

CITY COUNCIL COMMUNICATION



MEETING DATE: August 11, 2020

ITEM NUMBER: 9.H

SECOND READING:

{{customfields.ResoOrdNumber}}

TYPE OF ITEM: Consent

PRESENTED BY:

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SUBJECT/AGENDA TITLE: A Resolution Of The Longmont City Council Submitting A Ballot Question To The Registered Electors Of The City Of Longmont, Colorado, At A Special Municipal Election To Be Held November 3, 2020, Concerning Issuing Bonds Payable From The City's Water Utility Enterprise Revenues To Finance Water Capital Projects

EXECUTIVE SUMMARY:

At the March 3, 2020 City Council meeting, staff was directed to prepare the necessary resolution to submit a ballot question for issuance of water revenue bonds for potential debt financing of water projects. The City is asking voters to approve issuing up to \$80 million of water bonds to help finance the renewal of aging water infrastructure to maintain system reliability and quality. Planned projects include an expansion of the Nelson Flanders Water Plant to replace the soon to be decommissioned Wade Gaddis Water Plant and replacement of aging potable water system infrastructure. Treated water storage, water treatment, and transmission lines are essential and critical citywide system improvements that benefit everyone. The current schedule for water rates, adopted in 2019 by City Council, contemplated the issuance of water revenue bonds for debt financing of water projects over the next several years. The total debt issued will not exceed \$80 Million.

COUNCIL OPTIONS:

1. Approve the Resolution for a November 2020 ballot question to issue water revenue bonds.
2. Direct staff to amend the Resolution for a November 2020 ballot question to issue water revenue bonds.
3. Direct staff to not pursue the ballot question.

RECOMMENDED OPTIONS: Option 1.

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION: The debt financing will be paid solely with rate and fee revenues from the City's Water Utility Enterprise. User rate schedules adopted in 2019 for the period 2021 through 2024 are sufficient to support

issuance of the bonds. A twenty or thirty year payback period will be selected for the bonds, depending on interest cost calculations and financial conditions at the time the bonds are issued.

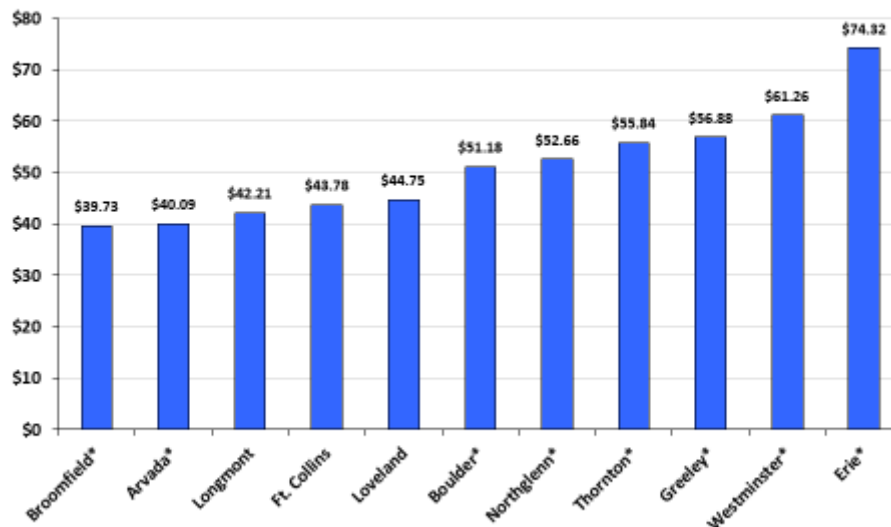
BACKGROUND AND ISSUE ANALYSIS: The 2019 Water Rate Study included funding for large infrastructure replacement projects that are best financed through borrowing. Debt financing allows impacts to rate payers to be smoothed over time, and for costs of long-lived infrastructure to be shared with current and future users of the water system.

This table displays the adopted five year schedule of volume rates for single-family residential customers (the monthly service charge will increase by the same percentage in each year):

Usage Block / \$ per 1,000 gallons	Adopted	Proposed				
	2019	2020	2021	2022	2023	2024
0 to 5,000 gallons	\$2.97	\$3.24	\$3.53	\$3.78	\$4.00	\$4.16
5,001 to 15,000 gallons	4.31	4.69	5.12	5.74	5.80	6.03
15,001 to 35,000 gallons	5.82	6.35	6.92	7.40	7.84	8.15
All over 35,000 gallons	8.02	8.74	9.53	10.19	10.81	11.23
<i>Percent increase</i>		9%	9%	7%	6%	4%
<i>Cumulative percent increase</i>		9%	19%	27%	35%	40%

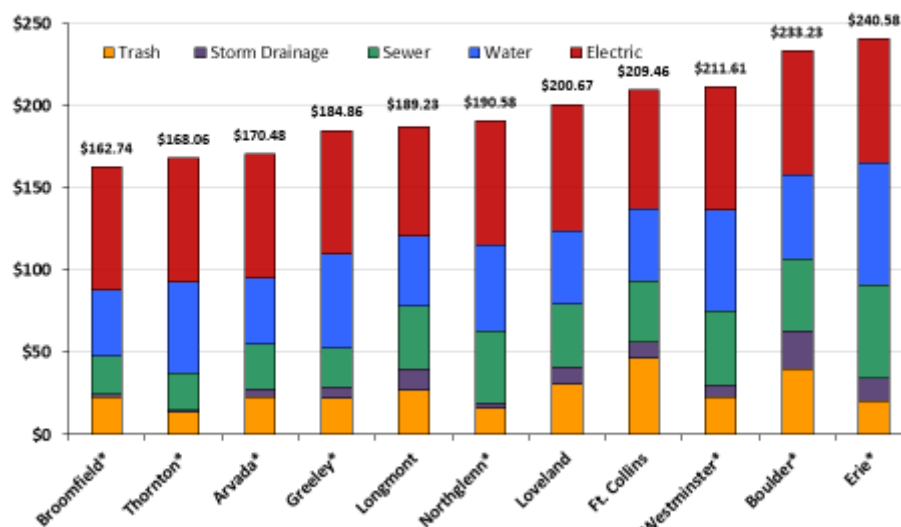
Compared with other municipalities in the northern Front Range, Longmont's average water bill continues to provide excellent value. The following graph shows the total monthly cost for 9,000 gallons of water (average residential use) in each city:

2020 Average Monthly Water Bill



Similarly, Longmont's total utility bill remains comparable to neighboring communities:

2020 Average Monthly Residential Utility Bill



*Electric is Xcel Energy

The average residential utility bill is \$196.50

While Longmont's utility costs are in line with regional costs, some members of our community may need assistance in making utility payments. Longmont CAREs is a program



that provides rebates on utility services and other benefits for low-income households. Information is available at <https://www.longmontcolorado.gov/community/financial-assistance-and-rebate-programs>. Additionally, the LEAP (Low Income Energy Assistance Program) program has been expanded this year only to cover costs for home cooling, as well as the usual assistance for the heating season. LEAP information is available at <https://www.colorado.gov/pacific/cdhs/how-do-i-apply>.

ATTACHMENTS:

Att 1 - Resolution