

**BOARD OF FINANCE
SPECIAL MEETING
The Metropolitan District
555 Main Street, Hartford
Wednesday, September 27, 2023**

PRESENT: Commissioners Andrew Adil, Donald Currey, Allen Hoffman and Pasquale J. Salemi; Citizen Member Awet Tsegai (5)

**REMOTE
ATTENDANCE:** (0)

ABSENT: District Chairman William DiBella; Citizen Members Drew Iacovazzi, Linda King-Corbin and Linda Russo (3)

**ALSO
PRESENT:**

Commissioner Joan Gentile (Remote Attendance)
Commissioner Jean Holloway
Commissioner Dominic Pane
Commissioner Bhupen Patel
Commissioner Alvin Taylor
Scott W. Jellison, Chief Executive Officer
Christopher Stone, District Counsel
John S. Mirtle, District Clerk
Robert Barron, Chief Financial Officer
Chris Levesque, Chief Operating Officer
Kelly Shane, Chief Administrative Officer
Robert Schwarm, Director of Information Services
Dave Ruddy, Director of Operations
Tom Tyler, Director of Facilities
Lisa Remsen, Manager of Budget and Analysis
Shereese Rodgers, Senior Financial Analyst
Piotr Kryzk, Financial Analyst
Jessica Coelho, Project Manager
Jason Waterbury, Manager of Engineering Services
Carrie Blardo, Assistant to the Chief Executive Officer
Julie Price, Executive Assistant
Dylan Pecego, IT Consultant
Joseph Szerejko, Independent Consumer Advocate (Remote Attendance)

CALL TO ORDER

Chairperson Salemi called the meeting to order at 4:05 PM

PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS

No one from the public appeared to be heard.

APPROVAL OF MINUTES

On motion made by Commissioner Currey and duly seconded, the meeting minutes of the Board of Finance meeting of September 6, 2023 were approved.

2024 DISTRICT BUDGET OVERVIEW

Chief Financial Officer Robert Barron gave an overview on the Metropolitan District's proposed budget for 2024.

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 2023)

	2023 Adopted	2024 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 2023)

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**

(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%
Sewer Customer Service Charges				
	\$ 9.0	\$ 9.0	\$ -	0.0%

- 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**

(millions)	2023	2024	\$ Var	% Var
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%
Consumption				
Rate	\$ 17.7	\$ 17.7	\$ -	0.0%
	\$ 3.80	\$ 3.80	\$ -	0.0%
Sale of Water				
Service Charges	\$ 67.3	\$ 67.3	\$ -	0.0%
	\$ 24.2	\$ 24.1	\$ (0.1)	-0.4%
Water rates and service charges				
	\$ 91.5	\$ 91.4	\$ (0.1)	-0.1%

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

(millions)	2023	2024	\$ Var	% Var
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

Commissioner Currey requested the last 15 years revenues and expenditures for catch basin cleaning for all member towns. He also requested more detail on what is listed on page five as “Water Service Charges (Domestic, Commercial, Industrial, Other),” specifically what is defined as “other.”

OPPORTUNITY FOR GENERAL PUBLIC COMMENTS

Judy Allen, of West Hartford, asked where in the budget does it account for the additional cost of the new sewer lateral program. She also asked if the sewer customer service charge flat rate is staying the same.

ADJOURNMENT

The meeting was adjourned at 5:23 PM

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date of Approval