

Trustees

Richard Leigh, President
Russell A. Peterson, Treasurer
Stephen C. Rendall Jr., Clerk
Karen Arsenault, Trustee
Richard E. Boston, Trustee



Administration

Donald D. Neumann Jr., Superintendent
Gary E. Stevens, Asst. Superintendent
Patrick M. Desrosiers, Financial Manager
Ryan Lynch, Treatment Plant Manager

86 Woodbridge Road
York, Maine 03909
Telephone: (207) 363-2265
Fax: (207) 363-7338
www.yorkwaterdistrict.org

Posted November 23, 2021

LEGAL NOTICE – York Water District Board of Trustees will have a budget workshop to be held remotely at 2:00 pm on Thursday, December 2, 2021, as per the District's remote meeting policy. For members of the public that wish to attend, please send a request to customerservice@yorkwaterdistrict.org by 12:00 pm on the day of the meeting. Our staff will provide an access link by email ten minutes prior to the meeting.

AGENDA

1. The President will call the workshop to order.
2. Staff will present the Board with a draft 2022 O&M and Capital Budgets for their review and comment.
3. General Discussion.
4. Adjourn.

Respectfully Submitted,

Donald D. Neumann, Jr.
Superintendent

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York Water District 2022 Operations & Capital Improvement Budget

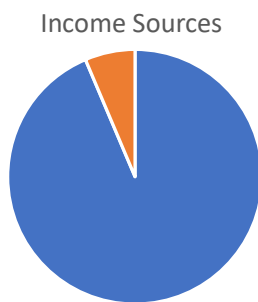
On behalf of the entire Management Team, I'm pleased to submit for your consideration the York Water District's 2022 Operating and Capital Improvement Budget. The document is designed to present the comprehensive financial framework for all District activities for the budget year.

The proposed budget for 2022 includes \$4.4 million in operating revenue. The District will also receive roughly \$300,000 in non-utility income generated largely from the communications tower on Mount Agamenticus. Of that revenue, approximately \$3.2 million will be spent on operations and maintenance costs. Approximately \$1.1 million will be spent on capital improvements in the distribution system, treatment plant and watershed. Another \$500,000 will be spent servicing the District's debt incurred from past capital improvements and land purchases. \$100,000 will be added to the District's tank maintenance (painting) reserve.

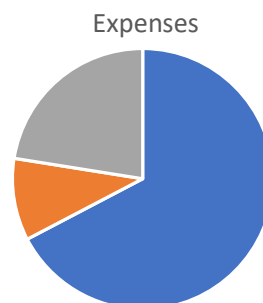
Items of note in the 2022 Budget include:

- The District's largest capital project in 2022 is a main replacement on Lobster Cove Road. This project will replace 1,150 feet of 6 inch cast iron pipe installed in 1929 with 8 inch ductile iron pipe to improve water quality and fire flows. This is in advance of a York Public Works paving project. This project is estimated to cost approximately \$400,000.
- The District will install 440 feet of 6 inch ductile pipe on High Street. This will involve replacing 300 feet of existing 6 inch cast iron pipe on the southern end and fill the gap by connecting to the existing 6 inch ductile iron pipe on the northern end. When complete, this project will improve water quality and fire flows. This project is also in advance of a York Public Works paving project. The estimated cost of this project is \$207,000.
- At the treatment plant we will be replacing one of the two original finish water pumps (motor and pump) that have reached their design life. The old pump will be inspected when pulled to assess and represent the expected condition of the second pump. The budget for this project is \$95,000.
- The rate of inflation is currently around 6%. In order to provide competitive pay to its employees, the District will be providing an inflationary wage increase of 3% for all employees on the first of the year and a maximum merit increase of 4.5% on the anniversary of their hire date. Health insurance costs are increasing by 4% in 2022.

Pages 2-3	Operating Revenue	\$	4,390,000
Page 14	Non-Operating Revenue		299,000
	Total Income		4,689,000
Pages 4-13	Operating Expense		(3,245,000)
Page 14	Non-Operating Expense		(20,000)
Page 15	Debt Principal & Interest		(491,000)
Pages 16-18	Capital Spending		(1,083,000)
	Less Total Expenses		(4,839,000)
	2022 Surplus Funds		(150,000)
Page 19	Contribution to Tank Maintenance Reserve		(100,000)
	2022 Addition/(Reduction) in Reserve	\$	(250,000)

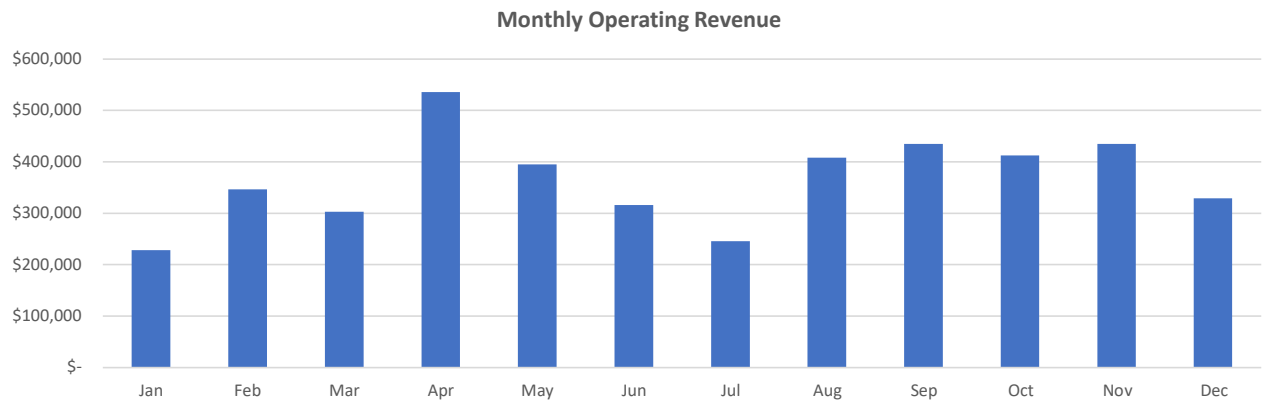


■ Operating Revenue ■ Non-Operating Revenue



■ Operating Expense ■ Debt Principal & Interest ■ Capital Spending

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
46101 - Residential Metered Sales	2,548,000	2,446,000	2,548,000	102,000	-
46102 - Commercial Metered Sales	499,000	491,000	499,000	8,000	-
46104 - Public Authorities Metered Sales	88,000	93,000	88,000	(5,000)	-
46201 - Private Sprinkler Systems	188,000	184,000	188,000	4,000	-
46202 - Private Fire Hydrants	49,000	50,000	49,000	(1,000)	-
46203 - Public Fire - Protection Service	1,001,000	1,001,000	1,001,000	-	-
46600 - Sales For Resale	-	-	-	-	-
47002 - Restoration/Reconnection Fee	4,000	4,000	4,000	-	-
47003 - Establishment of Service Fee	13,000	6,000	13,000	7,000	-
Total Operating Revenue	4,390,000	4,275,000	4,390,000	115,000	-



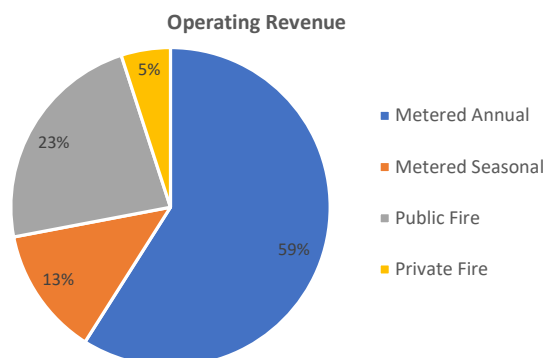
Operating Revenue

Operating revenue is generated from three major sources, metered sales, public fire protection services, and private fire protection services. Metered sales are made up of two components; annual customers and seasonal customers. Annual customers receive bills year round on a quarterly basis, based on which route they live on. The York Village route is the largest and is billed in February, May, August and November. The York Beach route is billed in March, June, September and December. The York Harbor route is the smallest route and is billed in January, April, July and October. Annual customers are billed a quarterly base fee which covers a set usage amount based on meter size and are billed per cubic foot for additional water usage above that amount.

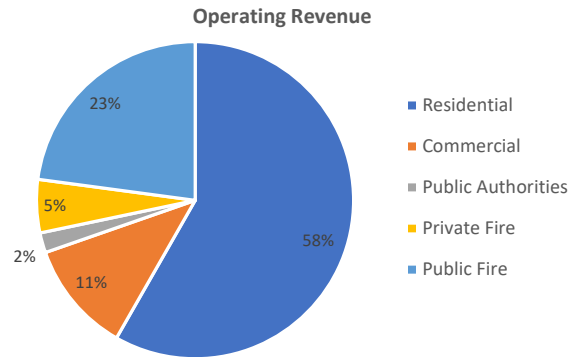
Seasonal customers receive a bill in the spring for a base fee which covers a set usage amount based on meter size and a bill in the fall for any excess usage above that set usage amount. Some of these customers have summer lines with meters that are installed and removed on a set schedule while others have underground lines with meters that are removed by appointment.

Revenue for public fire protection services are paid by the Town of York to cover the cost of infrastructure and water availability at hydrants to fight fires. This is a set amount paid monthly that is determined following Maine Public Utility Commission guidelines used to estimate how much additional fire flows must be available above what would be necessary to cover what the District's customers use.

Revenues for private fire protection services are received from private fire hydrants and private sprinkler systems. These revenues are generated from set fees and are not based on actual water usage.



The District categorizes its metered customers into three groups, residential, commercial and public authorities. There is no difference in rate structure for different customer classes, rates are based entirely on meter size.



46101 - Residential Metered Sales

Residential metered sales make up about 81% of metered revenue or 58% of total operating revenue. These customers range in meter size from 5/8" to 2" meters but are predominantly 5/8" and 3/4" meters.

46102 - Commercial Metered Sales

Commercial metered sales make up about 16% of metered revenue or 11% of total operating revenue. The District's largest commercial customers include Stonewall Kitchen, York Golf & Tennis, Caincrest and Sentry Hill.

46104 - Public Authorities Metered Sales

Public metered sales make up about 3% of metered revenue or 2% of total operating revenue. The District's largest public customers include York Hospital, York School Department and York Senior Housing.

46201-46202 - Private Fire - Protection Service

Revenues from private fire protection service are generated from sprinkler systems and private fire hydrants. Sprinkler services are charged based on service size. Annual sprinkler services are billed a set amount each quarter while seasonal sprinkler services are billed once at the start of the season. Private fire hydrants are billed \$187 per quarter.

46203 - Public Fire - Protection Service

Revenue for public fire protection services are paid by the Town of York to cover the cost of infrastructure and water availability at hydrants to fight fires. This is a set amount paid monthly that is determined following Maine Public Utility Commission guidelines used to estimate how much additional fire flows must be available above what would be necessary to cover what the District's customers use. In 2022, public fire protection service is \$83,454 per month.

47000-47002 - Misc. Water Revenue

Miscellaneous water revenue is generated from fees assessed in accordance with the District's Terms & Conditions. Rates are set to recover the District's costs for each activity for which a fee is charged. Please refer to our Terms & Conditions for the specific fee schedule.

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
60107 - Regular Time	1,210,000	1,156,000	1,152,000	54,000	58,000
60108 - Overtime	37,000	31,000	36,000	6,000	1,000
60109 - Standby	49,000	48,000	47,000	1,000	2,000
60110 - Part-Time	16,000	15,000	1,000	1,000	15,000
60111 - Earned Time	9,000	6,000	5,000	3,000	4,000
60112 - Earned Paid Leave	92,000	89,000	95,000	3,000	(3,000)
60113 - Sick	31,000	26,000	19,000	5,000	12,000
60114 - Holiday	81,000	69,000	65,000	12,000	16,000
60115 - Extra Vacation	24,000	21,000	26,000	3,000	(2,000)
60116 - Extra Sick	30,000	18,000	20,000	12,000	10,000
60117 - Bereavement	1,000	1,000	2,000	-	(1,000)
60300 - Trustee Salaries	8,000	8,000	8,000	-	-
Salaries & Wages	1,588,000	1,488,000	1,476,000	100,000	112,000

Headcount

<u>Department</u>	<u>Full-Time</u>	<u>Part-Time</u>
Distribution	7	
Treatment	4	
Resource Protection	2	1
Customer Service/Meters	4	
Administrative	4	1
Total	21	2

O&M Hours

<u>Pay Type</u>	<u>Hours</u>
60107 - Regular Time	34,581
60108 - Overtime	900
60109 - Standby	1,144
60111 - Earned Time	252
60112 - Earned Paid Leave	2,640
60113 - Sick	894
60114 - Holiday	2,310
60115 - Extra Earned Paid Leave	620
60116 - Extra Sick	655
60117 - Bereavement	43
Total	44,039

60107 - Regular Time

Regular time pay is based on 21 full time employees. The estimate of regular time for O&M was based on 34,581 hours or approximately 79% of total O&M hours and 74% of total hours worked. This estimate also assumes an inflationary wage increase of 3% for all employees on the first of the year and a maximum merit increase of 4.5% on the anniversary of their hire date.

60108 - Overtime

Overtime pay is based on 900 hours which is consistent with projected overtime for 2021. The district has seen an increase in overtime on the Distribution Crew over the past few years. In the past the District has hired summer help to decrease overtime but finding part-time help has been difficult.

60109 - Standby

Standby is based on 1,144 hours. Each week, one Treatment employee receives 12 hours of standby time and one Distribution employee receives 10 hours. Standby time is based on a rotation of eligible employees in the department.

60110 - Part-Time

It is anticipated that in 2022 one part-time employee will be hired in the spring and fall to help maintain the District's website. Another will be hired in the summer to work in Resource Protection.

60111 - Earned Time

Earned time is based on 252 hours. When an employee works Standby on a holiday they receive 10 hours of earned time to be used within the next 30 days. This policy was updated in 2020 to replace the District's Comp-Time policy.

60112 - Earned Paid Leave

Earned paid leave is based on 2,640 hours which is consistent with the historical average.

60113 - Sick

Sick pay is based on 894 hours which is consistent with a three year average.

60114 - Holiday

Holiday pay is based on 2,310 hours. The District will have 11 holidays in 2022.

60115 - Extra Earned Paid Leave (EPL)

Extra vacation pay is based on 620 hours. In accordance with District policy, an employee may "cash in" hours of EPL time to be paid out once a year. Employees may carry over a maximum of 120 hours of accrued EPL. Accrued but unused EPL time shall be paid to an employee upon termination of employment.

60116 - Extra Sick

Extra sick pay is based on 655 hours. Full time employees shall accumulate up to 720 hours of sick time. After 720 hours are accumulated, the employee will be paid for 50% of unused sick days in excess of the 720 hours not to exceed 48 hours in any one year. One half of accrued sick leave time shall be paid to an employee upon termination of employment, not to exceed 360 hours.

60117 - Bereavement

This is based on 43 hours which is consistent with recent years.

60300 - Trustee Salaries

The District has five members on the Board of Trustees. Trustees are paid \$125 per month with the exception of the Treasurer who is paid \$145.84. Trustees are paid regardless of the number of meetings they attend.

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
60400 - Miscellaneous Benefits	5,000	4,000	3,000	1,000	2,000
60401 - Maine State Retirement	175,000	154,000	148,000	21,000	27,000
60402 - Retiree Group Life Insurance	1,000	1,000	1,000	-	-
60403 - FICA Social Security	102,000	95,000	92,000	7,000	10,000
60404 - Employee Health Insurance	381,000	345,000	337,000	36,000	44,000
60405 - Employee Dental Insurance	11,000	10,000	10,000	1,000	1,000
60406 - Employee Uniforms	5,000	4,000	5,000	1,000	-
60409 - Retiree Health Insurance	30,000	12,000	29,000	18,000	1,000
60411 - Health Reimburse Acct/Co-Insurance	21,000	25,000	24,000	(4,000)	(3,000)
60414 - Insurance Reimbursement	7,000	9,000	9,000	(2,000)	(2,000)
60415 - Medicare	25,000	22,000	22,000	3,000	3,000
60416 - Retiree Insurance Opt-Out	3,000	10,000	11,000	(7,000)	(8,000)
60418 - Defined Contribution Plan	11,000	11,000	10,000	-	1,000
60420 - Benefits on Capital Labor	(56,000)	(57,000)	(60,000)	1,000	4,000
60421 - Flex Spending	7,000	11,000	7,000	(4,000)	-
Employee Benefits	728,000	656,000	648,000	72,000	80,000

60400 - Other Benefits

This item reflects miscellaneous benefits received by District employees, most notably the District's annual boot allowance and milestone anniversary awards. The boot allowance is paid to full-time employees at the Treatment Plant, Distribution Crew, and Resource Protection Office. The maximum allowance for 2022 is \$225.

60401 - Maine State Retirement

The District is a participant in the Maine Public Employees Retirement System. The District is currently contributing 10.3% of employees gross wages to the plan. This is not expected to change in 2022. Currently, all full time employee are participating in the program. Gross wages for participating employees is estimated at approximately \$1,697,000.

60402 - Retiree Group Life Insurance

The District pays group life insurance for some retirees. This cost is small and expected to remain consistent with prior years.

60403 - FICA Social Security

The District pays 6.2% of employee taxable gross wages into the Social Security System. Taxable gross wages excludes employee paid portions of medical and dental insurance and employee contributions to the District's Flex Spending Plan and Defined Contribution Plan. Taxable gross wages for 2022 is estimated at approximately \$1,646,000.

60404 - Employee Health Insurance

The District receives health insurance through Maine Municipal Employers Health Trust. For 2022 the District will remain on the PPO 1500 plan. A rate increase of 4% is expected in 2022. The budget includes 20 employees receiving health insurance and seven of those employees pay 15% towards their premiums.

60405 - Employee Dental Insurance

The District receives dental insurance through Maine Municipal Employers Health Trust. The District contributes the single payer amount for each employee while the employee pays the difference in premiums for family members through weekly payroll deductions. Currently, all but one full time employees participate in the dental plan. There is a 4% increase expected for 2022.

60406 - Employee Uniforms

Currently, employees on the Distribution Crew and Treatment Plant Crew receive uniforms and uniform cleaning service. This service is paid for weekly by the District.

60409 - Retiree Health Insurance

Three retirees are receiving some form of post-retirement benefits from the District. Two of those retirees remain on the District's current health insurance plan for a set number of years based on years of service.

60411 - Health Reimbursement Account & Co-Insurance

The District uses an HRA to cover the costs employees incur for deductibles and coinsurance. Depending on the health insurance plan the District is participating in, the maximum cost that the District could incur will vary. It is estimated that the maximum exposure to the District for the PPO 1500 will be \$136,000. Historically, less than 25% of this benefit has been utilized by employees therefore the estimated cost to the District will be \$20,000 for 2022. There are also administrative fees for the plan estimated at \$2,000 for the year.

60414 - Insurance Reimbursement

Currently, one employee is opting out of receiving health insurance from the District because they are currently receiving health insurance elsewhere. To compensate them for this savings they receive a stipend each month. This stipend for 2022 will be \$570 per month.

60415 - Medicare

The District pays 1.45% of employee taxable gross wages into the Medicare System. Estimated Medicare contributions for 2022 is \$25,000.

60416 - Retiree Insurance Opt-Out

One retiree who has not chosen to remain on District insurance is receiving an opt-out payment each month, for a set number of years and will receive a cost of living adjustment each year. The cost of living adjustment for 2021 is 5.9%. The retiree is no longer eligible for this benefit after March.

60418 - Defined Contribution Plan

The District provides a Defined Contribution Plan as a benefit to some of its employees. This budget estimate is based on 15 employees receiving the benefit at various tiers based on hire date. Employees not included in the Defined Contribution Plan are included in the Retiree Health Insurance Plan.

60420 - Benefits on Capital Labor

The District makes an estimate to apply the proportional cost of employee benefits on capital and jobbing projects based on the cost of those benefits as a percentage of gross wages. This percentage rate is then applied to the cost of labor for a particular job and a credit is applied to operational costs. The job burden rate is roughly 60% of gross wages.

60421 - Flex Spending

The District contributes \$400 to each employee's Flex Spending Account to help cover the cost of increasing co-pays for doctor visits. Any funds remaining at year end will be returned to the District.

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
61000 - Purchased Water	-	-	-	-	-
61510 - Power - T&D	47,000	36,000	39,000	11,000	8,000
61520 - Power - Energy Production	32,000	30,000	32,000	2,000	-
Purchased Power & Water	79,000	66,000	71,000	13,000	8,000

61000 - Purchased Water

The District is not anticipating to make any large water purchases from Kennebunk, Kennebunkport, Wells (KKW) Water District or Kittery Water District in 2022.

61510-61520 - Power - T&D/Energy Production

Electricity costs consist of delivery charges imposed by Central Maine Power and energy supply costs paid to Constellation Energy. The District currently has 14 power accounts. Of those accounts, 12 are classified as small and 2 as medium.

Central Maine Power imposed a 19% rate increase on small accounts and a 27% increase on medium accounts in August 2021. For supply, the current rate is .0660 cents per KWH for small accounts and .0611 for medium accounts. Current contracts with Constellation Energy for both small and medium accounts are locked in through November 2023.

Chemicals

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
61802 - Alum	10,000	10,000	9,000	-	1,000
61804 - Ammonia	9,000	4,000	4,000	5,000	5,000
61805 - Caustic Soda	6,000	8,000	6,000	(2,000)	-
61806 - Miscellaneous Chemicals	-	-	-	-	-
61807 - Sodium Hypochlorite	11,000	11,000	10,000	-	1,000
61809 - Polymer	8,000	8,000	10,000	-	(2,000)
61810 - Sodium Carbonate	11,000	11,000	10,000	-	1,000
61812 - Blended Phosphate	14,000	19,000	16,000	(5,000)	(2,000)
Chemicals	69,000	71,000	65,000	(2,000)	4,000

YWD typically pumps over 70% of the water to be used for the year by the end of August, 82% by end of September, and 90% by October. The chemical budget total disbursements therefore follow this trend such that most of the chemical budget will be expended and chemical delivered by October of each year.

The budget is based on multiple factors including the average chemical dosage for the previous 12 month period, an educated guess on where pricing will be for the next year (bid pricing is not received until December for the next year) and an annual estimated plant water production volume. All these factors, with delivery constraints and other considerations (tank space available/Holiday delivery schedules) are subject to variations and can push individual chemical budgets ahead or behind of estimations throughout the year but the total budget number is firm.

<u>Name</u>	<u>Chemical Type</u>	<u>Price</u>	<u>Usage</u>	<u>Deliveries</u>
Alum	Coagulant	\$1.18/gal	8,400 Gallons	2
Ammonia	Chloramine Formation	\$4.30/gal	2,000 Gallons	2
Sodium Hypochlorite	Disinfection	\$1.20/gal	9,600 Gallons	6
Caustic Soda	pH Adjustment	\$1.00/gal	6,000 Gallons	3
Polymer	Coagulant Aid	\$1.68/wet lb	4,600 lbs	2
Sodium Carbonate	pH Adjustment/Alkalinity/Carbonate	\$0.29/dry lb	37,800 lbs	4
Blended Phosphate	Corrosion Control/Sequestration	\$0.71/wet lb	19,140 lbs	2

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
62011 - Fill Materials	23,000	9,000	13,000	14,000	10,000
62012 - Fuel & Batteries	15,000	14,000	13,000	1,000	2,000
62013 - Inventory (O&M)	24,000	24,000	22,000	-	2,000
62014 - Lab Supplies	12,000	10,000	10,000	2,000	2,000
62015 - Office Supplies	12,000	11,000	9,000	1,000	3,000
62016 - Safety Equip/Supplies	15,000	9,000	12,000	6,000	3,000
62018 - Equipment	67,000	56,000	67,000	11,000	-
62020 - Other Materials & Supplies	42,000	33,000	56,000	9,000	(14,000)
Materials & Supplies	210,000	166,000	202,000	44,000	8,000

62011 - Fill Materials

Fill materials include purchases of crushed stone, gravel, sand, loam, cold patch, and cement not used for capital projects. Fill materials are most often used in the watershed for management road maintenance and upgrade projects that don't meet the District's capital threshold. In 2022, this includes upgrades on the County Road Trail and Red Cross-Over Trail (\$4,000), maintenance on the Transmission Line Road (\$8,000), and other general trail maintenance (\$5,000). Fill materials are also used for repairs to services and after main breaks (\$6,000).

62012 - Fuel & Batteries

This account represents the purchase of heating oil (\$10,000), propane (\$4,000) and replacements of universal power supply (UPS) batteries (\$1,000). The District goes out to bid for heating oil and propane with other nearby entities. Under the current contract, prices are secured through June 2022. Estimated heating oil usage is 6,000 gallons and 2,400 gallons of propane.

62013 - Inventory (O&M)

This category includes materials taken out of inventory for the maintenance and repairs of District assets. These items are largely used for repairs to meters, services, and hydrants.

62014 - Lab Supplies

Lab supplies include laboratory consumables, chemkeys, solutions, reagents, ferrover, dechlorination tablets and other miscellaneous laboratory tools of a low cost nature.

62015 - Office Supplies

Office supplies includes office related computer software, customer billing forms, envelopes, paper, kitchen supplies, ink and simple office tools. The budget for office supply purchases is based on the historical average.

62016 - Safety Equip/Supplies

The safety equipment and supplies budget is based largely on purchasing requests made by the District's safety committee. Items in 2022 include personal protective equipment (\$7,000) and reflective/rain gear (\$8,000).

62018 - Equipment

The majority of equipment purchases are planned during the budget process but items not budgeted are occasionally purchased throughout the year when needed. Items of note in 2022 include actuator replacements (\$9,000), chemical equipment for Rte.1 N pump station (\$10,000), a pressure regulating valve at the Rte.1 S pump station (\$9,000), a gate at the transmission main road (\$7,000), and replacing 3-4 sample stations (\$10,000).

62020 - Other Materials & Supplies

This account consists of general O&M purchases that do not fit in any other "Materials & Supplies" category. The 2022 budget includes \$10,000 for Treatment, \$16,000 for Distribution, \$4,000 for Resource Protection, \$2,000 for Pumping and \$5,000 for Administration and Customer Service.

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
63100 - Engineering	5,000	18,000	10,000	(13,000)	(5,000)
63200 - Accounting	20,000	13,000	16,000	7,000	4,000
63300 - Legal	10,000	10,000	10,000	-	-
63510 - Technology Services	90,000	94,000	76,000	(4,000)	14,000
63511 - Equipment Rental	9,000	12,000	8,000	(3,000)	1,000
63512 - Construction Services	14,000	29,000	16,000	(15,000)	(2,000)
63513 - Maintenance & Repair Services	31,000	35,000	14,000	(4,000)	17,000
63514 - Sampling Services	27,000	23,000	15,000	4,000	12,000
63515 - Consulting Services	84,000	59,000	35,000	25,000	49,000
63516 - Communication Services	31,000	32,000	30,000	(1,000)	1,000
63517 - Banking Services	8,000	8,000	7,000	-	1,000
63518 - Watershed Land Maintenance	29,000	-	8,000	29,000	21,000
63520 - Other Contracted Services	38,000	16,000	21,000	22,000	17,000
Contracted Services	396,000	349,000	266,000	47,000	130,000

63100 - Engineering

Engineering services are most often used on capital projects but hydraulic modeling and other engineering services are occasionally needed for O&M projects.

63200 - Accounting

The District has used Runyon Kersteen Ouellette for its annual financial audit for several years. The 2021 audit will take place during the first quarter of 2022 and is expected to cost around \$15,000. There will also be a required actuarial study by Maine Municipal Association for the value of post-retirement benefits in 2022 (\$5,000).

63300 - Legal

The District uses Verrill for all legal services. Legal costs typically incurred by the District involve staff related issues, policy reviews, land deals and contract issues. There are no specific legal consulting needs for 2022 known at this time but \$10,000 is being carried. This falls in line with the recent historical average.

63510 - Technology Services

The most significant cost incurred in this category is the contract with Tyler Technologies for the District's billing, customer service, financial, payroll system, and document management software (\$56,000). Cyber security related costs are approximately \$8,000 annually. Other notable costs include the annual SCADA maintenance agreement with EII (\$6,000), contracted IT work from Advanced Communications (\$6,000), and the District's portion of the ESRI maintenance agreement (\$6,000).

63511 - Equipment Rental

Most equipment leased by the District are printers, copiers and other small office equipment. The total budget for equipment rental in 2022 is \$9,000.

63512 - Construction Services

Construction services are generally used for main breaks, pavement repairs, and traffic control. Though main breaks are infrequent, when they do occur, they can be costly.

63513 - Maintenance & Repair Services

The District will spend \$15,000 to have 110 hydrants repainted in 2022. Also included are costs related to routine maintenance for the HVAC system, generator, pumping and electrical systems, as well as inspections for fire extinguishers, fire alarms and chain hoists.

63514 - Sampling Services

Sampling needs vary from year to year based on state requirements. Sampling for 2022 includes raw water monitoring (\$9,000), regulatory monitoring (\$7,000), routine monthly bacteria sampling (\$5,000), PFAS/chlorate sampling (\$5,000), distribution system sampling (\$1,000) and lead/copper sampling (\$1,000).

63515 - Consulting Services

The District will receive consulting services for a handful of projects in 2022. The District plans to hire a consultant to evaluate options for replacing Tyler Technologies for its accounting/billing platform (\$15,000). A bathymetric survey and safe yield analysis of Chase's Pond will cost \$19,000 and \$15,000, respectively. A line lot adjustment in the watershed will cost \$15,000. The District will also do a leak detection survey for \$15,000.

63516 - Communication Services

Costs in this category are largely related to telephone and broadband data charges. The District receives land line and broadband data service through Spectrum & Verizon at an anticipated cost of \$16,000 for 2022. The District receives cell phone/tablet service through Verizon (\$10,000).

63517 - Banking Services

The District holds bank accounts at Bangor Savings Bank. Banking fees are estimated at \$8,000 for 2022.

63520 - Other Contracted Services

"Other" contracted services includes all services that do not fit in another category. In 2021, the District began outsourcing mowing at all facilities. This will cost \$21,000 for seven months in 2022. Other costs of note include wildlife management (\$3,000), dumpster service (\$2,000) and alarm monitoring (\$2,000).

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
65008 - Vehicle Stipend	5,000	5,000	5,000	-	-
65009 - YWD Equipment Charge	(5,000)	(4,000)	(6,000)	(1,000)	1,000
65010 - Gasoline	17,000	13,000	14,000	4,000	3,000
65011 - Diesel	8,000	5,000	5,000	3,000	3,000
65020 - Other Transportation Costs	18,000	19,000	21,000	(1,000)	(3,000)
Transportation Expenses	43,000	38,000	39,000	5,000	4,000

65008 - Vehicle Stipend

The Superintendent receives a monthly vehicle stipend to compensate for the use of his personal vehicle on District business. The rate used for the 2022 Budget is \$425 per month.

65009 - YWD Equipment Charge

The District charges standard rates to customers for District equipment used on private jobs. Those rates are based on local rental rates. These charges help recuperate the cost of wear and tear on the equipment.

65010 - Gasoline

The District participates in the WEX Gas Card Program. The District receives a small discount for participating in this program. The estimated price per gallon is \$3.10 and estimates usage is 5,500 gallons.

65011 - Diesel

The District participates with other local entities in obtaining diesel bids. The District's current diesel contract is at a price of \$2.36 per gallon and runs through June of 2022. A small increase was budgeted for the remainder of the year. Diesel usage was estimated at 3,200 gallons.

65020 - Other Transportation Costs

These costs include maintenance, repairs, replacement parts, and vehicle inspection fees for District vehicles. Costs for the 2022 Budget were estimated based on the historical average.

Insurance

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
65600 - Vehicle Insurance	12,000	11,000	11,000	1,000	1,000
65700 - General & Liability Insurance	18,000	17,000	17,000	1,000	1,000
65800 - Workers Compensation Insurance	18,000	16,000	17,000	2,000	1,000
65900 - Other Insurance	8,000	7,000	7,000	1,000	1,000
Insurance	56,000	51,000	52,000	5,000	4,000

65600 - Vehicle Insurance

Vehicle insurance is provided to the District through Maine Municipal Association. The 2022 Budget reflects rates under the current contract from January through June. A small increase is added for the following annual contract and will impact the months of July through December.

65700 - General & Liability Insurance

General and liability insurance is also provided through Maine Municipal Association. As with vehicle insurance, the 2022 Budget reflects rates under the current contract from January through June. A small increase is added for the following annual contract and will impact the months of July through December.

65800 - Workers Compensation Insurance

Workman's Compensation Insurance is provided to the District through MEMIC. The current contract runs through December of 2021 and a new contract will begin in January 2022.

65900 - Other Insurance

Other insurance products the District receives through Maine Municipal Association include: public officials, contractor's equipment, electronic data processing, crime and business income insurance.

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
66000 - Advertising	9,000	8,000	3,000	1,000	6,000
66700 - Regulatory Commission Expense	33,000	29,000	30,000	4,000	3,000
67510 - Association Dues	8,000	8,000	7,000	-	1,000
67511 - Training	9,000	20,000	12,000	(11,000)	(3,000)
67512 - Postage & Shipping	15,000	13,000	14,000	2,000	1,000
67513 - Travel Expenses	3,000	2,000	2,000	1,000	1,000
67515 - YWD & Joint District Gatherings	3,000	3,000	1,000	-	2,000
67516 - Licenses & Permits	2,000	2,000	1,000	-	1,000
67520 - Other Misc. Expenses	3,000	3,000	21,000	-	(18,000)
Other Miscellaneous Expenses	85,000	88,000	91,000	(3,000)	(6,000)

66000 - Advertising

Advertising expenses include costs associated with Drinking Water Week, "Day Without Water" campaign, public relations handouts, job advertising, printing the Consumer Confidence Report, purchasing truck logos, and business cards.

66700 - Regulatory Commission Expense

This category consists of cost paid to the District's three regulatory commissions. These include the Maine Public Utility Commission (\$22,000), State of Maine Drinking Water Program (\$9,000) and Maine Public Advocate (\$2,000).

67510 - Association Dues

This category consists of dues paid to associations the District is a part of. These include the Maine Water Utilities Association (\$4,000), Maine Rural Water Association (\$2,000), Southern Maine Regional Water Council (\$1,000), Maine Municipal Association, American Water Works Association, Small Woodland Owners Association of Maine, and Maine Tree Foundation.

67511 - Training

This category includes costs associated with employee attended training classes. This includes \$5,000 for safety related training classes identified by the safety committee and \$4,000 for other miscellaneous training.

67512 - Postage & Shipping

This account reflects postage costs for mailing customer bills (\$12,000), mailing the Consumer Confidence Report and other shipping costs (\$3,000).

67513 - Travel Expenses

This account reflects costs related to travel, highway tolls and mileage reimbursements.

67515 - YWD & Joint District Gatherings

This budget covers costs associated with offsite employee meetings, lunch provided for District events and annual joint gatherings between the District staff, trustees and other local entities.

67516 - Licenses & Permits

Employees with Water Operator licenses must renew their license every other year at a cost of \$75 per license. This account also includes the cost for required road opening permits, annual DEP fee, etc.

67520 - Other Misc. Expenses

This account reflects all other costs that do not fit in another expense category.

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
41900 - Interest Income	4,000	5,000	3,000	(1,000)	1,000
42100 - Non-Operating Revenue - Other	18,000	5,000	11,500	13,000	6,500
42110 - Meter Reading Sales (Sewer District)	17,000	17,000	16,000	-	1,000
42120 - Non-Operating Income - Watershed	5,000	-	7,000	5,000	(2,000)
42130 - Scrap	5,000	3,000	7,000	2,000	(2,000)
42150 - Tower Customer Income	250,000	242,000	243,000	8,000	7,000
Non-Operating Income	299,000	272,000	287,500	27,000	11,500

41900 - Interest Income

Bangor Savings Bank invests funds held in the District's operating account and tower account in an overnight repurchase agreement that is currently returning less than 1.00%. Funds in the system development account are held in an ICS account that is currently also returning less than 1.0%

42100 - Non-Operating Revenue - Other

The District will receive a \$10,000 grant for its work on the Comprehensive Plan and a \$3,000 grant for an electronic sign board. The District rents out storage space in the basement of 86 Woodbridge Road to the Town of York for \$4,000 per year.

42110 - Meter Reading Sales (Sewer District)

The District sells its customer meter readings to the York Sewer District to use for their billing. The rate is \$1.24 per reading.

42120 - Non-Operating Income - Watershed

This account is typically used for revenue generated from timber harvests. A small timber harvest is anticipated for 2022.

42130 - Scrap

The District makes a small amount of revenue from selling scrap metal that has been removed from the ground.

42150 - Tower Customer Income

Tower Income is currently being generated by eight entities paying a monthly fee for the use of space on the tower at the top of Mt. Agamenticus. The rates each entity pays increase annually at between 2.5%-3.0%.

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
41700 - Non-Operating Expense	20,000	22,000	32,000	(2,000)	(12,000)

41700 - Non-Operating Expense

The District incurs some non-operating expenses stemming from costs related to the radio tower owned on Mt. Agamenticus. These costs include a monthly site inspection by Consolidated Communications (\$3,000 annually), legal related issues typically regarding contracts with tower customers (\$1,000), employee labor (\$4,000).

There are also a few other expected costs unrelated to the tower. The District will contribute \$8,000 to the Mt. Agamenticus Conservation Program. The 2022 budget also includes \$1,000 to fund a scholarship for a student interested in a potential career in the public water industry.

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
22101-5 - Debt Principal Payments	385,000	374,000	374,000	11,000	11,000

2003 Bond

This bond was issued through the Maine Municipal Bond Bank for \$2,400,000. This is a 20 year bond that was used to finance capital projects. There is currently \$335,000 in outstanding principal on this bond. The interest rate on this bond for 2022 is 5.085%.

2019 Land Acquisition Loan

This loan was issued through the Drinking Water State Revolving Fund for \$125,000 less \$50,000 in principal forgiveness. This is a 10 year loan that was used to finance the purchase of the Dicken's Property. There is currently \$61,000 in outstanding principal on this loan. The interest rate on this loan for 2022 is 1.0%.

2012 Promissory Note

This loan was issued privately for \$105,000. This is a 10 year loan that was used to finance the purchase of 200 Mountain Road. There is currently \$10,000 in outstanding principal on this loan. There is no interest on this loan.

2014 Land Acquisition Loan

This loan was issued through the Drinking Water State Revolving Fund for \$237,000. This is a 10 year loan that was used to finance the purchase of 9 Eber Drive. There is currently \$71,000 in outstanding principal on this loan. There is no interest on this loan but there is a \$1,000 annual fee.

2014 Bond

This bond was issued through the Maine Municipal Bond Bank for \$4,000,000. This is a 20 year bond that was used to finance capital projects. There is currently \$2,817,000 in outstanding principal on this bond. The interest rate on this bond for 2022 is 2.44%.

Debt Principal Payment Schedule

Year	2003	2014	2014	2012	2019
Maturity	2023	2024	2034	2022	2029
Original	\$2,400,000	\$237,000	\$4,000,000	\$105,000	\$75,000
Outstanding	\$335,000	\$71,000	\$2,817,000	\$10,000	\$61,000
Jan-21				\$10,000	
Feb-21					
Mar-21					
Apr-21					
May-21					
Jun-21					
Jul-21		\$24,000			
Aug-21					
Sep-21			\$180,000		\$7,000
Oct-21	\$164,000				
Nov-21					
Dec-21					

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
42700 - Interest Expense	106,000	118,000	118,000	(12,000)	(12,000)

42700 - Interest Expense

The District currently has three bonds it is making payments on which proceeds were used to fund past capital projects and land purchases. The interest paid on these bonds is recognized as an expense on the income statement on a monthly basis at the time it is accrued. Interest on each bond is paid two times each year.

Lobster Cove Road Main Replacement**\$400,000**

The District's largest capital project in 2022 is a main replacement on Lobster Cove Road. This project will replace 1,150 feet of 6 inch cast iron pipe installed in 1929 with 8 inch ductile iron pipe to improve water quality and fire flows. This is in advance of a York Public Works paving project.

High Street Main Replacement/Extension**\$207,000**

The District will install 440 feet of 6 inch ductile pipe on High Street. This will involve replacing 300 feet of existing 6 inch cast iron pipe on the southern end and fill the gap by connecting to the existing 6 inch ductile iron pipe on the northern end. When complete, this project will improve water quality and fire flows. This project is also in advance of a York Public Works paving project.

Finish Pump Replacement**\$95,000**

At the treatment plant we will be replacing one of the two original finish water pumps (motor and pump) that have reached their design life. The old pump will be inspected when pulled to assess and represent the expected condition of the second pump.

Kubota L47 Tractor**\$79,000**

This will be a replacement for the 2016 Bobcat Toolcat. Unfortunately, the Bobcat Toolcat has shown that it was not built to perform the type of work that is needed in the watershed. Each summer, it has developed a different mechanical issue causing, at minimum, 30 days of down time while it is repaired at the dealer. We feel that a Kubota Tractor will be the best all around machine to replace this for both watershed maintenance and hydrant snow removal. The Bobcat will either be taken in trade or sold outright at an estimated value of \$50,000.

Redesign Lagoons/Freeze Dry Bed with Flood Control**\$71,000**

Originally designed to handle used plant water and solid waste, but did not work as designed and sits too low into the groundwater table. Redesign will also consider additional site flood control.

Old Beech Ridge Road Pump Station Construction**\$50,000**

Complete, program, add chemical system, and connect the new joint interconnection pumping station (with Kittery Water District) to the YWD system.

SCADA Hardware/Software Upgrade**\$28,000**

Routine upgrade to the two plant computers and various software that interface with the main plant computer to ensure highest security and reliability.

Engineering - 1000 US Route One to Cape Neddick Road**\$26,000**

Our engineer will design a water main installation project on US Route One from 1000 US Route One to Cape Neddick Road. This project is listed as a long-term priority in our masterplan to build resiliency in the core of our distribution system. The intent is to have the design complete in 2022 and be considered a shovel ready project in the event funding becomes available.

RPO Office Addition **\$25,000**

The RPO was originally constructed with two work stations in one desk unit. Post-COVID this will no longer be an option. Currently the second workspace is located in a converted closet. This addition will add two private office spaces inside the existing building envelope. By moving one outside wall we will increase storage, add workspace, and maintain the conference area.

Red Management Road Upgrades **\$25,000**

We will finish upgrades to the original Red Management Road. For the most part the original Red road has only had scattered and occasional repairs over the past 25 years. We will clear ditches, replace culverts, shape, and grade the road.

Equipment Trailer **\$21,000**

This will replace a 30-year-old trailer that the District purchased second hand from KWD in 2014. It was found that the trailers understructure would no longer pass inspection and the cost to repair did not make sense. This trailer is needed to haul ductile iron pipe, road plates and is a backup trailer for hauling the excavator.

Raynes Neck Road Main Replacement **\$20,000**

This replacement will continue to upsize the current 2 inch poly summer main to 4 inch to the intersection of Godfrey Cove. The current 2 inch main in the area is at capacity and cannot serve addition customers without upgrades.

Storage Building at 200 Mountain Road **\$20,000**

This is the first stage of construction for the new steel storage building. This will fund a site plan and any necessary engineering, permitting, or survey related work. We will also use these funds to begin clearing the site of trees and ledge in preparation for a foundation. The remaining funds will be budgeted in 2023 for the actual building construction.

ATV **\$18,000**

These funds will be used to replace the 2013 Can-Am Commander side by side ATV. This side by side has served us well and is at the end of its useful service life. We plan to replace this ATV with a four seat Honda Pioneer side by side. This new ATV will allow us to continue all previous tasks as well as carry up to three passengers for watershed tours or rescue operations.

Wanco Mobile Sign Board **\$16,000**

The District has found that these message boards work great for early notification for upcoming construction projects as well as important traffic related messages during construction projects. The District was awarded a Maine Municipal Association safety grant that will reduce the total cost by \$3,000.

Rte 1 South Pump Station - Ammonia System/Interconnection Programming **\$16,000**

Add new treatment chemical and complete pump station programming to allow addition of ammonia for chloramination of Kittery Water District water and improved transfers of water.

Rte 1 North Pump Station - Standby Generator Investigation**\$10,000**

Perform leg work/legal work, to secure location, land/easement, for soon to be needed standby generator. This generator will be needed due to addition of future Gulf Hill subdivision pump station.

Purple Management Road Upgrade (Phase I)**\$6,000**

The purple trail is our primary access route to Kittery Water District watershed property. It also crosses through a significant section of private property. These funds would be the first of several reoccurring budget requests to repair this deteriorating trail and possibly re-route it to minimize private property impact. Work will primarily consist of ditching, culverts, water crossings, and road material.

Total Capital Projects

\$1,133,000

Vehicle Trade-In Values

 (\$50,000)
Total Capital Spending**\$1,083,000**

Tank Painting Reserves

	<u>2022 Budget</u>	<u>2021 Budget</u>	<u>2021 Projection</u>	<u>Vs. Prior Budget</u>	<u>Vs. Projection</u>
Backwash Tank	18,000	18,000	18,000	-	-
Heights Tank	41,000	41,000	41,000	-	-
Simpson Hill Tank	41,000	41,000	41,000	-	-
Allowance for Tank Painting	100,000	100,000	100,000	-	-

The District has two distribution storage tanks; York Heights and Simpson Hill. In addition, a third tank located at the treatment plant is used for backwashing the filters at the plant. The District sets aside funds annually to plan for future maintenance (painting) on these tanks as these expenses are very costly. The annual contributions will fully fund the project in the time required.

Backwash Tank

This tank was built in 1979 and was refurbished with new interior and exterior coating systems in 2012. The suggested year for next maintenance determined in the master plan is 2037 for a projected cost of \$462,000.

York Heights Tank

This tank was constructed in 1969 and completely refurbished in 2015 with new interior and exterior coating systems. The suggested year for next maintenance is 2040 for a projected cost of \$1,089,000.

Simpson Hill Tank

This tank was built in 1982 and last rehabilitated in 2008. The suggested year for next maintenance is 2033 for a projected cost of \$896,000.

Accumulated Reserves

	<u>Anticipated</u>	<u>Funded</u>	<u>Unfunded</u>	<u>Years Until</u>
	<u>Cost</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>Maintenance</u>
Backwash Tank	462,000	165,000	297,000	16
Heights Tank	1,089,000	317,000	772,000	19
Simpson Hill Tank	896,000	402,000	494,000	12
	\$2,447,000	\$884,000	\$1,563,000	

The estimated years until maintenance for each tank has been increase by five years from the conservative estimate made in the District's master plan. Management feels the updated number more accurately reflects the remaining useful life of the current tank coatings.

Emergency Reserves

The District generates surplus funds two ways. First, state law provides the ability for a utility to include an annual contingency allowance of 5% of revenue for rate making purposes. Second, the District maintains a balanced budget with on-going revenues equal to on-going expenses, but year-to-year costs may be more or less than what was assumed during budget planning.

Good financial practice recommends maintaining reserve funds to meet seasonal cash flow shortfalls, provide for unexpected costs to continue to provide service and enable changes in water rates to be less volatile.

Management recommends a reserve that combines a working capital reserve at 25% of operating and non-operating expenses and a repair and replacement reserve at 2% of net capital assets. This is based on a recommendation by the American Water Works Association.

Available Funds on 12/31/2021	1,600,000
Needed to complete prior year projects	(75,000)
2022 Revenues	4,689,000
2022 Expenses	(4,839,000)
2022 Annual tank painting contribution	(100,000)
Available Funds on 12/31/2022	1,275,000
Recommended Reserve	1,200,000