



CITY OF
BRIGHTON, COLORADO

COMPREHENSIVE RATE AND FEE STUDY UPDATE

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PRESENTATION CONTENTS

- Introduction
- Purpose of update
- Proposed Rates
- Plant Investment Fee Update
- Questions and Discussion

PURPOSE OF THE UPDATE

- Re-evaluate sufficiency of existing water, sewer and stormwater revenue
 - Review of financials over the last year,
 - Review staff update of models,
 - Update/revise rate increase projections to reflect current financial standing of the 3 utilities.
- Update rates such that they generate sufficient revenue ***and*** continue cost of service standards

FINANCIAL TARGETS

- Cashflow model incorporates several financial targets:
 - Operating reserves: 90 days of operations and maintenance expense (O&M)
 - Emergency capital reserves: 25% of budgeted revenues
 - Rate stabilization reserves: 10% of budgeted user fee revenue
 - Debt service coverage: 1.25 times annual debt service

2014 STUDY:

REVENUE RECOMMENDATION - STORMWATER

Year	2014 Projected Increase	Recommended Increase
2015	30%	30%
2016	45%	45%
2017	25%	25%
2018	15%	10%
2019	15%	?

2014 STUDY:

REVENUE RECOMMENDATION - SEWER

Year	2014 Projected Increase	Recommended Increase
2015	4%	4%
2016	4%	4%
2017	4%	4%
2018	4%	4%
2019	4%	?

2014 STUDY:

REVENUE RECOMMENDATION - WATER

Year	2014 Projected Increase	Recommended Increase
2015	8%	8%
2016	8%	8%
2017	7%	7%
2018	7%	0% ⁽¹⁾
2019	7%	?

(1) The inflationary increase for 2018 is estimated at 3%

CASHFLOW PROJECTIONS (1)

Year	2017 Water	2018 Water	2017 Sewer	2018 Sewer	2017 Storm	2018 Storm
Beginning Cash Reserves	\$7,836	\$8,549	\$9,029	\$10,794	\$1,049	\$290
Revenue	14,197	15,385	7,472	7,890	837	1,279
Revenue Increase		0		237		79
Total Revenue (2)	14,197	15,385	7,472	8,127	837	1,358
O&M	8,333	9,338	4,058	5,651	362	526
Capital	3,500	9,233	1,193	4,507	1,234	304
Debt Service	1,651	1,640	456	450	-	-
Total Expenses	13,484	20,211	5,707	10,608	1,596	830
Net Cashflow	713	(4,826)	1,765	(2,481)	(759)	528
End of Year Cash Reserves	\$8,549	\$3,723	10,794	\$8,117	290	818
Target Reserves	6,758	7,492	3,592	4,219	376	465
DSC – 1.25 Requirement	3.55	3.69	7.49	5.51	n/a	n/a

FINANCIAL PLANNING INFORMATION

Water

- A 1% revenue increase equates to \$100,496 in additional revenue
- Most recent Thornton rate study projects 0% water rate increase in 2018, 6% increase in 2019, 0% increase in 2020 and 6% increase in 2021 (City adopted rates through 2017)

Sewer

- A 1% revenue increase equates to \$59,358 in additional revenue
- Metro has indicated that an anticipated 5% annual rate increase projection is reasonable

Storm

- A 1% revenue increase equates to \$7,947 in additional revenue

WHAT IS DRIVING THE RATE INCREASES?

- **The City went through an extended period of no or minimal rate increases**
 - During this time capital maintenance was deferred and reserve levels are being addressed to maintain financially prudent levels.
- **City is paying Metro for treatment of wastewater and is converting existing taps**
- **Examples of capital projects the City is anticipating over the next 5 years include:**
 - Well Repairs and Maintenance \$4.6 million (water)
 - Treatment Plant \$19.4 million (water)
 - Water Line Replacement \$15.4 million (water)
 - Collection System \$6.8 million (wastewater)
 - Drainage needs \$2.6 million (storm)

Stormwater Rates

	Current	Proposed	<i>Annual Difference</i>
Residential	\$5.00	\$5.50	\$6.00
Multi-Family	6.50	7.15	7.80
Commercial	14.00	15.40	16.80

Wastewater Rates

Fixed Charges	Current ⁽¹⁾	Proposed ⁽¹⁾
Residential	\$12.50	\$13.00
Commercial		
¾-inch	\$21.50	\$22.36
1-inch	50.82	52.85
1 ½-inch	124.57	129.55
2-inch	225.76	234.79
3-inch	474.23	493.19
4-inch	858.00	892.32
6-inch	2,314.43	2,407.00
(1) Includes Metro fee		

Wastewater Rates

	Current	Proposed
Residential	\$4.76	\$4.95
Commercial	5.84	6.07
Municipal	4.76	4.95

WATER RATE RECOMMENDATION

Fixed Charges	Current Base Charge	Proposed Base Charge
Residential	\$16.00	\$16.00
All Other		
¾-inch	16.00	16.00
1-inch	26.64	26.64
1 ½-inch	53.00	53.00
2-inch	85.07	85.07
3-inch	160.00	160.00
4-inch	266.43	266.43
6-inch	529.65	529.65

WATER RATE RECOMMENDATION

Class	Block Use ⁽¹⁾ (kgals)	Current Rate (\$/1,000)	Proposed Rate (\$/1,000)
Single Family	0-3	\$2.80	\$2.80
	4-20	5.14	5.14
	20-30	5.54	5.54
	30-40	6.00	6.00
	>40	7.00	7.00
Multifamily	0 - 40	\$5.62	\$5.62
	> 40	7.00	7.00

(1) Current single family tiers are:

0-3
4-15
15-25
25-40
>40

WATER RATE RECOMMENDATION

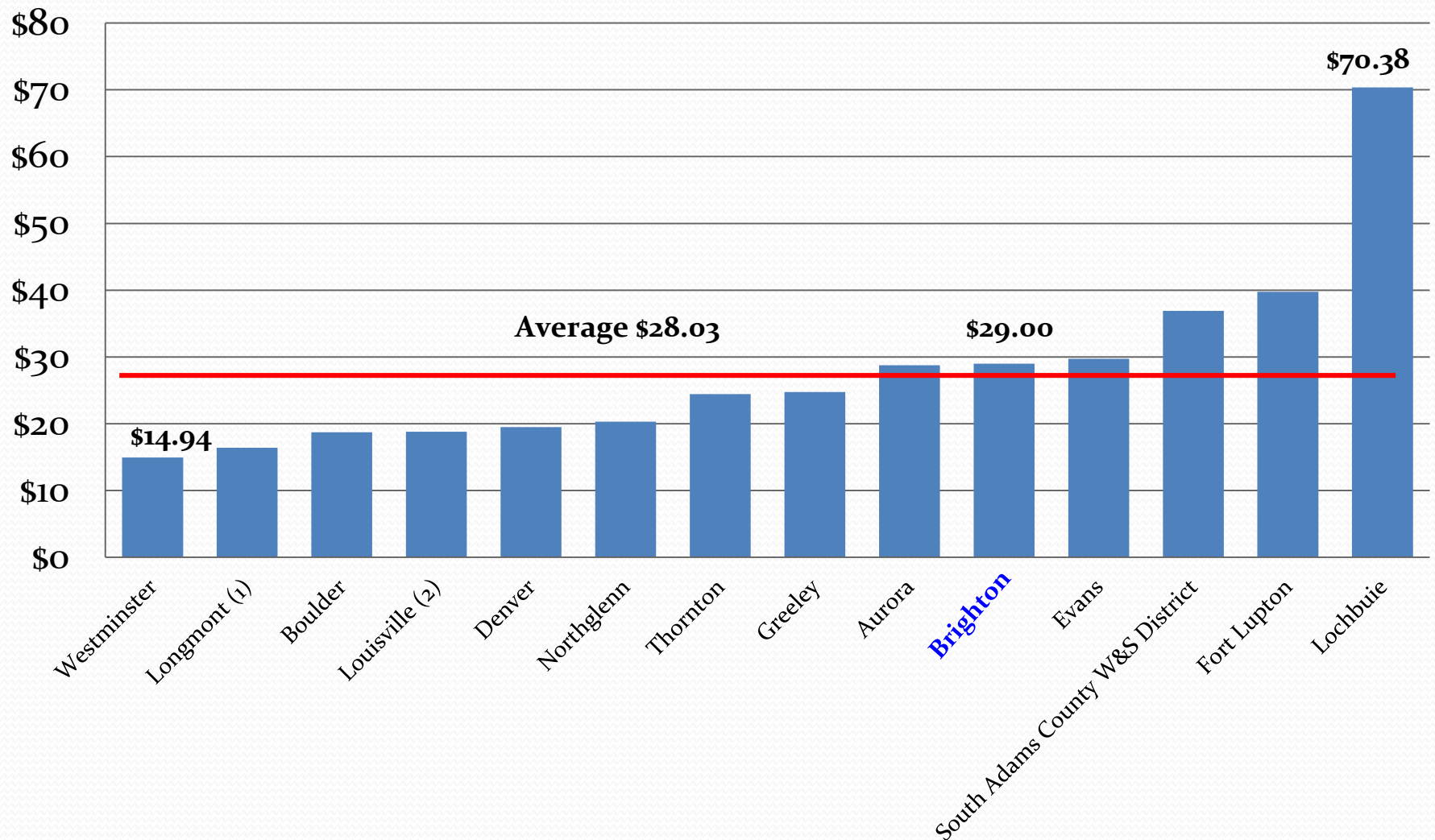
Class	Block Use (kgals)	Current Rate (\$/1,000)	Proposed Rate (\$/1,000)
Commercial – indoor use	> 0	\$5.33	\$5.33
Commercial – dual use	> 0	6.75	6.75
Commercial - irrigation	> 0	9.15	9.15
Municipal Potable	> 0	0.00	3.50
Bulk – hydrant	> 0	9.15	9.15
Non-Potable Irrigation	> 0	3.50	3.50

Customer Impacts – Combined Monthly Bill

Gallons per Month	Current	Proposed 2018
3,000	\$60.78	\$62.35
12,000 ⁽¹⁾	\$116.56	\$118.51
25,000 ⁽¹⁾	\$187.38	\$187.33

(1) Assumes 5 kgals of sewer flow

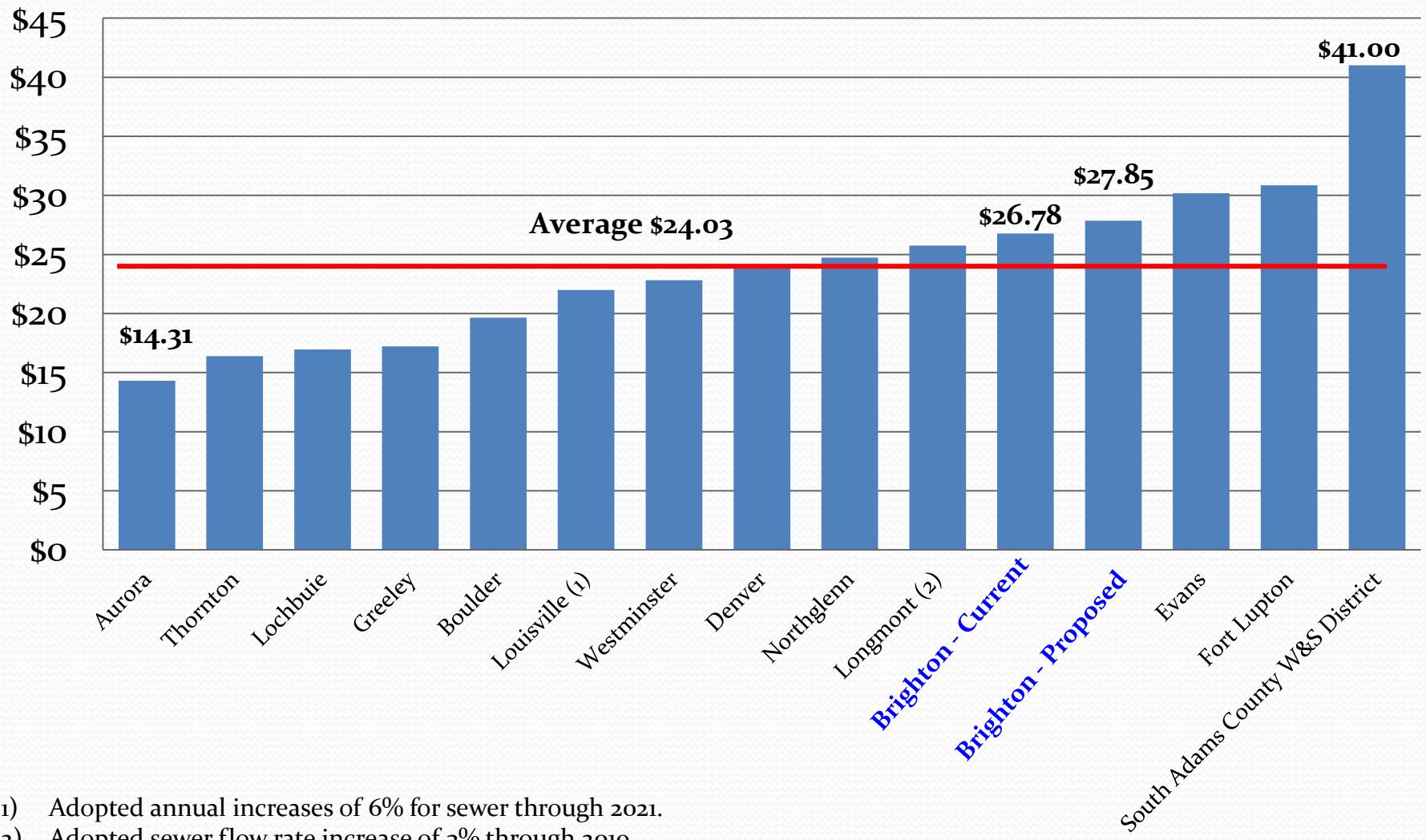
Comparison of Monthly Water Bill (3,000 gallons)



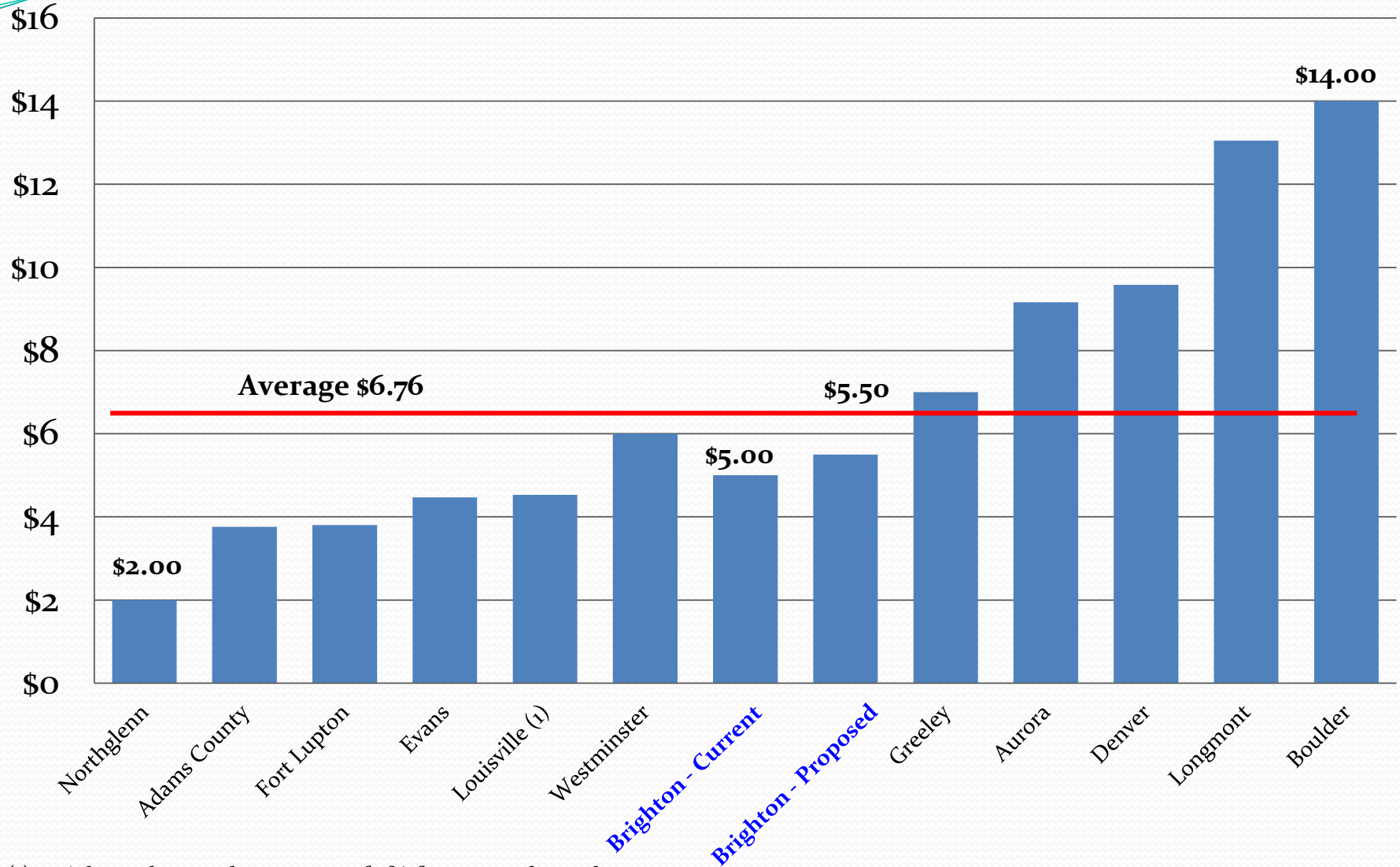
(1) Adopted water base increases of 10% in 2018, 10% in 2019, volume rate increases of 7% in 2018, 7% in 2019.

(2) Adopted annual increases of 2% for water through 2021.

Comparison of Monthly Sewer Bill (3,000 gallons)



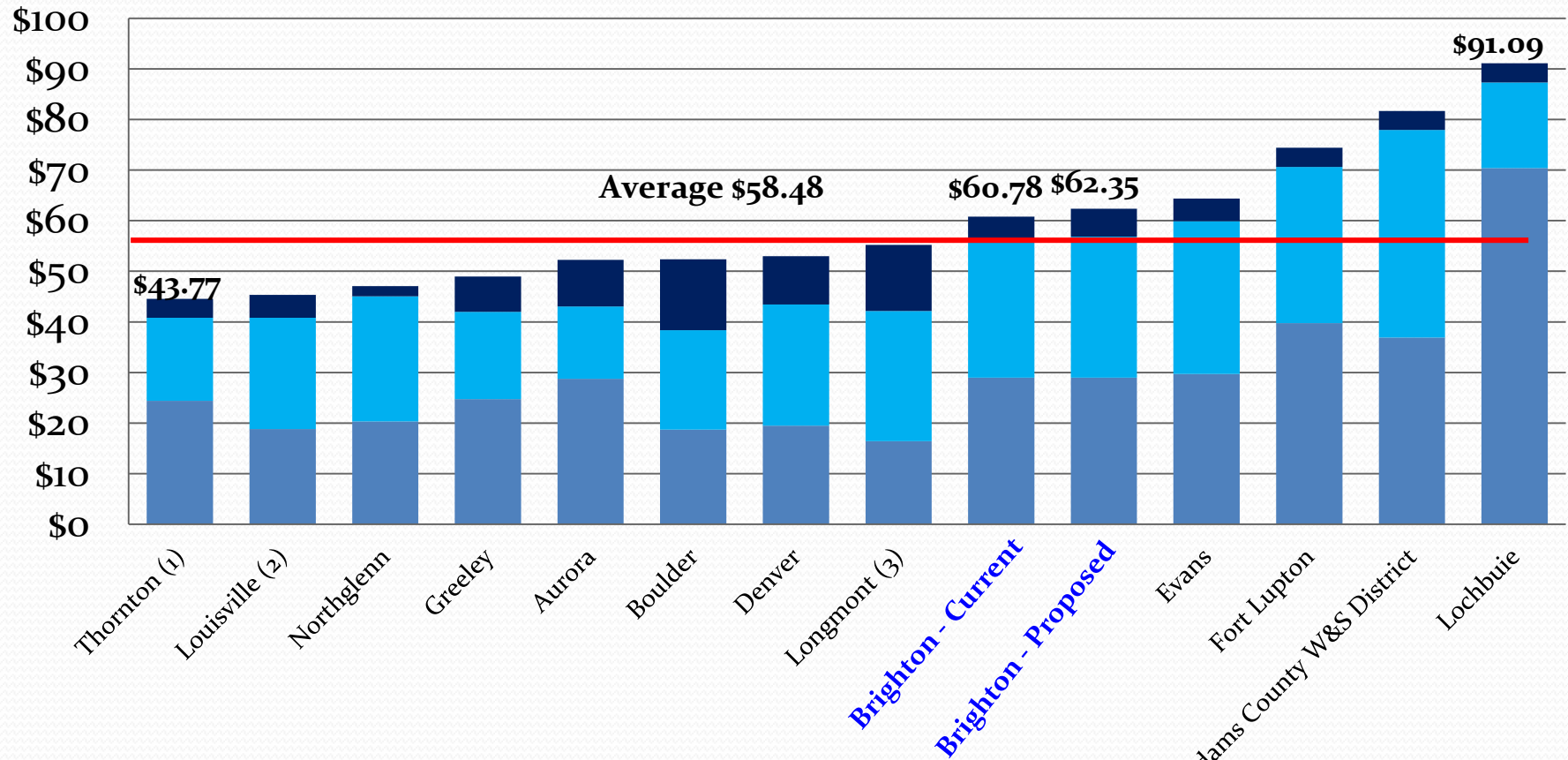
Comparison of Monthly Storm Bill



(1) Adopted annual increases of 3% for storm through 2021.

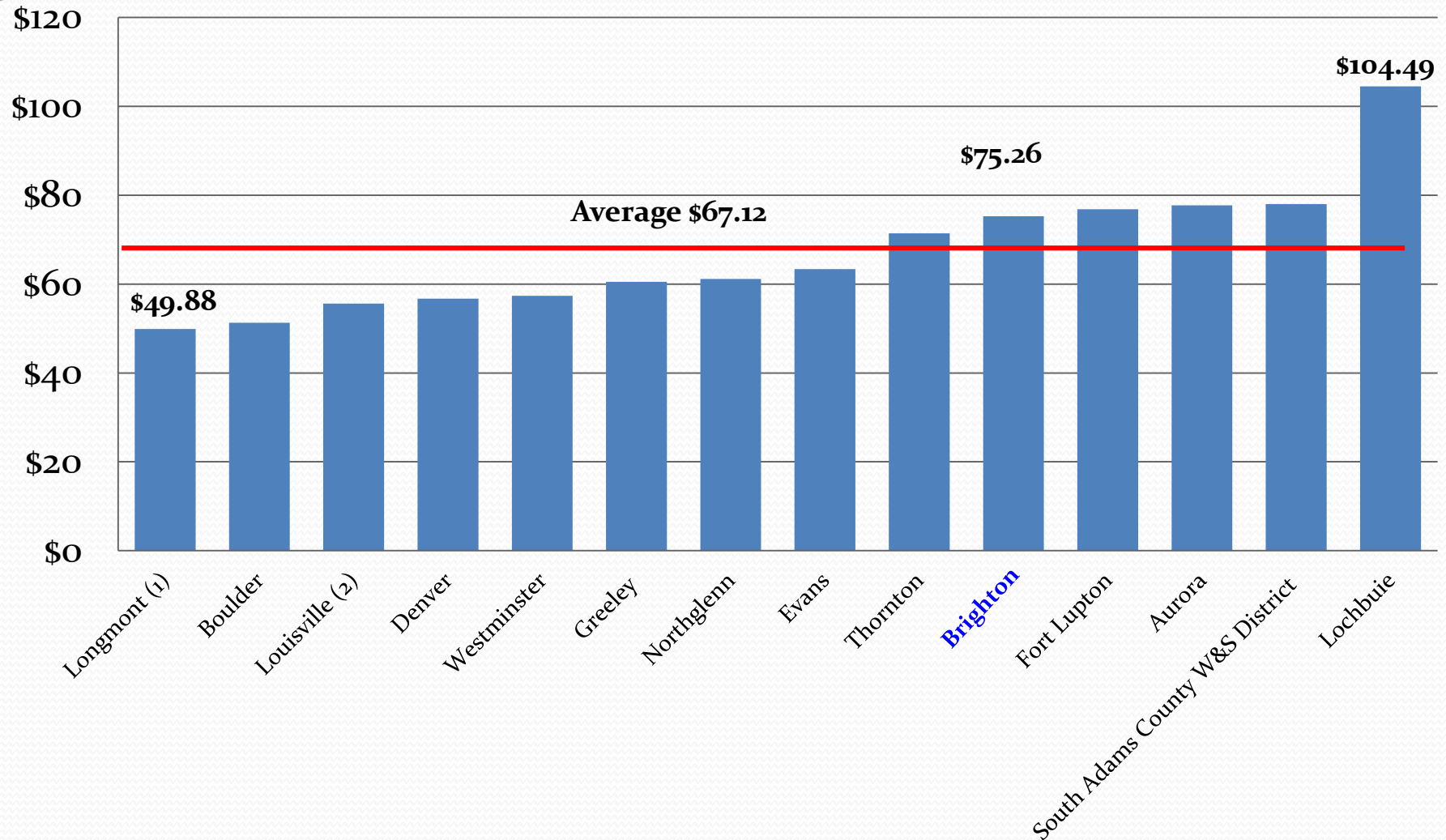
Comparison of Monthly Utility Bill (3,000 gallons)

■ Water ■ Sewer ■ Storm



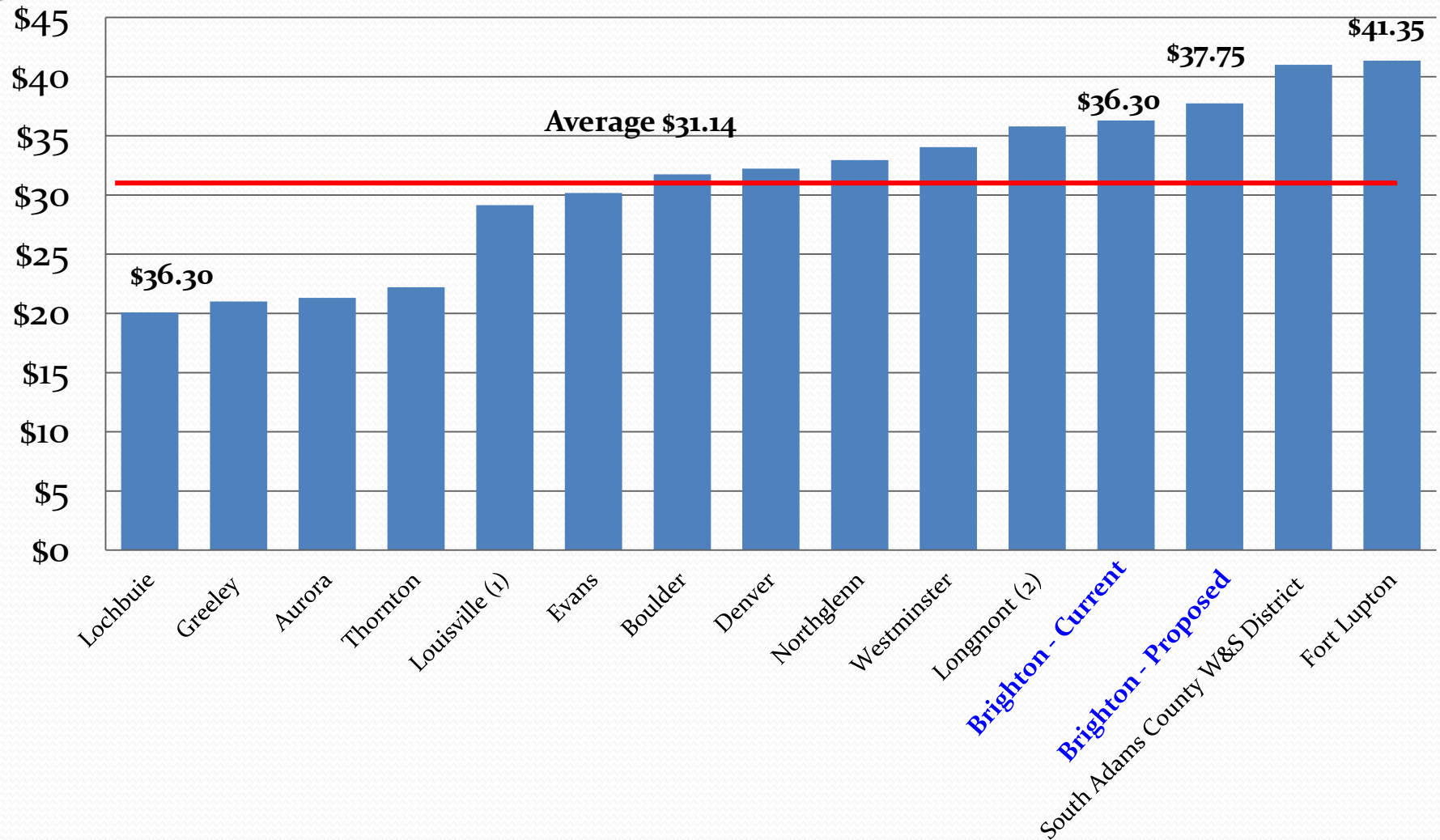
- (1) Adams County stormwater fee
- (2) Adopted annual increases of 2% for water, 6% for sewer and 3% for storm through 2021.
- (3) Adopted water base increases of 10% in 2018, 10% in 2019, volume rate increases of 7% in 2018, 7% in 2019, sewer flow rate increase of 3%.

Comparison of Monthly Water Bill (12,000 gallons)



- (1) Adopted water base increases of 10% in 2018, 10% in 2019, volume rate increases of 7% in 2018, 7% in 2019.
- (2) Adopted annual increases of 2% for water through 2021.

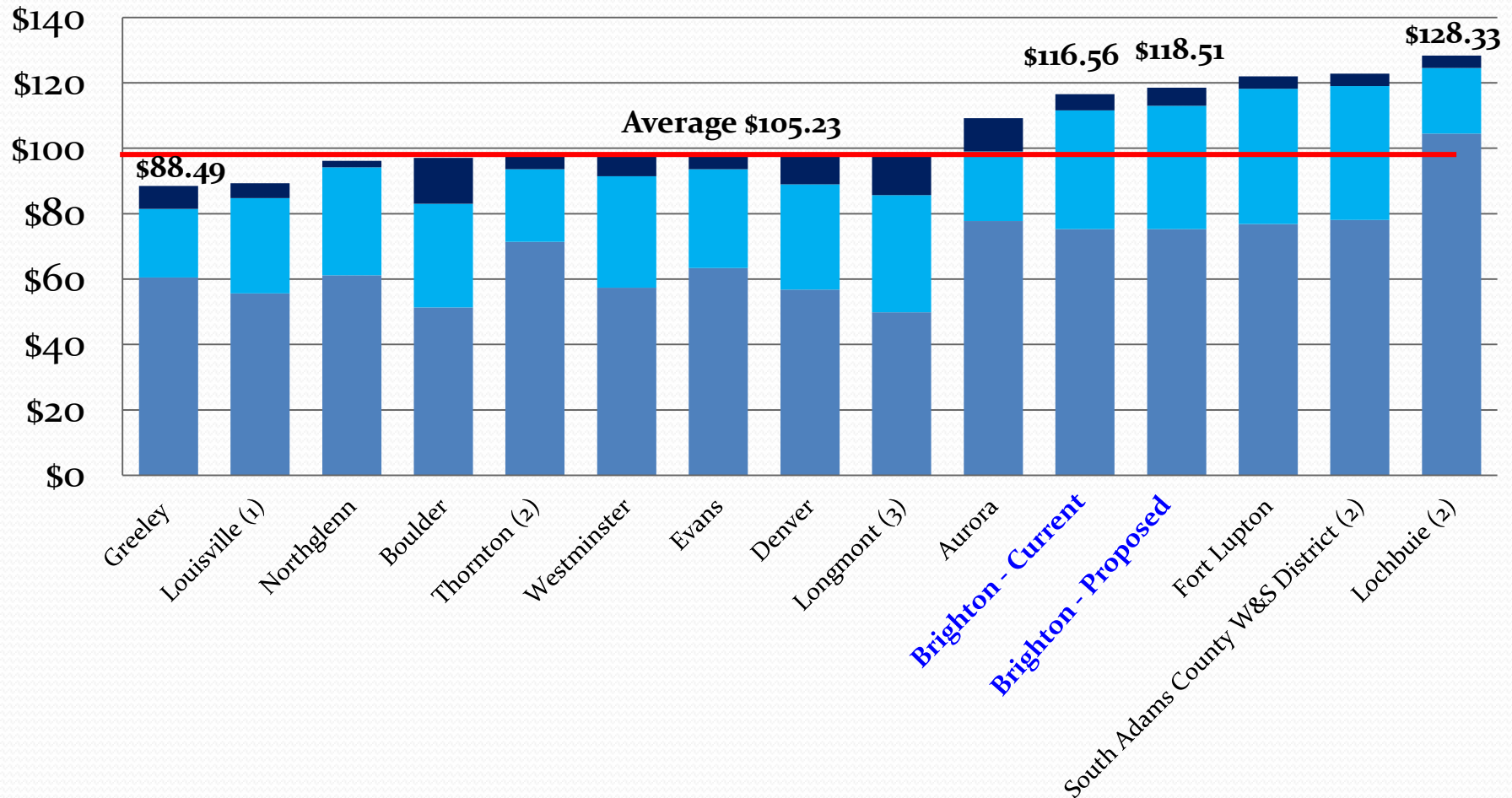
Comparison of Monthly Sewer Bill (5,000 gallons)



- (1) Adopted annual increases of 2% for water, 6% for sewer and 3% for storm through 2021
(2) Adopted water base increases of 10% in 2018, 10% in 2019, volume rate increases of 7% in 2018, 7% in 2019, sewer flow rate increase of 3%.

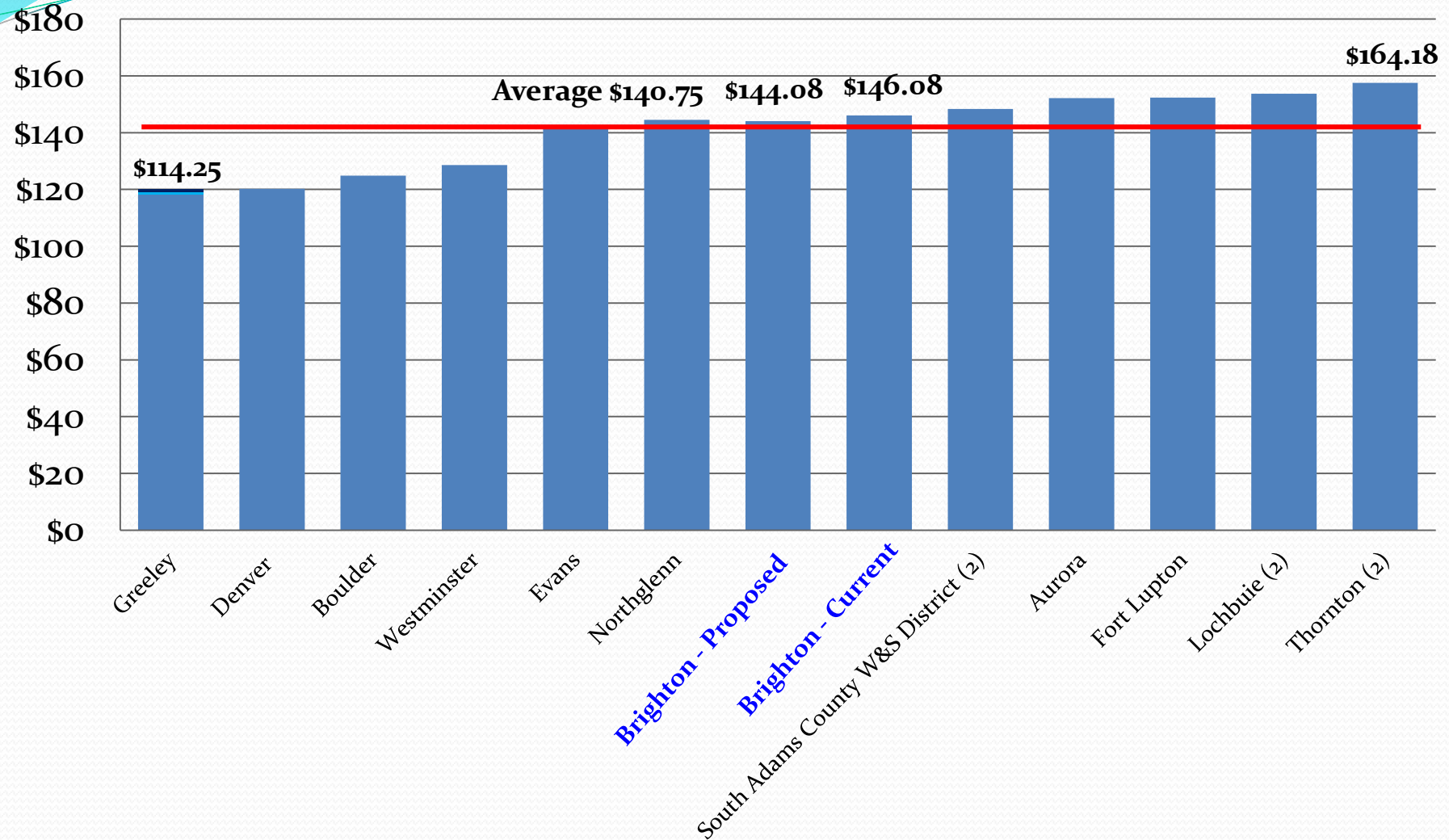
Comparison of Monthly Utility Bill (12,000 gallons)

■ Water ■ Sewer ■ Storm



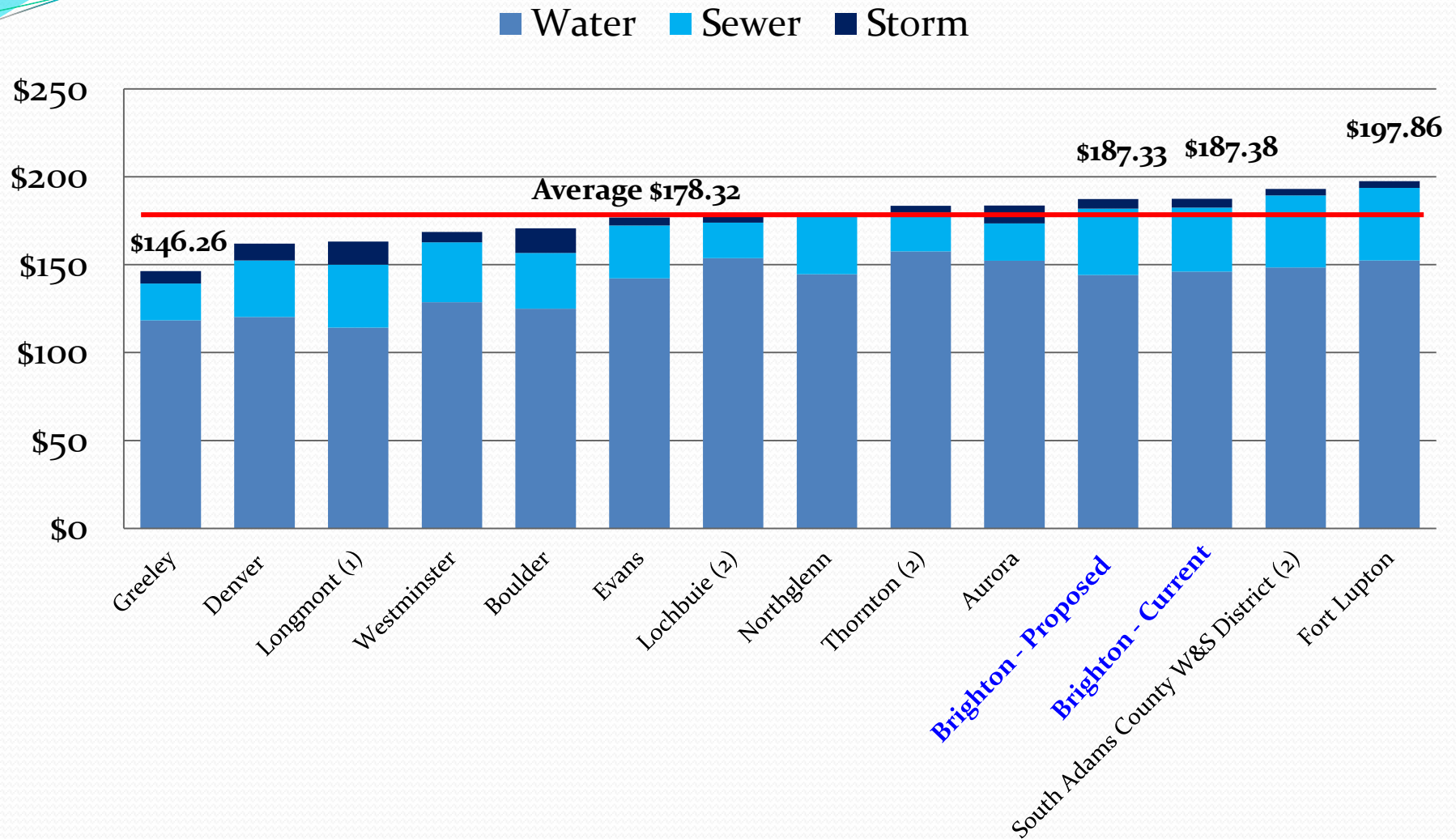
- (1) Adopted annual increases of 2% for water, 6% for sewer and 3% for storm through 2021.
- (2) Adams County stormwater fee.
- (3) Adopted water base increases of 10% in 2018, 10% in 2019, volume rate increases of 7% in 2018, 7% in 2019, sewer flow rate increase of 3%.

Comparison of Monthly Water Bill (25,000 gallons)



- (1) Adopted water base increases of 10% in 2018, 10% in 2019, volume rate increases of 7% in 2018, 7% in 2019, sewer flow rate increase of 3%.
- (2) Adams County stormwater fee.
- (3) Adopted annual increases of 2% for water, 6% for sewer and 3% for storm through 2021.

Comparison of Monthly Utility Bill (25,000 gallons)



- (1) Adopted water base increases of 10% in 2018, 10% in 2019, volume rate increases of 7% in 2018, 7% in 2019, sewer flow rate increase of 3%.
- (2) Adams County stormwater fee.
- (3) Adopted annual increases of 2% for water, 6% for sewer and 3% for storm through 2021.

HOW THE CITY IS HELPING RESIDENTS

- **City is paying for its own water use**
- **Lifeline Program**
 - Lower rates for residential customers using up to 3,000 gallons of water a month
 - Geared toward smaller homes (1 to 2 occupants)
- **Financial Assistance**
 - Good neighbors fund
 - Budget billing

PLANT INVESTMENT FEES

Proposed to Increase by ENR Inflation Indices (%)

	Current PIF	Proposed PIF
Water w/ Water Rights		
¾-inch (Typical Single Family)	\$10,640	\$11,012
Water w/o Water Rights		
¾-inch (Typical Single Family)	20,250	22,012
Sewer (City Portion Only)		
Single Family	2,175	2,251
Stormwater		
Single Family	4,360	4,513
Commercial (per square foot)	0.72	0.86



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QUESTIONS & DISCUSSION