



FRUITA
COLORADO

**COUNCIL WORKSHOP
AGENDA ITEM COVER SHEET**

TO: FRUITA CITY COUNCIL AND MAYOR

FROM: KIMBERLY BULLEN, PUBLIC WORKS DIRECTOR
MARGARET SELL, FINANCE DIRECTOR

DATE: OCTOBER 24, 2023

AGENDA TEXT: WATERWORTH CONTINUOUS UTILITY RATE MANAGEMENT AND FORECASTING SYSTEM

PURPOSE

To provide City Council with an overview of the Waterworth program that staff is using it to make revenue projections and build scenarios based on operating and capital expenditures in the sewer fund.

BACKGROUND

Setting wastewater rates is difficult because it requires striking a delicate balance between collecting sufficient revenue to cover all costs associated with providing the service, and keeping rates low enough so they are affordable.

The City completed a rate study in 2018 and implemented the recommendation of a 2% increase in rates over the past five years. Going forward the City identified the need to establish a means for continuing to evaluate the city's rate structure to meet the continued infrastructure needs of the wastewater system.

The City utilizes Waterworth which is an affordable cloud-based technology that allows staff to continue to do rate analysis in-house, combined with professional support when needed and provides clear data visualization. This program also provides a number of advantages:

- It provides easy access to real-time, readily communicated information about the full costs of funding our wastewater services and our revenue options to meet this requirement.
- Enhanced ability to run different scenarios and explore opportunities to control costs and keep rates as low as possible.
- The graphic interface provides better ability to communicate the needs for rates and rate changes, showing how revenue is used to fund essential wastewater services.
- Ability to access professional support any time to help with rate setting challenges and ensure we are following best practices.
- Long-Term Financial Modeling to determine revenue requirements and if utilities are recovering total operating and capital costs.
- Rate Design to determine optimal rate structure to meet community goals.
- Asset Replacement Planning to determine if the community is sustainably investing in infrastructure presently and into the future.