

**City of Greeley
Water and Sewer Board
Minutes of December 20, 2017
Regular Board Meeting**

Chairman Harold Evans called the Water and Sewer Board meeting to order at 2:00 p.m. on Wednesday, December 20, 2017.

1. Roll Call

The Clerk called the roll and those present included:

Board Members:

Chairman Harold Evans, Vice Chairman Mick Todd, Fred Otis, Tony Miller, Joe Murphy, Manual Sisneros, Mayor Gates, Roy Otto and Vic Runkle

Water and Sewer Department staff:

Water and Sewer Director Burt Knight, Business Manager-Utility Finance Erik Dial, Water Resources Operations Manager John Thornhill, Water Rights Manager Jennifer Petrzelka, Water Resource Analyst Danielle Snyder, Office Manager Shannon Metcalf, and Senior Administrative Assistant Ettie Arnold

Legal Counsel:

Water and Sewer Board Counsel Jim Witwer, Environmental and Water Resources Attorney Jerrae Swanson, Environmental and Water Resources Attorney Dan Biwer and Environmental and Water Resources Attorney Aaron Goldman

Other Guests: Citizen Jack Schneider

2. Approval of Minutes

Mr. Murphy moved and Vice-Chairman Todd seconded to approve the November 15, 2017 Water and Sewer Board meeting minutes as presented. The motion carried 6-0.

3. Approval of and/or Additions to Agenda

Item 11 will be removed from the Agenda.

4. Action: Approve the Proposed 2018 Water and Sewer Rates

Mr. Dial presented the 2018 Water and Sewer Rates. He noted that water rates are increasing by 3.5% and sewer rates are increasing by approximately 3%. He also indicated that 2018 will be the first year that outside city sewer rates will be in effect. The average combined residential water and sewer bill will increase approximately \$2.28 per month. The water plant investment fee is increasing \$600 to \$11,400 and the sewer plant investment fee is increasing \$400 to \$5,700 for a combined increase of \$1,000. Rates will become effective January 1, 2018 and the plant investment fees will become effective March 1, 2018.

A motion was made by Vice-Chairman Todd and seconded by Mr. Sisneros to approve the proposed resolution concerning 2018 Water and Sewer Rates. The motion carried 6-0.

5. Action: Approve Acquisition of Cache La Poudre Reservoir Water Rights from Jacoby Farm Metropolitan District

Ms. Petrzelka explained this is an Agreement for the Purchase and Sale of Water Rights between Jacoby Farm Metropolitan District and the City of Greeley. The Seller is the owner of four shares of stock in The Cache la Poudre Reservoir Company, historically used to irrigate a parcel in Windsor known as the Jacoby Farm, the majority of which has since been developed.

This board approved a previous agreement for the acquisition of these water rights in April 2017. At that time, the Seller was not willing to grant a traditional dry-up covenant to support a future change of the shares. Upon completion of its due diligence investigations in August, Greeley terminated the contract because staff, counsel, and consulting engineers were not convinced that a sufficient showing of de facto dry-up could be established to support a future change of the water rights.

The Seller made a subsequent offer to sell the water rights to Greeley, but with a traditional dry-up covenant. The enclosed agreement reflects this change, with a shortened due diligence period because Greeley has already completed the vast majority of the necessary due diligence on these water rights.

Mr. Miller made motion, seconded by Vice-Chairman Todd to approve the agreement for the Purchase and Sale of Water Rights with Jacoby Farm Metropolitan District, and delegate authority to the Director of Water and Sewer, or his designee, to make minor amendments to the purchase and sale contract, including but not limited to the extension of deadlines and modification of legal descriptions, and to close on the purchase. The motion carried 6-0.

6. Action: Approve Farm Lease Agreement for Dill Farm

Mr. Thornhill stated Greeley owns agricultural property commonly known as the Dill Farm consisting of approximately 32 Acres of land. This is an agreement for dry land farming purposes to Knutson Land Management LLC. The lease will begin on the date it is fully executed and end on December 31, 2018. Thereafter, the Lease Agreement may be renewed for subsequent terms of one year each by mutual written agreement of the parties.

Knutson Land Management will pay the City \$514.00 in 2017 dollars, for use and occupancy of the Dill Farm for dry land farming, which is \$20.00 per acre for the farmable acreage. For each year the lease is renewed, Greeley will adjust the Annual Lease Amount in accordance with the increase in the Consumer Price Index for the Denver/Boulder/Greeley area, using the current CPI level as the basis for comparison.

Mr. Murphy Made motion, seconded by Mr. Sisneros to approve the Farm Lease Agreement for Dill Farm. The motion carried 6-0.

7. Action: Approve Proposed 2018 Board Meeting Schedule

A motion was made by Chairman Evans and seconded by Mr. Miller to approve the proposed 2018 Water and Sewer Board meeting dates as presented. The motion carried 6-0.

8. Report: 2017 Residential Water Budget Summary

Mr. Thornhill explained that the goals of this program were to provide information to customers on how much is water used, how much is needed, and provide information on improving water efficiency. The ultimate goal is to get users who far exceed their budget to reduce use. Preliminary results show the number of individual accounts exceeding their Water Budget at least once in the irrigation season decreased from 2016 to 2017 by 6%. In addition, the number of accounts exceeding their Water Budget for three or more months during the irrigation season decreased from 2016 to 2017 by 14%. The total number of water budget exceedances also decreased from 2016 to 2017 by 10%.

9. Report: Water Court Update

Ms. Petrzelka gave an update on current Water Court Cases. She explained since the last update in August, Greeley filed two statements of opposition, bringing the current number of pending Water Court cases where Greeley is an opposer to 19. This is the same as the beginning of 2016.

The Water Resource Division's outside legal and engineering expenses for 2017 was \$570,049.00, which is a 40% increase from 2016. This increase in costs was largely due to Greeley being the Applicant in four cases.

10. Report: High Mountain Reservoir Presentation (Second in Series)

Ms. Snyder gave a presentation on the Cache la Poudre raw water reservoirs and operations procedures. This was the second installment in a series geared to educate the board in city water systems.

11. Legal Report

Mr. Witwer stated staff and counsel recommend filing two statements of opposition this month.

- a. State Engineer (Case No. 17CW3152): Rules Governing Review of Substitute Water Supply Plan for Lease, Loan, or Trade of Decreed "Agricultural Water Protection Water Right" in Water Divisions 1 and 2. Greeley's water rights could potentially be affected by use of such water rights, recently created by state statute (CRS § 37-92-305(19)) , so filing of formal protest to monitor proceedings is recommended.
- b. Fort Collins-Loveland Water District, North Weld County Water District, and East Larimer County Water District (Case No. 17CW3160): Application to change remaining water rights decreed to John R. Brown Ditch, a senior water right which diverts upstream of LaPorte from the Cache la Poudre River and claims a right to store the changed water right in Overland Trail Reservoirs.

He then gave an update on the following:

Windy Gap Firming Project litigation: Greeley's counsel continues to monitor the status of both a) the WGFP decree water court litigation brought by the Municipal Subdistrict of the Northern Colorado Water Conservancy District (Case No. 17CW3176) and the U.S. District Court lawsuit challenging WGFP permitting (Civil Action No. 17-cv-2563), and will update and discuss these cases with the Board in the future.

Mr. Otis moved and Vice Chairman Todd seconded to authorize the filing of a statement of opposition in Case No. 17CW3152 and 17CW3160, and for staff and legal counsel to seek resolution of issues raised by the case as consistent with Water and Sewer Board Resolution No. 3, 2015. The motion carried 6-0.

12. Director's Report

Mr. Knight spoke to the following:

- Bellvue Water Treatment Plant Ground Breaking Ceremony: The ceremony will be held the week of January 22nd, invitations to follow.
- Employee Retirements:
 - Sam Boone – Water Resources Engineer 33 years
 - Jeff Littell – Transmission/Distribution Manager 29 years
 - Chuck Campbell – Senior Construction Inspector 24 years
 - Steve Cloepfil – Construction Inspector 14 years

Chairman Evans adjourned the meeting at 3:24 p.m.

Harold Evans, Chairman

Shannon Metcalf, Office Manager

WATER & SEWER BOARD AGENDA JANUARY 17, 2018

ENCLOSURE _____

NO ENCLOSURE X

ITEM NUMBER: 4

TITLE: ACTION: ELECTION OF OFFICERS

RECOMMENDATION: APPROVE 2018 OFFICERS

ADDITIONAL INFORMATION:

WATER & SEWER BOARD AGENDA JANUARY 17, 2018

ENCLOSURE X NO ENCLOSURE

ITEM NUMBER: 5

TITLE: ACTION: APPROVE CASH-IN-LIEU

RECOMMENDATION: APPROVE CASH-IN-LIEU POLICY AS
RECOMMDED

ADDITIONAL INFORMATION:

Please see the attached memorandum for details.



MEMORANDUM

To: Water and Sewer Board

From: Emily Carbone, Water Resources Analyst

Date: January 11, 2018

Re: Colorado Big Thompson (C-BT) project water applications for Change of Water Allotment Contracts

ISSUE:

The C-BT *Change of Water Allotment Contracts* for October, November, and December 2017 have been published. The average market price per C-BT unit over the last 36 months will be used as an indicator for the City of Greeley Water and Sewer Board at the January Board Meeting to set the City’s cash in-lieu rate.

BACKGROUND:

In the month of **October 2017**, the NCWCD Board reviewed 1 application for change of water allotment contracts, totaling 15 units. Transfers to cities, towns and rural domestic water providers totaled 15 units, of which 15 units were purchased.

Purchaser	Number of Units Purchased	Purchase Price per Unit	Total Purchase Price	Monthly Average Purchase Amount per Unit
-----------	---------------------------	-------------------------	----------------------	--

October 2017

North Weld County Water District	15	\$27,500.00	\$412,500.00	
Oct Totals	15		\$412,500.00	\$27,500.00

In the month of **November 2017**, the NCWCD Board reviewed 7 applications for change of water allotment contracts, totaling 64 units. Transfers to cities, towns and rural domestic water providers totaled 19 units, of which 17 units were purchased.

Purchaser	Number of Units Purchased	Purchase Price per Unit	Total Purchase Price	Monthly Average Purchase Amount per Unit
------------------	----------------------------------	--------------------------------	-----------------------------	---

November 2017

Town of Windsor	6	\$27,700.00	\$166,200.00	
Town of Windsor	10	\$27,700.00	\$277,000.00	
Little Thompson Water District	1	\$27,500.00	\$27,500.00	
November Totals	17		\$470,700.00	\$27,688.24

In the month of **December 2017**, the NCWCD Board reviewed 8 applications for change of water allotment contracts, totaling 266 units. Transfers to cities, towns and rural domestic water providers totaled 99 units, of which 98 units were purchased.

Purchaser	Number of Units Purchased	Purchase Price per Unit	Total Purchase Price	Monthly Average Purchase Amount per Unit
------------------	----------------------------------	--------------------------------	-----------------------------	---

December 2017

North Weld County Water District	7	\$28,500.00	\$199,500.00	
North Weld County Water District	20	\$28,500.00	\$570,000.00	
Town of Windsor	1	\$27,700.00	\$27,700.00	
North Weld County Water District	35	\$28,300.00	\$990,500.00	
Left Hand Water District	22	\$27,000.00	\$594,000.00	
Left Hand Water District	13	\$27,000.00	\$351,000.00	
December Totals	98		\$2,732,700.00	\$27,884.69

Over the 36 month period from **January 2015 through December 2017**, the Northern Colorado Water Conservancy District (NCWCD) Board reviewed 234 applications for change of water allotment contracts, totaling 4,994 units. Transfers to cities, towns and rural domestic water providers totaled 3,357 units, of which 3,338 units were purchased.

RECOMMENDATIONS:

Cash-in-lieu is currently set at \$34,000 per acre-foot. The total average cost over the 36 month period from October 2014 through September 2017 was \$26,107 per unit or approximately \$34,000 per acre-foot. Staff recommends to keep the cash-in-lieu rate at \$34,000 per acre-foot.

SERVING OUR COMMUNITY • IT'S A TRADITION

We promise to preserve and improve the quality of life for Greeley through timely, courteous and cost effective service.

WATER & SEWER BOARD AGENDA JANUARY 17, 2018

ENCLOSURE X NO ENCLOSURE

ITEM NUMBER: 6

TITLE: ACTION: APPROVE RESOLUTION
REGARDING WATERING RESTRICTIONS FOR
INSIDE THE CITY SINGLE-FAMILY
RESIDENTIAL CUSTOMERS ON WATER
BUDGET RATES

RECOMMENDATION: APPROVE RESOLUTION REGARDING
WATERING RESTRICTIONS FOR INSIDE THE
CITY SINGLE-FAMILY RESIDENTIAL
CUSTOMERS ON WATER BUDGET RATES

ADDITIONAL INFORMATION:

To coincide with the implementation of a water budget tiered rate structure last year, the Water and Sewer Board recommended in January 2017 that the City Council remove the three-day-per-week watering restrictions appropriate to an adequate water supply, as defined by Section 14.08.290(c)(1) of the Code, for single family residential customers on water budget rates. The modification allowed these customers an increased flexibility to water their properties in response to changing weather patterns, and staff did not observe a resulting increase in wasteful use.

The enclosed resolution is a recommendation of the Water and Sewer Board to the City Council, that the three-day-per-week watering restrictions be once again removed for the duration of the 2018 irrigation season for inside the City single-family residential customers who are on water budget rates.

**CITY OF GREELEY, COLORADO
ACTING BY AND THROUGH ITS WATER AND SEWER BOARD**

RESOLUTION ___, 2018

**A RESOLUTION REGARDING WATERING RESTRICTIONS FOR INSIDE THE CITY
SINGLE-FAMILY RESIDENTIAL CUSTOMERS ON WATER BUDGET RATES**

WHEREAS, the City of Greeley (“City”) is a Colorado home rule municipality empowered pursuant to Sections 1 and 6 of Article XX of the Colorado Constitution to, *inter alia*, construct, purchase, acquire, lease, add to, maintain, conduct, and operate water works and everything required therefor, within or without its territorial limits, for use of the City; and

WHEREAS, Section 17-4 of the City Charter authorizes and requires the Water and Sewer Board (“Board”) to acquire, develop, convey, lease, and protect water and sewer assets, supplies, and facilities; and

WHEREAS, Section 14.08.290 of the Greeley Municipal Code prescribes the particular means by which City residents may irrigate their property during periods of adequate water supply and during periods of drought; and

WHEREAS, Section 14.08.290(c) of the Greeley Municipal Code permits the Greeley City Council to declare a set of watering restrictions for the City by resolution, based on the water supply adequacy determination made by the Board; and

WHEREAS, the City Council declared watering restrictions appropriate to an adequate water supply, as described in Section 14.08.290(c)(1), to be in effect via Resolution 15, 2005, which was passed and adopted on April 5, 2005; and

WHEREAS, such watering restrictions appropriate to an adequate water supply are still currently in effect for all City residents; and

WHEREAS, Sections 14.08.290(b)(4) and 14.08.290(c)(1) prescribe a watering schedule of three days per week for private residences and other properties between April 15 and the end of the irrigation season during a period of adequate water supply; and

WHEREAS, the current water budget rate structure for inside the City single-family residential customer class was originally implemented by the Board, via the Resolution Approving Water and Sewer Rates for 2017 approved at its December 21, 2016 regular board meeting; and

WHEREAS, in conjunction with the implementation of this water budget rate structure, and upon the recommendation from the Board via Resolution 2, 2017, City Council removed the three-day-per-week watering restrictions for single-family residential customers on water budget rates for the duration of the 2017 irrigation season; and

WHEREAS, inside the City single-family residential customers who are on water budget rates will need continued flexibility in 2018 to water their properties outside of a three-day-per-week watering schedule during this period of adequate water supply, in order to adequately respond to varying weather and levels of precipitation;

WHEREAS, the imposition of watering restrictions that are responsive to the adequacy of available water supply continues to be in the best interests of the citizens of the City of Greeley for the preservation and protection of their health, property, and safety;

NOW THEREFORE, BE IT RESOLVED BY THE WATER AND SEWER BOARD OF THE CITY OF GREELEY, COLORADO, AS FOLLOWS.

1. The Board recommends to the City Council that it modify the three-day-per-week watering restrictions currently in place during this period of adequate water supply, which restrictions are described with more particularity in Sections 14.08.290(b)(4) and 14.08.290(c)(1) of the Greeley Municipal Code and in City of Greeley Resolution 15, 2005.
2. The Board recommends that the aforementioned three-day-per-week watering restrictions be removed for the duration of the 2018 irrigation season for inside the City single-family residential customers who are on water budget rates.

PASSED AND ADOPTED, SIGNED AND APPROVED THIS ____ DAY OF JANUARY 2018.

ATTEST

CITY OF GREELEY
WATER AND SEWER BOARD

Roy Otto
Secretary to the Board

Harold Evans
Chairman, Water and Sewer Board

WATER & SEWER BOARD AGENDA January 17, 2018

ENCLOSURE X

NO ENCLOSURE

ITEM NUMBER: 7

TITLE: ACTION: APPROVE ACQUISITION OF WATER RIGHTS FROM BEAU R. HASTINGS & JENNIFER S. HASTINGS

RECOMMENDATION: APPROVE CONTRACT TO BUY & SELL WATER RIGHTS WITH BEAU R. HASTINGS & JENNIFER S. HASTINGS

ADDITIONAL INFORMATION:

The Contract to Buy & Sell Water Rights (“Contract”) is proposed between Beau R. Hastings & Jennifer S. Hastings, (“Sellers”) and the City of Greeley, Colorado (“City”). The Sellers own four (4) shares of stock in The New Cache la Poudre Irrigating Company and eight (8) shares of stock in The Cache la Poudre Reservoir Company (collectively “Water Rights”). The total purchase price for the Property shall be five hundred forty thousand dollars and zero cents (\$540,000.00) (“Purchase Price”).

WATER & SEWER BOARD AGENDA JANUARY 17, 2018

ENCLOSURE _____

NO ENCLOSURE X

ITEM NUMBER: 8

TITLE: REPORT: WATER TREATMENT AND
TRANSMISSION (THIRD IN SERIES)

RECOMMENDATION: INFORMATIONAL ONLY

ADDITIONAL INFORMATION:

Staff will provide a presentation.

WATER & SEWER BOARD AGENDA JANUARY 17, 2018

ENCLOSURE _____

NO ENCLOSURE X

ITEM NUMBER: 9

TITLE: EXECUTIVE SESSION

RECOMMENDATION: INFORMATION ONLY

ADDITIONAL INFORMATION:

WATER & SEWER BOARD AGENDA JANUARY 17, 2018

ENCLOSURE _____

NO ENCLOSURE X

ITEM NUMBER: 10

TITLE: LEGAL REPORT

POSSIBLE ACTION: STATEMENTS OF OPPOSITION, IF ANY

RECOMMENDATION: INFORMATION ONLY

ADDITIONAL INFORMATION:

WATER & SEWER BOARD AGENDA JANUARY 17, 2018

ENCLOSURE _____

NO ENCLOSURE X

ITEM NUMBER: 11

TITLE: DIRECTOR'S REPORT

RECOMMENDATION: INFORMATIONAL ONLY

ADDITIONAL INFORMATION:

- Colorado Water Congress Annual Convention, January 24-26
- Poudre Runs Through It, February 2
- Groundbreaking Ceremony for Bellvue WTP Improvements, January 24
- Closed on Wagg Farm

WATER & SEWER BOARD AGENDA JANUARY 17, 2018

ENCLOSURE _____

NO ENCLOSURE X

ITEM NUMBER: 12

TITLE: SUCH OTHER BUSINESS THAT MAY BE
 BROUGHT BEFORE THE BOARD AND
 ADDED TO THIS AGENDA BY MOTION OF
 THE BOARD

RECOMMENDATION: TO BE DETERMINED

ADDITIONAL INFORMATION: