



The Metropolitan District  
water supply · environmental services · geographic information

**BOARD OF FINANCE  
REGULAR MEETING  
WEDNESDAY, NOVEMBER 10, 2021  
5:00 PM**

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<u>Location</u>	<u>Commissioners</u>	<u>Citizen Members</u>
Board Room	Adil	Gentile
District Headquarters	Currey	King-Corbin
555 Main Street, Hartford	DiBella (Ex-Officio)	Tsegai
Dial in #: (415)-655-0001;	Hoffman ( VC )	
Access Code: 43808661#	Salemi ( C )	
<a href="#">Meeting Video Link</a>	Quorum: 5	

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1. CALL TO ORDER
2. PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS
3. APPROVAL OF MEETING MINUTES OF OCTOBER 27, 2021
4. CONSIDERATION AND POTENTIAL ACTION RE: REVISION OF AVAILABLE GENERAL FUND BALANCE POLICY
5. DISCUSSION RE: FISCAL YEAR 2022 BUDGET
6. OPPORTUNITY FOR GENERAL PUBLIC COMMENTS
7. COMMISSIONER COMMENTS & QUESTIONS
8. ADJOURNMENT

## REVISION OF AVAILABLE GENERAL FUND BALANCE POLICY

To: Board of Finance

November 10, 2021

Whereas, the Metropolitan District, Hartford County, Connecticut (the "District" or the "MDC") has issued General Obligation Bonds and such General Obligation Bonds carry ratings by one or more of the rating agencies; and

Whereas, Available General Fund Balance is a metric used in assigning bond ratings and is important to the financial stability of the District; and

Whereas, on September 4, 2019 the District Board established an Available General Fund Balance requirement for its General Fund for budgetary flexibility in the event the District has unexpected revenue shortfalls or expenditure needs. It is now proposed to amend and replace the Available General Fund Balance.

It is therefore **RECOMMENDED** that it be:

**VOTED:** That the Board of Finance recommends to the District Board passage of the following resolution.

**RESOLVED:** The Available General Fund Balance policy approved by the District Board on September 4, 2019 is hereby amended and the following approved in its place:

1. It shall be the policy of the MDC to maintain, to the extent possible, an adequate ~~available~~ General Fund ~~unassigned fund~~ balance ~~equal to~~ between 30% and 35% of general fund revenues for the most recent completed fiscal year.
2. The District's Chief Financial Officer shall present the most recent completed fiscal year's unassigned fund balance to the District Board by its September meeting, identifying fund balance target excesses for those balances greater than 35% of revenues and shortfalls for those balances less than 30%.
3. In the event of a target excess, the District Board will determine the use of the target excess as it deems appropriate.
4. In the event of a target shortfall, the District administration will include a reserve fund replenishment line-item equal to one third of the target shortfall in its proposed budget for the upcoming year.
5. Any expenditure of all or part of the ~~available~~ General Fund ~~unassigned fund~~ balance must be authorized by vote of the District Board.

- ~~3. If the available general fund balance established under Section 1 above falls below the minimum target of 30% of general fund revenues for the most recent completed fiscal year, the District's Chief Financial Officer shall present a plan to restore the available general fund balance to the target within no more than three fiscal years to the District Board for its consideration.~~
- ~~4. If the available general fund balance realized in any given fiscal year exceeds the target set forth in Section 1 above, the District Board may authorize by vote of the District Board, the expenditure of any excess available funds as it deems appropriate.~~

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott W. Jellison", written in a cursive style.

Scott W. Jellison  
Chief Executive Officer



# The Metropolitan District **FISCAL YEAR 2022 BUDGET**

11/10/2021 Board of Finance Meeting





# AD VALOREM & WATER RATE IMPACT

(10/27/21 Board of Finance recommendation)

## ➤ The Recommended 2022 District's budget:

- **Sewer** \$100.2 opex - \$47.1 orev =  
\$53.1 million to be collected from member towns
  - This represents a \$1.6 million or 3.1% Ad Valorem increase over 2021's \$51.5 million
- **Water** \$108.8 opex - \$12.3 orev =  
\$99.6 to be collected from Water Sales
  - Water rate of \$4.09 per CCF x 17.7 million CCF Consumption = \$72.4 million (1.0% increase over 2021's \$4.05 rate)
  - Water service charges (domestic, commercial, industrial, other) = \$24.2 million
- **Total** \$209.0 opex representing an overall operating expenditure increase of \$3.5 million or 1.7% increase over 2021's \$205.5 million

(millions)	2021	2022	\$ Var	% Var
<b>Sewer</b>				
1) Opex	\$ 97.0	\$ 100.2	\$ 3.2	3.3%
2) Orev (subtract)	\$ 45.5	\$ 47.1	\$ 1.6	3.6%
3) Ad Valorem	\$ 51.5	\$ 53.1	\$ 1.6	3.1%
Sewer Customer Service charge	\$ 7.0	\$ 9.0	\$ 2.0	28.6%
<b>Water</b>				
1) Opex	\$ 108.5	\$ 108.8	\$ 0.3	0.3%
2) Orev (subtract)	\$ 11.7	\$ 12.3	\$ 0.6	5.1%
3) Water rates & Service charges	\$ 96.8	\$ 96.6	\$ (0.2)	-0.3%
Consumption	17.7	17.7	\$ -	0.0%
Rate	\$ 4.05	\$ 4.09	\$ 0.04	1.0%
Sale of Water	\$ 71.6	\$ 72.4	\$ 0.7	1.0%
Service Charges	\$ 25.2	\$ 24.2	\$ (1.0)	-4.0%
Water rates and Service charges	\$ 96.8	\$ 96.6	\$ (0.3)	-0.3%
<b>Total</b>				
1) Opex	\$ 205.5	\$ 209.0	\$ 3.5	1.7%
2) Orev (subtract)	\$ 57.2	\$ 59.4	\$ 2.2	3.9%
3) Ad Valorem/Water rates & Service charges	\$ 148.3	\$ 149.6	\$ 1.3	0.9%





# WATER BILL COMPARISON

		2021			2022			Variance		
	CCFs/ Month	Rate/ CCF	Monthly	Annual	Rate/ CCF	Monthly	Annual	Monthly	Annual	%
<b>Member Town - Residential</b>										
Water Use Charge	8.3	\$4.05	\$ 33.75	\$ 405.00	\$4.09	\$ 34.08	\$ 409.00	\$ 0.33	\$ 4.00	1.0%
CWP	8.3	\$4.10	\$ 34.17	\$ 410.00	\$4.10	\$ 34.17	\$ 410.00	\$ -	\$ -	0.0%
Water Customer Service Charge			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
Sewer Customer Service Charge			\$ 7.00	\$ 84.00		\$ 9.00	\$ 108.00	\$ 2.00	\$ 24.00	28.6%
<b>Total Bill</b>			<b>\$ 89.90</b>	<b>\$1,078.76</b>		<b>\$ 92.23</b>	<b>\$1,106.76</b>	<b>\$ 2.33</b>	<b>\$ 28.00</b>	<b>2.6%</b>
<b>Non-Member - Residential</b>										
Water Use Charge	8.3	\$4.05	\$ 33.75	\$ 405.00	\$4.09	\$ 34.08	\$ 409.00	\$ 0.33	\$ 4.00	1.0%
Customer Service Charge			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
General Surcharge Outside of District			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
<b>Total Bill</b>			<b>\$ 63.71</b>	<b>\$ 764.52</b>		<b>\$ 64.04</b>	<b>\$ 768.52</b>	<b>\$ 0.33</b>	<b>\$ 4.00</b>	<b>0.5%</b>



# REMOVE \$1.2M RRI

- Each penny of the Water Rate is equal to approximately \$180,000
- Proposed Water Rate decreases from the proposed \$4.09 to \$4.02
- Proposed Member Town average annual increase for a residential water bill decreases from the proposed \$28 to \$21
- Proposed Non-Member Town average annual increase for a residential water bill decreases from the proposed \$4 increase to a \$3 decrease

## Remove \$1.2M RRI

\$ change from Recommended

### Ad Valorem

### Water Rate

\$ 4.02

\$ (0.07) approximately \$180,000 per penny

### Comments

	CCFs/ Month	2021			2022			Variance		
		Rate/ CCF	Monthly	Annual	Rate/ CCF	Monthly	Annual	Monthly	Annual	%
Member Town - Residential										
Water Use Charge	8.3	\$4.05	\$ 33.75	\$ 405.00	\$4.02	\$ 33.50	\$ 402.00	\$ (0.25)	\$ (3.00)	-0.7%
CWP	8.3	\$4.10	\$ 34.17	\$ 410.00	\$4.10	\$ 34.17	\$ 410.00	\$ -	\$ -	0.0%
Water Customer Service Charge			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
Sewer Customer Service Charge			\$ 7.00	\$ 84.00		\$ 9.00	\$ 108.00	\$ 2.00	\$ 24.00	28.6%
Total Bill			\$ 89.90	\$1,078.76		\$ 91.65	\$1,099.76	\$ 1.75	\$ 21.00	1.9%
Non-Member - Residential										
Water Use Charge	8.3	\$4.05	\$ 33.75	\$ 405.00	\$4.02	\$ 33.50	\$ 402.00	\$ (0.25)	\$ (3.00)	-0.7%
Water Customer Service Charge			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
General Surcharge Outside of District			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
Total Bill			\$ 63.71	\$ 764.52		\$ 63.46	\$ 761.52	\$ (0.25)	\$ (3.00)	-0.4%



# ADD \$1.00 TO THE SEWER CSC

- Each Sewer CSC \$1.00 is equal to approximately \$1.0M of revenue
- Opex – OtherRev = Amount to be collected in Ad Valorem
- If OtherRev increases by \$1.0M due to more Sewer CSC then Ad Valorem goes down by \$1.0M
- If this money is used for RRI then it would be short \$0.2M from current \$1.2M funding (unrecoverable from non-member towns)
- \$83,775 per month would be generated by a \$1.00 increase to Sewer CSC (\$1,005,300/12)

		Ad Valorem		Water Rate		Comments				
Add \$1.00 to Sewer CSC		\$99,196,202								
\$ change from Recommended		(\$1,005,300)				approximately \$1.0M per \$1 CSCS				
	CCFs/ Month	2021		2022		Variance				
		Rate/ CCF	Monthly	Annual	Rate/ CCF	Monthly	Annual	Monthly	Annual	%
Member Town - Residential										
Water Use Charge	8.3	\$4.05	\$ 33.75	\$ 405.00	\$4.09	\$ 34.08	\$ 409.00	\$ 0.33	\$ 4.00	1.0%
CWP	8.3	\$4.10	\$ 34.17	\$ 410.00	\$4.10	\$ 34.17	\$ 410.00	\$ -	\$ -	0.0%
Water Customer Service Charge			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
Sewer Customer Service Charge			\$ 7.00	\$ 84.00		\$ 10.00	\$ 120.00	\$ 3.00	\$ 36.00	42.9%
Total Bill			\$ 89.90	\$1,078.76		\$ 93.23	\$1,118.76	\$ 3.33	\$ 40.00	3.7%
Non-Member - Residential										
Water Use Charge	8.3	\$4.05	\$ 33.75	\$ 405.00	\$4.09	\$ 34.08	\$ 409.00	\$ 0.33	\$ 4.00	1.0%
Water Customer Service Charge			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
General Surcharge Outside of District			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
Total Bill			\$ 63.71	\$ 764.52		\$ 64.04	\$ 768.52	\$ 0.33	\$ 4.00	0.5%





# CURRENT 2021 AND PROPOSED 2022 NON-MEMBER TOWN CHARGES

- The proposed rates for Water CSC and General Surcharge are unchanged from the current 2021 rates
- The Non-Member Towns \$14.98 Water CSC generates \$2.1M in revenue
- The Non-Member Towns \$14.98 General Surcharge generates \$2.1M in revenue

	2022 Proposed Amount	CITY/TOWN	
		Member	Non-Member
Water CSC	\$14.98	\$ -	\$ 2,064,400
General Surcharge	\$14.98	\$ -	\$ 2,064,400
Total			\$ 4,128,800



# RATES CHARGED BY PAYORS

- Non-Member Towns customers do not have MDC sewer service and do not pay the \$9.00 per month Sewer CSC
- Both Member and Non-Member town customers pay the Water CSC
- Only the Non-Member Town customers with Water Service pay the General Surcharge

	2022 Proposed Amount	CITY/TOWN	
		Member	Non-Member
<b>Sewer CSC</b>	\$9.00	Yes, if Sewer Service	No
<b>Water CSC</b>	\$14.98	Yes, if Water Service	Yes, if Water Service
<b>General Surcharge</b>	\$14.98	No	Yes, if Water Service



# RRI set to \$1.0M (from proposed \$1.2M)

- Each \$0.01 of the Water Rate is equal to approximately \$180,000
- A reduction of \$200,000 is equal to an approximate \$0.01 reduction in the Water Rate from \$4.09 to \$4.08

		Ad Valorem		Water Rate		Comments				
RRI set to \$1.0M (from \$1.2M)				\$ 4.08						
\$ change from Recommended				\$ (0.01)		approximately \$180,000 per penny				
	CCFs/ Month	2021		2022		Variance				
		Rate/ CCF	Monthly	Annual	Rate/ CCF	Monthly	Annual	Monthly	Annual	%
Member Town - Residential										
Water Use Charge	8.3	\$4.05	\$ 33.75	\$ 405.00	\$4.08	\$ 34.00	\$ 408.00	\$ 0.25	\$ 3.00	0.7%
CWP	8.3	\$4.10	\$ 34.17	\$ 410.00	\$4.10	\$ 34.17	\$ 410.00	\$ -	\$ -	0.0%
Water Customer Service Charge			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
Sewer Customer Service Charge			\$ 7.00	\$ 84.00		\$ 9.00	\$ 108.00	\$ 2.00	\$ 24.00	28.6%
Total Bill			\$ 89.90	\$1,078.76		\$ 92.15	\$1,105.76	\$ 2.25	\$ 27.00	2.5%
Non-Member - Residential										
Water Use Charge	8.3	\$4.05	\$ 33.75	\$ 405.00	\$4.08	\$ 34.00	\$ 408.00	\$ 0.25	\$ 3.00	0.7%
Water Customer Service Charge			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
General Surcharge Outside of District			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
Total Bill			\$ 63.71	\$ 764.52		\$ 63.96	\$ 767.52	\$ 0.25	\$ 3.00	0.4%



# Municipal and Public Agency Consumption and Revenue

- Municipal and Public Agency consumption represents approximately 5% of the total 17.7 million CCF consumption proposed for 2022
- Municipal and Public Agency revenue at the proposed \$4.09 rate equals \$3.6M of the total \$72.2M proposed Consumption revenue
- Opex - OtherRev = Water Use revenue which is Consumption revenue + Service Charge revenue

2022 Proposed			
Description	CCFs	%	Revenue at \$4.09 Rate
Domestic	11,561,400	65%	\$ 47,286,126
Domesic/Religious	41,100	0%	\$ 168,099
Domestic/Agriculture	9,900	0%	\$ 40,491
Commercial	3,512,200	20%	\$ 14,364,898
Commercial/Religious	309,200	2%	\$ 1,264,628
Commercial/Agriculture	8,600	0%	\$ 35,174
Industrial	877,700	5%	\$ 3,589,793
Public Authorities/Municipal	703,000	4%	\$ 2,875,270
Municipal/Housing	175,000	1%	\$ 715,750
* Other Water Companies	484,900	3%	\$ 1,890,325
<b>Consumption revenue</b>	<b>17,683,000</b>	<b>100%</b>	<b>\$ 72,230,554</b>
<b>Service Charge revenue</b>			<b>\$ 24,321,700</b>
<b>Water Use revenue</b>			<b>\$ 96,552,254</b>
* \$3.90 rate dilution due to Niagra			