



TOWN OF NEEDHAM
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 Select Board**

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The Sewer Enterprise Fund Budget Table was inadvertently omitted from the published warrant. The table will be included in the main motion under Article 13 and is reproduced below.

ARTICLE: 13: APPROPRIATE THE FY2024 SEWER ENTERPRISE FUND BUDGET

To see if the Town will vote to raise and/or transfer and appropriate the following sums of money to operate the Sewer Division of the Department of Public Works during fiscal year 2024, under the provisions of M.G.L. Chapter 44, Section 53F ½:

**Sewer Enterprise
 FY2024**

Line #	Description	FY2022		FY2023		FY2024	
		Expended	FTE	Current Budget	FTE	Recommended	FTE
201A	Salary & Wages	\$887,688	11.0	\$1,080,247	11.0	\$1,144,544	11.0
201B	Expenses	\$437,215		\$770,691		\$823,367	
201C	Capital Outlay	\$44,600		\$51,000		\$65,000	
201D	MWRA Assessment	\$6,614,690		\$6,760,857		\$7,197,220	
201E	Debt Service	\$603,693		\$610,000		\$610,000	
202	Reserve Fund	Transfers Only		\$35,000		\$35,000	
TOTAL		\$8,587,886	11.0	\$9,307,795	11.0	\$9,875,131	11.0
FY2024 Budget Percentage Change from FY2023 Budget							6.1%

and to meet this appropriation that \$8,564,773 be raised from Sewer Enterprise Fund receipts, and that \$500,000 be transferred from Sewer Enterprise Fund Retained Earnings, and that \$810,358 be raised from the Tax Levy and transferred to the Sewer Enterprise Fund; or take any other action relative thereto.

INSERTED BY: Select Board & Finance Committee
 FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information: This article funds the operation of the Town's sanitary sewer system. The Town's sewage collection system consists of more than 130 miles of collector and interceptor sewers, 3,958 sewer manholes, and ten sewer pump stations. The Town's sewer system is a collection system that discharges

its wastewater to the Massachusetts Water Resources Authority (MWRA) system for treatment. Approximately 65% of the Town's sewer collection system is a gravity-only system, and 35% of the sewer system is pumped into the gravity system. Needham has two principal points of discharge into the MWRA system and nine other public locations where subdivisions discharge to the MWRA system. Personnel maintain and operate 24 sewer pumps, motors, switchgear, gates, valves, buildings, and grounds contained in ten pumping facilities located throughout town.

The Division also oversees the collection and transportation of Stormwater (drains program) originating from rain and snow storms for discharge into streams, brooks, rivers, ponds, lakes, flood plains, and wetlands throughout town. Stormwater and associated discharges are now considered by the Federal government as potentially contaminated, and have come under increasingly severe discharge performance standards. The intention is to reduce or eliminate contaminants contained in the flow washed from ground surfaces considered to be harmful to the environment. The Town's drainage infrastructure consists of approximately 90 miles of various size drainage pipes, 4,225 catch basins, 1,392 drainage manholes, and 295 drainage discharges.

The Sewer Enterprise Fund budget includes the costs of the drains program because the daily work is performed by Enterprise Fund staff. However, the costs not associated with sewer operations are funded by taxation and not by sewer use fees. The table below provides a breakout between the sewer operations and the drains program to compare the budget change in the two operations from the current year.

Budget Line	FY2024 Sewer Operations	FY2024 Drains Program	FY2024 Recommended Budget	FY2023 Sewer Operations	FY2023 Drains Program	FY2023 Sewer Budget
Salary & Wages	\$718,174	\$426,370	\$1,144,544	\$672,410	\$407,837	\$1,080,247
Expenses	\$439,379	\$383,988	\$823,367	\$395,600	\$375,091	\$770,691
Capital Outlay	\$65,000		\$65,000	\$51,000		\$51,000
MWRA Assessment	\$7,197,220		\$7,197,220	\$6,760,857		\$6,760,857
Debt Service	\$610,000		\$610,000	\$610,000		\$610,000
Reserve Fund	\$35,000		\$35,000	\$35,000		\$35,000
Total	\$9,064,773	\$810,358	\$9,875,131	\$8,524,867	\$782,928	\$9,307,795
	FY2024 Sewer Operations \$ Change	FY2024 Drains Operations \$ Change	FY2024 Sewer Enterprise \$ Change	FY2024 Sewer Operations % Change	FY2024 Drains Operations % Change	FY2024 Sewer Enterprise % Change
Salary & Wages	\$45,764	\$18,533	\$64,297	6.8%	4.5%	6.0%
Expenses	\$43,779	\$8,897	\$52,676	11.1%	2.4%	6.8%
Capital Outlay	\$14,000		\$14,000	27.5%		27.5%
MWRA Assessment	\$436,363		\$436,363	6.5%		6.5%
Debt Service						
Reserve Fund						
Total	\$539,906	\$27,430	\$567,336	6.3%	3.5%	6.1%

The total operating budget of \$9,875,131 for FY2024 is \$567,336 more than the current FY2023 budget, an increase of 6.1%. The increase is primarily due to a \$436,363 increase in the preliminary MWRA assessment for the Town's sewerage and wastewater disposal. The \$7,197,220 preliminary assessment represents a 6.5% increase over FY2023. The increase in the MWRA sewer assessment accounts for approximately 77% of the total increase. The final assessment from the MWRA will be affected by the amount of sewer rate relief that is provided to the Authority by the Commonwealth, which will not be known until after the budget is voted by the Legislature and approved by the Governor.

The FY2024 sewer operations portion of the budget is \$539,906 higher, an increase of 6.3% over the current year. As noted above, the MWRA assessment increase is the primary driver of the change for FY2024. The FY2024 drains operations portion of the budget is \$27,430 more than the FY2023, an increase of 3.5%.

The total salary and wages line is \$1,144,544 for FY2024, an increase of \$64,297 (6.0%). The sewer division has 11 full-time employees all of whom are members of the NIPEA union. The increase is due to

a combination of changes in personnel and that the Town and the Union settled a new contract which runs through June 30, 2024. This contract was previously approved by Town Meeting, but the current budget was not amended to reflect the increase wages for FY2023 so the FY2024 recommended budget is accounting for two years of increases. The approved contract provides a two percent wage increase for FY2023 and FY2024.

The total expense line for FY2024 is \$823,367 which is \$52,676 or 6.8% more than the FY2023 budget. Energy expenses (electric and natural gas) to operate the sewer pump stations are \$5,117 more than the current year, and fuel cost for sewer vehicles and equipment is \$6,558 higher. Contracted services for repairs and maintenance are \$21,471 more than the current year, an increase of 18.7%. Many service contracts have risen due to higher labor and material costs which the contractors are incurring and passing on to customers. The expense for public works supplies has increased by \$7,294 and is reflective of the higher costs for many items that the public works uses regularly, such as, manhole frames and covers, precast concrete, asphalt, pump replacement parts, and small tools. Contracted services for maintenance, repairs, sweeping, collection, and disposal of catch basin debris are \$4,766 more than FY2023. The allowance for details is \$6,270 more than the current year. The cost of parts and shop supplies for sewer enterprise vehicles and equipment is \$1,000 more than FY2023. The balance of the increase for next year (\$200) is related to testing services for chemicals such as sulfide, which testing is mandated by the MWRA.

The operating capital line is \$14,000 more than FY2023, an increase of 27.5%. This budget line pays for grinder replacements and allows the department to continue its annual allocation for sewer pump and small power equipment replacement. The increase is indicative of the higher cost for most all equipment in general. The reserve fund is level dollar for FY2024. The sewer debt service budget line is also level dollar for FY2024 at \$610,000.

The budget plan relies on \$500,000 in sewer retained earnings for FY2024 operating budget. The \$810,358 to be transferred from the tax levy is to pay for drains-related programs; this is an increase of \$27,430 from FY2023.

The Sewer Enterprise Fund also reimburses the general fund for costs incurred and paid by General Fund budgets, e.g., employee benefits, property and casualty insurance, financial and billing expenses, and other administrative and operational support costs. The Sewer Enterprise Fund budget is a self-supporting account. Sewer user fees and charges cover the cost of the sewer operations, and the General Fund payment supports the drains program.