

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 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 FY2017 Budget Changes or Initiatives

The Solid Waste Enterprise Fund does not generate sufficient revenue to cover all its expenses. Total FY2017 fee revenues are estimated to be \$488,000 and the FY2017 expenses are estimated to be \$768,350, leaving a projected general fund subsidy of \$217,160 with a transfer from the Solid Waste Fund Free Cash of \$63,190. In FY2017, 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.

In 2010, the Engineering Department issued an Invitation for Bids (IFB) for a five-year contract for solid waste collection and recyclable materials collection and disposal. As part of this IFB, alternate prices were also sought for a container-based program and single-stream recycling. In January of 2011, after much discussion and a significant amount of feedback from the residents, the Board of Selectmen voted to retain the current Pay-As-You-Throw (PAYT) program. As a result of the IFB, a significant savings in the collection cost was realized for the following five years. FY2016 was the final year of the contract with Republic Services/Allied Waste Services which set the collection costs at \$475,000 per year. Recently, the Town entered into a three-year agreement with Republic Services to continue service to the Town for the three-year period from FY2017 to FY2019. Under the new agreement, collection costs remain at \$475,000 for FY2017 (\$265,000 for trash collection and \$210,000 for recycling collection and disposal), followed by a 2% increase in FY2018 and again in FY2019.

As a result of this agreement, a \$217,160 General Fund subsidy is recommended for FY2017 in order to balance the Enterprise Fund. The total PAYT FY2017 budget is \$768,350. 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 FY2016, the Town 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 \$4,000 to cover these costs in FY2017.

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 FY2017 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 \$60,000 for FY2017.

Disposal Costs and Projected Tip Fee:

In 2006 the Town of Northborough entered into a 20-year agreement for the disposal of solid waste with Wheelabrator Millbury, Inc. As part of this agreement, all parties were given the option to terminate the agreement as of December 31, 2017 provided notice of such termination is submitted in writing to the other party no later than December 31, 2015. During the summer of 2015, the Town began discussions with Wheelabrator Millbury, Inc. to determine their intentions regarding the remainder of the agreement. As a result of these early negotiations, the Town expects to realize cost savings over the remainder of the 20 year contract. The tipping fee, as of January 1, 2015, was \$64.00/ton and remained constant for 18 months until June 30, 2016. The FY2017 tipping fee will increase to \$66.00/ton with subsequent adjustments tied to the Consumer Price Index (CPI).



Projected Tonnage for FY2017:

Actual tonnage for calendar year 2015 was 1,942 tons, and reflects an 8.3% decrease from calendar year 2014. Based on the number of new building permits for single family homes during the last 12 months, the growth rate for this year was 0.4%, or 19 new units. The projected tonnage for FY2017 is approximately 2,000 tons ($1,942 \times 1.004$). Therefore, 2,000 tons @ \$66/ton results in an FY2017 budget of \$132,000.

Collection Costs:

On July 1, 2011 the Town began a five year contract with Central Mass Disposal, Inc.(CMD) of Auburn, Massachusetts for solid waste and recycling collection. In March of 2012, CMD was bought out by Allied Waste/Republic Services, Inc., who honored the original contract the Town signed with CMD, which held collection costs in each of the remaining four constant. Recently, the Town entered into a three-year agreement with Republic Services to continue collection services to the Town which will run through FY2019. This new agreement keeps the collection costs at their current rate of \$475,000 for FY2017 which includes \$265,000 for Trash Collection and \$210,000 for Recycling Collection and Disposal and then sets contract rate increases at 2% per year for each of the remaining two years.

Section 8-4

Solid Waste Enterprise Fund



		FY2013	FY2014	FY2015	FY2016	FY2016	FY2017
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
SOLID WASTE ENTERPRISE FUND							
Expenses	Services						
52810	Unclassified	55,829	21,647	105,865	141,200	96,892	151,350
52910	Trash Collection/Hauler	475,247	485,075	475,369	475,000	197,917	475,000
57810	Trash Disposal-Wheelabrator	140,870	142,470	136,683	140,800	43,286	132,000
59810	Extra Ordinary & Unforeseen Exp	0	0	0	10,000	0	10,000
	SUBTOTAL	671,946	649,192	717,917	767,000	338,095	768,350
TOTAL:	SOLID WASTE	671,946	649,192	717,917	767,000	338,095	768,350

Additional Solid Waste Budget Detail

Unclassified :

Newsletter, training and misc. supplies:	\$4,000
Disposal of illegal dumping:	\$2,000
Household Hazardous Waste Day:	\$10,000
Pay-As-You-Throw costs:	\$75,000
Disposal of Yard Waste	\$60,000
SWANA Membership	\$125
SWANA Meetings	<u>\$100</u>
Sub-total	\$151,350

Solid Waste & Recycling Collection – Allied Waste Services :

Trash Collection:	\$265,000
Recycling:	<u>\$210,000</u>
Sub-total	\$475,000

Trash Disposal - Wheelabrator Millbury, Inc.:

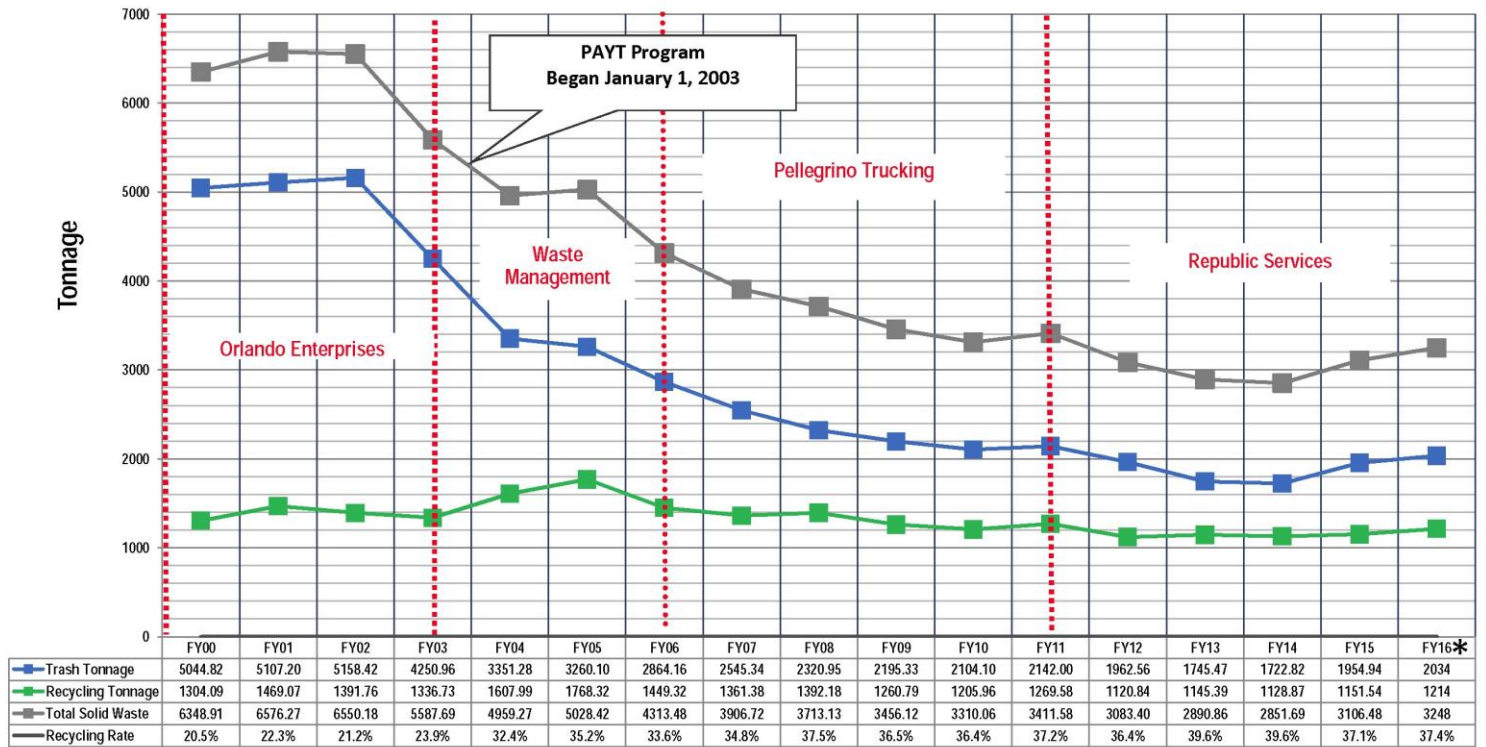
7/1/16 - 6/30/17: 2,000 tons x \$66.00/ton	<u>\$132,000</u>
Sub-total	\$132,000

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

Grand Total \$768,350



Waste & Recycling Trends from FY2000 to FY2016



* Estimated Totals Based on 6 Months Actual Data

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 1,902 tons in FY2013 and has only recently started to increase slightly. In addition, recycling rates have risen from 21% in FY2002 to approximately 38% in FY2013 and are holding steady. The difference between the 5,158 tons of trash in FY 2002 and the 2,034 tons of trash projected to be disposed in FY2017 is 3,124. In FY2017 that difference, multiplied by the disposal rate of \$66.00/ton, represents approximately \$206,184 in cost avoidance. This cost avoidance will become increasingly more important as disposal costs continue to rise in the future.



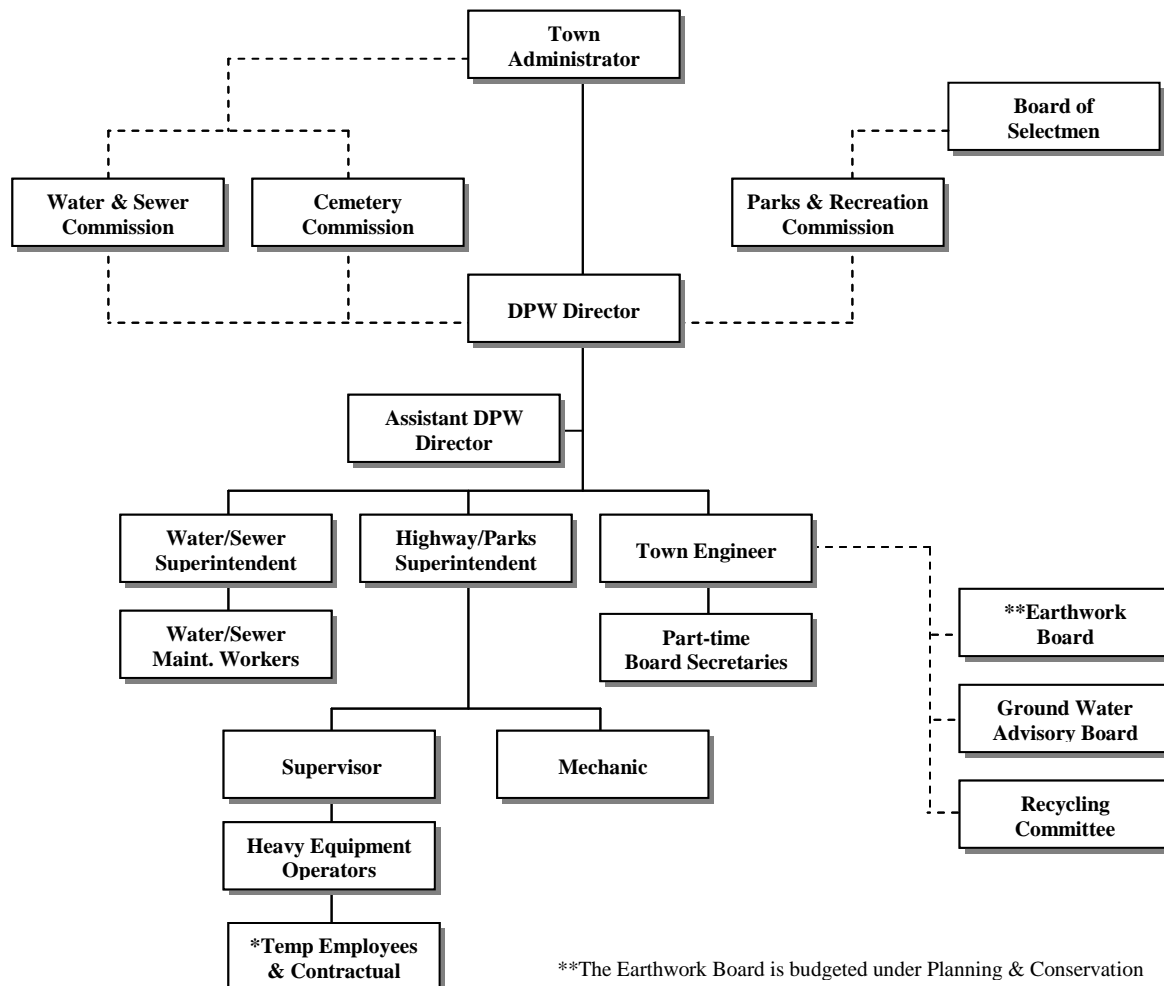
Water & Sewer Enterprise Funds

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 will use 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 will be contrasted with MWRA interconnections and a cost-benefit analysis will be 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 MWRA is the Massachusetts Water Resources Authority. It is a public authority established by an enabling act enacted in 1984. The enabling act is Chapter 372 of the Acts of 1984. 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. The MWRA was created by the legislature in 1984 and inherited operations and facilities beginning in 1985 from the Metropolitan District Commission, a century-old department of state government.

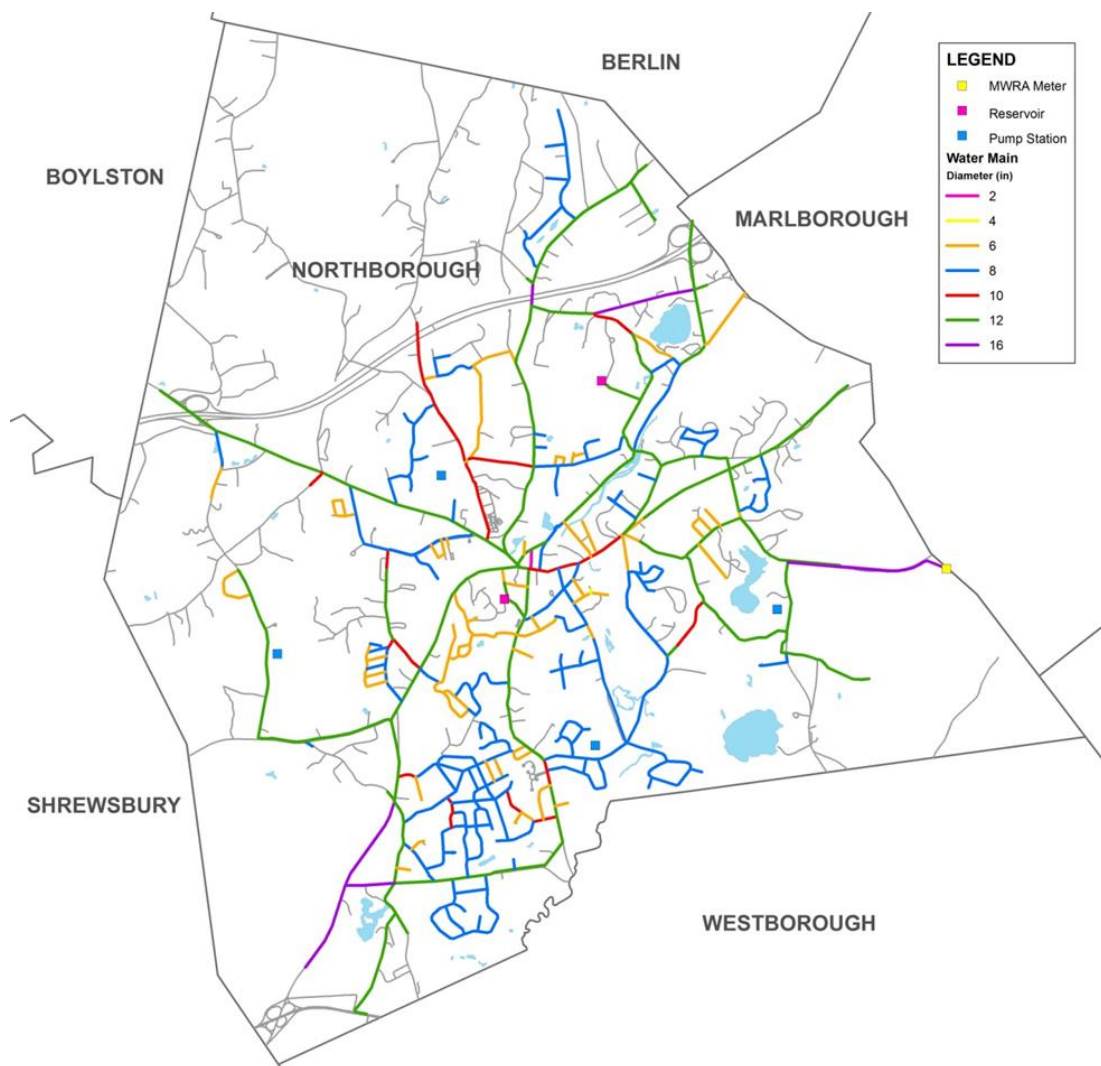


In order to fully determine which of the three options outlined above would be the best option for the town, a water system master plan was prepared. This master plan focused on the entire potable water system and its ability to provide the Town with the most cost effective method of delivering safe, 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 we are 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





Water & Sewer Enterprise Funds

Section 8-9

Significant FY2017 Budget Changes or Initiatives

The FY2017 Water Enterprise Fund is budgeted at \$2,251,473 which is an increase of \$21,145 or 0.9%. This slight increase is due to a number of factors including the additional assessment from the MWRA based on the Town's water usage.

In the second quarter of FY2014, a base charge was added to each water account. This change in the billing structure was necessary to recover a portion of the fixed costs that are paid from the enterprise funds such as debt, meter reading, billing and collection regardless of the amount of water usage. In FY2017, water utility rates are scheduled to increase by 5%. Our current estimate is that water rates will continue to rise slightly in coming years.

The most important initiative for the DPW Water Enterprise Fund is the successful implementation of the Capital Improvement Plan. This plan is the result of a holistic approach to infrastructure management. It includes a complete meter replacement and billing system upgrade, water service line and hydrant replacement program as well as repairs to the water tanks.

	FY2013 ACTUAL	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 BUDGETED	FY2016 SIX MONTHS	FY2017 PROPOSED
WATER ENTERPRISE FUND						
Personnel Services						
² 51010 Full-time Wages	139,449	144,348	142,384	153,744	69,108	155,353
³ 51100 Full-time Salary	31,825	33,108	34,383	62,357	17,847	63,857
⁴ 51120 Full-time Permanent wages	31,153	34,133	43,401	35,647	23,000	35,460
⁵ 51130 W&S Commissioner Stipends	1,080	1,080	2,242	1,080	0	1,080
⁶ 51135 GIS Salary	12,000	12,000	12,000	13,113	12,000	13,507
51300 Overtime	32,588	32,695	36,748	38,436	17,623	38,839
51410 Longevity Pay	1,635	1,815	1,425	1,560	1,560	1,560
51970 Stipends	1,020	850	1,080	850	0	900
51920 Uniforms	1,609	1,800	2,175	1,800	900	1,800
SUBTOTAL	252,359	261,829	275,837	308,587	142,038	312,356

² Line 51010 represents the 60% of the Water/Sewer Supervisor salary as well a 60% of the 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 per week) of the DPW Director and Assistant Director salaries. Another 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 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. Another 9.5% (4 hours per week) is reflected in the Sewer Enterprise Fund Budget.

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Water & Sewer Enterprise Funds



	FY2013 ACTUAL	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 BUDGETED	FY2016 SIX MONTHS	FY2017 PROPOSED
WATER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation	8,122	8,366	8,617	8,876	8,876	9,319
51730 F.I.C.A.	3,836	3,836	3,836	4,453	4,453	4,453
51740 Life Insurance	88	88	88	88	88	88
51750 Health Insurance	50,274	42,083	43,828	39,828	39,828	43,421
52110 Utilities	10,532	1,802	11,519	15,233	5,803	16,000
52610 Building Maintenance	3,843	1,592	6,624	4,000	3,187	5,000
52620 Equipment Maintenance	5,625	11,489	6,266	18,000	5,785	18,000
52800 Contractual Services	15,056	30,189	67,226	91,100	28,654	93,400
52850 Audit	1,731	1,765	1,801	1,837	1,837	1,873
53020 Legal Services	1,408	963	1,538	9,000	0	5,000
53110 Printing	5,880	7,326	6,373	8,400	4,723	8,400
53170 Water Analysis	6,802	6,365	3,180	18,500	580	18,500
53190 Training	4,586	8,853	5,482	8,325	1,458	8,325
53410 Telephone	0	1,566	661	1,000	164	0
54290 Office Supplies	2,925	1,513	2,225	0	0	1,500
54350 Howard Street Well	0	0	0	0	0	0
54370 Private Work	0	93	0	0	0	0
54380 Brigham Street Well	0	14	30	0	0	0
54390 MWRA Assessment	886,012	1,024,847	1,044,443	1,103,542	551,771	1,140,248
54400 Lyman Street Well	0	2,609	1,860	0	0	0
54410 Crawford Street Well	0	304	15	0	0	0
54420 Distribution of Materials	25,329	16,057	44,932	93,300	33,181	92,300
54820 Gasoline	9,650	9,939	10,238	10,545	10,545	10,545
54840 Natural Gas	0	3,540	0	0	0	0
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	31,786	32,609	34,324	37,175	37,175	40,394
57110 Travel/Mileage	348	223	161	600	112	600
57310 Dues	0	488	0	0	0	0
57340 Meetings	0	0	0	0	0	0
57410 Liability/Building Insurance	14,062	14,360	14,791	15,235	15,235	15,997
57810 Unclassified	0	0	0	0	0	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	75,000
59990 Other Financing Uses	0	39,000	81,000	0	0	0
SUBTOTAL	1,087,895	1,271,879	1,401,058	1,564,037	753,454	1,608,363



Water & Sewer Enterprise Funds

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	FY2013 ACTUAL	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 BUDGETED	FY2016 SIX MONTHS	FY2017 PROPOSED
WATER ENTERPRISE FUND						
Expenses (Debt Service)						
59100 Principal / Long Term Debt	308,700	278,770	253,000	244,000	10,000	244,000
59150 Interest / Long Term Debt	101,381	95,368	85,947	77,204	38,656	68,445
59270 Interest / Temporary Loans	2,785	0	0	36,500	0	18,309
SUBTOTAL	412,866	374,138	338,947	357,704	48,656	330,754
TOTAL: WATER ENTERPRISE FUND	1,753,120	1,925,935	2,016,517	2,230,328	944,148	2,251,473

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 from the Massachusetts Department of Environmental Protection (DEP) and the Federal Environmental Protection Agency (EPA) regulators for a sewerage treatment plant, the Town was told that since Marlborough was building a plant across Boundary Street, that the regulators 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 is 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 million gallons of sewer capacity per day. 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 million gallons per day. With the plant capacity permitted for 2.89 MGD, the deficit is 1.26 MGD.

Through the Assabet Consortium Study process, the DEP and 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 million gallons per day 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.

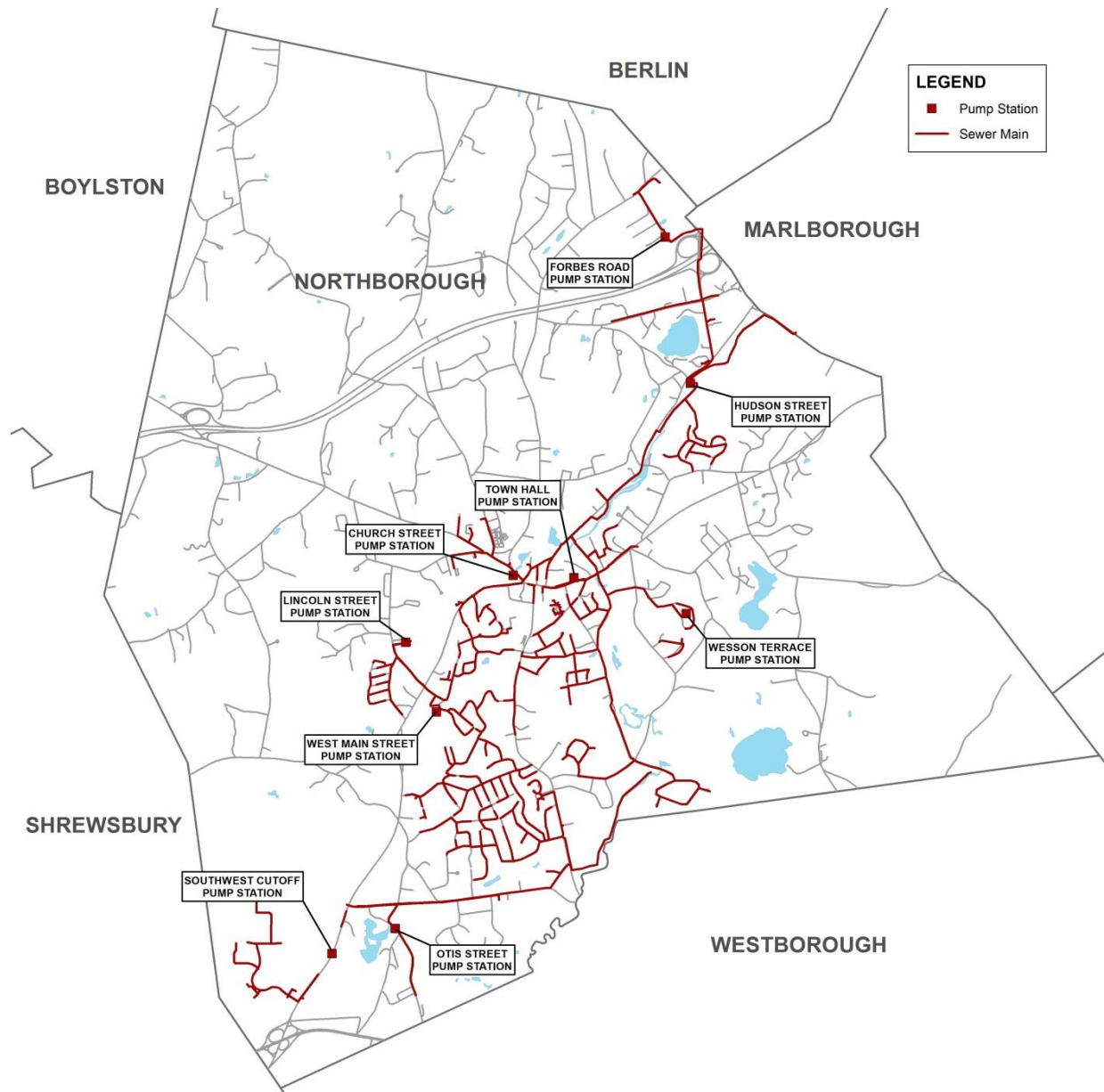
Unfortunately, after granting the increase in flow, the EPA abruptly and unexpectedly decided to rescind the NPDES permit on February 23, 2010. However, since the granting of the permit, Marlborough has completed the \$30 million expansion and upgrades to the plant and although the plant is seeing great results on the quality of the effluent, it is coming at a significant increase in operational costs. Under the proposed Inter-municipal 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





Water & Sewer Enterprise Funds

Section 8-15

Significant FY2017 Budget Changes or Initiatives

The FY2017 Sewer Enterprise Fund is budgeted at \$1,718,422 which is an increase of \$59,480 or 3.6%. This increase is due mostly to the increase in funding for the Marlborough Use Charge.

The critical issue facing the DPW Sewer Enterprise Fund continues to be the acquisition of the NPDES permit modifications necessary for additional capacity at the Marlborough Westerly Wastewater Treatment Facility. With construction completed, we continue to plan for both the additional capacity as well as the significant sewer rate impact for Northborough's share of this \$30 million expansion project. In the second quarter of FY2014 and again in the second quarter of FY2016, the sewer rates were increased by 20%.

In FY2017, sewer utility rates are scheduled to increase by another 20%. Our current estimate is that sewer rates will continue to rise in coming years in order to finance the Marlborough Westerly Wastewater Treatment Facility project.

	FY2013 ACTUAL	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 BUDGETED	FY2016 SIX MONTHS	FY2017 PROPOSED
SEWER ENTERPRISE FUND						
Personnel Services						
51010 Full-time Wages	92,966	96,232	94,922	102,496	46,072	103,569
51100 Full-time Salary	21,216	22,072	22,922	41,572	11,898	42,572
51120 Full-time Permanent wages	20,769	22,755	28,934	23,765	15,333	23,640
⁷ 51130 W&S Commissioner Stipends	720	720	1,494	720	0	720
51135 GIS Salary	8,000	8,000	8,000	8,742	8,000	8,742
51300 Overtime	21,725	20,939	24,498	25,624	11,749	25,893
51410 Longevity Pay	1,090	1,210	950	1,040	1,040	1,040
51970 Stipends	680	950	720	950	0	1,000
51920 Uniforms	1,122	1,200	450	1,200	600	1,200
SUBTOTAL	168,289	174,078	182,891	206,109	94,692	208,376

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



	FY2013 ACTUAL	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 BUDGETED	FY2016 SIX MONTHS	FY2017 PROPOSED
SEWER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation Ins.	5,415	5,577	5,745	5,917	5,917	6,213
51730 F.I.C.A.	2,813	2,813	2,813	2,978	2,978	2,978
51740 Life Insurance	59	59	59	59	59	59
51750 Health Insurance	33,516	28,055	29,219	26,552	26,552	28,948
52110 Utilities	29,565	30,734	37,467	46,561	16,819	50,800
52310 Marlborough Use Charge	188,734	383,267	456,826	527,744	200,000	580,519
52600 Building Maintenance	10,001	5,438	9,108	15,000	2,104	15,000
52620 Equipment Maintenance	3,901	10,046	22,322	42,200	7,051	42,200
52800 Contractual Services	19,679	6,347	30,449	31,000	11,798	31,000
52850 Audit	1,154	1,177	1,200	1,225	1,224	1,249
53020 Legal Services	3,075	1,498	2,888	5,000	1,083	5,000
53080 Consultants/Studies	0	0	0	0	0	0
53110 Printing	3,920	4,884	4,248	5,600	3,148	5,600
53170 Testing	1,785	1,610	1,610	2,000	805	2,000
53190 Training, Dues and Licenses	31	948	1,025	3,240	440	3,240
53410 Telephone	0	3,600	133	0	0	0
54290 Office Supplies	2,091	1,008	1,462	1,000	109	1,500
54420 Distribution of Materials	6,505	506	16,060	43,100	1,499	46,100
54820 Gasoline	6,500	6,626	6,825	7,030	7,030	7,030
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	21,192	21,741	22,885	24,786	24,786	26,932
57110 Mileage	210	138	91	400	128	400
57410 Liability/Building Insurance	9,175	9,574	9,862	10,158	10,158	10,665
57810 Unclassified	0	0	0	0	0	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	75,000
SUBTOTAL	349,322	525,648	662,296	876,550	323,688	942,433



Water & Sewer Enterprise Funds

Section 8-17

	FY2013	FY2014	FY2015	FY2016	FY2016	FY2017
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
SEWER ENTERPRISE FUND						
Expenses (Debt Service)						
59100 Principal / Long Term Debt	434,843	430,209	426,446	439,479	165,563	436,004
59150 Interest /Long Term Debt	195,434	180,889	165,271	129,204	75,305	111,469
59270 Interest / Temporary Loans	0	0	0	7,600	2,234	20,140
SUBTOTAL	630,277	611,097	591,717	576,283	243,102	567,613
TOTAL: SEWER ENTERPRISE FUND	1,222,888	1,449,409	1,491,355	1,658,942	661,482	1,718,422



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