
1: Concept Review

2: Study Session

2A. Proclamation Constitution Week 2024

2B. Enterprise Funds Discussion - Continued

NOTE: Council will be accepting public comment on this study session item only. Please visit www.broomfield.org/4079/City-Council-Meetings for information on how to participate either before or during the meeting.

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Proclamation Constitution Week 2024

Meeting	Agenda Group
Tuesday, September 17, 2024, 6:00 PM	Study Session Item: 2A
Presented By	
Ashandra Corman	
Community Goals	

Overview

[View Correspondence](#)

Proclamation declaring September 17-23, 2024, as Constitution Week in Broomfield.

Attachments

[Memo Constitution Week Proclamation 2024.pdf](#)

[Constitution Week Proclamation 2024.pdf](#)

Summary

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Constitution Week is an observance to commemorate and celebrate the Constitution of the United States of America. The observance runs from September 17-23, 2024.

President Dwight D. Eisenhower first proclaimed Constitution Week in 1956 based upon a congressional resolution petitioned by the Daughters of the American Revolution.

Attached is a proclamation, signed by Mayor Guyleen Castriotta, declaring September 17-23, 2024, as Constitution Week in Broomfield.

Representatives from the Front Range Chapter of the National Society of Daughters of the American Revolution will be in attendance to receive the proclamation.

Financial Considerations

N/A

Prior Council or Other Entity Actions

N/A

Boards and Commissions Prior Actions and Recommendations

N/A

Proposed Actions / Recommendations

N/A

Alternatives

N/A



Proclamation

Proclamation declaring September 17-23, 2024, as Constitution Week

Whereas, It is the privilege and duty of the American people to commemorate the two hundred thirty-seventh anniversary of the drafting of the Constitution of the United States of America with appropriate ceremonies and activities; and

Whereas, Every American shares in this legacy of liberty, and we are grateful for the courage, conviction, and sacrifice of all those who have helped preserve and uphold the principles of a free society. As we remember the enduring importance of the Constitution we also recognize our responsibility as people to respect and defend the values of our founding, and participate in the unfolding story of freedom; and

Whereas, In celebration of the signing of the Constitution and in recognition of the Americans who strive to uphold the duties and responsibilities of citizenship, the Congress, by joint resolution of August 2, 1956 (36 U.S.C. 108, as amended), request the proclamation that the week of September 17th and ending September 23rd of this year as "Constitution Week." With Constitution Day being on Tuesday, September 17th.

Now, Therefore, I, Guyleen Castriotta, Mayor of the City and County of Broomfield, do hereby declare and proclaim the week of September 17-23, 2024 as:

Constitution Week

I do further urge all individuals to study the Constitution, and reflect on the privilege of being an American with all the rights and responsibilities which that privilege involves.

In witness whereof, I hereunto set my hand and official seal on this the 17th day of September 2024.

Guyleen Castriotta
Mayor



Enterprise Funds Discussion - Continued

NOTE: Council will be accepting public comment on this study session item only. Please visit www.broomfield.org/4079/City-Council-Meetings for information on how to participate either before or during the meeting.

Meeting	Agenda Group
Tuesday, September 17, 2024, 6:00 PM	Study Session Item: 2B
Presented By	
Graham Clark, Deputy Director of Finance	
Community Goals	
<input checked="" type="checkbox"/> Financial Sustainability and Resilience <input checked="" type="checkbox"/> Organizational Health	

Overview

[View Correspondence](#)

The purpose of this study session is twofold.

- The first purpose of the study session is to provide an opportunity for Broomfield’s consultant, AECOM, to provide an overview presentation to the City Council regarding the findings of their asset management report. The asset management report was a critical piece of information in determining the current recommended rate increase. AECOM will be present at the study session to provide their presentation and answer questions.
- As part of this study session, staff is providing an opportunity for the City Council to consider a revised proposal regarding how to fund the recommended rate increase. The primary goal of any enterprise fund is to ensure a sustainable, long term funding mechanism that supports the delivery of both water and wastewater services. To remain eligible for enterprise funding, no more than 10% of the water fund account can be funded by the general fund or other funds beyond the utility fees.
- Provide an opportunity for public comment and questions regarding the utility rate increase.

Attachments

[Enterprise Funds 9-17-24 Study Session.pdf](#)

Prepared By: Ken Rutt, Director of Public Works
Graham Clark, Finance Director

Summary

[View Correspondence](#)

City Council held a study session on [July 16, 2024](#), to review staff's recommendations regarding utility enterprise rate increases. The memorandum prepared for the study session included the specific recommendation, background information, an overview of the enterprise funds, information regarding existing and future infrastructure needs in Broomfield, and the next steps. Council discussed the recommendation and directed staff to proceed with the recommended utility rate increase.

After the study session, and given the significant impact on the community, staff initiated several additional in-person outreach, engagement, and educational opportunities; a community forum was held on July 25, 2024, two utility workshops were held on August 22, 2024, and September 5, 2024, and this study session scheduled for September 17, 2024. Additionally, a [website](#) was developed and rolled out to serve as a central repository for all information/documents/studies/data and communications.

Community Engagement/Feedback:

Staff estimates over 200 residents attended the community engagement opportunities noted above, and based on the feedback/resident discussions and further review with the budget team, staff has developed an option to provide some relief for the residents while stabilizing and fully funding the enterprise fund(s) which is outlined below.

This study session has three primary purposes:

1. The first purpose of the study session is to provide an opportunity for Broomfield's consultant, AECOM, to provide an overview presentation to the City Council regarding the findings of their asset management report. The asset management report was a critical piece of information in determining the current recommended rate increase. AECOM will be present at the study session to provide their presentation and answer questions.

2. As part of this study session, the staff is providing an opportunity for the City Council to consider a revised proposal regarding how to fund the recommended rate increase. The primary goal of any enterprise fund is to ensure a sustainable, long-term funding mechanism that supports the delivery of both water and wastewater services. To remain eligible for enterprise funding, no more than 10% of the water fund account can be funded by the general fund or other funds beyond the utility fees.

- The revised proposal utilizes approximately \$2.25M annually of general fund revenue (which is approx 7%, which is within the 10% limit to maintain enterprise status) to support the water utility fund, thereby reducing the 2025 base charge for residential users by \$5, for five years.
- Regarding the revised proposal for the rate increase noted above, for most residential properties in Broomfield, this option would change the increase in the water base fee from a \$20/month increase to a \$15/month increase. This would be a short-term fix for five years. Staff will continue the annual evaluation of the water rates and recommend increases in the water utility fees in future years (s) to ensure the funding is transferred from the general fund to the enterprise fund.
- The last rate study was completed in 2012, and for many reasons, those proposed increases were not implemented. Staff calculated that if the scheduled increases had been implemented, approximately

\$35M would have been collected. Based on this information and acknowledging that the Council may seek a shared contribution to compensate for the lack of the implementation of prior rate increases, staff sought to determine a way to “repay” a portion of the water funds.

- This option offers residents immediate relief while ensuring the enterprise funds' total necessary funding. The Council should be aware that utilizing general funds to support the water fund will require adjustments to the budget.
- The staff is proposing to keep the general fund contribution to at most 7% to allow additional capacity for the external funding sources that staff seek. Funding through the state is available through a program to assist communities with utility projects by providing low-interest loans. The staff hopes Broomfield may qualify and be awarded an amount equivalent to approximately 2-3% of the water enterprise fund. Planning for 7% of funding from the general fund and up to 3% through the state will ensure that no more than 10% of the enterprise fund is from sources other than utility fees.

3. Provide an opportunity for public comment and questions regarding the utility rate increase.

Staff will seek direction from the Council on whether to proceed with the July 16th recommendation or shift a portion of the increase to the general fund presented during this study session regarding the proposed utility rate changes.

Background

To determine the original recommended utility rate increase as proposed in the July 16, 2024, study session, staff relied on multiple studies, plans, and sources of information. Staff has included links to the key documents on the [Utility Enterprise Funds website](#).

Some of the most frequently referenced documents are listed below for ease of reference:

- [Willdan Rate Study Report](#) from August 2022
- [Wastewater Master Plan](#) from October 2023
- AECOM Asset Management Report
 - [AECOM Asset Management Kickoff](#)
 - [AECOM Executive Summary](#)
 - [AECOM CCOB Assessment Summary](#)
 - [AECOM CCOB State of Good Repair-2024 Water, Stormwater, and Wastewater Analysis](#)
- Memorandums from the following meetings have additional linked resources:
 - [July 19, 2022](#), study session of the Utility Rate Study Review
 - [October 25, 2022](#), final and second reading changes to the monthly water and sewer service
 - [September 19, 2023](#) study session regarding Annual Utility Rate Review, Yield, and Recommendations
 - [October 24, 2023](#), final and second reading approving changes to the monthly water and sewer charges and license fees
- The [presentation](#) prepared for the public forum on enterprise funds includes additional information on unfunded mandates, the impact of inflation on infrastructure costs, and the recommended rates.

Additional information shared at utility workshops: [Water Affordability](#), [Maintaining Broomfield Water Utilities](#), [Critical Crossroads](#), [Prior Utility Fee and Rate Increases](#)

Unfortunately, Broomfield and many other communities along the Front Range are finding themselves in the middle of a perfect storm. On June 13, 2024, The Colorado Sun published an article titled [“Has your water bill gone up?”](#) that provides insights to the financial challenges local water utilities have in adapting to increasingly stringent environmental regulations and infrastructure repairs or aging pipelines, pumps and facilities.

Revised Proposal for Funding Utility Fund

Staff has prepared a revised proposal for Council to consider that would provide Council’s consideration regarding a potential rate increase. This proposal would necessitate utilizing \$2.25M of general fund revenue to support the water utility fund. Utilizing these amounts would allow for a \$5 lower 2025 base charge for residential users, respectively, as shown in the table below. This amount represents 7% of the water fund revenues, which is less than the maximum of 10% required by law.

Base Charge Reduction	Amount from General Fund	Percent of Water Fund
\$5	\$2,243,280	7%

This proposal would allocate approximately \$2.25 million from the general fund every year for five years until a total of approximately \$10 million dollars of the general fund is utilized for the water enterprise. Following this timeframe, the intent would be to ensure the funding for the water enterprise is provided through water utility fees rather than continued general funds.

Staff would still continue annual evaluation of the water rates and staff will recommend increases in the water utility fees in future year(s) to ensure the funding is transferred from the general fund to the enterprise fund.

Below is an updated view of the impact to an average monthly bill of a single-family home. With this proposal, similar to what was presented at the July study session, the base fee for single family homes will be the same regardless of whether they have a ¾” or 1” tap.

Non-residential utility rates/fees would be the same with this revised proposal. The reduction in the base charge would be from residential users only.

While staff has provided this revised proposal in response to requests heard from residents, it is important to note that this proposal, if chosen, should only be temporary and staff will need to continue to recommend increases to the water rates in future years to ensure the funding is transitioned from the general fund to the water fund.

Single Family Residential - Average Monthly Bill					
	Rates		Average Bill *		Difference
	Existing 2024	2025 Proposed	Existing 2024	2025 Proposed	\$
Water Base Fee	\$16.93	\$31.91	\$16.94	\$31.91	\$14.97
Water Usage	tiers	no change	\$27.23	\$27.23	\$0.00
Water Service*			\$44.17	\$59.14	\$14.97
Sewer Cost/1,000 gallons	\$4.46	\$5.44	\$26.76	\$32.64	\$5.88
Fed Mandate Charge	\$0.52	\$0.52	\$3.12	\$3.12	\$0.00
Env Compliance Fee	\$6.00	\$9.00	\$6.00	\$9.00	\$3.00
Sewer Service*			\$35.88	\$44.76	\$8.88
Stormwater Service	\$0.00	\$11.00	\$0.00	\$11.00	\$11.00
Total Bill			\$80.05	\$114.90	\$34.85

* based on 9,000 gallons for water and 6,000 gallons for sewer.
9,000 gallon/month based on 4 year historical average of 107,000 gallons per year for single family 0.75 inch

Below is an updated view of the impact to an average monthly bill of a multi-unit apartment dwelling if the Council chooses the \$5 reduction.

Apartment - Average Monthly Bill					
	Rates		Average Bill *		Difference
	Existing 2024	2025 Proposed	Existing 2024	2025 Proposed	\$
Water Base Fee	\$16.93	\$31.91	\$16.94	\$31.91	\$14.97
Water Usage	\$2.55	\$2.55	\$7.65	\$7.65	\$0.00
Water Service*			\$24.59	\$39.56	\$14.97
Sewer Cost/1,000 gallons	\$4.46	\$5.44	\$17.84	\$21.76	\$3.92
Fed Mandate Charge	\$0.52	\$0.52	\$2.08	\$2.08	\$0.00
Env Compliance Fee	\$6.00	\$9.00	\$6.00	\$9.00	\$3.00
Sewer Service*			\$25.92	\$32.84	\$6.92
Stormwater Service	\$0.00	\$6.60	\$0.00	\$6.60	\$6.60
Total Bill			\$50.51	\$79.00	\$28.49

* based on 3,250 gallons for water and 4,000 gallons for sewer.
3,250 gallon/month based on 2 year historical average of 39,000 gallons per year for residential multi-unit homes

Staff is not recommending general funds be utilized to reduce utility fees for commercial customers.

It is critical to note that with this revised proposal, approximately \$2.25 million dollars that otherwise would be available for use for other Broomfield services, programs, and projects as part of the general fund would be specifically transferred to be utilized for the water enterprise. As such, the 2025 budget would need to be amended.

If Council chooses to proceed with this revised proposal, additional steps will be needed as follows:

- City Council will need to review and approve the 2025 budget as currently being prepared, which does not account for the \$2.25 million dollars in general fund transferring to the water enterprise.
- City Council will need to review and approve the utility rate increase with the revised fees and rates as listed above.
- If given direction, staff will prepare a budget revision to account for the \$2.25million in general funds transferring to the water fund. This revision will not be available for the October 1, 2024 first reading of the budget. However, the budget revision with \$2.25 million of general funds utilized for the water fund, will be available for second and final reading of the budget, which is scheduled for October 22, 2024.

Utility Rate Assistance

Staff is aware that any rate increase could adversely affect a portion of Broomfield’s population. As part of the utility rate analysis, additional funds will be established to be able to provide assistance for those with financial hardship. The program will be administered by Broomfield’s Housing Division, who also administers the partial property tax refund program. Operating these two programs together will streamline the process for many residents who may qualify for both programs.

This program will set aside a portion of the base rate 2025 increase, roughly \$30,000 to begin the program. The utilized amount and frequency of usage will be analyzed quarterly and adjustments to funding will be communicated to the council if additional funds are required. The maximum amount would be \$500 annually per household. This would be tracked on a calendar year basis. Once the program has been implemented beginning in early 2025, the program will be communicated to the general public.

Effective Date - If Council Approves Proposed Utility Rate Increases

If the Council approves the proposed increases (either the original proposal from July or the revised proposal presented above), including existing utility rates and implementing a new stormwater fee, the rates will be effective beginning January 1, 2025, with the first bills due in February 2025 (billed in arrears).

An ordinance for the Council’s consideration will be presented as noted in the recommended next steps below.

Next Steps

- October 1, 2024
 - Proposed Ordinance Utility Rate Increases - 1st Reading
 - Proposed Ordinance 2024 Revised and 2025 Proposed Operating and Capital Budget - 1st Reading
- October 22, 2024
 - Proposed Ordinance Utility Rate Increases - 2nd Reading and Public Hearing

- Proposed Ordinance 2024 Revised and 2025 Proposed Operating and Capital Budget - 2nd Reading and Public Hearing

The staff has developed an internal succession plan to convey all institutional knowledge moving forward transparently. The succession plan includes the development of standard operating procedures (SOPs), which include quarterly meetings with a multidisciplinary team with representatives from multiple departments. By implementing a repeatable, consistent process, the cross-functional team will track, monitor, adjust, and report to the council and the community with updates beginning in January 2025. These updates, similar to quarterly updates provided by the Police Department, will be in addition to the budget forums and discussions. Lastly, as a part of the future planning process, AECOM will continue to be our partner in assisting in the modeling and data analysis.

Request for Council Direction

The purpose of this study session was to provide City Council and the public with an additional opportunity for discussion regarding the Broomfield Enterprise funds and utility rates.

- Does Council direct staff to proceed with utilizing \$2.25M of general fund revenue to support the water utility fund thereby reducing the 2025 base charge for residential users by \$5 per month. This proposal offers immediate relief to residents but puts strain on the general fund, which could impact other services or lead to higher increases in future years.