City of Arvada
City Council Agenda
MAY 13, 2025

Councilmembers:
Lauren Simpson, Mayor
Randy Moorman, Mayor Pro-Tem
Shawna Ambrose, District 2
Sharon Davis, At large
Bob Fifer, District 4
John Marriott, District 3
Brad Rupert, At large

Staff Members Usually Present:
Linda Haley, Acting City Manager
Don Wick, Deputy City Manager
Rachel Morris, City Attorney
Jacqueline Rhoades, Director of Public Works
Jessica Morales, Interim Director of Utilities
Jessica Garner, Director of Community & Econ. Dev.
Bryan Archer, Director of Finance
Gabriella Bommer, Director of Human Resources
Ryan Stevenson, Director of Vibrant Community & Neighborhoods
Rachael Kuroiwa, Director of Communications & Engagement
Ed Brady, Chief of Police
Kristen Rush, City Clerk

Info: 720-898-7550

WORKSHOPS
CITY COUNCIL CHAMBERS
6:00 P.M.

1. Call to Order/Roll Call of Councilmembers
2. Workshops
   A. 2026 Water, Wastewater and Stormwater Rates/Fees Workshop
   B. Staff Updates
3. Adjournment

CITY OF ARVADA

REPORT TO CITY COUNCIL WORKSHOP	AGENDA ITEM 2.A.

TO: THE HONORABLE CITY COUNCIL DATE: May 13, 2025

SUBJECT: 2026 Water, Wastewater and Stormwater Rates/Fees Workshop

Report in Brief

The City team will provide an overview of how the utility enterprise projects (water, wastewater and stormwater) are planned and prioritized. The team will also provide an overview of how the enterprise funds receive funding.

Background

The Arvada community relies on their water, wastewater, and stormwater utilities to be there when they need them. This infrastructure requires regular maintenance and, at times, major investments in order to keep the system functioning 24 hours a day, 7 days a week, 365 days per year.

The city's water, wastewater, and stormwater systems date to the early 20th century with current components installed starting in the 1950s. Between the 1960s and 1980s, Arvada residents provided a funding boost to our water and wastewater systems. Those infrastructure components are reaching the end of their useful life.

The City's water and wastewater systems are vast, with raw water components, two drinking water treatment facilities, over 635 miles of water pipe, and over 450 miles of wastewater pipe. The City's stormwater system encompasses the entire City, and is intended to reliably manage water from storms of varying sizes while protecting the property of the City and our residents/businesses.

Each year, the City team prioritizes projects in our system to keep delivering the level of service residents have come to expect. Some projects build capacity for new users and other projects replace and rehabilitate the existing system.

Replacing and rehabilitating our water, wastewater and stormwater systems is paid for through customer rates and bimonthly service fees (for water and wastewater customers). Water/wastewater system development charges are collected from new homes and businesses to pay for the new capacity needed to serve them. Once in the city system, these customers pay rates and bi-monthly service fees like everyone else.

The City’s Infrastructure team has presented a number of workshops to City Council over the last few years to provide information about the status of the existing systems and the need to reinvest and/or increase capacity for growth. We have also annually requested direction for adjusting rates/fees and system development charges to support a high level of service for the community.

The City’s Infrastructure team continues to prepare for investments in operations and infrastructure as part of our ongoing commitment to continue to provide reliable water, sewer, and stormwater drainage services to our community. Priorities are set based on direction from the City Council Strategic Plan, Level of Service goals, and supporting a market-driven pace of planned development.

This workshop will present an overview of the City team's planning and prioritization system for the water/wastewater/stormwater enterprise funds, a review of Level of Service goals, and an overview of the financial and data analysis conducted in support of the 2025 rate and fee recommendation.

Strategic Alignment

The recommended action aligns with the Infrastructure Work System Services within the City Council Strategic Plan. The recommended action is consistent with the work system service INF1: Provides the community with a safe, resilient, high-quality water supply, drainage system, wastewater disposal and solid waste management services for full city build-out, as defined by the Comprehensive Plan. This includes maintaining utility rates at lowest practical levels with accurate billing that supports robust and reliable infrastructure.

Next Steps

The team will return with financial options that will inform rate/fee scenarios in workshops on July 1 and August 12.

Prepared by:
Christine Gray, Utilities Business Manager

Reviewed by:

Approved by:

Jessica Morales, Assistant City Attorney	4/21/2025
Jacqueline Rhoades, Director of Infrastructure	4/24/2025
Bryan Archer, Director of Finance	4/25/2025
Tammy Hedlund, Legal Specialist	4/28/2025
Rachel Morris, City Attorney	4/29/2025
Don Wick, Deputy City Manager	4/29/2025
Linda Haley, Acting City Manager	4/30/2025

Enclosure, exhibits & attachments required to support the report

Utilities Project Planning and Financial Strategies

2026 Water, Wastewater, and Stormwater Rates/Fees
City Council Workshop
May 13, 2025

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Tonight's Agenda

- September 2024 Requests to the City team
- Utilities Infrastructure Overview
- Financial Strategies and Process
- Project Planning Process and Project Highlights
- 2025 Rate/Fee Recap
- Request for Feedback
- Next Steps

In September 2024, you asked us to….

- Review the highlights of completed projects
- Evaluate a Pumped Zone surcharge in the future (addressing the increased costs of pumping water versus gravity distribution)
- Tell you more about the Stormwater Fund
- Evaluate some additional Assistance Programs, including the cost/benefits of a bill roundup process, continue our referral relationship with our Community Table partners, leverage the Resident Rebate list to provide outreach about our programs. Also, investigate possible ways to provide assistance to renters.
- Reinstate the Shutoff Process to keep customers from carrying extremely high balances

City of Arvada Utilities Infrastructure By the Numbers

The City's water, wastewater and stormwater systems date to the early 20th century with current components installed starting in the 1950s with significant investment between the 60s and 80s. Much of this infrastructure is reaching the end of its useful life.

- ~40,000+ households, 120,000+ residents, ~40 square miles
- 99.84 full time employee positions across Water Operations & Treatment, Customer Billing, Water Resources, Wastewater, Stormwater, Engineering
- Water supply ~75% Denver Water (Gross Reservoir), 25% Clear Creek
- ~6.4 billion gallons of treated water per year
    - Ralston Water Treatment Plant (WTP) treatment capacity is 36 Million Gallon per Day (MGD)
    - Arvada WTP treatment capacity is 16 MGD
- 11 water storage tanks, 3 raw water pump stations, 8 potable pump stations
- 630+ miles of distribution pipes
- 38,000 water meters & 6,000 hydrants
- 400 miles of sewer line maintained by Arvada
- Over 10,000 maintenance holes and 2 lift stations
- 221 miles of storm drains

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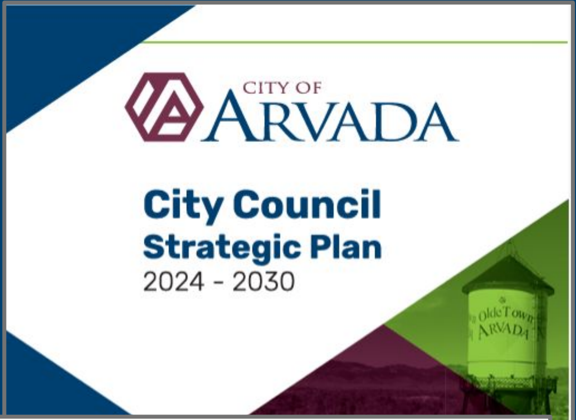
Alignment with City Council's 2024-2030 Strategic Goals

The planning and implementation of projects for Water, wastewater and stormwater services are foundational to the success of City Council's strategic goals



Infrastructure

The Infrastructure Work System consists of the Public Works and Utilities departments. The community depends on a well-maintained foundation of streets, sidewalks, and water, wastewater and stormwater facilities. Planned and steady population growth requires proper maintenance of existing infrastructure including City buildings and fleet, as well as additional capacity to support a thriving community. To support infrastructure, the City of Arvada:

INF1
Provides the community with a safe, resilient, high-quality water supply, drainage system, wastewater disposal, and solid waste management services for full city build-out, as defined by the Comprehensive Plan. This includes maintaining utility rates at lowest practical levels with accurate billing that supports robust and reliable infrastructure.

INF2
Invests in and maintains safe, resilient, accessible, and environmentally efficient City facilities and fleet vehicles.

INF3
Maintains existing roads and transportation network in tandem with snow and ice control services to ensure swift and safe transportation modes for the community.

INF4
Innovates safe, accessible, and efficient connections to modes of transportation, including transit, streets, sidewalks, and bikeways, with a focus on enhanced technology at high-priority intersections improving safety, minimizing traffic congestion, and making first and last-mile connections.

INF5
Applies cost-effective and timely engineering, planning and design, construction practices, and established standards and specifications to align public infrastructure reinvestment capacity with community needs.

INF6
Develops, advances, and implements systems of asset management to support levels of service commitments.

INF7
Ensures compliance with federal and state regulations including environmental laws and Americans with Disabilities Act.

INF8
Develops and implements aligned infrastructure master plans and sustainable financial strategies.

INF9
Provides timely engagement opportunities and information about public infrastructure.

Organizational and Service Effectiveness

The Organizational and Service Effectiveness Work System consists of the City Manager's Office, Communications and Engagement, City Attorney's Office, Finance Department, Information Technology Department, and Human Resources Department. The community depends on a well-managed, fiscally responsible, and transparent City government. Performance-based management practices, sustainable levels of resource use, efficient use of technology, a high-performing workforce, and legal and ethical compliance will ensure the long-term credibility and effectiveness of the City government. To support organizational and service effectiveness, the City of Arvada:

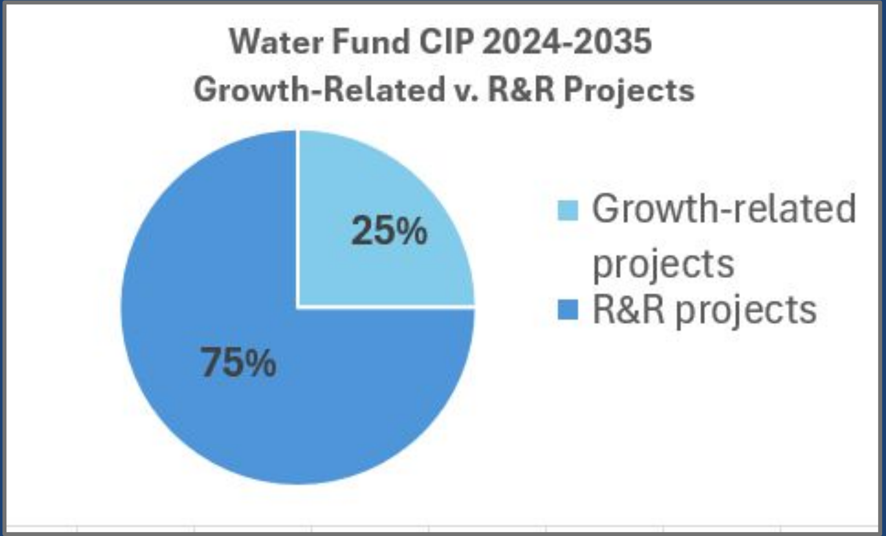
OSE1
Provides leadership, policy and guidance, communication, and engagement services to City Council, the community, and the organization by utilizing a values-driven culture, ethical behavior, and transparency to maintain trust.

OSE5
Provides financial management services to facilitate responsible resource allocation and sustain current service levels while identifying revenue requirements to promote long term financial resilience.

Utilities Financial Strategy Overview - 2019 to Present

- 2019-2022: Water, Sewer and Stormwater Master Plans
- 2021: Approached City Council with initial Financial Strategy concepts
- 2022: Roadmap and alternatives
- Revenue sources:
  - Annual rates adjustments
  - Annual bimonthly service fee adjustments (since 2022)
  - System Development Charge adjustments, effective October 1, 2023
  - Debt financing:
    - Spending the December 2022 Bonds: $50M water, $50M sewer
    - 2025 revenue bond issuance for water and sewer funds
    - There is a need for additional funding for outyear capital project funding
  - City team continues investigating/ranking all funding options - bonds, low-interest loans, grants.

Water and Sewer Fund CIP Projects: Growth-related vs. Repair & Replacement (R&R)



Growth-related projects are primarily the Gross Reservoir Expansion project, the AWTP Replacement project + developer-contributed system expansion projects.

The majority of Wastewater projects are a combination of growth and R&R, and cannot be separated

Utilities Project Planning, 2019 to today

City Council directed planning for all major utility areas:

- Water treatment, water distribution, wastewater collections, stormwater, water supply

Through Master Planning over the last few years all areas showed significant need:

- Water Treatment - replace a facility, major rehabilitation at a facility
- Water Distribution - need for piping and storage
- Wastewater Collections - extensive interceptor deficiencies
- Stormwater - Extensive areas of missing/undersized infrastructure
- Water Supply Report is wrapping up in 2025

The City team continues to address the findings & implement solutions

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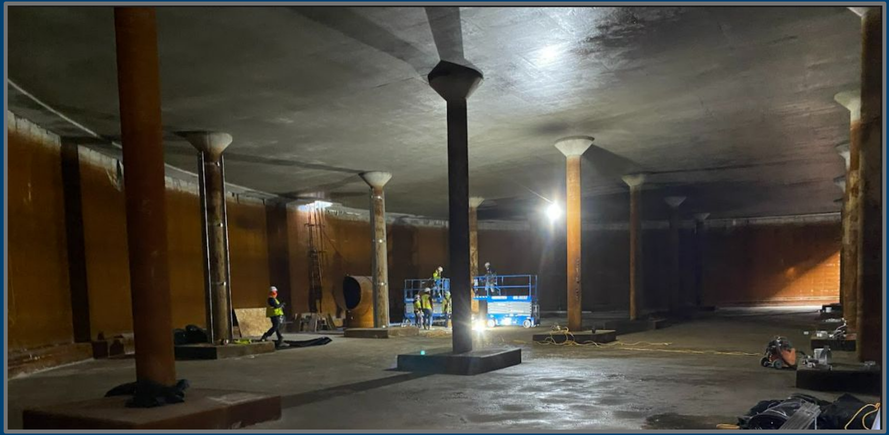
Water Fund: Some of the projects completed in 2023 and later - Thank you for your support!

- 2021 Water Line replacement: *will be completed in 2025, 2 segments remain*
- 2022 Water Line replacement
- Castlegate Water Line replacement
- 2024 Water Line replacement: *will be completed in August 2025*
- Ralston Water Treatment Plant (WTP) Filter & Solids Improvements
- 3.5 million gallon (MG) tank baffling project
- Corrosion Control Study/Galvanized Service Line Replacement
- Indiana Service Line replacement: *will be completed in early July 2025*
- Arvada WTP pilot project
- Zephyr Tank and Canyon Pines Pump Station: *(funded by developers)*

Bond funds spent YTD: $42M (out of $50M). On track to spend by end of 2025.

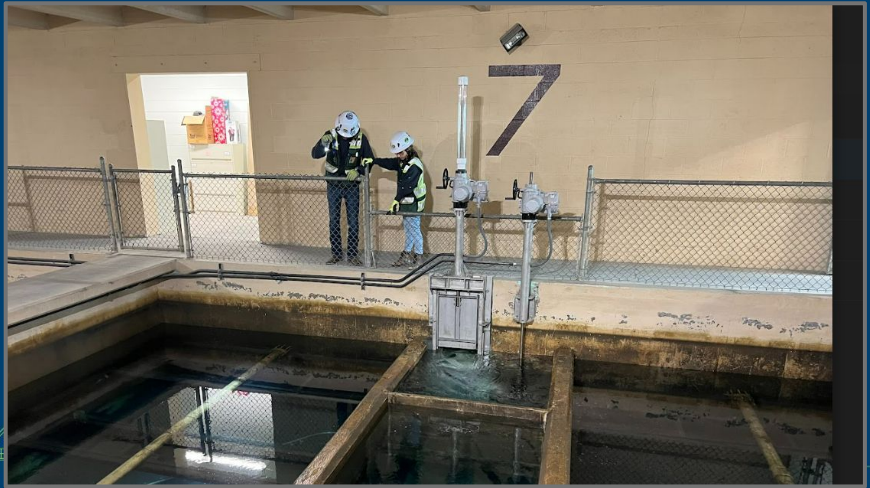
Water Fund - Projects that were bond/cash funded - Thank you for your support!

Lead Service Replacement project



3.5MG Tank Baffling project

RWTP Filter & Solids project



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Wastewater Fund: Some of the projects completed in 2023 and later - Thank you for your support!

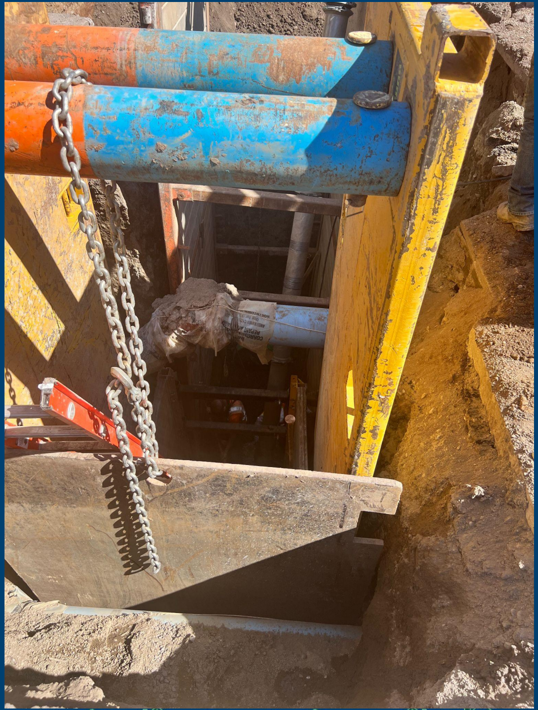
- 2023 Cured-in-Place-Pipe (CIPP) trenchless sewer repairs
- North Trunk Line, segment 4
- Central Ralston Trunk Line, segment 6 (Danny Kendrick)
- Central Ralston Trunk Line, segment 7 (Davis Lane)

Bond funds spent YTD: $13M (out of $50M). On track to spend by end of 2025.

Wastewater Fund - Projects that were bond/cash funded - Thank you for your support!

CRT 7

CRT 6



Stormwater Fund - Some of the projects completed in 2023 and later - Thank you for your support!

- Drainage improvements projects - addressing local drainage issues from community feedback
  - 69th and Indiana storm sewer replacement
  - Sinkhole repair at 60th and Newland
  - Corrugated Metal Pipe Replacement
- Lake Arbor Improvements
- Ralston Creek at the Croke Canal Crossing

Stormwater Fund - Projects that were cash funded in partnership with Mile High Flood District

Lake Arbor Restoration
Completed 2025

Ralston Creek at the Croke Canal crossing
Expected completion Fall 2025

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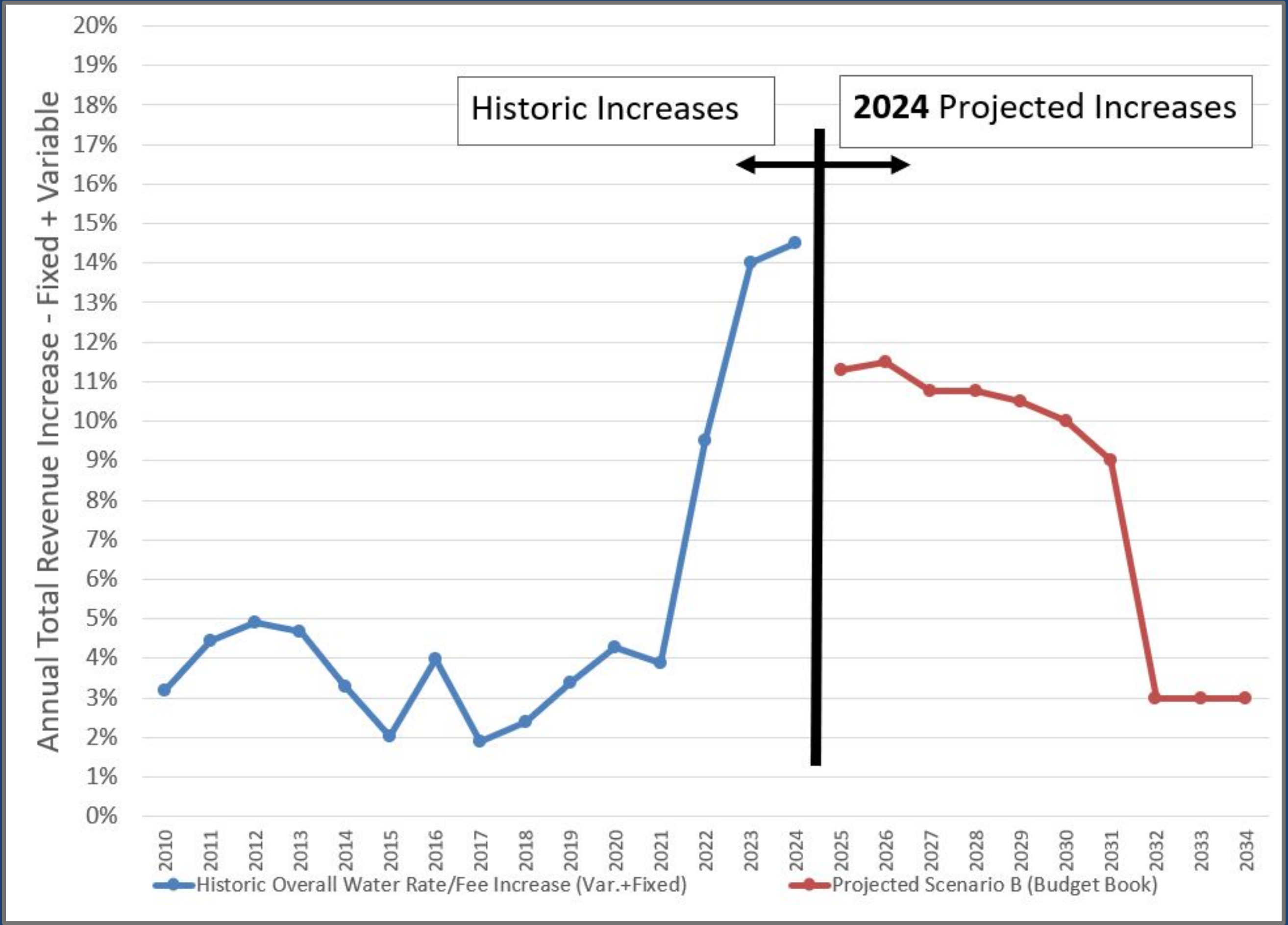
2025 Utilities Rate and Fee Recommendation Recap

Rate/Fee Setting Process

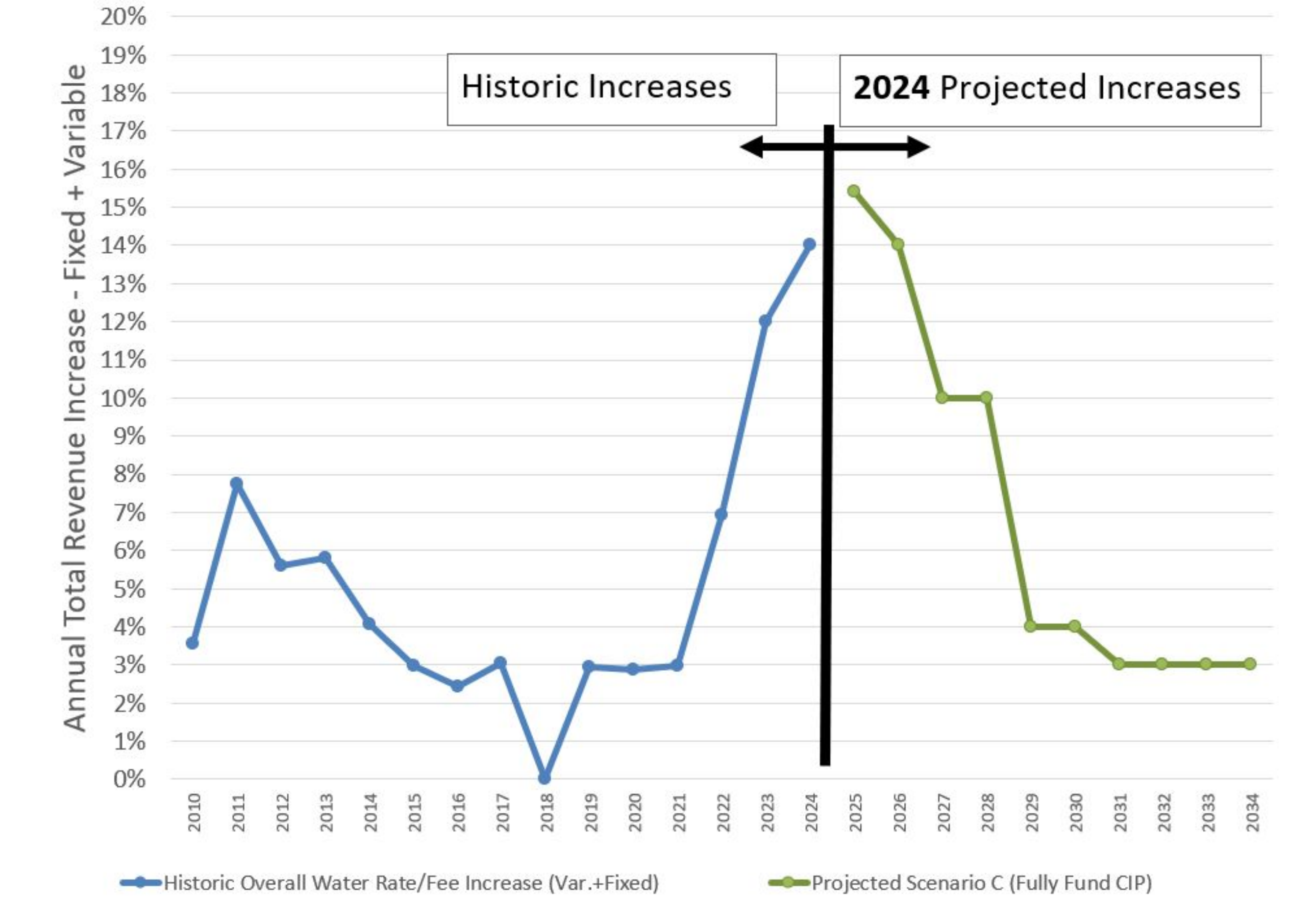
- During the annual budget process, we review expenses (and incorporate anticipated inflation):
  - Staffing + level of service needs/backlog
  - Capital Improvement Plan (CIP) projects - combination of aging infrastructure and capacity for planned development
    - We plan projects 10-years out, refine costs annually
  - Pass-through operational cost increases from Metro and Denver Water
  - Internal Service Funds/General Fund
- Participate in the Internal CIP and Operating Budget Hearings (spring + summer)
- Receive City Council feedback and incorporate it into scenarios
- Rate/fee adoptions are concurrent with the budget adoption process (October)
- Updated rates/fees are effective January 1 of the following year

Historic and Projected Water Rate Increases



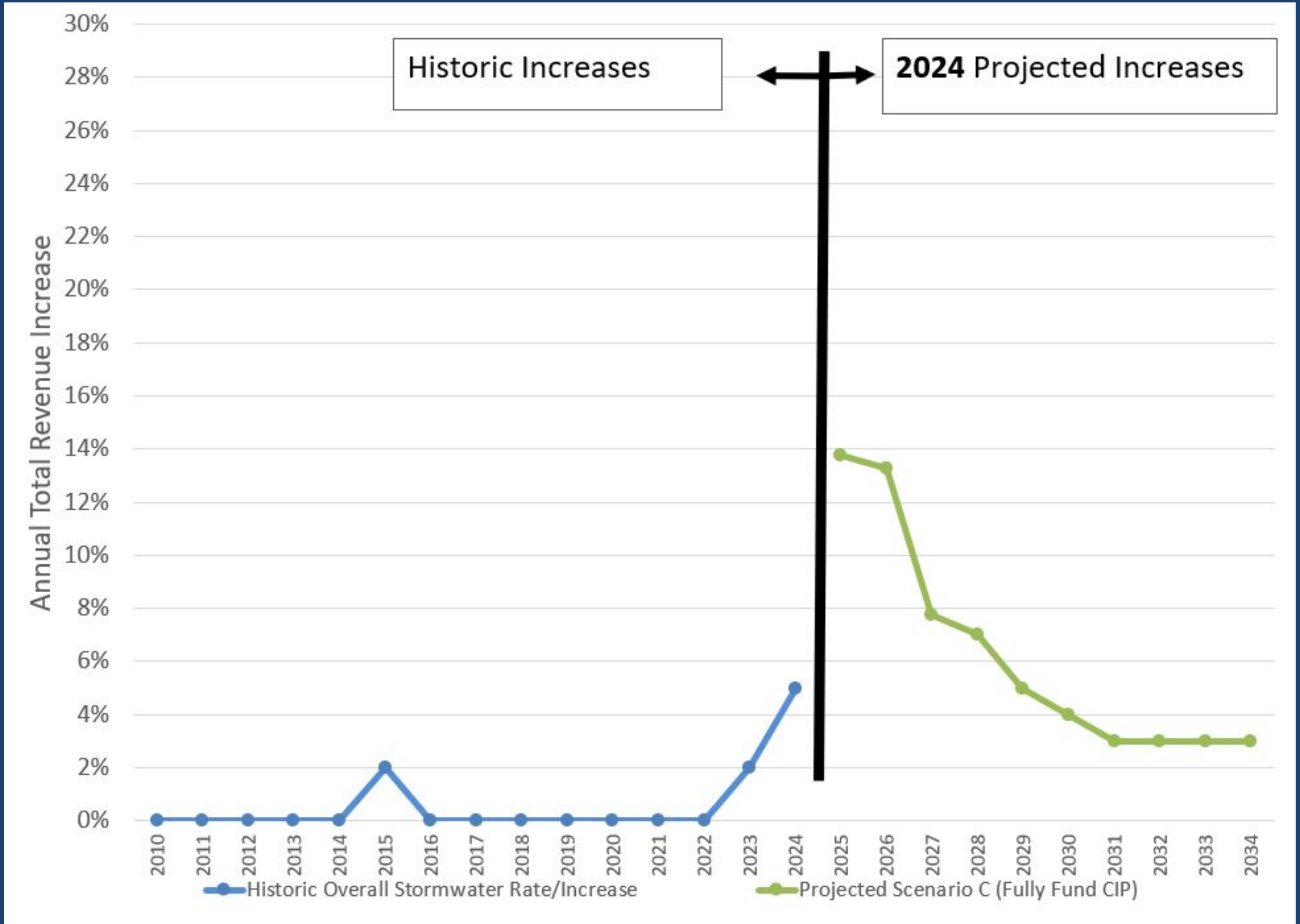
City Council adopted rates/fees at 11.29% to fully fund all Capital Improvement Plan priorities

Historic and Projected Sewer Rate Increases



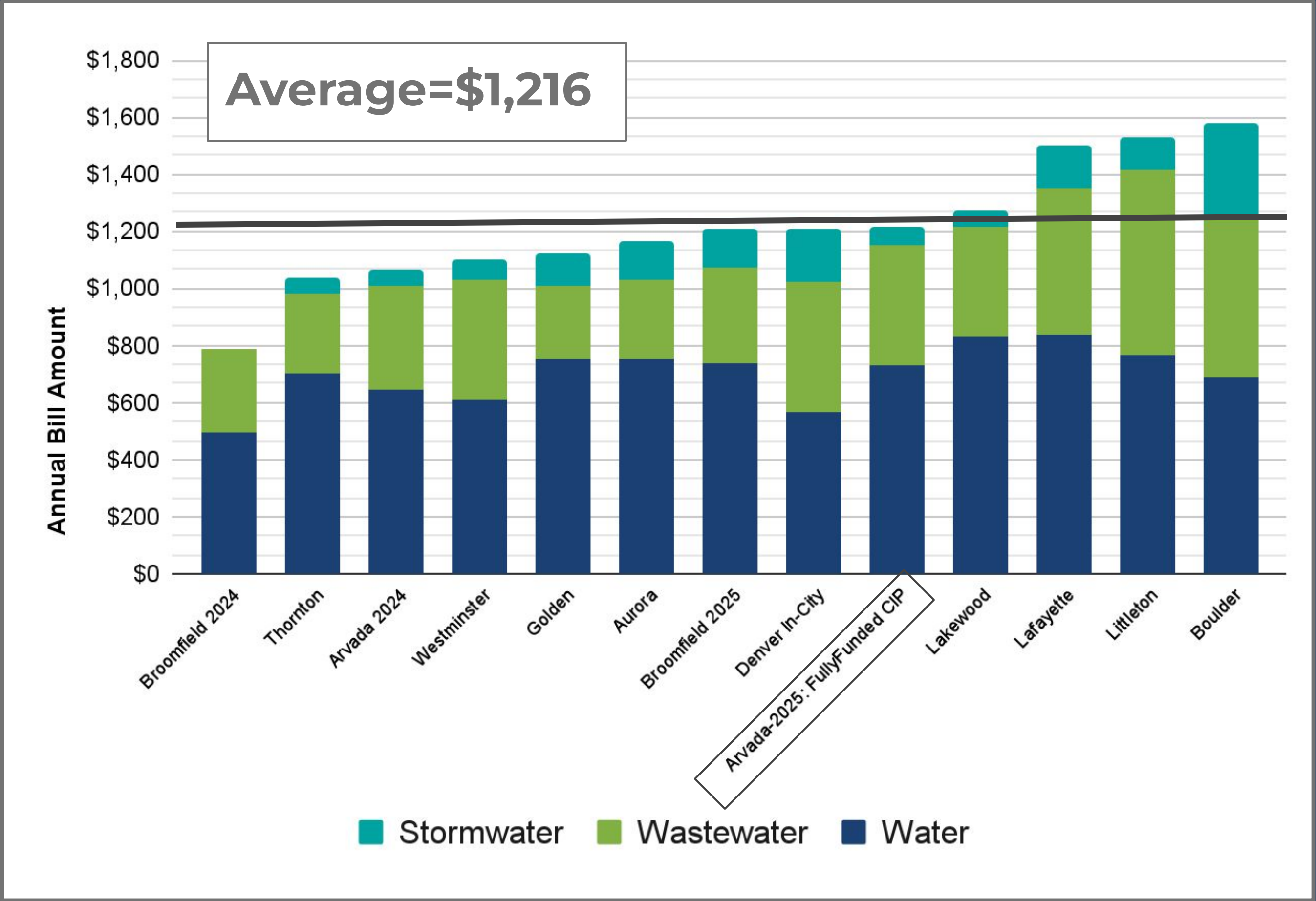
City Council adopted rates/fees at 15.40% to fully fund all Capital Improvement Plan priorities

Historic and Projected Stormwater Rate Increases



City Council adopted rates/fees at 13.75% to fully fund all Capital Improvement Plan priorities

Typical 2025 Single Family Water, Sewer & Stormwater Annual Bill* - Fully Funded Scenario



** Comparisons to 2024 rates/fees of neighboring cities.*

City Assistance Program Usage

	Federal Funds (LIHWAP)	Utility Bill Payment Plans	Utility Bill Equalization Plans	$100 Hardship Credits	Accounts Sent to Jefferson/Adams County for Liens
2020	N/A	695	353	0	0
2021	N/A	638	332	2	80
2022	N/A	1,078	307	0	98
2023	143 total	513	303	2	204
2024	Program discontinued	827	293	23	313
2025 YTD	N/A	258	309	9	TBD

2024 Additional Assistance Program Recommendations & Updates

Recommendation	2025 Update
Referrals to/from Community Table	Community Table is offering food assistance, does not have funding to provide financial assistance. They have been referring clients to the City.
Leverage the City's existing Resident Rebate Program to notify eligible customers of our programs	The City team is working on a postcard to send to the ….call us to see if you're eligible for any of our assistance programs.
Continue to research a 'round-up' option for customer bills and/or a Ralston House-type donation assistance program	The City team can begin discussing this work with the billing software vendor as part of the 2027 system upgrade. This type of program will likely require significant staffing time to test/implement, and a currently-unknown amount.

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What feedback would City Council like to provide to the City Team for this water, sewer and stormwater rate and fee setting process?

Next Steps

City Council Date	Topics to be Discussed
July Workshop	● Foundational information ● Funding options, choices, pros/cons
August Workshop	● Rate/fee scenarios
September Workshop	● Final discussion about rates/fees scenarios, direction for what scenarios to return with for adoption
October 6, 2025	1st reading for revenue (rates/fees) adjustments
October 20, 2025	Public Hearing/2nd reading for revenue (rates/fees) adjustments

Thank you.

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REPORT TO CITY COUNCIL	AGENDA ITEM 2.B.

TO: THE HONORABLE CITY COUNCIL DATE: May 13, 2025

SUBJECT: Staff Updates

Report in Brief

The purpose of this workshop is for staff to provide City Council with brief updates on projects and issues that do not require a full workshop.

Prepared by:
Chris Koch, CCO Admin

Reviewed by:

Approved by:

Enclosure, exhibits & attachments required to support the report