

**Town of Lyons, Colorado
Board of Trustees
BOT Agenda Cover Sheet
Agenda Item No: Workshop and X. 4.
Meeting Date: November 18, 2024**

TO: Mayor Rogin and Members of the Board of Trustees
FROM: Aaron Caplan, Engineering, Building & Utilities Director
DATE: 14 Nov 2024
ITEM: Utility Rates / Consumer Price Index (CPI) Increase

ORDINANCE
 MOTION / RESOLUTION
 INFORMATION

During the budget workshop regarding the Enterprise Funds, Broomfield, Colorado's recent 50% increase in water rates and significant capital improvement needs for the utilities (specifically the stormwater utility) were discussed. There was the question of whether Lyons needed to increase its utility rates and direction to have the Utility and Engineering Board (UEB) review and advise on rate increases.

With the concerns raised during the budget workshop, discussions on smaller consistent rate changes versus larger, less frequent rate changes, and the current municipal code requirement for a change in the wastewater utility rate based on the Consumer Price Index (CPI), staff thought it is important to discuss the topics with the Utilities and Engineering Board who are tasked to review and bring forward recommendations on rate changes, as well as get input from the staff who work with the utility finances and receive direction from the Board of Trustees.

Why would one utility fund have a CPI rate change requirement and not the others? Should we be following inflation with our utility rates? Should rate stabilization funds be implemented instead of following a CPI rate adjustment?

It should be noted that in LMC section 13-3-50 (3), the Water Fund has the same CPI requirement for any unmetered water accounts. Prior to Jan 1, 2002, the Town did not require water meters. The rates and municipal code that were added to cover accounts with water meters did not include the language for the CPI rate change annually. The staff does not know why.

It was thought that the electric utility previously required a CPI rate increase. However, a quick review of the records does not provide any indication of that.

Additionally, even though the code requires an annual rate change based on the CPI, it also lists the actual rates, requiring an ordinance with two readings and a public hearing to change the code where the rates are listed. If the rate change is required annually, is there a desire to amend the code so that an ordinance is not required annually?