

# MEMO

**To:** Anne Beierle, Deputy Director of Public Works  
**From:** Melissa Elliott, Manager  
**Date:** May 13, 2019  
**Re:** Utility Rate Citizens Committee Meeting Summary for April 16, 2019

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The third meeting of the City of Golden Utility Rate Citizens Committee was held on April 16, 2019.

**Attendees included:**

City of Golden Staff:

Anne Beierle – Deputy Director of Public Works  
Terry Sanchez – Public Works

Citizens:

\*Peter Luptovic – Citizens Budget Advisory Committee  
\*Karen Oxman – Citizens Budget Advisory Committee  
\*Don Cameron – Planning Commission  
\*Adam Schiche – Golden Resident  
\*Steven Smith – Golden Resident  
\*Tanja Rauch-Williams – Sustainability Board  
\*Todd Margulies – Golden Resident  
Bob Slavic – Colorado School of Mines  
Sam Crispin – Colorado School of Mines  
\*Denotes member of the Ad Hoc Utilities Rate Citizens Committee

Consultants:

Todd Cristiano, Raftelis  
Melissa Elliott, Raftelis  
Hannah Palmer-Dwore, Raftelis

The meeting began with a summary of the March 19, 2019 meeting. The Committee had reviewed the written summary of this meeting and agreed that it was accurate.

Slides from the presentations for this meeting were provided to each participant and will be available on the city's website.

## **The URCC reviewed the assumptions and initial cost-of-service analysis that went into the development of alternative rate structures**

Consultant Todd Cristiano reviewed the assumptions that went into developing the water rate structure alternatives. He stressed that all results are illustrative and are not the final rates that will be developed. All scenarios the URCC will see are based on 2020 projected expenditures and were developed as “revenue neutral” alternatives, meaning that each rate alternative will recover the same amount of revenue as the existing rate structure does.

The URCC asked if future capital costs were taken into account and Anne Beierle assured the committee that capital projections have been built into the financial plan, but that this analysis is preliminary and additional refinement will be needed.

### **2020 Water Revenue Requirement**

The consultant demonstrated that in 2020, the City of Golden’s water revenue requirement is \$7.2 million. Of that requirement, \$5.5 million will come from rates (the balance comes from reserves and other income). The rate structures the committee reviewed were all designed to get \$5.5 million in revenue.

### **Cost of Service for Water**

The consultant reviewed the results of the study to determine the cost to provide service to water customers, and showed that the Residential class is nearly unchanged (revenue needed from this class would increase just 1.8%), but revenue from the commercial/multifamily class would decrease by 12.1% and revenue from the irrigation class would increase by 44.3% if Golden changes it’s current rates to charge what it costs to serve these customer classes.

### **Water Service Charge**

The existing service charge is based on meter size and recovers 6.6% of total rate revenue. This is low by industry standards, and to promote revenue stability while still acknowledging an interest in affordability and conservation by the committee, the recommended service charge alternative recovers 9.4% of total rate revenue. The committee was shown that if the service charge is increased, the volumetric charge is decreased to ensure the changes are revenue neutral.

### **Water volume rate alternatives**

In addition to the current uniform rate structure, the committee reviewed three alternatives for residential customers (fixed inclining, AWC+fixed, and seasonal); two rate alternatives for commercial/multifamily (AWC x fixed and seasonal); and one alternative for irrigation (fixed inclining block). Members of the committee were shown sample monthly bills for each alternative.

**URCC narrows down choices**

After an in-depth conversation about each committee member's constituencies that they represent and the effect of the rate structures on two pricing objectives in particular: conservation and affordability, the committee narrowed down the alternatives by determining where they had consensus. The committee agreed to have the consultant move forward with rate structures that incorporated the recommended service charge alternative that recovers 9.4% of total rate revenue.

The committee then determined that they would like to see further refinement of the following water rate structures:

- Residential – AWC + Fixed and Seasonal
- Commercial/Multifamily – Uniform and Seasonal
- Irrigation – Uniform and Fixed Inclining Block

**Next meeting – May 21, 6 to 9 pm****Topics to be discussed include:**

- Narrow down rate structure options for stormwater, wastewater and water