

# Water and Sewer Rate Study Quick Facts

## What was the purpose of the rate study?

The District retained Red Oak Consulting (Red Oak) to conduct a comprehensive water and sewer rate study. The purpose of the study was to develop a financial roadmap for water and sewer utilities for the 6-year study period, 2009 through 2013. Study outcomes for each utility included:

- Rate revenue sufficient to meet annual O&M and capital expenditures
- Meeting target annual operating reserves
- Funding for annual capital repair and replacement projects
- Compliance with Colorado Water Resources and Power Development Authority (CWRPDA) bond covenant requirements
- Compliance with the proposed US Bank Note covenants to refund three outstanding debt obligations by the District
- Updated system development charges to recover cost of capacity for new development in the District

## What were the results of the rate study?

Results of the rate study indicated the need for revenue increases for the years 2010 through 2013.

Annual Revenue Adjustments		
Year	Water	Sewer
2009	0.0%	0.0%
2010	9.5%	19.0%
2011	6.0%	9.5%
2012	6.0%	9.5%
2013	6.0%	9.5%
2014	6.0%	9.5%

The revenue increases for the water and sewer utility are required to meet annual revenue requirements, debt service coverage for the CWRPDA and US Bank Note loans, fund the repair and replacement program, and maintain target operating reserves. The *2010 Water and Sewer Rate Study* report includes a detailed discussion of the financial plan projections.

Red Oak also designed 2010 rates based on the following pricing objectives identified by the District. These include:

- Revenue Stability
- Conservation
- Affordability
- Customer class equity

The proposed *water rate* structure consists of:

- Monthly base charge that varies by meter size
- A 4-tiered inclining single family volumetric rate structure
- A uniform volumetric rate for multifamily, commercial, and industrial customers

The proposed *sewer rate* structure consists of:

- Monthly base charge regardless of water meter size or customer class
- A single family volumetric rate applied to average winter water consumption (AWC)
- A uniform volumetric rate for multifamily, commercial, and industrial customers for all usage

## What impact will the results have on my monthly water and sewer bill?

Although revenue increases listed above indicate the amount of revenue needed in total, proposed water and sewer rate structure changes may increase or decrease a customer's total water and sewer monthly bill based upon the type of customer and their respective levels of consumption. The *2010 Water and Sewer Rate Study* report contains a detailed discussion on the proposed 2010 rates.