

2014

OPERATIONS BUDGET

AND

BUDGET NARRATIVE

Approved by Board of Trustees

14 November 2013

BRUNSWICK SEWER DISTRICT
2014 OPERATIONS BUDGET

November 14, 2013

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Budget Development, Review, and Approval

Operations expense and capital budgets are drafted by Division Supervisors based on need and desired programs. Division capital and construction budgets for the budget year are prepared from the Five-Year Capital Improvement Program. Operations budget drafts are reviewed and modified by the Assistant General Manager for need and conformance with operations plans for the budget year.

Administrative expense, capital, revenue, labor and benefits, and debt service budgets are prepared by the Finance Manager, based on historical data and specific budget-year plans.

The General Manager then reviews and revises the entire budget proposal for resource availability.

The budget proposal is presented at the annual budget meeting, as required by the Charter, to offer the public an opportunity to hear and comment on the budget for the coming year. The budget is also considered in relation to a five-year projected financial outlook and the user rate structure for adequacy of current rates.

Board and public comments are used to develop a final budget proposal that, by Charter, the Board will consider for approval by the November regular meeting. Implementation of the new budget occurs with the start of the new fiscal year in January. Budget use is tracked through all components of the budget and reported monthly to the Board of Trustees.

**BRUNSWICK SEWER DISTRICT
ANALYSIS OF ANNUAL BUDGET FUNDS AND EXPENDITURES: 2013 - 2014**

11/14/2013

FUNDS: ANNUAL		2013		2014	
	BUDGET	ESTIMATED YEAR END	BUDGET	ESTIMATED YEAR END	PROPOSED
OPERATING REVENUES					
Residential	\$1,228,000	\$1,227,000	\$1,293,000	\$1,293,000	\$1,293,000
Commercial	907,000	871,000	879,000	879,000	879,000
Brunswick Landing	304,000	320,000	242,000	242,000	242,000
Topsham Sewer District	234,000	231,000	123,000	123,000	123,000
Catch Basins & Drainage	15,000	15,000	15,000	15,000	15,000
Septage	227,000	248,000	249,000	249,000	249,000
Total Operating Revenues	\$2,915,000	\$2,912,000	\$2,801,000	\$2,801,000	\$2,801,000
OTHER REVENUES					
All Jobbing and Contract Work	\$13,000	\$33,000	\$105,000	\$105,000	\$105,000
Interest Income	20,000	8,000	7,000	7,000	7,000
Miscellaneous	29,000	31,000	37,000	37,000	37,000
Total Other Revenues	\$62,000	\$72,000	\$149,000	\$149,000	\$149,000
Entrance Charge Fund	\$24,000	\$14,000	\$15,000	\$15,000	\$15,000
Donation of Capital Assets	\$37,000	\$500,000	\$0	\$0	\$0
OTHER SOURCE OF FUNDS					
Appropriation of Funds: Capital & Depr Resrvs.	\$35,000	\$35,000	\$0	\$0	\$0
Appropriation of Funds: Entrance Charge	80,000	80,000	0	0	0
Appropriation of Funds: Operations	0	0	0	0	0
Total Other Funds	\$115,000	\$115,000	\$0	\$0	\$0
Grand Total Funds Available:	\$3,153,000	\$3,613,000	\$2,965,000	\$2,965,000	\$2,965,000
EXPENDITURES: ANNUAL					
OPERATING EXPENSES					
Collection & Pumping Systems	\$690,000	\$628,000	\$690,000	\$628,000	\$679,000
Wastewater Treatment	881,000	894,000	881,000	894,000	920,000
Administration	805,000	804,000	805,000	804,000	849,000
Total Operating Expenses	\$2,376,000	\$2,326,000	\$2,376,000	\$2,326,000	\$2,448,000
OTHER EXPENDITURES					
Capital Improvements	\$235,000	\$247,000	\$235,000	\$247,000	\$102,000
Construction	252,000	242,000	252,000	242,000	171,000
Miscellaneous	10,000	10,000	10,000	10,000	10,000
Total Other Expenditures	\$497,000	\$499,000	\$497,000	\$499,000	\$283,000
Entrance Charge Fund	\$24,000	\$14,000	\$24,000	\$14,000	\$15,000
Capital & Depreciation Reserve	\$56,000	56,000	\$56,000	56,000	56,000
Donation of Capital Assets	\$37,000	500,000	\$0	500,000	0
OTHER EXPENDITURES					
Bond Principal	\$128,000	\$128,000	\$128,000	\$128,000	\$130,000
Bond Interest	35,000	35,000	35,000	35,000	33,000
Total Other Expenditures	\$163,000	\$163,000	\$163,000	\$163,000	\$163,000
Grand Total Expenditures:	\$3,153,000	\$3,558,000	\$2,965,000	\$2,965,000	\$2,965,000

**BRUNSWICK SEWER DISTRICT
2014 REVENUE BUDGET (NO INCREASE)**

11/14/2013

OPERATING REVENUE	2014 budget												OVER / (UNDER)		
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC		TOTAL	2013 ANTICIPATED
RESIDENTIAL															
- METERED	\$500	\$166,000	\$138,000	\$500	\$152,000	\$140,000	\$2,500	\$171,000	\$173,000	\$500	\$170,000	\$171,000	\$1,285,000	\$1,218,328	\$66,672
- FLAT	\$0	\$100	\$2,065	\$0	\$0	\$2,065	\$0	\$0	\$2,065	\$0	\$100	\$2,069	8,464	\$8,469	(5)
TOTAL RESIDENTIAL:	500	166,100	140,065	500	152,000	142,065	2,500	171,000	175,065	500	170,100	173,069	1,293,464	1,226,797	66,667
COMMERCIAL															
- METERED	100	69,000	138,000	100	73,000	145,000	1,000	83,000	143,000	1,600	82,000	142,000	877,800	870,348	7,452
- FLAT	0	0	225	0	0	225	0	0	225	0	0	225	900	777	123
TOTAL COMMERCIAL:	100	69,000	138,225	100	73,000	145,225	1,000	83,000	143,225	1,600	82,000	142,225	878,700	871,125	7,575
CATCH BASINS/ROOF DRAIN:	0	2,100	1,590	0	2,100	1,590	0	2,100	1,590	0	2,100	1,590	14,760	15,028	(268)
SEPTAGE	5,500	5,500	6,000	23,000	27,000	29,000	29,000	27,000	25,000	24,000	24,000	24,000	249,000	247,553	1,447
TOPSHAM SEWER DISTRICT	15,000	12,000	13,000	9,000	8,000	11,000	7,000	8,000	9,000	10,000	10,000	11,000	123,000	230,993	(107,993)
BRUNSWICK LANDING	20,000	17,000	28,000	25,000	26,000	25,000	21,000	16,000	13,000	16,000	18,000	17,000	242,000	319,714	(77,714)
TOTALS:	\$41,100	\$271,700	\$326,880	\$57,600	\$288,100	\$353,880	\$60,500	\$307,100	\$366,880	\$52,100	\$306,200	\$368,884	\$2,800,924	\$2,911,210	(\$110,286)

NON-OPERATING REVENUE	2014 budget												OVER / (UNDER)		
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC		TOTAL	2013 ANTICIPATED
JOBGING (misc)	\$300	\$400	\$600	\$800	\$500	\$1,500	\$3,000	\$3,000	\$1,500	\$1,000	\$1,500	\$1,000	\$15,100	\$32,581	(\$17,481)
JOBGING - MRRA	\$2,000	\$2,000	\$2,000	\$2,000	\$3,000	\$3,500	\$3,500	\$3,500	\$3,000	\$2,000	\$2,000	\$2,000	\$30,000	\$0	\$30,000
JOBGING - TSD	\$3,500	\$3,500	\$4,000	\$4,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$5,000	\$5,000	\$5,000	\$60,000	\$0	\$60,000
LATE CHARGES	0	400	600	0	500	400	0	350	300	0	500	300	3,350	\$3,383	(33)
EARNED INTEREST	500	500	300	400	700	600	700	600	900	700	500	600	7,000	\$8,359	(1,359)
MISCELLANEOUS	35	35	8,055	35	24,055	35	335	1,035	55	55	125	125	33,980	\$27,130	6,850
ENTRANCE CHARGE	0	0	1,178	2,356	1,178	2,356	2,356	2,356	1,178	1,178	1,178	0	15,314	\$14,136	1,178
DONATED ASSETS	0	0	0	0	0	0	0	0	0	0	0	0	0	\$500,000	(500,000)
TOTALS:	\$6,335	\$6,835	\$16,733	\$9,591	\$35,933	\$13,891	\$15,891	\$16,841	\$12,933	\$9,933	\$10,803	\$9,025	\$164,744	\$585,589	(\$420,845)

BRUNSWICK SEWER DISTRICT

OPERATIONS, MAINTENANCE AND GENERAL EXPENSES

2013 ANTICIPATED

11/14/2013

	2013				2013	2013
	TOTAL	COLLECTION			TOTAL	BUDGET VS
DESCRIPTION	BUDGET	& PUMPING	TREATMENT	ADMIN	ANTICIPATED	ANTICIPATED
						(\$)
Salaries & Wages	\$1,064,286	\$339,148	\$344,193	\$372,927	\$1,056,268	\$8,018
Employee Benefits	471,975	146,506	172,126	164,729	483,361	(\$11,386)
Uniforms	3,600	1,944	1,721		3,665	(\$65)
Heating	18,150	3,535	25,279	409	29,223	(\$11,073)
Power	114,686	22,523	82,928	6,360	111,811	\$2,875
Telecommunications	19,090	6,174	6,702	4,892	17,768	\$1,322
Water	4,093	1,709	2,685	136	4,530	(\$437)
Maintenance - Buildings	14,600	5,808	7,153	3,910	16,871	(\$2,271)
Maintenance - Equipment	62,300	22,239	31,455	6,052	59,746	\$2,554
Maintenance - Vehicles	12,700	8,580	3,673	2,830	15,083	(\$2,383)
Vehicle Fuel	29,549	12,349	13,466	6,092	31,907	(\$2,358)
Travel	11,700	2,918	4,391	3,869	11,178	\$522
Professional Development	26,492	4,798	3,750	12,526	21,074	\$5,418
Supplies & Expenses	13,450	2,172	6,366	6,061	14,599	(\$1,149)
Outside Printing	3,275			4,518	4,518	(\$1,243)
Small Tools & Equipment	3,555	506	1,592		2,098	\$1,457
Equipment Fuel	8,925	1,085	3,081		4,166	\$4,759
Maintenance - Lines	9,850	6,957			6,957	\$2,893
Maintenance - Holes	21,570	18,829			18,829	\$2,741
Sludge Disposal	67,850		74,092		74,092	(\$6,242)
Licenses	4,676		5,003		5,003	(\$327)
Instrumentation	2,500		2,500		2,500	\$0
Laboratory Expense	11,500		10,223		10,223	\$1,277
Laboratory Testing	13,650		13,543		13,543	\$107
Purification Supplies	1,900		1,916		1,916	(\$16)
Lime	10,000		5,903		5,903	\$4,097
Sodium Hypochlorite	13,470		8,367		8,367	\$5,103
Polymer	6,435		6,209		6,209	\$226
Sodium Hydroxide	65,259		45,836		45,836	\$19,423
Trustees Fees	6,700			6,388	6,388	\$312
Temporary Help	1,400			79	79	\$1,321
Safety	9,086	2,291	2,176	243	4,710	\$4,376
Maintenance-Service Contracts	73,870	17,221	3,422	38,894	59,537	\$14,333
Postage/Delivery	13,300	186	487	13,661	14,334	(\$1,034)
Miscellaneous	4,150	180	157	1,710	2,047	\$2,103
Advertising	1,360			2,759	2,759	(\$1,399)
Dues & Subscriptions	3,409	495	245	3,421	4,161	(\$752)
Consulting Fees	31,550		3,422	23,247	26,669	\$4,881
Sub-Total Expenses	\$2,255,911	\$628,153	\$894,062	\$685,713	\$2,207,928	\$47,983
Insurance - General	62,000			61,417	61,417	\$583
Meter Reading	58,000			56,895	56,895	\$1,105
Total Expenses	\$2,375,911	\$628,153	\$894,062	\$804,025	\$2,326,240	\$49,671
Depreciation	1,060,000			1,072,000	1,072,000	(12,000)
Net Expense to Operate District	\$3,435,911	\$628,153	\$894,062	\$1,876,025	\$3,398,240	\$37,671
2013 BUDGET		\$689,649	\$881,185	\$805,077	\$2,375,911	
Under / (- Over) Budget		61,496	(12,877)	1,052	49,671	w/o depreciation

BRUNSWICK SEWER DISTRICT
OPERATIONS, MAINTENANCE AND GENERAL EXPENSES
2014 PROPOSED BUDGET

11/14/2013							
				2014	2013	VARIANCE	
	COLLECTION			TOTAL	ANTICIPATED	2014 BUDGET TO	
DESCRIPTION	& PUMPING	TREATMENT	ADMIN	BUDGET	EXPENSES	2013 ANTICIPATED	
						(%)	(\$)
Salaries & Wages	\$351,000	\$359,000	\$388,000	\$1,098,000	\$1,056,268	4.0%	\$41,732
Employee Benefits	158,200	183,900	177,150	519,250	\$483,361	7.4%	35,889
Uniforms	2,100	2,100		4,200	\$3,665	14.6%	535
Heating Fuel	5,530	26,500	0	32,030	\$29,223	9.6%	2,807
Power	25,262	84,000	6,700	115,962	\$111,811	3.7%	4,151
Telecommunications	5,550	6,000	6,968	18,518	\$17,768	4.2%	750
Water	1,953	3,000	140	5,093	\$4,530	12.4%	563
Maintenance - Buildings	6,300	5,850	3,650	15,800	\$16,871	-6.3%	(1,071)
Maintenance - Equipment	17,400	22,900	9,000	49,300	\$59,746	-17.5%	(10,446)
Maintenance - Vehicles	3,600	4,550	1,950	10,100	\$15,083	-33.0%	(4,983)
Vehicle Fuel	13,488	9,178	5,688	28,354	\$31,907	-11.1%	(3,553)
Travel & Meals	1,950	3,300	1,750	7,000	\$11,178	-37.4%	(4,178)
Professional Development	6,200	6,550	10,125	22,875	\$21,074	8.5%	1,801
Supplies & Expense	1,900	7,000	5,510	14,410	\$14,599	-1.3%	(189)
Outside Printing			5,500	5,500	\$4,518	21.7%	982
Small Tools & Equipment	4,700	2,650		7,350	\$2,098	250.3%	5,252
Small Equipment Fuel	1,563	300		1,863	\$4,166	-55.3%	(2,303)
Maintenance - Lines	9,850			9,850	\$6,957	41.6%	2,893
Maintenance - Holes	9,910			9,910	\$18,829	-47.4%	(8,919)
Sludge Disposal		67,600		67,600	\$74,092	-8.8%	(6,492)
License		5,261		5,261	\$5,003	5.2%	258
Instrumentation		2,500		2,500	\$2,500	0.0%	0
Laboratory Supplies		10,350		10,350	\$10,223	1.2%	127
Laboratory Testing		9,650		9,650	\$13,543	-28.7%	(3,893)
Purification Supplies		1,900		1,900	\$1,916	-0.8%	(16)
Lime		11,000		11,000	\$5,903	86.3%	5,097
Sodium Hypochlorite		12,000		12,000	\$8,367	43.4%	3,633
Polymer		6,500		6,500	\$6,209	4.7%	291
Sodium Hydroxide		47,000		47,000	\$45,836	2.5%	1,164
Trustees Fees			7,150	7,150	\$6,388	11.9%	762
Temporary Help			0	0	\$79	-100.0%	(79)
Safety	2,520	9,555	400	12,475	\$4,710	164.9%	7,765
Maintenance-Service Contracts	48,908	8,600	43,120	100,628	\$59,537	69.0%	41,091
Postage/Delivery	300	250	14,000	14,550	\$14,334	1.5%	216
Miscellaneous	500	350	2,000	2,850	\$2,047	39.2%	803
Advertising			640	640	\$2,759	-76.8%	(2,119)
Dues & Subscriptions	<u>589</u>	<u>510</u>	1,930	3,029	\$4,161	-27.2%	(1,132)
Consulting Fees			<u>31,100</u>	<u>31,100</u>	<u>\$26,669</u>	<u>16.6%</u>	<u>4,431</u>
Sub-Total Expenses	\$679,273	\$919,804	\$722,471	\$2,321,548	\$2,207,928	5.15	\$113,620
Insurance - General			65,500	65,500	\$61,417	6.6%	4,083
Meter Reading			<u>61,000</u>	<u>61,000</u>	<u>\$56,895</u>	<u>7.2%</u>	<u>4,105</u>
Total Expenses	\$679,273	\$919,804	\$848,971	\$2,448,048	\$2,326,240	5.2%	\$121,808
Depreciation			<u>1,080,000</u>	<u>1,080,000</u>	<u>1,072,000</u>	<u>0.7%</u>	<u>8,000</u>
Net Expense to Operate District	\$679,273	\$919,804	\$1,928,971	\$3,528,048	\$3,398,240	3.8%	\$129,808

**BRUNSWICK SEWER DISTRICT
CONSOLIDATED EXPENSES FOR 2010, 2011, 2012, ANTICIPATED 2013
AND 2014 PROPOSED BUDGET**

11/14/2013							
						VARIANCE	
	2010	2011	2012	2013	2014	2014 BUDGET TO	
DESCRIPTION	AUDITED	AUDITED	AUDITED	ANTICIPATED	BUDGET	2013 ANTICIPATED	
						(%)	(\$)
Salaries & Wages	\$935,318	\$909,351	\$982,608	\$1,056,268	\$1,098,000	4.0%	\$41,732
Employee Benefits	377,983	\$360,697	\$409,712	\$483,361	\$519,250	7.4%	\$35,889
Uniforms	2,750	\$2,821	\$3,012	\$3,665	\$4,200	14.6%	\$535
Fuel	36,527	\$46,786	\$20,906	\$29,223	\$32,030	9.6%	\$2,807
Power	167,827	\$163,007	\$112,176	\$111,811	\$115,962	3.7%	\$4,151
Telecommunications	9,781	\$13,675	\$25,372	\$17,768	\$18,518	4.2%	\$750
Water	4,210	\$4,404	\$3,849	\$4,530	\$5,093	12.4%	\$563
Maintenance - Buildings	12,566	\$41,329	\$11,731	\$16,871	\$15,800	-6.3%	(\$1,071)
Maintenance - Equipment	54,771	\$54,078	\$62,855	\$59,746	\$49,300	-17.5%	(\$10,446)
Non-Capital Equipment (moved to Maintenance - Equipment in 2012)	13,198	\$5,940		\$0	\$0	0.0%	\$0
Maintenance - Vehicles	15,043	\$14,523	\$18,665	\$15,083	\$10,100	-33.0%	(\$4,983)
Vehicle Fuel	12,910	\$18,815	\$28,614	\$31,907	\$28,354	-11.1%	(\$3,553)
Travel	7,792	\$6,988	\$12,178	\$11,178	\$7,000	-37.4%	(\$4,178)
Professional Development	8,306	\$11,984	\$20,461	\$21,074	\$22,875	8.5%	\$1,801
Supplies & Expense	15,010	\$18,215	\$18,464	\$14,599	\$14,410	-1.3%	(\$189)
Outside Printing	4,335	\$3,574	\$3,341	\$4,518	\$5,500	21.7%	\$982
Small Tools & Equipment	2,826	\$3,781	\$9,564	\$2,098	\$7,350	250.3%	\$5,252
Small Equipment Fuel	840	\$3,352	\$5,621	\$4,166	\$1,863	-55.3%	(\$2,303)
Maintenance - Lines	4,008	\$5,332	\$26,410	\$6,957	\$9,850	41.6%	\$2,893
Maintenance - Holes	13,059	\$10,439	\$21,899	\$18,829	\$9,910	-47.4%	(\$8,919)
Maintenance - Tractor (moved to Maintenance - Vehicles in 2012)	13,273	\$4,549		\$0	\$0	0.0%	\$0
Sludge Disposal	73,062	\$81,098	\$68,157	\$74,092	\$67,600	-8.8%	(\$6,492)
License	3,518	\$4,540	\$5,120	\$5,003	\$5,261	5.2%	\$258
Instrumentation	1,332	\$1,664	\$1,623	\$2,500	\$2,500	0.0%	\$0
Laboratory Supplies	10,265	\$9,337	\$8,354	\$10,223	\$10,350	1.2%	\$127
Laboratory Non-Capital (moved to Laboratory Supplies in 2012)	0	\$0		\$0	\$0	0.0%	\$0
Laboratory Testing	12,905	\$7,948	\$9,764	\$13,543	\$9,650	-28.7%	(\$3,893)
Purification Supplies	1,628	\$244	\$1,325	\$1,916	\$1,900	-0.8%	(\$16)
Lime	8,689	\$10,094	\$4,746	\$5,903	\$11,000	86.3%	\$5,097
Sodium Hypochlorite	20,442	\$12,108	\$8,143	\$8,367	\$12,000	43.4%	\$3,633
Polymer	5,132	\$7,195	\$6,209	\$6,209	\$6,500	4.7%	\$291
Sodium Hydroxide	79,053	\$98,063	\$58,744	\$45,836	\$47,000	2.5%	\$1,164
Trustees Fees	6,375	\$5,325	\$5,063	\$6,388	\$7,150	11.9%	\$762
Temporary Help	0	\$20,013	\$7,331	\$79	\$0	-100.0%	(\$79)
Insurance - General	57,860	\$60,726	\$59,742	\$61,417	\$65,500	6.6%	\$4,083
Safety	10,310	\$8,185	\$15,001	\$4,710	\$12,475	164.9%	\$7,765
Maintenance-Service Contract	21,355	\$25,111	\$34,845	\$59,537	\$100,628	69.0%	\$41,091
Radio Commun/Pager (moved to Telecommunications in 2012)	1,020	\$673		\$0	\$0	0.0%	\$0
Alarm System Monitoring (moved to Maint-Svc Contracts in 2012)	9,209	\$9,287		\$0	\$0	0.0%	\$0
Meter Reading	51,722	\$50,876	\$54,005	\$56,895	\$61,000	7.2%	\$4,105
Remote Payments (moved to Maint-Svc Contracts in 2012)	162	\$158		\$0	\$0	0.0%	\$0
Postage/Delivery	11,620	\$10,446	\$12,613	\$14,334	\$14,550	1.5%	\$216
Miscellaneous	6,582	\$11,098	\$16,353	\$2,047	\$2,850	39.2%	\$803
Advertising	2,054	\$647	\$1,239	\$2,759	\$640	-76.8%	(\$2,119)
Dues & Subscriptions	2,618	\$2,833	\$3,406	\$4,161	\$3,029	-27.2%	(\$1,132)
Consulting Fees	<u>47,129</u>	<u>\$21,694</u>	<u>\$173,606</u>	<u>\$26,669</u>	<u>\$31,100</u>	<u>16.6%</u>	<u>\$4,431</u>
Total Expenses	\$2,156,375	\$2,163,003	\$2,352,827	\$2,326,240	\$2,448,048	5.2%	\$121,808
Depreciation	<u>945,694</u>	<u>1,018,739</u>	<u>1,010,916</u>	<u>1,072,000</u>	<u>1,080,000</u>	0.7%	8,000
Net Expenses to Operate the District	\$3,102,069	\$3,181,742	\$3,363,743	\$3,398,240	\$3,528,048	3.8%	\$129,808

**BRUNSWICK SEWER DISTRICT
2013 CAPITAL & CONSTRUCTION BUDGET
ESTIMATED YEAR-END**

11/14/2013

<u>DIV</u>	<u>DESCRIPTION</u>	<u>BUDGET</u>	<u>ESTIMATED YEAR-END</u>	<u>BALANCE</u>
<u>CAPITAL</u>				
Treatment	Sludge Truck with roll-on/off container	\$175,000	\$190,000	(\$15,000)
Admin	Conference Room CCTV and Control System	25,000	23,000	2,000
Admin	Refurnish office building	17,000	15,000	2,000
Collection	Pipe Lining Trailer	10,000	11,000	(1,000)
Coll/Treat	Restoration of two 1890 era maps	8,000	8,000	0
		\$235,000	\$247,000	(\$12,000)

CONSTRUCTION

Collection	College Street pipe replacement	\$120,000	\$110,000	\$10,000
Collection	Bowdoin Park I&I Removal	80,000	80,000	0
Admin	Contractor Sitework/Exterior Work	35,000	43,000	(8,000)
Admin	BSD Sitework/Exterior Work	17,000	9,000	8,000
		\$252,000	\$242,000	\$10,000
		\$487,000	\$489,000	(\$2,000)

**BRUNSWICK SEWER DISTRICT
2014 CAPITAL & CONSTRUCTION BUDGET**

11/14/2013

<u>DIVISION</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
<u>CAPITAL</u>		
Collection	Auxiliary Pump for Maine Street pump station	\$15,000
Collection	Used yard utility vehicle	9,000
Treatment	Used forklift	17,000
Admin	New Trio utility billing & receipting system	11,000
Coll/Treat	New skidsteer	50,000
	TOTAL CAPITAL:	\$102,000

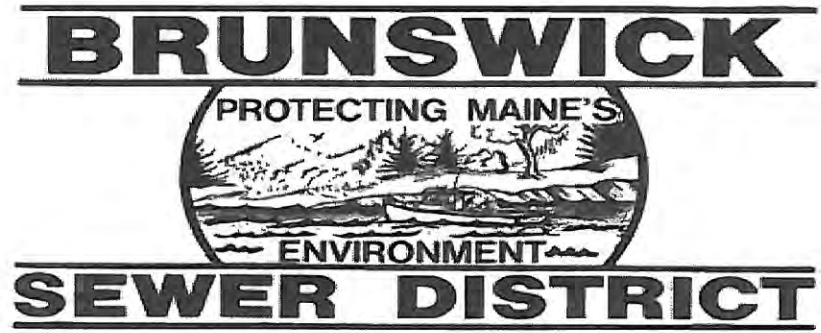
<u>CONSTRUCTION</u>		
Collection	Nancy/Pierce/Patricia Road reconstruction	\$36,000
Collection	Whittier St - replace 500 lf 6" main (\$160/lf)	75,000
Collection	McLellan St - replace 400 lf 6" main (\$160/lf)	60,000
	TOTAL CONSTRUCTION:	\$171,000

TOTAL CAPITAL & CONSTRUCTION:	\$273,000
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BRUNSWICK SEWER DISTRICT
BOND PAYMENT SCHEDULE FOR 2014

11/14/2013

<u>TYPE OF BOND</u>	<u>BOND HOLDER</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>ORIGINAL AMOUNT</u>	<u>BALANCE AT 1/1/2014</u>	<u>PYMT DATES</u>	<u>PRINCIPAL</u>	<u>BALANCE</u>	<u>2014 INTEREST</u>
2005 ME MUNICIPAL WWRLF	Maine Bond Bank	4/22/2005	4/01/2025	1.8100%	\$1,750,000	\$1,138,946	4/01/2013	84,063	1,054,882	23,130
2012 ME BOND BANK SEWER BOND	Maine Bond Bank	10/25/2012	11/1/2022	2.1227%	\$500,000	\$454,648	5/01/2013	46,298	408,349	9,554
TOTAL:										<u>\$ 32,684</u>



2014

BUDGET NARRATIVE



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EXECUTIVE SUMMARY – 2014 BUDGET

User Rates

As presented, the 2014 budget proposal does not include any increase to our user rates. Effective 01 April 2013 there was an increase of 6% for the Residential, Commercial, Roof Drain, and Catch Basin rates; a 3.45% increase in the Septage rate; and 4% in the Holding Waste rate; and a new rate category for excessive Total Suspended Solids (TSS) and Biochemical Oxygen Demand (BOD).

Revenue

Overall, annual revenue is proposed at 1% (\$34,000) lower than our projection for year-end 2013. This is based on the revenue experienced for the residential, commercial, municipal, septage accounts, and other revenue in 2013. We do not expect that pattern to change for 2014.

Entrance Charge

Based on the downturn in construction projects in 2013, we have downgraded the estimate for 2014 to \$15,000. Though the entrance charge is revenue, it is dedicated to the entrance charge fund (reserve account) and is not available to cover either operating expenses or capital project costs.

Expenses

The combined division expenses are budgeted at 6% above anticipated 2013 year-end, an increase of \$140,000. The year-end 2013 is expected to come in some \$50,000 less than originally budgeted. A net increase of 3.8% (\$90,000) over the 2013 budget.

Capital

The capital budget for 2014 is proposed at \$283,000. Of that amount \$102,000 is for equipment and \$171,000 for pipe replacement and upgrades, and \$10,000 for Miscellaneous.

Bond Payment

Combining principal and interest, the 2014 bond payment for the 2005 SRF Loan will be some \$107,000, and the 2014 bond payment for the 2012 MMBB bond will be \$56,000. A total of \$163,000 for 2014.



2014 Budget

The 2014 Operations Budget is presented as a balanced budget with revenue and other fund sources equaling the proposed expenditures.

Note: For the purpose of balancing the Analysis Sheet, revenue sent to reserve accounts (Entrance Charge and Capital & Depreciation) are treated as expenditures.

YEAR-END 2013 BUDGET

2013 Revenue

Operating Revenue is expected to come in (\$3,000) under projection. The breakdown by Over/ (Under) is: Residential \$1k, Commercial (\$36k), Brunswick Landing \$16k, TSD (\$3k), Catch Basins (\$0k), and Septage/Holding \$21k.

Other Revenue is expected to come in \$10,000 over projection. The breakdown by Over/ (Under) is: Jobbing/Contract Work \$20k, Interest Earned (\$12k), and Miscellaneous \$2k.

Entrance Charge is expected to come in (\$7,000) under projection.

Donated Assets: The acceptance of the McKeen Street Landing wastewater infrastructure accounted for a \$500,000 gain in the Donation of Capital Assets. Donated Assets are treated as revenue thus inflating the total revenue.

Revenue Summary

Without including the Donated Assets (an asset value, not a cash receipt) and the Entrance Charge revenue (which is dedicated to the Entrance Charge Reserve Fund) we expect to come in \$7,000 over the budget projection for the combined Operating Revenue and Other Revenue.

2013 Appropriation of Funds

Entrance Charge Reserve: The 2013 budget authorized the expenditure of up to \$80,000 from the *Entrance Charge Reserve* to fund the removal of the sump pump flow and groundwater flow from the MacMillan Drive sewer line. We expect to expend the full \$80k in 2013 on that effort.



Capital & Depreciation Reserve: The 2013 budget authorized the use of \$35,000 from the Capital and Depreciation Reserve to fund the remaining work to the Administration Building and the contractor's retainage (withheld until project completion) still remaining for 2013. We have expended the amount authorized, but intend to replace some \$25,000 from the projected surplus (See: 2013 Budget Summary)

2013 Operating Expenses

We expect to come in under-budget in the 2013 Operating Expenses (the division expense budgets) by some \$50,000 (2.1% under). The Collection and Pumping Division is projected to end the year some \$62,000 under budget (9.0%). The Treatment Division is projected to end the year some \$13,000 over budget (1.5%). The 2013 budget anticipated moving one Treatment division person to the Collection/Pumping division for ½ of the year. That transfer did not occur thus accounting for the bulk of the difference between budget and year-end. The Administrative Division is expected to end the year some \$1,000 under budget (0.1%).

2013 Capital

The approved 2013 Capital budget totaled \$497,000. Total capital expenditures for 2013 are expected to be some \$499,000, some \$2,000 over budget (0.4%).

2013 Budget Summary

In summary, the 2013 Operations Budget is expected to end the year with an approximate surplus of \$55,000. In the recommendation for setting the Reserve balances as of 31 December 2013 (following the receipt of the draft 2013 audit) we will ask that the surplus be assigned to the Capital & Depreciation Reserve.

2014 OPERATIONS BUDGET

Rates.

As presented, the 2014 budget proposal does **not** include any increase to our user rates. Effective 01 April 2013 there were increases of 6% for the Residential, Commercial, Roof Drain, and Catch Basin rates; a 3.45% increase in the Septage rate; and 4% in the Holding Waste rate; and a new rate category for excessive Total Suspended Solids (TSS) and Biochemical Oxygen Demand (BOD).



2014 Revenue

Operating Revenue: *Operating Revenue* for 2014 is estimated at \$2,801,000, some \$114,000 less (-3.9%) than the 2013 budget, and \$114,000 less than estimated year-end for 2013.

Basis for projection:

- We have segregated Topsham Sewer District's O & M services revenue, some \$60,000, from the *Operating Revenue* and reassigned it to *All Jobbing and Contract Work*.
- We estimate the I & I removal work at Brunswick Landing will reduce the flow, and its resulting revenue, by some 24%. A reduction of \$78,000 for the anticipated year-end 2013.
- We project that the Residential sector will increase \$66,000 above year-end 2013. An increase of 5.4%.
- We project that the Commercial sector will increase \$8,000 above year-end 2013. An increase of 0.9%.
- We project that the Septage revenue will increase \$1,000 above year-end 2013. An increase of 0.4%.

Other Revenues: We have set the 2014 *Jobbing and Contract Work* revenue at \$105,000. This category is now segregated into three components: Misc., TSD O&M, and MRRRA O&M. Miscellaneous Jobbing has been set at \$15,000, same as 2013 year-end. As noted above, we have assigned the estimated \$60,000 for TSD O&M (contract operations) to this category. We have also assigned an estimated \$30,000 for an expected Operations & Maintenance Agreement and other contracted work with the Midcoast Regional Redevelopment Authority to this category.

- *Interest Earned* has been set at \$7,000. A downgraded of \$1,000 from year-end 2013.
- *Miscellaneous* has been set at \$37,000. A reduction of \$6,000 from year-end 2013.
- *Entrance Charge* revenues have been set at \$15,000, a reduction of \$2,000 from year-end 2013.
- *Donation of Capital Assets* has been set at \$0. We do not expect any takeover request for 2014.

2014 Appropriation of Funds

We are not requesting any reserve funds in the 2014 Operations Budget. We expect to fund the Expense and Capital budgets from Revenue.



2014 Operating Expenses

Collection and Pumping Division: The 2013 budget was \$690,000. Year-end is estimated at \$628,000. The 2014 Division budget is proposed at \$687,000, a 0.4% decrease over the 2013 budget, and a 9.4% increase over year-end 2013.

Key Components:

The 2014 budget includes almost \$38,000 to lease an 8,000 sq. ft. building at Brunswick Landing (\$32k for the lease, \$5k for utilities & heat). This is one-year lease for a building that will house all of the vehicles and equipment of the Collection/Pumping division now housed (most out-of-doors) at the Treatment Plant. This will free up space for the Treatment division to place its vehicles and equipment indoors at the Plant. The building is owned by the Federal Aviation Administration, but the lease is with MRRRA. If the building meets our needs and we could eventually (within a few years ???) obtain the building from the FAA (as a public conveyance???) it could save the District between \$750k to \$1m by removing the need to build our own vehicle/equipment garage at the Plant site (which is proposed in the Phase 1 scope of work).

The District is entering into an agreement with MRRRA to perform contract operations of its wastewater collection and pumping system. The agreement will have a minimum \$18k annual service charge. Coupled with performing upgrades and repairs above and beyond the O&M agreement, we estimate a total MRRRA jobbing revenue of \$30k for 2014.

Treatment Division: The 2013 budget was \$881,000. Year-end is estimated at \$894,000. The 2014 budget is proposed at \$930,000, a 5.6% increase from the 2013 budget and a 4.0 % increase over the 2013 year-end projection.

In 2013 we proposed moving one division employee to the other division for ½ the year and adjusted the division wages budget accordingly. This did not occur, which decreased the year-end expenses for the Collection/Pumping division, and increased the year-end expenses for the



Treatment division. The 2014 wages have been re-adjusted to account for a full-year staffing level of six individuals for the Treatment division.

The division continues its efforts to reduce major operating expenses:

- Reduced electrical usage. Total electrical consumption for 2012 was 847,000 kWh (\$86k), compared to 1.10M for 2011 (\$133k), 1.18M for 2010, and 1.24M in 2009. They are on track to use about 840,000 kWh for 2013(\$83K).
- Reduced heating cost. With the installation in 2011 of the natural gas fired boilers, 2012 was the first full budget year on natural gas versus heating oil. The annual usage of some 30 to 35,000 gallons of heating oil at \$3/gal equals a cost of \$90,000 to \$105,000/yr. The heating cost for 2012 came in at under \$18,000. It looks like 2013 was slightly colder and we expect to expend some \$24,000. We are saving a minimum of \$75,000 per year to heat the Plant! The budget for 2014 is set at \$26,500 to provide a cushion.
- Reduced chemical cost. In 2012 we reduced the budget to \$80,000 from the \$98,000 2011 usage for sodium hydroxide. Staff exceeded the goal and ended the year at \$59,000. We expect to end 2013 at a cost of \$45,000, but have set the 2014 budget at \$47,000 to provide a cushion.
 - Sodium hypochlorite has seen a marked decrease from a high of \$28,000 in 2009 to a budget of \$12,000 for 2014.

These savings are being carried forward in the 2014 budget.

Administrative Division: The 2013 budget was \$805,000. Year-end is estimated at \$804,000. The 2014 Division budget is proposed at \$849,000, a 5.5% increase from 2013 budget and a 5.6% increase over year-end 2013.

It is important to understand that a number of budget items are included in the Administrative Division budget that affect all the divisions but cannot easily be apportioned. Such as all of the insurance costs (worker's comp and property & liability) (\$65.5k), the meter reading costs from the water district (\$61k), payroll service (\$4k), postage [for billing, disbursements, and public notices] (\$14k), Trustee fees (\$6.7k), and Consulting Fees [audit, legal, and engineering] (\$22k). This skews the "division budget to # of employees' ratio" as compared with the Operation Divisions.

Per your instructions coming out of the Annual Budget meeting, Lorraine has segregated the two major common expense items from the Adm. Budget: Insurance and Meter Reading.



General

Facilities

With the last major upgrade to the Treatment Plant now 22 years old, we commissioned an evaluation of the facilities and its processes to determine the efficiencies, improvements, and new technologies to bring to the facility and its operations, and develop a new 20-year improvement plan. The report, completed in 2012, divides the upgrade into two phases, each with a substantial cost estimate. Year 2013 saw the first steps in the process to determine the timing and scope of work to pursue in the next upgrade project. At this early planning level, the preliminary cost estimated for Phase One is \$22M. It is expected that this process will continue in 2014 involving a public information and participation effort along with an internal process that will provide the Trustees with the information needed to determine if and when to move ahead on a upgrade of the Treatment Plant. As the Board has not given authorization to proceed with any phase of the project, the 2014 Operations Budget does not include any funding (other than some consulting fee funding for use in the planning stage) for any facet of a Treatment Plant Upgrade project.

Personnel Programs:

We have continued with the personnel programs for 2014 and have included their funding in the budget. The three key programs are the merit pay for achieving goals, end-of-year sick leave buy-back option, and the education program. With these programs, we have seen an amazing change in the staff's outlook, attitude, and more importantly, their willingness and drive to take on new and more challenging tasks and responsibilities. During 2013 we continued to see the efforts of staff to find operational savings --permanent operational savings-- to offset the costs of these programs. I want to thank the Board for their continued support and belief in the staff.

Annual Economic Adjustment and Merit: The 2014 budget includes a full economic adjustment and full merit. The economic adjustment (i.e. COLA) is based on the new formula adopted by the Board in 2007. The formula is based on the CPI data for the November to October timeframe. As we have moved the entire budget adoption process ahead by one month, we will not have the October number until November. We have calculated the latest CPI based on the September data. Based on that formula, the **CPI adjustment is 1.63%**. A Merit award (as determined by the performance evaluation) will average 2.8% across the board. Combined, this



is an average wage adjustment of 4.43%. These adjustments have been included in the wages budget.

2014 Capital

The total capital budget is proposed at \$283,000 for 2014. This includes \$102,000 for new equipment, and \$171,000 for pipe upgrade and replacement. Construction includes replacement of 900 linear feet of 6-inch diameter pipe with 8-inch diameter pipe (five hundred l.f. on Whittier Street and 400 l.f. on McCellan Street).

Bonds

The 2014 bond payment for the 2005 SRF Loan will total some \$107,200 (Principal is \$84,063, Interest is \$23,130)[1.81% Rate].

The bond payment for the new MMBB bond for the Administrative Office Building will total some \$56,000 (Principal \$46,298, Interest \$9,554)[2.12% Rate]

For a 2014 total of \$163,000.

As in 2013, \$56,000 of revenue is being dedicated to the Capital & Depreciation Reserve to replenish the \$475,000 used for the Administrative Building.

2014 Summary

The 2014 Operations Budget is presented as a balanced budget with revenue and other fund sources (though none requested in this budget proposal) equaling the proposed expenditures. **Operating Revenues** are proposed to be some \$114k less than the 2013 budget. The two major influences are the reassignment of Topsham Sewer District jobbing revenue (\$60k) to Jobbing and Contract Work, and an expected decrease of some \$69k from Brunswick Landing. Total **Other Revenues** are expected to increase by \$83K over 2013 year-end. The net effect is an expected decrease of \$30k in billing revenue from 2013.

As with 2013, we have assigned \$56k of revenue to the Capital & Depreciation Reserve as the second payment in a 10-year plan to replenish the \$475k used to fund the Administrative Office Building.



The budget includes continuing the programs adopted in 2012 to promote, recognize, and reward employee performance and education. These additional costs are being offset with ongoing operational cost savings achieved through lower electrical, heating, and chemical cost; and by not filling a current staff vacancy.

Future Budgets

We plan to complete the first District wide Strategic Plan by the end of 2013 or early 2014. From this 'master' plan, proposed as a 5-year plan (reviewed annually), we will develop the detailed projects, goals and direction, envisioned in the Strategic Plan. The 2015 Operations Budget will see the first inclusion of the Strategic Plan.

Lorraine Caron, Finance Manager, is also working towards the development of a multi-year Operations Budget. Tied in with the Strategic Plan, the multi-year budget will provide a more comprehensive guide to the Board in planning and determining a sustainable rate structure.

This may well be the last time you see the budget proposal in this format. Lorraine has a goal of submitting our budget proposal document to a national review program for recognition as an award winning budget document. As such, we will be including other information and data not normally included in the past. (As a side note, Lorraine has volunteered to be judge for the 2013 submissions.)

Respectfully Submitted for Your Consideration,

Leonard Blanchette
General Manager

Robert A. Pontau, P.E.
Asst. General Manager

Lorraine M. Caron
Finance Manager