



Town of Brookfield, Connecticut
Water Pollution Control Authority
Operating, Restricted, and Capital Budgets
For the Year Ended June 30, 2019
DRAFT

Brookfield WPCA
Operating, Restricted, and Capital Budgets
For the Year Ended June 30, 2019

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Brookfield WPCA Budget Narrative - FY2018-19

Introduction:

It is useful to offer a narrative to accompany the budget to tell the story behind the numbers. There is much more on the activity of the WPCA on the web at www.brookfieldwpca.com.

The Commission:

The commission has eight volunteer members. Most have served for several years. There will be one alternate opening on the WPCA board by the end of June 2018.

As to outside service, the commission uses engineering, accounting, legal and other support services as needed. The engineering firm has quite a bit of depth, serving several states. Their work includes maintaining and upgrading the sewer layer on the town GIS system. The commission attorney has served the Brookfield WPCA for more than 20 years providing expertise in land use issues. He also has a valuable depth of corporate memory. The accounting firm, Bliss Allred and Company, has served the WPCA for 3 years. The WPCA accounting system routinely has been complimented by Town auditors.

Operations Staff and Building:

The WPCA has tripled in the number of customers and infrastructure over the last 15 years, doubled in the last 7-years all with four employees and a small office. It also has all responsibility for its finances, including payroll, increasing the work load for its four employees. Two years ago a half-time field staff position was added. This year a new part-time director was added with the work load for the volunteer board having increased substantially over the past several years with system growth.

Additional revenue from growth has covered the cost of added staff and a vehicle. With a part-time Director, the current 285 sqft office space is inadequate. Consequently, the commission contracted for the purchase of an operations center apart from the Town Hall. The two-story building will include 2000 sqft of office space, a storage mezzanine and 1000 sqft of unfinished area. This will allow all employees to be co-located. The office building will be financed with a 25-year mortgage and is projected to add 1.5% to the WPCA budget. This expense also will be absorbed by the increase in the number of customers, especially in the Town Center District.

Accommodating Growth:

Several significant capital improvement projects were undertaken.

- A project at Rollingwood went through the approval process, was put out to bid and is under construction. It is designed to take advantage of recent system expansions to re-route to a full gravity system, eliminating a troublesome pump station. The construction bids came in below budget. The cost will be divided among affected unit owners proportioned by their Grand List Value. BAN funds are in use to support the construction.

- The North Pump Station, at the New Milford town line, and the station behind 777 Federal Road were both running at 50% capacity for normal operations during working hours as seen by the on-line data capture system. With growth planned from several new condo and apartment projects in the Four Corners area, these two stations were upgraded with state-of-the-art controls and pumps of greater capacity. These projects were commissioned in 2017 and funded as capital improvements by the Federal Road North District users, current and future.

New Initiatives

Actually, there are no new infrastructure sewer projects on the drawing board for the first time in a decade. There are initiatives in place to study the viability of sewerage 1950-era homes along the Still River on Dean and Pocono Roads. There are also plans to conduct initial engineering studies to provide sanitary sewer services to homes in the Candlewood Lake area. Both feed Lake Lillinonah, which is suffering distress from upstream nutrient flow. These studies are subject to a 55% Clean Water Fund grant from the CT DEEP.

The WPCA Enterprise

The WPCA Enterprise Fund accounting is fully separated from the Town and on a full accrual accounting basis. Nevertheless, the WPCA is included as a business activity in the Town audit. The WPCA office handles payroll, billing receivables and accounts payable, including sewer bond and loan obligation payments. This arrangement is in place at the request of the Office of the Controller and Auditors in keeping with government Enterprise Fund accounting rules.

Unrestricted funds are broken down into Operating and Capital. This is a budgeting and reporting method useful to the Commission to monitor finances.

The sewer usage fee was set in June 2012 at \$380 per unit per year to fully cover increasing depreciation and Danbury treatment fees. (A household is one unit.) The usage fee increased to \$420 per unit in June 2017. This 10.5% jump amounted to about 2% annually over the previous 5-year span. This rate still allows sustainable operations, including the ability to make infrastructure upgrades to accommodate the growth in system use. No rate increase is anticipated this year.

Cost of Operations by Flow:

At the end of 2017 there were 4,004 units producing approximately 300,000 gallons per day (0.3MGD). That is a 7% increase in flow with the addition of Barnbeck and Laurel Hill apartments, Oak Meadow and the last units at Newbury Village and Riverview. New customers are offsetting a loss of revenue from the lost businesses, especially in the Four Corners area.

All sanitary wastewater flow is sent to the Regional Danbury Waste Treatment plant under the supervision of the CT DEEP and by an Interlocal Agreement with Danbury. The agreement allows a flow from Brookfield of up to 0.5 MGD. But this is slated to be reduced to 0.38 MGD in 2022 with new Phosphorous mitigation requirements imposed on the plant. Brookfield is sending waste at an average rate of 86% of the new allowable flow. The Danbury Plant expansion will cost Brookfield a projected \$2,230,000 after grants are applied. These grants are promised, but not guaranteed. However, the Town of Brookfield is immediately responsible for

its portion of engineering costs, projected at \$350,000 probably due in 2019.

The impact of the Phosphorus removal at the Danbury plant will be to reduce the Phosphorous load to Lake Lillinonah by 7%. This gives all the appearances of building a bridge to nowhere; a social cost with even septic users contributing Phosphorous to the environment.

For the WPCA to cover Brookfield's engineering cost share that will be billed to the Town of Brookfield, an additional plant charge of \$44 per unit per year to generate the needed \$350,000 was established in June 2017. These funds are isolated in a separate account.

Rate Setting:

Two rate increases were implemented in FY 2017-18. One, a permanent increase for operations of \$40 per unit, from \$380 to \$420 per unit as discussed above. In the current FY, the operation is projected to run at a surplus with the excess funds being used to improve the main pump station and other projects as provided for in the capital budget.

The supplemental rate increase of \$44 per unit was implemented to cover the anticipated bill to the Town of Brookfield for Danbury Plant engineering fees. This increase will be billed as a surcharge to the usage bill for four billing events this year and next. Any excess or shortfall will have to be covered by increases in use fees that accompany a BAN or Bond covering the approximate \$2 million additional for the Brookfield portion of the Danbury Plant expansion, which is slated to be operational in the year 2022. The \$2 million could be \$3 million depending on whether the pledged grants currently anticipated are honored.

Rate Structure:

Customer sewer rates are based on a "Unit" charge to fund operations, one option provided for by State Statute. Each household is one unit. Commercial establishments all have a formula to determine the usage rate according to WPCA Rules and Regulations. The Commission is aggressively exploring charging by water usage for commercial customers. This strategy may require commercial customers to install a water meter.

The entire unit-based billing system is under review by a sub-committee of WPCA Commissioners. At the unit rate of \$420 per year per household unit, 75% or \$310 covers the annual cost of WPCA operations and only 25% based on usage.

Budget Summary:

WPCA Budgeted Expenses FY 2018-2019		
Cost Element	Cost in \$, 000s	Percent
Danbury Fees	\$350	20%
Employee Costs	\$690	39%
Operations	\$311	17%
Administration	\$149	8%
Contribution to Capital	\$292	16%
Total	\$1,792	100.0%

In round figures, the Brookfield WPCA has assets of \$25 million. The WPCA holds \$6 million in bonds and loans against 7 separate sewer districts. Two are debt-free. This requires a total of \$400,000 in debt service, principal and interest, funded by users in each sewer district. Funds to pay each bond note or to make upgrades within each sewer district are kept separate in restricted bank accounts as required by Resolution. User obligations are attached to land records, virtually assuring collection.

The operating budget in a simple form can be divided into five categories. See the table above. The Administration category includes outside legal, accounting and audit costs.

Summary

As with any utility the operation must be competent to

- Keep the business running, providing value for a good cost, below benchmarks;
- Invest in current technology to drive down unit cost to scale well;
- Deliver quality, trouble-free service in its operations, and
- Have friendly and patient customer relations.

Also, high values for the Commission are

- Transparency. Brookfield has the most complete website of any WPCA in CT.
- Integrity. All decisions are open to the public and finances pass intrinsic and extrinsic audits.
- Financial Sustainability.
- Excellence in bringing the latest technologies to make the operations cost efficient. For example, tablets with a cellular connection allow the field staff to view main and customer connections on-the-spot. This GIS service allows instant recording of observations with pictures giving an electronic record of on-going and required inspections.

The WPCA Commission has given focus to its employees and continues to give this area focus—a challenge to a volunteer board. A goal is to conduct this enterprise so as to reflect positively on the WPCA and Brookfield.

Account / Description	2016-2017 Approved Budget	2016-2017 Actual	2017-2018 Approved Budget	7/1/17-12/31/17 Actual (6 mos)	Projected Annual	2018-2019 Proposed Budget	Increase/ (Decrease) from 16/17 Budget	Comments
Revenues								
4000-01 · User Fees	1,350,000	1,345,667	1,533,000	888,613	1,777,225.38	1,764,000	15.07%	4,000 units @ 420 + 5%
4900-02 · User/Assess Delinq Int./Lien	12,000	30,403	30,000	6,983	13,965.46	14,000	-53.33%	Based on projected
4900-03 · Application/Miscellaneous Fees	8,000	5,350	8,000	5,600	11,200.00	11,000	37.50%	Based on projected
9000-03 · Interest Income	2,000	2,895	2,000	1,787	3,574.80	3,500	75.00%	SW Capital Acct. & Unused BAN Acct. Interest
Danbury Plant Upgrade Fees Income			158,700		-	158,700	0.00%	
Subtotal Revenue	1,372,000	1,384,315	1,731,700	902,983	1,805,965.64	1,951,200	12.68%	
Expenditures								
DANBURY FEES								
Danbury Plant Upgrade Fees expense			158,700	-		158,700	0.00%	Actual Engineering cost \$158,700 for 2 years. TOWN \$\$\$??
5000 · Capacity Charges - Other	310,000	379,661	320,300	176,765	176,765.00	350,000	9.27%	Increase based on trend
EMPLOYEE COSTS								
5810-01 · Employee Benefits (Health Ins)	99,443	96,720	119,000	101,454	101,454.00	96,807	-18.65%	Health & dental/OPEB
5811-01 · Pension Plans Expense	37,967	41,482	40,000	41,145	41,145.00	42,674	6.69%	Number supplied by the Town
5812-01 · Disability & Life Ins Expense	3,769	3,876	4,500	4,511	4,511.00	4,672	3.82%	Number supplied by the Town
5813-01 · Workers' Comp Expense	14,455	13,727	15,100	15,972	15,972.00	16,771	11.07%	Number supplied by the Town
5870-01 · Salaries & Employer Payroll Tax	359,892	360,635	365,000	193,775	387,549.44	382,469	4.79%	2.25% increase (Admin, Maintenance, PT Director) & payroll tax
· PT Director Salary & Employer Payroll Tax			50,000					Moved to 5870 above
5872-01 · Seasonal Help	7,600	-	-	-	-	-		N/A
5872-01 · New full timer	12,964	-	-	-	-	86,152		Starting July 1, 2018
Subtotal Employee Costs	536,090	516,439	593,600	356,857	550,631.44	629,545		
OPERATIONS								
5289-01 · Studies & Testing	20,000	13,646	20,000	4,031	8,061.90	20,000	0.00%	Lower than budget FYE 2018
5301-01 · Uniform Allowance	1,050	484	1,500	699	1,397.56	1,500	0.00%	\$500 per employee x 3
5877-01 · Building & Maintenance	28,000	14,142	30,000	12,099	24,197.56	15,000	-50.00%	Remove lawn maint \$15K, \$1K x 15 PS
5880-01 · Maintenance Equipment	3,500	1,596	3,500	1,399	2,797.38	3,500	0.00%	In line with FYE 2018
5881-01 · Supplies Equipment	6,000	2,849	5,000	2,023	4,046.14	5,000	0.00%	In line with FYE 2018
5886-01 · Truck & Auto Expense	17,700	9,953	16,500	5,326	10,651.96	15,000	-9.09%	Cost of fuel, vehicle maintenance
5893-01 · Recurring Maintenance	17,000	17,836	17,000	14,020	28,039.30	20,000	17.65%	US Automation, Generators, Easements Clearings, Bioxide
5894-01 · Non-Recurring Maintenance	10,000	8,254	10,000	870	1,740.00	5,000	-50.00%	Misc. non-recurring maintenance
5895-01 · Utilities	52,000	61,769	67,000	21,647	43,293.74	60,000	-10.45%	Lower than budget FYE 2018
5896-01 · Communications & Alarms	18,800	14,099	22,000	10,675	21,350.14	22,000	0.00%	Mission \$15K, Frontier \$1200, Verizon \$4200, Batteries \$1.5K
5897-01 · Engineering Costs	65,000	44,247	45,000	10,530	21,060.00	70,000	55.56%	Includes Facilities Plan, Cand Shores Engineering
5902-01 · Casualty Insurance	10,477	12,956	10,400	6,478	12,956.04	10,369	-0.30%	Number supplied by the Town
5905-01 · Pump Maintenance & Repairs	42,000	16,088	42,000	12,711	25,421.44	48,000	14.29%	14 stations * \$2,500, Sand Cut Grinder \$13K
5909-01 · GIS Costs	15,000	17,764	12,100	2,831	5,662.00	16,000	32.23%	Includes GIS engineering costs, per Langan
5910-01 · Safety Equipment	6,000	500	4,000	1,010	2,020.42	4,500	12.50%	Safety shoes, CSE Equipment
Subtotal Operations	312,527	236,183	306,000	106,348	212,695.58	315,869	3.23%	
ADMINISTRATION								
5876-01 · Office/Administrative Supplies	4,000	3,018	4,000	1,784	3,568.20	4,000	0.00%	Same as budget FYE 2017
5878-01 · Postage & Mailing Costs	2,500	1,434	2,500	1,244	2,488.08	3,800	52.00%	Postage & Mail pickup new (\$25/wk)
5883-01 · Training & Education Costs	2,500	968	2,300	710	1,420.00	1,800	-21.74%	Certifications & OSHA reqd. training
5884-02 · Other Administrative Expenses	10,000	10,542	10,000	9,722	19,443.50	11,716	17.16%	IC, Paychex, Indem Ins., HR, Safety prog, 2 work sta, website des
· Rent (part of 5884-02)			39,000					
2800-07 · Mortgage Payment						26,680		P&I \$2,223.33 x 12
5912-01 · Utilities						16,453		Common chgs, water, electric, insurance, phone, cleaning, alarm
5913-01 · Building Repair & Maintenance						1,200		New building maintenance
5887-01 · Advertising/Legal Ads	5,000	9,097	4,000	-	-	4,000	0.00%	Most costs charged to projects
5888-01 · Maps, Printing & Copier	1,000	1,159	1,000	215	429.16	2,000	100.00%	Includes copier & plotter/scanner
5889-01 · Legal Expenses	20,000	21,572	20,000	9,812	19,623.00	20,000	0.00%	Some legal will be charged to projects
5906-01 · Audit/Accounting Services	55,000	34,959	52,000	9,606	19,212.50	32,000	-38.46%	\$20K acct., \$12K audit
5907-01 · Data Processing Support/IT	10,130	5,946	7,600	2,670	5,340.00	19,613	158.07%	QDS per budget (7,613) letter dated 1/8/18 + IT Support
Subtotal Administration	110,130	88,695	142,400	35,762	71,524	143,262	0.61%	
Total Expenditures less Capital Contributions	1,268,747	1,220,978	1,521,000	675,732	1,011,616	1,597,376	5.02%	
CAPITAL CONTRIBUTIONS								
5885 Contribution to Capital Projects	103,253	103,253	210,700			353,824	67.93%	Revenue less expenses (covers capital budget) ≈10%
Total Expenditures	1,372,000	1,324,231	1,731,700			1,951,200	12.68%	

Still waiting for numbers from Finance

**WPCA Capital Projects Budget - CASH Basis
FYE 2018-2019**

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PROJECTED CASH BALANCE BEGINNING OF PERIOD	852,500
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CASH INFLOWS

Cash from Issuance of Debt	-
2019 Contribution from Operations Budget	353,824
2% Capital Cost Recovery	55,000
Total Cash Inflows	408,824

CASH OUTFLOWS

Per detail on Page 3	
Major Capital Projects	(67,425)
Operations Capital Projects	(221,350)
Total Cash Outflows	(288,775)

Net Budgeted Increase (Decrease)	120,049
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PROJECTED CASH BALANCE END OF PERIOD	972,549
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Issuance of Debt

BAN proceeds Issued during FYE 2018

Rollingwood BAN Proceeds

BAN/Bond proceeds planned issuance FYE 2019

Rollingwood	-
	-

Note: It is assumed that BAN funds will be replaced with new BANs or bonds

WPCA Capital Project Budget - Expenditure Detail
For the Year Ended June 30, 2019

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Description	Note Ref #	Planned Completion	Total Estimated Cost	Actual Expended to Date 12/31/17	Estimated Expended to 6/30/18	Budget FYE 6/30/19	Total Projected	Note	Priority 1-4
Major Capital (Restricted) Projects									
Rollingwood Gravity EXT (BAN funds in place)		2019	650,000	140,995	491,455	17,550	650,000		1
Federal Road Valve Pits (3) Upgrade		2020	52,500			49,875	52,500		3
Totals			702,500	140,995	491,455	67,425	702,500		
Operations (Unrestricted) Capital Projects									
Caldor Tiger Mag Vault Structure Upgrade		2020	107,210	-	15,000	86,850	101,850	5,361	2
Commerce Road & Rt. 133 Force Main		2020	26,400	-	-	20,000	20,000	6,400	2
Flow Meters at Stony Hill & Cedarbrook PS's		2019	25,000			25,000	25,000	25,000	2
Old New Milford & Federal Roads Sewer Infill		2020	105,050	-	-	25,000	105,050	80,050	1
Manhole Projects (replacements/paving)		Annual	30,000	11,275	32,789	30,000	30,000		1
Inflow & Infiltration Repair		Annual	15,000			15,000	15,000		2
Purchase of Building for Operations		2018	530,000	60,753	469,248		530,000		1
New Vehicle		2020	55,000				-		2
Sewer line cleaning & inspection (1,900 LF/yr @ \$5/LF)		Annual	9,500			9,500	9,500		
Other		Annual	10,000			10,000	10,000		
Totals			913,160	72,028	517,037	221,350	846,400	116,811	
Grand Totals			1,615,660	213,023	1,008,492	288,775	1,548,900		

See page 1 for reference # explanations