

Excerpt from **Unapproved DRAFT** MINUTES WATER COMMISSION

REGULAR MEETING

October 20, 2022, 5:30 p.m.

1. **2023 Utility Rates and Fees**

Financial Planning and Analysis Director Lance Smith presented on the proposed changes to the 2023 water, stormwater, and wastewater utility rates and fees, and to seek support to present the changes to Council for approval.

Discussion Highlights

A Commissioner inquired whether there are statutory requirements, to which Mr. Smith responded that the City does not as it's a home rule community, but it does have financial policies that specify minimum reserve balances in percentages. Another Commissioner asked when there would be a firmer understanding for the Halligan cost estimate, to which Mr. Smith answered he'd have a better understanding in about 6 months. The Commissioner continued to inquire whether there's a figure where it no longer seems prudent to spend money on the project considering inflation, construction costs, easements, etc. A Commissioner projected that if the project is \$150M, Halligan would provide \$19K per acre-foot, while CBT water is going to \$120K per acre-foot, and the Commissioner added that even if the project cost \$300M, it would still be a fraction of CBT water. Mr. Smith added that the costs wouldn't be spent front loaded, but over time with cost-effective solutions during the process. A Commissioner wondered whether the foundational principle is still in effect that development pays the incremental cost for itself over time. Mr. Smith responded that it still is, though legally the requirement is that the development does not exceed the cost of adding a customer, thus the City is not obligated to have development fully pay for itself, but it's the direction that Council wants to continue. The Commissioner inquired whether these increases keep the City's reserves at the historically agreed upon percentage, to which Mr. Smith responded that it does. Another Commissioner commented that it would be helpful to see models of what it would look like to decrease rates and fees, just to see what the alternative would be. Another Commissioner commented that the rate increases don't put the community ahead of inflation or other rise in costs, considering infrastructure renewal, income deficiencies, etc. Mr. Smith responded that the 4% increase is a part of a longer timeline, hoping to see replacement rates for infrastructure at a sustainable level over the next five years. Another Commissioner added that the rates are still lower than many of the communities in Northern Colorado even with the rate increases, such as Loveland, Longmont, Greeley, and Colorado Springs. Another Commissioner underlined that it's critical to inform the public about Utility changes over the next five years.

Commissioner Kahn moved that the Water Commission recommend City Council approve the proposed changes to the Utility's water, wastewater, and stormwater rates and fees as presented.

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Discussion Highlights

Commissioners decided to add a clause in the motion to include a plan for informing the public.

Commissioner Kahn moved that the Water Commission recommend City Council approve the proposed changes to the Utility's water, wastewater, and stormwater rates and fees as presented, and develop a plan to inform the public about this year's increases and increases into the future.

Commissioner Tarry seconded the motion.

Vote on the Motion: it passed unanimously, 6-0