

Enterprise Funds

Section 8



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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 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 a portion of the 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, in this case, the portion that is subsidized by the tax levy.

Significant FY2024 Budget Changes or Initiatives

Recycling markets throughout the United States are going through a difficult and complicated transition. For many years China had been the primary market for our country’s recyclable materials. In early 2018 China revised their specifications for acceptance of recyclable materials to an unachievably low contamination standard, which eliminated the option of exporting these commodities to China. This has resulted in the need for a fast and drastic change to the market for recyclable materials here in the United States. The impact on central Massachusetts is similar to that of the rest of our nation. Market instability is projected to continue until new material recovery facilities can be brought on-line here in the United States and in emerging countries around the world. The cost of this transition unfortunately is being borne by communities such as ours. MassDEP regulations prohibit recyclable materials from entering the solid waste stream; therefore, collection and processing is mandated.

In 2019, the Town issued an Invitation for Bids (IFB) for solid waste and recyclable material collection and disposal. After reviewing the recycling market and the bids received, the Town entered into a three (3) year contract with two (2) one-year extensions at the Town’s option. The contract includes a 3% annual increase for collection throughout the duration. The contract also includes an annual Recycling Net Processing Cost Adjustment, which has allowed the Town to maintain costs associated with current recycling market trends and to minimize future significant increases. In FY2024 the Town is exercising the contract’s final extension for year five. The Town anticipates issuing an IFB during FY2024 and expects there to be significant increases in collection and processing due to continued volatility in the recycling market. The IFB process will take three to six months as extensive research is required. A part of this research will include several alternative contractual approaches.

Overall, the Solid Waste and Recycling budget is increasing by \$112,571, or 12.1%. The FY2024 fee revenues are projected to be \$530,000 and the FY2024 expenses are estimated at \$1,040,684 leaving a projected general fund subsidy of \$345,160 in addition to a transfer from the Solid Waste Fund Free Cash of \$165,524. In FY2024, 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.



As a result of the fees projected to be collected and the FY2024 expenses of \$1,040,684 a General Fund subsidy of \$345,160 (\$8,000 more than FY2023) is recommended to balance the Enterprise Fund. The following is a detailed explanation regarding projected revenues, overhead costs, disposal costs, projected tonnage for disposal and collection costs.

PAYT Revenues and Overhead Costs:

The Town continues to offer two sizes of bags and the bag fee was last revised in January of 2007 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.

As reflected in the Trash and Recycling Comparison Chart on page 8-5, trash and recycling disposal tonnage has been consistent for the last several years, although trash increased during the pandemic as more people were at home. Consistent trash tonnage and consistent bag prices have resulted in a stable revenue stream of approximately \$530,000 each of the last few years.

During FY2023, the Town received \$15,400 as part of the Department of Environmental Protection's Recycling Dividends Fund 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 \$7,000 to cover these costs in FY2024.

The Town works with W.B. Mason to warehouse and distribute trash bags and bulk item labels to the authorized retailers at a cost of \$.02 per bag or label. The total projected FY2024 overhead costs for the Pay-As-You-Throw program (purchase of bags, stickers, labels, and their distribution) is estimated at \$90,000.

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 list of acceptable items 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 \$100,000 for FY2024.

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 \$75.52/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 FY2024 has been estimated at \$81.00/ton, which will apply to the amount of trash disposed of between 7/1/23 and 6/30/24.



Solid Waste Enterprise Fund

Section 8-3

Under the terms of the contract for solid waste/recyclable materials collection and disposal, the Town is also responsible for an annual Recycling Net Processing Cost Adjustment. In accordance with the terms of the contract and due to the improved quality of the recycling material being processed at the facility, the Recycling Net Processing Cost Adjustment has been set as a credit of \$8.91 per ton for the actual amount of recycling materials collected in calendar year 2022 (994.5 tons), resulting in a disposal cost credit of \$8,861 for FY2024.

Projected Solid Waste Tonnage:

Actual tonnage for the last 12 months (calendar year 2022) was 2,260 tons, which reflects a 4.34% increase from the previous 12 months. Based on the number of new building permits for single family homes (9) during the last 12 months, the growth rate was 0.18%. The projected tonnage for FY2024 is approximately 2,362 tons ($2,260 \times 1.043 \times 1.00184$). An estimated 2,400 tons is expected to be disposed of in FY2024, resulting in a budget of \$194,400 based upon the projected tipping fee of \$81.00/ton.

Collection Costs:

On July 1, 2019, the Town entered into a new agreement with Republic Services, Inc. for solid waste/recyclable materials collection and disposal, which will continue to service the Town through FY2024, as the Town opted to exercise the second of the two one-year extensions. Under the contract, collection costs will increase by 3% in FY2024. The total FY2024 collection costs are \$620,795, which consists of \$289,594 for Trash Collection and \$331,201 for Recycling Collection and Disposal.

		FY2020	FY2021	FY2022	FY2023	FY2023	FY2024
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	6 MONTHS	PROPOSED
SOLID WASTE ENTERPRISE FUND							
Expenses	Services						
52810	Unclassified	133,434	143,284	160,279	224,350	208,529	224,350
52910	Collection	551,568	568,114	575,978	602,714	259,481	620,795
57810	Disposal	139,973	158,967	155,015	91,049	68,343	185,539
59810	Extra Ordinary & Unforeseen Exp.	0	0	0	10,000	0	10,000
	SUBTOTAL	824,976	870,365	891,271	928,113	536,353	1,040,684
TOTAL:	SOLID WASTE	824,976	870,365	891,271	928,113	536,353	1,040,684

**Additional Solid Waste Budget Detail****Unclassified:**

Newsletter, training, bins and misc. supplies:	\$7,000
Disposal of illegal dumping:	\$7,000
Household Hazardous Waste Day:	\$20,000
Pay-As-You-Throw costs:	\$90,000
Disposal of Yard Waste	\$100,000
SWANA Membership	\$225
SWANA Meetings	<u>\$125</u>
Sub-total	\$224,350

Solid Waste & Recycling Collection:

Trash Collection:	\$289,594
Recycling Collection:	<u>\$331,201</u>
Sub-total	\$620,795

Solid Waste & Recycling Disposal Adjustment:

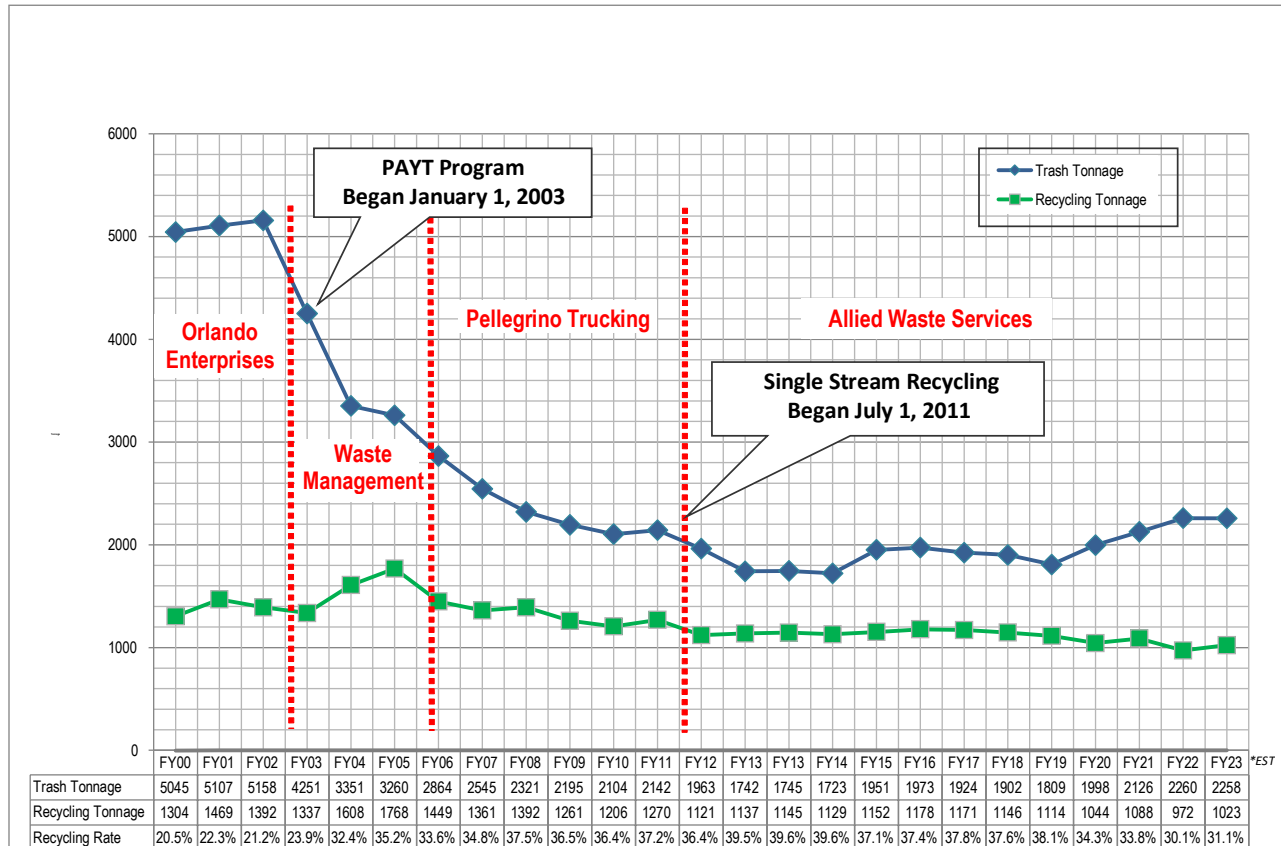
7/1/23 - 6/30/24: 2,400 tons x \$81.00/ton	\$194,400
Recycling Processing cost adjustment	<u>(\$8,861)</u>
Sub-total	\$185,539

Contingency Reserve	<u>\$10,000</u>
Sub-total	\$10,000

Grand Total \$1,040,684



Waste & Recycling Trends from FY2000 to FY2023



Since its inception on January 1, 2003 the PAYT 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 1,722 tons in FY2014 and has slowly increased been increasing. In addition, recycling rates rose from 21% in FY2002 to approximately 38% in FY2014 and now appears to remain steady at 30%. The difference between the 5,158 tons of trash in FY2002 and the 2,400 tons of trash projected to be disposed in FY2024 is 2,758. In FY2024 that difference, multiplied by the projected disposal rate of \$81.00/ton, represents approximately \$223,398 in cost avoidance.



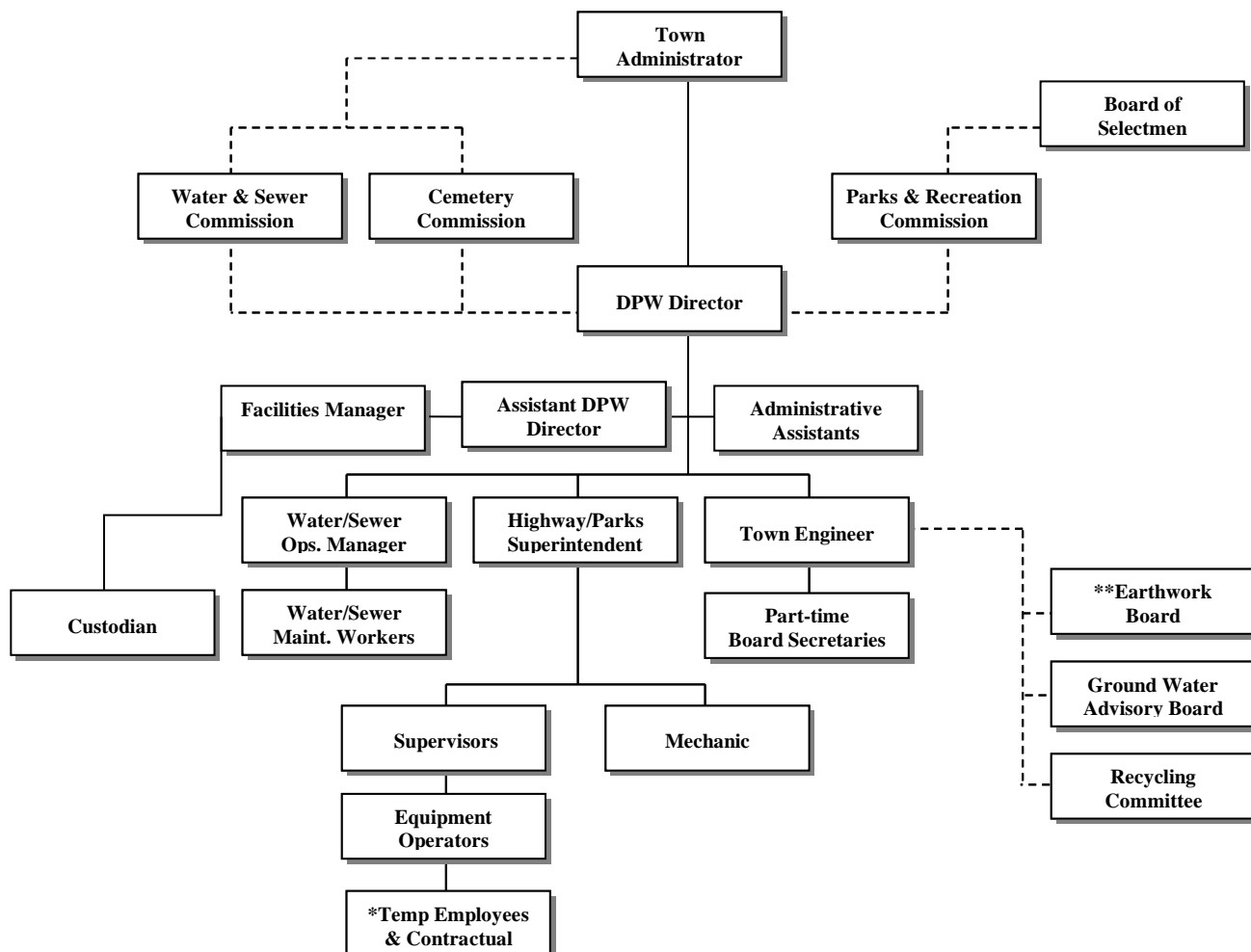
Water & Sewer Enterprise Funds

The Water and Sewer Divisions operate and maintain 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





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 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 then contracted with an engineering consultant to evaluate the Town's long-term water supply and distribution 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 was reviewed to determine required improvements for treatment facilities to comply with current and future drinking water standards. The 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.

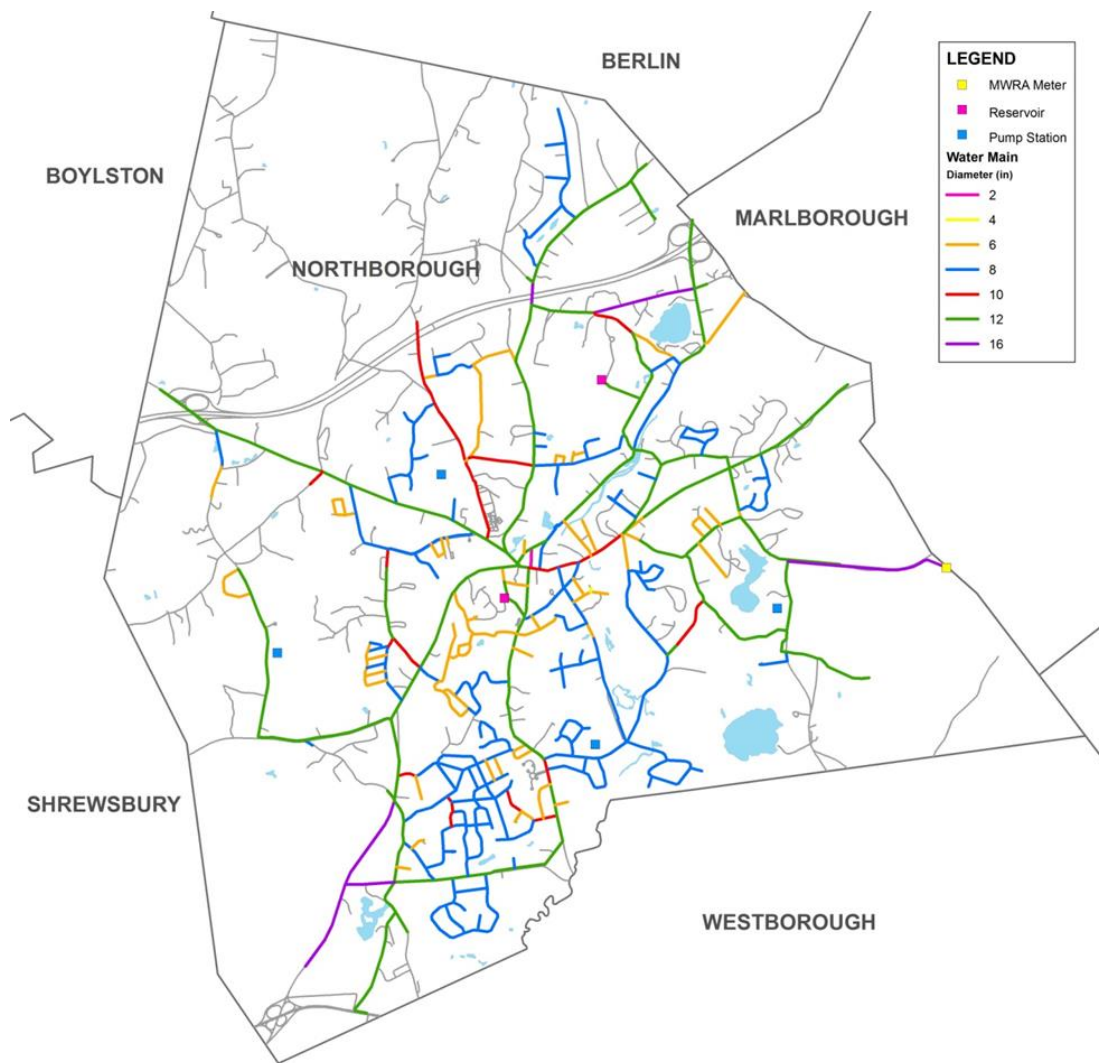


In order to fully determine which of the three options outlined above would be the best option for the Town, a water system master plan was prepared. The master plan focused on the entire potable water system and its ability to provide the Town with the most cost-effective method of delivering safe, 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. Reactivation of Town wells would require a cost-prohibitive water treatment facility that would still fall short of meeting the needs of the Town. As a result, the Town receives 100% of its water from the MWRA and the four wells remain off-line in an emergency only capacity.

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





Water & Sewer Enterprise Funds

Section 8-9

Significant FY2024 Budget Changes or Initiatives

The FY2024 Water Enterprise Fund is budgeted at \$2,772,795 which is an increase of \$136,692 or 5.2%. This increase follows the 10.8% FY2023 budget reduction which was primarily attributed to the MWRA preliminary assessment going down by \$251,513. The cause of this was a shift in the share of the overall use from “bedroom communities” such as Northborough to Metro Boston as a result of businesses reopening after the initial effects of the pandemic. The FY2024 increase is attributed to several factors: including funding the required bi-annual system-side leak detection survey, inflationary increases to goods and services, reinstatement of \$50,000 toward the emergency account, and phasing back in of the annual hydrant replacement program, the latter two of which were eliminated due to financial constraints associated with the pandemic.

In the second quarter of FY2014, a base charge was added to each water account to recover a portion of fixed costs paid from the enterprise fund such as debt, meter reading, billing, and collection, regardless of the amount of water usage. Based upon formal rate studies, the water utility user rates are expected to increase approximately 4%-5% per year due to a combination of inflationary pressures (2-3% annually), annual water use fluctuations which trend downward between 0.5% and 1.0% due to mandated conservation measures, and the need to make regular infrastructure investments. The FY2024 user rates will be adjusted based upon a detailed rate study but are currently projected to increase between 3% and 4%. The base charge will also be evaluated as part of the rate study in an effort to maintain the appropriate ratio of fixed verse volumetric revenues.

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
WATER ENTERPRISE FUND						
Personnel Services						
² 51010 Full-time Wages	173,925	164,514	168,034	170,750	80,246	183,793
³ 51100 Full-time Salary	37,130	38,630	39,807	39,818	18,797	42,255
⁴ 51120 Full-time Permanent wages	36,772	37,425	38,110	38,056	17,966	40,290
⁵ 51130 W&S Commissioner Stipends	1,080	0	1,080	1,080	0	1,080
⁶ 51135 GIS Salary	14,760	15,400	15,708	16,179	16,179	16,669
51300 Overtime	41,915	47,378	43,957	47,810	18,927	51,463
51410 Longevity Pay	1,410	1,620	1,785	1,659	1,785	1,629
51970 Stipends	950	1,950	950	950	0	900
51920 Uniforms	2,280	2,280	2,280	2,280	1,140	2,280
SUBTOTAL	310,223	309,197	311,711	318,582	155,040	340,539

² Line 51010 represents 60% of the Water/Sewer Operations Manager 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's salary. 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 15% (6 hours per week) of the GIS Director's time supporting the Water Enterprise fund.

Section 8-10

Water & Sewer Enterprise Funds



	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
WATER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation	13,438	12,180	11,005	11,076	11,076	11,298
51730 F.I.C.A.	4,806	5,037	5,037	5,037	5,037	4,936
51740 Life Insurance	88	88	88	63	63	63
51750 Health Insurance	49,481	48,751	49,124	49,022	49,022	59,762
52110 Utilities	16,1012	16,227	21,013	19,500	7,215	35,411
52610 Building Maintenance	3,564	3,511	15,288	13,300	13,026	13,300
52620 Equipment Maintenance	6,160	11,195	4,211	18,000	1,737	18,000
52800 Contractual Services	162,498	121,087	107,171	178,134	46,263	197,334
52850 Audit	2,008	2,899	2,088	2,957	0	2,993
53020 Legal Services	833	273	0	10,000	0	10,000
53110 Printing	5,856	5,977	6,419	10,308	3,647	13,500
53170 Water Analysis	563	0	136	5,500	0	5,500
53190 Training	6,997	5,545	5,967	8,825	1,448	9,325
54290 Office Supplies	653	259	0	1,860	677	1,860
54350 Howard Street Well	0	0	0	0	0	0
54370 Private Work	0	0	0	0	0	0
54380 Brigham Street Well	0	0	0	0	0	0
54390 MWRA Assessment	1,312,356	1,422,346	1,760,228	1,508,715	754,358	1,475,638
54400 Lyman Street Well	0	0	0	0	0	0
54410 Crawford Street Well	0	0	0	0	0	0
54420 Materials & Supplies	95,040	89,364	18,633	67,900	19,897	92,900
54820 Gasoline	10,545	10,545	10,545	10,545	10,545.00	16,800
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	33,340	37,993	34,940	39,515	39,515	57,092
57110 Travel/Mileage	404	206	336	600	86	645
57410 Liability/Building Insurance	17,639	18,130	19,500	19,500	19,500	19,890
58530 Capital Outlay	0	0	0	0	0	0
59810 Extraordinary and Unforeseen	0	0	0	25,000	0	75,000
SUBTOTAL	1,742,370	1,811,612	2,071,728	2,005,357	983,112	2,121,247



Water & Sewer Enterprise Funds

Section 8-11

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
WATER ENTERPRISE FUND						
Expenses (Debt Service)						
59100 Principal / Long Term Debt	272,855	234,857	228,668	239,914	0	220,414
59150 Interest / Long Term Debt	46,117	39,181	52,797	47,552	21,863	40,120
59270 Interest / Temporary Loans	0	0	10,844	20,095	0	46,385
59280 Issuance Costs	0	0	0	4,605	0	4,270
SUBTOTAL	318,973	274,038	292,311	312,164	21,863	311,189
TOTAL: WATER ENTERPRISE FUND	2,371,565	2,394,848	2,675,750	2,636,103	1,160,015	2,772,795

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 the roadway on 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 partner 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.

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 gallons per day of sewer capacity for development of the southeast and southwest industrial areas. The Avalon Bay/Northborough Crossing development discharges approximately 80,000 gallons per day. Not only does this use up the 50,000 gallons per day allocated for industrial development, but it also uses 30,000 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 be unsuccessful in getting additional capacity, the amount of capacity previously designated for users within the sewer service area will need to be reduced by 30,000 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 4.15 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, an 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. Further evaluation by the Town's consultant in 2018 determined that subsurface disposal of effluent at the Haitsma property would likely result in the discharge entering the Assabet River due to the local hydrogeologic conditions, calling into question the viability of subsurface disposal at that location.

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. The EPA has issued the new NPDES permit for the Marlborough

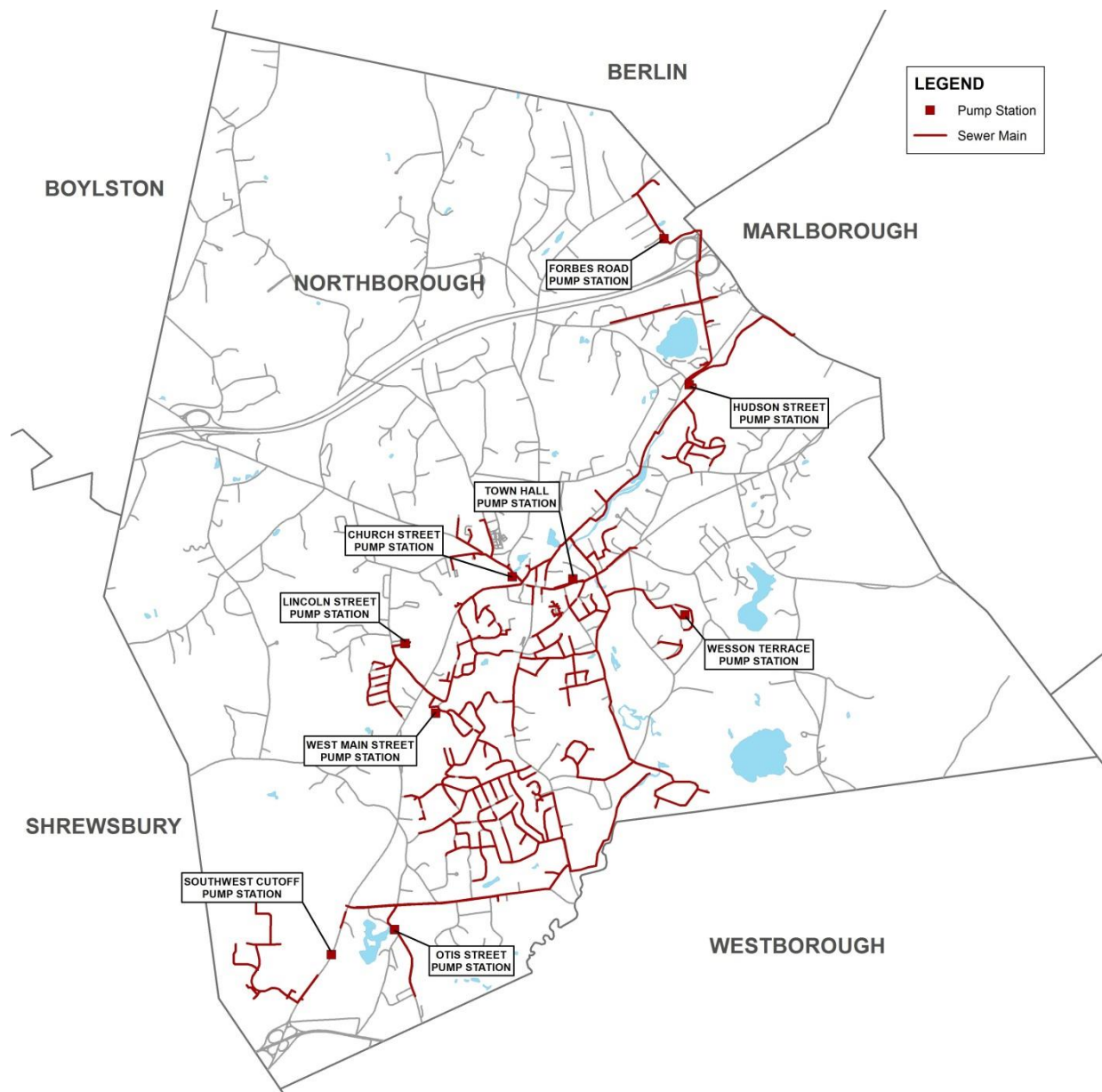
Section 8-14 Water & Sewer Enterprise Funds



Westerly Plant within which Northborough is a co-permittee. The new permit provides no additional capacity, and the City has indicated no willingness to appeal the permit issuance. The new permit does include additional operational requirements that will impact the sewer enterprise fund operating expenses in the coming years.

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 FY2024 Budget Changes or Initiatives

The FY2024 Sewer Enterprise Fund is budgeted at \$2,508,481, which is an overall increase of \$110,993 or 4.6%. The budget reflects an estimated 5% or \$44,728 increase in the Marlborough use charge. This value, along with several other smaller increases directly related to industry wide inflationary impacts and labor increase account for the FY2024 budget adjustments.

The critical issue facing the DPW Sewer Enterprise Fund continues to be negotiations for a new Intermunicipal Agreement with the City of Marlborough. The matter is currently in litigation, the outcome of which will establish our contribution to the operational expenses of the Westerly Wastewater Treatment Plan as well as Northborough's share of the \$30 million plant improvement project. Sewer rates were increased significantly in the second quarters of FY2014, FY2016, FY2017, and FY2018 in anticipation of a large plant improvement payment to Marlborough. The sewer use charges are evaluated as part of our comprehensive rate study. While final rate adjustments will be based upon the updated rate study, a modest increase is projected at this time for this coming fiscal year.

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
SEWER ENTERPRISE FUND						
Personnel Services						
51010 Full-time Wages	115,950	109,676	112,023	113,834	53,497	123,220
51100 Full-time Salary	24,754	25,754	26,538	26,545	12,531	28,174
51120 Full-time Permanent wages	24,515	24,950	25,407	25,371	11,978	26,860
⁷ 51130 W&S Commissioner Stipends	720	1,800	720	720	0	720
⁸ 51135 GIS Salary	9,840	10,266	10,472	10,786	10,786	11,113
51300 Overtime	27,943	31,585	29,305	31,874	12,618	34,309
51410 Longevity Pay	940	1,080	1,190	1,064	1,190	1,044
51970 Stipends	1,000	0	1,000	1,000	0	1,000
51920 Uniforms	1,520	1,520	1,520	1,520	760	1,520
SUBTOTAL	207,182	206,631	208,174	212,714	103,360	227,265

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

⁸ Line 51135 represents 10% (4 hours per week) of the GIS Director's time supporting the Sewer Enterprise fund.

Section 8-16

Water & Sewer Enterprise Funds



	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
SEWER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation Ins.	8,399	8,120	7,337	7,384	7,384	7,532
51730 F.I.C.A.	3,120	3,364	3,364	3,364	3,364	3,295
51740 Life Insurance	59	59	59	42	42	42
51750 Health Insurance	32,988	32,501	32,749	32,682	32,682	39,842
52110 Utilities	51,165	51,941	60,855	60,000	19,566	105,055
52310 Marlborough Use Charge	400,000	400,000	400,000	894,555	200,000	939,283
52600 Building Maintenance	50,879	49,814	41,076	97,800	17,280	104,254
52620 Equipment Maintenance	6,795	20,459	10,720	41,000	2,097	41,000
52800 Contractual Services	156,605	65,923	200,889	179,611	37,781	182,233
52850 Audit	1,338	2,211	1,392	2,249	0	2,273
53020 Legal Services	37,362	85,152	8,569	50,000	3,330	50,000
53110 Printing	3,904	3,984	5,524	5,873	2,431	9,000
53170 Testing	8,151	1,644	5,557	4,900	0	4,900
53190 Training, Dues and Licenses	1,782	426	2,369	3,240	732	3,240
54290 Office Supplies	450	390	465	1,740	451	1,740
54420 Materials & Supplies	14,380	33,163	29,243	44,500	5,270	44,500
54820 Gasoline	7,030	7,030	7,030	7,030	7,030	11,200
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	22,227	25,329	23,293	26,343	26,343	38,061
57110 Mileage	269	137	224	400	58	430
57410 Liability/Building Insurance	11,759	12,087	13,000	13,000	13,000	13,260
58730 Capital Outlay	0	0	0	0	0	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	75,000
SUBTOTAL	818,752	803,734	853,445	1,550,713	436,300	1,676,140



Water & Sewer Enterprise Funds

Section 8-17

	FY2020	FY2021	FY2022	FY2023	FY2023	FY2024
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
SEWER ENTERPRISE FUND						
Expenses (Debt Service)						
59100 Principal / Long Term Debt	514,370	530,183	581,611	503,491	100,000	488,791
59150 Interest /Long Term Debt	144,672	123,121	133,007	124,320	65,623	103,910
59270 Interest / Temporary Loans	19,377	10,234	0	5,125	0	11,375
59280 Issuance Costs	0	0	0	1,125	0	1,000
SUBTOTAL	678,419	663,539	714,619	634,061	165,623	605,076
TOTAL: SEWER ENTERPRISE FUND	1,704,353	1,673,903	1,776,238	2,397,488	705,283	2,508,481



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