

Goldsmith Gulch Sanitation District

2023 RATE ADJUSTMENT FAQs



ABOUT GGSD

Established in 1960, Goldsmith Gulch Sanitation District (District or GGSD) provides customers with critical services that provide for the protection of public health, safety, prosperity, and environmental stewardship.

The District collects wastewater from customers in southeast Denver and parts of the Denver Tech Center and sends it to Metro Water Recovery (formerly Metro Wastewater Reclamation District) in northeast Denver, which charges the District to convey, clean, and safely return water to the environment.



HOW IS GGSD FUNDED?

The District receives funds from two sources - rates customers pay annually for services, supplemented by property taxes. Rates are reviewed annually as part of the District's budgeting process.



HOW ARE RATES SET?

In Colorado, Districts like GGSD are not allowed to operate for profit. Rates must be

set to cover the cost of providing service, which includes things like Operations and Maintenance and Capital Improvements including eventual replacement of existing facilities.

To set rates, the District hired an independent financial consultant, Raftelis, that specializes in helping utilities set rates that are fair and equitable to customers while ensuring the continued financial health of the utility. Raftelis performed a financial analysis and has made recommendations to the GGSD Board of Directors on 2023-2025 rates.



HOW FREQUENTLY DOES GGSD ADJUST ITS RATES?

The GGSD's Board of Directors is focused on ensuring that customers pay rates that are no higher than are necessary to run an efficient District. It has been more than a decade since the District raised rates. The last time the District adjusted rates was in 2015 when the GGSD Board of Directors approved a more than 9.5% reduction in rates.

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WHAT INFLUENCES HIGHER COSTS GGSD IS INCURRING?

There are three main drivers - pass-through costs, inflation, and critical infrastructure maintenance.

First, Metro Water Recovery has notified GGSD that the cost they charge the District to treat wastewater will increase by around 5% each year for at least the next three years. GGSD must, unfortunately, pass these higher costs along to our customers.

Also, labor, spare parts, fuel - nearly everything the District needs to continue delivering the services our customers rely upon is coming with higher costs due to higher-than-normal rates of inflation.

Finally, the District's in-ground infrastructure functions well today and delivers customers a high level of service. Worth millions of dollars, the District's wastewater conveyance infrastructure is similar to any valuable asset like a home or vehicle - all require regular maintenance and investment to keep them in good working condition. To keep things flowing properly, the District plans necessary infrastructure maintenance and replacement of critical components in the coming years.

HOW MUCH DOES GGSD NEED TO SPEND ON CAPITAL IMPROVEMENT PROJECTS IN THE COMING YEARS?

The District plans to spend approximately \$1.4 million on critical capital improvement projects over the next three years.

Major projects intended to maintain the system in good working order include completing slip lining and rehabilitation of the older District pipelines, upgrades to a lift station, and replacement of a force main.



WHEN WILL THE NEW RATES GO INTO EFFECT?

New rates are scheduled to go into effect on January 1, 2023.



HOW IS MY BILL CALCULATED?

The two data points needed to calculate your new bill are your Customer Class and the size of the water meter that serves you. Multiply the Annual Charge per SFRE (Table 1 on the next page) times the SFREs per your meter size (See Table 2 on the next page) to find your annual charge.

For example, an Office Building (at \$178 per SFRE) with a 2-inch meter (20 SFREs) would pay $\$178 \times 20$, or \$3,560/year.

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WHAT CHANGES CAN I EXPECT TO SEE?

All GGSD customers are charged equitably based on the cost of treating their wastewater, which varies significantly by customer type. For example, wastewater produced by a restaurant, with high fats, oils, and greases, is more expensive to treat than wastewater produced by a typical residential customer.

As a means of standardization, the District uses a common function known as a Single-Family Residential Equivalent (SFRE) to

proportionally recover costs from individual users with different sized meters, varying volumes, and varying strength of wastewater produced. SFRE is a commonly-used proxy for wastewater utilities like GGSD, where flow data is not available, and where installing the infrastructure to gather that data is not economically viable. In most cases, the District has adopted Metro Water Recovery's methodology for calculating SFREs using water meter size:

Customer Class	Current Annual Charge per SFRE	2023-2025 Annual Charge per SFRE	SFRE Calculation Basis
Single Family Residential	\$120	\$151	Number of Dwelling Units
Multi-Family Residential	\$144	\$151	Number of Dwelling Units
Manufacturing	\$200	\$151	Meter Size
Church*	\$186	\$151	Meter Size
Retail*	\$174	\$151	Meter Size
Other*	\$174	\$151	Meter Size
School*	\$186	\$166	Meter Size
Hotel/Motel*	\$212	\$171	Number of Hotel/Motel Rooms
Office*	\$174	\$178	Meter Size
Medical Office	\$200	\$178	Meter Size
Restaurant	\$282	\$264	Meter Size

Table 1

*Current rate rounded to nearest dollar.

Meter Size	SFRE
3/4-inch or less	2
1-inch	4.8
1 1/2-inch	11
2-inch	20
3-inch	43
4-inch	86

Table 2

IT LOOKS LIKE THE CHARGE IN 2023-2025 FOR MY CUSTOMER CLASS IS LESS THAN THE CURRENT ANNUAL CHARGE PER SFRE, SO DOES THIS MEAN MY BILL IS GOING DOWN?

Not necessarily, because GGSD's move to using Metro Water Recovery's meter size-based calculation to determine SFREs changes the calculation. Under this calculation

method, some bills will go up while others will go down. In all cases, customers will pay their fair proportionate share of the costs associated with their wastewater treatment.

 More information at GGSD's website: www.goldsmithgulchsd.org, or contact District Manager Lisa Johnson at 303-779-5710 or via email at lisa.johnson@claconnacect.com.