

**Water/Wastewater Rates Workshop 1**  
**Thursday, October 8, 2020, 6pm-8pm MST**  
**Hosted Virtually**  
**Meeting Summary –FINAL**

**ATTENDANCE**

*Council Members:* Herb Atchison (Mayor), Anita Seitz (Mayor Pro Tem), David DeMott, Rich Seymour, Kathryn Skulley, Lindsey Smith, Jon Voelz.

*Staff Presenter:* Julie Koehler

*Facilitation:* Heather Bergman and Sam Haas

Additional staff and members of the public observed the meeting.

**PURPOSE OF THE MEETING**

Heather Bergman, Peak Facilitation Group, presented the purpose and schedule of these special study sessions focused on water and wastewater infrastructure and rates.

- When Heather Bergman interviewed each City Council member, they shared specific topics of concern regarding water and wastewater infrastructure and rates. These topics drove the development of these workshops.
- Additionally, members of the Westminster community have submitted questions and comments on a variety of topics that can be incorporated into the workshop presentations and discussion. These topics include meters, overall rates and comparisons to other areas, tier III rates and impacts to owners of large lots, billing periods, Public Works and Utilities (PWU) available financial resources (whether rate increases are needed), number of taps and how they affect rates, and impacts of hot weather on usage and rates.
- Tonight's meeting is designed to set the stage for the upcoming special study sessions and includes a new item: how to engage the community in this overall discussion topic. The primary purpose of these special study sessions is for PWU to talk with all City Council members and respond to their questions. Tonight's meeting will focus on water/wastewater infrastructure. The October 20 meeting will focus on water costs and rates, including a discussion of overall rates/comparison to other areas, billing periods, PWU resources, the number of taps affecting rates, and tier III rates in particular. On November 5, the meeting will focus on wastewater rates, including wastewater rates (generally and in relation to the topics above). On November 17, Council will discuss their ideas and solutions for moving forward, which can include a discussion of whether/how to address concerns about increased costs during periods of extremely warm weather.

**COMMUNITY ENGAGEMENT OPTIONS**

Heather Bergman shared several options for engaging the community in decisions on water and wastewater management. Council members then discussed their preferences for community engagement.

- **Option 1 (Consult – 1 option):** The first option is for Council to develop one rate option for public review and comment. After all the workshops, Council would agree on one option, present that to the community, and then integrate public input into a revised proposal. This item would require Council to converge on a single option.
- **Option 2 (Consult – 3 options):** The second option is for Council to develop three rate options for public review and comment. Community feedback would then enable Council to

revise and agree upon a single option that is presented to the community before coming to a final decision.

- **Option 3 (Engage):** The third option is to fully engage the community in the beginning of the process. Items that impact rate options would be open for public review and comment. Rate options would then be developed based on the initial feedback and shared again with the public. This option frontloads the engagement of community perspectives and encourages the public to share their priorities with Council.
- Each option has benefits and tradeoffs. Option 1 is not a lot of effort and is efficient in terms of creating a shorter timeline, but it is also not a lot of community involvement. Option 2 has more community involvement and would likely take longer. Option #3 is the highest form of engagement. It might feel more meaningful to community members, but it may require more work on their end and would draw the timeline out farther on the back end of Council's discussions.
- Across all options, staff will engage in broad notification efforts (press releases, bill inserts, social media, etc.); there will be online engagement (focus groups, webinars, community organizations); there will be documentation for City Council review; and staff can adapt engagement options based on State COVID-19 Dial Dashboard status.

### **City Council Discussion of Community Engagement Options**

- **Councilmember comment:** Staff provided similar community engagement options to City Council before COVID-19, and Council decided to move forward with the option most similar to option 3. Some community members felt that the City was moving in the right direction at the beginning of the year.
  - **Facilitator response:** If there were decisions that were previously made that Council would like to keep, those can be carried forward. Different or new ideas are also welcome. There are generally two kinds of public engagement: the first is to do community engagement before stakeholder group (Council) decision-making, and the second is to do community engagement after the stakeholder process.
- **Councilmember comment:** Option 3 is a great process for issues like developing a comprehensive plan, where there are often many different options. While this process is both qualitative and quantitative, the needs assessment will heavily influence what the options will be. City Council previously agreed they wanted to hear from the community about their level of tolerance to risk and their preferences for investing in infrastructure, with specific attention to the impacts to the community. It is of utmost importance that the City does not set wrong expectations for the community. If the City requests early feedback from the community, there must be clear interests and guiding principles.
  - **Facilitator response:** One of the most important rules of community engagement is "don't ask if you don't care" and, if you do ask, make sure you ask a question that informs your decision. Whatever approach is taken, staff will ensure that the community feedback opportunity is designed to inform Council's discussion.
- **Councilmember comment:** Within any of the community engagement options, it is critical that the City prioritize outreach to traditionally marginalized groups. City Council must discuss how to broaden engagement efforts.
  - **Facilitator response:** Yes, a broad effort to traditionally marginalized communities would need to be integral to this effort.
- **Councilmember comment:** Option 3 is the most appealing, but there are several outlying questions about implementation and process (i.e., small group discussion, public meetings held in different locations throughout the city). While in-person meetings may not be

possible, the digital divide is a great concern. Disenfranchising certain voices is a big concern with option 3.

- **Facilitator response:** Small groups via Zoom is possible. Another option is to record a PowerPoint presentation that informs an online survey that community members complete. City Council could also discuss how to adapt engagement strategies to marginalized communities with specific outreach and engagement methods. Staff also has traditionally done outreach to HOAs and other specific groups.
- **Councilmember comment:** Council extended the timeline on this project through next year and decided they did not want to increase rates at all next year. It may be beneficial to expand the community engagement into next year. The budget is finite, so there are limits to the options that are available. Council should have a sense of the budget first so that they can discuss priorities, because community preferences expressed at the front end of the process may not align with the budget. It is premature to discuss community engagement at this point in the process; the concern is that the City may promise more than they can deliver given the budget.
  - **Facilitator response:** The timeline can be extended; it is important not to rush the process.
- **Councilmember comment:** It is important to take the time needed to gather community input. The City should not enter into a process that forces the community to repeat input they have already been asked to give; this process should be a dialogue. City Council members often interact with members of the community by responding via email, and it can feel one-sided. If the community has additional input on questions that should be addressed, there should be a method for them to do so.
  - **Facilitator/staff response:** Community members can continue to send councilmembers questions, and councilmembers can forward them to Heather. Or community members can go to <https://www.cityofwestminster.us/Residents/Water/Rates/2022WaterandSewerRates> and submit their questions in the Q&A section.
- **Next step:** The facilitator and staff will prepare a more detailed approach for community engagement for Council to discuss at the next workshop. The approach will focus on Option 3 outlined above.

## NEW WATER METERS

- Julie Koehler, Utilities Engineering Manager, briefly addressed questions about new water meters. From an infrastructure perspective, the City is spending \$14 million to replace 30,000 residential meters. With the new meters, there will be lower maintenance costs and better customer access to data. The 2021 budget includes money to buy a software package so that people can interact with their water use. The old 30,000 meters were at the end of their useful life; parts of them were obsolete and no longer available to replace.
- A councilmember shared that residents have concerns about the billing cycle, which is between 28 and 33 days. That 6-day gap is a legacy of needing to physically go out and read meters. Residents would like to close that gap to no more than a 31-day cycle.
- There are also community concerns about odd spikes in usage. It is important that Council be included in a robust discussion that gets at deeper issues like this.
- This topic will be discussed in greater detail at the October 20 workshop.

## SETTING THE STAGE FOR THE DISCUSSION

Heather Bergman outlined the goals for these workshops, shared the distinction between interests and positions, set up ground rules for the discussion, and encouraged Council members to share their interests.

- The goal of these workshops is to take a new approach to the conversation. This process will involve unpacking information and assumptions, understanding interests and priorities, identifying choices and tradeoffs, communicating more fluidly, outlining options, and engaging the community.
- There is a key distinction between positions and interests.
  - Positions are “what I need or want.” They describe outcomes/answers; they create win/lose dynamics; they allow for only one outcome; and they prompt yes/no decisions.
  - Interests are “why I want or need it.” They describe motivations; they create win/win dynamics; they allow for multiple solutions; and they prompt yes/and or yes/if decisions.
- People usually like to share their position (surface-level statements or demands), but underneath the stated position are underlying needs/motivations (interests).
- Policymaking involves grappling with differences in:
  - Needs of current residents/needs of future residents
  - Needs of majority/needs of minority
  - Levels of comfort with risk
  - Levels of comfort with change, new approaches, departure from tradition
  - Levels of comfort with the unknown/ability to adapt to new things on the fly
  - Preferences around services and needs
  - Perspectives on the role of government
  - Visions/expectations for the community
- In these workshops, Council members are encouraged to use first names, assume good interactions, acknowledge the range of views, be optimistic, ask questions, disagree with civility, and be open and creative.
- Council shared their interests in the water/wastewater topic. The list below is a summary of interests shared by Council via the chat function in the virtual meeting software.
  - Protect public health and safety
  - Provide sustainable, efficient, and reliable water infrastructure
  - Ensure affordability/lower water rates that offer a better quality of life (and do not force people to choose water over other vital costs of living)
  - Conservation
  - Balance structural needs with resident pricing
  - Invest in a reasonable and responsible manner
  - Ensure equity and that people pay their fair share
  - Focus on duty of care
  - Create a plan that provides for a safe, clean, and dependable water system that meets current and future needs of Westminster
  - Build a strong foundation for the next generation and invest in infrastructure for the future
  - Help people who are hurting financially with their water bills
  - Prevent failure that could impact residents and businesses
  - Ensure water quality
  - Understand how much water Westminster has for complete build out

- **Next step:** The facilitator will capture these interests for Council’s ongoing reference during the remainder of these workshops.

## **WATER AND WASTEWATER INFRASTRUCTURE PRESENTATION**

Julie Koehler, Utilities Engineering Manager, presented an overview of water and wastewater infrastructure from a system perspective. The presentation was formatted to respond to the six questions identified by Council in the process proposal.

- **Infrastructure that is included in rates:** The process starts at the water source (which includes the City’s water supply portfolio, ditches, Stanley Lake, and downstream raw water reservoirs). The City has two water treatment plants and is planning a third to replace the aging Semper. From the water treatment plants, the water moves to potable water storage/tanks, which supply water to customers. The water moves through water pipelines to pumping stations, which deliver water from point A to B at a flow and pressure to meet customers’ needs. There are then wastewater pipelines that deliver wastewater to wastewater treatment plants. Sometimes, sewage must be pumped when it cannot flow by gravity. The City owns a plant that treats 75% of the wastewater, and the rest goes to the Metro Wastewater Reclamation District. After the wastewater is treated, some of the reclaimed water is used in irrigation systems.
- Public Works organizes the infrastructure into 15 different utility areas. There are four utility areas that make up 86% of the value of the utility. Water pipelines, the water supply portfolio, the raw water system, and sewer pipelines are the four largest utility areas. The 11 remaining areas make up 14% of all utility areas (reclaimed pipelines, meters, pumping stations, four different treatment facilities, water quality labs, and communication systems).
- **Question #1A: What infrastructure is included in water rates?** All water infrastructure (water supply portfolio, raw water piping, ditches, Stanley Lake, raw water reservoirs, water storage tanks, pipelines, pump stations, water treatment plants, reclaimed water treatment plant and reclaimed piping) are included in water rates. The wastewater infrastructure is not included (the lift station, sewer pipelines, wastewater treatment plants). However, the reclaimed water treatment plant and the reclaimed pipelines are included. The rates must support eight utility areas, including three of the largest by value.
- **Question #1B: What infrastructure is included in wastewater rates?** The sewer pipelines, and lift station are included in the wastewater rates. These rates support three utility areas, including one of the largest by value.
- **Question #2: What are the age, rate of decline, and history of repair/upgrade/replacement of water and wastewater?** In 2010, Utilities Engineering initiated long-term planning for capital improvement projects. Since 2010, Utilities Engineering has completed several cycles, improving the process each time and focusing on data collection, information sharing, discussion, and timing. Utilities Engineering is currently conducting long-term planning for the 2023-2024 cycle, which is a year-long effort. The theme this cycle is “Take Care of What We Own.”
- The asset database is at the core of long-term planning. It is a spreadsheet that has 2,600 lines of assets, which are defined as an item worth \$20,000 or more. Asset databases are like cars because it has a lot of parts and each part has a different replacement schedule. For every asset, the columns indicate the year the asset was installed, its original useful life based on industry standards, its stretched useful life because of excellent operations/maintenance within the utility, and the capital replacement year and stretch year. The \$20,000 concept is the threshold for what maintenance can likely absorb and if it costs more than \$20,000, it becomes a capital asset.

- The capital replacement value includes engineering, contractor costs, and repair/replacement costs, which are taken from industry standard sources or recent projects. There are columns that track criticality, vulnerability, and risk. These help to define priorities. Criticality is defined by the impact on public health and safety, impact to operations, the degree of environmental harm, and the cost of repair. Vulnerability is an indicator of age and how close the asset is to failure. Risk multiplies the criticality by the vulnerability. For each of these categories, the item is assigned points.
- The asset database allows Utilities Engineering to provide snapshots of information (e.g., “25% of assets are beyond the industry standard for a useful life”). When the City invests \$30 million a year into a \$4 billion utility, that is a 1% annual investment. That means that the infrastructure is being replaced at 100-year intervals; unfortunately, the only assets that can last for 100 years are some of the raw water infrastructure.
- Another way to view age/decline/repair is the utility condition index (UCI). This is calculated from the information in the asset database. It is a measure of depreciation, where the depreciated value is divided by the replacement value. It is a high-level way to determine how the infrastructure is doing. The UCI is not used as a direct method to identify projects or calculate rates. The UCI concept was borrowed from the Pavement Condition Index (PCI) used by the Streets division. The American Society of Civil Engineers (ASCE) uses a report card format with grades (A, B, C, D, F). ASCE considers eight criteria to assign their grade, including capacity, condition, funding, future need, operation and maintenance, public safety, resilience, and innovation.
- Building the graph shows the horizontal axis is the years from 2013 to 2020 and the vertical axis is the UCI percentage. A UCI of 100% indicates that the asset is new; a UCI of 10% indicates that it needs to be replaced. When the City invests more to repair/replace infrastructure, the graph line goes up.
- In 2013, the City’s water storage tanks were used up (the UCI was very low). Since then, the City has invested \$24 million in water storage tanks. Over time, the UCI has increased. The value of this utility is \$69 million, so that investment had a significant impact and will extend the tanks’ utility for approximately 40 years.
- In 2013, the UCI for the City’s water pipelines was 50%. Since then, the City has invested in water pipelines. However, this is a \$2 billion utility area, so the decline in the UCI has decreased from 48% to 45%. Some pipelines are from the 1960s and hit their end of life in 2020, so that caused a big decrease in their UCI
- In 2013, the UCI for the City’s lift stations was at 50%. The City invested heavily, and the UCI improved. The utility area of value is \$22 million, and the City has invested \$8 million since 2013.
- In 2013, the UCI for the wastewater pipe system was at 50%. In 2017, the sewer pipe hit the end of its useful life based on industry standards, so the UCI dropped to 35%. The \$55 million that the City invested in the Little Dry Creek Interceptor Sewer and Big Dry Creek Interceptor Sewer was and is spread out over 10 years. To significantly improve the UCI, the City needs to make a consistently large investment.

### **Clarifying Questions About Questions #1 and #2**

Council asked questions about the infrastructure included in water and wastewater rates.

Questions are indicated by italics, followed by the response in plain text.

*Does the water supply portfolio include the water rates, and is that part of the \$4 billion asset?*

Yes, water rates are included in the water supply portfolio. We generally value them at \$1 billion, which is separate from the \$4 billion infrastructure.

*Is the asset database available to the public?*

The public can view snapshots like were shown in the PowerPoint.

*Why was 35% chosen as the UCI threshold?*

Referencing the car analogy again, as a car gets to the end of its useful life, larger parts start to break down and become more costly to repair than to replace. Similarly, with utility assets, there are often repeat breaks of the same piece, which increases the maintenance cost and time commitment. By recognizing items that are at 35%, it allows them to get in the cue; waiting longer might interrupt service more severely.

*How has the City paid for the replacement of water storage units?*

This question would better be answered by Chris Gray. In a general sense, the City has used ratepayer fees and issued debt to pay for them.

*How many pumping stations and water storage tanks does the City have?*

The City has nine major potable water pumping stations, and 10 large water storage tanks. The City has four raw water pump stations. The City has replaced/built four water tanks in the past several years.

*Given the focus on collecting and maintaining reliable data on the City's assets, why is Utilities Engineering just now raising the dire need for investment in replacing critical infrastructure?*

Since 2010 Utilities Engineering has started the Long-Term Planning Process with the Asset Database as its core. Previous leaders in Utilities Engineering did the best they could with the information and resources they had available. Utilities Engineering uses the data to put the highest priorities forward for Council consideration.

Since the 1970s, every organization in the City has had this issue where several things may occur: information collection/dissemination is improved, infrastructure ages out, or economic downturns occur and/or policy decisions are made to not increase revenue. This is a 40-year-old city that grew rapidly, and most of the infrastructure was paid for in the 1980s through water taps (tap fees).

There are two concepts that help answer this question: 1) The asset database is based on age and condition, and many of the more expensive assets are hitting the end of their useful life. They were not neglected earlier. 2) If all the major capital investments from the past 10 years get added up, the City has invested an average of \$33 million per year into water and wastewater, which is less than a 1% reinvestment into the \$4 billion asset per year.

***NOTE: At this time, the workshop was adjourned to allow Council to go into Executive Session. Council will resume the infrastructure presentation and discussion at the October 20 workshop.***