



GROTON UTILITIES

SEWER DIVISION

OPERATING AND CAPITAL
BUDGET

FY 2026

Proposed 4/9/2025

UC Approved 4/16/2025

City Council Approved 5/19/2025

GROTON UTILITIES

SEWER DIVISION

FY 2026 BUDGET

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Groton Utilities – Sewer Division

FY2026 Budget

Proposed April 9, 2025

The fiscal year 2026 proposed budget for Groton Utilities – Sewer 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 February 1, 2025. Overall cubic feet sales budgeted for FY2026 are 3% higher than last year's budget. Proposed FY2026 Sewer revenue of \$4.5m is 13% or \$512k higher than last year's budget driven by the combination of the consumption increase and the rate increase.

Rate Comparison

The GU average residential customer current Sewer bill for 500 cubic feet is 47% or \$37.28 below the Benchmark's current rate.

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. 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 \$3.7m is 6.9% or \$237k higher than last year's budget due to the changes as follows:

- Labor budget of \$1.6m is increased by 13% or \$185k 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 \$2.1m is increased by 3% or \$52k due to:
 - Sewer Operations: +3% or +\$35k
 - Customer Care and Business Development: + 19% or +\$19k
 - IT: -4% or -\$6k
 - Admin & Finance: +16% or \$7k
 - Administrative & General: -1% or -\$4k

Capital Projects

Total proposed capital budget for FY2026 is \$835k which will be funded by a combination of annual depreciation and cash. FY2026 capital budget includes:

Non-Bonded Capital Projects of \$835k for:

- CCTV for Sewer Collection System: \$300k
- Sewer Pump Stations: \$500k
- Customer Care Projects: \$10k
- IT Projects: \$25k

Cash Flow

Net cash flow provided from operations by FY2026 including the capital project financing results in a decrease of \$989k which will reduce the projected operating cash balance from \$3.8m to \$2.8m which will be \$824k above the COSS recommended minimum cash balance.

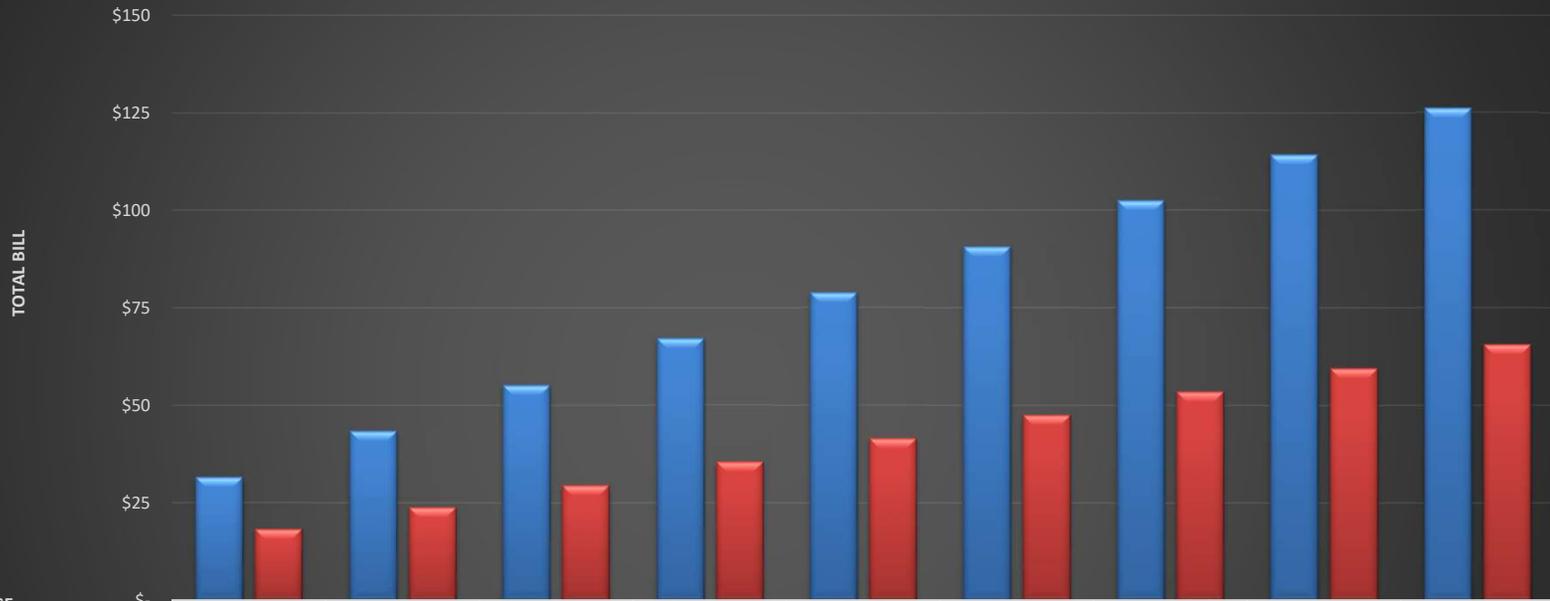
Approval Recommendation

The Proposed budgets for FY2026 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 FY2026, and cash flow plan be approved as proposed.

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



CF USAGE	100	200	300	400	500	600	700	800	900
█ Benchmark - Nov. 2024	\$31.54	\$43.36	\$55.19	\$67.01	\$78.84	\$90.66	\$102.49	\$114.31	\$126.14
█ Groton Utilities February 2025	\$18.28	\$23.91	\$29.54	\$35.55	\$41.56	\$47.57	\$53.58	\$59.59	\$65.60

**GU is 47% less than the Benchmark
at 500cf.**

GROTON UTILITIES

SEWER DIVISION

FY 2026 BUDGET

PROFORMA ANALYSIS

GROTON UTILITIES

Sewer 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	\$ 1,270,677	\$ 1,318,138	\$ 1,274,028	\$ 1,448,749	\$ 174,721	14%
Commercial	666,667	696,530	639,483	745,993	106,510	17%
Industrial	1,936,053	2,049,379	2,036,070	2,267,327	231,257	11%
Total Sewer Revenues	<u>\$ 3,873,397</u>	<u>\$ 4,064,046</u>	<u>\$ 3,949,581</u>	<u>\$ 4,462,069</u>	<u>\$ 512,488</u>	<u>13%</u>
Other Sewer Revenues	\$ 13,623	\$ 6,650	\$ 10,500	\$ 14,000	3,500	33%
TOTAL OPERATING REVENUES	<u>\$ 3,887,020</u>	<u>\$ 4,070,696</u>	<u>\$ 3,960,081</u>	<u>\$ 4,476,069</u>	<u>\$ 515,988</u>	<u>13%</u>
OPERATING EXPENSES:						
Operation Expense	\$ 3,260,581	\$ 3,320,639	\$ 3,450,855	\$ 3,688,059	\$ 237,203	7%
Depreciation	361,241	379,516	381,100	389,400	8,300	2%
Taxes	90,551	88,212	86,950	105,460	18,510	21%
TOTAL OPERATING EXPENSES	<u>\$ 3,712,374</u>	<u>\$ 3,788,367</u>	<u>\$ 3,918,905</u>	<u>\$ 4,182,919</u>	<u>\$ 264,013</u>	<u>7%</u>
OPERATING EARNINGS	<u>\$ 174,646</u>	<u>\$ 282,329</u>	<u>\$ 41,176</u>	<u>\$ 293,151</u>	<u>\$ 251,975</u>	<u>612%</u>
OTHER INCOME						
Plus: Other Income & Deductions net	\$ 86,718	\$ 22,148	\$ 25,000	\$ 32,000	\$ 7,000	28%
Less: Interest Expense on Long Term I	(343,460)	(322,206)	(322,100)	(293,675)	28,425	-9%
TOTAL OTHER INCOME	<u>\$ (256,742)</u>	<u>\$ (300,058)</u>	<u>\$ (297,100)</u>	<u>\$ (261,675)</u>	<u>\$ 35,425</u>	<u>12%</u>
NET EARNINGS	<u>\$ (82,096)</u>	<u>\$ (17,729)</u>	<u>\$ (255,924)</u>	<u>\$ 31,476</u>	<u>\$ 287,400</u>	<u>112%</u>
PROFORMA CASH FLOW						
NET EARNINGS	\$ (82,096)	\$ (17,729)	\$ (255,924)	\$ 31,476	\$ 287,400	112%
PLUS:						
Depreciation	\$ 361,241	\$ 379,516	\$ 381,100	\$ 389,400	\$ 8,300	2%
FUNDS GENERATED	<u>\$ 279,145</u>	<u>\$ 361,787</u>	<u>\$ 125,176</u>	<u>\$ 420,876</u>	<u>\$ 295,700</u>	<u>236%</u>
LESS:						
Capital Projects	\$ 2,477,168	\$ 2,039,912	\$ 689,000	\$ 835,000	\$ 146,000	21%
Transfer from Captial Bond Fund Reser	(2,346,015)	(1,756,918)	(500,000)	-	500,000	-100%
Bond Principal Requirements	575,000	575,000	575,000	575,000	-	0%
Working Capital	(1,315,715)	-	-	-	-	0%
FUNDS REQUIRED	<u>\$ (609,562)</u>	<u>\$ 857,994</u>	<u>\$ 764,000</u>	<u>\$ 1,410,000</u>	<u>\$ 646,000</u>	<u>85%</u>
NET CASH FLOW FROM OPERATIONS	<u>\$ 888,707</u>	<u>\$ (496,207)</u>	<u>\$ (638,824)</u>	<u>\$ (989,124)</u>	<u>\$ (350,300)</u>	<u>-55%</u>
Operating Fund Balance - Beginning	\$ 3,411,615	\$ 4,300,322	\$ 3,032,954	\$ 3,804,116		
Operating Fund Balance - Ending	<u>\$ 4,300,322</u>	<u>\$ 3,804,116</u>	<u>\$ 2,394,130</u>	<u>\$ 2,814,991</u>		

GROTON UTILITIES

Sewer 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	\$ 1,233,531	\$ 1,280,797	\$ 1,237,596	\$ 1,335,005	\$ 97,409 8%
Residential - North Slope	37,146	37,340	36,432	113,745	77,313 212%
Commercial	657,907	687,205	629,483	735,993	106,510 17%
Free City Sewer Service	8,760	9,325	10,000	10,000	- 0%
Industrial	1,936,053	2,049,379	2,036,070	2,267,327	231,257 11%
				-	
Total Sewer Revenues	\$ 3,873,397	\$ 4,064,046	\$ 3,949,581	\$ 4,462,069	\$ 512,488 13%
Other Operating Revenues					
Late Payment Charges	\$ 7,721	\$ 4,610	\$ 6,500	\$ 8,000	\$ 1,500 23%
Misc. Service Revenues	5,902	2,040	4,000	6,000	2,000 50%
Total Other Operating Revenues	\$ 13,623	\$ 6,650	\$ 10,500	\$ 14,000	\$ 3,500 33%
TOTAL OPERATING REVENUES	\$ 3,887,020	\$ 4,070,696	\$ 3,960,081	\$ 4,476,069	\$ 515,988 13%

Revenues are based on historical sales data ended on 12/31/2024

New Rates effective on 2/1/2025 with 7.3% increase

GROTON UTILITIES

Sewer Division

OPERATING EARNINGS

		FY 2024 Actual	FY 2025 Projected	Approved FY 2025 Budget	Proposed FY 2026 Budget		FY26 Budget vs. FY25 Budget
OPERATING REVENUES		\$ 3,887,020	\$ 4,070,696	\$ 3,960,081	\$ 4,476,069	\$ 515,988	13%
OPERATING EXPENSES							
OPERATION & MAINTENANCE EXPENSE							
Sewer Operations 3905	Payroll	\$ 1,056,717	\$ 1,018,839	\$ 1,039,384	\$ 1,207,404	\$ 168,020	16%
Customer Care 4000 - 4900	Payroll	134,545	154,435	156,231	168,005	11,773	8%
Info & Tech 5000	Payroll	87,505	101,292	104,800	115,600	10,800	10%
Administration 9000	Payroll	82,418	94,099	104,400	98,960	(5,440)	-5%
Administrative & General 9900	Payroll	-	-	-	-		
Subtotal		\$ 1,361,185	\$ 1,368,665	\$ 1,404,815	\$ 1,589,969	\$ 185,153	13%
Sewer Operations 3905	Other	\$ 1,102,895	\$ 1,054,609	\$ 1,108,600	\$ 1,143,800	\$ 35,200	3%
Customer Care 4000 - 4900	Other	68,265	84,536	102,910	122,405	19,495	19%
Info & Tech 5000 - 5600	Other	74,531	130,290	131,100	125,300	(5,800)	-4%
Administration 9000	Other	21,361	33,602	40,230	46,850	6,620	16%
Administrative & General 9900	Other	632,344	648,938	663,200	659,735	(3,465)	-1%
Subtotal		\$ 1,899,396	\$ 1,951,974	\$ 2,046,040	\$ 2,098,090	\$ 52,050	3%
TOTAL OPERATION & MAINTENANCE EXPENSE		\$ 3,260,581	\$ 3,320,639	\$ 3,450,855	\$ 3,688,059	\$ 237,203	6.9%
DEPRECIATION		\$ 361,241	\$ 379,516	\$ 381,100	\$ 389,400	\$ 8,300	2%
Taxes Payroll							
Sewer Operations 3905	Payroll Tax	\$ 69,384	\$ 62,415	\$ 58,200	\$ 76,700	\$ 18,500	32%
Customer Care 4000 - 4900	Payroll Tax	9,284	11,904	12,760	12,620	(140)	-1%
Info & Tech 5000	Payroll Tax	6,402	7,178	8,000	8,800	800	10%
Administration 9000	Payroll Tax	5,482	6,714	7,990	7,340	(650)	-8%
Administrative & General 9900	Payroll Tax						
Total Taxes		\$ 90,551	\$ 88,212	\$ 86,950	\$ 105,460	\$ 18,510	21%
TOTAL OPERATING EXPENSES		\$ 3,712,374	\$ 3,788,367	\$ 3,918,905	\$ 4,182,919	\$ 264,013	7%
OPERATING EARNINGS		\$ 174,646	\$ 282,329	\$ 41,176	\$ 293,151	\$ 251,975	612%

GROTON UTILITIES
Sewer 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	\$ 174,646	\$ 282,329	\$ 41,176	\$ 293,151	\$ 251,975 612%
OTHER INCOME (EXPENSE)					
Bond Interest Expense	\$ 343,460	\$ 322,206	\$ 322,100	\$ 293,675	\$ (28,425) -9%
Subtotal Other Expense	\$ 344,086	\$ 322,206	\$ 322,100	\$ 293,675	\$ (28,425) -9%
Merchandising & Jobbing Contract Income	\$ 8,163	\$ -	\$ 15,000	\$ -	(15,000)
Interest Income	79,181	22,148	10,000	32,000	22,000 220%
Subtotal Other Income	\$ 87,344	\$ 22,148	\$ 25,000	\$ 32,000	\$ 7,000 28%
TOTAL OTHER INCOME (EXPENSE)	\$ (256,742)	\$ (300,058)	\$ (297,100)	\$ (261,675)	\$ 35,425 -12%
NET EARNINGS	\$ (82,096)	\$ (17,729)	\$ (255,924)	\$ 31,476	\$ 287,400 -112%

GROTON UTILITIES

SEWER DIVISION

FY 2026 BUDGET

CAPITAL PROJECTS

GROTON UTILITIES

Sewer Division CAPITAL BUDGET

PROJECT	FY 2026 PROPOSED	DESCRIPTION
NON-BONDED CAPITAL PROJECTS		
Operations		
Collection System	300,000	CCTV
Pump Stations	500,000	Includes but not limited to Pumps Replacement, Bar Racks Screens, SCADA, Engineering and Technology, By-pass Pumping & Lining of Sewer Mains, Manholes Covers
Subtotal	\$ 800,000	
IT		
Servers	15,000	
Network Monitoring Tool	6,000	
Data Centers Rewiring Project	4,000	
Subtotal	\$ 25,000	
Customer Care		
Office Renovation	10,000	
Subtotal	\$ 10,000	
TOTAL NON-BONDED CAPITAL PROJECTS	\$ 835,000	
 TOTAL CAPITAL PROJECTS	 \$ 835,000	