



# Facility Plan Update

Commission Meeting

February 23, 2022



# Facility Plan

*Comprehensive look at liquids process needs at NEW Water's Green Bay Facility (GBF) and De Pere Facility (DPF)*

- Required by the Wisconsin DNR
  - Required for approval of construction projects
  - Required for use of Clean Water Fund Program (loans at 55% of market rate)
- Does not authorize projects, budgets, revenues, or rates
  - NEW Water's annual budget process
  - Future Commission award of construction projects and loans
- Does project the revenue needs
  - Numerous variables and long-term planning affect certainty



# Facility Plan

*Reflects the shared values of our stakeholders:*

- Support the growth and economic vitality of our community
  - Existing facilities cannot meet capacity needs
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- Protect public health and the environment through 100% permit compliance
  - Existing facilities need investment to reliably meet permit
- Reliably provide conveyance and treatment of wastewater
  - “Do nothing” or long-term deferral of projects is not an option.



# Facility Plan

*Comprehensive look at liquids process needs at NEW Water's Green Bay Facility (GBF) and De Pere Facility (DPF)*

Three main conclusions:

- Most cost effective and advantageous to maintain De Pere Facility
- Need to invest \$245 million - \$370 million over the next 20 years
- Projected to increase revenues approximately 5.5% - 7% each year for 10 years to fund needed projects



# What Drives\* the Investment?

- Capacity
  - Ability of existing infrastructure to support residential and industrial growth over next 20-years
  - Flows and/or contaminant loadings
- Asset replacement
  - Existing infrastructure remaining useful life
  - Focused on reliability of aging equipment
- Optimization
  - Performance focused – energy efficiency, water quality, resource recovery
- Regulatory
  - Need to remain flexible to adapt to future regulations

\* *Numerous projects have both **capacity** and **asset replacement** drivers*

# Identified Projects for GBF and DPF

Note: Interceptor projects are not included in this tabulation, values are in 2021 million US dollars

**Note:** These figures will be reviewed and adjusted annually during the budgeting process

	Green Bay Facility	De Pere Facility	Total Cost Range
Near-Term (~10 yrs)	\$145M - \$215M	\$60M-\$90M	\$205M - \$305M
Intermediate-Term (10-20 yrs)	\$35M - \$55M	\$5M - \$10M	\$40M - \$65M
Total	\$180M - \$270M	\$65M - \$100M	\$245M - \$370M

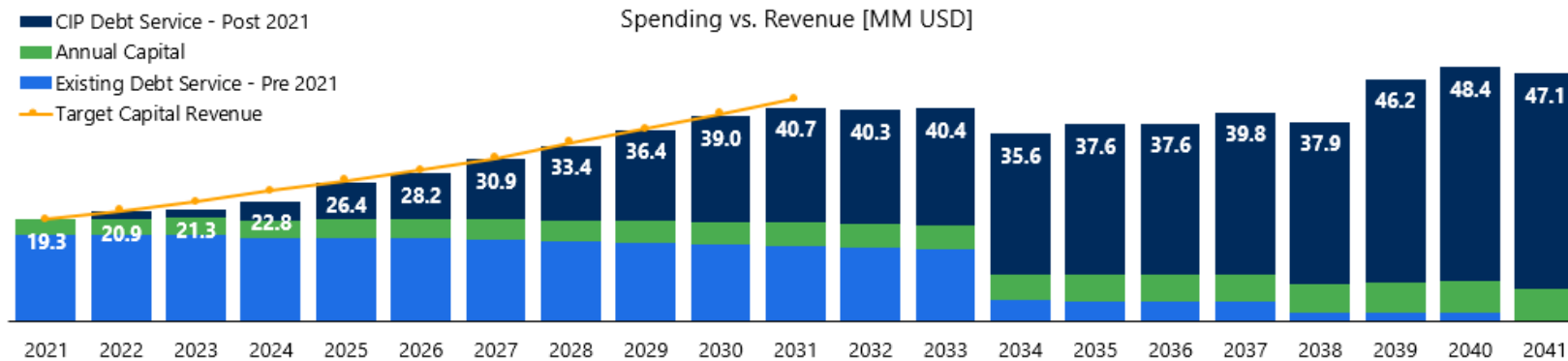
Identified Emerging Needs Projects*		Cost Range
GBF	AnitaMOX Sidestream Nitrogen	\$13M - \$19M
GBF	Disinfection	\$40M - \$60M
GBF	Parallel Solids Treatment Train	\$66M - \$100M
GBF	South Plant Expansion	\$34M - \$50M
GBF	Tertiary Filtration / HRT	\$41M - \$60M

\*The emerging needs projects may be triggered by external drivers that develop over the coming years.

Ongoing financial planning and monitoring of flows, loads, and regulatory changes will be required to adapt to these emerging needs.



# Managing Needed Improvements with Financial Responsibility



- Identified capital improvement needs exceed our ability to fund them at current revenue levels
- The next significant decrease in existing debt service occurs in 2034
- Deferring needed capital improvements until 2034 will likely result in:
  - Significant increase in risk of regulatory violations
  - Significant increase in corrective maintenance costs due to equipment failures
  - Limiting growth in industrial and residential sectors

*Note: These figures will be reviewed and adjusted annually during the budgeting process*

# Annual Revenue Increases to Support Capital Improvement Plan While Managing Risk

Target Total Revenue Annual Increase	4.00%	4.50%	5.00%	5.50%	6.00%	7.00%	
Target O&M Revenue Annual Increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	
Annual Capital Annual Increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	
Assumed Interest Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Include Grant Funding?	No	No	No	No	No	No	
Escalation Percentage	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Escalation Start Year	2021	2021	2021	2021	2021	2021	
MUA Scaling Factor	1	1	1	1	1	1	
Project	Desired Year	Modeled Year	Modeled Year	Modeled Year	Modled Year	Modeled Year	Modeled Year
Near-Term Projects							
DPF Pumping and Headworks (DPF)	2024	2025	2024	2024	2024	2024	2024
GBF North Final Clarifiers	2024	2029	2026	2025	2025	2024	2024
GBF Primary Clarifier Improvements	2024	2030	2029	2026	2025	2025	2024
GBF Pumping and Headworks (GBF)	2025	2034	2032	2031	2030	2029	2027
GBF Thickening Improvements	2022	2024	2023	2023	2022	2022	2022
GBF Biosolids Handling and Storage	2025	2031	2029	2027	2026	2025	2025
GBF Mill Pumps	2026	2033	2031	2030	2029	2027	2026
GBF Primary Sludge Degritting	2023	2030	2026	2023	2023	2023	2023
GBF Blowers	2029	2034	2034	2034	2032	2031	2029
DPF Final Clarifiers and RAS	2025	2032	2030	2029	2027	2026	2025
DPF UV Disinfection	2027	2034	2034	2033	2031	2030	2027
GBF Maintenance Building	2027	2035	2034	2034	2032	2031	2027
GBF South Final Clarifiers	2029	2035	2034	2034	2032	2031	2029
DPF Aeration Basin Improvements (DPF)	2026	2033	2031	2030	2029	2027	2026
DPF Equalization	2027	2034	2034	2032	2031	2030	2027
GBF Aeration Basin Improvements (GBF)	2029	2035	2034	2033	2031	2031	2029
GBF Sludge Screening	2030	2036	2034	2034	2033	2031	2030

Increased funding will be required to achieve critical project completions on an acceptable timeline.

Red dates indicate project delayed more than 5 years beyond desired completion date.

Yellow dates indicate project delayed 2 to 5 years beyond desired completion date.

Actual increases and implementation schedule highly dependent on several assumptions.



# Financial Assumptions

Variable	Assumption	Context
O&M Expenses Annual Increase	3.5%	+3.3% (2017-2022 average)
CWF Loan Interest Rate	2.0%	1.48% (current rate), likely to increase in current environment
Project Cost Escalation	3.0%	High uncertainty at the moment
Grant Funding Amount	None	IIJA* will provide about \$30M per year for 5-years to State of Wisconsin for grants
Reserve Funding Use	None	\$30M available in Plant Capital Replacement Reserve above minimum
“Rate Reduction” Due to Growth	None	Budgeted Municipal Volume has increased 1.3% per year (2017-2022 average)

\*IIJA: Infrastructure Investment and Jobs Act

\*PCRR: Plant Capital Replacement Reserve: available for ‘common to all’ capital projects

# NEW Water Cost\* for a Typical Household



- For the 2022 budget, a typical household will pay **about \$23 per month** for NEW Water services\* to flush the toilet, wash dishes, and do laundry whenever they want.
- For example: At the projected 5.5% to 7% annual revenue increase for 2023, the **typical household is projected to see an increase of about \$1.27 to \$1.60 more per month** for wastewater services provided by NEW Water.
- *Important note: NEW Water is a wholesale provider of services; this example does not include costs a community typically includes in a resident's bill, for example, to operate and maintain the neighborhood sewer systems.*

\* NEW Water's 15 municipal customers can be [found at this link](#). NEW Water charges the same rates to all municipal customers. As such, NEW Water bills each municipality based on their usage of the system; each municipality may bill their residents to also cover their costs, which typically includes operations and maintenance of their systems. The example provided here is for illustrative purposes, and concerns only the NEW Water cost for wastewater treatment services.



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# Facility Plan: Next Steps

- Customer Meeting – Held February 16, 2022
- Commission Update – February 23, 2022
- Municipal Customer Meeting – being scheduled
- Public hearing and Commission adoption – late March, possibly concurrent with March meeting
- WDNR approval – submit to WDNR in early March for review
- Ongoing communication with customers and stakeholders
- Annual review and adjustment of Capital Improvement Plan in coordination with our budgeting process