496 | \$ 3,443,253 |
| Operating Accounts Subtotal | | \$21,752,634 | \$23,797,852 | \$ 25,697,525 | \$ 26,679,256 |
| Depreciation Expense | | \$ 1,758,435 | \$ 1,800,938 | \$ 1,727,375 | \$ 1,752,134 |
| Operating Expenses Total | | \$23,511,070 | \$25,598,791 | \$ 27,424,900 | \$ 28,431,390 |
| <i>Source: 2016 & 2017 data are actual data from audited financial statements; 2018 data is estimated; and 2019 data is proposed.</i> | | | | | |

Light Fund

Revenues and Expenditures

| | | July 1, 2018 - June 30, 2019 | | July 1, 2019 - June 30, 2020 | | |
|-------------------------------|---------------------------------|------------------------------|--------------|------------------------------|--------------|---------------------|
| | | Fiscal Year 2019 | | Fiscal Year 2020 | | |
| Code | Position Title | Grade | # Positions | \$ Amount | # Positions | \$ Amount |
| Light Plant Operations | | | | | | |
| | Director | EM-5 | 1 | 153,722 | 1 | 153,722 |
| | Assistant Director | EM-4 | 1 | 130,515 | 1 | 130,515 |
| | Power Supply & Rates Admin | EM-4 | 1 | 110,250 | 1 | 110,250 |
| | Lead Electrical Engineer | EM-2 | 1 | 112,793 | 1 | 115,405 |
| | Electrical Engineer | EM-2 | 1 | 94,300 | 1 | 94,300 |
| | Financial Manager & Accountant | MP-5 | 1 | 94,661 | 1 | 97,650 |
| | Associate Financial Manager | MP-3 | 1 | 76,500 | 1 | 76,500 |
| | Customer Service Supervisor | MP-3 | 1 | 110,250 | 1 | 110,250 |
| | Customer Service Admin | MP-3 | 1 | 99,091 | 1 | 99,091 |
| | Customer Service Represent. | AC-3 | 3 | 171,432 | 3 | 171,531 |
| | Energy Conservation Coord. | MP-3 | 1 | 92,696 | 1 | 92,696 |
| | Energy Specialist | MP-2 | 1 | 72,324 | 1 | 72,324 |
| | Meter Supervisor | EM-1 | 1 | 88,826 | 1 | 88,826 |
| | Senior Eng. Technician | MP-2 | 1 | 78,849 | 1 | 78,849 |
| | Engineering Technician | MP-1 | 1 | 69,644 | 1 | 69,644 |
| | Office Accountant | MP-2 | 1 | 77,286 | 1 | 74,604 |
| | Sr. Administrative Assistant | ACL-5 | 1 | 72,143 | 1 | 72,162 |
| | Sr. Account Clerk | ACL-3 | 1.88 | 128,362 | 1.88 | 128,831 |
| | Line Supervisor | EL-6 | 1 | 110,163 | 1 | 110,163 |
| | Lead Line Worker | EL-5 | 2 | 204,696 | 2 | 204,061 |
| | Lineworker, Grade 1 | EL-4 | 3 | 288,222 | 3 | 288,293 |
| | Lineworker, Grade 2 | EL-3 | 0 | 0 | 0 | 0 |
| | Lineworker, Grade 3 | EL-2 | 4 | 277,267 | 4 | 278,958 |
| | Utility Electrician | EL-3 | 1 | 78,822 | 1 | 78,822 |
| | Meter Technician | EL-2 | 1 | 69,969 | 1 | 69,969 |
| | Master Mechanic | TCL-5 | 1 | 76,943 | 1 | 76,943 |
| | Crew Leader | TCL-5 | 1 | 75,417 | 1 | 75,503 |
| | Equipment/Line Operator | TCL-4 | 1 | 63,450 | 1 | 65,000 |
| | Maintenance & Inventory Coord. | TCL-3 | 1 | 53,993 | 1 | 54,810 |
| | FTE Subtotal | | 36.88 | \$ 3,132,586 | 36.88 | \$ 3,139,672 |
| | Line Worker Stand-by Pay | | 1320 hrs. | 51,070 | 1320 hrs. | 51,230 |
| | Engineering Stand-by Pay | | | 31,320 | | 31,320 |
| | Salary Subtotal | | | \$ 3,214,976 | | \$ 3,222,221 |
| | Allowance for Salary Increases | | | | | 125,587 |
| 17X | Group Insurance: | | | | | |
| | Health, Life, Dental | | | 329,814 | | 360,566 |
| | Retirement | | | 572,244 | | 752,565 |
| | OPEB Contribution | | | 94,100 | | 72,089 |
| | Soc. Sec. & Medicare Tax | | | 44,805 | | 46,423 |
| | Clothing Allowance | | | 3,600 | | 3,600 |
| | Benefits Subtotal | | | \$ 1,044,563 | | \$ 1,235,243 |
| | Personnel Services Total | | | \$ 4,259,539 | | \$ 4,583,051 |

NET INCOME

| | Calendar Year: | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2016 | 2017 | 2018 | 2019 |
| | Actual | Actual | Estimated | Budgeted |
| Statement of Net Income | | | | |
| Operating Revenues | \$ 25,604,679 | \$ 26,742,994 | \$ 29,060,667 | \$ 30,420,728 |
| Less Operating Expenses | <u>(23,511,070)</u> | <u>(25,598,792)</u> | <u>(27,424,900)</u> | <u>(28,431,390)</u> |
| Operating Income | \$ 2,093,609 | \$ 1,144,202 | \$ 1,635,767 | \$ 1,989,337 |
| Non-Operating Revenues (Expenses) | | | | |
| Interest Income | \$ 122,590 | \$ 56,106 | \$ 36,752 | \$ 94,523 |
| Interest Expense | (207,918) | (185,439) | (195,700) | (174,625) |
| Other | <u>31,255</u> | <u>29,980</u> | <u>35,976</u> | <u>14,969</u> |
| Non-Operating Income Subtotal | \$ (54,073) | \$ (99,353) | \$ (122,972) | \$ (65,133) |
| Net Income Before Other Financing | \$ 2,039,536 | \$ 1,044,849 | \$ 1,512,795 | \$ 1,924,205 |
| Other Financing Financing (Uses) | | | | |
| Loss on Disposal of Capital Assets | (24,154) | (190,434) | | |
| Payment in Lieu of Taxes | (465,500) | (474,000) | (461,000) | (478,000) |
| Provision for Rate Refund | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Subtotal | \$ (489,654) | \$ (664,434) | \$ (461,000) | \$ (478,000) |
| Change in Net Position | \$ 1,549,882 | \$ 380,415 | \$ 1,051,795 | \$ 1,446,205 |

NET POSITION

| | Calendar Year: | | | |
|-------------------------------|----------------|------------|--------------|--------------|
| | 2016 | 2017 | 2018 | 2019 |
| | Actual | Actual | Estimated | Budgeted |
| Change in Net Position | \$ 1,549,882 | \$ 380,415 | \$ 1,051,795 | \$ 1,446,205 |
| Net Position | | | | |
| Beginning of Year | 45,657,219 | 47,207,101 | 47,587,516 | 48,639,311 |
| End of Year | 47,207,101 | 47,587,516 | 48,639,311 | 50,085,516 |

RETURN ANALYSIS

| | Calendar Year: | | | |
|--|------------------|------------------|------------------|------------------|
| | 2016 | 2017 | 2018 | 2019 |
| | Actual | Actual | Estimated | Budgeted |
| Return per DPU Formula | | | | |
| Net Income from Operations | 1,549,882 | 380,415 | 1,051,795 | 1,446,205 |
| Payment in Lieu of Taxes | 465,500 | 474,000 | 461,000 | 478,000 |
| Underground Surcharge | 293,741 | 368,685 | 396,283 | 385,528 |
| CARES Surcharge | 101,830 | 127,810 | 137,377 | 133,649 |
| Return per DPU Formula | 2,410,953 | 1,350,910 | 2,046,455 | 2,443,382 |
| Cost of Plant | | | | |
| Cost of Plant (Year End) | 61,457,574 | 62,469,452 | 62,649,425 | 64,252,050 |
| Cost of Plan for Return Calculations | 59,794,807 | 61,457,574 | 62,469,452 | 62,649,425 |
| Return per DPU Formula Percentage | | | | |
| Return per DPU Formula | 2,410,953 | 1,350,910 | 2,046,455 | 2,443,382 |
| Cost of Plan for Return Calculations | 59,794,807 | 61,457,574 | 62,469,452 | 62,649,425 |
| DPU Return Percentage | 4.03% | 2.20% | 3.28% | 3.90% |
| Effective Return Percentage | | | | |
| Net Income from Operations | 1,549,882 | 380,415 | 1,051,795 | 1,446,205 |
| Cost of Plan for Return Calculations | 59,794,807 | 61,457,574 | 62,469,452 | 62,649,425 |
| Effective Return Percentage | 2.59% | 0.62% | 1.68% | 2.31% |
| <p>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. For 2016 and 2017, Net Income from Operations is derived from the Audited Financial Statements.</p> | | | | |

DEBT SERVICE

| | FY17 <u>Actual</u> | FY18 <u>Actual</u> | FY19 <u>Estimated</u> | FY20 <u>Budgeted</u> |
|-------------------------------------|-----------------------|-----------------------|--------------------------|-------------------------|
| Long Term Debt (Cash Basis): | | | | |
| Principal | \$ 705,000 | \$ 662,500 | \$ 662,500 | \$ 650,000 |
| Interest | <u>196,174</u> | <u>174,938</u> | <u>152,063</u> | <u>129,375</u> |
| Totals | \$ 999,133 | \$ 837,438 | \$ 814,563 | \$ 779,375 |

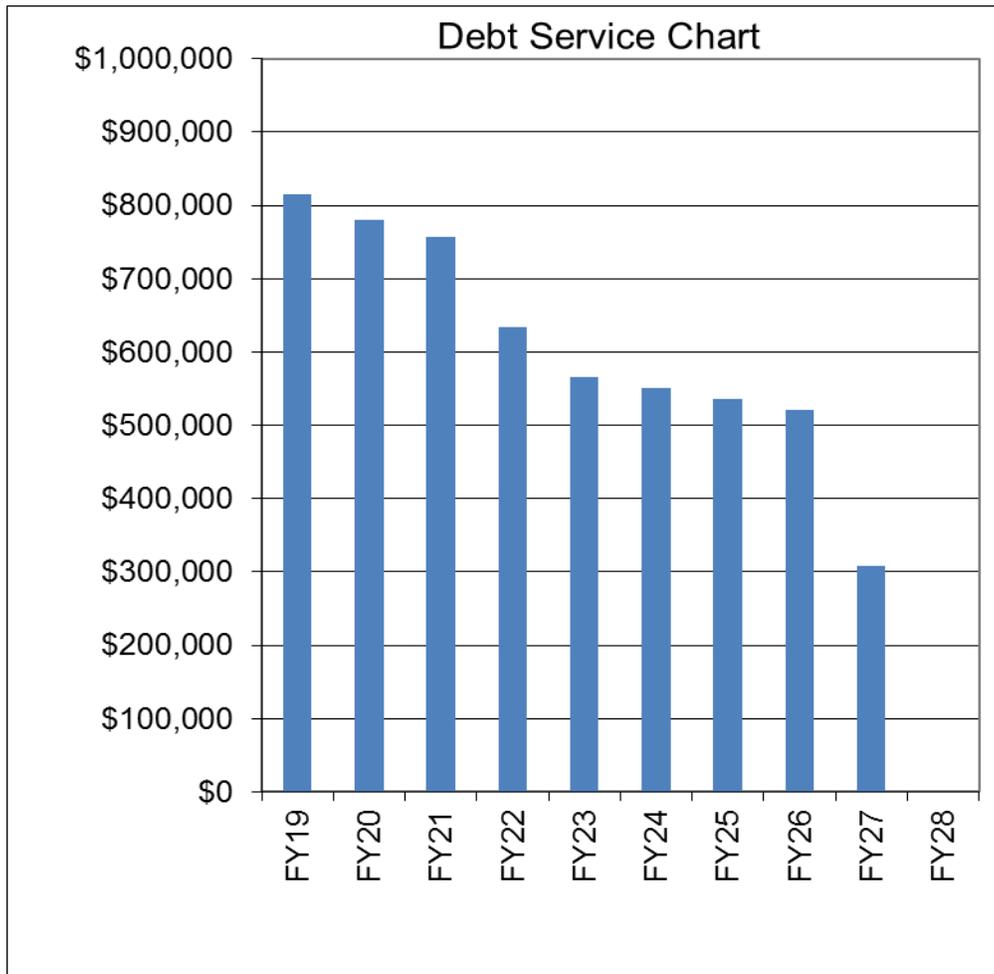
Note: Debt Service data is presented for fiscal years beginning July 1st and ending June 30th, since debt issuance occurs with other Town issuances which are recorded on the fiscal year.

PAYMENTS TO THE GENERAL FUND

| Town Fiscal Year Basis | FY17 <u>Actual</u> | FY18 <u>Actual</u> | FY19 <u>Estimated</u> | FY20 <u>Budgeted</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Financial & Administrative Services: | | | | |
| Town Manager's Office | \$ 98,286 | \$ 105,990 | \$ 112,565 | \$ 115,994 |
| Facilities Management | - | - | - | 11,563 |
| Town Accountant | 55,286 | 59,713 | 65,979 | 50,627 |
| Treasurer-Collector | 57,414 | 59,106 | 58,579 | 57,831 |
| Information Systems | - | 76,198 | 96,911 | 111,295 |
| Finance Administration | 46,905 | 53,645 | 58,033 | 57,558 |
| Human Resources | 62,701 | 72,399 | 80,444 | 86,717 |
| Town House Facilities | <u>5,633</u> | <u>6,261</u> | <u>6,500</u> | <u>6,967</u> |
| Subtotal | \$ 326,225 | \$ 433,312 | \$ 479,011 | \$ 498,552 |
| Natural Resource Protection: | | | | |
| Planning | \$ 11,156 | \$ 12,218 | \$ 12,428 | \$ 13,159 |
| Natural Resources | <u>21,360</u> | <u>23,261</u> | <u>23,265</u> | <u>23,866</u> |
| Subtotal | \$ 32,516 | \$ 35,479 | \$ 35,693 | \$ 37,025 |
| Landscaping @ Substations: | | | | |
| Parks & Trees | \$ 7,225 | \$ 8,764 | \$ 12,291 | \$ 10,000 |
| Total | <u>\$ 365,966</u> | <u>\$ 477,555</u> | <u>\$ 526,995</u> | <u>\$ 545,577</u> |
| Payment in Lieu of Taxes (PILOT) | \$ 465,500 | \$ 474,000 | \$ 461,000 | \$ 478,000 |
| Calendar Year of PILOT Payment | 2016 | 2017 | 2018 | 2019 |

LIGHT FUND DEBT SERVICE

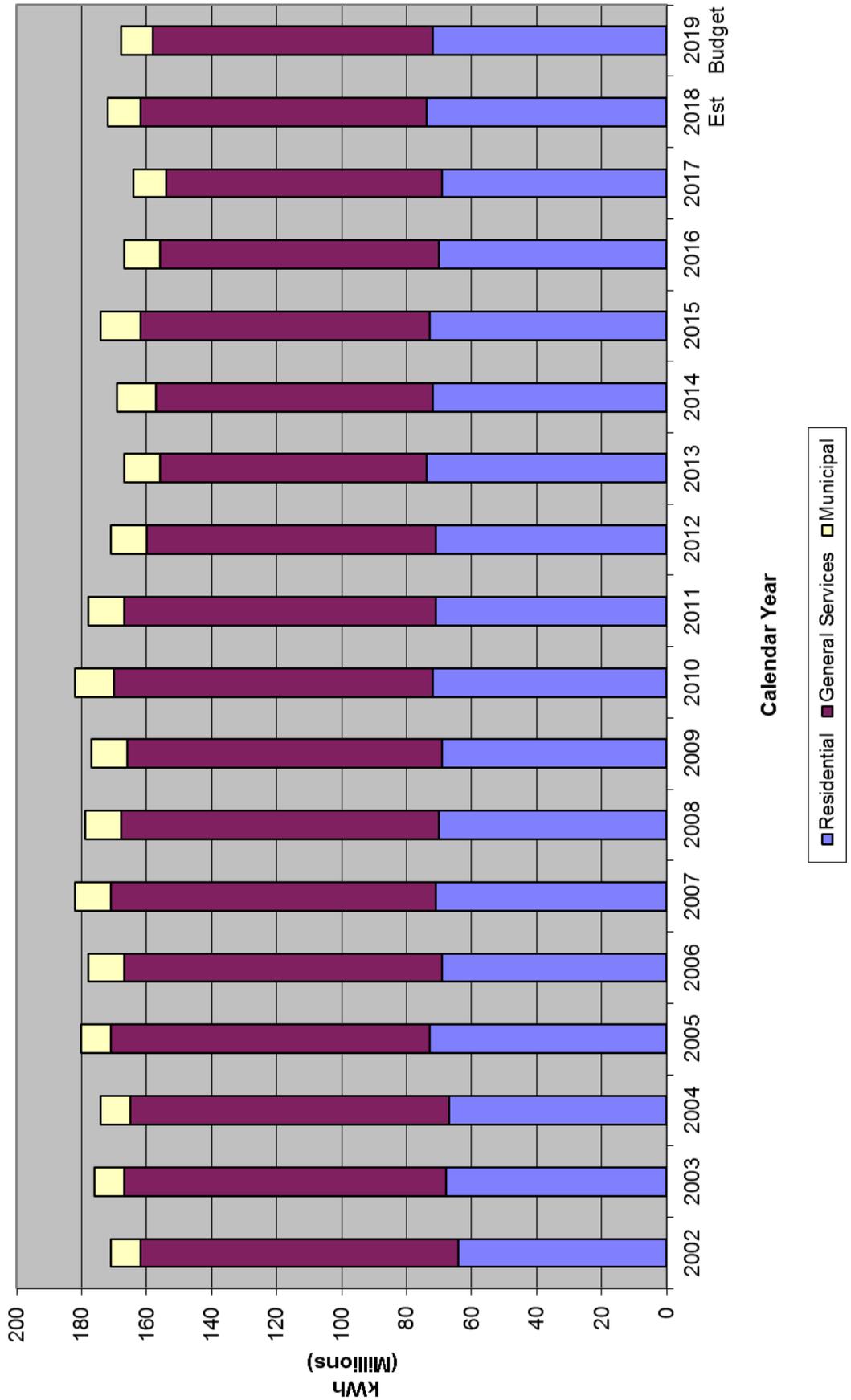
| Fiscal Year | Principal | Interest | Total |
|--------------------|--------------------|------------------|--------------------|
| FY19 | 662,500 | 152,063 | 814,563 |
| FY20 | 650,000 | 129,375 | 779,375 |
| FY21 | 650,000 | 106,875 | 756,875 |
| FY22 | 550,000 | 84,375 | 634,375 |
| FY23 | 500,000 | 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 |
| FY28 | 0 | 0 | 0 |
| Totals | \$4,812,500 | \$653,188 | \$5,465,688 |



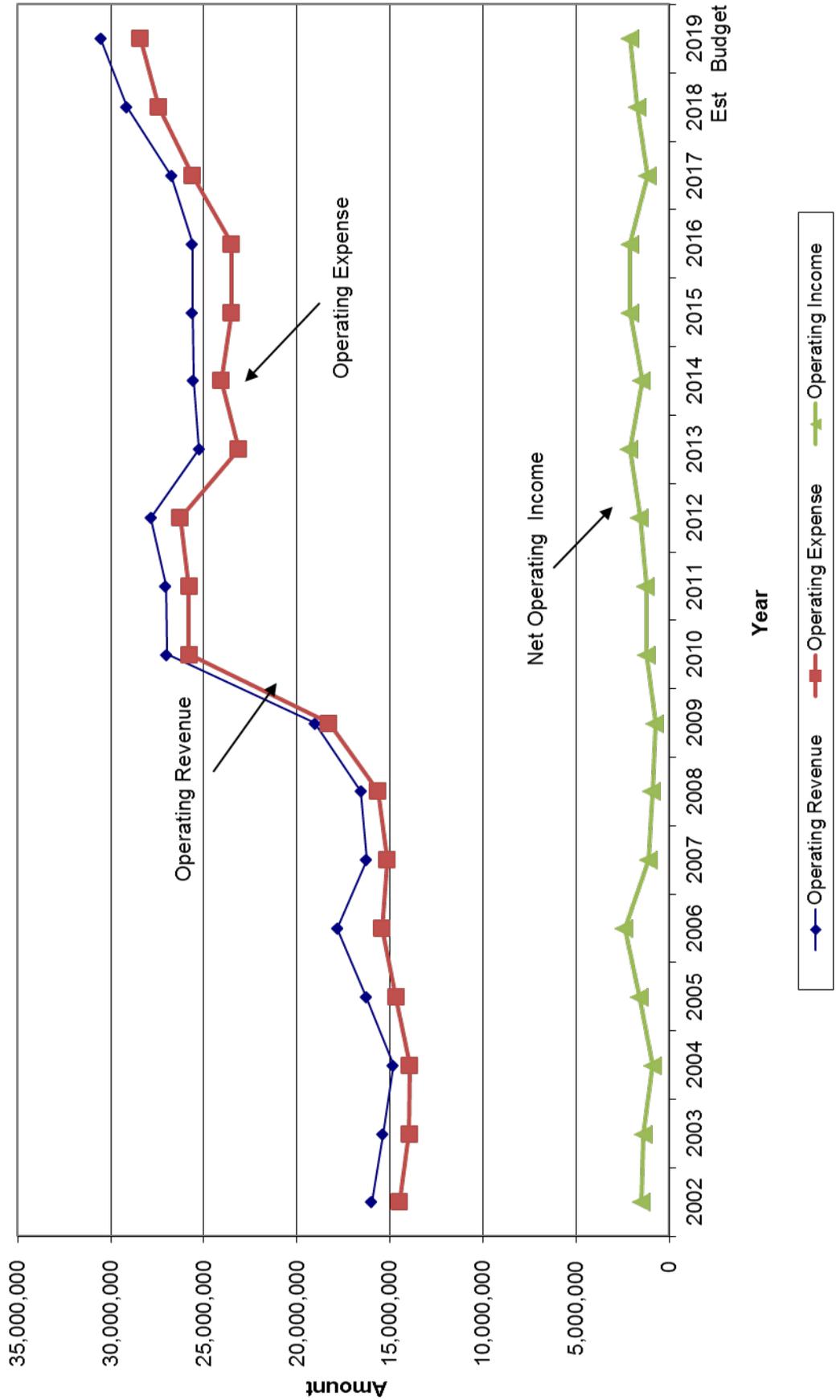
Concord Municipal Light Plant
kWhs Sold, Revenues, Expenses, and Operating Income
(2002-2017 Actual, 2018 Estimated, and 2019 Budgeted)

| Calendar Year | kWhs Sold (Millions) | | | | Operating Revenues | Operating Expenses | Operating Income | Net Income |
|---------------|----------------------|------------|-----------|-------|--------------------|--------------------|------------------|------------|
| | Residential | Commercial | Municipal | Total | | | | |
| 2002 | 64 | 98 | 9 | 171 | 15,975,614 | 14,495,030 | 1,480,584 | 1,779,995 |
| 2003 | 68 | 99 | 9 | 176 | 15,366,040 | 13,976,203 | 1,389,837 | 1,644,664 |
| 2004 | 67 | 98 | 9 | 174 | 14,825,982 | 13,945,302 | 880,680 | 887,184 |
| 2005 | 73 | 98 | 9 | 180 | 16,298,994 | 14,690,064 | 1,608,930 | 2,066,462 |
| 2006 | 69 | 98 | 11 | 178 | 17,829,056 | 15,433,837 | 2,395,219 | 3,052,974 |
| 2007 | 71 | 100 | 11 | 182 | 16,248,165 | 15,155,781 | 1,092,384 | 2,123,283 |
| 2008 | 70 | 98 | 11 | 179 | 16,548,218 | 15,647,921 | 900,297 | 1,351,285 |
| 2009 | 69 | 97 | 11 | 177 | 19,036,385 | 18,302,574 | 733,811 | 986,123 |
| 2010 | 72 | 98 | 12 | 182 | 27,001,169 | 25,793,559 | 1,207,610 | 1,794,797 |
| 2011 | 71 | 96 | 11 | 178 | 27,040,652 | 25,793,559 | 1,247,093 | 1,810,770 |
| 2012 | 71 | 89 | 11 | 171 | 27,848,934 | 26,283,418 | 1,565,516 | 1,900,452 |
| 2013 | 74 | 82 | 11 | 167 | 25,253,854 | 23,142,707 | 2,111,147 | 1,760,119 |
| 2014 | 72 | 85 | 12 | 169 | 25,547,828 | 24,078,883 | 1,468,945 | 2,118,998 |
| 2015 | 73 | 89 | 12 | 174 | 25,604,679 | 23,511,070 | 2,093,609 | 1,537,839 |
| 2016 | 70 | 86 | 11 | 167 | 25,604,679 | 23,511,070 | 2,093,609 | 1,549,882 |
| 2017 | 69 | 85 | 10 | 164 | 26,742,994 | 25,598,792 | 1,144,202 | 380,415 |
| 2018 Est | 74 | 88 | 10 | 172 | 29,133,395 | 27,424,900 | 1,708,495 | 1,051,795 |
| 2019 Budget | 72 | 86 | 10 | 168 | 30,530,220 | 28,431,390 | 2,098,830 | 1,446,205 |

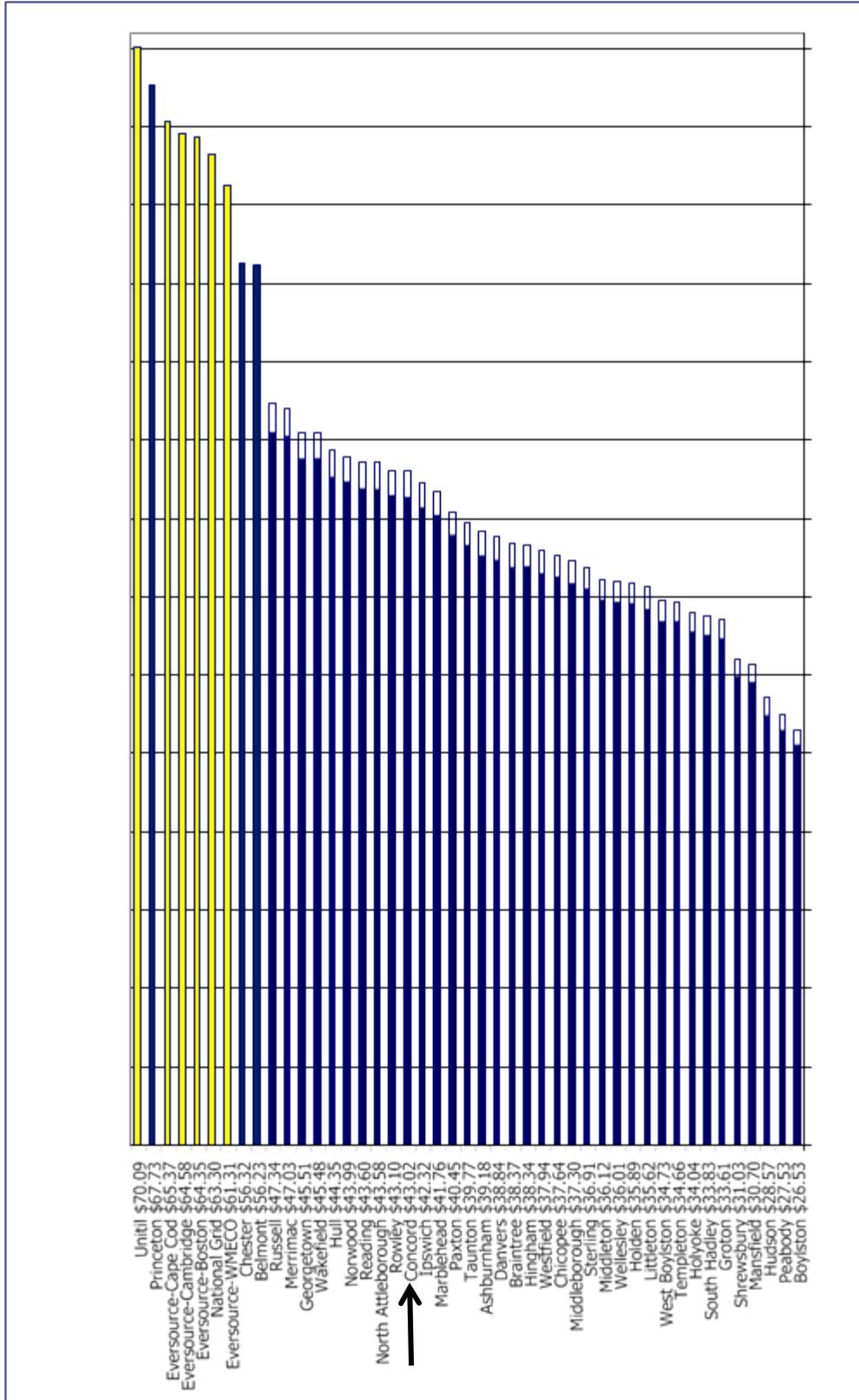
Concord Municipal Light Plant
Electricity Sales



Light Fund
Operating Revenue, Operating Expense, and Operating Income



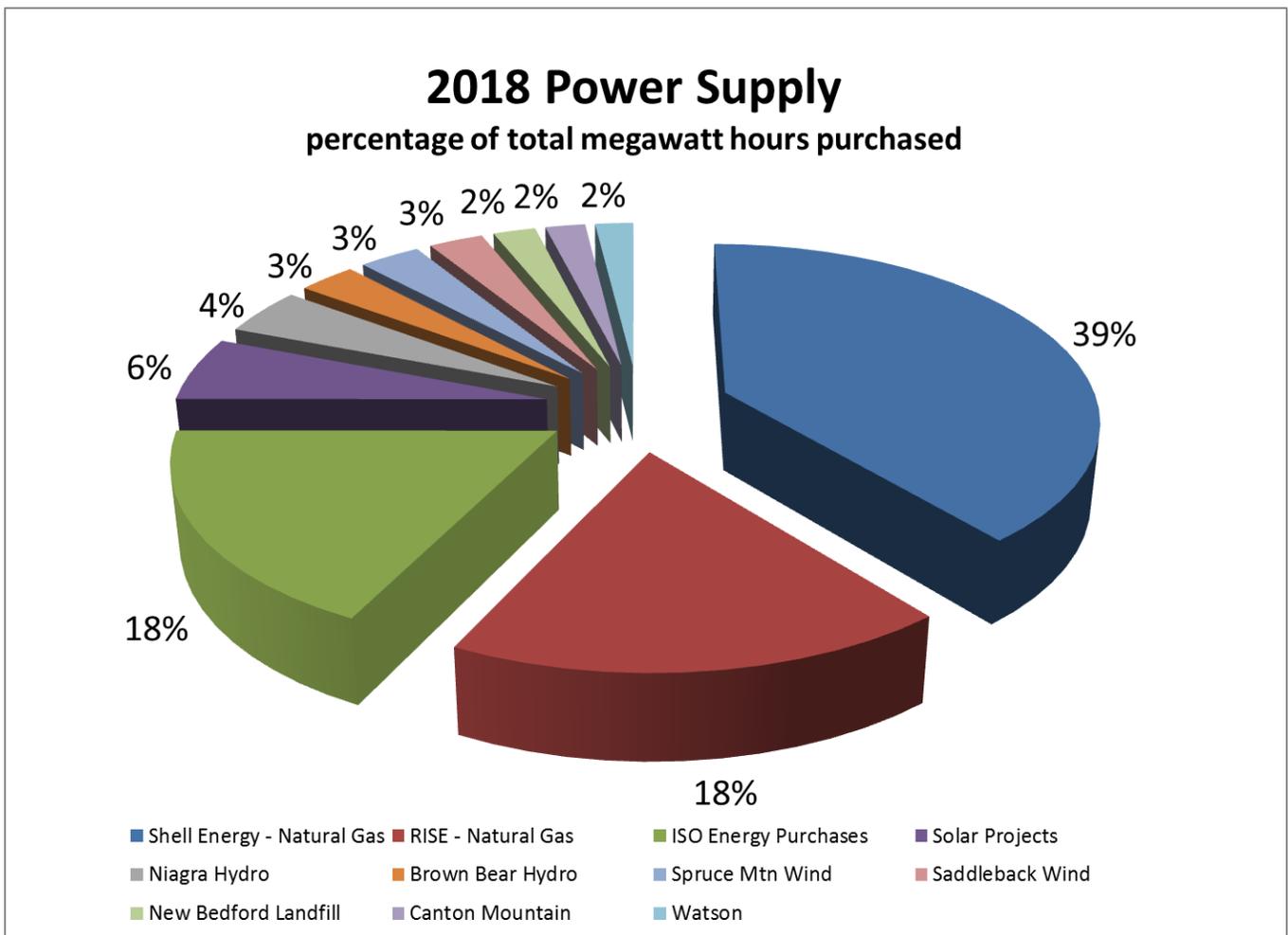
2018 Average Residential Monthly Cost of 250 kWh



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.

The power supply portfolio for 2018 is shown in the graph below. Seventy-five percent (75%) of the electricity that the Town used was sourced from the regional grid representing a mix of natural gas, nuclear and renewable resources. 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

- Since March 2014, High Speed Internet service has been available to both commercial and residential customers of CMLP.
- Over 1,215 High Speed Internet customers were connected by January 2019, an increase of over 250 since December 2017. The 2019 plan assumes growth to about 1500 customers by year end 2019.
- In 2017, CMLP completed major technology upgrades which enables support for up to 3,000 customers.
- Concord Light Broadband generated a positive NET income in 2017 and 2018.
- In 2019, new staff is planned to provide support for the customer base and sustain continued system growth.

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

| | 2016 Actual | 2017 Actual | 2018 Estimated | 2019 Proposed |
|-------------------|--------------|--------------|----------------|----------------|
| Operating Income | \$ 571,690 | \$ 764,996 | \$ 994,719 | \$ 1,128,108 |
| Operating Expense | \$ (653,249) | \$ (682,676) | \$ (865,081) | \$ (1,101,637) |
| Net Position | \$ (414,749) | \$ (341,855) | \$ (232,037) | \$ (222,816) |

Description

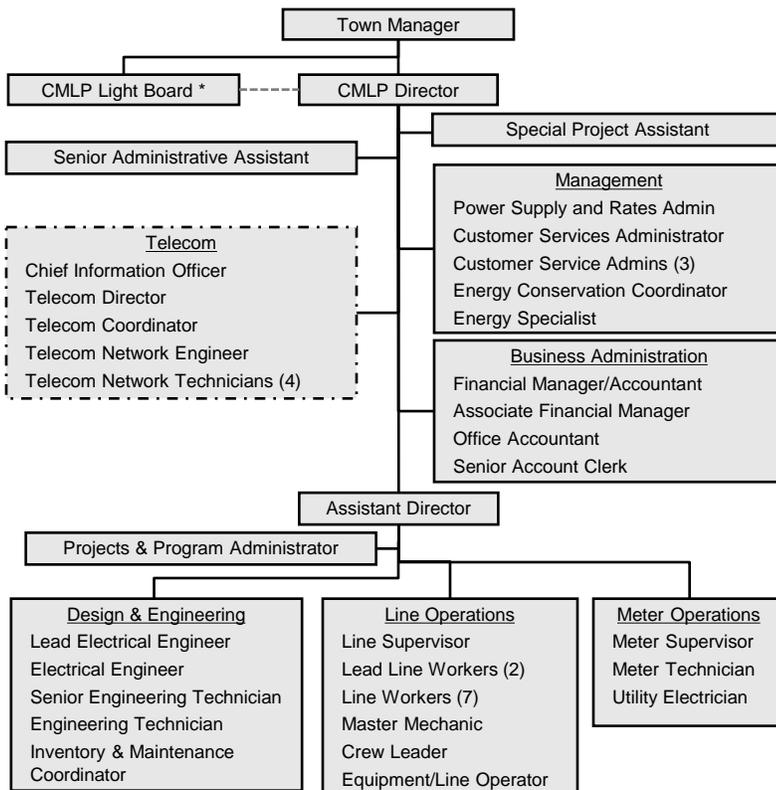
The CMLP Telecommunications Division provides telecommunication services to the electric utility, supports the Town's municipal operations and offers High Speed Internet service to Concord residents and businesses.

In 2018, the Telecommunications Division staff was managed by the CIO and includes a Telecommunications Coordinator, Network Engineer and three Telecom Technicians. In 2019, CMLP expects to add a Telecom Director to manage the team and a fourth Network Technician.

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

2018 was another year of steady growth for the broadband business. Revenue from residential and business subscribers grew by 26%, and the number of subscribers grew to over 1,200. Average monthly revenue was up by 26%. 2018 revenue grew by 27% overall and achieved 96% of budgeted forecast. Operating Expenses remained level in 2018 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 as an average of 21.5 new subscribers were added each month in 2018 versus 23 per month in 2017. CMLP will continue to address demand in a controlled way by 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 \$1 million borrowing authorization which enabled CMLP to finance the startup and initial capital costs of retail broadband telecommunication services. An additional \$1 million in borrowing was authorized by the 2017 Annual Town Meeting. The second authorization has not been used yet, but will enable continued growth in new service connections and capital investments. 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.

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 remains 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.

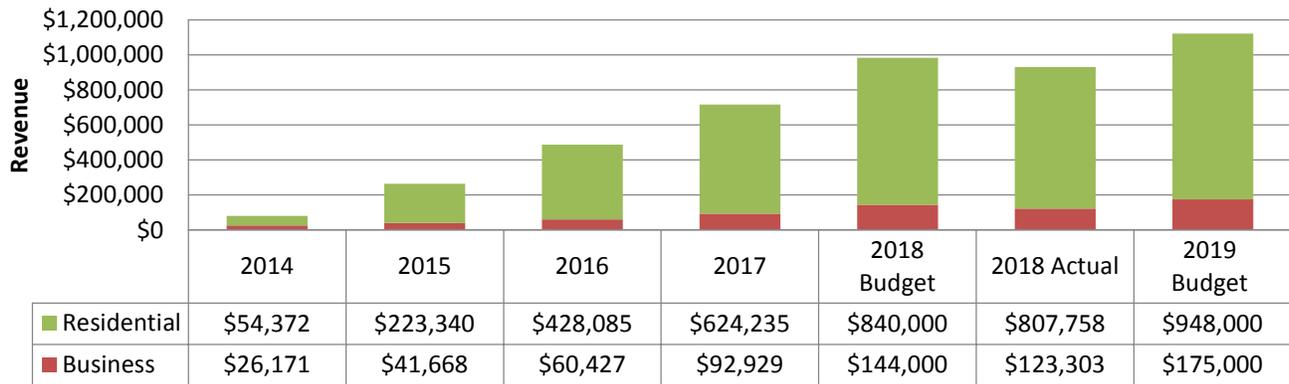
Municipal Operations Support:

The telecommunications needs of Town Departments are 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 given the close interrelationship between Information Technology and Telecommunications. In 2018, CMLP extended this municipal cooperation to include the Town of Bedford.

2017 Broadband Service Growth Results

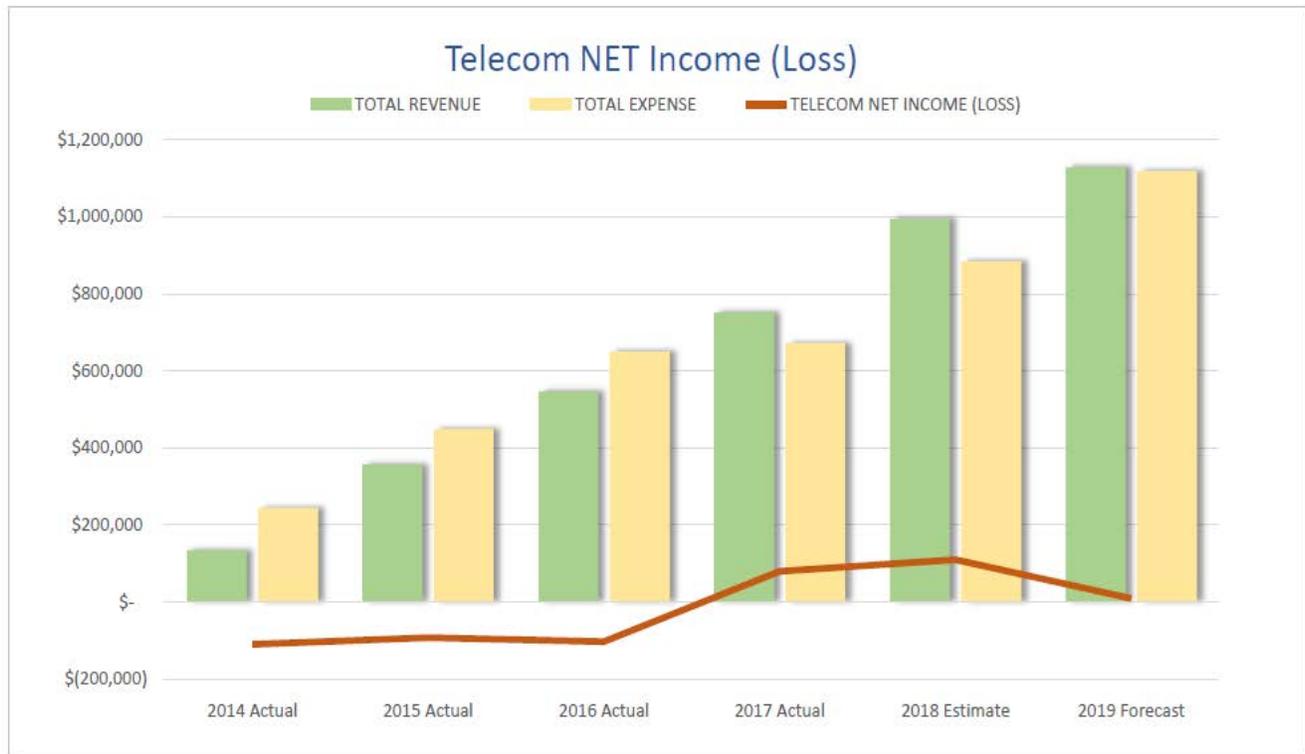
As of March 2019, the Broadband services has been available for five years. Subscriptions and monthly revenue have grown steadily. Residential growth has been the most consistent, slowing only during the winter when fiber optic installations are limited due to the weather. The 2017 CMLP survey indicated 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 five-year operational history and an overview of the Broadband Service. Net Income since 2017 has been positive. The 2019 Budget targets a less than 1% Telecom rate of return.



FINANCIAL INFORMATION

| | Calendar Year: | | | |
|---|--------------------|-------------------|--------------------|---------------------|
| | 2016 | 2017 | 2018 | 2019 |
| | Actual | Actual | Estimated | Proposed |
| Operating Revenue | | | | |
| Residential & Commercial Fees | \$ 508,025 | \$ 748,164 | \$ 984,000 | \$ 1,123,000 |
| Municipal Fees | 38,600 | 3,600 | 5,000 | 5,000 |
| Other | 116 | 91 | 5,719 | 108 |
| <i>Audit Adjustment</i> | 24,949 | 13,141 | - | - |
| Operating Revenue Total | \$ 571,690 | \$ 764,996 | \$ 994,719 | \$ 1,128,108 |
| Operating Expenditures | | | | |
| Broadband Bandwidth | \$ 109,388 | \$ 129,235 | \$ 186,000 | \$ 204,957 |
| Operating | 343,591 | 414,524 | 442,931 | 644,419 |
| Depreciation | 19,777 | 37,286 | 22,000 | 65,016 |
| Customer Accounts | 30,800 | 22,661 | 36,150 | 38,354 |
| Distribution | 142,359 | 65,471 | 178,000 | 148,891 |
| <i>Audit Adjustment</i> | 7,334 | 13,499 | - | - |
| Operating Expense Total | \$ 653,249 | \$ 682,676 | \$ 865,081 | \$ 1,101,637 |
| Operating Income (Loss) | \$ (81,559) | \$ 82,320 | \$ 129,638 | \$ 26,471 |
| Nonoperating Revenues (Expenses) | | | | |
| Interest Income | \$ - | \$ - | \$ - | \$ - |
| Interest Expense | (15,507) | (18,896) | (19,819) | (17,250) |
| Other | 6,474 | 9,470 | - | - |
| <i>Audit Adjustment</i> | - | - | - | - |
| Operating Expense Total | \$ (9,033) | \$ (9,426) | \$ (19,819) | \$ (17,250) |
| Net Income (Loss) | \$ (90,592) | \$ 72,894 | \$ 109,818 | \$ 9,221 |
| Net Position | | | | |
| Net Position at Beginning of Year | \$ (324,157) | \$ (414,749) | \$ (341,855) | \$ (232,037) |
| Net Position at End of Year | \$ (414,749) | \$ (341,855) | \$ (232,037) | \$ (222,816) |

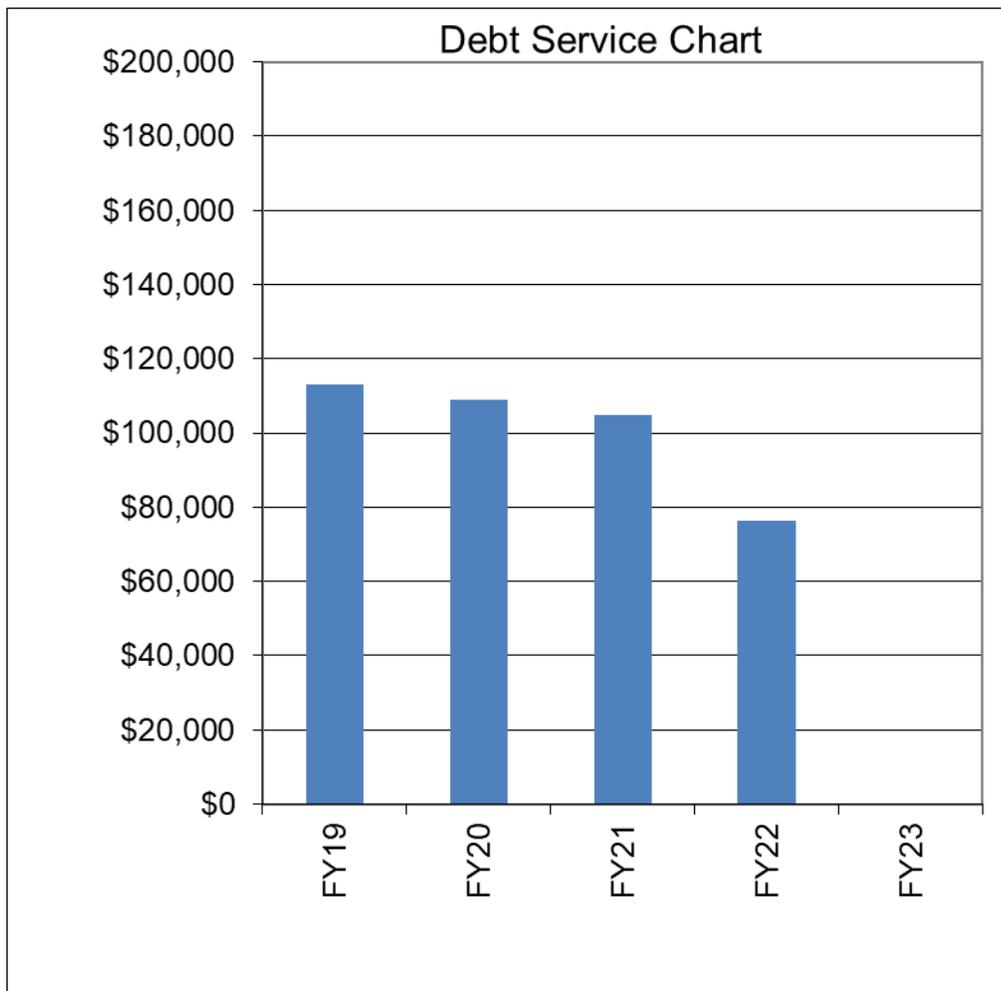
Source: 2016 & 2017 data are actual data from audited financial statements; 2018 data is estimated from the year ending on September 30, 2018; 2019 data is proposed.

AUTHORIZED POSITIONS

| | | FY19 Budget | | FY20 Proposed | |
|-----------------------------|------|------------------|----------------|------------------|----------------|
| | | FTE | Amount | FTE | Amount |
| Telecommunications | | | | | |
| Chief Information Officer | MP-7 | 0.40 | 62,726 | 0.40 | 73,550 |
| Telecommunications Director | TM-2 | 0.00 | - | 1.00 | 72,188 |
| Telecom Coordinator | MP-4 | 1.00 | 91,051 | 1.00 | 95,598 |
| Network Engineer | MP-4 | 1.00 | 90,000 | 1.00 | 94,500 |
| Telecom Network Technician | MP-2 | 3.00 | 234,649 | 4.00 | 282,509 |
| FTE Subtotal | | 5.40 FTEs | 478,426 | 7.40 FTEs | 618,345 |

TELECOM DEBT SERVICE

| Fiscal Year | Principal | Interest | Total |
|--------------------|-------------------|------------------|-------------------|
| 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 |
| FY23 | - | - | - |
| Totals | \$ 375,000 | \$ 28,500 | \$ 403,500 |



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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 FY20 base level (Step 1) water rate of \$0.0564 per cubic foot is a 5% increase over the FY19 rate of \$0.0537 per cubic foot. For the average residential customer, the annual increase in the water bill will be \$24.48.
- For FY20, \$1,375,000 is proposed to perform water main replacement within the Peter Spring Road and Prescott Road Neighborhood.
- \$250,000 will be invested in the 1st phase of a system wide Advanced Metering Infrastructure Upgrade which will be performed in conjunction with meter system upgrades planned by the Concord Municipal Light Plant.
- \$13.2 million is slated to be spent in FY20 for the replacement of the Nagog Pond intake structure and to begin a multi-year construction project for the long anticipated Surface Water Filtration Plant.

Expenditure Summary

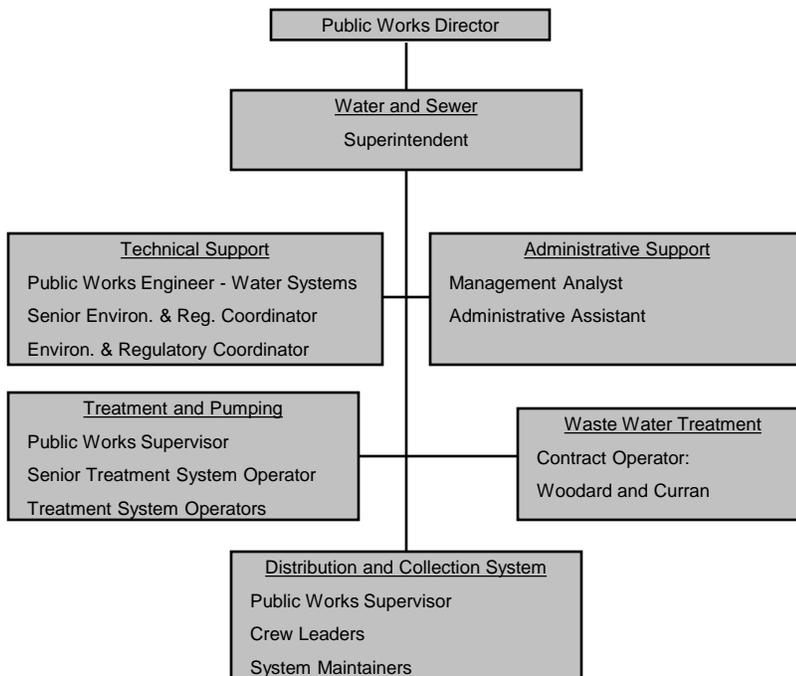
| | FY17 Actual | FY18 Actual | FY19 Rev. Budget | FY20 Budget |
|------------------|--------------|--------------|------------------|--------------|
| Operating Income | \$ 1,442,137 | \$ 2,144,992 | \$ 1,119,132 | \$ 740,033 |
| Net Income | \$ 1,419,212 | \$ 2,228,949 | \$ 1,239,398 | \$ 687,514 |
| Cash Position | \$ 8,238,327 | \$ 9,544,443 | \$ 6,973,924 | \$ 2,436,192 |

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 FY18, the total value of infrastructure assets was approximately \$21.7 million.

There are presently 5,623 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).



Water Meter Repair

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.

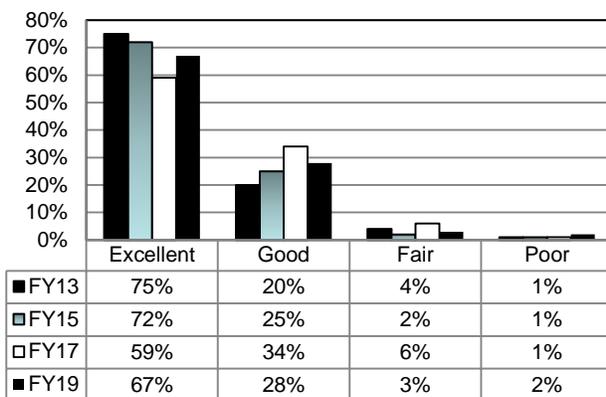
Since the Water Enterprise fund was formally established in 1974, there have been no property tax contributions requested to subsidize annual operations or maintenance of pre-existing infrastructure. Taxpayer contributions would only be sought for major system expansion projects or facility upgrades 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 are the FY19 results of the question, “What is your opinion of the price of water service?” Of those who said they use the service, 15% thought that the price is a Good Bargain and 72% thought that it is Reasonably Priced. From FY13 to FY19, 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 FY20 is \$5,506,000, which represents 96% of total Water Fund revenues.

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

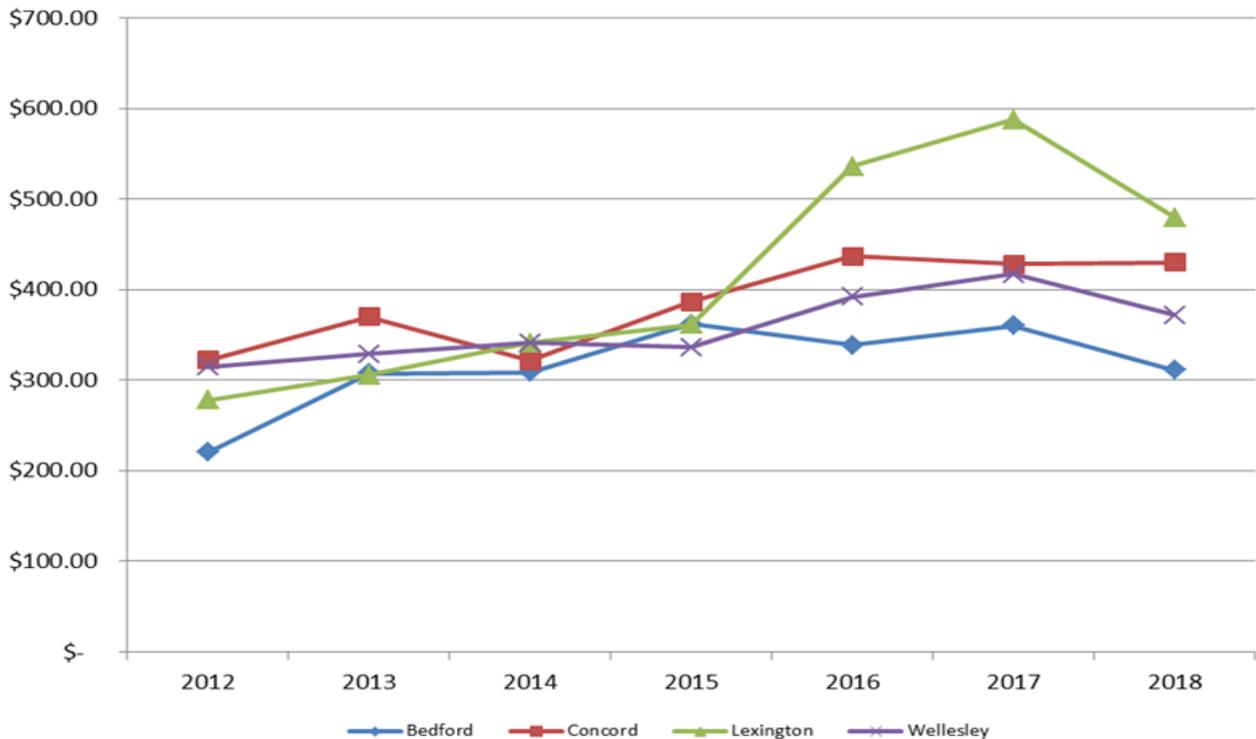
Rates are set each year by the Public Works Commission following a public hearing with the following goals:

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 FY20 proposed Residential Service (step 1) water rate is \$0.0564 per cubic foot (1 cubic foot = 7.48 gallons)

- The FY20 rate of \$0.0564 represents a 5% increase over the FY19 rate of \$0.0537. Since FY 2009, water rates have increased at an average annual rate of 3.8% per year.
- In FY20, the average residential customer is expected to pay a total of \$508 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 Residential 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

Nagog Pond Filtration Avoidance Waiver: Nagog Pond was voluntarily taken off-line temporarily on August 6th for reasons attributable to deteriorating raw water quality measured within the Pond. This action was necessary to maintain a long-standing filtration avoidance waiver. The use of Nagog Pond will continue to be curtailed from time to time until a federally compliant water treatment filtration plant has been constructed. By taking Nagog off-line before the waiver was compromised, Concord maintained control over permitting, design and the construction schedule of the Nagog Pond Filtration project.

Regional Drought Management Planning: The Executive Office of Energy & Environmental Affairs (EEA) established a working group to evaluate drought management preparedness with a focus on public water supply. The group has evaluated state-wide implications associated with various degrees of drought and is in the process of reestablishing drought indices that will trigger regional demand management response actions. These efforts are expected to have direct implications in the frequency and degree of outdoor water use restrictions.

Emerging Water Quality Contaminants: MassDEP recently announced that they will be establishing drinking water standards for a group of five per- and polyfluoroalkyl substances (PFAS). PFAS are a group of man-made chemicals that do not readily break down in either the environment or the human body and, therefore, can build up over time. Studies show that exposure to PFAS can lead to adverse human health effects. PFAS have been used in many consumer products, including firefighting foam, and in a number of industrial processes.

Local 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.

2017 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**

Progress was made with respect to both design and permitting activities associated with a federally compliant drinking water treatment facility. Notable permitting challenges along with direct water rights challenges have been introduced by neighboring communities who have asserted their own interests in drawing water from this valuable water resource. Nagog Pond is Concord's oldest existing supply and is the single most important drinking water resource available to Concord. For this reason, Concord has invested considerable time and effort protecting these interests.

Water System Capacity & Resiliency Planning

Weston & Sampson (Peabody, MA) was hired to develop a water master plan to document the capacity of existing water resources, develop a long range water needs forecast, and evaluate the town's ability to satisfy these needs with consideration of climate change and extreme drought conditions.

Demand Management

Concord's WMA registration and permit presently provides a cap on "authorized" water withdrawals of up to 2.51 million gallons per day (MGD) on average or 916 million gallons per year to meet all residential, commercial, institutional and municipal needs. Conservation limits included in this permit are an allowance of 65 gallons per day per capita (RGPDC) for residences and a 10% allowance for system losses (primarily attributed to leaks). In 2018, the total water production required to meet our system demands was 1.84 million gallons per day or 673 million gallons per year. A peak day demand of 3.18 million gallons was recorded on July 9, 2018. The RGPDC and total system losses (or "unaccounted" for water use) was calculated to be 66 gals/day and 6%, 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 satellite groundwater well (10G) located at the Deaconess well site (performed by Denis L. Maher Company of Ayer, MA), the replacement and rehabilitation of the Hugh Cargill pump and motor assembly (performed by Maher Services of North Reading, MA); the replacement of the original process controller with a new state of the art programmable logic controller (PLC) that is more compatible with the Division's current SCADA platform; replacement of the variable frequency drive unit (VFD) at the White Pond Well (performed by Jasco Electric of Franklin, MA); and the replacement of high capacity chlorine transfer pump at the Deaconess Treatment facility.

Customer Care Service and Billing Software Improvements

Staff from the Water Division, Finance Department, and Municipal Light Plant have collaborated to improve administrative efficiencies and work flow relating to customer billing and service efforts. These efforts have helped streamline workflow among these departments while increasing customer response capabilities of our direct line customer service group. The same management team has used this experience as an opportunity to work effectively towards the integration of a new customer care and billing software platform.

Meter Technology Upgrade/Assessment

Staff have participated in the evaluation of compatible smart meter technology that will allow for improved customer service and management opportunities. Recent concept discussions have focused on developing a plan that will allow for a rapid deployment of new meter reading equipment that will be compatible with the meter reading technology that will also be used by the Municipal Light Plant. This initiative is expected to be completed within one or two years.

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 2018, crews responded to only four (4) emergency repairs required at the following locations: Sandy Pond Road (January 5, 2018), Sudbury Road (January 17, 2018), Potter Street (June 19, 2018), and Oxbow Road (September 10, 2018). This past year, notable work included:



White Pond Well – Pump Service

- Alcott/Independence Road Neighborhood:** Fenton & Sons General Contracting (Acton, MA), sub-contractor to Lazaro Paving Corp, performed water main and stormwater system replacement and upgrades within the Alcott/Independence Road neighborhood. The scope of water main work included the replacement of approximately 5,000 ft. of 8-inch transite water main (circa 1938) with 8-inch cement-lined ductile iron pipe (class 52), nine hydrants and fifty-six service laterals. A new three-way 8x12x12-inch gate valve assembly was also installed at the intersection of Lexington Road and Alcott Road.
- Warner Street – Water Main Extension:** Johnson Excavating was authorized to install approximately 565 ft. of 8-inch CLDI water main along Warner Street to create water main frontage for a previously existing single family lot. The plan of work involved the installation of one new water service, one new hydrant, two new 8-inch gate valves and one 8-inch tapping sleeve on an existing 12-inch main located on Laws Brook Road – resulting in a new water main loop to customers along Warner Street.
- Cambridge Turnpike Water Main Project:** J. Tropeano Inc. (North Andover, MA) is performing phased underground utilities replacement/installation work along Cambridge Turnpike, including the scheduled replacement of approximately 5,000 ft. of 12-inch cast iron water main (circa 1947) with 8-inch cement-lined ductile iron pipe (class 52) from the intersection of Lexington Road to Sandy Pond Road..

Lead Service Line Awareness and Replacement Program

Concord water entered into its second year offering of a customer-friendly lead service line replacement program to customers with known or suspected lead water service lines. Considerable administrative effort continues to be made in combing through old service records in an attempt to identify potential lead service lines that may not have been accurately captured when the Division first transitioned from paper files to an electronic, geographically linked service database. The replacement program has been tailored to allow for replacement of all private lead service lines identified at a very competitive rate.

Program Implementation

The proposed FY20 budget projects operating income of \$740,033 and a net income of \$687,514.

Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Water Division's approximately \$17.6 million worth of depreciable infrastructure (net value as of the end of FY18). The budgeted FY20 depreciation expense, totaling \$1,568,209, represents a depreciation of roughly 9% of these capital assets.

Personnel Services are budgeted at \$1,438,839 in FY20, a 7.4% increase from the revised FY19 total of \$1,339,849. There is no change in staffing or overtime hours.

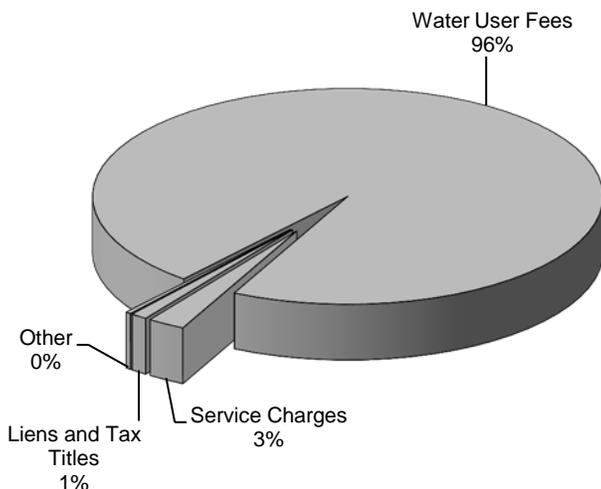
The next largest expense categories are for electricity (\$308,998) and chemicals (\$160,558); these consumables vary widely from year-to-year based on the demand for water. Budgets for these accounts are based on anticipating a relatively strong demand for water. This demand is directly affected by weather trends as well as the water conservation behavior of customers.

The FY20 Budget also includes \$64,046 for water quality testing at 7 pumping stations, 2 reservoirs and throughout the distribution system.

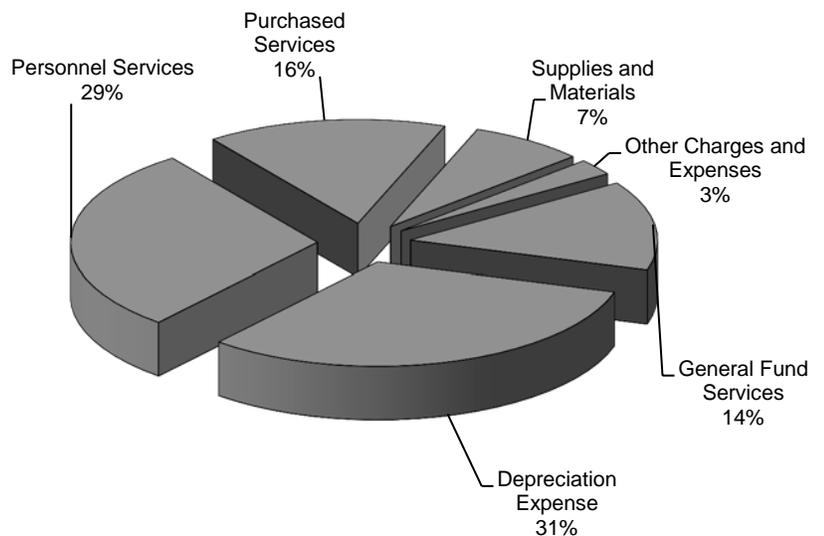
In addition, the FY20 budget includes \$57,200 for inspection services, including leak detection covering half of the entire system (the entire system is checked every two years) and testing of backflow prevention devices at commercial facilities. The budget also includes \$46,215 for electrical, instrumentation 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.

FY20 Operating Revenues
Totaling \$5,722,000



FY20 Operating Expenditures
Total \$4,981,967



OPERATING REVENUES

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| Water User Fees | \$ 4,848,197 | \$ 5,632,620 | \$ 5,264,000 | \$ 5,506,000 |
| Service Charges | 261,759 | 271,585 | 135,000 | 136,000 |
| Liens and Tax Titles | 58,051 | 99,765 | 60,000 | 60,000 |
| Other | 15,785 | 23,586 | 20,000 | 20,000 |
| Operating Revenues Total | \$ 5,183,792 | \$ 6,027,556 | \$ 5,479,000 | \$ 5,722,000 |

OPERATING EXPENSES

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Personnel Services</u> | | | | |
| Personnel Expenses | \$ 1,220,377 | \$ 1,326,918 | \$ 1,339,849 | \$ 1,438,839 |
| Audit Adjustment | 23,496 | | - | - |
| Subtotal | \$ 1,243,873 | \$ 1,326,918 | \$ 1,339,849 | \$ 1,438,839 |
| <u>Non-Personnel Services</u> | | | | |
| Purchased Services | 554,475 | 528,919 | 709,056 | 784,142 |
| Supplies & Materials | 330,059 | 342,981 | 375,995 | 374,005 |
| Other Charges & Expenses | 69,311 | 82,132 | 121,103 | 124,928 |
| Audit Adjustment | (24,355) | | - | - |
| Subtotal | \$ 929,491 | \$ 954,033 | \$ 1,206,154 | \$ 1,283,075 |
| <u>Other</u> | | | | |
| General Fund Services | 638,482 | 654,229 | 680,328 | 691,844 |
| Depreciation Expense | 929,809 | 947,385 | 1,133,537 | 1,568,209 |
| Subtotal | \$ 1,568,291 | \$ 1,601,614 | \$ 1,813,865 | \$ 2,260,053 |
| Total Operating Expense | \$ 3,741,655 | \$ 3,882,564 | \$ 4,359,868 | \$ 4,981,967 |

RETIREMENT AND OPEB ASSESSMENT

| <i>For Informational Purposes Only</i> | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
| <u>Personnel Services</u> | | | | |
| Retirement Assessment | \$ 86,179 | \$ 82,117 | \$ 98,164 | \$ 146,719 |
| OPEB Assessment | 21,264 | 25,000 | 25,000 | 19,148 |
| Total Assessment | \$ 107,443 | \$ 107,117 | \$ 123,164 | \$ 165,867 |

AUTHORIZED POSITIONS

| | FY19 Revised | | FY20 Proposed | |
|-----------------------------------|-------------------|---------------------|-------------------|---------------------|
| | \$ Amount | Position/Hours | \$ Amount | Position/Hours |
| Regular Staff | | | | |
| Water and Sewer Superintendent | 0.75 FTEs | \$ 88,342 | 0.75 FTEs | \$ 88,342 |
| Public Works Engineer | 0.25 | 21,966 | 0.25 | 21,966 |
| Assistant to Superintendent | 0.00 | - | 0.00 | - |
| Management Analyst | 8.00 | 59,331 | 8.00 | 59,331 |
| Sr. Environ. & Regulatory. Coord. | 0.75 | 69,522 | 0.75 | 69,522 |
| Environ. & Regulatory. Coord. | 0.75 | 46,383 | 0.75 | 46,383 |
| Administrative Assistant | 0.75 | 51,807 | 0.75 | 51,807 |
| Public Works Supervisor | 1.50 | 142,285 | 1.50 | 142,285 |
| Crew Leader | 1.50 | 116,426 | 1.50 | 116,426 |
| Senior Treatment Systems Operator | 0.75 | 60,696 | 0.75 | 60,696 |
| Treatment System Operator | 1.50 | 104,932 | 1.50 | 104,932 |
| System Maintainer | 3.75 | 208,995 | 3.75 | 208,995 |
| Standby Pay (5111) | N/A | 16,122 | N/A | 16,122 |
| Charges to Snow Account | N/A | (4,328) | N/A | (4,328) |
| Charges to Capital Projects | N/A | (21,599) | N/A | (21,599) |
| Salary Increase | N/A | - | N/A | 40,756 |
| Subtotal | 20.25 FTEs | \$ 960,880 | 20.25 FTEs | \$ 1,001,637 |
| Part-Time Staff | | | | |
| Watershed Patrol | 460 hrs. | \$ 5,060 | 460 hrs. | \$ 5,865 |
| Environmental Technology Intern | 700 hrs. | 7,700 | 700 hrs. | 8,925 |
| GIS Project Specialist | 0 hrs. | - | 0 hrs. | - |
| Subtotal | 0.56 FTEs | \$ 12,760 | 0.56 FTEs | \$ 14,790 |
| Employee Benefits | | | | |
| Group Insurance | N/A | \$ 86,835 | N/A | \$ 94,914 |
| Retirement Contribution | N/A | 98,164 | N/A | 146,719 |
| OPEB Contribution | N/A | 25,000 | N/A | 19,148 |
| Subtotal | N/A | \$ 209,999 | N/A | \$ 260,781 |
| Payroll Taxes | | | | |
| Medicare Tax | N/A | \$ 13,925 | N/A | \$ 14,280 |
| Social Security Contribution | N/A | - | N/A | - |
| Subtotal | N/A | \$ 13,925 | N/A | \$ 14,280 |
| Other Personnel Costs | | | | |
| Overtime (5130) | 1900 hrs. | \$ 109,471 | 1900 hrs. | \$ 109,471 |
| Overtime Adjustments (5130) | N/A | 2,189 | N/A | 4,379 |
| Police Overtime (5131) | 185 hrs. | 7,400 | 185 hrs. | 7,400 |
| Mobile Phone Allowance | N/A | 3,840 | N/A | 3,840 |
| IT Salary (5111) | N/A | 19,385 | N/A | 22,261 |
| Subtotal | N/A | \$ 142,285 | N/A | \$ 147,351 |
| Total Personnel Costs | 20.81 FTEs | \$ 1,339,849 | 20.81 FTEs | \$ 1,438,839 |

NET INCOME

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---|---------------------|---------------------|---------------------|--------------------|
| Statement of Net Income: | | | | |
| Operating Revenues | \$ 5,183,792 | \$ 6,027,556 | \$ 5,479,000 | \$ 5,722,000 |
| Less Operating Expenses | (3,741,655) | (3,882,564) | (4,359,868) | (4,981,967) |
| Operating Income | \$ 1,442,137 | \$ 2,144,992 | \$ 1,119,132 | \$ 740,033 |
| Nonoperating Revenues (Expenses) | | | | |
| Add Investment Income | \$ 64,309 | \$ 130,256 | \$ 214,701 | \$ 145,841 |
| Add Other Revenue/Expense | | \$ 47,000 | | |
| Less Interest Expense | (87,234) | (93,300) | (94,435) | (187,485) |
| Less Issuance Expense | - | - | - | (10,875) |
| Nonoperating Income | \$ (22,925) | \$ 83,956 | \$ 120,266 | \$ (52,519) |
| Net Income | \$ 1,419,212 | \$ 2,228,949 | \$ 1,239,398 | \$ 687,514 |

AVAILABLE RESOURCES

| Resources Available from Current Operations for Replacement & Renewal of Facility: | | | | |
|---|---------------------|---------------------|---------------------|----------------------|
| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
| Capital Purposes | | | | |
| Add Depreciation Expense | \$ 929,809 | \$ 947,385 | \$ 1,133,537 | \$ 1,568,209 |
| Add Net Income | 1,419,212 | 2,228,949 | 1,239,398 | 687,514 |
| Add Debt Financing | 753,000 | - | - | 10,875,000 |
| Less Bonds Payable | (456,442) | (580,242) | (485,000) | (485,000) |
| Net Available for Capital | \$ 2,645,579 | \$ 2,596,092 | \$ 1,887,935 | \$ 12,645,723 |

CASH POSITION AND FUND BALANCE FORECAST

| | FY19 | | FY20 | |
|---|-----------|----------------------|------------|---------------------|
| | Credits | Debits | Credits | Debits |
| Cash at Year Opening | | | | |
| Cash on July 1st | | \$ 9,544,443 | | \$ 6,973,924 |
| Add Receivables | | 1,573,139 | | 1,573,139 |
| Add Inventory & Other Assets | | 110,598 | | 110,598 |
| Less Cash held for Liabilities | | (738,432) | | (738,432) |
| Deferred Outflows (Inflows) | | (53,226) | | (53,226) |
| Fund Balance on July 1st | | \$ 10,436,522 | | \$ 7,866,003 |
| Fund Balance Details (projected) | | | | |
| Net Income | 1,239,398 | | 687,514 | |
| Bond Principal Repayment | | (485,000) | | (485,000) |
| BAN and Bond Proceeds | | | 10,875,000 | |
| Capital Borrowing | | | | (10,875,000) |
| Capital Outlay (non-borrowing) | | (4,458,454) | | (6,308,455) |
| Add Depreciation Expense | 1,133,537 | | 1,568,209 | |
| Balance Projected at June 30th | 2,372,935 | (4,943,454) | 13,130,723 | (17,668,455) |
| Fund Balance on June 30th | | \$ 7,866,003 | | \$ 3,328,271 |
| Cash at Year End (projected) | | | | |
| Fund Balance on June 30th | | \$ 7,866,003 | | \$ 3,328,271 |
| Less Receivables | | (1,573,139) | | (1,573,139) |
| Less Inventory & Other Assets | | (110,598) | | (110,598) |
| Add Cash Held for Liabilities | | 738,432 | | 738,432 |
| Add Cash Held for Deferred Inflows | | 53,226 | | 53,226 |
| Projected Cash at June 30th | | \$ 6,973,924 | | \$ 2,436,192 |

DEBT SERVICE

| | FY17 | FY18 | FY19 | FY20 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Actual | Actual | Revised | Proposed |
| Long-Term Debt Repayment | | | | |
| Principal | \$ 441,200 | \$ 565,000 | \$ 485,000 | \$ 485,000 |
| Interest | 94,730 | 105,871 | 94,435 | 78,735 |
| Debt Issuance Expense | - | - | - | - |
| Total | \$ 535,930 | \$ 670,871 | \$ 579,435 | \$ 563,735 |

PAYMENTS TO THE GENERAL FUND

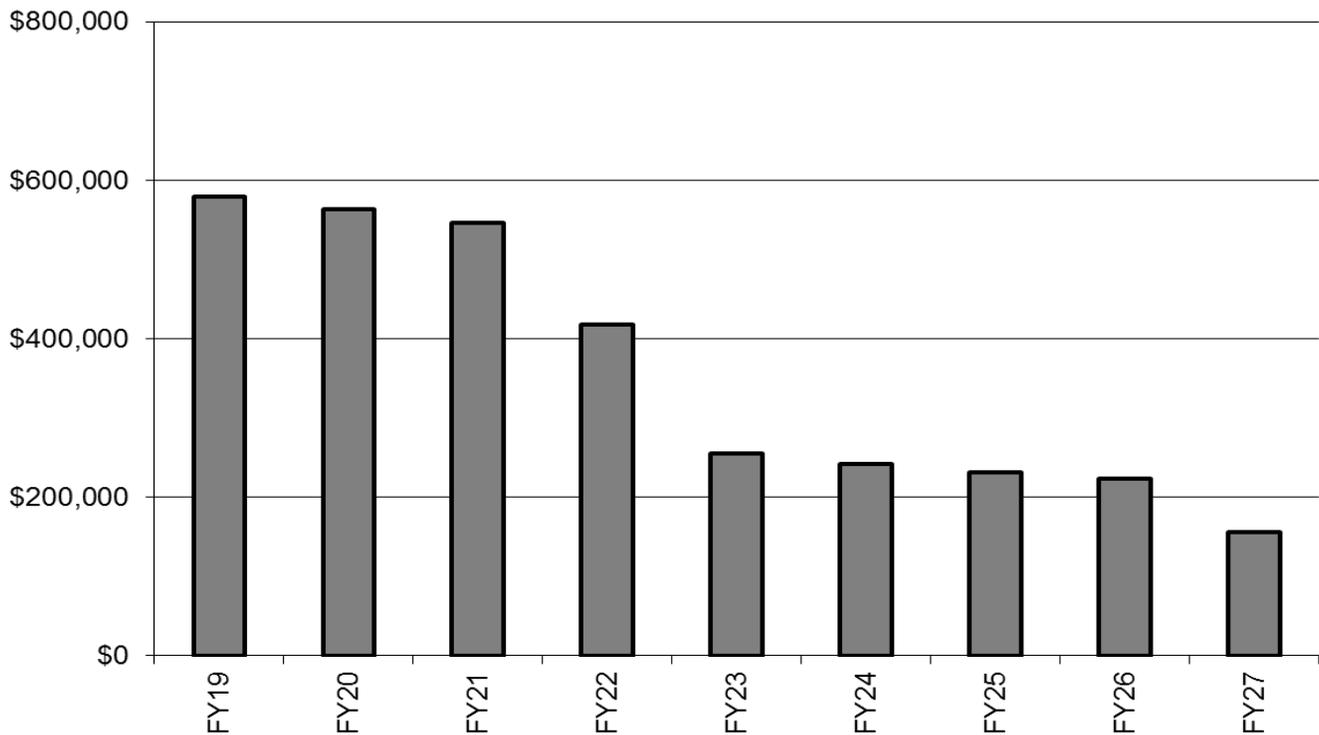
| | FY17 | FY18 | FY19 | FY20 |
|--|-------------------|-------------------|-------------------|-------------------|
| | Actual | Budget | Revised | Proposed |
| <u>Management & Engineering</u> | | | | |
| Public Works Administration | 92,930 | 95,427 | 98,075 | 98,170 |
| Public Works Engineering | 89,128 | 90,796 | 87,870 | 86,001 |
| Highway Maintenance | \$ 19,618 | \$ 19,634 | \$ 19,701 | \$ 18,502 |
| 133/135 Keyes Road | 50,440 | 51,410 | 49,313 | 49,070 |
| Subtotal | \$ 252,116 | \$ 257,267 | \$ 254,959 | \$ 251,743 |
| <u>Finance & Administrative</u> | | | | |
| Town Manager | \$ 62,218 | \$ 63,591 | \$ 67,541 | \$ 69,598 |
| Human Resources | 19,998 | 21,847 | 23,059 | 23,152 |
| Finance Administration | 81,121 | 78,154 | 92,852 | 92,093 |
| Treasurer-Collector | 54,789 | 55,915 | 55,281 | 54,384 |
| Town Accountant | | | | |
| Accounting Services | 53,625 | 56,711 | 62,376 | 50,210 |
| Audit Services | 6,000 | 6,000 | 6,000 | 6,000 |
| Town House Facility | 7,016 | 7,514 | 7,801 | 8,359 |
| Subtotal | \$ 284,767 | \$ 289,732 | \$ 314,910 | \$ 303,796 |
| <u>Natural Resources</u> | | | | |
| Planning Administration | \$ 45,840 | \$ 48,088 | \$ 49,699 | \$ 52,623 |
| Natural Resource Protection | 26,508 | 28,365 | 28,367 | 29,103 |
| Health Department Services | 29,251 | 30,777 | 32,393 | 32,546 |
| Subtotal | \$ 101,599 | \$ 107,230 | \$ 110,459 | \$ 114,272 |
| Salary Reserve | - | - | - | 22,033 |
| Audit Adjustments | - | - | - | - |
| Totals | \$ 638,482 | \$ 654,229 | \$ 680,328 | \$ 691,844 |

DEBT SERVICE SCHEDULE

(Issued through June 30, 2018)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| 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: \$11,010,275 - Project to construct a facility that would comply with EPA's surface water treatment rule has been delayed until FY20 based upon local permitting challenges. Outlay planned for FY20 includes rental of temporary ozone generation units as well as the completion of design and permitting of the full-scale surface water treatment facility. The delay has resulted in escalating construction estimates that will be incurred during FY20 and FY21. Present estimates for the entire project is \$19 M for construction, engineering and construction administration services.

Nagog Intake: \$2,209,450 - 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): \$1,375,000 - Annual capital outlay for improvements and extension to distribution system including water services within the right-of-way. The replacement/rehabilitation program has been developed with consideration of age, material and condition of mains. The water main replacement/rehabilitation plan for FY20 includes the replacement of approximately 7,000 ft. of 8-inch of transite water main (circa 1950s) located in the Peter Spring, Prescott Rd, Minuteman Drive and Arrow Head Rd neighborhood and approximately 1,000 ft. of cast iron water main (circa 1930s) along Potter Street.

Water Meter Replacement Program: \$250,000 - Water Fund portion of costs associated with system-wide meter maintenance and replacement efforts to include the rapid deployment of new meter reading equipment that will be compatible with meter reading technology that will also be used by the Municipal Light Plant.

Hydrants: \$13,000 - 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: \$440,000 - Rehabilitation of Annursnac Hill Reservoir, a 2.5 million gallon storage structure, including the patching of existing concrete floor. The original plan to perform a long-term rehabilitation effort was significantly scaled back due to escalating construction costs and competing capital investment needs. The FY20 budget will also allow for some minor improvements to the access ports associated with the 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: \$100,000 - 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 expansion of enhanced security systems, and ongoing upgrades required for the Supervisory Control and Data Acquisition (SCADA) system.

GENERAL PLANT

Keyes Road Facility: \$115,000 - Capital outlay for improvements to Water/Sewer administrative office and garage facilities. Budget includes allowance for electrical system upgrades and design of a covered storage facility for rolling stock presently exposed to the elements.

Vehicles/Construction Equipment: \$107,000 - 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 and a backhoe.

GIS and Miscellaneous Equipment: \$10,300 - Miscellaneous equipment not included in 5-year capital plan.

SUPPLY/CAPACITY

Source Protection: \$20,000 - Funds for ongoing implementation of groundwater and surface water resource protection programs.

| CAPITAL SPENDING PLAN | | | | | | | | |
|--|----------------|------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|
| | Actual | | | | | | | Total |
| | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY20-24 |
| <u>Distribution System</u> | | | | | | | | |
| Water Mains | 132,435 | 2,070,000 | 1,375,000 | 1,370,000 | 618,000 | 637,000 | 653,000 | 4,653,000 |
| Meter Replacements | 12,758 | 151,000 | 250,000 | 250,000 | 111,000 | 114,000 | 117,000 | 842,000 |
| Hydrants | 12,580 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 65,000 |
| Subtotal | 157,773 | 2,234,000 | 1,638,000 | 1,633,000 | 742,000 | 764,000 | 783,000 | 5,560,000 |
| <u>Pumping Stations/Treatment</u> | | | | | | | | |
| Structures | 36,160 | 65,000 | 210,000 | 50,000 | 51,000 | 52,000 | 53,000 | 416,000 |
| Equipment | 63,155 | 253,000 | 100,000 | 52,000 | 53,000 | 54,000 | 55,000 | 314,000 |
| Reservoir Improvements | | 128,000 | 440,000 | | | | | 440,000 |
| Nagog Improvements | | | | | | | | |
| Temporary Ozone | | 202,650 | 176,050 | 163,000 | 113,000 | | | |
| Route 2A Station and Filtration | | | 7,500,000 | 7,000,000 | | | | 14,500,000 |
| - Design, Constr Admin, Legal | 403,554 | 1,223,550 | 3,334,225 | 1,473,075 | | | | 4,807,300 |
| Dam Reconstruction | | | | | | | | |
| Nagog Intake | | | 2,000,000 | | | | | 2,000,000 |
| | 11,957 | 121,875 | 209,450 | | | | | |
| | | | 1,301,000 | | | | | |
| Subtotal | 514,826 | 1,994,075 | 15,270,725 | 8,738,075 | 217,000 | 106,000 | 108,000 | 22,477,300 |
| <u>General Plant</u> | | | | | | | | |
| Keyes Road CPW Facility | 17,181 | 25,000 | 115,000 | 27,000 | 28,000 | 29,000 | 30,000 | 229,000 |
| Vehicles | 10,400 | 132,500 | 107,000 | 83,200 | 69,600 | 132,000 | 260,800 | 652,600 |
| Utility Software Upgrade | | | | | | | | 0 |
| Miscellaneous Equipment | 0 | 10,000 | 10,300 | 10,600 | 10,900 | 11,200 | 11,500 | 54,500 |
| Depreciable Personnel Services | 20,032 | 21,879 | 22,430 | 22,990 | 23,560 | 24,150 | 24,750 | 117,880 |
| Subtotal | 47,613 | 189,379 | 254,730 | 143,790 | 132,060 | 196,350 | 327,050 | 1,053,980 |
| <u>Supply and Capacity</u> | | | | | | | | |
| Source Protection | | 41,000 | 20,000 | 20,500 | 21,000 | 21,500 | 22,000 | 105,000 |
| Land Acquisition | | | | | | | | |
| New Source Permitting, Design | | | | | | | | 0 |
| Subtotal | - | 41,000 | 20,000 | 20,500 | 21,000 | 21,500 | 22,000 | 105,000 |
| Total Capital Uses | 720,212 | 4,458,454 | 17,183,455 | 10,535,365 | 1,112,060 | 1,087,850 | 1,240,050 | 29,196,280 |
| Funding the Capital Plan | | | | | | | | |
| From Debt | - | - | 10,875,000 | 8,370,000 | 618,000 | 637,000 | - | 20,500,000 |
| From Water Fund Resources | 720,212 | 4,458,454 | 6,308,455 | 2,165,365 | 494,060 | 450,850 | 1,240,050 | 10,658,780 |
| Total Capital Sources | 720,212 | 4,458,454 | 17,183,455 | 10,535,365 | 1,112,060 | 1,087,850 | 1,240,050 | 31,158,780 |

Water Fund

Pro-forma

| | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 20-29 |
|---|-----------|-----------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Water Fund: Plan and Projection | | | | | | | | | | | | | |
| Operating Revenue | | | | | | | | | | | | | |
| User Fees | 5,632,620 | 5,264,000 | 5,506,000 | 5,758,000 | 6,026,000 | 6,302,000 | 6,594,000 | 6,829,000 | 7,044,000 | 7,265,000 | 7,494,000 | 7,730,000 | 66,548,000 |
| Other | 394,936 | 215,000 | 216,000 | 217,000 | 218,000 | 219,000 | 220,000 | 221,000 | 222,000 | 223,000 | 224,000 | 225,000 | 2,205,000 |
| Subtotal | 6,027,556 | 5,479,000 | 5,722,000 | 5,975,000 | 6,244,000 | 6,521,000 | 6,814,000 | 7,050,000 | 7,266,000 | 7,488,000 | 7,718,000 | 7,955,000 | 68,753,000 |
| Operating Expense | | | | | | | | | | | | | |
| O & M | 2,935,179 | 3,226,331 | 3,413,758 | 3,632,577 | 3,724,313 | 3,818,407 | 3,914,923 | 4,013,926 | 4,115,482 | 4,219,662 | 4,326,538 | 4,436,182 | 39,615,768 |
| Depreciation | 947,385 | 1,133,537 | 1,568,209 | 1,535,044 | 1,798,196 | 2,093,720 | 2,158,146 | 2,223,703 | 2,268,302 | 2,297,498 | 2,319,091 | 2,379,005 | 20,640,914 |
| Subtotal | 3,882,564 | 4,359,868 | 4,981,967 | 5,167,621 | 5,522,509 | 5,912,127 | 6,073,069 | 6,237,628 | 6,383,784 | 6,517,160 | 6,645,629 | 6,815,187 | 60,256,682 |
| Operating Income | 2,144,992 | 1,119,132 | 740,033 | 807,379 | 721,491 | 608,873 | 740,931 | 812,372 | 882,216 | 970,840 | 1,072,371 | 1,139,813 | 8,496,318 |
| ADD: Interest Income | 130,256 | 214,701 | 145,841 | 67,725 | 71,732 | 88,608 | 84,748 | 81,093 | 78,396 | 90,779 | 106,935 | 125,450 | 941,307 |
| Other Non-Operating Income | 47,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LESS: Interest Expense | | | | | | | | | | | | | |
| Existing Debt | 93,300 | 94,435 | 78,735 | 61,535 | 44,335 | 30,015 | 21,715 | 14,995 | 8,300 | 1,500 | 0 | 0 | 261,130 |
| Future Debt | 0 | 0 | 0 | 0 | 135,000 | 763,050 | 724,560 | 736,270 | 695,270 | 654,270 | 613,270 | 572,270 | 4,893,960 |
| Bond Anticipation Notes (BANs) | 0 | 0 | 108,750 | 301,200 | 323,580 | 18,730 | 12,740 | 0 | 0 | 0 | 0 | 0 | 765,000 |
| Issuance expense (Premium) | 0 | 0 | 10,875 | 42,120 | 159,318 | 637 | 12,550 | 0 | 0 | 0 | 0 | 0 | 225,500 |
| Net Income | 2,228,948 | 1,239,398 | 687,514 | 470,250 | 130,989 | -114,951 | 54,115 | 142,200 | 257,042 | 405,849 | 566,035 | 692,994 | 3,292,036 |
| Available Resources from: | | | | | | | | | | | | | |
| Net income | 2,228,948 | 1,239,398 | 687,514 | 470,250 | 130,989 | -114,951 | 54,115 | 142,200 | 257,042 | 405,849 | 566,035 | 692,994 | 3,292,036 |
| Depreciation expense | 947,385 | 1,133,537 | 1,568,209 | 1,535,044 | 1,798,196 | 2,093,720 | 2,158,146 | 2,223,703 | 2,268,302 | 2,297,498 | 2,319,091 | 2,379,005 | 20,640,914 |
| subtotal | 3,176,333 | 2,372,935 | 2,255,723 | 2,005,294 | 1,929,186 | 1,978,769 | 2,212,260 | 2,365,903 | 2,525,344 | 2,703,347 | 2,885,127 | 3,071,999 | 23,932,950 |
| Bond proceeds | 0 | 0 | 10,875,000 | 3,375,000 | 15,870,000 | 637,000 | 1,255,000 | 0 | 0 | 0 | 0 | 0 | 20,500,000 |
| Loan proceeds | 0 | 0 | 10,875,000 | 8,370,000 | 618,000 | 637,000 | 0 | 0 | 0 | 0 | 0 | 0 | 20,500,000 |
| LESS: Principal repayments | | | | | | | | | | | | | |
| Existing Debt | 580,242 | 485,000 | 485,000 | 485,000 | 373,000 | 225,000 | 220,000 | 217,000 | 215,000 | 155,000 | 0 | 0 | 2,375,000 |
| New Debt | 0 | 0 | 0 | 0 | 168,750 | 962,250 | 962,250 | 1,025,000 | 1,025,000 | 1,025,000 | 1,025,000 | 1,025,000 | 7,218,250 |
| BAN Repayment | 0 | 0 | 0 | 3,375,000 | 15,870,000 | 637,000 | 1,255,000 | 0 | 0 | 0 | 0 | 0 | 20,500,000 |
| Net Available for Capital Purposes | 2,596,091 | 1,887,935 | 12,645,723 | 9,890,294 | 2,005,436 | 1,428,519 | 1,030,010 | 1,123,903 | 1,285,344 | 1,523,347 | 1,860,127 | 2,046,999 | 34,839,700 |
| Capital Plan | 720,212 | 4,458,454 | 17,183,455 | 10,535,365 | 1,112,060 | 1,087,850 | 1,240,050 | 1,161,170 | 1,027,300 | 1,095,850 | 1,121,420 | 1,447,000 | 37,011,520 |
| Cash Position | | | | | | | | | | | | | |
| Beginning balance | 8,405,994 | 9,544,443 | 6,973,924 | 2,436,192 | 1,791,120 | 2,684,496 | 3,025,165 | 2,815,125 | 2,777,857 | 3,035,901 | 3,463,398 | 4,202,105 | 33,205,283 |
| ADD: Net available | 2,596,091 | 1,887,935 | 12,645,723 | 9,890,294 | 2,005,436 | 1,428,519 | 1,030,010 | 1,123,903 | 1,285,344 | 1,523,347 | 1,860,127 | 2,046,999 | 34,839,700 |
| LESS: Planned Capital | 720,212 | 4,458,454 | 17,183,455 | 10,535,365 | 1,112,060 | 1,087,850 | 1,240,050 | 1,161,170 | 1,027,300 | 1,095,850 | 1,121,420 | 1,447,000 | 37,011,520 |
| Changes in assets & liabilities | -737,430 | | | | | | | | | | | | |
| Ending balance | 9,544,443 | 6,973,924 | 2,436,192 | 1,791,120 | 2,684,496 | 3,025,165 | 2,815,125 | 2,777,857 | 3,035,901 | 3,463,398 | 4,202,105 | 4,802,104 | 31,033,463 |

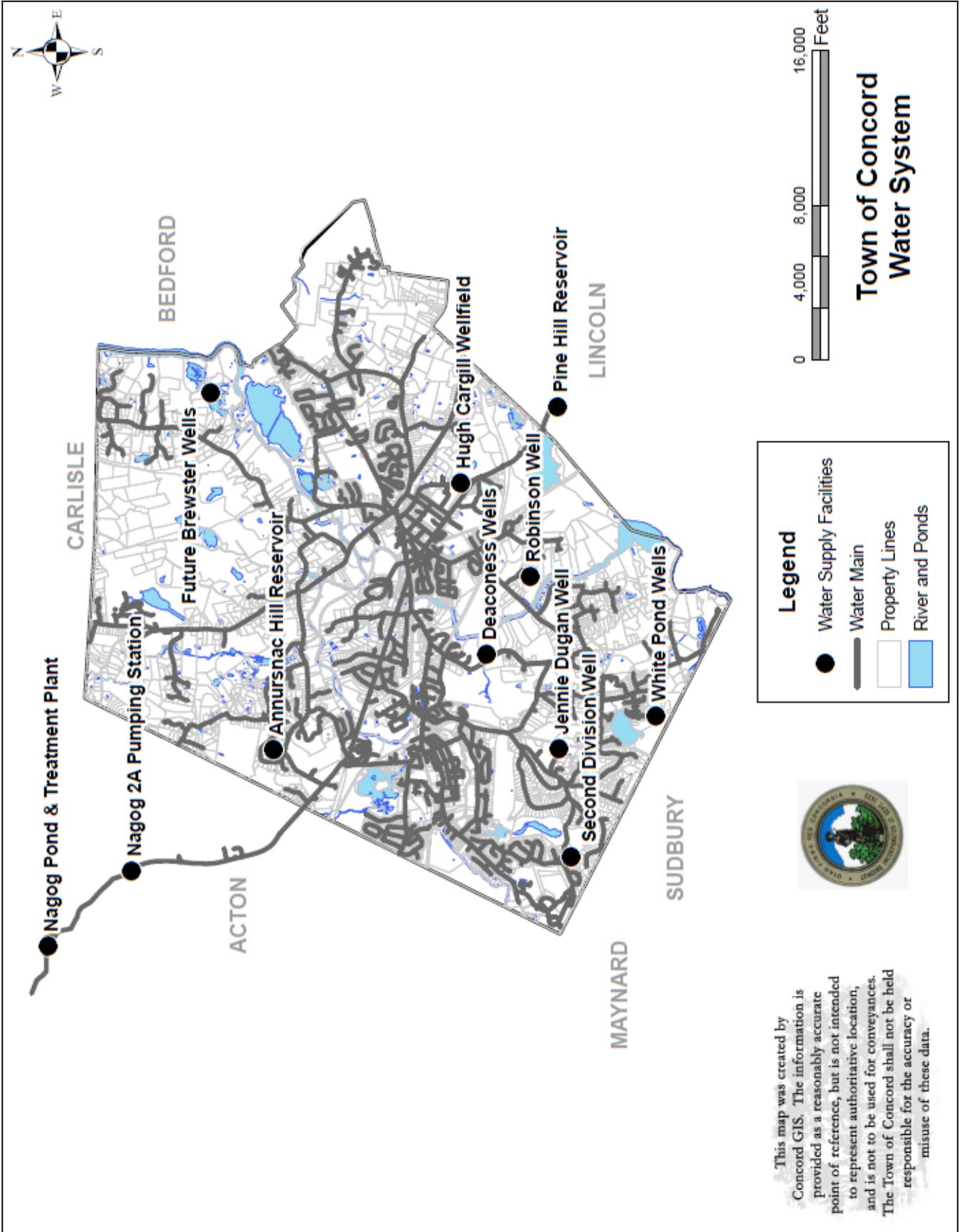
WATER RATES

(Per Cubic Foot)

| W-19 Class of Customer | Current FY19 | Effective 6/1/19 | %Chg. |
|---|-------------------------------|-----------------------------|--------------|
| 1 & 2 Residential Service | (1 cubic foot = 7.48 gallons) | | |
| 1st Step: (all year) | \$ 0.0537 | \$ 0.0564 ** | 5.1% |
| Conservation Step*: (1200-2400 cu ft/mo) | \$ 0.1128 | \$ 0.1184 | 5.0% |
| Conservation Step*: (over 2400 cu ft/mo) | \$ 0.1423 | \$ 0.1495 | 5.1% |
| *May 1st through October 31st | | | |
| 3 General Service | | | |
| 1st Step: (all year) | \$ 0.0537 | \$ 0.0564 | 5.1% |
| 2nd Step: (all year) (over 2500 cu ft/mo) | \$ 0.0681 | \$ 0.0715 | 5.0% |
| 4 Municipal Service | | | |
| 1st Step: (all year) | \$ 0.0529 | \$ 0.0555 | 4.9% |
| Interruptible Outdoor Irrigation use | | | |
| 5 Second Meter Service | | | |
| A. Irrigation/Pool or Accessory use: | | | |
| 1st Step: (all year) | \$ 0.1128 | \$ 0.1184 | 5.0% |
| Conservation Step: (over 2400 cu ft/mo) | \$ 0.1423 | \$ 0.1495 | 5.1% |
| May 1st through October 31st | | | |
| B. Non-Irrigation Commercial/Industrial | | | |
| | \$ 0.0681 | \$ 0.0715 | 5.0% |

**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> | \$ 483 | \$ 508 | \$ 24.48 | \$ 2.04 | 5.1% |
| 1b Large Summertime Residential Customer (2,000 cu ft/mo during summer; 1,250 cu ft/mo for rest of year) | \$ 1,330 | \$ 1,397 | \$ 66.96 | \$ 5.58 | 5.0% |
| 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> | \$ 805 | \$ 846 | \$ 40.80 | \$ 3.40 | 5.1% |
| 3b Large Commercial Customer (15,000 cu ft/mo) | \$ 11,825 | \$ 12,417 | \$ 592 | \$ 49.30 | 5.0% |
| 5a Small Municipal Customer (2,250 cu ft/mo) | \$ 1,429 | \$ 1,499 | \$ 69 | \$ 5.78 | 4.9% |
| 5b Large Municipal Customer (30,000 cu ft/mo) | \$ 19,055 | \$ 19,980 | \$ 925 | \$ 77.10 | 4.9% |



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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 |
| Program Highlights | p. 4 |
| Revenues and Expenditures | pp. 5-9 |
| Debt Service | pp. 10-11 |
| Capital Spending | pp. 12-13 |
| Sewer Proforma | p. 14 |
| Supplemental Information | pp. 15-16 |

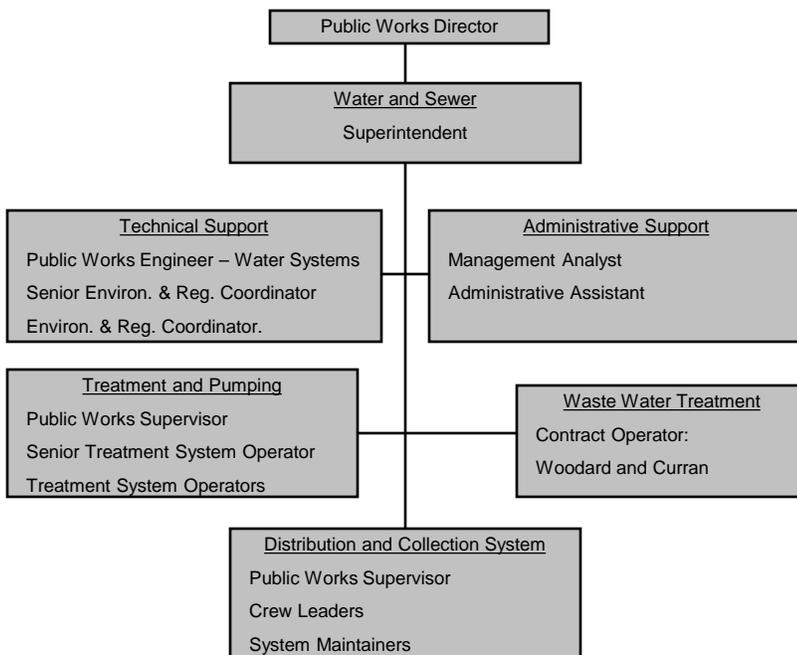
Sewer Fund Highlights

- The proposed FY20 sewer rate of \$0.1165 per cubic foot represents a 1% increase over the FY19 rate of \$0.1153 per cubic foot. For the average residential customer, the annual increase in the sewer bill will be \$7.20.
- The proposed FY20 capital improvement plan is \$3,320,150 which includes \$2,537,000 for design and complete rehabilitation of the two main sewer pumping stations at Lowell Road and Main Street in W. Concord.
- The proposed FY20 operating budget is \$3,008,705, a decrease of 11.1% from FY19. This decrease is attributable to a reduction in depreciation.
- The National Pollutant Discharge Elimination System (NPDES) permit for the Wastewater Treatment Plant is under review by the EPA following Concord's formal request for renewal. A budget allowance is provided for potential changes in wastewater effluent discharge limits.

Expenditure Summary

| | FY17 Actual | FY18 Actual | FY19 Budget | FY20 Proposed |
|------------------|--------------|--------------|--------------|---------------|
| Operating Income | \$ (317,902) | \$ (189,672) | \$ (169,279) | \$ 236,495 |
| Net Income | \$ (10,777) | \$ (24,650) | \$ 27,208 | \$ 454,088 |
| Cash Position | \$ 9,762,282 | \$10,553,333 | \$10,521,824 | \$ 8,022,346 |

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 2018 the total value of collection system and treatment plant infrastructure assets was approximately 16.5 million dollars.

The municipal sewer system serves 1,876 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 processes approximately 1.4 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.

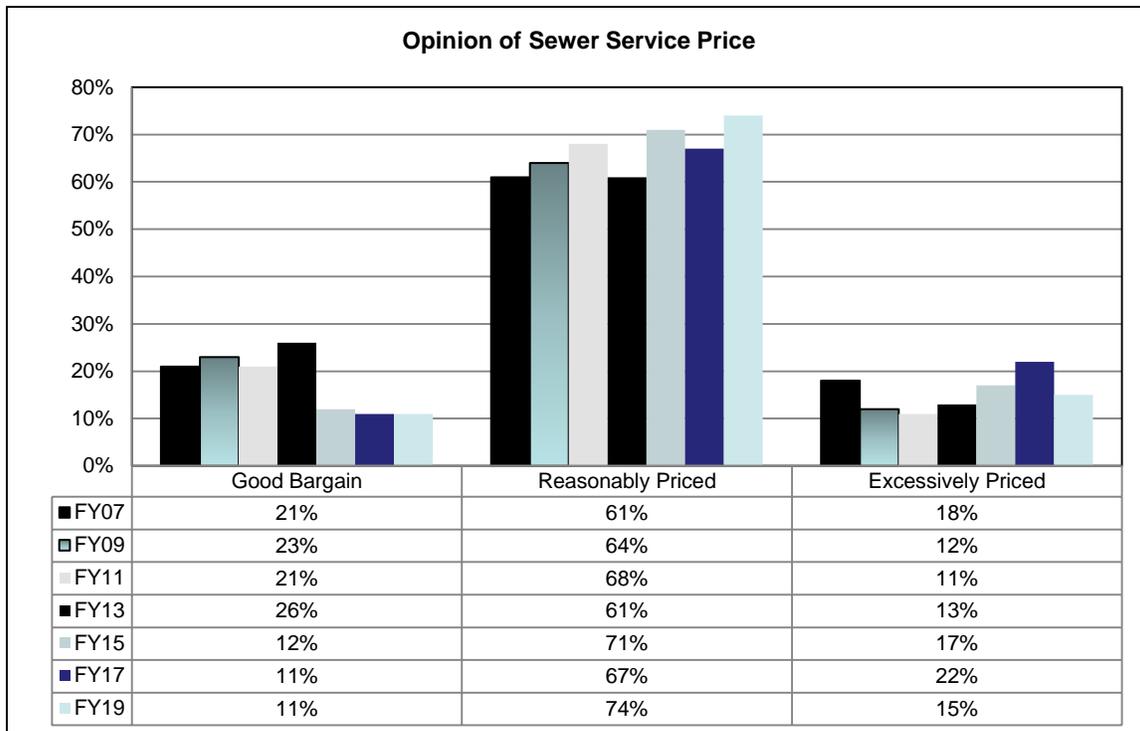
Since the sewer enterprise fund was formally established in 1976, there have been no property tax contributions to subsidize pre-existing operations or infrastructure improvements. Taxpayer support has been sought through Town Meeting for projects which have been designed to expand the sewer collection 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), 2016 (FY16), and 2018 (FY19) the Town used a different polling methodology, and a survey was sent out to all Concord households. In FY19, a total 1,254 responses were received. From those responses, 482 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 FY20 is **\$3,049,000**.

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).

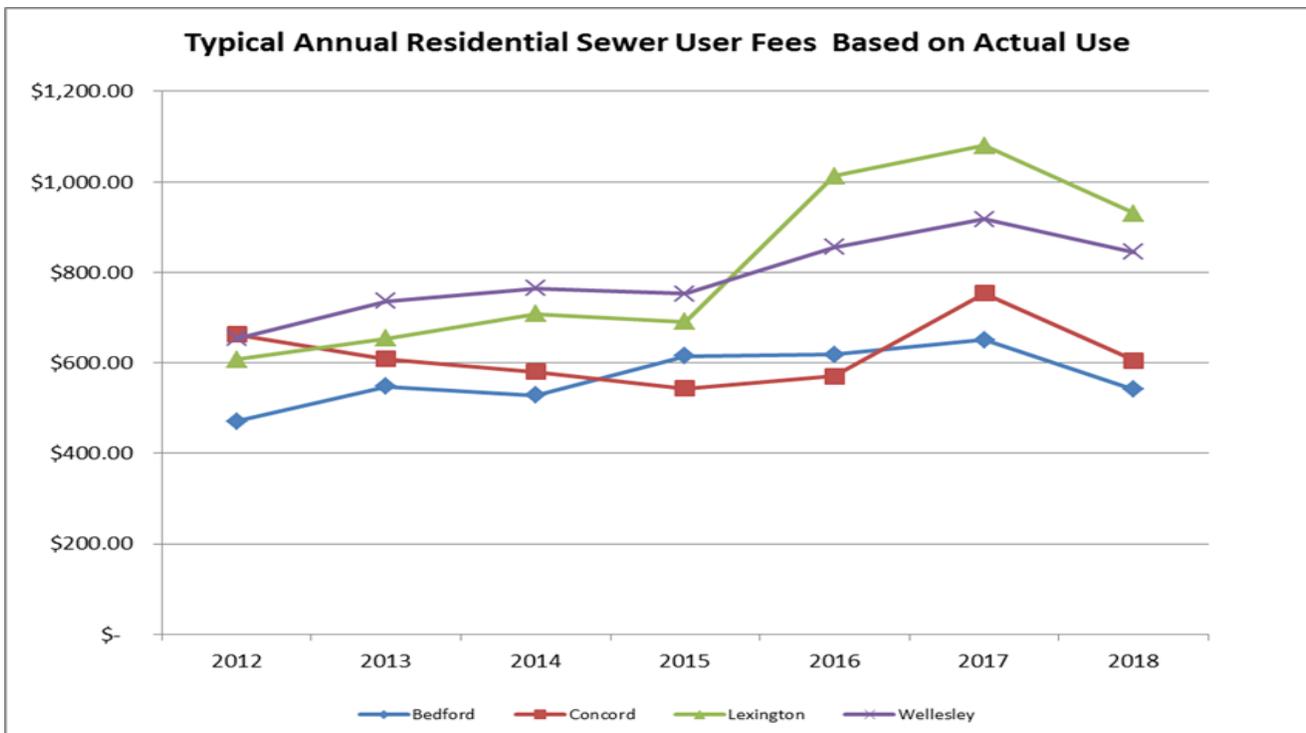
Sewer Fund Highlights

The FY20 proposed sewer rate is \$0.1165 per cubic foot of water use (1 cubic foot = 7.48 gallons).

- The proposed FY20 sewer rate of \$0.1165 per cubic foot represents a 1% increase over the FY19 rate of \$0.1153 per cubic foot. Since FY 2009 sewer rates have increased by an average annual rate of 3.5%.
- In FY20, the average residential customer is expected to pay a total of \$699 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.



Sewer Service Repair – Main Street

Regulatory Update:

Aluminum Water Quality Criteria: The Environmental Protection Agency (EPA) established its final aquatic life water quality criteria for aluminum, expressing both acute and chronic values as a range that will vary as a function of a site-specific water quality conditions (pH, total hardness and dissolved organic carbon). Unlike the values found in EPA's 1988 criteria recommendation, these final 2018 recommended criteria provide users the flexibility to develop site-specific criteria based on local water chemistry. Massachusetts intends to adopt its own water quality standard for aluminum and copper that will be based, in part, on new national criteria. These regulatory activities will have direct implications for Concord as they will inform future permit conditions and treatment activities associated with the centralized wastewater facility located adjacent to Great Meadows.

NPDES – Permit Renewal: Concord submitted a formal request to EPA to renew its National Pollutant Discharge Elimination System (NPDES) permit associated with its wastewater facility in accordance with a federally mandated five-year permit cycle. A draft permit and statement of basis or fact sheet to be prepared by EPA is pending and will be forwarded upon the opening of the public comment period..

Collection System Operation and Maintenance Plan: A successful inflow and infiltration (I/I) program reduces the risks and frequency of sanitary sewer overflows, reduces the operating cost required to treat what is essentially clean water, and increases the likelihood of maintaining water quality standards embodied in a strictly enforced discharge permit. This past year, there were no reportable sanitary sewer overflows identified within Concord's system. The 12-month rolling average of wastewater flow processed through Concord's wastewater treatment plant was 1.13 MGD, below the 1.2 MGD capacity permitted for this facility. The infiltration rate (of groundwater) into the collection system was calculated at 23.3%, and the inflow rate (stormwater) was estimated at approximately 0.8%. Both rates fall within acceptable industry limits and are well below "excessive" rates as defined by the MassDEP.

Sewer Pump Station Upgrades: The Lowell Road and Assabet Sewer pumping stations have been targeted for the replacement of all mechanical, electrical, plumbing and instrumentation and control systems associated with these two facilities. Kleinfelder is on track to complete the design and bid specifications before the end of fiscal year 2019 with a goal of entering into a construction contract for the fall of FY20. In addition to these design efforts, Kleinfelder will also develop specifications for the replacement of an intermediate pump located at the WWTP. Division crews continued to perform routine operation and maintenance of the eight operating sewer facilities. Non-routine improvements included the replacement of one of two existing submersible pumps located in the Laurel Street pump station and one of two existing submersible pumps located in the Cousins Park pump station.

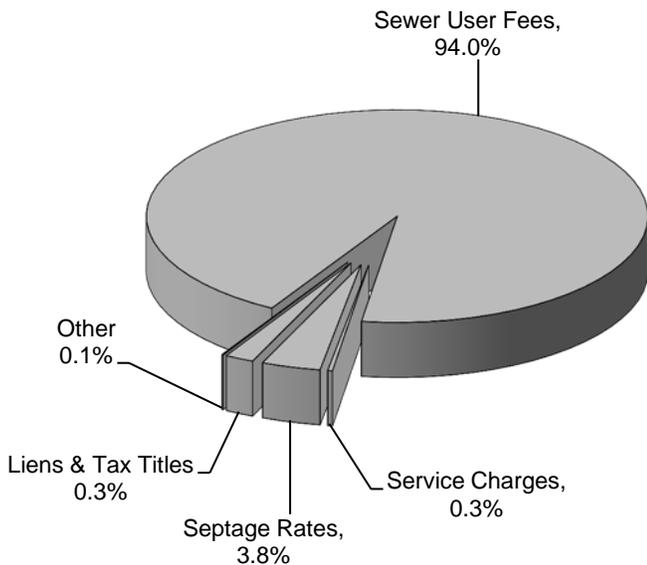
Program Implementation:

The proposed FY20 operating budget is \$3,008,705. This represents an 11.1% decrease as compared to the Sewer Fund’s revised FY19 operating budget, driven by a 32% decrease in depreciation. Depreciation expense reflects the cost of the annual use, or wear-and-tear, of the Sewer Division’s approximately \$15.6 million worth of infrastructure (recorded as of the end of FY18). The FY20 budgeted depreciation expense of \$984,154 is 6% of these capital assets. Personnel Services are budgeted at \$519,282 in FY20, a 6.5% increase from the revised FY19 total of \$487,748.

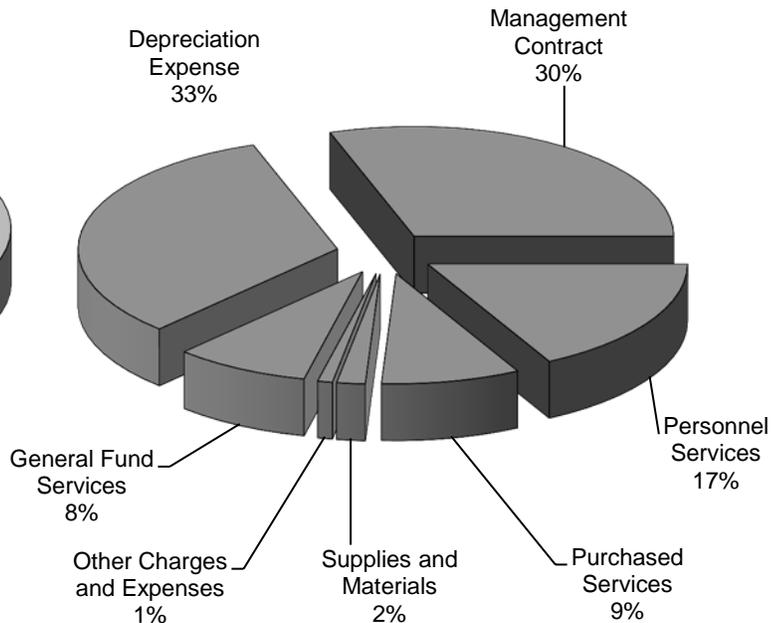
Excluding depreciation and General Fund services, the FY20 budget proposes a 4.8% increase in funding overall with a 6.2% increase for wastewater collection and a 3.7% increase in wastewater treatment. The costs associated with the operation of the Wastewater Treatment facility are directly related to 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.

Customer Care Services - Billing and Collection Improvements: The Water & Sewer Division has been working closely with the Finance Department and Concord Municipal Light Plant to begin improving upon all aspects of our municipal utility customer service platform. These efforts have already resulted in a more streamlined and efficient use of Town staff and resources involved in responding to customer inquiries. Equally important, this effort has allowed us to collectively identify and begin to transition towards a new customer care and billing software platform that, once employed, will provide our customers with a more automated and robust billing and collection system.

FY20 Operating Revenues
Totaling \$3,245,200



FY20 Operating Expenses
Totaling \$3,008,705



Operating Income:

The FY20 Budget produces an operating surplus and a positive Net Income of \$454,088. The increase in net income reflects a significant decrease in depreciation expense as some capital assets have become fully depreciated.

OPERATING REVENUES

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| Sewer User Fees | \$ 2,527,489 | \$ 2,657,713 | \$ 3,019,000 | \$ 3,049,000 |
| Service Charges | 19,775 | 27,737 | 10,000 | 10,000 |
| Septage Rates | 124,726 | 137,660 | 123,000 | 123,200 |
| Liens & Tax Titles | 10,038 | 60,503 | 60,000 | 60,000 |
| Other Revenue | 2,514 | 3,150 | 3,000 | 3,000 |
| Other | 34,068 | - | | |
| Total Operating Revenues | \$ 2,718,609 | \$ 2,886,764 | \$ 3,215,000 | \$ 3,245,200 |

OPERATING EXPENSES

| <u>Sewer Divisions</u> | FY17 | FY18 | FY19 | FY20 |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Collection</u> | Actual | Actual | Revised | Proposed |
| Personnel Services | \$ 404,766 | \$ 329,333 | \$ 432,624 | \$ 460,863 |
| Purchased Services | 116,464 | 110,616 | 208,829 | 225,035 |
| Supplies & Materials | 31,917 | 43,876 | 55,640 | 53,382 |
| Other Charges & Expenses | 20,300 | 18,278 | 25,546 | 27,895 |
| General Fund Services | 110,227 | 113,157 | 122,736 | 126,714 |
| Subtotal | \$ 683,674 | \$ 615,259 | \$ 845,375 | \$ 893,888 |
| <u>Treatment</u> | | | | |
| Personnel Expenses | \$ 47,696 | \$ 49,781 | \$ 55,124 | \$ 58,419 |
| Purchased Services | | 23,175 | 35,000 | 35,000 |
| Management Contract | 778,055 | 862,065 | 877,974 | 910,531 |
| Supplies & Materials | - | - | - | - |
| Other Charges & Expenses | 3,467 | 4,449 | - | - |
| General Fund Services | 110,227 | 113,157 | 122,736 | 126,714 |
| Subtotal | \$ 939,445 | \$ 1,052,626 | \$ 1,090,834 | \$ 1,130,663 |
| Depreciation Expense | 1,413,392 | 1,408,551 | 1,448,070 | 984,154 |
| Total Operating Expense | \$ 3,036,511 | \$ 3,076,436 | \$ 3,384,279 | \$ 3,008,705 |

RETIREMENT AND OPEB ASSESSMENT

For Informational Purpose Only

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|-------------------------|------------------|------------------|------------------|------------------|
| Retirement Assessment | \$ 21,545 | \$ 20,529 | \$ 24,541 | \$ 36,680 |
| OPEB Assessment | 5,433 | 5,543 | 6,000 | 4,600 |
| Total Assessment | \$ 26,978 | \$ 26,072 | \$ 30,541 | \$ 41,280 |

AUTHORIZED POSITIONS

| Collection Personnel Costs | FY19 Revised | | FY20 Proposed | |
|-----------------------------------|------------------|-------------------|------------------|-------------------|
| | Positions/Hours | \$ Amount | Positions/Hours | \$ Amount |
| Regular Staff | | | | |
| Water and Sewer Superintendent | 0.25 FTEs | \$ 29,477 | 0.25 FTEs | \$ 29,477 |
| Management Analyst | 0.25 | 19,777 | 0.25 | 19,777 |
| Senior Env. & Reg. Coordinator | 0.25 | 23,174 | 0.25 | 23,174 |
| Env. & Reg. Coordinator | 0.25 | 15,461 | 0.25 | 15,461 |
| Administrative Assistant | 0.25 | 17,269 | 0.25 | 17,269 |
| Public Works Supervisor | 0.50 | 47,428 | 0.50 | 47,428 |
| Crew Leader | 0.50 | 38,809 | 0.50 | 38,809 |
| Senior Treatment System Operator | 0.25 | 20,232 | 0.25 | 20,232 |
| Treatment System Operator | 0.50 | 34,977 | 0.50 | 34,977 |
| System Maintainer | 1.00 | 69,665 | 1.00 | 69,665 |
| Standby Pay (5111) | 365 hrs | 16,122 | 365 hrs | 16,122 |
| Charges to Snow Account | 0 | - | 0 | - |
| Charges to Projects | N/A | (7,782) | N/A | (7,782) |
| Salary and Wage Adjustments | N/A | - | N/A | 13,502 |
| Subtotal | 4.00 FTEs | \$ 324,609 | 4.00 FTEs | \$ 338,111 |
| Employee Benefits | | | | |
| Group Insurance | N/A | \$ 21,709 | N/A | \$ 23,728 |
| OPEB | N/A | 6,000 | N/A | 4,600 |
| Retirement Contribution | N/A | 24,541 | N/A | 36,680 |
| Subtotal | N/A | \$ 52,250 | N/A | \$ 65,008 |
| Payroll Taxes | | | | |
| Medicare Tax | N/A | \$ 2,940 | N/A | \$ 3,337 |
| Social Security Contribution | N/A | - | N/A | - |
| Subtotal | N/A | \$ 2,940 | N/A | \$ 3,337 |
| 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 | 4,848 | N/A | 5,567 |
| Salary Adjustments OT (5130) | N/A | 862 | N/A | 1,725 |
| Subtotal | N/A | \$ 52,825 | N/A | \$ 54,407 |
| Total Collections | 4.00 FTEs | \$ 432,624 | 4.00 FTEs | \$ 460,863 |
| Treatment Personnel Costs | | | | |
| Public Works Engineer | 0.75 FTEs | \$ 65,898 | 0.75 FTEs | \$ 65,898 |
| Charge to Capital Projects | N/A | (11,774) | N/A | (11,774) |
| Salary Adjustments | N/A | | N/A | 3,295 |
| Medicare Tax | N/A | 1,000 | N/A | 1,000 |
| Total Treatment | 0.75 FTEs | \$ 55,124 | 0.75 FTEs | \$ 58,419 |
| Total Sewer Personnel | 4.75 FTEs | \$ 487,748 | 4.75 FTEs | \$ 519,282 |

Sewer Fund

Revenues and Expenditures

NET INCOME

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---------------------------------------|----------------|----------------|-----------------|------------------|
| Operating Income | | | | |
| Operating Revenues | \$ 2,718,609 | \$ 2,886,764 | \$ 3,215,000 | \$ 3,245,200 |
| Less Operating Expenses | (3,036,511) | (3,076,436) | (3,384,279) | (3,008,705) |
| Operating Income | \$ (317,902) | \$ (189,672) | \$ (169,279) | \$ 236,495 |
| Non-operating Income | | | | |
| Add Investment Income | \$ 70,640 | \$ 137,588 | \$ 131,717 | \$ 139,052 |
| Add Bond Premium | | | | |
| Add Sewer Improvement Revenues | 372,581 | 149,861 | 181,000 | 181,000 |
| Less Int. Exp. and Admin. Fees | (136,096) | (122,427) | (116,229) | (102,459) |
| Non-operating Income | \$ 307,125 | \$ 165,022 | \$ 196,488 | \$ 217,593 |
| Net Income | \$ (10,777) | \$ (24,650) | \$ 27,208 | \$ 454,088 |
| Reconciliation with Financials | | | | |
| Add Betterment Revenues | \$ 109,644 | \$ 91,867 | \$ - | \$ - |
| WPAT Loan Int. Exp. And Fees | (28,908) | (26,116) | - | - |
| WPAT Transfer from General Fund | 82,529 | 84,197 | - | - |
| Change in Net Position | \$ 152,488 | \$ 125,297 | \$ 27,208 | \$ 454,088 |

AVAILABLE RESOURCES

Resources Available from Current Operations for Replacement & Renewal of Facility:

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|----------------------------------|----------------|----------------|-----------------|------------------|
| Capital Purposes | | | | |
| Add Depreciation Expense | \$ 1,413,392 | \$ 1,408,551 | \$ 1,448,070 | \$ 984,154 |
| Add Net Income | (10,777) | (24,650) | 27,208 | 454,088 |
| Add Sewer Improvement Allocation | - | 21,094 | 125,000 | 250,000 |
| Add Bond Proceeds | - | - | - | - |
| Less Bonds Payable | (609,516) | (607,814) | (618,831) | (617,570) |
| Net Available for Capital | \$ 793,099 | \$ 797,181 | \$ 981,447 | \$ 1,070,672 |

CASH POSITION AND FUND BALANCE FORECAST

| Cash at Year Opening | FY19 | | FY20 | |
|---|---------------|-------------|---------------|-------------|
| | Credits | Debits | Credits | Debits |
| Cash on July 1st | \$ 10,553,333 | | \$ 10,521,824 | |
| Add Non-Cash Assets | 561,169 | | 561,169 | |
| Less Liabilities and Deferred Inflows | (474,097) | | (474,097) | |
| Fund Balance on July 1st | \$ 10,640,405 | | \$ 10,608,896 | |
| Fund Balance Details (projected) | Credits | Debits | Credits | Debits |
| Net Income | 27,208 | | 454,088 | |
| Bond Principal Repayment | | (618,831) | | (617,570) |
| Capital (Borrowing) | | | - | |
| Capital Outlay (Non-Borrowing) | | (762,956) | - | (3,070,150) |
| Capital (Sewer Improvement Fund) | | (125,000) | | (250,000) |
| Add Depreciation Expense | 1,448,070 | | 984,154 | |
| Balance Projected at June 30th | 1,475,278 | (1,506,787) | 1,438,242 | (3,937,720) |
| Fund Balance on June 30th | \$ 10,608,896 | | \$ 8,109,418 | |
| Cash at Year End (projected) | | | | |
| Fund Balance on June 30th | \$ 10,608,896 | | \$ 8,109,418 | |
| Less Receivables | (561,169) | | (561,169) | |
| Add Cash Held for Liabilities | 474,097 | | 474,097 | |
| Projected Cash at June 30th | \$ 10,521,824 | | \$ 8,022,346 | |
| Sewer Improvement Fund Cash | \$ 4,539,765 | | \$ 4,470,765 | |
| Unrestricted Cash | \$ 5,982,059 | | \$ 3,551,581 | |

SEWER IMPROVEMENT FUND

| | FY17 | | FY18 | | FY19 | | FY20 | |
|--------------------------|--------|------------------|--------|------------------|---------|------------------|----------|------------------|
| | Actual | | Actual | | Revised | | Proposed | |
| Cash on July 1st | \$ | 3,982,417 | \$ | 4,354,997 | \$ | 4,483,765 | \$ | 4,539,765 |
| Revenues | | 372,580 | | 149,861 | | 181,000 | | 181,000 |
| Expenditures | | - | | (21,094) | | (125,000) | | (250,000) |
| Adjustment | | - | | - | | - | | - |
| Cash on June 30th | \$ | 4,354,997 | \$ | 4,483,765 | \$ | 4,539,765 | \$ | 4,470,765 |
| Net Activity | \$ | 372,580 | \$ | 128,768 | \$ | 56,000 | \$ | (69,000) |

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

| | FY17 | | FY18 | | FY19 | | FY20 | |
|-------------------------------------|--------|------------------|--------|------------------|---------|------------------|----------|------------------|
| | Actual | | Actual | | Revised | | Proposed | |
| Activity | | | | | | | | |
| Cash at July 1st | \$ | 591,835 | \$ | 545,556 | \$ | 481,989 | \$ | 416,556 |
| Cash Received | | 109,155 | | 91,867 | | 90,000 | | 85,000 |
| Debt Service | | (155,434) | | (155,434) | | (155,433) | | (155,433) |
| Cash at June 30th | \$ | 545,556 | \$ | 481,989 | \$ | 416,556 | \$ | 346,123 |
| Net Activity | \$ | (46,279) | \$ | (63,567) | \$ | (65,433) | \$ | (70,433) |
| Net Assets (as of June 30th) | | | | | | | | |
| Cash | \$ | 545,556 | \$ | 478,151 | \$ | 416,556 | \$ | 346,123 |
| Betterment Receivables | | 558,859 | | 477,387 | | 425,000 | | 375,000 |
| Net Assets | \$ | 1,104,415 | \$ | 955,538 | \$ | 841,556 | \$ | 721,123 |
| Less Outstanding Principal | | (1,280,265) | | (1,149,129) | | (1,015,337) | | (878,845) |
| Surplus / Deficit | \$ | (175,850) | \$ | (193,591) | \$ | (173,781) | \$ | (157,722) |

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

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| Long Term Debt Repayment: | | | | |
| Principal | \$ 609,516 | \$ 607,814 | \$ 618,831 | \$ 617,570 |
| Interest | 134,224 | 121,390 | 108,499 | 95,573 |
| Administrative Fee (WPAT) | 9,366 | 8,556 | 7,730 | 6,887 |
| Totals | \$ 753,106 | \$ 737,760 | \$ 735,060 | \$ 720,030 |

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.

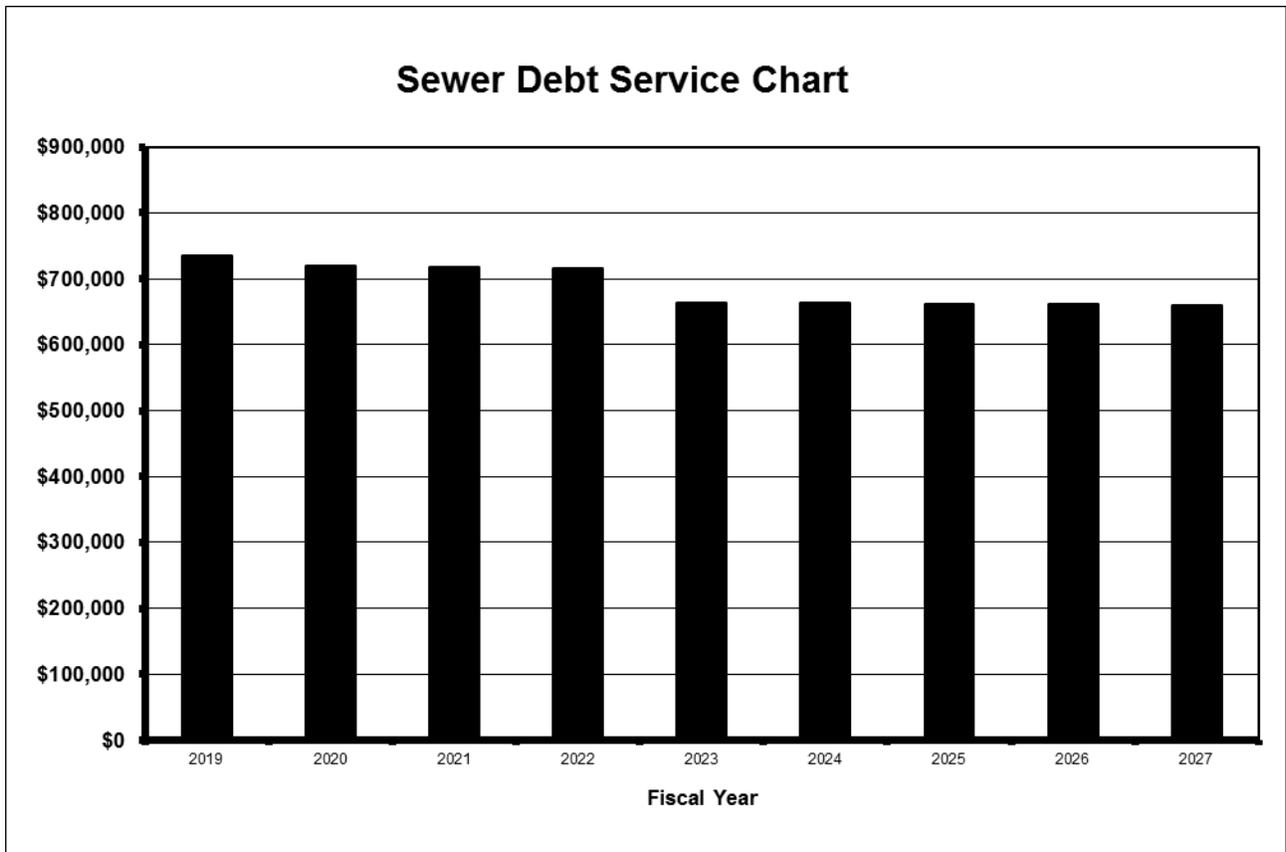
PAYMENTS TO THE GENERAL FUND

| | FY17 Actual | FY18 Budget | FY19 Revised | FY20 Proposed |
|--|-------------------|-------------------|-------------------|-------------------|
| Management & Engineering: | | | | |
| Public Works Administration | \$ 37,173 | \$ 38,172 | \$ 39,232 | \$ 39,270 |
| Public Works Engineering | 22,786 | 23,203 | 27,962 | 28,004 |
| Highway Maintenance | 4,937 | 4,941 | 4,976 | 6,168 |
| 133/135 Keyes Road | 12,200 | 12,853 | 16,438 | 16,357 |
| Subtotals | \$ 77,096 | \$ 79,169 | \$ 88,608 | \$ 89,799 |
| Financial & Administrative: | | | | |
| Town Manager | \$ 31,111 | \$ 31,798 | \$ 33,771 | \$ 34,800 |
| Human Resources | 6,069 | 6,632 | 7,004 | 7,032 |
| Finance Administration | 20,283 | 19,541 | 23,214 | 23,024 |
| Treasurer-Collector | 13,556 | 13,846 | 13,688 | 13,465 |
| Town Accountant: | | | | |
| General Services | 14,598 | 15,449 | 17,127 | 14,176 |
| Audit Services | 6,000 | 6,000 | 6,000 | 6,000 |
| Town House Facilities | 3,508 | 3,758 | 3,902 | 4,180 |
| Subtotals | \$ 95,125 | \$ 97,024 | \$ 104,706 | \$ 102,677 |
| Natural Resource: | | | | |
| Planning | \$ 7,643 | \$ 8,018 | \$ 8,286 | \$ 8,773 |
| Natural Resources | 6,631 | 7,095 | 7,094 | 7,278 |
| Health | 33,959 | 35,007 | 36,778 | 36,817 |
| Subtotals | \$ 48,233 | \$ 50,120 | \$ 52,158 | \$ 52,868 |
| Salary Reserve | \$ - | \$ - | \$ - | \$ 8,084 |
| Totals | \$ 220,454 | \$ 226,313 | \$ 245,472 | \$ 253,428 |

Sewer Debt Service Schedule

Exclusive of betterment financing

| Fiscal Year | Principal | Interest | Admin. Fees | Total |
|---------------|--------------------|------------------|-----------------|--------------------|
| 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 | \$5,643,748 | \$515,474 | \$37,747 | \$6,196,969 |



FY20 Capital Plan:**COLLECTION SYSTEM****Station Structures: \$13,000**

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

Station Equipment: \$2,537,000

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 the 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 solids handling.

Mains (Sewer Collectors): \$22,000

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: \$200,000

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: \$206,000

Sewer Fund portion of costs associated with system-wide meter maintenance and replacement efforts, to include the rapid deployment of new meter reading equipment that will be compatible with meter reading technology also being adopted by the Municipal Light Plant.

WASTE WATER TREATMENT PLANT**Structures: \$41,000**

Annual capital outlay for improvements and replacement of WWTP structures. Planned improvements include major investments in the facility's electrical system including the installation of a soft starter for an intermediary pump, upgrade to the fire protection alarm system, and cleaning of large capacity storage structures.

Equipment: \$177,000

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 major SCADA system upgrade and addition of improved security technology

Wastewater Planning/Capacity: \$50,000

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). This funding also includes a feasibility study and preliminary design of a green wastewater effluent reuse project. The proposed project will establish a tree nursery at the wastewater treatment plant's open fields in which public shade trees will be grown and maintained; the trees will be transplanted within the Town's public right of way and other locations, thereby advancing the Town's goal of improving climate resiliency.

GENERAL PLANT**Keyes Road Facility: \$20,500**

Capital outlay for improvements to Water/Sewer administrative office and garage facilities. Budget includes allowance for misc. improvements to mechanical, electrical, plumbing as well as heating, ventilation and cooling systems.

Vehicles/Construction Equipment: \$33,500

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 and a backhoe.

CAPITAL SPENDING PLAN

| | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | Total FY20-24 |
|---|----------------|----------------|------------------|------------------|------------------|------------------|----------------|------------------|
| <u>Collection System</u> | | | | | | | | |
| <u>Pumping Plant</u> | | | | | | | | |
| Station Structures | | 12,000 | 13,000 | 14,000 | 15,000 | 16,000 | 17,000 | 75,000 |
| Station Equipment | 137,799 | 275,000 | 2,537,000 | 26,000 | 27,000 | 28,000 | 29,000 | 2,647,000 |
| Subtotal | 137,799 | 287,000 | 2,550,000 | 40,000 | 42,000 | 44,000 | 46,000 | 2,722,000 |
| <u>Collection Plant</u> | | | | | | | | |
| Sewer Mains/Laterals | | 21,000 | 22,000 | 23,000 | 24,000 | 25,000 | 26,000 | 120,000 |
| Inflow/Infiltration (Note 1) | | 100,000 | 200,000 | 206,000 | 213,000 | 220,000 | 227,000 | 1,066,000 |
| Meter Replacements | 5,549 | 43,000 | 206,000 | 206,000 | 54,000 | 55,000 | 57,000 | 578,000 |
| Subtotal | 5,549 | 164,000 | 428,000 | 435,000 | 291,000 | 300,000 | 310,000 | 1,764,000 |
| <u>Wastewater Treatment Plant</u> | | | | | | | | |
| Structures | | 290,000 | 41,000 | 206,000 | 206,000 | 30,000 | 31,000 | 514,000 |
| Plant Equipment | | 57,000 | 177,000 | 25,000 | 26,000 | 27,000 | 28,000 | 283,000 |
| Capacity/Treatment Optimization | | | | | | | | |
| Depreciable Personal Services | 16,189 | 19,556 | 20,150 | 20,760 | 21,390 | 22,040 | 22,710 | 107,050 |
| Subtotal | 16,189 | 366,556 | 238,150 | 251,760 | 253,390 | 79,040 | 81,710 | 904,050 |
| <u>General Plant</u> | | | | | | | | |
| Keys Road CPW Facility | | 10,000 | 20,500 | 10,000 | 11,000 | 12,000 | 13,000 | 66,500 |
| Vehicle Replacements | 2,600 | 35,400 | 33,500 | 20,800 | 17,400 | 33,000 | 65,200 | 169,900 |
| Miscellaneous Equipment & Billing Software | | | | | | | | |
| Subtotal | 2,600 | 45,400 | 54,000 | 30,800 | 28,400 | 45,000 | 78,200 | 236,400 |
| <u>Wastewater Management Project</u> | | | | | | | | |
| Wastewater Planning (Note 1) | 21,094 | 25,000 | 50,000 | 483,500 | 1,900,000 | 1,900,000 | | 4,333,500 |
| W.R. Grace land acquisition (funded through borrowing) | | | | | | | | |
| Subtotal | 21,094 | 25,000 | 50,000 | 483,500 | 1,900,000 | 1,900,000 | - | 4,333,500 |
| Total Capital Uses | 183,232 | 887,956 | 3,320,150 | 1,241,060 | 2,514,790 | 2,368,040 | 515,910 | 9,959,950 |
| Funding the Capital Plan | | | | | | | | |
| Total - User Fees | 162,137 | 762,956 | 3,070,150 | 551,560 | 401,790 | 248,040 | 288,910 | 4,560,450 |
| Total - Sewer Improvement Fees | 21,094 | 125,000 | 250,000 | 689,500 | 2,113,000 | 2,120,000 | 227,000 | 5,399,500 |
| Total - Borrowing | | | | | | | | |
| Total Capital Sources | 183,232 | 887,956 | 3,320,150 | 1,241,060 | 2,514,790 | 2,368,040 | 515,910 | 9,959,950 |

Note 1: Charged to Sewer Improvement Fund

Sewer Fund

Revenues and Expenditures

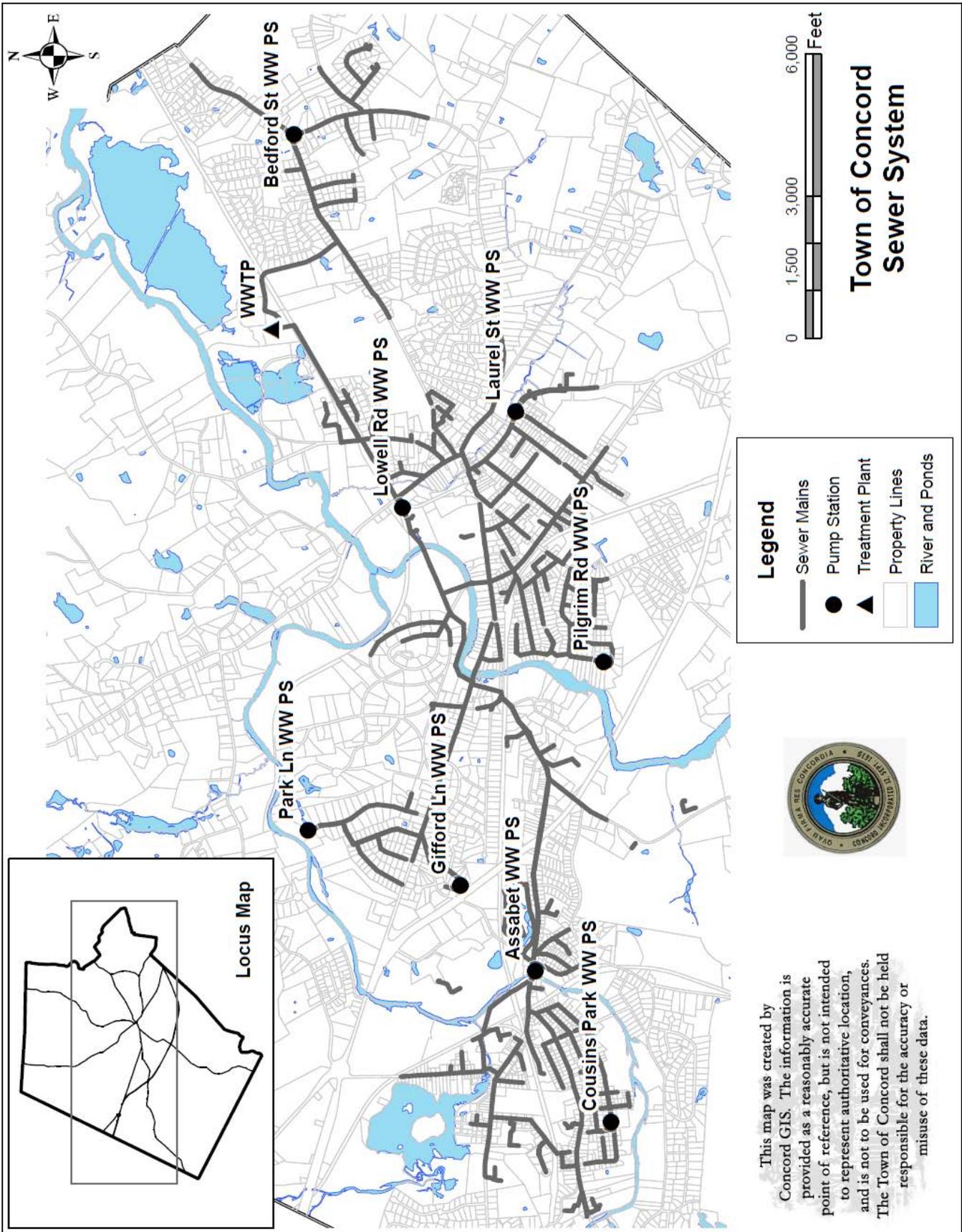
| | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY20-29 |
|---|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Sewer Fund: Plan and Projection | | | | | | | | | | | | | |
| Operating Revenue | | | | | | | | | | | | | |
| User Fees | 2,657,713 | 3,019,000 | 3,049,000 | 3,081,000 | 3,113,000 | 3,145,000 | 3,178,000 | 3,211,000 | 3,243,000 | 3,278,000 | 3,311,000 | 3,345,000 | 31,954,000 |
| Other | 229,051 | 196,000 | 196,200 | 197,000 | 198,000 | 200,000 | 201,000 | 202,000 | 204,000 | 205,000 | 206,000 | 209,000 | 2,018,200 |
| Subtotal | 2,886,764 | 3,215,000 | 3,245,200 | 3,278,000 | 3,311,000 | 3,345,000 | 3,379,000 | 3,413,000 | 3,447,000 | 3,483,000 | 3,517,000 | 3,554,000 | 33,972,200 |
| Operating Expense | | | | | | | | | | | | | |
| O & M | 1,667,885 | 1,936,210 | 2,024,551 | 2,085,474 | 2,148,235 | 2,212,892 | 2,279,505 | 2,348,131 | 2,418,833 | 2,491,674 | 2,566,720 | 2,644,037 | 23,220,051 |
| Depreciation | 1,408,551 | 1,448,070 | 984,154 | 1,152,632 | 1,163,721 | 1,148,530 | 1,160,621 | 1,146,313 | 1,160,257 | 1,149,161 | 1,176,366 | 1,161,149 | 11,402,902 |
| Subtotal | 3,076,436 | 3,384,280 | 3,008,705 | 3,238,105 | 3,311,955 | 3,361,422 | 3,440,125 | 3,494,444 | 3,579,089 | 3,640,835 | 3,743,086 | 3,805,186 | 34,622,953 |
| Operating Income | -189,672 | -169,280 | 236,495 | 105,000 | -955 | -16,422 | -61,125 | -81,444 | -132,089 | -157,835 | -226,086 | -251,186 | -585,648 |
| ADD: Interest Income | 137,588 | 131,717 | 139,052 | 117,226 | 100,728 | 74,903 | 63,696 | 65,883 | 67,814 | 69,182 | 74,620 | 84,229 | 857,333 |
| Bond Premium | - | - | - | - | - | - | - | - | - | - | - | - | 0 |
| Sewer Improvement Fees | 149,861 | 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 | 122,427 | 116,229 | 102,459 | 88,633 | 74,558 | 60,979 | 47,891 | 34,538 | 20,916 | 7,018 | 0 | 0 | 436,992 |
| Existing Debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bond Anticipation Notes (BANs) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Issuance expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Income | -24,650 | 27,208 | 454,088 | 314,593 | 206,215 | 178,502 | 135,680 | 130,902 | 95,808 | 85,330 | 29,534 | 14,042 | 1,644,693 |
| Available Resources from: | | | | | | | | | | | | | |
| Net income | -24,650 | 27,208 | 454,088 | 314,593 | 206,215 | 178,502 | 135,680 | 130,902 | 95,808 | 85,330 | 29,534 | 14,042 | 1,644,693 |
| Depreciation expense | 1,408,551 | 1,448,070 | 984,154 | 1,152,632 | 1,163,721 | 1,148,530 | 1,160,621 | 1,146,313 | 1,160,257 | 1,149,161 | 1,176,366 | 1,161,149 | 11,402,902 |
| Subtotal | 1,383,901 | 1,475,278 | 1,438,242 | 1,467,224 | 1,369,935 | 1,327,032 | 1,296,301 | 1,277,214 | 1,256,065 | 1,234,490 | 1,205,900 | 1,175,191 | 13,047,595 |
| Bond proceeds | | | | | | | | | | | | | 0 |
| Loan proceeds | | | | | | | | | | | | | 0 |
| LESS: Principal repayments | 607,814 | 618,831 | 617,570 | 629,036 | 640,734 | 602,668 | 614,843 | 627,265 | 639,936 | 652,865 | 0 | 0 | 5,024,917 |
| Existing Debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BAN Repayment | 776,087 | 856,447 | 820,672 | 838,188 | 729,201 | 724,364 | 681,458 | 649,949 | 616,129 | 581,625 | 1,205,900 | 1,175,191 | 8,022,678 |
| Net Available for Capital Purposes | | | | | | | | | | | | | |
| Capital Plan: | 162,137 | 762,956 | 3,070,150 | 551,560 | 401,790 | 248,040 | 288,910 | 330,500 | 302,110 | 323,840 | 335,590 | 347,360 | 6,199,850 |
| Improvement Fee Supported | 21,094 | 125,000 | 250,000 | 689,500 | 2,113,000 | 2,120,000 | 227,000 | 175,500 | 181,000 | 187,000 | 193,000 | 199,000 | 6,335,000 |
| Borrowing Supported | - | - | - | - | - | - | - | - | - | - | - | - | 0 |
| Cash Position | | | | | | | | | | | | | |
| Beginning balance | 9,762,282 | 10,553,333 | 10,521,824 | 10,521,824 | 7,619,474 | 5,833,865 | 4,190,209 | 4,355,757 | 4,499,707 | 4,632,725 | 4,703,511 | 5,380,821 | 59,760,259 |
| ADD: Net available | 776,087 | 856,447 | 820,672 | 838,188 | 729,201 | 724,364 | 681,458 | 649,949 | 616,129 | 581,625 | 1,205,900 | 1,175,191 | 8,022,678 |
| LESS: Planned Capital | 183,232 | 887,956 | 3,320,150 | 1,241,060 | 2,514,790 | 2,368,040 | 515,910 | 506,000 | 483,110 | 510,840 | 528,590 | 546,360 | 12,534,850 |
| Changes in assets & liabilities | -198,196 | | | | | | | | | | | | 0 |
| Ending balance | 10,553,333 | 10,521,824 | 8,022,346 | 7,619,474 | 5,833,865 | 4,190,209 | 4,355,757 | 4,499,707 | 4,632,725 | 4,703,511 | 5,380,821 | 6,009,652 | 55,248,088 |

SEWER RATES

(Per Cubic Foot)

| Class of Customer | Current FY19 | Effective 6/1/19 | %Chg. |
|--|-------------------------------|---------------------|-------|
| S-19 | (1 cubic foot = 7.48 gallons) | | |
| 1 Residential Service Rate billed year around but uses wintertime average consumption for non-wintertime months. | \$ 0.1153 | \$ 0.1165 | 1% |
| 2 Non-Residential Service Rate billed year around using actual readings for each billing period. | \$ 0.1153 | \$ 0.1165 | 1% |
| 3 Chiller/Cooling System Discharge Sewer Service For large non-residential sewer customers with dedicated cooling-system water supply | \$ 0.0231 | \$ 0.0233 | 1% |

| Sample Impacts | Current Annual | New Annual | Annual Change | Monthly Change | % Chg. |
|--|-------------------|---------------|------------------|-------------------|-----------|
| 1 Average Residential Customer (500 cu ft/mo wintertime use) | \$ 692 | \$ 699 | \$ 7.20 | \$ 0.60 | 1% |
| 2 Typical Non-Residential Customer (900 cu ft/mo) | \$ 1,245 | \$ 1,258 | \$ 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 \$1,481,392 in FY20 from \$1,421,584 in FY19 (a 4.2% increase).
- Expenses are budgeted at \$1,480,481, a 4.1% increase from the FY19 budget of \$1,422,526.
- The curbside subscription fee for FY20 is proposed to increase by \$10 to \$272.00 per year. There will be no price increase for barrel stickers or weekly disposal tags.

| Expenditure Summary | | | | |
|---------------------------|-----------------|-----------------|------------------|------------------|
| | FY17 Actuals | FY18 Actuals | FY19 Budgeted | FY20 Proposed |
| Operating Income | \$ 116,597 | \$ 104,975 | \$ (942) | \$ 911 |
| Net Income | \$ 116,597 | \$ 104,975 | \$ (942) | \$ 911 |
| Undesignated Fund Balance | \$ 434,422 | \$ 539,398 | \$ 538,456 | \$ 539,367 |



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 sponsors two business recycling events per year and an annual bike give-away 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 and Wednesdays April through October—for the collection of paint and paint products for reuse and disposal.

Collection and Disposal Contract:

FY20 is year 4 of a five-year extension to the Town's contract with Waste Management for the curbside program. Dual stream recycling programs like Concord's typically have a lower contamination rate than single stream recycling programs. While some communities with single stream recycling programs have incurred significant contamination costs in recent months, the Town has not incurred any contamination costs for its curbside program. The Town has begun 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 FY20 proposed Curbside Collection Rates, the average cost per household (based on 1.36 barrels per week) is:

\$378.08 per year

- The FY20 cost represents a 2.7% increase over the FY19 amount of \$368.08.

FY17 – FY20 Contract Charges and Collection Rates

Contract Charges

| | <u>FY17</u> | <u>FY18</u> | <u>FY19</u> | <u>FY20</u> | |
|-----------------------|-------------|-------------|-------------|-------------|-------------------------|
| Trash and Recycling | \$209.15 | \$216.25 | \$223.45 | \$230.60 | per subscriber per year |
| Recycling Only | \$123.00 | \$126.00 | \$131.00 | \$137.00 | per subscriber per year |
| Dumpster Pickup | \$46.00 | \$48.00 | \$50.25 | \$53.00 | per pickup |
| Recycling Toter | no charge | no charge | no charge | no charge | |
| Public Barrels | \$2.50 | \$2.65 | \$2.80 | \$2.95 | per barrel per pickup |
| Trash Tonnage | \$79.00 | \$79.00 | \$79.00 | \$79.00 | per ton |
| Commingled Containers | \$30.00 | \$31.00 | \$32.00 | \$33.00 | 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. As of March 2019 the high price for No. 56 is \$20.00 per ton, thus the Town is not receiving any paper revenue at this time.

Curbside Collection Rates

(for the periods beginning in April)

| | <u>FY17</u> | <u>FY18</u> | <u>FY19</u> | <u>FY20</u> | |
|--|-------------|-------------|-------------|-------------|---------------------|
| Trash and Recycling Subscription | \$242.00 | \$254.00 | \$262.00 | \$272.00 | per year |
| Recycling Only Subscription | \$126.00 | \$128.00 | \$133.00 | \$140.00 | 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 1.36 barrels per week) | \$348.08 | \$360.08 | \$368.08 | \$378.08 | |

Key Performance Measures

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



Recycling Rate & Tonnage

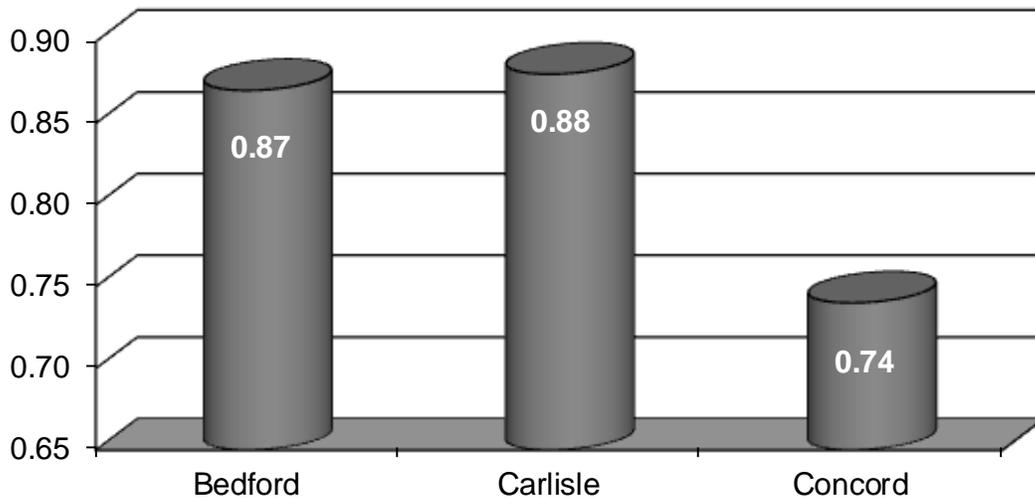
Concord continues to be one of the top curbside recycling communities in Massachusetts. In FY18, subscribers to the municipal curbside collection program disposed of 2,637 tons of trash, and recycled 1,062 tons of paper and 658 tons of commingled containers, resulting in a recycling rate of 39%. Historical tonnages and recycling rates are outlined below.

| | No. of subscribers | Change | Trash | Recycling | Total | Percent Recycled |
|------|--------------------|---------------|-------|-----------|-------|------------------|
| | as of 6/30 | # subscribers | tons | tons | tons | % |
| 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% |
| FY18 | 3,671 | 32 | 2,637 | 1,720 | 4,357 | 39% |

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)



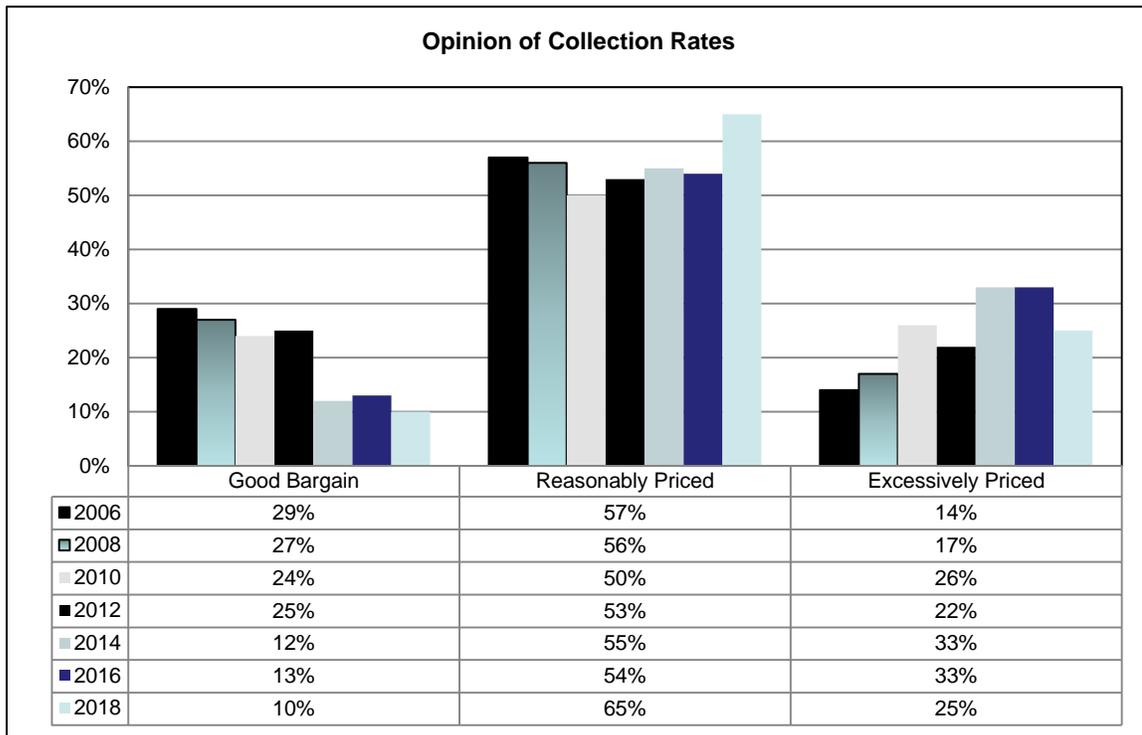
Hauler Cost Comparison

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.

| | FY18 | FY19 | FY20 |
|----------------|-------------|-------------|-------------|
| *TOWN | \$360.08 | \$368.08 | \$378.08 |
| Mr. Trashman | \$468.00 | \$468.00 | \$480.00 |
| 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, 2016, and 2018 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 2018 (FY19) Residential Survey, 10% responded “Good Bargain”, 65% responded as “Reasonably Priced”, and 25% “Excessively Priced”.



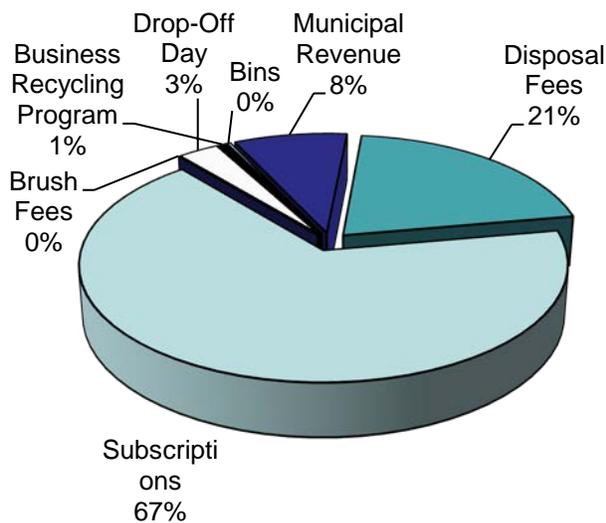
Program Implementation

Eighty-seven percent of the Solid Waste Division’s revenues in FY20 are expected to come from curbside subscriber subscription fees and disposal fees (\$1,295,080 of the total). Municipal revenue (schools, municipal buildings, parks & fields) is projected at \$126,540 (approximately 8.5% of the total). Revenue from Drop-Off Day, brush fees, and sales of recycling bins and compost bins is projected at \$49,810 (3.4% of the total).

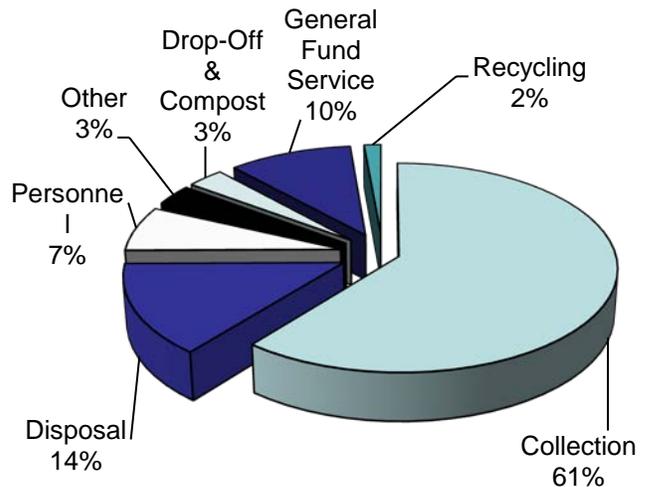
The two largest expense categories are Collection and Disposal, both provided by the Contractor. Based on Waste Management’s FY20 contract pricing, FY20 collection costs, including the Business Recycling Program, are budgeted at \$899,414. This represents a 4.9% increase over the FY19 budget of \$857,576.

Disposal costs are projected to increase slightly in FY20. Disposal costs based on Waste Management’s FY20 contract pricing are budgeted at \$208,880 versus \$201,461 in FY19, which represents a 3.7% increase.

FY20 Total Operating Revenue
(Totaling \$1,481,392)



FY20 Total Operating Expenses
(Totaling \$1,480,481)



OPERATING REVENUES

| | FY17 Actual | FY18 Actual | FY19 Budget | FY20 Proposed |
|----------------------------------|------------------------|------------------------|------------------------|--------------------------|
| Subscription Fees (collection) | \$ 877,933 | \$ 914,514 | \$ 942,114 | \$ 987,992 |
| Customer Rebates | - | - | - | - |
| Disposal Fees (tags & stickers) | 300,631 | 302,178 | 306,090 | 307,088 |
| Town Facilities & Public Barrels | 54,127 | 53,344 | 54,830 | 58,931 |
| Schools | 62,760 | 64,146 | 65,700 | 67,610 |
| Business Recycling Program | | | | 9,961 |
| Compost Bins | 1,459 | 1,930 | 2,860 | 2,860 |
| Recycling Bins/Lids | 1,047 | 1,199 | 1,080 | 1,080 |
| Drop off day | 37,842 | 44,828 | 42,910 | 45,870 |
| Miscellaneous Revenue | 331 | - | | |
| Brush Fees | 2,439 | 1,515 | 6,000 (1) | - |
| Sale of Recycled Paper | 19,524 | 5,941 | - | - |
| | <u>\$ 1,358,093</u> | <u>\$ 1,389,595</u> | <u>\$ 1,421,584</u> | <u>\$ 1,481,392</u> |

OPERATING EXPENSES

| | FY17 Actual | FY18 Actual | FY19 Budget | FY20 Proposed |
|------------------------------------|------------------------|------------------------|------------------------|--------------------------|
| Curbside Program | | | | |
| Personnel Services | \$ 95,992 | \$ 97,122 | \$ 101,017 | \$ 103,491 |
| Curbside Collection Contract | 692,799 | 728,638 | 857,576 | 899,414 |
| Contracted Disposal Services | 201,261 | 208,343 | 201,461 | 208,880 |
| Recycling Processing Fees | 18,546 | 27,174 | 18,400 | 20,856 |
| Fuel Adjustment Expense | - | - | (2,280) | - |
| Purchased Services | 40,530 | 28,000 | 40,913 | 35,597 |
| Supplies and Materials | 13,722 | 9,262 | 9,628 | 9,653 |
| Other Charges and Expenses | 1,162 | 1,575 | 2,410 | 2,855 |
| Capital Outlay | - | - | - | - |
| General Fund Services | 136,721 | 138,923 | 145,491 (1) | 153,865 |
| Subtotal - Curbside Program | <u>\$ 1,200,734</u> | <u>\$ 1,239,038</u> | <u>\$ 1,374,616</u> | <u>1,434,611</u> |
| Oversized waste disposal | | | | |
| Drop-off Program | | | | |
| Personnel Services | \$ 3,898 | \$ 6,037 | \$ 4,780 | 7,740 |
| Oversized waste collection | - | - | 4,680 | 4,680 |
| Oversized waste disposal | 9,959 | 11,255 | 5,208 | 5,208 |
| Recyclable Materials processing | 19,688 | 19,887 | 24,842 | 24,842 |
| Purchased Services & Supplies | 2,217 | 3,404 | 3,400 | 3,400 |
| Subtotal - Drop-off Program | <u>\$ 35,762</u> | <u>\$ 40,582</u> | <u>\$ 42,910</u> | <u>45,870</u> |
| Composting Site Program | | | | |
| General Fund Services | 5,000 | 5,000 | 5,000 (1) | - |
| Subtotal - Composting Site | <u>\$ 5,000</u> | <u>\$ 5,000</u> | <u>\$ 5,000</u> | <u>-</u> |
| Total Operating Expenses | <u>\$ 1,241,496</u> | <u>\$ 1,284,620</u> | <u>\$ 1,422,526</u> | <u>\$ 1,480,481</u> |

(1) It is anticipated that residents will not be charged brush fees in FY20. As such, the corresponding contribution to Highway for maintenance activities at the Site has been reduced to \$2,500 in FY20 and is included in the Curbside Program General Fund Services total.

Solid Waste Fund

Revenues and Expenditures

AUTHORIZED POSITIONS

| <u>Code</u> | <u>Position Title</u> | <u>Grade</u> | <u>FY19 Budget</u> | | <u>FY20 Proposed</u> | |
|------------------------------------|-----------------------|--------------|--------------------|-------------------|----------------------|-------------------|
| | | | <u>Hours</u> | <u>\$ Amount</u> | <u>Hours</u> | <u>\$ Amount</u> |
| Curbside Collection Program | | | | | | |
| 5111 | Regular Time MP-4 | | 1.0 FTE | \$ 99,217 | 1.0 FTE | \$ 101,691 |
| | Regular Time ACL-4 | | 0.5 FTE | (1) | (1) | |
| 5120 | Temporary Status | | | 228 | | 228 |
| 5178 | Medicare Tax | | | 1,572 | | 1,572 |
| | | | | <u>\$ 101,017</u> | | <u>\$ 103,491</u> |
| Drop-off Program | | | | | | |
| 5130 | Overtime | | 100 | 2,800 | 90 | 4,500 |
| 5131 | Police Overtime | | 40 | 1,980 | 90 | 3,240 |
| | | | | <u>\$ 4,780</u> | | <u>\$ 7,740</u> |

(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.

GENERAL FUND SERVICES

| | <u>FY17</u> | <u>FY18</u> | <u>FY19</u> | <u>FY20</u> |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Proposed</u> |
| Management Services | | | | |
| CPW Administration | \$ 74,954 | \$ 77,610 | \$ 80,358 | \$ 80,738 |
| Highway/Keyes Road | 11,709 | 9,964 | 9,895 | 7,406 |
| | <u>86,663</u> | <u>87,574</u> | <u>90,253</u> | <u>88,144</u> |
| Town Manager | 5,748 | 5,950 | 6,268 | 5,980 |
| Financial & Administrative Services | | | | |
| Town Accountant/Audit | 4,984 | 5,216 | 5,443 | 5,500 |
| Treasurer Collector/Finance | 41,729 | 42,369 | 44,337 | 45,000 |
| Human Resources | 1,426 | 1,560 | 2,888 | 3,000 |
| Town House | 1,171 | 1,254 | 1,302 | 1,350 |
| | <u>55,058</u> | <u>56,349</u> | <u>60,238</u> | <u>60,830</u> |
| Salary Reserve | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,891</u> |
| | <u>\$ 141,721</u> | <u>\$ 143,923</u> | <u>\$ 150,491</u> | <u>\$ 153,865</u> |
| Curbside Collection Program | \$ 136,721 | \$ 138,923 | \$ 145,491 | \$ 153,865 |
| Composting Site Program | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ - |

NET INCOME

| | FY17 Actual | FY18 Actual | FY19 Budget | FY20 Proposed |
|---------------------------------|------------------------|------------------------|------------------------|--------------------------|
| Statement of Net Income: | | | | |
| Operating Revenues | \$ 1,358,093 | \$ 1,389,595 | \$ 1,421,584 | \$ 1,481,392 |
| Operating Expenses | <u>(1,241,497)</u> | <u>(1,284,620)</u> | <u>(1,422,526)</u> | <u>(1,480,481)</u> |
| Operating Income | 116,597 | 104,975 | (942) | 911 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Income from Operations | 116,597 | 104,975 | (942) | 911 |
| Other Adjustments | | | | - |
| Net Income | <u>\$ 116,597</u> | <u>\$ 104,975</u> | <u>\$ (942)</u> | <u>\$ 911</u> |

STATEMENT OF FUND BALANCE

| | FY17 Actual | FY18 Actual | FY19 Budget | FY20 Proposed |
|-----------------------------------|------------------------|------------------------|------------------------|--------------------------|
| From operating activities: | \$ 116,597 | \$ 104,975 | \$ (942) | \$ 911 |
| Capital expenditures: | - | - | - | - |
| Other adjustments: | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net increase (decrease) | 116,597 | 104,975 | (942) | 911 |
| Beginning Fund Balance | 317,825 | 434,422 | 539,398 | 538,456 |
| Ending Fund Balance | 434,422 | 539,398 | 538,456 | 539,367 |

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 5, 2018 DropOff–SwapOff attracted 945 households. The October 13, 2018 DropOff (the SwapOff was cancelled due to rain) was attended by 865 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 4, 2019.

Business Recycling

Concord Public Works contracts 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 provide an opportunity for Concord businesses to properly dispose of old computers, printers, fax machines, other electronics, and fluorescent light bulbs. In 2018, 1.77 tons of electronics and 6,096 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 Household Hazardous Products 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. Seventy-four curbside subscribers visited the site in 2018 along with thirteen non-curbside subscribers who paid the vendor directly.

Additionally, Concord Public Works hosted a hazardous waste collection for residents and businesses on Wednesday, September 24, 2018. The event was well attended. There were 230 vehicles participating, representing 212 curbside program subscribers, 12 non-curbside program subscribers, 4 municipal sites and 2 businesses.

Paint Shed / Compost Site

The Paint Shed is open on Saturdays and Wednesdays, April – October. During the 2018 season, 492 residents dropped off paint and 177 residents picked up paint for reuse. Concord residents are permitted to drop off yard waste and brush at the Compost Site at no charge. The Compost Site is open Saturdays and Wednesdays from April through mid-December as well as additional days in January for Christmas tree disposal. Residents can pick up compost free of charge.

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. The Beede Center are deeply committed to serving the fitness needs and interests of our community, across all ages and abilities.

Beede Center Budget Contents

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Beede Center Highlights

- In FY20, the Beede Center is projected to end the year with a slightly positive net income.
- As of June 30, 2018, the Beede Center had an Unrestricted Fund Balance of \$2,503,541 according to the FY18 audited financial report.
- The FY20 Proposed budget projects a Unrestricted Fund Balance of \$3,114,749 at the end of the fiscal year.
- It is estimated that the School Department's use for programs and teams costs the Beede Center \$114,400 per year based on actual usage trends and facility areas occupied by the student body.
- Concord Recreation provides \$20,000 per year in assistance to help those in need with membership fees and other program related expenses.

Expenditure Summary

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---------------------------|--------------|--------------|--------------|---------------|
| Operating Income | \$ (269,213) | \$ 20,919 | \$ (72,699) | \$ (118,594) |
| Net Income | \$ (241,876) | \$ 69,989 | \$ 2,281 | \$ 398 |
| Unrestricted Fund Balance | \$ 2,580,378 | \$ 2,503,541 | \$ 2,835,750 | \$ 3,114,749 |

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.

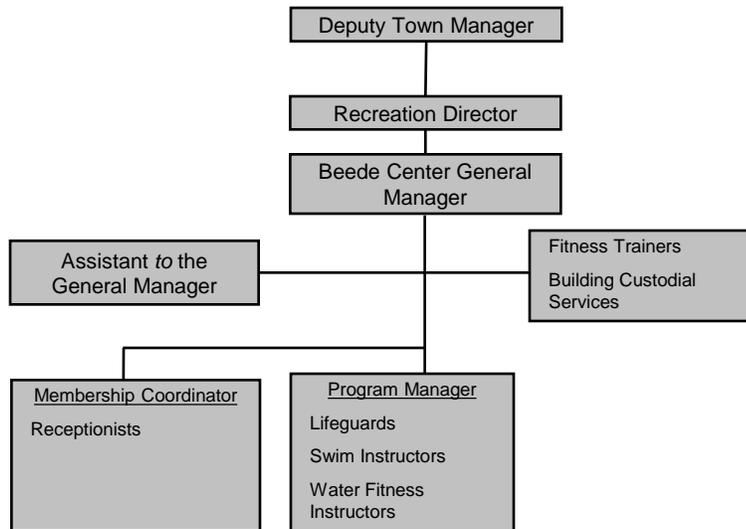
There are two 1,600-square-foot fitness rooms; one for weight training and one for cardiovascular exercise. In addition, the facility includes men's and women's locker/shower rooms, family changing rooms, and staff office space.

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

The Beede Center opened on April 18, 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 FY18 with a positive operating income of \$20,919 and a positive net income of \$69,989. As a result, the Beede Center's Unrestricted Fund Balance was \$2,503,541 at the end of FY18. This reserve exists to provide a buffer for the Beede Center in case of economic downturns so it does not have to sacrifice its service quality, issue sharp fee increases, or deviate from its long-term plans.

In FY20, the Beede Center is projected to finish the year slightly in the black through marketing efforts to attract new members and cost-conscious measures sensitive to expenditure levels. The project net income should be \$398 at the end of FY20. The FY20 Fund Balance is projected to be \$4,231,580.

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 \$378,601. Membership rates have not increased from 2016, and in March of 2017 the Beede Center introduced new membership plans. These plans included monthly recurring memberships and a 10-visit pass. All memberships now include swim and fitness access, non-resident rates have been eliminated, and the joining fee has been reduced from \$199 to \$99.

The Beede Center is committed to providing a first-class swim and fitness experience. With sound management, the Beede Center continues to provide its members with excellent services while not compromising on its long-term financial stability or being dependent on taxpayer support.

Programs and Fees:

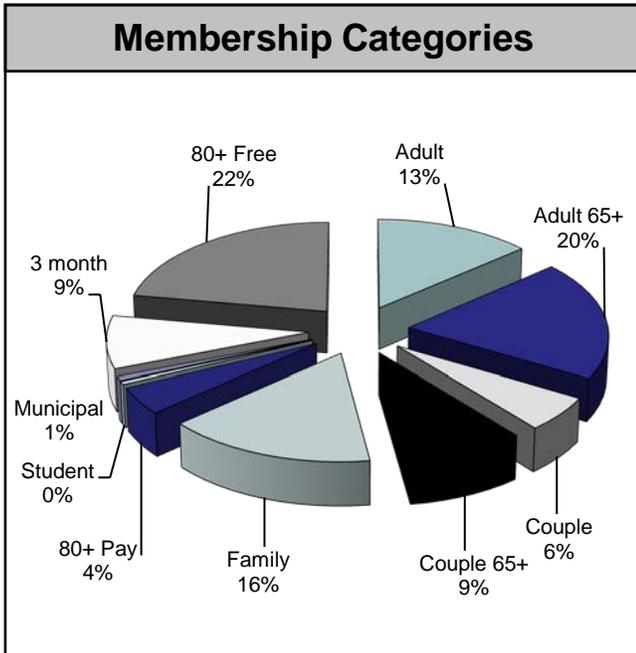
To compliment its swim and fitness offerings, the Beede Center offers personal training, various water fitness and swim lessons. All of these programs are available to the general public and are offered at a discounted fee to members.

In Fiscal Year 2019, 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. 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

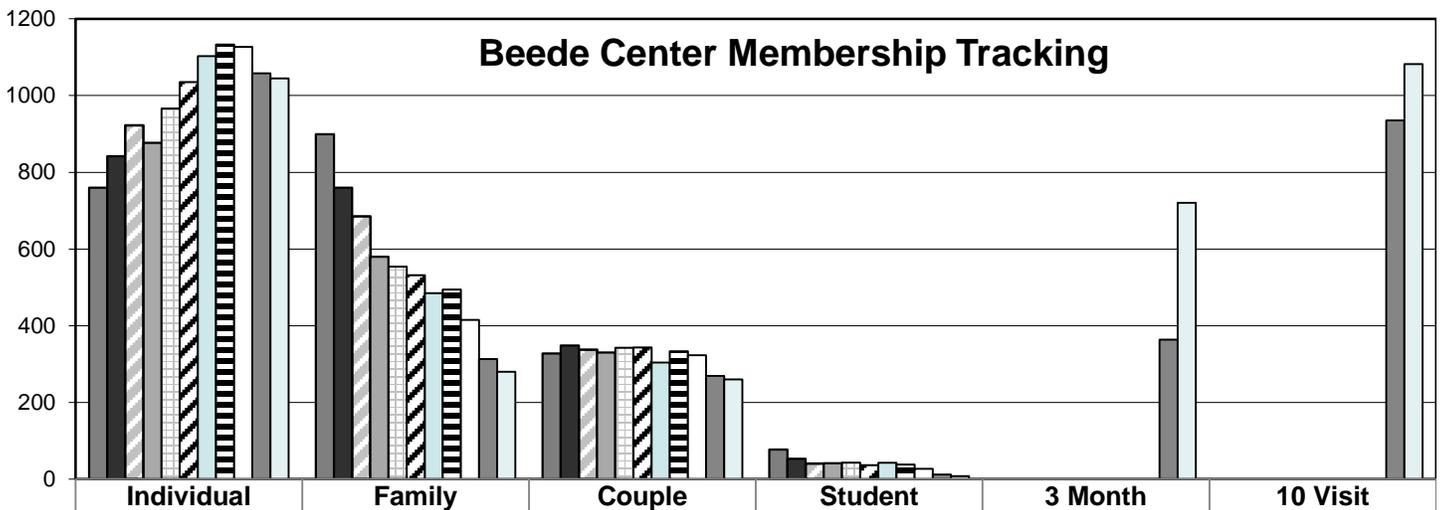
Please note that there is a difference between *members* and *memberships* – memberships often result in multiple members (i.e., one family membership could result in 2, 3, 4, 5, or more resulting new members).



Membership Trends

Membership has seen a slight decrease 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 passes made available in March 2017.

- The major trend in membership has been the reduction in Family Memberships, which has dropped by 33 in the past year.
- The community had been asking for short-term membership options. The Beede Center now offers a 3-month membership and a 10-visit pass. In FY18, 720 3-Month Memberships were purchased and 1,082 10-visit passes were purchased.



| | 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 |
| 2018 | 1045 | 280 | 260 | 8 | 720 | 1082 |

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 2020 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.

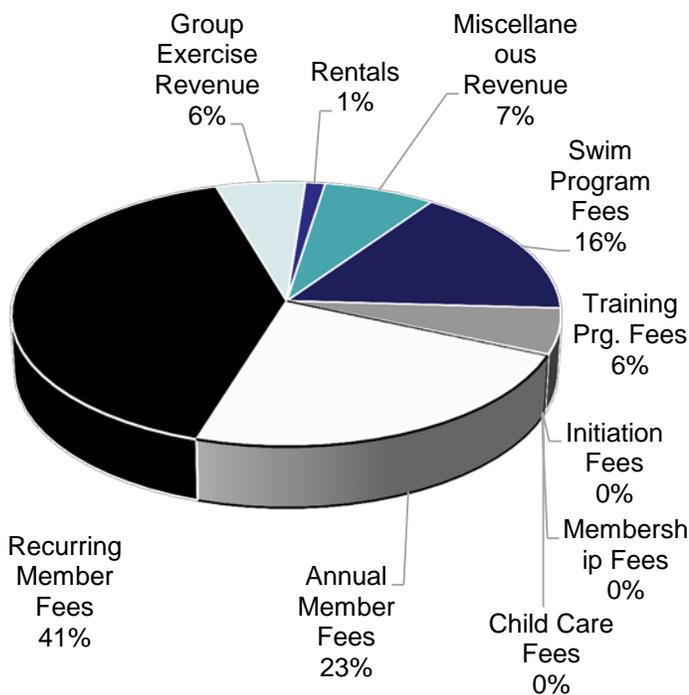
Program Implementation

The vast majority of the Beede Center’s operating revenues come from Membership Fees (\$1,502,000 or 64% 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.

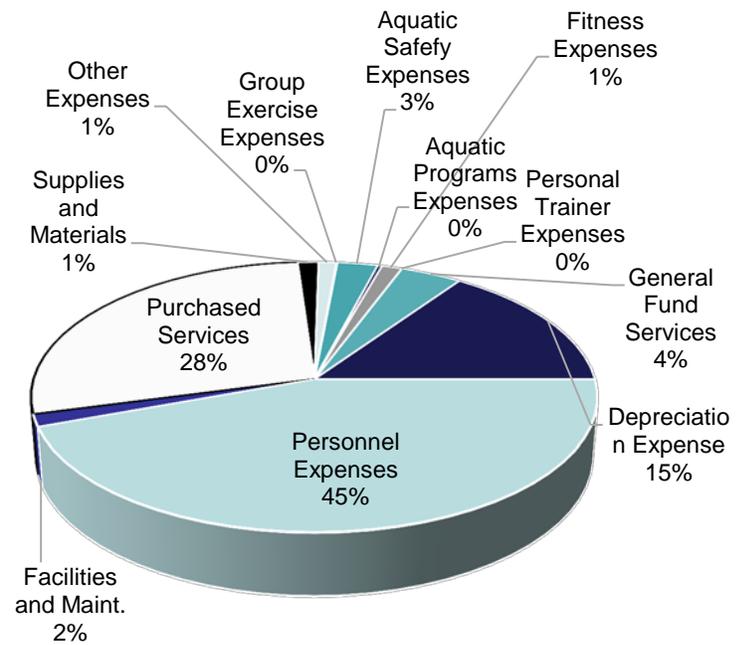
The three expense categories of greatest magnitude are Personnel Services, Facilities and Maintenance, and Depreciation Expense. Personnel Services are budgeted to total \$1,097,906 in FY20.

Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Beede Center. Facility and equipment depreciation expense totals \$378,601 in the FY20 budget and is placed in the Beede Center’s fund balance.

FY20 Operating Revenues
(Totaling \$2,353,000)



FY20 Operating Expenditures
(Totaling \$2,471,594)



Operating Results:

The FY20 proposed budget’s operating expenditures that are \$118,594 *greater than* operating revenues. This results in an operating loss for the year.

This operating loss is offset by the estimated \$118,992 of investment income, and this results in an estimated net income of a positive \$398 for FY20.

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 is projected to have positive Net Income, it has built-up an adequate financial reserve (over \$2.50 million at the end of FY18) to bridge times of negative operating results. Negative net income results are always carefully watched.

OPERATING REVENUES (\$)

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Initiation Fees | \$ 28,661 | \$ 8,445 | \$ 12,500 | \$ 5,000 |
| Membership Fees | 1,508,529 | 1,511,804 | - | - |
| Annual Membership Fees | - | - | 910,000 | 546,000 |
| Recurring Membership Fees | 108,764 | - | 450,000 | 956,000 |
| Group Exercise Revenue | - | 119,835 | 136,000 | 136,000 |
| Rentals | 23,734 | 28,207 | 30,000 | 30,000 |
| Miscellaneous Revenue | 124,378 | 147,867 | 115,000 | 170,000 |
| Swim Program Fees | 378,136 | 344,165 | 365,000 | 380,000 |
| Fitness & Personal Training Prg. Fees | 163,926 | 127,663 | 114,000 | 130,000 |
| Child Care Fees | 117 | 35 | - | - |
| Operating Revenues Total | \$ 2,336,245 | \$ 2,288,021 | \$ 2,132,500 | \$ 2,353,000 |

OPERATING EXPENSES (\$)

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Personnel Services</u> | | | | |
| Personnel Expenses | \$ 1,070,295 | \$ 1,036,064 | \$ 984,089 | \$ 1,097,906 |
| Accrued Employee Benefits | - | - | - | - |
| Audit Adjustment | 191,244 | (185,144) | - | - |
| Subtotal | \$ 1,261,539 | \$ 850,920 | \$ 984,089 | \$ 1,097,906 |
| <u>General Purpose</u> | | | | |
| Facilities and Maintenance | 136,705 | 32,459 | 55,815 | 36,213 |
| Purchased Services | 737,125 | 710,112 | 614,792 | 692,974 |
| Supplies and Materials | 81,324 | 79,475 | 28,738 | 33,200 |
| Other Expenses | 18,124 | 14,212 | 28,998 | 28,384 |
| Audit Adjustment | (103,201) | 137,110 | - | - |
| Subtotal | 870,077 | 973,368 | 728,343 | 790,771 |
| <u>Program</u> | | | | |
| Group Exercise Expenses | - | - | - | 1,700 |
| Aquatic Safety Management Expenses | - | - | 26,921 | 64,333 |
| Aquatic Programs Expenses | - | - | 7,161 | 7,000 |
| Fitness Management Expenses | - | - | 11,409 | 32,333 |
| Personal Trainer Expenses | - | - | 590 | 600 |
| Subtotal | \$ - | \$ - | \$ 46,081 | \$ 105,966 |
| <u>General Fund Services</u> | | | | |
| Town Manager | 9,765 | 11,137 | 9,765 | 9,991 |
| Human Resources | 29,047 | 24,923 | 28,328 | 29,081 |
| Facilities Management | - | - | - | 16,702 |
| Finance Administration | 9,705 | 9,772 | 11,246 | 11,513 |
| Treasury | 20,044 | 20,374 | 19,529 | 19,737 |
| Accounting | 10,480 | 10,809 | 10,910 | 11,326 |
| Recreation Administration | 10,033 | 10,033 | - | - |
| Audit Adjustment | (3,408) | (16,010) | - | - |
| Subtotal | \$ 85,666 | \$ 71,038 | \$ 79,778 | \$ 98,350 |
| <u>Depreciation Expense</u> | | | | |
| Depreciation Expense | 388,176 | 371,776 | 366,908 | 378,601 |
| Subtotal | \$ 388,176 | \$ 371,776 | \$ 366,908 | \$ 378,601 |
| Total Operating Expense | \$ 2,605,458 | \$ 2,267,102 | \$ 2,205,199 | \$ 2,471,594 |

AUTHORIZED POSITIONS (\$)

| | FY19 Revised | | FY20 Proposed | |
|----------------------------------|-------------------|-------------------|-------------------|---------------------|
| | Positions/Hours | \$ Amount | Positions/Hours | \$ Amount |
| 5111 | | | | |
| General Manager | 1.00 | \$ 90,000 | 1.00 | \$ 94,500 |
| Assistant to the General Manager | 1.00 | 67,400 | 1.00 | 70,770 |
| Beede Program Manager | 1.00 | 62,000 | 1.00 | 65,100 |
| Senior Department Clerk | 1.00 | 58,349 | 0.00 | - |
| Membership Coordinator | 0.00 | - | 1.00 | 61,951 |
| Swim and Fitness Specialists | 5.00 | 176,366 | 2.50 | 120,126 |
| Head Lifeguard | 0.00 | - | 1.00 | 50,733 |
| Subtotal | 9.00 FTEs | \$ 454,115 | 7.50 FTEs | \$ 463,180 |
| 5112 | | | | |
| Recreation Clerk | 0.65 | 38,783 | 0.65 | 32,511 |
| Fitness & Personnel Trainer | 0.00 | - | 0.75 | 31,269 |
| Subtotal | 0.65 FTEs | \$ 38,783 | 1.40 FTEs | \$ 63,780 |
| 5115 | | | | |
| Lifeguards | 5584 hrs. | 78,181 | 7067 hrs. | 106,000 |
| Receptionists | 5033 hrs. | 80,524 | 5980 hrs. | 83,720 |
| Group Exercise | 0 hrs. | - | 1444 hrs. | 65,000 |
| Fitness Trainers | 5264 hrs. | 131,596 | 3428 hrs. | 80,500 |
| Swim Programming | 4845 hrs. | 96,899 | 5000 hrs. | 100,000 |
| Subtotal | 9.93 FTEs | \$ 387,200 | 10.98 FTEs | \$ 435,220 |
| Employee Benefits | | | | |
| Health Insurance | N/A | 15,175 | N/A | 33,465 |
| Life Insurance | N/A | - | N/A | - |
| Dental Insurance | N/A | - | N/A | - |
| OPEB | N/A | - | N/A | - |
| Retirement Contribution | N/A | 53,825 | N/A | 66,053 |
| Subtotal | N/A | \$ 69,000 | N/A | \$ 99,518 |
| Payroll Taxes | | | | |
| Medicare Tax | N/A | 10,634 | N/A | 12,196 |
| Social Security Contribution | N/A | 17,611 | N/A | 19,313 |
| Subtotal | N/A | \$ 28,245 | N/A | \$ 31,509 |
| Other Personnel Costs | | | | |
| Overtime | N/A | 6,747 | N/A | 4,700 |
| Unemployment Compensation | N/A | - | N/A | - |
| Car Allowance | N/A | - | N/A | - |
| Salary Reserve | N/A | - | N/A | - |
| Subtotal | N/A | \$ 6,747 | N/A | \$ 4,700 |
| Total Personnel Costs | 19.58 FTEs | \$ 984,089 | 19.88 FTEs | \$ 1,097,906 |

NET INCOME (\$)

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---|---------------------|------------------|--------------------|---------------------|
| Statement of Net Income: | | | | |
| Operating Revenues | \$ 2,336,245 | \$ 2,288,021 | \$ 2,132,500 | \$ 2,353,000 |
| Less Operating Expenses | (2,605,458) | (2,267,102) | (2,205,199) | (2,471,594) |
| Operating Income | \$ (269,213) | \$ 20,919 | \$ (72,699) | \$ (118,594) |
| Nonoperating Revenues (Expenses) | | | | |
| Add Investment Income | \$ 27,337 | \$ 49,070 | \$ 74,980 | \$ 118,992 |
| Add Sawyer Trust Contribution | - | - | - | - |
| Add Beede Endowment | - | - | - | - |
| Nonoperating Income | \$ 27,337 | \$ 49,070 | \$ 74,980 | \$ 118,992 |
| Net Income | \$ (241,876) | \$ 69,989 | \$ 2,281 | \$ 398 |

AVAILABLE RESOURCES (\$)

| Resources Available from Current Operations for Replacement & Renewal of Facility: | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
| Capital Purposes | | | | |
| Add Depreciation Expense | \$ 388,176 | \$ 371,776 | \$ 366,908 | \$ 378,601 |
| Add Net Income | (241,876) | 69,989 | 2,281 | 398 |
| Net Available for Capital | \$ 146,300 | \$ 441,765 | \$ 369,189 | \$ 378,999 |

CASH POSITION AND FORECAST

| | FY19 | | FY20 | |
|---|---------------------|----------|---------------------|-----------|
| | Credits | Debits | Credits | Debits |
| Cash at Year Opening | | | | |
| Cash on July 1st | \$ 3,620,372 | | \$ 3,952,581 | |
| Add Assets | 109,162 | | 109,162 | |
| Less Liabilities | (1,225,993) | | (1,225,993) | |
| Fund Balance on July 1st | \$ 2,503,541 | | \$ 2,835,750 | |
| Fund Balance Details (projected) | | | | |
| Fund Balance as of July 1st | 2,503,541 | | 2,872,730 | (36,980) |
| Net Income | 2,281 | | 398 | |
| Capital Outlay (non-borrowing) | | (36,980) | | (100,000) |
| Add Depreciation Expense | 366,908 | | 378,601 | |
| Balance Projected at June 30th | 2,872,730 | (36,980) | 3,251,729 | (136,980) |
| Fund Balance on June 30th | \$ 2,835,750 | | \$ 3,114,749 | |
| Cash at Year End (projected) | | | | |
| Fund Balance on June 30th | 2,835,750 | | 3,114,749 | |
| Add Cash as Unearned Revenue | (109,162) | | (109,162) | |
| Add Cash Held for Liabilities | 1,225,993 | | 1,225,993 | |
| Projected Cash at June 30th | \$ 3,952,581 | | \$ 4,231,580 | |

PROGRAM NET INCOME

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---|-------------------|-------------------|---------------------|---------------------|
| <i>Group Fitness Program</i> | | | | |
| Statement of Net Income: | | | | |
| Operating Revenues | \$ - | \$ 119,835 | \$ 136,000 | \$ 136,000 |
| Less Operating Expenses | - | 70,018 | 60,755 | 74,896 |
| Operating Income | \$ - | \$ 49,817 | \$ 75,245 | \$ 61,104 |
| <i>Acquatic Safety Management Program</i> | | | | |
| Statement of Net Income: | | | | |
| Operating Revenues | \$ - | \$ - | \$ - | \$ - |
| Less Operating Expenses | - | - | 143,810 | 222,066 |
| Operating Income | \$ - | \$ - | \$ (143,810) | \$ (222,066) |
| <i>Acquatic Programs</i> | | | | |
| Statement of Net Income: | | | | |
| Operating Revenues | \$ 378,136 | \$ 344,165 | \$ 365,000 | \$ 380,000 |
| Less Operating Expenses | - | - | 109,951 | 113,000 |
| Operating Income | \$ 378,136 | \$ 344,165 | \$ 255,049 | \$ 267,000 |
| <i>Fitness Management Programs</i> | | | | |
| Statement of Net Income: | | | | |
| Operating Revenues | \$ - | \$ - | \$ - | \$ - |
| Less Operating Expenses | - | - | 145,460 | 124,238 |
| Operating Income | \$ - | \$ - | \$ (145,460) | \$ (124,238) |
| <i>Personal Trainer Programs</i> | | | | |
| Statement of Net Income: | | | | |
| Operating Revenues | \$ 163,926 | \$ 127,663 | \$ 114,000 | \$ 130,000 |
| Less Operating Expenses | - | - | 99,945 | 133,594 |
| Operating Income | \$ 163,926 | \$ 127,663 | \$ 14,055 | \$ (3,594) |
| Net Income: | \$ 542,062 | \$ 521,644 | \$ 55,079 | \$ (21,793) |

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 fourteen 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:

Building Improvements (Primary Facility): The Beede Center is proposing to fund \$40,000 of building related improvement projects to the Primary Facility.

Roof Top HVAC Units: The Beede Center is proposing to fund \$225,000 with the assistance of the Sawyer Trust/Beede Endowment (\$170,000) and Article 21 of the ATM 2018 (\$55,000) to replace the building's aging HVAC units and increase energy efficiency.

Misc. Equipment (Pool Facility): The Beede Center is proposing to fund \$20,000 of Pool Facility related equipment to ensure the maintenance of current services and usage.

Fitness Equipment II (Ellipticals): The Beede Center is proposing to fund \$40,000 of Fitness Equipment for the replacement of elliptical machines during FY20.

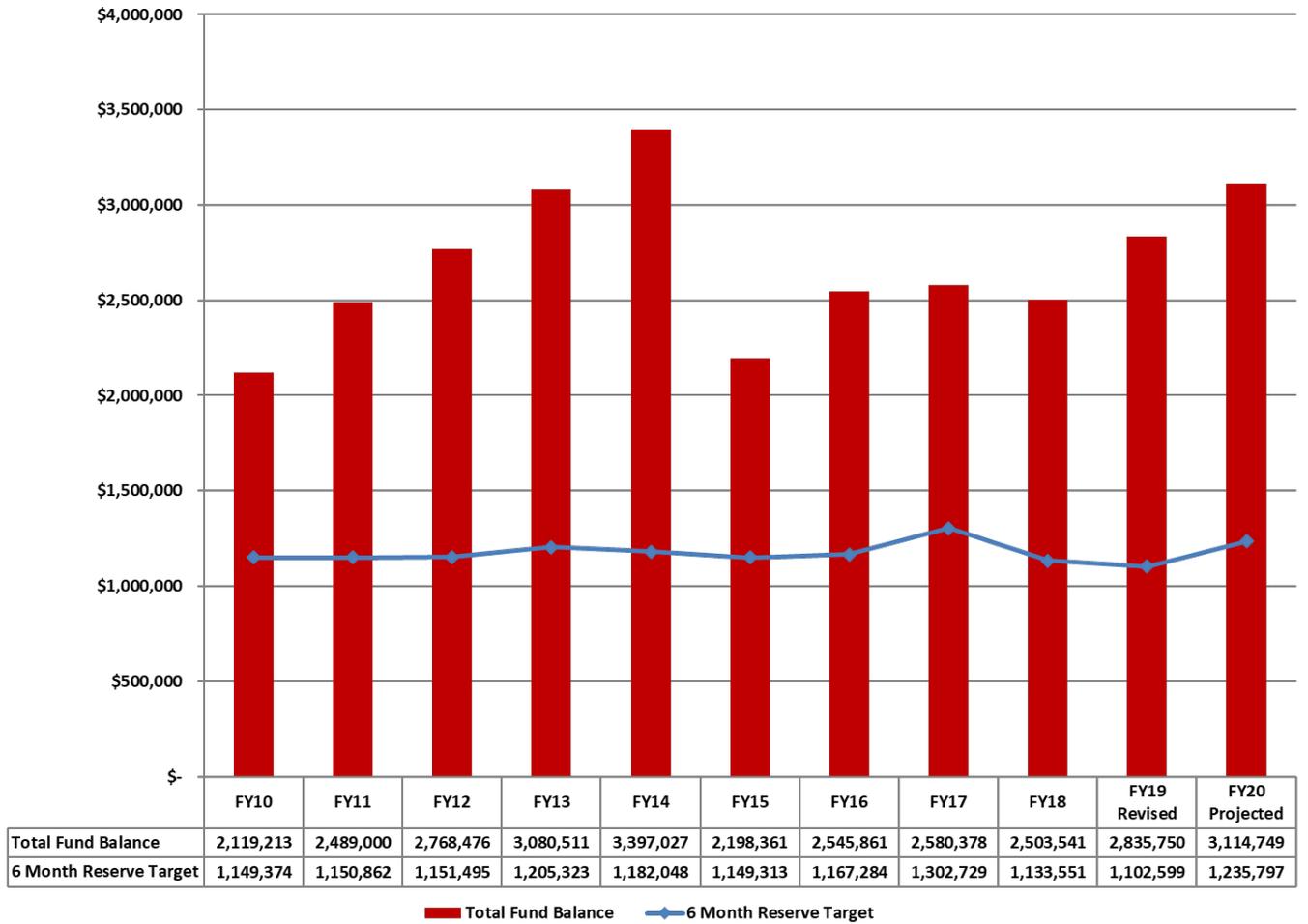
Swim and Fitness Fund

Capital Spending

| Beebe Swim and Fitness Center | | | | | | | | | |
|--|-------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Capital Program | | | | | | | | | |
| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed | FY21 | FY22 | FY23 | FY24 | Total FY20-24 |
| Primary Facility | | | | | | | | | |
| Building Improvements | 62,877 | 19,956 | - | 40,000 | 30,000 | 30,000 | 30,000 | 30,000 | 160,000 |
| Fitness Rooms Flooring | - | - | 36,980 | - | - | - | - | - | - |
| Dehumidification System | - | - | - | - | - | - | - | - | - |
| VFD Motors | - | - | - | - | - | - | - | - | - |
| Roof Top HVAC Units | - | - | - | 225,000 | - | - | - | - | 225,000 |
| Sound System | - | - | - | - | - | - | - | - | - |
| Parking System | - | - | - | - | - | - | - | 10,000 | 10,000 |
| Parking Lighting | - | - | - | - | - | - | - | - | - |
| Parking Lot Replacement | - | - | - | - | - | - | - | 300,000 | 300,000 |
| FCR Doors & Frames | - | - | - | - | - | - | - | - | - |
| Misc. Equipment | - | - | - | - | 10,000 | 10,000 | 10,000 | 10,000 | 40,000 |
| Subtotal | \$ 62,877 | \$ 19,956 | \$ 36,980 | \$ 265,000 | \$ 40,000 | \$ 40,000 | \$ 40,000 | \$ 350,000 | \$ 735,000 |
| Pool Facility | | | | | | | | | |
| Deck Repairs | - | - | - | - | - | - | - | 10,000 | 10,000 |
| Pool Filters | - | - | - | - | - | - | - | - | - |
| Diving Stands | - | - | - | - | - | - | - | - | - |
| Diving Boards | - | - | - | - | - | 7,000 | - | - | 7,000 |
| Lap Pool Connectors | - | - | - | - | - | - | - | - | - |
| Misc. Equipment | - | - | - | 20,000 | 20,000 | 35,000 | 35,000 | 35,000 | 145,000 |
| Subtotal | \$ - | \$ - | \$ - | \$ 20,000 | \$ 20,000 | \$ 42,000 | \$ 35,000 | \$ 45,000 | \$ 162,000 |
| Beebe Equipment | | | | | | | | | |
| Sidewalk Plow | - | - | - | - | - | - | - | - | - |
| Fitness Equipment I (treadmills) | - | - | - | - | - | - | - | 60,000 | 60,000 |
| Fitness Equipment II (Ellipticals) | 48,907 | - | - | 40,000 | - | - | 60,000 | - | 100,000 |
| Fitness Equipment III (Strength Machines) | - | - | - | - | 60,000 | - | - | - | 60,000 |
| Fitness Equipment IV (Stationary Bikes) | - | - | - | - | - | 60,000 | 60,000 | - | 120,000 |
| Fitness Equipment V (Miscellaneous) | - | - | - | - | 10,000 | - | 10,000 | 10,000 | 30,000 |
| Audit Adjustment | - | - | - | - | - | - | - | - | - |
| Subtotal | \$ 48,907 | \$ - | \$ - | \$ 40,000 | \$ 70,000 | \$ 60,000 | \$ 130,000 | \$ 70,000 | \$ 370,000 |
| Total Capital | \$ 111,784 | \$ 19,956 | \$ 36,980 | \$ 325,000 | \$ 130,000 | \$ 142,000 | \$ 205,000 | \$ 465,000 | \$ 1,267,000 |
| Beebe Capital Funding | | | | | | | | | |
| Capital Appropriation | 111,784 | 19,956 | 36,980 | 100,000 | 130,000 | 142,000 | 205,000 | 465,000 | 1,042,000 |
| Sawyer Trust/Beebe Endowment | - | - | - | 170,000 | - | - | - | - | 170,000 |
| Article 21 ATM 18 | - | - | - | 55,000 | - | - | - | - | 55,000 |
| Total Capital Funding | \$ 111,784 | \$ 19,956 | \$ 36,980 | \$ 325,000 | \$ 130,000 | \$ 142,000 | \$ 205,000 | \$ 465,000 | \$ 1,267,000 |

FY20 Appropriation: Funding for the proposed Roof Top HVAC Units in FY20 is comprised of \$170,000 from the Sawyer Trust/Beebe Endowment and \$55,000 of Article 21 of the 2018 ATM for a combined total of \$225,000. An additional \$100,000 is proposed for other capital projects including \$40,000 in building maintenance, \$20,000 of Misc. Equipment for the Pool Facility, and \$40,000 in Fitness Equipment (Ellipticals).

**Beede Center
Total Fund Balance vs 6 Month Reserve Target**





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Section VIII

Recreation Fund

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Mission Statement

Supporting and promoting community, wellness, and play.

Core Values

- Dedicated
- Innovative
- Inclusive
- Fun

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 and program improvements efforts throughout the year.

- FY20 Projected Revenue: \$2,111,000
- FY20 Projected Expenses: \$2,227,855
- FY18 Recreation Fund Balance: \$1,117,159

Recreation Budget Contents

| | |
|------------------------------|-----------|
| Overview | pp. 1 - 2 |
| Strategic Plan | p. 3 |
| Programs, Features, and Fees | pp. 4-6 |
| Revenues and Expenditures | pp. 7-12 |

Expenditure Summary

| | FY17 Actual | FY18 Actual | FY19 Budget | FY20 Proposed |
|------------------------|--------------|--------------|--------------|---------------|
| Operating Revenue | \$ 1,986,379 | \$ 1,954,350 | \$ 1,962,423 | \$ 2,111,000 |
| Operating Expense | \$ 1,833,707 | \$ 1,861,966 | \$ 2,068,596 | \$ 2,227,855 |
| Change in Fund Balance | \$ 152,672 | \$ 92,384 | \$ (106,173) | \$ (116,855) |

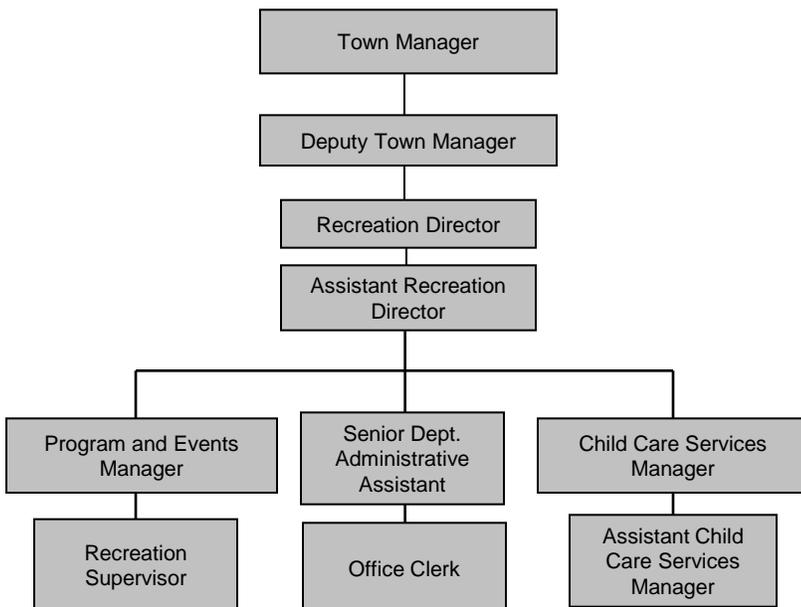
Description:

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 and is now responsible for the operation of the White Pond beach, in addition to offering new programs and special events including the Princess and Super Hero Breakfast, Bike Fest and Specialty Camp Programs.

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.





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, 55 Church Street, and the Ripley Gymnasium. In FY18, the Recreation Department served over 6,000 participants with program revenues totaling \$1,954,350.

Financial Assistance/Scholarship Program and Funding Sources

Concord Recreation strives to assure that all Concord Residents are able to participate in programs, regardless of their ability to pay. During FY18, the Department awarded \$160,000 in financial assistance to those that qualified. To assist in funding this need 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), and the Shamrock Ball (\$11,500), and the Destephano Scholarship Fund (\$10,000). The remaining financial assistance is a reduced cost award in which the Department is not reimbursed for expenses; awards are given in kind.

Facility Improvements and Maintenance

Rideout

- Community Preservation Act funds have been allocated for a new picnic pavilion that was installed in Spring 2018. In addition to the Pavilion, picnic tables were purchased for the facility.

Hunt Recreation Center/Emerson Park

- Glass backboards were installed on Court 1 at the Emerson playground courts, and Court 2 is scheduled to receive installation in Spring 2019.
- New Park entrance signs were installed at the Stow Street entrance near the Hunt Recreation Center and Everett Street entrance. These signs were generously donated by the Picnic in the Park Committee as part of their continuing support of the Recreation Department.
- The pool shed at Emerson Park's outdoor pool was replaced in the fall/winter of 2018. This was done at the cost of materials alone, and it involved a partnership with Minuteman Tec whose students completed the work.
- The Emerson Pool is scheduled for maintenance upgrades in the Spring of 2019. These include a filtration system that includes UV light, tile replacement around the interior walls, and concrete improvements.

55 Church Street

- Recreation offices and programming space has been 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: \$1,117,159 (As of 6/30/18)

Fund Balance Analysis: At its current level, the Recreation Fund Balance covers 54% of FY19'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 and keep 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)

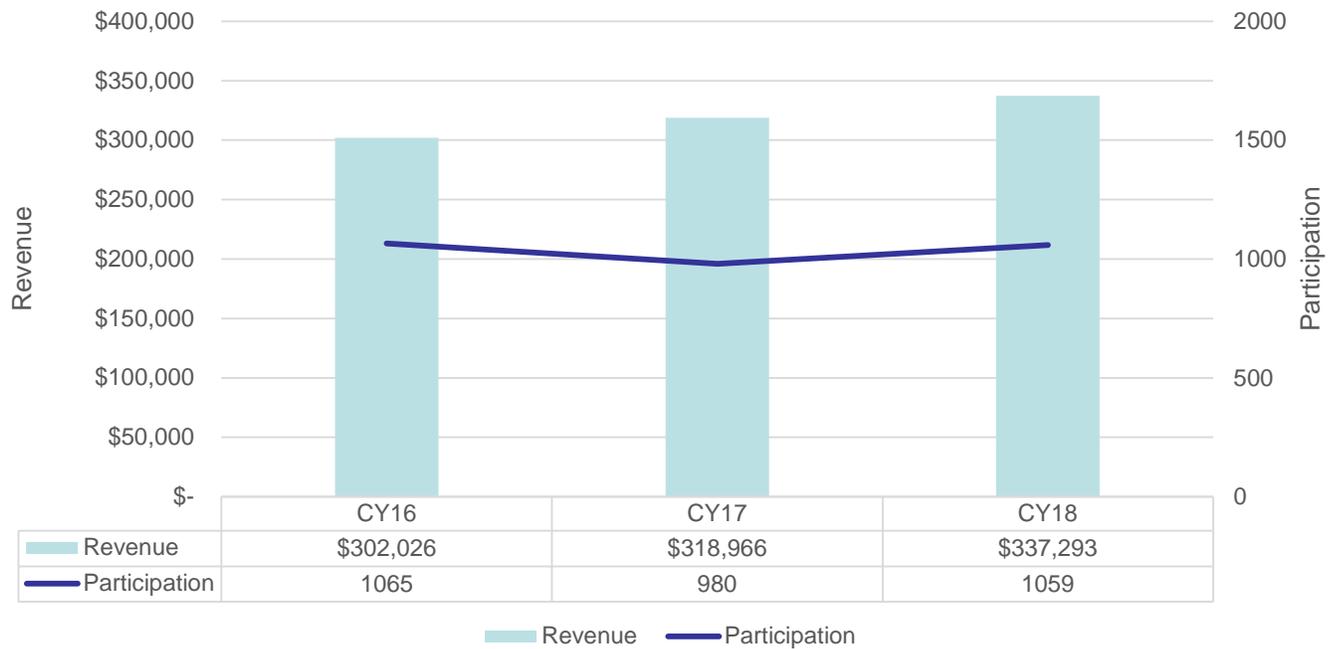
- Develop a Department wide marketing plan to better reach target markets, locally and otherwise.
- Explore ways in which the Department can utilize Concord's previously established outdoor recreation opportunities including a vast amount trails, rivers, and parks.
- Collaborate with field and facility 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.

| Summer Camp Program Highlights | | | | |
|---------------------------------------|---------------|------------|---------------|------------|
| | FY17 | | FY18 | |
| | Participation | Revenue | Participation | Revenue |
| Day Camps | 980 | 318,966 | 1,059 | 337,293 |
| Preschool Adventures & KA | 97 | 24,383 | 129 | 29,626 |
| Workrecreation | 148 | 26,054 | 100 | 24,443 |
| Threater Camps | 67 | 20,906 | 63 | 20,745 |
| Post Camp | 30 | 15,861 | 40 | 14,216 |
| Minuteman Road Race | 210 | 3,555 | 196 | 4,010 |
| | 1,532 | \$ 409,725 | 1,587 | \$ 430,333 |

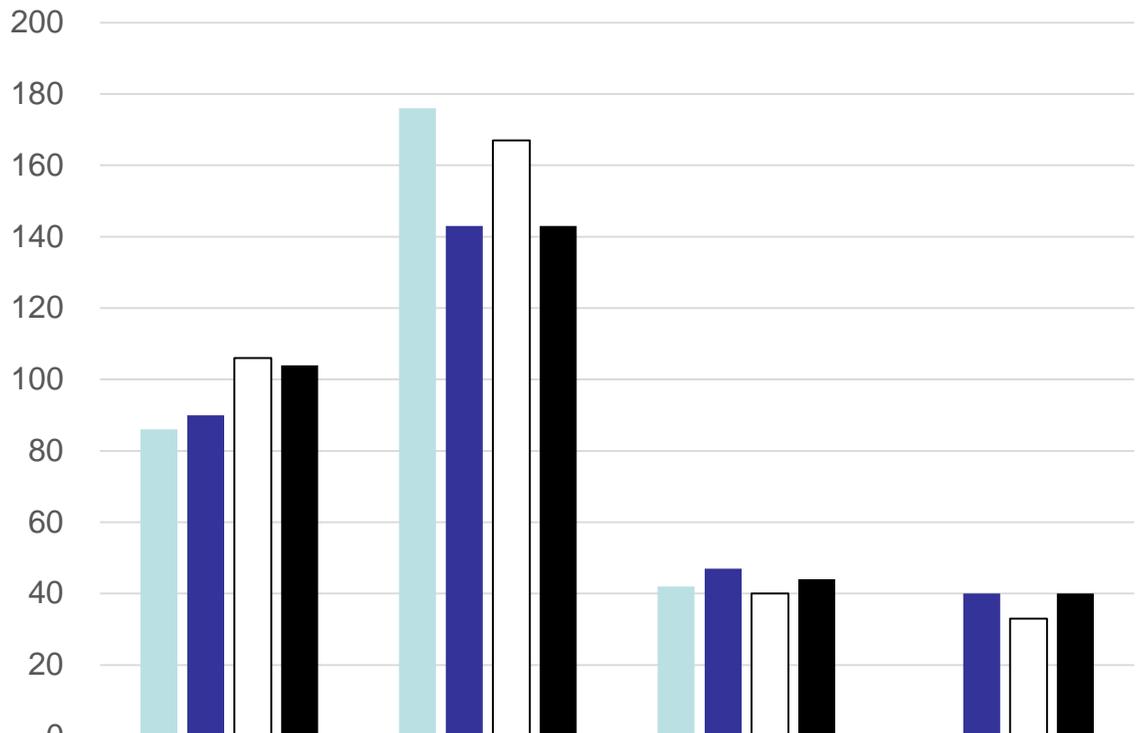
Camp Three Rivers



School Year Programs (Participation & Revenues)

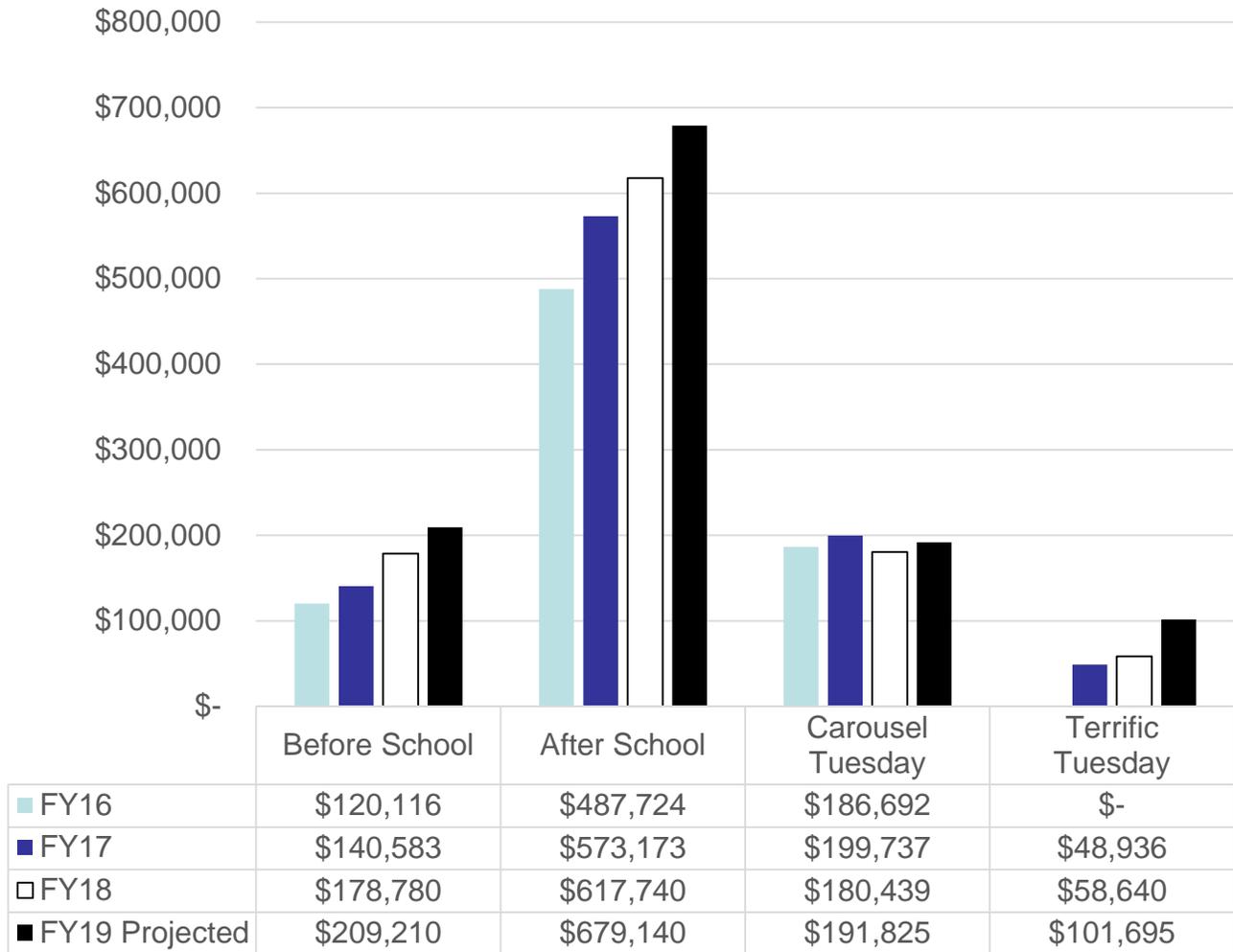
| Program | FY17 | | FY18 | | FY19 Projected | |
|--------------------|---------------|-----------|---------------|-----------|----------------|-----------|
| | Participation | Revenue | Participation | Revenue | Participation | Revenue |
| Before School | 90 | \$140,583 | 106 | \$178,780 | 104 | \$209,210 |
| After School | 143 | \$573,173 | 167 | \$617,740 | 143 | \$679,140 |
| Carousel Preschool | 47 | \$199,737 | 40 | \$180,439 | 44 | \$191,825 |
| Terrific Tuesday | 40 | \$48,936 | 33 | \$58,640 | 40 | \$101,695 |

School Year Participation

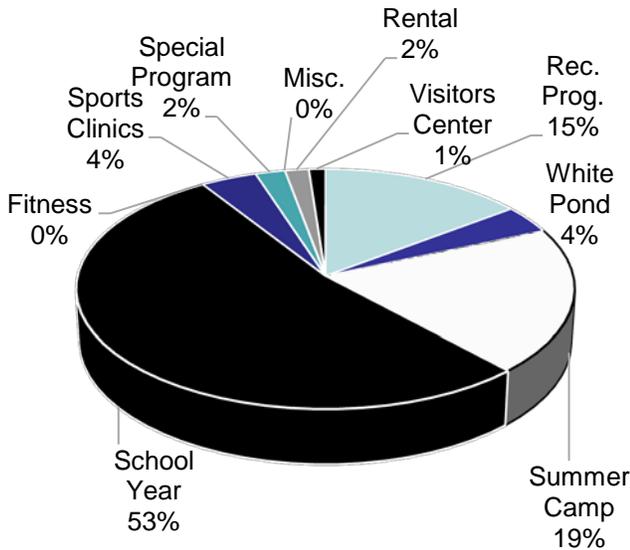


| | Before School | After School | Carousel Tuesday | Terrific Tuesday |
|---------------|---------------|--------------|------------------|------------------|
| FY16 | 86 | 176 | 42 | 0 |
| FY17 | 90 | 143 | 47 | 40 |
| FY18 | 106 | 167 | 40 | 33 |
| FY19 Proposed | 104 | 143 | 44 | 40 |

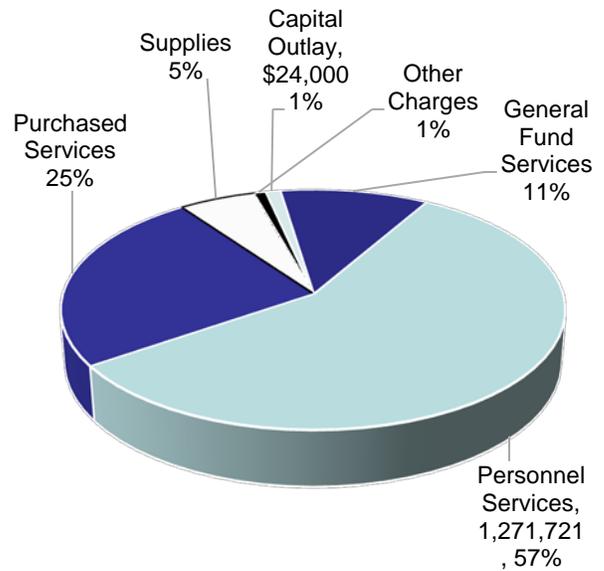
School Year Program Revenue



FY20 Operating Revenues
(Totaling \$2,111,000)



FY20 Operating Expenditures
(Totaling \$2,227,855)



Operating Revenue/Expense Analysis

Operating revenues are projected at \$2,111,000, which is an increase from FY18 actuals. This is due to the transfer of White Pond operations in FY20. The General Fund will support the Recreation Department with \$108,376 for 100% of the salary of the Recreation Director. With operating expenditures are projected at \$2,227,855, there will be a projected loss in operating income. This loss is in accordance with the request from Town’s Auditors who requested that the Town reduce the fund balance.

The largest expense seen within the Recreation Fund is that of Department staff. In FY20, the Department is projected to spend approximately \$1,271,721 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 FY20 Recreation Fund budget shows a projected loss of \$116,855. 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

| | FY17 | FY18 | FY19 | FY20 |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual | Actual | Revised | Proposed |
| Recreation Programs | \$ 327,908 | \$ 303,434 | \$ 273,596 | \$ 310,000 |
| White Pond | - | - | - | 80,000 |
| Summer Camp | 407,355 | 404,357 | 400,625 | 415,000 |
| School Year | 986,476 | 1,085,985 | 1,113,460 | 1,115,000 |
| Fitness | 118,224 | - | - | - |
| Sports Clinics | 45,490 | 80,455 | 74,924 | 85,000 |
| Special Programs | 41,062 | 41,128 | 47,628 | 45,000 |
| Administrative Misc. | - | - | - | - |
| Other/Rental | 26,010 | 16,303 | 31,951 | 36,000 |
| Visitors Center | 33,854 | 22,687 | 20,241 | 25,000 |
| Subtotal | \$ 1,986,379 | \$ 1,954,349 | \$ 1,962,423 | \$ 2,111,000 |
| | | | | - |
| Operating Revenues Total | \$ 1,986,379 | \$ 1,954,350 | \$ 1,962,423 | \$ 2,111,000 |

OPERATING EXPENSES

| | FY17 | FY18 | FY19 | FY20 |
|-----------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual | Actual | Revised | Proposed |
| Personnel Services | \$ 1,182,797 | \$ 1,089,846 | \$ 1,239,521 | \$ 1,271,721 |
| Purchased Services | 442,707 | 473,314 | 446,721 | 550,000 |
| Supplies | 113,004 | 107,732 | 110,846 | 124,500 |
| Other Charges | 4,762 | 9,705 | 14,794 | 18,600 |
| Capital Outlay | 5,883 | 92,306 | 145,854 | 24,000 |
| General Fund Services | 84,555 | 89,063 | 110,860 | 239,034 |
| Subtotal | \$ 1,833,707 | \$ 1,861,966 | \$ 2,068,596 | \$ 2,227,855 |
| Total Expenses | \$ 1,833,707 | \$ 1,861,966 | \$ 2,068,596 | \$ 2,227,855 |

PERSONNEL DETAIL

| | | FY19 Revised | | FY20 Proposed | |
|-------------------------|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | | Positions/Hours | \$ Amount | Positions/Hours | \$ Amount |
| Recreation Staff | | | | | |
| 5111 | Recreation Director | 0.00 | \$ - | 0.00 | \$ - |
| | Asst. Recreation Director | 1.00 | 87,016 | 1.00 | 91,366 |
| | Events & Program Manager | 1.00 | 68,185 | 1.00 | 70,999 |
| | Recreation Supervisor | 0.00 | 62,621 | 0.00 | 69,171 |
| | Childcare Services Manager | 1.00 | 90,746 | 1.00 | 95,263 |
| | Asst. Childcare Services Manager | 1.00 | 66,844 | 1.00 | 68,096 |
| | Sr. Administrative Assistant | 1.00 | 72,415 | 1.00 | 76,055 |
| | Administrative Assistant | 1.00 | 44,687 | 1.00 | 54,745 |
| | Visitor Center Coordinator | 0.50 | 23,023 | 0.00 | - |
| | Subtotal | 6.50 FTEs | \$ 515,537 | 6.00 FTEs | \$ 525,695 |
| 5115 | Limited Status | | | | |
| | Recreation | 1250 hrs. | \$ 13,127 | 1000 hrs. | \$ 15,000 |
| | White Pond | 0 hrs. | - | 4000 hrs. | 65,000 |
| | 55 Church Street | 0 hrs. | 14,624 | 0 hrs. | - |
| | General Recreation Programs | 725 hrs. | 3,832 | 267 hrs. | 4,000 |
| | Summer Camp | 0 hrs. | - | 0 hrs. | - |
| | School Year | 0 hrs. | - | 0 hrs. | - |
| | Fitness | 0 hrs. | - | 0 hrs. | - |
| | Sports Clinics | 0 hrs. | 1,591 | 133 hrs. | 2,000 |
| | Special Programs | 0 hrs. | - | 0 hrs. | - |
| | Subtotal | 1975 hrs. | \$ 33,174 | 5400 hrs. | \$ 86,000 |
| 5120 | Temporary Status | | | | |
| | Recreation Programs | 0 hrs. | \$ - | 200 hrs. | \$ 3,000 |
| | General Recreation Programs | 1550 hrs. | 34,364 | 1167 hrs. | 35,000 |
| | Summer Camp | 10912 hrs. | 199,070 | 11111 hrs. | 200,000 |
| | School Year | 15000 hrs. | 273,234 | 15556 hrs. | 280,000 |
| | Fitness | 0 hrs. | - | 0 hrs. | - |
| | Sports Clinics | 250 hrs. | 3,668 | 250 hrs. | 5,000 |
| | Special Programs | 100 hrs. | 1,529 | 100 hrs. | 1,500 |
| | Visitors Center | 1600 hrs. | 21,327 | 0 hrs. | - |
| | Subtotal | 29412 hrs. | \$ 533,192 | 28384 hrs. | \$ 524,500 |

PERSONNEL DETAIL (Continued)

| | | | | | | |
|------|-----------------------------|-----------------|-------------------------|-------------------------|------------|--|
| 5130 | Overtime | | | | | |
| | Recreation | N/A | \$ 6,211 | N/A | \$ 8,000 | |
| | General Recreation Programs | N/A | - | N/A | 6,500 | |
| | Summer Camp | N/A | 2,574 | N/A | 2,000 | |
| | School Year | N/A | - | N/A | - | |
| | Fitness | N/A | - | N/A | - | |
| | Sports Clinics | N/A | - | N/A | - | |
| | Special Programs | N/A | - | N/A | - | |
| | Visitors Center | N/A | - | N/A | - | |
| | | | | | | |
| | | Subtotal | \$ 8,785 | | \$ 16,500 | |
| | Benefits | | | | | |
| 5158 | Cell Phone Allowance | N/A | \$ 600 | N/A | \$ 600 | |
| 5160 | Incentive Pay | N/A | 21,303 | N/A | 31,000 | |
| 5172 | Unemployment Comp. | N/A | - | N/A | - | |
| 5173 | Life Insurance | N/A | - | N/A | - | |
| 5174 | Health Insurance | N/A | 72,171 | N/A | 41,001 | |
| 5176 | Health Reimbursement | N/A | - | N/A | - | |
| 5177 | Dental Insurance | N/A | - | N/A | - | |
| 5178 | Medicare Tax | N/A | 13,082 | N/A | 13,236 | |
| 5180 | Social Security | N/A | 41,677 | N/A | 33,189 | |
| | | | | | | |
| | | Subtotal | \$ 148,833 | | \$ 119,026 | |
| | | | | | | |
| | | Total | 21.53 FTEs \$ 1,239,521 | 22.18 FTEs \$ 1,271,721 | | |

PAYMENTS TO THE GENERAL FUND

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---------------------|------------------|------------------|-------------------|-------------------|
| Recreation Services | \$ 14,636 | \$ 15,050 | \$ - | \$ - |
| Hunt Gym | 26,045 | 21,200 | 21,997 | 17,829 |
| Town Manager | 21,466 | 24,104 | 24,134 | 28,808 |
| Human Resources | 7,408 | 13,709 | 16,095 | 22,309 |
| 55 Church Street | - | - | 33,634 | 45,666 |
| Visitors Center | - | - | - | 79,500 |
| Parks & Playgrounds | - | - | - | 29,922 |
| Parks and Trees | 15,000 | 15,000 | 15,000 | 15,000 |
| Total | \$ 84,555 | \$ 89,063 | \$ 110,860 | \$ 239,034 |

Net Income and Fund Balance

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---|---------------------|---------------------|---------------------|---------------------|
| Recreation | | | | |
| Operating Revenues | \$ 1,986,379 | \$ 1,954,350 | \$ 1,962,423 | \$ 2,111,000 |
| Less Operating Expenses | (1,833,707) | (1,861,966) | (2,068,596) | (2,227,855) |
| Operating Income | \$ 152,672 | \$ 92,384 | \$ (106,173) | \$ (116,855) |
| Senior Services Transportation | | | | |
| Operating Revenues | \$ 21,707 | \$ 25,796 | \$ - | \$ - |
| Less Operating Expenses | (21,522) | (21,473) | - | - |
| Operating Income | \$ 185 | \$ 4,323 | \$ - | \$ - |
| Total Operating Income | \$ 152,856 | \$ 96,707 | \$ (106,173) | \$ (116,855) |
| Fund Balance: | | | | |
| Beginning Fund Balance | \$ 867,596 | \$ 1,020,452 | \$ 1,117,159 | \$ 1,010,986 |
| Net Income | 152,856 | 96,707 | (106,173) | (116,855) |
| Ending Fund Balance | \$ 1,020,452 | \$ 1,117,159 | \$ 1,010,986 | \$ 894,131 |
| <p>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 FY20, the Department is proposing an operating income amount of -\$116,855.</p> | | | | |

PROGRAM NET INCOME

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---------------------------------|--------------------|---------------------|--------------------|--------------------|
| <i>Recreation Program</i> | | | | |
| Statement of Net Income: | | | | |
| Operating Revenues | \$ 327,908 | \$ 303,434 | \$ 273,596 | \$ 310,000 |
| Less Operating Expenses | 203,668 | 223,829 | 175,341 | 233,900 |
| Operating Income | \$ 124,240 | \$ 79,605 | \$ 98,255 | \$ 76,100 |
| <i>White Pond</i> | | | | |
| Statement of Net Income: | | | | |
| Operating Revenues | \$ - | \$ - | \$ - | \$ 80,000 |
| Less Operating Expenses | - | - | - | 93,700 |
| Operating Income | \$ - | \$ - | \$ - | \$ (13,700) |
| <i>Summer Camp</i> | | | | |
| Statement of Net Income: | | | | |
| Operating Revenues | \$ 407,355 | \$ 404,357 | \$ 400,625 | \$ 415,000 |
| Less Operating Expenses | 235,249 | 268,801 | 335,469 | 337,450 |
| Operating Income | \$ 172,106 | \$ 135,557 | \$ 65,155 | \$ 77,550 |
| <i>School Year</i> | | | | |
| Statement of Net Income: | | | | |
| Operating Revenues | \$ 986,476 | \$ 1,085,985 | \$ 1,113,460 | \$ 1,115,000 |
| Less Operating Expenses | 301,544 | 294,243 | 325,808 | 337,600 |
| Operating Income | \$ 684,932 | \$ 791,742 | \$ 787,652 | \$ 777,400 |
| <i>Sports Clinics</i> | | | | |
| Statement of Net Income: | | | | |
| Operating Revenues | \$ 45,490 | \$ 80,455 | \$ 74,924 | \$ 85,000 |
| Less Operating Expenses | 80,027 | 40,018 | 39,636 | 52,400 |
| Operating Income | \$ (34,537) | \$ 40,437 | \$ 35,288 | \$ 32,600 |
| <i>Special Programs</i> | | | | |
| Statement of Net Income: | | | | |
| Operating Revenues | \$ 41,062 | \$ 41,128 | \$ 47,628 | \$ 45,000 |
| Less Operating Expenses | 52,296 | 64,624 | 64,772 | 61,900 |
| Operating Income | \$ (11,234) | \$ (23,497) | \$ (17,144) | \$ (16,900) |
| <i>Visitors Center</i> | | | | |
| Statement of Net Income: | | | | |
| Operating Revenues | \$ 33,854 | \$ 22,687 | \$ 20,241 | \$ 25,000 |
| Less Operating Expenses | 12,457 | 29,839 | 30,518 | 15,300 |
| Operating Income | \$ 21,397 | \$ (7,151) | \$ (10,277) | \$ 9,700 |
| Net Income: | \$ 956,903 | \$ 1,016,693 | \$ 958,929 | \$ 942,750 |

Section IX

Minuteman Media Network

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Mission Statement

The mission of Minuteman Media Network (MMN) is to enable the citizens of Concord to learn, listen and communicate through television and web-based media services. As an integral service in the community, MMN endeavors to manage and improve upon its electronic forum in order to encourage the free exchange of information and ideas of our citizenry.

MMN Contents

| | |
|---------------------------|-----------|
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| Revenues | p. 2 |
| Programming | p. 3 |
| Revenues and Expenditures | pp. 4 - 8 |
| Capital Spending | p. 9 |

MMN Highlights

- In FY20, revenues are budgeted to be \$414,352, which includes \$327,903 from the Town’s Comcast Franchise Fees paid quarterly. MMN anticipates receiving \$56,970 from the Town of Carlisle for services related to their community’s needs and a modest amount of revenue, \$1,125, received through program and other PEG-offerings that carry a small participation fee.
- In FY20, expenses are budgeted to be \$327,903, which includes \$290,113 related to personnel expenses and a modest amount of \$23,990 for non-personnel related services such as custodial and utility services for the studio located in the High School, web hosting charges, and digital signage fees related to MMN’s website as well as other miscellaneous office supplies and minor fees.

Expenditure Summary

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|------------------|-------------|-------------|--------------|---------------|
| Operating Income | \$ - | \$ - | \$ 100,985 | \$ 86,449 |
| Net Income | \$ - | \$ - | \$ 127,298 | \$ 110,614 |
| Fund Balance | \$ - | \$ - | \$ 1,238,934 | \$ 1,081,648 |

Description:

Pursuant to Section 611 of the Federal Communications Act, local franchising authorities, such as Concord, are able to require certain cable operators, such as Comcast, to set aside channels for public, educational, or governmental ("PEG") use by and through the community.

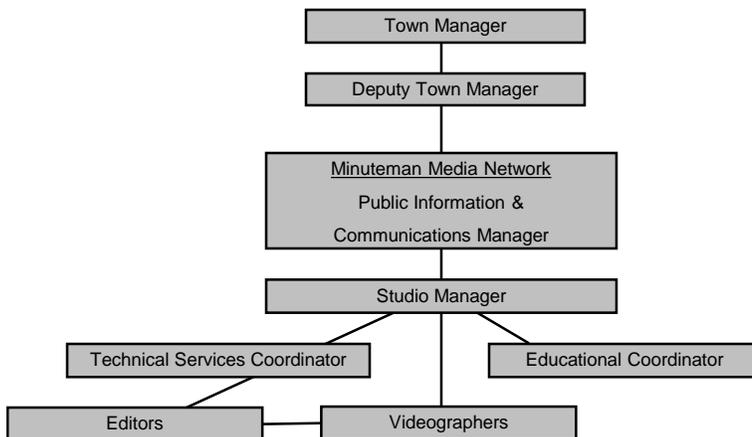
Public access channels are available for use by the general public for a variety of shows, ideas, programs and documentaries.

Educational access channels are used by educational entities for programming related to schools and school-sponsored activities.

Governmental access channels are used for programming by local government and are used as an educational tool for the community to learn about what their civic and community leaders are doing.

In October of 2018, the Town assumed responsibility for the services and operations of the PEG Services Division from Concord-Carlisle Television, Inc. (CCTV).

PEG Services in Concord are run by Minuteman Media Network (MMN) and are overseen by the Public Information Division, which is managed by the Public Information and Communications Manager and overseen by the Deputy Town Manager.



Comcast Franchise Agreement:

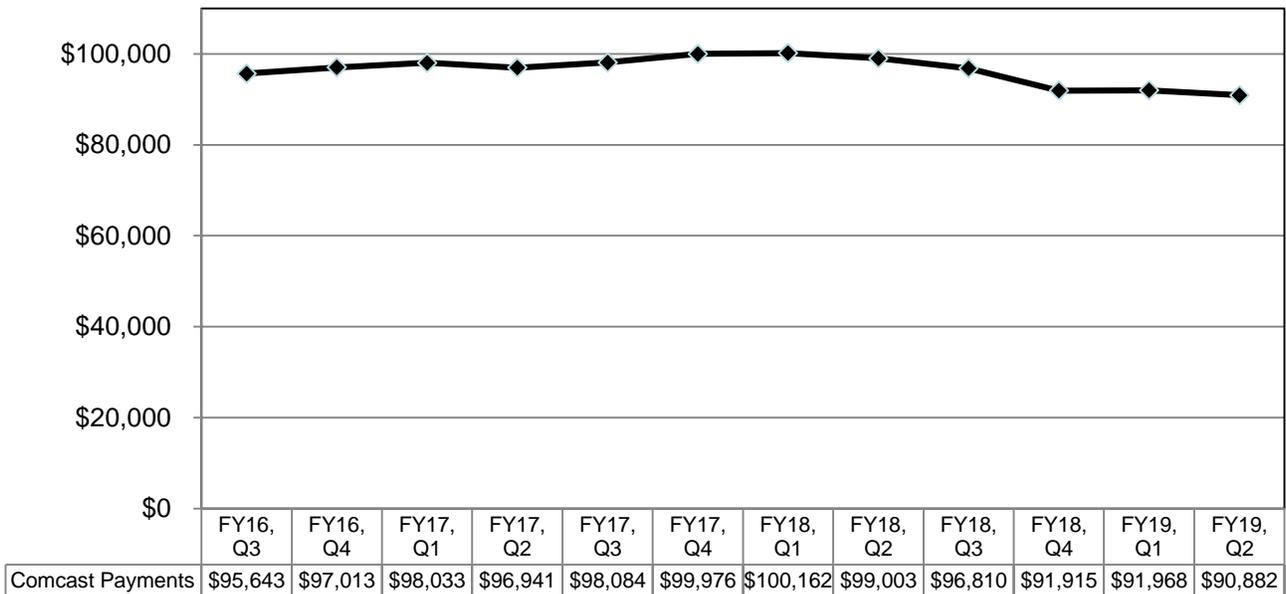
The Select Board issued a License Agreement to Comcast of Massachusetts III, Inc. for the period from April 22, 2014 through April 21, 2024, which authorizes the company to provide non-exclusive cable television and other telecommunication services to homes and businesses in the Town of Concord. The agreement provides for the delivery of PEG Access (Public, Educational, and Governmental) Television services, defined in the agreement as “noncommercial programming developed by any Concord residents or organizations, schools, government entities and the use of facilities, equipment and/or channels of the Cable System in accordance with 47 U.S.C. 531 and this Renewal License”.

Pursuant to Section 6 of the agreement, Comcast makes three channels available to the Town for PEG access programming and allocates 4.8% of the company’s gross annual revenue in Concord to support PEG access programming and its related expenses.

In 2015, Town Meeting voted to accept MGL Chapter 44, Section 53F-3/4 authorizing the creation of the PEG Access & Cable Related Fund. Revenue from Comcast is deposited into this fund and may be expended by the Town Manager only to support PEG access programming through the Town’s annual budget process.

The Concord-Carlisle Regional High School has set aside space in the school for a fully-functioning and highly technical cable studio. This serves as the home base for the community television station. Costs related to the upkeep and maintenance of that space are paid for from the Comcast revenues received quarterly by the Town and include both personnel and non-personnel related charges.

Comcast Payment History



Key Initiatives

- Completing all new and updated personnel actions for MMN including finalizing all regular-status job descriptions and adopting a market-appropriate and streamlined compensation plan for full-time and part-time staff.
- Expanding MMN's educational offerings with particular focus on the High School and Middle School student populations.
- Intensifying "P" offerings including enticing citizens to create and take part in new programming initiatives and developing a greater volunteer base.
- Finalize the new MMN website and historical digital database for former CCTV, Inc. recordings as well as current and future MMN programs.

Under the 1984 Cable Act, local franchising authorities, such as Concord, are able to require that cable operators, such as Comcast, Inc., set aside channels for public, educational, or governmental ("PEG") use. In addition, franchising authorities may require cable operators to provide services, facilities, and equipment for the use of these channels. Many cable systems include several PEG channels; Concord currently has three dedicated channels.

In general, cable operators are not permitted to control the content of programming on PEG channels. Cable operators may impose non-content-based requirements, such as minimum production standards, and may mandate equipment user training.

PEG channels are not mandated by federal law, rather they are a right given to the franchising authority, which it may choose to exercise. The decision whether to require the cable operator to carry PEG channels is up to the local franchising authority. If the franchise authority does require PEG channels, that requirement will be set out in the franchise agreement between the franchising authority and the cable operator. Concord has chosen to exercise this right in its agreement with Comcast. In accordance with applicable franchise agreements, local franchising authorities or cable operators may adopt on their own, non-content-based rules governing the use of PEG channels. Concord's agreement does not currently have such rules provided by Comcast.

Examples of such types of rules may include:

- Rules may be adopted for allocating time among competing applicants on a reasonable basis other than the content of their programming;
- Minimum production standards may be required;
- Users may be required to undergo training.

Federal law once permitted a cable operators and their franchise communities to prohibit the use of their PEG channels for programming which contained obscene material, sexually explicit conduct, indecency, nudity, or material which solicits or promotes unlawful conduct. However, nearly a decade ago the U.S. Supreme Court determined that this law was unconstitutional. Currently, we do not control the content of programming on public access channels, but we do control when a particular program may air. Programs which may be deemed controversial, offensive or explicit may be scheduled to air during 'off' times such as early morning and late night hours.

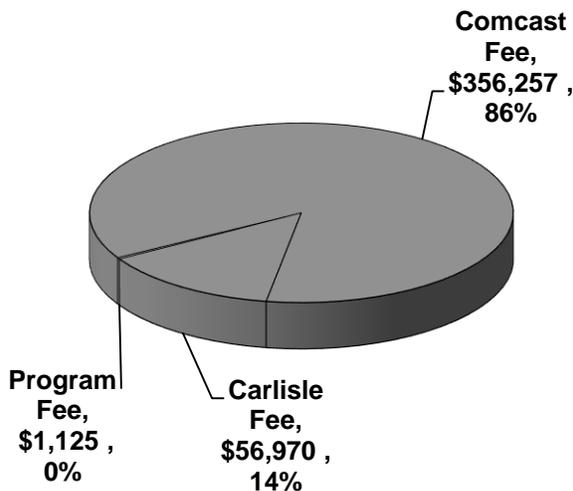
Program Implementation

In October of 2018, the Town assumed the responsibility for the PEG-Access Cable services. Over the past six months, the Town have been working to develop an internal operating structure to design regular status positions and other applicable and necessary part-time positions to ensure the highest quality of programming and even higher levels of service. In addition to the Town’s staffing needs, the team has been taking a comprehensive approach to developing and outlining policies and procedures relative to the public’s use of equipment and studio space. Procedures for how one may request services, editing assistance and record help are also being explored and workshopped.

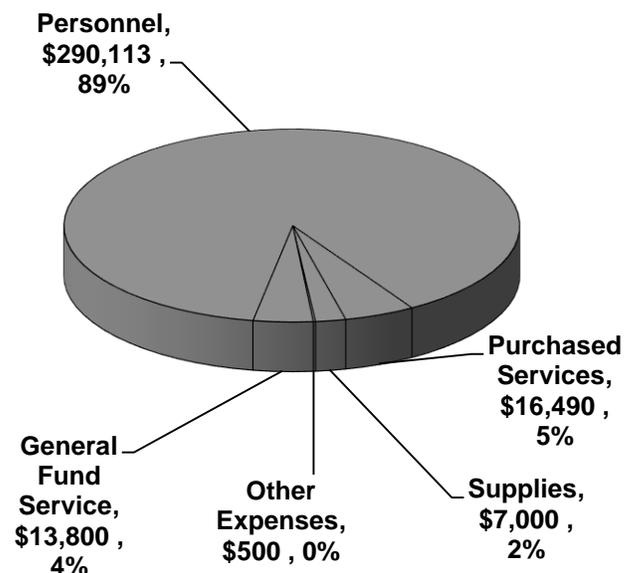
New modes of communication via web-based ‘On Demand’ and YouTube-Style channels have been explored and are currently in use or in ‘pilot program’ mode. A new and updated website solely dedicated to Minuteman Media Network is nearly complete and prepared for ‘live’ access in the Spring of 2019. The concept of digital signage is being explored and the Town team has taken a great deal of time to explore and understand the current technological capabilities which exist in the studio and with the related equipment. Advances and upgrades related to these capital assets are underway and the Town expects to have some capital plans in place for July 1st. Additional technical capabilities relative to satellite campuses or ‘studio-in-a-box’ type arenas are in the exploratory phases, and the team is preparing to launch a recruitment for a new PEG-technical services coordinator to guide the efforts to the next level in the Spring of 2019.

As a new entity within the Town’s Public Information Division, FY20 will be the first full year in which Minuteman Media Network will be a Town-run entity. As with many new initiatives, on-the-job learning curves and the changes they bring are expected and, at times, required. To this end, the role of the PEG Advisory Committee will be vital to the success and enhancement of the Division as it navigates through its first full year as a Town operation.

FY20 Operating Revenues
Totaling \$414,352



FY20 Operating Expenses
Totaling \$327,903



MINUTEMAN MEDIA NETWORK

OPERATING REVENUES

| | FY17 | | FY18 | | FY19 | | FY20 | |
|---------------------------------|-----------|----------|-----------|----------|-----------|----------------|-----------|----------------|
| | Actual | | Actual | | Revised | | Proposed | |
| Comcast / Franchise Fee | \$ | - | \$ | - | \$ | 363,528 | \$ | 356,257 |
| Carlisle Fee | | - | | - | | 16,616 | | 56,970 |
| Program / Community Ed Fee | | - | | - | | 300 | | 1,125 |
| Grants & Donations | | - | | - | | - | | - |
| Miscellaneous Revenue | | - | | - | | - | | - |
| Operating Revenues Total | \$ | - | \$ | - | \$ | 380,444 | \$ | 414,352 |

OPERATING EXPENSES

| | FY17 | | FY18 | | FY19 | | FY20 | |
|--------------------------------------|-----------|----------|-----------|----------|-----------|----------------|-----------|----------------|
| | Actual | | Actual | | Revised | | Proposed | |
| <u>Personnel Services</u> | | | | | | | | |
| Personnel Expenses | \$ | - | \$ | - | \$ | 249,669 | \$ | 290,113 |
| Audit Adjustment | | - | | - | | - | | - |
| Subtotal | \$ | - | \$ | - | \$ | 249,669 | \$ | 290,113 |
| <u>Non-Personnel Services</u> | | | | | | | | |
| Purchased Services | | - | | - | | 16,490 | | 16,490 |
| Supplies & Materials | | - | | - | | 7,000 | | 7,000 |
| Other Charges & Expenses | | - | | - | | 500 | | 500 |
| Audit Adjustment | | - | | - | | - | | - |
| Subtotal | \$ | - | \$ | - | \$ | 23,990 | \$ | 23,990 |
| <u>Other</u> | | | | | | | | |
| General Fund Services | | - | | - | | 5,800 | | 13,800 |
| Subtotal | \$ | - | \$ | - | \$ | 5,800 | \$ | 13,800 |
| Total Operating Expense | \$ | - | \$ | - | \$ | 279,459 | \$ | 327,903 |

AUTHORIZED POSITIONS

| Staff | FY19 Revised | | FY20 Proposed | |
|----------------------------------|---------------------|-------------------|----------------------|-------------------|
| | FTE | Amount | FTE | Amount |
| Station Manager | 0.00 | - | 1.00 | 69,519 |
| Media Technician | 0.00 | - | 1.00 | 62,640 |
| Lead Producer | 0.00 | - | 0.00 | - |
| Education Coordinator | 0.00 | - | 1.00 | 62,640 |
| Videographers | 2.33 | 78,771 | 1.35 | 44,046 |
| Editors | 0.00 | - | 0.00 | - |
| Studio Aides | 0.00 | - | 0.25 | 9,576 |
| Professional Project Specialists | 2.00 | 129,206 | 0.00 | - |
| Subtotal | 4.33 FTEs | \$ 207,977 | 4.60 FTEs | \$ 248,421 |
| Programming | | | | |
| Educational Programming-Students | 0 hrs. | 450 | 0 hrs. | 450 |
| Community Programming | 0 hrs. | 500 | 0 hrs. | 500 |
| Subtotal | 0.00 FTEs | \$ 950 | 0.00 FTEs | \$ 950 |
| Employee Benefits | | | | |
| Health Insurance | N/A | 23,000 | N/A | 23,000 |
| Life Insurance | N/A | - | N/A | - |
| Dental Insurance | N/A | - | N/A | - |
| Subtotal | N/A | \$ 23,000 | N/A | \$ 23,000 |
| Payroll Taxes | | | | |
| Medicare Tax | N/A | 13,064 | N/A | 13,064 |
| Social Security Contribution | N/A | 778 | N/A | 778 |
| Subtotal | N/A | \$ 13,842 | N/A | \$ 13,842 |
| Other Personnel Costs | | | | |
| Overtime | 0 hrs. | 3,900 | 0 hrs. | 3,900 |
| Unemployment Compensation | N/A | - | N/A | - |
| Car Allowance | N/A | - | N/A | - |
| IT Salary | N/A | - | N/A | - |
| Subtotal | N/A | \$ 3,900 | N/A | \$ 3,900 |
| Total Personnel Costs | 4.33 FTEs | \$ 249,669 | 4.60 FTEs | \$ 290,113 |

NET INCOME

| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
|---|----------------|----------------|-------------------|-------------------|
| Statement of Net Income: | | | | |
| Operating Revenues | \$ - | \$ - | \$ 380,444 | \$ 414,352 |
| Less Operating Expenses | - | - | (279,459) | (327,903) |
| Operating Income | \$ - | \$ - | \$ 100,985 | \$ 86,449 |
| Nonoperating Revenues (Expenses) | | | | |
| Add Investment Income | \$ - | \$ - | \$ 26,313 | \$ 24,165 |
| Add Other Revenue/Expense | - | - | - | - |
| Less Interest Expense | - | - | - | - |
| Less Issuance Expense | - | - | - | - |
| Nonoperating Income | \$ - | \$ - | \$ 26,313 | \$ 24,165 |
| Net Income | \$ - | \$ - | \$ 127,298 | \$ 110,614 |

AVAILABLE RESOURCES

| Resources Available from Current Operations for Replacement & Renewal of Facility: | | | | |
|---|----------------|----------------|-------------------|-------------------|
| | FY17 Actual | FY18 Actual | FY19 Revised | FY20 Proposed |
| Capital Purposes | | | | |
| Add Net Income | - | - | 127,298 | 110,614 |
| Add Debt Financing | - | - | - | - |
| Less Bonds Payable | - | - | - | - |
| Net Available for Capital | \$ - | \$ - | \$ 127,298 | \$ 110,614 |

CASH POSITION AND FUND BALANCE FORECAST

| Cash at Year Opening | FY19 | | FY20 | |
|---|---------------------|-----------|---------------------|-----------|
| | Credit | Debit | Credit | Debit |
| Cash on July 1st | \$ - | | \$ 1,238,934 | |
| Add Receivables | - | - | - | - |
| Add Inventory & Other Assets | - | - | - | - |
| Less Cash held for Liabilities | - | - | - | - |
| Deferred Outflows (Inflows) | - | - | - | - |
| Fund Balance on July 1st | \$ 1,111,636 | | \$ 1,238,934 | |
| Fund Balance Details (projected) | Credit | Debit | Credit | Debit |
| Fund Balance on July 1st | \$ 1,111,636 | \$ - | \$ 1,238,934 | \$ - |
| Net Income | 127,298 | - | 110,614 | - |
| Bond Principal Repayment | - | - | - | - |
| BAN and Bond Proceeds | - | - | - | - |
| Capital Borrowing | - | - | - | - |
| Capital Outlay (non-borrowing) | - | - | - | (267,900) |
| Balance Projected at June 30th | 1,238,934 | - | 1,349,548 | (267,900) |
| Fund Balance on June 30th | \$ 1,238,934 | | \$ 1,081,648 | |
| Cash at Year End (projected) | | | | |
| Fund Balance on June 30th | \$ - | 1,238,934 | \$ - | 1,081,648 |
| Less Receivables | - | - | - | - |
| Less Inventory & Other Assets | - | - | - | - |
| Add Cash Held for Liabilities | - | - | - | - |
| Add Cash Held for Deferred Inflows | - | - | - | - |
| Projected Cash at June 30th | \$ 1,238,934 | | \$ 1,081,649 | |

FUND BALANCE

| | FY17 | | FY18 | | FY19 | | FY20 | |
|-------------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|
| MMN Fund Balance | Actual | | Actual | | Revised | | Proposed | |
| Operations | \$ | 909,717 | \$ | 1,020,356 | \$ | 1,147,654 | \$ | 990,369 |
| Capital | | 88,360 | | 88,360 | | 88,360 | | 88,360 |
| Undesignated | | 2,920 | | 2,920 | | 2,920 | | 2,920 |
| Total | \$ | 1,000,997 | \$ | 1,111,636 | \$ | 1,238,934 | \$ | 1,081,649 |

PAYMENTS TO THE GENERAL FUND

| | FY17 | | FY18 | | FY19 | | FY20 | |
|-------------------------------------|-----------|----------|-----------|----------|-----------|--------------|-----------|---------------|
| Finance & Administrative | Actual | | Actual | | Revised | | Proposed | |
| Town Manager | \$ | - | \$ | - | \$ | 5,800 | \$ | 13,800 |
| Human Resources | | - | | - | | - | | - |
| Town Accountant | | - | | - | | - | | - |
| Accounting Services | | - | | - | | - | | - |
| Audit Services | | - | | - | | - | | - |
| Treasurer-Collector | | - | | - | | - | | - |
| Finance Administration | | - | | - | | - | | - |
| Facilities Maintenance | | - | | - | | - | | - |
| Subtotal | \$ | - | \$ | - | \$ | 5,800 | \$ | 13,800 |
| Salary Reserve | | - | | - | | - | | - |
| Audit Adjustments | | - | | - | | - | | - |
| Totals | \$ | - | \$ | - | \$ | 5,800 | \$ | 13,800 |

| Minuteman Media Network | | | | | | | | | | |
|--------------------------------|------------------------|------------------------|--------------------------|--------------------------|------------------|------------------|------------------|------------------|--------------------------|-------------|
| Capital Program | | | | | | | | | | |
| | FY17 Actual | FY18 Actual | FY19 Budgeted | FY20 Proposed | FY21 | FY22 | FY23 | FY24 | Total FY20-24 | |
| Studio & Equipment | | | | | | | | | | |
| Studio Improvements | - | - | - | - | - | - | - | - | - | - |
| Editing Equipment | - | - | - | 5,500 | - | - | - | - | 5,500 | - |
| Apple/MAC Replacement | - | - | - | 1,200 | 2,800 | 3,100 | 3,300 | 3,700 | 14,100 | - |
| External Equipment | - | - | - | - | - | - | - | - | - | - |
| Portable Mics/Speakers | - | - | - | 2,200 | - | - | 2,500 | - | 4,700 | - |
| Sound System Imprints | - | - | - | - | - | 350 | 400 | - | 750 | - |
| Building Systems | - | - | - | 1,000 | - | - | - | - | 1,000 | - |
| Security Systems | - | - | - | - | 500 | - | - | - | 500 | - |
| Vehicle Aquition & Maintenance | - | - | - | - | - | - | - | - | - | - |
| Misc. Equipment | - | - | - | - | - | - | - | - | - | - |
| Subtotal | \$ - | \$ - | \$ - | \$ 9,900 | \$ 3,300 | \$ 3,450 | \$ 6,200 | \$ 3,700 | \$ 26,550 | \$ - |
| Satellite Facilities | | | | | | | | | | |
| Town House Equipment | - | - | - | 4,500 | - | - | - | 8,000 | 12,500 | - |
| School Buildings/Facilities | - | - | - | 18,500 | - | - | - | - | 18,500 | - |
| Harvey Wheeler | - | - | - | - | 15,000 | - | - | - | 15,000 | - |
| Supplemental Space | - | - | - | 225,000 | 65,000 | 35,000 | - | - | 325,000 | - |
| Other Concord Facilities | - | - | - | - | - | - | - | - | - | - |
| Carlisle Facilities | - | - | - | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 50,000 | - |
| Subtotal | \$ - | \$ - | \$ - | \$ 258,000 | \$ 90,000 | \$ 45,000 | \$ 10,000 | \$ 18,000 | \$ 421,000 | \$ - |
| Total Capital | \$ - | \$ - | \$ - | \$ 267,900 | \$ 93,300 | \$ 48,450 | \$ 16,200 | \$ 21,700 | \$ 447,550 | \$ - |



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Section X

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 Selectmen-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 Board of Selectmen 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. 53F½, 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 CY19/FY20 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 CY19/FY20 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

FY20 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 Board of Selectmen and requiring appropriation by the Town Meeting. The School Superintendent and School Committees carry out similar steps leading to Town Meeting.

2018

| | |
|----------------------------|---|
| August 1 | Capital Improvement Program (FY20-24) Instructions issued |
| August 31 | Capital Improvement Program (FY20-24) Requests due |
| September 14 | Budget Instructions issued to all departments, boards and committees |
| September 20 | Joint Meeting on FY20 fiscal and budgetary plan |
| October 12 | FY20 General Fund Operating Budget Requests due |
| October 29 – November 9 | FY20 General Fund Operating and FY20-24 Capital Budget Requests review: meetings with Town Department Heads and Budget Review Team |
| November 5 | Classification Report submitted by Board of Assessors to Board of Selectmen (Re: setting the FY19 property tax rate or rates) |
| November 12 | Public Hearing ("Classification Hearing"), proposed property tax rates for FY19 (based on FY19 appropriations voted at April 2018 Town Meeting) |
| November 29 | Finance Committee votes Budget Guidelines and issues by November 30 to Selectmen and School Committees |
| December 1 (Saturday) | Selectmen/Committees Coordination Meeting; planning session for 2019 Annual Town Meeting |
| December 1 | Warrant opened for 2019 Annual Town Meeting |
| December 7 | Preliminary FY20 General Fund Operating Budget and FY20-24 Capital Budget recommendations compiled by Budget Review Team for Town Manager's review and adjustment |
| December 17 | Presentation of Preliminary FY20 General Fund Operating and FY20-24 Capital Budget recommendations by Town Manager to the Select Board |

Continued on next page

Appendix: Budget Process

2019

| | |
|--------------------------|---|
| January 3 | Warrant for Town Meeting closes at 4:00 PM |
| January 8 | 90 days prior to the Annual Town Meeting, the Town Manager's Proposed Budget for FY20 (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 will conduct a review |
| January 11 | Completed PowerPoint Narratives for General Fund Departments due |
| January 17 | Presentation of FY20 General Fund Budget to Finance Committee |
| January 31 | Public Hearings advertised (for FY20 General Fund operations) |
| February 1 | Town Manager's Proposed FY20 General Fund Budget is published |
| February 8 | Proposed FY20 Enterprise Budget Requests due |
| February 11 | Finance Committee's Public Hearing on Town Manager's General Fund operating and capital budget proposals for FY20 and other non-school and non-CPA financial articles on the Town Meeting Warrant |
| February 25 | Finance Committee's Public Hearing on Education budget proposals for FY20 (Concord Public Schools, Concord-Carlisle Regional High School, and Minuteman Career and Technical High School) and Community Preservation Act Article |
| February 25 – March 1 | Enterprise Budget Requests review: Meetings with Enterprise Directors and Budget Review Team |
| March 8 | Town Manager's Proposed FY20 Enterprise Budget published |
| March 11 | Public Hearing on Enterprise Fund budgets and articles |
| March 14 | Finance Committee completes its recommendations for Town Meeting |
| March 18 | Finance Committee Report to printer |
| March 29 | Finance Committee Report mailed (10 days prior to Town Meeting) |
| April 8 | Town Meeting begins |

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2018

(Except for the Electric Enterprise Fund, which is as of December 31, 2017)

| | Business-Type Activities | | | | Total |
|--|--------------------------|----------------------|----------------------|----------------------|-----------------------|
| | Water Fund | Sewer Fund | Electric Fund | Swim & Fitness Fund | |
| Assets | | | | | |
| Current: | | | | | |
| Cash and short-term investments | \$ 9,544,443 | \$ 11,031,484 | \$ 6,899,156 | \$ 3,620,372 | \$ 31,095,455 |
| User fees, net of allowance for uncollectibles | 1,573,139 | 529,861 | 4,268,660 | - | 6,371,660 |
| Betterment receivables | - | 48,000 | - | - | 48,000 |
| Inventory | 110,598 | - | 1,115,998 | - | 1,226,596 |
| Prepaid expenses | - | - | 2,314,013 | - | 2,314,013 |
| Other assets | - | - | 8,330 | - | 8,330 |
| Total Current Assets | 11,228,180 | 11,609,345 | 14,606,157 | 3,620,372 | 41,064,054 |
| Noncurrent: | | | | | |
| Betterment receivables, net of current portion | - | 429,387 | - | - | 429,387 |
| Restricted cash | - | - | 8,879,719 | - | 8,879,719 |
| Investment in associated companies | - | - | 353,766 | - | 353,766 |
| Capital assets being depreciated, net | 17,609,386 | 15,561,405 | 37,980,521 | 8,245,568 | 79,396,880 |
| Capital assets not being depreciated | 4,070,467 | 512,492 | 1,880,111 | - | 6,463,070 |
| Total Noncurrent Assets | 21,679,853 | 16,503,284 | 49,094,117 | 8,245,568 | 95,522,822 |
| Deferred Outflows of Resources | | | | | |
| Related to pensions | 101,229 | 25,308 | 1,307,207 | 79,162 | 1,512,906 |
| Related to OPEB | 25,000 | 6,000 | - | 30,000 | 61,000 |
| Total Assets and Deferred Outflow of Resources | 33,034,262 | 28,143,937 | 65,007,481 | 11,975,102 | 138,160,782 |
| Liabilities | | | | | |
| Current: | | | | | |
| Warrants payable | 84,968 | 98,941 | 2,830,578 | 56,115 | 3,070,602 |
| Accrued liabilities | 27,199 | 173,384 | 117,818 | - | 318,401 |
| Accrued payroll | 28,873 | 6,777 | - | 27,173 | 62,823 |
| Customer deposits | - | - | 610,340 | - | 610,340 |
| Customer advances for construction | - | - | 129,281 | - | 129,281 |
| Notes payable | - | - | 400,000 | - | 400,000 |
| Other current liabilities | - | - | - | 234,328 | 234,328 |
| Current portion of long-term liabilities: | | | | | |
| Bonds payable | 500,242 | 838,517 | 787,500 | - | 2,126,259 |
| Accrued employee benefits | 11,948 | 2,987 | 6,732 | 2,730 | 24,397 |
| Total Current Liabilities | 653,230 | 1,120,606 | 4,882,249 | 320,346 | 6,976,431 |
| Noncurrent: | | | | | |
| Bonds payable, net of current portion | 2,512,183 | 6,692,139 | 5,315,336 | - | 14,519,658 |
| Net pension liability | 259,472 | 64,868 | 2,643,809 | 224,467 | 3,192,616 |
| Net OPEB liability | 218,443 | 55,380 | - | 452,270 | 726,093 |
| Net OPEB obligation | - | - | 80,981 | - | 80,981 |
| Accrued employee benefits, net of current portion | 107,529 | 26,882 | 127,904 | 24,571 | 286,886 |
| Total Noncurrent Liabilities | 3,097,627 | 6,839,269 | 8,168,030 | 701,308 | 18,806,234 |
| Deferred Inflows of Resources | | | | | |
| Related to pensions | 175,506 | 43,877 | 131,621 | 196,163 | 547,167 |
| Related to OPEB | 3,949 | 1,001 | - | 8,176 | 13,126 |
| Other | - | - | 4,579,920 | - | 4,579,920 |
| Total Liabilities and Deferred Inflows of Resources | 3,930,312 | 8,004,753 | 17,761,820 | 1,225,993 | 30,922,878 |
| Net Position | | | | | |
| Net investment in capital assets | 18,819,853 | 9,501,350 | 33,376,158 | 8,245,568 | 69,942,929 |
| Restricted for debt service | - | 1,149,126 | - | - | 1,149,126 |
| Restricted for capital improvements | - | 4,483,765 | 3,561,606 | - | 8,045,371 |
| Unrestricted | 10,284,097 | 5,004,943 | 10,307,897 | 2,503,541 | 28,100,478 |
| Total Net Position | \$ 29,103,950 | \$ 20,139,184 | \$ 47,245,661 | \$ 10,749,109 | \$ 107,237,904 |

The accompanying notes are an integral part of these financial statements.

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, 2018

(Except for the Electric Enterprise Fund, which is for the year-ended December 31, 2017)

| | Business-Type Activities | | | | Total |
|--|--------------------------|------------------|-------------------|---------------------|-------------------|
| | Water Fund | Sewer Fund | Electric Fund | Swim & Fitness Fund | |
| Operating Revenues | | | | | |
| Charges for services | \$ 6,027,556 | \$ 2,978,631 | \$ 27,507,990 | \$ 2,288,021 | \$ 38,802,198 |
| Improvement fees | - | 149,861 | - | - | 149,861 |
| Total Operating Revenues | 6,027,556 | 3,128,492 | 27,507,990 | 2,288,021 | 38,952,059 |
| Operating Expenses | | | | | |
| Salaries and benefits | 1,781,237 | 547,251 | - | 850,920 | 3,179,408 |
| Other operating expenses | 1,071,825 | 1,100,105 | - | 973,368 | 3,145,298 |
| Depreciation | 947,385 | 1,408,551 | 1,838,224 | 371,776 | 4,565,936 |
| Electric operations | - | - | 24,443,244 | - | 24,443,244 |
| Total Operating Expenses | 3,800,447 | 3,055,907 | 26,281,468 | 2,196,064 | 35,333,886 |
| Operating Income | 2,227,109 | 72,585 | 1,226,522 | 91,957 | 3,618,173 |
| Nonoperating Revenues (Expenses) | | | | | |
| Investment income | 130,256 | 137,588 | 56,106 | 49,070 | 373,020 |
| Interest expense | (93,300) | (148,543) | (204,335) | - | (446,178) |
| Loss on disposal of capital assets | - | - | (150,984) | - | (150,984) |
| Total Nonoperating Revenues (Expenses), Net | 36,956 | (10,955) | (299,213) | 49,070 | (224,142) |
| Income Before Transfers | 2,264,065 | 61,630 | 927,309 | 141,027 | 3,394,031 |
| Transfers in | 47,000 | 84,196 | - | - | 131,196 |
| Transfers out | (82,117) | (20,529) | (474,000) | (71,038) | (647,684) |
| Change in Net Position | 2,228,948 | 125,297 | 453,309 | 69,989 | 2,877,543 |
| Net Position at Beginning of Year, as restated | 26,875,002 | 20,013,887 | 46,792,352 | 10,679,120 | 104,360,361 |
| Net Position at End of Year | \$ 29,103,950 | \$ 20,139,184 | \$ 47,245,661 | \$ 10,749,109 | \$ 107,237,904 |

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

(Except for the Electric Enterprise Fund, which is for the year-ended December 31, 2017)

| | 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 | \$ 5,482,962 | \$ 3,187,489 | \$ 27,612,585 | \$ 1,966,924 | \$ 38,249,960 |
| Payments to employees for salaries and benefits | (1,837,815) | (561,149) | (23,921,079) | (897,502) | (27,217,545) |
| Payments to suppliers and service providers | (1,208,083) | (947,007) | (1,750,007) | (984,842) | (4,889,939) |
| Net Cash Provided By Operating Activities | 2,437,064 | 1,679,333 | 1,941,499 | 84,580 | 6,142,476 |
| Cash Flows From Noncapital Financing Activities | | | | | |
| Transfers in | 47,000 | 84,196 | - | - | 131,196 |
| Transfers out | (82,117) | (20,529) | (474,000) | (71,038) | (647,684) |
| Net Cash Provided By (Used for) Noncapital Financing Activities | (35,117) | 63,667 | (474,000) | (71,038) | (516,488) |
| Cash Flows From Capital and Related Financing Activities | | | | | |
| Acquisition and construction of capital assets, net of disposals | (720,212) | (183,233) | (1,615,894) | (19,956) | (2,539,295) |
| Contributions in aid of construction | - | - | 25,795 | - | 25,795 |
| Proceeds from issuance of bonds and notes | - | - | 400,000 | - | 400,000 |
| Principal payments on bonds | (565,000) | (823,150) | (817,500) | - | (2,205,650) |
| Interest expense | (108,542) | (148,543) | (204,335) | - | (461,420) |
| Net Cash (Used For) Capital and Related Financing Activities | (1,393,754) | (1,154,926) | (2,211,934) | (19,956) | (4,780,570) |
| Cash Flows From Investing Activities | | | | | |
| Investment income | 130,256 | 137,588 | 56,106 | 49,070 | 373,020 |
| (Increase) in restricted cash and investments | - | - | (29,025) | - | (29,025) |
| Net Cash Provided By Investing Activities | 130,256 | 137,588 | 27,081 | 49,070 | 343,995 |
| Net Change in Cash and Short-Term Investments | 1,138,449 | 725,662 | (717,354) | 42,656 | 1,189,413 |
| Cash and Short-Term Investments, Beginning of Year | 8,405,994 | 10,305,822 | 16,496,229 | 3,577,716 | 38,785,761 |
| Cash and Short-Term Investments, End of Year | \$ 9,544,443 | \$ 11,031,484 | \$ 15,778,875 | \$ 3,620,372 | \$ 39,975,174 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | | | | |
| Operating income | \$ 2,227,109 | \$ 72,585 | \$ 1,226,522 | \$ 91,957 | \$ 3,618,173 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | |
| Depreciation | 947,385 | 1,408,551 | 1,838,224 | 371,776 | 4,565,936 |
| Changes in assets, liabilities, and deferred outflows/inflows: | | | | | |
| User fees receivables | (544,594) | (22,475) | (150,472) | - | (717,541) |
| Betterments | - | 81,472 | - | - | 81,472 |
| Inventory | 12,779 | - | (13,789) | - | (1,010) |
| Prepaid and other assets | - | - | 666,546 | - | 666,546 |
| Deferred outflows - related to pensions | 94,282 | 23,570 | (200,155) | 115,185 | 32,882 |
| Deferred outflows - related to OPEB | (5,000) | (1,000) | - | (5,000) | (11,000) |
| Net pension liability | (279,038) | (69,761) | 156,267 | (310,837) | (503,369) |
| Net OPEB liability | (4,652) | (1,179) | - | (9,632) | (15,463) |
| Net OPEB obligation | - | - | 75,743 | - | 75,743 |
| Accounts payable and accrued liabilities | (71,505) | 72,124 | (1,049,970) | (14,486) | (1,063,837) |
| Accrued expenses | (77,532) | 80,974 | (14,978) | 3,012 | (8,524) |
| Deferred inflows - related to pensions | 148,696 | 37,175 | 131,621 | 169,513 | 487,005 |
| Deferred inflows - related to OPEB | 3,949 | 1,001 | - | 8,176 | 13,126 |
| Other liabilities | (14,815) | (3,704) | 255,597 | (335,084) | (98,006) |
| Provisions | - | - | (979,657) | - | (979,657) |
| Net Cash Provided By Operating Activities | \$ 2,437,064 | \$ 1,679,333 | \$ 1,941,499 | \$ 84,580 | \$ 6,142,476 |

The accompanying notes are an integral part of these financial statements.

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**.

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