



WATER DEPARTMENT BUDGET WORKSHOP



FY2017/18 RECOMMENDED BUDGET
March 16, 2017



Water Department FY2017/18 Recommended Budget Expenditure Summary

- **Total Recommended Expenditures of \$8,482,779**
- **This is a net decrease in recommended expenditures total -\$206,091 (-2.4%) below FY17**
- **This decrease is mostly attributed to a decrease in debt services**
- **The operating budget increased by \$20,485 (0.4%)**





Water Department FY2017/18 Recommended Budget Expenditure Summary

❖ Expense Overview

- **Personal Services and Employee Benefits increased \$19,933 (+0.6%)**
- **Purchased Services and Supplies increased \$1,190 (+0.1%)**
- **Inter-fund Transfers \$24,666 (1.8%)**
- **Debt service decreased - \$273,157 (-14%)**





Water Department FY2017/18 Recommended Budget Transfer to Reserve Summary

Recommended Transfer to Water Reserve \$467,600

<u>Capital List</u>	<u>Cost</u>
<input type="checkbox"/> Water Meters	\$ 50,000
<input type="checkbox"/> Well Redevelopment	\$ 50,000
<input type="checkbox"/> Tank Painting	\$ 75,000
<input type="checkbox"/> Filter Media	\$ 45,000
<input type="checkbox"/> Vehicle Replacement	\$ 34,000
<input type="checkbox"/> VFD Replacement – New State Road	\$ 13,000
<input type="checkbox"/> Well #2a Site Remediation	\$135,000
<input type="checkbox"/> GHWTP Effluent Pump MCC replacement	\$ 30,600
<input type="checkbox"/> GHWTP Roof Fall Protection	\$ 35,000

***Justification for the expenditures listed above appear on the next 2 pages**



Water Department FY2017/18 Recommended Budget Transfer to Reserve

Water Meters - \$50,000

- Annual allocation for replacement meter and MXU's (Water portion)

Well Redevelopment - \$50,000

- Redevelop well and replace pump

Tank Painting - \$75,000

- Annual appropriation to the account for funding a 15-year cycle of tank painting and 5-year inspection cycle; a DPH requirement

Filter Media Replacement - \$45,000

- Annual allocation to fund filter media replacement in 3 to 5 years

Vehicle Replacements - \$34,000

- Replace Water Treatment vehicle #321 – 2007 Pickup with 178,000 miles





Water Department FY2017/18 Recommended Budget Transfer to Reserve - Continued

VFD Replacement – New State Road - \$13,000

- **Replace variable frequency drive at the New State Road Treatment Facility. The existing VFD is 20 years old and parts are no longer made**

Well #2a site remediation - \$135,000

- **Contractual services for a License Environmental Professional for bio-remediation monitoring, data collection and process control recommendations**

GHWTP Effluent Pump MCC replacement - \$36,000

- **Replacement of Motor Control Center at the GHWTP. The equipment is 30 years old and was not part of the upgrade of the treatment plant. The existing equipment has intermittent problems due to age**

GHWTP Roof Fall Protection - \$35,000

- **Install fall protection on the roof of GHWTP to meet OSHA regulations and prevent employees and contractors from falls**



Water Department FY2017/18 Recommended Budget Note-Funded Capital Projects

Water Quality Improvement Program

Total Cost

Infrastructure Improvements

\$600,000

- For pipe rehabilitation and/or replacement
- Projects are based on the results of the Water Distribution System Evaluation
- In general, it targets water mains that are unlined, 4 inches or smaller, greater than 60 years old and that require upgrading for hydraulic purposes
- Work accomplished through previous WQIP appropriations have resulted in significant improvements to the water distribution system

Infrastructure Improvements

Total Cost

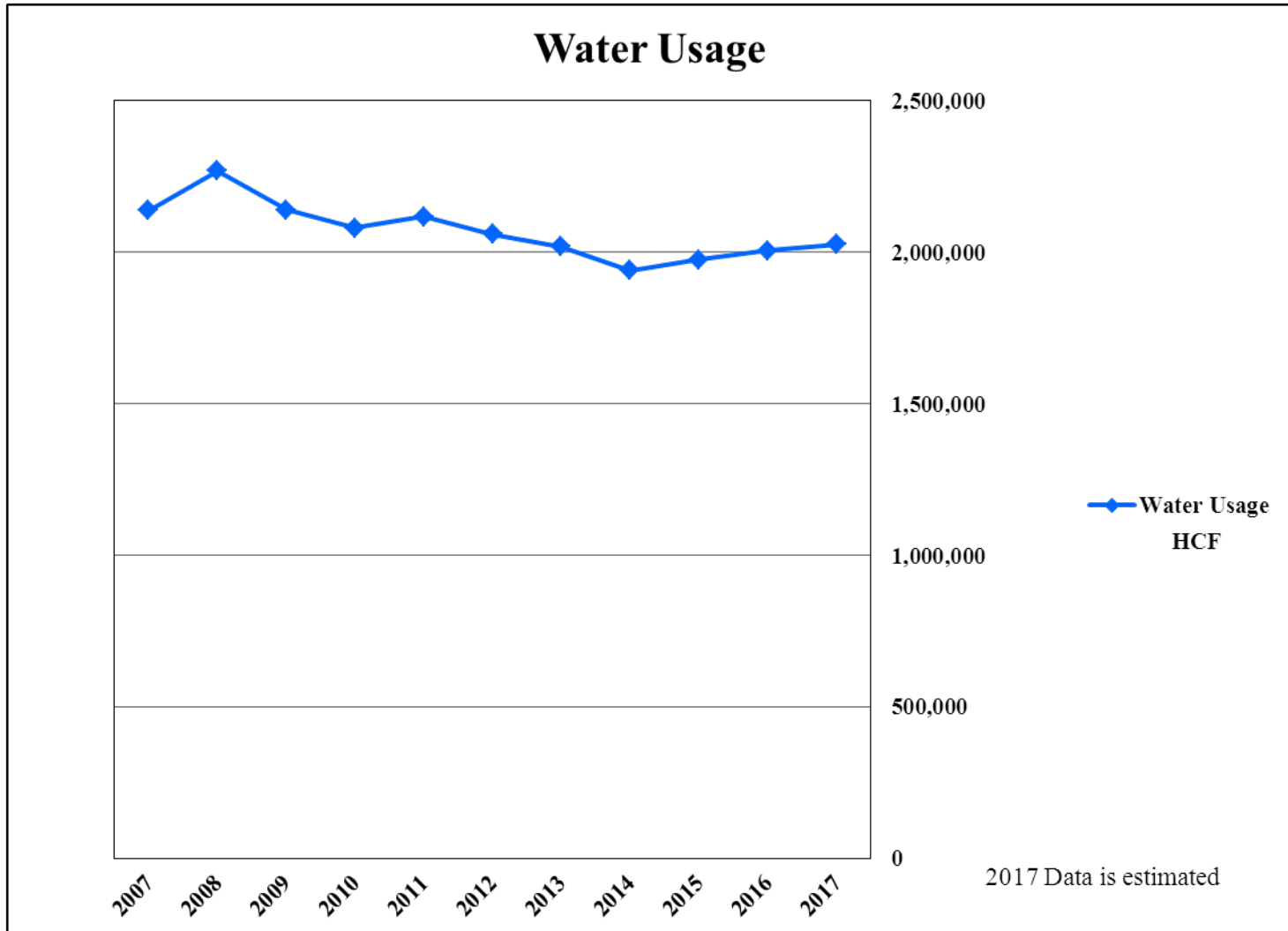
Infrastructure Improvements

\$600,000

- For pipe rehabilitation and/or replacement in area not necessarily a priority based on the WQIP however old enough to warrant the improvements. This initiative started in FY17
- These improvement projects continues efforts to coordinate with Public Works in order to provide a comprehensive approach to roadway reconstruction



Water Department FY2017/18 Recommended Budget





Water Department FY2017/18 Recommended Budget Revenue Summary

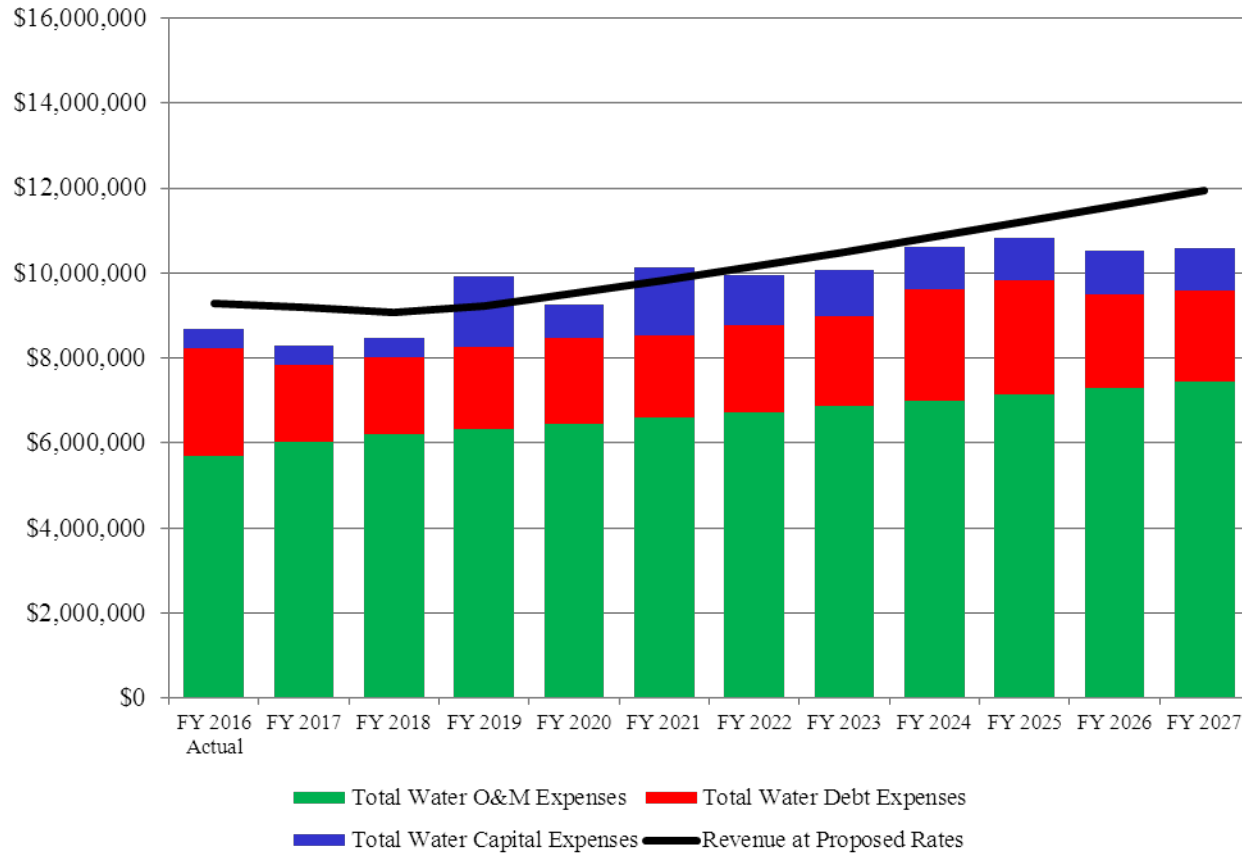


- **Total Recommended Revenue - \$9,069,849**
- **Comprised of:**
 - **Revenue from the sale of water is estimated to be \$7,129,141**
 - This reflects a 1.5% rate increase (\$3.23/HCF to \$3.28/HCF)
 - Volume is based on an increase of 0.5% over last year's consumption
 - **Revenues from fire service charges is \$1,389,072**
 - **Miscellaneous revenue is \$252,000**
 - **Rents \$299,636**
 - **No Use of Net Assets**
 - **The FY2017/18 Budget maintains a level of working capital equal to 180 days of operating expense**
- **The rate increase of 1.5% is half of last year's budget preparation projections**
- **Provides a surplus of \$587,070**



Water Department FY2017/18 Recommended Budget

Water Net Revenue Requirements and Projected Revenue

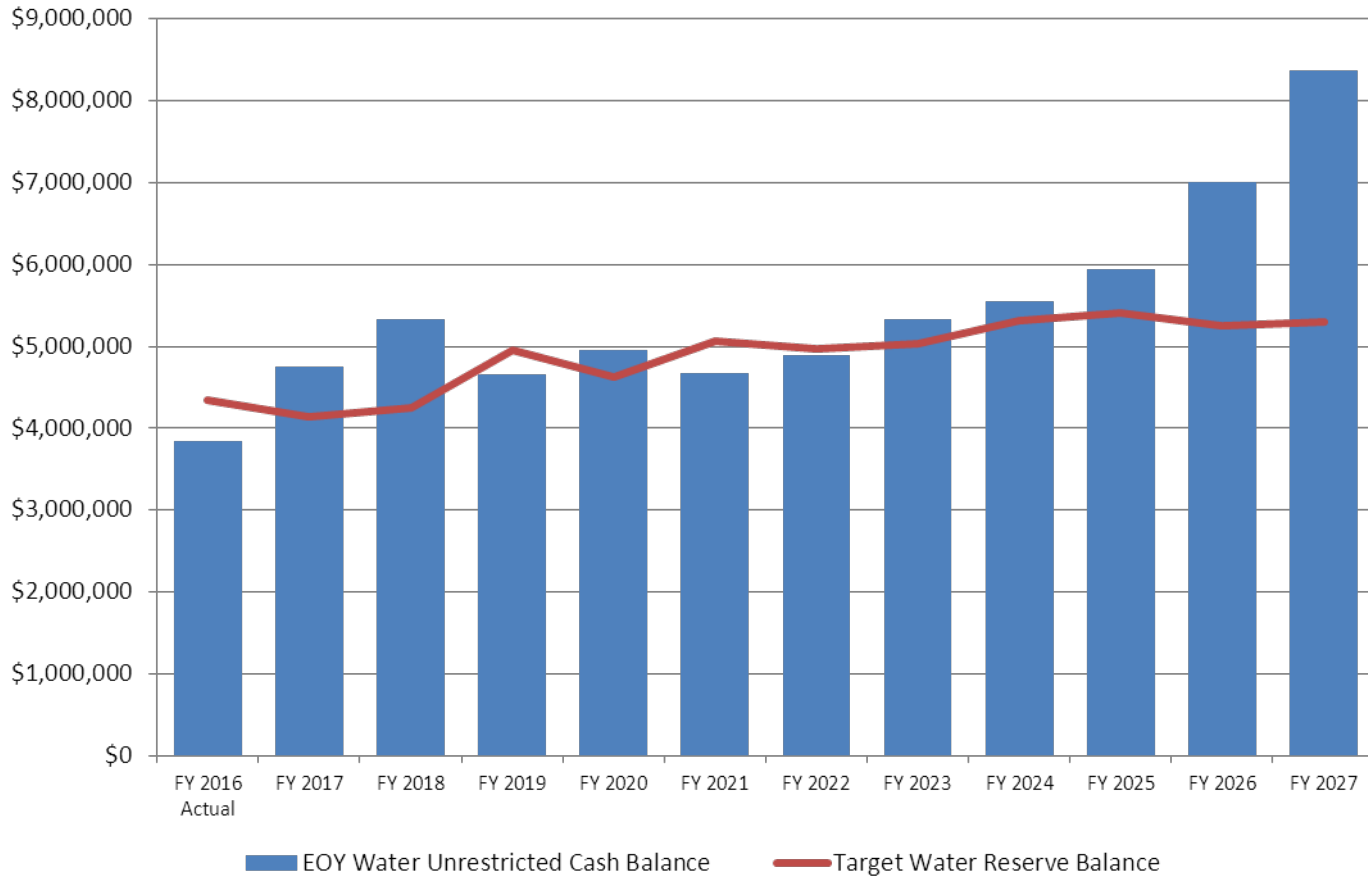


Assumes a 1.5% rate increase in FY2018, FY2019 and a 3% rate increase in subsequent years



Water Department FY2017/18 Recommended Budget

End of Year Water Fund Cash Balance



Assumes a 1.5% rate increase in FY2018, FY2019 and a 3% rate increase in subsequent years

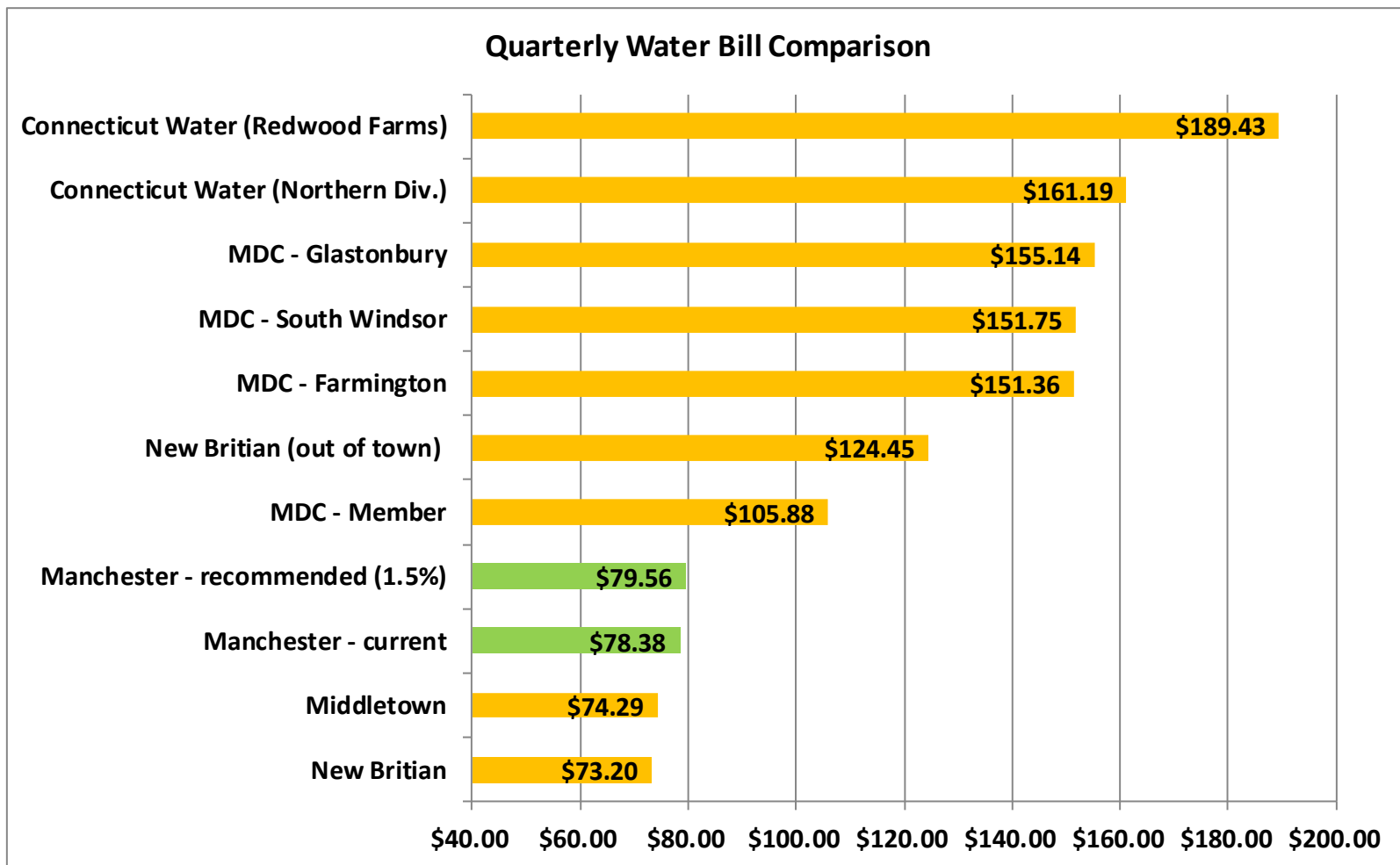


Water Department FY2017/18 Recommended Budget Value Comparison

- **Our current water rate is the third lowest out of 6 suppliers serving the Greater Hartford Area**
- **Our recommended water rate will maintain this ranking**
- **A 1.5% rate adjustment would increase the average water bill by \$1.18/quarter (\$79.56/ qtr) or \$4.72/year (\$318.24/year)**
- **The average water bill will be \$26.52/month**
- **A gallon of water delivered to your home cost 0.48¢**



Water Department FY2017/18 Recommended Budget





Water Department FY2017/18 Recommended Budget Rate Comparison Chart

Location	Equalized rate Based on average use, meter charge and surcharges where applicable	Quarterly cost per household for usage of 2,200 cubic feet/quarter based on equalized rate calculation
Manchester - current	\$3.56/HCF	\$78.38 (FY17)
Manchester - recommended (1.5%)	\$3.62/HCF	\$79.56 (FY18)
Middletown	\$3.38/HCF	\$74.29 (2016 Rate)
New Britain Out of Town	\$3.33/HCF \$5.66/HCF	\$73.20 (2016 Rate) \$124.45 (2016 Rate)
MDC – Member (eff. Jan 2016)	\$4.81/HCF	\$105.88 (member town)
MDC – South Windsor	\$6.90/HCF	\$151.75 (South Windsor)
MDC – Farmington	\$6.88/HCF	\$151.36 (Farmington)
MDC – Glastonbury	\$7.05/HCF	\$155.14 (Glastonbury)
CWC (e.g.; Bolton, Coventry, Enfield, S. Windsor, Tolland, Vernon, etc.)	\$7.33/HCF	\$161.19 (eff. 2016)
CWC (Redwood Farms)	\$8.61/HCF	\$189.43 (eff. 2016)