

## Article 7 – Water Enterprise Funds

### 1. WATER ENTERPRISE FUNDS – GENERAL INFO

- a. Enterprise accounts are established and governed under MGL ch 44 S 53F1/2
- b. Distinct from operating budgets which are restricted by first calculating the amount of revenues available and then working within those constraints, in order to be a self-sustaining enterprise, the expenses should be calculated and then revenues raised to cover the expenses.

### 2. FY24 EXPECTED EXPENSES VS. MODIFIED

At ATM in June, the Town approved the FY24 Water Budget as follows:

Compensation	\$230,433
Expenses	\$720,225
Debt	<u>\$ 96,198</u>
<b>TOTALING</b>	<b>\$1,046,856</b>

After a careful analysis of FY22 and FY23 actuals, as well as Year-to-date FY24 numbers, a modification to the expense budget be as follows:

Compensation	\$250,325
Expenses	\$799,198
Debt	<u>\$ 84,970</u>
<b>TOTALING</b>	<b>\$1,134,493</b>

To breakdown each section as follows-

- I. **Compensation.** This line consists of Committee Salary, DPW Director, and employee compensation. Based on YTD and historical time estimates, we believe the Employee Compensation should be increased in FY24 by \$19,892.
  - a. *Water Op-* Expect an increase based on qualifications \$2,995
  - b. *Admin Assistant* – Increase retro to July 1<sup>st</sup>, increase by \$3,327
  - c. *Water OT* – End of first quarter we are at \$4,160, multiply by 4 quarters to get closer to \$16,638, or a difference of \$8,138
  - d. *Highway Employes* – End of first quarter at \$3,432, extrapolate out 4 quarters to get \$13,729 or a difference of \$5,431.

5103 Employee Compensation					
Line Item	Description	FY22 Act	FY23 ACT	FY24 APP	FY24 ADJ
Water Foreman		66,955	69,633	73,154	73,154
Water Operator		55,016	57,450	59,176	62,171
Admin Assistant		20,769	23,087	23,619	26,946
Water Overtime		6,024	6,804	8,500	16,638
Highway Employees		5,766	2,545	8,298	13,729
On-Call Stipend	\$200 for one person for each of 52 weeks a year	10,400	10,400	10,400	10,400
		<b>\$ 164,930</b>	<b>\$ 169,919</b>	<b>\$ 183,147</b>	<b>\$203,039</b>

II. **Expenses** – Water expenses are comprised of Purchased services, supplies, and the cost for Worcester Water.

a. *Purchased Services – Increase by \$42,440*

- i. *Gasoline.* First quarter was about \$2300, or estimated 9200 for the year. FY23 we were at \$8.5k and in FY22, we were at \$10.2k.
- ii. *Monthly Meter Fees-* Should be added, as cost is \$0.89 per month per each of the 1404 meters for 12 months. Adding a cost of \$14,995 a year.
- iii. *Maintenance/Operation costs* after the first quarter were already at \$6.8k, four quarters out would be around \$27,257.
- iv. *Electricity* – Rates are higher than budgeted. First quarter we already paid \$10,450, bringing us to estimated \$41,801 for the year.
- v. *Communications* – We already expended \$2,184 for the first quarter, brining us to around \$8,738.
- vi. *Police Details* – We are already at \$832 for the first quarter, brining us to \$3,328 for the year.

5200 Purchased Services						
Line Item	Description	FY22 ACT	FY23 ACT	FY24 APP	FY24 ADJ	FY25 Est
Licences, Training, Meetings		2,123	11,058	2,000	2,000	2,250
Gas(WEX)/Propane		10,246	8,593	8,000	9,169	10,000
Monthly Meter Fees	<i>Badger - 0.89 per meter per month</i>	-	-	-	14,995	15,486
maintenance/Operation		29,392	24,961	19,000	27,257	30,000
Electricity		24,627	29,867	28,000	41,801	45,000
Water Billing	<i>PMLP Light Contract</i>	41,772	43,861	45,177	45,177	46,305
Communications	<i>Code Red, Charter pump station, Cell phones, scada monthly fee</i>	4,192	4,182	5,300	8,738	9,000
Police Details		3,000	612	2,000	3,328	3,500
Dig Safe		175	85	450	250	250
Pump Station Software		9,075	1,125	1,500	1,500	1,500
Worcester County Retirement		5,091	5,581	13,029	13,029	14,332
Medicare		2,779	3,046	3,048	3,048	3,500
Health Insurance		56,060	41,482	44,636	44,288	48,717
		<b>\$ 188,532</b>	<b>\$ 174,454</b>	<b>\$ 172,140</b>	<b>\$ 214,580</b>	<b>\$ 229,840</b>

- b. *Worcester Water* – In FY23 we expended \$500k before the additional \$23k bill in addition to the \$11k monthly Worcester water meter fee. In FY24, we only budgeted \$498k plus the \$11k monthly water fee. Estimated increase over current estimated by \$49,533. Water Rates – In FY22 – Water rate from Worcester was 3.67; in FY23 is was 3.68; and it went much higher in FY24 to 3.78.

5201 Worcester Water						
Line Item	Description	FY22 ACT	FY23 ACT	FY24 APP	FY24 ADJ	FY25 Est
Worcester Water Usage	<i>Annual</i>	449,615	500,864	498,960	548,493	562,600
Worcester Meter Fee	<i>Monthly</i>	11,040	11,040	11,040	11,040	11,040
		<b>\$ 460,655</b>	<b>\$ 511,904</b>	<b>\$ 510,000</b>	<b>\$ 559,533</b>	<b>\$ 573,640</b>

- c. **Supplies.** Adjusted estimated needs down by \$14k, as we already have most of our meters, and allowed for another 2 specialty meters at \$3k a piece.

<b>5400 Supplies</b>							
<u>Line Item</u>	<u>Description</u>	<u>FY22 ACT</u>	<u>FY23 ACT</u>	<u>FY24 APP</u>	<u>FY24 ADJ</u>	<u>FY25 Est</u>	
Meters	<i>Meters for replacement</i>	58,435	36,912	20,000	6,000	6,000	
PPE		1,573	1,585	2,000	2,000	2,000	
Office Expenses		761	3,075	500	500	500	
Pipes & Fittings		7,032	7,200	8,000	8,000	8,500	
Hydrants	<i>1 Hydrant - approx 2585</i>	9,998	2,595	2,585	2,585	5,170	
Temp Water Hookups		-	-	-			
		<b>\$ 77,800</b>	<b>\$ 51,367</b>	<b>\$ 33,085</b>	<b>\$ 19,085</b>	<b>\$ 22,170</b>	

- III. **Debt** – Able to reduce the FY24 debt by the amount of the leased water truck by \$11,228.

<b>5800 Debt</b>							
<u>Line Item</u>	<u>Description</u>	<u>FY22 ACT</u>	<u>FY23 ACT</u>	<u>FY24 APP</u>	<u>FY24 ADJ</u>	<u>FY25 Est</u>	
Debt Service	<i>Lease Old Water Truck-2018</i>	10,974	10,974	-	-	-	
Debt Service Water Vehicles	<i>Lease Water Truck-2023- FY24-FY29</i>	-	-	11,228	-	11,228	
Water Tank Debt	<i>Building of Maple Street Tank</i>	84,941	84,956	84,970	84,970	84,985	

### 3. FY24 PREDICTED REVENUE SHORTFALL.

- a. *Revenue Shortfall* – With the adjusted budget of \$1,134,493 for FY24, the revenues would need to likewise be increased from \$1,046,856 to balance the budget by \$87,637.
- b. *Approved changes by Water Commissioners.*
  - i. Adjust Flat Monthly Meter Rate
    1. Current Rate - \$21.45
    2. Recommended Rate - \$27.00
    3. Start date – Jan 1, 2024 – 6 months collections
    4. Additional FY24 Income – (\$5.55 increase x 6 months x 1296 residential customers x 95% collection rate)= **\$40,998\***
    5. \*\$40,460 was the figure used to add to the current departmental receipts in the article, slightly more conservative.
  - ii. Supplement with Retained Earnings - **\$47,177**