

City Council Utility Committee

Meeting Agenda
Tuesday, September 8, 2020
10:00 am - 12:00 pm

This meeting will be held electronically. Residents interested in listening to the meeting or making public comments can join in one of two ways:

- 1) Call in to +1 346 248 7799 or 833 548 0282 (toll free) Webinar ID #850 4065 4320.
- 2) You can log in via your computer. Please visit the City's website here to link to the meeting:
<https://www.louisvilleco.gov/government/city-council/city-council-meeting-agendas-packets-minutes>

The Committee will accommodate public comments during the meeting. Anyone may also email comments to the board prior to the meeting at CPeterson@LouisvilleCO.gov.

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Approval of Minutes from July 28th and August 11th, 2020
- V. Public Comments on Items Not on the Agenda
- VI. Windy Gap Firming Project
 - Allotment Contract
 - Financing Update
- VII. 2021 Utility Rates
- VIII. Upcoming Projects and Council Action
 - Windy Gap Allotment Contract – Oct 6th
 - Water Rights
- IX. Agenda Items and Date for Next Meeting
 - Work Plan / Advance Agenda & Meeting Dates

Citizen Information

Persons with disabilities planning to attend the meeting who need sign language interpretation, translation services, assisted listening systems, Braille, taped material, or special transportation, should contact Cory Peterson 303-335-4610. A forty-eight-hour notice is requested.

X. Adjourn 12:00 pm

Attachments: 2020-07-28 Draft Minutes
 2020-08-11 Draft Minutes
 Draft Allotment Contract Resolution
 Windy Gap Financing Presentation
 Revised - 2021 Utility Rates Presentation
 Work Plan

**City Council
Utility Committee**
Draft - Meeting Minutes
Tuesday, July 28, 2020
COUNCIL CHAMBERS

Councilmember Lipton began by acknowledging this meeting is being held electronically as a result of City facilities being closed due to COVID-19. He explained how the electronic meeting will operate and what procedures should be followed when you want to speak.

I. Call to Order – *Councilmember Lipton called the meeting to order at 10:00 a.m.*

II. Roll Call was taken and the following members were present:

City Council: *Councilmember Lipton, Mayor Pro Tem Councilmember Maloney, Councilmember Deborah Fahey, Mayor Stolzmann*

Joining Staff: *Mrs. Balsler, Mr. Kowar, Mr. Watson, Mr. Peterson & Mr. Ahrens*

Public: *Sheri Summer*

III. Approval of Agenda

Mayor Pro Tem Maloney motioned to approve the agenda and Councilmember Fahey seconded the motion. All approved the Agenda.

IV. Approval of the Minutes

Councilmember Lipton suggested that the minutes be revised to only include key points made. All concurred and Councilmember Fahey motioned to approve the June 23, 2020 meeting minutes. Mayor Pro Tem Maloney seconded the motion and all approved the minutes.

V. Public Comments on Items Not on the Agenda

Councilmember Fahey thanked Mr. Peterson and Public Work's staff for the repair work they did on a Sunday evening into the wee hours to repair a potable water line.

Resident Sheri Summer asked what will the need of excess water be, given the large scale of development coming through and if all the costs will go to the

developer or will the tax payers be financing those purchases? Committee will address later in the meeting.

VI. Dashboard

Water Utility – Page 11, Mr. Peterson stated that there is nothing abnormal to point out and everything is tracking correct and normal. Councilmember Lipton asked about the consumption and Mr. Peterson said we are trending higher but it's due to the weather being hot and dry. Nat added that we looked at some averages and compared to past years and this trend is normal. Councilmember Lipton then asked about the chart on Page 11 where the difference has trended up. Mr. Peterson explained the summer months is where we have higher usage and is a challenge trying to balance the data. Councilmember Lipton asked if this is an accrual issue. Mr. Peterson said it's a timing issue where we have billing cycles that are different from production so what you are seeing is the data as real time. Committee continued discussing and decided to continue with including this information to keep abreast of the water usage/loss etc.

Wastewater Utility – Page 12, Councilmember Lipton asked if the operating expenses is fully accrued or are there gaps in the operating expense for the month of June. Nat said it should be accurate and the only major change on this is the budget numbers which was approved on 7/14/20.

Storm Water – Page 13, Councilmember Lipton discussed the profits and how the numbers go into the capital budget and Mr. Peterson confirmed.

VII. CIP Update

Mr. Peterson gave an overview of the table on Page 17

- Water Tank Interior Structure - Mr. Peterson explained the complexity of the project and stated the direction was to go out to design, bid and bring back the numbers. He reminded the committee that none of these projects have been bid yet and these numbers may change. Councilmember Lipton asked how concerning are these deficiencies that are identified. Mr. Peterson stated we are trying to be proactive and that we are moving from preventative to an immediate need so we can stay in front of things before they become an emergency. Mr. Kowar included that he pushed this so we can be proactive.
- SWSP – Mr. Peterson said we started design in 2018 which are old prices and current prices have increased and another factor is that we are looking at an 18" line instead of a 12" line. Councilmember Lipton noted that this budget has doubled and asked how urgent is this to be done this year? Mr. Peterson explained that there is a portion of the CBT water rights that can't be utilized with the existing SWSP line but the majority of this is tied to the Windy Gap Firming project.
- PRV Replacement – Mr. Peterson explained this is a pressure reducing valve that will allow us to download water from one zone to the next. This is the one for the high zone as we replaced the mid to low zone last year. He

continued saying that as they investigated there were additional parts that were needed which increased the costs.

- Fluoride Equipment – Design is done and ready to go to bid. Mr. Peterson explained this equipment is due for replacement and the parts aren't available. Councilmember Lipton confirmed that we went from replacing the parts to replacing the system. Mr. Kowar stated yes. Councilmember Maloney asked if this is the same project that Council discussed last week and how it changed from last Tuesday to this Tuesday. Mr. Kowar explained that we were going to bring you the fully designed projects with the full costs then we would have this conversation and you would give us guidance if you want us to move it into the CIP at the full cost. So we were holding status quo. Councilmember Maloney agreed with the process and Committee agreed that next year we will look at this earlier.
- Raw Water Quality – Mr. Peterson explained this is a new project where we want to do an analysis that looks at our water quality coming into our supply. We went to bid and are negotiating with the two low bidders. He continued saying this project has a long-term impact on our water quality and we are trying to be pro-active. He stated that it could be delayed but will come back around and have large consequences on taste and odor. Councilmember Lipton asked how often would we want to or have to repeat the analysis. Mr. Peterson said it could be a one-time thing but depends on the study. As the source water changes that's what would trigger another analysis but it should be good for 10-15 years. Councilmember Maloney added that doing an analysis is important but didn't understand why it costs so much and asked why. Mr. Peterson explained the various tests needed to do the study is what drove the costs up but we can cost save by doing some in-house. Councilmember Maloney then asked are there other items in the CIP that relate to this one where we are anticipating future costs related to this analysis. Mr. Peterson said, "No". Councilmember Fahey asked would the results be impacted based on what we do with the Windy Gap project. Mr. Peterson said potentially there could be some modifications with that but Northern handles the Carter Lake and Windy Gap water quality in corporation with participants. Drastic changes in source water aren't anticipating. Councilmember Fahey asked if it would be beneficial to wait until after that is constructed to do the study. Mr. Peterson said, "No" as Northern has a good idea on what we'd be seeing on flows and added that we are looking at the environmental offset as part of the Windy Gap project that will improve the water quality that we get.
- Lower Recycle Pond SCWP – Mr. Peterson said this is early in our design stage and has some challenges. He explained this is our holding pond for when our backflow tank hits our max at the north treatment plant and is also utilized for onsite storm detention. So what we are looking at is in high production times during the summer we have a challenge of having capacity within the pond to allow us to run the backwash and the processes within the treatment plant. So we have to limit those activities but right now those challenges only happen a couple times a year. As we get into the concept of

running this facility at its peak capacity for longer periods then it becomes a challenge and we won't be able to run SCWTP at that capacity without addressing this issue. Councilmember Lipton asked if this was redone when we did the WTP. Mr. Peterson said it was not included with the treatment plant improvement for the pump station.

- Sheri Summer commented that our water is number one and should be our top priority and we need to be proactive as Mr. Kowar had mentioned.
- Committee continued with Councilmember Fahey questions:
 - Do we evaluate the condition of water lines? Mr. Kowar said, "Yes we do" and continued breaking down how we do that.
 - How are we looking at our water lines in the context of large developments? Mr. Kowar explained whenever we have a development come in we look at the potable water lines that serve that development, the demands projected, how much the flow can get through the pipes to the area and what pipes may need to be upsized or not. We do that with every development that has a major impact.
 - Can we determine whether or not we currently have the water supply to provide for that development? Mr. Kowar said, "Yes". We have a Raw Water Master Plan with a global build out. There is routine and large developments and explained how we look at their demands based on what's used and developers pay for their costs.
- Mr. Peterson referred back to page 14 and summarized those items stating that two of the items are grant funded. Committee discussed Cottonwood Park Floodplain item and Councilmember Lipton asked if this should be grant funded as well. Mr. Kowar stated, "Yes, we could change that" and he shared a screen shot of the Floodplain for the area. Mayor Stolzmann commented that half of this will be funded from UDFCD and explained it is an area where in the spring time the culverts overtop and creates problems for the area and she thinks this will improve the quality of life for the area.
- Mr. Peterson continued with the Sewer on page 15 and said one thing to note is that the Aeration Basin and Reuse Mixers is in the overage. He explained what this Aeration Basin does and why the cost is so much. He continued saying we are currently in a design test for a feasibility study to see if there are any other components out there that will help us with this challenge and should be wrapping up here in the next month so we will have a recommendation then. Councilmember Maloney asked if this is a continuing thing we will see in the future. Mr. Peterson stated this could be a recurring thing if it's not addressed but once the CIP is approved we shouldn't see it come around again.
- Page 16 – Water Utility, Mr. Peterson gave an overview saying these are projects we continue to move through and we added a few new ones but are mostly basic replacements. Councilmember Maloney asked about Windy

Gap where it could have a major impact on rates and thought we need to take into consideration. Then asked what the other water rights we will be purchasing are. Mr. Peterson said the Master Plan is looking at 200 AF of water rights. Mr. Kowar added that we make more emphasis on water quality versus quantity.

- Page 18 – Pipeline Map, Mr. Peterson explained this is a map of the upper section of the Louisville Pipeline and it does tie into the overall CIP Budget. Currently there are two organizations, “State Park and Eldorado Springs Bottling Co.” doing work that will involve paving all the way up into the Canyon. We are looking at replacement of the upper section of water line while they are doing their project as there will be a small cost savings to us. It gives us an opportunity to do now rather than wait 5 years and have to tear the pavement up. This is new information to us so it’s not on the CIP List. Committee continued discussing this project, the easements, and the agreement with Eldorado Bottling Co. Mayor Stolzmann asked if the firms would be willing to cost share. Mr. Peterson stated that we are negotiating to hopefully cost share but when we approached them they both declined as they are struggling financially. Mr. Kowar stated we could do nothing as we are in a good position with no risk to us. Cory will continue to try and negotiate.

VIII. Windy Gap Financing

- Page 19 – Windy Gap, Mr. Peterson said this is an update and explained we got more funding scenarios from Northern District and wanted to share with you.
- Page 21 – Windy Gap Timeline, This shows a rough time line so we can keep track where things are and where we are going.
- Page 22 – Shows an increase but there was a contingency number that Northern was using that Mr. Peterson wasn’t which is why the change in cost.
- Page 23 – Shows combined rate is slightly cheaper than the City’s scenarios that were provided last time. It’s really coming down to interest rates and we won’t know until we actually commit. Committee discussed the scenarios, debt, group financing and the Allotment Contract. Mr. Peterson continued with saying the biggest step is the Allotment Contract which will decide if we are in the pool of financing or not. The agreement also includes default clauses. Councilmember Lipton said that we need to pick a direction we want to go and agree on principles.

IX. Draft 2021 Rates – Postponed to next meeting

- Councilmember Lipton suggested setting a meeting before our next regular scheduled meeting for the Rates and CIP discussion. Mr. Kowar said that our rate and CIP information doesn’t change and that we are ready to go and

get this done. Staff will look at getting a meeting set up to discuss further.
Committee agreed.

X. Upcoming Projects and Council Action - Postponed

- Water Rights - Summer
- Windy Gap Allotment Contract – Fall

XI. Agenda Items and Date for Next Meeting - Postponed

- Work Plan & Meeting Dates / Dashboards, to be added to every meeting and be consolidated.
- Next meeting is scheduled for _____.

XII. Adjourn

Councilmember Lipton motioned to adjourn and Mayor Pro Tem Maloney second the motion, all agreed and the meeting was adjourned at 12:00 p.m.

**City Council
Utility Committee**
Draft - Meeting Minutes
Tuesday, August 11, 2020
COUNCIL CHAMBERS

Councilmember Lipton began by acknowledging this meeting is being held electronically as a result of City facilities being closed due to COVID-19. He explained how the electronic meeting will operate and what procedures should be followed when you want to speak.

I. Call to Order – *Councilmember Lipton* called the meeting to order at 10:00 a.m.

II. Roll Call was taken and the following members were present:

City Council: *Councilmember Lipton, Mayor Pro Tem Councilmember Maloney, Councilmember Fahey, Mayor Stolzmann*

Joining Staff: *Mrs. Balsler, Mr. Kowar, Mr. Watson, Mr. Peterson*

III. Approval of Agenda

Mayor Pro Tem Maloney motioned to approve the agenda and Councilmember Fahey seconded the motion. All approved the Agenda.

IV. Public Comments on Items Not on the Agenda

No Attendees

V. Draft 2021 Rates

- Page 3-4 – Financial Plan and Performance Metrics, Mr. Peterson gave an overview explaining the drivers for the utility rates and impacts for next year. Mr. Peterson highlighted that the 2021 draft rates utilize the recent direction of meeting targets and minimums based on the combined funds of all 3 utilities together. This allows for items like debt coverage to drop below targets in one fund if the overall combined total are met.
- Page 5 – Debt Service Coverage, Mr. Peterson explained that the two debt service coverage ratios of with and without tap fees tend to align with each other and provide a level of validation to each ratio on their own.
- Page 6 - Performance Metrics, Mayor Pro Tem Councilmember Maloney asked if we are keeping 4 months in our Cash Reserves and asked Mr.

Watson if this is normal. Mr. Watson stated our financial policy is 25%. Mr. Kowar commented that 120 days cash reserve has been an established policy but could be adjusted. Councilmember Lipton asked if there was a Bond Covenant requiring a certain amount of cash. Mr. Kowar said he would have to check but thinks it just covers debt coverage and Mr. Watson added that he believes that's correct.

- Page 10 – Water Fund Cash Reserves is a graph showing the water fund is sitting on healthy cash reserves and over the next seven years we plan to spend down as we go through the various CIP projects. Mr. Peterson explained what happens after 2027 where we should start building the fund balance a little more but don't to be over collecting. Mayor Pro Tem Councilmember Maloney asked if we should be looking at all three utilities for the debt services. Mr. Kowar said we are and explained the difference between debt service and cash reserves. Councilmember Lipton stated it is also looking at rates individually. Mr. Peterson said the goal is have all the funds stand on their own. Occasionally a large capital expense is allowed to pull one fund down below for a year or two. However, if this extends in duration it eventually gets the funds out of balance and there is the danger of funds to start subsidize each other.
- Page 11 – Delaying Projects, Mr. Peterson said this shows what happens if we delay a project and assumes we use the smoothing option. Councilmember Lipton asked if Windy Gap plays into this. Mr. Peterson said this assumes the 2.5M cash payment with Windy Gap and the \$900,000 +/- annual payment that will get adjusted based on what is ultimately selected.
- Page 12 Removing Projects, Mr. Peterson explained this is if we take money out while trying to keep the smoothing rate and described the percentages. Mayor Stolzmann commented on the value of this data and how it enables a good discussion on what our policies should be on our service and what kind of reserves we want. She said that Council is supportive of preventative maintenance and keeping our facilities up to date and she hasn't heard anybody wanting to defer projects that need maintenance.
- Page 13 – Alternatives is a continuation of the delayed and Mr. Peterson described how the percentages worked over the years and how it all comes together. Councilmember Lipton asked if there was any interest from the committee members to have no increase for 2021-2022. Mayor Pro Tem Councilmember Maloney and Councilmember Fahey indicate the desire for defensible rates that avoid arbitrary determinations. Councilmember Lipton then directed staff to move on from these scenarios.
- Page 14 – Water CIPs, Mr. Peterson started with the CIPs that were removed by staff with a reduction of \$831,470. Councilmember Lipton asked if there are any projects scheduled over multiple years. Mr. Peterson said yes there are a few projects like the SWSP enlargement that are anticipated to occur over more than a single year. Councilmember Fahey asked if the chemical tanks were taken off or postponed. Mr. Peterson said the upsize project was

not as critical and could be postponed to a time when the tanks reached the end of useful life in approximately 5-10 years.

- Page 15 – Water CIP Overage Estimates, Mr. Peterson explained 2020 projects tabled and highlighted the project overages in red. Mr. Peterson noted that the Raw Water Quality Study item has an error. It shows \$175,000 when actually should be \$75,000 but the total number at the bottom is correct. Members discussed the list and Councilmember Lipton asked if the SWSP Transmission Capacity item is for Design in 2021 and construction in 2022. Mr. Peterson said the Design started in 2019, continuing in 2020 and we want to go to bid later in 2020 then construction in 2021.
- Page 16 are new requests for 2021-2016 and Mr. Peterson said they added the reference page for the requests that were presented to Finance Committee. Councilmember Lipton wanted to confirm the large one here is the Windy Gap for 2021 and projected yearly payments for financing. Mr. Peterson agreed and said the amount of cash payment you decide or if we want to go that way will impact the Financial Rate Model. Councilmember Lipton asked next about the meter replacement project and why we don't do a percentage of these each year. Mr. Kowar explained that we replaced all of them at the same time and the life cycle comes up at the same time. They were replaced 2010-2011 and said they recommend they be replaced every 10-15 years. Then stated we could spread that project out but would lose some revenue. Councilmember Lipton then asked about the Lateral Ditch Piping. Mr. Kowar explained the project and said that it will allow us to push water from north to south and vice versa. Right now the Windy Gap and CBT water only goes north. If we had a plant go down and we had to switch our water supply around then this is a critical project. Mr. Peterson added that 70% of all our drought years when we run our historical models we need the use of this conveyance and in dry periods this will be a critical component.
- Page 17-18 – Cost of Service, Mr. Kowar said we did a cost of service study in 2013 and did a onetime adjustment then we updated the cost of service in 2019 and made calculated adjustments. He stated this reflects usage and behavior over time and the amount of money they generate versus the amount of money we should collect in each of these classes. Mayor Stolzmann added that the analysis we were going to look at was instead of customer class we'd look at meter size. Committee discussed and directed staff to table the cost of service adjustment until the 2022 rate process in 2021.
- Page 19 – Mr. Kowar described this as the final slide for water where it shows the last go around of 2020 rates that were approved and frozen, the last analysis we did in May and staff's recommendation at 4%. Mr. Peterson said it includes the \$835,000 reduction, the overage of the 6 water projects and fully funding the 2021-2026 CIP request. The major decision points were determined as the following:
 1. Do we want to change how we recognize tap fees in the model
 2. Carve harder on CIP

3. Do we make the 2.5M investment (Windy Gap)
4. Cash Reserves

Mr. Peterson said he ran the model to reduce the cash reserves to 25% or 90 days and the smoothing rate would go from 4% to 3.7%. Councilmember Lipton stated we aren't ready to make that type of policy decisions right now then asked if they can bring back to us the historical rate data (3-5 years). Mayor Pro Tem Councilmember Maloney noted that it would be good to see the impact so we can decide if it's a policy we want to bring up. Mr. Peterson did say he does have that information which is in 2016 water increased 13%, 2017 was zero, 2018 was 3% and 2019-20 was zero. Mayor Stolzmann added that we don't have to model all the money in the first year and said she'd be interested in seeing what the rates would be modeled over the years they actually make the payments in. Then see the tap fees recognized in the year that they were received and see the 25% instead of the 30% on the reserves to see that scenario. Mr. Kowar said we can do that as we continue to align with the budget. Mrs. Balsler commented that the reason we are here now is because there was discussion that this needed to sync with the budget and that is why we are having these discussions earlier. Committee agreed to schedule another meeting so they get a better understanding and so they and council have the benefit of seeing what the rate increase has been in the last 3 years. Mayor Pro Tem Councilmember Maloney stated he doesn't want to see CIP money removed. Councilmember Fahey agreed and said she thinks we need to maintain existing projects and rates should be based on the projects.

- Page 21-28 – Wastewater, Mr. Peterson said the driver for the wastewater fund is farther out than water at around 2029-2030. He said there is only one large project that is critical and is what's driving the 4.5% increase.
- Page 30-36 – Stormwater, this is where we are below our target reserves with spending and making sure it all lines up. Mr. Peterson said we are using our combined utility fund in this instance. We are showing the large projects (Cottonwood Park and Drainageway 7-1) as being spent in 2021 which brings down cash reserves. Mr. Peterson said the stormwater is a very low fee and not a lot of income on this. Committee accepted the recommendations and no other questions.

Councilmember Lipton concluded and highlights what is desired for the next meeting:

1. Analysis on three policy issues
2. Table of utility increases for past 3-4 years
3. Cash Reserves
4. Tap Fees
5. Windy Gap
6. Comparison of other municipalities

VI. Agenda Items and Date for Next Meeting

- Advance Agenda / Work Plan & Meeting Date

VII. Adjourn

Councilmember Lipton motioned to adjourn and Councilmember Fahey second the motion, all agreed and the meeting was adjourned at 12:00 p.m.

RESOLUTION NO. ____
SERIES 2020

A RESOLUTION APPROVING AN ALLOTMENT CONTRACT BETWEEN THE WINDY GAP FIRING PROJECT WATER ACTIVITY ENTERPRISE, MUNICIPAL SUBDISTRICT, NORTHERN COLORADO WATER CONSERVANCY DISTRICT, AND THE CITY OF LOUISVILLE, A COLORADO HOME RULE MUNICIPAL CORPORATION, ACTING BY AND THROUGH THE CITY OF LOUISVILLE WATER ACTIVITY ENTERPRISE, FOR CAPACITY IN THE WINDY GAP FIRING PROJECT

WHEREAS, an Allotment Contract (“Allotment Contract”) between the Windy Gap Firing Project Water Activity Enterprise (“WGF Enterprise”), Municipal Subdistrict, Northern Colorado Water Conservancy District, and the City of Louisville (“City”), acting by and through the City of Louisville Water Activity Enterprise, has been proposed for the City’s allotment of capacity in the Windy Gap Firing Project, and the City Council desires to approve such Allotment Contract and authorize its execution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOUISVILLE, COLORADO:

1. The proposed Allotment Contract (“Allotment Contract”) between the Windy Gap Firing Project Water Activity Enterprise (“WGF Enterprise”), Municipal Subdistrict, Northern Colorado Water Conservancy District, and the City of Louisville (“City”), acting by and through the City of Louisville Water Activity Enterprise, for the City’s allotment of capacity in the Windy Gap Firing Project, is hereby approved in essentially the same form as the copy of such Allotment Contract accompanying this Resolution.

2. The Mayor is authorized to execute such Allotment Contract, except that the Mayor is hereby granted the authority to negotiate and approve such revisions to said Allotment Contract as the Mayor determines are necessary or desirable for the protection of the City, so long as the essential terms and conditions of the Allotment Contract are not altered.

3. The Mayor, City Manager and City Staff are further authorized to do all things necessary on behalf of the City to perform the obligations of the City under such Allotment Contract.

PASSED AND ADOPTED this ____ day of ____, 2020.

Ashley Stolzmann, Mayor

ATTEST:

Meredyth Muth, City Clerk

8/18/20 2:55 PM [ncb] R:\Louisville\Resolution\6th Amend Windy Gap Agmt.reso.docx

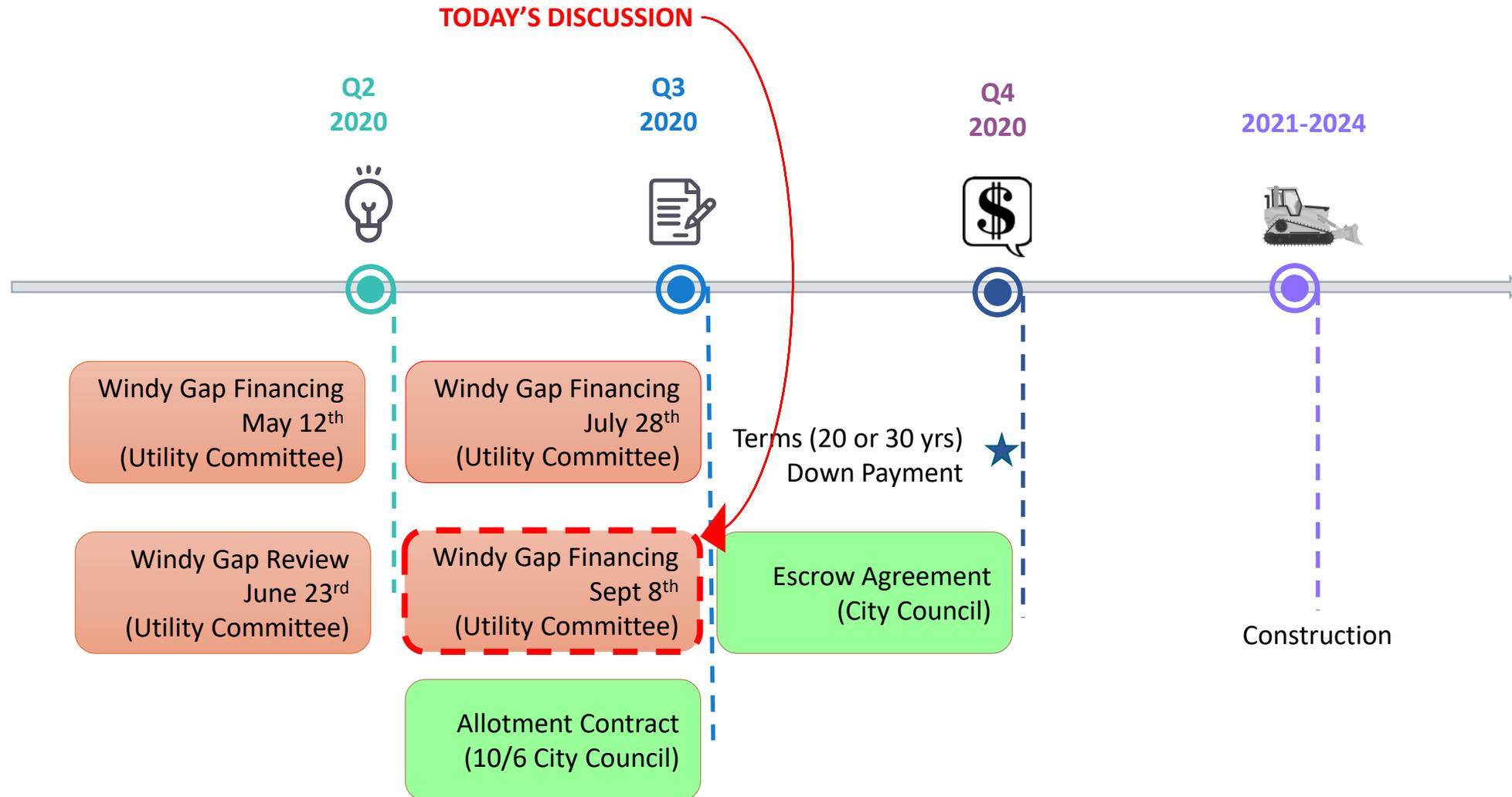
Windy Gap & Windy Gap Firming Project

Utility Committee – September 8th

Overview

- ✓ Windy Gap History
- ✓ Windy Gap Firming Project (In process)
- ✓ 2017 Water Management Plan Review
- Windy Gap Firming Funding Scenarios (**updated**)
- Commitment to Group Financing:
 - Similar payments and interest to City Financing
 - No impacts to debt coverage requirements
 - Preserve ability for future financing/bonding

2020/2021 Tentative Windy Gap Firm Project Timeline



WGFP Funding Comparison (Hilltop Securities Inc.)

City of Louisville, Colorado
Windy Gap Financing Analysis
As of 8/25/2020

Assumptions - Pooled Transaction	
Term:	20 Years
Total Project Size:	15,600,000
CWCB Proceeds:	1,000,000
Public Deal Proceeds:	14,600,000
Transaction Rating:	AA-

Assumptions - City Transaction	
Term:	20 Years
Total Project Size:	15,600,000
Transaction Rating:	AA-

Year	CWCB Loan Debt Service ⁽²⁾	Publicly Sold Bonds Net Ds ^{(2)*}	CWCB Reserve ^{(3)*}	Liquidity Reserve ^{(4)*}	Total Cash Flows	Year	Total Debt Service /		
							Principal	Interest	Cash Flow ⁽⁵⁾
2021		923,850	10,000	926,350	1,860,200	2021	380,000	581,450	961,450
2022		925,600	10,000		935,600	2022	400,000	562,450	962,450
2023	65,800	921,350	10,000		997,150	2023	420,000	542,450	962,450
2024	64,864	926,350	10,000		1,001,214	2024	440,000	521,450	961,450
2025	68,928	925,100	10,000		1,004,028	2025	460,000	499,450	959,450
2026	67,888	922,850	10,000		1,000,738	2026	485,000	476,450	961,450
2027	66,848	924,600	10,000		1,001,448	2027	510,000	452,200	962,200
2028	65,808	925,100	10,000		1,000,908	2028	535,000	426,700	961,700
2029	69,768	924,350	10,000		1,004,118	2029	560,000	399,950	959,950
2030	68,624	922,350	10,000		1,000,974	2030	590,000	371,950	961,950
2031	67,480	924,100			991,580	2031	620,000	342,450	962,450
2032	66,336	924,350			990,686	2032	650,000	311,450	961,450
2033	65,192	923,100			988,292	2033	685,000	278,950	963,950
2034	69,048	925,350			994,398	2034	715,000	244,700	959,700
2035	67,800	925,850			993,650	2035	755,000	208,950	963,950
2036	66,552	924,600			991,152	2036	790,000	171,200	961,200
2037	65,304	924,200			989,504	2037	820,000	139,600	959,600
2038	69,056	922,600			991,656	2038	855,000	106,800	961,800
2039	67,704	924,800			992,504	2039	890,000	72,600	962,600
2040	66,352	462,425	-100,000	-926,350	-497,573	2040	925,000	37,000	962,000
Total	1,209,352	18,022,875	0	0	19,232,227	Total	12,485,000	6,748,200	19,233,200

(1) Assumes an interest rate of 2.08%. The City would not make payments on the CWCB loan until funds are drawn. Assumes first draws are in 2022 with first payment in 2023.

(2) Assumes MMD as of August 19, 2020 plus credit spreads for a AA- rated transaction. Structured for level debt service. Reserve fund is funded with bond proceeds at 50% of the standard three-pronged test and is used to pay debt service in the final year. Assumes underwriter's discount of \$5.00 per \$1,000 of par and \$75,000 of cost of issuance attributed to the Louisville portion of the transaction.

(3) Assumes a reserve requirement for the CWCB loan that is equal to 10% of the par amount attributed to Louisville. Allows for a funding of the reserve over ten years. The reserve is returned to the City or available to pay debt service at the end of the financing term.

(4) Assumes a liquidity reserve equal to the maximum annual debt service of the pooled financing transaction must be contributed by the City to be held for the duration of the transaction by the Subdistrict. The reserve will be returned to the City at the end of the financing term.

(5) Assumes MMD as of August 19, 2020 plus credit spreads for a AA- rated transaction. Structured for level debt service and assumes underwriter's discount of \$5.00 per \$1,000 of par and \$150,000 of cost of issuance. Does not include a reserve fund.

* This analysis does not incorporate any interest earnings on the Debt Service Reserve Fund for the pooled transaction, the CWCB Reserve or the Liquidity Reserve. The current yield on COLOTRUST Prime is approximately 0.1018%.

Windy Gap Firming Project Funding Summary

	Group Financing	City Financing	Comments
Terms available	20 or 30	20 or 30	Both term options are being discussed
Operating Reserve Fund (1.2)	Same	Same	Anticipated to fund near the end of construction (4+ years)
Capital Fund (Revenue 8.6 or Escrow 7.4)	Same	Same	\$600M Total, \$18.9M Louisville
Debt Service Funding (8.2.2)	≈ \$75k	≈ \$150k	
Debt Service Funding Reserve (8.2.3)	TBD	N/A	
Liquidity Fund (8.4.1)	≈ \$300k	N/A	30% of maximum annual payment (Updated)
Subordinate Loan Lien Funds (8.2)	≈ \$10k / yr	N/A	
Example Cost with 20 year term	≈ \$19.2M	≈ \$19.2M	

Outstanding Minor Issues

(No Impact on the Allotment Contract Approval)

- Term Selection
- Cash or down payment
- Capitalized Interest
- Pre-payment Options

Recommendation

- Utility Committee recommends that City Council approves the proposed allotment contract scheduled for October 6th with the commitment of 100% Group Financing but can be changed with an amendment.

Utility Committee 2021 Preliminary Utility Rates

September 8, 2020

Overview

Financial Plan

- ▶ Performance Metrics
- ▶ Alternatives
 - ▶ Just-In-Time
 - ▶ Smoothing - Recommended by Staff

Financial Planning Performance Metrics

Debt Service Coverage (DSC):

Ratio of net revenues

(operating revenue less operating expense)

to annual debt service payment

- ▶ **Target DCS above required minimum Values**
 - ▶ Conservative approach to ensure legal DSC minimums are met even if revenue forecasts are not achieved
 - ▶ Maintain or achieve higher credit ratings

Debt Service Coverage

Minimum target represented by the combination of all three Utility Funds

Required DSC Ratio

Colorado Water Resources and Power Development Authority	1.10
2013 Water and Wastewater Enterprise Revenue Bonds	1.15

Dual Target DSC Ratio

Fund	w/o Tap Fees	with Tap Fees ⁽¹⁾
Water	1.2	1.4
Wastewater	1.2	1.3
Storm	1.3	1.3 ⁽²⁾

(1) To reduce variability, tap fee revenue is from the prior year i.e. 2021 tap fee revenue was collected in 2020

(2) A tap fee for the stormwater utility has not been established, therefore the dual target is not used

Financial Planning Performance Metrics

(the same for all 3 Utilities)

Cash Reserves:

120 days cash or 33% of Total O&M

Working Capital Reserves Policy (section 2.4):

25% of current operating expenses

Rate Minimum:

Set to cover any increases in operating and maintenance costs

Debt Issuance

Utility	Debt Service Payment (\$million)							
	2021	2022	2023	2024	2025	2026	2027	2028
Water	\$0.9M	\$0.9M	\$0.9M	\$0.9M	\$0	\$0	\$0	\$0
Wastewater	\$1.3M	\$1.3M	\$1.3M	\$1.3M	\$2.0M	\$2.0M	\$2.0M	\$2.0M
Stormwater	\$0.3M	\$0.3M	\$0.3M	\$0.3M	\$0.4M	\$0.4M	\$0.4M	\$0.4M
Total	\$2.5M	\$2.5M	\$2.5M	\$2.5M	\$2.4M	\$2.4M	\$2.4M	\$2.4M

Alternatives

Financial Model Inputs:

- ▶ Reduced 2020 Operating Budget
- ▶ Tap Fees: 2019 actuals, 2020 estimates and 2021-2024 Revenue Projection (updated July '20 by Finance, Planning and Public Works)
- ▶ Proposed 2021-2026 Capital Improvement Projects
- ▶ Adjusted Cash Reserves (90 days or 25%)
- ▶ Shifted Capital Improvement Projects based on projected timing of expenditures

Modeled Tap Fees

Utility	2020	2021	2022	2023	2024	2025	2026	Total
Water	\$2.85M	\$2.5M	\$3M	\$261k	\$115k	\$61k	\$61k	\$8.8M
Wastewater	\$248k	\$423k	\$320k	\$26k	\$17k	\$9k	\$9k	\$1M

WATER

WATER: Cash Reserve Comparison

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
120 Days Cash Reserve (8/11 Utility Committee, Recommended)										
	4%	4%	4%	4%	4%	4%	1.9%	2%	2%	2%
90 Days Cash Reserve										
	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	1.9%	2%	2%	2%
Change	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-	-	-	-

Budgeted Multi-Year Water CIPs

Project Name	2020	2021	2022	2023	2024	2026
Essential or Regulatory Projects						
Water Tank interior Structure Maintenance	\$389,490					
SWSP Transmission Capacity	\$2,714,360					
Marshall Lake Sediment Control		\$600,000				
Replacement Projects						
Filter Media Replacement				\$616,000		
Fluoride Equipment Replacement	\$ 326,950					
Raw Water Quality Study	\$175,000					
Delayable Projects						
Lateral Ditch Piping						\$3,120,000
Lower Recycle Pond SCWTP	\$705,000					
TOTAL FOR ALL CIPS	\$10,176,060	\$2,996,150	\$2,483,390	\$2,623,250	\$2,000,500	\$6,212,500

Modeled Shift Multi-Year Water CIPs

Project Name	2020	2021	2022	2023	2024	2026
Essential or Regulatory Projects						
Water Tank interior Structure Maintenance	\$189,490	\$200,000				
SWSP Transmission Capacity	\$714,360	\$1,500,000	\$500,000			
Marshall Lake Sediment Control		\$500,000	\$100,000			
Replacement Projects						
Filter Media Replacement				\$316,000	\$300,000	
Fluoride Equipment Replacement	\$326,950	\$100,000				
Raw Water Quality Study	\$50,000	\$125,000				
Delayable Projects						
Lateral Ditch Piping						\$2,120,000
Lower Recycle Pond SCWTP	\$105,000	\$605,000				
TOTAL FOR ALL CIPS	\$7,151,060	\$5,421,150	\$3,083,390	\$2,323,250	\$2,300,500	\$5,512,500
Change from Budget	-\$3,025,000	+\$2,425,000	+\$600,000	-\$300,000	+\$300,000	-\$1,000,000

Water: Ending Cash Reserves Comparison



WATER: CIP shifts

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Budget Smoothing Plan (8/11 Utility Committee Recommended)										
	4%	4%	4%	4%	4%	4%	1.9%	2%	2%	2%
Modeled Shifted Smoothing Plan										
	4%	4%	4%	4%	4%	4%	1.9%	2%	2%	2%
Change	-	-	-	-	-	-	-	-	-	-

WATER

Financial Planning Alternatives

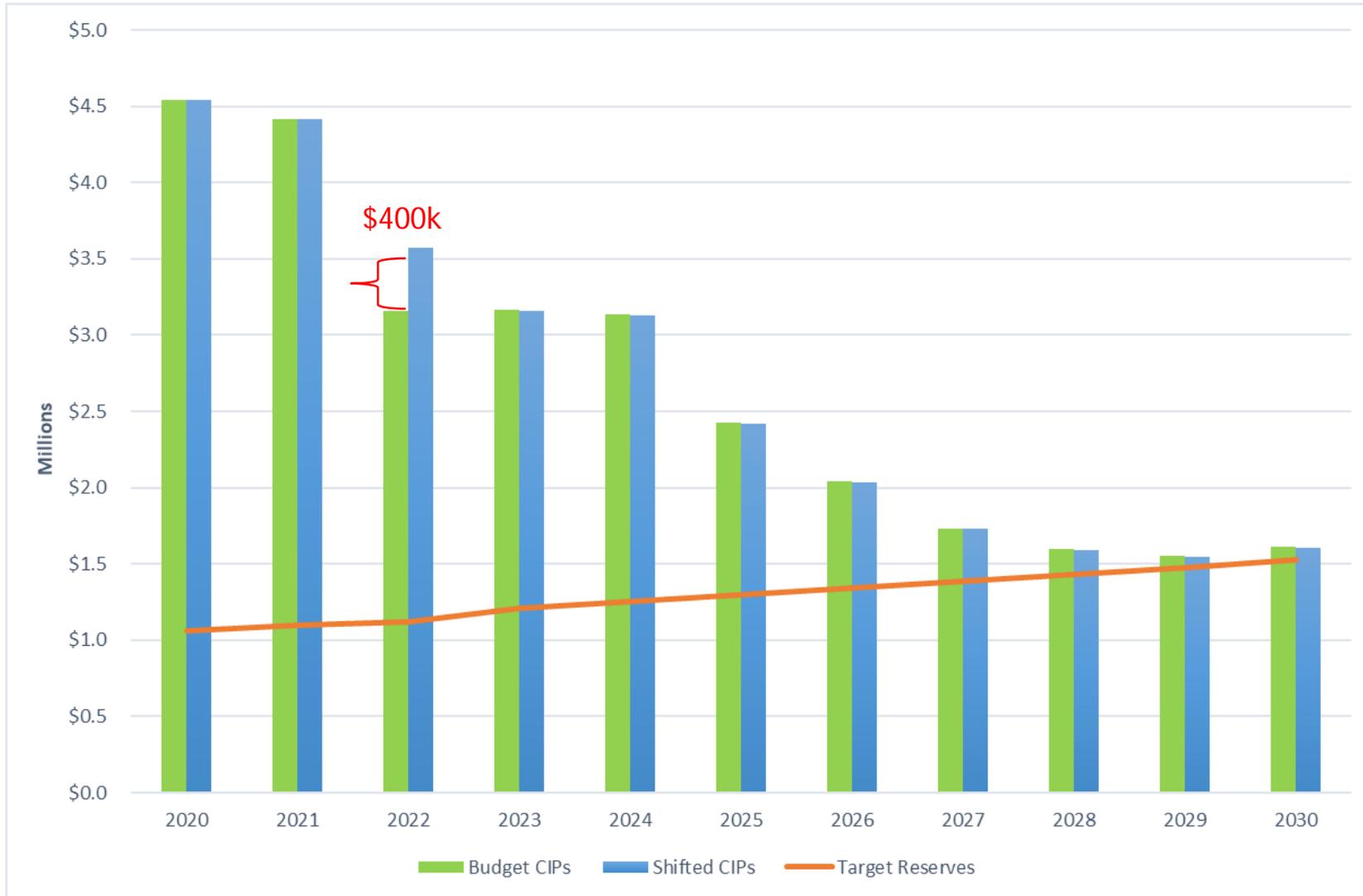
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2020 Rates (Approved 03/03 Council Meeting and Frozen at 04/07 Council Meeting)									
1.5%	1.8%	1.8%	1.8%	1.8%	1.9%	1.9%	2%	2%	2%
May 12th Utility Committee (COVID Options A-C)									
3%-5%	3%-5%	3.5%-5%	3%-5%	1.8%-3%	1.9%	1.9%	2%	2%	2%
"Smoothing" Revenue Increases (RECOMMENDED)									
4%	4%	4%	4%	4%	4%	1.9%	2%	2%	2%

WASTEWATER

WASTEWATER: Cash Reserve Comparison

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
120 Days Cash Reserve (8/11 Utility Committee, Recommended)										
	4.5%	4.5%	4.5%	5%	5%	5.5%	4.5%	4%	4%	4%
90 Days Cash Reserve										
	4.3%	4.3%	4.3%	4.9%	4.9%	5.4%	4.5%	4%	4%	4%
Change	-0.2%	-0.2%	-0.2%	-0.1%	-0.1%	-0.1%	-	-	-	-

WASTEWATER: Ending Cash Reserves Comparison



WASTEWATER: CIP shifts

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Budget Smoothing Plan (8/11 Utility Committee Recommended)										
	4.5%	4.5%	4.5%	5%	5%	5.5%	4.5%	4%	4%	4%
Modeled Shifted Smoothing Plan										
	4.5%	4.5%	4.5%	5%	5%	5.5%	4.5%	4%	4%	4%
Change	-	-	-	-	-	-	-	-	-	-

WASTEWATER

Financial Planning Alternatives

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2020 Rates (Approved 03/03 Council Meeting and Frozen at 04/07 Council Meeting)									
4.5%	4.5%	4.5%	4%	4%	4.5%	4.5%	4%	4%	4%
May 12th Utility Committee (COVID Options A-C)									
4.5%	4.5%	4.5%	4.5%-5%	4.5%-5%	5%	4.5%-5%	4%-4.5%	4%	4%
"Smoothing" Revenue Increases (RECOMMENDED)									
4.5%	4.5%	4.5%	5%	5%	5.5%	4.5%	4%	4%	4%

STORMWATER

STORMWATER: Cash Reserve Comparison

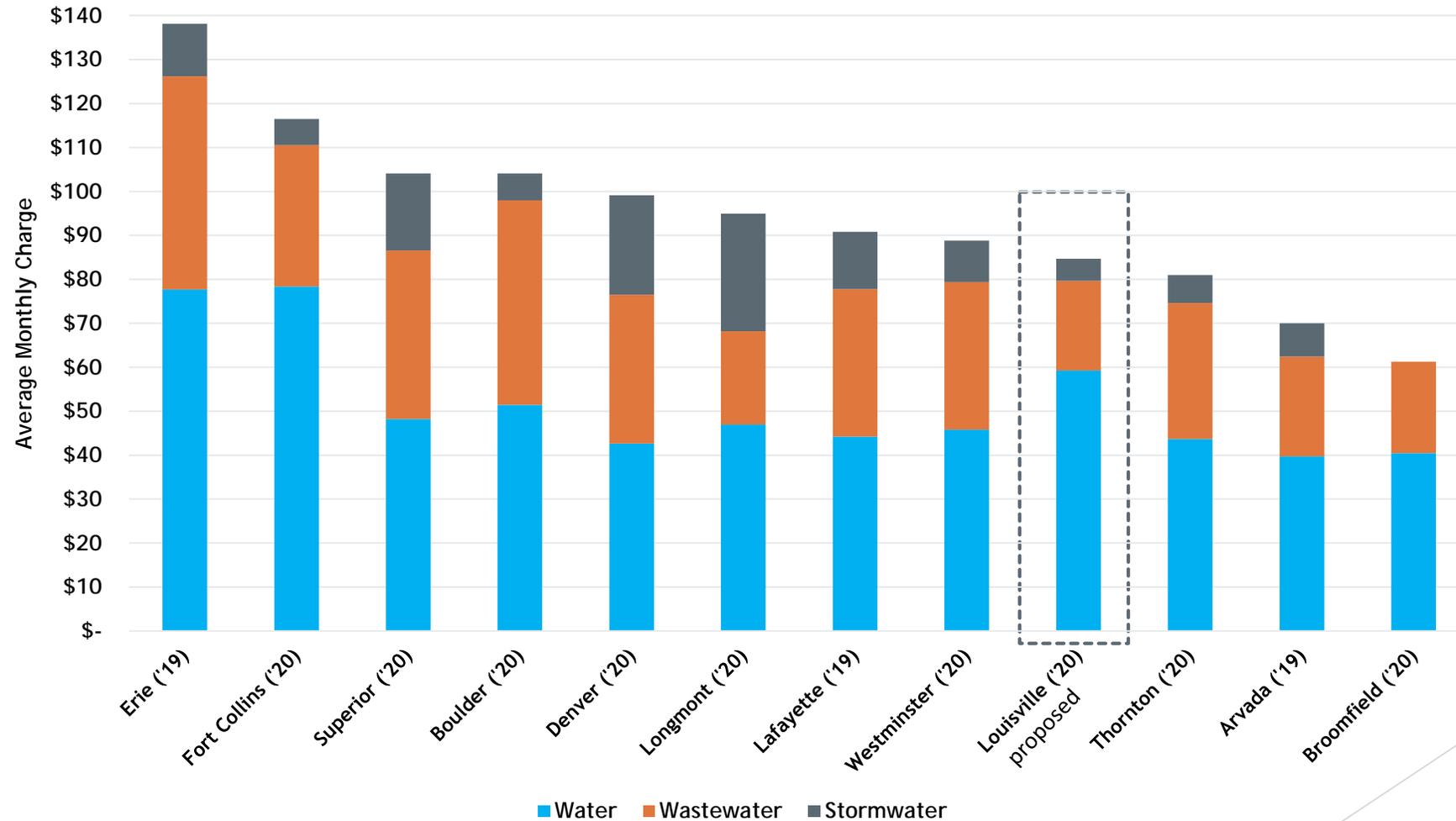
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
120 Days Cash Reserve (8/11 Utility Committee, Recommended)										
	14%	5%	4.5%	4%	8.5%	8.5%	3%	0.8%	0.8%	0.8%
90 Days Cash Reserve										
	11%	5%	4.5%	4%	8.5%	8.5%	3%	0.8%	0.8%	0.8%
Change	-3%	-	-	-	-	-	-	-	-	-

STORMWATER

Financial Planning Alternatives

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2020 Rates (Approved 03/03 Council Meeting and Frozen at 04/07 Council Meeting)									
14%	5%	4.5%	4%	4%	4%	0.8%	0.8%	0.8%	0.8%
May 12th Utility Committee (COVID Options A-C)									
14%	5%	4.5%	4%	8.5%	8.5%	3%	0.8%	0.8%	0.8%
"Smoothing" Revenue Increases (RECOMMENDED)									
14%	5%	4.5%	4%	8.5%	8.5%	3%	0.8%	0.8%	0.8%

Average Monthly Water, Wastewater & Storm Rates (Louisville Single Family Residential)



Past Rate Increases

Utility	2016	2017	2018	2019	2020 (prior to frozen)	2021 (recommended)
Water	13%	0%	3%	0%	0% (0%)	4%
Wastewater	13%	7%	7%	7%	0% (3.5%)	4.5%
Stormwater	0%	4%	7%	18.5%	0% (14%)	14%

City of Louisville Colorado Utility Committee Work Plan and Advance Agenda September 8th

Topics will be discussed in the month which they are listed.
Items that are not complete will be covered at subsequent meeting.

Goals:

- **Support staff during the pandemic**
- **Operations and essential maintenance and upgrades to continue sustainability and efficiency of the Utility**

Every Meeting:

- Capital Projects Progress
- Enterprise Dashboards: inclusive of KPI progress, water supply update, water use by customer class, revenue and expense by enterprise (and by customer class where appropriate), energy use by enterprise
- Tap Fee Review - CBT market value update

January 2020 Meeting

- ✓ Utility Rate Structure
- ✓ 2020 Tap Fees
- ✓ Finalize 2020 Rates

May Meeting

- ✓ COVID-19 Impacts
- ✓ Initial 6-Year CIP Plan
- ✓ Committee Confirmed - Water Rights Actions can proceed directly to Council

June Meeting

- ✓ COVID-19 Impacts
- ✓ Windy Gap Financing

July Meeting

- ✓ CIP Update
- ✓ Windy Gap Financing

August Meeting

- ✓ Draft 2021 Rates and CIPs

September Meeting

- Windy Gap

October/November Meeting (Tentative: 10/13/20)

- Final 2021 Rates

First Quarter 2021 Meeting (TBD)

-

Parking Lot / Hold

- Rate Design & related Financial Policies
- Raw Water Study