

# MEMO

**To:** Anne Beierle, Deputy Director of Public Works  
**From:** Melissa Elliott, Manager  
**Date:** March 30, 2019  
**Re:** Utility Rate Citizens Committee Meeting Summary for March 19, 2019

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The second meeting of the City of Golden Utility Rate Citizens Committee was held on March 19, 2019.

**Attendees included:**

City of Golden Staff:

Anne Beierle – Deputy Director of Public Works  
Stephanie Novello – Assistant Finance Director  
Joe Puhr – Deputy Director of Public Works  
Marissa Major – Public Works Assistant

Citizens:

\*Peter Luptovic – 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 Feb. 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 Golden's current water, wastewater and stormwater rate structures**

Consultant Todd Cristiano reviewed the current rate structures for the three utilities focusing on how each structure is designed to orient the committee. Anne Beierle provided the committee with copies of actual bills (with personal information redacted) to show the committee what the customer sees since monthly billing began in January 2019.

### **Pricing Objectives Exercise**

Rate structures are designed to accomplish objectives through pricing of the service provided. Some pricing objectives conflict with each other. The Committee was introduced to pricing objectives at their last meeting and asked to think about which pricing objectives were most important to the constituency they represent on the Committee, and Golden residents and businesses, and determine what pricing objectives they believe should be the focus of the water and wastewater utility rate structures. It was stressed that Golden is undergoing a rate study as a best practice exercise—it's been many years since the city has done a rate study. The City is not experiencing significant issues with its utility services that are requiring a rate study.

The Committee was told that some pricing objectives are important in every rate study, and therefore it should be assumed that the following pricing objectives will be factored into Golden's rate study and rate structure recommendations: defensibility, revenue stability and revenue sufficiency. The Committee as then asked to rank the following pricing objectives for the water utility rate study as individuals and then the pricing objectives with the most support were discussed as a group.

### **Pricing Objectives List:**

- Equity Between Classes
- Equity Within Classes
- Conservation
- Demand Management
- Essential Use Affordability
- Customer Understanding
- Customer Bill Impact
- Ease of Implementation

The Committee was asked to rank their top six individual preferences and then explain the reason they selected their top pricing objective to the Committee as a whole. After all the first choices were explained, the Committee members placed their top six preferences on boards for each objective. The Committee then discussed the results and by consensus agreed that the following three pricing

objectives should be used to determine rate structures for water: Conservation, Equity Between Classes and Essential Use Affordability (listed in alphabetical order)

The Committee was then asked to do a similar exercise for the Wastewater utility. In this exercise, Conservation and Demand Management were not considerations. Following this activity, the Committee discussed the results and agreed by consensus that Equity Between Classes, Equity Within Classes and Essential Use Affordability were their top pricing objectives (listed in alphabetical order).

The Committee did not do a pricing objectives exercise for the Stormwater utility because it was not applicable to the City's rate study objectives for this utility.

### **Components of rate structures and different types of rate structures**

Todd Cristiano provided a presentation that explained the purpose of fixed charges and volume charges for water and wastewater rate structures and introduced different types of rate designs. Materials from the presentation were provided to each participant and will be available on the city's website.

### **Transition from Quarterly to Monthly Billing – Customer Water Use Trends**

Hannah Palmer Dwore presented the results of calculations to convert the City's quarterly water use billing data into monthly billing data so that Committee members could see the average monthly use for different customer classes. Materials from the presentation were provided to each participant and will be available on the City's website.

### **Next meeting – April 16, 6 to 8 pm**

#### **Topics to be discussed include:**

- Preliminary cost of service study results.
- Preliminary rate structure options for stormwater, wastewater and water