

The Metropolitan District
FISCAL YEAR 2024 BUDGET
Board of Finance Meeting





AGENDA

- Budget Calendar
- Sewer Ad Valorem / Water Rate Overview
- Expenditure Analyses
- Other Revenue Analyses
- Proposed Budget
- Summary



BUDGET CALENDAR

- 09/27 Board of Finance Meeting
- 09/28 Town Meeting #1
- 10/02 District Board refers Budget to BOF
- 10/25 Board of Finance Meeting
- 10/26 Town Meeting #2
- 11/01 Board of Finance Meeting consider and approve proposed 2024 budget and rates
- 11/02 Public Hearing for 2024 Budget, Rates and Ordinance Revisions
- 11/08 Water Bureau consider and approve 2024 Water Rates and Refer to District Board
- 11/09 Board of Finance approves Budget
- 12/04 MDC Government Committee – Ordinance revisions and refer to District Board
- 12/04 MDC District Board adopts Budget
- By 12/31 Levy Tax/ Publish Ordinance



AD VALOREM/WATER RATE OVERVIEW

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

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



AD VALOREM/WATER RATE OVERVIEW

Proposed 2024 District operating budget is \$213.3 million (4.2% increase):

- Sewer

- 1) \$ 102.6 opex

- 2) - \$ 49.5 orev

- 3) = \$ 53.1 to be collected from Member Towns' Ad Valorem **(0% or no increase)**

- Water

- 1) \$110.7 opex

- 2) - \$ 19.3 orev

- 3) = \$ 91.4 to be collected from Water Sales

- Water rate of \$3.80 **(0% or no increase)** per CCF x 17.7 million CCF Consumption = \$67.3

- Water service charges (domestic, commercial, industrial, other) = \$24.1 **(0.4% decrease)**



1) EXPENDITURE ANALYSES (sewer and water opex)

Major Object	2023 Adopted	2024 Proposed	\$ Change	% Change
Debt	\$ 74,227,401	\$ 82,223,486	\$ 7,996,085	10.8%
Total Payroll	\$ 47,886,348	\$ 49,790,828	\$ 1,904,480	4.0%
OPEB	\$ 7,148,406	\$ 7,631,465	\$ 483,059	6.8%
Pension Regular	\$ 7,872,627	\$ 8,108,120	\$ 235,493	3.0%
General Insurance	\$ 2,110,737	\$ 2,311,506	\$ 200,769	9.5%
Employee Benefits	\$ 10,854,456	\$ 9,877,283	\$ (977,173)	-9.0%
Other Miscellaneous Expenditures	\$ 54,645,492	\$ 53,389,936	\$ (1,255,556)	-2.3%
Total	\$ 204,745,467	\$ 213,332,623	\$ 8,587,156	4.2%



1) EXPENDITURE ANALYSES (sewer and water opex)

Debt:

\$7,996,085

- + \$5.3 million net increase due to 2023 GO bond first payment offset by expiring debt
- + \$2.7 million surplus from 2022 was used in 2023 lowering operating contribution to the debt service fund



1) EXPENDITURE ANALYSES (sewer and water opex)

Total Payroll - Operating:

\$ 1,904,480

- Total employee count increase by 9
 - 2023 employee count of 397 OPEX and 41 CAPX equals **438 total**
 - 2024 employee count of 399 OPEX and 48 CAPX equals **447 total**
(9 New positions & 5 employees moved from CAPX to OPEX)
- Year-over-year OPEX payroll changes totaling \$1.9 million:
 - Anticipated cost of Cola and Steps + \$ 1.6 million
 - Cost of 7 new positions + \$ 0.6 million
 - Increase to Overtime and Standby pay + \$ 0.2 million
 - Cost of 5 of employees moved from OPEX to CAPEX - \$ 0.5 million



1) EXPENDITURE ANALYSES (sewer and water opex)

OPEB:

\$ 483,059

- Assume same discount rate of 6.625%
- Change of actuarial assumptions

Pension:

\$ 235,493

- Assume same discount rate of 6.625%
- Change of actuarial assumptions

Insurance (General Liability, Casualty, Workers Compensation):

\$ 200,769

- October 1st insurance renewal at an increase in premium



1) EXPENDITURE ANALYSES (sewer and water opex)

Employee Benefits:

\$ (977,173)

- - \$1.1 million, Medical Services
 - Based on historical claims
- +\$0.1 million, Social Security and Unemployment compensation
 - Salary wage increase led to higher social security and unemployment compensation exposure has increased



1) EXPENDITURE ANALYSES (sewer and water opex)

Other Miscellaneous expenditures: \$ (1,255,556)

- Materials From Stock + \$1.0 million
- Outside and Consultant Services + \$0.2 million
- Legal Services - \$0.1 million
- Maintenance – Building & Equipment - \$0.1 million
- Nitrogen Credits - \$0.1 million
- General Operations - \$0.2 million
- Chemicals - \$0.2 million
- Electricity-Utilities - \$0.7 million
- Fuel For Incinerator, Pumping and Heating - \$1.1 million



2) OTHER REVENUE ANALYSES (sewer and water orev)

	2023	2024		
	Adopted	Proposed	\$ Change	% Change
WATER				
Non-Operating Revenues	\$ 2,364,497	\$ 8,242,422	\$ 5,877,925	248.6%
Water Billing Penalties	\$ 925,000	\$ 1,275,862	\$ 350,862	37.9%
Hydrant Maintenance	\$ 1,684,500	\$ 1,740,650	\$ 56,150	3.3%
Fire Protection Services	\$ 6,032,000	\$ 6,032,000	\$ -	0.0%
Cross-Connection/BackWater Fee	\$ 230,400	\$ 230,400	\$ -	0.0%
Use of Prior Year Surplus	\$ 800,000	\$ 800,000	\$ -	0.0%
Contribution From Other Fund	\$ 3,995,335	\$ 989,277	\$ (3,006,058)	-75.2%
subtotal	\$ 16,031,732	\$ 19,310,611	\$ 3,278,879	20.5%
SEWER				
Contribution From Other Fund	\$ 6,252,829	\$ 9,841,769	\$ 3,588,940	57.4%
Investment Income	\$ 153,000	\$ 856,000	\$ 703,000	459.5%
Other Government Agencies	\$ 11,931,000	\$ 12,431,000	\$ 500,000	4.2%
Sewer User Charges Revenues	\$ 11,584,900	\$ 12,062,066	\$ 477,166	4.1%
Other Sewer Revenues	\$ 12,276,321	\$ 12,385,677	\$ 109,356	0.9%
Deep Contingency	\$ 1,980,000	\$ 1,980,000	\$ -	0.0%
subtotal	\$ 44,178,050	\$ 49,556,512	\$ 5,378,462	12.2%
TOTAL	\$ 60,209,782	\$ 68,867,123	\$ 8,657,341	14.4%



2) OTHER REVENUE ANALYSES (water orev)

WATER

\$3,278,879

- Non-Operating Revenues \$ 5,877,925
 - Interest Income & resource-related billing
- Water Billing Penalties: \$ 350,862
 - Higher number of past due water bills
- Hydrant Maintenance \$ 56,150
 - Rate increase from \$150 to \$155
- Use of Fund Balance \$ (600,000)
 - Army Corp maintenance
- Contribution from Other Funds \$(2,406,058)
 - Internal Service Fund



2) OTHER REVENUE ANALYSES (sewer orev)

SEWER

\$5,378,462

- Contributions From Other Funds \$ 3,588,940
 - Assessable Sewer, Hydro and Internal Service Fund
- Investment Income: \$ 703,000
 - Based on next year's projections
- Other Governmental Agencies: \$ 500,000
 - Increase in sludge revenue
- Sewer User Charge: \$ 477,166
 - Increase in late payments
- Other Sewer Revenues: \$ 109,356
 - Customer Service Charge increase
 - Offset by resource-related billing



3) AD VALOREM & WATER RATE IMPACT (to be allocated)

- Sewer \$102.6 opex - \$49.5 orev = **\$53.1** to be collected from member towns
 - **0% or no increase**

- Water \$110.7 opex - \$19.3 orev = **\$91.4** to be collected from Water Sales
 - Water rate of \$3.80 per CCF x 17.7 million CCF Consumption = \$67.3 million
0% or no increase
 - Water service charges (domestic, commercial, industrial, other) = \$24.1
0.4% decrease

- The **\$213.3** million proposed 2024 District's operating budget represents a **4.2% increase**

(millions)	2023	2024	\$ Var	% Var
Sewer				
1) Opex	\$ 97.2	\$ 102.6	\$ 5.4	5.6%
2) Orev (subtract)	\$ 44.1	\$ 49.5	\$ 5.4	12.2%
3) Ad Valorem	\$ 53.1	\$ 53.1	\$ -	0.0%
<i>Sewer Customer Service Charges</i>				
	\$ 9.0	\$ 9.0	\$ -	0.0%
Water				
1) Opex	\$ 107.5	\$ 110.7	\$ 3.2	3.0%
2) Orev (subtract)	\$ 16.0	\$ 19.3	\$ 3.3	20.6%
3) Water rates & Service charges	\$ 91.5	\$ 91.4	\$ (0.1)	-0.1%
<i>Consumption</i>				
	\$ 17.7	\$ 17.7	\$ -	0.0%
<i>Rate</i>				
	\$ 3.80	\$ 3.80	\$ -	0.0%
<i>Sale of Water</i>				
	\$ 67.3	\$ 67.3	\$ -	0.0%
<i>Service Charges</i>				
	\$ 24.2	\$ 24.1	\$ (0.1)	-0.4%
<i>Water rates and service charges</i>				
	\$ 91.5	\$ 91.4	\$ (0.1)	-0.1%
Total				
1) Opex	\$ 204.7	\$ 213.3	\$ 8.6	4.2%
2) Orev (subtract)	\$ 60.1	\$ 68.8	\$ 8.7	14.5%
3) Ad Valorem/Water rates and Svc. Chrgs.	\$ 144.6	\$ 144.5	\$ (0.1)	-0.1%



SUMMARY

➤ Proposal includes

- Increase in personnel from 438 to 447
- A 4.8% increase in Pension & OPEB contributions, no change in discount rate
- Debt service costs rose due to the 2023 bond issue
- Decrease in Fuel, Electricity and Chemicals costs due to market conditions
- Use of fund contributions and fund balance
- Ad Valorem allocations, by town, are preliminary as all towns' audits have yet to be complete



SUPPLEMENTAL INFORMATION:

Average Customer Water Bill

	CCFs / Month	2023			2024			Variance		
		Rate / CCF	Monthly	Annual	Rate / CCF	Monthly	Annual	Monthly	Annual	%
Member Town - Residential										
Water Use Charge	8.333	\$ 3.80	\$ 31.67	\$ 380.00	\$ 3.80	\$ 31.67	\$ 380.00	\$ -	\$ -	0.0%
CWPC	8.333	\$ 4.25	\$ 35.42	\$ 425.00	\$ 4.33	\$ 36.08	\$ 433.00	\$ 0.67	\$ 8.00	1.9%
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			\$ 91.06	\$ 1,092.76		\$ 91.73	\$ 1,100.76	\$ 0.67	\$ 8.00	0.7%
Non-Member - Residential										
Water Used Charge	8.333	\$ 3.80	\$ 31.67	\$ 380.00	\$ 3.80	\$ 31.67	\$ 380.00	\$ -	\$ -	0.0%
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%
Total Bill			\$ 61.63	\$ 739.52		\$ 61.63	\$ 739.52	\$ -	\$ -	0.0%



SUPPLEMENTAL INFORMATION:

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

2023		TREND		
Water Utility	Water Rate Per CCF (748 gal)	Year	MDC	RWA
Metropolitan District (MDC)	\$3.80	2024	\$3.80	\$5.03
Regional Water Authority (RWA)	\$5.03	2023	\$3.80	\$5.03
Aquarion (Topstone Division)	\$6.87	2022	\$4.09	\$4.77
CT Water	\$8.55	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