



# The Metropolitan District **FISCAL YEAR 2025 BUDGET** Board of Finance Meeting





# AGENDA

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



# BUDGET CALENDAR

- 09/30 Board of Finance Meeting to discuss 2025 Proposed Budget
- 10/01 Town Meeting #1
- 10/07 District Board refers Budget to BOF
- 10/28 Board of Finance Meeting
- 10/29 Town Meeting #2
- 11/07 Public Hearing for 2024 Budget, Rates and Ordinance Revisions
- 11/18 Water Bureau to consider and approve 2025 Water/Sewer Rates and Refer to District Board
- 11/25 Board of Finance to consider and approve 2025 Budget
- 12/09 MDC Government Committee – to consider and approve ordinance revisions and refer to District Board
- 12/09 MDC District Board adopts 2025 Proposed Budget
- By 12/31 Levy Tax/ Publish Ordinance



# AD VALOREM/WATER RATE OVERVIEW

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

Step-1 Identify the operational expenditures (opex)

Step-2 Subtract “other” revenues (orev)

Step-3 Allocate remainder using

- Town revenue 3-year weighted average calculation for Sewer’s Ad Valorem tax, and
- Consumption and service charges for Water rate determination



# AD VALOREM/WATER RATE OVERVIEW

**Proposed 2025 District operating budget is \$226.3 million (6.0% increase):**

- Sewer

- 1) \$ 106.9 opex
- 2) \$ 53.8 orev
- 3) \$ 53.1 to be collected from Member Towns' Ad Valorem **(0.0% or no increase)**

- Water

- 1) \$ 119.4 opex
- 2) \$ 23.4 orev
- 3) \$ 96.0 to be collected from Water Sales **(5.0% increase)**
  - Water consumption increase from 17.7 million to 18.3 million CCF **(3.7% increase)**
  - Water rate of \$3.91 **(2.9% increase)** per CCF x 18.3 million CCF = \$71.7 million
  - Water service charges (domestic, commercial, industrial, other) = \$24.3 **(0.4% increase)**



# Step-1

# EXPENDITURE ANALYSIS

(water and sewer operations)

Major Object	2024 Adopted	2025 Proposed	\$ Change	% Change
Debt	\$ 82,223,486	\$ 87,471,810	\$ 5,248,324	6.4%
Employee Benefits	\$ 9,877,379	\$ 13,008,067	\$ 3,130,688	31.7%
Other Miscellaneous Expenditures	\$ 53,463,935	\$ 56,469,839	\$ 3,005,904	5.6%
Payroll	\$ 49,865,678	\$ 50,928,539	\$ 1,062,861	2.1%
OPEB	\$ 7,631,465	\$ 7,929,257	\$ 297,792	3.9%
Pension	\$ 8,108,120	\$ 8,274,127	\$ 166,007	2.0%
General Insurance	\$ 2,327,236	\$ 2,260,493	\$ (66,743)	-2.9%
<b>Total</b>	<b>\$ 213,497,299</b>	<b>\$ 226,342,132</b>	<b>\$ 12,844,833</b>	<b>6.0%</b>



## Step-1

# EXPENDITURE ANALYSIS

(water and sewer operations)

**Debt:**

**\$5,248,324**

- Net increase due to 2024 GO bond issue whose first payment is in 2025
- An increase of \$5.0 million in Water debt service, and
- An increase of \$0.2 million in Sewer debt service



# Step-1 EXPENDITURE ANALYSIS

(water and sewer operations)

## Employee Benefits:

**\$ 3,130,688**

- + \$3.4 million, Medical Services
  - Based on a 7.6% increase in paid claims year over year
- - \$0.3 million, Payroll taxes and other miscellaneous
  - Reduction in Operation employee count from 399 to 396





# Step-1 EXPENDITURE ANALYSIS

(water and sewer operations)

## Other Miscellaneous expenditures:

**\$ 3,005,904**

- General Operations + \$1.25 million
- Electricity-Utilities + \$1.20 million
- Materials From Stock + \$0.60 million
- Maintenance – Building & Equipment + \$0.30 million
- Outside and Consultant Services + \$0.20 million
- Collection Services + \$0.10 million
- Legal Services - \$0.05 million
- Fuel For Incinerator, Pumping and Heating - \$0.10 million
- Special Agreements & Programs - \$0.10 million
- Chemicals - \$0.40 million



# Step-1 EXPENDITURE ANALYSIS

(water and sewer operations)

**Total Payroll - Operating:**

**\$ 1,062,861**

- Year-over-year OPEX payroll changes totaling \$1.1 million:
  - Anticipated cost of Cola and Steps + \$ 1.6 million
  - Salary of 8 new positions + \$ 0.7 million
  - Increase to Overtime and Standby pay + \$ 0.4 million
  - Net change to Longevity & Temp pay + \$ 0.1 million
  - Salary of 11 of employees moved from OPEX to CAPX - \$ 1.7 million
- Total employee count **increased by 24**
  - 2024 employee count of 399 OPEX and 48 CAPX equals **447 total**
  - 2025 employee count of 396 OPEX and 75 CAPX equals **471 total**
    - 11 OPEX employees transferred to CAPX
    - 8 new OPEX positions, 16 new CAPX positions



# Step-1 EXPENDITURE ANALYSIS

(water and sewer operations)

**OPEB:** **\$ 297,792**

- Assume same discount rate of 6.625%
- No changes of actuarial assumptions

**Pension:** **\$ 166,007**

- Assume same discount rate of 6.625%
- No changes of actuarial assumptions

**Insurance (General Liability, Casualty, Workers Compensation):** **\$ (66,743)**

- October 1<sup>st</sup> insurance renewal at a decrease in premium
  - Zurich Pollution 3-year \$189K budget paid in 2024, no 2025 premium
  - Public Liability (Officers & Directors) reduced \$66K Chubb to AIG
  - Other Policies, net increase \$165K
  - Flood Insurance (36 policies) increased \$23K



# Step- 2 OTHER REVENUE ANALYSES

## (sewer and water other revenue)

	2024 Adopted	2025 Proposed	\$ Change	% Change
<b>WATER</b>				
Contribution From Other Fund	\$ 1,920,920	\$ 4,978,676	\$ 3,057,756	159.2%
Non-Operating Revenues	\$ 8,242,422	\$ 9,050,422	\$ 808,000	9.8%
Hydrant Maintenance	\$ 1,740,650	\$ 1,855,920	\$ 115,270	6.6%
Water Billing Penalties	\$ 1,275,862	\$ 1,275,862	\$ -	0.0%
Fire Protection Services	\$ 6,032,000	\$ 6,032,000	\$ -	0.0%
Cross-Connection/BackWater Fee	\$ 230,400	\$ 230,400	\$ -	0.0%
<b>subtotal</b>	<b>\$ 19,442,254</b>	<b>\$ 23,423,280</b>	<b>\$ 3,981,026</b>	<b>20.5%</b>
<b>SEWER</b>				
Other Government Agencies	\$ 12,431,000	\$ 16,492,350	\$ 4,061,350	32.7%
Sewer User Charges Revenues	\$ 12,062,066	\$ 14,578,258	\$ 2,516,192	20.9%
Other Sewer Revenues	\$ 13,241,677	\$ 13,960,850	\$ 719,173	5.4%
DEEP Contingency	\$ 1,980,000	\$ 1,980,000	\$ -	0.0%
Contribution From Other Fund	\$ 9,874,802	\$ 6,801,697	\$ (3,073,105)	-31.1%
<b>subtotal</b>	<b>\$ 49,589,545</b>	<b>\$ 53,813,155</b>	<b>\$ 4,223,610</b>	<b>8.5%</b>
<b>TOTAL</b>	<b>\$ 69,031,799</b>	<b>\$ 77,236,434</b>	<b>\$ 8,204,635</b>	<b>11.9%</b>



# Step- 2 OTHER REVENUE ANALYSES

(water other revenue)

## WATER

**\$3,981,026**

- Contribution from Other Funds \$ 3,057,756
  - Internal Service Fund
  - Army Corp of Engineers
  - Use of Net Position
- Non-Operating Revenues \$ 808,000
  - Interest Income & resource-related billing
  - Closing Meter Reading Fee \$110
- Hydrant Maintenance \$ 115,270
  - Rate increase from \$155 to \$165



# Step- 2 OTHER REVENUE ANALYSES

(sewer other revenue)

## SEWER

**\$4,223,610**

- Other Governmental Agencies: \$ 4,061,350
  - Increase in sludge revenue
- Sewer User Charge: \$ 2,516,192
  - High Flow, High Strength and Bradley/E Granby
- Other Sewer Revenues: \$ 719,173
  - Septage Fees
  - Customer Service Fees (incl. Condo sewer lateral)
- Contributions From Other Funds \$ (3,073,105)
  - Fund Balance, Hydro and Internal Service Fund



# Step-3

# ALLOCATION TO AD VALOREM & WATER SALES

- Sewer \$106.9 opex - \$53.8 orev = \$53.1 to be collected from member towns  
**0.0% or no increase**
- Water \$119.4 opex - \$23.4 orev = \$96.0 to be collected from Water Sales  
**5.0% increase**
  - Water consumption increase from 17.7 to 18.3 million CCFs
  - Water rate of \$3.91 per CCF x 18.3 million CCF Consumption = \$71.7 million
  - Water service charges (domestic, commercial, industrial, other) = \$24.3 million
- The \$226.3 million proposed 2025 District's operating budget represents a **6.0% increase**

(millions)

	2024 Adopted	2025 Proposed	\$ VAR	% VAR
<b>Sewer</b>				
1) Opex	\$ 102.7	\$ 106.9	\$ 4.2	4.1%
2) Orev (subtract)	\$ 49.6	\$ 53.8	\$ 4.2	8.5%
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	\$ 110.8	\$ 119.4	\$ 8.6	7.7%
2) Orev (subtract)	\$ 19.4	\$ 23.4	\$ 4.0	20.5%
3) Water Sales	<b>\$ 91.4</b>	<b>\$ 96.0</b>	\$ 4.6	<b>5.0%</b>
<i>Consumption Rate</i>	17.68	18.33	0.6	3.7%
<i>Consumption Charges</i>	\$ 67.1	\$ 71.7	\$ 4.6	6.8%
<i>Service Charges</i>	\$ 24.3	\$ 24.3	\$ -	0.4%
<i>Water Sales</i>	\$ 91.4	\$ 96.0	\$ 4.6	5.0%
<b>Total</b>				
1) Opex	<b>\$ 213.5</b>	<b>\$ 226.3</b>	\$ 12.8	<b>6.0%</b>
2) less Orev	\$ 69.0	\$ 77.2	\$ 8.2	11.9%
3) Ad Valorem/Water Rate & Svs. Charges	\$ 144.5	\$ 149.1	\$ 4.6	3.2%



# SUMMARY

## ➤ Proposal includes

- Debt service costs rose by 6.4% due to 2024 bond issuances
- Employee Benefits increased by 31.7%
- 24 employee increase in personnel from 447 to 471 (opex -3, and capx +27)
  - Operations Payroll increase by 2.1%
- Pension contribution increase 2.0% and OPEB contribution increase by 3.9%
  - No change in discount rate
- Electricity costs rose by 16.8%
- Contributions from Other Funds

(millions)	<u>Sewer Water</u>	
Sewer Fund Balance	5.5	
Hydro Fund Balance	1.2	
Internal Service Fund	0.1	1.3
Water Net Position		<u>3.7</u>
<b>Total</b>	<b>6.8</b>	<b>5.0</b>





# SUPPLEMENTAL INFORMATION:

## Average Customer Water Bill

	CCFs / Month	2024			2025			Variance		
		Rate / CCF	Monthly	Annual	Rate / CCF	Monthly	Annual	Monthly	Annual	%
<b>Member Town - Residential</b>										
Water Use Charge	8.333	\$ 3.80	\$ 31.67	\$ 380.00	\$ 3.91	\$ 32.58	\$ 391.00	\$ 0.92	\$ 11.00	2.9%
CWPC (2023 estimate, not final)	8.333	\$ 4.33	\$ 36.08	\$ 433.00	\$ 4.57	\$ 38.08	\$ 457.00	\$ 2.00	\$ 24.00	5.5%
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%
<b>Total Bill</b>			<b>\$ 91.73</b>	<b>\$ 1,100.76</b>		<b>\$ 94.65</b>	<b>\$ 1,135.76</b>	<b>\$ 2.92</b>	<b>\$ 35.00</b>	<b>3.2%</b>
<b>Non-Member - Residential</b>										
Water Used Charge	8.333	\$ 3.80	\$ 31.67	\$ 380.00	\$ 3.91	\$ 32.58	\$ 391.00	\$ 0.92	\$ 11.00	2.9%
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>\$ 61.63</b>	<b>\$ 739.52</b>		<b>\$ 62.54</b>	<b>\$ 750.52</b>	<b>\$ 0.92</b>	<b>\$ 11.00</b>	<b>1.5%</b>



# SUPPLEMENTAL INFORMATION:

## Water Rate Comparison (typical 5/8" residential meter)

2024	
Water Utility	Water Rate Per CCF (748 gal)
Metropolitan District (MDC)	\$3.80
Aquarion (Topstone Division)	\$4.23
Regional Water Authority (RWA)	\$5.03
CT Water	\$8.55

TREND		
Year	MDC	RWA
2024	\$3.80	\$5.03
2023	\$3.80	\$5.03
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