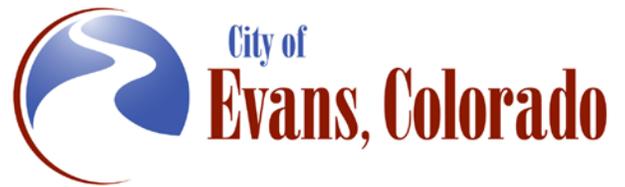


AGENDA
Water and Sewer Board
Regular Meeting



June 19, 2014 - 3:30 p.m.

Water and Sewer Board packets are prepared several days prior to the meetings. This information is reviewed and studied by the Board, eliminating lengthy discussions to gain basic understanding. Timely action and/or short discussion on agenda items does not reflect lack of thought or analysis. An informational packet is available for public inspection, which is posted on the bulletin board adjacent to the Council Chambers as soon as its available, and which can be accessed Monday through Friday 8:00 a.m. to 5:00 p.m. excluding holidays.

1. CALL TO ORDER

2. ROLL CALL

Chairman: Jeff Oyler
Vice Chairman: James Krenzel

Commissioners: Lee Morrison
Glenn Snyder
Vacant

3. APPROVAL OF MINUTES

4. CHANGES TO THE AGENDA

5. AGENDA ITEMS

- a. Olsson Associates Report**
- b. Staff Reports**
 - i. 2014 Water Consumption Update**

6. CORRESPONDENCE

7. ADJOURNMENT

MINUTES
WATER AND SEWER BOARD
MAY 15, 2014 – 3:30 p.m.

CALL TO ORDER

Meeting was called to order by Chairman Oyler @ 3:30 p.m.

ROLL CALL

Present: Chairman Jeff Oyler, Vice Chairman James Krenzel, Commissioner Glenn Snyder and Commissioner Lee Morrison.

Absent: None

OTHERS IN ATTENDANCE

Cameron Parrott, City Engineer

Dawn Anderson, Civil Engineer II

Dennis Montgomery, Water Resource Attorney

Doug Seeley, Water Resource Engineer

APPROVAL OF MINUTES

Vice Chairman Krenzel made a motion to approve the minutes from March 20, 2014. Motion was seconded by Board Member Snyder. Motion passed with all voting in favor thereof.

CHANGES TO THE AGENDA

Cameron Parrott, City Engineer, noted that the Evans Ditch Rates recommendation for 2014 was added to the agenda items. An updated agenda & communication sheet were distributed.

AGENDA ITEMS

A. Water Supply Report

- i. Water Supply Report – Handout for Review
- ii. Cameron Parrott, City Engineer, introduced Doug Seeley, Water Resource Engineer, who gave an overview of the Water Supply Report, summarizing information provided in the report tables. He compiled a report showing ownership of Evans water, native rights, CBT; and he also split it up by potable and non-potable water. This report will help us with determining how we proceed with the large water projects that we have on the horizon, such as Windy Gap firming and NISP projects in particular. Some highlights are noted below:
 - Doug Seeley briefly described the potable water system, updated the water supply portfolio, and described the different sources. One source that is relatively new is the Godfrey Ditch shares; and described the intended uses of that – it is intended to augment both the Riverside non-potable well and the Envirotech well. There will be excess consumptive use credit out of those Godfrey Ditch shares. Because they are allocated so low in the basin, it will be hard to get those exchanged up into the potable water supply system. We can use those to offset return flow obligations with the native water rights, if there ever comes a need for that. There is also a potential for leasing out that water.

1. Table 1 (Located towards the back of the report, behind the Water Resources Map) shows the existing water rights portfolio owned by the city and which of those supplies are potable and non-potable: They have been collateralizing Windy Gap with CBT for several years because the Windy Gap water is fully consumable and can be used for return flow obligations. CBT water can't do that. By making that swap we are almost doubling the yield of the water.
2. Table 1 also shows the Native water supplies shares owned and average/firm yields.
3. Table 5 (Page 7) Summary of Raw Water Model Results & Projected Year the Potable Yield Meets Potable Demand: 2002-5 actual drought yields were used for the raw water model (RWM). The model allows for a drop in outdoor water demand in the drought scenario. The table looks at four scenarios: scenario 1 is the current situation.
4. Outstanding EQRs (Page 8): noted current excess water supply of 907 acre-feet.
5. Future Company Water Supplies Available (Page 8-9): from outstanding native water supplies (GLIC, Lake Loveland, & Seven Lakes) notes that there is a lot of native water out there available yet to be acquired.
6. Table 3 (Page 5) Historical Potable Demand: In 2012 Evans went over the cap on our agreement with Greeley. Demand increased from 2005-12 during the time that we were leaving the drought & less restrictions combined with higher temperatures.

Dennis Montgomery commented on the Summary (Page 9): Firm water supplies are over-lapping. A firm annual potable demand of 3,785 acre-feet may be satisfied with existing water supplies. Fall & winter are the times when Evans has difficulty meeting the return flow obligations, but future releases that will be allowed out of Lake Loveland will diminish the need for the Windy Gap units. This brings up the question of "Does the City need to go forward with the purchase agreement with Greeley?" given the expense of that agreement.

Expenses of the agreement with Greeley were discussed. Vice Chairman James Krenznel voiced a concern about saving for expenses, planning, and the need to be raising funds.

Cameron Parrott noted that we will need to make a decision between Greeley and Windy Gap / NISP (expensive projects). Vice Chairman James Krenznel noted that we need to do further planning. We need to come up with a plan to either put something in savings or increment some of these costs down as we pay monthly rates, and stop others from drawing out of the water funds and just use the water funds for sewer & water, the lines, salaries allocated. Dennis Montgomery questioned if we need the Greeley Purchases. If so, how do we pay for it? Bonding?

Dennis Montgomery questioned the limits on CBT. CBT has a limit of number of shares the City can own because it is just a supplemental supply; he wanted to know if we are within that limit. Cameron Parrott answered that others can dedicate shares to

us, but we cannot purchase any more on our own. We cannot purchase over 50% of supply.

Dennis Montgomery gave a summary explanation of how Evans entered into the lease/purchase agreement with Greeley for the 5 shares. The new facility at Loveland changes the situation and our need for those shares to meet our return flow obligation. The contract with Greeley gives us an out to say we no longer want to purchase those units; he has suggested to Fred Starr, Public Works Director, that we begin conversations with Greeley to that end.

Discussions went back to Tables 4 & 5, growth models, and demand. Dennis Montgomery noted that these growth models don't factor in the water rights dedication requirements. They just assume that the population is going up with the demand and current supplies, but the City requires dedication of water supplies or payment for the supplies. The increase in demand is going to be satisfied by those who cause the increase in demand.

Cameron Parrott noted that we have hired on a Utility Manager Consultant to help us with these issues. They (Olsson & Assoc.) will likely be presenting at a future meeting.

Chairman Oyler thanked Doug Seeley for his work and the report.

B. Northern Colorado Water Conservation District Assessment Rate Study

- i. NCWCD Draft Report – Handout for Review
- ii. Cameron Parrott, City Engineer, presented a summary:
Recently the Northern Colorado Water Conservation District brought a consultant on board to do their rate study and look at what they are charging as assessment fees for CBT water. What they are seeing is that costs for maintenance are going up but the rates they charge haven't changed over time to cover those costs.

It can be confusing because they have different types of rate contracts. Some of their early users got on board with fixed rate contracts. City of Evans has open rate contracts which can be adjusted periodically. The report notes that the fixed rate is only 1.5% per unit. With our variable rate contract, the City of Evans' assessment rate is currently \$28 per share.

Besides those two different types of contracts, they also have three different categories for users: municipal, industrial, and agricultural. They assess them differently. The municipal and industrial users are assessed on a cost of service analysis (what it actually costs to get the water delivered), which is currently at \$28 per unit. Agricultural is based on "ability to pay", which is considerably less.

They have several different options to look at for this increase that they are proposing in their rates. They have determined that, over a 10 year period, they would need an average increase of over 16%. They have decided that, at least for this year, they are going to look at a 9%, across the board, rate increase to start.

Then they will decide for future years, how they will ramp it up... gradual increase or quick rise?

They were asking for input from shareholders at their spring water users meeting. The first rate setting hearing for this year is set for June 5th.

C. Evans Ditch Rates 2014

- i. Evans Ditch Water Rates – Handout for Review
- ii. Cameron Parrott, City Engineer, reviewed the current rates and the chart reflecting the proposed rates.

Category	2012 Rate	2013 (1.943%) Inflation Increase	2013/4 Rate
Up to 1 acres	\$78.69	\$1.53	\$80.22
1 acre + 1 st Additional Acre	\$78.69	\$1.53	\$80.22
+ 2 nd Additional Acre	\$48.27	\$0.94	\$49.21
+ 3 rd Additional Acre	\$44.06	\$0.86	\$44.92
+ Additional Acres	\$31.17	\$0.61	\$31.78

Vice Chairman James Krenzel asked if these rates cover maintenance on Evans ditch. Cameron Parrott said they do not, but that these rates are in line with current agricultural rates. This is another item that the Olsson consultant will be addressing – the potable/non-potable systems and the Evans Ditch.

We don't have any water in the ditch yet due to the flood damage sustained. We are still finishing up repairs; gates & controls to be replaced. The gates can be operated manually, but the controls were under water. Sediment removal is currently holding us up but we have a contractor working on it. Normally the ditch is up and running by now, so we have had communications out to users regarding the delay.

Board Member Snyder made a motion to send the city council an approval recommendation for the increase to the Evans Ditch fees with inflation increases for 2012 and 2013. Motion was seconded by Board Member Morrison. Motion passed with all voting in favor thereof.

D. Staff Reports

- i. 2014 Water Supply Index – Cameron Parrott, City Engineer

We did our drought management plan last year which helped us identify this water supply index number that we can use to help determine if we are in a drought situation. This year, with a good water supply and good snow pack, we are not expecting any restrictions. We are looking at a water supply index of greater than 1.2

(137% of what is required), putting us in what is called a drought state: sustainable, with no restrictions, but still keeping normal conservation measures in place.

- ii. 2014 Water Lease Program – Cameron Parrott, City Engineer
In the past, we charged the agricultural user assessment fee and admin as flat rate. Cameron is proposing a change of the assessment rate + 10%, consistent with cost per acre-foot. That would put CBT water at \$30.80 per acre-foot. The potential revenue on this program looks to be \$50,000-70,000.
- iii. 2014 Water Consumption Update – Dawn Anderson, Civil Engineer II
Graph & data sheet – Handouts for Review

For April this year, we are at 205.09 acre-feet, which is considerably lower than we were at this time in 2012 (the year we went over the cap); but we are higher than at this time last year (141.32), so we are monitoring this.

Cameron Parrott noted that with the slightly higher numbers showing for the first quarter of this year, those numbers are reflecting the increase in housing and growth in population. Other factors (water main break...) were also noted.

The current cap on our agreement with Greeley is 2772 acre-feet.

- iv. Board Member Recruitment Process – Cameron Parrott, City Engineer
We have an application from a Mr. Steve Bernardo – he is a City resident (Grapevine Hollow). He is also on the Fire District Board. It must be clarified if someone can be on both at once. Another possible conflict for him is that he is on the Zoning Board of Appeals; but he would be willing to step down from that in order to join the W&S Board. We will invite Mr. Bernardo to our meeting next month.

So far we have just the one applicant. If we receive any further applications, we will have to go through the interview process.

At-Large Board Position: Mr. Jack Schneider is not a city resident, but said he could be available if needed. Currently the Bylaws allow for only one At-Large member.

- v. Water Change Case Updates – Dennis Montgomery, Water Attorney
We filed the amended application in case #08CW175 to change the Godfrey Ditch Company shares to add the additional shares that the City had acquired. That was filed at the end of March and was published in the resume of applications filed in March. Statements of opposition are due by the end of May. So far there has been only one statement of opposition filed; that was by the Town of LaSalle. LaSalle already owns shares and has also changed shares. Our decree is patterned after the decree filed by LaSalle, so it shouldn't be an issue.

We circulated the Engineering report that Doug Seeley prepared and a proposed decree to Council in early March. So far we have had one objector stipulate to the proposed decree, and that was the Central Colorado Water Conservancy District. And the referee approved that stipulation. The others have until mid-July to provide comments on the Engineering report and proposed decrees. We have to wait now to see if we have any more objectors and then if any of the existing objectors have any issues with our proposed decree.

CORRESPONDENCE:

AUDIENCE PARTICIPATION:

Chairman Jeff Oyler had one question, before adjourning. At the last meeting in March, options were presented regarding flood repairs to the Evans Wastewater Treatment Plant. What has happened with those decisions since that meeting?

Cameron Parrott answered that the utility consultant (Olsson and Associates) is looking at the options to help with the decision of rebuilding the WWTP at current location or an alternate option (as noted at the March meeting). FEMA is pushing for us to make a decision by June 15th – FEMA deadline. We technically have 1 year after the event (September 13th, 2014) to make the decision. The consultant is looking at the cost estimates and other factors.

He noted that we have had water quality issues with our effluent since the flood. The other thing that we are up against is the issue of capacity which would be addressed by possibly combining both plants. Both plants are close to their capacity limits already. All of these items are what the consultant is looking at; making sure that we have all the information needed to make the best decision.

Chairman Oyler asked if we would increase the number of Lagoons at Hill-n-Park. Cameron stated that lagoons are a thing of the past due to current, more stringent water quality regulations. Other options & considerations were briefly discussed.

ADJOURNMENT

Motion was made by Vice Chairman Morrison and seconded by Board Member Krenzle to adjourn the meeting at 4:56 p.m.

LauraJane Baur, P.W. Administrative Specialist

WATER AND SEWER BOARD COMMUNICATION

DATE: June 19, 2014

AGENDA NO.: 5.a.

SUBJECT: Olsson Associates Report

PRESENTED BY: Carlos Medina, Olsson Associates

AGENDA ITEM DESCRIPTION:

Presentation of alternatives for Waste Water Treatment facility operations and consideration of proposed rates

FINANCIAL SUMMARY:

Adjustment to existing rates will be necessary based on the WWTP option selected.

RECOMMENDATION:

Staff recommends sending the city council a recommendation for one of the alternatives and associated rates.

SUGGESTED MOTIONS:

I move to send the City Council a recommendation for to approve: (state the chosen option)

- maintaining two separate Waste Water Treatment facilities and the associated rates.*
 - centralization of the Waste Water Treatment facilities and the associated rates.*
 - centralization of the Waste Water Treatment facilities, with a five year timeline, and the associated rates.*
-

WATER AND SEWER BOARD COMMUNICATION

DATE: June 19, 2014

AGENDA NO.: 5.b.

SUBJECT: Staff Reports

- i. 2014 Water Consumption Update – Dawn Anderson, Civil Engineer II