



BOARD OF TRUSTEES
October 4, 2022
6:30 PM

Leeper Center, 3800 Wilson Avenue, Wellington, CO

Work Session Agenda

The Zoom information below is for online viewing and listening only.

When: Oct 4, 2022 06:30 PM Mountain Time (US and Canada)

Topic: 10.04.22 BOT Special Work Session

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A. ITEMS

1. Water & Sewer Rates and Impact Fees
2. Board Discretionary and Outreach Funds
3. Strategic Plan - Goal Setting

The Town of Wellington will make reasonable accommodations for access to Town services, programs, and activities and special communication arrangements. Individuals needing special accommodation may request assistance by contacting at Town Hall or at 970-568-3380 ext. 110 at least 24 hours in advance.



Board of Trustees Meeting

Date: October 4, 2022
Subject: Water & Sewer Rates and Impact Fees

BACKGROUND / DISCUSSION

EXECUTIVE SUMMARY

This is a presentation on the 2022 Rate Study process, including a review of the rate study goals and objectives, findings of the 5-year financial plan, and an overview of the cost-of-service analysis and proposed rate designs. The presentation includes proposed water and wastewater rates and capital investment fees for 2023.

BACKGROUND/SUMMARY

As part of the water and sewer rate discussions and updates in early 2022, the Board of Trustees requested Staff to execute a complete rate study for both utilities. The Board of Trustees requested the study include a review of all monthly usage rates and one-time impact fees. The Board also requested the formation and participation of a resident roundtable for this rate study process.

Staff contracted with Raftelis in April 2022. Raftelis is a Colorado-based consulting firm specializing in utility financial planning and rate studies. Staff also initiated a 10-person Utility Rate Structure Roundtable (URSR) in April 2022, with members appointed by Trustees and selected representatives from other Town Boards. The URSR met four times between May and August, with each meeting including presentations from Raftelis and time for discussion among members and Staff. The URSR presented their rate structure recommendations to the Board of Trustees at a work session on September 20, 2022.

Along with leading the technical conversations with the URSR, Raftelis moved forward with the full rate study for both the Water and Wastewater Enterprise Funds. This process, described in detail in the attached *Wellington Water and Wastewater Rate and Fee Report* (Attachment 1) and associated *Appendix A and Appendix B* (Attachment 2), included developing financial plans for both funds, performing a cost of service analysis, working with the URSR to develop rate structure alternatives, and evaluating the adequacy of current water and wastewater capital investment fees. Based on the findings of the rate study and the recommendations of the URSR, Raftelis worked with Staff to develop a set of proposed water and wastewater rates and capital investment fees. The proposed rates and fees are summarized in the attached report and found in Tables 4, 7, 10, and 11.

Staff is working to prepare a list of policies and codes that need re-evaluation for updates identified by the analysis this rate study.

Staff will provide an amendment to these materials on Monday, October 3. The amendment will include a power point presentation of the report materials and sample bill impacts for various customer classes.

STAFF RECOMMENDATION

Staff is looking for feedback on the proposed rates and fees.

ATTACHMENTS

1. Attachment 1: Wellington Water and Wastewater Rate and Fee Report



2. Attachment 2: Appendix A and Appendix B
3. Attachment 3: PowerPoint

Town of Wellington

Water and Wastewater Financial Plan, Cost of Service, Rate and Fee Study

Draft Report / September 30, 2022

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September 30, 2022

Ms. Meagan Smith
Deputy Director of Public Works
Town of Wellington
8225 Third Street
Wellington, CO 80549

Subject: Water and Wastewater Financial Plan, Cost of Service, Rate and Fee Study

Dear Ms. Smith,

Raftelis is pleased to provide this executive summary report highlighting the key findings of the water and wastewater financial plan, cost of service, rate, and fee study Raftelis has completed for the Town of Wellington (Town). The primary purpose of this study was to ensure the financial sustainability of the water and wastewater utilities and ensure that rates and fees recovered costs proportionately across all customer classes. This study includes the following for water and wastewater utilities.

- 5-year financial plan cash analysis to determine the level of revenues to meet annual expenditures
- Cost of service analysis to allocate costs proportionately to customer classes
- Review of alternative rate structures with the Utility Rate Structure Roundtable committee
- Design rates based on the preferred alternatives selected by the URSR
- Review and update the water and wastewater tap fees to capture cost to reserve capacity in the system for new development

It has been a pleasure working with you, and we thank you and the Town staff for the support provided during this study.

Sincerely,



Todd Cristiano
Senior Manager

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- Appendix A: Water Utility Financial Plan, Cost of Service, and Rate Design Analysis
- Appendix B: Wastewater Utility Financial Plan, Cost of Service, and Rate Design Analysis

Chapter 1: Executive Summary

Introduction

The Town of Wellington (Town) provides service to approximately 4,200 water and wastewater customers. The Town is financially self-sufficient, funding for capital and operating requirements derived primarily from rate revenues and tap fees. The Town authorized this study to ensure that an adequate level of income from water and wastewater rates is maintained to finance daily operations, tap fees are sufficient to fund growth-related capital, and rates that are fair and aligned with the Town's goals and community values. This study included the development of:

- Separate water and wastewater financial plans for the 6-year study period, 2022 through 2027.
- A cost of service analysis to determine the cost to provide service to each customer class
- Water and wastewater rates meeting pricing objectives identified by the Town's Utility Rate Structure Roundtable (URSR). The URSR compiled a separate report detailing their recommended rate structures to the Board of Trustees
- A review and update of water and wastewater tap fees incorporating recent infrastructure needed to serve the new development in the service area

Raftelis used industry standard methodologies supported by the American Water Works Association (AWWA) *Principles of Water Rates, Fees, and Charges* M1 manual and the *Water Environment Federation Manual of Practice* 27 (MOP27) for this rate study.

Appendices A and B detail the development of the water and wastewater financial plans, cost of service analysis, and rate design, respectively.

Utility Rate Structure Roundtable (URSR)

The Town of Wellington convened a Utility Rate Structure Roundtable (URSR) to review the values and principles shaping utility rates for residential, multifamily, commercial, and irrigation customers.

Ten community volunteers were selected to inform the rate study, conducted by consultant Raftelis, at the direction of the Board of Trustees. The mission of the Utility Rate Structure Roundtable was to assemble diverse perspectives that represent the Wellington community to evaluate and advise on the Town's water and wastewater rate structures.

The Utility Rate Structure Roundtable has three overarching purposes:

1. To represent and communicate the views of the community
2. To provide input on rate structure options and associated customer impacts
3. To formulate a rate structure recommendation for the Board of Trustees

Raftelis presented materials on the rate-setting process, including financial planning, cost of service analysis, and rate design. Through a rate structure pricing objective exercise, the URSR identified vital objectives which should

be reflected in the rates. Raftelis used that information to create multiple rate structure alternatives for each customer class. The pricing objectives from the Rate Structure Recommendation report are summarized below:

Required

- Revenue Sufficiency (cover costs, maintain financial health)
- Defensibility (legally compliant)

Prioritized

- Essential Water Use Pricing (providing water at lowest cost for low water users while maintaining financial health of utility)
- Customer Impact (minimizing financial shock to customers with change of rates)
- Cost Recovery Between New and Existing Customers (new customers/tap fees should cover costs of increasing population)
- Cost Recovery Between Classes (Each customer class should pay their appropriate share)

Assumptions

This study is based on numerous assumptions. Changes in these assumptions could materially affect the study findings. Raftelis incorporated the following key assumptions into the study:

- The test year, or the year new rates will be in effect, 2023
- The study period forecast is for 2023 through 2027¹
- The Town provided growth projections for the study period based on the anticipated number of new building permits
 - 2023: 80
 - 2024: 150
 - 2025: 183
 - 2026: 190
 - 2027: 196
- Usage per account will be constant based on historical data. Residential water usage per account is approximately 7,000 gallons per month, and billable wastewater volume is about 4,000 gallons per month. Residential customers represent a majority of the utilities' customers
- Costs will change as follows:
 - Capital costs provided by the Town include an inflation allowance, and sufficient contingency has been included for most projects
 - Most operation and maintenance (O&M) expenses will increase by 4% in 2024 and 3.5% from 2025 to 2027.
- Proposed minimum reserve levels are as follows²:
 - Operating fund: 90 days annual O&M
 - Capital reserve: equal to 1-year depreciation expense
- Debt service
 - Coverage requirement is 1.1 x debt service based on the State Loan SRF requirements
 - Bond terms: 2.25% interest rate, 20-year term, July 1 issue date

¹ The cash flow tables include 2022 as the base year, or the year in which the model was developed, and is based on a combination of budgetary information and estimated values. The study forecast is for 2023 through 2027

² The Town's current reserve policy is 110% of annual debt service. Raftelis proposes an operating reserve and a capital reserve. See discussion on page e, 90 days of O&M and a capital reserve. See discussion on pages 4 and 9.

Study Findings and Recommendations

WATER UTILITY

Capital Expansion Fund

The capital expansion fund³ tracks financial activities associated with funding growth-related capital projects and payments on proposed debt service. Revenue from tap fees, carry-over reserves, projected loans, and as-needed transfers from the operating fund provide sufficient funding for the growth-related capital improvement program and payments on proposed debt service. The growth-related capital improvement program totals \$38.0 million. It is funded by remaining proceeds from the 2019 CWRPDA⁴ State loan of approximately \$24.8 million, \$4.5 million in proposed loans in 2024, and the remainder financed by tap fees and capital reserves.

Operating Fund

The operating fund tracks activities associated with operating and maintaining the water utility on a daily basis. Operating revenues primarily consist of rate revenue, with a small portion from miscellaneous sources. Revenue from existing rates is projected to increase from \$4.9 million in 2022 to \$5.8 million in 2027 based on the growth in customer accounts. The Town also received a second tranche of funding (\$1.31 million) from the American Recovery Plan Act (ARPA).

Expenditures include operation and maintenance expenses (O&M) which consist of costs to collect, treat, and distribute water to customers. O&M is projected to increase from \$4.6 million in 2022 to \$5.6 million in 2027. Most of this increase is anticipated from annual North Poudre Irrigation Company water lease. Capital repair and replacement projects are necessary for maintaining the current level of service in the system and are not associated with meeting growth-related requirements. Capital R&R costs average \$1.2 annually. Transfers to the capital expansion fund must meet any intermittent cash flow deficiencies. A transfer of \$578,000 is projected in 2024 to assist in completing a positive cash flow balance in the capital expansion fund.

Reserves

The Town's current reserve policy requires a minimum fund balance of 110% of annual debt service. This amount provides ample reserve level; however, it can vary based on the amount of outstanding debt each year. Raftelis proposes a reserve balance equal to 90 days of O&M and a capital reserve similar to approximately 1-years' of depreciation expense. This reserve tracks and adjusts based on changes in O&M and annual depreciation on capital assets. The primary goal of the operating reserve is to absorb cash flow fluctuations due to the variability in monthly expenditures and the inflow of revenues.

In addition, Raftelis recommends the Town maintain a capital reserve equal to 1-years' depreciation expense. Like the operating reserve, the capital reserve is to be used to offset fluctuations in the capital program due to unanticipated cost increases or emergencies. Raftelis proposes transitioning to a target capital reserve over five years from \$187,000 in 2022 to \$933,500 in 2027. Combined, these reserves strengthen the utility's financial health and ability to weather unexpected operating costs or capital interruptions. Maintaining adequate funds also prevents the utility from reactively having to adjust rates in response to unforeseen events.

Indicated Revenue Adjustments

Projected water sales revenue under existing rates is insufficient to meet annual operation and maintenance expense (O&M), payments on existing debt service, capital repair and replacement costs, and proposed target

³ Capital repair and replacement projects are funded through rates in the operating fund.

⁴ CWRPDA: Colorado Water Resources and Power Development Authority

operating reserves. The Town must meet a debt service coverage (DSC) ratio of 1.1 x annual debt service by the current outstanding state loans. The annual DSC ratio is met through the study, when including tap fee revenue. Debt service coverage is below the target when excluding tap fee revenue. The *Bond Covenants Section* in Chapter 2 provides more detail on DSC requirements. Appendix A contains the detailed financial plan cash flow analysis tables. Table 1 below summarizes the operating fund results.

Table 1: Water Operating Fund Summary

Description	Budget	Budget	Projected			
	2022	2023	2024	2025	2026	2027
Beginning Fund Balance	\$1,610,756	\$4,342,747	\$3,951,980	\$2,103,912	\$1,849,022	\$2,223,089
Sources of Funds	8,353,596	5,459,833	5,777,878	6,280,935	6,861,249	7,496,974
Uses of Funds	5,621,604	5,850,600	7,625,946	6,535,825	6,487,182	7,077,357
<i>Annual Surplus/(Deficiency)</i>	<i>\$2,731,992</i>	<i>(\$390,767)</i>	<i>(\$1,848,068)</i>	<i>(\$254,890)</i>	<i>\$374,067</i>	<i>\$419,617</i>
Ending Fund Balance	4,342,747	3,951,980	2,103,912	1,849,022	2,223,089	2,642,706
Target Reserve (Op + Capital)	1,160,000	1,296,702	1,553,403	1,810,105	2,076,807	2,343,508
<i>Over/(Under) Target</i>	<i>\$3,182,747</i>	<i>\$2,655,279</i>	<i>\$550,509</i>	<i>\$38,917</i>	<i>\$146,282</i>	<i>\$299,198</i>
Annual Revenue Adjustment	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
DSC Including Tap Fee Revenue	1.62	1.26	1.54	1.83	2.07	2.30
DSC Excluding Tap Fee Revenue	1.62	0.69	0.61	0.71	0.89	1.08

Cost of Service Analysis

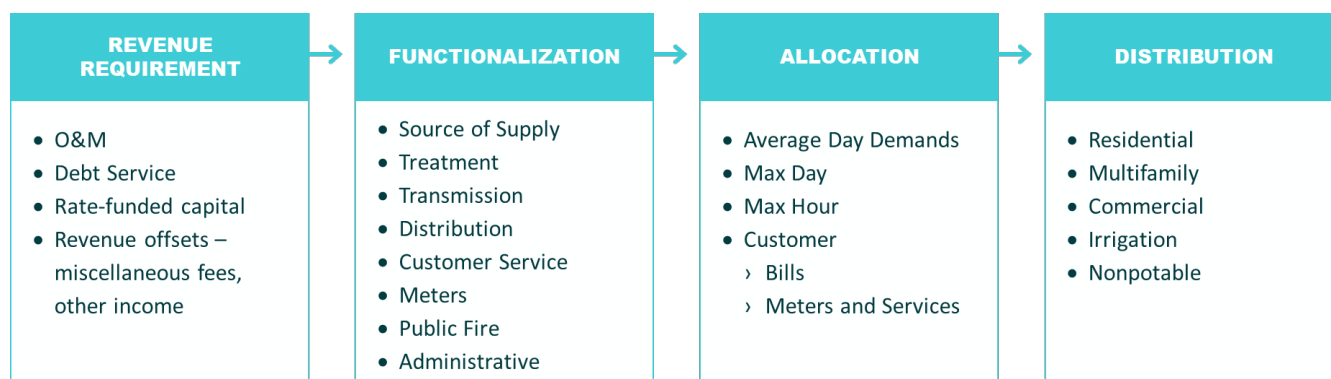
Raftelis completed this comprehensive cost of service analysis by standard methods supported by the American Water Works Association (AWWA) in its M1 manual, *Principles of Water Rates, Fees, and Charges*. This analysis determines the cost of providing water service to each customer class and guides the design of the proposed rates. The general steps of the cost of service analysis are:

1. **Revenue Requirement.** Determine the level of revenue required from rates. The revenue requirement includes expenditures in the operating fund: O&M, capital repair and replacement costs, reserves, and changes in fund balance.
2. **Cost functionalization.** Assign the detailed costs in the revenue requirements to functional areas in the system. Functional areas include water treatment, transmission and distribution, storage, source of supply, meters, and services, and billing and administrative costs. Costs are functionalized based on the facility that has the most influence on that expense. For example, chemical costs are most influenced by treatment processes so those costs would be allocated to the water treatment category.
3. **Demand parameters and customer characteristics.** Functional costs can be allocated to demand parameters and customer characteristics. Demand parameters include average day demands and peak demands. Customer characteristics include the number of accounts by meter size and bills. Each facility is designed to meet specific design requirements in the system. Water treatment facilities are designed and operated to meet maximum day demands. As a result, a portion of water treatment costs would be allocated to the average day demand category and a portion to the peak demand category.

4. **Units of service.** The units of service capture the demand and customer characteristics for each customer class. These characteristics include average day demand, peak demand, number of accounts by meter size, and the number of bills.
5. **Distribution of costs to customer classes.** Because customer classes are defined by their demand parameters (average day and peak demands) and the account makeup (meters by meter sizes), the allocated costs can be proportionately distributed to each class based on their specific demand and customer characteristics. For example, if the residential customer class represents 50% of total peak day demands, they would be allocated 50% of the allocated peak day demand costs.

The figure below illustrates the cost allocation process for the water utility.

Figure 1: Water Cost of Service Process



The cost of service tables are included in Appendix A. Table 2 compares the cost of service by customer class to revenue under existing rates.

Table 2: Comparison of Test Year Water Cost of Service to Revenue Under Existing Rates

Line No	Customer Class	2023 Revenue		
		2023 Cost of Service	at Existing Rates	Change - \$
1	Residential	\$4,577,197	\$4,515,812	\$61,385
2	Multifamily	\$134,297	\$268,753	(\$134,456)
3	Irrigation	\$165,330	\$40,312	\$125,018
4	Non-Residential/Commercial	\$431,156	\$230,342	\$200,814
6	Total System	\$5,307,980	\$5,055,219	\$252,761

Rate Structure Development

Through the URSR committee process, the group selected and ranked the following rate structures for each customer class, as shown in Table 3 on the next page. The complete list of alternatives developed for the URSR's review and consideration can be found in Appendix A.

Table 3: Recommended URSR Rate Structures

Utility Rate Structure Roundtable Ranking	Monthly Base Rate					Volume Rate Structure [2]			
	Monthly Base Rate Cost Components								
	Structure	Meters aand Services	Billing	Capital Charge [1]	Minimum Volume Allowance				
Single Family									
						Tier 1 1,000 gal	Tier 2 1,000 gal	Tier 3 1,000 gal	Tier 4 1,000 gal
1	Meter Size	✓	✓	✓	3 Kgal	Minimum	3 - 7 Kgal	7 - 20 Kgal	>20 Kgal
2	Meter Size	✓	✓	✓	2 Kgal	Minimum	2 - 7 Kgal	7 - 20 Kgal	>20 Kgal
3	Meter Size	✓	✓	✓	✗	Uniform Rate for All Usage			
Multifamily									
						Thresholds x Number of Units			
						Tier 1 1,000 gal	Tier 2 1,000 gal	Tier 3 1,000 gal	Tier 4 1,000 gal
1	Per Unit	✓	✓	✓	3 Kgal	Minimum	3 - 5 Kgal	5 - 14 Kgal	> 14 Kgal
2	Per Unit	✓	✓	✓	2 Kgal	Minimum	2 - 5 Kgal	5 - 14 Kgal	> 14 Kgal
3	Per Unit	✓	✓	✓	✗	Uniform Rate for All Usage			
Non-residential/Commercial									
						Tier 1 1,000 gal	Tier 2 1,000 gal	Tier 3 1,000 gal	Tier 4 1,000 gal
1		✓	✓	✓	✗	0 - 25 Kgal	25 - 120 Kgal	Over 120 Kgal	
2		✓	✓	✓	✗	Seasonal - Winter/Summer			
3		✓	✓	✓	✗	Uniform Rate for All Usage			
Irrigation									
						Tier 1 1,000 gal	Tier 2 1,000 gal	Tier 3 1,000 gal	Tier 4 1,000 gal
1		✓	✓	✓	✗	Seasonal - Winter/Summer			
2		✓	✓	✓	✗	0 - 100 Kgal	100 - 200 Kgal	Over 200 Kgal	
3		✓	✓	✓	✗	Uniform Rate for All Usage			

[1] The capital charge component of the base rate recovers a portion of annual capital costs which is approximately equal to 1-years' depreciation expense.

Repair and replacement capital in excess of that amount is recovered in the volume rates.

[2] The volumetric rate recover the costs to collect, treat, and distribute water to customers. The volume rates incorporates a portion of capital costs needed to recover annual costs

Recommended 2023 Rates Under Each Rate Structure Alternative

The rate structure alternatives presented to the URSR are based on the industry-accepted cost of service principles. This means that each rate structure developed below recovers the cost to provide service for each customer class, and there are no subsidies between classes. Each alternative is based on a monthly fixed charge and a volume rate. These two components are adjusted in each scenario to incorporate the pricing objectives identified by the URSR. It is important to note that the selection of these rate structures involved quantitative analysis and qualitative review. In other words, there is no 'silver bullet' rate structure. The proposed structures include a monthly fixed fee (base rate) and a volume rate. The monthly base rate is assessed by meter size for all classes except multifamily which is assessed on a per unit basis. The monthly base rate consists of two components: billing, meters and services costs, and a capital charge. The billing, meter and services costs recovers the cost to read meters, prepare bills, fund customer service and customer field service operations. The capital charge recovers a portion of annual repair and replacement capital improvement costs. For a ¾" meter, the billing, meters and service cost is \$5.00 per bill and the capital charge is \$19.06 for a total of \$24.06. These components increase as the size of the meter increases. Table 4 summarizes the proposed 2023 rates under each rate structure alternative. The rates include the necessary revenue adjustment required to meet the water enterprise financial goals.

**Table 4: Comparison of Test Year 2023 Water Rates Under Each Recommended Rate Structure
Alternative to Existing Rates**

Residential							
		3K Min, Includes Capital Charge		2K Min Includes Capital Charge		No Min, No Capital Charge	
Description	Existing Structure	Structure	Charge	Structure	Charge	Structure	Charge
Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill	
3/4 inch	\$66.00	3/4 inch	\$49.71	3/4 inch	\$44.74	3/4 inch	\$24.07
1 inch	\$66.00	1 inch	\$60.91	1 inch	\$55.94	1 inch	\$35.27
1.5 inch	\$66.00	1.5 inch	\$87.22	1.5 inch	\$82.25	1.5 inch	\$61.58
2 inch	\$66.00	2 inch	\$120.61	2 inch	\$115.64	2 inch	\$94.97
Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons	
Tier 1: 0 - 15 Kgal	\$4.56	Tier 1: 0 - 3 Kgal	\$0.00	Tier 1: 0 - 2 Kgal	\$0.00	Uniform Rate, All I	\$12.13
Tier 2: 5 - 30 Kgal	\$5.70	Tier 2: 3 - 7 Kgal	\$11.70	Tier 2: 2 - 7 Kgal	\$10.90		
Tier 3: > 30 Kgal	\$7.72	Tier 3: 7 - 20 Kgal	\$15.21	Tier 3: 7 - 20 Kgal	\$14.17		
		Tier 4: > 20 Kgal	\$21.64	Tier 4: > 20 Kgal	\$20.16		

Multifamily							
		3K Min, Includes Capital Charge		2K Min Includes Capital Charge		No Min, No Capital Charge	
Description	Existing	Structure	Charge	Structure	Charge	Structure	Charge
Base Rate, \$ per Unit		Minimum Charge \$ per Unit		Minimum Charge \$ per Unit		Base Rate, \$ per Unit	
All Units	\$66.00	All Units	\$30.95	All Units	\$20.61	All Units	\$10.28
Volume Rates, \$ per Kgal		Volume Rates, \$ per Kgal		Volume Rates, \$ per Kgal		Volume Rates, \$ per Kgal	
Tier Thresholds Multiplies by # of Units		Tier Thresholds Multiplies by # of Units		Tier Thresholds Multiplies by # of Units		Tier Thresholds Multiplies by # of Units	
Tier 1: 0 - 15 Kgal	\$4.56	Tier 1: 0 - 3 Kgal	\$0.00	Tier 1: 0 - 2 Kgal	\$0.00	Uniform Rate, All I	\$11.91
Tier 2: 5 - 30 Kgal	\$5.70	Tier 2: 3 - 5 Kgal	\$10.29	Tier 2: 2 - 5 Kgal	\$10.07		
Tier 3: > 30 Kgal	\$7.72	Tier 3: 5 - 14 Kgal	\$13.37	Tier 3: 5 - 14 Kgal	\$13.09		
		Tier 4: > 14 Kgal	\$19.03	Tier 4: > 14 Kgal	\$18.62		

Commercial							
		Inc. Capital Charge, 3-Tiered Rates		Inc. Capital Charge, Seasonal Rate		Inc. Capital Charge, Uniform Rate	
Description	Existing	Structure	Charge	Structure	Charge	Structure	Charge
Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill	
3/4 inch	\$66.00	3/4 inch	\$24.07	3/4 inch	\$24.07	3/4 inch	\$24.07
1 inch	\$103.62	1 inch	\$35.27	1 inch	\$35.27	1 inch	\$35.27
1.5 inch	\$118.73	1.5 inch	\$61.58	1.5 inch	\$61.58	1.5 inch	\$61.58
2 inch	\$126.03	2 inch	\$94.97	2 inch	\$94.97	2 inch	\$94.97
Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons	
All Usage	\$3.65	Tier 1: 0 - 25 Kgal	\$11.70	Winter (Nov - Apr)	\$10.40	All Usage	\$13.53
		Tier 2: 25 - 120 Kg	\$14.63	Summer (May - Oct)	\$15.61		
		Tier 2: > 120 Kgal	\$17.55				

Irrigation							
		Inc. Capital Charge, Seasonal Rate		Inc. Capital Charge, 3-Tiered Rates		Inc. Capital Charge, Uniform Rate	
Description	Existing	Structure	Charge	Structure	Charge	Structure	Charge
Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill	
3/4 inch	\$5.00	3/4 inch	\$24.07	3/4 inch	\$24.07	3/4 inch	\$24.07
1 inch	\$5.00	1 inch	\$35.27	1 inch	\$35.27	1 inch	\$35.27
1.5 inch	\$5.00	1.5 inch	\$61.58	1.5 inch	\$61.58	1.5 inch	\$61.58
2 inch	\$5.00	2 inch	\$94.97	2 inch	\$94.97	2 inch	\$94.97
Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons	
Tier 1: 0 - 2 Kgal	\$0.00	Winter	\$7.23	Tier 1: 0-100 kgal	\$10.07	All Usage	\$14.11
Tier 2: > 2 Kgal	\$3.65	Summer	\$14.47	Tier 2: 100-200 kgal	\$15.10		
				Tier 3: >200 kgal	\$20.13		

WASTEWATER FINANCIAL FORECAST

Capital Expansion Fund

The capital expansion fund tracks financial activities associated with funding growth-related capital projects and payments on proposed debt service. Revenue from tap fees, reserves, projected loans, and grants provide sufficient funding through the study period. The growth-related capital improvement program totals \$53.4 million. It is funded by \$42.2 million in drawdowns from the existing 2022 SRF loan and the GPR loan, \$3.2 million in tap fee revenue, and the remainder from the carryover capital reserves. A transfer to the operating fund of \$1.0 million is needed in 2025 to meet a positive cash flow and target reserves. This \$1.0 million is repaid in 2027.

Operating Fund

The operating fund tracks activities associated with operating and maintaining the wastewater utility on a daily basis. Operating revenues comprise wastewater service rate revenue, with a small portion from miscellaneous sources. Revenue from existing rates is projected to increase from \$2.0 million in 2022 to \$2.8 million in 2027 based on growth in the number of customer accounts. A transfer from the capital expansion fund of \$1.0 million is needed in 2025 to meet a positive cash flow and target reserves. This \$1.0 million is repaid to the capital expansion fund in 2027.

Expenditures include operation and maintenance expenses (O&M) which consist of costs to collect and treat wastewater from customers. O&M is projected to increase from \$1.8 million in 2022 to \$2.0 million in 2027. Capital repair and replacement projects are necessary for maintaining the current level of service in the system and are not associated with meeting growth-related requirements. Capital R&R costs average \$400,000 annually.

Reserves

The Town's current reserve policy requires a minimum fund balance of 110% of annual debt service. This amount provides ample reserve level; however, it can vary based on the amount of outstanding debt each year. Raftelis proposes a reserve balance equal to 90 days of O&M and a capital reserve similar to approximately 1-years' of depreciation expense. This reserve tracks and adjusts based on changes in O&M and annual depreciation on capital assets. The primary goal of the operating reserve is to absorb cash flow fluctuations due to the variability in monthly expenditures and the inflow of revenues.

In addition, Raftelis recommends the Town maintain a capital reserve equal to 1-years' depreciation expense. Like the operating reserve, the capital reserve is to be used to offset fluctuations in the capital program due to unanticipated cost increases or emergencies. Raftelis proposes transitioning to a target capital reserve over five years from \$116,000 in 2022 to \$582,000 in 2027. Combined, these reserves strengthen the utility's financial health and ability to weather unexpected operating costs or capital interruptions. Maintaining adequate funds also prevents the utility from reactively having to adjust rates in response to unforeseen events.

Indicated Revenue Adjustments

Projected wastewater service revenue under existing rates is insufficient to meet O&M, debt service issuance expenses, and capital repair and replacement projects during the study period. Equal annual increases of 5% are proposed from 2023 through 2027 to meet these requirements. The study meets the annual DSC ratio by including tap fees as revenue from 2025 through 2027. The DSC falls below target in 2023 and 2024; however, the Town is discussing with the CWRPDA options on mitigating any potential financial impacts to the utility with a lower DSC. Debt service coverage, excluding tap fee revenue, is below the target throughout the study period. *It is recommended that the Town update the financial plan annually and evaluate the coverage test annually should there be changes in operating revenues, tap fee revenues, and O&M expenses.* Table 5 summarizes the wastewater operating fund financial plan cash flow results.

Table 5: Wastewater Operating Fund Cash Flow Summary

Description	Budget	Budget	Projected			
	2022	2023	2024	2025	2026	2027
Beginning Fund Balance	\$734,548	\$882,361	\$1,579,073	\$876,017	\$981,034	\$1,979,860
Sources of Funds	2,422,488	2,513,787	2,711,664	3,955,947	3,236,056	2,541,845
Uses of Funds	2,274,675	1,817,075	3,414,720	3,850,930	2,237,230	2,217,400
<i>Annual Surplus/(Deficiency)</i>	<i>\$147,813</i>	<i>\$696,712</i>	<i>(\$703,056)</i>	<i>\$105,017</i>	<i>\$998,826</i>	<i>\$324,445</i>
Ending Fund Balance	882,361	1,579,073	876,017	981,034	1,979,860	2,304,305
Target Reserve (Op + Capital)	450,000	546,401	682,802	809,203	945,604	1,082,005
<i>Over/(Under) Target</i>	<i>\$432,361</i>	<i>\$1,032,673</i>	<i>\$193,215</i>	<i>\$171,831</i>	<i>\$1,034,256</i>	<i>\$1,222,301</i>
Annual Revenue Adjustment	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
DSC Including Tap Fee Revenue	1.81	0.81	0.96	1.16	1.27	1.39
DSC Excluding Tap Fee Revenue	0.37	0.41	0.37	0.44	0.52	0.62

Cost of Service

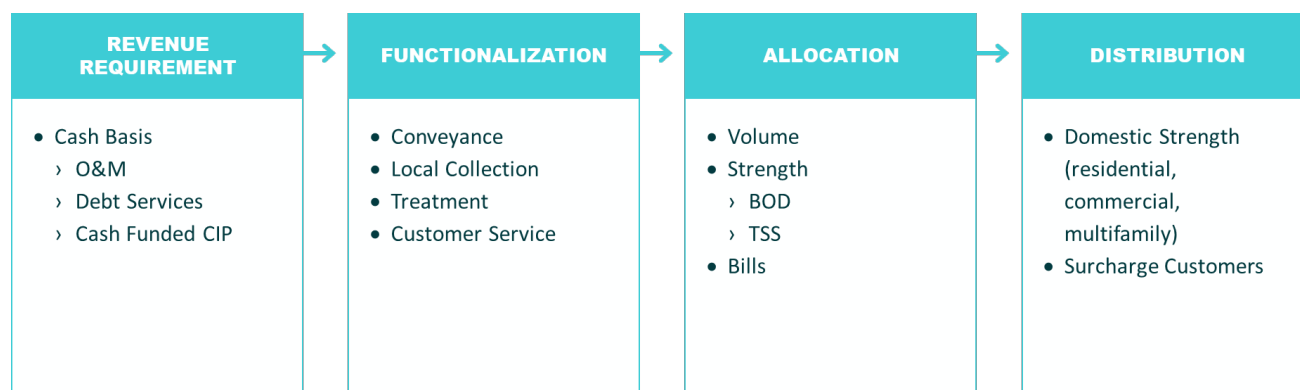
Raftelis completed a comprehensive cost of service analysis by standard methods supported by the Water Environment Federation (WEF) in its Systems Manual of Practice, No. 27, *Financing and Charges for Wastewater*. This analysis determines the cost of providing wastewater collection and treatment services to each customer class and guides the design of the proposed rates. The general steps of the cost of service analysis are:

1. **Revenue Requirement.** Determine the level of revenue required from rates. The revenue requirement includes expenditures in the operating fund: O&M, capital repair and replacement costs, reserves, and changes in fund balance.
2. **Cost functionalization.** Assign the detailed costs in the revenue requirement to functional areas in the system. Functional areas include wastewater treatment, collection, lift stations, force mains, and billing and administrative costs. Costs are functionalized based on the facility that has the most influence on that expense. For example, chemical costs are most influenced by treatment processes so those costs would be allocated to the wastewater treatment functional category.
3. **Demand parameters and customer characteristics.** Functional costs can be allocated to demand parameters and customer characteristics. Demand parameters include wastewater flow, wastewater strength (biochemical oxygen demand - BOD, and total suspended solids - TSS). Customer characteristics include the number of accounts. Each facility is designed to meet specific design requirements in the system. Wastewater treatment facilities are designed and operated to treat wastewater influent flow volume and strength. As a result, a portion of wastewater treatment costs would be allocated to the flow and strength categories.
4. **Units of service.** The units of service capture the demand and customer characteristics for each customer class. These characteristics include flow in gallons, strength in pounds per year, and the number of accounts.
5. **Distribution of costs to customer classes.** Because customer classes are defined by their demand parameters (flow and strength) and the number of accounts, the allocated expenses can be proportionately distributed to each category based on their specific demand and customer characteristics. For example, if the

residential customer class represents 50% of the total flow, they would be allocated 50% of the allocated flow costs.

The figure below illustrates the cost allocation process for the wastewater utility.

Figure 2: Wastewater Cost Allocation Process



Appendix B provides details on this analysis. Table 6 compares the cost of service by customer class to revenue under existing rates for the test year 2023.

Table 6: Comparison of Test Year Wastewater Cost of Service to Revenue Under Existing Rates

Line No.	Customer Class	2023 Cost of Service	2023 Revenue Under Existing Rates	Change - \$
1	Residential	\$2,213,741	\$2,061,995	\$151,746
2	Commercial	202,799	207,246	(4,447)
3	Multifamily	91,094	118,982	(27,888)
4	Total System	\$2,507,634	\$2,388,223	\$119,411

Rate Structure Development

The URSR identified the following rate structure for all wastewater customers.

- Monthly base fee per bill
 - Includes the cost of billing and a capital charge component. The billing, meters and service cost is \$6.36 and the capital charge is \$13.95 for all customers.
- Volume rate
 - Billed based on the average winter consumption for residential and multifamily
 - Billed based on actual water usage for commercial. The billed commercial usage would be adjusted by a return factor to account for any irrigation during the summer months or water otherwise not returned to the wastewater treatment plant

The URSR also discussed developing a high strength surcharge rate for those customers whose discharge is above normal strength in BOD and TSS. The strength in wastewater refers to the concentration of organic and inorganic materials suspended in the wastewater. High-strength flows are more costly to treat than normal or average-

strength wastewater. Raftelis developed high strength surcharges as part of this cost of service analysis presented in the section below.

Assessing high-strength surcharges is an equitable way of recovering costs from those customers who place higher treatment demands on the system. There are two methods that are used to assess high-strength surcharges.

- Individual monitoring. This method may require sampling at the individual commercial site. This method provides the most accurate measurement of high-strength discharge. However, there are additional administrative requirements to conduct this regular monitoring.
- Assumed strength loading. There are several published documents listing the typical strength concentrations for different commercial businesses. Many utilities use this standardized list to determine surcharge rates for these high-strength customers. This is a much simpler process and does not require the administrative level of effort to implement.

Raftelis recommends that the Town evaluate the level of effort to implement such a program, the procedures needed to effectively manage the program, and the policies that should be in place to ensure these customers are treated equitably. The complete list of alternatives developed for the URSR can be found in Appendix B.

2023 Rates Under Recommended Rate Structure

Table 7 compares the existing rate structure and rates to the recommended rate structure and rates for 2023. The recommended volume rate is applied to the average monthly water use (January through March) for residential and multifamily customers. Commercial customers' volume rate is applied to their actual water usage adjusted by a return to sewer factor of 85%. The return factor represents the portion of the water use that returns to the wastewater treatment plant. The 15% is assumed to be other water use such as irrigation or water lost in the product process, which does not return to the treatment plant.

Table 7: Comparison of Test Year 2023 Wastewater Rates Under the Recommended Rate Structure Alternative to Existing Rates

Description	Units
Existing Rate Structure	
Monthly Base Fee, \$ per Unit	\$31.00
Volume Rate, \$ per 1,000 gallons [1]	\$10.00
Recommended Rate Structure	
Monthly Service Charge, \$ per Bill	\$6.36
Monthly Capital Charge, \$ per Bill	\$7.58
Total Monthly Base Rate, \$ per Bill	\$13.95
Volume Rate, \$ per 1,000 gallons [3]	\$8.02
Extra Strength Surcharges (Commercial Customers Only)	
BOD (Concentrations > 250 mg/l), \$ per lb	\$1.79
TSS (Concentrations > 250 mg/l), \$ per lb	\$1.96

[1] Residential, multifamily, and commercial billable volume based on average winter consumption (Jan - Mar).

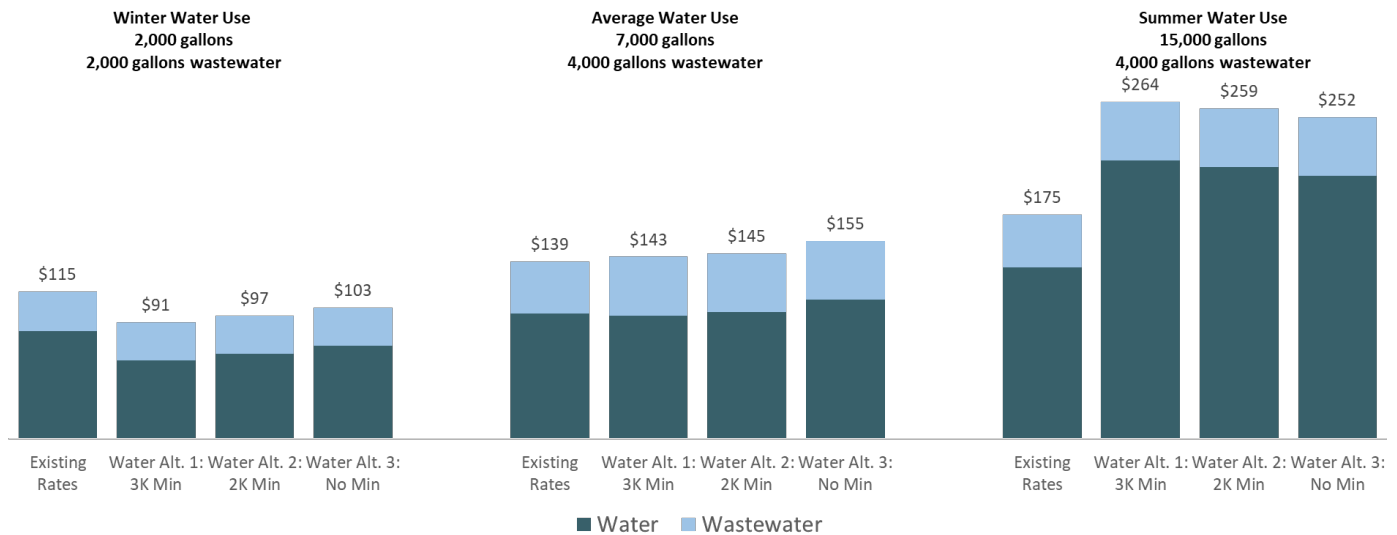
[2] Commercial customers' volume charges based on actual water use multiplied by a sewer return factor of 85%.

Residential and multifamily volume charge based on average winter consumption (Jan - Mar).

Typical Monthly Bills

Table 8 shows a monthly bill for a typical residential customer under existing water and wastewater rates, the three recommended water alternatives, and the one recommended wastewater alternative for low, average, and summer usage. There was only one wastewater alternative which is included with the water alternatives.

Table 8: Typical Monthly Residential Water and Wastewater Bill Under Each Alternative



Tap Fees

The Town charges water and wastewater tap fees to all new connectors. The tap fee is intended to recover a new connector's proportionate share of the Town's water and wastewater backbone facility costs. Tap fees must comply with the State Statutes, which are summarized below. The Colorado Revised Statutes (CRS) §29-20-104.5 for Impact Fees (tap fees) outline the requirements for calculating and implementing an impact fee (tap fee). The basic tenets of the Statute are listed below.

- Fees must generally apply to a broad property class (for example, residential, commercial, etc.).
- Fees must be intended to defray the projected impacts on capital facilities caused by the proposed development.
- Fees are directly related to services that a local government can provide.
- The asset has an estimated useful life of five years or longer.
- The fee is required by a local government's charter or general policy pursuant to a resolution or ordinance.

OVERVIEW OF THE TAP FEE CALCULATION PROCESS

The general steps and equation used in calculating tap fees are as follows:

- Determine the value of backbone facilities (existing or future growth-related)
- Estimate current system capacity or level-of-service
- Calculate unit cost of capacity
- Determine customer service level demand characteristics
- Apply unit cost of capacity to customer's demand characteristics

$$\frac{\text{Value of Backbone Facilities}}{\text{System Capacity (gpd)}} \times \text{New Customer Demand (gpd)} = \text{Tap Fee}$$

The table below summarizes the generally accepted methodologies for calculating tap fees. Each method is designed to recover the cost of capacity to serve new development. The selection of a methodology should consider a utility's goals and objectives for recovering capacity-related capital costs. The three methodologies include buy-in, incremental, and hybrid. The table below lists the basic parameters a utility may consider when selecting a method that best meets its needs.

Table 9: Industry Standard Tap Fees Methodologies

Description	Buy-in	Incremental	Hybrid
Available existing capacity sufficient to accommodate new growth	X		
No existing capacity with significant future capacity requirements		X	
Some existing capacity available with future capacity requirements needed to accommodate new growth		X	X

Buy-in

The buy-in method considers the valuation of existing assets and the capacity of those assets to determine the tap fee. This method is typically reserved for utilities that have the capacity available to serve new customers in the existing system in the near and long term. The buy-in method recoups the new development's proportionate share of capacity, essentially reimbursing the existing ratepayers that funded the original facility investment and can be seen as the new development "buying into" the system. However, this methodology, as with the other methodologies, does not imply a transfer or impart ownership of the assets to the customer.

Incremental

The incremental method is typically used by utilities experiencing rapid growth with little to no available capacity in their current system. It is a forward-looking approach that considers a utility's growth-related projects in a long-term capital expansion program or master plan. Thus, the incremental method usually relies on a utility's long-term expansion capital improvement program to estimate the costs and capacity of new facilities. The incremental cost is defined as the cost to serve the next incremental amount of growth.

Hybrid

The hybrid or combined methodology combines the system buy-in and the incremental methodologies. The hybrid methodology is appropriate for utilities with some available capacity in the existing system as well as measurable future expansion.

WATER TAP FEES

Water backbone facilities include major infrastructure such as wells, treatment plants, transmission mains, raw and treated water storage, and pumping facilities that benefit all customers. The capacity of the water treatment plants is a standard method for defining the level of service. Level-of-service is the relationship between the service capacity and the service demand. In other words, the service capacity is the system's capacity, and the service demand is the requirement to serve new development.

The water tap fees were calculated using the hybrid methodology. This methodology recognizes that utility has some remaining capacity in existing facilities to serve growth but will require additional expansion facilities soon to accommodate new customers based on the timing and amount of future development.

Table 9 shows the current and calculated water tap fees under the current schedule. The tap fee for single-family dwellings (both detached and attached) is assessed the $\frac{3}{4}$ " meter tap fee. Multifamily dwellings (dwellings that share a common meter) are also assessed the $\frac{3}{4}$ " water meter fee on a per unit basis.

Tap fees for commercial development greater than a $\frac{3}{4}$ " meter are assessed by multiplying the $\frac{3}{4}$ " tap fee by the corresponding meter's capacity ratio.

Raftelis analyzed 2021 customer billing data for customers assigned to a multifamily classification. Findings indicate that water demands on a per unit basis are approximately 70% of customers billed as single-family dwellings. In this study, Raftelis, with staff support, recommends assessing dwelling units that share a common meter a per unit fee of 70% of the $\frac{3}{4}$ " tap fee. This relationship reflects the Town's current water usage patterns and is commonly seen in other utilities. This usage will be re-evaluated as the Town grows with more multifamily units built and possible changes in national housing standards. Table 10 compares the existing and calculated water tap fees.

Table 10: Comparison of Existing and Calculated Water Tap Fees

Class & Meter Size	Maximum Safe/ Intermittent Flow (gpd)	Equivalent Meter Ratio	Current Tap Fees	Calculated Tap Fees	Change - \$
Residential – SF					
3/4"	35	1.0	\$7,750	\$10,437	\$2,687
Multifamily, per		0.7	\$7,750	\$7,306	(\$444)
Commercial & Irrigation					
3/4"	35	1.0	\$7,750	\$10,437	\$2,687
1"	55	1.6	\$12,179	\$16,699	\$4,520
1.5"	160	4.6	\$35,429	\$48,010	\$12,581
2"	200	5.7	\$44,286	\$59,491	\$15,205
> 2" [3]		Calculated	Calculated	Calculated	

[1] Ratios provided by Sensus meters which are used currently by the Town.

[2] Multifamily tap fee recommendation from Staff and Raftelis: Dwellings served by a common meter would be assessed a tap fee equal to 70% of the ¾" meter fee of \$10,437 or \$7,306 per dwelling unit.

[3] Meter sizes greater than 2" are determined on an individual basis based on the specific demand that development.

WASTEWATER TAP FEES

The wastewater tap fees were calculated using the hybrid methodology. This methodology recognizes that utility has remaining capacity in existing facilities to serve growth but will require additional expansion facilities soon to accommodate new customers. based on the timing and amount of future development

Table 10 shows the current and calculated wastewater tap fee schedules. The current tap fees are based on sewer line size. This is an atypical approach as these are not the best determinates of capacity requirements. Raftelis proposes, and Staff concurs that the Town consider a wastewater fee schedule based on water meter size. This general approach among utilities along the Front Range is easy to understand and implement.

Raftelis analyzed 2021 customer billing data for customers assigned to a multifamily classification and found that wastewater billed flows (average winter consumption January through March) on a per unit basis were approximately 70% of customers billed as single-family residential customers.

In this study, Raftelis, with staff support, recommends assessing dwelling units that share a common meter per unit fee of 70% of the ¾" tap fee, which equates to \$6,819 per dwelling unit. This relationship reflects the Town's current residential contributed wastewater flow patterns and is commonly seen in other utilities. This will be re-evaluated as the Town grows with more multifamily units built and possible changes in national housing standards. Staff is working to prepare a list of policies and codes that need re-evaluation for updates identified by the analysis this rate study. Table 11 compares the existing the calculated wastewater tap fees.

Table 11: Comparison of Existing and Calculated Wastewater Tap Fees

Current Tap Fee Structure		Calculated Tap Fee Structure		
Sewer Line Size (inches)	Fee	Development	Meter Ratio	Calculated Tap Fee
		Type/Meter Size (inches)		
4" Line	\$9,700	Single-Family	1.00	\$9,742
		Multifamily per dwelling	0.70	\$6,819
		Commercial/Industrial		
6" Line	\$28,379	¾"	1.00	\$9,742
		1"	1.60	\$15,587
		1 ½"	4.60	\$44,813
		2"	5.70	\$55,529
		>2" [3]		Calculated

[1] Ratios provided by

[2] Multifamily tap fee recommendation from Staff and Raftelis: Dwellings served by a common meter would be assessed a tap fee equal to 70% of the ¾" meter fee of \$9,742 or \$6,819 per dwelling unit.

[3] Meter sizes greater than 2" are determined on an individual basis based on the specific flow and strength characteristics of that development.

Reliance on Town Provided Data

During this project, the Town (and/or its representatives) provided Raftelis with a variety of technical information, including cost and revenue data. Raftelis did not independently assess or test for the accuracy of such data – historic or projected. Raftelis has relied on this data in the formulation of our findings and subsequent recommendations, as well as in the preparation of this report. Raftelis also relied on cost allocation data provided by the Town needed to complete the cost-of-service analysis.

There are often differences between actual and projected data. Some of the assumptions used for projections in this report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the data or results projected in this report and actual results achieved, and those differences may be material. As a result, Raftelis takes no responsibility for the accuracy of data or projections provided by or prepared on behalf of the Department, nor do we have any responsibility for updating this report for events occurring after the date of this report.

APPENDIX A:

**WATER UTILITY
FINANCIAL PLAN
COST OF SERVICE AND
RATE DESIGN**

Line No.	Description	Budget	Projected				
		2022	2023	2024	2025	2026	2027
		\$	\$	\$	\$	\$	\$
	Sources of Funds						
1	Transfer From Operating Fund	0	0	1,983,942	0	0	0
2	Tap Fees	782,100	834,960	1,628,172	1,986,370	2,062,351	2,127,478
3	Revenue Bond Issuance Proceeds	0	0	0	0	0	0
4	State Loans Already Issued	10,500,804	13,350,761	948,435	0	0	0
5	Future State Loans	0	0	4,500,000	0	0	0
6	Investment Income	30,178	0	0	1,068	3,741	7,297
7	Total Sources	11,313,082	14,185,721	9,060,549	1,987,437	2,066,092	2,134,775
	Uses of Funds						
8	Capital Projects - Expansion	8,738,562	17,394,004	11,467,267	0	0	0
9	Transfer To Operating Fund	0	0	0	0	0	0
	Debt Service						
10	Existing	1,464,323	1,461,699	1,464,694	1,492,016	1,463,001	1,462,818
11	Proposed	0	0	281,900	281,900	281,900	281,900
12	Total Uses	10,202,885	18,855,703	13,213,861	1,773,916	1,744,901	1,744,718
13	Annual Surplus (Deficiency)	1,110,197	(4,669,982)	(4,153,312)	213,521	321,191	390,057
14	Beginning Balance	7,713,098	8,823,294	4,153,312	0	213,521	534,712
15	Ending Balance	8,823,294	4,153,312	0	213,521	534,712	924,770

Town of Wellington, CO
Water Utility
Operating Fund Cash Flow Analysis

Table A-2

Line No.	Description	Budget	Projected				
		2022	2023	2024	2025	2026	2027
		\$	\$	\$	\$	\$	\$
Sources of Funds							
1	Revenue from Existing Water Service Rates	4,950,167	5,055,219	5,190,064	5,385,852	5,605,348	5,832,428
2	Additional Water Sales Revenue Required	0	252,761	531,982	848,945	1,207,987	1,611,392
3	Total Water Service Rate Revenue	4,950,167	5,307,980	5,722,045	6,234,797	6,813,335	7,443,821
4	Miscellaneous Revenue	1,324,068	24,786	25,553	26,373	27,554	28,824
5	Property Tax Revenue	85,593	85,593	0	0	0	0
6	APRA Funding	1,311,000	0	0	0	0	0
7	Transfer From Capital Fund	0	0	0	0	0	0
8	Transfer From General Fund	653,000	0	0	0	0	0
9	Investment Income	29,768	41,474	30,279	19,765	20,361	24,329
10	Total Sources	8,353,596	5,459,833	5,777,878	6,280,935	6,861,249	7,496,974
Uses of Funds							
11	Operation and Maintenance Expense	4,635,500	4,448,000	4,714,500	5,015,825	5,311,000	5,625,700
12	Existing Debt Service	124,104	0	0	0	0	0
13	Repair and Replacement Projects	862,000	1,402,600	927,504	1,520,000	1,176,182	1,451,657
14	Transfer To Capital Expansion Fund	0	0	1,983,942	0	0	0
15	Total Uses of Funds	5,621,604	5,850,600	7,625,946	6,535,825	6,487,182	7,077,357
16	Annual Surplus (Deficiency)	2,731,992	(390,767)	(1,848,068)	(254,890)	374,067	419,617
17	Beginning Balance	1,610,756	4,342,747	3,951,980	2,103,912	1,849,022	2,223,089
18	Ending Balance	4,342,747	3,951,980	2,103,912	1,849,022	2,223,089	2,642,706
Target Reserves							
19	Greater of 110% Debt Service or 33% O&M	1,610,756	1,607,869	1,921,254	1,951,308	1,919,391	1,919,190
20	Over/(Under) Target	2,731,992	2,344,111	182,658	(102,286)	303,698	723,516
Proposed Target Reserves							
21	Operations and Maintenance (90 Days O&M)	1,160,000	1,110,000	1,180,000	1,250,000	1,330,000	1,410,000
22	Capital Reserve (1-year Depreciation Expense)	0	186,702	373,403	560,105	746,807	933,508
23	Total Proposed Target Reserves	1,160,000	1,296,702	1,553,403	1,810,105	2,076,807	2,343,508
24	Over/(Under) Proposed Reserve Target	3,182,747	2,655,279	550,509	38,917	146,282	299,198
25	Annual Water Service Revenue Increase	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
26	Cumulative Revenue Increase	0.0%	5.0%	10.3%	15.8%	21.6%	27.6%

Line No.	Description	Budget	Projected				
		2022	2023	2024	2025	2026	2027
		\$	\$	\$	\$	\$	\$
	Sources of Funds						
1	Revenue from Existing Water Service Rates	4,950,167	5,055,219	5,190,064	5,385,852	5,605,348	5,832,428
2	Additional Water Sales Revenue Required	0	252,761	531,982	848,945	1,207,987	1,611,392
3	Total Water Service Rate Revenue	4,950,167	5,307,980	5,722,045	6,234,797	6,813,335	7,443,821
4	Miscellaneous Revenue	1,324,068	24,786	25,553	26,373	27,554	28,824
5	Tap Fees	782,100	834,960	1,628,172	1,986,370	2,062,351	2,127,478
6	Property Tax Revenue	85,593	85,593	0	0	0	0
7	ARPA Funding	1,311,000	0	0	0	0	0
8	Bond/Loan Proceeds	10,500,804	13,350,761	948,435	0	0	0
9	Future State Loans	0	0	4,500,000	0	0	0
10	Transfer From Debt Service Fund/General Fund	653,000	0	0	0	0	0
11	Investment Income	59,945	41,474	30,279	20,832	24,102	31,626
12	Total Sources	19,666,677	19,645,554	12,854,485	8,268,372	8,927,342	9,631,749
	Uses of Funds						
13	Operation and Maintenance Expense	4,635,500	4,448,000	4,714,500	5,015,825	5,311,000	5,625,700
	Debt Service						
14	Existing - Bonds/Loans	1,588,427	1,461,699	1,464,694	1,492,016	1,463,001	1,462,818
15	Proposed - Bonds/Loans	0	0	281,900	281,900	281,900	281,900
16	Total Debt Service	1,588,427	1,461,699	1,746,594	1,773,916	1,744,901	1,744,718
17	Total Capital	9,600,562	18,796,604	12,394,771	1,520,000	1,176,182	1,451,657
18	Total Uses	15,824,489	24,706,303	18,855,865	8,309,741	8,232,083	8,822,075
19	Annual Surplus (Deficiency)	3,842,188	(5,060,749)	(6,001,380)	(41,369)	695,258	809,674
20	Beginning Balance	9,323,853	13,166,041	8,105,292	2,103,912	2,062,543	2,757,801
21	Ending Balance	13,166,041	8,105,292	2,103,912	2,062,543	2,757,801	3,567,475
	Target Reserves						
22	Greater of 110% Debt Service or 33% O&M	1,610,756	1,607,869	1,921,254	1,951,308	1,919,391	1,919,190
23	Over/(Under) Target Reserves	11,555,286	6,497,423	182,658	111,235	838,410	1,648,285
	Proposed Target Reserves						
24	Operations and Maintenance (90 Days O&M)	1,160,000	1,110,000	1,180,000	1,250,000	1,330,000	1,410,000
25	Capital Reserve (1-year Depreciation Expense)	0	186,702	373,403	560,105	746,807	933,508
26	Total Proposed Target Reserves	1,160,000	1,296,702	1,553,403	1,810,105	2,076,807	2,343,508
27	Over/(Under) Proposed Reserve Target	12,006,041	6,808,591	550,509	252,438	680,995	1,223,967
24	Annualized Water Service Revenue Increase	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
28	Cumulative Revenue Increase	0.0%	5.0%	10.3%	15.8%	21.6%	27.6%
	Debt Service Coverage						
29	Including Tap Fee Revenue	1.62	1.26	1.54	1.83	2.07	2.30
30	Excluding Tap Fee Revenue	1.62	0.69	0.61	0.71	0.89	1.08

Town of Wellington, CO
Water Utility
Budgeted and Projected Operation and Maintenance Expenses

Table A-4

Line No.	Account Description	Inflation		Budget	Budget	Project			
		2024	2025-2027	2022	2023	2024	2025	2026	2027
				\$	\$	\$	\$	\$	\$
Compensation & Benefits									
1	5100 Wages & Salaries	4.0%	3.5%	377,100	901,400	937,500	970,300	1,004,300	1,039,500
2	5102 Benefits	4.0%	3.5%	153,700	329,100	342,300	354,300	366,700	379,500
3	Subtotal Personnel Services			530,800	1,230,500	1,279,800	1,324,600	1,371,000	1,419,000
Materials & Supplies									
4	5214 Office Supplies	4.0%	3.5%	700	0	0	0	0	0
5	5221 Chemical	4.0%	3.5%	192,000	250,000	287,500	330,625	342,200	354,200
6	5241 Shop Supplies	4.0%	3.5%	3,500	1,500	1,600	1,700	1,800	1,900
7	5370 PPE Allowance	4.0%	3.5%	7,500	28,000	29,100	30,100	31,200	32,300
8	5422 Small Tools	4.0%	3.5%	12,500	8,000	8,300	8,600	8,900	9,200
9	5969 Lab Equipment	4.0%	3.5%	25,000	20,000	20,800	21,500	22,300	23,100
10	Subtotal Materials & Supplies			241,200	307,500	347,300	392,525	406,400	420,700
Maintenance and Operations									
11	5227 Plant Utilities	4.0%	3.5%	24,000	28,000	29,100	30,100	31,200	32,300
12	5229 Drinking Water Program	4.0%	3.5%	0	2,000	2,100	2,200	2,300	2,400
13	5231 Fuel, Oil & Grease	4.0%	3.5%	15,000	15,000	15,600	16,100	16,700	17,300
14	5233 R&M - Machinery & Equi	4.0%	3.5%	14,000	15,000	15,600	16,100	16,700	17,300
15	5244 Tires & Tubes	4.0%	3.5%	4,000	0	0	0	0	0
16	5334 Water Testing	4.0%	3.5%	80,000	80,000	83,200	86,100	89,100	92,200
17	5339 On-line Utility Bill Pay fee	4.0%	3.5%	22,000	27,000	28,100	29,100	30,100	31,200
18	5341 Electricity	4.0%	3.5%	80,000	80,000	83,200	86,100	89,100	92,200
19	5345 Telephone Service	4.0%	3.5%	700	700	700	700	700	700
20	5351 Permit Fees	4.0%	3.5%	11,500	0	0	0	0	0
21	5352 Water Resource Legal Se	4.0%	3.5%	50,000	30,000	31,200	32,300	33,400	34,600
22	5356 Professional Services	4.0%	3.5%	60,000	60,000	62,400	64,600	66,900	69,200
23	5372 Uniforms	4.0%	3.5%	0	0	0	0	0	0
24	5380 Travel & Training	4.0%	3.5%	14,000	13,600	14,100	14,600	15,100	15,600
25	5384 Internet Service	4.0%	3.5%	1,000	2,200	2,300	2,400	2,500	2,600
26	5423 Sand & Gravel & Road B	4.0%	3.5%	0	4,000	4,200	4,300	4,500	4,700
27	5433 R&M Supp/Serv. Plant	4.0%	3.5%	120,000	120,000	124,800	129,200	133,700	138,400
28	5434 R&M Supp/Serv. Lines	4.0%	3.5%	40,000	80,000	83,200	86,100	89,100	92,200
29	5435 R&M Supp/Serv. Hydran	4.0%	3.5%	20,000	0	0	0	0	0
30	5436 R&M Supp/Serv. Res & C	4.0%	3.5%	0	0	0	0	0	0
31	5439 R&M Supp/Serv. Meters	4.0%	3.5%	0	0	0	0	0	0
32	5440 Sludge Removal	4.0%	3.5%	125,000	85,000	88,400	91,500	94,700	98,000
33	5455 Lab Supplies	4.0%	3.5%	15,000	12,500	13,000	13,500	14,000	14,500
34	5495 Miscellaneous	4.0%	3.5%	0	0	0	0	0	0
35	5533 Equipment Rental	4.0%	3.5%	5,000	2,500	2,600	2,700	2,800	2,900
36	5560 County Treas. Fees	4.0%	3.5%	3,000	2,500	2,600	2,700	2,800	2,900
37	5593 NPIC Lease Agreement	6.8%	8.0%	2,058,900	2,150,000	2,297,000	2,480,700	2,686,900	2,909,500
38	5825 Hydrant Meter	4.0%	3.5%	10,000	0	0	0	0	0
39	5903 Water Meters - New Hor	4.0%	3.5%	30,000	30,000	31,200	32,300	33,400	34,600
40	5941 Safety & First Aid Kits	4.0%	3.5%	20,000	3,000	3,100	3,200	3,300	3,400
41	5958 WTP Security/Monitor	4.0%	3.5%	35,000	0	0	0	0	0
42	5961 Sludge Pump	4.0%	3.5%	3,000	0	0	0	0	0
43	5963 Meter Replacement	4.0%	3.5%	28,000	0	0	0	0	0
44	TBD Raw Water Fees & Asses	4.0%	3.5%	0	27,000	28,100	29,100	30,100	31,200
45	TBD Distribution System Eme	4.0%	3.5%	0	15,000	15,600	16,100	16,700	17,300
46	TBD R&M SCADA	4.0%	3.5%	0	25,000	26,000	26,900	27,800	28,800
47	Subtotal Maintenance and Operations			2,889,100	2,910,000	3,087,400	3,298,700	3,533,600	3,786,000
48	5000 Transfer to General Fund	4.0%	3.5%	974,400	0	0	0	0	0
49	Subtotal Other Expenditures			974,400	0	0	0	0	0
50	Total Operating & Maintenance Expense			4,635,500	4,448,000	4,714,500	5,015,825	5,311,000	5,625,700

Town of Wellington, CO
Water Utility
Water 5-Yr Capital Improvement Plan, Excluding Inflation

Table A-5

Line No.	Account	Description	Annual Inflation Factor	% Growth	Budget	Projected					
					2022	2023	2024	2025	2026	2027	Total
					\$	\$	\$	\$	\$	\$	\$
Equipment											
1	211-80-5001	Vehicle Replacement	0%	0%		35,000					35,000
2		Front End Loader	0%	0%				225,000			225,000
3	211-80-5021	Leak Repair Trailer	0%	0%	38,000						38,000
Treatment											
4	211-80-4010	Water Plant Expansion Design	0%	100%	8,738,562	17,394,004	11,467,267				37,599,833
5	211-80-4014	Wilson Wellhouses Improveme	0%	0%	68,000						68,000
6	211-80-4057	SCADA Improvements	0%	0%							0
7	211-80-4059	Filter Media Replacement	0%	0%	125,000						125,000
8	211-80-4060	Redundant Nano/RO motors	0%	0%							0
9	211-80-4079	Pretreatment Sonde	0%	0%			40,000				40,000
10	211-80-5013	Water Efficiency Program	0%	0%	140,000	25,000	177,000	170,000	100,000		612,000
11	211-80-4080	Security Fence	0%	0%	50,000						50,000
12	211-80-4081	Security Improvements	0%	0%	40,000						40,000
13	211-80-4082	Lightening Protection	0%	0%	195,000						195,000
14		2 MG Tank Coating	0%	0%		1,125,000	375,000				1,500,000
15		Tank Aeration Study - Disinfec	0%	0%		75,000					75,000
16		Covered Equipment Storage	0%	0%			60,000				60,000
Distribution											
17	211-80-4015	Bulk Water Dispenser	0%	0%	80,000						80,000
18	211-80-4018	Fire Hydrant Replacement	0%	0%	66,000	72,600	75,504				214,104
19	211-80-4019	Distribution System Master Pl	0%	0%	60,000						60,000
20	211-80-4020	Buffalo Creek Booster Station	0%	0%			25,000				25,000
21		Water Over-sizing Reimbursen	0%	0%			100,000	100,000	101,182		301,182
New Projects											
22		Pre-Treatment Facility Security	0%	0%		50,000					50,000
23		Pre-Treatment Facility Improv	0%	0%		20,000					20,000
24		Admin Building Design Alterna	0%	0%				50,000	50,000		100,000
25		Admin Building Construction	0%	0%					600,000	600,000	1,200,000
26		Pre-Treatment Facility Needs /	0%	0%			75,000				75,000
27		1 MG Tank Coating	0%	0%				975,000	325,000		1,300,000
28		Future Unidentified Repair and	4%	0%						700,000	700,000
29	Total Water Capital Improvement Program Excluding Inflation				9,600,562	18,796,604	12,394,771	1,520,000	1,176,182	1,300,000	44,788,119
30	Expansion Capital				8,738,562	17,394,004	11,467,267	0	0	0	37,599,833
31	Repair and Replacement Capital				862,000	1,402,600	927,504	1,520,000	1,176,182	1,300,000	7,188,286
32	Total Water Capital Improvement Plan (Uninflated)				9,600,562	18,796,604	12,394,771	1,520,000	1,176,182	1,300,000	44,788,119

Town of Wellington, CO
Water Utility
Water 5-Yr Capital Improvement Plan, Including Inflation

Table A-6

Line No.	Account	Description	Annual Inflation Factor	% Growth	Budget 2022	2023	2024	Projected				Total
					\$	\$	\$	\$	\$	\$	\$	
Equipment												
1	211-80-5001	Vehicle Replacement	0%	0%	-	35,000	-	-	-	-	35,000	
2		Front End Loader	0%	0%	-	-	-	225,000	-	-	225,000	
3	211-80-5021	Leak Repair Trailer	0%	0%	38,000	-	-	-	-	-	38,000	
Treatment												
4	211-80-4010	Water Plant Expansion Design	0%	100%	8,738,562	17,394,004	11,467,267	-	-	-	37,599,833	
5	211-80-4014	Wilson Wellhouses Improvem	0%	0%	68,000	-	-	-	-	-	68,000	
6	211-80-4057	SCADA Improvements	0%	0%	-	-	-	-	-	-	-	
7	211-80-4059	Filter Media Replacement	0%	0%	125,000	-	-	-	-	-	125,000	
8	211-80-4060	Redundant Nano/RO motors	0%	0%	-	-	-	-	-	-	-	
9	211-80-4079	Pretreatment Sonde	0%	0%	-	-	40,000	-	-	-	40,000	
10	211-80-5013	Water Efficiency Program	0%	0%	140,000	25,000	177,000	170,000	100,000	-	612,000	
11	211-80-4080	Security Fence	0%	0%	50,000	-	-	-	-	-	50,000	
12	211-80-4081	Security Improvements	0%	0%	40,000	-	-	-	-	-	40,000	
13	211-80-4082	Lightening Protection	0%	0%	195,000	-	-	-	-	-	195,000	
14		2 MG Tank Coating	0%	0%	-	1,125,000	375,000	-	-	-	1,500,000	
15		Tank Aeration Study - Disinfect	0%	0%	-	75,000	-	-	-	-	75,000	
16		Covered Equipment Storage	0%	0%	-	-	60,000	-	-	-	60,000	
Distribution												
17	211-80-4015	Bulk Water Dispenser	0%	0%	80,000	-	-	-	-	-	80,000	
18	211-80-4018	Fire Hydrant Replacement	0%	0%	66,000	72,600	75,504	-	-	-	214,104	
19	211-80-4019	Distribution System Master Pl	0%	0%	60,000	-	-	-	-	-	60,000	
20	211-80-4020	Buffalo Creek Booster Station	0%	0%	-	-	25,000	-	-	-	25,000	
21		Water Over-sizing Reimbursen	0%	0%	-	-	100,000	100,000	101,182	-	301,182	
New Projects												
22		Pre-Treatment Facility Security	0%	0%	-	50,000	-	-	-	-	50,000	
23		Pre-Treatment Facility Improv	0%	0%	-	20,000	-	-	-	-	20,000	
24		Admin Building Design Alterna	0%	0%	-	-	-	50,000	50,000	-	100,000	
25		Admin Building Construction	0%	0%	-	-	-	-	600,000	600,000	1,200,000	
26		Pre-Treatment Facility Needs /	0%	0%	-	-	75,000	-	-	-	75,000	
27		1 MG Tank Coating	0%	0%	-	-	-	975,000	325,000	-	1,300,000	
28		Future Unidentified Repair and	4%	0%	-	-	-	-	-	851,657	1,036,171	
29	Total Water Capital Improvement Program In				9,600,562	18,796,604	12,394,771	1,520,000	1,176,182	1,451,657	45,124,290	
30	Expansion Capital				8,738,562	17,394,004	11,467,267	0	0	0	37,599,833	
31	Repair and Replacement Capital				862,000	1,402,600	927,504	1,520,000	1,176,182	1,451,657	7,339,943	
32	Total Water Capital Improvement Plan				9,600,562	18,796,604	12,394,771	1,520,000	1,176,182	1,451,657	44,939,776	

Line No.	Description	Estimated/ Actual	Budget						Projected
		2021	2022	2023	2024	2025	2026	2027	
			\$	\$	\$	\$	\$	\$	\$
1	Development Impact Fees	0	782,100	834,960	1,628,172	1,986,370	2,062,351	2,127,478	
2	Total Tap Fees	0	782,100	834,960	1,628,172	1,986,370	2,062,351	2,127,478	
3	Property Tax Revenue	0	85,593	85,593	0	0	0	0	
4	Total Property Tax Revenue	0	85,593	85,593	0	0	0	0	
	Other Miscellaneous Revenue								
5	Shut-off/Recon./Late	0	1,000	1,000	1,000	1,000	1,000	1,000	
6	Hydrant Water Sales	0	2,000	2,000	2,000	2,000	2,000	2,000	
7	Bulk Water Sales	0	12,000	12,000	12,000	12,000	12,000	12,000	
8	Non-Potable Town Irrigation		9,068	9,786	10,553	11,373	12,554	13,824	
9	Subtotal Other Miscellaneous Revenue	0	24,068	24,786	25,553	26,373	27,554	28,824	
10	Total Non-Rate Revenue	0	806,168	859,746	1,653,725	2,012,742	2,089,905	2,156,302	

Town of Wellington, CO
Water Utility
Test Year 2023 Revenue Requirement

Table A-8

Line No.	Description	Operating Expense	Capital Expense	Total
Revenue Requirement				
1	Operation and Maintenance Expense	4,448,000	0	4,448,000
2	Repair and Replacement Capital	0	1,402,600	1,402,600
	Transfers to the Capital Expansion Fund			0
	Debt Service Issuance Expense			0
3	Debt Service	0	0	0
4	Total Revenue Requirements	4,448,000	1,402,600	5,850,600
Less Revenue Offsets				
5	Miscellaneous Revenue	(24,786)		(24,786)
6	Tap Fee		0	0
7	Property Tax Revenue	(85,593)		(85,593)
8	Transfer From Capital Expansion Fund		0	0
9	Transfer from Debt Service Fund		0	0
10	Investment Income	(41,474)	0	(41,474)
11	Change in Fund Balance	(297,086)	(93,681)	(390,767)
12	Subtotal Revenue Offsets	(448,939)	(93,681)	(542,620)
13	Net Revenue Requirement	3,999,061	1,308,919	5,307,980

Town of Wellington, CO
Water Utility
Allocation of Water System Assets and Annual Capital Costs

Table A-9

Line No.	Description	RCLD	Not Used	Volume		Customer Related				Total
				Base	Maximum Day Demand	Maximum Hour Demand	Meters & Services	Billing	Indirect	
		\$								
	Water System Assets									
1	Land	36,130		100.0%						100.0%
2	Specific to Non-potable	0		100.0%						100.0%
3	Source of Supply	4,530,602		100.0%						100.0%
4	Wells / Treatment	11,545,925		43.5%	56.5%					100.0%
5	Pump Station	444,514		43.5%	56.5%					100.0%
6	Treated Storage	16,345		29.0%	37.7%	33.3%				100.0%
7	Transmission Mains	1,106,144		43.5%	56.5%					100.0%
8	Distribution Mains	11,545,195		29.0%	37.7%	33.3%				100.0%
9	Customer Billing	0						100.0%		100.0%
10	Meters & Services	576,014					100.0%			100.0%
11	Public Fire	82,718			53.1%	46.9%				100.0%
12	Common to Irrigation	7,000							100.0%	100.0%
13	Indirect	0								0.0%
14	All Other Infrastructure	710,338							100.0%	100.0%
15	All Other General	787,077							100.0%	100.0%
16	Total	31,388,002								

Town of Wellington, CO
Water Utility
Allocation of Water System Assets and Annual Capital Costs

Table A-10

Line No.	Description	RCLD	Not Used	Volume		Customer Related		Indirect	Infrastructure Indirect	Total
				Base	Maximum Day Demand	Maximum Hour Demand	Meters & Services			
		\$	\$	\$	\$	\$	\$	\$	\$	\$
	Water System Assets									
1	Land	36,130	-	36,130	-	-	-	-	-	36,130
2	Specific to Non-potable	2,701	-	2,701	-	-	-	-	-	2,701
3	SOS-Non-Potable (Common to All)	4,527,901	-	4,527,901	-	-	-	-	-	4,527,901
4	Wells / Treatment	16,468,678	-	7,160,295	9,308,383	-	-	-	-	16,468,678
5	Pump Station	505,115	-	219,615	285,500	-	-	-	-	505,115
6	Treated Storage	15,919	-	4,614	5,998	5,306	-	-	-	15,919
7	Transmission Mains	2,430,213	-	1,056,614	1,373,599	-	-	-	-	2,430,213
8	Distribution Mains	15,434,913	-	4,473,888	5,816,054	5,144,971	-	-	-	15,434,913
9	Customer Billing	-	-	-	-	-	-	-	-	-
10	Meters & Services	457,025	-	-	-	-	457,025	-	-	457,025
11	Public Fire	93,027	-	-	49,361	43,666	-	-	-	93,027
12	Common to Irrigation	-	-	-	-	-	-	-	-	-
13	Indirect	-	-	-	-	-	-	-	-	-
14	All Other Infrastructure	1,229,196	-	-	-	-	-	-	1,229,196	1,229,196
15	All Other General	634,816	-	-	-	-	-	-	634,816	634,816
16	Total Water System Assets	41,835,632	-	17,481,758	16,838,895	5,193,943	457,025	-	1,864,012	41,835,632
17	Percent of Total	96%	0.0%	41.8%	40.3%	12.4%	1.1%	0.0%	0.0%	4.5%
18	Indirect Allocation, %		0.0%	43.7%	42.1%	13.0%	1.1%	0.0%	0.0%	
19	Indirect Allocation, \$		0	815,234	785,255	242,211	21,313	0	0	
20	Total Reallocated Assets	41,835,632	0	18,296,991	17,624,150	5,436,154	478,337	0	0	
	Percent of Total		0.0%	43.7%	42.1%	13.0%	1.1%	0.0%	0.0%	
20	Annual Capital Costs (with Rev Req Adjustments)	1,308,919	0	572,461	551,410	170,082	14,966	0	0	1,308,919

Table A-11

Line No.	Account	Title	Test Year 2023	Wilson Groundwater Nonpotable	Purchased Water	WTP	Pumping	Treated Storage	Transmission and Distribution	Customer Billing	Meters and Services	Protection (Hydrant Maintenance)	Indirect	Infrastructure Indirect	Total
\$															
		Compensation & Benefits													
1	5100	Wages & Salaries	901,400			44.8%			10.0%	16.3%			5.8%	23.1%	100.0%
2	5102	Benefits	329,100			44.8%			10.0%	16.3%			5.8%	23.1%	100.0%
illing		0 199939.7	16.2%												
direct		0 70985.6	5.8%												
frastruct		0 284203.6	23.1%												
&D		0 123639.4	10.0%			100.0%									100.0%
TP		0 551722.3	0.4483759			100.0%									100.0%
		1230491				80.0%	1.0%		14.0%		3.0%	1.0%			100.0%
						80.0%	1.0%		14.0%		3.0%	1.0%			100.0%
9	5422	Small Tools	8,000			80.0%	1.0%		14.0%		3.0%	1.0%			100.0%
10	5969	Lab Equipment	20,000			100.0%									100.0%
18	Subtotal Materials & Supplies		\$307,500												
		Maintenance and Operations													
33	5227	Plant Utilities	28,000			100.0%									100.0%
34	5229	Drinking Water Program Fee	2,000							100.0%					100.0%
35	5231	Fuel, Oil & Grease	15,000			80.0%	1.0%	1.0%	14.0%		3.0%	1.0%			100.0%
36	5233	R&M - Machinery & Equip. Pe	15,000			95.0%	5.0%								100.0%
37	5244	Tires & Tubes	0			80.0%	1.0%	1.0%	14.0%		3.0%	1.0%			100.0%
38	5334	Water Testing	80,000			80.0%			20.0%						100.0%
39	5339	On-line Utility Bill Pay fees	27,000							100.0%					100.0%
40	5341	Electricity	80,000			95.0%	5.0%								100.0%
41	5345	Telephone Service	700			100.0%									100.0%
42	5351	Permit Fees	0			100.0%									100.0%
43	5352	Water Resource Legal Service	30,000		100.0%										100.0%
44	5356	Professional Services	60,000											100.0%	100.0%
45	5372	Uniforms	0			80.0%	1.0%	1.0%	14.0%		3.0%	1.0%			100.0%
46	5380	Travel & Training	13,600			80.0%	1.0%	1.0%	14.0%		3.0%	1.0%			100.0%
47	5384	Internet Service	2,200			100.0%									100.0%
48	5423	Sand & Gravel & Road Base	4,000						100.0%						100.0%
49	5433	R&M Supp/Serv. Plant	120,000			100.0%									100.0%
50	5434	R&M Supp/Serv. Lines	80,000		0.0%				100.0%						100.0%
51	5436	R&M Supp/Serv. Hydrants	0						100.0%						100.0%
52	5436	R&M Supp/Serv. Res & Ditch	0		100.0%										100.0%
53	5439	R&M Supp/Serv. Meters	0								100.0%				100.0%
54	5440	Sludge Removal	85,000			100.0%									100.0%
55	5455	Lab Supplies	12,500			100.0%									100.0%
56	5495	Miscellaneous	0												0.0%
57	5533	Equipment Rental	2,500											100.0%	100.0%
58	5560	County Treas. Fees	2,500			100.0%									100.0%
59	5593	NPIC Lease Agreement	2,150,000		100.0%										100.0%
60	5825	Hydrant Meter	0						100.0%						100.0%
61	5903	Water Meters - New Homes	30,000								100.0%				100.0%
62	5941	Safety & First Aid Kits	3,000			80.0%	1.0%	1.0%	15.0%		3.0%	0.0%			100.0%
63	5958	WTP Security/Monitor	0			95.0%	5.0%								100.0%
64	5961	Sludge Pump	0			100.0%									100.0%
65	5963	Meter Replacement	0								100.0%				100.0%
66	0	Raw Water Fees & Assessmer	27,000		100.0%										100.0%
67	0	Distribution System Emergen	15,000						100.0%						100.0%
68	0	R&M SCADA	25,000						100.0%						100.0%
75	Subtotal Maintenance and Operations		\$2,910,000												
	5000	Transfer to General Fund	0	1.0%						15.0%	35.0%		49.0%		100.0%
	Subtotal Other Expenditures		\$0												0.0%
80	Total Operating & Maintenance Expense		4,448,000	\$0	\$2,207,000	\$1,281,694	\$5,441	\$316	\$272,754	\$229,572	\$32,073	\$661	\$71,369	\$346,746	\$4,448,000
81	Percent of Total			0.0%	49.6%	28.8%	0.1%	0.0%	6.1%	5.2%	0.7%	0.0%	1.6%	7.8%	100.0%

Town of Wellington, CO
Water Utility
Allocation of Functionalized O&M

Table A-12

Line No.	Description	Total	Not Used	Volume		Customer Related		Indirect	Infrastructure Indirect	Total
				Base	Maximum Day Demand	Maximum Hour Demand	Meters & Services			
Functions										
1	WilsonGroundwater Nonpotable	0	100.0%							100.0%
2	Purchased Water	2,207,000		100.0%						100.0%
3	WTP	1,281,694		43.5%	56.5%					100.0%
4	Pumping	5,441		43.5%	56.5%					100.0%
5	Treated Storage	316		29.0%	37.7%	33.3%				100.0%
6	Transmission	375		43.5%	56.5%					100.0%
7	Transmission and Distribution	272,754		29.0%	37.7%	33.3%				100.0%
8	Customer Billing	229,572						100.0%		100.0%
9	Meters and Services	32,073					100.0%			100.0%
10	Fire Protection (Hydrant Maintenance)	661			53.1%	46.9%				100.0%
11	Indirect	71,369						100.0%		100.0%
12	Infrastructure Indirect	346,746							100.0%	100.0%
13	Specific to Non-Potable	0								0.0%
14	Total	4,448,000								

Town of Wellington, CO
Water Utility
Allocation of Functionalized O&M Expenses to Cost Components

Table A-13

Line No.	Description	Total	Not Used	Volume		Customer Related		Indirect	Infrastructure Indirect	Total
				Base	Maximum Day Demand	Maximum Hour Demand	Meters & Services			
		\$	\$	\$	\$	\$	\$	\$	\$	\$
	Functions									
1	WilsonGroundwater Nonpotable	0	-	-	-	-	-	-	-	0
2	Purchased Water	2,207,000	-	2,207,000	-	-	-	-	-	2,207,000
3	WTP	1,281,694	-	557,258	724,436	-	-	-	-	1,281,694
4	Pumping	5,441	-	2,366	3,075	-	-	-	-	5,441
5	Treated Storage	316	-	92	119	105	-	-	-	316
6	Transmission	375	-	163	212	-	-	-	-	375
7	Transmission and Distribution	272,754	-	79,059	102,777	90,918	-	-	-	272,754
8	Customer Billing	229,572	-	-	-	-	-	229,572	-	229,572
9	Meters and Services	32,073	-	-	-	-	32,073	-	-	32,073
10	Fire Protection (Hydrant Maintenance)	661	-	-	351	310	-	-	-	661
11	Indirect	71,369	-	-	-	-	-	-	71,369	71,369
12	Infrastructure Indirect	346,746	-	-	-	-	-	-	346,746	346,746
13	Specific to Non-Potable	0	-	-	-	-	-	-	-	0
14	Total Water System Assets	4,448,000	0	2,845,938	830,970	91,334	32,073	229,572	71,369	4,448,000
15	Percent of Total	92%	0.0%	64.0%	18.7%	2.1%	0.7%	5.2%	1.6%	
16	Indirect Allocation, %		0.0%	70.6%	20.6%	2.3%	0.8%	5.7%		100.0%
17	Indirect Allocation, \$		0	50,401	14,716	1,618	568	4,066		71,369
18	Infrastructure Indirect Allocation, %		0.0%	75.5%	22.1%	2.4%				100.0%
19	Infrastructure Indirect Allocation, \$		0	261,877	76,464	8,404				346,746
20	Subtotal Reallocated O&M		0.0%	71.0%	20.7%	2.3%	0.7%	5.3%		
21	Annual O&M Expenses with Reallocations (with Rev Req Adj	3,999,061	0	2,839,456	829,077	91,126	29,347	210,056		3,999,061

No.	Customer Class	Water Use			Maximum Day Demand			Maximum Hour Demand			Bills	Equivalent Meters	
		Not Used	Annual	Average Day	Demand Factor	Total Demand	Extra Capacity	Demand Factor	Total Demand	Extra Capacity		Capacity Ratio	Cost Ratio
		1,000 gal	1,000 gal	1,000 gal									
1	Residential		281,132	770	380%	2,924	2,153	569%	4,385	3,615	48,361	48,487	48,511
2	Multifamily		9,453	26	289%	75	49	433%	112	86	570	1,641	1,736
3	Irrigation		8,719	24	373%	89	65	560%	134	110	371	548	540
4	Non-Potable Town Parks & School Dist. Irrigation												
5	Potable School Dist. Irrigation		1,884	5	403%	21	16	604%	31	26	12	12	12
6	Non-Residential/Commercial		28,889	79	339%	268	189	508%	402	323	1,235	1,771	1,769
7	Not Used		0	0	0%	0	0	0%	0	0	0	0	0
8	Not Used		0	0	0%	0	0	0%	0	0	0	0	0
9	Not Used		0	0	0%	0	0	0%	0	0	0	0	0
10	Total	0	330,076	904		3,377	2,472		5,065	4,161	50,549	52,459	52,567

Town of Wellington, CO
Water Utility
Unit Costs of Service

Table A-15

				Volume		Customer Related		
Line					Maximum	Hour		
No.	Description	Total	Not Used	Annual	Day Demand	Demand	Meters & Services	Billing
	Cost of Service							
1	Operation and Maintenance Expense	3,999,061	0	2,839,456	829,077	91,126	29,347	210,056
2	Capital Cost	1,308,919	0	572,461	551,410	170,082	14,966	0
3	Total Cost of Service	5,307,980	0	3,411,917	1,380,487	261,208	44,312	210,056
4	Percent of Total	100%	0%	64%	26%	5%	1%	4%
	Units of Service						Equivalent	
							Meter	
	<u>Units</u>		<u>1,000 gal</u>	<u>1,000 gal</u>	<u>gpd</u>	<u>gpd</u>	<u>Cost</u>	<u># Bills</u>
5	Total Units of Service		0	330,076	2,472	4,161	52,567	50,549
6	Unit Costs of Service		\$0.00	\$10.34	\$558.38	\$62.78	\$0.84	\$4.16

Town of Wellington, CO
Water Utility
Distribution of Costs to Customer Classes

Table A-16

Line No.	Description	Total	Not Used	Volume		Customer Related	
				Average Day	Maximum Day Demand	Maximum Hour Demand	Meters & Services Billing
1	Unit Costs of Service - \$/unit		\$0.00	\$10.34	\$558.38	\$62.78	\$0.84 \$4.16
	Customer Class	\$15.42					
	Residential						
2	Units		0	281,132	2,153	3,615	48,511 48,361
3	Cost of Service - \$	\$4,577,197	\$0	\$2,905,990	\$1,202,386	\$226,964	\$40,893 \$200,964
	Multifamily						
4	Units		0	9,453	49	86	1,736 570
5	Cost of Service - \$	\$134,297	\$0	\$97,713	\$27,332	\$5,420	\$1,463 \$2,369
	Irrigation						
6	Units		0	8,719	65	110	540 371
7	Cost of Service - \$	\$135,428	\$0	\$90,121	\$36,412	\$6,898	\$455 \$1,542
	Potable School Dist. Irrigation						
8	Units		0	1,884	16	26	12 12
9	Cost of Service - \$	\$29,902	\$0	\$19,474	\$8,733	\$1,635	\$10 \$50
	Non-Residential/Commercial						
10	Units		0	28,889	189	323	1,769 1,235
11	Cost of Service - \$	\$431,156	\$0	\$298,618	\$105,624	\$20,290	\$1,491 \$5,132
12	Total Cost of Service	5,307,980	0	3,411,917	1,380,487	261,208	44,312 210,056

Water Utility

Comparison of Cost of Service With Revenues Under Existing Rates

Line No	Customer Class	2023 Cost of Service	Revenue at Existing Rates	Change - \$	Change - %
1	Residential	\$4,577,197	\$4,515,812	\$61,385	1.4%
2	Multifamily	\$134,297	\$268,753	(\$134,456)	-50.0%
3	Irrigation	\$135,428	\$33,435	\$101,993	305.0%
4	Potable School Dist. Irrigation	\$29,902	\$6,877	\$23,026	334.8%
5	Non-Residential/Commercial	\$431,156	\$230,342	\$200,814	87.2%
6	Total System	\$5,307,980	\$5,055,219	\$252,761	5.0%

Town of Wellington, CO
Water Utility
Development of Base Charge

Table A-18

Line No.	COS Component	Cost of Service	Units of Service	Units	Unit Cost of Service
1	Meters & Services	\$44,312	52,567	Equiv Meter Cost	\$0.84
2	Billing	\$210,056	50,549	Bills	\$4.16
3	Capital Recovery Charge	\$1,000,000	52,459	Equiv Meter Capacity	\$19.06
4	Total	\$1,254,368			
<i>Check</i>					

Line No.	Meter Size	Cost Equivalency	Capacity Equivalency	Monthly Meter Charge	Monthly Billing Charge	Capital Recovery Charge	Total Monthly Charge	Rounded
1	3/4 inch	1.00	1.00	\$0.84	\$4.16	\$19.06	\$24.06	\$24.07
2	1 inch	1.37	1.57	\$1.15	\$4.16	\$29.96	\$35.26	\$35.27
3	1.5 inch	3.51	2.86	\$2.96	\$4.16	\$54.46	\$61.57	\$61.58
4	2 inch	4.35	4.57	\$3.67	\$4.16	\$87.14	\$94.96	\$94.97
5	3 inch	16.06	11.43	\$13.54	\$4.16	\$217.86	\$235.55	\$235.56
6	4 inch	20.24	14.29	\$17.06	\$4.16	\$272.32	\$293.54	\$293.54
7	6 inch	30.35	28.57	\$25.58	\$4.16	\$544.64	\$574.38	\$574.38
8	8 inch	45.52	45.71	\$38.37	\$4.16	\$871.42	\$913.95	\$913.96

Residential			Multifamily			Irrigation			Not Used			Potable School Dist. Irrigation			Non-Residential/Commercial			Total	
Bill Dist	Bills	Revenue	Bill Dist	Bills	Revenue	Bill Dist	Bills	Revenue	Bill Dist	Bills	Revenue	Bill Dist	Bills	Revenue	Bill Distribution	Bills	Revenue	Bills	Revenue
99.8%	48,257	\$1,161,107	26.4%	150	\$3,620	76.7%	284	\$6,844	0.0%	0	\$0	100.0%	12	\$289	72.8%	899	\$21,628	49,603	\$1,193,488
0.1%	52	\$1,828	3.4%	20	\$690	10.0%	37	\$1,308	0.0%	0	\$0	0.0%	0	\$0	18.0%	222	\$7,832	331	\$11,658
0.1%	52	\$3,207	37.8%	215	\$13,252	3.3%	12	\$761	0.0%	0	\$0	0.0%	0	\$0	2.6%	32	\$1,954	311	\$19,174
0.0%	0	\$0	32.4%	185	\$17,548	10.0%	37	\$3,523	0.0%	0	\$0	0.0%	0	\$0	6.0%	74	\$7,030	296	\$28,101
0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	100.0%	37	\$8,715	0.0%	0	\$0	0.7%	8	\$1,948	45	\$10,663
0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	0	\$0
0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	0	\$0
0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	0.0%	0	\$0	0	\$0
	48,361	\$1,166,143		570	\$35,109		371	\$12,437		37	\$8,715		12	\$289		1,235	\$40,391	50,586	\$1,263,084
Customer Costs		\$241,857			\$3,832			\$1,997			\$0			\$60			\$6,623		
Capital Recovery Charge		\$924,286			\$31,278			\$10,440			\$8,061			\$229			\$33,768		
Total		\$1,166,143			\$35,109			\$12,437			\$8,061			\$289			\$40,391		
Check		\$0			\$0			\$0			(\$655)			\$0			\$0		

Town of Wellington, CO
Water Utility
Residential Rate Alternative 8
URSR Ranking #1

Table A-20

Test Year 2023 Residential Cost of Service					\$4,577,197
Fixed Charge		Minimum			
<u>Meter Size</u>	<u>Charge</u>	<u>Charge</u>	<u>Bills</u>		
3/4 inch	\$24.07	\$25.64	48,257		
1 inch	\$35.27	\$25.64	52		
1.5 inch	\$61.58	\$25.64	52		
2 inch	\$94.97	\$25.64	0		
3 inch	\$235.56	\$25.64	0		
4 inch	\$293.54	\$25.64	0		
6 inch	\$574.38	\$25.64	0		
8 inch	\$913.96	\$25.64	0		
Total Revenue/Bills	\$1,166,584	\$1,239,769	48,361	\$2,406,353	
Volume Rate Required					\$2,170,845

Proposed Volumetric Rates

Block	% Vol	Price Ratio	Volume	Rate	Revenue	Adjusted % Vol
						Blocks 2-4
3	45.4%	1.00	127,518	\$0.00	\$0	Minimum
7	26.6%	1.00	74,877	\$11.70	\$876,061	48.7%
20	22.6%	1.30	63,632	\$15.21	\$967,837	41.4%
9999	5.4%	1.85	15,105	\$21.64	\$326,947	9.8%
	100.0%		281,132		\$2,170,845	100.0%
Check			127,518			

Town of Wellington, CO
Water Utility
Residential Rate Alternative 10
URSR Ranking #3

Table A-22

Test Year 2023 Residential Cost of Service					\$4,577,197
Fixed Charge					
<u>Meter Size</u>	<u>Charge</u>		<u>Bills</u>		
3/4 inch	\$24.07		48,257		
1 inch	\$35.27		52		
1.5 inch	\$61.58		52		
2 inch	\$94.97		0		
3 inch	\$235.56		0		
4 inch	\$293.54		0		
6 inch	\$574.38		0		
8 inch	\$913.96		0		
Total	\$1,166,584		48,361	\$1,166,584	
Volume Rate Required					\$3,410,614
Volume Rate Revenue Required					\$3,410,614
Billed Volume, 1,000 gallons					281,132
Uniform Volume Rate, All Usage, \$ per 1,000 gallons					\$12.13

Town of Wellington, CO
Water Utility
Residential Rate Alternative 6
URSR Ranking #2

Table A-21

Test Year 2023 Residential Cost of Service					\$4,577,197
Fixed Charge		Volume			
<u>Meter Size</u>	<u>Charge</u>	<u>Allowance</u>	<u>Bills</u>		
3/4 inch	\$24.07	\$20.67	48,257		
1 inch	\$35.27	\$20.67	52		
1.5 inch	\$61.58	\$20.67	52		
2 inch	\$94.97	\$20.67	0		
3 inch	\$235.56	\$20.67	0		
4 inch	\$293.54	\$20.67	0		
6 inch	\$574.38	\$20.67	0		
8 inch	\$913.96	\$20.67	0		
Total	\$1,166,584	\$999,793	48,361	\$2,166,376	
Volume Rate Required					\$2,410,821

Proposed Volumetric Rates

Block	% Vol	Price Ratio	Volume	Rate	Revenue	Adjusted % Vol
						Blocks 2-4
2	32.7%	1.00	91,814	\$0.00	\$0	Minimum
7	39.3%	1.00	110,581	\$10.90	\$1,204,951	58.4%
20	22.6%	1.30	63,632	\$14.17	\$901,374	33.6%
9999	5.4%	1.85	15,105	\$20.16	\$304,495	8.0%
	100.0%		281,132		\$2,410,821	100.0%
Check			TRUE			

47.49	\$49.71	4.7%	42.2	\$44.74	6.0%	20.15	\$24.07
12.19	\$11.70	-4.0%	11.36	\$10.90	-4.1%	12.73	\$12.13
15.82	\$15.21	-3.9%	14.77	\$14.17	-4.1%		
22.51	\$21.64	-3.8%	21.02	\$20.16	-4.1%		

Town of Wellington, CO
Water Utility
Multifamily Rate Alternative 6
URSR Ranking #2

Table A-23

Test Year 2023 Multifamily Cost of Service						\$147,727
Base Charge, \$ per Unit						
Total Customer Costs	\$35,109					
Total Units	3,417					
Minimum Charge per Unit		\$10.28				
Avg Vol in Minimum, Kgal	2.00					
Base Volume Rate, \$ per Kgal	\$10.34					
Volume Charge		\$20.67				
Base Charge, \$ per Unit		\$30.95				
Projected 2023 Units Billed		3,417				
Projected 2023 Base Charge Revenue				\$105,743		
Volume Rate Required						
				\$41,984		
<u>Proposed Volumetric Rates</u>						
Block	% Vol	Price Ratio	Volume	Rate	Revenue	
3	62.3%	1.00	5,886	\$0.00	\$0	
5	21.5%	1.00	2,037	\$10.29	\$20,948	57%
14	15.1%	1.30	1,430	\$13.37	\$19,114	40%
9999	1.1%	1.85	101	\$19.03	\$1,922	3%
	100.0%		9,453		\$41,984	100.0%
Check						
		TRUE				
		Overall Ave Rat	8.177386276			

Town of Wellington, CO
Water Utility
Multifamily Rate Alternative 6
URSR Ranking #3

Table A-25

Test Year 2023 Multifamily Cost of Service						\$147,727
Base Charge, \$ per Unit						
Total Customer Costs	\$35,109					
Total Units	3,417					
Minimum Charge per Unit		\$10.28				
Avg Vol in Minimum, Kgal	-					
Base Volume Rate, \$ per Kgal	\$0.00	\$0.00				
Base Charge, \$ per Unit		\$10.28				
Projected 2023 Units Billed		3,417				
Projected 2023 Base Charge Revenue				\$35,109		
Volume Rate Revenue Required						
				\$112,618		
Billed Volume, 1,000 gallons				\$9,453		
Uniform Volume Rate, All Usage, \$ per 1,000 gallons				\$11.91		

Town of Wellington, CO
Water Utility
Multifamily Rate Alternative 6
URSR Ranking #2

Table A-24

Test Year 2023 Multifamily Cost of Service						\$147,727
Base Charge, \$ per Unit						
Total Customer Costs	\$35,109					
Total Units	3,417					
Minimum Charge per Unit		\$10.28				
Avg Vol in Minimum, Kgal	1.00					
Base Volume Rate, \$ per Kgal	\$10.34					
Volume Charge		\$10.34				
Base Charge, \$ per Unit		\$20.61				
Projected 2023 Units Billed		3,417				
Projected 2023 Base Charge Revenue				\$70,426		
Volume Rate Required						
				\$77,301		
<u>Proposed Volumetric Rates</u>						
Block	% Vol	Price Ratio	Volume	Rate	Revenue	
2	24.2%	1.00	2,289	\$0.00	\$0	
5	59.6%	1.00	5,633	\$10.07	\$56,711	79%
14	15.1%	1.30	1,430	\$13.09	\$18,709	20%
9999	1.1%	1.85	101	\$18.62	\$1,882	1%
			9,453		\$77,301	

Town of Wellington, CO
Water Utility
Non-Residential/Commercial Rate Alternative 3
URSR Ranking #1

Table A-26

Test Year 2023 Non-Residential/Commercial Cost of Service				\$431,156
Fixed Charge				
<u>Meter Size</u>	<u>Charge</u>	<u>Bills</u>		
3/4 inch	\$24.07	899		
1 inch	\$35.27	222		
1.5 inch	\$61.58	32		
2 inch	\$94.97	74		
3 inch	\$235.56	8		
4 inch	\$293.54	0		
6 inch	\$574.38	0		
8 inch	\$913.96	0		
Total	\$40,400.85	1,235		\$40,401

Volume Rate Required \$390,755

Proposed Volumetric Rates

Block	% Vol	Price Ratio	Volume	Rate	Revenue
25	47.7%	1.00	13,771	\$11.70	\$161,145
120	42.3%	1.25	12,224	\$14.63	\$178,809
99999	10.0%	1.50	2,894	\$17.55	\$50,800
			28,889		\$390,755
Check			TRUE		

Town of Wellington, CO
Water Utility
Non-Residential/Commercial Rate Alternative 1
URSR Ranking #3

Table A-28

Alt 1: Base Charge by Meter Size w/Capital Recovery, Uniform Rate

Test Year 2023 Non-Residential/Commercial Cost of Service				\$431,156
Fixed Charge				
<u>Meter Size</u>	<u>Charge</u>	<u>Bills</u>		
3/4 inch	\$24.07	899		
1 inch	\$35.27	222		
1.5 inch	\$61.58	32		
2 inch	\$94.97	74		
3 inch	\$235.56	8		
4 inch	\$293.54	0		
6 inch	\$574.38	0		
8 inch	\$913.96	0		
Total	\$40,400.85	1,235		\$40,401

Volume Rate Required \$390,755
Billed Volume, 1,000 gallons 28,889
Uniform Volume Rate, All Usage, \$ per 1,000 gallons \$13.53

Town of Wellington, CO
Water Utility
Non-Residential/Commercial Rate Alternative 2
URSR Ranking #2

Table A-27

Test Year 2023 Non-Residential/Commercial Cost of Service				\$431,156
Fixed Charge				
<u>Meter Size</u>	<u>Charge</u>	<u>Bills</u>		
3/4 inch	\$24.07	899		
1 inch	\$35.27	222		
1.5 inch	\$61.58	32		
2 inch	\$94.97	74		
3 inch	\$235.56	8		
4 inch	\$293.54	0		
6 inch	\$574.38	0		
8 inch	\$913.96	0		
Total		1,235		\$40,401

Volume Rate Required \$390,755

Proposed Volumetric Rates

Block	% Vol	Price Ratio	Volume	Rate	Revenue
Winter	40.0%	1.00	11,556	\$10.40	\$120,232
Summer	60.0%	1.50	17,333	\$15.61	\$270,523
			28,889	\$13.53	\$390,755
Check			TRUE		

Distribution of commercial bill frequency

Town of Wellington, CO
Water Utility
Irrigation Rate Alternative 2
URSR Ranking #1

Table A-29

Test Year 2023 Irrigation Cost of Service				\$135,428
Fixed Charge				
	<u>Meter Size</u>	<u>Charge</u>	<u>Bills</u>	
3/4 inch		\$24.07	284	
1 inch		\$35.27	37	
1.5 inch		\$61.58	12	
2 inch		\$94.97	37	
3 inch		\$235.56	0	
4 inch		\$293.54	0	
6 inch		\$574.38	0	
8 inch		\$913.96	0	
Total			371	\$12,440
Volume Rate Required				\$122,988

Proposed Volumetric Rates

Block	% Vol	Price Ratio	Volume	Rate	Revenue
Winter	5.0%	1.00	436	\$7.23	\$3,154
Summer	95.0%	2.00	8,283	\$14.47	\$119,835
			8,719		\$122,988
Check			TRUE		

Town of Wellington, CO
Water Utility
Irrigation Rate Alternative 2
URSR Ranking #3

Table A-31

Test Year 2023 Irrigation Cost of Service				\$135,428
Fixed Charge				
	<u>Meter Size</u>	<u>Charge</u>	<u>Bills</u>	
3/4 inch		\$24.07	284	
1 inch		\$35.27	37	
1.5 inch		\$61.58	12	
2 inch		\$94.97	37	
3 inch		\$235.56	0	
4 inch		\$293.54	0	
6 inch		\$574.38	0	
8 inch		\$913.96	0	
Total		\$12,439.75	371	\$12,440
Volume Rate Required				\$122,988
Billed Volume, 1,000 gallons				8,719
Uniform Volume Rate, All Usage, \$ per 1,000 gallons				\$14.11

Town of Wellington, CO
Water Utility
Irrigation Rate Alternative 2
URSR Ranking #2

Table A-30

Test Year 2023 Irrigation Cost of Service				\$135,428
Fixed Charge				
	<u>Meter Size</u>	<u>Charge</u>	<u>Bills</u>	
3/4 inch		\$24.07	284	
1 inch		\$35.27	37	
1.5 inch		\$61.58	12	
2 inch		\$94.97	37	
3 inch		\$235.56	0	
4 inch		\$293.54	0	
6 inch		\$574.38	0	
8 inch		\$913.96	0	
Total			371	\$12,440
Volume Rate Required				\$122,988

Proposed Volumetric Rates

Block	% Vol	Price Ratio	Volume	Rate	Revenue
100	49.2%	1.00	4,291	\$10.07	\$43,199
200	21.3%	1.50	1,859	\$15.10	\$28,071
99999	29.5%	2.00	2,569	\$20.13	\$51,719
			8,719		\$122,988
Check			TRUE		

Table A-32
Town of Wellington, CO
Water Utility
Summary of 2023 Rates Under Each Selected Rate Structure

Residential							
Description	Existing Structure	3K Min, Includes Capital Charge		2K Min Includes Capital Charge		No Min, No Capital Charge	
		Structure	Charge	Structure	Charge	Structure	Charge
Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill	
3/4 inch	\$66.00	3/4 inch	\$49.71	3/4 inch	\$44.74	3/4 inch	\$24.07
1 inch	\$66.00	1 inch	\$60.91	1 inch	\$55.94	1 inch	\$35.27
1.5 inch	\$66.00	1.5 inch	\$87.22	1.5 inch	\$82.25	1.5 inch	\$61.58
2 inch	\$66.00	2 inch	\$120.61	2 inch	\$115.64	2 inch	\$94.97
Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons	
Tier 1: 0 - 15 Kgal	\$4.56	Tier 1: 0 - 3 Kgal	\$0.00	Tier 1: 0 - 2 Kgal	\$0.00	Uniform Rate, All	\$12.13
Tier 2: 5 - 30 Kgal	\$5.70	Tier 2: 3 - 7 Kgal	\$11.70	Tier 2: 2 - 7 Kgal	\$10.90		
Tier 3: > 30 Kgal	\$7.72	Tier 3: 7 - 20 Kgal	\$15.21	Tier 3: 7 - 20 Kgal	\$14.17		
		Tier 4: > 20 Kgal	\$21.64	Tier 4: > 20 Kgal	\$20.16		

Multifamily							
		3K Min, Includes Capital Charge		2K Min Includes Capital Charge		No Min, No Capital Charge	
Description	Existing	Structure	Charge	Structure	Charge	Structure	Charge
Base Rate, \$ per Unit		Minimum Charge \$ per Unit		Minimum Charge \$ per Unit		Base Rate, \$ per Unit	
All Units	\$66.00	All Units	\$30.95	All Units	\$20.61	All Units	\$10.28
Volume Rates, \$ per Kgal		Volume Rates, \$ per Kgal		Volume Rates, \$ per Kgal		Volume Rates, \$ per Kgal	
<i>Tier Thresholds Multiplies by # of Units</i>		<i>Tier Thresholds Multiplies by # of Units</i>		<i>Tier Thresholds Multiplies by # of Units</i>		Volume Rates, \$ per Kgal	
Tier 1: 0 - 15 Kgal	\$4.56	Tier 1: 0 - 3 Kgal	\$0.00	Tier 1: 0 - 2 Kgal	\$0.00	Uniform Rate, All	\$11.91
Tier 2: 5 - 30 Kgal	\$5.70	Tier 2: 3 - 5 Kgal	\$10.29	Tier 2: 2 - 5 Kgal	\$10.07		
Tier 3: > 30 Kgal	\$7.72	Tier 3: 5 - 14 Kgal	\$13.37	Tier 3: 5 - 14 Kgal	\$13.09		
		Tier 4: > 14 Kgal	\$19.03	Tier 4: > 14 Kgal	\$18.62		

Commercial							
		Inc. Capital Charge, 3-Tiered Rates		Inc. Capital Charge, Seasonal Rate		Inc. Capital Charge, Uniform Rate	
Description	Existing	Structure	Charge	Structure	Charge	Structure	Charge
Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill	
3/4 inch	\$66.00	3/4 inch	\$24.07	3/4 inch	\$24.07	3/4 inch	\$24.07
1 inch	\$103.62	1 inch	\$35.27	1 inch	\$35.27	1 inch	\$35.27
1.5 inch	\$118.73	1.5 inch	\$61.58	1.5 inch	\$61.58	1.5 inch	\$61.58
2 inch	\$126.03	2 inch	\$94.97	2 inch	\$94.97	2 inch	\$94.97
Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons	
All Usage	\$3.65	Tier 1: 0 - 25 Kgal	\$11.70	Winter (Nov - Apr)	\$10.40	All Usage	\$13.53
		Tier 2: 25 - 120 Kg	\$14.63	Summer (May - Oct)	\$15.61		
		Tier 2: > 120 Kgal	\$17.55				

Irrigation							
		Inc. Capital Charge, Seasonal Rate		Inc. Capital Charge, 3-Tiered Rates		Inc. Capital Charge, Uniform Rate	
Description	Existing	Structure	Charge	Structure	Charge	Structure	Charge
Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill	
3/4 inch	\$5.00	3/4 inch	\$24.07	3/4 inch	\$24.07	3/4 inch	\$24.07
1 inch	\$5.00	1 inch	\$35.27	1 inch	\$35.27	1 inch	\$35.27
1.5 inch	\$5.00	1.5 inch	\$61.58	1.5 inch	\$61.58	1.5 inch	\$61.58
2 inch	\$5.00	2 inch	\$94.97	2 inch	\$94.97	2 inch	\$94.97
Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons	
Tier 1: 0 - 2 Kgal	\$0.00	Winter	\$7.23	Tier 1: 0-100 kgal	\$10.07	All Usage	\$14.11
Tier 2: > 2 Kgal	\$3.65	Summer	\$14.47	Tier 2: 100-200 kgal	\$15.10		
				Tier 3: >200 kgal	\$20.13		

APPENDIX B:

**WASTEWATER UTILITY
FINANCIAL PLAN
COST OF SERVICE AND
RATE DESIGN**

Town of Wellington, CO
Wastewater Utility
Capital Expansion Fund Cash Flow Analysis

Table B-1

Line No.	Description	Budget	Projected				
		2022	2023	2024	2025	2026	2027
		\$	\$	\$	\$	\$	\$
Sources of Funds							
1	Transfer From Operating Fund	0	0	0	0	0	0
2	Grant Funding	0	0	160,000	400,000	0	0
3	Tap Fees	965,250	779,360	1,461,306	1,782,793	1,850,988	1,909,440
4	State Loan Proceeds	6,461,869	22,386,515	16,257,677	0	0	0
5	2022 GPR Loan	1,000,000	2,000,000	0	0	0	0
6	Future Loan Proceeds	0	0	0	0	0	0
7	Investment Income	29,763	22,260	13,408	6,555	1,810	1,376
8	Total Sources	8,456,882	25,188,135	17,892,391	2,189,349	1,852,798	1,910,816
Uses of Funds							
9	Expansion Related Capital Projects	8,710,630	25,327,403	16,884,936	0	0	0
10	Transfer To Operating Fund	0	0	0	1,000,000	0	(1,000,000)
Debt Service							
11	Existing	667,771	1,940,782	2,468,119	2,469,649	2,470,492	2,466,884
12	Proposed	0	0	0	0	0	0
13	Total Debt Service	667,771	1,940,782	2,468,119	2,469,649	2,470,492	2,466,884
14	Total Uses	9,378,401	27,268,185	19,353,055	3,469,649	2,470,492	1,466,884
15	Annual Surplus (Deficiency)	(921,518)	(2,080,050)	(1,460,664)	(1,280,300)	(617,694)	443,932
16	Beginning Balance	6,413,455	5,491,936	3,411,886	1,951,222	670,922	53,228
17	Ending Balance	5,491,936	3,411,886	1,951,222	670,922	53,228	497,160

Town of Wellington, CO
Wastewater Utility
Operating Fund Cash Flow Analysis

Table B-2

Line No.	Description	Budget	Projected				
		2022	2023	2024	2025	2026	2027
		\$	\$	\$	\$	\$	\$
Sources of Funds							
1	Revenue from Existing Wastewater Rates	2,028,446	2,388,223	2,453,992	2,549,447	2,656,222	2,766,737
2	Additional Revenue Required	0	119,411	251,534	401,857	572,432	764,398
3	Total Wastewater Service Rate Revenue	2,028,446	2,507,634	2,705,526	2,951,304	3,228,654	3,531,135
4	Transfer From Capital Fund	0	0	0	1,000,000	0	(1,000,000)
5	Transfer From General Fund	390,000	0	0	0	0	0
6	ARPA Funding	0	0	0	0	0	0
7	Investment Income	4,042	6,154	6,138	4,643	7,402	10,710
8	Total Sources	2,422,488	2,513,787	2,711,664	3,955,947	3,236,056	2,541,845
Uses of Funds							
9	Operation and Maintenance Expense	1,817,500	1,749,700	1,819,700	1,883,300	1,949,200	2,017,400
10	Repair and Replacement Capital	457,175	67,375	1,595,020	1,967,630	288,030	200,000
11	Transfer To Capital Expansion Fund	0	0	0	0	0	0
12	Total Uses of Funds	2,274,675	1,817,075	3,414,720	3,850,930	2,237,230	2,217,400
13	Annual Surplus (Deficiency)	147,813	696,712	(703,056)	105,017	998,826	324,445
14	Beginning Balance	734,548	882,361	1,579,073	876,017	981,034	1,979,860
15	Ending Balance	882,361	1,579,073	876,017	981,034	1,979,860	2,304,305
Target Reserves - Existing Policy							
16	Greater of 110% Debt Service or 33% O&M	734,548	2,134,860	2,714,931	2,716,614	2,717,541	2,713,572
17	Over/(Under) Reserve Target	147,813	(555,786)	(1,838,913)	(1,735,580)	(737,681)	(409,267)
Proposed Target Reserves							
18	Operations and Maintenance (90 Days O&M)	450,000	430,000	450,000	460,000	480,000	500,000
19	Capital Reserve (1-year Depreciation Expense)	0	116,401	232,802	349,203	465,604	582,005
20	Total Proposed Target Reserves	450,000	546,401	682,802	809,203	945,604	1,082,005
18	Over/(Under) Proposed Reserve Target	432,361	1,579,073	876,017	981,034	1,979,860	2,304,305
21	Annual Wastewater Revenue Increase	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
22	Cumulative Revenue Increase	0.0%	5.0%	10.3%	15.8%	21.6%	27.6%

Town of Wellington, CO
Wastewater Utility
Combined Water Enterprise Fund

Table B-3

Line No.	Description	Budget	Projected				
		2022	2023	2024	2025	2026	2027
		\$	\$	\$	\$	\$	\$
Sources of Funds							
1	Revenue from Existing Wastewater Rates	2,028,446	2,388,223	2,453,992	2,549,447	2,656,222	2,766,737
2	Additional Revenue Required	0	119,411	251,534	401,857	572,432	764,398
3	Total Wastewater Service Rate Revenue	2,028,446	2,507,634	2,705,526	2,951,304	3,228,654	3,531,135
4	Tap Fees	965,250	779,360	1,461,306	1,782,793	1,850,988	1,909,440
5	State Loan Proceeds	6,461,869	22,386,515	16,257,677	0	0	0
6	Grant Funding	0	0	160,000	400,000	0	0
7	ARPA Funding	0	0	0	0	0	0
8	Transfer From General Fund	390,000	0	0	0	0	0
9	2022 GPR Loan	1,000,000	2,000,000	0	0	0	0
10	Investment Income	33,806	28,413	19,545	11,198	9,213	12,086
11	Total Sources	10,879,370	27,701,922	20,604,055	5,145,295	5,088,854	5,452,661
Uses of Funds							
12	Operation and Maintenance Expense	1,817,500	1,749,700	1,819,700	1,883,300	1,949,200	2,017,400
Debt Service							
13	Existing	667,771	1,940,782	2,468,119	2,469,649	2,470,492	2,466,884
14	Proposed	0	0	0	0	0	0
15	Total Debt Service	667,771	1,940,782	2,468,119	2,469,649	2,470,492	2,466,884
16	Total Expansion and R&R Capital Program	9,167,805	25,394,778	18,479,956	1,967,630	288,030	200,000
17	Total Uses	11,653,076	29,085,260	22,767,775	6,320,579	4,707,722	4,684,284
18	Annual Surplus (Deficiency)	(773,706)	(1,383,338)	(2,163,720)	(1,175,284)	381,132	768,378
19	Beginning Balance	7,148,003	6,374,297	4,990,959	2,827,239	1,651,956	2,033,088
20	Ending Balance	6,374,297	4,990,959	2,827,239	1,651,956	2,033,088	2,801,466

Target Reserves							
21	Greater of 110% Debt Service or 33% O&M	734,548	2,134,860	2,714,931	2,716,614	2,717,541	2,713,572
22	Over/(Under) Reserve (Line 20 - Line 21)	5,639,749	2,856,100	112,309	(1,064,658)	(684,453)	87,893
Proposed Target Reserves							
23	Operations and Maintenance (90 Days O&M)	450,000	430,000	450,000	460,000	480,000	500,000
24	Capital Reserve (1-year Depreciation Expense)	0	116,401	232,802	349,203	465,604	582,005
25	Total Proposed Target Reserves	450,000	546,401	682,802	809,203	945,604	1,082,005
26	Over/(Under) Proposed Reserve Target (Line 20 - Line 25)	5,924,297	4,444,559	2,144,437	842,753	1,087,484	1,719,461
27	Annualized Water Service Revenue Increase	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
28	Cumulative Revenue Increase	0.0%	5.0%	10.3%	15.8%	21.6%	27.6%
Debt Service Coverage							
29	Including Tap Fee Revenue	1.81	0.81	0.96	1.16	1.27	1.39
30	Excluding Tap Fee Revenue	0.37	0.41	0.37	0.44	0.52	0.62

Town of Wellington, CO
Wastewater Utility
Budget and Projected O&M Expense

Table B-4

Line No.	Account	Title	Inflation		Budget		Projected			
			2024	2025-2027	2022	2023	2024	2025	2026	2027
					\$	\$	\$	\$	\$	\$
		Personnel Services								
1	5100	Wages & Salaries	4.0%	3.5%	331,500	840,000	873,600	904,200	935,800	968,600
2	5102	Benefits	4.0%	3.5%	145,800	279,200	290,400	300,600	311,100	322,000
3		Subtotal Personnel Services			477,300	1,119,200	1,164,000	1,204,800	1,246,900	1,290,600
		Materials & Supplies								
4	5221	Chemical	4.0%	3.5%	50,000	70,000	72,800	75,300	77,900	80,600
5	5233	R&M Machinery & Equip. Part	4.0%	3.5%	30,000	30,000	31,200	32,300	33,400	34,600
6	5241	Shop Supplies	4.0%	3.5%	2,500	1,500	1,600	1,700	1,800	1,900
7	5422	Small Tools	4.0%	3.5%	5,000	6,000	6,200	6,400	6,600	6,800
8		Subtotal Materials & Supplies			87,500	107,500	111,800	115,700	119,700	123,900
		Maintenance and Operations								
9	5228	State Discharge Permit	4.0%	3.5%	5,000	5,000	5,200	5,400	5,600	5,800
10	5231	Fuel, Oil & Grease	4.0%	3.5%	9,500	11,000	11,400	11,800	12,200	12,600
11	5339	On-line Utility Bill Pay Fees	4.0%	3.5%	16,000	20,000	20,800	21,500	22,300	23,100
12	5341	Electricity	4.0%	3.5%	115,000	129,000	134,200	138,900	143,800	148,800
13	5342	Water	4.0%	3.5%	1,200	1,200	1,200	1,200	1,200	1,200
14	5344	Natural Gas	4.0%	3.5%	10,000	7,500	7,800	8,100	8,400	8,700
15	5345	Telephone Service	4.0%	3.5%	0	0	0	0	0	0
16	5356	Professional Services	4.0%	3.5%	80,000	60,000	62,400	64,600	66,900	69,200
17	5370	PPE Allowance	4.0%	3.5%	6,500	8,500	8,800	9,100	9,400	9,700
18	5372	Uniforms	4.0%	3.5%	0	0	0	0	0	0
19	5380	Travel & Training	4.0%	3.5%	12,000	13,500	14,000	14,500	15,000	15,500
20	5384	Internet Service	4.0%	3.5%	1,600	1,300	1,400	1,400	1,400	1,400
21	5423	Sand & Gravel & Road Base	4.0%	3.5%	4,000	4,000	4,200	4,300	4,500	4,700
22	5433	R&M Supp/Service Plant	4.0%	3.5%	54,000	65,000	67,600	70,000	72,500	75,000
23	5434	R&M Supp/Service Lines	4.0%	3.5%	24,000	20,000	20,800	21,500	22,300	23,100
24	5440	Sludge Disposal	4.0%	3.5%	28,000	50,000	52,000	53,800	55,700	57,600
25	5455	Lab Supplies	4.0%	3.5%	6,500	5,000	5,200	5,400	5,600	5,800
26	5533	Equipment Rental	4.0%	3.5%	2,500	2,500	2,600	2,700	2,800	2,900
27	5554	Sewer Testing	4.0%	3.5%	18,000	40,000	41,600	43,100	44,600	46,200
28	5941	Safety & First Aid Kits	4.0%	3.5%	8,500	3,000	3,100	3,200	3,300	3,400
29	5969	Lab Equipment	4.0%	3.5%	8,000	6,500	6,800	7,000	7,200	7,500
30	5972	Confined Space Entry	4.0%	3.5%	0	0	0	0	0	0
31	TBD	R&M Pumps	4.0%	3.5%	0	25,000	26,000	26,900	27,800	28,800
32	TBD	R&M SCADA	4.0%	3.5%	0	25,000	26,000	26,900	27,800	28,800
33	TBD	Propane	4.0%	3.5%	0	5,000	5,200	5,400	5,600	5,800
34	TBD	Collection System Emergency	4.0%	3.5%	0	15,000	15,600	16,100	16,700	17,300
35		Subtotal Maintenance and Operations			410,300	523,000	543,900	562,800	582,600	602,900
36	5000	Transfer to General Fund	4.0%	3.5%	842,400	0	0	0	0	0
37		Subtotal Other Expenditures			842,400	0	0	0	0	0
38		Total Operating & Maintenance Expense			1,817,500	1,749,700	1,819,700	1,883,300	1,949,200	2,017,400

Town of Wellington, CO
Wastewater Utility
Wastewater 10-Yr Capital Improvement Plan (Uninflated)

Table B-5

Line No.	Account	Title	Projected						Total
			2022	2023	2024	2025	2026	2027	
			\$	\$	\$	\$	\$	\$	\$
		Capital Projects - Treatment:							
1	211-80-4061	WRF Expansion Engineering	1,226,761	940,888	627,259				2,794,908
2	211-80-4083	WRF Expansion Construction	7,461,869	24,386,515	16,257,677				48,106,061
3	211-80-4027	WRF Pump Replacement	22,000						22,000
4	211-80-4084	RRA and ERP				80,000			80,000
5	211-80-4085	Lightening Protection	115,000						115,000
6	211-80-4086	Security Improvements	40,000						40,000
7	211-80-4087	SCADA Hardware Upgrades	35,000						35,000
8	211-80-4088	Equipment Cooling System	10,000						10,000
9	211-80-4090	Security Fence	165,000						165,000
		Capital Projects - Collection:							
10	211-80-4062	Collection System Improvement Projects and Oversizing			200,000	200,000	200,000	200,000	800,000
11	211-80-4089	Viewpoint Lift Station Upgrades	60,000		200,000	500,000			760,000
12	211-80-4091	Sewer Over-Sizing Reimbursement	32,175	12,375	30,520	48,130			123,200
13		Sewer Over-Sizing Reimbursement - Saddleback DA			100,000	100,000	88,030		288,030
14		New Projects:							
		Vehicle Replacement		35,000					35,000
15		Orbal System Rehabilitation			1,039,500	1,039,500			2,079,000
16		MCC Equipment Cooling System		20,000					20,000
17		Gator with Plow - Equipment			25,000				25,000
18	Total Wastewater Capital Imprpovement Progra		9,167,805	25,394,778	18,479,956	1,967,630	288,030	200,000	
19	Expansion Capital		8,710,630	25,327,403	16,884,936	0	0	0	
20	Repair and Replacement Capital		457,175	67,375	1,595,020	1,967,630	288,030	200,000	
21	Total Wastewater Capital Improvement Plan (U		9,167,805	25,394,778	18,479,956	1,967,630	288,030	200,000	55,498,199

Town of Wellington, CO
Wastewater Utility
Wastewater 10-Yr Capital Improvement Plan

Table B-6

Line No.	Account	Title	Projected						Total
			2022	2023	2024	2025	2026	2027	
			\$	\$	\$	\$	\$	\$	\$
1		Capital Projects - Treatment:							
2	211-80-4061	WRF Expansion Engineering	1,226,761	940,888	627,259	0	0	0	2,794,908
3	211-80-4083	WRF Expansion Construction	7,461,869	24,386,515	16,257,677	0	0	0	48,106,061
4	211-80-4027	WRF Pump Replacement	22,000	0	0	0	0	0	22,000
5	211-80-4084	RRA and ERP	0	0	0	80,000	0	0	80,000
6	211-80-4085	Lightening Protection	115,000	0	0	0	0	0	115,000
7	211-80-4086	Security Improvements	40,000	0	0	0	0	0	40,000
8	211-80-4087	SCADA Hardware Upgrades	35,000	0	0	0	0	0	35,000
9	211-80-4088	Equipment Cooling System	10,000	0	0	0	0	0	10,000
10	211-80-4090	Security Fence	165,000	0	0	0	0	0	165,000
		Capital Projects - Collection:							
11	211-80-4062	Collection System Improvement	0	0	200,000	200,000	200,000	200,000	800,000
12	211-80-4089	Viewpoint Lift Station Upgrades	60,000	0	200,000	500,000	0	0	760,000
13	211-80-4091	Sewer Over-Sizing Reimbursement	32,175	12,375	30,520	48,130	0	0	123,200
14		Sewer Over-Sizing Reimbursement	0	0	100,000	100,000	88,030	0	288,030
		New Projects:							
15		Vehicle Replacement	0	35,000	0	0	0	0	35,000
16		Orbal System Rehabilitation	0	0	1,039,500	1,039,500	0	0	2,079,000
17		MCC Equipment Cooling System	0	20,000	0	0	0	0	20,000
18		Gator with Plow - Equipment	0	0	25,000	0	0	0	25,000
19	Total Wastewater Capital Improvement Program		9,167,805	25,394,778	18,479,956	1,967,630	288,030	200,000	55,498,199
20	Expansion Capital		8,710,630	25,327,403	16,884,936	0	0	0	50,922,969
21	Repair and Replacement Capital		457,175	67,375	1,595,020	1,967,630	288,030	200,000	4,575,230
22	Total Wastewater Capital Improvement Plan		9,167,805	25,394,778	18,479,956	1,967,630	288,030	200,000	55,498,199

Town of Wellington, CO
Wastewater Utility
Revenue Requirements, Test Year - 2023

Table B-7

Line No.	Description	Operating Expense	Capital Costs	Total
		\$	\$	\$
	Revenue Requirement			
1	Operation and Maintenance Expense	1,749,700		1,749,700
2	Repair and Replacement Capital		67,375	67,375
3	Total Revenue Requirement	1,749,700	67,375	1,817,075
	Less Revenue Offsets			
4	Transfer From Capital Fund	0		0
5	Transfer From General Fund	0		0
6	ARPA Funding		0	0
7	Investment Income	(6,154)		(6,154)
8	Change in Fund Balance		696,712	696,712
9	Total Revenue Adjustments	(6,154)	696,712	690,559
10	Net Revenue Requirement	1,743,546	764,087	2,507,634

Line No.	Description	RCLD	Billable Volume	BOD	TSS	Customer	Collection	Indirect	Total
		\$	%	%	%	%	%	%	%
Wastewater System Assets									
1	Land	88,892						100.0%	100.0%
2	Treatment	14,673,423	30.0%	40.0%	30.0%				100.0%
3	Collection	4,078,470					100.0%		100.0%
4	Interceptors	1,664,855	100.0%						100.0%
5	Machinery & Equipment	146,411						100.0%	100.0%
6	Buildings	38,871						100.0%	100.0%
7	Total	20,690,922							

[1] RCLD - Replacement cost new less accumulated depreciation. Applies to Town's asset register.

Town of Wellington, CO
Wastewater Utility
Allocation of Wastewater System Assets and Annual Capital Costs

Table B-9

Line No.	Description	RCLD	Billable Volume	BOD	TSS	Customer	Collection	Indirect	Total
		\$	\$	\$	\$	\$	\$	\$	\$
Wastewater System Assets									
1	Land	88,892	0	0	0	0	0	88,892	88,892
2	Treatment	14,673,423	4,402,027	5,869,369	4,402,027	0	0	0	14,673,423
3	Collection	4,078,470	0	0	0	0	4,078,470	0	4,078,470
4	Interceptors	1,664,855	1,664,855	0	0	0	0	0	1,664,855
5	Machinery & Equipment	146,411	0	0	0	0	0	146,411	146,411
6	Buildings	38,871	0	0	0	0	0	38,871	38,871
7	Total Wastewater System Assets	20,690,922	6,066,882	5,869,369	4,402,027	0	4,078,470	274,174	20,690,922
8	Percent of Total	100%	29.3%	28.4%	21.3%	0.0%	19.7%	1.3%	
9	Reallocation of Indirects, %		29.7%	28.7%	21.6%	0.0%	20.0%		
10	Reallocation of Indirects, \$	274,174	81,472	78,819	59,114	0	54,769		
11	Reallocated Allocated WW Assets	20,690,922	6,148,353	5,948,188	4,461,141	0	4,133,239		
12	Wastewater Cost Allocation		29.7%	28.7%	21.6%	0.0%	20.0%		
10	Test Year Capital Costs	764,087	227,050	219,658	164,744	0	152,635		

Line											
No.	Account	Title	Test Year 2023	Non-Potable/SOS	WWTP	Collection	Lift Stations	Customer Billing	Indirect	Indirect	Total
			\$	%	%	%	%	%	%	%	
Personnel Services											
1	5100	Wages & Salaries	840,000		90.0%			10.0%			100%
2	5102	Benefits	279,200		90.0%			10.0%			100%
3	Subtotal Personnel Services		1,119,200								
Materials & Supplies											
4	5221	Chemical	70,000		100.0%						100%
5	5233	R&M Machinery & Equip. Parts	30,000		95.0%		5.0%				100%
6	5241	Shop Supplies	1,500		77.0%	18.0%	5.0%				100%
7	5422	Small Tools	6,000		77.0%	18.0%	5.0%				100%
8	Subtotal Materials & Supplies		107,500								
Maintenance and Operations											
9	5228	State Discharge Permit	5,000		100.0%						100%
10	5231	Fuel, Oil & Grease	11,000		77.0%	18.0%	5.0%				100%
11	5339	On-line Utility Bill Pay Fees	20,000					100.0%			100%
12	5341	Electricity	129,000		95.0%		5.0%				100%
13	5342	Water	1,200		100.0%						100%
14	5344	Natural Gas	7,500		100.0%						100%
15	5345	Telephone Service	0		50.0%		50.0%				100%
16	5356	Professional Services	60,000							100.0%	100%
17	5370	PPE Allowance	8,500		77.0%	18.0%	5.0%				100%
18	5372	Uniforms	0		77.0%	18.0%	5.0%				100%
19	5380	Travel & Training	13,500		77.0%	18.0%	5.0%				100%
20	5384	Internet Service	1,300		100.0%						100%
21	5423	Sand & Gravel & Road Base	4,000			100.0%					100%
22	5433	R&M Supp/Service Plant	65,000		100.0%						100%
23	5434	R&M Supp/Service Lines	20,000			95.0%	5.0%				100%
24	5440	Sludge Disposal	50,000		100.0%						100%
25	5455	Lab Supplies	5,000		100.0%						100%
26	5533	Equipment Rental	2,500							100.0%	100%
27	5554	Sewer Testing	40,000		100.0%						100%
28	5941	Safety & First Aid Kits	3,000		77.0%	18.0%	5.0%				100%
29	5969	Lab Equipment	6,500		100.0%						100%
30	5972	Confined Space Entry	0		77.0%	18.0%	5.0%				100%
31	TBD	R&M Pumps	25,000				100.0%				100%
32	TBD	R&M SCADA	25,000				100.0%				100%
33	TBD	Propane	5,000							100.0%	100%
34	TBD	Collection System Emergency Repair	15,000			100.0%					100%
35	Subtotal Maintenance and Operations		523,000								
36	Total Operating & Maintenance Expense		\$1,749,700	\$0	\$1,443,325	\$45,830	\$61,125	\$131,920	\$0	\$67,500	

Line No	Description	Total	Billable Volume	BOD	TSS	Customer	Collection	Indirect	Total
		\$	%	%	%	%	%	%	
Fuctionalized O&M Expenses									
1	Non-Potable/SOS	0							0.0%
2	WWTP	1,443,325	30.0%	40.0%	30.0%				100.0%
3	Collection	32,545	29.0%				71.0%		100.0%
4	Interceptors	13,285	100.0%						100.0%
5	Lift Stations	61,125	100.0%						100.0%
6	Customer Billing	131,920				100.0%			100.0%
7	Indirect	0	25.0%			75.0%			100.0%
8	Indirect	67,500						100.0%	100.0%
9	Total Functionalized O&M	1,749,700							

Town of Wellington, CO
Wastewater Utility
Allocation of O&M Expenses

Table B-11

Line No.	Description	Total	Billable Volume	BOD	TSS	Customer	Collection	General	Total
		\$	\$	\$	\$	\$	\$	\$	
	Functionalized O&M Expenses								
1	Non-Potable/SOS	0	0	0	0	0	0	0	0
2	WWTP	1,443,325	432,998	577,330	432,998	0	0	0	1,443,325
3	Collection	32,545	9,434	0	0	0	23,111	0	32,545
4	Interceptors	13,285	13,285	0	0	0	0	0	13,285
5	Lift Stations	61,125	61,125	0	0	0	0	0	61,125
6	Customer Billing	131,920	0	0	0	131,920	0	0	131,920
7	Indirect	0	0	0	0	0	0	0	0
8	Indirect	67,500	0	0	0	0	0	67,500	67,500
9	Total Functionalized O&M	1,749,700	516,842	577,330	432,998	131,920	23,111	67,500	1,749,700
10	Percent of Total	100%	29.5%	33.0%	24.7%	7.5%	1.3%	3.9%	
11	Reallocate Indirects, %	100.0%	30.7%	34.3%	25.7%	7.8%	1.4%		
12	Reallocate Indirect, \$	67,500	20,739	23,166	17,374	5,293	927		
13	Reallocated O&M	1,749,700	537,580	600,496	450,372	137,213	24,038		
14	Percent of Total	100%	30.7%	34.3%	25.7%	7.8%	1.4%		
15	Test Year O&M Allocation	1,743,546	535,690	598,384	448,788	136,731	23,954		

Line No.	Customer Class	Billable Volume 1,000 gal	BOD mg/l	BOD lbs/yr	TSS mg/l	TSS lbs/yr	Dwelling Units	Accounts	Bills
1	Residential	186,962	255	397,870	175	273,048	3,943	3,943	47,319
2	Commercial	18,985	255	40,402	175	27,727	112	112	1,348
3	Multifamily	8,550	255	18,195	175	12,487	285	48	570
4	Total	214,498		456,468		313,262	4,341	4,103	49,237
		TRUE		TRUE		TRUE			

Line No.	Description	Total	Billable Volume	BOD	TSS	Customer	Collection	Indirect
Cost of Service								
1	Operation and Maintenance Expense	1,743,546	535,690	598,384	448,788	136,731	23,954	0
2	Capital Cost	764,087	227,050	219,658	164,744	0	152,635	0
3	Total Cost of Service	2,507,634	762,740	818,043	613,532	136,731	176,589	0
4	Allocation of General Cost	0	0	0	0	0	0	0
5	Adjusted Cost of Service	2,507,634	762,740	818,043	613,532	136,731	176,589	0
Units of Service								
Units			Flow	lbs	lbs	Bills/Yr	Bills/Yr	
6	Total Units of Service		214,498	456,468	313,262	49,237	49,237	
7	Unit Costs		\$3.56	\$1.79	\$1.96	\$2.78	\$3.59	

Line No.	Description	Total	Volume	BOD	TSS	Customer	Collection
		\$	\$	\$	\$	\$	\$
1	Unit Costs of Service - \$/unit		\$3.56	\$1.79	\$1.96	\$2.78	\$3.59
	Customer Class						
2	Residential	2,213,741	664,826	713,029	534,772	131,405	169,710
3	Commercial	202,799	67,511	72,406	54,304	3,743	4,835
4	Multifamily	91,094	30,403	32,608	24,456	1,583	2,044
5	Inactive	0	0	0	0	0	0
6	Irrigation	0	0	0	0	0	0
7	Total Cost of Service	\$2,507,634	\$762,740	\$818,043	\$613,532	\$136,731	\$176,589

Town of Wellington, CO
Wastewater Utility
Comparison of Cost of Service With Revenues Under Existing Rates

Table B-15

Line No.	Customer Class	2023 Cost of Service	2023 Revenue Under Existing Rates	Change - \$	Change - %
1	Residential	\$2,213,741	\$2,061,995	\$151,746	7.4%
2	Commercial	202,799	207,246	(4,447)	-2.1%
3	Multifamily	91,094	118,982	(27,888)	-23.4%
4	Total	\$2,507,634	\$2,388,223	\$119,411	5.0%

Town of Wellington, CO
Wastewater Utility
Development of Base Rate

Table B-16

Cost Component	COS	Units	Unit Cost
Customer	136,731	49,237	2.78
Collection	176,589	49,237	3.59
Capital Charge	373,411	49,237	7.58
Base Rate, \$ per Bill			13.95

Description	Units
Existing Rate Structure	
Monthly Base Fee, \$ per Unit	\$31.00
Volume Rate, \$ per 1,000 gallons [1]	\$10.00

Recommended Rate Structure	
Monthly Service Charge, \$ per Bill	\$6.36
Monthly Capital Charge, \$ per Bill	\$7.58
Total Monthly Base Rate, \$ per Bill	\$13.95
Volume Rate, \$ per 1,000 gallons [3]	\$8.02
Extra Stregnth Surcharges (Commercial Customers Only)	
BOD (Concentrations > 250 mg/l), \$ per lb	\$1.79
TSS (Cocentrations > 250 mg/l), \$ per lb	\$1.96

[1] Residential, multifamily, and commercial billable volume

Residential/Multifamily/Commercial Normal Strength		Residential Only	
Alternative 1: Base Rate + Volume Rate (AWC), \$ per 1,000 gallons		Alternative 2: Flat Rate, \$ per Bill	
Test Year 2023 Cost of Service (Res, MF, Comm)	\$2,507,634	Residential Cost of Service	\$2,213,741
Base Rate Revenue		Residential Bills	47,319
Bills	49,237	Fixed Charge, \$ per Bill	\$46.78
Base Rate, \$ per bill	\$13.95		
Base Rate Revenue	\$686,731		
Volume Rate Revenue	\$1,820,903		
Billable Water Use	214,498		
Volume Rate, \$ per 1,000 gallons	\$8.49		
[1] Includes all classes cost of service, bills, and billable volume			
[2] AWC: Billable volume is the average monthly water use from December - February			

Multifamily			
Alternative 1: Fixed Charge by Unit + Volume Rate (AWC)		Alternative 2: Flat Rate per Unit, \$ per Unit	
Test Year 2023 CCOS (Res, MF, Comm)	\$2,507,634	MF COS	\$91,094
Total Test Year Bills	49,237	Billed Units (Units x 12 bills)	3,420
Base Rate, \$ per Bill	\$13.95	Cost per Unit	\$26.64
Multifamily Bills	1,348		
Total Multifamily Base Rate Rev	\$18,801		
Billed Units (Units x 12 bills)	3,420		
Unit Charge, \$ per Unit per Bill	\$5.50		
Volume Rate, \$ per 1,000 gallons	\$8.49		

Residential/Multifamily/Commercial Structure Normal Strength, Actual Comm Usage			
Test Year 2023 Cost of Service		\$2,507,634	
Base Rate Revenue			
Bills	47,319		
Base Rate, \$ per Bil	\$13.95		
Base Rate Revenue		\$659,980	
Volume Rate Revenue		\$1,847,654	
Volumes, 1,000 gallons			
Residential	186,962		
Extra Strength Customers			
BOD Charge, \$ per pound	\$1.79		
TSS Charge, \$ per pound	\$1.96		

Town of Wellington

2022 Water and Wastewater Rate and Fee Study

October 4, 2022





Agenda



Rate study goals and objectives



Tap fees



Financial plan findings



Cost of service and rate design



Typical bill comparison

The Town's rates and fees must:



Fund Operations



Fund Capital Projects



Maintain Reserves and DSC



Fund Growth



Ensure Customer Rate Equity

How we'll get there



Fund Operations



Fund Capital Projects



Maintain Reserves and DSC



Fund Growth



Ensure Customer Rate Equity



Rate Revenues

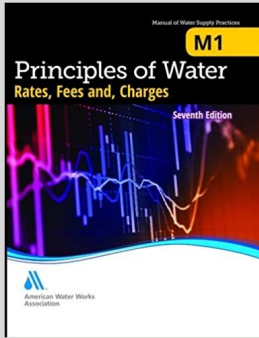


Tap Fees

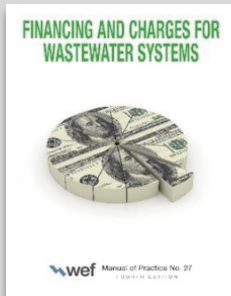


Bonds and Loans

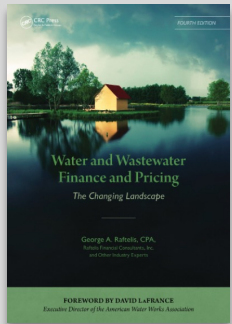
Guided by industry-standard financial planning and rate-setting approaches



American Water Works Association,
Manual M-1, Principles of Rates, Fees, and Charges



Water Environment Federation
Financing and Charges for Wastewater Systems



Raftelis Financial Consultants
Water and Wastewater Finance and Pricing

Water rate structure pricing objectives



- Encourage the wise use of water



- Proportionate cost recovery between classes – no subsidies between classes



- Equitable cost recovery between low volume (low peak) and high volume (high peak) customers

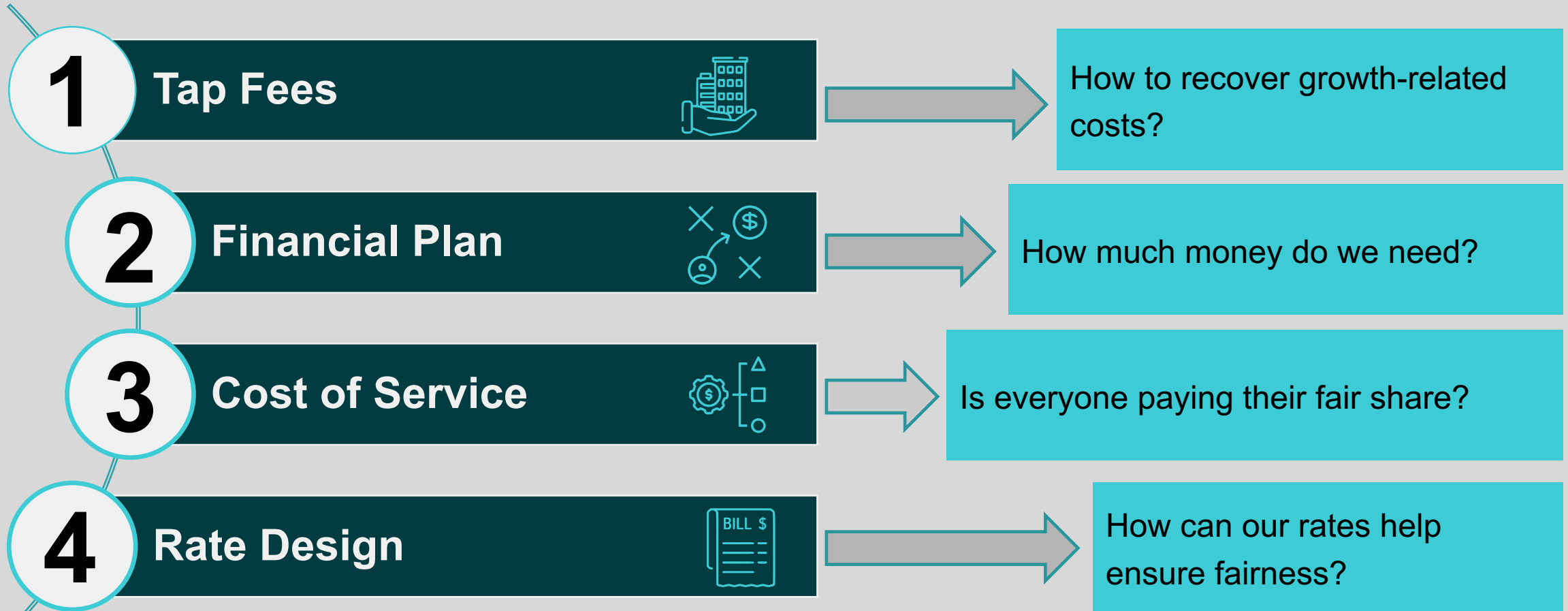


- Maintain revenue stability



- *Result: A few modifications for your consideration*

Rate study process



Tap Fees



What are tap fees?



- One-time charge to new development to recover their required share of system capacity



- Can be used to pay for carrying costs on growth-related debt service



- Based on the value of backbone facilities' capacity the the amount of capacity needed by the new development



- Mechanism to balance equity between new development and existing customers

Colorado Revised Statute requirements



- Compliant with State Statute 29.20.104.5



- Assessed in proportion to impact



- Reasonably tied to new development (rational nexus)



- May not be used to fund repairs



- Excludes contributed assets and assets with less than a 5 year life

Tap fee summary



- Recent facility expansions have increased the value of the backbone water and wastewater system



- The calculated tap fee align the service provided to new development and the cost to provide the service



- Calculated tap fees will fund the facility expansions as well as the interest costs on the loans used to fund facilities



- ***Result: Increase to both water and wastewater tap fees***

Comparison of existing and calculated water tap fees

Class & Meter Size	Maximum Safe/ Intermittent Flow (gpd)	Equivalent Meter Ratio	Current Tap Fees	Calculated Tap Fees	Change - \$
Residential – SF					
3/4"	35	1.0	\$7,750	\$10,437	\$2,687
Multifamily, per dwelling unit		0.7	\$7,750	\$7,306	(\$444)
Commercial & Irrigation					
3/4"	35	1.0	\$7,750	\$10,437	\$2,687
1"	55	1.6	\$12,179	\$16,699	\$4,520
1.5"	160	4.6	\$35,429	\$48,010	\$12,581
2"	200	5.7	\$44,286	\$59,491	\$15,205
> 2" [3]		Calculated	Calculated	Calculated	

[1] Ratios provided by Sensus meters which are used currently by the Town.

[2] Multifamily tap fee recommendation from Staff and Raftelis: Dwellings served by a common meter would be assessed a tap fee equal to 70% of the ¾" meter fee of \$10,437 or \$7,306 per dwelling unit.

[3] Meter sizes greater than 2" are determined on an individual basis based on the specific demand that development.

Comparison of existing and calculated wastewater tap fees

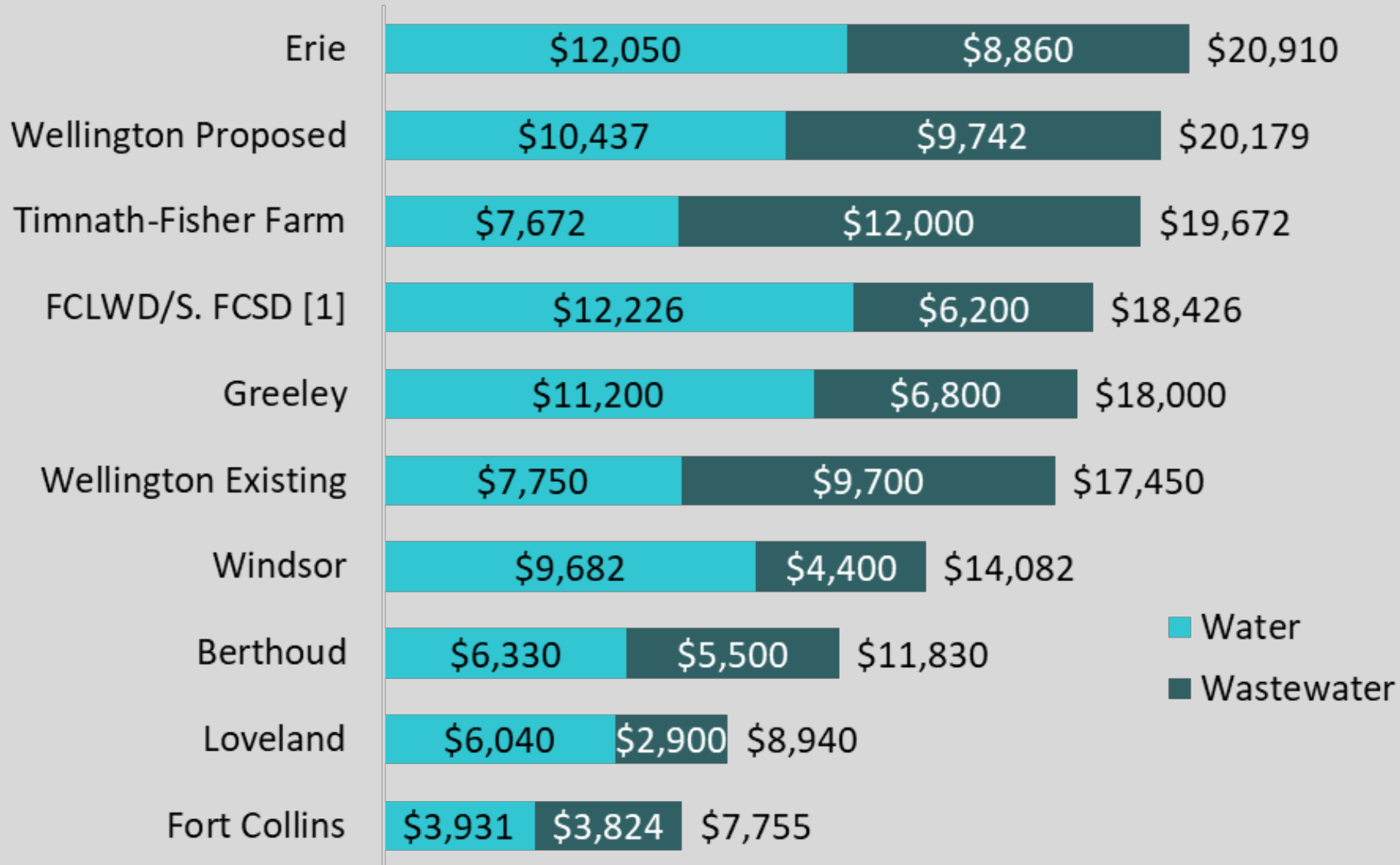
Current Tap Fee Structure		Calculated Tap Fee Structure		
Sewer Line Size (inches)	Fee	Development	Meter Ratio	Calculated Tap Fee
		Type/Meter Size (inches)		
4" Line	\$9,700	Single-Family	1.00	\$9,742
		Multifamily per dwelling	0.70	\$6,819
		Commercial/Industrial		
6" Line	\$28,379	¾"	1.00	\$9,742
		1"	1.60	\$15,587
		1 ½"	4.60	\$44,813
		2"	5.70	\$55,529
		>2" [3]	Calculated	

[1] Ratios provided by

[2] Multifamily tap fee recommendation from Staff and Raftelis: Dwellings served by a common meter would be assessed a tap fee equal to 70% of the ¾" meter fee of \$9,742 or \$6,819 per dwelling unit.

[3] Meter sizes greater than 2" are determined on an individual basis based on the specific flow and strength characteristics of that development.

Peer utility tap fee survey

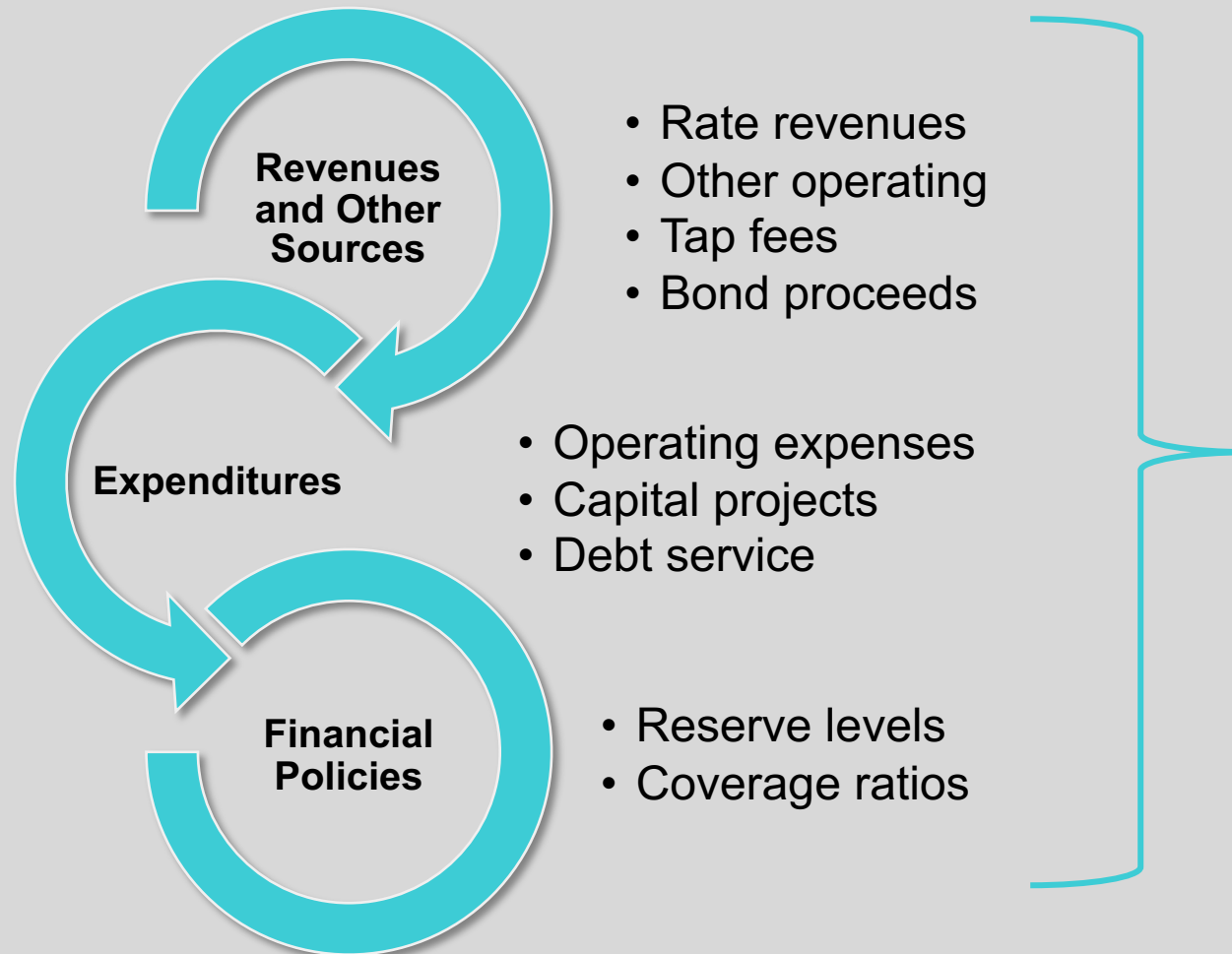


Financial Plan



Financial planning process

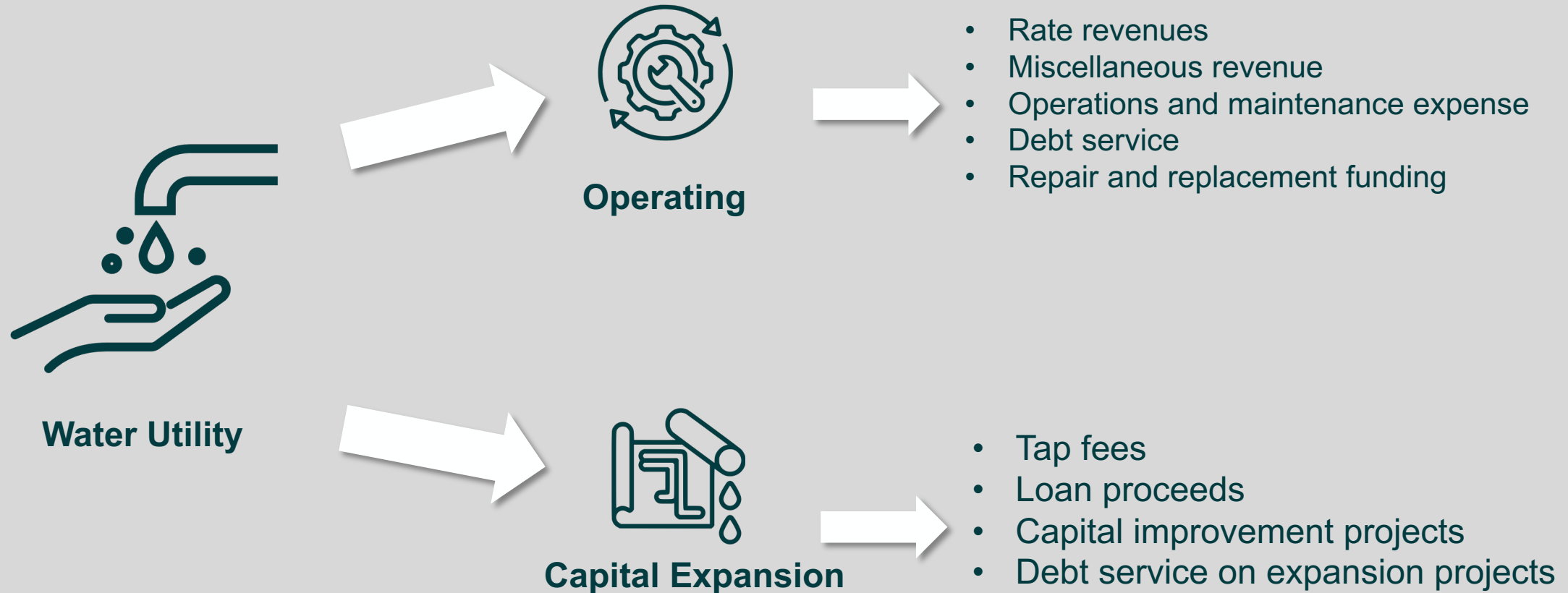
What is the revenue required to meet expenditures?



Multi-Year Financial Plan

Water and wastewater utility flow of funds

Match like revenues and expenditures



Water and wastewater financial plan goals



- Meet annual operating expenses



- Meet and build reserves through study period



- Maintain net income at sufficient levels to meet debt service coverage with and without plant investment fee revenue



- Maintain rates to fund on-going repair and replacement projects

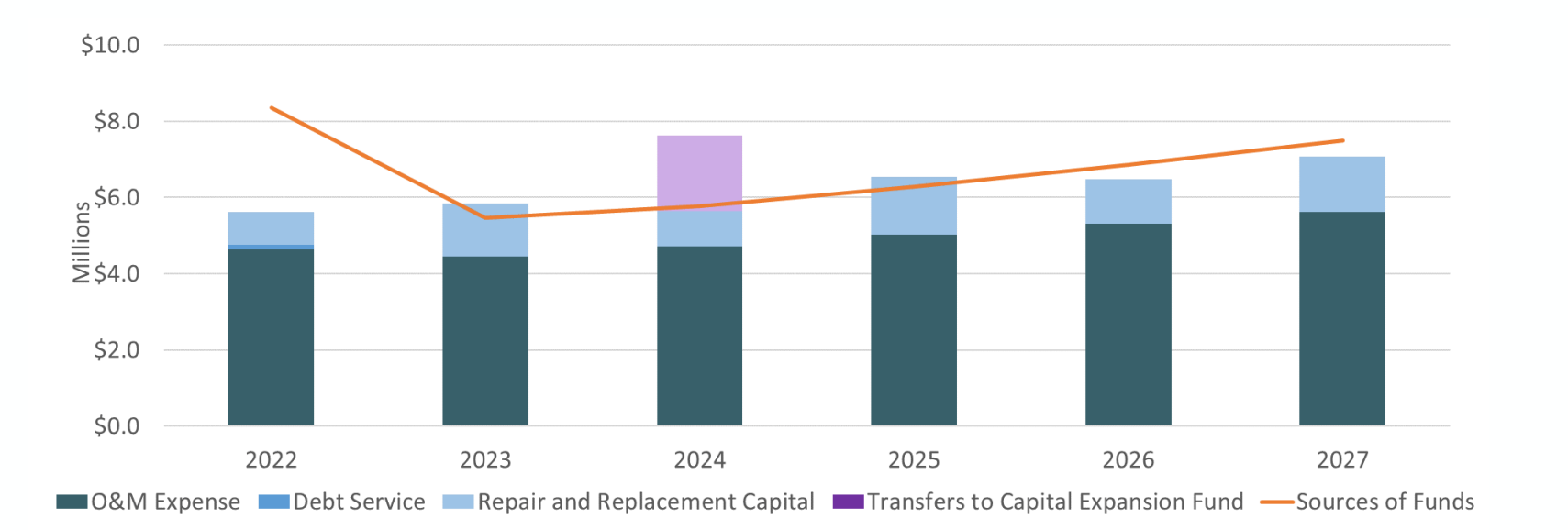


- *Goal: Minimize annual revenue adjustments*

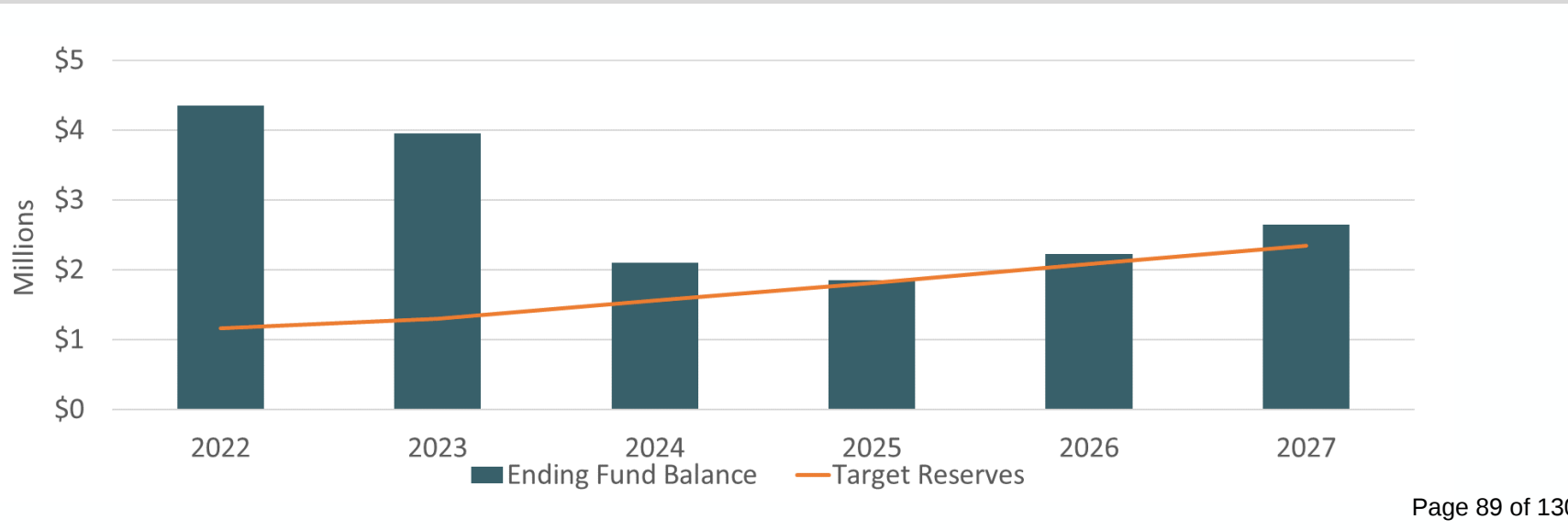
6-year water operating fund cash flow

5% annual increase in water rate revenue

Operating
Revenues and
Expenditures



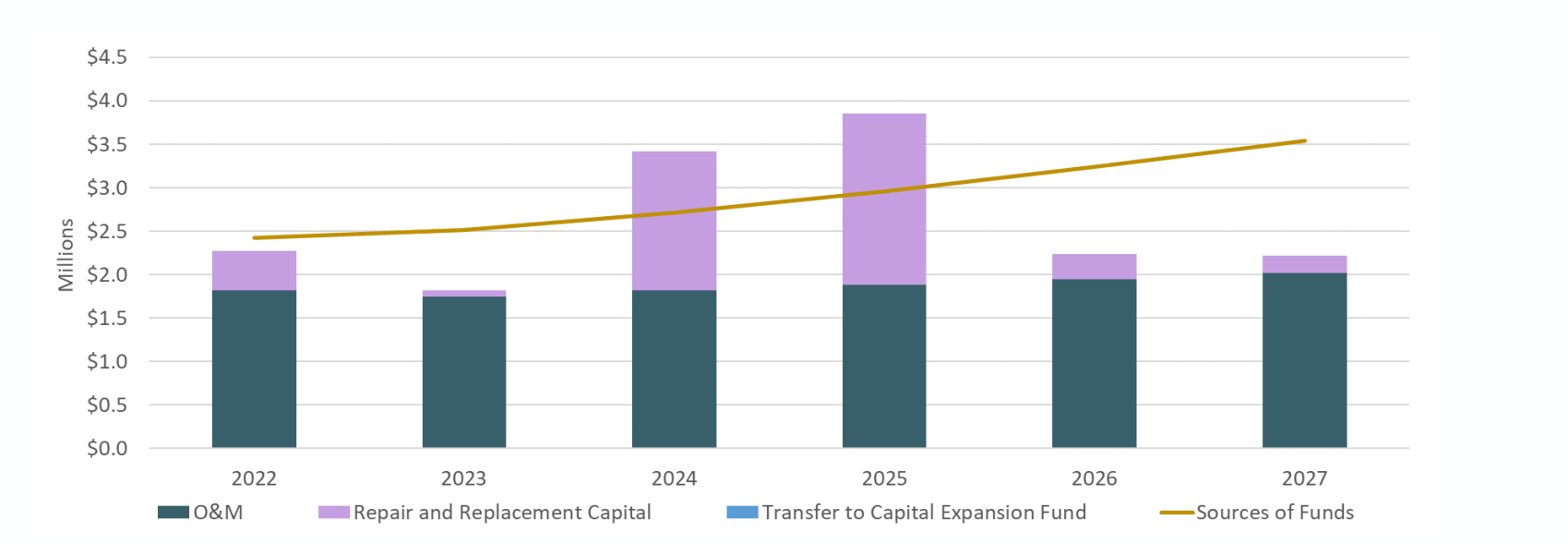
Operating
Ending Fund
Balance and
Target
Reserves



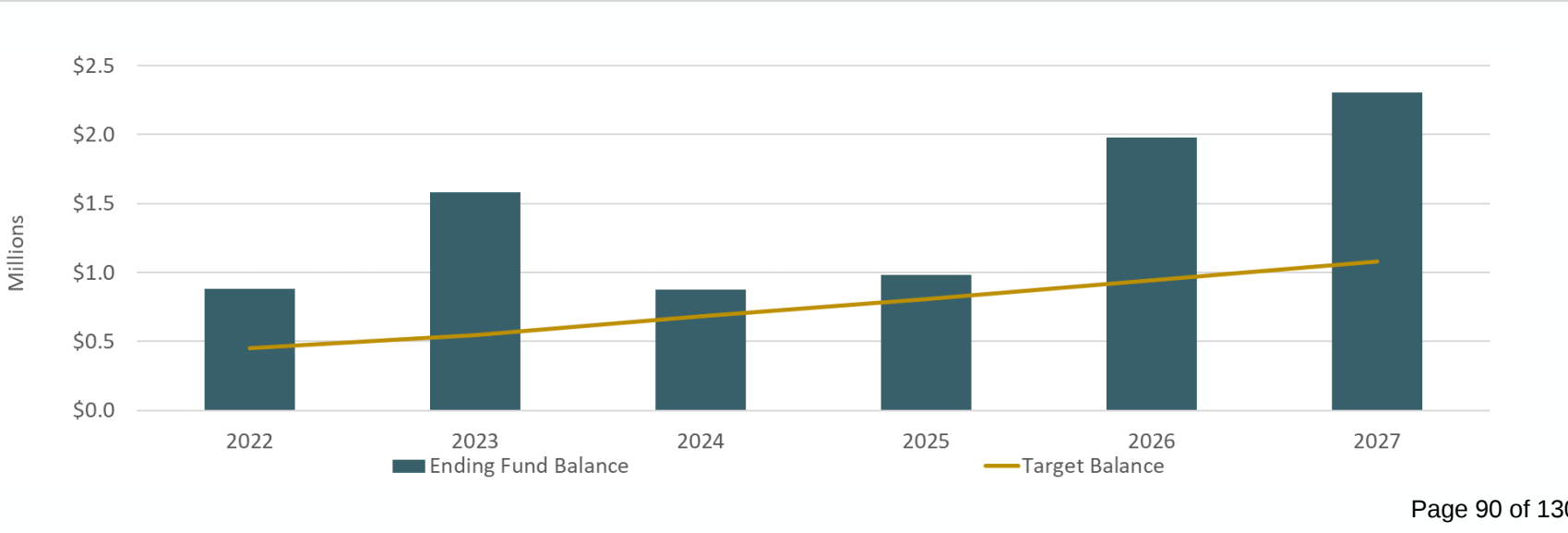
6-year wastewater operating fund cash flow

5% annual increase in wastewater rate revenue

Operating
Revenues and
Expenditures



Operating
Ending Fund
Balance and
Target
Reserves

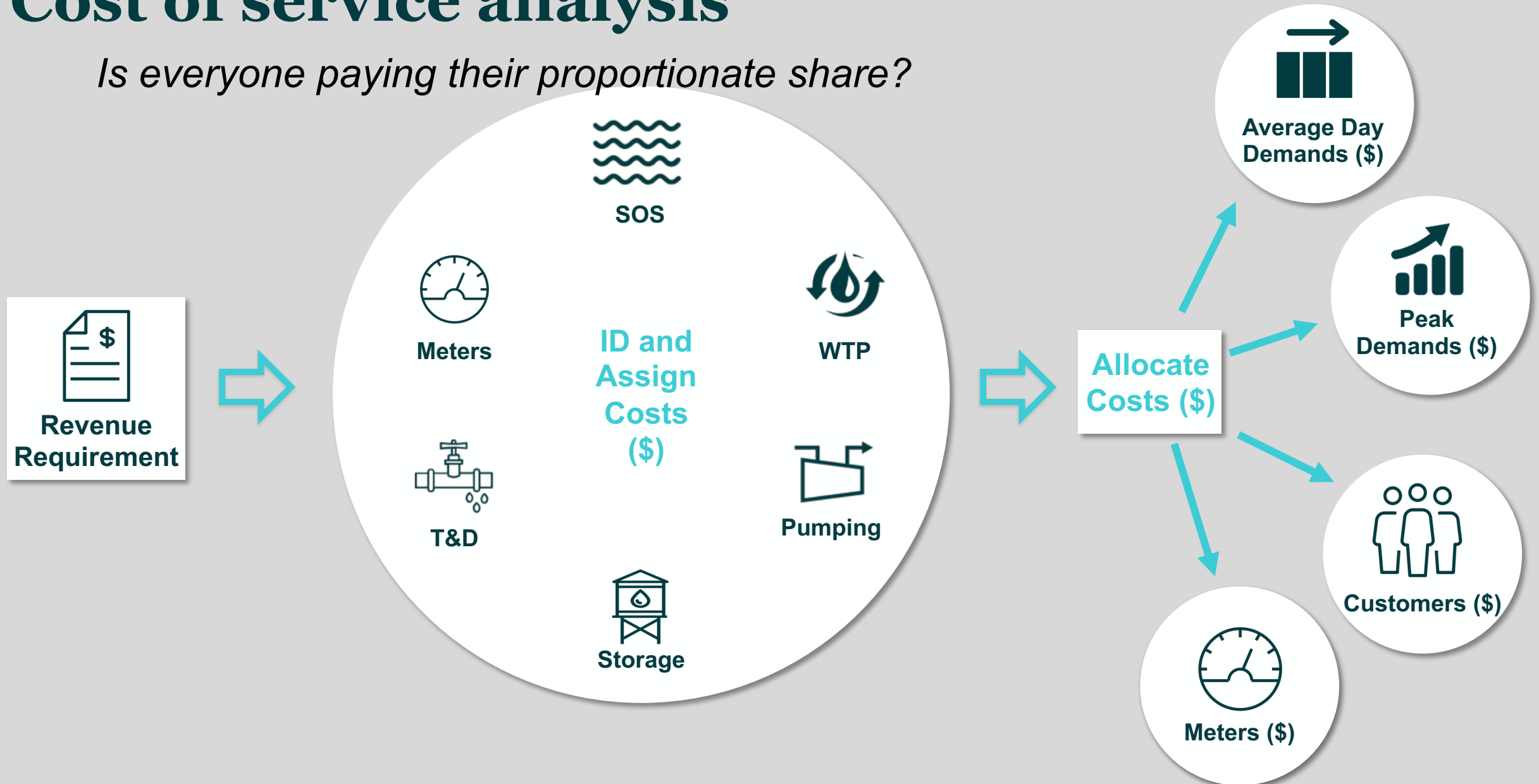


Cost of Service



Cost of service analysis

Is everyone paying their proportionate share?



1

Allocate Operational
and Design Criteria
Costs



Average Day
Demands (\$)



Peak
Demands (\$)



Meters (\$)



Customers (\$)



2

Determine Demand
Characteristics by Class



Average Day
Demands (gal)



Peak Demands,
gpd



Meters,
Count



Customers,
Count



3

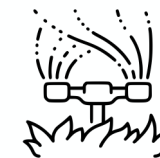
Distribute
Proportionately



Residential (\$)



Commercial (\$)



Irrigation

Water 2023 cost of service results

Line No	Customer Class	2023 Cost of Service	2023 Revenue at Existing Rates	Change - \$
1	Residential	\$4,577,197	\$4,515,812	\$61,385
2	Multifamily	\$134,297	\$268,753	(\$134,456)
3	Irrigation	\$165,330	\$40,312	\$125,018
4	Non-Residential/Commercial	\$431,156	\$230,342	\$200,814
5	Total System	\$5,307,980	\$5,055,219	\$252,761

Wastewater 2023 cost of service results

Line No.	Customer Class	2023 Cost of Service	2023 Revenue Under Existing Rates	Change - \$
1	Residential	\$2,213,741	\$2,061,995	\$151,746
2	Commercial	202,799	207,246	(4,447)
3	Multifamily	91,094	118,982	(27,888)
4	Total System	\$2,507,634	\$2,388,223	\$119,411

Proposed Rate Structures



Rate structure pricing objectives



- Send pricing signal allowing customers to adjust usage habits



- Proportionate cost recovery between classes – no subsidies between classes



- Equitable cost recovery between low volume (low peak) and high volume (high peak) customers



- Maintain revenue stability



- *Result: A few modifications for your consideration*

Water



Residential and multifamily rate structure alternatives



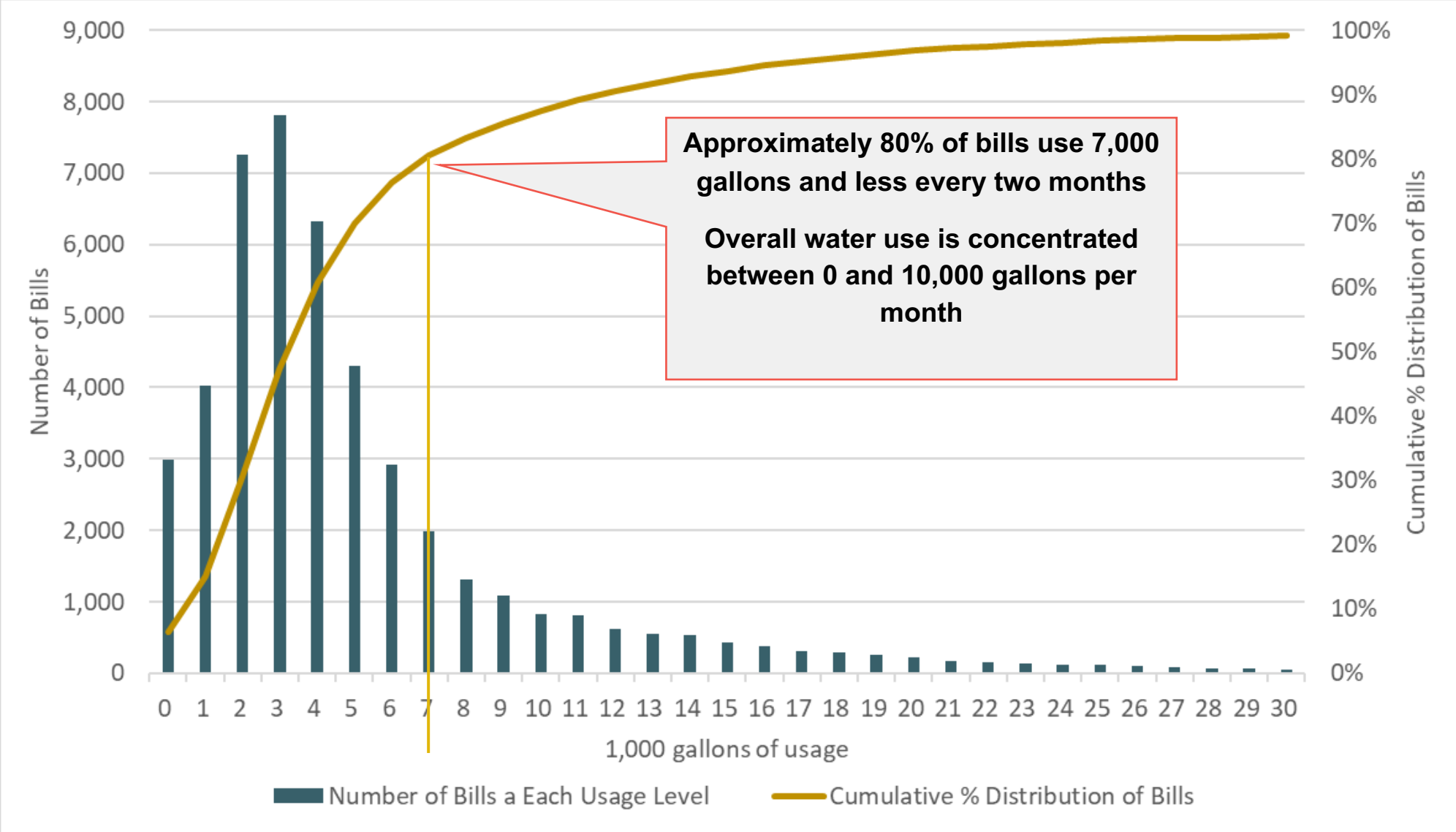
- **Alternative 1**
 - Base rate by meter size, 3,000-gallon essential use minimum
 - 3-tiered increasing block structure
 - Tier 1: Indoor usage (included in minimum)
 - Tier 2: Indoor and average outdoor use
 - Tier 3: Above average outdoor use
- **Alternative 2**
 - Base rate by meter size, 2,000-gallon essential use minimum
 - 3-tiered increasing block structure
 - Tier 1: Indoor usage (included in minimum)
 - Tier 2: Indoor and average outdoor use
 - Tier 3: Above average outdoor use

Residential and multifamily rate structure alternatives



- **Alternative 3**
 - Base rate by meter size, no minimum volume allowance
 - Uniform volume rate

Residential usage distribution aligns well with tiered rate structure



2023 water residential cost of service rate alternatives

Residential							
Description	Existing	3K Min, Includes Capital Charge		2K Min Includes Capital Charge		No Min, No Capital Charge	
	Structure	Structure	Charge	Structure	Charge	Structure	Charge
Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill	
3/4 inch	\$66.00	3/4 inch	\$49.71	3/4 inch	\$44.74	3/4 inch	\$24.07
1 inch	\$66.00	1 inch	\$60.91	1 inch	\$55.94	1 inch	\$35.27
1.5 inch	\$66.00	1.5 inch	\$87.22	1.5 inch	\$82.25	1.5 inch	\$61.58
2 inch	\$66.00	2 inch	\$120.61	2 inch	\$115.64	2 inch	\$94.97
Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons	
Tier 1: 0 - 15 Kgal	\$4.56	Tier 1: 0 - 3 Kgal	\$0.00	Tier 1: 0 - 2 Kgal	\$0.00	Uniform Rate, All I	\$12.13
Tier 2: 5 - 30 Kgal	\$5.70	Tier 2: 3 - 7 Kgal	\$11.70	Tier 2: 2 - 7 Kgal	\$10.90		\$0.00
Tier 3: > 30 Kgal	\$7.72	Tier 3: 7 - 20 Kgal	\$15.21	Tier 3: 7 - 20 Kgal	\$14.17		\$0.00
		Tier 4: > 20 Kgal	\$21.64	Tier 4: > 20 Kgal	\$20.16		\$0.00

2023 water multifamily cost of service rate alternatives

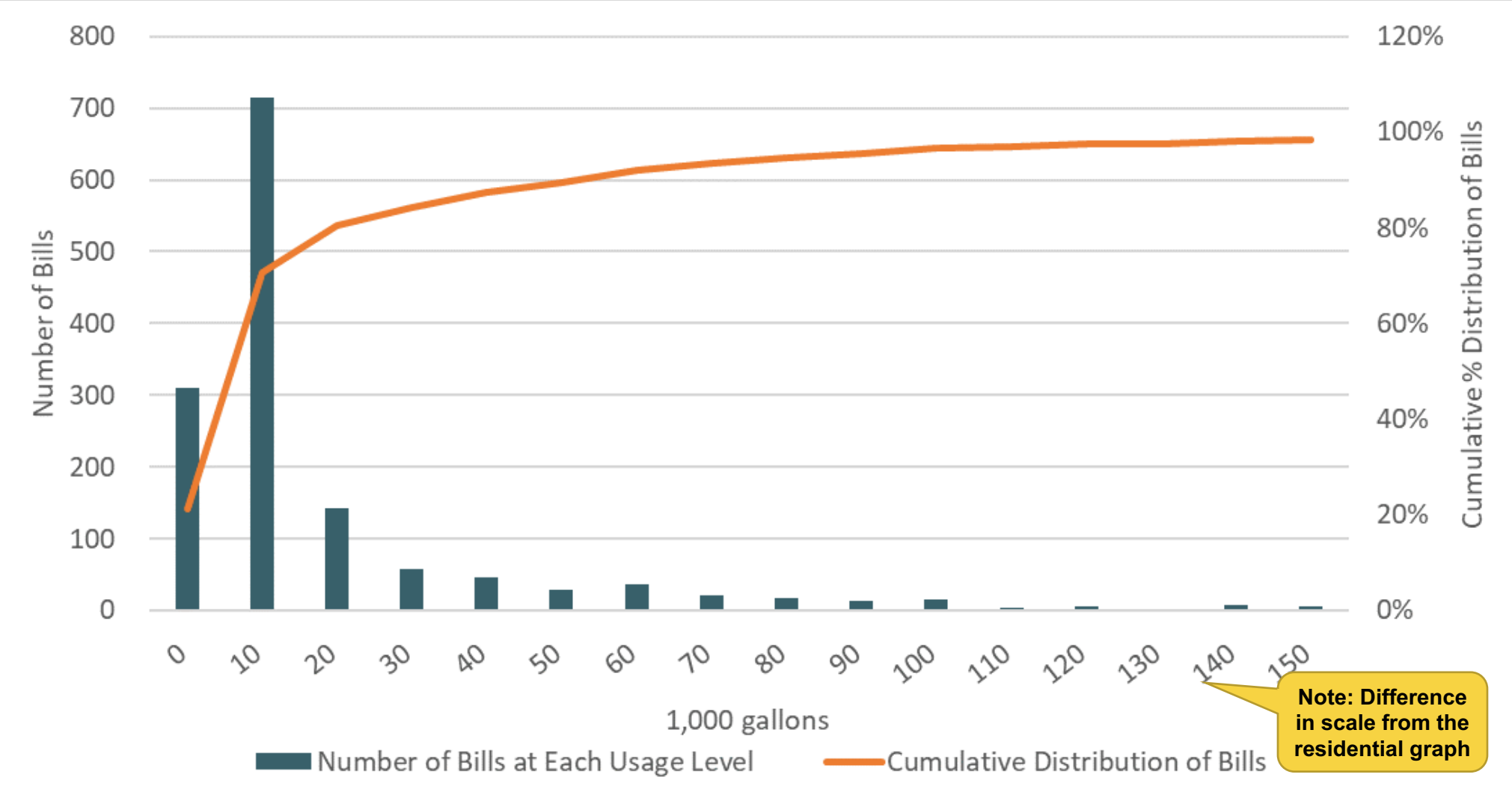
Multifamily							
		3K Min, Includes Capital Charge		2K Min Includes Capital Charge		No Min, No Capital Charge	
Description	Existing	Structure	Charge	Structure	Charge	Structure	Charge
Base Rate, \$ per Unit		Minimum Charge \$ per Unit		Minimum Charge \$ per Unit		Base Rate, \$ per Unit	
All Units	\$66.00	All Units	\$30.95	All Units	\$20.61	All Units	\$10.28
			\$0.00		\$0.00		\$0.00
Volume Rates, \$ per Kgal		Volume Rates, \$ per Kgal		Volume Rates, \$ per Kgal		Volume Rates, \$ per Kgal	
<i>Tier Thresholds Multiplies by # of Units</i>		<i>Tier Thresholds Multiplies by # of Units</i>		<i>Tier Thresholds Multiplies by # of Units</i>		<i>Tier Thresholds Multiplies by # of Units</i>	
Tier 1: 0 - 15 Kgal	\$4.56	Tier 1: 0 - 3 Kgal	\$0.00	Tier 1: 0 - 2 Kgal	\$0.00	Uniform Rate, All I	\$11.91
Tier 2: 5 - 30 Kgal	\$5.70	Tier 2: 3 - 5 Kgal	\$10.29	Tier 2: 2 - 5 Kgal	\$10.07		\$0.00
Tier 3: > 30 Kgal	\$7.72	Tier 3: 5 - 14 Kgal	\$13.37	Tier 3: 5 - 14 Kgal	\$13.09		\$0.00
		Tier 4: > 14 Kgal	\$19.03	Tier 4: > 14 Kgal	\$18.62		\$0.00

Commercial rate structure alternatives



- **Alternative 1**
 - Base fee per bill which varies by meter size
 - 3-tiered volume rate
- **Alternative 2**
 - Base fee per bill which varies by meter size
 - Seasonal rate (Winter/Summer)
- **Alternative 3**
 - Base fee per bill which varies by meter size
 - Uniform rate

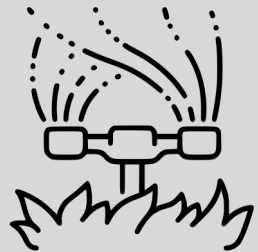
Greater diversity of demand for commercial customers



2023 water commercial cost of service rate alternatives

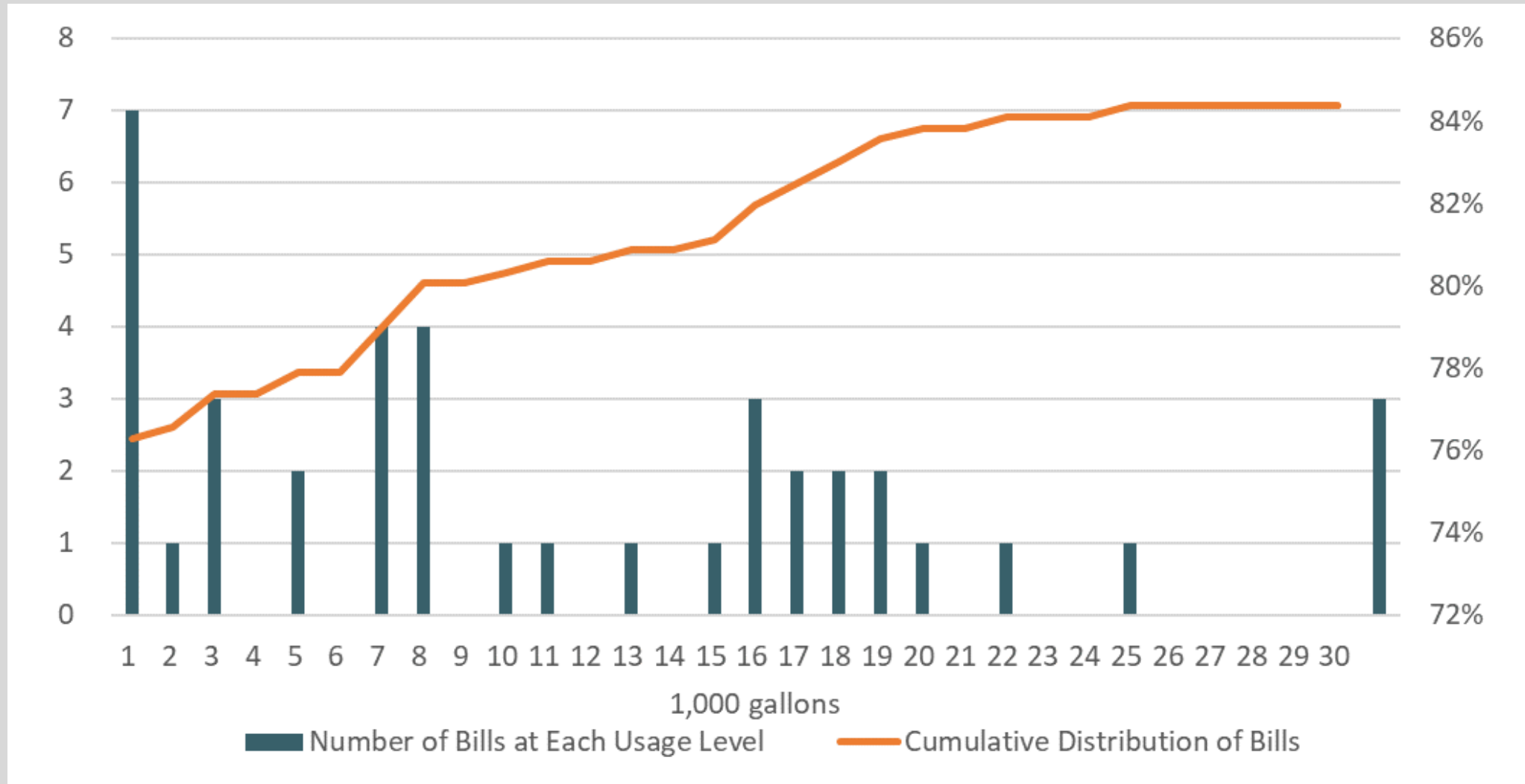
Commercial							
Description		Inc. Capital Charge, 3-Tiered Rates		Inc. Capital Charge, Seasonal Rate		Inc. Capital Charge, Uniform Rate	
		Existing	Structure Charge	Structure	Charge	Structure	Charge
Base Rate, \$ per Bill			Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill
3/4 inch	\$66.00		3/4 inch \$24.07		3/4 inch \$24.07		3/4 inch \$24.07
1 inch	\$103.62		1 inch \$35.27		1 inch \$35.27		1 inch \$35.27
1.5 inch	\$118.73		1.5 inch \$61.58		1.5 inch \$61.58		1.5 inch \$61.58
2 inch	\$126.03		2 inch \$94.97		2 inch \$94.97		2 inch \$94.97
Volume Rates, \$ per 1,000 gallons			Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons
All Usage	\$4.65		Tier 1: 0 - 25 Kgal \$11.70		Winter (Nov - Apr) \$10.40		All Usage \$13.53
			Tier 2: 25 - 120 Kgal \$14.63		Summer (May - Oct) \$15.61		
			Tier 2: > 120 Kgal \$17.55				

Irrigation rate structure alternatives



- **Alternative 1**
 - Base fee per bill which varies by meter size
 - Seasonal rate (Winter/Summer)
- **Alternative 2**
 - Base fee per bill which varies by meter size
 - 3-tiered volume rate
- **Alternative 3**
 - Base fee per bill which varies by meter size
 - Uniform rate

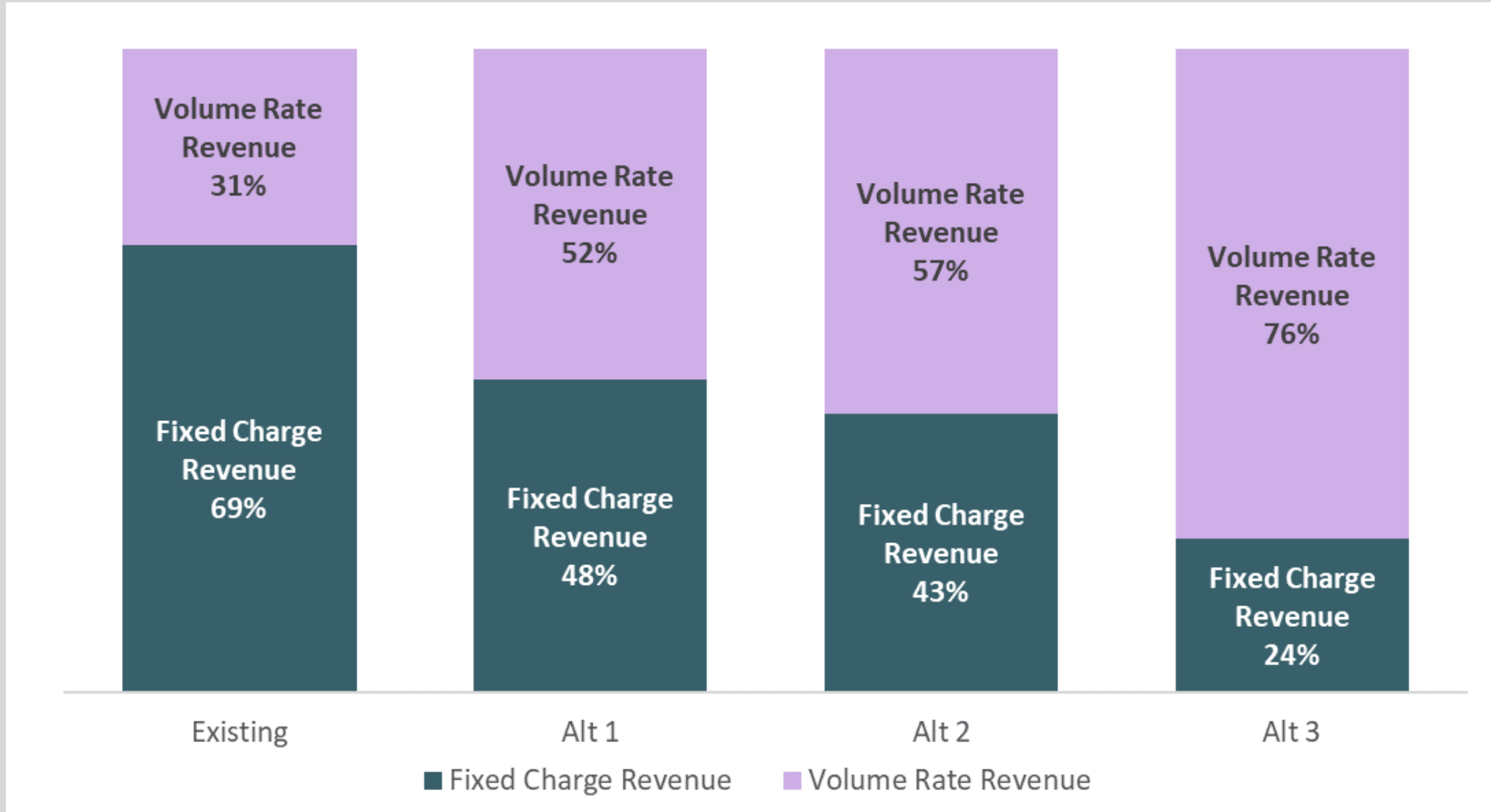
Greater diversity of demand for irrigation customers



2023 water irrigation cost of service rate alternatives

Irrigation							
Description		Inc. Capital Charge, Seasonal Rate		Inc. Capital Charge, 3-Tiered Rates		Inc. Capital Charge, Uniform Rate	
Existing		Structure	Charge	Structure	Charge	Structure	Charge
Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill		Base Rate, \$ per Bill	
3/4 inch	\$5.00	3/4 inch	\$24.07	3/4 inch	\$24.07	3/4 inch	\$24.07
1 inch	\$5.00	1 inch	\$35.27	1 inch	\$35.27	1 inch	\$35.27
1.5 inch	\$5.00	1.5 inch	\$61.58	1.5 inch	\$61.58	1.5 inch	\$61.58
2 inch	\$5.00	2 inch	\$94.97	2 inch	\$94.97	2 inch	\$94.97
Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons	
Tier 1: 0 - 2 Kgal	\$0.00	Winter	\$7.23	Tier 1: 0-100 kgal	\$10.07	All Usage	\$14.11
Tier 2: > 2 Kgal	\$3.65	Summer	\$14.47	Tier 2: 100-200 kgal	\$15.10		
	\$0.00	\$0.00	\$0.00	Tier 3: >200 kgal	\$20.13		

Comparison of fixed charge revenue under existing and proposed rates



Wastewater



Wastewater rate structure



- Base fee \$ per bill, no minimum volume allowance
- Uniform volume rate for all billable volume
 - Residential is based on average winter consumption (Jan – Mar)
 - Commercial is based on 85% of actual water usage

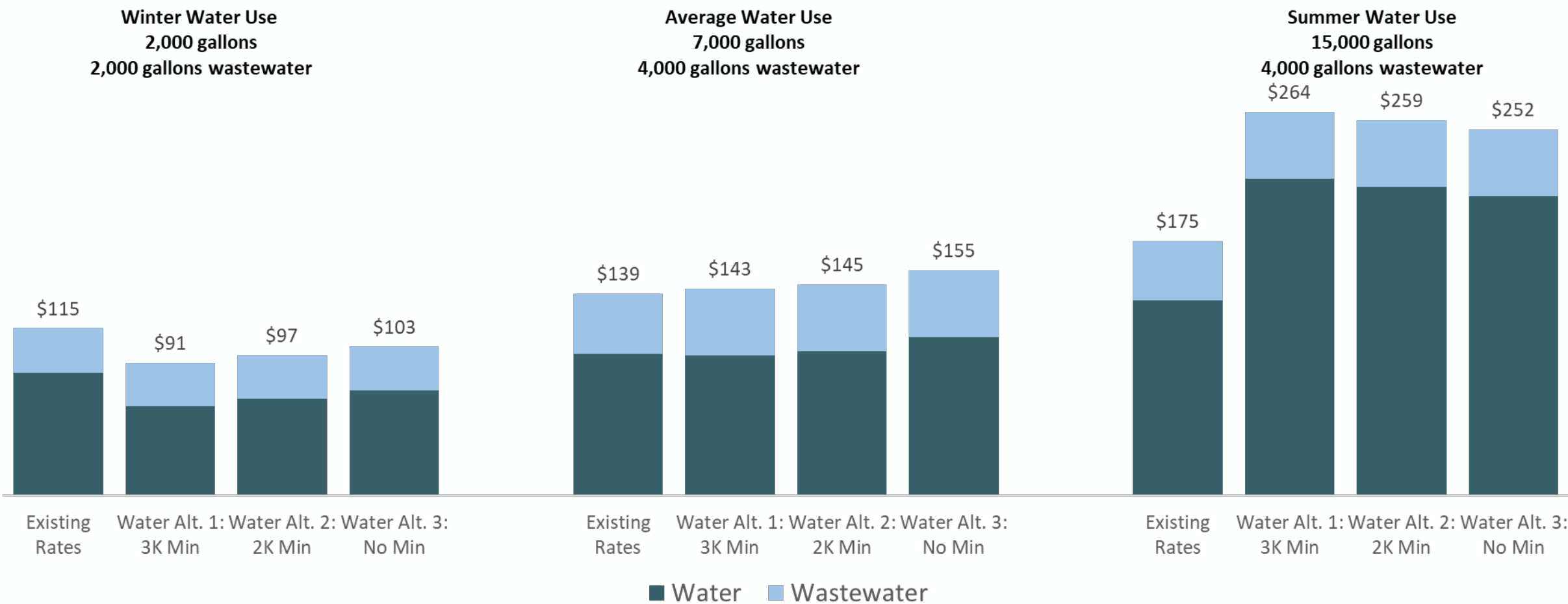
2023 wastewater cost of service rate

All Customer Classes			
Description	Existing Structure	Structure	Charge
Base Rate, \$ per Bill		Base Rate, \$ per Bill	
All Customers	\$31.00	All Customers	\$13.95
Volume Rates, \$ per 1,000 gallons		Volume Rates, \$ per 1,000 gallons	
Tier 1: 0 - 3,000 gallons	\$0.00	Res/MF (AWC)	\$8.02
>3,000 gallons	\$10.00	Comm (Actual Usage) [1]	\$8.02
[1] Commercial customer volume rate applied to all billed water multiplied by an adjustment factor of 85%			

Typical Water and Wastewater Bill Comparison



Typical monthly residential bills at various levels of consumption

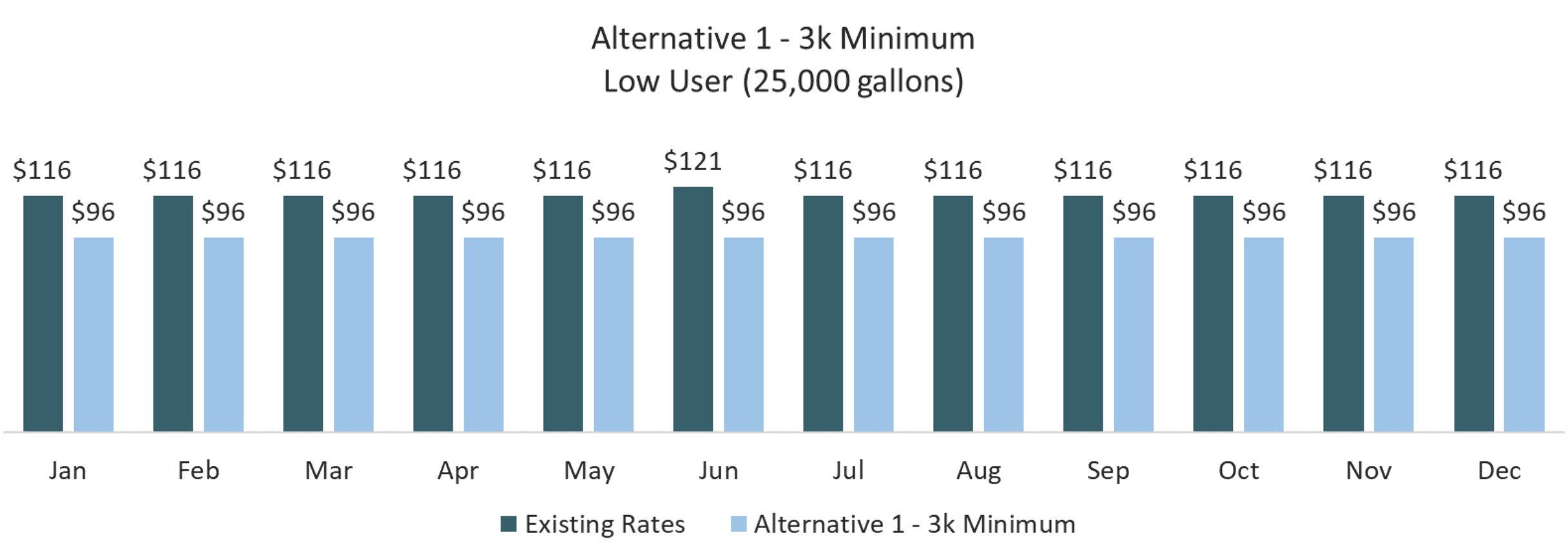


Average residential monthly bills

Water and wastewater

Low water user

	Average Monthly Bill
Existing Rates	\$116.50
Alt. 1	\$95.74
Change - \$	(\$20.76)



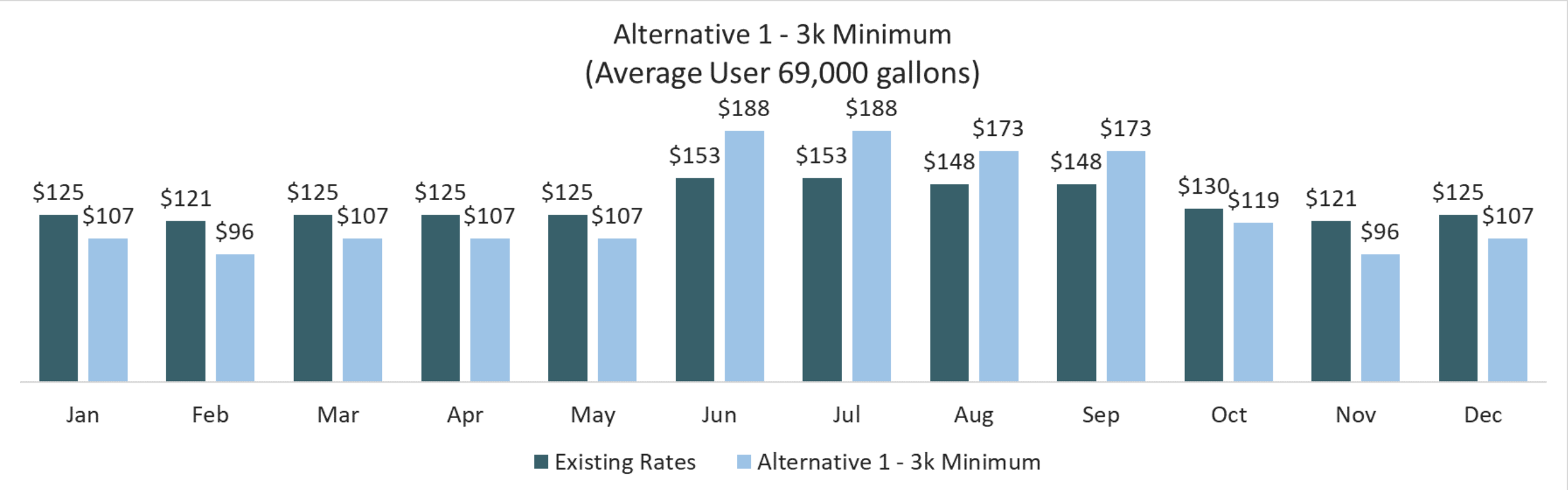
47	2	2	2	2	3	2	2	2	2	2	2
----	---	---	---	---	---	---	---	---	---	---	---

Average residential monthly bills

Water and wastewater

Average water user

	Average Monthly Bill
Existing Rates	\$133.22
Alt. 1	\$130.84
Change - \$	(\$2.38)



48	4	3	4	4	4	10	10	9	9	5	3	4
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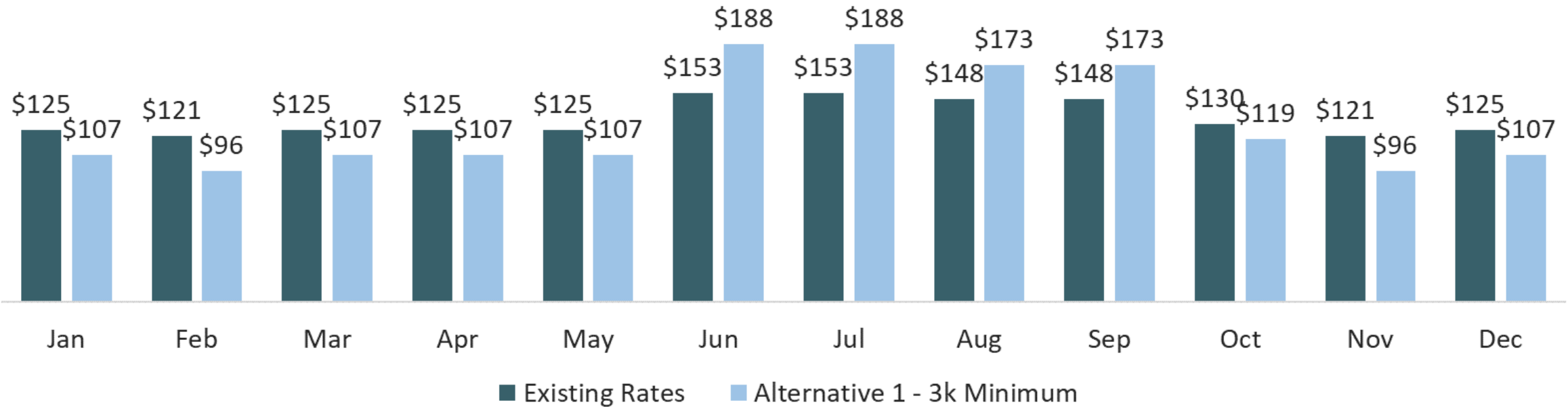
Average residential monthly bills

Water and wastewater

Higher water user

	Average Monthly Bill
Existing Rates	\$146.90
Alt. 1	\$172.77
Change - \$	\$25.87

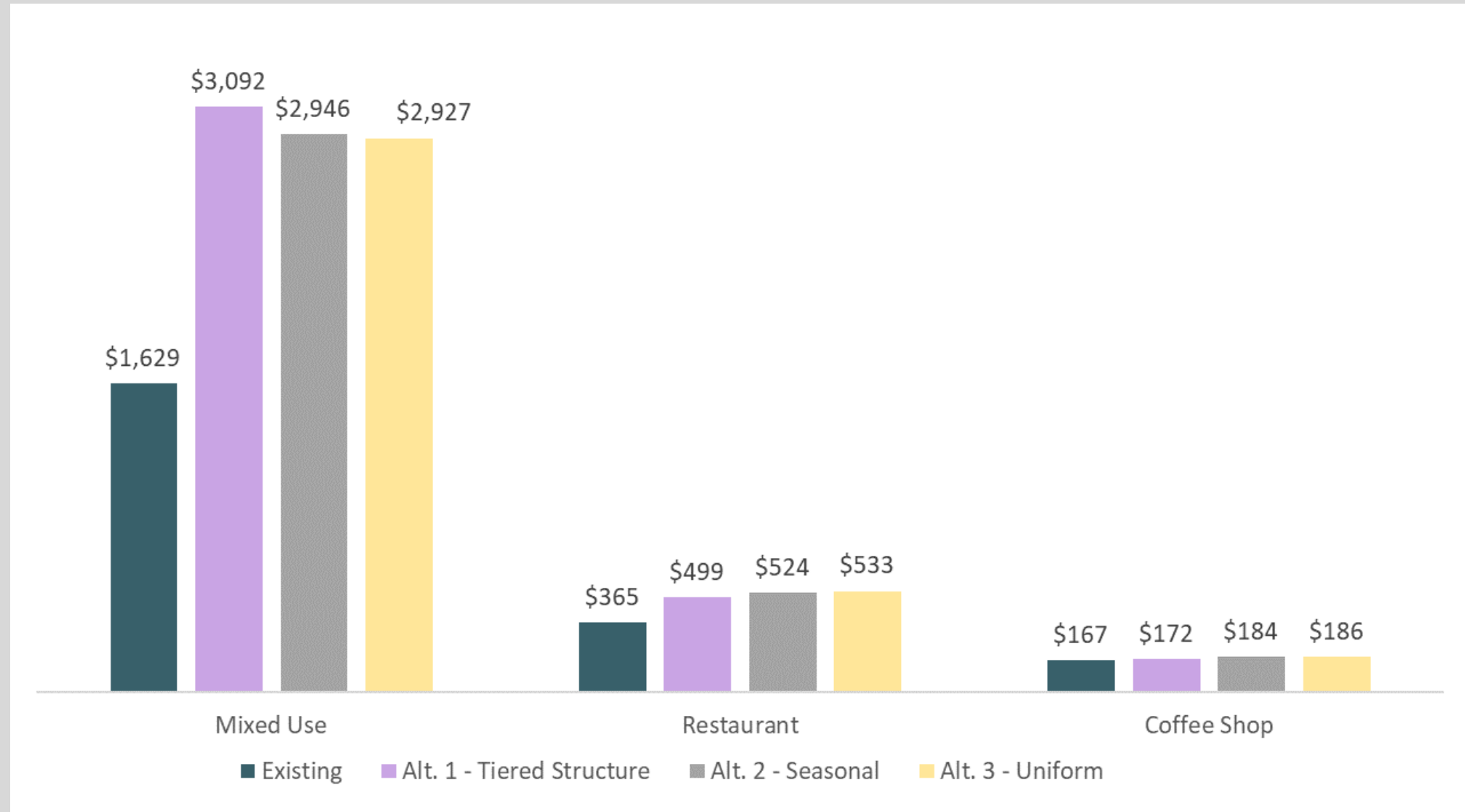
Alternative 1 - 3k Minimum
(High User 103,000 gallons)



49	3	3	3	4	4	18	17	14	18	8	5	6
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Commercial average monthly bill example

Mixed-use commercial, restaurant, coffee shop





Thank you!

Contact:

Todd Cristiano, *Senior Manager*
303 916 3151 / tcristiano@raftelis.com

Board of Trustees Meeting

Date: October 4, 2022
Subject: Board Discretionary and Outreach Funds

BACKGROUND / DISCUSSION

The Board of Trustees has historically set aside funds in two budget line items that help support and provide services and activities for the Wellington community - the Outreach Fund and the Board Discretionary Fund. The Trustees at that time discussed these funds at a meeting on February 22, 2022 and directed staff to create an application process and reporting structure for the Outreach Fund for the 2023 budget. In April 2022, the citizens elected a new Mayor and three new Trustees who have not had an opportunity to discuss these funds. As these funds directly impact the 2023 budget, staff will be looking for direction on how the Trustees want to move forward with both the Outreach Fund and the Board Discretionary Fund.

In the 2022 adopted budget, the Trustees approved funding the Outreach Fund with \$107,500 and the Discretionary Fund with \$61,500. The Outreach Fund has been used to promote activities or provide services that may not be provided due to lack of funding. In 2022, the Outreach Fund committed \$82,500 to the Main Streets Program and \$25,000 to the Wellington Boys and Girls Club and Eagles After Hours. The Discretionary Fund included funds for the Town's fireworks contract in 2022 (\$41,083) and is used for Trustee expenses that are not included in the budget such as meals for work sessions and unplanned expenses such as the Crowd Manager Training for the Community Activities Commission members.

Outreach Fund (\$107,500 - 2022 Budget)

The Outreach Fund typically has been used to promote activities or provide services that might not be provided due to lack of funding. Changes discussed by the Trustees regarding the Outreach Fund included creating an application form, establish a monetary limit for distribution per organization and setting guidelines for returning requestors. The Trustees identified eligibility requirements which included:

- A 501(c)3 nonprofit and be in good standing with state and federal regulations
- An organization that demonstrates strong fiscal management
- Meet at least one area of the Wellington Strategic Plan
- Organization that supports activities and programs in Wellington
- Alignment with the Town's comprehensive plan
- Report on how the grant funds were utilized by a specific date
- Returning grantees must submit a report noting the successful completion of the scope of work identified in the prior grant application and must have expended all prior grant funds in order to be eligible to apply for funds another year.

Organizations requesting funding would be required to make a presentation to the Board of Trustees prior to any allocation of funds.

At the February 22 meeting, it was requested that a limit of \$5,000 be established per year, per organization and that the annual funding for the Outreach Fund be based off of 2% of the estimated sales tax for the upcoming year.

Discretionary Fund (\$61,500 - 2022 Budget)

The Discretionary Fund is an amount of money that has been made available to spend on items that are not considered necessary but may be useful. In some municipalities, the elected officials use these funds to spend on small-scale projects. The Board Discretionary Fund has included the cost of the fireworks for the last several years as the Board of Trustees approves the fireworks contract. The amount for the 2023 fireworks will be included in the 2023 budget that will be presented to the Trustees and, based on the request of the Trustees, will be a separate line item.

STAFF RECOMMENDATION

Sample topics for Trustee discussion:

- 1) Are the Trustees interested in budgeting funds in 2023 in both the Discretionary or Outreach Funds? Or just one of the Funds? Either fund could provide all of the purposes the two funds have been providing.
- 2) If the Trustees are interested in funding non-profits, would entities requesting funds be required to submit applications? Is there a maximum amount that can be requested?
- 3) Are the Trustees interested in establishing a line item for items such as Coffee with the Mayor, meals for work sessions, etc. - potentially Community Relations?

ATTACHMENTS

None

Board of Trustees Meeting

Date: October 4, 2022
Subject: Strategic Plan - Goal Setting

BACKGROUND / DISCUSSION

During the strategic planning process, the Trustees discussed having an opportunity to set goals related to the newly adopted plan. Please see the attached memo for the background and discussion topics.

STAFF RECOMMENDATION

For discussion purposes.

ATTACHMENTS

1. 10.04.22 Goal Setting memo
2. Strategic Plan 2022 - Final
3. Board Priorities 2022
4. Strategic Town Hall Group Priorities

Memo

TO: Wellington Mayor and Board of Trustees
FROM: Patti Garcia, Town Administrator
RE: Strategic Plan Goal Setting – 2022-2024
DATE: October 4, 2022

During the strategic planning process, the Trustees discussed having an opportunity to set goals related to the newly adopted plan. Below is a checklist to keep in mind for goal setting which is followed by some suggestions to get the conversation going for potential goals for 2022-2024. Once goals are established, staff will work on task lists to accomplish the goals. Reports will be provided on a quarterly basis on progress and challenges.

The Town looked into purchasing software for strategic plan/goal tracking purposes. Staff spoke with [Envisio](#) which is used by many municipalities for strategic plan tracking including Windsor, CO. Their cost is reasonable - \$10,000 annually with a \$7,500 one-time charge for implementation and training. This has not been added to the 2023 budget at this time. Staff is proposing the tracking be conducted in-house and revisit the use of software in the 2024 budget.

GOAL SETTING CHECKLIST

Be Realistic

- Keep it real and focused. Good things will be achieved.
- Recognize how much of the budget and staff capacity is already spoken for in the provision of daily public services before goal setting takes place.

Focus on a few important priorities

- Limit the goals to three to five per year for sufficient focus and accountability.
- Set 30,000-foot goals that are general in nature and then tie them to objective, verifiable work plans.
- Add goals only as needed through the year while removing or delaying existing approved items to free up capacity if new goals/priorities are added.

Align goals with work plans

- Create work plans that clearly show how the goals will be carried out with timelines included.
- Discuss work plans with the Board of Trustees to assure the elected officials and administration are operating with the same set of assumptions.
- Provide opportunity for the Trustees to make changes based on new information, and/or to include resources in the budget so that priorities can be achieved.

Results require accountability

- Report quarterly on progress and challenges in public meetings.
- Reflect the priorities in the budget and departmental work plans

GOAL SETTING

What are the goals that the Board of Trustees want to see achieved for Wellington? Goals are fluid and can be changed, updated, removed or delayed based on Trustee and community priorities.

Here are some ideas based on the recently adopted strategic plan. Many of these goals align with the comprehensive plan as well.

Fiscal Responsibility

- Develop a plan to better address current and future Town expenditure and revenue needs while continuing to provide high quality municipal services
- Adopt policies and procedures for financial reporting and budgeting of capital improvements
- Develop a business retention and expansion program
- Establish, review and negotiate franchise agreements with current and future telecommunications providers

Communication

- Develop and implement Town emergency preparedness policies
- Implement and complete 2023 Citizen Survey
- Adopt of Board of Trustee Rules of Procedure
- Continuous Improvements to Town Code
- Implement Town Advisory Board/Commission Manual

Infrastructure

- Complete Water Treatment Plant expansion on time and under budget
- Complete Water Reclamation Plant expansion on time and under budget
- Complete scheduled Cleveland Avenue Improvements to include ADA requirements
- Safe Routes to School – Identify key safe routes to school and fill corresponding priority sidewalk gaps

Planning and Development

- Determine housing diversity and affordability through housing needs assessment
- Evaluate and represent the Town on town-owned properties for best uses and/or for future development opportunities
- Conduct Development Impact Fee Assessment to determine feasibility of implementing updated fees
- Work with Larimer County and City of Fort Collins to adopt Growth Management Area boundaries/maps

Attached documents: 2022-2024 Strategic Plan, Board Priorities from April retreat/orientation, input from strategic planning public meeting.

Strategic Plan Draft 2022-2024

Mission Statement: *We provide outstanding municipal services for our community of today and tomorrow.*

Vision Statement: *Wellington strives to be one of the best small towns in America to live and work, recognized as a great place to raise a family, own a unique business, and create memorable experiences through community.*

Fiscal Responsibility

1. Ensure financial viability of town infrastructure and services.
2. Retain, attract, and improve access for businesses to promote the local economy.
3. Maintain financial transparency and increase operational efficiency.
4. Pursue funding sources for the positive direction of the community.
5. Identify self-sustaining strategies to prioritize affordability for residents and implement a utility rate structure to align with community pricing objectives.

Communication

1. Assess opportunities and partners for emergency preparedness.
2. Promote inclusive language and improve access to local government.
3. Increase engagement and communications with local businesses, the senior community, and other partners in our town.

Infrastructure

1. Complete the Water Treatment Plant and Water Reclamation Facility expansion projects under budget and on time.
2. Develop partnerships and enhance focus on transportation solutions, such as street, bridge, facilities, sidewalk, and accessibility improvements.
3. Analyze and pursue stormwater solutions.
4. Ensure adequate current and future water resources and encourage the wise use of treated drinking water.
5. Prioritize organizational strength to retain, attract, and support Town staff.

Planning and Development

1. Identify and promote development of community gathering spaces.
2. Complete Downtown Master Plan and Parks Master Plan.
3. Consider options for open space and buffer from surrounding communities.
4. Promote small town feel through responsible growth and sound financial practices.

Attachment G: Priorities

Board Priorities (identified through individual interviews):

Only items with at least 3 people mentioning them are on this list.

- Working together
- Growth
- Water
- Economic Development
- Infrastructure
- Community Engagement
- Recreation Center
- Improvement in Processes

Discussion:

1. Growth:
 - a. Develop a growth plan
 - i. Values that inform and drive the plan:
 - Affordability
 - Fiscally responsible (growth pays for itself)
 - Safety (in its broadest definition)
 - Quality of life
 - Protect the culture of Wellington
 - Collaborative effort with residents, businesses, and other
 - Walkable
 - ii. Growth rate – drives public services expansion, etc.
2. Recreation Center
 - a. Serves multiple ages and provides varied activities
3. Infrastructure:
 - a. Streets
 - b. Drainage
 - c. Sidewalks
 - d. Water, wastewater/stormwater
 - e. Broadband/internet – but probably not municipal owned (Nunn as a possible example?)
 - f. ADA – embracing and funding and make sure businesses comply
4. Transportation:
 - a. Traffic

- b. Infrastructure
 - c. Public transportation
 - d. I-25 overpass and interchange
- 5. Safety:
 - a. Fire Authority
 - b. Sheriff's Office/Police Department
 - c. Emergency Planning
 - i. Inventory of resources
 - ii. Communication
 - iii. How it all fits together
 - iv. Role of the Board
 - d. Long-term Planning/perspective
 - i. Set future boards up for success
 - ii. Growth plan
 - iii. Buffer around the town – land and ag feel
 - iv. Messaging
- 6. Economic Development
 - a. Space
 - b. Opportunity
 - c. Recruitment
 - d. Workforce
 - e. Home-based business
- 7. Engagement
 - a. Efforts to engage with and build upon the presence at town hall with Hispanic, disabled, and other parts of our community
 - b. Work with the Community Activities Commission for cultural celebrations
 - c. Get citizen input
 - d. In partnership with others
 - e. Wheat Ridge as an example
- 8. Self-sustaining
 - a. Keep our dollars in town and so that our residents don't need to leave town to meet needs
 - b. Don't want to be Fort Collins
 - c. Home Grown
- 9. Spending and Budget
 - a. Transparency
 - b. Performance incentives
 - c. Internal culture change
 - d. Fiscal responsibility
 - e. Finance committee

Common Themes Across All Groups:

- Infrastructure
- Water Rates, Taste and Odor
- Balanced and Resilient Revenue
- Public Transportation
- Thoughtful and Responsible Growth

Yellow:

- Water and Sewer Rate and Quality (Taste and Smell)
Communication, Engagement, and Transparency (Town elected officials and Resident Participation)
- Infrastructure, Roads, ADA, Emergency Preparedness (Treatment Plants)
- Reduced and Transparent Spending

Blue #1:

- Overall Business Development to offset costs to residents
- I-25 Intersection
- Parking
- Water Rates
- Public Transportation (to Fort Collins)

Green:

- Managed Growth
- Infrastructure – I-25, Roads, Bridges, Sewer, Drainage
- Leadership and Team building
- Balanced and resilient revenues (Manufacturing)
- Emergency Planning

Red

- Sense of Community by embracing other cultures
- Transportation (to Fort Collins)
- Housing Affordability – buying and renting
- Water Utility Rates and Quality (Taste and Odor)

Orange

- Thoughtful and Responsible Increased Commercial Growth
- Infrastructure – I-25 South and Owl Canyon
- Internet Access

Blue #2:

- Water Plant – Taste and Odor / Cost
- Waste Treatment Plant
- Stormwater – Drainage and Flooding on Cleveland Ave
- Balanced and Resilient Revenues