

**BOARD OF FINANCE  
REGULAR MEETING  
The Metropolitan District  
555 Main Street, Hartford  
Wednesday, October 25, 2023  
5:00 PM**

**PRESENT:** Commissioners Donald Currey, Allen Hoffman, Pasquale J. Salemi and District Chairman William DiBella; Citizen Members Linda Russo and Awet Tsegai (6)

**REMOTE  
ATTENDANCE:** (0)

**ABSENT:** Commissioner Andrew Adil; Citizen Members Drew Iacovazzi and Linda King-Corbin (3)

**ALSO  
PRESENT:** Commissioner Joan Gentile  
Commissioner Byron Lester (Remote Attendance)  
Commissioner Diane Lewis  
Commissioner Jacqueline Mandyck  
Commissioner David Steuber (Remote Attendance)  
Scott W. Jellison, Chief Executive Officer  
Christopher Stone, District Counsel  
John S. Mirtle, District Clerk  
Robert Barron, Chief Financial Officer  
Kelly Shane, Chief Administrative Officer  
Jamie Harlow, Director of Human Resources  
Robert Schwarm, Director of Information Services (Remote Attendance)  
Dave Ruddy, Director of Operations  
Tom Tyler, Director of Facilities  
Diana Phay, Manager of Treasury (Remote Attendance)  
Shereese Rodgers, Senior Financial Analyst  
JP Avenoso, Financial Analyst  
Carrie Blardo, Assistant to the Chief Executive Officer  
Julie Price, Executive Assistant  
Dylan Pecego, IT Consultant (Remote Attendance)  
Joseph Szerejko, Independent Consumer Advocate (Remote Attendance)

**CALL TO ORDER**

Chairperson Salemi called the meeting to order at 5:18 PM

**PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS**

No one from the public appeared to be heard.

**APPROVAL OF MEETING MINUTES**

***On motion made by Commissioner Hoffman and duly seconded, the meeting minutes of the Board of Finance meeting of September 27, 2023 were approved.***

**AUTHORIZATION FOR AMENDMENT AGREEMENT TO THE INTERIM FUNDING OBLIGATION AND/OR PROJECT LOAN OBLIGATION TO THE STATE OF CONNECTICUT FOR CWF 692-C2**

To: Board of Finance for consideration on October 25, 2023

Staff seeks approval from your Board to execute and deliver the Amendment Agreement to the Interim Funding Obligation and/or Project Loan Obligation to the State of Connecticut for CWF 692-C2 dated June 21, 2016 (the "Original Agreement"). The original agreement included a project grant amount of \$140,925,166.05, a project loan in the amount of \$172,230,202.95, and a scheduled completion date of February 28, 2022. The Amendment will amend the project grant amount to \$145,398,122.85, the project loan to \$177,697,150.15, and the Scheduled Completion Date to November 30, 2024. This would be an increase of \$4,472,956.80 in the amount of the project grant portion and an increase of \$5,466,947.07 in the project loan portion over the amounts authorized in the Original Agreement.

The low interest loan and grant will fund the construction of the South Hartford conveyance and storage tunnel and the shaft (the "Project").

The State of Connecticut, through the Clean Water Fund Program, will now provide \$323,095,273 in state funding, which is comprised of \$145,398,122.85 in grants and \$177,697,150.15 in loans to fund the expenses associated with the Project.

Bond Counsel prepared the following resolution for your approval.

It is therefore **RECOMMENDED** that it be

**VOTED:** That the Board of Finance recommends to the District Board passage of the following resolution from Bond Counsel

**RESOLVED:**

Section 1. This resolution amends and restates a resolution of the District Board, passed at a meeting of the District Board held on March 2, 2020.

Section 2. The Chairman, or in his absence, the Vice Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer are authorized to execute and deliver the Project Loan and Project Grant Agreement CWF No. 692-C, the Amendment Agreement CWF No. 692-C1 and the Second Amendment Agreement CWF 692-C2 to be entered into with the State of Connecticut (collectively, the "Agreement") and any and all Interim Funding Obligations and Project Loan Obligations for CWF No. 692-C, CWF No. 692-C1 and CWF No. 692-C2 in the aggregate amount not to exceed \$177,697,150.15 to fund the construction of the

South Hartford Conveyance and Storage Tunnel and shaft. Such Interim Funding Obligations shall be dated as of their date of issue, shall mature within six months of the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum, shall be payable as to principal and interest as provided in the Agreement and, to the extent not paid prior to maturity from The Metropolitan District funds, may be renewed by the issuance of Interim Funding Obligations or Project Loan Obligations, all as provided in the Agreement. The prior actions of the Chairman and the District Treasurer in furtherance of this resolution are hereby confirmed and ratified in all respects. Capitalized terms used herein and not defined shall have the meanings ascribed to them in the Agreement.

Section 3. The Project Loan Obligations shall be dated as of their date of issue, shall mature no later than twenty years from the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum and shall be payable as to principal and interest as provided in the Agreement.

Respectfully Submitted,



Scott W. Jellison  
Chief Executive Officer

***On motion made by Commissioner Hoffman and duly seconded, the report was received and resolution adopted by unanimous vote of those present.***

***Without objection, Chairman Salemi took up agenda item #6 "2024 Budget" before agenda item #5 "Approval for State of Connecticut Financing Clean Water Fund 698-C," to allow energy consultant Rich Costello to brief the Board of Finance on energy costs in relation to the 2024 budget.***

#### **2024 BUDGET**

Rich Costello, an energy consultant for the MDC, briefed the Board of Finance on energy costs and how they may affect the future budget.

***After Rich Costello spoke, without objection the Board of Finance returned to item #5 "Approval for State of Connecticut Financing Clean Water Fund 698-C."***

#### **AUTHORIZATION FOR INTERIM FUNDING OBLIGATION AND/OR PROJECT LOAN OBLIGATION TO THE STATE OF CONNECTICUT FOR CWF 698-C**

To: Board of Finance for consideration on October 25, 2023

Staff seeks approval from your Board to execute and deliver the Interim Funding Obligation and/or Project Loan Obligation to the State of Connecticut for CWF 698-C having a principal amount not to exceed \$13,894,892.83 and having an interest rate of 2.00%.

The low interest loan and accompanying grant of \$3,473,723.20 will fund the East Hartford Water Pollution Control Facility upgrades to Aeration/Dissolved Oxygen (DO) Controls/SCADA System via Ph3a (#2018b-19) and Ph3b (2022b-04).

Bond Counsel prepared the following resolution for your approval.

It is therefore **RECOMMENDED** that it be

**VOTED:** That the Board of Finance recommends to the District Board passage of the following resolution from Bond Counsel

**RESOLVED:**

Section 1. The Chairman, or in his absence, the Vice Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer are authorized to execute and deliver the Project Loan and Project Grant Agreement CWF No. 698-C to be entered into with the State of Connecticut (the "Agreement") and any and all Interim Funding Obligations and Project Loan Obligations for CWF No. 698-C in the aggregate amount not to exceed \$13,894,892.83 to fund the EHWPCF upgrades to Aeration/Dissolved Oxygen (DO) Controls/SCADA System via Ph3a (#2018b-19) and Ph3b (2022b-04). Such Interim Funding Obligations shall be dated as of their date of issue, shall mature within six months of the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum, shall be payable as to principal and interest as provided in the Agreement and, to the extent not paid prior to maturity from The Metropolitan District funds, may be renewed by the issuance of Interim Funding Obligations or Project Loan Obligations, all as provided in the Agreement. The prior actions of the Chairman and the District Treasurer in furtherance of this resolution are hereby confirmed and ratified in all respects. Capitalized terms used herein and not defined shall have the meanings ascribed to them in the Agreement.

Section 2. The Project Loan Obligations shall be dated as of their date of issue, shall mature no later than twenty years from the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum and shall be payable as to principal and interest as provided in the Agreement.

Respectfully Submitted,



Scott W. Jellison  
Chief Executive Officer

***On motion made by Commissioner Currey and duly seconded, the report was received and resolution adopted by unanimous vote of those present.***

***Without objection, the Board of Finance took up item #7 "Raw Water Master Plan and Rate Stabilization Fund" before finishing item #6 "2024***

***Budget” so that all voting items could be taken up before some Commissioners had to leave and a quorum would be lost.***

## **RAW WATER MASTER PLAN AND RATE STABILIZATION FUND**

To: Board of Finance for consideration on October 25, 2023

In 2017 the District began a master planning project for upgrading the District’s raw water system, including its transmission mains and drinking water treatment facilities, and has developed estimated costs totaling up to \$647 million for the necessary system upgrades. Estimated costs for Phase 1 of the master plan (2023-2029) are \$47 million and Phase 2 (2030-2043) are \$264 million. There are further estimated costs for condition-dependent transmission upgrades ranging from \$0 to \$336 million. The master planning project and these estimated costs were presented to the Water Bureau at its June 13, 2023 & August 30, 2023 meetings.

At its September 27, 2023 meeting, the Water Bureau approved the following resolution recommending to the Board of Finance and District Board the creation of a water rate stabilization fund for funding future raw water master plan upgrades.

It is **RECOMMENDED** that it be:

**VOTED:** That the Board of Finance approves passage of the following resolution:

**RESOLVED:** That the master planning project for necessary upgrades to the District’s raw water system, including transmission mains and drinking water treatment facilities, carries estimated costs totaling up to \$647 million.

**FURTHER**

**RESOLVED:** In order to fund these significant estimated future expenses, it is prudent to establish a designated water rate stabilization fund by allocating a portion of revenues generated from the water rate to said fund, said portion to be determine annually through the budget process.

**FURTHER**

**RESOLVED:** The Board of Finance recommends to the District Board the creation of a water rate stabilization fund dedicated solely for funding, in part, raw water master plan upgrades, ~~and that \$0.11 of the 2024 District water rate be allocated to said fund.~~

Respectfully submitted,



Scott W. Jellison  
Chief Executive Officer

***Commissioner Hoffman moved to amend the resolution as shown in red line above.  
The amendment was adopted by unanimous vote of those present.***

***On motion made by Commissioner Hoffman and duly seconded, the resolution, as amended, was adopted by unanimous vote of those present.***

***Commissioner Currey exited the meeting at 5:56 PM.***

***Citizen Member Tsegai exited the meeting in person and joined remotely at 5:56 PM.***

**2024 BUDGET**

Bob Barron, Chief Financial Officer, updated the Board of Finance on the proposed 2024 budget.

The Metropolitan District  
**FISCAL YEAR 2024 BUDGET**  
Board of Finance Meeting





## AGENDA

1. Budget Calendar
2. Sewer Ad Valorem / Water Rate Overview
3. Changes from September 27, 2023 BoF Presentation
4. Ad Valorem Budget and Quarterly Installments
5. Answers to Commissioner Questions



## 1. BUDGET CALENDAR

- 09/27 Board of Finance Meeting #1
- 09/28 Town Meeting #1
- 10/02 District Board refers Budget to Board of Finance
- 10/25 Board of Finance Meeting #2
- 10/26 Town Meeting #2
- 11/02 Public Hearing for 2024 Budget, Rates and Ordinance Revisions
- 11/08 Bureau of Public Works and Water Bureau to Consider and Approve 2024 Sewer/Water Rates and refer to District Board
- 11/09 Board of Finance consider and approve proposed 2024 budget and rates
- 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



## 2) AD VALOREM & WATER RATE OVERVIEW

- Sewer \$102.7 opex - \$49.6 orev = **\$53.1** to be collected from member towns
  - **0% or no increase**
  
- Water \$110.8 opex - \$19.4 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 **\$213.5** million proposed 2024 District's operating budget represents a **4.3% increase**

(millions)	2023	2024	\$ Var	% Var
<b>Sewer</b>				
1) Opex	\$ 97.2	\$ 102.7	\$ 5.5	5.7%
2) Orev (subtract)	\$ 44.1	\$ 49.6	\$ 5.5	12.5%
3) Ad Valorem	<b>\$ 53.1</b>	<b>\$ 53.1</b>	\$ -	<b>0.0%</b>
<i>Sewer Customer Service Charges</i>	\$ 9.0	\$ 9.0	\$ -	0.0%
<b>Water</b>				
1) Opex	\$ 107.5	\$ 110.8	\$ 3.3	3.1%
2) Orev (subtract)	\$ 16.0	\$ 19.4	\$ 3.4	21.3%
3) Water rates & Service charges	<b>\$ 91.5</b>	<b>\$ 91.4</b>	\$ (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%
<b>Total</b>				
1) Opex	<b>\$ 204.7</b>	<b>\$ 213.5</b>	\$ 8.8	<b>4.3%</b>
2) Orev (subtract)	\$ 60.1	\$ 69.0	\$ 8.9	14.8%
3) Ad Valorem/Water rates and Svc. Chrgs.	\$ 144.6	\$ 144.5	\$ (0.1)	-0.1%



## 3) CHANGES FROM SEPTEMBER PRESENTATION

- Payroll increasing **\$104,851** due to
  - Change of assumed personnel to be transferred from OPEX to CAPEX, and
  - Juneteenth
- Operations increasing **\$43,999** due to
  - Addition of Can Crushing outside service contract
  - Addition to District Board travel to approved 2023 level
- Non-Operations increasing **\$15,826** due to
  - An estimated 10% increase to the 36 Flood Policies (2-year average increase) not accounted for in September's recommended budget
  - And a small impact to Social Security due to personnel movements, some of which were not captured in September's recommended budget

	2024			
	October Recommended	September Recommended	Variance	
<b>Expenditures</b>				
<b>Payroll</b>				
Existing Positions	\$44,238,056	44,158,713	79,343	Net Payroll changes
New Positions	618,310	618,310	0	
Overtime/Temp/Longevity	5,039,312	5,013,804	25,508	Holiday Addition
<b>Total Payroll</b>	<b>49,895,678</b>	<b>49,790,827</b>	<b>104,851</b>	
<b>Operations</b>				
Chemicals	3,825,100.00	3,825,100.00	0	
Fuel for Incin., Pumping & Heating	3,026,150.00	3,026,150.00	0	
Electricity-Utilities	7,115,000.00	7,115,000.00	0	
<b>Outside and Consultant Serv.</b>	<b>4,304,200.00</b>	<b>4,280,200.00</b>	<b>24,000</b>	Can Crushing
Materials From Stock	3,546,500.00	3,546,500.00	0	
Nitrogen Credits	575,000.00	575,000.00	0	
Berlin	460,938.00	460,938.00	0	
Other Miscellaneous Exp.	28,601,047	28,581,048.00	19,999	DB Traveling
<b>Total Operations</b>	<b>51,463,935</b>	<b>51,409,936.00</b>	<b>43,999</b>	
<b>Non-Operations</b>				
Debt	82,223,486	82,223,486	0	
General Insurance	2,327,236	2,311,506	15,730	Flood Insurance
Employee Benefits	9,877,379	9,877,283	96	Social Security
OPEB	7,631,465	7,631,465	0	
Pension Regular	8,108,120	8,108,120	0	
Contingencies	1,980,000	1,980,000	0	
<b>Total Non-Operations</b>	<b>112,147,686</b>	<b>112,131,860</b>	<b>15,826</b>	
<b>Total Water and Sewer Expenditures</b>	<b>213,497,299</b>	<b>213,332,623</b>	<b>164,676</b>	





## 4) AD VALOREM BUDGET AND INSTALLMENTS

Ad Valorem Budget	2020	2021	2022	2023	2024
Hartford	\$13,035,400	\$13,169,100	\$14,067,500	\$13,923,310	\$13,826,794
East Hartford	\$6,089,300	6,015,200	6,264,400	6,227,300	6,178,994
Newington	\$4,623,100	4,681,000	4,799,100	4,776,720	4,767,022
Wethersfield	\$4,240,800	4,214,100	4,252,500	4,266,270	4,270,904
Windsor	\$4,611,600	4,551,500	4,698,600	4,712,920	4,751,784
Bloomfield	\$3,879,300	3,808,100	3,868,400	3,831,630	3,869,024
Rocky Hill	\$3,144,100	3,171,200	3,206,800	3,294,640	3,352,446
West Hartford	\$11,852,100	11,865,500	11,919,300	12,043,810	12,059,632
<b>Total</b>	<b>\$51,475,700</b>	<b>\$51,475,700</b>	<b>\$53,076,600</b>	<b>\$53,076,600</b>	<b>\$53,076,600</b>

Installment Date	1/17/2024	4/17/2024	7/17/2024	10/16/2024	Total
Hartford	\$3,480,828	\$3,480,828	\$3,432,569	\$3,432,569	\$13,826,794
East Hartford	1,556,825	1,556,825	1,532,672	1,532,672	6,178,994
Newington	1,194,180	1,194,180	1,189,331	1,189,331	4,767,022
Wethersfield	1,066,568	1,066,568	1,068,884	1,068,884	4,270,904
Windsor	1,178,230	1,178,230	1,197,662	1,197,662	4,751,784
Bloomfield	957,908	957,908	976,604	976,604	3,869,024
Rocky Hill	823,660	823,660	852,563	852,563	3,352,446
West Hartford	3,010,953	3,010,953	3,018,863	3,018,863	12,059,632
<b>Total</b>	<b>\$13,269,152</b>	<b>\$13,269,152</b>	<b>\$13,269,148</b>	<b>\$13,269,148</b>	<b>\$53,076,600</b>



## 5) ANSWERS TO COMMISSIONER QUESTIONS

- Catch Basins Billing -- \$667,022.55 (December 2015 - Q3 2023)
- Cost of Juneteenth -- \$25,508 (Eight cost centers On Call and OT pay)
- Cost of Energy Consultant -- \$15,000 (2024 Budget in Outside Services)
- Hydroelectric Trend (handout #1)
- Pension and OPEB funding history (handout #2)
- Water Customer Service revenue trend (handout #3)
- Impact of additions to proposed 2024 budget
  - Every \$176,830 charged to the WATER FUND raises the WATER RATE by one cent, \$0.01
  - Every \$530,766 charged to the SEWER FUND raises the AD VALOREM by one percent, 1%
  - Administrative costs are split 51% Water and 49% Sewer so \$1,000,000 added to the budget would increase the Water budget by \$510K or about 3 cents to the Water rate and \$490K or just under 1% to Ad Valorem

***Citizen Member Tsegai exited the meeting at 5:56 PM.***

### **OPPORTUNITY FOR GENERAL PUBLIC COMMENTS**

No one from the public appeared to be heard

**ADJOURNMENT**

The meeting was adjourned at 6:48 PM.

ATTEST:

John S. Mirtle, Esq.  
District Clerk

\_\_\_\_\_  
Date of Approval