



**Pagosa Area Water and
Sanitation District**

Water &
Wastewater
Rate Study 2023

The background of the slide is a photograph of water with concentric ripples. The ripples are most prominent in the upper right quadrant and fade towards the bottom left. The water has a blueish-grey hue. A white rectangular box is overlaid on the bottom right of the image, containing the agenda text.

Agenda

1. Water Fund Financial Plan
2. Wastewater Fund Financial Plan
3. Proposed Rate Adjustments
4. Rate and Fee Comparison

Utility's Financial Goals

- **Maintain combined debt service coverage ratio of 1.25%**
- **Maintain adequate reserve requirements**
 - Water & Wastewater– 90 days cash on hand to maintain bond ratings in at least one of the funds
- **Fund necessary capital improvement projects using cash unless project is specified as debt funded (Snowball water treatment plant)**
- **Water & Wastewater analysis performed as separate utilities**
- **Minimize the rate impacts for both**
- **Fund future utility operations and capital investments in the most financially prudent manner**


A photograph of water with concentric ripples spreading out from a central point. The water is a deep blue color, and the ripples create a pattern of light and dark blue lines. The background is a soft, out-of-focus blue.

Water Utility

Water Utility Assumptions

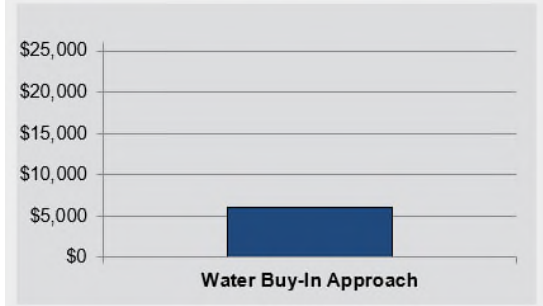
- **Annual Cost Escalation Factors:**
 - Capital Projects – 6.0% FY24 – FY28
 - Capital Projects – 3.0% FY29 – FY32
 - Operating Expenses – 5% FY24 – FY28
 - Salaries and Wage
 - Retirement
 - Admin Services
 - Fuel, Utilities, Chemicals average 7.1%
 - Health Insurance 6.5%
- **Account growth – 2% based on District's projections**
- **Raw Water Acquisition Fee (RWAFF) combines with Capital Investment Fee (CIF) in 2024 (\$8,958)**

Water Capital Investment Fee


PAWSD, CO Capital Investment Fee

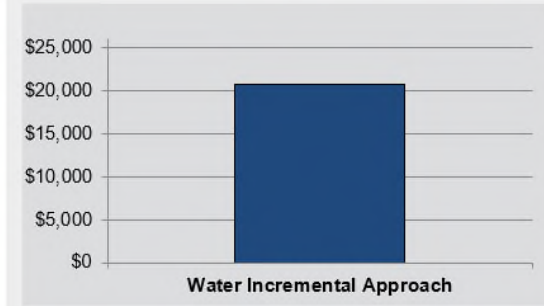
Water Buy-In Approach

Plant in Service (RCNLD)	\$ 71,987,073
(Less: Debt Principal)	\$ (10,921,901)
(Less: Grants)	\$ -
(Less: Donated Assets / Exclusions)	\$ (1,829,137)
Total Net System Costs	\$ 59,236,036
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 9.87
Level of Service (GPD)	610
Total Calculated Fee per EU:	\$ 6,018



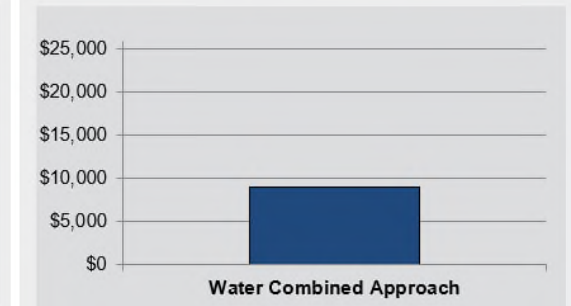
Water Incremental Approach

Expansion Capital Costs	\$ 38,393,400
(Less: Revenue Credit)	\$ -
(Less: Grants)	\$ -
(Less: Required Additional Credits)	\$ 12,577,476
Total Net System Costs	\$ 50,970,876
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 33.98
Level of Service (GPD)	610
Total Calculated Fee Per EU:	\$ 20,715



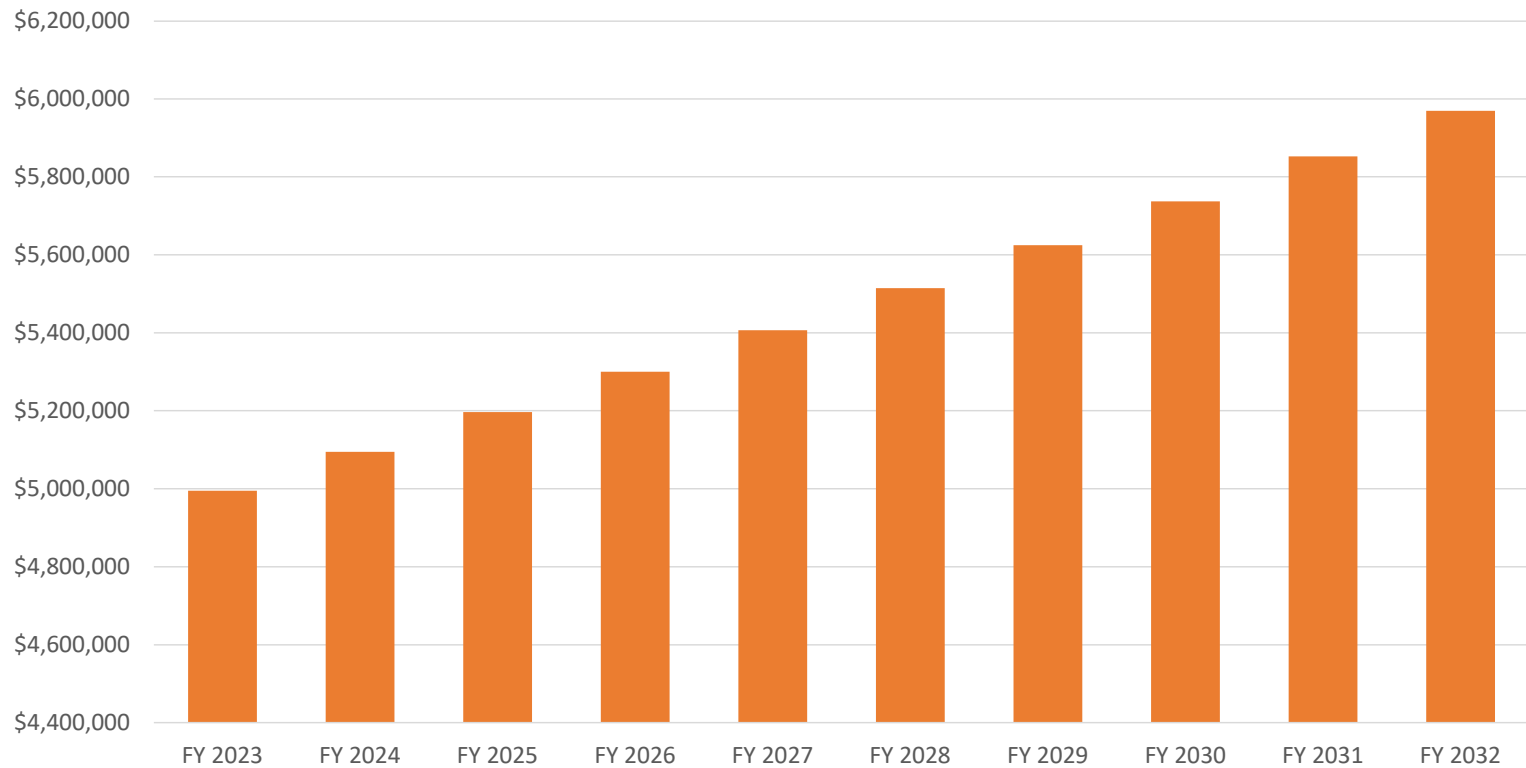
Water Combined Approach

Plant in Service (RCNLD)	\$ 71,987,073
Expansion Capital	\$ 38,393,400
(Less Principal and Donated)	\$ (12,751,037)
(Less Revenue Credit and Grants)	\$ 12,577,476
Total Net System Costs	\$ 110,206,912
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 14.69
Level of Service (GPD)	610
Total Calculated Fee per EU:	\$ 8,958

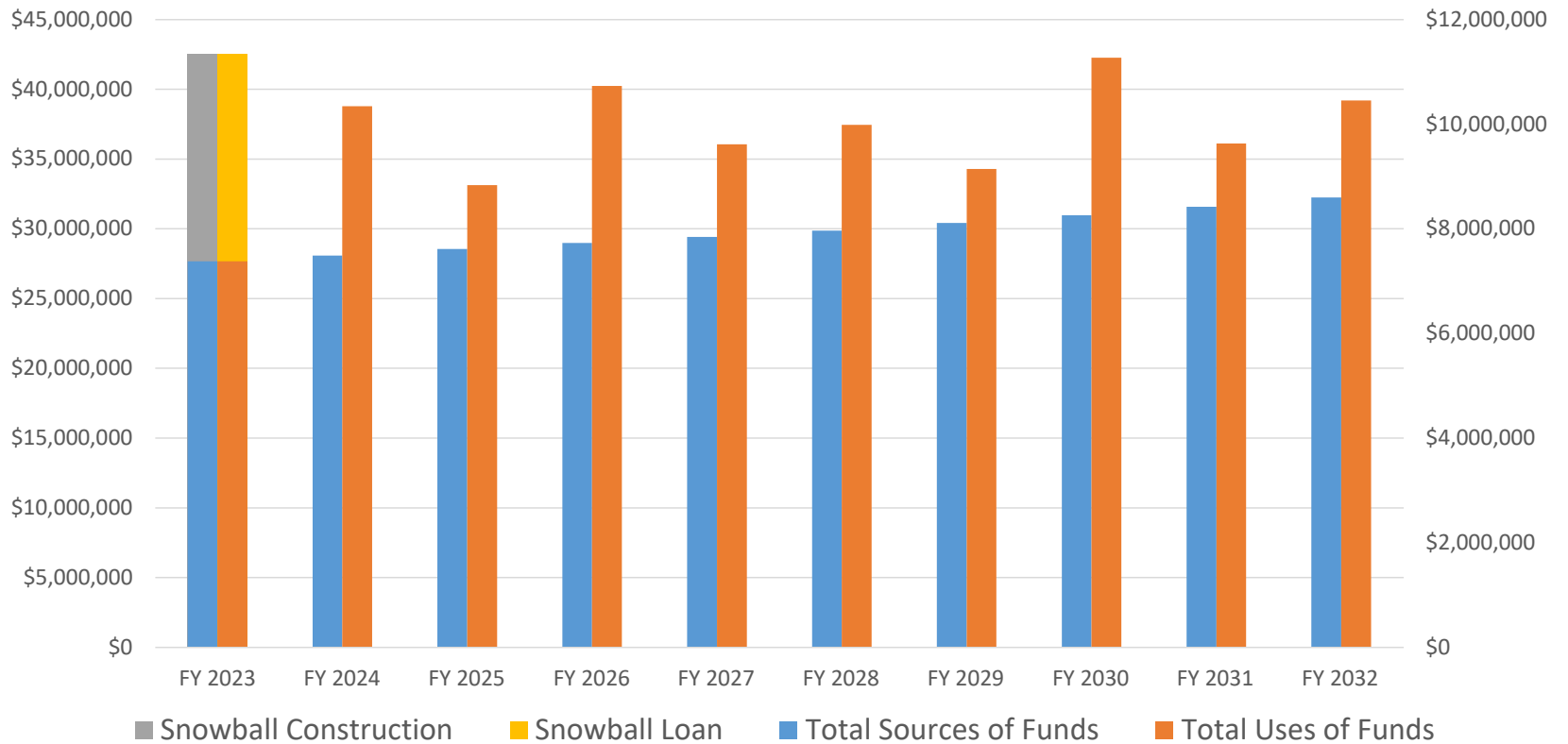


Water Rate Revenue Projection

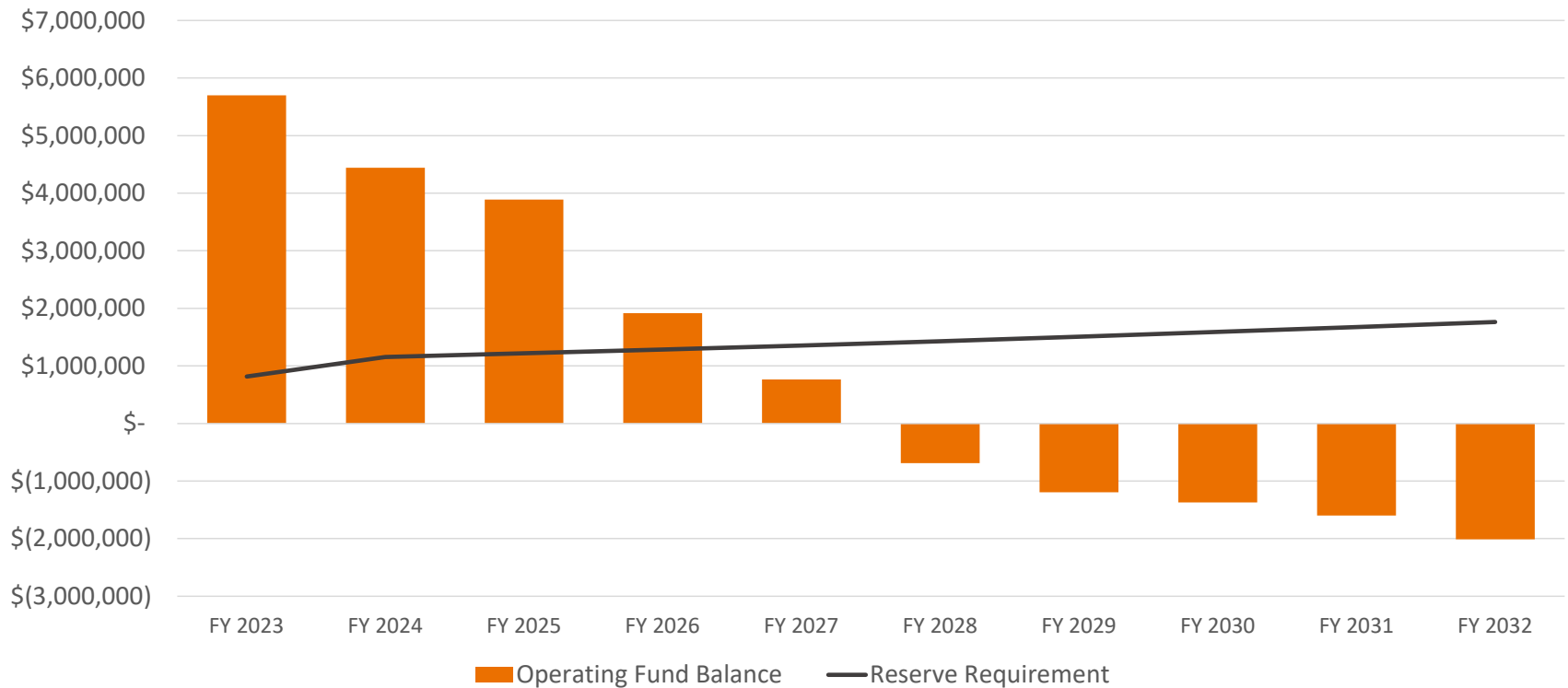
No rate adjustments



Total Sources and Uses of Funds *with no rate or CIF adjustments*

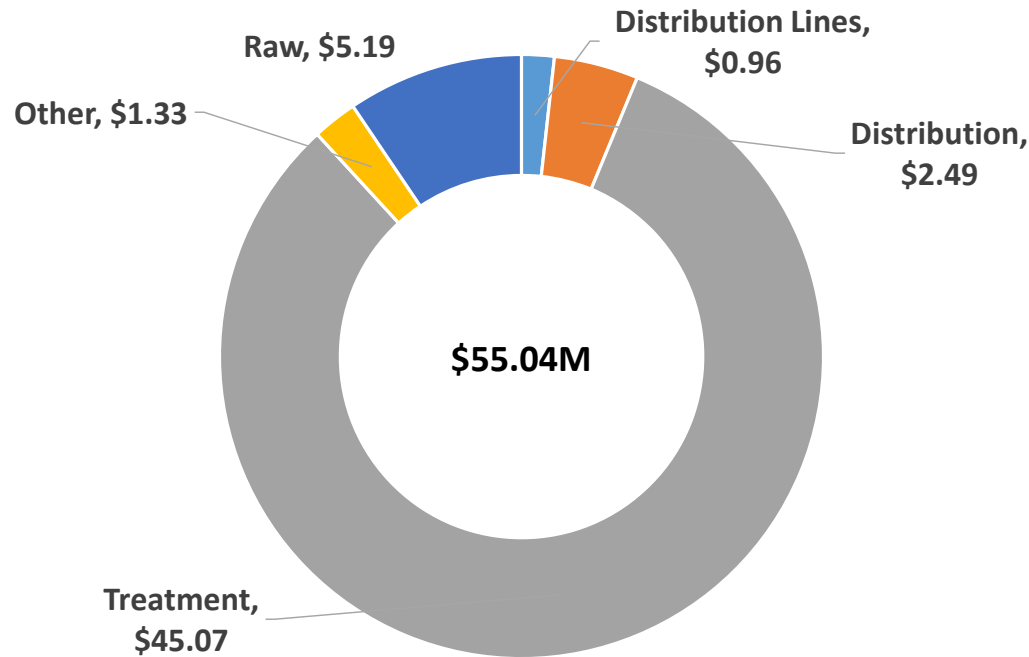


Operating Fund Balance with No Rate Adjustments



Capital Improvement Program

Total Project Needs 2023 - 2032



Notable Projects Include...

Distribution

Lines (\$960k)
Storage Tanks (\$785k)

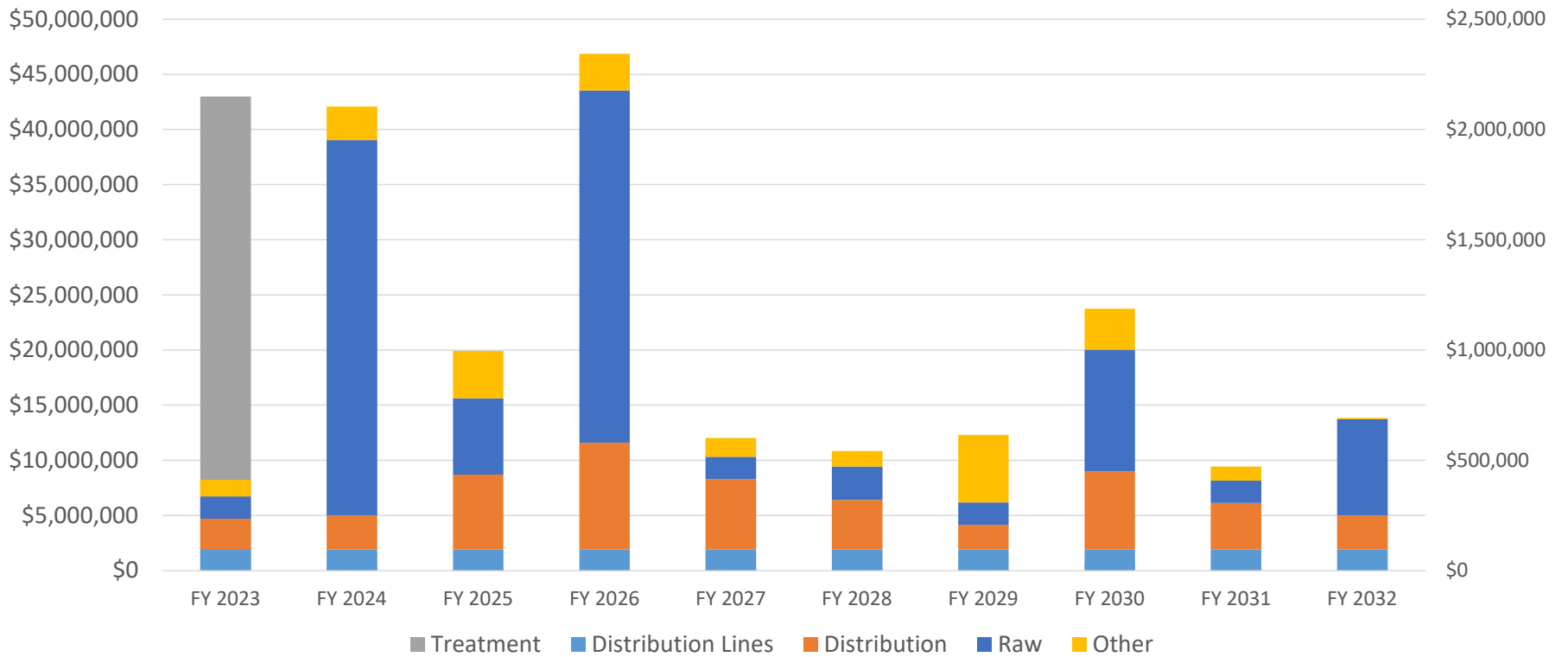
Treatment

Snowball Construction (\$42.5M)
San Juan (\$1.37Mk)

Raw Water

Convert ditches to pipelines (\$2.3M)
West Fork Diversion (\$1.09M)

2023-2032 CIP Summary



Proposed Water Rate Adjustments

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Proposed Rate Adjustments	6.00%	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%	0.00%	0.00%
Projected Monthly Residential Bill	\$54.00	\$55.62	\$57.27	\$58.99	\$60.74	\$62.86	\$65.06	\$67.35	\$67.35	\$67.35

A photograph of water with concentric ripples, likely from a stone dropped into a pond. The water is a deep blue color, and the ripples are clearly visible, creating a pattern of light and dark blue lines. The background is slightly blurred, showing more of the water's surface.

Wastewater Utility

Wastewater Utility Assumptions

- **Annual Cost Escalation Factors:**
 - Capital Projects – 6.0% FY24 – FY28
 - Capital Projects – 3.0% FY29 – FY32
 - Operating Expenses – 5% FY24 – FY28
 - Salaries and Wage
 - Retirement
 - Admin Services
 - Fuel, Utilities, Chemicals average 7.3%
 - Health Insurance 6.5%
- **Account growth – 2% based on District's projections**
- **Sewer Investment Fee (CIF) \$1,179 FY23**

Sewer Capital Investment Fee

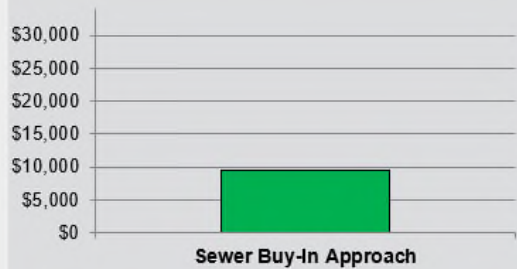
Wastewater Utility



PAWSD, CO Capital Investment Fee

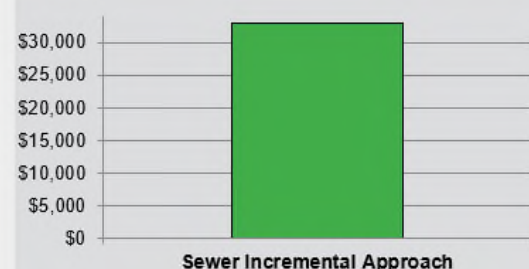
Sewer Buy-In Approach

Plant in Service (RCNLD)	\$ 43,753,812
(Less: Debt Principal)	\$ (3,205,228)
(Less: Grants)	\$ -
(Less: Donated Assets / Exclusions)	\$ (453,713)
Total Net System Costs	\$ 40,094,870
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 10.28
Level of Service (GPD)	914
Total Calculated Fee per EU:	\$ 9,401



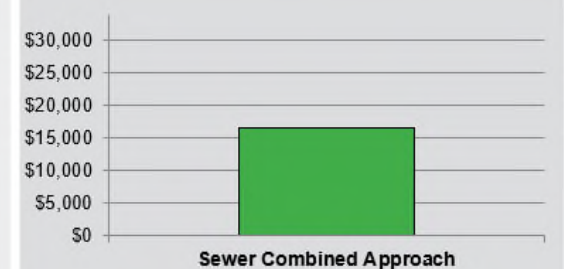
Sewer Incremental Approach

Expansion Capital Costs	\$ 48,185,500
(Less: Revenue Credit)	\$ -
(Less: Grants)	\$ -
(Less: Required Additional Credits)	\$ 12,600,026
Total Net System Costs	\$ 60,785,526
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 36.02
Level of Service (GPD)	914
Total Calculated Fee per EU:	\$ 32,938



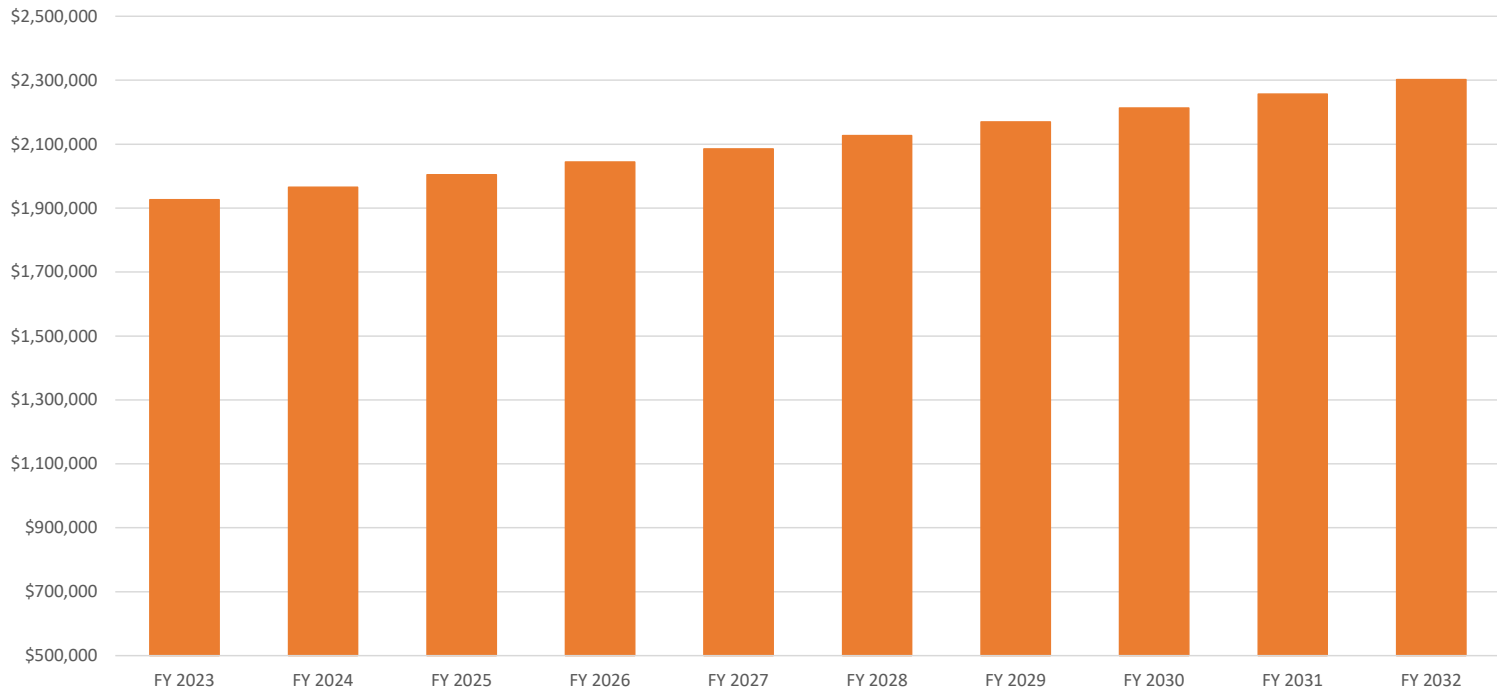
Sewer Combined Approach

Plant in Service (RCNLD)	\$ 43,753,812
Expansion Capital	\$ 48,185,500
(Less Principal and Donated)	\$ (3,658,942)
(Less Revenue Credit and Grants)	\$ 12,600,026
Total Net System Costs	\$ 100,880,396
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 18.05
Level of Service (GPD)	914
Total Calculated Fee per EU:	\$ 16,509



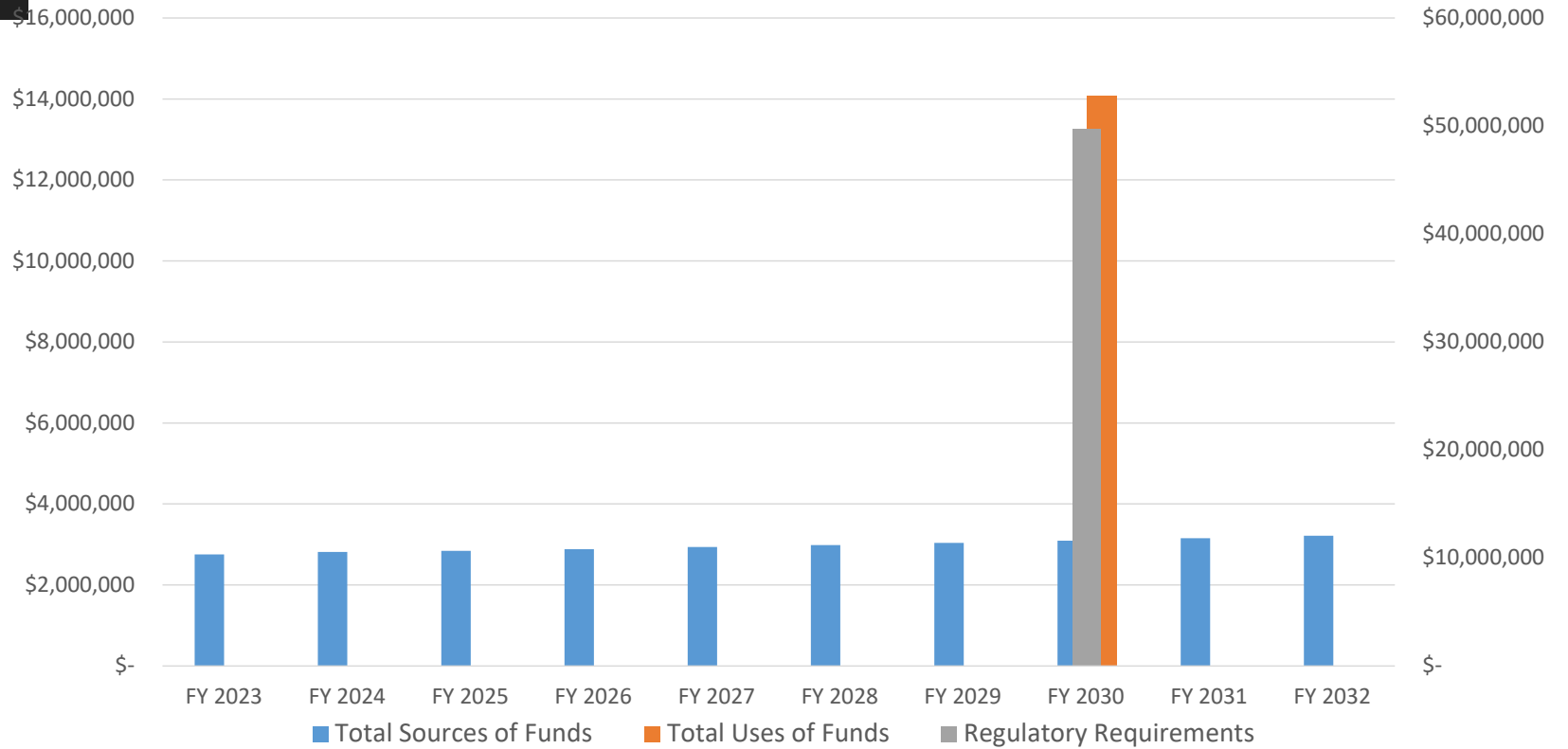
Wastewater Rate Revenue Projections

No rate adjustments



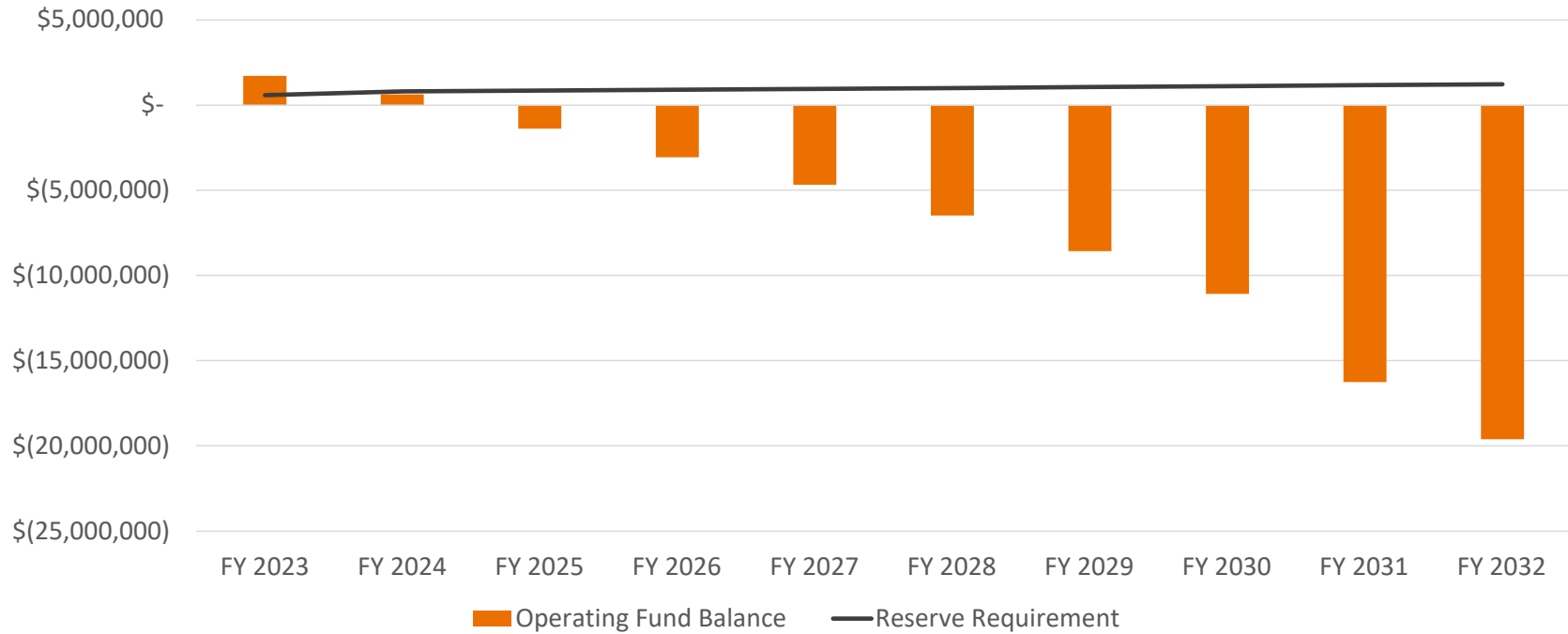
Total Sources and Uses of Funds

No rate adjustments



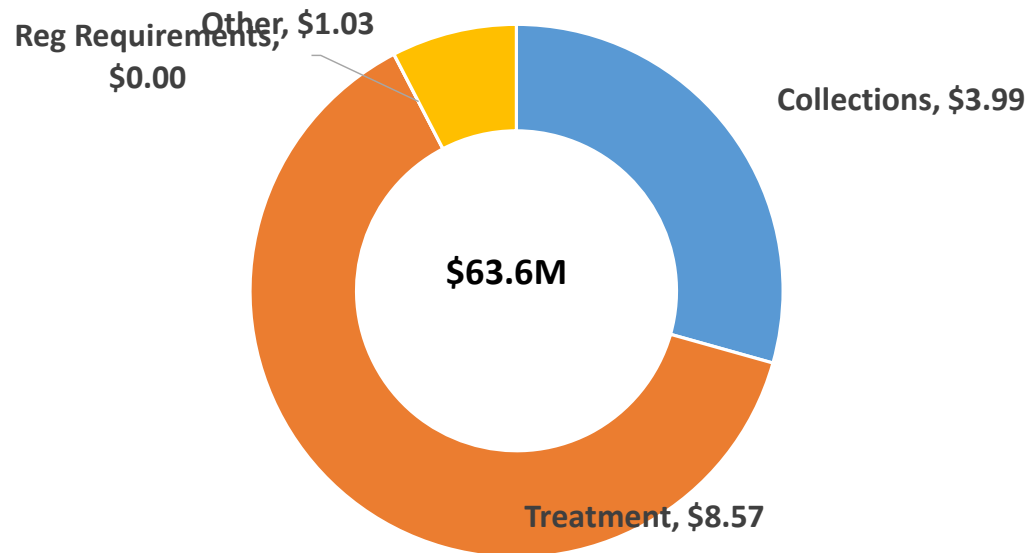
Operating Fund Forecast

No rate adjustments



Capital Improvement Program

Wastewater Project Needs 2023-2032



Notable Projects Include...

Collections

Sewer Mains (\$9M)

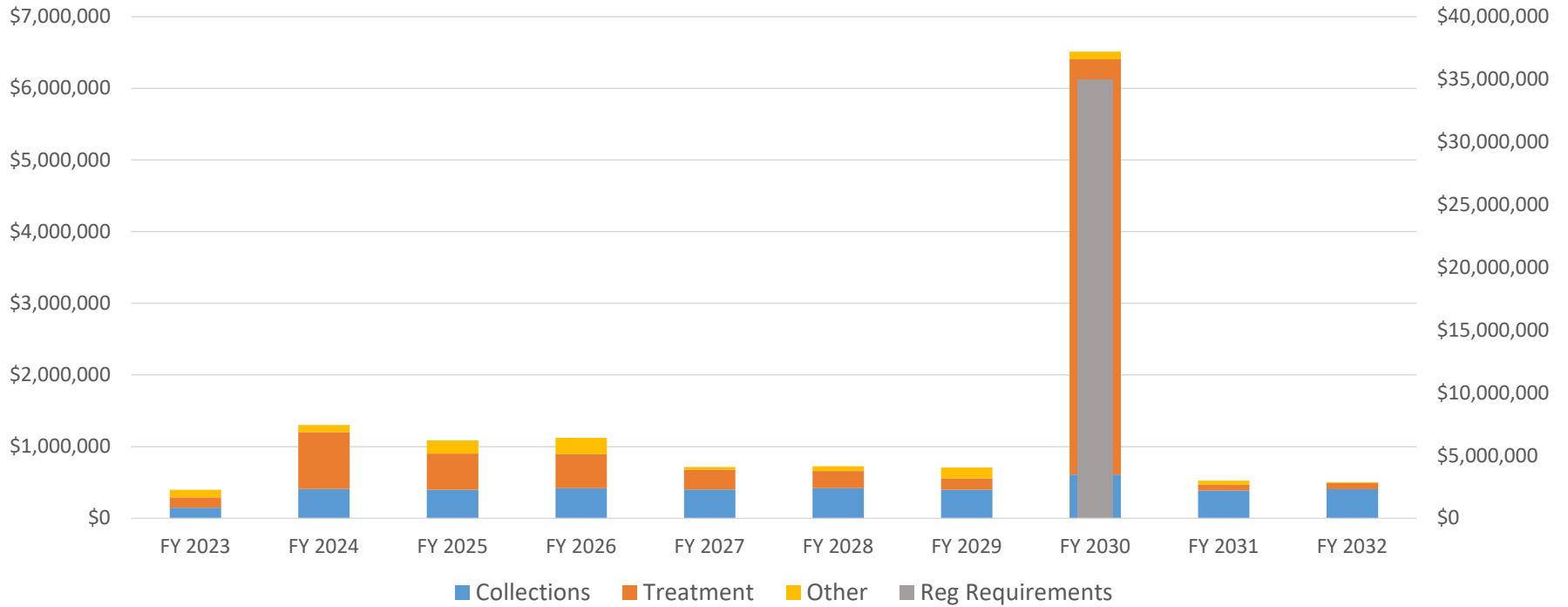
Vista

Clarifiers (\$6M)

Regulatory Requirements

Regs 85 & 31 Upgrades for Nutrient Removal and Expansion (\$50M)

2023-2032 CIP Summary



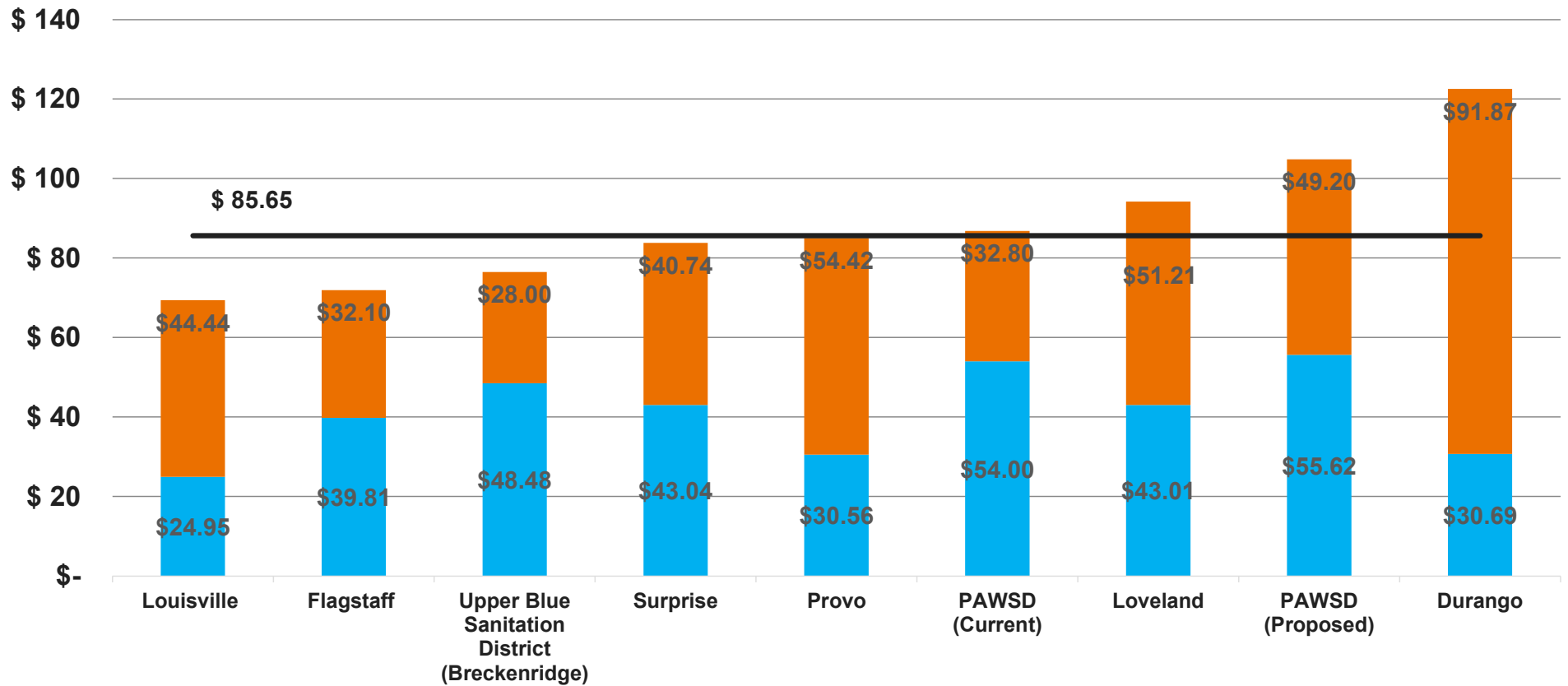
Proposed Wastewater Rate Adjustments

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Proposed Rate Adjustments	2.50%	50.00%	40.00%	5.00%	5.00%	5.00%	5.00%	15.00%	5.00%	0.00%
Projected Monthly Residential Bill	\$32.80	\$49.20	\$68.88	\$72.32	\$75.94	\$79.74	\$83.73	\$96.29	\$101.10	\$101.10

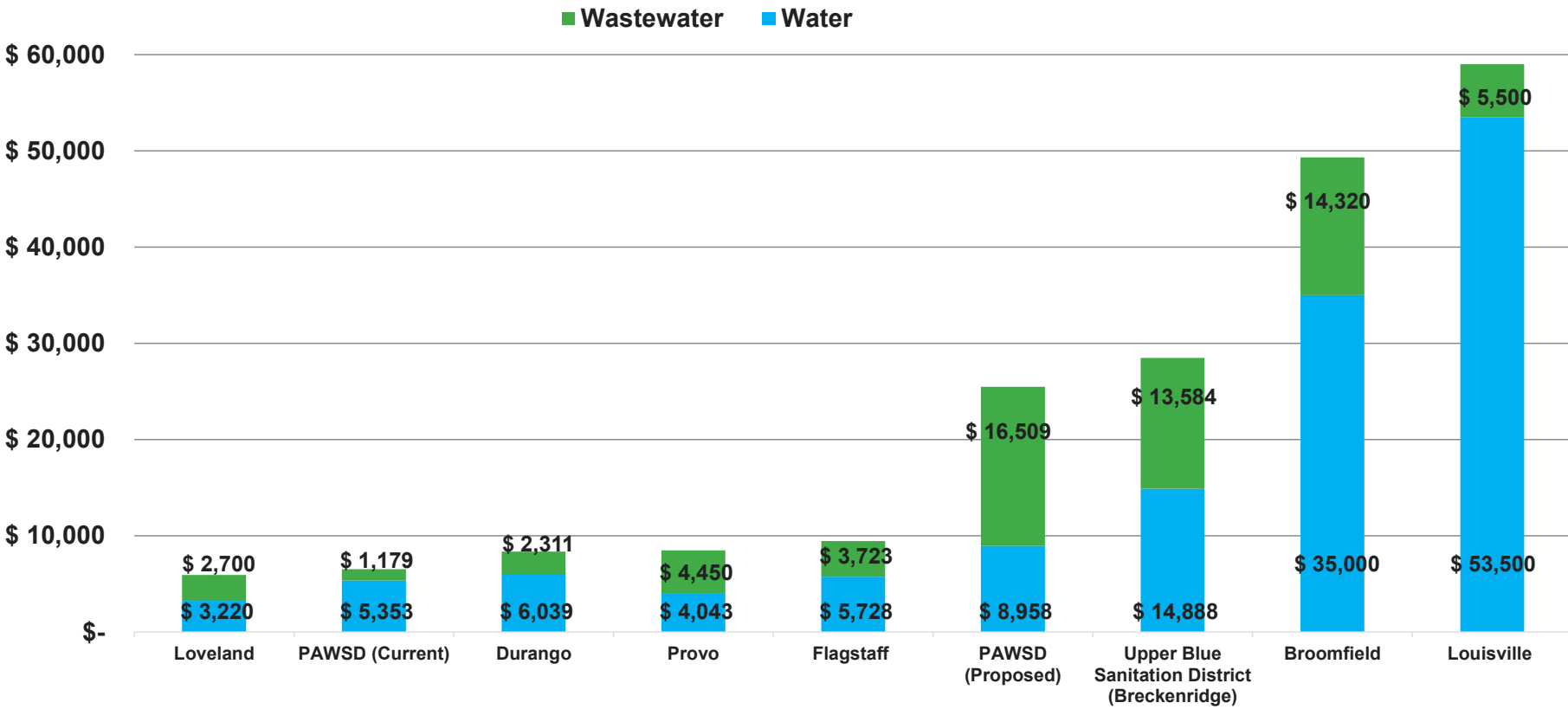


Residential Bill Comparison 6 kgal

Wastewater Water Average



Capital Investment Fee Comparison – 1 E.U.



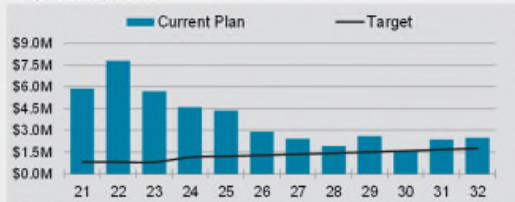
The background of the slide is a photograph of water with concentric ripples. The ripples are most prominent in the center and right side, creating a sense of movement and depth. The colors range from light blue to a darker, more saturated blue.

 Questions?

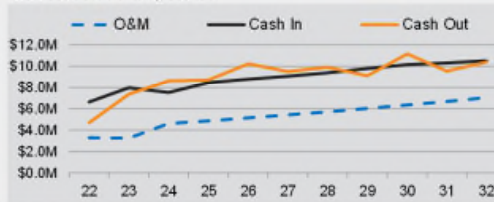
Water Fund Summary

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2027	FY 2032
Override ▶	0.00%	6.00%	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%			Cumulative	
Water Rate Plan	0.00%	6.00%	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%	0.00%	0.00%	12.00%	28.50%
Senior-Lien DSC	2.99	2.95	2.71	4.57	4.63	2.86	2.95	16.38	17.06	16.80	16.56	Scenario Manager	
All-In DSC	2.99	1.27	1.14	1.40	1.43	1.21	1.25	1.99	2.07	2.04	2.01		
Combined Annual Debt Service	2.57	1.25	1.69	1.94	2.01	1.82	1.90	2.70	2.07	1.87	1.86		
Combined Max Debt Service	2.57	1.25	1.67	1.94	2.01	1.82	1.90	1.99	2.07	1.87	1.86		
CIP \$ Redistrib	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
CIP Execution %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Oper Reserve Mos	3	3	3	3	3	3	3	3	3	3	3		
PS Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
OMV Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
OMF Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
CO Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
O&M \$ Redistrib	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
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Total Single Family Bill	\$50.94	\$54.00	\$55.62	\$57.27	\$58.99	\$60.74	\$62.86	\$65.06	\$67.35	\$67.35	\$67.35		

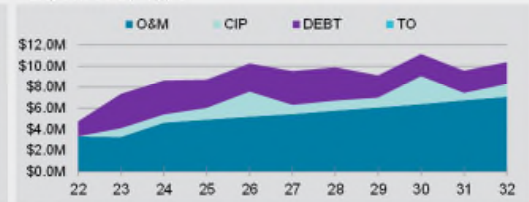
Operating Fund



Revenues vs. Expenses



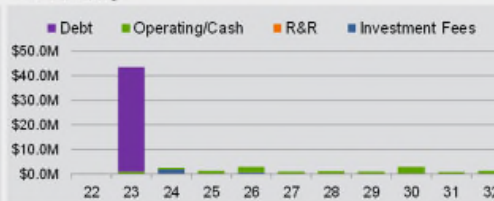
Expenses by Type



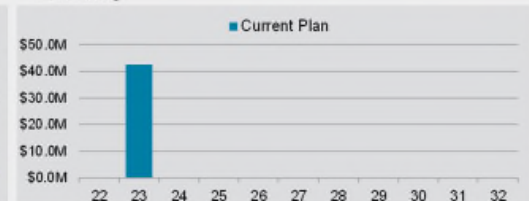
CIP Spending



CIP Funding



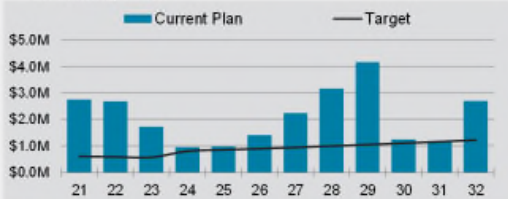
Borrowing



Wastewater Fund Summary

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2027	FY 2032
Override ▶	0.00%	2.50%	50.00%	40.00%	5.00%	5.00%	5.00%	5.00%	15.00%	5.00%		Cumulative	
Sewer Rate Plan	0.00%	2.50%	50.00%	40.00%	5.00%	5.00%	5.00%	5.00%	15.00%	5.00%	0.00%	137.31%	215.94%
Senior-Lien DSC	1.09	1.09	6.10	3.32	3.50	3.69	3.91	4.14	2.07	1.76	1.75	Scenario Manager	
All-In DSC	1.09	1.09	6.10	3.32	3.50	3.69	3.91	4.14	2.07	1.76	1.75		
Combined Annual Debt Service	2.57	1.25	1.69	1.94	2.01	1.82	1.90	2.70	2.07	1.87	1.86		
Combined Max Debt Service	2.57	1.25	1.67	1.94	2.01	1.82	1.90	1.99	2.07	1.87	1.86		
CIP \$ Redistrib	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
CIP Execution %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Oper Reserve Mos	3	3	3	3	3	3	3	3	3	3	3		
PS Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
OMV Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
OMF Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
CO Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
O&M \$ Redistrib	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
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Total Single Family Bill	\$32.00	\$32.80	\$49.20	\$68.88	\$72.32	\$75.94	\$79.74	\$83.73	\$96.29	\$101.10	\$101.10		

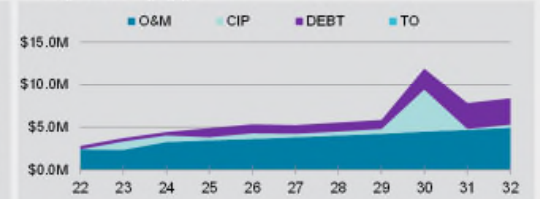
Operating Fund



Revenues vs. Expenses



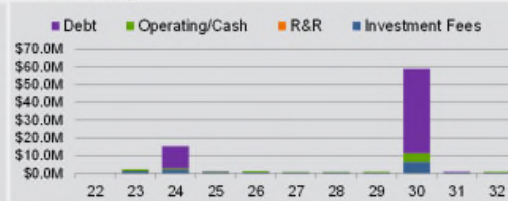
Expenses by Type



CIP Spending



CIP Funding



Borrowing

