

**City of Greeley**  
**Water and Sewer Board**  
**Minutes of October 15, 2014**  
**Regular Board Meeting**

Vice Chairman Todd called the Water and Sewer Board meeting to order at 2:04 p.m. on Wednesday, October 15, 2014.

**1. Roll Call**

The Clerk called the roll and those present included:

Board Members:

Chairman Harold Evans, Vice Chairman Mick Todd, Bob Ruyle, Joe Murphy, Manuel Sisneros, Tony Miller, Fred Otis, and City Manager Roy Otto

Water and Sewer Department staff:

Water and Sewer Director Burt Knight, Deputy Director of Water Resources Eric Reckentine, Water Rights Manager Jim Hall, Government and Public Relations Donna Brosemer, and Senior Administrative Specialist Yvonne Thornberg

Legal Counsel:

Environmental and Water Resources Attorney Jerrae Swanson, Environmental and Water Resources Attorney Andy Nicewicz, Environmental and Water Resources Attorney Dan Biwer, and Water and Sewer Board Counsel Jim Witwer

**2. Approval of Minutes**

Mr. Ruyle moved, and Mr. Todd seconded, to approve the September 17, 2014 Water and Sewer Board meeting minutes as presented. The motion carried 7-0.

**3. Approval of and/or Additions to Agenda**

Vice Chairman Todd approved the addition of Item 5a to the agenda.

Mayor Norton joined the Board meeting at 2:07 p.m.

**4. Executive Session**

Mr. Otis moved, and Mr. Murphy seconded, to move into executive session at 2:08 p.m. to address the following matters (Motion carried 7-0):

Purchase, acquisition, lease, transfer, or sale of property under C.R.S. §24-6-402(4)(a) and Greeley Municipal Code 2.04.020(1). Determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators under C.R.S. §24-6-402(4)(e) and Greeley Municipal Code §2.04.020(a)(5).

The following topics were discussed in executive session: (1) Determining positions relative to and instructing negotiators on issues related to the due diligence and inspection of land pursuant to the Land Purchase and Sale Agreement with Shupe Bros. Co. and (2) Determining positions relative to and instructing negotiators on issues related to the Halligan-Seaman Water Management Project and negotiations with the Army Corps of Engineers.

Present during the executive session were:

Chairman Harold Evans, Vice-Chairman Mick Todd, Manuel Sisneros, Joe Murphy, Bob Ruyle, Tony Miller, Fred Otis, Director of Water and Sewer Burt Knight, Deputy Director of Water Resources Eric Reckentine, Water Resources and Environmental Attorney Jerrae Swanson, Water Resources and Environmental Attorney Andy Nicewicz, Water Resources and Environmental Attorney Daniel Biver, Water and Sewer Board Counsel Jim Witwer, City Manager Roy Otto, Mayor Norton, and Senior Administrative Specialist Yvonne Thornberg.

Mr. Witwer left the Board meeting during executive session at 2:13 p.m. due to a conflict with the Halligan-Seaman discussion.

The executive session ended at 2:44 p.m. and the regular meeting resumed.

Mr. Witwer rejoined the Board meeting at 2:46 p.m.

## **5. Report: Cash-in-Lieu Discussion**

Mr. Reckentine reviewed the Cash-in-Lieu policy, recommendations, and proposed policy changes. After describing several potential alternative raw water dedication policies and their associated challenges, he stated that staff's recommended policy is similar to Water and Sewer Resolution 3, 1995.

Mr. Reckentine stated most Northern Colorado cities use C-BT as a benchmark for setting cash-in-lieu payment amounts, and reviewed the rates recently charged by those cities. He noted that alternatives for using C-BT as a Benchmark cannot yet be based on Greeley's actual costs of developing additional water supplies, because a number of the components of those costs are not yet known.

Mr. Reckentine reviewed the recommendation for a minor change to the current cash-in-lieu and dedication policy which would allow the Water and Sewer Director to accept up to 8 acre-feet of cash-in-lieu, instead of the current 6 acre-feet. Chairman Evans commented that it has been the Board's general policy not to accept large amounts of cash-in-lieu until the City could provide the wet water. Mr. Ruyle also mentioned in an increasing market, the City needs to make sure they set the cash-in-lieu rate for the correct value.



A discussion took place regarding the risks of making any major changes to the current raw water dedication and cash-in-lieu policies at this time. Mr. Reckentine advised that a draft resolution proposing the minor change to the Director's authority to approve cash-in-lieu payments would be presented next month.

**5a. Report: Plant Investment Fees**

Mr. Knight discussed the Plant Investment Fees (PIF) process and reviewed the modifications recommended by the impact fee consultant. Mr. Dial discussed the proposed PIF calculation modification where system value would be divided by system capacity rather than by the current customers. Chairman Evans questioned whether the proposed method would cause increases in debt in the future. Mr. Dial answered that the change would cause slightly more debt to be issued and slightly more in debt service to be paid through rates. Mr. Knight and Mr. Witwer stated both the current and the proposed alternate method are legally defensible and within the range of PIF calculations used by the industry. Discussion took place regarding the sewer verses the water PIFs.

Mr. Otto stated that the local development community has generally raised concerns about all development impact fees, and the suggested PIF modification could help to address such concerns with only limited impacts to existing ratepayers. Vice-Chairman Todd suggested having this as an action item at a later date. Chairman Evans mentioned he would like to review the calculation details and a further discussion took place of what other members would like details on, such as how modifying the PIF calculation will impact paying for system enhancements and expansion.

**6. Action: Approve Cash-in-Lieu**

Mr. Ruyle moved, and Mr. Murphy seconded, to set Cash-in-Lieu at \$33,300 per acre foot. Motion carried 7-0.

Mr. Otto left the Board meeting at 3:27 p.m.

**7. Action: Approve Dairy Farmers of America Cash-in-Lieu and Recommend Approval of Phased Payment of Cash-in-Lieu to Council**

Mr. Knight discussed an agreement with Dairy Farmers of America (DFA) to provide water and sewer service for their new facility in Greeley, to include an administrative office and a truck wash facility. As part of this agreement, DFA is seeking to dedicate 8 acre-feet of water by cash-in-lieu payment, which requires Board approval. He stated this agreement will also require Council approval as a special agreement because it involves a phased payment of the cash-in-lieu. Vice-Chairman Todd questioned the promissory note regarding the phased payment of 5 acre-feet and the 11.5% interest rate. Mr. Witwer mentioned the amount of raw water DFA will dedicate by cash-in-lieu is



the minimum amount required for a 2" commercial tap and advised the parties have not finalized the details of the agreement. Mr. Ruyle reviewed a section of the agreement regarding the funds to be collected after 5 years. Discussion took place regarding the Greeley Municipal Code's requirements for commercial raw water dedication. Mr. Nicewicz mentioned that the amount of the promissory note was based on the current cash-in-lieu rate.

Chairman Evans moved, and Mr. Ruyle seconded, to approve the Dairy Farmers of America dedication of 8 acre-feet of raw water by cash-in-lieu. Motion carried 7-0.

**8. Action: Approve Short-Term Augmentation Lease with Wagistics, LLC**

Mr. Reckentine reviewed the details of the Augmentation Water Lease with Wagistics, LLC.

Mr. Ruyle moved, and Chairman Evans seconded, to approve the Short-Term Augmentation Lease with Wagistics, LLC. Motion carried 7-0.

**9. Action: Approve an Intergovernmental Agreement for the Lake Loveland Augmentation Structure and Recommend to City Council for Approval**

Mr. Knight advised that, in paragraph 9 on page 3, a minor error was caught in the parenthetical. A revised page 3 was provided for approval. Mr. Thornhill stated that the agreement was for the construction and operation of an augmentation structure off of the Loveland Canal that is capable of making augmentation returns to the Big Thompson River. Mr. Thornhill identified the location of the upper, Lake Loveland Augmentation Structure and the lower, existing augmentation structure situated near St. Michaels in Greeley. Greeley did not participate in the funding of the lower structure; however is helping to fund the upper structure, in which it will own capacity. The structure will allow easier access to delivery of water needed for meeting return flow obligations.

Vice-Chairman moved, and Mr. Murphy seconded, to approve an Intergovernmental Agreement for the Lake Loveland Augmentation Structure and recommends the same to Council. Motion carried 7-0.

**10. Report: Water Conservation Plan**

Mr. Thornhill introduced Mr. Hays and Ms. Quade. Ms. Quade stated that the last Water Conservation Plan was adopted by the Water Board in 2008 and approved by the CWCB in 2009. She provided the details of the 2014 Update to the Water Conservation Plan. In particular, she focused on aspects of the plan related to landscape, plumbing retrofits for multi-family and commercial properties, and the ongoing conversion to xeric landscaping in Greeley parks.



Mr. Hays discussed the AWWA M36 Water Audit program, which can be implemented with a minimal investment each year. He pointed out various key components of the Greeley Conservation Program. Ms. Quade stated that the public comment period for this update would begin today and run through December 15, 2014. She also noted that the final Water Conservation Plan will be presented for adoption at the January 21, 2015 Water and Sewer Board meeting. Chairman Evans stated that the retrofitting program should be aggressively pursued. Mr. Ruyle congratulated Ms. Quade on a great job done towards water conservation.

#### **11. Legal Report**

There were no recommended Statements of Opposition.

Mr. Witwer updated the Board regarding the Bellvue Pipeline Northern Segment Right-of-Way. He mentioned Greeley has filed a total of three condemnation actions to acquire the remaining easements. The City of Fort Collins agreed to grant Greeley an easement across a small strip of land that bisects the Brinks Trust property, which Greeley and Fort Collins both believe that Fort Collins owns in fee, and to enter into crossing agreements for nearby utility easement crossings. The Brinks Trust easement offers also included the disputed strip of land. The Brinks Trust filed a lawsuit against Larimer County seeking to require the County to retroactively apply its "1041 permit" requirements to the Northern Segment, despite that projects' prior receipt of County location and extent approval. Larimer County has moved to dismiss the lawsuit.

#### **12. Director's Report**

- Mr. Knight introduced Danielle Perrot to the Board. She is the Department's new Water Resources Analyst.
- Mr. Knight also mentioned that the Water and Sewer Department has hired two Administrative Specialists, Chelsie Johnson and Janaya Lieberknecht.

- **Bellvue Pipeline**

Mr. Knight mentioned that staff has reviewed the multiple bids for the Bellvue Pipeline Phase II project. He commented that the bids averaged \$22 million, due to increased bedding/gravel costs resulting from the 2013 floods, as well as the dewatering costs being higher.

- ~~**Windy Gap Carriage Agreement**~~

This was removed from the agenda.

- ~~Little Thompson Windy Gap Agreement~~

This was removed from the agenda.

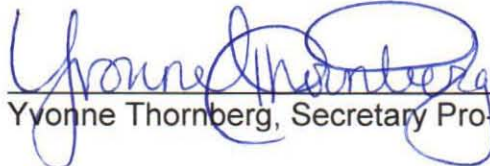
- **Northern Rule Making**

Mr. Reckentine discussed Northern's initial deliberations on raising assessments in order to balance its reserve fund. The changes to assessments are likely to occur in early 2015. A discussion took place regarding raised assessments, especially as they might be applied to Greeley's fixed-rate contracts. Chairman Evans suggested contacting other fixed rate customers for their input.

**13. Such Other Business That May Be Brought Before The Board And Added To This Agenda By Motion Of The Board**

There being no further business, Vice Chairman Todd adjourned the meeting at 4:16 p.m.

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Yvonne Thornberg, Secretary Pro-tem

  
Mick Todd, Vice Chairman