



GROTON UTILITIES

WATER DIVISION

OPERATING AND CAPITAL
BUDGET

FY 2026

Proposed 4/9/2025

UC Approved 4/16/2025

City Council Approved 5/19/2025

GROTON UTILITIES

WATER DIVISION

FY 2026 BUDGET

SUMMARY..... page 1-2

RATES..... page 3

PROFORMA..... page 4

REVENUES page 5

OPERATING EARNINGS..... page 6

INTEREST & OTHER..... page 7

CAPITAL PROJECTS page 8

Groton Utilities – Water Division

FY2026 Budget

Proposed April 9, 2025

The fiscal year 2026 proposed budget for Groton Utilities – Water Division is presented with Actual FY2024, Projected FY2025, and Approved FY2025 Budget for comparison purposes.

Revenue Development

Revenues are developed using the historical sales data ended December 2024 and applying rates in effect October 1, 2024, and October 1, 2025 as applicable. Overall cubic feet sales budgeted for FY2026 are 1% lower than last year's budget. Proposed FY2026 Water revenue of \$13.1m is 2% or \$232k more than last year's budget driven by the combination of the consumption decrease and the rate increase.

Rate Comparison

The GU average residential customer current water bill for 500 cubic feet is 10% or \$4.73 below the Benchmark's current rate.

Electric/Water 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. 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 FY2026 of \$10.6m is 3% or \$319k higher than last year's budget due to the changes as follows:

- Labor budget of \$4m is increased by 4.1% or \$160k due to:
 - Standard increases for union and non-union employees combined with proposed performance base step increases.
 - Add 1 FTE for IT to support City Police Department
 - Change of labor allocation of 2 GMs and 1 Business Development staff
- Non-Labor expense budget of \$6.6m is increased by 2% or \$159k due to:
 - Water Operations: +5% or +\$149k
 - Customer Care and Business Development: -13% or -\$57k
 - IT: -5% or -\$18k
 - Admin & Finance: +16% or +20k
 - Administrative & General: +3% or +\$65k

Capital Projects

Total proposed capital budget for FY2026 is \$4.49m which will be funded by a combination of annual depreciation and receipts of \$4.2m from financing. FY2026 capital budget includes:

Non-Bonded Capital Projects of \$255k for:

- Customer Care Projects - \$30k
- IT Projects - \$75k
- Vehicle Replacement - \$150k

Bonded Capital Projects of \$4.23m for:

- Brandegee Avenue Tank - \$3.3m
- Distribution System Upgrades - \$330k
- Water Treatment Plant Upgrades - \$300k
- Metering - \$300k

Cash Flow

Net cash flow from operations provided by FY2026 including the capital project financing results in a decrease of \$1.3m which will reduce the projected operating cash balance from \$2.8m to \$1.5m which will be \$4.4m below the COSS recommended minimum cash balance.

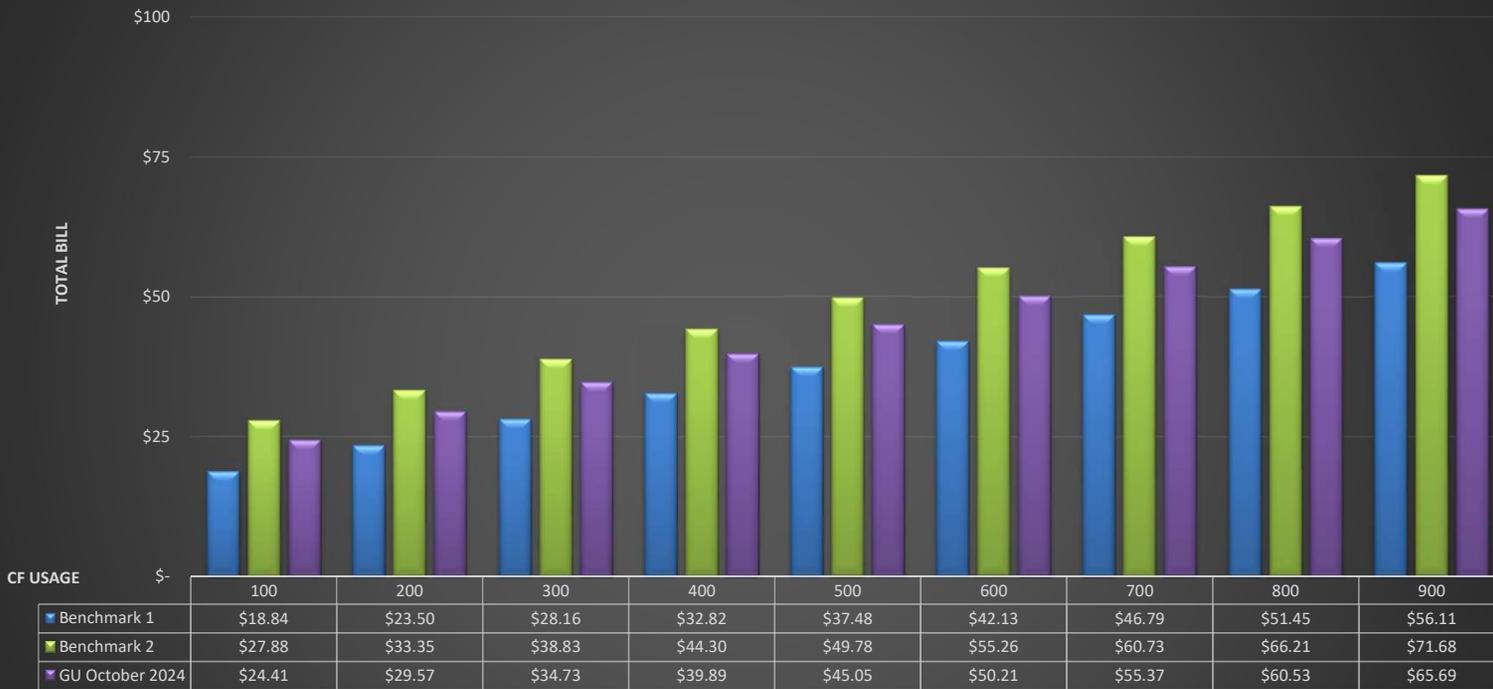
Approval Recommendation

The Proposed budgets for FY2026 will afford the Water Division to:

1. Continue to provide highly reliable, safe product 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 water 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 FY2026 be approved as proposed.

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



GU is 10% less than Benchmark 2 at 500cf.

GROTON UTILITIES

WATER DIVISION

FY 2026 BUDGET

PROFORMA ANALYSIS

GROTON UTILITIES

Water Division

PROFORMA INCOME STATEMENT

	FY 2024 Actual	FY 2025 Projected	Approved FY 2025 Budget	Proposed FY 2026 Budget	FY26 Budget vs. FY25 Budget	
OPERATING REVENUES:						
Residential	\$ 3,587,402	\$ 3,704,298	\$ 3,670,953	\$ 3,847,646	\$ 176,693	5%
Commercial	1,946,653	2,113,808	2,048,325	2,173,458	125,133	6%
Industrial	3,754,423	4,160,360	4,177,873	4,076,738	(101,135)	-2%
Hydrant & Sprinkler	401,086	406,307	404,723	408,864	4,141	1%
Sales for Resale	2,302,516	2,661,588	2,615,565	2,642,325	26,760	1%
TOTAL WATER REVENUES	\$ 11,992,080	\$ 13,046,361	\$ 12,917,439	\$ 13,149,031	\$ 231,592	2%
OTHER WATER REVENUE	\$ 371,485	\$ 367,512	\$ 394,000	\$ 395,000	\$ 1,000	0%
TOTAL OPERATING REVENUES	\$ 12,363,565	\$ 13,413,874	\$ 13,311,439	\$ 13,544,031	\$ 232,592	2%
OPERATING EXPENSES:						
Operation Expense	\$ 9,305,994	\$ 9,956,017	\$ 10,318,982	\$ 10,637,959	\$ 318,977	3%
Depreciation	2,764,225	2,795,418	2,845,100	2,816,100	(29,000)	-1%
Taxes	374,720	399,877	402,350	418,780	16,430	4%
TOTAL OPERATING EXPENSES	\$ 12,444,939	\$ 13,151,312	\$ 13,566,432	\$ 13,872,839	\$ 306,407	2%
OPERATING EARNINGS	\$ (81,374)	\$ 262,562	\$ (254,993)	\$ (328,808)	\$ (73,815)	-29%
OTHER INCOME (EXPENSE)						
Plus: Other Income & Deductions net	\$ 17,743	\$ 215,936	\$ (47,000)	\$ 145,400	\$ 192,400	409%
Less: Interest Expense on Long Term Debt	(1,067,467)	(1,004,896)	(1,000,100)	(922,700)	77,400	8%
Less: Other Interest Expense	(347)	42	-	-	-	
TOTAL OTHER INCOME (EXPENSE)	\$ (1,050,072)	\$ (788,918)	\$ (1,047,100)	\$ (777,300)	\$ 269,800	26%
NET EARNINGS	\$ (1,131,445)	\$ (526,356)	\$ (1,302,093)	\$ (1,106,108)	\$ 195,985	15%
NET EARNINGS	\$ (1,131,445)	\$ (526,356)	\$ (1,302,093)	\$ (1,106,108)	\$ 195,985	15%
PLUS:						
Depreciation	\$ 2,764,225	\$ 2,795,418	\$ 2,845,100	\$ 2,816,100	\$ (29,000)	-1%
FUNDS GENERATED	\$ 1,632,779	\$ 2,269,061	\$ 1,543,007	\$ 1,709,992	\$ 166,985	11%
LESS:						
Capital Projects	\$ 1,310,491	\$ 1,076,421	\$ 4,473,000	\$ 4,485,761	\$ 12,761	0%
Transfer from Capital Bond Fund Reserve	(734,530)	(750,000)	(4,206,000)	(4,230,761)	(24,761)	-1%
Bond Principal Requirements	2,756,000	2,756,000	2,756,000	2,766,000	10,000	0%
Working Capital	465,806	-	-	-	-	0%
FUNDS REQUIRED	\$ 3,797,767	\$ 3,082,421	\$ 3,023,000	\$ 3,021,000	\$ (2,000)	0%
NET CASH FLOW FROM OPERATIONS	\$ (2,164,988)	\$ (813,360)	\$ (1,479,993)	\$ (1,311,008)		
Operating Fund - Beginning Balance	\$ 5,820,424	\$ 3,655,437	\$ 4,005,362	\$ 2,842,077		
Operating Fund - Ending Balance	\$ 3,655,437	\$ 2,842,077	\$ 2,525,369	\$ 1,531,069		

GROTON UTILITIES

Water Division

Revenue Budget

	FY 2024 Actual	FY 2025 Projected	Approved FY 2025 Budget	Proposed FY 2026 Budget	FY26 Budget vs. FY25 Budget	
OPERATING REVENUES						
Residential	\$ 3,587,402	\$ 3,704,298	\$ 3,670,953	\$ 3,847,646	\$ 176,693	5%
Commercial	1,937,409	2,103,781	2,038,325	2,163,458	125,133	6%
Free City Water Service	9,244	10,027	10,000	10,000	-	0%
Industrial	3,754,423	4,160,360	4,177,873	4,076,738	(101,135)	-2%
Hydrant & Sprinkler Revenue	401,086	406,307	404,723	408,864	4,141	1%
Sales for Resale	2,302,516	2,661,588	2,615,565	2,642,325	26,760	1%
Total Water Revenues	\$ 11,992,080	\$ 13,046,361	\$ 12,917,439	\$ 13,149,031	\$ 231,592	2%
OTHER OPERATING REVENUES						
Late Payment Charges	\$ 20,422	\$ 5,285	\$ 20,000	\$ 20,000	\$ -	0%
Misc. Service Revenues	25,621	21,137	20,000	20,000	-	0%
Antenna Rental	265,143	268,030	304,000	280,000	(24,000)	-9%
Other Water Revenues	60,299	73,060	50,000	75,000	25,000	33%
Total Other Operating Revenue	\$ 371,485	\$ 367,512	394,000	395,000	\$ 1,000	0%
TOTAL OPERATING REVENUES	\$ 12,363,565	\$ 13,413,874	13,311,439	13,544,031	\$ 232,592	2%

Revenues are based on the historic Cu Ft sold ended on 12/31/24 with adjustments

New Proposed Rates effective on 10/1/2024 with 5% increase

New Proposed Rates effective on 10/1/2025 with 4% increase

GROTON UTILITIES
Water Division
OPERATING EARNINGS

		FY 2024 Actual	FY 2025 Projected	Approved FY 2025 Budget	Proposed FY 2026 Budget	FY26 Budget vs. FY25 Budget	
TOTAL OPERATING REVENUES		\$ 12,363,565	\$ 13,413,874	\$ 13,311,439	\$ 13,544,031	\$ 232,592	2%
OPERATING EXPENSES							
OPERATION & MAINTENANCE EXPENSE							
Water Operations 3000-3800	Payroll	\$ 2,804,263	\$ 2,766,329	\$ 2,760,161	\$ 2,904,818	\$ 144,657	5%
Customer Care 4000 - 4900	Payroll	405,029	461,862	464,691	463,706	(985)	0%
Info & Tech 5000	Payroll	262,500	303,873	314,400	346,900	32,500	10%
Administration 9000	Payroll	247,255	282,295	313,200	296,880	(16,320)	-5%
Administrative & General 9900	Payroll	-	-	-	-		
Subtotal		\$ 3,719,047	\$ 3,814,359	\$ 3,852,452	\$ 4,012,304	159,852	4.1%
Water Operations 3000-3800	Other	\$ 2,643,604	\$ 2,993,459	\$ 3,127,700	\$ 3,276,998	\$ 149,298	5%
Customer Care 4000 - 4900	Other	295,807	387,789	439,130	381,715	(57,415)	-13%
Info & Tech 5000 - 5600	Other	223,502	395,058	393,300	375,600	(17,700)	-5%
Administration 9000	Other	133,413	118,514	120,690	140,550	19,860	16%
Administrative & General 9900	Other	2,290,621	2,246,839	2,385,710	2,450,792	65,082	3%
Subtotal		\$ 5,586,948	\$ 6,141,659	\$ 6,466,530	\$ 6,625,655	\$ 159,125	2%
TOTAL OPERATION & MAINTENANCE EXPENSE		\$ 9,305,994	\$ 9,956,017	\$ 10,318,982	\$ 10,637,959	\$ 318,977	3%
DEPRECIATION		\$ 2,764,225	\$ 2,795,418	\$ 2,845,100	\$ 2,816,100	\$ (29,000)	-1%
Taxes Payroll							
Water 3000 - 3800	Payroll Tax	\$ 255,615	\$ 268,678	\$ 263,100	\$ 279,400	\$ 16,300	6%
Customer Care 4000 - 4900	Payroll Tax	34,006	37,830	38,280	37,860	(420)	-1%
Info & Tech 5000	Payroll Tax	19,202	21,536	24,000	26,500	2,500	10%
Administration 9000	Payroll Tax	16,439	20,140	23,970	22,020	(1,950)	-8%
Administrative & General 9900	Payroll Tax	-	-	-	-		
Subtotal		\$ 325,262	\$ 348,183	\$ 349,350	\$ 365,780	\$ 16,430	5%
Taxes Property		\$ 49,458	\$ 51,694	\$ 53,000	\$ 53,000	\$ -	0%
TOTAL TAXES		\$ 374,720	\$ 399,877	\$ 402,350	\$ 418,780	\$ 16,430	4%
TOTAL OPERATING EXPENSES		\$ 12,444,939	\$ 13,151,312	\$ 13,566,432	\$ 13,872,839	\$ 306,407	2%
OPERATING EARNINGS		\$ (81,374)	\$ 262,562	\$ (254,993)	\$ (328,808)	\$ (73,815)	-29%

GROTON UTILITIES
Water Division
OTHER INCOME & EXPENSE

	FY 2024 Actual	FY 2025 Projected	Approved FY 2025 Budget	Proposed FY 2026 Budget	FY26 Budget vs. FY25 Budget	
OPERATING EARNINGS	\$ (81,374)	\$ 262,562	\$ (254,993)	\$ (328,808)	\$ (73,815)	29%
OTHER INCOME (EXPENSE)						
Merchandising & Jobbing Expense	\$ 655,405	\$ 489,140	\$ 312,900	\$ 404,500	\$ 91,600	29%
Donations	-	-	100,000	-	(100,000)	0%
Bond Interest Expense GU	1,116,300	1,053,713	1,048,900	971,500	(77,400)	-7%
Amort.Of Premium On Debt (Cr)	(48,833)	(48,816)	(48,800)	(48,800)	-	0%
Interest Expense Other	347	(42)	-	-	-	
Subtotal Other Expense	<u>\$ 1,723,219</u>	<u>\$ 1,493,994</u>	<u>\$ 1,413,000</u>	<u>\$ 1,327,200</u>	<u>\$ (85,800)</u>	<u>-6%</u>
Merchandising & Jobbing Income	\$ 558,492	\$ 634,833	\$ 312,900	\$ 454,900	\$ 142,000	45%
Interest Income	114,656	70,243	53,000	95,000	42,000	79%
Gain/(loss) on Disposition of Property	-	-	-	-	-	
Miscellaneous Income DEP/FEMA/DWSRF	-	-	-	-	-	
Subtotal Other Income	<u>\$ 673,148</u>	<u>\$ 705,076</u>	<u>\$ 365,900</u>	<u>\$ 549,900</u>	<u>\$ 184,000</u>	<u>50%</u>
TOTAL OTHER INCOME (EXPENSE)	<u>\$ (1,050,072)</u>	<u>\$ (788,918)</u>	<u>\$ (1,047,100)</u>	<u>\$ (777,300)</u>	<u>\$ 269,800</u>	<u>-26%</u>
NET EARNINGS	<u>\$ (1,131,445)</u>	<u>\$ (526,356)</u>	<u>\$ (1,302,093)</u>	<u>\$ (1,106,108)</u>	<u>\$ 195,985</u>	<u>-15%</u>

GROTON UTILITIES

WATER DIVISION

FY 2026 BUDGET

CAPITAL PROJECTS

GROTON UTILITIES

Water Division CAPITAL BUDGET

PROJECT	FY 2026 PROPOSED	DESCRIPTION
NON-BONDED CAPITAL PROJECTS		
Operations		
Vehicles Replacement	150,000	Vehicle Replacement
Subtotal	\$ 150,000	
IT		
Servers	\$ 45,000	
Network Monitoring Tool	\$ 18,000	
Data Centers Rewiring Project	12,000	
Subtotal	\$ 75,000	
Customer Care		
Office Renovation	\$ 30,000	
Subtotal	\$ 30,000	
TOTAL NON-BONDED CAPITAL PROJECTS	\$ 255,000	
BONDED CAPITAL PROJECTS		
Brandegge Avenue Tank	\$ 3,300,761	Includes but not limited to Rehabilitation of the Standpipe, (the standpipe is a 1.46 million gallon standpipe built in 1946 of steel.)
Distribution System	330,000	Includes but not limited to Installation New or Replacement of Water Mains in Poquonnock Bridge Area, Aquarion Water Interconnect, Route 1, and Drozdyk Drive
Water Treatment Plant	300,000	
Metering	300,000	Meter Replacement
TOTAL BONDED CAPITAL PROJECTS	\$ 4,230,761	
TOTAL CAPITAL PROJECTS	\$ 4,485,761	