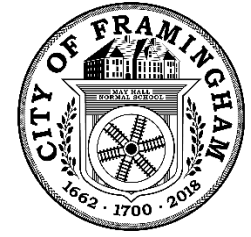


Water and Sewer Proposed FY2023 Rates Public Hearing

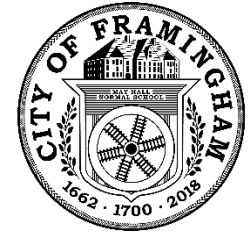
June 9, 2022



Balancing Revenues and Expenditures

Water and Sewer Enterprise Fund

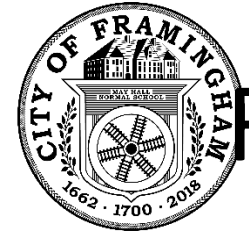
- Revenue from water and sewer usage segregated from other revenue
- Expenditures budget developed annually
- Revenue rates developed to cover expenditures budget



Why Rates Need To Increase

Water and Sewer Enterprise Fund

- Business whose expenses increase
 - Labor costs (salaries)
 - Costs of supplies and equipment
 - MWRA assessment
 - Costs of infrastructure projects



FY2023 Water and Sewer Rates Development

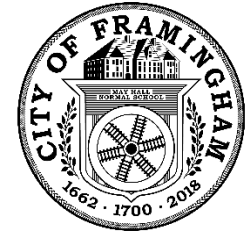
Structural imbalance between revenue and expenditures

FY2022 Net Retained Earnings:	-\$3,303,551
FY2021 Net Retained Earnings:	-\$1,342,893
FY2020 Net Retained Earnings:	\$1,128,659
FY2019 Net Retained Earnings:	\$2,269,747
FY2018 Net Retained Earnings:	\$8,147,667
FY2017 Net Retained Earnings:	\$7,531,643

Significant drop in retained earnings as a percent of budget

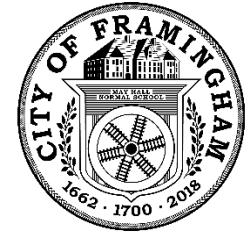
Retained earnings lag by fiscal year – based on prior year financial performance

FY2017: change in use of premiums on bonds (\$1-\$2 million per year difference in revenues – reduction built into capital investment)



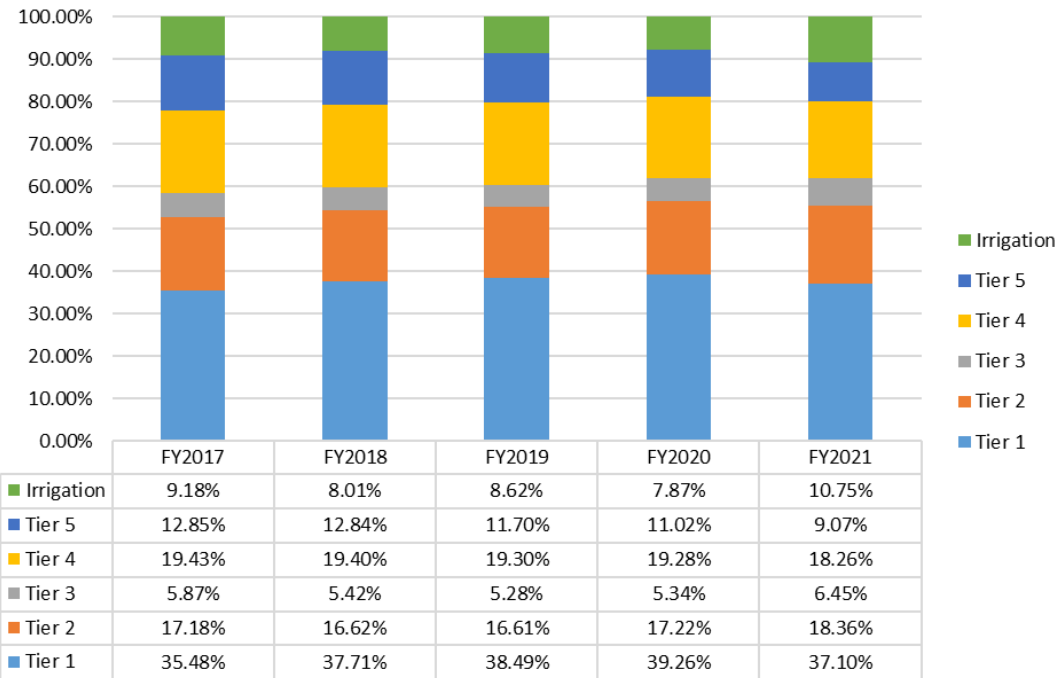
FY2022 Water and Sewer Rates

Existing Water Rates/Unit of Consumption		Existing Sewer Rates /Unit of Consumption	
Tier 1 (1 - 12 units per quarter)	\$6.91	Tier 1 (1 - 12 units per quarter)	\$8.97
Tier 2 (13 - 27 units per quarter)	\$7.69	Tier 2 (13 - 27 units per quarter)	\$9.25
Tier 3 (28 - 51 units per quarter)	\$8.94	Tier 3 (28 - 51 units per quarter)	\$12.43
Tier 4 (52 - 750 units per quarter)	\$10.53	Tier 4 (52 - 750 units per quarter)	\$17.78
Tier 5 (over 750 units per quarter)	\$12.76	Tier 5 (over 750 units per quarter)	\$25.82
Irrigation (lawn) use	\$12.93	Irrigation (lawn) use	N/A

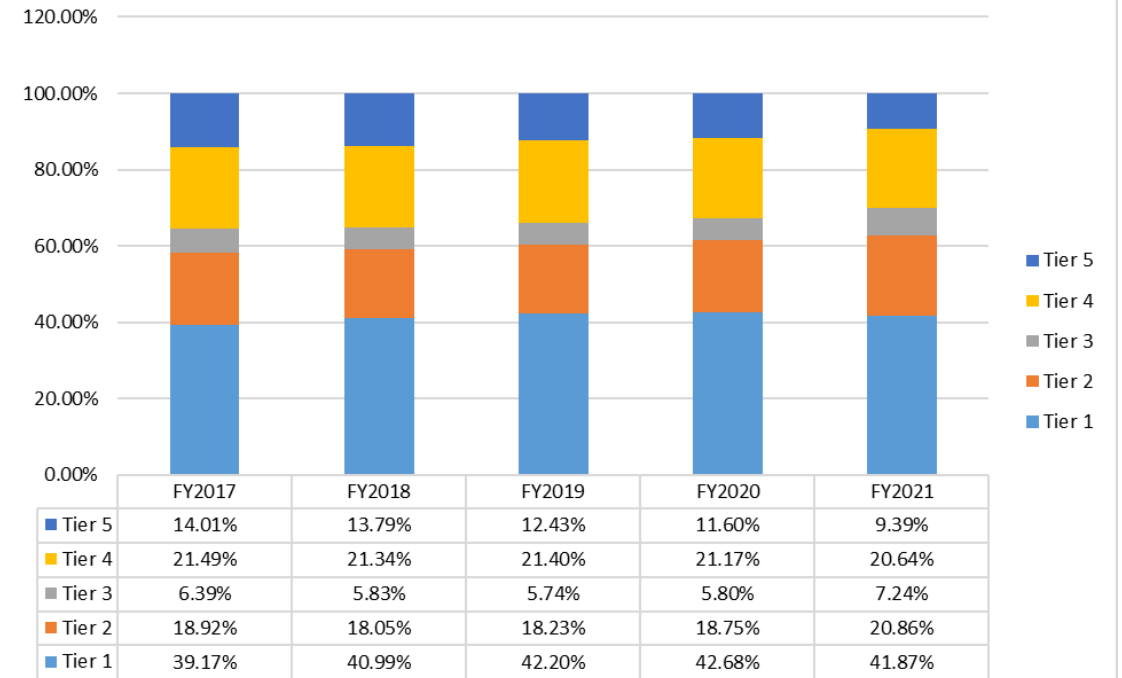


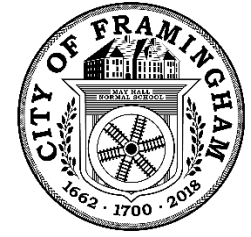
Historical Water Usage By Tier

Water Tier Usage by Percent of Total

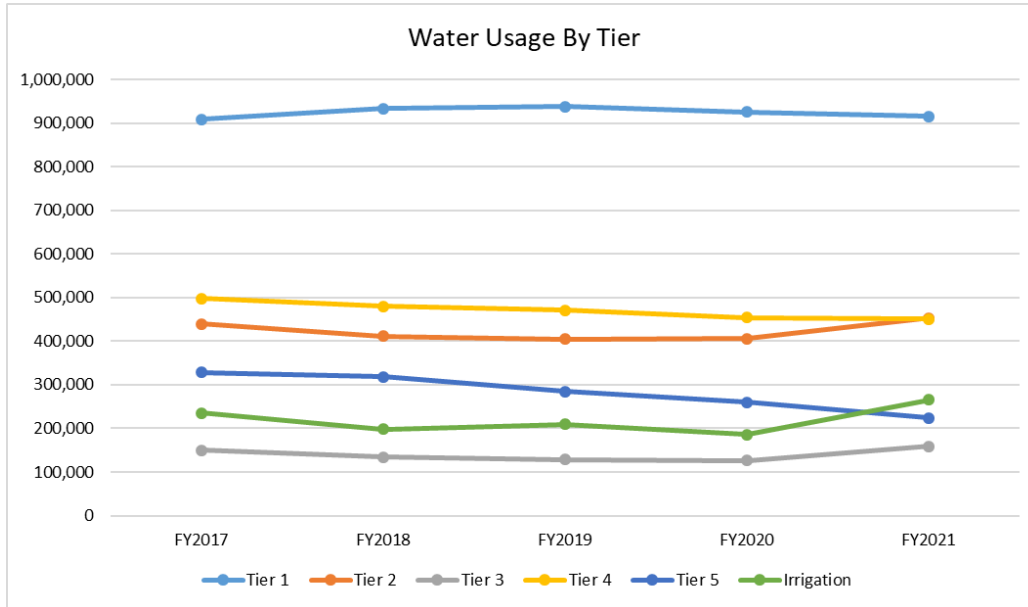


Wastewater Tier Usage by Percent of Total



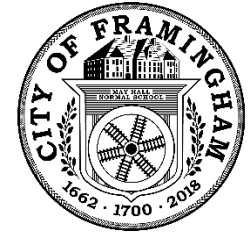


Historical Water Usage By Tier



Water Usage	FY2017	FY2018	FY2019	FY2020	FY2021	Percent Change FY2017-FY2021
Tier 1	908,678	933,086	938,189	925,615	915,604	0.76%
Tier 2	439,842	411,362	404,747	405,924	453,116	3.02%
Tier 3	150,427	134,041	128,752	125,902	159,224	5.85%
Tier 4	497,629	479,932	470,469	454,541	450,571	-9.46%
Tier 5	328,992	317,802	285,245	259,876	223,953	-31.93%
Irrigation	235,189	198,226	210,036	185,576	265,350	12.82%
Total	2,560,757	2,474,449	2,437,438	2,357,434	2,467,818	-3.63%
Total Less Irrig.	2,325,568	2,276,223	2,227,402	2,171,858	2,202,468	-5.29%

- There is a drop in consumption between FY2017 and FY2021 of approximately 5%, excluding irrigation
- The drop in consumption accounts for some of the increase in cost
- While consumption has decreased between FY2017 and FY2021, FY2021 consumption was higher than FY2020
- MWRA data shows that water consumption continues to increase slightly year over year
- For budgeting purposes, the FY2021 consumption usage numbers were used

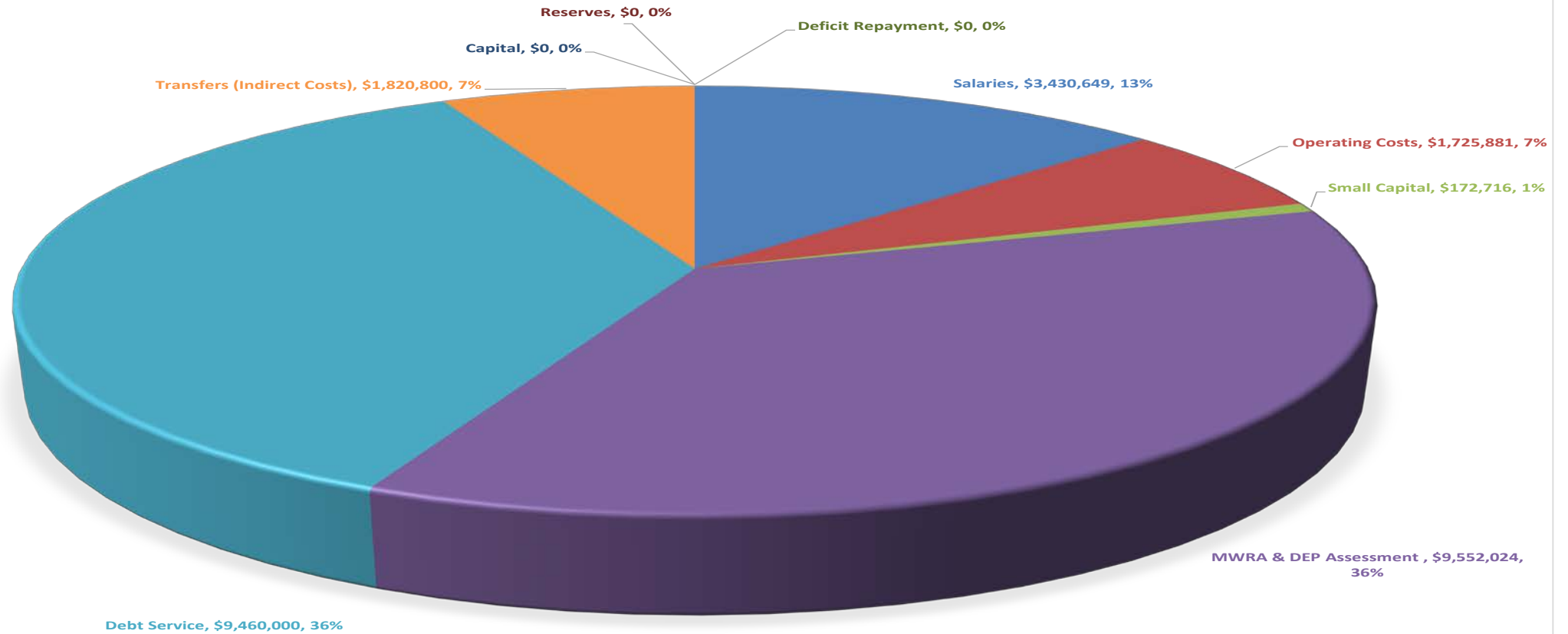


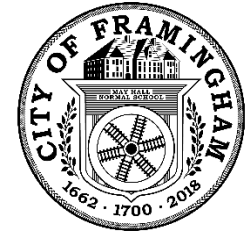
Water Revenue Requirement

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budget	FY23 Budget	\$ Change	% Change
Water Enterprise Fund							
Total Salary & Wages	\$ 2,983,922	\$ 3,104,235	\$ 2,962,293	\$ 3,227,006	\$ 3,430,649	\$ 203,643	6.31%
Total Operating Expenses	\$ 1,242,763	\$ 1,156,266	\$ 905,213	\$ 1,119,206	\$ 1,269,437	\$ 150,231	13.42%
Total Energy	\$ 345,767	\$ 322,611	\$ 347,633	\$ 350,897	\$ 353,944	\$ 3,047	0.87%
Operating Capital	\$ 163,163	\$ 242,814	\$ 200,171	\$ 142,716	\$ 172,716	\$ 30,000	21.02%
MWRA Assessment	\$ 8,205,353	\$ 8,448,119	\$ 8,834,401	\$ 9,287,668	\$ 9,531,024	\$ 243,356	2.62%
DEP Assessment	\$ 18,991	\$ 17,599	\$ 19,958	\$ 21,000	\$ 21,000		
Debt Service	\$ 7,588,101	\$ 8,684,250	\$ 9,026,716	\$ 9,511,173	\$ 9,224,163	\$ (51,173)	-0.54%
Debt Service Levelling					\$ 235,837		
Indirects	\$ 2,074,648	\$ 1,776,388	\$ -	\$ 1,820,800	\$ 1,820,800	\$ -	0.00%
Amortization of Fund Deficit				\$ 167,500	\$ -	\$ (167,500)	-100.00%
Town/School Sewer Usage	\$ 97,826	\$ 87,594	\$ 101,790	\$ 102,500	\$ 102,500	\$ -	0.00%
Total	\$ 22,720,534	\$ 23,839,875	\$ 22,398,176	\$ 25,750,466	\$ 26,162,070	\$ 411,604	1.60%

- Salary and wages include positions previously funded in capital
- 5-year Capital Improvement Plan Review – smooth out financial requests – anticipate funding 75% of requested capital – review equipment and vehicles request
- Fund deficit raised in sewer to maintain equal rate increases

CITY OF FRAMINGHAM FY 2023 WATER REVENUE REQUIREMENTS



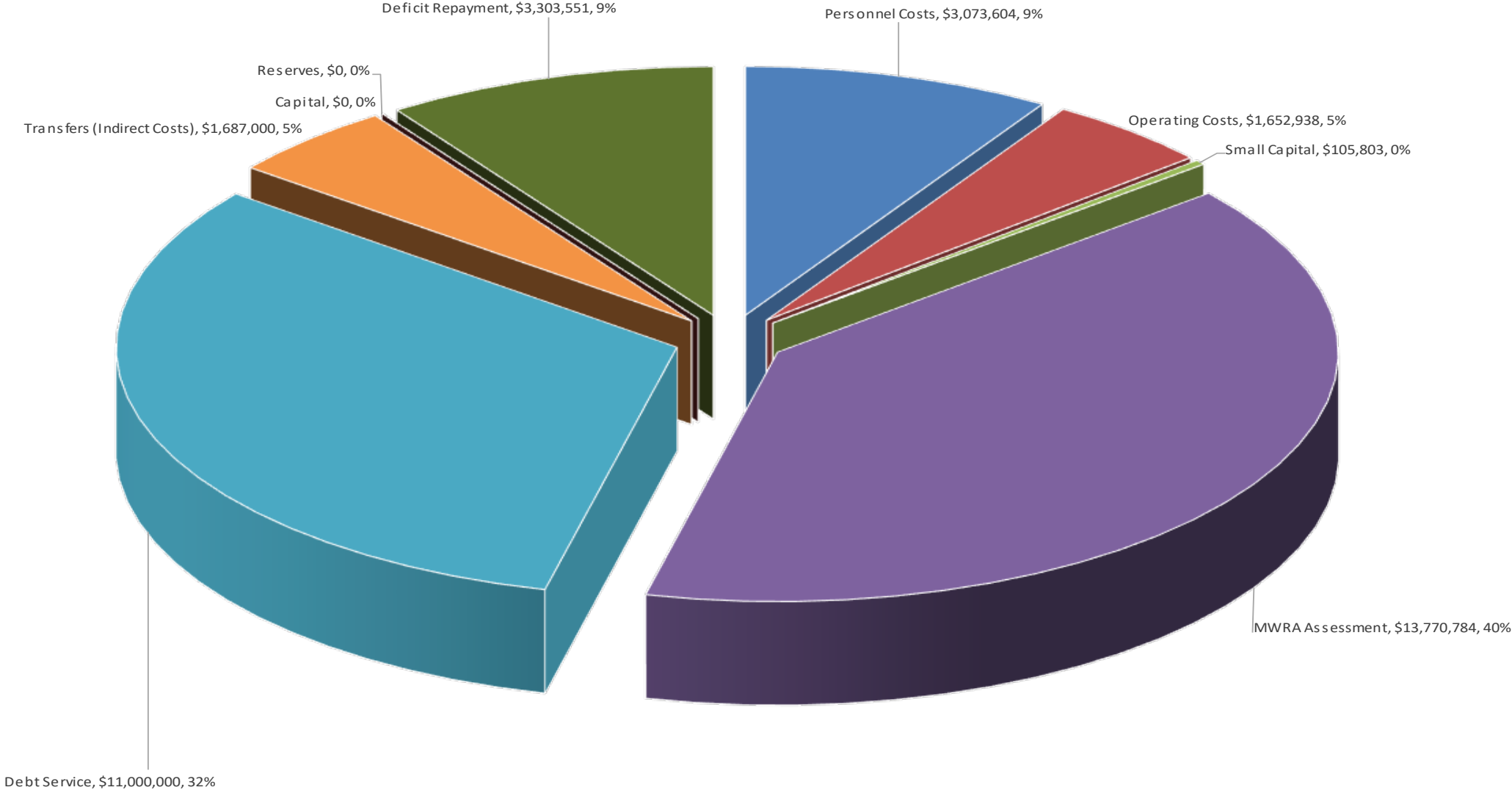


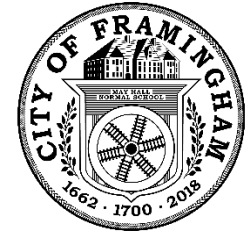
Sewer Revenue Requirement

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budget	Draft FY23 Budget	\$ Change	%Change
Sewer Enterprise Fund							
Total Salary & Wages	\$ 2,588,641	\$ 2,739,541	\$ 2,478,454	\$ 2,856,788	\$ 3,073,604	\$ 216,816	7.59%
Total Operating Expenses	\$ 1,174,489	\$ 1,104,373	\$ 1,001,487	\$ 1,168,048	\$ 1,196,810	\$ 28,762	2.46%
Total Energy	\$ 362,320	\$ 342,234	\$ 336,819	\$ 354,783	\$ 383,628	\$ 28,845	8.13%
Operating Capital	\$ 103,905	\$ 68,858	\$ 120,132	\$ 75,803	\$ 105,803	\$ 30,000	39.58%
MWRA Assessment	\$ 13,423,226	\$ 13,544,663	\$ 13,209,393	\$ 13,764,605	\$ 13,770,784	\$ 6,179	0.04%
Debt Service	\$ 10,711,842	\$ 11,077,304	\$ 11,624,087	\$ 11,246,272	\$ 10,335,117	\$ (246,272)	-2.19%
Debt Service Levelling					\$ 664,883		
Indirects	\$ 2,472,913	\$ 1,645,850	\$ -	\$ 1,687,000	\$ 1,687,000	\$ -	0.00%
Amortization of Fund Deficit				\$ 332,500	\$ 3,303,551	\$ 2,971,051	893.55%
Town/School Sewer Usage	\$ 80,070	\$ 67,488	\$ 47,306	\$ 72,500	\$ 72,500	\$ -	0.00%
Total	\$ 30,917,406	\$ 30,590,310	\$ 28,817,677	\$ 31,558,299	\$ 34,593,680	\$ 3,035,381	9.62%

- Salary and wages include positions previously funded in capital
- 5-year Capital Improvement Plan Review – smooth out financial requests – anticipate funding 70% of requested capital – review equipment and vehicles request
- Fund deficit raised in sewer to maintain equal rate increases

CITY OF FRAMINGHAM FY 2023 SEWER REVENUE REQUIREMENTS



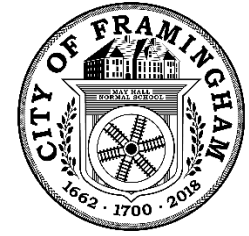


Enterprise Fund Revenue Sustainability

	FY 2023 Projected	FY2022 Tax Recap	FY2021 Actual	FY2020 Actual	FY2019 Actual	FY2018 Actual	FY2017 Actual
Enterprise	\$60,755,750	\$59,332,378	\$50,113,678	\$55,344,577	\$54,726,645	\$50,793,074	\$49,092,186

Financial Sustainability

- \$9.65M increase in budgeted rate revenue requirement
 - approximately 16% combined FY2022 water and sewer budgets
 - FY2022 revenue trending a little lower than projected but consumption slightly higher
- Bring capital funded positions into operating budget
- Level fund debt service for FY2023
- Budget full repayment of deficit – required by MassDOR
 - \$3.3M in fund deficit
- Eliminate reliance on non-recurring revenue
 - \$6.35M in one-time budgeted ARPA funding for FY2022



FY2023 Water and Sewer Rate Development

Historical Actual Rate Revenue (Revenue posted FY22 as of 5-31-2022)

	FY22	FY21	FY20	FY19	FY18	FY17
Rate Income	45,189,352.50	44,058,607.02	44,722,202.35	44,643,765.28	44,001,484.06	44,993,603.84

Sewer Enterprise

Water Enterprise

Rate Revenue 16% increase

Step	Cubic Feet	Total Units	FY2022 Rates	Revenue at FY2022 Rates	FY2023 Proposed Rates	Revenue at FY2023 Proposed Rates
Tier 0	0 units	0	\$ -	\$ -	\$ -	\$ -
Tier 1	1-12 units	910,311	\$ 8.92	\$ 8,119,974.12	\$ 10.41	\$ 9,476,337.51
Tier 2	13-27 units	443,327	\$ 9.25	\$ 4,100,774.75	\$ 10.73	\$ 4,756,898.71
Tier 3	28-51 units	144,241	\$ 12.43	\$ 1,792,915.63	\$ 14.42	\$ 2,079,955.22
Tier 4	52 to 750 units	430,253	\$ 17.78	\$ 7,649,898.34	\$ 20.62	\$ 8,871,816.86
Tier 5	over 750 units	214,497	\$ 25.82	\$ 5,538,312.54	\$ 29.95	\$ 6,424,185.15
Total		2,142,629		\$ 27,201,875.38		\$ 31,609,193.45
Other Revenue				\$ 3,183,270.00		\$ 3,180,270.00
Total Revenue				\$ 30,385,145.38		\$ 34,789,463.45
Surplus/(Deficit)				\$ (4,208,534.62)		\$ 195,783.45

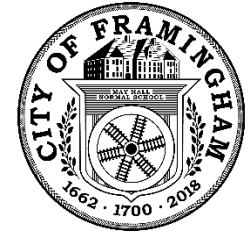
Rate Revenue 16% increase

Step	Cubic Feet	Total Units	FY2022 Rates	Revenue at FY2022 Rates	FY2023 Proposed Rates	Revenue at FY2023 Proposed Rates
Tier 0	0 units	0	\$ -	\$ -	\$ -	\$ -
Tier 1	1-12 units	929,116	\$ 6.91	\$ 6,420,191.56	\$ 8.02	\$ 7,451,510.32
Tier 2	13-27 units	451,889	\$ 7.69	\$ 3,475,026.41	\$ 8.92	\$ 4,030,849.88
Tier 3	28-51 units	148,971	\$ 8.94	\$ 1,331,800.74	\$ 10.37	\$ 1,544,829.27
Tier 4	52 to 750 units	439,959	\$ 10.53	\$ 4,632,768.27	\$ 12.21	\$ 5,371,899.39
Tier 5	over 750 units	232,732	\$ 12.76	\$ 2,969,660.32	\$ 14.80	\$ 3,444,433.60
Irrigation		260,148	\$ 12.93	\$ 3,363,713.64	\$ 15.00	\$ 3,902,220.00
Total		2,462,815		\$ 22,193,160.94		\$ 25,745,742.46
Other Revenue				\$ 345,000.00		\$ 345,000.00
Total Revenue				\$ 22,538,160.94		\$ 26,090,742.46
Surplus/(Deficit)				\$ (3,623,909.06)		\$ (71,327.54)

16% increase to rates for both water and sewer usage

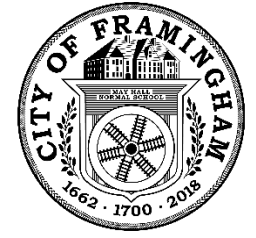
Anticipate small surplus in FY2023

Deficit repayment line provides cushion for future rate increases



How will the proposed rates affect my bill?

Quarterly Units	Current Rates Quarterly	Proposed Rates Quarterly	Dollar Change	Percentage Change
0	\$0.00	\$0.00	\$0.00	
1	\$15.83	\$18.43	\$2.60	16%
5	\$79.15	\$92.15	\$13.00	16%
6	\$94.98	\$110.58	\$15.60	16%
7	\$110.81	\$129.01	\$18.20	16%
9	\$142.47	\$165.87	\$23.40	16%
10	\$158.30	\$184.30	\$26.00	16%
12	\$189.96	\$221.16	\$31.20	16%
15	\$240.78	\$280.11	\$39.33	16%
19	\$308.54	\$358.71	\$50.17	16%
20	\$325.48	\$378.36	\$52.88	16%
24	\$393.24	\$456.96	\$63.72	16%
27	\$444.06	\$515.91	\$71.85	16%
33	\$572.28	\$664.65	\$92.37	16%
51	\$956.94	\$1,110.87	\$153.93	16%
65	\$1,353.28	\$1,570.49	\$217.21	16%
82	\$1,834.55	\$2,128.60	\$294.05	16%
100	\$2,344.13	\$2,719.54	\$375.41	16%
125	\$3,051.88	\$3,540.29	\$488.41	16%
265	\$7,015.28	\$8,136.49	\$1,121.21	16%
378	\$10,214.31	\$11,846.28	\$1,631.97	16%
495	\$13,526.58	\$15,687.39	\$2,160.81	16%
750	\$20,745.63	\$24,059.04	\$3,313.41	16%
897	\$26,416.89	\$30,637.29	\$4,220.40	16%
1,086	\$33,708.51	\$39,095.04	\$5,386.53	16%
1,135	\$35,598.93	\$41,287.79	\$5,688.86	16%
1,645	\$55,274.73	\$64,110.29	\$8,835.56	16%
1,852	\$63,260.79	\$73,373.54	\$10,112.75	16%
4,093	\$149,718.57	\$173,658.29	\$23,939.72	16%



Thank you

Questions?