

EFFECTIVE DATE: 7-11-16

RESOLUTION NO. R2016-52

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AURORA,
COLORADO, ACTING BY AND THROUGH ITS UTILITY ENTERPRISE
APPROVING THE 2016 WATER POLICIES

WHEREAS, the City Council ("Council") of the City of Aurora, Colorado (the "City"), has the authority to establish policies regarding the operations of the City; and

WHEREAS, on March 26, 2007, Council passed Resolution No. R2007-16 adopting the Water Financial Enterprise Plan; and

WHEREAS, on January 6, 1992, Council passed Resolution 92-01 adopting the Water Acquisition and Development Policies for the City; and

WHEREAS, on November 10, 1986 Council passed Resolution 86-107 regarding utilization of groundwater; and

WHEREAS, the Director of Aurora Water has recommended that the Council approve the 2016 Water Policies to replace the above mentioned policies and practices; and

WHEREAS, the City Council finds and determines that it is in the best interests of the City and its citizens to adopt the 2016 Water Policies, attached as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO:

Section 1. The City Council hereby approves the 2016 Aurora Water Policies in substantially the form filed with the City Clerk and presented at this meeting.

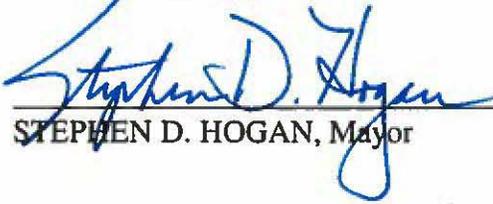
Section 2. The 2016 Water Policies is to replace the 2007 Water Financial Enterprise Plan, the 1992 Water Acquisition and Development Policies, and the utilization of groundwater practices as specified in Resolution 86-107.

Section 3. The City Manager and the Director of Water are hereby authorized to take whatever action is necessary to implement and carry out the 2016 Water Policies.

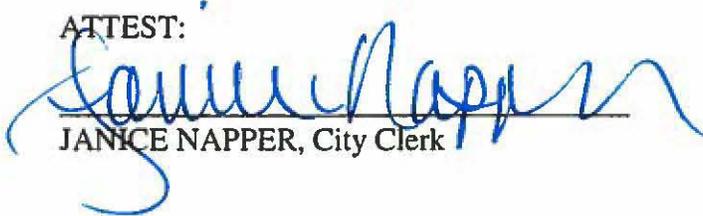
Section 4. The 2016 Water Policies is hereby adopted in substantially the form filed with the City Clerk and presented at this meeting, with such technical additions, deletions, and variations as the City Attorney may deem necessary or appropriate and not inconsistent with this Resolution.

Section 5. All resolutions or parts of resolutions of the City of Aurora, Colorado, in conflict herewith are hereby rescinded.

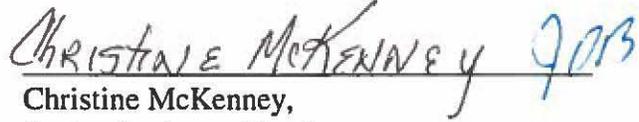
RESOLVED AND PASSED this 11th day of July, 2016.


STEPHEN D. HOGAN, Mayor

ATTEST:


JANICE NAPPER, City Clerk

APPROVED AS TO FORM:


Christine McKenney,
Senior Assistant City Attorney

Water Department Policies

June 2016



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1. Introduction

The Water Department (Aurora Water) is an industry recognized leader that provides safe and reliable water and wastewater (sewer and storm drainage) services. The Water Department operates as an Enterprise Fund with infrastructure and services being supported through user fees (rates) and connection fees that are set on a “cost of service” basis. These services are provided independently of General Fund Operations although the Water Department does share the same governing body. The General Fund is reimbursed by the Water Department for certain services provided by other City departments. Debt financing is used to support the construction of major infrastructure or acquisition of water sources if current revenues are not adequate. User fee and connection fee increases are carefully apportioned according to the beneficiary of the investment.

The City of Aurora Code of Ordinances provides the basis for the administration of the City’s water and wastewater systems. Council adopts policies to provide guidance and direction for City operations. The City Manager is responsible for the administration of the policies and procedures and has delegated some of this responsibility to the Director of the Water Department.

The purpose of these policies is to provide clear, concise, written procedures to facilitate the adherence to the City of Aurora Code of Ordinances, Chapter 138 for Utilities. It is intended that to maintain relevance, staff will revisit the Policy periodically if there is a material change in risk exposures or conditions and propose revisions as appropriate.

The Policies shall support the City of Aurora’s Council Goals:

- Assure a safe community for people
- Serve as leaders and partner with other governments and jurisdictions
- Ensure excellent infrastructure that is well maintained and operated
- Create a superior quality of life for residents, making the city a desirable place to live and visit
- Be a great place to locate, expand and operate a business and provide for well-planned growth and development
- Provide a well-managed and financially strong city

2. Finance

The City will manage fiscal resources to keep rates and fees affordable to customers while covering the costs of a safe and efficient water and wastewater enterprise. The rate structure will fairly allocate costs between the different customer classes and equitably spread costs over current and future customers. Reserves will be set to provide flexibility in financial management. Reserves may also be used for situations not specifically identified in this Policy but are deemed an emergency. Specifically, the City will:

- Set rates to cover the costs of current operational needs annually.
- Set impact fees to cover the cost of growth related projects.
- Establish other fees for services provided to a specific customer (i.e. shut-offs, late fees, service request, etc.).
- Examine utility rates through the cost of service process routinely in an effort to avoid the rate shock that occurs when rates are evaluated less frequently.
- Project revenue and expenses using conservative financial assumptions and principals.
- Maintain debt service coverage as required by bond indentures at all times, striving for a minimum of 1.5x with a goal of 2.0x including connections fees and a minimum of 1.2x with a goal of 1.4x without connection fees.
- Maintain a debt to asset ratio of no more than 50%.
- Maintain a long term financial plan that includes the long term capital plan for projected rate and fee increases.
- Fund the Capital Improvement Plan at a minimum of 30% on a “pay as you go” basis. Capital will continue to be funded by rates or impact fees, depending on the project. Pay as you go funding does not include fund balance, developer contributions, grants, etc.
- Maintain bond ratings at current ratings and work to increase the ratings to lower the cost of debt.
- Set reserves at the appropriate levels to match the risks that water and wastewater manage:

Water:

- Maintain a minimum 500 days of unrestricted cash on hand, apart from any bond covenant requirements. The policy reserves will include:
 - Operating Reserve: minimum 90 Days’ Cash of budgeted operations
 - Capital Reserve: 0.5% of Capital Assets
 - Water Resource Reserve: \$20,000,000
 - Debt Policy Reserve: An amount equal to the next fiscal year debt payment(s).

Wastewater:

- Maintain a minimum 350 days of unrestricted cash on hand apart from any bond covenant requirements. The policy reserves will include:
 - Operating Reserve: minimum 90 Days' Cash of budgeted operations
 - Capital Reserve: 0.5% of Capital Assets
 - Debt Policy Reserve: An amount equal to the next fiscal year debt payment(s).

3. Infrastructure

The City will ensure well maintained infrastructure needed to serve the current and future population. Planning shall provide for the maintenance and development of infrastructure required to provide reliable services to existing and future customers. Specifically, the City will:

Water and Wastewater

- Create, and maintain with regular updates, an Integrated Water Master Plan to ensure supplies and infrastructure are planned to meet existing and future needs.
- Perform needed infrastructure maintenance as determined by a proactive asset management program.
- Ensure infrastructure exists to allow efficient management of supplies.
- Provide water and sewer services only to properties inside the City of Aurora boundaries unless explicitly approved by City Council.

Sewer

- Cooperate with Metro Wastewater Reclamation to develop and operate water reclamation plants and satellite wastewater treatment plants used for both non-potable water management and to efficiently treat the City's wastewater
- Operate a sewage collection system to deliver wastewater to the Metro Wastewater Reclamation facility for treatment in accordance with state and federal standards.

Storm Drainage

- Manage its stream corridors for flood protection through floodplain preservation and the construction of channels, drainage structures and ponds to limit downstream flooding or water quality degradation.
- Emphasize the use of open drainage structures for major drainage facilities benefits or riparian corridors in urban settings.
- Work in conjunction with the Urban Drainage Flood Control District to leverage resources for capital and maintenance.

4. Water Supply

The City will continue to develop, protect, and operate an integrated water system including source water from diverse watersheds and river basins, raw water reservoirs, groundwater, and reusable supplies. It will continue its water acquisition and development policy of relying on surface water supplies as the primary long-term water source for existing and future needs, sufficient to minimize restrictions in drought conditions. The City will maximize the value of its reusable water resources through continued development of Prairie Waters, non-potable reclamation, trades and exchanges, short-term leases and for delivery back to the City from downstream diversion points. Water Department staff will maintain and further develop a positive public image to promote goodwill for the City of Aurora and the department through its programs to reach the public, and state and federal legislators and agencies on water utilities issues. Specifically, the City will:

- Assess supply needs on a regular basis, consistent with the development of the Integrated Water Master Plan. The City's goal is to have available supplies and plans in place sufficient to serve an additional 50,000 new residents.
- Continue to explore agreements with other entities to expand water supply and work cooperatively to develop and provide water in joint partnerships where feasible.
- Explore opportunities for incorporating sustainable alternatives in the City's water supply planning that are consistent with the policies and goals of the State of Colorado.
- Use non-potable water sources for municipal and institutional irrigation where practical.
- Protect water quality in Aurora reservoirs against degradation.
- Maintain a Water Management Plan to strengthen the efficient use of water among Aurora citizens and provide a mechanism for demand reduction during drought and other water emergencies.
- Provide outreach and educational programs for Aurora citizens and commercial and institutional water users to encourage the efficient use of water.
- Maintain a water conservation program promoting individual responsibility, utilizing governmental regulation only when necessary.
- Maintain Denver Basin groundwater for drought protection.
 - Any new well withdrawing water from the Denver Basin Aquifers for use within the Aurora city limits, by customers, will require specific authorization from the City Council.
 - All available rights to water in the Denver Basin Aquifers underlying any property to be annexed to the City of Aurora must be transferred unencumbered to the City at the time of annexation unless exempted by Council.