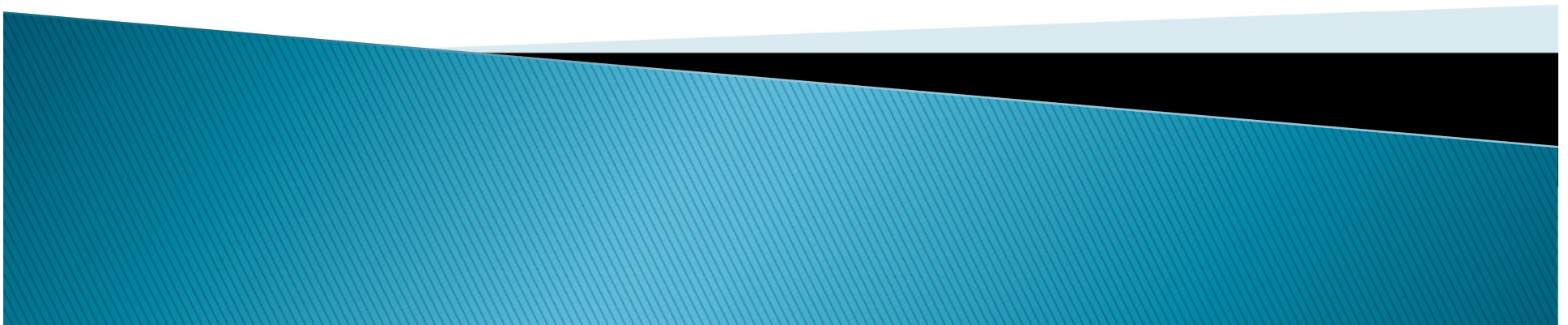


# Water Commission: Article #22 and General Update

Public forum: May 11, 2021

Annual Town Meeting: May 15, 2021



# Water Department Staffing

- ▶ **New Superintendent, Darin LaFalam**
  - Previous Superintendent Wisler retired effective Jan 1, 2021
  - Dan Pereira served as Interim.
- ▶ **Nearing full staff, but labor market remains very tight**
  - Replaced Administrator who moved to Finance Dept in Aug 2020
  - Filled last open Operator position in Dec 2020, but another operator resigned in Mar 2021

# Capital Project Status

- ▶ **Completed Long Term Supply Evaluation**
  - Options to switch to MWRA or new plant would be \$400–700k/year more expensive due in part to investments recently made in current plant
  - MWRA acceptance doubtful in any case, unprecedented on financial basis alone
  - Board voted to stick with current process, but suggest revisiting topic before next large capital expenses at WTP
- ▶ **Busy with six ongoing capital projects**
  - Upgrades to WTP and Tower Rd Well chemical systems
  - Design of new coagulant system to address TTHM issue, and evaluate how to handle resulting residuals
  - Mapping and unidirectional flushing plan
  - Prepare risk assessment per American Water Infrastructure Act

# Operating Budget Issues

- ▶ **Proposing 2.5% increase to observe Fincom guidance \***
  - Debt service jumped due to bond for capital projects
  - Wages increased due to continued shortage of qualified water personnel
  - Do more tasks internally, and move “outside services” to Capital Requests
  - Lean budget elsewhere

*\* Not strictly required since Water Dept is an Enterprise Fund.*

# Proposed Operating Budget

Category	FY21	FY22	\$ Increase	% Increase
	Appropriated	Proposed		
Employee Wages and Benefits	\$ 601,368	\$ 629,686	\$ 28,318	4.7%
Operations and Supplies	\$ 385,500	\$ 361,000	\$ (24,500)	-6.4%
Engineering and Outside Services	\$ 382,700	\$ 223,000	\$ (159,700)	-41.7%
Govt Fees, Office Supplies, and Misc	\$ 45,900	\$ 42,500	\$ (3,400)	-7.4%
Debt Service *	\$ 267,000	\$ 480,000	\$ 213,000	79.8%
Budget Contingency	\$ 53,000	\$ 45,500	\$ (7,500)	-14.2%
Transfer to General Fund	\$ 60,000	\$ 60,000	\$ -	0.0%
OPEB Contribution	\$ 40,000	\$ 40,000	\$ -	0.0%
<b>Total</b>	<b>\$ 1,835,468</b>	<b>\$ 1,881,686</b>	<b>\$ 46,218</b>	<b>2.5%</b>

\* \$2.24mil bond issued in October 2020 at 0.915% interest rate

# Capital Requests

	Category	Description	Amount	Funding Source
A	Residuals Handling & Neutralization System Upgrades – WTP	To comply with the EPA’s NPDES discharge permit (National Pollutant Discharge Elimination System).	\$350,000	Bonding
B	Replace Tower Rd well	Current well cannot be pumped at desired rates, even following aggressive cleanings, due to clogged shutter-type screen.	\$480,000	Bonding
<b>Sub-Total from Borrowing</b>			<b>\$830,000</b>	
C	Replace compressor #2 – WTP	Two compressors in service since 1995, replace unit with more hours on it.	\$25,000	Water Retained Earnings
D	Wayland Interconnection Evaluation	Investigate cost and engineering needed for an interconnect. A backup water source is needed for our emergency response plan.	\$13,600	Water Retained Earnings
E	Storage Tank Evaluation	Evaluate current condition and reconsider previously proposed solutions to what is currently our sole storage tank.	\$39,000	Water Retained Earnings
<b>Sub-Total from Water Retained Earnings</b>			<b>\$77,600</b>	
<b>Total Capital Requests</b>				<b>\$907,600</b>

Required by EPA or DEP	Aging Infrastructure	Increase Resiliency (DEP would like also)
------------------------	----------------------	---

# Retained Earnings

Description	FY '18	FY '19	FY '20	FY '21	Comment
Beginning Balance	\$ 1,536,091	\$ 1,346,916	\$ 960,668	\$ 749,480	Same as prior FY's ending balance
Appropriations Generated during current FY	\$ (170,000)	\$ (563,832)	\$ (390,000)	\$ (127,600)	Could be for current FY or encumbered for budget of next FY
	\$ (19,175)	\$ 177,584	\$ 178,812	***	Not known until after books close at end of FY
Ending Balance	\$ 1,346,916	\$ 960,668	\$ 749,480	\$ 621,880	This is the amount certified by the state for the "generating" FY
				Proposed for FY22 Budget*	

\* – FY'21 appropriation includes \$50,000 encumbered for FY'22 Emergency Reserve, which reverts to Retained Earnings if not used.

\*\*\* – Commissioners expect Water Rates adopted Feb 2020 to generate positive Retained Earnings in this FY21

# Challenges

- ▶ Retention of personnel in a highly competitive market
- ▶ Completion of multiple large infrastructure projects on time/on budget
- ▶ Replenishment of Retained Earnings
- ▶ Replacement strategy for aging water mains