



Steamboat II
Metropolitan District

2024 Rate Study

Board Meeting Presentation

October 21, 2024

District Overview

- District Responsibilities – high level
 - Provide water to district customers
 - Provide wastewater services to district customers
 - Maintain district infrastructure, property, facilities
 - Ensure long-term success of the district
- Current Status
 - Recurring operating costs are being met
 - Funding for infrastructure maintenance, repair and replacement is lacking (one section of main replacement in 2022 was >\$500k, which significantly depleted reserves)

District Budgetary Objectives

- Continue (or improve) existing level of services
- Build and maintain reserve funds to address district management responsibilities, which include:
 - Ability to address emergency and urgent repairs
 - Infrastructure maintenance and repair (i.e., storage tank refurbishment)
 - Capitol improvement projects (i.e., water main and sewer main scheduled replacements)
- Avoid being forced to take on debt

Rate Study Summary

- Performed by Carollo - environmental engineering firm that specializes in the planning, design, and construction of water and wastewater facilities
- S2MD supplied inputs – costs and revenues
- Approach – adjust rates to achieve adequate reserves (as well as meeting district responsibilities and objectives
- Applies to Water and Wastewater

Rate Adjustment Considerations

- There have been no appreciable rate increases in recent history (~20 years)
 - Assuming a 3% per year increase for 20 yrs, rates would be equal or greater than proposed rates
- The increased property tax revenues have served to address ongoing operating cost increases
- The rate study considered expected cost increases for all aspects of the district, including infrastructure repairs/maintenance/replacement

Rate Considerations – Cont.

- Current rate structure does not properly reflect S2MD costs
 - As costs have evolved, rates have not followed
 - Costs are expected to continue to increase
- Aging infrastructure contributes to cost growth
 - Water leakage
 - Sewer infiltration
 - Emergency repairs
 - Leak detection

Regional Rate Comparisons

2024 RESIDENTIAL RATE COMPARISON				
WATER	7,000 gallons	20,000 gallons	40,000 gallons	60,000 gallons
Steamboat II Metro District	\$27.00	\$52.75	\$161.25	\$412.50
Morrison Creek Water District	\$94.40	\$245.65	\$684.74	\$1,310.54
Town of Oak Creek	\$70.31	\$170.32	\$305.76	\$441.20
Town of Hayden	\$81.80	\$150.08	\$270.48	\$390.88
City of Steamboat Springs	\$61.88	\$154.96	\$435.24	\$758.64
SEWER				
Steamboat II Metro District	\$45.60	\$45.60	\$45.60	\$45.60
Morrison Creek Water District	\$89.38	\$89.38	\$89.38	\$89.38
Town of Oak Creek	\$51.71	\$51.71	\$51.71	\$51.71
Town of Hayden*	\$55.02	* Based on average H2O use		
City of Steamboat Springs	\$39.90	\$39.90	\$39.90	\$39.90
TOTAL BILL				
Steamboat II Metro District	\$72.60	\$98.35	\$206.85	\$458.10
Morrison Creek Water District	\$183.78	\$335.03	\$774.12	\$1,399.92
Town of Oak Creek	\$122.02	\$222.03	\$357.47	\$492.91
Town of Hayden*	\$136.82	\$205.10	\$325.50	\$445.90
City of Steamboat Springs	\$101.78	\$194.86	\$475.14	\$798.54

Rate Comparison Observations

- S2MD Rates are lower than local rates
- Steamboat, Hayden and Oak Creek are significantly larger entities
 - Larger utilities tend to be able to disperse costs
- Morrison Creek is comparable in size to S2MD
 - Rates are significantly higher
 - Rates are set to increase ~6% in 2025 and 2026
- Steamboat, Hayden and Oak Creek have indicated their rates are increasing

S2MD Usage Analysis

- Typical summer usage percentiles
 - Each tier is ~750k gallons, average of 17.9k per user

Number of users	Percentage of users	Grouped
12	2.86%	11.22%
16	3.82%	
19	4.53%	
22	5.25%	11.46%
26	6.21%	
31	7.40%	15.99%
36	8.59%	
44	10.50%	61.34%
59	14.08%	
154	36.75%	

S2MD Usage Analysis

- Typical winter usage percentiles
 - Each tier is ~160k gallons, average of 3.8k per user

Number of users	Percentage of users	Grouped
10	2.40%	12.71%
18	4.32%	
25	6.00%	
31	7.43%	15.35%
33	7.91%	
39	9.35%	19.18%
41	9.83%	
52	12.47%	52.76%
58	13.91%	
110	26.38%	

S2MD Usage Observations

- 30% of water is consumed by ~12% of users
- 50% of water is consumed by ~25% of users
- Majority of users are “water conscious”
- S2MD wants to promote usage reductions
 - Increasing tiered rates aides in this goal

Rate update approach

- Increase base rate
 - Provides a reliable revenue source
- Increase tiered rates
 - Promotes usage reduction
 - Revenues will be diminishing as reductions occur
- Usage charges based on actual use, at all levels
 - Further promotes usage reduction

Proposed Rates - Residential

PROPOSED RESIDENTIAL RATE SCHEDULE As of November 1, 2024

In District

Water Rates

Base Fee	\$37.80
Base Fee - Senior Citizen (Age 65+) *	\$18.90

<u>Gallons Used Per Month</u>	<u>Price per 1,000 Gal</u>
0 - 5,000	\$3.00
5,001 - 10,000	\$4.50
10,001 - 20,000	\$7.00
20,001 - 30,000	\$11.20
30,001 +	\$17.50

* Tiered rates apply to senior citizens

Sewer Rates

Base Fee	\$68.40
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Out of District

Water Base Fee	\$56.70
Sewer Base Fee	\$102.60

Proposed Rates - Residential

PROPOSED RESIDENTIAL RATE SCHEDULE As of January 1, 2026

In District

Water Rates

Base Fee	\$41.60
Base Fee - Senior Citizen (Age 65+) *	\$20.80

<u>Gallons Used Per Month</u>	<u>Price per 1,000 Gal</u>
0 - 5,000	\$3.30
5,001 - 10,000	\$4.95
10,001 - 20,000	\$7.70
20,001 - 30,000	\$12.35
30,001 +	\$19.25

* Tiered rates apply to senior citizens

Sewer Rates

Base Fee	\$71.85
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Out of District

Water Base Fee	\$62.40
Sewer Base Fee	\$107.80

Proposed Rates - Residential

PROPOSED RESIDENTIAL RATE SCHEDULE As of January 1, 2027

In District

Water Rates

Base Fee	\$43.70
Base Fee - Senior Citizen (Age 65+) *	\$21.85

<u>Gallons Used Per Month</u>	<u>Price per 1,000 Gal</u>
0 - 5,000	\$3.50
5,001 - 10,000	\$5.20
10,001 - 20,000	\$8.10
20,001 - 30,000	\$13.00
30,001 +	\$20.25

* Tiered rates apply to senior citizens

Sewer Rates

Base Fee	\$75.45
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Out of District

Water Base Fee	\$65.55
Sewer Base Fee	\$113.20

Proposed Rates – Non- Res.

PROPOSED NON-RESIDENTIAL RATE SCHEDULE As of November 1, 2024

Water Rates

Base Fee \$56.70

<u>Gallons Used Per Month</u>	<u>Price per 1,000 Gal</u>
0 - 5,000	\$3.00
5,001 - 10,000	\$4.50
10,001 - 20,000	\$7.00
20,001 - 30,000	\$11.20
30,001 +	\$17.50

Sewer Rates

<u>Gallons Used Per Month</u>	<u>Price per 1,000 Gal</u>
All	\$9.50

Proposed Rates – Non- Res.

PROPOSED NON-RESIDENTIAL RATE SCHEDULE
As of January 1, 2026

Water Rates

Base Fee \$62.40

<u>Gallons Used Per Month</u>	<u>Price per 1,000 Gal</u>
0 - 5,000	\$3.30
5,001 - 10,000	\$4.95
10,001 - 20,000	\$7.70
20,001 - 30,000	\$12.35
30,001 +	\$19.25

Sewer Rates

<u>Gallons Used Per Month</u>	<u>Price per 1,000 Gal</u>
All	\$10.00

Proposed Rates – Non- Res.

PROPOSED NON-RESIDENTIAL RATE SCHEDULE As of January 1, 2027

Water Rates

Base Fee \$65.55

<u>Gallons Used Per Month</u>	<u>Price per 1,000 Gal</u>
0 - 5,000	\$3.50
5,001 - 10,000	\$5.20
10,001 - 20,000	\$8.10
20,001 - 30,000	\$13.00
30,001 +	\$20.25

Sewer Rates

<u>Gallons Used Per Month</u>	<u>Price per 1,000 Gal</u>
All	\$10.50