

2026 Rate Updates

STUDY SESSION – August 26, 2025

City Staff Representative:
Department:

Catrina Asher, Finance Director
Finance

Purpose

To provide Council with information regarding proposed utility rate and impact fee updates to be included in the 2026 rate study proposal.

Background

Staff reviews utility fees and impact fees annually and partners with consultants for rate and fee studies periodically to ensure rates and fees reasonably reflect the cost of service provided. All fees are included in the annual fee resolution proposed to City Council as part of the Budget Adoption process.

Focus – Storm Drainage

A small fund with big needs

The Fund

- Generates revenues around \$3M annually
- Not a TABOR enterprise fund
 - Cannot borrow without voter approval
 - Can supplement with general or capital funds as available and allowed
- Storm Drainage projects can exceed \$10M and be necessary for other improvements, including road widening and residential development.
- Storm Drainage projects may be required for public safety and to prevent flooding of other infrastructure.
- There are potentially \$200M+ in Storm Drainage projects that the City will need to address in coming years.

Staff's Approach

- Conduct a new rate study that factors in all future capital needs as well as other potential sources.
- Consider storm drainage costs that are integral to other projects as part of those project budgets.
 - For example, Bridge Street Widening funded more than \$2M in storm drainage improvements.
- Consider comparability and affordability in rates, knowing that the fund will not be able to reasonably generate enough revenue to fund all projects.

Utility Rates

Utility Rates – Methodology & Recommendations

Service Category	Methodology	Frequency	2026 Proposed Adjustment
Water	Rate Study	Annual	7%
Wastewater Metro Water Recovery	Pass-thru	Annual	8%
Wastewater Lochbuie Sewer Board	Pass-thru*	Annual	Match MWR
Storm Drainage	Rate Study	5 years	\$3/EQR**

* Rates for Lochbuie Service will be set equal to those paid by Metro Water Recovery Customers in anticipation of capital improvements required for service.

** Each single-unit residential account is one EQR, so this equates to \$3/month for a single-unit residential account.

Sample Bills with 2026 Rates

Winter Usage – 4,000 gallons/month

Metro Water Recovery

	2025 Current	2026 Proposed
Water (4,000 gallons of usage)		
Fixed Fees		
Flat Charge	18.22	19.49
Contract Water Surcharge	6.00	6.00
WTP Fee	4.60	4.60
Usage Fee	12.76	13.65
Total	41.58	43.74
Wastewater (Metro, 4,000 gallon WQA)		
Fixed Fees		
Flat Charge	14.94	16.14
Metro WWTF	3.00	3.00
Usage Fee	22.72	24.54
Total	40.66	43.67
Storm Drainage	5.50	8.50
Bill Total	\$ 87.74	\$ 95.92
Effective Rate Impact \$		\$ 8.18
Effective Rate Impact %		9.3%

Town of Lochbuie

	2025 Current	2026 Proposed
Water (4,000 gallons of usage)		
Fixed Fees		
Flat Charge	18.22	19.49
Contract Water Surcharge	4.60	6.00
WTP Fee	6.00	4.60
Usage Fee	12.76	13.65
Total	41.58	43.74
Wastewater (Lochbuie, 4,000 gallon WQA)		
Fixed Fee	12.32	16.14
Usage Fee	18.75	24.54
Total	31.06	40.67
Storm Drainage	5.50	8.50
Bill Total	\$ 78.14	\$ 92.92
Effective Rate Impact \$		\$ 14.78
Effective Rate Impact %		18.9%

Sample Bills with 2026 Rates

Summer Usage – 15,000 gallons/month

Metro Water Recovery

	2025 Current	2026 Proposed
Water (15,000 gallons of usage)		
Fixed Fees		
Flat Charge	18.22	19.49
Contract Water Surcharge	4.60	4.60
WTP Fee	6.00	6.00
Usage Fee	79.41	84.97
Total	108.23	115.06

Wastewater (Metro, 4,000 gallon WQA)		
Fixed Fees		
Flat Charge	14.94	16.14
Metro WWTF	3.00	3.00
Usage Fee	22.72	24.54
Total	40.66	43.67

Storm Drainage	5.50	8.50
-----------------------	-------------	-------------

Bill Total	\$ 154.39	\$ 167.23
Effective Rate Impact \$		\$ 12.85
Effective Rate Impact %		8.3%

Town of Lochbuie

	2025 Current	2026 Proposed
Water (15,000 gallons of usage)		
Fixed Fees		
Flat Charge	18.22	19.49
Contract Water Surcharge	4.60	4.60
WTP Fee	6.00	6.00
Usage Fee	79.41	84.97
Total	108.23	115.06

Wastewater (Lochbuie, 4,000 gallon WQA)		
Fixed Fee	12.32	16.14
Usage Fee	18.75	24.54
Total	31.06	40.67

Storm Drainage	5.50	8.50
-----------------------	-------------	-------------

Bill Total	\$ 144.79	\$ 164.23
Effective Rate Impact \$		\$ 19.44
Effective Rate Impact %		13.4%

Impact Fees

Impact Fees - Methodology

Fee Category	Methodology	Recommended Frequency	Most Recent
Parks	Rate Study plus Inflation	5-10 years	2021
Transportation	Rate Study with Phase-in	5-10 years	2024
General Services	Rate Study with Phase-in	5-10 years	2024
Water	Rate Study plus Inflation	5-10 years	2024
Wastewater	Pass-thru*	Annual	N/A
Storm Drainage	Rate Study plus Inflation	5-10 years	2025

* Wastewater rates are charged by the processor (Metro Water Recovery or the Town of Lochbuie. The City collects fees on behalf of the processors. No Impact Fees are charged by the City for the Wastewater facility.

Impact Fees – Background

General Fees

2023 Study on General Impact Fees (Transportation & General Services)

Recommendations in 2024:

- Residential - Increase Impact Fees with a phased-in approach.
 - (50% in 2025, 50% in 2026)
- Commercial – Leave fees at existing rates as an incentive for development.
- All – Apply inflation annually to avoid large corrections in the future.

Increase based on recommendation in 2024

	2025	2026		
	Current	Inflation	Rate Increase	Total
Single Unit Residential (per dwelling unit)				
General Fees				
Community Park	\$ 2,008	\$ 54	\$ -	\$ 2,063
Neighborhood Park	2,008	54	-	2,063
Transportation	3,542	96	1,105	4,743
General Services	1,067	29	1,048	2,144
	<u>\$ 8,626</u>	<u>233</u>	<u>2,153</u>	<u>11,012</u>
Utility Fees				
Water (Impact & Fee-in-Leiu)	\$ 17,919	\$ 484	\$ -	\$ 18,403
Storm Drainage	4,580	124	-	4,704
	<u>\$ 22,499</u>	<u>\$ 607</u>	<u>\$ -</u>	<u>\$ 23,106</u>
Totals	<u>\$ 31,125</u>	<u>\$ 840</u>	<u>\$ 2,153</u>	<u>\$ 34,118</u>
Percentage Increase		2.7%	6.9%	9.6%

Impact Fees – Background Utilities

The Funds

Water Utility

- Most recent rate study in 2023 with increases implemented in April 2024.

Storm Drainage Utility

- Most recent rate study in 2025.
- Previous study was in 2021 with no changes to impact fees implemented.

The Recommendations

Water Utility

- Inflationary increases only

Storm Drainage Utility

- Residential – Increase \$784 per Single Unit, \$372 per Multi Unit
- Commercial – Increase of \$0.15/sq ft

Impact Fees – Study Recommendations (Residential Single Unit)

Fee Category	Current	Inflation	Rate Study	Total
Parks	\$4,016	\$108	-	\$4,126
Transportation	\$3,542	\$96	\$1,105	\$4,743
General Services	\$1,067	\$29	\$1,048	\$2,144
Water	\$17,919	\$484	-	\$18,403
Storm Drainage	\$4,580	\$124	\$784	\$5,488
TOTAL	\$31,125	\$840	\$2,937	\$34,902

Total Increase
\$3,777

% Increase
12.1%

Impact Fees – Staff Recommendations (Residential Single Unit)

Fee Category	Current	Inflation	Rate Study	Total
Parks	\$4,016	\$108	-	\$4,126
Transportation	\$3,542	\$96	\$1,105	\$3,638
General Services	\$1,067	\$29	\$1,048	\$1,096
Water	\$17,919	\$484	-	\$18,403
Storm Drainage	\$4,580	\$124	\$784	\$5,488
TOTAL	\$31,125	\$840	\$784	\$32,749

Total Increase
\$1,624

% Increase
5.2%

In an effort to remain affordable, staff recommends forgoing the rate study recommended increases to Transportation and General Services.

Impact Fees – Staff Recommendations (Commercial, cost per sq ft including Storm)

Property Type	Current w/Storm	Inflation	Rate Study (Storm)	Total Cost Per sq ft
Retail / Commercial	\$1.52	\$0.02	\$0.15	\$1.71
Office Space	\$1.86	\$0.03	\$0.15	\$2.06
Industrial	\$1.28	\$0.01	\$0.15	\$1.46
Warehouse	\$1.28	\$0.01	\$0.15	\$1.46

New Development Examples

500 Sq Ft Drive Through = \$856

10,000 Sq Ft Restaurant = \$17,110

100,000 Sq Ft Industrial or Warehouse = \$145,456

Questions

