



## Agenda Item Summary

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MEETING DATE: February 26, 2024

SUBJECT: **Resolution No. 19-R-2024** - A Resolution of the Town of Mead, Colorado, Adopting Annual Adjustments to the Town's Sewer Plant Investment Fees and Sewer User Fees for 2024

PRESENTED BY: Erika Rasmussen, Town Engineer/Public Works Director

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### SUMMARY

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In October 2019, Raftelis Financial Consultants, Inc. ("Raftelis") completed a comprehensive wastewater utility service rate study (Rate Study Report) to assess and evaluate the Town's existing wastewater service rate system. Raftelis performed additional analysis in 2021 and 2022 to examine current market conditions, incorporate new developments east of I-25 into the sewer network, and examine the resulting effects on user rates and plant investment fees.

The Rate Study Report was accepted by the Board of Trustees by Resolution No. 80-R-2019 dated November 12, 2019.

The Rate Study Report reviewed financial projections, compared current wastewater system costs (operation and maintenance, capital improvements, bonded debt) against appropriate industry benchmarks, and evaluated the base and usage rate structures required to fund the Town's wastewater system and maintain the wastewater utility. The Rate Study Report recommended adjustments to user rates, as well as baseline Plant Investment Fees (PIF). Specifically, the Rate Study Report recommended that PIFs be adjusted annually for inflation using the Engineering News Record Construction Cost Index (ENR-CCI) for Denver commencing in 2021 (and annually thereafter).

The PIF is a one-time capital recovery fee assessed to new or increased development in order to recover the cost of system capacity to serve new customers. It includes the funds for collection and treatment capacity projects and planned future wastewater capital projects (i.e. expansion). As an enterprise fund, the sewer fund must self-support the operation, maintenance, capital depreciation and replacement of the sewer network.

Staff recommends implementing the annual user rate and PIF adjustment plan presented in the Rate Study Report and subsequent updates, effective March 1, 2024. Specifically, the user rates will be increased by two percent (2%) and PIF rates will be adjusted by six percent (6%).



<b>Plant Investment Fee</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>% Increase</b>
Effective March 1, 2024			
5/8 inch	\$6,407	\$6,791	6.00%
¾ inch	\$10,651	\$11,290	6.00%
1 inch	\$17,079	\$18,104	6.00%
1.5 inch	\$21,351	\$22,632	6.00%
2 inch	\$68,320	\$72,419	6.00%
3 inch	\$136,640	\$144,838	6.00%

**STAFF RECOMMENDATION/ACTION REQUIRED**

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Staff recommends approval of the attached resolution as a consent agenda item. A motion to approve the February 26, 2024 consent agenda will approve the proposed resolution (adopting the proposed annual adjustments to the Town’s Sewer Plant Investment Fee and Sewer User Fees, effective as of March 1, 2024).

Alternatively, should the Board desire to remove this item from the consent agenda for discussion, staff recommends the following motion:

Suggested Motion:

“I move to adopt Resolution No. 19-R-2024, A Resolution of the Town of Mead, Colorado, Adopting Annual Adjustments to the Town’s Sewer Plant Investment Fees and Sewer User Fees for 2024.”

**ATTACHMENTS**

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Resolution No. 19-R-2024