

CITIZEN BUDGET ADVISORY COMMITTEE

Wednesday, August 27, 2025 -- 5:00 p.m.

<i>Committee Members</i>	<i>Present</i>	<i>Absent</i>	Attending Guests & City Personnel:
<i>Barry Eastman</i>		X	<i>Nathan Mosley: Budget & Policy Director</i>
<i>Tyler Mowery</i>	X		<i>Kalen Myers: Deputy Budget & Policy Director</i>
<i>Anthony McCune</i>	X		<i>Laura Delp</i>
<i>John Schull</i>	X		<i>Erik Dial: Director, Water & Sewer</i>
<i>Merrie Foreman</i>	X		<i>Virgil Pierce: Manager, Utility Finance</i>
<i>Lori Williams</i>	X		<i>Crystal Sanchez: Water Enterprise Financial Analyst</i>
<i>Khalil N Bhanji</i>		X	
<i>Laura Gurney</i>	X		

CALL TO ORDER - The meeting was called to order by Tony McCune at 5:01 PM.

ATTENDANCE & ANNOUNCEMENTS – The group was introduced to Nathan Mosley, the new Budget & Policy Director, and the newest CBAC member Laura Gurney, both of whom highlighted relevant prior experience and excitement about contributing to city matters.

APPROVE MINUTES FROM JULY 23, 2025 - The minutes from the July meeting were approved following a motion by Lori Williams, and a second by Tyler Mowery; there was no discussion or opposition.

DISCUSSION ITEMS

Water & Sewer Budget Overview – Erik Dial, Virgil Pierce, and Crystal Sanchez

Erik Dial, Deputy Director of Utility Finance and Customer Service, opened the meeting with an agenda covering key challenges and initiatives facing the city's water and sewer utilities. He highlighted that despite similarities with general fund challenges like sales tax issues, the department also faces unique hurdles. These include preparing a 10-year capital plan and adjusting for changes in water use and growth rates that weren't anticipated. The lack of growth has impacted both plant investment fees and ongoing revenue forecasts. Erik underscored the necessity of revising the budget to reflect reduced growth-related revenues.

A community tour invitation was extended to board members to familiarize them with the utility system. A significant rollout of a new customer information system is imminent, set to replace a 1990s-era billing system by September, bringing streamlined billing and enhanced customer account management features.

Erik addressed significant regulatory challenges, such as stricter environmental standards like the lead and copper rule revisions, which brought unexpected, costly projects estimated at \$20 million. Another major regulation involves wastewater effluent nutrient restrictions, demanding rigorous water quality improvements leading to substantial investments in rehabilitation projects at the wastewater plant. The city's water system complexity adds to financial burdens but enhances resilience, allowing multiple water sources, including four surface water basins and the Terry Ranch aquifer. This extensive infrastructure provides robust water management options but also drives costs, as operation and remediation of treatment plants, like Bellevue and Boyd, require significant expenditure due to varying water quality demands. Customers' changing water use patterns, not purely driven by conservation but influenced by

factors like landscaping practices and improved household fixtures, also impact revenue, complicating financial planning. The city continues its internal discussions to address these evolving usage trends, weighing increased resilience benefits against the added operational costs of such a vast system.

Crystal Sanchez, Water Enterprise Financial Analyst, outlined the proposed 2026 operating budget increases, beginning with a routine base budget proposal from the Budget Office that includes inflationary adjustments of 3% to 5% across most accounts. Initial departmental needs identified were \$2.2 million for water, which included provisions for 11.5 new positions, and \$829,000 for sewer, with 2.5 new positions. However, the department ultimately recommended a more modest increase, with \$679,000 earmarked for water along with 2.7 new positions, and \$278,000 for sewer, including 0.3 new positions. To offset these increases, staff pinpointed budget reductions, notably \$594,000 in water savings primarily from distribution, water resources, and water quality efforts, which involved reallocating one existing position from the Water Efficiency Program. Additionally, sewer savings amounting to \$110,000 were recognized within sewer collections and the wastewater treatment plant operations.

Virgil Pierce, Utility Finance Manager, provided an in-depth analysis of Greeley's water and sewer capital program, highlighting its importance in determining both current and future rate increases necessary to maintain and enhance the city's infrastructure. The essence of this capital program lies in strategically addressing the city's growth and infrastructure maintenance needs through three key funding sources.

- First, the water construction fund is earmarked for expanding the system to cater to new customers. This expansion is funded by plant investment fees (PIF) collected from new customers and through bonds, as often the infrastructure for new areas needs to be in place before customer demand is fully realized. Consequently, projects like the \$21 million Gold Hill Pipeline, essential for connecting the Boyd and Bellevue transmission systems, are prioritized to enhance redundancy and reliability in water supply lines, ensuring that Greeley's water needs can be met even if one plant goes offline. Grant funding plays a crucial role here, with \$8 million expected from FEMA, despite setbacks from previous grant cancellations.
- Second, the water replacement fund focuses on rehabilitating and replacing aging components of the water system to maintain operational integrity. Funded through depreciation charges, which directly derive from customer rates, this fund often falls short, necessitating bonds to bridge financial gaps. This is evident in planned major projects extending through 2035, including renovations at the Bellevue Treatment Plant and upgrading the water treatment capabilities at Boyd to improve efficiency and resilience against future challenges.
- Thirdly, the water rights acquisition fund ensures that Greeley can secure new water rights to sustain city growth. Greeley's proactive approach has been to acquire water rights when economically favorable rather than out of immediate necessity, thus securing long-term resource availability. This fund is supplemented by payments from new customers who commit water rights to the city and revenue from renting unused rights to agricultural or industrial users.

Alongside water, the sewer capital program focuses on system replacements and capacity expansions. Upcoming major investments include a significant expansion of the wastewater facility in 2034 that's contingent on city growth, driven by federal and state regulations such as Regulation 31. The city's strategy to manage compliance timelines through Voluntary Incentive Program credits provides timing flexibility in meeting these strict environmental standards, mitigating the immediate financial impacts of regulatory compliance.

The presentation also covered customer rate adjustments, addressing decreased consumption trends that challenge revenue forecasts. Rates are structured by tiers, incentivizing efficient water usage while covering operational costs. Despite using less water due to conservation efforts and efficient fixtures, decreased growth has compounded financial pressures, prompting necessary rate increases of –

- 5.5% for water
- 5% for wastewater, and
- 20% increase for stormwater.

These increases reflect the broader regional pattern, where water system competitors face similar pressures from infrastructure demands and environmental regulations.

Engagements like the Chimney Hollow Reservoir project and the Terry Ranch Project illustrate collaborative regional approaches to expanding supply and storage capacities. These efforts underline Greeley's commitment to securing its water future without overwhelming financial burden, focusing on sustainable growth, system resilience, and economic foresight. As the city extends its infrastructure with projects like the Windsor wastewater treatment and further development in the fast-growing Weld County, it continues to ensure that rate adjustments are gradual, preventing significant fiscal shocks as seen in smaller municipalities like Wellington. This approach fosters a robust, future-ready infrastructure, preparing Greeley to meet its water and sewer needs well into the next decade.

Capital Improvement Plan – Nathan Mosley & Kalen Myers

Nathan Mosley, Budget and Policy Director commenced by expressing his gratitude to Kalen for her exemplary work during her period as interim director, crediting her efforts as key to navigating the budget process and ensuring that Greeley remains on a sustainable development track. This setup was aimed at addressing the broader capital program overview in context with previously discussed water and sewer topics, and to chart a clear path forward for Greeley's comprehensive budgeting and capital planning efforts.

The spotlight was on a significant event held on July 8th—a prioritization workshop involving facilitated discussions with the City Council. This workshop served as a pivotal moment for aligning council members' perspectives with fiscal realities by directly engaging them in evaluating the city's myriad projects. This engagement was crucial, as it addressed the necessity of focusing constrained financial resources on essential maintenance and safety concerns over launching new projects—a strategic pivot aimed to enhance longevity and efficiency of existing infrastructure.

The Capital Improvement Plan (CIP) inherits a unique structure, with a strategic vision spanning over five years, yet Council limits appropriations to the immediate subsequent fiscal year, practically planning through 2030 while only securing funding for 2026 underlines the city's commitment to strategic foresight balanced by fiscal responsibility. The decision to include unfunded projects in this plan lays the groundwork for transparent management of potential fiscal obligations and liabilities, ensuring that no pressing concern—regardless of current funding status—is overlooked in city planning discussions. This holistic inclusion paves the way for an agile budget strategy that absorbs potential project delays and adjusts accordingly, reflected in the routine updates shared with Council on project status and fiscal health.

In delineating the financial framework for these capital ventures, Nathan highlighted Greeley's reliance on dedicated sales taxes, utility rate revenues, and development fees. The sales taxes include a 3% levy on food consumed at home, aimed at sustaining streets, parks, and public buildings. The Quality of Life tax at 0.3% is directed towards enhancing recreational, cultural, and transportation expansion, while the Keep Greeley Moving (KGM) 0.65% tax particularly focuses on maintaining street infrastructure. Strategically, there's an emphasis on acting proactively by placing a KGM renewal measure before

voters in 2027, allowing room for corrective action should initial voter renewals not go as planned, thus averting funding discontinuity by 2029.

Nathan continued the discussion on capital revenue streams with an overview of utility rate revenues and underscored the essential role one-time development fees play across various infrastructures like transportation, parks, and public safety.

Reflecting on the prioritization workshop outcomes, he reiterated the council's consensus on prioritizing projects like the Downtown Civic Campus and Greeley Weld Airport, which were found imperative. Still, it placed other potential projects in a holding pattern, contingent upon additional trade-offs or grants, thus modeling a flexible and adaptive strategy in municipal planning. This clear categorization into green, yellow, and red tiers defined projects as ready, pending additional input or funding, or deferred, respectively, illustrates an orchestrated attempt to preserve flexibility in strategic and budgetary decision-making.

In highlighting current infrastructure endeavors, Nathan drew attention to key ongoing projects including pre-development tasks for West Greeley, the grand reopening of a redeveloped Delta Park, and crucial infrastructure enhancements such as the 16th Street enhancements and improvements to the O Street and 59th Avenue intersection. These initiatives signify Greeley's enduring commitment to improving its urban landscape and tackling both immediate and long-running infrastructure goals.

As Nathan set the stage for transition to Kalen's detailed insights, he acknowledged his own need to acclimate to the comprehensive array of ongoing and anticipated city projects, thus, recognizing the collaborative effort and expertise of his team as pivotal in realizing Greeley's infrastructural vision. This thoughtful, inclusive, and dynamic planning approach encapsulates a dedicated intention to foster sustainable municipal growth, embodying a blend of responsiveness, foresight, and community engagement.

Kalen Myers provided a detailed overview of key projects and funding sources across Greeley's major funds, spotlighting both current efforts and future planning strategies. Beginning with the Food Tax Fund, Kalen celebrated the permanent extension of the 3% sales tax on food, a crucial funding stream generating approximately \$12 million annually. This tax supports essential infrastructure upkeep like roof and HVAC replacements, extending the usable life of critical facilities. Highlighted within this fund is the Greeley Weld Airport road development project, a priority identified by the Council and supported by county collaboration and potential FAA involvement. In addition, improvements to existing maintenance facilities at A Street seek to bolster infrastructure until a new campus can be built. Notable allocations include the FunPlex HVAC unit replacement and much-needed repairs to the Poudre River Trail. An annual rebate program offers \$100 per eligible household to offset food tax burdens, underscoring a commitment to income-based relief.

Transitioning to the Quality of Life Tax, which primarily focuses on Culture, Parks, and Transportation, Kalen detailed significant projects, including a \$30 million contribution toward the MERGE project. Other notable expenditures involve replacements at Island Grove, support for parks and museums operations, and critical equipment replacements like the 40-year-old orchestra pit lift at the UCCC, underscoring infrastructural and cultural commitments.

Kalen highlighted the challenge of deferred projects, emphasizing how financial constraints postpone necessary initiatives, leading to a compounded backlog and inflated costs over time. The Quality of Life fund faces significant deferrals totaling \$514 million due to longer-term cultural and recreational facility goals that remain unfunded, revealing a stark contrast to the \$115 million in unfunded liabilities discerned in the Food Tax fund.

On the transportation side, Keep Greeley Moving, funded by a 0.65% tax, injects around \$20 million per year into street infrastructure improvements, guided by the Pavement Condition Index for targeted

impact. Despite this financial input, the Transportation Development Fund leans heavily on grants due to lower-than-expected growth and related development impact fees, presenting significant challenges to cash funding. The newly separated MERGE fund tracks federal grants with precision, as this key transportation project largely depend on external funding sources.

Specifically, the discussion of utility projects touched on the pending Poudre River Ranch stormwater issue, hindered by land acquisition challenges yet identified as an urgent need due to historically insufficient infrastructure creating localized flooding concerns. This highlighted the complexities of accountability between the city and private developers, stressing the importance of Council discussions in determining funding responsibilities.

Kalen also addressed the Culture, Parks, and Recreation sector, detailing new park developments within subdivisions and plans for trail implementation, albeit hampered by financing delays. Within the Island Grove area, facility use fees are reinvested in local improvements, again highlighting the strategic use of collected fees to address site-specific needs.

In terms of financial scope, the 2026 capital investment plan projects \$185 million, with a broader five-year outlook nearing \$960 million, heavily reliant on utility fund allocations. Upcoming Council meetings laid out final budget preparations, with public engagement scheduled across various sessions to ensure transparency and responsiveness to community needs.

OTHER BUSINESS

Kalen concluded with reference to an ongoing administrative process concerning a citizen petition related to West Greeley developments, outlining a complex legal and procedural landscape that the city navigates alongside continuous infrastructure and planning commitments. This speaks to the ongoing need for strategic foresight and community collaboration in advancing Greeley's infrastructural and fiscal responsibilities.

PUBLIC INPUT – No members of the public were present

ADJOURNMENT

The meeting was adjourned at **6:52 PM**

Next Regular Meeting:
September 24, 2025
5:00-6:30 p.m.

City Center South - 1001 11th Ave, Greeley, CO 80631
2nd Floor Colorado Conference Room 227
Zoom(<https://greeleygov.zoom.us/j/82522074466>)

Signed by:



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Nathan Mosley
Budget & Policy Director

Signed by:



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Barry Eastman
Chairperson