

## Memo to Review: Utility Rate Review and Recommendations

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# Summary:

## [View Correspondence](#)

In partnership with our City Council, Broomfield staff continues to serve our community with purpose, integrity, and transparency. Putting the community's immediate and long-term needs first often means both staff and the Council are in the unenviable position of making difficult and sometimes unpopular recommendations and policy decisions, respectively.

Beginning in 2021, with the support of the Council, staff began an intentional journey to identify outstanding commitments related to existing developer agreements, financial obligations, and other long-standing commitments. Staff also began to shift a decades-long operational philosophy to focus less on new infrastructure and increase focus on years worth of deferred maintenance of Broomfield's most critical infrastructure assets. The long-standing "run to failure" philosophy relied heavily on growth and development to pay for new and existing infrastructure, which has proven unsustainable. There have been several vital milestones that, over the decades, solidified the "run to fail" philosophy; those milestones are noted in detail below and were further exacerbated by the pandemic, which resulted in unprecedented inflation and cost increases, years-long absence of a formal asset management program, and structural deficiencies in Broomfield's most critical infrastructure - water, sewer, reclaimed water, and the lack of a stormwater program - has reached a fever pitch.

The cumulative effect of historical focus on new infrastructure and deferred maintenance, years-long stagnation of Broomfield's utility rates not keeping pace with costs to provide services, increasing regulations, unfunded mandates, unprecedented inflation, and minimal to no increase in staffing, specifically in Public Works, to incorporate the increased infrastructure needs adequately has led Broomfield to a critical crossroads.

Over the past two years, staff has presented the Council and the community with comparison tables, including one that outlined the 2012 utility rate study and the subsequent increases (or mostly were not) implemented between 2013-2021. As recently as fall 2023, staff also provided a comprehensive overview of Broomfield's existing enterprise funds, including what constitutes an enterprise fund, associated fees, and an overview of anticipated infrastructure projects.

On June 13, 2024, The Colorado Sun published an article titled ["Has your water bill gone up?" that provides insight to](#) the financial challenges local water utilities have in adapting to increasingly stringent environmental regulations and infrastructure repairs or aging pipelines, pumps and facilities. To ensure the short and long-term solvency of Broomfield's existing Enterprise (Utility) funds and to meet the community's current and future service demands, changes are not only recommended to Broomfield's utility rates but vital to secure Broomfield's future financial and operational sustainability.

In June, staff provided a [comprehensive overview](#) to the Mayor, Mayor Pro Tem and Councilmembers scheduled 2:2 meetings for staff to walk through the recommendations that are outlined below.

## Recommendations Proposed: Water, Sewer, and Stormwater Rates

Below is an overview of each enterprise fund, including proposed increases related to each fund and a proposal for adding a dedicated funding mechanism for a stormwater enterprise fund.

### 2025 Estimated Impact Per Average Household (Water, Sewer, Stormwater)

Single Family Residential - Average Monthly Bill					
	Rates		Average Bill *		Monthly Difference
	Existing 2024	2025 Proposed	Existing 2024	2025 Proposed	\$
Water Flat Rate	\$16.93	\$36.91	\$16.94	\$36.91	\$19.97
Water Usage	tiers	no change	\$27.23	\$27.23	\$0.00
<b>Water Service*</b>			<b>\$44.17</b>	<b>\$64.14</b>	<b>\$19.97</b>
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
SW - Compliance Fee	\$6.00	\$9.00	\$6.00	\$9.00	\$3.00
<b>Sewer Service*</b>			<b>\$35.88</b>	<b>\$44.76</b>	<b>\$8.88</b>
<b>Stormwater Service</b>	\$0.00	\$11.00	<b>\$0.00</b>	<b>\$11.00</b>	<b>\$11.00</b>
<b>Total Bill</b>			<b>\$80.05</b>	<b>\$119.90</b>	<b>\$39.85</b>
* 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					

### 4-Year Outlook

Projected Average Monthly Bill over time based on Current Anticipated Expenses				
	2025	2026	2027	2028
Anticipated Bill	\$119.90	\$132.99	\$141.62	\$150.30

The projected average monthly bill for 2025 has increased from prior year projections to ensure adequate funding for ongoing operating costs, necessary capital projects, and repair and replacement.

## Background:

### History of Broomfield and Utility Infrastructure Development

#### 1961-1997

Broomfield was incorporated as a city in 1961, with a population of 6,500 and an area of [1.5 square miles](#). In the 1970s and 1980s, Broomfield grew significantly with the annexation of the Northmoor subdivision and the development of the Greenway Park, Lac Amora, Westlake Village, Highland Park, and Columbine Meadows subdivisions. The 1990s brought significant retail and office development in southwest Broomfield with the development of the Interlocken Business Park and the completion of the 96th Street/US 36 Interchange as the catalysts.

During this time, Broomfield had two drinking water sources: Great Western Reservoir, which is downstream of Rocky Flats, and Denver Water, which was delivered to Broomfield through Conduit 81.

## **1997-2000**

Through extensive lobbying and federal legislation, Broomfield obtained a grant from the Department of Energy (DOE) to sever the physical connection between Rocky Flats and Broomfield's drinking water supply by building a new water treatment plant and the Carter Lake Pipeline, as well as acquiring Colorado-Big Thompson (C-BT) and Windy Gap water shares. The new water treatment plant on 144th Avenue was brought online in August 1997.

During this time, Broomfield profited from rapid, "world-class" development. In August 2000, the Flatiron Crossing Mall opened, dramatically increasing sales tax revenue and future revenue potential for Broomfield.

## **2001-2012**

Arguably, Broomfield's crowning achievement was the passage of Referendum C in November 1998, which allowed Broomfield to pursue becoming a City and County. In November 2001, Broomfield became a City and County and was empowered to control the county portion of tax revenues. At that time, a pledge was made to Broomfield residents that a combined City and County would operate more efficiently and cost-effectively than had Broomfield remained in four separate counties. Broomfield leadership was very invested in keeping that pledge with a "do more with less" lean government philosophy and identity.

Broomfield continued to grow, and significant infrastructure was constructed for the Arista, Anthem, and Anthem Highlands subdivisions. During this time, much of Broomfield's utility infrastructure was reasonably new, and in keeping with the lean government spending philosophy, preventative maintenance (capital and staffing) was budgeted at the bare minimum.

The Federal Clean Water Act began to focus on urban stormwater runoff by requiring communities to obtain a National Pollution Discharge Elimination System Municipal Separate Storm Sewer System permit (NPDES MS4) from the State for stormwater discharges. Broomfield was required to comply by March 2003. To offset the cost of stormwater maintenance and other requirements of the NPDES permit, the City Council considered the creation of a stormwater utility enterprise fund. The council rejected forming a stormwater utility in 2004 and opted to continue to fund operation and maintenance activities through the General and Sewer Funds and capital projects through the Capital Improvement Program. Most Front Range communities had already established a stormwater utility fee by 2003.

The Great Recession from 2008 to mid-2009 enforced a lean government spending philosophy. The number of employees dropped during the recession and wasn't restored to pre-2008 levels until recently. Meanwhile, the population skyrocketed, and the amount of infrastructure to support the population increased, but not at a corresponding level. Due to the low maintenance funding and staffing levels, Broomfield Public Works staff could only react to infrastructure problems as they arose, thus creating a "run to fail" philosophy of operation.

## **2013-2019**

The North Area Lift Station, located just north of CO 7 and west of I-25, was completed in 2013. This sanitary sewer lift station allowed development east of Sheridan Parkway and north of 160th Avenue, including the Highlands, Palisade Park, and Baseline subdivisions. During this time, build-out population projections were increased from 83,300 as initially anticipated in the 2005 Comprehensive Plan to 95,500 in the 2016 Comprehensive Plan Update.

Broomfield’s infrastructure continued to increase while the maintenance and staffing funding levels remained relatively static.

### **2020-2023 - Change in leadership brought much needed attention to planning for the future.**

By 2020, Broomfield had a population of approximately 73,739 people, significantly higher than those estimated to reside in Broomfield in 2020 per the 1995 Broomfield Master Plan (46,700 people).

In 2020, the COVID-19 pandemic caused economic instability and added further pressure to keep costs low. Meanwhile, profound inflation and supply chain issues affected capital projects. Large utility projects, including the Mesa Zone Water Booster Station and the Siena Reservoir Pump Station and Pipeline, were delayed.

### **2024 - Current Status and Utility Rates**

Based on Broomfield’s efforts to diversify housing and incorporate housing density within mixed-use areas, staff is now projecting a population of approximately 125,000 by 2050.

The history above is intended to provide context to the Council and the community regarding decisions made by previous leadership as the city developed from a rural town to a thriving suburban community. The focus was on securing and investing in transformational developments while keeping taxes and fees as low as possible for residents. While arguably very successful - Broomfield is ranked #6 on Livability’s 2024 list of the Top 100 “Best Places to Live” in America - the lack of funding strategies to ensure revenue stability, the lack of asset maintenance, increased growth, and the urgent need for significant capital improvements related to Broomfield’s infrastructure has led Broomfield to a critical crossroads in the utility enterprise funds.

## **What is an Enterprise Fund?**

Broomfield’s Water Fund, Sewer Fund, and Water Reclamation Fund (collectively the “Utility Funds”) operate as “Enterprise” funds where rates and fees within each fund are set to cover the costs of providing respective services to customers. By law, **enterprise funds are not supported by tax revenues but service charges and fees**. They must operate as a “stand-alone business” and generate the revenues necessary to provide services. The revenue components include:

- **Base Fee:** supports fixed operating costs (staff, electricity, preventative maintenance)
- **User Charges:** supports variable operating and maintenance costs due to metered consumption (chemicals, electricity, asset replacement, and corrective maintenance)
- **License Fees:** support capital expansion or growth

The operating component accounts for the day-to-day functions of running the utility for existing customers, the costs of providing services, and the maintenance of the existing capital investment. The primary revenue sources associated with the operating components are user service charges and fees.

The capital component includes costs related to building or expanding the existing system, which may include new debt associated with constructing new infrastructure. The significant revenue associated with the capital component is the license fee (designed to recover the costs of capital improvements or facility expansions when a new or expanding user ties into the system).

## City and County of Broomfield Utility Operations Infrastructure - \$3.428 Billion in Assets & Growing

What is Utility Water Infrastructure? This term refers to all the systems used to move, store, treat, distribute, or dispose of water. Broomfield Utility Operations Infrastructure serves four main functions:

- Supplying clean water for public use;
- Treating wastewater to protect public health;
- Enhancing water supply through non-potable reuse irrigation; and
- Collecting and conveying stormwater away from homes and businesses.

Broomfield’s continued growth and the added emphasis on higher-density development means that Broomfield’s utility infrastructure assets will need to accommodate a larger increase in usage, impacting the operations and maintenance costs associated with these critical assets.

According to the Congressional Budget Office, the Federal government’s share of capital investment has fallen from 63% in 1977 to less than 5% in 2023. The burden of clean water compliance and infrastructure investment is almost entirely with the local government and community they serve. Broomfield, like many of our neighboring communities, urgently needs to renew investment in our community’s utility infrastructure.

### Infrastructure Assets by the Numbers:

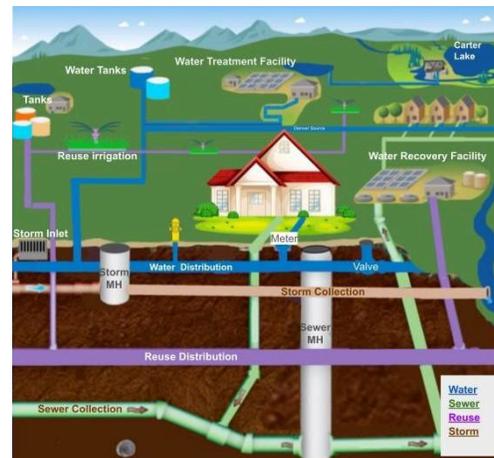
Water System - \$1.379 billion (not including Glasser Reservoir, Siena Reservoir or Broomfield’s share of Chimney Hollow Reservoir)

- 1 Water Treatment Facility - 24 million gallons per day
- 5 Booster/Pump Stations
- 4 Water Tanks (9 million gallons - west of Main St. and 6 million gallons east of Main St.)
- 447 miles of underground water distribution pipe
- 4,342 Hydrants
- 14,436 Valves
- 22,433 Meters

Wastewater System - \$1.236 billion

- 13 Lift Stations
- 323 miles of underground sewer collection pipe
- 8,243 sewer manholes
- 1 Wastewater Treatment Facility

Non-potable Reuse System - \$146.321 million



- Storage Reservoir - Great Western
- 2 Treatment System - 1 at Wastewater and 1 at Great Western Reservoir
- 2 Storage Tanks - 3.75 million gallons
- 40 miles of underground reuse distribution pipe
- 483 Valves
- 20 Pressure-reducing Valves

Stormwater System - \$667 million (not including ponds or detention basins)

- 15 miles of Surface drainage conveyances
- 174 miles of Underground stormwater collection pipe
- 2603 Stormwater manholes
- 3,553 Stormwater inlets
- 114 Retention basins
- 52 Water Quality and Stormwater Ponds

### Upcoming Major Utility Operations Infrastructure Projects - 2024 - 2034

Annual Asset Replacement Investment

- Water line replacement (\$24.6 million), sewer collection piping lining, upgrades to existing sewer lift stations (\$22 million), water meter, replacement (\$11.4 million), pH control redundancy (\$790K), algae analysis system (\$141K), airport water tank maintenance (\$162K); Water Distribution System Pressure Monitoring and Controls (\$980K)

Water System

- Water Tanks - \$66.72 million (buried)
- Water Treatment Plant Expansion - \$70.2 million (design scheduled for 2028; completion needed by 2031)
- Broomfield Reservoir - \$137 million (design scheduled for 2027; completion needed by 2034)
- Highway 7 Waterline - \$4.3 million
- Sheridan Waterline 36in - \$19.2 million
- Heit Pit - \$7.7 million
- Airport Booster Station - \$4.5 million
- Interlocken Booster Station - \$4.6 million
- Baseline Water System Reimbursement - \$10,113,246

Wastewater System:

- Wastewater Treatment Plant Expansion - \$526 million (a 13-year project with \$206 million allocated to new and/or more restrictive regulatory requirements)
- Lift Station - Compliance Required Demo and Replace both the Sunridge and Outlook lift stations - \$8 million
- Collection System Master Plan - \$800K

Stormwater:

- Stormwater Master Plan and Pond - \$850K
- Water Quality Pond Evaluation - bathymetric assessments to map and monitor sediment accumulation and implement preventative solutions - \$250K

- Pond algae control systems - \$190k per pond
- Pond Dredging - costs range from \$50 to \$300 per cubic foot of material removed depending on location and land restorage costs. Annual \$950K

Non-potable Reclaimed/Reuse Water:

- Water Tank - \$22.2 million
- Great Western Reservoir Dam - \$19.6 million
- Great Western Raw Water Pump Station - \$6 million

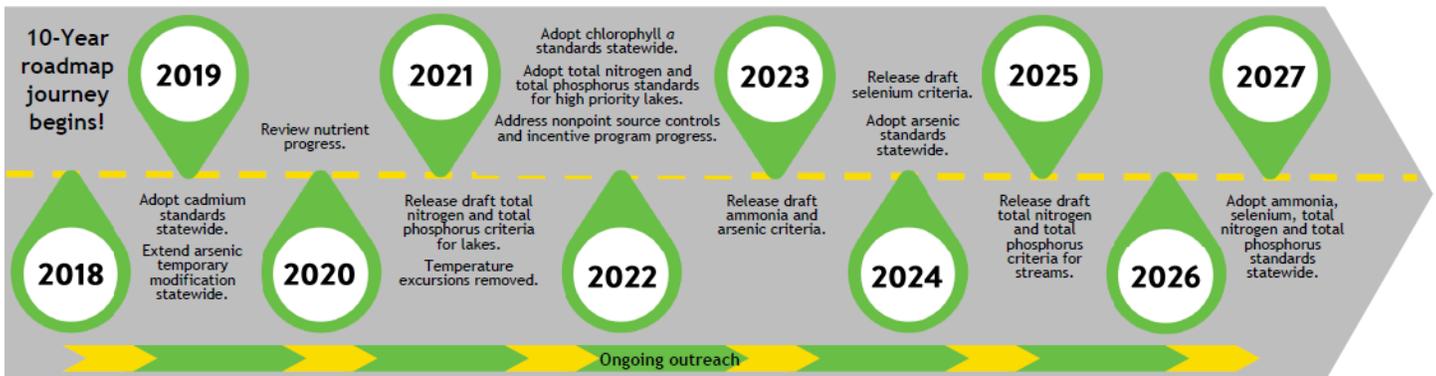
## Unfunded Regulatory Mandates

How do water, wastewater, stormwater, and reuse regulations impact the City and County of Broomfield? Through the authorization of the Clean Water Act and Safe Drinking Water Act, the U.S. EPA enacted various water quality regulations designed to protect aquatic and human life. Both the Clean Water Act and Safe Drinking Water Act allow states to set and enforce their standards if the standards are, at a minimum, as stringent as EPA’s national standards.

In Colorado, the Colorado Department of Public Health and Environment’s Water Quality Control Commission (WQCC) adopts water quality classifications and standards for waters of the state to achieve compliance with those classifications and standards. These standards must be reviewed and revised as needed every three years. Surface water quality standards consist of three core components:

1. Classified uses - based on each waterbody’s current or future suitability.
2. Criteria - assigned to protect the use.
3. Antidegradation designations - protect existing uses.

The WQCC and the Water Quality Control Division also developed a 10-year Water Quality Roadmap (2017-2027) to update and create new water quality standards. The roadmap includes standards for nutrients ((nitrogen, phosphorus, and chlorophyll a) in streams and lakes, ammonia, arsenic, cadmium, selenium, and temperature.



Complying with evolving regulations presents many challenges, such as making sure aging infrastructure meets new and more restrictive regulations. These regulations impact the complete water, wastewater, and reuse water systems, including supply, delivery, and treatment. According to the Congressional Budget Office, the Federal government's share of capital investment has fallen from 63% in 1977 to less than 5% in 2023. The burden of clean water compliance and infrastructure investment is almost entirely with the local government and community they serve.

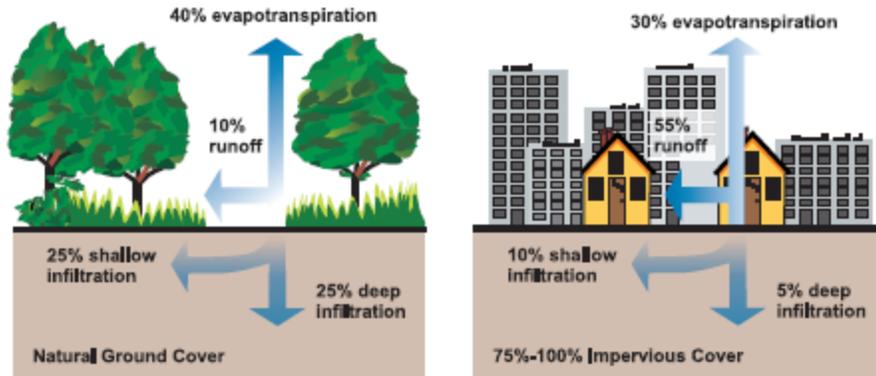
## Long-term Economic Sustainability for Utilities

Staff is continuing to evaluate and build long-term economic and environmental sustainability to include a whole new set of ecological issues never envisioned by the Clean Water Act (CWA), such as the impacts of climate change, drought, and growing nutrient impairments combined with unprecedented economic and infrastructure pressures affecting utilities both operationally and economically.

Significant steps taken by Broomfield include water reuse, water conservation, green infrastructure codes, and the use of technology to improve greenhouse gas reduction as part of the wastewater treatment facility upgrade. Additionally, Broomfield's forward-thinking includes participating in national and state-wide emerging contaminant monitoring and working with nationally recognized experts in evaluating asset management, specifically condition assessment tools and analytical tools for predictive failures.

Significant keys to addressing and preparing for these challenges include:

- **Utility Workforce Issues**—Public Works developed a five-year staffing plan based on regulatory mandates, obligations, and critical operations needs. The plan included analyzing workflows, procedures, service levels, and opportunities for efficiencies and organizational structure changes.
- **Peer-to-Peer Learning** - Participates in regional, state, and national stakeholder organizations to continue addressing emerging challenges.
- **Technology** - Incorporating automation, sensors/monitoring devices, and analytical tools to improve operational and management efficiencies.
- **Energy**—Broomfield Utilities is working to improve energy efficiency and planning renewable energy generation and integration as part of the wastewater treatment facility upgrades.
- **Watershed Approaches**—**Urbanization has increased the variety and amount of pollutants carried into streams, rivers, and lakes. It has also increased stormwater runoff from 10% to 55%. This is a critical step in addressing stormwater runoff as it is not treated before entering local water bodies.**



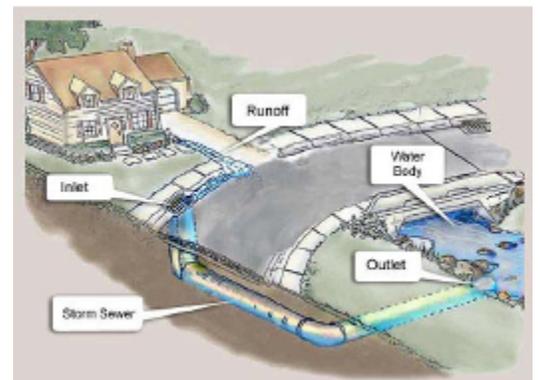
*Relationship between impervious cover and surface runoff. Impervious cover in a watershed results in increased surface runoff. As little as 10 percent impervious cover in a watershed can result in stream degradation.*

- **Water Reuse & Recycling** - Climate change and drought have made water an even more precious resource, especially in the West and Southeast regions of the country. Broomfield’s use of water reuse will only grow in importance.
- **Climate Change & Resiliency** - There may be no more significant challenge facing the municipal clean water community over the coming decades than climate change. Changing precipitation patterns and more extreme weather events are already upending years of planning and infrastructure investment based on historical data. It is critical to Broomfield’s utility sustainability to continue developing resiliency planning ensuring staff is prepared to address these unpredictable conditions.
- **Green Infrastructure (GI)** - A cost-effective tool in managing stormwater is using stormwater/water quality ponds and basins to increase the precipitation and intensity of storm events resulting from climate change. While also providing other ancillary community benefits (wildlife), maintenance of these ponds is vital to ensure their effectiveness.

## Stormwater

In 2003, the City and County of Broomfield received the State of Colorado-issued NPDES (MS4) permit. The permit includes the six minimum controls as outlined in the regulation:

1. Public education and outreach on stormwater impacts
2. Public involvement/participation
3. Illicit connections and discharge detection and elimination - any discharge to the storm sewer system not composed entirely of stormwater. Examples - sewage, detergent, waste oil/auto fluids, paint, pesticides/fertilizers, pool/spa discharge, household waste.
4. Construction site stormwater runoff control—prevent discharges to the stormwater system from construction sites. Pollutants commonly associated with construction sites include sediment, phosphorus, nitrogen, pesticides, oil and grease, concrete truck washout, construction chemicals, and construction debris.
5. Post-construction stormwater management in development/redevelopment - There are generally two forms of substantial impacts of post-construction runoff. The first is caused by the increased type and quantity of pollutants in stormwater runoff. As runoff flows over areas altered by development,



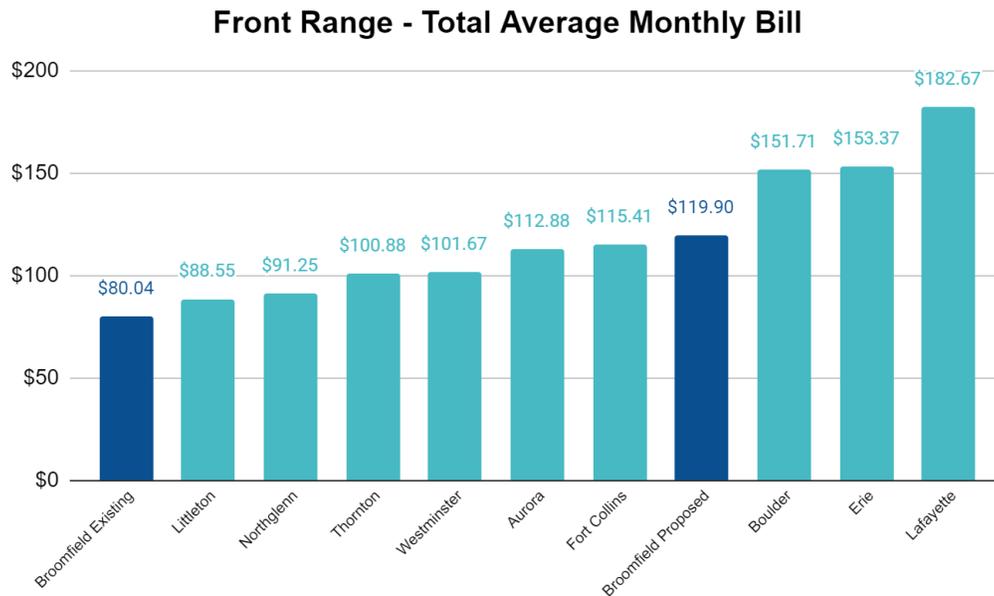
it picks up harmful sediment and chemicals such as oil and grease, pesticides, heavy metals, and nutrients (e.g., nitrogen and phosphorus).

6. Pollution prevention/good housekeeping for municipal operations - This control measure intends to ensure that existing municipal operations are performed to minimize contamination of stormwater discharges. Key issues are the proper maintenance and use of the best management practices, structural controls, and cleaning and recycling programs, including stormwater detention basins and stormwater and water quality ponds.

In the Front Range, [37 of 38 municipalities](#) charge a stormwater fee. Broomfield is the only municipality that does not.

## Comparable Cities - Utility Rates

The graph below includes Broomfield's total average monthly utility bill for water, sewer, and stormwater compared to our neighboring municipalities. The comparison reflects where Broomfield is currently and how it would compare if the Council approves proposed utility rates.



It is important to note that many surrounding municipalities indicate additional increases to utility rates are imminent. The degree to which neighboring municipalities increase their utility rates depends highly on how well they have managed their Enterprise funds over the past decade, the growth versus expense challenges the municipality faces, and other factors unique to each entity. Increases communicated to Broomfield staff are expected to be in the double digits. If neighboring municipalities increase by 6% or more, Broomfield will again be in the lower quadrant.

## #1 Community Goal - Financial Sustainability and Resilience

Historically, Broomfield has relied on growth and license fees to subsidize operational costs in the Enterprise funds. This philosophy does not account for the costs of delivering critical services to Broomfield residents. As Broomfield has matured and nears buildout, growth will continue to slow, making it imperative to correct

our philosophical and fundamental approach regarding utility rates. Doing so will allow Broomfield to stabilize revenue streams (revenue = cost to provide services) now and into the future.

**2025 Estimated Impact Per Average Single-Family Household (Water, Sewer, Stormwater)**

Below is a table that outlines a single-family residential household’s average monthly utility bill. As the staff proposed, it is essential to note the inclusion of the stormwater fee. Following a 2004 City Council decision not to establish a stormwater fund, stormwater costs have been subsidized mainly by the Sewer fund. The ongoing stormwater and flood management costs are substantial, and continuing to subsidize these costs in the Sewer fund is not sustainable. Establishing a specific Enterprise fund for stormwater will empower staff to effectively manage continually evolving regulatory requirements and environmental conditions.

Single Family Residential - Average Monthly Bill					
	Rates		Average Bill *		Monthly Difference
	Existing 2024	2025 Proposed	Existing 2024	2025 Proposed	\$
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<b>Total Bill</b>			<b>\$80.05</b>	<b>\$119.90</b>	<b>\$39.85</b>

\* 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

**4-Year Outlook**

Projected Average Monthly Bill over time based on Current Anticipated Expenses				
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Anticipated Bill	\$119.90	\$132.99	\$141.62	\$150.30

The projected average monthly bill for 2025 has increased from prior year projections to ensure adequate funding for ongoing operating costs, necessary capital projects, and repair and replacement.

The proposed rate increases are the minimum required to get Broomfield back in the black to sustain current operations and services. Additional increases over the next five years will be necessary to ensure the solvency and long-term health in all facets of Broomfield’s Enterprise funds.

**Bond Rating and Capacity**

The 5-year Capital Improvement Plan (CIP) anticipates bond issuances (and associated debt payments) needed in 2026 to fund critical capital projects as outlined below. Utility revenue bonds are typically issued for a 20-year repayment period.

- Enterprise Fund - Water

- North Area Water Tanks and Pump Station - \$58 million
- Enterprise Fund - Wastewater
  - Wastewater Treatment Plant Expansion - \$114 million

The decision to debt finance (bond) versus cash finance capital projects is generally determined by the total project cost and the timeline for completing the improvements. A significant improvement project at a treatment facility or the construction of large water tanks would generally be challenging to cash finance, making it more practical to pay over time.

Broomfield has yet to have the required 180 days of cash in each Enterprise fund. This results in Broomfield potentially not being able to bond for future capital projects, which in turn runs the risk of negatively impacting Broomfield’s overall bond rating (noted below).

- Sewer Bonds = Moody’s Aa3 (Insured) Moody’s Aa2 (Uninsured)
- Water Revenue Bonds = Moody’s Aa2
- Water Reclamation Bonds = Moody’s Aa2 (Uninsured) Moody’s Aa3 (Insured)

**Community Goals - Prioritizing Revenue and Expenditures**

Broomfield is committed to fostering a sustainable future, which is essential for navigating external uncertainties. All budget decisions are evaluated to ensure continued alignment with Broomfield’s Community Goals, including:

- Financial Sustainability and Resilience
- Thriving, Diverse, Safe Community
- Growing Greener
- Mobility
- Organizational Health

**Financial Hardship:**

Staff is aware that any rate increase could adversely affect a portion of Broomfield’s population. The staff remains committed to introducing a targeted approach to assist ratepayers who need assistance through an established fund for those with financial hardship. Ratepayers who have an outstanding balance can receive help with their water bill by contacting the Utility Billing office.

Staff will be prepared to provide the Council with additional information when they consider the ordinance on its first reading in September.

**Critical Crossroads - Inaction or Phased Approach Not Recommended**

The vital nature of the proposed utility rate increases cannot be overstated. Failure to approve and implement the proposed increases will risk catastrophic results, endangering the health and well-being of our community. Over the past two years, staff has worked diligently to implement a less impactful, phased approach for Broomfield’s residents. Despite best efforts, these attempts did not untangle decades-long neglect resulting from the “run to failure” operational philosophy. Without immediate action, Broomfield’s aging infrastructure will continue to deteriorate, negating staff’s ability to meet existing service demands

and regulatory requirements and the ability to be responsive to expanding needs as the community continues to grow.

A third-party consultant, AECOM, has also reviewed Broomfield's current infrastructure and confirmed staff's recommendation and plan.

## Effective Date - If Council Approves Proposed Utility Rate Increases

If the Council approves the proposed increases, 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.

## Recommended Next Steps

- August 20, 2024 Study Session
  - Economic and Fiscal Update and Proposed 2024 Revised and 2025 Operating and Capital Budgets
- September 4, 2024
  - 2024 Revised and 2025 Proposed Operating and Capital Budget Distribution Packet Provided to Council.
- September 10, 2024
  - 2024 Revised and 2025 Proposed Operating and Capital Budget Distribution Packet Available to the Public
- September 24, 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

Additionally, staff will host five (5) public forums in August and September, as outlined below.

- Thursday, July 25, 2024 - Enterprise Funds and Recommended Utility Rate Increases
- Thursday, August 22, 2024 - Economic and Fiscal Update
- Thursday, August 29, 2024 - Economic Vitality and Development
- Wednesday, September 4, 2024 - Transportation
- Wednesday, September 11, 2024 - Elections

## Request for Council Direction

The purpose of this study session was to provide City Council and the public with a comprehensive overview of Broomfield's Enterprise funds (current state) and recommendations to ensure solvency now and in the future.

### Staff is seeking direction from the Council as follows:

- Does staff have direction from Council to proceed with bringing forward the recommended utility rate increases, including establishing and implementing a stormwater fee, to be effective January 1, 2025, and to bring forward an ordinance on 1st and 2nd reading in late September and October of this year.