



Financial Strategy and Sustainability Study

Workshop 3: Allocating Costs of Service

June 27, 2019



Southeastern Colorado Water Conservancy District

Agenda

- **Background**
- **Project Status and Schedule**
- **Cost of Service Analysis**
- **Other Fees and Charges**
- **Implications for Rate Design**
- **Comments and Questions**



Purpose of this Workshop 3

- **Present the cost of service study results, including the allocation of costs by customer class**
- **Discuss the cost of service analysis for other fees and charges**
- **Introduce the relationship between cost of service and rate design**
- **Discuss next steps**
- **Receive comments from the Committee**
 - Reasonableness of assumptions
 - Preferences for rate classes
 - Timeframe for phase-in to new rates

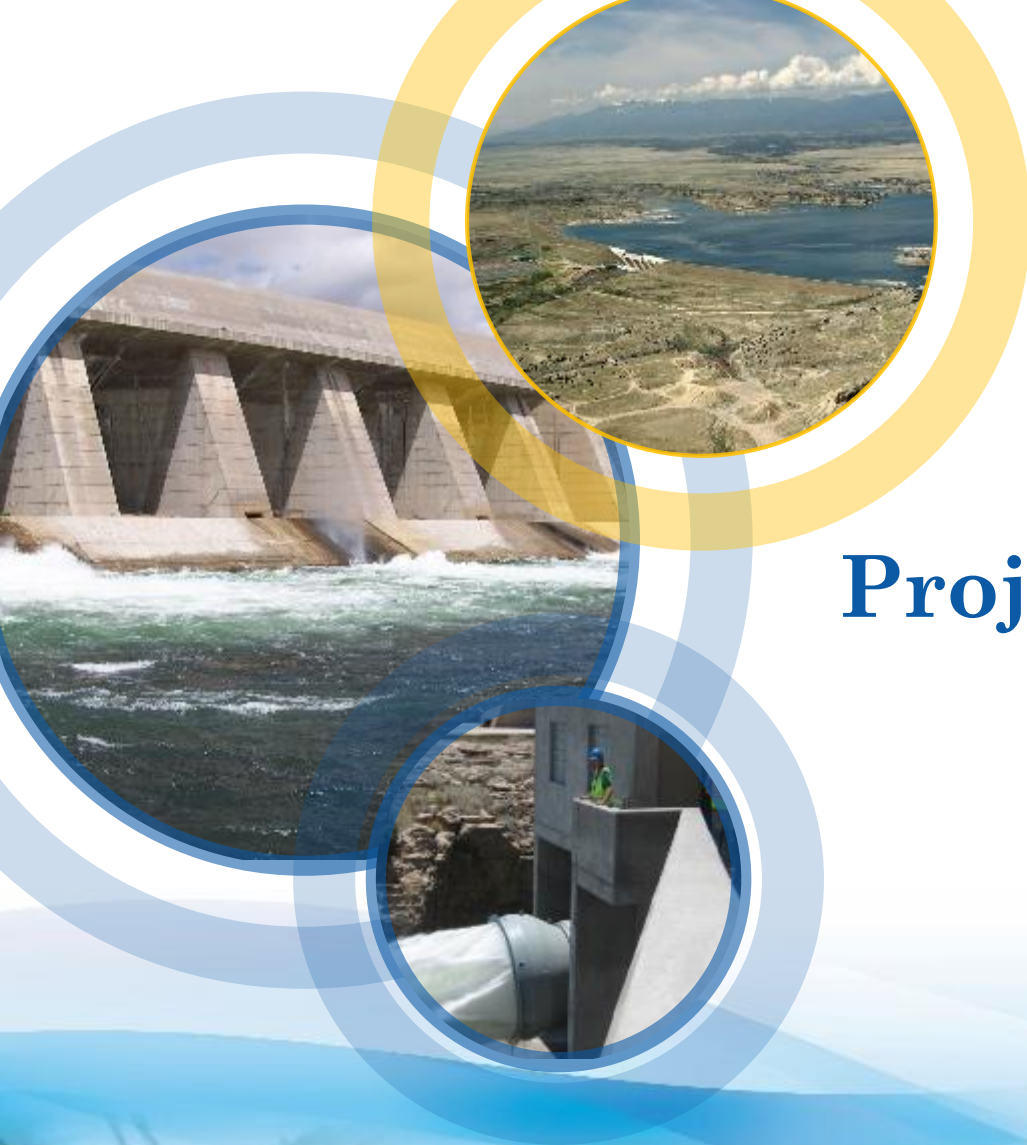


...Not the Purpose of this Workshop 3

....Not our purpose today to discuss:

- **Financial plan or other revenue requirements (Workshop 1)**
- **District effectiveness and efficiency**
- **Agriculture ability to pay**
- **Rate design details**





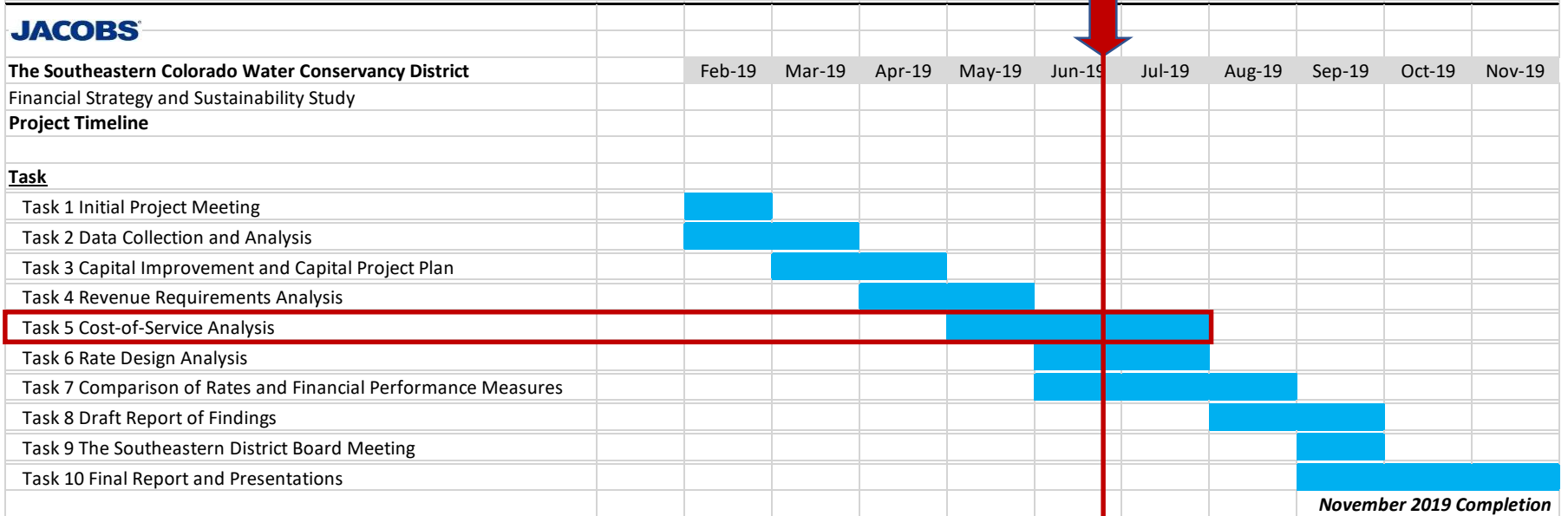
Project Status and Schedule



Southeastern Colorado Water Conservancy District



Project Schedule

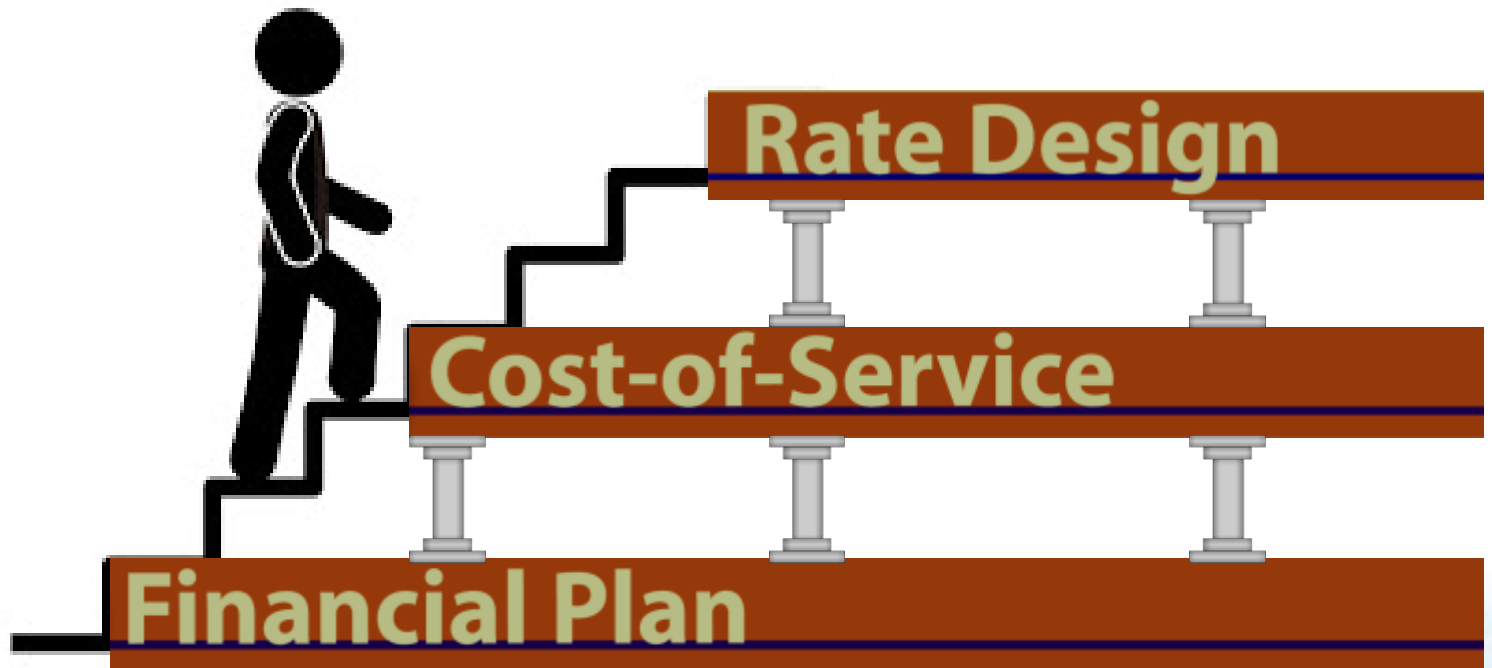




Workshop 1 Financial Plan

Workshop 2 Reserves (Recap)

Each Step in a Rate Study Builds On the Prior Step in the Process

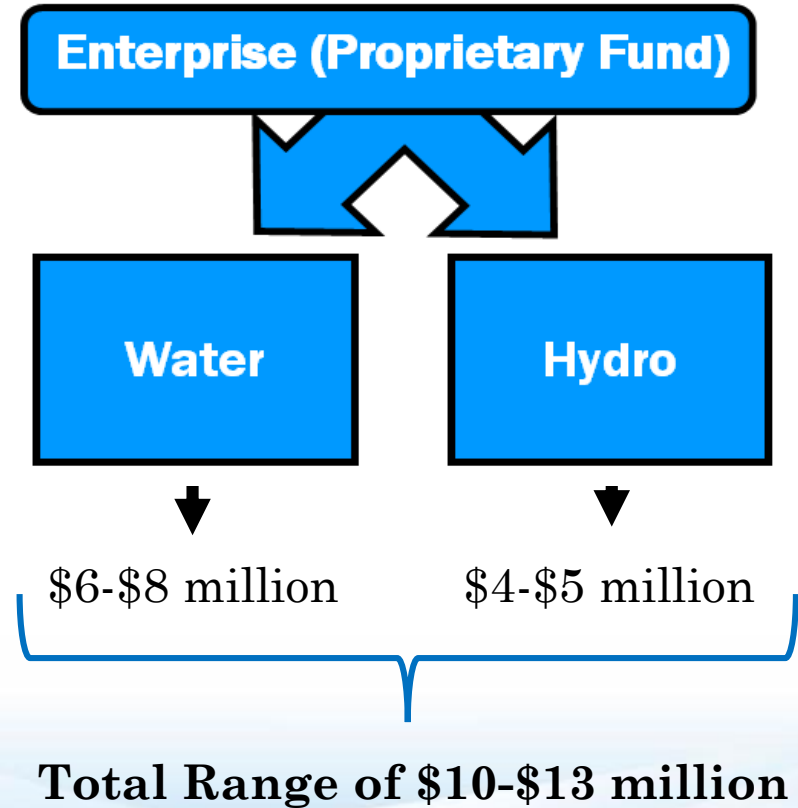
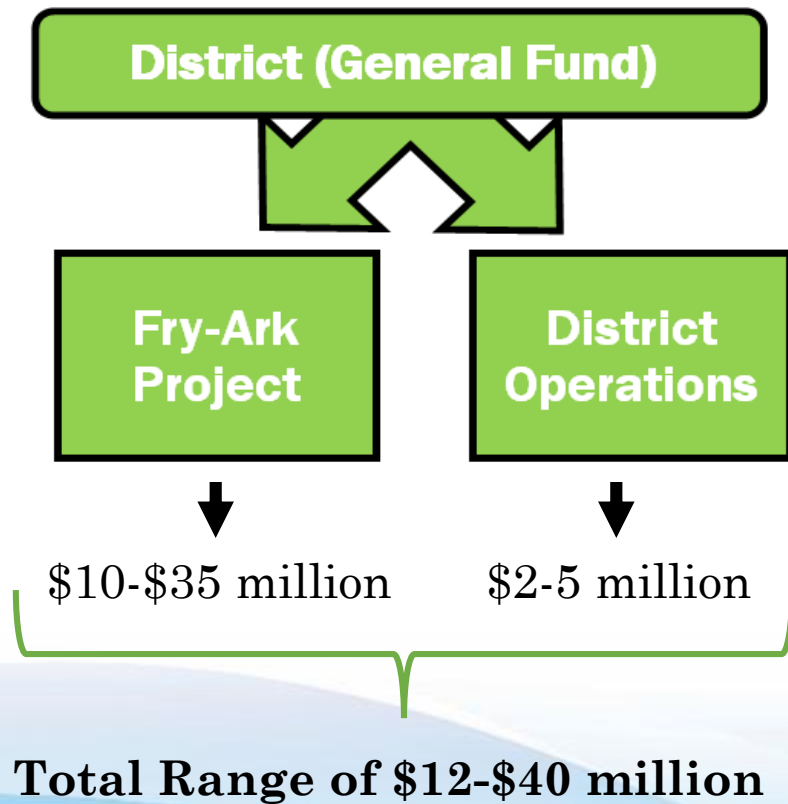


Workshop 1: Financial Plan - Summary

- **Base Case projections forecast the unrestricted fund balances for the next 10 years.**
- **To maintain the Base Case, status quo, a doubling of rate and fee revenue is needed over the next 10 years.**



Workshop 2: Reserves - Summary



Workshop 2: Reserves - Summary

- **IMPORTANT NOTE** – Additional reserve fund contributions were not considered in this Cost of Service Analysis. Various alternatives will be evaluated in Workshop 4: Rate Design, such as:
 - Magnitude of reserve fund contributions
 - Timing or phase-in of new rates





Cost of Service



Southeastern Colorado Water Conservancy District



Cost of Service Analysis...is...

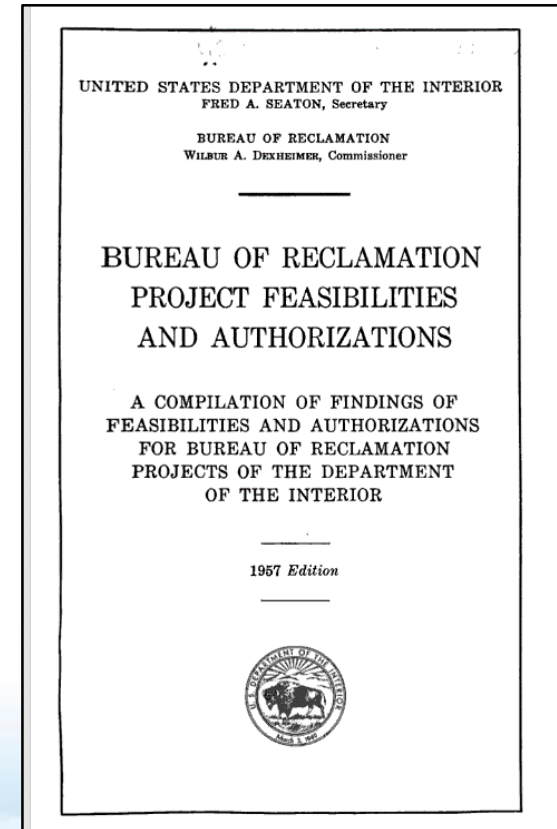
- **Critical to:**
 - understanding your operations
 - supporting the rate design process, and
 - justifying the costs charged to customers through rates and fees
- **Calculated in a single test year**
- **A method to establish equitable-proportionality between classes**
- **“...inexact but essential part of ratemaking” that “involves the disaggregation of costs according to functions or services which they can be attributed.”¹**
- **An application of common standards specified by:**
 - American Water Works Association (AWWA); Water Environment Federation (WEF); Federal Energy Regulatory Commission (FERC); American Public Power Association (APPA); Various State Public Utilities Commissions (PUC); United States Bureau of Reclamation (USBR) – Central Valley Project; National Regulatory Research Institute (NRRI)

1. National Regulatory Research Institute; Cost Allocation and Rate Design for Water Utilities



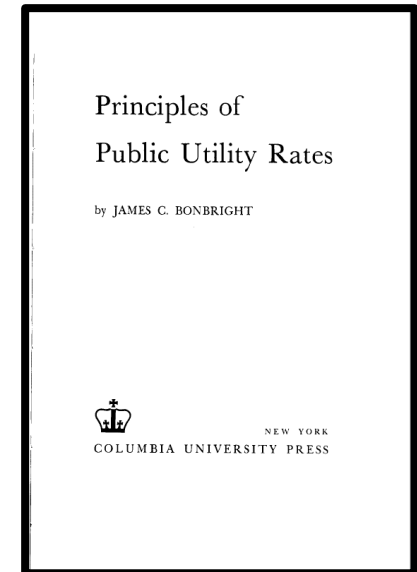
The Bureau of Reclamation described cost of service concepts in the Reclamation Act

- **Reclamation Act – June 17, 1902**
 - “...charges shall be determined with a view of returning to the reclamation fund the estimated cost of construction of the project, and shall be apportioned equitably.”



Theory and Purpose of Proper Cost Allocation

- **Dr. James C. Bonbright was on the faculty of the Columbia University School of Business from 1919 to 1960. He published the widely cited book "Principles of Public Utilities" in 1961.**
- **Bonbright's principles are often summarized as three objectives:**
 1. Meet the revenue requirement
 2. Apportion production costs among customers fairly and equitably
 3. Achieve optimal efficiency



Cost of Service...is not...

- **A financial forecast**
 - Cost-of-service is established in a single year only
- **Rates**
 - Cost-of-service is not rates
- **Ability to Pay**
 - Cost-of-Service is not ability to pay. Ability to pay is a rate design consideration



Cost of Service Equation

To compute cost-of-service on a cash basis, a basic formula is followed:

- **(+) Operation & Maintenance Expenses**
- **(+) Capital Costs (including debt service)**
- **(+) Other Non-Operating Costs**
- **(-) Revenue Credits (Removed)**
 - Revenue from other sources (Fees and Charges for services)
 - Property Tax Revenue
 - Specific Ownership Tax (SOT) Revenue
 - Other Non-Operating Revenue
- **= Net Cost-of-Service**



SECWCD Cost of Service Analysis and Results

1. Project Water
2. Storage
3. Return Flows



Project Water



SECWCD Project Water Cost Analysis of Water Rate (vs. Surcharges)

<p><u>Project Water</u> -Project Water= \$7.00 -Return Flows= \$6.00 -Been \$7.00 since 1998 and in 2010 dollars were brought to the District by Amendment 9 to the Fryingpan-Arkansas Contract. Bureau of Reclamation received those funds prior to Amendment 9.</p>	<p><u>Safety of Dams Surcharge (SOD)</u> -Created 1998 -District up-fronted M&I portion of the SOD construction (to be reimbursed by the Enterprise) and will pay Ag portion to Reclamation. SOD surcharge generates revenue to pay both portions and any excess revenue reverts back to WAE.</p>	<p><u>Water Activity Enterprise Surcharge (WAE)</u> -Created 2002 -Funds programs, projects, and functions of the Water Activity Enterprise (WAE). Any excess revenue will be put to the reserve fund if money is available.</p>	<p><u>Environmental Stewardship Surcharge (ESS)</u> -Created 2013 -WAE created the ESS for the specific reasons below and associated costs.</p> <table border="1"> <thead> <tr> <th>• Program</th> <th>Annual Cost</th> <th>Surcharge/AF</th> </tr> </thead> <tbody> <tr> <td>• 10,825</td> <td>\$126,640</td> <td>\$0.49 per AF</td> </tr> <tr> <td>• Twin Lakes</td> <td>\$ 22,500</td> <td>\$0.09 per AF</td> </tr> <tr> <td>• Fish Hatcheries</td> <td>\$ 1,500</td> <td>\$0.01 per AF</td> </tr> <tr> <td>• USGS Monitoring</td> <td>\$ 35,000</td> <td>\$0.14 per AF</td> </tr> <tr> <td>• Total</td> <td>\$185,640</td> <td>\$0.73 per AF</td> </tr> </tbody> </table> <p>Revenue will be generated for the WAE.</p>	• Program	Annual Cost	Surcharge/AF	• 10,825	\$126,640	\$0.49 per AF	• Twin Lakes	\$ 22,500	\$0.09 per AF	• Fish Hatcheries	\$ 1,500	\$0.01 per AF	• USGS Monitoring	\$ 35,000	\$0.14 per AF	• Total	\$185,640	\$0.73 per AF
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SECWCD Project Water Cost Analysis of Water Rate (vs. Surcharges)



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SECWCD Project Water Cost Justification of Rate Schedule

2018 Water Rates and Surcharges

Description	Rates and Surcharges					
	Water Rate	Safety of Dams	Water Activity	Environmental Stewardship	Augmentation	Total Charge
Project Water Sales						
Irrigation	\$ 7.00	\$ 0.50	\$ 0.75	\$ 0.75	\$ -	\$ 9.00
Municipal	\$ 7.00	\$ 0.50	\$ 1.50	\$ 0.75	\$ -	\$ 9.75
Project Water Sales used for Well Augmentation						
Irrigation used for Well Augmentation	\$ 7.00	\$ 0.50	\$ 0.75	\$ 0.75	\$ 2.60	\$ 11.60
Municipal used for Well Augmentation	\$ 7.00	\$ 0.50	\$ 1.50	\$ 0.75	\$ 2.60	\$ 12.35
Storage Charges						
Winter Water Storage	\$ 2.80	\$ 0.25	\$ -	\$ 0.75	\$ -	\$ 3.80
Carry-Over Project Water	\$ -	\$ 1.00	\$ 1.25	\$ 0.75	\$ -	\$ 3.00
If & When Storage						
In District	\$ -	\$ 0.50	\$ 0.50	\$ 0.75	\$ -	\$ 1.75
Out of District	\$ -	\$ 2.00	\$ 4.00	\$ 0.75	\$ -	\$ 6.75
Aurora	\$ -	\$ 2.00	\$ 8.00	\$ -	\$ -	\$ 10.00
Project Water Return Flows						
Return Flows	\$ 6.00	\$ 0.50	\$ -	\$ 0.75	\$ -	\$ 7.25



SECWCD Project Water Cost of Service Alternatives

- **Uniform** – Divides the net cost of service by the total number acre-feet of allocated water (42,058), resulting in a uniform cost per AFU for all users (M&I and Irrigation).
- **Split Allocation** – Considers the portion of O&M, recurring capital, and capital expenses benefiting specific customers. Expenses are allocated to customer classes (M&I and Irrigation) and divided by the total number of AFUs in each class.
 - Based on a 20-year average (1999-2018):
 - 54.59% 22,960 AF – M&I
 - 45.41% 19,098 AF – Irrigation
 - 100% 42,058 AF - Total



SECWCD Project Water Cost of Service Approach

- **Customer Classes**

- Municipal and Industrial (M&I)
- Irrigation

- **Fund Selection**

- Fry Ark Project – Excluded
- District Operations – Included
- Water Activity - Included
- Hydro Fund – Excluded

- **Test Year: 2020**

- Future test year incorporates the forecasted budget. It establishes equitable proportionality between the classes. It does not dictate revenue requirements or rate and fee levels.



SECWCD Project Water Allocation of Forecasted 2020 Budget Expenses

- **Binary-or-Both Cost Allocation**

- Appropriate for first-time cost of service analysis

- **Binary cost allocation assumes budget items are:**

- M&I
- Irrigation
- Both (M&I and Irrigation)

Line No.	Description	FY 2020 Forecast		Distribution		Total Forecast	
		Both		Muni Only	Ag Only	Muni Only	Ag Only
Table 3-C SECWCD Financial Strategy and Sustainability Study Operations and Maintenance Projections - Water Fund							
Operation and Maintenance Expenses							
1	Headquarter operations						
2	Board/committee meals	\$ 106	1		\$ 106	\$ -	\$ -
3	Supplies - office	-	1		\$ -	\$ -	\$ -
4	Subtotal headquarter operations	106			\$ -	\$ -	\$ -
5	Meetings and travel				\$ -	\$ -	\$ -
6	Directors airfare	7,609	1		\$ 7,609	\$ -	\$ -
7	Directors hotels	10,087	1		\$ 10,087	\$ -	\$ -
8	Directors meals	2,537	1		\$ 2,537	\$ -	\$ -
9	Directors mileage reimbursement	1,480	1		\$ 1,480	\$ -	\$ -
10	Executive - airfare	4,439	1		\$ 4,439	\$ -	\$ -
11	Executive - hotels	5,601	1		\$ 5,601	\$ -	\$ -
12	Executive - meals	1,690	1		\$ 1,690	\$ -	\$ -
13	Executive - other travel expense	1,584	1		\$ 1,584	\$ -	\$ -
14	Meeting expense	1,163	1		\$ 1,163	\$ -	\$ -
15	Meeting meals - non staff member	1,163	1		\$ 1,163	\$ -	\$ -
16	Staff business and training - district vehicle gas	5,812	1		\$ 5,812	\$ -	\$ -
17	Staff business and training - hotels	2,220	1		\$ 2,220	\$ -	\$ -
18	Staff business and training - meals	845	1		\$ 845	\$ -	\$ -
19	Staff business and training - other travel	212	1		\$ 212	\$ -	\$ -
20	Subtotal meetings and travel	46,441			\$ -	\$ -	\$ -
21	Outside and professional services				\$ -	\$ -	\$ -
22	Consultant/lobbying services - federal	78,819		1	\$ -	\$ 78,819	\$ -
23	Colorado River Services	61,506	1		\$ 61,506	\$ -	\$ -
24	Legal representation	12,841	1		\$ 12,841	\$ -	\$ -
25	Water policy management consultants	59,571		1	\$ -	\$ 59,571	\$ -
26	Engineering outside contracts	36,622	1		\$ 36,622	\$ -	\$ -
27	Transit loss study expenses	2,938		1	\$ -	\$ 2,938	\$ -
28	Research project support	28,462	1		\$ 28,462	\$ -	\$ -
29	Project studies	-	1		\$ -	\$ -	\$ -
30	Subtotal outside and professional services	280,759			\$ -	\$ -	\$ -
31	Personnel and overhead				\$ -	\$ -	\$ -
32	Office overhead	500,244	1		\$ 500,244	\$ -	\$ -
33	Project directors allocation	24,602	1		\$ 24,602	\$ -	\$ -
34	Project personnel	912,782	1		\$ 912,782	\$ -	\$ -
35	Subtotal personnel and overhead	1,437,628			\$ -	\$ -	\$ -
36	Partnerships				\$ -	\$ -	\$ -
37	Safety of dams - Pueblo	-	1		\$ -	\$ -	\$ -
38	U.S.G.S. co-op programs	195,099	1		\$ 195,099	\$ -	\$ -
39	RRPG project costs	135,000		1	\$ -	\$ 135,000	\$ -
40	Subtotal partnerships	330,099			\$ -	\$ -	\$ -
41	Other payments				\$ -	\$ -	\$ -
42	AVC project contributions	20,000	1		\$ 20,000	\$ -	\$ -
43	Reimbursement to other project/fund	1,858	1		\$ 1,858	\$ -	\$ -
44	Subtotal other payments	21,858			\$ -	\$ -	\$ -
45	Total Operation and Maintenance Expenses	\$ 2,116,892			\$ 1,840,563	\$ 276,328	\$ -
Recurring Capital							
46	Reimbursement on district upfront capital expense	250,000	1		\$ 250,000	\$ -	\$ -
47	Project and Programs	135,000	1		\$ 135,000	\$ -	\$ -
48	Total Recurring Capital	\$ 385,000			\$ -	\$ -	\$ -
					\$ 385,000	\$ -	\$ -
					100%	0%	0%



SECWCD Project Water Adjustment of Forecasted 2020 Revenue

- Revenues from non-rate charges are credited to the appropriate class cost of service

- Return Flows
- Well Augmentation
- Surcharge Revenue
- Aurora IGA
- Partnerships
- Other Non-Operating

- Revenue credits prevent duplication or double-charging

Cost of Service Equation

To compute cost-of-service on a cash basis, a basic formula is followed:

- (+) Operation & Maintenance Expenses
- (+) Capital Costs (including debt service)
- (+) Other Non-Operating Costs
- (-) Revenue Credits
 - Revenue from other sources (Fees and Charges for services)
 - Property Tax Revenue
 - Specific Ownership Tax (SOT) Revenue
 - Other Non Operating Revenue
- = Net Cost-of-Service

Allocation of Expenses - Water Activity				
Line No.	Description	2020 Total	Municipal/ Industrial	Irrigation
1	Operation and Maintenance	2,116,892	1,196,610	920,282
2	Recurring Capital	385,000	192,500	192,500
3	Capital Investment	1,050,000	1,050,000	-
4	Debt Service	60,000	30,000	30,000
4	Total Revenue Requirements	3,611,892	2,469,110	1,142,782
5	<i>Distribution of Expenses (%)</i>		68%	32%
10	Revenue Credits			
11	Return flow water sales	(44,820)	(22,410)	(22,410)
12	Well augmentation surcharge	(12,917)	(6,459)	(6,459)
13	Surcharge revenue	(578,649)	(289,325)	(289,325)
14	Aurora IGA - if & when WAE fee	(100,000)	(100,000)	-
17	Aurora IGA - administration fee	(50,000)	(50,000)	-
18	Partnership contributions	(110,000)	(110,000)	-
19	Participant payments	(357,941)	(357,941)	-
20	Non operating revenues	(376,412)	(188,206)	(188,206)
21	Increase (Decrease) in Operating Reserves	(1,707,000)	(1,166,915)	(540,085)
22	Total Credit Adjustments	(3,337,739)	(2,291,255)	(1,046,484)
14	<i>Distribution of Revenue (%)</i>		69%	31%
23	Net Cost of Service	274,153	177,855	96,298

Cost of Service...is not...

- **A financial forecast**

- Cost-of-service is established in a single year only

- **Rates**

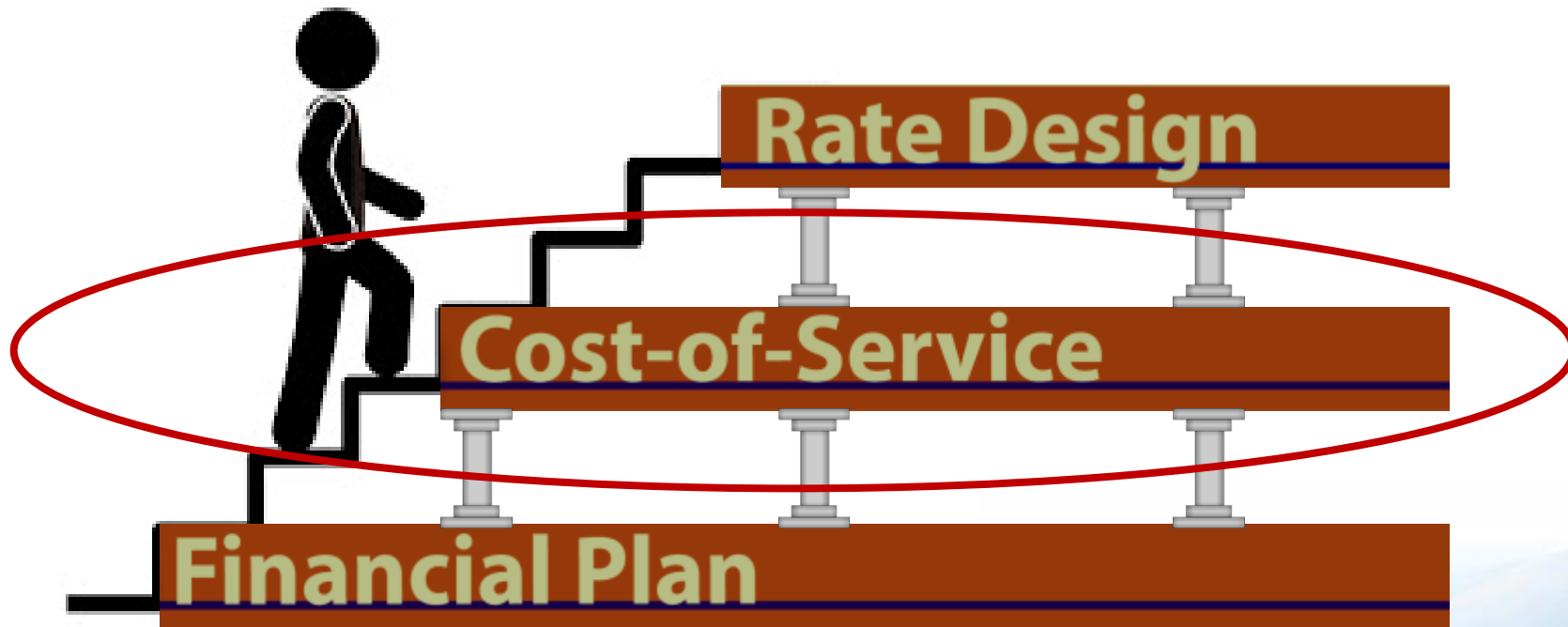
- Cost-of-service is not rates

- **Ability to Pay**

- Cost-of-Service is not ability to pay. Ability to pay is a rate design consideration



Each Step in a Rate Study Builds On the Prior Step in the Process



SECWCD Project Water Cost of Service Results

Cost of Service Matrix - 2020 Test Year		
Allocation Method	Customer Class	\$/AFU
Uniform	M&I	\$ 14.30
	Irrigation	\$ 14.30
Split	M&I	\$ 14.89
	Irrigation	\$ 13.58



STORAGE



Types of Storage

- **Winter Water Storage (Irrigation)**
- **Municipal Carry-Over Project Water (M&I)**
- **If-and-When Storage = Excess Capacity**

IMPORTANT: Storage revenue depends on both the rate charged and the amount, or acre-feet, subscribed.



Winter Water Storage

- **Simply apply the cost of service percent increase (104%) to current winter water storage rate**
- **Current rate: \$2.80**
- **Cost of service: \$5.72**



Municipal Carryover Storage of Project Water – Cost of Service Approaches

- **Avoided Cost**

- Recent reservoirs: ~ \$50-\$90 AF (annualized)

- **Separable Costs Remaining Benefits (SCRB)**

- Incorporates economies of scale considerations: ~ \$25-\$50 AF (annualized). Not applicable.

- **District Opportunity Cost**

- Value of the foregone alternative

- **Other Considerations**

- One year of storage is included with the allocation of Project water for both M&I and Irrigation customers – this has not changed
 - Historically there was no rate for carryover storage (there have been surcharges). The proposed cost of service is intended to account for the cost of administration and operations of Project water carryover storage (the second year).
 - Voluntary - revenue depends on both the rate charged and the amount subscribed



Municipal Carryover of Project Water

- **Opportunity Cost Approach**

- Evaporation losses
- Transit losses
- Foregone return flow sales

Description	Losses (AF or %)	Opportunity Cost (\$/AF)
M&I Project Water Cost per Acre Foot (\$14.89)		
Annual Evaporation Losses	10%	\$ 1.49
10% Transit Loss (on evaporation)	10%	\$ 0.16
Foregone Return Flow Sales*	40%	\$ 9.93
Total Opportunity Cost of Carryover Water		\$ 11.58

* Foregone return flow sales is 40% of the M&I Project Water cost per acre foot (\$/AF).



If-and-When Storage (Excess Capacity Storage)

- Storage is not guaranteed
- Water is non-Project water
- Cost of service is reflected in current District surcharges
- No additional if-and-when water rate

2018 Water Rates and Surcharges						
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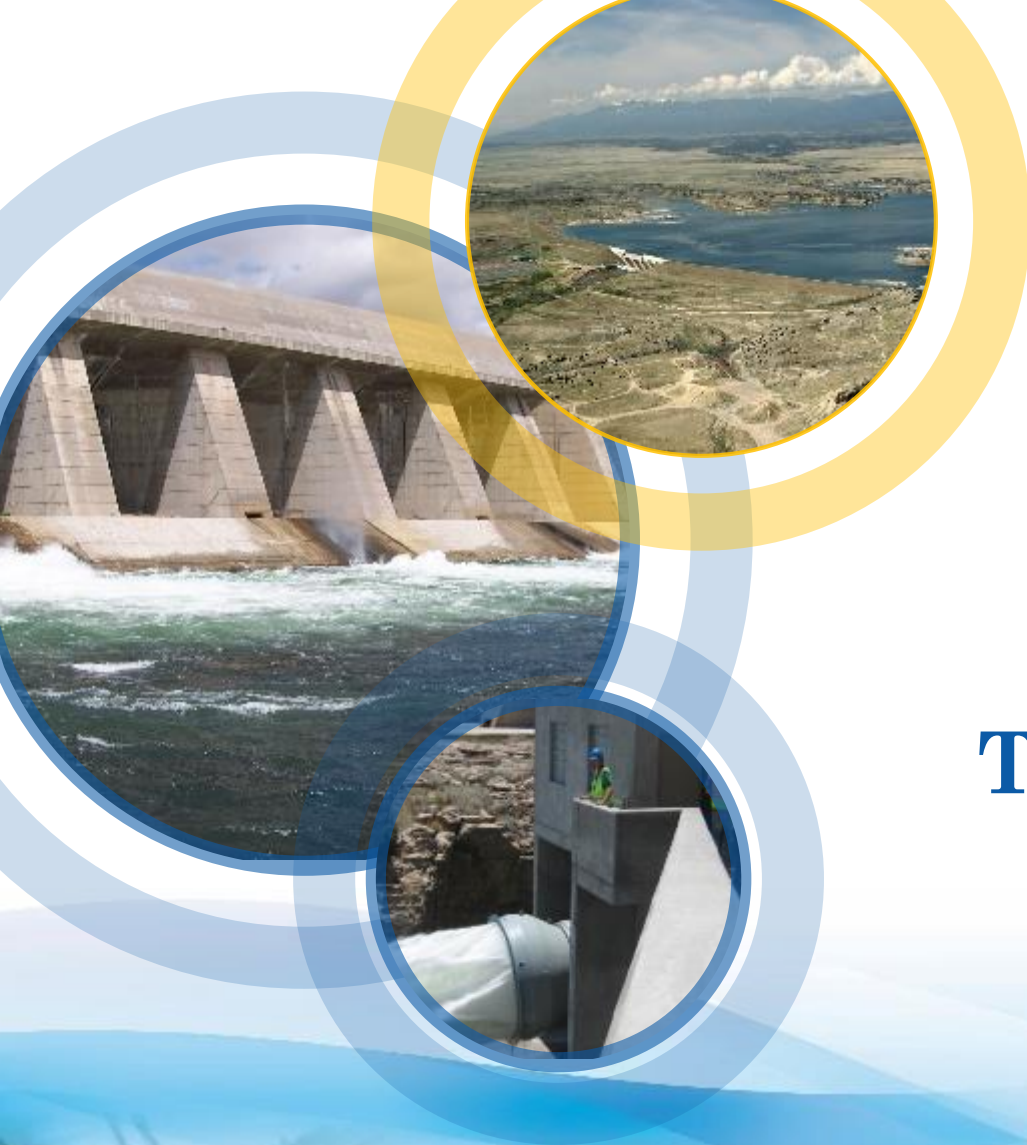
RETURN FLOWS



Return Flows

- **Return flows replace depletions within Southeastern District boundaries**
- **Return Flows require as much, if not more, administration (and cost) as Project Water.**
- **Return Flows are a full acre foot of water**
 - \$24.92 (M&I)
 - \$23.51 (Irrigation)
- **Return Flows cannot be stored (and on-demand)**
 - \$(6.27) (M&I)
 - \$(5.72) (Irrigation)
- **The cost per acre-foot is therefore:**
 - $\$24.92 - \$6.27 = \$18.65$ (M&I)
 - $\$23.51 - \$5.72 = \$16.92$ (Irrigation)





Next Steps: Topics for Next Workshop



Topics for Workshop 4: Water Rates and Surcharges

- **Irrigator Ability To Pay**

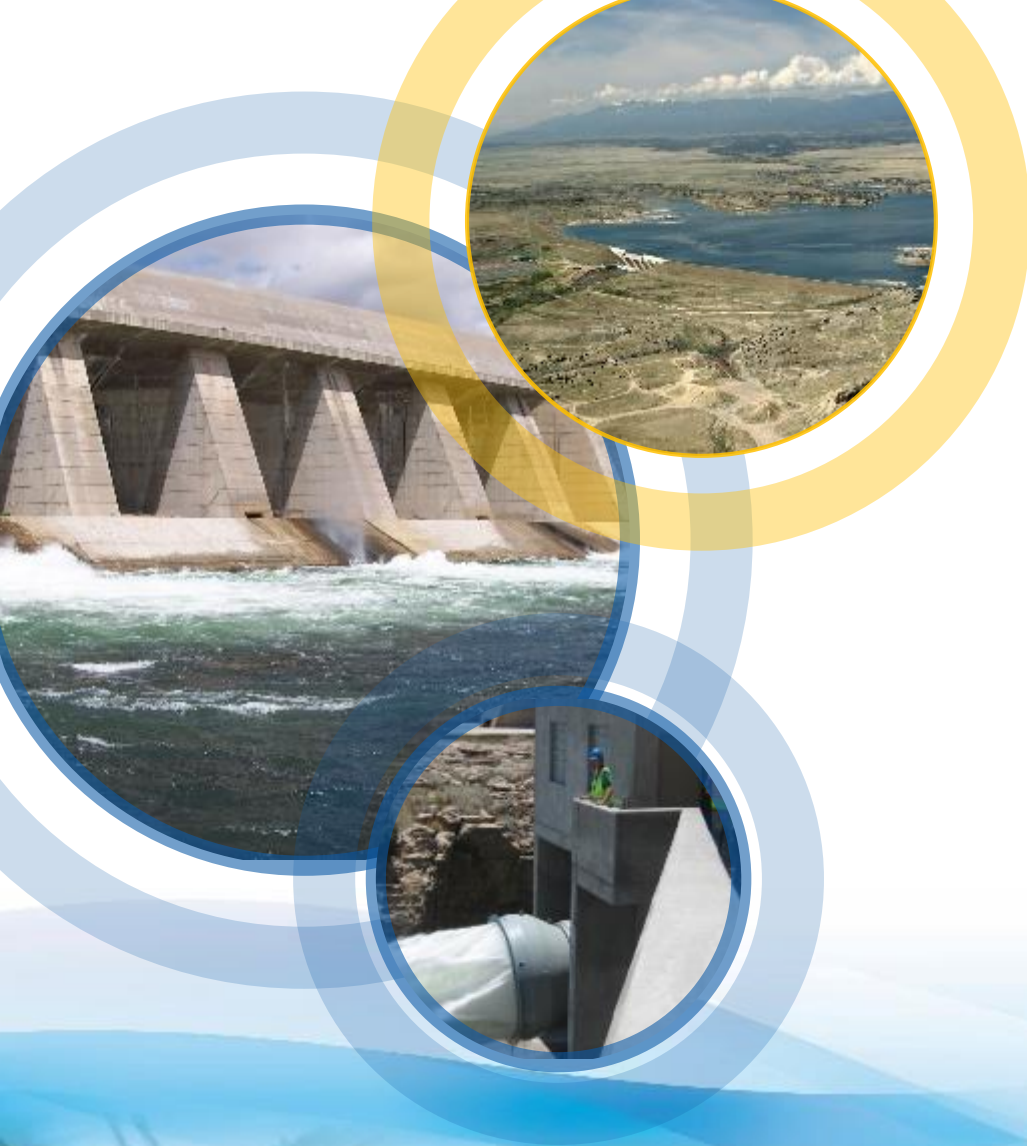
- Currently underway. The outcome of the ability-to-pay study will inform the rate design process

- **Rate Design**

- Establish the basis for rate design using cost of service results or ability to pay results
- Several factors influence eventual rate levels
 - Risk tolerance (economic, drought/flood, legal)
 - Reserve fund objectives
 - Elasticity of demand
 - Capital financing and other capital funding considerations
 - Schedule to phase-in new rates
 - Revenue modeling results



Comments, Questions and Discussion



Did We Meet Our Objectives?

Objectives

- ✓ Present the cost of service study results, including the allocation of costs by customer class
- ✓ Discuss the cost of service analysis for other fees and charges
- ✓ Introduce the relationship between cost of service and rate design
- ✓ Discuss next steps
- ✓ Receive comments from the Committee



END OF PRESENTATION



Southeastern Colorado Water Conservancy District



SECWCD COST OF SERVICE ANALYSIS - INPUTS AND ASSUMPTIONS

Line No.	Description	Value
1	Scenario Selection: Base Case - Existing Reserve Levels	
	Water Allocation (20-Year Average)	
2	Allocated Acre-Feet	42,058
3	Total M&I Allocation	54.6%
4	Total Irrigation Allocation	45.4%
5	Test Year	2020

SECWCD COST OF SERVICE ANALYSIS - COST ALLOCATIONS

District Operations

Line No.	Description	FY 2020 Forecast	Distribution			Total Forecast		
			Both	Muni Only	Ag Only	Both	Muni Only	Ag Only
Operation and Maintenance Expenses								
1	Human resources							
2	Staff payroll	\$ 1,159,989	1			\$ 1,159,989	\$ -	\$ -
3	Incentive/performance capacity	22,050	1			\$ 22,050	\$ -	\$ -
4	Directors' payroll	37,800	1			\$ 37,800	\$ -	\$ -
5	Payroll taxes	84,915	1			\$ 84,915	\$ -	\$ -
6	HSA contributions	36,330	1			\$ 36,330	\$ -	\$ -
7	401 retirement contribution	141,873	1			\$ 141,873	\$ -	\$ -
8	457 retirement contribution	56,031	1			\$ 56,031	\$ -	\$ -
9	Health insurance	126,149	1			\$ 126,149	\$ -	\$ -
10	Life insurance - staff and directors	9,261	1			\$ 9,261	\$ -	\$ -
11	Medical reimbursement	5,198	1			\$ 5,198	\$ -	\$ -
12	Long-term disability insurance	7,497	1			\$ 7,497	\$ -	\$ -
13	Employee assistance program	806	1			\$ 806	\$ -	\$ -
14	Dental insurance	9,790	1			\$ 9,790	\$ -	\$ -
15	Vision insurance	1,814	1			\$ 1,814	\$ -	\$ -
16	Worker's compensation insurance	3,844	1			\$ 3,844	\$ -	\$ -
17	Subtotal human resources	1,703,347				\$ -	\$ -	\$ -
18	Headquarter operations					\$ -	\$ -	\$ -
19	Administration fees for human resources	4,590	1			\$ 4,590	\$ -	\$ -
20	Bank fees	1,020	1			\$ 1,020	\$ -	\$ -
21	Board awards/gifts	1,057	1			\$ 1,057	\$ -	\$ -
22	Board coffee snacks	-	1			\$ -	\$ -	\$ -
23	Board memberships/subscriptions	8,900	1			\$ 8,900	\$ -	\$ -
24	Board printing	547	1			\$ 547	\$ -	\$ -
25	Board room presentation equipment and maintenance	2,754	1			\$ 2,754	\$ -	\$ -
26	Board room accessories	316	1			\$ 316	\$ -	\$ -
27	Board/committee meals	8,138	1			\$ 8,138	\$ -	\$ -
28	Building heating/cooling	2,006	1			\$ 2,006	\$ -	\$ -
29	Building other/misc. maintenance	2,643	1			\$ 2,643	\$ -	\$ -
30	Building plumbing & electrical	2,378	1			\$ 2,378	\$ -	\$ -
31	Building tools & equipment	212	1			\$ 212	\$ -	\$ -
32	Computer - general contracts	29,260	1			\$ 29,260	\$ -	\$ -
33	Computer - supplies	804	1			\$ 804	\$ -	\$ -
34	Computer - hardware	11,836	1			\$ 11,836	\$ -	\$ -
35	Computer - software and licenses	14,535	1			\$ 14,535	\$ -	\$ -
36	Landscape maintenance - garden tools	-	1			\$ -	\$ -	\$ -
37	Landscape - mower maintenance & fuel	-	1			\$ -	\$ -	\$ -
38	Insurance - automobile	2,051	1			\$ 2,051	\$ -	\$ -
39	Insurance - excess liability	3,105	1			\$ 3,105	\$ -	\$ -
40	Insurance - general liability	13,987	1			\$ 13,987	\$ -	\$ -
41	Insurance - property & liability	6,659	1			\$ 6,659	\$ -	\$ -
42	Insurance - public official liability	1,585	1			\$ 1,585	\$ -	\$ -
43	Legal notices	5,100	1			\$ 5,100	\$ -	\$ -
44	Maintenance - backflow testing	2,708	1			\$ 2,708	\$ -	\$ -
45	Maintenance - fire extinguisher	126	1			\$ 126	\$ -	\$ -
46	Maintenance - janitorial services	3,551	1			\$ 3,551	\$ -	\$ -
47	Maintenance - pest control	369	1			\$ 369	\$ -	\$ -
48	Maintenance - waste disposal	2,040	1			\$ 2,040	\$ -	\$ -
49	Maintenance - security	2,550	1			\$ 2,550	\$ -	\$ -
50	Maintenance - snow removal	1,075	1			\$ 1,075	\$ -	\$ -
51	Maintenance - window cleaning	1,163	1			\$ 1,163	\$ -	\$ -
52	Maintenance - blackout	5,496	1			\$ 5,496	\$ -	\$ -
53	Office - equipment maintenance	1,876	1			\$ 1,876	\$ -	\$ -
54	Office - coffee/snacks	1,057	1			\$ 1,057	\$ -	\$ -
55	Office - copy machine color	6,630	1			\$ 6,630	\$ -	\$ -
56	Office - general/staff memberships	7,829	1			\$ 7,829	\$ -	\$ -
57	Awards & gifts - other	422	1			\$ 422	\$ -	\$ -
58	Office - printing	3,240	1			\$ 3,240	\$ -	\$ -
59	Office - publications & subscriptions	891	1			\$ 891	\$ -	\$ -
60	Phone - cell	5,100	1			\$ 5,100	\$ -	\$ -

Line No.	Description	FY 2020 Forecast	Distribution			Total Forecast		
			Both	Muni Only	Ag Only	Both	Muni Only	Ag Only
61	Phone - equipment maintenance	2,550	1			\$ 2,550	\$ -	\$ -
62	Phone & internet	15,708	1			\$ 15,708	\$ -	\$ -
63	Postage & shipping	3,944	1			\$ 3,944	\$ -	\$ -
64	Staff awards and gifts	741	1			\$ 741	\$ -	\$ -
65	Supplies - janitorial	528	1			\$ 528	\$ -	\$ -
66	Supplies - office	2,661	1			\$ 2,661	\$ -	\$ -
67	Supplies - paper	1,057	1			\$ 1,057	\$ -	\$ -
68	Supplies - toner	1,603	1			\$ 1,603	\$ -	\$ -
69	Utilities	21,136	1			\$ 21,136	\$ -	\$ -
70	Utilities - airport fee	1,004	1			\$ 1,004	\$ -	\$ -
71	Vehicle repair and maintenance - 2014 RAV4	1,321	1			\$ 1,321	\$ -	\$ -
72	Vehicle repair and maintenance - 2010 Prius Gold	1,530	1			\$ 1,530	\$ -	\$ -
73	Vehicle repair and maintenance - 2017 RAV4	1,321	1			\$ 1,321	\$ -	\$ -
74	Web contracts	3,060	1			\$ 3,060	\$ -	\$ -
75	Web hosting	1,137	1			\$ 1,137	\$ -	\$ -
76	Landscape - aeration & weed control	-	1			\$ -	\$ -	\$ -
77	Landscape - fertilizer & chemicals	2,610	1			\$ 2,610	\$ -	\$ -
78	Landscape maintenance contracts	7,442	1			\$ 7,442	\$ -	\$ -
79	Landscape - mulch, soil amendments	-	1			\$ -	\$ -	\$ -
80	Xeriscape - plants and other	-	1			\$ -	\$ -	\$ -
81	Landscape - sprinkler system repair & maintenance	-	1			\$ -	\$ -	\$ -
82	Contingency - operating	51,000	1			\$ 51,000	\$ -	\$ -
83	Subtotal headquarter operations	289,957				\$ -	\$ -	\$ -
84	Meetings and travel		1			\$ -	\$ -	\$ -
85	Directors - other travel (tip, fax, parking, telephone, etc.)	846	1			\$ 846	\$ -	\$ -
86	Directors - other transportation (taxi, shuttle, rental)	-	1			\$ -	\$ -	\$ -
87	Directors airfare	4,861	1			\$ 4,861	\$ -	\$ -
88	Directors hotels	9,995	1			\$ 9,995	\$ -	\$ -
89	Directors meals	2,346	1			\$ 2,346	\$ -	\$ -
90	Directors meeting registrations	10,557	1			\$ 10,557	\$ -	\$ -
91	Directors mileage reimbursement	13,739	1			\$ 13,739	\$ -	\$ -
92	Executive - airfare	3,876	1			\$ 3,876	\$ -	\$ -
93	Executive - district vehicle gas	1,057	1			\$ 1,057	\$ -	\$ -
94	Executive - hotels	5,285	1			\$ 5,285	\$ -	\$ -
95	Executive - meals	1,057	1			\$ 1,057	\$ -	\$ -
96	Executive meeting registrations	3,417	1			\$ 3,417	\$ -	\$ -
97	Executive - other travel expense	867	1			\$ 867	\$ -	\$ -
98	Meeting expense	1,549	1			\$ 1,549	\$ -	\$ -
99	Meeting meals - non staff member	647	1			\$ 647	\$ -	\$ -
100	Staff business - airfare	13,566	1			\$ 13,566	\$ -	\$ -
101	Staff business - district vehicle gas	4,942	1			\$ 4,942	\$ -	\$ -
102	Staff business - hotels	18,595	1			\$ 18,595	\$ -	\$ -
103	Staff business - meals	4,478	1			\$ 4,478	\$ -	\$ -
104	Staff business - meeting registrations	15,759	1			\$ 15,759	\$ -	\$ -
105	Staff business - other travel	1,346	1			\$ 1,346	\$ -	\$ -
106	Staff certification - airfare	-	1			\$ -	\$ -	\$ -
107	Staff certification - hotels	-	1			\$ -	\$ -	\$ -
108	Staff certification - meals	-	1			\$ -	\$ -	\$ -
109	Staff certification - other expense	-	1			\$ -	\$ -	\$ -
110	Staff certification - registrations	1,785	1			\$ 1,785	\$ -	\$ -
111	Staff education - hotels	-	1			\$ -	\$ -	\$ -
112	Staff education - meals	-	1			\$ -	\$ -	\$ -
113	Staff education - other travel	-	1			\$ -	\$ -	\$ -
114	Staff education (general skills)	23,566	1			\$ 23,566	\$ -	\$ -
115	Subtotal meetings and travel	144,135				\$ -	\$ -	\$ -
116	Outside and professional services		1			\$ -	\$ -	\$ -
117	Annual audit	51,000	1			\$ 51,000	\$ -	\$ -
118	Consultant HR Breadbasket	10,200	1			\$ 10,200	\$ -	\$ -
119	Consulting/lobbying services - federal	33,993	1			\$ 33,993	\$ -	\$ -
120	Colorado River Services	22,440	1			\$ 22,440	\$ -	\$ -
121	Legal representation	336,600	1			\$ 336,600	\$ -	\$ -
122	Legal expense	22,440	1			\$ 22,440	\$ -	\$ -
123	Water policy management consultants	25,500	1			\$ 25,500	\$ -	\$ -
124	Engineering outside contracts	3,060	1			\$ 3,060	\$ -	\$ -
125	Subtotal outside and professional services	505,233				\$ -	\$ -	\$ -
126	Water conservation and education		1			\$ -	\$ -	\$ -
127	Xeriscape garden tours	714	1			\$ 714	\$ -	\$ -
128	Tours & anniversary events	12,240	1			\$ 12,240	\$ -	\$ -
129	Sponsorships and exhibits	6,967	1			\$ 6,967	\$ -	\$ -

Line No.	Description	FY 2020 Forecast	Distribution			Total Forecast		
			Both	Muni Only	Ag Only	Both	Muni Only	Ag Only
130	Xeriscape ed programs & publications	2,958	1			\$ 2,958	\$ -	\$ -
131	Subtotal water conservation and education	22,879				\$ -	\$ -	\$ -
132	Total Operation and Maintenance Expenses	\$ 2,665,550				Totals \$ 2,665,550	\$ -	\$ -
						Percent 100%	0%	0%
Recurring Capital								
133	Building Improvements (In & Outdoor)	50,000	1			\$ 50,000	\$ -	\$ -
134	Technology Improvements	50,000	1			\$ 50,000	\$ -	\$ -
135	Fleet Replacement	-	1			\$ -	\$ -	\$ -
136	Project and Programs	470,000	1			\$ 470,000	\$ -	\$ -
137	Total Recurring Capital	\$ 570,000				Totals \$ 570,000	\$ -	\$ -
138	Total	\$ 3,235,550				Percent 100%	0%	0%

Water Fund

Line No.	Description	FY 2020 Forecast	Distribution			Total Forecast		
			Both	Muni Only	Ag Only	Both	Muni Only	Ag Only
Operation and Maintenance Expenses								
1	Headquarter operations							
2	Board/committee meals	\$ 106	1			\$ 106	\$ -	\$ -
3	Supplies - office	-	1			\$ -	\$ -	\$ -
4	Subtotal headquarter operations	106				\$ -	\$ -	\$ -
5	Meetings and travel					\$ -	\$ -	\$ -
6	Directors airfare	7,609	1			\$ 7,609	\$ -	\$ -
7	Directors hotels	10,087	1			\$ 10,087	\$ -	\$ -
8	Directors meals	2,537	1			\$ 2,537	\$ -	\$ -
9	Directors mileage reimbursement	1,480	1			\$ 1,480	\$ -	\$ -
10	Executive - airfare	4,439	1			\$ 4,439	\$ -	\$ -
11	Executive - hotels	5,601	1			\$ 5,601	\$ -	\$ -
12	Executive - meals	1,690	1			\$ 1,690	\$ -	\$ -
13	Executive - other travel expense	1,584	1			\$ 1,584	\$ -	\$ -
14	Meeting expense	1,163	1			\$ 1,163	\$ -	\$ -
15	Meeting meals - non staff member	1,163	1			\$ 1,163	\$ -	\$ -
16	Staff business and training - district vehicle gas	5,812	1			\$ 5,812	\$ -	\$ -
17	Staff business and training - hotels	2,220	1			\$ 2,220	\$ -	\$ -
18	Staff business and training - meals	845	1			\$ 845	\$ -	\$ -
19	Staff business and training - other travel	212	1			\$ 212	\$ -	\$ -
20	Subtotal meetings and travel	46,441				\$ -	\$ -	\$ -
21	Outside and professional services					\$ -	\$ -	\$ -
22	Consultant/lobbying services - federal	78,819		1		\$ -	\$ 78,819	\$ -
23	Colorado River Services	61,506	1			\$ 61,506	\$ -	\$ -
24	Legal representation	12,841	1			\$ 12,841	\$ -	\$ -
25	Water policy management consultants	59,571		1		\$ -	\$ 59,571	\$ -
26	Engineering outside contracts	36,622	1			\$ 36,622	\$ -	\$ -
27	Transit loss study expenses	2,938		1		\$ -	\$ 2,938	\$ -
28	Research project support	28,462	1			\$ 28,462	\$ -	\$ -
29	Project studies	-	1			\$ -	\$ -	\$ -
30	Subtotal outside and professional services	280,759				\$ -	\$ -	\$ -
31	Personnel and overhead					\$ -	\$ -	\$ -
32	Office overhead	500,244	1			\$ 500,244	\$ -	\$ -
33	Project directors allocation	24,602	1			\$ 24,602	\$ -	\$ -
34	Project personnel	912,782	1			\$ 912,782	\$ -	\$ -
35	Subtotal personnel and overhead	1,437,628				\$ -	\$ -	\$ -
36	Partnerships					\$ -	\$ -	\$ -
37	Safety of dams - Pueblo	-	1			\$ -	\$ -	\$ -
38	U.S.G.S. co-op programs	195,099	1			\$ 195,099	\$ -	\$ -
39	RRPG project costs	135,000		1		\$ -	\$ 135,000	\$ -
40	Subtotal partnerships	330,099				\$ -	\$ -	\$ -
41	Other payments					\$ -	\$ -	\$ -
42	AVC project contributions	20,000	1			\$ 20,000	\$ -	\$ -
43	Reimbursement to other project/fund	1,858	1			\$ 1,858	\$ -	\$ -
44	Subtotal other payments	21,858				\$ -	\$ -	\$ -
45	Total Operation and Maintenance Expenses	\$ 2,116,892				Totals \$ 1,840,563	\$ 276,328	\$ -

Line No.	Description	FY 2020 Forecast	Distribution			Distribution			Total Forecast		
			Both	Muni Only	Ag Only	Both	Muni Only	Ag Only	Both	Muni Only	Ag Only
						Percent	87%	13%	0%		
	Recurring Capital										
46	Reimbursement on district upfront capital expense	250,000		1			\$ 250,000	\$ -	\$ -		
47	Project and Programs	135,000		1			\$ 135,000	\$ -	\$ -		
48	Total Recurring Capital	\$ 385,000				Totals	\$ 385,000	\$ -	\$ -		
						Percent	100%	0%	0%		
	Total	\$2,501,892									

SECWCD COST OF SERVICE ANALYSIS - UNIT COSTS OF SERVICE

Net Cost of Service - District Operations

Line No.	Description	2020 Total	Municipal/ Industrial	Agricultural Irrigation
1	Operation and Maintenance	2,665,550	1,332,775	1,332,775
2	Recurring Capital	570,000	285,000	285,000
3	Capital Investment	-	-	-
4	Total Revenue Requirements	3,235,550	1,617,775	1,617,775
5	<i>Distribution of Expenses (%)</i>		50%	50%
6	Revenue Credits			
7	Specific ownership taxes	(712,377)	(356,189)	(356,189)
8	Operating tax revenue	(305,531)	(152,765)	(152,765)
9	Xeriscape tour and material sales and other	(1,000)	-	(1,000)
10	Enterprise administration reimbursement*	(1,163,382)	(581,691)	(581,691)
11	Non operating revenues	(120,212)	(60,106)	(60,106)
12	Increase (Decrease) in Operating Reserves	(606,000)	(303,000)	(303,000)
13	Total Revenue Credits	(2,908,502)	(1,453,751)	(1,454,751)
14	<i>Distribution of Revenue (%)</i>		50%	50%
15	Net Cost of Service	327,048	164,024	163,024
16	<i>Distribution of Net Cost of Service (%)</i>		50%	50%

Notes: * 22% of enterprise administration reimbursement is allocated to Hydro Project fund

Net Cost of Service - Water Activity

Line No.	Description	2020 Total	Municipal/ Industrial	Irrigation
1	Operation and Maintenance	2,116,892	1,196,610	920,282
2	Recurring Capital	385,000	192,500	192,500
3	Capital Investment	1,050,000	1,050,000	-
4	Debt Service	60,000	30,000	30,000
5	Total Revenue Requirements	3,611,892	2,469,110	1,142,782
6	<i>Distribution of Expenses (%)</i>		68%	32%
7	Revenue Credits			
8	Return flow water sales	(44,820)	(22,410)	(22,410)
9	Well augmentation surcharge	(12,917)	(6,459)	(6,459)
10	Surcharge revenue	(578,649)	(289,325)	(289,325)
11	Aurora IGA - if & when WAE fee	(100,000)	(100,000)	-
12	Aurora IGA - administration fee	(50,000)	(50,000)	-
13	Partnership contributions	(110,000)	(110,000)	-
14	Participant payments	(357,941)	(357,941)	-
15	Non operating revenues	(376,412)	(188,206)	(188,206)
16	Increase (Decrease) in Operating Reserves	(1,707,000)	(1,166,915)	(540,085)
17	Total Credits	(3,337,739)	(2,291,255)	(1,046,484)
18	<i>Distribution of Revenue (%)</i>		69%	31%
19	Net Cost of Service	274,153	177,855	96,298
20	<i>Distribution of Net Cost of Service (%)</i>		65%	35%

21	Net-Net Cost of Service (Both Funds)	601,201	341,879	259,322
22	<i>Distribution of Net Cost of Service (%)</i>		57%	43%

Number of Units by Customer Class

Line No.	Description	Percent	Municipal/ Industrial	Irrigation
1	Fountain Valley Pipeline	25.45%	10,704	
2	Pueblo	10.00%	4,206	
3	West of Pueblo	4.27%	1,796	
4	East of Pueblo	12.73%	5,354	
5	Pueblo West Metro District	0.34%	143	
6	Manitou Springs	0.35%	147	
7	CS-U Payback	1.45%	609	
8	Total Municipal Allocation	54.59%	22,960	
9	Total Ag Allocation	45.41%		19,098
12	Total	42,058	22,960	19,098

Total Costs of Service

Line No.	Description	Total	Municipal/ Industrial	Irrigation
1	Operation and Maintenance	4,782,442	2,529,385	2,253,057
2	Recurring Capital	955,000	477,500	477,500
3	Capital Investment	1,050,000	1,050,000	-
4	Debt Service	60,000	30,000	30,000
5	Total Credits	\$ (6,246,241)	\$ (3,745,006)	\$ (2,501,235)
6	Total Unit Costs	601,201	341,879	259,322

Total Unit Costs of Service (\$/AF)

Line No.	Description	Total	Municipal/ Industrial	Irrigation
1	Net-Net Cost of Service	601,201	341,879	259,322
2	Total Number of Units	42,058	22,960	19,098
3	Unit Costs of Service - \$/AF	14.29	14.89	13.58