City Council
Utility Committee

Meeting Agenda

Tuesday, October 13, 2020
3:00 pm - 5:00 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 September 8th, 2020

V. Public Comments on Items Not on the Agenda

VI. Windy Gap Firming Project

- Memo / Financing Update
- Draft Council Communication for Allotment Contract

VII. 2021 Utility Rates

VIII. Upcoming Projects and Council Action

- Windy Gap Allotment Contract – Oct 20th
- Water Rights

IX. Agenda Items and Date for Next Meeting

- Work Plan / Advance Agenda & Meeting Dates

X. Adjourn 12:00 pm

Attachments:
- 2020-09-08 Draft Minutes
- Windy Gap Financing Memo
- Windy Gap Financial Comparison
- Draft Council Communication
- Revised - 2021 Utility Rates Presentation
- Work Plan

City of Louisville
COLORADO • SINCE 1878

City Council
Utility Committee
Draft - Meeting Minutes
Tuesday, September 8, 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 Stolzmannn*

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

Additional Attendees:

- *Allan Hill, Hill & Pollock, LLC – City of Louisville Water Attorney*
- *Ashley Stolzmann Pollock, Hill & Pollock, LLC - Associate*
- *Pete Johnson, Vranesh & Raisch, LLP - Water Attorney for Windy Gap*
- *Nick Cotton-Baes, Kelly PC – City of Louisville Attorney*
- *Jim Manire, Hilltop Securities – City of Louisville Financial Advisor*

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 Minutes**

Council member Lipton asked if there were any comments or changes on the July 28, 2020 and August 11, 2020 meeting minutes. None were made and Mayor Pro Tem Maloney motioned to approve the minutes and Councilmember Fahey seconded the motion. All approved the minutes.

V. Public Comments on Items Not on the Agenda

No comments made.

VI. Windy Gap Firming Project

- Allotment Contract – Page 14, Draft Resolution. Mr. Peterson began by explaining the goal of bringing the allotment contract to the October 6th City Council Meeting and Northern District is looking to approve by October 8, 2020. He continued saying that a confidential memo was sent to committee members for review. Committee discussed the intent of this memo. Councilmember Lipton asked what the schedule is for getting our comments on the Allotment Contract. Mr. Peterson said we are looking for a recommendation from the committee where you'd be in favor with moving forward with the Allotment Contract. Mr. Kowar explained the contract is a consortium of many cities that have been working on this for some time now and he asked if there were any high concerns that we can work out today and that we are looking for finalization and not reiterations. Councilmember Lipton said he would like to know more with the organization/corporation and the governance of the corporation and where we fit in, who's going to govern it, who's going to be the staff to manage. Mr. Peterson replied that Northern is governed by a Board of Directors that takes recommendations from the various participants. Mr. Peterson along with the legal counsel Varnesh and Raisch represent Louisville at the participants meeting. Councilmember Lipton then said he has a number of questions regarding managing the risk, i.e. what kind of liabilities do the participants accept including Louisville. Councilmember Lipton suggested that the risk conversation be delayed but would like to address a few scenarios like if water can't be delivered or litigation that holds up the project, etc. Mayor Pro Tem Councilmember Maloney added what he's interested in is understanding the transfer of Allotment and the default area. Mr. Kowar stated that we do have everyone here today to answer all these type of questions/concerns. Councilmember Fahey asked the water attorney if he had any concerns, red flags, etc. Mr. Hill replied that he does not and commented that this is modeled after the typical CBT Delivery Contracts that have worked very well for a number of years. He understands that Council is concerned about default and if payment isn't made on the bonds. Regardless of which way council goes his perspective of knowing how NCWD has managed those contracts and the protection in those contracts gives him confidence the agreement will be well managed once it's executed. Mr. Johnson confirmed that he too is confident with NCWCD's management and explained his experience with the same type of agreements with Windy Gap Firming and the CBT and stated that overall we have one of the best entities that has the most experience in operating large reservoir projects with multiple public participants. So he has no red flags that we need to address today that would give us any cause to give any pause in approving. Councilmember Lipton asked if all information is public. Cory stated that most information is or will be public. However, the analysis that Vranesh & Raisch provided is privileged and confidential. Councilmember Lipton then stated a concern on how privileged and confidential information could be discussed in a public meeting and asked what our boundaries are. Mr. Cotton-Baes responded by saying this doesn't violate the open meetings law. Mr. Cotton-Baes continued with saying the contract will be provided in the packet for Council on October 6, 2020. Mr. Peterson confirmed it will be attached to the Resolution. Mayor Stolzmann asked if the City can approve the agreement without committing to the Group Financing. Then stated she's not sure we have enough information to commit to the Group Financing. Mayor Pro Tem Councilmember Maloney asked with the transfer of the Allotment how does that process work. Mr. Johnson described and referred to paragraph 5.2 of the Allotment Contract that addresses this. Mayor Pro Tem Councilmember Maloney asked if we are doing Group Financing or City Financing how do you transfer the debt obligation. Mr. Johnson explained that everything is proportional under the contract. You are either a cash or loan Allotee and that is proportional to what your Allotment interest is and gave an example of transfers. Mayor Pro Tem Councilmember Maloney said, it sounds like you are saying there is no prescribed method in this agreement but leaves it open for negotiation. Mr. Johnson confirmed. Mr. Peterson added that this is the intent of getting Northern into the process so they can either approve or not approve. Not necessarily by adding hurdles or impediments on but just so they have a seat at the table if an entity would want to transfer. Mayor Pro Tem Councilmember Maloney continued by asking about Section 5.3 regarding the default. He asked given that we are a minor player in this where there are larger partners; if one of them defaults then we can assume a percentage of whoever defaults therefore that would increase our share/obligation. Mr. Johnson said that is correct and explained there is a number of safety nets and fall backs to make sure that doesn't happen. He continued discussing the default procedure and stated the Capital Defaults and Operating Defaults are different. There is a one year cure period for default provision in the contract that allows time for public entities to negotiate their sale or transfer of their Allotment to avoid the drastic consequence of a final default under the contract. Councilmember Lipton asked if there is an option for prepayment or defeasance of the debt. Mr. Manire replied that we don't know what the repayment option participants will have yet. He went on to explain a scenario he's familiar with where the participants would need consent from the authority to prepay which may not be economical for the participants at the time. He advised the elected folks to anticipate that some kind of consent requirement for prepayment would be required by the Sub-District and said that the prepayment is usually distinguished at the time you deliver the funds and defeasance occurs when you pay in advance. Mr. Johnson confirmed that the contract does not have any specific provisions regarding those terms on debt operating. We don't know yet and will be the topic of future meetings with the participants and Windy Gap Firming Enterprise. Councilmember Lipton asked at what point will that come to us and council for approval or does it? Mr. Johnson said it doesn't specifically prescribe that but what it does do is set up monthly financial statement and update reports that require them to provide financial statements and to have quarterly meeting to discuss. Councilmember Lipton said, that would be a matter for the Board and do we have a member on the board. He stated it's the Board that approves the contract and not the individual City's, is that correct? Mr. Johnson confirmed and stated that it's the Windy Gap Project Enterprise that will be undertaking the debt contracts, etc. Mayor Stolzmann commented that her question regarding Group Financing hasn't been answered yet and continued saying it sounds like we should go into this with the assumption of financing it ourselves and then after we get the information that convinces us we should do the Group Financing then we could do an amendment. Councilmember Lipton agreed that is important and we shouldn't lock into something at this point and time. Mr. Kowar asked if Mr. Johnson could clarify/discuss how we would make those things happen at the same time and stated that we aren't going to make any decisions without coming to Council to say this is where we see ourselves voting as a board member. Mr. Johnson referred to Exhibit A to the Allotment Contract sets out the total capital outlay for the project initial capital cost and then for each participant what percentage they have and how they are paying for that whether its cash or loan. That would be part of the contract that is approved and ultimately executed by each entity. Mr. Johnson continued with once that is approved what the District is telling them is once they start the withdrawal process they resist making any changes. So this should be decided before the Contract is approved at the October 6 meeting. Councilmember Lipton stated that this will come to Council in a separate document and there are a number of questions we still have and suggested we send them to Mr. Kowar and Mr. Peterson as part of the analysis that we expect to come back to City Council.

Mr. Kowar asked the Utility Committee for some guidance on what's important to you. Mayor Stolzmann wanted to have Mr. Manire give us a financial analysis on which is our best option; Group Financing or Go alone. Mr. Kowar agreed and said it's going to be close will come down to Risk and Debt Coverage. Mayor Pro Tem Councilmember Maloney added that we really don't know what the pool looks like and we don't have enough information for him to go one way or the other. Councilmember Lipton asked for staff and our outside advisors have to advise us as to what we need to be looking at. What are the most important things we need to look at as a Governing Board? What are the options, risks and rewards? Mr. Kowar agreed that is what we are here for. Councilmember Lipton also suggested that if anyone has any additional comments/questions to email them to Mr. Kowar and Mr. Peterson tomorrow. Committee all agreed.

- Financing Update – Page 19, Mr. Manire explained the numbers he provided and what they are trying to accomplish. He said they are trying to compare City Financing to Pool Financing. The City hasn't directed them to consider a term of financing yet so he went with a 20 year debt. The big unknown is Louisville doesn't have a utility bond rating debt outstanding. Just for Council benefit, Louisville has approached utility financing by combining the three utilities (water, sewer and storm). He explained how the combined revenue was pledged and that's the credit that will be rated if we were to sell our own bonds. Now the Sub-District pooled rating is a guess too. Right now we are assuming the rating will be more/less equivalent. We won't be in a position to know the rating until we commit to something. Mr. Manire thinks that the projections will come in fairly close with present value basis. So one choice won't be better or worse than the other with what we know so far. There is a couple things we identified that are part of a Pool Financing package that we wouldn't choose if the City did their own bonds. They are expecting the debt service reserve in their Pool Financing and he recommended avoiding that and would approach the City's bond issue not a debt service reserve. That's a small impact in terms of debt service differential but it is a distinction between the two. Within the Allotment Contract with the Sub-District there is a significant reserve requirement as well. So you're carrying a debt burden that we quantify with Poll Financing but the Sub-District would require Long participants to fund a Liquidity Reserve to be held by the Sub-District and that's another full year of debt service. He went on to say that wouldn't be efficient because there is higher payments with the Long Program but feels the cash flow is more front loaded.

- Page 20 – Mr. Manire continued explaining that the terms available have not been decided but were provided on a 20 or 30 year financing term. The Operating Reserve is not a choice between one debt mechanisms or another there are certain operating terms and certain funds we will be responsible for as a participant in the project on an O&M basis that are not debt related. As far as the Capital Fund there are additional reserves we are responsible for and we should get the benefit of those at the end. So in the pool bond the financing burden would be shared with a number of participants so that's a smaller cost. We would carry the full debt service cost load with the City financing. Mr. Peterson agreed and continued to explain the items listed. Mr. Manire stated on the Debt Service Funding that is cost of issuance, financing cost and the Liquidity fund is Internal funding which is a requirement of the Sub-District that we would pay at the front end of the program. Mr. Johnson added that with the August 13th update of the Contract, it does state 30%. Mr. Manire continued with the Subordinate Loan Lien, this is water conservation fund and is a small influence on the program but we have to account for it. So our numbers came in very close. He said his understanding is they are expecting to pay no principle on the first 5 years in the pool bonding program and that's a modification he wasn't aware of when he ran the numbers. Mr. Manire stated that until we get a commitment from the District we can only model these numbers. Councilmember Lipton asked if we can work on this and parallel these options so that at some point we get to a decision where we can choose a final path. Mr. Manire agreed and said we will continue modeling for comparison. Mr. Kowar added that staff is recommending the Group Financing where with the information we have we think the risks are well mitigated for default and the ability to move water if it comes to us. Councilmember Lipton thinks we need an expanded table for that so this is more flushed out so we can then make a good decision. Mayor Stolzmann added that what she is hearing is that we need to bring a decision to Council after this meeting. Councilmember Lipton said that he finds that unacceptable as he doesn't think this is fully understood. Mayor Stolzmann agreed that we don't have enough information to go with the Group Financing and stated what she has heard was the benefit is that the debt service won't count against us so we'll have more rate flexibility going forward. Then everything else stays the same and the risk and unknown makes it impossible for her to say we should go with the Group Financing. She continued saying that we have not hit our debt coverage in the last 10 years so that's not a compelling argument. So she's not for the Group Financing because of the lack of information. Mayor Pro Tem Councilmember Maloney thanked Mr. Manire for his input and continued with the next chart.

- Page 21 – Minor Issues. Mr. Manire explained what the term selection is (used 20-30 year term). Mayor Pro Tem Councilmember Maloney added that we don't have enough information to make a decision on these issues today and he would like to dive into the number more. Mr. Kowar said that we would run a model for a 20 and 30 year for each estimate for the City and the Pool Financing so that would be four schedules for the Committee to review. Mr. Kowar stated we are trying to get to the specifics and to give Utility the most options without being overwhelming. He continued by listing the outstanding issues:
    - 4 Cost Schedules for 20 and 30 year
    - City vs Pool Financing
    - Allotment Contract
    - Debt Coverage Analysis
    - Minor Issues – Add Debt Capacity
- Mr. Kowar continued suggesting that staff will attempt to add more detail but we have run eight scenarios and we did narrow it down to a couple. Mr. Kowar sought direction from the Utility Committee on the cash down versus not. Mr. Kowar stated that Public Works staff's opinion is the Group Financing the interest rate won't be significantly different and the cash down piece we'd use our cash to set up the various funds required and do the actual loan amount for the project on the financing. Mr. Kowar asked the committee if they agree with using our cash for setting up our various reserve liquidity funds and let the cost of the project go into the loan. Mayor Pro Tem Councilmember Maloney stated that if we have the available cash that it makes sense to do but what's the effect on rates and what's the impact if we do a down payment to cover those things.

Councilmember Lipton agreed and asked Mr. Manire if the yield curve is about the same for all or should we look at 25 – 15 year. Mr. Manire replied the yield curve is flat. We tend to look at things at long term water financing within that range and is something we have to go through some reiterations to see what impact it has on any cash modeling or forecast we have. He is inclined of doing it less than 20 years as it's likely to put more stress on the cash flow short term but we could model it that way so you have a range to look at. So until we get clarity from the Sub-District on what their structure is we really aren't choosing; we can only say if the City were doing this independently what would its preference be. Then when the real program is visible there will be a more clear distinction between the two. What we've learned that needs to be adapted is that the interest only payment for the first 5 years we will build that in and we'll work with Mr. Kowar and Mr. Peterson to build alternatives. He didn't think there was a magic number. Councilmember Lipton asked about Group Financing vs City funding, if we do City financing is it, in the future, going to limit the capacity for City to issue more debt. Mr. Manire replied either program contributes to debt services. Mr. Manire continued saying there is one thing that is included in the Allotment Contract is that we are certifying the payments will be treated as an O&M cost of the utility. The O&M cost is part of the debt service coverage calculations. Councilmember Fahey asked with all the uncertainty can we schedule another utility meeting so we can then make a recommendation. Councilmember Lipton said yes but we need fuller analysis from all the parties and not just a meeting. He asked how all the other participants are doing on making their decisions. Mr. Johnson stated they too are looking at an October timeline. Mr. Johnson said he has been getting emails during this meeting that the participants have met and there is some significant discussion about the 20 vs 30 year Bond Term for Pool Financing and implication. They are considering some sort of mixed term option that may require some revisions to the Allotment Contract. So there may be some delay associated with that but the main goal for getting this done in October was so the WG Firming Project Enterprise could sign the CWCB loan documents. So it sounds like the timeline will be pushed back and stated other participants are in the same situation as Louisville with the uncertainty of the Pool Financing and trying to be comfortable with the Allotment Contract in the fact that it tries not to present too many impediments to those specific loan terms but also the fact that there is only so much information available at this time and are trying to seek approval in the interim. Councilmember Lipton thanked Mr. Johnson and asked the Mayor if she had anything to add. Mayor Stolzmann stated that she's not clear on how we are going to resolve the timeline and there weren't a lot of questions on the Allotment side of things except the financing side. Then said maybe that's what we need to discuss. She continued to clarify the Allotment Agreement is how we will allocate shares in WG and as part of that we are committing to Group Financing where we all can agree on the water piece of this but it's the financing side that there are still questions about. Councilmember Lipton said he still has questions and will write them down and send them to staff. Mayor Pro Tem Councilmember Maloney asked Mr. Johnson if there are any parts of the agreement that we should be focusing on or any concerns he has. Mr. Johnson replied he has no concerns about the structure of the Allotment Contract and how the WG Firming Project Enterprise manages the various Allotments of each Allotee or how they manage the project overall. Basically it is modeled after other large multi-party projects that Northern has undertaken in the past. So it follows that structure and has worked very well. The areas he recommended focusing on is the allocation of our cash vs loan participation and how that flows into various other concepts such as the consequence of default and being subject to the step up provisions. The basic point is as a loan Allotee you have the advantage but also the obligation of several reserve funds that are set up to cover any defaults on debt or capital expenses associated with the project. Another important thing to understand is as a loan participant you are subject to those step up provisions so that you're first in line to take on a portion of the project and a portion of the financial obligation associated with the default of any other loan or Allotee that is participating in the Pool Financing. So that's the primary focus and continued describing the default and consequences that were discussed earlier. Then stated a couple other things that are important are the transfer of Allotments that Mayor Pro Tem Councilmember Maloney mentioned and the general schedule that the Allotment Contract sets up and noting that WG Firming Project Enterprise has a lot of experience with dealing with public entity participants. So the schedule and obligations that are set up to keep everyone informed of costs, expenditures, expenditures of capital fund, construction report and progress are all aimed for general physical schedules of public entities and giving enough notice of additional obligation and finance obligation well in advance to make decisions in a timely manner. Lastly, this contract is meant to govern the actual interest we will be receiving and finance obligations we take on. Not to govern the actual operation of the project. This is still being reviewed and they don't know if it will be included in the contract or a separate document.

- Councilmember Lipton stated that the committee is agreeing we are needing more analysis from staff and our consultants and I hope it will be providing some solid recommendation for various financing options.

VII. 2021 Utility Rates

- Page 23-28 - Preliminary Utility Rates – Mr. Peterson stated these pages are routine and nothing has changed then asked to skip to Page 29. Committee agreed to skip.
- Page 29 – Financial Model Inputs – Mr. Peterson said this is similar to the last time we met but the two changes we added is the Cash Reserves moved from 120 days to 90 days and moved the Capital

Improvement Expenditure based on the year we think it's going to happen for the multi-projects, i.e. SWSP pipeline project is a multi-year project where we spread it out.

- Page 30 – Modeled Tap Fees, Mr. Peterson said he knew there were some concerns about what was in the tap fees and explained this shows our current tap fees for both water and sewer tap fees. Councilmember Lipton asked how the years 2023 to 2026 are calculated. Mr. Peterson explained these projections are tied into what Finance does and coordination with Building Safety and Development. Then we assign the projects we are aware of and then assign tap fees associated with that. So this is the current estimated planning projection for what we think the new development will be coming into the City. Mr. Kowar stated there are other large developments that aren't in these numbers because they aren't approved yet. Councilmember Lipton said what about the normal background stuff that's in the planning background, i.e. CTC, McCaslin Blvd. corridor, etc. that are already in the horizons. Mr. Kowar said that Planning is trying to be conservative with their projection with reality in that we are working on per parcel versus percentage of development per year. Mr. Peterson added these have a high level of confidence and over estimating is risker for the utility. Mr. Peterson continued saying there is some level of conservative to make sure we provide an accurate number that the committee can rely on. Councilmember Lipton stated his concern is the smoothing model for water rates where we'll inflate the early term rates in order to support those conservative back term assumptions. Committee continued discussing and Mr. Watson added that the conservative approach was agreed on years ago just as Mr. Peterson has explained. He did say that we could add some rolling averages. Councilmember Lipton continued saying he'd like to see a different approach and suggested staff continue discussing and come up with an alternative on the averaging. Mr. Kowar said we could try that but the challenge as a utility is where water starts getting serious in the next 10-20 years in Colorado and we are going to run out on availability and prices are going to sky rocket. Then associated with that we have some large pieces of land that can flip on us and we don't know when. We are trying to stay conservative because we are worried if tap fees go away the rates start to climb. Councilmember Lipton suggested that Mr. Kowar, Mr. Watson and Mr. Zuccaro talk about this and bring back a worse case, best case scenario. Mr. Kowar said they will bracket so we can see what the impact on the various rates will be. Councilmember Fahey agreed and added that we should be conservative considering the reduced quantity of water availability in the future and with the climate change. Mr. Kowar added the general rule of thumb is that 1M dollars is about .5 percent on your rates. Mayor Pro Tem Councilmember Maloney agreed with the proposals. Councilmember Lipton suggested we move on to Page 35 and asked Mr. Peterson to explain. Mr. Peterson said this is the spread out of the different projects where we identified on the water side the movement of 3M from the first year that we can push out from 2020 to 2023. As shown the difference between the green to blue bars where blue is with it shifted where you have greater capital as we move into the year so when you get to 2022 they've realigned since we've spent the money at the same time. We did this with 3 more projects and by the time we get to 2027 our recommendation for rate increase remains the same. The remaining of the discussion was table until next meeting as the meeting reached 12:00pm.

VIII. Upcoming Projects and Council Action

- Windy Gap Allotment Contract – Oct 6^{th}
- Water Rights

IX. Agenda Items and Date for Next Meeting

- Work Plan/Advance Agenda & Meeting Date

Page 48 – Work Plan, Councilmember Lipton suggested we reschedule to focus on Windy Gap and continue our discussion on where we left off on Rates. Mr. Peterson will coordinate a new meeting time.

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.

City of Louisville
COLORADO ▪ SINCE 1878

Memorandum | Public Works & Utilities

To: Utility Committee

CC: Heather Balser, City Manager
Cory Peterson, Deputy Director of Utilities

From: Kurt Kowar, P.E., Director of Public Works and Utilities

Date: 10/9/2020

Re: Windy Gap Firming Project Financing Alternatives

Staff (Utility, Finance (including Jim Manire, the City's financial advisor), and CMO) are providing follow up regarding discussion related to the Windy Gap Firming Project ("Project") Group Financing Allotment Contract ("Contract").

Staff is recommending that the City sign the Contract, which currently contains an exit clause, maintaining the City's interests in Group Financing for the Project.

A draft Council Communication proposed to be presented at the October 20, 2020 City Council meeting is provided for the Utility Committee Review.

Windy Gap Firming Structure and Participants

The City's representative Project attorney, Vranesh and Raish, LLP, has provided a memorandum responding to Utility Committee questions related to the Project. The 9/29/20 memorandum is provided as an attachment to this communication.

There are 12 Windy Gap Firming Participants, 10 of which are currently anticipated to utilize Group Financing and 2 that will not. Windy Gap Firming Participants that are currently partaking in Group Financing are:

- Broomfield (12% Cash)
- Platte River Power Authority (26% Cash)
- Loveland (31% Cash)
- Greeley
- Erie
- Little Thompson
- Superior
- Ft. Lupton
- Lafayette
- Louisville (Tentative)

Longmont is not participating in Group Financing due to charter restrictions specific to their City. Central Weld is a small portion of the project and is paying cash for their share.

Updated Contract Terms

New information provided by Northern Water Conservation District includes a clause in the Contract that provides for a member to leave the Group Financing within 3 months of a Notice of Provision to complete financing documentation. It is currently anticipated that this Notice of Provision could take place Q4, 2020 and a final decision will need to be made in Q1, 2021.

The additional clause within the Contract provides that:

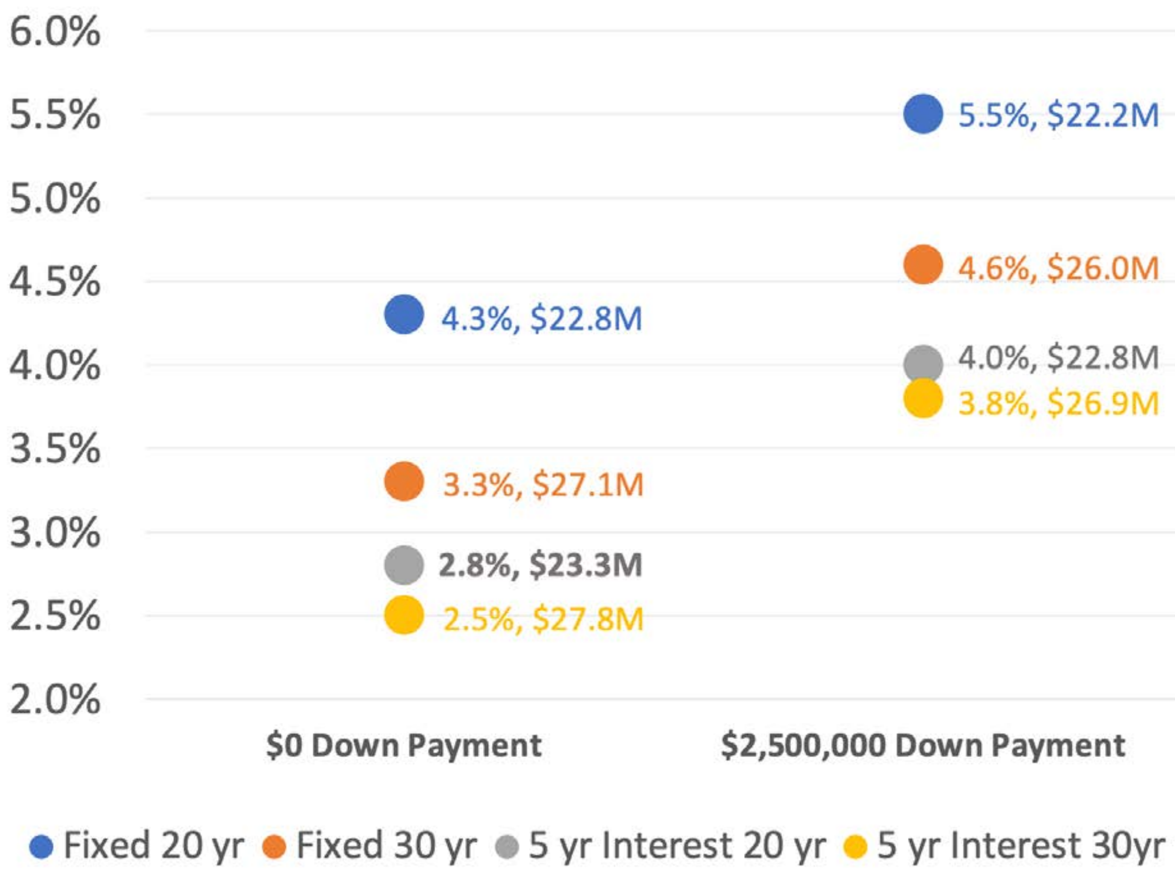
Until the date noticed by the WGFP Enterprise under this Section 6.2.1.1, [Actual Allottee Name*] may, with the WGFP Enterprise's written consent and without the need to amend this Contract under the terms of Section 5.7, modify its chosen means of payment of its Capital C&E Funding Obligations for Initial C&E, including its proportional amounts between a Capital C&E Funding Cash Payment and participation in a WGFP Financing, and upon such modification the WGFP Enterprise shall update **Exhibit A** to the WGFP Allotment Contracts. Before the date of sale of a WGFP Financing for Initial C&E other than the CWCB Loan, the WGFP Enterprise will provide written notice to [Actual Allottee Name*] setting forth the date by which [Actual Allottee Name*] must finalize its payment method for Initial C&E, which date shall be no less than 3 months after the date of notice unless [Actual Allottee Name*] otherwise agrees. Any modification of payment method for Initial C&E after the date provided in the notice shall require a contract amendment under the terms of Section 5.7.

Approval of the Contract does not exclude the City from continuing to explore its own financing of its share of the project which is currently estimated at $20 million. However, if the City does not choose to approve the Contract it will exclude its ability to participate in Group Financing in the future leaving its only choice to be self-financing.

By leaving the City's options open the City allows itself to continue to get additional information to ensure it is making the best long-term financing decision.

Financing Scenarios

Staff reviewed 8 scenarios in attempts to determine the best value in regards to combinations of financing alternatives. Those scenarios include 4 scenarios that provided for a $2,500,000 down payment and 4 scenarios that provided for no down payment. Within each of those categories staff ran a 20-year and 30-year amortization analysis with payment schedules that reflected a fixed payment over the life of the bond and an interest only for 5 years and then principal and interest payments thereafter over the life of the bond. These scenarios can be visualized as follows (detail from Jim Manire, city's financial advisor, attached):



Each scenario is represented by a point and the associated annual rate increase for the Utility over roughly 5 years along with the total principal & interest paid.

In review of all scenarios the City is in a win/win situation. Any decision is a good decision with minimal rate increases necessary to finance such a large project. Despite this staff are suggesting 3 guiding principles to guide future bond structuring.

1. Optimize rate model to provide for lowest overall rate increases over time while considering the long term impacts of inflation during annual rate setting exercises.
2. Select financing structure that minimizes total principal and interest payments over the life of the loan.
3. Maintain future flexibility of the Utility to fund future large capital projects such as the Louisville Pipeline or Large Scale Waterline Replacement in addition to unforeseen issues, environmental impacts, and inevitable loss of reliable tap fee revenue.

Over the course of the 20-year and 30-year loans it does not appear that a down payment significantly impacts the total amount of principal and interest paid given the low interest rates currently being anticipated. Maintaining cash within Utility reserves ensures the ability to maintain low annual utility rate increases. If it is desired to reduce the amount of cash reserves in the Water Fund the Utility Committee can consider reducing future proposed rate increases to draw down cash reserves faster. This cash reduction schedule can be reviewed annually by the Utility Committee during the annual financial planning and rate setting process. Additionally, Water Fund projects that have been delayed in previous rate setting conversations could be accelerated to spend cash sooner which will also reduce reserves.

Regardless of the down payment, Staff does not believe any 30-year term provides additional value given minor reductions in rate increases while yielding significant additional interest payments. In the event the City undertakes additional bonds in the future, lower payments over 30 years are helpful but in the long run paying debt off faster is likely more beneficial.

The best combination of overall rate increase needs and total principal and interest is a 20-year term, paying interest only the first 5 years, and then a fixed payment thereafter. This combination yields 2.8% annual rate increase over 5 years (2nd least) with a total principal and interest payment of $23.3 million (4th least). From a fundamentals perspective it is not considered good practice to undertake loans with interest only years for repayment. However, the lower interest only payments provide time for rate smoothing to be effective which minimizes the overall long-term rate increase.

For an additional 1.5% overall increase over the 2.8% increase for a total annual rate increase of 4.3% the City could undertake a traditional 20-year fixed payment loan structure with total principal and interest payments of $22.8 million.

In all cases interest rates are assumed near equal for Group Financing or City Self Financing and will range from 2.5% at 20-years to 3% at 30 years.

Group Financing versus Self Financing

Staff has previously recommended Group Financing to leverage the expertise and staffing of the Northern Colorado Water Conservation District in origination and future administration of bonding requirements, reporting, and auditing associated with the Project.

However, the City may also desire future flexibility in prepayment or refinancing at a future date.

Advantages and Disadvantages are provided as follows for each type of financing structure:

Options	Advantages	Disadvantages
Group	• Not Recognized in Debt Service Requirements for City Rate Setting • Secure CWCB Funding which Subsidizes Lower Interest Rate • Leverage NCWCD Staff and Expertise	• 2 Term Options. 20 or 30 Year. • Cannot Refinance in the Future • May Not Be Able To Prepay
City	• Different Terms than 20 or 30 Years if Desired • Future Refinancing • Prepayment Option	• Limits Future Debt Issuance Capacity • Do Not Get CWCB Loan and Subsidized Interest Rate • Additional Finance Department Administrative and Audit Workload

There are many options and a decision will ultimately need to be made as to which the City will need to move forward with under the guise of incomplete information given the various requirements for timing of decisions.

Given the current best available information staff is recommending to take additional time by signing the Contract under the understanding that there will be a period of time available prior to finalization of the Contract to allow for an allottee to remove itself from Group Financing considerations. Recognizing that Group Financing or Self Financing both offer advantages and similarities, the decision to proceed with Group Financing provides the most flexibility as additional information emerges, (further loan options, rates, etc.) and maintains all options while still maintaining the opportunity to remove the City from Group Financing in the future.

MEMORANDUM
Privileged and Confidential

TO:	Cory Peterson Kurt Kowar City of Louisville
FROM:	Peter C. Johnson
DATE:	September 29, 2020
RE:	Windy Gap Firming Project - Questions of Louisville's Utility Committee

1. Please provide additional information related to the WGFP enterprise. Has this enterprise already been formed or will it be formed as part of the firming project and execution of the other associated agreements?

Answer: The WGFP Enterprise was created in 1999 by a resolution of the Board of Directors of the Municipal Subdistrict of the Northern Colorado Water Conservancy District. The purpose of the WGFP Enterprise is to investigate and pursue the WGFP in a manner that will maximize the benefits of firming the supply of water from the Windy Gap Project (i.e., providing storage for such water on the Front Range) for all participants in the WGFP. This includes any activities in pursuit of the WGFP, including construction, operation, repair, and replacement of Chimney Hollow Reservoir and related WGFP facilities.

2. What is the governance structure of the proposed WGFP enterprise? Will there be a separate governing board or will it be simply a sub-organization of the WGFP? If it will be a separate board, how will appointments to the board be made?

Answer: The WGFP Enterprise is a government owned business owned by the Municipal Subdistrict. The Board of Directors of the Municipal Subdistrict is also the governing board of the WGFP Enterprise, which is consistent with the water activity enterprise statute under which the WGFP Enterprise was created. (C.R.S. § 37 45.1 103(3)). Under the Water Conservancy Act, the Subdistrict's Board is appointed by a panel of chief judges of the judicial districts overlapping with the district.

3. Describe the voting structure of the proposed enterprise. Will it be proportional to the amount of water allocated among the participants or will there be equal voting between members?

Answer: Similar to the Subdistrict, the WGFP enterprise will consult with the WGFP Allottees (project participants) on any decisions, and historically Northern has always attempted to reach a consensus on such decisions. If a consensus cannot be reached, Northern has typically asked for a vote on a per-entity basis, without regard to the amount of water or units allocated to any particular entity. This structure could be changed by participants in the future. However, as currently structured, the WGFP Enterprise Board retains sole discretion over the decisions committed to it and reserves all powers granted to it by its organizing resolution and the water activity enterprise statute.

4. Is the Enterprise considered to be a related State entity or fully removed? Will it be organized as a "for profit" or "non-profit" entity? Will the Enterprise enjoy any forms or benefits of governmental immunity?

Answer: Northern and its Municipal Subdistrict own several enterprises, including the WGFP Enterprise, and while we are unaware of any case law definitively resolving this issue, Northern's position has been that water activity enterprises are entitled to immunity from tort liability under the Colorado Governmental Immunity Act.

5. Under the Forfeiture Section of the allotment agreement, it states that, "if an Allottee fails to pay its proportionate amount of capital expenses, then the amount of its "Vested Allotment" (i.e. the amount of allotment for which it has already paid) will be calculated, and 50% of its Vested Allotment and 100% of its Unvested Allotment is forfeited and reallocated". What is the underlying logic for the specific percentages used for the forfeiture and reallocations amounts?

Answer: As with many of the terms of the Allotment Contract, the forfeiture requirements were negotiated in Legal Committee meetings with attorneys for all WGFP Participants and the WGFP Enterprise. This provision was also discussed at length by a specific Committee of Participants to find percentages that would be acceptable to all Participants on a consensus basis. The logic of these forfeiture provisions is to provide a strong incentive for all Participants to pay the capital expenses for the WGFP, to ensure a level of confidence that capital costs will be paid and the project will be completed. However, those concerns were balanced with an effort to be fair to a Participant which has made substantial contributions to the project but is unable to make future payments. This provides a level of assurance that each Participant will obtain the benefits contemplated in the Allotment Contract (primarily the storage space necessary to "firm" the participants' Windy Gap units) and address any future defaults by Participants.

6. Under the Reallocation section, the reallocation of a forfeited allotment is different for Cash Allottees and Loan Allottees, in that Loan Allottees are subject to the Step-Up process, while Cash Allottees are not. Why are "Cash Allottees" not subject to the "step-up" provisions in the same manner as are Loan Allottees?

Answer: Cash Allottees will pay their contributions for the project up front. Therefore, they will not be subject to the terms of the pooled financing, including the step-up requirements that would come into play if a loan Participant defaults on its capital obligations. However, the Allotment Contract is also structured to allow ample time for a defaulting Participant to sell its interest, and it is anticipated that there would be a favorable market for that type of interest. In addition, the Participants agree that it is highly unlikely that a Participant would default on a completed water project and severely damage its credit rating, absent desperate circumstances. The step-up and reallocation provisions are intended to be a backstop or additional layer of security in the unusual circumstances where a Participant actually defaults, and no other entities are willing to purchase those interests.

7. If an Allottee partially defaults on its allocated expenses, does that trigger a total default on its entire interest in the project or a default on only the proportion of the amounts in default?

Answer: This answer depends on whether the default is in relation to payment of capital expenses, or operation/maintenance expenses.

If a Participant defaults on its obligation to pay operations/maintenance expenses, then its entire allotment is forfeited and its Contract is terminated. This applies to both cash and pooled financing Participants.

If a Participant defaults on its obligation to pay capital expenses, then the Contract provides for the calculation of the Participant's "vested allotment" and requires forfeiture of 50% of the vested allotment and 100% of the unvested allotment.

8. As related to the Liquidity Fund, is the deposit of 30% of the debt service amount an annual obligation or is it done one-time and held through the life of the financing?

Answer: Each Participant's subaccount in the Liquidity Fund is funded one time at the beginning of the Contract period. The amount required is based upon the debt service relative to that particular Participant's level of participation in the pooled financing (i.e. that Participant's "WGFP Financing Percentage"). Additional disbursements into this fund will only be required if the WGFP Enterprise is required to use the Liquidity Fund to cover defaults on that Participant's debt service payments and/or capital payments.

9. The current plan is to wait until resolution of the pending federal litigation before pursuing this second level of WGFP Financing. What is the expected time-frame for the resolution of the federal litigation? Are there other sources of likely litigation that could cause project disruptions?

Answer: NCWCD is still awaiting a decision from the District Court, and although the timeframe is somewhat uncertain, they expect that decision within the next six months. There is a fairly strong possibility of an appeal, which could extend the ultimate timeframe another twelve to eighteen months. The Water Court recently issued the final State Decree for the project, which incorporates all of the provisions of settlements with West Slope interests and the new Carriage Agreement with the Bureau of Reclamation.

10. What are the relevant "worst-case" risks that could adversely and materially impact the project and how are the City and other participating entities managing those risks and protecting their individual interests? Please include an analysis of legal, regulatory, financial, construction, operational, environmental, and other known risks that could impact the project's completion and capability of delivering the expected amounts of water to the participants within the estimated budget.

Answer: The biggest risk is that the project does not get built. However, there are many layers of protection to prevent additional funds being spent, so that risk primarily concerns funds spent to date. After many years pursuing this project, numerous safeguards are in place to address other legal, regulatory, financial, construction, operational and environmental risks. The years spent acquiring all of the necessary permits alone have already mitigated or eliminated many of those risks. The mitigation measures agreed upon for the project also minimize risks with any additional challenges from West Slope interests. Like any water project in 2020, risks associated with water availability will always be present. However, for Louisville, the project actually provides safeguards by making water available from an entirely different river basin in the event that the City's water supplies from the Boulder Creek Basin are jeopardized in a given year.

11. Have there been similar projects in the region using similar financing and operating agreements that have experienced significant construction or operational risks? How were those risks managed?

Answer: There has not been a large water storage project built in Colorado for many years. There have been large pipeline projects constructed, such as the Southern Water

Supply Project ("SWSP") and the recent addition to that pipeline known as SWSP II. NCWCD built both of those projects, and they are currently delivering water on a very reliable basis. As you know, Louisville is a participant in the SWSP and the allotment contract for that project is similar in some ways to the Allotment Contract for the Windy Gap Firming Project. It is somewhat assuring that those projects have not experienced significant construction or operational issues.

Projected Financing Alternatives for the Windy Gap Firming Project (Est. Annual Payments)								
	20 yr $18.46M		30 yr $18.46M		20 yr $16M		30 yr $16M	
Year	Group Financing (Northern / PFM)	City Financing (Hilltop Securities)	Group Financing (Northern / PFM)	City Financing (Hilltop Securities)	Group Financing (Northern / PFM)	City Financing (Hilltop Securities)	Group Financing (Northern / PFM)	City Financing (Hilltop Securities)
2021	$ 1,599,569	$ 1,160,042	$ 1,463,560	$ 936,188	$ 1,401,237	$ 1,007,271	$ 1,290,946	$ 818,188
2022	$ 579,791	$ 1,160,750	$ 621,135	$ 943,250	$ 510,901	$ 1,008,250	$ 550,938	$ 818,750
2023	$ 579,791	$ 1,157,750	$ 621,135	$ 941,750	$ 510,901	$ 1,008,250	$ 550,938	$ 818,750
2024	$ 579,791	$ 1,158,750	$ 621,135	$ 939,750	$ 510,901	$ 1,007,250	$ 550,938	$ 818,250
2025	$ 578,275	$ 1,158,500	$ 619,504	$ 942,250	$ 509,577	$ 1,005,250	$ 549,502	$ 817,250
2026	$ 1,191,396	$ 1,162,000	$ 1,023,938	$ 944,000	$ 1,044,742	$ 1,007,250	$ 904,034	$ 815,750
2027	$ 1,191,325	$ 1,159,000	$ 1,024,223	$ 940,000	$ 1,044,679	$ 1,008,000	$ 904,285	$ 818,750
2028	$ 1,191,268	$ 1,159,750	$ 1,024,451	$ 940,500	$ 1,044,629	$ 1,007,500	$ 904,486	$ 816,000
2029	$ 1,191,454	$ 1,159,000	$ 1,024,024	$ 940,250	$ 1,044,792	$ 1,005,750	$ 904,110	$ 817,750
2030	$ 1,191,239	$ 1,161,750	$ 1,024,081	$ 944,250	$ 1,044,604	$ 1,007,750	$ 904,160	$ 818,750
2031	$ 1,155,782	$ 1,157,750	$ 988,338	$ 942,250	$ 1,009,122	$ 1,003,250	$ 868,428	$ 819,000
2032	$ 1,155,739	$ 1,162,250	$ 988,652	$ 944,500	$ 1,009,085	$ 1,007,500	$ 868,703	$ 818,500
2033	$ 1,155,682	$ 1,159,750	$ 988,737	$ 940,750	$ 1,009,035	$ 1,005,000	$ 868,779	$ 817,250
2034	$ 1,155,539	$ 1,160,500	$ 988,566	$ 941,250	$ 1,008,910	$ 1,006,000	$ 868,628	$ 815,250
2035	$ 1,155,811	$ 1,159,250	$ 988,680	$ 940,750	$ 1,009,147	$ 1,005,250	$ 868,729	$ 817,500
2036	$ 1,155,539	$ 1,161,000	$ 988,452	$ 944,250	$ 1,008,910	$ 1,007,750	$ 868,528	$ 818,750
2037	$ 1,155,811	$ 1,160,500	$ 988,424	$ 941,500	$ 1,009,147	$ 1,003,250	$ 868,503	$ 819,000
2038	$ 1,155,653	$ 1,157,750	$ 988,538	$ 942,750	$ 1,009,010	$ 1,007,000	$ 868,603	$ 818,250
2039	$ 1,155,568	$ 1,157,750	$ 988,737	$ 942,750	$ 1,008,935	$ 1,003,500	$ 868,779	$ 816,500
2040	$ (413,256)	$ 1,160,250	$ 988,395	$ 941,500	$ (360,936)	$ 1,008,000	$ 868,478	$ 818,750
2041	$ 302,386		$ 988,623	$ 944,000	$ 263,770		$ 868,678	$ 814,750
2042	$ 302,329		$ 988,766	$ 940,000	$ 263,720		$ 868,804	$ 814,750
2043	$ 302,343		$ 988,196	$ 944,750	$ 263,733		$ 868,302	$ 813,500
2044	$ 302,415		$ 988,595	$ 942,750	$ 263,795		$ 868,653	$ 816,000
2045	$ 302,243		$ 988,709	$ 944,250	$ 263,645		$ 868,754	$ 817,000
2046	$ 302,400		$ 988,481	$ 944,000	$ 263,783		$ 868,553	$ 816,500
2047	$ 302,286		$ 988,424	$ 942,000	$ 263,683		$ 868,503	$ 814,500
2048	$ 302,472		$ 988,452	$ 943,250	$ 263,845		$ 868,528	$ 816,000
2049	$ 302,357		$ 988,481	$ 942,500	$ 263,745		$ 868,553	$ 815,750
2050	$ 256,325		$ (494,648)	$ 939,750	$ 223,541		$ (435,341)	$ 813,750
2051	$ 160,965		$ 160,965		$ 140,254		$ 140,254	
2052	$ 160,965		$ 160,965		$ 140,254		$ 140,254	
2053	$ 160,965		$ 160,965		$ 140,254		$ 140,254	
2054	$ 160,965		$ 160,965		$ 140,254		$ 140,254	
2055	$ (195,605)		$ (195,605)		$ (216,316)		$ (216,316)	
Total	$ 23,287,578	$ 23,194,042	$ 27,803,039	$ 28,261,688	$ 20,329,290	$ 20,129,021	$ 24,427,179	$ 24,509,438
Difference	$ 93,536		$ 458,648		$ 200,270		$ 82,258	

Utility Committee
2021 Utility Rates

October 13, 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%	-	-	-	-

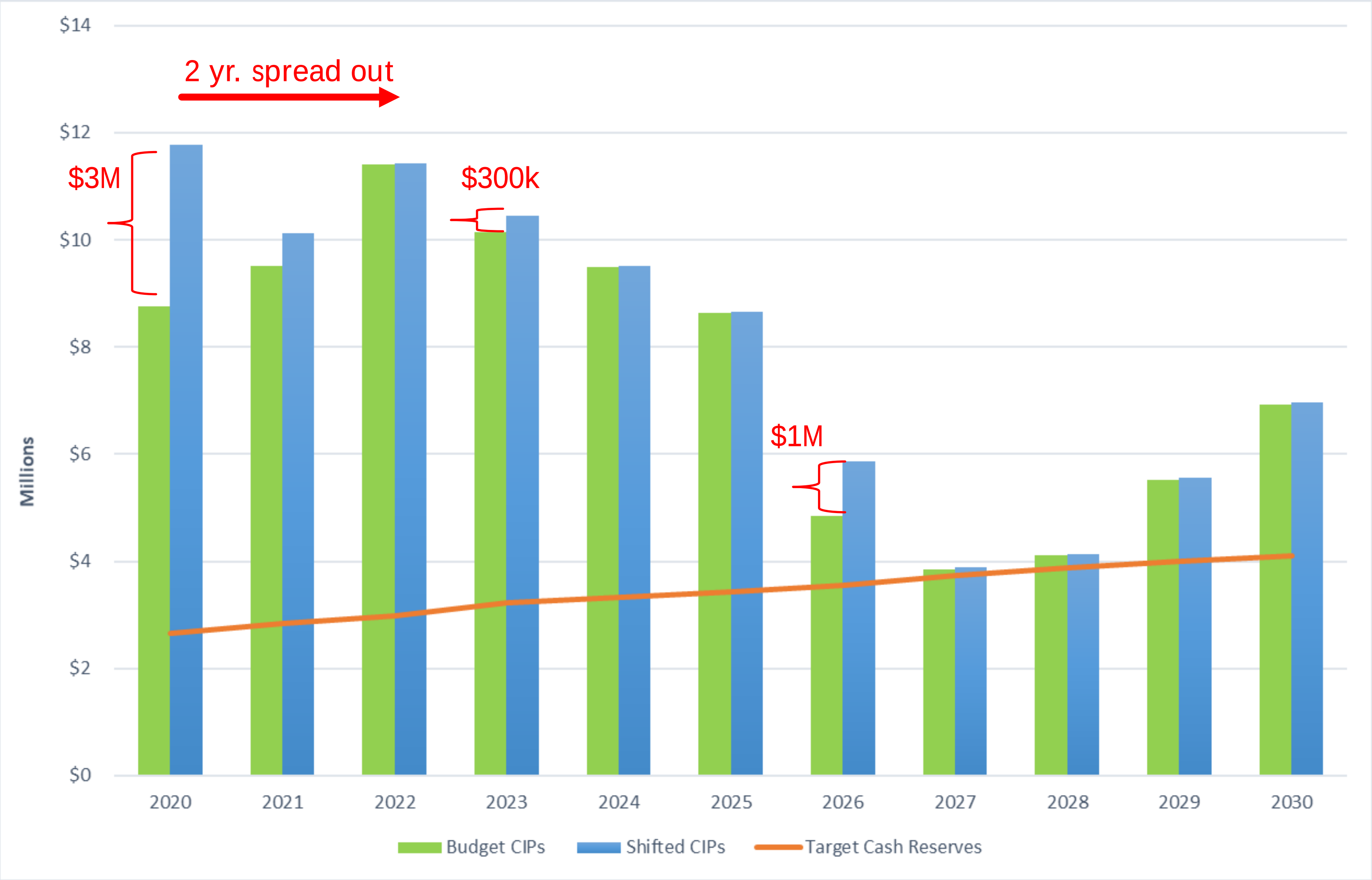
Budgeted Multi-Year Water CIPs

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%
August 11th and September 8th Utility Committee									
4%	4%	4%	4%	4%	4%	1.9%	2%	2%	2%
WGFP Group 20yr Financing "Smoothing" Revenue Increases (RECOMMENDED)									
2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	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

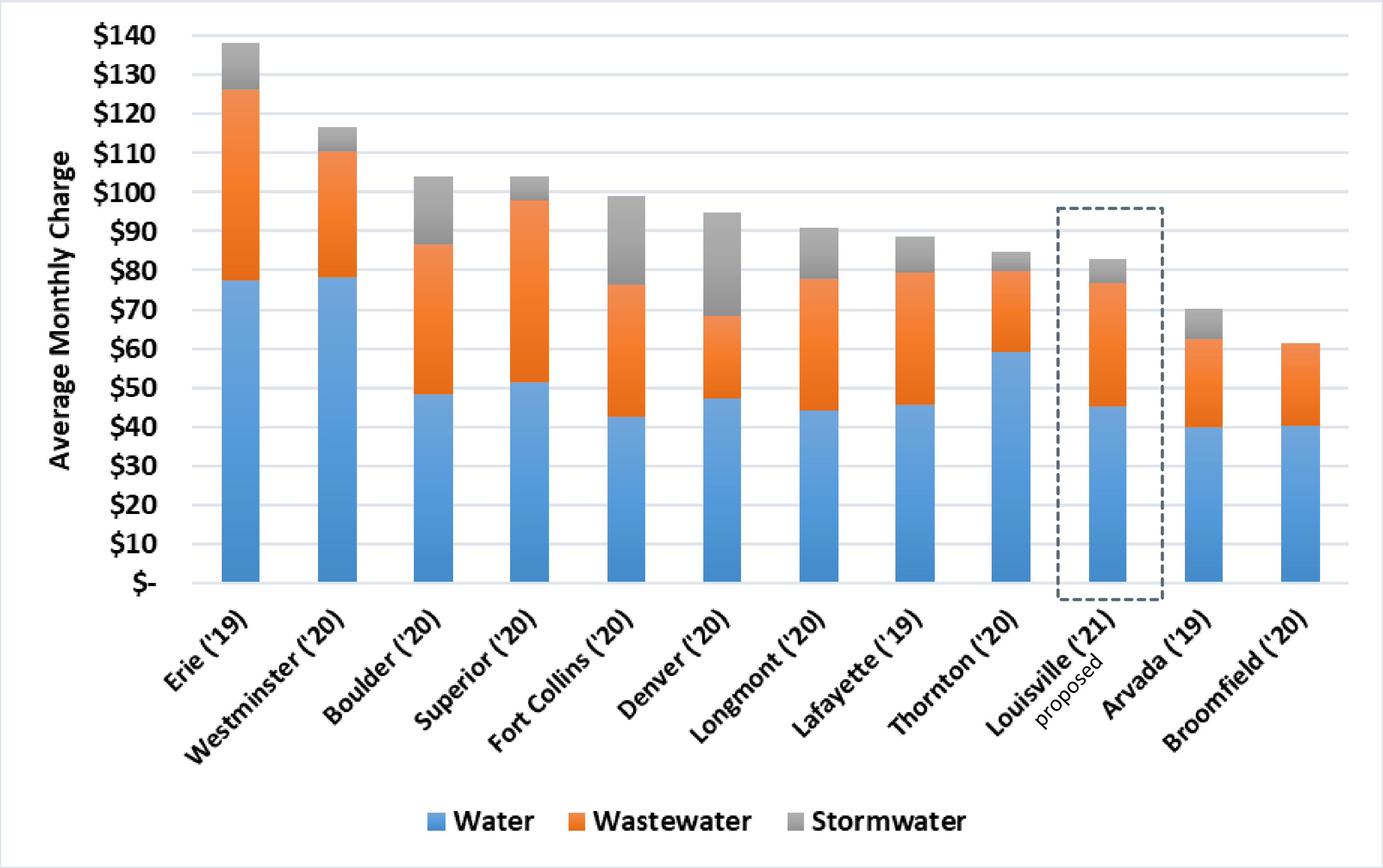
STORMWATER: Cash Reserve Comparison

	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%)	*2.8%*
Wastewater	13%	7%	7%	7%	0% (3.5%)	*4.5%*
Stormwater	0%	4%	7%	18.5%	0% (14%)	*14%*

Average Monthly Residential Bill:

	Current 2020	Proposed 2021	Difference	Percent Increase
Water	**$43.65**	**$44.91**	**$1.26**	**2.9%**
Wastewater	**$30.55**	**$31.95**	**$1.40**	**4.6%**
Stormwater	**$5.58**	**$6.36**	**$0.78**	**14%**
Total	**$79.78**	**$81.64**	**$3.44**	**4.3%**

- ***Based on average usage of approx. 9,220 gallons. Actual bills will be dependent on usage and will vary based on seasonal fluctuation.***
- ***Higher percentages increases for water and wastewater result from rounding error***

City of Louisville Colorado Utility Committee Work Plan and Advance Agenda
October 13th

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 Meeting

- Windy Gap
- 2021 Rates

First Quarter 2021 Meeting (TBD)

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Parking Lot / Hold

- Rate Design & related Financial Policies
- Raw Water Study