

Water and Sewer 2024 Proposed Budget



July 2023



2024 Budget - Focus Areas

- Daily Operations, Water Quality, and Maintenance
- Regulatory Compliance and Public Health
- Customer Experience
- Effective Master Planning, Asset Management, and Protection of Existing Infrastructure
 - Addressing System Risks and Resiliency
- Capital Investments to Refurbish Existing Facilities and Extend Infrastructure for Growth Areas



Utility Finance and 2024 Budget

What we do:

- Operations Managers and Capital Project Managers submit draft budgets
- Annual Rate Modeling and 10-Year Cash Flow:
 - Deputy Director of Utility Finance and Customer Service
 - Rates and Budget Analyst
 - Outside Consultant
 - City of Greeley Finance Department
- Needed Increases identified are reviewed in the context of the predicted impact on rates.

2024 Budget - Operations

Large system footprint and complexity for a city the size of Greeley

- Staffing investments
 - Better system maintenance
 - Expand in-house construction ability to earn future ROI
 - SCADA Automation & Compliance
 - Operational staff for system growth
- System protection – infrastructure and water rights
- Optimize water system for...
 - Operational effectiveness
 - Water age and quality
 - Water rights maximization
 - Pumping and energy efficiency



2024 Budget – Customer Service

- Utility Billing and metering investments
 - Staffing
 - New Utility Billing Customer Information System (CIS)
 - Current system is 30 years old
 - AMI – Metering accuracy and transparency
- Communication
 - Key account program
 - Annual Communication Plan and Coordination with C&E Dept.
- Customer ability to pay and collections issues
 - Assistance program
 - AMI, leak detection, and conservation
 - Rates



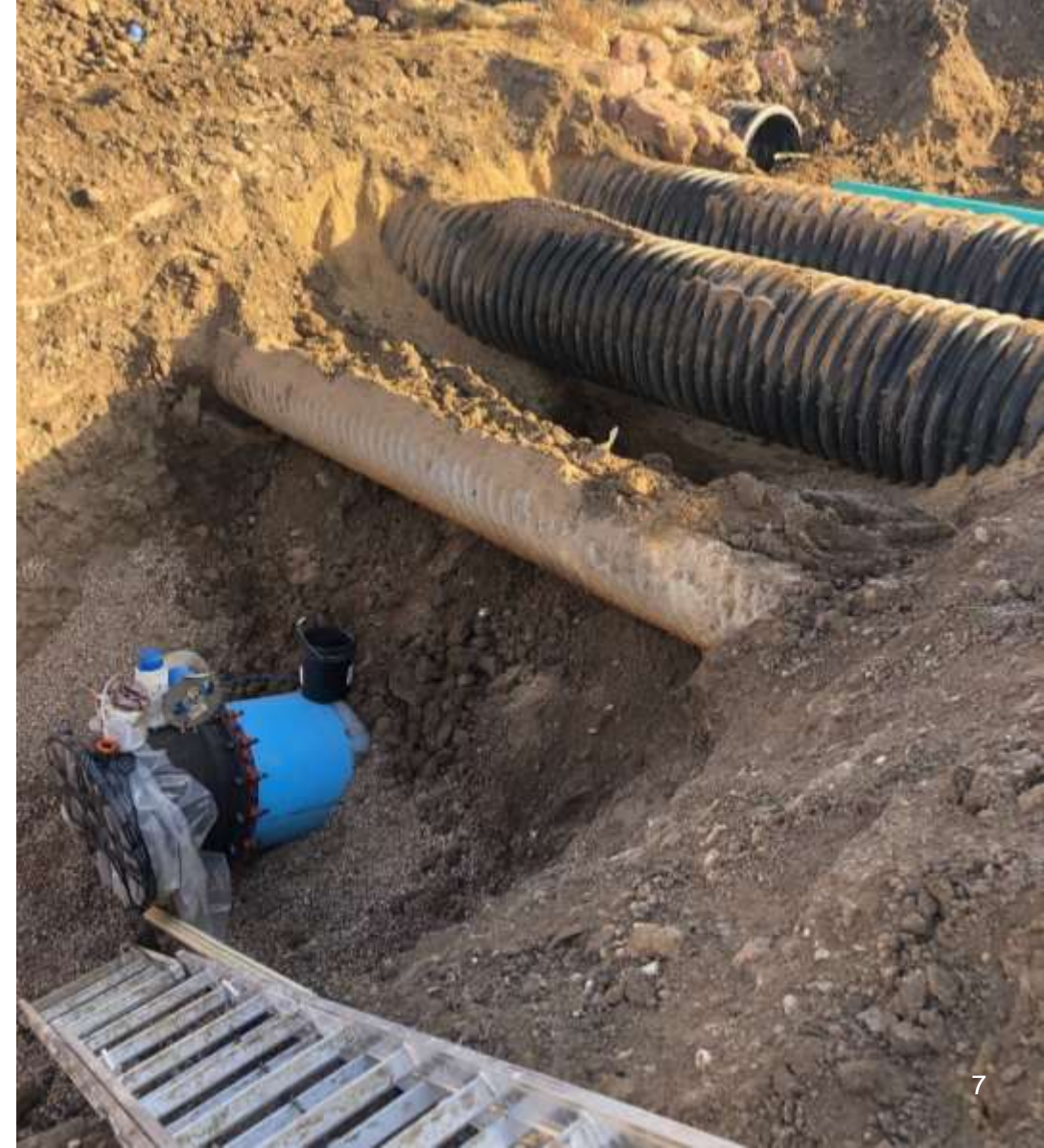
2024 Budget – Regulatory Compliance

- Reg. 85 Wastewater treatment nutrient removal and capacity investments
- Water quality
 - Lead and Copper Rule Revision
 - Lead Identification and Replacement
 - Cross connection control & backflow
 - Industrial pretreatment
 - Source water protection and fire recovery
- Water rights defense
 - State Engineer's Office decree accounting
 - Water Court protection of city rights



2024 Budget – Capital

- Replacement/Rehabilitation needs
 - Asset management
 - Master Plans
- Strategic expansion
- Water rights
- Planning and adaptive management



2024 Budget Proposals



2024 Budget Increases by Focus Areas

	Water \$ Increase	Sewer \$ Increases
Regulatory Compliance	\$ 1,283,125	\$ 219,764
Daily Operations	\$ 761,154	\$ 237,642
Protecting Infrastructure and Supporting the Capital Program	\$ 1,451,896	\$ 172,768
Customer Service	\$ 451,663	
Total	\$ 3,967,838	\$ 630,174



Water and Sewer Budget Increases

Request Title	FTE	Water Ongoing	Water One-Time	Sewer Ongoing	Sewer One-Time
Water and Sewer Priority Requests		\$953,499	\$60,000	\$327,406	\$30,000
Water & Sewer Contingency Request		\$300,000		\$100,000	
Water Distribution Construction Crew	4.0	\$364,225	\$585,975		
Wastewater Collections Crew Supervisor I	1.0			\$111,768	\$61,000
Meter Technician*	1.0	\$31,548	\$62,600		
Backflow Protection Technician	1.0	\$96,211	\$46,000		
Additional Outside Financial Consultation		\$50,000			
Water Resources Planning Consultation		\$95,000			
Water Instrument Technician Request	1.0	\$125,178	\$57,000		
Customer Affordability Program		\$150,000			
New Water Department Internships		\$59,786	\$4,600		

* Partially offset by using existing seasonal salary

Water and Sewer Budget Increases

Request Title	FTE	Water Ongoing	Water One-time	Sewer Ongoing	Sewer One-time
Water Operations Administrative Assistant II	1.0	\$73,692	\$2,500		
Water Resources Administrator 3 Truck		\$4,000	\$49,000		
Water Enterprise Financial Analyst	1.0	\$93,245	\$300		
Water Department Engagement and Consulting Support		\$157,515			
Non-Potable Seasonal Employee Vehicle		\$1,500	\$50,000		
Water & Sewer Data Mapping and Strategic Master Planning		\$25,000	\$25,000		
Water and Sewer Professional Development		\$50,000			
Asset Management Civil Engineer I-II	1.0	\$147,326	\$43,000		
Water Quality Technician (2 Year)		\$4,400	\$199,738*		

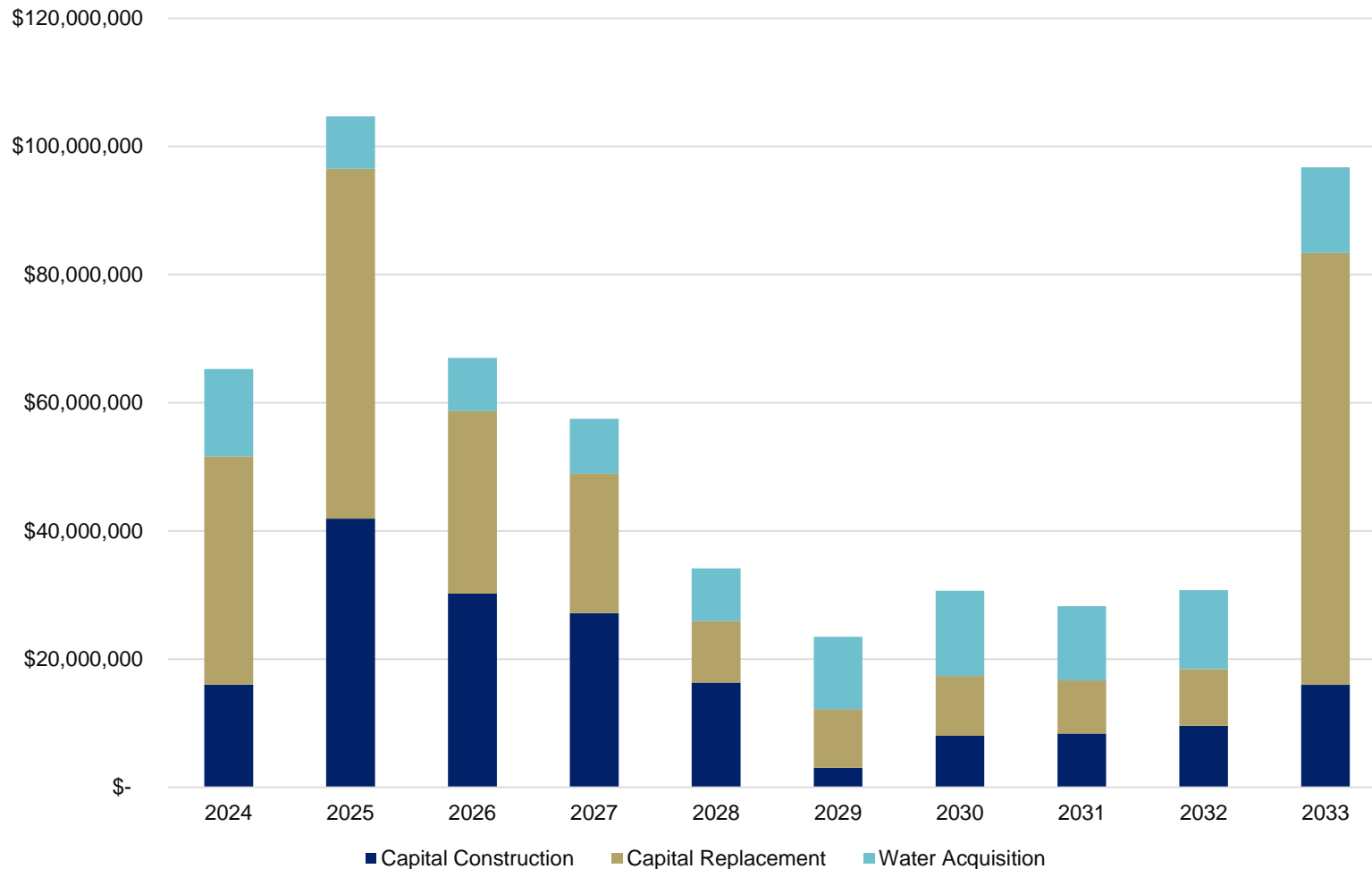
* The Water Quality Technician Request is budgeting the full 2-Year contract as a One-Time 2024 Expense.

2024 Capital Program



2024 – 2033 Capital Investment Plan

Water Capital Investment Plan 2024 - 2033

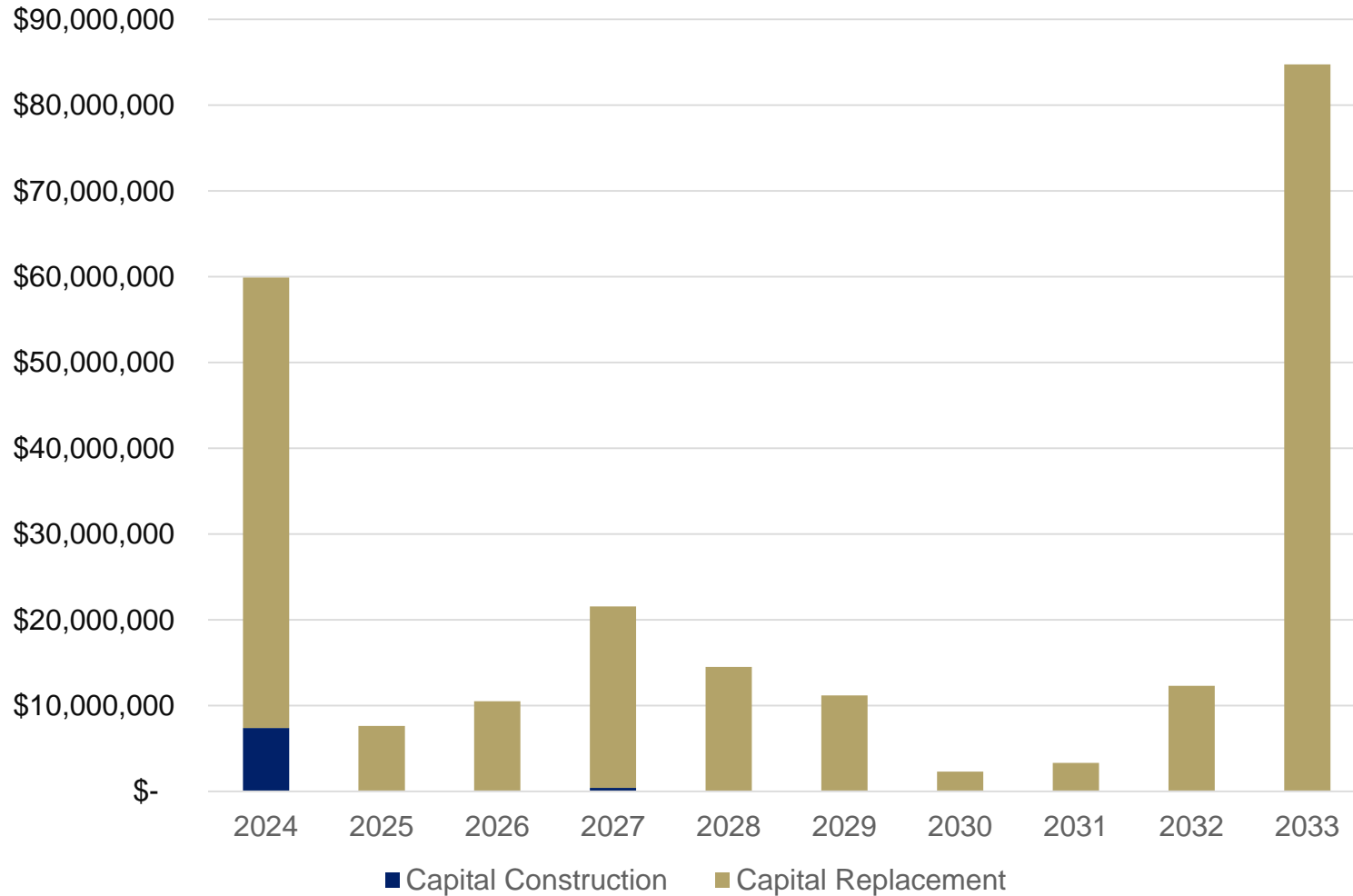


The major driver for rate increases needed for Water and Sewer is the Capital Investments planned for the next 10 years.

- Capital Construction is funded through Plant Investment Fees and Bonds.
- Capital Replacement is funded through Depreciation and Bonds.
- Water Acquisition is funded through Augmentation Sales and Bonds.

2024 – 2033 Capital Investment Plan

Sewer Capital Investment Plan 2024 - 2033



The major driver for rate increases needed for Water and Sewer is the Capital Investments planned for the next 10 years.

- Capital Construction is funded through Plant Investment Fees and Bonds.
- Capital Replacement is funded through Depreciation and Bonds.
- The large expense in 2033 is the WTRF Regulatory 31 Improvements project.

2024 Water New Construction

2024 Project List	2024 Budget
Supply	
Terry Ranch Water Development	635,000
Non-Potable Expansion Projects	2,092,000
Poudre Ponds – Pond C	30,000
Ogilvy and Lone Tree Bypass	968,000
Greeley West Non-Potable Pump Station	3,036,000
Treatment	
Bellvue 2MG Clearwell	757,500
Transmission & Distribution	
Distribution Line Extension	161,280
Water Taps	75,000
New Construction Meters	45,000
Non-Potable Waterline (planning)	10,000
O St. Waterline Extension (23 rd -25 th)	812,820
Bellvue Pipeline Gold Hill Segment	5,488,000
Bulk Water Stations	375,000
Total	\$14,485,600

2024 Water Capital Replacement

2024 Project List	2024 Budget
<i>Supply</i>	
Milton Seaman Outlet Works	54,000
Non-Potable Replacement	504,100
Risk & Resiliency Projects	802,500
Ancillary Projects	50,000
Suburban Ditch Non-Potable Line Replacement	420,000
SCADA – High Mountain Reservoirs	131,200
North Boomerang Non-Potable Pump Station Replacement	300,000
Non-Potable Pump Station Replacements	2,504,850
<i>Treatment</i>	
Bellvue General Rehabilitation	625,000
Boyd General Rehabilitation	525,000
Water Treatment Plants Master Plan	790,000
Bellvue Flocculator/Sedimentation Building Rehabilitation	300,000
Bellvue Switchgear Replacement	250,000
<i>Transmission & Distribution</i>	
Transmission System Rehabilitation	1,046,000
SCADA Master Plan	150,000
Distribution Pipeline Replacements	2,400,000
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2024 Water Capital Replacement

2024 Project List	2024 Budget
Advanced Metering Infrastructure	785,000
Treated Water Reservoir Rehabilitation	574,500
Water Capital Outlay Replacement	912,207
Utility Billing Replacement – Water	5,250,000
Instrumentation & Controls – Water	196,000
Meter Replacement	100,000
Valve Replacement	176,400
Fire Hydrant Replacement	215,000
W&S Facilities Program	775,000
Transmission Customer Re-Route	250,000
23 rd Ave Reservoir Replacement	3,510,000
Mosier Reservoir Rehabilitation and Optimization	675,000
9 th & 10 th St Waterline Replacement	150,000
Island Grove Waterline Replacement	150,000
Transmission System Corrosion Protection	582,300
Zone 4 Electrical Upgrade	305,000
Transmission Line Replacement – Schneider Farm	1,681,200
Transmission Line Replacement – Cache Segment	380,000
Lead Service Line Replacement	8,116,800
Total	\$35,620,057

2024 Water Rights Acquisition

2024 Project List	2024 Budget
Future Water Rights Acquisition	6,500,000
Life After Lawn	182,000
Non-Tributary Groundwater SLB Change Case	4,900,000
Poudre Ponds Parcel B	101,000
Water Supply & Storage Change Case	100,000
Water Resources Database Build	136,800
NISP Response and Management	500,000
Big Thompson Source Water Assessment & Protection Plan	160,000
Retiming Storage Investigation	250,000
Interruptible Supply/Alternative Transfer Method	775,000
Overland Trail Gravel Pits	35,000
Total	\$13,639,800

2024 Sewer New Construction

2024 Project List	2024 Budget
<i>Collection</i>	
Sanitary Sewer Manholes & Taps	79,000
North Greeley Sewer Phase IIA	7,117,500
Collection Line Extension	340,000
<i>Treatment</i>	
None	
Total	\$7,536,500

2024 Sewer Capital Replacement

2024 Project List	2024 Budget
Collection	
Trenchless Main and Collector Rehabilitation	580,000
Sewer Collection System Rehabilitation	660,000
Wastewater Flow Monitoring Program	85,000
8 th Ave Sewer Storm Manhole Conflict	140,000
Highland Hills Bittersweet Sewer Capacity	265,000
Highland Hills 35 th Ave Sewer Capacity	255,000
Lift Station 15 (Hope Springs) Replacement	929,500
Treatment	
General Rehabilitation Projects	506,000
Instrumentation & Controls – Wastewater	217,800
WTRF Stream Temperature Assessment	55,000
WTRF Primary Treatment Phase II	43,201,650
WTRF Additional Cake Hopper	2,642,140
Studies & Other	
Utility Billing Replacement - Sewer	2,000,000
Sewer Capital Outlay Replacement	974,670
Total	\$52,511,760

Paying for 2024 – 2033



Bonding

- As proposed, the 2024-2033 Water CIP will require \$242M in Bonds
- Forecasted interest rates for W&S are 4% for 20-year revenue bonds
- Debt Service at the end of the 10-Year Period is forecasted to be \$20.3M per year
 - \$15.8M in 2024 (Windy Gap debt service is classified as an operating expense)

- The 2024-2033 Sewer CIP will require \$149M in Bonds
- Debt Service at the end of the 10-Year Period is forecasted to be \$11.0M per year
 - \$5.0M in 2024

WIFIA Funding

The City of Greeley has been invited to apply for a subsidized loan from the US-EPA **Water Infrastructure Finance and Innovation Act (WIFIA)**.

Requirements of Funding:

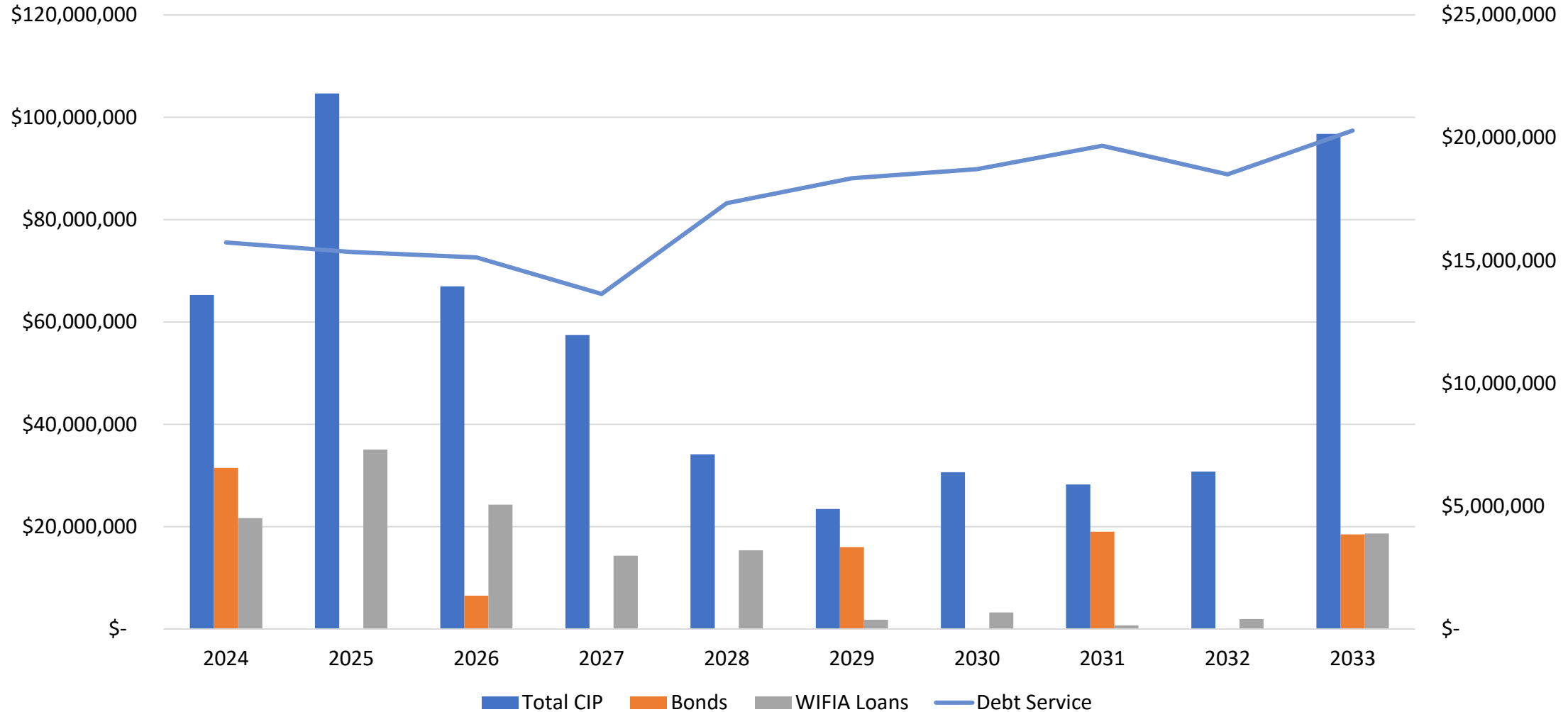
- Distinct Projects
- American Iron and Steel and Buy America-Build America
- Davis Bacon Prevailing Wages

Loans are for 49% of eligible projects over two 5-year periods, below market interest rates, 35-year terms, and have deferred payments for their first five years.



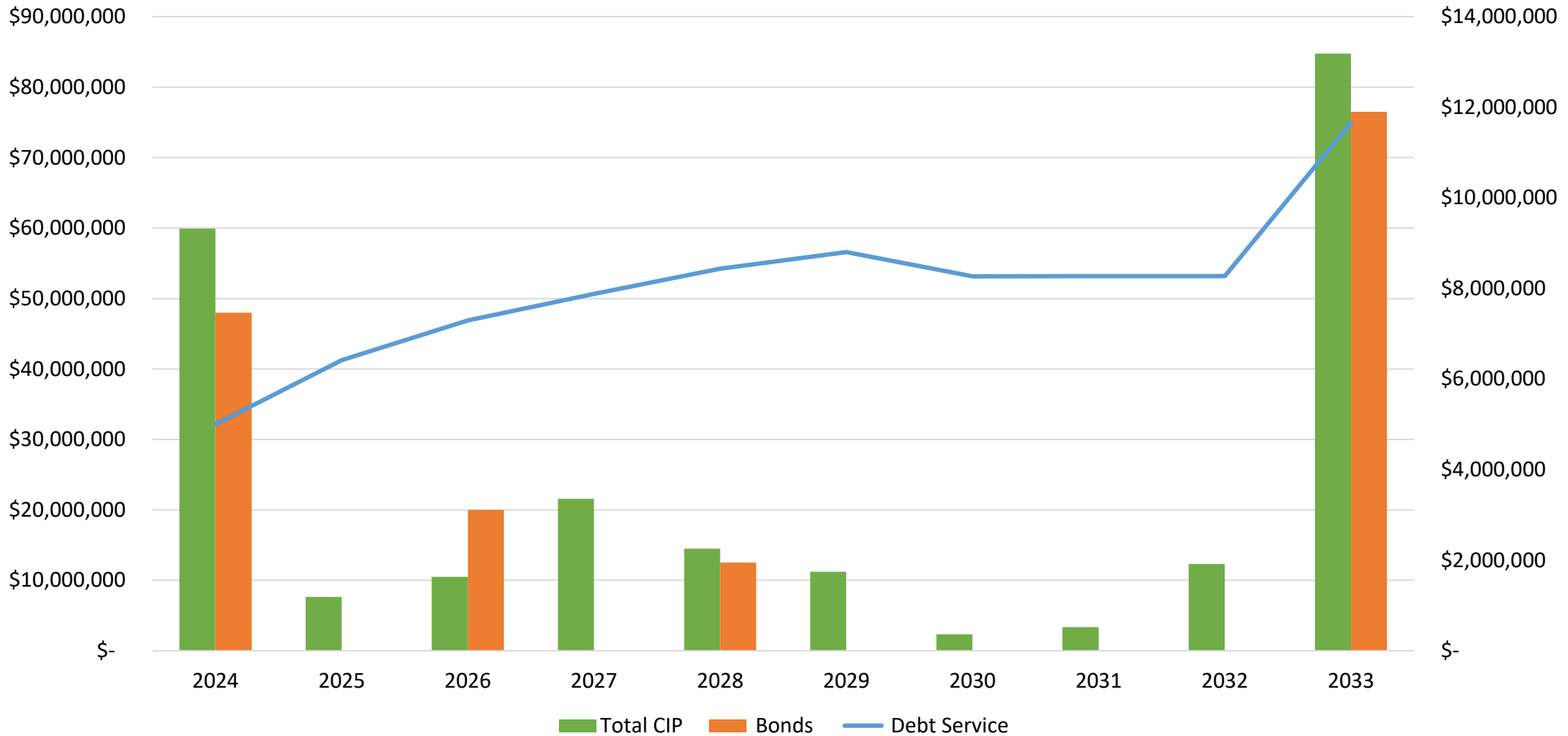
2024-2033 Capital Investment Funding Plan

Water: 2024 - 2033 Bonds, Loans, and Debt Service



2024-2033 Capital Investment Funding Plan

Sewer: 2024 - 2033 Bonds and Debt Service

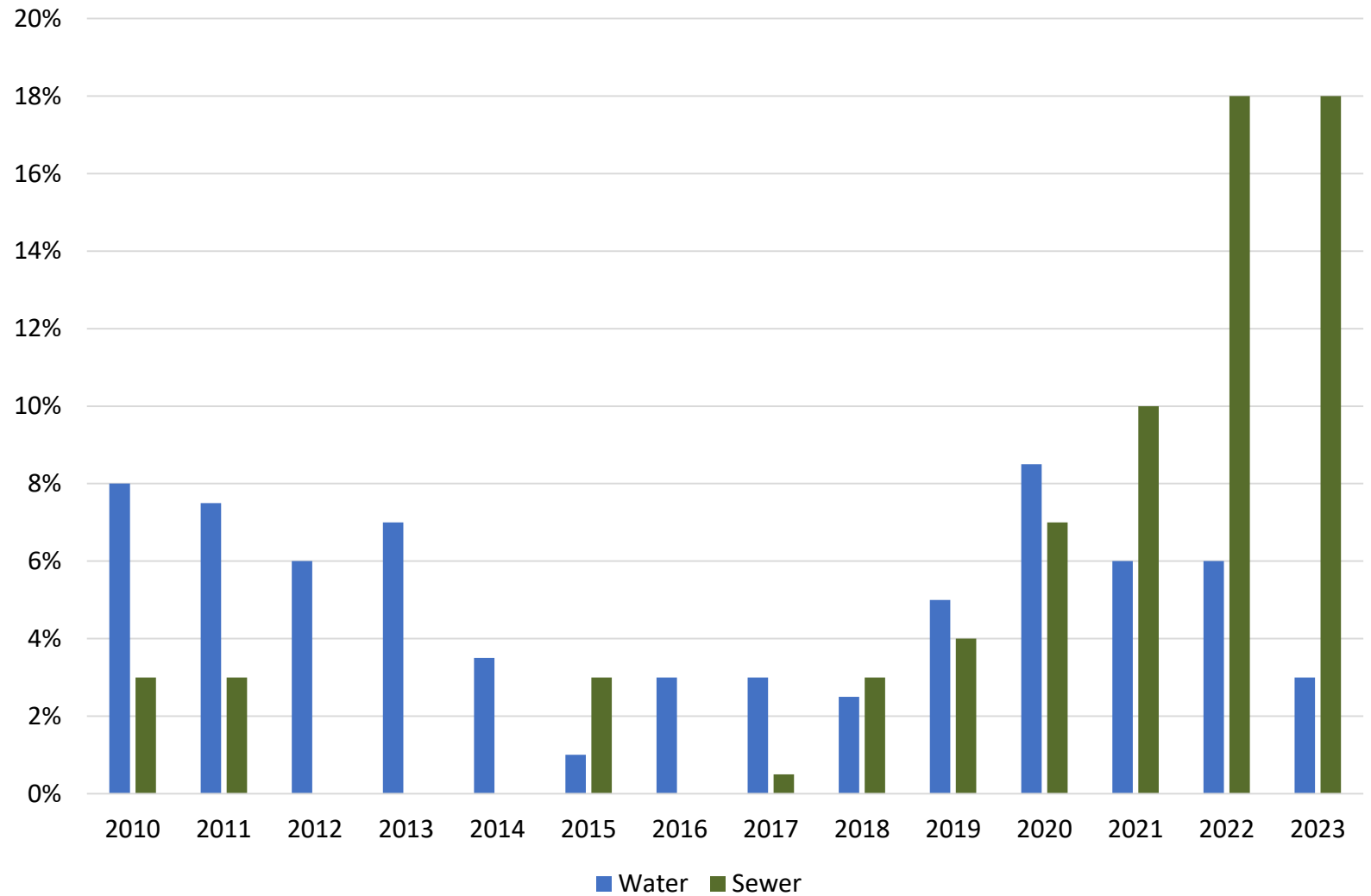


Financial Data and Projected Rate Changes

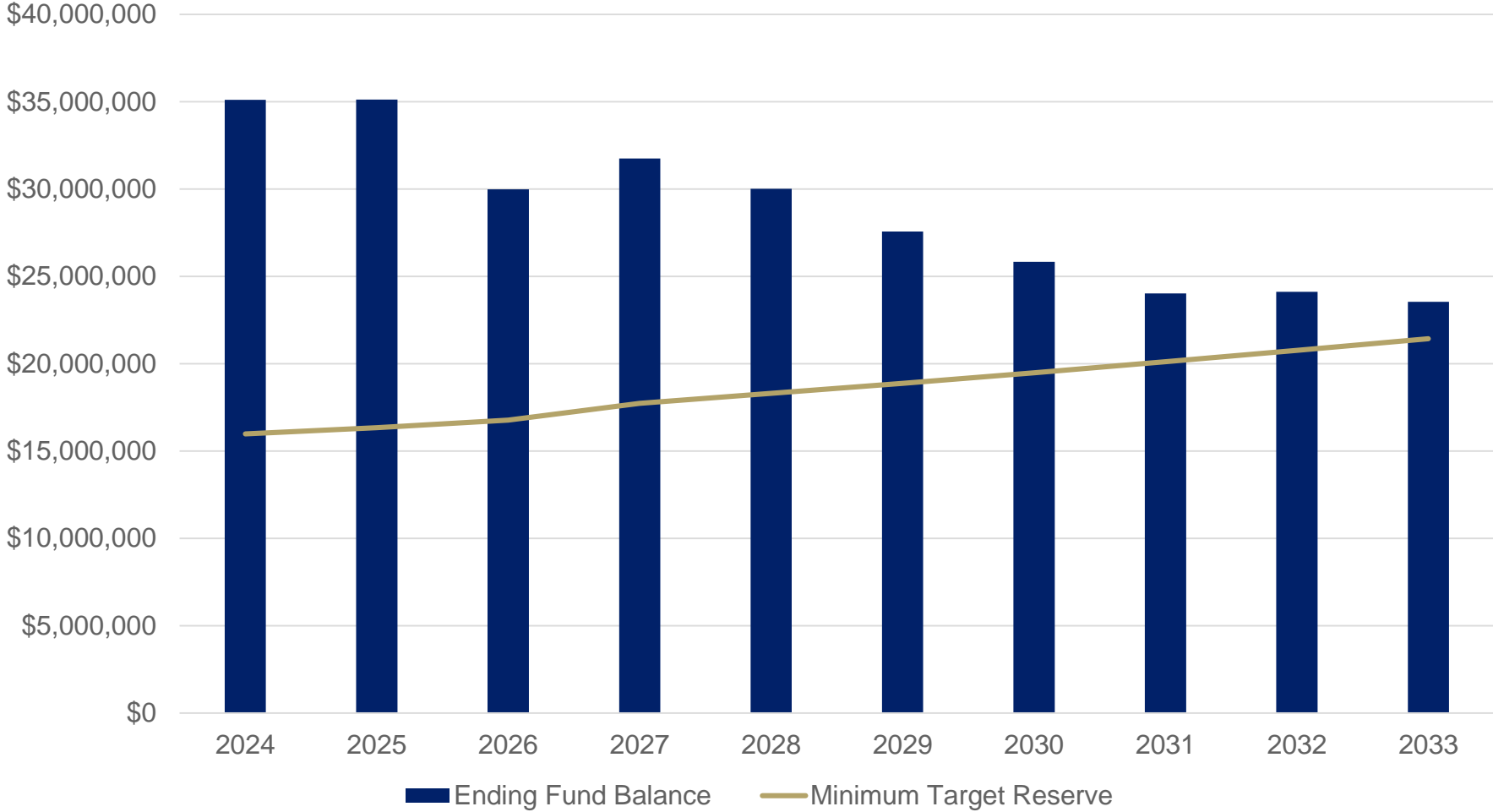


Recent Rate Change History

Rate Change History



Projected Water Operating Cash Flow



Projected Rate Increases									
2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
3.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

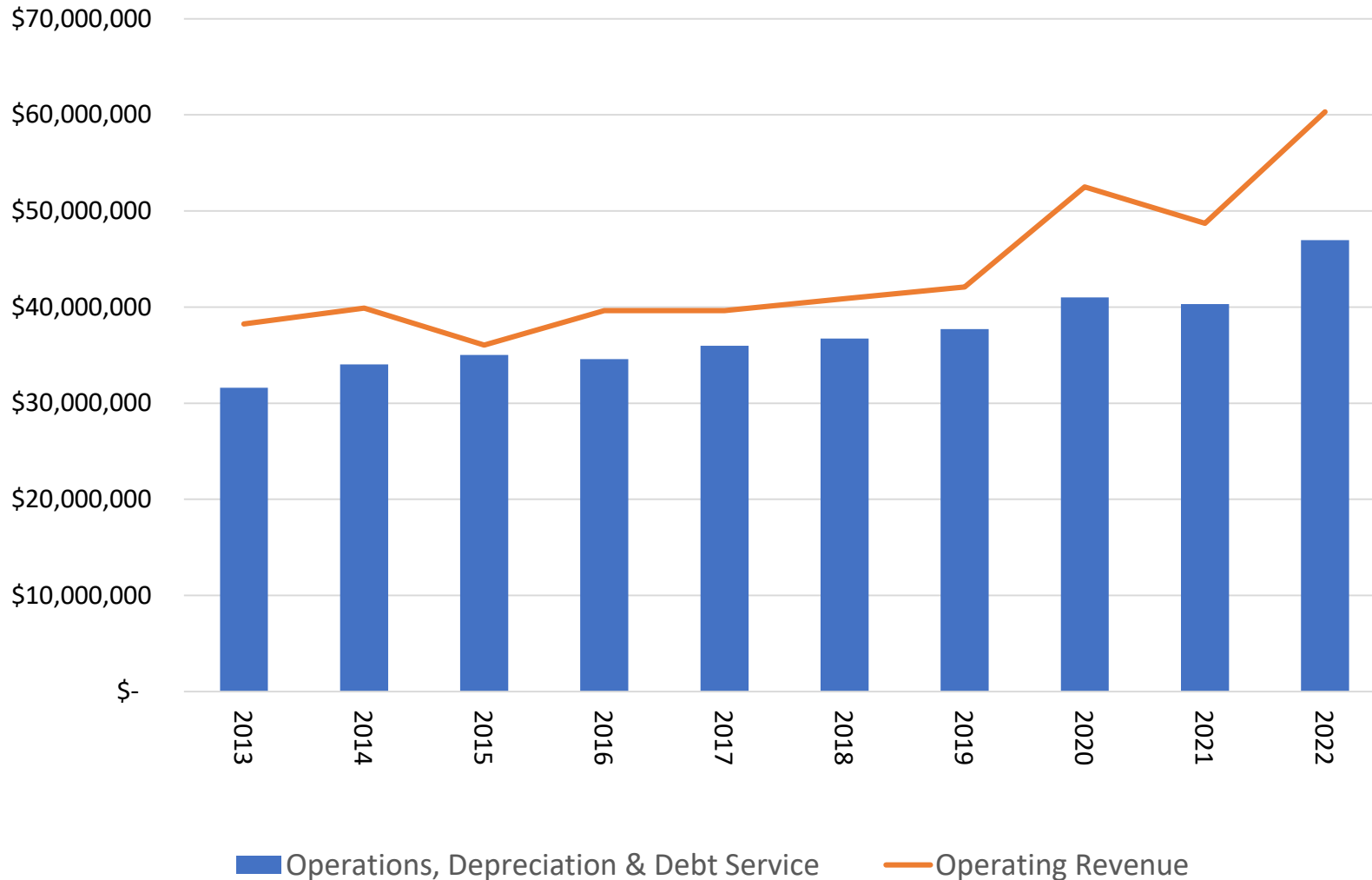
Projected Sewer Operating Cash Flow



Projected Rate Increases									
2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
10.0%	6.0%	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Water Operations Revenue and Expenditures

Water Operations Revenue and Expenditures

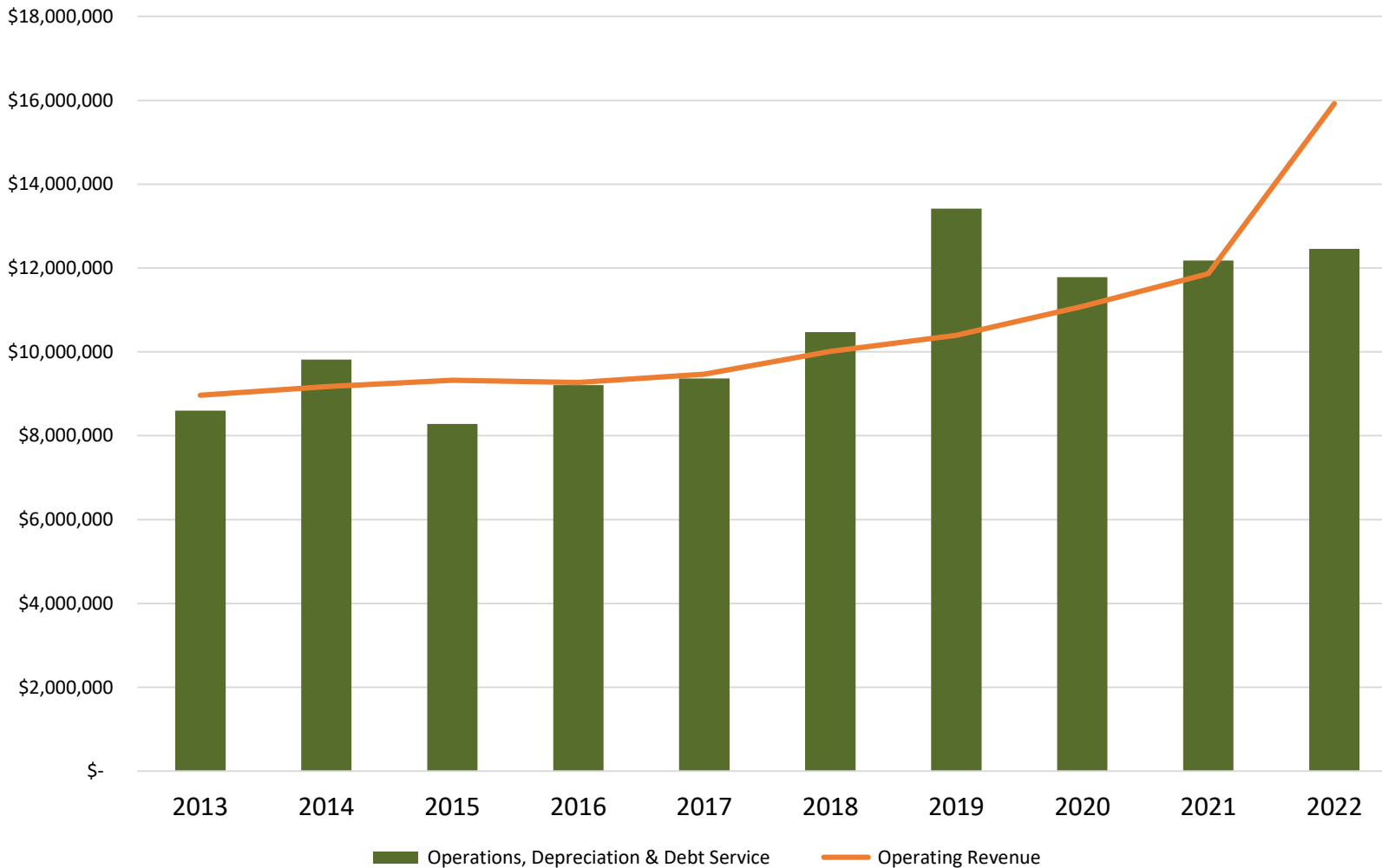


Forecasted for 2023 – 2033:

- Near-term customer growth estimated from building permits.
- Customer growth in Multifamily housing is forecasted to be stronger than Single Family.
- Conservative revenue forecasts because of weather variability.

Sewer Operations Revenues and Expenditures

Sewer Operations Revenue and Expenditures



Forecasted for 2023 – 2033:

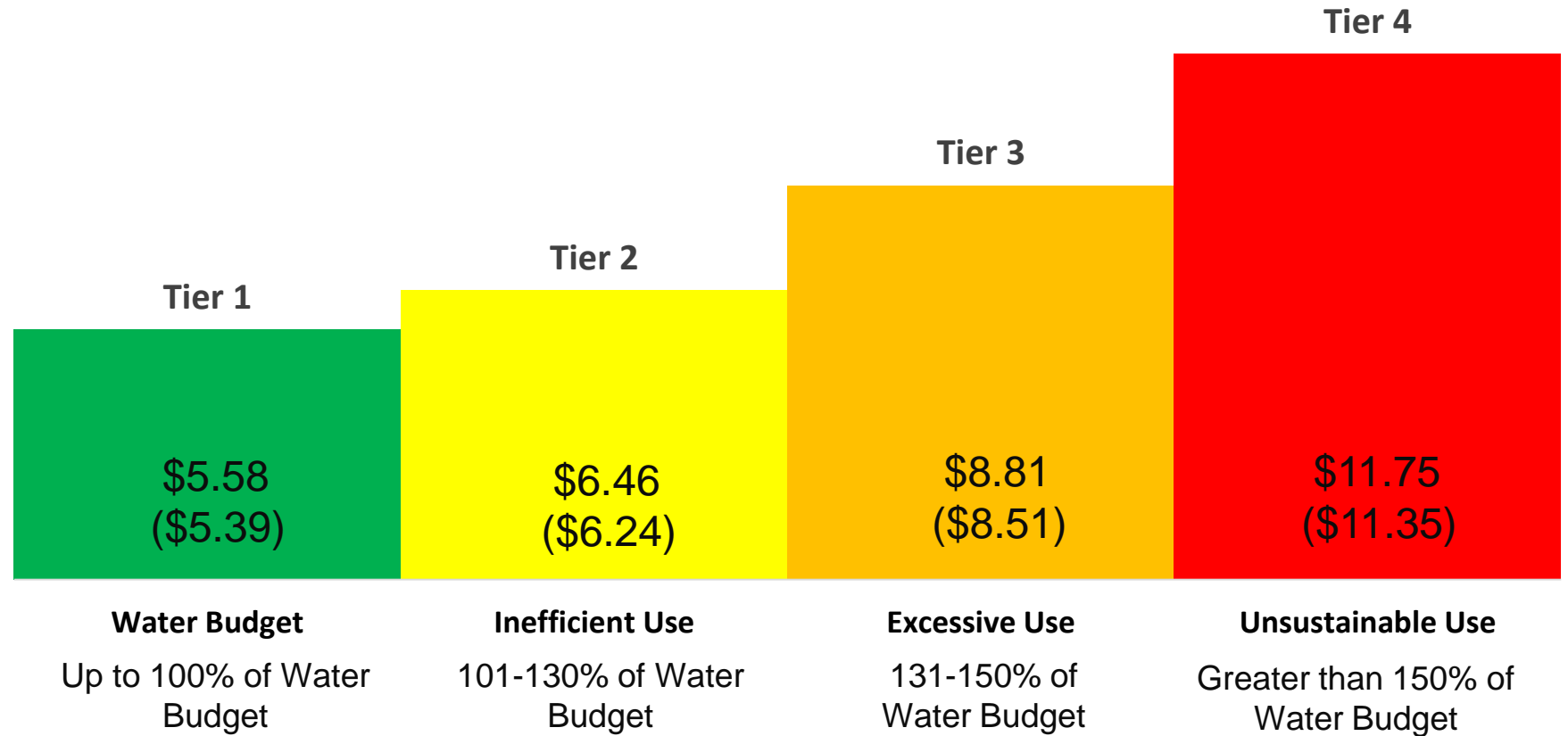
- Near-term customer growth estimated from building permits.
- Customer growth in Multifamily housing is forecasted to be stronger than Single Family.

Customer Bill Impacts



Rate Structure for Greeley SFR customers in 2024 (2023 Rate)

**TENTATIVE:
2024
Residential
Water Rates**



- Monthly Service Charge \$17.75 from \$17.50
- Uniform Residential Volumetric Rate \$5.84 from \$5.64

TENTATIVE 2024 Water Rate Changes

Customer Class	Existing Rate / kgal	% Increase	Proposed Rate / kgal
Inside Residential	\$ 5.64	3%	\$ 5.84
Inside Commercial	\$ 5.60	1%	\$ 5.66
Inside Industrial	\$ 4.52	5%	\$ 4.75
Outside Residential	\$ 11.62	0%	\$ 11.59
Outside Commercial	\$ 11.54	0%	\$11.52
Outside Industrial	\$ 3.98	3%	\$ 4.10
City of Evans	\$ 4.96	8%	\$ 5.36
Town of Windsor	\$ 5.31	5%	\$ 5.58
Town of Milliken	\$ 6.05	5%	\$ 6.36

TENTATIVE 2024 Sewer Rate Changes – Inside City

Customer Class	Existing Rate / kgal	% Increase	Proposed Rate / kgal
Single Family	\$ 4.03	9%	\$ 4.46
Multi-Family	\$ 4.08	9%	\$ 4.46
Commercial 1	\$ 4.10	8%	\$ 4.43
Commercial 2	\$ 5.72	10%	\$ 6.31
Commercial 3	\$ 7.33	11%	\$ 8.15
Commercial 4	\$ 8.95	11%	\$ 9.95
Commercial 5	\$ 10.58	11%	\$ 11.76

TENTATIVE 2024 Sewer Rate Changes – Industrial

Customer Class	Existing Rate / kgal	% Increase	Proposed Rate / kgal
Industrial SIC 2013	\$ 22.34	36%	\$ 30.39
Industrial SIC 7218	\$ 10.54	49%	\$ 15.72
Industrial SIC 2873	\$ 47.90	23%	\$ 59.01
Industrial SIC 4212	\$ 3.40	- 1%	\$ 3.34
Industrial SIC 2034	\$ 7.44	30%	\$ 9.68
Industrial SIC 2047	\$ 19.38	73%	\$ 33.54
Industrial SIC 5169	\$ 3.88	73%	\$ 6.78
Industrial SIC 7542	\$ 8.16	13%	\$ 9.23

TENTATIVE 2024 Sewer Rate Changes – Outside City

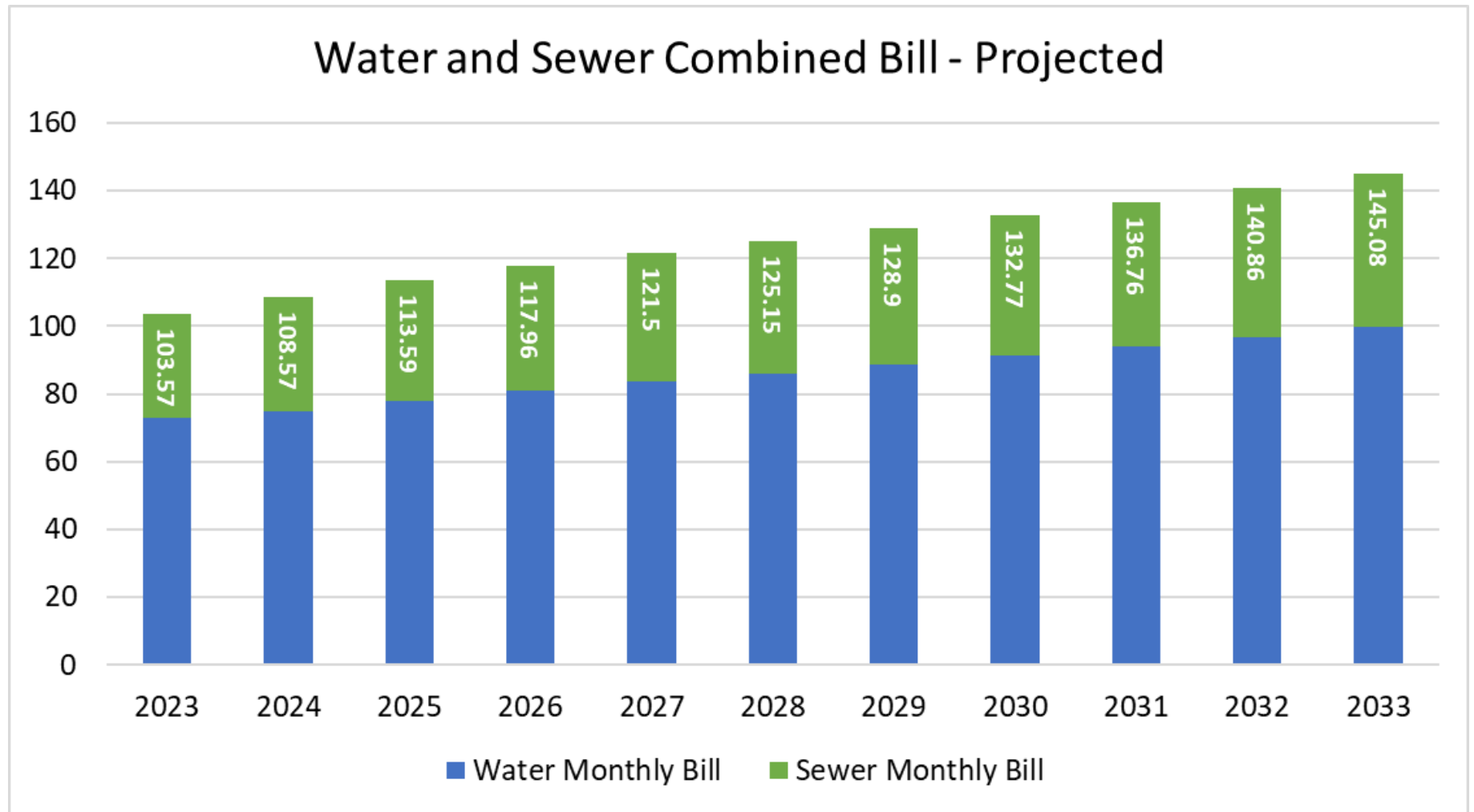
Customer Class	Existing Rate / kgal	% Increase	Proposed Rate / kgal
Single Family (outside)	\$ 6.13	8%	\$ 6.64
Multi-Family (outside)	\$ 5.32	8%	\$ 5.75
Commercial 1 (outside)	\$ 5.62	8%	\$ 6.08
Commercial 2 (outside)	\$ 7.45	10%	\$ 8.23
Commercial 3 (outside)	\$ 9.36	10%	\$ 10.32
Commercial 4 (outside)	\$ 11.23	12%	\$ 12.59
Commercial 5 (outside)	\$ 12.70	12%	\$ 14.22

**TENTATIVE:
2024
Single Family
Residential Bill
Impacts**

Impact of rate increases for a typical single family residential customer:

Average Monthly Bill	2023	2024	Change	Percent Change
Water	\$ 72.76	\$ 74.97	+\$ 2.21	3.0%
Sewer	\$ 30.81	\$ 33.61	+\$ 2.80	10.0%
Total W&S	\$103.57	\$108.57	+\$ 5.01	4.8%

**TENTATIVE:
2024-2033
Residential Bill
Impacts**

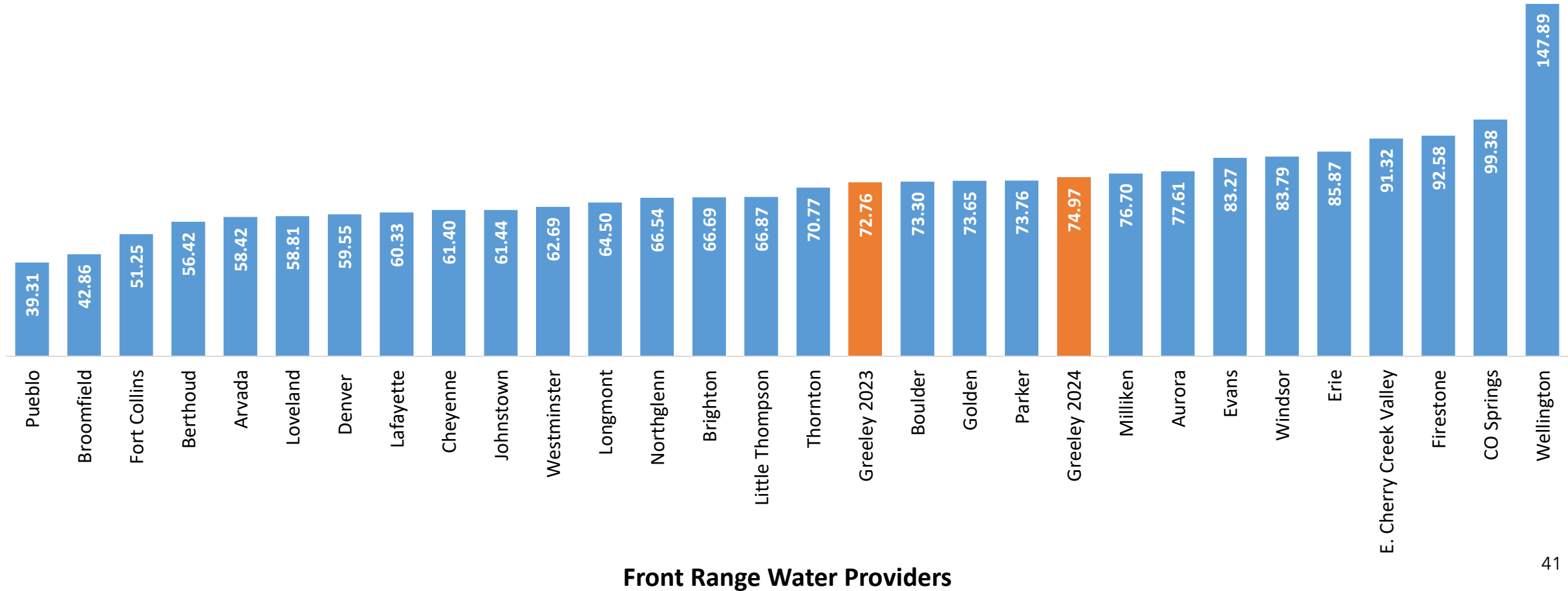


For this customer: the average effective annual increase of their total bill over 2024-2033 is projected to be 4%.

Bill Comparisons

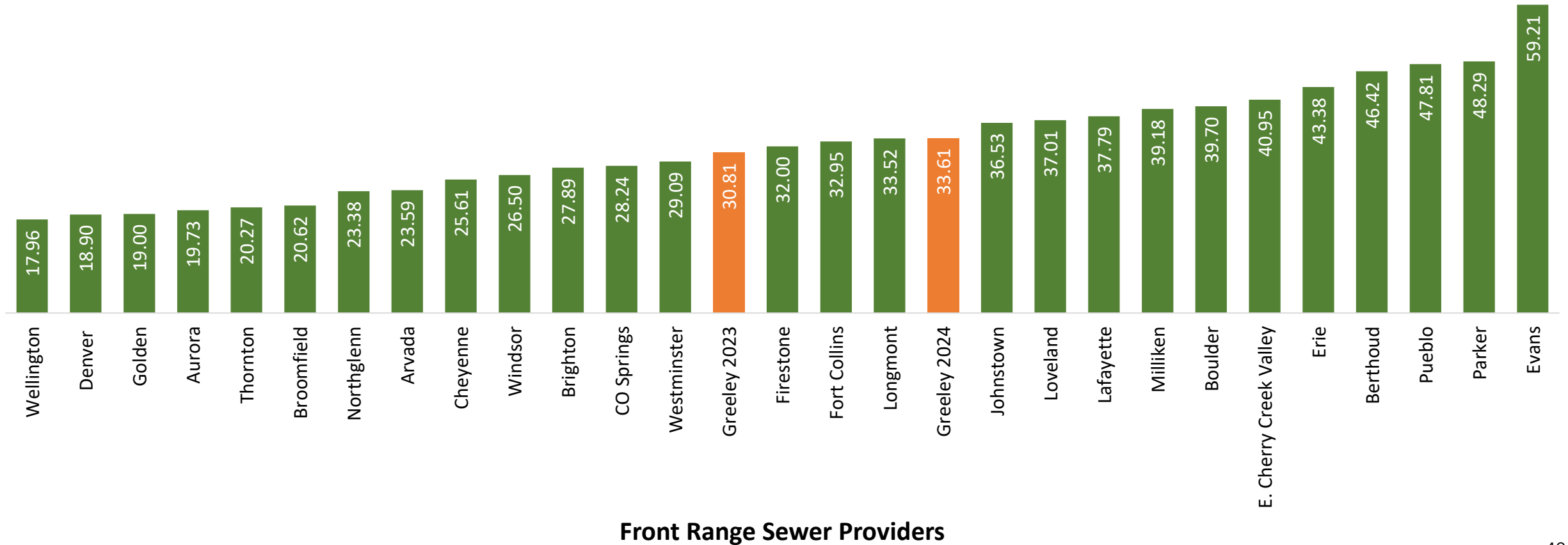
Single Family Monthly Water Bill Comparison

Assumes water use of 10,000 gallons per month



Bill Comparisons

Single Family Monthly Sewer Bill Comparison
Assumes 3,500 gallons average winter consumption.





Questions?