

PUBLIC WORKS ENTERPRISE FUNDS



**SOLID
WASTE**



**WATER
POLLUTION
CONTROL**



**WATER
SUPPLY**

Mission Statement

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 ENTERPRISE FUND

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.

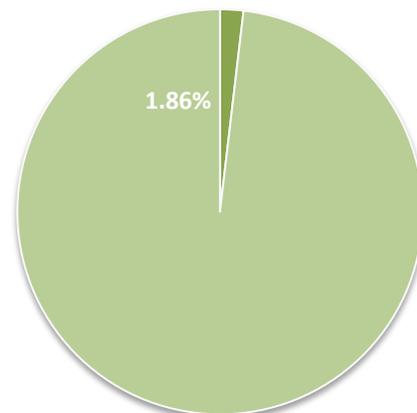
Transfer Station

Recycling Centers

Recent Accomplishments

- Received and transferred 8,563 tons of municipal solid waste.
- Received 1,828 tons of Single Stream recyclables.
- Received 466 tons of corrugated cardboard.
- Packer Service collected 405 tons of solid waste from municipal properties.
- Received and transferred 2,900 tons of construction and demolition materials.
- Implemented a MassDEP-funded program for the transportation and recycling of mattresses.
- Completed the evaluation of the Master Plan for the future operations and the layout of the facility.
- Screened 4,500 cubic yards of compost and provided it free of charge to our sticker holders.
- Implemented a Food Waste Composting program.
- Completed and submitted all DEP, Cape Cod Commission and Town reports and permits.

Percentage of FY18 All Appropriated Funds



Solid Waste Fund comprises 1.86% of all appropriated funds.

Fiscal Year 2018 Goals and Objectives

(All Goals relate to the nine areas of the Town Council's FY18 Quality of Life Strategic Plan- See Introduction Section)

Short Term:

1. Begin the improvements of the Master Plan at the facility. **(SP: Finance, Economic Development, Infrastructure)**
2. Monitor the Food Waste Composting program for effectiveness. **(SP: Finance, Public Health and Safety, Regulatory Process and Performance)**

Long Term:

1. Continue the improvements of the Master Plan at the facility. **(SP: Finance, Economic Development, Infrastructure)**
2. Pursue all available grants and methods to improve costs of operations. **(SP: Finance)**



Description of Solid Waste Fund Services Provided

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.

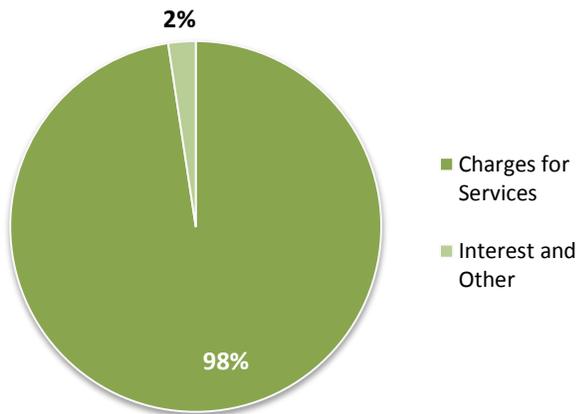
Solid Waste Fund Financial Summary

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

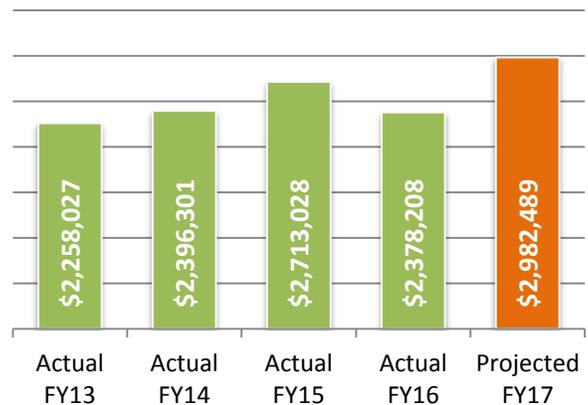
The Solid Waste Fund revenues are affected by rates set at the residential transfer station and recycling facility. Rates are set annually for services provided by this facility. The two major sources of revenue for the fund are the residential sticker and the tonnage fees charged for disposal of construction and demolition materials by homeowners and local small businesses. The Department of Public Works is evaluating a pay-as-you-throw program option that could increase recycling and reduce disposal costs. This will be presented to the Town Council for their consideration in the near future.

FY18 Source of Funding



Charges for services account for 98% of total revenue sources. This includes the annual residential transfer station sticker.

Solid Waste Enterprise Fund Source of Funding History

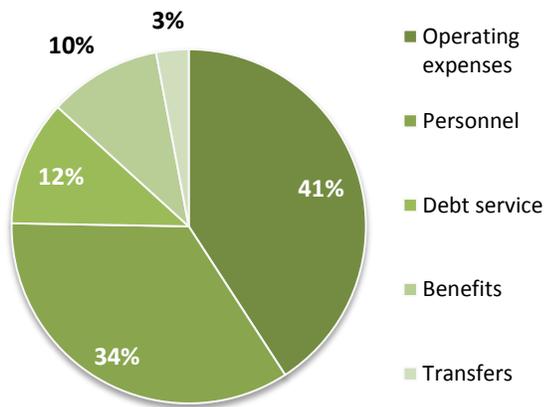


The drop-off in revenue in FY16 was the result in a change in the timing of renewals for residential transfer station stickers.

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. Debt service is included for all solid waste related borrowings. A significant amount of the fund’s surplus is expected to be consumed by funding debt repayment over the next two years on the loan issued for the landfill capping. 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 loans.

Solid Waste Enterprise Fund
FY18 Budget By Major Category



Solid Waste Enterprise Fund
Budget History



Personnel and Benefits comprise 44% of this fund’s expenses. Operating expenses comprise the second largest category 41%. The Solid Waste Enterprise Fund budget has increased from \$2.8 million in FY14 to \$3.4 million proposed FY18 or 21.82% over the five-year period. The significant spikes in FY15 and FY16 are due to new waste disposal contract that is significantly higher than previous years.



Solid Waste Main Office Building



Solid Waste Trash Bin

Solid Waste Enterprise Fund	Actual	Approved	Projected	Proposed	Change	Percent
Source of Funding	FY 2016	FY 2017	FY 2017	FY 2018	FY17 - 18	Change
Intergovernmental Aid	\$ 107,258	\$ -	\$ -	\$ -	\$ -	0.00%
Charges for Services	2,194,247	3,004,007	2,915,923	2,908,500	(95,507)	-3.18%
Interest and Other	76,703	73,000	66,566	71,000	(2,000)	-2.74%
Total Operating Source of Funding	\$ 2,378,208	\$ 3,077,007	\$ 2,982,489	\$ 2,979,500	\$ (97,507)	-3.17%
Intergovernmental Aid	\$ 10,500	\$ -	\$ -	\$ -	\$ -	0.00%
Borrowing Authorizations	-	2,000,000	-	-	(2,000,000)	-100.00%
Total Capital Source of Funding	\$ 10,500	\$ 2,000,000	\$ -	\$ -	\$ (2,000,000)	-100.00%
Total Sources of Funding	\$ 2,388,708	\$ 5,077,007	\$ 2,982,489	\$ 2,979,500	\$ (2,097,507)	-41.31%
Expense Category						
Personnel	\$ 1,063,416	\$ 1,153,572	\$ 1,076,581	\$ 1,180,498	\$ 26,926	2.33%
Benefits	293,313	320,421	307,524	352,613	32,192	10.05%
Operating Expenses	1,173,720	1,393,487	1,002,612	1,399,999	6,512	0.47%
Capital Outlay	38,267	38,300	38,300	-	(38,300)	-100.00%
Debt Service	391,631	399,544	399,544	393,368	(6,176)	-1.55%
Transfers Out	95,821	98,491	98,491	101,542	3,051	3.10%
Subtotal Operating Budget	\$ 3,056,168	\$ 3,403,815	\$ 2,923,052	\$ 3,428,020	\$ 24,205	0.71%
Capital Improvements Program	\$ 301,099	\$ 2,700,000	\$ -	\$ -	\$ (2,700,000)	-100.00%
Total Capital Expenses	\$ 301,099	\$ 2,700,000	\$ -	\$ -	\$ (2,700,000)	-100.00%
Total Expenses	\$ 3,357,267	\$ 6,103,815	\$ 2,923,052	\$ 3,428,020	\$ (2,675,795)	-43.84%
Excess (Deficiency) Cash Basis	\$ (968,559)	\$ (1,026,808)	\$ 59,437	\$ (448,520)	\$ 578,288	
Adjustment to accrual basis	367,898	-	-	-		
Beginning Net Assets per CAFR	2,468,714	1,868,053	1,868,053	1,927,490		
Ending Net Assets per CAFR	1,868,053	\$ 841,245	\$ 1,927,490	\$ 1,478,970		
Invested in capital assets, net of related debt (1)	(913,539)					
Intergovernmental receivable (1)	(342,814)					
Reserved for subsequent year's budget (2)	(1,026,808)					
Reserved for encumbrances (3)	(90,087)					
Other post employment benefits obligation (4)	491,249					
Compensated absences (4)	61,379					
Net pension liability (4)	2,838,719					
Reserved for continuing appropriations (5)	(281,244)					
Deferred outflow of resources (6)	(195,067)					
Net assets available for appropriation (free cash) (7)	\$ 2,409,841					

(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 fiscal year's 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, 2016.

(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 FY18 proposed operating budget is increasing \$24,205 or 0.71%. Personnel costs are increasing \$26,926. This includes all contractual obligations. Operating cost is increasing \$6,512 due to indirect cost charges for property/vehicle/officials insurance year-over-year. The FY18 General Fund charges to the Solid Waste Enterprise fund total \$338,497. The Solid Waste Enterprise Fund FY18 proposed budget will to use \$448,520 to balance the budget. A total of \$323,932 is used to pay for the landfill capping loan and \$124,588 is used for fee mitigation as there is no proposed increase in the residential transfer station sticker price for FY18.



Solid Waste – Kids Touch-a-Truck

Full-time Equivalent Employees

Job Title	FY 2016	FY 2017	FY 2018	Change
Admin Assistant to DPW Director	0.15	0.15	0.15	-
Administrative Assistant	1.00	1.00	1.00	-
Assistant DPW Director	0.15	0.15	0.15	-
Director of Public Works	0.15	0.15	0.15	-
Equipment Operator	1.00	2.00	2.00	-
Financial Coordinator	0.15	0.15	0.15	-
Lab/Craftperson/Gate Attendant	6.50	5.00	5.00	-
Mechanic/Working Foreman	2.00	2.00	2.00	-
Principal Dept/Div Assistant	0.50	1.00	1.00	-
Recycling Laborer	4.00	4.00	4.00	-
Safety Officer	-	0.20	0.20	-
Solid Waste Supervisor	1.00	1.00	1.00	-
Town Engineer	0.15	0.15	0.15	-
Full-time Equivalent Employees	16.75	16.95	16.95	0.00



Solid Waste Trash Truck

WATER POLLUTION CONTROL

Mission Statement

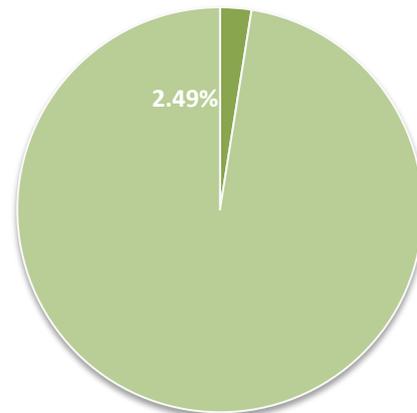
The mission of the Water Pollution Control Division is to provide the citizens of the Town with an environmentally safe, efficient and effective means of disposing of sanitary waste.



Recent Accomplishments

- Treated 572,326,500 gallons of wastewater.
- Treated 12,675,000 gallons of septage.
- Treated 936,200 gallons of grease.
- Processed 1,153 dry tons of sludge.
- Performed jet-rod cleaning of 5.0 miles of sewer line.
- Performed television inspection of 1.8 miles of sewer line.
- Completed instrumentation upgrades to the pretreatment odor control system.
- Upgraded SCADA communication and alarm network from radio to fiber optic.
- Installed a new emergency backup generator at the Oak Neck Pump Station.
- Installed portable backup generator hookups at Old Colony Pump Station, Freezer Road Pump Station, and Marstons Mills Waste Water Treatment Plant.

Percentage of FY18 All Appropriated Funds



Water Pollution Control Enterprise Fund comprises 2.49% of all appropriated.

Additional Recent Accomplishments

- Installed two new pumps at Kalmus Beach house pump station.
- Carried out a “Wastewater to Energy” pilot project at the Old Colony Pump Station.
- Began an evaluation of the septage receiving building and solids handling practices.
- Began construction of a new emergency backup generator and new electrical distribution panels.
- Selected a contractor to construct improvements to all five clarifiers at the Hyannis Water Pollution Control Facility (WPCF).



Water Clarifier

Fiscal Year 2018 Goals and Objectives

(All Goals relate to the following areas of the Town’s FY18 Strategic Plan: Public Health and Safety; Quality of Life; and Housing)

Short Term:

1. Complete the construction of a new emergency backup generator at the Hyannis WPCF. (Spring 2017) **(SP: Infrastructure)**
2. Construct a portable generator storage building. (Summer 2017) **(SP: Infrastructure)**
3. Install a new backup generator at the Route 6A Pump Station. (Fall 2017) **(SP: Infrastructure)**
4. Complete an “Infiltration and Inflow Analysis” and submit findings to the Massachusetts DEP. (Winter 2017) **(SP: Communication, Education)**
5. Complete the rehabilitation of all five clarifiers at the Hyannis WPCF (Spring 2018). **(SP: Infrastructure)**

Long Term:

1. Develop a computerized wastewater treatment plant simulation model for the Hyannis WPCF. **(SP: Infrastructure, Communication, Education)**
2. Complete a comprehensive evaluation of the Town’s network of sewage pumping stations. **(SP: Communication, Environment and Natural Resources, Education)**
3. Complete design and begin construction of improvements to the septage receiving building. **(SP: Infrastructure)**
4. Evaluate, design, and construct improvements to the Water Pollution Control Facility in order to meet new Commonwealth of Massachusetts effluent discharge requirements. **(SP: Infrastructure)**

Description of Water Pollution Control Enterprise Fund Services Provided

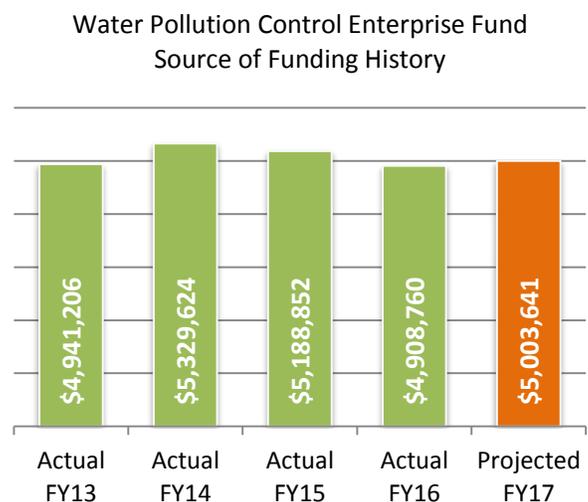
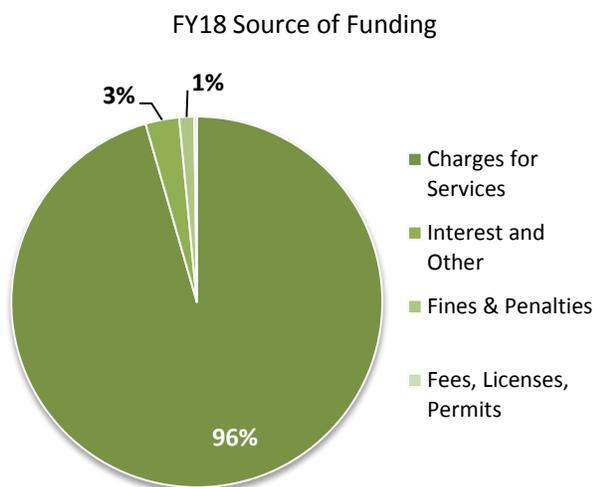
The Water Pollution Control Program, an enterprise account-funded program under the Department of Public Works, manages a wastewater collection, treatment and disposal system, including the operation and maintenance of a secondary wastewater treatment plant, 30 sewage pump stations and 55 miles of sewer 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.

Water Pollution Control Enterprise Fund Financial Summary

The Water Pollution Control Fund is used to account for revenues and expenses associated with the Wastewater Facility on Bearses 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. Rate increases of approximately 4 to 5 percent have been implemented over the past several years.

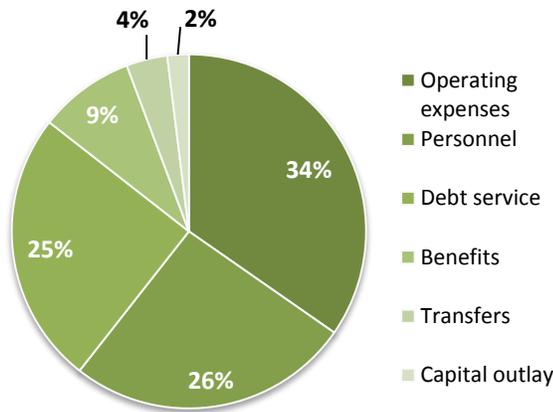


Charges for services accounts for 96% of total sources of revenue. 50% of this category comes from commercial sewer.

Factors Affecting Expenses

Expenses have been forecast to maintain current staffing levels, at a projected wage and benefit increase of 3 and 10 percent respectively. Operating expenses are projected to increase 3 percent per year. Debt service is included for all sewer related borrowings. Projections have been made for all outstanding loan authorizations that have yet to be issued by the Town that will be the responsibility of ratepayers.

Water Pollution Control Enterprise Fund
FY18 Budget By Major Category



Water Pollution Control Enterprise Fund
Budget History



By category, operating expenses is the largest component at 34% followed by personnel and benefits 35% and debt service 25%. 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.



Waste Water Facility



Waste Water Plant Activated Sludge Process

FISCAL YEAR 2018

WATER POLLUTION CONTROL

ENTERPRISE FUNDS

Water Pollution Control Enterprise Fund	Actual	Approved	Projected	Proposed	Change	Percent
Source of Funding	FY 2016	FY 2017	FY 2017	FY 2018	FY17 - 18	Change
Fines & Penalties	\$ 53,835	\$ 50,000	\$ 93,825	\$ 60,000	\$ 10,000	20.00%
Fees, Licenses, Permits	15,560	10,000	13,795	10,000	-	0.00%
Charges for Services	4,791,544	4,542,412	4,746,949	4,396,261	(146,151)	-3.22%
Interest and Other	260,414	90,000	149,072	135,000	45,000	50.00%
Total Operating Source of Funding	\$ 5,121,353	\$ 4,692,412	\$ 5,003,641	\$ 4,601,261	\$ (91,151)	-1.94%
Intergovernmental Aid	\$ 35,000	\$ -	\$ -	\$ -	\$ -	0.00%
Borrowing Authorizations	-	2,104,000	-	-	(2,104,000)	-100.00%
Total Capital Source of Funding	\$ 35,000	\$ 2,104,000	\$ -	\$ -	\$ (2,104,000)	-100.00%
Total Sources of Funding	\$ 5,156,353	\$ 6,796,412	\$ 5,003,641	\$ 4,601,261	\$ (2,195,151)	-32.30%
Expense Category						
Personnel	\$ 1,086,446	\$ 1,131,789	\$ 1,114,811	\$ 1,191,470	\$ 59,681	5.27%
Benefits	340,721	353,446	353,449	401,915	48,469	13.71%
Operating Expenses	1,338,281	1,620,175	1,229,712	1,596,178	(23,997)	-1.48%
Capital Outlay	50,304	90,000	65,000	90,000	-	0.00%
Debt Service	1,225,686	1,328,307	1,328,307	1,149,395	(178,912)	-13.47%
Transfers Out	173,170	168,695	168,695	172,303	3,608	2.14%
Subtotal Operating Budget	\$ 4,214,608	\$ 4,692,412	\$ 4,259,974	\$ 4,601,261	\$ (91,151)	-1.94%
Capital Improvements Program	\$ 257,004	\$ 2,193,505	\$ -	\$ 382,000	\$ (1,811,505)	-82.58%
Total Capital Expenses	\$ 257,004	\$ 2,193,505	\$ -	\$ 382,000	\$ (1,811,505)	-82.58%
Total Expenses	\$ 4,471,612	\$ 6,885,917	\$ 4,259,974	\$ 4,983,261	\$ (1,902,656)	-27.63%
Excess (Deficiency) Cash Basis	\$ 684,741	\$ (89,505)	\$ 743,667	\$ (382,000)	\$ (292,495)	
Adjustment to accrual basis	(1,853,191)	-	-	-		
Beginning Net Assets per CAFR	34,197,253	33,028,803	33,028,803	33,772,470		
Ending Net Assets per CAFR	33,028,803	\$ 32,939,298	\$ 33,772,470	\$ 33,390,470		
Invested in capital assets, net of related debt (1)	(21,305,280)					
User Charges Receivable (1)	(1,785,013)					
Special Assessments Receivable (1)	(1,119,252)					
Intergovernmental receivable (1)	(598,514)					
Reserved for subsequent year's budget (2)	-					
Reserved for encumbrances (3)	(186,182)					
Reserved for continuing appropriations (4)	-					
Other post employment benefits obligation (5)	323,488					
Compensated absences (5)	75,480					
Net pension liability (5)	2,918,769					
Deferred outflow of resources (6)	(222,477)					
Net assets available for appropriation (free cash) (7)	\$ 11,129,822					

(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 fiscal year's 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, 2016.

(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 FY18 proposed budget is decreasing \$91,151 or 1.94%. Personnel costs are increasing \$59,681, which includes all contractual obligations. Capital outlay of \$90,000 will support repairs for plant and equipment. Debt service is decreasing \$178,912 due to older bonds expiring. The FY18 capital budget will use \$382,000 in reserves to balance the budget.

Additional Funding Recommended

1. Plant & Equipment

\$90,000 Requested
\$90,000 Recommended

The Operating Capital line is used to fund repairs for expensive pieces of equipment at the WPCF and pump stations. Recent examples include \$39,000 for the replacement of a grinder at the Old Colony Pump Station, \$15,000 for a VFD upgrade on an effluent pump, and \$9,000 for a replacement backup generator for the Oak Neck Pump Station. This budget line is essential to pay for these repairs, as they do not generally fit into the routine operating budget for Pumping Stations or Buildings and Grounds.

Full-time Equivalent Employees

Job Title	FY 2016	FY 2017	FY 2018	Change
Admin Assistant Sewer Billing	1.00	1.00	1.00	-
Admin Assistant to DPW Director	0.15	0.15	0.15	-
Assistant DPW Director	0.15	0.15	0.15	-
Assistant Mechanic	1.00	1.00	1.00	-
Chief Maintenance Mechanic	1.00	1.00	1.00	-
Chief Plant Operator	1.00	1.00	1.00	-
Construction Project Inspector	1.00	1.00	1.00	-
Director of Public Works	0.15	0.15	0.15	-
Financial Coordinator	0.15	0.15	0.15	-
Labratory Tech/Chemist	2.00	2.00	2.00	-
Plant Operator/Maintenance Laborer	5.00	5.00	5.00	-
Principal Clerk	1.00	1.00	1.00	-
Safety Officer	-	0.20	0.20	-
Senior Project Manager	0.40	0.40	0.40	-
Town Engineer	0.15	0.15	0.15	-
Water Pollution Control Division Supervisor	1.00	1.00	1.00	-
Full-time Equivalent Employees	15.15	15.35	15.35	0.00

WATER SUPPLY ENTERPRISE FUND

Mission Statement

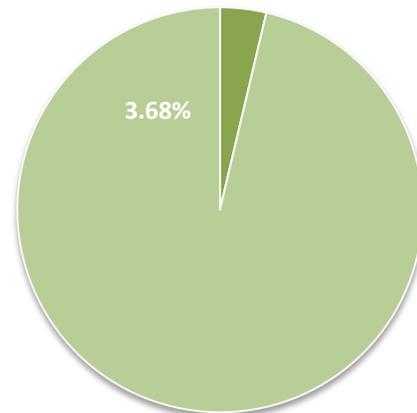
The mission of the Water Supply Division is to provide commercial and residential properties in Hyannis, Hyannisport and West Hyannisport with a safe, efficient and effective means of obtaining drinking water and fire-readiness services.



Recent Accomplishments

- Pumped, treated, and distributed 850,640,000 Gallons of Water in FY16.
- Increased water quality by continuing the unidirectional flushing system for the Hyannis Water System.
- Finished the construction of pipe replacement projects at Scudder Avenue and Craigville Beach Road and on Main Street from Sea Street to the West End Rotary.
- The completion of the third phase of the cleaning and lining pipe rehabilitation project on Sea Street from Main Street to South Street and Ocean Avenue.
- Reactivated a temporary water supply connection with the Town of Yarmouth to resolve a contamination and supply issue at the Maher Treatment Plant based on UCMR3 data and subsequent water quality testing.
- Resolved water supply contamination issues with the installation of a third activated carbon filter at the Mary Dunn 3 well. The contaminant, PFOS is originating from the Barnstable County Fire Training Academy.

Percentage of FY18 All Appropriated Funds



Water Supply Enterprise Fund comprises 3.68% of all appropriated funds.

Fiscal Year 2018 Goals and Objectives

(All Goals relate to the following areas of the Town's FY18 Strategic Plan: Public Health and Safety; Quality of Life; and Housing)

Short Term:

1. Finish making improvements to the system to ensure customers are protected from PFOS and PFOA pollutants. **(SP: Infrastructure, Environment and Natural Resources, Regulatory Process and Performance)**
2. Prioritize 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. **(SP: Infrastructure, Environment and Natural Resources)**
3. Implement the findings of the preliminary design study relative to water treatment needs at the Maher facility, balancing investment and maximizing results. **(SP: Infrastructure, Environment and Natural Resources)**
4. 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. **(SP: Infrastructure)**

Long Term:

1. Secure the Division's water supply either by treatment or relocation. **(SP: Infrastructure, Environment and Natural Resources, Regulatory Process and Performance)**
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. **(SP: Infrastructure, Environment and Natural Resources, Communication, Regulatory Process and Performance)**
3. Insure reliable and redundant fire-flows to assist the Hyannis Fire Department and support demands on the system. **(SP: Infrastructure)**



Catch Basin and Water Pump

Description of Water Supply Enterprise Fund Services

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.

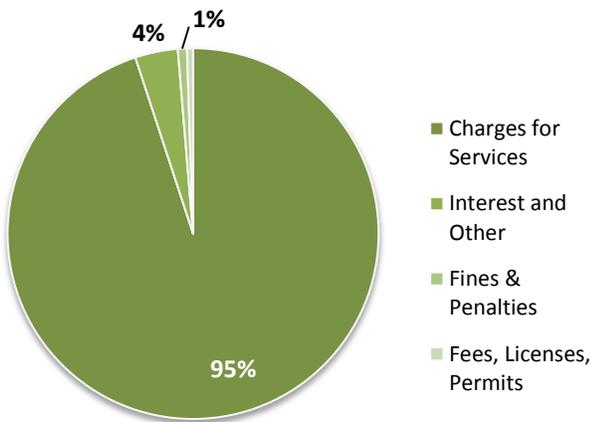
Water Supply Enterprise Fund Financial Summary

The Water Supply Fund was created through the acquisition of the Hyannis 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

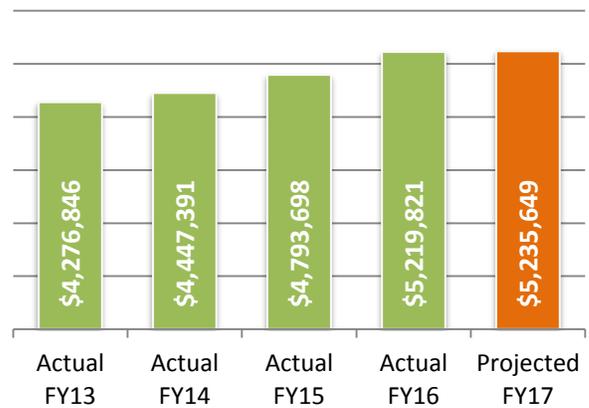
The rates are set in accordance with the necessary revenue required to run the water operations and pay back borrowings issued for water related capital improvements. Current rates are projected to increase 9 percent in FY18 and FY19 to cover the cost of recent major capital improvements.

FY18 Source of Funding



Charges for services are 95% of total sources of revenues, which metered sales accounts for 77% of this category followed by public hydrants fees 14%.

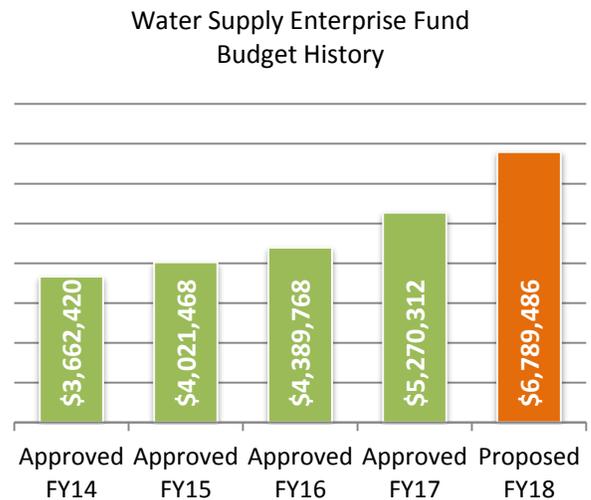
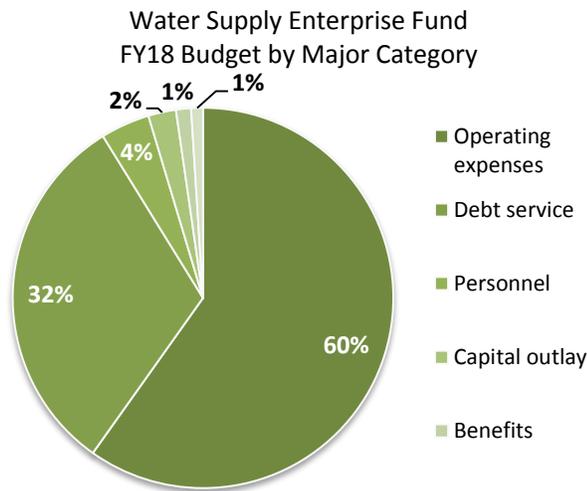
Water Supply Enterprise Fund Source of Funding History



Revenue growth for this operation has been a result of rate increases and an increase in consumption.

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 has a significant impact on expenses. The system has incurred expenses in excess of \$10 million recently to address the water contamination at the Mary Dunn and Maher wells. The projection does not include any legal settlement with the County for the pollution of the Mary Dunn wells and is based on a worst-case scenario.



By activity, operating expenses represent the largest component at 60% followed by debt service at 32%. The Water Supply Enterprise Fund budget has increased from \$3.66 million in FY14 to \$6.78 million proposed for FY18 or 85.38%. 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.



Public Fire Hydrant Installation

FISCAL YEAR 2018

WATER SUPPLY

ENTERPRISE FUNDS

Water Supply Enterprise Fund	Actual	Approved	Projected	Proposed	Change	Percent
Source of Funding	FY 2016	FY 2017	FY 2017	FY 2018	FY17 - 18	Change
Fines & Penalties	\$ 43,210	\$ 50,000	\$ 31,824	\$ 44,000	\$ (6,000)	-12.00%
Fees, Licenses, Permits	379,523	149,000	157,584	29,500	(119,500)	-80.20%
Charges for Services	4,630,405	4,890,812	4,835,630	5,297,000	406,188	8.31%
Interest and Other	250,661	180,500	210,611	207,500	27,000	14.96%
Total Operating Source of Funding	\$ 5,303,798	\$ 5,270,312	\$ 5,235,649	\$ 5,578,000	\$ 307,688	5.84%
Borrowing Authorizations	\$ -	\$ 900,000	\$ -	\$ 1,924,000	\$ 1,024,000	113.78%
Total Capital Source of Funding	\$ -	\$ 900,000	\$ -	\$ 1,924,000	\$ 1,024,000	113.78%
Total Sources of Funding	\$ 5,303,798	\$ 6,170,312	\$ 5,235,649	\$ 7,502,000	\$ 1,331,688	21.58%
Expense Category						
Personnel	\$ 257,202	\$ 276,596	\$ 270,500	\$ 283,716	\$ 7,120	2.57%
Benefits	58,989	61,716	66,666	86,661	24,945	40.42%
Operating Expenses	2,668,200	4,601,637	3,187,094	4,062,028	(539,609)	-11.73%
Capital Outlay	179,616	160,000	158,496	160,000	-	0.00%
Debt Service	1,149,574	1,540,073	1,540,073	2,129,024	588,951	38.24%
Transfers Out	70,255	65,290	65,290	68,057	2,767	4.24%
Total Operating Budget	\$ 4,383,836	\$ 6,705,312	\$ 5,288,119	\$ 6,789,486	\$ 84,174	1.26%
Capital Improvements Program	\$ 2,859,326	\$ 1,702,000	\$ -	\$ 2,169,000	\$ 467,000	27.44%
Total Capital Expenses	\$ 2,859,326	\$ 1,702,000	\$ -	\$ 2,169,000	\$ 467,000	27.44%
Total Expenses	\$ 7,243,162	\$ 8,407,312	\$ 5,288,119	\$ 8,958,486	\$ 551,174	6.56%
Excess (Deficiency) Cash Basis	\$ (1,939,364)	\$ (2,237,000)	\$ (52,470)	\$ (1,456,486)	\$ 780,514	
Adjustment to accrual basis	3,115,650	-	-	-		
Beginning Net Assets per CAFR	13,835,306	15,011,592	15,011,592	14,959,122		
Ending Net Assets per CAFR	15,011,592	\$ 12,774,592	\$ 14,959,122	\$ 13,502,636		
Invested in capital assets, net of related debt (1)	(7,728,640)					
User Charges Receivable (1)	(1,145,987)					
Intergovernmental receivable (1)	(1,415,908)					
Reserved for subsequent year's budget (2)	(802,000)					
Reserved for encumbrances (3)	(446,859)					
Reserved for continuing appropriations (4)	(738,201)					
Accrued Interest (5)	273,326					
Other post employment benefits obligation (5)	42,301					
Compensated absences (5)	160					
Net pension liability (5)	693,033					
Deferred outflow of resources (6)	(485,492)					
Net assets available for appropriation (free cash) (7)	\$ 3,257,325	-				

(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 fiscal year's 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, 2016.

(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 FY18 proposed budget is increasing \$84,174 or 1.26%. A significant increase in debt service is the result of the installation of water treatment systems. This will result in the reduction of water purchased from the town of Yarmouth used for blending. This is reflected in the significant reduction to operating expenses for FY18. A total of \$1,456,486 of reserves will be used to balance the operating and capital programs. A rate increase of 9% has been approved for FY18 and \$1.24 million is used for fee mitigation to prevent rates from increasing above 9% for FY18.

Additional Funding Recommended

1. Contract Escalation \$177,655 Requested \$177,655 Recommended

To fund the increase in cost for the operations contract with Suez relative to the yearly escalation formula. This decision package request is the latest estimate provided by Suez according the contractual escalation formula based on various indexes. The existing operations contract with Suez would be not funded and the Town would be without an operator for the Hyannis Water System. The mandatory RFP process to select another qualified operator and the transition between an incumbent and new operator takes approximately 1.5 years.

2. Operating Capital \$160,000 Requested \$160,000 Recommended

To fund the operating capital expenses for the DPW Water Supply Division, operating budget for \$160,000. This recurring funding request for operating capital expenses is an integral part of the operations since the Town purchased the water system. It funds up to \$10,000 for police details and \$150,000 toward emergency repairs and improvements as detailed in the operations contract.

3. Mill Pond Village Annual easement payment \$9,000 Requested \$9,000 Recommended

To fund the first year of a five year payment plan for the permanent water easement at Mill Pond Village. This permanent water easement is needed to supply water from Yarmouth to the Maher Treatment Plant. 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. The permanent easement will give the Hyannis Water System the ability to obtain Yarmouth Water independent of weather and temporary agreements.

4. Carbon Filters \$210,000 Requested \$210,000 Recommended

The estimated funding needed to support the carbon exchange costs involved in operating the activated carbon filters on the Mary Dunn 1, 2 and 3 drinking water wells for the Hyannis Water System. These filters remove the PFOS contaminant from the well water.

5. Water Purchase Yarmouth \$1,020,000 Requested \$1,020,000 Recommended

To fund the budget for the purchase of water from the Town of Yarmouth Water Department necessary to blend and dilute the water pumped from the Maher wells.

6. Legal Fees \$50,000 Requested \$50,000 Recommended

Funding for legal fees and expert witness testimony relative to the lawsuit against the Barnstable County Fire Training Academy dealing with groundwater contamination.



Carbon Filter Systems



Pipe Replacement Project

Full-time Equivalent

Job Title	FY 2016	FY 2017	FY 2018	Change
Admin Assistant	0.75	0.75	0.75	-
Admin Assistant to DPW Director	0.15	0.15	0.15	-
Assistant DPW Director	0.15	0.15	0.15	-
Director of Public Works	0.15	0.15	0.15	-
Financial Coordinator	0.15	0.15	0.15	-
Safety Officer		0.05	0.05	-
Senior Project Manager	0.40	0.40	0.40	-
Town Engineer	0.15	0.15	0.15	-
Water Supervisor	1.00	1.00	1.00	-
Full-time Equivalent Employees	2.90	2.95	2.95	0.00

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