



Budget Workshop – Water & Sewer Funds

Council Presentation

October 22, 2025

Sarah LaCroix, Finance Director
& Kurt Motyka, Public Works
Director



Presentation Overview

General Review of Fund Type – Enterprise

Water Fund:

Budget –
Revenue &
Expenses

Budget – Debt
Service &
Capital
Investment

Master Plan

Breaks &
Repairs

Replacement
Status &
Highlights

Sewer Fund:

Budget – Revenue,
Expenses, Debt

Master Plan

Combined Sewer
Overflow (CSO)

Water Resource
Recovery Facility

Water & Sewer Funds – General Review

Proprietary/Enterprise Funds

- Used for activities that operate like a business, charging fees to recover costs.
- For services provided to the public on a user-fee basis

Budget Types:

- Operating Budget: Day-to-day services
- Capital Budget: Long-term investments in infrastructure, equipment, and facilities

Revenue Sources:

- Charges for services:
 - Water Fund – Water Usage & Ready-to-Serve Revenue
 - Sewer Fund – Sewer, Leachate, & Septage Revenue
- State and federal aid: (grants)

Water Fund

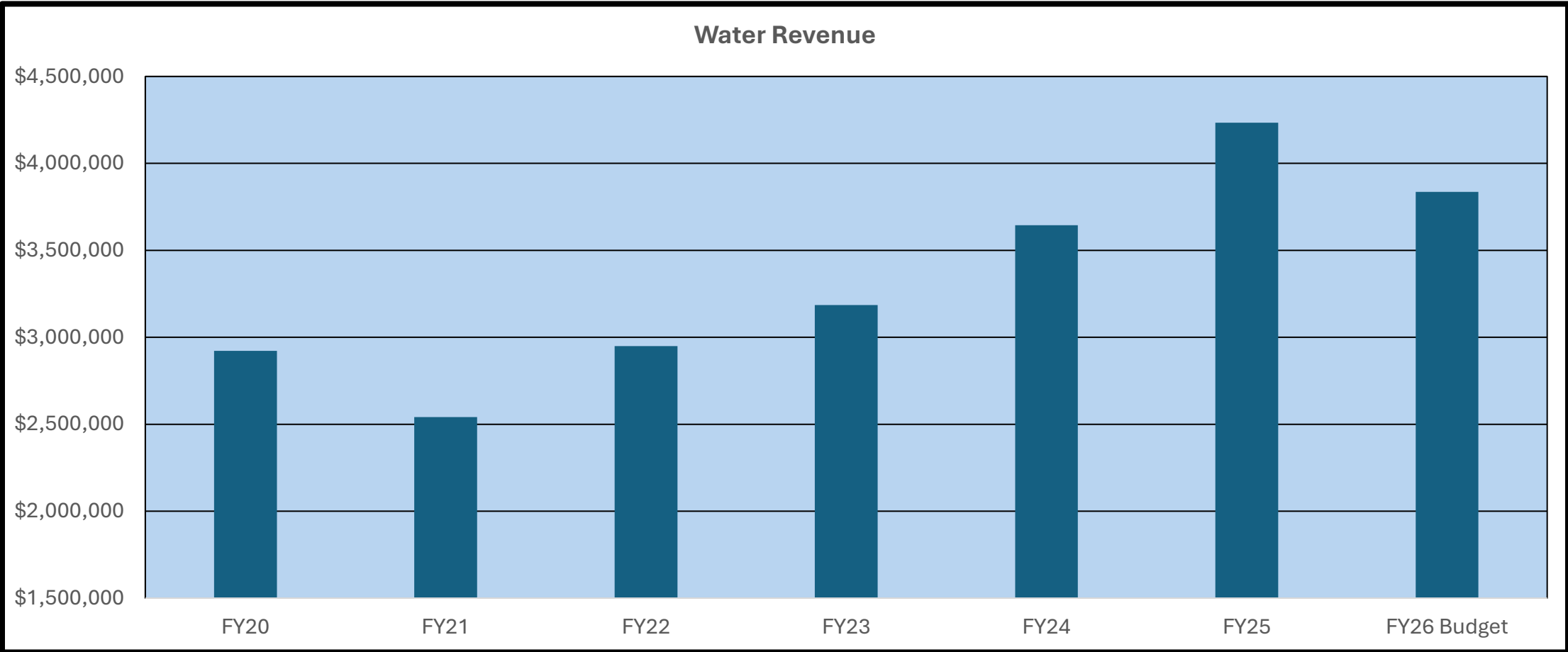
Accounts for all revenues and expenses related to the City's water system. Operates as a self-supporting enterprise fund, funded by user fees, not taxes, to cover the full cost of providing safe, reliable water service and maintaining water infrastructure.

Water Fund
Budget
Snapshot
FY26

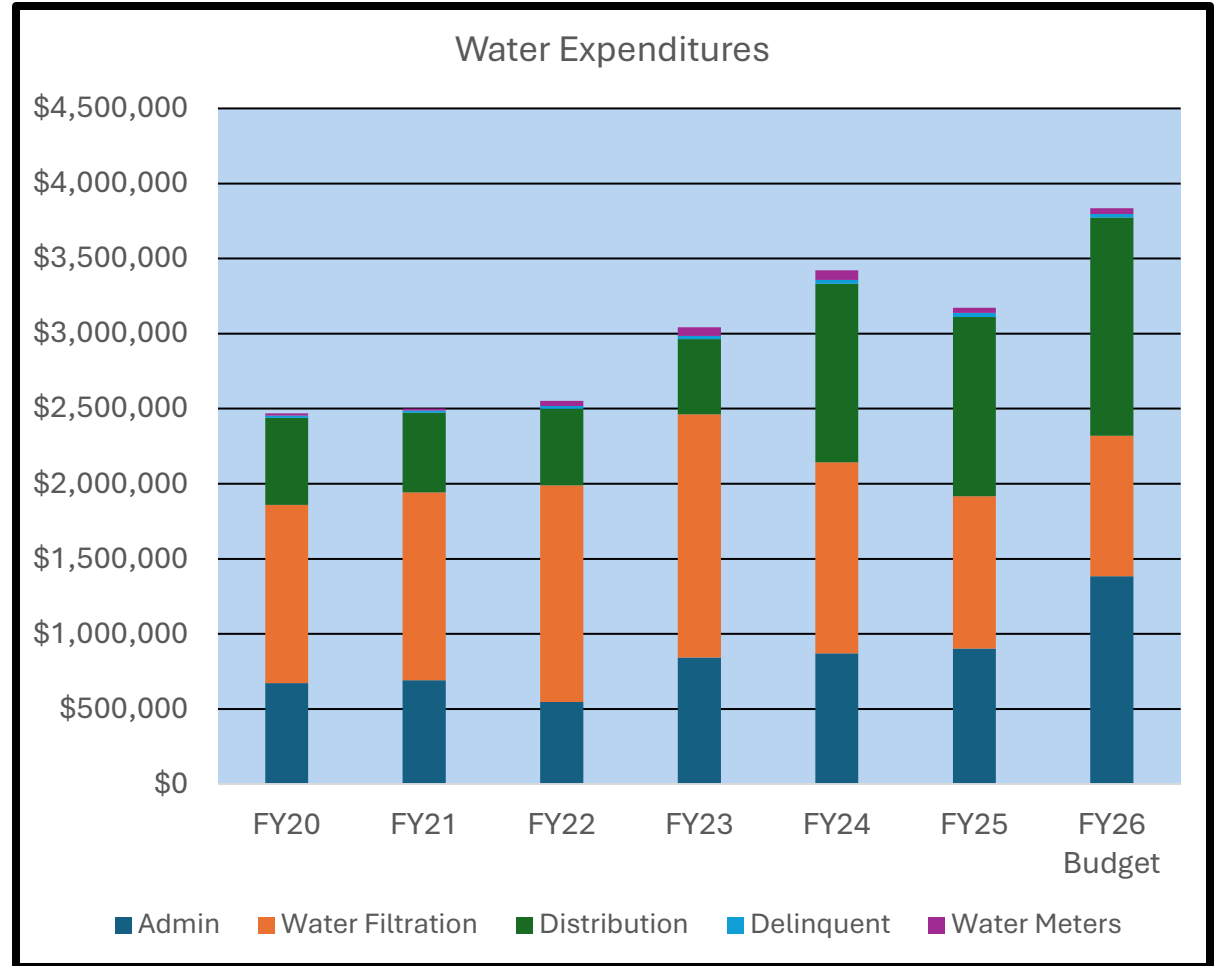
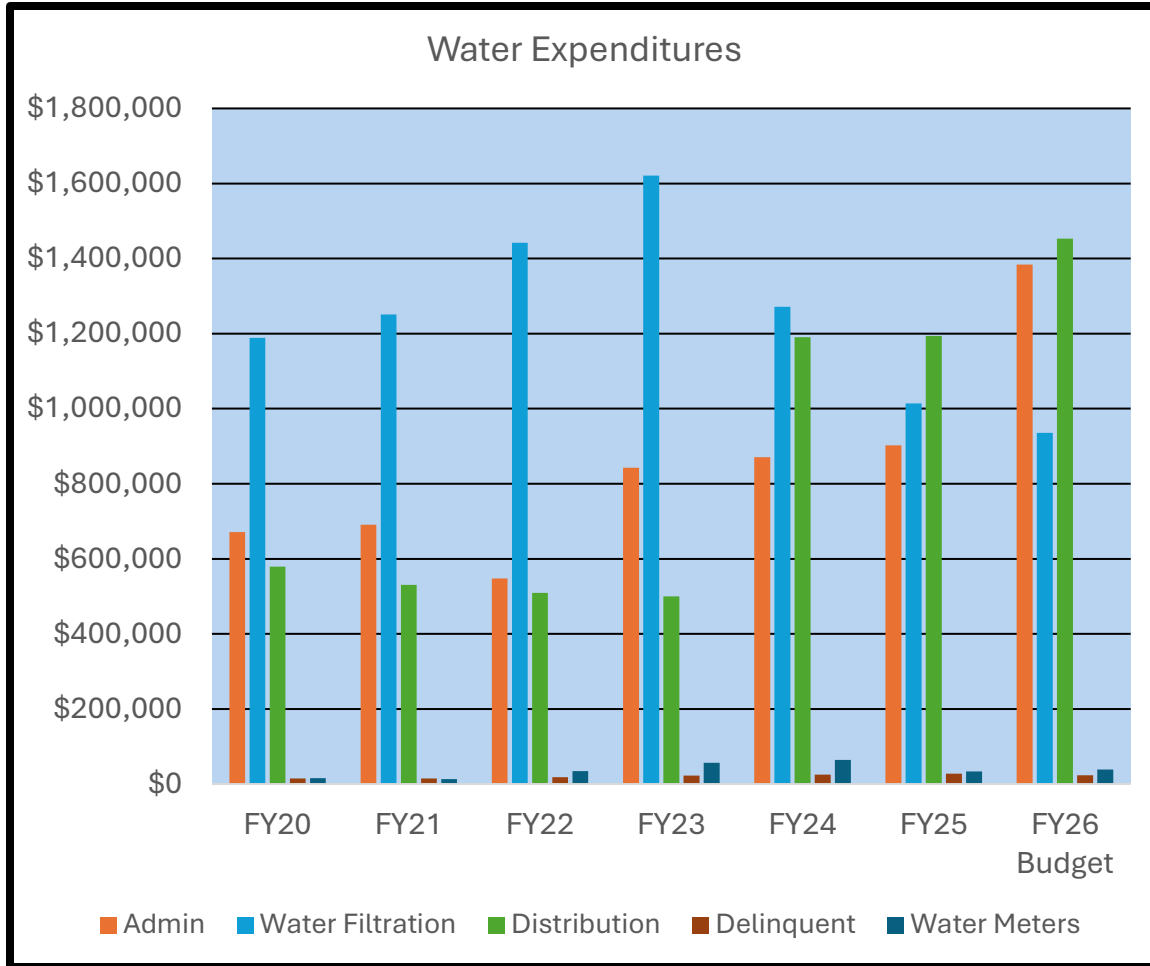
Revenue Categories	FY26 Budget	Percentage of Total
Charges for Service	(3,361,031)	87.62%
Charges for Service - Benefit Charge	(449,289)	11.71%
Penalties & Interest	(23,500)	0.61%
Miscellaneous Revenues	(2,000)	0.05%
Total	(3,835,820)	100.00%

Expense Category	FY26 Budget	Percentage of Total
DELQ WATER FEES COLLECTION	23,516	0.61%
WATER ADMINISTRATION	1,384,443	36.09%
WATER DISTRIBUTION SYSTEM	1,452,997	37.88%
WATER METER OPERATIONS	38,858	1.01%
WATER SUPPLY & TREATMENT	936,006	24.40%
Total	3,835,820	100.00%

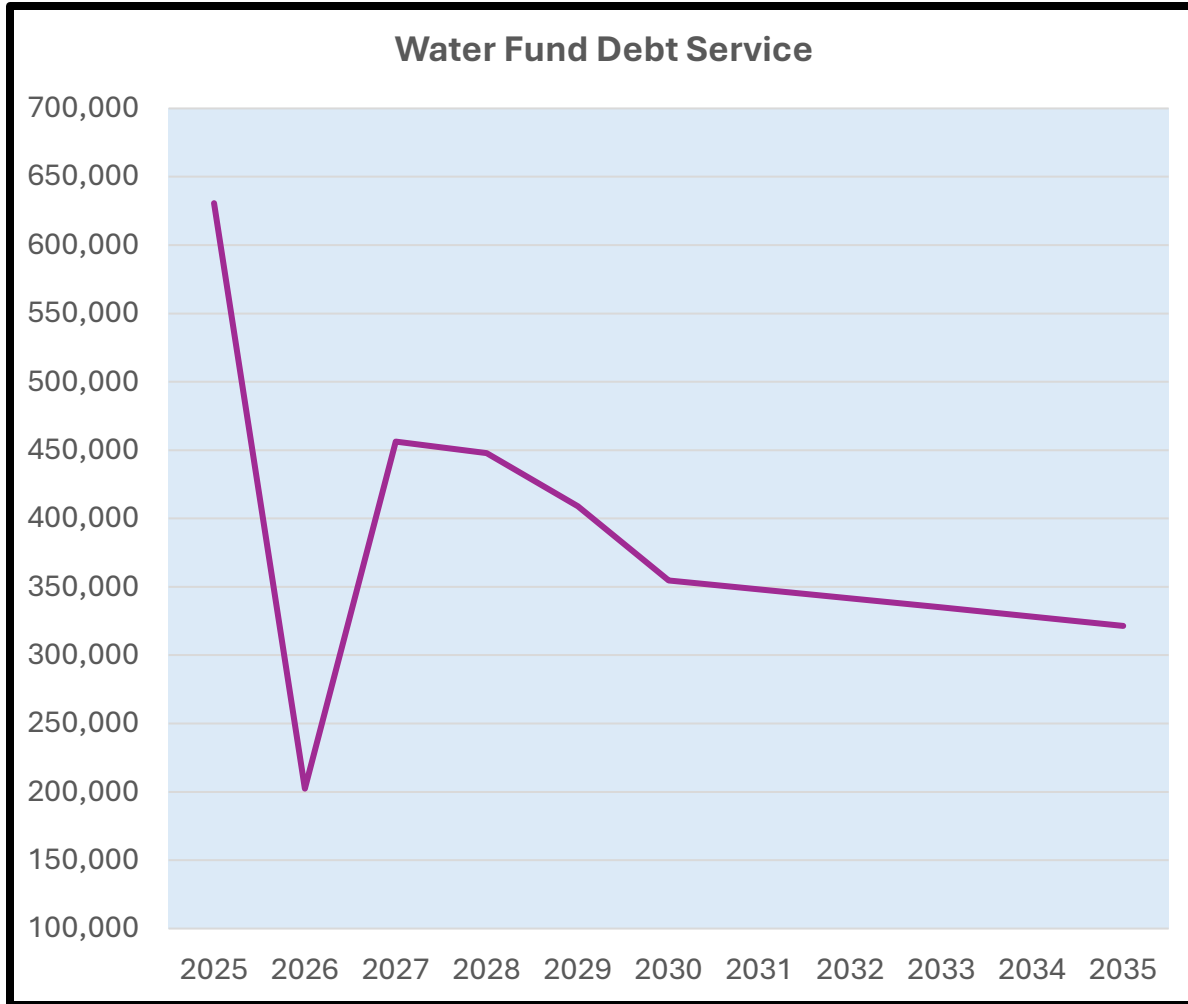
Water Fund Revenues



Water Fund Expenditures



Water Fund Debt Service

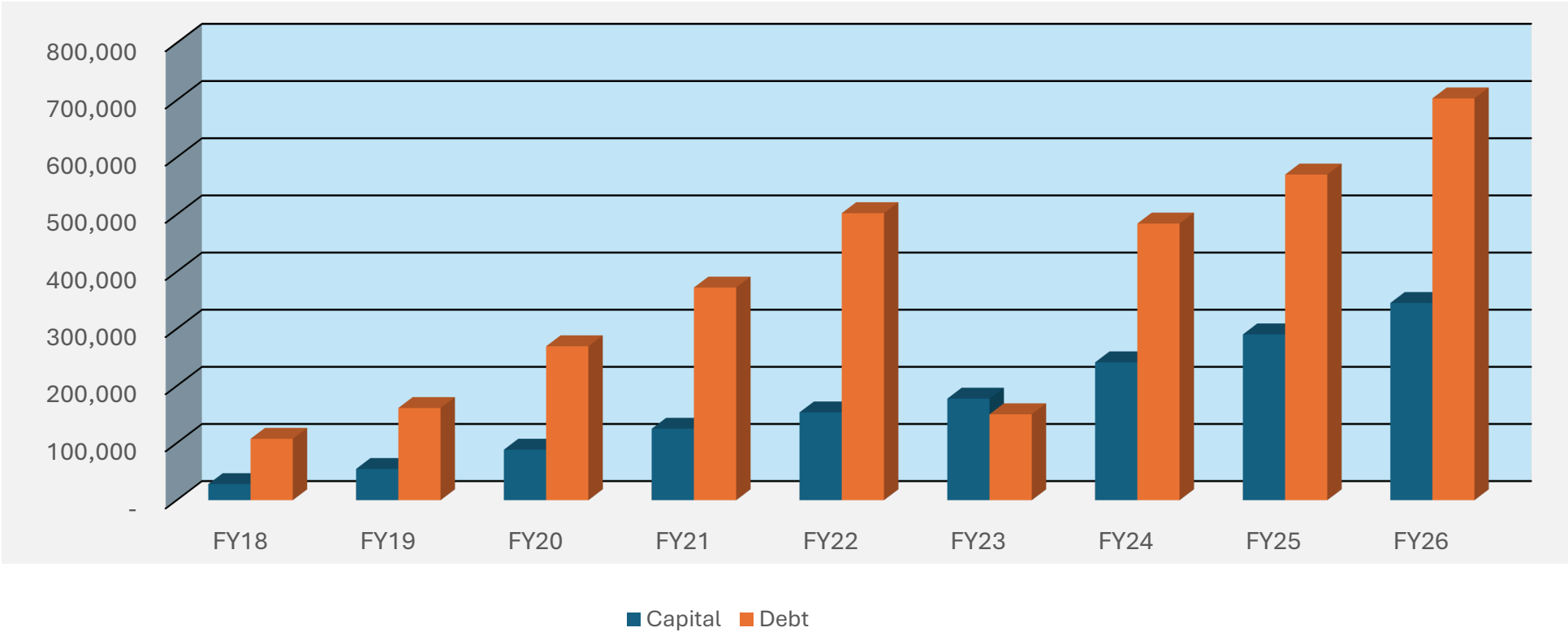


Water Fund Loan #	Sum of Principal					
	2025	2026	2027	2028	2029	2030
2012-3	415,000.00					
2015-1	80,194.81	80,194.81	80,194.81	80,194.81		
2018-2 3	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
RF1-192-3.0	30,036.84	30,637.57	31,250.33	31,875.33	32,512.84	33,163.09
RF3-349-3.0	33,012.10	34,002.46	35,022.53	36,073.21	37,155.40	38,270.07
**RF3-533-1.0					145,390.60	
**RF1-337-1.0					50,400.00	
**RF3-475-1.0						
2025-1		-	119,988.00	119,988.00	119,988.00	119,988.00
Grand Total	598,243.75	184,834.84	306,455.67	308,131.35	425,446.84	231,421.16

Water Fund Capital & Debt



Water Fund Budgeted Capital Investment & Debt Service



Water Master Plan

- Created in 2016, Updated in 2021
- CPI plus 1% for Infrastructure
- Due for Update in 2026
- Last Year of water plant debt in FY 2025
- Water Meter Replacements in FY 2030

Proposed 06/09/2021		WATER		WATER MASTER PLAN					
WATER CIP Assumptions:									
Revenue: CPI + 1% increase each year (CPI 1.7% +1% = 2.7%)									
FY21	Metered Use	\$2,879,960				BENEFIT CHARGES			
	Penalty/Interest	\$20,000	1%			Water	Sewer	CSO	
	Benefit Charge Water	\$198,000	6%	Note: In FY23 move 2 cents \$174,000 to Water Benefit Charge		Current	\$0.01	\$0.01	\$0.07
	Connection Fees	\$8,000	0%	In FY28 move 1 cent back to Sewer Benefit Charge		FY23	\$0.03	\$0.02	\$0.04
	On/Off Charges	\$3,500	0%	In FY31 move 2 cents \$174,000 back to Sewer Benefit Charge		FY28	\$0.03	\$0.02	\$0.04
	Xfer from Sewer-Meter Depr	\$15,000	0%			FY31	\$0.01	\$0.04	\$0.04
	Other	\$2,000	0%						
		\$3,126,460							
Expenditures: 2.7% increase each year in operating costs (all costs but debt). Debt includes \$20,000 is added to Operations for Inhouse pipe improvements									
DPW Plan for long-term CIP for pipes:									
Phase 1	replace water mains for low pressure issues	\$6.7m over 25 years		\$268,000/yr	\$310,798 in FY23				
Phase 2	replace water mains w/fire hydrants	\$15m over next 25 years		\$600,000/yr	\$1,258,541 in FY47				
Add'l work beginning in FY38 there will be \$500,000 in funding for additional pipe improvements									
STEADY STATE: We need annual funding level of \$750,000 will start at (assumes HDPE pipes)									
Finance Dept. Plan for paying for Plant Improvements:									
Plant's replacement value of \$13,000,000 over 40 yrs which is \$325,000 per year (adjusted by 1.7% inflation)									
We would begin reserving funds and/or spending these funds for plant improvements as soon as the current debt on the plant is paid off (in FY25)									
Water Meter replacement 2783 meters @ 250 replacement cost is (FY31)									
Other considerations: Debt service and or depreciation, whichever is greater must be booked. Depreciation is \$571,490									
				DPW's Plan					
	Operations		Add'l Imprvmnts	Distribution	water plant	TOTAL	Revenue	Rev less Exp	accum
	up 2.7%/yr	Debt Service		CIP	Depreciation	Budget	up 2.7%		
FY21	\$ 2,101,921	\$ 804,668		\$ 219,871		\$ 3,126,460	\$ 3,126,460	\$ (0)	\$ -
FY22	\$ 2,027,835	\$ 750,709		\$ 251,945		\$ 3,030,489	\$ 3,073,701	\$ 43,212	\$ 43,212
FY23	\$ 2,082,587	\$ 786,117		\$ 310,798.00		\$ 3,179,501	\$ 3,330,691	\$ 151,190	\$ 194,402
FY24	\$ 2,138,816	\$ 779,479		\$ 319,189.55		\$ 3,237,485	\$ 3,420,620	\$ 183,135	\$ 377,537
FY25	\$ 2,196,565	\$ 796,476		\$ 327,807.66		\$ 3,320,848	\$ 3,512,976	\$ 192,129	\$ 569,665
FY26	\$ 2,255,872	\$ 381,991		\$ 336,658.47	\$ 189,499	\$ 3,164,020	\$ 3,607,827	\$ 443,807	\$ 1,013,472
FY27	\$ 2,316,780	\$ 380,125		\$ 345,748.25	\$ 191,365	\$ 3,234,019	\$ 3,705,238	\$ 471,220	\$ 1,484,691
FY28	\$ 2,379,333	\$ 378,897		\$ 355,083.45	\$ 192,593	\$ 3,305,907	\$ 3,805,280	\$ 499,373	\$ 1,984,064

Note: In the last 5 years we spent:
WTP Improvements
Pump Impr
Water Lines 4,128,575
5-yr Total 4,128,575
FY21 Budget has:
\$70,000 for WTP Improvements

Water System PER and Pipe Replacement Plan

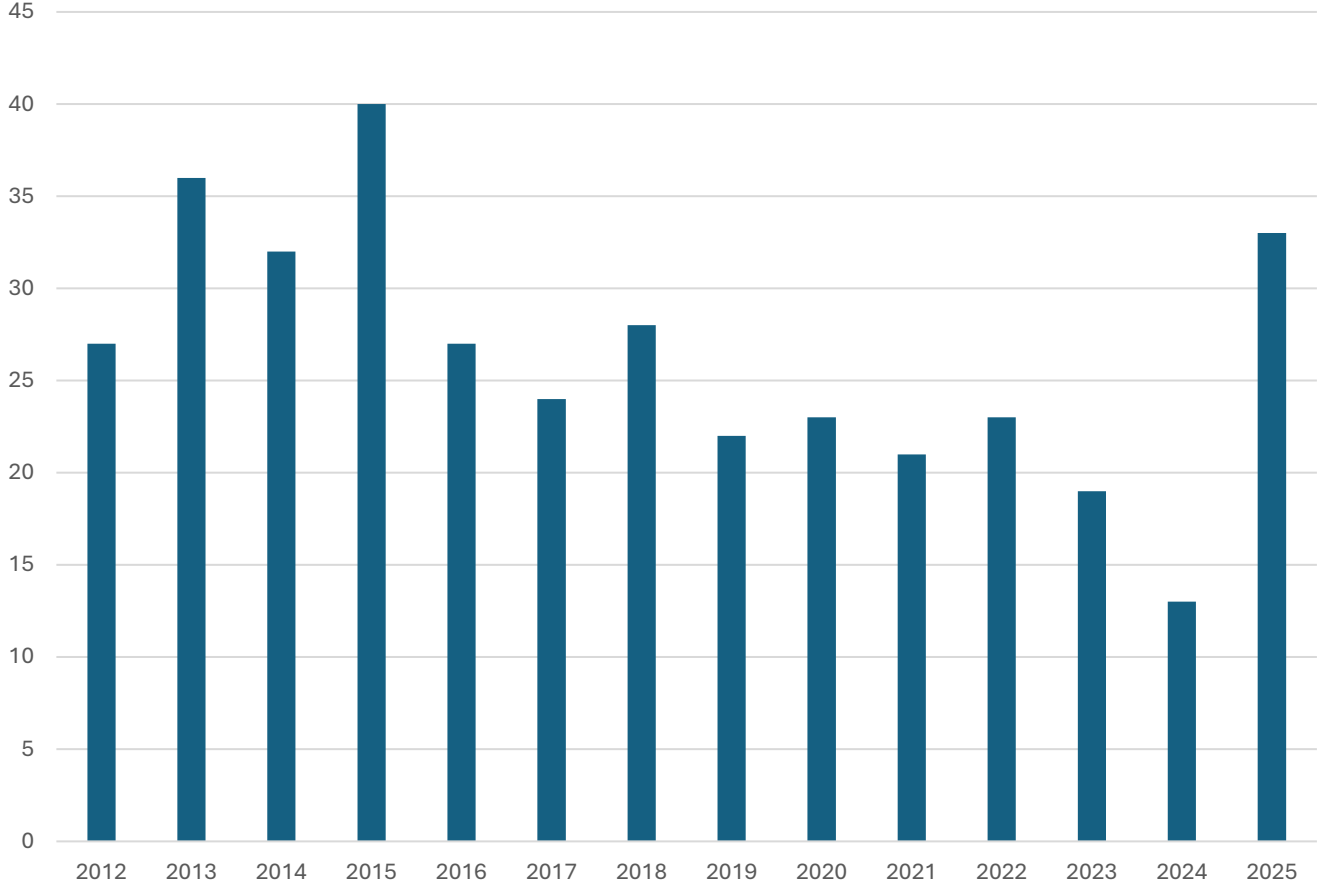
Improvement Description (from 2015 report)	Estimated Qty. (feet)	Estimated Construction Cost	Estimated Project Cost	Construction Schedule	Previous Schedule – 2015	Notes	Cumulative Cash Outlay	Fiscal Year	Water Master Plan Annual Funding Starting FY 24	Water Master Plan Cumulative Funding Starting FY 24	Cash Outlay Adjusted for Bond
Replace 2-inch Galvanized with 8-inch on Quesnel Dr. – COMPLETE	400	\$80,000	\$80,000	2023		Complete – In House 2023	\$80,000	FY 24	\$319,190	\$319,190	\$80,000
Bingham St – Liberty to East State	480	\$100,000	\$100,000	2024		Funded 2025 - In House	\$180,000	FY 25	\$327,808	\$646,997	\$180,000
Replace 6-inch & 8-inch water main with 12-inch on School St. from St. Paul St. to Loomis St. And from Library to Main St.	415	\$400,000	\$494,081	Water Plant Bond End 2024		This should also include from the hydrant at the Library to Main St. (100ft) and transferring the remaining services to the new main. Revised Cost, length and description. Round up to \$200,000 for downtown utility issues	\$674,081	FY 26	\$526,158	\$1,173,155	\$674,081
Replace East State Street Water Main - FUNDED	2,800	\$1,600,000	\$1,400,000	BOND - \$1.4M 2025-2026		Contract 1 in 2024 Main St. to N. Branch (no water main) Actual construction cost estimate from DPW is \$1.6 Million. Updated estimate from \$1.14M to this amount. Reduce by \$200k for allocated portion of USDA grant	\$2,074,081	FY 27	\$537,114	\$1,710,269	\$2,074,081
Replace 4-inch water main with 8-inch on Walker Terrace St.	350	\$80,000	\$80,000	2026		In House Construction	\$2,154,081	FY 28	\$547,677	\$2,257,946	\$814,889
Replace 8-inch water main on Nelson St. from Barre St. to Ridge St.	350	\$220,000	\$272,657	2027		Increased cost from \$126,000 to \$220,000 due to extreme grade on street. Weekly Temp pavement required and difficulty in construction	\$2,426,737	FY 29	\$636,656	\$2,894,602	\$1,148,353
Transfer Service Lines from 4" Main to 16" Main on Terrace St. - Abandon 4" Main.	2900 (abandon)	\$75,000	\$75,000	2027		Abandon 4" Main from Bailey Ave to Walker Terrace	\$2,501,737	FY 29	\$636,656	\$2,894,602	\$1,284,161

- Water System Study on Pressure Reduction vs. Pipe Replacement 2023
- Plan Ties to master plan funding with anticipated bonds identified.

- New water permit focuses on “worst first” Water Lines
- 10 Years to replace highest failure area pipes

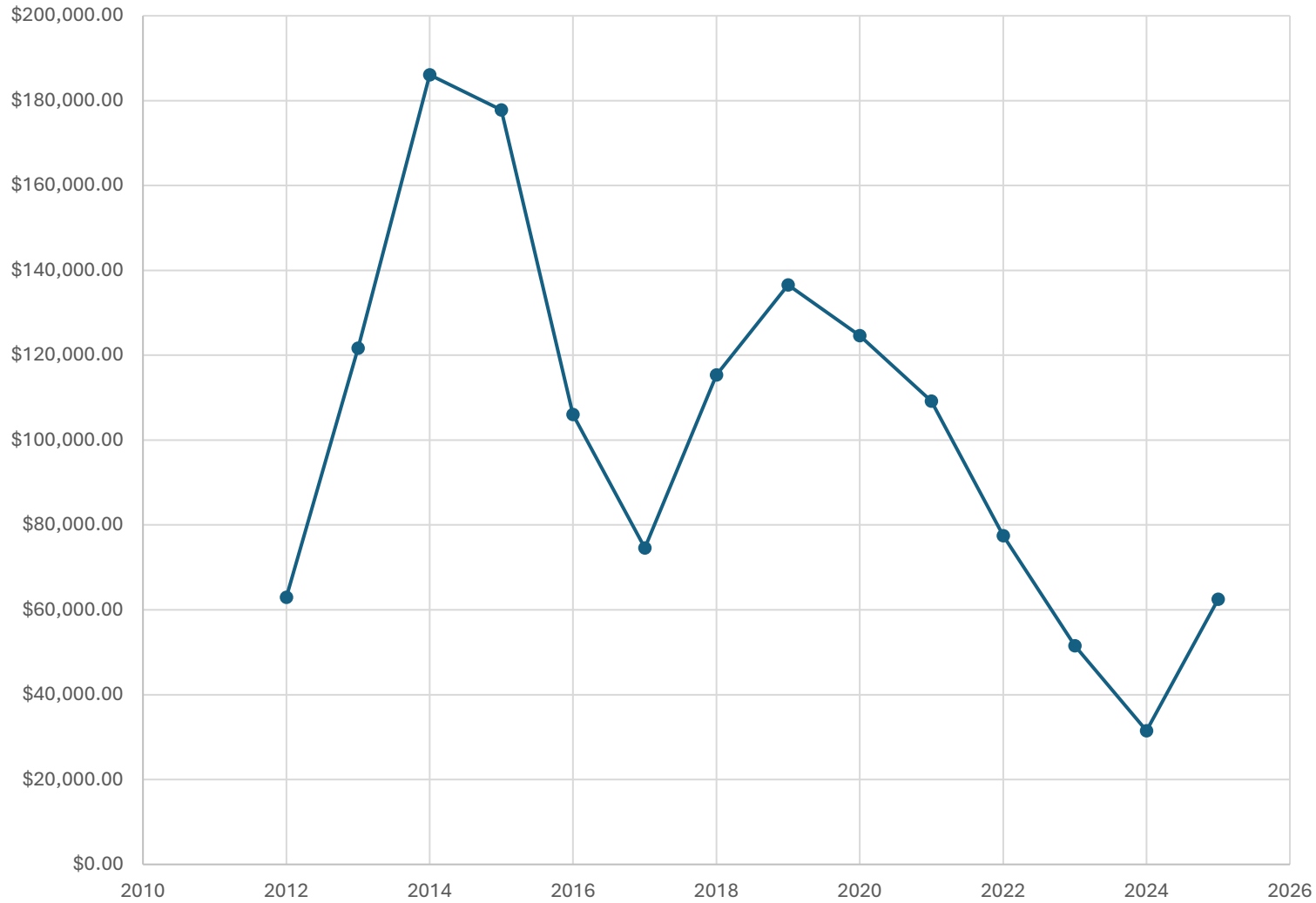
Water Line Breaks

Leaks by Year



Water Repair Cost

Cost per Year



Utility Replacement Status

- Delays from pandemic and floods
- Major Upgrade projects to WRRF
- Murray Hill Water connection 2021
- Urban soil and stormwater permitting challenges
- DPW Engineering Vacancy
- Asset Divestment, removing redundant piping systems
- State St. CSO projects not reflected.
- Two sewer pump stations in design

UTILITY LINE REPLACEMENT STATUS					
October, 2025					
Project	Year	Sewer Replaced (ft)	Water Replaced (ft)	Master Plan	
				Sewer (ft)	Water (ft)
Gaylord	2,016	0	450	2,315	2,750
Harrison Ave	2,017	545	1,080	2,315	2,750
Northfield Street	2017-2018	8,024	4,788		
Main Street (water main)	2,018	0	475		
Lague Drive	2,018	0	1,050	2,315	2,750
Caledonia Spirits	2,018	0	500		
Main Street / Towne Hill (sewer Linin	2,019	1,823	0		
Sibley Ave	2,019	0	500		
Clarendon Ave	2,019	1,880	2,790	2,315	2,750
Ridge Street	2,019	0	130		
Cummings St. Bridge	2,019	0	450		
Barre St RR Crossing	2,020	1,000	500		
Jordan St.	2,020	400		2,315	2,750
Redstone East	2,020	350	500		
N. College to City Side	2,020		1,000		
Main St. - Liberty - Jay	2,021		420		
Rte 2 RR Crossing	2,021		80	2,315	2,750
Cummings St	2,021		1,100		
Towne Hill Road	2,022		490		
X-Country Kent to Barre	2,022	150		2,315	2,750
149 Main St. - Brick Arch	2,022	450			
Quesnel St.	2,023		400		
State St.	2,023	410	1,000	2,315	2,750
Terrace St	2,023	150			
School St - Main to Loomis	2023-2024		1,600	2,315	2,750
Bingham St - E. State to Marvin	2,024		450		
Bingham St. Marvin to Liberty	2,025		300		
Hopkins St	2,025	100		2,315	2,370
Bailey Ave	2,025	60			
Barre ST.	2,025	80			
Current Totals		15,422	20,053		
East State Street	2026-2027	2,795	2,940		
Total with East State St Projected		18,217	22,993	23,150	27,120
Miles of pipeline Completed (including E. State)		3.5	4.4	4.4	5.1
Total Miles in system		44	52		

Water Fund Highlights

- Water Treatment Plant Propane Tank Replacement - \$400-\$500k
- Water Treatment Plant 25yrs old – Needs Filter Controls & Roof
- Berlin Pond “Dicky Dam” needs rebuild \$1.2M
- Transition Plan for water plant staffing in-place
- Meter Operations moved to water plant. Transferred one staff from water/sewer Division
- Terrace St. Pump Station Rebuilt in 2025.
- Boil Water Requirement started in 2016
- Recreation Pool Weekend Monitoring
- Award for best tasting water in VT 2024
- Evaluating pipe bursting and lining technology



Sewer Fund

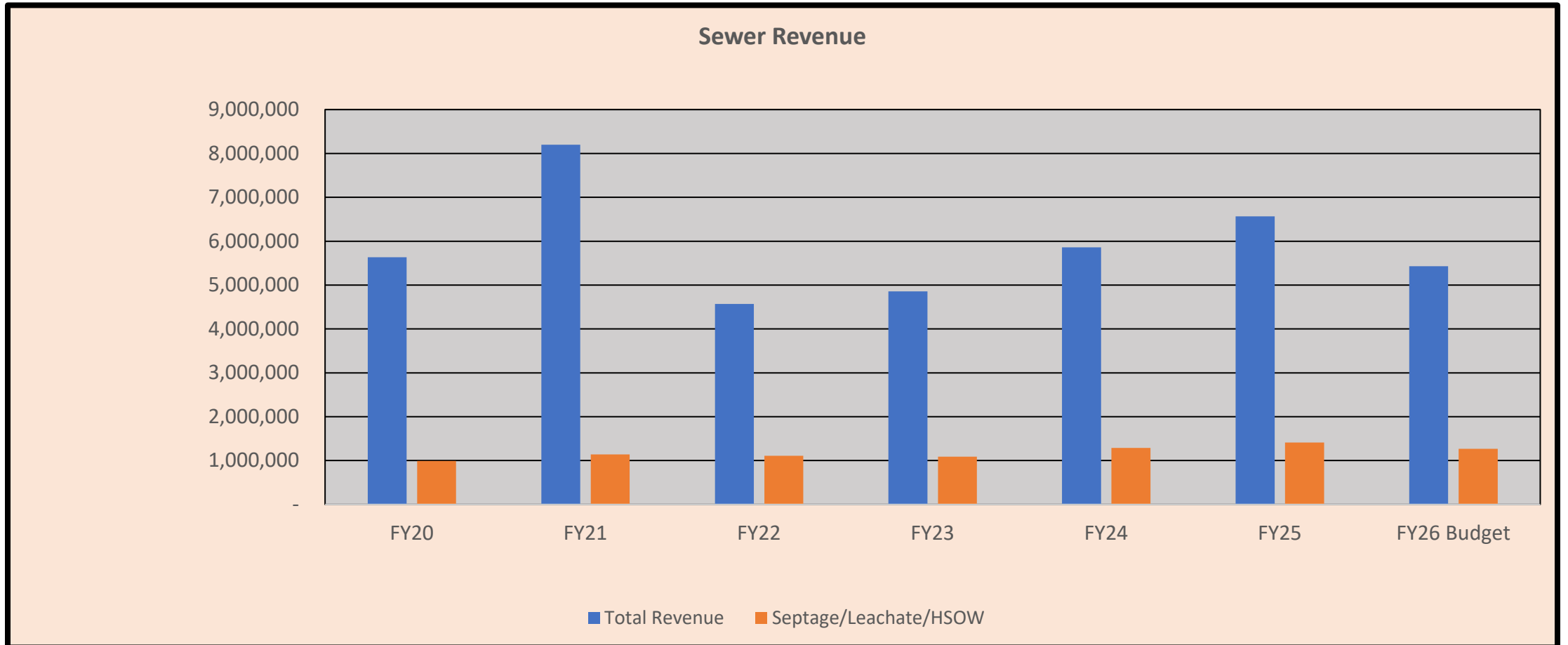
Accounts for all revenues and expenses related to the City's wastewater collection and treatment system. Operates as a self-supporting enterprise fund, funded by user fees, not taxes, to cover the full cost of safely collecting, treating, and disposing of wastewater and maintaining sewer infrastructure.

Sewer Fund
Budget
Snapshot
FY26

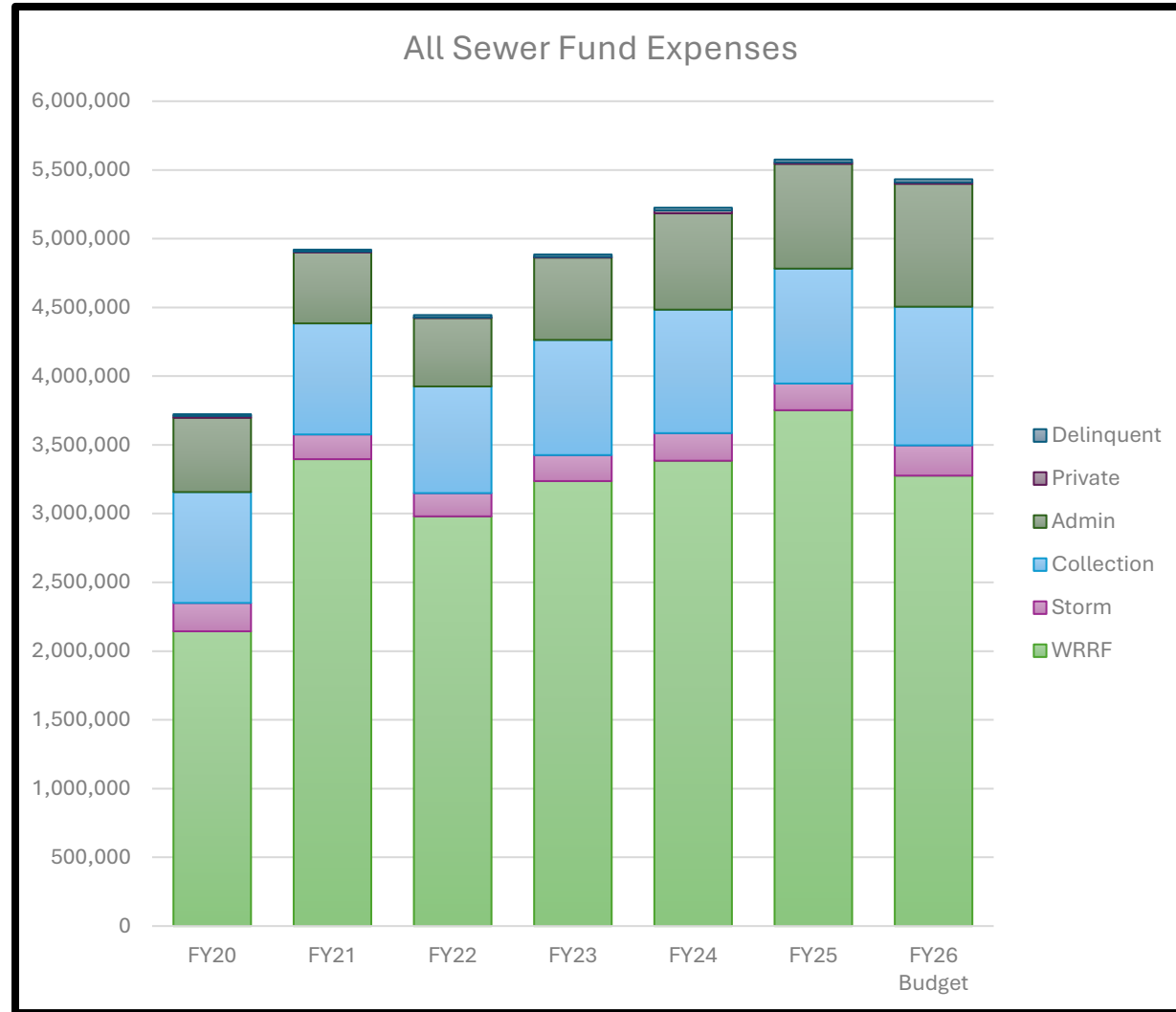
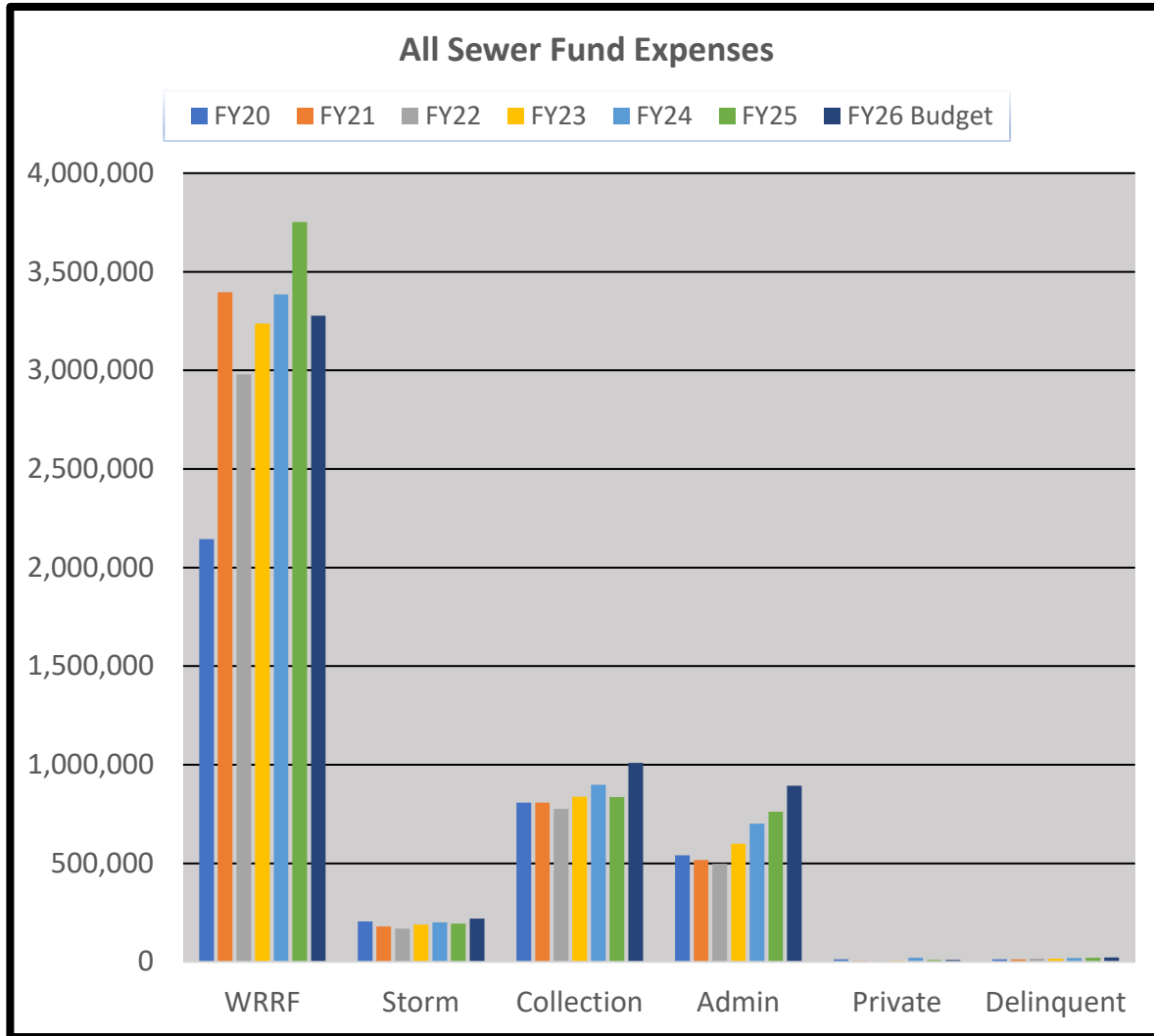
Revenue Categories	FY26 Budget	Percentage of Total
Charges for Service	(4,491,639)	82.69%
Charges for Service - Benefit Charge	(898,579)	16.54%
Penalties & Interest	(22,000)	0.40%
Miscellaneous Revenues	(20,000)	0.37%
Total	(5,432,218)	100.00%

Expense Category	FY26 Budget	Percentage of Total
DELQ SEWER FEES COLLECTION	22,494	0.41%
PRIVATE SEWER SYS MAINT	10,419	0.19%
SEWER COLLECTION SYSTEM	1,008,743	18.57%
STORMWATER MANAGEMENT	220,135	4.05%
WASTEWATER ADMINISTRATION	893,984	16.46%
WASTEWATER TREATMENT	3,276,442	60.32%
Total	5,432,218	100.00%

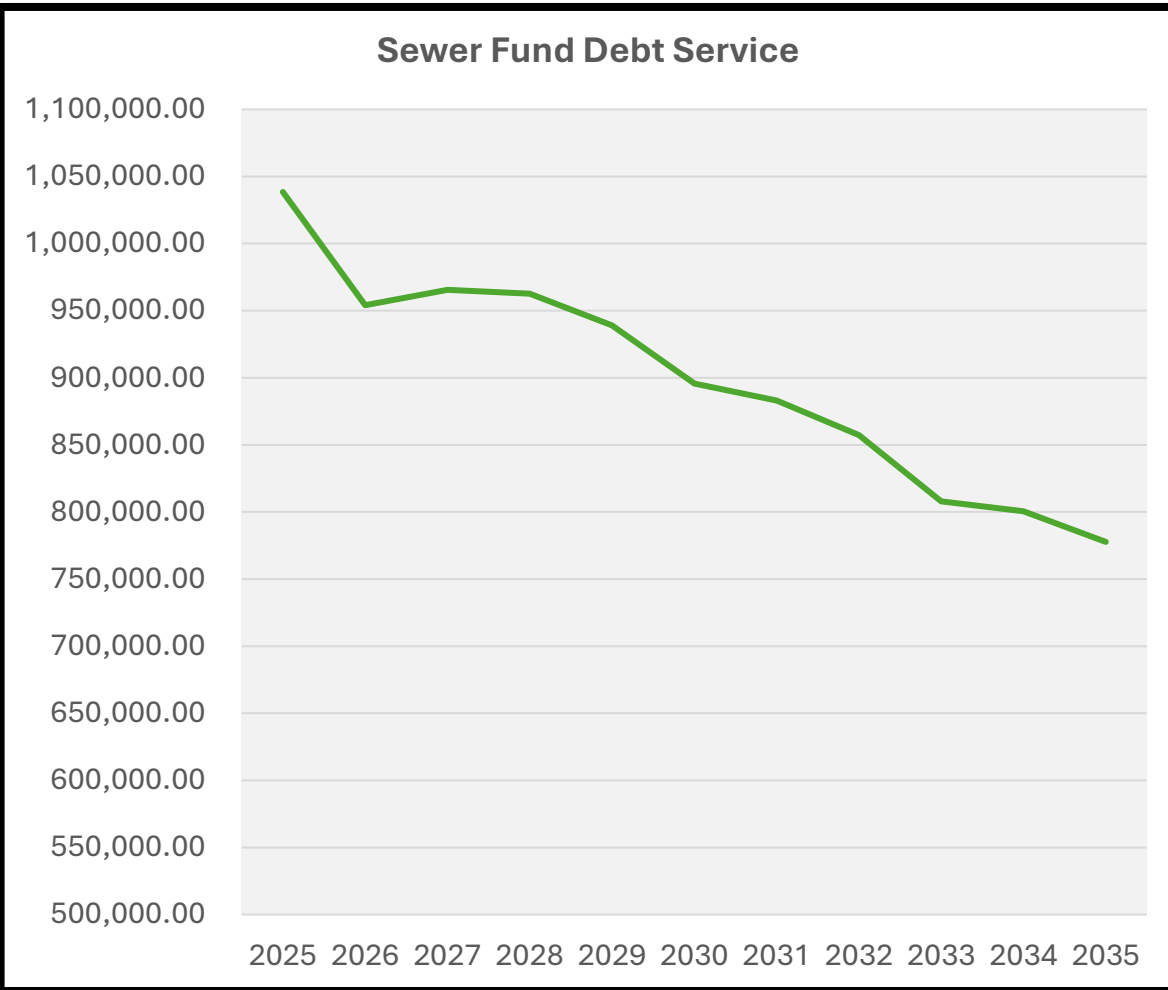
Sewer Fund Revenues



Sewer Fund Expenditures

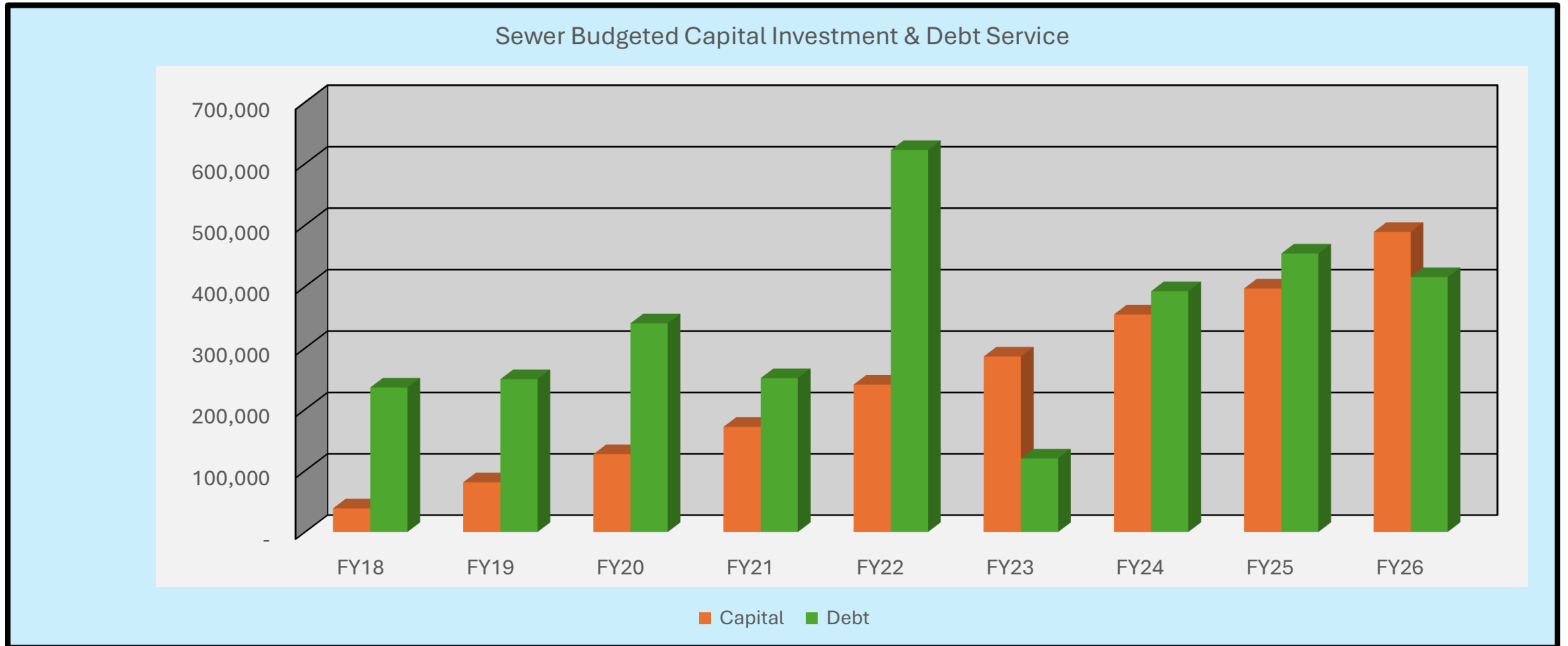


Sewer Fund Debt Service



Sewer Fund Loan #	Sum of Principal					
	2025	2026	2027	2028	2029	2030
2012-3	105,000.00					
2015-1	14,805.19	14,805.19	14,805.19	14,805.20		
2015-5	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	
2017-4	33,465.00	33,465.00	33,465.00	33,465.00	33,465.00	33,465.00
2018-2 2	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00
RF1-033	174,170.88	174,170.95				
RF1-190-1		2,813.52	2,813.52	2,813.52	2,813.52	2,813.52
RF1-191-1	3,078.00	3,078.00				
RF1-192-3.0	18,315.71	18,682.02	19,055.66	19,436.78	19,825.51	20,222.02
RF1-240-1.0	14,777.50	14,777.50	14,777.50	14,777.50	14,777.50	
RF3-349-3.0	20,129.94	20,733.84	21,355.86	21,996.53	22,656.43	23,336.12
USDA 1 of 2	280,490.79	284,713.93	289,000.65	293,351.92	297,768.70	302,251.97
USDA 2 of 2	52,234.17	53,020.62	53,818.91	54,629.22	55,451.73	56,286.63
2010-4 3 2021-2 CSO	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00
RF1-082 CSO	34,709.71	34,709.79				
**RF3-446-1.0			5,582.00	5,582.00	5,582.00	5,582.00
**RF1-190-1.1			3,014.28	3,014.28	3,014.28	3,014.28
**RF1-240-2.0				6,409.43	6,409.43	6,409.43
*RF1-293-1.0			10,000.00	10,000.00	10,000.00	10,000.00
**RF3-549-1.0						
2025-1		-	119,988.00	119,988.00	119,988.00	119,988.00
Grand Total	831,176.89	734,970.36	667,676.57	680,269.38	671,752.10	643,368.97

Sewer Fund Capital & Debt



Sewer Master Plan

Proposed 06/09/2021		SEWER	Inflation is 2.7% each year		SEWER MASTER PLAN																										
SEWER CIP Assumptions:																															
Revenue: CPI + 1% increase each year (CPI 1.7% +1% = 2.7%)																															
FY21	Metered Use/Flat Use		\$2,510,240																												
	Berlin Sewer		\$414,000	10%																											
	Penalty/Interest		\$16,000	0%																											
	Benefit Charge CSO		\$694,600	16%																											
	Benefit Charge Sewer		\$0	0%																											
	Connection Fees		\$2,500	0%																											
	Septage & Leachate		\$650,000	15%																											
	Other		\$500	0%																											
			\$4,287,840																												
Expenditures: CPI% increase each year in operating costs (all costs but debt)																															
NOTE: Include East State Street (\$2.625M, total \$5.25M 50/50 split with water) & Phase 2 (\$6M)																															
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<p>DPW's Plan for long-term CIP for pipes:</p> <table border="1"> <tbody> <tr> <td>Phase 1</td> <td>eliminate combined sewer overflows</td> <td>\$7.1m over 25 years</td> <td>\$290,000/yr</td> </tr> <tr> <td>Phase 2</td> <td>replace clay tile lines</td> <td>\$16m over next 25 years</td> <td>\$640,000/yr</td> </tr> </tbody> </table> <p>Add'l work beginning in FY42 there will be \$500,000 in funding for additional pipe improvements</p> <p>We need annual funding of \$750,000 to achieve steady state(assumes HDPE pipes)</p> <p>Finance Dept. Plan for paying for Plant Improvements:</p> <p>Plant's replacement value of \$25,000,000 which is \$625,000 per year (40 year life), all assets \$999,811</p> <p>Assumes \$869,811 in annual depreciation - booked as debt service and or depreciation whichever is more less budgeted improvement</p> <p>Books Phase One - Revenues & Operational Savings at \$459,570 - (20 year guarantee built into the base, re-evaluate in 3 years)</p> <p>Phase Two Revenue/savings 417,251, 20 years, debt service for \$5M + \$1.5M</p>							Phase 1	eliminate combined sewer overflows	\$7.1m over 25 years	\$290,000/yr	Phase 2	replace clay tile lines	\$16m over next 25 years	\$640,000/yr																	
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	Operations	Debt Service	Add'l work	DPW's Plan	Collection	TOTAL	Revenue	Rev less Exp	Rev	Year over Year																					
	up 2.7%/yr			Capital Impr	depreciation	Budget	up 2.7%		Adjustment	Accumulation																					
FY21	3,548,945	738,895	-	-	130,916	4,418,756	4,287,840	(130,916)	-	-																					
FY22	3,564,594	1,241,053	-	-	-	4,805,647	4,805,647	-	-	-																					
FY23	3,660,838	1,732,406	-	-	-	5,393,244	4,935,399	(457,844)	243,251	(214,593)																					
FY24	3,759,681	1,688,922	-	-	-	5,448,602	5,068,655	(379,947)	417,251	(177,289)																					
FY25	3,861,192	1,620,268	-	-	-	5,481,460	5,205,509	(275,951)	417,251	(35,989)																					
FY26	3,965,444	1,490,801	-	-	-	5,456,245	5,346,058	(110,187)	417,251	271,075																					
FY27	4,072,511	1,278,696	-	336,311	-	5,687,518	5,490,401	(197,117)	417,251	491,209																					
FY28	4,182,469	1,276,244	-	345,391	-	5,804,104	5,638,642	(165,462)	417,251	742,998																					
FY29	4,295,396	1,258,817	-	354,717	-	5,908,929	5,790,885	(118,044)	417,251	1,042,205																					
FY30	4,411,371	1,231,950	-	364,294	-	6,007,615	5,947,239	(60,376)	417,251	1,399,080																					

- Created in 2016, Updated in 2021
- CPI plus 1% for Infrastructure
- Due for Update in 2026
- Focus on CSO Elimination & Pump Station Improvements
- Guided by the Long-Term Control Plan

COMBINED SEWER OVERFLOWS



Electronic monitors installed in 2020
50 Tons of material removed from sewer
main post flood



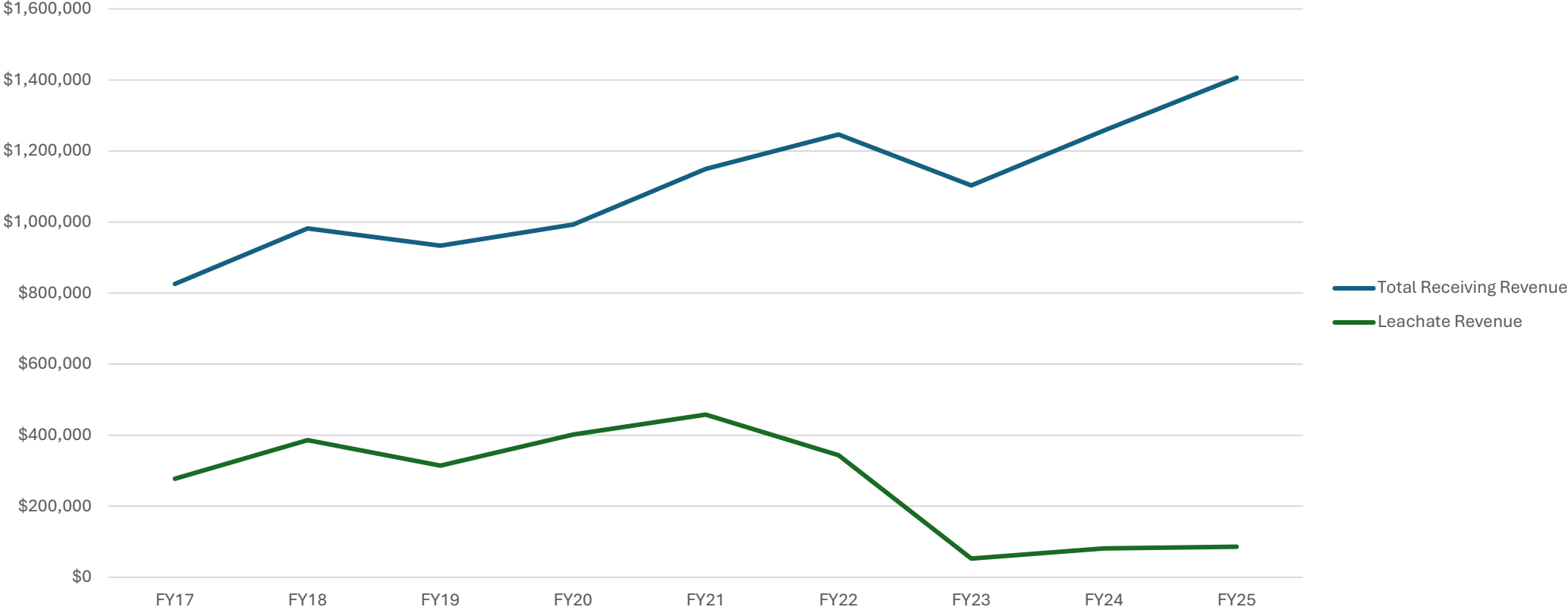


Water Resource Recovery Facility (WRRF)

- \$16.5M Upgrade completed in 2021 – Waste Receiving/Methane Storage
- APWA Award Project of the Year in small cities Environmental 2021
- 2023 – Wastewater Scan, Virus and Pathogen Study (\$25k/yr revenue)
- FY24 hauled waste revenue \$1.4M
- \$10M UV/Odor/Clarifier upgrade in 2026
- Staff running District Heat controls/alarms
- Staff managing CSO alarms and reporting
- Staff managing effluent pump station for ice jam mitigation
- Training Facility for State Inspectors and other operators

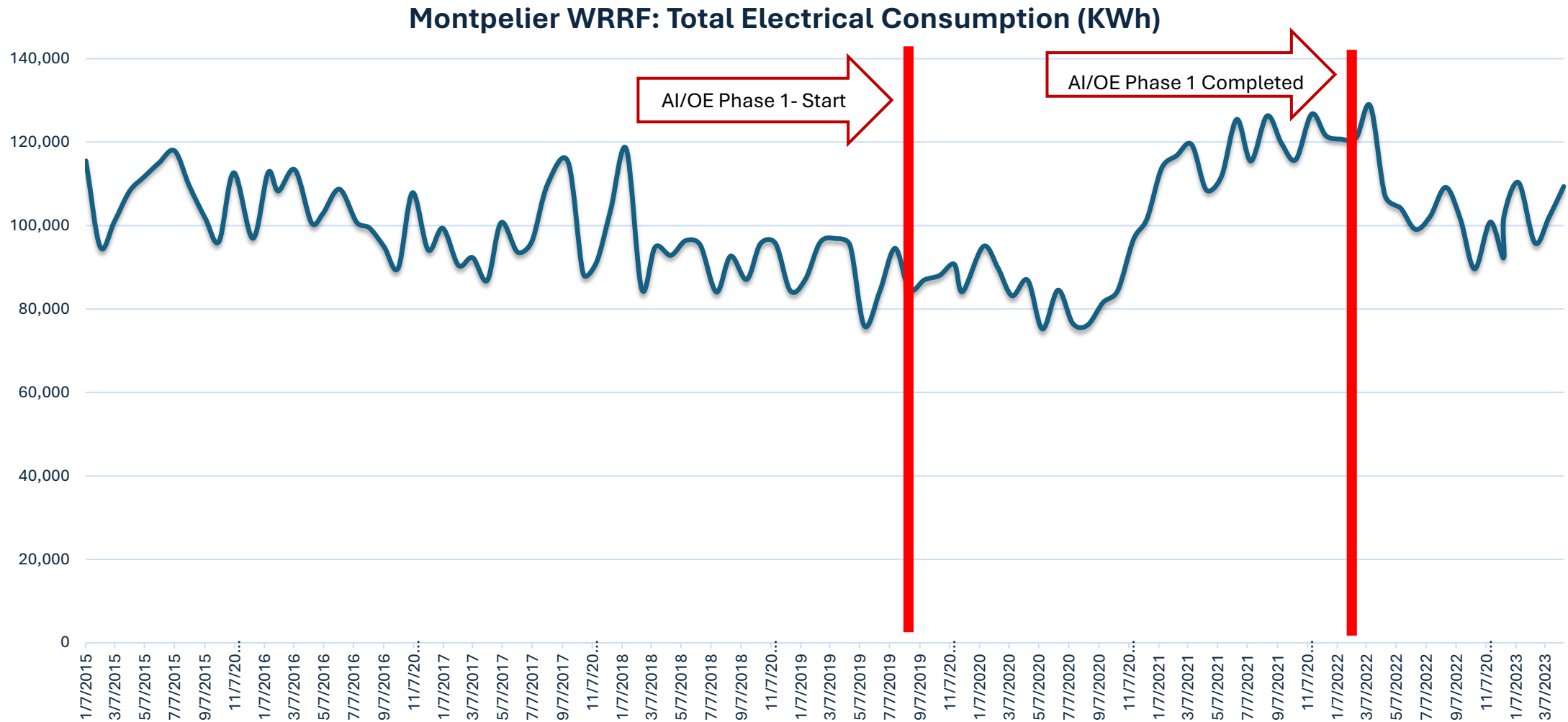
WRRRF Receiving Revenue

Montpelier WRRF
Total Receiving Revenue



- Decreased leachate revenue with increased total revenue
- Capacity Study underway to guide investment decisions

WRRF Electrical Consumption



- Increased receiving while reducing power consumption



Questions