



CITY COUNCIL WORK SESSION

448 E. 1st Street, Room 190 Salida, Colorado 81201

November 02, 2020 - 5:00 PM

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AGENDA

DISCUSSION ITEMS

- [1.](#) Water and Wastewater Rate Studies
- [2.](#) New Website Presentation
- [3.](#) Public Art Commission Interviews

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CITY COUNCIL WORK SESSION

MEETING DATE: November 2, 2020
AGENDA ITEM: Water & Wastewater Rate Study
FROM: Aimee Tihonovich, Finance Director

Ehlers has completed the water and wastewater rate studies and will be at the meeting to present their findings. The studies are attached.

The studies recommend an annual increase of 4.95 to Wastewater usage fees and a 2.58% increase for Water. This is comparable to the increase implemented for 2020 (5% and 3% respectively).

October 20, 2020

2020 Water Rate Study:

The City of Salida, CO



Prepared by:

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BUILDING COMMUNITIES. IT'S WHAT WE DO.

Executive Summary

KEY FINDINGS

- The Utility's last rate increase was effective for January 2020.
- As of December 31, 2019, the Utility has a cash balance of \$3,322,284 with \$0 in funds designated as restricted and \$3,322,284 unrestricted.
- Presently, residential customers pay a monthly service (fixed) charge (which includes 2,000 gallons of usage) and a volumetric rate per 1,000 gallons on a tiered basis. Tier 1 is up to 13,333 gallons/month and Tier 2 is any usage over 13,333 gallons/month.
- Commercial customers pay a monthly service (fixed) charge based on meter size (which does not include 2,000 gallons of usage) and a volumetric rate per 1,000 gallons. on a tiered basis. Tier 1 is up to 13,333 gallons/month and Tier 2 is any usage over 13,333 gallons/month.
- Water usage is determined by the customer's water meter unless otherwise noted.
- As of 12/31/2019 the Water Utility had \$1,938,642 in debt outstanding.

Further description and analysis of these findings are found in this Executive Summary, the Study and its Sections.

RECOMMENDATIONS

- We recommend the Utility continue to charge users a fixed and volumetric rate each billing period (monthly).
- To fund its Capital Improvement Plan ("CIP"), we recommend the Utility use debt and cash financing.
- Based on our projections,
 - if the City adopts the recommended rates, the Water rate revenue generated will adequately meet the Utility's revenue needs to fund all the Utility's known financial obligations as depicted in this study.
- The typical residential customer at average consumption will experience a 5.5% (\$1.57) increase to their total monthly bill at the recommended rates. This increase is depicted as phased-in over a five-year period.
- As part of the Long-Range Cash Flow Analysis, Section 3, additional inflationary increases are depicted to maintain with an assumed increase in O&M expense.

Based on historical performance and the results of the Study, we recommend the City adopt the proposed rate schedule as shown in Section 2 Tables 16 and 17. These rate adjustments' impact on the average residential user is a 5.5% monthly increase to their bill.

Further illustration of the impact on other customer classes is seen in Section 2, Table 20. We also recommend that these changes be adopted 1) congruent with the meter read cycle for ease of administration and 2) as soon as practical to expedite the recovery of the Utility's financial obligations.

Regarding future CIP needs as described in this Executive Summary, it is recommended the City use cash and debt to finance the projects. However, planned future projects can be altered or removed and market conditions can change; therefore, future recommendations of debt financing may need to be altered and revised. Other future capital improvements not listed within the study are outside the scope of the future recommended rate increases and debt instruments presented. Another rate study should be completed if additional future capital projects are added to the CIP. Lastly, the Utility should continue to monitor the need for future capital improvements and its ability to cash and debt finance their costs adjusting the rate structure as needed through benchmarked reserves.

It is recommended that the City continue to annually monitor the water rates and evaluate the need to adopt future rate increases shown in Section 3, the Long-Range Cash Flow Analysis, to maintain financial health. Due to changes in customer count, usage, and capital planning, the recommended schedule to follow for completing rate studies is every three to five years. It is also further recommended that the City monitor existing and targeted cash balances within the Water Fund to bring them to a minimum recommended threshold. The minimum recommended threshold for unrestricted cash balance is equal to 150 days of unrestricted cash available for budgeted operations expenses as recommended for government-owned utilities by the major rating agencies. This will allow the utility to have reserves available to meet expenses, cope with emergencies and navigate any business interruptions.

Further depiction of the calculation and derivation of these recommendations are found in Sections 2 and 3. The proceeding Sections reveal the results of the Study, Long-Range Cash Flow Analysis and financing of the CIP.

Introduction and Overview

The City engaged Ehlers in 2020 to perform a Water Rate Study (the "Study"). The primary goal of the study is to make recommendations for self-sufficient user rates to meet all operating and capital expenses of the Utility.

Along with the Study, the City has engaged Ehlers to complete a long-range cash flow analysis for the Utility which develops recommendations for future rate increases required to support the Utility's CIP, and projected increases to the Water operating budget. Lastly, the study develops recommendations about how to pay for capital projects in each year through a combination of debt instruments and available cash. This Executive Summary

identifies the findings, recognizes the methodology used, and reviews the results of the Study completed for the City.

RATE SETTING OBJECTIVES

When designing rates, we consider many generally accepted practices and industry standards. The subsequent guidelines were followed in completing the rate design portion of the Study.

- Rates should be fair and equitable to all customers
- Rates should be easy to administer and to understand
- Rates should be defensible

KEY ASSUMPTIONS

- The study develops recommended user rates based on a 2020 test year.
- The recommended rates follow the City's Code of Ordinances Chapter 13 including
 - Section 3-30(b): Water charges for all water delivered by the City shall consist of a fixed service charge and a volume charge which is based on the actual quantity of water delivered as prescribed by separate resolution of the City Council, as may be amended from time to time. The service charge shall be billed to each customer regardless of whether any volume charge is made.
- The study was completed using the Utility-Basis to determine a revenue requirement, explained further in the "Study Methodology" Section.
- 2020 flow projections are based on historical averages. Customer counts and usage beyond 2020 were generated from furnished City projections.
- Operating expenses beyond the 2020 budget were projected at 3% increases per year.

STUDY PURPOSE

Several goals were established for the Study, including:

1. Assess financial performance trends in recent past.
2. Develop user rates at a level where the Utility is self-sufficient, meaning it is generating adequate revenues from user rates to pay for all outstanding financial obligations.
3. Develop user rates at a level where the Utility is building adequate cash to maintain certain benchmarked levels and fund future CIP projects.
4. Incorporate the City's CIP for the Water utility.

5. Develop a rate structure that is fair and equitable for all customer classes.

STUDY METHODOLOGY AND USER RATE PERFORMANCE

Rate development and planning require projections of future revenue needs. To establish those revenue needs, there are two generally accepted methodologies, the cash and utility-based methods. Under the utility-based method, a revenue requirement is established for a test year using several components. These components include: The Utility's budgeted operation and maintenance expenses, transfers, depreciation, and a "fair" return on rate base. Conversely, the cash-based method looks at the Utility's budgeted operation and maintenance expenses, transfers, debt service and cash funded capital. The components added together net of other revenues not generated through user rates serve as the requirement that should be recovered through user rates. This study was performed on a utility basis since the system has system development fees which are designed to have growth pay for growth looking at the utilities capital needs. For a utility with a large asset base relative to its customer base we recommend targeting a ROR that mimics the annual interest expense on debt plus a fair rate of return. Government-owned utilities use ROR to pay the annual interest cost of debt capital and provide a fair rate of return for the equity capital employed to finance facilities used to provide their service. In developing a target, it is general practice to capture a sufficient ROR to maintain its credit and to attract and hold capital which assures confidence in the financial integrity of the enterprise. Therefore, a ROR of 2.75% was used.

When financially evaluating a utility, there are several benchmarks to consider. According to rating agencies and underwriters, a utility's available cash is a high indicator of financial stability in that strong liquidity provides a cushion against a limited ability to raise rates quickly to address unanticipated disruptions or capital needs. Existing user rates revenue will be inadequate to maintain debt coverage as covenanted in the outstanding and projected revenue bonds for the utility and ultimately pay for future capital improvements expenditures. On a cash basis, the current revenues are adequate to fund only Operating and Maintenance expenses and Outstanding Debt but will need an increase as the debt burden increases. Table 2 in Section 1 of the Water Rate Study depicts how rates have been performing compared to the required revenues under both approaches. The rate recommendations developed were to recover the revenue requirements for the test year 2020.

IMPLEMENTATION OF FUTURE PROJECTS

The City has identified a CIP that will provide for reinvestment and maintenance of the Utility infrastructure. The major projects in the CIP include:

- Water Treatment Facility Upgrade: \$3.0M in 2023
- Water Line Replacement (Street Reconstruction): \$2.8M 2020-2024

- Infrastructure Upgrades and Replacements: \$1.7M 2020-2024

We have only included future CIP costs that were known or estimated. We recommend updating the Study if the City intends to add or adjust projects. Several projects including the Water Treatment Facility Upgrade and Harrington Ditch are shown as attributable to growth. Any capital items allocated to growth are subject to revenue recovery through the System Development Fees. As these projects are shown in the future and timing may still be undecided, once the City commits to these projects the System Development Fees should be updated.

PROJECTED FUTURE DEBT CONSIDERATIONS

To the extent debt instruments are depicted, it was assumed that the City would issue debt instruments for future years outside of cash to fund the CIP. Funding future projects with useful lives of 20+ years are shown as funded with Revenue Bonds. Consideration should be given to any debt issuance recommended after 2020, at the time planning to finance the projects, as other debt instruments may be more attractive to the Utility at that time.

ALTERNATIVES & OTHER CONSIDERATIONS

Based on the Alternatives and Other Considerations in the 2020 Sewer Rate Study, if the sewer utility were to consider and adopt fixed rates by meter size the water utility should do the same where similar to the commercial class have other customer classes segregated by meter size.

Where capital items were attributable to growth in the future, the System Development Fees were not considered. At the time the projects are committed by the City it would be appropriate to update the System Development Fees to match the needs of the system.

Rates were shown to City Staff as an “one-off” approach for the depiction of the magnitude of the increase. For the purposes of this Study the ultimate rate increase needed is shown phased in over a five-year period.

ACKNOWLEDGEMENTS

Utility rate studies are a cooperative effort. We would like to acknowledge the following City staff members for their contributions towards this study: Aimee Tihonovich, Finance Director; David Lady, Director of Public Works; Drew Nelson, City Administrator; and Renee Thornoff, Staff Accountant.

2020 Water Rate Study

Section 1 — Historical Performance

City of Salida, CO

Table 1

Water Rate Performance

City of Salida, CO

Revenue Requirement		Shown with no increase			Est	Budget
Component	Description	2016	2017	2018	2019	2020
Cash Basis						
1	Operating and Maintenance	\$833,834	\$902,029	\$782,787	\$1,300,224	\$1,218,100
2	Debt	\$589,128	\$194,108	\$379,408	\$81,135	\$224,522
3	Cash Funded Capital	\$0	\$1,181,870	\$0	\$0	\$544,000
Less:						
	Other Revenue	\$82,943	\$0	\$84,962	\$0	\$78,977
	Interest Income	\$2,909	\$6,151	\$12,159	\$37,866	\$8,000
	Revenue Requirement (Costs less Other Income)	\$1,337,110	\$2,271,856	\$1,065,074	\$1,343,493	\$1,899,645
	User Rates Revenue	\$1,598,292	\$1,602,453	\$1,713,659	\$1,698,961	\$1,707,700
	Rate Adequacy	\$261,182	(\$669,403)	\$648,585	\$355,468	(\$191,945)
Utility Basis						
1	Operating and Maintenance	\$833,834	\$902,029	\$782,787	\$1,300,224	\$1,218,100
2	Depreciation	\$557,235	\$467,470	\$466,198	\$462,568	\$470,000
	NIRB	\$9,858,210	\$10,844,599	\$12,082,442	\$12,032,004	\$12,220,202
3	Recommended ROI (2.75%)	\$271,101	\$298,226	\$332,267	\$330,880	\$336,056
Less:						
	Other Revenue	\$82,943	\$0	\$84,962	\$0	\$78,977
	Interest Income	\$2,909	\$6,151	\$12,159	\$37,866	\$8,000
	Revenue Requirement (Costs less Other Income)	\$1,576,318	\$1,661,574	\$1,484,131	\$2,055,806	\$1,937,179
	User Rates Revenue	\$1,598,292	\$1,602,453	\$1,713,659	\$1,698,961	\$1,707,700
	Rate Adequacy	\$21,974	(\$59,121)	\$229,528	(\$356,845)	(\$229,479)

Table 2 Water Utility Rate Performance Charts

City of Salida, CO

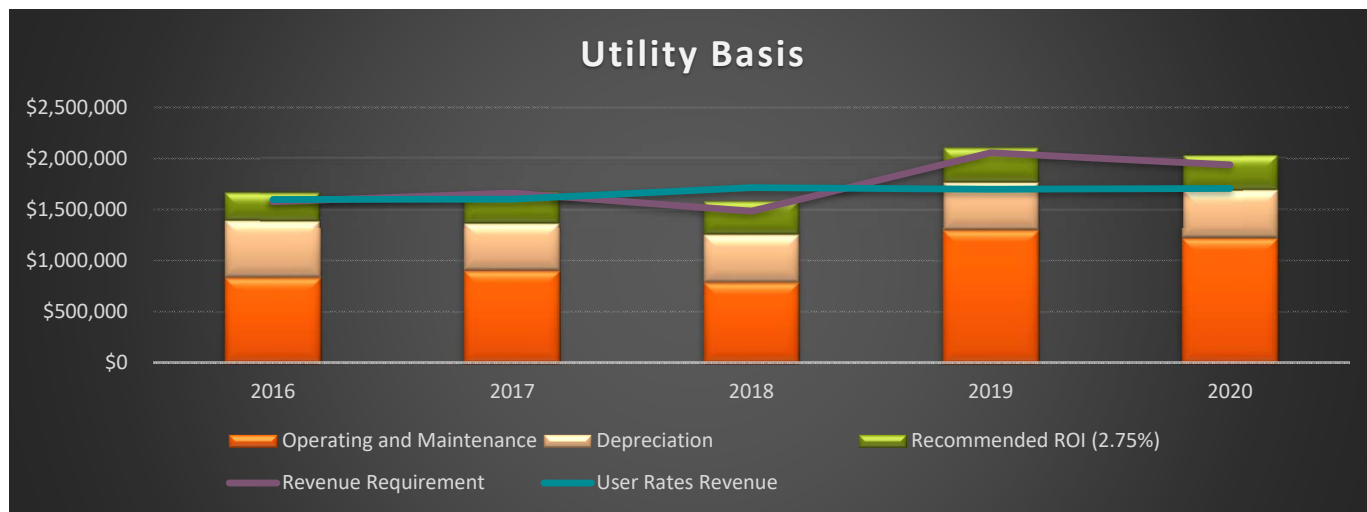
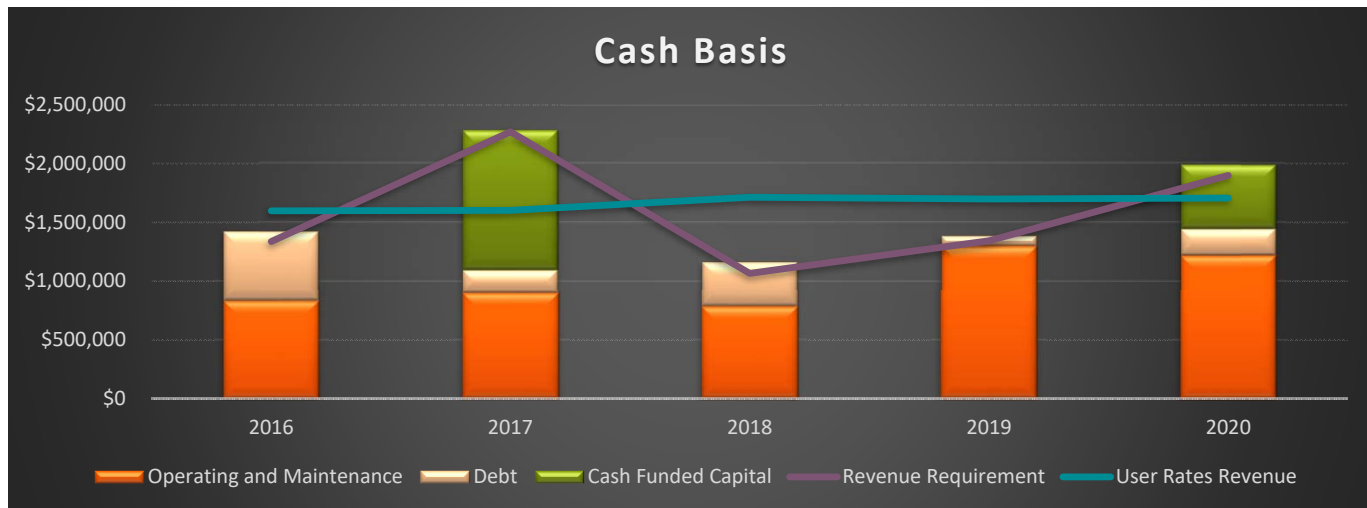


Table 3 Water Utility Cash Flow Analysis - Historical 2016-2020

City of Salida, CO

	2015	2016	Actual 2017	2018	2019	Est. 2020
Revenues						
Total Revenues from User Rates ¹	\$1,521,425	\$1,655,639	\$1,650,251	\$1,756,430	\$1,745,846	\$1,847,938
Other Revenues						
Interest Income	\$1,976	\$2,909	\$6,151	\$12,159	\$37,866	\$8,000
Other Income	\$324	\$3,538	\$21,552	\$489	\$452	\$500
Total Other Revenues	\$2,300	\$6,447	\$27,703	\$12,648	\$38,318	\$8,500
Total Revenues	\$1,523,725	\$1,662,086	\$1,677,954	\$1,769,078	\$1,784,164	\$1,856,438
Expenses						
Operating and Maintenance ²	\$795,347	\$833,834	\$902,029	\$782,787	\$1,300,224	\$1,218,100
PILOT Payment/Other	\$0	\$460,213	\$16,041	\$0	\$0	\$0
Net Before Debt Service and Capital Expenditures	\$728,378	\$368,039	\$759,884	\$986,291	\$483,940	\$638,338
Debt Service						
Existing Debt P&I ¹	\$406,855	\$2,124,128	\$194,108	\$379,408	\$81,135	\$224,522
New (2020-2029) Debt Service P&I						\$0
Total Debt Service	\$406,855	\$2,124,128	\$194,108	\$379,408	\$81,135	\$224,522
Transfer In (Out)/Cap. Contrib	\$526,360	\$898,425	\$1,172,385	\$1,100,793	(\$137,608)	\$556,000
Capital Improvements/COI	(\$1,560,725)	(\$289,535)	(\$2,696,644)	(\$659,707)	(\$216,396)	(\$1,100,000)
Bond Proceeds	\$755,045	\$1,541,401	\$957,856	\$691,896	\$207,215	\$0
Net Annual Cash Flow	\$23,746	\$770,930	(\$49,830)	\$1,779,472	(\$65,132)	(\$130,184)
<u>Restricted and Unrestricted Cash Balance:</u>						
Balance at first of year		\$886,844	\$1,657,774	\$1,607,944	\$3,387,416	\$3,322,284
Net Annual Cash Flow Addition/(subtraction)		\$770,930	(\$49,830)	\$1,779,472	(\$65,132)	(\$130,184)
Balance at end of year	\$886,844	\$1,657,774	\$1,607,944	\$3,387,416	\$3,322,284	\$3,192,100
Debt Coverage	1.79	0.17	3.91	2.60	5.96	2.84

Table 4 Water Utility Financial Benchmarking Analysis

City of Salida, CO

	Actual				Est. 2020
	2016	2017	2018	2019	
Target minimum cash balance					
Target minimum working capital - Ehlers ¹	878,858	1,003,901	962,531	1,068,572	1,128,252
Actual Days Cash Available - Moody's ²	726	651	1,579	933	957
Actual Days Cash Available - S&P ³	726	651	1,579	933	957
Actual working capital-cash balance	1,657,774	1,607,944	3,387,416	3,322,284	3,192,100
Over (Under) Ehlers target	778,917	604,044	2,424,885	2,253,712	2,063,848
Over (Under) Moody's target (150 days)	576	501	1,429	783	807
Over (Under) S&P target (150 days)	576	501	1,429	783	807

Notes:

- 1) Target capital = 6 mos of following year's operating expenses, including depreciation + 100% of following year's debt.
- 2) Moody's Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation
- 3) S&P Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation; include designated reserve funds: ERFs, RSFs, etc

Rate of Return					
Average Utility Plant in Service	15,863,315	17,317,172	18,969,427	19,381,557	20,039,755
Less: Utility Plant Accumulated Depreciation	6,005,105	6,472,573	6,886,985	7,349,553	7,819,553
Average Net Investment Rate Base (NIRB)	9,858,210	10,844,599	12,082,442	12,032,004	12,220,202
Net Operating Income	268,108	302,304	507,934	(16,494)	160,338
ROR	2.72%	2.79%	4.20%	-0.14%	1.31%

Cost Recovery					
Operating Revenues	1,659,177	1,671,803	1,756,919	1,746,298	1,848,438
Operating Expenses incl. Depr & Amortization	1,391,069	1,369,499	1,248,985	1,762,792	1,688,100
Operating Expenses w/o Depr & Amortization	833,834	902,029	782,787	1,300,224	1,218,100
Cost Recovery incl. Depr	1.19	1.22	1.41	0.99	1.09
Cost Recovery w/o Depr	1.67	1.52	1.60	1.36	1.39

Notes:

This operating ratio indicates whether operating revenues (mostly charges to customers) were sufficient to cover operations and capital (in the form of depreciation) for the water and/or wastewater utility in the fiscal year. A ratio of less than 1 could be a sign of financial concern. In general, this ratio should be higher than 1 to accommodate future capital investments.

Leverage					
Total Long-Term Debt	2,018,172	2,003,146	1,983,551	1,938,642	1,876,883
Total Net Assets	15,968,849	18,665,494	19,273,359	19,489,755	21,114,755
Debt-to Equity Ratio	0.13	0.11	0.10	0.10	0.09

Notes:

This indicator measures the existing level of leveraging of assets, and is used by funders and bond rating agencies to evaluate the risk of providing additional loans to the utility. The ratio indicates the amount of long-term debt that exists for every \$1 of assets (fund equity). A utility with a ratio greater than 1.0 has more long-term debt than equity in the system's assets. There are no natural benchmarks for this indicator, and funders and bond rating agencies will assess this ratio in various ways. In general, the higher this ratio, the more likely the utility will be considered to be over-leveraged and the more difficult it will be for the utility to obtain additional loans. For this ratio, Net Assets are equal to the Net Investment Rate Base of the utility.

Condition of Assets:					
Accumulated Depreciation Expense	6,005,105	6,472,573	6,886,985	7,349,553	7,819,553
Total Net Assets	15,968,849	18,665,494	19,273,359	19,489,755	21,114,755
Asset Depreciation	37.61%	34.68%	35.73%	37.71%	37.03%

Notes:

This indicator of infrastructure condition estimates the portion of the average expected life of the utility's physical assets that has already passed. As this ratio approaches 100%, the capital assets become fully depreciated, and infrastructure needs replacement or rehabilitation. The accuracy of this indicator relies heavily on the accuracy of the depreciation schedule, and historic pricing likely distorts this indicator (newer utilities may be slightly disadvantaged as a result).

Table 5
Water Utility Schedule of Revenue Debt Outstanding

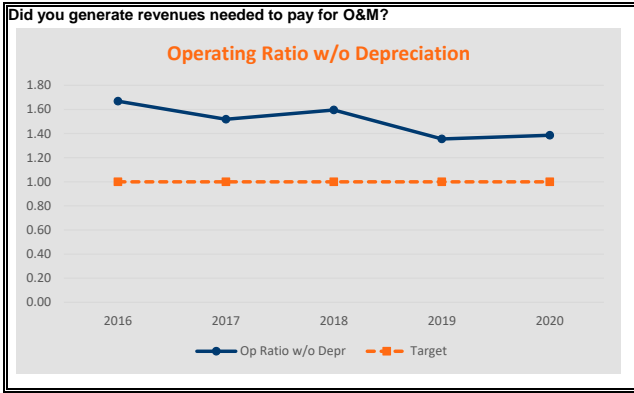
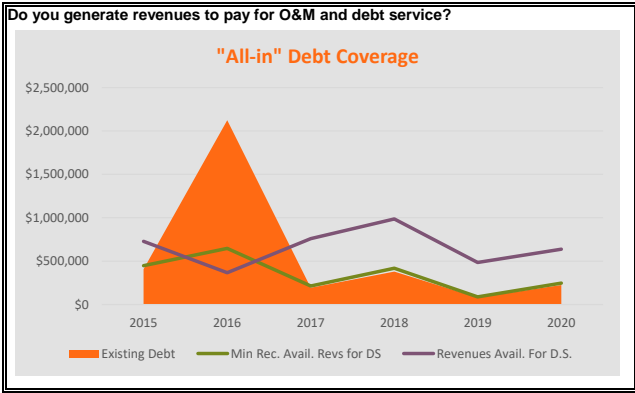
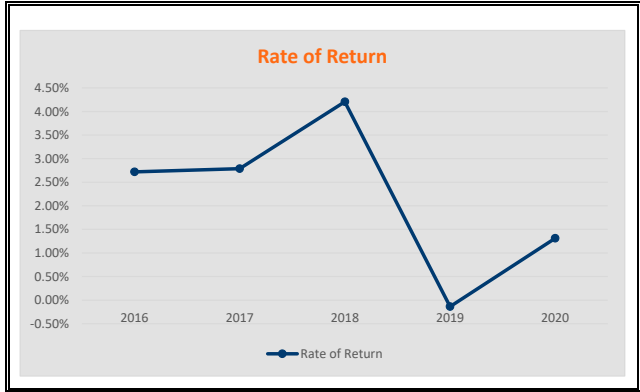
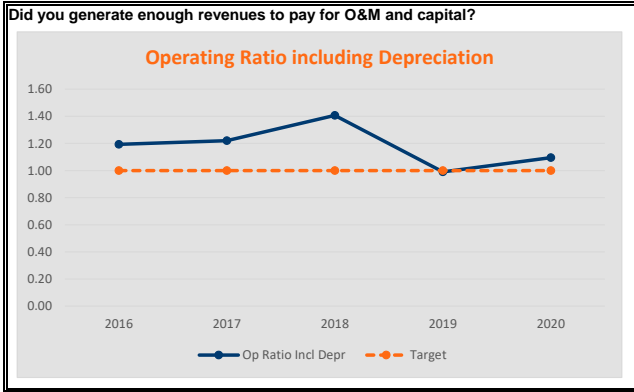
City of Salida, CO

NAME	W&S Rev Ref Bonds Series 2016			Drinking Water Rev. Fund Loan #D11F149			Drinking Water Rev. Fund Loan #D17F382			Existing Revenue Water Debt Summary					
DATED	12/27/2016			12/21/2011			2/28/2017								
AMT	\$1,535,000			\$545,000			\$660,841								
MAT	12/1			5/1			5/1								
RATE	2.16%			0.00%			1.00%								
YEAR	Principal	Rate	Interest	Principal	Rate	Interest	Principal	Rate	Interest	YEAR	TOTAL PRIN	TOTAL INT	TOTAL P & I	PRIN OUTSTND	PRIN %PAID
2019	135,000	2.160%	28,188	27,250	0.00%	0	30,891	1.00%	5,908	2019	193,141	34,096	227,237	2,070,534	8.53%
2020	135,000	2.160%	25,272	27,250	0.00%	0	31,401	1.00%	5,599	2020	193,651	30,871	224,522	1,876,883	17.09%
2021	135,000	2.160%	22,356	27,250	0.00%	0	31,513	1.00%	5,285	2021	193,763	27,641	221,405	1,683,120	25.65%
2022	140,000	2.160%	19,440	27,250	0.00%	0	31,829	1.00%	4,970	2022	199,079	24,410	223,489	1,484,041	34.44%
2023	150,000	2.160%	16,416	27,250	0.00%	0	32,148	1.00%	4,652	2023	209,398	21,068	230,466	1,274,642	43.69%
2024	150,000	2.160%	13,176	27,250	0.00%	0	32,471	1.00%	4,330	2024	209,721	17,506	227,227	1,064,922	52.96%
2025	150,000	2.160%	9,936	27,250	0.00%	0	16,439	1.00%	4,005	2025	193,689	13,941	207,630	871,232	61.51%
2026	155,000	2.160%	6,696	27,250	0.00%	0	33,125	1.00%	3,841	2026	215,375	10,537	225,912	655,857	71.03%
2027	155,000	2.160%	3,348	27,250	0.00%	0	33,457	1.00%	3,510	2027	215,707	6,858	222,565	440,150	80.56%
2028				27,250	0.00%	0	33,791	1.00%	3,175	2028	61,041	3,175	64,216	379,110	83.25%
2029				27,250	0.00%	0	34,131	1.00%	2,837	2029	61,381	2,837	64,219	317,729	85.96%
2030				27,250	0.00%	0	34,473	1.00%	2,496	2030	61,723	2,496	64,219	256,005	88.69%
2031				27,250	0.00%	0	34,819	1.00%	2,151	2031	62,069	2,151	64,220	193,936	91.43%
2032				13,625	0.00%	0	35,168	1.00%	1,803	2032	48,793	1,803	50,596	145,143	93.59%
2033							35,521	1.00%	1,451	2033	35,521	1,451	36,972	109,622	95.16%
2034							17,983	1.00%	1,096	2034	17,983	1,096	19,079	91,639	95.95%
2035							18,073	1.00%	916	2035	18,073	916	18,989	73,566	96.75%
2036							36,600	1.00%	736	2036	36,600	736	37,335	36,967	98.37%
2037							36,967	1.00%	370	2037	36,967	370	37,336	0	100.00%
2038										2038	0	0	0	0	100.00%
TOTALS	1,305,000		144,828	367,875		0	590,800		59,133		2,263,675	203,961	2,467,636		

Notes:

Table 6 Water Utility Financial Health Charts

City of Salida, CO



2020 Water Rate Study

Section 2 — Water Rate Model

City of Salida, CO

Table 7 Projected Usage (Tiered Rate Structure)

City of Salida, CO

Consumption (Inside Customers)					
2017					
Class	RES - SF	RES w/ ADU	MF	COMM	Total
Block 1: 0-13,333 gal	45,636	2,835	2,300	8,249	59,020
Block 2: 2,000-13,333 gal	123,012	9,375	8,250	27,790	168,426
Block 3: Over 13,333 gal	48,845	2,643	3,450	76,503	131,442
Total	217,492	14,853	14,000	112,542	358,888
2018					
Class	RES - SF	RES w/ ADU	MF	COMM	Total
Block 1: 0-13,333 gal	46,517	2,955	2,324	8,489	60,285
Block 2: 2,000-13,333 gal	136,076	10,764	8,317	29,092	184,249
Block 3: Over 13,333 gal	66,309	2,859	3,849	88,372	161,390
Total	248,903	16,578	14,490	125,954	405,924
Test Year					
Class	RES - SF	RES w/ ADU	MF	COMM	Total
Block 1: 0-13,333 gal	40,000	2,750	2,000	8,500	53,250
Block 2: 2,000-13,333 gal	123,000	10,000	8,000	36,500	177,500
Block 3: Over 13,333 gal	58,000	2,500	3,000	115,000	178,500
Total	221,000	15,250	13,000	160,000	409,250

Table 8

Projected Test Year 2020 Meter Counts & COMM Demand Accounts

City of Salida, CO

Meter Size	Total Meters				Total	Comm Demand Accounts	
	Inside Customers			COMM			
	RES - SF	RES w/ ADU	MF	COMM			
ADU		101			101	Block 1: <= 100,000gal	245
5/8" & 3/4"	2,400		156	295	2,851	Block 2: 100k<x<500k	131
1"				97	97	Block 3: 500k<x<1,000kgal	43
1 1/2"				23	23	Block 4: >1,000kgal	35
2"				28	28		
3"				7	7		
4"				9	9		
Maint. - ADU		101		0	101		
Maint. Other	2,400		156	0	2,556		
	4,800	202	312	459	5,773		454

Meter Size	Equiv. Ratio ¹	Equivalent Meters ²				Total
		Inside Customers			COMM	
		RES - SF	RES w/ ADU	MF	COMM	
ADU	0.5	-	50.5	-	-	50.5
5/8" & 3/4"	1.0	2,400.0	-	156.0	295.0	2,851.0
1"	1.3	-	-	-	129.0	129.0
1 1/2"	2.0	-	-	-	46.0	46.0
2"	2.7	-	-	-	74.5	74.5
3"	4.0	-	-	-	27.9	27.9
4"	5.3	-	-	-	47.9	47.9
Maint. - ADU	0.2	-	17.5	-	-	17.5
Maint. Other	0.3	832.6	-	54.1	-	886.7
		3,232.6	68.0	210.1	620.3	4,131.0

Notes:

- 1) Used Previous rate study Equiv. Ratio
- 2) COMM = only class charged by meter size.

Table 9 Recovery of Depreciation and ROI

City of Salida, CO

Return on Investment	
Inside Customers	
Assets ¹	\$20,039,755
Less: Accumulated Depreciation ¹	\$7,819,553
Estimated 2018 Net Investment Rate Base (NIRB)	\$12,220,202
Return on Investment (ROI) %	2.75%
ROI for test year	\$336,056
Depreciation Expense for test year	\$470,000
Total Capital Recovery	\$806,056

Notes:

1) Projected 2020

Table 10 Comparative Operating Income Statement

City of Salida, CO

OPERATING REVENUES	AUDITED				TEST YEAR
	2016	2017	2018	2019	
Fees for General Services					
Service and usage fees	\$ 1,313,168	\$ 1,312,224	\$ 1,418,260	\$ 1,397,458	\$ 1,404,800
Water line maintenance	188,753	193,856	199,541	206,066	200,900
Commercial demand charges	96,371	96,373	95,858	95,437	102,000
Other revenues	37,347	37,798	42,771	44,335	37,400
Water leases	20,000	10,000	0	2,550	5,000
TOTAL GENERAL SALES	\$ 1,655,639	\$ 1,650,251	\$ 1,756,430	\$ 1,745,846	\$ 1,750,100
Intergovernmental Revenue - State grants	6,401	840,455	3,706	38,750	0
Capital Revenue - System development fees	876,367	541,306	1,146,753	457,586	540,000
Capital Revenue - Sale of water meters	22,058	15,612	35,717	20,273	16,000
Other revenues - Interest Revenue	2,909	6,151	12,159	37,866	8,000
Other revenues - Misc. Revenue	3,538	21,552	489	452	500
TOTAL OTHER REVENUE	\$ 911,273	\$ 1,425,076	\$ 1,198,824	\$ 554,927	\$ 564,500
TOTAL OPERATING REVENUES	\$ 2,566,912	\$ 3,075,327	\$ 2,955,254	\$ 2,300,773	\$ 2,314,600

Table 10 Comparative Operating Income Statement

City of Salida, CO

OPERATING EXPENSES	TEST YEAR				
	2016	2017	2018	2019	
ADMINISTRATION					
Personnel services	\$ 61,473	\$ 81,787	\$ 78,866	\$ 94,926	\$ 108,331
Contracted services	57,106	59,648	74,612	51,125	49,000
Supplies and materials	1,944	1,840	1,486	2,410	2,000
Other operating costs	10,227	11,164	16,924	17,921	14,100
PUBLIC WORKS					
Personnel services	\$ 163,971	\$ 188,040	\$ 217,530	\$ 208,010	\$ 242,461
Contracted services	0	20,820	35,054	35,366	64,000
Supplies and materials	12,251	9,598	26,887	27,262	18,800
Utilities	0	0	0	0	0
Other operating costs	36,767	20,411	19,394	29,938	32,650
WATER PLANT					
Personnel services	\$ 241,164	\$ 253,114	\$ 270,061	\$ 276,755	\$ 292,408
Contracted services	14,222	9,950	35,694	45,591	138,800
Supplies and materials	32,291	30,762	42,169	34,536	46,650
Utilities	45,436	43,841	66,807	85,063	70,900
Other operating costs	156,982	87,023	88,254	97,425	138,000
OTHER					
Other costs	\$	\$	\$ 0	\$ 0	\$ 0
TOTAL OPER. & MAINT. EXPENSES	\$ 833,834	\$ 817,998	\$ 973,738	\$ 1,006,328	\$ 1,218,100
DEPRECIATION EXPENSE	557,235	467,470	466,198	462,568	470,000
TAXES AND TAX EQUIVALENT	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ <u>1,391,069</u>	\$ <u>1,285,468</u>	\$ <u>1,439,936</u>	\$ <u>1,468,896</u>	\$ <u>1,688,100</u>
NET OPERATING INCOME	\$ <u><u>1,175,843</u></u>	\$ <u><u>1,789,859</u></u>	\$ <u><u>1,515,318</u></u>	\$ <u><u>831,876</u></u>	\$ <u><u>626,500</u></u>

Table 11
Allocation of Costs to Function

City of Salida, CO

		Allocation Percentages						2020 Budget						
		Extra-Capacity			Customer Costs		Direct Fire	Total	Extra-Capacity			Customer Costs		Direct Fire
Commodity	Max Day	Max Hour	Meters	Bill & Collection	Protection	Commodity	Max Day		Max Hour	Meters	Bill & Collection	Protection		
Operating & Maintenance														
Acct #	Acct Description													
ADMINISTRATION														
	Personnel services	40%	23%	22%	11%	5%	0%	\$108,331	\$43,332	\$24,916	\$23,833	\$11,375	\$4,875	\$0
	Contracted services	40%	23%	22%	11%	5%	0%	\$49,000	\$19,600	\$11,270	\$10,780	\$5,145	\$2,205	\$0
	Supplies and materials	40%	23%	22%	11%	5%	0%	\$2,000	\$800	\$460	\$440	\$210	\$90	\$0
	Other operating costs	40%	23%	22%	11%	5%	0%	\$14,100	\$5,640	\$3,243	\$3,102	\$1,481	\$635	\$0
PUBLIC WORKS														
	Personnel services	36%	30%	24%	5%	2%	3%	\$242,461	\$87,286	\$72,738	\$58,191	\$12,729	\$4,243	\$7,274
	Contracted services	36%	30%	24%	5%	2%	3%	\$64,000	\$23,040	\$19,200	\$15,360	\$3,360	\$1,120	\$1,920
	Supplies and materials	36%	30%	24%	5%	2%	3%	\$18,800	\$6,768	\$5,640	\$4,512	\$987	\$329	\$564
	Utilities	36%	30%	24%	5%	2%	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other operating costs	36%	30%	24%	5%	2%	3%	\$32,650	\$11,754	\$9,795	\$7,836	\$1,714	\$571	\$980
WATER PLANT														
	Personnel services	67%	33%	0%	0%	0%	0%	\$292,408	\$195,913	\$96,495	\$0	\$0	\$0	\$0
	Contracted services	67%	33%	0%	0%	0%	0%	\$138,800	\$92,996	\$45,804	\$0	\$0	\$0	\$0
	Supplies and materials	67%	33%	0%	0%	0%	0%	\$46,650	\$31,256	\$15,395	\$0	\$0	\$0	\$0
	Utilities	67%	33%	0%	0%	0%	0%	\$70,900	\$47,503	\$23,397	\$0	\$0	\$0	\$0
	Other operating costs	67%	33%	0%	0%	0%	0%	\$138,000	\$92,460	\$45,540	\$0	\$0	\$0	\$0
Total O & M		54%	31%	10%	3%	1%	1%	\$1,218,100	\$658,348	\$373,893	\$124,053	\$37,001	\$14,068	\$10,737
Taxes & Transfers														
	PILOT and Other	36%	30%	24%	5%	3%	2%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Costs														
	Return on Rate Base	36%	30%	24%	5%	3%	2%	\$336,056	\$120,980	\$100,817	\$80,653	\$17,643	\$9,242	\$6,721
	Depreciation	36%	30%	24%	5%	3%	2%	\$470,000	\$169,200	\$141,000	\$112,800	\$24,675	\$12,925	\$9,400
Total Capital Costs		36%	30%	24%	5%	3%	2%	\$806,056	\$290,180	\$241,817	\$193,453	\$42,318	\$22,167	\$16,121
Subtotal Revenue Requirements							100%	\$2,024,156	\$948,528	\$615,709	\$317,507	\$79,318	\$36,234	\$26,858
Other Income														
	Misc Service, Late Charges, & Other	54%	31%	10%	3%	1%	1%	(\$58,900)	(\$31,834)	(\$18,079)	(\$5,998)	(\$1,789)	(\$680)	(\$519)
	Investment Income	54%	31%	10%	3%	1%	1%	(\$8,000)	(\$4,324)	(\$2,456)	(\$815)	(\$243)	(\$92)	(\$71)
Total Other Income		54%	31%	10%	3%	1%	1%	(\$66,900)	(\$36,158)	(\$20,535)	(\$6,813)	(\$2,032)	(\$773)	(\$590)
Total Net Revenue Requirements								\$1,957,256	\$912,371	\$595,174	\$310,694	\$77,286	\$35,462	\$26,269
									46.6%	30.4%	15.9%	3.9%	1.8%	1.3%
Summary														
Allocation of Costs to Function and Classification for Inside Rates														
		Extra-Capacity			Customer Costs		Direct Fire	Total	Extra-Capacity			Customer Costs		Direct Fire
		Commodity	Max Day	Max Hour	Meters	Bill & Collection	Protection		Commodity	Max Day	Max Hour	Meters	Bill & Collection	Protection
	O&M and Replacement	54%	31%	10%	3%	1%	1%	\$1,218,100	\$658,348	\$373,893	\$124,053	\$37,001	\$14,068	\$10,737
	Capital	36%	30%	24%	5%	3%	2%	\$806,056	\$290,180	\$241,817	\$193,453	\$42,318	\$22,167	\$16,121
	Other Revenues	54%	31%	10%	3%	1%	1%	(\$66,900)	(\$36,158)	(\$20,535)	(\$6,813)	(\$2,032)	(\$773)	(\$590)
	Total	47%	30%	16%	4%	2%	1%	\$1,957,256	\$912,371	\$595,174	\$310,694	\$77,286	\$35,462	\$26,269

Table 12 System Demand Ratios

City of Salida, CO

Maximum Day System Demand				
Total Annual Pumpage	422,326,068	Gallons		
Avg. Day Pumpage	1,157,058	Gallons		
Max Day Pumpage	2,458,340	Gallons		
Fire Flow:				
	Gal/min	3,500		
	Duration (hours)	3		
	Total Flow	630,000	Gallons	
	Avg. Day + Fire Flow	1,787,058	Gallons	
RATIO:	BASE	=	$\frac{1,157,058}{2,458,340}$	= 47.07%
	MAX DAY	=	100-BASE	= 52.93%

Maximum Hour System Demand				
Avg. Hour on Max Day	102,431	Gallons		
Max Hour Pumpage	108,474	Gallons		
Avg. Hour + 1 hour fire flow	258,211	Gallons		
RATIO:	BASE	=	$\frac{1,157,058}{6,197,058}$	= 18.67% Use 18.67%
	MAX HOUR	=	100-BASE	= 81.33% Use 81.33%

Table 13 Units of Service for Customer Classes

City of Salida, CO

Customer Class	Commodity		Max Day Units		Max Hour Units		Customer Units	
	Annual Usage Gallons	Avg. Rate 1,000 Gal/day	Peaking Factor	Total Capacity (1,000 Gal)	Peaking Factor	Total Capacity (1,000 Gal)	Meters	Bills
Inside Customers								
RES - SF	221,000	605	250%	1,514	380%	2,301	3,233	23,695
RES w/ ADU	15,250	42	230%	96	350%	146	68	1,481
MF	13,000	36	230%	82	350%	125	210	1,167
COMM	160,000	438	230%	1,008	350%	1,534	620	4,417
Total Inside Customers	409,250	1,121		2,700		4,106	4,131	30,760
Fire Protection				630		26		
Total System	409,250	1,121		3,330		4,132	4,131	30,760

Table 14 Units Costs of Service

City of Salida, CO

Unit Cost Component	Rate of Return (%)	Total	Commodity	Capacity		Customer		Direct Fire Protection
				Max Day	Max Hour	Meters	Bill & Collection	
Units of Service								
1 Total System			409,250 1,000 gal	3,330 1,000 gal/day	4,132 1,000 gal/day	4,131 Equiv. meters	30,760 Bills	
O&M Expense								
2 Total		\$1,218,100	\$658,348	\$373,893	\$124,053	\$37,001	\$14,068	\$10,737
3 Unit Cost, \$/Unit			\$1.61	\$112.28	\$30.02	\$8.96	\$0.46	
Depreciation Expense								
4 Total		\$470,000	\$169,200	\$141,000	\$112,800	\$24,675	\$12,925	\$9,400
5 Unit Cost, \$/Unit			\$0.41	\$42.34	\$27.30	\$5.97	\$0.42	
Nonrate Revenue								
6 Total		(\$66,900)	(\$36,158)	(\$20,535)	(\$6,813)	(\$2,032)	(\$773)	(\$590)
7 Unit Cost, \$/Unit			(\$0.09)	(\$6.17)	(\$1.65)	(\$0.49)	(\$0.03)	
Rate Base								
8 Total		\$336,056	\$120,980	\$100,817	\$80,653	\$17,643	\$9,242	\$6,721
9 Unit Cost, \$/Unit			\$0.30	\$30.28	\$19.52	\$4.27	\$0.30	
Unit Return on Rate Base								
13 Inside Customers, \$/Unit Return on Rate Base	2.75%		\$0.30	\$30.28	\$19.52	\$4.27	\$0.30	
14 Inside Customers Unites of Service			409,250	2,700	4,106	4,131	30,760	
15 Inside Customers Return on Rate Base		\$336,056	\$120,980	\$100,817	\$80,653	\$17,643	\$9,242	\$6,721
16 Total System Return on Rate Base	100.00%	\$336,056	\$518,137	\$243,793	\$199,800	\$17,643	\$30,092	\$6,721
17 Inside Customers \$/Unit (Line 3 + 5 + 7 + 13)			\$2.23	\$178.73	\$75.19	\$18.71	\$1.15	\$26,269

Table 15 Cost Distribution to Customer Classes

City of Salida, CO

Item	Total Cost of Service	Total	Commodity	Capacity		Customer		Direct Fire Protection
				Max Day	Max Hour	Meters	Bill & Collection	
Inside Customers								
1	Unit Costs of Service \$/Unit			\$2.23	\$178.73	\$75.19	\$18.71	\$1.15
			1,000 gal		1,000 gal/day	1,000 gal/day	per equiv. meter	per bill
RES - SF								
2	Units of Service			221,000	1,514	2,301	3,233	23,695
3	Allocated Costs of Service	\$1,024,032.24		\$492,691.32	\$270,550.54	\$172,994.79	\$60,478.77	\$27,316.84
RES w/ ADU								
4	Units of Service			15,250	96	146	68	1,481
5	Allocated Costs of Service	\$65,148.04		\$33,997.93	\$17,175.67	\$10,994.99	\$1,272.07	\$1,707.37
MF								
6	Units of Service			13,000	82	125	210	1,167
7	Allocated Costs of Service	\$58,272.68		\$28,981.84	\$14,641.56	\$9,372.78	\$3,931.12	\$1,345.38
COMM								
8	Units of Service			160,000	1,008	1,534	620	4,417
9	Allocated Costs of Service	\$668,957.28		\$356,699.59	\$180,203.80	\$115,357.32	\$11,604.41	\$5,092.15
Fire Protection								
14	Units of Service				630	26		
15	Allocated Costs of Service	\$140,845.31			\$112,602.89	\$1,973.69		\$26,269
18	Total Inside Allocated Costs of Service	\$1,957,256		\$912,371	\$595,174	\$310,694	\$77,286	\$35,462
	Total System Allocated Costs of Service	\$1,957,256		\$912,371	\$595,174	\$310,694	\$77,286	\$35,462
								\$26,269

Table 16
Fixed Rate Calculations

City of Salida, CO

Service Charge Calculation							
Inside Customers							
		Meter Size	Existing	Equivalent	Proposed	Percent Change	Proposed Incremental ¹
Customer costs:	Total	ADU	\$ 9.32	\$ 9.93	\$ 9.93	6.6%	2.58%
Billing costs per customer	\$1.15	5/8" & 3/4"	\$ 18.65	\$ 19.86	\$ 19.86	6.5%	2.58%
		1"	\$ 24.80	\$ 26.41	\$ 26.41	6.5%	2.58%
		1 1/2"	\$ 37.30	\$ 39.72	\$ 39.72	6.5%	2.58%
Meter costs:		2"	\$ 49.60	\$ 52.82	\$ 52.82	6.5%	2.58%
Meter costs per eq meter	\$18.71	3"	\$ 74.41	\$ 79.25	\$ 79.25	6.5%	2.58%
		4"	\$ 99.21	\$ 105.66	\$ 105.66	6.5%	2.58%
Billing Frequency	12	Maint. - ADU	\$ 3.23	\$ 3.44	\$ 3.44	6.5%	2.58%
		Maint. Other	\$ 6.47	\$ 6.89	\$ 6.89	6.5%	2.58%
Commercial Demand Charge							
		Block 1	\$ 6.47	\$ 6.89	\$ 7.25	12.0%	2.58%
		Block 2	\$ 19.42	\$ 20.69	\$ 21.75	12.0%	2.58%
		Block 3	\$ 48.53	\$ 51.71	\$ 54.35	12.0%	2.58%
		Block 4	\$ 64.71	\$ 68.95	\$ 72.48	12.0%	2.58%

Revenue by Class							
Inside Customers					Commercial Demand Charge		
Meter Size	RES - SF	RES w/ ADU	MF	COMM			
ADU	-	12,036	-	-	Block 1	21,304	
5/8" & 3/4"	572,022	-	37,181	70,311	Block 2	34,192	
1"	-	-	-	30,743	Block 3	28,046	
1 1/2"	-	-	-	10,964	Block 4	30,440	
2"	-	-	-	17,749			
3"	-	-	-	6,657			
4"	-	-	-	11,411			
Maint. - ADU	-	4,169	-	-			
Maint. Other	198,444	-	12,899	-			
Total	770,466	16,205	50,080	147,834		113,982	

Notes:

1) Shown as 5-year annual increase.

Table 17 Volumetric Rate Calculation

City of Salida, CO

Consumption

	RES - SF	RES w/ ADU	MF	COMM	
Block 1	40,000	2,750	2,000	8,500	
Block 2	123,000	10,000	8,000	36,500	
Block 3	58,000	2,500	3,000	115,000	
Total	221,000	15,250	13,000	160,000	409,250

Volume Rates

			Current Rates	New Rates	% +/-	Incremental Rate ¹
First	2,000	Mgal	\$1.71	\$1.88	10%	2.58%
Next	11,333	Mgal	\$1.71	\$1.88	10%	2.58%
Over	13,333	Mgal	\$2.28	\$2.70	18%	2.58%

Total Revenue

	Block 1	Block 2	Block 3	Total
Residential	\$ -	\$ 231,240	\$ 156,600	\$ 387,840
RES w/ ADU	\$ -	\$ 18,800	\$ 6,750	\$ 25,550
MF	\$ -	\$ 15,040	\$ 8,100	\$ 23,140
COMM	\$ 15,980	\$ 68,620	\$ 310,500	\$ 395,100
Total Revenue				\$ 831,630

Notes:

1) Shown as 5-year annual increase.

Table 18

Summary of Water Cost of Service Study - Utility Basis

City of Salida, CO

Description	Total	Customer Class				Fire Protection
		RES - SF	RES w/ ADU	MF	COMM	
Revenues at Present Rates	\$1,751,442	\$1,066,026	\$38,011	\$67,545	\$579,861	\$0
Less: Allocated Revenue Requirement	\$1,957,256	\$1,024,032	\$65,148	\$58,273	\$668,957	\$140,845
Balance/(Deficiency) of Funds	(\$205,813)	\$41,994	(\$27,137)	\$9,272	(\$89,096)	(\$140,845)
Cost of Service (& fire realloc.)	\$1,957,256	\$1,115,582	\$65,852	\$64,611	\$711,211	\$0
Balance/(Deficiency) of Funds	(\$205,813)	(\$49,556)	(\$27,842)	\$2,934	(\$131,350)	\$0
COS Change over Present Rates (%)	11.8%	4.6%	73.2%	-4.3%	22.7%	0.0%
Proposed Rates	\$1,930,197	\$1,158,306	\$41,755	\$73,220	\$656,916	\$0
Proposed Change over Present Rates (%)	10.2%	8.7%	9.9%	8.4%	13.3%	0.0%

Table 19

Water - Test Year Cash Flow Analysis

City of Salida, CO

	Test Year
<u>Cash Sources</u>	
Revenues from User Rates ⁽¹⁾	\$1,930,197
Other Income ⁽²⁾	\$66,900
Total Cash Sources	\$1,997,097
<u>Cash Uses</u>	
O&M	\$1,218,100
Net Before Debt Service	\$778,997
<u>Debt Service</u>	
Debt Service P&I ⁽³⁾	\$340,731
Total Debt Service	\$340,731
Cash Funded Capital	\$295,800
Development Fees/Grants	\$540,000
Transfer in/(out)	\$0
Net Cash Flow	\$682,466

Notes:

- 1) Full year of revenues from proposed user rates
- 2) Capital Revenue, Miscellaneous revenue and late fees.
- 3) Average of 10 year Long Range Plan

Table 20 Comparison of Existing and Proposed Bills

City of Salida, CO

Customer	Usage Level	Meter Size ¹	Total Monthly				Incremental Monthly ³		
			Usage 1,000 Gal	Current Bill	Proposed Bill	Dollar Change	Percent Change	Dollar Change	Avg. Percent Change
Residential	Low User	5/8" & 3/4"	2.00	\$25.12	\$26.75	\$1.63	6.5%	\$0.33	1.30%
Residential	Avg. User ²	5/8" & 3/4"	4.00	\$28.54	\$30.51	\$1.97	6.9%	\$0.39	1.38%
Residential	High User	5/8" & 3/4"	14.00	\$46.02	\$49.86	\$3.84	8.3%	\$0.77	1.67%
Commercial	Low User	1"	13.00	\$53.50	\$58.10	\$4.60	8.6%	\$0.92	1.72%
Commercial	Avg. User ²	1"	21.00	\$71.36	\$79.42	\$8.06	11.3%	\$1.61	2.26%
Commercial	High User	1"	101.00	\$253.76	\$295.42	\$41.66	16.4%	\$8.33	3.28%
RES w/ ADU	Low User	ADU	9.75	\$25.80	\$27.94	\$2.14	8.3%	\$0.43	1.66%
RES w/ ADU	Avg. User ²	ADU	13.00	\$31.36	\$34.05	\$2.69	8.6%	\$0.54	1.72%
RES w/ ADU	High User	ADU	16.25	\$36.92	\$40.16	\$3.24	8.8%	\$0.65	1.76%
MF	Low User	5/8" & 3/4"	2.00	\$25.12	\$26.75	\$1.63	6.5%	\$0.33	1.30%
MF	Avg. User ²	5/8" & 3/4"	7.00	\$33.67	\$36.15	\$2.48	7.4%	\$0.50	1.47%
MF	High User	5/8" & 3/4"	10.00	\$38.80	\$41.79	\$2.99	7.7%	\$0.60	1.54%

Notes:

- 1) Meter sizes chosen based on highest number of users for each class or for demonstrative purposes.
- 2) Average user is defined as the total estimated test year flow for the class divided by the projected number of users in the class.
- 3) Shown as a phased-in 5-year increase.

2020 Water Rate Study

Section 3 — Long-Range Cash Flow Analysis

City of Salida, CO

Table 21
Water Utility Capital Improvement Plan

City of Salida, CO

Projects	Funding	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Totals
Vehicles and Rolling Stock	User Fees	120,000	40,000										160,000
Infrastructure Upgrades and Replacements	Revenue Debt		1,400,000	100,000	100,000	100,000							1,700,000
Machinery & Equipment Replacement	User Fees	150,000	14,000	15,000	15,000	15,000							209,000
Meter Replacement	User Fees	75,000	75,000	75,000	75,000	75,000							375,000
Hydrant and Valve Replacements	User Fees	50,000	50,000	50,000	50,000	50,000							250,000
Water Line Replc. (Street Reconstruction)	Grants/Aids	525,000	550,000	575,000	575,000	575,000							2,800,000
Office Building Improvement	User Fees	15,000											15,000
Machinery & Equipment Replacements	User Fees	10,000	10,000	75,000	10,000	10,000							115,000
Tenderfoot Tank	User Fees	30,000											30,000
Motors, Pumps & Computer Upgrade	User Fees	25,000	25,000	25,000	25,000	25,000							125,000
Harrington Ditch	Revenue Debt		15,000	1,000,000									1,015,000
Water Treatment Facility Upgrade	Revenue Debt				3,000,000								3,000,000
Source Water Diversion Hydraulic Control	User Fees												0
Bulk Water Site	User Fees	100,000			100,000								200,000
HISTORICAL (2015-2019) Average	Cash						750,000	750,000	750,000	750,000	750,000	750,000	4,500,000
Actual CIP Costs		1,100,000	2,179,000	1,915,000	3,950,000	850,000	750,000	750,000	750,000	750,000	750,000	750,000	14,494,000
Sources of Funding													
G.O. Debt		0	0	0	0	0	0	0	0	0	0	0	0
Revenue Debt		0	1,415,000	1,100,000	3,100,000	100,000	0	0	0	0	0	0	5,715,000
Grants/Aids/Dev. Fees		525,000	550,000	575,000	575,000	575,000	0	0	0	0	0	0	2,800,000
Special Assessment		0	0	0	0	0	0	0	0	0	0	0	0
User Fees		575,000	214,000	240,000	275,000	175,000	0	0	0	0	0	0	1,479,000
Tax Levy		0	0	0	0	0	0	0	0	0	0	0	0
Equipment Replacement Fund		0	0	0	0	0	0	0	0	0	0	0	0
Cash		0	0	0	0	0	750,000	750,000	750,000	750,000	750,000	750,000	4,500,000
Total		1,100,000	2,179,000	1,915,000	3,950,000	850,000	750,000	750,000	750,000	750,000	750,000	750,000	14,494,000

% Allocation		\$ Allocation	
Existing Sys.	Growth	Existing Sys.	Growth
100%	0%	\$ 160,000	\$ -
100%	0%	\$ 1,700,000	\$ -
100%	0%	\$ 209,000	\$ -
100%	0%	\$ 375,000	\$ -
100%	0%	\$ 250,000	\$ -
100%	0%	\$ 2,800,000	\$ -
100%	0%	\$ 15,000	\$ -
100%	0%	\$ 115,000	\$ -
100%	0%	\$ 30,000	\$ -
100%	0%	\$ 125,000	\$ -
0%	100%	\$ -	\$ 1,015,000
0%	100%	\$ -	\$ 3,000,000
100%	0%	\$ -	\$ -
100%	0%	\$ 200,000	\$ -
100%	0%	\$ 4,500,000	\$ -
72%	28%	\$ 10,479,000	\$ 4,015,000

Notes:

1) Any capital items allocated to growth are subject to revenue recovery through the System Development Fees.

Table 22 Water Utility Projected Debt Service Payments (PROPOSED)

City of Salida, CO

NAME	Water Rev Bonds Series 2021				Water Rev Bonds Series 2023				PROPOSED Water Utility Debt Service Summary				
	AMT				AMT								
DATED	\$1,828,000						\$1,796,000						
MATURE	6/1/2021						6/1/2023						
RATE	5/1						5/1						
	3.00%						3.50%						
Year	Principal	Est. Rate	Interest	Total	Principal	Est. Rate	Interest	Total	Total Prin	Total Int	Total P&I	Prin Outstanding	Year
2020									0	0	0		2020
2021			22,850	22,850					0	22,850	22,850	1,828,000	2021
2022	5,000	3.00%	54,765	59,765					5,000	54,765	59,765	1,823,000	2022
2023	5,000	3.00%	54,615	59,615			26,192	26,192	5,000	80,807	85,807	3,614,000	2023
2024	5,000	3.00%	54,465	59,465	10,000	3.50%	62,685	72,685	15,000	117,150	132,150	3,599,000	2024
2025	25,000	3.00%	54,015	79,015	10,000	3.50%	62,335	72,335	35,000	116,350	151,350	3,564,000	2025
2026	25,000	3.00%	53,265	78,265	10,000	3.50%	61,985	71,985	35,000	115,250	150,250	3,529,000	2026
2027	25,000	3.00%	52,515	77,515	10,000	3.50%	61,635	71,635	35,000	114,150	149,150	3,494,000	2027
2028	105,000	3.00%	50,565	155,565	80,000	3.50%	60,060	140,060	185,000	110,625	295,625	3,309,000	2028
2029	110,000	3.00%	47,340	157,340	80,000	3.50%	57,260	137,260	190,000	104,600	294,600	3,119,000	2029
2030	115,000	3.00%	43,965	158,965	80,000	3.50%	54,460	134,460	195,000	98,425	293,425	2,924,000	2030
2031	120,000	3.00%	40,440	160,440	80,000	3.50%	51,660	131,660	200,000	92,100	292,100	2,724,000	2031
2032	125,000	3.00%	36,765	161,765	85,000	3.50%	48,773	133,773	210,000	85,538	295,538	2,514,000	2032
2033	130,000	3.00%	32,940	162,940	90,000	3.50%	45,710	135,710	220,000	78,650	298,650	2,294,000	2033
2034	135,000	3.00%	28,965	163,965	100,000	3.50%	42,385	142,385	235,000	71,350	306,350	2,059,000	2034
2035	140,000	3.00%	24,840	164,840	100,000	3.50%	38,885	138,885	240,000	63,725	303,725	1,819,000	2035
2036	140,000	3.00%	20,640	160,640	100,000	3.50%	35,385	135,385	240,000	56,025	296,025	1,579,000	2036
2037	145,000	3.00%	16,365	161,365	100,000	3.50%	31,885	131,885	245,000	48,250	293,250	1,334,000	2037
2038	147,000	3.00%	11,985	158,985	140,000	3.50%	27,685	167,685	287,000	39,670	326,670	1,047,000	2038
2039	148,000	3.00%	7,560	155,560	140,000	3.50%	22,785	162,785	288,000	30,345	318,345	759,000	2039
2040	178,000	3.00%	2,670	180,670	145,000	3.50%	17,798	162,798	323,000	20,468	343,468	436,000	2040
2041			0		145,000	3.50%	12,723	157,723	145,000	12,723	157,723	291,000	2041
2042			0		145,000	3.50%	7,648	152,648	145,000	7,648	152,648	146,000	2042
2043			0		146,000	3.50%	2,555	148,555	146,000	2,555	148,555	0	2043
TOTALS¹	1,828,000		711,530	2,539,530	1,796,000		832,487	2,628,487	3,624,000	1,544,017	5,168,017		TOTALS

Notes:

1) Adds 2.5% Cost of Issuance to total project cost from CIP net of Cash Applied. In 2021: \$750k; 2023 \$1.5M

Table 23
Water Utility Cash Flow Analysis - Projected 2020-2030

City of Salida, CO

	Est.	Budget	Projected								
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenues											
Total Revenues from User Rates ¹	\$1,847,938	\$1,975,876	\$2,089,467	\$2,207,151	\$2,329,076	\$2,455,394	\$2,522,347	\$2,666,398	\$2,762,126	\$2,944,290	\$3,045,575
Percent Increase to User Rates	0.00%	2.58%	2.58%	2.58%	2.58%	2.58%	0.00%	3.00%	0.00%	3.00%	0.00%
Cumulative Percent Rate Increase	0.00%	2.58%	5.22%	7.93%	10.71%	13.57%	13.57%	16.97%	16.97%	20.48%	20.48%
\$ Change from PY Rate Revenues		\$127,938	\$113,592	\$117,684	\$121,925	\$126,318	\$66,954	\$144,051	\$95,728	\$182,164	\$101,286
Other Revenues											
Interest Income	\$8,000	\$8,020	\$8,060	\$8,100	\$8,141	\$8,182	\$8,223	\$8,264	\$8,346	\$8,430	\$8,514
Other Income	\$500	\$510	\$515	\$520	\$525	\$531	\$536	\$541	\$552	\$563	\$575
Total Other Revenues	\$8,500	\$8,530	\$8,575	\$8,621	\$8,666	\$8,712	\$8,759	\$8,805	\$8,898	\$8,993	\$9,089
Total Revenues	\$1,856,438	\$1,984,406	\$2,098,042	\$2,215,772	\$2,337,742	\$2,464,106	\$2,531,106	\$2,675,203	\$2,771,025	\$2,953,283	\$3,054,664
Expenses											
Operating and Maintenance ²	\$1,218,100	\$1,254,643	\$1,292,282	\$1,331,051	\$1,370,982	\$1,412,112	\$1,454,475	\$1,498,109	\$1,543,053	\$1,589,344	\$1,637,025
PILOT Payment/Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Before Debt Service and Capital Expenditures	\$638,338	\$729,763	\$805,760	\$884,721	\$966,760	\$1,051,994	\$1,076,631	\$1,177,094	\$1,227,972	\$1,363,938	\$1,417,639
Debt Service											
Existing Debt P&I ¹	\$224,522	\$221,405	\$223,489	\$230,466	\$227,227	\$207,630	\$225,912	\$222,565	\$64,216	\$64,219	\$64,219
New (2020-2029) Debt Service P&I	\$0	\$22,850	\$59,765	\$85,807	\$132,150	\$151,350	\$150,250	\$149,150	\$295,625	\$294,600	\$293,425
Total Debt Service	\$224,522	\$244,255	\$283,254	\$316,273	\$359,377	\$358,980	\$376,162	\$371,715	\$359,841	\$358,819	\$357,644
Transfer In (Out)/Cap. Contrib	\$556,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Capital Improvements/COI	(\$1,100,000)	(\$2,241,875)	(\$1,915,000)	(\$4,030,000)	(\$850,000)	(\$750,000)	(\$750,000)	(\$750,000)	(\$750,000)	(\$750,000)	(\$750,000)
Bond Proceeds	\$0	\$1,828,000	\$0	\$1,796,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Cash Flow	(\$130,184)	\$571,633	(\$892,494)	(\$1,165,551)	\$257,383	\$443,014	\$450,469	\$555,379	\$618,131	\$755,120	\$809,995
Restricted and Unrestricted Cash Balance:											
Balance at first of year	\$3,322,284	\$3,192,100	\$3,763,733	\$2,871,239	\$1,705,688	\$1,963,071	\$2,406,085	\$2,856,553	\$3,411,932	\$4,030,063	\$4,785,183
Net Annual Cash Flow Addition/(subtraction)	(\$130,184)	\$571,633	(\$892,494)	(\$1,165,551)	\$257,383	\$443,014	\$450,469	\$555,379	\$618,131	\$755,120	\$809,995
Balance at end of year	\$3,192,100	\$3,763,733	\$2,871,239	\$1,705,688	\$1,963,071	\$2,406,085	\$2,856,553	\$3,411,932	\$4,030,063	\$4,785,183	\$5,595,178
Debt Coverage	2.84	2.99	2.84	2.80	2.69	2.93	2.86	3.17	3.41	3.80	3.96

Notes:
1) 2% revenue inflation per furnished customer growth assumption.
2) 3% Inflationary factor 2021 and beyond

Legend:
 Inflationary Increase beyond COS Study
 COS Study Increase
 End of furnished CIP

Table 24 Water Utility Financial Benchmarking Analysis 2020 - 2030

City of Salida, CO

	Budget	Projected									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Target minimum cash balance											
Target minimum working capital - Ehlers ¹	1,128,252	1,217,123	1,308,037	1,414,419	1,447,643	1,499,928	1,531,220	1,555,739	1,591,785	1,628,373	1,660,885
Actual Days Cash Available - Moody's ²	957	1,095	811	468	523	622	717	831	953	1,099	1,248
Actual Days Cash Available - S&P ³	957	1,095	811	468	523	622	717	831	953	1,099	1,248
Actual working capital-cash balance	3,192,100	3,763,733	2,871,239	1,705,688	1,963,071	2,406,085	2,856,553	3,411,932	4,030,063	4,785,183	5,595,178
Over (Under) Ehlers target	2,063,848	2,546,611	1,563,203	291,269	515,428	906,157	1,325,333	1,856,193	2,438,279	3,156,810	3,934,293
Over (Under) Moody's target (150 days)	807	945	661	318	373	472	567	681	803	949	1,098
Over (Under) S&P target (150 days)	807	945	661	318	373	472	567	681	803	949	1,098

Notes:

1) Target capital equals 6 mos of following year's operating expenses, including depreciation, plus 100% of following year's debt.

2) Moody's Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation

3) S&P Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation; include designated reserve funds: ERFs, RSFs, etc

Rate of Return											
Average Utility Plant in Service	20,039,755	21,679,255	23,726,255	26,658,755	29,058,755	29,858,755	30,608,755	31,358,755	32,108,755	32,858,755	33,608,755
Plus: Materials and Supplies	0	0	0	0	0	0	0	0	0	0	0
Less: Utility Plant Accumulated Depreciation	7,819,553	8,332,905	8,908,360	9,560,837	10,299,939	11,065,152	11,858,208	12,679,109	13,527,853	14,404,441	15,308,873
Less: Regulatory Liability	0	0	0	0	0	0	0	0	0	0	0
Average Net Investment Rate Base (NIRB)	12,220,202	13,346,350	14,817,895	17,097,918	18,758,817	18,793,603	18,750,547	18,679,646	18,580,902	18,454,314	18,299,882
Net Operating Income	160,338	208,390	222,245	224,144	219,517	278,599	275,352	347,930	370,881	478,921	504,694
ROR	1.31%	1.56%	1.50%	1.31%	1.17%	1.48%	1.47%	1.86%	2.00%	2.60%	2.76%

Cost Recovery

Operating Revenues	1,848,438	1,976,386	2,089,982	2,207,672	2,329,601	2,455,924	2,522,883	2,666,939	2,762,678	2,944,853	3,046,150
Operating Expenses incl. Depr & Amortization	1,688,100	1,767,995	1,867,737	1,983,528	2,110,084	2,177,325	2,247,532	2,319,010	2,391,797	2,465,932	2,541,456
Operating Expenses w/o Depr & Amortization	1,218,100	1,254,643	1,292,282	1,331,051	1,370,982	1,412,112	1,454,475	1,498,109	1,543,053	1,589,344	1,637,025
Cost Recovery incl. Depr	1.09	1.12	1.12	1.11	1.10	1.13	1.12	1.15	1.16	1.19	1.20
Cost Recovery w/o Depr	1.39	1.41	1.45	1.49	1.54	1.54	1.55	1.55	1.55	1.55	1.55

Notes:

This operating ratio indicates whether operating revenues (mostly charges to customers) were sufficient to cover operations and capital (in the form of depreciation) for the water and/or wastewater utility in the fiscal year. A ratio of less than 1 could be a sign of financial concern. In general, this ratio should be higher than 1 to accommodate future capital investments.

Leverage

Total Long-Term Debt	1,876,883	3,511,120	3,307,041	4,888,642	4,663,922	4,435,232	4,184,857	3,934,150	3,688,110	3,436,729	3,180,005
Total Net Assets	21,114,755	23,843,755	26,333,755	30,858,755	32,283,755	33,033,755	33,783,755	34,533,755	35,283,755	36,033,755	36,783,755
Debt-to Equity Ratio	0.09	0.15	0.13	0.16	0.14	0.13	0.12	0.11	0.10	0.10	0.09

Notes:

This indicator measures the existing level of leveraging of assets, and is used by funders and bond rating agencies to evaluate the risk of providing additional loans to the utility. The ratio indicates the amount of long-term debt that exists for every \$1 of assets (fund equity). A utility with a ratio greater than 1.0 has more long-term debt than equity in the system's assets. There are no natural benchmarks for this indicator, and funders and bond rating agencies will assess this ratio in various ways. In general, the higher this ratio, the more likely the utility will be considered to be over-leveraged and the more difficult it will be for the utility to obtain additional loans. For this ratio, Net Assets are equal to the Net Investment Rate Base of the utility.

Condition of Assets:

Accumulated Depreciation Expense	7,819,553	8,332,905	8,908,360	9,560,837	10,299,939	11,065,152	11,858,208	12,679,109	13,527,853	14,404,441	15,308,873
Total Net Assets	21,114,755	23,843,755	26,333,755	30,858,755	32,283,755	33,033,755	33,783,755	34,533,755	35,283,755	36,033,755	36,783,755
Asset Depreciation	37.03%	34.95%	33.83%	30.98%	31.90%	33.50%	35.10%	36.72%	38.34%	39.97%	41.62%

Notes:

This indicator of infrastructure condition estimates the portion of the average expected life of the utility's physical assets that has already passed.

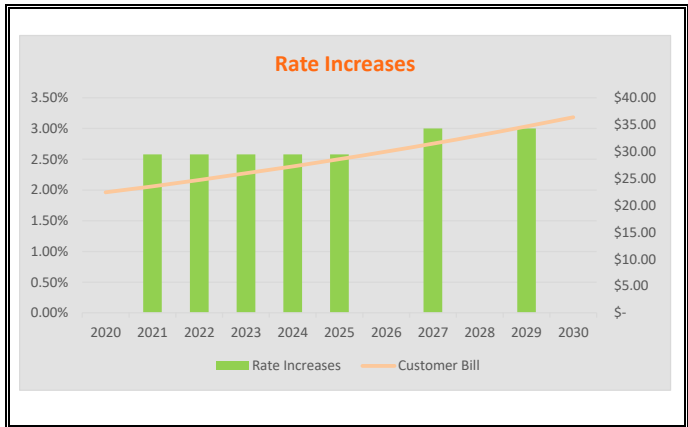
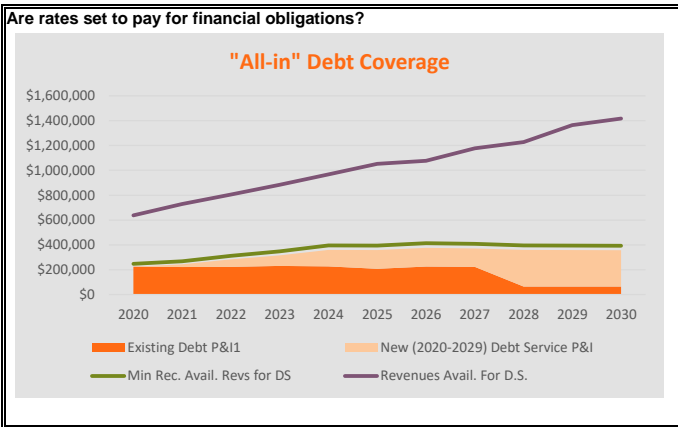
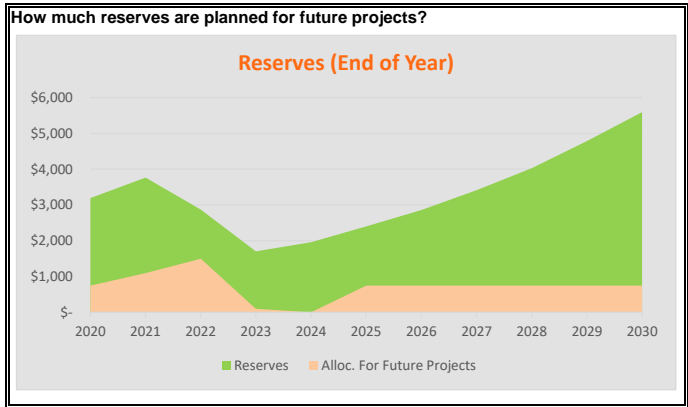
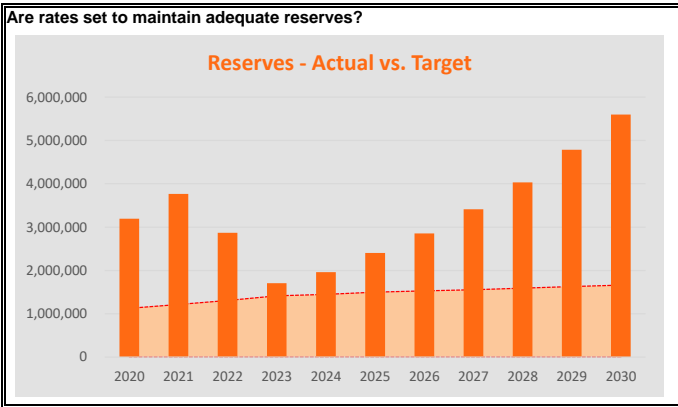
As this ratio approaches 100%, the capital assets become fully depreciated, and infrastructure needs replacement or rehabilitation. The accuracy of this indicator relies heavily on the accuracy of the depreciation schedule, and historic pricing likely distorts this indicator (newer utilities may be slightly disadvantaged as a result).

Table 25 Water Utility Statement of Projected Revenue Bond Coverage

City of Salida, CO

Year	Total Operating Revenues	Less: Total O&M Expense	Amount Available for Debt Service	Existing Rev Debt	Future Rev Debt (2020-2029)			Total Water Debt Service	Coverage	Debt Service Capacity @ 1.25x
				Total	Total	2021 WRB	2023 WRB			
2020	1,856,438	(1,218,100)	638,338	224,522	-			224,522	2.84	286,149
2021	1,984,406	(1,254,643)	729,763	221,405	22,850	22,850		244,255	2.99	339,556
2022	2,098,042	(1,292,282)	805,760	223,489	59,765	59,765		283,254	2.84	361,354
2023	2,215,772	(1,331,051)	884,721	230,466	85,807	59,615	26,192	316,273	2.80	391,504
2024	2,337,742	(1,370,982)	966,760	227,227	132,150	59,465	72,685	359,377	2.69	414,031
2025	2,464,106	(1,412,112)	1,051,994	207,630	151,350	79,015	72,335	358,980	2.93	482,615
2026	2,531,106	(1,454,475)	1,076,631	225,912	150,250	78,265	71,985	376,162	2.86	485,143
2027	2,675,203	(1,498,109)	1,177,094	222,565	149,150	77,515	71,635	371,715	3.17	569,960
2028	2,771,025	(1,543,053)	1,227,972	64,216	295,625	155,565	140,060	359,841	3.41	622,537
2029	2,953,283	(1,589,344)	1,363,938	64,219	294,600	157,340	137,260	358,819	3.80	732,332
2030	3,054,664	(1,637,025)	1,417,639	64,219	293,425	158,965	134,460	357,644	3.96	776,467

Table 26
Water Utility Long-Range Planning Analysis
City of Salida, CO



October 20, 2020

2020 Sewer Rate Study:

The City of Salida, CO



Prepared by:

Ehlers
N21W23350 Ridgeview
Parkway West, Suite 100
Waukesha, WI 53188

Advisors:

Brian Roemer
Municipal Advisor
James Mann
Principal/Senior Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

Executive Summary

KEY FINDINGS

- The Sewer Utility's (the "Utility") last rate increase was effective for January 2020.
- As of December 31, 2019, the Utility has a cash balance of \$3,308,556 with \$986,683 in funds designated as restricted and \$2,321,873 unrestricted.
- Presently, residential customers pay a monthly service (fixed) charge (which includes 2,000 gallons of usage) and a volumetric rate per 1,000 gallons.
- Commercial customers pay a monthly service (fixed) charge based on meter size (which does not include 2,000 gallons of usage) and a volumetric rate per 1,000 gallons.
- Sewer usage is determined by the customer's water usage unless otherwise noted.
- As of 12/31/2019 the Sewer Utility had \$10,661,388 in debt outstanding.

Further description and analysis of these findings are found in this Executive Summary, the Study and its Sections.

RECOMMENDATIONS

- We recommend the Utility continue to charge users a fixed and volumetric rate each billing period (monthly).
- To fund its Capital Improvement Plan ("CIP"), we recommend the Utility use debt and cash financing.
- Based on our projections,
 - The City will need to increase sewer rates in order to close on the Clean Water Fund Loan
 - if the City adopts the recommended rates, the sewer rate revenue generated will adequately meet the Utility's revenue needs to fund all the Utility's known financial obligations as depicted in this study.
- The typical residential customer at average consumption will experience a 69.3% (\$17.37) increase to their total quarterly bill at the recommended rates. This increase is depicted as phased-in over a ten-year period.
- As part of the Long-Range Cash Flow Analysis, Section 3, additional inflationary increases are depicted to maintain with an assumed increase in O&M expense.

Based on historical performance and the results of the Study, we recommend the City adopt the proposed rate schedule as shown in Section 2 Table 13. These rate adjustments' impact on the average residential user is a 69.3% monthly increase to their bill. Further illustration of the impact on other customer classes is seen in Section 2, Table 17. We also

recommend that these changes be adopted 1) congruent with the meter read cycle for ease of administration and 2) as soon as practical to expedite the recovery of the Utility's financial obligations.

Regarding future CIP needs as described in this Executive Summary, it is recommended the City use cash to finance the projects. However, planned future projects can be altered/removed and market conditions can change; and upon occurrence, future recommendations of debt financing may need to be revised. Other future capital improvements not listed within the study are outside the scope of the future recommended rate increases and debt instruments presented. Another rate study should be completed if additional future capital projects are added to the CIP. Lastly, the Utility should continue to monitor the need for future capital improvements and its ability to cash or debt finance their costs, adjusting the rate structure as needed through benchmarked reserves.

It is recommended that the City continue to annually monitor the sewer rates and evaluate the need to adopt future rate increases shown in Section 3, the Long-Range Cash Flow Analysis, to maintain financial health. Due to changes in customer count, usage, and capital planning, the recommended schedule to follow for completing rate studies is every three to five years. It is also further recommended that the City monitor existing and targeted cash balances within the Sewer Fund to bring them to a minimum recommended threshold. The minimum recommended threshold for unrestricted cash balance is equal to 150 days of unrestricted cash available for budgeted operations expenses as recommended for government-owned utilities by the major rating agencies. This will allow the utility to have reserves available to meet expenses, cope with emergencies and navigate any business interruptions.

Further depiction of the calculation and derivation of these recommendations are found in Sections 2 and 3. The proceeding Sections reveal the results of the Study, Long-Range Cash Flow Analysis and financing of the CIP.

Introduction and Overview

The City engaged Ehlers in 2020 to perform a Sewer Rate Study (the "Study"). The primary goal of the study is to make recommendations for self-sufficient user rates to meet all operating and capital expenses of the Utility.

Along with the Study, the City has engaged Ehlers to complete a long-range cash flow analysis for the Utility which develops recommendations for future rate increases required to support the Utility's CIP, and projected increases to the sewer operating budget. Lastly, the study develops recommendations about how to pay for capital projects in each year through a combination of debt instruments and available cash. This Executive Summary

identifies the findings, recognizes the methodology used, and reviews the results of the Study completed for the City.

RATE SETTING OBJECTIVES

When designing rates, we consider many generally accepted practices and industry standards. The subsequent guidelines were followed in completing the rate design portion of the Study.

- Rates should be fair and equitable to all customers
- Rates should be easy to administer and to understand
- Rates should be defensible

KEY ASSUMPTIONS

- The study develops recommended user rates based on a 2020 test year.
- The recommended rates follow the City's Code of Ordinances Chapter 13 including
 - Section 3-30(c): Wastewater charges for all users of the City's wastewater system shall consist of a fixed service charge and a volume charge, described as follows, which is based upon the quantity of water delivered to the customer, all as prescribed by separate resolution of the City Council, as may be amended from time to time.
- The study was completed using the Utility-Basis to determine a revenue requirement, explained further in the "Study Methodology" Section.
- 2020 flow projections are based on historical averages. Customer counts and usage beyond 2020 were used from furnished City projections.
- Operating expenses beyond the 2020 budget were projected at 3% increases per year.

STUDY PURPOSE

Several goals were established for the Study, including:

1. Assess financial performance trends in recent past.
2. Develop user rates at a level where the Utility is self-sufficient, meaning it is generating adequate revenues from user rates to pay for all outstanding financial obligations.
3. Develop user rates at a level where the Utility is building adequate cash to maintain certain benchmarked levels and fund future CIP projects.
4. Incorporate the City's CIP for the Sewer utility.

5. Develop a rate structure that is fair and equitable for all customer classes.

STUDY METHODOLOGY AND USER RATE PERFORMANCE

Rate development and planning require projections of future revenue needs. To establish those revenue needs, there are two generally accepted methodologies, the cash and utility-based methods. Under the utility-based method, a revenue requirement is established for a test year using several components. These components include: The Utility's budgeted operation and maintenance expenses, transfers, depreciation, and a "fair" return on rate base. Conversely, the cash-based method looks at the Utility's budgeted operation and maintenance expenses, transfers, debt service and cash funded capital. The components added together net of other revenues not generated through user rates serve as the requirement that should be recovered through user rates. This study was performed on a utility basis since the system has system development fees which are designed to have growth pay for growth looking at the utilities capital needs. Therefore, the proposed rates are designed to recover the current operating and aging infrastructure replacement needs. Due to the utility's large depreciation expense the utility did not need to have a ROR above zero.

When financially evaluating a utility, there are several benchmarks to consider. According to rating agencies and underwriters, a utility's available cash is a high indicator of financial stability in that strong liquidity provides a cushion against a limited ability to raise rates quickly to address unanticipated disruptions or capital needs. Existing user rates revenue will be inadequate to maintain debt coverage as covenanted in the outstanding and projected revenue bonds for the utility and ultimately pay for future capital improvements expenditures. On a cash basis, the current revenues are adequate to fund only Operating and Maintenance expenses and Outstanding Debt but will need an increase as the debt burden increases. Table 2 in Section 1 of the Sewer Rate Study depicts how rates have been performing compared to the required revenues under both approaches. The rate recommendations developed were to recover the revenue requirements for the test year 2020.

IMPLEMENTATION OF FUTURE PROJECTS

The City has identified a CIP that will provide for reinvestment and maintenance of the Utility infrastructure. The major projects in the CIP include:

- Infrastructure Upgrades and Replacements: \$1.75M over the five years depicted
- Phosphorus Removal: \$0.56M over the five years depicted

We have only included future CIP costs that were known or estimated. We recommend updating the Study if the City intends to add or adjust projects. No projected depicted are attributable to growth as projects are added that would be attributable to growth the

System Development Fees should be updated. In addition, the Poncha Springs Interceptor is not considered for this Study due to the current status of this project's consideration. For more detail on this project and its relation to this Study see ALTERNATIVES & OTHER CONSIDERATIONS Section below.

PROJECTED FUTURE DEBT CONSIDERATIONS

To the extent debt instruments are depicted, it was assumed that the City would issue debt instruments for future projects with useful lives of greater than 20 years. However, given the furnished CIP and the Cash Position the Utility finds itself, all of the CIP is depicted as funded with cash. Consideration should be given to any debt issuance recommended after 2020, at the time planning to finance the projects, as other debt instruments may be more attractive to the Utility at that time.

ALTERNATIVES & OTHER CONSIDERATIONS

It is our understanding that the City will be reconstructing the Poncha Springs interceptor in the next ten years. In addition, the City hopes to fairly and equitably allocate the costs of that project by both outside versus inside users and growth versus existing usage. As the City contemplates how to fund various phases of the Poncha Springs interceptor the City should isolate user rate charge schedule between Poncha Springs (and other outside customers as necessary) and inside customers. This would recognize that various users, inside and outside, use components of the system differently. In order to properly allocate the costs of the system the City should:

1. determine portions of customers that use and do not use various components of the system;
2. segregate the customer classes by inside and outside to be able to isolate billable data (customer count and usage);
3. similar to the commercial class have other customer classes segregated by meter size

Should the utility identify growth portions attributable to the sizing of the Poncha Springs Interceptor the System Development Fees should be updated. With no direct furnished growth capital items, the System Development Fees were not considered. Please reference Appendix A for our Preliminary Analysis of the Impact of the Poncha Springs Interceptor.

ACKNOWLEDGEMENTS

Utility rate studies are a cooperative effort. We would like to acknowledge the following City staff members for their contributions towards this study: Aimee Tihonovich, Finance Director; David Lady, Director of Public Works; Drew Nelson, City Administrator; and Renee Thornoff, Staff Accountant.

2020 Sewer Rate Study

Section 1 — Historical Performance

City of Salida, CO

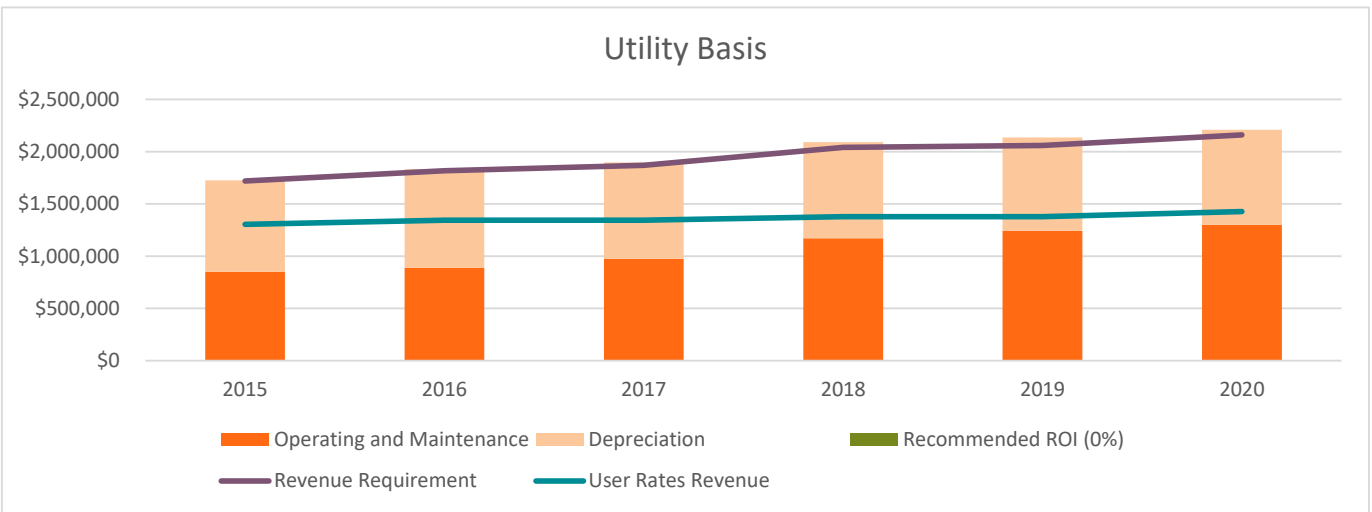
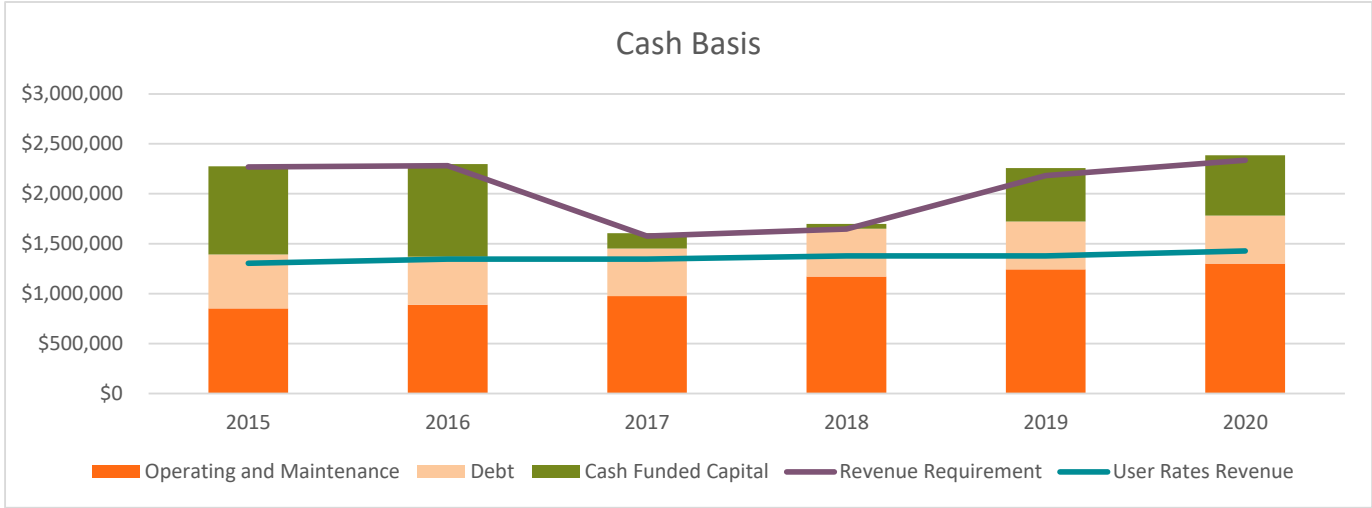
Table 1 Sewer Rate Performance

City of Salida, CO

Revenue Requirement		Shown with no increase				Est	Budget
Component	Description	2015	2016	2017	2018	2019	2020
Cash Basis							
1	Operating and Maintenance	\$851,487	\$889,167	\$976,113	\$1,171,336	\$1,242,771	\$1,300,200
2	Debt	\$541,178	\$479,832	\$475,737	\$479,208	\$479,178	\$480,405
3	Cash Funded Capital	\$882,093	\$928,272	\$152,721	\$47,251	\$535,644	\$605,000
Less:							
	Other Revenue	\$1	\$250	\$489	\$340	\$162	\$0
	Interest Income	\$7,032	\$15,145	\$27,203	\$50,068	\$75,547	\$50,000
	Revenue Requirement (Costs less Other Income)	\$2,267,725	\$2,281,876	\$1,576,879	\$1,647,387	\$2,181,883	\$2,335,605
	User Rates Revenue	\$1,304,100	\$1,345,055	\$1,345,095	\$1,377,458	\$1,378,100	\$1,427,000
	Rate Adequacy	(\$963,625)	(\$936,821)	(\$231,784)	(\$269,929)	(\$803,783)	(\$908,605)
	Dev. Fees	\$1,217,203	\$697,682	\$470,919	\$826,859	\$677,548	\$450,000
Utility Basis							
1	Operating and Maintenance	\$851,487	\$889,167	\$976,113	\$1,171,336	\$1,242,771	\$1,300,200
2	Depreciation	\$874,374	\$942,982	\$921,085	\$919,382	\$892,838	\$909,433
	NIRB	\$19,211,883	\$19,030,484	\$18,879,325	\$18,066,293	\$17,458,482	\$17,119,371
3	Recommended ROI (0%)	\$0	\$0	\$0	\$0	\$0	\$0
Less:							
	Other Revenue	\$1	\$250	\$489	\$340	\$162	\$0
	Interest Income	\$7,032	\$15,145	\$27,203	\$50,068	\$75,547	\$50,000
	Revenue Requirement (Costs less Other Income)	\$1,718,828	\$1,816,754	\$1,869,506	\$2,040,310	\$2,059,900	\$2,159,633
	User Rates Revenue	\$1,304,100	\$1,345,055	\$1,345,095	\$1,377,458	\$1,378,100	\$1,427,000
	Rate Adequacy	(\$414,728)	(\$471,699)	(\$524,411)	(\$662,852)	(\$681,800)	(\$732,633)

Table 2 Sewer Utility Rate Performance Charts

City of Salida, CO



**Table 3
Sewer Utility Schedule of Revenue Debt Outstanding**

City of Salida, CO

NAME	Water and Sewer Revenue Bonds Series 2013			Existing Revenue Sewer Debt Summary					
	DATED	AMT	MAT RATE						
	3/27/2013	\$12,103,000	3/27 & 9/27	2.50%					
YEAR	Principal	Rate	Interest	TOTAL PRIN	TOTAL INT	TOTAL P & I	PRINC OUTSTND	PRINC %PAID	YEAR
2019	209,915	2.50%	270,490	209,915	270,490	480,405	10,662,139	1.93%	2019
2020	215,195	2.50%	265,210	215,195	265,210	480,405	10,446,944	3.91%	2020
2021	220,609	2.50%	259,796	220,609	259,796	480,405	10,226,335	5.94%	2021
2022	226,159	2.50%	254,246	226,159	254,246	480,405	10,000,177	8.02%	2022
2023	231,848	2.50%	248,557	231,848	248,557	480,405	9,768,329	10.15%	2023
2024	237,680	2.50%	242,725	237,680	242,725	480,405	9,530,648	12.34%	2024
2025	243,659	2.50%	236,745	243,659	236,745	480,405	9,286,989	14.58%	2025
2026	249,789	2.50%	230,616	249,789	230,616	480,405	9,037,200	16.88%	2026
2027	256,073	2.50%	224,332	256,073	224,332	480,405	8,781,127	19.23%	2027
2028	262,515	2.50%	217,890	262,515	217,890	480,405	8,518,612	21.65%	2028
2029	269,119	2.50%	211,286	269,119	211,286	480,405	8,249,494	24.12%	2029
2030	275,889	2.50%	204,516	275,889	204,516	480,405	7,973,605	26.66%	2030
2031	282,829	2.50%	197,576	282,829	197,576	480,405	7,690,776	29.26%	2031
2032	289,944	2.50%	190,461	289,944	190,461	480,405	7,400,833	31.93%	2032
2033	297,238	2.50%	183,167	297,238	183,167	480,405	7,103,595	34.66%	2033
2034	304,715	2.50%	175,690	304,715	175,690	480,405	6,798,880	37.46%	2034
2035	312,381	2.50%	168,024	312,381	168,024	480,405	6,486,499	40.34%	2035
2036	320,239	2.50%	160,166	320,239	160,166	480,405	6,166,260	43.28%	2036
2037	328,295	2.50%	152,110	328,295	152,110	480,405	5,837,966	46.30%	2037
2038	336,554	2.50%	143,851	336,554	143,851	480,405	5,501,412	49.40%	2038
2039	345,020	2.50%	135,385	345,020	135,385	480,405	5,156,392	52.57%	2039
2040	353,699	2.50%	126,706	353,699	126,706	480,405	4,802,693	55.83%	2040
2041	362,597	2.50%	117,808	362,597	117,808	480,405	4,440,096	59.16%	2041
2042	371,719	2.50%	108,686	371,719	108,686	480,405	4,068,377	62.58%	2042
2043	381,070	2.50%	99,335	381,070	99,335	480,405	3,687,307	66.08%	2043
2044	390,656	2.50%	89,749	390,656	89,749	480,405	3,296,651	69.68%	2044
2045	400,483	2.50%	79,921	400,483	79,921	480,405	2,896,168	73.36%	2045
2046	410,558	2.50%	69,847	410,558	69,847	480,405	2,485,609	77.14%	2046
2047	420,886	2.50%	59,519	420,886	59,519	480,405	2,064,723	81.01%	2047
2048	431,474	2.50%	48,931	431,474	48,931	480,405	1,633,249	84.98%	2048
2049	442,328	2.50%	38,077	442,328	38,077	480,405	1,190,921	89.05%	2049
2050	453,456	2.50%	26,949	453,456	26,949	480,405	737,465	93.22%	2050
2051	464,863	2.50%	15,542	464,863	15,542	480,405	272,602	97.49%	2051
2052	272,602	2.50%	3,848	272,602	3,848	480,405	0	100.00%	2052
TOTALS	10,872,054		5,257,759	10,872,054	5,257,759	16,129,813			

Notes:

Table 4 Sewer Utility Cash Flow Analysis - Historical 2015-2019

City of Salida, CO

	Actual				Estimated
	2015	2016	2017	2018	2019
Revenues					
Total Revenues from User Rates	\$1,304,100	\$1,345,055	\$1,345,095	\$1,377,458	\$1,378,100
Other Revenues					
Interest Income	\$7,032	\$15,145	\$27,203	\$50,068	\$75,547
Other Income	\$1	\$250	\$489	\$340	\$162
Total Other Revenues	\$7,033	\$15,395	\$27,692	\$50,408	\$75,709
Total Revenues	\$1,311,133	\$1,360,450	\$1,372,787	\$1,427,866	\$1,453,809
Expenses					
Operating and Maintenance	\$851,487	\$889,167	\$976,113	\$1,171,336	\$1,242,771
PILOT Payment	\$0	\$0	\$0	\$0	\$0
Net Before Debt Service and Capital Expenditures	\$459,646	\$471,283	\$396,674	\$256,530	\$211,038
Debt Service					
Existing Debt P&I ¹	\$541,178	\$479,832	\$475,737	\$479,208	\$479,178
New (2020-2029) Debt Service P&I					
Total Debt Service	\$541,178	\$479,832	\$475,737	\$479,208	\$479,178
Transfer In (Out)/Cap. Contrib./Misc.	\$738,100	\$697,681	\$490,732	\$811,985	\$657,730
Capital Improvements	\$882,093	\$928,272	\$152,721	\$47,251	\$535,644
Bonds Issued/Grants/Aid	\$0	\$0	\$0	\$0	\$0
Reconcile to Audit	\$467,149	(\$67,657)	(\$35,852)	(\$13,139)	\$303,664
Net Annual Cash Flow	\$241,624	(\$306,797)	\$223,096	\$528,917	\$157,611
Restricted and Unrestricted Cash Balance:					
Balance at first of year		\$2,705,729	\$2,398,932	\$2,622,028	\$3,150,945
Net Annual Cash Flow Addition/(subtraction)		(\$306,797)	\$223,096	\$528,917	\$157,611
Balance at end of year	\$2,705,729	\$2,398,932	\$2,622,028	\$3,150,945	\$3,308,556

Notes:

Table 5 Sewer Utility Financial Benchmarking Analysis

City of Salida, CO

	Actual					Est. 2020
	2015	2016	2017	2018	2019	
Target minimum cash balance						
Target minimum working capital - Ehlers ¹	924,416	963,794	1,064,876	1,100,563	1,130,505	1,150,008
Actual Days Cash Available - Moody's ²	933	985	980	982	682	523
Target minimum working capital - S&P ³	933	985	980	982	682	523
Actual working capital-cash balance	2,705,729	2,398,932	2,622,028	3,150,945	3,308,556	2,849,951
Over (Under) Ehlers target	1,781,314	1,435,139	1,557,152	2,050,382	2,178,051	1,699,943
Over (Under) Moody's target (150 days)	783	835	830	832	532	373
Over (Under) Ehlers target (150 days)	783	835	830	832	532	373

Notes:

- 1) Target capital equals 6 mos of next year's operating expenses, including depreciation, plus 100% of debt.
- 2) Moody's Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation
- 3) S&P Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation; include designated reserve funds: ERFs, RSFs, etc

Rate of Return						
Average Utility Plant in Service	24,834,679	25,528,144	26,298,072	26,391,741	26,676,768	27,247,090
Less: Utility Plant Accumulated Depreciation	5,622,796	6,497,660	7,418,747	8,325,448	9,218,286	10,127,719
Average Net Investment Rate Base (NIRB)	19,211,883	19,030,484	18,879,325	18,066,293	17,458,482	17,119,371
Net Operating Income	(421,760)	(486,844)	(551,614)	(712,920)	(757,347)	(782,633)
ROR	-2.20%	-2.56%	-2.92%	-3.95%	-4.34%	-4.57%

Cost Recovery						
Operating Revenues	1,304,101	1,345,305	1,345,584	1,377,798	1,378,262	1,427,000
Operating Expenses incl. Depr & Amortization	1,725,861	1,832,149	1,897,198	2,090,718	2,135,609	2,209,633
Cost Recovery	0.76	0.73	0.71	0.66	0.65	0.65
Cost Recovery w/o Depr.	1.53	1.51	1.38	1.18	1.11	1.10

Notes:

This operating ratio indicates whether operating revenues (mostly charges to customers) were sufficient to cover operations and capital (in the form of depreciation) for the water and/or wastewater utility in the fiscal year. A ratio of less than 1 could be a sign of financial concern. In general, this ratio should be higher than 1 to accommodate future capital investments.

Leverage						
Total Long-Term Debt	11,471,101	11,276,153	11,076,301	10,871,422	10,661,388	10,446,944
Total Net Assets	24,834,679	25,528,144	26,298,072	26,391,741	26,676,768	27,247,090
Debt-to Equity Ratio	0.46	0.44	0.42	0.41	0.40	0.38

Notes:

This indicator measures the existing level of leveraging of assets, and is used by funders and bond rating agencies to evaluate the risk of providing additional loans to the utility. The ratio indicates the amount of long-term debt that exists for every \$1 of assets (fund equity). A utility with a ratio greater than 1.0 has more long-term debt than equity in the system's assets. There are no natural benchmarks for this indicator, and funders and bond rating agencies will assess this ratio in various ways. In general, the higher this ratio, the more likely the utility will be considered to be over-leveraged and the more difficult it will be for the utility to obtain additional loans. For this ratio, Net Assets are equal to the Net Investment Rate Base of the utility.

Condition of Assets:						
Accumulated Depreciation Expense	5,622,796	6,497,660	7,418,747	8,325,448	9,218,286	10,127,719
Average Total Plant in Service	24,834,679	25,528,144	26,298,072	26,391,741	26,676,768	27,247,090
Asset Depreciation	18.46%	20.29%	22.00%	23.98%	25.68%	27.10%

Notes:

This indicator of infrastructure condition estimates the portion of the average expected life of the utility's physical assets that has already passed. As this ratio approaches 100%, the capital assets become fully depreciated, and infrastructure needs replacement or rehabilitation. The accuracy of this indicator relies heavily on the accuracy of the depreciation schedule, and historic pricing likely distorts this indicator (newer utilities may be slightly disadvantaged as a result).

Table 6
Sewer Utility Financial Health Charts
 City of Salida, CO

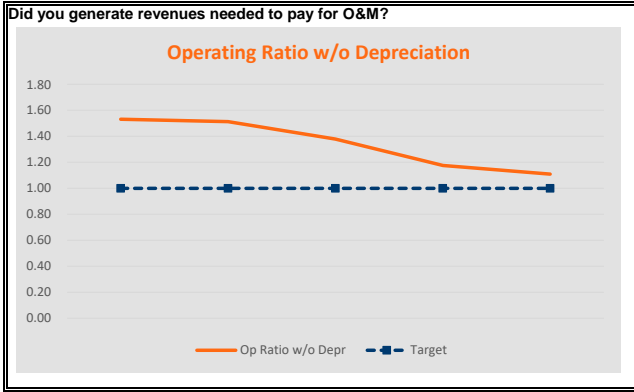
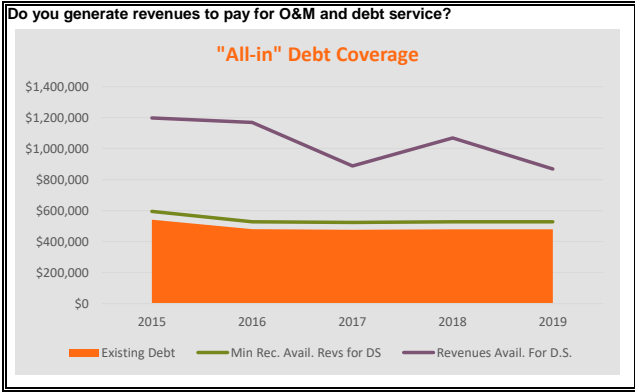
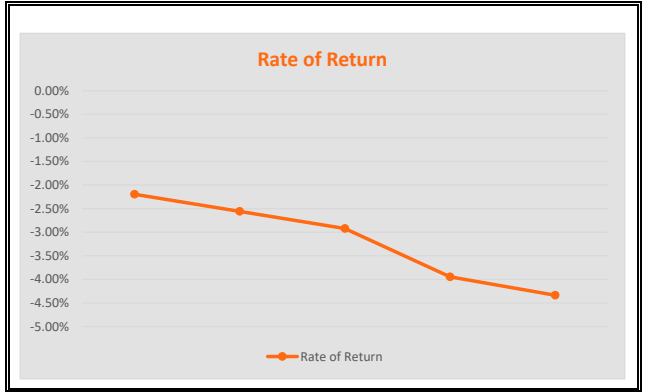
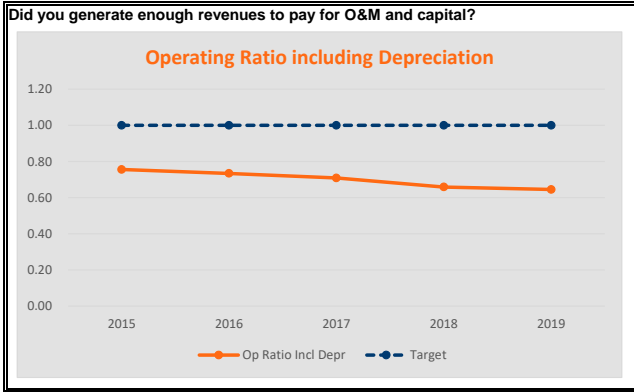
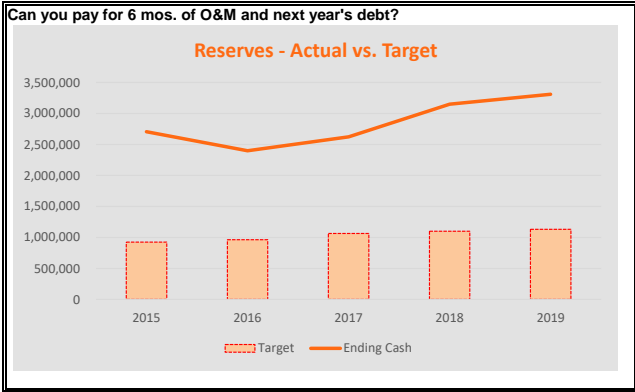


Table 3
Sewer Utility Schedule of Revenue Debt Outstanding

City of Salida, CO

NAME	Water and Sewer Revenue Bonds Series 2013			Existing Revenue Sewer Debt Summary					
	DATED	AMT	MAT RATE						
	3/27/2013	\$12,103,000	3/27 & 9/27	2.50%					
YEAR	Principal	Rate	Interest	TOTAL PRIN	TOTAL INT	TOTAL P & I	PRINC OUTSTND	PRINC %PAID	YEAR
2019	209,915	2.50%	270,490	209,915	270,490	480,405	10,662,139	1.93%	2019
2020	215,195	2.50%	265,210	215,195	265,210	480,405	10,446,944	3.91%	2020
2021	220,609	2.50%	259,796	220,609	259,796	480,405	10,226,335	5.94%	2021
2022	226,159	2.50%	254,246	226,159	254,246	480,405	10,000,177	8.02%	2022
2023	231,848	2.50%	248,557	231,848	248,557	480,405	9,768,329	10.15%	2023
2024	237,680	2.50%	242,725	237,680	242,725	480,405	9,530,648	12.34%	2024
2025	243,659	2.50%	236,745	243,659	236,745	480,405	9,286,989	14.58%	2025
2026	249,789	2.50%	230,616	249,789	230,616	480,405	9,037,200	16.88%	2026
2027	256,073	2.50%	224,332	256,073	224,332	480,405	8,781,127	19.23%	2027
2028	262,515	2.50%	217,890	262,515	217,890	480,405	8,518,612	21.65%	2028
2029	269,119	2.50%	211,286	269,119	211,286	480,405	8,249,494	24.12%	2029
2030	275,889	2.50%	204,516	275,889	204,516	480,405	7,973,605	26.66%	2030
2031	282,829	2.50%	197,576	282,829	197,576	480,405	7,690,776	29.26%	2031
2032	289,944	2.50%	190,461	289,944	190,461	480,405	7,400,833	31.93%	2032
2033	297,238	2.50%	183,167	297,238	183,167	480,405	7,103,595	34.66%	2033
2034	304,715	2.50%	175,690	304,715	175,690	480,405	6,798,880	37.46%	2034
2035	312,381	2.50%	168,024	312,381	168,024	480,405	6,486,499	40.34%	2035
2036	320,239	2.50%	160,166	320,239	160,166	480,405	6,166,260	43.28%	2036
2037	328,295	2.50%	152,110	328,295	152,110	480,405	5,837,966	46.30%	2037
2038	336,554	2.50%	143,851	336,554	143,851	480,405	5,501,412	49.40%	2038
2039	345,020	2.50%	135,385	345,020	135,385	480,405	5,156,392	52.57%	2039
2040	353,699	2.50%	126,706	353,699	126,706	480,405	4,802,693	55.83%	2040
2041	362,597	2.50%	117,808	362,597	117,808	480,405	4,440,096	59.16%	2041
2042	371,719	2.50%	108,686	371,719	108,686	480,405	4,068,377	62.58%	2042
2043	381,070	2.50%	99,335	381,070	99,335	480,405	3,687,307	66.08%	2043
2044	390,656	2.50%	89,749	390,656	89,749	480,405	3,296,651	69.68%	2044
2045	400,483	2.50%	79,921	400,483	79,921	480,405	2,896,168	73.36%	2045
2046	410,558	2.50%	69,847	410,558	69,847	480,405	2,485,609	77.14%	2046
2047	420,886	2.50%	59,519	420,886	59,519	480,405	2,064,723	81.01%	2047
2048	431,474	2.50%	48,931	431,474	48,931	480,405	1,633,249	84.98%	2048
2049	442,328	2.50%	38,077	442,328	38,077	480,405	1,190,921	89.05%	2049
2050	453,456	2.50%	26,949	453,456	26,949	480,405	737,465	93.22%	2050
2051	464,863	2.50%	15,542	464,863	15,542	480,405	272,602	97.49%	2051
2052	272,602	2.50%	3,848	272,602	3,848	480,405	0	100.00%	2052
TOTALS	10,872,054		5,257,759	10,872,054	5,257,759	16,129,813			

Notes:

2020 Sewer Rate Study

Section 2 — Sewer Rate Model

City of Salida, CO

Table 7 Projected Test Year 2020 WWTF Flows and Loadings

City of Salida, CO

	Flow (1,000 Gal)				BOD (Lbs)	TSS (Lbs)
	2017	2018	2019	2020		
Customers						
Residential	56,682	55,113	49,985	55,000	103,208	103,208
Commercial	110,323	118,682	117,439	120,000	305,244	497,398
Subtotal Customers	167,005	173,795	167,424	175,000	408,452	600,605
Unmetered Customers						
All	13,596	13,596	13,596	17,160	32,201	32,201
Subtotal Unmetered Customers	13,596	13,596	13,596	17,160	32,201	32,201
Wastewater Treatment Facility						
Total Billable	180,601	187,391	181,020	192,160	440,652	632,806
Total For Rate Calcs				192,160	440,652	632,806

Notes:

Table 8 Projected Test Year 2020 Meter Counts

City of Salida, CO

Meter Size	Total Meters					Total
	Inside Customers					
	Residential -SF	Res w/ ADU	MF	Commercial	Sewer Only	
ADU	0	101	0	0	0	101
Res. Service	2,500	0	156	0	130	2,786
5/8" & 3/4"	0	0	0	315	0	315
1"	0	0	0	100	0	100
1 1/2"	0	0	0	31	0	31
2"	0	0	0	23	0	23
3"	0	0	0	6	0	6
4"	0	0	0	6	0	6
	2,500	101	156	481	130	3,368

Meter Size	Equiv. Ratio	Equivalent Meters					Total
		Inside Customers					
		Residential -SF	Res w/ ADU	MF	Commercial	Sewer Only	
ADU	0.5	-	50.5	-	-	-	50.5
Res. Service	1.0	2,500.0	-	156.0	-	130.0	2,786.0
5/8" & 3/4"	1.1	-	-	-	346.5	-	346.5
1"	2.0	-	-	-	200.0	-	200.0
1 1/2"	3.0	-	-	-	93.0	-	93.0
2"	4.0	-	-	-	92.0	-	92.0
3"	5.0	-	-	-	30.0	-	30.0
4"	7.0	-	-	-	42.0	-	42.0
		2,500.0	50.5	156.0	803.5	130.0	3,640.0

Table 9 Historical Expenses and 2020 Adopted Budget for Sewer Utility

City of Salida, CO

Account Category	Account Description	2018 ACTUAL	2019 ESTIMATE	Test Year BUDGET
15 Administration & Elected Officials	51 Personnel	79,118	94,709	108,331
	52 Contracted Services	3,541	3,409	4,000
	53 Supplies & Materials	1,486	2,300	1,500
	54 Utilities	0	0	0
	55 Other Operating Costs	14,173	15,772	14,600
30 Public Works - General	51 Personnel	174,675	213,153	247,900
	52 Contracted Services	179,059	255,045	98,500
	53 Supplies & Materials	8,964	11,231	12,900
	54 Utilities	2,620	1,692	700
	55 Other Operating Costs	5,977	8,203	14,000
35 Wastewater Plant	51 Personnel	346,754	284,505	365,069
	52 Contracted Services	58,717	37,471	98,000
	53 Supplies & Materials	40,672	56,317	66,000
	54 Utilities	109,443	136,523	128,500
	55 Other Operating Costs	144,507	117,033	140,200
Total		1,169,707	1,237,362	1,300,200

Table 10 Recovery of Depreciation and ROI

City of Salida, CO

Return on Investment	
Inside Customers	
Assets ¹	\$27,247,090
Less: Accumulated Depreciation ¹	\$10,127,719
Estimated 2018 Net Investment Rate Base (NIRB)	\$17,119,371
Return on Investment (ROI) %	0.00%
ROI for test year	\$0
Depreciation Expense for test year	\$909,433
Total Capital Recovery	\$909,433
Outside Customers	
Assets	\$27,247,090
Less: Accumulated Depreciation	\$10,127,719
Estimated 2018 Net Investment Rate Base (NIRB)	\$17,119,371
Return on Investment (ROI) %	0.500%
ROI for test year	\$85,597
Depreciation Expense for test year	\$909,433
Total Capital Recovery	\$995,030

Notes:

1) Projected 2020

Table 11
Allocation of Costs to Function
 City of Salida, CO

		Allocation Percentages					WWTF					Customer	
		Conv	Flow	BOD	TSS	Cnn	Test Year Budget	Conveyance System	Flow	BOD	TSS	Billing	Meter/Conn
Operating & Maintenance													
<u>Acct Category</u>	<u>Acct Description</u>												
15 Administration & Elected Officials	51 Personnel	15%	20%	0%	0%	65%	\$108,331	\$16,250	\$21,666	\$0	\$0	\$0	\$70,415
	52 Contracted Services	15%	20%	0%	0%	65%	\$4,000	\$600	\$800	\$0	\$0	\$0	\$2,600
	53 Supplies & Materials	15%	20%	0%	0%	65%	\$1,500	\$225	\$300	\$0	\$0	\$0	\$975
	54 Utilities	15%	20%	0%	0%	65%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	55 Other Operating Costs	15%	20%	0%	0%	65%	\$14,600	\$2,190	\$2,920	\$0	\$0	\$0	\$9,490
30 Public Works - General	51 Personnel	30%	45%	5%	5%	15%	\$247,900	\$74,370	\$111,555	\$12,395	\$12,395	\$0	\$37,185
	52 Contracted Services	30%	45%	5%	5%	15%	\$98,500	\$29,550	\$44,325	\$4,925	\$4,925	\$0	\$14,775
	53 Supplies & Materials	30%	45%	5%	5%	15%	\$12,900	\$3,870	\$5,805	\$645	\$645	\$0	\$1,935
	54 Utilities	30%	45%	5%	5%	15%	\$700	\$210	\$315	\$35	\$35	\$0	\$105
	55 Other Operating Costs	30%	45%	5%	5%	15%	\$14,000	\$4,200	\$6,300	\$700	\$700	\$0	\$2,100
35 Wastewater Plant	51 Personnel	10%	20%	10%	10%	50%	\$365,069	\$36,507	\$73,014	\$36,507	\$36,507	\$0	\$182,535
	52 Contracted Services	10%	20%	10%	10%	50%	\$98,000	\$9,800	\$19,600	\$9,800	\$9,800	\$0	\$49,000
	53 Supplies & Materials	10%	20%	10%	10%	50%	\$66,000	\$6,600	\$13,200	\$6,600	\$6,600	\$0	\$33,000
	54 Utilities	10%	20%	10%	10%	50%	\$128,500	\$12,850	\$25,700	\$12,850	\$12,850	\$0	\$64,250
	55 Other Operating Costs	10%	20%	10%	10%	50%	\$140,200	\$14,020	\$28,040	\$14,020	\$14,020	\$0	\$70,100
Total O & M		16%	27%	8%	8%	41%	\$1,300,200	\$211,242	\$353,540	\$98,477	\$98,477	\$0	\$538,465
Transfers													
N/A		16%	27%	8%	8%	41%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Costs													
Rate of Return (ROI)		10%	15%	15%	15%	45%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation		10%	15%	15%	15%	45%	\$909,433	\$90,943	\$136,415	\$136,415	\$136,415	\$0	\$409,245
Total Capital Costs		10%	15%	15%	15%	45%	\$909,433	\$90,943	\$136,415	\$136,415	\$136,415	\$0	\$409,245
Subtotal Revenue Requirements							\$2,209,633	\$302,185	\$489,955	\$234,892	\$234,892	\$0	\$947,710
Other Income													
Misc Service, Late Charges, & Other		16%	27%	8%	8%	41%	(\$43,000)	(\$6,986)	(\$11,692)	(\$3,257)	(\$3,257)	\$0	(\$17,808)
Investment Income		16%	27%	8%	8%	41%	(\$50,000)	(\$8,123)	(\$13,596)	(\$3,787)	(\$3,787)	\$0	(\$20,707)
Total Other Income		16%	27%	8%	8%	41%	(\$93,000)	(\$15,110)	(\$25,288)	(\$7,044)	(\$7,044)	\$0	(\$38,515)
Total Net Revenue Requirements							\$2,116,633	\$287,075	\$464,667	\$227,848	\$227,848	\$0	\$909,195
Summary													
Allocation of Costs to Function and Classification for Inside Rates													
							Test Year Budget	Conveyance System	Flow	BOD	TSS	Billing	Meter/Conn
O&M and Replacement		16%	27%	8%	8%	41%	\$1,300,200	\$211,242	\$353,540	\$98,477	\$98,477	\$0	\$538,465
Capital		10%	15%	15%	15%	45%	\$909,433	\$90,943	\$136,415	\$136,415	\$136,415	\$0	\$409,245
Other Revenues		16%	27%	8%	8%	41%	(\$93,000)	(\$15,110)	(\$25,288)	(\$7,044)	(\$7,044)	\$0	(\$38,515)
Total		14%	22%	11%	11%	43%	2,116,633	287,075	464,667	227,848	227,848	0	909,195
Allocation of Costs to Function and Classification for Outside Rates													
							Test Year Budget	Conveyance System	Flow	BOD	TSS	Billing	Meter/Conn
Total Allocation for Inside City Rates							\$2,116,633	\$287,075	\$464,667	\$227,848	\$227,848	\$0	\$909,195
Less: Debt % for Inside City							\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plus: ROI for Computation of Outside Rates							\$85,597	\$8,560	\$12,840	\$12,840	\$12,840	\$0	\$38,519
Total		13%	22%	11%	11%	43%	2,202,230	295,635	477,507	240,688	240,688	0	947,713

Legend
 BOD = Biochemical Oxygen Demand
 TSS = Total Suspended Solids

Table 12 Rate Computation Worksheet

City of Salida, CO

Calculation of Inside Customer Rates									
Fixed Charges (Annual)									
<u>Charge Type</u>		<u>Costs</u>		<u>Billable Units</u>		<u>Rate</u>			
Meter/Connection Charge		\$909,194.61		3,640		\$249.78			
<u>Meter Size</u>	<u>Equiv Ratio</u>	<u>Meter/Connection Charge</u>	<u>Customer Charge</u>	<u>Total Fixed Charge</u>					
ADU	0.50	\$124.89	\$0.00	\$124.89					
Res. Service	1.00	\$249.78	\$0.00	\$249.78					
5/8" & 3/4"	1.10	\$274.76	\$0.00	\$274.76					
1"	2.00	\$499.56	\$0.00	\$499.56					
1 1/2"	3.00	\$749.34	\$0.00	\$749.34					
2"	4.00	\$999.12	\$0.00	\$999.12					
3"	5.00	\$1,248.90	\$0.00	\$1,248.90					
4"	7.00	\$1,748.46	\$0.00	\$1,748.46					
Volumetric Charges									
<u>Charge Type</u>		<u>Cost</u>	<u>Total Billable Units</u>		<u>Commercial Billable Units</u>		<u>Residential Billable Units</u>		
			<u>(1,000 Gal or lbs)</u>		<u>(1,000 Gal or lbs)</u>		<u>(1,000 Gal or lbs)</u>		
<u>Rate/Unit</u>			<u>Rate/Unit</u>		<u>Rate/Unit</u>		<u>Rate/Unit</u>		
Flow Charge per 1000 Gal		\$464,667	192,160		\$2.42		\$2.42		
Conveyance Charge per 1000 Gal		\$287,075	192,160		\$1.49		\$1.49		
BOD Charge per lb.		\$227,848	440,652		\$0.52		305,244		\$0.52
TSS Charge per lb.		\$227,848	632,806		\$0.36		497,398		\$0.36
BOD Charge per 1000 Gal					\$0.97		135,408		\$0.97
TSS Charge per 1000 Gal					\$0.68		135,408		\$0.68
Total Volumetric Rate per 1000 Gal					\$5.56				\$6.72
									\$5.56

Table 13 Rate Summary (Monthly Charges)

City of Salida, CO

	Current	COS	URS Proposed	Proposed Phased ¹
Domestic Sewer Customers				
<u>Meter Size</u>				
ADU	\$9.91	\$10.41	\$10.41	4.95%
Res. Service	\$19.81	\$20.82	\$20.82	4.95%
5/8" & 3/4"	\$20.52	\$22.90	\$22.90	4.95%
1"	\$28.64	\$41.63	\$41.63	4.95%
1 1/2"	\$42.75	\$62.45	\$62.45	4.95%
2"	\$64.12	\$83.26	\$83.26	4.95%
3"	\$81.22	\$104.08	\$104.08	4.95%
4"	\$100.46	\$145.71	\$145.71	4.95%
Res. Volumetric Rate per 1000 Gal	\$1.31	\$5.56	\$5.40	4.95%
Com. Volumetric Rate per 1000 Gal	\$2.42	\$6.72	\$6.55	4.95%
Unmetered ("Sewer Only")	\$34.22	\$81.95	\$80.22	4.95%

Notes:

1) Represents the \$ change to each rate category for annual phased increase for 10-year phased in increase.

Table 14 Revenue Check (Based on COS)

City of Salida, CO

		Units	Rate	Annual Total
Fixed Charge				
	<u>Meter Size</u>			
	ADU	101	\$10.41	\$12,614
	Res. Service	2,786	\$20.82	\$695,887
	5/8" & 3/4"	315	\$22.90	\$86,549
	1"	100	\$41.63	\$49,956
	1 1/2"	31	\$62.45	\$23,230
	2"	23	\$83.26	\$22,980
	3"	6	\$104.08	\$7,493
	4"	6	\$145.71	\$10,491
	Unmetered ("Sewer Only")	130	\$81.95	\$127,847
Subtotal		3,368		\$1,037,047
Volumetric Charges				
Residential	Flow (000 gal)	55,000	\$5.56	\$305,690
Commercial	Flow (000 gal)	120,000	\$6.72	\$806,373
Subtotal		175,000		\$1,112,063
Total Revenues				\$2,149,110
Revenue Requirements				\$2,116,633
Difference				\$32,477

Notes:

1) Difference due to rounding

Table 15 Revenue Summary (Proposed Rates & Phased-in)

City of Salida, CO

	Units	Current		URS Result		10-Year Phased-In	
		Rate	Annual Total	Rate	Annual Total	Annual Rate Adjustment	Annual Total ¹
Fixed Charge							
<u>Meter Size</u>							
ADU	101	\$9.91	\$12,011	\$10.41	\$12,614	4.95%	
Res. Service	2,786	\$19.81	\$662,288	\$20.82	\$695,887	4.95%	
5/8" & 3/4"	315	\$20.52	\$77,566	\$22.90	\$86,549	4.95%	
1"	100	\$28.64	\$34,368	\$41.63	\$49,956	4.95%	
1 1/2"	31	\$42.75	\$15,903	\$62.45	\$23,230	4.95%	
2"	23	\$64.12	\$17,697	\$83.26	\$22,980	4.95%	
3"	6	\$81.22	\$5,848	\$104.08	\$7,493	4.95%	
4"	6	\$100.46	\$7,233	\$145.71	\$10,491	4.95%	
Unmetered ("Sewer Only")	130	\$34.22	\$53,383	\$80.22	\$125,135	4.95%	
Subtotal	3,368		\$886,297		\$1,034,335		
Volumetric Charges							
Residential	Flow (000 gal)	55,000	\$1.31	\$72,050	\$5.40	\$297,000	4.95%
Commercial	Flow (000 gal)	120,000	\$2.42	\$290,400	\$6.55	\$786,000	4.95%
Subtotal		175,000		\$362,450		\$1,083,000	
Total Revenues			\$1,248,747		\$2,117,335		\$2,467,746
Revenue Requirements			\$2,116,633		\$2,116,633		
Difference			(\$867,887)		\$702		

Notes:

1) Includes 2% annual growth assumption from Long-Range Cash Flow Analysis

Table 16

Test Year Cash Flow Analysis

City of Salida, CO

	Test Year
Cash Sources	
Revenues from User Rates ⁽¹⁾	\$2,117,335
Other Income ⁽²⁾	\$43,000
Investment Income on Unrestricted Cash	\$50,000
Development Fees	\$450,000
Total Cash Sources	<u>\$2,660,335</u>
Cash Uses	
O&M	\$1,300,200
Net Before Debt Service	<u>\$1,360,135</u>
Debt Service	
General Obligation Debt Service P&I	\$0
Revenue Bond Debt Service P&I	\$480,405
Total Debt Service	<u>\$480,405</u>
Cash Funded Capital	\$605,000
Transfer in/(out)	\$0
Net Cash Flow	<u><u>\$274,730</u></u>
Total Unrestricted Cash Balance	
Beginning Year Est. Balance	\$1,863,268
Net Additions (Subtractions)	\$274,730
End of Year Unrestricted Cash Balance	<u>\$2,137,998</u>

Notes:

- 1) Full year of revenues from proposed user rates
- 2) Miscellaneous revenue and late fees.

Table 17 Comparison of Existing and Proposed (After all phases) Bills

City of Salida, CO

Customer	Usage Level	Meter Size	Usage 1,000 Gal	Current Bill	Monthly		Percent Change
					Proposed Bill	Dollar Change	
Residential	Low User	Res. Service	3.00	\$23.74	\$37.02	\$13.28	55.9%
Residential	Avg. User	Res. Service	4.00	\$25.05	\$42.42	\$17.37	69.3%
Residential	High User	Res. Service	5.00	\$26.36	\$47.82	\$21.46	81.4%
Commercial	Low User	5/8" & 3/4"	7.50	\$30.35	\$63.40	\$33.05	108.9%
Commercial	Avg. User	5/8" & 3/4"	10.00	\$33.62	\$76.90	\$43.28	128.7%
Commercial	High User	5/8" & 3/4"	12.50	\$36.90	\$90.40	\$53.50	145.0%
Res with ADU	Low User	Res. Service	8.25	\$40.53	\$75.77	\$35.25	87.0%
Res with ADU	Avg. User	Res. Service	11.00	\$44.13	\$90.62	\$46.49	105.4%
Res with ADU	High User	Res. Service	13.75	\$47.73	\$105.47	\$57.74	121.0%
Sewer Only	N/A	N/A		\$34.22	\$80.22	\$46.00	134.4%

Notes:

- 1) Meter sizes chosen based on highest number of users for each class
- 2) Average user is defined as the total estimated test year flow for the class divided by the projected number of users in the class.

2020 Sewer Rate Study

Section 3 — Long-Range Cash Flow Analysis

City of Salida, CO

Table 18 Sewer Utility Capital Improvement Plan

City of Salida, CO

Projects	Funding	2020	2021	2022	2023	2024	Totals
Infrastructure Upgrades and Replacements	Cash	350,000	350,000	350,000	350,000	350,000	1,750,000
Vehicles	Cash		225,000	80,000	40,000		345,000
Equipment Replacements	Cash	15,000	17,000	17,000	18,000	18,000	85,000
Sewer Reconstruction (Street Construction)	Cash	75,000	75,000	75,000	75,000	75,000	375,000
Office Building Improvement	Cash	15,000					15,000
Wastewater Facility- Routine Improvements	Cash	30,000					30,000
Wastewater Treatment Facility Upgrade	Cash	10,000	10,000	10,000	10,000	10,000	50,000
Vehicles	Cash	45,000		40,000			85,000
Equipment Replacement	Cash	50,000	50,000	50,000	50,000	50,000	250,000
Machinery and Equipment	Cash	15,000	15,000	15,000	15,000	15,000	75,000
Phosphorous Removal Improvements	Cash		260,000		300,000		560,000
Poncha Springs Interceptor	Revenue Debt						0
Actual CIP Costs		605,000	1,002,000	637,000	858,000	518,000	3,620,000

% Allocation		\$ Allocation	
Existing Sys.	Growth	Existing Sys.	Growth
100%	0%	\$ 1,750,000	\$ -
100%	0%	\$ 345,000	\$ -
100%	0%	\$ 85,000	\$ -
100%	0%	\$ 375,000	\$ -
100%	0%	\$ 15,000	\$ -
100%	0%	\$ 30,000	\$ -
100%	0%	\$ 50,000	\$ -
100%	0%	\$ 85,000	\$ -
100%	0%	\$ 250,000	\$ -
100%	0%	\$ 75,000	\$ -
100%	0%	\$ 560,000	\$ -
100%	0%	\$ -	\$ -
100%	0%	\$ 3,620,000	\$ -

Sources of Funding	2020	2021	2022	2023	2024	Totals
G.O. Debt	0	0	0	0	0	0
Revenue Debt	0	0	0	0	0	0
Grants/Aids	0	0	0	0	0	0
Special Assessment	0	0	0	0	0	0
User Fees	0	0	0	0	0	0
Tax Levy	0	0	0	0	0	0
Equipment Replacement Fund	0	0	0	0	0	0
Cash	605,000	1,002,000	637,000	858,000	518,000	3,620,000
Total	605,000	1,002,000	637,000	858,000	518,000	3,620,000

Notes:

Table 19
Sewer Utility Cash Flow Analysis - Projected 2020-2030

City of Salida, CO

	Actual	Est.	Projected									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenues												
Total Revenues from User Rates ¹	\$1,378,100	\$1,427,000	\$1,527,610	\$1,635,314	\$1,750,612	\$1,874,038	\$2,006,167	\$2,147,611	\$2,299,028	\$2,461,120	\$2,634,641	\$2,820,396
Percent Increase to User Rates		0.00%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%
Cumulative Percent Rate Increase		0.00%	4.95%	10.15%	15.60%	21.33%	27.33%	33.64%	40.26%	47.20%	54.49%	62.14%
Dollar Amount Increase to Revenues		\$48,900	\$100,610	\$107,704	\$115,297	\$123,426	\$132,129	\$141,444	\$151,417	\$162,092	\$173,521	\$185,755
Other Revenues												
Interest Income	\$75,547	\$50,000	\$50,125	\$50,250	\$50,376	\$50,502	\$50,628	\$50,755	\$50,882	\$51,009	\$51,136	\$51,264
Other Income	\$162	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Revenues	\$75,709	\$50,000	\$50,125	\$50,250	\$50,376	\$50,502	\$50,628	\$50,755	\$50,882	\$51,009	\$51,136	\$51,264
Total Revenues	\$1,453,809	\$1,477,000	\$1,577,735	\$1,685,564	\$1,800,988	\$1,924,540	\$2,056,795	\$2,198,366	\$2,349,909	\$2,512,129	\$2,685,777	\$2,871,660
Expenses												
Operating and Maintenance ²	\$1,242,771	\$1,300,200	\$1,339,206	\$1,379,382	\$1,420,764	\$1,463,387	\$1,507,288	\$1,552,507	\$1,599,082	\$1,647,054	\$1,696,466	\$1,747,360
PILOT Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Before Debt Service and Capital Expenditures	\$211,038	\$176,800	\$238,529	\$306,182	\$380,224	\$461,153	\$549,507	\$645,859	\$750,827	\$865,075	\$989,311	\$1,124,300
Debt Service												
Existing Debt P&I	\$479,178	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405
New (2020-2029) Debt Service P&I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$479,178	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405	\$480,405
Transfer In (Out) ³	\$657,735	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
Capital Improvements ⁴	\$535,644	\$605,000	\$1,002,000	\$637,000	\$858,000	\$518,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Bonds Issued/Grants/Aid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Cash Flow	(\$146,049)	(\$458,605)	(\$793,876)	(\$361,223)	(\$508,181)	(\$87,252)	\$19,102	\$115,454	\$220,422	\$334,670	\$458,906	\$593,895
<u>Restricted and Unrestricted Cash Balance:</u>												
Balance at first of year		\$3,308,556	\$2,849,951	\$2,056,075	\$1,694,853	\$1,186,672	\$1,099,420	\$1,118,522	\$1,233,976	\$1,454,398	\$1,789,068	\$2,247,974
Net Annual Cash Flow Addition/(subtraction)		(\$458,605)	(\$793,876)	(\$361,223)	(\$508,181)	(\$87,252)	\$19,102	\$115,454	\$220,422	\$334,670	\$458,906	\$593,895
Balance at end of year	\$3,308,556	\$2,849,951	\$2,056,075	\$1,694,853	\$1,186,672	\$1,099,420	\$1,118,522	\$1,233,976	\$1,454,398	\$1,789,068	\$2,247,974	\$2,841,869

Notes:

- 1) 2% revenue inflation per furnished customer growth assumption.
- 2) 3% annual inflation from 2020 Budget per historical performance.
- 3) Assumes no additional SDF per discussion with Staff.
- 4) Cash funded capital shown after 2024 based on allowable to remain at benchmark cash balances

Legend:

- Increase depicted to maintain with assumed O&M inflation
- Increase needed above inflationary adjustment
- End of Furnished CIP

Table 20
Sewer Utility Statement of Projected Revenue Bond Coverage
City of Salida, CO

Year	Total Operating Revenues	Dev. Fees	Less:		Existing Rev Debt	Future Rev Debt (2020-	Total Sewer Debt Service	Coverage	Debt Service Capacity @ 1.25x
			Total O&M Expense	Amount Available for Debt Service	Total	Total			
2020	1,477,000	450,000	(1,300,200)	626,800	480,405	-	480,405	1.30	\$21,035
2021	1,577,735	450,000	(1,339,206)	688,529	480,405	-	480,405	1.43	\$70,418
2022	1,685,564	450,000	(1,379,382)	756,182	480,405	-	480,405	1.57	\$124,541
2023	1,800,988	450,000	(1,420,764)	830,224	480,405	-	480,405	1.73	\$183,774
2024	1,924,540	450,000	(1,463,387)	911,153	480,405	-	480,405	1.90	\$248,518
2025	2,056,795	450,000	(1,507,288)	999,507	480,405	-	480,405	2.08	\$319,200
2026	2,198,366	450,000	(1,552,507)	1,095,859	480,405	-	480,405	2.28	\$396,282
2027	2,349,909	450,000	(1,599,082)	1,200,827	480,405	-	480,405	2.50	\$480,257
2028	2,512,129	450,000	(1,647,054)	1,315,075	480,405	-	480,405	2.74	\$571,655
2029	2,685,777	450,000	(1,696,466)	1,439,311	480,405	-	480,405	3.00	\$671,044
2030	2,871,660	450,000	(1,747,360)	1,574,300	480,405	-	480,405	3.28	\$779,035

Notes:

1) Revenue Coverage determined from [Year] Revenue Bonds/SDWFL/USDA Loan

Table 21

Sewer Utility Financial Benchmarking Analysis 2020 - 2030

City of Salida, CO

	Est.	Projected									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Target minimum cash balance											
Target minimum working capital - Ehlers ¹	1,615,674	1,646,996	1,675,057	1,708,717	1,739,488	1,771,378	1,803,947	1,837,214	1,871,202	1,905,930	1,380,295
Actual Days Cash Available - Moody's ²	523	291	127	(8)	(29)	(24)	4	54	127	222	339
Target minimum working capital - S&P ³	523	291	127	(8)	(29)	(24)	4	54	127	222	339
Actual working capital-cash balance											
Over (Under) Ehlers target	1,234,277	409,080	19,796	(522,045)	(640,068)	(652,856)	(569,971)	(382,816)	(82,134)	342,044	1,461,574
Over (Under) Moody's target (150 days)	373	141	(23)	(158)	(179)	(174)	(146)	(96)	(23)	72	189
Over (Under) S&P target (150 days)	373	141	(23)	(158)	(179)	(174)	(146)	(96)	(23)	72	189

Notes:
 1) Target capital equals 6 mos of next year's operating expenses, including depreciation, plus 100% of debt.
 2) Moody's Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation
 3) S&P Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation; include designated reserve funds: ERFs, RSFs, etc

Rate of Return											
Average Utility Plant in Service	27,247,090	28,050,590	28,870,090	29,617,590	30,305,590	30,814,590	31,314,590	31,814,590	32,314,590	32,814,590	33,314,590
Less: Utility Plant Accumulated Depreciation	10,127,719	11,059,051	12,012,851	12,981,390	13,974,627	14,985,504	16,014,944	17,062,946	18,129,510	19,214,637	20,318,327
Average Net Investment Rate Base (NIRB)	17,119,371	16,991,539	16,857,239	16,636,200	16,330,963	15,829,086	15,299,646	14,751,644	14,185,080	13,599,953	12,996,263
Net Operating Income	(782,633)	(742,928)	(697,867)	(638,692)	(582,585)	(511,999)	(434,335)	(348,056)	(252,499)	(146,952)	(30,654)
ROR	-4.57%	-4.37%	-4.14%	-3.84%	-3.57%	-3.23%	-2.84%	-2.36%	-1.78%	-1.08%	-0.24%
Typical											

Cost Recovery											
Operating Revenues	1,427,000	1,527,610	1,635,314	1,750,612	1,874,038	2,006,167	2,147,611	2,299,028	2,461,120	2,634,641	2,820,396
Operating Expenses incl. Depr & Amortization	2,209,633	2,270,538	2,333,181	2,389,303	2,456,623	2,518,165	2,581,946	2,647,084	2,713,619	2,781,593	2,851,050
Cost Recovery	0.65	0.67	0.70	0.73	0.76	0.80	0.83	0.87	0.91	0.95	0.99
Cost Recovery w/o Depr.	1.10	1.14	1.19	1.23	1.28	1.33	1.38	1.44	1.49	1.55	1.61

Notes:
 This operating ratio indicates whether operating revenues (mostly charges to customers) were sufficient to cover operations and capital (in the form of depreciation) for the water and/or wastewater utility in the fiscal year. A ratio of less than 1 could be a sign of financial concern. In general, this ratio should be higher than 1 to accommodate future capital investments.

Leverage											
Total Long-Term Debt	10,446,944	10,226,335	10,000,177	9,768,329	9,530,648	9,286,989	9,037,200	8,781,127	8,518,612	8,249,494	7,973,605
Total Net Assets	27,247,090	28,050,590	28,870,090	29,617,590	30,305,590	30,814,590	31,314,590	31,814,590	32,314,590	32,814,590	33,314,590
Debt-to Equity Ratio	0.38	0.36	0.35	0.33	0.31	0.30	0.29	0.28	0.26	0.25	0.24

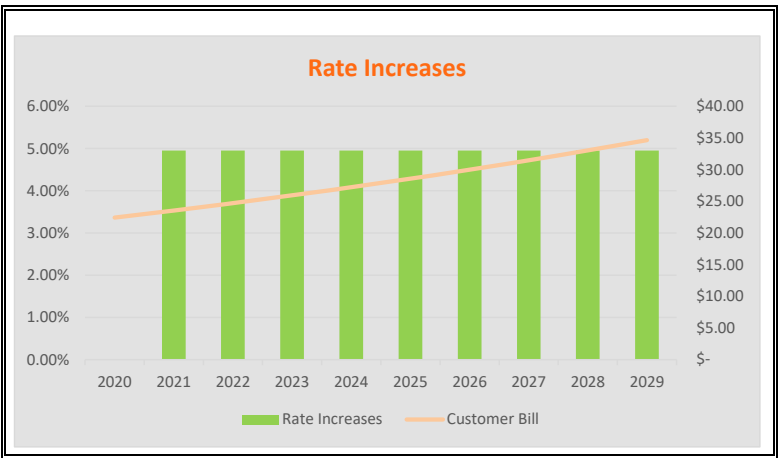
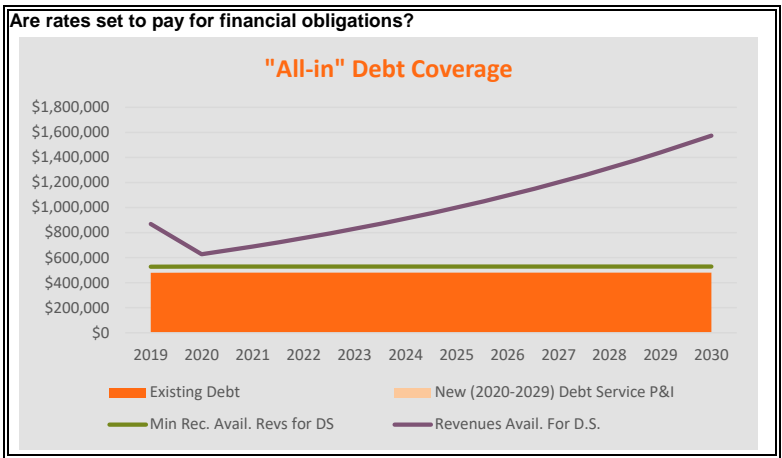
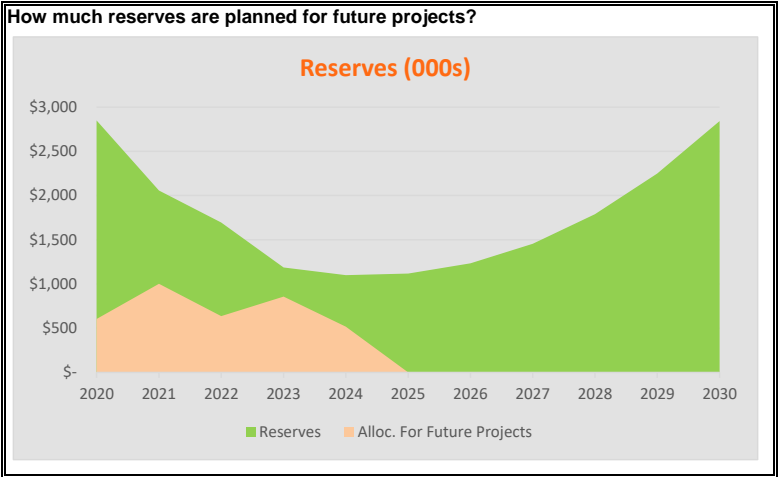
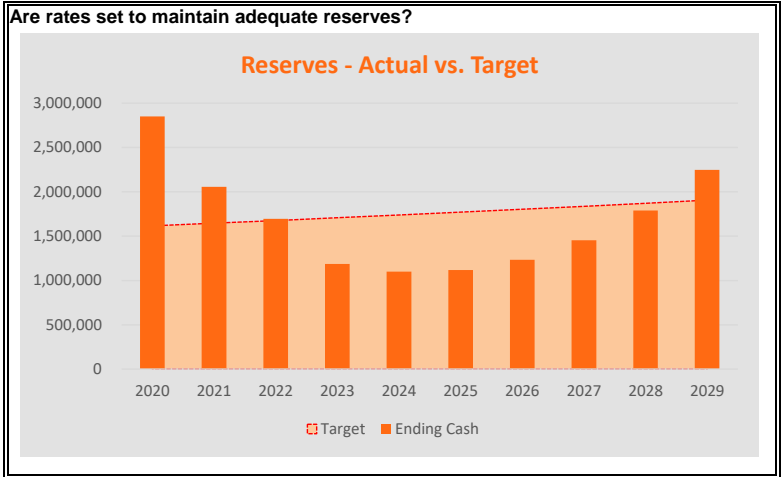
Notes:
 This indicator measures the existing level of leveraging of assets, and is used by funders and bond rating agencies to evaluate the risk of providing additional loans to the utility. The ratio indicates the amount of long-term debt that exists for every \$1 of assets (fund equity). A utility with a ratio greater than 1.0 has more long-term debt than equity in the system's assets. There are no natural benchmarks for this indicator, and funders and bond rating agencies will assess this ratio in various ways. In general, the higher this ratio, the more likely the utility will be considered to be over-leveraged and the more difficult it will be for the utility to obtain additional loans. For this ratio, Net Assets are equal to the Net Investment Rate Base of the utility.

Condition of Assets:											
Accumulated Depreciation Expense	10,127,719	11,059,051	12,012,851	12,981,390	13,974,627	14,985,504	16,014,944	17,062,946	18,129,510	19,214,637	20,318,327
Average Total Plant in Service	27,247,090	28,050,590	28,870,090	29,617,590	30,305,590	30,814,590	31,314,590	31,814,590	32,314,590	32,814,590	33,314,590
Asset Depreciation	27.10%	28.28%	29.38%	30.47%	31.56%	32.72%	33.84%	34.91%	35.94%	36.93%	37.88%

Notes:
 This indicator of infrastructure condition estimates the portion of the average expected life of the utility's physical assets that has already passed. As this ratio approaches 100%, the capital assets become fully depreciated, and infrastructure needs replacement or rehabilitation. The accuracy of this indicator relies heavily on the accuracy of the depreciation schedule, and historic pricing likely distorts this indicator (newer utilities may be slightly disadvantaged as a result).

Table 22 Sewer Utility Long-Range Planning Analysis

City of Salida, CO





MEMORANDUM

MEETING DATE: November 2, 2020

FROM: Michael Varnum, Arts and Culture Director

TO: Mayor P.T. Wood & City Council

SUBJECT: Public Art Commission

BACKGROUND:

Notice of openings to the Public Art Commission was published in the Mountain Mail and on the City of Salida website. Applications were received for the open positions. Applicants were sent additional questions to respond to for City Council. Four of the applicants responded to the questions. Three of the applicants withdrew from the process citing various personal reasons.

RECOMMENDATION:

It is staffs recommendation that City Council review and consider the completed applications. Staff will advertise any open positions that remain.

Public Art Commission

1. What is your understanding of the role of a Public Art Commission?
2. What benefits do you see for Salida engaging a Public Art Commission?
3. What specific qualifications or qualities do you possess that would be beneficial to the Public Art Commission?
4. What is an example of a public artwork, in any geographic location, that you admire or enjoy, and why?
5. Do you have time to dedicate to attending meetings and other special assignments?



Erin Kelley <erin.kelley@cityofsalida.com> Item 3.

Public Art Commission application form

1 message

Kenneth Brandon <bwgraphics47@gmail.com>
To: Clerk@cityofsalida.com

Thu, Sep 17, 2020 at 3:42 PM



APPLICATION FOR CITY OF SALIDA COMMITTEES, BOARDS, AND COMMISSIONS

DATE 09/17/20

NAME Kenneth Brandon

ADDRESS 206 E Street CITY Salida STATE CO ZIP 81201

TELEPHONE # (home) 719-539-7443 (work) _____ (cell) _____

FAX # _____ E-MAIL bwgraphics47@gmail.com

APPLYING FOR:

- Board of Adjustment
- Board of Appeals
- Historic Preservation Commission
- Planning Commission
- Recreation Advisory Board
- Salida/Chaffee County Airport Board
- SteamPlant Commission
- Tree Board
- Public Art Commission
- Other _____ **Please fill out the following information about yourself and why you are applying for**

this position. (Attach resume or extra sheets if necessary)

BACKGROUND AND/OR EXPERIENCE (Business and/or Personal):

I have been in an art related business for 50 years and I served locally on various boards and committees including Chamber of Commerce, R32-J School Board, Salida Council for the Arts, 350 Central Colorado and SOSS Board.

Item 3.

Page 1 of 2

PERSONAL AND JOB RELATED INTERESTS:

I have a personal interest in film making, education, and creative writing.

REASONS FOR APPLYING:

I'm always looking for opportunities to serve this community.

Thank you for applying. Salida City Council

Public Art Commission

1. What is your understanding of the role of a Public Art Commission?
I believe the purpose of the Public Art Commission is to come together with a consensus about the artistic merits of various art proposals brought before the city council.
2. What benefits do you see for Salida engaging a Public Art Commission?
If the Commission works as it should, it will bring a creative energy and aesthetic direction to Salida, and thereby create a vibrant community atmosphere that will influence every aspect of our lives especially the lives of our children. I can't over emphasize the importance of public art for it's ability to inspire new ways of thinking.
3. What specific qualifications or qualities do you possess that would be beneficial to the Public Art Commission?
Probably my ability to think outside the box, my preference for making life 'fun', and my ability to play well with others.
4. What is an example of a public artwork, in any geographic location, that you admire or enjoy, and why?
I like it all, murals, sculptures, performance pieces, light shows, as long as it has that spark of imagination and that mysterious element of quality. If I had to pick one piece and place it would be "Charon Zoetrope" at night at Burning Man 2011.
5. Do you have time to dedicate to attending meetings and other special assignments?
I will make time.

Ken Brandon - Box of Bubbles
bwgraphics47@gmail.com
206 E Street
719-539-7443



APPLICATION FOR CITY OF SALIDA COMMITTEES, BOARDS, AND COMMISSIONS

DATE 9/11/2020
NAME Reed Govert
ADDRESS 12955 County Road 195
CITY Salida STATE CO ZIP 81201
TELEPHONE # (home) (513)240-9290 (work)
(cell)
FAX # E MAIL govertrm@gmail.com

APPLYING FOR:

- Board of Adjustment
Board of Appeals
Historic Preservation Commission
Planning Commission
Recreation Advisory Board
Salida/Chaffee County Airport Board
SteamPlant Commission
Tree Board
Public Art Commission
Other

Please fill out the following information about yourself and why you are applying for this position. (Attach resume or extra sheets if necessary)

BACKGROUND AND/OR EXPERIENCE (Business and/or Personal):

Worked for ArtWorks, as a team lead, in Cincinnati, Ohio from 2002-2005 on both large and small scale city wide art projects.
Studied at the Savannah College of Art and Design, then later at Miami University with a major in painting - 2004-2010
Have been a full-time, conceptual, visual artist for the past eight years, spending the past six in Salida.
Owner of LOTIC Gallery on 1st street, and have participated in many years of ArtWalks, and the Salida Studio Tour - 2014-2020

PERSONAL AND JOB RELATED INTERESTS:

I massively enjoy working with the public, as well as on boards, coalitions, and any type of group related work. As a full time artist, I truly relish helping out where I can in the public art forum, as I spend so much of my time solely.

I spent a year working for Farm to Table, reworking most of their email and fundraising campaigns, as well as helping out where I could with changes and questions of their visuals.

I am a member of the Community Equity Coalition. As a member of the LGBTQ+ community, I would be able to lend a unique and different voice to the Public Art Commission

I have spent many years completing mural projects, and some smaller public related art projects. I have always enjoyed how a well rounded public vision can breathe new life into a community's public art space.

As a gallery owner, I have also have an understanding of working with different artists, as well as an understanding of how I think our community could benefit from having some fresh perspectives.

When I am not doing any art related things, I can usually be found fly fishing, walking around the woods, cooking, gardening, and playing guitar/piano.

REASONS FOR APPLYING:

I was born in Denver, and am glad to be back in such a thriving art community outside of the major metro areas.

I am really looking to get more involved within the community, and what a better way than to be a part of something that has defined my entire life.

I also want to see Salida, as well as the surrounding cities and neighborhoods, grow and expand their vision for public art; to elevate it, to make it a priority, and to be able to show to the state/country/world that we are an art district for a reason. Whether it be organizing children's public art projects, making better calls to ALL artists within our communities for projects, bringing in cultural/visual/performative art from outside of our community, or highlighting the members in our community that don't have the means to show their art in a public forum easily.

It would be a true honor to be accepted for the open position, as I know I would be able to bring a truly different perspective to the community, and hopefully push our public art, and the spaces it holds to an exceptional, and inclusive level that it deserves to be at.

Thank you for applying. Salida City Council

Please return the completed application to:

City of Salida
448 E. 1st Street, Suite 112
Salida, CO 81201
or email to:
Clerk@cityofsalida.com

APPLICANT: Reed Govert

Public art commission

Colorado Springs uses the description below to entail what their Public Art Commission does. "The commission is charged with acting in an advisory capacity to evaluate, advocate, stimulate and facilitate matters of public art and culture." I think this is, at its most basic, the definitive meaning of a public art commission.

Being an historic art district is something we should all be proud of, and Salida's art scene (especially public) would benefit greatly from a dedicated team to breathe a breath of fresh air into the city. Public art always gives a heartbeat to wherever it is, and while this little town has a lot of heart, there is no reason why it can't beat a little stronger. It not only beautifies the town, but engages the citizens when it comes to performative public art. It benefits everyone, from the kid on the corner, to tourists, to the business owners, and all of us that call this amazing town home.

I am a professional full time artist, and have been in the arts my entire life. I started working on public art projects at an early age, and dedicated three years in Ohio strictly to public art projects. I truly enjoy working in group capacities, and have many years experience working with the public. I'm well educated in archival practices, installation practices, and the process of seeing an arts project through from concept to completion. I have a pretty high standard for technical skill, which I think is of importance, not all, but public art should be held to a pretty high standard, as it is art for everyone, and usually by everyone, and a high caliber of art can really make a town/village/city shine.



I was able to see Vhils portrait of John Mercer Langston in Cincinnati last year. He had previously done a portrait on 5th street in Cincinnati of a local business owner, which has now been demolished. Both works were incredible in their ability to work with materials already in the public space to create symbolic, and historic portraits. The mix of street art, the unearthing of original architecture, and the ability to showcase local history through really beautiful portraiture turned the once blasé walls into amazing works of public art for every citizen.

I have an extremely open schedule, and would be delighted to be able to dedicate my time to the public art commission.



APPLICATION FOR CITY OF SALIDA COMMITTEES, BOARDS, AND COMMISSIONS

DATE 9/25/20
NAME Maura McInerney
ADDRESS 628 W. 2nd St
CITY Salida STATE CO ZIP 81201
TELEPHONE # (home) - (work) -
(cell) 720.299.8257
FAX # E-MAIL maura@foothillsartcenter.org

APPLYING FOR:

- Board of Adjustment
Board of Appeals
Historic Preservation Commission
Planning Commission
Recreation Advisory Board
Salida/Chaffee County Airport Board
SteamPlant Commission
Tree Board
Public Art Commission
Other

Please fill out the following information about yourself and why you are applying for this position. (Attach resume or extra sheets if necessary)

BACKGROUND AND/OR EXPERIENCE (Business and/or Personal):

I am a CO native and an arts educator and administrator. I am a non profit leader with 10+ years experience. I am also serving on the South Suburban Public Art Commission. I am currently the Curator of Education at Foothills Art Center in Golden, CO. I am also an artist. I have a B.F.A from Western State and an M.A from a State University in New York

PERSONAL AND JOB RELATED INTERESTS:

I love art and outdoors! I presented at the Colorado Creative Industries Summit in 2019 and fell in love with Salida I have also attached my resume.

REASONS FOR APPLYING:

My family is closing on a home in Salida in October. Although we may not be full time until our boys are out of high school I am looking for ways to support the community. I am so excited to become a Salidan and have lots of passion and grass roots art experience to offer.

Thank you for applying. Salida City Council

Please return the completed application to:

City of Salida
 448 E. 1st Street, Suite 112
 Salida, CO 81201
 or email to:
Clerk@cityofsalida.com

MAURA MCINERNEY

m.mcinerney4@gmail.com
8706 Tall Grass Place, Lone Tree, CO 80124
720-299-8257

EXPERIENCE

CURATOR OF EDUCATION

Foothills Art Center

Golden, CO

2016 - Present

- Oversee vision for education through leadership and community engagement
- Responsible for all public programs
- Responsible for school (K-12 and collegiate) outreach and inclusion
- Responsible for planning, hiring and managing teachers, facilitating, and assessing youth and adult learning experiences
- Responsible for exhibition planning and design in collaboration with Executive Director and Curator
- Actively seek out and develop strategic community partnerships
- Responsible for program administration, budgeting, evaluation, and reporting
- Serve on board, appointed staff teams, and community and art boards
- Develop, organize and coordinate special events and projects

COORDINATOR OF YOUTH BIZ

Young Americans Center for Financial Education

Denver, CO

2012 - 2016

Program Management:

- Conducted and coordinated training and mentorship associated with free enterprise, financial literacy, global interdependency, and entrepreneurship to 500+ youth ages 6-21 each year

Event Management:

- Provided vision, strategy, leadership, and management to multiple events and experiences

SALES ASSOCIATE

Denver Art Museum

Denver, CO

2012

- Provided excellent customer service to museum patrons
- Met and exceeded sales goals

ASSISTANT DEPARTMENT MANAGER

Nordstrom

Denver, CO

2010 - 2012

- Completed Nordstrom Future Leaders Program
- Facilitated Fashion Board, and extracurricular fashion club for high school girls

INTERN

Thea Westrich Art Advisory

New York, NY

2010

CUSTOMER SERVICE AND SALES SUPPORT

Brand Athletics

Tigard, OR

2006 - 2008

EDUCATION

MASTER OF ARTS, ART MARKET: PRINCIPLES AND PRACTICES 2011
The State University of New York
Fashion Institute of Technology
New York, NY

BACHELOR OF FINE ARTS, SPANISH MINOR 2005
Western State Colorado University
Gunnison, CO

SKILLS

ADULT AND PEDIATRIC FIRST AID/CPR/AED CERTIFIED 2013 - 2018

COMPUTER SKILLS

- I. Microsoft Word, Excel, PowerPoint, Publisher, Adobe, and Outlook
- I. Mailchimp, Formsite, Wordpress, Squarespace
- I. Internet Research, Social Media, Blogging

ACCOMPLISHMENTS/ASSOCIATIONS

VICE PRESIDENT AND BOARD MEMBER: 2012 - Present
Eudora Street Townhomes Home Owners Association

REGIONAL AND STATE DECA COMPETITIVE EVENTS JUDGE 2013 - 2016

JEFFERSON COUNTY YOUTH LEADERSHIP STEERING COMMITTEE MEMBER 2013 - 2014

AUTHORED: 2005
An Introduction to Contemporary Art in Buenos Aires; Major Argentine Artists and Art Organizations

CO-CURATOR OF ART EXHIBITION: 2005
Stand Clear of the Closing Doors
New York, NY

MAURA MCINERNEY

APPLICANT: Maura McInerney

Public Art Commission

1. What is your understanding of the role of a Public Art Commission?

- The role of a Public Art Commission is to offer an informed opinion on the promotion, selection, acquisition and maintenance of art in public places in the City of Salida. The PAC understands the cultural identity of Salida and encourages a variety of Salida's goals including the support of artistic expression and also encouraging community pride. It also supports cultural tourism and economic development.

2. What benefits do you see for Salida engaging a Public Art Commission?

- I see the benefits of transparency and varied opinions to make informed decisions about the future of art in public places in Salida. When there is a commission of volunteers the City has advocates to represent several ages, groups, and agendas of committed Salidans.

3. What specific qualifications or qualities do you possess that would be beneficial to the Public Art Commission?

- My experience as an art administrator and educator at a small arts center in Colorado, my status as a WSC alumni, and a new resident in Salida are all qualifications that will benefit the PAC in Salida. I also have PAC experience as a current member of the South Suburban Public Art Committee.

4. What is an example of a public artwork, in any geographic location, that you admire or enjoy, and why?

- I love the Blue Mustang at DIA because it's controversy has encouraged healthy discourse about art and Colorado. However, my work on Wall of Hope in Golden, CO is a highlight of my professional career and an example of what art can do to help a community. The film about the project can be seen here: <https://www.foothillsartcenter.org/mural>. I fell in love with Salida when I presented this project at the Colorado Creative Industries Summit. I was blown away by the organization of the event and by the town's hospitality and love of the arts.

5. Do you have time to dedicate to attending meetings and other special assignments

- Within reason. I am available for monthly meetings and projects with an understood scope and timeline.



APPLICATION FOR CITY OF SALIDA COMMITTEES, BOARDS, AND COMMISSIONS

DATE Sept 30, 20
NAME Stephen Smalzel
ADDRESS 622 H St.
CITY Salida STATE CO ZIP 81201
TELEPHONE # (home) (work)
(cell) 303 917 9666
FAX # E-MAIL allhailsteve@hotmail.com

APPLYING FOR:

- Board of Adjustment
Board of Appeals
Historic Preservation Commission
Planning Commission
Recreation Advisory Board
Salida/Chaffee County Airport Board
SteamPlant Commission
Tree Board
Public Art Commission
Other

Please fill out the following information about yourself and why you are applying for this position. (Attach resume or extra sheets if necessary)

BACKGROUND AND/OR EXPERIENCE (Business and/or Personal):

I have been a working artist in Salida for 27 years, and have owned or shown in a half dozen art galleries in town. I have served on the public art board previously.

PERSONAL AND JOB RELATED INTERESTS:

Artist

REASONS FOR APPLYING:

Good will.

Thank you for applying. Salida City Council

Please return the completed application to:

**City of Salida
448 E. 1st Street, Suite 112
Salida, CO 81201
or email to:
Clerk@cityofsalida.com**

APPLICANT: Stephen Smalzel

Here are my answers to the public art commission questions.

1. The public art commission's role is to decide on the allotment of funds available for specific public art projects in Salida. That is fairly straight forward! More specifically, the commission must decide on the possible art project sites and general guidelines, on the most appropriate proposal, and whether an artist's residence in the area or past contributions to the Salida art community should bias the selection process.

2. This is a debatable issue, but the premise is that public art benefits the community as a whole and is therefore desirable. I would personally support that notion. Undeniable is that there is money available for public art projects in Salida and somebody needs decide how it is allotted.

3. I have been involved in the Salida Art scene for 27 years and have served on the public art commission previously.

4. I love the creature on the pole at 3rd (4th?) and F downtown. The art at the Denver airport has always struck me as well done. It is at times serious, but often whimsical and simply intriguing (gargoyls hidden in the luggage pickup area and pinwheels in the train tunnels.)

5. I have time to commit to the commission, but do take extended painting trips, often in the winter. Nothing is certain with covid swirling about in the air.



City of Salida PUBLIC ART POLICY

Purpose:

The City of Salida recognizes the importance of arts and culture to a vibrant, healthy, and sustainable community. The City strives to promote and encourage arts and culture through the public and private display of art.

This policy establishes guidelines and procedures for the safe display of temporary or permanent public art on, in, or as a part of Salida's assets, property, and rights-of-way to provide for the opportunity for the increased, sustained, safe, and appropriate display of public art within the City of Salida.

This policy is intended to operate in conjunction with the established City of Salida Code of Ordinances, and does not supersede or replace any ordinance in the City Code.

Objectives of Policy:

1. To increase prevalence of public art in Salida.
2. To provide uniform and clear guidelines and procedures governing the review, selection, and approval of installed public art as defined herein.
3. To maintain professional standards in works of art displayed in public areas within the City of Salida.
4. To ensure the safe and appropriate display of works of art on, in, or a part of Salida assets, property, and rights-of-way.
5. To ensure appropriate recognition of artists and donors of works of art displayed in public areas.
6. To ensure the proper and perpetual maintenance and safety of publicly displayed works of art.

Definitions:

Installed Public Art means any works of art or creative artistic expression intended to be installed on, in, or as a part of public spaces, public assets, public property, or public rights-of-way. Public art may also refer to installations contracted by a subdivision/building project or other private entities that fall under government sanction.

Policy:

All installed public art not associated with another special event approved by the City must first be approved by the Public Art Commission on a case by case basis. The Public Art Commission will make recommendations to the Salida City Council and staff.

Any applicant aggrieved by a decision of the Public Art Commission may appeal that decision to the Public Art Commission in a public forum. This can be done by filing a written request for a hearing with the sitting chair of the committee within (10) ten days of denial.

Process: The process by which public art will be selected will be one of the following:

1. Artist-Initiated; or
2. City-Initiated

In the case of City-Initiated public art applications, some of the following may not apply, and will be duly noted in the RFQ (Request for Qualifications) the Call for Entry and/or the application itself.

Review Process:

Application:

1. A fully completed application must be submitted to the current chair or ex-officio member of the Public Art Commission by the first day of the month or at a specified deadline to be listed on the agenda for that month. The application can be retrieved via the cityofsalida.com, salidacreates.com, salidacouncilforthearts.org, City of Salida Public Art Commission meeting or at a Salida Council for the Arts meeting.

2. The Application will include:

- a. Narrative of proposal including concept, media, size and weight dimensions, timeframe for completion, site preparation requirements, and method of installation.
- b. Drawing, model, photograph, or other visual representation of proposed installed public art, indicating its height, width, and relationship to desired site including location.
- c. Artists' biography and statement.
- d. Project budget, detailing all costs associated with the creation, installation, and maintenance of the installed public art including funding for artwork.

Review Criteria:

1. The project should be safe for the public, and include any and all features necessary to protect the art and the public as deemed necessary and approved by the City.
2. The installed public art should encourage access to culture and art.
3. The installed public art should be appropriate for the proposed site and its surroundings, including considerations of architecture, topography, and physical environment.
4. The installed public art should not adversely affect the natural environment.
5. The installed public art is required to be the expected final work, as represented in application. Final installation will be subject to compliance approval by City Personnel.
6. Public accessibility in compliance with ADA requirements
7. Site requirements

8. Maintenance plan

9. All costs of the project including, but not limited to the cost of design, fabrication, plaques, transportation, installation, site preparation work, electrical, maintenance, and permits must be financed by the requesting party, unless the City of Salida or Salida Council for the Arts provides or helps with funding.

Approval:

1. Applicants will be notified of approved projects by the Chair or ex-officio member of the Public Art Commission and Salida City Council.

2. If approved, subject to review, applicants will be notified of any remaining steps necessary to complete the project including what City staff to contact.

3. Other applicants will be notified and thanked by the Public Art Commission and Salida City Council.

Compliance and Identification:

1. The approved applicant is expected to comply with City codes and state and federal regulations, as well as input from the Historic Preservation Commission if applicable. Compliance may include attainment of necessary permits and license agreements.

2. A plaque identifying the art and artist will be displayed at the installation site.

Deaccession:

The City maintains the right to remove public art on, in, or as a part of Salida's assets, property, or rights-of-way. The artist will be notified of such removal. A work of art may be removed for the following reasons:

1. Destruction, either by deterioration, vandalism, or accident to such an extent that repairs or restorations are impractical or unfeasible.

2. On-going maintenance has become impossible or is prohibitively expensive.

3. Required changes by the City at the site will destroy the integrity of the work because of its relationship to the site.

4. The authenticity, attribution, or genuineness of the item is determined to be false or fraudulent.

5. Violation of this Public Art policy.

6. The license agreement has expired or has been terminated.

7. The project has not been completed during initially agreed upon timeframe.

8. Abandonment of the artwork.

9. The project is deemed to be unsafe or caused the location or surroundings to be unsafe.

10. Works of art will be approved for removal by the City Administrator or the Director of Public Works when the need to remove the work is immediate and necessary, and by the Public Art Commission with approval of the City Council in all other instances.

11. The work of art will be returned to the artist, if desired and requested.

Liability and Legal Requirements:

All installed public art is subject to a contract or license agreement between the artist, owner, or representative and the City of Salida for the duration of display. The license agreement shall address all issues of liability including, but not limited to, general liability insurance, indemnification, and holding the City harmless from any and all claims, demands, and rights of

action for injury or damage to property which shall be annually renewing for the duration of the installation. Projects shall not be initiated until legal requirements are approved by the City.

2015-04

Footnotes:

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Editor's note— Ord. No. 2015-04, § 2, adopted March 17, 2015, set out provisions intended for use as Art. XV, §§ 2-15-10—2-15-40. In as much as there were already provisions so designated, Ord. No. 2015-04 has been included herein as Art. XVI, §§ 2-16-10—2-16-40 at the discretion of the editor.

Sec. 2-16-10. - Establishment.

There is hereby created and established a Public Art Commission, which shall perform those duties and exercise those powers and responsibilities as set forth in this Article.

(Ord. No. 2015-04, § 2, 3-17-2015)

Sec. 2-16-20. - Purpose.

The Public Art Task Force is created to provide recommendations on public art to the City Council of the City of Salida.

(Ord. No. 2015-04, § 2, 3-17-2015)

Sec. 2-16-30. - Membership and organization.

- (a) Members of the Public Art Commission shall be selected by the City Council;
- (b) The membership of the committee shall be seven (7) voting members, five (5) of which are residents of the City and two (2) of which are residents of Chaffee County;
- (c) Members of the Public Art Commission shall be knowledgeable of public art;
- (d) Members shall serve three (3) year terms;
- (e) Terms shall be staggered with the initial membership having three (3) members appointed to terms of three (3) years, three (3) members appointed to terms of two (2) years and two (2) members appointed to terms of one (1) year;
- (f) Once appointed, members will remain on the Public Art Commission for the duration of their term of office unless they resign or are removed by the City Council.

(Ord. No. 2015-04, § 2, 3-17-2015)

Sec. 2-16-40. - Powers and duties.

- (a) The Public Art Commission shall be created to oversee public art projects and make recommendations to the City Council.

