

# Water/Sewer Enterprise Fund FY2018 Budget

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# Overview – Enterprise Fund

- \* An enterprise fund is designed to establish a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for a good or service.
- \* The City of Everett established an enterprise fund for Water and Sewer services beginning in FY2012.
- \* The enterprise fund is designed to capture all direct and indirect costs of the Water and Sewer Dept.

# Water and Sewer Enterprise Fund Operational Budget

- \* The total operating budget for the Water and Sewer enterprise fund budget for FY2018 is \$18,128,888.
  - \* \$17,462,111 represents direct costs including:
    - \* Salaries, Expenses, Debt Service, MWRA assessments, etc.
  - \* \$665,208 represents indirect costs including:
    - \* Health Insurance, Retirement, Intergovernmental expenses, etc.
- \* The goal is to have user fees cover 100% of both direct and indirect costs of the enterprise fund.

# Water and Sewer Enterprise Fund Capital Budget

- \* The primary goal of the capital budget is to preserve and maintain water and sewer infrastructure.
- \* The majority of the infrastructure in the City has exceeded its useful life.
- \* The Director of City Services and the Superintendent of Water and Sewer are currently doing a citywide analysis of all water and sewer infrastructure throughout the City.
- \* This analysis will then determine how capital dollars are best spent.

# Water and Sewer Enterprise Fund Capital Budget

- \* The proposed Capital Budget for the water and sewer enterprise fund for FY2018 is \$2,466,000 including:
  - \* \$500,000 for water main replacement
    - \* Funded through MWRA
    - \* 0% interest loan program (LWSAP)
  - \* \$1,421,000 for sewer inflow and infiltration
    - \* \$1,065,750 through MWRA grant
    - \* \$355,250 through MWRA I/I loan program at 0% interest
  - \* \$545,000 for replacement of fire hydrants (\$50k) and Storm Water Improvements (\$105k) funded through available funds and the purchase of a truck, GIS improvements, and a data management systems (\$390k) funded through long-term debt

# Water and Sewer Rates

- \* The MWRA advisory board conducts an annual rate survey of all MWRA communities.
- \* The average water and sewer charge for all MWRA communities in 2016 is \$1,515 annually.
- \* Everett's 2016 average water and sewer charge is \$1,002 (\$513 dollars less than the total average).

# Water and Sewer Rates

- \* In order to fully cover the direct and indirect costs, including the increased assessments from MWRA, the cost of debt service for replacement of aging infrastructure, and the adequate staffing levels of the water and sewer enterprise fund, there will need to be a rate adjustment for FY2018 of 2%.
- \* The City plans to review the indirect cost policy, future capital needs, and usage to determine a long-term rate structure during FY18 .