

Section IV

Water Fund

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Mission Statement

The mission of 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.

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Highlights

- The proposed FY10 base level (Step 1) water rate of \$3.83 per unit represents a 3% increase over the FY09 rate of \$3.72 per unit. *See pages IV-3 and IV-14.
- The proposed FY10 capital investment plan is \$1,478,000.
- No new debt authorization has been requested for FY10, however, design activities will begin for the Nagog Pumping Station's Dam and Intake Structure improvements (resulting in a FY11 borrowing request).
- The proposed FY10 Operating Budget, excluding depreciation and transfers to the general fund, is \$2,013,233, which is a "level funding" request based in comparison to the revised FY09 operating budget.
- The FY09 operating income of \$164,823 reflects lower water fee revenues due to the wet year.

Income and Fund Balance Summary

	FY07 Actual	FY08 Actual	FY09 Revised	FY10 Estimate
Operating Income	\$ 808,201	\$ 1,213,485	\$ 164,823	\$ 644,079
Net Income	\$ 780,961	\$ 1,143,427	\$ 17,398	\$ 473,915
Fund Balance	\$ 3,945,738	\$ 4,048,701	\$ 3,186,633	\$ 2,407,899

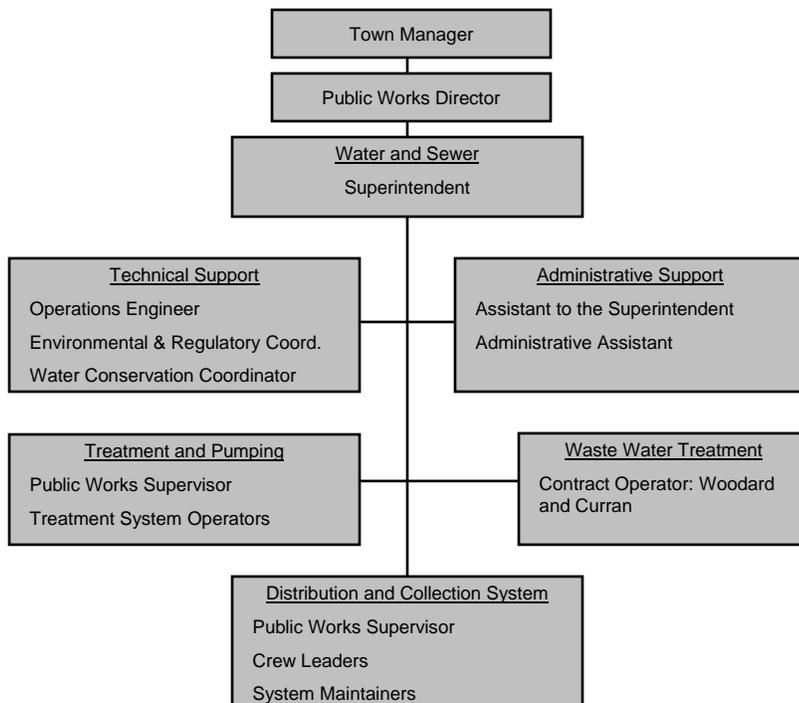
See page IV-14 for greater detail on income and fund balance results.

Description

Concord received legislative authority to establish a public water system in 1872. Today the system consists of groundwater and surface water sources, a total of seven pumping stations, two advanced treatment facilities, and a high pressure water main network consisting of over 130 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.

In 1974 Annual Town Meeting established a 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 2008, the total value of system assets was approximately \$19 million.

There are presently 5,436 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. Activities involving drinking water quality and water withdrawal issues are strictly regulated by the Massachusetts Department of Environmental Protection (MA DEP) and the federal Environmental Protection Agency (EPA).



Deaconess Well

Long Term Financial Stability

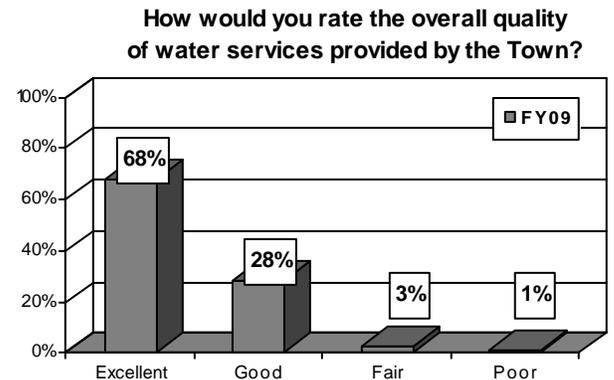
Along with its core mission to operate and maintain the Town's water system in a reliable and efficient manner, the Water Enterprise must also be financially self-supporting. This means that the Water Division is expected to cover all costs associated with operations, capital maintenance and repairs 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 have only been sought for major system expansion projects or facility upgrades designed to meet broader community interests. No such projects are presently contemplated.

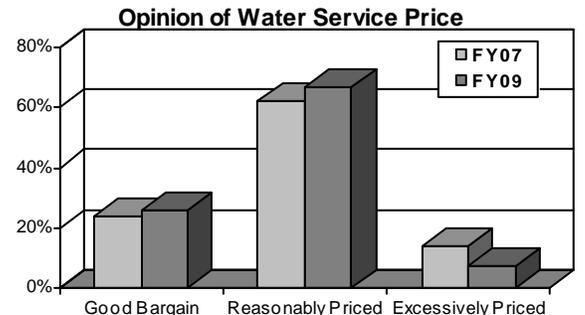
Citizen Survey

In September 2006 and November 2008, the Town conducted a telephone survey of 300 randomly selected Concord residents. For the Water Division, two questions were asked. To the right 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 (68%) thought that the quality is Excellent and another (28%) thought it is Good.

Below are the results of the question, "What is your opinion of the price of water service?" In FY09, of those who said they use the service, 26% thought that the price is a Good Bargain and 67% thought that it is Reasonably Priced. From the FY07 and FY09 results, more respondents thought that the water service is Reasonably Priced and fewer respondents thought that it is Excessively Priced.



What is your opinion of the price of Town water Services?	FY07	FY08	FY09	FY10
Good Bargain	24%	N/A	26%	N/A
Reasonably Priced	62%	N/A	67%	N/A
Excessively Priced	14%	N/A	7%	N/A



*Data Source: September 2006 and November 2008 telephone surveys.

Water Rates

The total projected revenue raised through water user fees in FY10 is: **\$3,898,000** which represents 98% 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;
3. To minimize rate changes so that water use can be a relatively predictable expense for customers.

Water Rate Highlights

The FY10 proposed Residential Service (step 1) water rate is \$3.83 per unit (1 unit = 748 gallons)

- The FY10 rate of \$3.83 represents a 3.0% increase over the FY09 rate of \$3.72.
- In FY10, the average residential customer is expected to pay a total of \$460 in water use over the course of the year. (The average residential customer is assumed to use 20 units bimonthly at the step 1 residential service cost of \$3.83 per unit.)
- Customers that consume 25 or more units of water will pay a higher rate (a Conservation Step).
- Property owners that meet certain age and income criteria may qualify for a 50% discount on the step 1 residential rates.

Concord Water Rates (FY05 - FY10)



Average Annual Water Bill

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Concord	\$331.20	\$340.80	\$352.80	\$363.60	\$375.60	\$392.40	\$412.80	\$433.20	\$446.40
Acton	\$261.00	\$261.00	\$261.00	\$395.50	\$395.50	\$395.50	\$395.50	\$395.50	\$397.20
Bedford	\$315.00	\$331.00	\$331.00	\$331.00	\$375.00	\$455.00	\$475.00	\$475.00	\$475.00
Lexington	\$328.00	\$334.80	\$346.40	\$363.20	\$363.20	\$355.20	\$379.20	\$379.20	\$415.60
MWRA	\$253.49	\$266.84	\$289.63	\$304.91	\$325.98	\$362.53	\$400.74	\$424.88	\$447.82

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 O&M, depreciation and long-term investment needs. Concord is one of only 3% of systems within MA which have adopted a seasonal ascending-block conservation rate structure.

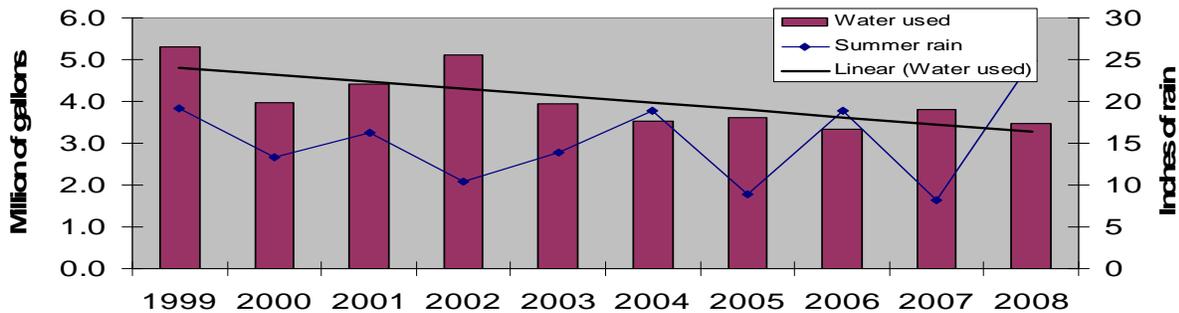
Program Highlights

The programs and initiatives highlighted below represent the most current efforts undertaken by the Division to address both customer needs and regulatory requirements.

Capacity: Up until mid-1980s the quantity of water available to each community within Massachusetts was primarily dictated by local interests, investments and available resources. Over the past several decades, the Commonwealth of Massachusetts has imposed regulatory controls pursuant to the Water Management Act, CMR Chapter 21G. Most recently, water rights have been increasingly challenged through conditional permits and registrations which include prescribed requirements intended to manage water use demand. Proposed controls including “mandatory” water use restrictions have begun to be met with resistance offered by individual communities. In January of 2008, Concord, along with over 40 other water systems, appealed terms and conditions included in a twenty year “Water Management Act Registration Statement.” While legal and regulatory findings are pending, we continue to believe that it is our responsibility to adopt and promote long-term sustainable and environmentally responsible water resource management practices. As such, we will continue to focus our efforts on developing effective customer outreach programs to increase voluntary participation in wise water use practices.

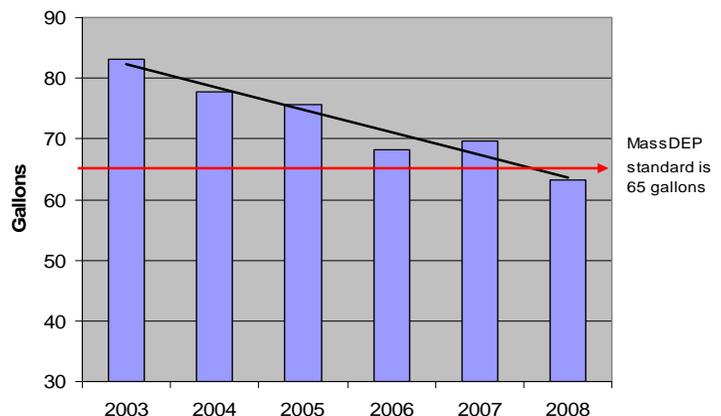
Within the past ten years, the Water Division has invested considerable effort to identify and eliminate unaccounted for water (losses through leaking pipes or inaccurate metering) and reduce wasteful consumption. The combination of infrastructure improvements coupled with increased customer awareness via conservation activities has allowed us to realize true savings as measured in both our daily average demand as well as peak daily demands. While such measures are certainly impacted by events beyond our control, such as regional precipitation trends, the savings are clearly exhibited in the table below.

Water System Peak Daily Demand



Water Conservation Program: Ongoing promotion of water conservation and sustainable development approaches continue to play an important role in Concord’s water supply demand management strategies. The “Community Conservation Challenge” continued to be actively promoted along with efficient/sustainable landscaping workshops and rebates offered for water efficient toilets and clothes washing machines. These activities were partially funded by a \$34,000 grant offered through the MA DEP. As shown in the graph to the right, residential water usage has decreased for the last several years as a result of the conservation program.

Residential Gallons Per Capita Day



Program Highlights (continued)

Water Testing: Concord's water system continues to meet or surpass state and federal standards for regulated drinking water quality. In accordance with MA DEP regulations, Concord recently performed town-wide lead and copper sampling activities at representative residential locations and educational establishments to confirm ongoing compliance with a federally mandated Lead and Copper Rule (LCR).

Station Rehabilitation Activities: A detailed design and bid specification is in development for the Annursnac Hill Reservoir rehabilitation project. This 2.5 million gallon drinking-water storage structure installed in the 1970s is in need of a new lining system and a replacement and upgrade to the existing mixing system to optimize water quality storage conditions.

Station Equipment: Physical improvements involving water treatment, chemical containment and dosing configurations were implemented within all seven water production facilities. Hardware and software upgrades were also made to improve upon our supervisory, control, and data acquisition (SCADA) system, specifically with respect to alarm handling capabilities and to provide greater operational flexibility and redundancy of critical system components.

Nagog Treatment Plant: Nagog Pond continues to operate under a federal filtration waiver awarded due to a highly successful watershed protection program. Regulations recently promulgated by the EPA, effective in 2013, will require enhanced disinfection of all surface water systems to address emerging interest with respect to microbial efficacy. To comply with this most recent mandate, a treatment feasibility alternatives study was performed (Black & Veatch, Inc.). In addition to the treatment process, all associated infrastructure was also assessed including a 100-year old dam and intake structure. To improve upon the treatment system reliability and operator safety needs, the Division independently procured and replaced remaining ozone gas monitoring/controlling analyzers within the ozone treatment facility.

Iron & Manganese Treatment: The Deaconess treatment facility, located at the Deaconess well site on ORNAC, has continued to operate successfully with measurable water quality improvements identified within our distribution system. Optimization efforts have also been implemented to maximize chemical usage efficiencies and associated sludge handling practices.

Mains (New/Replacement): Ventresca, Inc. of Stoneham, MA performed water main rehabilitation activities along four streets in Concord Center: Walden Terrace, Laurel Street between Stow and Walden Streets, and the northern loop at the end of Belknap and Elsinore Streets. Antiquated water mains were replaced with new 8-inch ductile iron pipe. Once again work was coordinated with planned capital improvement activities of other Town Departments including the Engineering Division, Roads Program, and Concord Municipal Light Plant.

Massachusetts Highway Bridge Reconstruction Initiative: MAS Building & Bridge (Franklin MA) installed a new 12-inch water main in coordination with the Pine Street Bridge Reconstruction project administered by Massachusetts Highway. Under a different project, Massachusetts Highway Department awarded R. Zoppo (Stoughton MA) a contract to incorporate the installation of a new 12-inch water main within the Flint's Bridge Reconstruction project. Both projects will result in improved system hydraulics and reliability of service, particularly in the vicinity of West Concord and Monument Street, respectively.

Meter Replacement Program: Effort and investment continued on the multi-year meter system upgrade, performed in conjunction with CMLP, which involves the installation of a radio-based technology which will allow for more efficient and customer friendly meter-reading capabilities.

Keyes Road Operations Facility: Planned improvements to rehabilitate and upgrade the electric room and heating system are to be undertaken pending the outcome of the larger Town-wide facilities needs assessment initiative. A modest investment was made to create a field supervisor office area.

Program Implementation

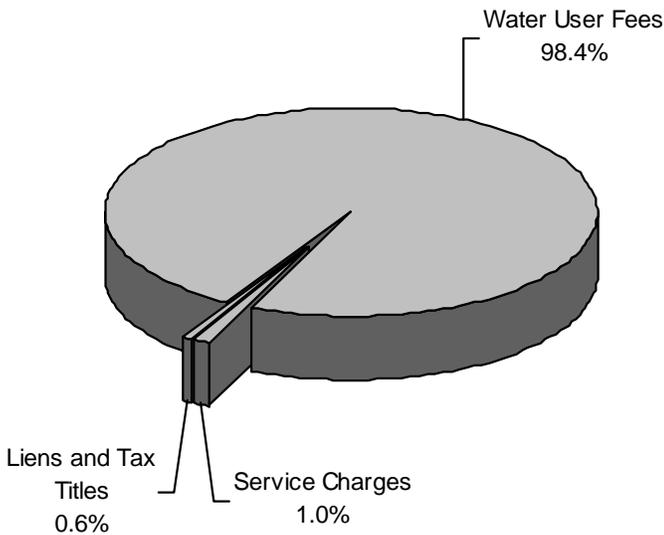
The proposed fiscal year 2010 operating budget, excluding depreciation and transfers to the general fund, is \$2,013,233. This represents a “level funding” request as compared to the water funds revised FY09 operating budget.

Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Water Division’s more than \$18 million worth of infrastructure (as of the end of FY08). The budgeted depreciation expense, totaling \$785,351, therefore reflects a depreciation of roughly 4% of these capital assets in FY10.

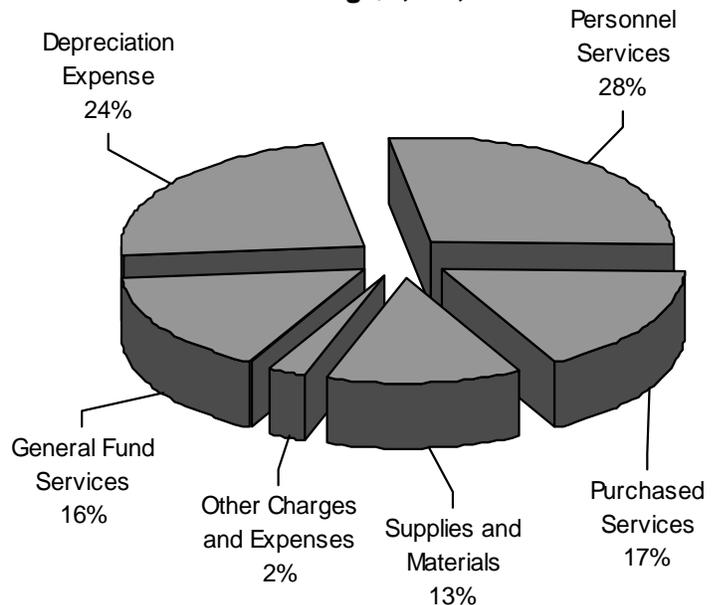
Personnel Services are budgeted to total \$938,248 in FY10, a 1.0% decrease from the revised FY09 total of \$947,904. No additional personnel have been requested.

The most significant change in operating expense noted within the past several years relates to the cost associated with essential water treatment chemicals. Since Fiscal Year 2007, the Water Division has participated in the Northeast Merrimack Valley Consortium for procurement of water treatment chemicals and the Town has benefited from bulk procurement of required water treatment chemicals. This past year, bids were awarded for over forty different chemicals, including five which are currently used by Concord. Overall, bids were up by a median of 31%, due to increased costs for manufacturing and transportation. The price of potassium hydroxide went up over 300%. The impact on the FY09 O&M budget was a net increase of approximately \$160,000 – for a year where water production was down due to an unusually wet period. The FY10 budget provides for an increase in chemical use of approximately 10% from the revised FY09 budget.

Operating Revenues
Totaling \$3,963,000



Operating Expenses
Totaling \$3,318,921



OPERATING REVENUES (\$)

	FY07		FY08		Rev. FY09		FY10
	Actual		Actual		Budget		Estimate
Water User Fees	\$	3,377,583	\$	4,042,522	\$	3,496,000	\$ 3,898,000
Service Charges		43,985		50,979		44,000	40,000
Liens and Tax Titles		20,223		21,169		25,000	25,000
Other		-		6,276		-	-
Audit Adjustment		-		557		-	-
Operating Revenues Total	\$	3,441,791	\$	4,121,503	\$	3,565,000	\$ 3,963,000

OPERATING EXPENSES (\$)

	FY07		FY08		Rev. FY09		FY10
	Actual		Actual		Budget*		Estimate
<u>Personnel Services</u>							
Personnel Expenses	\$	887,486	\$	919,029	\$	947,904	\$ 938,248
Audit Adjustment		(5,874)		7,555		-	-
Subtotal	\$	881,612	\$	926,584	\$	947,904	\$ 938,248
<u>Non-Personnel Services</u>							
Purchased Services		423,276		421,785		584,268	563,629
Supplies & Materials		205,838		232,475		411,784	434,292
Other Charges & Expenses		30,565		72,293		78,235	77,064
Audit Adjustment		7,596		72,638		-	-
Subtotal	\$	667,275	\$	799,191	\$	1,074,287	\$ 1,074,985
<u>Other</u>							
General Fund Services		479,511		479,991		509,385	\$520,337
Adjustment Allowance (3% EST)		-		-		-	-
Depreciation Expense		605,192		702,252		748,602	785,351
Capital Reserve		-		-		120,000	-
Subtotal	\$	1,084,703	\$	1,182,243	\$	1,377,987	\$ 1,305,688
Total Operating Expense	\$	2,633,590	\$	2,908,018	\$	3,400,178	\$ 3,318,921

Note: Revised FY09 Budget As of March, 2009.

AUTHORIZED POSITIONS (\$)

Regular Staff	FY09 Revised Budget		FY10 Initial Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
Water and Sewer Superintendent	0.60 FTEs	\$ 56,701	0.60 FTEs	\$ 56,701
Operations Engineer	0.20	14,647	0.20	14,647
Assistant to Superintendent	0.80	58,316	0.80	58,316
Environmental Analyst	0.80	46,395	0.80	46,395
Administrative Assistant	0.80	40,022	0.80	40,747
Public Works Supervisor	1.60	106,806	1.60	108,381
Crew Leader	1.60	89,291	1.60	90,740
Treatment System Operator	2.40	110,764	2.40	116,681
System Maintainer	4.00	167,180	4.00	169,065
Water Conservation Specialist	1.00	55,533	1.00	58,034
Technology Administrator	N/A	2,851	N/A	2,851
Technology Assistant	N/A	1,910	N/A	1,910
Subtotal	13.80 FTEs	\$ 750,416	13.80 FTEs	\$ 764,468
5120				
Environmental Technology Intern	312 hrs.	\$ 4,680	312 hrs.	\$ 4,680
GIS Intern	480 hrs.	7,200	480 hrs.	7,200
Subtotal	0.15 FTEs	\$ 11,880	0.15 FTEs	\$ 11,880
Employee Benefits				
Health Insurance	N/A	\$ 58,700	N/A	\$ 42,700
Life Insurance	N/A	300	N/A	300
Dental Insurance	N/A	7,000	N/A	7,000
Retirement Contribution	N/A	31,538	N/A	23,298
Subtotal	N/A	\$ 97,538	N/A	\$ 73,298
Payroll Taxes				
Medicare Tax	N/A	\$ 7,800	N/A	\$ 8,800
Social Security Contribution	N/A	3,200	N/A	3,200
Subtotal	N/A	\$ 11,000	N/A	\$ 12,000
Other Personnel Costs				
Overtime (5130)	1250 hrs.	\$ 45,350	1250 hrs.	\$ 45,350
Police Overtime (5131)	250 hrs.	10,000	250 hrs.	7,400
Standby Pay (5111)	890 hrs.	25,160	890 hrs.	26,523
Charges to Snow Account	160 hrs.	(3,440)	160 hrs.	(3,870)
Vacancy Savings (Sys. Maintainer)	1044 hrs.	-	1044 hrs.	(15,451)
Salary Adjustments (2%)	N/A	-	N/A	16,650
Subtotal	N/A	\$ 77,070	N/A	\$ 76,602
Total Personnel Costs	13.95 FTEs	\$ 947,904	13.95 FTEs	\$ 938,248

NET INCOME (\$)

	FY07 Actual	FY08 Actual	Rev. FY09 Budget*	FY10 Estimate
Statement of Net Income:				
Operating Revenues	\$ 3,441,791	\$ 4,121,503	\$ 3,565,000	\$ 3,963,000
Less Operating Expenses	(2,633,590)	(2,908,018)	(3,400,178)	(3,318,921)
Operating Income	\$ 808,201	\$ 1,213,485	\$ 164,823	\$ 644,079
Nonoperating Revenues (Expenses)				
Add Investment Income	\$ 155,835	\$ 179,422	\$ 75,000	\$ 29,620
Less Interest Expense	(183,130)	(249,480)	(222,425)	(199,784)
Other Nonoperating	55	-	-	-
Nonoperating Income	\$ (27,240)	\$ (70,058)	\$ (147,425)	\$ (170,164)
Net Income	\$ 780,961	\$ 1,143,427	\$ 17,398	\$ 473,915

AVAILABLE RESOURCES (\$)

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

	FY07 Actual	FY08 Actual	Rev. FY09 Budget*	FY10 Estimate
Capital Purposes				
Add Depreciation Exp. & Cap. Rsv.	\$ 605,192	\$ 702,252	\$ 868,602	\$ 785,351
Add Net Income	780,961	1,143,427	17,398	473,915
Add Bond Proceeds	4,250,000	750,000	-	-
Less Bonds Payable	(505,000)	(1,380,000)	(585,000)	(560,000)
Net Available for Capital	\$ 5,131,153	\$ 1,215,679	\$ 300,999	\$ 699,266

*As of February 2009

CASH POSITION AND FUND BALANCE FORECAST

Cash at Year Opening	FY09		FY10	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Cash on July 1st	\$ 3,632,287		\$ 2,770,220	
Add Receivables	678,962		678,962	
Add Inventory	56,446		56,446	
Less Cash held for Liabilities	(318,994)		(318,994)	
Fund Balance on July 1st	\$ 4,048,701		\$ 3,186,633	
Fund Balance Details (projected)	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Fund Balance on July 1st	\$ 3,061,587	\$ 987,114	\$ 2,393,984	\$ 792,649
Net Income	17,398		473,915	
Bonds Payable	(585,000)		(560,000)	
Capital Outlay	(100,000)	(1,063,067)		(1,478,000)
Add Depreciation Exp./Capital Rsv.		868,602		785,351
Balance Projected at June 30th	2,393,984	792,649	2,307,899	100,000
Fund Balance on June 30th	\$ 3,186,633		\$ 2,407,899	
Cash at Year End (projected)				
Fund Balance on June 30th	\$ 3,186,633		\$ 2,407,899	
Less Receivables	(678,962)		(678,962)	
Less Inventory	(56,446)		(56,446)	
Add Cash Held for Liabilities	318,994		318,994	
Projected Cash at June 30th	\$ 2,770,220		\$ 1,991,486	

DEBT SERVICE (\$)

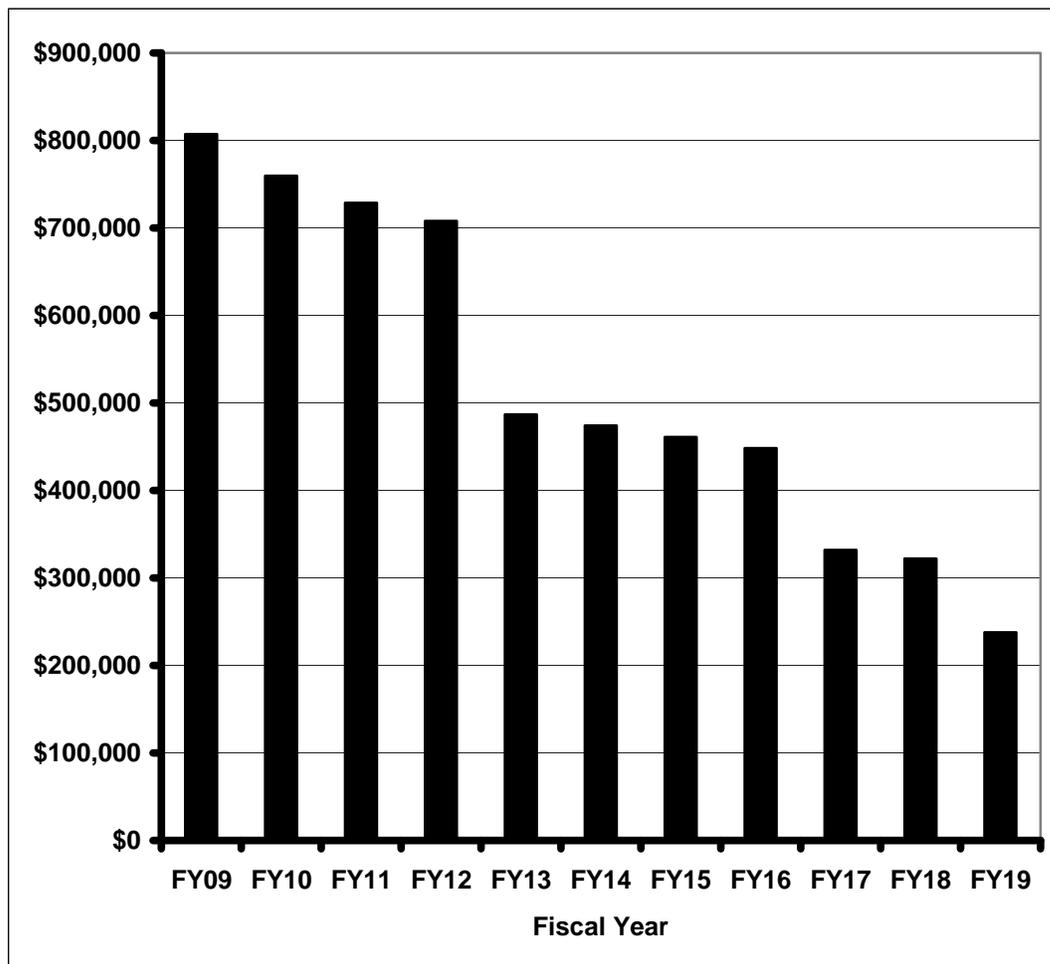
	FY07 Actual	FY08 Actual	FY09 Revised	FY10 Estimate
Long Term Debt Repayment Schedule:				
Principal	\$ 505,000	\$ 630,000	\$ 585,000	\$ 560,000
Interest	103,623	226,033	222,424	199,784
Debt Issuance Expenses	-	8,000	-	-
Totals	\$ 608,623	\$ 864,033	\$ 807,424	\$ 759,784

PAYMENTS TO THE GENERAL FUND (\$)

	FY07 Actual	FY08 Actual	FY09 Revised	FY10 Estimate
Management & Engineering Services:				
Highway Maintenance	\$ 12,316	\$ 14,569	\$ 15,312	\$ 15,458
133/135 Keyes Road Facilities	49,123	54,744	52,820	52,113
Public Works Engineering	57,501	60,537	64,383	63,959
Public Works Administration	65,243	70,445	69,675	70,904
Subtotals	\$ 184,183	\$ 200,295	\$ 202,190	\$ 202,434
Financial & Administrative Services:				
Town Manager	\$ 45,857	\$ 47,656	\$ 52,167	\$ 52,324
Town Accountant:				
General Services	41,058	42,404	41,636	43,009
Audit Services	6,000	5,520	6,000	6,000
Treasurer-Collector	40,570	41,889	43,500	44,501
Finance Administration	46,337	54,865	67,283	64,811
Personnel Administration	9,810	10,234	10,770	13,321
Information Systems	-	-	5,130	5,306
Town House Facilities	6,047	6,119	5,922	5,920
Subtotals	\$ 195,679	\$ 208,687	\$ 232,408	\$ 235,192
Natural Resource Protection:				
Planning	\$ 30,688	\$ 31,406	\$ 32,809	\$ 32,711
Natural Resource Protection	18,574	19,655	20,928	20,322
Health	19,736	19,948	21,051	21,383
Subtotals	\$ 68,998	\$ 71,009	\$ 74,788	\$ 74,416
Salary Reserve	\$ -	\$ -	\$ -	\$ 8,295
Totals	\$ 448,860	\$ 479,991	\$ 509,386	\$ 520,337

Water Debt Service (to 2018)

Fiscal Year	Principal	Interest	Totals
FY09	\$ 585,000	\$ 222,425	\$ 807,425
FY10	560,000	199,784	759,784
FY11	550,000	178,669	728,669
FY12	550,000	157,869	707,869
FY13	350,000	136,869	486,869
FY14	350,000	124,119	474,119
FY15	350,000	111,269	461,269
FY16	350,000	98,206	448,206
FY17	250,000	81,831	331,831
FY18	250,000	72,113	322,113
FY19	175,000	62,738	237,738
Totals	<u>\$ 4,320,000</u>	<u>\$ 1,445,892</u>	<u>\$ 5,765,892</u>



DISTRIBUTION SYSTEM

Mains (New/Replacement): \$300,000 - Annual capital outlay for improvements and extensions to the distribution system. This ongoing investment is designed to ensure that aging deteriorating main is replaced in a methodical and prudent manner. The Water Division will continue to coordinate system upgrades with other Town Departments to insure division needs are considered in light of other public work improvement efforts (such as Roads Program and CMLP initiatives).

Meter Replacement Program: \$16,000 - Water fund portion (80%) of costs associated with multi-year system-wide meter replacement efforts. Effort expanded in coordination with CMLP to allow for inclusion of radio-read technology for more advanced and customer friendly meter-reading capabilities.

Hydrants: \$30,000 - Concord Water is involved in annual hydrant inspection and replacement activities to insure all hydrants operate properly. Budget includes costs for approximately 16 new hydrants.

Building Services: \$12,000 - Costs associated with the replacement/installation (street to property line) of approximately 10-15 new water services within our distribution system. Sites have been prioritized in conjunction with Roads Program.

STRUCTURES

Station Structures: \$220,000 - Efforts will be made to restore the withdrawal capacity of several existing well sites which have been lost due to inefficiencies attributed to aging well structures. Scope to include exploration, design and construction of several satellite wells with associated pump modifications/additions.

Pumping Station Equipment: \$20,000 - 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. One notable project includes the addition of water quality analyzers to comply with new regulatory guidance measures developed to harden chemical control strategies employed in all public water systems.

Reservoir Improvements: \$600,000 - Annual capital outlay for improvements and replacement of water station structures. The Annursnac Hill Reservoir, a 2.5 million gallon drinking water storage structure, requires rehabilitation of the existing concrete floor. The proposed scope of work includes the installation of a synthetic liner (to extend the useful life of the concrete floor) and replacement/upgrade of the existing mixing system (to enhance water quality). The proposed budget plan is inclusive of construction and engineering/administrative services.

Nagog Treatment Plant: \$210,000 - The work performed by Black & Veatch in FY 2009 resulted in a series of recommendations including design and construction initiatives which will be strategically phased to accommodate budget interests and near term and long-term regulatory directives and treatment goals. In addition to the proposed treatment system upgrades, recommendations have been made to perform major repairs (or replacement) of the dam and associated intake conveyance structures.

GENERAL PLANT

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

Keyes Road Facility \$27,000 - Water Fund portion (80%) of capital outlay for improvements to Water/Sewer Administrative Office and Garage facilities. Plan to complete rehabilitation project involving electric room, heating system and field operations work area pending outcome of Town-wide facilities needs assessment initiative.

Vehicles \$28,000 - Water Fund portion (80%) of fleet replacement costs. Water/Sewer Fleet consists of 17 vehicles and miscellaneous service equipment such as compressor, vacuum, etc., which are replaced in accordance with CPW criteria based on industry accepted useful life measures.

SUPPLY/CAPACITY

Source Protection \$10,000 – Funds for ongoing implementation of water resource protection program.

Capital Spending Plan

<u>Capital Activities</u>	FY07 Actual	FY08 Actual	Rev. FY09 Budget	FY10 Estimate
<u>Distribution System</u>				
Mains (0111)	452,049	178,572	536,000	300,000
Meters (0112)	140,285	191,913	39,000	16,000
Hydrants (0114)	10,923	25,300	30,000	30,000
Services (0113)	-	(444)	12,000	12,000
Subtotal	603,257	395,342	617,000	358,000
<u>Structures</u>				
Station Structures (0121)	65,127	2,863	20,000	220,000
Pumping Station Equipment (0122)	5,167	8,924	20,000	20,000
Reservoir Improvements	-	-	45,000	600,000
Nagog Filtration (0136)	1,450	67,589	200,000	210,000
Iron and Maganese Program (0137)	1,900	-	-	-
Art 52 Water Supply (0456)*	3,838,997	886,115	100,000	-
Subtotal	3,912,640	965,492	385,000	1,050,000
<u>General Plant</u>				
Building and Equipment (0000)	\$ 2,788	\$ 10,419	\$ 5,000	\$ 5,000
135 Keyes Road (0135)	19,650	-	76,000	27,000
Depreciated Capital Expense (0899)	17,698	28,002	17,667	-
Vehicles (0236)	74,233	23,833	42,400	28,000
SCADA (0123)	3,630	-	-	-
Subtotal	117,998	62,254	141,067	60,000
<u>Supply and Capacity</u>				
Source Protection (0124)	-	12,915	20,000	10,000
Water Conservation (0128)	3,891	1,070	-	-
Subtotal	3,891	13,985	20,000	10,000
<u>Audit Adjustments</u>				
Audit Adjustment (Personnel)	(49,247)	(57,897)	-	-
Audit Adjustment (Other)	18,785	(266,461)	-	-
Subtotal	(30,462)	(324,358)	-	-
Total	\$ 4,607,324	\$ 1,112,715	\$ 1,163,067	\$ 1,478,000
Funding the Capital Plan				
From Debt*	\$ 3,838,997	\$ 886,115	\$ 100,000	\$ -
From Water Fund Resources	\$ 768,327	\$ 226,600	\$ 1,063,067	\$ 1,478,000
Total	\$ 4,607,324	\$ 1,112,715	\$ 1,163,067	\$ 1,478,000
*For Deaconess Well, Iron and Manganese Removal Project				

Water Fund: Plan and Projection	ACTUAL	BUDGET			PROJECTION								10 years
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY10-19
Operating Revenue													
User Fees	4,064,248	3,521,000	3,923,000	4,042,000	4,177,000	4,303,000	4,455,000	4,612,000	4,775,000	4,968,000	5,193,000	5,428,000	45,876,000
Other	57,255	44,000	40,000	41,000	42,000	43,000	44,000	45,000	46,000	47,000	48,000	49,000	445,000
Subtotal	4,121,503	3,565,000	3,963,000	4,083,000	4,219,000	4,346,000	4,499,000	4,657,000	4,821,000	5,015,000	5,241,000	5,477,000	46,321,000
Operating Expense													
O & M	2,205,766	2,531,576	2,533,570	2,609,577	2,687,864	2,768,500	2,851,555	2,937,102	3,025,215	3,115,972	3,323,019	3,419,302	29,271,677
Depreciation & Capital Reserve	702,252	868,602	785,351	799,099	807,064	844,834	832,617	907,864	936,686	963,748	941,153	1,056,982	8,875,397
Subtotal	2,908,018	3,400,178	3,318,921	3,408,677	3,494,928	3,613,335	3,684,172	3,844,966	3,961,901	4,079,720	4,264,172	4,476,284	38,147,074
Operating Income	1,213,485	164,823	644,079	674,323	724,072	732,665	814,828	812,034	859,099	935,280	976,828	1,000,716	8,173,926
ADD: Interest Income	179,422	75,000	29,620	52,300	53,406	50,557	52,049	58,093	63,607	74,134	84,802	91,206	609,773
Miscellaneous Non-Operating Income	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS: Interest Expense													
Existing Debt	226,033	222,425	199,784	178,669	157,869	136,869	124,119	111,269	98,206	81,831	72,113	62,738	1,223,467
Future Debt	0				169,125	239,635	151,195	221,705	196,845	171,985	314,875	457,765	1,923,130
Bond Anticipation Notes (BANs)	24,171		0	24,450	0	0	43,350	0	0	0	103,700	0	171,500
Issuance expense	-724			16,300	0	0	28,900	0	0	0	61,000	0	106,200
Net Income	1,143,427	17,398	473,915	507,204	450,484	406,718	519,313	537,154	627,655	755,598	509,942	571,419	5,359,402
Available Resources from:													
Net income	1,143,427	17,398	473,915	507,204	450,484	406,718	519,313	537,154	627,655	755,598	509,942	571,419	5,359,402
Depreciation expense & capital reserve	702,252	868,602	785,351	799,099	807,064	844,834	832,617	907,864	936,686	963,748	941,153	1,056,982	8,875,397
subtotal	1,845,679	885,999	1,259,266	1,306,304	1,257,548	1,251,552	1,351,930	1,445,017	1,564,340	1,719,347	1,451,095	1,628,401	14,234,799
Bond proceeds	750,000		1,630,000	1,630,000			2,890,000				6,100,000		10,620,000
Loan proceeds			0	1,630,000			2,890,000				6,100,000		10,620,000
LESS: Principal repayments													
Existing Debt	630,000	585,000	560,000	550,000	550,000	350,000	350,000	350,000	350,000	250,000	250,000	175,000	3,735,000
New Debt				0	163,000	452,000	163,000	452,000	452,000	452,000	452,000	757,000	3,343,000
BAN Repayment	750,000			1,630,000			2,890,000				6,100,000		10,620,000
Net Available for Capital Purposes	1,215,679	300,999	699,266	2,386,304	544,548	449,552	3,728,930	643,017	762,340	1,017,347	6,849,095	696,401	17,776,799
Capital Plan	1,112,715	1,163,067	1,478,000	2,185,300	657,000	565,000	3,494,000	573,000	589,200	606,400	6,706,400	606,400	17,460,700
Cash Position													
Beginning balance	4,422,517	3,632,287	2,770,220	1,991,486	2,192,489	2,080,037	1,964,590	2,199,519	2,269,536	2,442,677	2,853,624	2,996,319	
ADD: Net available	1,215,679	300,999	699,266	2,386,304	544,548	449,552	3,728,930	643,017	762,340	1,017,347	6,849,095	696,401	
LESS: Planned Capital	1,112,715	1,163,066	1,478,000	2,185,300	657,000	565,000	3,494,000	573,000	589,200	606,400	6,706,400	606,400	
adjustment to audit	-893,194												
Ending balance	3,632,287	2,770,220	1,991,486	2,192,489	2,080,037	1,964,590	2,199,519	2,269,536	2,442,677	2,853,624	2,996,319	3,086,319	

WATER RATES

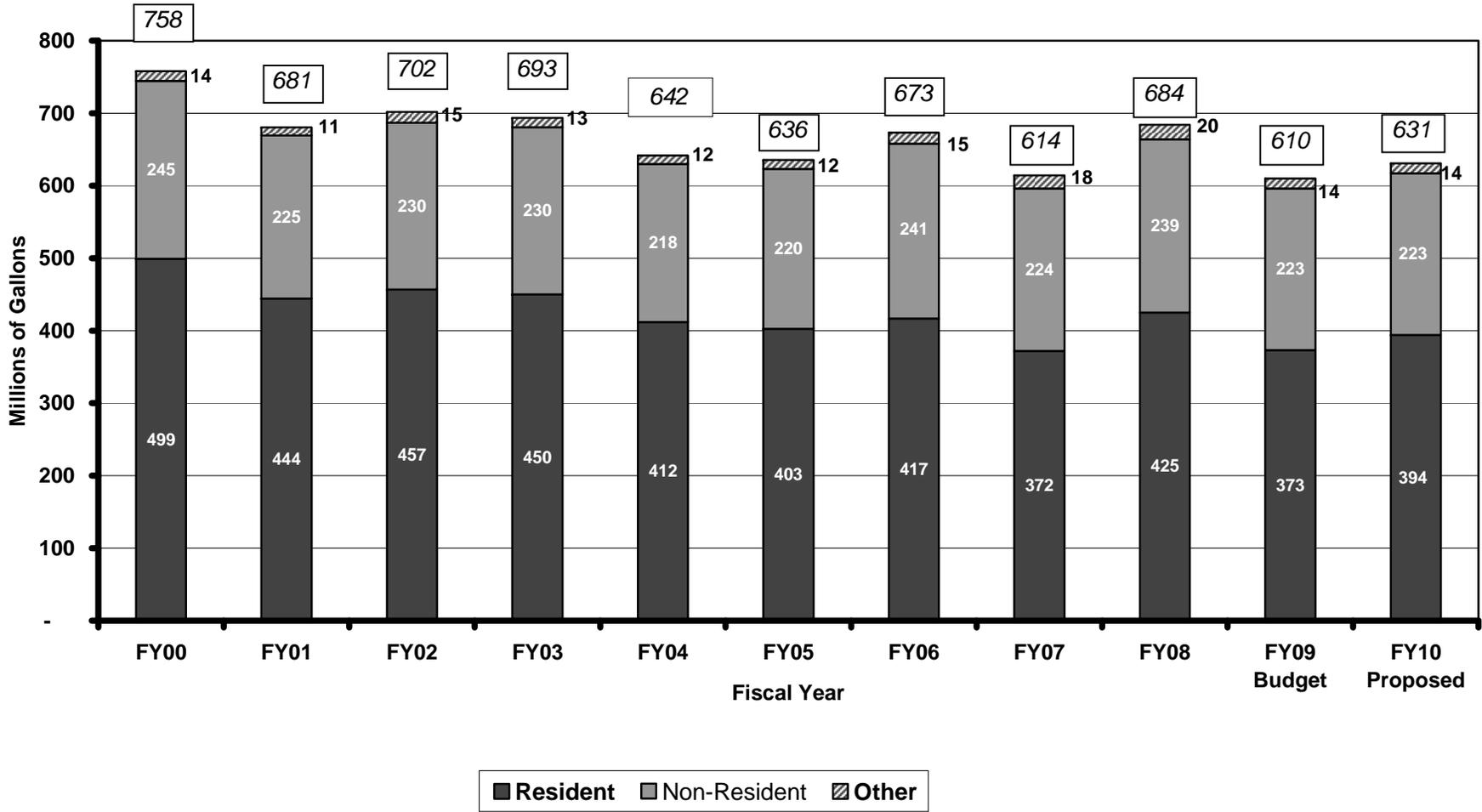
(Per 100 Cubic Feet)

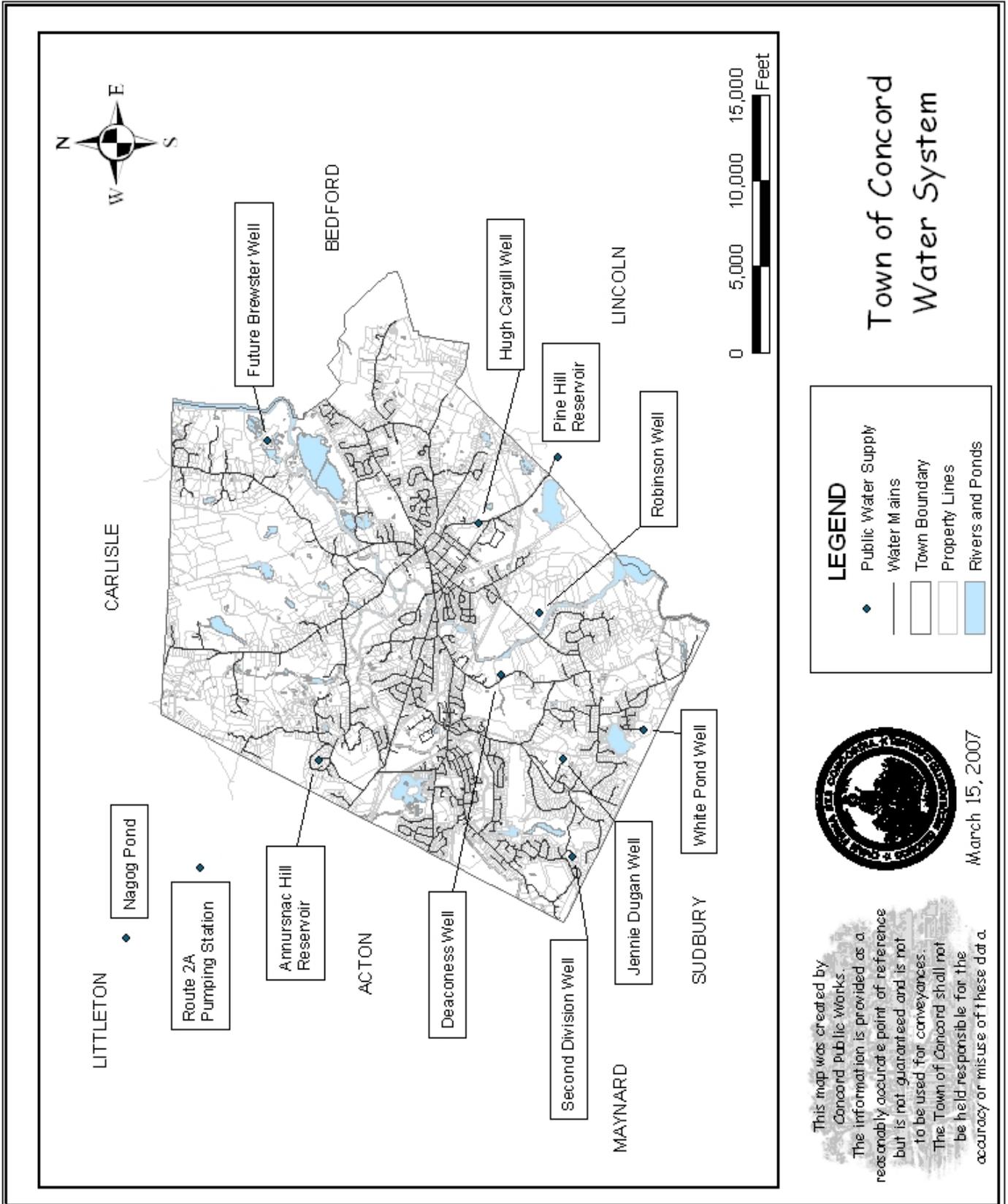
W-09 Class of Customer	Current FY09	Proposed FY10	%Chg.
1 & 2 Residential Service	(1 unit = 100 cubic feet = 748 gallons)		
1st Step: (all year)	\$ 3.72	\$ 3.83 **	3%
Conservation Step*: (25 - 48 units)	\$ 7.06	\$ 7.51	6%
Conservation Step*: (over 48 units)	\$ 9.28	\$ 9.58	3%
*May 1st through October 31st for consumption over 24 units bimonthly			
3 General Service			
1st Step: (all year)	\$ 3.72	\$ 3.83	3%
2nd Step: (all year) (over 50 units bimonthly)	\$ 4.62	\$ 4.86	5%
4 Municipal Service			
1st Step: (all year)	\$ 3.66	\$ 3.77	3%
Interruptible Outdoor Irrigation use			
5 Second Meters Service			
A. Seasonal Meters/Dedicated Outdoor Irrigation use			
All consumption	\$ 7.06	\$ 7.51	6%
B. Non-Irrigation, Non-sewered			
	\$ 4.62	\$ 4.86	5%

**A 50% discount is proposed on Step 1 water consumption, up to a maximum of 24 units in a bimonthly billing period, for customers of record who meet certain age and income eligibility criteria.

Sample Impacts	Current Annual	Proposed Annual	Annual Change	Monthly Change	% Chg.
1a Average Residential Customer (20 units bimonthly) <i>Approximately two-thirds of residential customers normally use less than the Conservation step threshold.</i>	\$ 446	\$ 460	\$ 13.20	\$ 1.10	3%
1b Large Summertime Residential Customer (40 units bimonthly during summer; 25 units bimonthly rest of year)	\$ 886	\$ 923	\$ 37.77	\$ 3.15	4%
1c Larger Summertime Residential Customer (60 units bimonthly during summer; 25 units bimonthly rest of year)	\$ 1,389	\$ 1,449	\$ 59.37	\$ 4.95	4%
3a Small Commercial Customer (40 units bimonthly) <i>Approximately two-thirds of commercial/institutional/Gov't customers normally use less than than the 2nd step threshold.</i>	\$ 893	\$ 919	\$ 26.40	\$ 2.20	3%
3b Large Commercial Customer (5,000 units bimonthly)	\$ 138,330	\$ 145,491	\$ 7,161	\$ 596.75	5%
5a Small Municipal Customer (47 units bimonthly)	\$ 1,032	\$ 1,063	\$ 31	\$ 2.59	3%
5b Large Municipal Customer (600 units bimonthly)	\$ 13,176	\$ 13,572	\$ 396	\$ 33.00	3%

Water Fund Water Billed by Customer Class (Millions of Gallons) FY2000 - FY2010





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