



## **Water Enterprise & Sewer Enterprise**

Coordinated Budget  
Planning & Rate  
Setting Process  
with  
Pro-Forma Timeline

17 August, 2013  
Revision 1.1

# Water & Sewer Enterprises

## Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline

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## Water & Sewer Enterprises

### Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline

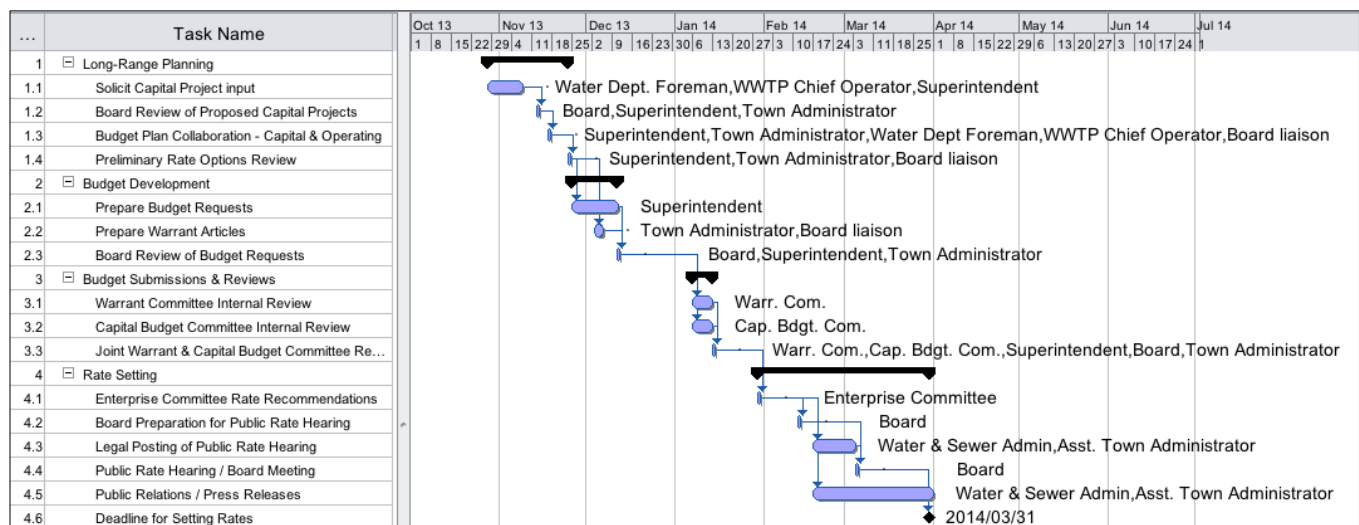
#### Overview

This document outlines a sequence of tasks for Water Enterprise and Sewer Enterprise capital and operating budget planning that culminate in formally setting water and sewer rates. Achieving these goals requires:

- developing a comprehensive list of tasks
- identifying what entities and/or which personnel are involved in performing those tasks
- ensuring all entities with an interest in reviewing aspects of capital project plans, capital budgets, operating budgets and setting water and sewer rates have an opportunity to perform their tasks with all necessary information
- determining interdependencies among these tasks to coordinate the timing of when they need to be completed

The underlying premise of coordinating processes for both budget planning and rate setting is the recognition that these two activities are interdependent. All costs associated with each of the enterprises – water and sewer – must be accounted for when setting rates, such that projected income raised on the rate for an enterprise equals total projected costs for that enterprise.

A summary list of tasks, assigned resources and a pro forma timeline, based on planning for fiscal year 2015, is shown below in **Figure 1**. See Appendix for a larger view.



**Figure 1** Pro forma timeline of tasks and assigned resources

#### Organization of This Document

Sections are organized by task, presented in chronological order of when they need to be performed. Section numbers correspond to task identification numbers in the Gantt chart shown in **Figure 1** above. Four Summary task sections correspond to whole-numbered Sections in this document. Subtasks associated with a Summary task follow sequential outline numbering, and track outline numbers shown in the Gantt chart.

Each subsection provides a brief explanation of one task, and:

- describes sources of information provided prior to beginning that task
- itemizes deliverables due upon completion
- includes a pro forma schedule specifying start and completion dates (based on budget planning and rate setting for fiscal year 2015)
- lists resources – boards, committees, personnel – assigned to perform that task

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## 1 Long-Range Planning

### 1.1 Solicit Capital Project Input

Identifying capital projects and their relative priorities is intended as an annual exercise. It was first performed in February 2013, where draft master plans for water and sewer served as the starting point for discussions among the Water Department foreman, Waste Water Treatment Plant Chief Operator, Superintendent of Public Works, Town Administrator and one Board liaison.

For fiscal year 2015 planning, and in future years, a collaborative effort similar to that performed in February 2013, will now be preceded by a preliminary planning effort involving the Superintendent, Foreman and Chief Operator. The intent is to allow an opportunity for thoughtful planning before presenting ideas during collaboration that is part of Task 1.3, as described below on page 3. This preliminary planning effort is expected to build on previous years' plans, thereby showing continuity from year to year.

#### Information Sources

- Prior year's long-range capital project plan, including:
  - a list of capital projects
  - fiscal year in which each project is projected to be implemented
  - estimated cost of each project
- Most recent versions of Water Master Plan and Sewer Master Plan

#### Deliverables

- Long-range capital project plan, including:
  - a list of capital projects covering multiple years
    - based on prior year's list
    - modify to reflect partially completed and completed projects
    - remove projects now deemed unnecessary
    - add new projects not previously identified
  - prioritized by estimating a fiscal year for implementing each project
    - to reflect importance in ensuring infrastructure integrity
    - no need to consider timing based on finances
      - this is part of collaboration in Task 1.3, see page 3
  - estimated cost of each project

#### Assigned Resources

Water Department Foreman  
Waste Water Treatment Plant Chief Operator  
Superintendent Public Works

#### Pro forma Schedule

# Biz Days	Start Date	Finish Date
10	29 October, 2013	8 November, 2013

## **Water & Sewer Enterprises**

### **Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline**

#### **1.2 Board Review of Proposed Capital Projects**

Following-on from Task 1.1, the Board will meet to review and evaluate long-range capital project recommendations. The Board will make modifications as they deem appropriate, and supply the resulting approved Long-Range Capital Project Plan to inform Task 1.3.

##### **Information Sources**

- Deliverables from completion of Task 1.1
  - a list of capital projects covering multiple years
  - prioritized by estimating a fiscal year for implementing each project
  - estimated cost of each project

##### **Deliverables**

Approval, with any attendant modifications, of Long-Range Capital Project Plan

##### **Assigned Resources**

Board  
Superintendent  
Town Administrator

##### **Pro forma Schedule**

# Biz Days	Start Date	Finish Date
1	14 November, 2013	14 November, 2013

#### **1.3 Budget Plan Collaboration - Capital & Operating**

First performed in February, 2013, and intended as an annual exercise, collaborative budget planning involves evaluating capital and operating budget priorities, and balancing financial limitations against needs for maintaining the integrity of Medfield's water and sewer infrastructure. The team of collaborators represents a broad perspective – from practical knowledge of the infrastructure, to logistics for implementing infrastructure projects, to knowledge of operations for maintaining the infrastructure, to Town-wide finances.

This multidisciplinary team of collaborators collectively recommends capital projects and operating budget priorities, balancing timing of implementations and funding sources so as to optimize the long-range impact to the Town.

##### **Information Sources**

- Prior year's budget planning worksheets, showing projections for:
  - multiple years of capital projects
  - multiple years of debt service
  - self-funded capital project expenses
- Approved Long-Range Capital Project Plan from Task 1.2
- Current fiscal year Water Enterprise and Sewer Enterprise budgets
  - capital
  - operating

## Water & Sewer Enterprises

### Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline

#### Deliverables

- Updated version of prior year's budget planning worksheets, showing projections for:
  - multiple years of capital projects
  - multiple years of debt service
  - self-funded capital project expenses
- Operating budget estimates for next fiscal year
  - Categorized by:
    - operating expenses – salaries
    - operating expenses – non-salary / other
    - self-funded capital expenses
    - debt service
  - Water Enterprise
  - Sewer Enterprise

#### Assigned Resources

Superintendent  
Town Administrator  
Water Department Foreman  
Waste Water Treatment Plant Chief Operator  
One Board liaison

#### Pro forma Schedule

# Biz Days	Start Date	Finish Date
1	18 November, 2013	18 November, 2013

### **1.4 Preliminary Rate Options Review**

First performed in February, 2013, a review of rate options is a further refinement of the budget planning effort described above in Task 1.3. Water Enterprise and Sewer Enterprise budget recommendations are evaluated to determine water and sewer usage fees necessary to raise revenue to fund those recommended budgets. Some refinement in timing and/or funding sources may be made.

#### Information Sources

- Deliverables from Task 1.3
  - Updated version of prior year's budget planning worksheets, showing projections for:
    - multiple years of capital projects
    - multiple years of debt service
    - self-funded capital project expenses
  - Water Enterprise and Sewer Enterprise operating budget estimates for next fiscal year
    - Categorized by:
      - operating expenses – salaries
      - operating expenses – non-salary / other
      - self-funded capital expenses
      - debt service

## **Water & Sewer Enterprises**

### **Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline**

#### **Deliverables**

- Range of rate options
  - Water Enterprise
  - Sewer Enterprise
- Charts and graphs showing multiple-year impact of projected rate changes
- Table of rate permutations across tiers to achieve recommended target rates

#### **Assigned Resources**

Superintendent  
Town Administrator  
One Board liaison

#### **Pro forma Schedule**

# Biz Days	Start Date	Finish Date
1	25 November, 2013	25 November, 2013

## Water & Sewer Enterprises

### Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline

## 2 Budget Development

### 2.1 Prepare Budget Requests

The Superintendent of Public Works takes all of the input from planning efforts detailed above in Task 1.3 and Task 1.4, and incorporates them into the Water Enterprise and Sewer Enterprise annual operating budgets for the next fiscal year.

The Superintendent also prepares capital budgets to account for any capital projects to be implemented in the next fiscal year. Capital budgets will need to be prepared regardless of their funding source – self-funded from an Enterprise, or bond-funded. Funding sources for capital projects will have been specified in Task 1.4.

#### Information Sources

- Deliverables from Task 1.3
  - Updated version of prior year's budget planning worksheets, showing projections for:
    - multiple years of capital projects
    - multiple years of debt service
    - self-funded capital project expenses
  - Operating budget estimates for next fiscal year
    - Categorized by:
      - operating expenses – salaries
      - operating expenses – non-salary / other
      - self-funded capital expenses
      - debt service
    - Water Enterprise
    - Sewer Enterprise

#### Deliverables

- Water Enterprise and Sewer Enterprise budgets for next fiscal year
  - Capital budgets
    - self-funded from Enterprise
    - bond-funded
  - Operating budgets

#### Assigned Resources

Superintendent

#### Pro forma Schedule

# Biz Days	Start Date	Finish Date
10	26 November, 2013	11 December, 2013

### 2.2 Prepare Warrant Articles

Warrant articles need to be prepared for capital projects have been identified for the next fiscal year. Some projects self-funded from an Enterprise as well as all projects funded through bond issues need to be presented in the Town Meeting Warrant.

The Town Administrator typically writes warrant articles. One Board liaison is intended to collaborate with the Town Administrator to help streamline the process.



## **Water & Sewer Enterprises**

### **Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline**

#### **Information Sources**

- Deliverables from Task 1.3
  - Updated version of prior year's budget planning worksheets, showing projections for:
    - multiple years of capital projects
    - multiple years of debt service
    - self-funded capital project expenses
  - Operating budget estimates for next fiscal year
    - Categorized by:
      - operating expenses – salaries
      - operating expenses – non-salary / other
      - self-funded capital expenses
      - debt service
    - Water Enterprise
    - Sewer Enterprise

#### **Deliverables**

- Draft Warrant Articles
  - Water Enterprise
  - Sewer Enterprise

#### **Assigned Resources**

Town Administrator  
One Board liaison

#### **Pro forma Schedule**

# Biz Days	Start Date	Finish Date
3	4 December, 2013	6 December, 2013

### **2.3 Board Review of Budget Requests**

To ensure all budgets and any Town Meeting warrant articles are coordinated, the Board will review Water Enterprise and Sewer Enterprise operating budgets, capital budgets, and associated Town Meeting warrant articles.

This is intended as one final check prior to submitting budgets and warrant articles to the Warrant Committee and Capital Budget Committee – see Task 3.1 and Task 3.2.

#### **Information Sources**

- Deliverables from Task 2.1 and Task 2.2
  - Water Enterprise and Sewer Enterprise budgets for next fiscal year
    - Capital budgets
      - self-funded from Enterprise
      - bond-funded
    - Operating budgets
  - Draft Warrant Articles
    - Water Enterprise
    - Sewer Enterprise

## **Water & Sewer Enterprises**

### **Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline**

#### **Deliverables**

- Approval, with any attendant modifications, of proposed capital and operating budgets
  - Water Enterprise
  - Sewer Enterprise
- Approval, with any attendant modifications, of draft Warrant Articles
  - Water Enterprise
  - Sewer Enterprise

#### **Assigned Resources**

Board

Superintendent

Town Administrator

#### **Pro forma Schedule**

# Biz Days	Start Date	Finish Date
1	12 December, 2013	12 December, 2013

## Water & Sewer Enterprises

### Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline

## 3 Budget Submissions and Reviews

### 3.1 *Warrant Committee Internal Review*

Warrant Committee reviews materials submitted from Task 2.3. An additional review with the Superintendent, Board and Town Administrator is listed in Task 3.3.

#### Information Sources

- Deliverables from Task 2.3
  - Board-approved versions of proposed capital and operating budgets
    - Water Enterprise
    - Sewer Enterprise
  - Board-approved versions of draft Warrant Articles
    - Water Enterprise
    - Sewer Enterprise

#### Deliverables

- Recommendations for modifications to proposed capital and operating budgets
  - Water Enterprise
  - Sewer Enterprise
- Recommendations / suggested modifications to draft Warrant Articles
  - Water Enterprise
  - Sewer Enterprise

#### Assigned Resources

Warrant Committee

#### Pro forma Schedule

# Biz Days	Start Date	Finish Date
5	7 January, 2014	13 January, 2014

### 3.2 *Capital Budget Committee Internal Review*

Capital Budget Committee reviews materials submitted from Task 2.3. An additional review with the Superintendent, Board and Town Administrator is listed in Task 3.3.

#### Information Sources

- Deliverables from Task 2.3
  - Board-approved versions of proposed capital projects
    - Water Enterprise
    - Sewer Enterprise
  - Board-approved versions of draft Warrant Articles
    - Water Enterprise
    - Sewer Enterprise

#### Deliverables

- Suggested modifications to proposed capital projects
  - Water Enterprise
  - Sewer Enterprise

## Water & Sewer Enterprises

### Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline

- Suggested modifications to draft Warrant Articles
  - Water Enterprise
  - Sewer Enterprise

#### **Assigned Resources**

Capital Budget Committee

#### **Pro forma Schedule**

# Biz Days	Start Date	Finish Date
35	7 January, 2014	13 January, 2014

### **3.3 *Joint Warrant / Capital Budget Committee Review***

Following the Warrant Committee's and Capital Budget Committee's internal reviews of budget and warrant article submissions, as described in Task 3.1 and Task 3.2, the Warrant Committee and Capital Budget Committee will jointly meet with the Superintendent, Water & Sewer Board, and the Town Administrator.

This is intended as an opportunity for the Warrant and Capital Budget Committees to seek additional information to augment budget and warrant article submissions. The Warrant and Capital Budget Committees are expected to provide feedback to the Superintendent, Board and Town Administrator, possibly offering suggestions for modifications to Water and/or Sewer budget / warrant article submissions.

#### **Information Sources**

- Deliverables from Task 3.1 and Task 3.2
  - Recommendations / suggested modifications to proposed capital and operating budgets
    - Water Enterprise
    - Sewer Enterprise
  - Recommendations / suggested modifications to draft Warrant Articles
    - Water Enterprise
    - Sewer Enterprise

#### **Deliverables**

- Dialog among Warrant Committee, Capital Budget Committee, Superintendent, Board, Town Administrator
- Adjustments as appropriate to accommodate suggested budget modifications
  - Water Enterprise
  - Sewer Enterprise

#### **Assigned Resources**

Warrant Committee  
Superintendent  
Town Administrator

Capital Budget Committee  
Board

#### **Pro forma Schedule**

# Biz Days	Start Date	Finish Date
1	14 January, 2014	14 January, 2014

## Water & Sewer Enterprises

### Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline

#### 4 Rate Setting

##### 4.1 Enterprise Committee Rate Recommendations

The Enterprise Committee meets at least annually to:

- review Water Enterprise and Sewer Enterprise current finances
- project current fiscal year-end Water Enterprise and Sewer Enterprise finances
- project Water Enterprise and Sewer Enterprise costs for the next fiscal year
  - operating costs
  - capital costs self-funded from an Enterprise
  - debt service from bond-funded capital projects
- determine any adjustment – plus or minus – necessary to achieve a target balance in an Enterprise’s reserve fund
- recommend a rate that is projected to raise revenue equal to projected expenses, and account for any adjustment to an Enterprise’s reserve fund
  - Water Enterprise
  - Sewer Enterprise

##### Information Sources

- Deliverables from Task 1.4
  - Range of rate options
    - Water Enterprise
    - Sewer Enterprise
  - Charts and graphs showing multiple-year impact of projected rate changes
  - Table of rate permutations across tiers to achieve recommended target rates
- Deliverables from Task 3.3
  - Warrant Committee and Capital Budget Committee recommendations / suggested modifications to proposed capital and operating budgets
    - Water Enterprise
    - Sewer Enterprise

##### Deliverables

- Recommended rates for next fiscal year
  - Water Enterprise
  - Sewer Enterprise

##### Assigned Resources

Enterprise Committee

##### Pro forma Schedule

# Biz Days	Start Date	Finish Date
1	30 January, 2014	30 January, 2014

## **Water & Sewer Enterprises**

### **Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline**

#### **4.2 Board Preparation for Public Rate Hearing**

Depending upon the nature of capital projects, warrant articles, budget modifications and rate changes, the Board will prepare presentations as deemed appropriate to communicate about these at Town Meeting, public hearings, and/or other venues as necessary.

##### **Information Sources**

- Deliverables from Task 1.2, Task 1.3, Task 1.4, and Task 4.1
  - Board-approved Long-Range Capital Project Plan
  - Updated version of prior year's budget planning worksheets, showing projections for:
    - multiple years of capital projects
    - multiple years of debt service
    - self-funded capital project expenses
  - Operating budget estimates for next fiscal year
    - Categorized by:
      - operating expenses – salaries
      - operating expenses – non-salary / other
      - self-funded capital expenses
      - debt service
    - Water Enterprise
    - Sewer Enterprise
  - Range of rate options
    - Water Enterprise
    - Sewer Enterprise
  - Charts and graphs showing multiple-year impact of projected rate changes
  - Table of rate permutations across tiers to achieve recommended target rates
  - Recommended rates for next fiscal year
    - Water Enterprise
    - Sewer Enterprise

##### **Deliverables**

- Prepare presentation materials for Public Rate Hearing
- Set date for Public Rate Hearing

##### **Assigned Resources**

Board

##### **Pro forma Schedule**

# Biz Days	Start Date	Finish Date
1	13 February, 2014	13 February, 2014

## **Water & Sewer Enterprises**

### **Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline**

#### **4.3 Legal Posting of Public Rate Hearing**

Legal notice of a Public Rate Hearing must be posted at least ten days in advance of the hearing date.

##### **Information Sources**

Public Rate Hearing date from Task 0

##### **Deliverables**

Legal posting for Public Rate Hearing

##### **Assigned Resources**

Water & Sewer Department Administrative Assistant

##### **Pro forma Schedule**

Legal posting is intended to be completed in one day. The schedule shown below reflects ten days to account for the required legal notice period.

# Biz Days	Start Date	Finish Date
10	18 February, 2014	4 March, 2014

#### **4.4 Public Rate Hearing / Board Meeting**

The Board presents the Enterprise Committee's recommended Water and Sewer rates for the next fiscal year, and for the public provides their input. The Board takes into consideration the Enterprise Committee's recommendation as well as public input from this Public Rate Hearing when deciding about setting water and sewer rates.

##### **Information Sources**

- Enterprise Committee's rate recommendations from Task 4.1
- Presentation materials from Task 4.2

##### **Deliverables**

- Present Enterprise Committee's recommended rates
  - Water Enterprise
  - Sewer Enterprise
- Provide context for recommended rates
  - Reference as appropriate, presentation materials from Task 4.2
- Gather public comments and suggestions
- End Public Hearing, convene Board meeting, set rates for the next fiscal year
  - Water Enterprise
  - Sewer Enterprise

##### **Assigned Resources**

Board

##### **Pro forma Schedule**

# Biz Days	Start Date	Finish Date
1	5 March, 2014	5 March, 2014

## **Water & Sewer Enterprises**

### **Coordinated Budget Planning and Rate Setting Processes – with pro forma Timeline**

#### **4.5 Public Relations / Press Releases**

Posting the Public Rate Hearing triggers a series of public communications. The legal notice is already covered in Task 4.3, but depending upon the nature of recommended rate changes, there may be more or less interest from the press about wanting additional information. Public inquiries from Town citizens are also common.

The Water and Sewer Department Administrative Assistant is anticipated to field routine inquiries. The Assistant Town Administrator is anticipated to be involved in responding to more in-depth requests for information, such as from the press. These inquiries may continue up until, and possibly after, the effective date of new rate implementation.

##### **Information Sources**

- Deliverables from Task 4.1, Task 4.2 and Task 4.4
  - Recommended rates for next fiscal year
    - Water Enterprise
    - Sewer Enterprise
  - Presentation materials for Public Rate Hearing
  - Public Rate Hearing date

##### **Deliverables**

- Public relations contacts
- Press releases

##### **Assigned Resources**

Water & Sewer Department Administrative Assistant  
Assistant Town Administrator

##### **Pro forma Schedule**

# Biz Days	Start Date	Finish Date
30	18 February, 2014	31 March, 2014

#### **4.6 Deadline for Setting Rates**

This milestone is included to document when rate setting needs to be accomplished. It establishes a deadline to serve as a guide in the event of needing to adjust dates of tasks leading up to setting rates.



# Water & Sewer Enterprises

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## Appendix

