

# CASTLE ROCK WATER 2021 ANNUAL RATES AND FEES UPDATE DIRECTION/DISCUSSION

AUGUST 18, 2020



# 2021 RATES AND FEES

## KEY ASSUMPTIONS AND INPUTS

- Make Interfund Loan from Wastewater to Water
- Smooth required rate increases
- Continue hybrid renewable water projects
- Utilize Town growth forecast
  - *Actual growth has exceeded projected growth by an average of over 10% over last five years*
- Use revised build-out estimates for water supply
- Ensure growth helps pay for growth
- Change timing and amounts of investments for capital projects
  - *Based on market and business conditions and actual growth*
- Maintain current levels of service
- Escalate operational costs at 1.55% and capital costs at 2.85% each year beyond 2021

# 2021 RATES AND FEES

## KEY ASSUMPTIONS AND INPUTS-CONTINUED

- Add 3 additional full time equivalents
- Assume conservation goals will be met
  - *This is 18% reduction by 2050*
- Fund Administrative building in 2021
- Estimate investment income at 0.60%
- Maintain minimum reserves
- Assume non-residential water budget changes have financial consequences in 2022
- Eliminate the reduced water resources fee for 0.67 SFE homes going forward
- Continue to not include advanced metering infrastructure in long-term CIP

# 2021 RATES AND FEES

## RECOMMENDED RESIDENTIAL RATES

Fund	2020 Adopted Rates	2020 Study Proposed 2021 Rates	\$ Increase (Decrease)	% Change
<b>Water, Fixed</b>	\$9.54	\$9.54	\$0.00	0.0%
<b>Block 1, Volumetric</b>	\$2.82	\$2.82	\$0.00	0.0%
<b>Block 2, Volumetric</b>	\$5.74	\$5.74	\$0.00	0.0%
<b>Block 3, Volumetric</b>	\$8.56	\$8.56	\$0.00	0.0%
<b>Water Resources, Fixed</b>	\$26.15	\$26.15	\$0.00	0.0%
<b>Wastewater, Fixed</b>	\$9.02	\$9.02	\$0.00	0.0%
<b>Volumetric</b>	\$6.39	\$6.39	\$0.00	0.0%
<b>Stormwater, Fixed</b>	\$7.12	\$7.12	\$0.00	0.0%
<b>Total Fixed Charges</b>	\$51.83	\$51.83	\$0.00	0.0%

# 2021 RATES AND FEES

RECOMMENDED RESIDENTIAL RATES PERCENT INCREASES 2022-2025

<b>Fund</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Water Fund</b>	3.0%	3.0%	3.0%	3.0%
<b>Water Resources Fund</b>	3.0%	3.0%	3.5%	3.5%
<b>Wastewater Fund</b>	0.0%	0.0%	0.0%	0.0%
<b>Stormwater Fund</b>	3.0%	3.0%	3.0%	3.5%



# 2021 RATES AND FEES

## MODEL RECOMMENDED SYSTEM DEVELOPMENT FEE INCREASES

Fund	2020 Adopted SDFs	2020 Study Model Proposed 2021 SDFs	\$ Increase (Decrease)	% Change
Water	\$3,664	\$5,001	\$1,337	36.0%
Water Resources	\$17,623	\$23,222	\$5,599	32.0%
Wastewater	\$4,023	\$5,029	\$1,005	25.0%
Stormwater, Plum Creek	\$1,357	\$1,625	\$268	19.7%
<b>TOTAL Plum Creek</b>	<b>\$26,667</b>	<b>\$34,877</b>	<b>\$8,210</b>	<b>30.8%</b>
Stormwater, Cherry Creek	\$868	\$1,388	\$520	59.9%
<b>TOTAL Cherry Creek</b>	<b>\$26,178</b>	<b>\$34,460</b>	<b>\$8,462</b>	<b>32.3%</b>

# 2021 RATES AND FEES

## RECOMMENDED SYSTEM DEVELOPMENT FEES

Fund	2020 Adopted SDFs	2020 Study Proposed 2021 SDFs	\$ Increase (Decrease)	% Change
Water	\$3,664	\$4,030	\$366	10.0%
Water Resources	\$17,623	\$18,504	\$881	5.0%
Wastewater	\$4,023	\$4,023	\$0	0.0%
Stormwater, Plum Creek	\$1,357	\$1,425	\$68	5.0%
<b>TOTAL Plum Creek</b>	<b>\$26,667</b>	<b>\$27,982</b>	<b>\$1,315</b>	<b>4.9%</b>
Stormwater, Cherry Creek	\$868	\$911	\$43	5.0%
<b>TOTAL Cherry Creek</b>	<b>\$26,178</b>	<b>\$27,468</b>	<b>\$1,290</b>	<b>4.9%</b>



# 2021 RATES AND FEES

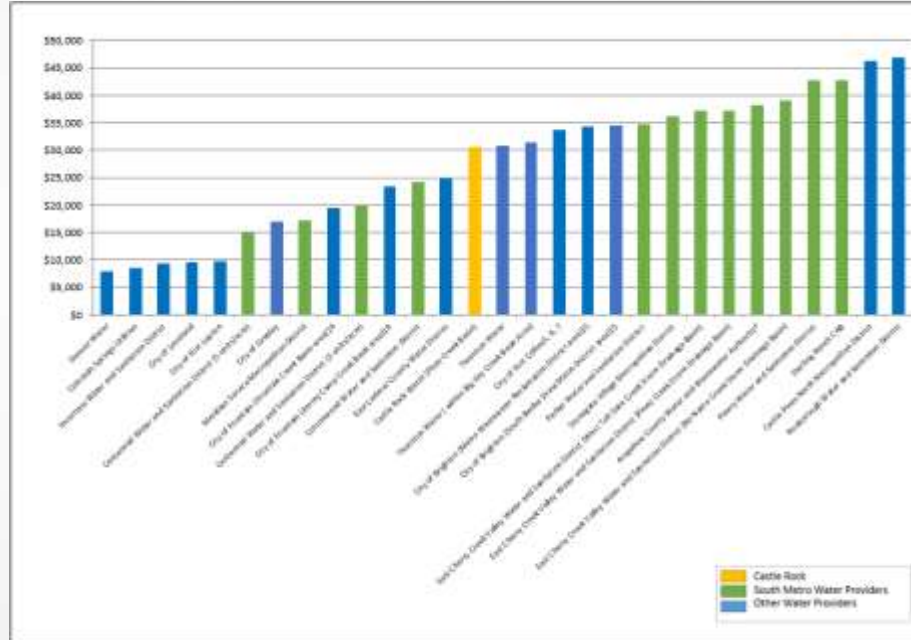
## RECOMMENDED SYSTEM DEVELOPMENT FEES 2022-2025

Fund	2022	2023	2024	2025
Water	\$4,151	\$4,276	\$4,404	\$4,536
Water Resources	\$19,059	\$19,631	\$20,220	\$20,827
Wastewater	\$4,144	\$4,269	\$4,397	\$4,528
Stormwater, Plum Creek	\$1,468	\$1,512	\$1,557	\$1,604
<b>TOTAL Plum Creek</b>	<b>\$28,822</b>	<b>\$29,688</b>	<b>\$30,578</b>	<b>\$31,495</b>
Stormwater, Cherry Creek	\$939	\$967	\$996	\$1,026
<b>TOTAL Cherry Creek</b>	<b>\$28,293</b>	<b>\$29,143</b>	<b>\$30,017</b>	<b>\$30,917</b>

\*All Development Fees increase each year 2022-2025 by 3%

# 2021 RATES AND FEES

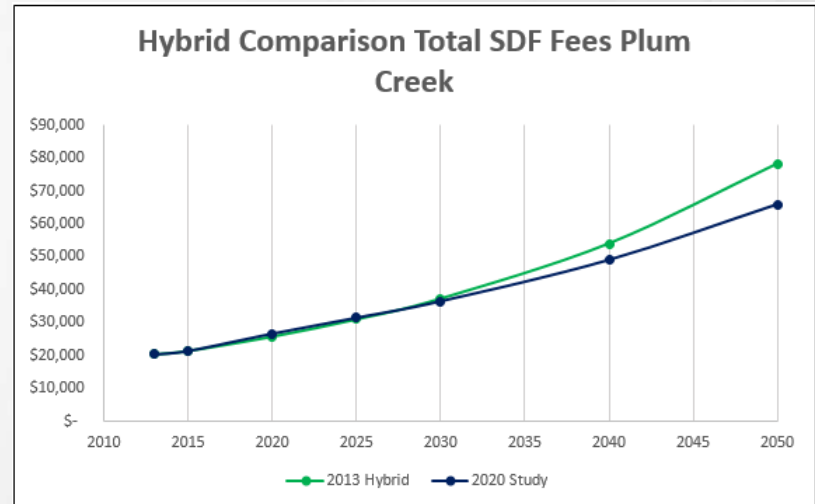
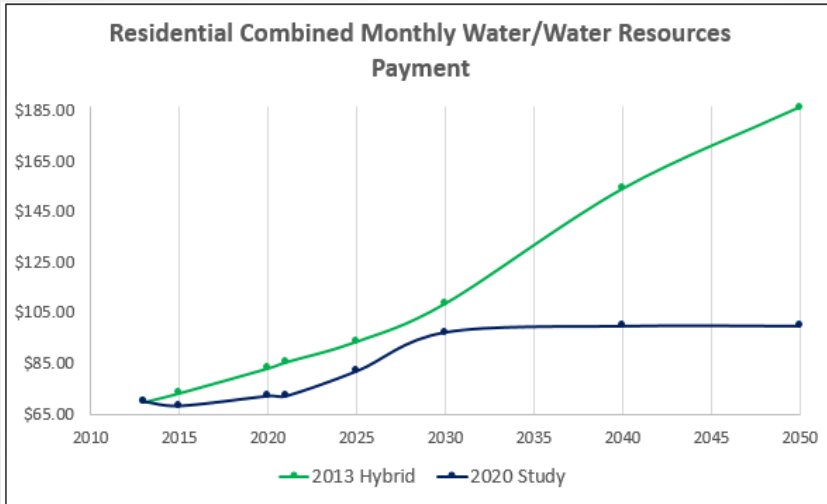
## 2021 PROPOSED SDFS COMPARED TO SURROUNDING COMMUNITIES 2020 SDFS



\*The Parker Water SDF may include an additional \$5K Water Resource's Toll, for a 3/4" meter. Castle Rock SDF is calculated using the Plum Creek Basin stormwater DIF.

# 2021 RATES AND FEES

## RECOMMENDED RATES AND FEES COMPARED TO 2013 HYBRID



# 2021 RATES AND FEES

## 5 YEAR RATE AND DEVELOPMENT FEE INCREASE HISTORY

5 Year Rate Increase History					
Fund	2016	2017	2018	2019	2020
Water Fund	0.0%	0.0%	0.0%	0.0%	0.0%
Water Resources Fund	3.0%	3.0%	0.0%	3.0%	0.0%
Wastewater Fund	0.0%	0.0%	0.0%	0.0%	(3.0%)
Stormwater Fund	0.0%	4.0%	0.0%	0.0%	0.0%
5 Year Development Fee Increase History					
Water Fund	39.0%	2.4%	5.9%	1.3%	3.0%
Water Resources Fund	6.0%	0.2%	0.0%	11.7%	3.5%
Wastewater Fund	6.0%	6.0%	15.2%	1.6%	0.0%
Stormwater Fund	22.0%	17.1%	0.0%	0.0%	3.0%

# 2021 RATES AND FEES

## 5 YEAR CPI AND ENR CCI HISTORY

<b>5 Year Consumer Price Index (CPI) History</b>					
<b>Fund</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>CCI</b>	1.2%	2.8%	3.4%	2.7%	1.6%
<b>5 Year Engineering News Record Construction Cost Index (ENR CCI) History</b>					
<b>ENR</b>	2.3%	2.5%	3.3%	3.2%	2.8%

# 2021 RATES AND FEES

## KEY CONCLUSIONS

- No change in water, water resources, stormwater, wastewater rates
- No change in annual costs for a typical ¾" residential customer
- 4.9% increase to system development fees for Plum Creek and Cherry Creek
- Both residential and non-residential meter set fees average increase between 3-5%
  - *Based on actual cost of meters from vendor, no change to our cost of service*
- Minor changes to special charges
- Meeting Financial Management Plan goals
- Inter-fund loan supported by modeling results

# 2021 RATES AND FEES

## SCHEDULE AND OUTREACH

- Castle Rock Water Commission Meeting 7/22/2020
- Town Council Update/Discussion 8/18/2020
- Castle Rock Water Commission Meeting 8/26/2020
- 1<sup>st</sup> Reading 9/01/2020
- 2<sup>nd</sup> Reading 9/15/2020
- Implementation 1/01/2021

# 2021 RATES AND FEES

## DISCUSSION AND RECOMMENDATIONS

- Staff Recommendation: Finalize an ordinance with the rates and fees as presented and bring back to Council for consideration
- QUESTIONS?