

CITIZENS' WATER ADVISORY COMMITTEE (CWAC) MINUTES  
February 9, 2021, 6:00 p.m.  
Webex

Members Present: Janet Marlow (Chair), Angie Binder (Vice-Chair), Tom Coker, Richard Eason, David Patterson, William Gondrez, Mike Spatter, Brandy DeLange

Absent: None

Staff Present: Marshall Brown, Greg Baker, Jo Ann Giddings, Rory Franklin, James DeHerrera, Lauren Nance, Alex Davis, Fernando Aranda, Sandy Moore

Visitors Present: City Council Member Crystal Murillo

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The meeting was called to order at 6:00 p.m.

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### **1. Approval of Minutes – January 12, 2021**

The January 12, 2021 minutes were approved.

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### **2. Introductions/Public Invited to be Heard**

J. Marlow introduced City Council Member Crystal Murillo who is the Chair of the Water Policy Committee and ex-officio of the CWAC committee.

C. Murillo stated, she is a new member of the Water Policy Committee and offered her services to the CWAC Committee. She is passionate about the sustainability of natural resources. She represents Ward I, the North-West part of Aurora where there are unique challenges within her district. She looks forward to learning more about the issues and guiding the Water Policy Committee.

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### **3. New/Old Business**

T. Coker stated, a friend of his had been impressed with the updates to the Aurora Water billing system and the whole operations. He was also impressed with a customer service representative that he had spoken with in the billing office.

G. Baker stated, he appreciated the positive feedback and the improvements in the online bill payment had been a long time coming. He also stated that there was a new phone app available as well.

D. Patterson stated how convenient it is to have online retrieval of the history of the account.

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#### **4. Communications Update**

G. Baker stated, Aurora Water is waiting on the State Engineers report concerning our pilot release with Homestake Reservoir from last September. The expectation is to have the report within three weeks.

G. Baker stated Aurora Water is still waiting on a decision memo for a permit from the United States Forest Service (USFS) for geo-tech exploration work in Homestake Valley. He had hoped to receive something before Christmas and although there is no set timeframe, the memo is expected soon. Regional media has not been positive about the project thus far.

G. Baker stated there had been many reports concerning drought in the media and they have done a great job covering information regarding drought. He also stated that he is a Co-Chair along with a member from Denver Water on the Drought Response Team for the Metro Wide Coordination Group. The group which includes twenty-two (22) utilities, met last week.

J. Marlow stated she had attended a drought presentation from the Colorado Water Congress, which was extremely insightful.

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#### **5. 4th Quarter Financial Update**

J. Giddings presented a preliminary report of the fourth quarter of 2020 to the committee and staff. She summarized that revenues were up due to customer growth, a very dry spring and summer in 2020, and the four percent sewer rate increase approved in 2020. Expenses, excluding debt services, were under due to lower than anticipated expenses in supplies and services. The debt service was also lower due to a prepayment made in 2019.

J. Campbell asked, how are the reserve amounts determined, and are there annual or monthly payments under the service? J. Giddings replied, there are usually two payments on the bonds. One is usually in January with a principle and interest payment and August is generally an interest payment.

J. Campbell asked how the amount was calculated for the 90 days of operating costs, and was the 0.5 percent of capital assets used as a baseline? J. Giddings replied it is based on research, what the rating agencies are looking for, and what other utilities have done. In comparison, our system is fairly new. Older utilities usually have a higher percentage in capital.

J. Campbell asked if 25 percent of the operating reserve was from the adopted operating budget excluding the debt? J. Giddings replied, yes.

J. Campbell stated the numbers did not add up when looking at the overall operating expenses of the water utility, and asked what part of the annual operating budget goes into the calculation? J.

Giddings stated, we do not necessarily know what our final budget will be. The amount is based on the previous year's budget.

J. Campbell asked if the salaries and operating expenses are dispersed over the course of the year? J. Giddings replied, yes, that is correct but does not include any capital or debt services. J. Campbell replied thank you, it makes perfect sense.

A. Binder asked how much funding was provided by CARES for equipment, and how much did the utility department receive in funding? Did the Water Department use any funds for potential shut-offs? J. Giddings stated most of the funds were used to allow employees to work remotely during the pandemic but was unsure of the specific amount provided under CARES. Aurora Cares received \$500 thousand from the general fund to aid customers with paying their bills and a moratorium was in place for shut-offs from March to November of 2020. M. Brown stated the approximate amount of funds used to assist with working remotely was \$50 thousand. The majority of the \$500 thousand provided by the general fund was used for the customer assistance program.

B. DeLange asked if the city will receive some of the new stimulus funding of \$638 million provided by the Federal Government for water and wastewater utility assistance? J. Giddings stated yes, we would. The Health and Humans Services Agency will distribute the funding, and they are working on the regulations and guidance procedures. The City is also receiving other funds to assist with utilities and rent.

J. Campbell stated he has been involved with CWAC for almost five years. He has reviewed the reports, and it is incredible how Aurora Water manages the budgeting, capital, and storm and wastewater transmission lines. There is a large increase in global cash at the end of the year in December. It does not seem to correlate to the revenue versus the expenses. The report mentions writing off capital encumbrances that will not be managed and executed in the next fiscal year and asked if this was correct. J. Giddings replied yes, it could also be completed projects that have not used all the funds encumbered. The encumbered funds are released, causing a spike in the report. J. Campbell asked is there a big decrease in January? J. Giddings replied, yes, that is correct, and we will see some of that in the first quarter.

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## **6. Service Line Warranties Follow - Up Discussion**

M. Brown stated, we have historically taken the position that the customers are free to use whichever company they choose to warranty the stretches of water lines that are not supported by the City because typically, homeowner's insurance does not provide a rider for this type of service. However, if the City were to partner with one of the warranty companies, an agreement would be drafted which would involve exclusive advertising within the service area and allow for a larger discount to customers if they sign-up. Previously, we have made recommendations to the Water Policy Committee to leave the market open for the customer to choose. However, there will be a staff presentation to the Water Policy Committee for recommendations on whether to collaborate with a service line warranty provider. HomeServe USA will be available at the Water Policy Committee meeting to answer questions directly.

R. Eason stated, there is always a risk when a governmental entity endorses one private entity over another. However, he did see a significant financial benefit for the customer. M. Brown stated, there is a significant discount, between 20 to 40 percent, to the customer if the City partnered with or endorsed a warrant provider.

B. DeLange asked, is there a buy-in for the customer, and if so, how much is it? M. Brown stated, no, there is not a buy-in for the customer. The City contract would not require any commitment of funds from the utility or the City. The source of revenue would be from the customer participating in the program. Depending on how many people sign up, there would be a certain amount of funds returning to the utility to commit to the Aurora Cares program.

R. Eason asked if anyone had a chance to receive feedback from other cities of comparable size, and age that are participating in this program? G. Baker replied, he had not found an equivalent utility based on size, age, and infrastructure but had spoken to Public Information Officer's (PIO's) in Houston, Louisville, and Phoenix, who all had partnerships with HomeServe USA. They all stated that HomeServe USA was easy to work with, the work had been done appropriately, and worked well with the utilities on marketing. M. Brown stated, the customers that use the warranty service seem to be happy with the assistance provided and the cost minimization.

R. Eason stated, the tipping factor for him, if we move forward with this, was the lack of exclusivity, and it does not preclude the homeowner from using another provider. M. Brown replied that is correct, it would function as somewhat of an endorsement and would want to market the materials appropriately.

D. Patterson asked, if a city endorsed company acquired a certain number of subscribers, would there be an added discount and what is the best deal we could get? All the companies seem to prefer negotiating the prices upfront, making assumptions on the number of customers that would sign up for the service. The variable part of the returns is based on how much the company would give back to the Aurora Cares program. G. Baker stated the pricing with HomeServe USA is approximately \$5.00 dollars per month for the water line and \$7.00 monthly for the sewer line. America Water is slightly more costly to warranty both the water line and wastewater line. Both companies use direct mail for their advertising. M. Brown stated, we could review the qualifications, reputation, and customer service associated with each company and request proposals, allowing any entity to submit proposals.

J. Campbell asked if the exclusive advertising would be included on the water website and in mailers and flyers? M. Brown stated yes, they would like to use our water website, direct mailings, flyers and have access to our list of customers. However, Aurora Water would only allow access to the website and offer an endorsement.

J. Campbell asked, what if any, obligation would be in place with Aurora Water to ensure customer service records are maintained? M. Brown stated, there are performance measures that we can include in the contract. One of the concerns previously, has been the inability to control the level of customer service, ensuring they meet our own standards.

R. Eason asked if Aurora Water would monitor the quality of service? M. Brown stated no, we would not monitor the contractor. The responsibility would be upon the service provider and any possible sub-contractors.

R. Eason asked if a service line replacement requires a permit, and if so, would there be quality controls from the permits? M. Brown replied, there is some quality control, but it is minimal. A permit is required to perform the work and requires that basic standards are met.

T. Coker asked if there is a rush to do this? M. Brown stated no, customers still have access through the open market to different entities.

T. Coker asked if the issues would be better addressed through the insurance companies? Are there any concerns of liability issues due to the City endorsing any one provider? M. Brown replied, we are not aware of any participating cities incurring a liability associated with these policies. The companies offer a service policy of the private service line and sewer line laterals. Homeowners insurance does not commonly provide a rider for this type of issue but can supply flood insurance to property if damages were incurred as a result of a broken service line or a sewer back up. T. Coker replied, he is a believer of the free market enterprise, and he would prefer the free market to produce its own reconciliation. M. Brown stated, these types of service policies have been available for at least 20 years because the larger insurance companies have chosen to not cover this issue.

C. Murillo stated, she is open to exploring the concept and the cost savings. She also asked if there is any guarantee on the 20 to 40 percent, do we have to meet a threshold of customers, and how is that built into the contract? M. Brown stated, when the contract is negotiated, the companies should be willing to commit to pricing. They do however, make assumptions for the length of the contract which is usually five years.

C. Murillo stated, she had been contacted by some of her constituents because they were unaware of the private responsibility of breaking through the new cement to reach the broken pipe. M. Brown stated, the service policies will cover the cost until the ceiling point is reached. He would have further discussions with HomeServe to obtain more information regarding all questions from tonight's meeting and include those in the presentation to the Water Policy Committee.

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## **7. Quincy Reservoir Comprehensive Analysis Presentation**

James DeHerrera presented information on the degrading water quality at Quincy Reservoir and the comprehensive analysis that took place to evaluate possible options for the future status of the reservoir. When the study was completed, short, mid, and long-term solutions were discussed. Short-term solutions included hydrogen peroxide treatments and an alum treatment which have already been administered and met their intended goal. The remainder of the presentation was focused on more long-term solutions including a possible hydroponic system, littoral zone restoration, and improving the existing aeration system which will begin in 2021.

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## 8. Water Drought Response

L. Nance provided details and information of the current drought conditions in Colorado that may impact Aurora Water's raw water collection. Drought could lead to reductions in Aurora Water's storage supplies and could cause water supply shortages to Aurora Water customers. To prepare for drought, Aurora Water has initiated the Drought Action Team for 2021 with the objective of bringing together staff from across Aurora Water to develop recommendations and propose actions to mitigate drought risks. The team will utilize the Water Management Plan and data on reservoir levels and supply to guide their recommendations on any changes to demand restrictions. The Drought Action Plan will include recommendations and ideas on how to increase water supply, reduce water demands, public messaging and operational complexities. Aurora Water is also participating in local and state efforts to coordinate and plan for drought. Colorado is currently in Phase 3 of the state's Drought Mitigation and Response Plan which has activated the "Municipal Water Impact Task Force" whose purpose is to assess drought impacts on municipalities and recommend and implement mitigation and response plans. Aurora Water is not a member of this statewide task force but will stay engaged with the group. Aurora Water is also coordinating with Denver Water to co-chair a group called the "Metro Drought Coordination Group" that will collaborate on communication of drought and watering restrictions across the Denver-Metro area.

A. Binder asked, what is the normal range of precipitation based on? G. Baker stated, it is based on a 30-year average.

J. Marlow asked, why is Aurora Water not involved in the Municipal Water Task Force? L. Nance replied, the group is exceptionally large already. However, there is another task force working on how best to support municipalities. G. Baker stated, this is the first time they have activated a Municipal Task Force at this level.

B. DeLange asked if the task force has identified deliverables to municipalities? Are there specific goals being set other than assisting municipalities during a drought year? Are there goals outside of potential funding? L. Nance stated she had not heard of any. Some of the tasks outlined are collecting and evaluating impact data, and coordination which, may be more beneficial for smaller municipalities that may not have enough resources. G. Baker stated, the drought task force did send a survey to all the municipalities asking if there are any municipalities in need of assistance setting up any systems. Aurora replied that we already had these systems in place.

G. Baker stated, we want to explore every avenue to increase our supply before we go further into restrictions. We have also expanded our resources with the Prairie Waters Project and expanded our water storage. L. Nance stated, after April 1, 2021 they would be more confident about where we are concerning drought.

G. Baker stated, in March 2013, City Council approved and declared a two-day a week drought watering schedule. However, it takes time to implement and gather all information for our customers and time for them to become accustomed to the watering schedule.

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**9. Colorado Interstate Compacts**

Deferred to the next CWAC meeting scheduled for Tuesday, April 13, 2021.

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**10. Review Follow-Up Question Generated at this Meeting**

R. Eason suggested a discussion or presentation about the security measures Aurora Water has taken in response to the hacking incident that occurred within the Florida Water System. G. Baker stated he would check with Dan Mikesell and Marshall Brown.

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**11. Reminder of Committee Orientation, March 9, 2021**

J. Marlow reminded members of the March 9, 2021 CWAC Orientation for new members.

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**12. Confirm Next Meeting – Tuesday, April 13, 2021**

J. Marlow confirmed the next meeting Tuesday, April 13, 2021

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**13. Adjourn**

The meeting was adjourned at 7:59 pm

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Janet Marlow, Chair  
Citizens' Water Advisory Committee

  
Submitted by Sandy Moore  
Administrative Specialist, Aurora Water

Adopted: 2/9/2021