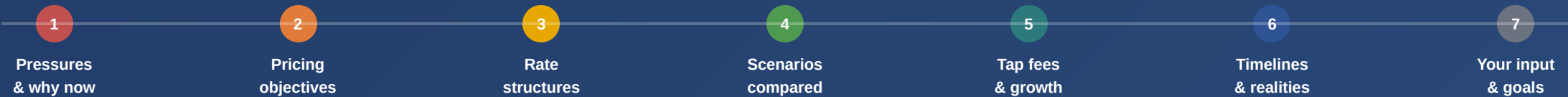


Louisville's Water Future — the Choices Ahead

A plain-language build-up: the pressures, the City's goals, the structure choices, and what's realistic — before any decision.

HOW TODAY BUILDS, STEP BY STEP



Several pressures are converging — and rates haven't been rethought in a decade

How the City **prices** water quietly sets how much supply and infrastructure it must build and how fairly the cost is shared. None of these forces is an emergency alone — together, and with every major plan being refreshed at once, they make this the moment to look at pricing deliberately.

GROWTH & DENSITY

More homes & smaller units. Firm supply covers only ~84% of buildout demand.

HOMES & DEMAND rising ↗



HOTTER & DRIER

A longer, hotter irrigation season means more outdoor water used every month — and a hot-dry vs cool-wet year swings demand ~66%.

SUMMER HEAT trending up ↗



COSTLY NEW WATER

New water ~\$90–100k/AF (was ~\$10k in 2010). Capital ramping to \$5–25M/yr.

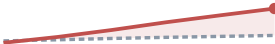
\$ PER ACRE-FOOT ~9× since 2010 ↗



THE COST SQUEEZE

Costs rising faster than acceptable rate bumps — real rates essentially flat.

COSTS VS. RATES gap widening ↗



+2.5%

real water rate, 2009 → 2025 (nominal +54% ≈ CPI +50%)

VS ~9×

rise in the cost of an acre-foot of new water, same period

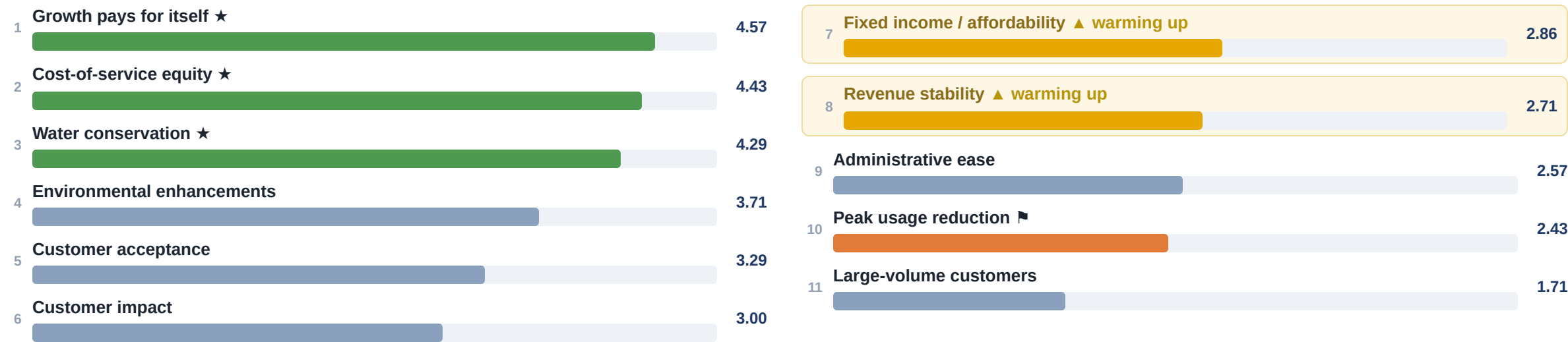
Why now: the Comprehensive Plan, Housing Plan, and Utility System Infrastructure Plan are all being refreshed together. It's the rare window to design the rate structure **deliberately** — before the next tranche of capital is committed under pricing that quietly forces the City to build more than it needs. Getting pricing right is the highest-leverage move available.

What people can live with — the yearly water-rate increase that feels OK (the Committee's own guide)

0–5% · Ideal barely noticed	5–10% · Reasonable most people accept	10–15% · Now & then needs a clear reason	15%+ · Hard feels like a shock
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The City's 2014 pricing objectives — the yardstick for every option ahead

In 2014 the Utility Rate Task Force scored eleven objectives (1–5). These are Louisville's *own* priorities — every structure and scenario in this deck is tagged to which of them it serves. **The first question for the committee: do these rankings still hold, or should they change?**



★ the 2014 top three · ▲ **warming up** — affordability & revenue stability come under real pressure as the coming increase lands (slide 7), so they may deserve more weight now · ▢ candidate to re-weight (peak).

? Your first decision: are these **still the right priorities?** With a real increase coming, **affordability and revenue stability are heating up** — should they move up? Your answer reweights everything that follows.

▢ **ONE WORTH REVISITING**

Peak-usage reduction ranked near the bottom in 2014 (2.43) — but the capital analysis now shows the summer **peak is exactly where the \$45–75M of avoidable cost sits**. A candidate to move up.

Four ways to price water — each serves different 2014 objectives

Why structure matters (17 yrs of data): summer **weather** drives the costly peak (+4% use per +1°F; +66% in a hot-dry vs cool-wet year), while past rate increases changed **nothing** — real rates are flat, so price never registered. **There's a reason we peak, and no one worries about the bill.** A structure only helps if it makes heavy summer use *visible and a little costlier*.

UNIFORM / FLAT

One price for all; blind to yard size & the peak.

Best when: simplicity is the top priority.

#9 Admin ease

#5 Acceptance

TIERED (BLOCKS)

Price steps up with use; one ladder for everyone.

Best when: you want a modest first step.

#3 Conservation

#9 Admin ease

SEASONAL

Higher price in summer; targets the peak, but bluntly.

Best when: the peak is the main worry.

#10 Peak

#3 Conservation

WATER BUDGET

Each property's own indoor+outdoor need; priced to cost.

Best when: fairness & peak matter most.

#1 Growth

#2 Equity

#3 Conserv.

#10 Peak

Read the tags: the simpler structures serve **admin ease (#9)** and **acceptance (#5)**; the water budget is the only one that reaches the **top three 2014 goals (#1 #2 #3)** plus the peak lever (#10) — at the cost of being the hardest to run. Which objectives you weight (previous slide) points to which structure fits.

Five rate scenarios, scored — and the objectives each one serves

The same tradeoffs made scannable. **No scenario wins every column** — the right choice depends on which 2014 objectives (last slide) the committee weights most.

RATE SCENARIO	CONSERV. & PEAK	REVENUE STABILITY	EQUITY	AFFORD. & IMPACT	SIMPLE TO RUN	PUBLIC ACCEPT.	TOP OBJECTIVES IT SERVES
Keep current (uniform tiers)							#9 #5 — fixes none of the top 3
Steeper tiers (blocks)							#3 — a nudge; still blind to yard size
High fixed charge							#8 Revenue — but kills the signal
Seasonal surcharge							#10 #3 — peak-focused, but hits all
Water budget							#1 #2 #3 #10 — top goals; hardest to run

strong moderate weak · #tags = 2014 objectives served · scoring consistent with the technical study.

The pattern: simple options score green on ease but red on *fairness & conservation*; the water budget flips that — strong where the top 2014 goals live, weak only on simplicity. **You're choosing which column, and which objectives, to protect.**

Tap fees — pay up front, or over time? The tradeoff is real risk vs. flexibility

A new connection pays a one-time **tap fee** (about **\$53,500** for a new home) so growth funds its own capacity and water. That directly serves the City's **#1 objective — growth pays for itself**. Developers sometimes ask to pay over time; whether and how the City allows that is a genuine tradeoff.

PAY UP FRONT (TODAY'S PRACTICE)

- **Cash arrives when infrastructure needs it** — no timing gap.
- **No collection risk** and no exposure if a project stalls or fails.
- Cleanly serves **#1 Growth pays** and **#8 Revenue stability**.
- Harder on developer cash flow — can slow some projects.

PAY OVER TIME (PAYMENT PLANS)

- Eases developer cash flow; may help projects pencil.
- **Risk — payments aren't guaranteed:** may arrive late, or **not at all if the development fails**.
- **May require active bill collection** — liens, enforcement, staff time.
- **Cash-flow mismatch:** the City often needs the money **when it builds infrastructure**, not when installments happen to trickle in.

Guardrails if payment plans are allowed: keep them **secured** (recorded lien) and **never interest-free**, or existing ratepayers quietly subsidize growth — breaking objective #1. The lowest-risk route is **metro-district financing** (the City is paid up front; the district carries the developer). Reserve any City installment plan for targeted, well-secured cases. **A question for the committee: how much collection risk and timing mismatch is acceptable to support development?**

A rate increase is coming no matter what — the choice is **how we pay for it**

Being upfront: a meaningful increase is coming regardless of which rate structure we pick — because large, overdue capital bills are landing soon. The rate *structure* decides who pays fairly; the *financing* decides whether it arrives as a shock or a steady climb.

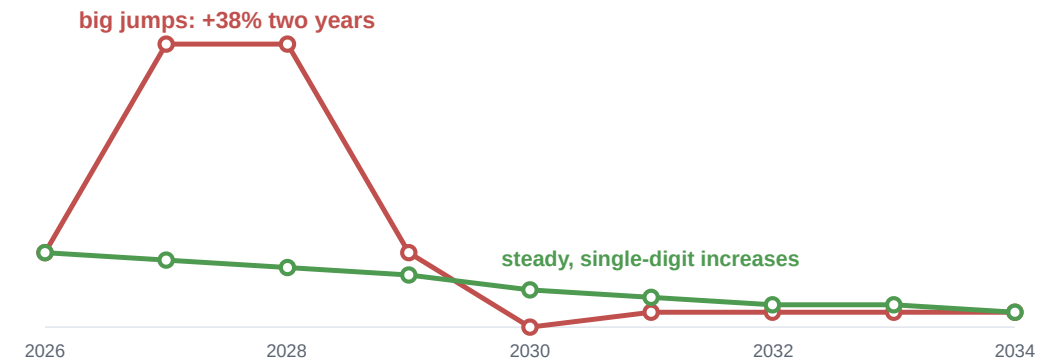
WHAT'S HITTING NOW

A big capital year lands in **2027** — a treatment-plant project, the new meters, and water-supply work all at once. **Paid entirely in cash**, water rates would jump **~38% two years running** (the base charge nearly doubling), and the utility's savings would run dry.

THE SUSTAINABLE WAY

- **Borrow for the big, long-lived projects** — like a mortgage, the people who use them for 30–50 years help pay, and the payment is spread and steady.
- **Pay cash for small yearly upkeep** (pipes, meters) — matched to short-lived things.
- **Make growth pay its own way** with tap fees — not existing customers.
- **Delay the nice-to-haves** until there's room.

Two ways to pay for the same projects



Yearly water-rate increase. **Pay all cash** → big jumps. **Borrow & spread** → steady, predictable increases that stay within a tolerable range — while keeping a healthy savings cushion.

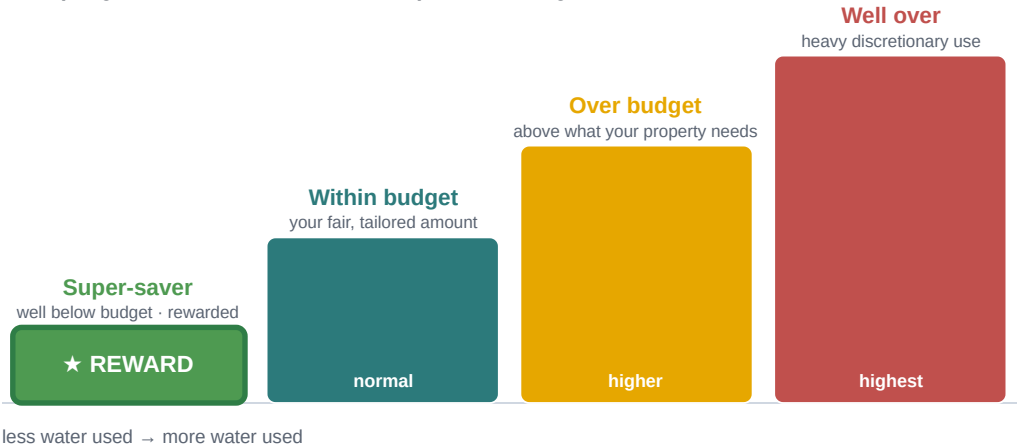
"Need vs. want" isn't mainly about cutting projects — it's about **how each one is paid for and when**. Spread the big, long-lived ones sensibly and the increase becomes a steady climb instead of a shock — and the **water budget pushes the next wave of big costs even further out**.

A super-saver rate: reward the careful, protect the essential

A water budget already charges **more** for heavy overuse. A super-saver rate adds the other half — a **lower** price for households that use **well below** their budget. It turns the structure into **carrot and stick**, and directly cushions careful, low-use customers — often **seniors and small households** — from the increase that's coming.

How it fits — a fuller price ladder

Price per gallon → rises with use; the super-saver rung sits below "normal"



The first few thousand gallons — **essential indoor use** — can also be held at a low "lifeline" price so everyone's basic needs stay affordable.

WHAT IT DOES WELL

- **Rewards saving directly** — a carrot, not just a penalty (objective #3, conservation).
- **Protects affordability & fixed incomes** — the objective that's warming up (slide 3, #7).
- **Popular & easy to explain:** "the City rewards households that use the least."

THE HONEST TRADEOFF

A discount is **revenue the utility gives up**. Done right, it's funded **from the over-budget charges** — so heavy users effectively pay for the savers' reward and it stays roughly **revenue-neutral**. The threshold ("how far below budget earns it") has to be set with care.

My perspective: a super-saver is the natural complement to a water budget and a direct answer to the affordability pressure — it makes the whole structure feel **fair to the people using the least**. Three ways to build it: reward **below-budget use**, hold a low **essential first block** for everyone, or an **income-qualified** discount (via the Sister Carmen partnership). The Committee decides how generous, and who funds it — the cleanest version has **savers rewarded by over-users, not by other savers**.

Who does the work — and what the full study realistically costs

The City already has a proposal in hand from **Jason Mumm**, a veteran Colorado rate consultant. Important nuance: it covers **only the tap-fee update** — the full cost-of-service and rate design that this orientation is about is a **larger, separate engagement**. Here's the consultant, and a planning-level cost picture for budgeting.

THE LIKELY CONSULTANT — JASON MUMM

- **~30 years** of municipal water & wastewater rate and fee consulting across Colorado and the West.
- **Past-Chair, AWWA Rates & Charges Committee**; steering committee for the **AWWA M1 Manual (8th ed., 2026)** — the industry's core guidance for these studies.
- Co-author of Colorado impact-fee legal papers; admitted **expert witness** in 7+ states; prior rate work for the City of Arvada.
- **A known quantity here:** has done work for the City of Louisville before and was a Louisville resident. MBA (CU), Finance/Econ (CSU).

What's proposed now vs. the full scope (planning-level)

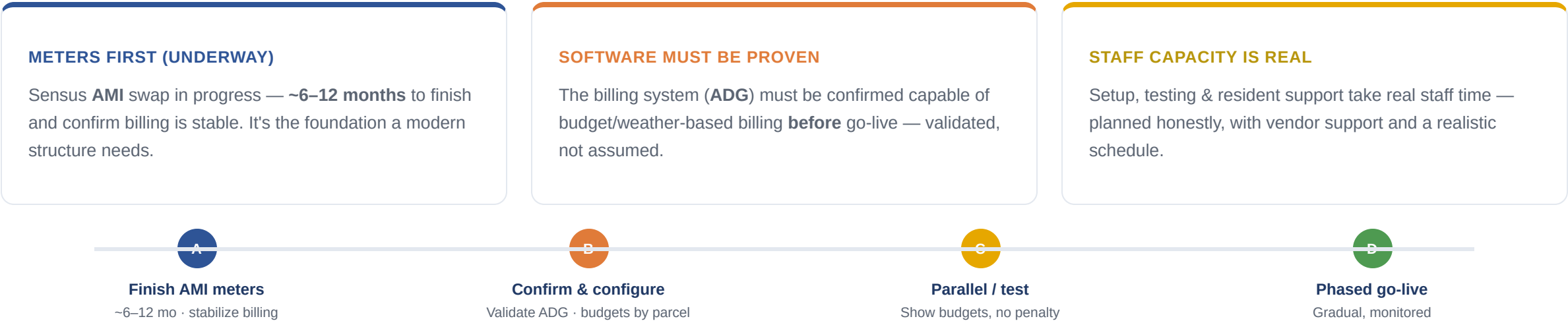
SCOPE	EST. COST	EST. TIME
Tap-fee update (proposed)	\$26.5k	12 wks
+ Water cost-of-service study	+\$45–75k	3–5 mo
+ Full rate design incl. water budget	+\$30–60k	+2–4 mo
= Full water rate redesign	~\$90–175k	6–12 mo
(+ Sewer & stormwater COS/rates)	+\$50–120k	→ \$150–300k

Planning-level ranges for budgeting — not quotes. A full-redesign scope would be proposed separately (tap-fee study ≈ 106 hrs at \$250/hr as the anchor).

Bottom line: the **\$26.5k tap-fee study is a small, well-defined first piece**. A full cost-of-service and water-budget rate design is a larger, multi-phase engagement — realistically **\$90–175k for water** (more with sewer & stormwater), over **6–12 months**. Budgeting for that scope now — with a consultant of this caliber — directly answers the "*do we have the capacity to do this right?*" question, and avoids a stop-start later.

Whatever is chosen, it's a multi-year build — sequenced, not flipped on

A good structure still has to be implementable on the City's meters, software, and staff. Three realities set an honest pace — and the groundwork has to come first.



The honest message: from a decision, the first live bills are realistically **a couple of years out** — meters (~6–12 mo), then software validation, then a no-penalty test period, then a phased rollout. Doing the groundwork first, and bringing businesses and residents in during design, is exactly what makes it land smoothly. **Better to sequence it right than to rush it.**

This is a conversation — what do you want the rate structure to achieve?

Nothing is decided today. Each real choice comes later with its own session, data, and public input. Today's ask: confirm the priorities, and flag the fairness questions that matter to you — they become the scorecard for every option.

Confirm or re-rank the goals — then we test options against them

#1 Growth pays for itself

#2 Cost-of-service equity

#3 Water conservation

#5 Customer acceptance

#7 Affordability

#8 Revenue stability

#9 Admin ease

#10 Peak reduction

Three questions to take with you: (1) Which goals rank highest for you now? (2) What worries you most about a change? (3) What would make this a clear **success**?

The path from here: confirm goals → work the topics one at a time → a draft direction → public input → Council → a phased rollout. **You steer at every step; the study informs.**
No vote today.

Fairness questions we'll design around

- **Every class differs:** single-family (big summer swing), apartments (one master meter), commercial (steady), industrial (variable process), irrigation-only (all peak), municipal — each needs tailored, equitable treatment.
- **Business-friendly:** budgets on real need, glide paths, an economic-development lens.
- **Understandable for everyone,** including seniors: a bill that explains itself, no app required, human help.