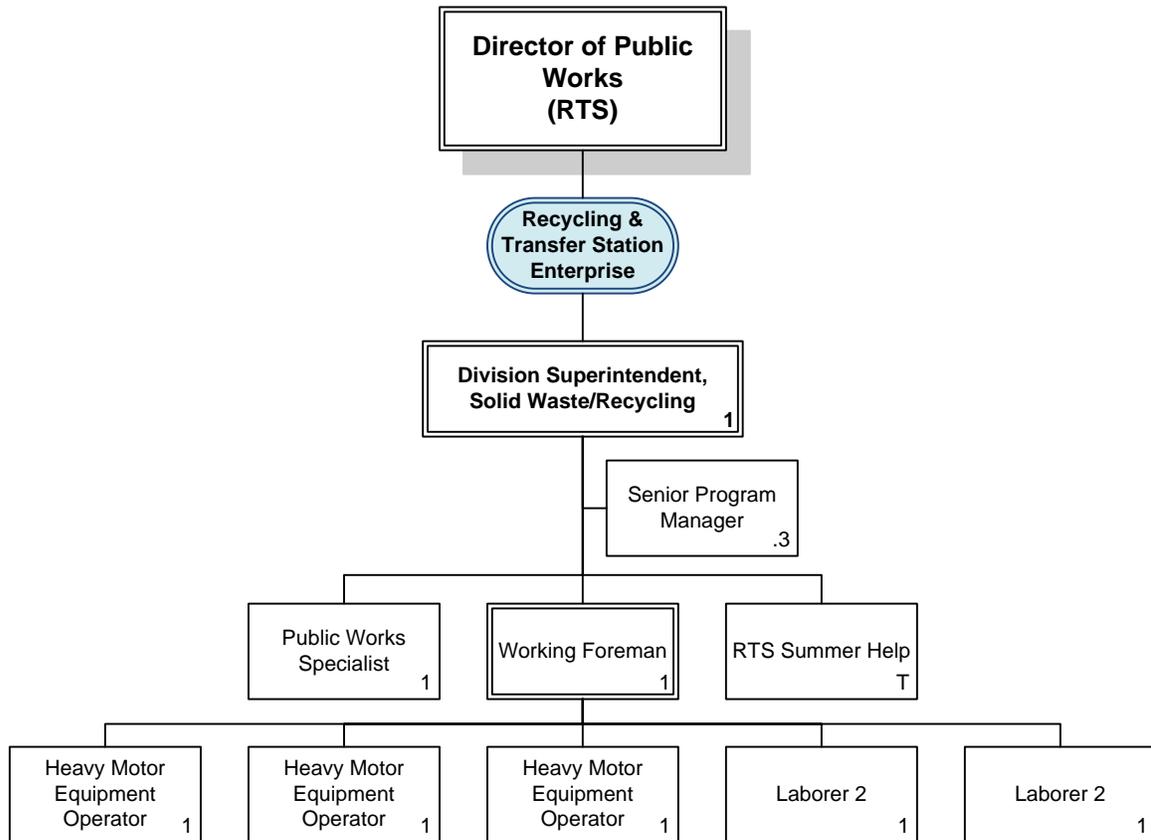


ENTERPRISE FUNDS

SOLID WASTE RECYCLING ENTERPRISE FUND



GENERAL PURPOSE

To operate a residential drop-off area and transfer station for the handling and disposal of solid waste generated by the residents of Needham and various Town Departments in accordance with the Waste Bans and Regulations imposed by the Massachusetts Department of Environmental Protection. The make up of the waste stream includes, but is not limited to municipal solid waste, recyclables, yard waste, Public Works construction waste, universal waste and hazardous waste.

Manage and maintain a solid waste transfer facility, yard waste processing area and materials processing area (MPA/DPW). Handle, process and transport and track all material received at the Recycling Transfer Station (RTS). Removing as much material from the waste stream through practical applications of diversion, recycling or reuse, thereby minimizing disposal cost and increasing revenue through the resale of processed material. Average volume of material handled during the past three fiscal years was 27,223 tons/year.

OPERATIONAL CONSIDERATIONS

The RTS is one of the most utilized facilities within the Town in which approximately 75% of the Needham residents directly utilize the facility. The majority of the remaining 25% of Needham residents utilize the RTS through subscription hauler services. The RTS also provides disposal and recycling services for many Town Departments along with the Materials Processing Area and Snow Dump services for the DPW. In addition, the RTS maintains municipal agreements with various municipalities for Wood Waste Processing Services and Trommel Screening Services.

Line item increases in the FY 07 Budget

The FY2008 budget proposals do not include any cost of living adjustment (COLA) increases. The agreement covering employees who are members of the ITWA (4) expires in FY 2007. The agreement covering employees who are members of the SEIU (63) expired in FY 2006. Any subsequent increase for this group will also include a COLA for FY 2007.

Line item 5210, Energy; increase of \$1,760 or 8.0%.

Line item 5290, Other Property Related Services is based on the disposal of 8100 tons of Municipal Solid Waste (MSW); increase of \$15,000 or 1.7% (Contractual Commitment).

Line item 5380, Other Purchased Services; increase of \$500 or 0.8% (Increased cost for landfill mowing)

Line item 5580, Other Supplies and Equipment has been increased to cover the cost of Pay-Per-Throw bags (\$3,200 or 4.7%) and the payment of Sales Tax to MA DOR (\$400 or .006%); Total Increase of \$3,600 or 5.4%

PERFORMANCE MEASURES

The RTS is recognized as one of the most diverse recycling programs in the Commonwealth. The diversion rates for which we measure the facilities success, is the amount of material removed from the total waste stream through recycling, processing and reuse programs there-by reducing disposal cost and expense cost.

Diversion Rates with out yard waste for FY 04 = 40.29%; FY 05 = 41.49%; FY 06 = 41.68%
Diversion Rates with Yard Waste for FY 04 = 55.14%; FY 05 = 64.27%; FY 06 = 67.21%

During FY 06 the RTS processed and disposed of 7,845 tons of municipal solid waste (MSW/Trash) for incineration at the Wheelabrator waste to energy plant in Millbury, MA.

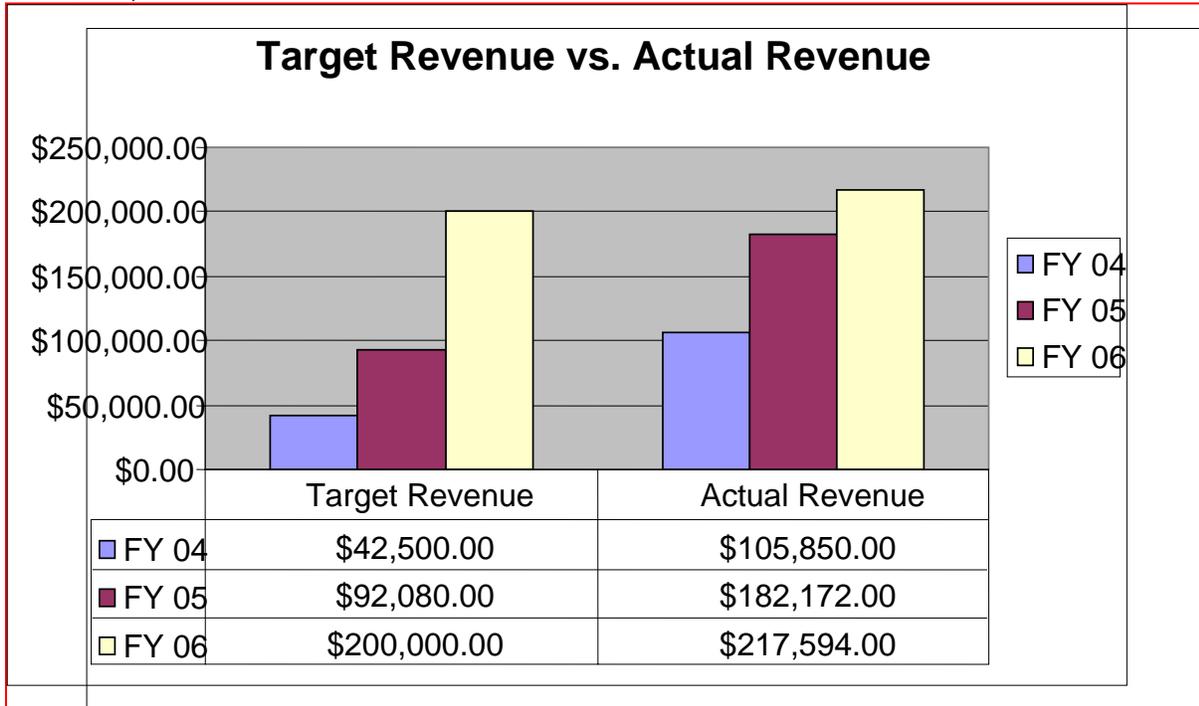
During FY 06 the RTS removed 5,608 tons of materials through the various recycling programs.

During FY 06 the RTS managed and processed 10,478 tons of yard waste materials in the yard waste and composting area.

During FY 06 the RTS managed and processed 6,424 tons of public works waste in the materials processing area.

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The RTS has increased its miscellaneous revenue earnings target from \$42,500 in FY 04 to \$200,000 in FY 07. (In FY 06 the RTS attained miscellaneous revenue earnings of \$217,595).



PERFORMANCE REQUESTS RECOMMENDED BY TOWN MANAGER

None

PERFORMANCE REQUESTS DEFERRED BY TOWN MANAGER

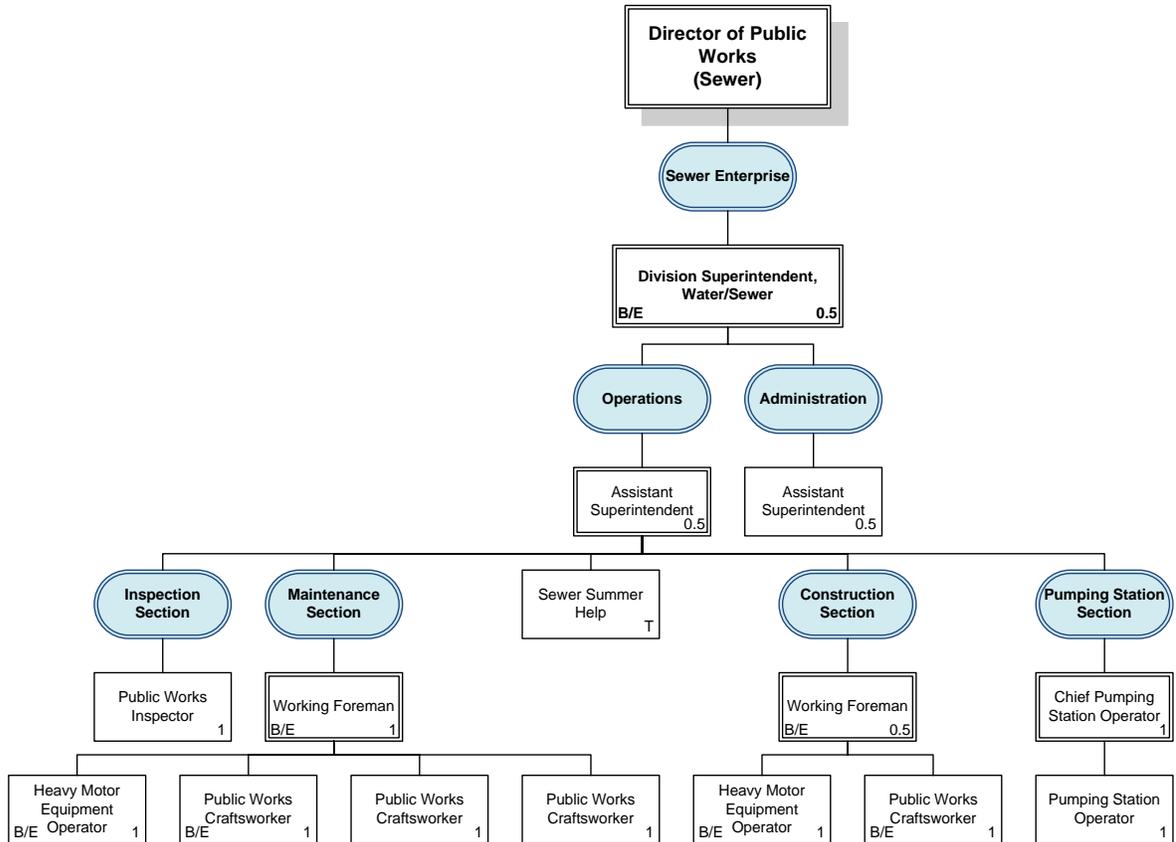
None

PERFORMANCE REQUESTS NOT RECOMMENDED BY TOWN MANAGER

None

Recycling & Transfer Station (RTS) Enterprise	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Budget	FY 2008 Department Submission	FY 2008 Performance Budget	FY 2008 Balance Budget	Performance over Balanced
Salary	441,847	462,833	474,658	531,163	534,551	534,551	534,551	
Expense	1,026,250	1,122,278	1,172,094	1,201,815	1,222,675	1,222,675	1,222,675	
Capital					58,000	58,000	58,000	
Debt Service	256,877	216,325	226,078	230,000	150,000	150,000	150,000	
Reserve Fund*	Transfers Only *	Transfers Only *	Transfers Only *	45,000	45,000	45,000	45,000	
TOTAL	\$1,724,974	\$1,801,436	\$1,872,830	\$2,007,978	\$2,010,226	\$2,010,226	\$2,010,226	

SEWER ENTERPRISE FUND



GENERAL PURPOSE

The Water and Sewer Division sewer system personnel are currently responsible for the operation and maintenance of the Town's sewage collection system consisting of over 130 miles of collector and interceptor sewers, 6,500 sewer manholes and 10 sewer pumping stations. The Town's sewer system is a collection system that discharges its wastewater to the Massachusetts Water Resources Authority (MWRA) system for treatment. Approximately 65% of the Town's sewer collection system is a totally gravity system and 35% of the sewer system is pumped into the gravity system. Needham has two principle points of discharge into the MWRA system and nine other public locations where subdivisions discharge to the MWRA system.

The Water and Sewer Division sewer system personnel maintain and operate 23 sewer pumps, motors, switchgear, gates, valves, buildings and grounds contained in ten pumping facilities located throughout town. They also operate pipe maintenance equipment such as a mechanical rodding machine, high velocity jetting equipment, backhoes, trucks, generators, and repair response equipment. In order to ensure a safe work place, we provide education and training that is necessary to successfully maintain a sewer system with origins back to the early 1900's.

Sewer system personnel are actively utilized throughout the year to clean and maintain the sewer system so that failures and blockages are prevented and/or minimized. Pumping station operators and on-call personnel are active seven days per week keeping the system functioning properly.

Collection System

Operate, maintain and repair the sanitary sewer system, consisting of 130 miles of gravity sewers and force mains. Operation and preventative maintenance consists of the inspection and cleaning of sewer mains by means of specialized power rodding and high pressure jet flushing equipment. Debris such as silt, sand, grit and grease require flushing and removal. Root intrusion and miscellaneous objects require special cutting tools attached to the power rodder. Several miles of the sanitary system lie within easements in difficult to access locations. These require physical inspections and functions similar to those described above performed by hand. Sections of the pipelines are televised daily to identify infiltration and problem areas, in conjunction with the pipe cleaning program. Closed circuit television equipment and larger excavation equipment are utilized for a strong rehabilitation program by replacing portions of mainline piping and manholes as needed.

Pumping Stations

Operate and maintain ten sewer pumping stations of various size and complexity. All pump stations are inspected twice daily. Routine preventative maintenance and minor repairs are performed by Sewer Division personnel. The more complex work, such as electrical, welding, and heavy hauling of pumps and motors, is performed by private contractors.

OPERATIONAL CONSIDERATIONS

The MWRA provides for transportation of Needham's wastewater from Needham to the Deer Island Wastewater Treatment Facility (DIWWTF). The transportation to and treatment at the DIWWTF must meet stringent EPA requirements before being released to Boston Harbor via a 9.5 mile long tunnel under the harbor floor. The 43 communities discharging to the regional system share the cost of this transportation and treatment. The MWRA assessment is an average of the prior 3 calendar years metered flow.

The pump replacement program has been developed to rotate replacement of each of the 23 sewer pumps that run daily. This reduces emergency calls and allows the pump stations to run more efficiently. This program was previously requested in the capital budget and is now, since FY05, a regular capital program under the sewer operating budget.

The FY2008 budget proposals do not include any cost of living adjustment (COLA) increases. The agreement covering employees who are members of the ITWA (4) expires in FY 2007. The agreement covering employees who are members of the SEIU (63) expired in FY 2006. Any subsequent increase for this group will also include a COLA for FY 2007.

Line item changes:

- Line 5210 Energy - Changes to the Energy line is calculated from the FY06 expenditures plus 8% inflation. (\$2,523)
- Line 5481 Vehicular Supplies (fuel) line is calculated from the FY06 expenditures plus 8% inflation. (\$2,182)

PERFORMANCE MEASURES

Goals for FY08 include continuation of the Sewer Pump Replacement program, the I/I Reduction program and Service Connection Renewals in conjunction with the Road Master Plan as allowed by the availability of our own staff.

Collection System

- Visually inspect and mechanically rod or hydraulically flush and CCTV
 - All sewer mains located in high traffic business districts at night annually
 - All sewer mains accessible annually
- Visually inspect and mechanically rod or hydraulically flush all trouble locations twice annually or as needed.
- Visually inspect all sewer mains located within easements annually for proper flow.
- Respond to all emergency blockage calls immediately.
- Provide “Dig Safe” utility mark outs within 72 hours or immediately for emergency excavations.
- Inspect all sewer main construction, service connections and main or connection repairs performed by non-DPW contractors.

Pumping Stations

- Inspect and monitor 10 sewer pumping stations (23 pumps) twice daily 365 days/yr.
- Maintain operating records for all pumps, motors and motor control centers (MCCs).
- Inspect operation of all valves and mechanical or electrical equipment.
- Inspect wet wells and maintain bar racks or grinders.

PERFORMANCE REQUESTS RECOMMENDED BY TOWN MANAGER

None

PERFORMANCE REQUESTS DEFERRED BY TOWN MANAGER

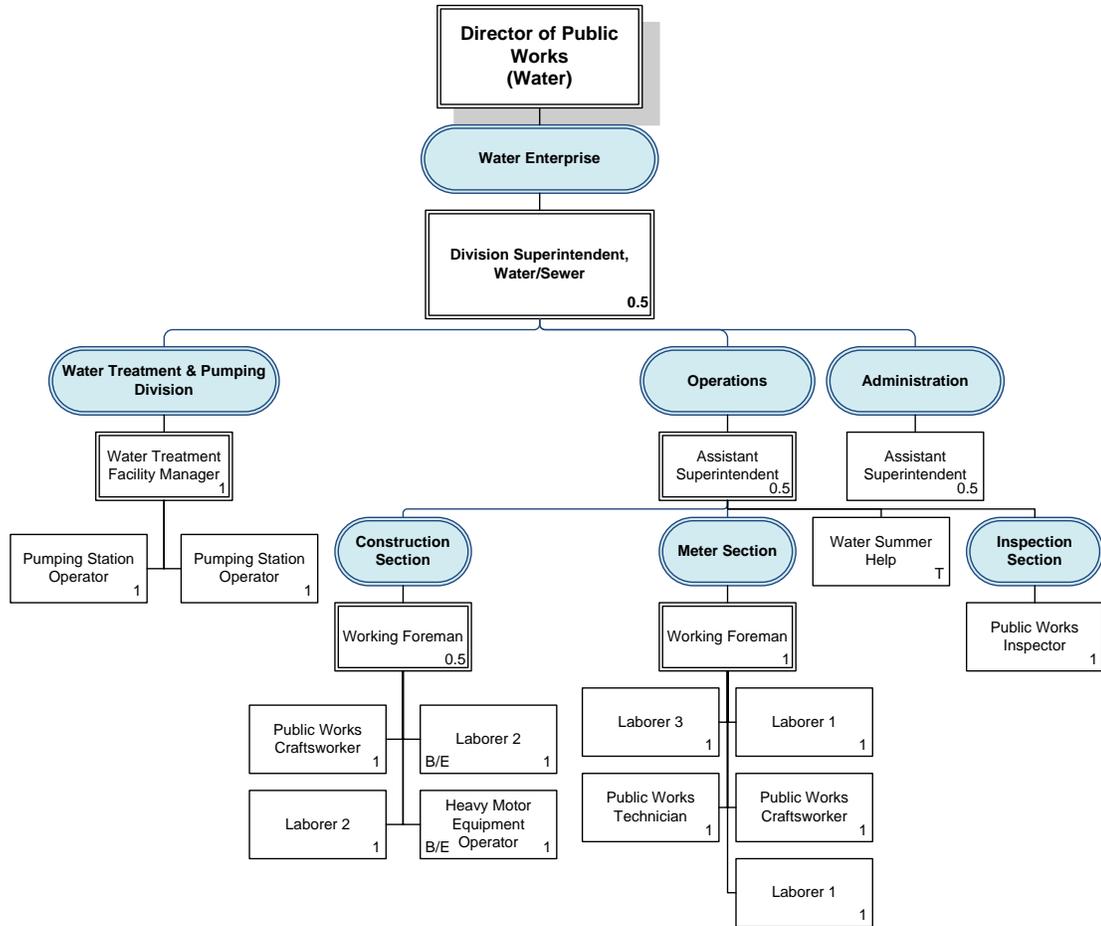
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PERFORMANCE REQUESTS NOT RECOMMENDED BY TOWN MANAGER

None

Sewer Enterprise	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Budget	FY 2008 Department Submission	FY 2008 Performance Budget	FY 2008 Balance Budget	Performance over Balanced
Salary	473,249	501,561	507,078	531,538	538,728	538,728	538,728	
Expense	178,734	185,486	208,474	246,351	254,010	179,274	179,274	
Capital		22,428	23,691	25,000	25,000	25,000	25,000	
MWRA Assessment	4,646,630	4,609,914	4,640,239	5,125,624	5,125,624	5,125,624	5,125,624	
Debt Service	1,055,001	1,016,687	991,299	1,090,000	1,150,000	1,150,000	1,150,000	
Reserve Fund*	Transfers Only *	Transfers Only *	Transfers Only *	35,000	35,000	35,000	35,000	
TOTAL	\$6,353,614	\$6,336,076	\$6,370,781	\$7,053,513	\$7,128,362	\$7,053,626	\$7,053,626	

WATER ENTERPRISE FUND



GENERAL PURPOSE

The Needham Water and Sewer Division is primarily a maintenance organization with the ability to perform small and limited construction projects. The yearly tasks of the Water Division consist of operation and maintenance of the Town's water system including the supply, treatment and distribution. The Water Division personnel are committed to providing high quality drinking water that meets or exceeds state and federal standards for safety and quality. To ensure we maintain our high quality, Needham has made significant investments in water treatment, water quality monitoring, and the distribution system. The Town is fortunate to have its resources available to provide potable drinking water to the community.

Pumping and Treatment

The Town's water distribution system is a single service pressure zone system supplied by two sources. The Town's primary source of water is the Charles River Well Field that is able to produce 4.6 million gallons of water per day (mgd). The Charles River Well Field consists of three groundwater-pumping stations. Needham's second water source is a connection to

the MWRA surface water supply originating at the Quabbin Reservoir and delivered through the new Metrowest Tunnel and the Hultman Aqueduct. This water is pumped into the Needham system at the St. Mary's Pumping Station located at the corner of St. Mary's Street and Central Avenue. This supply is used when the Town's demand for water is greater than the Well Field's capabilities. One manager and two certified operators staff the Charles River Water Treatment Facility (CRWTF). This staff monitors equipment that filters manganese and treats the water for proper Ph levels, injects chlorine for disinfection, and fluoride. Other responsibilities include various water quality testing performed routinely along with the upkeep of the two water storage tanks and all required grounds maintenance.

Sampling and testing is done as required by the DEP and the Environmental Protection Agency (EPA) to ensure the safety and high quality of water delivered. The water is sampled and analyzed approximately 1,500 times per year. Records are kept of the amounts of chemicals added daily and the results of all analyses.

Produce and mail an updated annual Water Quality/Consumer Confidence Report as required by the EPA since 1999.

Distribution

Operate, maintain and repair the Town's water distribution system comprised of 135 miles of various size water mains, 1,150 public hydrants, 3,400 water gate valves, and 9,800 water service connections. This work includes the routine repair and/or replacement of meters, valves, service pipes, mains, gates and hydrants; testing meters for accuracy; performing annual cross-connection surveys at all commercial and industrial properties; and testing semiannually several hundred back flow prevention devices. An amount of 10,000 has again been included in Purchase of Services for the annual leak detection survey of the water distribution system. The purpose of the leak detection survey is to identify subsurface leaks that may go otherwise undetected causing water to be wasted.

Read nearly 13,000 meters four times per year, respond to customer inquiries, investigate unusual readings, and maintain records. The differential between the water and sewer rates has increased the number of inquiries from customers causing an increased administrative and operational workload.

OPERATIONAL CONSIDERATIONS

In 2004 the state adopted a new water policy. Working with this policy, the DEP implemented a review of all water withdrawal permits with the possibility of limiting daily withdrawals, supposedly in order to protect the base flow within the Charles River. If lower limits are implemented, the Town will need to institute an aggressive water conservation program, including summer outside watering restrictions that, if allowed, will cause an increase in the purchase of additional MWRA water.

The MWRA provides a supplemental supply of water to Needham for use typically during the summer months, when the demand for water is high, or during times when the Needham systems are being serviced. Over 40 communities supplied by the MWRA share the cost of water distribution, including significant improvements in the MWRA delivery systems. The annual MWRA assessment is based on the prior calendar year's metered

consumption. The FY2008 assessment by the Massachusetts Department of Environmental Protection (DEP) for the State's administration of the Federal Safe Drinking Water Act (SDWA) is projected to be \$12,000.

The FY2008 budget proposals do not include any cost of living adjustment (COLA) increases. The agreement covering employees who are members of the ITWA (4) expires in FY 2007. The agreement covering employees who are members of the SEIU (63) expired in FY 2006. Any subsequent increase for this group will also include a COLA for FY 2007.

Line Item Increases

Line 5300	Prof. And Tech. (water quality testing)	4,870
Line 5380	Communications	78
Line 5480	Vehicular Supplies (fuel)	-2,150
Line 5530	Public Works Supplies (treatment chemicals)	-42

PERFORMANCE MEASURES

Goals for FY07 include continuation of the water service replacement program, the water meter replacement program, and the small diameter water main looping program as allowed by the availability of our own staff. To operate, maintain and repair pumping facilities at six locations in order to pump water into the distribution system. This includes heating and maintaining six buildings including the Water Treatment Facility, maintaining pumps which supply water for treatment and plant equipment, emergency standby generator, leasing phone lines and maintaining the telemeter system which operates the pumps and sounds alarms when failures occur. Pumping records are maintained in order to keep an accurate accounting of water supplied to the Town.

SUPPLY & TREATMENT: Operate, maintain and repair the Town's pumping facilities including the Charles River Water Treatment Plant plus 3 deep well pumping stations, St. Mary's pumping station and the Dedham Avenue water building and all its appurtenant equipment.

- 1) Pump and treat 960 million gallons per year.
- 2) Pump 120 million gallons of MWRA water per year.
- 3) Water sampling & testing 365 day per year totaling over 1500 tests/yr.
- 4) Produce and distribute the annual *Water Quality / Consumer Confidence Report*.

DISTRIBUTION SYSTEM: Operate, maintain & repair the Town's water distribution system comprised of 135 miles of various sizes of water mains; 1,150 public fire hydrants, 3,400 water gate valves, 9,800 service connections.

- 1) Conduct a system wide leak detection survey.
- 2) Perform annual water main flushing program.
- 3) Semi-annually test 375 backflow prevention devices as part of the Cross-connection & Backflow Prevention program.
- 4) Inspect, and test all 1,150 fire hydrants each year.
- 5) Inspect and exercise approximately 1,200 of 3,400 gate valves each year.
- 6) Read 12,750 water meters 4 times per year, read 550 commercial meters monthly.

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- 7) Respond to customer inquires, investigate unusual readings.
- 8) Replace approximately 500 water meters per year.
- 9) Replace 500-1,000 feet of undersized water mains as part of the small diameter looping program.
- 10) Replace approximately 20 lead lined water service connection.
- 11) Replace approximately 25 to 35 old fire hydrants

PERFORMANCE REQUESTS RECOMMENDED BY TOWN MANAGER

\$50,000 for Trench Restoration
 \$60,000 for Commercial Meter Replacement Program
 \$30,000 for Well and Pump Rehabilitation Program

PERFORMANCE REQUESTS DEFERRED BY TOWN MANAGER

None

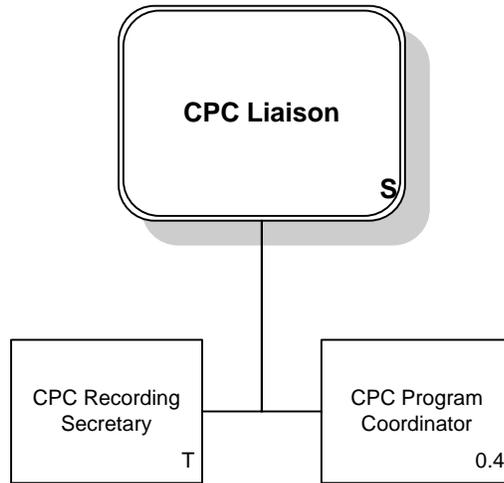
PERFORMANCE REQUESTS NOT RECOMMENDED BY TOWN MANAGER

None

Water Enterprise	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Budget	FY 2008 Department Submission	FY 2008 Performance Budget	FY 2008 Balance Budget	Performance over Balanced
Salary	708,452	777,184	760,871	855,992	880,058	880,058	880,058	
Expense	681,313	763,653	701,232	821,688	964,300	964,300	964,300	
Capital	19,690	19,972	19,499	20,000	20,000	20,000	20,000	
MWRA Assessment	1,060,548	786,119	351,877	830,009	830,009	830,009	830,009	
Debt Service	1,105,601	1,093,064	1,128,527	1,110,000	1,300,000	1,300,000	1,300,000	
Reserve Fund*	Transfers Only *	Transfers Only *	Transfers Only *	75,000	75,000	75,000	75,000	
TOTAL	\$3,575,604	\$3,439,992	\$2,962,006	\$3,712,689	\$4,069,367	\$4,069,367	\$4,069,367	



COMMUNITY PRESERVATION FUND



GENERAL PURPOSE

Empowered by the General Laws of Massachusetts Chapter 44B, the Community Preservation Committee has oversight of the *Community Preservation Fund*, created through a 2% surcharge of the real estate tax levy on real property and additional state matching funds, of up to 100%. Applications for community preservation projects are submitted to the Community Preservation Committee for review and evaluation. The approved projects are then submitted to Town Meeting for the authorization to appropriate the funds.

Under the state legislation, *community preservation* is defined as, “the acquisition, creation and preservation of open space, the acquisition, creation and preservation of historic structures and landscapes, and the creation and preservation of community housing.”

A minimum of 10% of the annual revenues of the fund must be set aside for use or reserve for each of the three core community concerns. The remaining 70% can be allocated for allowable uses, including recreation purposes. Community Preservation funds do not have to be used in the year they are collected, but can be set aside for future uses.

Up to 5% of the annual revenues may be utilized for administrative and operating expenses. The funds are authorized as one amount, but are broken into categories in the chart below for discussion purposes. A portion of these funds will be spent each year on regular expenses, but some are held in anticipation of expenses related to proposals that have not been presented at this time.

The Director of Park and Recreation serves as the Town Manager’s liaison to the Community Preservation Committee. Park and Recreation’s Department Assistant 2 serves as the Committee’s recording secretary and provides clerical support. The newly created

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Program Coordinator will assume some of the responsibilities currently handled by the Assistant Town Manager/Finance Director and Director of Park and Recreation.

OPERATIONAL CONSIDERATIONS

It will be important for the Community Preservation Committee to continually educate all residents to the opportunities of the Fund, encouraging individuals and organizations from throughout the community to bring forward projects that benefit the public.

PERFORMANCE MEASURES AND GOALS

Provide a decision on each application within 3 months of submission.

PERFORMANCE REQUESTS RECOMMENDED BY TOWN MANAGER

None

PERFORMANCE REQUESTS DEFERRED BY TOWN MANAGER

None

PERFORMANCE REQUESTS NOT RECOMMENDED BY TOWN MANAGER

None

Community Preservation Administration	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Budget	FY 2008 Department Submission	FY 2008 Performance Budget	FY 2008 Balance Budget	Performance over Balanced
Salary			1,025	31,000	31,000	31,000	31,000	
Expense			1,053	90,000	89,000	89,000	89,000	
Capital								
TOTAL			\$2,078	\$121,000	\$120,000	\$120,000	\$120,000	