

Budget Workshop #2

Water and Sewer Budget

Water and Sewer Capital Improvement Plan 2024-2028

July 18, 2023

Workshop #2 Agenda

- **Water and Sewer**
 - Budget Overview
 - Budget Additions
- **Capital Improvement Plan**
 - Highlighted Projects
 - Annual Projects
- **Fee Changes**



Water and Sewer Infrastructure



7/18/2023

- ▶ Awarded the National Association of Clean Water Agencies (NACWA) Excellence in Management Gold Recognition in 2023
- ▶ Earned two national awards from the National Association of Clean Water Agencies (NACWA) in 2022
- ▶ Treated an average 13.0 million gallons of drinking water a day, totaling 4.9 billion gallons of water
- ▶ Treated an average 6.3 million gallons of sewage per day, totaling 2.3 billion gallons of sewage
- ▶ Replaced 2,258 feet of sanitary sewer pipe and 13,078 feet of watermain in 2022

Water and Sewer System Information



- ▶ Olathe's Water and Sewer infrastructure is valued at over \$1.3 billion
- ▶ 632 miles of water pipe
- ▶ 465 miles of sewer pipe
- ▶ Over 6,000 hydrants
- ▶ Citizen satisfaction with Water & Sewer Utilities: 91%

Budget Pressures

- ▶ Inflation
 - ▶ Energy (Electricity, Gas)
 - ▶ Chemicals
 - ▶ Fuel (Gas and Diesel)
 - ▶ Construction Materials and Commodities
- ▶ Labor market
 - ▶ Hiring and Competitive Salaries
 - ▶ Turnover Rate
 - ▶ Contractual Services

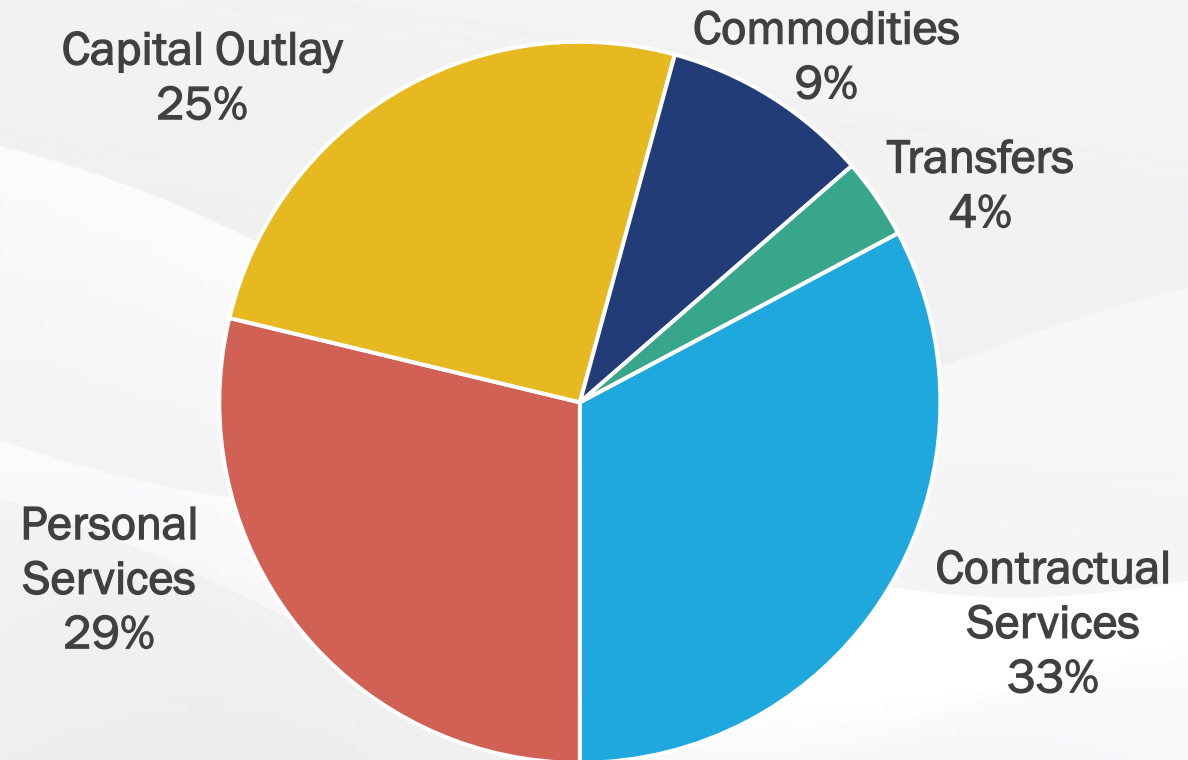
Water and Sewer Fund

	2022 Adopted	2023 Adopted	2024 Proposed	1-Year % Change
Water & Sewer Fund	\$59,827,972	\$63,739,237	\$66,590,751	+4.5%
Operating	\$51,167,695	\$54,629,641	\$57,173,737	+4.7%
Reserve	\$8,660,277	\$9,109,596	\$9,417,014	+3.4%

The 2024 Budget includes a 5.8% increase to the water and sewer fund rates.

Water and Sewer Fund

2024 Proposed Budget: \$57,173,737



Water and Sewer Fund Budget Additions

Water Production Process Operators (2 FTE)	
Cost	\$187,235
Impact	<ul style="list-style-type: none">• Maintain high-quality water production• Ensure employee coverage for important job functions

Average Olathe Resident Monthly Utility Bill

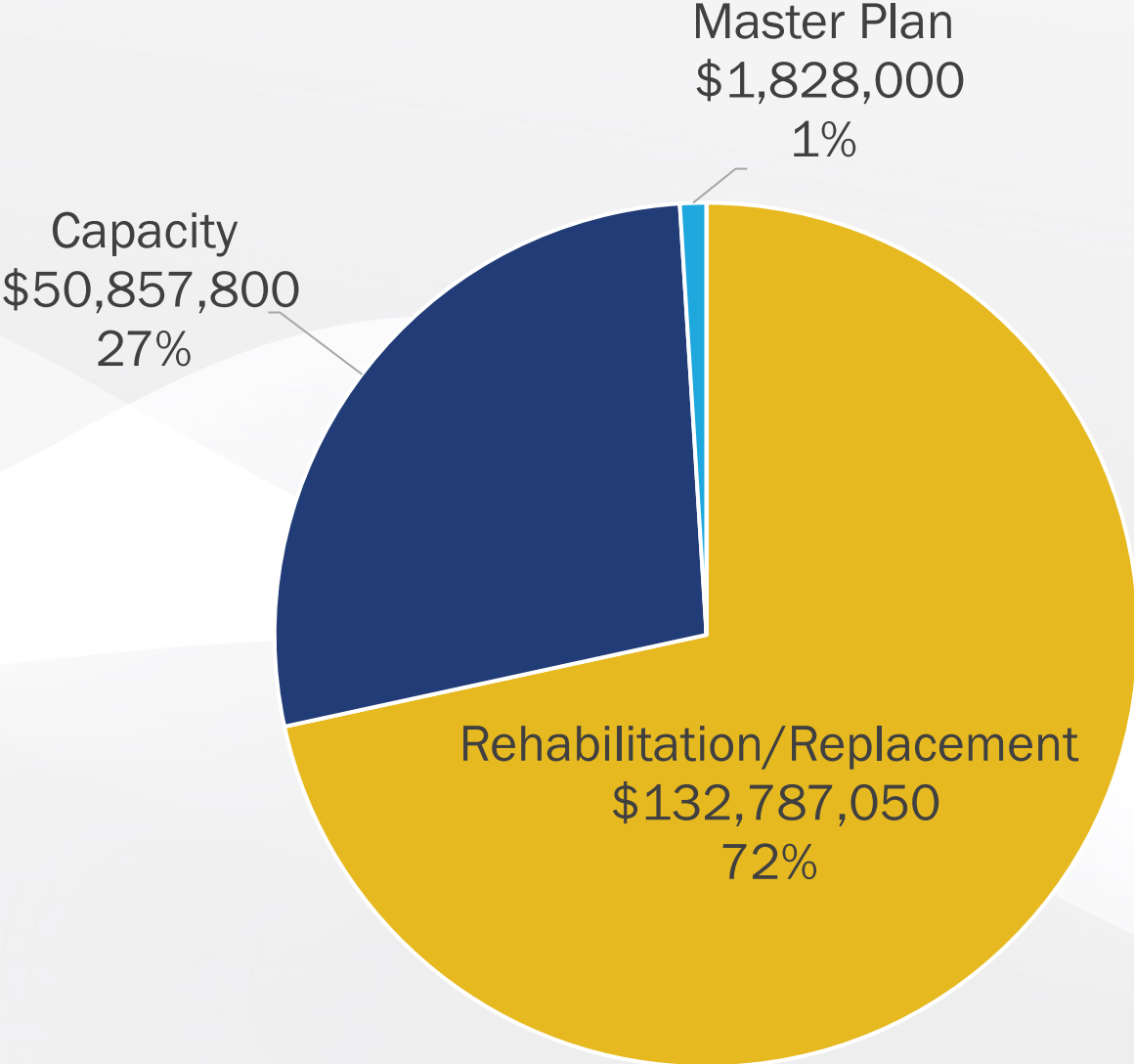
	2023	2024	Change	% Change
Water*	\$33.40	\$35.37	\$1.97	5.8%
Sewer**	\$52.61	\$55.68	\$3.07	5.8%
Stormwater	\$6.07	\$6.25	\$0.18	3.0%
Solid Waste	\$20.03	\$20.63	\$0.60	3.0%
Total	\$112.11	\$117.93	\$5.82	5.2%

*Water based on average residential usage of 588 CF/mo.

** Sewer based on average residential usage of 542 CF/mo.

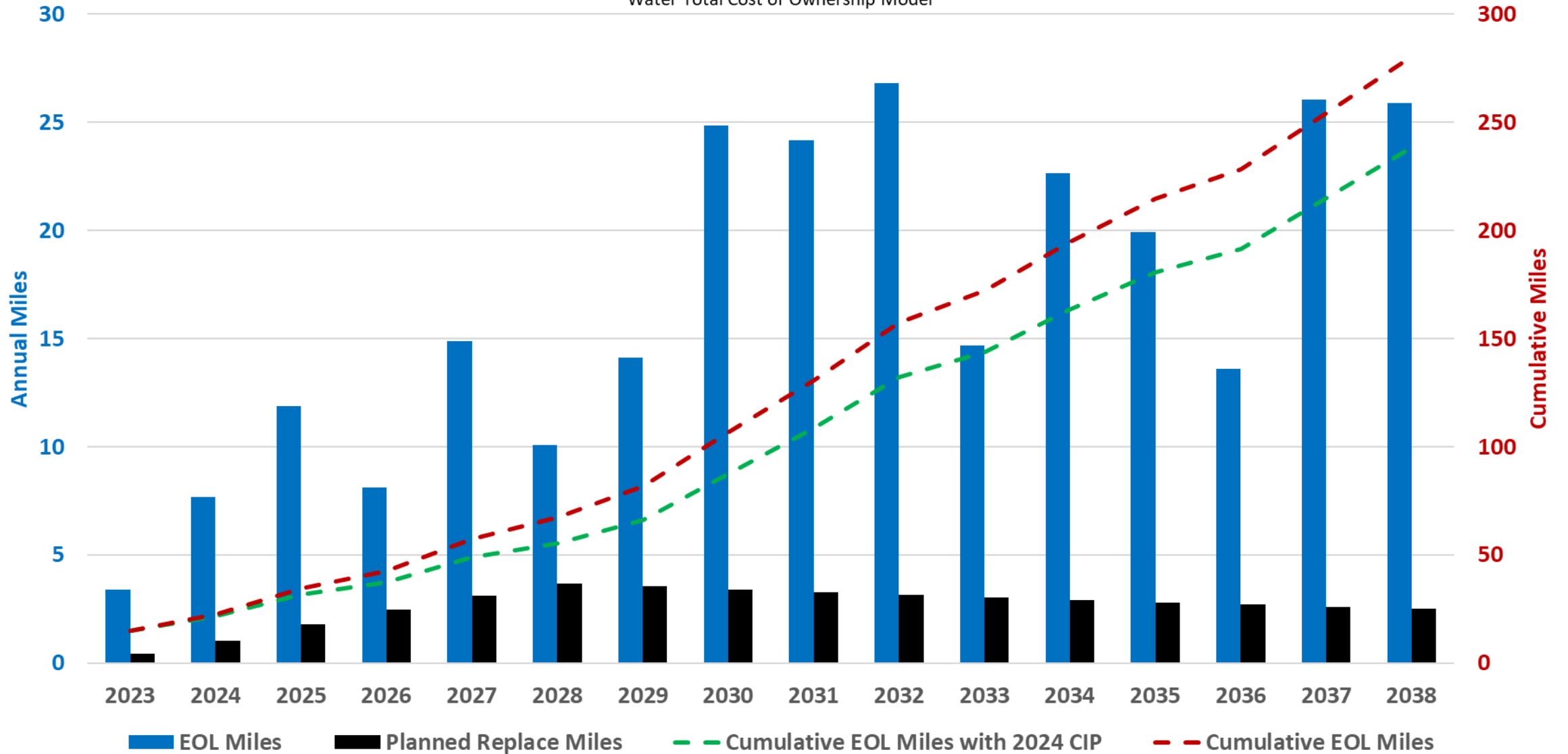
Water and Sewer Capital Improvement Plan

Water and Sewer 2024-2028 CIP by Category



Water Main Rehabilitation*

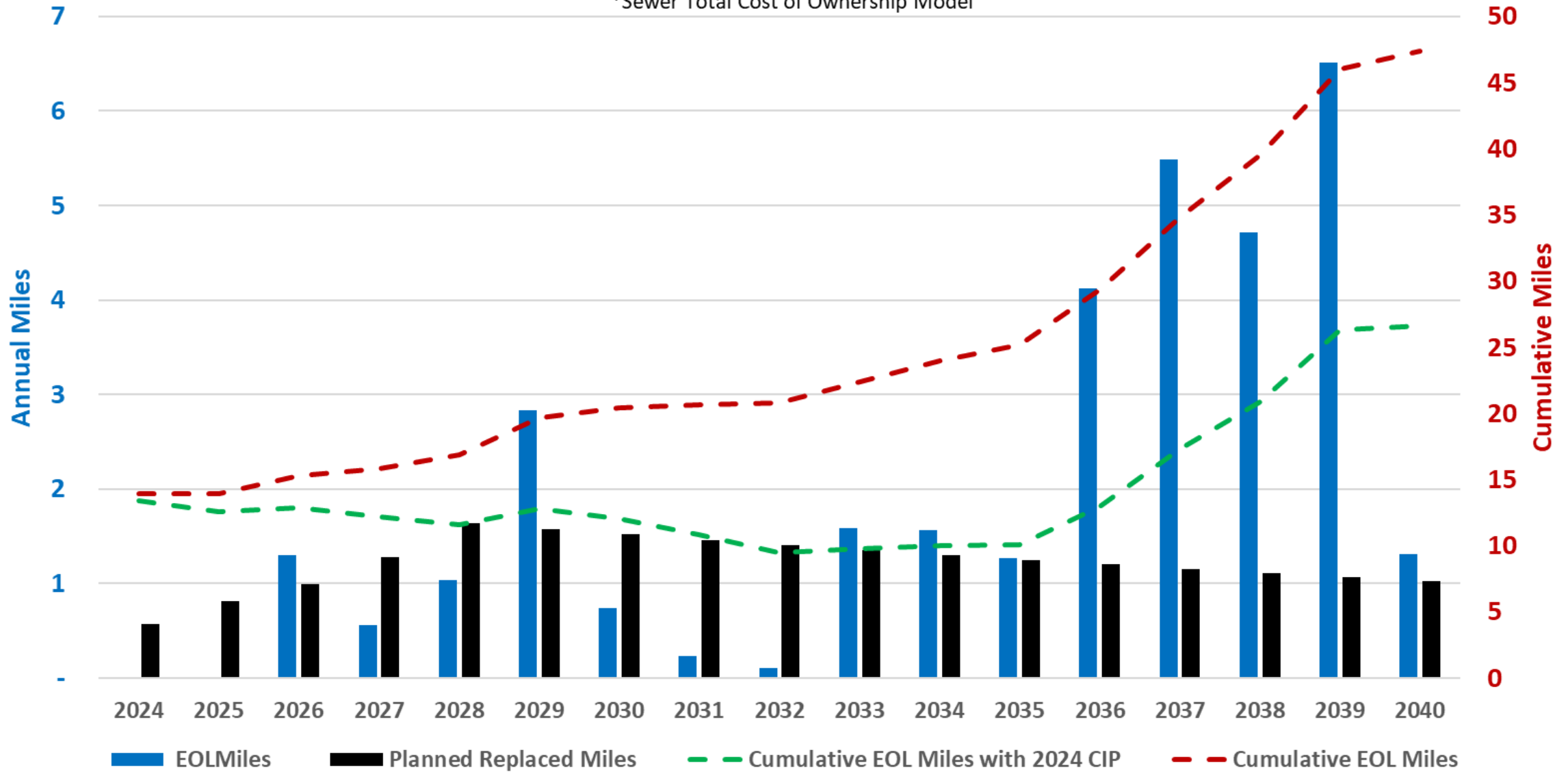
*Water Total Cost of Ownership Model



- \$2,037,235 = Est. Cost to Replace 1 Mile in 2024
- Proposed CIP is a 5-year ramp up to get us from a 590-year to a 160-year replacement cycle
- \$2M in 2024 funding will replace .98 miles
- 5-year CIP will increase replacement miles from .98 to 3.67 mi/year

Gravity Sewer Rehabilitation Projection*

*Sewer Total Cost of Ownership Model

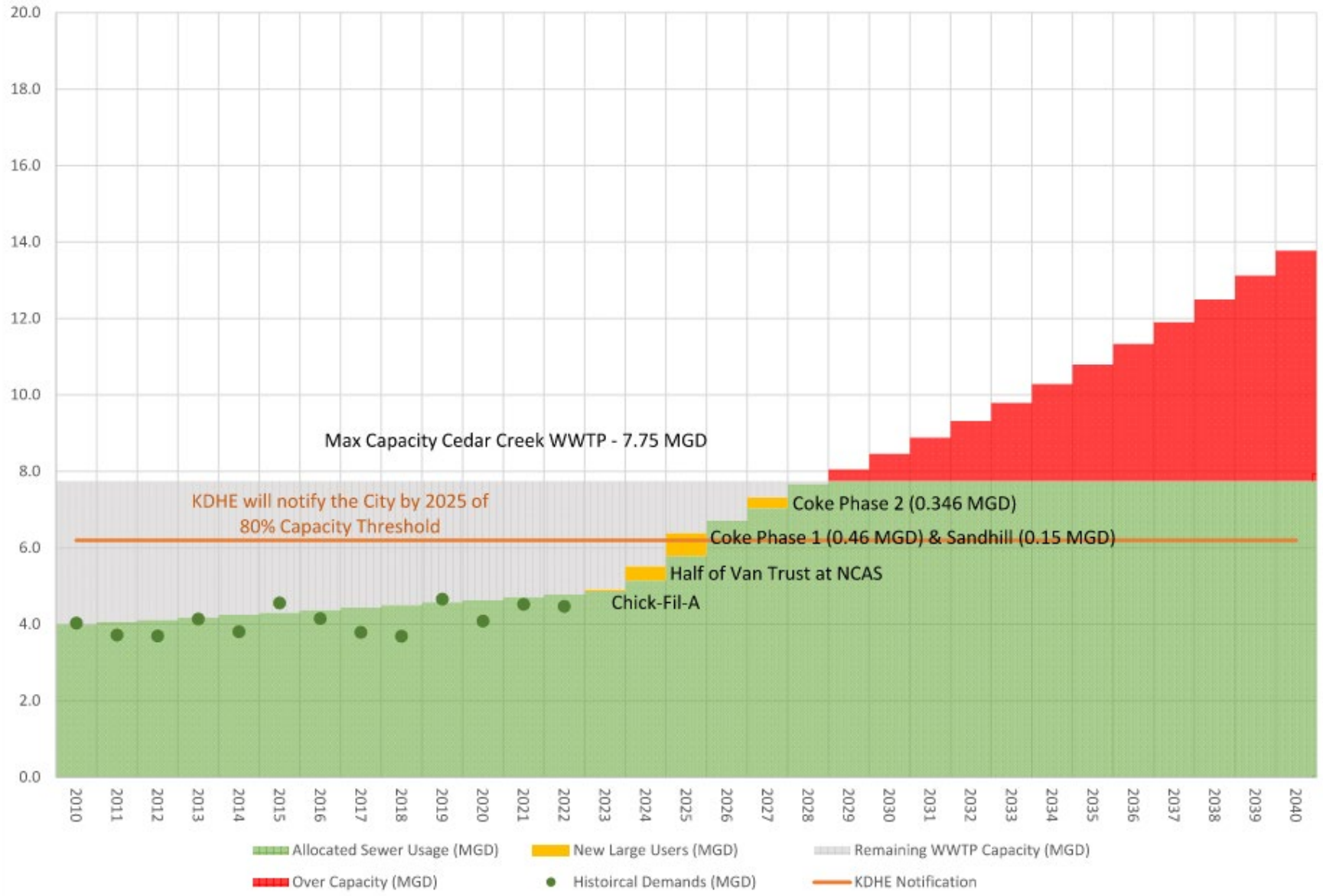


- \$2,481,600 = Est. Cost to Replace 1 Mile in 2024
- Proposed CIP is a 5-year ramp up to get us from a 747-year to a 250-year replacement cycle

- \$1.418M in 2024 funding will replace .57 miles
- 5-year CIP will increase replacement miles from .57 to 1.70 mi/year

CEDAR CREEK WWTP GROWTH 5% PROJECTIONS

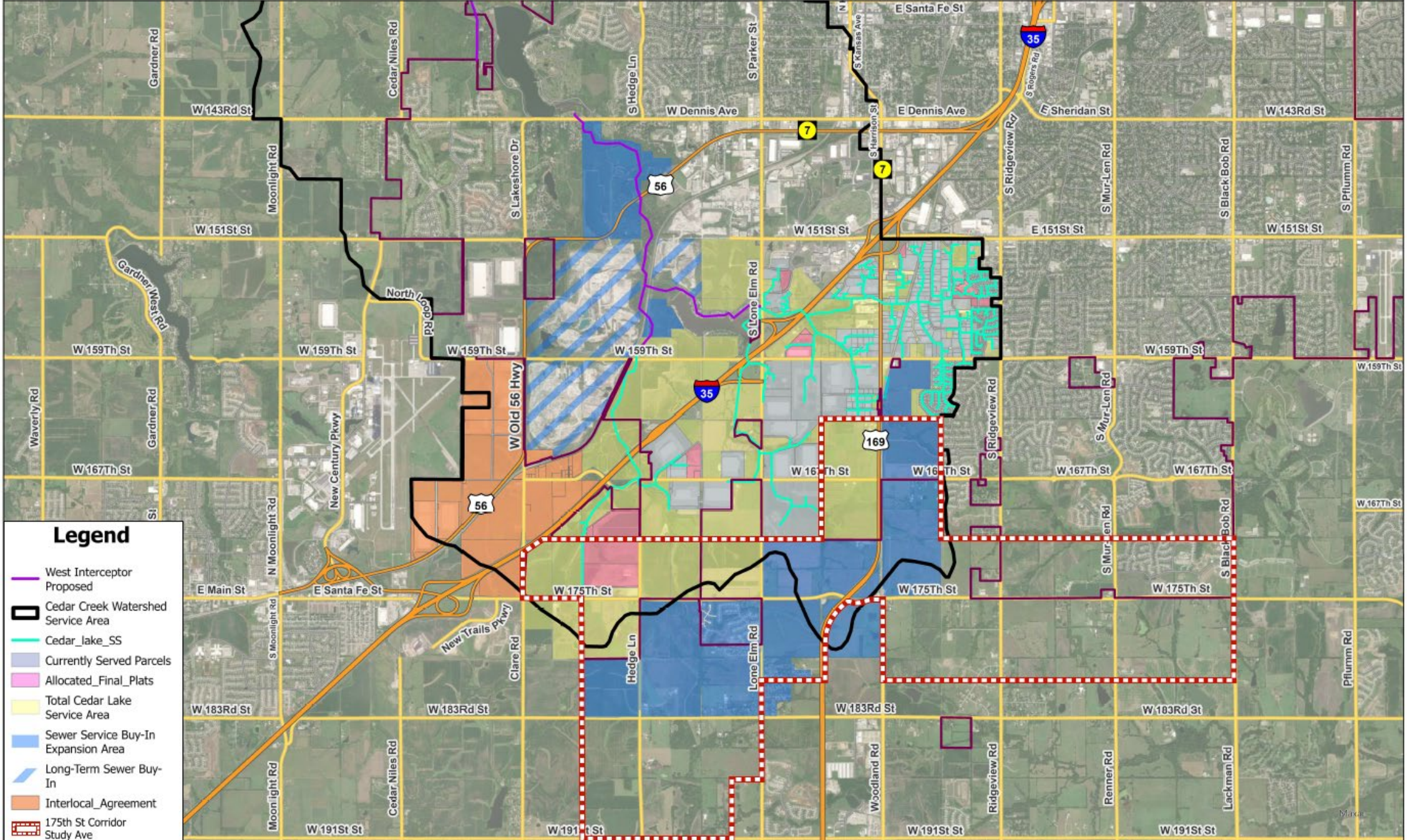
Projected B&V Growth with Large Single Users (As of June 2023 Update)



▶ Growth projections changed significantly with proposed development.



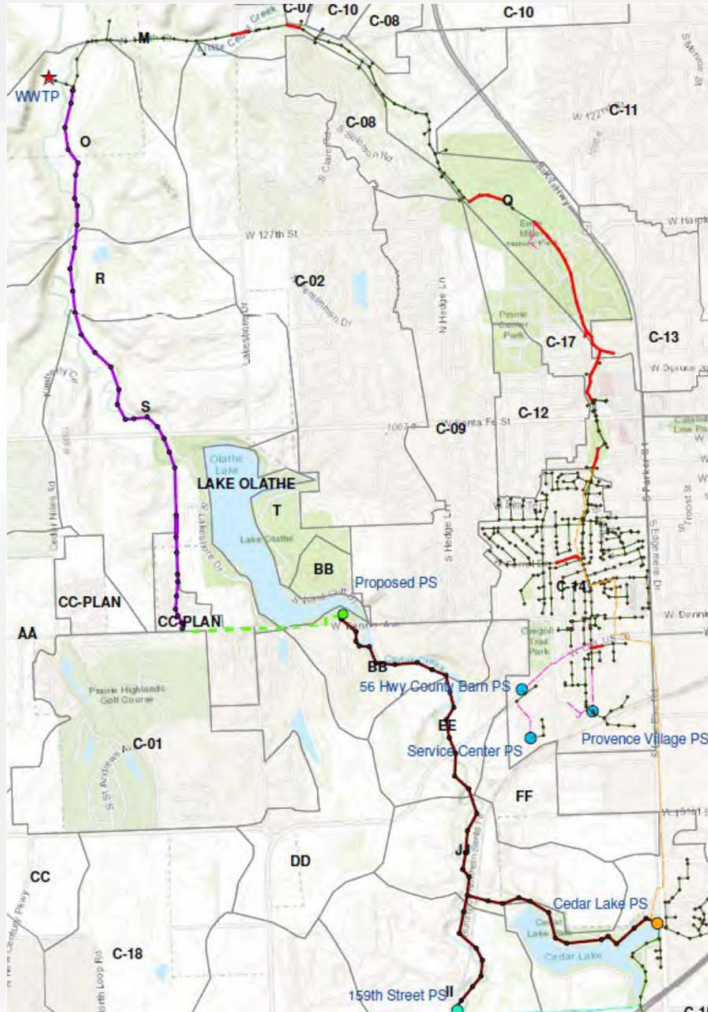
City of Olathe Southern Sewer Boundary Expansion Proposal



Legend

-  West Interceptor Proposed
-  Cedar Creek Watershed Service Area
-  Cedar Lake SS
-  Currently Served Parcels
-  Allocated_Final_Plats
-  Total Cedar Lake Service Area
-  Sewer Service Buy-In Expansion Area
-  Long-Term Sewer Buy-In
-  Interlocal_Agreement
-  175th St Corridor Study Ave

West Cedar Creek Sewer Interceptor Phase I



- ▶ New Capacity Project – due to development pressure in south Olathe
- ▶ 2.5 miles of gravity sewer mains and one regional lift station to serve southern portion of Olathe.
- ▶ Will serve future development in the South Cedar Creek Watershed.

Cedar Creek WWTP Expansion Phase II



- ▶ New to the 5-year CIP
- ▶ Increase capacity at the plant from 7.75 MGD to 13.0 MGD.
- ▶ Additional treatment capacity is needed to serve development demands in Cedar Creek Sewer Basin.
 - ▶ Projected to need expansion in 2028-2029
- ▶ Ensure continued compliance with future regulatory requirements.

OPREP-Olathe Pipe Replacement & Education Program



- ▶ Separated out from Waterline Rehab project
- ▶ State Revolving Fund (SRF) –
 - ▶ Subordinate debt with 49% forgiveness
- ▶ Identified 89% of service lines
- ▶ 33,275 out of 37,312
 - ▶ 4,037 unknown
 - ▶ 137 galvanized steel lines requiring replacement
- ▶ Inventory Deadline: October 16, 2024

Water and Sewer CIP – New Projects

	2024	2025	2026	2027	2028	Total
West Cedar Creek Sewer Interceptor Phase I	5,809,400	13,622,000	25,011,400	-	-	44,442,800
Cedar Creek WWTP Expansion Phase II	-	-	-	-	5,150,000	5,150,000
OPREP - Olathe Pipe Replacement & Education Program	430,316	406,316	406,316	406,316	406,316	2,055,580
151st and Black Bob Waterline Replacement	315,000	-	-	-	-	315,000
Harold Street Digester Lid Maintenance	-	-	-	-	719,000	719,000
Total	6,554,716	14,028,316	25,417,716	406,316	6,275,316	52,682,380

Water and Sewer CIP – Annual Projects

	2024	2025	2026	2027	2028	Total
Fire Hydrant Replacement	285,000	292,500	302,500	313,000	313,000	1,506,000
Neighborhood Sanitary Sewer Improvements	1,568,000	2,090,600	2,787,500	3,716,700	4,955,600	15,118,400
Sanitary Sewer Rehabilitation (I&I)	1,500,000	1,750,000	2,000,000	2,250,000	2,500,000	10,000,000
Water Meter Replacement	355,750	355,750	355,750	355,750	355,750	1,778,750
Waterline Rehabilitation	2,000,000	3,611,300	5,222,500	6,833,800	8,445,000	26,112,600
Total	5,708,750	8,100,150	10,668,250	13,469,250	16,569,350	54,515,750

Water and Sewer CIP

Project	2024-2028 Amount	Years
Black Bob #2 Recoating	\$1,470,000	2024
Cedar Creek Sanitary Sewer Hydraulic Study	\$555,000	2024
Cedar Creek/Lake Olathe Low Pressure Force Main	\$300,000	2024
WTP2 Electrical Modification Improvements	\$11,166,000	2024-2025
WTP2 Chemical Feed Modifications	\$2,789,000	2024-2025
Sanitary Sewer Manhole Lining & Rehab Project	\$900,000	2024-2025
Cedar Creek PLC Replacement	\$4,606,000	2024-2026
Lift Station Replacements	\$5,724,700	2024-2028+
Remote Facilities Improvements	\$550,000	2024-2028+
Vertical Well Field Improvements	\$3,375,000	2024-2028+
WTP2: Residuals Handling Expansion	\$1,265,000	2024-2028+
Biosolids Compost Improvements	\$13,589,170	2025-2026
WTP2: Membrane Module Replacement	\$4,136,750	2025-2026
Bulk Water Fill Stations	\$735,000	2025-2026
Watermain Connectivity Project	\$1,116,700	2025-2028+
Harold Street PLC Replacement	\$3,457,000	2026
CCTV and Cleaning Trunk Main Improvement	\$279,000	2026
Indian Creek Trunk Main Improvement	\$15,222,400	2026-2028
Water Master Plan Update	\$670,000	2027
Mill Creek Sanitary Sewer Hydraulic Study	\$603,000	2027
Cedar Creek WWTP Solids Handling Expansion	\$5,765,000	2027-2028+

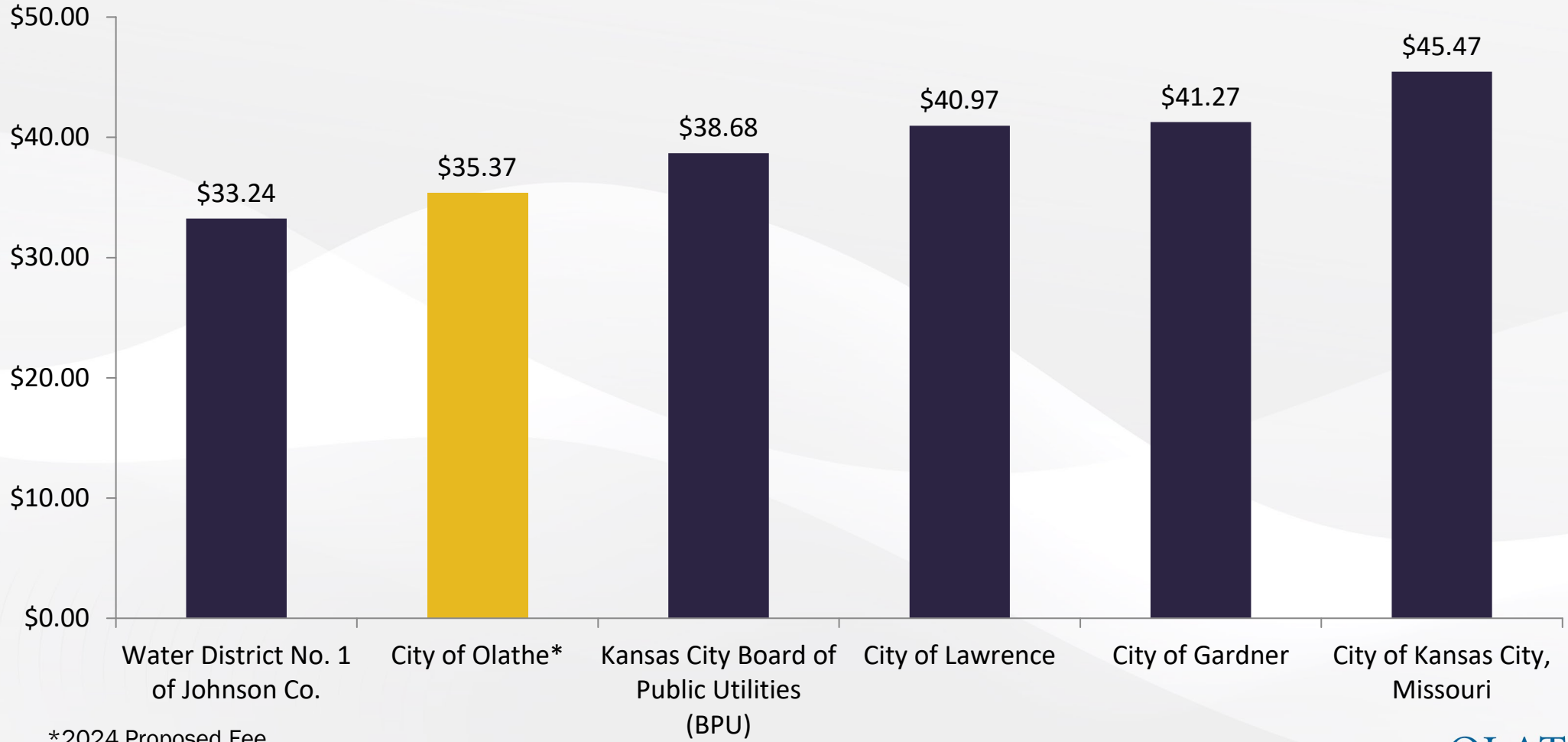
Water and Sewer CIP – Funding Summary

	2024	2025	2026	2027	2028	Total
ARPA	2,326,000	590,419	-	-	-	2,916,419
Other Funds – Federal	-	-	4,500,000	-	-	4,500,000
Other Funds – State	210,854	199,095	199,095	199,095	199,095	1,007,234
Revenue Bonds	15,929,250	26,259,350	49,428,981	20,882,850	28,198,050	140,698,481
System Development Fees (SDF)	9,002,000	6,714,300	5,627,000	-	1,500,000	22,843,300
Water & Sewer Cash	2,015,162	2,605,591	924,221	2,414,221	5,548,221	13,507,416
Total	29,483,266	36,368,755	60,679,297	23,496,166	35,445,366	185,472,850

Water and Sewer Rate Summary

Water Rate Comparison

Water based on average residential usage of 588 CF/4,399 Gal

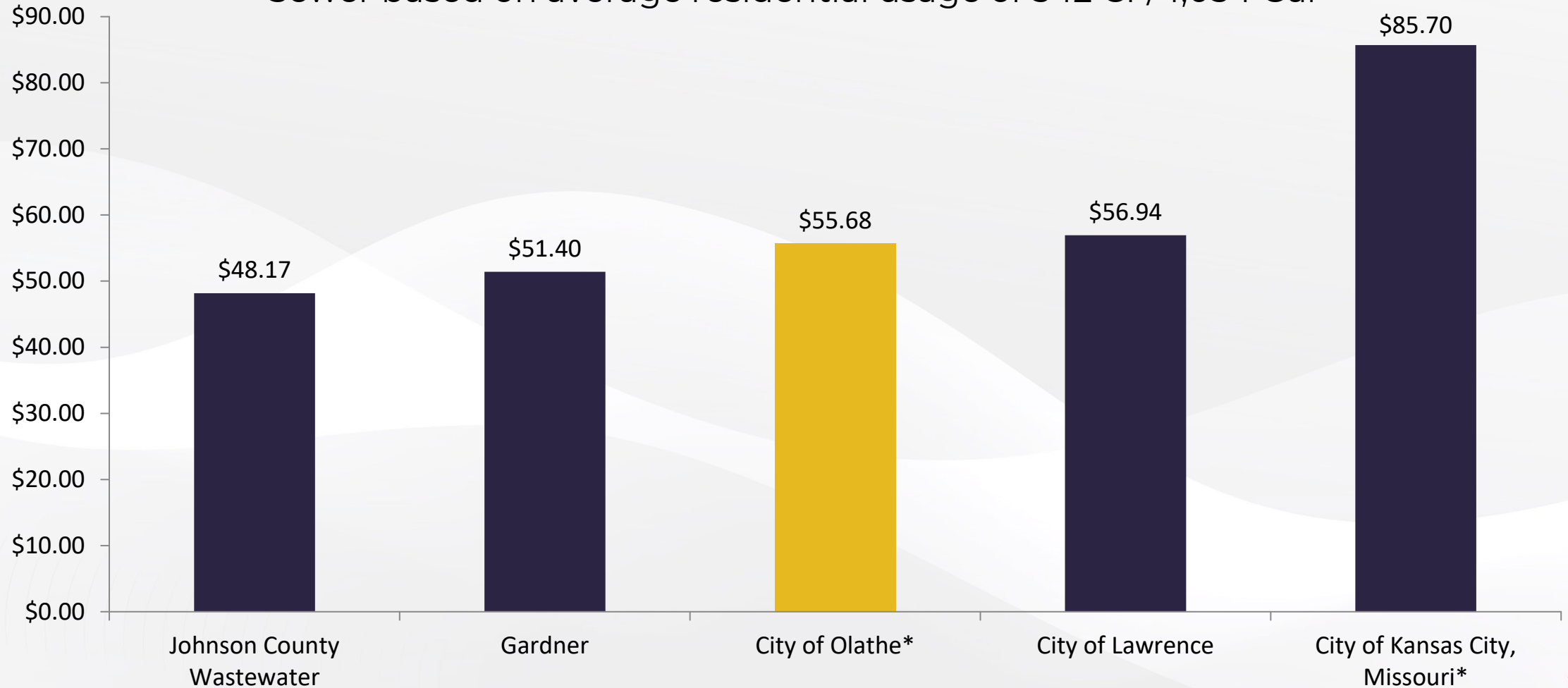


*2024 Proposed Fee



Sewer Rate Comparison

Sewer based on average residential usage of 542 CF/4,054 Gal

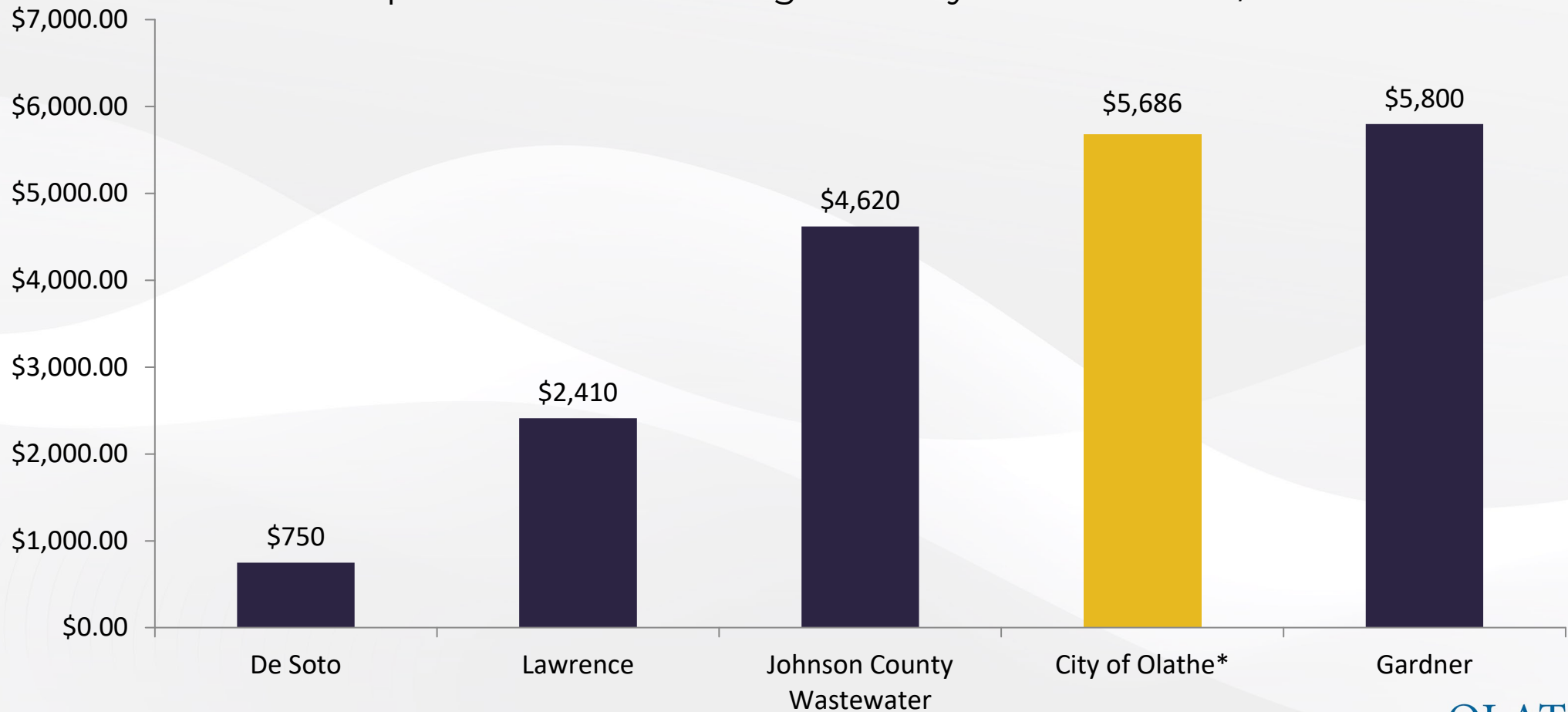


* 2024 Proposed Fee



System Development Fee - Water Comparison

Comparison based on Single-Family Residential - 5/8" Meter



* 2024 Proposed Fee

System Development Fee - Sewer Comparison

Comparison based on Single-Family Residential - 5/8" Meter



* 2024 Proposed Fee

7/18/2023



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Budget Calendar

July 11

Budget Workshop 1 – General Fund, Library Fund, Debt Service, and Chamber of Commerce

July 18

Budget Workshop 2 – Vote on Intent to Exceed RNR, Water & Sewer, and CIP

July 20

Notify County Clerk of Intent to Exceed RNR and Proposed Tax Rate

August 1

Budget Workshop 3 – Stormwater, Solid Waste, Rec Fund, Park and SMST fund, and CIP

August 22

Public Hearing to Exceed RNR, and Budget Public Hearing

Sept. 5

Budget Adoption

Engage in the Budget Process



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