



GROTON UTILITIES

SEWER DIVISION

**OPERATING AND CAPITAL
BUDGET**

FY 2025

Proposed 4/10/2024

UC Approved 4/17/2024

City Council Approved 5/20/2024

GROTON UTILITIES

SEWER DIVISION

FY 2025 BUDGET

<i>SUMMARY</i>	<i>page 1-2</i>
<i>RATES</i>	<i>page 3</i>
<i>PROFORMA</i>	<i>page 4</i>
<i>REVENUES</i>	<i>page 5</i>
<i>OPERATING EARNINGS</i>	<i>page 6</i>
<i>INTEREST & OTHER</i>	<i>page 7</i>
<i>CAPITAL PROJECTS</i>	<i>page 8</i>

Groton Utilities – Sewer Division

FY2025 Budget

Proposed April 10, 2024

The fiscal year 2025 proposed budget for Groton Utilities – Sewer Division is presented with Actual FY2023, Projected FY2024, and Approved FY2024 Budget for comparison purposes.

Revenue Development

Revenues are developed using the historical sales data ended December 2023 and applying rates in effect February 1, 2024. Overall cubic feet sales budgeted for FY2025 are 6% lower than last year's budget. Proposed FY2025 Sewer revenue of \$3.9m is 5% or \$229k lower than last year's budget driven by the combination of the consumption decrease and the rate increase.

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.

Operation and Maintenance (O&M) Expenses

O&M expenses are developed using historical information and adjusted for known changes. Total O&M expenses proposed for FY2025 of \$3.5m is 0.3% or \$12k higher than last year's budget due to the changes as follows:

- Labor budget decreased by 1% or \$17k due to:
 - Standard increases for union and non-union employees combined with proposed performance base step increases.
 - Move 1 FTE to Electric division for GIS position.
 -
- Non-Labor expense budget increased by 1% or \$29k due to:
 - Sewer Operations: - 4% or -\$41k
 - Customer Care and Business Development: + 11% or \$10k
 - IT: +25% or \$26k
 - Admin & Finance: +6% or \$2k
 - Administrative & General: + 5% or \$31k

Capital Projects

Total proposed capital budget for FY2025 is \$689k which will be funded by a combination of annual depreciation and receipts of \$500k from financing. FY2025 capital budget includes:

Non-Bonded Capital Projects of \$189k for:

- Sewer Treatment Facility: \$75k
- Sewer Collection System and Pump Stations: \$75k
- Customer Care Projects: \$21k
- IT Projects: \$18k

Bonded Capital Projects of \$500k for Sewer Treatment Facility Improvement

Cash Flow

Net cash flow provided from operations by FY2025 including the capital project financing results in a decrease of \$639k which will reduce the projected operating cash balance from \$3m to \$2.4m which will still be \$92k below the COSS recommended minimum cash balance.

Rate Comparison

The GU average residential customer current Sewer bill for 500 cubic feet is 43% or \$28.89 below the Benchmark's current rate.

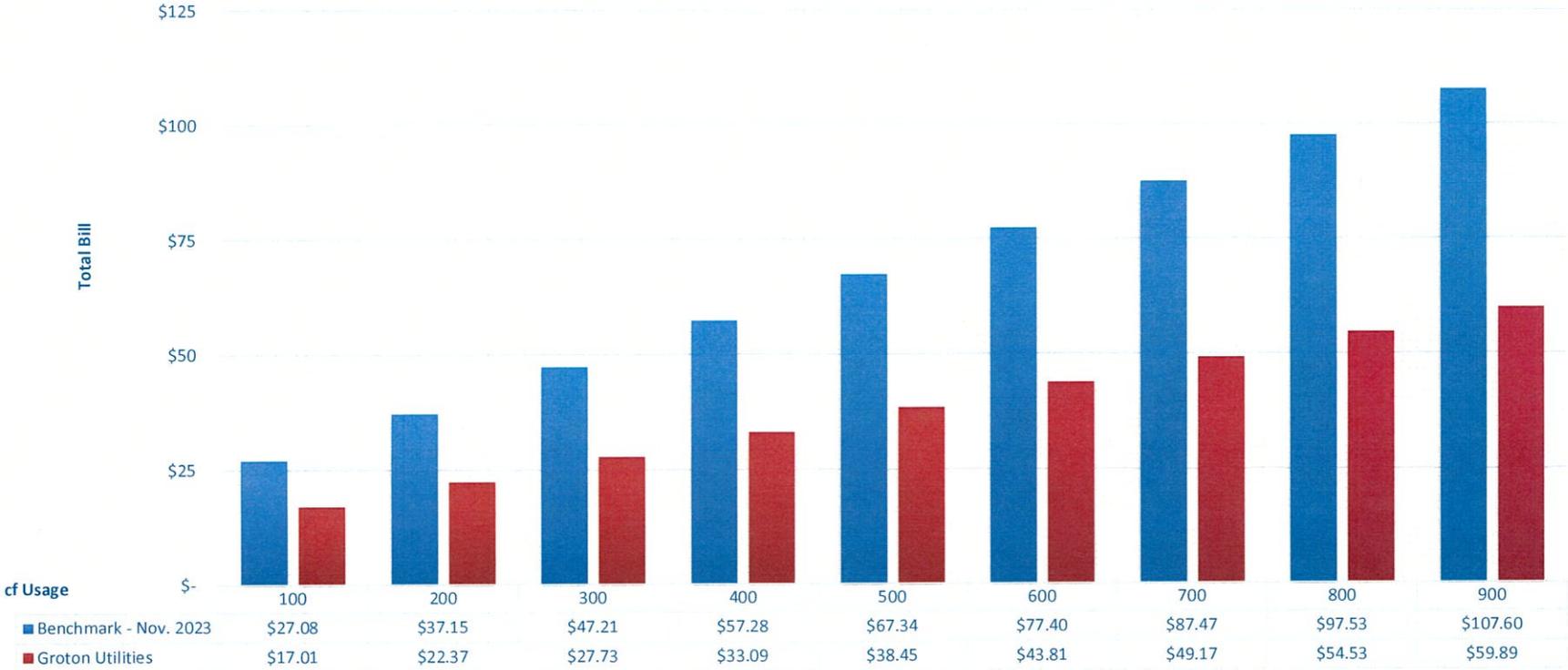
Approval Recommendation

The Proposed budgets for FY2025 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 FY2025 and cash flow plan be approved as proposed.

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



GROTON UTILITIES

SEWER DIVISION

FY 2025 BUDGET

PROFORMA ANALYSIS

GROTON UTILITIES

Sewer Division

PROFORMA INCOME STATEMENT

	FY 2023 Actual	FY 2024 Projected	Approved FY 2024 Budget	Proposed FY 2025 Budget	FY25 Budget vs. FY24 Budget
OPERATING REVENUES:					
Residential	\$ 1,232,048	\$ 1,284,059	\$ 1,324,508	\$ 1,274,028	\$ (50,480) -4%
Commercial	616,793	663,300	680,377	639,483	(40,894) -6%
Industrial	1,969,861	2,055,521	2,174,122	2,036,070	(138,052) -6%
Total Sewer Revenues	\$ 3,818,703	\$ 4,002,880	\$ 4,179,007	\$ 3,949,581	\$ (229,426) -5%
Other Sewer Revenues	\$ 7,030	\$ 12,872	\$ 12,500	\$ 10,500	(2,000) -16%
TOTAL OPERATING REVENUES	\$ 3,825,732	\$ 4,015,752	\$ 4,191,507	\$ 3,960,081	\$ (231,426) -6%
OPERATING EXPENSES:					
Operation Expense	\$ 3,193,538	\$ 3,240,154	\$ 3,438,883	\$ 3,450,854	\$ 11,971 0%
Depreciation	279,095	334,012	297,300	381,100	83,800 28%
Taxes	87,759	86,528	89,030	86,950	(2,080) -2%
TOTAL OPERATING EXPENSES	\$ 3,560,393	\$ 3,660,693	\$ 3,825,213	\$ 3,918,904	\$ 93,691 2%
OPERATING EARNINGS	\$ 265,340	\$ 355,058	\$ 366,294	\$ 41,177	\$ (325,117) -89%
OTHER INCOME (EXPENSE)					
Plus: Other Income & Deductions net	\$ 57,779	\$ 19,474	\$ 700	\$ 25,000	\$ 24,300 3471%
Less: Interest Expense on Long Term Debt	(372,472)	(350,706)	(350,600)	(322,100)	28,500 -8%
TOTAL OTHER INCOME (EXPENSE)	\$ (314,694)	\$ (331,232)	\$ (349,900)	\$ (297,100)	\$ 52,800 -15%
NET EARNINGS	\$ (49,354)	\$ 23,827	\$ 16,394	\$ (255,923)	\$ (272,317) -1661%
PROFORMA CASH FLOW					
NET EARNINGS	\$ (49,354)	\$ 23,827	\$ 16,394	\$ (255,923)	\$ (272,317) -1661%
PLUS:					
Depreciation	\$ 279,095	\$ 334,012	\$ 297,300	\$ 381,100	\$ 83,800 28%
FUNDS GENERATED	\$ 229,741	\$ 357,839	\$ 313,694	\$ 125,177	\$ (188,517) -60%
LESS:					
Capital Projects	\$ 842,446	\$ 3,764,433	\$ 4,147,000	\$ 689,000	\$(3,458,000) -83%
Transfer from Capital Bond Fund Reserve	(510,890)	(3,602,933)	(3,750,000)	(500,000)	3,250,000 -87%
Bond Principal Requirements	574,750	575,000	575,000	575,000	- 0%
Working Capital	626,954	-	-	-	- 0%
FUNDS REQUIRED	\$ 1,533,260	\$ 736,500	\$ 972,000	\$ 764,000	\$ (208,000) -21%
NET CASH FLOW FROM OPERATIONS	\$ (1,303,519)	\$ (378,661)	\$ (658,306)	\$ (638,823)	\$ 19,483 -3%
Operating Fund Balance - Beginning	\$ 4,715,134	\$ 3,411,615	\$ 4,199,184	\$ 3,032,954	
Operating Fund Balance - Ending	\$ 3,411,615	\$ 3,032,954	\$ 3,540,878	\$ 2,394,130	

GROTON UTILITIES

Sewer Division REVENUE BUDGET

	FY 2023 Actual	FY 2024 Projected	Approved FY 2024 Budget	Proposed FY 2025 Budget	FY25 Budget vs. FY24 Budget
OPERATING REVENUES					
Residential	\$ 1,195,129	\$ 1,248,985	\$ 1,288,401	\$ 1,237,596	\$ (50,805) -4%
Residential - North Slope	36,920	35,074	36,107	36,432	325 1%
Commercial	608,489	652,863	670,377	629,483	(40,894) -6%
Free City Sewer Service	8,305	10,437	10,000	10,000	- 0%
Industrial	1,969,861	2,055,521	2,174,122	2,036,070	(138,052) -7%
				-	
Total Sewer Revenues	\$ 3,818,703	\$ 4,002,880	\$ 4,179,007	\$ 3,949,581	\$ (229,426) -6%
Other Operating Revenues					
Late Payment Charges	\$ 5,960	\$ 8,205	\$ 6,500	\$ 6,500	\$ - 0%
Misc. Service Revenues	1,070	4,667	6,000	4,000	(2,000) -50%
Total Other Operating Revenues	\$ 7,030	\$ 12,872	\$ 12,500	\$ 10,500	\$ (2,000) -19%
TOTAL OPERATING REVENUES	\$ 3,825,732	\$ 4,015,752	\$ 4,191,507	\$ 3,960,081	\$ (231,426) -6%

Revenues are based on historical sales data ended on 12/31/2023

New Rates effective on 2/1/2024 with 3% increase

GROTON UTILITIES

Sewer Division

OPERATING EARNINGS

		FY 2023 Actual	FY 2024 Projected	Approved FY 2024 Budget	Proposed FY 2025 Budget	FY25 Budget vs. FY24 Budget	
OPERATING REVENUES		\$ 3,825,732	\$ 4,015,752	\$ 4,191,507	\$ 3,960,081	\$ (231,426)	-6%
OPERATING EXPENSES							
OPERATION & MAINTENANCE EXPENSE							
Sewer Operations 3905	Payroll	\$ 961,153	\$ 1,031,383	\$ 1,093,710	\$ 1,039,384	\$ (54,326)	-5%
Customer Care 4000 - 4900	Payroll	136,733	132,639	142,483	156,230	13,747	10%
Info & Tech 5000	Payroll	84,966	89,826	99,000	104,800	5,800	6%
Administration 9000	Payroll	73,968	83,959	86,680	104,400	17,720	20%
Administrative & General 9900	Payroll	-	-	-	-		
Subtotal		<u>\$ 1,256,820</u>	<u>\$ 1,337,806</u>	<u>\$ 1,421,873</u>	<u>\$ 1,404,814</u>	<u>\$ (17,059)</u>	<u>-1%</u>
Sewer Operations 3905	Other	\$ 1,045,199	\$ 1,089,738	\$ 1,149,400	\$ 1,108,600	\$ (40,800)	-4%
Customer Care 4000 - 4900	Other	61,499	69,387	92,560	102,910	10,350	11%
Info & Tech 5000 - 5600	Other	98,955	76,569	104,800	131,100	26,300	25%
Administration 9000	Other	25,259	29,664	38,060	40,230	2,170	6%
Administrative & General 9900	Other	705,806	636,990	632,190	663,200	31,010	5%
Subtotal		<u>\$ 1,936,718</u>	<u>\$ 1,902,347</u>	<u>\$ 2,017,010</u>	<u>\$ 2,046,040</u>	<u>\$ 29,030</u>	<u>1%</u>
TOTAL OPERATION & MAINTENANCE EXPENSE		<u>\$ 3,193,538</u>	<u>\$ 3,240,154</u>	<u>\$ 3,438,883</u>	<u>\$ 3,450,854</u>	<u>\$ 11,971</u>	<u>0.3%</u>
DEPRECIATION		<u>\$ 279,095</u>	<u>\$ 334,012</u>	<u>\$ 297,300</u>	<u>\$ 381,100</u>	<u>\$ 83,800</u>	<u>28%</u>
Taxes Payroll							
Sewer Operations 3905	Payroll Tax	\$ 67,093	\$ 63,672	\$ 63,100	\$ 58,200	\$ (4,900)	-8%
Customer Care 4000 - 4900	Payroll Tax	9,782	10,256	11,700	12,760	1,060	9%
Info & Tech 5000	Payroll Tax	6,053	6,731	7,600	8,000	400	5%
Administration 9000	Payroll Tax	4,832	5,868	6,630	7,990	1,360	21%
Administrative & General 9900	Payroll Tax						
Total Taxes		<u>\$ 87,759</u>	<u>\$ 86,528</u>	<u>\$ 89,030</u>	<u>\$ 86,950</u>	<u>\$ (2,080)</u>	<u>-2%</u>
TOTAL OPERATING EXPENSES		<u>\$ 3,560,393</u>	<u>\$ 3,660,693</u>	<u>\$ 3,825,213</u>	<u>\$ 3,918,904</u>	<u>\$ 93,691</u>	<u>2%</u>
OPERATING EARNINGS		<u>\$ 265,340</u>	<u>\$ 355,058</u>	<u>\$ 366,294</u>	<u>\$ 41,177</u>	<u>\$ (325,117)</u>	<u>-89%</u>

GROTON UTILITIES
Sewer Division
OTHER INCOME & EXPENSE

	FY 2023 Actual	FY 2024 Projected	Approved FY 2024 Budget	Proposed FY 2025 Budget	FY25 Budget vs. FY24 Budget
OPERATING EARNINGS	\$ 265,340	\$ 355,058	\$ 366,294	\$ 41,177	\$ (325,117) -89%
OTHER INCOME (EXPENSE)					
Bond Interest Expense	\$ 372,472	\$ 350,706	\$ 350,600	\$ 322,100	\$ (28,500) -8%
Subtotal Other Expense	\$ 374,907	\$ 350,706	\$ 350,600	\$ 322,100	\$ (28,500) -8%
Merchandising & Jobbing Contract Income	\$ 2,435	\$ 15,074	\$ -	\$ 15,000	15,000
Interest Income	57,779	4,400	700	10,000	9,300 1329%
Subtotal Other Income	\$ 60,213	\$ 19,474	\$ 700	\$ 25,000	\$ 24,300 3471%
TOTAL OTHER INCOME (EXPENSE)	\$ (314,694)	\$ (331,232)	\$ (349,900)	\$ (297,100)	\$ 52,800 -15%
NET EARNINGS	\$ (49,354)	\$ 23,827	\$ 16,394	\$ (255,923)	\$ (272,317) -1661%

GROTON UTILITIES

SEWER DIVISION

FY 2025 BUDGET

<p>COST CENTER DETAIL</p>

GROTON UTILITIES

Sewer Division CAPITAL BUDGET

PROJECT	FY 2025 PROPOSED	DESCRIPTION
NON-BONDED CAPITAL PROJECTS		
Operations		
Sewer Treatment Facility	\$ 75,000	Includes but not limited to Implementation of Flow Meters, Blowers, Paving, Scrubber, Roofs, Heating Systems and Engineering
Collection System and Pump Stations	75,000	Includes but not limited to Pumps Replacement, Bar Racks Screens , SCADA, Engineering and Technology, By-pass pumping & Lining of Sewer Mains, Manholes Covers
Subtotal	\$ 150,000	
IT		
Relace AHU at OPS	\$ 8,500	Carry over from FY24
Physical servers (2) for network endpoint management	\$ 6,000	
Storage Disk Upgrade - Muni Building	\$ 3,500	
Subtotal	\$ 18,000	
Customer Care		
Office Renovation	\$ 15,000	
Digital Sign	6,000	Carry over from FY24
Subtotal	\$ 21,000	
TOTAL NON-BONDED CAPITAL PROJECTS	\$ 189,000	
BONDED CAPITAL PROJECTS		
Sewer Treatment Facility	\$ 500,000	Sewer Treatment Facility, Sodium Hypo System, Flow Meters, Blowers, Roof, Mixer/Controllers for Secondary Treatment, Generator, Pumps and etc.
TOTAL CAPITAL PROJECTS	\$ 689,000	