



BRUNSWICK SEWER DISTRICT

**APPROVED 2024 BUDGET**

EFFECTIVE 01/01/2024

ADOPTED 10/19/2023



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## Executive Summary

2023 presented unique challenges for the Brunswick Sewer District (BSD) regarding operating expenses and income. The 2023 budget was based on assumptions of how the district operated in the past, with modification for personnel changes that were incorporated in the beginning of 2023. In an industry that is relatively stable, we saw huge swings in our operating costs and revenue. Expenses for sludge disposal and chemical costs added more than \$100,000 in unanticipated expenses. The loss of our top septage customer caused a decline in revenue of nearly \$200,000. Fortunately, entrance permits came in faster than ever. We expect to see nearly \$500,000 in entrance permit fees before the end of 2023.

Along with changes in staffing, in 2023 management chose to change the entire budget process and start from scratch. The purpose was to make the process more efficient and economical, but also to make it more understandable for our stakeholders. The budget presented here represents our efforts to streamline the process but also provide all of the necessary information needed to make informed decisions regarding our rates and expenses. The budget was built with input from all department heads. They examined every line item in the budget and built their requests from the bottom up. This established the foundation for the finance manager, operations & compliance manager, and general manager to pull together the final product. The 2024 draft budget presented here is a good representation of the needs of the district for the upcoming year.

## Revenue

The budget presented is based on an anticipated 4.5% rate increase for all user classes except for septage. Total anticipated revenue is budgeted at \$5,999,732, which is an increase of 5.4% or approximately \$308,000 over the 2023 budgeted revenue. \$191,430 is expected from an increase in user rates. Due to our largest septage customer finding an alternative disposal method, septage revenue is budgeted at \$144,000, which is a decrease of \$281,000 from 2023 budgeted revenue and a decrease of \$298,154 from 2022 actual revenue. On January 1, 2024 a new treatment agreement with the Topsham Sewer District goes into effect. Unlike the old agreement that was based on percentage of flow and costs to operate the treatment plant, the new agreement is based on the flow from Topsham times one third of the District's standard rate. This new agreement should result in about \$152,600 more revenue, depending on total flow.

\$63,000 more revenue from entrance charges is expected in 2024 versus 2023 expectations, which were dramatically low as actual entrance charges for 2023 will be nearly \$500,000. This is due to the large number of homes currently being built in Brunswick. Timing and market conditions are hard to predict, but \$230,375 in total entrance charges is a reasonable and conservative estimate. This line item does not affect our operating budget as entrance charges must be spent on capital purchases and \$230,375 is also shown as an expense item to zero out the funds in the current year budget. \$283,480 is being requested from capital reserves, through 2023 entrance fees received, to fund capital projects.

Figure 1 illustrates continued increases in both residential and commercial revenue. This is consistent with the growth we have seen in Brunswick and the new permits we have issued. It also corresponds



with the universal rate increases we have instituted since 2020. Total revenue from rates is expected to be nearly \$814,000 over 2020 actuals.

Figure 2 illustrates total revenue from all sources. There was a slight decrease in 2021 which was expected due to the COVID pandemic, but revenue rebounded in 2022. An increase of more than \$386,000 is expected for 2024, which is the result of a proposed 4.5% rate increase and growth in the community.

Figure 1: Revenue from Rates

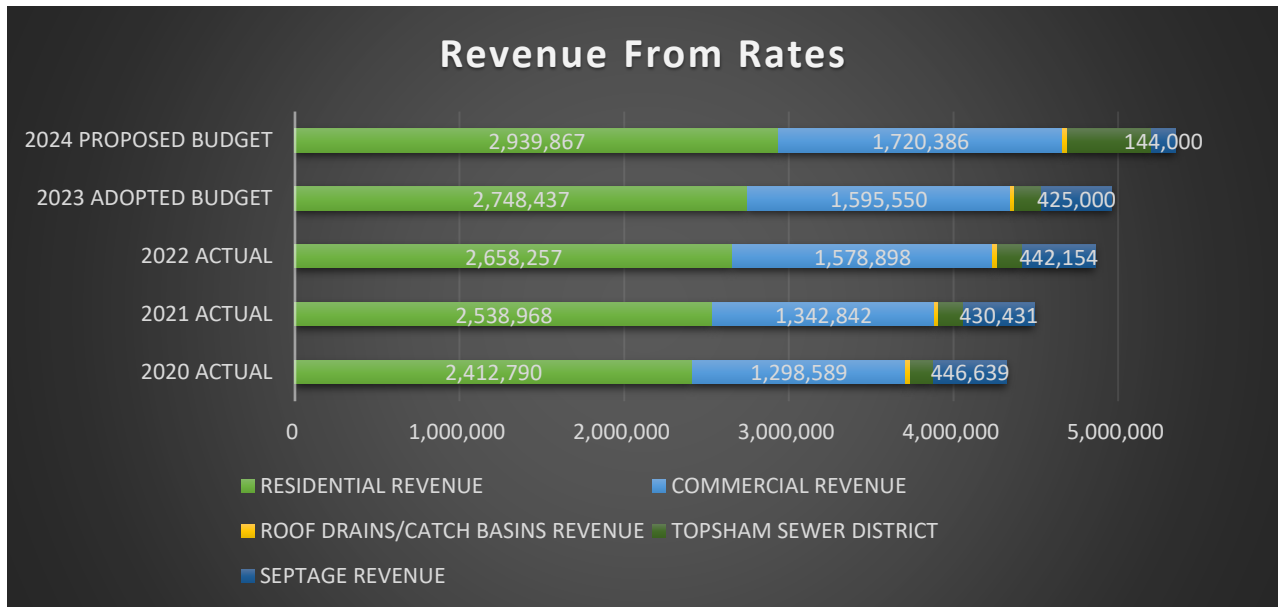
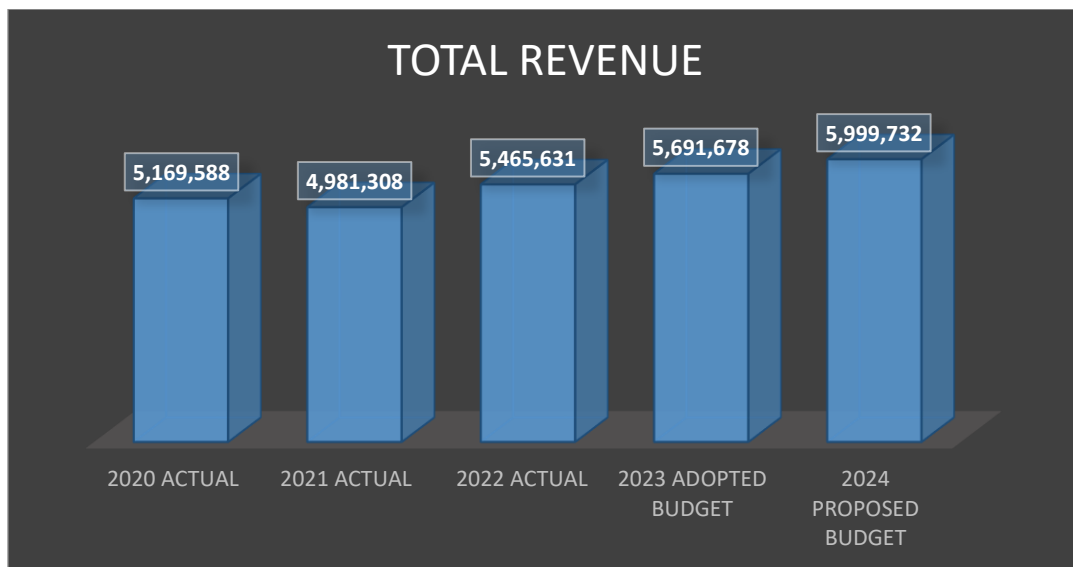


Figure 2: Total Revenue from all Sources





## Revenue Highlights and Assumptions

- Revenue projections are based on a 4.5% increase in rates.
- No increase in septage disposal rates was included. A drop in septage rates may entice customers to return, which could increase revenue.
- \$267,180 is requested from entrance charge reserves to fund all capital expenditures. Nearly \$500,000 will be received in 2023. It is anticipated that more than \$230,000 in entrance fee revenue will be brought in in 2024.
- We expect to receive the Mariner and Woodland pump stations, as well as some force mains and gravity lines at Brunswick Landing as donated capital assets in 2024. The value, approximately \$2.0 million, is noted in the budget and represents an increase in district assets, but it does not affect our operating budget or cash flow.

Table 1: Revenue Projections

<b>BUDGETED AND ACTUAL REVENUE</b>							
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>% Dif</u>	<u>2024 vs</u>
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ADOPTED</u>	<u>PROPOSED</u>	<u>2024 vs</u>	<u>2023</u>
				<u>BUDGET</u>	<u>BUDGET</u>	<u>2023</u>	<u>2023</u>
RESIDENTIAL REVENUE	2,412,790	2,538,968	2,658,257	2,748,437	2,939,867	7.0%	191,430
COMMERCIAL REVENUE	1,298,589	1,342,842	1,578,898	1,595,550	1,720,386	7.8%	124,836
ROOF DRAINS/CATCH BASINS REVENUE	25,638	25,990	27,962	28,649	32,175	12.3%	3,526
TOPSHAM SEWER DISTRICT	141,417	152,927	153,785	162,900	510,749	213.5%	347,849
SEPTAGE REVENUE	446,639	430,431	442,154	425,000	144,000	-66.1%	(281,000)
							0
ENTRANCE FEE REVENUE	448,987	86,496	223,583	167,175	230,375	37.8%	63,200
INCOME FROM JOBBING	109,002	125,619	118,225	74,300	79,400	6.9%	5,100
INTEREST INCOME	45,622	36,371	31,379	25,984	25,200	-3.0%	(784)
NON-OPERATING INCOME (LT CHGS)	2,783	1,810	24,730	18,843	16,700	-11.4%	(2,143)
MISC (OTHER) INCOME	31,504	10,767	18,140	14,590	17,400	19.3%	2,810
GAIN/LOSS SALE OF FIXED ASSET	0	13,103	15,385	30,000	0	-100.0%	(30,000)
TOPSHAM'S SHARE OF TPU CWSRF							
BOND	206,616	215,984	173,133	195,245	0	-100.0%	(195,245)
<b>Sub-Total Operating Revenue</b>	<b>5,169,588</b>	<b>4,981,308</b>	<b>5,465,631</b>	<b>5,486,673</b>	<b>5,716,252</b>	<b>4.2%</b>	<b>229,579</b>
Entrance Fee Reserves from Previous Years	0	0	0	205,005	283,480	30.3%	62,175
<b>Total Revenue</b>	<b>5,169,588</b>	<b>4,981,308</b>	<b>5,465,631</b>	<b>5,691,678</b>	<b>5,999,732</b>	<b>5.4%</b>	<b>308,054</b>
Donation of Capital Assets	34,200	0	1,814,437	1,200,000	2,000,000	66.7%	800,000
<b>Gross Income from all Sources</b>	<b>5,203,788</b>	<b>4,981,308</b>	<b>7,280,068</b>	<b>6,891,678</b>	<b>7,999,732</b>	<b>16.1%</b>	<b>1,108,055</b>



## Expenses

Total anticipated expenses are expected to be \$5,999,732, which is an increase of 5.4% or approximately \$308,000 over the 2023 budgeted expenses. Increases and decreases are spread throughout the line items, but the majority of increases come from chemical purchasing (\$52,758), heating (\$18,465) and salaries, wages, and benefits (\$190,303). With the passage of LD 718, sludge disposal costs are expected to remain consistent for 2024. Costs may decrease if septage intake continues to be down due to a reduction in overall solids volume. Some line items showed significant decreases. Power costs are expected to decrease by \$47,459 due to our solar net energy billing agreement, although legislative action may change the value of the credits we receive. \$230,375, which is the projected revenue from entrance charges, is being shown as an expense that is added to reserves in 2024. This is a necessary step to ensure that entrance charge funds are dedicated to reserves so they can be used as revenue for capital expenses in future budgets. Table 2 shows the anticipated line-item expenses.

Table 2: Expense Projections

<b>BUDGETED AND ACTUAL EXPENSES</b>							
<b>DESCRIPTION</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>% Dif</b>	<b>\$ Change</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ADOPTED</b>	<b>DRAFT</b>	<b>2024</b>	<b>2024 vs</b>
	<b>EXPENSES</b>	<b>EXPENSES</b>	<b>EXPENSES</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>vs</b>	<b>2024 vs</b>
						<b>2023</b>	<b>2023</b>
Salaries and wages	\$1,471,966	\$1,502,554	\$1,385,865	\$1,536,609	\$1,675,890	9.1%	\$ 139,281
Employee benefits	\$755,596	\$754,287	696,222	\$760,452	\$811,473	6.7%	\$ 51,021
Trustee fees	\$4,688	\$6,488	5,063	\$16,800	\$16,800	0.0%	\$ -
Heating	\$30,405	\$38,024	74,105	\$45,373	\$63,838	40.7%	\$ 18,465
Power	\$140,956	\$138,059	79,972	\$145,140	\$97,681	-32.7%	\$ (47,459)
Water	\$4,225	\$5,486	7,252	\$5,943	\$7,305	22.9%	\$ 1,362
Telecommunications	\$20,172	\$22,395	20,990	\$21,894	\$23,594	7.8%	\$ 1,700
Maintenance service contracts	\$91,730	\$120,156	135,325	\$147,962	\$161,624	9.2%	\$ 13,662
Maintenance of lines	\$13,165	\$4,503	2,233	\$7,993	\$7,993	0.0%	\$ -
Maintenance of holes	\$13,262	\$4,963	9,349	\$11,410	\$14,410	26.3%	\$ 3,000
Maintenance of buildings	\$44,360	\$66,213	81,196	\$73,081	\$58,476	-20.0%	\$ (14,605)
Maintenance of equipment	\$62,934	\$86,554	64,287	\$91,890	\$106,030	15.4%	\$ 14,140
Maintenance of vehicles	\$35,034	\$14,424	26,973	\$23,827	\$17,940	-24.7%	\$ (5,887)
Vehicle fuel	\$19,354	\$27,001	50,018	\$41,472	\$44,620	7.6%	\$ 3,148
Travel	\$9,074	\$1,601	8,193	\$26,515	\$26,315	-0.8%	\$ (200)
Professional development	\$6,322	\$12,280	18,400	\$27,725	\$26,550	-4.2%	\$ (1,175)
Dues and subscriptions	\$5,513	\$3,469	5,567	\$3,832	\$4,114	7.4%	\$ 282
Supplies/ small tools	\$15,616	\$18,696	17,966	\$24,240	\$26,940	11.1%	\$ 2,700
Postage, freight and delivery	\$10,207	\$12,183	12,233	\$14,200	\$12,950	-8.8%	\$ (1,250)
Safety	\$14,678	\$12,165	17,941	\$23,369	\$21,324	-8.8%	\$ (2,045)
Uniforms	\$3,391	\$3,339	3,142	\$5,280	\$5,800	9.8%	\$ 520
Licenses	\$4,281	\$5,748	6,343	\$6,190	\$6,300	1.8%	\$ 110
Outside printing	\$15,831	\$13,244	14,979	\$14,160	\$12,310	-13.1%	\$ (1,850)
Advertising	\$2,478	\$6,431	1,373	\$6,753	\$4,500	-33.4%	\$ (2,253)
Consulting Fees	\$125,664	\$100,902	70,338	\$50,000	\$48,000	-4.0%	\$ (2,000)



Miscellaneous	\$6,175	\$4,969	5,813	\$8,200	\$10,150	23.8%	\$ 1,950
Sodium hypochlorite	\$9,430	\$8,985	14,614	\$11,580	\$19,834	71.3%	\$ 8,254
Polymer	\$6,429	\$13,685	30,639	\$14,780	\$19,800	34.0%	\$ 5,020
Sodium hydroxide	\$59,653	\$46,844	78,224	\$89,636	\$130,301	45.4%	\$ 40,665
Sodium Bisulfite	\$16,583	\$9,117	3,768	\$10,465	\$9,284	-11.3%	\$ (1,181)
Sludge disposal	\$125,267	\$128,303	185,366	\$227,500	\$214,000	-5.9%	\$ (13,500)
Laboratory expense	\$9,633	\$8,609	9,693	\$13,100	\$11,500	-12.2%	\$ (1,600)
Laboratory testing	\$4,199	\$11,944	8,787	\$13,124	\$12,124	-7.6%	\$ (1,000)
Instrumentation	\$505	\$0	4,027	\$15,969	\$7,243	-54.6%	\$ (8,726)
Bad debt	\$0	\$1,844	0	\$0	\$0	0.0%	\$ -
<b>Sub-Total Operating Expenses</b>	<b>\$3,158,776</b>	<b>\$3,215,465</b>	<b>\$3,156,256</b>	<b>\$3,536,462</b>	<b>\$3,737,013</b>	<b>5.7%</b>	<b>\$ 200,551</b>
Bank Fees (misc.)	\$19,329	\$12,542	\$8,343	\$8,000	\$1300	-83.8%	\$ (6,700)
Insurance - General	\$68,224	\$66,483	\$69,986	\$74,902	\$86,600	-15.6%	\$ 11,698
Meter Reading	\$99,740	\$98,860	\$108,883	\$106,850	\$102,031	-4.5%	\$ (4,819)
Bond Payments (Principal)	\$1,167,371	\$1,224,093	\$1,237,700	\$1,195,573	\$1,208,299	1.1%	\$ 12,726
Bond Payments (Interest)	\$275,910	\$265,854	\$252,277	\$238,716	\$226,114	-5.3%	\$ (12,602)
<b>Total Expenses</b>	<b>\$4,789,350</b>	<b>\$4,883,297</b>	<b>\$4,833,445</b>	<b>\$5,160,503</b>	<b>\$5,361,357</b>	<b>3.9%</b>	<b>\$ 200,854</b>
Ent. Fees to Reserves	\$0	\$0	\$223,583	\$167,175	\$230,375	37.8%	\$ 63,200
Capital Expenses	\$99,314	\$149,632	\$602,889	\$364,000	\$408,000	12.1%	\$ 44,000
<b>Total Budget</b>	<b>\$4,888,664</b>	<b>\$5,032,929</b>	<b>\$5,659,917</b>	<b>\$5,691,678</b>	<b>\$5,999,732</b>	<b>5.4%</b>	<b>\$ 308,054</b>
Depreciation	2,642,527	2,686,439	2,754,651	2,800,000	2,500,000	-10.7%	\$ (300,000)
<b>Net Expense to Operate</b>							
<b>District</b>	<b>\$7,531,191</b>	<b>\$7,719,368</b>	<b>\$8,414,568</b>	<b>\$8,491,678</b>	<b>\$8,499,732</b>	<b>0.1%</b>	<b>\$ 8,054</b>

Figure 3 compares the 2024 and 2023 budgets with actual expenses from 2022, 2021 and 2020. It's important to note that actual expenses for 2023 will not be known until January of 2024. We expect 2023 expenses to come in as much as \$200,000 more than was anticipated due to increased sludge disposal and chemical costs.

Figure 3: Total Budgeted Expenses

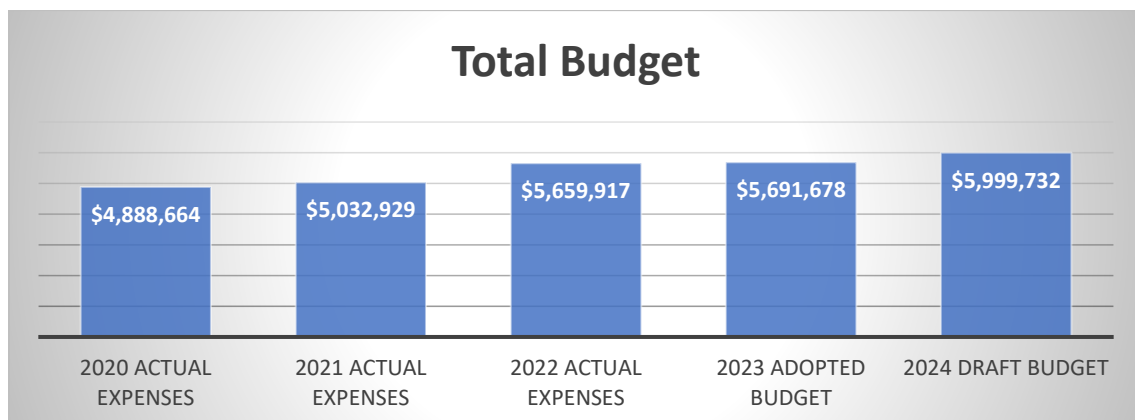




Figure 4 illustrates the growth in operating expenses. There were slight changes between 2020 and 2021 among all categories due to rising costs and salaries. Between 2021 actual expenses and the 2024 proposed budget we see more \$1,000,000 in growth, a nearly 20% increase. Much of this growth is due to increases in capital spending in 2022 because the District kept expenses low in 2020 and 2021 due to unknowns from the Covid 19 pandemic. Additionally, the change in our entrance charge policy in 2021 to dedicate funds directly to capital growth changed the way we account for those funds. They are now shown as both an income in the given year and an expense the following year. When capital expenses and entrance charges are removed, the growth in expenses between 2021 and the 2024 proposed budget is approximately half of what is illustrated, or \$461,760.

Nearly \$100,000 in expenses are for a new operator. The District has two employees who are expected to retire within the next budget year. It takes a minimum of six months and up to two years to train and license new employees. It is imperative that we bring a new employee on full-time to begin the process. For 2024 we have carried salary and wage expenses for a new operator and both of our seasoned veterans who may retire because we don't know exactly when they will decide to leave. If and when our veterans decide to leave, we will need to replace them as soon as practicable. Figure 8 illustrates employee wages and benefits costs over the past five years. Through reorganization and lean business practices we were able to hold total wages steady from 2020 through 2023, even with performance and inflationary increases.

Figure 4: Operating Expenses 2022-2023



Figure 5: Sludge Disposal Costs

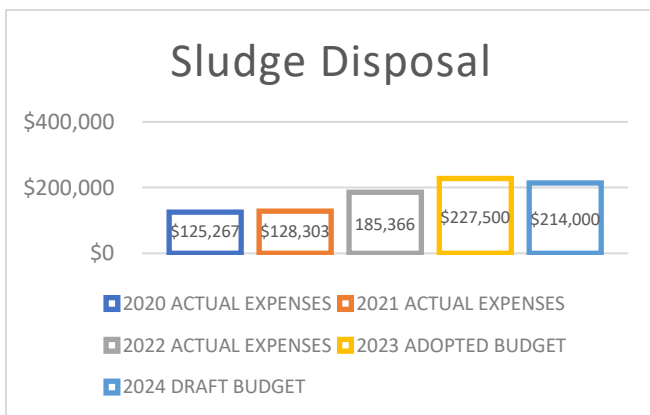


Figure 6: Energy and Utility Costs

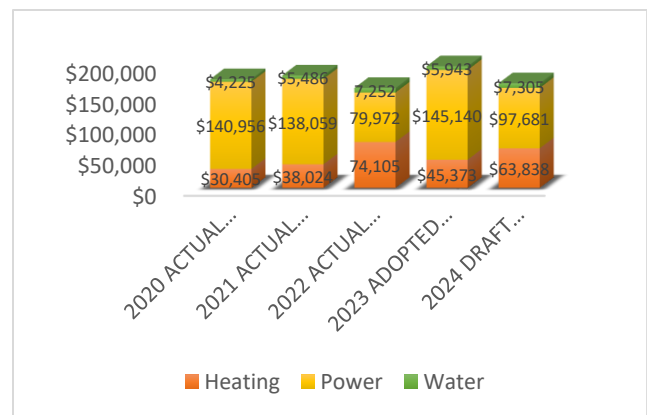




Figure 7: Chemical Expenses

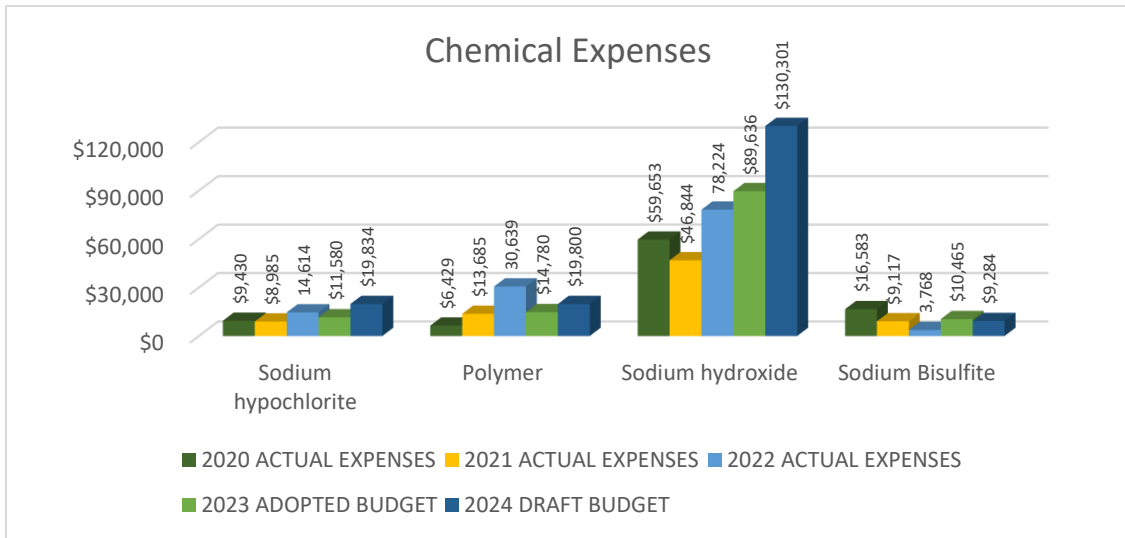
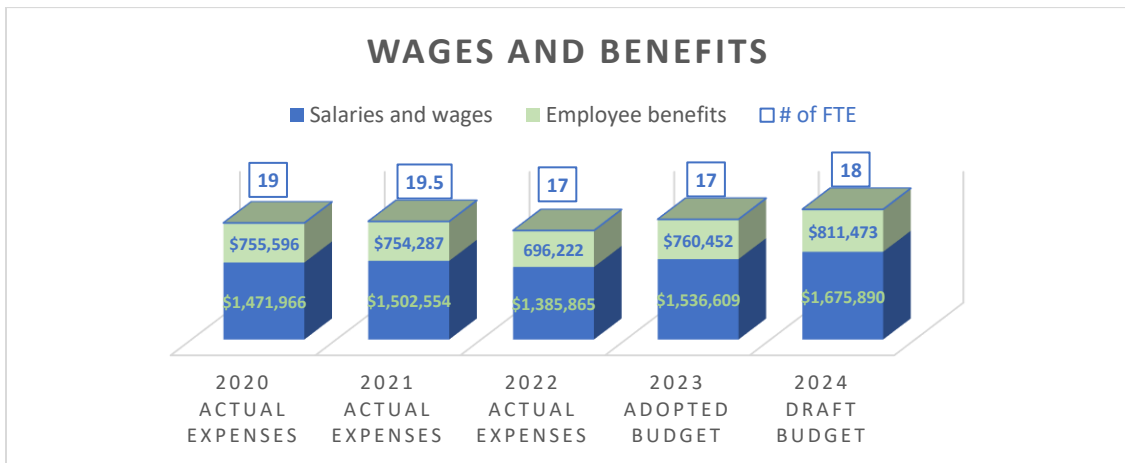


Figure 8: Wages and Benefits



### Expense Highlights and Assumptions

- Insurance rates are anticipated to increase by 10%. We've seen years with no increase or increases of as much as 12%. 10% is a conservative but reasonable estimate based on input from our MMA representative. We will not have final numbers until later this fall.
- Employee wage expenses are expected to increase by 9.1%. About half of the increase in salaries and benefits are directly attributable to the hiring of an additional full-time operator. The remainder is due to an increase in the consumer price index (>5% currently), which our pay matrix and wages are based on.
- Sludge disposal costs are expected to remain relatively flat. The increase in 2023 was due to LD1911 that eliminated all disposal options other than a landfill. The passage of LD 718 that allowed a continuance of out-of-state bulky waste for two years has bought us some time before landfill prices soar again. The market is extremely volatile. The BSD is working with the



Maine Water Environment Association (MeWEA) and other agencies to look into regional disposal options. If the digester at Brunswick Landing upgrades are completed in 2025, we could see a reduction in costs. On a positive note, the reduction of septage intake should reduce our sludge output, which will decrease our disposal costs and help offset some of the lost revenue.

- A depreciation of \$2.5 million is an estimate based on the past few years. This figure is dependent on other assets we get from Brunswick Landing and assets that are fully depreciated this year. It is early to prepare a proforma fixed asset list. This number does not affect our operating budget or cash flow and will not change the bottom line, but it does reflect a change in the BSD’s total valuation.

### Capital Budget

Table 3 shows the total planned five-year capital expenses broken out by categories. Further details, including types of equipment, estimated costs, and reasons for the requests can be found in Appendix A: Five Year Capital Plan. The BSD recently took advantage of a 1:1 matching grant from the Maine DEP and worked with Wright-Pierce to conduct a fiscal sustainability plan (FSP) of all of the district’s assets. This work was completed in early 2023. The plan outlines nearly \$70M worth of work over the next 15 years. District staff used information in the FSP to prioritize items requested in the capital improvement plan but balanced the request with available funds based on current revenue and rates. Table 3 shows the proposed capital expenses for the next five years. Table 4 shows the request for 2024.

Table 3: Five-Year Capital Costs

Summary of Capital Projects	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
<b>1- Pipe Projects</b>	\$ 111,000	\$ 1,446,000	\$ 2,035,275	\$ 1,806,960	\$ 1,220,700	\$ 6,619,935
<b>2- Pump Station Improvements</b>	\$ 130,000	\$ 200,000	\$ 2,050,000	\$ -	\$ 920,000	\$ 3,300,000
<b>3- Treatment Plant</b>	\$ 62,000	\$ 65,000	\$ 40,000	\$ 2,000,000	\$ 800,000	\$ 2,967,000
<b>4-Vehicles and Equipment</b>	\$ 95,000	\$ 55,000	\$ 135,000	\$ 125,000	\$ 165,000	\$ 578,000
<b>5- Facilities (Non TP)</b>	\$ 10,000	\$ 40,000	\$ 35,000	\$ 90,000	\$ 40,000	\$ 215,000
<b>Total</b>	\$ 408,000	\$ 1,806,000	\$ 4,295,275	\$ 4,021,960	\$ 3,145,700	\$ 13,679,935

Table 4: 2024 Capital Expense Request

Category	Div	Description	Cost	Totals
<b>1- Pipe Projects</b>	CP	Line Maine, Townhall, Weymouth, and Columbia	\$ 111,000	\$ 111,000
<b>2- Pump Stations</b>		Androscoggin Street Upgrade	\$ 130,000	\$ 130,000
<b>3- Treatment Plant</b>	T	PEP Upgrades	\$ 30,000	
	T	Replace Boerger Sludge Pump With Penn Valley	\$ 32,000	\$ 62,000
<b>4-Vehicles and Equipment</b>	CP	Mr. Manhole Pavement Cutter	\$ 50,000	
	CP	Replace 2017 Pickup	\$ 45,000	\$ 95,000
<b>5- Facilities (Non TP)</b>	All	Sealcoating Pavement	\$ 10,000	\$ 10,000
<b>Total</b>			<b>\$ 408,000</b>	<b>\$ 408,000</b>



Table 5 provides background information on each of the individual items noted in the capital expenses. Cost estimate information and alternatives considered are noted in the table.

Table 5: Capital Request Background Information

<b>Pipe Projects</b>	Instead of full pipe replacement we believe these sewer mains can be UV lined to significantly extend the life of the lines. This will reduce our total costs and keep us progressing along in our 5-year capital improvement plan until we can bond a larger project that includes replacement of sewer mains.
<b>Androscoggin Street Station</b>	This station needs to be upgraded based on age and run times. Staff believes the wetwell is in good condition structurally and can be reused. We plan to convert this station to a submersible style with new controls. Nearly all work can be completed in-house and will be done as part of the 2024 goals program
<b>Primary Effluent Pumping (PEP) Upgrades</b>	This project includes installing rebuilding 3 primary effluent pumps (PEP) , installing new vari-drives for each of the pumps, and rebuilding the weir gate in the distribution box. These projects are essential to the operation of the treatment plant and are outlined in the District's fiscal sustainability plan (FSP). Completing this project will take care of the most pressing issues and allow time for use to implement phase 1 of the FSP in a few years.
<b>Sludge Pumps</b>	Replace one of the Boerger rotary lobe pumps with a Penn Valley positive displacement pump. Rotary lobe pumps are worn excessively due to grit. We expect more life out of a PDS pump. The goal is to replace one each year to eliminate the rotary lobe pumps completely. Pump 1 was replaced in 2023 and is functioning well.
<b>Mr. Manhole Pavement Cutter</b>	Staff has requested a Mr. Manhole, or similar, pavement cutter to eliminate jackhammering of pavement. The District purchased a larger skid-steer capable of handling the attachment in 2023. This is the second half of the planned upgrade.
<b>Pickup</b>	Replacement based on age and mileage. Pricing is based on historical knowledge and discussion with a salesman.
<b>Sealcoating Pavement</b>	This is a pavement preservation technique used to extend the life of the pavement on our roads, walkways, and parking lots. Staff will either hire this service out, purchase a sealcoating unit, or partner with public works to accomplish this item.

### Capital Expenses Highlights

- The 2024 budget includes full funding of the proposed capital improvements through user rates and capital reserves. There are no proposed bonds. We will consider a bond for line replacements in 2025 when the current bond from 2005 expires.
- Pipe projects for 2024 do not include any full replacements. The pipes identified for lining in 2024 have good slopes, no cave ins and have few services. They are good candidates for a UV liner as opposed to full line replacement.
- Replacement of the Androscoggin Street pump station was estimated to be more than \$500,000. The existing wetwell is in good condition. Staff researched alternative replacement options and found a kit, provided by Carlsen Systems, that converts dry pit stations to submersible stations. The District can buy the entire kit for less than \$100,000 and the work can



be completed in-house. This will be a staff goal for 2024. If the project is successful, we will use the same procedure on other stations in the future and dramatically reduce our long-term capital replacement costs.

- Because the District has been proactive with our capital program over the past decade, we are in a good position regarding the condition of our assets. Even though the FSP identified nearly \$70M in needs over the next 15 years there are few assets that are in immediate need of replacement and good preventative maintenance will help us extend the life of those assets and reduce our need for capital replacements.
- Pushing out large construction projects for a couple of years will help balance the district's debt service. We retire the admin building bond in 2023 and the street reconstruction bond in 2025. That will free up more than \$250,000 in annual bond payments that we can put towards a new bond for line replacement projects in 2025. This will allow us to use economies of scale to accomplish reconstruction of many of the lines on our replacement schedule all at once.

## Discussion Topics

With the staff reorganization we were able to hold staffing levels consistent for 2023. We are currently operating with 16 full-time employees, 2 part-time, and two summer employees. Just five years ago we operated with 19 full-time employees and one summer helper. Through retirements and reorganizations, we have eliminated two positions and kept our wage and benefits expenses down. Since that time, we have assumed ownership of all Brunswick Landing Assets. We have added five additional pump stations and approximately 10 miles more pipe to maintain. In addition, our customer base has grown by a few hundred. Staff is not at the point of exhaustion, but their productivity is maximized so it is time for us to add an operator to ease their workload. We must also consider that four to five of our employees are expected to retire in the next one to five years. We will need to hire new operators and office staff to train prior to retirement. With a very competitive labor market it will be difficult to recruit and train new employees. Rather than struggle in this market to find suitable employees for our open positions, it's wise to keep talented people on staff and find roles for them where their abilities shine. Besides staffing, other important items for discussion and consideration are:

- Discharge Permit. The BSD currently operates under the terms of a discharge permit that expired four years ago. We expect the DEP to issue a new permit within the year. The recent classification change of the Androscoggin River could have a significant impact on our discharge limits and our five-year capital plan.
- Brunswick Landing Digester. If and when this facility is rebuilt so that it can meet discharge standards set by the BSD, it will have a significant impact on our income, treatment process, septage volumes, and sludge disposal costs. Recent discussions with the developer indicate that the digester should be functioning in two years. Sludge prices have stabilized for the moment, but unless the digester, or another similar facility in the region, is online by the end of 2025, we could see another significant spike in disposal costs.
- Development and Economic Conditions. We are currently in a booming economy, but most analysts are predicting years of increased costs, high inflation, and a slowdown in construction of new homes. Our current rates are enough to cover operational costs, but they will not cover



capital expenses. As building construction slows, we will lose entrance charge revenue and we will begin depleting those reserves.

- The current budget proposal does not include a change in septage disposal rates. The Board should consider market conditions and the rising costs of sludge disposal to determine if an increase or decrease is necessary. The loss of R.A. Webber as a major customer has resulted in a loss of more than \$200,000 in anticipated revenue. It will take a 4-5% rate increase just to make up for that lost revenue. We could consider dropping our rate to \$0.11 per gallon, which is the same rate they are getting by trucking their septage to Madison. We would see an increase in revenue, but not to the extent that we saw in 2022 because there isn't enough volume in the area to make up for the reduced rate. Our sludge disposal volume and expenses would increase, so the revenue would be offset with additional expenses. If and when the digester begins operations, the septage market will again be turned upside down.

## Conclusion

2023 presented unique challenges for the Brunswick Sewer District (BSD) regarding operating expenses and income. The 2023 budget was based on assumptions of how the district operated in the past, with modification for personnel changes that were incorporated in the beginning of 2023. In early 2023, it became apparent that many of our assumptions would be off. We saw some dramatic increases in expenses, but also saw a dramatic increase in revenue from entrance charges. We do our best to prepare a budget based on the most current and relevant information we have, but sometimes there are unforeseen circumstances beyond our control. That's why we must adapt to the business climate around us.

The budget presented here represents our efforts to streamline the process but also provide all of the necessary information needed to make informed decisions regarding our rates and expenses. The budget was built with input from all department heads. They examined every line item in the budget and built their requests from the bottom up. This established the foundation for the finance manager, operations & compliance manager, and general manager to pull together the final product.

We believe the 2024 draft budget presented here is a good representation of the needs of the district for the upcoming year. Future years will not be without challenges. We will need to make some tough decisions regarding our rates and our capital improvement program. We look forward to discussing this budget, the recommendations within it, our future capital needs, and approving a budget for 2024 that our stakeholders can be proud of.



Appendix A – Five-Year Capital Budget

Summary of Capital Projects	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
<b>1- Pipe Projects</b>	\$ 111,000	\$ 1,446,000	\$ 2,035,275	\$ 1,806,960	\$ 1,220,700	\$ 6,619,935
<b>2- Pump Station Improvements</b>	\$ 130,000	\$ 200,000	\$ 2,050,000	\$ -	\$ 920,000	\$ 3,300,000
<b>3- Treatment Plant</b>	\$ 62,000	\$ 65,000	\$ 40,000	\$ 2,000,000	\$ 800,000	\$ 2,967,000
<b>4-Vehicles and Equipment</b>	\$ 95,000	\$ 55,000	\$ 135,000	\$ 125,000	\$ 165,000	\$ 575,000
<b>5- Facilities (Non TP)</b>	\$ 10,000	\$ 40,000	\$ 35,000	\$ 90,000	\$ 40,000	\$ 215,000
<b>Total</b>	\$ 408,000	\$ 1,806,000	\$ 4,295,275	\$ 4,021,960	\$ 3,145,700	\$ 13,676,935

1 - Pipe Replacement Projects					Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
Street	Method	Dia (in)	Type	Length (ft)						
Maine Street	Line	8	VCP	58	\$ 7,000					\$ 7,000
Town Hall Place	Line	6	VCP	336	\$ 35,000					\$ 35,000
Weymouth Street	Line	8	VCP	251	\$ 28,000					\$ 28,000
Columbia Avenue	Line	8	VCP	415	\$ 41,000					\$ 41,000
Longfellow	Replace	6	VCP	587		\$ 361,690				\$ 361,690
Page Street	Replace	6	VCP	335		\$ 206,415				\$ 206,415
Spring Street	Replace	6	VCP	946		\$ 582,895				\$ 582,895
Morse Court	Replace	4	VCP	300		\$ 295,000				\$ 295,000
Wheeler Park	Replace	15	VCP	851			\$ 506,775			\$ 506,775
Park Row	Replace	6	VCP	1392			\$ 744,000			\$ 744,000
Gurnet Road	Replace	12	VCP	400			\$ 208,000			\$ 208,000
Noble Street	Replace	6	VCP	985			\$ 576,500			\$ 576,500
Thomas Point	Replace	10	ACP	1944				\$ 1,029,160		\$ 1,029,160
Maine Street	Replace	8	VCP	1183				\$ 777,800		\$ 777,800
Curtis Street	Line	8	VCP	300					\$ 45,500	\$ 45,500
Water Street	Replace	8	VCP	1803					\$ 1,037,500	\$ 1,037,500
Belmont Street	Replace	8	VCP	190					\$ 104,000	\$ 104,000
River Road	Line	8	VCP	10					\$ 11,850	\$ 11,850
Pleasant Street	Line	8	VCP	10					\$ 21,850	\$ 21,850
<b>Annual Total</b>					<b>\$ 111,000</b>	<b>\$ 1,446,000</b>	<b>\$ 2,035,275</b>	<b>\$ 1,806,960</b>	<b>\$ 1,220,700</b>	<b>\$ 6,619,935</b>
<b>Funding Source</b>					<b>Reserves</b>	<b>Bond</b>	<b>Bond</b>	<b>Bond</b>	<b>Reserves</b>	

Costs are estimated by pipe length, depth, and diameter. Other factors such as ground water and soil type are not included. Quotes are obtained for the current year’s projects. Pipe replacement is determined by condition assessments through CCTV inspection. Other factors including depth, location, and diameter are also considered. Replacement schedule may be adjusted to coincide with the town pavement replacement program.



2 - Pump Station Projects			Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
Station	Description	Funding						
Androscoggin	In-House upgrade/conversion	Rates	\$ 130,000					\$ 130,000
Harpswell Street	Possible in-House Upgrade	Reserves		\$ 200,000				\$ 200,000
Maine Street	Contracted Overhaul.	Bond			\$ 2,050,000			\$ 2,050,000
Water Street	Partial Overhaul	Bond					\$ 920,000	\$ 920,000
<b>Annual Total</b>			<b>\$ 130,000</b>	<b>\$ 200,000</b>	<b>\$ 2,050,000</b>	<b>\$ -</b>	<b>\$ 920,000</b>	<b>\$ 3,300,000</b>
<b>Androscoggin</b>	This station needs to be upgraded based on age and run times. Staff believes the wetwell is in good condition structurally and can be reused. We plan to convert this station to a submersible style with new controls. Nearly all work can be completed in-house and will be done as part of the 2024 goals program							
<b>Harpswell Street</b>	This station needs to be upgraded based on age and run times. Per the District's Climate Adaptation Plan (CAP) the controls need to be raised to 3' above flood plain elevation. Staff believes the wetwell is in good condition structurally and can be reused. We plan to convert this station to a submersible style with new controls. Nearly all work can be completed in-house and will be done as part of the 2024 goals program							
<b>Maine Street</b>	This is a comprehensive station upgrade as proposed in the FSP. It includes building repairs, new generator, conversion to a submersibles station, replacement of wetwell and valve pit, VFD Replacement; new mechanical equipment, controls and alarms system.							
<b>Water Street</b>	This is a comprehensive station upgrade as proposed in the FSP. It includes building repairs, new generator, conversion to a submersibles station, wetwell resurfacing, new pumps, mechanical equipment, and controls.							

3 - Treatment Plant Projects			Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
Item	Description	Funding						
PEP Upgrades	VFD, PEP, and Weir Gate Rebuild	Rates	\$ 30,000					\$ 30,000
Sludge	Replace Boerger Sludge Pump with Penn Valley Pump	Rates	\$ 32,000	\$ 35,000				\$ 67,000
Odor Control	Possible replacement of carbon odor control	Rates		\$ 30,000				\$ 30,000
Septic Tank	Replace ODS Pump with more appropriate Penn Valley Pump	Rates			\$ 40,000			\$ 40,000
FSP Phase 1	Extension and diffuser on outfall pipe. Regulation dependent.	Bond				\$ 2,000,000		\$ 2,000,000
Outfall	Extension and diffuser on outfall pipe. Regulation dependent.	Reserves					\$ 750,000	\$ 750,000
Contact Tank	Replace Troughs to fix scum removal	Rates					\$ 50,000	\$ 50,000
<b>Annual Total</b>			<b>\$ 62,000</b>	<b>\$ 65,000</b>	<b>\$ 40,000</b>	<b>\$ 2,000,000</b>	<b>\$ 800,000</b>	<b>\$ 2,967,000</b>
<b>PEP Upgrades</b>	This project includes installing rebuilding 3 primary effluent pumps (PEP) , installing new vari-drives for each of the pumps, and rebuilding the weir gate in the distribution box. These projects are essential to the operation of the treatment plant and are outlined in the District's fiscal sustainability plan (FSP). Completing this project will take care of the most pressing issues and allow time for use to implement phase 1 of the FSP in a few years.							
<b>Sludge Pumps</b>	Replace one of the Boerger rotary lobe pumps with a Penn Valley positive displacement pump. Rotary lobe pumps are worn excessively due to grit. We expect more life out of a PDS pump. The goal is to replace one each year to eliminate the rotary lobe pumps completely. Pump 1 was replaced in 2023 and is functioning well.							



<b>Odor Control</b>	Carbon systems last anywhere from 5 to 10 years depending on the air flow and use. We are approaching year five, so the system will need an evaluation to determine the remaining life and it may require a change of carbon before the end of the year. Cost estimate is based on engineering estimate when the system was designed. There are no alternatives.
<b>Septic Tank</b>	The ODS and Boerger pumps that transfer septic and sludge between tanks show significant wear due to grit. The pumps work, but they require a high level of maintenance and repair. Repair parts are expensive. Staff believes we can make significant savings by utilizing Penn Valley pumps. This project was identified in the FSP, but due to current market conditions for sludge and septage, the project may be put off indefinitely.
<b>FSP Phase 1</b>	This item includes everything identified in phase 1 of the FSP, other than PEP improvements and septic tank improvements already accounted for in the capital plan. This is a comprehensive upgrade of pumping systems, piping, and valves associated with the control building. Also included is the replacement of the clamshell hoist used to clean the grit chamber.
<b>Nutrient Removal, Outfall, River Classification</b>	These items are dependent on permit requirements. Our current discharge permit is more than one year expired, and we are awaiting a new permit, with associated condition, for the next five years. Depending on the limits set by the DEP, and the result of any river reclassification, we need to be prepared for significant changes in our process.
<b>Contact Tank</b>	This is a wear item. Sidewalls of the troughs are becoming scoured. The scoured surface creates surface area for scum to build up, creating more maintenance and it can affect effluent quality. This repair would reduce scum buildup and make removal easier.

4 - Vehicle and Equipment Replacement				Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
Item	Div	Description	Funding						
Pickup	CP	Replace 2017 Pickup (trade-in)	Rates	\$ 43,000					\$ 43,000
Skid Steer	CP	Mr. Manhole Pavement Cutter	Reserves	\$ 52,000					\$ 52,000
Generator	CP	Replace 1970 45kw Tow Behind Generator	Reserves		\$ 55,000				\$ 55,000
Pickup	A	Replace 2019 GMC Pickup	Reserves			\$ 50,000			\$ 50,000
Sludge Truck	T	New Sludge Truck (Cab and Hook Only)	Reserves			\$ 85,000	\$ 85,000		\$ 170,000
Forklift	T	Replace 2006 Yale Forklift with Similar	Rates				\$ 40,000		\$ 40,000
Lawn Mower	T	Replace 2015 Kubota Mower	Rates					\$ 15,000	\$ 15,000
Truck	T	Replace 2016 One-Ton with Lift Gate	Reserves					\$ 70,000	\$ 70,000
Truck	CP	Replace 2016 One- Ton Dump	Reserves					\$ 80,000	\$ 80,000
<b>Annual Total</b>				<b>\$ 95,000</b>	<b>\$ 55,000</b>	<b>\$ 135,000</b>	<b>\$ 125,000</b>	<b>\$ 165,000</b>	<b>\$ 575,000</b>
<b>Skid Steer Attachments</b>	Staff has requested a Mr. Manhole, or similar, pavement cutter to eliminate jackhammering of pavement. The District purchased a larger skid-steer capable of handling the attachment in 2023. This is the second half of the planned upgrade.								
<b>Pickups</b>	Replacement based on age or mileage. Pricing is based on historical knowledge and discussion with a salesman.								
<b>Lawn Mowers</b>	Replacement based on age. Pricing is based on purchase price of existing machine adjusted for inflation.								
<b>Sludge Truck</b>	Replacement is based on wear, age, and mileage as currently used. Sludge disposal options may change, and trucking may be significantly reduced or increased as disposal options change. As replacement nears, we will reevaluate options. Estimates are based on historical knowledge. Replacement of cab and hook lift only. We will reuse existing 30CY cans. Cost is spread over two years to reduce impact to annual budget.								
<b>Forklift</b>	Replace 2006 Forklift due to wear and tear and age. Will explore a uni-loader or other similar units with dual purposes.								





<b>Pipe Lining</b>	Purchase of this equipment would allow staff to conduct our own full length pipe lining. This would allow us to avoid, or delay, sewer replacement projects that involve digging up the street. We currently hire this out. Purchase of the equipment could pay for itself in as little as 5,000' of lining. This equipment would require us to reevaluate staffing levels. Pricing is from a verbal quote provided by a supplier. Cost is spread over two years to reduce impact to annual budget.
<b>One-Ton</b>	Replacement based on age or mileage. Pricing is based on historical knowledge and discussion with a salesman.

5 - Facilities				Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
Item	Div	Description	Funding						
<b>Technology</b>	A	Conference Room Equipment, Copiers, Misc. Equip.	Rates		\$ 15,000				\$ 15,000
<b>Floors</b>	A	Replace Carpeting at Admin Building	Reserves			\$ 35,000			
<b>Floors</b>	T	Replace/Rehab Flooring in Office Spaces	Rates					\$ 25,000	\$ 25,000
<b>Floors</b>	CP	Replace/Rehab Flooring in Office Spaces	Rates		\$ 25,000				\$ 25,000
<b>Site Paving</b>	ALL	Surface Paving/Sealcoating	Reserves	\$ 10,000			\$ 90,000		\$ 100,000
<b>Alarms</b>	ALL	Alarm System Upgrades and Maintenance	Rates					\$ 15,000	\$ 15,000
<b>Annual Total</b>				<b>\$ 10,000</b>	<b>\$ 40,000</b>	<b>\$ 35,000</b>	<b>\$ 90,000</b>	<b>\$ 40,000</b>	<b>\$ 180,000</b>
<b>Technology</b>	Replacement of outdated PC's, cameras, screens etc. Allowance based on historic costs and will vary depending on changes in technology and extend of the upgrades.								
<b>Floors</b>	Allowance based on square footage to replace/redo floors at 10 years of age.								
<b>Site Paving</b>	Surface coat all paved areas to extend the life of pavement. Estimate 70,000 SF of pavement area at 1" thick, equals 450 tons. Figure \$200 per ton for paving, including site preparation. \$10,000 is for purchase of a sealcoating unit or rental of a machine to seal cracks in 2024.								
<b>Alarms</b>	This item is an allowance that would connect all facility alarms together, upgrade control pads and provide better monitoring. Items may not be needed if technology doesn't change, and maintenance is upheld.								