

Agenda Item Summary

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

SUMMARY

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%).

Monthly Base Charge (\$/Month)			
Current Rate In-Town	Current Rate	Proposed Rate	% Increase
Effective March 1, 2024			
Residential Low	\$44.39	\$45.28	2%
Residential Medium	\$48.84	\$49.82	2%
Commercial Low	\$48.84	\$49.82	2%
Commercial Medium	\$58.60	\$59.77	2%
Commercial High	\$68.37	\$69.74	2%
Schools	\$58.60	\$59.77	2%

Monthly Base Charge (\$/Month) Current Rate Outside-Town Effective March 1, 2024	Current Rate	Proposed Rate (double in Town rate)	% Increase
Residential Low	\$88.78	\$90.56	2%
Residential Medium	\$97.68	\$99.63	2%
Commercial Low	\$97.68	\$99.63	2%
Commercial Medium	\$117.20	\$119.54	2%
Commercial High	\$136.74	\$139.47	2%
Schools	\$117.20	\$119.54	2%

The monthly base charge for each user category includes 4,000 gallons per month, in alignment with current usage patterns. The volume charge for each additional 1,000 gallons used monthly will also be increased by 2%.

Residential & Non-Residential Volume Charges	Current Rate	Proposed Rate	% Increase
Current Rate In-Town (\$/1000 Gallons)			
Single Family > 4000 gallons	\$13.31	\$13.58	2%
Multi-Family	\$13.31	\$13.58	2%
Commercial Low	\$13.31	\$13.58	2%
Commercial Medium	\$15.97	\$16.29	2%
Commercial High	\$18.63	\$19.00	2%
Schools	\$15.97	\$16.29	2%

Schools	\$15.97	\$16.29	2%	
Residential & Non-Residential Volume Charges Current Rate Outside-Town (\$/1000 Gallons)	Current Rate	Proposed Rate (double in Town rate)	% Increase	
Single Family > 4000 gallons	\$26.62	\$27.15	2%	
Multi-Family	\$26.62	\$27.15	2%	
Commercial Low	\$26.62	\$27.15	2%	
Commercial Medium	\$31.94	\$32.58	2%	
Commercial High	\$37.26	\$38.01	2%	
Schools	\$31.94	\$32.58	2%	

The PIF is based upon the size of the water tap serving the premises and is collected one-time upon the issuance of a building permit.

Plant Investment Fee	Current Rate	Proposed Rate	% Increase
Effective March 1, 2024			
5/8 inch	\$6,407	\$6,791	6.00%
³ / ₄ 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

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

Resolution No. 19-R-2024