

Enterprise Funds

Section 8



This Page Intentionally Blank



Solid Waste Enterprise Fund Statement

On January 1, 2003 the Town began a fee-based solid waste program commonly referred to as “Pay-As-You-Throw” (PAYT). The PAYT program is overseen by the Town Engineer and requires residents to use Town of Northborough designated trash bags in order to have their trash and recycling collected at curbside by the Town’s contractor. The PAYT program is operated as an enterprise fund intended to generate fee revenue to cover all solid waste and recycling collection and disposal costs previously provided within the tax base.

An enterprise fund, authorized by MGL Ch. 44 §53F½, is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery—direct, indirect, and capital costs—are identified. This allows the community the option to recover total service costs through user fees. Enterprise accounting also enables communities to reserve as unrestricted the "surplus" or net assets generated by the operation of the enterprise rather than closing it out to the General Fund at year-end. Services that may be treated as enterprises include, but are not limited to, solid waste, water and sewer services.

Significant FY2018 Budget Changes or Initiatives

The Solid Waste Enterprise Fund does not generate sufficient revenue to cover all its expenses. The total FY2018 fee revenues are projected to be \$488,000 and the FY2018 expenses are estimated at \$792,830, requiring a projected general fund subsidy of \$217,160 along with a transfer from the Solid Waste Fund Free Cash of \$87,670. In FY2018, the appropriation will again contain a \$10,000 Contingency Reserve account within the Solid Waste Fund to ensure adequate funding for the potential of an unforeseen event in the coming year.

Last year the Town entered into a new three-year agreement with Allied Waste Services of Massachusetts to continue collection service to the Town through FY2019. Under the new agreement, collection costs which were held constant at \$475,000 for the entire five year duration of the previous contract and the first year of this contract, will increase by 2% in FY2018 and another 2% in FY2019.

As a result of the fees projected to be collected and the FY2018 expenses of \$792,830, a General Fund subsidy of \$217,160 is recommended in order to balance the Enterprise Fund. Below is a detailed explanation regarding projected revenues, overhead costs, disposal costs and projected tip fees, projected tonnage and collection costs.

PAYT Revenues and Overhead Costs:

The Town continues to offer two sizes of bags and anticipates the possibility of a significant increase in the cost of the bags from the manufacturer, due to the effect of increases in fuel costs and other factors affecting the resin used in the manufacture of the bags.

The bag fee was last revised in January of 2007 to better cover costs associated with the program and remains set at \$3.00/large bag and \$1.50/small bag. Additional fees were also created to help reduce the shortfall between revenues and expenditures. A fee of \$10 per box was instituted



for the disposal of hazardous waste at the annual Household Hazardous Waste Day event in September of 2005. In addition, a sticker fee of \$10 per item for the disposal of large/bulky items set out at the curb was instituted in March of 2006.

During FY2017, the Town again received \$4,200 as part of the Recycling Dividends Funds program which provides payments to municipalities that have implemented specific programs and policies proven to maximize reuse, recycling and waste reduction. This money will be used to offset the cost of purchasing recycling bins and to offset the cost of producing and mailing the recycling calendar to each household in June. Due to the possibility of future state budget cuts the Solid Waste budget also includes \$5,000 to cover these costs in FY2018.

In an effort to minimize additional staff workload the Town continues to contract with Niman Paper Supply for the warehousing and distribution of trash bags and bulk item labels to the authorized retailers at a cost of \$.02 per bag or label. Total projected FY2018 overhead costs for the Pay-As-You-Throw program (purchase of bags, stickers and their distribution) is estimated at \$75,000.

The Solid Waste budget also includes the cost of removing and disposing of the yard waste material (brush, leaves and grass) residents dispose of at the Highway Garage. The State Department of Environmental Protection banned yard waste which includes grass and leaves from the wastes that can be disposed of in landfills and incinerators/resource recovery facilities in 1991. The total cost for disposal of all yard waste is estimated to be \$70,000 for FY2018.

Disposal Costs and Projected Tip Fee:

In accordance with the Waste Disposal Agreement with Wheelabrator Millbury, Inc. as revised in 2014 the tip fee is to be adjusted each year on July 1st based upon the amount of change in the Consumer Price Index (CPI) for urban wage earners and clerical workers-Northeast Urban beginning on July 1, 2017. As outlined in the agreement the current tip fee is \$66.00/ton and based upon the most recent information from the Bureau of Labor and Statistics and the formula in the agreement, the tip fee for FY2018 has been estimated at \$67.99/ton, which will apply to the amount of trash disposed of between 7/1/17 and 6/30/18.

Projected Tonnage for FY2018:

Actual tonnage for the last 12 months was 1,927 tons, and reflects a 0.77% decrease from the previous 12 months. Based on the number of new building permits for new single family homes, during the last 12 months, the growth rate for this year was 0.3%. The projected tonnage for FY2018 is approximately 1,933 tons (1,927 X 1.003). Therefore, using a conservative estimate of 2,000 tons of solid waste to be disposed of, results in an FY2018 budget of \$135,980 based upon the projected tipping fee of \$67.99/ton.

Collection Costs:

Under the current agreement with Allied Waste Services, collection costs will increase by 2% in FY2018 and 2% in FY2019. The total FY2018 collection costs are \$484,500 which consists of \$270,300 for trash collection and \$214,200 for recycling collection and disposal.



Solid Waste Enterprise Fund

Section 8-3

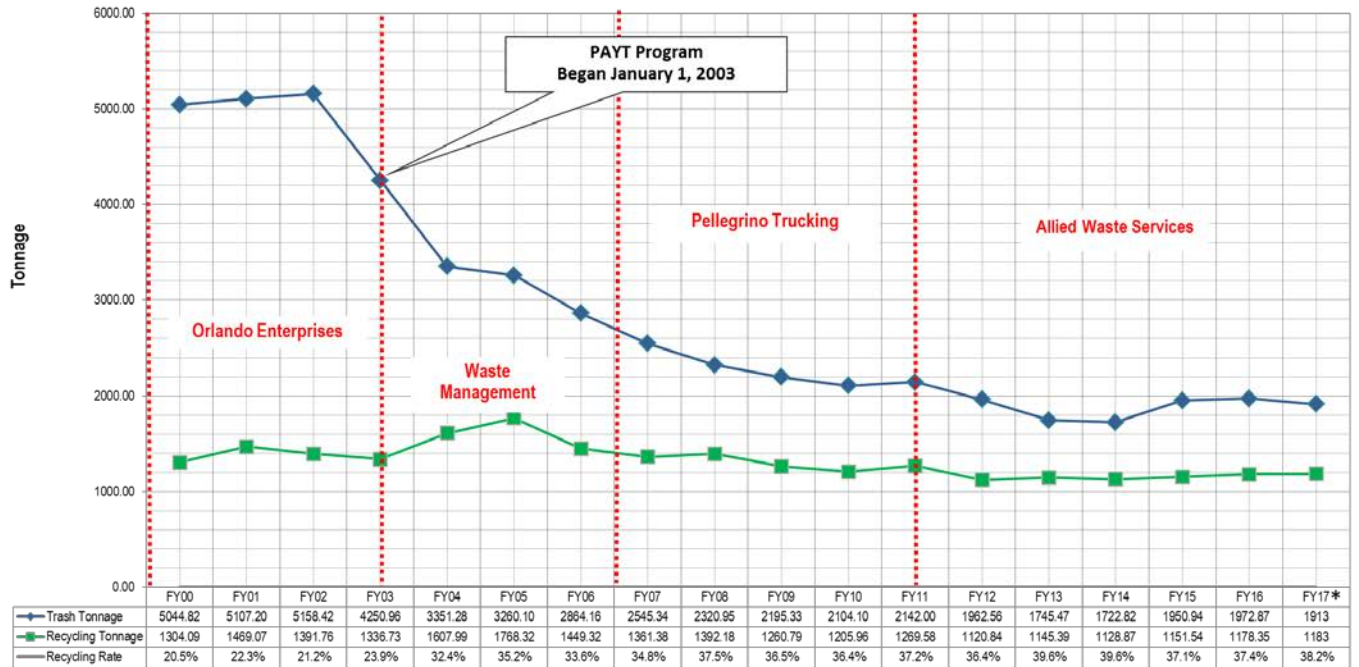
		FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
SOLID WASTE ENTERPRISE FUND							
Expenses Services							
52810	Unclassified	21,647	105,865	103,018	151,350	54,594	162,350
52910	Trash Collection/Hauler	485,075	475,369	475,000	475,000	198,505	484,500
57810	Trash Disposal-Wheelabrator	142,470	136,683	126,547	132,000	42,503	135,980
59810	Extraordinary & Unforeseen Expenses	0	0	0	10,000	0	10,000
	SUBTOTAL	649,192	717,917	704,564	768,350	295,602	792,830
TOTAL:	SOLID WASTE	649,192	717,917	704,564	768,350	295,602	792,830

Additional Solid Waste Budget Detail

Unclassified :	
Newsletter, training, bins and misc. supplies:	\$5,000
Disposal of illegal dumping:	\$2,000
Household Hazardous Waste Day:	\$10,000
Pay-As-You-Throw costs:	\$75,000
Disposal of Yard Waste	\$70,000
SWANA Membership	\$225
SWANA Meetings	\$125
Sub-total	\$162,350
Solid Waste & Recycling Collection – Allied Waste Services :	
Trash Collection:	\$270,300
Recycling:	\$214,200
Sub-total	\$484,500
Trash Disposal - Wheelabrator Millbury, Inc.:	
7/1/17 - 6/30/18: 2,000 tons x \$67.99/ton	\$135,980
Sub-total	\$135,980
Contingency Reserve	<u>\$ 10,000</u>
Sub-total	\$ 10,000
Grand Total	\$792,830



Waste & Recycling Trends from FY2000 to FY2017



* Estimated Totals Based on 6 Months Actual Data

Since its inception on January 1, 2003 the PAYS program has provided significant incentive to participants to reduce waste and increase recycling. Trash went from a high of 5,158 tons in FY2002 steadily downward to 1,902 tons in FY2013 and has only recently started to increase slightly. In addition, recycling rates have risen from 21% in FY2002 and are now holding steady at approximately 38%. The difference between the 5,158 tons of trash in FY 2002 and the 2,000 tons of trash projected to be disposed in FY2018 is 3,124. In FY2018 that difference, multiplied by the projected disposal rate of \$67.99/ton, represents approximately \$214,712 in cost avoidance. This cost avoidance will continue to increase as disposal costs continue to rise in the future.



This Page Intentionally Blank



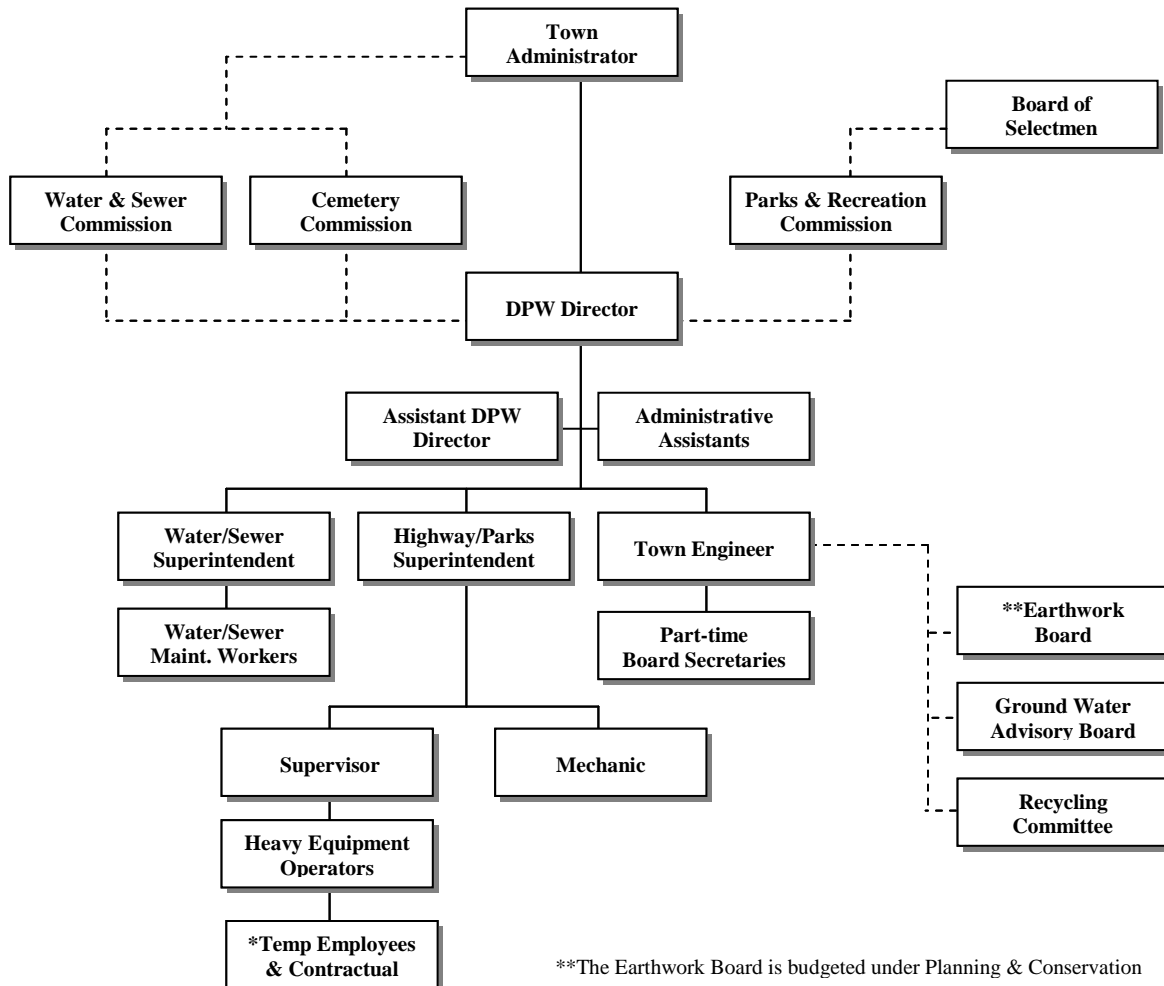
Water & Sewer Enterprise Funds

The Water and Sewer Divisions operate, maintain and develop the Town’s public water and sewer systems and related facilities. The Water and Sewer Divisions are operated as enterprise funds. Briefly, an enterprise fund as authorized under MGL Ch. 44 §53F½ is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery—direct, indirect, and capital costs—are identified. This allows the community to recover total service costs through user fees if it chooses. For purposes of providing a departmental overview, personnel summary and goals/objectives, the Water & Sewer Divisions are included within Department of Public Works (DPW) Section 4 of the budget. The actual line item budgets associated with the Water and Sewer enterprise funds are contained here in Section 8 of this budget document.

Water & Sewer Commission

In addition to the DPW staff, the Water & Sewer Commission provides advisory oversight to the enterprise funds. The Water & Sewer Commission consists of three members appointed by the Town Administrator for three-year terms. The Commission is responsible for the development of policies, fees, rules and regulations pertaining to the care, superintendence, development and management of the Town's water supply and facilities and the Town's sewerage system. The DPW Director serves as the staff liaison to the Water & Sewer Commission.

DPW Organizational Chart



**The Earthwork Board is budgeted under Planning & Conservation



Background on the Northborough Water System

Northborough's Water System was first authorized by the State Legislature in 1882. A small portion of Town was originally served from the Northborough Reservoir located in Shrewsbury and Boylston before it was taken out of service in 1955. The connection to what is now called the Massachusetts Water Resources Authority (MWRA)¹ was initiated in 1954. The Town's four wells came online later. The Brigham Street well was brought online in 1956; the Lyman Street well was brought online in 1964; the Crawford Street well was brought online in 1969; and the Howard Street well was brought online in 1994.

In the past, the Town operated its own wells and supplemented production from the wells with water purchased from the MWRA. The MWRA water was originally provided directly from the Wachusett Aqueduct. When the Wachusett Aqueduct was shut down for repair in 2000, the water provided by the MWRA to the Town came through a connection in Bartlett Street. This is connected to the new MWRA Carroll Water Treatment facility in Marlborough.

From 2000 to 2009, all of the Town's water was being purchased from the MWRA because the well water was chemically incompatible with the water being provided by the MWRA. The Town well water has a pH of 6.5, and the new MWRA water source has a pH of 9. The higher pH in the MWRA water causes the Town's well water to drop the naturally occurring iron and manganese out of solution and turn the water red.

To address requirements of the Safe Drinking Water Act and to make the Town's water compatible, treatment alternatives were evaluated. The Town's consultant designed a new chemical addition facility at the Lyman Street well which the Town subsequently built. The Lyman Street well was reactivated in 2009 and produced approximately 225,000 gallons per day of the necessary 1 million gallons per day of average daily water usage in Northborough. Unfortunately, in June 2011, routine testing of the Lyman Street well indicated the presence of bacteria and the well was taken offline.

The Town recently contracted with an engineering consultant to evaluate the Town's water needs. The evaluation used historical population data and regional studies to project future water system demands for a 20-year period. Raw and finished water quality data will be reviewed to determine required improvements for treatment facilities to comply with current and future drinking water standards. These local well supplies were then contrasted with MWRA interconnections and a cost-benefit analysis performed to see if the Town should:

- Utilize the Town's existing wells (and possibly additional subsurface supplies through exploration) with added treatment facilities to meet the water consumption demands,
- Utilize the Town's existing wells along with MWRA interconnection for summer peak demands, or
- Utilize MWRA interconnection for all water supply needs.

¹ The MWRA is a public authority established under Chapter 372 of the Acts of 1984. The MWRA is an independent authority that provides wholesale water and sewer services to its customer communities and funds its operations primarily through user assessments and charges.

Section 8-8 Water & Sewer Enterprise Funds

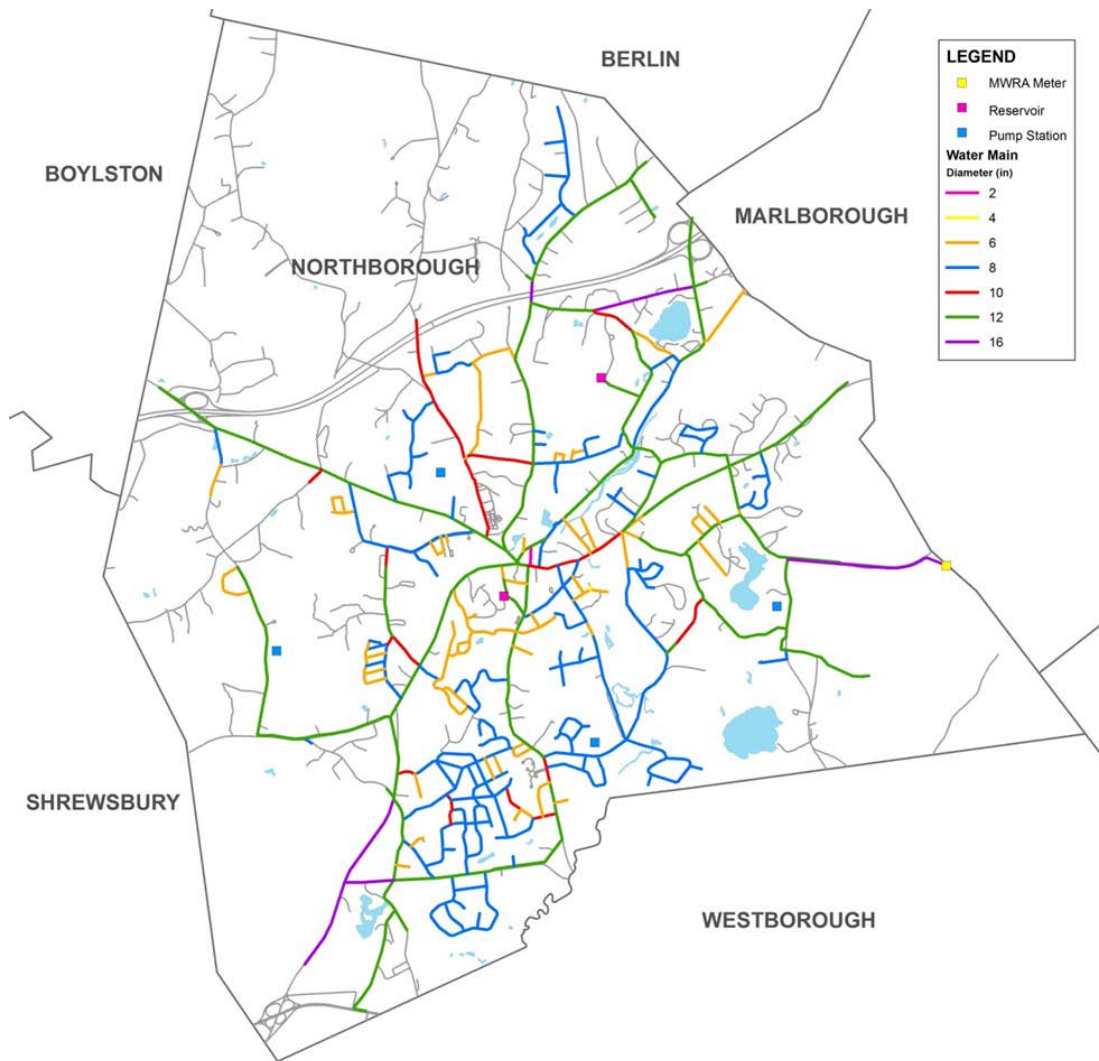


In order to fully determine which of the three options outlined above would be the best option for the Town, a water system master plan was prepared. The master plan focused on the entire potable water system and its ability to provide the Town with the most cost-effective method of delivering safe, clean potable water to the residents. The study included reviewing sustainable sources of water supply as well as evaluating the current distribution model, calibrating the model and calculating storage and system operating pressures.

The evaluation determined that while our distribution system is basically sound, the town-owned wells cannot supply the current water demand of an average of 0.87 million gallons per day (MGD) and a maximum or peak demand of 1.73 MGD. The Town is capable of pumping 1.02 MGD but it is limited by the Department of Environmental Protection to withdrawal of only 0.74 MGD from the aquifer. As of this writing, the various options are still under review and a preferred supply model has not yet been determined.

Approximately 80% of the Town receives water from the public water supply system. The map below shows the water system service area.

Northborough Water System Map





Significant FY2018 Budget Changes or Initiatives

The FY2018 Water Enterprise Fund is budgeted at \$2,436,381 which is an increase of \$184,908, or 8.2%. The majority of the increase is attributable to three items: 1) a \$104,954 (9.2%) increase in the MWRA water assessment; 2) a modest \$11,056 increase in debt service; and 3) a new \$65,000 hydrant replacement program. Additionally, several required periodic facility inspections will occur in FY2018, including both water storage tanks, as well as the Reservoir Dam.

Approximately two-thirds of the increased MWRA assessment is the result of a 19 million gallon increase in the Town’s water consumption since FY2016. However, increased consumption yields higher revenues, ultimately mitigating the impact of higher usage levels on Town water rates. The \$11,056 increase in debt service is the result of the recent \$1.5 million meter replacement program. The water meters reached the end of their useful 20 year life necessitating replacement. The new meters more accurately capture actual usage, off-setting some of the expense. More importantly, available fund balance within the Water Enterprise Fund will be transferred into the budget to off-set the rate impact. Lastly, a \$65,000 hydrant replacement program originally funded in the Capital Budget was moved into the operating budget, since it represents a routine, recurring maintenance expense. The Town has approximately 575 hydrants and plans to replace about 18 per year on an ongoing basis. The cost of the hydrant replacement will come from the Enterprise Fund balance.

The water utility rates have not increased in the last four years. In FY2018 the water utility user rates are expected to increase approximately 5% following a formal rate study. Rates have remained level since FY2014, when a base charge was added to each water account to recover a portion of fixed costs paid from the enterprise funds such as debt, meter reading, billing and collection regardless of the amount of water usage. This moderate rate increase will support the larger budget increase by utilizing a surplus of retained earnings for principal debt pay-down.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
WATER ENTERPRISE FUND						
Personnel Services						
² 51010 Full-time Wages	144,348	142,384	143,119	155,353	75,164	162,405
³ 51100 Full-time Salary	33,108	34,383	48,858	63,857	26,112	62,467
⁴ 51120 Full-time Permanent wages	34,133	43,401	47,026	35,460	19,151	35,084
⁵ 51130 W&S Commissioner Stipends	1,080	2,242	1,080	1,080	0	1,080
⁶ 51135 GIS Salary	12,000	12,000	12,000	13,507	12,000	13,912
51300 Overtime	32,695	36,748	37,096	38,839	19,375	40,602
51410 Longevity Pay	1,815	1,425	1,560	1,560	1,320	1,170
51970 Stipends	850	1,080	850	900	0	900
51920 Uniforms	1,800	2,175	1,800	1,800	900	1,800
SUBTOTAL	261,829	275,837	293,389	312,356	154,023	319,420

² Line 51010 represents the 60% of the Water/Sewer Supervisor salary and Water/Sewer Maintenance Workers’ wages. The other 40% of these personnel expenses are included in the Sewer Enterprise Fund budget.

³ Line 51100 represents 30% (12 hrs/ week) of the DPW Director and Asst Director salaries. 20% is reflected in the Sewer Enterprise Fund Budget and the balance (50%) is included in the DPW budget Section 4 of this document.

⁴ Line 51120 represents 24 hours per week of an Administrative Assistant

⁵ Line 51130 represents the three Water & Sewer Commissioners who receive \$600 each per year, split 40% (\$720) Sewer Fund Budget and 60% (\$1,080) Water Fund Budget

⁶ Line 51135 represents 14.3% (6 hours per week) of the GIS Director’s time supporting the Water Enterprise fund.

Section 8-10

Water & Sewer Enterprise Funds



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
WATER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation	8,366	8,617	8,876	9,319	9,319	12,495
51730 F.I.C.A.	3,836	3,836	4,453	4,453	4,453	4,587
51740 Life Insurance	88	88	88	88	88	88
51750 Health Insurance	42,083	43,828	39,828	43,421	43,421	55,488
52110 Utilities	6,908	12,180	14,808	16,000	5,065	16,000
52610 Building Maintenance	1,592	6,624	8,853	5,000	2,185	5,000
52620 Equipment Maintenance	11,489	6,266	14,446	18,000	2,317	18,000
52800 Contractual Services	30,189	67,226	71,022	93,400	4,207	116,570
52850 Audit	1,765	1,801	1,837	1,873	1,873	1,911
53020 Legal Services	963	1,538	2,570	5,000	833	5,000
53110 Printing	7,326	6,373	6,521	8,400	2,658	8,400
53170 Water Analysis	6,365	3,180	6,224	18,500	2,210	14,000
53190 Training	8,853	5,482	7,140	8,325	35	8,325
54290 Office Supplies	1,513	2,225	536	1,500	214	1,500
54350 Howard Street Well	0	0	0	0	0	0
54370 Private Work	93	0	0	0	0	0
54380 Brigham Street Well	14	30	0	0	0	0
54390 MWRA Assessment	1,024,847	1,044,443	1,103,542	1,140,248	567,886	1,245,202
54400 Lyman Street Well	2,609	1,860	0	0	0	0
54410 Crawford Street Well	304	15	0	0	0	0
54420 Materials & Supplies	16,057	44,932	62,330	92,300	33,027	117,115
54820 Gasoline	9,939	10,238	10,545	10,545	10,545	10,545
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	32,609	34,324	37,175	40,394	40,394	42,527
57110 Travel/Mileage	223	161	525	600	179	600
57310 Dues	488	0	0	0	0	0
57410 Liability/Building Insurance	14,360	14,791	15,235	15,997	15,997	16,798
58530 Capital Outlay	18,089	675	0	0	1,756	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	75,000
59990 Other Financing Uses	39,000	81,000	132,000	0	0	0
SUBTOTAL	1,289,968	1,401,733	1,548,554	1,608,363	748,660	1,775,151



Water & Sewer Enterprise Funds

Section 8-11

FY2014 FY2015 FY2016 FY2017 FY2017 FY2018
ACTUAL ACTUAL ACTUAL BUDGETED SIX MONTHS PROPOSED

WATER ENTERPRISE FUND

Expenses (Debt Service)

59100 Principal / Long Term Debt	278,770	253,000	244,000	244,000	10,000	282,150
59150 Interest / Long Term Debt	95,368	85,947	77,133	68,445	34,347	59,660
59270 Interest / Temporary Loans	0	0	16,510	18,309	0	0
SUBTOTAL	374,138	338,947	337,643	330,754	44,347	341,810

TOTAL: WATER ENTERPRISE FUND

1,925,935	2,016,517	2,179,586	2,251,473	947,030	2,436,381
------------------	------------------	------------------	------------------	----------------	------------------

Section 8-12 Water & Sewer Enterprise Funds



Background on the Northborough Sewer System

The Town operates a collection system of sewer pipes that bring sewerage to the City of Marlborough's Westerly Wastewater Treatment Plant where it is treated and discharged into the Assabet River. When the sewer system was started in the mid 1960's it was designed to service only the central portion of Town. While sewer pipe installation did not start until the 1970's, in 1964 land was purchased for a Northborough sewage treatment plant on Boundary Street.

In the late 1960's when the Town of Northborough attempted to obtain approvals for a sewerage treatment plant from the Massachusetts Department of Public Health, the regulators told the Town that since Marlborough was building a plant across Boundary Street, that they would not allow two plants across the street and side-by-side with each other on the river. As a result, the Town of Northborough was required to become a tenant in the Marlborough Westerly Wastewater Treatment Plant by entering into an Intermunicipal Agreement with the City of Marlborough for sewerage treatment.

In 1970, the Town of Northborough entered into the first of two twenty-year agreements with Marlborough for 800,000 gallons per day. The Marlborough Westerly Plant has a design capacity of 2.89 million gallons per day (MGD). Therefore, Marlborough's portion is 2.09 MGD and Northborough's is 0.80 MGD. While our sewer pipe installation has continued into the present in accordance with a Master Plan initially generated in the early 1980's, the Town's sewer capacity at the Westerly Plant has not changed since the original 1970 agreement. It has remained at 0.80 MGD for forty years.

Sewer service area and future capacity needs

In the late 1970's the Town hired the engineering firm of Camp Dresser & McKee (CDM) to begin developing the sewer system and mapping out the sewer service area for the Town. It was estimated that the sewerage to be contributed by the users in the original sewer service area would use the full 0.80 MGD of sewer capacity. Therefore, as long as the Town's capacity at the treatment plant remains at 0.80 MGD, it cannot provide sewer to any other parts of Town currently outside of the sewer service area.

During 2000, CDM updated the sewer service area and determined that there was only 50,000 gpd of sewer capacity for development of the southeast and southwest industrial areas. The Avalon Bay/Northborough Crossing development was projected to use 130,000 gallons per day of sewer capacity. Not only does this use up the 50,000 gallons per day allocated for industrial development, but it also uses 80,000 gallons per day more of capacity previously targeted for existing residential areas in Town. Therefore, it is critical for the Town to pursue additional capacity at the Marlborough Westerly Wastewater Treatment Plant. Should the Town not be successful in getting additional capacity, the amount of capacity previously designated for users within the sewer service area will need to be reduced by 80,000 gallons per day to stay within our 0.80 MGD.

Assabet Consortium Study

In 2000, Town Meeting authorized \$500,000 to study the Town's current sewer needs through the Assabet River Consortium Study. The Assabet Consortium Study is a collaboration of the six towns whose sewerage treatment plants discharge to the Assabet River; these include Northborough, Marlborough, Westborough, Shrewsbury, Hudson and Maynard. As part of the discharge permit for each sewerage treatment plant (there are four) each Town must produce a study that evaluates the effect of the treatment plant's discharge on the Assabet River. The



engineering firm of Fay, Spofford & Thorndike (FST), was hired to do the study for the Town of Northborough. FST inventoried the Board of Health records for septic system failures, excessive pumping, Building Department records for building construction, soils maps, zoning and other applicable files and information to calculate the sewer capacity necessary to service the entire Town of Northborough. They determined that the Town, including existing users, would need 1.25 MGD. This means that there is not enough capacity in the existing sewage treatment plant for the Town to provide sewer to every area that needs it. Marlborough's consultant determined that Marlborough also needed additional capacity. Between Northborough & Marlborough the total sewage treatment capacity needed is 4.15 MGD. With the plant capacity permitted for 2.89 MGD, the deficit is 1.26 MGD.

Through the Assabet Consortium Study process, the Department of Environmental Protection (DEP) and the Federal Environmental Protection Agency (EPA) originally informed the Town that no additional flows would be permitted into the Assabet River. Therefore, the additional 1.15 MGD of capacity necessary for Northborough and Marlborough must be handled by infiltrating it into the ground through subsurface discharge. Even though the effluent water is treated to just about drinkable standards, the DEP and EPA goal is to replenish the ground water rather than let it flow away down the river.

Haitsma Property Acquisition

At the August 10, 2004 Special Town Meeting the Town opted to purchase, through the Chapter 61A tax relief statute, the Haitsma farm at 455 Main Street. The primary purpose of this land was to serve future sewer utility expansion, thus allowing proper build-out and economic development of the Town. According to the Town's consultants, the additional 1.5 MGD of sewer capacity could be achieved through subsurface disposal on the Haitsma property, if needed. However, the cost would be significantly higher than discharging to the river. Consultants for Marlborough and Northborough proposed putting all the additional flows into the river because of the negative environmental impact of clearing all the land necessary to put the additional flows into the ground as well as the additional energy costs of the subsurface disposal.

Status of the Marlborough Westerly plant expansion

On November 16, 2009, after spending more than 8 years working with both the State DEP and Federal EPA, the National Pollutant Discharge Elimination System (NPDES) Permit modification for the Marlborough Westerly Treatment Plant was finally granted. This is the permit that allows the Westerly Treatment Plant additional flow into the Assabet River, instead of more expensive alternatives such as subsurface disposal on the Haitsma property. The NPDES permit modification also included significant and expensive upgrades to water treatment, particularly with regard to phosphorus discharge limits.

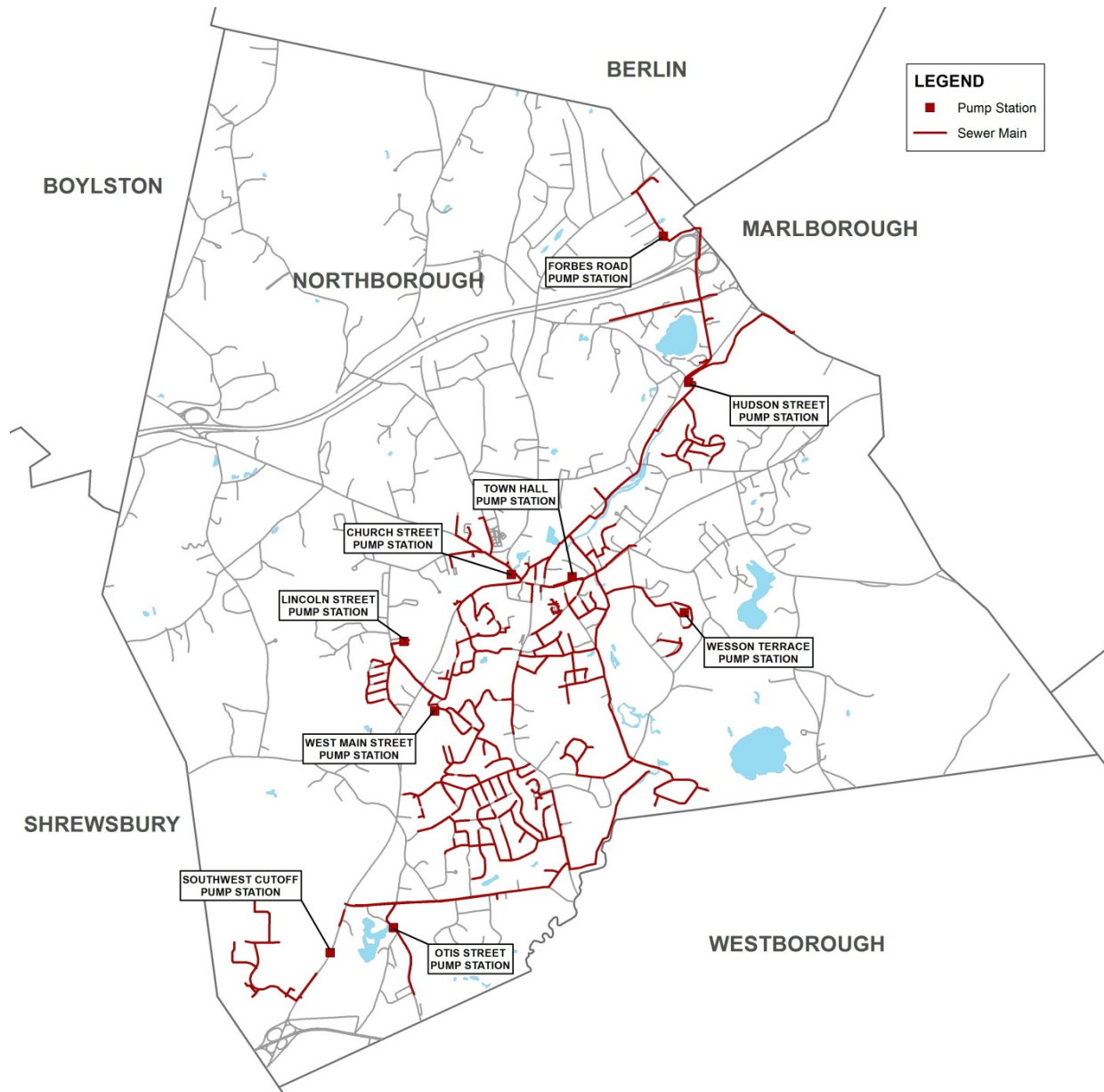
Unfortunately, after granting the increase in flow, the EPA abruptly and unexpectedly decided to rescind the NPDES permit on February 23, 2010. However, since the granting of the permit, Marlborough has completed the \$30 million expansion and upgrades to the plant and although the plant is seeing great results on the quality of the effluent, it is coming at a significant increase in operational costs. Under the proposed Intermunicipal Agreement, the Town of Northborough will owe 30% of the cost of construction. It remains to be seen how the issue of additional capacity will be resolved, but the EPA has indicated that it intends to take up the matter as part of the renewal process for the existing NPDES permit for the Marlborough Westerly Plant.

Section 8-14 Water & Sewer Enterprise Funds



Approximately 30% of the Town has access to the sewer wastewater system. The map below shows the sewer system service area.

Northborough Sewer System Map





Significant FY2018 Budget Changes or Initiatives

The FY2018 Sewer Enterprise Fund is budgeted at \$2,051,028, which is an increase of \$332,606 or 19.4%. This budget reflects an estimated increase in the Marlborough use charge of \$58,081 and \$226,110 in debt services expenses related to the Hudson Street Pump Station Improvement project. These two items account for 85.4% of this year’s proposed budget increase.

The critical issue facing the DPW Sewer Enterprise Fund continues to be negotiations for a new Intermunicipal Agreement with the City of Marlborough which has now been submitted to the Worcester Superior Court. These legal proceedings will establish our contribution to the operational expenses for the Westerly Wastewater Treatment Plan as well as Northborough’s share of the \$30 million plant improvement project. Sewer rates were recently increased in the second quarters of FY2014, FY2016, and FY2017. The sewer use charges are also expected to increase for FY2018 and we expect the rates to continue to increase.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
SEWER ENTERPRISE FUND						
Personnel Services						
51010 Full-time Wages	96,232	94,922	95,412	103,569	50,110	108,270
51100 Full-time Salary	22,072	22,922	32,572	42,572	17,408	41,645
51120 Full-time Permanent wages	22,755	28,934	31,351	23,640	12,775	23,389
⁷ 51130 W&S Commissioner Stipends	720	1,494	720	720	0	720
51135 GIS Salary	8,000	8,000	8,000	8,742	8,000	9,275
51300 Overtime	20,939	24,498	24,731	25,893	12,917	27,068
51410 Longevity Pay	1,210	950	1,040	1,040	880	760
51970 Stipends	950	720	1,000	1,000	0	1,000
51920 Uniforms	1,200	450	1,200	1,200	600	1,200
SUBTOTAL	174,078	182,891	196,026	208,376	102,690	213,327

⁷ Line 51130 represents the three Water & Sewer Commissioners receive \$600 each per year, split 40% (\$720) Sewer Fund Budget and 60% (\$1,080) Water Fund Budget

Section 8-16 Water & Sewer Enterprise Funds



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
SEWER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation Ins.	5,577	5,745	5,917	6,213	6,213	7,810
51730 F.I.C.A.	2,813	2,813	2,978	2,978	2,978	3,068
51740 Life Insurance	59	59	59	59	59	59
51750 Health Insurance	28,055	29,219	26,552	28,948	28,948	36,992
52110 Utilities	34,334	37,600	45,026	50,800	17,959	51,640
52310 Marlborough Use Charge	383,267	456,826	400,000	580,519	200,000	638,600
52600 Building Maintenance	5,438	9,108	17,925	15,000	6,751	15,000
52620 Equipment Maintenance	10,046	22,322	15,892	42,200	6,085	35,000
52800 Contractual Services	6,347	30,449	22,825	31,000	1,169	48,780
52850 Audit	1,177	1,200	1,224	1,249	1,249	1,274
53020 Legal Services	1,498	2,888	14,631	5,000	7,438	50,000
53080 Consultants/Studies	0	0	0	0	0	0
53110 Printing	4,884	4,248	4,347	5,600	1,772	5,600
53170 Testing	1,610	1,610	1,610	2,000	0	2,000
53190 Training, Dues and Licenses	948	1,025	1,155	3,240	70	3,240
54290 Office Supplies	1,008	1,462	362	1,500	423	1,500
54420 Materials & Supplies	506	16,060	9,869	46,100	19,042	33,310
54820 Gasoline	6,626	6,825	7,030	7,030	7,030	7,030
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	21,741	22,885	24,786	26,932	26,932	28,354
57110 Mileage	138	91	238	400	119	400
57410 Liability/Building Insurance	9,574	9,862	10,158	10,665	10,665	11,199
58730 Capital Outlay	12,586	450	0	0	0	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	75,000
59990 Other Financing Uses	126,000	54,000	38,000	0	0	0
SUBTOTAL	664,234	716,746	650,582	942,433	344,900	1,055,856



Water & Sewer Enterprise Funds

Section 8-17

FY2014 FY2015 FY2016 FY2017 FY2017 FY2018
ACTUAL ACTUAL ACTUAL BUDGETED SIX MONTHS PROPOSED

SEWER ENTERPRISE FUND

Expenses (Debt Service)

59100 Principal / Long Term Debt	430,209	426,446	419,843	436,004	165,563	579,853
59150 Interest /Long Term Debt	180,889	165,271	148,577	111,469	68,350	193,730
59270 Interest / Temporary Loans	0	0	1,651	20,140	0	8,262
SUBTOTAL	611,097	591,717	570,071	567,613	233,913	781,845

TOTAL: SEWER ENTERPRISE FUND

1,449,409	1,491,355	1,416,679	1,718,422	681,503	2,051,028
------------------	------------------	------------------	------------------	----------------	------------------



This Page Intentionally Blank