



Denver City Council

Public Works Committee Summary

Wednesday, July 26, 2006, 10:30 a.m.

Location: Council Conference Room

Committee Members Present: Brown, Chair; Johnson, Lehmann, Robb

Committee Members Absent: Hancock, Montero

1) Denver Water: 10-year Conservation Plan:

Committee Discussion

Chips Barry, Denver Water, reported that Denver is well supplied in all of its reservoirs. The total system is at 95%, but July has offered poor precipitation. The weather systems in Colorado have been unusual this year and the southeastern slope has not experienced good water collection/snow pack. He noted that although Denver is in good shape with its water supply due to western slope snow pack and consumer conservation, the excess water cannot be stored, but it could be sold. As a result, Denver Water has sold approximately \$3-4 million of water to Thornton, Aurora, and Highlands Ranch (see attachment for water supply report). When asked about evidence of global warming affects impacting Colorado, Mr. Barry pointed out that global warming doesn't reflect only drought conditions, but causes more evaporation, heavier blizzards and rainfalls, and greater weather variations. Ed Pokorney, Denver Water, said the best predictors for evaluating long-term weather systems are past history and tree rings. Mr. Barry indicated that Denver is better equipped than other cities to address the varying conditions based on its collections from east, west, and southern watersheds. There is also an opportunity to expand its northern system by building a new reservoir in Arvada as part of the Moffat System.

Denver Water has partnered with the Mayor's 10-Year Conservation Plan and has developed a ten-year plan of conservation activities. The following highlights goals of the plan (see attachment):

- Bring all city facilities up to state-of-the science in plumbing fixtures, irrigation systems, pools, and other water use;
- Require irrigation systems to be maintained for efficiency and checked every five years;
- Use recycled water where feasible;
- Develop for City staff an educational marketing plan on water conservation in public buildings and facilities;
- Institutionalize 22% reductions in water use;

- Assist the City should it choose to sell bonds to pay for all necessary irrigation improvements in the parks system – including a position on loan to Parks & Recreation to assist with parks irrigation conservation techniques;
- Establish indoor water audits of buildings – this includes special construction projects and designs such as the Justice Center and other water features.

Councilmember Johnson asked if limiting new water taps would help with conservation concerns. Mr. Barry explained that Denver is anticipating growth of 8 million more people in the future and the water plan must incorporate how to meet that growth. The Councilwoman questioned if the City could charge additional development fees for residential and/or commercial land use permits. Mr. Barry stated that Denver Water does not control the City's growth and that policies regarding fees are Council's purview. He noted that Charter binds Denver Water as to how they determine their rates and cost base. There has been debate over various cost methods and allowances – size of property being one consideration, and equity remains a critical issue.

Councilmember Lehmann asked if incentives were given for installing computerized water systems. Donna Pacetti, Denver Water, said that Denver Water does rebate and as high as \$150 based on a specific system. Other rebates are available to residents based on household controllers. Enforcement is another issue that must be addressed, stated Mr. Barry. Monitoring new building and rehabilitation construction, retrofitting and water misuse should have budgetary impacts, but at this time there isn't funding for adding more inspectors and these issues must be handled in a timely manner. He suggested that deputizing Denver Water personnel could help with Neighborhood Inspections. Additionally, continuous maintenance and leakages are on-going concerns.

Education is a critical component to the 10-year plan, noted Mr. Pokorney. For example, there is public perception that water fountains cause additional costs, but their impact on water conservation is negligible. Good water designs should consider and reduce water evaporation, which is the problem. Denver Water is partnering with Channel 7 to begin its water campaign entitled, "use only what you need", to encourage and promote the 10-year plan. Mr. Barry indicated that the plan incorporates a cultural shift. Savings will come from conservation, rebates, incentives, and will require regional cooperation.

2) Denver Water: Cost-of-Service Rate Study:

Committee Action

The Committee directed Denver Water to continue providing its annual Cost-Of-Service Rate Study to Councilmembers.

Discussion Summary

John Wright, Denver Water, indicated the annual Cost-Of-Service Rate Study is conducted to determine how well the existing rates meet the costs of serving customers. A risk premium approach is utilized in performing the rate-of-return analysis to decrease the volatility in the rate of return and to provide easier changes from year to year.