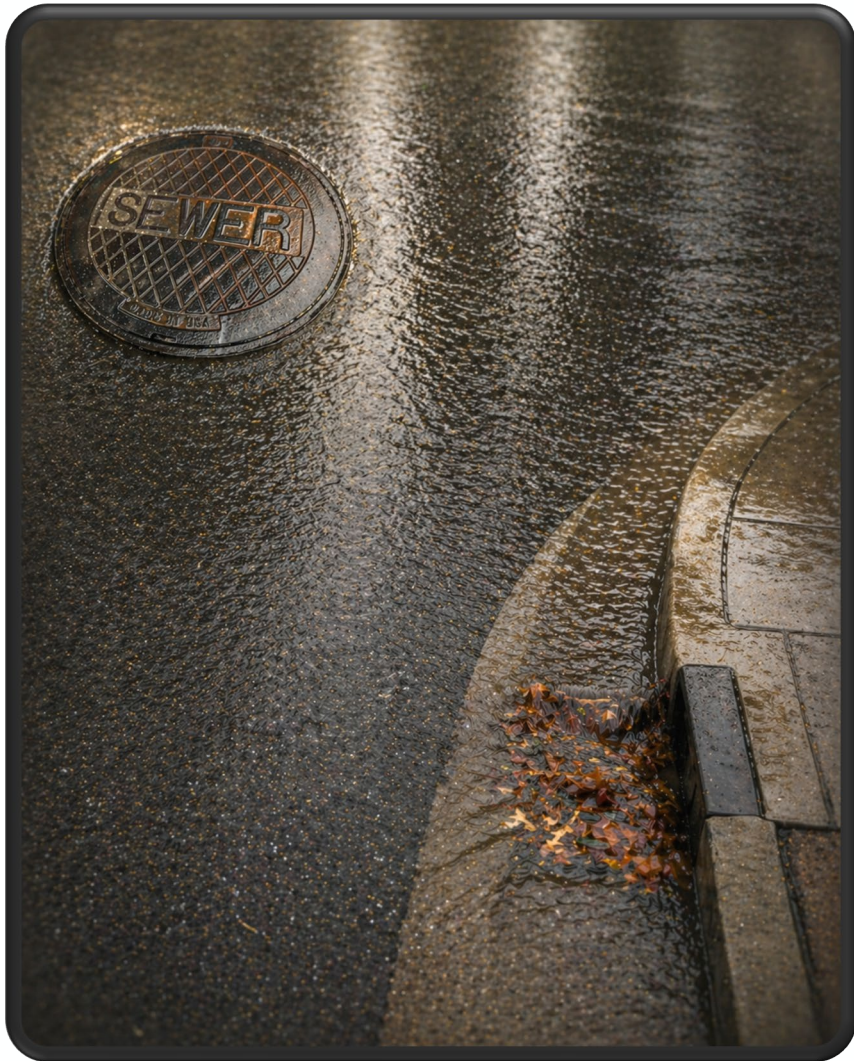


City of Littleton

Sewer and Storm Drainage Rate Study

May 12, 2026





Agenda



Utilities overview



Study goals and objectives



Utility financial forecasts



Peer utility survey

At a glance: Sewer utility

A self-supporting enterprise fund



9 mgd treated wastewater flow

3,267 Manholes

100 square mile service area

130 Miles of linear sewer mains
Distance from Littleton to Laramie WY

57,000 Customers

8 Adjacent sanitation districts served

At a glance: Storm drainage utility

A self-supporting enterprise fund



16 square miles of urbanized land

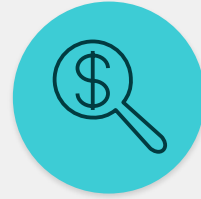
55 miles of stormwater mains

11 employees

8,000 customers served



Study Goals and Objectives



Rate revenues sufficient to meet annual operating expenses, debt service, and capital expenditures



Plan maintenance proactively to keep rates low and avoid expensive emergency repair



Maintain target reserve levels to sustain financial viability



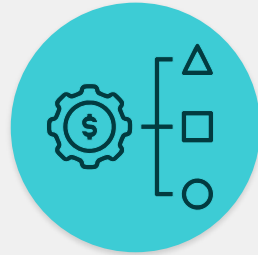
Rates that equitably recover the cost to provide service to customer classes and encourage conservation

Rate Study Process



Financial Plan

What amount of revenue is needed to meet operating and capital expenditures?



Cost of service

Is each class paying their fair share of costs?



Rate Design

Does rates meet community objectives in recovering costs?



Tap Fees

Is new development paying their fair share?

Sewer Forecast

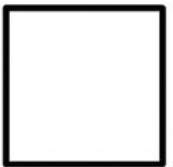
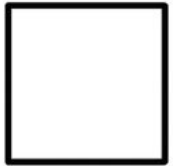


Sewer utility Financial forecast outcomes



- Annual revenue increases
 - 25% in 2027 and 2028
 - 3% in 2029 through 2035
- Target reserves
 - 90 days of operation and maintenance expense
 - Capital reserve: 1-year depreciation expense
- Debt service coverage
 - Amount of income needed to pay for debt service and maintain financial sufficiency
 - Typically required in bond covenants
 - Target: 1.25 net income

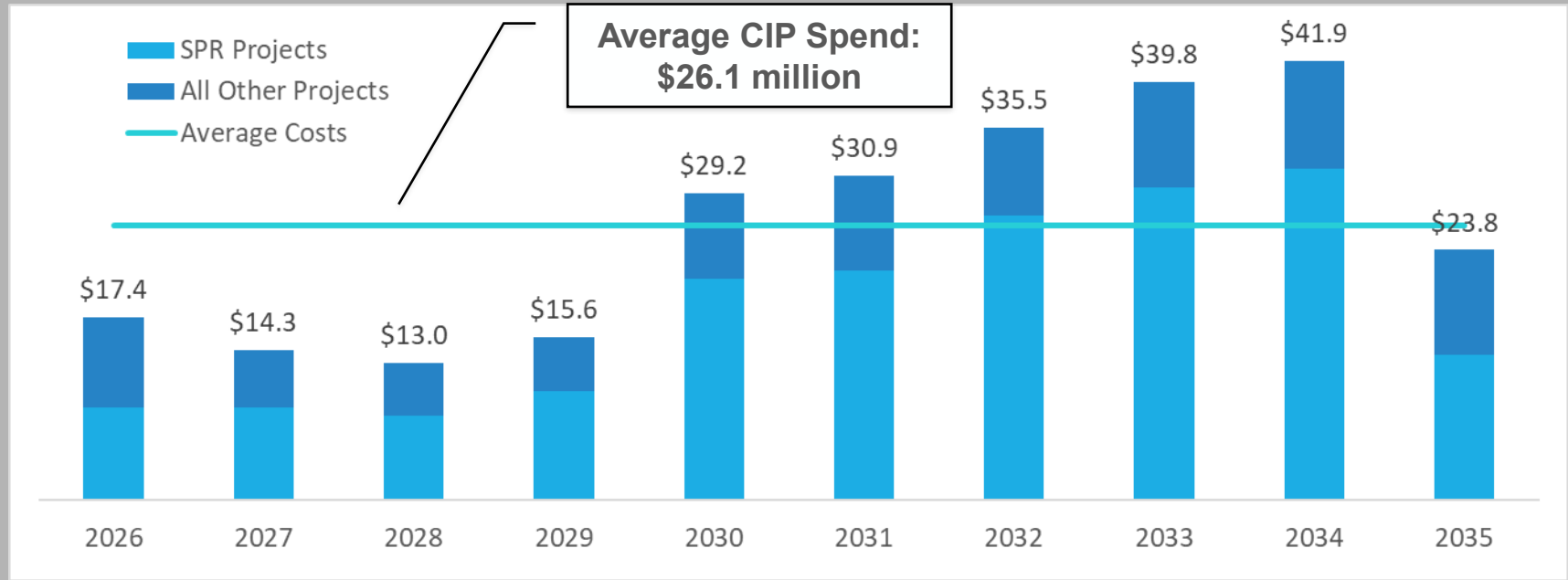
Sewer utility Financial forecast outcomes



- Bonds and loans
 - 20-year term
 - Bond: 4.5% interest rate
 - State loans: 3.5% interest rate
- Total CIP funded: \$261.5 million
 - Revenue bond/State loans: \$122.8 million
 - Rates, tap fees, reserves: \$138.7 million
- New FTEs to support CIP execution
 - 1.5 FTEs in 2027
 - 1.5 FTEs in 2028
 - Project management, engineering, operators



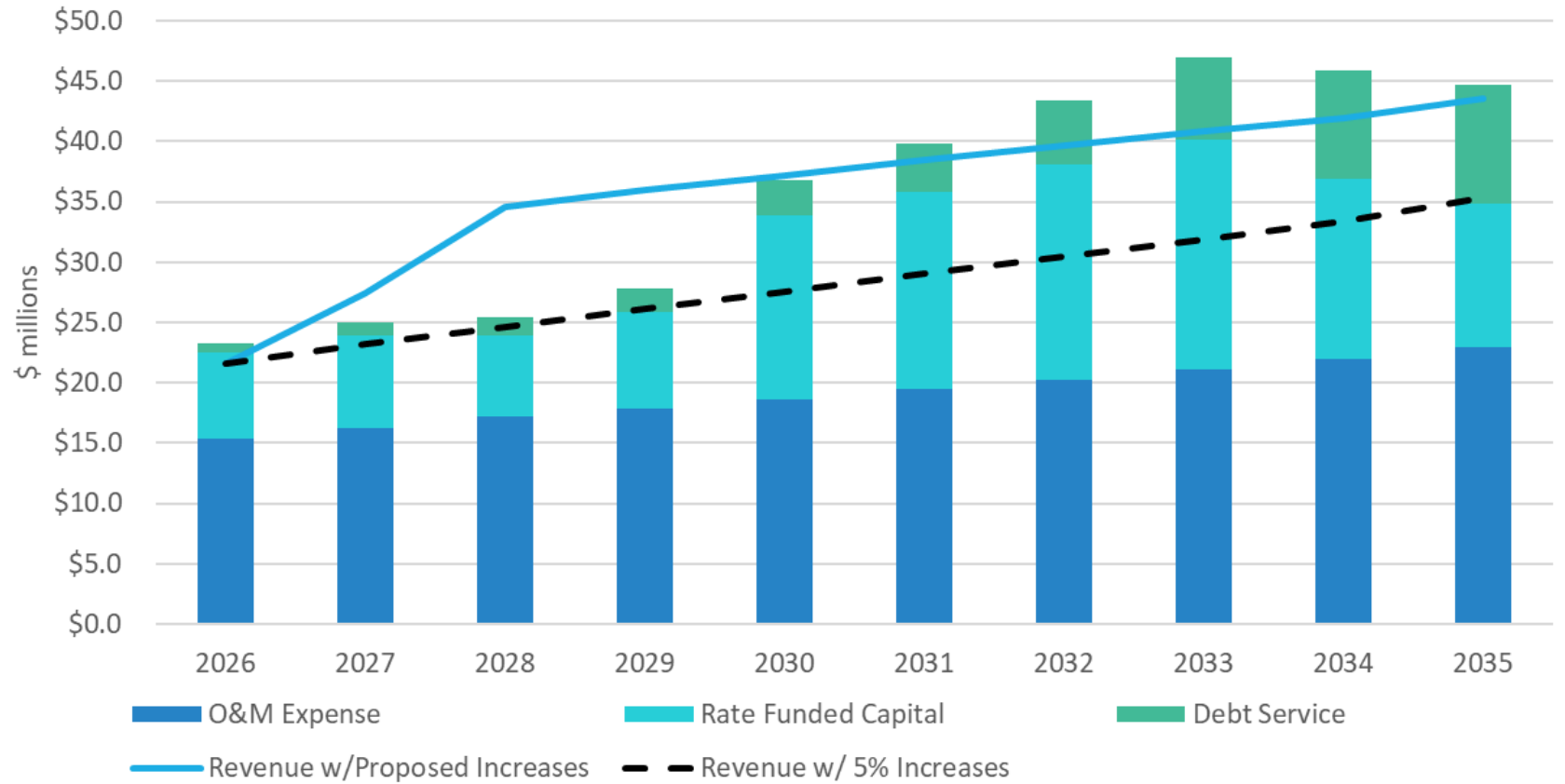
Sewer capital program: \$261.5 million



Top 5 Projects	(\$millions)
South Platte Renew - Capital	\$181.4
Pipe Patches or Point Repair (High)	14.3
Full Sewer Replacement Identified in Master Plan	12.2
CIPP Lining (High)	6.5
Upsize Slaughterhouse Gulch	5.9
Total	\$220.3

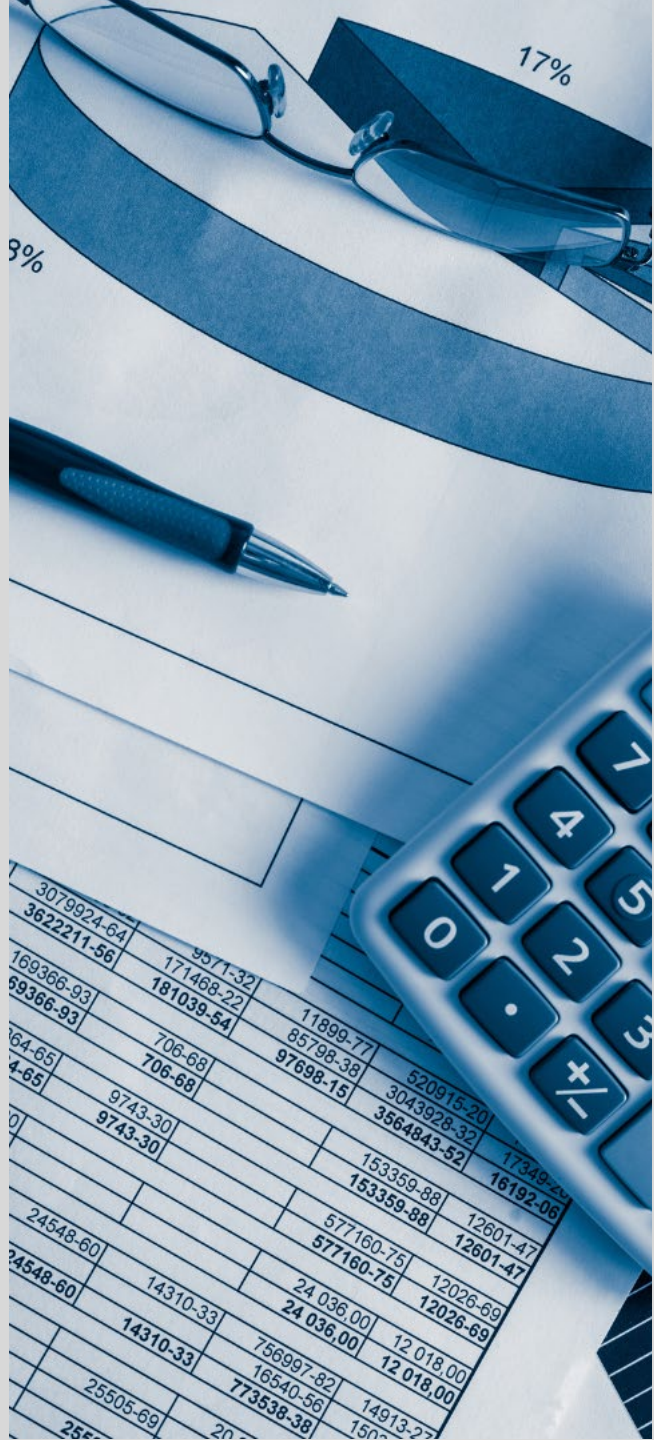
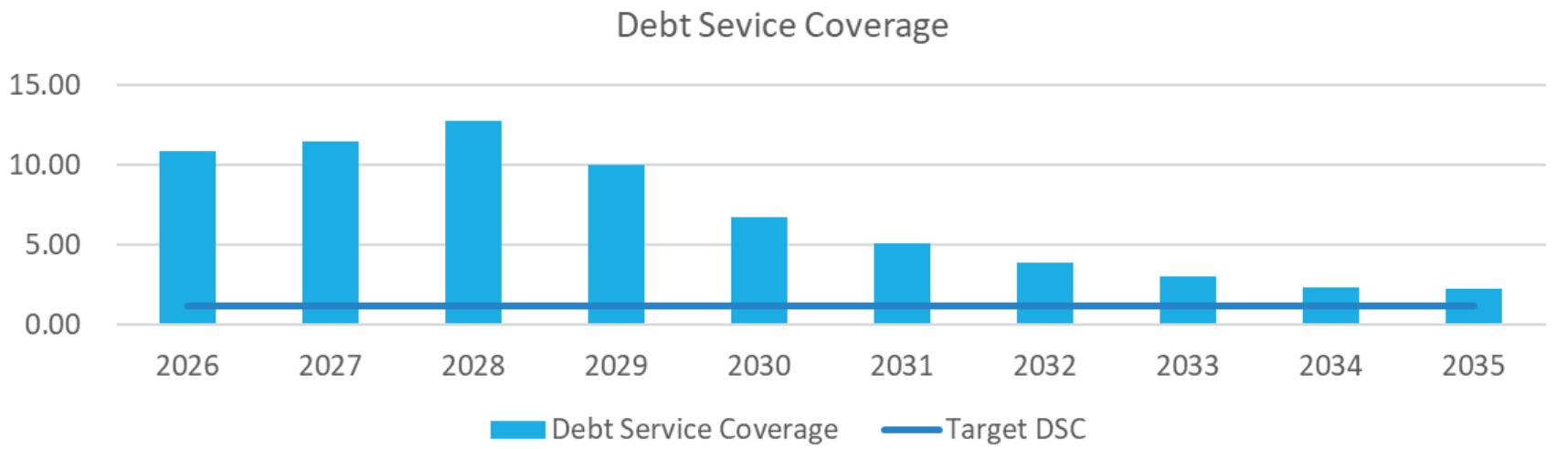
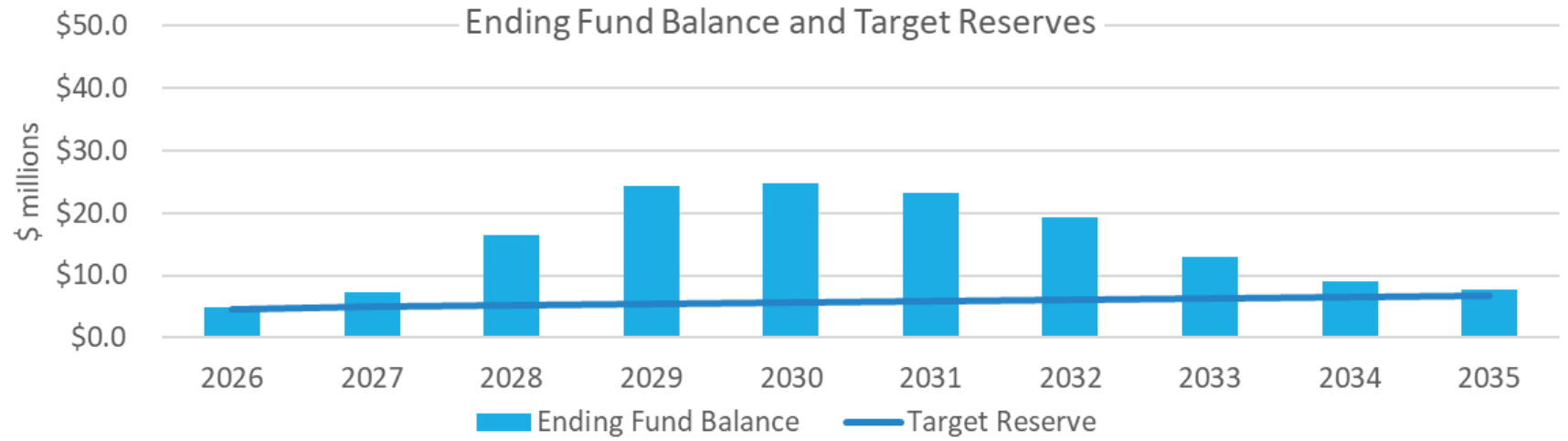
Sewer 10-Year financial forecast

Annual revenues and expenditures



Capital costs are shown net of projects funded by loans and tap fees

Sewer 10-Year financial forecast



Sewer utility customer base

Collection and Treatment

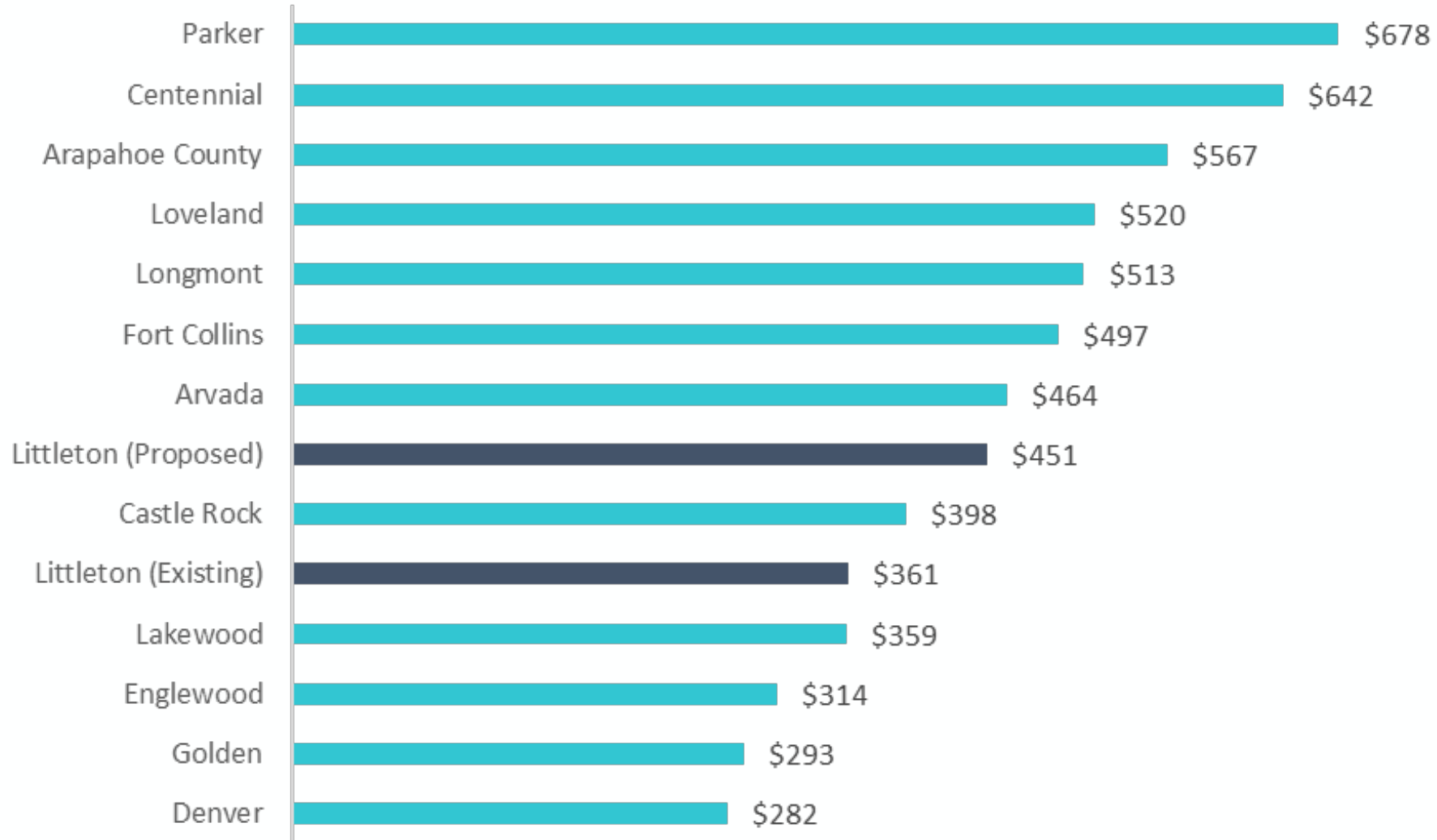
- City of Littleton
- Littleton Sanitation District

Treatment Only

- Ken Caryl/Trail Mark
- Dominion
- Platte Canyon
- Grant
- Bow Mar
- Meadowbrook
- Southwest Metro
- Roxborough/Lockheed
- Columbine

Residential peer utility bill survey

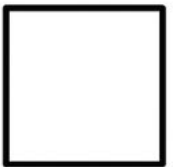
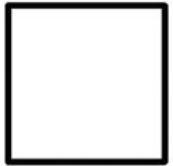
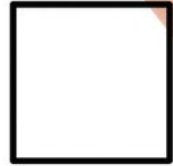
4,000 gallons monthly billable volume, *annual bill*



Storm Drainage Forecast

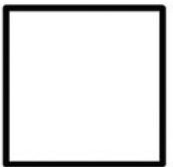
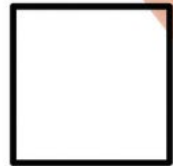


Storm drainage utility Financial forecast outcomes



- Annual revenue increases
 - 60% in 2027 and 2028
 - 5.2% in 2029 through 2035
- Target reserves
 - 90 days of operation and maintenance expense
 - Capital reserve: 1-year depreciation expense
- Debt service coverage
 - Amount of income needed to pay for debt service and maintain financial sufficiency
 - Typically required in bond covenants
 - Target: 1.25 net income
- Current debt service repayment of \$625,000 to sewer fund is affecting the funds reserve stability (~5.0% of total annual expenditure)
- Baseline capital spend of \$1.5 million is insufficient with current capital plan

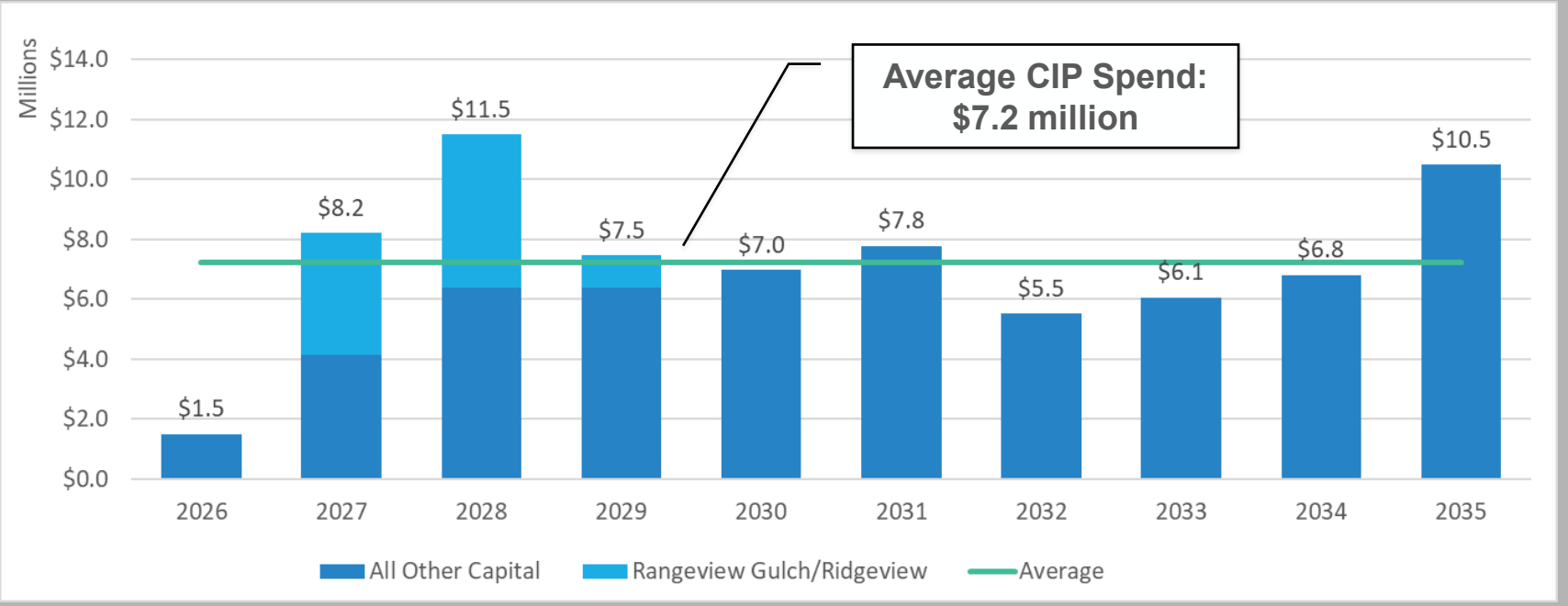
Storm drainage utility Financial forecast outcomes



- Bonds and loans
 - 20-year term
 - Bond: 4.5% interest rate
 - State loans: 3.5% interest rate
- Total CIP funded: \$72.4 million
 - Revenue bond/State loans: \$22.8 million
 - Rates, tap fees, reserves: \$49.6 million
- New FTEs to support CIP execution
 - 1.5 FTEs in 2027
 - 1.5 FTEs in 2028
 - Project management, engineering, operators



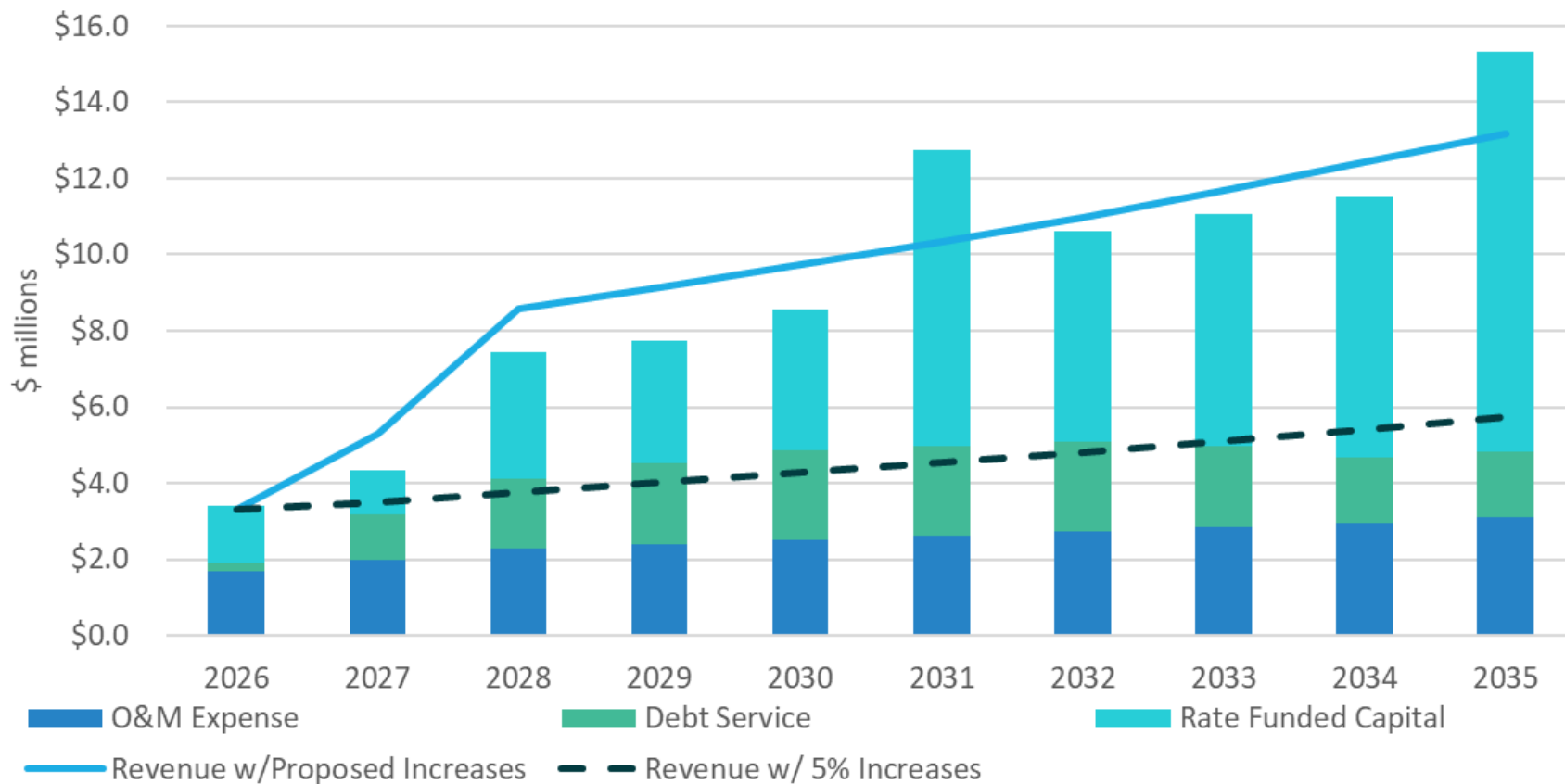
Storm drainage capital: \$72.4 million



Top 5 Projects (including inflation)	(\$millions)
Full Pipe Replacement	\$12.6
Lining/CIPP - High	6.1
Rangeview Gulch d/s Santa Fe (Reach 4 & 5)	5.1
Full Pipe Replacement - High	3.2
Rangeview Gulch u/s Santa Fe (Reach 1-3)	3.1
Total	\$30.1

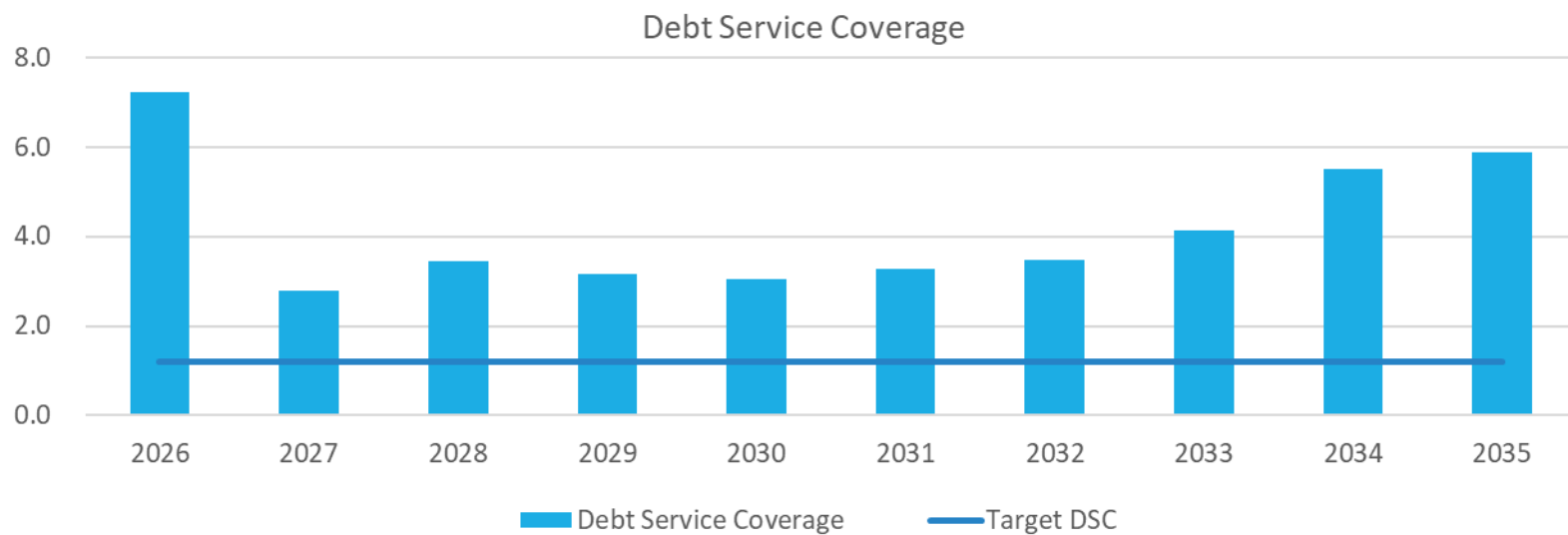
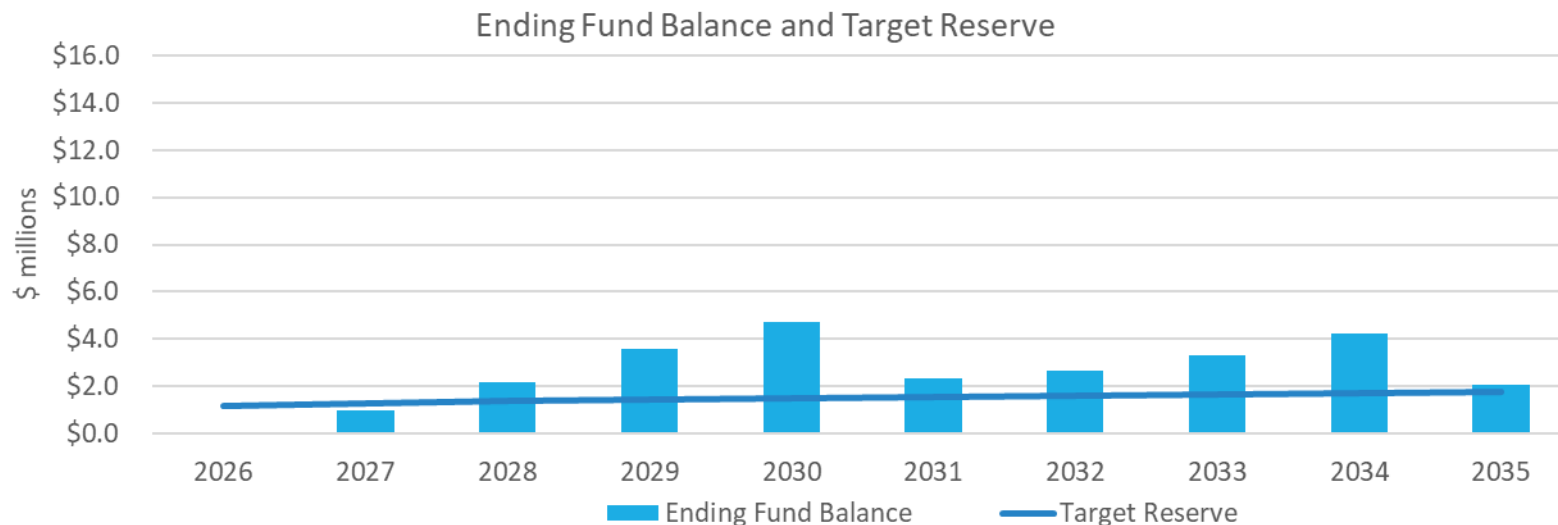
Storm drainage 10-Year financial forecast

Annual revenues and expenditures



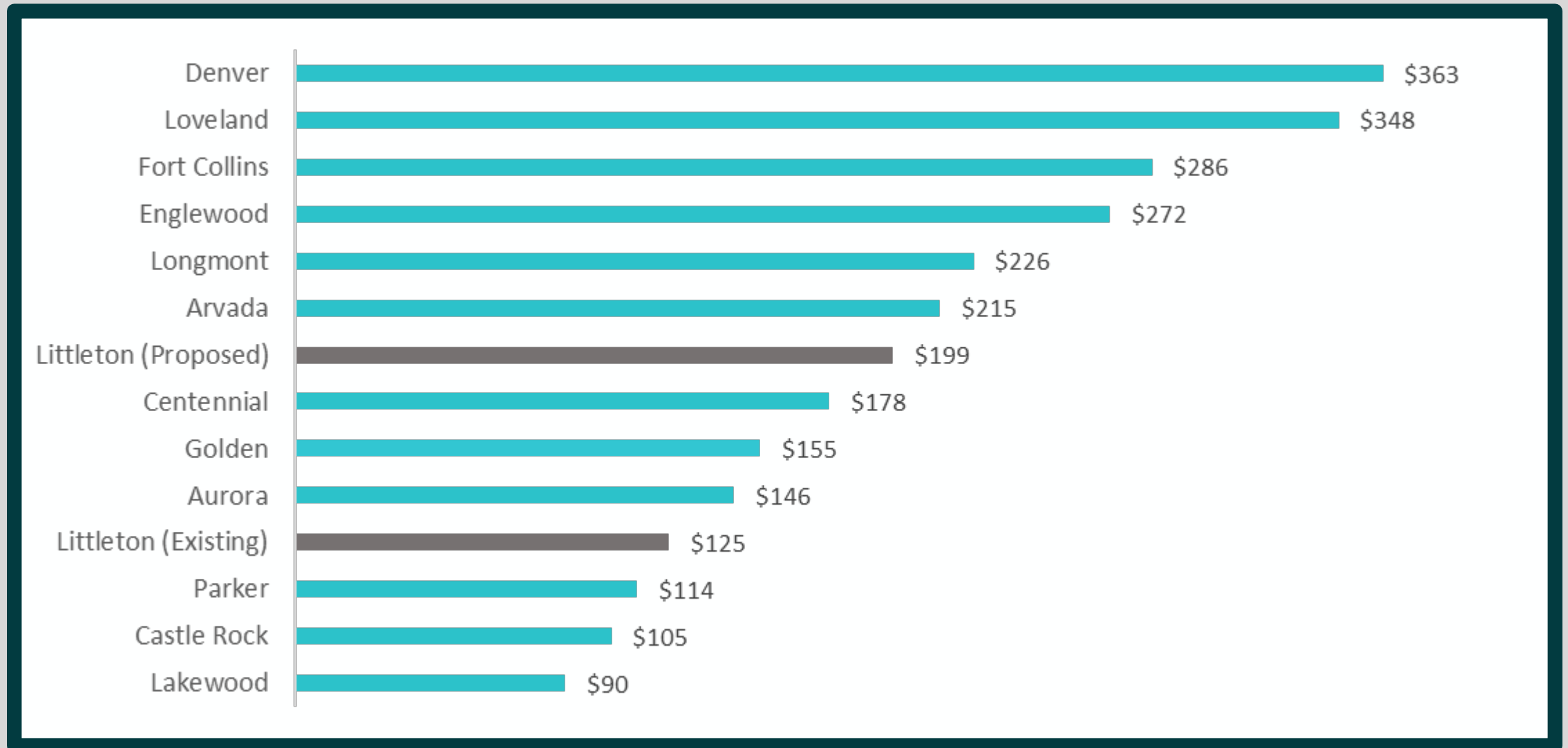
Capital costs are shown net of projects funded by loans and tap fees

Storm drainage 10-Year financial forecast



Residential peer utility bill survey

11,000 sq ft lot, 4,500 sq ft impervious area



Next steps

- Cost of service analysis
 - Cost recovery required from sewer collection and wastewater
 - Cost recovery from residential, multifamily, and commercial classes
- Sewer rate design alternatives
 - We will revisit rate structure alternatives developed in 2021 study
These alternatives were not implemented at the time
- Tap fees
- Customer bill impacts
- Updated peer utility survey
- Customer outreach update
- Billing frequency analysis

City of Littleton

Sewer and Storm Drainage Rate Study

May 12, 2026

