

**Westminster City Council
Water Rates Workshop
December 15, 2020
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: Christine Gray.

Additional staff and members of the public observed the meeting.

SETTING THE STAGE

Max Kirschbaum (City of Westminster-Director of Public Works and Utilities) presented a general overview of the meeting's agenda. Christine Gray, (City of Westminster-Business Operations Coordinator) reviewed Introduction slides as a reminder of the overall schedule and process.

- To date, Council has shared their interests, heard presentations about water and wastewater infrastructure, learned about the new meters, and heard about the Water Fund expenses and the water rate revenues. They have also discussed community engagement options and decided to put that effort on hold.
- At tonight's meeting, Staff will:
 - Complete the discussion of water costs, revenues and reserve accounts
 - Begin and complete the discussion of sewer costs, revenues and reserve accounts
 - Briefly discuss the agenda for the January 28, 2021 meeting, at which City Council will discuss options and ideas for the 2022 water/sewer rate setting process.
- The meetings are designed to address questions from Council and concerns from community members. Themes from comments include concerns about rates (tier 3 rates in particular), billing periods, Public Works and Utilities (PWU) finances, the number of taps and how they impact growth, impacts of summer weather on usage/rates, affordability of water rates.
- Since the last meeting, community members have been submitting comments and questions via the City website. Comments include a preference for regular billing cycles, a preference for billing based on actual gallon usage, and a request to make the customer portal accessible for customers without smartphones/computers. There have also been comments that share a concern about the asset management database system, some requests to complete the rates discussion and outreach before the next irrigation season, an appreciation for the information provided in the workshop presentations, and one offer to volunteer on an advisory group. Community questions have been answered along the way.
- At the first meeting, City Council members shared their underlying interests, and this will be a touchstone throughout the process.
- The goal is to go through the presentation slides and address clarifying questions. Council should think about their takeaways and be ready to share what they have learned.

WATER RATES PRESENTATION, CONTINUED FROM 11/5/20 – REVENUES AND RESERVES

Christine Gray, City of Westminster, presented details about water rates, and she picked up the presentation where she left off on 11/5/20, at Slide #67, starting with a discussion about Water Fund Revenues-Tap Fees. The entire presentation was provided to City Council in the packet in case there were questions about previous slides.

Her presentation is summarized below.

- **What are Tap Fees?** Staff had discussions about tap fees with City Council on 11/16/20 and 12/7/20 while discussing the 2021 automatic tap fee increases. Tap fees are one-time fees that developers pay to buy into the City's utility system. They're based on the value of the City's utility infrastructure and water resources, and are charged to help ensure that current customers don't pay for system changes needed for development projects.
- **Tap Fee Revenues** over the years 2009-2019 have ranged, as they are also variable, based on the development environment.
- The Water Fund **Debt Proceeds** slide shows the revenue from debt over the years 2009-2019. This slide shows actual revenues from all three revenue types for the same time period.
- **What Blue Sky thinking has staff done about ways to increase/diversify revenues in the short and long term with respect to producing clean water?** There are limited options, as we are always considering our Enterprise status. Therefore, we have considered rates, tap fees and debt. We will use Urban Renewal Area (URA) funds when/if they are available, just as we're doing with the N. Huron wastewater project. We've included clearer language in our City Standards that references the role that developers play in cost-sharing for off-site development impacts and payment. While those are both for the Sewer Fund, we're showing innovative options we may be able to use in the future. We also maintain that the six integrated policies that City Council adopted for 2019 and 2020 will increase and diversify revenues. One of the six policies is to gradually increase the fixed revenue component from currently approximately 13% of the water fund revenues, to 20% by 2026. Because the water rates and water tap fees are variable due to weather and the development environment, a greater amount of fixed revenues provides more financial stability to the utility.
- **What Blue Sky ideas were generated and discarded?** Staff has been asked to consider using the General Fund to offset rate revenue needs. This idea has been discarded, as the General Fund has its own set of existing funding challenges. We have not taxed a city income source out of concern for maintaining our Enterprise status. We have not moved part of the rate burden to non-residential customers as that would increase the costs for those customers out of proportion to their system impact. The six integrated policies are also intended to gradually correct an imbalance between the residential and non-residential customers. The 2018 Cost of Service Study found that our residential customers are not paying what they should to recover the costs of the services provided to them, and that our non-residential customers are paying more than they should for the services they receive. The six integrated policies adopted and implemented in 2019/2020 rates were intended to gradually bring these rates into realignment by 2026.
- **What are the Water Fund Reserves? How many are there?** These accounts were adopted by City Council in 2006 as part of some overall Cost of Service actions. There are four reserve accounts: two Rate Stabilization Reserve accounts (RSR), one each for water/sewer, and two Capital Project Reserve accounts (CPR), one each for water/sewer.
- **There are 3 tests that staff uses to identify how much funding, if any, should go into each of the reserve accounts:**
 - Test 1: did revenues exceed expenses? If yes, move to Test 2.
 - Test 2: Can we fund the maximum RSR amount? If yes, we do that. If there are funds remaining, we move to Test 3.
 - Test 3a: Did we exceed the maximum amount of the CPR? If yes, we reduce rates and/or increase CIP spending. We have never reached the maximum amount, and the calculations shown on the next page will demonstrate how we arrive at the amounts.
 - Test 3b: Did tap fee revenues exceed the budget? If yes, these funds go to the CPR.

- **The RSR is the first reserve amount to be calculated.** This reserve is used to cover revenue shortfalls in years when revenues do not meet the budgeted amount, but expenses were still incurred to produce water to our customers. The target balance is 25% of the budgeted revenues. The maximum is 140% of that target, the minimum is 70% of that target. Using 2020 budget amounts, each of the amounts is as follows:
Water Fund Target balance: \$13.5 million
 - Minimum amount, 70% of target: \$9.4 million
 - Maximum amount, 140% of target: \$18.8 million
 - Projected 2020 year-end balance: \$16.9 million, 125% of target.
- **The RSR has been used twice** to cover revenue shortfalls. Staff provided a transaction list and year-end balance sheet for the Water RSR fund.
- **The CPR is the second reserve amount to be calculated.** This fund is used to pay for timely CIP projects, emergencies or unexpected projects. There is no target balance. The minimum Water CPR balance is \$3 million and the maximum amount is 40% of the total 5-year CIP amount. We have never reached the maximum amount. Using the 2019-2023 5-year CIP:
 - Minimum amount: \$3 million
 - Maximum amount: 40% of \$282 million = \$113 million.
 - Projected 2020 year-end balance: \$32.5 million. This will be the highest CPR balance since the accounts were adopted.
- **The CPR has been used a few times in the past** for water rights and water rights case expenses. Staff has been considering a review of the reserve funds. They were adopted in 2006, adjusted in 2011, and Staff believes it is time to review the policies.
- **Customer questions:** there are a handful of questions that were asked on the 2022 rates website that have not yet been answered. These include:
 - What is the City Manager’s salary? This was verbally answered by Staff in the meeting.
 - How is the IT Department linked to the Utility Fund? This was verbally answered by Staff in the meeting.
 - Separate slides were created to answer four specific questions:
 - **What was the 2019 actual v. budget revenue?** What is the 2020 projection? The separate revenue categories were listed, along with the 2019 budget, 2019 actual and 2020 budgeted revenues. Staff believes that the Water Fund will meet the overall 2020 budget.
 - **Why are current customers bearing the brunt of paying for all of these current and future projects?** Customers pay for the costs of providing them water service, now and into the future. We use debt for some projects, as it provides Generational Equity. This term means that customers now and future customers will pay for projects that benefit them all.
 - **What other sections of the Charter reference Rates?** Section 14.4 says that there shall be no discrimination of rates within any user classification, and there shall not be free service.
 - **Does the Utility have \$100 million in the bank?** Page 26 of the 2019 Comprehensive Annual Financial Report lists out approximately \$103 million of funds that include the following:
 - \$48 million for ongoing and approved CIP projects
 - \$17.7 million for the RSR
 - \$21.5 million for the CPR
 - \$6.2 million for outstanding operating expense bills
 - \$9.6 million for a transfer to the CPR

- **Staff provided a list of the items that City Council can control or influence.** These have been referred to as the ‘levers’ that can be pulled, and have been represented by a gold star when they’re discussed in the presentations. Staff will discuss these with City Council at the January 28th meeting.

Council Questions, Takeaways, and Ideas about Water Revenues/Water Reserve

accounts. Councilmembers asked questions about the revenues and reserves portion of the presentation. Questions are indicated in italics, followed by the response in plain text.

1. *Questions about how and if to use the General Fund for Utility Fund work, what are the reasons why/why not to use, what flexibility is there to use the General Fund and are there viable options, understanding that the General Fund has its own challenges?* Staff will discuss this topic with City Council at the January 28th meeting.
2. *Do we feel our reserve maximums are correct? What sets the maximum for reserves, what is appropriate for a Utility valued at \$4 billion. What reserve levels do we need, can we take closer look?* Staff walked through the calculations and background of how the reserves are set, along with the specific dollar amounts for each reserve and each fund. Staff has also been discussing a review of the Utility Financial policy reserves and will return to City Council to discuss.
3. *Customer question: What is the City Manager’s salary and why is the City Manager’s salary not listed in a previously listed salary table?* Staff verbally responded. Contract employee salaries are not listed in the Employee Pay Plan. The City Manager’s gross salary per the 2019 approved contract for 2020 is \$304,000. This will remain the same in 2021.
4. *Is there any correlation between the City Manager’s salary and the water rates, do water rates pay for the City Manager’s salary? No. Do water rates pay for the City’s three appointed officials?* No.
5. *Tap fees - How do we determine the water resources cost component of the water tap fee?* This component is based on recent water rights transactions that Staff is aware have occurred, and that took place in the same basin from which the City’s water originates (Clear Creek Basin). These specific sales provide a basis for increasing that tap fee component.
6. *Is it timely to look at the cost of water rights to increase the water resources component?* Yes, Staff can review any recent sales and when we find basis, we will return to City Council to increase the water resources component.
7. *What is the 5-year cost increase (of water rights) in our region and outside of our region, recognizing that they are not the same.* Staff will review and return to City Council with the information at a future date.
8. *As fixed fees increase, and as we transition to a larger fixed revenue, can we reduce RSR maximums?* Yes, staff can review this as a part of an overall review of the Utility Fund Reserve policies.
9. *Can we use CPR for demand management programs to help reduce water demand, which will impact the size of a capital infrastructure project?* Yes, the CPR can be used to fund this type of program.
10. *Is there capacity within the other URAs to fund Utility projects.* At this time, the N. Huron URA is the only URA that has funds available.
11. *Have any downtown URA funds been used to offset any utility projects?* No Downtown URA funds have been used for downtown utility work. The water and wastewater infrastructure for the downtown development was funded with proceeds from Certificates of Participation (COPs).
12. *What is the differential between residential and commercial rate payers in other communities? Are we on the high end? The low end?* Staff will review and provide information to City Council at a future date.

13. *The 2020 commercial rate is \$7.78/kgal, and the 2020 calculated cost \$7.92/kgal. Is there any room to change that? Some community members think that commercial customers are getting an easier ride than residential customers.* The 2020 commercial rate was based on how that category of customers uses our utility system. Also, the commercial rates charged by other utilities are based on their internal financial policies and needs. They may not represent an 'apples to apples' comparison. A reminder that the 2018 Cost of Service Study identified a need for the City to rebalance the rates for residential and non-residential customers, based on how each of these customer classes uses the utility.
14. *It is essential that City Council talks about all of the tradeoffs for all of the levers/stars.* The stars/levers are technically all things that City Council can do, and we will discuss those items, how they could be used and the impacts at the January 28 meeting.
15. *Staff stated that the Water CPR balance has never come close to the maximum amount. What's the highest CPR balance we've had?* The highest Water CPR balance is projected to be the year-end 2020 amount of approximately \$32.5 million. The maximum amount of the Water CPR fund, based on 40% of the value of the 2019-2023 CIP program, is \$113 million. The highest Sewer CPR balance is projected to be the year-end 2020 amount of approximately \$13.2 million. The maximum amount of the Sewer CPR fund, based on 40% of the value of the 2019-2023 CIP program, is \$27 million.

SEWER RATES PRESENTATION – EXPENSES, REVENUES AND RESERVES

A reminder that Staff has used the words 'wastewater' and 'sewer' interchangeably throughout the presentations.

This presentation was much shorter than the Water Fund presentation, as much of the fundamental information was provided as part of the Water Fund presentations.

- **Your Sewer Fund questions were identical to those about the Water Fund:**
 - **How are sewer costs calculated? What is included in those costs that is associated with charter and funding mandates? If sewer infrastructure/repairs/replacements are included, please separate them.** As with the Water Fund, sewer costs = operating expenses + debt service payments + CIP projects + financial policy commitments. Staff assumes that these are all included in charter and funding mandates.
 - **Are sewer rates the same as sewer costs to treat wastewater? If not, what are the additional elements that drive or determine sewer rates? What, if any sewer infrastructure upgrades/repairs/replacements are included?** Rates = current and future operating, CIP, debt service and financial policy commitments.
 - **Is there a difference between basic maintenance repairs and capital repairs for sewer infrastructure? Where's the line between O&M and capital? What determines that line?** Basic maintenance items cost less than \$20,000 each. Julie Koehler and the engineering team track any water/wastewater infrastructure item that is valued at more than \$20,000.
 - **Which of the elements that determine sewer costs and sewer rates are relatively constant, which are more variable and why?** Debt service and operating budget costs are relatively constant. As with the Water Fund, CIP costs can be both, depending the condition of the infrastructure and whether the project is required due to regulations or a contract.
 - **Which of these elements can the City control or influence?** Which elements are out of the City's control and why? As with the Water presentation, items where there is some control or influence are indicated with a gold star. Staff is keeping track of them for discussion with City Council on 1/28/21.

- **Sewer rates are calculated the same way as Water rates.** Staff reviews the revenues from current rates, reviews the projected expenses, calculates projected rate increases and the bill impacts, reviews the expenses again, and provides recommendations.
- **The Sewer Fund refers to** the waste water that leaves a home or business, travels the collection system to the treatment facility and is then discharged to the creek.
- As with the Water Fund, **there are three main categories to the Sewer Fund:** Expenses, Revenues and Reserve accounts.
- **In the 2021 budget, all sewer costs/expenses total \$31,724,015.**
- **Operating Expenses account for \$13,530,263** of that amount, which includes: salaries and associated personnel costs (approx. \$3.6 million); contracts (\$5.8 million, the majority of which is the City's Metro treatment contract); products needed to do work (\$700,000); transfer payments to the General Fund/Property-Liability Self Insurance Fund, Water Fund, Payment in Lieu of Sales Tax and any planned transfers to the CPR (\$3.3 million); and small dollar value assets (\$65,000).
- The proposed **2021 Sewer CIP** is \$13,666,000, and includes six projects, plus the Sewer Fund's vehicle replacements.
- **The Sewer Fund existing debt service schedule for 2020-2040** was provided, and the annual payments are in the \$4 million to \$4.5 million range until 2025, after which they're \$3.5 million through 2036. The schedule drops to approx. \$1.7 million from 2037 through 2039, then down to approximately \$683,000 in 2040. Our Finance team structures our debt so that the overall payments are more even, which is important when setting rates.
- **This debt service represents the principal and interest payments on \$71,073,107 of outstanding debt that was issued from 2005 through 2020.** There were a series of debt issuances to fund large scale projects such as the Big Dry Creek Wastewater Treatment Facility Expansion, the Biosolids Dewatering project, the Historic Westminster Sewer Pipeline and the BDCIS Construction project.
- **As with the Water Fund, Charter sections 14.6 and 11.1(c)** speak to the inclusion of all expenses in setting rates, and that utility fees must pay for the bonds issued for projects.
- **A debt service coverage analogy was provided,** using both a very simple example and then based on the 2019 financials.
- **As with the Water Fund, the costs of borrowing for a Utility are based on a number of variables, including the Utility's credit score.** The better a Utility's credit rating, the easier and less expensive to borrow money. Westminster's current credit ratings are AA+ from Fitch, and AAA from Standard & Poors.
- **What Blue Sky thinking has staff done about ways to reduce costs in the short and long term with respect to treating wastewater?** As with the Water Fund, staff is always reviewing the budget for ways to save and be financially efficient. The list of +140 cost saving/sustainable items was referenced (and attached to the 11/5/20 and 12/15/20 staff reports) and a handful of items were shown as examples. Staff also completes a robust CIP planning effort to ensure that short and long term O&M costs are identified and short- and long-term O&M costs are minimized as much as possible. Staff will also refinance debt when that is an option.
- **What ideas for cost reductions have been generated and discarded?** Staff has discarded the concept of consolidating wastewater treatment with another entity, or sending all wastewater to the Metro facility. Both of those options are cost prohibitive and remove control from the City. As with the Water Fund, we have discarded the concept of reducing treatment, as we are required to meet regulations. And as with the Water Fund, we have also discarded the concept of entering a P3 (public-private partnership) contract for part/all utility operations. P3 is a useful tool for utilities struggling to issue debt or utilities that are facing State order to get operations under control. A P3 is a way for a private entity to come in and negotiate a contract and operate the system. The City discarded this idea because the private component means there would be a profit margin. Sewer use is based on a set amount of water use, so there is no

incentive to drive up the use of the commodity. Staff was concerned that to get profit, the P3 would not reinvest in the system to generate savings, and therefore a profit, which would impact the quality of wastewater treatment and the condition of the system when it was returned by the private entity. If the City chose to do P3, it would remove the public influence/input, City Council would likely not be having these types of conversations with residents or staff.

- **Similar to the Water Fund, the Sewer Fund has three primary revenue sources** – rates, tap fees and debt funds. There are some minor miscellaneous funds. The use of debt provides the Generational Equity whereby all customers, current and future, pay for the benefit they receive from the system.
- **Sewer Use is Metered and Billed** by proxy. We do not meter sewer flows. Since the majority of winter time water use is indoor use and goes back down the drain, we use the average of our customers' December, January and February water use as a representation of their annual indoor (and therefore sewer) use. This average is called the Average Winter Consumption (AWC) and is recalculated every April to reflect the most recent information.
- **Sewer rates** are differentiated between residential customers and all others. Residential customers pay \$7.84/kgal, and all other in-City customers pay \$8.15/kgal. There is a 2 kgal minimum charge. There is a separate Sewer Charge line item on a customer's utility bill.
- **Are Sewer rates the same as the City's costs to treat wastewater?** As with the Water Fund, rates include current and future operating, debt service payment, CIP Costs and financial commitments.
- **The 2000-2020 Sewer Rate Increase History** was shown as a chart, along with a chart showing all Sewer rate revenues from residential and all other customers, from 2009-2019.
- **The slide of the six integrated policies adopted as part of the 2019/2020 process was shown.** City Council adopted these six policies as part of the 2019/2020 rate setting process, with the understanding that Staff would recommend the continuation of these policies each budget cycle, and gradually phase them in over 8 years. These were identified during the 2018 Cost of Service Study and included the following actions:
 1. Align residential and commercial to cost of service. Residential customer rates were not meeting the cost of providing water and wastewater services. Non-residential customer rates were paying more than the cost to serve them. Staff recommended that they charge each customer type fairly.
 2. Broaden tier 1 water use from 4,000 gallons to 6,000 gallons (50% expansion of the water in the tier). This was done to ensure customers had access to more water at the tier 1 rate.
 3. Simplify commercial water use tiers and implement a policy that if customers use more water than they bought access to use, they would have to pay a surcharge.
 4. Enhance fixed water revenues. The meter service charge is fixed based on meter size, so the fee goes toward the fixed maintenance costs, such as the billing system, the billing staff, and meter costs. Increase the percentage of overall fixed revenues from the meter service fee from 13% of overall revenues to 20%, using a phased-in approach, this provides increased financial stability.
 5. Maintain a single sewer rate. Wastewater either goes to Big Dry Water Treatment facility or the regional Metro plant. There are different costs associated with each facility, and staff asked that the City maintain a single sewer rate to make it consistent for customers.
 6. Institute a 2,000-gallon monthly minimum 'readiness to serve' sewer charge.
- **The City sells Sewer Tap Fees**, the one-time fee that developers pay to buy into the City's utility system.

- **A slide showed the historic sewer rates and sewer tap fee revenues from 2009-2019, and another slide showed all three revenue types (rates, tap fees and debt) for the Sewer Fund for the years 2009-2019.**
- **What Blue Sky thinking has staff done about ways to increase or diversify revenues in the short and long term with respect to treating wastewater?** Staff is using available Urban Renewal Area funds for the N. Huron wastewater project. City Staff has also clarified language in the City standards to provide the development community with clarity about their role in paying for offsite improvements to the utility system. An example of this is the \$350,000 that a developer contributed to the St. Mark's Village affordable housing development. Finally, the six integrated policies provide for more stable wastewater revenues.
- **What ideas did you generate and discard for revenue increase/diversification?** As with the Water Fund, Staff has not considered the use of General Fund monies for the Sewer Fund, as the General Fund has its own existing funding challenges. Staff has not considered taxing a city income source out of concern about the losing the Enterprise status. Staff has also not considered moving part of the sewer rate burden to non-residential customers as that would increase the costs for those customers out of proportion to their system impact. The six integrated policies are also intended to gradually correct an imbalance between the residential and non-residential customers. The 2018 Cost of Service Study found that our residential customers are not paying what they should to recover the costs of the services provided to them, and that our non-residential customers are paying more than they should for the services they receive. The six integrated policies adopted and implemented in 2019/2020 rates were intended to gradually bring these rates into realignment by 2026.
- **The Sewer Fund has the same types of Reserve accounts as the Water Fund, but with different calculation amounts and minimum/maximum balances.** These accounts were adopted by City Council in 2006 as part of some overall Cost of Service actions. There are four reserve accounts: two Rate Stabilization Reserve accounts (RSR), one each for water/sewer, and two Capital Project Reserve accounts (CPR), one each for water/sewer.
- **The Sewer Fund's RSR has a target balance of 10% of the budgeted revenues (different from the Water Fund's target balance of 25%). The maximum is 140% of that target, the minimum is 70% of that target. Using 2020 budget amounts, each of the amounts is as follows:**
 Sewer Fund Target balance: \$2.3 million
 - Minimum amount, 70% of target: \$1.6 million
 - Maximum amount, 140% of target: \$3.2 million
 - Projected 2020 year-end balance: \$2.9 million, 126% of target.
- The RSR has been used once in 2009 to cover a revenue shortfall. Staff provided a transaction list and year-end balance sheet for the Sewer RSR fund.
- **The Sewer Fund's CPR minimum balance is \$2 million,** as compared to the Water Fund CPR minimum of \$3 million. Using the 2019-2023 5-year CIP:
 - Minimum amount: \$2 million
 - Maximum amount: 40% of \$282 million = \$27 million. We have never reached this balance.
 - Projected 2020 year-end balance: \$13.2 million. This will be the highest CPR balance since the accounts were adopted.
- **The Sewer Fund's CPR has been used three times:** twice for CIP projects and once for a biosolids land purchase. As with the Water Fund, Staff has been considered a review of the reserve funds. They were adopted in 2006, adjusted in 2011, and staff believes it is time to review the policies.
- **Why are current customers bearing the brunt of paying for all of these current and future projects?** As with the Water Fund, customers pay for the costs of providing them sewer service, now and into the future. We use debt for some projects, as it provides Generational Equity. This

term means that customers now and future customers will pay for projects that benefit them all.

- **Staff provided a list of the items that City Council can control or influence.** These have been referred to as the 'levers' that can be pulled, and have been represented by a gold star when they're discussed in the presentations.

COUNCIL QUESTIONS, TAKEAWAYS AND IDEAS ABOUT SEWER COSTS, REVENUES AND RESERVE ACCOUNTS. Councilmembers asked questions about the revenues portion of the presentation. Questions are indicated in italics, followed by the response in plain text.

1. *A comment was made about the fact that the City has not pursued some water rights in the past due to poor water quality and/or the costs to bring different water rights into our portfolio and our system.* Staff always evaluates whether it is beneficial to purchase water rights for our portfolio.
 - *Why do we need the current WW RSR balance if sewer revenues are more predictable? Can we adjust, it doesn't seem to be as variable and perhaps not needed?* Staff is preparing to review the current Utility Fund Reserve policies and will return to City Council at a future date to discuss any adjustments or amendments.

Final Staff comments:

- Thank you to City Council for probing questions.
- Staff has used data and professional expertise to provide City Council with the minimally responsible utility work plan to keep the utility in continuous operation. These recommendations have also respected the City's brand for high quality drinking water and environmentally sound wastewater practices.
- City Council can move levers. Staff has presented City Council with our best recommendations for a minimally responsible program. We have not presented recommendations to fund a 'Cadillac' or 'new Chevy' type of utility system, but to fund what we need.
- We want to be clear with the public, as there may be some confusion or thoughts that based on all of these levers, rates should be lower today. Rates are what they are today because we recommended them to catch up the utility's condition and move it to the 21st century.
- The purpose of rate increases is focused toward incrementally improving our ability to take care of what we own. We have an aging system, and recent recommendations reflect that philosophy, based on long term, data driven planning.