

Water Department Capital Project Budget Increase Analysis for FY2015 Requests

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Variables						
Base Year	FY2014					
Budgeted Amount - FY2014	\$	959,386				
Estimated Volume Sold		118.10	millions of gallons			
Estimated Services		1,760				
Average Annual Bill	\$	545				
Average Annual Water Use		67,000	gallons			
Projected Interest Rate		4%				
FY2015 Project	Cost	Funding Source	First Year Bond Payment (1 of 20)	Budget Increase	Average Annual Increase	Projected Average Annual Bill
Perkins Row Station Rehabilitation - Design	100,000	Retained Earnings				
Storage Tank Repair - Construction	250,000	Retained Earnings	<i>Projects will be funded by retained earnings and will not affect water rates.</i>			
Washington Street Main - Construction	1,100,000	Bond	99,000	10%	56	601
Water Treatment Plant - Design	800,000	Bond	72,000	8%	41	586
FY2015 Request Total	2,250,000		171,000	18%	97	642
Water Treatment Plant Project Detail						
Design	800,000	Bond	72,000	7.5%	41	586
Construction (FY2017 request or earlier)	6,450,480	Bond	580,543	60.5%	330	875
Estimated Project Total	7,250,480	Bond	652,543	68%	371	916
<p><i>This analysis is based on adding post-construction, first year permanent bond payments to the FY2014 budget. Project costs are estimates and could be higher or lower depending on a number of factors. For instance, the last water main project was estimated to cost \$800,000 and was completed for approximately \$550,000 due to favorable market conditions. Also, recently the Town refunded some bonds and was able to obtain a very favorable rate, much lower than the 4% used here.</i></p>						
<p><i>Bond payments are calculated based on equal principle payments each year, a fixed interest rate and a term of 20 years.</i></p>						
<p><i>Treatment plant operating costs including waste disposal, electricity, etc. will be offset by savings due to termination of sequestration treatment and associated supply, testing and labor costs.</i></p>						
<p>Please forward any questions about this document to the Water Superintendent (978) 887-1517.</p>						