



Pueblo Water

Board of Water Works at Pueblo, Colorado



Pueblo Water 2019 Annual Budget



Mission Statement

The Board of Water Works of Pueblo is committed to providing the highest quality of water at the lowest possible cost.

We are equally committed to the workforce that helps achieve that goal.

We strive to create and maintain a professional environment that encourages and recognizes teamwork, individual contribution, and the integrity of each employee while providing the opportunity for each employee to grow within the organization.

Vision Statement

Our Team is entrusted by the citizens of Pueblo to responsibly manage and protect their most precious natural resource.

We commit to provide the necessary leadership, oversight, and ethical practices to ensure the sustainability of this resource and do our part to ensure a prosperous future for Pueblo.

Core Values

Guided by our Vision Statement, we will achieve our Mission by adhering to our Core Values:

- ***Trust***
- ***Transparency***
- ***Communication***
- ***Customer Service***



Board of Water Works of Pueblo, Colorado

2019 ADOPTED BUDGET TABLE OF CONTENTS

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Board of Water Works of Pueblo, Colorado

November 20, 2018

HONORABLE PRESIDENT AND MEMBERS OF THE BOARD BOARD OF WATER WORKS OF PUEBLO, COLORADO

Enclosed for your consideration and adoption is the proposed budget for 2019 outlining a program for personnel, operation and maintenance, capital expenditures, and debt retirement for the Board of Water Works of Pueblo, Colorado. The requirements presented herein represent the **minimum operational needs for 2019**.

The Division Overviews in the *Detail of Expenditures* section provide **important highlights** to this proposed budget. These overviews will assist you in better understanding changes in the workforce as well as clarify the special or major O&M and capital projects we propose in our plan of work for 2019.

After reviewing the critical needs for 2019 and trimming the budget where possible, Staff recommends a water rate increase of 3.5 percent for 2019.

Highlighted below are specific recommendations and notable features included in the proposed plan for 2019 as well as certain estimates regarding results for 2018.

Water Development Fund

The Water Development Fund (WDF) remains the vehicle with which Pueblo Water funds long-term “water development” projects. These projects may range from acquisition of additional water rights and storage to large distribution or transmission infrastructure-related projects. Since its inception, the WDF has been used for the financially prudent purpose of utilizing one-time revenue sources for future planning rather than to offset rate increases. That intent remains in Staff’s proposed plan for 2019, by funding the WDF through revenue generated from Public Service Company’s Comanche Unit 3.

Ongoing Projects

► Water rights engineering and legal work for the Bessemer Ditch change case will continue in connection with the 2017 water court filing. The coincident exchange case was filed at the end of 2016. Staff, along with our engineering and legal consultants, continue to work with those who have filed statements of opposition with the intent of reaching stipulation in the case. If stipulation in both cases cannot be reached, trial dates have been set for June and November 2019 for the change case and exchange case, respectively.

► Phase 10 of the AMR project was completed in 2016. All meters have now been converted to AMR. Staff tested a sample of the meters installed during the early years of the program in 2017 and began replacement rotation in 2018. This plan will continue in 2019 with the intent of replacing meters on a twelve year rotation.

2018 Metered Water Revenue

Consumption for 2018 is expected to be approximately 8.6 billion gallons, generating metered water sales of approximately \$25.2 million or 3% above budgeted projections. At the end of 2018, the unrestricted operating fund balance is expected to be approximately \$18.75 million and is predicted to decline, due to increased capital spending during the next ten years, to a low of approximately \$11.03 million in 2028.

Metered Water Revenue Assumptions

As a result of drought induced conservation, Staff has maintained lower consumption projections for most customers in subsequent years. The attached ten-year plan reflects a baseline annual consumption of approximately 8 billion gallons. In addition, Staff continues to project a minimal increase in consumption derived from growth. Since annual consumption is highly dependent upon precipitation received, actual results will vary from projections. In the future, as more climate change data becomes available, we may need to adjust our consumption projections.

Other Major Revenue Sources

- Raw water revenue is typically based upon long-term contracts and \$750,000 per year in short-term leases.
- Plant Water Investment Fees, as a result of modest growth in the housing market, are reduced in the near term with a gradual increase in later years of the ten-year plan.
- Revenue derived from the contract with an investor owned utility is based upon the minimum “take-or-pay” amount of 12,783 acre feet.
- Revenue from a separate contract with an investor owned utility, for 2019 and beyond, is based upon the minimum “take-or-pay” amount of 1,000 acre feet at potable water rates and 444 acre feet at raw water rates.

Noteworthy Expenditures

- Utilities - \$3.38 million. The ten year plan assumes future increases in electric rates, but not annually.
- Repairs and Maintenance – \$1.11 million. This amount is consistent with the 2018 plan.
- Supplies - \$1.3 million. This amount is consistent with the 2018 plan.
- Meter-Related Costs including AMR - \$0.94 million.
- Hydroelectric Power Plant at the Whitlock site - \$4 million.
- Main Expansion and Improvement Projects - \$2.55 million.
- New Motor Control Centers at a Primary Pump Station - \$1.64 million in 2018 with an additional \$400,000 in 2019.
- Filter Coating, Media, and Underdrain replacement is planned for 2019 - \$585,000.
- Transportation Equipment - \$412,500. Allocation of around \$300,000 for each of the following years in the attached 10yr capital outlay plan.

It should be noted that, when looking at the Front Range cities’ average monthly bills (reference Front Range comparison), the Board has the lowest cost of water for major water utilities. For average customers who consume 11,000 gallons per month, the Board’s customers pay 33 percent below the Front Range average, and 67 percent below the highest. When considering the residential rate impact for the Board’s rate increase of 3.5 percent, on average, a customer with a one-inch meter will see a monthly increase of \$1.43.

IN CLOSING, WE RECOMMEND THAT THE BOARD CONSIDER FOR ADOPTION THIS BUDGET WITH A 3.5 PERCENT RATE INCREASE FOR 2019. This budget sustains the Board's continuing commitment to a strong fiscal position while providing system reliability and readiness today and in the future.

We appreciate your continued strong guidance and support for long term planning for the operation, maintenance, capital improvements, salaries and benefits necessary to allow the Board of Water Works and its employees to provide reliable, high quality water service to our customers for 2019 and beyond. Development of a \$45.12 million budget and ten-year financial plan always takes significant work and we want to recognize the outstanding initiative and hard work of Kristen Spicola and Leroy Rittgers as well as Matt Trujillo, Jeanette O'Quin, the Division Managers, Managers and Supervisors in producing this solid financial plan. We also want to take this opportunity to thank all the employees of the Board of Water Works for their great work ethic, positive attitudes and commitment to providing our customers with a dependable supply of high quality water at a reasonable cost, 24 hours a day, 365 days a year.

Sincerely,

A handwritten signature in dark ink, appearing to be "J. O'Quin", written in a cursive style.

Executive Director



"This budget sustains the Board's continuing commitment to a strong fiscal position while providing system reliability and readiness today and in the future."



Seth Clayton
Executive Director

About Pueblo Water

Pueblo's drinking water system is owned by the citizens who are served by the system, and is financed with revenue provided by everyone's monthly water bill payments.

Pueblo Water employs 137 professionals who specialize in the many skills needed to manage and operate Pueblo's water system. Most of Pueblo's water originates in the Rocky Mountains above Leadville, Colorado, flowing into canals, creeks and streams and eventually into the Arkansas River. It is diverted from the river through intake structures located within Pueblo Dam and moved through a pipeline to the Whitlock Treatment Plant, where it is treated to a standard of excellent quality. The finished water is pumped through a system of transmission mains to storage tanks and adjoining pump stations throughout the city, then is delivered to homes, businesses, schools – all our customers in Pueblo - by a vast network of over 580 miles of water mains in the distribution system. These water treatment and delivery processes continue 24 hours a day, every day of every year.

Pueblo's water system has been self-supporting throughout its history. Major capital expansion and improvements are funded with debt financing, while routine operation, maintenance and capital replacements are paid for with operating revenues. The future prosperity of Pueblo is tied directly to this readily available supply of high-quality water.



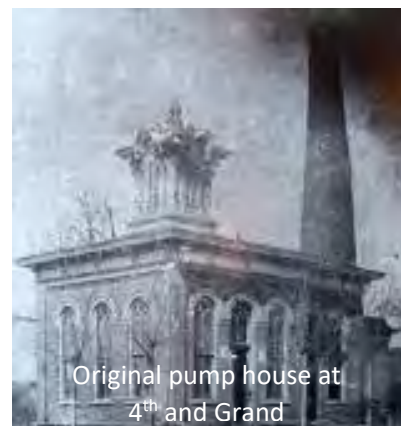
History

The history of the public water supply in Pueblo, Colorado begins not only before Colorado became a state, but before several smaller towns combined to form one Pueblo.

Early Years

In the earliest days of the community at the confluence of the Arkansas River and Fountain Creek, water was delivered to users from the river via barrels delivered by horse-drawn wagons. The region included the separate towns of Pueblo, South Pueblo, Central Pueblo, and Bessemer.

After a number of fires in the downtown business district made it clear that barrels of water were not an adequate system of fire protection, the city passed a bond issue to develop a municipal water system. The Holley pump station and a network of pipelines to distribute water were completed in 1874. The three Pueblos consolidated to become one Pueblo by 1886, and the town of Bessemer was annexed in 1894.



Original pump house at
4th and Grand

Since the entire service area for Pueblo's first water system was north of the Arkansas River, a private company built a separate water supply system to serve areas south of the river. When that company began to fail as a private business, the City of Pueblo purchased it in 1906, resulting in the city operating two completely separate drinking water systems north and south of the Arkansas River.

Separate Development

Separate was not equal, and as the two systems grew over time, it became apparent that combining the two into one made sense. As a result of a municipal charter convention in 1954, the systems were merged and the Board of Water Works of Pueblo, with a 5-member elected governing board, was created in 1957 to serve all Pueblo's water needs.

Building a Modern System

Following the creation of the unified water utility, the new Board faced the challenge of efficiently upgrading the aging infrastructure across the whole city.

A main replacement program was put in place, investing large sums of money every year to replace water mains that had been identified as being the most fragile and subject to major breaks. That program continues to this day.

The Whitlock Treatment plant was built in 1997 and added carbon filtration to Pueblo's water treatment regime, helping to protect the health of everyone in the community.

Water quality was not the only concern, however, as the Board realized the water rights Pueblo held to serve its customers would not be sufficient to meet the needs of future growth in the

community. To meet those needs, they invested in the additional water resources that would be required.

The completion of Pueblo Reservoir as part of the Fryingpan-Arkansas Project in 1975 provided boosts to both water quantity and water quality, as a portion of the water imported from the west slope is available for Pueblo's use, and a water supply pipeline built from Pueblo Dam to the Whitlock Treatment Plant conveys higher-quality source water than is available from the



previously-used surface intake on the river itself.

As the city grew, customer demand for water naturally increased with it. By the late 1990s, summer demands were approaching the capacity of the treatment plant, so a major expansion was designed, completed in 2002.

In 2009, the St. Charles Industrial Park extended Pueblo's water system southward to serve new industries, including the Vestas wind tower plant and the Rockla railroad tie plant.

We don't often pause to consider the incredible value of a safe, reliable water supply - and the water system that delivers it - in our everyday lives. But consider what tap water does that no other water can do.

Only tap water delivers . . .

. . . public health protection.

In a world where an estimated 3 million people die every year from preventable waterborne disease, Pueblo's water system allows us to drink from any public tap with a high assurance of safety. Pueblo Water treats our drinking water to meet rigorous federal and state water quality standards to protect the health of all in our community.

. . . fire protection.

A well-maintained water system is critical in protecting Pueblo from the ever-present threat of fire. Pueblo Water crews maintain the city's fire hydrants, providing Pueblo's Fire Department the reliable water at an adequate pressure they need to keep lives and property safe.

. . . support for the economy.

Businesses and housing developments do not succeed without a safe and sustainable water supply. Tap water is critical to businesses' day-to-day operation and is often a primary ingredient in attracting new businesses to Pueblo. Since 1984, Pueblo Water has contributed over \$5 million in service to improve Pueblo's economy.

. . . the quality of life we enjoy in Pueblo.

Any measure of a successful society - low mortality rates, economic diversity, productivity, and public safety - is in some way related to access to safe water. Add the beauty and recreational opportunities that our parks, golf courses and the Riverwalk Project bring to our lives, and you realize how valuable our most precious resource really is!

Transmission and Distribution personnel maintain all the pipes and valves in the system every day, even though it is all buried underground! They must respond to water main breaks in a timely manner that maintains water service to our customers while minimizing traffic disruptions during the excavation and repair of large pipes. They also test, maintain and repair over 4,000 fire hydrants throughout the city to provide top-rated fire protection for homes and businesses in Pueblo.

Taking Care of Business

Our Customer Service Department provides many payment options to make paying a water bill as convenient as possible for our customers: by mail, online payments, monthly auto-pay, over the phone by check or credit card, or in person at our main office. We also offer budget billing to smooth out the seasonal highs and lows of water charges to make budgeting for this important need much easier. When a customer has a temporary need for assistance in paying a water bill, our customer service representatives utilize our CARES program (funded by Pueblo Water and administered by Catholic Charities of Pueblo) to assist the customer in a time of need.

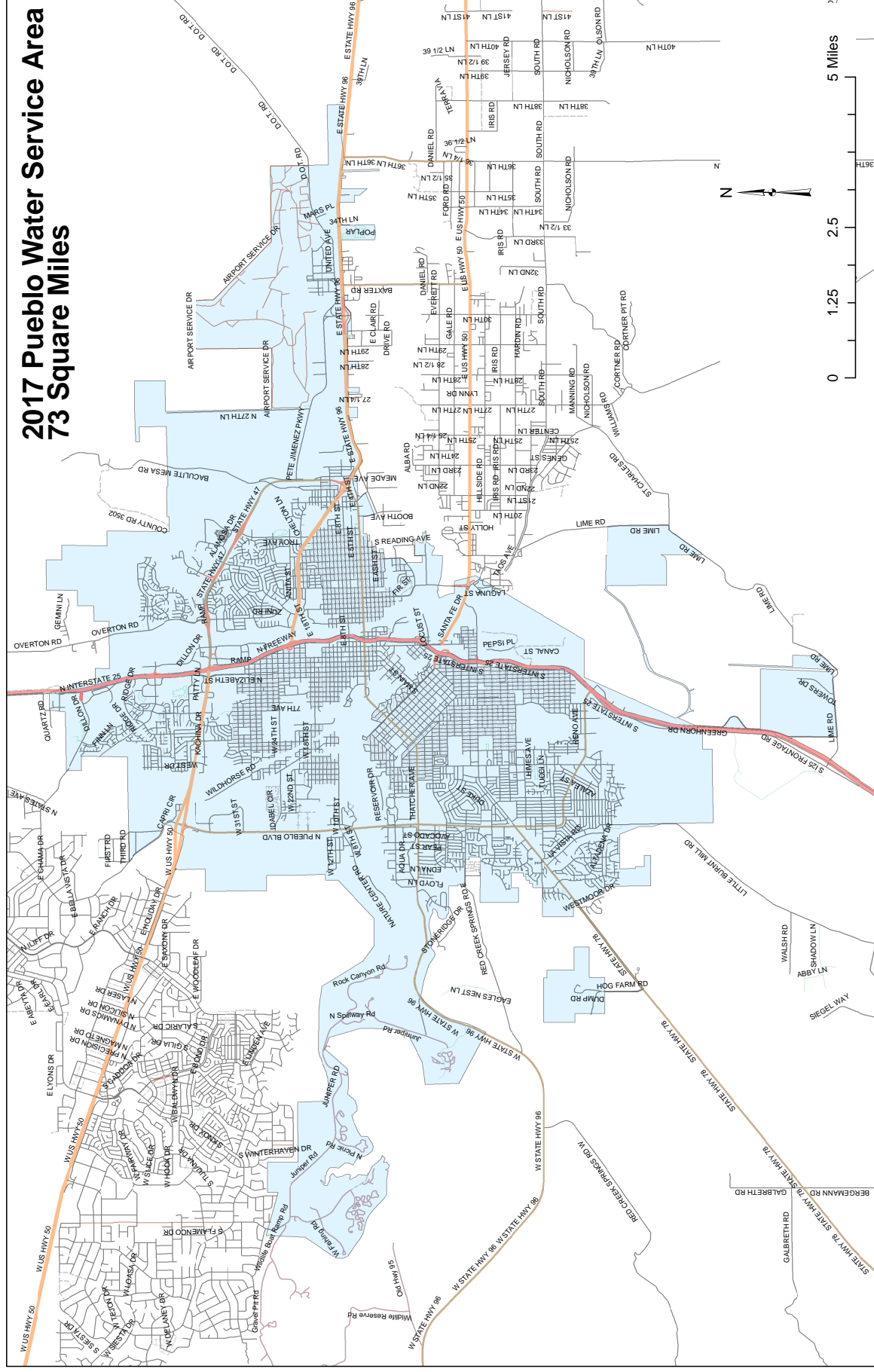
Facilities and Information Services

Every business depends on well-maintained facilities and rapidly evolving technology to stay on top of its game, and Pueblo Water is no exception. Although the plumbing, electrical, heating and cooling of our buildings is “behind the scenes,” they all must function daily to support every activity of Pueblo Water. Similarly, it is obvious that computer technology is at the heart of all our business processes, from water treatment to distribution system mapping, from financial operations to telephone communication. And it all needs to work, every day, at all hours of the day and night. As with all other departments at Pueblo Water, our professional work force is up to the task.



Whitlock Treatment Plant

Service Area Map



Community Profile**Pueblo Profile¹**

Population (estimate) as of July, 2017	111,127
Area	53.64 square miles

Workforce Statistics 2018²

Labor Force	75,569
Employment	71,950
Unemployment Rate	4.8%

“Over 85% of all of Pueblo’s employees work for thriving small businesses. However, several large businesses and corporations have chosen to make Pueblo their home.” (Working in Pueblo, 2014)

Major Employers³

School District 60	Wal-Mart Stores Inc.	King Soopers
Parkview Medical Center	City of Pueblo	Innotrac Corp.
School District 70	Target Distribution	Pueblo Diversified Industries Inc.
Loaf n’ Jug	Colorado State University – Pueblo	Mission Foods – Pueblo
Colorado Institute of Mental Health	Pueblo Community College	B.F. Goodrich – Carbon Products
Pueblo County	Vestas Towers America	American Association of Railroads
Trane Company	CenturyLink Communications	Pueblo Chieftain
Convergys	Safeway Inc.	Benesight
Rocky Mountain Steel	U.S. Postal Service	

Top Industries⁴

Steel	Manufacturing	Customer Service
Alternative Energy	Healthcare	

¹ <https://www.census.gov/quickfacts/fact/dashboard/pueblacitycolorado/PST045217#viewtop>

² https://www.bls.gov/eag/eag.co_pueblo_msa.htm#eag_co_pueblo_msa.f.p

³ <http://pueblo.org/living-in-pueblo/working>

⁴ <http://pueblo.org/living-in-pueblo/community/business-pueblo-county-major-industries>

Accomplishments of Pueblo Water

Ensuring the high-quality of water that we deliver to our community necessitates having a highly-qualified workforce. One way that we lead is by assisting our employees in obtaining further certifications and education in their respective areas. This helps us achieve our goal of excellence in everything that we do and allows us to have a number of great accomplishments.

Employee Professional Licenses and Certifications:

American Red Cross

- Certified First Aid & CPR, AED (19)

American Society of Engineering

- Backflow Protection Assembly Tester (3)

Colorado Groundwater Resource Services

- Class A & B Underground Storage Tank Operator (7)
- Class C Underground Storage Tank Operator (1)

Colorado Safety Association

- Basic Workplace Safety Certification (1)
- Forklift Operator Instructor (2)

Computing Technology Industry Association

- Comp TIA A+ (1)

Computer Certifications

- ITIL – Foundation v3 (1)
- Cobit 5 Foundation (1)
- Microsoft Certified Systems Engineer (1)
- Microsoft Certified Systems Administrator (1)

Alliance Safety Council

- Certified Occupational Safety Specialist (1)

EPA Universal Technician

- ESCO Institute (3)

Senior Professional in Human Resources (SPHR)

- HR Certification Institute (1)

EPA Universal Technician

- Industrial Gas/VGI Training (1)

International Public Management Association for HR (IPMA-HR)

- Certified Human Resources Professional (2)

NACE International

- Cathodic Protection Tester (1)

National Institute for Automotive Service Excellence

- 9 Areas of Specialty (1)
- 3 Areas of Specialty (1)

Project Management Institute

- Project Management Professional (1)

Pueblo Regional Building Department

- Building Contractor D07 – U Occupancy (1)
- Licensed Contractor M – 02 Unlimited (1)

Refrigeration Service Engineers Society (RSES)

- Type 2 Technician (1)

Scrum Alliance

- Certified Scrum Master (1)

Society for Human Resource Management

- Certified Human Resources Professional (2)

State of Colorado – Colorado Department of Public Health and Environment

- Class 1 Water Distribution Operator (10)
- Class 2 Water Distributor Operator (23)
- Class 3 Water Distributor Operator (6)
- Class 4 Water Distributor Operator (32)
- Class A Water Treatment Operator (16)
- Class B Water Treatment Operator (1)

- Class C Water Treatment Operator (1)
- Class D Water Treatment Operator (4)

State of Colorado – Department of Regulatory Agencies

- Journeyman Electrician (2)
- Master Electrician (1)
- Electrical Contractor (1)
- Professional Engineer (4)

State of Colorado – Secretary of State

- Certified Public Accountant (2)
- Notary Public (9)

Universal Public Purchasing Certification Council

- Certified Professional Public Buyer (1)

Universal Accreditation Board

- Public Relations Accreditation (1)

Through the above professional licensing and certification attainment in our workforce, the highly-qualified nature of our workforce is exemplified. This has allowed us to attain some of the following awards and accomplishments:

RMS-AWWA Joint Annual Conference Water Taste Test Award

Pueblo Downtown Association – Outstanding Government Agency

United Way Award of Excellence

2nd Place in Division 2 YMCA Corporate Cup

GFOA Certificate of Excellence in Financial Reports for its Comprehensive Annual Financial Report for Fiscal Year Ended December 31, 2017

Pueblo Water values results-driven strategic leadership and has partnered with the Center for Creative Leadership to develop the skills of its senior leadership team. Employees have attended training on coaching for greater effectiveness and leadership development to enhance personal and professional growth. Additionally, Pueblo Water has invested in supervisor training provided by Rocky Mountain Section AWWA for first level supervisors. Pueblo Water actively participates in Leadership Pueblo, a leadership development training coordinated by the Pueblo Chamber of Commerce. Paul Fanning, Public Relations Administrator was the 2018 recipient of the Pinnacle Award for Public Relations Professionals. Along with these accomplishments, we like to recognize employees that demonstrate excellence throughout the year:



**Employee of the Year –
2017: Cheri Armstrong (Left)**



**Employee of Quarter 4 –
2017: Kathy Ercul (Left)**

**Employee of Quarter 1 –
2018: Naomi Mestas (Right)**



**Employee of Quarter 2 –
2018: Charlie Garrett (Left)**

**Employee of Quarter 3 –
2018: Sandy Montoya (Right)**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Board of Water Works of Pueblo
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

Strategic Plan

Planning

Planning has been an important visionary component throughout Pueblo Water's history. This is evidenced through the maintenance of long-term financial, capital, main replacement, operation and maintenance, water resource, and work force succession plans.

Financial, Capital, and Operation & Maintenance

Each year, as part of the budget process, updates are performed to Pueblo Water's financial, capital, and operation and maintenance 10 year plans. Since it is Pueblo Water's practice to finance routine improvements within its normal rate structure, these plans are an integral part of that success. As a consequence, small steady rate increases are implemented each year, which is essential to ensuring adequate revenue and avoiding "rate shock" for customers. As is the case with many water utilities around the United States, Pueblo Water recognizes the coming challenge of replacing its infrastructure and works to continually refine its supplemental 30 year capital plan. This expanded capital plan affords Pueblo Water the ability to make crucial decisions surrounding replacement of its infrastructure.

Main Replacement Program

Pueblo Water's main replacement program was started in the late 1960's and consists of a formal twenty year plan that is updated approximately every ten years through cooperation with Pueblo Water's internal engineering staff and its consulting engineer. During the intervening ten year period, Pueblo Water's internal engineering staff regularly updates the plan to ensure customer needs are met. On average, Pueblo Water spends close to \$3 million every year in connection with the program. Through this program Pueblo Water has greatly reduced the number of main breaks experienced each year. In 1972, 196 main breaks occurred, while in 2017 there were just 48.

Water Resource Plan

In 2007, Pueblo Water updated the water resource plan to project and meet the needs of the community for the next fifty years. That process has continued on a less formal basis each year since 2007.

Water Usage

Delivery

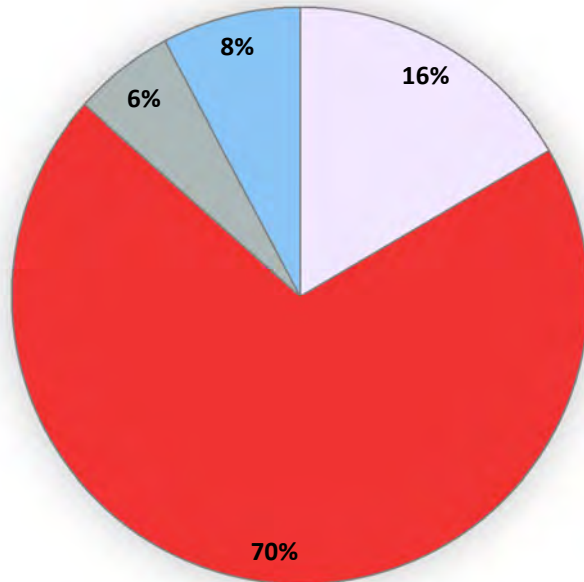
Water delivered to Whitlock Treatment Plant: 25,750 acre feet

Water delivered to Comanche Pump Station: 12,783 acre feet

Storage

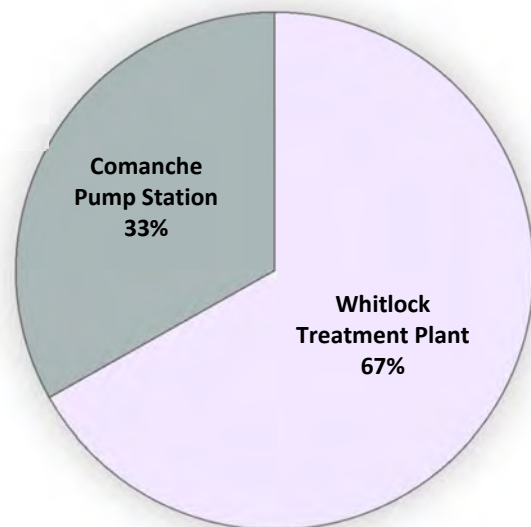
Water in storage as of December 31 st , 2017	7,174 acre feet	Clear Creek Reservoir
	30,315 acre feet	Pueblo Reservoir
	2,458 acre feet	Turquoise Reservoir
	3,368 acre feet	Twin Lakes Reservoir
	43,315 acre feet	Total

Water Storage



■ Clear Creek Reservoir
 ■ Pueblo Reservoir
■ Turquoise Reservoir
 ■ Twin Lakes Reservoir

Water Delivery



■ Whitlock Treatment Plant
 ■ Comanche Pump Station

Miscellaneous Facts and Figures

Customers on December 31, 2017:	40,419
Population served:	112,019
Average daily consumption:	21.22 million gallons
Peak daily production in 2017:	47.00 million gallons
Record peak day pumpage (July 16, 1997):	62.93 million gallons
Daily Consumption Per Capita:	189 gallons
Treatment plant capacity:	84 million gallons per day
Treatment plant capacity will serve a population of up to 200,000* with associated business and industry.	
Miles of pipeline:	580.87 (3" thru 84" in size)
Number of valves:	16,184
Number of system fire hydrants:	4,113
Full-time employees:	137

* Based on current trends in maximum daily demand



Training for our Future

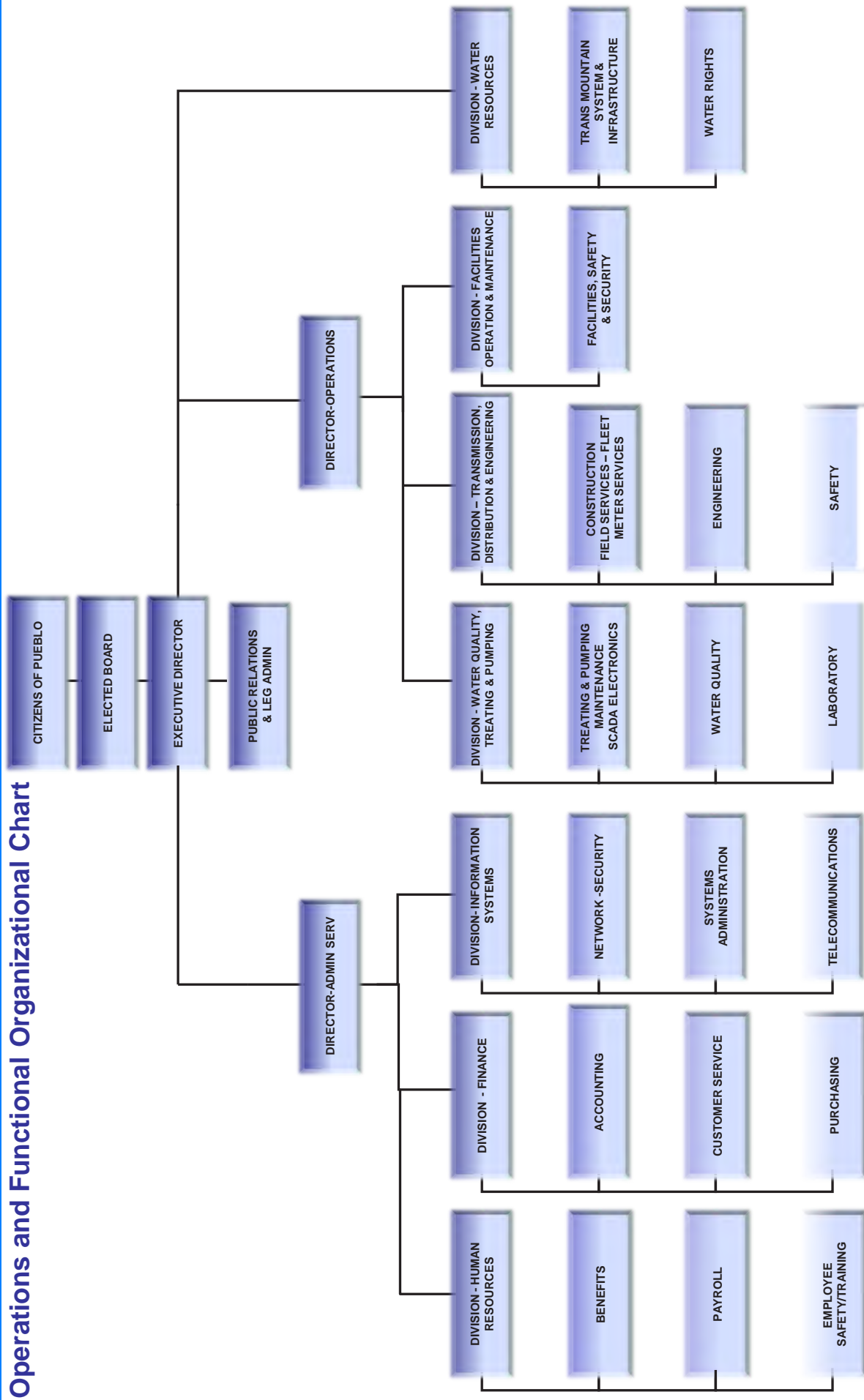
Board of Directors



Board Members (Left to Right): Dr. Thomas Autobee, Nick Gradisar, Sandy Gutierrez, Kevin McCarthy, and Michael Cafasso

Our five-member Board of Directors is made up of community and business leaders elected by Pueblo citizens. Pueblo is extremely fortunate to have a Board that not only performs its expected duties capably – formulating policy, reviewing and approving the budget, setting rates and conducting long-range planning – but also maintains a passionate dedication to the health and well-being of our community with their service. They also have a history of serving multiple six-year terms, and board members continue to acquire the complex knowledge required to make the best decisions to ensure Pueblo’s water system is operated and maintained in an effective and cost-efficient manner.

Operations and Functional Organizational Chart



2019 Budget Plan Preparation

July 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

July 3rd: 10 Year Capital Plan Workshop

July 3rd: Supervisor Input into HTE Available

July 17th: Supervisor Input Closed

July 18th: Manager Input into HTE Available

July 31st: Manager Input Closed

July 31st: Budget Memos to Division Managers

August 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1

August 1st: Division Manager into HTE Available

August 15th: Division Manager Input Closed

August 16th: Director Input into HTE Available

August 31st: All Budget Input Ability Removed at 4:30 P.M.

September 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	1	2	3	4	5	6

September 7th: Draft of Department Overviews to Finance Division Manager

September 14th: Distribute Preliminary Draft, Revenue Requirements, Rate Proposals, Front Range Survey, and Typical Bill Comparisons

September 21st: Directors Review Draft, Revenue Requirements, Rate Proposals, Front Range Survey, and Typical Bill Comparisons

September 28th: Directors Final Discussion and Review

October 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	1	2	3

October 5th: Quality Review of Externally Proposed Draft
October 12th: Publish Budget Notice in Pueblo Chieftain
October 12th: Preliminary Budget to Board

November 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	1

November 13th: Budget Workshop with Board
November 20th: Board Meeting, Public Hearing, and Budget Adoption

Contacts

Board Members

Dr. Thomas V. Autobee – President 719.584.0220

Kevin F. McCarthy – Secretary-Treasurer 719.584.0220

Nick Gradisar – Vice-President 719.584.0220

Michael A. Cafasso – Vice-President 719.584.0220

Sandy Gutierrez – Vice-President 719.584.0220

Directors

Seth Clayton – Executive Director 719.584.0214

Jeanette O’Quin – Director of Admin. Services 719.584.0233

Matthew Trujillo – Director of Operations 719.584.0277

Division Managers

Scot Burbidge –TD&E Division Manager 719.584.0478

Don Colalancia – Division Manager, WQT&P 719.584.0265

Kristen Spicola – Finance Division Manager 719.584.0414

Alan Ward – Division Manager, Water Resources 719.584.0235

For any additional information, please contact:

Leroy Rittgers – Finance Planning and Rates Analyst 719.584.0416



Clear Creek Reservoir

RESOLUTION NO. 2018-06

A RESOLUTION ADOPTING THE 2019 FISCAL YEAR BUDGET AND APPROPRIATING FUNDS FOR THE PURPOSE OF OPERATING THE BOARD OF WATER WORKS OF PUEBLO, COLORADO'S GENERAL FUND, DEBT RETIREMENT FUND, AND WATER DEVELOPMENT FUND AND APPROVING A REVISED WATER SCHEDULE IN SUPPORT OF THE 2019 BUDGET.

WHEREAS, the Board of Water Works of Pueblo, Colorado (the Board) desires to continue a sound fiscal policy to support its operation on behalf of the citizens of Pueblo and customers of the Board during the fiscal period commencing January 1, 2019, and ending December 31, 2019, and

WHEREAS, the Executive Director has maintained for the Board a program of financial projection, and

WHEREAS, the Board annually reviews said program and establishes the policy for operation and maintenance of all facilities under the Board's control, and

WHEREAS, it is necessary for the Board to adopt the 2019 budget and appropriate funds in order for the Board to provide water service, and

WHEREAS, the program of financial projection calls for additional revenue to support the operation of the Board.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby:



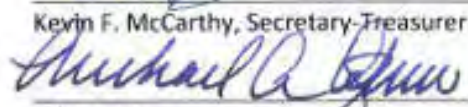
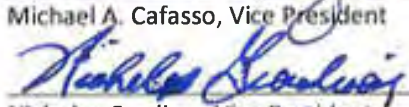
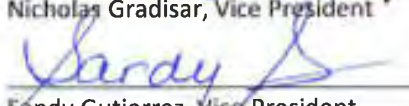
- (1) Approves and adopts the attached 2019 Budget and authorizes implementation of said Budget by the Executive Director.
- (2) Appropriates the revenue of the General Fund, Debt Retirement Fund and Water Development Fund, as provided in the 2019 Budget to each of said Funds.
- (3) Approves and adopts for implementation with the January, 2019, utility billing the revised water rate schedule as provided in the 2019 Budget.

ADOPTED THIS 20TH DAY OF NOVEMBER, 2018.

BOARD OF WATER WORKS OF PUEBLO, COLORADO


Seth J. Clayton, Executive Director

Patrick Garcia, Board Attorney


Thomas V. Autobee, President

Kevin F. McCarthy, Secretary-Treasurer

Michael A. Cafasso, Vice President

Nicholas Gradisar, Vice President

Sandy Gutierrez, Vice President

**SUMMARY OF ESTIMATED CASH AVAILABLE FOR OPERATIONS AND RESERVES
2019 BUDGET****GENERAL FUND**

	<u>OPERATIONS</u>	<u>OPERATION & MAINTENANCE RESERVE</u>	<u>CAPITAL PROJECTS RESERVE</u>	<u>TOTAL</u>
ESTIMATED BEGINNING FUND BALANCE	\$ 18,747,463	\$ 4,232,847	\$ 1,000,000	\$ 23,980,310
ESTIMATED REVENUES AND TRANSFERS	<u>32,612,559</u>	<u>292,982</u>	<u>10,052,000</u>	<u>42,957,541</u>
ESTIMATED EXPENDITURES				
Personnel services	16,150,637	-	-	16,150,637
Operation and maintenance	11,381,488	-	-	11,381,488
Capital outlay	863,350	-	10,052,000	10,915,350
Debt retirement	5,358,102	-	-	5,358,102
Transfer to Water Development Fund	<u>1,312,503</u>	<u>-</u>	<u>-</u>	<u>1,312,503</u>
Total estimated expenditures	<u>35,066,080</u>	<u>-</u>	<u>10,052,000</u>	<u>45,118,080</u>
ESTIMATED ENDING FUND BALANCE	<u>\$ 16,293,942</u>	<u>\$ 4,525,829</u>	<u>\$ 1,000,000</u>	<u>\$ 21,819,771</u>

**SUMMARY OF ESTIMATED CASH AVAILABLE
2019 BUDGET****WATER DEVELOPMENT FUND**

	<u>TOTAL</u>
ESTIMATED BEGINNING FUND BALANCE	\$ 7,009,476
ESTIMATED REVENUES AND TRANSFERS	<u>1,463,723</u>
ESTIMATED EXPENDITURES	
Capital outlay	<u>2,040,500</u>
Total estimated expenditures	<u>2,040,500</u>
ESTIMATED ENDING FUND BALANCE	<u><u>\$ 6,432,699</u></u>

**ESTIMATED REVENUES BY SOURCE
2019 BUDGET
GENERAL FUND**

	2017 <u>ACTUAL</u>	2018 <u>BUDGET</u>	2018 <u>ESTIMATED</u>	2019 <u>BUDGET</u>
OPERATING REVENUES				
Water sales - Metered	\$ 23,378,662	\$ 24,415,375	\$ 25,200,000	\$ 25,103,460
Water sales - Utility Private	5,901,016	6,063,229	6,063,233	6,275,446
Water sales - Raw water	2,600,909	2,556,076	2,549,154	2,488,871
Water sales - Utility Public	1,144,600	1,176,077	1,176,100	1,217,264
Taps and meters	80,588	55,000	80,000	55,000
Material sales	178,977	55,000	55,000	55,000
Main assessments	21,938	10,000	15,000	10,000
Fire protection - public	10,594	9,365	9,365	9,365
Discounts	508	1,500	5,500	1,500
Rental income	25,404	25,688	25,512	26,405
Late field reading fee	24,400	7,000	24,000	7,000
Turn-on fee	68,220	70,000	66,000	70,000
Check processing fee	15,057	15,000	12,000	15,000
Field collection fee	1,580	1,500	1,300	1,500
Missed appointment fee	1,560	1,500	1,500	1,500
Finance Charges	12,792	1,000	8,500	1,000
Miscellaneous	224,653	603,628	175,000	75,000
Service line protection program	429,428	420,000	420,000	420,000
Plant water investment fee	813,008	500,000	900,000	750,000
Insurance recovery	254	10,000	300	10,000
Comanche operations and maintenance reimbursement	519,344	500,000	500,000	500,000
Busk-Ivanhoe administration fee	25,000	25,000	25,000	25,000
TIFF proceeds	-	-	584,533	527,699
Wastewater collection fee	449,316	462,092	462,092	478,265
Stormwater collection fee	195,012	199,883	199,883	206,879
Street repair collection fee	-	-	-	75,000
Total operating revenue	<u>36,122,820</u>	<u>37,183,913</u>	<u>38,558,972</u>	<u>38,406,154</u>
NONOPERATING REVENUES				
Interest income	228,767	204,427	275,000	531,387
Sale of assets	9,815	20,000	34,000	20,000
Bond proceeds	-	-	-	4,000,000
Contribution (to) from reserve	<u>3,126,723</u>	<u>4,280,369</u>	<u>1,804,950</u>	<u>2,160,539</u>
Total nonoperating revenue	<u>3,365,305</u>	<u>4,504,796</u>	<u>2,113,950</u>	<u>6,711,926</u>
Total revenue	<u>\$ 39,488,125</u>	<u>\$ 41,688,709</u>	<u>\$ 40,672,922</u>	<u>\$ 45,118,080</u>

**ESTIMATED EXPENDITURES BY OBJECT
2019 BUDGET**

GENERAL FUND

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
EXPENDITURES				
PERSONNEL SERVICES				
Administration	\$ 920,706	\$ 1,070,067	\$ 1,018,390	\$ 1,057,926
Finance	1,490,330	1,537,716	1,450,578	1,597,864
Information Systems	637,639	708,494	659,742	704,066
Water Quality, Treating & Pumping	3,026,720	3,346,934	3,177,155	3,229,272
Transmission, Distribution and Engineering	5,180,508	5,564,112	5,263,209	5,675,292
Facilities Operation & Maintenance	841,402	954,906	893,692	1,015,188
Water Resources	526,538	660,957	612,185	417,074
Human Resources	<u>3,936,144</u>	<u>2,342,095</u>	<u>2,263,113</u>	<u>2,453,955</u>
Total personnel services	<u>16,559,987</u>	<u>16,185,281</u>	<u>15,338,064</u>	<u>16,150,637</u>
OPERATION AND MAINTENANCE				
Administration	665,835	795,050	702,224	730,250
Finance	899,450	1,080,218	932,876	1,184,729
Information Systems	394,942	419,950	447,107	546,625
Water Quality, Treating & Pumping	2,165,741	2,166,325	2,201,613	2,358,400
Transmission, Distribution and Engineering	1,238,889	1,285,613	1,263,954	1,497,682
Facilities Operation & Maintenance	3,142,060	3,354,515	3,265,196	3,354,510
Water Resources	1,278,577	1,321,695	1,285,448	1,317,130
Human Resources	<u>290,627</u>	<u>337,482</u>	<u>313,337</u>	<u>392,162</u>
Total operation and maintenance	<u>10,076,121</u>	<u>10,760,848</u>	<u>10,411,755</u>	<u>11,381,488</u>
CAPITAL OUTLAY/ FUND TRANSFERS				
Administration	7,819	1,250	814	-
Finance	6,069,552	6,153,443	6,140,622	6,696,605
Information Systems	95,462	12,500	1,628	216,000
Water Quality, Treating & Pumping	176,937	279,000	49,132	104,600
Transmission, Distribution and Engineering	3,392,184	5,255,344	5,295,346	4,108,000
Facilities Operation & Maintenance	3,107,741	2,928,903	3,313,487	6,310,750
Water Resources	1,400	109,640	121,260	140,000
Human Resources	<u>922</u>	<u>2,500</u>	<u>814</u>	<u>10,000</u>
Total capital outlay	<u>12,852,017</u>	<u>14,742,580</u>	<u>14,923,103</u>	<u>17,585,955</u>
Total expenditures	<u>\$ 39,488,125</u>	<u>\$ 41,688,709</u>	<u>\$ 40,672,922</u>	<u>\$ 45,118,080</u>

**ESTIMATED REVENUES BY SOURCE &
ESTIMATED EXPENDITURES BY OBJECT
2019 BUDGET**

DEBT SERVICE FUND

	2017 <u>ACTUAL</u>	2018 <u>BUDGET</u>	2018 <u>ESTIMATED</u>	2019 <u>BUDGET</u>
NONOPERATING REVENUES				
Interest income	\$ 42,189	\$ 10,000	\$ 10,000	\$ 10,000
Contribution from general fund	<u>4,903,451</u>	<u>4,909,383</u>	<u>4,909,383</u>	<u>5,358,102</u>
Total revenue	<u>4,945,640</u>	<u>4,919,383</u>	<u>4,919,383</u>	<u>5,368,102</u>
DEBT RETIREMENT				
Contribution to reserve	42,189	10,000	10,000	10,000
Principal - Series 2015	2,637,500	2,710,000	2,710,000	2,774,167
Principal - Series 2000B	357,897	364,144	364,144	386,904
Principal - Series 2009	413,333	430,833	430,833	436,667
Principal - Proposed Series 2019	-	-	-	111,450
Interest - Series 2015	398,825	324,200	324,200	265,133
Interest - Series 2000B	265,610	255,348	255,348	236,973
Interest - Series 2009 (net)	830,286	824,858	824,858	812,456
Interest - Proposed Series 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,352</u>
Total debt retirement	<u>4,945,640</u>	<u>4,919,383</u>	<u>4,919,383</u>	<u>5,368,102</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES AND EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Series 2019 is a proposed new issuance.

**ESTIMATED REVENUES BY SOURCE &
ESTIMATED EXPENDITURES BY OBJECT
2019 BUDGET**

WATER DEVELOPMENT FUND

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
NONOPERATING REVENUES				
Interest income	\$ 42,839	\$ 46,360	\$ 62,000	\$ 151,220
Net transfer from General Fund	1,159,166	1,219,310	1,219,310	1,312,503
Contribution from reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>576,777</u>
Total nonoperating revenue	<u>1,202,005</u>	<u>1,265,670</u>	<u>1,281,310</u>	<u>2,040,500</u>
EXPENDITURES				
Outside services	317,712	775,000	315,000	1,440,500
Capital improvements	-	100,000	100,000	100,000
Bessemer escrow	-	-	-	500,000
Contribution to reserve	<u>884,293</u>	<u>390,670</u>	<u>866,310</u>	<u>-</u>
Total expenditures	<u>1,202,005</u>	<u>1,265,670</u>	<u>1,281,310</u>	<u>2,040,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES AND EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Genset Project at Whitlock Treament Plant



Board of Water Works of Pueblo, Colorado

OVERVIEW ADMINISTRATION

Administration is responsible for the overall planning, management and coordination of all functions of Pueblo Water's operations. Included in the Administration budget are funds for personnel services of the Directors and support staff. Along with responsibility for the overall administration and planning for Pueblo Water, the division focuses on legislation, internal and external communication, as well as major contract negotiations and coordination of outside legal and professional services contracts.

The Water Development Fund (WDF) was established in 1999 to assist with financing future water expansion projects and water rights acquisitions. This year's 10 year cash flow includes 100% of the Public Service Company Unit 3 revenues being dedicated to the WDF rather than the General Fund. We will continue to fund the ongoing engineering and legal expenses connected with our Bessemer Ditch water rights change case out of the funds available in the WDF. The WDF will continue to provide additional flexibility to deal with significant unexpected emergency capital expenditures along with funding future water system expansion including development of water storage sites as well as possible future purchases of additional water rights.

In 2019, we will continue to enhance and expand our communication and education outreach programs for external and internal relations through the following programs:

- ◆ **Annual Mountain Tour (funding identified in Water Resource budget)**
- ◆ **Conduct community outreach and public education including presentations to students, civic groups and radio talk shows**
- ◆ **Foster positive relationships with media representatives through organized informational sharing**
- ◆ **Keep Pueblo Water's visibility high by attending and sponsoring community events and meetings of both Chambers of Commerce, Pueblo Downtown Association, CSU-Pueblo, PCC, PEDCO, and others**
- ◆ **Promote improved internal communication through the *e-Pipeline* newsletter, roundtable forums, employee events, Corporate Cup, employee awards banquet, WET Committee and other employee involvement programs**
- ◆ **Enhance content of pueblowater.org website**
- ◆ **Continue investment in the CARES Program at \$107,500**
- ◆ **Continue to participate in the future of Colorado's water supply through the Front Range Water Council, Colorado Water Congress, Arkansas Basin Roundtable, Arkansas River Basin Water Forum and by actively working with our elected representatives**
- ◆ **Continue to explore new and better ways of communicating to our employees and customers through more efficient use of electronic media**
- ◆ **Continue to encourage wise use of water**
- ◆ **Continue to be active in local emergency response and risk communication organizations**

Workforce Development is ongoing so funds have been incorporated throughout the budget, including \$10,000 in the Administration budget for continuation of the college tuition reimbursement program for employee education and professional development. The addition of the Advance Skills & Knowledge (ASK) Committee will help advance and focus the employee education and training program plus help ensure our employees can attain the certifications necessary to pursue their chosen career path. Investment in employee education, training, and certification will continue to enhance our ability to deliver quality service to our customers.

SETH J. CLAYTON

**DETAIL OF EXPENDITURES
2019 BUDGET**

PERSONNEL SERVICES

ADMINISTRATION

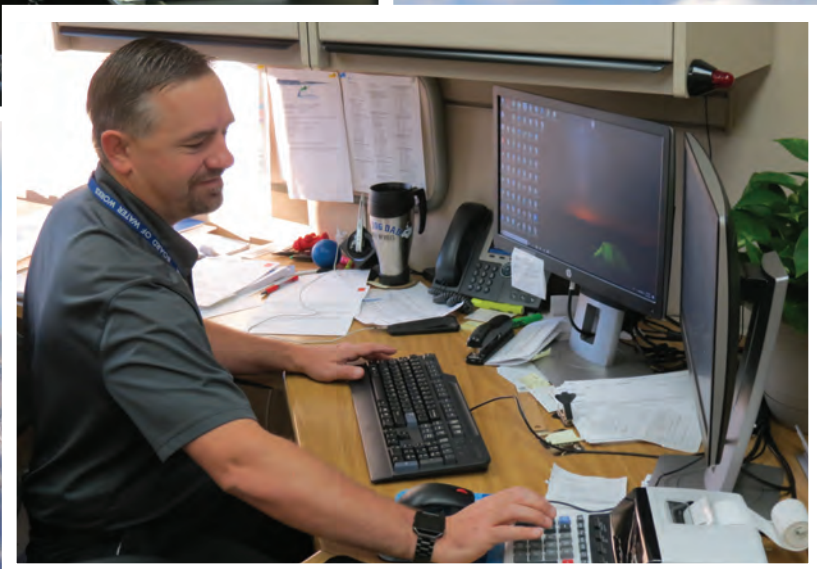
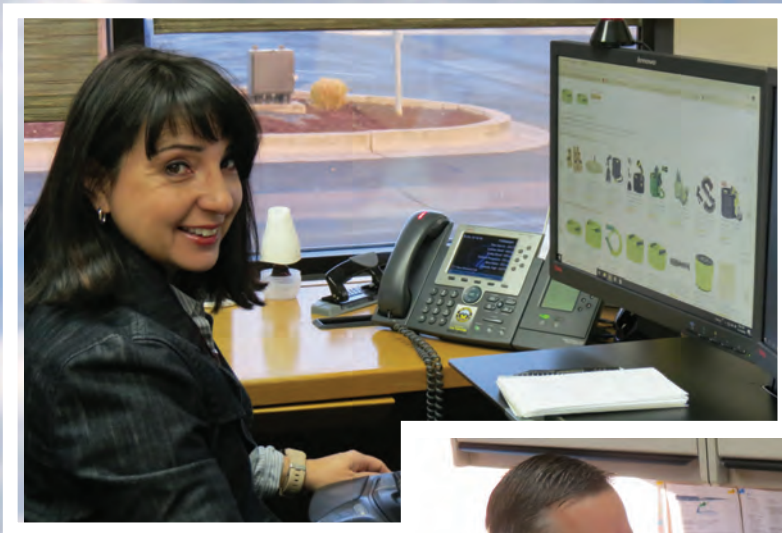
	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
SALARIES & WAGES				
Director	\$ 419,888	\$ 453,750	\$ 421,988	\$ 471,801
Specialist	207,082	284,505	264,590	281,122
Board Members	<u>13,800</u>	<u>13,800</u>	<u>13,800</u>	<u>13,800</u>
 Total salaries and wages	 <u>640,770</u>	 <u>752,055</u>	 <u>700,378</u>	 <u>766,723</u>
BENEFITS				
Longevity	3,689	3,851	3,851	3,851
Employee assistance	140	131	131	112
Social security	51,196	59,510	59,510	61,401
Pension	22,021	22,148	22,148	22,588
Health insurance	107,143	124,567	124,567	93,547
Dental insurance	5,105	6,269	6,269	4,669
Disability insurance	5,033	5,168	5,168	4,484
Life insurance	8,202	8,417	8,417	8,557
Sick leave	30,054	34,334	34,334	34,939
Vacation leave	<u>47,353</u>	<u>53,617</u>	<u>53,617</u>	<u>57,055</u>
 Total benefits	 <u>279,936</u>	 <u>318,012</u>	 <u>318,012</u>	 <u>291,203</u>
 Total personnel services	 <u><u>\$ 920,706</u></u>	 <u><u>\$ 1,070,067</u></u>	 <u><u>\$ 1,018,390</u></u>	 <u><u>\$ 1,057,926</u></u>

**DETAIL OF EXPENDITURES
2019 BUDGET****OPERATION AND MAINTENANCE****ADMINISTRATION**

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
OPERATION AND MAINTENANCE				
Outside services	\$ 477,321	\$ 573,400	\$ 509,443	\$ 542,750
Utilities - other	5,136	5,400	5,400	5,400
Maintenance	1,286	2,000	2,000	1,500
Advertising	8,859	12,600	10,180	12,000
Travel and training	98,052	132,950	104,648	101,150
Office supplies	6,791	3,000	3,000	3,000
Subscriptions and memberships	<u>68,390</u>	<u>65,700</u>	<u>67,553</u>	<u>64,450</u>
 Total operation and maintenance	 <u>\$ 665,835</u>	 <u>\$ 795,050</u>	 <u>\$ 702,224</u>	 <u>\$ 730,250</u>

**DETAIL OF EXPENDITURES
2019 BUDGET****CAPITAL OUTLAY****ADMINISTRATION**

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
CAPITAL OUTLAY				
Computer and office equipment	<u>\$ 7,819</u>	<u>\$ 1,250</u>	<u>\$ 814</u>	<u>\$ -</u>



The Business of Water



Board of Water Works of Pueblo, Colorado

OVERVIEW FINANCE

The Finance Division encompasses the departments of Accounting, Customer Service, and Purchasing. These departments provide a variety of business services to internal and external customers.

The focus of the Division remains on improving the level of service through leveraging available technology. In coordination with Pueblo Water's Meter Services, tablets will be used to electronically complete service orders making the process entirely paperless through automated completion within Pueblo Water's billing software. Pueblo Water's online customer portal has engaged customers allowing for increased account visibility and detailed information regarding; consumption, bill history, payment options. In addition, self-service features such as check consumption work orders are available within the portal. Since inception, the customer portal accounts have increased by 65 percent totaling over 12,500 registered accounts or 31 percent of Pueblo Water's accounts.

Customer Service strives to improve delivery of service by monitoring strategic Key Performance Indicators (KPI's) such as customer phone metrics. Through a partnership with the Information Systems Division (IS) a "Dashboard" was developed allowing for continuous monitoring of the department's performance.

Purchasing introduced a new solution for the cash handling process to Customer Service and Accounting allowing for near automation of the cash drawer reconciliation process. This new cash drawer reconciliation process has increased efficiency, improved cash control, and has reduced reporting time.

On the horizon for 2019, Purchasing will explore the use of contract management software to more efficiently manage Pueblo Water's various contracts. This will save time and ensure all contracts are renewed at the appropriate time while providing additional transparency for other departments.

Included in the 2019 budget is \$60,000 to update Pueblo Water's financial model used by Accounting in the financial planning and budget process. The model was last updated in 2004 and is critical in preparing detailed forecasting for long-term rate planning and financial analysis.

Training continues to be a focus for the Finance Division. In 2018 the division participated in training held at Pueblo Corporate College focusing on emotional intelligence. The intent was to enhance service delivery through improved communication skills to both internal and external customers. Professional development initiatives will continue in 2019 improving the skills of our team and enhancing our dedication to excellence.

KRISTEN J. SPICOLA

**DETAIL OF EXPENDITURES
2019 BUDGET**

PERSONNEL SERVICE

FINANCE

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
SALARIES & WAGES				
Division manager	\$ -	\$ -	\$ -	\$ 118,703
Manager	178,735	204,233	189,937	-
Supervisor	-	-	-	68,302
Specialist	181,971	162,726	151,335	209,668
Skills and trades	587,106	663,226	616,800	696,751
Part-time/ temporary	17,489	25,025	10,000	25,436
Overtime	<u>49,666</u>	<u>14,500</u>	<u>14,500</u>	<u>14,500</u>
Total salaries and wages	<u>1,014,967</u>	<u>1,069,710</u>	<u>982,572</u>	<u>1,133,360</u>
BENEFITS				
Longevity	8,601	7,942	7,942	6,980
Employee assistance	383	371	371	380
Social security	85,325	79,351	79,351	83,268
Pension	30,782	28,338	28,338	29,486
Health insurance	186,696	195,231	195,231	191,026
Dental insurance	10,549	11,111	11,111	10,759
Disability insurance	7,214	6,908	6,908	7,305
Life insurance	11,838	11,339	11,339	12,547
Sick leave	60,454	54,089	54,089	52,408
Vacation leave	<u>73,521</u>	<u>73,326</u>	<u>73,326</u>	<u>70,345</u>
Total benefits	<u>475,363</u>	<u>468,006</u>	<u>468,006</u>	<u>464,504</u>
Total personnel services	<u><u>\$ 1,490,330</u></u>	<u><u>\$ 1,537,716</u></u>	<u><u>\$ 1,450,578</u></u>	<u><u>\$ 1,597,864</u></u>

**DETAIL OF EXPENDITURES
2019 BUDGET**

OPERATION AND MAINTENANCE

FINANCE

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
OPERATION AND MAINTENANCE				
Outside services	\$ 289,699	\$ 292,480	\$ 304,126	\$ 383,902
Utilities	80,044	92,220	72,220	93,220
Maintenance - office equipment	7,936	8,870	8,736	9,425
Equipment lease and rental	829	900	900	900
Interest expense - meter deposits	266	1,000	110	1,000
Collection expense	285	750	750	750
Cash (over) short	10	150	150	150
Contingency	-	150,000	-	150,000
Insurance - property	252,438	259,000	259,000	274,540
Advertising	1,317	1,500	2,416	1,500
Travel and training	14,164	13,950	5,551	10,350
Office supplies	38,573	44,600	39,740	44,600
Postage	211,138	212,000	237,000	212,000
Subscriptions and memberships	<u>2,751</u>	<u>2,798</u>	<u>2,177</u>	<u>2,392</u>
 Total operation and maintenance	 <u>\$ 899,450</u>	 <u>\$ 1,080,218</u>	 <u>\$ 932,876</u>	 <u>\$ 1,184,729</u>

**DETAIL OF EXPENDITURES
2019 BUDGET****CAPITAL OUTLAY****FINANCE**

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
CAPITAL OUTLAY/ FUND TRANSFERS				
Computer and office equipment	\$ 6,935	\$ 24,750	\$ 11,929	\$ 26,000
Transfer to Debt Service Fund	4,903,451	4,909,383	4,909,383	5,358,102
Transfer to Water Development Fund	<u>1,159,166</u>	<u>1,219,310</u>	<u>1,219,310</u>	<u>1,312,503</u>
Total capital outlay and fund transfers	<u>\$ 6,069,552</u>	<u>\$ 6,153,443</u>	<u>\$ 6,140,622</u>	<u>\$ 6,696,605</u>



Information Systems



Board of Water Works of Pueblo, Colorado

OVERVIEW INFORMATION SYSTEMS

The Information Systems Department (IS) is responsible for all technology related services used by employees and customers. Services include, but are not limited to, custom applications, web development, infrastructure (systems, network, and telephone) administration, and ensuring the environment is secure, reliable and scalable.

Since the implementation of Pueblo Water's new Customer Information System (CIS) system is near completion, IS will focus on new opportunities to increase the effectiveness of Pueblo Water's technology for employees and customers, while improving the security of the infrastructure.

In 2018, IS implemented a centralized helpdesk and desktop management solution. This helpdesk solution provides IS with the tools to prioritize issues to ensure those having the biggest impact on the organization and its mission receive appropriate attention and resources. The tool allows for the management of computer equipment, licenses, contracts and computer configurations. Overall, these tools have enabled us to provide a more robust infrastructure and improved support to the organization.

Some of the more specific projects for IS in 2019 are:

- 1) Migrating e-mail from Google G-Suite to Office365.
- 2) Migrating documents from Optiview and Google Drive to Microsoft OneDrive and SharePoint.
- 3) Explore transitioning from On-premise to the Cloud to reduce support costs for Sungard HTE.
- 4) Implementation of Secom wireless and fiber services to increase reliability and bandwidth.
- 5) Facilitate implementation of GIS with expanded ESRI applications.
- 6) Standardize computer imaging to reduce the time needed for PC replacements.
- 7) Implementation of the NIST Cybersecurity Framework to fortify our security posture.

Jeanette O'Quin

**DETAIL OF EXPENDITURES
2019 BUDGET**

PERSONNEL SERVICE

INFORMATION SYSTEMS

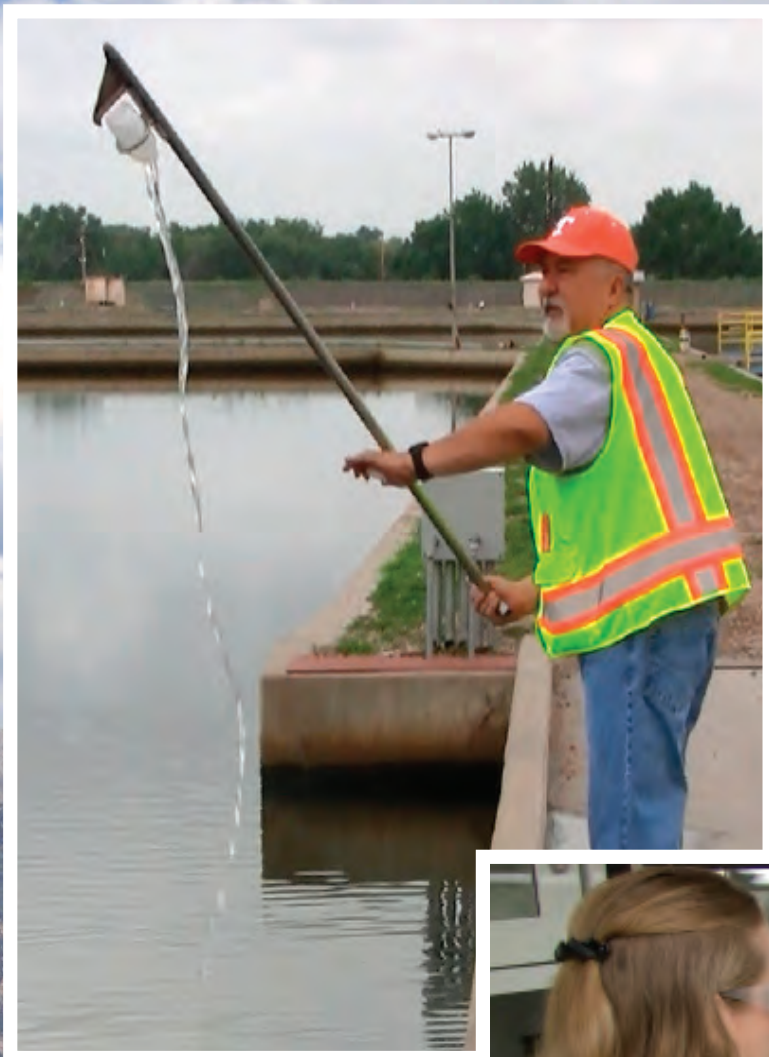
	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
SALARIES & WAGES				
Division manager	\$ 37,076	\$ -	\$ -	\$ -
Manager	38,015	89,691	83,413	100,494
Specialist	222,623	251,332	233,739	246,955
Skills and trades	105,066	119,571	111,201	122,812
Part-time/ temporary	9,498	21,775	7,164	13,151
Overtime	<u>7,128</u>	<u>7,500</u>	<u>5,600</u>	<u>7,500</u>
 Total salaries and wages	 <u>419,406</u>	 <u>489,869</u>	 <u>441,117</u>	 <u>490,912</u>
BENEFITS				
Longevity	3,843	3,610	3,610	3,610
Employee assistance	126	131	131	134
Social security	36,183	36,342	36,342	36,409
Pension	12,229	11,127	11,127	11,934
Health insurance	93,486	99,116	99,116	92,320
Dental insurance	4,418	4,875	4,875	4,600
Disability insurance	2,782	3,224	3,224	3,292
Life insurance	4,552	5,270	5,270	5,376
Sick leave	28,612	22,688	22,688	23,315
Vacation leave	<u>32,002</u>	<u>32,242</u>	<u>32,242</u>	<u>32,164</u>
 Total benefits	 <u>218,233</u>	 <u>218,625</u>	 <u>218,625</u>	 <u>213,154</u>
 Total personnel services	 <u><u>\$ 637,639</u></u>	 <u><u>\$ 708,494</u></u>	 <u><u>\$ 659,742</u></u>	 <u><u>\$ 704,066</u></u>

**DETAIL OF EXPENDITURES
2019 BUDGET****OPERATION AND MAINTENANCE****INFORMATION SYSTEMS**

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
OPERATION AND MAINTENANCE				
Outside services	\$ 345,688	\$ 357,050	\$ 407,846	\$ 398,875
Utilities - other	3,694	5,000	3,412	5,000
Maintenance - office equipment	5,645	6,000	4,500	4,500
Equipment lease and rental	562	600	585	600
Travel and training	18,581	19,700	1,866	19,200
Office supplies	20,772	27,300	24,609	114,700
Subscriptions and memberships	<u>-</u>	<u>4,300</u>	<u>4,289</u>	<u>3,750</u>
 Total operation and maintenance	 <u>\$ 394,942</u>	 <u>\$ 419,950</u>	 <u>\$ 447,107</u>	 <u>\$ 546,625</u>

**DETAIL OF EXPENDITURES
2019 BUDGET****CAPITAL OUTLAY****INFORMATION SYSTEMS**

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
CAPITAL OUTLAY				
Computer and office equipment	<u>\$ 95,462</u>	<u>\$ 12,500</u>	<u>\$ 1,628</u>	<u>\$ 216,000</u>



We treat water right!



Board of Water Works of Pueblo, Colorado

OVERVIEW WATER QUALITY, TREATING AND PUMPING

The Water Quality, Treating and Pumping Division (WQT&P) of Pueblo Water includes the Whitlock Water Treatment Plant operators, Treating and Pumping Maintenance personnel, the Water Quality Laboratory group and the SCADA Specialist. Together this division helps to produce, store and pump over eight billion gallons of high quality drinking water to the citizens of Pueblo annually.

In 2018, Whitlock Plant operations personnel experienced a slight increase in overall consumer demand for drinking water during the dry spring and summer months. Whitlock Plant records indicate that the highest peak day water usage occurred on June 29th of 2018 and totaled approximately 50.6 million gallons. This figure was nearly 4 million gallons more than the peak day water use recorded for 2017 and reversed the previous downward trend of lower water usage during the summer months.

Treating and Pumping Maintenance groups in the division assisted the Facilities, Safety and Security Department as they performed critical electrical infrastructure upgrades at Whitlock while continuing a rigorous maintenance schedule for the treating and pumping facilities.

The Water Quality Laboratory group participated in a collaborative effort between Pueblo City Schools (PCS) and Pueblo Water to study drinking water inside PCS buildings throughout the city. The effort resulted in testing over 580 sample sites in 31 PCS facilities and helped PCS identify fixtures and plumbing inside the school facilities used for water consumption that were shown to contribute to detectable or elevated lead levels in the water. Pueblo Water's Transmission, Distribution and Engineering Division assisted PCS with service connection and plumbing investigations while Pueblo Water's Laboratory group performed the analytical testing and data reporting. The study helped PCS take a proactive approach to protecting students from potential lead exposure by removing or replacing fixtures. Pueblo Water provided the services to PCS at no charge.

The Whitlock Plant SCADA system continues to function well and continues to evolve as Whitlock Plant infrastructure is upgraded. PLC replacements in the Filter Plant in 2018 required programming modifications and the SCADA system design allowed flexibility in doing so while providing reliable control of the treating and filtration systems in the Whitlock Plant.

DON A. COLALANCIA

**DETAIL OF EXPENDITURES
2019 BUDGET**

PERSONNEL SERVICE

WATER QUALITY, TREATING AND PUMPING

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
SALARIES & WAGES				
Division manager	\$ 117,476	\$ 127,584	\$ 118,653	\$ 131,042
Manager	102,080	109,749	102,067	112,724
Supervision	182,521	187,456	174,334	187,911
Specialist	188,691	216,438	201,288	223,009
Skills and trades	1,277,555	1,557,986	1,420,952	1,453,174
Part-time/ temporary	34,119	57,423	47,681	106,255
Overtime	<u>162,535</u>	<u>75,000</u>	<u>96,882</u>	<u>75,000</u>
Total salaries and wages	<u>2,064,977</u>	<u>2,331,636</u>	<u>2,161,857</u>	<u>2,289,115</u>
BENEFITS				
Longevity	14,812	15,643	15,643	13,717
Employee assistance	633	634	634	647
Social security	175,164	171,402	171,402	166,820
Pension	56,205	62,054	62,054	57,707
Health insurance	403,406	438,835	438,835	393,327
Dental insurance	18,949	21,804	21,804	19,567
Disability insurance	13,901	14,454	14,454	14,236
Life insurance	22,775	24,717	24,717	23,679
Sick leave	116,764	113,835	113,835	107,703
Vacation leave	<u>139,134</u>	<u>151,920</u>	<u>151,920</u>	<u>142,754</u>
Total benefits	<u>961,743</u>	<u>1,015,298</u>	<u>1,015,298</u>	<u>940,157</u>
Total personnel services	<u>\$ 3,026,720</u>	<u>\$ 3,346,934</u>	<u>\$ 3,177,155</u>	<u>\$ 3,229,272</u>

**DETAIL OF EXPENDITURES
2019 BUDGET**

OPERATION AND MAINTENANCE

WATER QUALITY, TREATING AND PUMPING

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
OPERATION AND MAINTENANCE				
Outside services	\$ 97,818	\$ 115,525	\$ 110,025	\$ 132,600
Utilities	1,136,699	1,206,400	1,141,455	1,231,400
Repair and maintenance - equipment	1,672	10,000	10,000	16,500
Maintenance - office equipment	880	1,000	1,350	1,050
Chemical (over) short	(3,557)	2,500	3,279	2,500
Travel and training	3,300	10,350	10,521	7,150
Office supplies	4,902	3,200	3,332	2,850
Safety	4,202	4,700	4,759	4,700
Chemicals	802,816	719,000	794,000	838,000
Laboratory	117,009	93,000	122,242	121,000
Subscriptions and memberships	<u>-</u>	<u>650</u>	<u>650</u>	<u>650</u>
 Total operation and maintenance	 <u>\$ 2,165,741</u>	 <u>\$ 2,166,325</u>	 <u>\$ 2,201,613</u>	 <u>\$ 2,358,400</u>

**DETAIL OF EXPENDITURES
2019 BUDGET****CAPITAL OUTLAY****WATER QUALITY, TREATING AND PUMPING**

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
CAPITAL OUTLAY				
Computer and office equipment	\$ 9,315	\$ 50,000	\$ -	\$ -
Lab equipment	<u>167,622</u>	<u>229,000</u>	<u>49,132</u>	<u>104,600</u>
Total capital outlay and fund transfers	<u>\$ 176,937</u>	<u>\$ 279,000</u>	<u>\$ 49,132</u>	<u>\$ 104,600</u>



Maintaining A
Robust System



Board of Water Works of Pueblo, Colorado

OVERVIEW TRANSMISSION, DISTRIBUTION AND ENGINEERING

The Transmission, Distribution and Engineering Division (TD&E) and the associated seven departments are responsible for all of the field related customer services for Pueblo Water. The Dispatching Department processes all of the field service related calls. The Construction/Maintenance Department provides direct customer contact on water needs at the customer's point of use as well as installation and repair of mains, taps, meters, valves and fire hydrants. The Meter Services Department performs all the meter reading and testing functions. The Engineering Department maintains Pueblo Water's water system records and designs system improvements and expansion projects for construction by Pueblo Water crews or contractors. The Field Engineering Department monitors and maintains Pueblo Water's cathodic protection system for all the large diameter steel mains, performs field surveying work, oversees water main construction by contractors, and inspects mains that cross railroads, highways, irrigation ditches and rivers. The Fleet Maintenance Department maintains and repairs Pueblo Water's fleet of vehicles, and the Warehouse Department provides support services to maintain an inventory of materials and supplies.

The Construction/Maintenance Department replaced water mains in the 1600 through 1900 blocks of Lakeview Avenue, 500 block of W. 21st Street, 900 block of Security Avenue, 900 block of W. Routt, Garfield, from Routt to Security, and 600 Block of W. 29th Street. Additionally, in conjunction with the Field Engineering Department, installed anode beds for cathodic protection on the 30" steel main in Beulah Avenue.

The Engineering Department designed and bid out two "City Wide Main Renewal" projects. The first included replacement of mains in W. 27th Street from High Street to 8th Avenue, 8th Avenue, from W. 25th Street to W. 27th Street, W. 25th, 8th Avenue to Greenwood Street, Greenwood Street, from 19th to 25th Street, and the 2400 block of Elizabeth Street. This project completes a large main replacement which began at E. 8th Street and Albany Street in 2015, replacing 20" and 24" cast iron mains in four separate projects. The second City Wide Project includes the replacement mains in the 1600-1900 blocks of Palmer Avenue and the 1700-2200 blocks of Prairie Avenue. Engineering also facilitated the continuation of the design/build process to replace the roofs on Jones Tanks No's. 3 and 4. Additionally, Engineering worked with contractors, developers, and other entities to facilitate their installation of Pueblo Water mains for their development projects.

The Construction/Maintenance Department will continue to relocate mains in conjunction with "Wastewater Main Renewal" projects, replace and install valves as needed, and work on several distribution system maintenance projects. In late 2018, these crews will work to install a segment of 48" PVC in the steel main that feeds the LaVista Tanks and Pump Station. This PVC pipe will serve to isolate the cathodic protection system that protects the facilities within the LaVista site from the system that protects the transmission mains.

Pueblo Water's ongoing program for valve and fire hydrant maintenance, which includes approximately 16,000 water valves and 4,000 fire hydrants, will continue in 2019. Our Backflow and Cross Connection program continues to take the lead in Colorado, as one of most progressive and complete programs in the state.

Scot Burbidge

**DETAIL OF EXPENDITURES
2019 BUDGET**

PERSONNEL SERVICE

TRANSMISSION,DISTRIBUTION AND ENGINEERING

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
SALARIES & WAGES				
Division manager	\$ 114,135	\$ 127,584	\$ 118,653	\$ 126,560
Manager	278,577	322,943	300,337	330,022
Supervision	200,435	187,456	174,334	192,538
Specialist	99,726	131,001	121,831	140,609
Skills and trades	2,506,675	2,844,223	2,633,568	2,940,948
Part-time/ temporary	61,942	79,544	65,987	80,239
Overtime	<u>157,885</u>	<u>125,000</u>	<u>115,600</u>	<u>125,000</u>
Total salaries and wages	<u>3,419,375</u>	<u>3,817,751</u>	<u>3,530,310</u>	<u>3,935,916</u>
BENEFITS				
Longevity	28,515	28,238	28,238	28,216
Employee assistance	1,317	1,310	1,310	1,317
Social security	297,130	277,781	277,781	286,018
Pension	102,349	100,340	100,340	109,080
Health insurance	777,831	801,741	788,279	766,084
Dental insurance	36,740	40,114	40,114	38,907
Disability insurance	24,172	25,292	25,292	26,114
Life insurance	39,731	41,498	41,498	42,799
Sick leave	206,245	188,671	188,671	189,520
Vacation leave	<u>247,103</u>	<u>241,376</u>	<u>241,376</u>	<u>251,321</u>
Total benefits	<u>1,761,133</u>	<u>1,746,361</u>	<u>1,732,899</u>	<u>1,739,376</u>
Total personnel services	<u>\$ 5,180,508</u>	<u>\$ 5,564,112</u>	<u>\$ 5,263,209</u>	<u>\$ 5,675,292</u>

**DETAIL OF EXPENDITURES
2019 BUDGET**

OPERATION AND MAINTENANCE

TRANSMISSION, DISTRIBUTION AND ENGINEERING

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
OPERATION AND MAINTENANCE				
Outside services	\$ 81,927	\$ 103,978	\$ 92,417	\$ 228,057
Engineering consulting	8	8,500	1,000	8,000
Utilities	90,320	100,950	94,019	111,200
Auto and truck	181,925	131,000	131,000	131,000
Repair and maintenance - equipment	5,909	7,000	7,000	7,000
Maintenance - office equipment	12,499	15,142	15,190	20,250
Maintenance - mains	269,297	162,000	162,000	158,000
Maintenance - meters	2,679	9,000	9,000	9,000
Maintenance - hydrants	15,459	15,800	15,800	15,500
Maintenance - valves	13,835	11,000	13,897	19,000
Maintenance - cathodic protection	1,023	2,550	2,666	3,500
Maintenance - private service lines	271,365	420,000	420,000	420,000
Service lines	12,336	10,000	22,694	20,000
Tool replacement	58,987	63,550	64,185	90,400
Barricades	863	2,500	2,500	2,500
Warehouse (over) short	8,943	6,000	1,000	6,000
Uninsured small claims	2,963	10,000	4,000	10,000
Communication	-	1,300	1,300	1,300
Travel and training	30,356	35,450	35,450	33,150
Gasoline and oil	139,770	125,000	125,000	145,000
Office supplies	9,547	6,900	6,900	12,200
Shop supplies	11,482	12,500	12,500	15,000
Safety	6,072	10,000	10,000	14,500
Meter shop supplies	2,683	3,500	3,883	3,500
Subscriptions and memberships	8,641	11,993	10,553	13,625
	<u>8,641</u>	<u>11,993</u>	<u>10,553</u>	<u>13,625</u>
Total operation and maintenance	<u>\$ 1,238,889</u>	<u>\$ 1,285,613</u>	<u>\$ 1,263,954</u>	<u>\$ 1,497,682</u>

**DETAIL OF EXPENDITURES
2019 BUDGET****CAPITAL OUTLAY****TRANSMISSION, DISTRIBUTION AND ENGINEERING**

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
CAPITAL OUTLAY				
Mains	\$ 2,659,345	\$ 3,423,344	\$ 3,624,600	\$ 2,546,000
Valves	26,292	63,000	28,513	43,000
Meters	232,110	1,084,000	1,064,648	942,000
Fire hydrants	83,875	65,000	74,383	65,000
Taps	10,647	12,000	12,000	12,000
Cathodic protection	357	99,500	46,969	82,500
Computer and office equipment	10,248	32,500	30,456	5,000
Heavy equipment	52,064	53,000	36,500	-
Transportation	<u>317,246</u>	<u>423,000</u>	<u>377,277</u>	<u>412,500</u>
Total capital outlay	<u>\$ 3,392,184</u>	<u>\$ 5,255,344</u>	<u>\$ 5,295,346</u>	<u>\$ 4,108,000</u>



Improving Systems



Board of Water Works of Pueblo, Colorado

OVERVIEW FACILITIES OPERATION AND MAINTENANCE

The Facilities Operation & Maintenance Division (FO&M) provides services throughout the company to operate and maintain all facilities including buildings and associated mechanical, electrical, electronic and control systems. FO&M spends a significant amount of its efforts maintaining the systems necessary to pump, treat and store the water from the point it leaves the river to the point where it enters the distribution system, ready to be consumed by Pueblo Water customers. In addition, FO&M spends a large amount of time on companywide safety related programs, from development to training.

In 2018, the Filter Plant generator and motor control center project was completed which included a new generator, substation, automatic transfer station, switchgear and motor control centers. A majority of the work was done by Pueblo Water employees with assistance from our electrical contractor. The new system will provide Pueblo Water a reliable emergency power system to maintain the water filter process up to an increased volume of 24 million gallons a day during power outages.

The Alan C Hamel Administration Building's HVAC chiller was replaced in 2018 with a new energy efficient system with the goal of reducing power costs. Other work at the Administration Building included updating the restrooms with new counter tops, sinks, faucets, painted walls and new accent floor tiles.

The Gardner Pump Station 4160 voltage motor control center (MCC) replacement project has been awarded to Green Electric and is scheduled to be completed by June 30, 2019. This project will replace the 1960's vintage MCC's in the Gardner North and South Pump Stations. This project also includes replacing Black Hills Energy's large 4160 voltage transformer that currently resides south of the laboratory area with new transformers that will be placed in the Whitlock Office Addition parking area.

A new energy-efficient rooftop HVAC unit was installed on top of the TD&E facility. This new unit is part of our ongoing efforts to help conserve energy and boost cooling efficiency. We are scheduled to replace one of the four HVAC units each year for four years and this was the second unit to be replaced. New windows are on order for the front of the Warehouse Building and the Fleet Shop at the Service Building.

The Whitlock mixing basin electrical infrastructure upgrades were completed in 2018 with the addition of 12 new variable frequency drives. The new variable frequency drives will allow the Operations Team to adjust the speed of the mixing paddles in the mixing basins at the optimum speed for the water treatment process.

We are in process of receiving 2 replacement variable frequency drives for the 8000 Zone Pump Station. That pump station has 4 total variable frequency drives; two will be replaced in 2018 and two will be replaced in 2019. We are also in process of receiving 3 replacement soft starters for the Jones Pump Station. That pump station has a total of 5 soft starters; these 3 will be the final replacement soft starters at Jones Pump Station.

MATTHEW C. TRUJILLO

**DETAIL OF EXPENDITURES
2019 BUDGET**

PERSONNEL SERVICE

FACILITIES OPERATION MAINTENANCE

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
SALARIES & WAGES				
Manager	\$ 92,843	\$ 109,749	\$ 102,067	\$ 112,724
Supervision	7,389	-	-	-
Specialist	123,535	135,671	126,174	139,349
Skills and trades	306,202	346,469	322,216	389,948
Part-time/ temporary	14,859	17,939	18,157	18,423
Overtime	<u>27,860</u>	<u>70,000</u>	<u>50,000</u>	<u>70,000</u>
 Total salaries and wages	 <u>572,688</u>	 <u>679,828</u>	 <u>618,614</u>	 <u>730,444</u>
BENEFITS				
Longevity	3,316	4,091	4,091	3,610
Employee assistance	177	175	175	156
Social security	48,915	46,105	46,105	49,743
Pension	17,450	17,757	17,757	19,261
Health insurance	116,398	119,037	119,037	119,586
Dental insurance	5,389	5,802	5,802	6,520
Disability insurance	4,072	4,143	4,143	3,761
Life insurance	6,666	6,769	6,769	7,331
Sick leave	29,010	29,767	29,767	32,145
Vacation leave	<u>37,321</u>	<u>41,432</u>	<u>41,432</u>	<u>42,631</u>
 Total benefits	 <u>268,714</u>	 <u>275,078</u>	 <u>275,078</u>	 <u>284,744</u>
 Total personnel services	 <u>\$ 841,402</u>	 <u>\$ 954,906</u>	 <u>\$ 893,692</u>	 <u>\$ 1,015,188</u>

**DETAIL OF EXPENDITURES
2019 BUDGET**

OPERATION AND MAINTENANCE

FACILITIES OPERATION MAINTENANCE

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
OPERATION AND MAINTENANCE				
Outside services	\$ 276,521	\$ 287,190	\$ 291,360	\$ 294,090
Engineering consulting	2,275	22,000	12,000	28,000
Utilities	1,828,746	1,912,200	1,872,200	1,912,700
Repair and maintenance - equipment	185,669	220,200	202,314	212,900
Maintenance - building	767,237	829,900	803,936	819,200
Communication	9,367	11,250	9,165	8,550
Tool replacement	20,367	28,100	28,060	18,640
Travel and training	14,260	3,650	6,431	6,920
Office supplies	3,159	700	831	900
Safety supplies	10,481	14,650	14,249	11,750
Janitorial supplies	12,133	10,000	10,000	10,000
Dues and subscriptions	<u>11,845</u>	<u>14,675</u>	<u>14,650</u>	<u>30,860</u>
 Total operation and maintenance	 <u>\$ 3,142,060</u>	 <u>\$ 3,354,515</u>	 <u>\$ 3,265,196</u>	 <u>\$ 3,354,510</u>

**DETAIL OF EXPENDITURES
2019 BUDGET****CAPITAL OUTLAY****FACILITIES OPERATION MAINTENANCE**

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
CAPITAL OUTLAY				
Improvements and replacements	\$ 1,259,124	\$ 573,000	\$ 532,100	\$ 5,010,000
Communication	-	-	-	10,500
Computer equipment	47,318	20,000	20,000	78,750
Pumping equipment	312,807	1,689,000	2,035,484	466,500
Treating equipment	<u>1,488,492</u>	<u>646,903</u>	<u>725,903</u>	<u>745,000</u>
 Total capital outlay	 <u>\$ 3,107,741</u>	 <u>\$ 2,928,903</u>	 <u>\$ 3,313,487</u>	 <u>\$ 6,310,750</u>



Ivanhoe Dam and Reservoir

From the Rockies to You!



Board of Water Works of Pueblo, Colorado

OVERVIEW WATER RESOURCES

The primary responsibilities of the Water Resources Division (WR) are to manage Pueblo's water rights, to operate and maintain the infrastructure associated with those water rights, and to plan for future water supply needs. Individual tasks within those broad responsibilities include: keeping records of diversions, exchanges and storage; leasing surplus water supplies; maintaining reservoirs and west slope diversion structures; protecting Pueblo Water's water rights against injury from other water users; and acquisition of new water supplies and storage.

2018 was one of the worst drought years on record for most of Colorado. In response we reduced the amount of water for lease on the "spot-market" in 2018 to 7,765 acre-feet compared to 14,048 acre-feet in 2017. The drought conditions did increase the average price to \$102.52 per acre-foot for a total revenue from spot market leases of \$796,075.

In order to meet future water supply needs, Pueblo Water purchased about 28% of the outstanding shares in the Bessemer Irrigating Ditch Company during 2009 and 2010. WR continues to work with its legal team and engineering consultants to gain the necessary approvals to use the shares for municipal and other uses. We have reached an agreement with the Bessemer Irrigating Ditch Co. regarding the future transfer of those shares. Applications for a change of water rights and exchanges have been filed with the Water Court and trial in those cases are set for June and November of 2019.

Clear Creek Reservoir is in satisfactory condition, although seepage through the foundation of the dam continues to be a concern. A new seepage path formed in July 2014 and prompted WR to commission a comprehensive risk analysis of seepage at Clear Creek Dam. The recommendation from the risk analysis is that action should be taken to address the seepage problem. Additional geotechnical studies will be performed over the next few years in preparation for a major capital project to control the seepage. Pueblo Water has long term plans to raise Clear Creek Dam to increase the storage capacity and the seepage control project will be integrated into the plan for expansion. Work will continue on acquisition of property that would be inundated by the expansion.

WR continues to look for opportunities to add water storage downstream of Pueblo's wastewater plant discharge to facilitate better use and management of reusable return flows. Pueblo Water has entered into a lease with option to purchase on a potential reservoir site just east of Boone. The Restoration of Yield (ROY) partners have hired a consultant to study the feasibility of building a reservoir at this site.

The assessments for Twin Lakes Reservoir and Canal Co. and the Busk-Ivanhoe Water System Authority are two of the largest expenses in the WR budget. These operations are complex transmountain collection and conveyance systems that require continuous and often costly maintenance. The Twin Lakes Reservoir and Canal Co. raised its assessments to \$30 per share in anticipation of increasing O&M costs from the Bureau of Reclamation and it is expected that assessments will remain at the level for several years.

ALAN WARD

**DETAIL OF EXPENDITURES
2019 BUDGET**

PERSONNEL SERVICE

WATER RESOURCES

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
SALARIES & WAGES				
Division manager	\$ 116,044	\$ 127,584	\$ 118,653	\$ 131,042
Supervision	85,239	93,728	87,167	96,269
Specialist	158,525	233,324	216,991	79,122
Overtime	<u>698</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total salaries and wages	<u>360,506</u>	<u>454,636</u>	<u>422,811</u>	<u>306,433</u>
BENEFITS				
Longevity	2,831	3,129	3,129	1,925
Employee assistance	87	87	87	67
Social security	30,892	35,010	35,010	23,637
Pension	11,361	13,639	13,639	6,819
Health insurance	63,173	84,733	67,786	32,198
Dental insurance	3,082	4,369	4,369	1,737
Disability insurance	2,651	3,182	3,182	2,145
Life insurance	4,325	5,181	5,181	3,497
Sick leave	23,934	24,788	24,788	16,493
Vacation leave	<u>23,696</u>	<u>32,203</u>	<u>32,203</u>	<u>22,123</u>
Total benefits	<u>166,032</u>	<u>206,321</u>	<u>189,374</u>	<u>110,641</u>
Total personnel services	<u><u>\$ 526,538</u></u>	<u><u>\$ 660,957</u></u>	<u><u>\$ 612,185</u></u>	<u><u>\$ 417,074</u></u>

**DETAIL OF EXPENDITURES
2019 BUDGET**

OPERATION AND MAINTENANCE

WATER RESOURCES

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
OPERATION AND MAINTENANCE				
Outside services	\$ 171,661	\$ 161,300	\$ 161,430	\$ 160,400
Consulting services	63,847	77,500	77,462	52,500
Comanche return flow	-	750	750	750
Homestake Aurora	7,500	7,500	7,500	7,500
Twin Lakes water rights	344,305	344,305	344,305	344,305
Busk Ivanhoe water rights	225,000	225,000	225,000	225,000
Water storage and transportation	304,051	303,200	301,049	297,200
Short-term water purchases	80	80	80	18,565
Utilities	20,544	17,050	17,050	16,600
Maintenance - equipment	4,536	8,500	10,362	17,000
Maintenance - office equipment	1,286	2,000	2,000	1,500
Tool replacement	1,267	2,600	2,600	2,600
Clear Creek reservoir	15,649	8,850	8,710	9,400
Wurtz ditch	411	1,000	1,000	1,000
Wurtz extension	-	1,000	1,000	1,000
Ewing ditch	32	1,000	1,000	1,000
Ranch property maintenance	4,053	6,500	7,220	8,500
Dwelling - Leadville	1,290	1,000	1,547	1,000
Dwelling - Clear Creek	688	2,000	2,000	2,000
Snowplowing operations	35,106	35,000	35,000	35,000
Transmountain maintenance	32,781	70,000	57,369	70,000
Travel and training	33,874	39,500	14,537	38,500
Office supplies	702	1,250	1,250	1,000
Subscriptions and memberships	9,914	4,810	5,227	4,810
Total operation and maintenance	<u>\$ 1,278,577</u>	<u>\$ 1,321,695</u>	<u>\$ 1,285,448</u>	<u>\$ 1,317,130</u>

**DETAIL OF EXPENDITURES
2019 BUDGET****CAPITAL OUTLAY****WATER RESOURCES**

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
CAPITAL OUTLAY				
Computer equipment	\$ 1,400	\$ 1,400	\$ -	\$ -
Clear Creek resevoir	-	-	96,260	-
Expansion	<u>-</u>	<u>108,240</u>	<u>25,000</u>	<u>140,000</u>
Total capital outlay	<u>\$ 1,400</u>	<u>\$ 109,640</u>	<u>\$ 121,260</u>	<u>\$ 140,000</u>



All hands working for you!



Board of Water Works of Pueblo, Colorado

OVERVIEW HUMAN RESOURCES

The Human Resources Department (HR) is responsible for providing applicants, employees, retirees, and the public with employment related services and information regarding payroll, benefits, career development, training, certification, safety, and knowledge management, while remaining compliant in all legal areas of the HR profession. Our vision is to constantly challenge ourselves to become more knowledgeable and competent while striving for excellence. We will continue to build partnerships, provide leadership, improve and streamline processes, policies, and procedures while enhancing services by technology.

The operating philosophy for HR is to provide fair, consistent, responsive and equitable treatment for everyone we serve. We value independent thought, innovation, diversity, and personal growth for all employees. We are an energetic, fun, self-motivated, positive-professional team who is committed to confidentiality, respect, courtesy, and we operate in an open and accessible environment. We operate in an environment that values service, open communication, confidentiality, diversity, and inclusiveness.

HR continues to improve employee communication vehicles to disseminate Pueblo Water's Policy and benefit information. Safety initiatives include monthly employee training on various topics identified by the Circle of Safety Committee. HR continues to promote wellness benefits for employees with the *Water Works Wellness* (WWW) program that includes an employee health fair for employees providing educational and preventative measures that promote, motivate and encourage healthy lifestyles. HR continues to partner with local educational institutions by participating in Job Fairs. Oversight of pension plan investments and pension benefit administration continues in coordination with the Retirement Board.

On the horizon for 2019, HR will continue to support employees' professional growth, training, knowledge management and certification requirements. Wellness efforts will continue throughout the year by engaging employees in various health challenges, flu vaccinations and the health fair. Streamlining processes, developing standard operation processes and cross training continues to be a priority for HR. We plan to continue using the mobile HR registration application via employee ID badge bar codes, as well as continuing the NeoGov OnBoard software to facilitate the orientation of new employees. HR would like to improve the administrative process for employee performance reviews, retiree records management and approvals of Memorandums of Agreements to include electronic distribution, work flow for approvals, email notifications, and reminders. In addition, HR will continue to administer the employee tuition assistance program, the Circle of Safety Committee's initiatives and safety awards program.

HR is committed to providing value-added services for the Board, employees, retirees and the public that we serve.

Jeanette O'Quin

**DETAIL OF EXPENDITURES
2019 BUDGET**

PERSONNEL SERVICE

HUMAN RESOURCES

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
SALARIES & WAGES				
Manager	\$ 87,589	\$ 99,078	\$ 54,186	\$ 79,218
Specialist	244,809	254,520	236,704	264,398
Part-time/ temporary	11,769	16,274	-	21,063
Overtime	<u>8,850</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total salaries and wages	<u>353,017</u>	<u>369,872</u>	<u>290,890</u>	<u>364,679</u>
BENEFITS				
Longevity	2,091	1,685	1,685	1,203
Employee assistance	117	109	109	89
Social security	30,926	28,642	28,642	28,145
Social security - retirees	2,631	-	-	-
Pension	10,900	10,608	10,608	10,309
Defined benefit pension plan	2,976,479	1,493,460	1,493,460	1,493,460
Worker's compensation insurance	340,423	281,348	281,348	401,450
Unemployment insurance	6,004	1,500	1,500	1,500
Health insurance	46,865	41,050	41,050	41,650
Health insurance - retirees	99,161	55,000	55,000	55,000
Dental insurance	2,244	2,791	2,791	3,045
Disability insurance	2,543	2,475	2,475	1,851
Life insurance	4,163	4,045	4,045	3,930
Life insurance - retirees	12,877	12,000	12,000	12,000
Sick leave	21,624	16,493	16,493	15,932
Vacation leave	<u>24,079</u>	<u>21,017</u>	<u>21,017</u>	<u>19,712</u>
Total benefits	<u>3,583,127</u>	<u>1,972,223</u>	<u>1,972,223</u>	<u>2,089,276</u>
Total personnel services	<u>\$ 3,936,144</u>	<u>\$ 2,342,095</u>	<u>\$ 2,263,113</u>	<u>\$ 2,453,955</u>

**DETAIL OF EXPENDITURES
2019 BUDGET**

OPERATION AND MAINTENANCE

HUMAN RESOURCES

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
OPERATION AND MAINTENANCE				
Outside services	\$ 56,864	\$ 82,350	\$ 64,670	\$ 69,355
Employment costs	46,057	50,735	52,023	63,235
Utilities - other	1,040	700	700	700
Maintenance - office equipment	4,045	3,000	3,000	-
Health reimbursement - In-patient copay	11,453	10,000	10,000	60,000
Pension supplement	129,519	134,427	134,427	135,427
Travel and training	27,896	42,405	34,417	49,850
Office supplies	2,869	4,240	3,790	4,040
Subscriptions and memberships	<u>10,884</u>	<u>9,625</u>	<u>10,310</u>	<u>9,555</u>
 Total operation and maintenance	 <u>\$ 290,627</u>	 <u>\$ 337,482</u>	 <u>\$ 313,337</u>	 <u>\$ 392,162</u>

**DETAIL OF EXPENDITURES
2019 BUDGET****CAPITAL OUTLAY****HUMAN RESOURCES**

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2018 ESTIMATED</u>	<u>2019 BUDGET</u>
CAPITAL OUTLAY				
Computer and office equipment	\$ <u>922</u>	\$ <u>2,500</u>	\$ <u>814</u>	\$ <u>10,000</u>



Fitness on the Riverwalk



Board of Water Works of Pueblo, Colorado

OVERVIEW SUPPLEMENTARY INFORMATION

The Board of Water Works of Pueblo, Colorado (Pueblo Water) is committed to providing its customers with the highest quality of water at the lowest possible cost. To ensure that it accomplishes this mission, Pueblo Water develops many long range plans. To assist the reader in understanding elements of those plans we have provided the following charts: debt service schedule, staffing summary, ten year capital projections, ten year cash flow projections, typical bill comparison, listing of new water rates, history of water rate changes, and comparisons of Front Range utilities, their water rates, and plant water investment fee rates.

Two of the afore-mentioned charts are the cornerstone of our long range plan. The first details Pueblo Water's capital outlay projections for the next ten years. It lists projected dollar amounts of equipment, improvements and replacements, and expansion for all divisions within Pueblo Water. The second is a cash flow analysis of the next ten years. In developing the cash flow analysis, Staff must make many assumptions. Examples of these assumptions include, but are not limited to: growth rate of Pueblo Water's customer base, inflation rates for various operating costs, interest rates, and water rate increases. The assumptions are incorporated with historical data in order to project Pueblo Water's cash flow out into the future. This is a very important tool to ensure Pueblo Water will be adequately positioned to support the needs of the citizens of Pueblo now and in the future.

It is important to note that all projections beyond 2019 are not adopted by the Board and are subject to change. There are various factors which influence the assumptions underlying these projections and these projections are constantly changing. These charts are simply tools which help Pueblo Water meet its goal of providing the highest quality of water at the lowest possible cost. They are reviewed not less than annually and are updated to reflect changes in factors influencing the assumptions.

Please direct any questions concerning the information provided in this report or requests for additional information to:

Financial Planning & Rate Analyst
Board of Water Works of Pueblo, Colorado
P.O. Box 400
Pueblo, Colorado 81002-0400

DEBT RETIREMENT SCHEDULE

YEAR	SERIES 2015			CWRPDA 2000 B			SERIES 2009			ANNUAL TOTAL
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	35% SUBSIDY	EST. RESERVE FUND	TOTAL	
2019	2,760,000	279,300	3,039,300	380,210	243,667	623,877				4,912,300
2020	2,845,000	194,800	3,039,800	396,275	229,164	625,439	(440,203)	(76,504)	1,249,123	4,886,617
2021	2,950,000	88,500	3,038,500	412,340	215,179	627,519	(459,244)	(76,503)	1,221,378	4,882,790
2022	-	-	-	3,871,714	199,471	4,071,185	(451,379)	(76,503)	1,216,771	5,198,020
2023	-	-	-	-	-	-	(443,336)	(76,504)	1,126,835	3,514,362
2024	-	-	-	-	-	-	(436,620)	(76,503)	3,514,362	3,514,362
2025	-	-	-	-	-	-	(387,483)	(76,504)	3,513,108	3,513,108
2026	-	-	-	-	-	-	(336,756)	(76,503)	3,683,901	3,683,901
2027	-	-	-	-	-	-	(274,213)	(76,503)	3,682,749	3,682,749
2028	-	-	-	-	-	-	(209,375)	(76,504)	3,682,336	3,682,336
2029	-	-	-	-	-	-	(142,144)	(76,503)	3,682,478	3,682,478
							(72,419)	(2,626,613)	1,137,879	1,137,879
	\$ 8,555,000	\$ 562,600	\$ 9,117,600	\$ 5,060,539	\$ 887,481	\$ 5,948,020	\$ (3,653,171)	\$ (3,391,647)	\$ 27,710,920	\$ 42,776,540

Note: CWRPDA 2000 B interest payment includes an administration fee of \$ 76,470 for years 2019 through 2022.

Debt retirement schedule is based on actual amounts due on respective semi-annual and annual dates. Schedule does not reflect budgeted transfers.

Earnings on reserve fund are estimated at 3%

**STAFFING SUMMARY - FULL TIME POSITIONS
TOTALS BY DIVISION**

	NUMBER OF POSITIONS			SALARY
	2018 ¹	2018 ²	2019 ³	2019
ADMINISTRATION				
Director	3	3	3	\$ 471,801
Specialist	4	3	4	281,122
Total	7	6	7	752,923
FINANCE				
Division Manager	-	-	1	118,703
Manager	2	2	-	-
Supervision	-	-	1	68,302
Specialist	2	3	2	209,668
Skills & Trade	14	13	14	696,751
Total	18	18	18	1,093,424
INFORMATION SYSTEMS				
Manager	1	-	1	100,494
Specialist	3	3	3	246,955
Skills & Trade	2	2	2	122,812
Total	6	5	6	470,261
WATER QUALITY, TREATING & PUMPING				
Division Manager	1	1	1	131,042
Manager	1	1	1	112,724
Supervision	2	2	2	187,911
Specialist	3	3	3	223,009
Skills & Trade	24	23	23	1,453,174
Total	31	30	30	2,107,860
TRANSMISSION, DISTRIBUTION & ENGINEERING				
Division Manager	1	1	1	126,560
Manager	3	3	3	330,022
Supervision	2	2	2	192,538
Specialist	2	2	2	140,609
Skills & Trade	51	52	51	2,940,948
Total	59	60	59	3,730,677
FACILITIES OPERATIONS & MAINTENANCE				
Manager	1	1	1	112,724
Specialist	2	2	2	139,349
Skills & Trade	5	5	6	389,948
Total	8	8	9	642,021
WATER RESOURCES				
Division Manager	1	1	1	131,042
Supervision	1	1	1	96,269
Specialist	3	2	1	79,122
Total	5	4	3	306,433
HUMAN RESOURCES				
Manager	1	1	1	79,218
Specialist	4	4	4	264,398
Total	5	5	5	343,616
TOTAL FULL TIME POSITIONS	139	136	137	\$ 9,447,215

¹ 2018 Budgeted number of Full Time Employees

² 2018 Actual number of Full Time Employees

³ 2019 Budgeted number of Full Time Employees

10 YR CAPITAL OUTLAY PROJECTIONS

DESCRIPTION	BUDGET		PROJECTED									
	2019		2020	2021	2022	2023	2024	2025	2026	2027	2028	
EQUIPMENT												
Administration	\$	-	\$	10,000	\$	-	\$	-	\$	10,000	\$	-
Finance		26,000		16,000		6,000		16,000		16,000		6,000
Information Systems		216,000		-		112,500		220,000		48,000		-
Water Quality, Treating & Pumping		104,600		15,000		5,000		5,000		5,000		5,000
Transmission, Distribution & Engineering		417,500		325,000		330,000		347,900		335,000		337,500
Facilities Operation & Maintenance		89,250		38,750		13,750		28,750		13,750		13,750
Water Resources		-		14,000		1,400		-		2,650		-
Human Resources		10,000		-		1,250		2,500		3,900		1,250
Total equipment		863,350		408,750		469,900		610,150		584,800		468,900
IMPROVEMENTS AND REPLACEMENTS												
Administration		-		-		-		-		-		-
Finance		-		-		-		-		-		-
Information Systems		-		-		-		-		-		-
Water Quality, Treating & Pumping		-		-		-		-		-		-
Transmission, Distribution & Engineering		3,627,500		4,020,500		3,713,500		3,630,500		3,713,500		4,073,500
Facilities Operation & Maintenance		6,221,500		985,000		3,066,000		1,472,000		1,502,500		868,000
Water Resources		140,000		-		-		-		25,000		25,000
Human Resources		-		-		-		-		-		-
Total improvements and replacements		9,989,000		5,005,500		6,779,500		5,102,500		5,241,000		4,966,500
EXPANSION												
Administration		-		-		-		-		-		-
Finance		-		-		-		-		-		-
Information Systems		-		-		-		-		-		-
Water Quality, Treating & Pumping		-		-		-		-		-		-
Transmission, Distribution & Engineering		63,000		306,300		721,000		57,000		2,333,000		1,047,000
Facilities Operation & Maintenance		-		-		-		-		-		-
Water Resources		-		-		-		-		-		-
Human Resources		-		-		-		-		-		-
Total expansion		63,000		306,300		721,000		57,000		2,333,000		1,047,000
Total capital outlay		\$ 10,915,350		\$ 5,720,550		\$ 8,609,250		\$ 7,970,400		\$ 8,158,800		\$ 7,394,750
												\$ 6,482,400
												\$ 7,849,250
												\$ 10,043,250

OPERATING AND CAPITAL FUNDS
CASH FLOW ANALYSIS

OPERATING FUND	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
BEGINNING ESTIMATED CASH AVAILABLE	\$ 18,747,463	\$ 16,293,942	\$ 15,934,833	\$ 12,931,286	\$ 10,622,586	\$ 14,260,373	\$ 13,373,236	\$ 13,415,206	\$ 12,513,798	\$ 13,174,095
Revenues										
Sales Revenue Under Existing Rates										
General Water Sales	24,181,212	24,181,212	24,181,212	24,181,212	24,185,258	24,185,258	24,185,258	24,185,258	24,185,258	24,185,258
Raw Water Sales	8,920,880	8,907,341	8,862,083	8,631,730	8,631,730	7,171,030	7,137,183	6,886,906	6,797,938	6,491,814
Public Fire Protection	9,365	9,365	9,365	9,365	9,365	9,365	9,365	9,365	9,365	9,365
Private Fire Protection	71,544	71,544	71,544	71,544	71,544	71,544	71,544	71,544	71,544	71,544
Total Sales Revenue Under Existing Rates	33,183,001	33,169,462	33,124,204	32,893,851	32,897,897	31,437,197	31,403,350	31,153,073	31,064,105	30,757,981
Additional Sales Revenue Required	1,161,405	2,362,495	3,601,193	5,034,949	6,458,074	7,581,649	8,742,790	9,867,900	11,066,833	12,209,246
Total Sales Revenue	34,344,406	35,531,957	36,725,397	37,928,800	39,355,971	39,018,846	40,146,140	41,020,973	42,130,938	42,967,227
Raw Water Sales	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Other Operating Revenue	6,551,748	2,828,329	2,855,855	2,888,571	2,448,146	2,430,727	2,459,023	2,488,170	2,518,189	2,549,110
Transfers										
Transfer (to) from Working Capital Reserve	(194,559)	1,390	(43,265)	1,662	(73,387)	(25,763)	(27,353)	(81,150)	(29,544)	(31,336)
Transfer (to) from Water Development Fund	(1,312,503)	(1,429,905)	(1,527,307)	(1,727,006)	553,502	(558,784)	(480,148)	(576,221)	(674,404)	225,036
Transfer (to) from Capital Fund	(9,292,000)	(4,551,800)	(7,285,500)	(6,640,500)	(4,299,500)	(6,614,000)	(5,815,000)	(6,338,500)	(5,003,500)	(8,653,500)
Nonoperating Revenue										
Gain on Sale of Assets	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Interest Income	432,964	401,032	364,800	306,779	296,920	339,842	329,467	321,484	319,295	292,504
Total Operating Fund Revenue	31,300,056	33,551,003	31,859,980	33,528,306	39,051,652	35,360,868	37,382,129	37,604,755	40,030,975	38,119,041
Revenue Requirements										
Operation & Maintenance Expense	27,532,125	28,150,195	29,053,976	29,705,020	30,827,425	31,685,661	32,573,098	33,808,000	34,757,058	35,738,614
Existing Debt Service	5,358,102	5,351,167	5,345,801	5,662,086	3,976,290	3,977,544	4,147,311	4,147,413	4,144,720	4,144,862
Routine Capital Replacements	863,350	408,750	463,750	469,900	610,150	584,800	619,750	550,750	468,900	379,750
Total Revenue Requirements	33,753,577	33,910,112	34,863,527	35,837,006	35,413,865	36,248,005	37,340,159	38,506,163	39,370,678	40,263,226
Annual Surplus (Deficiency)	(2,453,521)	(359,109)	(3,003,547)	(2,308,700)	3,637,787	(887,137)	41,970	(901,408)	660,297	(2,144,185)
ENDING ESTIMATED CASH AVAILABLE	\$ 16,293,942	\$ 15,934,833	\$ 12,931,286	\$ 10,622,586	\$ 14,260,373	\$ 13,373,236	\$ 13,415,206	\$ 12,513,798	\$ 13,174,095	\$ 11,029,910

OPERATING AND CAPITAL FUNDS
CASH FLOW ANALYSIS

CAPITAL FUND	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
BEGINNING ESTIMATED CASH AVAILABLE	\$ 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
Sources of Funds										
Transfer From (To) Operating Fund	9,292,000	4,551,800	7,285,500	6,640,500	4,299,500	6,614,000	5,815,000	6,338,500	5,003,500	8,653,500
Main Assessments	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Contributions	-	-	-	-	-	-	-	-	-	-
Plant Water Investment Fees	750,000	750,000	850,000	850,000	850,000	950,000	950,000	950,000	1,000,000	1,000,000
Proposed Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-
Total Sources	10,052,000	5,311,800	8,145,500	7,500,500	5,159,500	7,574,000	6,775,000	7,298,500	6,013,500	9,663,500
Uses of Funds										
Major Capital Improvements										
Funded by Reserves	10,052,000	5,311,800	8,145,500	7,500,500	5,159,500	7,574,000	6,775,000	7,298,500	6,013,500	9,663,500
Funded by Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Total Major Capital Improvements	10,052,000	5,311,800	8,145,500	7,500,500	5,159,500	7,574,000	6,775,000	7,298,500	6,013,500	9,663,500
Debt Issuance Expense	-	-	-	-	-	-	-	-	-	-
Debt Service Reserve	-	-	-	-	-	-	-	-	-	-
Capitalized Interest	-	-	-	-	-	-	-	-	-	-
Total Uses	10,052,000	5,311,800	8,145,500	7,500,500	5,159,500	7,574,000	6,775,000	7,298,500	6,013,500	9,663,500
Annual Surplus (Deficiency)	-	-	-	-	-	-	-	-	-	-
ENDING ESTIMATED CASH AVAILABLE	\$ 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
OPERATION & MAINTENANCE RESERVE FUND										
BEGINNING ESTIMATED CASH AVAILABLE	\$ 4,232,847	\$ 4,525,829	\$ 4,627,429	\$ 4,775,996	\$ 4,883,017	\$ 5,067,522	\$ 5,208,602	\$ 5,354,482	\$ 5,557,479	\$ 5,713,489
Sources of Funds										
Transfer From (To) Operating Fund	194,559	(1,390)	43,265	(1,662)	73,387	25,763	27,353	81,150	29,544	31,336
Interest Income	98,423	102,990	105,302	108,683	111,118	115,317	118,527	121,847	126,466	130,016
Total Sources	292,982	101,600	148,567	107,021	184,505	141,080	145,880	202,997	156,010	161,352
ENDING ESTIMATED CASH AVAILABLE	\$ 4,525,829	\$ 4,627,429	\$ 4,775,996	\$ 4,883,017	\$ 5,067,522	\$ 5,208,602	\$ 5,354,482	\$ 5,557,479	\$ 5,713,489	\$ 5,874,841

OPERATING AND CAPITAL FUNDS
CASH FLOW ANALYSIS

WATER DEVELOPMENT FUND	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
BEGINNING ESTIMATED CASH AVAILABLE	\$ 7,009,476	\$ 6,432,699	\$ 7,822,980	\$ 9,343,409	\$ 11,201,546	\$ 10,795,511	\$ 11,505,178	\$ 8,105,951	\$ 4,726,539	\$ 5,415,035
Sources of Funds										
Net Transfer From Operating Fund & Other Revenue	1,312,503	1,429,905	1,527,307	1,727,006	(553,502)	558,784	480,148	576,221	674,404	(225,036)
Interest Income	151,220	160,376	193,122	231,131	247,467	250,883	220,625	144,366	114,093	119,526
Total Sources	1,463,723	1,590,281	1,720,429	1,958,137	(306,035)	809,667	700,773	720,587	788,497	(105,510)
Uses of Funds										
	2,040,500	200,000	200,000	100,000	100,000	100,000	4,100,000	4,100,000	100,000	100,000
ENDING ESTIMATED CASH AVAILABLE	\$ 6,432,699	\$ 7,822,980	\$ 9,343,409	\$ 11,201,546	\$ 10,795,511	\$ 11,505,178	\$ 8,105,951	\$ 4,726,539	\$ 5,415,035	\$ 5,209,525
TOTAL OPERATING & RESERVE FUNDS										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Operating Fund Cash Balance	\$ 16,293,942	\$ 15,934,833	\$ 12,931,286	\$ 10,622,586	\$ 14,260,373	\$ 13,373,236	\$ 13,415,206	\$ 12,513,798	\$ 13,174,095	\$ 11,029,910
Capital Fund Cash Balance	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
Operation & Maintenance Reserve Cash Balance	4,525,829	4,627,429	4,775,996	4,883,017	5,067,522	5,208,602	5,354,482	5,557,479	5,713,489	5,874,841
Water Development Fund Cash Balance	6,432,699	7,822,980	9,343,409	11,201,546	10,795,511	11,505,178	8,105,951	4,726,539	5,415,035	5,209,525
Total Ending Estimated Cash Balance	\$ 28,252,470	\$ 29,385,242	\$ 28,050,691	\$ 27,707,149	\$ 31,123,406	\$ 31,087,016	\$ 27,875,639	\$ 23,797,815	\$ 25,302,619	\$ 23,114,276

Note:

(a) Operating & Maintenance reserve cash balance is maintained at an amount equal to 60 days of operation and maintenance expense.

(b) Capital Fund reserve cash balance is maintained at not less than \$1 million.

(c) Debt Service Coverage:

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Water Sales Revenue Increases (%)	3.50%	3.50%	3.50%	4.00%	3.75%	3.75%	3.00%	3.00%	3.00%	3.00%
No. of Months Increase is in Effect	12	12	12	12	12	12	12	12	12	12
Debt Service Coverage Calculation										
Revenue	43,108,761	40,554,684	41,874,476	43,093,964	44,089,622	43,885,615	45,003,782	45,826,840	46,988,981	47,838,383
Operation & Maintenance Expense	27,532,125	28,150,195	29,053,976	29,705,020	30,827,425	31,685,661	32,573,098	33,808,000	34,757,058	35,738,614
Net Revenue	15,576,636	12,404,489	12,820,500	13,388,944	13,262,197	12,199,954	12,430,684	12,018,840	12,231,923	12,099,769
Total Debt Service	5,358,102	5,351,167	5,345,801	5,662,086	3,976,290	3,977,544	4,147,311	4,147,413	4,144,720	4,144,862
Debt Service Coverage	291%	232%	240%	236%	334%	307%	300%	290%	295%	292%

**TYPICAL BILL COMPARISONS
2018 RATE -VS- 2019 RATE
3.50% INCREASE**

DEFINITIONS:

MINIMUM CONSUMER - The minimum consumer is one who may only use 2,000 gallons per month, or less. The majority of all minimum customers are serviced by the smallest water meter (3/4"). This can differ in some cases. Summer usage may rise above minimum.

AVERAGE RESIDENTIAL CONSUMER - For this comparison, the average residential consumer is one who uses more than the minimum and consumes 11,000 gallons per month over a one year period. These consumers may be serviced by a 3/4" water meter, but more likely would have a 1" meter. Although, due to drought induced conservation, a typical residential customer is projected to use 104,000 gallons annually, for the purposes of this comparison 132,000 gallons has been used.

DESCRIPTIONS	2018	2019	DOLLAR INCREASE
--------------	------	------	--------------------

MINIMUM CONSUMER

Readiness to serve charge (includes 2000 gallons)

3/4" Meter	\$ 11.91	\$ 12.33	\$ 0.42
1" Meter	15.23	15.76	0.53

AVERAGE RESIDENTIAL CONSUMER

3/4" Meter - Readiness to serve charge	11.91	12.33	0.42
9,000 gallons @ \$ 2.73 and \$ 2.83 respectively	24.57	25.47	0.90
Total average monthly bill	<u>\$ 36.48</u>	<u>\$ 37.80</u>	<u>\$ 1.32</u>
1" Meter - Readiness to serve charge	\$ 15.23	\$ 15.76	\$ 0.53
9,000 gallons @ \$ 2.73 and \$ 2.83 respectively	24.57	\$ 25.47	0.90
Total average monthly bill	<u>\$ 39.80</u>	<u>\$ 41.23</u>	<u>\$ 1.43</u>

HISTORY OF WATER RATE CHANGES - SINCE 1981

YEAR	¹ CPI CHANGE	WATER RATE CHANGE	VOLUME CHARGE PER 1000/GAL	
			BEG.	END
1981	10.10%	11.80%	\$	\$ 0.85
1982	8.50%	7.00%	0.85	0.91
1983	5.40%	11.00%	0.91	1.01
1984	3.70%	6.00%	1.01	1.07
1985	2.60%	4.00%	1.07	1.11
1986	0.70%	6.00%	1.11	1.18
1987	2.60%	-	1.18	1.18
1988	2.60%	3.00%	1.18	1.22
1989	1.80%	-	1.22	1.22
1990	4.30%	-	1.22	1.22
1991	3.60%	-	1.22	1.22
1992	3.60%	-	1.22	1.22
1993	4.20%	2.50%	1.22	1.25
1994	4.00%	-	1.25	1.25
1995	4.90%	4.00%	1.25	1.30
1996	3.50%	4.40%	1.30	1.36
1997	3.40%	2.90%	1.36	1.40
1998	2.20%	2.00%	1.40	1.43
1999	2.90%	1.50%	1.43	1.45
2000	3.18%	2.25%	1.45	1.48
2001	5.40%	2.25%	1.48	1.51
2002	2.20%	2.50%	1.51	1.55
2003	1.73%	3.00%	1.55	1.60
2004	-0.69%	2.35%	1.60	1.64
2005	1.50%	3.00%	1.64	1.69
2006	3.75%	4.25%	1.69	1.76
2007	2.52%	4.00%	1.76	1.83
2008	3.72%	4.50%	1.83	1.91
2009	-0.62%	4.75%	1.91	2.00
2010	1.70%	5.00%	2.00	2.10
2011	3.83%	5.00%	2.10	2.21
2012	1.78%	3.50%	2.21	2.29
2013	2.77%	2.75%	2.29	2.35
2014	2.90%	3.00%	2.35	2.42
2015	1.00%	3.25%	2.42	2.50
2016	3.00%	3.00%	2.50	2.58
2017	3.10%	3.25%	2.58	2.66
2018	3.50%	2.75%	2.66	2.73
TOTAL	120.87%	130.5%		

Note: As of 2018 CPI was reported bi monthly, CPI for 2018 is as of July 31

¹CPI - Denver area urban consumer price index as of June 30th (Base period: 1982-84=100)

Source: U.S. Department of Labor, Bureau of Labor Statistics

**PUEBLO AND OTHER FRONT RANGE WATER UTILITIES
2018**

INSIDE CITY ¹	ANNUAL WATER CHARGES				PERCENT OF PUEBLO CHARGES			
	132 thous gallons	180 thous gallons	216 thous gallons	216 thous gallons	132 thous gallons	180 thous gallons	216 thous gallons	216 thous gallons
Colorado Springs	\$	1,411.68	\$	1,832.33	\$	2,147.82	298.65%	303.51%
Aurora		946.32		1,207.44		1,403.28	200.20%	200.00%
Thornton		850.32		1,100.88		1,288.80	179.89%	182.35%
Englewood		766.68		924.60		1,043.04	162.20%	153.15%
Golden		753.12		1,005.60		1,194.96	159.33%	166.57%
Greeley		739.68		948.00		1,104.24	156.49%	157.03%
Westminster		710.16		965.52		1,157.04	150.24%	159.93%
Northglenn		699.24		969.00		1,171.32	147.93%	160.50%
Denver		691.32		1,087.08		1,087.08	146.26%	180.06%
Boulder		667.08		820.20		935.04	141.13%	135.86%
Highlands Ranch		642.96		817.20		947.88	136.02%	135.36%
Pueblo West		625.68		889.68		1,087.68	132.37%	147.37%
Louisville		621.72		884.28		1,081.20	131.53%	146.47%
Lafayette		605.64		833.64		1,060.08	128.13%	138.08%
Fort Collins		589.92		746.40		885.84	124.80%	123.63%
Arvada		540.54		724.38		862.26	114.36%	119.99%
Broomfield		534.96		686.64		800.40	113.18%	113.73%
Glenwood Springs		531.72		683.40		803.34	112.49%	113.20%
Pueblo		472.68		603.72		702.00	100.00%	100.00%
Average		705.34		933.16		1,092.81		

¹Based on residential rates using 1" meters

Comparison of Monthly 2018 Water Rates of Front Range Cities

										FRONT RANGE AVERAGE
BILL FOR 11,000 GAL. ON 1" METER	\$39.39	\$47.96	\$78.86	\$117.64	\$57.61	\$49.98	\$61.64	\$52.14	\$70.86	\$64.01
BILL FOR 20,000 GAL. ON 1" METER	\$64.37	\$82.43	\$127.82	\$172.09	\$94.69	\$81.96	\$100.70	\$101.64	\$117.84	\$104.84
BILL FOR 40,000 GAL. ON 1" METER	\$118.97	\$197.83	\$266.62	\$436.87	\$204.69	\$155.16	\$187.50	\$211.64	\$274.44	\$228.19
FIXED CHARGE ON 1" METER	15.23*	5.83**	\$19.02	\$21.24	\$21.44	\$17.87	\$13.90	\$20.49	\$13.44	\$16.50
COST PER 1,000 GAL.	\$2.73	0-30K \$3.83 30-60K \$4.80 60-90K \$5.77 >90K \$7.68	0-20K \$5.44 20-40K \$6.19 >40K \$7.74	0-7473gal 0.0349 7451-18649 .0654/gal >18656 .0988/gal	0-5k \$2.29 6-20K \$4.12 Over 21K \$6.50	0-7K \$2.77 7-13K \$3.18 >13K \$3.66	\$4.34	1-5K \$2.09 5-10K \$3.14 >10K \$5.50	1-20K \$5.22 >20K \$7.83	
+/- Change	+2.75%	+2.5%	0%	0%	-1.92%	+4.2%	+3.0%	+4.7%	0%	

* Includes first 2,000 gallons of water.

** Bi Monthly Charge

Front Range Water Utility Comparison

									
NUMBER OF METERED ACCOUNTS	40,962	37,669	85,502	144,482	250,000**	35,280	27,755	11,623	38,875**
POPULATION	110,988	115,729	362,475	467,108	705,651	164,810	104,947	29,637***	137,302
NUMBER OF EMPLOYEES	142	68	408	440*	1,100**	82	83	37*	60**

* Includes water and wastewater employees.

**Unable to get 2018 figures. 2017 figures were used.

***City of Pueblo West figures: Suburbanstats.org

Source, population figures: 2015 Colo County & Municipal population estimate

Plant Water Investment Fee Comparison

									
3/4" Residential	4,898	19,275	5887-12913	3,030/.70 sq ft	720/.33sq ft	11,400	7,690	12,360	9,115
1" Residential	4,898	19,275	15,487	3,030/.70 sq ft	1,220/.33sq ft	11,400	7,690	19,669	24,306
Multi-Family	2,783/unit	9,640/unit	5,295/unit	10,040*	540/.24sq ft	5,700/unit	5,510/unit	n/a	4,934/unit
Multi-Family Senior	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mobile Home	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Duplex	5,566	14,460	10,590	10,040	540/.24sq ft	11,400	11,020	n/a	5,443
3/4" Commercial	2,430	28,910	9,292	10,730	7,180	11,400	11,380	12,360	15,191
1"	4,743	48,190	15,487	19,170	19,710	19,150	22,760	19,669	24,306
1 1/2"	24,183	96,380	30,973	42,180	42,220	38,000	45,520	38,626	30,382
2"	30,652	154,200	49,557	76,690	66,680	60,900	91,040	61,272	97,222
3"	58,911	327,680	92,920	*****	**	133,400	204,840	121,831	194,445
4"	203,323	578,250	154,867	*****	**	228,600	*****	***	303,820
6"	419,475	n/a	****	*****	**	476,300	*****	***	n/a
8"	973,510	n/a	****	*****	**	n/a	*****	***	n/a

*Multi-family rate covers first two units. Each unit after is \$2,420 each.

**Anything 3" and above is based on peak day demand.

***Rates based on compound meter. Rates for turbine meters: 3" is \$126,895. larger sizes upon request.

****No change in Colorado Springs utility rates for 2017. The 6" and 8" meter fee is based on potential average daily usage and peak day demand of that customer.

*****Anything over 2" or 3" is based on demand needs or individual basis.

Glossary

A

Appropriation – a sum of money or total assets devoted to a specific purpose

Average Residential Consumer – For this comparison, the average residential consumer is one who uses more than the minimum and consumes 11,000 gallons per month over a one year period. These consumers may be serviced by a ¾” water meter, but more likely would have a 1” meter. Although, due to drought induced conservation, a typical residential customer is projected to use 110,000 gallons annually, for the purposes of this comparison, 132,000 gallons has been used.

Acre-Foot – volume of water equal to one foot in depth covering an area of one acre, or 43,560 cubic feet; approximately 325,851 gallons.

B

Backflow and Cross Connection – back flow is the flow of waste water back into the treated water system and a cross connection is when drinking water piping connects to various plumbing fixtures or water utilizing equipment

Budget – an estimate of income and expenditure for a set period of time

C

Capital Outlay (Capital Expenditures) – money spent to acquire a fixed asset or to extend its useful life over \$5,000

Cathodic Protection – a technique used to control the corrosion of a metal surface by making it the cathode of an electrochemical cell

Conduit – a 24-inch (or larger) diameter pipe carrying raw or potable water from or to treatment facilities, reservoirs, and delivery points feeding a distribution system

Conveyance – the process of transporting water from one location to another

D

Debt Retirement – the act of repaying debt

Debt Service – principal and interest due on long-term debt

Diversion Structures – a structure constructed to direct water to a desired location

F

Fund Balance – the difference between fund assets and fund liabilities

M

Memorandum of Agreement – a formal business agreement that outlines an agreement made between two parties

Minimum Consumer – The minimum consumer is one who may only use 2,000 gallons per month, or less. The majority of all minimum customers are serviced by the smallest water meter (3/4”). This can differ in some cases. Summer usage may rise above minimum.

N

Non-Operating Revenues – revenues that do not come from basic, day-to-day operations Ex. Interest income

O

Operating Revenue – revenue from the sale of water

P

Petty Cash – an accessible store of money for expenditure on small items

Plant Water Investment Fees – fees associated with the construction or remodel of a structure

R

Raw Water – water that has not been treated

Requisition – a written request for an organization’s purchasing department to buy goods or services

Reservoir – an impoundment to collect and store water

S

Seepage – the slow escape of water through a porous material or through small holes

Spot Market – cash market where trades take place immediately

T

Transmountain Collection – collection of water through a mountain

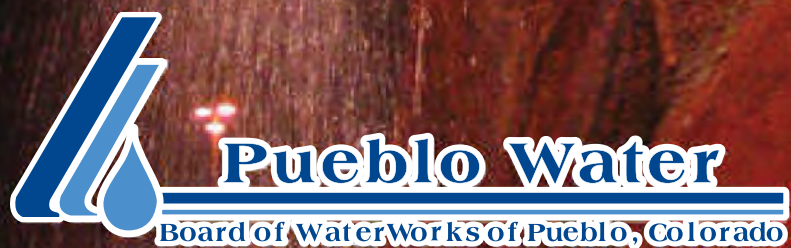
W

Water Rights – historical rights that give a party the rights to water usage from specific channels

Acronyms

ASK – Advance Skills and Knowledge
CIS – Customer Information System
EPA – Environmental Protection Agency
ERP – Enterprise Resource Planning
FO&M – Facilities, Operation, and Maintenance Division
GFOA – Government Finance Officers Association
GIS – Geographic Information System
HARP – Historic Arkansas Riverwalk Park
HR – Human Resources
HRIS – Human Resource Information System
ICP/MS – inductively coupled plasma mass spectrometer
IS – Information Systems
KPI – Key Performance Indicator
MCC – Motor Control Center
O&M – Operations and Maintenance
PCS – Pueblo City Schools
PFD – Pueblo Fire Department
ROY – Restoration of Yield
SCADA – Supervisory Control and Data Acquisition
TD&E – Transmission, Distribution, and Engineering
WDF – Water Development Fund
WQT&P – Water Quality, Treating, and Pumping
WR – Water Resources
WWW – Water Works Wellness

For more information, please contact:
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