



CITY OF CAÑON CITY

City Council

City Council Chambers
128 Main St., Cañon City, CO 81212
(719) 269-9011 • www.canoncity.org

VISION COMMITTEE MEETING
March 19, 2025
5:00 p.m.

AGENDA

- 1. CALL TO ORDER:** City Council Chambers, City Hall
- 2. ROLL CALL:** COUNCIL MEMBERS DENNEHY, MELONI, SCHMISSEUR, STEIN, TRACY, WORTHINGTON, MAYOR PRO TEM HAMRICK, MAYOR TROUTMAN.
- 3. DISCUSSION:**
 - A.** Stormwater Utility Rate Methodology and Rate Study
- 4. ADJOURN** The next scheduled meeting is April 23, 2025.

Posted pursuant to code on Monday, March 10, 2025.
Cindy Foster Owens, City Clerk



CITY OF CAÑON CITY

City Administrator

P.O. Box 1460 • 128 Main Street
Cañon City, CO 81215-1460
(719) 269-9011 • www.canoncity.org

TO: Mayor and City Council

FROM: Ryan Stevens, City Administrator

PREPARED BY: Leo A. Evans

DATE: 03/19/2025

RE: Stormwater Utility Rate Methodology and Rate Study

SUMMARY:* Staff is proposing to follow up on a previous discussion from the June 2024 General Government meeting and subsequent council direction for potential rate methodology changes within the stormwater utility.

As a part of pursuing the proposed rate methodology changes and the required Title 13 updates the next step to consider is conducting a rate study to support and help establish the necessary rate changes.

REVIEWED BY Yes No
LEGAL?

RECOMMENDED N/A - Discussion Only

ACTION:

of attachments 2



CITY OF CAÑON CITY

Public Works

P.O. Box 1460 • 128 Main Street
Cañon City, CO 81215-1460
(719) 276-5291 • www.canoncity.org

TO: Water Committee

FROM: Leo Evans, DPW Director

DATE: February 24th, 2025

RE: February Water Committee Meeting

Attached to this memo please find attached a proposal from Raftelis for a Stormwater Financial Plan, Rate, and Fee Study which will be the point of discussion at the Wednesday, February 26th Water Committee meeting.

As a bit of history staff provided a presentation and discussion to City Council at their June 5th, 2024, General Government meeting related to the history and status of the Stormwater Utility in Cañon City which was at the time nearing its 20th year in existence.

Part of the presentation focused on staff recommendations for potential changes to the stormwater utility fee methodology. Namely two points were highlighted where staff felt resources and equity could be better applied within the utility.

- The first point was to consider switching residential parcels from impervious surface basis to a flat or tiered fee basis. Though an equitable means of assessing fees, the time and energy spent to catalogue and upkeep individual measurements of impervious area for every residential parcel in the city is inefficient. Many other utilities handle stormwater fees for these types of properties as a flat rate, or tiered rate based on lot size.
- The second point was to provide increased equity to non-residential properties that are currently taking an active role in their stormwater management. Currently the utility does not distinguish charges for properties that have, maintain, and upkeep existing stormwater features (filters, detention basis, etc....). Several other municipalities offer a reduction in stormwater fees for parcels that are taking additional responsibility for their stormwater.

Both of these changes received support from the City Council, and staff was later directed to develop a formal revision to Title 13 for Council consideration to address these issues.

In order to have factual data to develop proper recommendations for revisions in Title 13 a rate study is necessary to support that the rates being outlined are in fact reflective of the actual costs to provide the services. Staff is proposing to piggyback on the recent work by Raftelis for the Water Utility to develop updated rates structures and methodology by contracting with Raftelis to evaluate several scenarios based around the proposed methodology changes. In addition, Raftelis provided the previous Rate Study for the utility which was conducted around 2017 at the same time as the last Water Rate Study.

One key difference to highlight between the Water Utility efforts and the Stormwater Utility efforts is that while the Water Utility also developed a broad Master Plan and Water Conservation Plan in conjunction with their rate study, no Master Plan development is proposed for the Stormwater Utility at this time.

Staff is only proposing to update the rate methodology at this time and to revisit and develop a unified Stormwater Master Plan in the near future. Accordingly, the rate study is being proposed as a cost neutral scenario at this point in time where the rate study will redistribute costs but not make any overall revenue recommendations until we can develop a similar broad ranging master plan for the utility and properly identify the capital goals and needs of the system.

As you may recall the cost for the level of effort in the Water Utility was over \$250K while this singular study cost is closer to \$40K. The water master plan efforts were funded partially by grants and staff is actively working to identify and seek grants to partially offset the Master Plan costs in future years.

Attachments: Raftelis Proposal, June General Government Presentation

City of Cañon City

Stormwater Financial Plan, Rate, and Fee Study

Scope of Work

We have developed the following scope of services based on our experience in completing similar stormwater studies in the Rocky Mountain region. The scope has been tailored to address the specific objectives and concerns identified by Staff while maintaining those elements that we believe are essential for a successful project.

Task 1: Project Initiation and Project Management

Work Plan Activities

This task sets the stage for efficient and effective project execution through understanding the City's perspective and what they value in a successful project.

- **Project Management**

- Provide timely invoices, regular calls with the City's project manager, and identify milestones and deliverables.

- **Project Initiation Meeting**

- Provide data requests in advance of the project initiation meeting.
- Review prior City rate models before the meeting
- Schedule conference call to review and clarify data request items.
- Discuss other policy objectives that may affect the study (e.g., reserve policies, debt coverage requirements, etc.).
- Review rate model functional requirements with staff

DELIVERABLES:

- Virtual kick-off meeting with Staff
- Weekly project meetings with staff
- Technical Memorandum summarizing results and action items from Kick-off meeting

Task 2: Customer Parcel and Impervious Area Analysis

Work Plan Activities

This task is the basis for developing accurate revenue projections and cost allocation between the various customer classes

- Analyze GIS parcel data for lot size and impervious area. Identify customer classes (e.g. residential, commercial, etc.). It is assumed that the City will provide impervious parcel data linked to customer account and class designation – residential, commercial, etc.
- This also assumes the customer billing data would have been updated to reflect the change in customer accounts based on the findings from the water and wastewater rate study.
- Hours budgeted for this task assume that data can provide on a per parcel basis complete with address, or GIS coordinates, lot size, and impervious area.

DELIVERABLES:

- Billing units for commercial and residential classes
- Technical memorandum summarizing results

Task 3: Impact Fees

Work Plan Activities

This task will ensure that new development funds their share of system needs thereby maintaining equity between existing and new customers

- Evaluate the stormwater system's existing available capacity to serve growth and the capacity anticipated to be added with the 10-year capital improvement program to determine the best methodology for calculating impact fees. The basic methodologies include
 - **Buy-in:** Historical perspective. Existing available capacity with nominal future growth
 - **Incremental:** Forward-looking. Little to no capacity available with large expansions projects in the new future
 - **Hybrid:** Combination of buy-in and incremental. Some existing capacity available with future expansion projects anticipated in the near future.
- Calculate the current value of available capacity and planned growth-related costs. We will evaluate the valuation of existing assets:
 - Value of existing system facilities at current replacement costs using Engineering News Record Construction Cost Index (ENR-CCI) or other similar construction-related index
 - The unit replacement cost of the stormwater system's backbone facilities (detention basins, primary conveyance channels, etc).

For the incremental method, identify growth-related projects with assistance from City staff.

- Apply adjustments such as developer contributions (e.g. on-site detention or other physical infrastructure) and/or outstanding loans currently paid through rates
- Estimate the remaining capacity (impervious area) in existing facilities and impervious to be added to support new development
- Calculate the unit cost as \$ per sq ft of impervious area.
- Compare proposed impact fees to up to 7 peer utilities.

DELIVERABLES:

- Technical memo summarizing results of the impact fee analysis

Task 4: 10-Year Financial Plan

Work Plan Activities

This task lays the groundwork for creating a long-term financial roadmap to meet financial goals. This will assist the City with proactive planning of large capital projects, evaluating various funding options, and balancing those to minimize future revenue adjustments

Operating Fund

- Forecast rate revenues under existing 2025 rates using the parcel projections developed in Task 2 as well as other non-rate revenue.
- Forecast operations and maintenance (O&M), repair and replacement (R&R) capital, expansion capital (based on master plan results or other engineering reports, if applicable), and existing and proposed debt service. Incorporate new positions, changes in operating efficiencies, etc.
- Identify the projects eligible for bond or state loans based on timing, duration, and the project amount. Raftelis can present financial plan alternatives considering specific projects financed through state loans or grants the City has secured.
- Forecast existing and proposed debt service based on identified capital projects available for bond funding

Financial Plan Optimization

- Develop an 'optimal' revenue requirement financial plan balancing a mix of cash funding and debt financing capital projects (if applicable) while meeting reserve targets and debt service coverage requirements while maintaining conservative debt capacity levels and minimizing revenue increases. Calculate annual rate revenue adjustments needed through the study period.
- Review existing reserve and debt capacity levels and recommend changes based on specific financial risks or upcoming large capital expenditures.
- Conduct virtual meeting to review preliminary results with City staff.
- Update financial plan scenarios based on feedback from City staff
- Prepare a rate survey of communities for use in the final presentation to City staff and the City Council

DELIVERABLES:

- Financial plan alternative cash flows
- Two virtual with Staff to review and finalize cash flows
- Technical memorandum summarizing results of financial plan analysis

Task 5: Rate Design

Work Plan Activities

This task develops the rate structure and rates required to meet the pricing objectives of the utility and generate sufficient revenue recovery from each customer class

- Develop rates with the test year revenue requirement increase under the existing \$ per square foot of impervious area. This serves as the baseline for comparison against other rate structures
- Evaluate developing a residential stormwater fee on uniform fee for all residential based on a per ERU basis assuming an average impervious area for residential parcel. Also develop a tiered ERU structure to delineate small, medium, and large parcels.
- Evaluate discount program for non-residential customers who actively maintain on-site water quality features
- Develop a stormwater utility bill comparison under the City's existing and proposed rate alternatives compared against up to 7 peer utilities

DELIVERABLES:

- Technical memorandum summarizing results of rate design analysis of the existing and proposed rate structure alternatives
- Two virtual meetings with staff and other stakeholders to review rate design alternatives, update based on discussions with Staff and finalize the preferred rate alternative

Task 6: Council Presentations and Reports

Work Plan Activities

- Attend two City Council meetings to present findings
- Prepare a draft summary report of findings and conclusions of the study for staff to review and comment Incorporate comments from the draft report into a final report.

Fee

The following table provides a breakdown of our proposed fee for this project. This table includes the estimated level of effort required for completing each task and the hourly billing rates for our project team members. Expenses include costs associated with travel.

Task	Hours	Fee
1. Project Initiation and Management	10	\$3,600
2. Customer Parcel and Impervious Analysis	22	\$5,040
3. Impact Fees	42	\$9,360
3. 10-year Financial Plan	30	\$6,960
4. Rate Design	26	\$6,160
5. Council Presentations and Reports	26	\$8,060
Total Hours/Fee	156	\$39,180

APPENDIX: RESUMES

Appendix: Resume

Abbreviated

Todd Cristiano

PROJECT ROLE: PROJECT MANAGER

Raftelis Title: Vice President

Abbreviated resume



ROLE

Todd will be responsible the day to day operations of the project. He will oversee the technical analysis and ensure the approach follows industry standards and Raftelis' quality control process.

PROFILE

Todd has nearly 25 years of utility finance experience—19 years as a consultant to utilities and 6 years as the Manager of Rates at Denver Water. He has completed studies across the U.S. for water, wastewater, stormwater, electric, and gas utilities. His experience covers technical areas and industries such as municipal fee development, utility cost-of-service and rate structure studies, economic feasibility analyses, impact fee studies, and budget processes. As a member of the AWWA, he has helped to develop industry guidelines regarding financial and rate-making practices. In particular, as the Past Chair and current member of the AWWA Rates and Charges Committee, he co-authored the water reuse chapter in the latest edition of *Manual M1, Principles of Water Rates, Fees and Charges*. Todd is also co-instructor for the AWWA's biennial *Financial Management: Cost-of-Service Rate-Making Seminar*.

RECENT KEY STORMWATER PROJECT EXPERIENCE

City of Erie (CO)

Water, Wastewater, and Stormwater Financial Plan, Cost of Service, Rate and Fee Study

City of Evans (CO)

Stormwater Financial Plan Study

City of Littleton (CO)

Wastewater and Stormwater Financial Plan, Cost of Service, Rate Design, and Tap Fee Study

City of Golden (CO)

Water, Wastewater, Stormwater Cost of Service and Rate Design Study

City of Englewood (CO)

Stormwater Bond Feasibility and Financial Plan Study

Specialties

- Financial planning
- Cost-of-service & rate structure studies
- Litigation support
- Economic feasibility analyses
- Impact fee studies - utility & non-utility
- Reviews of policies, procedures, & operating practices
- Budget processes

Professional History

- Raftelis: Senior Manager (2019-present); Manager (2017-2018)
- Stantec (2016-2017)
- Denver Water: Manager of Rates (2010-2016)
- Malcolm Pirnie-Arcadis-US (2005-2010)
- Black & Veatch (1998-2005)

Education

- Master of Business Administration
- - University of Colorado (2003)
- Bachelor of Science in Chemical Engineering - University of Tulsa (1995)

Professional Memberships

- AWWA: Past Chair and current member of Rates & Charges Committee
- WEF

OTHER RECENT REGIONAL UTILITY FINANCIAL CONSULTING EXPERIENCE

Utility/Client	Water	Wastewater	Stormwater	Electric	Financial Planning	Cost of Service	Rate Design	Rate Structure	WW Connection/Capacity Fees	Stakeholder Engagement	Non-Utility Impact Fees	Reclaimed Water
Avondale, AZ	●										●	
Buckeye, AZ	●	●										●
Chandler, AZ	●	●										●
Gilbert, AZ	●	●										●
Marana, AZ	●	●										●
Prescott Valley, AZ	●	●										●
Tolleson, AZ	●	●										
San Diego, CA	●	●										●
Manteca, CA	●											
Milpitas, CA	●	●										
Arapahoe Water and Wastewater Authority	●	●										●
Aspen, CO	●			●								
Brancroft Clover WSD, CO	●	●										
Crestview WSD, CO	●	●										
Denver Water, CO	●											●
Durango, CO	●	●										●
Eagle, CO		●										●
Englewood, CO			●									
Erie, CO	●	●										●
Evans, CO			●									●
Golden, CO	●	●										●
Greeley, CO	●	●										
Lamar, CO	●	●										
Littleton, CO	●	●										
Lochbuie, CO	●	●										
Pueblo, CO		●										
Project 7 Water Authority, CO	●											
Rifle, CO	●	●										
Three Lakes WSD, CO	●	●										
Wellington, CO	●	●										
Pocatello, ID	●	●										
Oklahoma City, OK	●	●										●
Salt Lake City, UT	●	●										
West Jordan, UT	●	●										
Sheridan, WY	●	●										
Laramie, WY	●	●										