

**BOARD OF FINANCE
SPECIAL MEETING
The Metropolitan District
555 Main Street, Hartford
Wednesday, October 26, 2022**

PRESENT: Commissioner Donald Currey, Allen Hoffman, and District Chairman William DiBella; Citizen Member Linda Russo (4)

REMOTE ATTENDANCE: Commissioner Andrew Adil; Citizen Members Drew Iacovazzi, Linda King-Corbin and Awet Tsegai (4)

ABSENT: Commissioner Pasquale J. Salemi and Citizen Member Nick Lebron (2)

ALSO PRESENT: Commissioner Richard Bush (Remote Attendance)
Commissioner Peter Gardow (Remote Attendance)
Commissioner Joan Gentile (Remote Attendance)
Commissioner Jacqueline Mandyck
Commissioner Dominic Pane (Remote Attendance)
Commissioner Alvin Taylor
Scott W. Jellison, Chief Executive Officer
Christopher Stone, District Counsel
John S. Mirtle, District Clerk
Kelly Shane, Chief Administrative Officer
Christopher Levesque, Chief Operating Officer
Robert Barron, Chief Financial Officer
Susan Negrelli, Director of Engineering
Robert Schwarm, Director of Information Services
Thomas Tyler, Director of Facilities
Tra Phan, Controller (Remote Attendance)
Lisa Remsen, Manager of Budget and Analysis
Nefertere Whittingham, Financial Analyst (Remote Attendance)
Shereese Rodgers, Senior Financial Analyst (Remote Attendance)
Carrie Blardo, Assistant to the Chief Executive Officer
Julie Price, Executive Assistant (Remote Attendance)
Joseph Szerejko, Independent Consumer Advocate

CALL TO ORDER

Vice Chairman Allen Hoffman called the meeting to order at 12:05 PM

PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS

Judy Allen of West Hartford stated that Niagara benefited \$343,000 from discounts in the first nine months of 2022. She stated that other water utility's economic

development rates phase out over several years and recommends beginning to phase out Niagara's rate beginning this year.

APPROVAL OF MEETING MINUTES

On motion made by Commissioner Adil and duly seconded, the meeting minutes of September 28, 2022 were approved.

2023 DISTRICT BUDGET DISCUSSION

Chief Financial Officer Robert Barron presented on the Fiscal Year 2023 Budget. Chief Executive Officer Scott Jellison, Chief Administrative Officer Kelly Shane, and Mr. Barron then led a discussion on the proposed budget.

The Metropolitan District
FISCAL YEAR 2023 BUDGET
Board of Finance Meeting
10/26/2022





AGENDA

- Review of Budget Calendar
- Review of Budget Proposal (9/28/2022)
- Changes to Operations Budget
- Changes to Budget Proposal and Personnel (10/26/2022)
- Supplemental Information
 - Impact to average customer water bill
 - Rate comparison to other Connecticut water companies
- Summary



REVIEW OF BUDGET CALENDAR

- 09/28 Board of Finance Meeting
- 09/29 Town Meeting #1
- 10/03 District Board refers Budget to BOF
- 10/26 Board of Finance Meeting
- 10/27 Town Meeting #2
- 11/07 Public Hearing for 2023 Budget, Rates and Ordinance Revisions
- 11/09 Board of Finance Meeting consider and approve proposed 2023 budget and rates
- 11/14 Water Bureau consider and approve 2023 Water Rates and Refer to District Board
- 12/05 MDC Government Committee – Ordinance revisions and refer to District Board
- 12/05 MDC District Board adopts Budget
- By 12/31 Levy Tax/ Publish Ordinance



REVIEW OF BUDGET PROPOSAL (9/28/2022)

- Sewer \$97.2 opex - \$44.1 orev = **\$53.1** to be collected from member towns
- **0% or no increase**

- Water \$107.5 opex - \$16.0 orev = **\$91.5** to be collected from Water Sales
- Water rate of \$3.80 per CCF x 17.7 million CCF Consumption = \$67.3 million
7.1% decrease from 2022's \$4.09 rate
 - Water service charges (domestic, commercial, industrial, other) = \$24.2 million unchanged from 2022

- The **\$204.7** million proposed 2023 District's operating budget represents a **2.1% decrease**

(millions)	2022	2023	\$ Var	% Var
Sewer				
1) Opex	\$ 100.2	\$ 97.2	\$ (3.0)	-3.0%
2) Orev (subtract)	\$ 47.1	\$ 44.1	\$ (3.0)	-6.4%
3) Ad Valorem	\$ 53.1	\$ 53.1	\$ -	0.0%
<i>Sewer Customer Service Charges</i>	\$ 9.0	\$ 9.0	\$ -	0.0%
Water				
1) Opex	\$ 108.8	\$ 107.5	\$ (1.3)	-1.2%
2) Orev (subtract)	\$ 12.2	\$ 16.0	\$ 3.8	31.1%
3) Water rates & Service charges	\$ 96.6	\$ 91.5	\$ (5.1)	-5.3%
<i>Consumption</i>	\$ 17.7	\$ 17.7	\$ -	0.0%
<i>Rate</i>	\$ 4.09	\$ 3.80	\$ (0.29)	-7.1%
<i>Sale of Water</i>	\$ 72.4	\$ 67.3	\$ (5.1)	-7.1%
<i>Service Charges</i>	\$ 24.2	\$ 24.2	\$ -	0.0%
<i>Water rates and service charges</i>	\$ 96.6	\$ 91.5	\$ (5.1)	-5.3%
Total				
1) Opex	\$ 209.0	\$ 204.7	\$ (4.3)	-2.1%
2) Orev (subtract)	\$ 59.3	\$ 60.1	\$ 0.8	1.3%
3) Ad Valorem/Water rates and Svc. Chrgs.	\$ 149.7	\$ 144.6	\$ (5.1)	-3.4%



CHANGES TO OPERATIONS BUDGET

MAJOR OBJECT CHANGES			
	09/27/22	10/26/22	Changes
Regular Pay	43,239,210	43,071,723	(167,487)
Overtime Pay	4,089,300	4,089,300	-
Temporary Help	318,000	318,000	-
Standby & Premium Pay	337,150	337,150	-
Longevity Pay	70,525	70,175	(350)
Total Payroll	48,054,185	47,886,348	(167,837)
General Operations	19,556,827	19,556,827	-
Legal Services	575,000	575,000	-
Collection Services	375,484	375,484	-
Fuel for Incin., Pump. and Heating	4,157,250	4,157,250	-
Chemicals	4,046,300	4,046,300	-
Utilities	7,868,630	7,868,630	-
Debt	74,227,401	74,227,401	-
Nitrogen Credits	680,000	680,000	-
Pension Regular	7,872,627	7,872,627	-
OPEB	7,148,406	7,148,406	-
Employee Benefits	10,854,456	10,854,456	-
General Insurance	2,110,737	2,110,737	-
Taxes and Fees	3,810,500	3,810,500	-
Special Agrmts and Programs	4,473,064	4,640,901	167,837
Total Operations	147,756,682	147,924,519	167,837
Maintenance	6,954,600	6,954,600	-
Contingencies	1,980,000	1,980,000	-
Total	204,745,467	204,745,467	-



CHANGES TO BUDGET PROPOSAL AND PERSONNEL

1. Ad Valorem, Water Rate, and Total Budget
 - No change to proposed \$53.1 million total Ad Valorem, 0% increase from 2022
 - No change to proposed \$0.29 Water rate reduction, 7.1% decrease from 2022
 - \$0.00 increase/decrease to total budget expense and revenue
2. No increase in total employee count of 438
 - 2022 employee count of 391 OPEX and 47 CAPX
 - 2023 employee count of 397 OPEX and 41 CAPX
(9/28/22 showed 7 employees moved from CAPX to OPEX— now only 6)
3. Increase Hydro to show the Contribution to General Fund by \$1.5 million
4. CAPX - Integrated Plan
 - No change to proposed \$46.3 million request for 2023. Consolidated Newington 18 & 19 Sewershed Inflow/Infiltration Reduction for 5 year plan



SUMMARY

➤ Proposal includes

- No net change in personnel, 438 total
- Small decrease in pension and significant decrease in OPEB contributions
- Increased Debt Service costs due to 2022 bond issue that raised \$86.2 million
- Increase in Chemical costs due to market conditions
- Use of fund contributions
- Final Ad Valorem allocations, by town, were distributed to Towns and Board of Finance on Friday, 10/21/2022



SUPPLEMENTAL INFORMATION:

Average Customer Water Bill

		2022			2023			Variance		
	CCFs / Month	Rate / CCF	Monthly	Annual	Rate / CCF	Monthly	Annual	Monthly	Annual	%
Member Town - Residential										
Water Use Charge	8.333	\$ 4.09	\$ 34.08	\$ 409.00	\$ 3.80	\$ 31.67	\$ 380.00	\$ (2.42)	\$ (29.00)	-7.1%
CWPC	8.333	\$ 4.10	\$ 34.17	\$ 410.00	\$ 4.25	\$ 35.42	\$ 425.00	\$ 1.25	\$ 15.00	3.7%
Water Customer Service Charge			\$ 14.98	\$ 179.76		\$ 14.98	\$ 179.76	\$ -	\$ -	0.0%
Sewer Customer Service Charge			\$ 9.00	\$ 108.00		\$ 9.00	\$ 108.00	\$ -	\$ -	0.0%
Total Bill			\$ 92.23	\$ 1,106.76		\$ 91.06	\$ 1,092.76	\$ (1.17)	\$ (14.00)	-1.3%
Non-Member - Residential										
Water Used Charge	8.333	\$ 4.09	\$ 34.08	\$ 409.00	\$ 3.80	\$ 31.67	\$ 380.00	\$ (2.42)	\$ (29.00)	-7.1%
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			\$ 64.04	\$ 768.52		\$ 61.63	\$ 739.52	\$ (2.42)	\$ (29.00)	-3.8%



SUPPLEMENTAL INFORMATION:

2022 vs 2023 Water Rate Comparison (typical 5/8" residential meter)

2023	
Water Utility	Water Rate Per CCF (748 gal)
Metropolitan District (MDC)	\$3.80
Regional Water Authority (RWA)	\$4.77
Aquarion (Topstone Division)	\$6.87
CT Water	\$8.55

TREND		
Year	MDC	RWA
2023	\$3.80	\$4.77
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
2016	\$2.66	\$3.68

OPPORTUNITY FOR GENERAL PUBLIC COMMENTS

Judy Allen of West Hartford stated that Niagara responds to market conditions and that non-high-volume customers have their rates changed annually, unlike Niagara. She reiterated her recommendation that the economic development rate discount begin to phase out over the course of several years.

COMMISSIONER COMMENTS & QUESTIONS

Commissioner Adil thanked the staff for their work putting together this budget and stated that it will be easier to bring this budget to his Mayor than in prior years.

ADJOURNMENT

The meeting was adjourned at 1:10 PM

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date of Approval