

The Metropolitan District

Budget Presentation

October 17, 2016

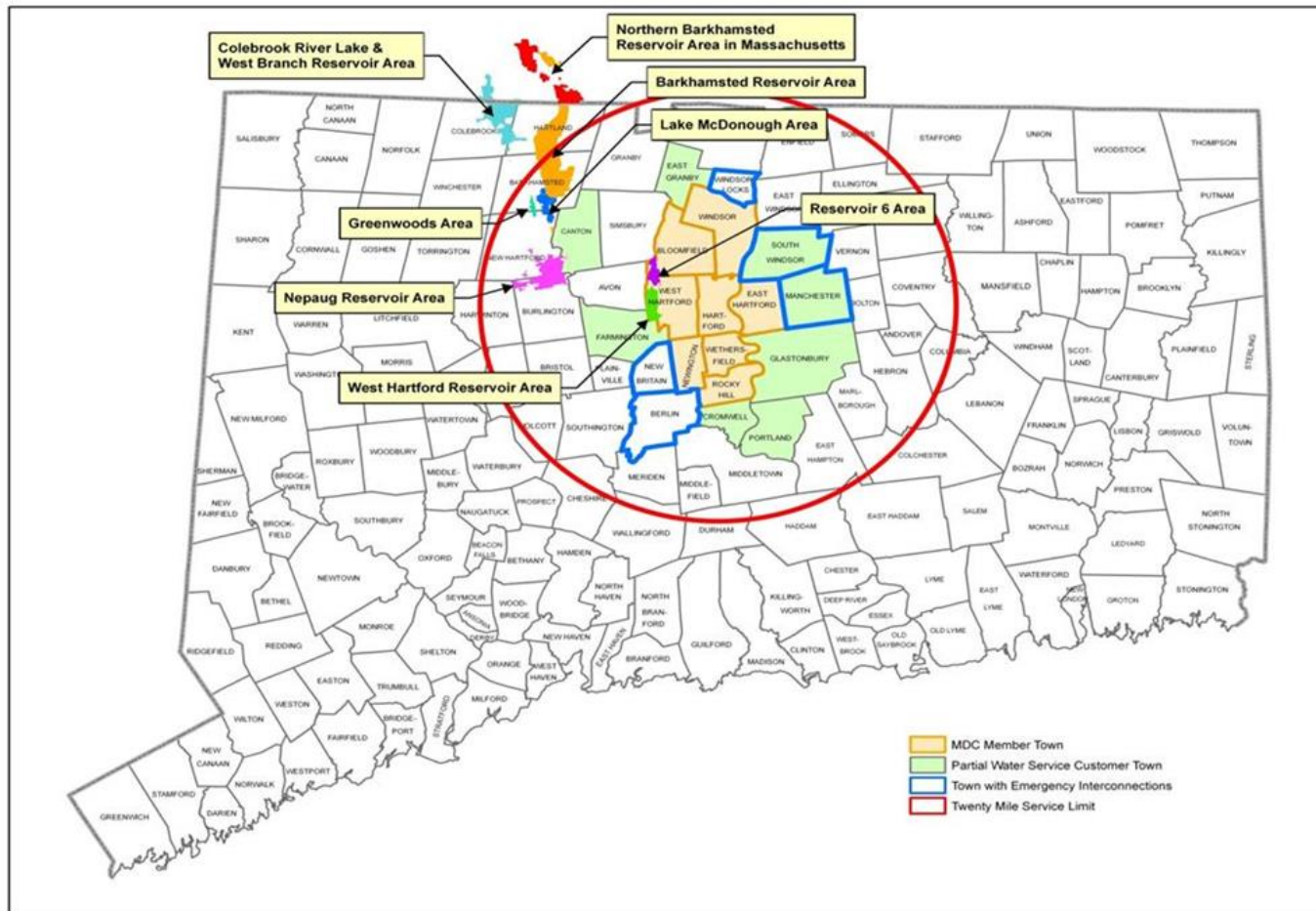
Agenda

- Business Overview
 - Financial Structure*
- 2017 Budget Timeline
- 2017 Budget
 - Process*
 - 2016 Projections
 - External Factors
 - Fund Balances
 - Proposed Expenditures
- Water Utility Rate Structure
 - Overview*
- General Fund
 - Overview*
- Capital Improvement Plan
- Discussion



Business Overview:

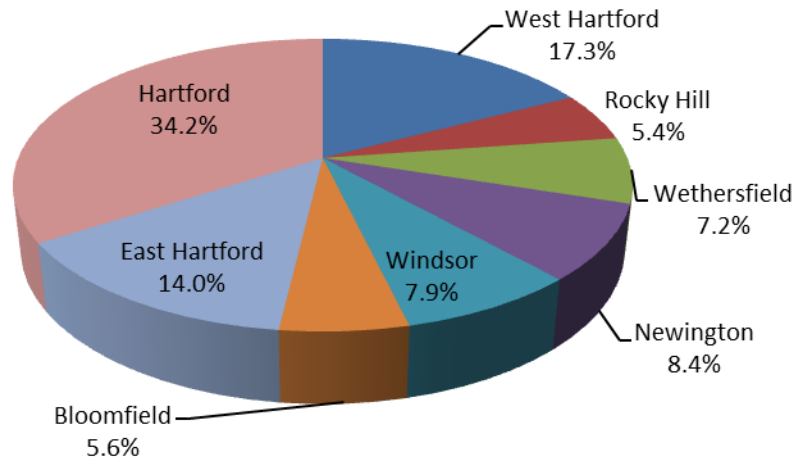
Map of District



Business Overview:

Member Towns

MDC Member Town Population 2014



MDC Member City and Town Ratings

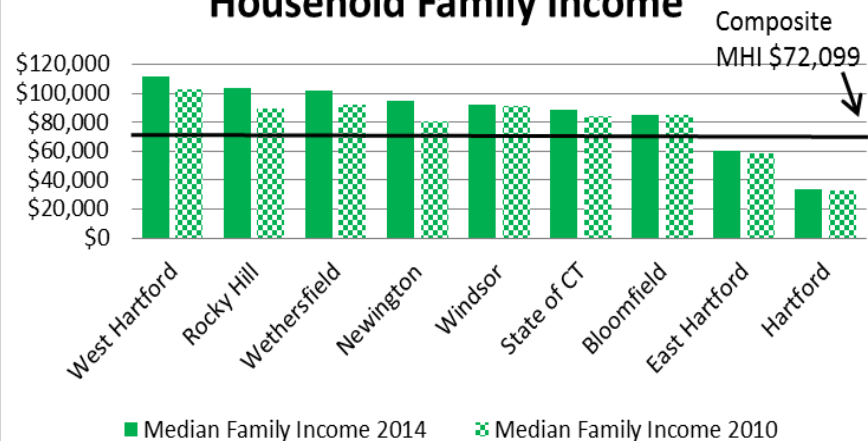
Municipality	Moody's Rating	S&P Rating
Bloomfield	Aa2	AA+/Stable
East Hartford	Aa2	Not Rated
Hartford	Ba2/Negative	BBB/Negative
Newington	WD	AA+/Stable
Rocky Hill	Aa2	AA+/Stable
West Hartford	Aaa/Stable	AAA/Stable
Wethersfield	Aa2	AA+/Stable
Windsor	WD	AAA/Stable
MDC	Aa1/Stable	AA+/Stable

Information provided by Moody's Investors Service and Standard & Poor's as of October 7, 2016. Ratings subject to change at the discretion of the rating agencies.

MDC is comprised of 8 Member Cities & Towns

- Total District Population 2014 - 366,643
- District Range of Median Family Income, 2014
 - \$33,686 - \$111,150

MDC Member Towns Median Household Family Income



Financial Structure:

Funds / Business Areas

Enterprise Funds

- Water Utility
(incl. Water Capital)
- Mid-Connecticut Project
- Hydroelectric
- Development Project
- Internal Service

Governmental Funds

- General Fund
(excl. Sewer Capital)
- Debt Service
- Clean Water Project
- Capital Project



Financial Structure:

Fund Centers / Cost Centers

General Government

District Board, Executive Office, Administrative Office, Legal, Human Resources, Information Technology, Finance, Environment Health & Safety, Customer Service

Engineering & Planning

Engineering & Planning

Plants and Maintenance

Water Pollution Control, Maintenance, Water Treatment, Water Supply, Laboratory Services, Taxes, Riverfront

Employee Benefits and Other

Employee Benefits, General Insurance, Special Agreements & Programs

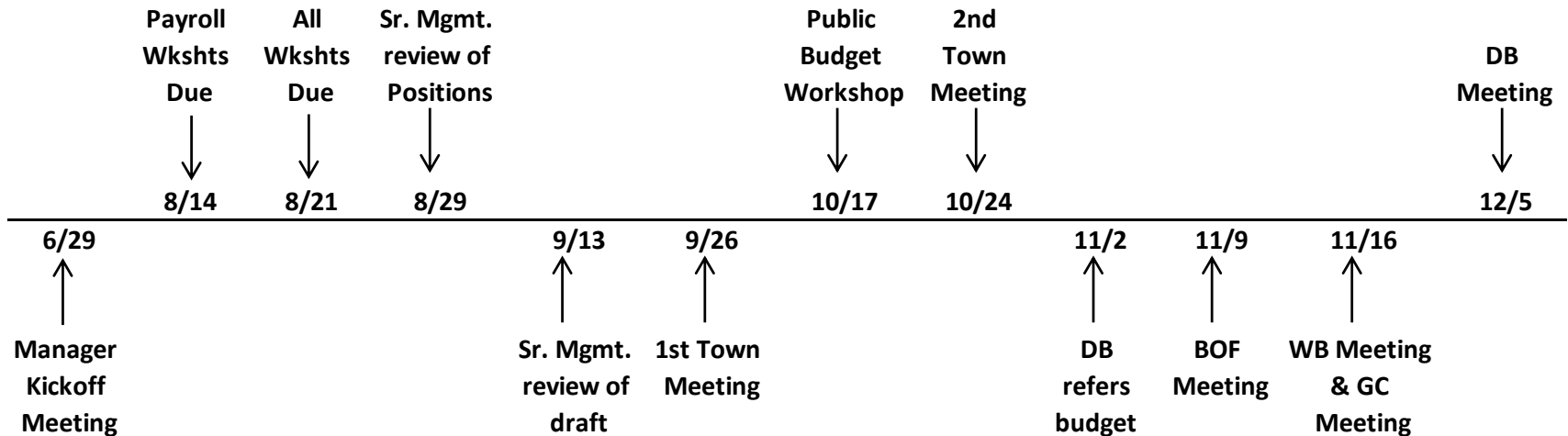
Transfer Out

Debt Service

Cost Centers are directly aligned with groupings in the Financial Statements



2017 Budget Timeline



1. November 2 - District Board (DB) refers budget to Board of Finance (BOF).
2. November 9 - BOF to review/amend/recommend budget to the DB
3. November 16 - Water Bureau (WB) to review/amend/approve Water Supply ordinances
4. Budget published for 3 consecutive days (11/21, 11/22, 11/23)
5. November 16 - Government Committee (GC) to review/amend/recommend CWP ordinance
6. December 5 - GC to consider and approve Water Supply Ordinance & refer to DB
7. December 5 - DB to review/amend/adopt budget
8. Publish ordinance revisions 2 days



2017 Budget Process

Step 1

- Review 2016 Projections
- Review External Factors
- Review Fund Balances

Step 2

- Compile expenditure requests by Cost Center, by GL account

Step 3

- Compile all miscellaneous revenues by Fund, by GL account

Step 4

- Calculate revenue shortfall by Fund
- Analyze rate structure to balance budgets

Step 5

- Prepare Operating Budget options for Management review

Step 6

- Prepare Capital Budget options for Management review



2016 Projections - Sewer

	<u>2016</u> <u>Adopted</u>	<u>2016</u> <u>Amended</u>	<u>2016</u> <u>Projected</u>	<u>Variance</u>
<u>General Fund (Sewer Operations)</u>				
<u>Revenues</u> (In Millions)				
Taxes on Member Municipalities	\$ 38.94	\$ 38.94	\$ 38.94	\$ -
Revenue for Other Gov't Agencies	3.96	5.96	5.96	-
Other Sewer Revenues	11.85	13.18	13.18	
Sewer User Charge Revenue	6.35	6.35	6.35	-
Contr/Transfer from Other Funds	<u>3.88</u>	<u>3.88</u>	<u>-</u>	<u>(3.88)</u>
Total Revenues	\$ 64.99	\$ 68.31	\$ 64.43	\$ (3.88)
 Total Expenses	 \$ 64.99	 \$ 68.31	 \$ 64.93	 \$ (3.38)
 Year End Fund Projection				 \$ (0.50)

-Projected favorable expense versus amended budget is attributable to lower payroll expenses due to headcount vacancies and job classification adjustments and favorable electricity expenses due to minimal rainfall.



2016 Projections - Water

	<u>2016 Adopted</u>	<u>2016 Amended</u>	<u>2016 Projected</u>	<u>Variance</u>
<u>Water Utility Operations</u>				
<u>Revenues</u> (In Millions)				
Sale of Water	\$ 74.02	\$ 70.69	\$ 73.53	\$ 2.84
Other Operating Revenue	3.66	3.66	3.66	-
Non Operating Revenue	5.58	5.58	5.58	-
Contribution From other Funds	<u>1.03</u>	<u>1.03</u>	<u>1.03</u>	<u>-</u>
Total Revenue	\$ 84.29	\$ 80.97	\$ 83.81	\$ 2.84
 Total Expenses	 \$ 84.29	 \$ 80.97	 \$ 80.97	 \$ -
 Year End Fund Projection				 \$ 2.84

-Due to the continued drought like conditions in the region, it is anticipated that elevated consumption will now continue into October 2016 generating a revenue surplus above the amended budget.



2017 Budget: External Factors

Glastonbury Land

CRRA

City of Hartford

Rating Agencies

Clean Water Project (LTCP Status)*

Customers

*LTCP = Long Term Control Plan



2017 Budget:

Fund Balances

	Fund Balance as of 12/31/2015
Enterprise Funds	
Water Utility	\$ 19,602,032
Mid-Connecticut Project	\$ (31,016,227)
Hydroelectric Development Project	\$ 1,433,313
Internal Service Fund	\$ (7,042,372)
Governmental Funds	
General Fund	\$ 14,501,695
Debt Service Fund	\$ 4,222,495
Clean Water Project	\$ 151,208,172
Capital Project	\$ (118,395,832)
Fiduciary Funds	
Pension & OPEB	\$ 221,514,018



2017 Budget:

Proposed Expenditures

Department	2016 Adopted	2017 Proposed	Change	% Change
District Board	240,500	305,500	65,000	27.0%
Executive Office	666,900	692,900	26,000	3.9%
Administrative Services	217,000	223,500	6,500	3.0%
Legal	1,960,700	2,021,400	60,700	3.1%
Human Resources	1,486,300	1,567,100	80,800	5.4%
Information Technology	7,079,900	6,681,700	(398,200)	-5.6%
Finance	5,596,800	5,831,300	234,500	4.2%
Environment, Health & Safety	909,200	983,900	74,700	8.2%
Engineering and Planning	999,600	1,670,200	670,600	67.1%
Command Center	3,835,700	3,954,400	118,700	3.1%
Operating Office	785,200	779,100	(6,100)	-0.8%
Operations	10,872,800	10,562,100	(310,700)	-2.9%
Laboratory Services	1,794,500	1,760,200	(34,300)	-1.9%
Water Pollution Control	17,435,400	16,739,800	(695,600)	-4.0%
Maintenance	11,575,300	11,541,400	(33,900)	-0.3%
Water Treatment & Supply	8,724,400	9,123,100	398,700	4.6%
Patrol	1,653,100	1,788,400	135,300	8.2%
Debt Service	43,573,300	48,237,800	4,664,500	10.7%
Employee Benefits	18,459,500	18,457,300	(2,200)	0.0%
General Insurance	4,133,800	4,133,800	-	0.0%
Taxes and Fees	3,010,000	3,110,000	100,000	3.3%
Special Agr. and Programs	3,226,600	3,370,300	143,700	4.5%
Riverfront Park Systems	1,050,900	609,000	(441,900)	-42.0%
Total Water and Sewer Budget	\$149,287,400	\$154,144,200	\$4,856,800	3.3%

2017 Proposed is preliminary and does not include contingencies or reserves



2017 Budget:

Proposed Expenditures

CATEGORY	AMOUNT	% OF BUDGET
Payroll Related	\$60,422,600	39.19%
Debt	47,812,800	31.02%
General Operations	15,356,700	9.96%
Utilities	7,808,600	5.07%
Maintenance	7,811,600	5.07%
Insurance	3,993,900	2.59%
Chemicals	2,101,700	1.36%
Taxes & Fees	3,110,000	2.02%
Legal	2,325,000	1.51%
Special Agrmts & Prgms	2,340,300	1.52%
Nitrogen Credits	1,061,000	0.69%
	\$154,144,200	100.00%



2017 Budget:

Proposed Expenditures - Payroll Related

Expenditure	2016 Adopted	2017 Proposed	Change
Regular Pay	\$36,855,300	\$36,891,400	\$36,100 *
Overtime	\$4,292,900	\$4,276,100	(\$16,800)
Temporary Help	\$589,000	\$476,600	(\$112,400) *
Standby & Premium Pay	\$241,600	\$241,200	(\$400)
Longevity Pay	\$69,700	\$69,000	(\$700)
Employee Benefits	9,923,900	9,832,300	(\$91,600)
Pension Regular	4,756,000	4,711,000	(\$45,000)
OPEB	3,963,000	3,925,000	(\$38,000)
Total	\$60,691,400	\$60,422,600	(\$268,800)

505 Employees as of September 30, 2016

*Regular pay - 2.5% Cola, Steps, 30+ Fewer Positions

*Temporary Help - Assumes fewer summer interns



2017 Budget:

Proposed Expenditures - Debt

Expenditure	2016 Adopted	2017 Proposed	Change
Debt	\$43,164,600	\$47,812,800	\$4,648,200

Issuance Assumptions

Nov 2016 convert BANs to Bonds **\$113,500,000**

Nov 2016 new Bonds **\$60,000,000**

Total Bond Issuance **\$173,500,000**

Bond interest rate assumption of 3%



2017 Budget:

Proposed Expenditures - Other

Expenditure	2016 Adopted	2017 Proposed	Change
General Operations	15,141,700	15,356,700	\$215,000
Utilities	7,796,600	7,808,600	\$12,000
Maintenance	6,986,700	7,811,600	\$824,900
Insurance	4,004,100	3,993,900	(\$10,200)
Chemicals	2,402,000	2,101,700	(\$300,300)
Taxes and Fees	3,010,000	3,110,000	\$100,000
Legal Services	2,308,700	2,325,000	\$16,300
Special Agrmts and Programs	2,196,600	2,340,300	\$143,700
Nitrogen Credits	1,585,000	1,061,000	(\$524,000)



2017 Budget:

Proposed Expenditures - Allocation

DEPARTMENT	GENERAL	WATER	TOTAL
District Board	149,700	155,800	305,500
Chief Executive Office	339,500	353,400	692,900
Administrative Services	109,500	114,000	223,500
Legal	990,500	1,030,900	2,021,400
Human Resources	767,900	799,200	1,567,100
Information Systems	2,205,000	4,476,700	6,681,700
Finance	2,857,500	2,973,800	5,831,300
Environment, Health & Safety	482,100	501,800	983,900
Engineering & Planning	818,400	851,800	1,670,200
Customer Service	1,344,500	2,609,900	3,954,400
Operations	2,640,600	7,921,500	10,562,100
Laboratory	844,900	915,300	1,760,200
Operating Office	381,800	397,300	779,100
Water Pollution Control	16,739,800	-	16,739,800
Maintenance	5,655,300	5,886,100	11,541,400
Water Treatment & Supply	-	9,123,100	9,123,100
Patrol	-	1,788,400	1,788,400
Debt Service	23,006,200	25,231,600	48,237,800
Employee Benefits	6,644,600	11,812,700	18,457,300
General Insurance	1,240,200	2,893,600	4,133,800
Taxes & Fees	-	3,110,000	3,110,000
Special Agreements & Programs	1,416,000	1,954,300	3,370,300
Riverfront Park Systems	-	609,000	609,000
	68,634,000	85,510,200	154,144,200



Water Utility:

Water Rate Descriptions

Water Use Charge is a variable rate billed for consumption

Customer Service Charge is a fixed rate billed to all MDC water customers to cover a portion of our fixed costs

General Surcharge is a fixed rate billed to non-member towns to pay for assets deployed

Private Fire Protection Charge is a fixed rate billed to customers that have fire service

Water Assessments rates and Other Related Charges and Special Water Rules and Charges are intended to cover specific costs such as frozen meter charge, shut-off fees etc.



Water Utility :

Rate Structure Overview

MDC continually reviews operating expenses for cost mitigation opportunities

Creates future operating expense in the form of debt service

Water Utility
Operating
Expenses

Water Utility
Capital
Investments

0 CCFs

Consumption

20M CCFs

Water Utility Operating and Capital Budgets, consumption assumptions and final rates (inclusive of CWP) are approved by MDC Board of Commissioners following public hearings

Water Use
Charge

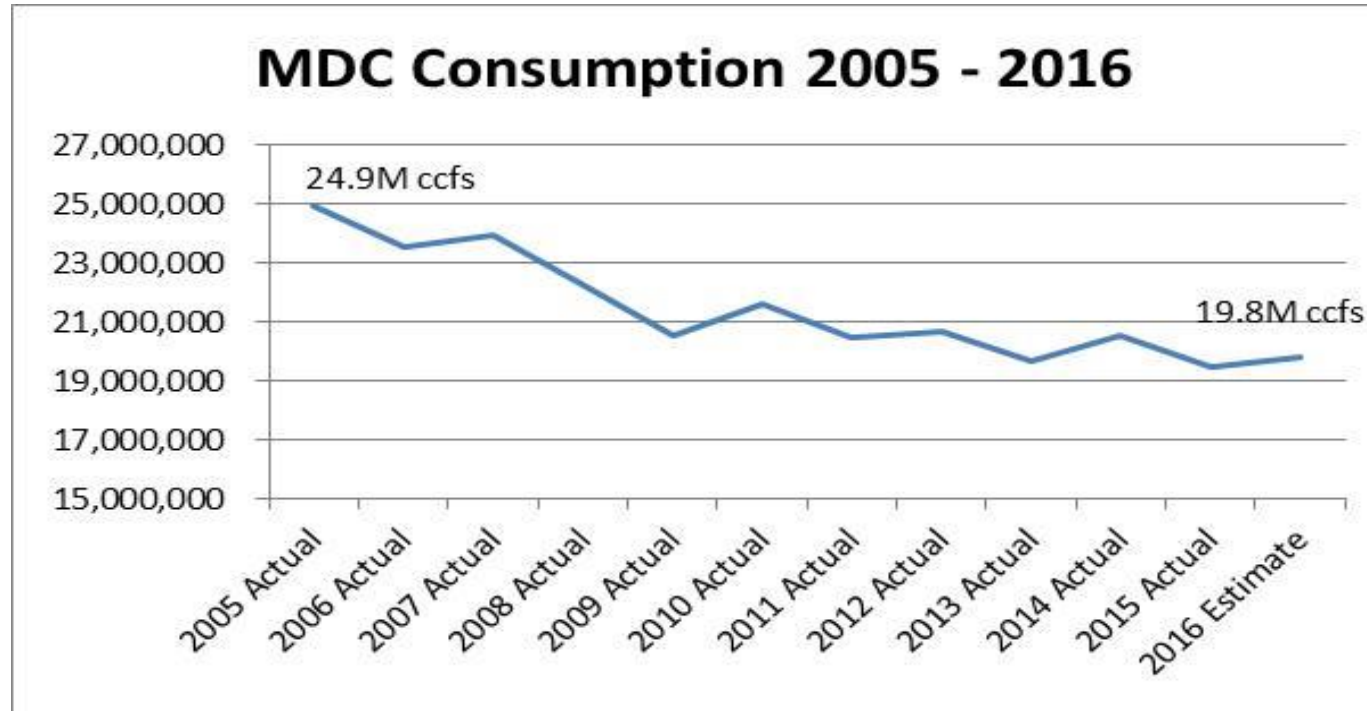
Fixed Charges
by meter size

CWP - Special Sewer
Service Surcharge

Billed on MDC Member Town
Water Bills



Water Utility: Consumption



- Decreased 21.9% from 2005 to 2015
- Industrial demand decline
 - *Reduction in number of manufacturing entities*
 - *Adoption of more efficient processes and increased efforts to recycle water*



Water Utility:

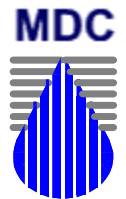
2016 Water Rate Impact

Member Charges	CCFs	2015 Rates	2015 Billing	2016 Rates	2016 Billing	Change
Use Charge	100	\$2.53	\$253.00	\$2.66	\$266.00	5.14%
CWP	100	\$2.90	\$290.00	\$3.25	\$325.00	12.07%
CSC		\$40.44	\$161.76	\$40.44	\$161.76	0.00%
Total Bill			\$704.76		\$752.76	
Annual Change					\$48.00	6.81%

Non-Member Charges	CCFs	2015 Rates	2015 Billing	2016 Rates	2016 Billing	Change
Use Charge	100	\$2.53	\$253.00	\$2.66	\$266.00	5.14%
CSC		\$40.44	\$161.76	\$40.44	\$161.76	0.00%
GS		\$40.44	\$161.76	\$40.44	\$161.76	0.00%
Total Bill			\$576.52		\$589.52	
Annual Change					\$13.00	2.25%

CSC = Customer Service Charge

GS = General Surcharge Outside of District



Water Utility:

2016 Customer Bill

West Hartford, CT

Billed Consumption History 2014-2016

	In ccfs					\$ Approximation				\$ Change - Sept 2016 v 2015		
	March	June	Sept	Dec	Total	March	June	Sept	Dec	Rate	Volume	Total
2016	19	19	117		155	\$ 152.73	\$ 152.73	\$ 731.91		\$ 56.16	\$ 331.23	\$ 387.39
2015	23	32	56	45	156	\$ 165.33	\$ 214.20	\$ 344.52	\$ 284.79	$\begin{matrix} \uparrow & \uparrow & \uparrow \\ \$0.48*117 \text{ ccf} & \text{Total} - \text{Rate} & \$731.91 - \$344.52 \end{matrix}$		
2014	24	29	59	35	147	\$ 170.76	\$ 197.91	\$ 360.81	\$ 230.49			

	BWR	CWP	CSC
2016 \$	2.66	\$ 3.25	40.44
2015 \$	2.53	\$ 2.90	40.44
2014 \$	2.53	\$ 2.90	40.44

Volumetric Change 2016 v 2015 \$ 0.48

Fixed Change 2016 v 2015 \$ -

BWR Base Water Rate - Volumetric

CWP Clean Water Project Charge - volumetric

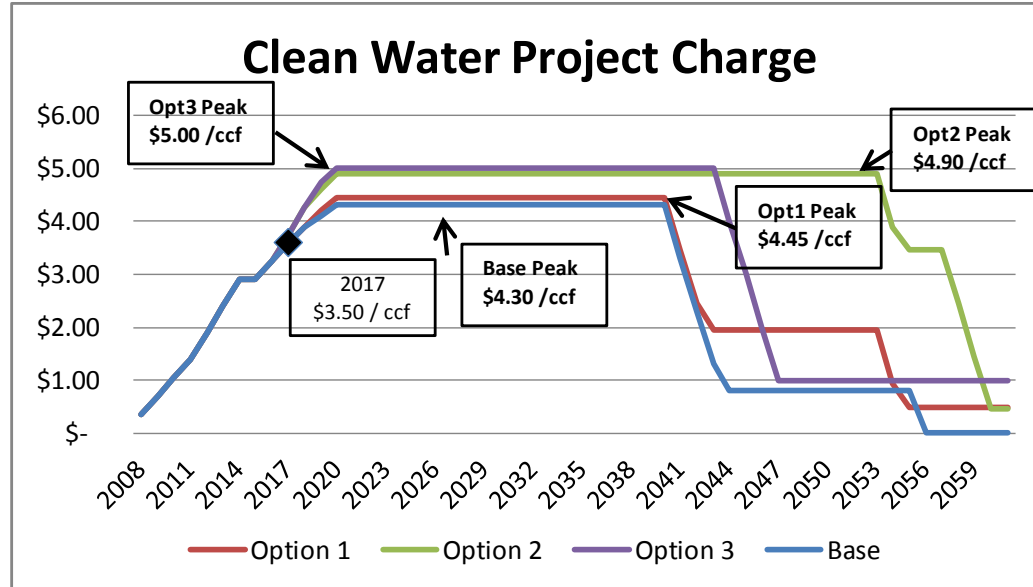
CSC Customer Service Charge - fixed per quarter

Note \$ approximation in March and December bills assumes 100% rate of current year - no split rates



Water Utility:

2017 CWP Charge



Base (CWF Participation with grants and loans on SHCST 3,4,5 and North Tunnel Design and Construction)

Option 1 (Same as base option, however, no CWF Funding for SHCST Contracts 3,4,5 - open market revenue bonds funding source. North Tunnel (Design and Construction) with CWF participation with grants and loans)

Option 2 (Same as base option, however, no CWF Funding for SHCST Contracts 3,4,5 or North Tunnel Projects (Design and Construction) - open market revenue bonds funding source)

Option 3 (Same as base option, however, CWF Funding (loan only) for SHCST Contracts 3,4,5 and North Tunnel Projects (Design and Construction))



Water Utility: 2017 Proposed Miscellaneous Revenues

Description	2016 Adopted	2017 Proposed	Change
<u>OTHER OPERATING REVENUES</u>			
Hydrant Maintenance	\$1,135,700	\$1,135,700	\$0
Fire Protection Services	1,828,000	1,883,000	\$55,000
Water Billing Penalties	700,000	700,000	\$0
Total	3,663,700	3,718,700	\$55,000
<u>NON-OPERATING REVENUES</u>			
Interest Income	\$10,000	\$46,400	\$36,400
Main Pipe Assessments	80,000	80,000	\$0
HQ Rental Fees	5,000	5,000	\$0
Bill Job P/R & Materials	75,000	75,000	\$0
Developers P/R Mat Equip	65,000	65,000	\$0
Bill Job & Dev P/R Additives	30,000	30,000	\$0
Bad Check Fees	35,000	35,000	\$0
Property Rents	130,000	146,800	\$16,800
Sale of Material/Equipment	70,000	70,000	\$0
Indirect Costs	20,000	20,000	\$0
Short-Term Bill Jobs	75,000	75,000	\$0
Long-Term Bill Jobs	350,000	350,000	\$0
Recreation Income	75,000	75,000	\$0
Forestry Operations	260,000	260,000	\$0
Nor Other Misc	400,000	400,000	\$0
Collection/Liens	374,600	374,600	\$0
Outlet Charges	10,000	10,000	\$0
Vendor Discount Revenue	1,000	1,000	\$0
Contributed Capital - Mains	3,500,000	3,500,000	\$0
CAC - Hydrant	15,000	15,000	\$0
CAC - High Pressure	1,000	1,000	\$0
Total	\$5,581,600	\$5,634,800	\$53,200
Total Miscellaneous Revenues	9,245,300	9,353,500	\$108,200

Water Utility:

2017 Budget Prior to Setting Rates

	2017 Proposed
<u>Revenues</u>	
Water Sales	TBD
Surcharges	TBD
Other Operating Revenues	\$ 3,718,700
Non-Operating Revenues	\$ 5,634,800
Total Revenues and Transfer In	\$ 9,353,500
<u>Expenditures</u>	
General Government	\$ 13,704,500
Engineering & Planning	\$ 851,800
Operations	\$ 10,107,200
Plants & Maintenance	\$ 21,597,800
Employee Benefits & Other	\$ 14,706,300
Total Expenditures	\$ 60,967,600
<u>Other Financing Sources</u>	
Transfers In	\$ -
Transfers Out	\$ (24,542,600)
Total Other Financing Sources	\$ (24,542,600)
Surplus / (Deficit)	<u>\$ (76,156,700)</u>



Water Utility:

2017 Proposed Water Rates

	2017 Proposed	
Fixed Operating Costs	\$ 61,468,800	72%
Variable Operating Costs	\$ 24,041,400	28%
	\$ 85,510,200	
Less Miscellaneous Revenues	\$ 9,353,500	
Unfunded Expenditures	\$ 76,156,700	
2016 Adopted Rate	\$2.66	
2017 Proposed Rate	\$2.74	3.0%
Consumption* (CCF)	19,667,000	
Water Sales (Variable)	\$ 53,887,600	
Surcharges (Fixed)	\$ 22,269,100	
Total Water Sales	\$ 76,156,700	
Surcharges as a % of Fixed Costs	36%	

* Based upon prior 5 year average

* Includes increase of CSC & GSG from \$40.44 to \$44.94 (to cover Debt Service Increase)

All rates are preliminary



Water Utility:

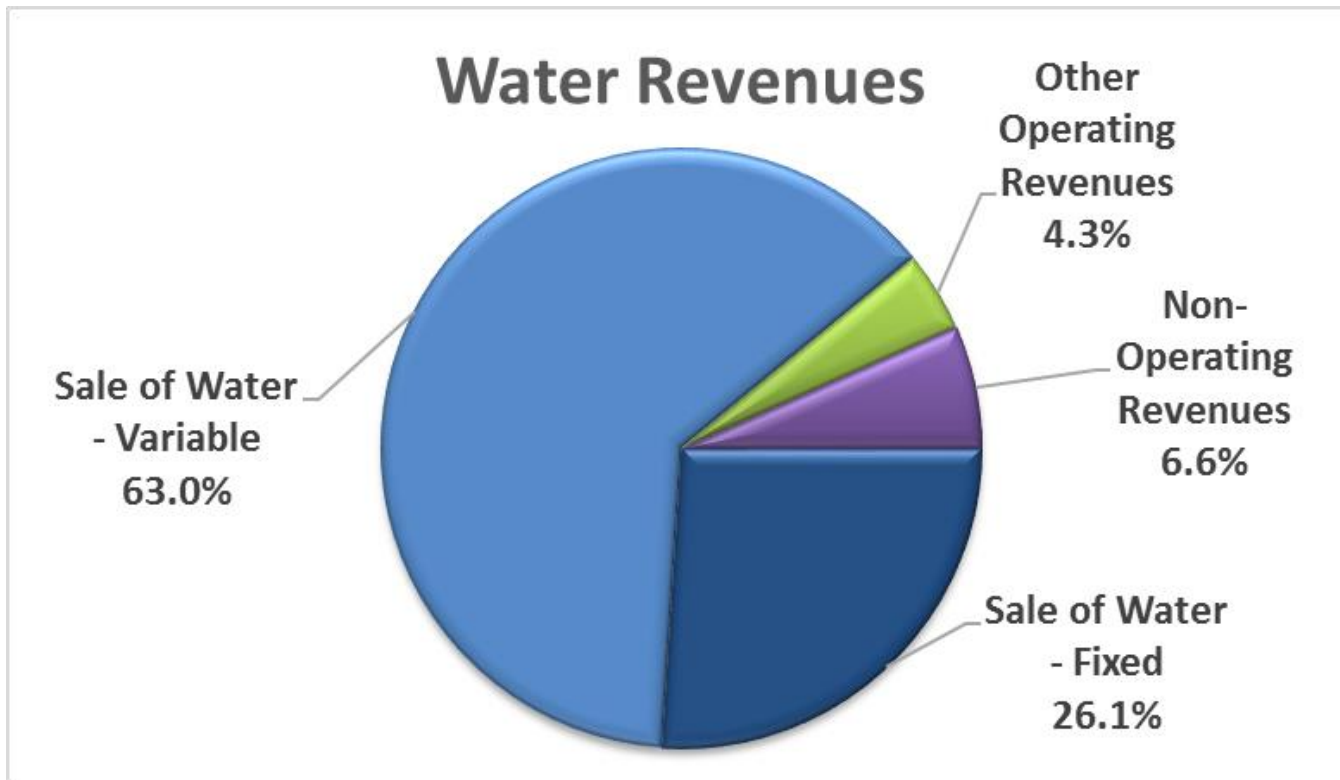
2017 Proposed Revenues

Description	2016 Adopted	2017 Proposed	Change
<u>WATER REVENUES</u>			
Sale of Water	\$74,015,300	\$76,156,700	\$2,141,400
Other Operating Revenues	3,663,700	3,718,700	\$55,000
Total Operating Revenues	77,679,000	79,875,400	\$2,196,400
Non-Operating Revenues	5,581,600	5,634,800	\$53,200
Contributions (to) from Other Funds	1,033,500		(\$1,033,500)
Total Other Revenues	6,615,100	5,634,800	(\$980,300)
Total Water Revenues	\$84,294,100	\$85,510,200	\$1,216,100

All rates are preliminary



Water Utility: 2017 Proposed Water Revenues



Water Utility:

2017 Proposed Water Rates

Member Charges

	CCFs	2016 Rates	2016 Billing	2017 Rates	2017 Billing	Change
Use Charge	100	\$2.66	\$266.00	\$2.74	\$274.00	3.01%
CWP	100	\$3.25	\$325.00	\$3.50	\$350.00	7.69%
CSC		\$40.44	\$161.76	\$44.94	\$179.76	11.13%
Total Bill			\$752.76		\$803.76	
Annual Change					\$51.00	6.78%

Non-Member Charges

	CCFs	2016 Rates	2016 Billing	2017 Rates	2017 Billing	Change
Use Charge	100	\$2.66	\$266.00	\$2.79	\$279.00	4.89%
CSC		\$40.44	\$161.76	\$44.94	\$179.76	11.13%
GS		\$40.44	\$161.76	\$44.94	\$179.76	11.13%
Total Bill			\$589.52		\$638.52	
Annual Change					\$49.00	8.31%

CSC = Customer Service Charge

GS = General Surcharge Outside of District

All rates are preliminary

How does this annual cost for water compare to other water companies?

	Annual Water Cost (Residential 5/8" Service)
MDC - Proposed 2017 Rates	\$454
MDC - Adopted 2016 Rates	\$428
Aquarion Water - Northern Division	\$399
CT Water - Unionville Division	\$441
Avon Water Company	\$498
Aquarion Water - Eastern Division	\$578
CT Water - CT Water Division	\$716
South Central Regional Water Authority	\$777

Assumes annual consumption of 100 CCFs plus meter charges



General Fund:

Sewer Rate Descriptions

Ad Valorem Tax is paid by the eight member towns

Sewer User Charge is a variable rate billed to customers that use the MDC sewer outside the District based upon consumption (ccf)

Special Sewer Surcharge is a variable rate that is billed to MDC customers that have both water and sewer service and can only be used to pay for Clean Water Project debt

Additional charges for **BOD** (biochemical oxygen demand) strength charge rate, **COD** (chemical oxygen demand) strength charge rate and Suspended solids strength charge rate are billed to high flow users, low flow/high strength users and non-municipal tax-exempt users



Description	2016 Adopted	2017 Proposed	Change
<u>SEWER USER CHARGE</u>			
High Flow Users (Net of Reserves)	\$1,200,000	\$1,998,100	\$798,100
Non-Municipal Tax Exempt Properties	3,433,800	3,433,800	\$0
High Strength	1,002,700	670,000	(\$332,700)
Town of Manchester	112,700	112,700	\$0
Town of South Windsor	14,900	15,900	\$1,000
Town of Farmington	79,800	85,400	\$5,600
Bradley/Hamilton Standard/E.Granby	375,000	375,000	\$0
CRRRA Landfill Discharge Fees	120,000	120,000	\$0
Town of Cromwell	4,900	5,200	\$300
Forfeited Discounts	5,000	10,000	\$5,000
Total	6,348,800	6,826,100	\$477,300
<u>OTHER GOVERNMENT AGENCIES</u>			
Sludge Handling Services	3,900,000	4,300,000	\$400,000
Household Hazardous Waste Disposal	63,400	30,000	(\$33,400)
Total	3,963,400	4,330,000	\$366,600
<u>OTHER SEWER REVENUES</u>			
Septage Fees	930,400	1,170,000	\$239,600
FOG Charges	100,200	97,600	(\$2,600)
Groundwater Remediation	50,000	2,550,000	\$2,500,000
Headquarters Rental Fees	5,000	5,000	\$0
Bill Jobs Revenue, Payroll, Mat., Equip	5,000	5,000	\$0
Developers Rev., Payroll, Mat., Equip.	20,000	30,000	\$10,000
Payroll Act. for Developers and Bill Jo	5,000	5,000	\$0
Property Rents	100,000	150,000	\$50,000
Sale of Material/Equipment	2,000	20,000	\$18,000
Indirect Costs	5,000	5,000	\$0
PM Unit	10,291,000	9,291,000	(\$1,000,000)
Short Term Bill Jobs	5,000	5,000	\$0
Long Term Bill Jobs	5,000	10,000	\$5,000
Other Miscellaneous	300,000	300,000	\$0
Collection/Liens	1,000	1,000	\$0
Vendor Discount Rev	100	100	\$0
General Fund Investment Income	30,000	40,000	\$10,000
Total	11,854,700	13,684,700	\$1,830,000
Total Miscellaneous Revenues	\$22,166,900	\$24,840,800	\$2,673,900

General Fund:

2017

Proposed

Miscellaneous

Revenues

General Fund:

2017 Budget Prior to Setting Rates

	2017 Proposed
<u>Revenues</u>	
Taxation - Member Towns	TBD
Sewer User Fees	\$ 6,826,100
Intergovernmental	\$ 4,330,000
Investment Income	\$ 40,000
Other Revenues	\$ 13,644,700
Designated for Surplus	\$ -
Total Revenues and Transfer In	\$ 24,840,800
<u>Expenditures</u>	
General Government	\$ 9,873,200
Engineering & Planning	\$ 818,400
Operations	\$ 3,022,400
Plants & Maintenance	\$ 24,656,000
Employee Benefits & Other	\$ 7,884,800
Total Expenditures and Transfers Out	\$ 46,254,800
<u>Other Financing Sources</u>	
Transfers In	\$ 2,122,800
Transfers Out	\$ (22,379,200)
Total Other Financing Sources	\$ (20,256,400)
Surplus / (Deficit)	\$ (41,670,400)



General Fund – Ad Valorem

- “including also that which would have been received from all property exempted from taxation under the provisions of any special act, or by town vote...”
- Payment in Lieu of Taxes (PILOT)
 - *Not created by either a Special Act nor by town vote*
 - *Based upon current MDC Charter, not a variable in determining allocation of Ad Valorem tax within Member Towns*
- Tax Abatements approved by Member Towns
 - *A variable in determining allocation of Ad Valorem tax within Member Towns*



General Fund:

Ad Valorem Example

<u>Municipality</u>	<u>Year</u>	<u>Annual Tax Reciepts</u>	<u>Average</u>	<u>% of Total</u>	<u>2017 Proposed Tax</u>
Town A	2014	\$ 256,765,000			
	2015	\$ 260,640,000			
	2016	\$ 270,777,100	\$ 262,727,400	68%	\$ 28,512,200
		\$ 788,182,100			
Town B	2014	\$ 118,022,000			
	2015	\$ 122,150,000			
	2016	\$ 123,567,400	\$ 121,246,500	32%	\$ 13,158,200
		\$ 363,739,400			
Total			\$ 383,973,900		\$ 41,670,400*

See 2016 Budget Book page E2 under Exhibits.

**Does not include any contingencies or reserves*



General Fund:

2017 Proposed Sewer Revenues

Description	2016 Adopted	2017 Proposed	Change
<u>SEWER REVENUES</u>			
Tax on Member Municipalities	\$38,944,300	\$41,670,400	\$2,726,100
Revenue from Other Govt. Agencies	3,963,400	4,330,000	\$366,600
Other Sewer Revenues	11,854,700	13,684,700	\$1,830,000
Sewer User Charge Revenues	6,348,800	6,826,100	\$477,300
Total Operating Revenues	61,111,200	66,511,200	\$5,400,000
Contributions (to) from Other Funds	3,882,100	2,122,800*	(\$1,759,300)
Total Other Revenues	3,882,100	2,122,800	(\$1,759,300)
Total Sewer Revenues	\$64,993,300	\$68,634,000	\$3,640,700

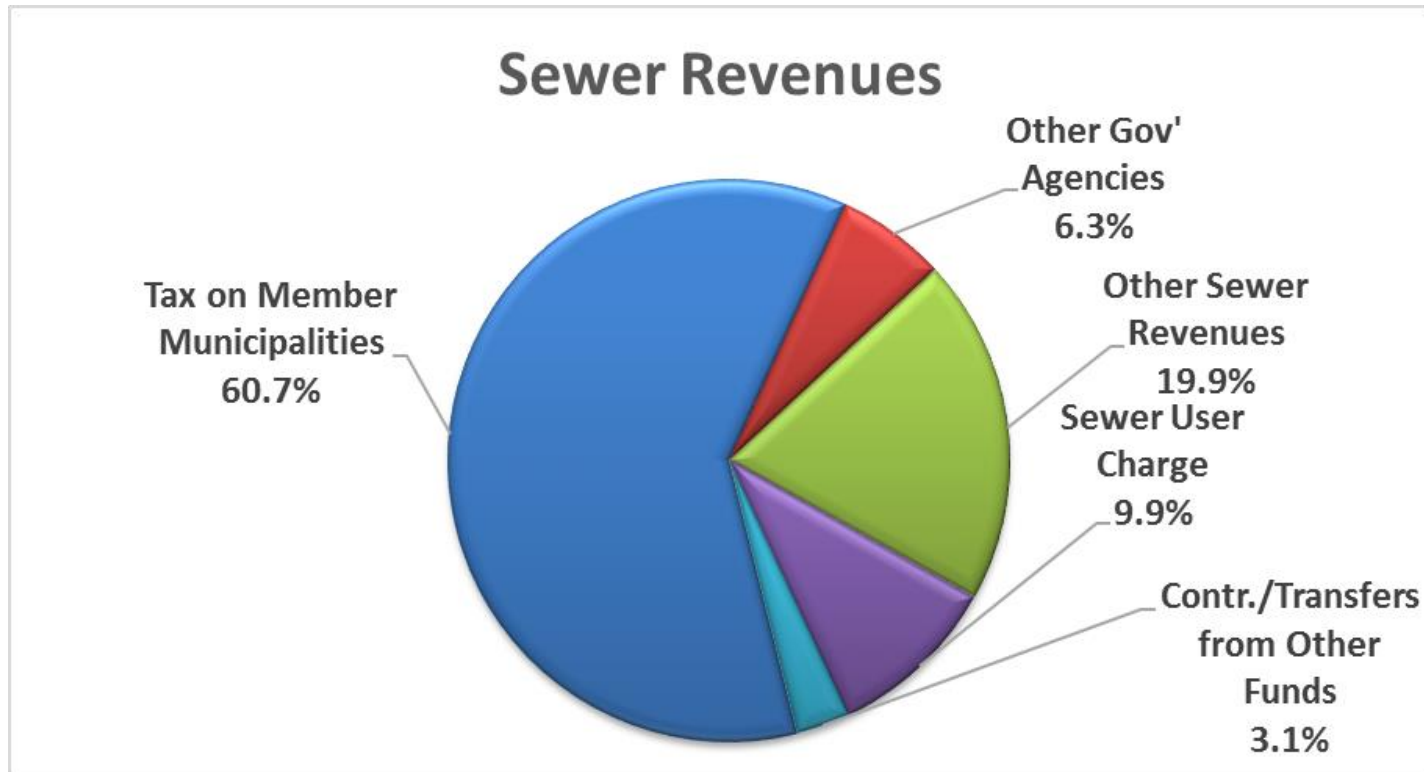
*Use of Debt Service Fund

All rate are preliminary

Preliminary proposed budget does not include Contingency or Reserves

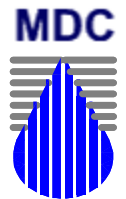


General Fund: 2017 Proposed Sewer Revenues



Capital Improvement Plan

Fund	2016 Adopted	2017 Proposed	Change
Sewer	\$19,950,000	\$28,715,000	\$8,765,000
Water	21,300,000	16,600,000	(4,700,000)
Combined	22,500,000	23,100,000	600,000
Total	\$63,750,000	\$68,415,000	\$4,665,000



Capital Improvement Plan

Water	Request	Sewer	Request
Radio Frequency	\$ 1,500,000	HTFD WPCF DAFT	\$ 10,200,000
Hydrant Replacement	\$ 1,600,000	WPC Equip. & Fac. Impr.	\$ 2,700,000
Res #6 Water Basin	\$ 6,500,000	WPC Plant Infra. Renewal & Repl.	\$ 2,000,000
WH Pipe-Valve	\$ 1,500,000	WPC SCADA Upgrades	\$ 2,000,000
General Pupose	\$ 2,000,000	Waste Water PS Upgrade	\$ 315,000
Paving Program	\$ 3,500,000	General Purpose	\$ 3,000,000
	<u>16,600,000</u>	Paving Program	\$ 1,500,000
Combined		Sanitary Sewer Easements Acq.	\$ 1,400,000
Survey & Construction	\$ 5,000,000	Sewer Rehabilitation Prg.	\$ 3,600,000
Engineering	\$ 2,500,000	Var. Sewer Segment Repl. Prg.	\$ 2,000,000
Construction Services	\$ 3,300,000		<u>28,715,000</u>
Technical Services	\$ 3,900,000		
IT Infra. and Equip.	\$ 5,000,000		
PM SAP Modifications	\$ 1,600,000		
Fleet Equip. Maint.	\$ 800,000		
Fac. and Equip. Impr.	\$ 1,000,000		
	<u>23,100,000</u>		
		Total	<u><u>68,415,000</u></u>



Questions / Comments

Details pertaining to Debt Issuance, Budgets and the Comprehensive Annual Financial Report (CAFR) are available at www.themdc.com under

Finance/Investor Relations Information

