TOWN BOARD WORK SESSION

October 17, 2022 - 5:30 PM
1st Floor Conference Room, 301 Walnut Street, Windsor, CO 80550

To view Town Board meeting broadcasts, visit
www.windsorgov.com/MeetingsOnDemand.

AGENDA

GOAL of this Work Session is to have the Town Board receive information on topics of Town business from the Town Manager, Town Attorney and Town staff in order to exchange ideas and opinions regarding these topics.

Members of the Public in attendance are asked to be recognized by the Mayor before participating in any discussions of the Town Board

WORK SESSION AGENDA ITEMS

1. Archery Range Ribbon Cutting (5:30 - 6:15 pm)
   465 Poudre Trail Drive
   Windsor, CO 80550
2. Utility Rates and Fees Update - J. Humphries, Administrative Services Director
3. Future Meetings Agenda

The Town of Windsor will make reasonable accommodations for access to Town services, programs, and activities and will make special communication arrangements for persons with disabilities. Please call (970) 674-2400 by noon on the Thursday prior to the meeting to make arrangements.

MEMORANDUM

Date: October 17, 2022
To: Mayor and Town Board
From: Jessica Humphries, Admin Services Director
Re: Utility Rates and Fees Update - J. Humphries, Administrative Services Director
Item #: 2.

Background / Discussion:

Water Rates

Annually, staff evaluates the water rate structure during the budgeting process. For the last four years, Stantec Consulting has worked with staff to develop a rate model to evaluate all the variables required to provide a secure and resilient water supply to residents and businesses. Stantec and staff will present a recommendation to increase rates by a total of 9% to fund operations and maintenance of the current system, as well as fund the capital improvements required to continue securing our water supply for the future. Using our established rate model, the monthly water rate will be effective February 1, 2023, and will be reflected on the March 1, 2023 utility bills.

Sewer Rates

Annually, staff evaluates the sewer rate structure during the budgeting process. For the last three years, Stantec Consulting has assisted in updating rates/fees for the sewer fund. The intent of the model is to provide Town staff and the Town Board with long-range financial planning tools to ensure growth pays for growth; services are appropriately funded long-term; mandates are addressed, and infrastructure is updated and maintained in a timely manner. Stantec and staff will be providing a recommendation to increase the flat rate/base fee and the commodity charge per 1000gal for the sewer system by 10% for 2022. Using the established rate model, the rate increase would be reflected on the February 1, 2023 utility bills.

Stormwater Rates

This year, staff engaged Stantec Consulting to assist with creating a rate model for stormwater. The intent of the model is to provide Town staff and the Town Board with long-range financial planning tools to ensure growth pays for growth; infrastructure is updated and maintained in a timely manner; mandates are addressed, and services are appropriately funded long-term. Stantec and staff will be providing a recommendation to increase the Operations and Maintenance Rate as well as the Monthly Basin Improvement Rate under the Monthly Basin User Fee by 3%. Using the established rate model, the rate increase would be reflected on the February 1, 2023, utility bills.

Plant Investment Fees (Water & Sewer) and Impact Fee (Stormwater Basin)

In the model, the plant investment fees for both water and sewer, as well as the impact fee for the stormwater are escalated by the CCI index of 2.25%. Staff is proposing the PIFs and the impact fee for 2023 is increased by the same amount. The new fees would be effective January 1, 2023.

The same presentation and recommendation were given to the Water Sewer Board on October 12th. Unanimously, the Water Sewer Board voted to recommend all rate increases as presented by staff and Stantec.

Financial Impact:

Relationship to Strategic Plan:

Recommendation:

CC:

Attachments:

1. windsor_co_water_sewer_stormwater_town_board_20221017_v2

Stantec

Town of Windsor, CO

Town Board

2023 Rate Study Update

October 17, 2022

Agenda

1. Water Fund
2. Sewer Fund
3. Storm Drainage Fund

What Has Changed Since Last Rate Study?

For the water and sewer funds,

- Updated 2021 actual revenues and expenses and ending fund balances
- Updated from 2022 original budget to 2022 year-end projections
- Incorporated 2023 proposed budget

- Updated to most recent 5-year Capital Improvement Plan for FY 2023-2027
- Validated key assumptions with staff
- Developed a storm drainage fund model

Utility's Financial Goals

- Maintain debt service coverage at target level – 120%
- Maintain adequate reserve requirements
  - 90 days cash on hand to maintain bond ratings
  - Additional 90 days cash for depreciation of assets
- Minimize rate impacts to rate payers
- Growth pays for growth
- Adequately fund water resource needs

Water Fund

Key Drivers of the Water Rate Projection

Treatment Costs	Water Treatment Cost Projection • *New treatment plant to cost $35M in 2030* • *$8.4M in PIF payments for current capacity to Greeley & NWCWD for FY23* • *$4.1M for potable water purchases in FY23*
Growth	Growth projection equal to *80%* of expected new permits
NISP	Timing of NISP project, currently beginning debt service payments in 2027 • *Project cost increased to $2B* • *Estimated annual payment of $10.7M in FY 2027*

Growth Projections

Account Growth Projections

- Growth estimates updated to be consistent with economic development reports
- Growth applies for water, sewer, and storm drainage funds

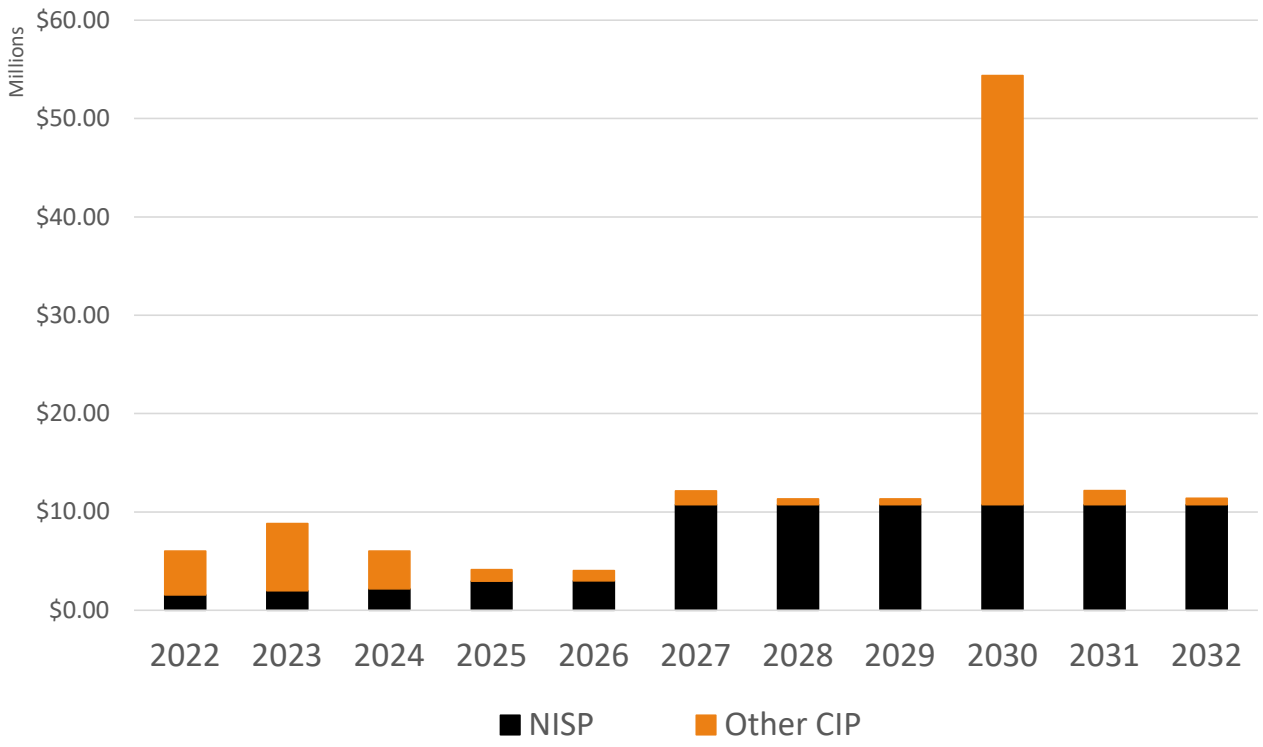
Growth Area	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Raindance - 500 x MF & 2,292 x SF	300	52	-	-	-	-	-	-	-	-	-
Ptarmigan - 108 x SF Remaining	50	58	-	-	-	-	-	-	-	-	-
Water Valley - 84 x SF Remaining	84	-	-	-	-	-	-	-	-	-	-
Fossil Creek Meadows - 260 x SF	55	85	90	30	-	-	-	-	-	-	-
Greenspire - 53 x SF & 93 x TH	146	-	-	-	-	-	-	-	-	-	-
Village East - 131 x SF	-	131	-	-	-	-	-	-	-	-	-
Great Western	-	-	200	200	200	200	200	-	-	-	-
Poudre Heights - 226 x SF	26	40	40	40	40	40	-	-	-	-	-
Prairie Song - 1,448 x SF & 550 X Multi	13	285	200	150	150	150	150	150	150	150	150
Overland - 691 x Mixed Use	-	-	-	-	-	100	100	100	100	100	100
Total	**674**	**651**	**530**	**420**	**390**	**490**	**450**	**250**	**250**	**250**	**250**
Total @ 80% Growth	**539**	**521**	**424**	**336**	**312**	**392**	**360**	**200**	**200**	**200**	**200**

***Note**: 80% growth execution is applied through 2032*

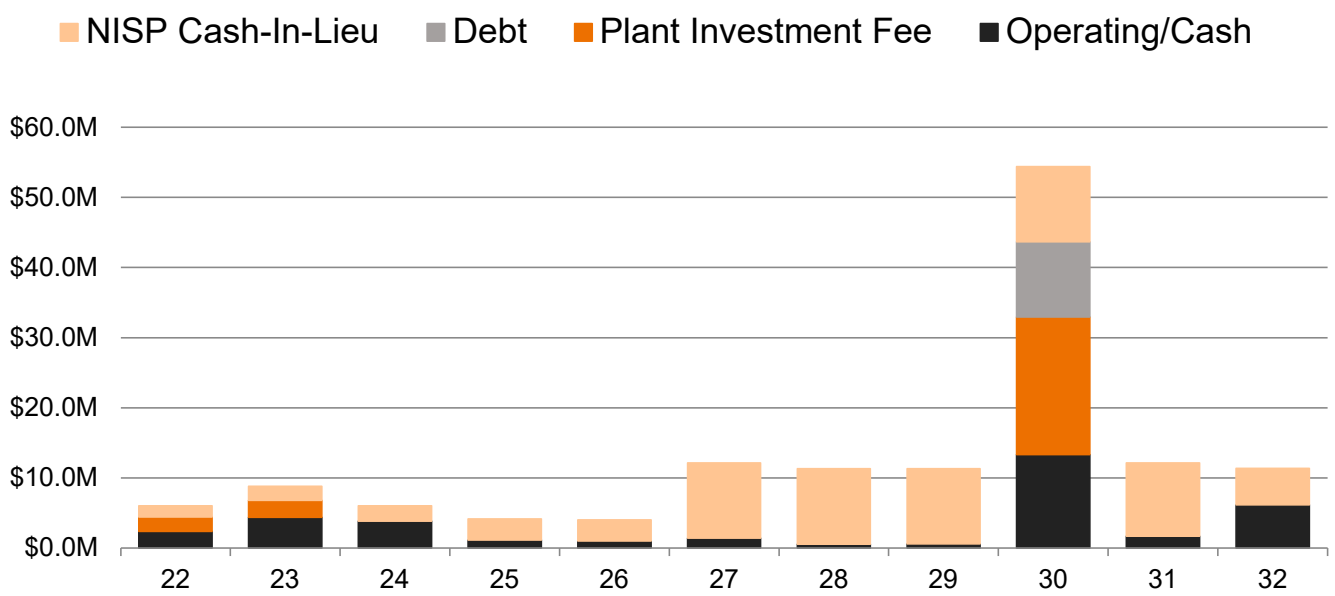
Water

NISP/Capital Project Costs Projection

- FY 2022 - 2026 NISP costs are for design & engineering
- Other Capital includes Water Line Replacement and other R&R projects
- $35M Regional Water Treatment Plant in 2030



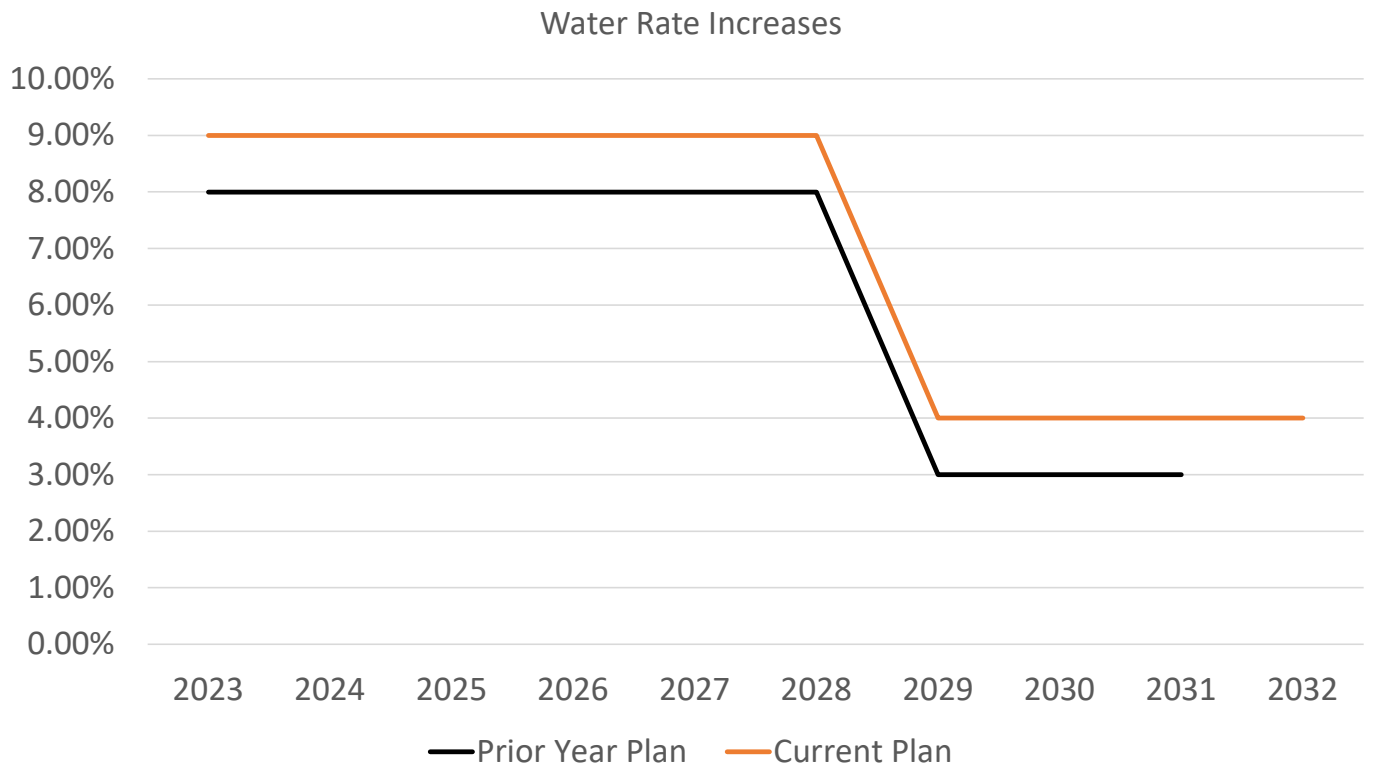
CIP Funding by Type



Note: Cost escalation is applied to budgeted capital project costs

Water

Water Fund Rate Projection



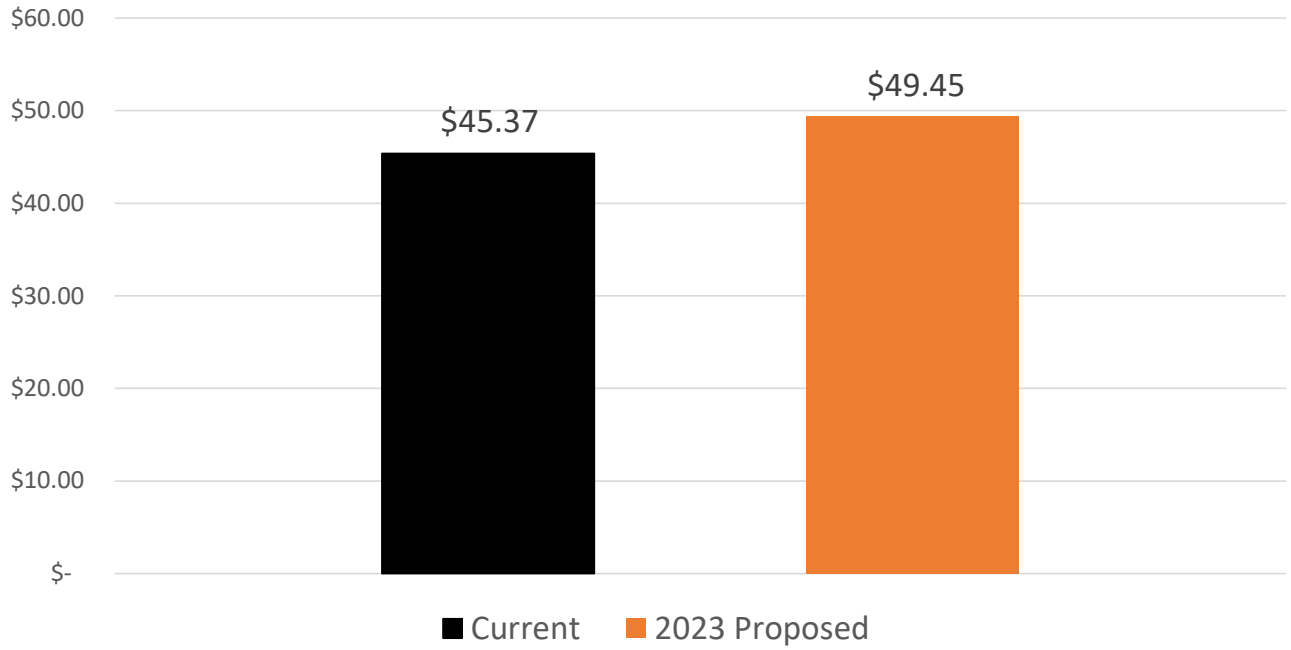
Water

Water Fund Scenario Summary

	Prior Update	Current Update
Rates	8.0% annual rate increases from FY 2021-2028 3.0% inflationary increases from FY 2029-2031	9.0% annual rate increases from FY 2023-2028 4.0% inflationary increases from FY 2029-2032
Growth Execution	80% Growth Execution	80% Growth Execution
NISP	NISP funded by mix of cash and debt	NISP all debt financed

Water

Single Family Monthly Bill Impacts



Note: Assumes 5 kgal of usage

Sewer Fund

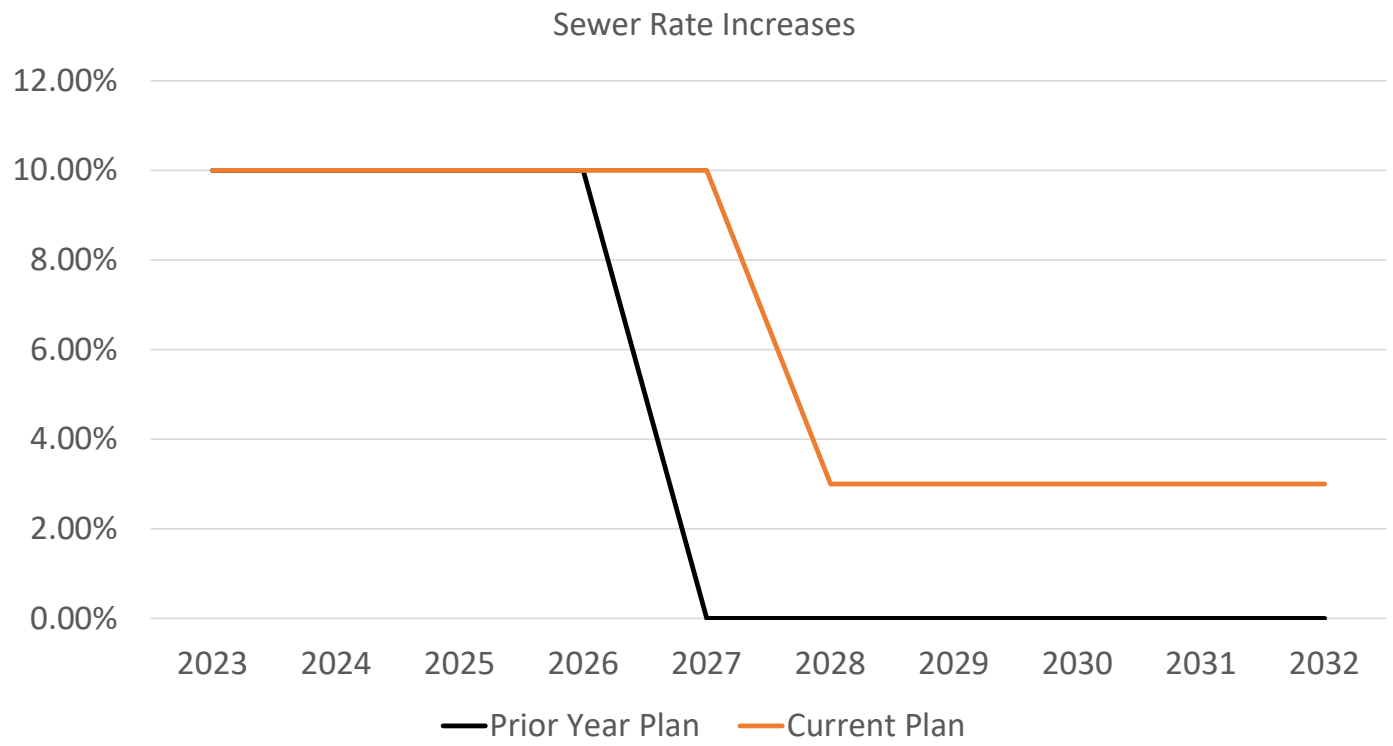
Sewer

Key Drivers of the Sewer Rate Projection

Capital Plan	Sewer Plant Biosolids Handling Improvements in process • *$18M* spend in FY 2022-2023, source from 2022 revenue bond New Wastewater Treatment Plant design and construction begins in FY 2023 • *$35M* spend over 10-year CIP plan, bonds to be issued in FY 2025
Growth	• Growth projection equal to *80%* of expected new permits

Sewer

Sewer Fund Rate Projection



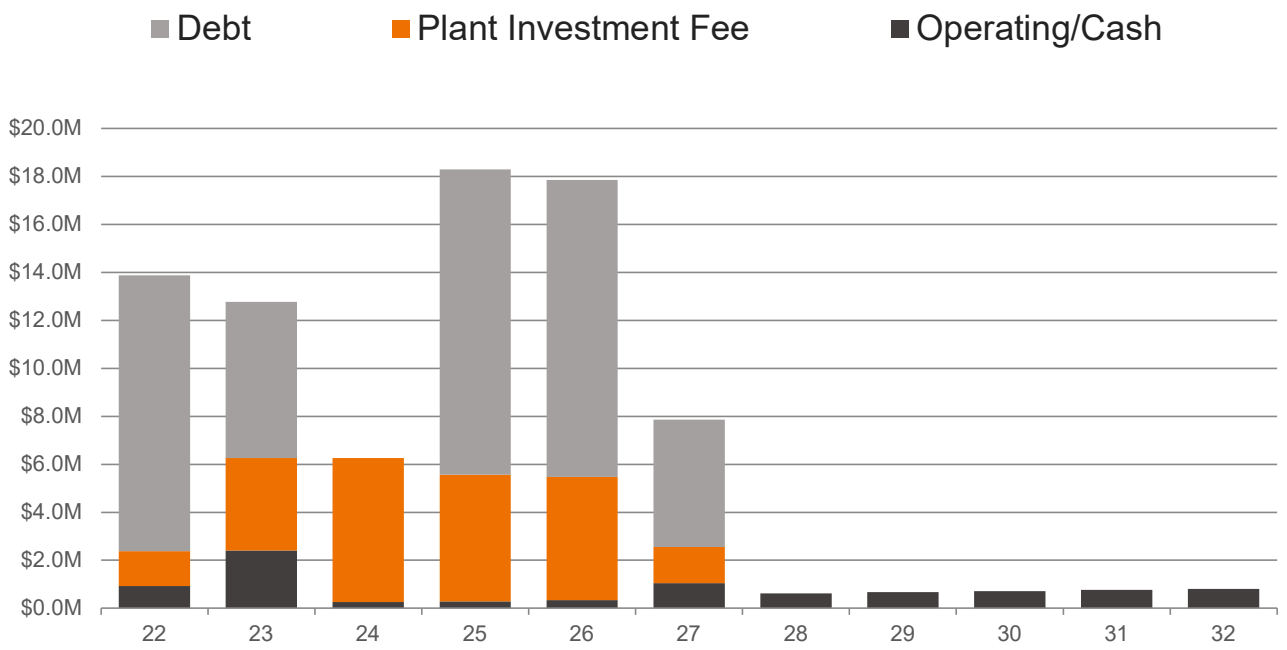
Sewer

Sewer Fund Scenario Summary

	Prior Update	Current Update
Rates	10.0% annual rate increases through FY 2026 No rate increases in FY 2027 and beyond	10.0% annual rate increases from FY 2023-2027 3.0% inflationary increases from FY 2028-2032
Growth Execution	80% Growth Execution	80% Growth Execution

Sewer

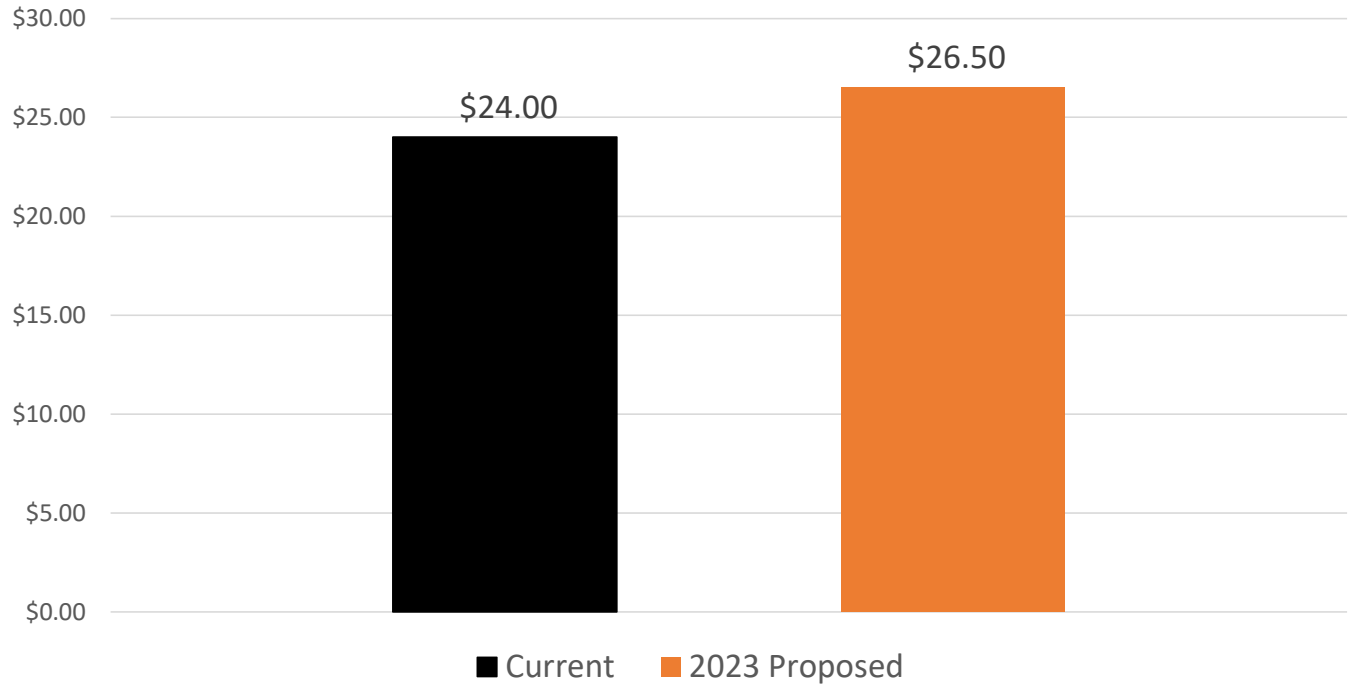
CIP Funding Sources

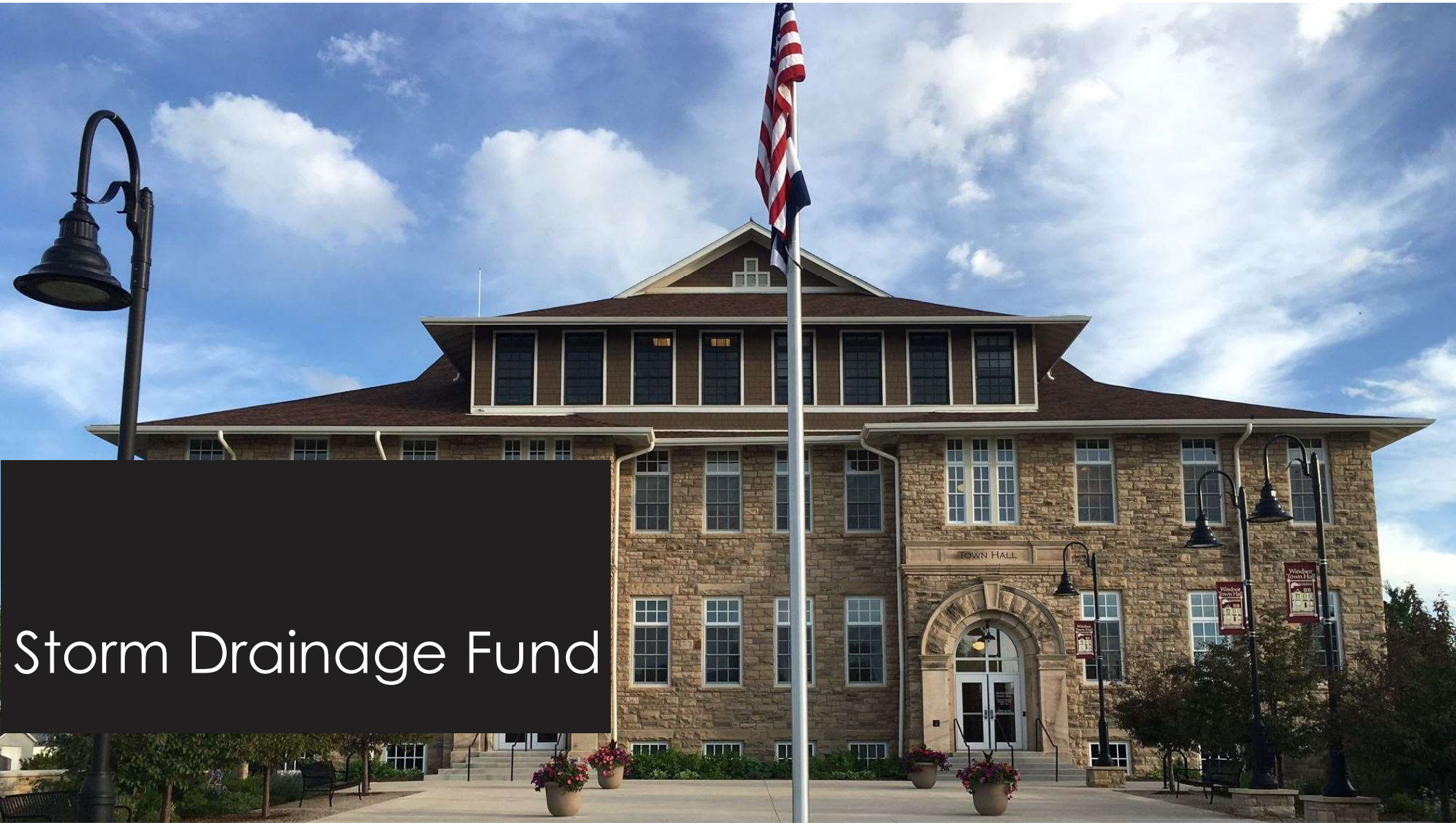


Note: Cost escalation is applied to budgeted capital project costs

Sewer

Single Family Monthly Bill Impacts





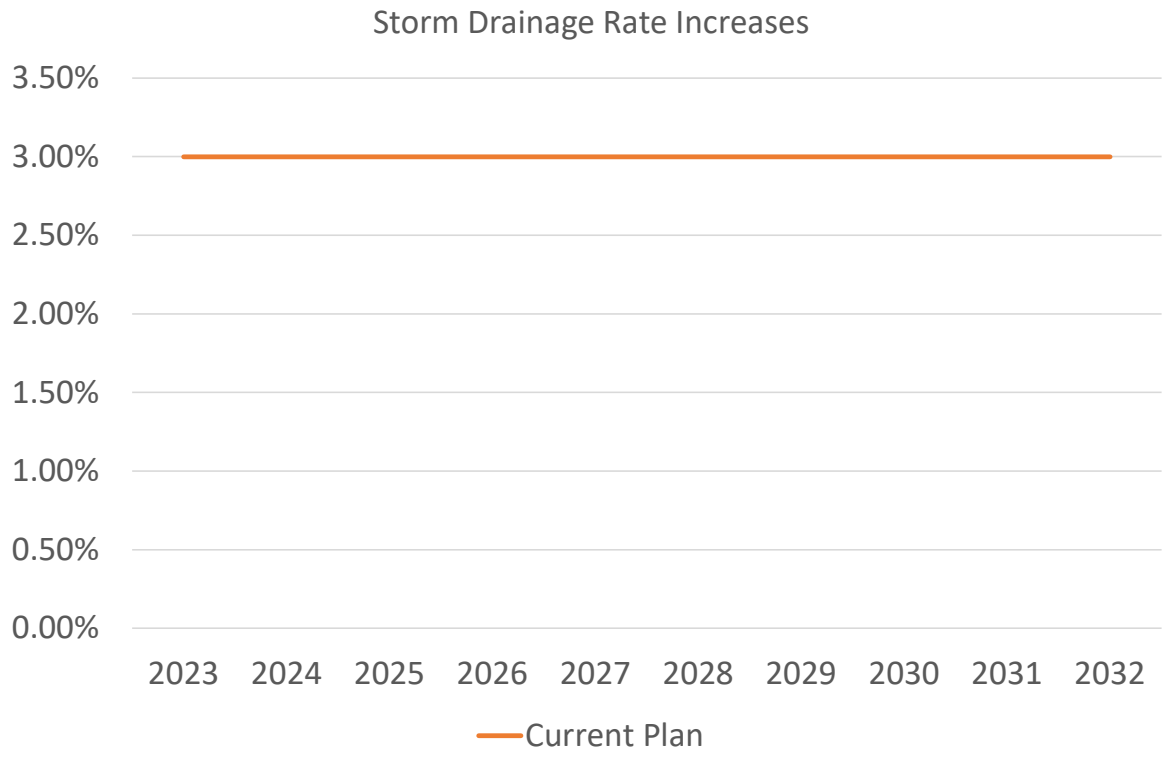
Storm Drainage Fund

Key Drivers of the Storm Drainage Rate Projection

Pay As You Go	• The storm drainage fund pays for capital projects using reserves; avoids debt
O&M	• Additional 1 FTE starts in 2024
Growth	Growth for the storm drainage fund is tied to growth of the Water Fund accounts • *80% of projected growth through 2032*

Storm Drainage

Storm Drainage Fund Rate Projection



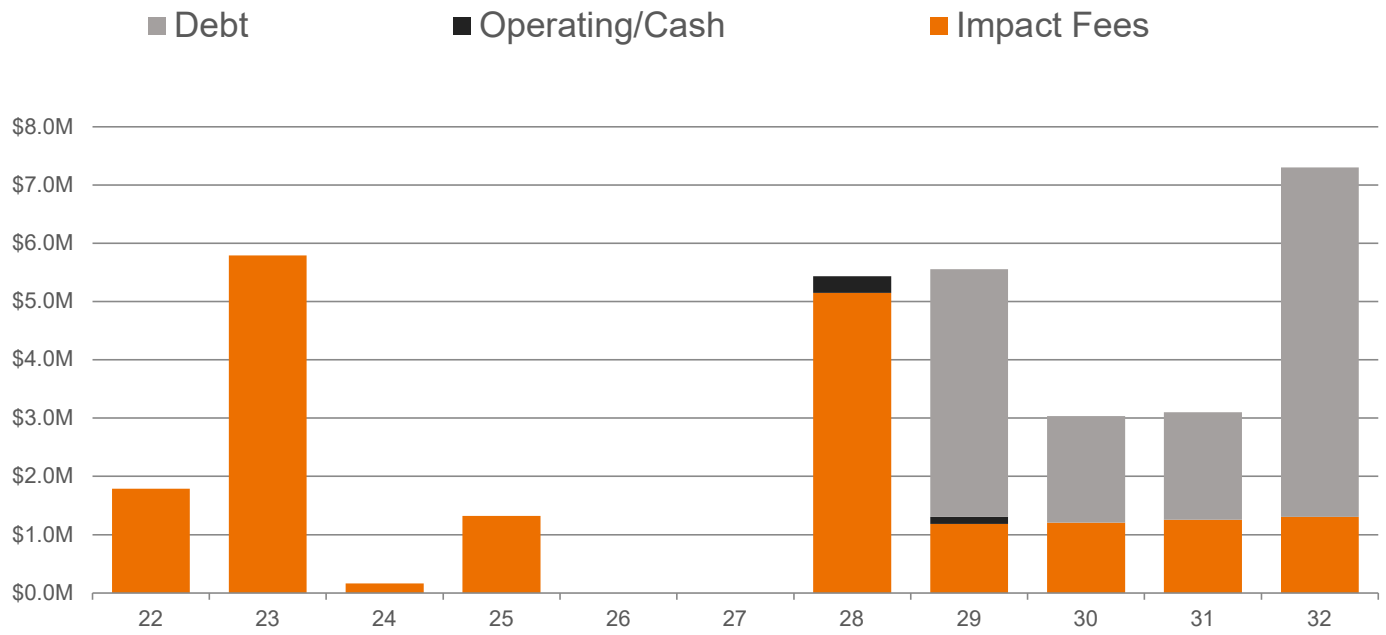
Storm Drainage Fund Scenario Summary

	Current Update
Rates	3.0% annual rate increases over the projection period from FY 2023-2032
Growth	Growth for the storm drainage fund is tied to growth of the water fund accounts

Note: Rate increases greater than 3.0% might be needed to cover large capital expenses beginning in FY 2028. Better long-term capital estimates will occur over the next 12-18 months at which point the storm drainage model can be re-evaluated.

Storm Drainage

CIP Funding Sources

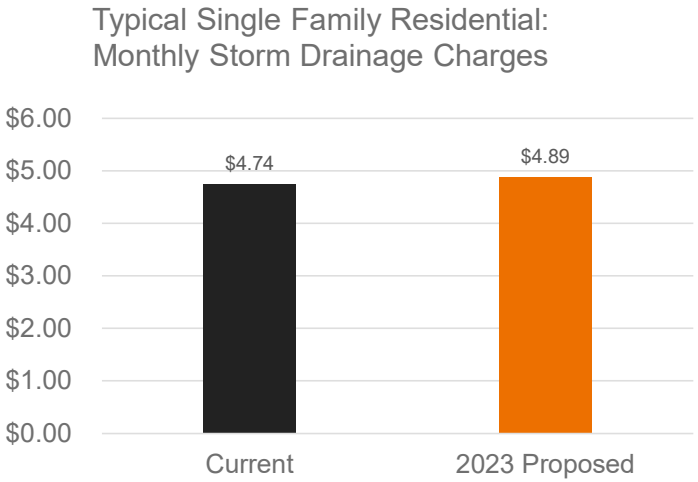


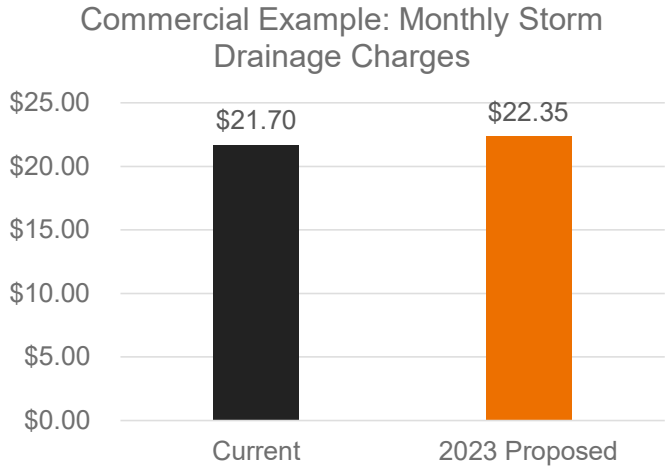
Note:

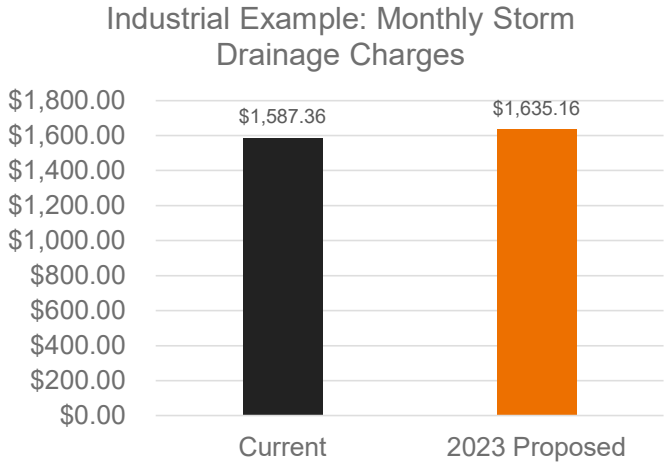
- Cost escalation is applied to budgeted capital project costs
- Debt is only shown to demonstrate future funding needs. The Town does not plan to use debt to fund projects in the storm drainage fund at this time.

Storm Drainage

Bill Impacts







Note:

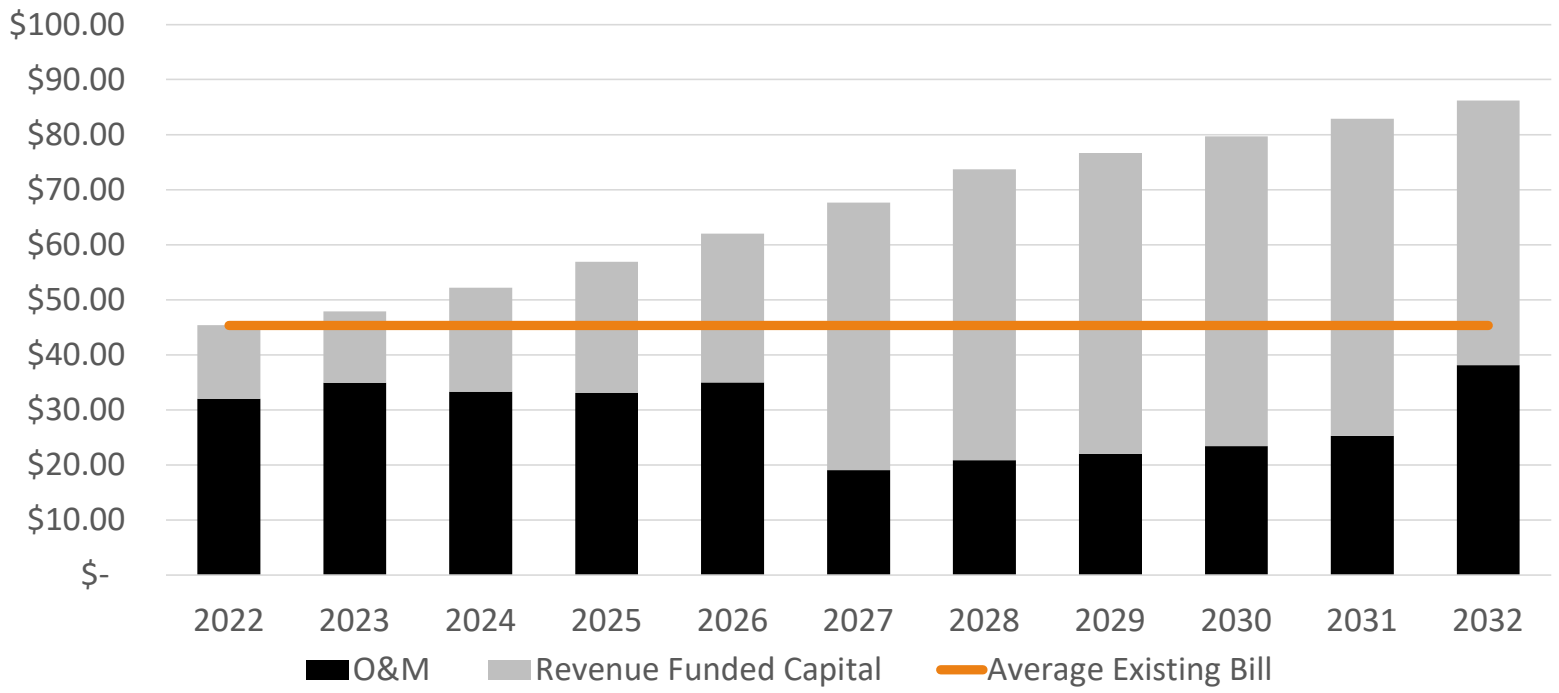
- Residential assumes 6,600 sf, 40% impervious area
- Commercial assumes 35,201 sf, 64% impervious area
- Industrial assumes 3,169,900 sf, 52% impervious area

Board Discussion & Feedback

Water

O&M and Capital Portion of Average Water Bill

Avg. Bill based on 5kgal



MEMORANDUM

Date: October 17, 2022
To: Mayor and Town Board
From: Shane Hale, Town Manager
Re: Future Meetings Agenda
Item #: 3.

Background / Discussion:

Financial Impact:

Relationship to Strategic Plan:

Recommendation:

CC:

Attachments:
1. 2022 Future Meetings Agenda

FUTURE TOWN BOARD MEETINGS

October 24, 2022 5:30 p.m.	Town Board Work Session DDA Budget requests Transportation Update
October 24, 2022 7:00 p.m.	Town Board Regular Meeting
October 31, 2022	Canceled – Fifth Monday
November 7, 2022 5:30 p.m.	Town Board Special Meeting Budget – Follow-up Questions Follow-up Utility Rates and Fees Economic Development Update
November 14, 2022 5:30 p.m.	Town Board Work Session Board/Manager/Attorney Monthly Meeting
November 14, 2022 7:00 p.m.	Town Board Regular Meeting
November 21, 2022 5:30 p.m.	Town Board Work Session NFRMPO: LinkNoCo Transit Study Recommendations Traffic Safety Program
November 28, 2022 5:30 p.m.	Town Board Work Session Water Surcharge Policy Discussion
November 28, 2022 7:00 p.m.	Town Board Regular Meeting
December 5, 2022 5:30 p.m.	Town Board Work Session
December 12, 2022 5:30 p.m.	Town Board Work Session Board/Manager/Attorney Monthly Meeting
December 12, 2022 7:00 p.m.	Town Board Regular Meeting
December 19, 2022 5:30 p.m.	Town Board Work Session
December 26, 2022	Canceled – Christmas Holiday

Future Work Session Topics

- DDA Entertainment District
- Telecom Code (Pending FCC Rules)
- Regional Water Treatment Plant Site Update
- Weld RE-4 School Land Dedication/Cash in lieu of Land Update
- Energy Plan Update (December 12th)
- Discuss Wells Used For Geologic Sequestration of Carbon Dioxide draft ordinance