

# Town of Bar Harbor

## FY 2013 Water Budget

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# Memo

To: Dana Reed, Town Manager, Town Councilors

From: Stan Harmon, Finance Director

CC: Chip Reeves, Public Works Director; Jeff Van Trump, Superintendent

Date: 8/23/12

Re: Water Budget Message – FY2013 Water Budget

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## Summary

You will find attached the proposed budget for FY' 13. Revenues are projected to increase 9.0% over the FY2012 budget due to the assumption of the first half implementation of an 18% increase in water rates incorporated into the budget which are proposed to go into effect on January 1, 2013. Total operating expenses over the 2012 budget are scheduled to increase by a modest 2.2%. Capital spending is requested at a level of approximately \$3,727,400; but because of bonded monies being utilized, the Water Division will limit capital spending by its own internally generated funds to \$112,500 to cover the minor CIP expenditures but will eventually need to ask for new bonding authority of \$264,900 for 3 streets (main replacements) not covered by the existing 2011 bond. This budget also enables the Water operations to remain at a positive projected cash flow for another year. This year just ended projects a positive cash flow of approximately \$75,393 due primarily to favorable debt refinancing activity. This budget does not reflect anticipated changes resulting from a future move in FY2014 to the Public Works Complex in Hulls Cove.

## Water Rates & Average Customer Bill

A minimum quarterly bill under this budget allowing 1200 cubic feet through a 5/8" meter was adjusted to \$56.39 per quarter on January 1, 2011. Bar Harbor's typical quarterly average household charge for 2000 cubic feet currently is \$82.55, remaining below the average rate of \$107.39 for 15 selected comparable communities. See pages 25-26 for the rate comparisons. It is anticipated that new rates will be requested with an October rate filing asking the *Public Utilities Commission* for approximately an 18% increase. This would raise the minimum charge closer to \$67 per quarter and a \$97 charge for a family of four. For comparison purposes, the current quarterly fees for *wastewater* usage are \$69 and \$137, respectively. The minimum charges for water and sewer are closing in on parity; whereas, there is a 41% gap between the two for usage in a typical family.

*USDA-Rural Development*, the federal organization that provides grant and loan funds for utilities, uses a 2000 cubic feet per quarter standard to compare usage for a typical household among all the utilities. At the current rates, 8000 cubic feet in annual usage totals to \$330 per annum for a family of four in Bar Harbor or \$0.97 per day. An 18% increase would raise that water bill by 10 cents to \$1.07 per day, or \$33 per month.

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#### Volume

This budget assumes a 2.9% decrease in volume from the FY 12 budget but is up 3.8% from the present FY 12 estimated since the latest year's numbers may be lower than the long term norm for budgeting purposes. Page 15 shows the trends of water sales since 2007 in six month rolling averages.

#### Revenues

The 2013 budget assumes a 18% rate increase. However, we are estimating the increase in gross revenues to reflect only a portion of the 18% January 1<sup>st</sup> increase to be implemented in the FY13 budget. Accordingly, we are showing a 9.0% increase over the FY2012 budget and 7.0% over the estimated FY2012 results.

#### Cost of Service Study

A *cost of service study* to explore the equitable allocation of rates (minimums, seasonal, fire protection, etc.) that was deferred last year, has now been completed by our rate case consultant, *La Capra Associates*, and will have a separate hearing. This study has specifically explored the appropriate levels of the rate steps and the minimums (volume and dollars) for year round and seasonal customers. This study has been a standing request since 2001 by the PUC staff and also later on by the Town Council. Results from this comprehensive study will enable the Town Council and staff to explore developing the most equitable rate structure, determining if any changes are warranted, and if so, suggest an implementation period.

#### Operating Expenditures

The proposed FY2013 water budget reflects a 2.2% overall increase in operating expenses over the FY '12 budget year and a 4.0% increase over this past year's estimated final expenses. Payroll and benefits are anticipated to be 4.8% over last year's budget; 5.6% in wage costs and 3.3% for benefits. The budgeted wage increase is 3.6%, which is the same wage adjustment as the General Fund's budgeted increases for non-union employees. There are three individual job wage adjustments included which are highlighted on page 14 and supported by a salary survey completed 3 years ago, just prior to the Town's wage freeze.

This past April, the annual pension payment was \$36,700 to fund the continuing unfunded liability of the old pension plan. This plan was "frozen" in 2002, accruing no additional employee benefits. The plan is presently funded at only 48% of its estimated present value of liabilities and is short by \$166,000 but was underfunded by over \$250,000 just five years ago.

**Major increases in projected cash expenses in FY2013 (line items over \$1500) above last year's budget are as follows:**

- Benefits-#5210 Pension Costs, \$4,000 for increased pension contributions
- Benefits-#5225 Health Insurance, \$4,000 for higher rates and increased participation
- BHTown Mgt Fees-#5306, \$5,621 for an increased GF allocation calculation
- ContServ-Comp Lic & Support-#5368, \$1,677 for new software maintenance fees

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- Supplies-CO2-#5426, \$3000 for lowering or buffering the water PH
- Supplies-Water Treat-#5428, \$3,000 for tracking costs of two water treatment systems
- Gas-#5516, \$1,800 for increase pricing
- Repairs-Maint-#5628, \$4,000 for increased main break repairs
- Comp. Eqpmnt-#5700, \$5,800 for a laptop and customer portal software to track usage
- Operating Eqpmnt-#5704, \$2,000 for misc. equipment

#### What Were the Results of Actual FY12 Expenses vs the FY12 Budget?

The Water Division's FY' 12 projected actual operating expense results will end up 2% below the 2012 budget this year. Major expense line item increases over \$1500 include:

- Wages & Overtime-#51--, overtime due to field repairs of mains and service breaks
- Benefits-#5210, \$3,347 for higher pension contributions than budgeted
- Benefits-#5225, \$3,849 for a change in the mix of employee participation from the Opt Out program
- Engineer & Survey-#5326, \$2,593 for Water buildings and land survey work
- Cont Serv-Comp Lic & Suppt-#5368, \$1,677 for additional utilization of computer software
- Gas-#5516, \$1,850, for increased pricing
- Hydrant Repairs-#5626, \$3,478 in more leaks/repairs to hydrants
- Mains Repairs-#5628, \$3,251 in more leaks/repairs to mains
- Service Repairs-#5650, \$5,770 for increased repairs to services

#### New Water Office Building

The Town Council in 2009 authorized a move into the 49 Park Street building for safety, efficiency and avoidance of necessary extensive capital renovations. It added a directive to either sell or utilize the 337 Main Street building by a date certain. In 2010/2011, a sub-committee attempted to find a paying tenant(s) that would also renovate the building--this effort was unsuccessful. In the last year only two interested parties inspected the building with the possibility of leasing but nothing evolved further from those interests. At the time of this budget, a confidential professional appraisal was performed prior to placing the building up for sale. In June, a contract was signed with a local realtor to market the property. No final disposition of the building has yet been made at this time.

Any proceeds of a market sale or any income from leasing of the property will have to be eventually reconciled so that the *Water Division's* rate payers who have bought and maintained this building over the years be appropriately compensated within any legal and PUC regulatory guidelines. In effect, the net cash proceeds would go to the *Water Division* which would then go to reduce the loan that the General Fund's taxpayers have provided to the *Water Division* in the last few years to fund water main construction.

#### Debt Service

The purchase of the water company (including the new tank) originally cost the water users an average of \$340,000 per year in debt service and was funded by two General Obligation Bonds issued over 20 years, one at 4.54% and one at 2.7%. The first bond was recently refinanced for lower interest in September of

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2011 and with only ten years left on the maturity, the effective rate dropped from 4.54% to 1.85%. In May of 2010 a \$600,000 water main bond issue was added to the debt service requirements (interest 3.42%). With the Town Meeting votes on June 7, 2011 and June 7, 2012 that allowed bonding for additional main replacements as well as the Duck Brook pump station and for a federally mandated water treatment upgrade another \$3.9 million has been added to committed debt. \$2.7 million of this qualified over the summer to be eligible for a federal SRF subsidized loan, reducing the effective interest rate of the 20 year bond to less than 2%, down from the Town Meeting estimate of 4%. As these projects are completed and permanent financing is in place, the Town Council/PUC will see the higher debt service costs for these bonds added to the water rates as recoverable costs. In the FY2013 budget, debt service is projected to be at \$448,000 or 30% of the total revenues presently generated. This is comparable to the Wastewater Fund's debt service load as part of its total revenues.

The enclosed letter (see page 47) from the State's *Drinking Water Program* indicates that "*Based on your utilities median household income (MHI) and current water rates, the system is not considered a "disadvantaged" system and is ineligible for a Principal Forgiveness Loan*"---in other words, in comparison with other Maine communities, Bar Harbor's water rates are not yet considered burdensome, at least from their point of view as of June 2010. However, this letter does allow \$16,193 (of the \$2.7 million SRF loan) to be forgiven for all qualified projects in the state as part of the federal ARRA stimulus program.

### Capital Outlay

The Town has invested \$2,708,909 (*\$1,433,752 from the Water and General Funds*) on capital improvements since the purchase of the company in 2001. In fiscal year 2012 the Water division spent \$309,306 for necessary capital infrastructure investments. The proposed '13 capital budget requests \$3,727,400 and is funded by three sources: operating cash flow, bonds that have already been approved at the June 7, 2011 and June 7, 2012 Town Meetings and future bond approval.

Although replacement of failing infrastructure is certainly a driving reason to replace mains and equipment, in addition to the desirable coordination with Town road/sewer work, a connection can be made from investment in the infrastructure of a community as a driver of economic growth which reflects that these water resources are valuable assets that can be leveraged in stimulating the health of the community.

For long term planning and borrowing needs, the Public Works Director presented an updated consolidated plan to the Council to better coordinate all capital expenditures over the next 5 years that includes the CSO Sewer projects, the road and sidewalk improvements and finally, the long term Water Fund improvements. This five year plan is revised annually in the fall and breaks out the *Water Division's* CIP, which is included in this budget package. This revised five year consolidated plan is not yet complete, so the water CIP may change when this plan is complete and presented to the Town Council.

#### FY 2013 Capital Spending (CIP) Recap (see PWD's detail discussion on pages 20-22)

**Standpipe Maint/Painting (Jax Lab)-\$50,000** – this is the third year of an extended contract for proposed maintenance, repairs, OSHA upgrades, inspections, etc., that included painting in FY2011 (10 year life). The \$200,000 in initial painting costs is spread out and paid over four years.

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- Page 23 has a spreadsheet of costs and analysis of a comprehensive method to enable the Town to better protect and maintain its tanks. The 45 year old Jackson Lab tank is where this change was first implemented. This program allows staff to move forward to protect the infrastructure (similar to our main replacement program) so that we can reliably extend its useful life and continue to comply with federal safety regulations.

**Mains- \$944,900**--Coordinate with Town CIP construction (*\$680,000-Bonded; \$264,900 not bonded*)

**UV Conversion, Pump Station and Equipment Conversion - \$2,670,000**—continued engineering, water treatment (Federally mandated) work, UV conversion, renovation of pump station, replacement of pumps and installation of SCADA system. Remaining costs of the project have qualified for subsidized interest bearing loans. (*Bonded*)

**Hydrants-\$10,000**--Annual hydrants replacement program

**Services- \$10,000**--Normal service renewals related to main replacements

**Vehicles- \$ 000**—Replacements are deferred for at least one year

**Equipment- \$7,500**—This is for a 2<sup>nd</sup> *Datamatic Gateway* for the radio meter reading system. This unit stores the data until it is transferred to the MUNIS billing system. The first was bought 3 years ago and for the size of the Bar Harbor system, we have now grown into needing the 2<sup>nd</sup> *Gateway* storage unit.

**Equipment-\$35,000**—This is a replacement of the 45 year old automatic altitude valve and storage vault. The current valve is malfunctioning and the storage vault is too small to work in.

#### Five Year CIP Plan (and its Potential Effect on Rates)

Pages 19 & 20 has staff's listing of requested 5 year capital spending—totaling \$7,686,525. It also includes within that figure certain mandated spending due to the Drinking Water Program requirements of \$2,670,000 in the proposed expenditures---bonding is already approved for this. However, there is another \$3,722,000 in main replacements, including Rte #3 work, that are in the 5 year program which would also require bonding, if approved. This main replacement program requires borrowing @ 4.0% over 20 years and would add another \$274,000 in annual debt service requirements, causing an additional 25% increase in rates by fiscal year 2017. The non-cash depreciation charges would also add to the increase in rates. In summary, all the projects in this 5 year plan that require bonding will collectively add new debt service and depreciation costs that will require approximately a 43% rate increase to be in place by January, 2017---18% this coming January 1<sup>st</sup> and 25% over the next four years thereafter.

The average family household of four would likely see their rates rise from \$82.55 per quarter today to \$118.05 in FY2017, reflecting a 43% increase of \$35.50 per quarter, \$11.83 per month or 39 cents per day.

#### **Working Capital**

A conservative method for measuring a healthy working capital formula for a utility that bills in advance is to use 3 months or 25% of annual cash expenses as a suggested requirement, plus the principal of the annual debt service. This target calculates to a \$507,000 estimated requirement as of June 30, 2012. The schedule on page 16 that indicates we are \$494,000 short of the desired level. All available working capital, other than that used for day to day bills, from FY2001 to FY2010 has been directed 100% to capital investment. This schedule also shows that the borrowing from the General Fund peaked at \$836,372 on December 31, 2009 but had decreased to \$521,273 as of June 30, 2012.

*Town of Bar Harbor*  
*FY2013 Water Budget*

## Cash Basis

The proposed budget projects a positive net cash flow of \$75,393 in FY2012. This will enable the Water Division to continue its slow recovery to pay back its earlier draw down of monies from the *General Fund*. Also, in the five year plan, there is no additional projection for drawdown borrowing from the *General Fund*. Cash flow in the 10 and ¾ years since the water company was purchased by the Town has shown a cumulative net cash out-flow of \$519,858 (see page 18) and this is basically what is owed to the *General Fund* at June 30, 2012.

Why is Water Division continuing to be in such a poor cash position? As shown on page 18, the Town has invested approximately \$2.7 million in critical capital improvements; 34% (\$913,865) funded by its own revenue cash flow since it has purchased the Company—the remaining funds came primarily long term borrowing and from *General Fund* short term borrowing. Council recommendations from previously approved budgets encouraged investment to replace its long neglected infrastructure as well as the need to focus on the cost effectiveness of project coordination with both sewer and road construction.

## Summary

This FY2013 budget for the Bar Harbor Water Division specifically recommends the following changes from the FY2012 budget:

- **An 18% increase is recommended, effective January 1, 2013**  
(2/3<sup>rd</sup> due to higher debt service and 1/3<sup>rd</sup> due to higher operating expenses)
- **A 9.0% revenue increase is proposed for the FY2013 budget year**
- **A 2.2% budgeted increase of operating expenses as a target**
- **Gross CIP expenditures projected at \$3,727,400**
- **No additional borrowing from the Town's *General Fund* for the Third year in a row.**

## Action Requested of Council

To introduce the Water Budget Ordinance, as proposed and schedule a public hearing for October 2, 2012

Approve the engagement of a rate consultant to file for a rate increase on behalf of the Water Division with rates to be effective January 1, 2013

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APY	BTY	ETY	RNY	RNY	RNY	RNY
Actual Last Yr.	Budget This Yr	Estimate This Yr	Request Next Yr	Request Next Yr	% Change	% Change
6/30/2011	6/30/2012	6/30/2012	6/30/2013	6/30/2013	vs. Bgt.'12	vs. Est.'12
FY11 Actual	FY12 Budget	FY12 Estimate	FY13 Budget	FY13 Budget	vs. Bgt.'12	vs. Est.'12

**Net Income Statement - SUMMARY PAGE**

Operating Revenues	\$ 1,420,688	\$ 1,477,868	\$ 1,506,474	\$ 1,611,200	\$ 133,332	9.0%	7.0%
<b>Operating Expenses:</b>							
Payroll & Benefits	\$ 439,062	\$ 444,742	\$ 452,772	\$ 465,986	\$ 21,244	4.8%	2.9%
Contractual Services	\$ 159,284	\$ 183,490	\$ 175,880	\$ 177,138	\$ (6,352)	-3.5%	0.7%
Materials & Supplies	\$ 82,987	\$ 96,600	\$ 76,813	\$ 96,500	\$ (100)	-0.1%	25.6%
Utilities & Commodities	\$ 53,468	\$ 58,400	\$ 59,559	\$ 61,400	\$ 3,000	5.1%	3.1%
Repairs & Maintenance	\$ 108,209	\$ 128,700	\$ 136,465	\$ 134,300	\$ 5,600	4.4%	-1.6%
Minor Equipment Purchases	\$ 7,400	\$ 11,000	\$ 9,892	\$ 13,700	\$ 2,700	24.5%	38.5%
Other Miscellaneous Expenses	\$ 35,054	\$ 40,480	\$ 31,345	\$ 39,540	\$ (940)	-2.3%	26.1%
Depreciation & Amortization	\$ 204,342	\$ 205,567	\$ 205,270	\$ 205,859	\$ 292	0.1%	0.3%
<b>Utility Operating Expenses:</b>	\$ 1,089,806	\$ 1,168,979	\$ 1,147,996	\$ 1,194,423	\$ 25,444	2.2%	4.0%
<b>Net Utility Operating Income</b>	\$ 330,882	\$ 308,889	\$ 358,478	\$ 416,777	\$ 107,888	34.9%	16.3%
Interest Income	\$ 436	\$ 300	\$ 6,380	\$ 2,000	\$ 1,700		
Non-Utility Income, net of expense	\$ 11,000	\$ 12,100	\$ 13,344	\$ 13,000	\$ 900		
Interest Costs	\$ 159,407	\$ 200,000	\$ 124,594	\$ 126,000	\$ (74,000)		
<b>NET INCOME</b>	\$ 182,911	\$ 121,289	\$ 253,608	\$ 305,777	\$ 184,488	152.1%	20.6%
<b>Conversion to Cash Basis:</b>							
Add back: Depreciation & Acqtn. Adjtmnt.	\$ 204,342	\$ 205,567	\$ 205,270	\$ 205,859			
Less: Principal Debt Retired	\$ (199,361)	\$ (246,226)	\$ (271,227)	\$ (322,510)			
Plus: Unfunded Pension Adjustment	\$ -	\$ -	\$ -	\$ -			
<b>Cash Available for C.I.P.</b>	\$ 187,892	\$ 80,630	\$ 187,651	\$ 189,126			
Less: Capital Expenditures (From Internal Funds)	\$ (97,618)	\$ (79,000)	\$ (112,258)	\$ (112,500)			
<b>Net Cash Generation (Drawdown)</b>	\$ 90,274	\$ 1,630	\$ 75,393	\$ 76,626			
<b>Consumption</b>							
Volume: ('000's cubic feet)	34,390	34,000	31,807	33,000		-2.9%	3.8%



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	APY Actual Last Yr. 6/30/2011 FY11 Actual	BTY Budget This Yr. 6/30/2012 FY12 Budget	ETY Estimate This Yr. 6/30/2012 FY12 Estimate	RNY Request Next Yr. 6/30/2013 FY13 Budget	RNY \$ Change vs. Bgl.12	RNY % Change vs. Bgl.12	RNY % Change vs. Est.12
<b>Expenses</b>							
4098	<b>49 - NON OPERATING EXPENSES:</b>						
6002	\$ (8,349)	\$ (7,400)	\$ (8,429)	\$ (8,000)	\$ (600)		
6016	\$ 614	\$ -	\$ 864	\$ -	\$ -		
6018	\$ 419	\$ 300	\$ -	\$ -	\$ (300)		
6020	\$ 2,241	\$ 5,000	\$ 6,660	\$ 5,000	\$ -		
	\$ (5,075)	\$ (2,100)	\$ (905)	\$ (3,000)	\$ (900)	42.9%	231.5%
	<b>Total Non Operating Expenses:</b>						
4098-	\$ 69,089	\$ 68,718	\$ 69,123	\$ 71,197	\$ 2,479	3.6%	3.0%
5100	\$ 187,130	\$ 188,820	\$ 190,380	\$ 198,242	\$ 9,422	5.0%	4.1%
5105	\$ 37,828	\$ 33,704	\$ 35,870	\$ 37,748	\$ 4,044	12.0%	5.2%
5110	\$ (10,419)	\$ (6,000)	\$ (4,639)	\$ (6,000)	\$ -	0.0%	29.3%
5165	\$ -	\$ -	\$ -	\$ -	\$ -		
	\$ 283,628	\$ 285,242	\$ 290,734	\$ 301,186	\$ 15,944	5.6%	3.6%
	<b>Total Salaries &amp; Wages-Operations:</b>						
4098-	\$ 5,287	\$ 6,000	\$ 3,591	\$ 4,000	\$ (2,000)	-33.3%	11.4%
5160	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!
5162	\$ 21,632	\$ 23,000	\$ 21,691	\$ 23,000	\$ -	0.0%	6.0%
5200	\$ 42,824	\$ 42,000	\$ 45,347	\$ 46,000	\$ 4,000	9.5%	1.4%
5210	\$ -	\$ -	\$ -	\$ -	\$ -		
5212	\$ 7,588	\$ 8,000	\$ 7,903	\$ 8,000	\$ -	0.0%	1.2%
5215	\$ 1,512	\$ 1,600	\$ 1,520	\$ 1,600	\$ -	0.0%	5.3%
5220	\$ 71,362	\$ 71,000	\$ 74,849	\$ 75,000	\$ 4,000	5.6%	0.2%
5225	\$ 7,160	\$ 8,500	\$ 7,671	\$ 7,800	\$ (700)	-8.2%	1.7%
5230	\$ 608	\$ 600	\$ 622	\$ 600	\$ -	0.0%	-3.5%
5245	\$ (2,539)	\$ (1,200)	\$ (1,156)	\$ (1,200)	\$ -	0.0%	3.8%
5270	\$ -	\$ -	\$ -	\$ -	\$ -		
	\$ 155,434	\$ 159,500	\$ 162,038	\$ 164,800	\$ 5,300	3.3%	1.7%
	<b>Total PAYROLL BENEFITS:</b>						



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	APY		BTY		ETY		RNY		RNY		RNY	
	Actual Last Yr. 6/30/2011	Budget This Yr. 6/30/2012	Budget This Yr. 6/30/2012	Estimate This Yr. 6/30/2012	Estimate This Yr. 6/30/2012	Request Next Yr. 6/30/2013	Request Next Yr. 6/30/2013	\$ Change vs. Bgt. '12	% Change vs. Bgt. '12	\$ Change vs. Bgt. '12	% Change vs. Est. '12	% Change vs. Est. '12
<b>4098 55 - UTILITIES &amp; COMMODITIES:</b>												
5504 Utility-Electricity	\$ 14,100	\$ 13,900	\$ 13,900	\$ 13,504	\$ 13,504	\$ 13,600	\$ (300)	-2%	1%			
5506 Utility-Electricity Pumping	\$ 9,583	\$ 9,600	\$ 9,600	\$ 9,240	\$ 9,240	\$ 9,600	\$ -	0%	4%			
5508 Utility-Heating Oil	\$ 9,533	\$ 13,000	\$ 13,000	\$ 13,815	\$ 13,815	\$ 14,000	\$ 1,000	8%	1%			
5514 Utility-Motor Fuel-Diesel	\$ 3,669	\$ 3,800	\$ 3,800	\$ 3,537	\$ 3,537	\$ 4,000	\$ 200	5%	13%			
5516 Utility-Motor Fuel-Gasoline	\$ 9,770	\$ 10,700	\$ 10,700	\$ 12,550	\$ 12,550	\$ 12,500	\$ 1,800	17%	0%			
5520 Utility-Propane	\$ 98	\$ 500	\$ 500	\$ 30	\$ 30	\$ 500	\$ -	0%	1567%			
5524 Utility-Sewer	\$ 1,580	\$ 1,400	\$ 1,400	\$ 1,563	\$ 1,563	\$ 1,600	\$ 200	14%	2%			
5528 Utility-Telephone & Cellular	\$ 4,038	\$ 4,400	\$ 4,400	\$ 4,136	\$ 4,136	\$ 4,400	\$ -	0%	6%			
5530 Utility-Water	\$ 1,097	\$ 1,100	\$ 1,100	\$ 1,184	\$ 1,184	\$ 1,200	\$ 100	9%	1%			
<b>Total UTILITIES &amp; COMMODITIES</b>	<b>\$ 53,468</b>	<b>\$ 58,400</b>	<b>\$ 58,400</b>	<b>\$ 59,559</b>	<b>\$ 59,559</b>	<b>\$ 61,400</b>	<b>\$ 3,000</b>	<b>5%</b>	<b>3%</b>			
<b>4098 56 - REPAIRS &amp; MAINTENANCE</b>												
5602 Rep & Mt-Buildings	\$ 801	\$ 3,000	\$ 3,000	\$ 3,227	\$ 3,227	\$ 3,000	\$ -	0%	-7%			
5618 Rep & Mt-Equipment, Gen'l	\$ 1,386	\$ 2,500	\$ 2,500	\$ 2,798	\$ 2,798	\$ 2,500	\$ -	0%	-11%			
5626 Rep & Mt-Hydrants	\$ 1,585	\$ 6,900	\$ 6,900	\$ 10,378	\$ 10,378	\$ 8,000	\$ 1,100	16%	-23%			
5628 Rep & Mt-Mains	\$ 26,979	\$ 31,000	\$ 31,000	\$ 34,251	\$ 34,251	\$ 35,000	\$ 4,000	13%	2%			
5630 Rep & Mt-Meters	\$ 54,026	\$ 63,000	\$ 63,000	\$ 61,539	\$ 61,539	\$ 63,000	\$ -	0%	2%			
5634 Rep & Mt-Plant & Treatment Equipment	\$ 3,717	\$ 3,600	\$ 3,600	\$ 4,092	\$ 4,092	\$ 3,600	\$ -	0%	-12%			
5642 Rep & Mt-Pumping Equipment	\$ 2,040	\$ 2,200	\$ 2,200	\$ 1,849	\$ 1,849	\$ 2,200	\$ -	0%	19%			
5650 Rep & Mt-Services	\$ 10,257	\$ 10,000	\$ 10,000	\$ 15,770	\$ 15,770	\$ 11,000	\$ 1,000	10%	-30%			
5652 Rep & Mt-Standpipes	\$ 1,246	\$ 500	\$ 500	\$ -	\$ -	\$ 500	\$ -	0%	#DIV/0!			
5658 Rep & Mt-Vehicles	\$ 6,172	\$ 6,000	\$ 6,000	\$ 2,561	\$ 2,561	\$ 5,500	\$ (500)	-8%	115%			
<b>Total REPAIRS &amp; MAINTENANCE</b>	<b>\$ 108,209</b>	<b>\$ 128,700</b>	<b>\$ 128,700</b>	<b>\$ 136,465</b>	<b>\$ 136,465</b>	<b>\$ 134,300</b>	<b>\$ 5,600</b>	<b>4%</b>	<b>-2%</b>			
<b>4098 57 - EQUIPMENT PURCHASES</b>												
5700 Equip Purch-Computers & Printers	\$ 1,200	\$ 1,700	\$ 1,700	\$ 1,722	\$ 1,722	\$ 7,500	\$ 5,800					
5702 Equip Purch-Office Furniture	\$ 2,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
5704 Equip Purch-Operating Equipment	\$ 3,842	\$ 9,300	\$ 9,300	\$ 8,170	\$ 8,170	\$ 6,200	\$ (3,100)	-33%	-24%			
<b>Total EQUIPMENT PURCHASES</b>	<b>\$ 7,400</b>	<b>\$ 11,000</b>	<b>\$ 11,000</b>	<b>\$ 9,892</b>	<b>\$ 9,892</b>	<b>\$ 13,700</b>	<b>\$ 2,700</b>	<b>25%</b>	<b>38%</b>			

Town of Bar Harbor  
FY 2013  
Water Budget

	APY			ETY		RNY		RNY		RNY	
	Actual Last Yr. 6/30/2011	Budget This Yr 6/30/2012	BTY 6/30/2012	Estimate This Yr 6/30/2012	Request Next Yr 6/30/2013	RNY FY13 Budget	RNY FY12 Budget	\$ Change vs. Bgt.'12	% Change vs. Bgt.'12	% Change vs. Est.'12	% Change vs. Est.'12
4098											
	<b>58 - OTHER-INS, TRVL, ADV, MISC:</b>										
5800	\$ 1,202	\$ 2,100	\$ 2,100	\$ 1,726	\$ 2,100	\$ 2,100	\$ -	\$ -	0%	22%	22%
5802	\$ 400	\$ 1,000	\$ 1,000	\$ 800	\$ 1,000	\$ 1,000	\$ -	\$ -	0%	25%	25%
5808	\$ 3,552	\$ 3,700	\$ 3,700	\$ 3,515	\$ 3,700	\$ 3,700	\$ -	\$ -	0%	5%	5%
5822	\$ 4,527	\$ 4,900	\$ 4,900	\$ 4,416	\$ 4,700	\$ (200)	\$ (200)	\$ (200)	-4%	6%	6%
5824	\$ 4,053	\$ 4,100	\$ 4,100	\$ 4,012	\$ 3,900	\$ (200)	\$ (200)	\$ (200)	-5%	-3%	-3%
5826	\$ 1,429	\$ 1,400	\$ 1,400	\$ 1,508	\$ 1,600	\$ 200	\$ 200	\$ 200	14%	6%	6%
5832	\$ 446	\$ 500	\$ 500	\$ 502	\$ 500	\$ -	\$ -	\$ -	0%	0%	0%
5836	\$ 1,540	\$ 3,000	\$ 3,000	\$ 1,850	\$ 2,800	\$ (200)	\$ (200)	\$ (200)	-7%	51%	51%
5840	\$ 9,240	\$ 9,240	\$ 9,240	\$ 5,595	\$ 8,700	\$ (540)	\$ (540)	\$ (540)	-6%	55%	55%
5844	\$ 1,500	\$ 2,100	\$ 2,100	\$ 904	\$ 2,100	\$ 2,100	\$ -	\$ -	0%	132%	132%
5846	\$ 3,192	\$ 2,600	\$ 2,600	\$ 678	\$ 2,600	\$ -	\$ -	\$ -	0%	283%	283%
6008	\$ 3,967	\$ 5,840	\$ 5,840	\$ 5,839	\$ 5,840	\$ -	\$ -	\$ -	0%	0%	0%
	<b>\$ 35,054</b>	<b>\$ 40,480</b>	<b>\$ 40,480</b>	<b>\$ 31,345</b>	<b>\$ 39,540</b>	<b>\$ (940)</b>	<b>\$ (940)</b>	<b>\$ (940)</b>	<b>-2%</b>	<b>26%</b>	<b>26%</b>
4098											
	<b>59 - UNCLASSIFIED</b>										
5910	\$ 159,407	\$ 200,000	\$ 200,000	\$ 124,594	\$ 126,000	\$ (74,000)	\$ (74,000)	\$ (74,000)	-37%	1%	1%
	<b>\$ 159,407</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	<b>\$ 124,594</b>	<b>\$ 126,000</b>	<b>\$ (74,000)</b>	<b>\$ (74,000)</b>	<b>\$ (74,000)</b>	<b>-37%</b>	<b>1%</b>	<b>1%</b>
4098											
	<b>60 - DEPRECIATION &amp; AMORT.:</b>										
6000	\$ 70,124	\$ 70,124	\$ 70,124	\$ 70,124	\$ 70,124	\$ -	\$ -	\$ -	0%	0%	0%
6006	\$ 2,585	\$ 2,585	\$ 2,585	\$ 19,937	\$ 759	\$ -	\$ -	\$ -	0%	0%	0%
4610	\$ (1,618)	\$ (1,618)	\$ (1,618)	\$ (16,989)	\$ -	\$ -	\$ -	\$ -	0%	0%	0%
6009	\$ 18,369	\$ 14,976	\$ 14,976	\$ 14,332	\$ 14,976	\$ -	\$ -	\$ -	0%	0%	0%
6012	\$ 106,533	\$ 112,000	\$ 112,000	\$ 109,437	\$ 112,000	\$ -	\$ -	\$ -	0%	0%	0%
6014	\$ 8,349	\$ 7,500	\$ 7,500	\$ 8,429	\$ 8,000	\$ 500	\$ 500	\$ 500	0%	0%	0%
	<b>\$ 204,342</b>	<b>\$ 205,567</b>	<b>\$ 205,567</b>	<b>\$ 205,270</b>	<b>\$ 205,859</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
	<b>Total Depreciation &amp; Amortization Exps:</b>										

Town of Bar Harbor  
 FY 2013  
 Water Budget

	APY	BTY	ETY	RNY	RNY	RNY	RNY
	Actual Last Yr. 6/30/2011 FY11 Actual	Budget This Yr. 6/30/2012 FY12 Budget	Estimate This Yr. 6/30/2012 FY12 Estimate	Request Next Yr. 6/30/2013 FY13 Budget	\$ Change vs. Bgt.'12	% Change vs. Bgt.'12	% Change vs. Est.'12
<b>Capital Expenditures</b>							
4098-							
6912	\$ 3,831	\$ -	\$ -	\$ -			
6902	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000			
6910	\$ -	\$ 14,000	\$ 13,297	\$ -			
6914	\$ -	\$ -	\$ -	\$ 7,500			
6916	\$ 132,940	\$ 1,589,500	\$ 67,042	\$ 2,670,000			
6918	\$ 30,666	\$ 10,000	\$ 44,703	\$ 10,000			
6922	\$ 291,814	\$ 418,725	\$ 76,941	\$ 944,900			
6924	\$ -	\$ -	\$ -	\$ 35,000			
6928	\$ 37,485	\$ 10,000	\$ 28,469	\$ 10,000			
6932	\$ 28,260	\$ 29,000	\$ 28,854	\$ -			
2830	\$ -	\$ -	\$ -	\$ -			
<b>Totals-Gross Capital Spending</b>	\$ 574,996	\$ 2,121,225	\$ 309,306	\$ 3,727,400		76%	1105%
Less: CIAC, Reserves & Carryover	\$ (914)	\$ (34,000)	\$ (1,879)	\$ -			
Less: Bonding (mains)	\$ (476,464)	\$ (2,008,225)	\$ (195,169)	\$ (3,614,900)			
<b>Net Capital Spending (Internal funds)</b>	\$ 97,618	\$ 79,000	\$ 112,258	\$ 112,500		42%	0%

See Also Page 15 for CIP Cumulative Spending History  
 See Also Page 16 for CIP Detail Explanations

Town of Bar Harbor  
 FY 2013  
 Water Budget

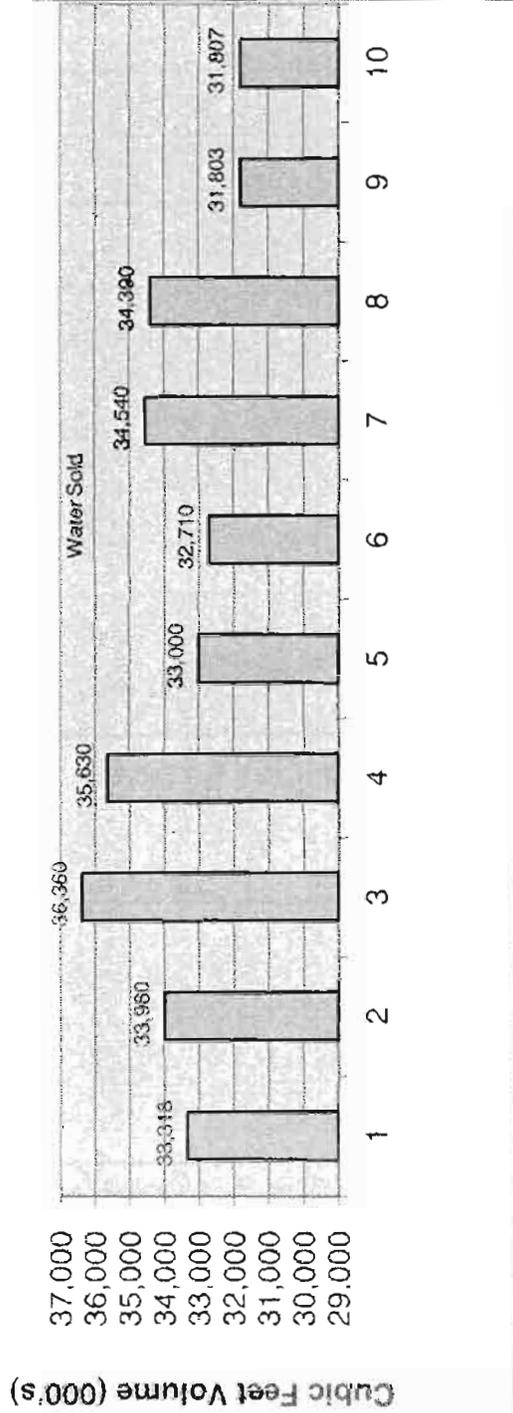
List of Positions - Authorized Wages

A/c #	-base pay-	Present Rate @ 6-30-12	June '12 Base Wage	Proposed 3.6% Rate or Hours	FY13 Proposed Base Wages	Proposed FY13 Budget
5100	Superintendent -Salary- Van Trump	\$ 68,723	\$ 68,723	2080	\$ 71,197	\$ 71,197
	Foreman/Lic. Oper.-Tinker	\$ 21.37	\$ 44,012	22.14	\$ 46,050	\$ 46,050
	Wage adjustment-Tinker			0.50	\$ 1,040	\$ 1,040
	Office Manager-Warner	\$ 18.69	\$ 38,487	19.36	\$ 40,275	\$ 40,275
	Equip. Operator/Lic. Oper.-Kidder	\$ 18.93	\$ 38,970	19.61	\$ 40,792	\$ 40,792
	Water Maint. Worker-Winslow	\$ 16.70	\$ 34,390	17.30	\$ 35,986	\$ 35,986
	Wage adjustment-Winslow			0.75	\$ 1,560	\$ 1,560
	Water Maint. Worker-Anderson	\$ 15.10	\$ 31,092	15.64	\$ 32,539	\$ 32,539
	Wage adjustment-Anderson			0.25	\$ 520	\$ 520
5105	<b>total wages-hourly</b>		\$ 186,951		\$ 198,242	\$ 198,242
	Scheduled Overtime-Avg. OT rate (3)	\$ 30.15	\$ 23,242	832	\$ 25,085	\$ 25,085
	Unscheduled Overtime-Avg. OT rate (3)	\$ 30.15	\$ 10,476	420	\$ 12,663	\$ 12,663
	Wage Adjustment-OT portion			625		
5110	<b>total wages-overtime</b>		\$ 33,718		\$ 37,748	\$ 37,748
	<b>Totals - Salaries &amp; Wages</b>		\$ 289,392		\$ 307,186	\$ 307,186
	Actual Unscheduled Overtime Hours - CY 2011			491		
	Actual Unscheduled Overtime Hours - CY 2010			306		
	Actual Unscheduled Overtime Hours - CY 2009			477		

Volume - 12 Month Roll Forward Volume Numbers  
Cubic Feet (000's)

	Dec-07 PUC Yr 1	Jun-08 FY 2	Dec-08 PUC Yr 3	Jun-09 FY 4	Dec-09 PUC Yr 5	Jun-10 FY 6	Dec-10 PUC Yr 7	Jun-11 FY 8	Dec-11 PUC Yr 9	Jun-12 FY 10
<b>Billed Consumption</b>	33,318	33,980	36,360	35,630	33,000	32,710	34,540	34,390	31,803	31,807
<b>6 Month % Changes</b>		2%	7%	-2%	-7%	-1%	6%	0%	-7.5%	0.0%
YTD -(4.5) year % change										-4.5%
1% average decrease in annual consumption										
<b>Production Water</b>	54,400		55,286		60,444		51,160		50,337	
YTD 4 Year % change										-7.0%

Annual Revenue Water - Volume Trends (6 Mo. Intervals)



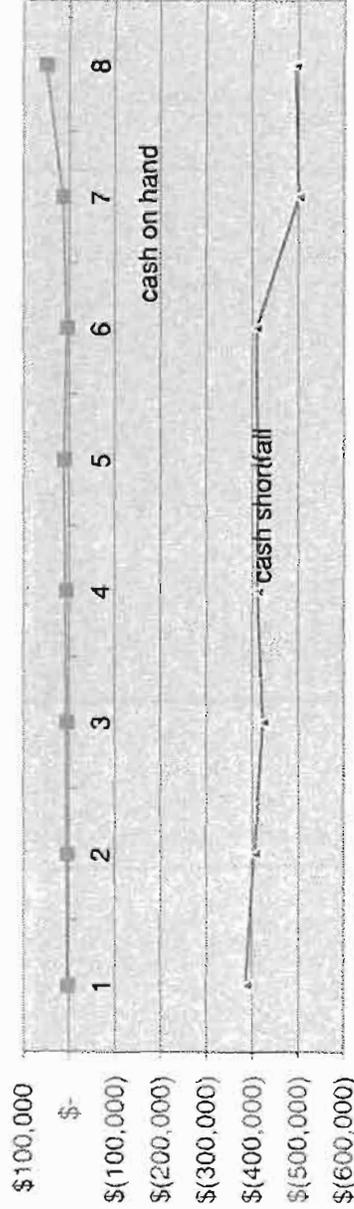
Town of Bar Harbor  
2013 Water Budget

*Historical Working Capital*

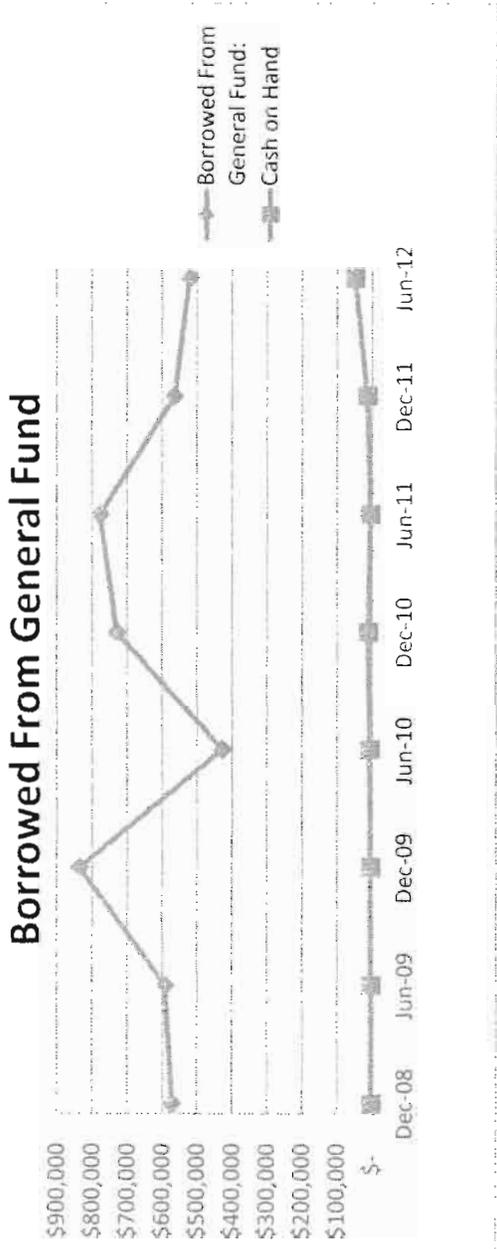
Cash Balances - Working Capital Analysis

	12/31/2008	6/30/2009	12/31/2009	6/30/2010	12/31/2010	6/30/2011	12/31/2011	6/30/2012
<b>Cash on Hand</b>	\$ 2,406	\$ 3,805	\$ 5,239	\$ 7,143	\$ 11,135	\$ 4,500	\$ 12,960	\$ 49,170
<b>Required Working Capital:</b>								
3 Months of Cash Expenses	\$ 193,000	\$ 212,000	\$ 218,000	\$ 217,000	\$ 220,000	\$ 221,000	\$ 235,000	\$ 236,000
Annual debt service (principal)	\$ 196,000	\$ 196,000	\$ 210,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 271,000	\$ 271,000
<b>Cash Required</b>	\$ 389,000	\$ 408,000	\$ 428,000	\$ 417,000	\$ 420,000	\$ 421,000	\$ 506,000	\$ 507,000
<b>Working Capital Shortfall</b>	\$ (386,594)	\$ (405,594)	\$ (424,195)	\$ (411,761)	\$ (412,857)	\$ (409,865)	\$ (501,500)	\$ (494,040)
<b>Borrowed From General Fund:</b>	\$ 572,238	\$ 591,840	\$ 836,372	\$ 428,015	\$ 729,643	\$ 777,000	\$ 563,967	\$ 521,273

Working Capital Requirements



Town of Bar Harbor  
2013 Water Budget



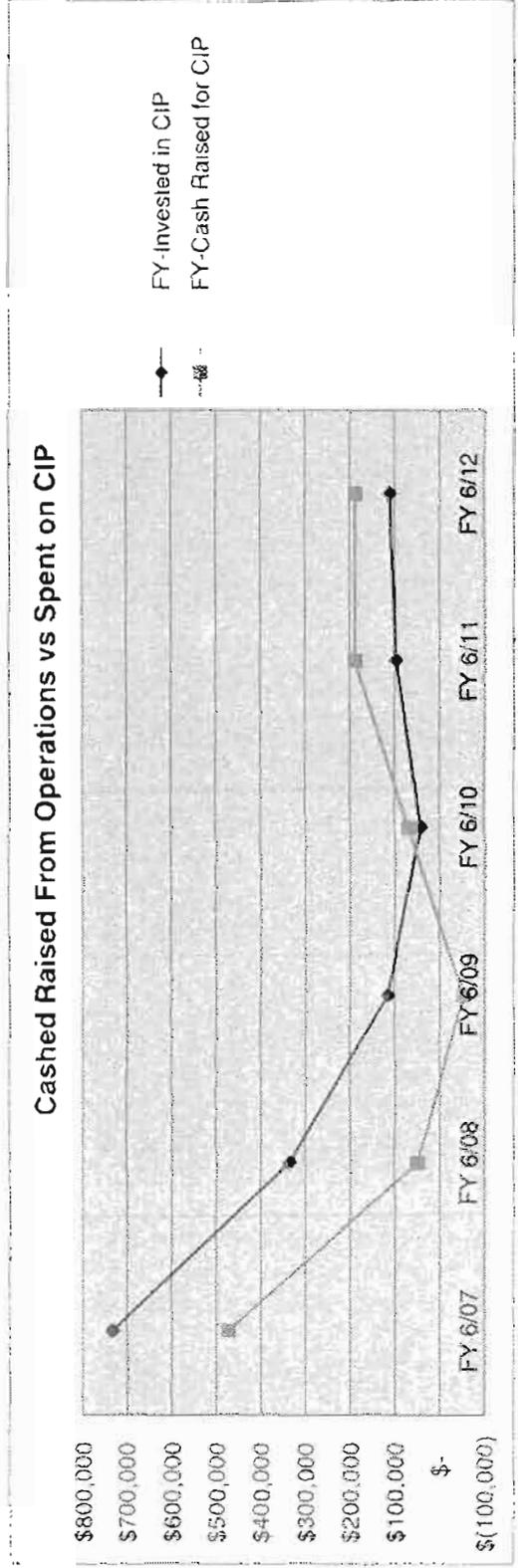
Cash Generation (working capital) For Capital Investment (CIP)

Fiscal Year	6/30/2007 (5.75 yrs)	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012 (est)	10.75 yrs Totals
Cash Generated & Available for Increase of Working Capital or CIP:	\$ 473,920	\$ 48,622	\$ (52,787)	\$ 68,596	\$ 187,892	\$ 187,651	\$ 913,894

Gross Capital Investment:	\$ 837,949	\$ 334,833	\$ 222,595	\$ 429,230	\$ 574,996	\$ 309,306	\$ 2,708,909
Less: Paid by Bonds & Other Sources	\$ 106,000	\$ 107,914	\$ 386,817	\$ 477,378	\$ 197,048	\$ 197,048	\$ 1,275,157

Net Capital Investment Funded From Internal Operations:	\$ 731,949	\$ 334,833	\$ 114,681	\$ 42,413	\$ 97,618	\$ 112,258	\$ 1,433,752
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Net Increase (Decrease) In Working Capital Since Buying Water Co.: \$ (519,858)



5 Year Capital Improvement Program

Year By Year Overview

Acct. No.	Account Description	Age	Year					Total Five Year Spending
			FY13 Funding/Spending	FY14 Funding/Spending	FY15 Funding/Spending	FY16 Funding/Spending	FY17 Funding/Spending	
6932	<b>Vehicles</b> 94 Backhoe/Loader	1994						90,000
6932	87 Ford Dump Truck-F6000	1987						85,000
6932	00 GMC Sierra-2500 (from DPW)	2000						-
6932	05 GMC Sierra Util Pickup-2500	2005		35,000				35,000
6932	11 GMC Sierra Supt Pickup-2500	2011						-
6932	06 GMC Sierra Pickup-2500	2006				35,000		35,000
6914	<b>Facilities</b> 2nd Datamatic Meter Reader	new	7,500					7,500
1837	Coating-1998 Lab Tank		50,000	27,200				77,200
1837	Standpipe Coating-1936 Steel Tank					65,000		130,000
1805								-
1809								-
6916	<b>Equipment</b> Pipe Fusion Machine (Crissy)	1998				20,000		20,000
6910	14 Starcraft Boat	1967	35,000					35,000
6926	Mains-Attitude Valve & Jax Vault							-
6914								-
6916	Pump Station Upgrade, UV & SCADA	2011 Bond	2,670,000					2,670,000
6922	<b>Mains</b> (Rep = replacement) Rep Crooked Road-1380'	2011 Bond	193,075					193,075
6922	Rep Oliver St.-550' -2" galv	New Bond	90,250					90,250
6922	Rep Ash Place-500' - 1"2"	2011 Bond	73,250					73,250
6922	Rep Shannon Road	New Bond				246,400		246,400
6922	Rep Atlantic Ave - 6" CI - 1927	New Bond			139,300			139,300
6922	Rte #3 Project-Coordinate with DOT	New Bond						1,687,400
6922	Rep Des Isle Ave - 2" galv -1937	New Bond			81,275			81,275
6922	Rep Hancock St. - 6" - 1898	New Bond			281,150			281,150
6922	Rep Center St.-550' - 1"2" 1933	New Bond	78,700					78,700
6922	Rep Highbrook Rd.-850'	New Bond						-
6922	New-Barberry Lane - 400'	New Bond		61,600				61,600
6922	Rep Rodlick St. (West to Cottage)-470'	New Bond	95,950					95,950
6922	Rep	New Bond						-
6922	Rep Livingston Road - 6" - 1912	New Bond		518,500				518,500
6922	Rep Lower Main St. -2050'	New Bond						-
6922	Rep Pine St.-875' - 3" galv	2011 Bond	139,125					139,125
6922	Rep Glen Mary Road	New Bond					225,450	225,450
6922	Rep Forrest St. -1250' - 6" CI	2011 Bond	206,350					206,350
6922	Rep Holland Ave	New Bond					107,050	107,050
6922	Rep Billings Ave - 400'	2011 Bond	68,200					68,200



# Memo

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To: Dana Reed, Town Manager

Cc: Stan Harmon, Finance Director

From: Chip Reeves, Public Works Director  
Jeff Van Trump, Water Superintendent

Date: July 5<sup>th</sup>, 2012

Re: Water Division FY 13 Capital Improvement Program Budget

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In preparing the FY 13 Capital Improvement Program budget, we have taken the same approach as previous years of utilizing the Consolidated Capital Improvement Work Plan which was originally developed in 2010 and updated in 2011.

Two major changes to this year's five year out look are as follows.

First the work to be coordinated with the implementation of the Combined Sewer Overflow (CSO) Master Plan implementation has been pushed off a year. All indications are this project could move further out in our planning as well, but I have included it in year five for now.

Second, taking place of the CSO work is the work to be coordinated with the Route #3 corridor project anticipated to begin in the spring of 2016. As noted below this work was not included in any previous five year planning as timing of the project had not been contemplated. Therefore, once scope of work is finalized we will need to begin the process of bonding approval to fund the work.

I will note that actual progress on the five year plan is lagging behind the budgeted pace. I'm finding more work required during the planning phase do to right of way issues, which in turn has slowed the construction schedule. Later in the summer I intend to update the Five Year Consolidated Work Plan to show more accurately of where we are once planning phase of a couple of FY 2012 projects are completed.

## Year One - FY 13

### **Regulatory Compliance Projects:**

**UV Disinfection Conversion** - This conversion will bring us into compliance with LT2 regulations.

**Main Replacements –\$264,900**

Oliver Street- Unknown installation date for this 2” galvanized main. Work coordinated with road and sidewalk improvements.

Center Street- 1933 installation date of 2” galvanized and 1” copper mains. Work coordinated with road and sidewalk improvements.

Rodick Street (Cottage St to West St)- 1911 installation date for this 8” cast iron pipe. Work coordinated with road and sidewalk improvements.

**Year Two - FY 14**

**Main Replacements-\$695,850**

Main Street- Replace approximately 1125 LF of water main on Main Street from Park Street to Cromwell Harbor Road and 925 LF on Main Street from South Street to Park Street. This work could be coordinated with the Downtown improvement project.

Barberry Lane- We would like to add a main on this street to loop together the dead end mains on Wayman Lane and Livingston Road.

**Year Three- FY 15**

**Main Replacement –\$610,210**

Hancock Street- 1898 installation date for this 6” cast iron pipe. Work coordinated with wastewater, road and sidewalk improvements

Des Isle Ave- 1932 installation date of this 2” galvanized pipe. Work coordinated with wastewater, road and sidewalk improvements.

Atlantic Ave- 1927 installation date for this 6” cast iron pipe. Work coordinated with wastewater, road and sidewalk improvements.

Livingstone Road- 1912 installation date for this 6” cast iron pipe. Work coordinated with wastewater, road and sidewalk improvements.

**Year Four- FY 16**

Route #3/Ireson Hill- In November of 2010 Council discussed improvements to be coordinated with the MDOT project for the section of the corridor from Ireson Hill to West Street. This work includes replacement of services, hydrants and in-line gate valves as well as main replacement and relocation of mains. Funding for this work would need to be bonded as it was not considered in previous bond requests. **Estimated Cost: \$1,687,400**

**Year Five- FY 17**

**Main Replacement –\$578,900**

\*Shannon Road- Work coordination with CSO Master Plan implementation.

\*Holland Ave- Work coordination with CSO Master Plan implementation.

\*Glen Mary Road- Work coordination with CSO Master Plan implementation.

\*Scheduling may shift due to MDEP implementation schedule.

Town of Bar Harbor  
FY 2013 Water Budget

Tanks - Maintenance Programs - Contractual

Full Service Maintenance Program

Cash Outlay	FY2010 Year 1	FY2011 Year 2	FY2012 Year 3	FY2013 Year 4	FY2014 Year 5	FY2015 Year 6	FY2016 Year 7	FY2017 Year 8	FY2018 Year 9	FY2019 Year 10	Totals Year 11
	Ext. & Int. Renovation (Paint & Repairs)	Visual Insp. & Emer Serv	Washout Inspection & Emer Serv	Visual Insp. & Emer Serv	Washout Inspection & Emer Serv	Visual Insp. & Emer Serv	Washout Inspection & Emer Serv	Visual Insp. & Emer Serv	Washout Inspection & Emer Serv	Visual Insp. & Emer Serv	
Cost: Painting/Safety Upgrade	\$ 48,507	\$ 64,677	\$ 64,677	\$ 64,677	\$ 16,169	\$ 14,714	\$ 14,714	\$ 15,500	\$ 15,500	\$ 15,500	\$ 258,707
Contract Services					\$ 11,036	\$ 14,714	\$ 14,714	\$ 15,500	\$ 15,500	\$ 15,500	\$ 86,964
Totals: (Cash)	\$ 48,507	\$ 64,677	\$ 64,677	\$ 64,677	\$ 27,205	\$ 14,714	\$ 14,714	\$ 15,500	\$ 15,500	\$ 15,500	\$ 345,671

Jackson Lab Tank

Cost: Painting/Safety Upgrade	\$ 48,507	\$ 64,677	\$ 64,677	\$ 64,677	\$ 16,169	\$ 14,714	\$ 14,714	\$ 15,500	\$ 15,500	\$ 15,500	\$ 258,707
Contract Services					\$ 11,036	\$ 14,714	\$ 14,714	\$ 15,500	\$ 15,500	\$ 15,500	\$ 86,964
Totals: (Cash)	\$ 48,507	\$ 64,677	\$ 64,677	\$ 64,677	\$ 27,205	\$ 14,714	\$ 14,714	\$ 15,500	\$ 15,500	\$ 15,500	\$ 345,671

Duck Brook Steel Tank

Amortization Estimate	\$ 7,500	\$ 11,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 78,500
start new maint. contract:											
Painting contract:	\$ 7,500	\$ 11,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 78,500
Total Costs:	\$ 7,500	\$ 11,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 78,500
Totals:	\$ 56,007	\$ 75,677	\$ 76,677	\$ 76,677	\$ 39,205	\$ 26,714	\$ 26,714	\$ 80,500	\$ 80,500	\$ 80,500	\$ 619,171

Annual maint (drain & wash) & graffiti checks, ice damage repairs, OSHA safety upgrades etc., for both interior and exterior  
May need a mixer to rotate the water levels for water quality purposes

Note: Duckbrook Tank maintenance will be fully budgeted once the Town has experience with the full service maintenance program.  
Approved Rate structure currently has \$22,500 costs annually, versus the annual amortization costs of \$26,000 which must be amortized per PUC rules.

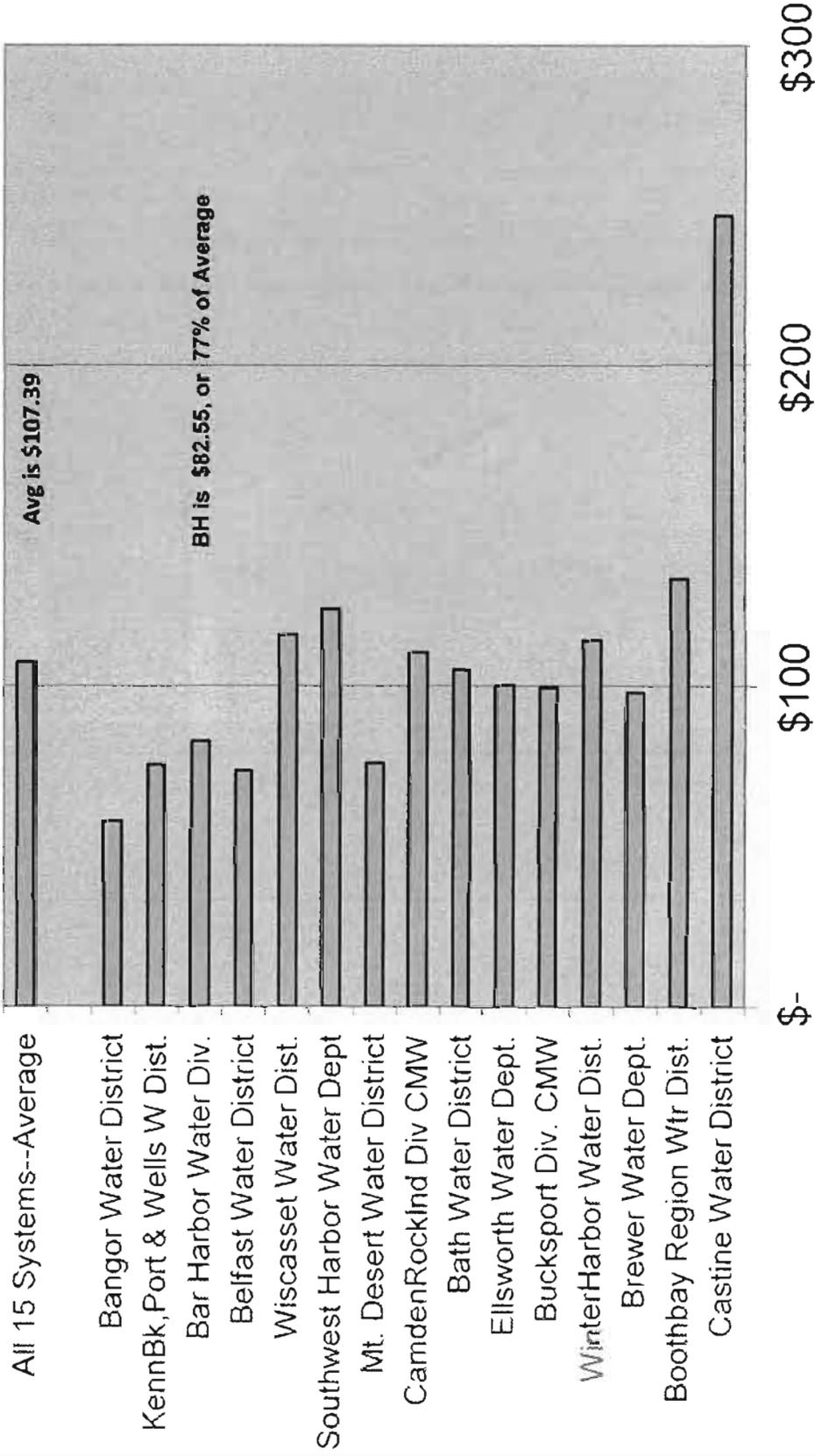
Town of Bar Harbor  
 FY 2013  
 Water Budget

Calculation of Estimated Rate Increase

	Base- Budget	Adjustments	Pro-Forma
<b>Total Operating Expenses:</b>			
Payroll & Benefits	\$ 465,986		\$ 465,986
Contractual Services	\$ 177,138		\$ 177,138
Materials & Supplies	\$ 96,500		\$ 96,500
Utilities & Commodities	\$ 61,400		\$ 61,400
Repairs & Maintenance	\$ 134,300		\$ 134,300
Minor Equipment Purchases	\$ 13,700		\$ 13,700
Other Miscellaneous Expenses	\$ 39,540		\$ 39,540
Depreciation & Amortization	\$ 205,859	\$ (70,124)	\$ 135,735
		<b>*** a/c#6000</b>	
Utility Operating Expenses:	\$ 1,194,423	\$ (70,124)	\$ 1,124,299
Debt Service: Interest	\$ 126,000		\$ 126,000
Principal	\$ 322,510	\$ 113,000	\$ 435,510
		(5 yr proforma)	
Total Base Expenses for Rates	\$ 1,642,933	\$ 42,876	\$ 1,685,809
Contingency Allowance: 5%		5%	\$ 84,290
Total Gross Revenue Required:			\$ 1,770,100
Revenues @ current rates:			\$ 1,500,000
			\$ 1,500,000
Estimated Increase in Gross Revenues			\$ 270,100
Estimated Increase of rates needed			18.0%

\*\*\*eliminate purchase cost of Water Company amortization per PUC order

## Water Rate Comparisons - Family Usage @ 2000 CF



## Water Rate Comparisons

(USDA std)

Utility Name	Qtr. Minimum 1200 CuFt	Qtr - Family 2000 CuFt	Rates Effective	New Est
<b>Unfiltered Systems:</b>				
Brewer Water Dept.	\$ -	\$ 97.77	2008	
Mt. Desert Water District	\$ -	\$ 75.80	2003	
ME Water Co.-Camden	\$ -	\$ 110.38	2012	
<b>Bar Harbor Water Div.</b>	<b>\$ 56.39</b>	<b>\$ 82.55</b>	<b>2011</b>	
Bangor Water District	\$ -	\$ 57.62	2011	

Average Billing

\$ 84.82

**BH Rate as a % of Avg. Rate**

**97%**

**Filtered Systems:**

Castine Water District	\$ -	\$ 246.40	2011	
Boothbay Region Wtr Dist.	\$ -	\$ 132.98	2011	
WinterHarbor Water Dist.	\$ -	\$ 114.20	1999	
ME Water Co-Bucksport	\$ -	\$ 99.29	2012	
Ellsworth Water Dept.	\$ -	\$ 100.10	2008	
Bath Water District	\$ -	\$ 105.02	2011	
Southwest Harbor Water Dept	\$ -	\$ 124.12	2010	
Wiscasset Water Dist.	\$ -	\$ 115.92	2011	
Belfast Water District	\$ -	\$ 73.46	2009	
KennBk, Port & Wells W Dist.	\$ -	\$ 75.21	2010	

Average Billing

\$ 118.67

**BH Rate as a % of Avg. Rate**

**70%**

All Systems-Average

\$ 107.39

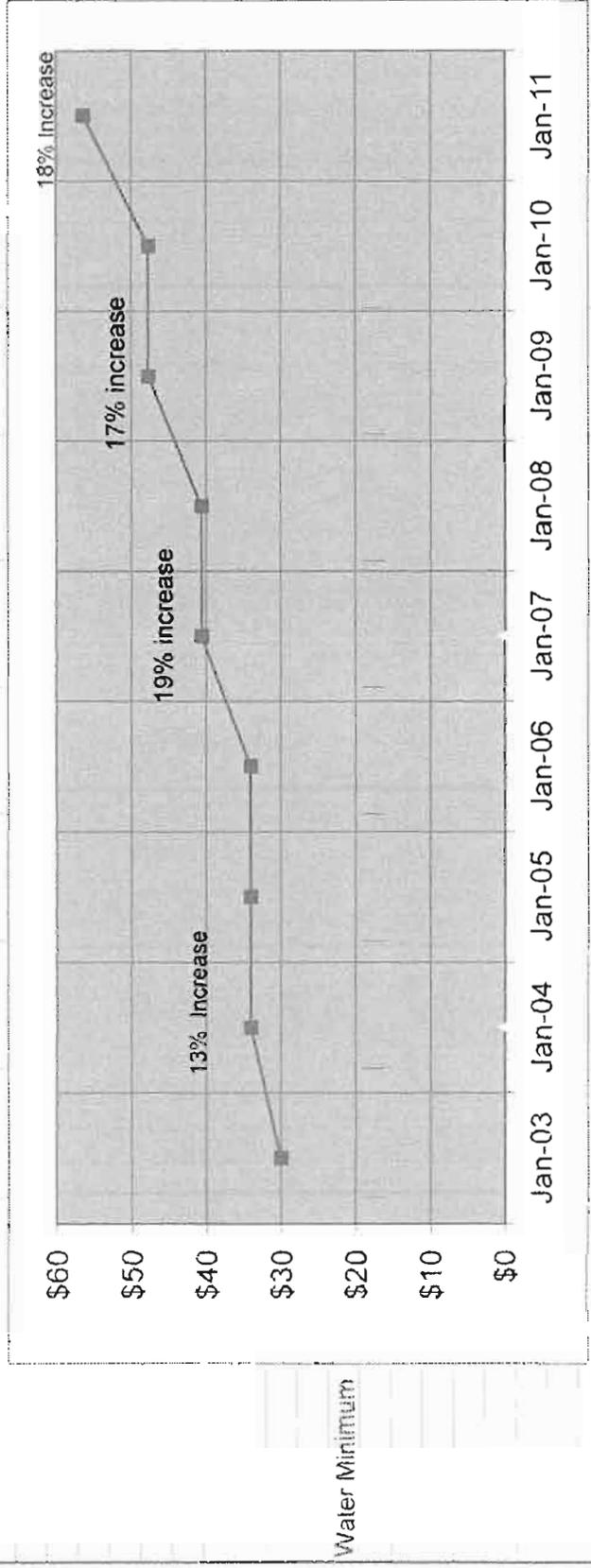
**BH Rate as a % of Avg. Rate**

**77%**

Town Of Bar Harbor  
2013 Water Budget

History of Quarterly Minimum Water Charges									
Rate Increases by Town (on residential users) Effective Dates	1/1/03	1/1/04	1/1/05	1/1/06	1/1/07	1/1/08	1/1/09	1/1/10	1/1/2011
		13%			19%		17%		18%
Water Minimum Charge	\$ 30.00	\$ 34.00	\$ 34.00	\$ 34.00	\$ 40.59	\$ 40.59	\$ 47.70	\$ 47.70	\$ 56.39
Minimum Usage	1200	1200	1200	1200	1200	1200	1200	1200	1200

*an average of 11% increase per year over the last eight years*



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## Water Rates

Utility Name	Quarterly Rates					Ownership Code	Annual Flat Rate	Rates Effective	Docket Number
	1200 cu. ft.	2000 cu.ft.	4000 cu.ft.	50,000 cu.ft.	150,000 cu.ft.				
Addison Point Water District	-	-	-	-	-	1	390.00	10/1/08	2008-144
Alfred Water District	97.13	155.29	300.69	2536.89	7056.89	1	None	1/1/10	2009-357
Allen Water Company	-	-	-	-	-		102.00	4/8/81	1981-017
Andover Water District	106.26	140.50	226.10	2194.90	6474.90	1	425.04	7/1/00	2000-234
Anson Water District	72.00	90.64	137.24	742.64	2012.64	1	None	1/1/09	2008-430
Aqua Maine, Bucksport Division	72.59	99.29	162.07	1374.93	3916.33	2	None	6/1/06	2006-162
Aqua Maine, Camden Division	70.92	89.93	137.46	810.02	1980.72	2	None	9/15/09	2009-155
Aqua Maine, Freeport Division	61.12	80.28	128.20	1190.46	3468.26	2	None	2/1/04	2004-001
Aqua Maine, Greenville Division	83.62	116.85	197.39	2035.04	5960.52	2	None	6/1/06	2006-163
Aqua Maine, Hartland Division	102.58	128.90	194.71	1566.88	4242.18	2	None	11/1/07	2007-353
Aqua Maine, Kezar Falls Division	102.39	126.27	185.97	1559.07	4544.07	2	None	11/1/07	2007-354
Aqua Maine, Millinocket Division	68.99	86.45	150.01	1476.71	4256.21	2	None	6/1/07	2006-021
Aqua Maine, Oakland Division	82.17	100.81	147.41	1164.70	3332.80	2	None	2/1/04	2004-001
Aqua Maine, Skowhegan Division	57.65	79.21	131.59	1257.37	3689.37	2	None	8/1/08	2008-160
Ashland Water & Sewer District	57.65	87.25	161.25	1863.25	5563.25	1	None	1/1/97	1996-464

Auburn Water District	28.35	42.67	78.47	757.17	2107.17	1	None	1/1/08	2007-466
Augusta Water District	76.03	104.03	174.03	1784.03	5284.03	1	None	2/1/03	2002-641
Baileyville Utilities District	58.03	78.64	121.09	633.83	1616.33	1	None	10/1/09	2009-135
Bangor Water District	35.91	51.91	91.91	942.31	2702.31	1	194.93	7/1/09	2009-131
Bar Harbor Water Department	47.70	69.86	125.26	837.06	1863.06	1	None	1/1/09	2008-418
Bath Water District	65.99	84.47	130.67	1193.27	3329.27	1	None	4/1/07	2006-368
Belfast Water District	58.50	73.46	110.86	971.06	2841.06	1	None	10/1/09	2009-230
Berwick Water Department	81.29	112.09	189.09	1178.09	3188.09	1	None	7/1/08	2008-149
Bethel Water District	78.63	107.67	180.27	1091.51	2961.51	1	253.60	10/1/08	2008-181
Biddeford & Saco Water Company	31.20	41.56	67.46	452.79	1048.55	2	124.94	8/29/08	2008-315
Bingham Water District	39.00	54.04	91.64	740.44	1540.44	1	161.00	7/1/06	2005-612
Boothbay Region Water District	52.05	77.49	141.09	1417.69	4107.69	1	None	5/8/97	1997-222
Bowdoinham Water District	85.44	126.06	211.51	1689.59	3045.76	1	1042.08	7/1/06	2006-116
Brewer Water Department	75.51	100.95	164.55	1399.85	3593.85	1	None	12/1/08	2008-377
Bridgton Water District	72.92	106.44	185.84	1286.44	2595.44	1	457.96	1/1/04	2003-696
Brownville Water Department	55.50	85.50	160.50	1885.50	5635.50	1	None	1/10/99	1998-817
Brunswick & Topsham Water District	40.10	62.50	118.50	1386.00	4136.00	1	None	5/1/09	2009-059
Buckfield Village Corp (equivalent dwelling units)	128.80	176.75	239.75	717.55	1327.55		644.00	4/1/08	2006-366
Calais Water Department	57.42	87.98	164.38	1,252.78	3,552.78	1	None	4/1/06	2005-452
Canton Water District	105.27	134.07	186.57	1152.57	3252.57	1	None	5/15/09	2009-047
Caribou Utilities District	62.10	87.70	151.70	1084.10	2684.10	1	None	1/1/10	2009-354
Castine Water District	114.80	180.40	366.80	4782.80	14382.80	1	None	10/1/07	2007-341
Clinton Water District	58.00	79.00	131.50	1339.00	3964.00	1	None	4/1/07	2007-046
Corinna Water District	60.52	79.88	128.28	1241.48	3661.48	1	None	3/31/05	2005-012
Cornish Water District	81.00	107.40	163.40	770.40	1970.40	1	313.00	6/14/03	2003-251

Danforth Water District	80.00	112.00	192.00	2032.00	6032.00	1	242.00	10/1/08	2008-268
Deer Isle Consumer Owned Water Utility	264.97	374.95	649.90	6973.75	20721.25	1	None	7/1/05	2005-182
Dexter Utility District	65.00	98.76	183.16	1918.56	4038.56	1	None	1/1/10	2009-353
Dixfield Water Department	69.44	100.08	176.68	1266.48	2834.48	1	275.49	10/1/08	2008-157
Dover & Foxcroft Water District	83.42	109.50	174.70	1589.30	3969.30	1	286.28	1/1/10	2009-267
Dresden Water Department	40.00	58.00	103.00	1138.00	3388.00	1	None	7/28/97	1997-296
Eagle Lake Water & Sewer District	52.39	87.31	174.71	2226.91	6736.91	1	None	1/1/09	2008-417
East Millinocket Water District	35.06	45.94	73.14	487.54	1016.54	1	None	7/1/06	2006-195
East Pittston Water District	33.00	55.00	110.00	1375.00	4125.00	1	None	4/1/94	1993-198
East Vassalboro Water System	65.68	79.92	115.52	934.32	2714.32	2	None	10/1/94	1994-156
Ellsworth Water Department	67.30	100.10	171.10	1414.10	3141.10	1	None	11/1/08	2008-339
Eustis Water Department	61.48	84.46	132.11	474.62	1029.62	1	244.80	1/1/01	2000-724
Exeter Water Department	20.00	24.00	34.00	264.00	764.00		None	12/29/95	1995-447
Farmington Falls Standard Water District	77.80	96.88	146.38	1284.88	3759.88	1	366.25	1/1/10	2009-352
Farmington Village Corp.	44.21	64.69	115.89	666.69	1646.69	1	None	1/1/09	2008-376
Fort Fairfield Utilities District	40.80	62.56	116.96	875.36	1674.36	1	None	1/1/05	2004-717
Fort Kent Utilities District	74.18	101.30	169.10	861.20	1573.70	1	218.70	1/31/02	2001-801
Franklin Water Department	55.06	82.58	151.38	1733.78	5173.78	1	None	7/1/05	2005-255
Friendship Water Department	30.00	50.00	100.00	1250.00	3750.00	1	None	1/1/09	2008-457
Fryeburg Water Company	39.24	58.92	93.32	544.12	1290.12	2	None	1/1/09	2008-489
Gardiner Water District	44.50	68.34	127.94	856.90	2416.90	1	None	9/1/07	2007-301
Grand Isle Water Department	80.00	120.00	220.00	2520.00	7520.00	1	None	1/1/02	2001-667
Gray Water District	46.50	68.82	124.62	1327.52	3422.52	1	243.05	1/1/10	2009-324
Great Salt Bay Sanitary District	99.46	150.74	278.94	1819.54	5029.54	1	None	9/1/09	2008-419

Guilford-Sangerville Water District	70.14	99.90	161.40	562.80	1192.80	1	None	6/30/06	2006-223
Hallowell Water District	47.20	63.20	103.20	786.00	2188.00	1	None	9/1/08	2008-257
Hampden Water District	80.67	115.47	202.47	2203.47	6553.47	1	None	4/1/08	2007-438
Harrison Water District	74.09	103.36	176.09	507.66	1030.00	37	306.28	10/15/06	2006-317
Hebron Water Company	-	-	-	-	-	2	280.00	3/1/99	1998-390
Houlton Water Company	30.00	50.00	100.00	983.50	2353.50	1	180.00	2/1/98	1997-898
Howland Water Department	51.00	76.76	141.16	1,622.36	4,842.36	1	152.00	4/4/06	2005-667
Island Falls Water Department	136.10	172.42	263.22	1717.62	3087.62	1	None	10/1/09	2009-218
Jackman Water District	59.50	83.50	143.50	1095.50	3095.50	1	None	9/10/95	1995-233
Jay Village Water District	56.64	79.92	138.12	962.52	2672.52	1	187.20	3/31/02	2001-789
Kennebec Water District	71.71	83.50	112.98	791.02	2265.02	1	None	1/1/07	2006-572
Kennebunk, Kport., Wells Water District	39.63	71.63	171.63	1131.63	2631.63	1	None	4/1/09	2008-228
Kingfield Water District	63.00	96.60	173.60	1197.20	3366.40	1	228.80	4/1/04	2004-036
Kittery Water District	29.40	45.40	80.85	695.12	1935.12	1	None	11/1/07	2007-358
Lewiston Public Works, Water Division	33.60	50.96	94.36	965.20	2,815.20	1	None	7/1/07	2007-210
Limerick Water District	40.20	65.08	127.28	634.88	1534.88	1	None	6/12/98	1998-326
Limestone Water & Sewer District	64.20	88.20	148.20	1528.20	4528.20	1	None	5/1/00	2000-138
Lincoln Water District	46.00	61.44	100.04	492.44	1082.44	1	None	4/1/08	2008-029
Lisbon Water Department	33.04	42.16	64.96	589.36	1,729.36	1	139.08	12/1/05	2005-416
Livermore Falls Water District	46.14	73.74	142.74	1010.06	2472.06	1	329.56	1/1/02	2001-636
Long Pond Water District	138.80	194.40	333.40	3530.40	10480.40	1	323.00	4/1/08	2008-026
Lubec Water & Electric District	64.00	96.00	138.00	1058.00	3058.00	1	None	3/1/09	2008-522
Machias Water Company	58.50	76.90	109.20	537.00	1467.00	2	None	4/1/08	2007-612
Madawaska Water District	89.65	123.58	199.78	1952.38	5762.38	1	None	3/17/09	2008-399
Madison Water District	78.78	97.66	144.86	1230.46	3590.46	1	265.22	10/1/09	2009-228
Mars Hill Utility District	77.00	100.60	159.60	1303.25	3403.25	1	None	3/15/07	2007-004

Mechanic Falls Water Department	54.50	81.70	149.70	1020.20	2520.20	1	None	2/1/08	2007-592
Mexico Water District	49.71	63.15	96.75	575.55	1415.55	1	None	1/1/10	2009-290
Milbridge Water District	58.80	98.00	196.00	1213.40	3413.40	1	None	2/15/02	2001-833
Milo Water District	63.00	85.00	140.00	1405.00	4155.00	1	None	1/1/05	2004-205
Monhegan Water Company ( SEASONAL ONLY)	140.00	224.00	434.00	2564.00	15764.00	2	None	5/1/05	2005-080
Monson Utilities District	72.64	105.76	188.56	1675.26	4685.26	1	288.60	7/1/09	2009-134
Morrill Village Water District	118.10	176.30	321.80	3668.30	10943.30	1	None	2/1/08	2007-575
Moscow Water District	81.40	108.52	176.32	1735.72	5125.72	1	361.06	7/1/08	2007-530
Mount Blue Standard Water District	73.20	109.12	198.92	1299.20	2827.20	2	236.00	4/1/08	2007-569
Mount Desert Water District	63.00	75.80	107.80	843.80	2443.80	2	258.00	7/1/03	2003-288
New Portland Water District	111.65	132.53	184.73	1,385.33	3,995.33	1	None	7/1/09	2008-396
New Sharon Water District	62.55	112.24	246.44	3333.04	10043.04	1	None	4/1/05	2004-851
Newport Water District	104.85	141.73	233.93	2066.53	5236.53	1	None	9/1/09	2009-187
Norridgewock Water District	56.00	70.24	105.84	492.64	1192.64	1	137.00	6/1/08	2007-588
North Berwick Water District	43.20	72.00	144.00	1488.00	3888.00	1	None	12/31/95	1995-381
North Haven Water Department	73.50	115.42	220.22	2364.62	6844.62	1	None	6/30/03	2003-287
North Jay Water District	74.09	104.65	181.05	1107.75	2487.75	1	531.60	10/1/06	2006-011
Northport Village Corp.	131.25	161.50	216.50	1481.50	4231.50	1	None	10/1/05	2005-398
Norway Water District	35.76	53.60	98.20	523.60	1083.60	1	None	9/1/04	2004-330
Old Town Water District	38.00	55.44	99.04	811.34	2161.34	1	None	1/1/03	2002-619
Oquossoc Standard Water District	37.50	37.50	37.50	37.50	37.50	1	None	1/1/02	2001-850
Orono-Veazie Water District	37.00	50.76	85.16	523.76	1383.76	1	None	3/1/08	2007-628
Oxford Water District	51.30	64.10	96.10	544.10	1244.10	1	None	1/1/97	1996-508
Paris Utilities District	42.97	62.33	110.37	813.53	2153.53	1	None	7/1/06	2006-225
Passamaquoddy Water District	93.60	150.08	291.28	2162.88	4922.88	1	None	1/1/08	2007-338

Patten Water Department	60.00	84.00	144.00	1524.00	4524.00	1	140.00	3/13/93	1992-352
Pine Springs Road and Water LLC	-	-	-	-	-	2	750.00	8/28/07	2006-534
Pittsfield Water Works - Town	40.20	52.20	82.20	469.20	1174.20	1	None	12/1/09	2009-294
Plymouth Water District									DEP
Port Clyde Water District	172.50	232.50	382.50	3832.50	11332.50	1	None	3/1/10	2009-418
Portland Water District	44.70	60.30	95.10	722.90	1492.90	1	None	1/1/09	2008-423
Presque Isle Water District	39.60	66.00	132.00	1173.50	2593.50	1	None	11/1/07	2007-306
Princeton Water District	105.00	175.00	350.00	4375.00	13125.00	1	None	6/30/09	2009-205
Quantabacook Water District	96.20	160.36	320.76	4009.96	12029.96	1	355.64	1/1/09	2008-388
Rangeley Water District	93.36	132.40	230.00	1340.80	2980.80	1	361.81	1/1/07	2006-571
Richmond Utilities District	51.16	74.38	132.43	912.58	2165.08	1	None	7/1/06	2006-238
Rumford Water District	38.04	63.40	126.80	1182.50	3202.50	1	None	1/10/10	2009-247
Sabattus Sanitary District	52.50	60.74	81.34	555.14	1585.14	1	None	10/1/06	2006-380
Sandy Point Water Company	-	-	-	-	-	2	700.00	1/1/10	2009-270
Sanford Water District	49.68	66.56	101.26	656.86	1666.86	1	None	9/17/07	2007-316
Searsport Water District	86.40	128.00	232.00	1,537.20	4,267.20	1	None	1/1/10	2009-364
Small Point Water Company	-	-	-	-	-	2	396.00	1/1/03	2002-714
Solon Water District	44.00	52.58	74.03	309.38	736.88	1	None	7/1/07	2007-199
South Berwick Water District	62.00	102.00	202.00	2502.00	7502.00	1	None	6/1/05	2005-188
South Freeport Water District	40.65	53.69	86.29	643.59	1723.59	1	None	8/31/03	2003-455
Southport Water System (SEASONAL ONLY) Min 2400 cf	135.00	225.00	384.56	2,817.36	5,194.56	1	None	4/1/05	2005-027
Southwest Harbor Water Dept.	59.71	88.27	159.67	1801.87	5371.87	1	None	8/1/04	2004-333
St. Francis Water District	-	-	-	-	-	1	336.00	5/1/05	2005-115
Starks Water District	-	-	-	-	-	1	236.00	8/1/98	1998-328

Stonington Water Company	62.00	118.00	258.00	3,478.00	10,478.00	1	None	1/1/06	2005-609
Strong Water District	63.31	77.15	111.75	907.55	2637.55	1	None	1/1/10	2009-348
Tenants Harbor Water District	51.25	75.25	135.25	1515.25	4515.25	1	None	4/29/02	2002-170
Van Buren Water District	50.00	70.08	120.28	882.88	1768.88	1	185.21	10/1/06	2006-347
Vinalhaven Water District	109.80	136.20	202.20	1720.20	5020.20	1	None	6/1/06	2006-145
Waldoboro Water Department	68.52	94.92	160.92	1373.02	3343.02	2	None	3/1/05	2004-622
Washburn Water Department	92.05	116.69	178.29	1058.59	2288.59	1	329.05	1/1/07	2006-618
Waterboro Water Department	40.83	56.83	96.83	929.33	2554.33	1	None	12/31/92	N/A
West Paris Water District	51.26	71.02	114.42	678.22	1708.22	1	476.00	7/1/05	2005-256
Wilton Water Department	48.30	66.54	112.14	763.34	1583.34	1	None	7/2/93	1993-094
Winter Harbor Water District	74.00	114.20	206.90	1273.10	3335.60	2	243.60	10/1/99	1998-966
Winterport Water District	92.32	139.60	257.80	2976.40	8886.40	1	412.41	1/1/06	2005-417
Winthrop Water District	67.28	101.36	176.06	1473.26	3993.26	1	None	1/1/05	2004-727
Wiscasset Water District	52.00	84.00	164.00	1740.00	5140.00	1	None	9/1/06	2006-352
Yarmouth Water District	28.80	47.60	78.40	543.60	1443.60	1	None	9/1/05	2005-342
York Water District	69.33	112.53	200.73	986.13	2186.13	1	None	3/31/08	2008-039

**TOWN OF BAR HARBOR WATER DIVISION  
Bar Harbor, Maine 04609**

SHEET #1  
FOURTH REVISION

**QUARTERLY AND MONTHLY RATES FOR WATER  
TO METERED ANNUAL CUSTOMERS**

**Quarterly Rate:**

For the first	1,200 Cu. Ft. or less	\$	56.39	minimum per quarter	I
For the next	10,800 Cu. Ft. per quarter	\$	3.27	per 100 cubic feet	I
For the next	78,000 Cu. Ft. per quarter	\$	1.53	per 100 cubic feet	I
For all in excess of	90,000 Cu. Ft. per quarter	\$	1.00	per 100 cubic feet	I

**Monthly Rate:**

For the first	400 Cu. Ft. per month	\$	18.80	minimum per month	I
For the next	3,600 Cu. Ft. per month	\$	3.27	per 100 cubic feet	I
For the next	26,000 Cu. Ft. per month	\$	1.53	per 100 cubic feet	I
For all in excess of	30,000 Cu. Ft. per month	\$	1.00	per 100 cubic feet	I

**Minimum Charge**

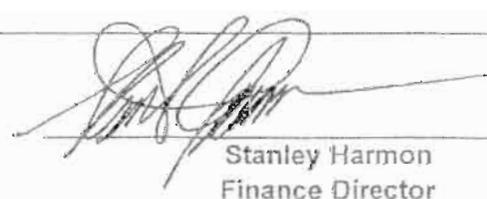
For the customer served through a single meter, there will be a Minimum Charge, based on the size of the meter installed:

Size of Meter in Inches	Monthly		Quarterly	
	Allowance	Charge	Allowance	Charge
5/8"	400	\$ 18.80	1,200	\$ 56.39
3/4"	600	\$ 25.35	1,800	\$ 76.04
1"	1,000	\$ 38.45	3,000	\$ 115.34
1-1/2"	2,000	\$ 71.19	6,000	\$ 213.58
2"	3,200	\$ 110.49	9,600	\$ 331.47
3"	6,000	\$ 167.19	18,000	\$ 501.57
4"	10,000	\$ 228.19	30,000	\$ 684.58
6"	20,000	\$ 380.70	60,000	\$ 1,142.10

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 MAINE PUBLIC  
 UTIL. COMM.

Issued: 12-Oct-2010  
 Proposed Effective: 1-Jan-2011  
 Effective:  
 Docket No. 2010-329

JAN 01 2011

  
 Stanley Harmon  
 Finance Director

POCKET NO. 10-329

TOWN OF BAR HARBOR WATER DIVISION  
Bar Harbor, Maine 04609

SHEET #2  
FOURTH REVISION

SEASONAL RATES FOR WATER FOR  
METERED SEASONAL CUSTOMERS

Seasonal Rate

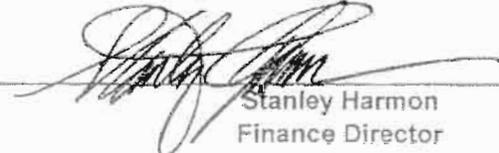
For the first	1,600 Cu. Ft. per season	\$ 149.26 per season	I
For the next	10,400 Cu. Ft. per season	\$ 6.57 per 100 cubic feet	I
For the next	78,000 Cu. Ft. per season	\$ 3.06 per 100 cubic feet	I
For the next	300,000 Cu. Ft. per season	\$ 1.53 per 100 cubic feet	I
For all in excess of	390,000 Cu. Ft. per season	\$ 1.17 per 100 cubic feet	I

Minimum Charge

Size of Meter Inches	Water Allowance Cubic Feet	Minimum Charge
5/8"	1,600	\$ 149.26
3/4"	2,400	\$ 201.84
1"	4,000	\$ 307.01
1-1/2"	8,000	\$ 569.94
2"	12,800	\$ 857.36
3"	24,000	\$ 1,200.30
4"	40,000	\$ 1,690.21
6"	80,000	\$ 2,914.99

RECEIVED  
 2010 DEC -2 A 9:55  
 MAINE PUBLIC  
 UTIL. COMM.

Issued: 12-Oct-2010  
 Proposed Effective: 1-Jan-2011  
 Effective:  
 Docket No. 2010-329

  
 Stanley Harmon  
 Finance Director

JAN 01 2011

DOCKET NO. 10-329

TOWN OF BAR HARBOR WATER DIVISION  
 Bar Harbor, Maine 04609

SHEET #3  
 FOURTH REVISION

PRIVATE FIRE PROTECTION

Available: To customers using the District's service for private fire protection. The following rates apply to fire protection only and include no allowance of water for other than fire fighting purposes.

Rate: Each hydrant furnished, installed and maintained by the user for private fire protection, per year: \$ 1,008.34 I

Private fire service rate for automatic sprinklers, standpipes or hose connections to be used only for fire protection inside of buildings, a charge per inch of service pipe diameter, per year: \$ 126.04 I

RECEIVED  
 2010 DEC -2 A 9:55  
 MAINE PUBLIC  
 UTIL. COMM.

Issued: 12-Oct-2010  
 Proposed  
 Effective: 1-Jan-2011  
 Effective:  
 Docket No. 2010-329

  
 Stanley Harmon  
 Finance Director

JAN 01 2011

TOWN OF BAR HARBOR WATER DIVISION  
Bar Harbor, Maine 04609

SHEET #4  
FOURTH REVISION

PUBLIC FIRE PROTECTION

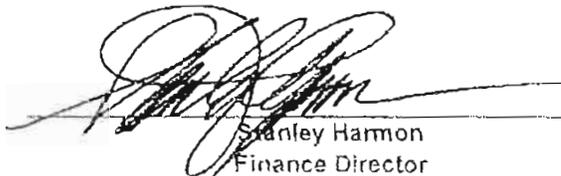
Available: To the Town of Bar Harbor for municipal fire protection.

Rate: For the existing one hundred five (105) hydrants as installed January 1, 2011,  
a total annual amount of: \$ 402,968 I

Rates for hydrants installed after January 1, 2011, shall be determined in accordance with Chapter 690 of the Public Utilities Commission's Rules and Regulations.

RECEIVED  
2010 DEC -2 A 9 55  
MAINE PUBLIC  
UTIL. COMM.

Issued: 12-Oct-2010  
Proposed Effective: 1-Jan-2011  
Effective:  
Docket No. 2010-329

  
Stanley Harmon  
Finance Director

DOCKET NO. 10-329

JAN 01 2011

# Memo



To: Town Council  
Dana Reed, Town Manager

From: Stan Harmon, Finance Director

CC:

Date: 3/7/2011

Re: **Bond Reimbursement Resolution**

The attached reimbursement resolution called a *Declaration of Official Intent* is required if the Town Council wishes to reimburse its Town General Fund, its Capital Improvement Fund, its Sewer Fund, or in this case, its Water Fund from any bond proceeds when/if the Town borrows monies to finance its capital projects for the Water Division.

Said another way, when a Town begins to expend its own internal monies to cover initial costs of a project prior to the borrowing of tax-exempt funds for that project, IRS regulations require that the municipality make a *declaration of official intent*, so that it can legally "repay" whatever internal fund it utilized the monies from to start the capital project. In this case, the vote would allow the Town to use bond proceeds to pay back its Water Fund up to \$2,978,500 which is the estimate of the water mains (\$1,024,000) scheduled to go in the ground for fiscal year 2011 and 2012; and \$1,954,500 to cover all Duck Brook Pump Station upgrade costs.

The Town Attorney has reviewed the attached document.

Should the Council approve moving ahead with the above projects, then I suggest the following motion would be appropriate:

Approve the *Declaration of Official Intent* and authorize the Town Treasurer and Chair of the Town Council to sign said declaration with a maximum principal debt to be issued of \$2,978,500.

## DECLARATION OF OFFICIAL INTENT

---

WHEREAS, the Town of Bar Harbor, Maine (the "Issuer") currently intends to proceed with various projects consisting of renovations and improvements to the Town's water mains, water communication systems, water treatment systems and water pumping equipment (the "Projects");

WHEREAS, the Issuer intends to finance the cost of the Projects through the issuance of tax exempt bonds (the "Obligation");

WHEREAS, the Issuer anticipates making certain expenditures with respect to the Projects prior to the issuance of the Obligations;

WHEREAS, the Issuer intends to allocate certain proceeds of the Obligation to reimburse the Issuer for any such expenditures made with respect to the Projects; and

WHEREAS, Treasury Regulation Section 1.150-2 requires that the Issuer declare its official intent no later than sixty (60) days after the payment of such expenditures to reimburse any expenditures with respect to the Projects;

NOW THEREFORE, the Issuer does hereby declare its official intent as follows:

1. Declaration of Intent. This declaration is a Declaration of Official Intent under Treasury Regulation Section 1.150-2. The Issuer intends to reimburse any expenditure made on the Projects with the proceeds of the Obligation. All expenditures to be reimbursed will be made prior to the date of the issuance of the Obligation.

2. Intention to Reimburse. On the date hereof, the Issuer reasonably expects to reimburse its expenditures made with respect to the Projects from the proceeds of the Obligation.

3. General Description of Property to Which Reimbursement Relates. The following is a general functional description of the type of property for which the expenditures to be reimbursed are paid:

Design and engineering work and related expenses, purchase of materials and construction in regard to the Projects. The streets involved in main replacements are currently listed as follows;

## DECLARATION OF OFFICIAL INTENT

---

Crooked Rd., Cedar Ave., Wescott St., Kebo St., Lower Ledgelawn Ext., Billings Ave., White Spruce Rd., Ash Place, Pine St., and Forrest St. for a total not to exceed \$1,024,000.

Design and build an upgraded Duck Brook Pump Station, including a new SCADA communications system, a new UV disinfection system, renovate the building and replace related pump and other equipment at said pump station for a total not to exceed \$1,954,500.

4. Statement of Expected Debt. The maximum principal amount of debt expected to be issued for the Projects is \$2,978,500.

5. Identification of Source of Funds. Expenditures made on the Projects shall be paid from the Issuer's general or water division funds.

6. Public Availability of Official Intent. This Declaration of Official Intent shall be maintained as a public record of the Issuer and shall be maintained and otherwise supervised by the Clerk of the Issuer. This Declaration of Intent shall be continuously available for public inspection at the office of the Clerk during normal business hours of the Issuer until the date of the issuance of the Obligation.

7. Reimbursement Period. The Issuer intends to reimburse expenditures made with respect to the Projects within three (3) years of the later of the date on which the expenditure was paid or the date on which the Projects are placed in service. Moreover, the Issuer intends that any expenditure to be reimbursed will be capital expenditure as defined in Treasury Regulation Section 1.150-(b).

8. Reasonableness Standard for Declaring Official Intent. The Issuer believes that this Declaration of Official Intent is consistent with its budgetary and financial circumstances. None of the revenues for the Projects have been budgeted by internal funds by the Issuer or otherwise provided for by reserves or other long-term holdings established by the Issuer. Moreover, the Issuer has not developed a pattern of failing to reimburse expenditures subject to other Declarations of Official Intent.

9. Miscellaneous Restrictions. This Issuer intends that none of the proceeds from the Obligation shall be used directly or indirectly in violation of the "anti-abuse rules" set forth in Treasury Regulation Section 1.150-2(h).

## DECLARATION OF OFFICIAL INTENT

---

10. Authority of Declaration. This Declaration of Official Intent is adopted pursuant to Projects approvals duly adopted by the legislative body of the Issuer.

Dated: March 15, 2011

TOWN OF BAR HARBOR, MAINE

By: 

Treasurer

  
Chairperson, Town Council



Paul R. LePage, Governor Mary C. Mayhew, Commissioner

Department of Health and Human Services  
 Maine Center for Disease Control and Prevention  
 286 Water Street  
 11 State House Station  
 Augusta, Maine 04333-0011  
 Tel. (207) 287-8016  
 Fax (207) 287-9058; TTY (800) 606-0215

Tel. (207) 287-2070

Drinking Water Program

Fax (207) 287-4172

July 3, 2012

Stanley Harmon, Treasurer  
 Town of Bar Harbor  
 93 Cottage Street, Suite 1  
 Bar Harbor, ME 04609

PWSID # ME 090120  
 DWSRF # 2011-03

RE: Revised Loan Amount for DWSRF 2011-03

Email: [treasurer@barharbormaine.gov](mailto:treasurer@barharbormaine.gov)

Dear Mr. Harmon,

On June 30, 2010, the Maine Drinking Water Program approved Project DWSRF # 2009-37 in the amount of \$323,850.00, which included a loan amount of \$307,657.00 and a Principal Forgiveness (PF) amount of \$16,193, to "replace pumps and piping" in the Town of Bar Harbor. On May 6, 2011, the Maine Drinking Water Program approved a Project Loan DWSRF # 2010-03 in the amount of \$1,430,300 for "the installation of U.V. Disinfection Treatment". These two projects were subsequently combined into one project with a total project amount of \$1,754,150 (\$1,737,957 loan and \$16,193 PF). Bids for the project were opened on March 15, 2012, resulting in a projected total project cost higher than originally estimated. Based on bid results a request has been received to increase the total loan to a revised total project budget of \$2,689,795.

Based on this request and a revised project budget provided by Woodard-Curran Engineers on June 15, 2012, approval is hereby given to increase the amount of DWSRF # 2010-03 by \$925,000 from the original amount of \$1,430,300 to revised total amount of \$2,355,300. This will make available a total of \$2,679,150 available from the DWSRF for the combined Bar Harbor projects. All funds will be by way of an Interim Loan with the Maine Municipal Bond Bank. The project amounts are as follows:

Town of Bar Harbor Department	Water	SRF Loan Amount	SRF Principal Forgiveness	Principal Forgiveness
2009-37 DWSRF		\$ 307,657.00	\$ 16,193.00	\$ 323,850.00
2010-03 DWSRF		\$ 1,430,300.00	\$ -	\$ 1,430,300.00
<b>Total of 2009-37 and 2010-03</b>		<b>\$ 1,737,957.00</b>	<b>\$ 16,193.00</b>	<b>\$ 1,754,150.00</b>
Add to 2010-03 approved 06-25-2012		\$ 925,000.00	\$ -	\$ 925,000.00
<b>REVISED TOTAL 2009-37 and 2010-03</b>		<b>\$ 2,662,957.00</b>	<b>\$ 16,193.00</b>	<b>\$ 2,679,150.00</b>

Page 2  
Stanley Harmon, Bar Harbor  
July 3, 2012

The project budget amounts as presented by Woodard & Curran are detailed as follows:

Yard Piping Modifications	\$500,000.00
Pumps Station & Disinfection	\$1,503,153.00
Fiber, SCADA, Communications	\$74,200.00
Legal & Administration	\$10,000.00
Engineering Administration	\$25,000.00
Engineering Design	\$205,000.00
Inspections	\$82,000.00
UV Equipment	\$187,700.00
Contingency	\$50,000.00
Bonding	\$52,742.00
<b>TOTAL PROJECT BUDGET</b>	<b>\$2,689,795.00</b>

Please contact Karen Asselin at the Maine Municipal Bond Bank to revise your Interim Loan document to the revised amount.

Sincerely



Normand R. Lamie, P.E.  
Chief Engineer

cc: Jeff Van Trump [JVANTRUMP@BARHARBORMAINE.GOV](mailto:JVANTRUMP@BARHARBORMAINE.GOV)  
Ron Hidu [rhidu@woodardcurran.com](mailto:rhidu@woodardcurran.com)  
Daniel Piasecki [Daniel.Piasecki@maine.gov](mailto:Daniel.Piasecki@maine.gov)  
Karen Asselin [kla@MaineBondBank.com](mailto:kla@MaineBondBank.com)  
David Welch [david.welch@maine.gov](mailto:david.welch@maine.gov)



Fred R. LePage, Governor

Mary C. Mayhew, Commissioner

Department of Health and Human Services  
Maine Center for Disease Control and Prevention  
286 Water Street  
11 State House Station  
Augusta, Maine 04333-0011  
Tel. (207) 287-8016  
Fax (207) 287-9058; TTY (800) 606-0215

Tel. (207) 287-2070

Drinking Water Program

Fax (207) 287-4172

May 6, 2011

Jeff Van Trump  
Town of Bar Harbor Water Division  
49 Park Street  
Bar Harbor, ME 04609

PWSID # ME0090120

Email: [JVANTRUMP@BARHARBORMAINE.GOV](mailto:JVANTRUMP@BARHARBORMAINE.GOV)

RE: **Notification of project on final DWSRF Primary Project List**

Dear Mr. Van Trump,

Your project at the Town of Bar Harbor Water Division for Water Treatment Improvements received 105 points and is on the Final 2011 Drinking Water State Revolving Fund (DWSRF) Primary Project List. This list with the 2011 Intended Use Plan (IUP) has been submitted to the Environmental Protection Agency (EPA) as part of Maine's 2011 DWSRF Grant Application. Specific project elements as described in your application are as follows:

- Implementing a UV disinfection step in order to achieve compliance with upcoming LT2 requirements.
- Reconfiguring this primarily gravity-fed system such that chlorine contact time is achieved within a shortened pipe reactor rather than the system's transmission line from Eagle Lake.
- Upgrading an existing pump station / chemical feed facility to provide an isolated lime handling and feed system.
- Upgrading and relocating chlorine disinfection from chlorine gas applied at Eagle Lake to sodium hypochlorite applied at the Duck Brook Pump Station.
- Upgrading the existing facility to provide an ammonium sulfate handling and feed system Reconfiguring valving and piping to provide greater flexibility for system storage and pressure regulation, particularly related to the seasonal conversion to and from summer, high flow conditions.

Subject to approval of Maine's Grant Application, up to **\$1,430,300** is available for your project. The final terms of the loan will be determined by the Maine Municipal Bond Bank (MMBB).

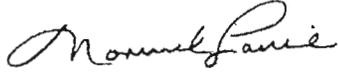
**YOU MUST CONFIRM YOUR INTEREST** in this SRF loan no later than **Monday May 21, 2011** by contacting Norm Lamie @ 287-2647 or [norm.lamie@maine.gov](mailto:norm.lamie@maine.gov). Failure to contact the DWP will result in your project being by-passed with the funds being made available to projects on the Back-up List.

There are several necessary steps that **must** be completed before a DWSRF loan can be secured for your proposed project. The "DWSRF Project Guide for All Projects" has been prepared to assist and help you successfully identify and complete those tasks. The Project Guide is available on the Maine Drinking Water Program website [www.medwp.com](http://www.medwp.com) under "Downloadable Documents" and then "Drinking Water State Revolving Fund". If at any point you are unsure on how to proceed, please contact one of the people listed below:

Project Manager – Daniel Piasecki (592-4826) [Daniel.Piasecki@maine.gov](mailto:Daniel.Piasecki@maine.gov)  
Environmental Review Coordinator - Terry Trott (287-7485) [Teresa.Trott@maine.gov](mailto:Teresa.Trott@maine.gov)  
DWSRF Manager – Norm Lamie (287-2647) [norm.lamie@maine.gov](mailto:norm.lamie@maine.gov)  
Field Inspection Team Manager - Nate Saunders (287-5685) [Nathan.Saunders@maine.gov](mailto:Nathan.Saunders@maine.gov)  
Program Officer - Karen Asselin (800-821-1113) [kla@mainebondbank.com](mailto:kla@mainebondbank.com)

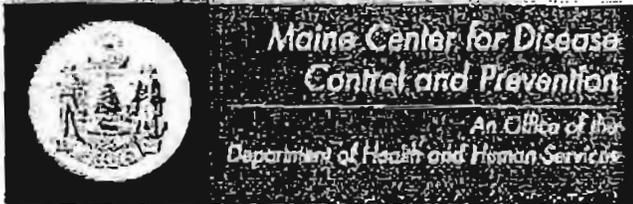
Please do not hesitate to contact us if you need assistance or have any questions regarding the DWSRF Program. We look forward to working with you on your project.

Sincerely,



Normand R. Lamie P.E.  
DWSRF Manager

cc. Ron Hidu, [rhidu@woodardcurran.com](mailto:rhidu@woodardcurran.com)



John F. Sulistowski, Governor      Brenda M. Harvey, Commissioner

Department of Health and Human Services  
Maine Center for Disease Control and Prevention  
286 Water Street  
# 11 State House Station  
Augusta, Maine 04333-0011  
Tel: (207) 287-2070  
Fax: (207) 287-4172; TTY: 1-800-606-0215

June 30, 2010

Jeff Van Trump, Superintendent  
Town of Bar Harbor Water Division  
337 Main Street  
Bar Harbor, ME 04609

PWSID # ME0090120

Email: [jvantrump@barharbormaine.gov](mailto:jvantrump@barharbormaine.gov)

RE: Notification of project on final DWSRF Primary Project List

Dear Mr. Van Trump,

You submitted an application on behalf of the Town of Bar Harbor Water Division for funding \$323,850.00 from the 2010 DWSRF program to "remove existing 100 HP pumps and all associated piping and replace with smaller energy efficient variable speed pumps". The Bar Harbor project received a score of 53 and was placed on the Back-up List. We have had projects recently drop off the Primary List allowing us to move your project to the Primary List.

With the approval of the Bond Issue Referendum Question on June 8, 2010, up to \$325,850 is now available for the Bar Harbor project. Based on your utilities median household income (MHI) and current water rates, the system is not considered a "disadvantaged" system and is ineligible for a Principal Forgiveness Loan. However, the DWP is making available this year a minimum of 5% principal forgiveness for all projects. Therefore, your project is expected to consist of a \$16,192 Principal Forgiveness Loan and a \$307,658 Project Loan. The final terms of the Project Loan will be determined by the Maine Municipal Bond Bank (MMBB) but are projected to be 2% under current market rate. Therefore, I believe the loan is expected to consist of a 20 year term with a 2% interest rate.

To confirm that your water system is still interested in using the DWSRF funds this year, please contact Norm Lamie no later than July 15, 2010. Failure to contact the DWP will result in your project being by-passed with the funds being made available to other projects on the Back-up List.

There are several necessary steps that must be completed before a DWSRF loan can be secured for your proposed project. The "DWSRF Project Guide for All Projects" has been prepared to assist and help you successfully identify and complete those tasks. The Project Guide is available on the Maine Drinking Water Program website [www.medwp.com](http://www.medwp.com) under "Downloadable Documents" and then "Drinking Water State Revolving Fund". If at any point you are unsure on how to proceed, please contact one of the people listed below:

- Project Manager – Dan Piasecki (592-4826) [Daniel.Piasecki@maine.gov](mailto:Daniel.Piasecki@maine.gov)
- Environmental Review Coordinator - Terry Trott (287-7485) [Teresa.Trott@Maine.gov](mailto:Teresa.Trott@Maine.gov)
- Capacity Development Coordinator – Sara Lippert (287-5678) [sara.m.lippert@maine.gov](mailto:sara.m.lippert@maine.gov)
- Field Inspection Team Manager - Nate Saunders (287-5685) [Nathan.Saunders@Maine.gov](mailto:Nathan.Saunders@Maine.gov)
- Program Officer - Karen Asselin (800-821-1113) [kla@mainebondbank.com](mailto:kla@mainebondbank.com)

Please do not hesitate to contact us if you need assistance or have any questions regarding the DWSRF Program. We look forward to working with you on your project.

Sincerely,

Normand R. Lamie P.E.  
DWSRF Manager

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2011-251

August 10, 2011

BAR HARBOR WATER DEPARTMENT  
Application for Approval of  
Issues of Securities (§902) (\$3,239,350)

ORDER APPROVING  
ISSUES OF SECURITIES

WELCH, Chairman; VAFIADES and LITTELL, Commissioners

---

## I. SUMMARY

In this Order the Commission authorizes the Town of Bar Harbor on behalf of its Water Department to issue general obligation bonds<sup>1</sup> in a sum not to exceed \$3,739,350 at a rate not to exceed 4.5 percent True Interest Cost (TIC)<sup>2</sup> through a public sale for a term not to exceed 21 years.

## II. BACKGROUND

On July 14, 2011, the Bar Harbor Water Department (the Department) filed with the Commission its application for authority to issue its general obligation bonds in a sum not to exceed \$3,739,350 through a public sale, at a rate not to exceed 4.5 percent TIC. The debt will be paid over a term not to exceed 21 years.

The Department requires these funds for the purposes of:

- Water main replacements - \$1,024,300
- Duck Brook Pump Station Upgrade<sup>3</sup>, including pump replacements, installation of an ultraviolet light disinfection system and other improvements identified in a report by Woodard and Curran dated February 25, 2011 - \$200,350
- Refinancing of 2001 Water Company Purchase Bonds which were issued at a rate of 4.64% -- \$2,515,000

---

<sup>1</sup> These bonds will be part of a larger bond issue that includes financing for sewer projects that do not require Commission approval.

<sup>2</sup> True Interest Cost or TIC is a method to calculate the interest cost to a borrower. Under this method of computing the borrowing issuer's cost, interest cost is defined as the rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue securities per definitions from Moors & Cabot Investments.

<sup>3</sup> The Department also plans to issue bonds from the Maine Bond Bank to finance a portion of this project (Docket No. 2011-255).

### III. DISCUSSION AND DECISION

In approving an application to issue securities, the Commission considers the factors set forth in 35-A M.R.S.A §902(2): 1) the reasonableness of the purpose for which the proceeds of the issuance will be applied, 2) other resources that the utility may have available for those purposes, 3) the justness and reasonableness of the estimated cost of the issuance, and 4) the effect of the issuance upon the utility's capital structure.

Having reviewed the application of the Department, together with data filed in support of it, it is the opinion of the Commission that the purpose for which the Department is issuing the bond is reasonable, that the issuance is reasonable given the other resources that may be available to the Department to complete this purpose, that the estimated costs of the issuance through the public sale are just and reasonable, and that the issuance will not be detrimental to the Department's capital structure.<sup>4</sup> Additionally, it is the opinion of the Commission that the proceeds of the issuance of the bond are required in good faith for the purposes enumerated in 35-A M.R.S.A. § 901. The Commission's approval of this securities issue, consistent with normal practice and pursuant to §902(4) does not imply approval of the Department's capital needs or capitalization ratio for ratemaking purposes, nor does this Order limit or restrict the powers of the Commission in determining or fixing any rate.

Accordingly, we

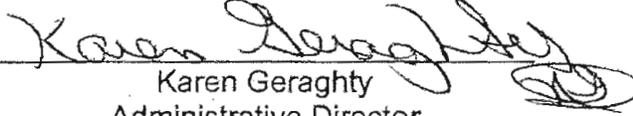
#### ORDER

1. That the Town of Bar Harbor on behalf of its Water Department is hereby authorized to sell its bonds in a sum not to exceed \$3,739,350 to be used solely for the purposes described in this Order, and at a rate not to exceed 4.5 percent True Interest Cost through a public offering for a term not to exceed 21 years.
2. That the Department report to the Commission, in writing, the status of this bond pursuant to this Order within sixty (60) days of the date of the issue of the proposed bond, or December 31, 2011, whichever may come first.
3. That the Administrative Director is hereby directed to mail an attested copy of this Order to interested parties and to close this Docket.

<sup>4</sup> The Department is a consumer-owned water utility that does not receive a return on its rate base. Therefore, it does not have a traditional capital structure and any impact is not relevant to its costs.

Dated at Hallowell, Maine, this 10<sup>th</sup> day of August, 2011.

BY ORDER OF THE COMMISSION

  
Karen Geraghty  
Administrative Director

COMMISSIONERS VOTING FOR:

Welch  
Vafiades  
Littell

Date: August 10, 2011  
Memo to: Docket No. 2011-251 Case File  
From: Lucretia A. Smith  
Utility Analyst  
Subject: Securities Issue Review

On July 14, 2011, the Bar Harbor Water Department (the Department) filed with the Commission its application for authority to issue its general obligation bonds in a sum not to exceed \$3,739,350 through a public sale, at a rate not to exceed 4.5 percent True Interest Cost<sup>1</sup>. The debt will be paid over a term not to exceed 21 years.

The Department requires these funds for the purposes of:

- Main replacement - \$1,024,300 – the mains are being replaced because of age and conditions and the projects are being coordinated with bridge replacement and road reconstruction projects. This reduces the overall costs for paving and also reduces the delays to the public caused by such projects.
- Duck Brook Pump Station Upgrade, including pump replacements, installation of an ultraviolet light disinfection system and other improvements identified in a report by Woodard and Curran dated February 25, 2011<sup>2</sup> - \$200,350 –These upgrades are driven by new regulations. EPA and the Maine Drinking Water Program require compliance with the Long Term Treatment Rule (LT2) and the Enhanced Disinfection By Products (DBPR2) rules by 2013.
- Refinancing of 2001 Water Company Purchase Bonds \$2,515,000 which were issued at a rate of 4.64% - The Department estimates that it will be able to refund these issuances at a much lower cost saving ratepayers monies. The Department's public notices for the bond offering all include language that will let it withdraw from the sale if the expected savings are not reached.

The Department expects a lower issuance rate than the 4.5% the order will approve but the higher rate allows it more flexibility. If market conditions were to change and the lower rate expected could not be achieved, the use of the higher rate would

<sup>1</sup> True Interest Cost or TIC is a method to calculate the interest cost to a borrower. Under this method of computing the borrowing issuer's cost, interest cost is defined as the rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue securities per definitions from Moors & Cabot Investments.

<sup>2</sup> The Department also plans to issue bonds from the Maine Bond Bank to finance a portion of this project (Docket No. 2011-255).

eliminate the need for the Department to come back to the Commission to amend the Order. The 4.5% rate is lower than the rate on the bonds being refinanced and therefore even if that were the final rate, there would be savings to ratepayers.

The Department indicates that it will most likely file for a rate increase after the currently pending projects are completed, probably in the fall of 2012 with an effective date of January 1, 2013. The Department expects that it will be able to fund the debt servicing and its current obligations through its current rates. As the majority of this issuance is to refund existing debt that is already reflected in rates, it is reasonable to assume that a rate change is not immediately necessary. The decrease in the costs for the existing issuance would not reduce the Department's revenue requirements to a point where it would over earn.

Given the fact the projects are necessary and are taken on to both improve service to customers and reduce the Department's ongoing rates and that the Department can withdraw from the issuance if the savings expected would not be realized, it is appropriate to approve this bond issuance.



RECEIVED

JUL 27 2012

Town of Bar Harbor  
Manager/Clerk's Office

Robert O. Lenna, *Executive Director*  
Tel 207-622-9386  
Fax 207-623-5359

July 24, 2012

Stanley Harmon, Finance Director  
Town of Bar Harbor  
93 Cottage Street, Suite 1  
Bar Harbor, Maine 04609

Dear Mr. Harmon:

It is my pleasure to inform you that the Commissioners of the Maine Municipal Bond Bank ("The Bank") have approved the application from the **Town of Bar Harbor** ("The Municipality") for a **\$925,000.00 increase** to its existing loan commitment of **\$1,737,957.00** for 20 years from the Safe Drinking Water Revolving Loan Fund Program ("DWSRF"). **The revised loan commitment is now \$2,662,957.** The amount of the Town's available principal forgiveness under the Disadvantaged Community Assistance provisions of the program continues to be **\$16,193.00** as previously approved. The Bank will include the loan in our next issuance if and when we issue.

The approval of the loan is conditioned on the following:

1. The receipt of capitalization grants.
2. That normal documentation and Bond Counsel's legal opinion be received including verification that this project would not become a private activity issuance, that all legal tax questions are resolved, that the Municipality properly exists and has the authority to govern, and that all required legal actions by the voters or governing body of the Municipality have been either waved pursuant to law or have been complied with.
3. No substantive change occurs in your financial condition.
4. No litigation is threatened or pending that may have material effect on the loan.
5. The Municipality agrees to submit annual audited financial reports and single audit reports, available prior to the loan and during the entire life of the issue.

127 Community Drive • P.O. Box 2268 • Augusta, Maine 04338-2268 • [www.mmbb.com](http://www.mmbb.com)

6. The Municipality agrees that upon completion of the work, it will submit to the Bank a certification of completion of the project (obtained from the Department of Health and Human Services).
7. No change in the laws occurs that could affect the issue.
8. The Municipality agrees to indemnify and hold the Bank harmless from liability resulting from any subsequent withdrawal of this approval.
9. That there is an established dedicated source of revenue for repayment of the loan, payment of all issuance and loan servicing fees and for payment of all costs of operation and maintenance of the project (i.e., user charges, special assessments or general taxes). The Municipality will also be responsible for all legal costs related to the closing of the loan. In the event that the issuance is not completed, the Municipality will be billed on a current basis for any incurred legal expenses.
10. That the user fees or dedicated revenue source is in place and will be revised from time to time as necessary such that the revenues and funds described in paragraph nine shall be sufficient to pay the costs described in paragraph nine.
11. That there is established, at an institution designated by the Bank, a construction account for all loan proceeds which is separate and distinct from all other accounts, set up in accordance with generally accepted government accounting standards. This must be done to insure for audit purposes that funds are being properly supported, that they are related to eligible construction costs, and that they are documented by the appropriate records. This must also be done in order to accurately track any rebate arbitrage profits. Construction proceeds will be disbursed upon requisition made to the Bond Bank to a separate project account maintained by the Municipality as necessary in the same manner described.
12. The Municipality is in compliance with the Maine statutory requirements of 30-A MRSA Section 19 Subsection 5953-B paragraph three (3) concerning loans from the DWSRF.
13. The Municipality agrees to meet the requirements of an environmental review, a plan and specification review, and a capacity review to be conducted by the Maine Department of Human Services and to maintain compliance with the requirements of each review throughout the life of the loan.
14. To the extent the project is considered by DHHS to be an equivalency project, the municipality agrees to take all steps necessary to comply with the federal cross-cutters applicable to a DWSRF loan.
15. The Municipality agrees to comply with OMB Circular A-133 of the Single Audit Act as applicable.

16. Municipality will at all times comply with section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) regarding prevailing wage rates ("Davis-Bacon").

The Bond Bank will charge a 1% loan origination fee on the original amount borrowed. This fee is usually included as part of the Municipality's total borrowing amount. There is also a servicing fee of 5.0% of each debt service payment of the Municipality's loan. Finally, the interest cost will be the then current municipal bond rates associated with "AAA" rated securities less the 2% subsidy. Both the loan origination fee and the servicing fee are factored in the interest rate calculation to allow the Municipality the full 2% subsidy.

The approval of this application will expire one year after the date of this letter. After one year applications will be subject to renewal by the mutual agreement of the Municipality and the Bank. The Maine Municipal Bond Bank reserves the right to reject the loan for any reason it deems reasonable. **If you agree to these terms, please sign the commitment letter in the space provided, make a copy for your records, and send the original back.**

I would like to take this opportunity to thank you for your participation with the Safe Drinking Water Revolving Loan Fund Program. Please be assured that every effort will be made to get the lowest total cost for your long-term capital needs. If you have any questions, please do not hesitate to call this office.

Sincerely,  
  
Robert O. Lenna  
Executive Director

Seen and Agreed to by   
Town of Bar Harbor

Cc: Lee Bragg, Esq.

**Debt Service****Chart DD**

A Responsibility of the Finance Department

1084-xxxx

**Bond Issue I****WATER COMPANY PURCHASE & IMPROVEMENTS**

Refinanced September 5, 2011 by Bond Issue S

**Bond Issue J****UNDERGROUND WATER TANK PURCHASE**

Original Principal = \$750,000

Lender: Maine Bond Bank/State Revolving Fund - DHS

Issued February 15, 2002

Paying agent fee: None

Effective Interest Rate = 2.673%

Cannot be refinanced.

Payment Dates: April 1 (interest only) October 1 (principal and interest)

Although these are general obligation bonds, all payments will be made from Water Fund revenues.

FY	Date	Effective Intrest.Rate	Principal Payment	Interest Payment	Payment Total	Water Fund FY Total
13	10/1/12	2.67%	37,196.13	6,513.93	43,710.06	
	4/1/13	2.67%		4,242.08	4,242.08	47,952.14
14	10/1/13	2.67%	38,192.25	6,151.70	44,343.95	
	4/1/14	2.67%		3,819.01	3,819.01	48,162.96
15	10/1/14	2.67%	39,215.03	5,779.76	44,994.79	
	4/1/15	2.67%		3,384.60	3,384.60	48,379.39
16	10/1/15	2.67%	40,265.21	5,397.86	45,663.07	
	4/1/16	2.67%		2,938.56	2,938.56	48,601.63
17	10/1/16	2.67%	41,343.51	5,005.74	46,349.25	
	4/1/17	2.67%		2,480.58	2,480.58	48,829.83
18	10/1/17	2.67%	42,450.69	4,603.12	47,053.81	
	4/1/18	2.67%		2,010.34	2,010.34	49,064.15
19	10/1/18	2.67%	43,587.52	4,189.72	47,777.24	
	4/1/19	2.67%		1,527.50	1,527.50	49,304.74
20	10/1/19	2.67%	44,754.80	3,765.24	48,520.04	
	4/1/20	2.67%		1,031.73	1,031.73	49,551.77
21	10/1/20	2.67%	45,953.33	3,329.40	49,282.73	
	4/1/21	2.67%		522.68	522.68	49,805.41
22	10/1/21	2.67%	47,184.05	2,881.88	50,065.93	
						50,065.93
Totals			420,142.52	69,575.43	489,717.95	489,717.95

~~ Debt Service Continued on Next Page ~~

**Debt Service**

**Chart DD**

A Responsibility of the Finance Department

1084-xxxx

Bond Issue P - Public Works Projects: FY10 (continued)

\*\*\*\* WATER FUND SHARE \*\*\*\*

FY	Date	Interest Rate	Principal Payment	Interest Payment	Payment Total	Water Fund FY Total	FY
13	11/1/12	2.00%	0.00	8,662.50	8,662.50		
	5/1/13	2.00%	30,000.00	8,662.50	38,662.50	47,325.00	13
14	11/1/13	2.00%	0.00	8,362.50	8,362.50		
	5/1/14	2.50%	30,000.00	8,362.50	38,362.50	46,725.00	14
15	11/1/14	2.50%	0.00	7,987.50	7,987.50		
	5/1/15	2.50%	30,000.00	7,987.50	37,987.50	45,975.00	15
16	11/1/15	2.50%	0.00	7,612.50	7,612.50		
	5/1/16	2.50%	30,000.00	7,612.50	37,612.50	45,225.00	16
17	11/1/16	2.50%	0.00	7,237.50	7,237.50		
	5/1/17	2.75%	30,000.00	7,237.50	37,237.50	44,475.00	17
18	11/1/17	2.75%	0.00	6,825.00	6,825.00		
	5/1/18	3.00%	30,000.00	6,825.00	36,825.00	43,650.00	18
19	11/1/18	3.00%	0.00	6,375.00	6,375.00		
	5/1/19	3.00%	30,000.00	6,375.00	36,375.00	42,750.00	19
20	11/1/19	3.00%	0.00	5,925.00	5,925.00		
	5/1/20	3.00%	30,000.00	5,925.00	35,925.00	41,850.00	20
21	11/1/20	3.00%	0.00	5,475.00	5,475.00		
	5/1/21	3.00%	30,000.00	5,475.00	35,475.00	40,950.00	21
22	11/1/21	3.00%	0.00	5,025.00	5,025.00		
	5/1/22	3.20%	30,000.00	5,025.00	35,025.00	40,050.00	22
23	11/1/22	3.20%	0.00	4,545.00	4,545.00		
	5/1/23	3.30%	30,000.00	4,545.00	34,545.00	39,090.00	23
24	11/1/23	3.30%	0.00	4,050.00	4,050.00		
	5/1/24	3.50%	30,000.00	4,050.00	34,050.00	38,100.00	24
25	11/1/24	3.50%	0.00	3,525.00	3,525.00		
	5/1/25	3.50%	30,000.00	3,525.00	33,525.00	37,050.00	25
26	11/1/25	3.50%	0.00	3,000.00	3,000.00		
	5/1/26	4.00%	30,000.00	3,000.00	33,000.00	36,000.00	26
27	11/1/26	4.00%	0.00	2,400.00	2,400.00		
	5/1/27	4.00%	30,000.00	2,400.00	32,400.00	34,800.00	27
28	11/1/27	4.00%	0.00	1,800.00	1,800.00		
	5/1/28	4.00%	30,000.00	1,800.00	31,800.00	33,600.00	28
29	11/1/28	4.00%	0.00	1,200.00	1,200.00		
	5/1/29	4.00%	30,000.00	1,200.00	31,200.00	32,400.00	29
30	11/1/29	4.00%	0.00	600.00	600.00		
	5/1/30	4.00%	30,000.00	600.00	30,600.00	31,200.00	30
Total Water Fund Share			540,000.00	181,215.00	721,215.00	721,215.00	18

Summary of Bond Issue P:

CIP Fund Share	3,330,000	86.0%
Water Fund Share	540,000	14.0%
<b>Grand Total</b>	<b>\$3,870,000</b>	<b>100.0%</b>

*Avg. RATE 3.42%*

~ ~ Debt Service Continued on Next Page ~ ~

**Debt Service**

**Chart DD**

A Responsibility of the Finance Department

1084-xxxx

Bond Issue R

WATER SYSTEM IMPROVEMENTS: 2011

Original Principal = \$3,739,000

Lender: Morgan Stanley & Co

Date of Issue: 9/15/11

Paying agent: Bank of New York/ Mellon Trust

Interest Rate = 2.0% - 3.50% (Avg. - 2.29%)

Agent fee: None

Payment Dates: December 1 (principal and interest) & June 1 (interest only)

FY	Date	Interest Rate	Principal Payment	Interest Payment	Payment Total	Fiscal Year Total
12	12/01/11	2.00%	3,739,000.00	74,780.10	223,530.10	
	06/01/12			41,837.09	41,837.09	265,367.19
13	12/01/12	2.00%	255,314.00	41,837.09	297,151.09	
	06/01/13			39,283.95	39,283.95	336,435.04
14	12/01/13	2.00%	260,853.00	39,283.95	300,136.95	
	06/01/14			36,675.42	36,675.42	336,812.37
15	12/01/14	2.00%	268,550.00	36,675.42	305,225.42	
	06/01/15			33,989.92	33,989.92	339,215.34
16	12/01/15	2.00%	273,550.00	33,989.92	307,539.92	
	06/01/16			31,254.42	31,254.42	338,794.34
17	12/01/16	2.00%	281,247.00	31,254.42	312,501.42	
	06/01/17			28,441.95	28,441.95	340,943.37
18	12/01/17	2.00%	281,247.00	28,441.95	309,688.95	
	06/01/18			25,629.48	25,629.48	335,318.43
19	12/01/18	2.00%	286,247.00	25,629.48	311,876.48	
	06/01/19			22,767.01	22,767.01	334,643.49
20	12/01/19	2.00%	293,944.00	22,767.01	316,711.01	
	06/01/20			19,827.57	19,827.57	336,538.58
21	12/01/20	2.50%	306,642.00	19,827.57	326,469.57	
	06/01/21			15,994.54	15,994.54	342,464.11
22	12/01/21	3.00%	311,642.00	15,994.54	327,636.54	
	06/01/22			11,319.91	11,319.91	338,956.45
23	12/01/22	3.00%	59,339.00	11,319.91	70,658.91	
	06/01/23			10,429.83	10,429.83	81,088.74
24	12/01/23	3.00%	62,036.00	10,429.83	72,465.83	
	06/01/24			9,499.29	9,499.29	81,965.12
25	12/01/24	3.00%	64,733.00	9,499.29	74,232.29	
	06/01/25			8,528.29	8,528.29	82,760.58
26	12/01/25	3.00%	67,431.00	8,528.29	75,959.29	
	06/01/26			7,516.83	7,516.83	83,476.12
27	12/01/26	3.00%	70,128.00	7,516.83	77,644.83	
	06/01/27			6,464.91	6,464.91	84,109.74
28	12/01/27	3.125%	72,825.00	6,464.91	79,289.91	
	06/01/28			5,327.02	5,327.02	84,616.93
29	12/01/28	3.25%	75,522.00	5,327.02	80,849.02	
	06/01/29			4,099.78	4,099.78	84,948.80
30	12/01/29	3.25%	78,219.00	4,099.78	82,318.78	
	06/01/30			2,828.72	2,828.72	85,147.50
31	12/01/30	3.375%	80,917.00	2,828.72	83,745.72	
	06/01/31			1,463.25	1,463.25	85,208.97
32	12/01/31	3.50%	83,614.00	1,463.25	85,077.25	
	06/01/32					85,077.25
Totals			3,739,000.00	744,888.46	4,483,888.46	4,483,888.46

SCHEDULE OF DEBT SERVICE

*DUCK BROOK PROJECT*

Town of Bar Harbor

Closing Date: 10/1/2012

Loan Forgiveness: \$ 16,193.00

*effective rate 1.5%*



	DATE	PRINCIPAL	RATE	INTEREST	MMBB FEE	TOTAL	ANNUAL DEBT SERVICE
1	4/1/2013			13,314.82	665.74	13,980.56	13,980.56
2	10/1/2013	120,939.00	1.000%	13,314.82	6,712.69	140,966.51	
3	4/1/2014			12,710.12	635.51	13,345.63	154,312.14
4	10/1/2014	122,148.00	1.000%	12,710.12	6,742.91	141,601.03	
5	4/1/2015			12,099.38	604.97	12,704.35	154,305.38
6	10/1/2015	123,370.00	1.000%	12,099.38	6,773.47	142,242.85	
7	4/1/2016			11,482.53	574.13	12,056.66	154,299.51
8	10/1/2016	124,604.00	1.000%	11,482.53	6,804.33	142,890.86	
9	4/1/2017			10,859.51	542.98	11,402.49	154,293.35
10	10/1/2017	125,850.00	1.000%	10,859.51	6,835.48	143,544.99	
11	4/1/2018			10,230.26	511.51	10,741.77	154,286.76
12	10/1/2018	127,108.00	1.000%	10,230.26	6,866.91	144,205.17	
13	4/1/2019			9,594.72	479.74	10,074.46	154,279.63
14	10/1/2019	128,379.00	1.000%	9,594.72	6,898.69	144,872.41	
15	4/1/2020			8,952.82	447.64	9,400.46	154,272.87
16	10/1/2020	129,663.00	1.000%	8,952.82	6,930.79	145,546.61	
17	4/1/2021			8,304.50	415.23	8,719.73	154,266.34
18	10/1/2021	130,960.00	1.000%	8,304.50	6,963.23	146,227.73	
19	4/1/2022			7,649.70	382.49	8,032.19	154,259.92
20	10/1/2022	132,269.00	1.000%	7,649.70	6,995.94	146,914.64	
21	4/1/2023			6,988.35	349.42	7,337.77	154,252.41
22	10/1/2023	133,592.00	1.000%	6,988.35	7,029.02	147,609.37	
23	4/1/2024			6,320.39	316.02	6,636.41	154,245.78
24	10/1/2024	134,928.00	1.000%	6,320.39	7,062.42	148,310.81	
25	4/1/2025			5,645.75	282.29	5,928.04	154,238.85
26	10/1/2025	136,277.00	1.000%	5,645.75	7,096.14	149,018.89	
27	4/1/2026			4,964.36	248.22	5,212.58	154,231.47
28	10/1/2026	137,640.00	1.000%	4,964.36	7,130.22	149,734.58	
29	4/1/2027			4,276.16	213.81	4,489.97	154,224.55
30	10/1/2027	139,016.00	1.000%	4,276.16	7,164.61	150,456.77	
31	4/1/2028			3,581.08	179.05	3,760.13	154,216.90
32	10/1/2028	140,406.00	1.000%	3,581.08	7,199.35	151,186.43	
33	4/1/2029			2,879.05	143.95	3,023.00	154,209.43
34	10/1/2029	141,811.00	1.000%	2,879.05	7,234.50	151,924.55	
35	4/1/2030			2,169.99	108.50	2,278.49	154,203.04
36	10/1/2030	143,229.00	1.000%	2,169.99	7,269.95	152,668.94	
37	4/1/2031			1,453.84	72.69	1,526.53	154,195.47
38	10/1/2031	144,660.00	1.000%	1,453.84	7,305.69	153,419.53	
39	4/1/2032			730.54	36.53	767.07	154,186.60
40	10/1/2032	146,108.00	1.000%	730.54	7,341.93	154,180.47	
	4/1/2033			0.00	0.00	0.00	154,180.47
		2,862,957.00		288,415.74	147,568.69	3,098,941.43	3,098,941.43

PREPARED ON 08/21/2012