

# **Water, Sewer, and Solid Waste Collection Rate and Fee Recommendation**

Council Planning Session

January 16, 2024

# PURPOSE

Recommend rate and fee increases effective April 1, 2024 in the Water, Sewer, and Solid Waste Collection.

# AGENDA

- The Ask
- Overview of Utility Funds
- Customer Outreach & Resources
- Recommended Rates and Fees
  - Water
  - Sewer
  - Solid Waste Collection
- Next Steps

# The Ask

## Rate and Fee Increase Recommendation

### Rates

Utility Bill Example: Single Family Residential Winter / Summer				
	Winter		Summer	
	Current	Proposed	Current	Proposed
Water	\$33.16	\$35.48	\$68.48	\$73.27
Sewer	22.82	23.73	22.82	23.73
Trash	13.50	17.50	13.50	17.50
Stormwater	\$5.00	\$5.00	\$5.00	\$5.00
<b>TOTAL</b>	<b>\$74.48</b>	<b>\$81.71</b>	<b>\$109.80</b>	<b>\$119.50</b>

**\$7.23**  
total  
increase

**\$9.70**  
total  
increase

### Fees

#### Water Connection Fees:

Council passed ordinance 3617, a phased in connection fee increase effective 2022, 2023, and 2024.

#### Sewer Connection Fees:

Staff is recommending a **3.2%** Engineering News-Record's (ENR) Construction Cost Index (CCI) connection fee increase for sewer connection fees.

#### Solid Waste Collection Fees:

Click N Haul Fee increase to cover cost and implement a fee for cancellations.  
Implement a passthrough landfill fee for mattress collection.

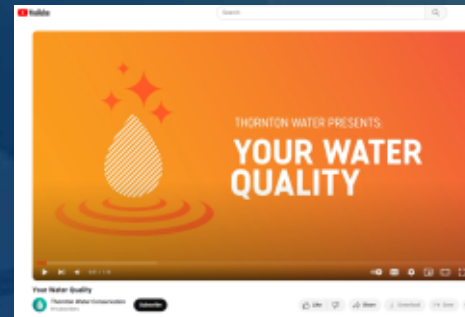
# Utility Funds

- Each Utility is an independent, not-for-profit, business with Council functioning as a board of directors
  - The Utilities deliberately delay cost increases as long as possible to keep rates low
  - The Utility rates are usually the slowest/last to adjust to inflation/market costs
  - Rates and fees must be increased to ensure the long-term stability and capital needs of the Utilities, these are not optional increases
- \$123M (30%) of the total City budget is spent running these businesses
  - 23% Water, 4% Sewer, 1% Stormwater, 2% Sanitation
- Financial Stewardship, Transparency, and Security (Council Goal)
  - Rates/Fees are analyzed regularly to ensure they are responsive, fair, and equitable
  - Strive to meet debt coverage requirements for the lowest possible interest rate
- Charges for Services
  - Rates cover the cost of existing operations and maintenance
  - Fees are one-time revenues intended to offset cost of growth or pay for special service

# Customer Outreach & Resources

## Transparency

- ThorntonWater.com
- Newsletter
- Social media
- Utility bill information
- Annual Consumer Confidence Report



## Support

- Payment assistance
- Water consultations
- Water conservation rebates
- Water quality hotline
- Waste wizard application

A screenshot of the Thornton Water website. The header is teal with a navigation menu: "Water at Work", "Restrictions &amp; Drought", "Rebates &amp; Services", "Saving Water", "Events", "Track Your Use", "Water Blogged", "Contact Us", and a search icon. The main content area has a white background. The top section features the headline "ALWAYS THINKING ABOUT WATER TO PROVIDE YOU THE BEST." followed by a paragraph about water quality. To the right is an orange box with a circular icon of a hand holding a smartphone and the text "STAY UP-TO-DATE! SIGN UP FOR OUR E-NEWSLETTER". Below this is a "Drought status:" section showing a progress bar with five stages: "NO DROUGHT RESPONSE" (green), "DROUGHT WATCH Pending" (green), "STAGE 1 Moderate to Severe" (yellow), "STAGE 2 Extreme" (orange), and "STAGE 3 Exceptional" (red). The current status is "NO DROUGHT RESPONSE". The bottom section is teal with the headline "Know Thornton's Current Water Use Rules" and a paragraph about residential water use. It includes icons of different watering methods (sprinkler, hose, etc.) and a link to "Learn more about the watering rules and how to follow Thornton's Watering Guide". The footer is a solid green bar with the text "Waterblogged".

# Utility Assistance Program

- Provides assistance for Thornton Utility customers meeting the qualifying criteria
- Program is funded through late fees
- Annual criteria: Customer's household income does not exceed 60% of the State Median Income or provide evidence they qualify for any other assistance program for which the criteria is equal to or more restrictive

Average  
Winter/Summer  
bill increase  
\$7.23 / \$9.70

Contact 720-977-5815 or [Assistance@thorntonCO.gov](mailto:Assistance@thorntonCO.gov)

# Water Rates and Fees

# Water Utility Overview

- \$46.2M Operating Budget
- \$46.8M Capital Budget
- **23% of total 2024 budget**
- 107 employees
- State Certified Lab



**43,088**  
Water Meters



Drinking  
Water Reservoirs



**601** Miles  
Water Mains



**5,696**  
Fire Hydrants

**16**

Water Pump  
Stations

**8.3 Billion**



Gallons of  
Water Delivered  
to Homes  
Annually

**79**

Gallons Per Person Per  
Day Average Consumption



**2** Drinking  
Water  
Treatment  
Plants

**16** Water  
Efficiency  
Programs

**WITHOUT WATER**  
— life would be —  
**PRETTY DRY**  
THORNTONWATER.COM



**9**  
Drinking Water  
Storage Tanks

# Water Utility Overview

- Water Rate Increase History
  - 2019 3%
  - 2020 3%
  - 2021 0%
  - 2022 4%
  - 2023 4%
  - **2024 7%** (same as projected in 2022)
  - 2025 & 2026 ~10% (Inflation, PFAS)
- Utility cost increases last two years:
  - Water treatment chemicals have increased 55% over the past two years (2024 budget = \$5.4M)
  - PFAS improvements at both treatment plants \$96M (not yet fully funded)
- Implications of underfunding the utility
  - Inability to meet new EPA drinking water regulations for PFAS
  - Decreased maintenance programs = increased service disruptions (water breaks) which cost more in the end

# Water Recommendation

## Rate Increase Average Bill Impact

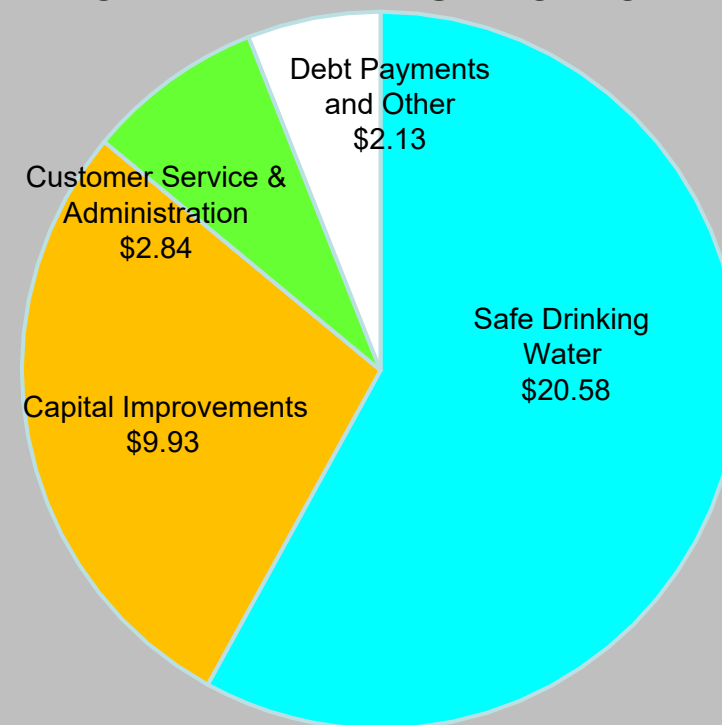
### Utility Bill Example: Average Single Family Residential Winter / Summer

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**\$2.32**  
Water  
increas

**\$4.79**  
Water  
increas

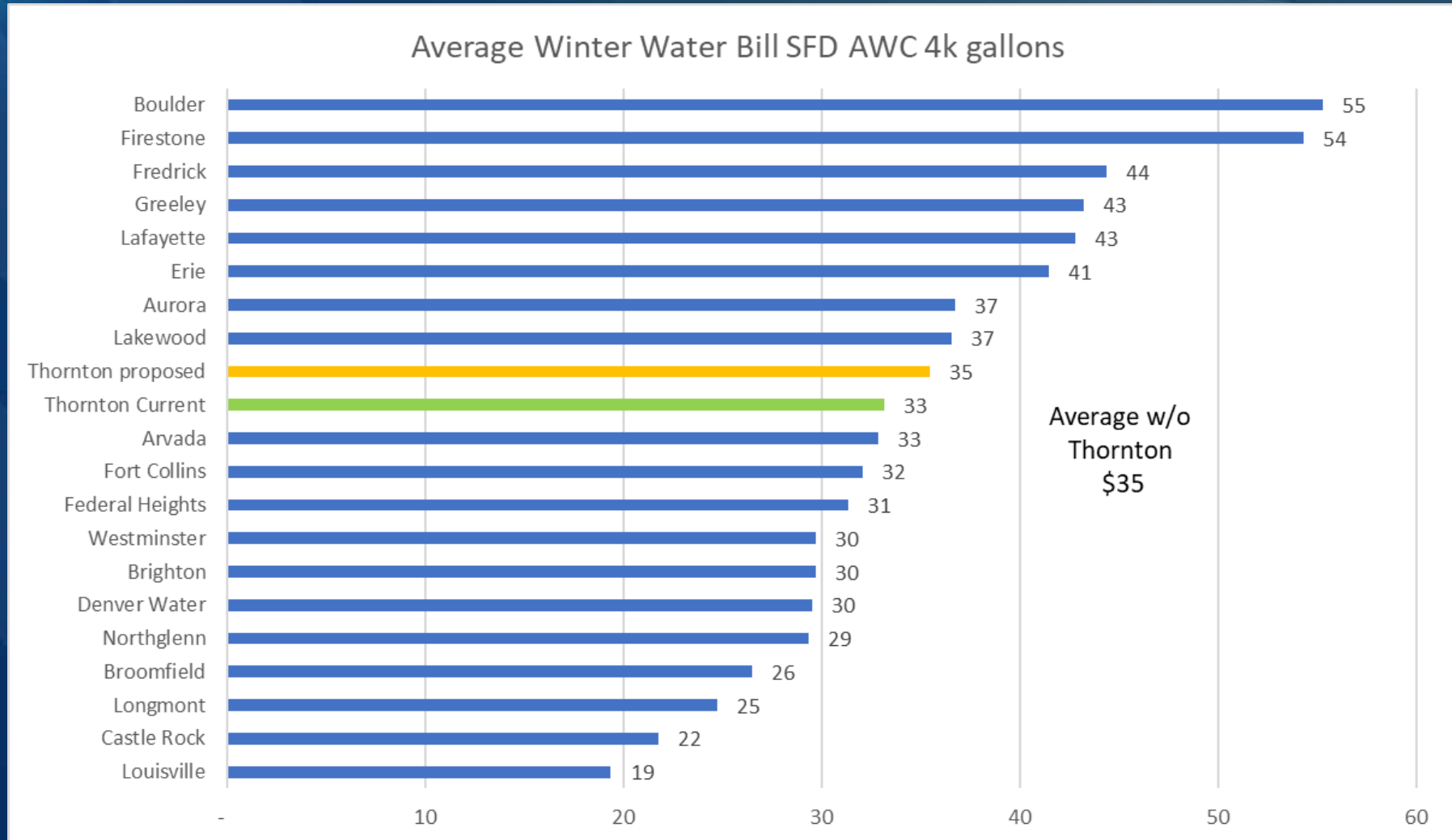
### YOUR MONTHLY BILL PUT TO WORK



### Large Lot Example:

- >20,001 sq. ft.
- 42k gallons (avg. summer)
- \$16 increase
- Less than 1% of customers

# Water Rate Survey



# Water Connection Fee Recommendation

- Connection Fees are one-time payments for growth related infrastructure
- Council approved Ordinance 3617 to implement a phased in connection fee increase effective 2022, 2023, and 2024.

Description	Current Infrastructure & Water Resource Fee		Approved Fee effective 1/1/2024	
Residential Fees per Dwelling Unit				
SFD (Up to 7,000 sq ft)	\$	29,089	\$	32,090
SFD (7,001 – 8,999 sq ft) (1)		35,165		40,094
Duplex Individually Metered		22,132		25,155
Mobile Home Individually Metered		18,958		21,986
Multi-Family Individually Metered		13,711		15,976
Multi-Family Master Metered		20,620		23,797
Commercial & Irrigation Fees by Meter Size (inches)				
5/8 X 3/4	\$	35,164	\$	40,094
3/4		58,607		66,823
1		93,771		106,917
1 1/2		117,214		133,646
2		375,085		427,668
3		750,170		855,336
4		1,172,141		1,336,462

# Discussion

2. Does Council support a rate increase for the **Water Fund**?
  - Rate Increase 7%
  - Effective April 1, 2024
  - Communication to begin after first reading if approved

# Sewer Rates and Fees

# Sewer Utility Overview

- Sewer Rate Increase History

- 2020 1.8%
- 2021 0%
- 2022 1.5%
- 2023 13%
- **2024 4%**

- Connection Fee Increase History

- 2020 0%
- 2021 0%
- 2022 0%
- 2023 13%
- **2024 3.2%**



- The City only collects and conveys sanitary sewer
- Metro Water Recovery performs all treatment (Metro serves 61 local governments)
- 75% of the annual (\$17M) operating budget is Metro pass-through
- Implications of underfunding the utility
  - Inability to pay Metro billing
  - Decreased maintenance programs = increased service disruptions (sewer backups) which cost more in the end
  - Decreased connection fees = moratorium on growth due to unfunded capital growth projects

# Sewer Recommendation

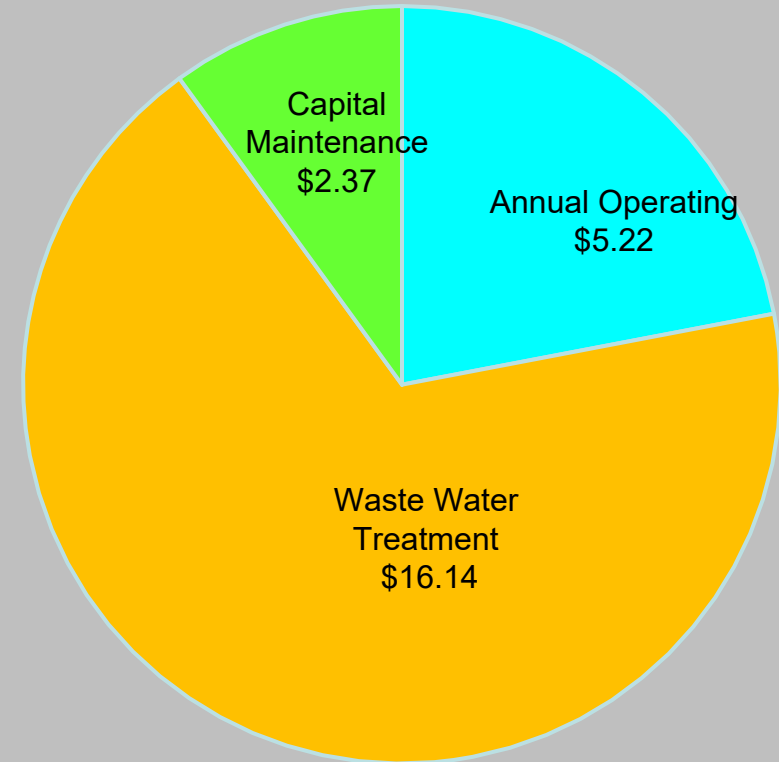
## Rate Increase Average Bill Impact

**Utility Bill Example:**  
Average Single Family Residential Winter / Summer

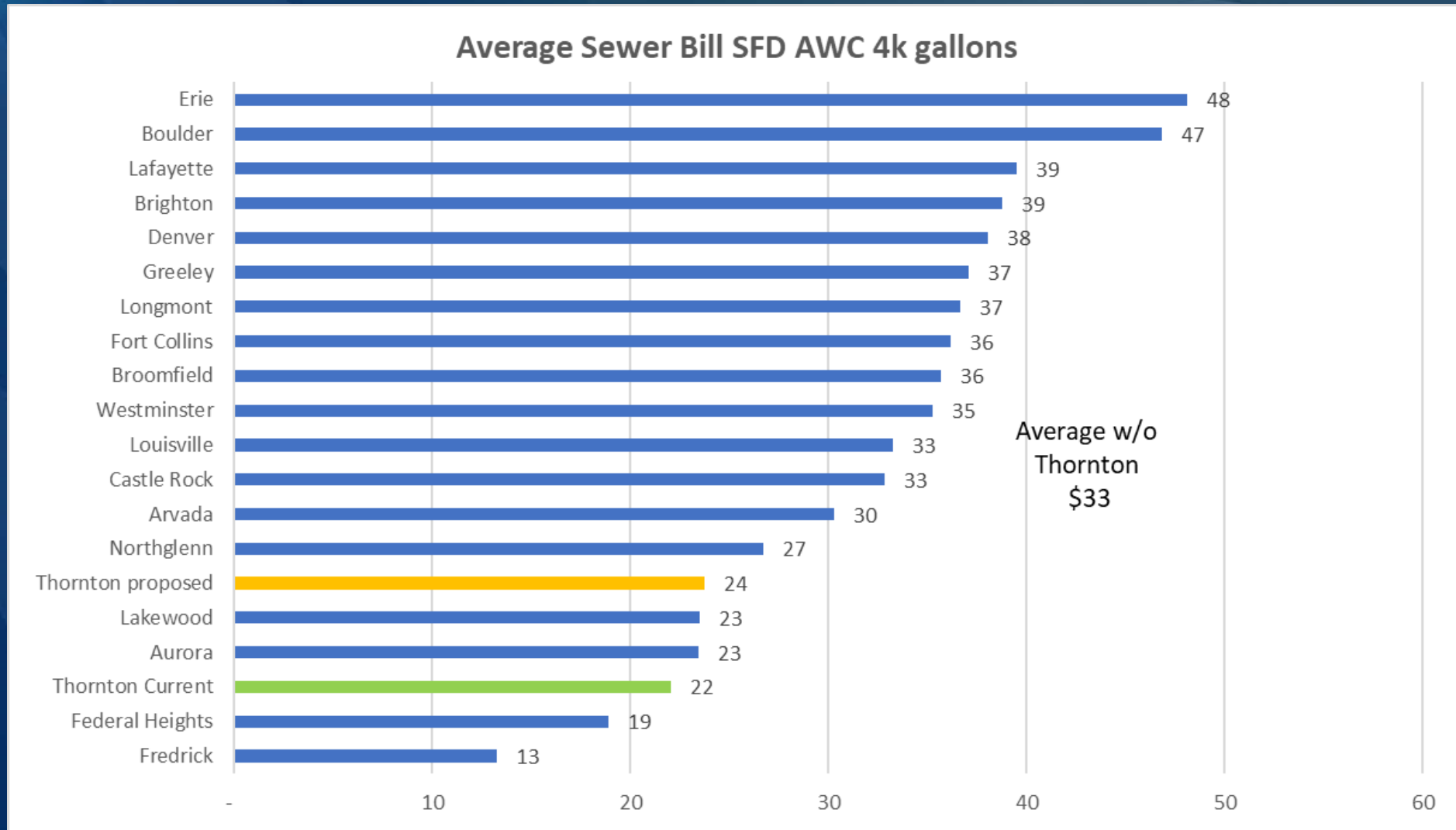
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**\$0.91**  
Sewer  
increase

**YOUR MONTHLY BILL PUT TO WORK**



# Sewer Rate Survey



# Sewer Connection Fee Recommendation

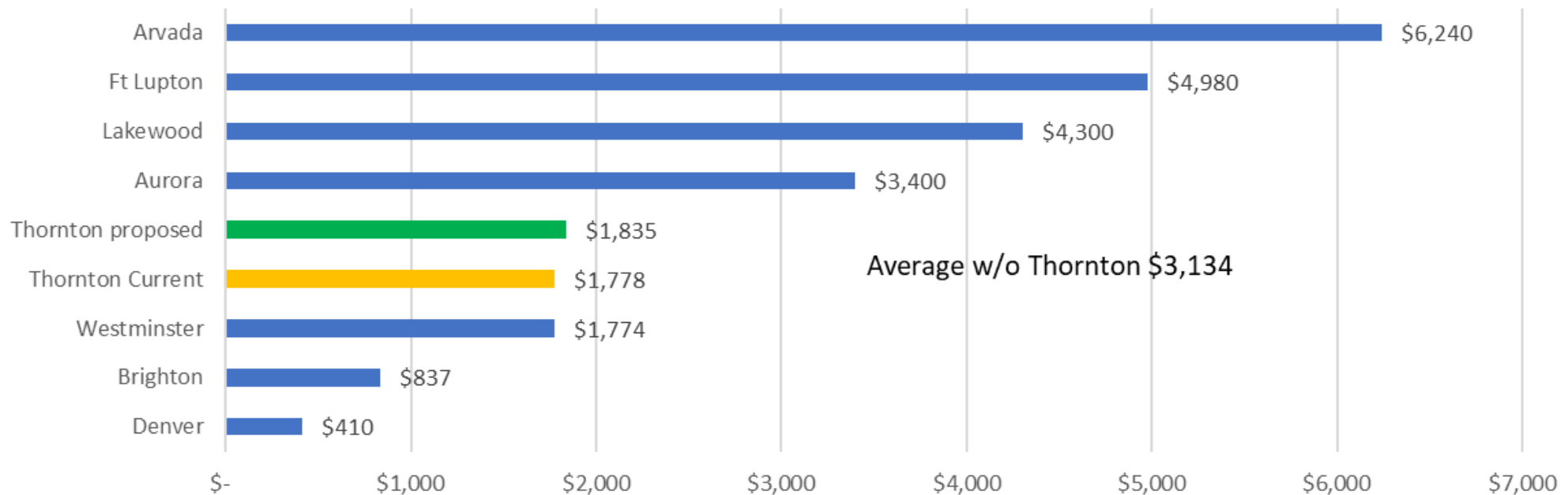
- Connection Fees are one-time payments for growth related infrastructure
  - Fee increase = ENR's CCI for 2022 3.2%

<b><u>RESIDENTIAL</u></b> Class per dwelling unit	<b>Current 2023</b>	<b>Proposed 2024</b>	<b>Change \$</b>
Single Family Detached	\$1,778	\$1,835	\$57
Duplex Individually Metered	1,618	1,670	52
Mobile Home Individually Metered	1,778	1,835	57
Multifamily Individually Metered	1,422	1,468	46
Multifamily Master Metered	1,636	1,688	52

<b><u>NON-RESIDENTIAL</u></b> Meter Size	<b>Current 2023</b>	<b>Proposed 2024</b>	<b>Change \$</b>
5/8 x 3/4	\$3,538	\$3,651	\$113
3/4	3,538	3,651	113
1	8,492	8,764	272
1 ½	19,460	20,083	623
2	35,382	36,514	1,132
3	76,072	78,506	2,434
4	152,143	157,012	4,869

# Sewer Connection Fee Survey

**Metro Water Recovery Municipal Customer Survey**  
**Sewer Connection Fee 5/8 x 3/4 meter 8,000 sq ft lot**



# Discussion

3. Does Council support a rate and fee increase in the Sewer Fund?

- Rate Increase 4%
- Fee Increase 3.2%
- Effective April 1, 2024
- Communication to begin after first reading if approved

# Solid Waste Rates and Fees

# Solid Waste Collection Utility Overview

- 32k voluntary customers
- Cost Increases
  - Trash
    - \$18/ton (29% increase from 1 yr. ago)
  - Recycle
    - \$45/ton (36% increase from 1 yr. ago)
  - Fleet
    - Truck replacement increased 35% since 2022
    - 23% inflation on maintenance from 1 yr. ago
- Prior rate increases: there has been no increase in over 10 years, 2024 \$4.00
- Implications of underfunding the utility
  - Stop providing curbside recycling program
  - Decreased truck replacement = increased service disruptions (trucks out of service)

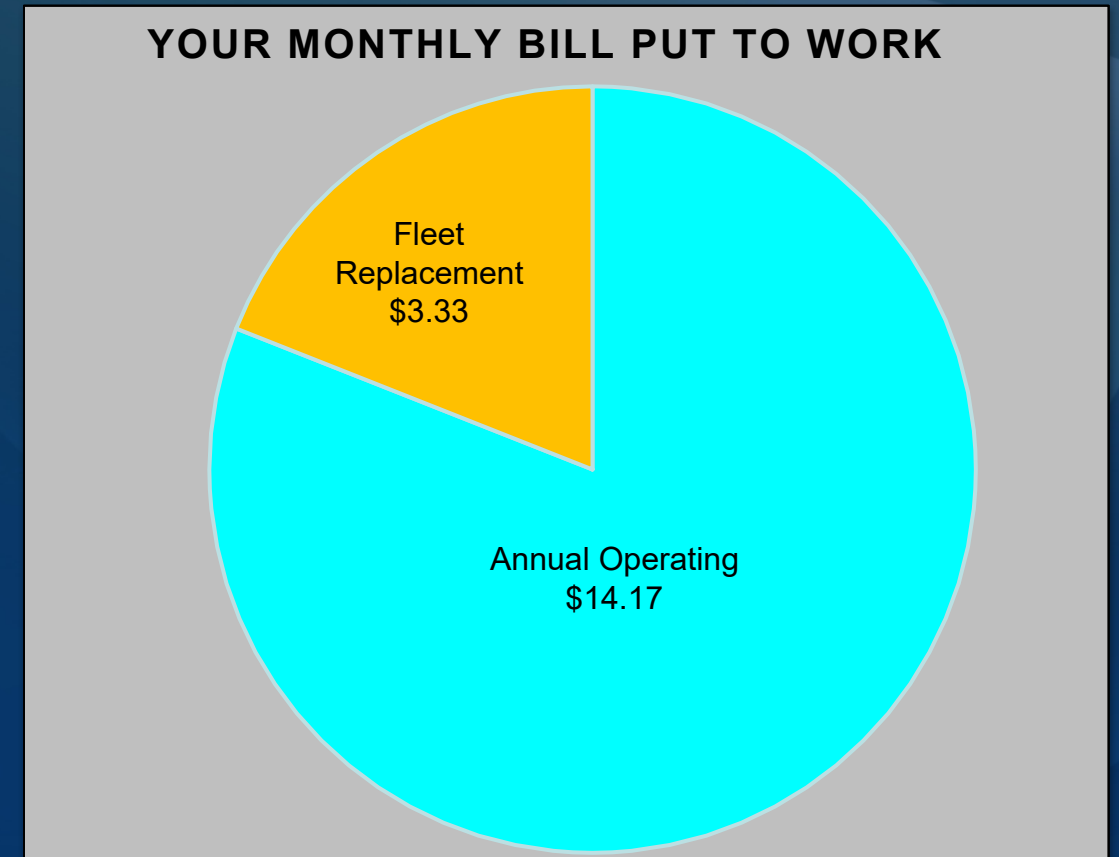


# Solid Waste Collection Recommendation

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**\$4.00**  
Trash  
increase



The 2<sup>nd</sup> can increase \$2.00 3<sup>rd</sup>, 4<sup>th</sup> can rate will go up the same percentage as the 1<sup>st</sup> can

# Solid Waste Collection Rate Survey

- Thornton existing (trash, recycle): \$13.50
- Northglenn (trash only): \$16.00
- Thornton proposed (trash, recycle): \$17.50
- Private Hauler low example (trash only): \$18.50
- Arvada (trash, recycling): \$20.34
- Denver (trash, recycle, compost): \$21.00
- Longmont (trash, recycling): \$24.00
- Golden (trash, recycling): \$31.08
- Louisville (trash, recycle, compost): \$44.11

# Solid Waste Collection Fee Recommendation

Update Click N' Haul Fee to cover cost		
Pickup Size	Current Rate	Recommended
¼ Load	\$ 65	\$72
½ Load	\$109	\$121
¾ Load	\$163	\$180
Full Load	\$235	\$260
Cancellation Fee		\$10

Mattress Fee	Current	Recommended
Pass through landfill fee	\$0	\$30

# Discussion

1. Does Council support a rate increase for the Solid Waste Fund?
  - Rate Increase
    - 1<sup>st</sup> can \$4.00
    - 2<sup>nd</sup> can \$2.00
  - Click N Haul Fee increase to cover cost and implement a fee for cancellations.
  - Implement a passthrough landfill fee for mattress collection.
  - Effective April 1, 2024
  - Communication to begin after first reading if approved

# Next Steps

- Staff is seeking approval to bring forward:
  - an ordinance to increase Water rates effective 4/1/2024
  - an ordinance to increase Sewer rates and fees, and to increase Solid Waste Collection rates and fees effective 4/1/2024
- If approved on first reading, staff would also be seeking approval to begin communication immediately