

## RECORD OF PROCEEDINGS

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*Town of Estes Park, Larimer County, Colorado, February 12, 2004.*

Minutes of a Regular meeting of the **UTILITIES COMMITTEE** of the Town of Estes Park, Larimer County, Colorado. Meeting held in the Municipal Building in said Town of Estes Park on the 12<sup>th</sup> day of February 2004.

Committee: Chairman Jeffrey-Clark, Trustees Gillette and Newsom

Attending: Chairman Jeffrey-Clark and Trustee Newsom

Also Attending: Town Administrator Widmer, Public Works Director Linnane, Utilities Supt. Goehring, and Deputy Clerk van Deutekom

Absent: Trustee Gillette

Chairman Jeffrey-Clark called the meeting to order at 8:00 a.m.

### **LIGHT AND POWER DEPT.**

#### **Electric Rate Study Scope of Services – Approval Request.**

The Light and Power Department implemented rate increases of 6.25% in 2003 and 6.24% in 2004 based on the electric rate study approved by the Town Board in January 2003.

The Light and Power Financial Plan approved by the Town Board in December 2003 recommended continuing retail rate increases of 3.9% from 2005 through 2008. The continuing rate increases are required to meet the following goals:

1. Eliminate the annual deficit in 2005
2. Maintain a fund balance exceeding \$900,000 in 2005 and increasing in following years
3. Reach an industry standard target of 90 days of Operation & Maintenance expense plus 2% Fixed Asset ending balance fund reserve by 2008
4. Fund Capital Improvement Programs from cash. This includes the multi-million dollar major expansion of Marys Lake Substation anticipated for 2009.

Staff received a Scope of Services from Black & Veatch to perform the 2004 Electric Rate Study for a negotiated cost \$30,000. Director Linnane noted that the 2004 Budget includes \$30,000 for this study.

**The Committee recommends approval of the Electric Rate Study Scope of Services presented by Black & Veatch at a cost of \$30,000.**

#### **Annual Tree-Trimming Project – Approval Request.**

The Light and Power Department began annual tree trimming services for electric line clearance in 1998. Since implementing this program, outages (momentary and sustained) have been greatly reduced in the trimmed areas, including the lines in Rocky Mountain National Park.

Staff received a proposal from Asplundh Tree Expert Co. to perform tree trimming services at a cost of \$82.26/per crew hour, the same cost as the 2002 contract. (The department did not contract for tree trimming services in 2003 due to budget constraints).

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The 2004 Budget includes \$70,000 for this project. This budgeted amount will provide funding for approximately five months at the proposed rate listed above. Staff recommends starting the program in May to allow better vehicle accessibility to the electric lines.

**The Committee recommends that the 2004 tree trimming contract be awarded to Asplundh Tree Expert Co. at a cost of \$82.26/per crew hour not to exceed \$70,000.**

**Policy Revision - Discontinuance of Service – Approval Request.**

The Town's current policy provides for discontinuance of electric service to accounts that have combined arrears on electric and water service equal to or exceeding \$65.00 for 30 days past the due date. The Town Board adopted the Public Utility Commission (PUC) of Colorado's Guidelines for Discontinuance of Electric Service in administering its own policy.

Staff from both Light and Power and Finance Departments met to discuss revision of the Town's Discontinuance Policy and presented the following recommendations:

1. Increase the normal and after-hours disconnect/reconnect charge to more accurately reflect current costs and discourage delinquent payment.
2. Replace the two-tier residential deposit with \$100 charge applicable to all residential accounts. Reduce the term of deposit retention to one year for residential accounts and two years for commercial accounts. Provide a simpler deposit policy that is user-friendly.
3. Implement a monthly late charge of 1.5% for amounts 30 days in arrears. This late charge amount is a common industry standard.
4. Replace door hangers with telephone notification.

Staff explained that the Discontinuation Notice mailed to customers provides phone numbers to local agencies that offer assistance to individuals experiencing financial hardships (i.e., Crossroads, Salvation Army, etc.).

**The Committee recommends adoption of Discontinuance of Service Policy changes 1-4 listed above.** These changes would take effect April 1, 2004, allowing ample time for customer notification.

**Reports**

- Monthly Financial Report. The Light and Power Year-End Financial Reports and associated graphs were reviewed.
- Misc. Projects Update. Director Linnane presented a summation of departmental projects and Purchased Power Rider Table.
- Gem Lake Trailhead Pole Fire. A Porcelain conductor failed causing a minor fire on the pole. The pole has been replaced.

**WATER DEPT.**

**Estes Valley Recreation and Park District (EVRPD) Request to Lease 75 Acre Feet (a.f.) of Town-Owned Water Rights – Approval Request.**

In 2003, EVRPD and the Park R-3 School District requested and received 135 a.f. of Town-leased CBT water rights. Staff recently received another request from EVRPD and the School District to lease an additional 75 a.f. in 2004. The following 2004 projections involve water rights use, not actual water use.

- The 2004 water rights available to the Town are projected at 1403 a.f.
- The 2004 water rights use is projected at 832 a.f.
- The 2004 water rights surplus is projected at 486 a.f. This amount has taken into account the EVRPD 75 a.f. lease request, as well as the existing lease agreements (85 a.f. total).

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An intergovernmental agreement (similar to previous years) would be prepared by Town Attorney White and signed by all parties. The lease would be contingent upon available water supplies and made part of the agreement. Revenue from the lease would be \$3,750 (75 a.f. at \$50/foot).

**The Committee recommends approval of the EVRPD/School District request to lease 75 a.f. of Town-owned water rights at \$50/a.f., as outlined above.**

**Water Shop Retaining Wall Project – Approval Request.**

Director Linnane reported that annual spring runoff causes embankment loss along the north property line at the Water Shop. Cornerstone Engineering submitted a Scope for Design and Construction Management at a cost of \$5,132 for a concrete retaining wall project that will stabilize the existing embankment. The 2004 Budget includes \$60,500 for this project (\$3,500 for engineering and \$57,000 for construction).

Staff will return to Committee with construction bids at the April meeting. Due to the relatively small size of the project, a longer construction period of 90 days will be included in the specs; this may attract more bidders.

**The Committee recommends approval of the \$5,132 Cornerstone Engineering Scope for Design and Construction Management of the retaining wall project as presented.**

**Water System Vulnerability Assessment Scope of Services – Approval Request.**

Federal regulations mandate that all public water systems serving between 3,300 and 50,000 people complete a Vulnerability Assessment and develop an Emergency Response Plan by December 31, 2004. All aspects of the system, including computer system security and physical security of the water plants are to be evaluated.

Cost summations were received from the following:

<u>Versar, Inc.</u>	
Vulnerability Assessment	\$14,800
Emergency Response Plan	<u>\$ 5,000</u>
Total:	\$19,800

<u>Pinkerton Consulting and Investigation Services</u>	
Vulnerability Assessment & Emergency	
Response Plan	<u>\$ 9,900</u>
Total cost:	\$ 9,900

The 2004 Budget includes \$25,000 for this project. Concluding all discussion regarding federal mandates and funding reimbursement, the **Committee recommends approval to proceed with the Vulnerability Assessment and Emergency Response Plan from Pinkerton Consulting and Investigation Services at a cost of \$9,900.**

**Water Shop Remodel Project – Approval Request.**

Director Linnane reported that due to increased staffing space and phone/computer access requirements, the budgeted Water Shop remodel was changed from a one-bay to a two bay addition. The existing office space available at the Water Shop is 275 square feet. The new office addition will consist of four offices and a common entryway for public access for a total of 843 square feet. The remodel of existing staffing area will create a more secure environment for the SCADA system by incorporating it into an employee-only staff area, which can be removed from public access.

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O'Reilly Construction presented the following bid for the new office additions and remodel of existing space for a staff room area:

Construction (O'Reilly)	\$76,000
Performance Bond (Town estimate)	<u>\$ 2,500</u>
Total cost	\$78,500

The 2004 Budget includes \$60,000 for this project. Additional funds are available from the Vulnerability Assessment and Emergency Response Plan budget excess (\$16,000) and Water Shop Retaining Wall budget excess (\$2,500).

**The Committee recommends approval of the Water Shop Addition and Remodel Project by O'Reilly Construction at a cost of \$78,500, with the \$18,500 deficiency funded from the Vulnerability Assessment and Emergency Response Plan and Water Shop Retaining Wall budget excesses outlined above.**

### **Water Tap System Development Fee Study Scope of Services – Approval Request.**

Director Linnane explained that the 2004 Budget Executive Summary includes the Water Tap System Development Fee Study Scope of Services, but the actual budget was printed without this project being included.

Per industry standards, the Water Department tap fee is structured to include two fees: a Water Rights Fee (WRF) and a System Development Fee (SDF). The Town's current tap fee is approximately \$7,200, which is low compared to tap fees in other Front Range communities. Most water districts and municipalities charge in excess of \$15,000 for single-family residence (SFR) water taps.

Director Linnane explained that the System Development Fee portion has not changed in over 15 years. Therefore, staff requested Black & Veatch provide a Scope of Services to study the SDF. The existing single-family residence SDF is approximately \$2,000. It does not reflect current system costs. The SDF is integral to the funding of the larger capital improvement projects, such as:

- The Marys Lake Water Plant
- The Marys Lake Raw Water Pump Project
- The annual Water Main Replacement Project (Loop)
- The three major Glacier Plant rehabilitation projects
- The Glacier Plant 1-million gallon tank
- Replacement of the 3-mile long Fall River Road 12-inch water distribution line (see note)
- The Fall River Corridor High Zone Tank and distribution line
- The \$5-million major expansion of the Marys Lake Water Plant, planned for the year 2009

The Black & Veatch scope will study and make a recommendation for all of the tap fee classifications: SFR, multi-family, Accommodations, Commercial Accommodations, and Commercial.

The cost of the SDF Scope of Services from Black & Veatch is \$15,000. The project is included in the Executive Summary of the 2004 Budget. The Water Department Fund Balance can accommodate the project. If needed, the budget could be supplemented during the fall budget process.

**The Committee recommends approval of the Black & Veatch SDF Scope of Services at a cost of \$15,000.**

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**Reports**

- Miscellaneous Projects Update. Director Linnane presented a summation of departmental projects.
- Monthly Financial Report – Water. The Water Year-End Financial Reports were reviewed.
- The snow pack is currently at 80% of normal levels.

There being no further business, Chairman Jeffrey-Clark adjourned the meeting at 9:30 a.m.

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Rebecca van Deutekom, CMC, Deputy Town Clerk