

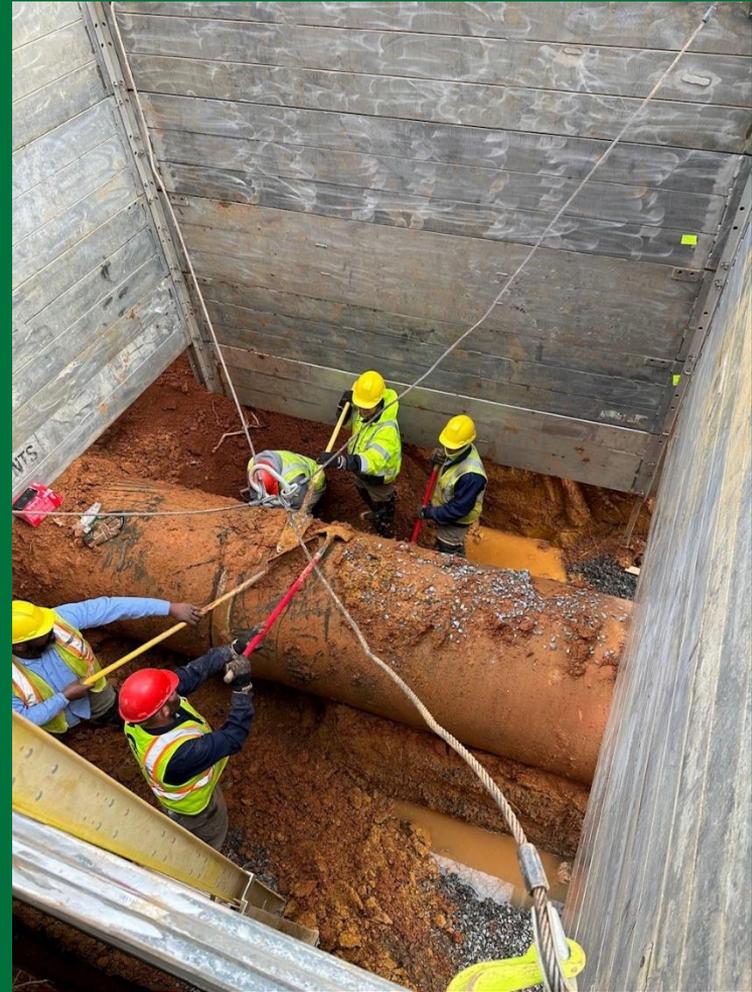
Water, Sewer, and Stormwater FY 24-25 Budget



City Council Work Session

April 25, 2024

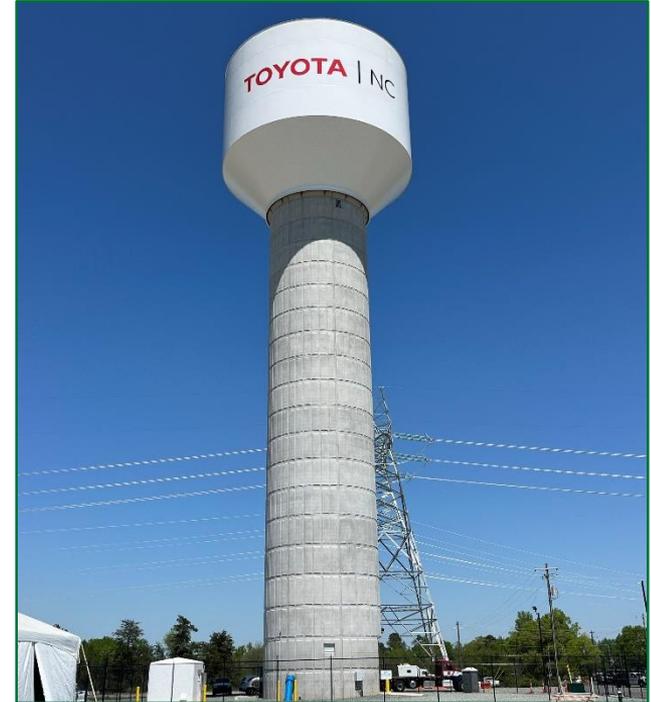
FY24 -25 Water and Sewer Enterprise



FY 2024 Update

Rate Increase Projections for FY 24-25

- Current rate model calls for an average increase of 8.5% for inside and outside customers
 - 10.25% for Water
 - 7.25% for Sewer



Liberty Road/Megasite
Water Tank

5-Year Rate Proposal

FY 24-25
1.4¢ per
gallon

	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Inside Water %	10.25%	10.25%	11.25%	11.25%	11.00%	11.00%
Inside Sewer %	7.25%	7.25%	8.25%	8.25%	8.00%	8.00%
INSIDE BILL*	\$47.55	\$51.60	\$56.53	\$61.93	\$67.71	\$74.05
Outside Water %	10.25%	10.25%	11.25%	11.25%	11.00%	11.00%
Outside Sewer %	7.25%	7.25%	8.25%	8.25%	8.00%	8.00%
OUTSIDE BILL*	\$118.53	\$128.64	\$140.93	\$154.42	\$168.84	\$184.65
Outside / Inside	2.5	2.5	2.5	2.5	2.5	2.5

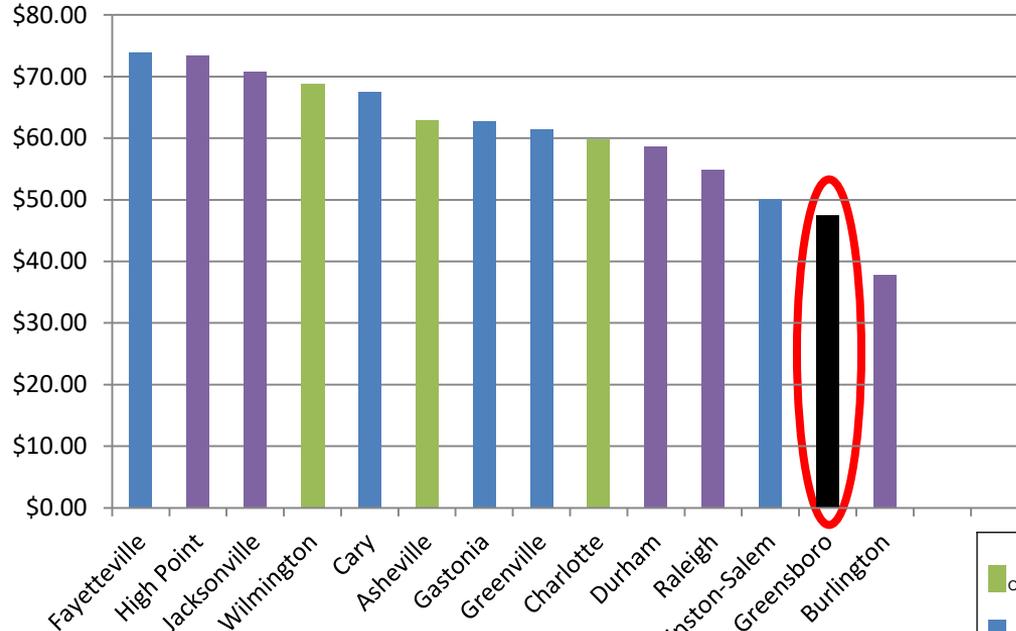
Average 8.5% Increase = \$4.05 per Month for Avg. Inside Customers

Average 8.5% Increase = \$10.11 per Month for Avg. Outside Customers

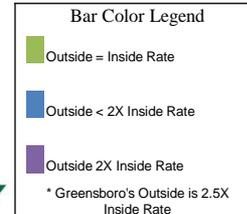
* Avg. residential bill is calculated at 5 units; 1 unit = 748 gallons

Rate Comparison to Other NC Cities

Rates as of January 1, 2024 (Avg. Residential Customer – 5 units)



OWASA provides water to Carrboro-Chapel Hill Community



Inside Customer Affordability

Median Affordability

Annual Water & Sewer Bills as % MHI



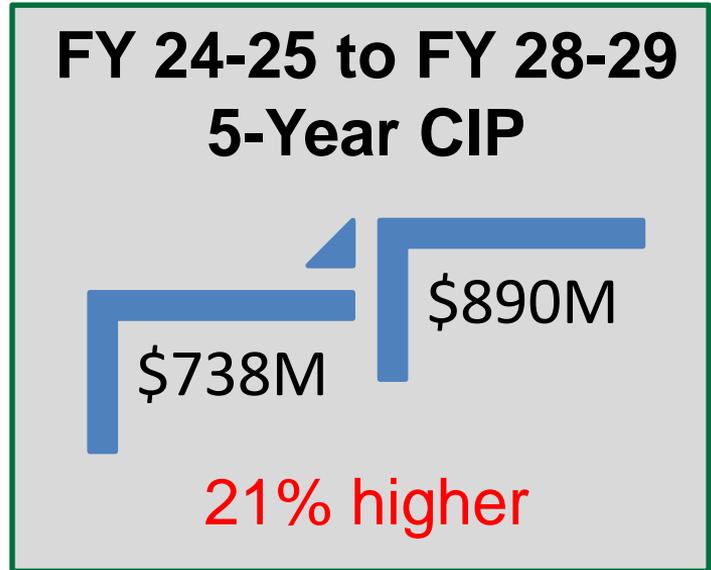
UNC Environmental Finance Center

Increases Planned for Other NC Cities Range from 4% to 15%

Higher Costs*

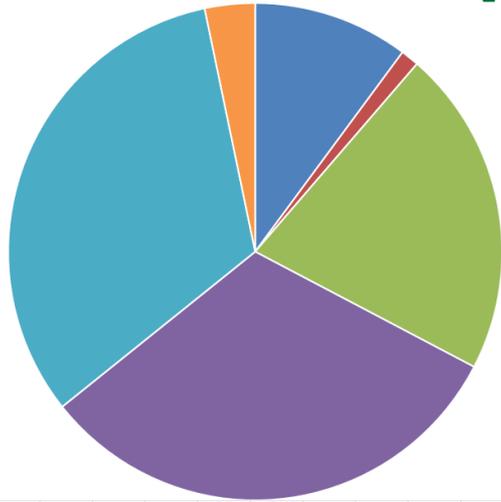
- Townsend Major Electrical Upgrade \$47.9M
- Mitchell Emerging Contaminants \$177M
- Water Line Rehab \$45.2M
- Sewer Line Rehab \$51.5M
- Camp Burton Outfall \$22M
- North Buffalo Outfall \$9M

* Expected costs over next 5 years



FY 24-25 Recommended: \$191,559,696

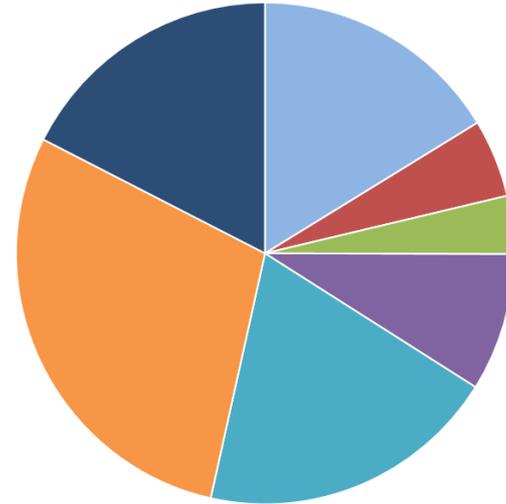
Revenues



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

Water & Sewer

Expenses



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

Federal and State Grants Received

- Golden Leaf \$7M for Megaside Sewer
- NC Dept. of Commerce \$1.4M for Megaside Water
- ARPA \$10M for Camp Burton Water Main and Sewer Lift Station



Emerging Contaminant Update

- On April 10, 2024 EPA announced the final National Primary Drinking Water Regulation (NPDWR) for six PFAS
 - Greensboro's Detected Contaminants – **PFOS, PFOA, PFHxS,** and PFBS
- Mitchell WTP Improvements – Granular Activated Carbon Contactors
 - Treat below MCL compliance level of 4 ppt
 - Engineering design of GAC contactors, chemical storage, upgraded controls / automation, maintenance facility, and site security improvements through mid 2025
 - CMAR project delivery and commissioning 2027- 2028 ahead of 5-year regulatory compliance window.
 - Total Project Cost ~\$177M



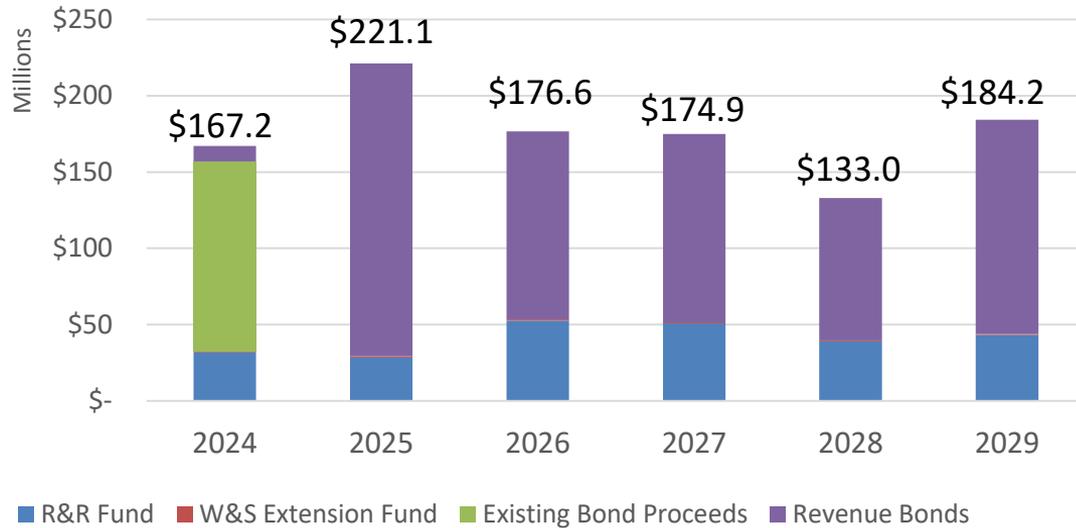
Utility Financial Planning

- As an enterprise fund, the utility must run like a self-supporting business
- Scale of operations, infrastructure, and investment requires thoughtful planning for future needs

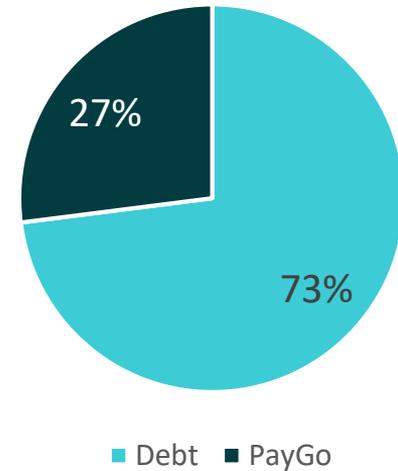
Objective: Balance system reliability, sustainability and financial integrity with customer costs & impacts

Capital Improvements Plan

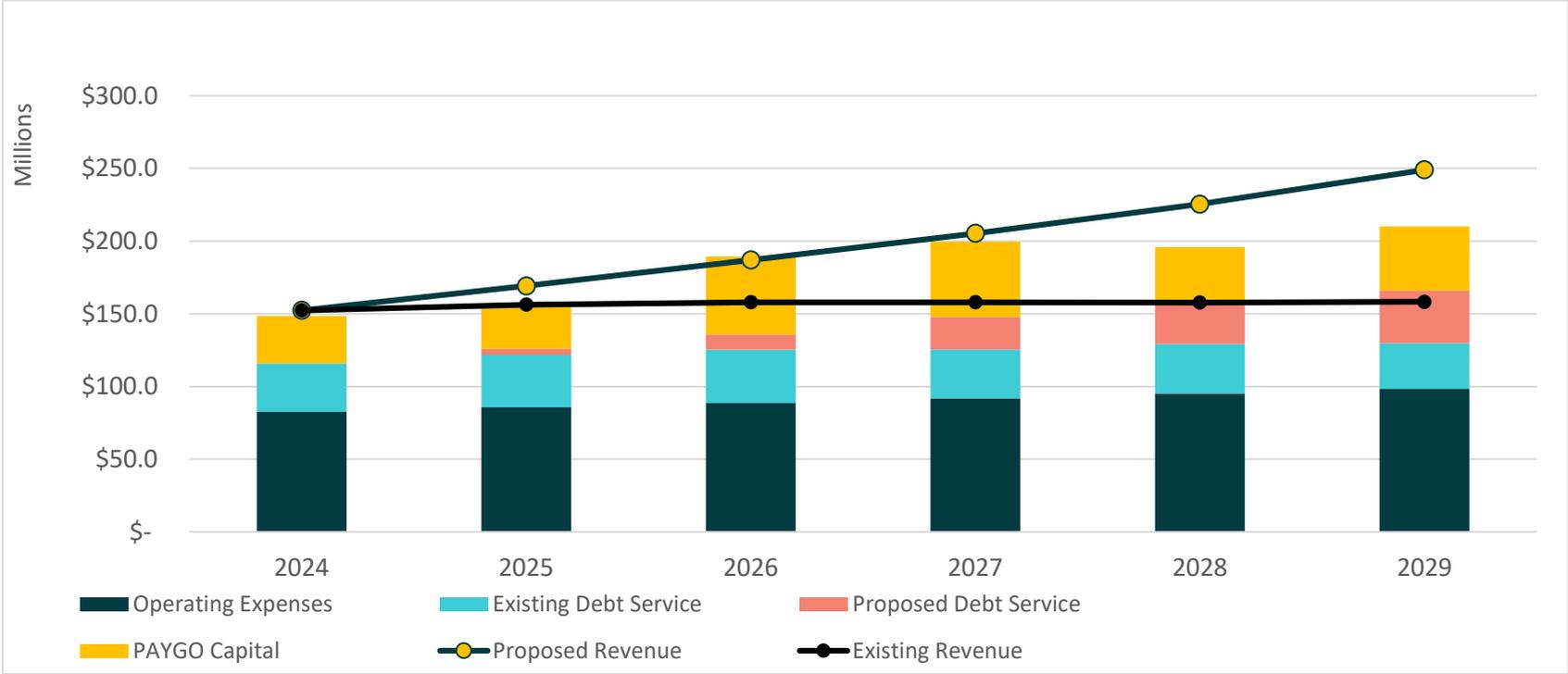
CIP Financing



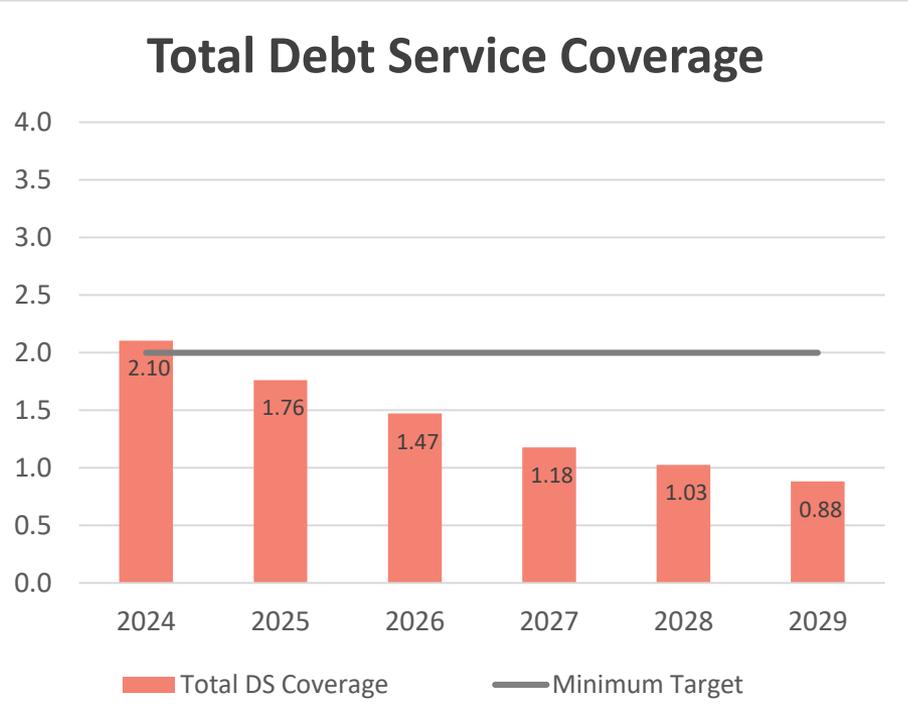
Debt/PayGo



5-Year Financial Plan



Financial Metrics (No Rate Increase)



*Excludes Repair & Replacement and Extension Funds as they are not included in Days Cash calculation.

Credit Rating Agency Factors

Financial Strength

Debt coverage, cash, operating ratios

System Characteristics

Size & condition, service area wealth, customer base

Management

Rate management, regulatory compliance, capital planning, policies

Legal Provisions

Strength of bond covenants

Adequacy of Water Supply

Local Economy & Future Outlook

Comparative Financial Data – Water & Sewer Utility

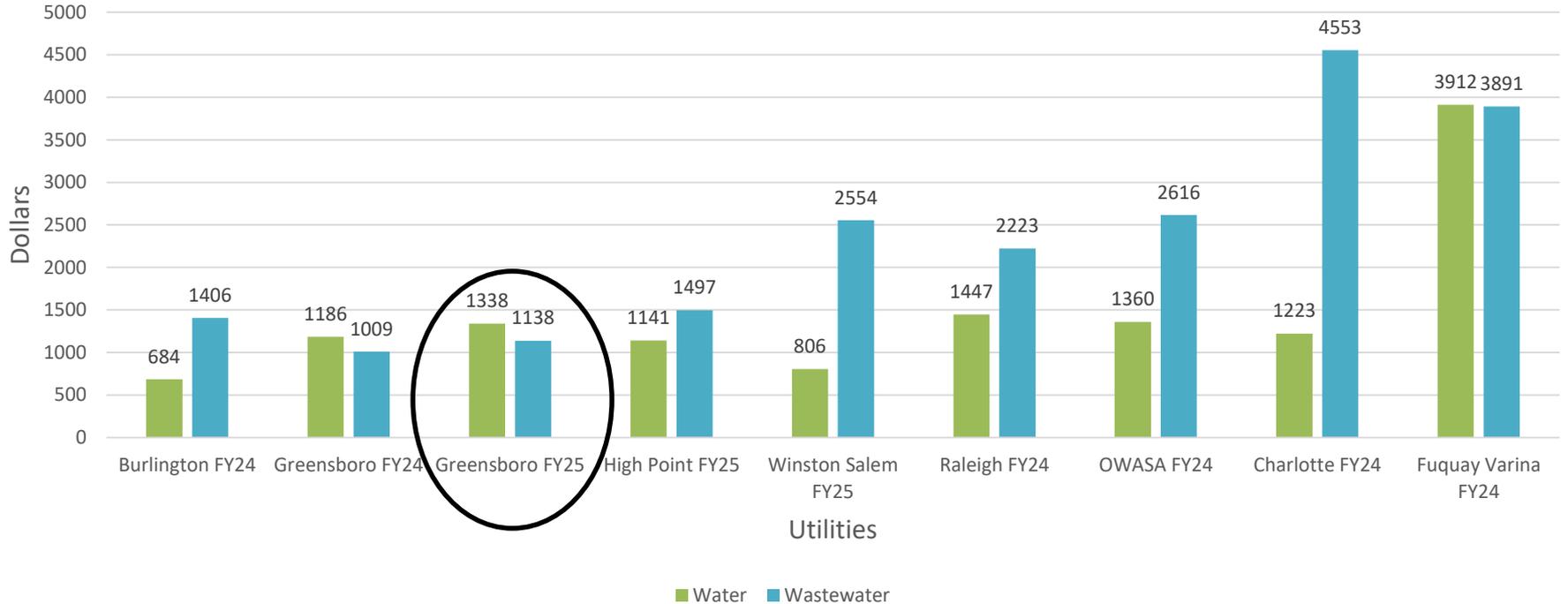
	GSO	High Point	Durham	Winston-Salem	Raleigh	Charlotte	National Median	
							Aa1	Aaa
Moody's Credit Rating - 2023	Aa1	Aa2	Aa1	Aa1	Aaa	Aaa	Aa1	Aaa
Cash on Hand	\$44,218	\$43,146	\$87,654	\$103,995	\$462,700	\$340,580	\$87,654	\$340,580
Days Cash on Hand	201	436	427	711	1,358	504	463	870
Debt Service Coverage	2.7 x	2.0 x	3.7 x	2.3x	3.0 x	2.2x	2.9 x	3.0 x
Operating Expenses	\$80,127	\$36,131	\$74,920	\$53,382	\$124,351	\$246,491	\$59,774	\$105,199
Unrestricted Reserves as % of Operating Expenses	55%	119%	117%	195%	372%	138%	129%	238%

System Development Fee

- In 2017 the General Assembly created a standard SDF methodology for recovering capital costs attributable to new development
- City Council approved SDF's effective July 1, 2018 equal to its previous Capacity Use Fee, though the study recommended higher fees
- A new study, required every 5 years, was approved by Council on July 1, 2023
- The 2023 study recommended a substantial increase in fees, and Greensboro chose to implement incremental increases over a 5 year period. Year 1 increase was effective July 1, 2023.
- In year two, we remain competitive with Triad cities

System Development Fee

System Development Fee Comparison of Utilities in NC (2024)



FY24 -25 Stormwater Enterprise



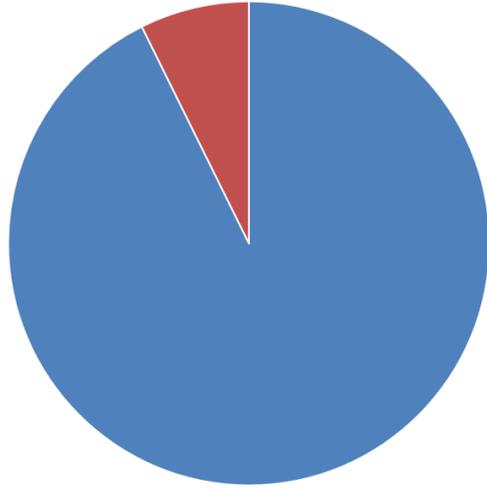
Stormwater Enterprise

- Created in 1995 to comply with unfunded Federal and State NPDES Permit Requirements.
- Includes traditional stormwater maintenance activities, flooding mitigation, etc.
- No rate increase in over 20 years
- Lowest rate for any large City in NC



FY 24-25 Recommended: \$15,894,422

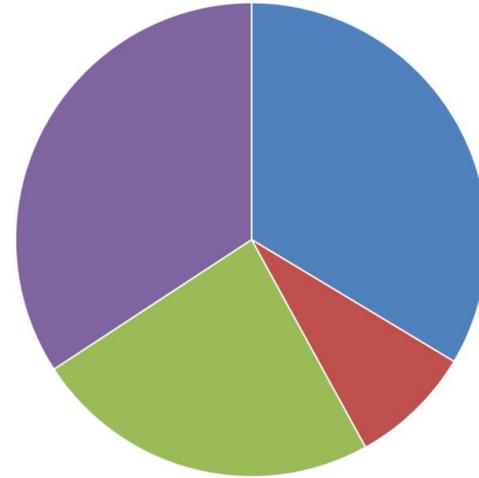
Revenues



- Stormwater Fees
- Other Revenue

Stormwater

Expenses



- Salaries & Benefits
- Indirect Costs
- Other M&O
- CIP

Major Stormwater Projects

- Flood Damage Prevention \$12M
- Stream Restoration / Stabilization \$3.1M
- Stormwater Pipe Improvements \$1.1M
- Cody-Voss Culvert Replacement \$1.1M
- Friendly Avenue Stormwater Reroute \$1.6M
- Fairview Street Pond Improvements \$3.08M

Stormwater Federal and State Grants Received

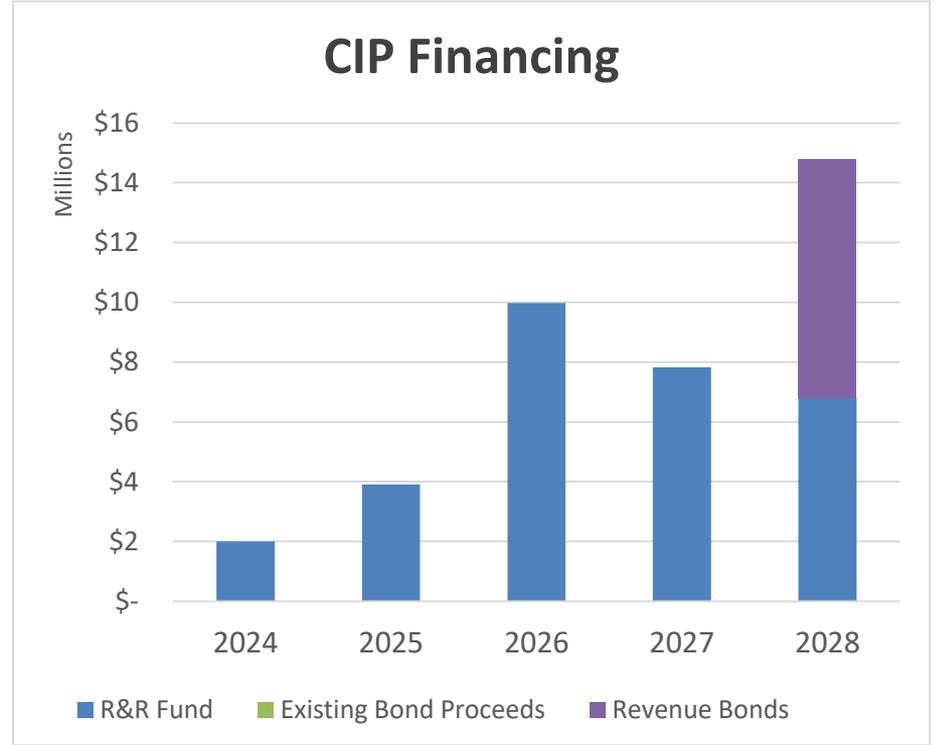
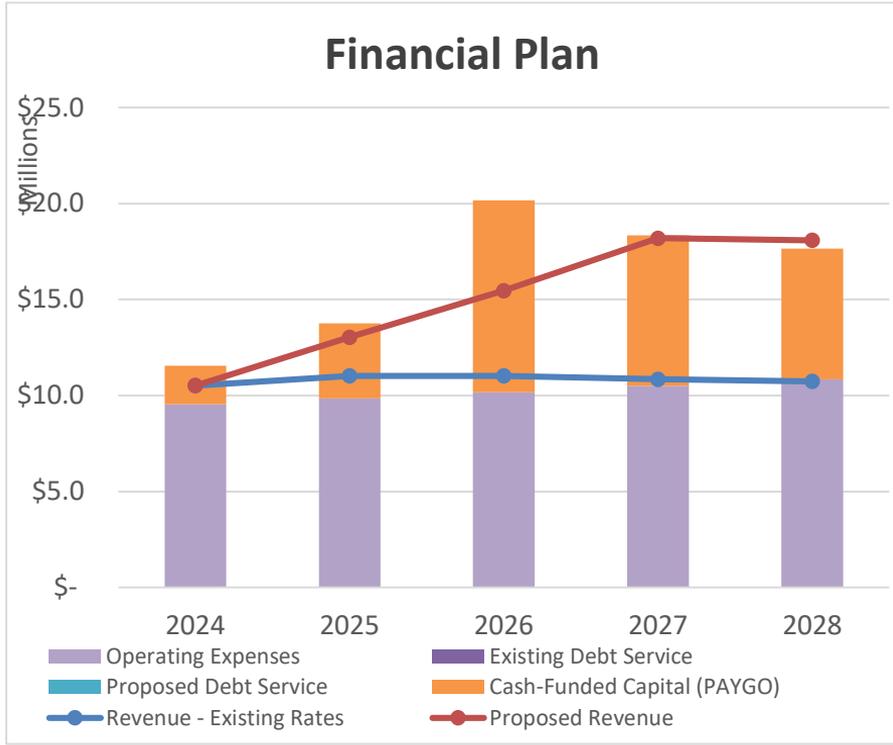
- NCDEQ \$400,000 for North Buffalo Watershed Master Planning
- NCDEQ \$375,000 for Fairview Street Stormwater



Stormwater Financial Overview

- Revenue has not kept pace with rising costs
 - Increasing operating expenses
 - Limited cash flow for pay-go capital
 - Negative change in net position (FY 2023)
- 5-year capital improvement plan is significant and will increase after completion of master planning studies
 - Infrastructure maintenance, flooding mitigation, water quality, etc.
- Phased rate increases to build revenue stream and finance capital program
 - Year 1 rate increase of 20%, or 54 cents per month on a typical customer

Stormwater Financial Plan



Stormwater Enterprise



District 1 – Industrial Ave
South Buffalo Creek

Stormwater Enterprise

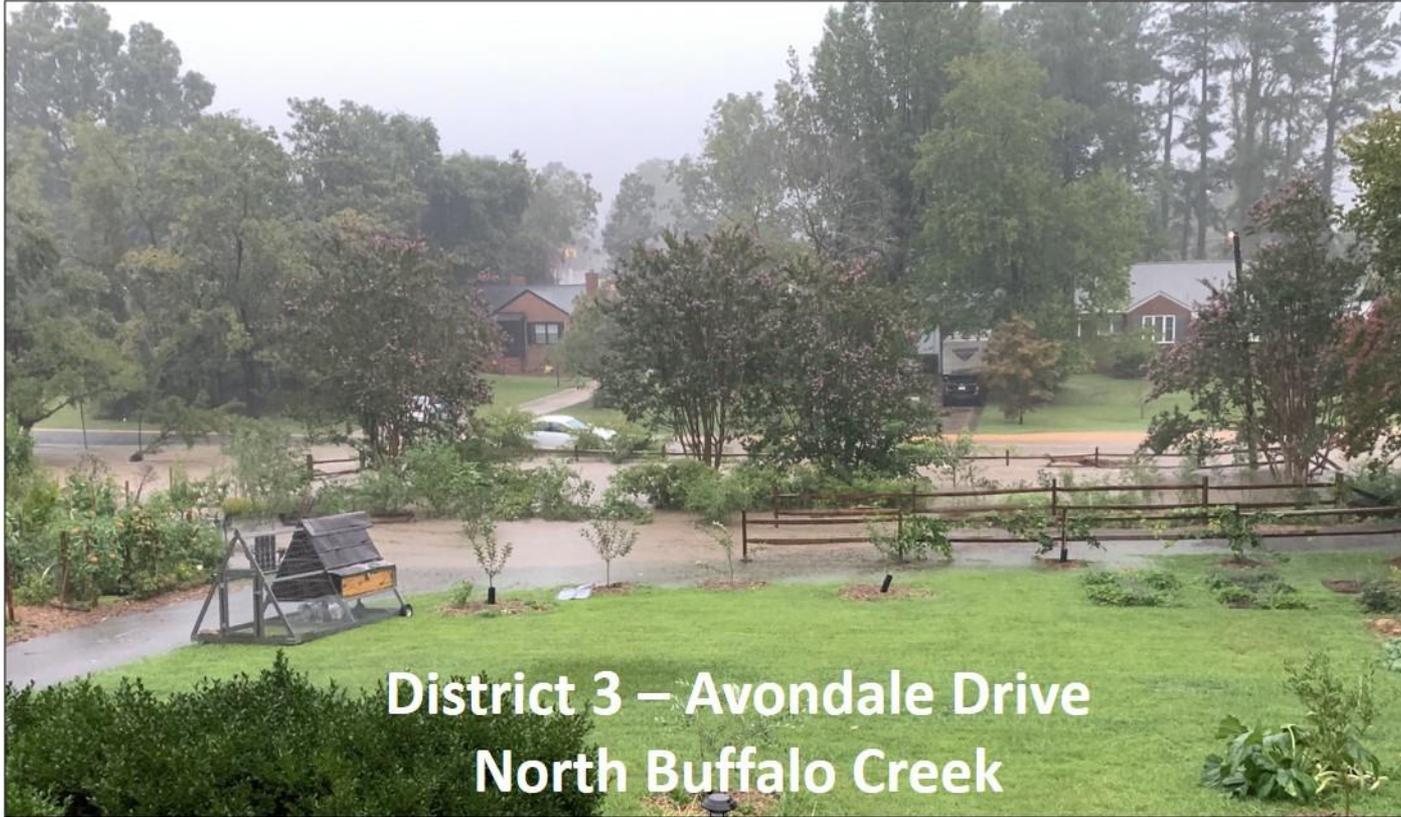


Stormwater Enterprise



District 3 – Latham Park
North Buffalo Creek

Stormwater Enterprise



**District 3 – Avondale Drive
North Buffalo Creek**

FY 2025 Overall Effect of Proposed Increases

Calculations based on 5 units of water and sewer and Tier 2 Stormwater
 Average Units per Month 5

	FY24	FY25	
\$	2.70	\$ 3.24	Stormwater - middle tier 2,000-2,899 (Sq. ft)
\$	4.82	\$ 5.31	Water Availability Fee
\$	7.83	\$ 8.64	3 units of water
\$	7.52	\$ 8.28	2 units of water
\$	4.68	\$ 5.02	Sewer Availability Fee
\$	22.70	\$ 24.35	5 units of sewer
\$	50.25	\$ 54.84	Total Average Bill

Overall Percentage Increase 9.1%