

Financial Plan Revenue Enhancement Alternatives

Service Fee Alternative

Service charge and revenue amount

Year	Service Fee Monthly per ¾-inch tap	Service Fee Annually per ¾" tap	Average Annual Revenue
2020 -2023	\$5.00	\$60.00	\$353,550
2024 - 2027	\$8.00	\$96.00	\$566,112
2028 -2039	\$10.00	\$120.00	\$707,640
2040 - 2048	\$12.00	\$144.00	\$849,168

Cost per User

Residential per ¾" equivalent tap	\$60.00 in 2020 to \$144.00 in 2040
Other (Commercial, Industrial, Multi-Family) per ¾" equivalent tap	\$60.00 in 2020 to \$144.00 in 2040

Implementation and Processing Costs

Initial Denver Water set up charge - \$8,500

Annual Denver Water processing and billing charges - \$13,652

Other Factors

The service charge will be a new charge to residents in addition to the 7.104 mill levy property tax that has been assessed for many years. The service fee will require expansive customer outreach and public relations efforts to explain the purpose and need for the charge.

The service charge will be Enterprise revenue devoted solely to capital expenditures and will not require voter approval.

The Board will have flexibility and discretion to increase or decrease the service charge as needed without voter approval and statutory restrictions.

Property Tax Increase Alternative

Mill Levy and Revenue Amount

The mill levy increase is proposed to be 1.85 mills and will not fluctuate between 2020 and 2048 due to TABOR restrictions. The additional revenue produced from the mill levy increase will be \$427,016 in 2020 and increase to \$781,309 in 2048. The initial tax revenue produced in the early years of implementation is greater than service fee revenue because the mill levy must be established at a level sufficient to produce all of the revenue needed for capital projects over the 28-year planning period to avoid a future TABOR election.

Cost per User

Customer Type	Property Value	Mill Levy	Assessment Rate	Property Tax
Residential	\$337,200	1.85	.072	\$44.92
Other	\$337,200	1.85	.290	\$180.91

Implementation and Processing Costs

A mill levy increase will require voter approval in a TABOR mail ballot election. The estimated cost for such an election is \$35,000.

County assessors are allowed to charge a 1.5 percent of tax revenue produced for collection and transmittal of the revenue. The estimated annual charge is \$6,405 in 2020 rising to \$11,720 in 2048.

Other Factors

A mill levy increase will require voter approval in a mail ballot election. TABOR ballot questions are routinely rejected by voters without a compelling and well explained need.

Property tax revenue generated from a fixed mill levy is a very stable and reliable source of revenue.

The cost of producing increased revenue from a property tax mill levy is very inexpensive.

The mill levy can not be raised without voter approval.

When compared to a service fee, a property tax assessment will be much lower for residential users due to the imbalance in property tax assessment rates between residential and other (commercial) properties. For example, under the two financial plan alternatives the vast majority of residential property owners would initially pay a service fee of \$60.00 per year while the average residential owner would pay only \$44.92 under the mill levy increase alternative. Further, the District would receive \$103,627 more revenue from the mill levy alternative than the service fee alternative (\$73,736 in property tax revenue and \$29, 891 in specific ownership tax revenue) in the initial year of implementation. In addition, the specific ownership tax would add \$291,215 in revenue over 10 years and \$1,285,390 over 28 years.