

**AGENDA
JOINT PERSIGO WORKSHOP
CITY OF GRAND JUNCTION, CITY COUNCIL
MESA COUNTY, BOARD OF COUNTY COMMISSIONERS
MESA COUNTY TRAINING ROOM A, 3RD FLOOR ANNEX
544 ROOD AVENUE
GRAND JUNCTION, COLORADO
MONDAY, OCTOBER 16, 2023
11:30 AM**

1. Discussion Topics

- a. 2024 Recommended Budget - Persigo Wastewater System

2. Next Meeting Topics

3. Other Business



**JOINT PERSIGO MEETING
CITY OF GRAND JUNCTION, CITY COUNCIL
MESA COUNTY, BOARD OF COUNTY COMMISSIONERS**

Item #1.a.

Meeting Date: October 16, 2023
Presented By: Randi Kim, Utilities Director
Department: Utilities
Submitted By: Randi Kim, City of Grand Junction Utilities Director

Information

SUBJECT:

2024 Recommended Budget - Persigo Wastewater System

RECOMMENDATION:

This presentation and discussion is intended for informational purposes.

EXECUTIVE SUMMARY:

The City of Grand Junction manages, operates, and maintains the Persigo Wastewater System for the benefit of users of sewer service in the Persigo 201 Service Area. The City and Mesa County participate jointly as the Persigo Board to provide policy direction for operation and maintenance of the system. The purpose of this item is to present the 2024 Recommended Budget for the Persigo Wastewater System.

BACKGROUND OR DETAILED INFORMATION:

The Persigo Board meets on an annual basis to review the status of the overall system and the recommended budget for the Persigo Wastewater System for the forthcoming fiscal year. The purpose of this item is to present the 2024 Recommended Budget for the Persigo Wastewater System.

FISCAL IMPACT:

Recommended 2024 Budget information is included in this presentation.

SUGGESTED MOTION:

This presentation and discussion is intended for informational purposes.

Attachments

1. Joint Sewer Staff Report Packet Attachements

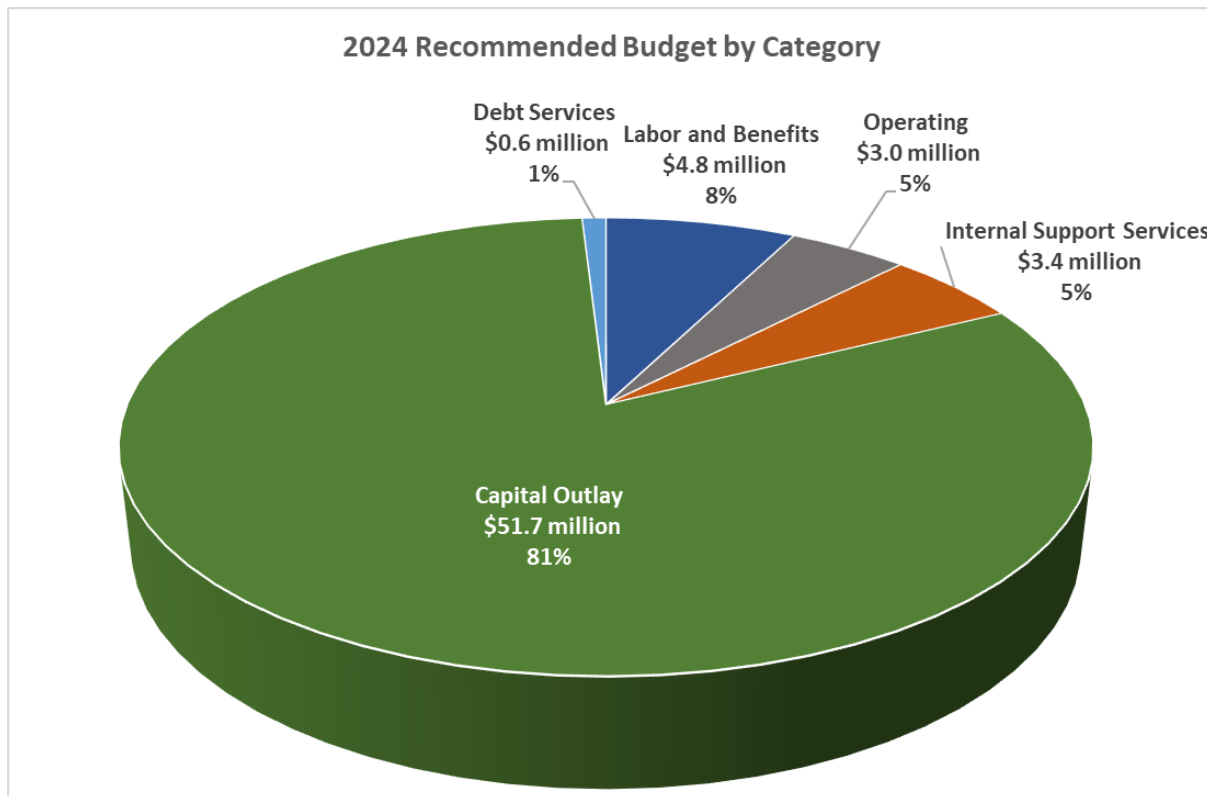
October 13, 2023

To the Honorable Members of the Persigo Board:

It is our pleasure to present the Recommended Persigo Budget for 2024. The 2024 budget totals \$63.5 million, of which \$51.7 million is tied to capital projects that have been planned for and are funded in the Wastewater Division’s Long-Range Financial Plan. The proposed budget represents the allocation of resources needed to operate the system in a manner that is consistent with industry standards and to ensure that the system will meet our community’s needs well into the future.

In 2022, an independent financial consultant completed an updated rate study to ensure revenue sufficiency and financial stability of the operation, and the 2024 Recommended Budget is consistent with the financial recommendations included in that study. The 2024 Recommended Budget also incorporates recommendations presented in the 2020 Comprehensive Wastewater Basin and Wastewater Treatment Facilities Master Plan.

The following graph represents the 2024 Recommended Budget by category showing the emphasis on capital infrastructure investment.



The combined funds for the Joint Persigo Sewer System are managed in two separate accounting funds: the operating fund and the sewer capacity fund. The first funds the operation and maintenance of the sewer collection and treatment system and planned infrastructure replacement and improvements. The second receives revenue from plant investment fees that are accumulated for future expansion of the treatment system. The projected ending fund balance for the combined funds is \$50.5 million. This is well above the reserve target of \$10.5 million, which represents a combination of \$7.5 million for capital replacement costs and 30 percent of operations and maintenance costs (\$3 million), as recommended by the most recent rate study. The remaining balance will be utilized for the Phase 1 wastewater treatment plant expansion project which will be constructed over a 2-year period beginning in 2024.

Operations, Maintenance, and Reliability – Operations and maintenance of the City’s wastewater systems are critical to delivering high-quality, reliable wastewater treatment to return clean water to the Colorado River. One of the largest operating costs for the wastewater system is hauling (\$292,715) and landfill disposal (\$392,000) of biosolids. The City is initiating an engineering feasibility study this year to evaluate the composting of biosolids in conjunction with food and green waste beginning in 2024. Composting would present a more sustainable and cost-effective alternative to landfill disposal.

Chemicals and energy are also major operating costs for the wastewater system. The 2024 Recommended Budget for chemicals is \$485,890 which reflects a cost savings realized from competitive bidding in 2023 but also includes a 15% allowance for price uncertainty. Facility costs of \$865,169 reflect price increases for electricity and natural gas.

The 2024 Recommended budget includes \$750,000 for contract cleaning services for the two anaerobic digesters which is needed to restore the operational capacity of these units.

In support of Persigo’s sustainability goals, the 2024 Recommended Budget also includes \$30,000 for a study to evaluate potential uses of reclaimed treated water.

Infrastructure Rehabilitation and Replacement – The 2024 Recommended Budget includes \$51.7 million in capital investment recommended in the 2020 Comprehensive Wastewater Basin and Wastewater Treatment Facilities Master Plan. Capital projects for the collection system include \$7.25 million for construction of the new Lake Road Lift Station, \$1.75 million for ongoing replacement/rehabilitation of sewer mains, \$0.8 million for sewer improvement districts, \$0.5 million to address capacity deficiencies in the sewer system, \$50,000 for specialty collection system equipment, and \$0.7 million for ongoing asset rehabilitation/replacements of the wastewater treatment plant.

Future Wastewater Treatment System Expansion – Engineering design of the Phase 1 wastewater treatment plant rehabilitation/expansion project was initiated in 2022 and the 90 percent design was completed in 2023. The construction management/general contractor (CM/GC) was selected and early procurement of long-lead equipment items began in 2023. The 2024 Recommended Budget includes \$40.3 million for construction (\$36 million planned for 2025). The 2024 Recommended Budget includes \$61.3 million in debt issuance to fund this project with the balance of the project funded with reserves.

In summary, the budget represents the allocation of resources to achieve the City and County joint goal of providing sewer service to all properties within the 201 Service Area for the benefit of public health and protection of the environment in a sustainable and fiscally responsible manner.

Respectfully submitted,

eSigned via SeamlessDocs.com

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Greg Caton, ICMA-CM
City Manager

Persigo Joint Sewer System 2024 Recommended Budget October 16, 2023				
Line No.	Account	2023 Adopted	2023 Amended	2024 Recommended
1	Beginning Fund Balance:	43,755,640	43,755,640	31,168,829
2	Revenue			
3	Capital Proceeds	\$ 3,570,336	\$ 3,570,336	\$ 64,570,960
4	Charges for Service	16,031,547	16,031,547	17,191,264
5	Fines and Forfeitures	1,000	1,000	1,000
6	Interest	539,665	1,260,338	864,480
7	Interfund Revenue	179,686	179,686	185,000
8	Revenue Total	\$ 20,322,234	\$ 21,042,907	\$ 82,812,704
9	Expenditures			
10	Labor and Benefits	\$ 4,770,243	\$ 4,770,243	\$ 4,802,223
11	Full Time	3,340,416	3,340,416	3,287,217
12	Seasonal	20,802	20,802	10,982
13	Overtime	81,379	81,379	93,160
14	Benefits	1,196,436	1,196,436	1,264,139
15	Insurance	101,352	101,352	108,043
16	Other Compensation	29,858	29,858	38,682
17	Operating	2,153,052	2,153,052	2,986,164
18	Charges and Fees	386,934	386,934	424,510
19	Contract Services	360,406	360,406	1,223,555
20	Equipment	37,000	37,000	23,000
21	Grants and Contributions	3,400	3,400	3,200
22	Operating Supplies	110,439	110,439	111,709
23	Professional Development	61,110	61,110	75,435
24	Rent	131,787	131,787	131,787
25	Repairs	443,750	443,750	462,000
26	System Maintenance	590,010	590,010	505,890
27	Uniforms and Gear	12,015	12,015	12,000
28	Utilities	16,201	16,201	13,078
29	Internal Support	3,017,581	3,017,581	3,337,711
30	Administrative Overhead	780,990	780,990	812,229
31	Facility	651,284	651,284	865,169
32	Fleet	381,422	381,422	309,780
33	Fuel Charges	55,886	55,886	50,514
34	Information Technology	469,826	469,826	543,775
35	Liability Insurance	100,859	100,859	141,202
36	Utility Services	577,314	577,314	615,042
37	Debt Service	602,085	620,092	620,105
38	Interest Expense	37,085	55,092	15,105
39	Principal	565,000	565,000	605,000
40	Capital Outlay	17,855,520	23,068,750	51,736,796
41	Capital Equipment	508,520	308,520	386,796
42	Utility Systems	17,347,000	22,760,230	51,350,000
43	Expenditure Total	\$ 28,398,481	\$ 33,629,718	\$ 63,482,999
44	Net Source (Use) of Funds	\$ (8,076,247)	\$ (12,586,811)	\$ 19,329,705
45	Ending Fund Balance:	\$ 35,679,393	\$ 31,168,829	\$ 50,498,534

**2024 Recommended Joint Sewer Fund
Capital Project Descriptions
October 16, 2023**

JOINT SEWER FUND

- 1. Wastewater Treatment Plant Rehabilitation/Expansion Projects, \$40,300,000 (\$36M planned 2025)** – Construction of the Phase 1 Wastewater Treatment Plant Rehabilitation and Expansion will begin in 2024 and continue in 2025. The project will include rehabilitation of existing process units and expansion of capacity from 12.5 to 15.0 million gallons per day. Process units include the headworks, aeration basins, UV disinfection, and dewatering. This project is funded by debt issuance in the Sewer Enterprise Fund, \$40.3M.
- 2. Jetter Truck, \$311,796** – The Jetter Truck will be used for sewer cleaning maintenance and will be an addition to the existing sewer cleaning truck fleet. It will be operated by a new two-person crew. The combination of the new equipment and personnel will improve the frequency of sewer system cleaning to align with the targeted maintenance frequency. This project is funded by the Sewer Enterprise Fund, \$311,796.
- 3. Off-Road Forklift, \$75,000** – The off-road forklift will be utilized by maintenance crews to access biogas skids to perform regular media changeouts as well as perform other regular maintenance activities at other process units that are not easily accessible. The purchase of this equipment will eliminate the need to rent equipment. This project is funded by the Sewer Enterprise Fund, \$75K.
- 4. Lift Station Elimination/Rehabilitation, \$7,250,000** – The 2024 requested funds will be used to replace the Ridges #1 Lift Station. This lift station has surpassed its design life and it is recommended to be replaced due to existing deficiencies regarding their condition, capacity, and long-term reliability. Design and easement acquisition for the new Lake Road Lift station and associated sewer pipelines will be completed in 2023 and construction will be completed in 2024. Funding planned for 2024 also includes the rehabilitation of lift stations that were identified in poor condition during condition inspections. This project is funded by the Sewer Enterprise Fund, \$7.25M.
- 5. Sewer Line Replacements/Rehabilitation, \$1,750,000 (\$4.5M planned in 2025)** – Funds are budgeted to replace/rehabilitate existing sewer mains within the Persigo 201 service area collection system. The collection system is comprised of approximately 577 miles of pipe of which approximately 200 miles are scheduled for replacement over the next 30 years. Since 2015, 30 miles of pipe have been replaced and 170 miles of pipe have been identified for replacement based on pipe materials. Annual condition assessments are conducted to prioritize replacements based on condition. The funds planned for 2024 will be used for the rehabilitation of 1,450 feet of 8-inch pipe in Bahamas Way, and 654 feet of 15-inch pipe at Base Rock and Crosby Ave, force main downstream of Redlands Village Lift Station. In addition, the following segments will be designed in 2024 for 2025 construction: 1,154 feet of 8-inch pipe on 1st St between Elm and North Ave, 2,876 feet of 12-inch pipe on 12th Street between Gunnison and South Ave, 2,438 feet of 15-inch pipe under railroad to Hale and Rockaway, 1.2 miles in Paradise Hills side streets, and 1,663 feet of 6- and 8-inch pipe at Teller Arms and Teller Ave. This project is funded by the Sewer Enterprise Fund, \$1.75M.

**2024 Recommended Joint Sewer Fund
Capital Project Descriptions
October 16, 2023**

- 6. Sewer Improvement Districts, \$800,000** – In 2000, the City and the County passed a joint resolution establishing the septic system elimination program to provide incentives to property owners to eliminate septic systems. There are still approximately 1,550 properties that remain on septic systems within the Persigo 201 sewer boundary. Recommended funding for 2024 and future years is to complete existing and new sewer improvement districts (SIDs) as recommended in the 2020 Wastewater Basin Master Plan. Bookcliffs Ranch SID, Skyline Drive SID, and Rosevale SID are identified to initiate the sewer improvement process in 2024. This project is funded by the Sewer Enterprise Fund, \$800K.
- 7. Wastewater Treatment Plant Improvements and Asset Replacements, \$700,000 (\$736,000 planned annually)** – These expenditures are associated with wastewater treatment plant improvements and replacement of aging infrastructure. The funds planned for 2024 will be used for the replacement of the plant-wide control system. This project is funded by the Sewer Enterprise Fund, \$700K.
- 8. Sewer Capacity Projects – \$500,000 (\$2,984,000 planned in 2025 and in 2026)** – The Wastewater Basin Masterplan identified several capacity deficiencies in the sewer collection system under current and future flows. Funds budgeted in 2024 are to construct a flow balance structure on the Riverside interceptors. This project is funded by the Sewer Enterprise Fund, \$500K.
- 9. Collection System Equipment, \$50,000** – These funds are recommended to purchase specialty equipment needed to efficiently operate and maintain the sewer collection system. Funds in 2024 are planned for upgrading to cellular telemetry across all 26 lift stations. This project is funded by the Sewer Enterprise Fund, \$50K.

Line #	Description Ref #	Title	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	Year 6 2029	Year 7 2030	Year 8 2031	Year 9 2032	Year 10 2033	Five-Year TOTAL 2024-2028	Ten-Year TOTAL 2024-2033
Joint Sewer Fund														
1		Biosolids Land Application Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 802,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 802,040
2	9	Collection System Equipment	50,000	-	-	-	-	-	-	-	-	-	-	50,000
3	2	Jetter Truck	311,796	-	-	-	-	-	-	-	-	-	-	311,796
4	4	Lift Station Elimination/Rehabilitation	7,250,000	92,000	92,000	92,000	92,000	92,000	92,000	92,000	92,000	92,000	7,618,000	8,078,000
5		Odor Control Improvements	-	600,000	150,000	-	-	-	-	-	-	-	-	750,000
6	3	Off-Road Forklift	75,000	-	-	-	-	-	-	-	-	-	-	75,000
7		Persigo Plant Studies	-	125,000	665,000	100,000	-	200,000	200,000	-	-	-	-	890,000
8	8	Sewer Capacity Projects	500,000	2,984,000	2,984,000	-	-	-	-	-	-	-	-	6,468,000
9		Sewer Capacity Projects - Goat Wash Sewer Basin (GW-1)	-	-	-	-	-	-	160,000	1,411,000	-	-	-	1,571,000
10		Sewer Capacity Projects - Orchard Mesa Sewer Basin (OM-1)	-	2,047,640	7,625,090	-	-	-	-	-	-	-	-	9,672,730
11		Sewer Capacity Projects - Orchard Mesa Sewer Basin (OM-2)	-	-	-	424,360	3,716,333	-	-	-	-	-	-	4,140,693
12		Sewer Capacity Projects - Orchard Mesa Sewer Basin (OM-3)	-	-	-	-	-	-	-	243,448	2,195,665	-	-	2,439,113
13		Sewer Capacity Projects - Orchard Mesa Sewer Basin (OM-4)	-	-	-	-	-	-	-	-	-	724,546	-	724,546
14		Sewer Capacity Projects - Orchard Mesa Sewer Basin (OM-5)	-	-	-	-	-	-	-	-	-	629,486	-	629,486
15		Sewer Capacity Projects - River Road North Sewer Basin	-	-	-	-	175,000	1,539,000	-	-	-	-	-	1,714,000
16	6	Sewer Improvement Districts	800,000	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	4,800,000	9,800,000
17	5	Sewer Line Replacements/Rehabilitation	1,750,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	19,750,000	42,250,000
18	1	Wastewater Treatment Plant Rehabilitation/Expansion Projects	40,300,000	36,000,000	-	3,504,772	18,851,764	11,176,977	-	2,620,185	9,650,692	9,650,692	98,656,536	131,755,082
19	7	Wastewater Treatment Plant Improvements and Asset Replacements	700,000	736,000	773,000	812,000	852,000	895,000	940,000	1,000,000	1,050,000	1,102,500	3,873,000	8,860,500
20			\$ 51,736,796	\$ 48,084,640	\$ 17,789,090	\$ 10,433,132	\$ 29,187,097	\$ 20,205,017	\$ 6,892,000	\$ 10,866,633	\$ 18,488,357	\$ 17,699,224	\$ 157,230,755	\$ 231,381,986