



M I N U T E S

A Rate Hearing of the Sunrise Water Authority Board of Commissioners was held on **Wednesday, April 21, 2021 at 6:00 PM.** The meeting was held remotely, by teleconference through RingCentral.

Board Present: Chris Hawes, Chair; Andy Coate, Vice Chair; Kevin Bailey, Secretary; Gary Barth; Kevin O'Meara

Board Absent: None

Staff Present: Wade Hathhorn, General Manager; Denise Bergstrom, Finance Director; Christin Roskey, Customer Service Manager; LaRea Bradley, Billing Specialist, and Kim Anderson, Government Relations Manager

Visitors Present: Sherry French, CRW; Allan Mackie, Customer

CALL RATE HEARING TO ORDER

Hawes called the meeting to order at 6:02 p.m.

ROLL CALL

Hawes asked Anderson to perform the voice roll call of the Board and asked if any visitors were planning on speaking during the hearing. No public acknowledged that they were planning to speak.

2. PRESENTATION ON RATE PROPOSAL

Hathhorn provided a brief overview of the timing of the rate increase proposal process, and delay of over a year that has occurred as a consequence of COVID. The proposal has been provided to the public as a mailer insert as well as being made available on the website. He noted that it has been two years since there has been any rate adjustments, and five years since there has been any adjustment to water rates.

Hathhorn noted that the primary driver for the proposed increases is to keep ahead of the rising cost of operations. In addition, there was a need to adjust the tiers. He explained that the current lowest tier was a surrogate for an assistance program for customers requiring assistance with utility bills. He noted that Sunrise has implemented a program that will allow for the delivery of targeted assistance to customers that qualify, thus removing the need to allow for assistance within the tier structure. The adjustments to the tiers reflect this change, plus the increase to account for rising costs. He presented a graph illustrating how, without a rate increase, costs will surpass revenues in 2023 and will pull down reserves in the near term. He noted that maintenance and replacement in the system is funded out of reserves, and those are expenses that vary greatly from year to year.

Barth noted that this is in line with the normal increases of the cost of doing business. Hathhorn stated the Board took an enormous step in the past by determining to cash fund construction of assets. He noted that this has saved Sunrise from paying millions of dollars in debt service.

Hathhorn provided a graph of the water charges from other local agencies, demonstrating that even with the proposed increase, Sunrise is still near the bottom of rates charged in the area.

3. PUBLIC COMMENT

Allan Mackie 12825 SE Scott Creek Lane:

Mr. Mackie asked what is the approximate annual percentage rate increase of doing business? Hathhorn stated that there has been average increases of costs of doing business around 5%.

He then asked what is the average annual percentage increase in rates. Hathhorn stated that there hasn't been an increase in over three years, so if that is factored into the average, it is well below 5%.

Mr. Mackie asked if the proposal allowed for rate increases of 5% per year without any other comment by rate payers. Hathhorn noted that it is only for the next three years and capped at 5%.

Hathhorn asked that the names of customers who had submitted written comments in advance of the hearing be read into the record along with a written comment received after the Board packet had been sent out.

Written comments provided to the Board in advance of the meeting were received from:

Richard White
22333 SE Bohna Park Rd.

Mike Sheakley
10806 SE Oregold Ct.

Charles Talbot
11026 SE Rimrock Dr.

Tony & Gabriella Finch
14102 SE Alta Vista Drive

Anderson read into the record comment from:

Robert Garcia
11829 SE Southern Lites Dr.

Good Morning Board of Commissioners,

Comment on the proposed rate increase:

I have always believed in conservation of a valuable resource. However, the proposed rate increase targets Sunrise Water Customers who use less water!

For a household using 1 to 4 tiers of water the increase is the highest! Those tiers will increase 42.85% per tier!

While households using 5 to 10 tiers pay the same and household using 11 to 16 see an increase of only 7.1%. Households using 17 to 20 will actually see their bill go down!

The majority of the proposed increase impacts your customer who uses less water! Where is the concept of conservation noted in this rate increase?

To be fair the increase should be the same at all levels! Why should small users be penalized with greater additional cost! The monthly service charge is where all customers bear the burden of paying a fixed amount!

Please consider adjusting the proposed rates to be fair to all - why should a household conserving a precious resource bear the burden of the rate increase!

Barth asked that Hathhorn address the origination of the lowest tier. Hathhorn noted that when he originally came to Sunrise, we had insufficient detail as to how much water really passed through, or who was effected by, the low use side. In order to accommodate the perceived need for assistance the Board supplemented the lowest tier. However, the problem lies in that the cost of the water charged is 1) below the actual cost of treatment and delivery, and 2) was granted to everyone, not just low income customers. Addressing the actual need for low incomes assistance through the

County administration of a targeted low income program, is a better alternative to the indiscriminately applied benefit delivered by subsidizing the lowest tier.

Barth wanted to acknowledge the message about conservation that was read into the record, and note that this isn't about dissuading conservation, but that the initial tier is designed to capture the actual costs of delivering water, rather than delivering it at a subsidized rate.

Hawes indicated that he would prefer to take a vote on the issue tonight in order to allow staff to roll the results into the budget. Board consensus was to move ahead. Barth and Bailey both thanked customers that submitted comments.

A motion to adopt he proposed rate increase was made by O'Meara and seconded by Coate. Motion carried unanimously.

Hawes thanked staff for the work done since the beginning of the process. He expressed his impression that this has been a very deliberative process.

4. ADJOURN

The Rate Hearing adjourned at 6:42 pm.

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CHRIS HAWES, CHAIR

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KEVIN BAILEY, SECRETARY