

Commission Members Present: CJ McKinney, Dan Herlihey, John Matis (left early at 5:18 pm), Darell Zimbelman, David Schneider, John Rust Jr., Gary Hausman, Eugene Packer

Council Liaison: Daryl Klassen (Arrived at 4:10 pm)

City Staff Members: Chris Matkins, Darcy Hodge, Garth Silvernale, Jim Lees, Kim O'Field, Lindsey Bashline, Larry Howard, Michelle Stalker, Russel Jentges, Steve Adams, Sarah Smith, Sharon Citino, Kent Aspinall, Cree Goodwin

Others Present: Bruce Hendee, Sandy Powell

CALL TO ORDER: Dave Schneider called the meeting to order at 3:59 pm.

APPROVAL OF MINUTES: Dave asked for a motion to approve the minutes of the May 16, 2012 meeting.

CORRECTION: Daryle Klassen asked that the word "prospective" be inserted before the word "tenants" in the first paragraph of the second page.

MOTION: Dan Herlihey made the motion to approve the minutes of the June 20, 2012 meeting.

SECOND: John Matis seconded the motion. The minutes were approved unanimously.

ELECTION OF OFFICERS: Dave Schneider turned the meeting over to Steve Adams for the election of officers.

NOMINATION: John Matis nominated Dave Schneider as LUC Chair.

SECOND: Eugene Packer seconded the nomination.

There were no other nominations for Chair. All LUC Board Members present unanimously voted for Dave Schneider to continue as the LUC Chair. Steve Adams turned the time over to Dave Schneider to run the rest of the meeting.

NOMINATION: Darell Zimbelman nominated Eugene Packard as LUC Vice Chair.

SECOND: Dan Herlihey seconded the nomination.

There were no other nominations for Vice Chair. All LUC Board Members present unanimously voted for Eugene Packard to continue as the LUC Vice Chair.

CITIZEN REPORTS: None

COUNCIL REPORT: Daryl Klassen

- 7/3/2012: City Council reappointed Gary Hausman, Dan Herlihey, and John Matis to the Loveland Utility Commission.
- 7/3/2012: City Council approved on second reading, an ordinance amending the municipal code concerning water booster pumps and systems.
- 7/13/2012: City Council approved on second reading, an ordinance amending the municipal code in accordance with the 2012 Raw Water Master Plan.
- Daryl Klassen circulated the letter from Dave Schneider to the City Council which thoroughly addressed Mr. John Meaders' concerns over fluoridated water which he presented to LUC and twice to the City Council. Although the state-wide fire ban is lifted which also lifted the City ban, the City has put an emergency fire ban back in effect. The current fire ban is eased up a bit to allow open fires in constructed containers as the City has tried to parallel what the County, Rocky Mountain National Park and State of Colorado are doing. He mentioned that Cathleen McEwen of the City Council Board resigned this last week. Daryl complemented the community of Loveland for their adherence to the fireworks ban. There were thousands of people that positively responded to Loveland's extremely cautious and safe fireworks display over the lake.

COMMISSION REPORTS:

Gene Packer: Addressed how the Forest Service will have a booth set up this Saturday in Fort Collins so that people can sign up to volunteer to work with some of the Forest Service crews in the fire clean-up efforts. He mentioned that two former HP employees that he worked with in facilities recently passed away – Blaire Muhlstein and Dave Lancaster.

John Matis: Attended the Big Thompson Water Shed Forum, and their annual meeting will be February 28, 2013 at the Island Grove Event Center in Greeley. Joe Chaplin gave a short presentation on the pipeline over the river. In the near future, we may ask him to come to an LUC meeting and review the issues surrounding the pipeline over the river and some of the things that were learned through that process.

Steve Adams: After the Wilson Avenue pipeline project is complete, we would like to have an after-action review with Public Works, Storm Water and their groups along with Joe Chaplin and talk through all the things that we learned. Because we needed this waterline in service, we did a river crossing while the river was full of water rather than waiting until the dead of winter to perform this type of work. In about a month, we will be able to bring back to LUC good feedback on this project along with photos.

Darell Zimbelman: No report.

Gary Hausman: Thanked everyone for the card and flowers for his wife. She is doing well and is on the road to recovery.

Dave Schneider: No report

CJ McKinney: No report

John Rust Jr: Commented about the need for more rain and expressed concern over the possibility of future fires.

Dan Herlihey: No report

Randy Williams: Absent

REGULAR AGENDA: In order to allow our guest presenters to leave earlier, Item 3 on the agenda was moved up to be presented prior to the Director's Report.

ITEM 3: City of Fort Collins Net Zero Cities Symposium 2012 Presentation – Bruce Hendee

The Fort Collins Sustainability, Director Bruce Hendee from the Northern Colorado Business Report came and presented information on the first annual Net Zero Cities 2012 Symposium set for October 16-18, 2012. The symposium will bring together community members, businesses, government and political leaders across Colorado and the globe to learn, share, and advance real-world paths that organizations, communities, and countries can take to attain net-zero energy, carbon and waste communities world-wide. They hope to take a pragmatic approach to developing long-term energy strategies from a systems approach and look at what is being done nationally and internationally related to green development, sustainability, and energy. They will focus specifically on how these concepts can be applied to buildings and transportation while still promoting economic development.

The three legs to the symposium are as follows: 1) *Alternative Energy*: Long-term energy strategies that move us more toward a renewable energy portfolio, in part because of the potential for economic volatility by being so dependent on coal particularly due to China being both the largest producer and consumer of coal and they are continuing to grow; 2) *Transportation*: What can be done long-term to tackle carbon free transportation or at least move us away from such fossil fuel dependent vehicles; 3) *Education*: Focus on science, technology, education and mathematics required to start bringing up the next generation of students prepared to move into this evolving economy. The goals of the symposium are to: 1) *Learn* from others; 2) *Share* that learning; 3) *Advance* in state of the art developments and to move forward.

COMMENTS:

John Matis: Emphasized the importance to ensure that we invite local top science and math teachers to attend the conference so that they can share what they learn with others. He also emphasized that due to the nature of what would be discussed that it would be beneficial to share this information with key people throughout the state. Talked about the research triangle between Greeley, Fort Collins, and Loveland and how each community has their own capabilities with higher education, agricultural technology a transportation technology.

David Schneider: Expressed the desire to make it so younger people can attend the symposium. He expressed that we should encourage vocational training to keep the development and manufacturing of these new technologies here in this area. He also expressed that the symposium should be interactive. Discussed how CSU's engines and conservation labs are working to make practical vehicles run on natural gas and the benefits of this application. Applications like this help to address the strategic problem that automobiles are the biggest air polluters and our dependency on foreign oil, yet at present we have an abundance of natural gas.

Steve Adams: Stated that unlike other conferences, this would be a more interactive symposium during the actual event as well as in the application moving forward. He felt that the speakers and the approach would be of benefit to the City in two ways: 1) *Economic Development*: Through the positive economic development piece Betsey Hale has indicated her interest in sponsoring this event in the amount of \$10,000. 2) *Key Account & Other Customer Account Exposure*: Steve Adams indicated that if the LUC voted to support this event, then we would send emails to the Key Accounts as well as some other accounts to notify them of the symposium and to determine their interest to present, highlight and feature their current activities that fit the nature of this symposium. Attending this symposium would give local customers the ability to be at a national/international level conference with speakers from around the globe. Because of the benefit of the symposium to the LUC and City Council, Steve indicated that through the Key Account Customer Relations budget they could support the event with an additional \$10,000, bringing the total support from the City to \$20,000. Although the City's Public Works Department would be unable to contribute financially, the director has many people in mind that would be beneficial in the transportation area, possible speakers and other symposium ideas and opportunities. The symposium may give the opportunity to highlight current LEAD certification projects and our first geothermal project currently underway.

Daryle Klassen: Addressed the importance of technology transfer from knowledge and intelligence to practical application and production and thus creating jobs and economic vitality. He addressed how the City is currently supporting technology transfer. He expressed that future success in the global economy competition will depend upon being entrepreneurs and innovators and bringing technology forward and bringing together the investment dollars, research, brains, and synergistic abilities to those that can produce products and produce jobs. Spoke about the research triangle in this area and how Bill Murphy from Cumberland & Western pointed out that we have all the key research

triangle elements locally (transportation, intellect, education, etc.) and that is why they had such an interest in coming to the Loveland facility.

RECOMMENDATION: Recommends that the City of Loveland Water and Power Departments help to participate and sponsor this event.

VOTE: Dave Schneider asked for a raise of hands of those that desired to support this symposium financially. All LUC members present raised their hand and voted unanimously to support this symposium.

DIRECTOR'S REPORT: Steve Adams

- Introduction of Cree Goodwin as Senior GIS Specialist
- Loveland Garden Tour, on June 23, 2012: Over 600 attended and they were very appreciative of our sponsorship
- Low water pressure press release broadcasted on Channel 7 News on, June 28, 2012 due to hot temperatures and high demand
- At the Rialto, they showed three different brands that they had come up with and received feedback from the community. Next month we will have an update on this because Gretchen Stanford and Tracey Hewson are currently at the event where the Chamber will reveal and launches its tourism brand and celebrate the re-opening of the Loveland Visitors Center which is now run by the City.
- PRPA Candidates' Forum will be on Wednesday, July 25, 2012 starting at 5 pm to meet and hear the four candidates for the General Manager position at PRPA and to provide candidate feedback to the board through Internet postings.
- 37th Annual Colorado Water Workshop, *Water Taboos: Addressing Our Most Challenging Issues*, at Western State College in Gunnison, July 18th-20th
- 2012 Colorado Water Congress Summer Conference, *The Balance of Power*, at the Sheraton in Steamboat Springs, August 15th-17th
- Handed out Ralph Parshall meeting notes on raw water supply issues from a 1956 and he addressed many issues that are similar to what we are dealing with today such as global warming.
- Handed out the report, *Annual Runoff of Colorado's Seven Major Rivers* by Leonard Rice Engineers, Inc.
- Handed out the meeting minutes of the *Odors at Lake Loveland Meeting*, from June 5, 2012 and addressed the various parties involved and the steps that will be taken moving forward.
- Distributed an article from a non-partisan political newsletter entitled, "Proposed Ballot Initiatives on Water rights are Swirling in Controversy," by Peter Marcus of *The Colorado Statesman Newspaper* that addresses both sides of the issue. There are some ballot initiative issues being distributed for signatures related to the public trust doctrine that could change the way that water rights are administered and apportioned. Northern Water has issued a position on the issue and other entities are starting to pass resolutions in support of a particular direction. Next month this will be addressed as an action item in the LUC meeting.
- Gave an update on 2013 Tri-City Event which will be held at the Rialto Center on either May 16, 2013 or May 23, 2013. Discussed possible guest speaker options.

Gene Packard: Recommended John A. Fredell who did an excellent presentation on the history of water at the Colorado Water Congress earlier this year.

Dave Schneider: At the same Water Congress, Patty Limerick was a wonderfully entertaining speaker and the one that received the most laughs. Dave suggested that we occasionally use the Tri-City meetings to the benefit of disseminating information and to help us communicate better with certain parties. There are times when we should invite one of our reps, possibly a national representative, to speak about what is happening in Washington D.C. because that is a rules committee away from us where we do not have direct influence. They do not always hear us, but the representatives can go out there and influence them. We could invite people with different personalities and viewpoints. If Cory Gardner were invited to do a presentation, he would have a very different viewpoint on water and energy than our new representative Jared Polis. In either case, it would be beneficial to communicate with them.

Gene Packard: Attended a year-end meeting with the Poudre Wilderness Volunteers in which two excellent speakers from the Senators' office came, and they could certainly come and address water and power issues from a governmental perspective.

Steve Adams: The City is part of a Fire Restoration Group with local, state and national participants and by May of next year they would probably be ready to speak about what restoration efforts are going on due to the local forest fires. Fort Collins and Greeley would have a direct interest due to how the fire has affected their water supplies.

- Upcoming City Council Study Session Presentations:
 - Tuesday, August 14th – Power Infrastructure and Undergrounding
 - Tuesday, August 28th – Water Cost of Service & Rate Study
- Fred Kirsch, the Director of the Community for Sustainable Energy made contact with our citizens, and they wrote letters directly to the City Council as a body. In response, a letter was sent to each writer to address their concerns on City Council letterhead. A copy of the response letter was distributed at LUC.

CONSENT AGENDA

ITEM 1: Proposed Change Orders to Substructure and Directional Boring Contracts to Increase Contract Not-to-Exceed Amounts – Kathleen Porter

RECOMMENDATION: Adopt a motion approving a change order to the substructure contract to increase the not to exceed amount to \$1,400,766, approving a change order to the directional boring contract to increase the not-to-exceed amount to \$2,158,133 and authorizing the City Manager to sign both change orders on behalf of the City.

ITEM 2: 2012 Quarterly Goals and Milestones Report – Steve Adams

The report included the second quarter updates on 2012 goals and milestones.

RECOMMENDATION: Approve the 2nd Quarter 2012 LUC status report.

MOTION: Gary Hausman made the motion to approve both consent agenda items 1 and 2.

SECOND: Dan Herlihey seconded the motion. Both items were approved unanimously.

STAFF REPORT ITEMS

ITEM 4: 2013 Budget Presentation and Discussion – Jim Lees

Reviewed the key points of the Water & Power 2013 budgets, key changes to the 2013 O&M expenses and the 10-Year financial plans and rates which will all be reviewed with the City Manager on August 2nd. The City Manager requested a 5th water rate-increase/borrowing scenario with a slightly more aggressive external borrowing of \$16 Million to be paid off over 30 years, which lowers the yearly rate increases to 16.25% per year for 6 years, followed by 4 years of 3% rate increases. This scenario will be reviewed with the City Manager on August 2nd and with the City Council at the Study Session on August 28th.

COMMENTS: Although the City's water rates have been underpriced, and the funding Scenario 5 will offer a less abrupt rate increase than other options, the water rate increases would still be increased by 100% within 6 years which will spark a lot of feedback from the City and community. It may be difficult for Council to explain that the water rates have been too low for too long and therefore require steep rate increases. There is some concern over a 30-year loan when our capital improvement plans only extend to 10 years, but this concern is offset by an \$11.6 million balance that is built-in to the 5th funding scenario to account for future project needs. Council will receive an itemized list of all of Water's capital improvement projects color coded by their priority. All the water projects to be funded by the external borrowing are coded red to indicate they are high priority needs that will need to be taken care of in the near future. Next year, there will be a rate study for Power and based on the current 10-year Capital Improvement Plan, we can accommodate those projects without an additional rate increase beyond the pass-through rate increases from PRPA, but that is prior to knowing whether Council will desire to accelerate the process of undergrounding the existing overhead system at a cost of about \$130 million.

Staff report only. No action required.

ITEM 5: Financial Report Update – Jim Lees

Reviewed the sales and expenses from the prior month of June and the June year-to-date figures compared to the same periods last year. Sales were well over budget in both water and power, and our operating expenses were also over budget due to the high purchased power bill for June. The City hit an all-time high peak demand of 148,086 KW in June in purchased power. PRPA also hit an all-time peak in June 2012. Water hit its third highest month on a per customer usage basis. The average June temperature from 2008 to 2011 was 82 degrees. The average June 2012 temperature was 92 degrees which contributed to the high usage.

Staff report only. No action required.

INFORMATION ITEMS

ITEM 6: Water Supply Update – Greg Dewey

Information report only. No action required.

ADJOURN The meeting was adjourned at 6:45 pm. The next LUC Meeting will be August 15, 2012.

Respectfully submitted,

Michelle Stalker
Recording Secretary
Loveland Utilities Commission