



GROTON UTILITIES

SEWER DIVISION

OPERATING AND CAPITAL
BUDGET

FY 2022

Proposed 4/14/2021

UC Approved 4/21/2021

City Council Approved 6/7/2021

GROTON UTILITIES

SEWER DIVISION

FY 2022 BUDGET

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Groton Utilities – Sewer Division

FY 2022 Budget Proposed April 14, 2021

The Fiscal Year 2022 Budget proposal for Groton Utilities – Sewer Division is presented with Actual FY2019, Actual FY2020, Projected FY2021 and Approved FY2021 Budget for comparison purposes.

Revenue Development

Sewer revenues are developed using current rates and historical sales data ending December 31, 2020. New Sewer Cost of Service Study (COSS) are planned in FY2022. Overall cubic feet sales budgeted for FY2022 are 3% lower than sales budget of FY2021. Revenues proposed for FY2022 are \$4.3 million, a decrease of 2% or \$96K compared to FY2021 budget.

Non-Bonded Capital Projects

Total Non-Bonded capital projects costs proposed for FY2022 are \$340K, which include:

- Sewer Treatment Facilities - \$100K
- Sewer Pump Stations - \$100K
- Sewer Distribution System - \$100K
- Customer Care Non-Bonded Capital Projects - \$24.8K
- IT Non-Bonded Capital Projects - \$15.3K

Bonded Capital Projects

Total Bonded capital projects proposed for FY2022 are \$995K which include:

- Sewer Treatment Facilities - \$400K
- Sewer Pump Stations - \$345K
- Sewer Distribution System - \$250K

Electric/Water/Sewer Division Allocation

The ratio for allocating non-direct expenses among the Electric, Water, and Sewer divisions are 60/30/10% (Electric/Water/Sewer) based on customer counts per division. The cost associated with promotions and demonstrating & selling expenses allocation will remain at 50/50% (Electric/Water) because the costs incurred in this area generally promote the utility as a whole and not necessarily based on customer segments. Expenses related specifically to an individual department will be allocated accordingly.

Operating Expenses

Operating expenses are developed using historical information and adjusted for known changes. Total Operating and Maintenance Expenses proposed for FY2022 are \$3.4M, which is increased by 2% or \$65K compared to FY2021 budget.

Total Labor expense is increased by 6% or \$70K compared to FY2021 budget due to standard increases for union and non-union employees combined with proposed performance base step increase. Total Sewer headcount proposed for FY2022 remains the same.

Non-Labor expense is decreased by \$6K compared to FY2021 budget with the major changes as following:

- 1) Sewer Operations – decrease \$3K
- 2) Customers Service and Key Accounts – increase 11% (\$8K)
- 3) IT – decrease 5% (\$6K)
- 4) Administration and Finance – increase 14% (\$5K)
- 5) Administrative & General – decrease 2% (\$11K)

Operating Earnings and Net Cash Flow

Operating Earnings resulting from the proposed FY2022 budget are \$506K, which is 25% or \$165K lower than FY2021 budget and 34% or \$257K lower than COSS target of \$763K. Proposed FY2022 Net Earnings combined with Depreciation Cash and Receipt from Issuing Bonds provides approximately \$1.6M to fund Capital Projects and Debt Service requirements. This results in a net decrease in cash flow from operations of \$122K. The FY2022 proposed budget projects a total ending cash balance of \$4M which is higher than the COSS recommended minimum cash balance of \$1.8M.

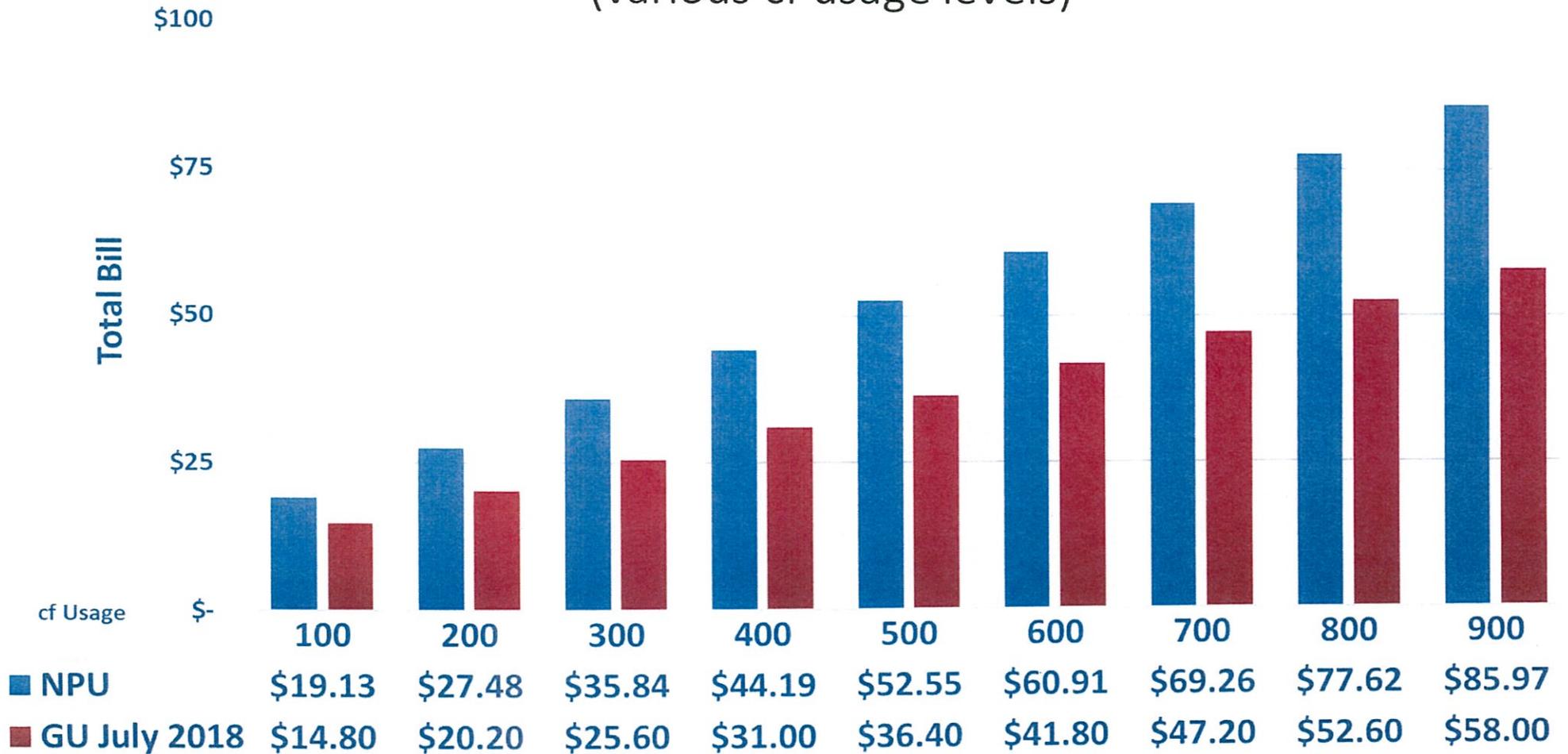
Approval Recommendation

The Proposed budgets for FY2022 will afford the Sewer division to:

1. Continue to provide highly reliable and responsive service that the customers expect and at rates that are fair, competitive and viewed as providing value to the customer.
2. Allow for the efficient operation and maintenance of the sewer distribution system while concentrating maintenance on non-project related equipment.
3. Meet debt service requirements and fund growing infrastructure and technology needs.
4. Support compensation plans sufficient to attract and retain skilled, high-tech workers.

Management recommends the proposed operations and capital budgets for FY2022 and cash flow plan be approved as proposed.

Groton Utilities Sewer vs. Benchmark Residential Bills (various cf usage levels)



GU is 30% less than NPU at 500cf.

GROTON UTILITIES
Sewer Division
Budget Revenue

	FY 2019 Actual	FY 2020 Actual	Approved FY 2021 Budget	Approved FY 2022 Budget	Variance FY2022 Budget vs. FY2021 Budget	
OPERATING REVENUES						
Residential	\$ 1,174,738	\$ 1,178,292	\$ 1,170,487	\$ 1,176,275	\$ 5,788	0%
Residential - North Slope	36,379	37,827	38,345	39,099	754	2%
Commercial	581,628	581,082	589,724	587,018	(2,706)	0%
Free City Sewer Service	8,499	8,461	10,000	10,000	-	0%
Industrial	2,507,327	2,452,889	2,536,772	2,431,295	(105,477)	-4%
Total Sewer Revenues	\$ 4,308,572	\$ 4,258,552	\$ 4,345,328	\$ 4,243,687	\$ (101,641)	-2%
OTHER OPERATING REVENUES						
Late Payment Charges	\$ 6,056	\$ 3,732	\$ 6,500	\$ 6,500	\$ -	0%
Misc. Service Revenues	-	-	-	6,000	6,000	100%
Total Other Operating Revenues	\$ 6,056	\$ 3,732	\$ 6,500	\$ 12,500	\$ 6,000	48%
TOTAL OPERATING REVENUES	\$ 4,314,628	\$ 4,262,284	\$ 4,351,828	\$ 4,256,187	\$ (95,641)	-2%

Revenues are based on historical sales data ended on 12/31/2020

No rate changes are budgeted for FY 2022

New Cost of Service Study is planned in FY2022.

GROTON UTILITIES
Sewer Division Budget Summary
OPERATING EARNINGS

		FY 2019 Actual	FY 2020 Actual	Approved FY 2021 Budget	Approved FY 2022 Budget	Variance FY2022 Budget vs. FY2021 Budget	
OPERATING REVENUES		\$ 4,314,628	\$ 4,262,284	\$ 4,351,828	\$ 4,256,187	\$ (95,641)	-2%
OPERATING EXPENSES							
OPERATION & MAINTENANCE EXPENSE							
Sewer Operations 3905	Payroll	\$ 694,064	\$ 657,514	\$ 921,365	\$ 993,880	\$ 72,515	8%
Customer Care 4000 - 4900	Payroll	120,722	118,081	130,539	125,685	(4,854)	-4%
Info & Tech 5000	Payroll	73,331	76,171	89,900	91,400	1,500	2%
Administration 9000	Payroll	73,409	70,112	80,508	81,601	1,093	1%
Administrative & General 9900	Payroll	-	-	-	-		
Subtotal		\$ 961,526	\$ 921,878	\$ 1,222,312	\$ 1,292,566	\$ 70,254	6%
Sewer Operations 3905	Other	\$ 728,238	\$ 763,551	\$ 1,184,212	\$ 1,181,185	\$ (3,027)	0%
Customer Care 4000 - 4900	Other	45,971	53,593	74,150	82,420	8,270	11%
Info & Tech 5000 - 5600	Other	58,011	72,900	124,600	118,800	(5,800)	-5%
Administration 9000	Other	12,107	14,420	39,990	45,450	5,460	14%
Administrative & General 9900	Other	444,962	498,180	674,042	663,505	(10,537)	-2%
Subtotal		\$ 1,289,289	\$ 1,402,644	\$ 2,096,994	\$ 2,091,360	\$ (5,634)	0%
Total Operation & Maintenance Expense		\$ 2,250,815	\$ 2,324,522	\$ 3,319,306	\$ 3,383,926	\$ 64,620	2%
DEPRECIATION		\$ 236,243	\$ 241,341	\$ 279,403	\$ 284,600	\$ 5,197	2%
Taxes Payroll							
Sewer Operations 3905	Payroll Tax	\$ 41,323	\$ 40,284	\$ 60,000	\$ 59,300	\$ (700)	-1%
Customer Care 4000 - 4900	Payroll Tax	8,356	8,156	10,000	9,600	(400)	-4%
Info & Tech 5000	Payroll Tax	5,375	5,615	6,900	7,000	100	1%
Administration 9000	Payroll Tax	5,010	4,904	6,160	6,240	80	1%
Administrative & General 9900	Payroll Tax						
Total Taxes		\$ 60,063	\$ 58,958	\$ 83,060	\$ 82,140	\$ (920)	-1%
TOTAL OPERATING EXPENSES		\$ 2,547,120	\$ 2,624,821	\$ 3,681,769	\$ 3,750,666	\$ 68,897	2%
OPERATING EARNINGS		\$ 1,767,507	\$ 1,637,463	\$ 670,059	\$ 505,521	\$ (164,538)	-25%

GROTON UTILITIES
Sewer Division Budget Other Income and Expense

	FY 2019 Actual	FY 2020 Actual	Approved FY 2021 Budget	Approved FY 2022 Budget	Variance FY2022 Budget vs. FY2021 Budget
OPERATING EARNINGS	\$ 1,767,507	\$ 1,637,463	\$ 670,059	\$ 505,521	\$ (164,538) -25%
OTHER INCOME (EXPENSE)					
Bond Interest Expense	\$ 238,084	\$ 198,280	\$ 261,450	\$ 201,880	\$ (59,570) -23%
Subtotal Other Expense	\$ 238,084	\$ 198,280	\$ 261,450	\$ 201,880	\$ (59,570) -23%
Merchandising & Jobbing Contract Income	\$ -	\$ 11,000	\$ -	\$ -	-
Interest Income	4,525	3,295	4,400	4,400	-
Subtotal Other Income	\$ 4,525	\$ 14,295	\$ 4,400	\$ 4,400	\$ - 0%
TOTAL OTHER INCOME (EXPENSE)	\$ (233,559)	\$ (183,985)	\$ (257,050)	\$ (197,480)	\$ 59,570 -23%
NET EARNINGS	\$ 1,533,948	\$ 1,453,478	\$ 413,009	\$ 308,041	\$ (104,968) -25%

**GROTON UTILITIES
Sewer Division
Projected Cash Flow**

	FY 2019 Actual	FY 2020 Actual	Approved FY 2021 Budget	Approved FY 2022 Budget
NET EARNINGS	\$ 1,533,948	\$ 1,453,478	\$ 413,009	\$ 308,041
PLUS:				
Depreciation	\$ 236,243	\$ 241,341	\$ 279,403	\$ 284,600
Receipts from Bond Issuing	-	-	995,000	995,000
TOTAL FUNDS GENERATED	\$ 1,770,191	\$ 1,694,819	\$ 1,687,412	\$ 1,587,641
LESS:				
Non-Bonded Capital Projects:				
Sewer Operation Projects	\$ -	\$ 174,228	\$ -	\$ 300,000
IT Projects Sewer Division Allocation	19,261	398	45,500	15,300
CC Projects Sewer Division Allocation	-	-	15,400	24,800
Bond Fund Capital Projects	-	-	995,000	995,000
Bond Principal Requirements	325,000	323,000	325,000	325,000
Working Capital	(260,638)	(175,353)	50,000	50,000
TOTAL FUNDS REQUIRED	\$ 83,623	\$ 322,273	\$ 1,430,900	\$ 1,710,100
NET CASH FLOW FROM OPERATIONS	\$ 1,686,568	\$ 1,372,546	\$ 256,512	\$ (122,459)
Beginning Cash Balance	\$ -	\$ 1,686,568	\$ 2,767,012	\$ 4,110,147
Ending Cash Balance	\$ 1,686,568	\$ 3,059,113	\$ 3,023,524	\$ 3,987,688

GROTON UTILITIES

SEWER DIVISION

FY 2022 BUDGET

PROFORMA ANALYSIS

GROTON UTILITIES - SEWER DIVISION

PROFORMA INCOME STATEMENT

	FY 2019 Actual	FY 2020 Actual	Approved FY 2021 Budget	Approved FY 2022 Budget	FY2022 Budget vs FY2021 Budget	
OPERATING REVENUES:						
Residential	\$ 1,211,117	\$ 1,216,119	\$ 1,208,832	\$ 1,215,374	\$ 6,542	1%
Commercial	590,127	589,543	599,724	597,018	(2,706)	0%
Industrial	2,507,327	2,452,889	2,536,772	2,431,295	(105,477)	-4%
TOTAL SEWER REVENUES	\$ 4,308,572	\$ 4,258,552	\$ 4,345,328	\$ 4,243,687	\$ (101,641)	-2%
OTHER SEWER REVENUE	\$ 6,056	\$ 3,732	\$ 6,500	\$ 12,500	6,000	92%
TOTAL OPERATING REVENUES	\$ 4,314,628	\$ 4,262,284	\$ 4,351,828	\$ 4,256,187	\$ (95,641)	-2%
OPERATING EXPENSES:						
OPERATION EXPENSES	\$ 2,250,815	\$ 2,324,522	\$ 3,319,306	\$ 3,383,926	\$ 64,620	2%
DEPRECIATION	236,243	241,341	279,403	284,600	5,197	2%
TAXES	60,063	58,958	83,060	82,140	(920)	-1%
TOTAL OPERATING EXPENSES	\$ 2,547,120	\$ 2,624,821	\$ 3,681,769	\$ 3,750,666	\$ 68,897	2%
OPERATING EARNINGS	\$ 1,767,507	\$ 1,637,463	\$ 670,059	\$ 505,521	\$ (164,538)	-25%
OTHER INCOME (EXPENSE)						
Plus OTHER INCOME & DEDUCTIONS net	\$ 4,525	\$ 14,295	\$ 4,400	\$ 4,400	\$ -	0%
Less INTEREST ON LONG TERM DEBT	(238,084)	(198,280)	(261,450)	(201,880)	59,570	-23%
TOTAL OTHER INCOME (EXPENSE)	\$ (233,559)	\$ (183,985)	\$ (257,050)	\$ (197,480)	\$ 59,570	-23%
NET EARNINGS	\$ 1,533,948	\$ 1,453,478	\$ 413,009	\$ 308,041	\$ (104,968)	-25%
PROFORMA CASH FLOW						
NET EARNINGS	\$ 1,533,948	\$ 1,453,478	\$ 413,009	\$ 308,041	\$ (104,968)	-25%
PLUS:						
Receipts From Bond Issuing	\$ -	\$ -	\$ 995,000	\$ 995,000	\$ -	0%
Depreciation	236,243	241,341	279,403	284,600	5,197	2%
TOTAL FUNDS GENERATED	\$ 1,770,191	\$ 1,694,819	\$ 1,687,412	\$ 1,587,641	\$ (99,771)	-6%
LESS:						
Capital Projects	\$ 19,261	\$ 174,626	\$ 1,055,900	\$ 1,335,100	\$ 279,200	26%
Bond Principal Requirements	325,000	323,000	325,000	325,000	-	0%
Working Capital	(260,638)	(175,353)	50,000	50,000	-	0%
TOTAL FUNDS REQUIRED	\$ 83,623	\$ 322,273	\$ 1,430,900	\$ 1,710,100	\$ 279,200	20%
NET CASH FLOW FROM OPERATIONS	\$ 1,686,568	\$ 1,372,546	\$ 256,512	\$ (122,459)	\$ (378,971)	-148%
Beginning Cash Balance	\$ -	\$ 1,686,568	\$ 2,767,012	\$ 4,110,147	\$ 1,343,135	49%
Ending Cash Balance	\$ 1,686,568	\$ 3,059,113	\$ 3,023,524	\$ 3,987,688	\$ 964,164	32%

GROTON UTILITIES

SEWER DIVISION

FY 2022 BUDGET

CAPITAL PROJECTS

**GROTON UTILITIES
Sewer Division
Capital Budget**

Non-Bonded Capital Projects

PROJECT	Fund Source	FY 2022 Budget	Description
Operations:			
Waste Water Treatment Facility	NBC	\$ 100,000	Includes but not limited to Implementation of Flow Meters, Blowers, Paving, Pumps and Engineering
Sewer Pump Stations	NBC	\$ 100,000	Includes but not limited to Roofs, By-Pass Pumping, HVAC, VFD, Pumps Replacement and Piping and Engineering
Distribution System	NBC	\$ 100,000	Includes but not limited to Replacement of Sewer Mains
Subtotal		\$ 300,000	
IT:			
IT Security Upgrades at Municipal Building	NBC	\$ 5,000	
IT Security Upgrades at Operations	NBC	\$ 2,500	
Replace Backup Appliance at Operations	NBC	\$ 2,800	
Doc Mgmt. System Migration	NBC	\$ 5,000	
Subtotal		\$ 15,300	
Customer Care and Key Accounts:			
Re-design Customer Care office	NBC	\$ 12,000	
Carpeting	NBC	\$ 2,000	
Asbestos Removal	NBC	\$ 2,200	
Software Upgrade - Kiosk	NBC	\$ 5,000	
Digital Sign	NBC	\$ 3,000	
Stark Server	NBC	\$ 600	
Subtotal		\$ 24,800	
Total Non-Bonded Capital Projects		\$ 340,100	

Bonded Capital Projects

PROJECT	Fund Source	FY 2022 Budget	Description
Waste Water Treatment Facility	2021 Bond	\$ 400,000	Includes but not limited to Implementation of the Waste Water Treatment Facility Plan, Preplacement of Sodium Hypo System, Flow Meters, Blowers, Roof, Mixer/Controllers for Secondary Treatment, Generator, Pumps and Engineering
Sewer Pump Stations	2021 Bond	\$ 345,000	Includes but not limited to New or Rehab Wet Wells, Electrical, Outside Structures Ventilation, Roofs, By-Pass Pumping, Generators, VFD, Pumps Replacement and Piping and Engineering
Distribution System	2021 Bond	\$ 250,000	Includes but not limited to Lining of Sewer Mains and Manholes, Replacement of Sewer Mains, Manhole Covers and Manholes, Video and Engineering
Total Bonded Capital Projects		\$ 995,000	

Total Capital Projects

\$ 1,335,100