

# Town of Randolph Water and Sewer Update

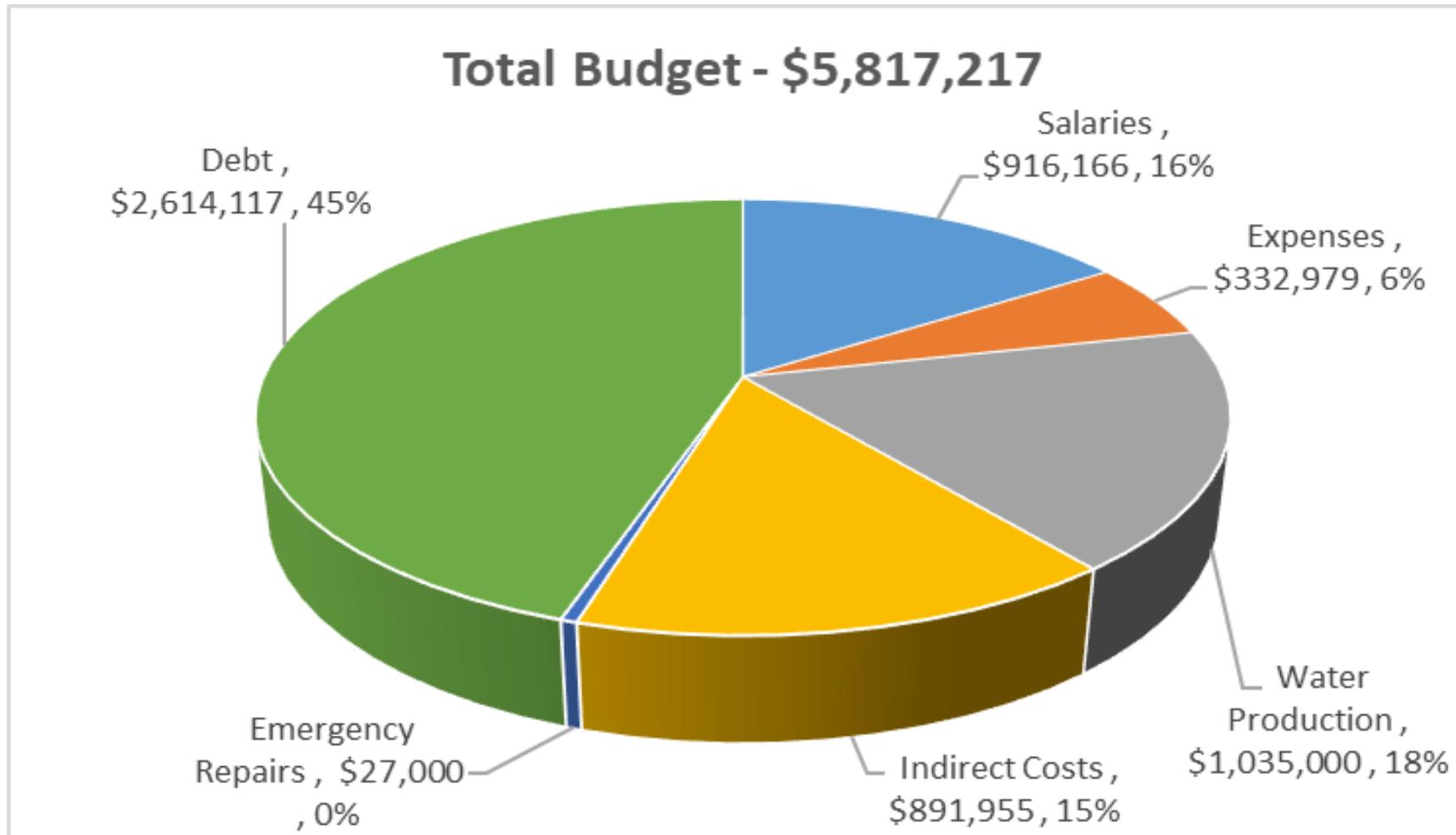
The Abrahams Group  
July 2023

# Retained Earnings

- Healthy retained earnings balance for last five certifications
- Has allowed Town to transfer retained earnings into Water Treatment Stabilization Fund, including \$3.3 million since last certification!



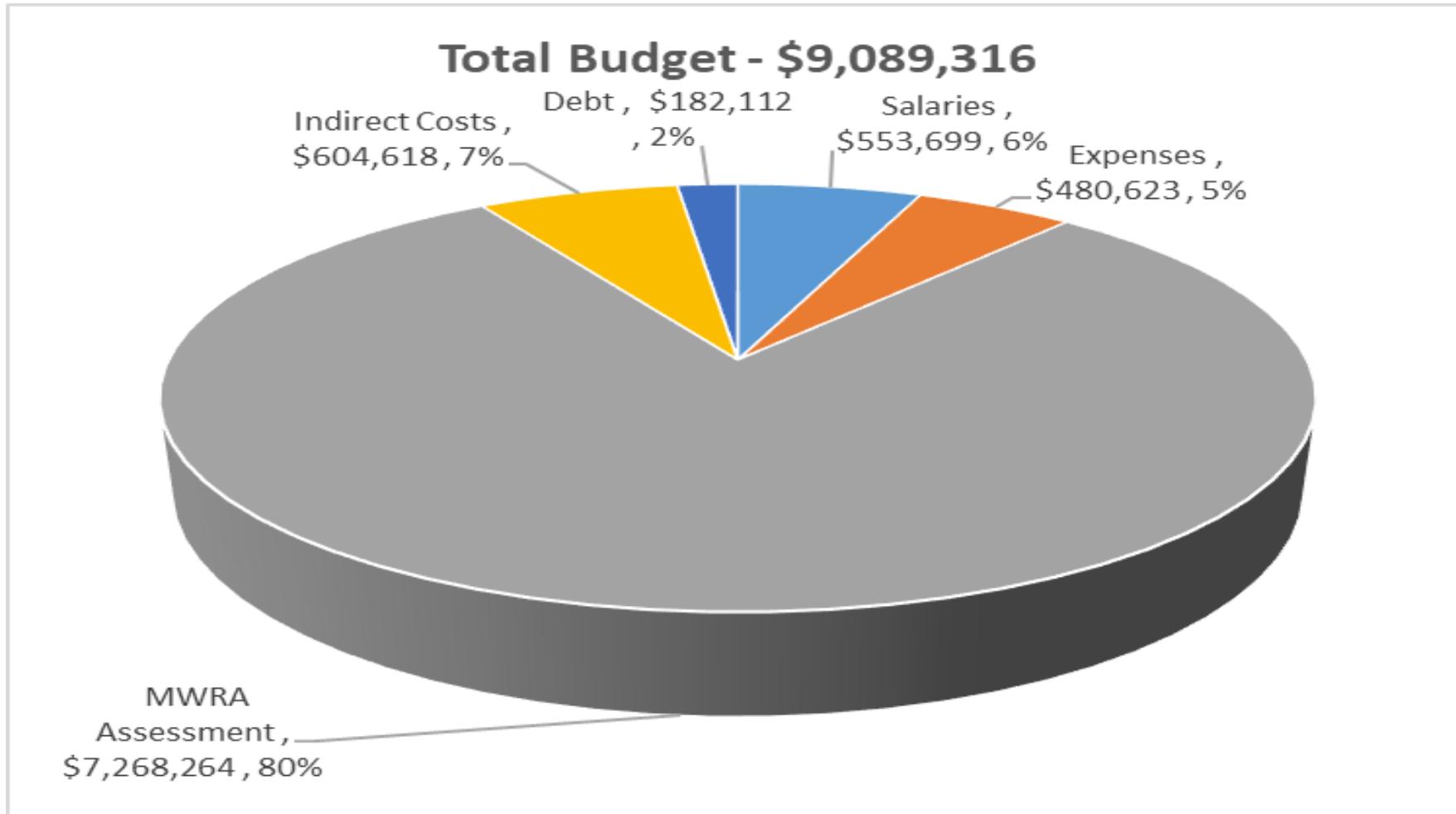
# FY 2024 Water Budget Breakdown



# Financial Highlights – Water

- Revenues > Expenses Each Year FY 2018 to FY 2022
  - Surplus > \$100k anticipated for FY 2023 as well
- FY 2024 budget up over \$500k (or 10.0%) over FY 2023
  - Salaries up \$21k
  - Other Expenses up \$170k
  - Indirect Costs up \$52k
  - Debt up over \$300k
- Projected expenses for capital in latest capital plan included in projections
  - Not included in capital plan are some capital projects on the horizon
- \$3.3 million recently transferred from retained earnings to Water Treatment Stabilization Fund, now with a balance over \$11.6 million

# FY 2024 Sewer Budget Breakdown



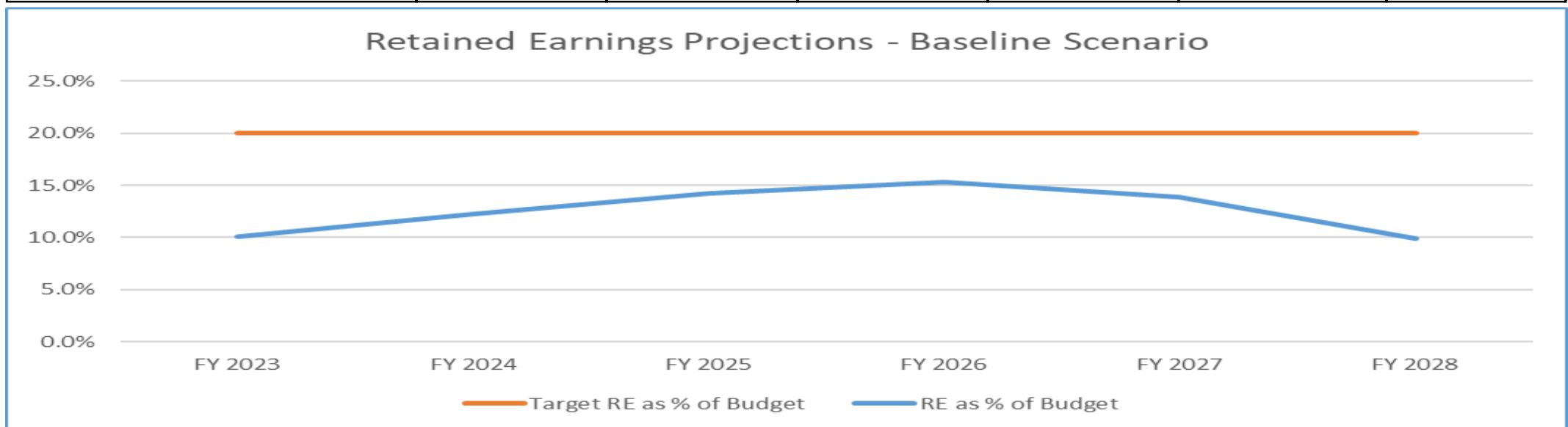
# Financial Highlights – Sewer

- Revenues > Expenses Each Year FY 2018 to FY 2022
  - Surplus at end of FY 2023 possible, but could end in deficit
- FY 2024 budget up over \$350k (or 4.3%) over FY 2023
  - Salaries down \$51k
  - MWRA Assessment up \$218k
  - Other Expenses up \$36k
  - Indirect Costs up \$160k
- MWRA Assessment average increase 2.5% last 6 years
  - 3.0% increase assumed future years
- Debt Increasing FY 2025 to FY 2028
  - Average Increase of \$230k per year
  - Projected new debt for I&I project for multiple years, and a sewer crane truck in FY 2024
- With no rate action, projected surplus in FY 2024 and FY 2025 and projected deficits in FY 2026 to FY 2028
  - FY 2028 deficit almost \$1 million

# Baseline

- Baseline represents the “do nothing” scenario
- Contains all projected expenditures FY23 to FY28, no revenue changes

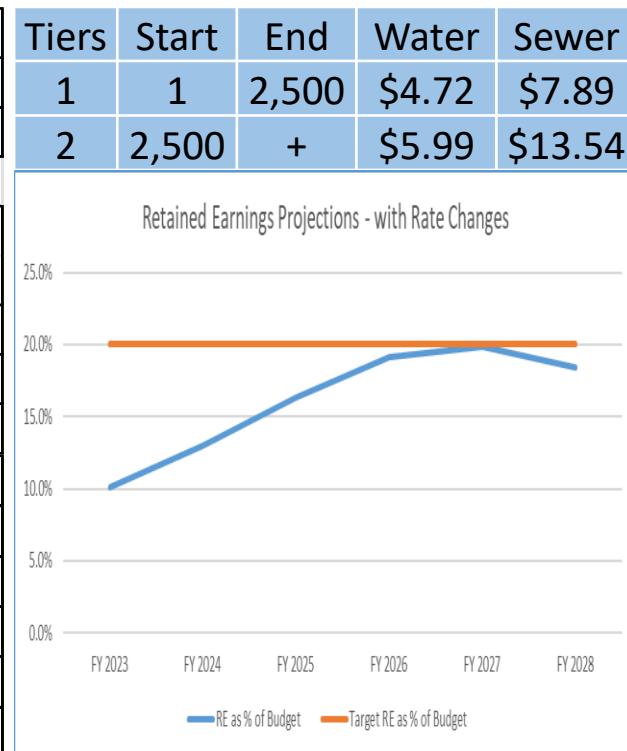
Baseline	FY 2023 PROJECTED	FY 2024 PROJECTED	FY 2025 PROJECTED	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
Surplus/Deficit	\$ 150,311	\$ 421,662	\$ 315,958	\$ 180,109	\$ (167,162)	\$ (577,738)
Projected Retained Earnings	\$ 1,400,313	\$ 1,821,974	\$ 2,137,932	\$ 2,318,041	\$ 2,150,879	\$ 1,573,141
RE as % of Budget	10.1%	12.2%	14.3%	15.3%	13.9%	9.9%
Target RE as % of Budget	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%



# Rate Option 1 – 1.0% Rate Increase Water & Sewer

- No change to base charges
- Target Retained Earnings 20% of Fund Expenses

		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rate Changes	Water	1.0%	1.0%	1.0%	1.0%	1.0%
	Sewer	1.0%	1.0%	1.0%	1.0%	1.0%
Rate Impact	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Surplus/Deficit	\$ 150,311	\$ 537,702	\$ 507,753	\$ 448,417	\$ 178,423	\$ (154,103)
Projected Retained Earnings	\$1,400,313	\$1,938,015	\$2,445,768	\$2,894,185	\$3,072,608	\$2,918,506
RE as % of Budget	10.1%	13.0%	16.3%	19.1%	19.9%	18.4%
User Impact (per Bill; Water and Sewer Combined)			New Bills			
User Type	Flow	Current Bill	FY 2024	FY 2025	FY 2026	FY 2027
Low-End User	1,000	\$ 162.30	\$ 163.55	\$ 164.81	\$ 166.08	\$ 167.37
Average User	2,500	\$ 349.50	\$ 352.62	\$ 355.77	\$ 358.95	\$ 362.17
Large User	4,000	\$ 639.60	\$ 645.62	\$ 651.70	\$ 657.84	\$ 664.05
Very Large User	10,000	\$ 1,800.00	\$ 1,817.63	\$ 1,835.43	\$ 1,853.41	\$ 1,871.56



Bills in the User Impact table include base charges of \$25.00 for water and \$12.50 for sewer. The base charges with the Senior Discount are \$5.00 for water and \$2.50 for sewer.

# Rate Option 2 – 2.0% Rate Increase Water & Sewer

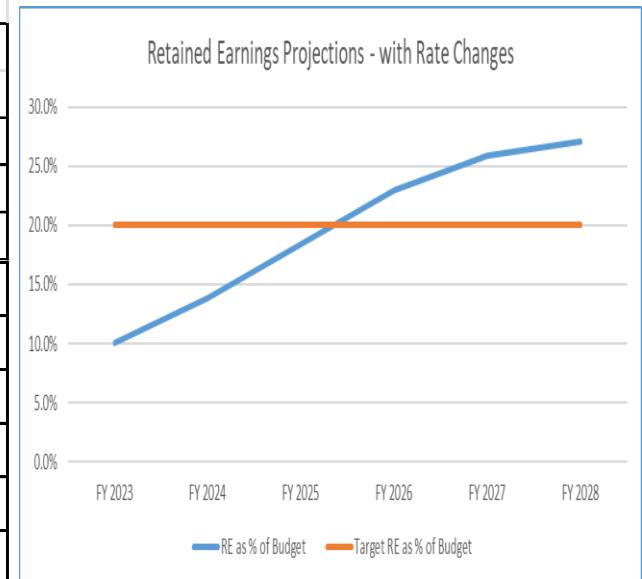
- No change to base charges
- Target Retained Earnings 20% of Fund Expenses

		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rate Changes	Water	2.0%	2.0%	2.0%	2.0%	2.0%
	Sewer	2.0%	2.0%	2.0%	2.0%	2.0%

Rate Impact	FY 2023 PROJECTED	FY 2024 PROJECTED	FY 2025 PROJECTED	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
Surplus/Deficit	\$ 150,311	\$ 653,743	\$ 701,049	\$ 721,270	\$ 533,190	\$ 284,989
Projected Retained Earnings	\$1,400,313	\$2,054,056	\$2,755,105	\$3,476,375	\$4,009,565	\$4,294,553
RE as % of Budget	10.1%	13.8%	18.4%	23.0%	25.9%	27.0%
User Impact (per Bill; Water and Sewer Combined)		New Bills				
User Type	Flow	Current Bill	FY 2024	FY 2025	FY 2026	FY 2027
Low-End User	1,000	\$ 162.30	\$ 164.80	\$ 167.34	\$ 169.94	\$ 172.59
Average User	2,500	\$ 349.50	\$ 355.74	\$ 362.10	\$ 368.60	\$ 375.22
Large User	4,000	\$ 639.60	\$ 651.64	\$ 663.92	\$ 676.45	\$ 689.23
Very Large User	10,000	\$ 1,800.00	\$ 1,835.25	\$ 1,871.21	\$ 1,907.88	\$ 1,945.29

Tiers	Start	End	Water	Sewer
1	1	2,500	\$4.76	\$7.97
2	2,500	+	\$6.05	\$13.68



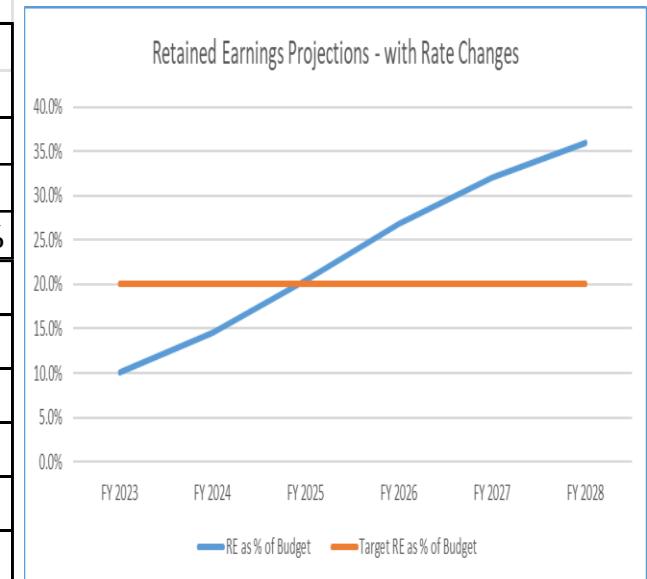
Bills in the User Impact table include base charges of \$25.00 for water and \$12.50 for sewer. The base charges with the Senior Discount are \$5.00 for water and \$2.50 for sewer.

# Rate Option 3 – 3.0% Rate Increase Water & Sewer

- No change to base charges
- Target Retained Earnings 20% of Fund Expenses

		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rate Changes	Water	3.0%	3.0%	3.0%	3.0%	3.0%
	Sewer	3.0%	3.0%	3.0%	3.0%	3.0%
Rate Impact	FY 2023 PROJECTED	FY 2024 PROJECTED	FY 2025 PROJECTED	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
Surplus/Deficit	\$ 150,311	\$ 769,784	\$ 895,845	\$ 998,713	\$ 897,321	\$ 740,000
Projected Retained Earnings	\$1,400,313	\$2,170,097	\$3,065,941	\$4,064,655	\$4,961,975	\$5,701,976
RE as % of Budget	10.1%	14.6%	20.5%	26.9%	32.1%	35.9%
User Impact (per Bill; Water and Sewer Combined)			New Bills			
User Type	Flow	Current Bill	FY 2024	FY 2025	FY 2026	FY 2027
Low-End User	1,000	\$ 162.30	\$ 166.04	\$ 169.90	\$ 173.87	\$ 177.96
Average User	2,500	\$ 349.50	\$ 358.86	\$ 368.50	\$ 378.43	\$ 388.66
Large User	4,000	\$ 639.60	\$ 657.66	\$ 676.27	\$ 695.43	\$ 715.17
Very Large User	10,000	\$ 1,800.00	\$ 1,852.88	\$ 1,907.34	\$ 1,963.43	\$ 2,021.21

Tiers	Start	End	Water	Sewer
1	1	2,500	\$4.81	\$8.04
2	2,500	+	\$6.11	\$13.81



Bills in the User Impact table include base charges of \$25.00 for water and \$12.50 for sewer. The base charges with the Senior Discount are \$5.00 for water and \$2.50 for sewer.

Thank you

Questions and Comments?