

Water and Sewer Preliminary 2023 Budget Discussion

Water and Sewer Board
June 15, 2022



2023 Budget Themes

- Inflation is back, with a vengeance
 - Capital program adjusted
 - O&M impacted
- Continued regulatory required capital investments in sewer treatment
 - These required investments have shaped our rate change strategy
- Operational challenges and updates



Operational Challenges and Opportunities

- “Great Resignation” impacting Water and Sewer
 - Refilling positions difficult in current hiring market
- Inflation – both supplies and competing organization’s salaries
- Utility billing services transitioning to W&S in 2023
 - Organizational assessment will be completed by early fall to determine the needs for this function
 - Placeholder additional funding request will be submitted



Big Picture – Capital Program Planning & Funding

- W&S issued \$120.5M in water debt and \$25M in sewer debt in the last 9 months to fund near term capital projects
 - \$60.5M of the water debt was for Chimney Hollow Reservoir construction
 - Debt is issued every 2-4 years, depending on the cash flow needs
- Plant investment fees (PIF) and rates are the primary non-debt funding sources for capital funding
- Sudden inflationary increases impacted near term cash flow projections



Water Capital Highlights

- Advanced Metering Infrastructure
 - Moved funding to purchase meters into 2022, however...
 - Supply chain challenges
 - Struggling to receive the meters
- Boyd WTP Process Improvements
 - Ongoing 2022 construction continuing (chemical tank building, flocculation replacement, etc)
 - Planned 2023 work delayed to 2027 due to cost escalation
- W&S Facility: design in 2024, construction in 2027
 - Still uncertainty regarding cost and other departmental participation

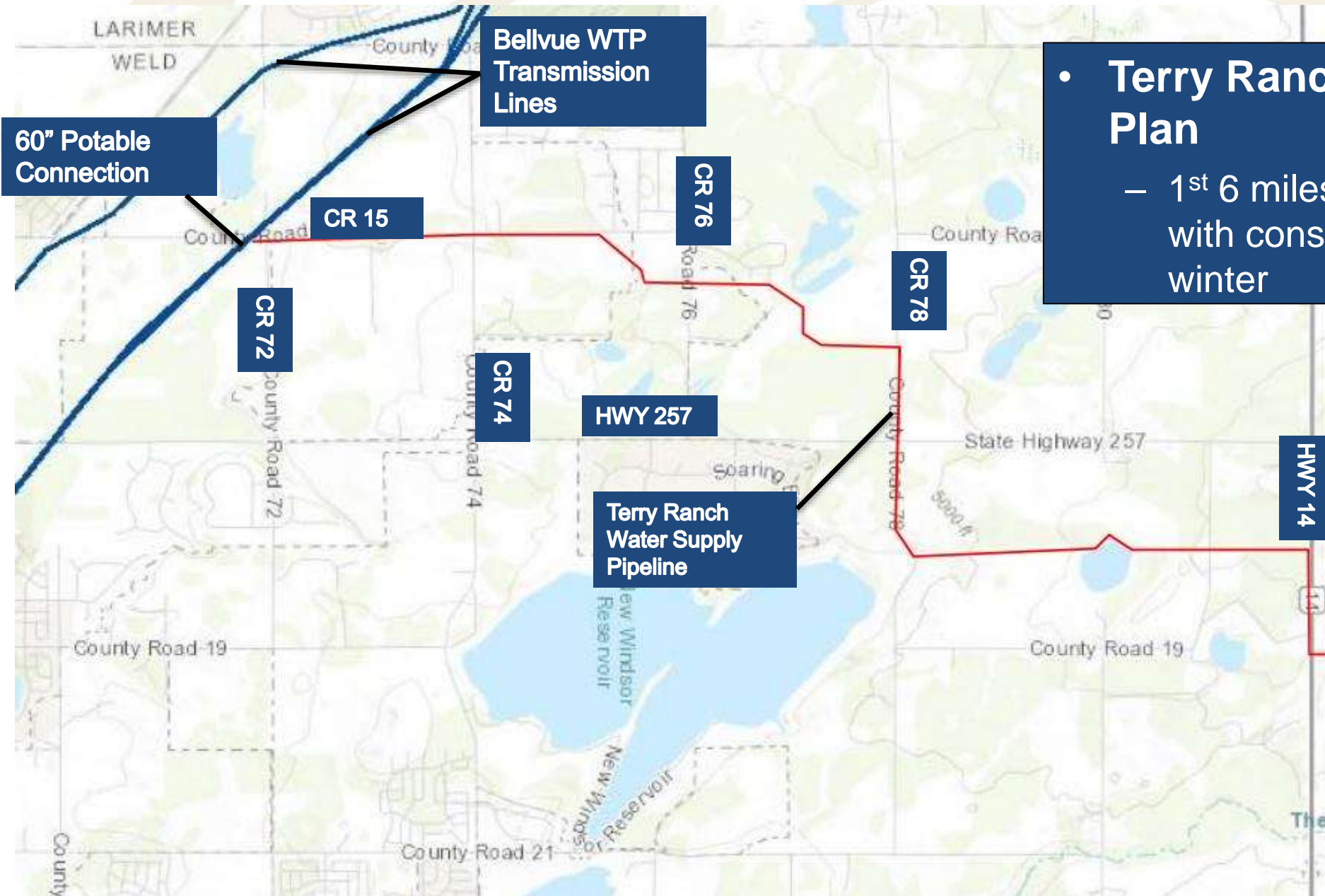


Water Capital Highlights

- Non-Potable Expansion
 - Reduced future budgets from \$5M/annually to \$3M/annually
- Utility Billing Replacement
 - Project was on hold, slowly restarting
- Water Acquisition
 - Reduced future budgets to the Put/Call obligation related to Terry Ranch (~\$5M/annually)



Terry Ranch Water Supply Project



- **Terry Ranch Phase 1 Project Plan**
 - 1st 6 miles of the pipeline design with construction starting in fall or winter

Sewer Capital Highlights

- Continued Wastewater Treatment and Reclamation Facility (WTRF) investments
 - Nitrification Ph. 2 is ongoing (\$35M)
- WTRF Generator replacement pricing double amount budgeted - \$3M to \$6M (2022 project)
- Estimates for WTRF Primary Treatment Ph 2 project required one year delay for design and early equipment purchases – 2023 to 2024 (\$43M)



Sewer Capital Highlights

- North Greeley Sewer Ph 2 – 2024
 - First portion of this project was constructed in 2018
 - Project needs to be completed for any significant growth to occur north of the Poudre River
- Poudre Trunk Line – 2022 project
 - Developer built trunk line that Greeley is paying to oversize - \$1.8M
 - Will allow development north of 10th St and west of 83rd Ave



Preliminary 2023 Rate Model Projections

Fund	System Rate Increase
Water	3%
Sewer	18%

Questions?

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