

# CAC MINUTES

FOR THE MEETING OF AUGUST 16, 2012

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**CAC MEMBERS IN ATTENDANCE:** David Spector, Phil Lidov, Barry Hudson, Bruce Hutchins, Mel Rettig, Jeff Willis, Becky Long, Jeff Erb

**CAC MEMBERS ABSENT:** Jim Ives, Don Schlup

**GUESTS:** Tim Flynn, Sandy Christopher

**DENVER WATER STAFF:** Melissa Elliott, Stephanie Niemi, Erik Hegelson, Ellen Cinchock, Mary Price, Lindsay Weber, Todd Cristiano

## **OPENING REMARKS, PUBLIC COMMENTS, AGENDA AND MINUTES**

The agenda was approved without comment. April minutes were approved without comment and May minutes were approved with one revision.

## **DENVER WATER UPDATE (Melissa Elliott) –**

Mr. Spector asked for additional information on the campus plan. Ms. Elliott explained each division is being surveyed and that the consultant has been touring Denver Water's administration building and entire campus to look at the utility's future business and workplace needs. The intention is not to do any redesign immediately, but rather to have a plan in place as opportunities arise for investment in additional space or building changes. Funds have been budgeted for a new campus redesign in the later years of the ten year plan. Plans for constructing a new administration building had been done previously. These older plans were given to the consultant as this study is looking at the entire Denver Water campus and not just the administration building.

Mr. Lidov asked if Denver Water had news about the request from Governor Hickenlooper to President Obama regarding the Moffat Project. The topic was the subject of a recent newspaper article in the Denver Post. Ms. Elliott explained the letter and how it was requested by Denver Water, Grand and Summit counties and the Colorado River District after the CRCA signing in mid-May. The letter asks the President to urge his agencies to complete the permitting process for the Moffat Project.

## **TEN YEAR FINANCIAL PLAN – (Todd Cristiano and Stephanie Niemi)**

Mr. Todd Cristiano, Manager of Rates, and Ms. Stephanie Niemi, Rates Analyst for Denver Water, thanked the CAC for the meeting invitation.

Mr. Cristiano gave a second quarter budget update. Revenue was higher in June, showing \$16 million more in revenue due to higher usage. Denver Water's cash balance is \$37.7 million higher than projected due to unspent budget items, carryover funds, and revenue. A total of \$32 million will be set aside for potential Strontia Springs, drought, and Colorado River Cooperative Agreement costs.

There are no new major projects in the long term capital plan. Some projects are being pushed out (Gross enlargement, Conduits 16 and 22), so the long-term capital plan is \$90 million less in the first three years than previous versions of the long-term capital plan showed. The 2013 proposed budget is \$189 million, \$11 million lower than last year due to delays in large construction projects.

Stephanie Niemi, Rates Analyst for Denver Water, explained the financial planning parameters to create a rate adjustment. Denver Water needs to maintain its current financial health and meet its target reserves to keep their AAA bond ratings. Ms. Niemi said Denver Water's revenue at its current rates will not cover expenditures if it is kept at current levels. A proposed revenue increase of 4.5% will be sent to the Board in August. Jeff Erb asked if rates are not going up enough to cover costs. Mr. Cristiano said additional funds are available but Denver Water would need to pull funds from their reserves. Denver Water needs to build reserves for capital projects, which will be increasing in the next few years. The 4.5% increase will cover the project costs.

The Board will see the proposed rate amount at the Aug. 22, 2012 Board meeting. The Sept. 20, 2012 Citizens Advisory Committee meeting will include time for public comment on the proposed rate increase. The public will also be able to speak at the Sept. 12, 2012 Board meeting.

### **CAC BUSINESS** -

The CAC breakfast with the Denver Water Board was held on Aug. 8, 2012. The committee discussed their recent tour of Winter Park and Williams Fork Reservoir, the CAC work plan for 2012, and their work on looking at affordability programs.

Ellen Cinchock, on behalf of CAC member Don Schlup, invited the committee to attend a tour of Mr. Schlup's Sod Farm on Tuesday, Sept. 18, 2012.

Customer emails – Mr. Spector requested a discussion on the timeliness of receiving responses to emails that are sent to the Citizens Advisory Committee email address. Most inquiries that are sent to the email address receive a response from a Denver

Water Public Affairs employee, and the customer question and employee response is included in the next month's CAC meeting packet. The committee agreed that the responses from Denver Water employees should be consistent, and would like to be copied on all responses sent to the CAC email address instead of receiving the responses in their monthly packets. The new process will be implemented this month and the committee will review the process at the September meeting.

September Agenda – Mr. Lidov asked if copies of customer responses to the Board on the proposed rate increase can be sent to the CAC. Ms. Elliott said she would look into this request.

### **AFFORDABILITY (Sandy Christopher, City of Westminster) -**

Mr. Spector welcomed Sandy Christopher, Utility Billing Supervisor for the City of Westminster's Water and Sewer Department. Ms. Christopher thanked the committee for their invitation to discuss Westminster's bill assistance program. She explained there was a growing need to help customers who could not afford to pay their water bill. Their assistance program started in 2009, and it is funded by customer late fees. The application has simple guidelines, and their program will pay a customer's bill provided they pay any disconnect or late fees up front. Payment arrangements can be performed before offering a customer the assistance program. The program has been well received by Westminster's customers. Customers who do not meet the guidelines are referred to other charities.

Mary Price and Lindsay Weber of Planning, showed the committee maps that showed median incomes of Denver Water customers. The maps also indicate delinquent payment shutoffs. Shutoffs in higher income areas may be a result of foreclosure or bill mismanagement issues.

Mr. Spector asked Ms. Christopher how the Westminster program was started. She explained the program was need-based – in 2009, charities that previously helped customers were running out of money. The committee creating the program looked at possible funding areas, guidelines from other utilities, and reviewed applications from other charities. A local charity reviewed the guidelines before they were approved by the City of Westminster. Ms. Christopher noted customers cannot receive assistance if they have a water leak on their property. The leak must be repaired, and leak credits are made available if they cannot afford to pay the whole amount. Applications are reviewed by the bill assistance committee on a weekly basis, and currently the amount of applications is reducing as local churches are now helping customers with their water bills.

Becky Long asked if customer water rates could be related to the number of disconnects in the area. Mr. Spector asked if the City of Westminster kept track of customers who currently had payment arrangements for high bills and leak adjustments. Ms. Christopher said there are separate payment arrangement reports for high bills and leak adjustments. These arrangements are separate from the customer assistance program. Mr. Spector thanked Ms. Christopher, Ms. Price, and Ms. Weber for their presentations. The CAC will discuss affordability at a future meeting and if they will propose anything regarding bill assistance for customers to the Denver Water Board.

The meeting was adjourned at 7 p.m.