

Public Works Department

Department Mission

The Public Works Department Enterprise Funds' mission it is to provide the citizens of the Town with an environmentally sound, efficient and cost effective means of obtaining drinking water and disposal of solid waste and wastewater.



Solid Waste Transfer Station Operations



Water Pollution Control Operations



Drinking Water Operations

*Providing Safe and Economical Drinking Water, Solid Waste
and Wastewater Disposal Services*

Solid Waste Division

Mission Statement

The mission of the Solid Waste Division is to provide the citizens of the town with an environmentally sound, efficient and cost - effective means of disposing of or recycling municipal solid waste.

Solid Waste Division



Description of Services Provided

Solid Waste Program

The program provides for the operation, maintenance and remedial upgrading of the Town's Solid Waste Transfer Facility to meet State regulations and operation of a residential transfer station and a recycling center including composting of grass clippings and leaves. The transfer station involves a compactor type system that allows residents to dispose of their bagged waste. A residential sticker is sold annually which entitles purchasers to utilize the Residential Transfer Station. The Solid Waste Division manages and coordinates the transfer and disposal of solid waste and recyclables on the Town's behalf.

Managing Waste as a Resource

RECENT ACCOMPLISHMENTS

- Received 2,257 tons of Single Stream recyclables
- Received 192 tons of corrugated cardboard
- Transferred 8,606 tons of municipal solid waste
- Transferred 2,616 tons of construction and demolition materials
- Received \$12,500.00 in grants for food waste recycling, educational materials and funds towards a compactor unit
- Received access to a MassDEP-funded program for the transportation and recycling of mattresses
- Screened 4,500 cubic yards of compost and provided it free of charge to our sticker holders
- Completed and submitted all DEP, Cape Cod Commission and Town reports and *permits*
- Packer Service hauled 412 tons of solid waste from municipal properties.

Fiscal Year 2017 Goals and Objectives**Short Term:**

1. Complete the evaluation and Master Plan for the future operations and layout of the facility
2. Implement food waste collection program with start-up grant we received

Long Term:

1. Begin the improvements of the Master Plan at the facility
2. Pursue all available grants to improve costs of operations

Fiscal Year 2017 Solid Waste Financial Data

The Solid Waste Fund is used to account for all revenues and expenses associated with operating the Town of Barnstable's facility located on Flint Street in Marstons Mills. The facility operates a transfer station, recycling facility, and bulky item disposal service.

Factors Affecting Revenues

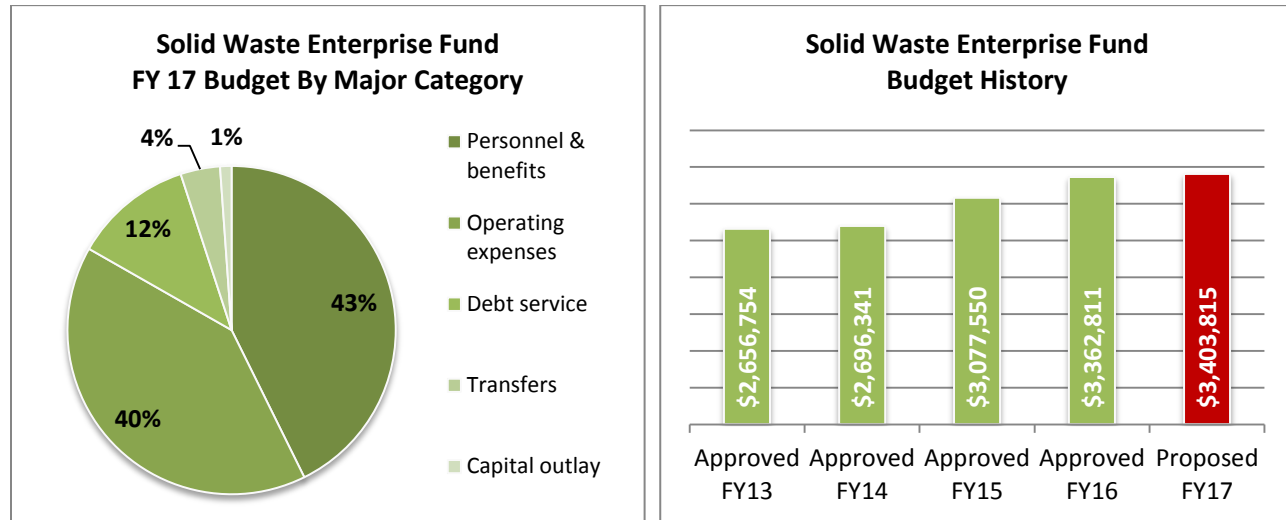
The Solid Waste Fund revenues are affected by rates set at the residential transfer station and recycling facility. Rates are set annually for services provided by this facility. The two major sources of revenue for the fund are the residential sticker and the tonnage fees charged for disposal of construction and demolition materials by homeowners and local small businesses. Residential stickers increased \$50 annually to \$210 on January 1, 2015. The sticker is good for 18 months until June 30, 2016. The sticker will increase to \$240 again effective July 1, 2016 to cover the increased costs of disposal and will be effective through June 30, 2017.

Factors Affecting Expenses

Expenses have been forecast to provide staffing levels for a 7-day operation. Projected wage and benefit increases range from 3 to 10 percent. Operating expenses are significantly dictated by disposal costs. Debt service is included for all solid waste related borrowings.

The recycling operation does not generate enough revenue to offset the cost of operations requiring this operation to be funded partially with surplus funds. A significant amount of the fund's surplus is expected to be used for the landfill capping debt repayment over the next 3 years when it expires. Surplus used for

debt repayment has been planned as surplus was accumulated in prior years for this specific purpose in order to eliminate any need for rate increases to repay the loan on the capping of the landfill.



Personnel & Benefits comprise 43% of this fund's expenses. Operating expenses comprise the second largest category 40%. The Solid Waste Enterprise Fund budget has increased from \$2.656 million in FY13 to \$3.403 million proposed FY17 or 28.1% over the five-year period. The significant spikes in FY15 and FY 16 are due to new waste disposal contract that is significantly higher than previous years.

Expense Category	Actual FY 2015	Approved FY 2016	Projected FY 2016	Proposed FY 2017	Change FY16 - 17	Percent Change
Personnel	\$ 1,063,412	\$ 1,098,877	\$ 1,076,899	\$ 1,153,572	\$ 54,695	4.98%
Benefits	261,778	281,278	278,465	299,745	18,467	6.57%
Operating Expenses	952,275	1,413,200	1,384,936	1,380,100	(33,100)	-2.34%
Capital Outlay	34,322	38,300	38,267	38,300	33	0.09%
Debt Service	403,764	400,500	400,500	399,544	(956)	-0.24%
Transfers Out	134,635	130,656	130,656	132,554	1,898	1.45%
Subtotal Operating Budget	2,850,186	3,362,811	3,309,724	3,403,815	41,037	1.22%
Capital Program	159,682	480,000	480,000	2,700,000	2,220,000	462.50%
Total Expenses	3,009,868	3,842,811	3,789,724	6,103,815	2,261,037	58.84%

Permanent full-time equivalent employees

15.75	16.75	16.95	0.20
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Source of Funding

Intergovernmental Aid	4,800	-	10,500	-	-	0.00%
Charges for Services	2,622,524	2,653,900	2,680,439	2,979,007	325,107	12.25%
Interest and Other	90,504	98,000	91,140	98,000	-	0.00%
Borrowing Authorizations	-	-	-	2,000,000	2,000,000	0.00%
Total Sources	2,717,828	2,751,900	2,782,079	5,077,007	2,325,107	84.49%

Excess (Deficiency) cash basis	(292,040)	(1,090,911)	(1,007,645)	(1,026,808)	<u>\$ 64,070</u>
Adjustment to accrual basis	351,632	-	-	-	
Beginning Net Assets per CAFR	2,409,122	2,468,714	2,468,714	1,461,069	
Ending Net Assets per CAFR	2,468,714	\$ 1,377,803	\$ 1,461,069	\$ 434,261	

Invested in capital assets, net of related debt (1)	(383,798)
Intergovernmental receivable (1)	(448,071)
Reserved for subsequent year's budget (2)	(1,090,911)
Reserved for encumbrances (3)	(228,960)
Other post employment benefits obligation (4)	445,614
Compensated absences (4)	71,883
Net pension liability (4)	2,726,461
Reserved for continuing appropriations (5)	(66,843)
Deferred outflow of resources (6)	(4,669)
Net assets available for appropriation (free cash) (7)	<u>\$ 3,489,420</u>

(1) These are non-cash assets which cannot be appropriated for expenditure. They would need to be converted to cash through sale or collection (accounts receivable) in order to become cash available for appropriation.

(2) This amount represents the net assets appropriated for the subsequent year's (FY16) capital program and operating budget.

(3) This amount represents a reservation of funds to cover obligations arising from purchase orders or contracts that is chargeable to, but not yet paid from, a specific appropriation account.

(4) These amounts represent liabilities that will be provided from future resources and not the net assets at the close of the fiscal year.

(5) This represents the portion of the enterprise fund's cash in the town's treasury that has been appropriated for a specific capital expenditure which still remains unexpended as of June 30, 2015.

(6) This amount represents the deferred recognition of an outflow of resources related to future fiscal years.

(7) Amount certified by the Division of Local Services.

Summary of Significant Budget Changes

The FY17 proposed operating budget is increasing \$41,037 or 1.2%. Personnel costs are increasing \$54,695. This includes additional funding of \$43,500 for overtime to assist in covering a seven-day work schedule and all contractual obligations. There is also an increase in staff by 0.20 FTE to cover a shared position between the department's general fund and enterprise fund operations.

The Solid Waste Enterprise Fund FY17 proposed budget proposes to use \$326,808 in reserves to cover the operating costs and \$700,000 of reserves for the capital program. A borrowing authorization of \$2,000,000 will pay for the balance of the FY17 capital program.

Additional Funding Recommended

1. Increase Safety Equipment Budget

\$3,000 Requested

\$3,000 Recommended

With new safety requirements, the existing budgets have not been adequate. Heavy vehicle and equipment traffic make the solid waste facility a dangerous place to work and visit. Additional funding is needed to take the right steps to provide safety equipment in an effort to head off potential future accidents.

2. Increase Building and Grounds Repair/Maintenance Budget

\$34,000 Requested

\$34,000 Recommended

Sound town structures lead to a safe and pleasant work place for our employees to work and to our residents to use. This line item is used to fund contracted maintenance at the Solid Waste Facility.

3. Increase Overtime

\$43,500 Requested

\$43,500 Recommended

The Solid Waste Division operates the Transfer Station & Recycling Center seven days a week during the entire year, excluding holidays. Overtime wages are needed to cover Sunday operations (mandated by union contract to be paid as overtime), time off coverage and functions that cannot be accomplished during the normal workday. For FY16, the overtime funding was \$142,729.00. We have spent \$81,151.75 to date.

Water Pollution Control Division

Mission Statement

The mission of the Water Pollution Control Division is to provide the citizens of the Town with an environmentally safe, efficient and effective means of disposing of sanitary waste.

Water Pollution Control Division



Description of Services Provided

Water Pollution Control Program

The Water Pollution Control Program, an enterprise account-funded program under the Department of Public Works, manages a wastewater collection, treatment and disposal system, including the operation and maintenance of a secondary wastewater treatment plant, 30 sewage pump stations and 55 miles of sewer lines. The Program also includes the operation of a pretreatment program, and a laboratory for testing the quality of sewage and septic to prevent the introduction of toxic wastes into the system and to ensure compliance with Federal and State regulations. In addition, the Program manages an accounts receivable and billing system for users of the sewer system. The Program provides owners of properties with on-site septic systems with a means of disposing of septic pumped routinely from their systems to prevent premature failure of the system and contamination of the groundwater.

Protecting the Town's Water Resources

RECENT ACCOMPLISHMENTS

- Treated 553,085,100 gallons of wastewater
- Treated 11,517,475 gallons of septage
- Treated 986,100 gallons of grease
- Processed 1,105 dry tons of sludge
- Performed jet-rod cleaning of 1.8 miles of sewer line.
- Performed television inspection of 1.0 miles of sewer line.
- Completed the installation of a new staff locker room.
- Completed an evaluation of the primary and secondary clarifiers at the Hyannis WPCF.
- Rebuilt two gravity belt sludge thickeners at Hyannis WPCF.
- Installed a new grinder pump at Oak Neck Pump Station to alleviate rag clogging.
- Installed a new motor and gear drive on Marstons Mills WWTP Rotating Biological Contactor.
- Installed new influent pumps in the Marstons Mills WWTP flow equalization tanks.
- Uploaded over 2,500 sewer plans and tie cards into the Town's GIS database.
- Installed a variable-frequency drive on a second effluent pump at the Hyannis WPCF.
- Replaced sonar level

Fiscal Year 2017 Goals and Objectives**Short Term:**

1. Evaluate the septage building capacity, operation and future sludge disposal options.
2. Complete the rehabilitation of all five clarifiers at the Hyannis WPCF.
3. Install a new emergency backup generator at the Hyannis WPCF.
4. Construct a portable generator storage shed.
5. Study and design an upgrade to the South Street sewer system.

Long Term:

1. Evaluate, design, and construct improvements to the Water Pollution Control Facility in order to meet new Commonwealth of Massachusetts effluent discharge requirements.
2. Evaluate the condition and capacity of the Barnstable sewer system, with emphasis on 1935 clay pipes. Reline and reconstruct sewer pipes as needed.
3. Construct recommended improvements as required by the septage building evaluation.

Fiscal Year 2017 Water Pollution Control Enterprise Fund Financial Data

The Water Pollution Control Fund is used to account for revenues and expenses associated with the Wastewater Facility on Beares Way in Hyannis, the treatment plant located in Marstons Mills on school property along Osterville-West Barnstable Road, and a treatment system near Red Lily Pond. The main facility in Hyannis acts as a repository for residential and commercial sewage and septic. The facility in Marstons Mills services the two school buildings and a residential housing development located adjacent to the school property. The Red Lilly Pond system services residential properties located in the vicinity of the pond.

Factors Affecting Revenues

Sewer rates charged to users of the system account for a majority of the revenue in this fund. The number of customers tied into the facility can have a significant impact on revenue. The rates are set in accordance with the necessary revenue required to run the sewer

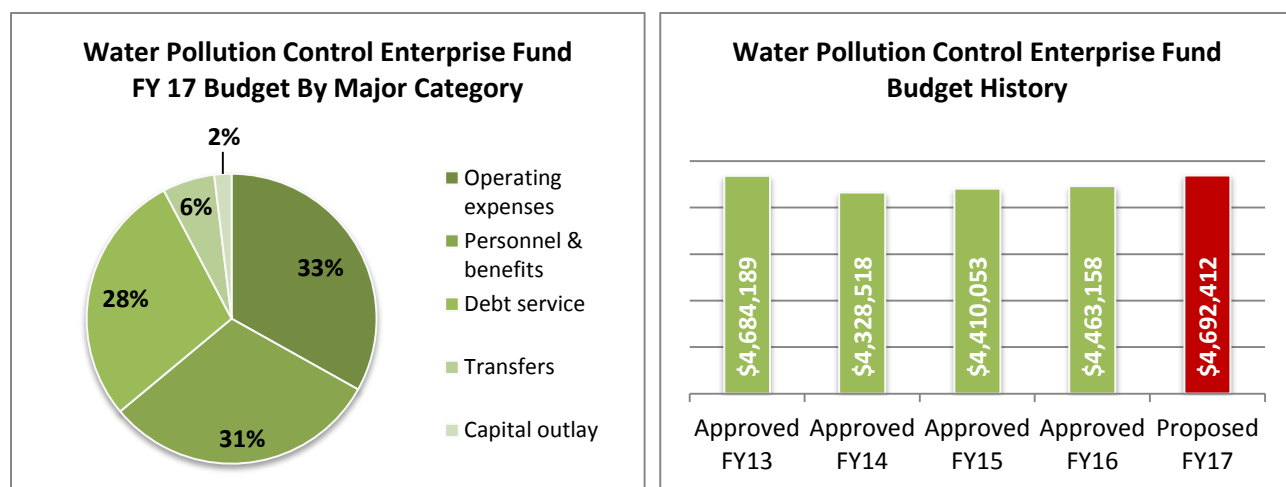
operations and pay back the borrowings issued for the sewer plant improvements.

In July of 2010, the Town Council voted to increase the local rooms tax by 2 percent and to levy a local meals tax of 0.75 percent. The Council also voted to dedicate these new revenues to a sewer expansion program by filing special legislation for the creation of a new special revenue fund. This legislation was passed in FY13. This legislation was modified in August of 2014 so that the fund can pay for private road improvements as well. This fund's balance is projected to reach over \$12 million by the end of FY16. There are currently no sewer projects in planning to be financed with this funding source.

Factors Affecting Expenses

Expenses have been forecast to maintain current staffing levels, at a projected wage and benefit increase of 2.5 and 10 percent respectively. Operating expenses are projected to increase 3 percent per year. Sludge disposal is major expense for this operation. Utility savings have been accounted for in the FY17 proposed budget as a result of the renewable energy upgrades at the facility. Debt service is included for all sewer related borrowings.

This enterprise fund will see some significant changes in the future. There has been much discussion of various funding scenarios for sewer expansion, effluent mitigation and nitrogen management. Part of the expansion discussion includes issues of ability to pay and cost allocation. In the past, the federal and state governments subsidized 90 percent of capital costs for construction of new wastewater facilities and sewer expansion. Decisions will need to be made in regards to the cost allocation for sewer expansion, nitrogen management and effluent mitigation. Cost allocations will include betterments, sewer rates and tax rates, net of any federal and state funding that may be available. The Town Council voted to assess 50% betterments to homeowners tying into the Stewart's Creek sewer expansion; the last major expansion project.



By category, operating expenses is the largest component at 33% followed by personnel & benefits 31% and debt service 28%. The Water Pollution Control Enterprise Fund budget has remained level over the past five years with no significant changes. The reduction in utility costs as a result of implementing renewable energy projects has been a major contributor to this.

Expense Category	Actual FY 2015	Approved FY 2016	Projected FY 2016	Proposed FY 2017	Change FY 16 - 17	Percent Change
Personnel	\$ 1,042,376	\$ 1,122,679	\$ 1,088,999	\$ 1,131,789	\$ 9,110	0.81%
Benefits	273,518	293,785	287,909	315,334	21,549	7.33%
Operating Expenses	1,385,677	1,448,450	1,419,481	1,553,850	105,400	7.28%
Capital Outlay	32,430	90,000	90,000	90,000	-	0.00%
Debt Service	1,206,130	1,242,600	1,242,600	1,328,307	85,707	6.90%
Transfers Out	282,689	265,644	265,644	273,132	7,488	2.82%
Subtotal Operating Budget	4,222,820	4,463,158	4,394,633	4,692,412	229,254	5.14%
Capital Program	436,309	1,284,500	1,284,500	2,193,505	909,005	70.77%
Total Expenses	4,659,129	5,747,658	5,679,133	6,885,917	1,138,259	19.80%
 Permanent full-time equivalent employees	 15.15	 14.15		 14.35	 0.20	
 Source of Funding						
Fines & Penalties	82,828	50,000	80,000	50,000	-	0.00%
Fees, Licenses, Permits	19,975	10,000	15,000	10,000	-	0.00%
Charges for Services	4,500,164	4,253,158	4,550,000	4,492,412	239,254	5.63%
Interest and Other	460,450	150,000	150,000	140,000	(10,000)	-6.67%
Borrowing Authorizations		1,000,000	1,000,000	2,104,000	1,104,000	110.40%
Total Sources	5,063,417	5,463,158	5,795,000	6,796,412	1,333,254	24.40%
 Excess (Deficiency) cash basis	 404,288	 (284,500)	 115,867	 (89,505)	 \$ 194,995	
Adjustment to accrual basis	(8,840,864)	-	-	-		
Beginning Net Assets per CAFR	42,633,829	34,197,253	34,197,253	34,313,120		
Ending Net Assets per CAFR	34,197,253	\$ 33,912,753	\$ 34,313,120	\$ 34,223,615		
 Invested in capital assets, net of related debt (1)	 (22,723,813)					
User Charges Receivable (1)	(1,701,872)		-			
Special Assessments Receivable (1)	(2,618,253)					
Intergovernmental receivable (1)	(754,120)					
Reserved for subsequent year's budget (2)	(284,500)					
Reserved for encumbrances (3)	(774,281)					
Reserved for continuing appropriations (4)	(752,867)					
Other post employment benefits obligation (5)	293,437					
Compensated absences (5)	73,315					
Net pension liability (5)	2,661,785					
Deferred outflow of resources (6)	(4,560)					
Net assets available for appropriation (free cash) (7)	\$ 7,611,524					

(1) These are non-cash assets which cannot be appropriated for expenditure. They would need to be converted to cash through sale or collection (accounts receivable) in order to become cash available for appropriation.

(2) This amount represents the net assets appropriated for the subsequent year's (FY16) capital program budget.

(3) This amount represents a reservation of funds to cover obligations arising from purchase orders or contracts that is chargeable to, but not yet paid from, a specific appropriation account.

(4) This represents the portion of the enterprise fund's cash in the town's treasury that has been appropriated for a specific capital expenditure which still remains unexpended as of June 30, 2015.

(5) These amounts represent liabilities that will be provided from future resources and not the net assets at the close of the fiscal year.

(6) This amount represents the deferred recognition of an outflow of resources related to future fiscal years.

(7) Amount certified by the Division of Local Services.

Summary of Significant Budget Changes

The FY17 proposed budget is increasing \$229,254 or 5.1%. Personnel & benefit costs are increasing \$30,659, which includes all contractual obligations, \$13,500 for overtime, and an increase in staff by 0.20 FTE. Operating costs are increasing \$105,400 and includes additional funds for safety equipment, sewer line repairs, chemicals, vehicle maintenance, renewable energy facility maintenance, grounds maintenance and cellular line charges. Debt service is increasing \$85,707 mostly attributed to the recent FY16 bond issue, however, these cost should stabilize as a bulk of the outstanding bonds are nearing maturity. The FY17 operating budget will be financed with user charges. The capital program will utilize \$89,505 of reserves.

Additional Funding Recommended

1. Increase Overtime

\$13,500 Requested

\$13,500 Recommended

The Water Pollution Control Division has not increased its overtime line since FY2011. During this timeframe, there have been numerous COLA increases and overall staff salaries have increased by more than 10%. In FY15, the Water Pollution Control Division spent \$123,160 on overtime, which is more than 20% over the allotted \$101,500. The Water Pollution Control Division has six on-call employees who respond to sewer related emergencies 24 hours per day, 365 days per year. In order to maintain this level of service, it is necessary to increase the overtime budget to keep up with salary increases

2. Safety Equipment Increase

\$10,000 Requested

\$10,000 Recommended

Employee safety is the top priority of the DPW and the WPCD. A recent survey of wastewater treatment plants conducted by the New England Water Environment Association (NEWEA) reported that 40% of all wastewater treatment plants reported a workplace accident in 2012, and 28% in 2013. Of those accidents, almost half were severe enough to result in lost workdays. Wastewater treatment plant operators and lab staff are exposed to numerous hazards on a daily basis including chemical exposure, confined spaces, noise exposure, blood borne pathogens, and the use of heavy machinery. The current safety budget of \$5,000 is insufficient and has run over budget each of the past six fiscal years.

3. Sewer Repairs

\$57,000 Requested

\$57,000 Recommended

The purpose of this request is to fund the maintenance and repair of the Town's sewer system. This would cover the repair of unexpected sewer and lateral failures and would fund a repair program that would systematically address problem areas within the Town's sewer system. Previously, sewer repairs, root treatment, and television inspection were paid for out of the Pump Stations line. This request would separate sewer maintenance from the Pump Stations line and create a new line dedicated to solely to the upkeep of the Town's Sewer pipe infrastructure.

4. Vehicle Maintenance Budget Increase

\$16,000 Requested

\$16,000 Recommended

The purpose of this request is to increase the maintenance budget for vehicles in order to accommodate the addition of a Vacuum Truck to the Water Pollution Control Division's fleet. With the purchase of a new

Vacuum Truck, the DPW Highway Division was able to give Vacuum Truck #28 to the Water Pollution Control Division for full time use. With this, the WPCD is now responsible for the purchase of parts to service this truck. The Highway Division estimates that the yearly cost of upkeep for this truck will be \$16,000 per year.

5. Renewable Energy Maintenance

\$8,700 Requested

\$8,700 Recommended

The purpose of this request is to create a new budgetary line to cover the costs of the service contracts and unexpected repairs for the two 100kw wind turbines and 800kw solar array at the Water Pollution Control Facility. On a yearly basis, the WPCD spends \$9,800 on routine service and monitoring of the two wind turbines, and \$7,370 for the routine service and monitoring of the solar array. These service contracts do not cover the cost of parts for the unexpected repairs that need to be made throughout the year. Currently these contracts and repairs are paid out of the Buildings and Grounds line, which is more geared towards the wastewater treatment process and related equipment. Creating this new line will allow the WPCD to keep these costs separate from the wastewater treatment process, and the additional funding will ensure that repairs to the renewable energy systems are properly funded as these pieces of equipment continue to age.

6. Increase Buildings and Grounds Maintenance

\$5,000 Requested

\$5,000 Recommended

Increase the Buildings and Grounds line for Marstons Mills Wastewater Treatment Plant by \$5,000.

The Buildings and Grounds line covers the replacement and repair of wastewater treatment plant equipment, general building maintenance, and the pumping of septic and sludge holding tanks. This line has run over budget by as much as \$24,000 in recent years. Certain pieces of equipment, such as a new gear drive for the rotating biological contactor (RBC), have cost over \$20,000 to install. The current budget is not sufficient to cover the repairs and maintenance of the Marstons Mills Wastewater Treatment Plant.

7. Operating Capital

\$90,000 Requested

\$90,000 Recommended

The Operating Capital line item is a recurring line item that funds the replacement of large pieces of equipment or entire systems that not reach the level of CIP funding. This budget line is essential to pay for repairs that do not generally fit into the routine operating budget for Pumping Stations or Buildings and Grounds. This budget line allows WPCD to make expenses repairs promptly without having to request emergency funding.

8. Cellular Phone Services Increase

\$3,700 Requested

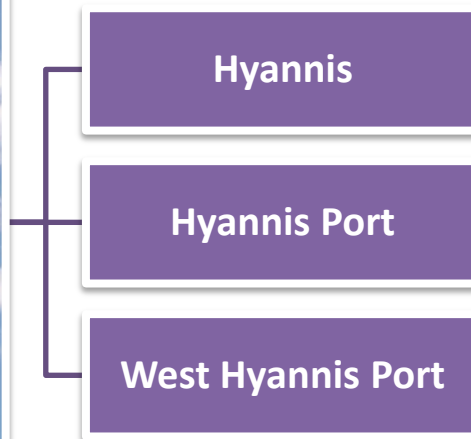
\$3,700 Recommended

Over the past five years, the WPCD has added several pieces of equipment that require cellular service. This includes wireless network cards that provide remote monitoring for the renewable energy sources, and the addition of a tablet computer for use in the field. As a result, the Cellular Phone Service line has run over by an average of \$2,400 over the past two fiscal years. The WPCD plans to purchase at least two more tablets going forward. The WPCD has recently uploaded all service connection diagrams and sewer plans into our GIS database. With the use of tablet computers, WPCD staff can now access valuable information in the field, without having to return to the treatment plant to photocopy sewer connection plans. This results in a more efficient response during emergencies such as a sewer break or backup.

Water Supply Division

Mission Statement

The mission of the Water Supply Division is to provide commercial and residential properties in Hyannis, Hyannisport and West Hyannisport with a safe, efficient and effective means of obtaining drinking water and fire-readiness services.



Description of Services Provided

Water Supply Program

The Water Supply program, an enterprise account-funded program under the Department of Public Works, oversees the contract management and operation of a water supply system that provides potable water to the residents and businesses (approximately 7,300 accounts) located in Hyannis, Hyannisport, West Hyannisport and fire-readiness services. The management of the system involves substantial investment in water supply sources, pumping, treatment, storage and distribution infrastructure, customer service and regulatory compliance

“Besides air there is nothing more important than water”

RECENT ACCOMPLISHMENTS

- Pumped, treated, and distributed 858,216,000 Gallons of Water in FY15.
- Continued construction on multiple water line/system improvement projects funded with State Revolving Funds.
- Increased water quality by implementing a unidirectional flushing system for the Hyannis Water System.
- Started the construction of a pipe replacement project at Scudder Avenue and Craigville Beach Road and the completion of the second phase of the cleaning and lining pipe rehabilitation project from Camp Street, under the airport runway to Mary Dunn Road.
- Installed a temporary water supply connection with Yarmouth to resolve a contamination and supply issue at the Maher Treatment Plant based on UCMR3 data.
- Resolved water supply contamination issues with the installation of a piping manifold and two activated carbon filters at two of the Mary Dunn wells. The contaminant, PFOS is originating from the Barnstable County Fire Training Academy.

Fiscal Year 2017 Goals and Objectives**Short Term:**

1. Maintain close contractual oversight of the administration, finances, and operation of the Water Supply Division.
2. Continue to implement the capital funded pipe replacement program by focusing on water quality improvements and deficient water pipe while maximizing results and minimizing customer impact.
3. Continue to develop and integrate the Water Supply Division's technical and administrative requirements within the Town's regulatory system.
4. Continue the implementation of the new well exploration program to provide the Hyannis Water System with options to develop new water production sources with high quality drinking water.
5. Continue to implement the well building and treatment plant rehabilitation program by prioritizing and replacing building components, process control equipment, security and electrical systems.

Long Term:

1. Provide cost-effective water supply services to the customers of the Hyannis Water System.
2. Maintain all assets of the Division to current standards and provide information to the Hyannis Water Board and the DPW Director on needed repairs, and improvements to the water system.
3. Insure reliable and redundant fire-flows to assist the Hyannis Fire Department and support demands on the system.
4. Continue to strive for excellence in customer service, asset-management, and cost-control within the Division.

Fiscal Year 2017 Water Supply Enterprise Fund Financial Data

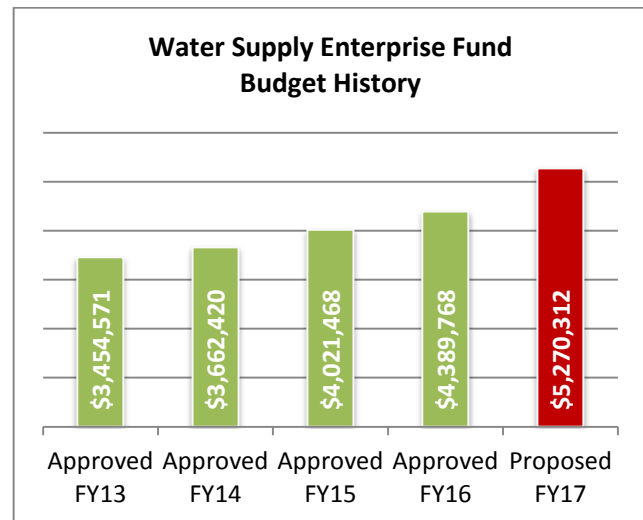
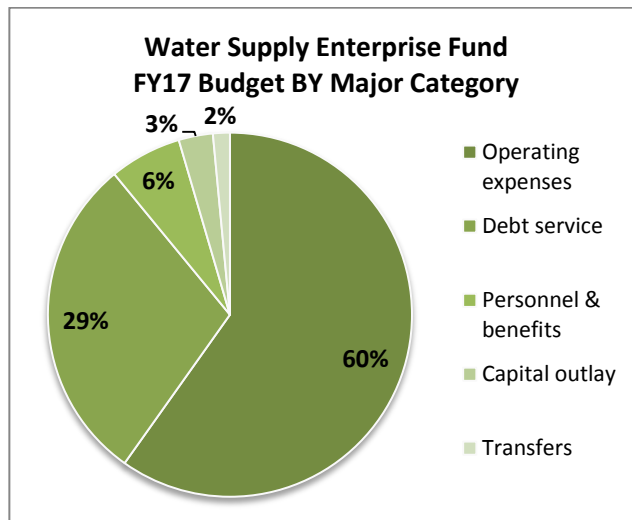
The Water Supply Fund was created through the acquisition of the Barnstable Water Company. This operation provides service to residential and commercial properties within the village of Hyannis. The daily management of the water service is provided for by an outside contractor.

Factors Affecting Revenues

The rates are set in accordance with the necessary revenue required to run the water operations and pay back borrowings issued for water related capital improvements. Current rates are projected to be adequate to cover the loan payments on the acquisition cost and on-going management contract. This forecast includes a provision for an annual rate increase of 7 percent to help fund the operational budget increases and an infrastructure improvement program of over \$1 million per year.

Factors Affecting Expenses

Management of this service is provided for by an outside contractor and it is expected to continue operating in this manner. The capital improvement portion of this service could have a significant impact on expenses. Depending upon how aggressive the town wants to address these improvements over the next 10 years will determine the amount of rate increase necessary to cover this cost. This forecast includes an annual debt financed pipe replacement program of \$1,050,000.



By activity, operating expenses represent the largest component at 60% followed by debt service at 29%. The Water Supply Enterprise Fund budget has increased from \$3.45 million in FY13 to \$5.27 million proposed for FY17 or 52.56%. The significant increase is mainly due to an increase in debt service from an aggressive capital improvement program as well as increase in the management contract for the system's operations.

Expense Category	Actual FY 2015	Approved FY 2016	Projected FY 2016	Proposed FY 2017	Change FY16 - 17	Percent Change
Personnel	\$ 252,020	\$ 263,756	\$ 261,118	\$ 276,596	\$ 12,840	4.87%
Benefits	60,229	63,782	63,718	61,716	(2,066)	-3.24%
Operating Expenses	2,247,895	2,574,983	2,570,000	3,152,883	577,900	22.44%
Capital Outlay	157,484	160,000	160,000	160,000	-	0.00%
Debt Service	1,063,692	1,245,000	1,225,000	1,540,073	295,073	23.70%
Transfers Out	81,754	82,247	82,247	79,044	(3,203)	-3.89%
Subtotal Operating Budget	3,863,074	4,389,768	4,362,084	5,270,312	880,544	20.06%
Capital Program	2,409,449	2,902,000	2,902,000	1,702,000	(1,200,000)	-41.35%
Total Expenses	6,272,523	7,291,768	7,264,084	6,972,312	(319,456)	-4.38%

Permanent full-time equivalent employees

2.90	2.90	2.95	0.05
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Source of Funding

Fines & Penalties	56,700	50,000	55,000	50,000	-	0.00%
Fees, Licenses, Permits	178,679	135,500	180,000	149,000	13,500	9.96%
Charges for Services	4,356,965	4,138,000	4,500,000	4,890,812	752,812	18.19%
Interest and Other	206,355	66,268	218,000	180,500	114,232	172.38%
Borrowing Authorizations	-	2,552,000	2,552,000	900,000	(1,652,000)	-64.73%
Total Sources	4,798,699	6,941,768	7,505,000	6,170,312	(771,456)	-11.11%

Excess (Deficiency) cash basis	(1,473,824)	(350,000)	240,916	(802,000)	<u>\$ (452,000)</u>
Adjustment to accrual basis	2,664,021	-	-	-	
Beginning Net Assets per CAFR	12,645,109	13,835,306	13,835,306	14,076,223	
Ending Net Assets per CAFR	13,835,306	<u>\$ 13,485,306</u>	<u>\$ 14,076,223</u>	<u>\$ 13,274,223</u>	

Invested in capital assets, net of related debt (1)	(6,383,212)
User Charges Receivable (1)	(1,273,793)
Intergovernmental receivable (1)	(2,449,052)
Reserved for subsequent year's budget (2)	(350,000)
Reserved for encumbrances (3)	(69,279)
Reserved for continuing appropriations (4)	(402,529)
Accrued Interest (5)	239,670
Other post employment benefits obligation (5)	38,372
Compensated absences (5)	14,933
Net pension liability (5)	642,317
Deferred outflow of resources (6)	(506,583)
Net assets available for appropriation (free cash) (7)	<u>\$ 3,336,150</u>

(1) These are non-cash assets which cannot be appropriated for expenditure. They would need to be converted to cash through sale or collection (accounts receivable) in order to become cash available for appropriation.

(2) This amount represents the net assets appropriated for the subsequent year's (FY16) capital program budget.

(3) This amount represents a reservation of funds to cover obligations arising from purchase orders or contracts that is chargeable to, but not yet paid from, a specific appropriation account.

(4) This represents the portion of the enterprise fund's cash in the town's treasury that has been appropriated for a specific capital expenditure which still remains unexpended as of June 30, 2015.

(5) These amounts represent liabilities that will be provided from future resources and not the net assets at the close of the fiscal year.

(6) This amount represents the deferred recognition of an outflow of resources related to future fiscal years.

(7) Amount certified by the Division of Local Services.

Summary of Significant Budget Changes

The FY17 proposed budget is increasing \$880,544 or 20%. The significant increase is due to four components. The operations contract is increasing \$154,200; a provision to purchase water from the town of Yarmouth is increasing \$125,000; a new line item of \$298,700 for maintain the carbon filter system and an increase in debt service for bonds issued to finance the system's capital program.

Estimated revenue for water charges are expected to cover all operating costs. The FY17 capital program proposes to use \$802,000 of the enterprise fund's reserves.

Additional Funding Recommended

1. Operations Contract, Year 7 Increase

\$198,596 Requested

\$154,200 Recommended

This is intended to fund the yearly increase in costs for the operations contract with United Water in line with the yearly escalation formula and the negotiated amendment 5. This decision package request is the latest estimate provided by United Water according the contractual escalation formula based on various indexes. The dollar amount of this request will be finalized after the final indexes come out at the end of January 2016.

2. Operating Capital

\$160,000 Requested

\$160,000 Recommended

This request is an annual request to fund the operating capital expenses for the DPW Water Supply Division. This recurring funding request funds up to \$10,000.00 for police details and \$150,000.00 toward emergency repairs and improvements as detailed in the operations contract.

3. Water Purchase From Town of Yarmouth

\$125,284 Requested

\$125,000 Recommended

The Hyannis Water System is installing a connection to the Town of Yarmouth's water system in the event the system needed to purchase water to supplement the Town's water supply. This will provide the Hyannis Water System with a backup supply to ensure the continued flow of adequate water resources. Due to contamination issues, the use of water from the Town of Yarmouth is necessary to blend and dilute the water pumped from the Maher wells. Based on the water rate agreed to in the Inter-municipal agreement with the Town of Yarmouth, an estimated flow rate of 250 gallons per minute and 8 months of use the existing funding of \$160,000 needs to be increased to \$285,284.

4. Carbon Filters

\$298,700 Requested

\$298,700 Recommended

The estimated funding needed to support the lease, carbon exchange, start-up, backwash, sampling and labor involved in operating the activated carbon filters on the Mary Dunn 1 and 2 drinking water wells for the Hyannis Water System. These filters remove the PFOS contaminant from the well water polluted by the Barnstable County Fire Training Academy. The approval of this request is important relative to the needed water quality resolution for these two critical water supply wells for the Hyannis Water System.

5. Personnel, Summer Intern funding increase**\$9,320 Requested****\$4,320 Recommended**

The DPW Water Supply Division is currently funded to temporary employ an engineering college student during the summer months. The summer intern assists DPW Water Supply Division personnel with a variety of operational, administrative and field tasks and in return receives valuable experience in their field of study. The current funding enables us to employ a summer intern from July 1 to September 15. The increase in funding request would give us the ability to hire an intern when college classes are done early May and would cover the cost through June.