

SCWSD 2025 Rates - Increases in Costs Offset by System Improvements and Operational Efficiencies

Water is our most precious resource and every time you turn on the tap, Spring Canyon Water and Sanitation District customers are met with a clean and reliable source. Our team takes great pride in providing our community with access to this quality and reliable resource and the reliable services of wastewater collection.

While most things in life have gotten more expensive every year, we went the two previous years without a rate increase while absorbing an 8% increase in 2023 and a 5% increase in 2024 from our supplier Fort Collins Loveland Water District (FCLWD). Through a reduction in operating & administrative expenses, mitigation of water loss, improvement of system efficiency, increased interest income and other contributing factors, we deemed it was fiscally possible for our rates to remain the same from 2022 to 2023 and 2023 to 2024 even with inflation, regulatory changes, and increases to our purchased water rates. In 2025, we are receiving a 30% increase to our per thousand-gallon rate purchased from FCLWD and a 20% increase to our base rates per tap from South Fort Collins Sanitation District (SFCSD).

There are many factors that go into setting rates, two of the largest are the Intergovernmental Agreements (IGAs) that the District has with FCLWD and SFCSD, followed by the unique challenges to get services to our region, the District's location, terrain, and infrastructure. Per our IGA, *"the amount FCLWD charges SCWSD per 1,000 Gallons may be adjusted by the same percentage increase to their base rate FCLWD may impose upon residential customers its services outside of the City of Fort Collins for 5/8" and 3/4" services."*

Fort Collins, Loveland, Timnath and Windsor residents who get their water from FCLWD will see a 30% increase to base rates and 30% increases to tiers (or more) based on FCLWD Board approval on November 19, 2024. This 30% increase applies to our IGA.

Additionally, FCLWD residents who reach higher tiers of water use will be hit even harder if they don't find ways to reduce consumption. A new fourth tier for residential customers was also introduced. The cost of water will be five times higher than the next closest tier for extremely high water use that exceeds 50,000 gallons per month.

As SCWSD's tier rates are built on a cost recovery structure for the purchased water from FCLWD, not passing this cost along to our customers is not fiscally responsible as our new costs from FCLWD will exceed the cost we currently charge SCWSD customers. This will have an impact on SCWSD customer bills. Effective January 1, 2025 each thousand gallons consumed will be more expensive by \$1.99. Conversely, in 2025, SCWSD water base rates will decrease \$3.88 per tap/equivalent per month and sewer base rates will decrease \$3.23 per tap/equivalent per month. We have continued to make strides in reducing operating & administrative expenses through employee retention, bringing previously outsourced services back in-house, mitigating water loss, fine tuning our reserve fund policy, mitigating high-cost emergencies, and improving system efficiencies by progressing through our Capital Improvements Plan and completing the most pressing projects. The results from these reduced expenses and increases in efficiency have allowed SCWSD to reduce our base rates for 2025.

As FCLWD rates are built to promote conservation, very high users within SCWSD will see an increase, but the average water consumer in our District can expect a change to their bill from a decrease of approximately 1.5% to an increase of approximately 3%. Sewer only customer bills will decrease by a flat amount of \$3.23 per tap/equivalent per month or 2.3%

To illustrate what impact the changes in SCWSD 2025 rates will have on customer bills, the following information and graphs provide a look at a few different consumption quantities compared to the average SCWSD user and the % increase or decrease to expect next year as a SCWSD customer.

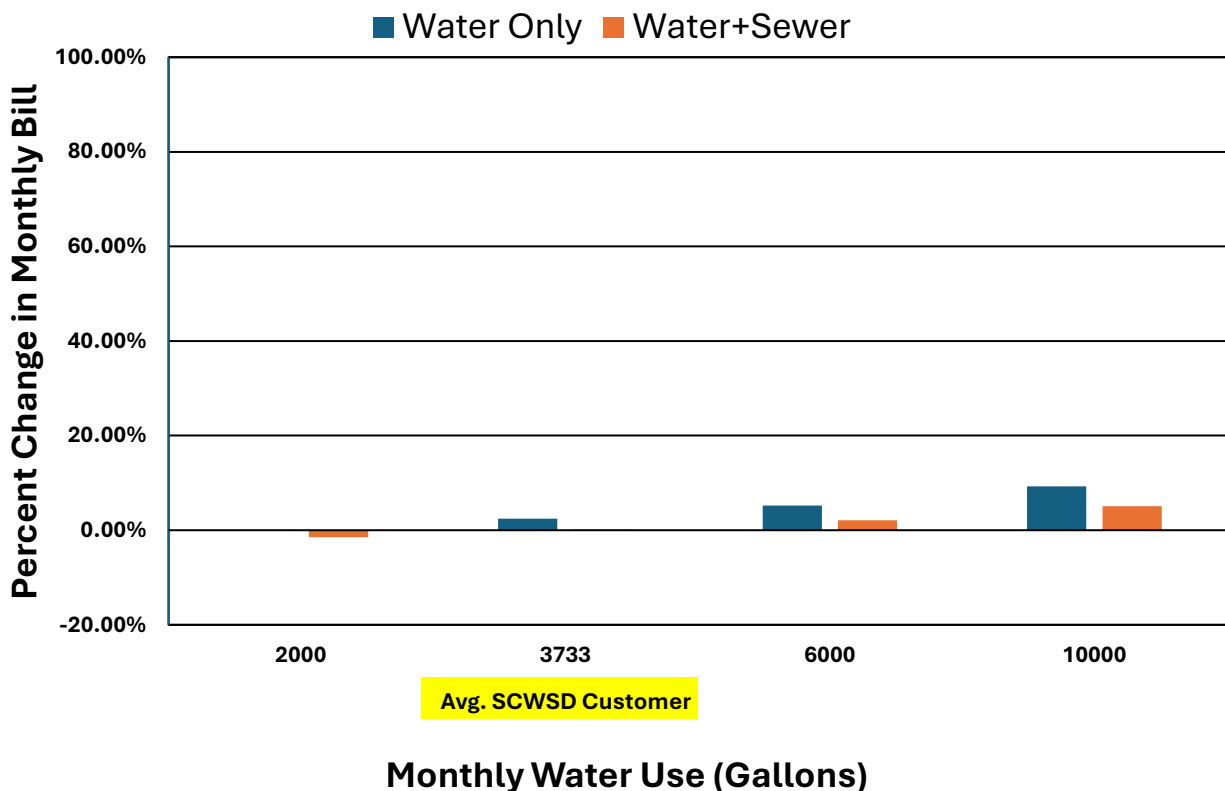
Impact on Monthly SCWSD Customer Bill from 2025 Rate Change Water Only Customers

Water Tiers: +\$1.99/1,000gal Water Base Rate: -\$3.88/mo. CIP Surcharge: \$65.00/mo.			Overall SCWSD Bill (\$) Increase	Overall SCWSD Bill (%) Increase
Consumption (Gallons)	Current Bill	2025 Bill		
2000	\$135.22	\$135.32	\$0.10	0.07%
Avg SCWSD Customer 3733	\$ 143.16	\$ 146.64	\$ 3.48	2.43%
6000	\$153.90	\$161.96	\$8.06	5.24%
10000	\$172.58	\$188.60	\$16.02	9.28%

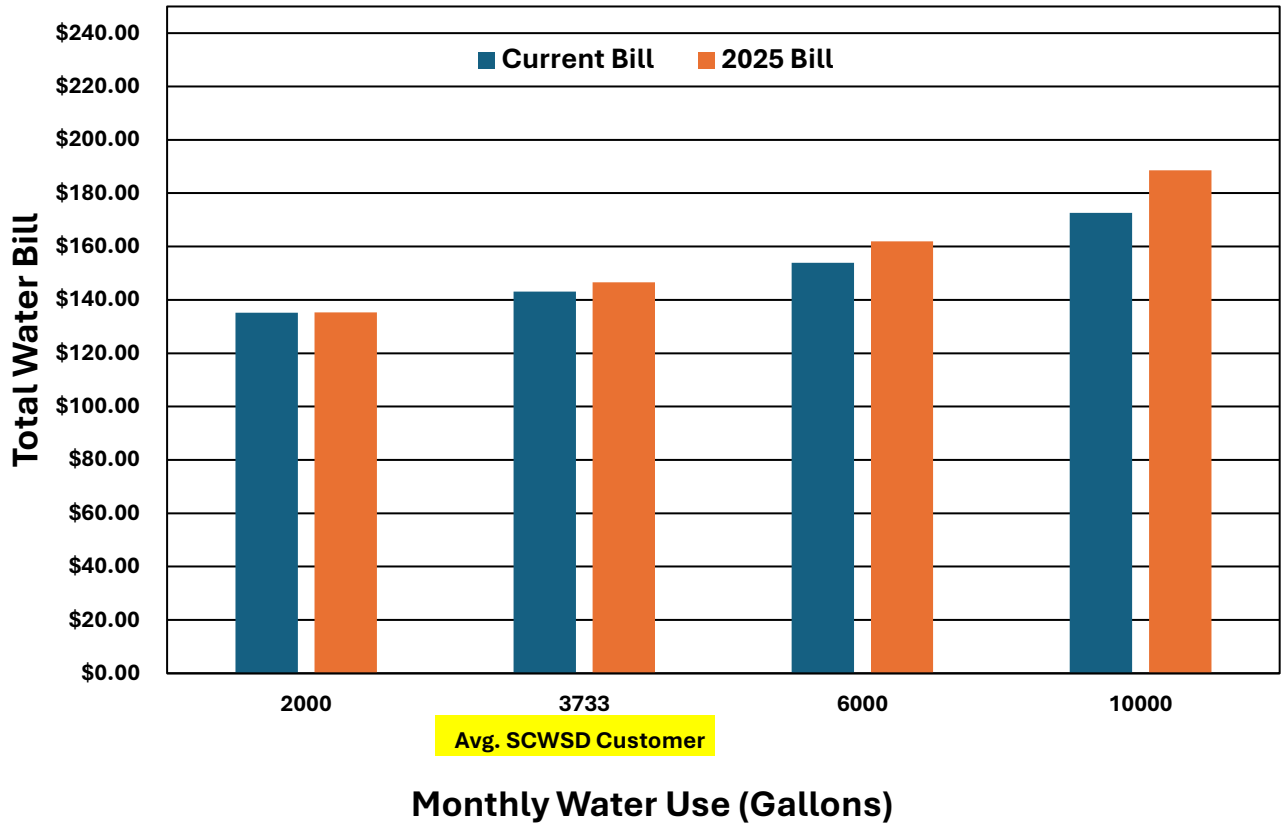
Impact on Monthly SCWSD Customer Bill from 2025 Rate Change Water & Sewer Customers

Water Tiers: +\$1.99/1,000gal Water Base Rate: -\$3.88/mo. Sewer Base Rate: -\$3.23/mo. CIP Surcharge: \$65.00/mo.			Overall SCWSD Bill (\$) Increase	Overall SCWSD Bill (%) Increase
Consumption (Gallons)	Current Bill	2025 Bill		
2000	\$213.45	\$210.32	(\$3.13)	-1.47%
Avg SCWSD Customer 3733	\$ 221.39	\$ 221.64	\$ 0.25	0.11%
6000	\$232.13	\$236.96	\$4.83	2.08%
10000	\$250.81	\$263.60	\$12.79	5.10%

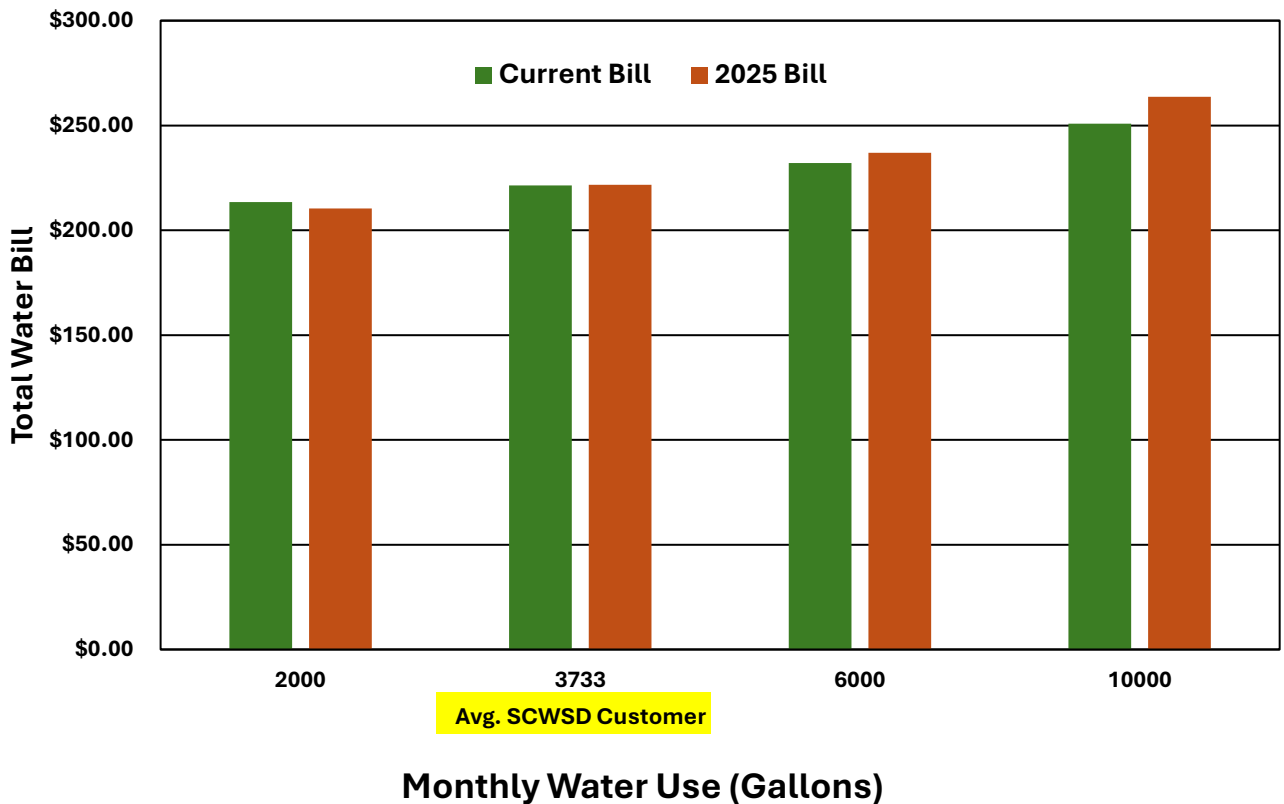
Impact on Monthly Bill from 2025 Rate Change Customer Type



Impact on Monthly Bill from 2025 Rate Change Water Only Customers



Impact on Monthly Bill from 2025 Rate Change Water and Sewer Customers



Other notable adjustments to our 2025 Rates under Resolution 24-12-03 Schedule of Fees, Rates, Charges, and Miscellaneous Policies include:

Section I – Water Tap Fee Schedules – We have made slight adjustments to our Water Resource Fee and Water System Investment Fee based on economic fluctuations in the factors impacting the District fees. (price of C-BT share, construction costs, # of customers, mile of line, replacement schedule)

Residential Water Tap = (2024): \$71,140 – (2025): \$66,725 = \$4,415 (approx. 6% decrease)

Section II – Water Tap Fee Schedules – We have made slight adjustments to our Sewer Tap Fees based on the factors impacting the District fees. (construction costs, # of customers, mile of line, replacement schedule)

Residential Sewer Tap = (2024): \$15,853 – (2025): \$15,814 = \$39.00 (0%)

Section III – Water Use – Decrease of \$3.88 to our water base rates from \$60.88 to \$57.00. Increase of \$1.99 per thousand gallons consumed.

Section IV – Sewer Use - Decrease of \$3.23 to our sewer base rates from \$78.23 to \$75.00.

Section V – The System Improvement Surcharge will remain \$65.00 in 2025 to keep the schedule of completing our highest priority projects. The sale of the DAF property in 2023 allowed us to expedite this schedule.

This surcharge is not meant to be permanent and was implemented to address the need for the completion of vital projects. As these projects are completed, this surcharge and schedule will be reevaluated until we can return to a normal repair and replace schedule based on normal Rates and Fees without the need for a separate surcharge.

Due to the revenues collected from the System Improvement Surcharge, we have completed multiple CIP projects in the last few years and have three scheduled for 2025. These projects are helping to minimize risks and outages and increase efficiency and resiliency of our system and supply of this precious resource.

Managing water distribution and sewer collection through our District's terrain is no easy feat. It takes an incredible team, extensive planning, and the ability to be forward thinking, as well as money and resources. We are dedicated to being stewards of the finances received from our ratepayers and thank you for understanding both the cost and value of the availability of these resources within our District.

The full Schedule of Fees, Rates, Charges & Miscellaneous Policies can be found under the 2025 Rates tab or by clicking on the link on the homepage titled: **Resolution 24-12-03 - 2025 Schedule of Fees, Rates, Charges, and Miscellaneous Policies**