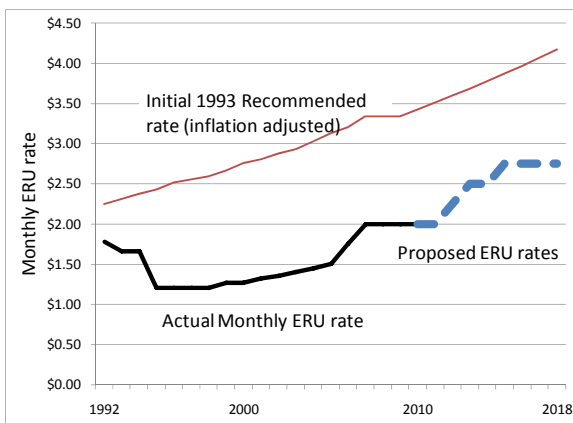




4. ADJUST STORM WATER UTILITY RATE

ISSUE - The Stormwater CIP is based on a \$.75 ERU increase, beginning in 2012. Without rate adjustments, no new projects will be completed, unless other (GO) funding can be identified.

The Storm Water Utility was formed in 1993 to maintain storm drainage systems, to make improvements to drainage and to comply with federal storm water regulations. To fund these costs, the utility collects an ERU fee, charged monthly to property owners. When the utility was established in 1993, an ERU rate of \$2.25 was recommended, based on needs projected at the time. That equates to an inflation adjusted rate of \$3.34 in 2009, and a projected inflation adjusted rate of \$4.17 in 2018. The actual rate approved in 1993 was \$1.78 per ERU. This decreased to \$1.21 in 1995, before increasing to the current \$2 rate in 2007.



Staff are required by City Code 16.30.040 to review the fee structure annually and to advise the City Council on storm water issues. Based on the current ERU rate of \$2 per month, the fund can continue its mandate to maintain and operate the utility. Current and in-progress work can be financed through the current ERU fee. However, after 2009 no new Storm Water Utility financed projects would be initiated, since the utility has virtually no capacity to fund new projects.

The 2009-2018 CIP includes \$50.5 million in new ERU financed projects (another \$8 million in projects are in-progress). Of these, \$11.85 million have either recently been initiated, or are leveraging federal funds. These projects can be completed with out a rate increase. The remaining \$38.65 million in ERU financed projects are contingent upon an increase of 75 cents in the ERU rate.

Proposed ERU Adjustments		
Year	Cost	ERU
2012	.25	2.25
2013	.25	2.50
2015	.25	2.75

The proposed 25 cent ERU increase for 2012 would fund \$16.6 million for two projects: \$9.6 million for the West Branch of Dry Creek, between Kellogg and Douglas, and \$7 million (including \$1 million GO) for the Meridian, Pawnee to Orient project. Neither project could begin without additional revenues.

Beginning in 2013, \$12.45 million for two more projects could be initiated with an additional 25 cent ERU increase. These two projects are \$6 million for the 9th Street Outfall (Phase I) and \$6.45 million for Dry Creek, between Douglas and 13th.

Proposed ERU Financed Projects	
Project	Amount
Current in-progress projects	\$11,850,000
Funded with 25 cent ERU increase in 2012	
W.Branch—Dry Creek to Douglas	9,600,000
Meridian, Pawnee to Orient	7,000,000
	\$16,600,000
Funded with 25 cent ERU increase in 2013	
9th Street North outfall	6,000,000
West Branch - Dry Creek to 13th	6,450,000
	\$12,450,000
Funded with 25 cent ERU increase in 2015	
17th, Broadway to I-135	2,500,000
Wheatridge Drainage Improvements	5,000,000
East Branch, Gypsum Creek	1,000,000
Gypsum Creek, Armour to Eastern	2,050,000
	\$10,550,000
TOTAL STORM WATER ERU FINANCED PROJECTS	\$51,450,000

The remaining 25 cent ERU proposed increase would fund \$10.55 million in projects, beginning in 2015. These projects include \$2.5 million of 17th, between Broadway and I-135; \$1 million for improvements to the east branch of Gypsum Creek; \$5 million for Wheatridge additional drainage improvements; and \$2.05 million for improvements to Gypsum Creek, between Armour and Eastern.

Even with the proposed rate adjustments, another \$35.2 million in projects are un-funded. Without the rate increase, the projects included in this CIP will either be eliminated, shifted to GO bond financing, or deferred. GO bond funding is already supporting \$10.8 million in drainage projects. Funding even more drainage projects from GO bonds would require some GO projects to be eliminated or deferred.

The Meriden, Pawnee to Orient project (scheduled for 2010) is scheduled concurrently with an arterial project; with the rate increase, it would either be shifted to GO bonds, or the arterial project would be eliminated or deferred. The other projects would most likely not be brought forward, unless other lower priority GO funded projects could be identified.