



# City of Pueblo, Colorado

## Wastewater Utility Financial Plan Study Executive Summary Report

July 30, 2015





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July 30, 2015

Gene Michael  
Wastewater Department Director  
City of Pueblo  
1300 South Queens Avenue  
Pueblo, CO 81001

**Subject: Wastewater Utility Financial Plan Study**

Dear Mr. Michael:

Raftelis Financial Consultants, Inc. (RFC) is pleased to provide this Wastewater Utility Financial Plan Study Executive Summary Report (Report) for The City of Pueblo (City). The Report summarizes the key study findings and recommendations.

The major objectives of the study include:

- Updating wastewater financial plan for 10-year study period, 2016 through 2025.
- Determine wastewater rate adjustments for 2016 through 2020 to generate sufficient revenue to meet annual revenue requirements, sustain adequate cash reserves and provide appropriate debt service coverage.

It has been a pleasure working with you, and we thank you and your staff for the support provided during the course of this study.

Sincerely,  
**RAFTELIS FINANCIAL CONSULTANTS, INC.**

A handwritten signature in blue ink, appearing to read 'AR', is positioned above the name Andrew Rheem.

**Andrew Rheem**  
Project Manager

A handwritten signature in blue ink, appearing to read 'John A. Gallagher', is positioned above the name John Gallagher.

**John Gallagher, P.E.**  
Project Director

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# EXECUTIVE SUMMARY

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## 1. INTRODUCTION

The City of Pueblo, Colorado (City) provides wastewater service to approximately 37,500 customer accounts. The City's wastewater utility is funded primarily from wastewater rate revenue and is financially self-sufficient.

In 2015, The City engaged Raftelis Financial Consultants, Inc. (RFC) to complete a Wastewater Utility Financial Plan Study (Study) that reviews the wastewater utility's financial status and proposes rate adjustments as necessary to support the utility's continuing financial viability. The primary Study objectives are to:

- Update the wastewater financial plan for the 11-year study period, 2015 through 2025.
- Determine annual wastewater rate adjustments for 2016 through 2020 to generate sufficient revenue to meet annual revenue requirements, sustain adequate cash reserves and provide appropriate debt service coverage.

This executive summary report provides our Study assumptions, findings and recommendations. Appendix A to the report includes calculations that support the Study findings.

## 2. ASSUMPTIONS

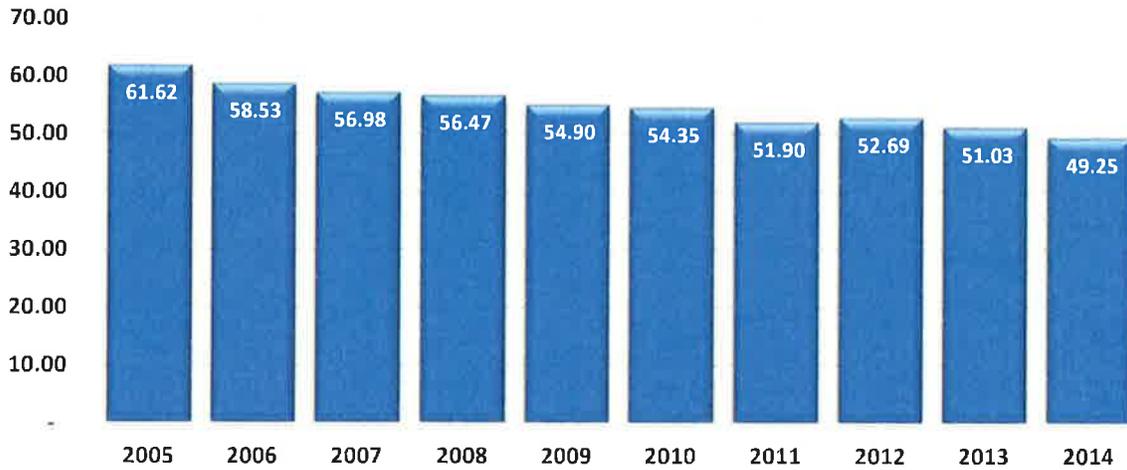
RFC incorporated the following key assumptions into the study. Changes in these assumptions could have a material effect on study findings.

- The number of accounts is not anticipated to change significantly throughout the study period.
- Billable winter water usage<sup>1</sup> per account is projected to decrease 2% annually based on the historical trend shown in Figure 1.

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<sup>1</sup> Winter water usage is defined as beginning on the day a customer water meter is read in December and ending the day the same meter is read in February. The average water usage during this period is used as a proxy for indoor residential water usage, and billable for wastewater service, for that customer throughout the year following year.

**Figure 1. Annual Billed Volume per Residential Account (Kgal)**



- Costs are anticipated to change as follows:
  - Salaries will increase 3% annually.
  - Benefits will increase 8% annually.
  - Utility costs will increase 8% annually.
  - Capital costs will increase 5% annually.
  - All other costs will increase 4% annually.
- Proposed debt service is based on:
  - 3.0% annual interest rate,
  - 20-year term,
  - 2.0% issuance costs, and
  - Debt service reserve equal to maximum annual debt service payment.
- The wastewater utility will maintain the following minimum reserves:
  - Operating reserve of 180 days of annual operation and maintenance expense (O&M)
  - Capital reserve of 3% of fixed assets net book value.
- Minimum debt service coverage is 130%.
- Interest rate on investment income is 0.5% in 2015 and 1.0% annually thereafter.
- Selenium mitigation projects will be cash funded annually over the entire study period including a three-year phase-in period.

### 3. FINANCIAL PLAN

RFC separated the wastewater fund into capital and operating subfunds and developed separate financial forecasts for each of these funds for the study period.

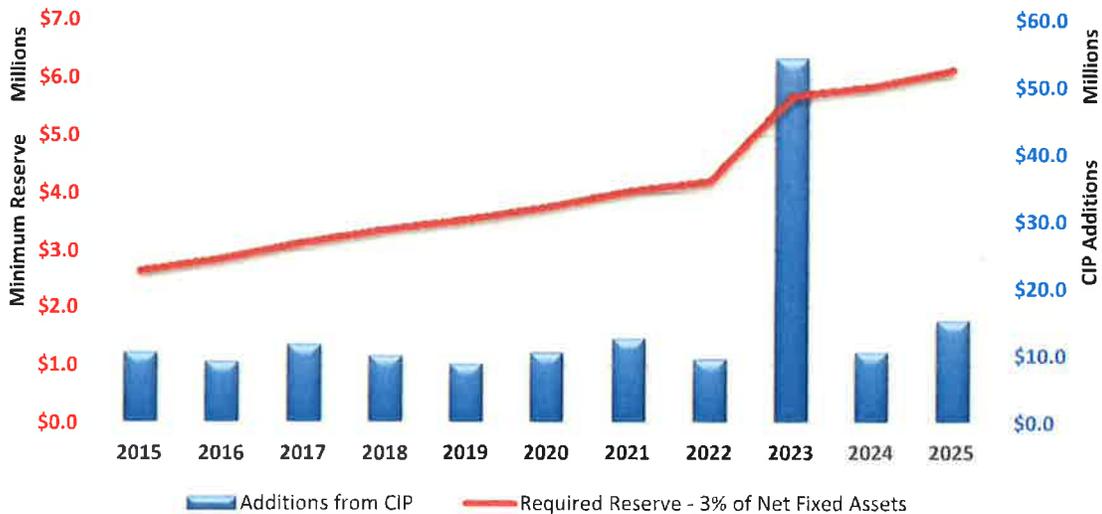
#### 3.1 CAPITAL FUND

##### 3.1.1 Capital Fund Reserves

Figure 2 summarizes the minimum capital reserves and the annual capital improvement program (CIP) costs during the study period. The projected minimum capital reserve amount is represented by the line graph and is referenced in the left axis of the chart. The proposed CIP costs is represented by the vertical blocks and is referenced on the right axis of Figure 2. The large CIP amount in 2023 includes the tertiary process for nutrient removal at the water reclamation facility (WRF).

RFC recommends the utility maintain minimum capital reserves of at least 3% of the net book value of the wastewater fixed assets (approximately \$2.7 million in 2015). Minimum capital reserves are expected to increase during the study period as the result of the CIP additions.

Figure 2. Minimum Capital Fund Reserves vs. Annual CIP Additions



##### 3.1.2 Use of Capital Funds

The City is incorporating three major regulatory-driven programs in its proposed wastewater CIP:

- Regulation 85 requires reductions in inorganic nitrogen and phosphorus treated effluent limits and is anticipated to be required between 2015 and 2020<sup>2</sup>.
- Regulation 31 requires reductions in total nitrogen treated effluent limits and is anticipated to be required between 2020 and 2025<sup>2</sup>.

<sup>2</sup> City of Pueblo Draft Wastewater Reclamation Master Plan, Brown and Caldwell, March 2015.

- Selenium-related mitigation requires the City to reduce groundwater infiltration into the wastewater collection system.

Utility staff developed a \$120 million CIP (2015 costs) for the 11-year study period. This program is expected to cost nearly \$160 million when adjusted for inflation. Major projects (inflation adjusted) in the CIP include:

- Electrical Upgrades (\$8.9 million),
- Chemical feed replacement and aeration improvements addressing Regulation 85 (\$4.8 million),
- Tertiary WRF process for nutrient removal, Regulation 31 (\$37.2 million),
- Selenium mitigation projects (\$42.4 million), and
- Infrastructure rehabilitation and replacement (\$46.5 million).

RFC evaluated three alternative CIP scenarios) for the selenium mitigation:

- Without selenium mitigation program (Base scenario for comparison),
- With 10-year selenium mitigation program fully implemented in 2016, and
- With selenium mitigation program phased-in over three-year period and fully implemented thereafter (recommended).

### **3.1.3 Sources of Capital Funds**

Estimated funding sources for the CIP during the study period include:

- Proposed 2022 CWRPDA loans (\$40 million) to fund WRF improvements and
- Cash reserves generated by revenue from wastewater rates and reserves (\$120 million).

## **3.2 OPERATING FUND**

### **3.2.1 Operating Fund Reserves**

RFC recommends the utility maintain minimum operating reserves of at least 180 days of annual O&M (approximately \$4.2 million in 2015) to meet expenses during low revenue cycles, fund unexpected increases in power, chemical, and benefit costs, and provide for emergency needs.

### **3.2.2 Revenue Requirements**

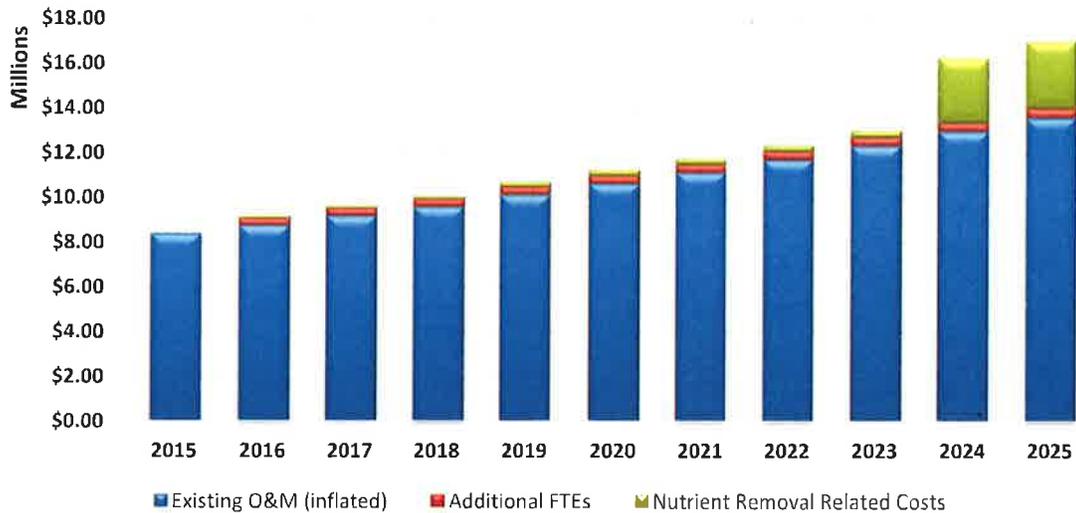
Operating fund revenue requirements include O&M, cash funded capital improvements, and debt service.

Figure 3 graphically presents projected O&M expenses. Annual O&M expenses are projected to increase from \$8.3 million in 2015 to 17.0 million in 2025. These increases are based on:

- Normal inflationary cost increases,
- Increased costs associated with Regulation 85,

- Additional employees to perform sampling and analysis for Selenium mitigation projects and to implement the recently-adopted grease and oil program.
- Increased WRF chemical costs in 2024 associated with new processes caused by Regulation 31 nutrient requirements.

**Figure 3. Annual O&M Costs**



Transfers to the capital fund support cash-financed capital improvements. Debt service consists of annual principal and interest payments on outstanding and proposed Colorado Water Resource and Power Development Authority (CWRPDA) loans.

### 3.2.3 Revenue

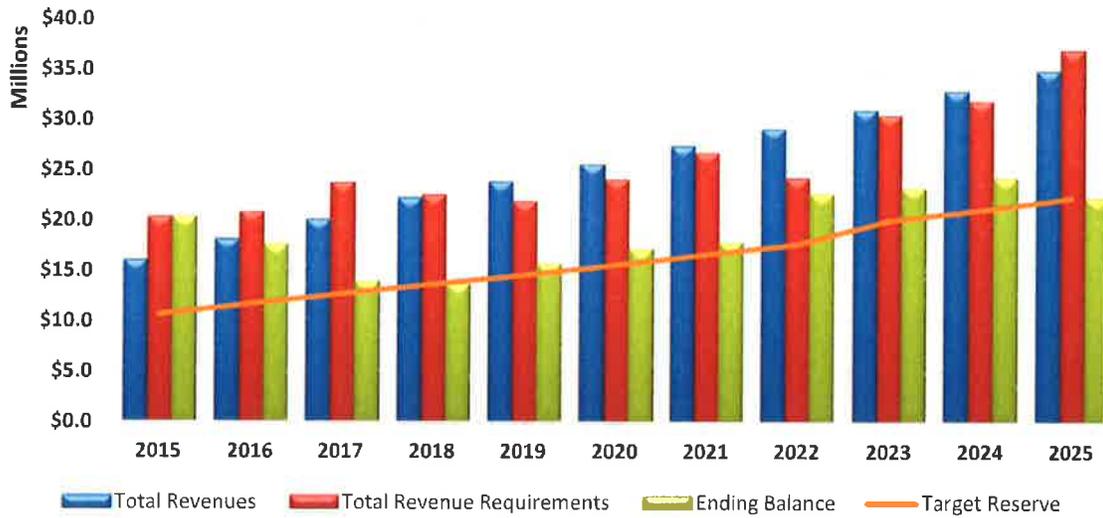
Operating fund revenue includes wastewater service charge, miscellaneous fees and investment income revenue. Operating revenue averages \$14.6 million annually during the study period.

## 3.3 FINANCIAL PLAN ANALYSIS

Revenue from existing wastewater rates (effective January 2015) averages \$14.5 million annually during the study period. This revenue amount is insufficient to meet average revenue requirements of \$25.8 million, sustain minimum reserves, and provide adequate debt service coverage. RFC proposes annually increasing wastewater rates by 13.0% in 2016 through 2018 and 9.0% in 2019 and 2020. Similar annual increases are needed through 2025.

Figure 4 graphically presents a summary of the projected operating fund financial plan under the proposed rates. Annual revenue from proposed rates does not fully meet annual revenue requirements in 2015 through 2018 causing a reduction in operating reserves of \$12.8 million during these years. The resulting operating reserves still satisfy the minimum reserve requirement.

**Figure 4. Operating Fund Summary**



### 3.4 PROPOSED RATES

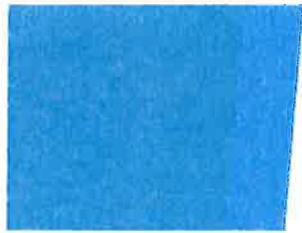
RFC proposes a five-year schedule of wastewater rates for 2016 through 2020. These rates increase annual wastewater service revenue by 13.0% in 2016 through 2018 and 9.0% in 2019 and 2020. Table 1 compares existing and proposed rates. Existing rates were implemented January 2015.

**Table 1. Comparison of Existing and Proposed Monthly Wastewater Rates  
Phased Selenium Scenario**

	Existing Rates	Proposed Rates				
	January 2015	January 2016	January 2017	January 2018	January 2019	January 2020
<b>Water Meter Size</b>	<b>Service Charge, \$ per Bill</b>					
5/8" & 3/4"	13.12	15.74	18.74	20.05	21.45	22.49
1"	15.60	18.72	22.28	23.84	25.50	26.74
1-1/2"	23.49	28.19	33.54	35.89	38.40	40.27
2"	35.08	42.10	50.09	53.60	57.35	60.14
3"	62.46	74.95	89.19	95.44	102.12	107.08
4"	91.61	109.93	130.82	139.98	149.77	157.05
6"	150.00	180.00	214.20	229.19	245.24	257.15
8"	198.87	238.64	283.99	303.87	325.14	340.92
<b>Customer Type</b>	<b>Volume Charge, \$ per 1,000 gallons</b>					
Non-Industrial (1)	3.06	3.67	4.37	4.68	5.00	5.25
Industrial (1)	3.06	3.67	4.37	4.68	5.00	5.25
Blende SD	2.43	2.92	3.47	3.71	3.97	4.17
Sanitation Companies	41.93	50.32	59.88	64.07	68.55	71.88
<b>Strength Parameter</b>	<b>Excessive Strength Surcharge, \$ per pound for excess strength</b>					
BOD (2)	0.38	0.38	0.38	0.38	0.38	0.38
TSS (3)	0.19	0.19	0.19	0.19	0.19	0.19
<b>Customer Type</b>	<b>Monitoring Charge, \$</b>					
All High Strength Customers	210.16	237.48	268.35	303.24	330.53	360.28
(1) Applicable to actual water usage in January and February billing periods and to the monthly average water usage of January and February for the March through December billing periods.						
(2) Applicable to strength concentrations in excess of 225 milligrams per liter.						
(3) Applicable to strength concentrations in excess of 200 milligrams per liter.						

#### **4. RECOMMENDATION**

RFC recommends updating the financial plan at least annually to reflect changes in customer growth, operating expenses, capital improvement needs, capital financing requirements, inflation, regulatory requirements and other external factors. The financial plan update will provide guidance to determine rate adjustments necessary to reflect these factors. Although a standard index, such as the Consumer Price Index (CPI) might provide a general indication of inflation, wastewater costs change due to several factors that might not be represented by the CPI (e.g. regulatory and chemical costs). Thus, the City should continue to update its wastewater utility financial plan to recognize these factors.



# City of Pueblo, Colorado

## Appendix A Supporting Tables





**Table P2**  
**City of Pueblo**  
**Wastewater Financial Plan**  
**Operating Fund Proforma**  
**CIP w/ Selenium Phased**

Line No	Description	Projected		Projected ->																		
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025										
<b>1</b>	<b>Revenues</b>																					
2	Rate Revenues	\$15,308,603	\$17,103,030	\$19,090,178	\$21,290,746	\$22,887,737	\$24,593,644	\$26,415,894	\$28,102,215	\$29,887,017	\$31,776,052	\$33,775,407										
3	Sanitation Co's & Mission Foods	239,020	234,892	230,846	226,880	222,994	219,186	215,453	211,796	208,212	204,699	201,256										
4	Miscellaneous Revenues	82,845	82,871	82,898	82,925	82,952	82,980	83,009	83,038	83,068	83,099	83,130										
5	Interest Earnings	169,171	133,465	100,890	58,405	49,912	63,066	70,875	69,596	110,749	95,508	98,364										
6	<b>Total Revenues</b>	<b>15,799,639</b>	<b>17,554,257</b>	<b>19,504,811</b>	<b>21,658,956</b>	<b>23,243,595</b>	<b>24,958,876</b>	<b>26,785,231</b>	<b>28,466,645</b>	<b>30,289,047</b>	<b>32,159,357</b>	<b>34,158,157</b>										
<b>7</b>	<b>Expenses</b>																					
8	Operating Expenses	8,341,380	9,157,732	9,597,347	10,061,707	10,661,894	11,189,406	11,747,504	12,338,206	12,963,677	16,206,382	17,018,607										
9	<b>Subtotal: Operating Expenses</b>	<b>8,341,380</b>	<b>9,157,732</b>	<b>9,597,347</b>	<b>10,061,707</b>	<b>10,661,894</b>	<b>11,189,406</b>	<b>11,747,504</b>	<b>12,338,206</b>	<b>12,963,677</b>	<b>16,206,382</b>	<b>17,018,607</b>										
10	Debt Service	2,276,694	2,469,706	2,466,210	2,465,922	2,469,500	2,459,616	2,463,074	2,448,781	3,818,545	5,176,484	4,661,726										
11	<b>Subtotal: Debt Activities</b>	<b>2,276,694</b>	<b>2,469,706</b>	<b>2,466,210</b>	<b>2,465,922</b>	<b>2,469,500</b>	<b>2,459,616</b>	<b>2,463,074</b>	<b>2,448,781</b>	<b>3,818,545</b>	<b>5,176,484</b>	<b>4,661,726</b>										
12	Other Cash Inflows/(Outflows)																					
13	Transfers to Capital Fund Reserve	0	0	0	0	(44,603)	(125,667)	(172,609)	(66,420)	(1,364,490)	(19,369)	(143,448)										
14	Transfers In	0	0	0	0	0	0	0	0	0	0	0										
15	Cash-Funded Capital Projects	(9,716,580)	(9,184,300)	(11,689,719)	(9,980,616)	(8,752,225)	(10,403,323)	(12,529,804)	(9,497,928)	(13,666,463)	(10,471,465)	(15,230,165)										
16	<b>Subtotal</b>	<b>(9,716,580)</b>	<b>(9,184,300)</b>	<b>(11,689,719)</b>	<b>(9,980,616)</b>	<b>(8,752,225)</b>	<b>(10,403,323)</b>	<b>(12,529,804)</b>	<b>(9,564,348)</b>	<b>(15,030,952)</b>	<b>(10,490,835)</b>	<b>(15,373,613)</b>										
17	Beginning Balance	17,881,472	13,346,458	10,088,977	5,840,511	4,991,222	6,306,595	7,087,459	6,959,608	11,074,919	9,550,790	9,836,447										
18	Change in Fund Balance	(4,535,014)	(3,257,481)	(4,248,466)	(849,289)	1,315,374	780,864	(127,851)	4,115,310	(1,524,129)	285,652	(2,895,789)										
19	Ending Balance	13,346,458	10,088,977	5,840,511	4,991,222	6,306,595	7,087,459	6,959,608	11,074,919	9,550,790	9,836,447	6,940,658										
20	Minimum Operating Reserve (6 months)	4,170,690	4,526,366	4,744,074	4,974,070	5,217,149	5,474,164	5,746,026	6,033,714	6,338,276	6,660,835	7,002,598										
21	<b>Unrestricted Balance</b>	<b>\$9,175,768</b>	<b>\$5,562,611</b>	<b>\$1,096,437</b>	<b>\$17,152</b>	<b>\$1,089,446</b>	<b>\$1,613,296</b>	<b>\$1,213,582</b>	<b>\$5,041,205</b>	<b>\$3,212,514</b>	<b>\$3,175,611</b>	<b>(\$61,940)</b>										

City of Pueblo - DRAFT Results - Wastewater Financial Plan

Table P3  
City of Pueblo  
Wastewater Financial Plan  
Capital Fund Proforma  
CIP w/ Selenium Phased

Line No	Description	Projected	Projected ->									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Revenues											
2	Plant Investment Fees (PIF)	\$116,950	\$223,400	\$227,868	\$232,425	\$237,074	\$241,815	\$246,652	\$251,585	\$256,616	\$261,749	\$266,984
3	Sanitary Sewer Connection Fees (SSCF)	127,900	262,500	267,750	273,105	278,567	284,138	289,821	295,618	301,530	307,561	313,712
4	Interest Earnings	50,637	70,471	76,035	81,752	87,624	94,103	101,560	109,667	116,900	137,295	144,555
5	Transfers In	0	0	0	0	44,603	125,667	172,609	66,420	1,364,490	19,369	143,448
6	<b>Total Revenues</b>	<b>295,487</b>	<b>556,371</b>	<b>571,653</b>	<b>587,282</b>	<b>647,869</b>	<b>745,724</b>	<b>810,642</b>	<b>723,290</b>	<b>2,039,535</b>	<b>725,974</b>	<b>868,698</b>
7	Expenses											
8	Operating Expenses	0	0	0	0	0	0	0	0	0	0	0
9	Transfers Out	0	0	0	0	0	0	0	0	0	0	0
10	<b>Subtotal: Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
11	Debt Service	0	0	0	0	0	0	0	0	0	0	0
12	Debt Issuance Costs	0	0	0	0	0	0	0	0	0	0	0
13	<b>Subtotal: Debt Service</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
14	<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
15	Other Cash Inflows/(Outflows)											
16	Gross Bond Proceeds	0	0	0	0	0	0	0	0	40,700,709	0	0
17	Debt/Grant Funded Capital Projects	(735,500)	0	0	0	0	0	0	0	(37,231,877)	0	0
18	Contribution to Debt Reserve	0	0	0	0	0	0	0	0	(2,724,194)	0	0
19	Debt Issuance Costs	0	0	0	0	0	0	0	0	(744,638)	0	0
20	Cash-Funded Capital Projects	0	0	0	0	0	0	0	0	0	0	0
21	Grant-Funded Capital Projects	735,500	0	0	0	0	0	0	0	0	0	0
22	<b>Subtotal: Debt Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
23	<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
24	Beginning Balance	6,751,642	7,047,129	7,603,500	8,175,153	8,762,435	9,410,304	10,156,028	10,966,670	11,689,960	13,729,495	14,455,469
25	Change In Fund Balance	295,487	556,371	571,653	587,282	647,869	745,724	810,642	723,290	3,039,535	725,974	868,698
26	<b>Ending Balance</b>	<b>7,047,129</b>	<b>7,603,500</b>	<b>8,175,153</b>	<b>8,762,435</b>	<b>9,410,304</b>	<b>10,156,028</b>	<b>10,966,670</b>	<b>11,689,960</b>	<b>13,729,495</b>	<b>14,455,469</b>	<b>15,324,167</b>
27	Capital Balance (3% Net Assets) and PIF / SSCF	6,514,087	7,213,806	7,989,638	8,716,624	9,410,304	10,156,028	10,966,670	11,689,960	13,729,495	14,455,469	15,324,167
28	<b>Unrestricted Balance</b>	<b>\$533,042</b>	<b>\$389,695</b>	<b>\$185,516</b>	<b>\$45,812</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

City of Pueblo - DRAFT Results - Wastewater Financial Plan

Table 5a  
City of Pueblo  
Wastewater Financial Plan  
Capital Improvement Program Costs - Current Values  
CIP w/ Selenium Phased

Description - City of Selenium Phased		2015 DOLLARS											Total	
Description	Debt Type	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total	
Sewer Rehab and Replace <= 8" Diameter	WAN01	Cash	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	\$11,000,000	
Sewer Rehab and Replace > 8" Diameter	WAN02	Cash	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	\$13,200,000	
Annual Point Repairs	WAN03	Cash	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	\$5,500,000	
Reclamation Facility Rehab. and Replace.	WAN04	Cash	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	\$5,500,000	
Manhole Adjustment Overlay - Cont to CIAN 10	Annual Trmsr	Cash	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	\$550,000	
Arkansas River Xing @ Moffat	WW1201	Cash	2,347,000	-	300,000	-	-	-	-	-	-	-	\$3,000,000	
WW Electrical Upgrade - P2	WW1203	Cash	232,083	2,088,746	-	-	-	-	-	-	-	-	\$2,347,000	
Electrical P3	Cash	-	58,206	523,856	-	-	-	-	-	-	-	-	\$582,062	
Electrical P4	Cash	-	-	119,064	1,071,578	-	-	-	-	-	-	-	\$1,190,642	
Electrical P5	Cash	-	-	-	50,053	450,477	-	-	-	-	-	-	\$500,530	
Electrical P7	Cash	-	-	-	-	-	1,151,276	-	-	-	-	-	\$1,151,276	
Withhorse Crossing	WW1301	Cash	-	700,000	-	-	-	-	-	-	-	-	\$700,000	
Nutrient Master Plan	WW1302	Cash	187,497	-	-	-	-	-	-	-	-	-	\$187,497	
Nutrient Removal	Cash	-	-	-	-	-	-	-	-	-	-	-	\$0	
Otero Blvd Extension	WW1402	Cash	600,000	-	-	-	-	-	-	-	-	-	\$600,000	
Digester Covers (including raising wall around n/y)	WW1403	Cash	-	750,000	-	-	-	-	-	-	-	-	\$750,000	
Paving Project	WW1404	Cash	350,000	-	-	750,000	-	-	-	-	-	-	\$1,100,000	
Div. O.R. Grease Separator	Cash	200,000	-	-	-	-	-	-	-	-	-	-	\$350,000	
Tertiary Process for Regulation 31	Debt	-	-	-	-	-	-	-	-	-	-	-	\$200,000	
Engineering/SDC for Project 18	Cash	-	-	-	-	-	-	2,600,000	-	25,200,000	-	-	\$25,200,000	
Minequa Liftstation	Cash	-	500,000	-	-	-	-	-	-	2,500,000	-	-	\$5,000,000	
Raw Sewage Screw Pump Replacement	Cash	-	-	810,000	-	-	-	-	-	-	-	-	\$810,000	
Centrifuge/Polymer Feed Replacement (biosolids hand)	Cash	-	-	2,400,000	-	-	-	-	-	-	-	-	\$2,400,000	
Lake Avenue Upgrade North	Cash	-	-	-	-	-	-	-	-	-	-	2,600,000	\$2,600,000	
Nutrient Removal (ENG)	Cash	300,000	-	-	-	-	-	-	-	-	-	-	\$300,000	
GT Pump Replacement	Cash	-	-	-	-	-	250,000	-	-	-	-	-	\$250,000	
Aeration Improvements/Reg 85	Cash	-	-	1,200,000	-	-	-	-	-	-	-	-	\$1,200,000	
Nutrient Grant Project	WW1304	Grant	735,500	-	-	-	-	-	-	-	-	-	\$735,500	
Nutrient Removal (Cash Funded)	WW1304	Cash	1,750,000	-	-	-	-	-	-	-	-	-	\$1,750,000	
Boulder Street Sewer Main	Cash	-	400,000	-	-	-	-	-	-	-	-	-	\$400,000	
Selenium Projects	Cash	500,000	-	-	-	-	-	-	-	-	-	-	\$500,000	
Selenium Treatment Project - Basin 3	Cash	-	1,000,000	2,000,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	\$31,000,000	
<b>Total</b>			<b>\$ 10,452,080</b>	<b>\$ 8,746,952</b>	<b>\$ 10,602,820</b>	<b>\$ 8,621,611</b>	<b>\$ 7,200,477</b>	<b>\$ 8,191,276</b>	<b>\$ 9,350,000</b>	<b>\$ 6,750,000</b>	<b>\$ 34,450,000</b>	<b>\$ 6,750,000</b>	<b>\$ 9,350,000</b>	<b>\$ 120,425,336</b>

City of Pueblo - DRAFT Results - Wastewater Financial Plan

Table 5b  
City of Pueblo  
Wastewater Financial Plan  
Capital Improvement Program Costs - Escalated Values  
CIP w/ Selenium Phased

Capital Projects - CIP w/ Selenium Phased		ESCALATED VALUES											Total	
Ownership	Debt Type	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
Sewer Rehab and Replace <= 8" Diameter	WAND1	Cash	\$ 1,000,000	\$ 1,050,000	\$ 1,102,500	\$ 1,157,625	\$ 1,215,564	\$ 1,276,282	\$ 1,340,006	\$ 1,407,180	\$ 1,477,455	\$ 1,551,318	\$ 1,629,895	\$14,296,787
Sewer Rehab and Replace > 8" Diameter	WAND2	Cash	1,200,000	1,260,000	1,323,000	1,389,150	1,458,608	1,531,538	1,608,115	1,688,521	1,772,847	1,861,594	1,954,574	\$19,098,145
Annual Point Repairs	WAND3	Cash	500,000	525,000	551,250	578,813	607,753	638,141	670,048	703,550	738,728	775,664	814,447	\$7,103,394
Reclamation Facility Rehab. and Replace	WAND4	Cash	500,000	525,000	551,250	578,813	607,753	638,141	670,048	703,550	738,728	775,664	814,447	\$7,103,394
Manhole Adjustment Overlay - Cont to CIAN 10	Annual Trnsr	Cash	50,000	52,500	55,125	57,881	60,775	63,814	67,005	70,355	73,873	77,566	81,445	\$710,339
Arkansas River Ring @ Moflat	WW1201	Cash	2,347,000	-	390,750	-	-	-	-	-	-	-	-	\$330,750
WRF Electrical Upgrade - P2	WW1203	Cash	-	-	-	-	-	-	-	-	-	-	-	\$2,347,000
Electrical P3	Cash	232,083	2,193,183	-	-	-	-	-	-	-	-	-	-	\$2,347,000
Electrical P4	Cash	-	61,116	577,551	-	-	-	-	-	-	-	-	-	\$638,767
Electrical P5	Cash	-	-	131,268	1,240,485	-	-	-	-	-	-	-	-	\$1,371,754
Electrical P6	Cash	-	-	-	57,943	547,558	-	-	-	-	-	-	-	\$605,500
Electrical P7	Cash	-	-	-	-	-	1,469,352	-	-	-	-	-	-	\$1,469,352
Wildhorse Crossing	WW1301	Cash	-	735,000	-	-	-	-	-	-	-	-	-	\$735,000
Nutrient Master Plan	WW1302	Cash	187,487	-	-	-	-	-	-	-	-	-	-	\$187,487
Nutrient Removal	Cash	-	-	-	-	-	-	-	-	-	-	-	-	\$0
Otero Blvd Extension	WW1402	Cash	600,000	-	-	-	-	-	-	-	-	-	-	\$600,000
Digester Covers (Including raising wall around o/s)	WW1403	Cash	-	787,500	-	-	-	-	-	-	-	-	-	\$787,500
Paving Project	WW1404	Cash	350,000	-	-	868,219	-	-	-	-	-	-	-	\$1,218,219
Dirt Oil Grit Separator	Cash	700,000	-	-	-	-	-	-	-	-	-	-	-	\$700,000
Tertiary Process for Regulation 33	Debt	-	-	-	-	-	-	-	-	-	-	-	-	\$0
Engineering/SDC for Project 18	Cash	-	-	-	-	-	-	3,484,249	-	-	37,231,877	-	-	\$40,716,126
Minequa Liftstation	Cash	-	-	-	-	-	-	-	-	-	3,693,639	-	-	\$3,693,639
Raw Sewage Screw Pump Replacement	Cash	-	525,000	-	-	-	-	-	-	-	-	-	-	\$525,000
Centrifuge/Polymer Feed Replacement (biosolids hand)	Cash	-	-	893,025	-	-	-	-	-	-	-	-	-	\$893,025
Lake Avenue Upgrade North	Cash	-	-	2,646,000	-	-	-	-	-	-	-	-	4,235,126	\$6,881,126
Nutrient Removal (ENG)	Cash	300,000	-	-	-	-	-	-	-	-	-	-	-	\$300,000
GT Pump Replacement	Cash	-	-	-	-	-	319,070	-	-	-	-	-	-	\$319,070
Aeration Improvements/Reg 85	Cash	-	-	1,323,000	-	-	-	-	-	-	-	-	-	\$1,323,000
Nutrient Grant Project	WW1304	Grant	735,500	-	-	-	-	-	-	-	-	-	-	\$735,500
Nutrient Removal (Cash Funded)	WW1304	Cash	1,750,000	-	-	-	-	-	-	-	-	-	-	\$1,750,000
Boulder Street Sewer Main	Cash	-	420,000	-	-	-	-	-	-	-	-	-	-	\$420,000
Selenium Projects	Cash	500,000	-	-	-	-	-	-	-	-	-	-	-	\$500,000
Selenium Treatment Project - Basin 3	Cash	-	1,050,000	2,705,000	4,051,000	4,254,372	4,466,985	4,690,335	4,934,851	5,171,094	5,429,649	5,701,131	\$41,945,000	
<b>Total</b>			<b>\$ 10,452,080</b>	<b>\$ 9,184,500</b>	<b>\$ 11,689,719</b>	<b>\$ 9,980,616</b>	<b>\$ 8,752,225</b>	<b>\$ 10,403,123</b>	<b>\$ 12,529,894</b>	<b>\$ 9,497,928</b>	<b>\$ 10,898,340</b>	<b>\$ 10,471,465</b>	<b>\$ 11,230,165</b>	<b>\$ 159,090,055</b>

City of Pueblo - DRAFT Results - Wastewater Financial Plan

**Table 6**  
**City of Pueblo**  
**Wastewater Financial Plan**  
**Incremental WRF Capital-Related O&M Expenses (1)**

Year	Description	Annual Cost	Budget	Projected ->									
		Annual	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Regulation 85</b>													
2016	Total PACI Cost	\$105,000		\$105,000	\$109,200	\$113,568	\$118,111	\$122,835	\$127,749	\$132,858	\$138,173	\$143,700	\$149,448
2019	Total NaOH Cost	0					0	0	0	0	0	0	0
2019	Total Aeration Power Cost	164,357					164,357	177,506	191,706	207,042	223,606	241,494	260,814
2019	Total Savings	(54,872)					(54,872)	(59,262)	(64,003)	(69,123)	(74,653)	(80,625)	(87,075)
	<b>Subtotal: Regulation 85</b>	<b>214,485</b>	<b>0</b>	<b>105,000</b>	<b>109,200</b>	<b>113,568</b>	<b>227,596</b>	<b>241,079</b>	<b>255,452</b>	<b>270,778</b>	<b>287,126</b>	<b>304,569</b>	<b>323,187</b>
<b>Regulation 31</b>													
2024	Total PACI Cost	1,781,597										1,781,597	1,852,861
2024	Total NaOH Cost	557,555										557,555	579,857
2024	Total Aeration Power Cost	171,902										171,902	185,654
2024	Total Methanol Cost	69,088										69,088	71,852
	<b>Subtotal: Regulation 31</b>	<b>2,580,142</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,580,142</b>	<b>2,690,224</b>
	<b>WRF CIP-Related O&amp;M Costs</b>	<b>\$6,168,125</b>	<b>\$0</b>	<b>\$105,000</b>	<b>\$109,200</b>	<b>\$113,568</b>	<b>\$227,596</b>	<b>\$241,079</b>	<b>\$255,452</b>	<b>\$270,778</b>	<b>\$287,126</b>	<b>\$2,884,711</b>	<b>\$3,013,410</b>

(1) Provided by the City and the City's engineer consultant Brown and Caldwell.