



The Metropolitan District  
water supply · environmental services · geographic information

**BOARD OF FINANCE  
SPECIAL MEETING  
TUESDAY, SEPTEMBER 29, 2020  
12:00 PM**

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<u>Location</u>	<u>Commissioners</u>	<u>Citizen Members</u>
Board Room	Adil	Aberasturia
District Headquarters	Currey	Angelo
555 Main Street, Hartford	DiBella (Ex-Officio)	Gentile
	Hoffman ( VC )	King-Corbin
	Salemi ( C )	
	Quorum: 5	

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1. CALL TO ORDER
2. PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS
3. APPROVAL OF MEETING MINUTES OF SEPTEMBER 2, 2020
4. DISCUSSION RE: FISCAL YEAR 2021 BUDGET
5. OPPORTUNITY FOR GENERAL PUBLIC COMMENTS
6. COMMISSIONER COMMENTS & QUESTIONS
7. ADJOURNMENT



**Board of Finance Budget Workshop  
September 29, 2020**



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water supply • environmental services • geographic information

## **MDC's 2021 BUDGET MEETING SCHEDULE**

Member Town  
Budget Workshops  
thus far:  
6/29, 9/17

*\*Additional Town  
Meeting expected  
to be scheduled  
between October 5  
and October 29*

**Tuesday, September 29, 2020 at 12:00 P.M.**

Board of Finance Workshop – District Boardroom, 555 Main Street, Hartford  
*Purpose: To review proposed 2021 budget.*

**Monday, October 5, 2020 at 5:30 P.M.**

District Board Meeting – MDC Training Center 125 Maxim Road, Hartford  
*Purpose: To refer 2021 budget to Board of Finance.*

**Thursday, October 29, 2020 at 12:00 P.M.**

Board of Finance Workshop – District Boardroom, 555 Main Street, Hartford  
*Purpose: To review proposed 2021 budget.*

**Tuesday, November 10, 2020 at 5:30 P.M.**

Public Hearing – MDC Training Center 125 Maxim Road, Hartford  
*Purpose: Public hearing for 2021 budget, rates and ordinance revisions.*

**Monday, November 16, 2020 at 4:00 P.M.**

Water Bureau Meeting – District Boardroom, 555 Main Street, Hartford  
*Purpose: To consider and approve 2021 water rates and refer to District Board.*

**Wednesday, November 18, 2020 at 5:00 P.M.**

Board of Finance Meeting – District Boardroom, 555 Main Street, Hartford  
*Purpose: Consideration of proposed 2021 budget and rates.*

**Monday, December 7, 2020, TBD**

MDC Government Committee Meeting – District Boardroom, 555 Main Street, Hartford  
*Purpose: To consider and approve ordinance revisions and refer to District Board.*

**Monday, December 7, 2020 at 5:30 P.M.**

District Board Meeting – MDC Training Center 125 Maxim Road, Hartford  
*Purpose: To adopt the 2021 proposed budget.*

# 2021 Budget Drivers/Assumptions

- Riverfront Transition Plan
- \$23.5 million CWP reimbursement/ transfer
  - OPEB/Pension Transition Costs
  - Internal Service Fund Deficit
  - Glastonbury Lawsuit
  - Pension Land Development Expense Reimbursement
- OPEB Trust/Pension Valuation(s) funding recommendations
- COVID-19 Budget Impact
  - Consumption Assumption
  - Collections
  - Benefits Expenses
- PMU (Clean Water Project Overhead Charge) Phase-out
- Colebrook Maintenance Costs
- Nitrogen Credits
- Continue to do more with less
  - Headcount 481 down to 452
- Deployment of solutions/strategic investments
  - Healthcare costs and Healthier workforce
- Hartford DEEP Landfill Settlement
- Increase water main replacement from 1-2 miles per year to 8-10 miles per year (capital spend will go from \$6M to \$26M a year)
- Raftelis Study
- Master Plan for Water Infrastructure (\$750M)

**The Metropolitan District  
 2021 Proposed Budget Sensitivity Analysis  
 Ad Valorem and Customer Service Sewer Charge**

**Billed Water Consumption**

17.7M CCFs

**Overall 2.3% budget increase**

**Customer Service Charge - \$7**

**Ad Valorem - 2.3%**

	2018 Actual	2019 Actual	2020 Adopted	2021 Proposed	Increase	
<b><u>REVENUES \$2.1 Designated from Fund Balance</u></b>						
Tax on Member Municipalities	\$45,004,000	\$48,153,100	\$51,475,700	\$52,659,600	\$1,183,900	} <b>V27 Proposed Budget</b>
					2.3%	
Customer Service Charge	\$3,127,732	\$6,268,836	\$7,656,300	\$7,656,300	\$0	} <b>V26 Proposed Budget</b>
		\$7.00	\$7.00	\$7.00	\$0.00	
<b><u>REVENUES \$7 per month CSC Sewer Charge</u></b>						
Tax on Member Municipalities	\$45,004,000	\$48,153,100	\$51,475,700	\$54,770,100	\$3,294,400	} <b>V26 Proposed Budget</b>
					6.4%	
Customer Service Charge	\$3,127,732	\$6,268,836	\$7,656,300	\$7,656,300	\$0	} <b>V26 Proposed Budget</b>
		\$7.00	\$7.00	\$7.00	\$0.00	

# Average Customer Water Bill

<b>Member Charges</b>	<b>CCFs</b>	<b>2020 Rates</b>	<b>2020 Billing</b>	<b>2021 Rates</b>	<b>2021 Billing</b>	<b>Change</b>
Water Use Charge	100	\$ 3.97	\$ 397.00	\$ 4.12	\$ 412.00	3.78%
CWP	100	\$ 4.10	\$ 410.00	\$ 4.10	\$ 410.00	0.00%
Water CSC		\$ 14.98	\$ 179.76	\$ 17.08	\$ 204.96	14.02%
Sewer CSC		\$ 7.00	\$ 84.00	\$ 7.00	\$ 84.00	0.00%
Total Bill			\$ 1,070.76		\$ 1,110.96	
Annual Change					\$ 40.20	3.75% \$ 3.35

<b>Non-Member Charges</b>	<b>CCFs</b>	<b>2020 Rates</b>	<b>2020 Billing</b>	<b>2021 Rates</b>	<b>2021 Billing</b>	<b>Change</b>
Water Use Charge	100	\$ 3.97	\$ 397.00	\$ 4.12	\$ 412.00	3.78%
CSC		\$ 14.98	\$ 179.76	\$ 17.08	\$ 204.96	14.02%
GS		\$ 14.98	\$ 179.76	\$ 17.08	\$ 204.96	14.02%
Total Bill			\$ 756.52		\$ 821.92	
Annual Change					\$65.40	8.64% \$ 5.45

CSC = Customer Service Charge

GS = General Surcharge Outside of District

\$ 1,110.96  
 (410.00)  
 \$ 700.96 *without CWP charge*

# 2020 Water Rate Comparison

Water Utility	2020 Water Rate per CCF (748 gal)
MDC	\$3.97
Aquarion (Topstone division)	\$6.87
CT Water	\$6.76
Regional Water Authority	\$4.40

Year	MDC	Regional
<b>2021</b>	\$4.12	TBD
<b>2020</b>	\$3.97	\$4.40
<b>2019</b>	\$3.50	\$4.40
<b>2018</b>	\$3.14	\$4.14
<b>2017</b>	\$2.77	\$3.95
<b>2016</b>	\$2.66	\$3.68

\*5/8 Meter

# Monthly Water Bill Comparison

Water Company	Service Charge	Water Rate (\$/ccf)	Consumption (ccf/mo)	Average Monthly Bill (100ccf/yr)	Average Annual Costs	Effective Date
CT Water	\$11.83	\$6.76	8.3	\$68.19	\$818.26	8/15/2018
Aquarion Water (Topstone division)	\$12.89	\$6.87	8.3	\$70.14	\$841.68	4/1/2019
Regional Water	\$20.38	\$4.40	8.3	\$57.10	\$685.16	7/2/2019
<i>MDC-2021</i>	<i>\$17.08</i>	<i>\$4.12</i>	<i>8.3</i>	<i>\$51.28</i>	<i>\$615.36</i>	<i>1/1/2021</i>

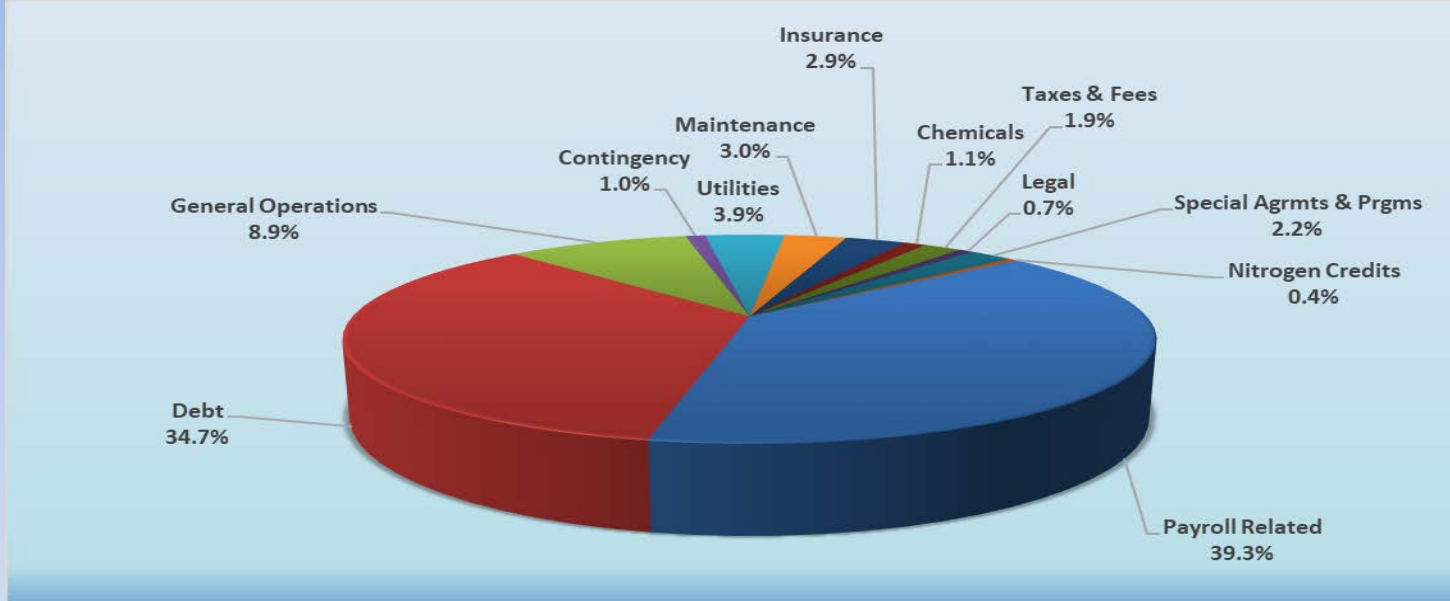
\* 5/8 meter size



# Charges to Towns (Fire Services and Hydrants)

Water Company	Hydrant Maintenance Fee (\$/Hydrant)	Cost for Hydrant Maintenance (based on 10,156)	Public Fire Protection (\$/Inch-Foot)	Cost of Public Fire Service (based on MDC assets)	Annual Bill
CT Water	\$247.20	\$2,510,563.20	\$1.252	\$8,922,475.01	\$11,433,038.21
Aquarion Water	\$264.58	\$2,687,074.48	\$0.092	\$6,095,800.00	\$8,782,874.48
Regional Water	\$171.00	\$1,736,676.00	\$0.083	\$5,478,436.89	\$7,215,112.89
<i>MDC-2021</i>	<i>\$140.00</i>	<i>\$ 1,550,200.00</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$1,550,200.00</i>

# 2021 Proposed Budget Breakdown (by category)



- The MDC continues to face rate pressure due to increasing operating and capital expenses.
- Fixed expenses such as payroll and debt service comprise more than 75% of budget.
- In 2019 MDC spent \$75 Million on CIP Water & Sewer Projects and \$87 million on the Clean Water Project

# Discussion-- Q & A



# The Metropolitan District Commission-- Town Manager/ Town Finance Director Budget Discussion

September 2020



# Agenda

- 2021 Budget Timeline
- MDC Budget Process
- Management Issues Affecting 2021 Budget -1 of 2
- Management Issues Affecting 2021 Budget -2 of 2
- Budget Drivers
- Cash Flow Update
- Appendices 1-7
- Comments/ Questions



# 2021 Budget Timeline

- September 17 Town Manager/ Town Finance Director High Level Budget Discussions
- September 29 Board of Finance Budget Workshop
- October 5 District Board refers Budget to BOF
- October 29 Board of Finance Workshop
- November 10 BOF and Water Bureau Public Hearing re 2021 Budget, rates and ordinance revisions
- November 16 Water Bureau Public re consideration and approval of water rates and refer to District Board
- November 18 Board of Finance re consideration of proposed 2021 budget and rates
- December 7 MDC Government Committee to consider/ approve possible amendment of Water Supply Ordinance and refer to District Board
- December 7 MDC District Board adopts Budget
- December 2020 Levy Tax/ Publish Ordinance



# MDC Budget Process

1. Assemble Revenue & Expense Data
2. Compile Expenditure Requests by Cost Center and by Account
3. Compile Miscellaneous Revenues by Fund
4. Identify Shortfalls By fund
5. Review Current Year Projections
6. Review Current Fund Balances
7. Analyze Existing Rate Structures
8. Prepare Options To Balance Budget For Management Review



# Management Issues Affecting the 2021 Budget

- DEEP Approval of Long Term Control Plan will drive priorities and debt service growth rate
  - Approach to infrastructure and strategy for both CIP/CWP
    - Raftelis Sewer User Charge Study not finalized but could impact future operating assumptions
- Develop a comprehensive long-term capital plan for MDC's water infrastructure
- More efficiency: "do more with less"
  - Continue to reduce the workforce and create more flexibility with multi-tasking job descriptions
  - Net 22 unfilled positions expected in 2021 due to retirement etc.
  - Move 10 CMOM positions from capital to op-ex
  - Capitalize on 2020 SAP upgrade as a transformational event for MDC improving management control, efficiency and data integrity





# Management Issues Affecting the 2021 Budget (cont'd)

- 2020 CWP Bond Issue Report
  - \$18 million debt service savings expected to support maintaining \$4.10 CWPC through 2023
  - Anticipate recapture of 2014 \$23.5 million CWP bond premium thereby funding a one-time reduction of certain liabilities for: litigation (Glastonbury lawsuit); Pension/ OPEB costs; and Internal Service Fund deficit
- Following CARES Act (HR 6201) and Governor's response guidance on shut-offs and late fees, MDC expecting to resume shut off and dunning processes in 4Q 2020
  - No expectation of federal/state reimbursement for COVID expenses
  - Liquidity remains strong/collection rate above 90%
  - Pandemic Business Continuity Plan updated/implemented successfully
- Outstanding DEEP receivable
  - MDC's claim for unpaid charges from the Hartford Landfill was released from the State Claims Commissioner to the General Assembly—we are awaiting potential action by the General Assembly on the claim



# 2021 Budget Drivers

## Revenue Impacts

- Consumption– analyzing recent data versus long term trend declining trend
- Sludge/Ground Water Remediation Revenues
- Increase in Hydrant Maintenance \$135 to true cost of service over time
- Potential COVID-19 impact on collections
- NMT class action credit effect
- New lateral water and sewer replacement program

## Expense Impact

- Debt Service increasing 4.5%
- Labor Costs & Employee Benefits
  - Net 22 unfilled positions
  - Anthem Costs
  - COLA: 3% increase for all employees
- Colebrook lease impact
- Rate adjustment necessary to mitigate Ad Valorem increase
- Union collaboration on COVID overtime expenses program
- Insurance – 3% increase forecasted across the Board, although certain insurance component costs associated with Wet Weather Project could increase 30%



# Cash Flow Update

## Water Production –

- Year-to-date water production is up 508k ccfs over last year. Niagara water usage is up.

## Water Consumption / Revenues –

- As indicated by the increased production, water consumption and revenues are ahead of last year. We continue to see increased usage due to dry conditions even with many customers working from home.

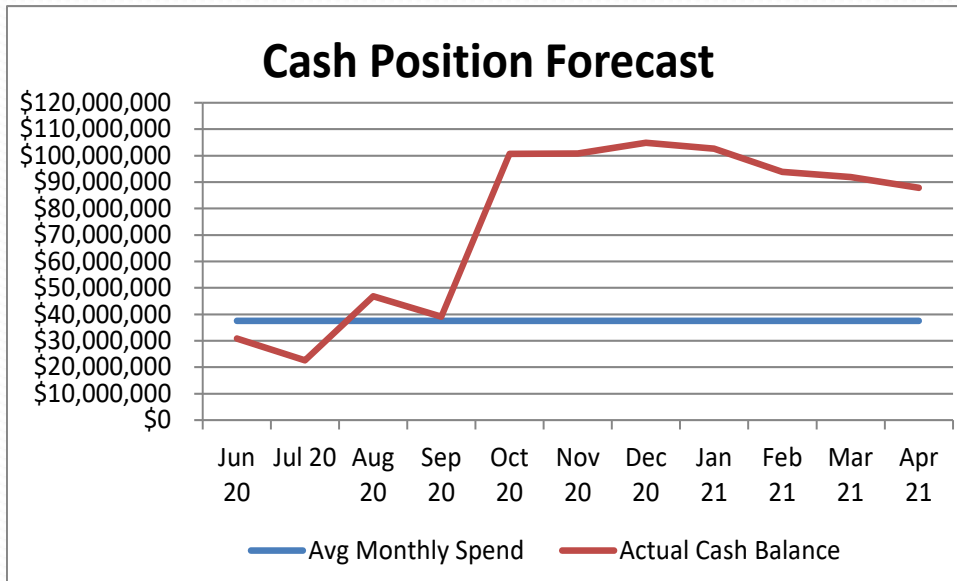
## Cash / Collections –

- The District currently has \$35M in cash on hand. This excludes the funds in U.S. Bank which are associated with the CWP.
- Although water production and billed revenues are higher than last year cash receipts are lagging behind last year by \$1.2M. This is due in part to the suspension of shutoffs. The District has begun to issue past due notices this month and anticipates an increase in collections as a result. Our current collection rate for water customers is around 90%.



# Cash Flow Update (cont'd)

As shown on the chart below cash is close to the average monthly spend. Cash would be depleted by July 2021 if no additional bonds/bans were issued.



*Received \$20M of CWP Revenues bonds in August. Funds reimbursed to cash pool.*

*Assumes the issuance of \$70M of CIP GO bonds or BANS in October. Funds to reimburse cash pool to cover future CIP expenses.*

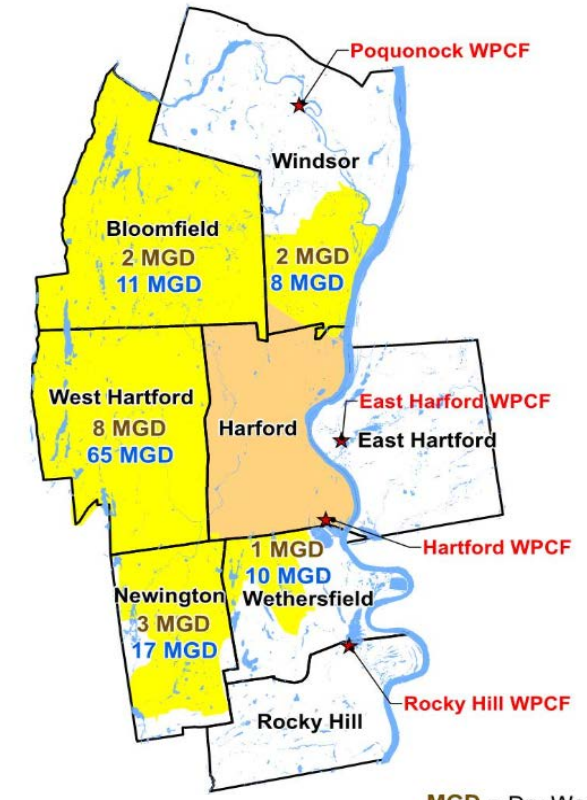
## Payments

With the closure of the Customer Service Center, the District has seen an increase in on line payments on our customer portal with Kubra. We have increased on line payments by \$2.4M year over year.

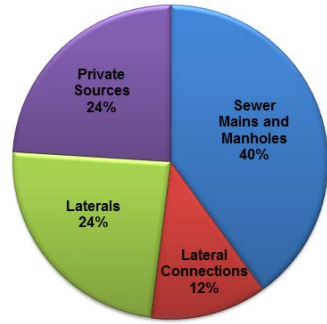


# Appendix 1 Wet Weather Flows

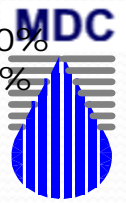
- **Dry day** – no difference (household sewage plus some I/I)
- **Wet day** – no flow from catch basins/brooks, BUT still additional flow from I/I sources
  - Peak flow from Bloomfield, West Hartford, Newington, Windsor & Wethersfield (excluding Hartford) exceeds capacities of portions of Hartford’s Combined Collection System
  - These flows enter Hartford’s CSO System en-route to the Hartford Water Pollution Control Facility for treatment
  - Removal of Private I/I requires access to Municipal Stormwater
    - **Opportunity for MDC/Member Town joint stormwater & I/I removal projects**
    - **Town of West Hartford Storm Water Study Initiated early 2020.**
    - **Potential Storm Water Authority**



West Hartford Composite  
 Legend  
 MGD = Dry Weather Flow  
 MGD = Peak Wet Weather Flow



10% Private = 60%  
 10% Public = 40%



# Appendix 2

## Member Town - Sewer Cost of Service

Town	O&M Costs	Debt Service Costs	Total Costs	% of Costs
Bloomfield	\$ 3,123,170.52	\$ 4,665,827.17	\$ 7,788,997.69	8%
East Hartford	\$ 6,002,424.27	\$ 3,053,746.08	\$ 9,056,170.35	10%
Hartford	\$ 16,258,045.59	\$ 11,040,324.35	\$ 27,298,369.94	29%
Newington	\$ 6,223,055.40	\$ 3,258,193.37	\$ 9,481,248.77	10%
Rocky Hill	\$ 3,342,474.80	\$ 871,077.99	\$ 4,213,552.79	4%
West Hartford	\$ 12,949,672.03	\$ 9,901,837.64	\$ 22,851,509.67	24%
Wethersfield	\$ 4,924,963.70	\$ 1,679,396.15	\$ 6,604,359.85	7%
Windsor	\$ 4,345,002.52	\$ 1,998,197.25	\$ 6,343,199.76	7%
Non-Town Specific	\$ 1,325,000.00	\$ -	\$ 1,325,000.00	1%
	\$ 58,493,808.83	\$ 36,468,600.00	\$ 94,962,408.83	100%

*Note – Information above taken from Draft Raftelis Sewer User Charge (SUC) Study*





# Appendix 3

## Sewer Collection System Renewal = I/I Reduction

Town	Miles	Sewer Rehabilitation (%)			Sewer Age (years)		
		Completed	Recommended	Total	Prior to CWP (2005)	If Infrastructure Ignored (2043)	After IP (2043)
Bloomfield	118	6%	35%	41%	34 yrs	70 yrs	50 yrs
East Hartford	168	3%	23%	26%	45 yrs	81 yrs	62 yrs
Hartford	217	5%	67%	72%	74 yrs	107 yrs	39 yrs
Newington	128	27%	14%	41%	38 yrs	64 yrs	54 yrs
Rocky Hill	90	7%	10%	17%	30 yrs	65 yrs	59 yrs
West Hartford	223	36%	43%	79%	53 yrs	69 yrs	38 yrs
Wethersfield	122	32%	22%	54%	45 yrs	63 yrs	47 yrs
Windsor	152	18%	12%	30%	36 yrs	62 yrs	53 yrs
<b>Total</b>	<b>1,218</b>	<b>17%</b>	<b>33%</b>	<b>50%</b>	<b>50 yrs</b>	<b>75 yrs</b>	<b>49 yrs</b>

Note: Planned CIPP work to be completed in accordance with Integrated Plan (Dec 2018)



# Appendix 4

## Sewer Repairs & Rehabilitation

### Completed Repairs:

- 2017:
  - Total Replaced Footage = 2,378 LF
  - Total Number of Dig Repairs = 13
  - Total CIPP Footage = 3,570 LF
  - Total Cost = \$3.5M
- 2018:
  - Total Replaced Footage = 3,323 LF
  - Total Number of Dig Repairs = 16
  - Total CIPP Footage = 4,200
  - Total Cost = \$4M
- 2019:
  - Total Replaced Footage = 7,410 LF
  - Total Number of Dig Repairs = 33
  - Total CIPP Footage = 22,489 LF
  - Total Cost = \$8.6M
- 2020 (YTD):
  - Total Replaced Footage = 3,420 LF
  - Total Number of Dig Repairs = 19
  - Total Cost = \$3.7M

### Planned Cured In Place Pipe (CIPP) Lining:

- 2020:
  - Total CIPP Footage = 18,000 LF
  - Total Cost (bids) = \$8.9M
- 2021:
  - Total CIPP Footage = 60,500 LF
  - Total Cost = \$12M
- 2022:
  - Total CIPP Footage = 52,000 LF
  - Total Cost = \$12M-\$18M

*Note: Planned CIPP work to be completed in accordance with Integrated Plan (Dec 2018)*

*Note: LF = Linear Feet*





# Appendix 5

## Clean Water Project Financial Summary

Authorized to Date	
Referendum 1	\$800,000,000
Referendum 2	\$800,000,000
Grants on Tunnel contracts 2 and 5	<u>\$158,800,000</u>
Total Authorized	\$1,758,800,000
Expended, Committed and Allocated	<u>\$1,736,040,000</u>
Remaining Reserve as of September 1, 2020	\$22,760,000



# Appendix 6

## SHCST Contract 3,4,5 Status

- Contract 3 - Tunnel Pump Station
  - Bidding this fall
  - Full DEEP SRF Funding Anticipated (48% grant/52% loan)
- Contract 5 (Arlington, Newington & New Britain Consolidation Conduits and Drop Shafts)
  - In construction
  - DEEP Funding in place: \$18.8 million grant; \$28.6 million loan
- Contract 4
  - One bid received in March, significantly higher than estimate
  - Reevaluating design
  - Anticipated 50% grant/50% loan



# Appendix 7

## MDC and Member Town Project Coordination Opportunities

- Eversource Strategic Energy Management Program
- Town Storm Water MS4 Requirements Coordination
- Accelerated Water Main Program efficiencies:
  - Limited to no design fees
  - State contract paving (mill and overlay), coordination with Town Paving Programs
  - Targeting mains due to break history, age and undersized mains in easy install areas
  - Nimble program that can move to alternate areas quickly



# Comments/Questions

