



FY 2020

Budget & Capital Plan Public Hearing

June 5, 2019
Springfield City Hall



Welcome and Agenda

- Who we are & What we do
- Responsible Financial Planning
- FY20 Capital Investment Program
- FY20 Operating Budget
- FY20 Rates
- Rules & Regulations Changes
- Rates in Context



Who We Are

We Proudly Serve 250,000 Customers
in the Lower Pioneer Valley

- **Stewards** of the largest water and wastewater system in Western Massachusetts
- **Established in 1996** out of Springfield DPW
- **250 Employees** stationed in Westfield, Agawam, Springfield, and Ludlow



What We Do

Essential Services 24/7/365

Cobble Mtn. Reservoir



Water Treatment Plant



Transmission, Storage & Distribution System



Collection System



Wastewater Treatment Plant

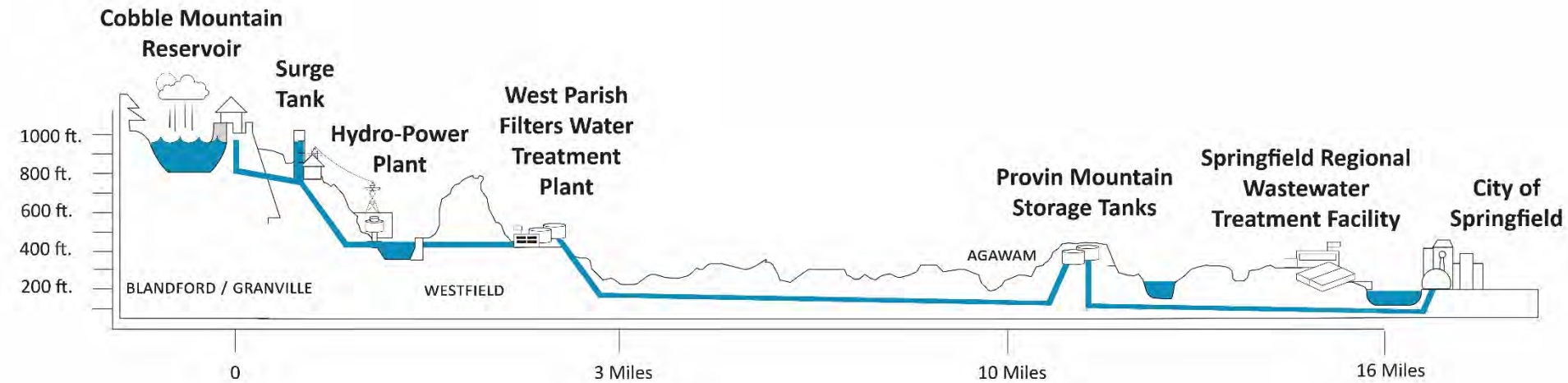


Discharge to CT River



Water and Sewer System

7 Cities, 1,000 Miles





Responsible Financial Planning



Why Financial Planning is So Important

1) Stabilized and Predictable Rate Increases

- Commitment to our ratepayers for justified increases that are put to work

2) Sound Financial Policies and Practices

- Establishes budget discipline
- Provides controlled flexibility for the unexpected
- Leads to higher financial rating & reduced borrowing costs

3) Unprecedented Need for Investment

- Aging infrastructure
- Evolving regulations
- Climate change & cybersecurity challenges



Financial Planning Process at SWSC

1) Develop Annual Spending Budget

- Operations & Maintenance budget forecasted on line-item level
- Existing and Future Capital: Identification of all projects FY2020 to FY2041
- Current and forecasted repayment schedule for existing debt

2) Forecast Annual Revenues

- Revenues forecasted based on changes in demand and customer usage patterns

3) Adjust to Meet Financial Policies and Goals

- Maintain debt service coverage ratio at target level
- Maintain required and adequate cash reserves

4) Evaluate Necessary Adjustment to Rates



Funding Sources

- **Revenue (rates) / Reserves**
- **State Revolving Fund**
 - Low-interest loans provided through MassDEP using EPA funding
 - Incorporates some loan forgiveness for disadvantaged communities
 - Competitive loan process
- **Bond Sales**
- **Grants**
 - Very limited but pursued whenever possible



FY20 Budget Structure

- **Budget consists of:**

- Capital Projects (infrastructure upgrades)
- Operations & Maintenance (O&M)

- **Capital projects are developed within each cost center:**

- Water Supply
- Power Supply (Engineering)
- Water Distribution
- Wastewater Collection
- Wastewater Treatment
- Administration



FY20 Capital Investment Program



CIP Sample Project Summary

[Cost Center Name]

Project Name:

Project ID: [#]

Project Schedule: [Years Project Will Be Active]

FY 2020 Appropriation: [\$ Allocated for the Project]

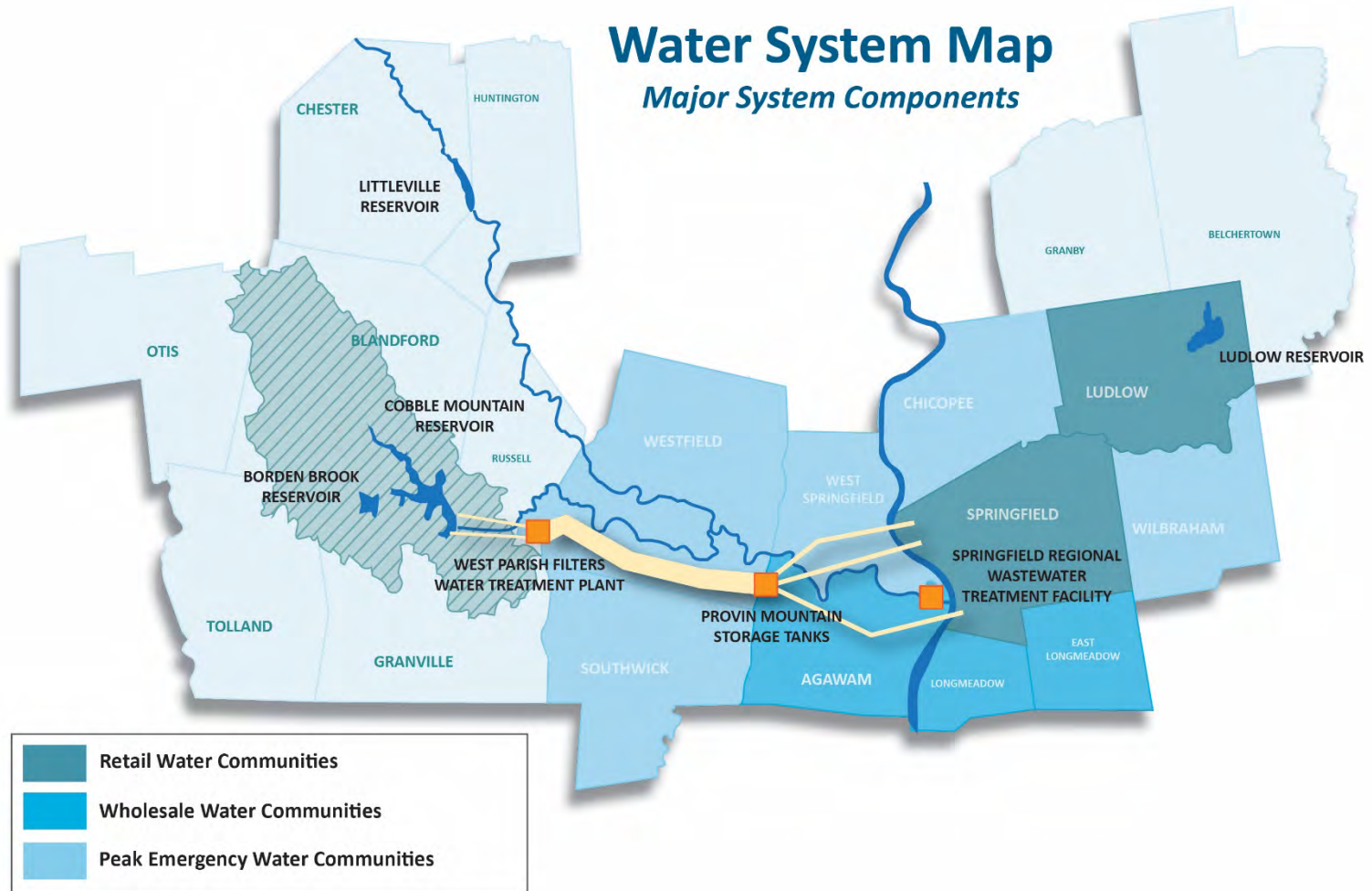
Project Status: [Active, Reoccurring, or Planned]

Funding Source: [Revenue/Reserves, Bond, or State Revolving Fund]



CIP Summary

Water Supply



CIP Project Summary

Water Supply

Project Name:	Dam Maintenance Various Locations
Project ID:	004-0007
Project Schedule:	2020
FY 2020 Appropriation:	\$95,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Supply

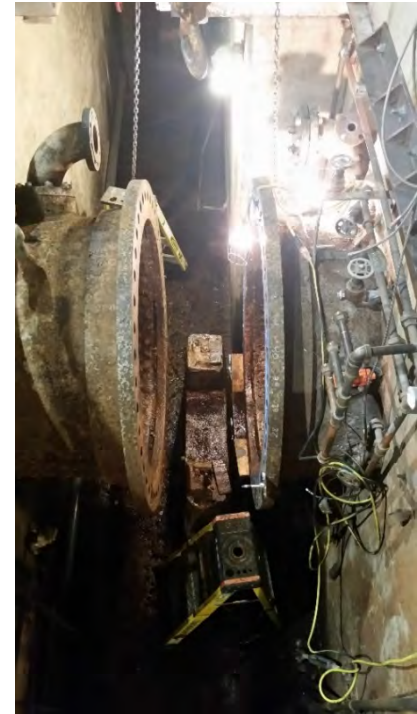
Project Name:	Treatment System Assessment and Design
Project ID:	005-0026
Project Schedule:	2020
FY 2020 Appropriation:	\$200,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Supply

Project Name:	Water Treatment System Improvements
Project ID:	005-0027
Project Schedule:	2020
FY 2020 Appropriation:	\$200,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Supply

Project Name:	WPF Culvert and Bridge Replacements
Project ID:	005-0063
Project Schedule:	2020
FY 2020 Appropriation:	\$106,000
Project Status:	Active
Funding Source:	Bond



CIP Project Summary

Water Supply

Project Name:	Inlet Valve and Actuator for SSF 9-10
Project ID:	005-0068
Project Schedule:	2020
FY 2020 Appropriation:	\$84,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Supply

Project Name:	WPF Washwater Tank Hydraulics and Level Control
Project ID:	005-0069
Project Schedule:	2020
FY 2020 Appropriation:	\$245,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Supply

Project Name:	WPF Chemical Filter Cleaning
Project ID:	005-0070
Project Schedule:	2020
FY 2020 Appropriation:	\$350,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Supply

Project Name:	WPF Pilot Plant Study
Project ID:	005-0074
Project Schedule:	2020
FY 2020 Appropriation:	\$800,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Supply

Project Name:	WPF Water Quality Process and Facilities Improvement
Project ID:	005-0071
Project Schedule:	2020
FY 2020 Appropriation:	\$500,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Supply

Project Name:	WPF Facilities Plan Update
Project ID:	005-0072
Project Schedule:	2020
FY 2020 Appropriation:	\$170,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Supply

Project Name:	WPF Bulk Chemical and Chlorine Room Improvements
Project ID:	005-0073
Project Schedule:	2020
FY 2020 Appropriation:	\$750,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Supply

Project Name:	SRF Design/Engineer Clearwell and Backwash Pumps
Project ID:	005-0075
Project Schedule:	2020
FY 2020 Appropriation:	\$1,400,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Supply

Project Name:	WPF New Clearwell and Backwash Pumps
Project ID:	005-0076
Project Schedule:	2021-2022
FY 2020 Appropriation:	\$16,100,000
Project Status:	Planned
Funding Source:	SRF



CIP Project Summary

Water Supply

Project Name:	Provin Reservoir Tank 2 Roof Liner Construction
Project ID:	080-0015
Project Schedule:	2020
FY 2020 Appropriation:	\$3,000,000
Project Status:	Planned
Funding Source:	Bond



CIP Summary

Power Supply



CIP Project Summary

Power Supply

Project Name:	Transmission Lines 637 Poles Replacement
Project ID:	130-0006
Project Schedule:	2020
FY 2020 Appropriation:	\$100,000
Project Status:	Active
Funding Source:	Revenue/Reserves



CIP Project Summary

Power Supply

Project Name:	Unit #3 Cooling Water System
Project ID:	130-0012
Project Schedule:	2020
FY 2020 Appropriation:	\$65,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Power Supply

Project Name:	Broome Gate Repairs
Project ID:	130-0013
Project Schedule:	2020
FY 2020 Appropriation:	\$200,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Power Supply

Project Name:	Units 1 and 3 Inlet Control Valves and Penstock Repair
Project ID:	130-0014
Project Schedule:	2020
FY 2020 Appropriation:	\$500,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Summary

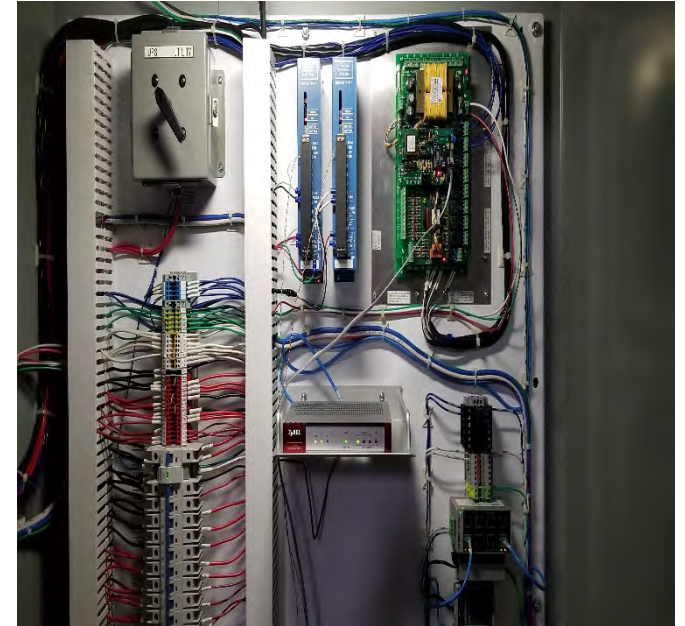
Water Distribution



CIP Project Summary

Water Distribution

Project Name:	Booster Station & SCADA Improvements
Project ID:	06B-0008
Project Schedule:	2020
FY 2020 Appropriation:	\$90,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Distribution

Project Name:	Distribution System Rehab
Project ID:	12B-0005
Project Schedule:	2020
FY 2020 Appropriation:	\$300,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue



CIP Project Summary

Water Distribution

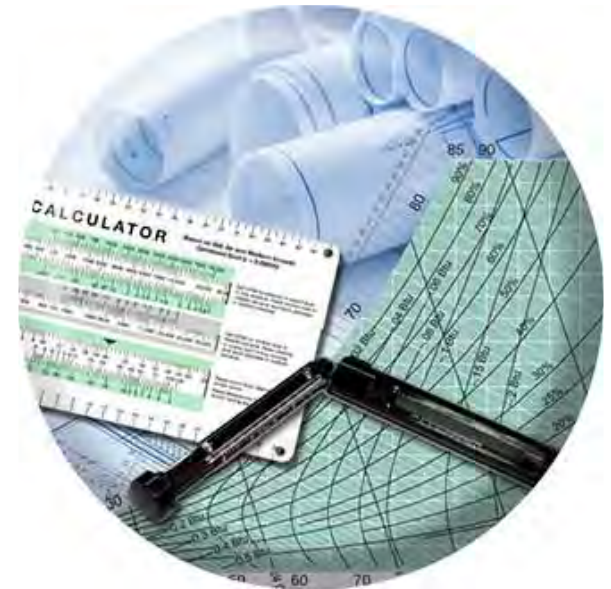
Project Name:	Hydrant Project
Project ID:	12B-0036
Project Schedule:	2020
FY 2020 Appropriation:	\$75,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue



CIP Project Summary

Water Distribution

Project Name:	Distribution System Assessment & Design
Project ID:	12B-0040
Project Schedule:	2020
FY 2020 Appropriation:	\$319,212
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Water Distribution

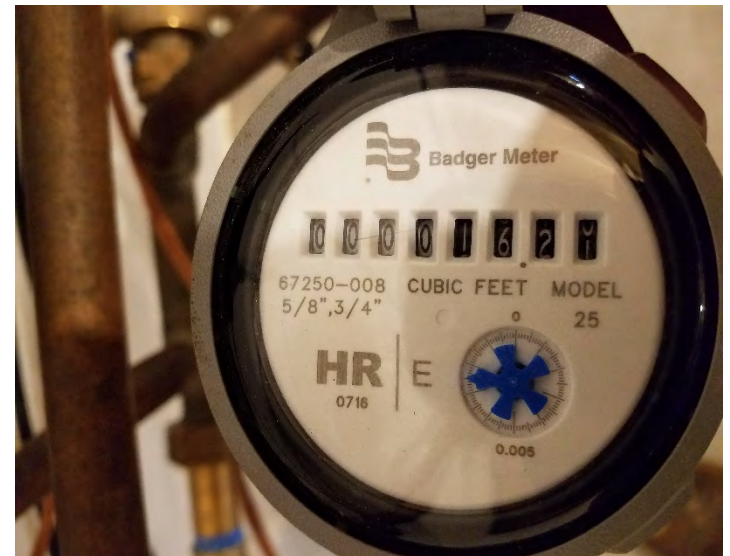
Project Name:	Distribution System Main Replacement 19-20 Construction Season
Project ID:	12B-2020
Project Schedule:	2020
FY 2020 Appropriation:	\$1,750,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

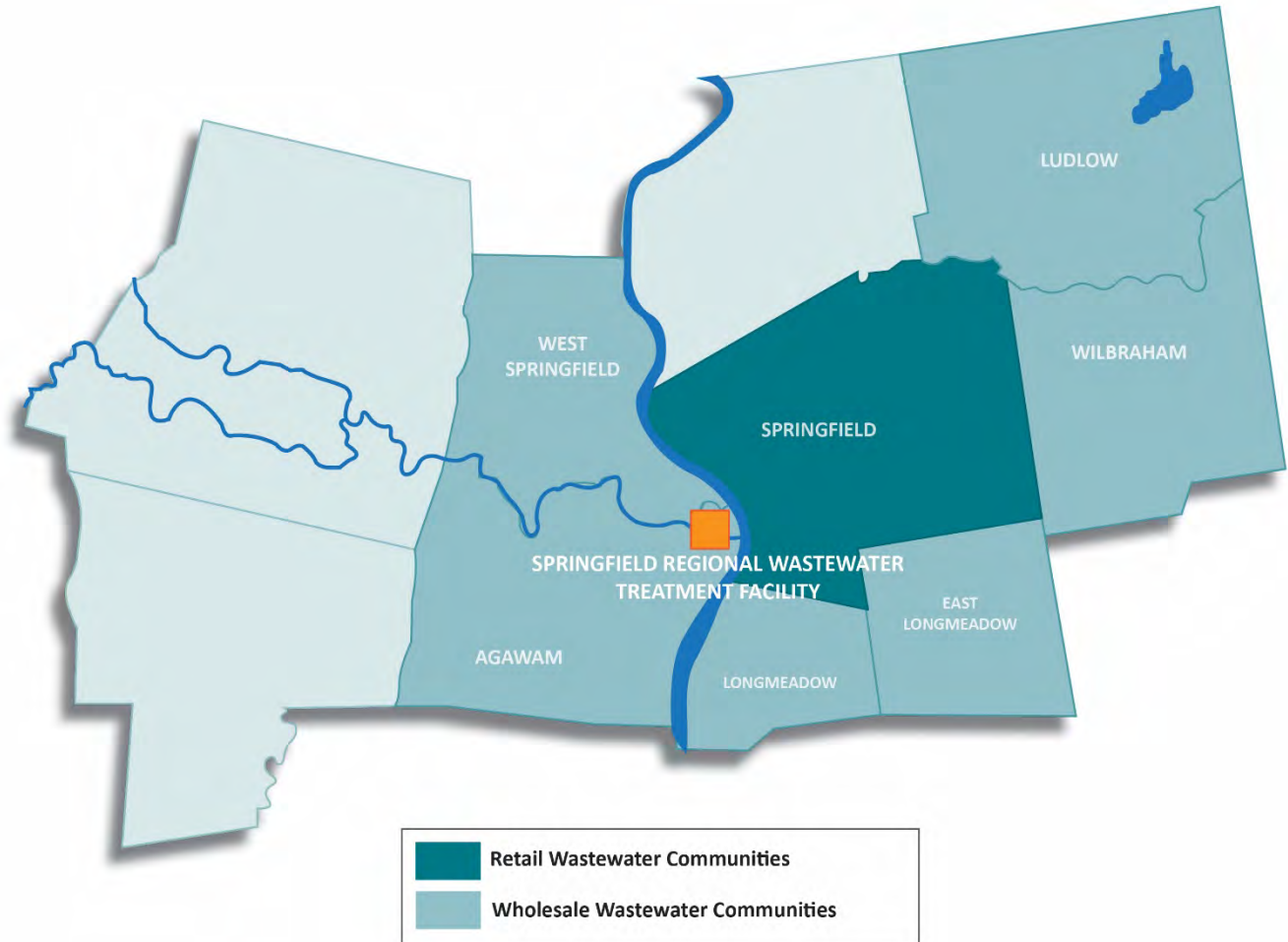
Water Distribution

Project Name:	Meter Replacement Project
Project ID:	070-0006
Project Schedule:	2020
FY 2020 Appropriation:	\$750,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue



CIP Summary

Wastewater Collection System



CIP Project Summary

Wastewater Collection System

Project Name:	Wastewater Reporting & Regulatory Compliance
Project ID:	003-0040
Project Schedule:	2020
FY 2020 Appropriation:	\$100,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Wastewater Collection System

Project Name:	CSO Monitoring & Reporting
Project ID:	003-0042
Project Schedule:	2020
FY 2020 Appropriation:	\$250,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Wastewater Collection System

Project Name:	Collection System Cleaning & Assessment
Project ID:	12A-0024
Project Schedule:	2020
FY 2020 Appropriation:	\$1,250,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Wastewater Collection System

Project Name:	Collection System Design
Project ID:	12A-0018
Project Schedule:	2020
FY 2020 Appropriation:	\$173,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Wastewater Collection System

Project Name:	Sewer Rehabilitation 19-20 Construction Season
Project ID:	12A-2020
Project Schedule:	2020
FY 2020 Appropriation:	\$1,750,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Summary

Wastewater Treatment



CIP Project Summary

Wastewater Treatment

Project Name:	Wastewater Treatment Improvements
Project ID:	001-0007
Project Schedule:	2020
FY 2020 Appropriation:	\$250,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Wastewater Treatment

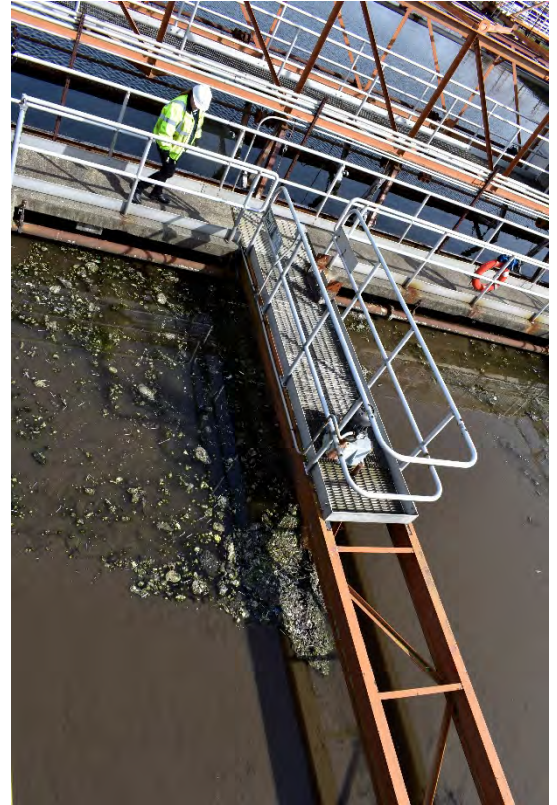
Project Name:	Wastewater Treatment O&M Evaluation
Project ID:	001-0009
Project Schedule:	2020
FY 2020 Appropriation:	\$750,000
Project Status:	Active
Funding Source:	Revenue/Reserves



CIP Project Summary

Wastewater Treatment

Project Name:	Wastewater Regulatory Compliance
Project ID:	001-0012
Project Schedule:	2020
FY 2020 Appropriation:	\$100,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Summary

Administration



CIP Project Summary

Administration

Project Name:	Communications Equipment
Project ID:	090-0007
Project Schedule:	2020
FY 2020 Appropriation:	\$46,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Administration

Project Name:	Computers, Servers, Copiers
Project ID:	090-0009
Project Schedule:	2020
FY 2020 Appropriation:	\$112,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Administration

Project Name:	Information Systems
Project ID:	090-0016
Project Schedule:	2020
FY 2020 Appropriation:	\$197,650
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Administration

Project Name:	WiFi Commission Wide
Project ID:	090-0025
Project Schedule:	2020
FY 2020 Appropriation:	\$100,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Administration

Project Name:	Commission Vehicles
Project ID:	090-0005
Project Schedule:	2020
FY 2020 Appropriation:	\$535,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Administration

Project Name:	Operating Equipment-Rolling Stock
Project ID:	090-0011
Project Schedule:	2020
FY 2020 Appropriation:	\$565,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves



CIP Project Summary

Administration

Project Name:	Mill & Locust Intersection Paving
Project ID:	090-0026
Project Schedule:	2020
FY 2020 Appropriation:	\$75,000
Project Status:	Planned
Funding Source:	Revenue/Reserves



CIP Project Summary

Administration

Project Name:	Building and Structure Improvements
Project ID:	090-0010
Project Schedule:	2020
FY 2020 Appropriation:	\$125,000
Project Status:	Active/Reoccurring
Funding Source:	Revenue/Reserves





FY20 Operations & Maintenance Budget



FY20 Operations & Maintenance Budget

Operating Budget	Approved Budget FY 2019	Proposed Budget FY 2020
Operations:		
Personal Services	\$ 15,359,360	\$ 15,536,110
Fringe Benefits	9,567,866	9,761,575
Purchased Services	22,025,656	24,665,944
Supplies and Materials	3,034,100	3,258,200
Intergovernmental	612,565	622,611
Other charges and expenses	531,721	550,967
Capital outlay	396,300	496,850
Loan Service Charge	151,540	157,484
Total Operations	\$ 51,679,108	\$ 55,049,741
Debt Service:		
Principal Payment	11,611,867	11,962,001
Interest Expense	5,741,306	5,396,421
Total Debt Service	17,353,173	17,358,422
Total Operating Budget	\$ 69,032,281	\$ 72,408,163



Reasons for O&M Increases

- Inflation
- Utilities/fuel
- Raw materials
- Health insurance
- Contractual increases
- Increased debt service obligations



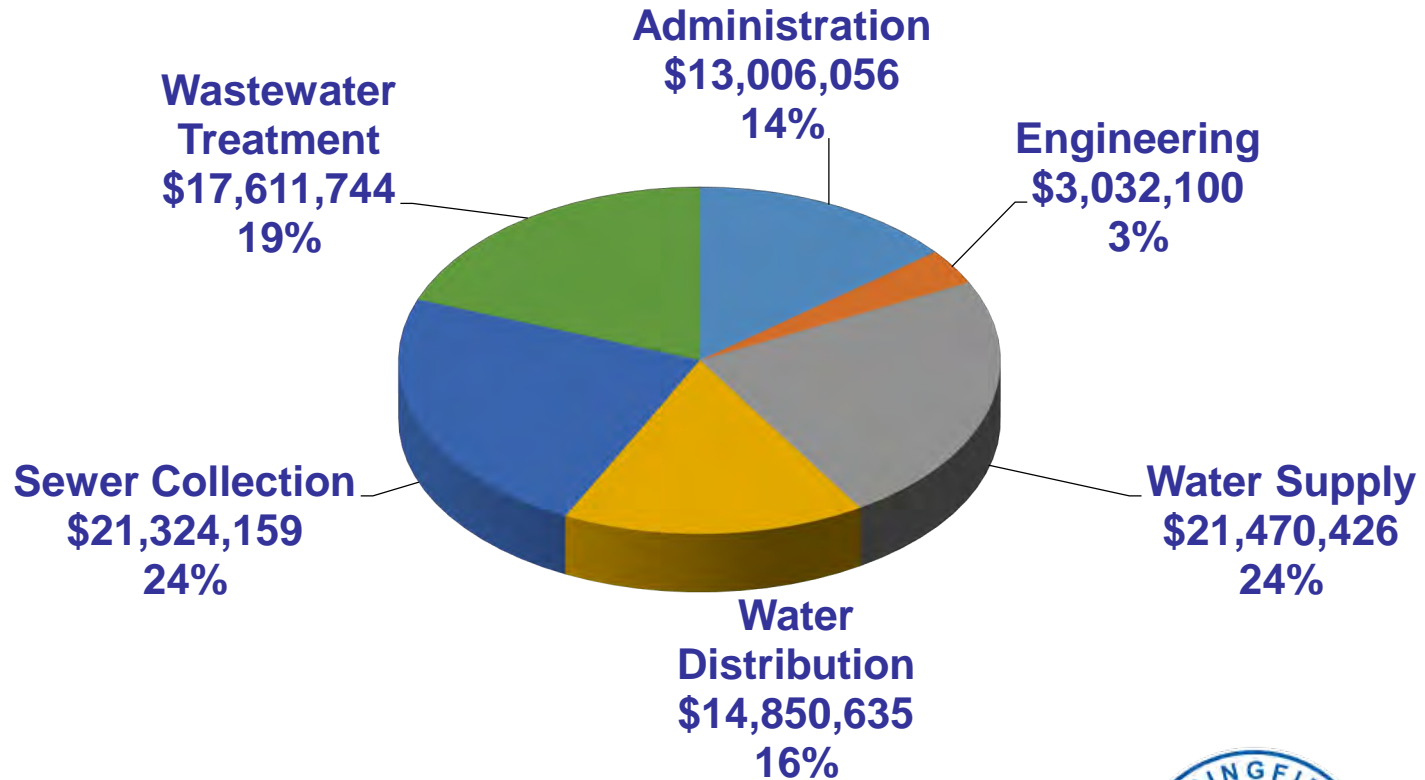
FY20 Budget

BUDGET SEGMENT	Revenue From Rates Required
Operations & Maintenance Budget	\$ 72,408,163
Capital Improvement Program	\$ 15,321,862
Reserve Requirement	\$ 3,565,095
Total FY20 Budget	\$ 91,295,120



Total FY 2020 Budget

Budget - \$91,295,120

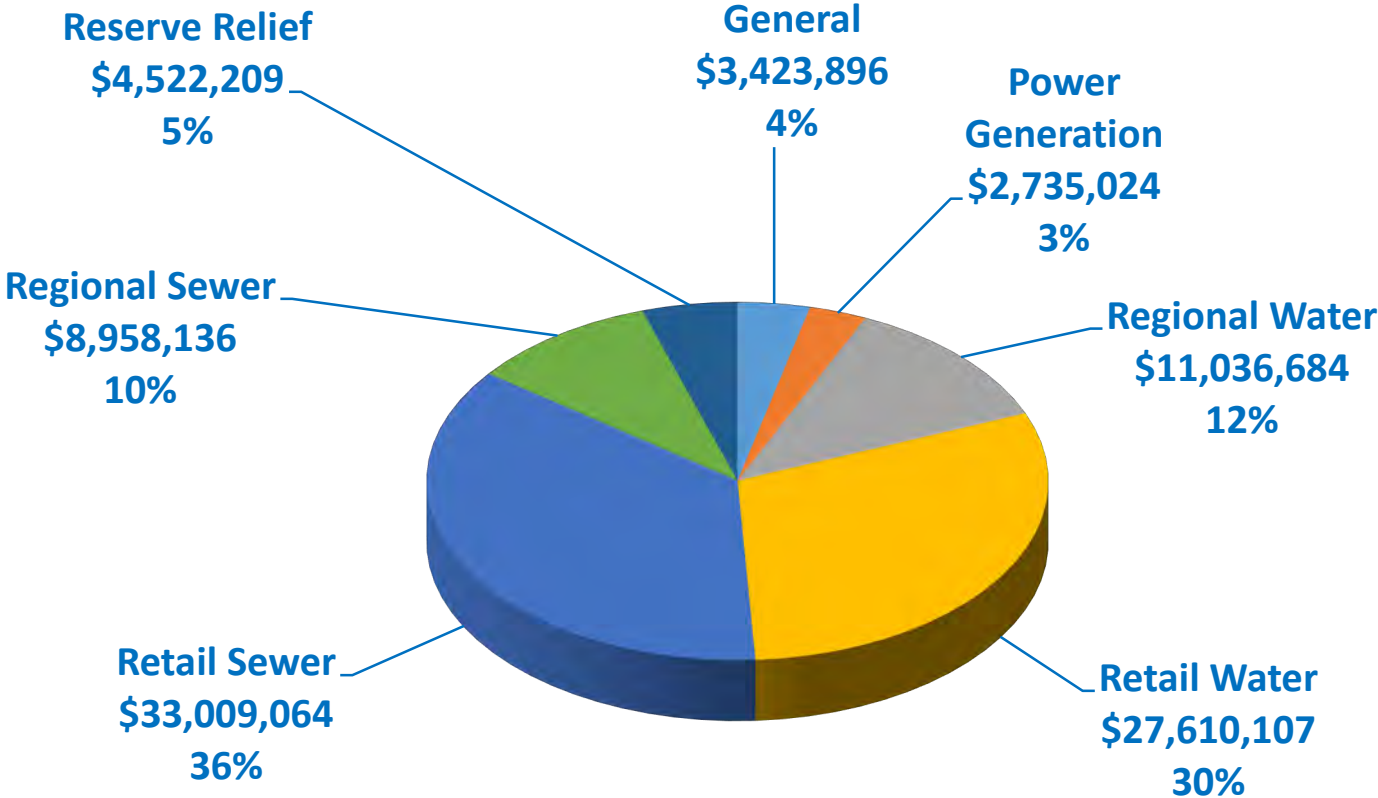


FY20 Rate Changes



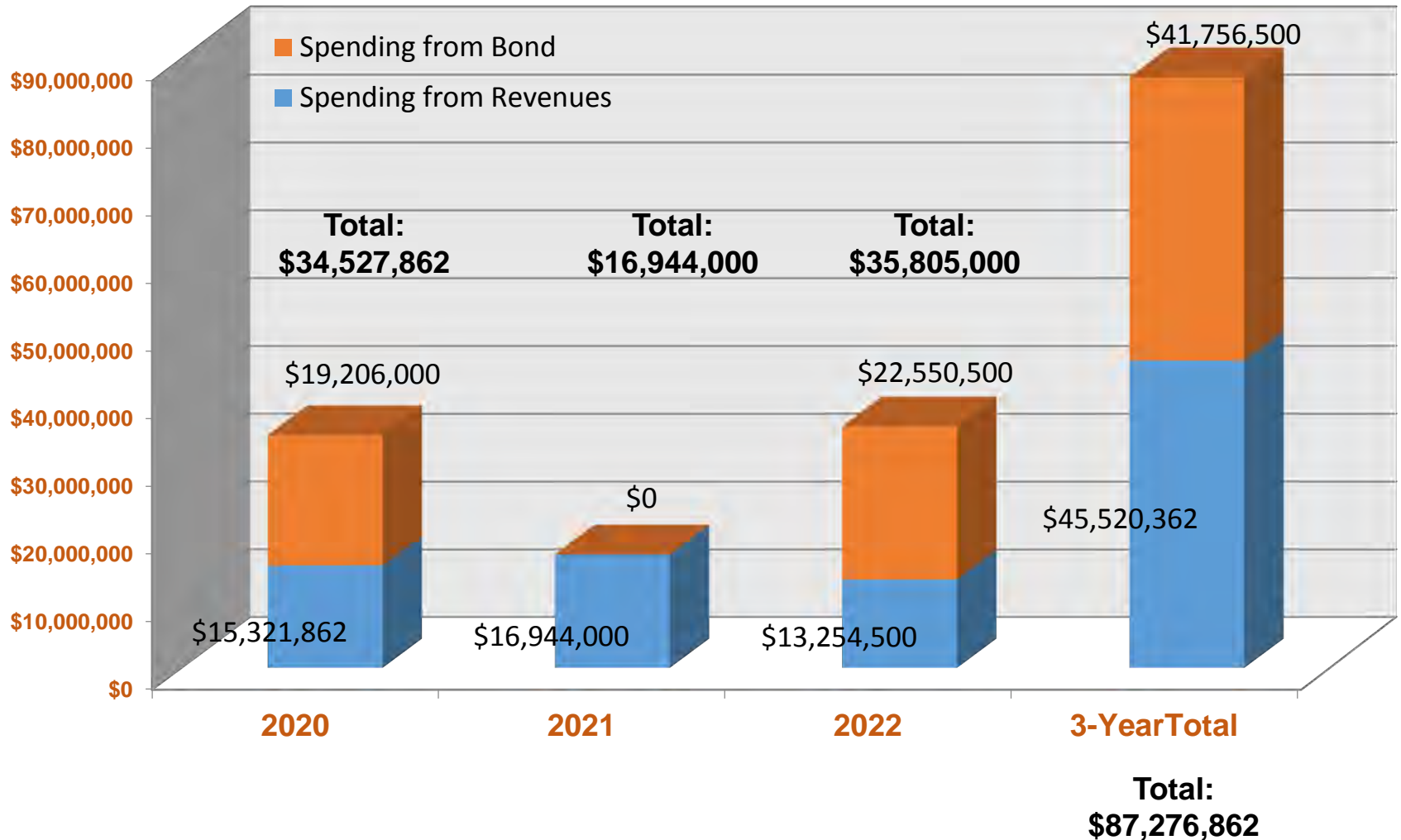
Revenue Source

FY20 Estimated Revenues- \$91,295,120



Three Year Capital Plan

Major Infrastructure Upgrades



Rate Changes in FY20

	FY 2019 Eff. July 1	FY 2020 Eff. July 1	% Increase
Water:			
Residential & Commercial	\$3.22	\$3.62	12.5%
Industrial & Municipal	\$2.40	\$2.70	12.5%
Sewer:			
Residential & Municipal	\$5.32	\$5.71	7.3%
Commercial & Hospital	\$5.85	\$6.28	7.3%
Industrial	\$6.38	\$6.85	7.3%
Restaurant	\$6.92	\$7.43	7.3%
Combined Water and Sewer:			
Typical Annual Household Bill	\$1,065.91	\$1,171.44	9.9%

Translates into average increase of \$105/year or \$8.80/month

Note: rates above are for each 100 cubic feet (or 748 gallons) of metered water.



Rules & Regulations Updates

Changes for FY20

- Private mains
- Meter/auxiliary meter tampering charges
- Reuse of existing water service pipe
- Frozen meter replacement charges
- Damaged meter charges
- Application fee changes

Full Rules & Regulations Available At:

<http://waterandsewer.org/rules-and-regulations/>



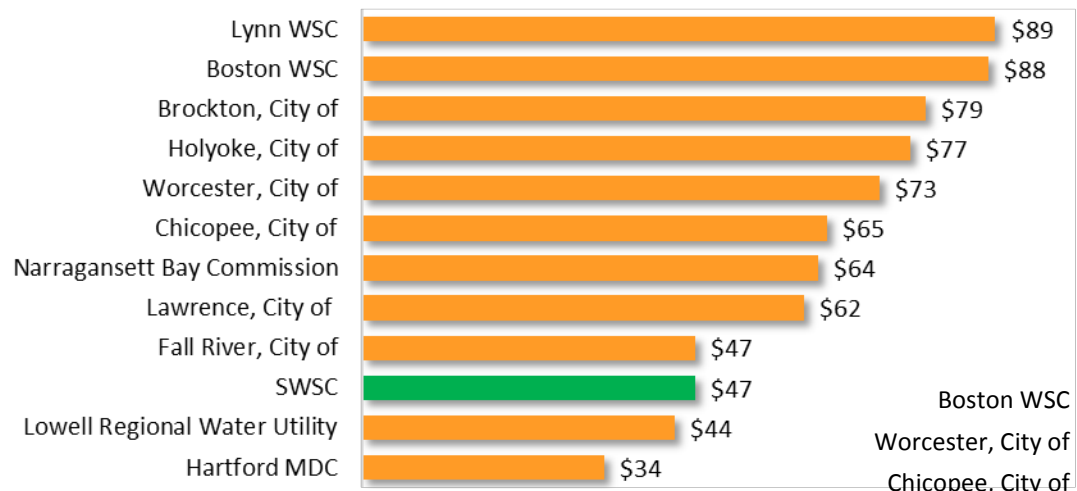
Rates in Context



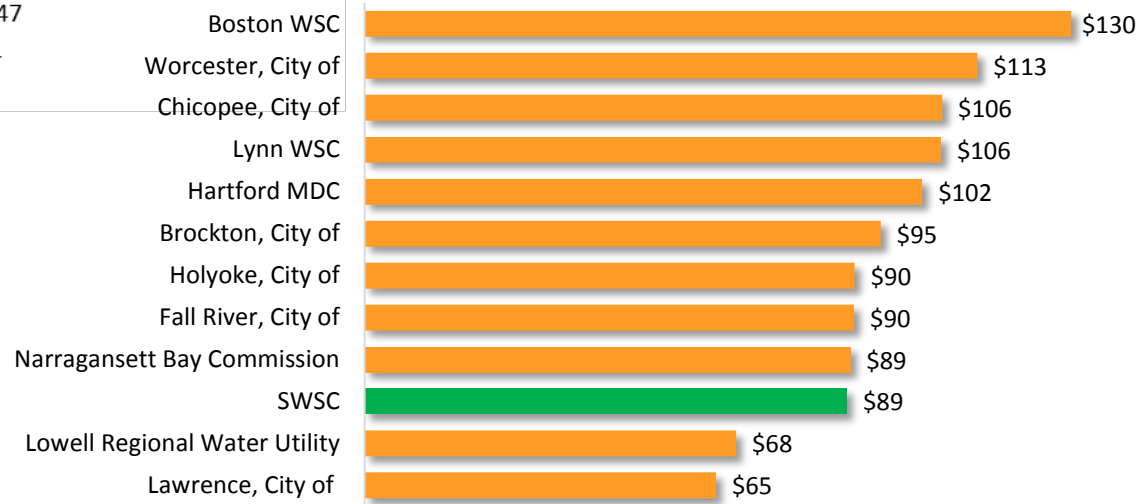
Regional Comparisons

Monthly Combined Bill (10 HCF)

2009



2019



Water is Worth It

Still a Great Value



=



=



Water Drives Everything

Imagine a Day Without It



On to FY20...

What's Next?

Commission Meeting / Vote on FY20 Budget

- Thursday, June 20, 2019, 9 A.M.
- John J. Lyons Administration Building
250 M Street Extension, Agawam, MA
- Public Invited and Welcome

Questions and Comments Always Welcome

- info@waterandsewer.org
- 413-452-1300

Always Available, 24/7/365

- Water and Sewer Emergencies:
Call **413-310-3501**
- Waterandsewer.org
- Tw/FB: @SpfldWaterSewer

