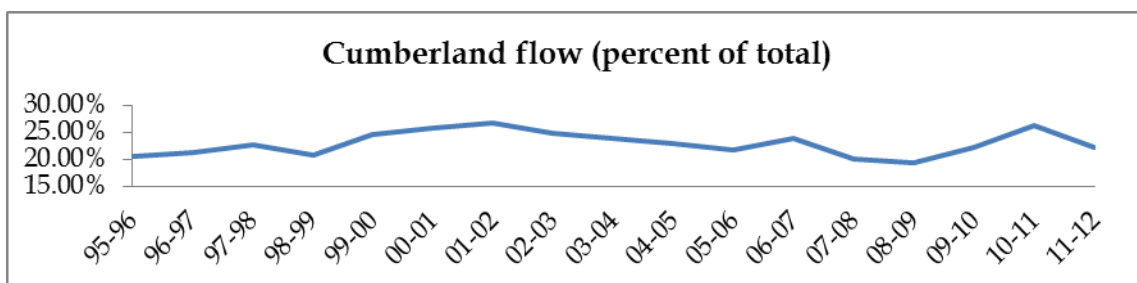

TOWN OF FALMOUTH, MEMORANDUM

TO: NATHAN POORE
FROM: PETE CLARK
SUBJECT: PROPOSED 2013-2014 BUDGET
DATE: MAY 24, 2013
CC: ROBERT BOSCHEN

I am pleased to present the proposed sewer enterprise budget for the 2013-14 fiscal year. This proposed budget provides modest cost of living wage increase and proposes a new staff position in the last half of the year, meets the expected operation and maintenance costs of the department, and maintains current funding levels towards the capital plan which continues to remain viable despite the incorporation of expected needs towards the Mill Creek pump station and infiltration reduction in the future. Per your request, I am providing the following introductory overview of the enterprise budget.

The enterprise budget is typical of other town departments and comprised of similar categories; labor and benefits, contractual services, commodities, and capital improvements and debt. In addition, the enterprise budget is subdivided into six cost centers. The two "201", or Falmouth only cost centers provide funding to the collection system and pump stations serving Falmouth exclusively and administrative functions related to the collection system and sewer billing. The four "202" cost centers provide funding for pump stations utilized by both Falmouth and Cumberland, the treatment facility, sludge handling and disposal, and shared administrative costs.

On the revenue side, the sewer enterprise is funded by our users. The system currently serves approximately 2,150 services in Falmouth and 1,200 in Cumberland. The Cumberland users are assessed a proportion of operational costs through a contractual agreement with the Portland Water District for shared services, pumping and treatment. This cost is proportional to the flow contributed. Historically, Cumberland's assessment yields approximately 20% to 26% of total treatment costs and approximately 40 to 45% of the cost to operate the Mill Creek and Johnson Road pump stations which serve both communities. As an example, Cumberland's share of cost centers 202, 202-2, and 202-3 is assessed based on the percentage of total flow. The following chart illustrates how this has varied year to year.



Capital cost is also assessed to Cumberland based on purchased capacity in the treatment facility (30%) , and at 35% to 64% in shared stations and sewer lines in accordance with our contractual agreement with Portland Water. Fees for septic tank waste disposal, new connections, and interest also contribute a small percentage of the annual revenue.

As noted, the highlights this year include a proposed new position beginning in the last half of the year. We recognize unique upcoming project management requirements which will require additional help to better manage such things as more focused infiltration reduction, the Mill Creek upgrade, assessing all infrastructure to ensure we have the basis for a comprehensive asset management program and coordination of this comprehensive sewer evaluation, West Falmouth master sewer planning, utility marking for natural gas expansion, possible construction of a third aeration basin for peak flow management, and increased regulatory emphasis on our operations activities related to O&M of the collection system. Somewhat conversely, we also recognize that it's all hands when necessary, which pulls management away from managing. Staffing is often not entirely adequate to handle required tasks especially during wet weather events. There is little room for covering people when out on vacation, sick or injured. We have several employees approaching retirement in the next three to eight years which has encouraged succession planning. Because we have needs across a wide spectrum, we propose hiring mid-year once we have identified the position duties. We have budgeted enough money to cover a range of duties; from a licensed operator to an assistant or deputy director position.

The preceding emphasizes a daunting list of capital work that is needed to address sustainability of the utility and provide expected levels of service to existing users and in support of community growth. This budget includes expected future study costs to both identify and address peak flows and evaluate and develop risk models to direct future system renewal monies. This year's capital plan also includes longer term bonded debt payments associated with the Mill Creek renewal. While we presently project sufficient cash flow to support activities, it is increasingly evident that further study of long term needs could likely identify significant additional needs or risks that will need to be encompassed by future plans. Falmouth is not unique in this regard and it is certainly not immune to aging infrastructure concerns. Various reports have documented similar needs on a nationwide scale including the immense cost of continued renewal obligations and lack of available monies, except at the local level.

Operational costs are projected at levels very similar to previous years, with minor adjustments to certain commodity accounts based on expected variations. Labor costs include a modest cost of living increase and adjustments to benefit costs along with the proposed new position.

The following documents provide an overview of the department's proposal for the upcoming year. As you know, our projections take into account most of the logical fluctuations that we may see due to flow variations, unanticipated breakdown, or commodity cost increases. Additional detail is certainly available in support of the information presented.

A photograph of a concrete weir or small dam structure in a grassy field. The structure is a low, angled concrete wall with a small opening where water is flowing over, creating a small waterfall. The surrounding area is covered in tall green grass and reeds. In the background, there is a dense forest of green trees under a blue sky with some clouds.

Town of Falmouth Wastewater Department

Proposed operations and
maintenance budget,
2013-2014

Operations and Maintenance Budget

DEPARTMENT: Wastewater; Falmouth Enterprise Fund 040					
Account Number		Budget 2012-2013	Anticipated 2012-2013	Proposed Budget 2013-2014	
Falmouth only cost centers including gross debt payments					
201	PUMP STATIONS AND LINES	531,380	527,910	559,048	Falmouth users 100 %
201-1	ADMINISTRATION	543,951	539,420	552,267	Includes \$159,500 debt offset 2013-14
Falmouth / Cumberland shared cost centers based on flow contribution					
202	TREATMENT PLANT	391,776	360,710	404,447	Falmouth users approx. 78%
202-1	PUMP STATIONS	48,927	42,725	48,182	Falmouth users approx. 60 %
202-2	SLUDGE HANDLING	172,262	142,630	164,252	Falmouth users approx. 78%
202-3	ADMINISTRATION	148,693	136,265	155,724	Falmouth users approx. 78%
DEPARTMENT TOTAL					
		1,836,989	1,749,660	1,883,920	
Account Number	Account Name				Line Item Budget Request Justification
4010	FULL-TIME SALARIES	416,241	419,200	446,365	Provides funding for labor portion of the activities that serve the combined Falmouth / Cumberland system.
4020	PART TIME SALARIES				Inactive
4030	OVERTIME	39,900	31,800	39,900	Provides funding for overtime labor weekends and off hours for non - exempt employees.
4050	HEALTH INSURANCE	80,520	72,400	90,570	Provides for department's share of actual health insurance premiums.
4060	RETIREMENT	23,685	24,350	28,179	Provides for department's share of employer retirement contributions.
4070	SOCIAL SECURITY	34,894	35,400	36,946	Provides the employer's share of Social Security.
4080	GROUP INSURANCE	226	70	222	Provides for the employer's share of the group life insurance.
4090	INCOME PROTECTION	2,440	150	2,526	Provides for the employers share of the income protection insurance cost.
4100	WORKER'S COMPENSATION	6,100	5,000	6,459	Provides funding for WC insurance based on the department's specific payroll, based on manual rate and the Town's experience rate.
4110	UNUSED				Inactive
5010	POSTAGE	1,000	463	1,000	Provides for postage and maintenance on the town hall mail equipment.
5020	TELEPHONE	3,630	4,905	4,925	Provides for the department's prorated share of town wide telephone expenses.
5030	TRANSPORTATION	50	0	50	Provides for any transporation cost reimbursement for use of personal vehicle.
5040	EDUCATION/MEETINGS	1,980	920	1,980	Provides for the cost for meetings and seminars, primarily required training to maintain employee certifications.
5070	MAPS/BLEUPRINTS	200	150	200	Provides funds for plan copies and updated tax maps.

Operations and Maintenance Budget

DEPARTMENT: Wastewater; Falmouth Enterprise Fund 040					
Account Number		Budget 2012-2013	Anticipated 2012-2013	Proposed Budget 2013-2014	
5080	LEGAL/ ADVERTISING	650	550	650	Provides for public notices and advertising.
5100	BUILDING/ CONTENTS	23,000	23,540	23,710	Provides the department's share of vehicle and property insurance.
5200	ELECTRICITY	161,125	143,800	161,125	Provides for electric cost for the treatment plant and 28 pump stations. Annual costs subject to variation due to flow levels.
5220	WATER	2,100	1,470	2,100	Provides for potable water cost from the Portland Water District.
5230	FUEL OIL	29,000	21,280	30,600	Provides for heating oil and standby generator fuel cost at the treatment plant and pumps stations.
5300	MACHINES/ EQUIPMENT	13,750	14,660	13,750	Provides for outside vendor cost related to maintenance of plant and pump station equipment such as generator preventive maintenance, specialized maintenance tasks/ calibrations.
5310	VEHICLE MAINTENANCE	5,180	2,750	5,180	Provides for vehicle maintenance cost for 3 department vehicles.
5320	SEWER LINE MAINTENANCE	4,000	6,000	4,000	Provides for vendor cost for sewer cleaning, inspection, or repairs.
5330	RADIO/ RADAR MAINTENANCE	620	300	620	Provides for telemetry or mobile radio tuning or repairs.
5400	LEGAL SERVICES	6,300	0	6,300	Provides for legal assistance related to ordinance, right of way, questions.
5410	COMPUTER SERVICES	10,625	8,500	10,625	Provides for a prorated share of maintenance agreements for software and funds fiber optic link to network servers.
5430	AUDIT	3,000	1,881	3,000	Provides for the prorated share of the annual Town audit.
5450	SAFETY SERVICES	2,290	1,950	2,290	Provides for vendor cost for mandated safety training.
5490	OTHER PROFESSIONAL SERVICES	8,220	6,450	8,220	Provides for outside engineering and technical assistance.
5491	LABORATORY MONITORING	10,290	8,860	6,290	Provides for vendor cost for lab testing for compliance monitoring, variance reflects testing requirements in non license renewal year.
5500	MAINTENANCE/ BUILDINGS	4,800	4,200	4,800	Provides for vendor cost for fabrication, electrical work, and specialized maintenance work on department buildings.
5610	EQUIPMENT RENTAL	400	100	400	Provides for rental of small equipment.
5620	UNIFORM RENTALS	2,650	1,980	2,200	Provides for the rental cost and cleaning of work uniforms for the operations crew.
5900	BIOSOLIDS MANAGEMENT	85,550	75,000	80,550	Provides for vendor disposal cost for plant sludge, annual variance due to fluctuations in volume of material for disposal.
5930	PUMP STATION ALARMS	400	200	5,200	Provides funding for cellular network cost of the new telemetry system for pump stations.
5980	PUMP STATION MAINTENANCE	23,000	14,500	23,000	Provides for vendor cost for maintenance activities at pump stations, including emergency pumping, routine cleaning.
6010	OFFICE SUPPLIES	700	455	700	Provides for miscellaneous office supplies.
6015	COMPUTER FORMS/ SUPPLIES	390	300	390	Provides for computer supplies.

Operations and Maintenance Budget

DEPARTMENT: Wastewater; Falmouth Enterprise Fund 040					
Account Number		Budget 2012-2013	Anticipated 2012-2013	Proposed Budget 2013-2014	
6100	MAINTENANCE MACHINES/EQUIPMENT	11,100	13,950	14,100	Provides for spare and replacement mechanical parts for treatment plant and puming stations.
6110	VEHICLE MAINTENANCE	3,875	3,500	3,875	Provides for parts cost for the department vehicles.
6130	MOTOR FUEL/LUBRICANTS	8,780	8,525	9,990	Provides for gasoline cost for the department vehicles.
6300	SEWER MAINTENANCE SUPPLIES	3,300	1,000	3,300	Provides for supplies for the Falmouth only sewer system, grade rings, jetter parts.
6320	PLANT MAINTENANCE SUPPLIES	200	50	200	Provides for primarily cleaning supplies.
6330	PUMP MAINTENANCE SUPPLIES	150	0	150	Provides for cleaning and painting supplies for pump stations.
6340	LABORATORY SUPPLIES	12,500	12,000	14,000	Provides for lab materials, chemicals, and equipment.
6400	BUILDING/GROUNDS MAINT/SUPPLIES	8,700	6,150	8,700	Provides for building and grounds maintenance supplies for pump stations and treatment plant.
6450	CHEMICALS	72,650	64,000	72,650	Provides for disinfection, dechlorination, and sludge dewatering chemicals.
6520	SAFETY EQUIPMENT	4,240	2,450	4,240	Provides for required portable and fixed safety equipment, gas detection, harnesses, confined space gear, personal protective gear.
6930	PUMPING STATION ALARMS	1,200	550	1,200	Provides for parts and supplies for the telemetry system at pump stations.
6980	PUMP STATION MAINT/SUPPLIES	5,900	9,000	7,400	Provides for spare and replacement parts for pump stations.
7010	TRANSFER TO RESERVES	65,000	65,000	65,000	Provides for the set aside for unbonded renewal and replacement of sewer system equipment, lines, and structures.
7015	TRANSFER TO EQUIPMENT RESERVE	20,000	20,000	20,000	Provides for set aside to reserve account for shared stations and plant equipment replacement.
7030	TRANSFER TO COMPUTER RESERVE	8,000	8,000	8,000	Provides for the set aside for replacement of computer equipment.
7045	TRANS TO INF SYSTEM DEVELOPMENT	0	0	0	Inactive
7550	IMPROVEMENTS BUILDINGS/GROUNDS	64,000	64,000	64,000	Provides funds towards engineering studies or replacement in line with the capital plan or due to emergency.
7570	SEWER REHABILITATION	90,000	90,000	90,000	Provides for ongoing rehab work in the sewer system serving only Falmouth, may fund such things as engineering studies or replacement in line with the capital plan or due to emergency.
8050	IMPROVEMENTS	324,000	324,000	324,000	Provides for the repayment of the bond bank loan for the 2006-08 plant upgrade, retires in 2026.
8200	BOND/NOTE INTEREST	108,939	108,939	102,543	Provides for the interest cost for the 2006-08 plant upgrade, declines annually.
8400	PWD ASSESSMENT	15,550	15,012	15,550	Provides for the department's cost for sewer billing and collection services by Portland Water District.
8920	CONTINGENCY	0	0	0	Inactive

Capital Overview

Town of Falmouth
Wastewater Capital Expenditure Schedule
Proposed 2013 - 2014 Budget

Actual										
	[a]	[b] Plus	[c] Plus	[d]	[e]	[f] Less	[g] Net	[h] Subtotal	[i] Plus	[h] Projected
Year	Beginning Balance	Budgeted Funding	Misc. Revenue	Subtotal Reserve	Capital Purchases	Cumberland Portion	Capital Purchases	Less Purchases	Interest	Ending Balance
2012	1,828,619	247,000		2,075,619	184,458	48,847	135,611	1,940,008		1,940,008
2013	1,989,864	247,000		2,187,008	555,500	31,150	524,350	1,662,658		1,662,658
2014	1,662,658	247,000		1,909,658	610,000	85,850	524,150	1,385,508		1,385,508
2015	1,385,508	247,000		1,632,508	487,500	121,700	365,800	1,266,708		1,266,708
2016	1,266,708	247,000		1,513,708	454,000	42,500	411,500	1,102,208		1,102,208
2017	1,102,208	247,000		1,349,208	478,000	43,700	434,300	914,908		914,908
2018	914,908	247,000		1,161,908	355,000	42,500	312,500	849,408		849,408
2019	849,408	247,000		1,096,408	304,000	42,500	261,500	834,908		834,908
2020	834,908	247,000		1,081,908	380,000	44,300	335,700	746,208		746,208
2021	746,208	247,000		993,208	284,000	42,500	241,500	751,708		751,708
2022	751,708	247,000		998,708	267,000	52,400	214,600	784,108		784,108

Note: The beginning balance is undesignated fund balance.

- [a] This column states the beginning balance of the reserve for each year. In 2013, we have the actual balance. In subsequent years, we take the balance from column [m] of the previous year.
- [b] This column states the budgeted amount to be funded to the reserve by year.
- [c] This column states any other revenue added to the reserve (i.e. grants, fees, etc.)
- [d] This column calculates a subtotal balance by adding the additional funding to the beginning balance. (a + b + c = d)
- [e] This column states the total capital purchases by year. A detailed list of these purchases can be found in the "Plan" worksheet.
- [f] This column states the share of capital cost to Cumberland from the "Plan" worksheet
- [g] This column calculates the net capital purchases by year. (e - f = g) or the cost to Falmouth
- [h] This column calculates a subtotal balance by subtracting the net capital purchases from the subtotal. (d-g = h)

Plan detail	Actual			
Wastewater Capital Expenditures				
Year	2012	2013	2014	
Expense Total	\$179,703	\$555,500	\$610,000	
Falmouth portion	\$130,856	\$524,350	\$524,150	
Cumberland portion	\$48,847	\$31,150	\$85,850	
Projects & Equipment				Explanation
Roof replacement - Plant	\$66,384			This improvement replaces leaking membrane and tarred roofs on the headworks and control buildings at the treatment plant.
Emergency repairs - Mill Creek	\$82,663			Effect repairs due to leak in piping at Mill creek station
Lifeline with tripod	\$7,261			Proposal funds an additional portable fall restraint and man down retrieval system used in entry to confined spaces. Mandated safety equipment.
Biosystems Gas Detector	\$4,000			Proposal funds replacement of 3 portable use gas detectors used to ascertain safe atmospheric conditions prior or while in confined spaces. Mandated safety equipment.
Water Storage Tank	\$1,143			Proposal replaces leaking hot water storage tank at the administration building.
Design - Mill Creek upgrade		\$60,000		Design engineering services for major upgrade of Mill Creek pump station
Junction box - Waite's Landing		\$2,500		This improvement relocates the existing electrical junction box to the outside of the wet well for ease of pump replacement and improved safety.
Design - Manhole stabilization Shoreline Drive		\$7,000		Engineering recommendation or repair approach and permitting requirements
Capacity study		\$20,000		Study to identify remaining plant capacity, build out potential / constraints as part of Town comprehensive plan update and as planning reference for the WW department
Flow study		\$56,000		I/I reduction flow study to determine areas of town with excessive infiltration.
Telemetry upgrade		\$406,000		Proposal replaces obsolete radio telemetry system that provides alarm notifications from 28 pump stations. Need is twofold, obsolescence of hardware and need to comply with new narrow band frequency requirements being imposed by federal FCC in January 2013.
Aeration as storage design			\$10,000	Preliminary design of a third aeration tank at the treatment plant that would initially be used to store peak flows during extreme
Manhole stabilization - Shoreline Drive			\$100,000	Proposal repairs displaced riprap and reinforces exposed manholes along Shoreline Drive and Carroll Street
Right of way clearing			\$75,000	Restore Mill & Webes Creek ROW
Generator - Johnson Road			\$30,000	This proposal would add a new in place generator at one of three pump stations that now require fairly dedicated service with the one high capacity portable unit that is available to serve 12 sites during widespread outages. Expect that the upgrade will provide needed flexibility for the portable unit and manpower during prolonged outages.
West Falmouth master plan			\$100,000	This would factor in future development and recommended capacity needs at several stations, perhaps as many as six. Maybe implications for plant capacity. Wait for comp plan to be complete?
Generator upgrade - Thornhurst			\$5,000	This proposal would add a new in place generator at one of three pump stations that now require fairly dedicated service with the one high capacity portable unit that is available to serve 12 sites during widespread outages. Expect that the upgrade will provide needed flexibility for the portable unit and manpower during prolonged outages.

Plan detail	Actual			
Wastewater Capital Expenditures				
Year	2012	2013	2014	
VFD upgrade - Underwood			\$20,000	This work replaces the electrical control panel with a new above ground panel and controls and adds variable frequency drives which eliminates an existing roto-phase unit that currently converts the single phase electric service to 3 phase. Benefits of the conversion include reduced below ground entry / improved safety, improved efficiency / reduced power, reduced failure due to electrical problems, and improved overall reliability.
VFD upgrade - Woodlands Drive			\$14,000	This work replaces the electrical control panel with a new above ground panel and controls and adds variable frequency drives which eliminates an existing roto-phase unit that currently converts the single phase electric service to 3 phase. Benefits of the conversion include reduced below ground entry / improved safety, improved efficiency / reduced power, reduced failure due to electrical problems, and improved overall reliability.
Generator - Middle Road			\$35,000	This proposal would add a new in place generator at one of three pump stations that now require fairly dedicated service with the one high capacity portable unit that is available to serve 12 sites during widespread outages. Expect that the upgrade will provide needed flexibility for the portable unit and manpower during prolonged outages.
Bonded & Recurring				
Mill Creek P&I			\$100,000	Recurring principal and interest Mill Creek upgrade
Infiltration reduction			\$50,000	Flow assessment, smoke testing, rehabilitation work to reduce peak flows.
Vehicles replacement				
Truck, one ton chassis	\$18,253			Proposal funds replacement of an existing 2003 one ton truck chassis.
Pickup truck with plow			\$30,000	Proposal funds replacement of an existing 2006 3/4 ton 4x4 pickup truck and plow.
Mobile portable generator			\$24,000	Proposal adds a new hi capacity portable generator to service stations without in place standby power.
Lift Crane			\$10,000	Proposal funds replacement of service truck mounted hydraulic/electric crane used to service pumps at 28 pump stations.
Office equipment replacement				
Photocopier		\$4,000		Proposal funds replacement of photocopier in line with IT equipment replacement schedule.

Revenues

DEPARTMENT: Wastewater; Falmouth Enterprise Fund 040						
Revenue Projection for 2013-14						
	Estimate 2012-13	Estimate 2013-14	Estimate 2014-15	Estimate 2015-16	Estimate 2016-17	Estimate 2017-18
Service Charges	\$1,546,721	\$1,553,415	\$1,557,415	\$1,561,415	\$1,565,415	\$1,569,415
Miscellaneous Revenue	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
Cumberland O & M at projected flow contributions	\$166,973	\$169,973	\$172,973	\$175,973	\$178,973	\$181,973
Interest	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Falmouth on the Green reimbursement, system upgrades	\$12,026	\$12,026	\$12,026	\$12,026	\$12,026	\$12,026
Cumberland Reimbursement, plant upgrade	\$161,928	\$159,500	\$157,072	\$154,644	\$152,216	\$149,788
Projected Revenue	\$1,926,648	\$1,933,914	\$1,938,486	\$1,943,058	\$1,947,630	\$1,952,202
Proposed Budget 2013-14		\$1,883,920				
Undesignated revenue 2013-14		\$49,994				