



# Town of Johnstown

## TOWN COUNCIL WORK SESSION

450 S. Parish, Johnstown, CO

Monday, September 11, 2023 at 6:00 PM

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*MISSION STATEMENT: Enhancing the quality of life of our residents, businesses, and visitors through community focused leadership.*

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### AGENDA

#### CALL TO ORDER

#### AGENDA ITEMS

- [1.](#) Utility Rate Study Discussion

#### ADJOURN

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### AMERICANS WITH DISABILITIES ACT NOTICE

In accordance with the Americans with Disabilities Act and other applicable laws, persons who need accommodation in order to attend or participate in this meeting should contact Town Hall at 970-587-4664 no later than 48 hours before the meeting in order to request such assistance.

De conformidad con la Ley de Discapacitados Estadounidenses y otras leyes vigentes, los individuos que necesitan adaptaciones funcionales para asistir o participar en esta reunión deberán comunicarse con la Municipalidad marcando el 970 587- 4664 a lo más tardar 48 horas antes de dicha reunión para solicitarla.

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The Community That Cares

[johnstown.colorado.gov](http://johnstown.colorado.gov)

P: 970.587.4664 | 450 S. Parish Ave, Johnstown CO 80534 | F: 970.587.0141



# Town of Johnstown

## TOWN COUNCIL WORKSESSION COMMUNICATION

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**AGENDA DATE:** September 11, 2023

**SUBJECT:** Water and Sewer Rate Discussion

**ATTACHMENTS:** 1. Raftelis Task & Activity Scope of Work  
2. Raftelis Presentation

**PRESENTED BY:** Mitzi McCoy, Deputy Town Manager

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### WORKSESSION ITEM DESCRIPTION:

As you are aware, utilities through-out the State are being confronted with ever-increasing operating, and capital costs, as well as the costs associated with testing and implementing procedures required to meet new state and federal regulations. In addition to the rapidly increasing costs, the state requirement that municipal utilities be self-sufficient, means that revenues from sales, services and other sources must meet all expenses, both operating and non-operating. The combination of which drives the need to establish equitable utility rates to ensure that sufficient revenue is being generated.

The Town is in currently at a point in time where the issues described above couldn't be more apparent and paramount. We have been compelled by the State, via a consent order, to make critical and essential capital improvements to our wastewater systems and treatment plants that are 20 and 50+ years old as they are not capable of meeting today's state and federal regulations. We have been working diligently on those improvements and today we are nearing completion of the Low Point Wastewater Treatment Plant and 2 years from now, we will complete the construction of the new Central Wastewater Treatment Plant. We are also installing new sewer interceptors to meet future demands on the system and recovering these costs from new development through our regional sewer fee.

When we look at our water utility, we have another set of challenges. Our existing treatment plant was initially constructed in 1966 with additional treatment system improvements completed in 1987 and 2005. Today, our facility is near its maximum production capacity during the summertime due to irrigation demands and experiences regular treatment challenges. In

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addition to those concerns, we also recognize that there is very little redundancy and resiliency built into the system, which impacts our ability to meet the needs of both current and future users. Capital projects which include a new water tower to improve pressure and distribution, a new raw water trunk line to create redundancy and increase capacity, and construction of a new water treatment plant to increase production, manage taste and odor issues, as well as addressing PFAS issues in the future are critical to meeting the water demands and quality expectations of the community.

While the capital needs of both the water and wastewater utilities are obviously critical and easy to focus on, it is important to also acknowledge the increasing costs associated with providing proper maintenance to our infrastructure and meeting operating standards for both utilities. Staff has been working to maintain efficient and effective operations, but there are elements outside of our control such as cost of the carbon for the GAC system and the cost of utilities and chemicals necessary to run our plants.

In an effort to address this increasingly complex situation, the Town secured the services of Raftelis Financial Consultants, Inc. to conduct a comprehensive utility rate study to assess the methodologies and structures that form the basis of the Town's water and sewer utilities. The goal of this study is to produce a 10-year financial plan and a rate structure that will generate revenues to cover annual operations and maintenance costs, capital improvement projects, meet debt service requirements and ensure sustainability, while at the same time maintaining equity between existing and new customers. Attached is the full scope of the rate study analysis broken down by task and activity.

Town Staff has been working collaboratively with the consultants over the course of several months to provide them with the data necessary to complete the scope of work detailed above. At this time, staff and the consultants are looking for feedback from Council on this topic so that it can be incorporated into the study before proceeding and receive guidance related to rate adjustments to ensure sustainability in both water and sewer enterprises.

***Reviewed and Approved for Presentation,***




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Town Manager

## EXHIBIT A SERVICES

### Task 1: Project Initiation and Project Management

#### Work Plan Activities

*This task sets the stage for efficient and effective project execution through understanding the Town's perspective and what they value in a successful project.*

#### Project Management

Provide timely invoices, regular calls with the Town's project manager, and identify milestones and deliverables.

#### Project Initiation Meeting

Provide data requests in advance of the project initiation meeting.

Review prior Town rate models before the meeting

Schedule conference call to review and clarify data request items.

Discuss other policy objectives that may affect the study (e.g., reserve policies, debt coverage requirements, etc.).

Review rate model functional requirements with staff

#### Pricing Objectives Workshop (held during project initiation meeting)

Conduct a pricing objectives workshop with Town staff to better understand the objectives of current rate structures and critical issues that should be considered in the development of alternative rate designs

Establish criteria for each objective in which to measure the ability of each structure to meet the objectives

Prepare rate structure alternatives that align with the selected objectives. Rate structure alternatives will be evaluated in Task 4

#### **DELIVERABLES:**

On-site kick-off meeting with Town Staff

Technical Memorandum summarizing results and action items from Kick-off meeting

Pricing objectives workshop

Technical memorandum summarizing results of pricing objectives workshop

### Task 2: Water and Wastewater Customer Usage Analysis

#### Work Plan Activities

*This task is the basis for developing accurate revenue projections and cost allocation between the various customer classes.*

Analyze historical billed water consumption by meter size and by customer class. Tally the number of bills by customer class and calculate the average use per bill

Complete a water bill frequency for the residential and commercial showing the percentage of bills and volume included in the minimum charge and in excess of the minimum charge. This will be used the revenue projections developed in Task 3.

## Task 2: Water and Wastewater Customer Usage Analysis

### Work Plan Activities

Complete a wastewater bill frequency for the commercial showing the percentage of bills and volume included in the minimum charge and in excess of the minimum charge. This will be used the revenue projections developed in Task 3. Conduct water and volume sensitivity analysis to develop optimum sales projections scenarios

### **DELIVERABLES:**

Customer water class demand characteristics and wastewater flow characteristics used to develop revenue projections and rate design alternatives

Technical memorandum summarizing results of water demand and bill frequency analysis

## Task 3: Water Development and Tap Fees Wastewater Tap and Regional Sewer Fees

### Work Plan Activities

*This task will ensure that new development funds their share of system needs thereby maintaining equity between existing and new customers. We will calculate separate fees for the water and wastewater utilities using the following approach.*

Evaluate the water and wastewater system's existing available capacity to serve growth and the capacity anticipated to be added with the 10-year capital improvement program to determine best methodology for calculating development fees. The basic methodologies include

*Buy-in:* Historical perspective. Existing available capacity with nominal future growth

*Incremental:* Forward-looking. Little to no capacity available with large expansions projects in the new future

*Hybrid:* Combination of buy-in and incremental. Some existing capacity available with future expansion projects anticipated in the near future.

Calculate the current value of available capacity and planned growth-related costs. We will evaluate the valuation of existing assets:

Value of existing system facilities at current replacement costs using Engineering News Record Construction Cost Index (ENR-CCI) or other similar construction-related index

The unit replacement cost of the water system's backbone facilities (treatment plant, large transmission mains, pump stations, treated storage, etc.).

For the incremental method, identify growth-related projects with assistance from Town staff. For the water development fee, we will rely on the current market price based on Town estimates or use a weighted average of water resources values based on the Town's water portfolio

Estimate the remaining capacity in existing facilities and capacity to be added with future facilities (e.g. growth-related CIP)

Apply adjustments such as developer contributions and outstanding loans currently paid through rates

Determine the remaining existing capacity and future capacity to be added for the water and wastewater system.

Establish the average daily demand for a ¾" water meter to serve as the basis for the ¾" water development fee

Establish peak demand basis for a ¾" water meter. Calculate the tap fees for larger meter sizes based on published meter capacity ratios

The regional sewer tap fee will be calculated in a similar manner to the wastewater tap fee however, will only include those assets/facilities associated with providing service to those customer benefit. Raftelis will develop a separate flow requirement (gpd) to calculate this fee if needed

Raftelis will develop an industrial wastewater tap fee considering a new developments specific peak flow, BOD and TSS requirements

Prepare a tap fee survey of peer communities for use in the final presentation to the Town Council.

Prepare a water development fee survey from similar communities for use in the final presentation to Town Council

**DELIVERABLES:**

Technical memorandum summarizing results of development fee analysis

Peer survey of development fees

**Task 4: Water and Wastewater 10-Year Financial Plan**

**Work Plan Activities**

*This task lays the groundwork for creating a long-term financial roadmap to meet financial goals. This will assist the Town with proactive planning of large capital projects, evaluating various funding options, and balancing those to minimize future revenue adjustments.*

Create a financial plan for the study period from 2023 to 2032. Prepare separate cash flows within the water and wastewater financial plans that track annual operating and growth-related activities.

**Operating Fund**

Forecast revenue under existing (2022) rates using the demands projections developed in Task 2, the capital improvement fee, and other miscellaneous revenues.

Forecast operations and maintenance (O&M), repair and replacement (R&R) capital, and existing and proposed debt service. Incorporate new positions, changes in operating efficiencies, etc.

Forecast existing and proposed debt service based on identified capital projects available for bond funding

**Capital (Growth-Related Capital Fund)**

Forecast tap fee revenue and water development fee revenue based on projections from community planning or any available planning documents

Incorporate growth-related projects in the 10-year cash flow

Identify the projects eligible for bond or state loans based on timing, duration, and the project amount. Raftelis can present financial plan alternatives considering specific projects financed through state loans or grants the City has secured.

**Financial Plan Optimization**

Develop an 'optimal' revenue requirement financial plan balancing a mix of cash funding and debt financing capital projects (if applicable) while meeting reserve targets and debt service coverage requirements while maintaining conservative debt capacity levels and minimizing revenue increases. Calculate annual rate revenue adjustments needed through the study period.

Review existing reserve and debt capacity levels and recommend changes based on specific financial risks or upcoming large capital expenditures.

Conduct an on-site meeting to review preliminary results with Town staff.

## Task 4: Water and Wastewater 10-Year Financial Plan

### Work Plan Activities

Update financial plan scenarios based on feedback from Town staff

Prepare a rate survey of communities for use in the final presentation to Town staff and the Town Council

### **DELIVERABLES:**

Financial plan alternative cash flows

On-site meeting with Staff to review and finalize cash flows for use in the cost of service and rate design analysis

Technical memorandum summarizing results of financial plan analysis

## Task 5: Water and Wastewater Cost of Service

### Work Plan Activities

*The cost of service analysis will determine each customer class' fair share of cost to provide service. We will use industry standard methodologies and our expertise to develop an equitable distribution of costs.*

### Water Utility

Determine the test year revenue requirement

Assign the net book value or replacement cost of existing utility infrastructure to the correct functional categories for the allocation of annual capital costs. Functional categories include: treatment, transmission and distribution, pumping, storage, fire protection, and non-potable costs.

Assign test-year capital costs (PAYGO financing and projected debt service), O&M expenses, and non-rate revenue offsets to the correct functional categories

Allocate test-year capital cost, O&M expenses, and non-rate revenue offsets to the correct demand parameters. Demand parameters include average day demands, peak demands, and customer-related activities such as billing, meters and services, and customer field services.

Determine customer class units of service. Units of service include class average day demands, peak demands, number of bills and number of ¾" meter equivalents.

Distribute the allocated test-year capital costs, O&M expenses and non-rate revenue offsets to customer classes based on each of their proportionate share of demands, bills and equivalent meters

Compare the class cost of service for treated and non-potable customers to the revenue projected under existing rates for the test-year. This comparison will show the percentage change in the classes based on the cost of service process.

### Wastewater Utility

Determine the test year revenue requirement

Assign the net book value or replacement cost of existing utility infrastructure to the correct functional categories for the allocation of annual capital costs. Functional categories may include: primary treatment, secondary treatment, UV disinfection, headworks, collection system lift stations, etc..

Assign test-year capital costs (PAYGO financing and projected debt service), O&M expenses, and non-rate revenue offsets to the correct functional categories

Allocate test-year capital cost, O&M expenses, and non-rate revenue offsets to the correct demand parameters. Demand parameters include contributed flow, infiltration and inflow, strength, and customer-related activities such as billing, meters and services, and customer field services.

## Task 5: Water and Wastewater Cost of Service

### Work Plan Activities

Determine customer class units of service. Units of service include class billable flows, infiltration and inflow contributions, strength, and customer.

Distribute the allocated test-year capital costs, O&M expenses and non-rate revenue offsets to customer classes based on each of their proportionate share of demands, bills and equivalent meters

Using the unit cost of service, develop extra strength charges for BOD and TSS

Compare the class cost of service to the revenue projected under existing rates for the test-year. This comparison will show the percentage change in the classes based on the cost of service process.

### **DELIVERABLES:**

Draft technical memorandum summarizing assumptions, data sources, and preliminary results of the water and wastewater cost of service analysis

Conference call with Staff to review water and wastewater cost of service results.

Technical memorandum summarizing the finalized cost of service results based on feedback from Staff. These results will be used in the rate design analysis

## Task 6: Water and Wastewater Rate Design

### Work Plan Activities

*This task develops the rate structure and rates required to meet the pricing objectives of the utility and generate sufficient revenue recovery from each customer class.*

Using the selected pricing objectives and evaluation metric identified in Task 1, determine the alignment the existing rate structure has with the objectives. Assess the ability of proposed rate structures to align with the evaluation metrics. Rank the existing structure against the alternatives and select 2 or 3 structures to determine test year rates.

Update the current water and wastewater rates with the test year revenue requirement increase. This serves as the baseline for comparison against other rate structures

Based on the rate structure ranking results, develop test year rates for each alternative. Compare results from proposed rates under each structure against the ability to meet ranked pricing objectives

Develop a bill impact table for each customer class which compares typical monthly bills under existing and proposed rate structures, annual bills for typical customers, and an annual bill comparison under the rate alternative and existing rates for each customer in a class summarized to show the number of customers that will annual bill increase or decrease.

Develop a water and wastewater utility bill comparison under the Town's existing and proposed rate alternatives compared against up to 10 peer utilities

### **DELIVERABLES:**

Technical memorandum summarizing results of rate design analysis of the existing and proposed rate structure alternatives

On-site meeting with Town Staff and other stakeholders to review rate design alternatives, update based on discussions with Staff and finalize the preferred rate alternative



## EXHIBIT A SERVICES

Item 1.

### Task 7: Council Presentations and Reports

#### Work Plan Activities

Attend two meetings to present findings the Town Council Meetings  
Prepare a draft summary report of findings and conclusions of the study for staff to review and comment Incorporate comments from the draft report into a final report.

### Task 8: Public Meetings

#### Work Plan Activities

*This task is intended to build trust and understanding in the community through public engagement*

- Near the beginning of the study work with the Town to plan one open house. This will include marketing beforehand to ensure community members know to attend
- Host the first open house around the time Task 2 or 3 is taking place. The meeting will allow the rates team to better understand the community's values and give community members the opportunity to ask questions and better understand the study
- Near the end of the study, when alternatives are available, host the second open house. This final open house will ensure the community understands the rate options and their impacts. Before the meeting, Town staff will be assisted with marketing and ensure key stakeholders are present
- As discussed with the Town, Raftelis will provide guidance and materials for these meetings, but will not host them. The Town will be responsible for carrying out the meeting activities using Raftelis' guidance

#### **DELIVERABLES:**

- One planning meeting with Town staff per open house
- Attendance at two open house forums
- Guidance to Town staff for messaging and discussion topics
- Meeting materials creation as necessary – handouts, boards, slide decks
- One social media post about each meeting
- One press release announcing each meeting

*\*Town staff will be responsible for securing the meeting location, equipment, refreshments, childcare, and other meeting needs.*

### Task 9: Rate Communications

#### Work Plan Activities

*This task is intended to build trust and understanding in the community by providing easy-to-understand information*

Produce materials to enhance understanding and awareness of the study in the community for the duration of the study

Establish communications tools and tactics at the Town kickoff meeting

Create social media posts to build awareness of the study at the beginning and understanding of the alternatives and recommendation at the end of the study

Create one list of FAQs to be used on the website. These will explain what a rate study is, the process of a rate study, its impacts, and other applicable information

## Task 9: Rate Communications

### Work Plan Activities

Create additional website content to inform the community

**DELIVERABLES:**

One bill stuffer or brochure

10 social media posts over the course of the study

One list of FAQs to be used on the website and other materials


One page of website content for the Town to place on its website.

# Town of Johnstown

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## Water and Sewer Rate and Fee Study

September 11, 2023



1



# Agenda

-  Study goals and objectives
-  Financial Plan
-  Cost of Service
-  Pricing objectives
-  Rate structures
-  Tap fees

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### The Town's rates and fees must:

- Fund Operations
- Fund Capital Projects
- Maintain Reserves
- Fund Growth
- Ensure Cost Recovery

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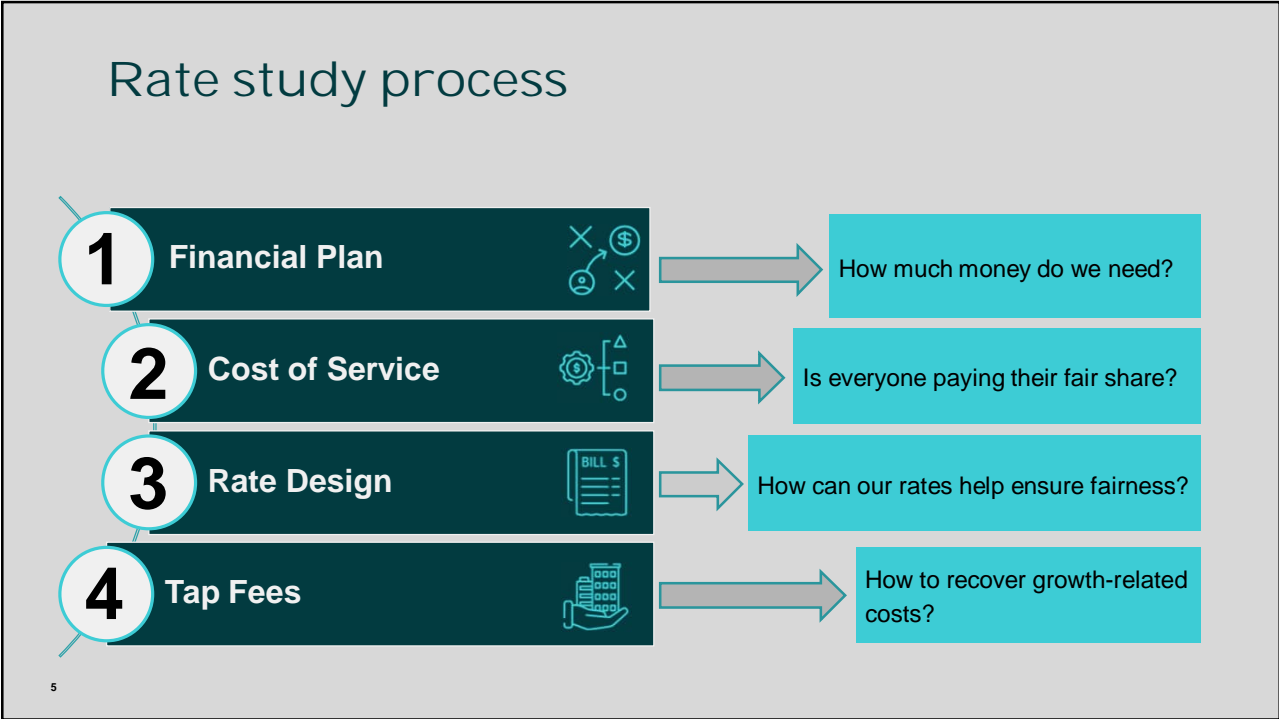
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### How we'll get there

- Fund Operations
- Fund Capital Projects
- Maintain Reserves and DSC
- Fund Growth
- Ensure Cost Recovery
- Financial Plan
- Cost of Service
- Rate Design
- Tap Fees

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## Guided by industry-standard financial planning and rate-setting approaches

 American Water Works Association,  
Manual M-1, Principles of Rates, Fees, and Charges

 Water Environment Federation  
Financing and Charges for Wastewater Systems

 Raftelis Financial Consultants  
Water and Wastewater Finance and Pricing

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## Legal foundation Court cases that helped shaped rate-setting principles and practices

- Proper authority
- Reasonableness
- Pricing principles
- Rate methodology standards

Case	Topic	Year
Smith v Ames	Fair value	1898
Bluefield Water Works	Reasonable returns	1923
Hope Natural Gas	Capital costs	1944
Durant	Fairness	1940
Nolan	Rational nexus	1978
Pompano Beach	Sufficient evidence	1980
Burba	Taxation fee	1988
Dolan	Proportionality	1994
Brydon	Conservation	1994
<b>Colorado Court Rulings</b>		
Cottrell v. City County Denver	Charter authority	1981
Bennett Bear Creek v. City-County of Denver	Legislative authority	1994
Sullivan v. City-County of Denver	Cost-based rates	1998
Krupps v. Breckenridge	Equity	2001

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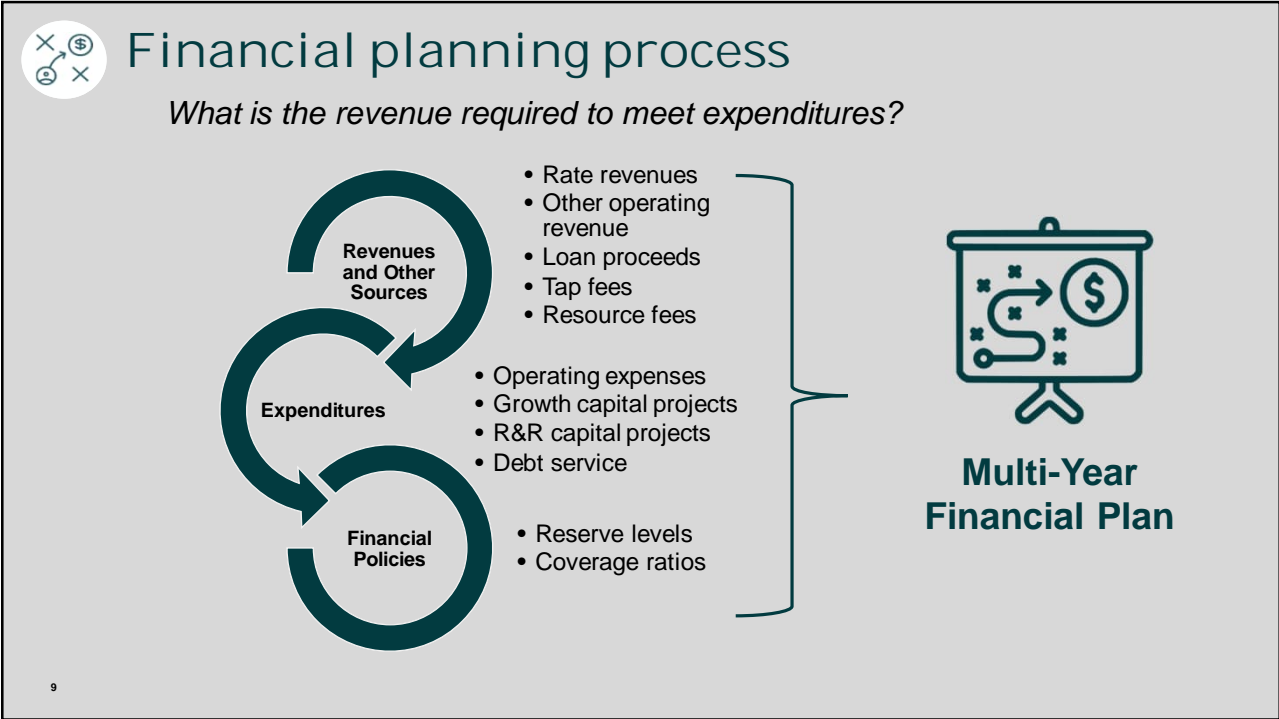
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# Financial Plan

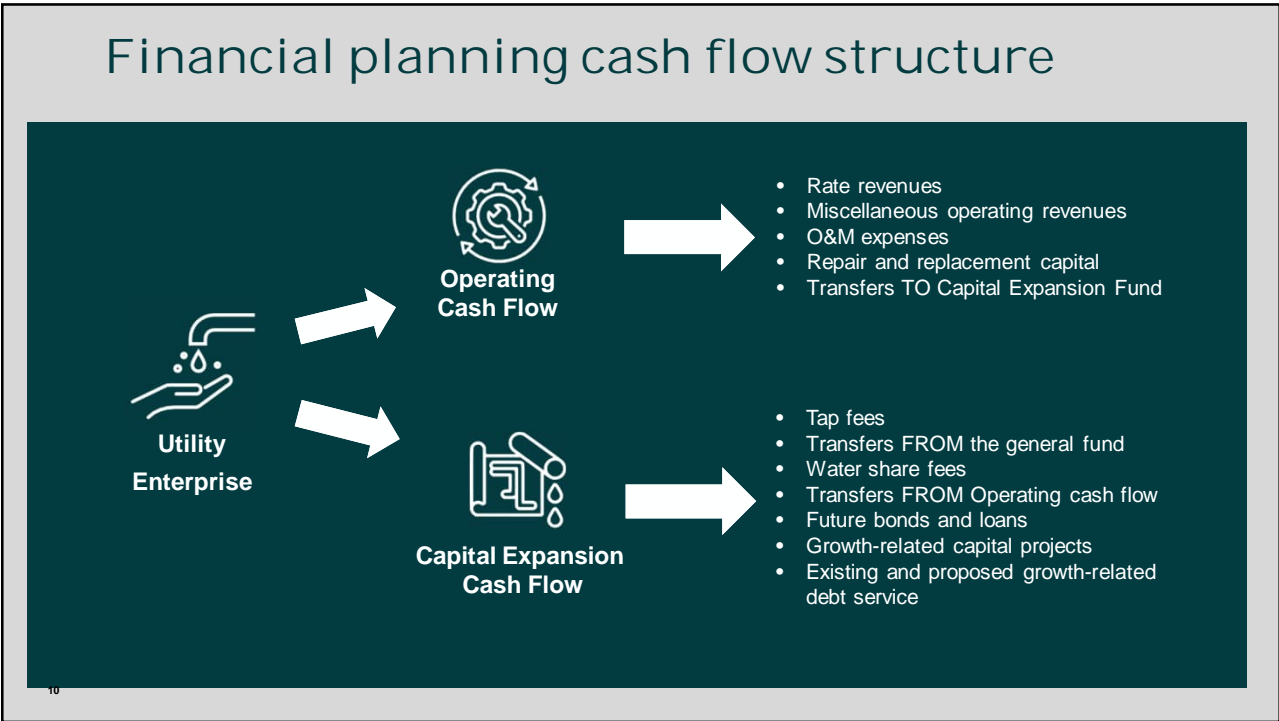


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# Water Financial Plan



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## Water utility financial plan assumptions

### Inflation factors

- Overall O&M: ~4.0%
- Capital: 4.5%

### Reserve Targets

- Operating reserve: 90 days annual O&M
- Replacement capital reserve: 1 year depreciation expense
- Debt service coverage: 1.20 times debt service payments

### Rate Revenue Adjustment Strategy

- Fund operations using rate revenues and reserves
- Maintain debt service coverage and reserve levels
- Minimize rate shock through uniform rate increases

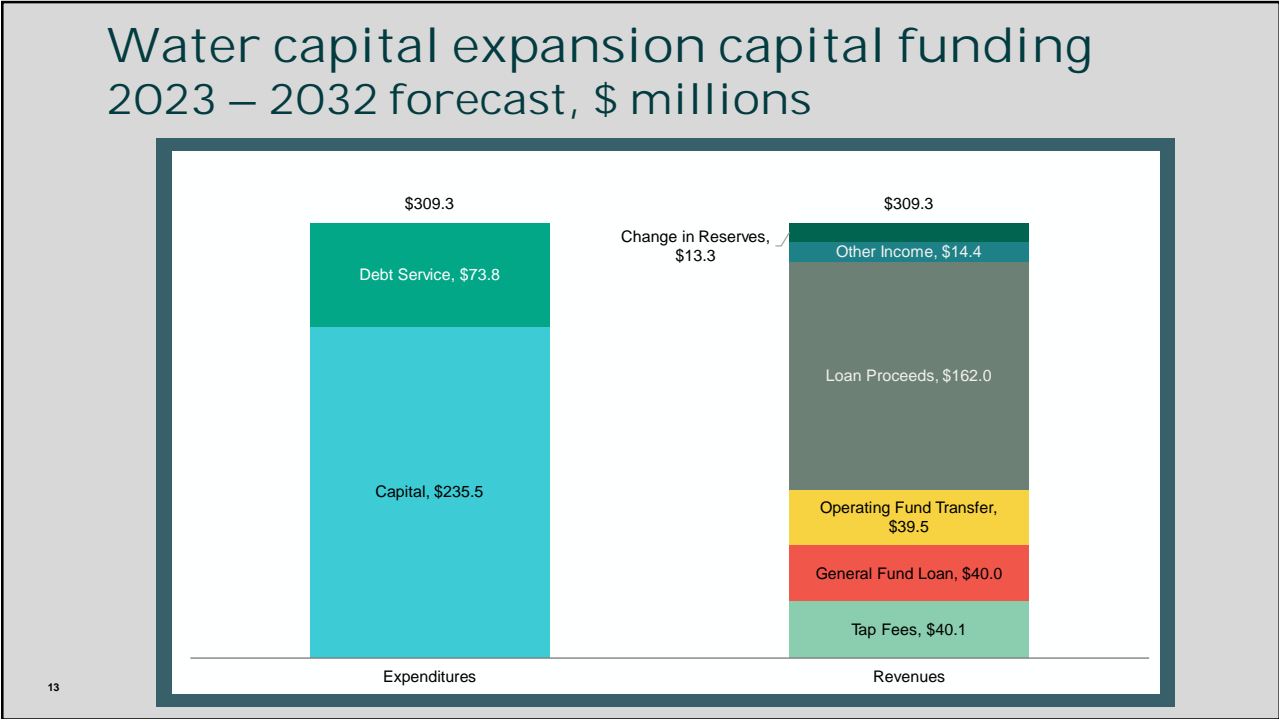
### Operating fund scenarios

- Scenario 1: One-time revenue increase
- Scenario 2: 2-year up front increases; future lower annual increases
- Scenario 3: 3-year up front increases; future lower annual increases

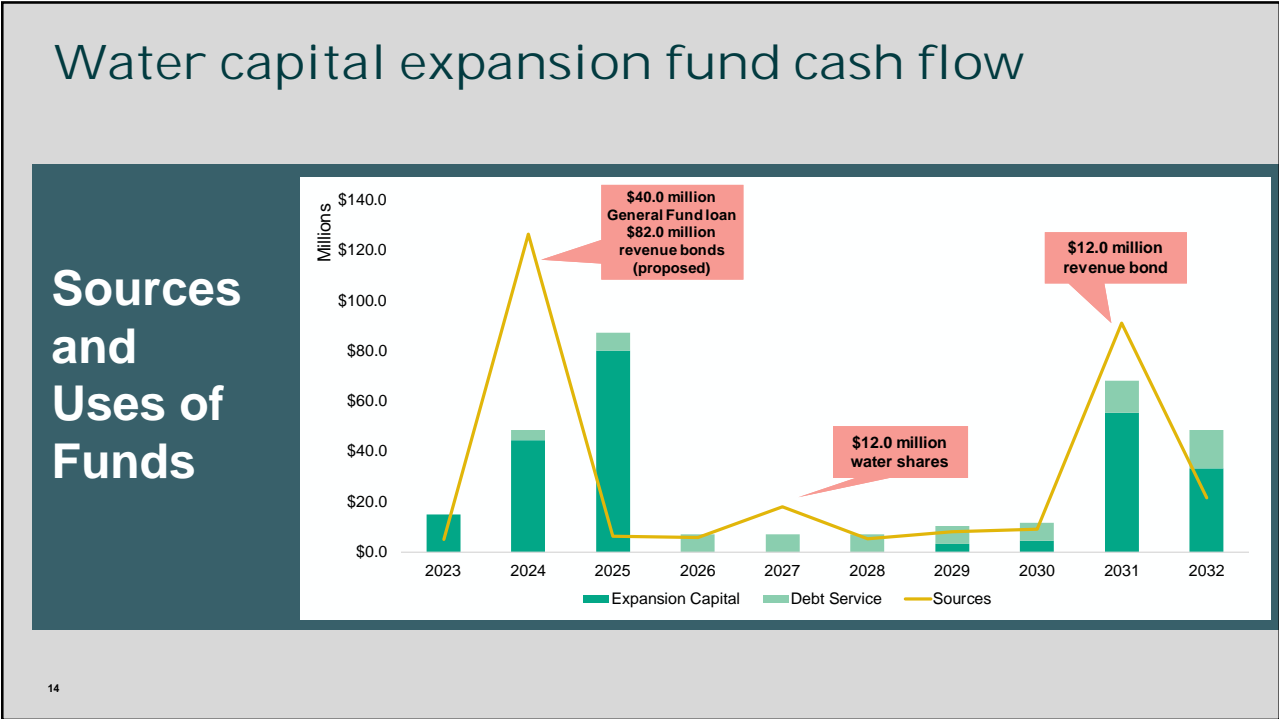
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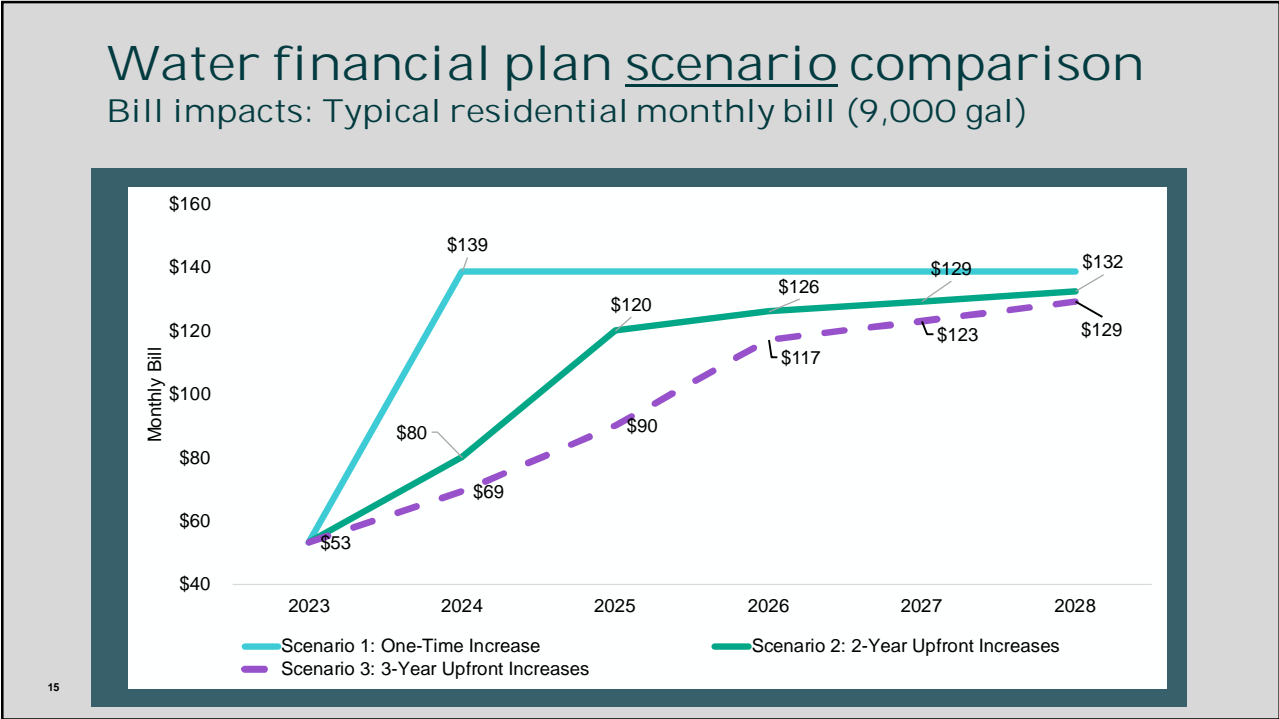




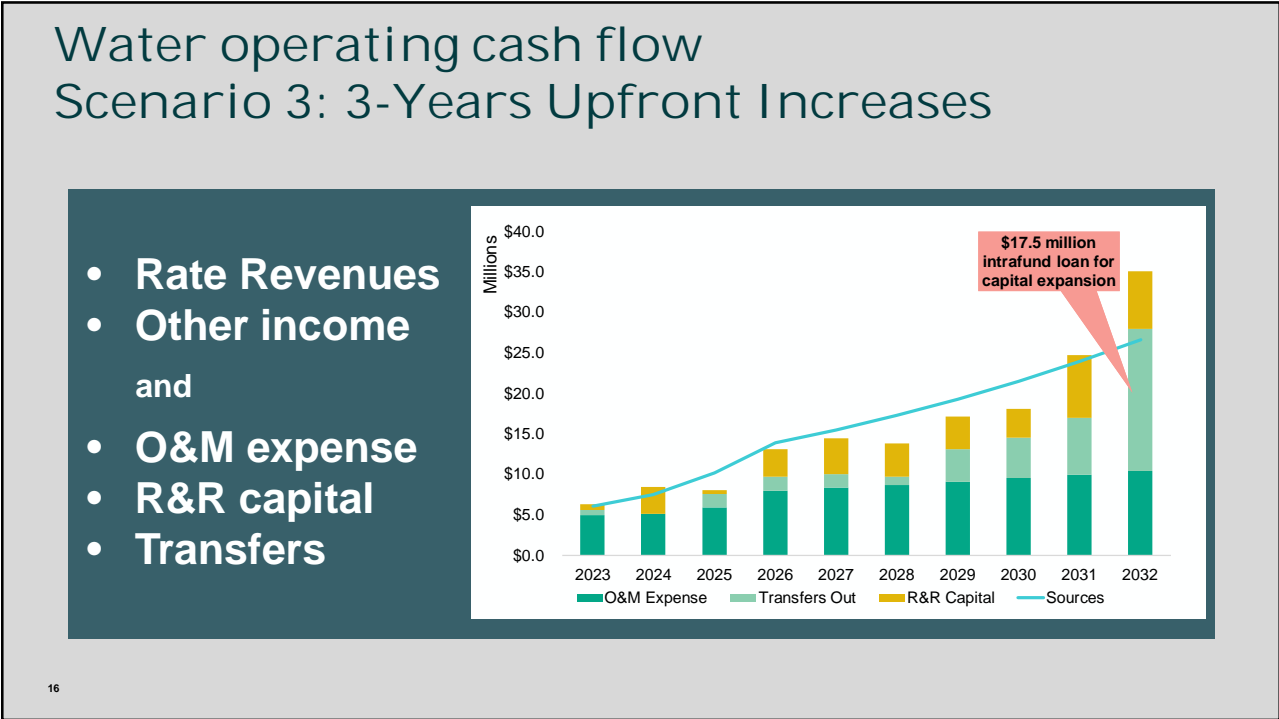
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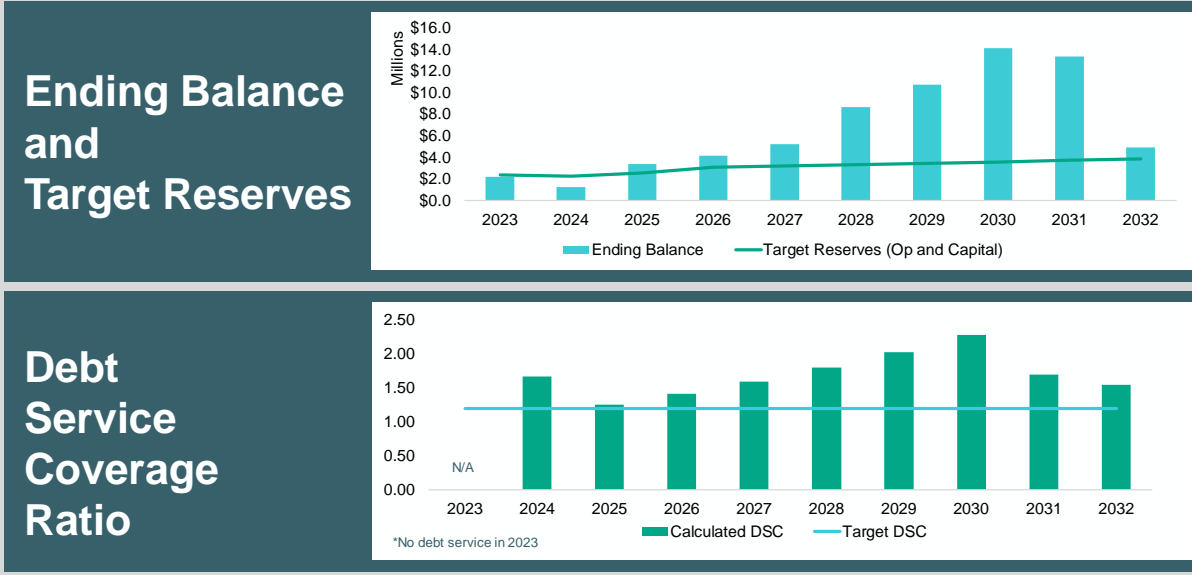


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## Water operating cash flow financial metrics Scenario 3: 3-Years Upfront Increases



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# Sewer Financial Plan

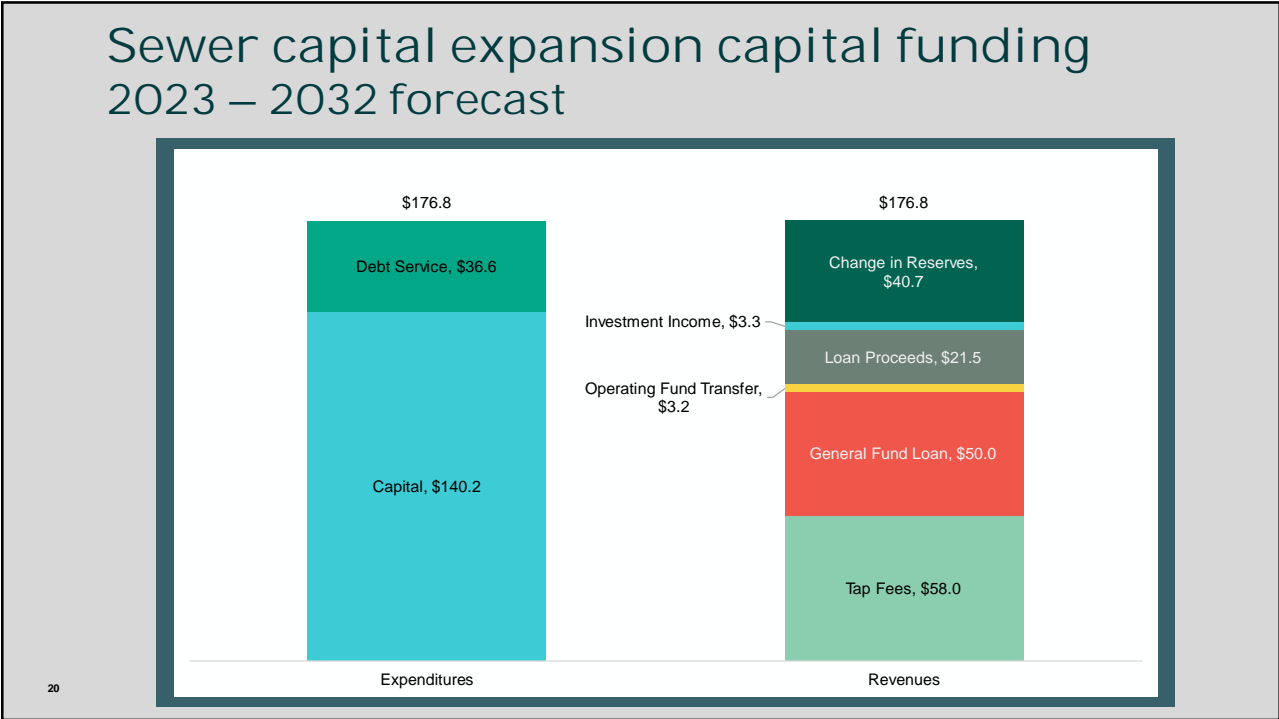


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## Sewer financial plan assumptions

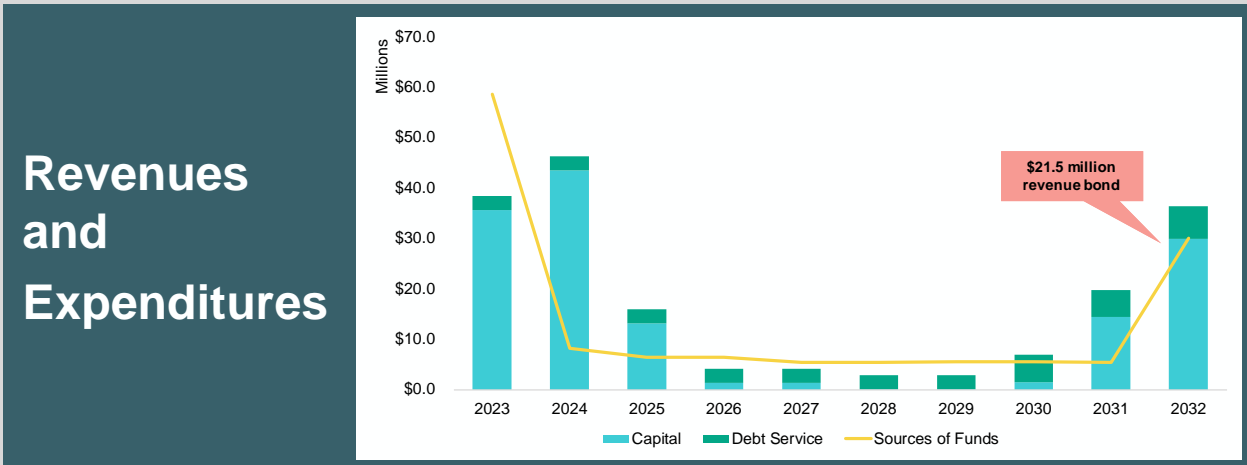
<b>Inflation factors</b>	<ul style="list-style-type: none"> <li>• General O&amp;M: ~4.0%</li> <li>• Capital: 4.5%</li> </ul>
<b>Reserve Targets</b>	<ul style="list-style-type: none"> <li>• Water operating reserve: 90 days annual O&amp;M</li> <li>• Replacement capital reserve: 1 year depreciation expense</li> <li>• Debt service coverage: 1.20 times debt service payments</li> </ul>
<b>Rate Revenue Adjustment Strategy</b>	<ul style="list-style-type: none"> <li>• Fund operations using rate revenues and reserves</li> <li>• Maintain debt service coverage and reserve levels</li> <li>• Minimize rate shock through uniform rate increases</li> </ul>
<b>Operating Fund Scenarios</b>	<ul style="list-style-type: none"> <li>• Scenario 1: 3-year equal annual increases 2024 – 2026; no increases in 2027 through 2032</li> </ul>

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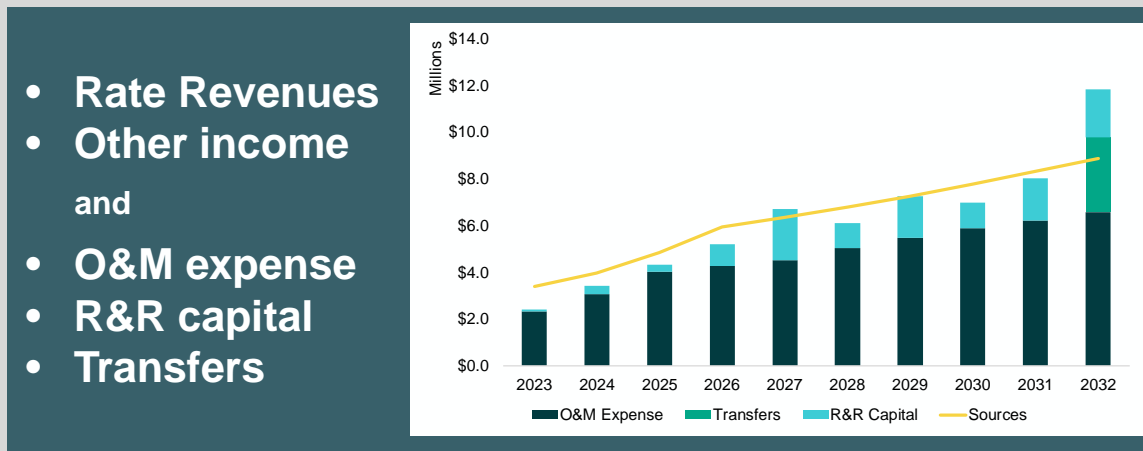
## Sewer capital expansion fund cash flow



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## Sewer operating cash flow Includes proposed revenue increases

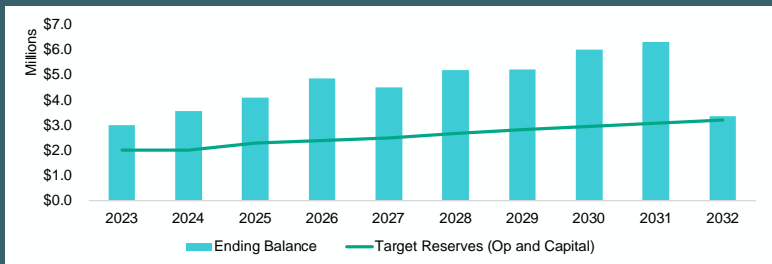


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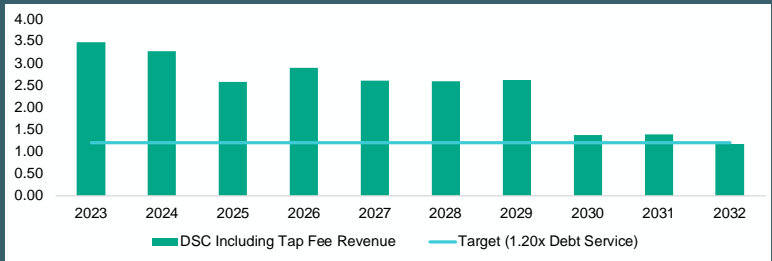
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## Sewer operating cash flow financial metrics

### Ending Balance and Target Reserves



### Debt Service Coverage Ratio



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# Cost of Service




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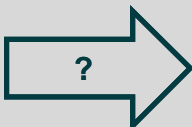



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 **What is a cost of service analysis?**

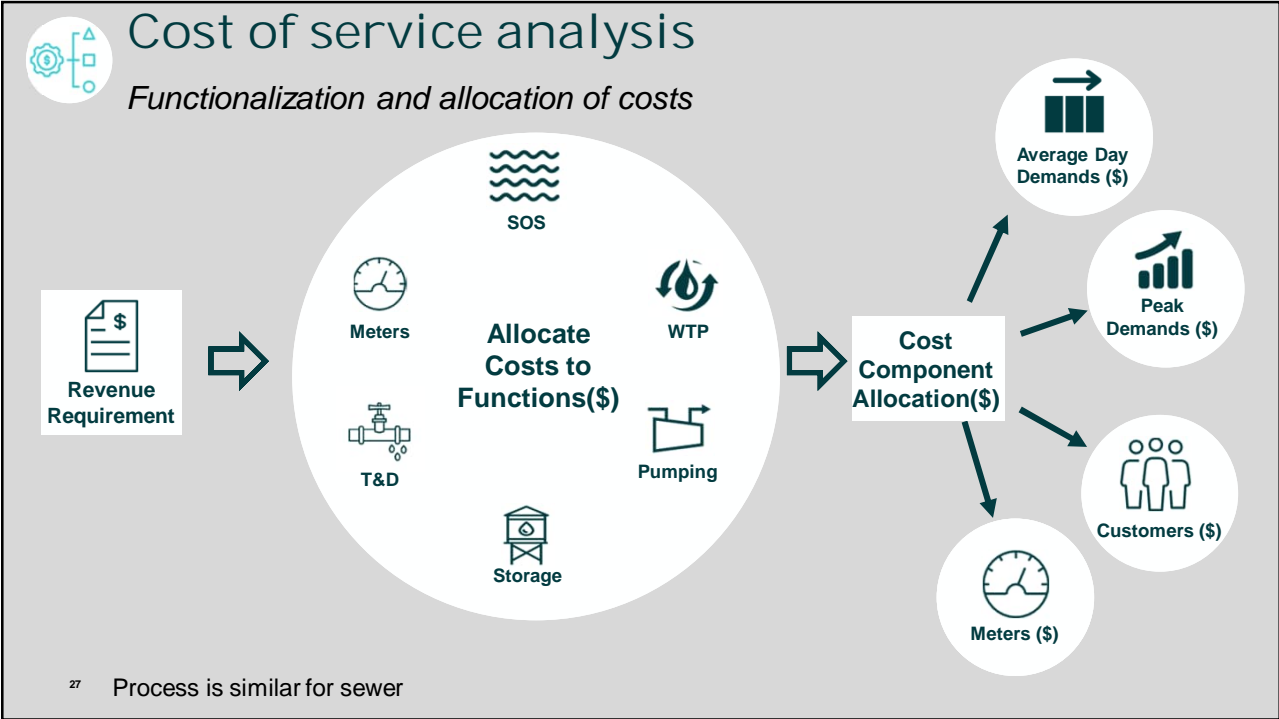
- Determines amount of revenue to be recovered from each customer class
- Based on the principle of cost causation – those who cause the cost, pay the cost (i.e. proportionality)
- Recognizes the different demand and customer characteristics of each class
- Cost to provide service will vary by class

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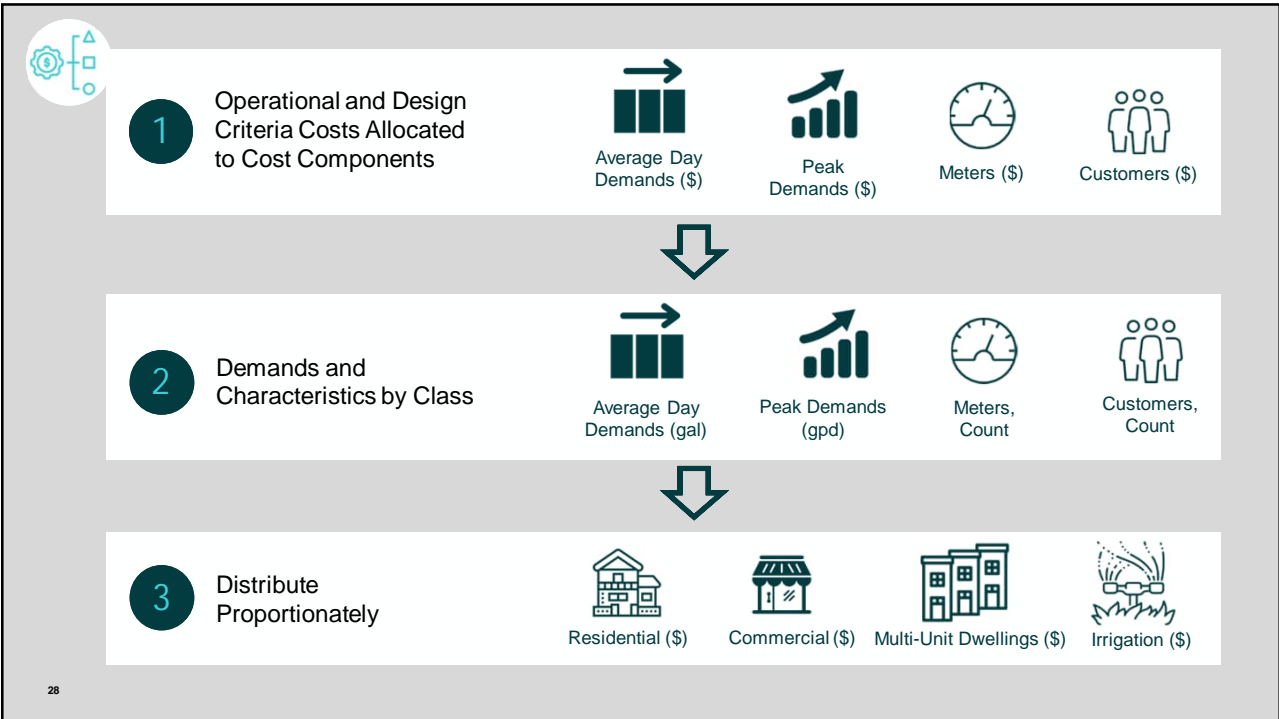
 **Cost of service analysis**  
*How do we get from the revenue requirement to costs by class?*

 **Revenue Requirement**   **Residential**  **Commercial**  **Multifamily**

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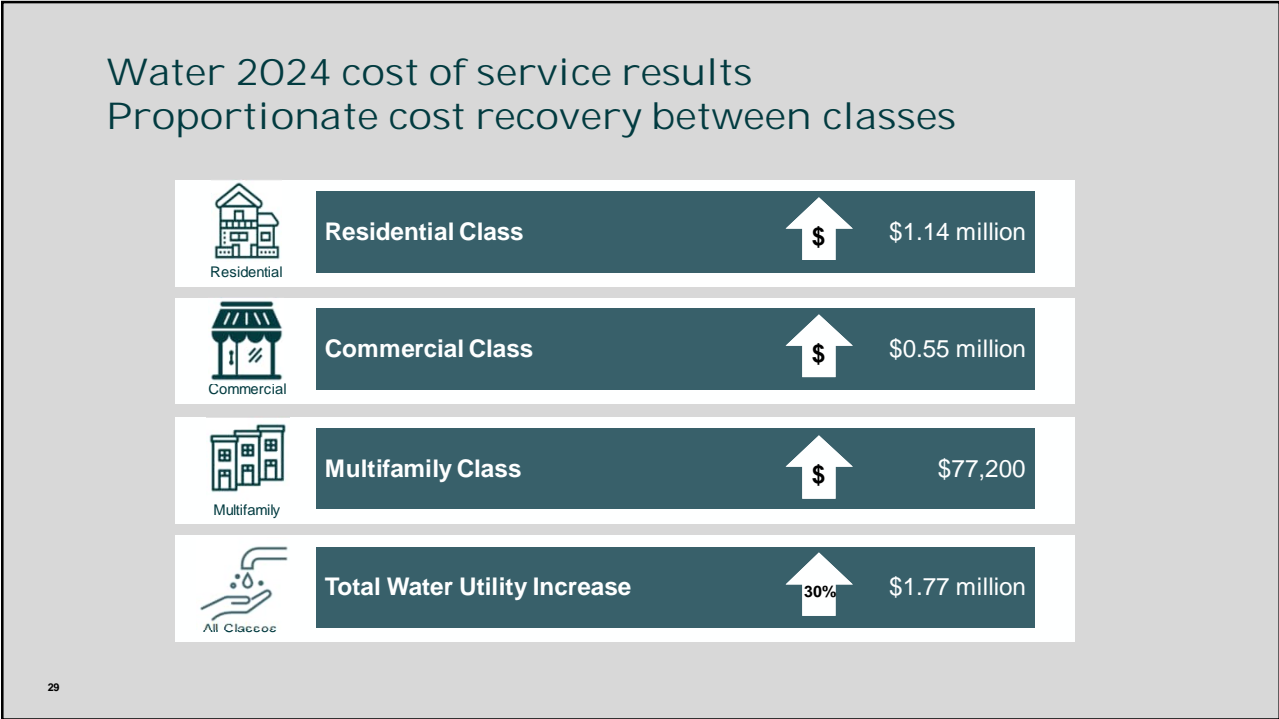


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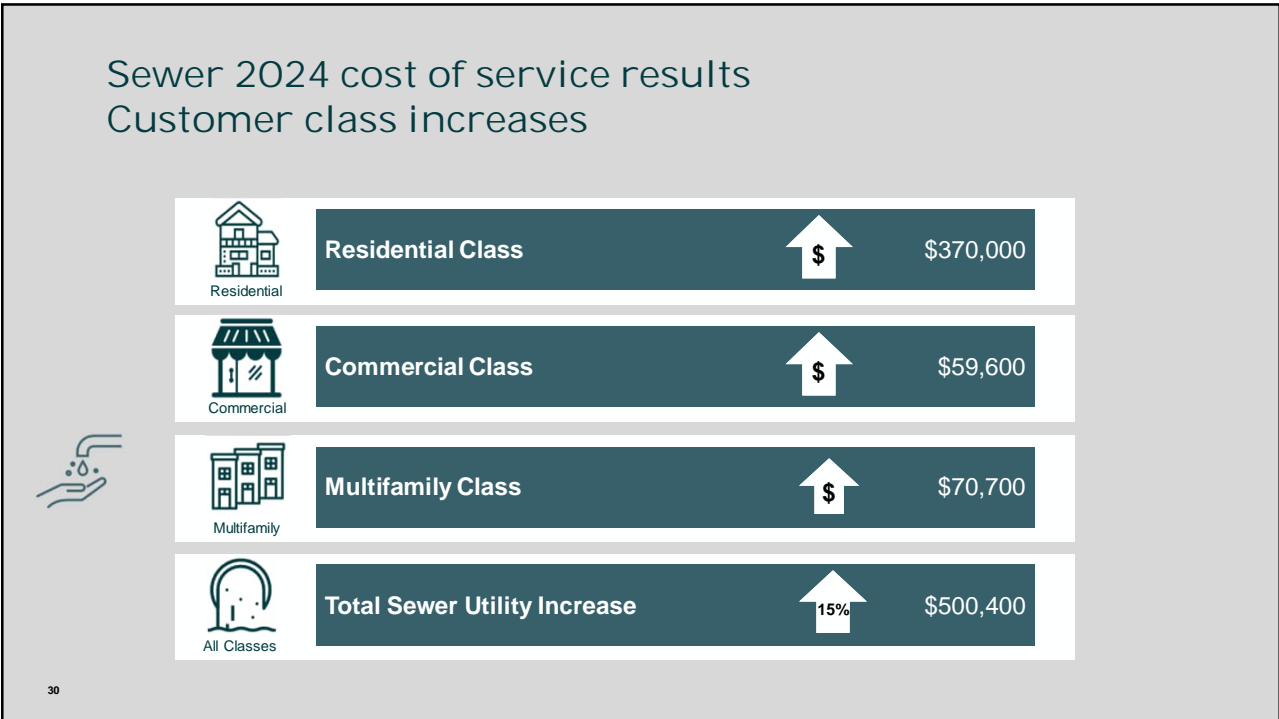


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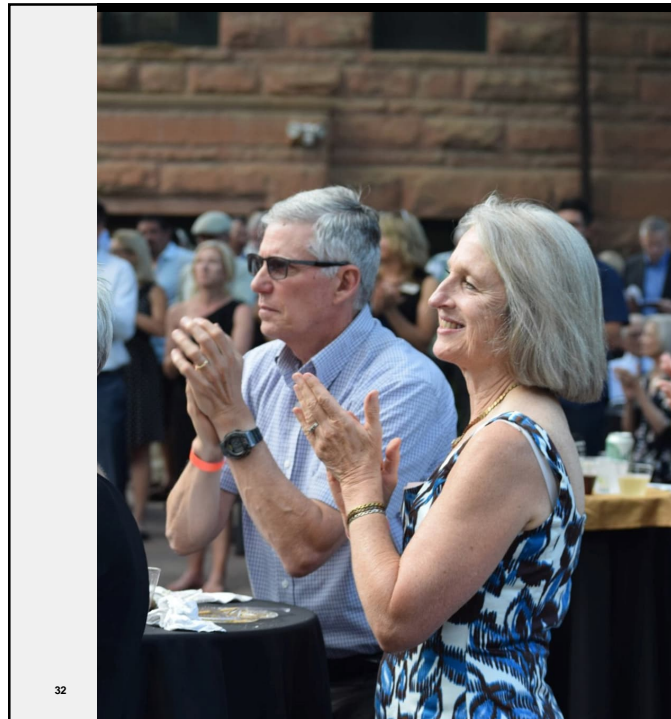
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# Pricing Objectives/ Rate Design



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## Pricing Objectives

A means of ensuring community values are reflected in the way costs of providing service are recovered.

# Pricing Objectives Definitions












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## Required objectives

 Revenue Sufficiency		Costs covered - Financial health maintained
 Defensibility		Legally compliant; defensible in court

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## Common pricing objectives

-  **Revenue stability**
-  **Essential use pricing**
-  **Cost recovery between classes**
-  **Customer understanding**
-  **Cost recovery within a class**
-  **Customer impact**
-  **Cost recovery between existing and new customers**
-  **Ease of administration/implementation**
-  **Efficient water use pricing signal**

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# Rate Design



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## Water rate structure components

### Base Rate \$ per bill

- Meter maintenance and meter reading
- Customer service, billing, and collection (general admin)
- A component of capital costs = depreciation

### Volume-Related Costs \$ per Kgal

- Plant operations to treat water
- Transmission and distribution system to move water
- Storage and pumping facilities
- Fire protection costs

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## Town's current water rate structure

Water Tap Size (inches)	Base Rate \$ per bill
<b>Residential, \$ per bill</b>	\$22.84
<b>Multifamily, \$ per Unit per Bill</b>	\$11.42
<b>Commercial, \$ per bill by meter size</b>	
5/8"	\$22.84
1"	38.83
1 1/2"	75.39
2"	121.07
3"	267.26
4"	479.71
6"	989.02
8"	2,131.08

Threshold (gallons)	Volume Rate \$ per kgal
<b>Residential</b>	
0 – 5,000	\$3.18
5,000 – 10,000	3.66
10,000 – 15,000	4.21
15,000 – 20,000	4.84
20,000 – 25,000	5.57
> 25,000	6.40
<b>Multifamily</b>	
0 – 100,000	\$3.18
> 100,000	4.84
<b>Commercial</b>	4.10
<b>Non Potable - Irrigation</b>	1.86

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<sup>1</sup>Out of town rates are 1.5 times in town

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## Town's current sewer rate structure

Customer Class	Existing Rate
Commercial	
Base Rate, \$ per Bill	\$34.79
Volume Rate, \$ per 1,000 gallons*	\$4.00
Residential	
Base Rate, \$ per Bill	\$34.79
Multifamily	
Base Rate, \$ per Unit per Bill	\$34.79

*\*Based on winter water use (Dec - Feb)*

<sup>39</sup> <sup>2</sup> Out of town rates are 1.5 times in town

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# Water Rate Alternatives



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## Residential rate structure alternatives



- **Alternative 1 – ‘Across the Board’ Financial Plan Increase**
  - Increase existing base rate and volume rates by 30%
- **Alternative 2 – Class Cost of Service Recovery**
  - Increase the existing base rate by 30% based on 2024 financial plan, scenario 3
  - Maintain existing tier thresholds and price ratios
- **Alternative 3 – Cost of Service + Adjusted Pricing Ratios**
  - Increase the base rate by 30% based on 2024 financial plan, scenario 3
  - Maintain existing tier thresholds
  - Increase price ratios for higher tiers

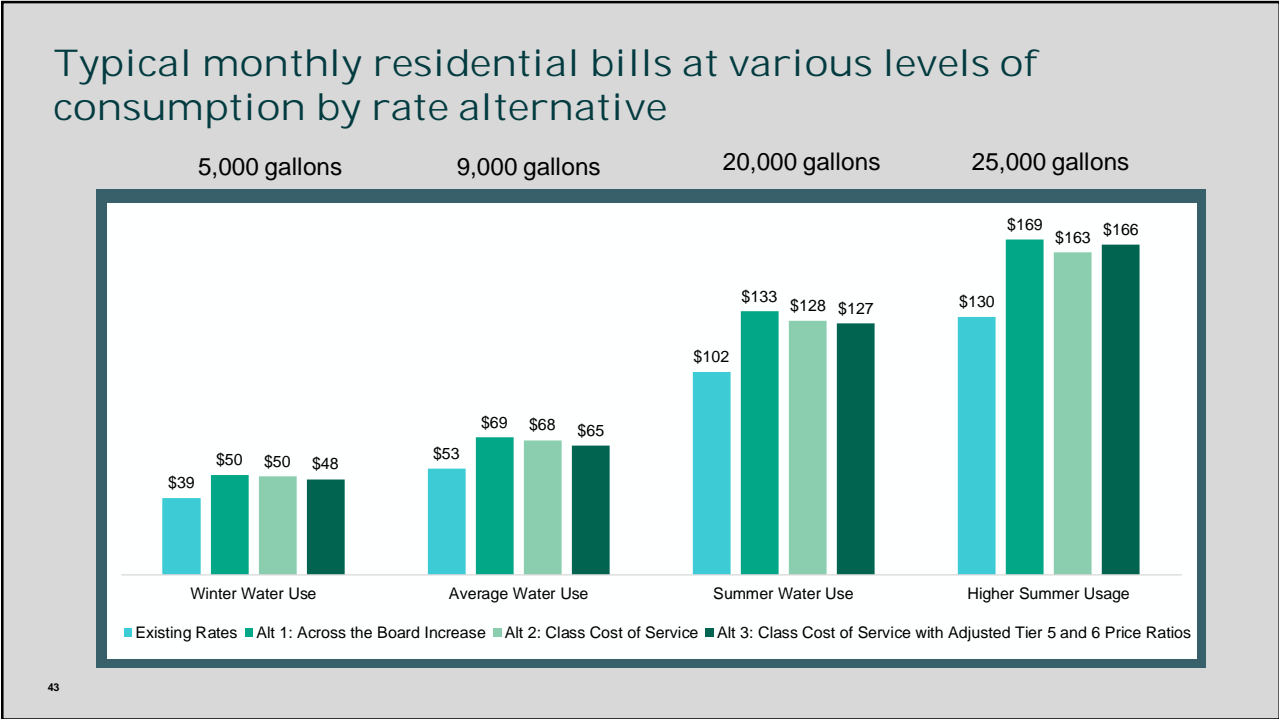
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## 2024 proposed water residential rate alternatives

Existing Rates			Alt. 1 Across the Board Increase		Alt. 2: Class Cost of Service		Alt 3: Class Cost of Service + Adjusted Tier 5 and 6 Price Ratios	
Tap Size Inches	Monthly Base Rate		Tap Size Inches	Monthly Base Rate	Tap Size Inches	Monthly Base Rate	Tap Size Inches	Monthly Base Rate
5/8 inch	\$22.84		5/8 inch	\$29.69	5/8 inch	\$29.69	5/8 inch	\$29.69
Threshold	% Vol	Rate, \$ per Kgal	Threshold	Rate, \$ per Kgal	Threshold	Rate, \$ per Kgal	Threshold	Rate, \$ per Kgal
5	41.8%	\$3.18	5	\$4.13	5	\$3.97	5	\$3.69
10	23.5%	3.66	10	4.76	10	4.57	10	4.24
15	14.9%	4.21	15	5.47	15	5.16	15	5.09
20	8.9%	4.84	20	6.29	20	5.96	20	6.37
25	5.0%	5.57	25	7.24	25	6.95	25	7.96
>25	5.9%	6.40	9999	8.32	>25	7.94	>25	9.95


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### Multifamily and commercial rate structures



Multifamily



Commercial

- **Multifamily**
  - Monthly base rate per unit
  - Two-tiered volume rate structure
  
- **Commercial**
  - Monthly base rate which varies by meter size
  - Uniform volume rate
  
- *No rate structure changes proposed*

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## 2024 proposed water multifamily & commercial

Multifamily Existing Rates	
Base Rate, \$ per unit per bill	\$11.42
Volume Rates, \$ per Kgal	
Blk 1: 0 - 100,000	\$3.18
Blk 2: >100,000	4.84

Multifamily Proposed Rates	
Base Rate, \$ per unit per bill	\$14.85
Volume Rates, \$ per Kgal	
Blk 1: 0 - 100,000	\$4.13
Blk 2: >100,000	6.29

Commercial Existing Rates	
Meter Size	Monthly Base Rate
<i>Inches</i>	
5/8 inch	\$22.84
1 inch	38.83
1.5 inch	75.39
2 inch	121.07
3 inch	267.26
4 inch	479.71
6 inch	989.02
Volume Rate, \$ per Kgal	\$4.10

Commercial Proposed Cost of Service Rates	
Meter Size	Monthly Base Rate
<i>Inches</i>	
5/8 inch	\$29.69
1 inch	50.48
1.5 inch	98.01
2 inch	157.39
3 inch	347.44
4 inch	623.62
6 inch	1,285.73
Volume Rate, \$ per Kgal	\$6.57

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# Sewer Rates



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## Sewer rate structure



- Existing structure and proposed structure
  - Residential: Base rate per month
  - Commercial only: Base rate + uniform volume rate based on average winter consumption (Dec – Feb)

Customer Class	Existing Rate	Proposed Rate
<b>Commercial</b>		
Base Rate, \$ per Bill	\$34.79	\$40.01
Volume Rate, \$ per 1,000 gallons*	\$4.00	\$4.60
<b>Residential</b>		
Base Rate, \$ per Bill	\$34.79	\$40.01
<b>Multifamily</b>		
Base Rate, \$ per Unit per Bill	\$34.79	\$40.01

\*Based on winter water use (Dec - Feb)

<sup>1</sup> Average winter consumption (AWC) is calculated by averaging water use during the months of December, January, and February.

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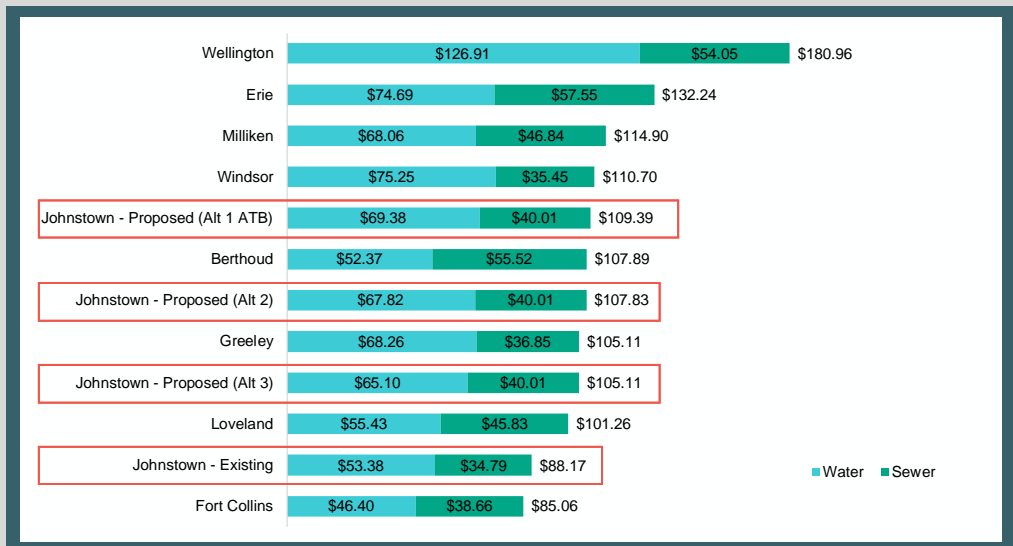
# Utility Surveys



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## Peer utility residential typical bill survey 5/8" tap; 9,000 gallons usage



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ATB, Across the Board Increase

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# Tap Fees and Development Fees

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## Tap fees defined

- ✓
  - Governed by Colorado Revised Statute 20-20-104.5
  - Legislatively adopted
- ✓
  - Intended to defray the projected impacts on capital facilities caused by development
- ✓
  - Local government to quantify to the proposed impacts of proposed development
- ✓
  - Local government to establish fee at a level no greater than necessary to defray the impact related to development

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## Tap fees defined continued

- ✓
  - One-time fee for capacity to serve new development
  - Incremental fee for increased in capacity
- ✓
  - Fee based on the value of utility's capacity and the amount of capacity needed by new development
- ✓
  - Fee represents cost to reserve capacity in backbone facilities such as treatment plants, transmission mains, treated storage, etc.
- ✓
  - Fee balances equity between new and existing customers

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## Water tap fees No proposed changes

Tap Size	Existing Johnstown Equiv. Ratio	Current Tap Fee
≤ 3/4"	1.0	\$6,909
1"	1.7	11,745
1-1/2"	3.3	22,798
2"	5.3	36,615
3"	11.7	80,830
4"	21.0	145,080
6"	43.3	299,141
8"	93.3	644,570
10"	140.0	967,200

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## Comparison of existing and calculated raw water development fee

Tap Size (inches)	Existing Johnstown Equiv. Ratio	Current Fee	Proposed Fee	\$ - Change
≤ 3/4"	1.0	\$5,841	\$6,291	\$450
1"	2.0	11,745	12,649	\$904
1-1/2"	3.9	22,798	24,553	\$1,755
2"	6.3	36,615	39,434	\$2,819
3"	13.8	80,830	87,052	\$6,222
4"	24.8	145,080	156,249	\$11,169
6"	51.2	299,141	322,169	\$23,028
8"	110.4	644,570	694,190	\$49,620
10"	165.6	967,200	1,041,657	\$74,457

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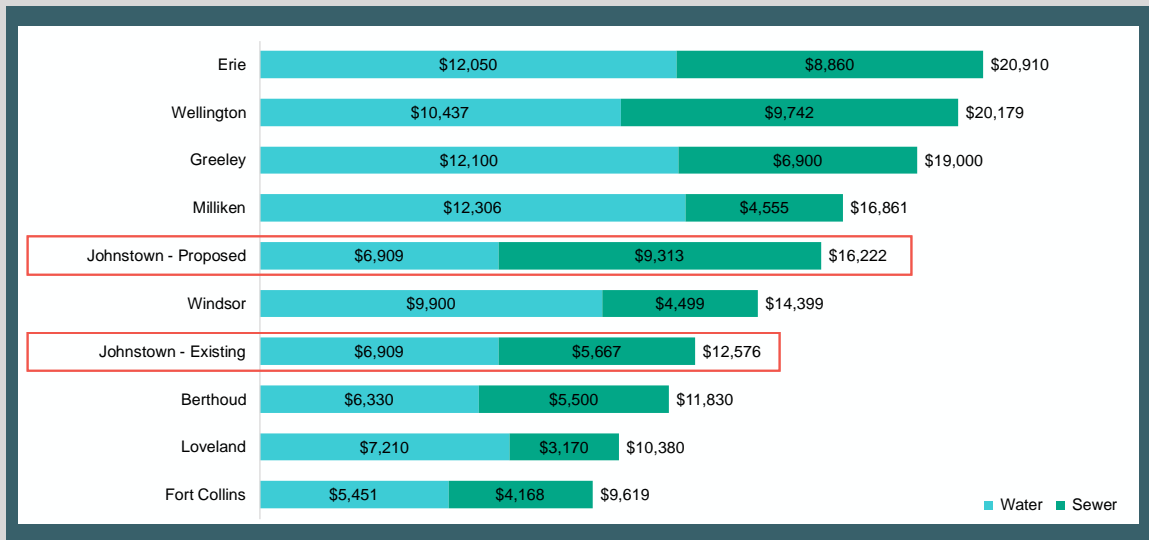
## Comparison of existing and calculated sewer tap fees

Tap Fees (inches)	Existing Johnstown Equiv. Ratio	Current Tap Fee	Proposed Tap Fee	\$ - Change
≤ 3/4"	1.0	\$5,667	\$9,313	\$3,646
1"	1.7	\$9,634	\$15,832	\$6,198
1 1/2"	3.3	\$18,701	\$30,733	\$12,032
2"	5.3	\$30,034	\$49,357	\$19,323
3"	11.7	\$66,302	\$108,959	\$42,657
4"	21.0	\$119,003	\$195,566	\$76,563
6"	43.3	\$245,373	\$403,240	\$157,867
8"	93.3	\$528,713	\$868,873	\$340,160
10"	140.0	\$793,353	\$1,303,776	\$510,423
Multi-Unit (Per Unit)	0.5	\$2,833	\$4,656	\$1,823

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## Peer utility tap fee survey



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Excludes raw water development fee

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# Thank you!

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