

Water & Sewer Fund FY 21-22 Budget



Tuesday, May 4, 2021

Water Resources Enterprise Fund

Agenda

1. COVID Impacts
2. FY 2021 Update
3. Rate Proposal
4. Rate Comparisons with NC Cities
5. Revenues and Expenses
6. Rate Drivers
 - a) Infrastructure
 - b) Capacity
 - c) Regulatory
 - d) Financial Position
7. FY Highlights

COVID Impacts

- Uncollected Debt
 - \$1.5M Currently
 - Housing and utility assistance funding is keeping uncollected debt from growing
- Staffing/Schedules/Virtual Training
- Convenience Fee Elimination
- CIP Reductions
 - Deferred projects
 - Reduced water and sewer rehab budgets for a two year span, moving out our target to achieve 1% rehab to from 2023 to 2027.

FY 2021 Update

Rate Increase Projections for FY21-22

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

CIP Proposed Spending for FY 21-22

- Paygo: \$23,656,852 for 35%
- Bonds: \$43,909,803 for 65%
- Our long-term goal is 50% of projects from PayGo annually



Rate Proposal

		FY 21	FY 22	FY 23
	INSIDE %	0%	4.5%	4.0%
	INSIDE BILL*	\$47.10	\$49.22	\$51.19
	OUTSIDE %	0%	4.5%	4.0%
	OUTSIDE BILL*	\$117.44	\$122.72	\$127.62
	Outside/Inside	2.5	2.5	2.5

4.5% = \$2.12 per month for avg. inside customers

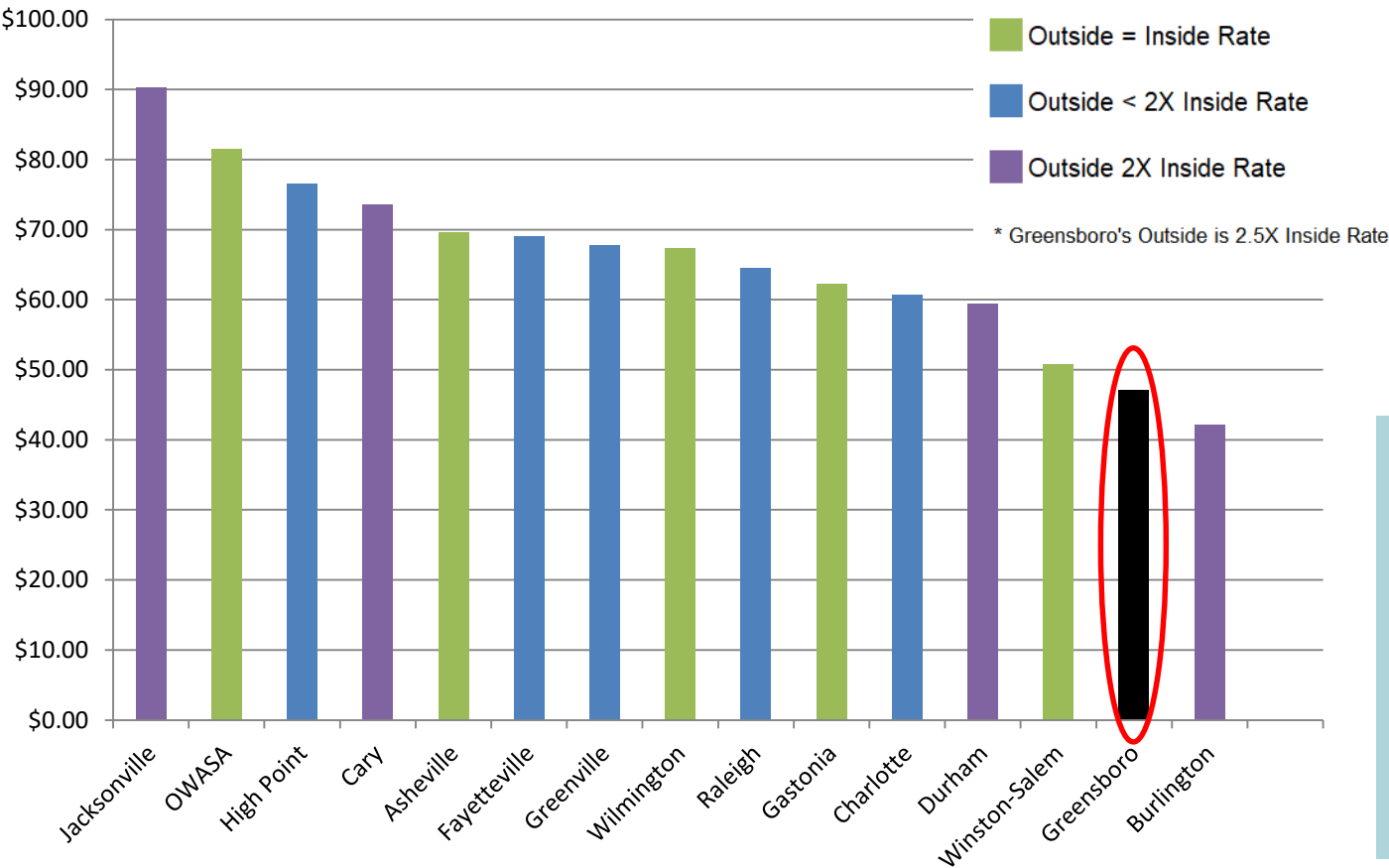
4.5% = \$5.28 per month for avg. outside customers

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



Rate Comparison to Other NC Cities

Rates as of January 1, 2021 (Avg. Residential Customer – 6 units)



OWASA provides water to Carrboro-Chapel Hill Community

Inside Customer Median Affordability

Median Affordability

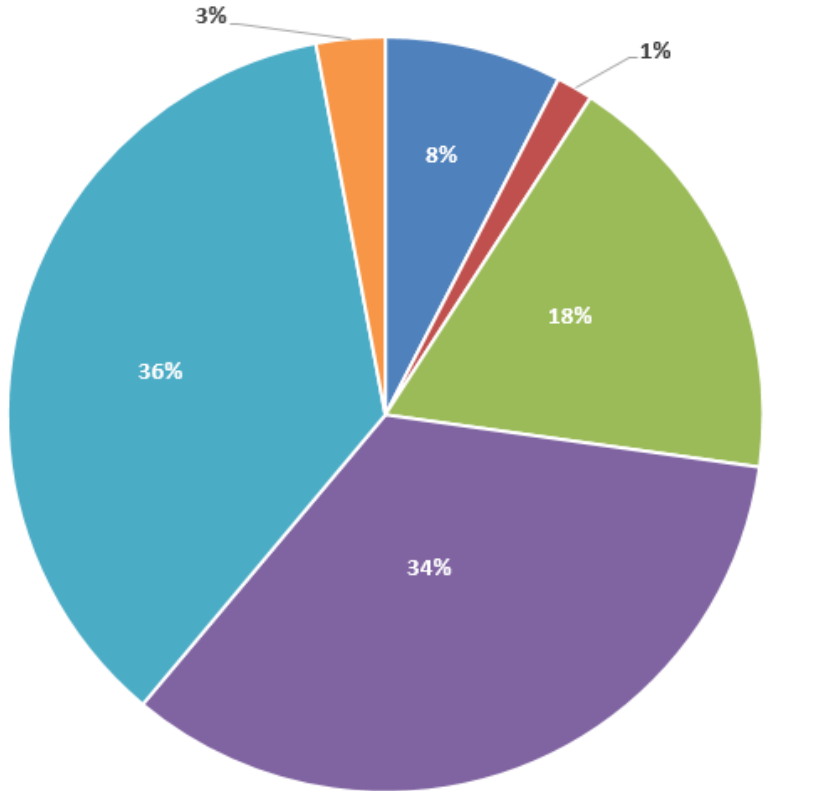
Annual Water & Sewer Bills as
% MHI
U.S. Census Bureau ACS



UNC Environmental
Finance Center

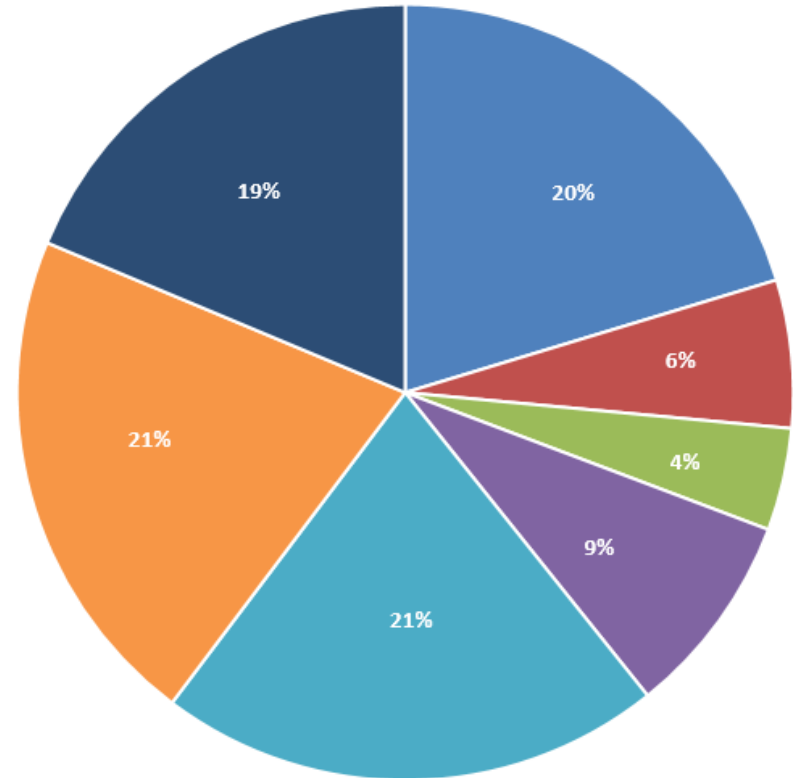
FY 21-22 Recommended: \$140,822,725

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

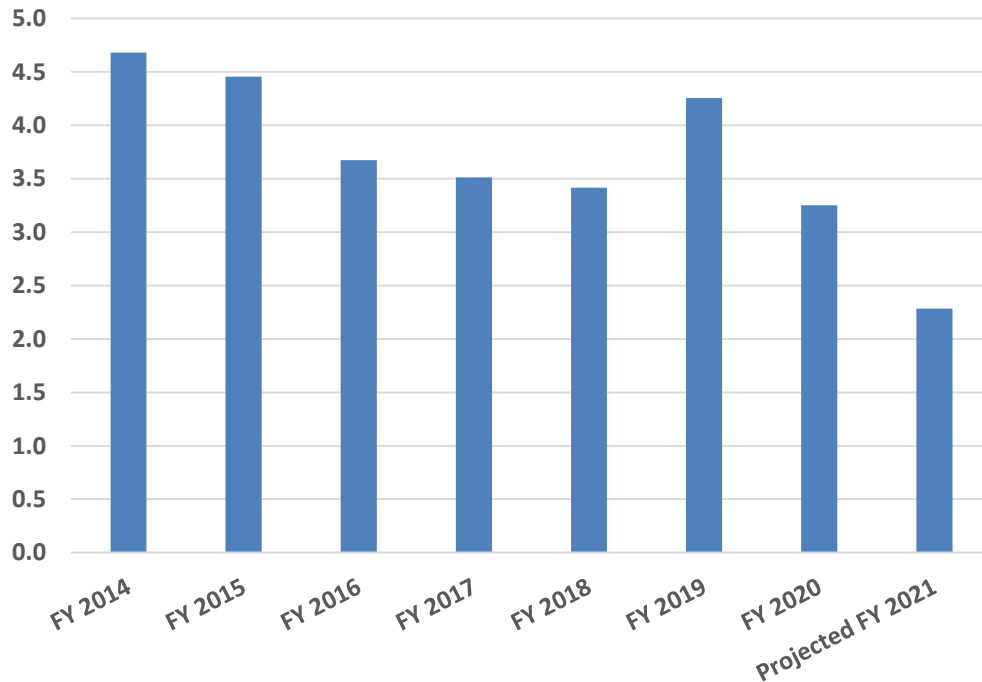


Patton Avenue Sewer Line Replacement

1. Infrastructure Deterioration
2. Regulatory Compliance
3. Economic Development
4. Pandemic Impact
5. Financial Position

Infrastructure Drivers

Sewer Overflows per 100 Miles of Line



Overflow Drivers

1. Fats, oils, and grease
2. Roots/Other Blockages
3. Excess flow

Overflow Response FY21

1. Rehab/Cleaning
2. System Capacity
3. Modeling/CIP Replacement
4. Root Control



Capacity Study

Water

- CY 2020 Average Demand: 31.7 MGD
- Max Day Demand: 75.2% of Total Treatment Capacity
- Future PTRWA Expansion for FY26 and FY27
 - Increases Greensboro's capacity by 6.4 to 12 MGD

Sewer

- CY 2020 Average Flow: 36.2 MGD
- Average Day Capacity is 56 MGD
- 65% of Rated Capacity including Mega Site



Emerging Contaminants Response

PFAS Treatment

- FY21 started evaluation with HDR for advanced treatment of emerging contaminants
- Utilize PAC Feed System (Short-Term)
- PFOS and PFOA Undergoing EPA Regulatory Determination

1,4-Dioxane

- Two-year Special Order by Consent with NCDEQ approved by NCDEQ and EMC effective May 1, 2021.



Financial Position

- **Bond Ratings**

- Fitch and S&P: AAA
- Moody's: Aa1

- **Debt Coverage***

- 1.89x for FY21**
- 2.03x for FY22

* goal-2.0x

** lower - no rate increase

- **Paygo vs Bonds**

- Long-term target is 50/50

- **Cash on Hand**

- \$52,328,245 FY21
- \$58,566,490 FY22

- **Current Year Projections**

- Expenses and Revenue on track
- Impacts were anticipated



FY Highlights

- Economic Development
- Advanced Metering Infrastructure
 - Initial Deployment Area in May
- Emergency Response
 - Twining Road Main Break
 - Distribution System Redundancy
 - GEANI Community Notification System
- BNR Implementation at T.Z. Osborne
- Apprenticeship Program Success