

# Water & Sewer Fund FY 22-23 Budget



Thursday, May 26, 2022

# Water Resources Enterprise Fund

## Agenda

1. FY 2022 Update
2. Rate Proposal
3. Rate Comparisons with NC Cities
4. Revenues and Expenses
5. Rate Drivers
  - a) Infrastructure
  - b) Capacity
  - c) Regulatory
  - d) Financial Position
6. FY Highlights

# FY 2022 Update

## Rate Increase Projections for FY22-23

- Current rate model calls for a 4.5% increase for inside and outside customers
- Increase is consistent with what was communicated at Council Retreat

## CIP Proposed Spending for FY 22-23

- Paygo: \$25,431,187 for 20%
- Bonds: \$100,702,242 for 80%
- Our long-term goal is 50% of projects from PayGo annually



# Rate Proposal

		FY 22	FY 23	FY 24
	INSIDE %	4.5%	4.5%	4.5%
	INSIDE BILL*	\$49.19	\$51.40	\$53.72
	OUTSIDE %	4.5%	4.5%	4.5%
	OUTSIDE BILL*	\$122.70	\$128.22	\$133.99
	Outside/Inside	2.5	2.5	2.5

4.5% = \$2.21 per month for avg. inside customers

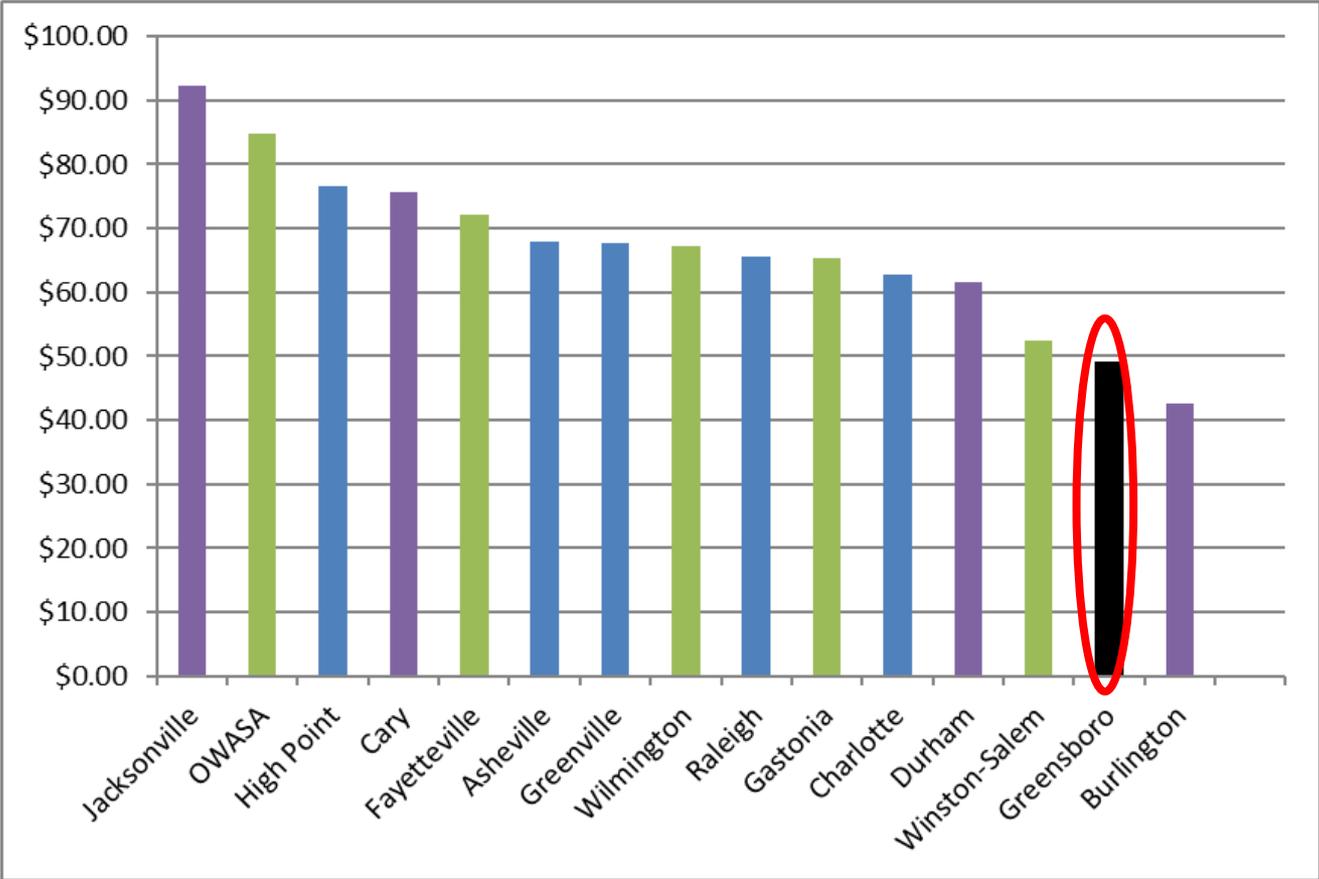
4.5% = \$5.52 per month for avg. outside customers

\* Avg. residential bill is calculated at 6 units; 1 unit = 748 gallons



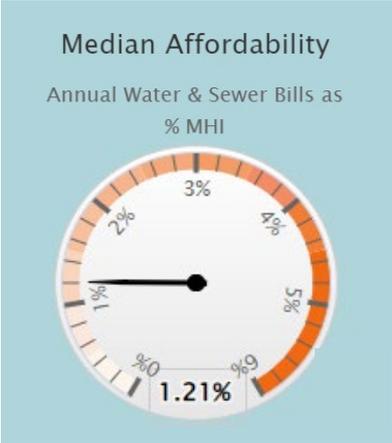
# Rate Comparison to Other NC Cities

Rates as of January 1, 2022 (Avg. Residential Customer – 6 units)



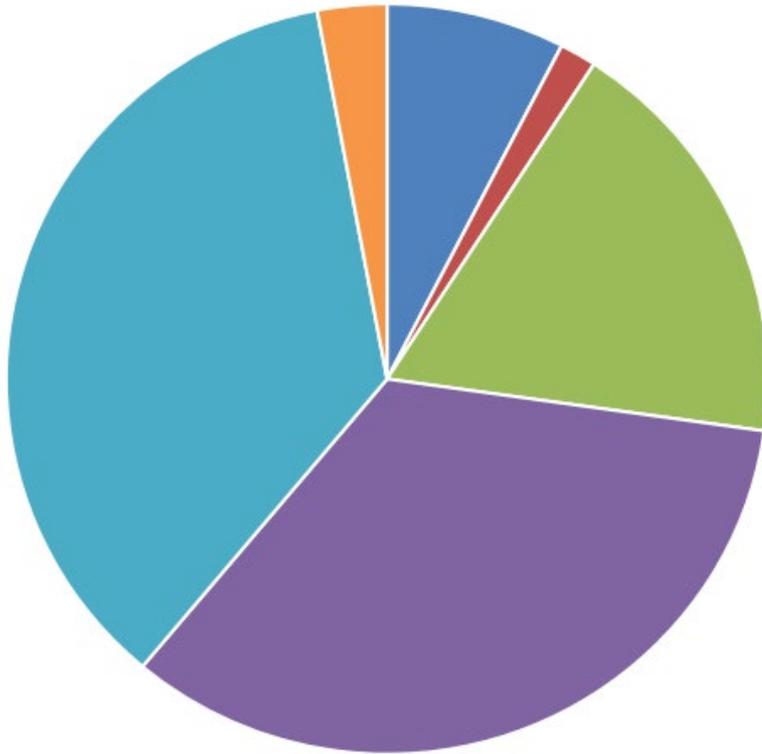
OWASA provides water to Carrboro-Chapel Hill Community

## Inside Customer Median Affordability



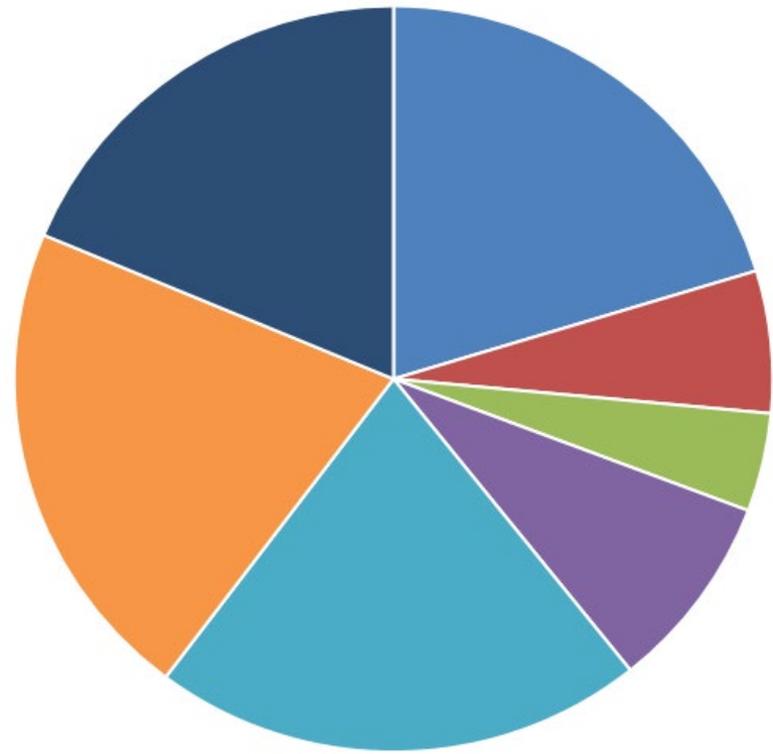
# FY 22-23 Recommended: \$148,531,008

## Revenues



- Appropriated Fund Balance
- Connection & Capacity Use Fees
- Billing & Availability Fees
- Water Revenue
- Wastewater Revenue
- Other Revenue

## Expenses



- Salaries & Benefits
- Indirect Costs
- Water Purchases
- Fuel, Chemicals, Utilities
- Other M&O
- Debt Service
- CIP/Equipment

# Rate Drivers

1. Infrastructure Deterioration
2. Regulatory Compliance
3. Economic Development
4. Higher Costs
5. Financial Position



Patton Avenue Sewer Line Replacement

# Capacity

## Water

- CY 2021 Average Demand: 33.4 MGD
- Average Day Demand: 62.8% of Current Available Supply
- Future PTRWA Expansion - FY26 through FY28
  - Could Increase Greensboro's capacity by 6.4 MGD to 12 MGD

## Sewer

- CY 2021 Average Flow: 33.4 MGD
- Average Day Capacity is 56 MGD
- 65% of Rated Capacity including Mega Site



# Higher Costs

## Post-Pandemic

- Supply Chain Issues
- Inflation
- Labor Shortages

## Supply & Demand

- Fuel Prices
- Chemicals

# Financial Position

- **Paygo vs Bonds**
  - Long-term target is 50/50
- **Cash on Hand**
  - \$55,227,150 FY21
  - \$62,583,516 FY22 estimate
- **Current Year Projections**
  - Expenses and Revenue on track
  - Strong, resilient system during pandemic period
- **Bond Ratings**
  - Fitch and S&P: AAA
  - Moody's: Aa1
- **Debt Coverage**
  - 2.00x for FY21
  - 2.20x for FY22 estimate



# FY Highlights

- Economic Development
  - Boom
  - Toyota Battery Manufacturing
- Advanced Metering Infrastructure
  - Full Scale Deployment in 2023
- High Employee Vacancy Rate
  - 15%