City of Westminster, Colorado

Water/Sewer Rates and Fees 2019-2020 Recommendations

September 10, 2018

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City Mission Statement:

To deliver exceptional value and quality of life through SPIRIT.

Utility Mission Statement:

Our responsibility to our customers is to provide safe, high quality, compliant and reliable water and sewer services to our customers.

Utility System Needs Meet Utility Goals

Goals

1. Financially sustainable Utility
2. Promote water conservation
3. Affordable and equitable

Needs

- On-going operations and maintenance (#1)
- Repair and replacement of aging infrastructure (#1 and #3)
- Conservation focused water use (#2)
- Appropriate financing (#1 and #3)
- Affordability (#3)
- Regulatory compliance (#1)

A Transparent, Thorough and Data-Based Process

- Evaluate Utility needs & calculate revenue requirements

- Rebalance to be fair and equitable to all customers

- Conformance with industry best practices

- Affordability review

- Independent nationally recognized consultant

- 8 reports and 3 presentations to City Council

Example 2019 Customer Rate Changes

Single Family Customer	2018-2019 Avg. Monthly Change	2019-2020 Avg. Monthly Change
Low Water User *(10.1% of our households)*	$8.00	$5.00
Average Water User *(77.6% of our households)*	$11.00	$11.50
High Water User *(12.3% of our households)*	$67.00	$32.00

Two Primary Sources of Utility Fund Revenue

Rates:
Paid by residential & commercial customers

Tap Fees
Paid by developers

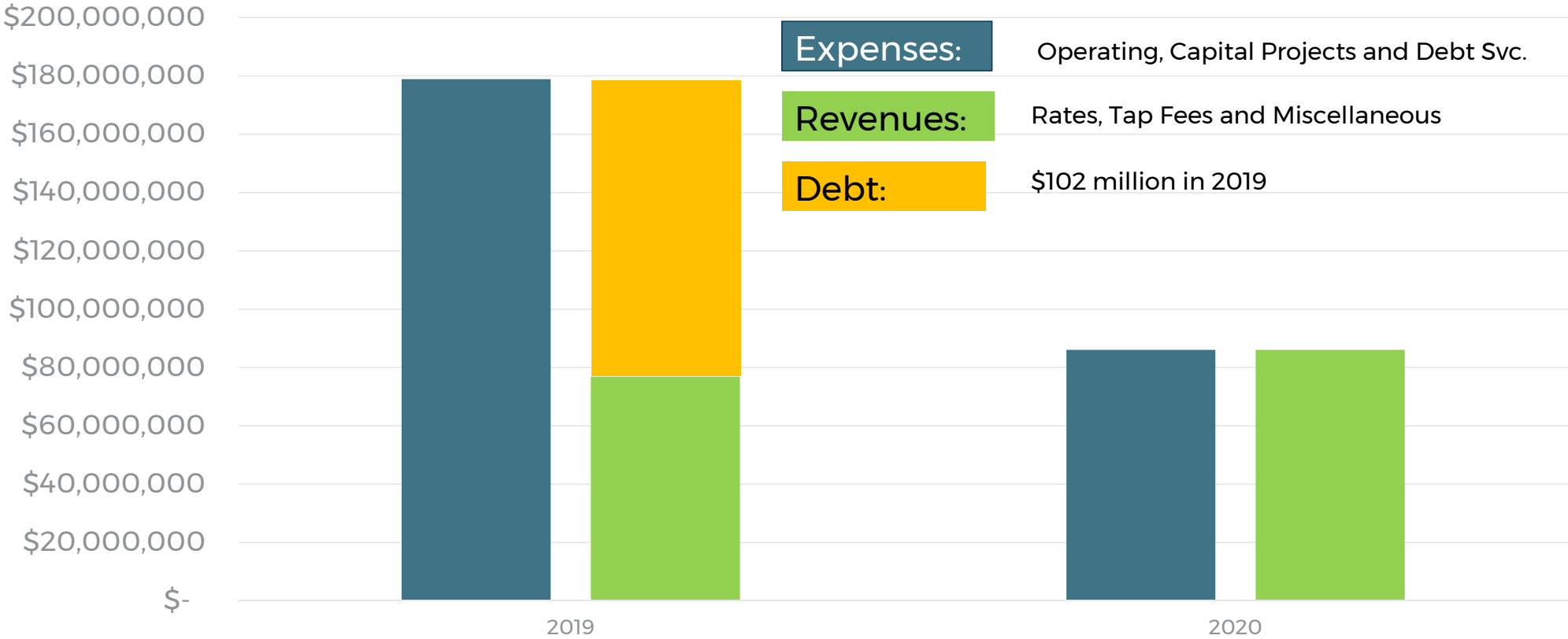### Utility Fund Revenues

- Variable
- Build, operate and maintain system
- Strategic use of debt
  - Smooth rate increases
  - Generational equity

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Utility Revenues Fund Critical Expenses and Projects

- 2019/2020 operating budgets and existing/proposed debt service

- 2-year Capital Improvement Program
  - Only the most critical of the critical projects
  - Primarily repair and replacement projects

2019/2020 Revenues, Expenses and Debt

|	
Expenses:	Operating, Capital Projects and Debt Svc.
Revenues:	Rates, Tap Fees and Miscellaneous
Debt:	$102 million in 2019

Tap Fees

- The one time fee that developers are charged to buy into the City's systems:
  - Water
  - Wastewater
  - Irrigation (including reclaimed water)
- Based on the value of infrastructure and value of water resources
- Once a tap fee is paid, the development becomes a rate-paying customer

Tap Fees are an Important Revenue Source

	2015	2016	2017
Tap Fee Revenue	23%	28%	17%
Rate Revenue	77%	72%	83%
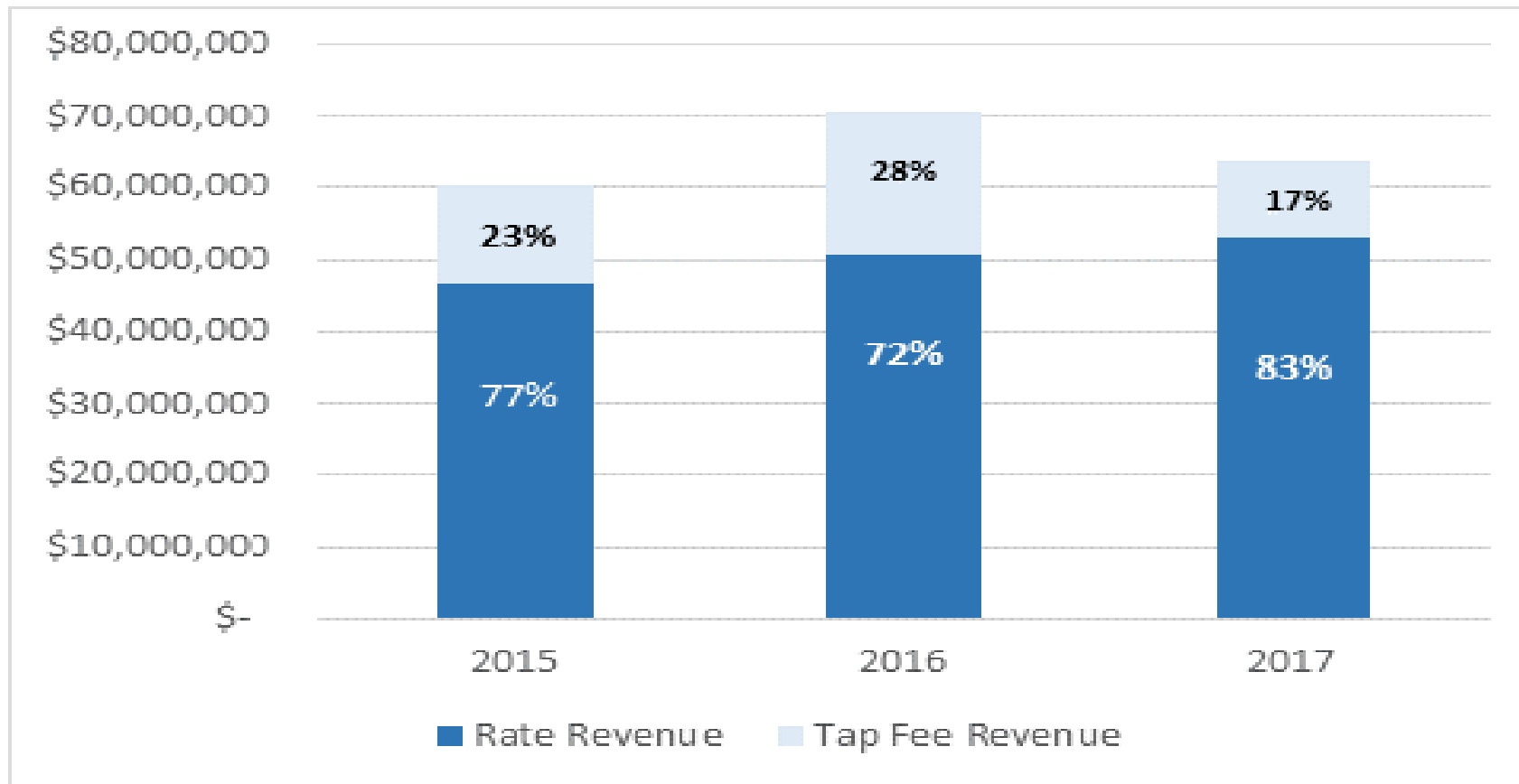
Recent Developer-Paid Tap Fees

- Multi-Family (8 Buildings, 196 Units): $4,814,007
- Hospital (338,176 sq. ft.): $1,820,423
- Hotel (212 rooms): $809,930

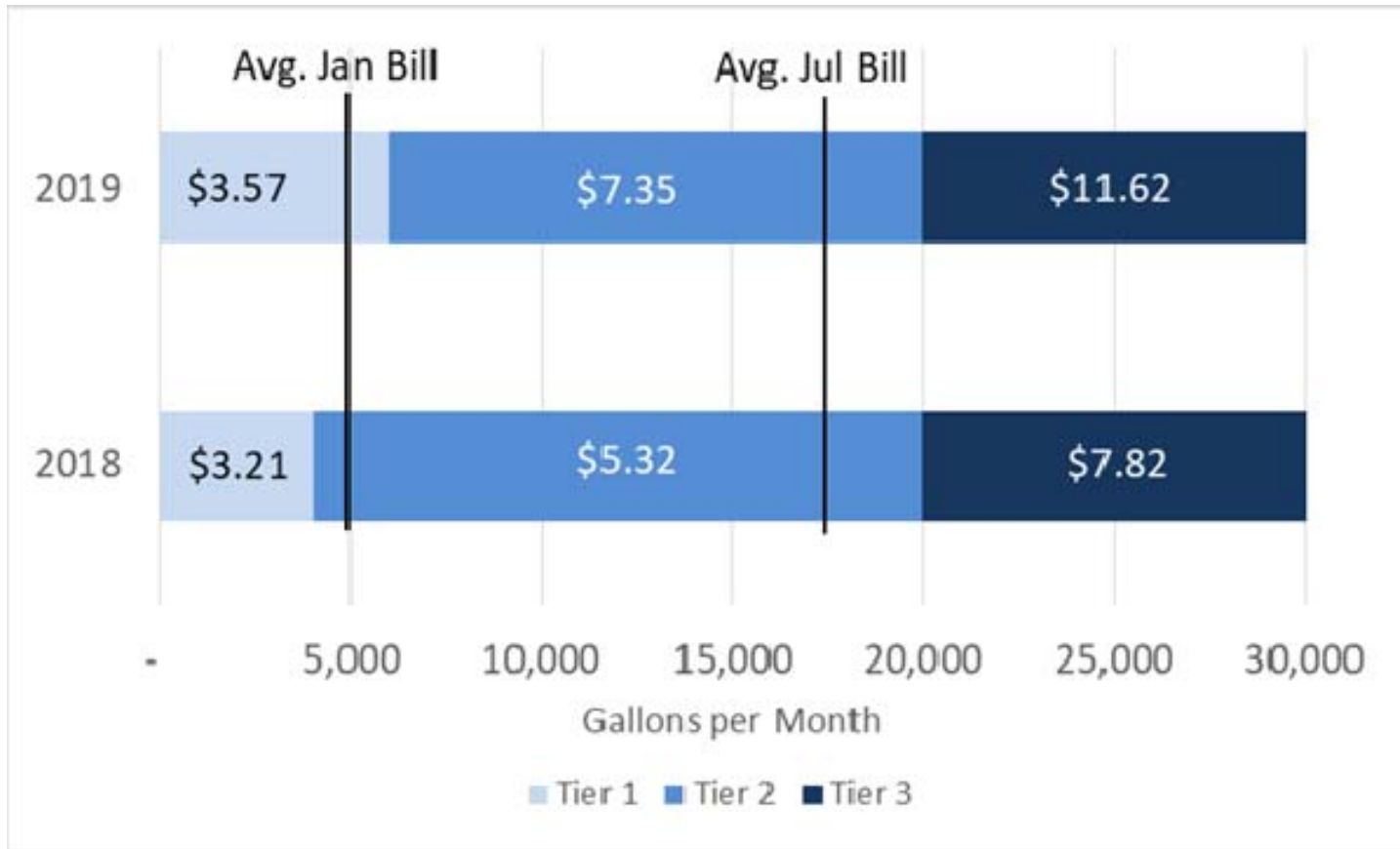**The City does not waive tap fees for new development.**

Components of Tap Fee Adjustments

- Increase the Infrastructure tap fee component and maintain the Water Resources component

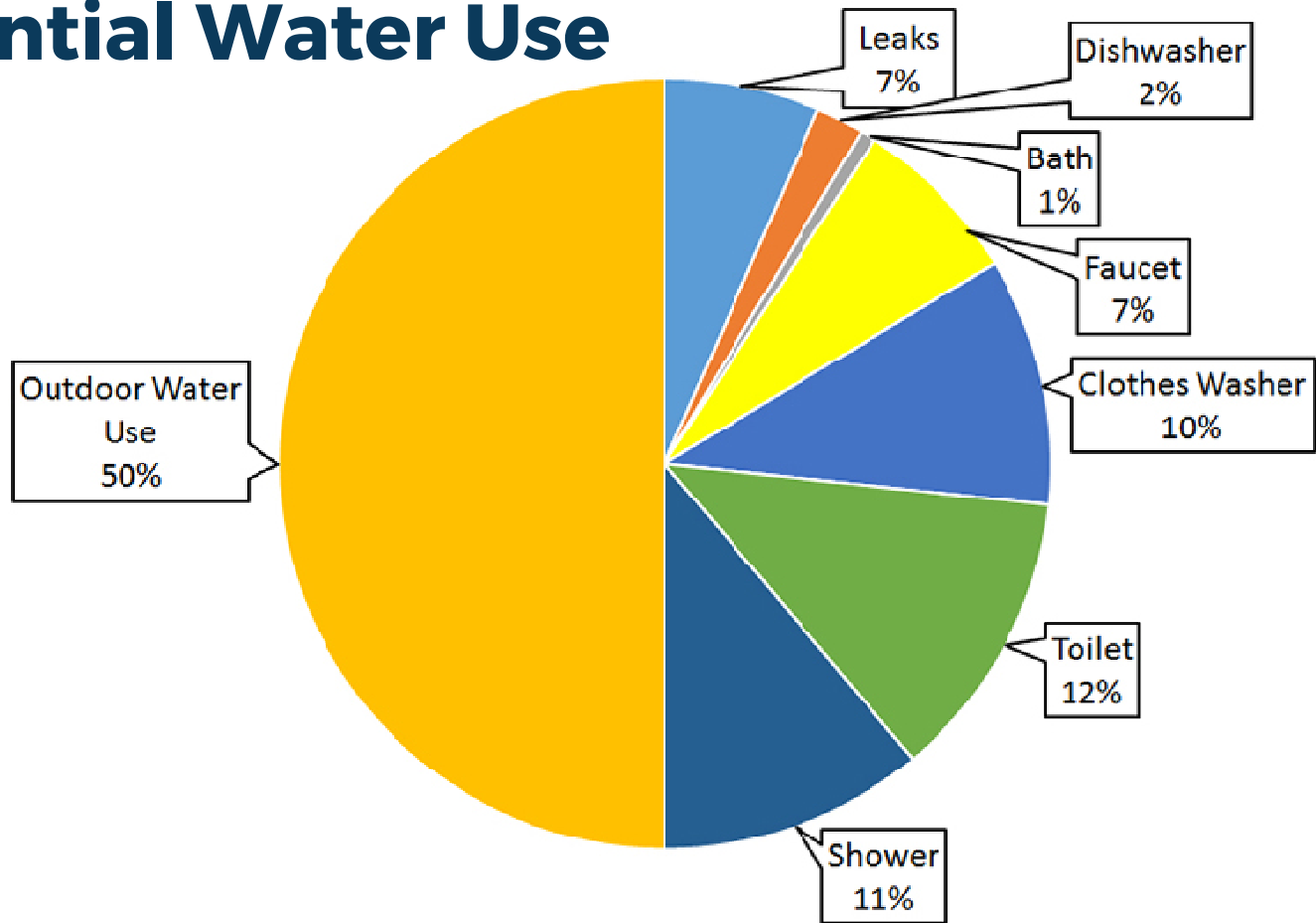- Include scalable residential tap fees

Rate Adjustment Components

- **Align** residential/commercial to cost of service

- **Broaden** Tier 1 (indoor water use) by 50%

- **Simplify** commercial water use tiers/implement surcharge for overuse

- **Enhance** fixed water revenues

- **Implement** a 2,000 gallon monthly minimum "**readiness to serve**" wastewater charge

Residential Rates Comparison (cost per thousand gallons)

Residential Water Use

Leaks
7%

Dishwasher
2%

Bath
1%

Faucet
7%

Clothes Washer
10%

Outdoor Water Use
50%

Toilet
12%

Shower
11%

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Online Bill Calculator

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Residential Utility Bill Calculator

This residential utility bill calculator is meant to help you understand how the proposed rate increase will impact your monthly bill. A copy of your recent bill will help you fill out the calculator – use the numbers from the monthly usage graph.

The totals provided by this calculator are estimates only and may not accurately reflect your current or future bill. Other factors can affect the total on your upcoming bills.

This tool uses Inside City Limit rates for all calculations. Shaw Heights and Outside City Limits calculations are not available at this time.

1,000 Gallons

All fields are required

Jan	Feb	Mar	Apr	May	Jun
6	6	5	5	8	12

Jul	Aug	Sep	Oct	Nov	Dec
16	11	11	4	6	6

Calculate

Average Monthly* Utility Bill

Average Monthly Water Consumption
(in thousands of gallons): 8

	Current	Proposed
Meter Service Charge	$9.06	$10.96
Water Consumption	$34.16	$37.38
Sewer Charge	$35.64	$41.76
Storm Water Management Fee**	$6.00	$6.00
Infrastructure Fee**	$6.00	$6.00
Average Monthly Total Bill	$90.86	$102.10
Average Monthly Bill Increase		$11.24

*Customers can expect lower than average changes to their bill in the winter and higher than average in the summer because of differences in water use over the year.

**The Storm Water Management Fee and the Infrastructure Fee may change in the future. This calculator uses the current fees for each at this time, and Staff will update the calculator with fee changes for those bill components as they are made.
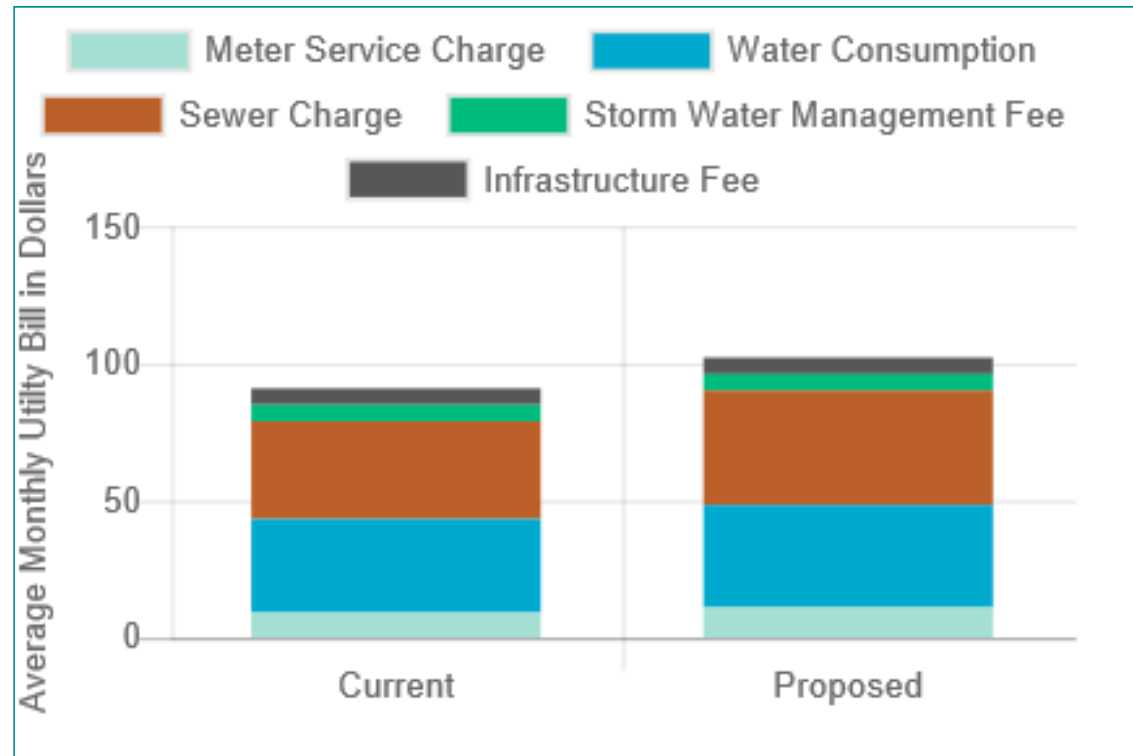
www.cityofwestminster.us/rateproposal

Water Bill Assistance Program (income-qualified)

- Low-income Credit

- Hardship Program

- Repair Program

- High Efficiency Toilet Replacement

Conservation Programs

- Slow the Flow Outdoor Irrigation Audits
- Garden in a Box Programs
- 5th Grade Water Festival
- Community Outreach
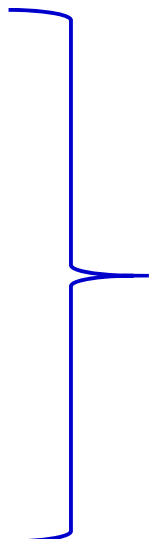
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Staff Seeks City Council Approval on Proposed 2019-2020 Water/Sewer Rates and Fees

1. Proposed 2019/2020 water and sewer **rates and fees**

2. Proposed 2019/2020 water and sewer **tap fees**

Includes implementation of rate adjustment components

1st reading: September 24th, 2018
2nd reading: October 8th, 2018

Questions/Comments

Public Works and Utilities Department