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**To:** Philo Shelton, Public Works Director  
City of Steamboat Springs, Colorado

**Date:** July 27, 2010

**From:** Andrew Rheem, Project Manager  
Red Oak Consulting

**Re:** August 3, 2010 City Council Presentation – 2010 Rate and Fee Draft Study Findings

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The City of Steamboat Springs (City) retained Red Oak Consulting (Red Oak) in 2010 to complete a comprehensive rate and fee study of the City's water and wastewater utility operations.

The study included the following four main components which were completed separately for each utility:

- Prepare 10-year financial plan
- Review and update of tap fees
- Complete cost of service analysis for a single test-year - 2013
- Develop rates for service for 2011 through 2013
  - Two alternatives for City customers
  - Single alternative for wholesale customers

During the August 3, 2010 City Council meeting, Red Oak and City staff will present the study findings, for each of the components previously listed:

### **10-Year Financial Plan**

Working with City staff, Red Oak developed separate water and wastewater 10-year financial planning models. The financial plans evaluate the adequacy of system revenues, adjusted for growth, to:

- Fund annual operation and maintenance (O&M) expenses, debt service and capital costs
- Maintain established financial performance requirements
  - Debt service coverage ratio targets<sup>1</sup>
  - End-of-year reserve requirements<sup>2</sup>

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<sup>1</sup> Debt service coverage ratio is the ratio of total system revenues less operating expenditures divided by the annual debt service. The City's targeted debt service coverage ratio is 1.50 times annual debt service with a legal requirement of 1.10 times annual debt service.

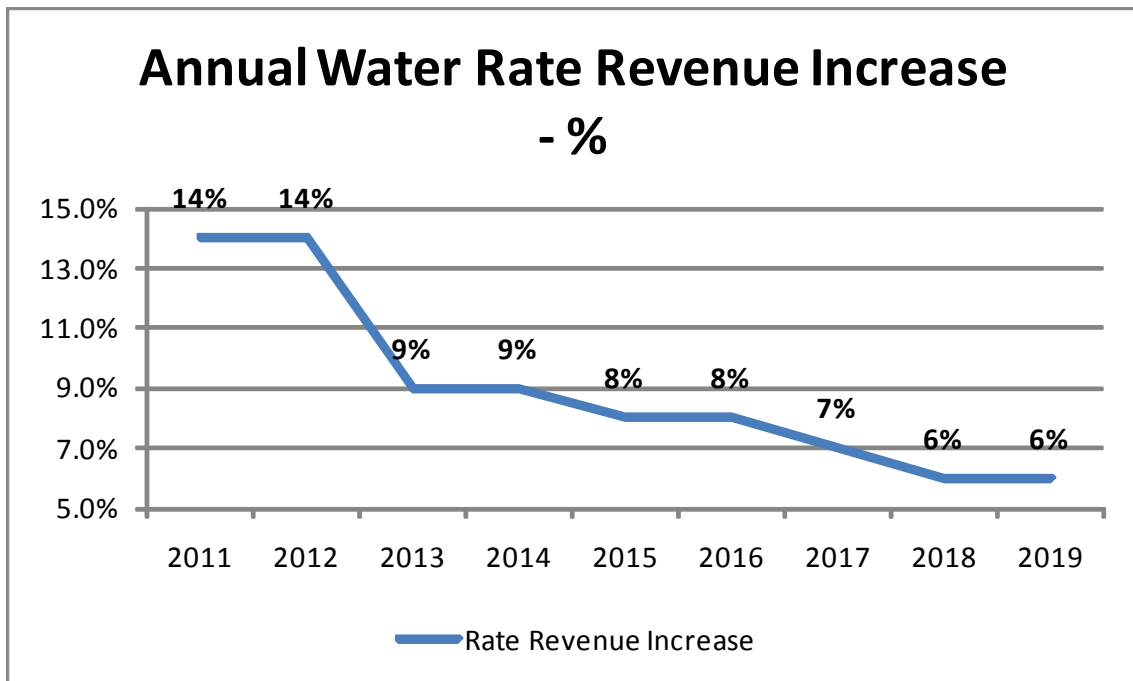
<sup>2</sup> The City's end-of-year cash requirement is 20% or approximately 75 days of annual O&M expenses.

If system revenues are not adequate to fund annual expenditures while exceeding financial performance requirements, the following three variables are used to balance the financial plan:

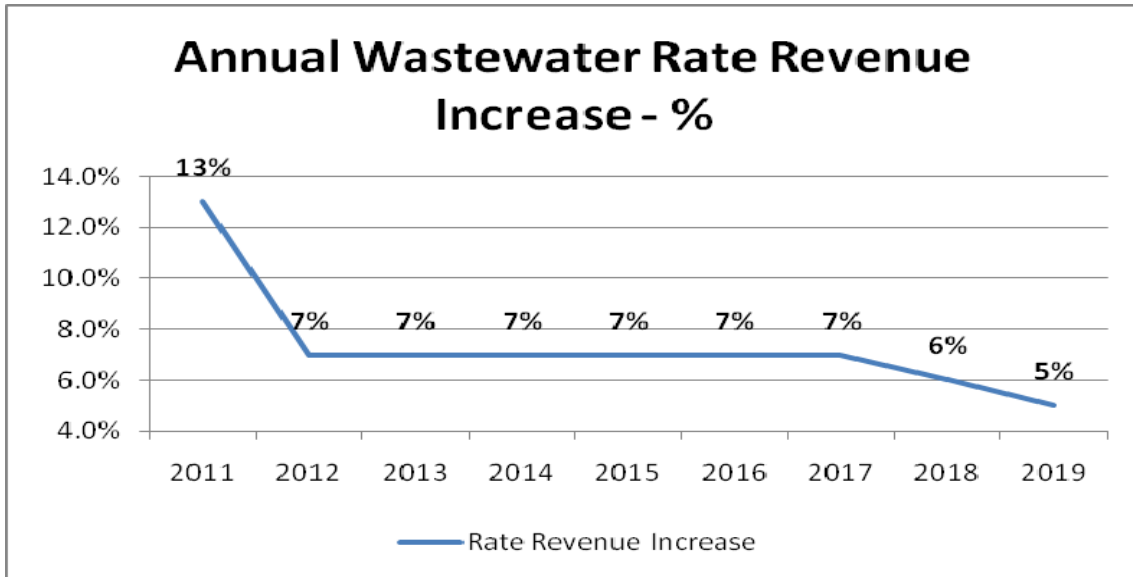
- Draw down accumulated reserves to fund annual expenditures
- Issue debt to fund a portion of annual capital improvements
- Increase user charges

The summary of key financial plan results and inputs is summarized on pages 1 and 2 of attachment A. Figures 1 and 2 summarize the projected annual increases in rate revenues necessary to fund annual expenditures and meet financial performance thresholds through level annual increases.

**Figure 1 – Projected Annual Water Rate Revenue Increases**



**Figure 2 – Projected Annual Wastewater Rate Revenue Increases**



A major driver of the financial plan requirements and overall results is the capital improvement plan. City staff developed the 10-year capital improvement plan for each utility. Attachment A, pages 3 through 6 summarize the projected annual growth-related (expansionary) and non-growth related (repair and replacement) capital improvement project listing for water and wastewater respectively.

### **Tap / Development Fees**

Red Oak worked with City staff to evaluate the existing water and wastewater tap fees assessed by the City. Tap fees are one-time capital recovery fees assessed to new development to recover the cost of system capacity to serve new customers.

The City currently assesses three different tap fees; a water system tap fee, a wastewater treatment plant (WWTP) and interceptor tap fee to city, and wholesale customers and a wastewater collection tap fee to only City customers.

Red Oak also worked with City staff to calculate a new water rights tap fee that would be assessed only to new development within the City.

Table 1 summarizes the current and updated water and wastewater tap fees and overall change.

**Table 1 – Current and Updated Water and Wastewater Tap Fees per Residential Equivalent**

<b>Description</b>	<b>Current</b>	<b>Calculated</b>	<b>Change</b>
Water System (1)	\$3,640	\$4,064	\$424
Water Rights	0	5,223	5,223
<b>Total Water</b>	<b>3,640</b>	<b>9,287</b>	<b>5,647</b>
WWTP & Interceptor	\$3,424	\$4,313	\$889
Collection System	371	590	219
<b>Total Wastewater</b>	<b>3,795</b>	<b>4,903</b>	<b>1,108</b>
<b>Total Water and Wastewater</b>	<b>\$7,435</b>	<b>\$14,190</b>	<b>\$6,755</b>

(1) Fee assessed per fixture unit. Assumes 140 water fixture units and 130 wastewater fixture units per equivalent residential connection.

A survey of ten comparable communities summarizes the water, wastewater and combined tap fees and will be discussed during the presentation on August 3<sup>rd</sup>.

**Cost of Service Analysis**

Red Oak completed separate water and wastewater cost of service analyses for a 2013 test-year.

Water

The City provides water service to retail customers throughout the water service territory and to one wholesale customer (Steamboat II) that purchases treated water from the City.

Table 2 summarizes the 2013 water cost of service analysis that reflects a 42% cumulative overall system rate revenue increase by 2013 as developed during the financial plan analysis.

**Table 2 – 2013 Water Cost of Service Analysis**

	<b>2013 Test Year</b>	<b>Revenue at</b>	<b>Indicated</b>
	<b>Cost of</b>	<b>Existing</b>	<b>Revenue</b>
<b>Customer Class</b>	<b>Service</b>	<b>Rates</b>	<b>Increase</b>
<b>City</b>			
Residential	\$1,621,584	\$1,058,003	53.27%
Commercial	676,625	572,990	18.09%
Combined	69,850	88,711	-21.26%
<b>Total</b>	<b>2,368,060</b>	<b>1,719,704</b>	<b>37.70%</b>
<b>Wholesale</b>			
Steamboat II	131,614	44,814	193.69%
<b>Total</b>	<b>131,614</b>	<b>44,814</b>	<b>193.69%</b>
<b>Total System</b>	<b>\$2,499,674</b>	<b>\$1,764,518</b>	<b>41.66%</b>

Wastewater

The City provides wastewater service to retail customers throughout the sewer service territory and to three wholesale customers that discharge sewer flows for conveyance and treatment at the City’s wastewater treatment plant.

Table 3 summarizes the system components that each customer type uses reflected in the cost of service analysis.

**Table 3 – Wastewater System Components by Customer Type**

<b>Cost Type</b>	<b>City</b>	<b>Mt Werner</b>	<b>Steamboat II</b>	<b>Tree Haus</b>
Treatment	X	X	X	X
Interceptor	X	X		X
Collection	X			
Steamboat II Lift Station			X	
Meters & Services	X	X	X	X
Administration	X	X	X	X

Table 4 summarizes the 2013 wastewater cost of service analysis for all wastewater customers that generate a 29% cumulative overall rate revenue increase.

**Table 4 – 2013 Wastewater Cost of Service Analysis**

Customer Class	2013 Test Year Cost of Service	Revenue at Existing Rates	Indicated Revenue Increase
<b>City</b>			
Residential	\$1,280,686	\$940,585	36.16%
Commercial	465,173	454,954	2.25%
Combined	1,712	1,844	-7.16%
<b>Total City</b>	<b>1,747,571</b>	<b>1,397,383</b>	<b>25.06%</b>
<b>Wholesale</b>			
Steamboat II - Residential	148,975	34,396	333.12%
Steamboat II - Commercial	1,316	716	83.80%
Steamboat II - Combined	0	0	#N/A
<b>Total Steamboat II</b>	<b>150,291</b>	<b>35,112</b>	<b>328.03%</b>
Mt Werner - Residential	810,427	781,161	3.75%
Mt Werner - Commercial	296,539	152,620	94.30%
Mt Werner - Combined	143,696	78,495	83.06%
<b>Total Mt Werner</b>	<b>1,250,662</b>	<b>1,012,276</b>	<b>23.55%</b>
Tree Haus	32,450	13,979	132.13%
<b>Total Wholesale</b>	<b>1,433,403</b>	<b>1,061,367</b>	<b>35.05%</b>
<b>Total System</b>	<b>\$3,180,974</b>	<b>\$2,458,750</b>	<b>29.37%</b>

**2011, 2012 and 2013 Rates for Service**

Red Oak developed 2011 through 2013 rates for service. The rates include two alternatives for City customers and a single alternative for wholesale customers. The existing rate structure for each customer class was not modified, but service charge per unit and the rate per unit or 1,000 gallons was modified.

Water

For City water customers, Alternative 1 reflects a uniform annual increase to user charges necessary to generate required system revenues. Alternative 2 reflects cost-of-service results phased in over the three-year period while generating sufficient system revenue in each year.

Tables 5 and 6 summarize water rate Alternatives 1 and 2.

**Table 5 – 2011 through 2013 Water User Charges - Alternative 1**

	Existing	Phased Rates - Alt. 1		
	2010	2011	2012	2013
Monthly Service Charge - City				
Residential	\$15.00	\$17.10	\$19.49	\$21.25
Commercial	19.50	22.23	25.34	27.62
Combined	19.50	22.23	25.34	27.62
Residential Volume Rate per 1,000 gallons				
0 - 4,000 gallons	\$1.58	\$1.80	\$2.05	\$2.28
4,001 - 12,000 gallons	2.37	2.70	3.08	3.42
12,001 - 20,000 gallons	3.63	4.14	4.72	5.24
20,001 - 28,000 gallons	4.73	5.39	6.15	6.83
> 28,000 gallons	7.10	8.09	9.23	10.25
Commercial Volume Rate per 1,000 gallons	\$4.17	\$4.75	\$5.42	\$5.91
Combined Volume Rate per 1,000 gallons	\$4.17	\$4.75	\$5.42	\$5.91

**Table 6 – 2011 through 2013 Water User Charges - Alternative 2**

	Existing	Phased Rates - Alt. 2		
	2010	2011	2012	2013
Monthly Service Charge - City				
Residential	\$15.00	\$18.92	\$23.40	\$26.66
Commercial	19.50	23.95	29.20	32.70
Combined	19.50	18.92	23.40	26.66
Residential Volume Rate per 1,000 gallons				
0 - 4,000 gallons	\$1.58	\$1.80	\$2.05	\$2.22
4,001 - 12,000 gallons	2.37	2.70	3.08	3.33
12,001 - 20,000 gallons	3.63	4.14	4.71	5.10
20,001 - 28,000 gallons	4.73	5.39	6.14	6.65
> 28,000 gallons	7.10	8.09	9.21	9.98
Commercial Volume Rate per 1,000 gallons	\$4.17	\$4.28	\$4.41	\$4.50
Combined Volume Rate per 1,000 gallons	\$4.17	\$4.28	\$4.41	\$4.50

The contract with the City’s only wholesale water customer, Steamboat II, specifies a the method for determining the assessed purchased water rate that the City has followed based on treated water costs. Based on inflation assumptions, the City’s treated water costs are anticipated to increase approximately 4% per year equating to a similar increase to Steamboat II’s volume water charge per 1,000 gallons of treated water. The rate will be set annually as has been the City’s historic practice.

Wastewater

For City wastewater customers, Alternative 1 reflects class cost-of-service phased in over the three-year period while generating sufficient system revenue in each year. Alternative 2 rates maintain some subsidy between City commercial and residential customer classifications, but recover the same total revenue from City customers as under Alternative 1.

Tables 7 and 8 summarize the wastewater rate Alternatives 1 and 2 for City customers.

**Table 7 – 2011 through 2013 City Wastewater User Charges - Alternative 1**

	Existing	Phased Rates - Alt. 1		
	2010	2011	2012	2013
Monthly Service Charge - City				
Residential	\$26.88	\$31.18	\$33.80	\$36.60
Commercial	23.61	24.53	25.09	25.70
Combined	23.61	24.53	25.09	25.70
Volume Rate per 1,000 gallons				
Residential	0.00	0.00	0.00	0.00
Commercial	4.97	4.98	4.99	5.00
Combined	4.97	4.98	4.99	5.00

**Table 8 – 2011 through 2013 City Wastewater User Charges - Alternative 2**

	Existing	Phased Rates - Alt. 2		
	2010	2011	2012	2013
Monthly Service Charge - City				
Residential	\$26.88	\$31.26	\$33.92	\$36.00
Commercial	23.61	27.46	29.80	31.62
Combined	23.61	27.46	29.80	31.62
Volume Rate per 1,000 gallons				
Residential	0.00	0.00	0.00	0.00
Commercial	4.97	4.97	4.97	4.97
Combined	4.97	4.97	4.97	4.97

For wholesale wastewater customers, phase-in rates (for 2011 through 2013) were calculated so as to reflect cost of service in 2013. Tables 9 through 11 summarize the rates by customer type and classification for the three wholesale customers.

**Table 9 – 2011 through 2013 Steamboat II Wastewater User Charges**

	Existing	Wholesale Customer Rates		
	2010	2011	2012	2013
Monthly Service Charge - Steamboat II				
Residential	\$7.06	\$17.48	\$23.82	\$30.60
Commercial	0.00	0.00	0.00	0.00
Volume Rate per 1,000 gallons				
Residential	0.00	0.00	0.00	0.00
Commercial	\$2.67	\$3.66	\$4.26	\$4.91

**Table 10 – 2011 through 2013 Mt Werner Wastewater User Charges**

	Existing	Wholesale Customer Rates		
	2010	2011	2012	2013
Monthly Service Charge - Mt Werner				
Residential	\$10.59	\$10.77	\$10.88	\$11.00
Commercial	0.00	0.00	0.00	0.00
Combined	10.59	10.77	10.88	11.00
Volume Rate per 1,000 gallons				
Residential	0.00	0.00	0.00	0.00
Commercial	2.67	3.74	4.39	5.08
Combined	\$2.67	\$3.74	\$4.39	\$5.08

**Table 11 – 2011 through 2013 Tree Haus Wastewater User Charges**

	Existing	Wholesale Customer Rates		
	2010	2011	2012	2013
Monthly Service Charge - Tree Haus				
Residential	\$10.59	\$16.77	\$20.53	\$24.55

During the August 3<sup>rd</sup> presentation, Red Oak will present impacts to customer bills for each of the rate structure alternatives as well as results of a survey of the water and wastewater rates and monthly bills of ten comparable communities’.

**City of Steamboat Springs, Colorado**  
**2010 Rate and Fee Study – City Council Presentation**  
**Attachment A**

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Water Decision Criteria	1
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Water Growth-Related Capital Projects – 2010 through 2019	3
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Wastewater Non-Growth Related Capital Projects – 2010 through 2019	6

STEAMBOAT SPRINGS, COLORADO  
2010 RATE & FEE STUDY  
DECISION CRITERIA - WATER

FILE: Stmboat\_W  
SCHEDULE: Dec\_Crit  
DATE: 07/27/10  
RANGE: DECCRIT1

Line No.	DESCRIPTION	Estimated	Projected								
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	<b>Rate Revenue Increase</b>	0.0%	14.0%	14.0%	9.0%	9.0%	8.0%	8.0%	7.0%	6.0%	6.0%
2	<b>Effective Month of Rate Increase</b> (effective 1st day of month: 1=Jan 12=Dec)	1	1	1	1	1	1	1	1	1	1
3	Typical Residential Bill (1 unit and 7 kgals per mont	\$28.43	\$32.41	\$36.95	\$40.27	\$43.90	\$47.41	\$51.20	\$54.79	\$58.07	\$61.56
4	<b>Water System Fee Increase</b>	0.0%	11.7%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
5	<b>Effective Month of Fee Increase</b> (effective 1st day of month: 1=Jan 12=Dec)	-	-	-	-	-	-	-	-	-	-
6	Water System Fee per Fixture	\$26.00	\$29.03	\$29.61	\$30.20	\$30.81	\$31.42	\$32.05	\$32.69	\$33.35	\$34.01
7	Water Resource Fee per ERU	\$0	\$5,223	\$5,327	\$5,434	\$5,543	\$5,654	\$5,767	\$5,882	\$6,000	\$6,120
<b>Bond/Loan Proceeds</b>											
8	Operations Subfund Revenue Bonds	\$0	\$8,000,000	\$0	\$3,900,000	\$0	\$3,300,000	\$0	\$2,900,000	\$0	\$1,500,000
9	Development Fee Subfund Revenue Bonds	0	2,800,000	0	0	0	500,000	0	1,800,000	0	0
10	<b>Total</b>	<b>\$0</b>	<b>\$10,800,000</b>	<b>\$0</b>	<b>\$3,900,000</b>	<b>\$0</b>	<b>\$3,800,000</b>	<b>\$0</b>	<b>\$4,700,000</b>	<b>\$0</b>	<b>\$1,500,000</b>
<b>Loans (to) Development Fee Subfund from Operations Subfund</b>											
11	Annual	(\$250,000)	\$0	\$0	\$265,302	\$0	\$0	\$0	\$0	\$0	\$0
12	Payments	-	-	-	-	-	-	-	-	-	-
13	Cumulative Loan Balance	\$250,000	\$255,000	\$260,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	(Principal & Accrued Int)										
<b>Cash Balances - End of Year</b>											
15	Operations Subfund	\$420,407	\$2,843,219	\$249,846	\$2,554,209	\$278,051	\$1,590,728	\$299,364	\$1,617,796	\$288,521	\$344,055
16	Development Fee Subfund	18,788	572,069	16,116	74,664	702,945	1,603,093	171,377	49,701	610,350	1,103,834
17	<b>Total Fund</b>	<b>\$439,195</b>	<b>\$3,415,287</b>	<b>\$265,962</b>	<b>\$2,628,873</b>	<b>\$980,996</b>	<b>\$3,193,820</b>	<b>\$470,741</b>	<b>\$1,667,498</b>	<b>\$898,871</b>	<b>\$1,447,889</b>
18	<b>Debt Service Coverage Includes Dev. Fees [1]</b>	9.17	2.13	1.79	2.06	2.01	1.92	1.91	1.80	1.75	1.81
19	<b>Debt Service Coverage Excludes Dev. Fees [1]</b>	8.98	1.77	1.36	1.26	1.29	1.26	1.30	1.24	1.23	1.28
20	<b>Cash Reserve Ratio [2] - Operations Subfund</b>	44.3%	272.8%	22.3%	219.3%	23.0%	126.3%	22.9%	118.7%	20.4%	23.3%
21	<b>Cash Reserve Ratio [2] - Total Fund</b>	46.3%	327.7%	23.7%	225.7%	81.0%	253.5%	35.9%	122.4%	63.4%	98.3%
22	Cumulative Debt Issued	\$0	\$10,800,000	\$10,800,000	\$14,700,000	\$14,700,000	\$18,500,000	\$18,500,000	\$23,200,000	\$23,200,000	\$24,700,000
23	Cumulative % of CIP Funded by Debt	0.0%	113.8%	81.2%	94.2%	79.6%	88.3%	73.8%	78.6%	73.1%	72.4%
<b>Funded CIP - Inflated \$</b>											
24	Operations Subfund	\$1,801,038	\$5,356,278	\$3,081,513	\$1,965,977	\$2,804,699	\$2,236,583	\$1,935,827	\$2,031,424	\$2,131,766	\$2,237,087
25	Development Fee Subfund	249,285	2,085,147	733,904	325,633	56,275	260,605	2,168,697	2,429,849	63,339	182,185
26	<b>Total Annual CIP</b>	<b>2,050,323</b>	<b>7,441,425</b>	<b>3,815,417</b>	<b>2,291,609</b>	<b>2,860,974</b>	<b>2,497,188</b>	<b>4,104,524</b>	<b>4,461,273</b>	<b>2,195,104</b>	<b>2,419,272</b>
27	<b>Cumulative CIP Amount</b>	<b>\$2,050,323</b>	<b>\$9,491,748</b>	<b>\$13,307,165</b>	<b>\$15,598,775</b>	<b>\$18,459,749</b>	<b>\$20,956,937</b>	<b>\$25,061,461</b>	<b>\$29,522,734</b>	<b>\$31,717,838</b>	<b>\$34,137,110</b>

[1] Target debt service coverage including development fees: 1.5 Legal requirement of 1.1

[2] Target ending cash balance as a percent of O&M expenditures: 20%

STEAMBOAT SPRINGS, COLORADO  
2010 RATE & FEE STUDY  
DECISION CRITERIA - WASTEWATER

FILE: Stmboat\_WW  
SCHEDULE: 0  
DATE: 07/27/10  
RANGE: DECCRIT1

Line No.	DESCRIPTION	Estimated					Projected				
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	Rate Revenue Increase	0.0%	13.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	6.0%	5.0%
2	Effective Month of Rate Increase (effective 1st day of month: 1=Jan 12=Dec)	1	1	1	1	1	1	1	1	1	1
3	Typical Residential Bill	\$26.88	\$30.37	\$32.50	\$34.78	\$37.21	\$39.81	\$42.60	\$45.58	\$48.32	\$50.73
4	Wastewater Treatment Development Fee Increase	0.0%	26.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
5	Wastewater Collection Development Fee Increase	0.0%	59.3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
6	Effective Month of Fee Increase (effective 1st day of month: 1=Jan 12=Dec)	1	1	1	1	1	1	1	1	1	1
7	Wastewater Treatment Development Fee per Fixture U	\$26.34	\$33.18	\$33.84	\$34.52	\$35.21	\$35.92	\$36.63	\$37.37	\$38.11	\$38.88
8	Wastewater Collection Fee per Fixture Unit	\$2.85	\$4.54	\$4.63	\$4.72	\$4.82	\$4.91	\$5.01	\$5.11	\$5.22	\$5.32
<b>Bond/Loan Proceeds</b>											
9	Operations Subfund Revenue Bonds	\$0	\$4,000,000	\$0	\$3,000,000	\$0	\$3,000,000	\$0	\$3,750,000	\$0	\$2,500,000
10	Development Fee Subfund Revenue Bonds	0	600,000	0	750,000	0	750,000	0	5,125,000	0	2,000,000
11	Total	\$0	\$4,600,000	\$0	\$3,750,000	\$0	\$3,750,000	\$0	\$8,875,000	\$0	\$4,500,000
<b>Loan (to) Development Fee Subfund from Operations Subfund</b>											
12	Annual	(\$650,000)	(\$580,000)	(\$225,000)	\$225,000	\$175,000	\$500,000	\$0	\$0	(\$325,000)	(\$250,000)
13	Payments	-	-	-	-	-	-	-	-	-	-
14	Cumulative Loan Balance	\$650,000	\$1,243,000	\$1,492,860	\$1,297,717	\$1,148,672	\$671,645	\$685,078	\$698,779	\$1,037,755	\$1,308,510
15	(Principal & Accrued Int)										
<b>Cash Balances - End of Year</b>											
16	Operations Subfund	\$1,643,960	\$2,783,956	\$993,403	\$2,238,104	\$1,176,912	\$3,171,641	\$1,256,387	\$2,767,139	\$441,132	\$446,569
17	Development Fee Subfund	14,901	49,915	14,657	9,524	23,165	516,693	27,279	3,777,658	24,206	13,002
18	Total Fund	\$1,658,861	\$2,833,870	\$1,008,060	\$2,247,628	\$1,200,077	\$3,688,335	\$1,283,666	\$6,544,797	\$465,338	\$459,571
19	Debt Service Coverage Including Dev. Fees [1]	1.38	1.51	1.57	1.94	1.88	1.88	1.98	1.82	1.61	1.60
20	Debt Service Coverage Excluding Dev. Fees [1]	1.32	1.28	1.16	1.17	1.17	1.22	1.32	1.26	1.12	1.13
21	Cash Reserve Ratio [2] - Operations Subfund	113.1%	178.2%	61.1%	132.4%	67.0%	173.5%	66.1%	140.0%	21.5%	20.9%
22	Cash Reserve Ratio [2] - Total Fund	114.1%	181.4%	62.0%	133.0%	68.3%	201.8%	67.5%	331.0%	22.6%	21.5%
23	Cumulative Debt Issued	\$0	\$4,600,000	\$4,600,000	\$8,350,000	\$8,350,000	\$12,100,000	\$12,100,000	\$20,975,000	\$20,975,000	\$25,475,000
24	Cumulative % of CIP Funded by Debt	0.0%	78.1%	56.1%	72.9%	61.3%	76.4%	61.4%	87.2%	66.7%	68.7%
<b>Funded CIP - Inflated \$</b>											
25	Operations Subfund	\$2,516,390	\$2,699,161	\$2,270,907	\$2,495,892	\$2,065,895	\$2,201,643	\$3,077,139	\$3,213,560	\$3,356,280	\$3,505,598
26	Development Fee Subfund	32,500	644,800	36,823	754,406	109,273	0	802,218	1,124,797	4,024,147	2,168,710
27	Total Annual CIP	2,548,890	3,343,961	2,307,729	3,250,298	2,175,167	2,201,643	3,879,357	4,338,358	7,380,427	5,674,308
28	Cumulative CIP Amount	\$2,548,890	\$5,892,851	\$8,200,580	\$11,450,878	\$13,626,046	\$15,827,689	\$19,707,046	\$24,045,403	\$31,425,830	\$37,100,138

[1] Target debt service coverage including development fee: 1.5. Legal requirement of 1.1  
[2] Target ending cash balance as a percent of O&M expenditures: 20%

STEAMBOAT SPRINGS, COLORADO  
 2010 RATE & FEE STUDY  
 CAPITAL IMPROVEMENT PROJECTS  
 (Inflated \$)

FILE: Stmboat\_W  
 SCHEDULE: CIP  
 DATE: 07/27/10  
 RANGE: CIP\_INFL

Line No.	DESCRIPTION	Function	Estimated	Projected								Growth	Total	
			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		Percent Allocation
<b>Growth Related CIP</b>														
1	Airport Water Redundancy	4	\$69,000	\$104,947	\$256,207	\$0	\$0	\$0	\$0	\$0	\$0	\$0	23%	\$430,154
2	Water Distribution System Expansion (Fairview area)	4	5,875	378,525	389,881	-	-	-	-	-	-	-	50%	774,281
3	Fish Creek Reservoir Capacity Options	3	-	-	-	-	-	-	-	-	-	-	0%	-
4	Water Main Replacement	4	-	-	-	-	-	-	-	-	-	-	0%	-
5	Land Acquisition Costs	2	32,660	33,758	34,771	-	-	-	-	-	-	-	23%	101,189
6	1.0 MG West City Tank Including 16-inch main	1	51,750	479,723	-	-	-	-	-	-	-	-	23%	531,473
7	Yampa River Infiltration Gallery Expansion	3	90,000	1,036,695	-	-	-	-	-	-	-	-	50%	1,126,695
8	Street Shop Expansion	5	-	-	-	-	-	-	-	-	-	-	0%	-
9	Meter Reading Conversion	5	-	-	-	-	-	-	-	-	-	-	0%	-
10	Water Rights Firming	2	-	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239	50%	523,194
11	Rate Study	5	-	-	-	-	-	-	-	-	-	-	0%	-
12	Booster Pump Station & PRV - W of Overlook	4	-	-	-	-	-	106,653	-	-	-	-	23%	106,653
13	12-inch Main - 12th Street to Indian Trails	4	-	-	-	-	-	-	-	-	-	-	0%	-
14	Fish Creek Water Filtration Plant Expansion	3	-	-	-	-	-	95,988	2,017,053	1,412,744	-	116,947	100%	3,642,731
15	Skyline Tank Zone Redundancy	1	-	-	-	270,996	-	-	-	-	-	-	62%	270,996
16	Water Distribution System Expansion (West Lincoln area)	4	-	-	-	-	-	-	91,942	955,612	-	-	100%	1,047,554
<b>Total Growth Related CIP</b>			<b>\$249,285</b>	<b>\$2,085,147</b>	<b>\$733,904</b>	<b>\$325,633</b>	<b>\$56,275</b>	<b>\$260,605</b>	<b>\$2,168,697</b>	<b>\$2,429,849</b>	<b>\$63,339</b>	<b>\$182,185</b>		<b>\$8,554,920</b>

DRAFT - PRELIMINARY

STEAMBOAT SPRINGS, COLORADO  
 2010 RATE & FEE STUDY  
 CAPITAL IMPROVEMENT PROJECTS  
 (Inflated \$)

FILE: Stmboat\_W  
 SCHEDULE: CIP  
 DATE: 07/27/10  
 RANGE: CIP\_INFL2

Line No.	DESCRIPTION	Function	Estimated	Projected								Non-Growth		
			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Percent Allocation	Total
<b>Non-Growth Related CIP</b>														
1	Airport Water Redundancy	4	\$231,000	\$351,343	\$857,738	\$0	\$0	\$0	\$0	\$0	\$0	\$0	77%	\$1,440,081
2	Water Distribution System Expansion (Fairview area)	4	5,875	378,525	389,881	-	-	-	-	-	-	-	50%	774,281
3	Fish Creek Reservoir Capacity Options	3	175,000	180,250	-	-	-	-	-	-	-	-	100%	355,250
4	Water Main Replacement	4	803,574	1,470,000	1,543,500	1,620,675	1,701,700	1,786,785	1,876,124	1,969,930	2,068,427	2,171,848	100%	17,012,563
5	Land Acquisition Costs	2	109,340	113,017	116,407	-	-	-	-	-	-	-	77%	338,764
6	1.0 MG West City Tank Including 16-inch main	1	173,250	1,606,028	-	-	-	-	-	-	-	-	77%	1,779,278
7	Yampa River Infiltration Gallery Expansion	3	90,000	1,036,695	-	-	-	-	-	-	-	-	50%	1,126,695
8	Street Shop Expansion	5	157,999	-	-	-	-	-	-	-	-	-	100%	157,999
9	Meter Reading Conversion	5	-	168,920	120,943	124,571	-	-	-	-	-	-	100%	414,433
10	Water Rights Firming	2	-	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239	50%	523,194
11	Rate Study	5	55,000	-	-	-	-	34,778	-	-	-	-	100%	89,778
12	Booster Pump Station & PRV - W of Overlook	4	-	-	-	-	-	357,056	-	-	-	-	77%	357,056
13	12-inch Main - 12th Street to Indian Trails	4	-	-	-	-	1,046,723	-	-	-	-	-	100%	1,046,723
14	Fish Creek Water Filtration Plant Expansion	3	-	-	-	-	-	-	-	-	-	-	0%	-
15	Skyline Tank Zone Redundancy	1	-	-	-	166,095	-	-	-	-	-	-	38%	166,095
16	Water Distribution System Expansion (West Lincoln area)	4	-	-	-	-	-	-	-	-	-	-	0%	-
<b>Total Non-Growth Related CIP</b>			<b>\$1,801,038</b>	<b>\$5,356,278</b>	<b>\$3,081,513</b>	<b>\$1,965,977</b>	<b>\$2,804,699</b>	<b>\$2,236,583</b>	<b>\$1,935,827</b>	<b>\$2,031,424</b>	<b>\$2,131,766</b>	<b>\$2,237,087</b>		<b>\$25,582,190</b>

DRAFT - PRELIMINARY

STEAMBOAT SPRINGS, COLORADO  
 2010 RATE & FEE STUDY  
 CAPITAL IMPROVEMENT PROJECTS  
 (Inflated \$)

FILE: Stmboat\_WW  
 SCHEDULE: CIP  
 DATE: 07/27/10  
 RANGE: CIP\_INFL

Line No.	DESCRIPTION	Function	Estimated	Projected								Growth	Total
			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
<b>Growth Related CIP</b>													
<b>Wastewater Collection System</b>													
1	Collection Main Replacement	3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	\$0
2	Riverwalk Sewer Cost Sharing	3	-	-	-	-	-	-	-	-	-	0%	-
3	Meter Conversion	5	-	-	-	-	-	-	-	-	-	0%	-
4	Dream Island Interceptor Replacement	2	32,500	644,800	36,823	754,406	-	-	-	-	-	65%	1,468,528
5	Mt Werner Interceptor Replacement	2	-	-	-	-	-	802,218	826,284	851,073	876,605	50%	3,356,179
6	I&I Reduction	2	-	-	-	-	-	-	-	-	-	0%	-
7	Lagoon Reclamation	5	-	-	-	-	-	-	-	-	-	0%	-
8	Shop Expansion	5	-	-	-	-	-	-	-	-	-	0%	-
9	Rate Study	5	-	-	-	-	-	-	-	-	-	0%	-
<b>WWTP</b>													
10	Bar Screen Replacement	1	-	-	-	-	-	-	-	-	-	0%	-
11	Polishing Pond Liner	1	-	-	-	-	-	-	-	-	-	0%	-
12	Payment Maintenance	1	-	-	-	-	-	-	-	-	-	0%	-
13	UV Modules (addition)	1	-	-	-	-	109,273	-	-	-	-	100%	109,273
14	Digester #4	1	-	-	-	-	-	-	298,513	3,074,685	-	100%	3,373,198
15	Blower Addition	1	-	-	-	-	-	-	-	98,390	-	100%	98,390
16	Administration/Lunch Room Addition	1	-	-	-	-	-	-	-	-	443,370	100%	443,370
17	Major Capital Maintenance Projects	1	-	-	-	-	-	-	-	-	-	0%	-
18	Steamboat II Lift Station Rebuild	4	-	-	-	-	-	-	-	-	-	0%	-
19	Lower Field Improvements	1	-	-	-	-	-	-	-	-	-	0%	-
<b>WSSAP</b>													
20	New WSSA Lift Station	6	-	-	-	-	-	-	-	-	848,736	100%	848,736
<b>Total Growth Related CIP</b>			<b>\$32,500</b>	<b>\$644,800</b>	<b>\$36,823</b>	<b>\$754,406</b>	<b>\$109,273</b>	<b>\$0</b>	<b>\$802,218</b>	<b>\$1,124,797</b>	<b>\$4,024,147</b>	<b>\$2,168,710</b>	<b>\$9,697,674</b>

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STEAMBOAT SPRINGS, COLORADO  
 2010 RATE & FEE STUDY  
 CAPITAL IMPROVEMENT PROJECTS  
 (Inflated \$)

FILE: Stmboat\_WW  
 SCHEDULE: CIP  
 DATE: 07/27/10  
 RANGE: CIP\_INFL2

Line No.	DESCRIPTION	Function	Estimated	Projected								Non-Growth	Total	
			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		Percent Allocation
<b>Non-Growth Related CIP</b>														
<b>Wastewater Collection System</b>														
1	Collection Main Replacement	3	\$1,084,450	\$1,526,699	\$1,603,034	\$1,683,185	\$1,767,345	\$1,855,713	\$1,948,498	\$2,045,922	\$2,148,218	\$2,255,630	100%	\$17,918,695
2	Riverwalk Sewer Cost Sharing	3	230,000	-	-	-	-	-	-	-	-	-	100%	230,000
3	Meter Conversion	5	-	164,000	117,420	120,943	-	-	-	-	-	-	100%	402,363
4	Dream Island Interceptor Replacement	2	17,500	347,200	19,828	406,219	-	-	-	-	-	-	35%	790,746
5	Mt Werner Interceptor Replacement	2	-	-	-	-	-	-	802,218	826,284	851,073	876,605	50%	3,356,179
6	I&I Reduction	2	-	60,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	100%	609,546
7	Lagoon Reclamation	5	125,433	-	-	-	-	-	-	-	-	-	100%	125,433
8	Shop Expansion	5	158,407	-	-	-	-	-	-	-	-	-	100%	158,407
9	Rate Study	5	15,600	-	-	-	-	33,765	-	-	-	-	100%	49,365
<b>WWTP</b>														
10	Bar Screen Replacement	1	500,000	-	-	-	-	-	-	-	-	-	100%	-
11	Polishing Pond Liner	1	275,000	-	-	-	-	-	-	-	-	-	100%	500,000
12	Payment Maintenance	1	-	400,000	-	-	-	-	-	-	-	-	100%	400,000
13	UV Modules (addition)	1	-	-	-	-	-	-	-	-	-	-	0%	-
14	Digester #4	1	-	-	-	-	-	-	-	-	-	-	0%	-
15	Blower Addition	1	-	-	-	-	-	-	-	-	-	-	0%	-
16	Administration/Lunch Room Addition	1	-	-	-	-	-	-	-	-	-	-	0%	-
17	Major Capital Maintenance Projects	1	-	201,262	211,325	221,891	232,986	244,635	256,867	269,711	283,196	297,356	100%	2,219,230
18	Steamboat II Lift Station Rebuild	4	-	-	257,500	-	-	-	-	-	-	-	100%	257,500
19	Lower Field Improvements	1	110,000	-	-	-	-	-	-	-	-	-	100%	110,000
<b>WSSAP</b>														
20	New WSSA Lift Station	6	-	-	-	-	-	-	-	-	-	-	0%	-
<b>Total Non-Growth Related CIP</b>			<b>\$2,516,390</b>	<b>\$2,699,161</b>	<b>\$2,270,907</b>	<b>\$2,495,892</b>	<b>\$2,065,895</b>	<b>\$2,201,643</b>	<b>\$3,077,139</b>	<b>\$3,213,560</b>	<b>\$3,356,280</b>	<b>\$3,505,598</b>		<b>\$27,402,465</b>

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