



CHARLOTTE WATER



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FY 2025 Budget Presentation



#onewaterstrong

April 1, 2024



Operated by the
City of Charlotte

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What We Do



Protect Surface Waters
(Water Quality)



Ensure Adequate Public Drainage Infrastructure
(Water Quantity)

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FY2023 Quick Stats

Accomplishments of our 200+ team members include:



800+
projects
managed



245+
projects
completed



42,000+
feet of pipe
installed or
rehabilitated



25,000+
feet of stream
improvement
in progress



6,000+
private
development
plan reviews
completed



3,600+
drainage & surface
water pollution
concerns reported
through 311

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Financial Efficiency



\$91M
invested in capital
improvement projects

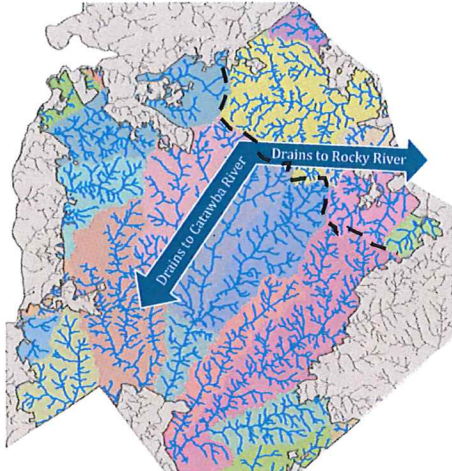


AAA
by Moody's Investors
Service and Standard &
Poor's Financial Services



73¢
per dollar collected
invested in capital
improvement projects

Stormwater “System Plan”



Charlotte's Watersheds and Major Streams

►Charlotte's Watersheds

- The “system plan” for Storm Water Services was created by nature.
- 18 watersheds collect rainwater, drain to a network of streams within those watersheds, then flow to the Catawba or Rocky River.
- As the City develops, natural drainage channels and small creeks are replaced with piped in drainage.
- Drainage network now includes ~2,100 miles of privately owned pipe and ~1,400 miles of publicly owned pipes.

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Improving Surface Water Quality

Protect & improve the City's surface waters as required by law



- | | |
|--|---|
| <ul style="list-style-type: none"> ☒ Ensure MS4 Permit Compliance for City under Federal Clean Water Act. ☒ Construct surface water quality projects. ☒ Administer Stream and Wetland Mitigation Banks. | <ul style="list-style-type: none"> ☒ Enforcement and prevention of illicit discharges into streams. ☒ Volunteer engagement and community education. |
|--|---|

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Mitigating Flood Risks



- Minor Capital Storm Drainage projects address acute drainage repair needs.
- Major Capital Projects provide comprehensive, large-scale upgrades of storm drainage systems to add capacity or replace aging drainage infrastructure.
- FY2020-FY2024 Project "Surge": All projects completed or assigned by end of FY2024.

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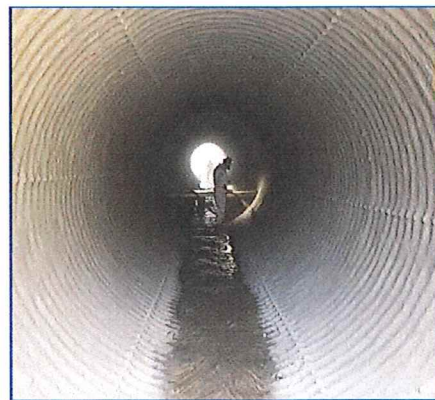
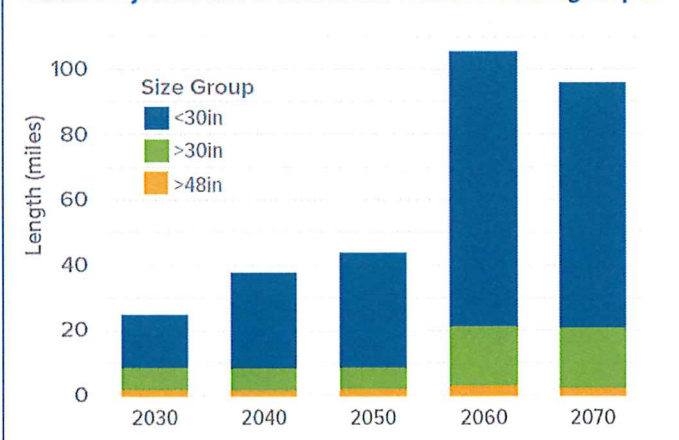
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Taking Care of the Drainage System

Initial Projected End of Useful Life of Storm Drainage Pipes



Preventative maintenance activities as shown here help extend the life of the drainage system.

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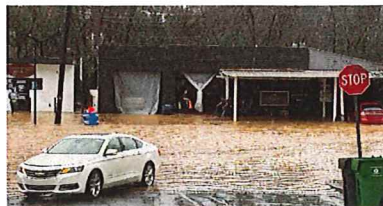
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Increasing Storm Severity

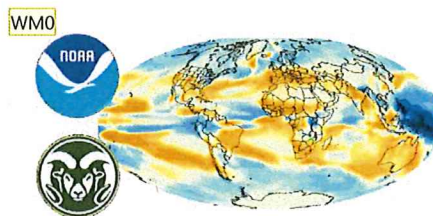
► More intense storms can increase flood risks and infrastructure costs

- While drainage designs consider extreme storms, extremes may happen more frequently or worsen.



► STW evaluating predicted intensity, duration and frequency (IDF) of future storm events

- Partnered with Colorado State University for review of local rainfall data.
- New model results expected from NOAA by 2026 on rainfall Intensity, Duration, and Frequency.



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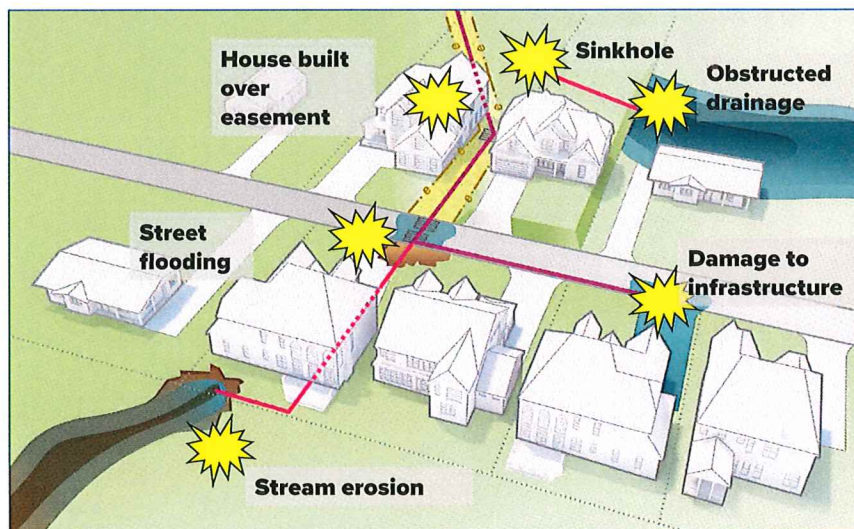
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Development Regulation

Unified Development Ordinance (UDO)

- Now allows City to review all new developments for drainage impacts.
- Over 3,500 single lot development reviews since June 1.
- Adds to ~6,000 annual development reviews already occurring under pre-UDO regulations.



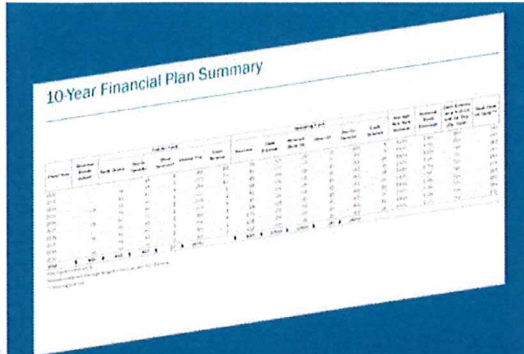
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Planning for Financial Sustainability



Storm Water Services conducts financial modeling 10 years into the future to ensure viability.

- ✓ Support STW's strategic priorities.
- ✓ Meet all City finance requirements.
- ✓ Sustain AAA ratings (Moody's and S&P).
- ✓ Preserve debt capacity for future.
- ✓ Use sustained, moderate, annual fee increases to address inflation and system growth (projected 3.7%).

The increase corresponds to a \$0.53 increase or less for 90% of single-family rate payers.

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Vision

To be a leading water utility, recognized for excellence and dedicated to our people, community, region and environment

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Regional Partnerships

• Wastewater Agreements:

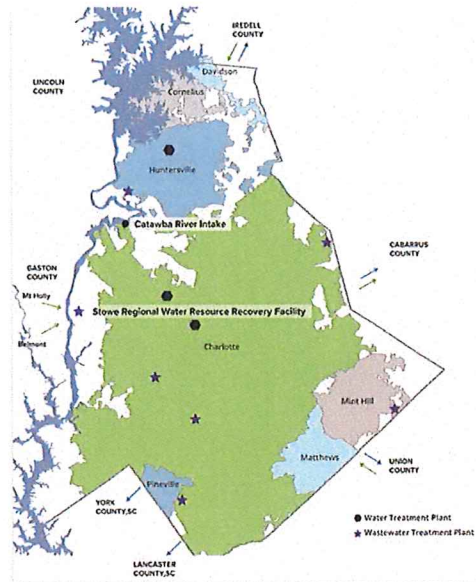
- Water and Sewer Authority of Cabarrus County
- Union County
- Lancaster County, South Carolina
- City of Mount Holly
- City of Belmont

• Potable Water Agreements:

- York County, South Carolina
- Lancaster County Water and Sewer District, South Carolina
- Town of Harrisburg
- City of Concord (As Needed)
- Union County (As Needed)

• Other Partnerships:

- Catawba Wateree Water Management Group
- Yadkin PeeDee Water Management Group
- Lake Marine Commissions
- Lower Catawba TMDL Group
- NC/SC Regulatory Agencies
- NGOs, Non-Profits, Others



Arrows indicate the direction of water (blue) and sewer (green) flows.

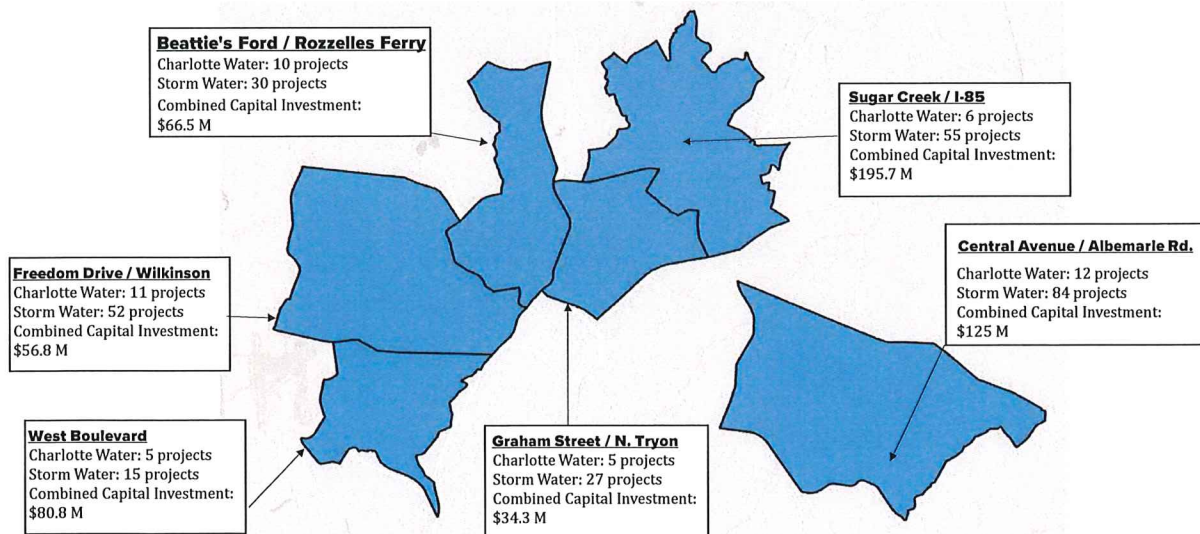
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Over \$550M Invested in Corridors of Opportunity



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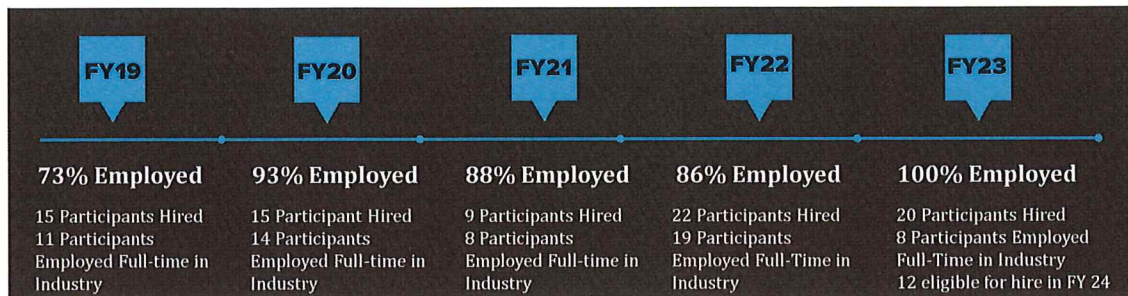
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Supporting our Community - Jobs

Career Training Academy & Apprenticeship Programs

Created apprenticeship programs to develop a workforce skilled in much-needed water and wastewater expertise



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FY 2025 Operational Challenges

- **Regulatory**
 - Lead and Copper Rule Revision and associated galvanized services
 - Per- and Polyfluorinated Substances (PFAS) (Forever Chemicals)
- **Internal**
 - Vacancies and recruitment
 - Growing capital infrastructure needs
- **External**
 - Patterns of Growth
- **Financial**
 - Rate Pressures
 - Credit Rating and increased borrowing costs
 - Increased cost of contracted service (construction, professional services) related to inflation

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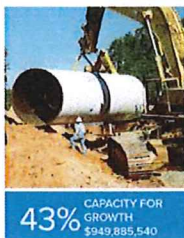
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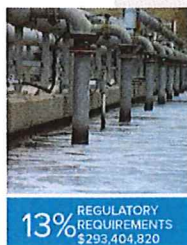
Charlotte Water Proposed Budget



31% REHABILITATION & REPLACEMENT
\$691,780,240



43% CAPACITY FOR GROWTH
\$949,885,540



13% REGULATORY REQUIREMENTS
\$293,404,820



3% UTILITY SUPPORT
\$78,340,272



10% COMMITMENT TO PUBLIC PROJECTS
\$217,461,870

FY 25 Charlotte Water Operating budget = ~\$614.4 million

FY25-FY29 CIP budget = \$2.2 Billion

- Expanded due to growth & development
- Increases in rehabilitation & regulatory requirement

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FY 2025 Water/Sewer Financial Planning

- Supports regulatory requirements and strategic priorities
- Moderate annual fee increases to address Council priorities and system growth
- Ensure rate payer equity
- Sustain AAA credit rating
- Meet financial targets and adhere to financial policies
 - >250 Days Cash on Hand
 - >2.0x Debt Service Coverage Ratio
 - >40% Pay-Go as a % of Total CIP

	FY 2023	FY 2024	FY 2025
Fee Increases	3.54%	4.25%	5.75%-5.99%

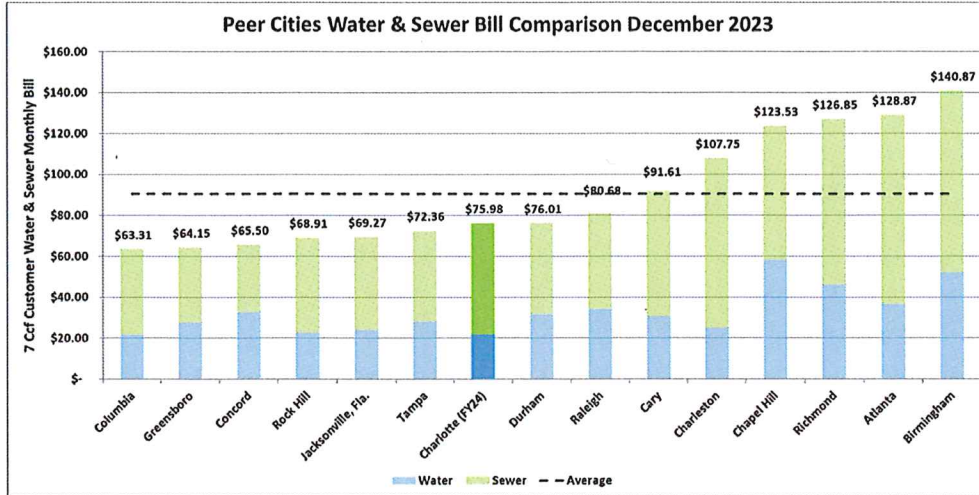
FY25 increase for 7 CCF ratepayer is \$4.37- \$4.55/month
(~\$1.20-\$1.38 per month above FY24 projection)

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FY 2024 Adopted Rate Comparison



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Multi-Year Rate Comparison

City	FY2023 Rate % Increase	FY2024 Rate % Increase	FY2024 Average Customer Bill	2 Yr Additive Rate Change
Winston Salem, NC (ICL)*	11.98%	3.17%	\$ 68.47	15.15%
Greensboro, NC	4.62%	8.54%	\$ 64.15	13.16%
Cape Fear PUA, NC	8.42%	4.27%	\$ 83.23	12.69%
Fayetteville, NC (OCL)	3.55%	6.81%	\$ 151.57	10.36%
Fayetteville, NC (ICL)	3.55%	6.79%	\$ 86.60	10.34%
Winston Salem, NC (OCL)*	9.82%	0.00%	\$ 89.45	9.82%
Durham, NC	3.87%	5.25%	\$ 76.01	9.12%
Charlotte, NC	3.54%	4.25%	\$ 75.98	7.79%
Raleigh, NC (OCL)	1.47%	3.87%	\$ 154.57	5.34%
Raleigh, NC (ICL)	0.61%	4.52%	\$ 80.68	5.13%

OCL-outside city limits; ICL-inside city limits

*Calculated based on 5,000 gallons provided by UNC-SOG Environmental Finance Center

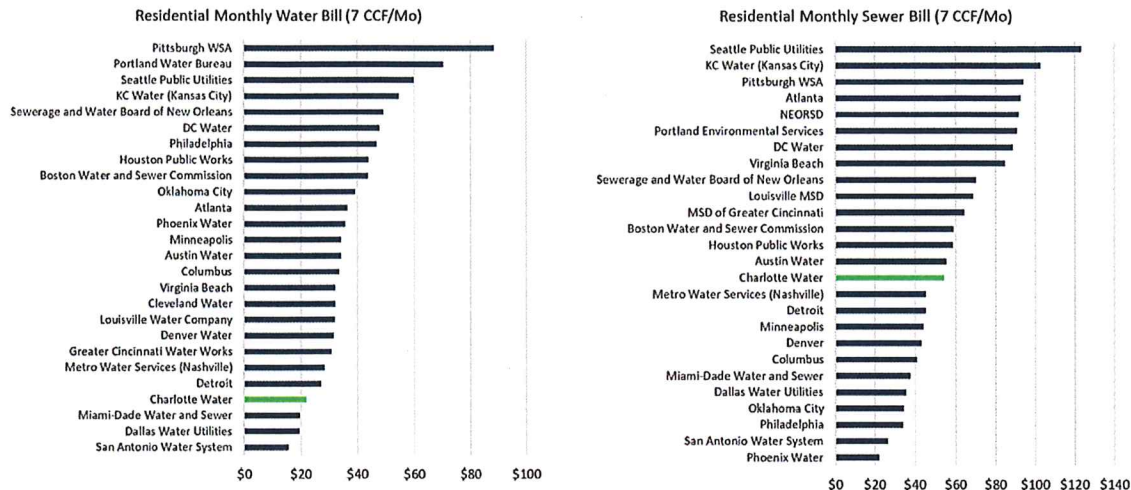
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Competitive Water and Sewer Rates



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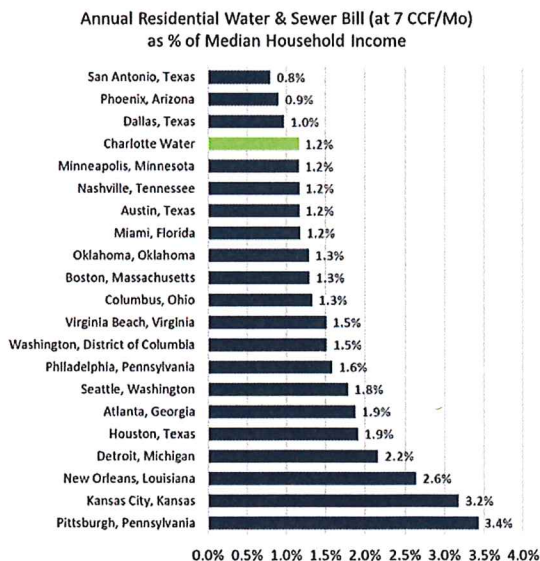
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Strong Relative Affordability

► Charlotte Water rates and affordability compare favorably to other large urban utilities

Source: Median Household Income from census.gov data.

Annual residential customer bill data from each utility's most recent rates and charges.



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Community Engagement and Support

- **First meeting of Helping Hands Outreach board on January 12, 2024**
- **Mission elements**
 - Water, wastewater, and stormwater bill support for qualified need
 - Connection to CLTW infrastructure for qualified, low-income customers
- **Transitional board to establish key qualification and administrative policies prior to onboarding new team (July 2024)**



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Questions

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