

City of Littleton

Wastewater and Storm Drainage Rate Study

March 10, 2026

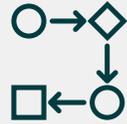




Agenda



Study goals and objectives



Rate study process



Billing process and frequency review



Rate study communications



Why are rate studies important?



Ensures Financial Sustainability



Promotes Equity and Fairness



Supports Long-Term Planning

Current utility challenges



Inflationary Pressures



More Stringent Regulatory Requirements



Rate Increase Fatigue



Climate Shift

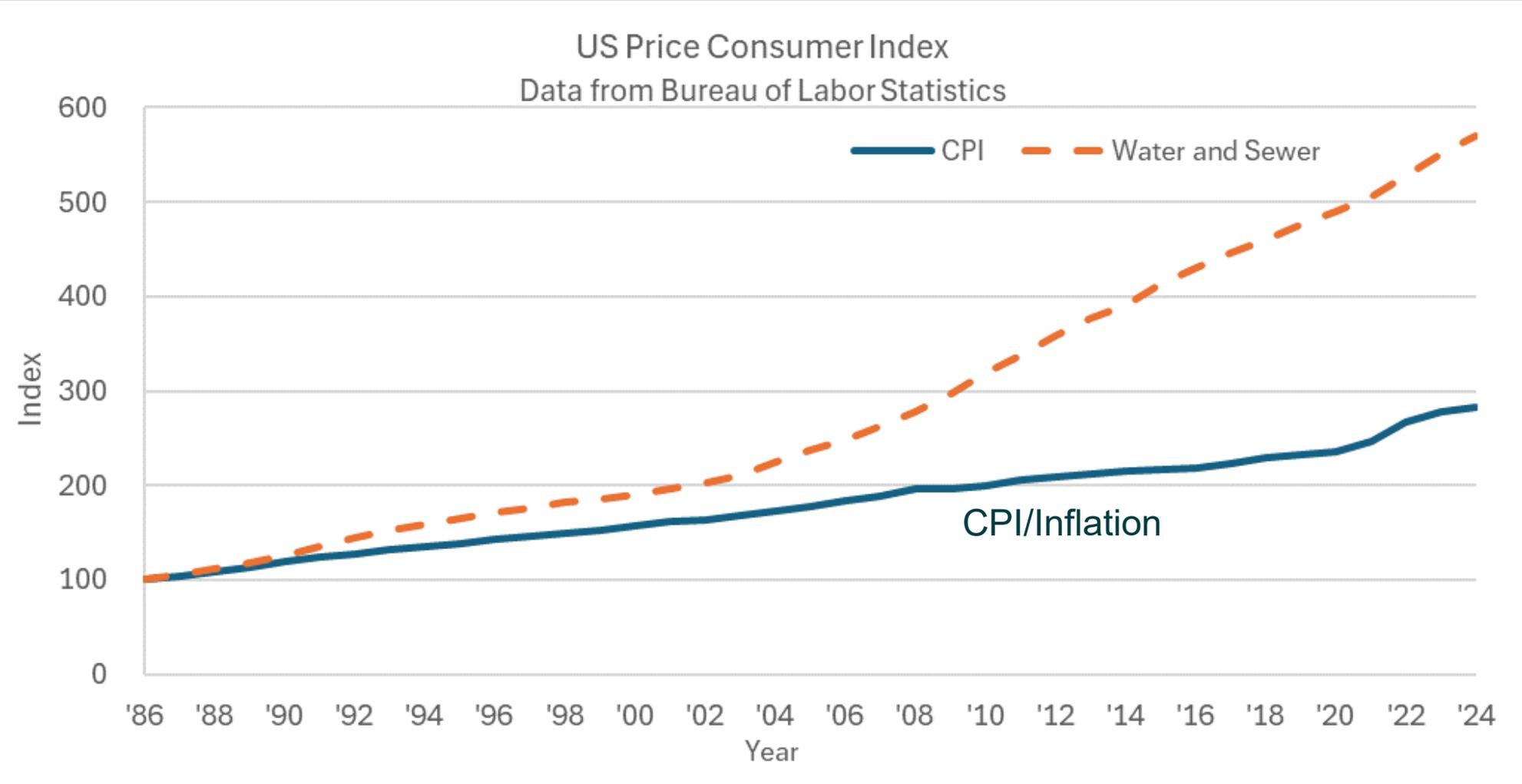


Future Borrowing Terms and Assumptions

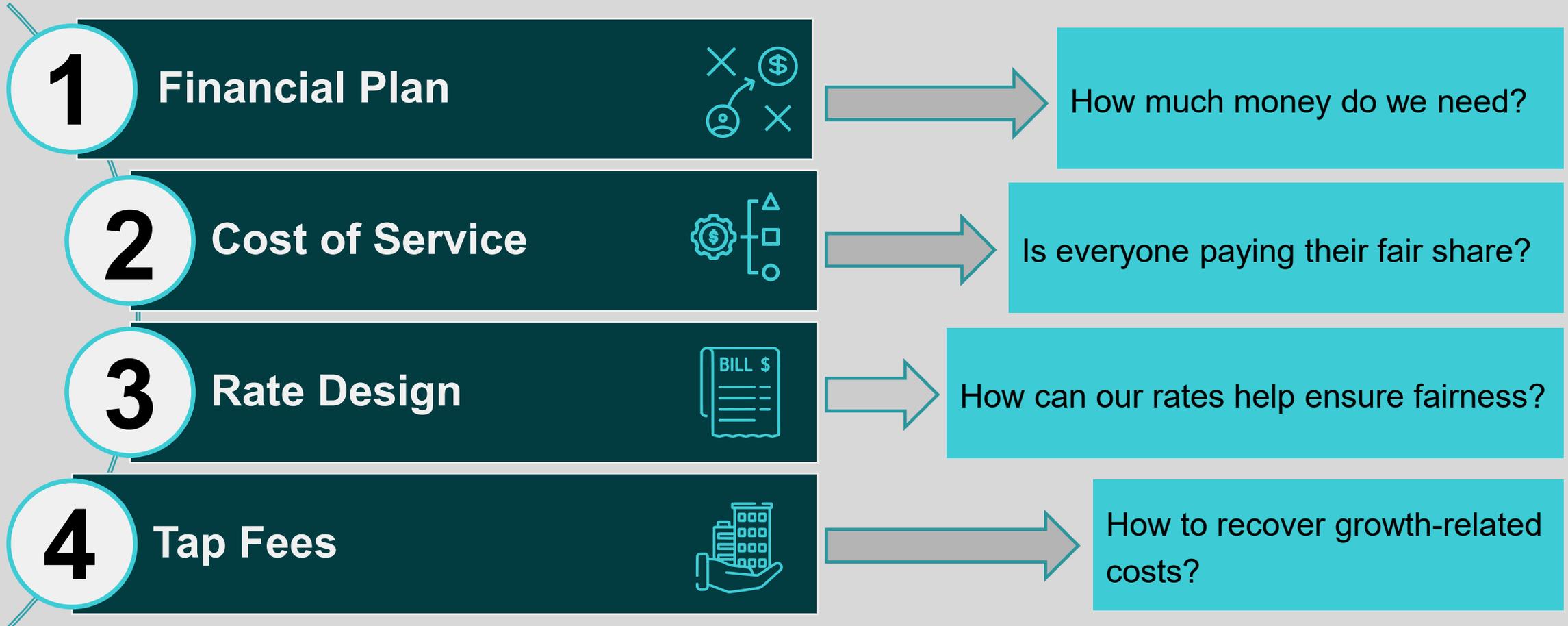


Increasing Capital Reinvestment Costs to address high risk of failure assets

Utility costs continue to increase locally and nationwide



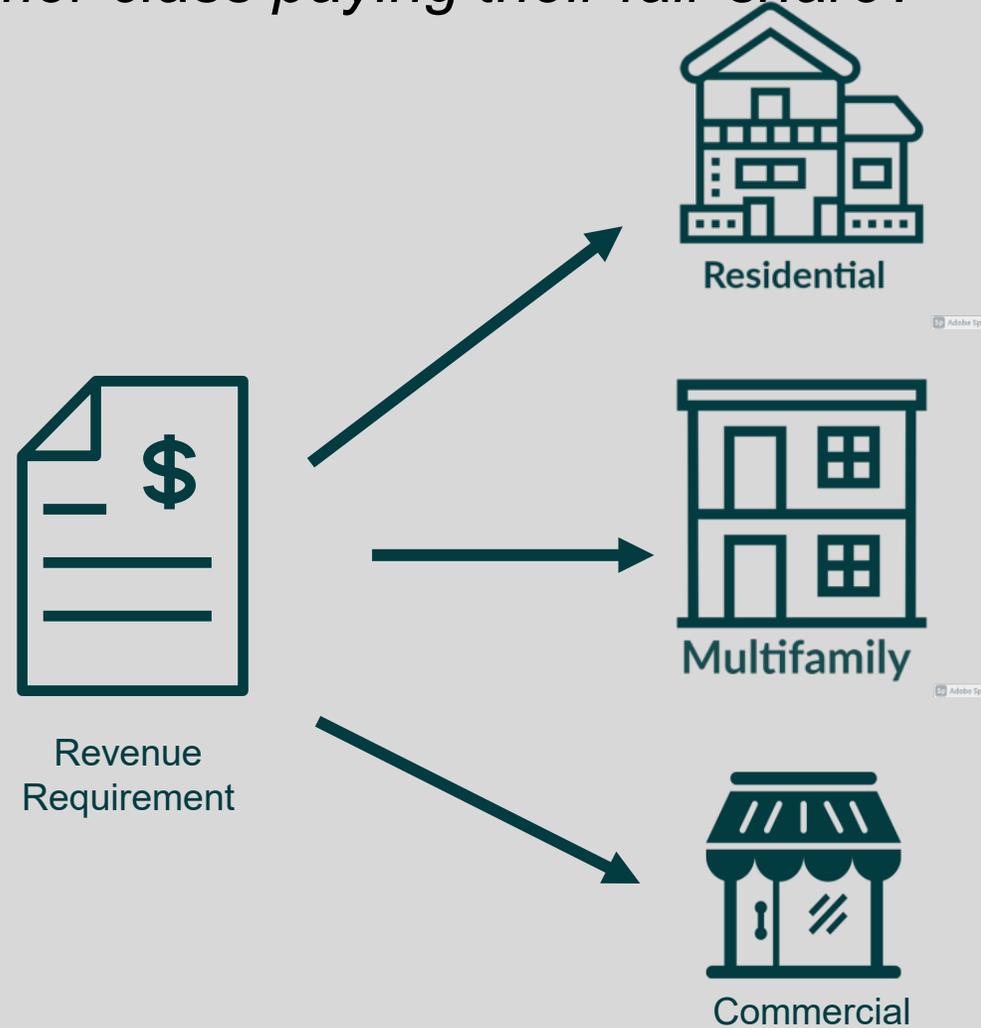
Rate study process





Step 2: Cost of service analysis

Is each customer class paying their fair share?





Step 2: Cost of service analysis

Wastewater example

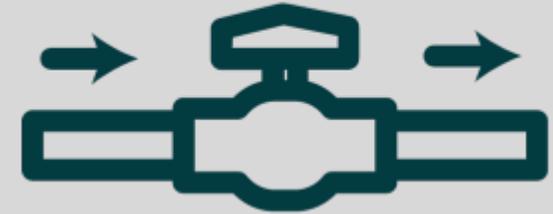
The City provides three services to its customers



**Wastewater
Treatment**



Fixed Charges
Billing/
Customer Service
Debt



**Sewer
Collection**



Step 2: Cost of service analysis

Wastewater customer base

City and districts receive different levels of service

Collection and Treatment

- City of Littleton

Treatment Only

- Ken Caryl
- Dominion (Sterling Ranch)
- Platte Canyon
- Grant
- Columbine
- Meadowbrook
- Southwest Metro
- Roxborough
- Bow Mar

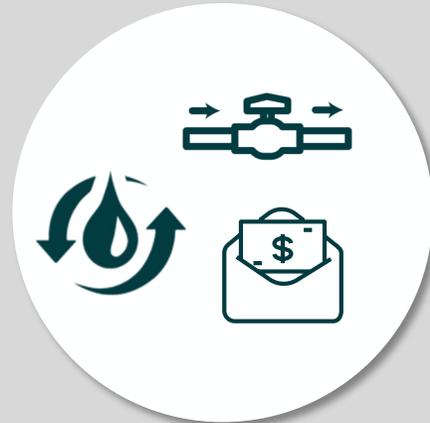


Step 2: Cost of service analysis

Assigning costs based on customer demand requirements



Revenue Requirement



Determine Costs



Assign Costs



Residential



Multifamily



Commercial



Step 3: Rate Design

What are the important attributes of the 'right' rate structure for the City



Revenue Stability



Equity Between Classes



Equity Within a Class



Customer Understanding



Easy to Administer/Implement



Step 3: Rate Design

How can our rates ensure fairness?



Residential

Adobe Spark



Multifamily

Adobe Spark



Commercial





Step 4: Wastewater and sewer tap fee

What is the cost of treatment and collection capacity for new development





Tap fees defined



- Governed by Colorado Revised Statute 20-20-104.5
- Legislatively adopted



- One-time fee for capacity to serve new development
- Incremental fee for increased in capacity



- Fee based on the value of utility's capacity and the amount of capacity needed by new development



- Fee represents cost to reserve capacity in backbone facilities such as treatment plants, transmission mains, treated storage, etc.



- Fee balances equity between new and existing customers

Rate study communications



List of FAQs as the foundation.



Infographic fact sheet to support customer understanding.



Website content explaining rate changes, bill impacts, and investments.



WATER RATE UPDATE

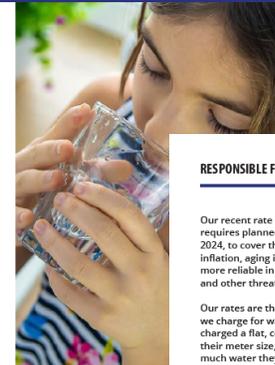
Our 2024 rate study finds that we need to increase water rates to counter extraordinary inflation and continue providing reliable, high-quality service to our customers.

THE CHALLENGES

- Extraordinary inflation since 2020 has significantly increased the District's operational costs and costs of system maintenance, rehabilitation, and upgrades.
- The District's nearly 100-year-old water infrastructure requires regular, planned investments to ensure continued reliability and resilience.
- Rates have only increased by an average of 2.8% per year since 2020, and thus have not kept up with inflation.
- Without a water rate adjustment, the District won't have the resources it needs to maintain and modernize our water system.

OUR SOLUTION INCLUDES

- Continued long-term planning and modest rate adjustments, so rates remain predictable into the future.
- Significant investments in system upgrades over the next five years, including replacing aging pipelines and water storage improvements. These are essential for maintaining the system's reliability and contribute to the need for water rate adjustments.
- Actively securing state and federal funding to support our water infrastructure projects, including zero-interest loans and grants that can match up to 30% of the funds contributed by the District.
- The Board's commitment to setting rates that reflect the real cost of water service and are **no higher than necessary**.



Just like you've seen in your family budget, costs for almost everything to increase year-over-year, as tracked by our region's consumer price index.

RESPONSIBLE FINANCES ENSURE CONTINUED WATER RELIABILITY

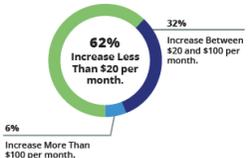
Our recent rate study determined that the District requires planned rate adjustments, beginning July 1, 2024, to cover the rising costs associated with high inflation, aging infrastructure, and make our system more reliable in light of fires, earthquakes, droughts, and other threats.

Our rates are the only thing that will change; the way we charge for water will not. Customers will still be charged a flat, consistent monthly charge based on their meter size, plus a volumetric rate based on how much water they use.

YOUR RATES HELP PROVIDE FOR KEY 5-YEAR PLANNED INFRASTRUCTURE IMPROVEMENTS, INCLUDING:

- **Planned Upgrades for More Than 5.5 Miles of Distribution Pipeline**
Pipeline failures are costly, can cause property damage, and lessen the water system's reliability.
- **Highline Water Main Replacement**
We're replacing 7.5 miles of 1920s-era pipeline to reduce the risk of a break interrupting water service for nearly all our customers.
- **8 Reservoir Replacements/Retrofits**
MWD is eligible for a one-time zero-interest State loan providing vital funding for construction projects to improve resilience in drinking water storage facilities.

MONTHLY CUSTOMER BILL IMPACTS 2024



WATER RATES - WHAT'S NEXT?

- APRIL 29, 2024** Rate Study Report reviewed at Board Meeting
- EARLY MAY 2024** Notice of proposed rate adjustments mailed to all customers
- JUNE 25, 2024** Public hearing on adopting proposed rates
- JULY 2024** New rates go into effect if approved by District Board

TYPICAL RESIDENTIAL CUSTOMERS BILL IMPACT IF NEW RATES ARE ADOPTED

Customer	Usage	Monthly Bill Impact
CUSTOMER 1	12 hundred cubic feet/mo.	Monthly Bill Increases by \$6.16
CUSTOMER 2	20 hundred cubic feet/mo.	Monthly Bill Increases by \$13.20
CUSTOMER 3	36 hundred cubic feet/mo.	Monthly Bill Increases by \$28.39

Online Bill Calculator



Visit our website to see how your bill could change:

CONTACT US!
805-969-2271 | customerservice@montecitowater.com
www.montecitowater.com/rates24

Rate study communications



Virtual Public Meetings



Connector District Meeting(s)



Council Study Sessions & Regular Meetings



Thank you!

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