

**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
TOTAL	\$74.48	\$81.71	\$109.80	\$119.50

\$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.

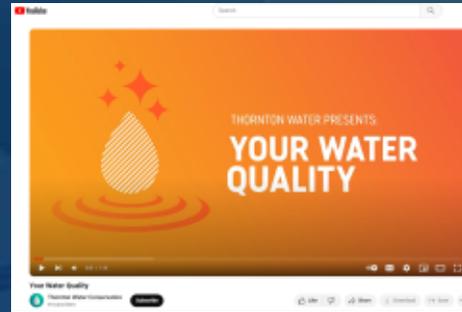
Utility Funds

- 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



A screenshot of the Thornton Water website. The header is green with navigation links: "THORNTON WATER", "Water at Work", "Restrictions & Drought", "Rebates & Services", "Saving Water", "Events", "Track Your Use", "Water Blogged", "Contact Us", and a search icon. The main content area features a large headline: "ALWAYS THINKING ABOUT WATER TO PROVIDE YOU THE BEST." Below the headline is a paragraph: "Protecting the quality, quantity, and reliable delivery of water is our 24/7/365 priority and serious responsibility. We are continually working on new ideas, plans, and projects to ensure Thornton is ready for whatever the future holds." To the right is a call-to-action box: "STAY UP-TO-DATE! SIGN UP FOR OUR E-NEWSLETTER" with an icon of a hand holding a smartphone.

Support

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



A screenshot of the "Drought status" section on the Thornton Water website. The text reads: "Drought status: No Drought Response. Water supply and current conditions indicate that we do not need to activate the Drought Response Plan at this time. Learn more about the stages of drought and other water related information from our FAQs." Below the text is a horizontal bar with five colored water drop icons representing different drought stages: "NO DROUGHT RESPONSE" (blue), "DROUGHT WATCH Pending" (green), "STAGE 1 Moderate to Severe" (yellow), "STAGE 2 Extreme" (orange), and "STAGE 3 Exceptional" (red). A right-pointing arrow is on the far right.

A screenshot of the "Know Thornton's Current Water Use Rules" section on the Thornton Water website. The text reads: "With about half of residential water use occurring outdoors during spring and summer months, we need to work together to use water responsibly. Learn more about the watering rules and how to follow Thornton's Watering Guide". Below the text are four icons representing different watering methods: a hand watering a plant, a hose with a nozzle, a sprinkler, and a lawn. A right-pointing arrow is on the far right.

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

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



2 Drinking
Water
Treatment
Plants

16 Water
Efficiency
Programs

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

79

Gallons Per Person Per
Day Average Consumption



Drinking Water
Storage Tanks

Water Utility Overview

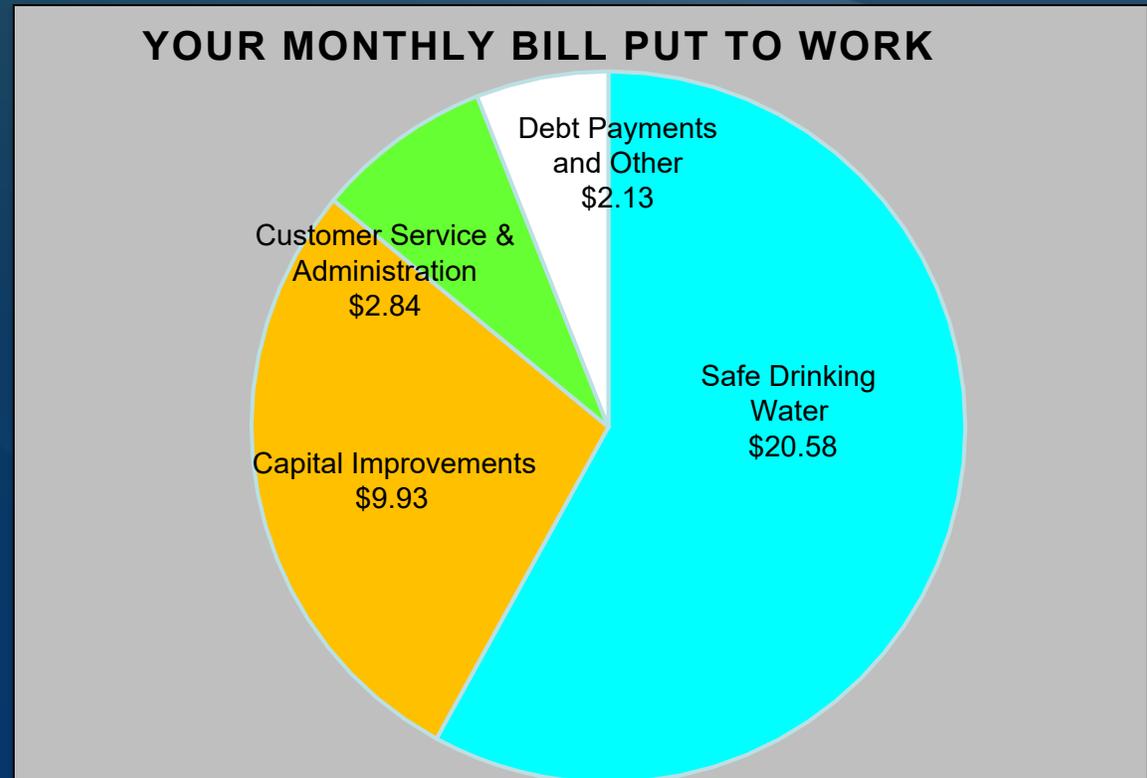
- Water Rate Increase History
 - 2019 3%
 - 2020 3%
 - 2021 0%
 - 2022 4%
 - 2023 4%
 - **2024 7%** (same as projected in 2022)
 - 2025 & 2026 ~10% (Inflation, PFAS)
- Utility cost increases last two years:
 - Water treatment chemicals have increased 55% over the past two years (2024 budget = \$5.4M)
 - 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				
	Winter		Summer	
	Current	Proposed	Current	Proposed
Water	\$33.16	\$35.48	\$68.48	\$73.27
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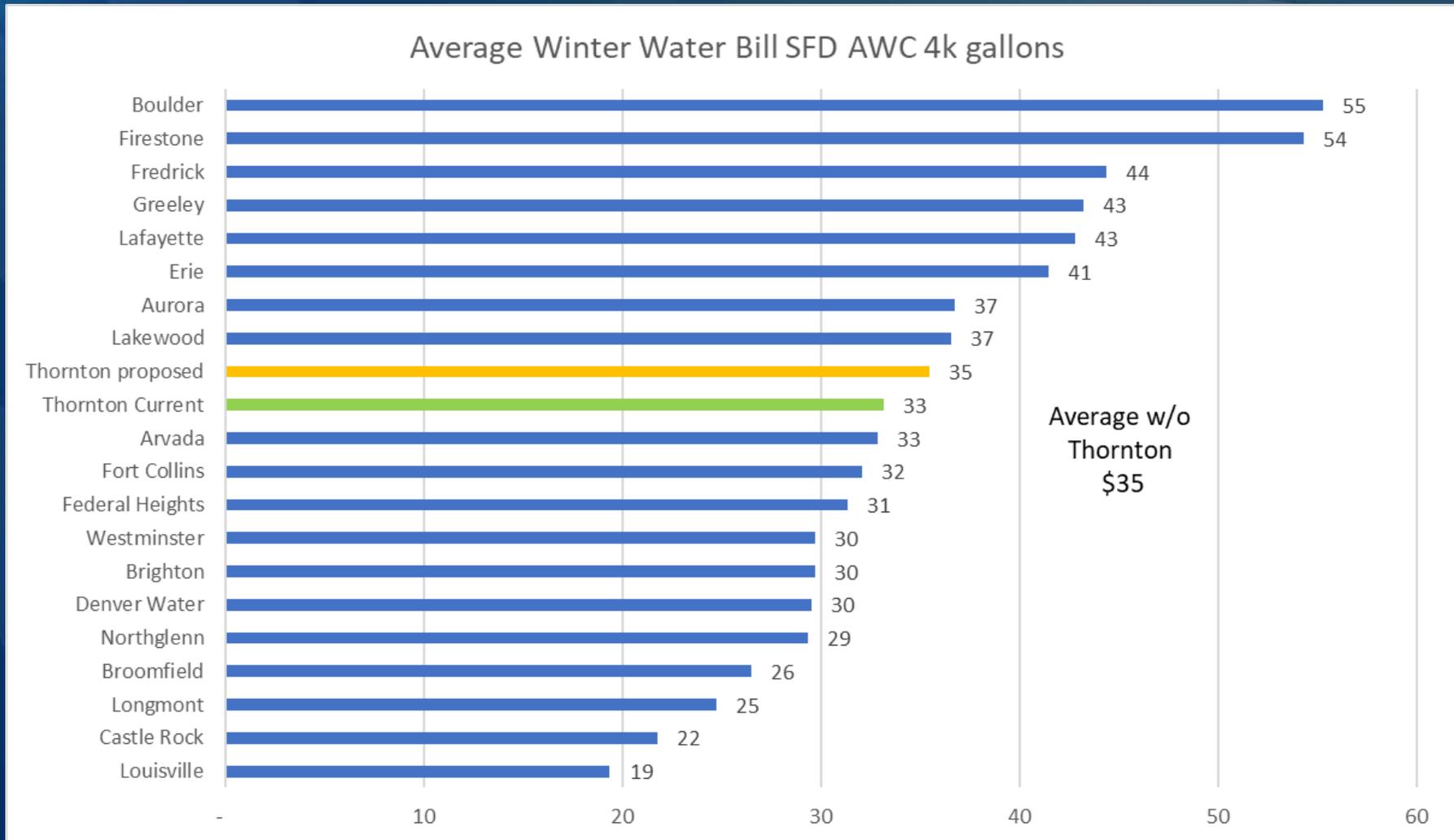
\$2.32
Water
increas

\$4.79
Water
increas



- 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

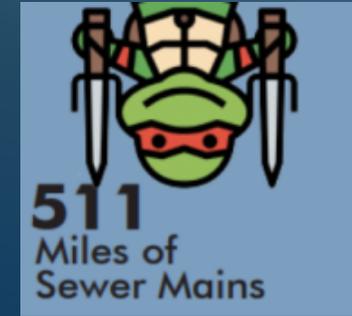
Sewer Utility Overview

- 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%**

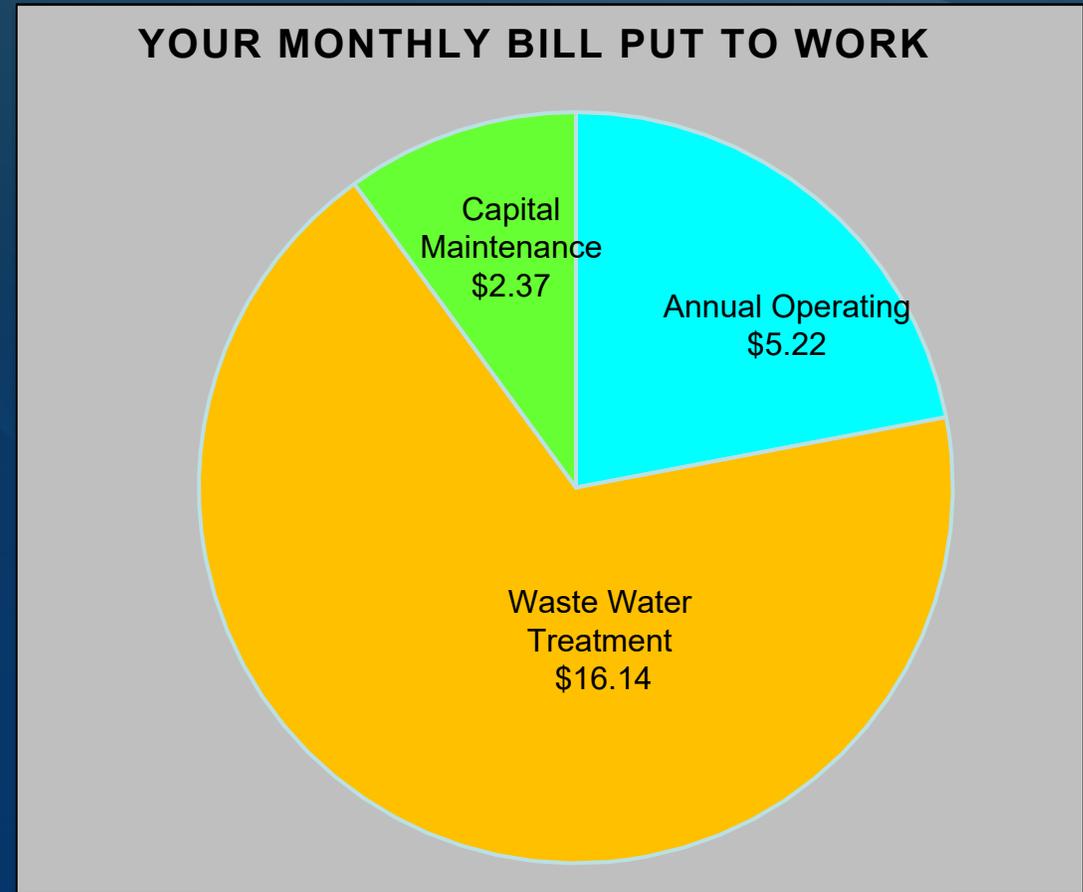


- The City only collects and conveys sanitary sewer
- Metro Water Recovery performs all treatment (Metro serves 61 local governments)
- 75% of the annual (\$17M) operating budget is Metro pass-through
- Implications of underfunding the utility
 - Inability to pay Metro billing
 - Decreased maintenance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

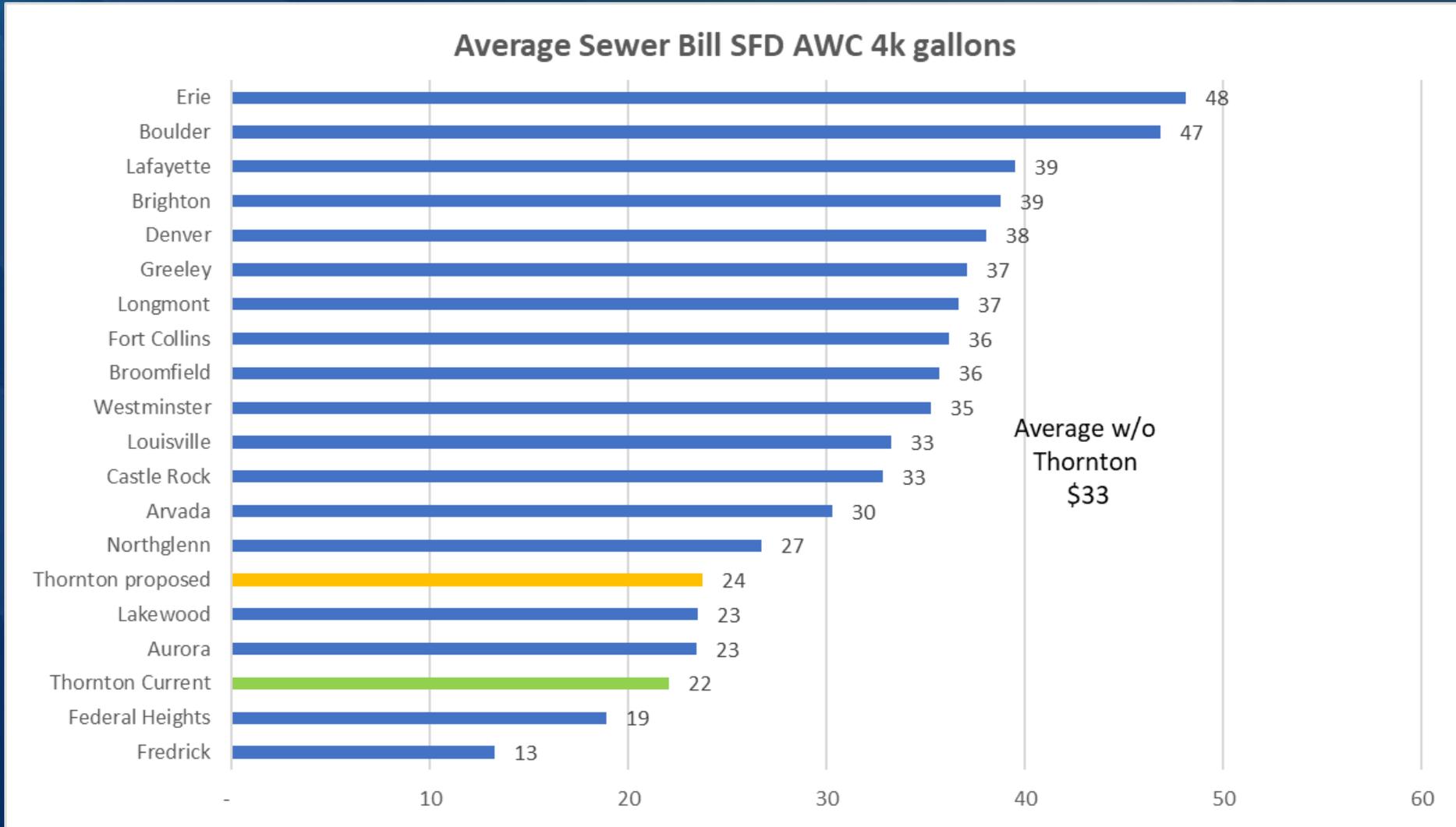
Sewer Recommendation Rate Increase Average Bill Impact

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\$0.91
Sewer
increase



Sewer Rate Survey



Sewer Connection Fee Recommendation

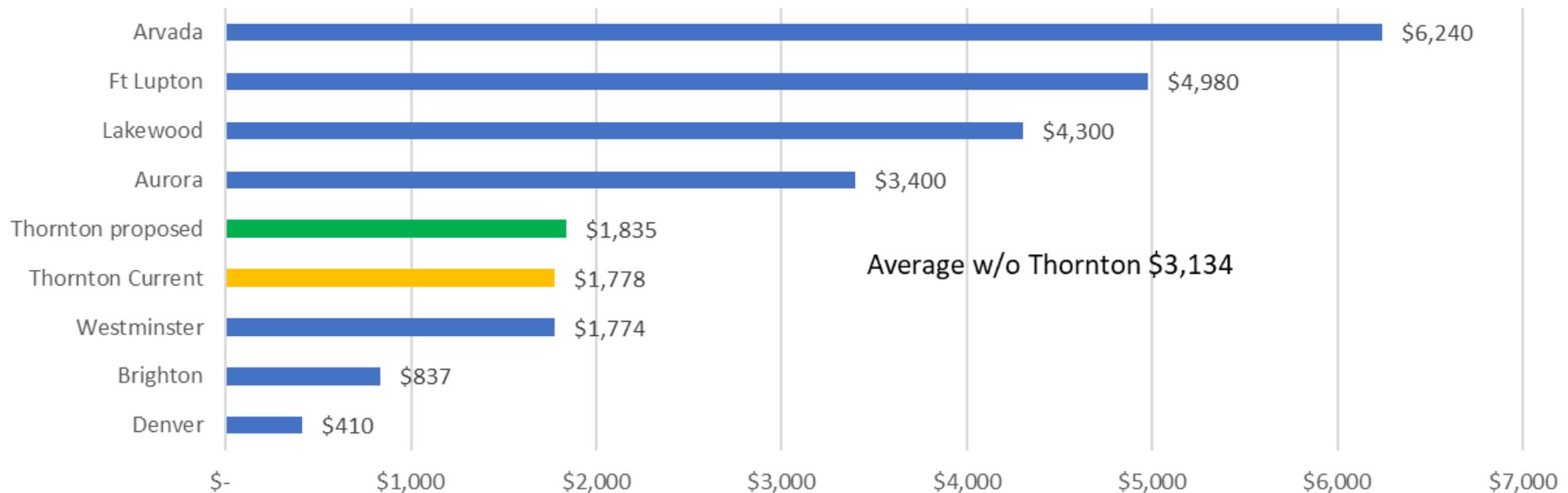
- Connection Fees are one-time payments for growth related infrastructure
 - Fee increase = ENR's CCI for 2022 3.2%

<u>RESIDENTIAL</u> Class per dwelling unit	Current 2023	Proposed 2024	Change \$
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

<u>NON-RESIDENTIAL</u> Meter Size	Current 2023	Proposed 2024	Change \$
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

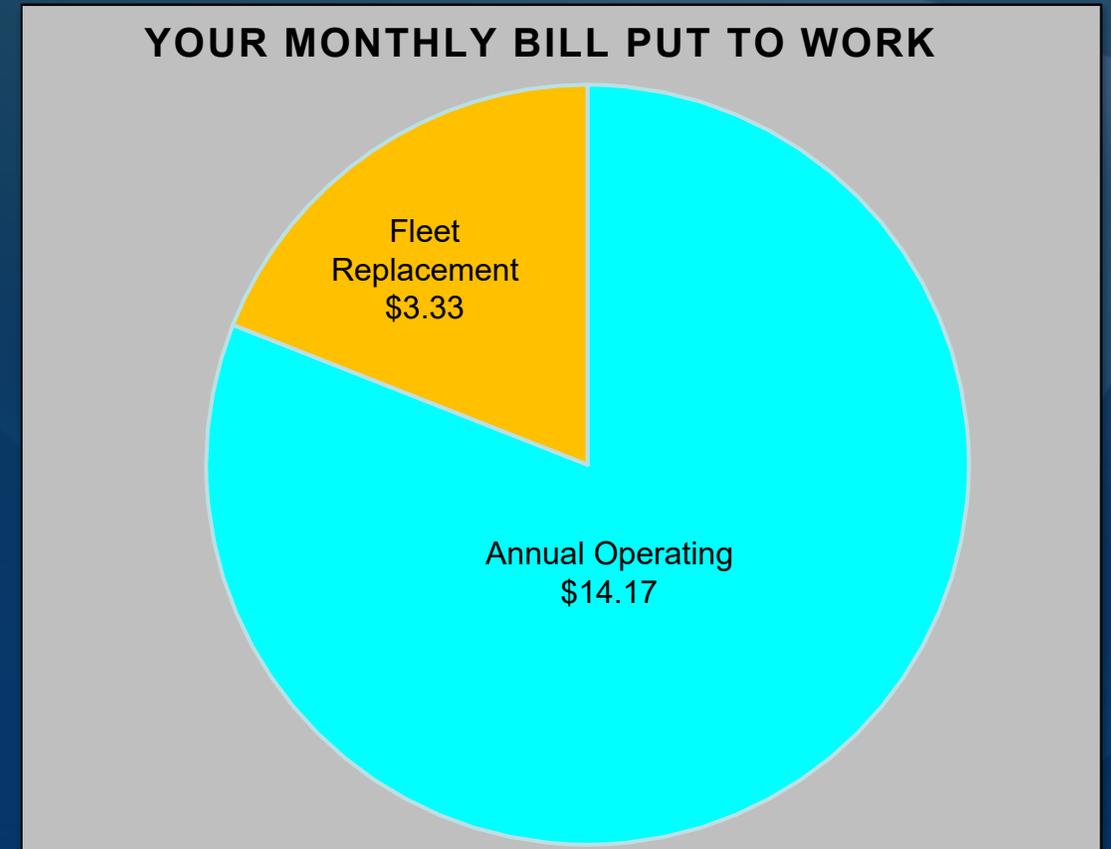
- 32k voluntary customers
- Cost Increases
 - Trash
 - \$18/ton (29% increase from 1 yr. ago)
 - Recycle
 - \$45/ton (36% increase from 1 yr. ago)
 - Fleet
 - Truck replacement increased 35% since 2022
 - 23% inflation on maintenance from 1 yr. ago
- Prior rate increases: there has been no increase in 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 Rate Increase Average Bill Impact

Utility Bill Example: Average Single Family Residential Winter / Summer				
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Water	\$33.16	\$35.48	\$68.48	\$73.27
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TOTAL	\$74.48	\$81.71	\$109.80	\$119.50

\$4.00
Trash
increase



The 2nd can increase \$2.00 3rd, 4th can rate will go up the same percentage as the 1st 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
 - 1st can \$4.00
 - 2nd 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