

City Council

**March 10, 2015
Library Conference Room
951 Spruce Street**

Special Meeting Agenda

7:00 PM

- 1. CALL TO ORDER**
- 2. UTILITY RATE INCREASE**
- 3. ADJOURN TO STUDY SESSION**

Study Session Agenda

7:30 PM

- | | | |
|-----------------------|-------------|---|
| 7:30 p.m. – 8:00 p.m. | I. | Discussion – Fees Cost Recovery |
| 8:00 p.m. – 8:30 p.m. | II. | Discussion – Role of Legal Committee |
| 8:30 p.m. – 8:35 p.m. | III. | City Manager’s Report
a. Advanced Agenda |
| 8:35 p.m. – 8:40 p.m. | IV. | Identification of Future Agenda Items |
| 8:40 p.m. | V. | Adjourn |

SUBJECT: UTILITY FUNDS FINANCIAL PLAN UPDATE

DATE: MARCH 10, 2015

PRESENTED BY: KURT KOWAR, PUBLIC WORKS DIRECTOR

SUMMARY:

Staff recommends increasing and revising the structure of the City’s water, wastewater and stormwater rates to (1) fund significant improvements at the City’s wastewater treatment plant needed to satisfy new mandatory Federal and State wastewater standards, (2) provide sufficient revenue to properly operate and maintain the City’s water, wastewater and stormwater utility systems, (3) more equitably distribute the cost of providing service to different customers based on the contribution of those customers to overall system costs, and (4) fund stormwater system improvements required to reduce the area of Downtown Louisville that is within the 100-year floodplain. Table 1 below shows the impact the increases and revised structure would have on an average residential utility bill. The remainder of this Council Communication provides more details on these proposed changes to help Council understand staff’s proposal prior to asking Council to adopt the rate increases on March 17, 2015 and have them go into effect May 1, 2015.

Table 1						
Average Monthly Bill and Rate Increase Impact For Residential Customer						
	2014	2015	2016	2017	2018	2019
Water	\$12.32	\$16.31	\$18.10	\$20.10	\$20.10	\$20.10
Sewer	\$20.69	\$22.00	\$26.40	\$27.45	\$27.45	\$27.54
Storm	\$4.23	\$4.23	\$4.74	\$4.78	\$4.78	\$4.78
Total Bill	\$37.24	\$42.54	\$49.24	\$52.33	\$52.33	\$52.42
\$ Change	-	\$5.30	\$6.70	\$3.09	\$0.00	\$0.09
% Change	-	14.2%	15.7%	6.3%	0.0%	0.2%

Background

Anticipating the need to make significant improvements to the City’s wastewater treatment plant to comply with new Federal and State standards, in 2013 staff and Raftelis Financial Consultants (RFC) conducted a utility rate study. This study calculated tap fees and utility rates the City’s enterprise funds should be charging to fund utility operations, maintenance, and anticipated capital improvements. On March 18, 2014 the City Council approved the initial rate increases staff recommended as a result of the study, and in May of 2014 those initial rate increases became effective.

Based on Council direction, staff continued to work with RFC to update and refine the recommended rate increases to reflect the approved 2015 City Budget and new information and updated assumptions since the 2013 study financial model. Based on this work, the updated model now reflects increased construction costs, more accurate interest rate and issuance costs than previously assumed for proposed debt, changes in project timelines, 2013 flood related costs, and updated accounting for actual tap fee revenue and estimates of future revenue. Staff and RFC performed this financial plan update to refine the proposed rate increases and verify that the planned increases would be adequate. A memo describing the process used by RFC to complete the update is attached and the key elements of the proposed rate increases/changes are summarized below

Key Elements of the Rate Change

There are two key elements of the proposed rate changes. First there are increases needed to generate sufficient revenue to cover capital costs and the ongoing costs to operate and maintain the City’s water, wastewater and stormwater utility systems. Second, there are changes in rate structure to more equitably distribute costs to the various users based on users’ relative contribution to total system costs. Staff refers to these latter changes as “cost of service adjustments”.

Table 2 shows the updated proposed rate increases needed to generate sufficient revenue, *without any cost of service adjustments*. This table compares the rate increases proposed in the 2013 Utility Rate Study (shown in black text) to the proposed increases reflecting current financial update (in red text, if different from what was proposed by the 2013 Rate Study).

Table 2 – Overall Required Rate Increases by Utility

Rate Increases from the 2013 Utility Rate Study Compared with the current Update. Red or Green Indicates Change from the 2013 Utility Rate Study					
Utility	Proposed Rate Revenue Increase				
	2015	2016	2017	2018	2019
Water	2.0% 0%	2.0% 11%	2.5% 11%	2.5% 0%	0%
Wastewater	27.0%	8.0% 20%	8.0% 4%	8.0% 0%	0%
Stormwater	30.0% 0%	25.0% 12%	25.0% 1%	0.0%	0%

Cost of Service Adjustments

As noted above, cost of service adjustments are changes staff proposed to existing rates to more equitably distribute costs to Residential and Non-residential customers. The 2013 Cost of Service Study performed by RFC indicated the following cost of service adjustments should be made to recover from each customer category the total relative share of costs those customers impose on the utility system:

Table 3 Adjustments to Water User Charges to Reflect the 2013 Cost of Service Study Results				
Customer Class	2015 Revenue	Adjusted Cost of Service Findings		
	Under Existing User Charges \$	2015 Adjusted Cost of Service \$	Revenue Change (\$)	Revenue Change (%)
Single Family Residential	2,378,901	3,149,338	770,437	32.4%
Commercial & Multi-Family	2,838,820	2,068,383	(770,437)	(27.1%)
Total City	5,217,721	5,217,721	-	0.0%

Table 4 Adjustments to Sewer User Charges to Reflect the 2013 Cost of Service Study Findings				
Customer Class	2015 Revenue	Adjusted Cost of Service Findings		
	Under Existing User Charges \$	2015 Adjusted Cost of Service \$	Revenue Change \$	Revenue Change %
Single Family Residential	1,979,107	1,712,220	(266,887)	(13.5)%
Commercial & Multi-Family	465,290	732,177	266,887	57.4%
Total City	2,444,397	2,444,397	-	0.0%

As these tables indicate, based on RFC’s analysis, current rates:

- Undercharge relative to the cost of providing water service to single family residential homes
- Overcharge relative to the cost of providing water service to commercial and multi-family residential complexes (which are typically billed to a commercial account)
- Overcharge relative to the cost of providing residential sewer service
- Undercharge relative to the cost of providing commercial and multi-family residential sewer service

The Utility Rate Task Force recommended implementing the cost of service adjustments calculated in the 2013 Study. However, staff did not incorporate those adjustments into the proposed 2014 rate increases because staff and Council needed more time to understand and evaluate the potential impact. Staff now recommends implementing the cost of service adjustments for two reasons: first, as noted above, doing so would more equitably allocate the cost of providing utility service to each category of customers. Second, as reflected in Table 5 below, the overall impact of the cost of service adjustments on an average residential bill would be relatively small; about 30 cents to 63 cents per month, depending on the year (although the impact on individual customers would be more or less than this amount, depending on their actual water use).

Table 5 shows the impact on an average residential utility bill with and without cost of service adjustments.

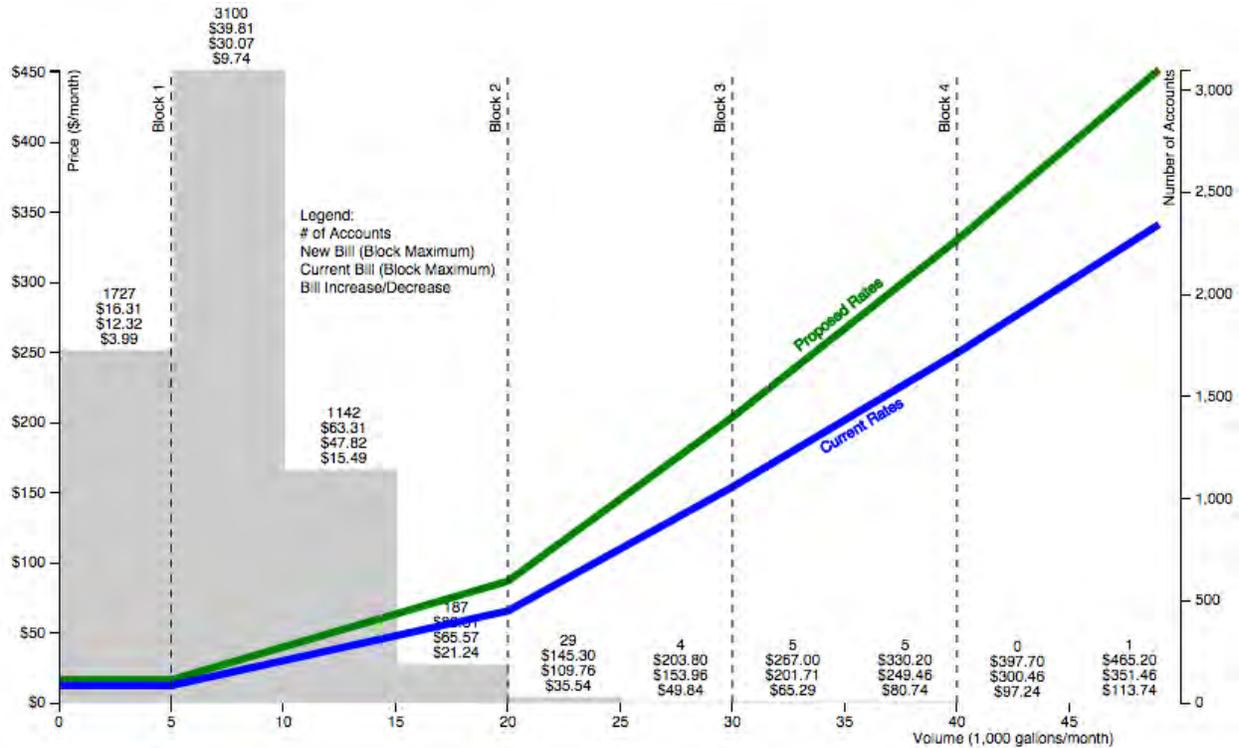
Table 5

Utility Bill for an Average Residential Customer Reflecting the Update Study Results Only						
Service	2014	2015	2016	2017	2018	2019
Water	\$12.32	\$12.32 (0%)	\$13.68 (11%)	\$15.18 (11%)	\$15.18 (0%)	\$15.18 (0%)
Wastewater	\$20.69	\$25.43 (27%)	\$30.52 (20%)	\$31.74 (4%)	\$31.74 (0%)	\$31.83 (0%)
Stormwater	\$4.23	\$4.23 (0%)	\$4.74 (12%)	\$4.78 (1%)	\$4.78 (0%)	\$4.78 (0%)
Combined Bill	\$37.24	\$41.98	\$48.94	\$51.70	\$51.70	\$51.80
% Increase	----	12.7%	16.6%	5.7%	0.0%	0.2%
Utility Bill for an Average Residential Customer Reflecting Update Study Results AND Cost of Service Adjustments						
Service	2014	2015	2016	2017	2018	2019
Water	\$12.32	\$16.31 (32%)	\$18.10 (11%)	\$20.10 (11%)	\$20.10 (0%)	\$20.10 (0%)
Wastewater	\$20.69	\$22.00 (6.3%)	\$26.40 (20%)	\$27.45 (4%)	\$27.45 (0%)	\$27.54 (0.3%)
Stormwater	\$4.23	\$4.23 (0%)	\$4.74 (12%)	\$4.78 (0.8%)	\$4.78 (0%)	\$4.78 (0%)
Combined Bill	\$37.24	\$42.54	\$49.24	\$52.33	\$52.33	\$52.42
% Increase	----	14.2%	15.8%	6.2%	0.0%	0.2%

Impact of Proposed Rates At Different Use Volumes

Table 6 on the next page shows average monthly water usage and the impact of the proposed rates on residential customers. As the chart shows, the largest group of customers (3,100) would see an increase averaging \$9.74 or less per month.

Table 6 – 2014 Annual Average Monthly Water Use and Bill



Impact of Implementing Wastewater Rates Based on AWC

In 2014 the Utility Rate Task Force recommended changing the sewer rate structure from a flat fee for residential customers to a volume based fee. In addition, the Task Force proposed changes to simplify the non-residential sewer rate structure, which is already volume based. A volume based rate structure allows customers to be billed more equitably for their contribution to wastewater treatment costs. The new sewer rate structure provides for a fixed Billing Charge, a fixed Readiness to Serve Charge, and a volume charge per 1,000 gallons. The volume charge is based on the average winter consumption (AWC) of water for each account (the average of a customer’s usage for December, January, and February of each year). On March 18, 2014 Council approved implementing this rate structure in May 2015 based on AWC readings this winter. Staff notified customers through City mailings in the 4th Quarter of 2014 that the new sewer rate structure would be being implemented in May. Table 7 shows the average winter consumption (AWC) for water usage and the impact of this approach on bills for residential customers.

Table 7 – 2014 Average Winter Consumption Water Use and Sewer Bill

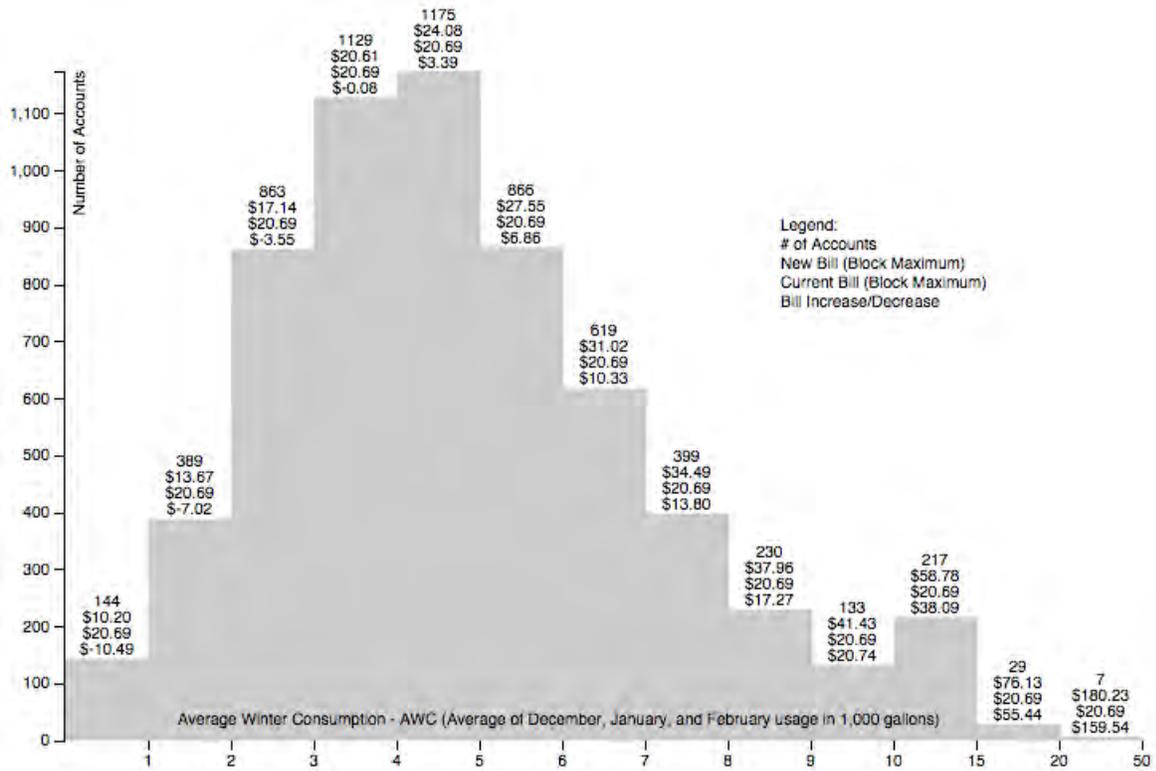


Table 1-9 illustrates the existing sewer rate structure:

Table 1-9 Wastewater Utility Wastewater Rate Structure Alternative 1 - Status Quo 2014 Wastewater Rates			
Description	Residential	Non-Residential	
		May - Sep	Oct - Apr
Monthly Charge, per	\$20.69		
Monthly Minimum		\$25.95	\$27.87
		Volume Rate, per 1,000 Gallons	
Block 1		\$0.00	\$0.00
Block 2		1.44	1.54
Block 3		1.48	1.71
Block 4		1.61	1.92
Block 5		1.71	2.06
Block 6		1.92	2.25
Block 7		2.05	2.41
Block 8		2.14	2.66
Block 9		2.32	2.82
Block 10			3.01
		Monthly Usage in Block, 1,000 Gallons	
Block 1		20	15
Block 2		10	5
Block 3		10	10
Block 4		10	10
Block 5		10	10
Block 6		10	10
Block 7		10	10
Block 8		10	10
Block 9		over 90	10
Block 10			over 90

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Table 11 illustrates the new proposed sewer rate structure with and without cost of service adjustments.

Table 11 Comparison of 2015 Sewer User Charges		
2015 Sewer User Charges No Modification to Reflect the 2013 Cost of Service Study Results		
Description	Residential	Commercial
Volume Charge, \$ per Kgal	\$4.25	
Monthly Billing Charge, \$ per Bill	1.99	
Monthly Readiness to Serve Charge, \$ per Bill	4.74	
Volume Charge, \$ per Kgal		\$2.13
Monthly Billing Charge, \$ per Bill		1.99
Monthly Readiness to Serve Charge, \$ pper		
3/4"		4.74
1"		8.27
1 1/2"		18.17
2"		32.17
3"		71.87
4"		127.37
6"		186.47
2015 Sewer User Charges Modified to Reflect the 2013 Cost of Service Study Results		
Description	Residential	Commercial
Volume Charge, \$ per Kgal	\$3.47	
Monthly Billing Charge, \$ per Bill	1.99	
Monthly Readiness to Serve Charge, \$ per Bill	4.74	
Volume Charge, \$ per Kgal		\$3.47
Monthly Billing Charge, \$ per Bill		1.99
Monthly Readiness to Serve Charge, \$ pper		
3/4"		4.74
1"		8.27
1 1/2"		18.17
2"		32.17
3"		71.87
4"		127.37
6"		186.47

RECOMMENDATION

Staff recommends modifying the City's water, wastewater and stormwater utility rates as shown in Table 1 (on page 1) to reflect necessary rate increases and cost of service adjustments between customer classes to ensure equitability and sustainability for the Utility Funds. Staff will provide a resolution to increase rates for consideration on March 17, 2015. In addition, staff has provided for Council review and comment a draft mailer that will be mailed to all residents once Council approves final rate modifications.

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FISCAL IMPACT:

The recommended increases will continue the process of matching Utility revenue with projected expenses for operations and capital improvement needs.

ATTACHMENT(S):

1. Technical memorandum discussing results of utility financial plan updates.
2. Draft Rate Information Mailer.
3. Proposed Rate Schedule.
4. Presentation

MEMO

To: Mr. Kurt Kowar, Public Works Director, City of Louisville, CO
From: John Wright, Project Manager, Raftelis Financial Consultants, Inc.
Date: March 3, 2015
Re: Results of the Water, Sewer and Stormwater Utility Financial Plan Updates

This memorandum describes the process used by Raftelis Financial Consultants, Inc. (RFC) to update the above referenced financial plans for the five-year period 2015 - 2019. It summarizes the key financial planning assumptions utilized and the resulting projected utility financial metrics, user charges, and typical customer bill impacts. The full water, sewer and stormwater financial planning models are provided in Appendix A.

Section 1: Summary of User Charge Increases and Typical Customer Bills

Table 1 shows the summary results of the financial plan update for each utility.

Table 1 Summary Results of the Financial Plan Update						
Annual Percentage Increase in User Charges Applied to Customer Bills on May 1 st of Each Year						
Utility	2014	2015	2016	2017	2018	2019
Water	----	0.0%	11.0%	11.0%	0.0%	0.0%
Sewer	----	27.0%	20.0%	4.0%	0.0%	0.3%
Stormwater	----	0.0%	12.0%	1.0%	0.0%	0.0%
Utility Bill for a Typical Single Family Residential Customer User Charges <u>Not Modified</u> to Reflect the 2013 COS Study Results (Existing Water Rate Design and New Sewer Rate Design Based on Residential Average Winter Water Consumption)						
Service	Current	2015	2016	2017	2018	2019
Water (0% Increase)	\$12.32	\$12.32	\$13.68	\$15.18	\$15.18	\$15.18
Sewer (22.9% Increase)	20.69	25.43	30.52	31.74	31.74	31.83
Stormwater	4.23	4.23	4.74	4.78	4.78	4.78
Combined Bill	\$37.24	\$41.98	\$48.93	\$51.70	\$51.70	\$51.80
Annual % Increase		12.7%	16.6%	5.7%	0.0%	0.2%
Utility Bill for a Typical Single Family Residential Customer User Charges <u>Modified</u> to Reflect the 2013 COS Study Results (Existing Water Rate Design and New Sewer Rate Design Based on Residential Average Water Winter Consumption)						
Service	Current	2015	2016	2017	2018	2019
Water (32.4% Increase)	\$12.32	\$16.31	\$18.10	\$20.10	\$20.10	\$20.10
Sewer (6.3% Increase)	20.69	22.00	26.40	27.45	27.45	27.54
Stormwater	4.23	4.23	4.74	4.78	4.78	4.78
Combined Bill	\$37.24	\$42.54	\$49.24	\$52.33	\$52.33	\$52.42
Annual % Increase		14.2%	15.8%	6.3%	0.0%	0.2%

Section II: Key Assumptions Used in the Financial Planning Models

Effective Date of May 1st for User Charge Increases: The financial planning models assume that user charge increases will become effective on May 1st of each year. During the months of January - April, each utility will generate revenue based on the previous year's percentage increase in user charges. During the months of May - December, each utility will generate revenue based on the current year's percentage increase in user charges. Table 2 compares the increase in user charges that will be experienced by customers on May 1st of each year to the weighted average percentage increase in revenues projected to be earned by each utility.

Table 2 Annual Percentage User Charge Increases: User Charges vs. Utility Earnings Under a May 1 st Effective Date					
Utility	Budget	Forecast			
	2015	2016	2017	2018	2019
Water Percentage Increases					
User Charge Increase to Customers on May 1 st	0.0%	11.0%	11.0%	0.0%	0.0%
Weighted Avg. Annual % Increase in Utility Revenues	0.0%	7.3%	11.0%	3.7%	0.0%
Sewer Percentage Increases					
User Charge Increase to Customers on May 1 st	27.0%	20.0%	4.0%	0.0%	0.3%
Weighted Avg. Annual % Increase in Utility Revenues	18.0%	22.3%	9.3%	1.3%	0.2%
Stormwater Percentage Increases					
User Charge Increase to Customers on May 1 st	0.0%	12.0%	1.0%	0.0%	0.0%
Weighted Avg. Annual % Increase in Utility Revenues	0.0%	8.0%	4.7%	0.3%	0.0%

Forecast Customer Account Growth: The water, sewer and stormwater financial planning models assume that customer accounts will grow at an annual rate of 1% during the period 2015 - 2019.

Forecast Tap Fee Receipts: The 2015 tap fee receipts reflected in the water and sewer financial plans are based on the City's adopted 2015 budget. The tap fee receipts projected for the period 2016 - 2019 are based on City Finance Department projections. At present, the City does not have a stormwater tap/impact fee. Table 3 shows the forecast tap fee receipts for the water and sewer utilities.

Table 3 Forecast Tap Fee Receipts (\$ Thousands)						
Utility	Estimated 2014	Budget 2015	Forecast			
			2016	2017	2018	2019
Water	\$2,197	\$3,821	\$3,327	\$3,513	\$2,049	\$1,814
Sewer	\$431	\$681	\$508	\$645	\$402	\$385

Operations & Maintenance (O&M) Expenses: The 2015 O&M expenses reflected in the water, sewer and stormwater financial planning models are based on the City's adopted 2015 budget. The O&M expenses reflected for the period 2016 - 2019 are based on City Finance Department

projections. Table 4 shows the aggregate annual O&M expenses for each utility during the period 2015 - 2019.

Utility	Estimated 2014	Budget 2015	Forecast			
			2016	2017	2018	2019
Water						
Total O&M Expenses	\$3,484	\$3,700	\$3,832	\$3,971	\$4,120	\$4,276
Annual % Increase		6.2%	3.6%	3.6%	3.8%	3.8%
Sewer						
Total O&M Expenses	\$1,413	\$1,719	\$1,779	\$1,846	\$1,917	\$1,991
Annual % Increase		21.7%	3.5%	3.7%	3.8%	3.9%
Stormwater						
Total O&M Expenses	\$251	\$152	\$157	\$163	\$169	\$175
Annual % Increase		-39.5%	3.5%	3.7%	3.7%	3.7%

Capital Improvement Program (CIP) Expenditures: The CIP expenditures reflected in the financial planning models were provided by the City’s Public Works Department. These expenditures were estimated using current year dollars without the consideration of future construction cost inflation. As a result, RFC applied an annual 2.5% construction cost inflation factor in the years 2016 - 2019. Table 5 shows the aggregate annual CIP expenditures for each utility before and after inflation adjustments.

Utility	Estimated 2014	Budget 2015	Forecast			
			2016	2017	2018	2019
Water CIP Expenditures						
Before Inflation Adjustment	\$5,212	\$5,314	\$6,971	\$1,044	\$2,211	\$951
After Inflation Adjustment	5,212	5,314	7,146	1,096	2,381	1,050
Total Inflation Adjustment	\$0	\$0	\$174	\$53	\$170	\$99
Sewer CIP Expenditures						
Before Inflation Adjustment	\$3,012	\$10,994	\$14,660	\$8,031	\$390	\$565
After Inflation Adjustment	3,012	10,994	15,027	8,437	420	624
Total Inflation Adjustment	\$0	\$0	\$367	\$407	\$30	\$59
Stormwater CIP Expenditures						
Before Inflation Adjustment	\$564	\$7,412	\$1,185	\$110	\$110	\$110
After Inflation Adjustment	564	7,412	1,215	116	118	121
Total Inflation Adjustment	\$0	\$0	\$30	\$6	\$8	\$11

External Debt Financing to Fund CIP Expenditures: The City finances utility CIP expenditures using a combination of operating revenues generated from the user charges, tap fee receipts from new customer connections, and external debt financing. No water utility-related debt issues are forecast for the period 2015 - 2019. The sewer financial planning model assumes the issuance of revenue bonds in the amount of \$25.8 million in early 2015. This debt will be used to fund a required \$29.8 million upgrade to the City's sewer treatment plant during the period 2015 - 2017.

The stormwater financial planning model assumes the issuance of revenue bonds in the amount of \$7.0 million in early 2015. This debt will be used to fund \$7.0 million in Citywide storm drainage outfall improvements during the period 2015 - 2016. Both of these debt issues assume the following terms:

- 20-year repayment term
- 2.25% interest rate
- \$0 debt issuance costs
- 50% of total annual debt service paid in the year of issue

Table 6 provides a summary of proposed debt issues and forecast debt service payments for the period 2015 - 2019.

Table 6 Forecast Debt Used in the Financial Planning Models (\$ Thousands)						
Utility	Estimated 2014	Budget 2015	Forecast			
			2016	2017	2018	2019
Water Debt Financing						
Proposed Debt Issue	None	None	None	None	None	None
Forecast Debt Service						
Existing Debt	\$944	\$943	\$945	\$945	\$883	\$880
Proposed Debt	0	0	0	0	0	0
Total Debt Service	\$944	\$943	\$945	\$945	\$883	\$880
Sewer Debt Financing						
Proposed Debt Issue	\$0	\$25,750	\$0	\$0	\$0	\$0
Forecast Debt Service						
Existing Debt	\$0	\$0	\$0	\$0	\$0	\$0
Proposed Debt	0	807	1,613	1,613	1,613	1,613
Total Debt Service	0	\$807	\$1,613	\$1,613	\$1,613	\$1,613
Stormwater Financing						
Proposed Debt Issue	\$0	\$7,000	\$0	\$0	\$0	\$0
Forecast Debt Service						
Existing Debt	\$0	\$0	\$0	\$0	\$0	\$0
Proposed Debt	0	219	438	438	438	438
Total Debt Service	\$0	\$219	\$438	\$438	\$438	\$438

Section III: Summary of Forecast Utility Financial Performance

Table 7 provides a summary of key financial metrics for each utility during the period 2015 - 2019. As noted in this table, the target level of cash reserves for each utility is 120 days or 33% of annual O&M expenses. The target debt service coverage ratio for each utility, including tap fee receipts, is 1.40 times debt service for the water utility and 1.30 times debt service for the sewer and stormwater utilities. The target combined debt service ratio for all utilities, when viewed on a joint basis, is 1.40.

Table 7					
Summary of Forecast Utility Financial Performance (\$ Thousands)					
Utility	Budget 2015	Forecast			
		2016	2017	2018	2019
Water Financial Performance					
Annual User Charge Increases to Customers on May 1 st	0.0%	11.0%	11.0%	0.0%	0.0%
Achieved Debt Service Coverage with Tap Fees	5.07	4.78	5.68	4.58	3.99
Achieved Debt Service Coverage without Tap Fees	1.02	1.26	1.96	2.26	1.93
Target Debt Service Coverage	1.40	1.40	1.40	1.40	1.40
Ending Cash Reserves	\$5,385	\$1,814	\$5,136	\$5,915	\$7,499
Target Ending Cash Reserves (120 days of annual O&M)	2,716	2,866	3,054	3,125	3,224
Sewer Financial Performance					
Annual User Charge Increases to Customers on May 1 st	27.0%	20.0%	4.0%	0.0%	0.0%
Achieved Debt Service Coverage with Tap Fees	2.77	1.69	1.85	1.60	1.54
Achieved Debt Service Coverage without Tap Fees	1.93	1.37	1.46	1.35	1.30
Target Debt Service Coverage	1.30	1.30	1.30	1.30	1.30
Ending Cash Reserves	\$23,793	\$9,879	\$2,820	\$3,371	\$3,623
Target Ending Cash Reserves (120 days of annual O&M)	902	1,142	1,457	1,641	1,673
Stormwater Financial Performance					
Annual User Charge Increases to Customers on May 1 st	0.0%	12.0%	1.0%	0.0%	0.0%
Achieved Debt Service Coverage with Tap Fees	N/A	N/A	N/A	N/A	N/A
Achieved Debt Service Coverage without Tap Fees	2.28	1.28	1.40	1.35	1.35
Target Debt Service Coverage	1.30	1.30	1.30	1.30	1.30
Ending Cash Reserves	\$1,814	\$720	\$781	\$816	\$848
Target Ending Cash Reserves (120 days of annual O&M)	76	226	251	255	260
Combined Financial Performance					
Achieved Debt Service Coverage with Tap Fees	3.82	2.60	2.99	2.46	2.25
Achieved Debt Service Coverage without Tap Fees	3.13	1.53	1.32	1.61	1.62
Target Debt Service Coverage	1.40	1.40	1.40	1.40	1.40
Ending Cash Reserves	\$30,992	\$12,413	\$8,737	\$10,102	\$11,970
Target Ending Cash Reserves (120 days of annual O&M)	3,694	4,234	4,763	5,022	5,157

Section IV: Forecast Utility User Charges

As described below, RFC prepared two separate forecasts of user charge increases for the period 2015 - 2019.

Forecast #1: User Charge Forecast with No Modifications to Reflect the 2013 Cost of Service Study:

This forecasting scenario features the existing water rate design and the new City Council approved sewer rate design based on average winter water consumption for residential customers. No modifications have been made to the user charges associated with these two rate designs in order to reflect the customer class revenue requirement outcomes determined in the 2013 cost of service study prepared by RFC.

Forecast #2: User Charges Modified to Reflect the 2013 Cost of Service Study:

This forecasting scenario also features the existing water rate design and the new City Council approved sewer rate design based on average winter water consumption for residential customers. The user charges associated with these two rate designs have been modified to reflect the customer class revenue requirement outcomes determined in the 2013 cost of service study. To complete these forecasts, RFC conducted an analysis of the 2013 water and sewer cost of service study models. Based on this analysis, RFC estimates that in order to reflect the cost of service study results, water user charges for single family residential customers must increase by 32.4% and water user charges for non-single family residential customers must decrease by 27.1%. These results are shown in Table 8.

Table 8 Required Adjustments to Water User Charges to Reflect the 2013 Cost of Service Study Results				
Customer Class	2015 Revenue	Adjusted Cost of Service Findings		
	Under Existing User Charges \$	2015 Adjusted Cost of Service \$	Revenue Change (\$)	Revenue Change (%)
Single Family Residential	2,378,901	3,149,338	770,437	32.4%
Non-Single Family Residential	2,838,820	2,068,383	(770,437)	(27.1%)
Total City	5,217,721	5,217,721	-	0.0%

For sewer customers, RFC estimates that in order to reflect the cost of service study results, user charges for residential customers (single family and multi-family) must decrease by 13.5% and non-residential user charges must increase by 57.4%. These results are shown in Table 9.

Table 9 Required Adjustments to Sewer User Charges to Reflect the 2013 Cost of Service Study Findings				
Customer Class	2015 Revenue	Adjusted Cost of Service Findings		
	Under Existing User Charges \$	2015 Adjusted Cost of Service \$	Revenue Change \$	Revenue Change %
Residential	1,979,107	1,712,220	(266,887)	(13.5)%
Non-Residential	465,290	732,177	266,887	57.4%
Total	2,444,397	2,444,397	-	0.0%

Comparison of 2015 Water User Charges After Adjustments to Reflect the 2013 COS:

The estimated impact of modifying the City's projected 2015 water user charges to reflect the 2013 cost of service study results is shown in Table 10. As noted previously, this user charge forecast assumes the continued use of the City's existing water rate design. A full comparison of water user charges for the years 2015 - 2019 is presented in Appendix A.

It is important to note that the water rate structure ultimately implemented by the City in 2015 will not change the underlying customer class revenue requirements determined in the 2013 cost of service study process. As shown in Table 8, the results of the 2013 cost of service study indicate that in order to recover the true customer class cost of service, water user charges for single family residential customers must increase by 32.4% and water user charges for non-single family residential customers must decrease by 27.1%. Properly designed water and sewer user charges, regardless of their structure, are intended to recover the level of revenue necessary to match the customer class revenue requirement developed via the cost of service study process. Thus, any modifications to the water rate design for non-single family residential customers will not alter the fact that single family residential water user charges must produce 32.4% more revenue in 2015.

Table 10 Comparison of 2015 Water User Charges								
2015 Water User Charges No Modification to Reflect the 2013 Cost of Service Study Results								
Description	Single Family	Commercial, Irrigation, Multi-Family						
Meter Size	All	3/4-inch	1-inch	1-1/2-inch	2-inch	3-inch	4-inch	6-inch
No. of Multi-family Units			2	3 - 6	7 - 11	12 - 26	27 - 47	48 or more
Monthly Minimum, \$	\$12.32	\$12.32	\$24.63	\$36.96	\$49.20	\$98.56	\$197.10	\$394.24
Usage Charge, \$ per Kgal								
1st block	0.00	3.55	3.55	3.55	3.55	3.55	3.55	3.55
2nd block	3.55	8.84	8.84	8.84	8.84	8.84	8.84	8.84
3rd block	8.84	9.55	9.55	9.55	9.55	9.55	9.55	9.55
4th block	9.55	10.20	10.20	10.20	10.20	10.20	10.20	10.20
5th block	10.20	10.88	10.88	10.88	10.88	10.88	10.88	10.88
6th block	10.88							

2015 Water User Charges Modified to Reflect the 2013 Cost of Service Study Results								
Description	Single Family	Commercial, Irrigation, Multi-Family						
Meter Size	All	3/4-inch	1-inch	1-1/2-inch	2-inch	3-inch	4-inch	6-inch
No. of Multi-family Units			2	3 - 6	7 - 11	12 - 26	27 - 47	48 or more
Monthly Minimum, \$	\$16.31	\$8.98	\$17.95	\$26.93	\$35.85	\$71.81	\$143.61	\$287.25
Usage Charge, \$ per Kgal								
1st block	0.00	2.59	2.59	2.59	2.59	2.59	2.59	2.59
2nd block	4.70	6.44	6.44	6.44	6.44	6.44	6.44	6.44
3rd block	11.70	6.96	6.96	6.96	6.96	6.96	6.96	6.96
4th block	12.64	7.43	7.43	7.43	7.43	7.43	7.43	7.43
5th block	13.50	7.93	7.93	7.93	7.93	7.93	7.93	7.93
6th block	14.40							

Comparison of 2015 Sewer User Charges After Adjustments to Reflect the 2013 COS:

The estimated impact of modifying the City's projected 2015 sewer user charges to reflect the 2013 cost of service study results is shown in Table 11. As note previously, this user charge

forecast reflects the new City Council approved rate design based on residential average winter water consumption. In contrast, the non-residential sewer user charges shown in Table 11 will be applied to the actual monthly water consumption of nonresidential customers as recorded throughout the year.

As shown in Table 11, without a modification to reflect the 2013 cost of service study results, residential customers must pay a volume charge of \$4.25 per thousand gallons while nonresidential customers must pay a volume charge of only \$2.13 per thousand gallons. In contrast, when sewer user charges are modified to reflect the 2013 cost of service study results, both residential and nonresidential customers must pay a volume charge of \$3.47 per thousand gallons. A full comparison of water user charges for the years 2015 - 2019 is presented in Appendix A.

Table 11 Comparison of 2015 Sewer User Charges		
2015 Sewer User Charges <u>No Modification to Reflect the 2013 Cost of Service Study Results</u>		
Description	Residential	Commercial
Volume Charge, \$ per Kgal	\$4.25	
Monthly Billing Charge, \$ per Bill	1.99	
Monthly Readiness to Serve Charge, \$ per Bill	4.74	
Volume Charge, \$ per Kgal		\$2.13
Monthly Billing Charge, \$ per Bill		1.99
Monthly Readiness to Serve Charge, \$ pper		
3/4"		4.74
1"		8.27
1 1/2"		18.17
2"		32.17
3"		71.87
4"		127.37
6"		186.47
2015 Sewer User Charges <u>Modified to Reflect the 2013 Cost of Service Study Results</u>		
Description	Residential	Commercial
Volume Charge, \$ per Kgal	\$3.47	
Monthly Billing Charge, \$ per Bill	1.99	
Monthly Readiness to Serve Charge, \$ per Bill	4.74	
Volume Charge, \$ per Kgal		\$3.47
Monthly Billing Charge, \$ per Bill		1.99
Monthly Readiness to Serve Charge, \$ pper		
3/4"		4.74
1"		8.27
1 1/2"		18.17
2"		32.17
3"		71.87
4"		127.37
6"		186.47

V. Forecast Bills for a Typical Customer

Table 12 shows the estimated difference in utility bills paid by a typical customer if the City's water and sewer user charges are modified to reflect the 2013 cost of service study results. For purposes of this analysis, a typical customer is assumed to have 5,000 gallons of monthly billed water consumption and thus does not exceed the minimum monthly water allotment of 5,000 gallons provided to single family residential customers. Per the analysis of single family residential bills performed by RFC in the 2013 cost of service study, approximately 46% of cumulative bills and 45% of cumulative consumption take place in the 0 - 5,000 gallon range. A full detail of the monthly and annual customer bill impacts is presented in Appendix A.

Table 12						
Utility Bill for a Typical Single Family Residential Customer						
Existing Water Rate Design and New Sewer Rate Design Based on Residential Average Winter Water Consumption						
User Charges <u>Not Modified</u> to Reflect the 2013 COS Study Results						
Service	Current	2015	2016	2017	2018	2019
Water (0% Increase)	\$12.32	\$12.32	\$13.68	\$15.18	\$15.18	\$15.18
Sewer (22.9% Increase)	20.69	25.43	30.52	31.74	31.74	31.83
Stormwater	4.23	4.23	4.74	4.78	4.78	4.78
Combined Bill	\$37.24	\$41.98	\$48.93	\$51.70	\$51.70	\$51.80
Annual % Increase		12.7%	16.6%	5.7%	0.0%	0.2%
User Charges <u>Modified</u> to Reflect the 2013 COS Study Results						
Service	Current	2015	2016	2017	2018	2019
Water (32.4% Increase)	\$12.32	\$16.31	\$18.10	\$20.10	\$20.10	\$20.10
Sewer (6.3% Increase)	20.69	22.00	26.40	27.45	27.45	27.54
Stormwater	4.23	4.23	4.74	4.78	4.78	4.78
Combined Bill	\$37.24	\$42.54	\$49.24	\$52.33	\$52.33	\$52.42
Annual % Increase		14.2%	15.8%	6.3%	0.0%	0.2%

UTILITY RATE INCREASES

WATER, WASTEWATER, AND STORMWATER RATES

The City Council recently approved rate increases for water, wastewater, and stormwater utility service. The new rates are needed primarily to fund a major reconstruction of the City's wastewater treatment plant to comply with new and stricter Federal and State regulations, but also to ensure the City can properly maintain these utility systems, meet all clean water regulations, and provide a sufficient supply of clean water for all Louisville residents and businesses. If you have questions about the rate increases, please contact Kurt Kowar at 303.335.4601 or KurtK@LouisvilleCO.gov.



WHAT DOES THIS MEAN FOR MY UTILITY BILL?

Beginning in May you will see the first increase in your utility bill, followed by projected increases in the following years. The table below reflects the anticipated impact for a residential customer who has an average bill. The impact on your bill may be more or less depending on how much water you use.

Projected Changes to Monthly Utility Bill for a Typical Residential Customer*						
Service	2014	2015	2016	2017	2018	2019
Water	\$12.32	\$16.31	\$18.10	\$20.10	\$20.10	\$20.10
Wastewater	\$20.69	\$22.00	\$26.40	\$27.45	\$27.45	\$27.54
Stormwater	\$4.23	\$4.23	\$4.74	\$4.78	\$4.78	\$4.78
Combined Bill	\$37.24	\$42.54	\$49.24	\$52.33	\$52.33	\$52.42
\$ Increase		\$5.30	\$6.70	\$3.09	\$0.0	\$0.09
% Increase		14.2%	15.7%	6.3%	0%	0.2%

This list does not include monthly charges for refuse, recycling, and compost which varies by home based on the sizes of your containers.

WHAT IS THE BASIS FOR THESE INCREASES?

UTILITY RATE STUDY

To understand the City's future utility system needs and how best to pay for them, City staff, a consultant with special expertise in this area, and a volunteer Task Force appointed by the City Council completed a Utility Rate Study. This study looked at:

- The City's master plans for the water, wastewater, and stormwater systems. These plans list the utility system components that need repairs or replacement and what it would cost to properly maintain and operate the system.
- What costs different users impose on the utility system (depending on the volume of water and timing--peak period or off-peak--of that use, and the wastewater they create)
- How much money is needed to repair or replace system components and to sustain utility operations
- How to equitably distribute these costs to system users
- How to ensure rates and fees are understandable to customers

STUDY RESULTS

The Utility Rate Study recommends a **multi-year plan for rate increases** to provide the revenue needed to ensure a safe and reliable utility system that meets current State and Federal regulatory requirements.

Although these increases are significant, Louisville's water rates remain comparable to surrounding communities.



SPECIFIC SYSTEM IMPROVEMENTS

City staff continually work to make sure the City's utility systems stay in compliance with all State and Federal clean water regulations. To remain in compliance with regulations that will be effective in 2018, the City must upgrade the City's wastewater treatment plant. The existing 20-year-old facility will not meet regulations for ammonia limits or nitrogen and phosphorus levels.

As a part of this upgrade the facility's daily capacity will actually be reduced and more sophisticated treatment processes will be installed. The existing capacity was constructed at a time when Louisville anticipated larger population growth. However, the latest population estimates indicate the reduced capacity will be sufficient to meet the City's expected growth over the next 20 years. Reducing the facility capacity will also reduce the cost of this project compared with maintaining the existing system capacity.

AVERAGE WINTER CONSUMPTION A NEW BASIS FOR SEWER RATES

Beginning in May of 2015 the City will start a new rate system for wastewater (sewer) charges for residential customers. Currently, the City charges each utility account a flat fee of \$20.69 per month for wastewater. Beginning in May, that flat fee will be replaced with the following:

1. Usage charge. This charge will be based on your "average winter consumption" (AWC) of water during the months of December, January, and February. This usage charge is intended to make your bill more accurately reflect the volume of wastewater for your house (and not the water you may use on your lawn and garden).
2. Billing charge - A charge to cover billing and other customer service costs.
3. Readiness to serve charge (per dwelling unit). This charge recovers a portion of the cost of maintaining sewer facilities on standby, even if your account is temporarily inactive.



CONVENIENT WAYS TO RECEIVE AND TO PAY YOUR UTILITY BILL

There are many different ways you can receive and pay your utility bill. Check out the City's web site (www.LouisvilleCO.gov) for detailed information or contact the billing department at 303.335.4501. You can . . .

Receive your bill:

- *By mail*
- *By email* - This email bill will include information on your usage and the amount due, but it will eliminate excess paper and envelopes for you as well as reduce postage, printing, and labor costs.

Pay your bill:

- *By mail*
- *By phone* - 303.666.6565
- *By electronic funds transfer* - This program allows you to pay your City utility bill directly from your bank account or with a credit/debit card each month on your normal due date without ever having to write a check.

***Utility Rate Update
City of Louisville
749 Main Street
Louisville CO 80027***

***PRESORTED
STANDARD
US POSTAGE PAID
LOUISVILLE CO
PERMIT No. 15***

***ECR WSS
POSTAL CUSTOMER
LOUISVILLE CO 80027***

2014 Current versus 2015 Proposed Utility Rates

2014 Current versus 2015 Proposed Water Rates

Water Usage (1,000 Gallons)	Current Rates	Proposed Rates	Monthly Difference
0	\$ 12.32	\$ 16.31	\$ 3.99
1	\$ 12.32	\$ 16.31	\$ 3.99
2	\$ 12.32	\$ 16.31	\$ 3.99
3	\$ 12.32	\$ 16.31	\$ 3.99
4	\$ 12.32	\$ 16.31	\$ 3.99
5	\$ 12.32	\$ 16.31	\$ 3.99
6	\$ 15.87	\$ 21.01	\$ 5.14
7	\$ 19.42	\$ 25.71	\$ 6.29
8	\$ 22.97	\$ 30.41	\$ 7.44
9	\$ 26.52	\$ 35.11	\$ 8.59
10	\$ 30.07	\$ 39.81	\$ 9.74
11	\$ 33.62	\$ 44.51	\$ 10.89
12	\$ 37.17	\$ 49.21	\$ 12.04
13	\$ 40.72	\$ 53.91	\$ 13.19
14	\$ 44.27	\$ 58.61	\$ 14.34
15	\$ 47.82	\$ 63.31	\$ 15.49
16	\$ 51.37	\$ 68.01	\$ 16.64
17	\$ 54.92	\$ 72.71	\$ 17.79
18	\$ 58.47	\$ 77.41	\$ 18.94
19	\$ 62.02	\$ 82.11	\$ 20.09
20	\$ 65.57	\$ 86.81	\$ 21.24
21	\$ 74.41	\$ 98.51	\$ 24.10
22	\$ 83.25	\$ 110.21	\$ 26.96
23	\$ 92.09	\$ 121.91	\$ 29.82
24	\$ 100.93	\$ 133.61	\$ 32.68
25	\$ 109.77	\$ 145.31	\$ 35.54
26	\$ 118.61	\$ 157.01	\$ 38.40
27	\$ 127.45	\$ 168.71	\$ 41.26
28	\$ 136.29	\$ 180.41	\$ 44.12
29	\$ 145.13	\$ 192.11	\$ 46.98
30	\$ 153.97	\$ 203.81	\$ 49.84
31	\$ 163.52	\$ 216.45	\$ 52.93
32	\$ 173.07	\$ 229.09	\$ 56.02
33	\$ 182.62	\$ 241.73	\$ 59.11
34	\$ 192.17	\$ 254.37	\$ 62.20
35	\$ 201.72	\$ 267.01	\$ 65.29
36	\$ 211.27	\$ 279.65	\$ 68.38
37	\$ 220.82	\$ 292.29	\$ 71.47
38	\$ 230.37	\$ 304.93	\$ 74.56
39	\$ 239.92	\$ 317.57	\$ 77.65
40	\$ 249.47	\$ 330.21	\$ 80.74
41	\$ 259.67	\$ 343.71	\$ 84.04
42	\$ 269.87	\$ 357.21	\$ 87.34
43	\$ 280.07	\$ 370.71	\$ 90.64
44	\$ 290.27	\$ 384.21	\$ 93.94
45	\$ 300.47	\$ 397.71	\$ 97.24
46	\$ 310.67	\$ 411.21	\$ 100.54
47	\$ 320.87	\$ 424.71	\$ 103.84
48	\$ 331.07	\$ 438.21	\$ 107.14
49	\$ 341.27	\$ 451.71	\$ 110.44
50	\$ 351.47	\$ 465.21	\$ 113.74
51	\$ 362.35	\$ 479.62	\$ 117.27
52	\$ 373.23	\$ 494.03	\$ 120.80
53	\$ 384.11	\$ 508.44	\$ 124.33
54	\$ 394.99	\$ 522.85	\$ 127.86
55	\$ 405.87	\$ 537.26	\$ 131.39
56	\$ 416.75	\$ 551.67	\$ 134.92
57	\$ 427.63	\$ 566.08	\$ 138.45
58	\$ 438.51	\$ 580.49	\$ 141.98
59	\$ 449.39	\$ 594.90	\$ 145.51
60	\$ 460.27	\$ 609.31	\$ 149.04

2014 Current versus 2015 Proposed Sewer Rates

AWC * (1,000 Gallons)	Current Rates	Proposed Rates	Monthly Difference
0	\$ 20.69	\$ 6.73	\$ (13.96)
1	\$ 20.69	\$ 10.20	\$ (10.49)
2	\$ 20.69	\$ 13.67	\$ (7.02)
3	\$ 20.69	\$ 17.14	\$ (3.55)
4	\$ 20.69	\$ 20.61	\$ (0.08)
5	\$ 20.69	\$ 24.08	\$ 3.39
6	\$ 20.69	\$ 27.55	\$ 6.86
7	\$ 20.69	\$ 31.02	\$ 10.33
8	\$ 20.69	\$ 34.49	\$ 13.80
9	\$ 20.69	\$ 37.96	\$ 17.27
10	\$ 20.69	\$ 41.43	\$ 20.74
11	\$ 20.69	\$ 44.90	\$ 24.21
12	\$ 20.69	\$ 48.37	\$ 27.68
13	\$ 20.69	\$ 51.84	\$ 31.15
14	\$ 20.69	\$ 55.31	\$ 34.62
15	\$ 20.69	\$ 58.78	\$ 38.09
16	\$ 20.69	\$ 62.25	\$ 41.56
17	\$ 20.69	\$ 65.72	\$ 45.03
18	\$ 20.69	\$ 69.19	\$ 48.50
19	\$ 20.69	\$ 72.66	\$ 51.97
20	\$ 20.69	\$ 76.13	\$ 55.44
21	\$ 20.69	\$ 79.60	\$ 58.91
22	\$ 20.69	\$ 83.07	\$ 62.38
23	\$ 20.69	\$ 86.54	\$ 65.85
24	\$ 20.69	\$ 90.01	\$ 69.32
25	\$ 20.69	\$ 93.48	\$ 72.79
26	\$ 20.69	\$ 96.95	\$ 76.26
27	\$ 20.69	\$ 100.42	\$ 79.73
28	\$ 20.69	\$ 103.89	\$ 83.20
29	\$ 20.69	\$ 107.36	\$ 86.67
30	\$ 20.69	\$ 110.83	\$ 90.14
31	\$ 20.69	\$ 114.30	\$ 93.61
32	\$ 20.69	\$ 117.77	\$ 97.08
33	\$ 20.69	\$ 121.24	\$ 100.55
34	\$ 20.69	\$ 124.71	\$ 104.02
35	\$ 20.69	\$ 128.18	\$ 107.49
36	\$ 20.69	\$ 131.65	\$ 110.96
37	\$ 20.69	\$ 135.12	\$ 114.43
38	\$ 20.69	\$ 138.59	\$ 117.90
39	\$ 20.69	\$ 142.06	\$ 121.37
40	\$ 20.69	\$ 145.53	\$ 124.84
41	\$ 20.69	\$ 149.00	\$ 128.31
42	\$ 20.69	\$ 152.47	\$ 131.78
43	\$ 20.69	\$ 155.94	\$ 135.25
44	\$ 20.69	\$ 159.41	\$ 138.72
45	\$ 20.69	\$ 162.88	\$ 142.19
46	\$ 20.69	\$ 166.35	\$ 145.66
47	\$ 20.69	\$ 169.82	\$ 149.13
48	\$ 20.69	\$ 173.29	\$ 152.60
49	\$ 20.69	\$ 176.76	\$ 156.07
50	\$ 20.69	\$ 180.23	\$ 159.54
51	\$ 20.69	\$ 183.70	\$ 163.01
52	\$ 20.69	\$ 187.17	\$ 166.48
53	\$ 20.69	\$ 190.64	\$ 169.95
54	\$ 20.69	\$ 194.11	\$ 173.42
55	\$ 20.69	\$ 197.58	\$ 176.89
56	\$ 20.69	\$ 201.05	\$ 180.36
57	\$ 20.69	\$ 204.52	\$ 183.83
58	\$ 20.69	\$ 207.99	\$ 187.30
59	\$ 20.69	\$ 211.46	\$ 190.77
60	\$ 20.69	\$ 214.93	\$ 194.24

2014 Current versus 2015 Proposed Storm Rates

Flat	Current Rates	Proposed Rates	Monthly Difference
N/A	\$ 4.23	\$ 4.74	\$ 0.51

2015 Utility Rate Increases 2015 – 2019 Rate Plan Projections

Kurt Kowar
Director of Public Works

2013, 2014, 2015 Impacts

- Increase in project construction costs
- Better loan interest rate and issuance costs
- Timing of project cash flow requirements
- 2013 Flood related impacts
- Updated Tap Fee revenues and projections
- Updated to reflect approved 2015-2019
Operations and Capital Improvements Budget

2015 Rate Increase Recommendations

- Implement Cost of Service Adjustments for Residential and Non-Residential for **Water** and **Wastewater** Rates.
- Increase **Wastewater** (27%) rates.
- Implement Residential Average Winter Consumption (**AWC**) Sewer Rate Structure.

2013 Study Recommendations Cost of Service Adjustment

- **Residential Water** increases by 32%.
- **Non-Residential Water** decreases by 27%.
- **Residential Wastewater** decreases by 13%.
- **Non-Residential Wastewater** increases by 57%.

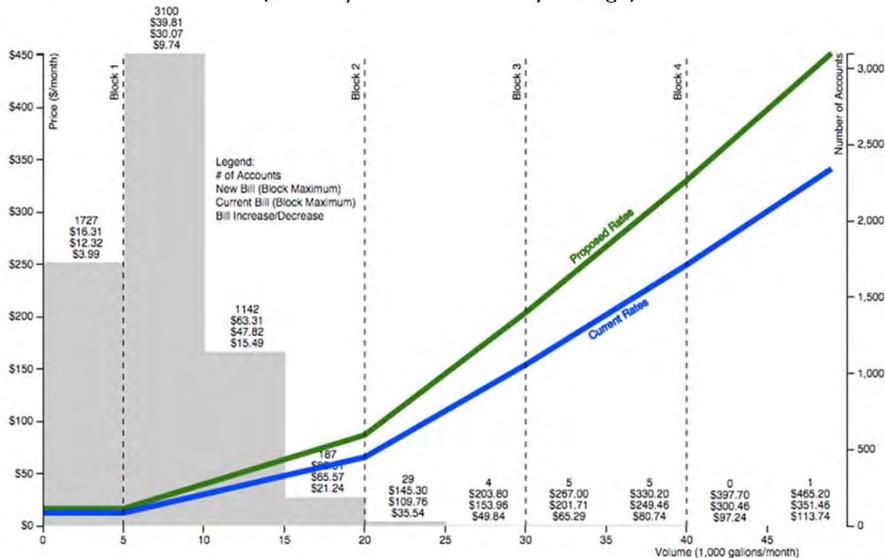
2013 Study vs 2014 Update Utility Rate Increase Review

Rate Increases from the 2013 Utility Rate Study Compared with the current Update. Red or Green Indicates Change from the 2013 Utility Rate Study

Utility	Proposed Rate Revenue Increase				
	2015	2016	2017	2018	2019
Water	2.0% 0%	2.0% 11%	2.5% 11%	2.5% 0%	0%
Wastewater	27.0%	8.0% 20%	8.0% 4%	8.0% 0%	0%
Stormwater	30.0% 0%	25.0% 12%	25.0% 1%	0.0%	0%

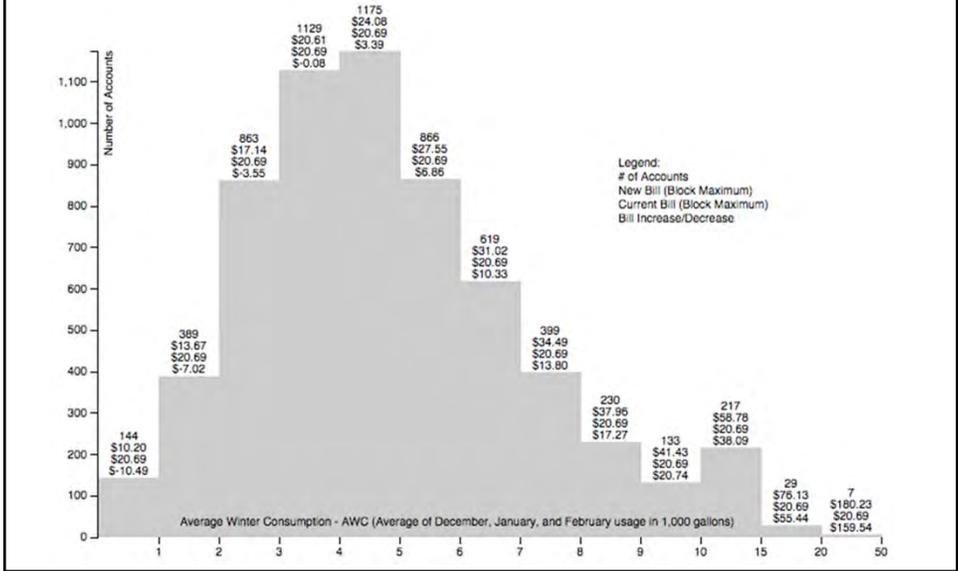
Customer Impacts for Water

(Based upon Annual Monthly Average)



Customer Impacts for Sewer

(Based upon December, January, February 2014 AWC)



Recommended Rate Increases

Average Monthly Bill and Rate Increase Impact For Residential Customer						
	2014	2015	2016	2017	2018	2019
Water	\$12.32	\$16.31	\$18.10	\$20.10	\$20.10	\$20.10
Sewer	\$20.69	\$22.00	\$26.40	\$27.45	\$27.45	\$27.54
Storm	\$4.23	\$4.23	\$4.74	\$4.78	\$4.78	\$4.78
Total Bill	\$37.24	\$42.54	\$49.24	\$52.33	\$52.33	\$52.42
\$ Change	-	\$5.30	\$6.70	\$3.09	\$0.00	\$0.09
% Change	-	14.2%	15.7%	6.3%	0.0%	0.2%

SUBJECT: RESIDENT/NON-RESIDENT ANALYSIS

DATE: MARCH 10, 2015

PRESENTED BY: JOE STEVENS, PARKS AND RECREATION DEPARTMENT

SUMMARY:

The City Council has expressed interest in evaluating increasing fees for non-resident users of City recreation facilities. This Council Communication is intended to provide background information on this issue.

The parks and recreation profession has struggled with resident and non-resident fees recognizing the need to increase cost recovery, especially for recreation programs directly benefitting program participants. There is no resident, non-resident industry standard for daily admissions for recreation senior centers, swimming pools and aquatic centers, golf courses, nature centers, ice skating rinks, shelters, softball rentals or other recreation activities.

Registration for programs and classes, season passes and punch passes is even more of a mixed bag. Policies and guidelines are often influenced by proximity of surrounding jurisdictions, school district boundaries, tax base, team sports (rosters typically include residents and non-residents), whether delivered in-house or out-sourced, target audience, whether or not a facility operates out of an enterprise fund, and perceived economic benefits of encouraging non-residents into the community to play, spend money, dine at local businesses and go home. Finally, Federal, State and County grants often require one fee for participants and admissions. Examples include our Senior Nutrition and Silver Sneaker's programs.

In Louisville's case, we also have great working relationships with Lafayette and Superior and many programs and activities depend on participation from non-residents whether it's a youth sports team or senior field trip. During the annual Recreation Center maintenance week, Lafayette provides admittance to its recreation center for Louisville residents and we return the favor during Lafayette's maintenance week. With Louisville residents attending several area high schools, and students from several municipalities and unincorporated Boulder County attending Monarch and other Louisville schools, verifying residents and non-residents for daily admissions could be challenging; some cannot or will not provide proof of residency. Between 2004 and 2006 Louisville used a resident, non-resident daily admission fee structure. During this period, front line staff found it difficult to tactfully validate residency for daily admissions without appearing confrontational when simply trying to administer a resident, non-resident daily admission fee structure.

At the Recreation Senior Center, approximately 80% of all admissions are residents and 20% are non-residents, primarily coming from Superior first, Lafayette second and Boulder third. For structured programs and classes within the Recreation Division, residents enjoy a one week priority over non-residents and a 25% discount over non-residents when registering for most classes, leagues and programs.

Staff’s view is that, while consistency could be tightened up and or guidelines better defined, pricing is often more art than science and tied perhaps more closely to City values and a sense of identity. We may be better served to advertise and list fees as “Fee” and “Resident Discount” rather than “Resident” and “Non-Resident.” That subtle change may send a better, more accurate message and further emphasize that Louisville residents receive a discount because they pay Louisville property taxes. We could also market “business rate” for Louisville’s businesses. The City has done a good job ensuring priority for residents without excluding non-residents while maintaining a healthy revenue stream regardless of residency.

It would help to know if the intended outcome of this effort is to raise revenue, reduce crowding, or something else. The recently adopted Parks, Recreation, Open Space and Trails Master Plan suggests that relative to other organizations, cost recovery for Louisville’s Recreation and Senior Center is outstanding. Consequently, increasing fees for non-residents may not have a significant impact on revenue. While staff does not recommend a non-resident fee differentiation for daily admission for the Recreation and Senior Center, Golf Course or Memory Square Swimming Pool, staff does believe it is appropriate to provide resident discount passes to the Recreation Center and Memory Square swimming pool, perhaps as part of a structured fee increase that raises fees but also implements a resident discount. However, we should keep in mind that we are in a competitive marketplace and need to maintain, and in some instances increase, market share.

The Data

To help facilitate discussion, staff has attached a summary compiled by the Colorado Parks and Recreation Association of fee structures at Colorado recreation centers for daily admissions. An excerpt of that summary, showing the fee structure of Louisville’s closest neighbors is show below.

Comparison of Nearby Cities Daily Fee Structure (Adult)

DAILY ADMISSION	Louisville	Lafayette	Boulder	Broomfield	Erie	Longmont	Westminster	Golden
Resident	\$6.00	\$4.50	\$7.00	\$4.50	\$4.50	\$5.00	\$5.00	\$5.75
Non-Resident	\$6.00	\$4.50	\$7.00	\$6.00	\$5.50	\$6.25	\$6.00	\$5.75

In the past, Louisville provided a \$1.00 daily admission discount to residents with the required purchase of a \$5.00 ID card (utility bill, lease agreement required to purchase a

SUBJECT: RESIDENT/NON-RESIDENT ANALYSIS**DATE: MARCH 10, 2015****PAGE 3 OF 4**

resident ID). Recreation guests appreciate quick easy access to the recreation center, so we need to be mindful of how we facilitate daily resident, non-resident admissions if we amend the City's current policy. The recreation center averages a little over 21,000 daily admissions annually and we estimate that approximately 25% or 5,250 are non-residents. The chart below reflects pass type and daily admission and percentage of users and revenue based on type of visit.

Louisville Recreation & Senior Center Visits and Revenue								
	2013				2014			
	Attendance		Revenue		Attendance		Revenue	
	Number	Percent	Revenue	Percent	Number	Percent	Revenue	Percent
Total Visits & Revenue	359,811	100%	\$ 1,008,638	100%	364,054	100%	\$ 1,043,526	100%
Resident	286,216	80%	\$ 787,785	78%	289,118	79%	\$ 828,718	79%
Non-Resident	73,595	20%	\$ 220,853	22%	74,937	21%	\$ 214,808	21%
Annual/Monthly Memberships	183,063	100%	\$ 678,395	100%	186,988	100%	\$ 724,241	100%
Resident	154,613	84%	\$ 555,303	82%	156,603	84%	\$ 602,499	83%
Non-Resident	28,450	16%	\$ 123,092	18%	30,385	16%	\$ 121,742	17%
20 Visit Pass	29,167	100%	\$ 103,756	100%	26,544	100%	\$ 95,710	100%
Resident	21,578	74%	\$ 76,667	74%	20,269	76%	\$ 72,358	76%
Non-Resident	7,589	26%	\$ 27,089	26%	6,275	24%	\$ 23,352	24%
10 Visit Pass	27,628	100%	\$ 122,513	100%	29,007	100%	\$ 127,957	100%
Resident	17,463	63%	\$ 77,835	64%	18,500	64%	\$ 82,148	64%
Non-Resident	10,165	37%	\$ 44,678	36%	10,507	36%	\$ 45,809	36%
Walk-In Single Visit	21,343	100%	\$ 103,972	100%	21,050	100%	\$ 95,616	100%
Resident (Estimate)	16,007	75%	\$ 77,979	75%	15,788	75%	\$ 71,712	75%
Non-Resident (Estimate)	5,336	25%	\$ 25,993	25%	5,263	25%	\$ 23,904	25%
Specific Program Attendance	98,610	100%	\$ 2	100%	100,465	100%	\$ 2	100%
Resident	76,555	78%	\$ 1	50%	77,958	78%	\$ 1	50%
Non-Resident	22,055	22%	\$ 1	50%	22,507	22%	\$ 1	50%

PROGRAMS

Currently residents get priority registration over non-residents by one week. Programs include everything from Summer Day Camp, Youth and Adult Sports, Pre-School, Senior Programs and trips, and swim lessons. For co-sponsored youth sports programs the resident/non-resident break out is as follows:

Group	Residents	Non-Residents
Louisville Youth Baseball Association	34	84
Monarch Little League	200	186
Monarch Fast Pitch Club	14	9
Louisville Football Association	83	33

SUBJECT: RESIDENT/NON-RESIDENT ANALYSIS

DATE: MARCH 10, 2015

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For most programs non-residents are charged a premium of up to 25% more than the resident rate. There are exceptions that have developed over time. The Senior Meal Site is an example where no non-resident fees are assessed because federal grant money is awarded to that program which does not allow for non-resident fees to be charged. In addition, some contract programs do not charge non-resident fees.

FISCAL IMPACT:

From a capital improvement perspective, in 2013 the City of Louisville spent \$311,928 on capital projects at the Recreation/Senior Center and Memory Square Pool. In addition, the City spent \$27,500 for maintenance week projects and \$65,000 for equipment replacement. In 2014, we spent \$522,500 on capital projects and another \$27,500 for maintenance week expenditures. The focus over the past two years was on addressing required ADA upgrades, including an extensive elevator refurbishment. Increasing non-resident recreation fees or providing a resident discount for programs and activities where that is possible would have an unknown impact on Recreation Center revenues.

RECOMMENDATION:

Discuss the information provided above and potential policy objectives for the City's recreation fees.

ATTACHMENT(S):

1. Daily admission fees/charges provided by the Colorado Parks and Recreation Association

Daily Admission Price

Recreation Center/City	Child 3-12		Youth 13-18		Adult 19-59		Senior		Age Details
	Res	N/Res	Res	N/Res	Res	N/Res	Res	N/Res	
Alamosa	\$ 2.00		\$ 2.00		\$ 4.00		\$ 2.00		6-15, 16-54, 55+
Apex	\$ 3.00	\$ 4.00	\$ 4.25	\$ 5.75	\$ 5.50	\$ 6.75	\$ 4.25	\$ 5.75	3-5, 6-18, 19-61
Aspen	\$ 15.20		\$ 15.20		\$ 17.20		\$ 7.60		2-17, 18+, 62 +
Aurora	\$ 3.75		\$ 3.75		\$ 5.00		\$ 4.00		2-17, 62+
Avon	\$ 8.00	\$ 10.00	\$ 8.00	\$ 10.00	\$ 12.00	\$ 14.00	\$ 8.00	\$ 10.00	3-17,18-59
Boulder - East, North & South	\$ 4.50		\$ 4.50		\$ 7.00		\$ 5.25		3-18, 60+
Breckenridge	\$ 7.50	\$ 7.50	\$ 7.50	\$ 7.50	\$ 15.00	\$ 15.00	\$ 12.00	\$ 12.00	3-17, 60+
Brighton	\$ 2.50	\$ 3.25	\$ 2.50	\$ 3.25	\$ 4.25	\$ 5.00	\$ 2.25	\$ 3.00	5-17, 60+
Broomfield - Paul Derda RC	\$ 3.00	\$ 4.00	\$ 3.50	\$ 4.50	\$ 4.50	\$ 6.00	\$ 3.50	\$ 4.50	4-12, 13-17, 60+
Castle Rock	\$ 4.50	\$ 5.25	\$ 4.50	\$ 5.25	\$ 5.50	\$ 6.50	\$ 4.75	\$ 5.75	3-17, 60+
Commerce City	\$ 1.00	\$ 1.50	\$ 2.00	\$ 3.75	\$ 3.00	\$ 5.00	\$ 2.00	\$ 3.75	2-7yrs; 8-17, 62+
Cortez	\$ 2.50		\$ 3.50		\$ 4.50		\$ 3.50		
Delta Bill Heddles RC	\$ 3.00		\$ 3.00		\$ 4.00		\$ 3.50		3-17, 60+
Denver (Regional: all centers in denver)	\$ 2.00		\$ 5.00		\$ 6.00		\$ 4.00		2-17, 18-24, 65+
Durango	\$ 4.50		\$ 4.50		\$ 5.75		\$ 4.50		4-17, 60+
Englewood	\$ 3.50	\$ 4.00	\$ 3.50	\$ 4.00	\$ 4.75	\$ 5.50	\$ 3.50	\$ 4.00	2-17, 55+
Erie	\$ 2.25	\$ 2.75	\$ 2.25	\$ 2.75	\$ 4.50	\$ 5.50	\$ 2.70	\$ 3.40	4-17, 60+
Evans	\$ 2.00		\$ 2.00		\$ 2.50		\$ 2.00		5-15, 50+
Evergreen (Buchanan RC)	\$ 4.75	\$ 6.00	\$ 4.75	\$ 6.00	\$ 6.00	\$ 7.50	\$ 4.50	\$ 5.50	4-18, 60+
Evergreen (Wulf RC)	\$ 4.00	\$ 5.00	\$ 4.00	\$ 5.00	\$ 5.00	\$ 6.25	\$ 3.75	\$ 4.75	4-18, 60+
Foothills Lilly Gulch	\$ 3.75	\$ 5.25	\$ 3.75	\$ 5.25	\$ 5.25	\$ 7.25	\$ 4.50	\$ 6.25	Walk-17, 62+
Foothills Ridge/Parks	\$ 3.75	\$ 5.25	\$ 3.75	\$ 5.25	\$ 5.25	\$ 7.25	\$ 4.50	\$ 6.25	Walk-17, 62+
Foothills Ridge/Peak/Lilly/Edge	\$ 3.75	\$ 5.25	\$ 3.75	\$ 5.25	\$ 5.25	\$ 7.25	\$ 4.50	\$ 6.25	
Fort Collins - Single Facility	\$ 3.25		\$ 3.25		\$ 4.00		\$ 3.25		2-17, 60+
Fort Collins Multi Facility									
Fort Lupton	\$ 3.00	\$ 3.50	\$ 3.00	\$ 3.50	\$ 4.00	\$ 5.00	\$ 3.00	\$ 3.50	5-18, 60+
Fort Morgan	\$ 1.00		\$ 1.00		\$ 2.00		\$ 1.50		0-18, 55+
Fraser Valley	\$ 4.55	\$ 8.00	\$ 5.20	\$ 9.00	\$ 6.50	\$ 11.00	\$ 5.20	\$ 9.00	3-12,13-17, 60+
Fruita	\$ 3.00		\$ 4.00		\$ 6.00		\$ 5.00		3-9, 10-17, 65+
Glenwood Springs	\$ 8.00	\$ 9.00	\$ 8.00	\$ 9.00	\$ 10.00	\$ 11.00	\$ 8.00	\$ 8.00	4-17, 65+
Golden	\$ 2.25		\$ 4.00		\$ 5.75		\$ 4.25		<5, 6-18, 60+
Greeley	\$ 1.50		\$ 3.50		\$ 4.50		\$ 3.50		<5, 6-15, 60+
Gunnison Community Center	\$ 4.00		\$ 4.00		\$ 6.00		\$ 4.00		5-17, 62+
Gypsum	\$ 5.00		\$ 5.00		\$ 7.00		\$ 5.00		3-17, 65+
Lafayette BBRC	\$ 2.50		\$ 3.00		\$ 4.50		\$ 2.75		2-5, 6-17, 55+
Lakewood (all centers)	\$ 2.00		\$ 4.00		\$ 5.00		\$ 5.00		<18, 62+
Lamar	\$ 2.00		\$ 2.25		\$ 2.75		\$ 2.50		<12, 13-17, 55+
Longmont Recreation Centers	\$ 3.75	\$ 4.75	\$ 4.00	\$ 5.00	\$ 5.00	\$ 6.25	\$ 4.00	\$ 5.00	2-10, 11-17, 55+
Louisville Recreation Center	\$ 4.00		\$ 4.00		\$ 6.00		\$ 4.00		3-18, 60+
Loveland	\$ 2.00		\$ 3.00		\$ 4.50		\$ 3.25		2-5, 6-18, 62+
Manitou Springs	\$ 3.00		\$ 4.00		\$ 6.50		\$ 4.00		<2, <17, 60+
Northglen	\$ 2.25	\$ 2.75	\$ 2.75	\$ 3.25	\$ 3.50	\$ 4.25	\$ 2.50	\$ 3.50	4-12, 13-17, 62+
Parker	\$ 4.00		\$ 4.00		\$ 5.00		\$ 4.00		3-14, 15-61, 62+
Salida	\$ 3.00		\$ 5.00		\$ 11.00		\$ 9.00		<5, 6-17, 6+
South Suburban (all centers)	\$ 4.00	\$ 5.25	\$ 4.00	\$ 5.25	\$ 5.25	\$ 7.25	\$ 4.25	\$ 5.50	2-17, 65+
Sterling	\$ 1.25		\$ 1.75		\$ 2.50		\$ 1.75		4-5, 6-17, 55+
Thornton Rec Center	\$ 2.25	\$ 3.00	\$ 2.75	\$ 3.75	\$ 4.00	\$ 5.50	\$ 2.50	\$ 3.25	3-13,12-17, 61+
Trails	\$ 4.25	\$ 5.75	\$ 4.50	\$ 6.25	\$ 5.25	\$ 7.25	\$ 4.50	\$ 6.25	3-12, 13-17, 62+
Wheat Ridge	\$ 3.50	\$ 4.50	\$ 4.50	\$ 6.00	\$ 5.00	\$ 6.50	\$ 4.50	\$ 6.00	3-5, 6-17, 65+
Westminster - 1 center	\$ 3.25	\$ 4.25	\$ 3.50	\$ 5.00	\$ 4.50	\$ 6.00	\$ 3.25	\$ 4.75	3-12, 13-17, 60+
Westminster - All centers									Under 18, 60+
DAILY ADMISSION AVERAGES	\$3.62	\$4.99	\$4.07	\$5.40	\$5.67	\$7.28	\$4.19	\$5.66	

**LOUISVILLE RECREATION / SENIOR CENTER
JANUARY TO DECEMBER**

DAILY ADMISSION		2014	2013	VARIANCE
Daily Admission Attendance		21,050	20,171	879
Daily User Fees		\$ 84,456.23	\$ 88,783.48	\$ (4,327.25)
MEMBERSHIP INFORMATION				
Annual Membership Revenue		\$ 350,005.56	\$ 290,237.67	\$ 59,767.89
Auto Debit Monthly Revenue		\$ 269,673.00	\$ 300,828.00	\$ (31,155.00)
Annual Passes Used		192,002	182,696	9,306
PUNCH PASSES INFORMATION				
Punch Pass Revenue		\$ 223,666.77	\$ 226,748.25	\$ (3,081.48)
Punch Passes Used		55,551	56,795	(1,244)
		2014	2013	VARIANCE
Childcare		\$ 7,432.00	\$ 9,191.75	\$ (1,759.75)
Facility Rentals		\$ 106,592.67	\$ 97,593.89	\$ 8,998.78
Rec Center Concession		\$ 7,643.41	\$ 7,934.68	\$ (291.27)
Pro Shop Sales		\$ 1,212.83	\$ 1,208.23	\$ 4.60
Tax		\$ 1,041.03	\$ 760.45	\$ 280.58
Arts Center/Parks		\$ 30,177.50	\$ 35,352.50	\$ (5,175.00)
RECREATION PROGRAM REVENUE:		2014	2013	VARIANCE
Recreation Center Swim Lessons		\$ 79,795.92	\$ 88,865.32	\$ (9,069.40)
Private Swim Lessons		\$ 40,918.00	\$ 30,190.00	\$ 10,728.00
Aquatics Red Cross		\$ 1,177.00	\$ 1,705.00	\$ (528.00)
Aquatics Contractors		\$ (1,044.80)	\$ 36.00	\$ (1,080.80)
Memory Square Lessons		\$ 5,667.20	\$ 5,898.20	\$ (231.00)
Memory Square Admission		\$ 16,995.00	\$ 15,285.50	\$ 1,709.50
Swim Teams		\$ 22,752.50	\$ 14,970.00	\$ 7,782.50
Youth Activities		\$ 175,467.09	\$ 171,392.05	\$ 4,075.04
Youth Activities Contractors		\$ 51,644.00	\$ 50,147.80	\$ 1,496.20
Youth Activities Red Cross		\$ 2,772.00	\$ 3,168.00	\$ (396.00)
Youth Sports		\$ 108,124.13	\$ 87,848.45	\$ 20,275.68
Youth Sports Contractors		\$ 29,811.00	\$ 28,940.00	\$ 871.00
Adult Sports		\$ 46,659.10	\$ 29,647.90	\$ 17,011.20
Adult Activities		\$ 14,225.33	\$ 8,267.39	\$ 5,957.94
Fitness Contractors		\$ 42,095.90	\$ 43,323.70	\$ (1,227.80)
Fitness Red Cross		\$ 657.00	\$ 312.00	\$ 345.00
Senior Fees		\$ 62,133.35	\$ 53,096.81	\$ 9,036.54
Senior Grants/Contributions		\$ 5,338.46	\$ 5,252.21	\$ 86.25
Senior Contractors		\$ 8,284.50	\$ 6,017.50	\$ 2,267.00
County Reimbursement		\$ 28,156.00	\$ 26,664.00	\$ 1,492.00
Meal Site		\$ 18,981.14	\$ 16,729.72	\$ 2,251.42
Nites		\$ 44,222.01	\$ 53,814.37	\$ (9,592.36)
PROGRAM REVENUE TOTAL		\$ 804,831.83	\$ 741,571.92	\$ 63,259.91
CENTER REVENUE TOTAL		\$ 1,081,901.00	\$ 1,058,638.90	\$ 23,262.10
TOTAL RECREATION CENTER ATTENDANCE		268,603	259,662	8,941
TOTAL RECREATION CENTER REVENUE		\$ 1,886,732.83	\$ 1,800,210.82	\$ 86,522.01

Cost Recovery
December 2014

Description	Current_YTD Budget_Amend	Current Month	Current YTD	Current_YTD +_Encumbrance
RC ADMIN EXPENSES	64630	4500.6	62166.61	62766.61
RC MANAGEMENT REVENUE	972470	95998.04	1003021.49	1003021.49
RC MANAGEMENT EXPENSES	913010	76947.43	818305.66	840320.66
COST RECOVERY RC MANAGEMENT				111.07
AQUATICS REVENUE	126700	21879.65	120715.12	120715.12
AQUATICS EXPENSES	401890	30338.4	374760.87	374760.87
COST RECOVERY AQUATICS				32.21
FITNESS/WELLNESS REVENUE	96740	6421	111024.83	111024.83
FITNESS/WELLNESS EXPENSES	114620	11000.72	114884.98	114884.98
COST RECOVERY FITNESS/WELLNESS				96.64
YOUTH ACTIVITY REVENUE	224000	22853.05	215544.29	215544.29
YOUTH ACTIVITY EXPENSES	241360	16301.46	215389.74	215389.74
COST RECOVERY YOUTH ACTIVITY				100.07
MEMORY SQUARE REVENUE	60500	0	59634.7	59634.7
MEMORY SQUARE EXPENSES	128340	5356.03	126881.22	126881.22
COST RECOVERY MEMORY SQUARE				47.00
YOUTH SPORTS REVENUE	115260	7792.65	136350.33	136350.33
YOUTH SPORTS EXPENSES	146090	12959.69	153343.65	153343.65
COST RECOVERY YOUTH SPORTS				88.92
ADULT SPORTS REVENUE	30600	48	46541.9	46541.9
ADULT SPORTS EXPENSES	16720	726.31	13324.38	13324.38
COST RECOVERY ADULT SPORTS				349.30
SENIOR REVENUE	50000	4229.5	71487.45	71487.45
SENIOR EXPENSES	247360	21749.93	246522.94	246525.94
COST RECOVERY SENIORS				29.00
SENIOR MEAL REVENUE	41000	4448	47069.14	47069.14
SENIOR MEAL EXPENSES	92860	7687.99	89867.88	89867.88
COST RECOVERY SENIOR MEALS				52.38
NITE AT THE REC REVENUE	52300	0	44222.01	44222.01
NITE AT THE REC EXPENSES	69340	3769.95	63881.72	63881.72
COST RECOVERY NITE AT THE REC				69.22

SUBJECT: ROLE OF THE LEGAL REVIEW COMMITTEE

DATE: MARCH 10, 2015

PRESENTED BY: MEREDYTH MUTH, PUBLIC RELATIONS MANAGER

SUMMARY:

A search of City Council minutes shows the Legal Review Committee has been a standing committee of the City Council since at least 1996. The Committee has only met as needed. Existing records for the Committee go back to 2006. In that time, the Committee has met six times and discussed the following topics:

- Review of Fees for City Attorney Fees
- Review of Water Attorney Fees
- Consideration of Increase for Salary for Municipal Judge, Associate Judge
- Review of Candidates for Judge or Associate Judge
- Litigation Status Updates
- Legal Liability for Council Members and Staff
- City Council and Open Meetings Procedures
- Legal and Private Property Constraints for the Small Area Plans

At the January 15, 2015 meeting of the Committee members agreed the Committee is generally useful and they would continue to meet quarterly, as needed. They identified the following items for possible discussion in 2015:

- How the City and the various board's 501c3s interact and if there should be changes, and how best to protect the City's interests in these relationships. Specifically liability and staff time concerns
- Human Resources policies, specifically public records training.

The March 19th meeting has the following items tentatively on its agenda:

- Issues/concerns related to the various 501c3 groups affiliated with City boards.
- Computer/email use policy for City Council
- Are changes needed for the existing soliciting ordinance (door-to-door sales)?

FISCAL IMPACT:

N/A

RECOMMENDATION:

Discussion

ATTACHMENTS:

N/A