

## RECORD OF PROCEEDINGS

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*Town of Estes Park, Larimer County, Colorado, August 16, 2007.*

Minutes of a Regular meeting of the **UTILITIES COMMITTEE** of the Town of Estes Park, Larimer County, Colorado. Meeting held in the Town Hall in said Town of Estes Park on the 16<sup>th</sup> day of August 2007.

Committee: Chairman Homeier, Trustees Newsom and Pinkham

Attending: All

Also Attending: Administrator Repola, Deputy Administrator Halburnt, Utilities Director Goehring, Finance Director McFarland, Superintendent Mahany, Deputy Town Clerk Deats

Absent: None

Chairman Homeier called the meeting to order at 8:00 a.m.

### **PUBLIC COMMENT**

Michael Dzik, Sustainable Mountain Living (SML) Group, read a statement from fellow SML member, Tom Street, indicating that the minutes from the July Utilities Committee meeting did not reflect comments made by Utility Director Goehring in regard to net metering. The Sustainable Mountain Living Group made a presentation at the July meeting, after which Dir. Goehring stated that the Utilities Department would come back to Committee in either September or October with a more complete report addressing net metering, credits, and incentives. Chairman Homeier acknowledged that the Town realizes that the SML Group is eager to pursue this topic and that information regarding net metering credits and incentives will need to be studied due to their budgetary implications.

### **LIGHT & POWER DEPARTMENT**

#### **BUCKET TRUCK REPLACEMENT (VEHICLE 93325A) – REQUEST APPROVAL.**

The 2007 Light & Power Department budget includes \$260,000 for the replacement of Bucket Truck 93325A, a 1996 International 4900 Series 4x2 truck, equipped with a bucket aerial device which is used by the line crew for aerial line and transformer repairs. The vehicle is 11 years old with 7,850 hours and 67,540 miles. (Replacement Type 13 Policy – 8,500-9,000 hours or 12 years; this vehicle is not included in the replacement fund.) The Light & Power Department requests the purchase of a 4x4 vehicle with a similar aerial device. The choice of aerial devices is limited by the storage building door height of 12' and the taller truck chassis due to Tier III emissions. Bids were solicited with the following results:

Altec Industries – Denver, Colorado/St. Joseph, Missouri  
Meets specification (Height 11'11")  
2007 International 7400-4x4 w/Altec AM855 Series Aerial Bucket \$226,451  
Trade-in: Equipment #93325A \$ 15,000  
Bid Price: \$211,451

Terex Utilities – Denver, Colorado/Watertown, South Dakota  
**Vehicle did not meet specifications (Height 12'3")**  
2007 International 7400-4x4 w/Hi-Ranger HRX55 Series Aerial Bucket \$221,017  
Trade-in: Equipment #93325A \$ 15,000  
Bid Price: \$206,017

Versalift Utilities – Colorado Springs, Colorado/Waco, Texas DECLINED TO BID

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Staff recommends purchasing the new truck and aerial bucket device from Altec Industries, St. Joseph, Missouri at a cost of \$211,451 after a \$15,000 trade-in. **The Committee recommends approval to purchase a 2007 International 7400 4x4 w/Altec AM855 Series Aerial Bucket as outlined above at a cost of \$211,451 from account #502-7001-580-34-42, as budgeted.**

The Committee commented that the budgeted amount for this replacement vehicle was substantially lower than the actual cost and requested that, if possible, any surplus funds be placed in the vehicle replacement fund.

Due to the similarities in the next two agenda items, Chairman Homeier requested Dir. Goehring make a presentation that included both Utility Plans to the Committee for consideration.

**SECTION 3 LIGHT & POWER FINANCIAL PLAN – REQUEST APPROVAL.**

In January of 2007, HDR Engineering presented a Light & Power Department Financial Plan to the Utilities Committee for review. HDR incorporated Committee comments into the plan and completed it in March 2007. The plan recommends rate adjustments of +2.5% for each consecutive year, from 2008 through 2013, and reflects a cumulative increase of 15.97% by 2013.

The proposed rate adjustments are necessary to fund the Capital Improvement Plan including: the Mary's Lake Substation expansion and increase in size from 20 MW to 50 MW; and Mary's Lake Substation to Estes Substation 600 amp duct bank\*, ensuring electrical system redundancy and reliability. In addition, the proposed rates will allow for the completion of these projects while maintaining a projected fund balance of \$2,400,000 in 2013.

Mary's Lake Substation expansion	\$4,000,000
Account #502-7001-580-33-30 Budgeted	

*Mary's Lake Substation to Estes Substation, 600 amp duct bank	\$2,400,000
Project withdrawn	

Staff requests approval to accept the Light & Power Utility Financial Plan, dated March 2007, compiled by HDR Engineering, and recommends increasing the electric rates by 2.5% each year 2008, 2009, and 2010; with an update of the Light and Power Financial Plan in 2010, and a reevaluation and recalculation of any additional rate increases.

**SECTION 2 WATER UTILITY FINANCIAL PLAN – REQUEST APPROVAL.**

In January of 2007, HDR Engineering presented a Water Department Financial Plan to the Utilities Committee for review. HDR incorporated Committee comments from this meeting into the Financial Plan and completed it in March of 2007. The Plan recommends water rate adjustments of +5.6% for each consecutive year from 2008 to 2013, and reflects a cumulative increase of 38.67% by 2013.

The proposed rate adjustments are necessary to fund Phase One of the Mary's Lake Water Plant Expansion/Treatment upgrade increasing plant capacity from 2 million gallons per day (MGD) to 4 MGD to meet growing demands; change the treatment type from conventional to membrane technology; and ensure compliance with upcoming State Health Department and EPA regulations.

The proposed rate adjustments will allow the Water Department to implement the Mary's Lake Water Plant expansion/treatment upgrades, and maintain a projected fund balance of \$1,259,000 in 2013.

Mary's Lake Water Plant expansion/treatment upgrade	\$ 4,741,337
Account #503-7000-580-32-22 Budgeted	

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Staff requests approval to accept the Water Utility Financial Plan, dated March 2007, by HDR Engineering, and recommends increasing the water rates by a 5.6% each year for 2008, 2009, and 2010; with an update to the Water Utility Financial Plan in 2010 and a reevaluation and recalculation of any additional rate increases.

The Committee discussed the financial plans for both utilities, noting that they are similar with the differences being the capital projects involved. Dir. Goehring indicated that public hearings will be held on October 9<sup>th</sup> for Water and October 23<sup>rd</sup> for Light & Power to comply with requirements for notification of rate increases to utility customers and allow for public input on the matter. The Committee requested the rate increases for both utilities be included as action items on the Town Board agenda, and that a budget study session related to Utilities be held prior to the October 23<sup>rd</sup> Town Board meeting.

Discussion followed and included: transfer of funds from Utilities to the General Fund; reduction of the percentage of this transfer to the General Fund; items expensed to the Utilities Department; budget to reflect the cost of doing business; request for an annual summary of debt service; the monitoring of financial reserves; water accounts have minimum monthly charge with no minimum usage to encourage conservation; water customers have been using less water as a possible result of more second homes in the area.

**The Committee recommends approval to accept both the Section 3 Light & Power Financial Plan, and the Section 2 Water Utility Financial Plan, compiled by HDR Engineering, dated March 2007, as follows:**

- 1) a recommendation to increase the electric rates by 2.5% each year 2008, 2009, and 2010; with an update of the Light & Power Financial Plan in 2010, and a reassessment and recalculation of any additional rate increases; and**
- 2) a recommendation to increase the water rates by a 5.6% each year for 2008, 2009, and 2010; with an update to the Water Utility Financial Plan in 2010 and a reassessment and recalculation of any additional rate increases.**

**REPORTS**

**LIGHT & POWER**

1. Financial Reports – Dir. McFarland reviewed the report.

**WATER**

1. Water Financial Reports – Dir. McFarland reviewed the report.

The Committee discussed the financial reports including the following topics: budgeting processes, revenue projections, capital projects and bonding, depreciation, sole sourcing as it relates to water plant membrane treatment system; and a timeline for bond market announcements. The Committee requested that Dir. McFarland bring an approximate bond market timeline to the September Utilities Committee meeting.

There being no further business, Chairman Homeier adjourned the meeting at 9:04 a.m.

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Cynthia A. Deats, Deputy Town Clerk