



The Metropolitan District **FISCAL YEAR 2026 BUDGET** Board of Finance Meeting





AGENDA

- Budget Calendar
- Sewer Ad Valorem / Water Rate Overview
- Expenditure Analysis
 - USI Actuary Presentation – OPEB/Pension ADC
- Revenue Analysis
- Proposed Budget
- Summary



BUDGET CALENDAR

- 09/29 Board of Finance Meeting to discuss 2026 Proposed Budget
- 09/30 Town Meeting #1
- 10/06 District Board refers Budget to BOF
- 10/20 Board of Finance Meeting
- 10/21 Town Meeting #2
- 11/12 Public Hearing for 2026 Budget, Rates and Ordinance Revisions
- 11/17 Water Bureau & Board of Finance to consider and approve 2026 and Water Rates and Refer to District Board
- 11/19 Bureau of Public Works to consider and approve 2026 Sewer Rates and Refer to District Board
- 12/01 MDC Government Committee – to consider and approve ordinance revisions and refer to District Board
- 12/08 MDC District Board adopts 2026 Proposed Budget
- By 12/31 Levy Tax/Publish Ordinance



AD VALOREM/WATER RATE OVERVIEW

Three key steps for Sewer ad valorem and Water rate calculations:

- Step-1 Identify the operational expenditures (opex)
- Step-2 Subtract “other” revenues (orev)
- Step-3 Allocate remainder using
 - Town revenue 3-year weighted average calculation for Sewer’s Ad Valorem tax, and
 - Consumption and service charges for Water rate determination



AD VALOREM/WATER RATE OVERVIEW

Proposed 2026 District operating budget is \$241.3 million (6.4% increase):

- Sewer
 - 1) \$ 114.5 opex
 - 2) \$ 61.4 orev
 - 3) \$ 53.1 to be collected from Member Towns' Ad Valorem (**0.0% or no increase**)
- Water
 - 1) \$ 126.8 opex
 - 2) \$ 28.5 orev
 - 3) \$ 98.3 to be collected from Water Sales (**1.5% increase**)
 - Water consumption unchanged from 18.3 million CCF (**0.0% or no increase**)
 - Water rate of \$3.91 (**0.0% or no increase**) per CCF x 18.3 million CCF = \$71.6 million
 - Water service charges (domestic, commercial, industrial, other) = \$26.6 (**5.5% increase**)



Step-1

EXPENDITURE ANALYSIS

(water and sewer operations)

	2025	2026		
	Adopted	Proposed	\$ Change	% Change
Debt	\$ 87,471,810	\$ 95,388,073	\$ 7,916,263	9.1%
Other Operating Expenditures	\$ 53,769,839	\$ 58,730,731	\$ 4,960,892	9.2%
Payroll	\$ 51,226,922	\$ 52,703,290	\$ 1,476,368	2.9%
Employee Benefits	\$ 13,026,943	\$ 13,765,008	\$ 738,065	5.7%
General Insurance	\$ 2,246,193	\$ 2,491,341	\$ 245,148	10.9%
Pension	\$ 8,274,127	\$ 8,375,968	\$ 101,841	1.2%
Contingencies	\$ 2,780,000	\$ 1,980,000	\$ (800,000)	-28.8%
OPEB	\$ 7,929,257	\$ 7,853,114	\$ (76,143)	-1.0%
Total	\$ 226,725,091	\$ 241,287,525	\$ 14,562,434	6.4%



Step-1

EXPENDITURE ANALYSIS

(water and sewer operations)

Debt:

\$7,916,263

- Net increase due to 2025 GO bond issue
- An increase of \$5.1 million in Water debt service, and
- An increase of \$2.8 million in Sewer debt service
- Debt service costs as a percentage of the budget remained flat



Step-1

EXPENDITURE ANALYSIS

(water and sewer operations)

Other Miscellaneous expenditures:

\$4,960,892

- Three primary expenditure cost drivers:

- General Operations

+ \$1.95 million

- Electricity-Utilities

+ \$1.48 million

- Software-as-a-Service

+ \$1.14 million



Step-1 EXPENDITURE ANALYSIS

(water and sewer operations)

Total Payroll - Operating:

\$1,476,368

- Year-over-year OPEX payroll changes totaling \$1.47 million:
 - Salary of 10 new positions + \$ 1.0 million
 - Increase to Overtime and Standby pay + \$ 0.3 million
 - **Net** cost of **395** OPEX FTE with COLA + \$ 0.1 million
- Total employee count **increased by 19**

		Xfer			
	2025	Out	In	New	2026
OPEX	395	(17)	7	10	395
CAPEX	76	(7)	17	9	95
	471	(24)	24	19	490



Step-1

EXPENDITURE ANALYSIS

(water and sewer operations)

Employee Benefits:

\$738,065

- + \$0.7 million, Medical Services
 - 2026 consultant claims projections for active employees:
 - 8% increase in Medical
 - 0% increase in Dental

Fredi Daniels, USI Discussion – OPEB/Pension ADC



Step-1 EXPENDITURE ANALYSIS

(water and sewer operations)

Insurance (General Liability, Casualty, Workers Compensation): **\$245,148**

- October 1st insurance renewal, an overall premium increase no greater than 7%

Pension: **\$101,841**

- Assume the same discount rate of 6.625%
- No changes to actuarial assumptions
- ADC increased by \$550K

OPEB: **\$(76,143)**

- Assume the same discount rate of 6.625%
- No changes to actuarial assumptions
- Distribution shift of opex & capex employees

Contingency: **\$(800,000)**



Step- 2 REVENUE ANALYSIS

(water and sewer operations)

	2025 Adopted	2026 Proposed	\$ Change	% Change
WATER				
Contributions from Other Funds	\$ 3,594,548	\$ 7,686,046	\$ 4,091,498	113.8%
Fire Protection Services	\$ 6,032,000	\$ 9,296,000	\$ 3,264,000	54.1%
Sale of Water	\$ 96,863,796	\$ 98,265,965	\$ 1,402,169	1.4%
Cross-Connection/BackWater Fee	\$ 230,400	\$ 350,000	\$ 119,600	51.9%
Hydrant Maintenance	\$ 1,855,920	\$ 1,904,850	\$ 48,930	2.6%
Water Billing Penalties	\$ 1,275,862	\$ 900,000	\$ (375,862)	-29.5%
Non-Operating Revenues	\$ 9,050,422	\$ 8,381,972	\$ (668,450)	-7.4%
West Branch Reservoir Maint. (Army Corps)	\$ 800,000	\$ -	\$ (800,000)	-100.0%
Total	\$ 119,702,948	\$ 126,784,833	\$ 7,081,884	5.9%
SEWER				
Other Sewer Revenues	\$ 13,774,350	\$ 18,374,554	\$ 4,600,204	33.4%
Sewer User Revenues	\$ 14,578,258	\$ 16,354,240	\$ 1,775,982	12.2%
Revenue from Other Govt. Agencies	\$ 16,492,350	\$ 17,196,804	\$ 704,454	4.3%
Contributions from Other Funds	\$ 7,121,585	\$ 7,520,494	\$ 398,909	5.6%
Tax on Member Municipalities	\$ 53,076,600	\$ 53,076,600	\$ -	0.0%
DEEP Contingency	\$ 1,980,000	\$ 1,980,000	\$ -	0.0%
Total	\$ 107,023,143	\$ 114,502,692	\$ 7,479,550	7.0%
TOTAL	\$ 226,726,091	\$ 241,287,525	\$ 14,561,434	6.4%



Step- 2 REVENUE ANALYSIS (water operations)

WATER

\$7,081,884

- Operating Revenues \$3,790,386
 - Customer Service Charge Increasing \$0.75
 - Hydrant Maintenance Rate increase from \$165 to \$170
 - Fire Protection Service Fee Increases
- Contribution from Other Funds \$ 3,291,498
 - Use of Net Position \$5,469,113
 - Use of Debt Premiums \$2,216,933
 - Army Corps of Engineers (\$800,000)
 - Internal Service Fund (\$1,004,748)



Step- 2

REVENUE ANALYSIS (sewer operations)

SEWER

\$7,479,550

- Other Sewer Revenues: \$4,600,204
 - Sewer Customer Service Charge increase to \$12.50
- Sewer User Charges: \$1,775,982
 - High Flow, High Strength, and Bradley/E Granby
- Other Governmental Agencies: \$704,454
 - Increase in sludge revenue
- Contributions From Other Funds \$398,909



Step- 2

REVENUE ANALYSIS (sewer operations)

Contributions From Other Funds

- Sewer Fund Balance \$4,480,000
 - \$1M for Sewer Ad Valorem Tax Levy Stabilization Fund
- Hydro Fund Balance \$730,688
- Internal Service Fund \$185,116
- Debt Premiums \$2,124,690



Step-3

ALLOCATION TO AD VALOREM & WATER SALES

- Sewer \$114.5 opex - \$61.4 orev = **\$53.1**
to be collected from member towns
0.0% or no increase
- Water \$126.8 opex - \$28.5 orev =
\$98.3 to be collected from Water Sales
1.5% increase
 - Water consumption is unchanged from 18.3 million CCFs
 - Water rate of \$3.91 per CCF x 18.3 million CCF Consumption = \$71.7 million
 - Water service charges (domestic, commercial, industrial, other) = \$26.6 million
- The **\$241.3** million proposed 2026 District's operating budget represents a **6.4% increase**

(millions)

Sewer

	2025 Adopted	2026 Proposed	\$ VAR	% VAR
1) Opex	\$ 107.0	\$ 114.5	\$ 7.5	7.0%
2) Orev (subtract)	\$ 53.9	\$ 61.4	\$ 7.5	13.9%
3) Ad Valorem	\$ 53.1	\$ 53.1	-	0.0%

Sewer Customer Service Charges	\$ 9.0	\$ 12.5	\$ 3.5	38.9%
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Water

1) Opex	\$ 119.7	\$ 126.8	\$ 7.1	5.9%
2) Orev (subtract)	\$ 22.8	\$ 28.5	\$ 5.7	24.9%
3) Water Sales	\$ 96.9	\$ 98.3	\$ 1.4	1.5%

Consumption	18.3	18.3	-	0.0%
Rate	\$ 3.91	\$ 3.91	\$ -	0.0%
Consumption Charges	\$ 71.7	\$ 71.7	\$ 0.0	0.0%
Service Charges	\$ 25.2	\$ 26.6	\$ 1.4	5.5%
Water Sales	\$ 96.9	\$ 98.3	\$ 1.4	1.4%

Total

1) Opex	\$ 226.7	\$ 241.3	\$ 14.6	6.4%
2) less Orev	\$ 76.8	\$ 89.9	\$ 13.2	17.1%
3) Ad Valorem/Water Sales	\$ 149.9	\$ 151.3	\$ 1.4	0.9%



2026 Budget Recommendation Highlights

- Total overall proposed budget increase of 6.4%
- Increase of new positions with minimal impact to OPEX
- No increase to Ad Valorem
- No increase to the water rate
- Proposed increases to customer service charges that have remained unchanged for several years
- Modernizing our infrastructure and technology is increasing some OPEX
 - Electricity costs increasing 17.8%
 - Software-as-a-Service rising 80.6%



SUPPLEMENTAL INFORMATION:

Average Customer Water Bill

		2025			2026			Variance		
	CCFs / Month	Rate / CCF	Monthly	Annual	Rate / CCF	Monthly	Annual	Monthly	Annual	%
Member Town - Residential										
Water Use Charge	8.333	\$ 3.91	\$ 32.58	\$ 391.00	\$ 3.91	\$ 32.58	\$ 391.00	\$ -	\$ -	0.0%
*Clean Water Project Charge (CWPC) Estimate	8.333	\$ 4.57	\$ 38.08	\$ 457.00	\$ 4.87	\$ 40.58	\$ 487.00	\$ 2.50	\$ 30.00	6.6%
Water Customer Service Charge			\$ 14.98	\$ 179.76		\$ 15.73	\$ 188.76	\$ 0.75	\$ 9.00	5.0%
Sewer Customer Service Charge			\$ 9.00	\$ 108.00		\$ 12.50	\$ 150.00	\$ 3.50	\$ 42.00	38.9%
Total Bill			\$ 94.65	\$ 1,135.76		\$101.40	\$ 1,216.76	\$ 6.75	\$ 81.00	7.1%
Non-Member - Residential										
Water Used Charge	8.333	\$ 3.91	\$ 32.58	\$ 391.00	\$ 3.91	\$ 32.58	\$ 391.00	\$ -	\$ -	0.0%
Customer Service Charge			\$ 14.98	\$ 179.76		\$ 15.73	\$ 188.76	\$ 0.75	\$ 9.00	5.0%
General Surcharge Outside of District			\$ 14.98	\$ 179.76		\$ 15.73	\$ 188.76	\$ 0.75	\$ 9.00	5.0%
Total Bill			\$ 62.54	\$ 750.52		\$ 64.04	\$ 768.52	\$ 1.50	\$ 18.00	2.4%



SUPPLEMENTAL INFORMATION:

Water Rate Comparison (typical 5/8" residential meter)

2025	
Water Utility	Water Rate Per CCF (748 gal)
Metropolitan District (MDC)	\$3.91
Aquarion (Topstone Division)	\$4.36
Regional Water Authority (RWA)	\$5.23
CT Water	\$8.18

TREND		
Year	MDC	RWA
2025	\$3.91	\$5.23
2024	\$3.80	\$5.03
2023	\$3.80	\$5.03
2022	\$4.09	\$4.77
2021	\$4.05	\$4.40
2020	\$3.97	\$4.40
2019	\$3.50	\$4.40
2018	\$3.14	\$4.14
2017	\$2.77	\$3.95