LOVELAND UTILITIES COMMISSION
REGULAR MEETING
May 21, 2014 - 4:00 p.m.
Service Center Board Room
200 North Wilson Avenue

AGENDA

4:00 pm - **CALL TO ORDER**

4:05 pm - **APPROVAL OF MINUTES - 4/16/2014**

CITIZENS REPORTS

4:10 pm **CONSENT AGENDA**

1. Contract Award for Concrete Vaults, Pads and Foundations – Brieana Reed-Harmel

4:15 pm **REGULAR AGENDA**

2. Request for Permanent Source of Augmentation Water – Larry Howard
3. Northern Cost of Service Study and Water Assessments Rate Study – Chris Matkins

5:00 pm - **STAFF REPORT**

4. Risk Analysis for Asset Management – Chris Matkins
5. CBT Market Price Consideration – Scott Dickmeyer
6. Raw Water Discussion Update – Steve Adams
7. 2013 Flood Update for the Water & Power Department – Steve Adams

6:00 pm -

8. **COMMISSION / COUNCIL REPORTS**

6:15 pm -

9. **DIRECTOR'S REPORT** – Separate Document

INFORMATION ITEMS

10. Drive Electric Northern Colorado Update – Gretchen Stanford
11. Electric Legislative Update – Kim O'Field
12. Water Legislative Update – Scott Dickmeyer
13. Water Supply Update – Scott Dickmeyer
14. Financial Report Update – Jim Lees

ADJOURN

Commission Members Present: Dan Herlihey, Daniel Greenidge, David Schneider (Chair), Gary Hausman, Gene Packer (Vice Chair), Larry Roos, John Rust Jr., Randy Williams

Council Liaison: Troy Krenning

City Staff Members: Bob Miller, Chris Matkins, Darcy Hodge, Garth Silvernale, Gretchen Stanford, Jim Lees, Karl Barton, Kathy Bialy, Kim O'Field, Lindsey Bashline, Larry Howard, Nick Russel, Michelle Stalker, Roger Berg, Steve Adams, Scott Dickmeyer, Sharon Citino, Karl Barton

Guest Attendance: Sean O'Connell from Brown & Caldwell, Darlene Kasenberg a Loveland citizen, and Leah Johnson and Kim Pierce from JD Consulting

CALL TO ORDER: Dave Schneider called the meeting to order at 4:03 pm.

APPROVAL OF MINUTES: Dave Schneider asked for a motion to approve the amended minutes of the March 19, 2014 meeting.

Motion: Dan Herlihey made the motion to approve the amended minutes.
Second: Gary Hausman seconded the motion. The minutes were approved unanimously.

Comments: Dave Schneider amended the minutes on page 5 to change the word "beneficiary" used twice in the top paragraph to the word "beneficial".

CITIZEN REPORTS: Darlene Kasenberg addressed the board to express concerns about light pollution particularly in and around the Mariana Butte Golf Course area. She shared that nearby communities have adopted the dark sky lighting standards. She also expressed concern over how other communities seem to focus more on energy efficiency than Loveland does by offering programs such as energy efficiency rebates on appliances like dishwashers.

Staff and Board responded that although Loveland is not leading the efforts in these areas that Loveland does offer rebates and is in the process of redoing the lighting policy, which includes considering the dark sky initiative. Staff also shared with Ms. Kasenberg that the developer is usually the one in charge of selecting which lights are used in a development and then once the development is complete, the HOA is generally in charge of covering the costs if the area choses to have the City change out the existing lighting.

Sean O'Connell from Brown & Caldwell introduced himself and said that he is in attendance to learn more about how the City operates and does business in order to help Brown & Caldwell better meet the City's needs in the future.

CONSENT AGENDA

Larry Rose pulled item 1 from the consent agenda, and Dave Schneider pulled item 2 from the consent agenda.

REGULAR AGENDA

Item 1: 2014 1st Quarter Goal Updates Report – Steve Adams This is a quarterly review of our progress on our 2014 utility goals.

Recommendation: Discuss the presented information and approve the 1st Quarter 2014 Goals and Quarterly Update Report.

Motion: Gary Hausman made the motion.
Second: Dan Herlihey seconded the motion. The motion was approved unanimously.

Comments: The board inquired on the feedback received on the implementation of the Coincident Peak Demand program reference in goal number 3 that began at the start of 2014. Staff responded

that all but one of the customers has been seeing savings. Staff is working to determine how much these efforts are reducing the bill from Platte River Power Authority. There were a few minor glitches being worked out such as some notification emails being automatically sorted as junk mail by some of the customers. Overall, there has been positive feedback from the customers.

Board made note that Ms. Kasenberg may be interested in the City's LED lighting strategies that is listed as goal number 6. There will be input from one of the world's three leading night sky research organizations located in Fort Collins which will be incorporated into the street lighting policy. Staff discussed the LED streetlight policy studies in progress.

Staff provided additional explanation on goal 17 by stating that at this time, due to the high costs of C-BT at almost $29,000 per acre foot, it is not a suitable time for the City to buy additional shares. Instead, the City may look at increasing participation in the Windy Gap Firming Project. Board members discussed the benefits of having C-BT water which helps to diversify Loveland's water portfolio and provides more flexibility in how it is stored and transported and used than the native water in the Big Thompson River.

Board responded to Dave Schneider's inquiry that "passed off" used in the goal number 12 explanation means completed or checked off. Gene Packer thanked staff for the detailed written updates on the flood recovery efforts in goal number 10.

Item 2: CBT Market Price Consideration – Scott Dickmeyer The City's cash-in-lieu fee is based primarily on the market price of one Colorado-Big Thompson Project (C-BT) unit as recognized by resolution of the Loveland Utilities Commission (LUC). On June 19, 2013 the LUC clarified with staff the process in which the LUC members desire to keep abreast of the changes to the market price of Colorado-Big Thompson Project units. On January 15, 2014, the LUC adopted Resolution R-1-2014U, changing the City's recognized price for CBT water to $18,500 per unit and establishing a Cash-In-Lieu fee of $19,425. Staff was also directed to closely monitor the situation and keep the LUC members updated monthly.

Recommendation: Adopt the attached Resolution R-2-2014U increasing the City's currently recognized price for C BT water from $18,500/unit to $22,000/unit..

Motion: Dan Herlihey made the motion.
Second: Gary Hausman seconded the motion. The motion was approved unanimously.

Comments: Board and staff discussed recent sales prices and where they thought the price should be. Discussion also occurred on when a developer needs to bring actual water verses cash-in-lieu and the timing of when developers need to pay for the water rights. Board and staff discussed the pros and cons of receiving actual water rights verses cash that could be used for other projects such as the Windy Gap Firming Project or NISP project and some of the ramifications of those projects. Staff gave a brief explanation on the lengthy and expensive process required to develop water rights. It was suggested that staff offer a more detailed training on water rights to help newer LUC board members understand water rights at a more in-depth level.

Item 3: Utility Customer Survey – Lindsey Bashline, & Leah Johnson As the direct utility serving our customers it is Loveland Water and Power's responsibility to provide services that the majority of customers desire and are willing to pay for. Utility staff, with the help of JD Consulting, is in the process of obtaining that information so that we can provide the programs and services that meet the community's goals. This is being done through residential and commercial customer surveys.

Recommendation: Adopt a motion recommending that staff continue with the Utility Customer Survey, and consider input received.

Motion: Dan Herlihey made the motion.
Second: John Rust Jr. seconded the motion. The motion was approved unanimously.

Comments: Staff clarified that depending on the responses given on some questions, will determine whether or not the customer will be asked follow up questions related to that subject. For example, only customers that answer that they have visited the Water and Power Service Center will be asked how satisfied they were with the services provided at the Loveland Water and Power Service Center. Staff and board discussed the targeted time to complete the survey, the amount of questions to cut, tracking of referral sources, how long we will accept survey responses, and whether definitions will be shown on each question. Board members liked how the survey helps to educate customers that each program offered has an associated cost.

The board suggested ways to simplify and clarify the survey by making the following changes:

- Page 27 Introduction – Change the last paragraph explaining what Loveland Water and Power does to simply, "Loveland Water and Power provides your treated water, sewer and electricity."

- Page 31 Water Conservation Definition - Dave Schneider suggested changing the "Water Conservation" definition by removing "without enduring hardship and once done will last forever" and replacing the definition with something like "Finding a better and more thoughtful and less wasteful way to use water to get something done". The example given under the "Water Conservation" definition does not make mention of the changes in maintenance required to convert turf lawn into xeriscape, which may equate to "enduring hardship".

- Page 31 Peak Demand Definition – Make mention that the peak demand includes a penalty rate on the monthly bill from Platte River Power Authority.

- Page 37 Question 11 – Change the phrase "setting a goal" to "mandates" in reference to how the Colorado Renewable Energy Standard affects municipalities.

- Page 20 Question 43 - Larry Roos mentioned that where it says, "Avoid or defer utility capital and facility expansion" that it would be good to note that although this would help to keep rates low, it would also lower the dependability of the system if we are not properly taking care of our infrastructure.

- Page 43-51 What's Next Section – Dave Schnieder thought this section should be removed from the survey.

- Pages 44-45 Questions 21 and 22 – The dollar amounts are incorrect on the 10% options.

- Pages 46-47 Questions 25 and 26 - The Board inquired on whether we should just proceed with the triple bottom line rather than asking for customer support of following the triple bottom line.

- Page 47-51- Although some board members and the citizen Darlene Kasenberg did not like the wording of some of the questions directly from PRPA, staff responded that they will not be making changes to these questions, because PRPA has already asked these questions in surveys to both Longmont and Fort Collins and they want to keep the questions consistent among all the cities surveyed. Questions 29-31 are aimed to help determine the threshold for how much customers are willing to pay to reduce greenhouse gases.

STAFF REPORTS

Item 4: 2015 Comprehensive Plan Process Overview - Chris Matkins, Greg George, & Karl Barton Staff will provide an update on the process for creating the City of Loveland's 2015 Comprehensive Plan.

Staff Report only. No action required.

Comments: Karl Barton provided information on upcoming meetings. There will be stakeholder interviews on April 29-30, 2014 in the City Council Chambers room, and the LUC board members will receive an email or phone call with information about this and information on how to be part of the interviews. There will be Visioning Workshops on June 10-11, 2014 at Bill Reed Middle School in the evening.

John Rust Jr. expressed concern over how some of the good long-term plans and visions of the past from the Planning Department have not become the vision for the community and have not been followed by City Council such as not continuing Wilson Avenue through to Berthoud or getting 37th Street to be a through street. He questioned whether it is worth the effort to create these plans if they are not followed. He expressed that he believes that master plans should be adhered to. He also expressed how he sees the strategic plans of the utilities as being different than the City's plan in that he felt that the utilities have fulfilled the long-range strategic plans even when the City-wide plans have not always been fulfilled.

Karl Barton responded that although we cannot guarantee that City Council will abide by the comprehensive plan, it is a tool that can be used in making decisions to show whether a decision helps get closer or farther from the master plan vision. The comprehensive plan can help to navigate the hard decisions and to understand the tradeoffs and implications of those decisions; however, the City may change with time and the decision of what is best for the community may change from when the plan was last updated. Although City Council is not obligated to abide by the plan, the hope is that the plan will be consulted and the implications understood when City Council chooses to go against the plan. In the absence of a plan based on a long-term vision, development decisions are even harder to make and there is a decreased chance for coordinated decision making efforts. The plan can give a framework on which to make decisions. The comprehensive plan is an overall large picture vision for the City and may not get down to the specifics such as whether 37th Street is made a through street, but that is where more specific detailed plans such as a specific transportation plan should be made and consulted.

Larry Roos commented that it seems like a comprehensive plan helps take out some of the politics that may take place with elected bodies. He would like to see Loveland move more toward smart growth and mixed use development with density. Without knowing the population growth, it's difficult to project the infrastructure requirements.

Karl Barton responded that one key driver when looking at growth patterns is to take into account the fiscal implications of the growth patterns. Although the plan will not state that Loveland needs to be more dense, the density and types of growth patterns will have financial impacts and service level impacts.

Dave Schneider suggested that we reach out to those community members that participated in the financial sustainability meetings from about four years ago, because they came in with great suggestions.

Karl Barton responded to inquiry about how this plan affects the urban growth plan by discussing that throughout this process, they will be looking at the growth management plan. The service provision becomes more of an issue on how to not only serve, but also how to keep costs down in the service areas particularly when looking at the southeastern area of the service area. It is good to provide input on where Loveland should grow to. The comprehensive plan will look at both the growth management areas and utility service areas.

Steve Adams clarified that the growth management area (GMA) under normal circumstances is where the city limits are, but there are other service providers within our GMA. Loveland Water & Power has a service territory within our GMA and we work through who serves those within the area. He expressed that he did not believe there will be much impact on the utilities' service territories because those are

already set, although those can be changed through annexation and buying out the other service providers. He discussed that the factor that affects the utilities more is the density within our service territory and within the GMA.

Chris Matkins stated that we can work to show how density factors adjust what is needed to provide utility services for future population growth

Dave Schneider expressed concern over how past City Councils have either chosen to not follow the plans or chosen to follow only certain portions of the plans. He recommended making the comprehensive plan very specific to make it very clear to City Council. He discussed that it would be good to look at what mechanisms would work to address some of those concerns particularly some of the feedback John Hartman has provided. He expressed the need to get buy in from the decision makers and to have City Council involved in the planning effort so prevent them from just picking and choosing which portions they will follow.

Board members commented that the scope of work included in the packet contained too many acronyms and expressed a need to communicate in simple terms or to at least include a glossary of acronyms that could be referenced.

Karl Barton responded that the comprehensive plans look out 20 to 25 years, and have more detailed information for only the next 10 years. He reiterated that the purpose of these plans is to make them prescriptive enough to achieve the greater goals yet also flexible enough that as circumstances change it would still allow room to work through the changes. It is projected that the region will double by 2045 and Loveland may experience a greater portion of that growth which will not come in steady increases each year. Loveland will probably not reach its growth management area in the next 10 years covered in this plan; however Loveland may reach the GMA in the 10 years following the next plan update in 2025. Loveland needs to be prepared now to provide room for the growth or at least understand the consequences of not doing so. Loveland just reached an agreement with Johnstown on the areas where our GMA's had overlapped, and we can now go back to Larimer County, since we are no longer in conflict with Johnstown. Our goal is to formalize our GMA with the County through a formal intergovernmental agreement (IGA).

Item 5: Regional Water Transmission and Treatment Feasibility Study – Chris Matkins Staff will provide an update on a study coordinated by Northern Water to explore the feasibility of a regional water transmission and treatment effort by several Northern Colorado communities and water users.

Staff Report only. No action required.

Comments: Board and staff discussed the ramifications of creating a regional water treatment facility. Discussion ensued on how the costs of pumping water to higher elevations comprises only a very small portion of the overall operations and maintenance costs of the project. One of the next steps in the process will be to determine how to politically form, which may be a type of water authority with taxation and condemnation abilities. There is a sense of urgency to get the project going for some others involved such as Windsor who already know that their water contracts are approaching expiration and will not be renewed. For Loveland, having additional treated water in the near future is not such a pressing problem. C-BT water (not native water) would be the primary source of water for this project. If the City were to participate, the majority of their native water would be treated at the existing Chasteen's Grove Water Treatment Plant. Staff discussed the possible benefits to Loveland such as providing better redundancy to have water feeding Loveland from both the east and west sides and it would enable the east side of Loveland to be developed without having to install such large diameter pipes. A disadvantage is that Loveland would need to outlay money sooner than when Loveland would actually need this extra treated water capacity. Often the timing of when you can get extra capacity does not line up exactly with when the need for that water occurs. In the past, Loveland had always talked about building a water treatment plant at Chimney Hollow, which it may be more feasible, but the

best option will be dependent on the timing of things. Although currently Loveland does not have a pressing need for more treated water capacity, this project offers another option to increases treated water capacity for Loveland.

Item 6: Financial Report Update – Jim Lees This item summarizes the monthly and year-to-date financials for March 2014.

Staff Report only. No action required.

Comments: Inquiry was made on whether it is typical to have the operations and maintenance (O&M) costs run under budget to which staff responded that it is not atypical. Staff clarified that the flood expenses are including in both the capital and O&M areas depending on whether there will be an asset added after the work is completed.

Item 7: 2013 Flood Update for the Water & Power Department – Steve Adams Staff will provide an update on the status of flood recovery efforts.

Staff Report only. No action required.

Comments: Garth Silvernale provided an overview of the work that has been done in the power restoration efforts at the Old Fairgrounds Park, Sylvandale Ranch and up the canyon. He also showed a video of setting poles in the canyon area using a helicopter to transport power poles and a photo of the teamwork involved in stringing the cables on the canyon power poles. Staff clarified the type of wood that the poles are made out of and that guying lines were used in about a half dozen locations on the new power poles in the canyon. Garth complemented the Customer Relations group for their work in outage notification to our customers.

Roger Berg provided a brief overview of the water and wastewater projects necessitated due to damage by the 2013 flood. The 16" steel line is installed and in service across the river at the River's Edge Park. More than half of the pipe is installed in the Meadows project and it is scheduled to be in service by May 15, 2014. We are in the process of potholing lines at river crossing and are working with FEMA on reimbursements.

Chris Matkins mentioned there are a couple of 8" lines that will directionally bored under the Fire Training Grounds.

Larry Howard provided an update on the work at the Home Supply Dam. The first phase of the work is complete with the top of the dam now at the proper elevation. The dam is functionally ready to go and the second phase of work will be done in the fall. He also provided an update on Idylwilde Dam that much of the rechanneling work through the old reservoir has been completed and it is functional and the river is about 95% of the way to where it needs to be. They are working on creating fish habitats and providing drainage off the highway in that area. The large issue of how we will treat the large shoulder to the road down steam of the dam is under discussion and may continue beyond the runoff time.

The Finance Staff has been redoing the revenue loss calculations due to the flood, which was requested by CIRSA. Steve Adams is now the infrastructure manager over flood recovery for the City and will provide an overview at the next meeting of what others are doing in flood recovery efforts throughout the City. Steve Adams discussed some of the flood related public outreach endeavors that staff are involved in.

Staff responded to an inquiry about will happen to those who had been taking water out of the penstock that it would be several years before we will know what we will do. There is an environmental process

that will need to be done. We are working to see to get them some water from the river for replanting grass for this year to help stabilize their slopes.

Staff responded that the funding mechanism for the Big Thompson River Restoration Coalition is through private donations, a grant and that the City donated $50,000. They have a hired Ayres & Associates as a consultant to identify what needs to happen in the long-term for this area and this is the same company that CDOT hired to do hydraulic modeling throughout this area.

Item 8: Water Treatment Plant & Waterline Replacement Project Updates – Roger Berg Staff will provide a status update on the water treatment plant expansion and on the water line replacement projects.

Staff Report only. No action required.

Comments: Staff responded to inquiries on the current bidding environment by saying that we expect bids to come in a little higher than what we had expected about a year ago due to the current bidding environment. We have more interest from out-of-state contractors who are not busy with flood recovery projects. The construction will start in August or September of this year and be completed by the high flows in Spring 2016. Staff commented that the Water Treatment Plant Expansion project is like the Green Ridge Glade Reservoir project in that the City Council will act as the Board of the Water Enterprise to allocate funds, which permits us to proceed without having all the funds appropriated upfront and adds flexibility in how we manage our cash flow. Staff responded to inquiries on the waterline replacement projects by stating that depending on the application, different methods are the preferred method to repair damage pipes. In some cases it may be better to do pipe bursting; in others it may be better to do cast in place pipe (CIPP). Staff clarified that although some waterline projects were delayed due to the flood, the contracts to the do the waterline replacements were left flexible enough to do either the work last year or by June of this year.

COMMISSION/COUNCIL REPORTS

Item 9: Commission/Council Reports

- Northern Water's Spring Water Users Meeting – April 9, 2014
- PRPA Listening Session – March 24, 2014

Dan Herlihey: None
Daniel Greenidge: None
Dave Schneider: Schneider expressed concern about the fire danger in the canyon and along the river with all the fuel that is in the river channel and the debris hanging from trees that appear very flammable. He posed questions on what Loveland were to do if it were to experience a fire similar to the High Park fire. He suggested that we look into getting the community to work together to create fire breaks and perform cleanup efforts to prevent the spread of possible forest fires to Loveland's watershed.

Steve Adams – The City is first working on a plan addressing the more pressing flood concerns prior to addressing the fire danger concerns. He discussed the fire hydrants for the canyon that will be drilled down to pump water from the river gravel beds. At present, the nearest fire hydrants for the canyon are located in either Estes Park or at the Big Thompson Elementary School. Adams will convey these questions and concerns with others in the City.

Gene Packer: None

Gary Hausman: He expressed appreciation to Garth Silvernale, Mark Warner, and everyone on the electric side that contributed to restoring electric service to his property. He discussed how having electricity has helped in his flood restoration efforts on his property.

John Rust Jr: He expressed concern about Northern Water entering into an agreement to build a reservoir in Nebraska and frustration at the impacts of the Endangered Species Act which requires these projects and has led to many wells in eastern Colorado being shut down, yet in Nebraska there are many pumping water out of the river. He shared that the original uses of the Colorado Big Thompson project was for agricultural use and now the C-BT system is primarily for municipal use. He expressed that municipalities require additional water storage projects such as the Chimney Hollow and NISP project to meet their water needs which he believes is a major driver of the rate increases from Northern Water.

Dave Schneider – Nebraska has a lot of ground water. Colorado has mostly surface water sources. We have a lot of facilities just related to what Northern Water provides and their costs have increased. Farmers cannot afford to put in crops with high water costs.

Larry Roos: He shared that he was disappointed in the rate structure presentation at the Spring Water User's Meeting due to skipping over the important facts by not being very upfront and clear on the amount and impact of the rate increases and omitting the incomes and revenues. He would like to have had more information about how they estimated the increase in property tax income. He expressed concern over the perpetuity of the fixed rate contracts and how he feels like those with the variable rate contracts are subsidizing the service costs of those with fixed rate contracts. He also expressed concern that he feels that Northern Water's board is more heavily weighted with attorneys and farmers, and that there are not enough municipality representatives. Northern Water is in a similar situation to Loveland in that they need to build back up cash reserves.

Larry Howard – He responded by providing background on the circumstances surround the issuing of these fixed rate contracts. The initial repayment contract with the federal government was dated in 1938. People had been through the dust bowl and the depression, and even though the people knew they needed water in this area, it was a big commitment and a tough sale to get people to participate. Most of the municipalities in the area, including Loveland, have these closed rated (fixed) contracts, but any time water changes hands, the closed rated become open rated (variable). Loveland owns 12,118 units of C-BT, of which 5,112 are closed rated, which accounts for just over 42% of our C-BT units. Contractually it appears that the closed rated contracts will continue. It was looked into whether they would end after the project costs were completed paid off in 2002 and it was shown that the fixed rate contracts were still legally binding. The need for future revenue is dependent on the open rated units.

Chris Matkins – He responded that Larry Roos was not the only one to make similar comments. He expressed that the consultant doing the presentation probably should not have used words such as "equitable" and "fair" in relation to the cost of service, because the situation does not appear to be an equitable way of assigning how much various parties pay for the services from Northern Water. This year Loveland is budgeting $285,000 to pay for the C-BT units we have, less than $10,000 of that budget is allotted for the closed rated C-BT units. Overall, the rate increases will be less than 2% of our overall revenue.

Randy Williams: None

Council Report: Troy Krenning

Study Session – March 25, 2014

- N/A

Regular Meeting – April 1, 2014

- N/A

Study Session – April 8, 2014

- N/A

Regular Meeting – April 15, 2014

- PEDCOR Affordable Housing Designation Modification and Fee Waiver approved which will impact the cash-in-lieu amount paid for the units and will delay the timing of when cash-in-lieu is due.

Comments: There will be a special election date for the hydraulic fracturing moratorium issue on June 24, 2014 which is the earliest date that the issue could be put on a ballot. This is due to a settlement from Larry Sarner against the City. It is not believed that there will be a cross appeal due to the City and Sarner filing to dismiss the appeal.

DIRECTOR'S REPORT

Item 10: Director's Report – Steve Adams

Recommendation: Move the June 2014 LUC meeting to June 25, 2014.

Motion: John Rust Jr. made the motion.
Second: Gary Hausman seconded the motion. The motion was approved unanimously

INFORMATION ITEMS

Item 11: Electric Legislative Update – Kim O'Field This item and the attachment are intended to give a brief update on electric-related legislation being contemplated by the Colorado General Assembly. Loveland staff relies primarily on the Colorado Association of Municipal Utilities (CAMU) for information on electric-related legislation.

Staff Report only. No action required.

Item 12: Water Legislative Update – Scott Dickmeyer This item and the attachment are intended to give a brief update on water-related legislation being contemplated by the Colorado General Assembly, and relevant citizen initiatives. Loveland staff relies primarily on the Colorado Water Congress for information on water-related legislation. Their assistance is key in providing the following information.

Staff Report only. No action required.

Item 13: Water Supply Update – Scott Dickmeyer Projection for raw water supply in 2014

Staff Report only. No action required.

ADJOURN The meeting was adjourned at 8:10 pm. The next LUC Meeting will be May 21, 2014 at 4:00 pm.

Respectfully submitted,

Michelle Stalker
Recording Secretary
Loveland Utilities Commission

City of Loveland

CITY OF LOVELAND
WATER & POWER DEPARTMENT
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AGENDA ITEM: 1
MEETING DATE: 5/21/2014
SUBMITTED BY: Brieana Reed-Harmel, Senior Electrical Engineer BRH

TITLE: Contract Bid Award for Concrete Vaults, Pads and Foundations

DESCRIPTION: Award a one year Contract to Colorado Precast Concrete Inc. for Electric Utilities Precast concrete needs.

SUMMARY:
After completing the evaluation of all bids for the Concrete Vaults, Pads and Foundations, City Staff seeks to award a contract to Colorado Precast Concrete Inc. in the amount of $705,000. The next and closest bidder was Lindsay Precast at $ 1,021,167.

RECOMMENDATION:
Adopt a motion recommending that the LUC award the contract for concrete vaults, pads and foundations to Colorado Precast Concrete Inc. in an amount not-to-exceed $705,000 and authorize the City Manager to sign the contract on behalf of the City.

REVIEWED BY DIRECTOR: MS for SA

ATTACHMENTS:
Bid tabulation

BID TABULATION

Award

Stock #	**Proposal Name:** Concrete Vaults, Pads & Foundations Bid 2014-38 **Department:** Water & Power **Date:** 08 May 2014		**Est Qty**	Vendor: Colorado Precast		Vendor: Lindsay Precast	
1	5' x 5' Concrete Vault With Lid. Per Provided Specifications And Drawings	237-245	12	2,210.07	26,520.84	3,480.00	41,760.00
2	5' x 8' Concrete Vault With Lid. Per Provided Specifications And Drawings	237-250	40	3,159.77	126,390.80	4,308.00	172,320.00
3	7' x 11' Concrete Vault With Lid. Per Provided Specifications And Drawings	237-262	12	4,725.00	56,700.00	8,190.00	98,280.00
4	7 'x 14' Concrete Vault With Hatch Only Lid. Per Provided Specifications And Drawings	237-261 (A)	22	5,517.24	121,379.28	7,195.00	158,290.00
5	7' x 14' Concrete Vault With Hatch & Blockout Lid. Per Provided Specifications And Drawings	237-261 (B)	22	5,517.24	121,379.28	10,186.00	224,092.00
6	8' x 19" Concrete Vault With Hatch & Single Blockout Lid. Per Provided Specifications And Drawings	237-346	10	10,938.22	109,382.20	13,807.00	138,070.00
7	8' x 19" Concrete Vault With Hatch & Double Blockout Lid. Per Provided Specifications And Drawings	237-347	10	11,052.22	110,522.20	13,957.00	139,570.00
8	72" X 72" Concrete Transformer Pads	237-344	35	279.72	9,790.20	507.00	17,745.00
9	80" X 90" Concrete Transformer Pad	237-345	15	331.09	4,966.35	736.00	11,040.00
10	4' Streetlight Foundations	261-717	50	353.93	17,696.50	400.00	20,000.00
					$704,727.65		$1,021,167.00
	Bid Questionnaire Scoring	0-100			89		79

City of Loveland

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AGENDA ITEM: 2
MEETING DATE: 5/21/2014
SUBMITTED BY: Larry Howard, Sr. Civil Engineer

TITLE: Request for Permanent Source of Augmentation Water

DESCRIPTION:
Consideration of a request for a permanent source of augmentation water in an amount up to 15.6 AF has been made for evaporative depletions on a tributary to Buckhorn Creek. Discussion is needed on whether the City is able to reliably make these replacements and whether it wishes to explore this option further.

SUMMARY:
Alan Villavicencio, through his consultant Deere & Ault Consultants, Inc., has written to request the City of Loveland's consideration of a water purchase / trade arrangement which would provide him with up to approximately 15 AF of augmentation for approximately five pond surface acres on the Crystal Mountain Ranch on North Fork Fish Creek, a tributary to Buckhorn Creek. A copy of the letter and a map are attached. CBT water may not be used for augmentation plans due to Northern Water's long-standing policy. Additionally, Mr. Villavicencio cannot buy CBT units because his property is located outside of Northern Water's district boundaries, but he can purchase them on behalf of the City.

Preliminary engineering suggests a total of about 5.5 surface acres are contemplated, with a need for up to 15.6 AF of augmentation water. CBT water is suggested in exchange, at the rate of 0.5 AF/unit, for up to around 31 units of CBT water, using a 2:1 ratio.

Upstream replacements to the Big Thompson River are particularly difficult for the city to make, as its sources for this purpose are limited. The city has made only one upstream commitment in the past, for a much smaller amount with Sunrise Ranch. Some replacement water may be available through the normal process of decanting water recovered from the filter backwash process and the rinsing the flocculation and sedimentation basins, then returning it to the river. However, this cannot produce an adequate supply throughout the year, and the most reliable source is to release reusable water directly from Green Ridge Glade Reservoir. This action, of course, causes a decrease in the city's firm yield, and must be considered so that the firm yield is fully protected.

RECOMMENDATION:
Direct staff on whether to pursue these discussions further. This may lead to a proposed trade of CBT water for a permanent source of augmentation water.

REVIEWED BY DIRECTOR: MG for SA

ATTACHMENTS:

April 14, 2014 – Letter requesting augmentation water
April 6, 2014 – Map attached to the letter

DEERE & AULT
CONSULTANTS, INC.

April 14, 2014

Mr. Larry Howard, P.E.
Loveland Water & Power
200 North Wilson Avenue
Loveland, Colorado 80537

Re: C-BT Purchase / Trade Agreement

Dear Mr. Howard:

On behalf of our client, Mr. Alan T. Villavicencio, Deere & Ault Consultants, Inc. (D&A) is writing to formally request the City of Loveland's consideration of a water purchase / trade arrangement between Mr. Villavicencio and the City of Loveland ("City" or "Loveland"). The proposed water purchase / trade arrangement would involve Mr. Villavicencio funding Loveland's purchase of Colorado-Big Thompson Units ("C-BT Units") in return for Loveland's conveyance of fully consumable water to Mr. Villavicencio for his use in a future augmentation plan to cover evaporative losses associated with existing and proposed ponds.

BACKGROUND

Mr. Villavicencio is the owner of mountain property (commonly known as the Crystal Mountain Ranch) located in Larimer County, Colorado. The Crystal Mountain Ranch property (hereinafter referred to as the "Ranch") resides within the Buckhorn Creek basin, a tributary of the Big Thompson River (see **Figure 1**). The Ranch has an existing on-channel pond located on the North Fork Fish Creek, a tributary of Buckhorn Creek. The existing pond has a maximum water surface area of approximately 2.5 acres and a maximum storage capacity of approximately 5.2 acre-feet. D&A's water rights research indicates that the existing pond has a decreed water storage right for 6 acre-feet. In addition to the existing pond, Mr. Villavicencio has begun the initial engineering investigations to add a second pond to the property. The preliminary engineering suggests the proposed pond could be approximately 2.5 to 5 acres in size depending on final dam configuration.

Mr. Villavicencio desires to maintain a constant storage level in the ponds as much a practically possible. Therefore, Mr. Villavicencio desires to acquire augmentation water capable of replacing the out-of-priority depletions associated with the ponds above the senior call on the Big Thompson River.

AUGMENTATION REQUIREMENTS

As shown in **Table 1**, D&A estimates the annual and monthly evaporation associated with free water surface in the vicinity of the Ranch to be approximately 34.02 inches, or 2.84 feet.

600 S. Airport Road, Building A, Suite 205
Longmont, CO 80503
Phone: 303-651-1468 • Fax: 303-651-1469

The existing pond, with a surface area of approximately 2.5 acres, has a total annual evaporative loss of approximately 7.1 acre-feet. For every water surface acre produced by the construction of a second pond, an additional evaporative loss of 2.84 acre-feet would be added to the existing 7.1 acre-feet. The final layout and size of the proposed pond is currently unknown; however, Mr. Villavicencio intends to acquire the necessary augmentation sources now to adequately replace the out-of-priority depletions associated with the existing 2.5 acre pond and the proposed pond at a size of 3 acres. Therefore, the total annual potential augmentation requirement attributable to the evaporative losses of 5.5 water surface acres (i.e., 2.5 existing surface acres plus 3 proposed surface acres) is approximately 15.6 acre-feet (5.5 acres x 2.84 feet of net evaporation).

PRIOR AGREEMENT & C-BT QUOTA

D&A conducted some prior water resources engineering work related to an augmentation case for the Sunrise Ranch, also located in the Buckhorn Creek basin, owned by the Emissaries of Divine Light, Inc. (EDL). To secure an augmentation source, EDL entered into an agreement with the City of Loveland whereby EDL conveyed six units of previously owned C-BT water to the City of Loveland in exchange for up to three acre-feet of fully consumable water stored in the Loveland Storage Reservoir (commonly known as Green Ridge Glade Reservoir) to be released according to EDL's augmentation requirements. In this agreement, the City of Loveland agreed to an exchange ratio of two units of C-BT for every one acre-foot of augmentation water required by EDL.

As you explained it to me, the City agreed to this arrangement, in part, because the 2 to 1 ratio (C-BT units to augmentation release) reduced the City's risk of being contractually required to release more water on an annual basis than they received from the yield of the C-BT units conveyed to the City per the agreement. For example, in years when the Northern Colorado Water Conservancy District (NCWCD or Northern Water) C-BT quota is 50 percent (the historical low which occurred in 1983, 1990, 1996, 1998, and 2003), the City would still receive a break-even amount of water for their release of three acre-feet of augmentation water to EDL. However, because the average quota from 1957 to 2013 has been approximately 74 percent (see **Table 2**), or 0.74 acre-feet per unit, the City is, on average, receiving approximately 0.74 acre-feet per unit transferred while releasing 0.5 acre-feet per unit. In drought years when a full quota of 1 acre-foot per unit is delivered, the City's C-BT units yield two times as much water as the City would release for EDL's augmentation use.

PROPOSAL

Mr. Villavicencio is requesting the City of Loveland consider a proposal very similar to the one they entered into with EDL whereby the City of Loveland would convey fully consumable water suitable for Mr. Villavicencio's use for augmenting depletions at the confluence of Buckhorn Creek and the Big Thompson River in exchange for C-BT water. The proposal differs from that of the EDL in that Mr. Villavicencio does not currently own any C-BT units. Furthermore, while our discussions with Northern Water indicate that Mr. Villavicencio would not be able to purchase C-BT units outright, due to the Ranch being located outside Northern Water's boundaries, he could fund an in-district buyer's purchase of C-BT water. Mr. Villavicencio is proposing to enter into an

agreement with the City of Loveland whereby he would fund, or agree to reimburse, the City for their purchase of C-BT units in exchange for the City's conveyance of approximately 15.6 acre-feet of fully consumable water released from Green Ridge Glade Reservoir according to the schedule of a future augmentation plan intended to replace the evaporative losses shown in **Table 1**. The quantity of C-BT units would follow the 2 to 1 ratio (i.e., 2 C-BT units to 1 acre-foot of augmentation water) such that Mr. Villavicencio would fund the City's purchase of 32 C-BT units (15.6 acre-feet of augmentation water times 2 C-BT units per acre-foot). If the City of Loveland is willing to enter into such an agreement, Mr. Villavicencio will engage legal counsel to assist with creating a purchase/trade agreement. Mr. Villavicencio understands the average price for purchased C-BT units is currently around $19,500 per unit. The purchase agreement between the two parties would set forth the total number of C-BT units to be purchased and the maximum purchase price based on the market value of the units at the time of the purchase.

Per our discussions, I understand that this type of agreement would likely require the approval of the Loveland Utilities Commission and possibly the Loveland City Council. The intent of this letter is provide you with the information necessary to begin the City's review process and to ultimately determine the City of Loveland's willingness to enter into a water trade agreement similar to that presented herein.

On behalf of Mr. Villavicencio and D&A, we appreciate your consideration of this request and look forward to answering any questions the City may have.

Sincerely,

DEERE & AULT CONSULTANTS, INC.

Branden B. Effland, P.E.
Project Manager

Mark A. McLean, P.E.
Principal/Vice-President

BBE:sp

Attachments

cc: Alan T. Villavicencio
Don Deere, P.E.

U:\0560 Villavicencio Pond Aug Plan\Letter\Letter To Loveland\City Of Loveland - Request For Conceptual Approval.Ltr.Docx

TABLE 1

Crystal Mountain Ranch
Pond Evaporation

Water Surface Area: **5.5** acres

	(1)	(2)	(3)	(4)	(5)
Month	**Percent of Annual Evaporation**	**Gross Pond Evaporation** (inches)	**Ice Cover Credit** (inches)	**Net Pond Evaporation** (inches)	**Total Pond Evaporation** (acre-feet)
January	1.0%	0.36	0.36	0.00	0.00
February	3.0%	1.08	1.08	0.00	0.00
March	6.0%	2.16	--	2.16	0.99
April	9.0%	3.24	--	3.24	1.49
May	12.5%	4.50	--	4.50	2.06
June	15.5%	5.58	--	5.58	2.56
July	16.0%	5.76	--	5.76	2.64
August	13.0%	4.68	--	4.68	2.15
September	11.0%	3.96	--	3.96	1.82
October	7.5%	2.70	--	2.70	1.24
November	4.0%	1.44	--	1.44	0.66
December	1.5%	0.54	0.54	0.00	0.00
Total	**100.0%**	**36.00**	**1.98**	**34.02**	**15.6**

Notes:

(1) Based on SEO information for elevations above 6,500 feet.

(2) Equals 36.0 inches (NOAA Technical Report NWS 33), times column (1).

(3) Equals Column (2) if pond covered with ice, else Zero.

(4) Equals Column (2) minus Column (3)

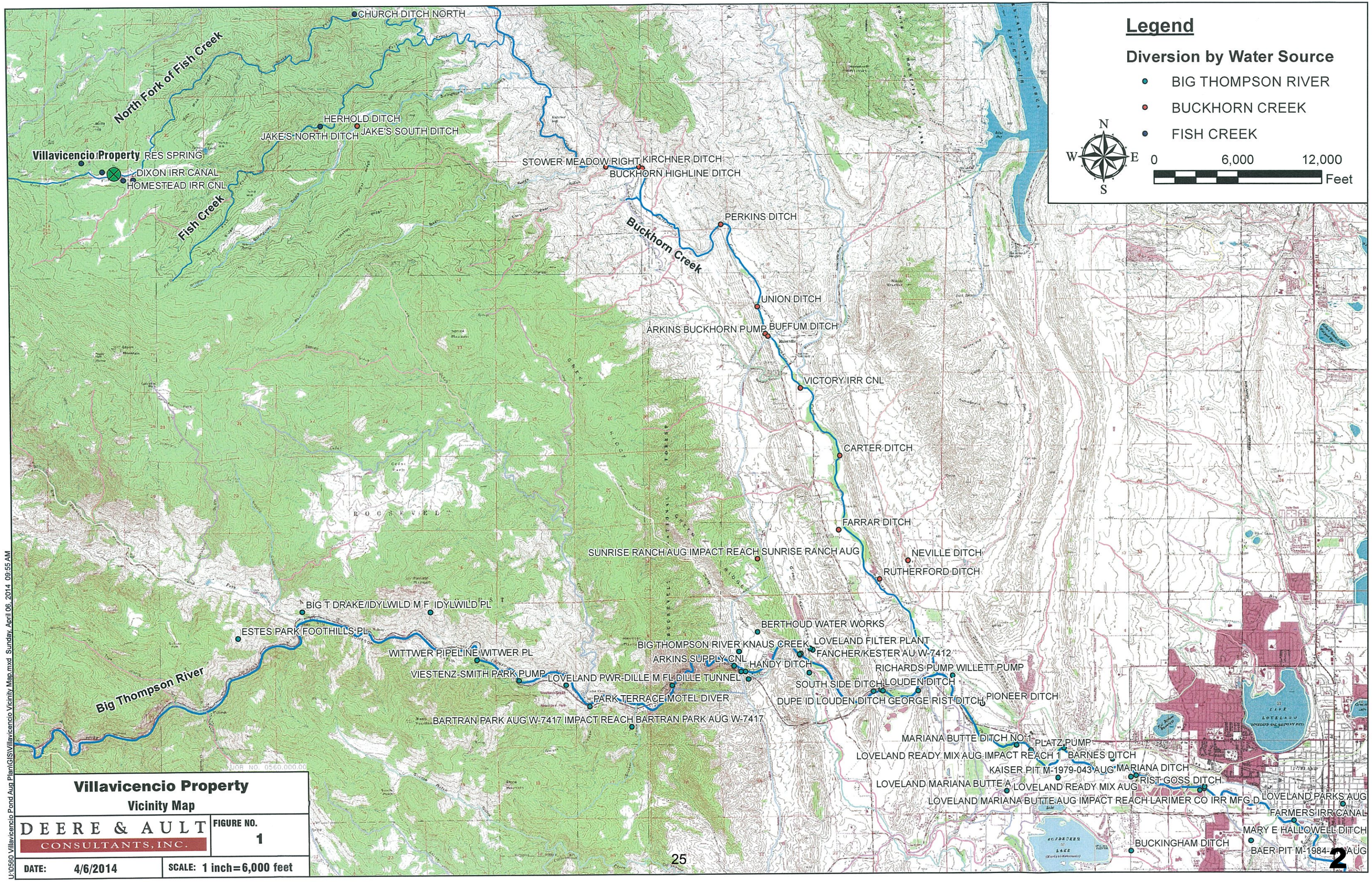
(5) Equals Water Surface Area times Column (4) divided by 12.

TABLE 2

COLORADO-BIG THOMPSON PROJECT

HISTORICAL QUOTA DECLARATIONS

Year	Initial Quota	April Quota	Supplemental Quota	Yearly Quota	Month Supplemental Quota Declared
2013	50%	10%		60%	
2012	50%	40%	10%	100%	May
2011	50%	30%		80%	
2010	50%	30%		80%	
2009	60%	20%		80%	
2008	60%	10%	10%	80%	July
2007	60%	20%		80%	
2006	60%	20%		80%	
2005	60%	10%		70%	
2004	50%	10%		60%	
2003	30%	10%	10%	50%	June
2002	50%	20%		70%	
2001		80%	10%	90%	July
2000		70%	30%	100%	June
1999		80%		80%	
1998		50%		50%	
1997		50%	10%	60%	July
1996		50%		50%	
1995		80%		80%	
1994		60%	10%	70%	July
1993		50%	10%	60%	August
1992		60%		60%	
1991		60%		60%	
1990		50%		50%	
1989		70%	30%	100%	May
1988		70%	10%	80%	July
1987		70%	10%	80%	August
1986		70%		70%	
1985		70%		70%	
1984		70%		70%	
1983		50%		50%	
1982		60%		60%	
1981		80%	20%	100%	July
1980		60%	10%	70%	July
1979		60%		60%	
1978		60%		60%	
1977		100%		100%	
1976		80%	20%	100%	July
1975		80%		80%	
1974		80%	20%	100%	July
1973		70%		70%	
1972		70%		70%	
1971		60%		60%	
1970		60%		60%	
1969		70%		70%	
1968		60%		60%	
1967		70%		70%	
1966		70%	30%	100%	June
1965		60%		60%	
1964		70%	20%	90%	July
1963		70%	30%	100%	June
1962		60%	15%	75%	May
1961		60%		60%	
1960		60%	10%	70%	August
1959		80%		80%	
1958		100%	10%	110%	
1957		60%		60%	
Average				***74%***	
Min				***50%***	
Max				***110%***	



U:\0560 Villavicencio Pond Aug Plan\GIS\Villavicencio Vicinity Map.mxd Sunday, April 06, 2014 09:55 AM

Villavicencio Property

Vicinity Map

DEERE & AULT CONSULTANTS, INC.

FIGURE NO. 1

DATE: 4/6/2014

SCALE: 1 inch=6,000 feet

JOB NO. 0560.000.00

City of Loveland

CITY OF LOVELAND
WATER & POWER DEPARTMENT
200 North Wilson • Loveland, Colorado 80537
(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 3
MEETING DATE: 5/21/2014
SUBMITTED BY: Chris Matkins, Water Utilities Manager

TITLE: Northern Water Cost of Service Study and Assessment Rate Study

DESCRIPTION:
Northern Water has determined that Costs of Service have increased significantly, and proposes necessary increases to the CBT Assessment Rates. Staff is requesting that Loveland Utilities Commission review and provide feedback to be delivered by the June 5, 2014 regular Northern Water Board of Directors' meeting, at which a rate increase approach will be selected.

SUMMARY:
Outpacing inflation, costs for Northern Water have increased in recent years. These costs are due to aging infrastructure, water quality mandates, environmental regulations, wildfire impacts, and watershed health investments. In addition, revenues from Northern Water's largest source (property tax assessments) have stagnated since 2008. As a result, the Northern Water's expenses have exceeded revenues in three of the most recent four years. Northern Water has used reserve funds to make up the difference, resulting in an unsustainable downward trend in reserve levels.

To address this difference, Northern Water has retained CH2MHill to accurately define future costs in a Cost of Service (COS) Study and explore options for increasing assessment revenue. Assessment revenue comes from the following three types of contract user classes:

1. Closed-rate
2. Open-rate irrigation (Irrigation)
3. Open-rate municipal and industrial (M&I)

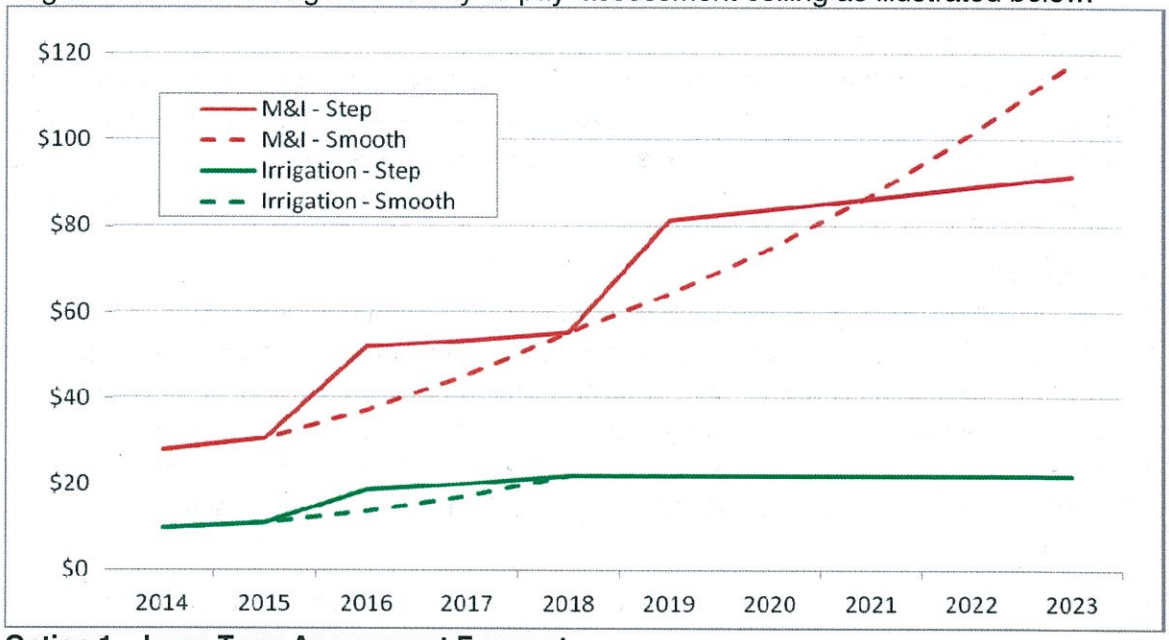
Revenue increases are anticipated to be borne primarily by both the open-rate irrigation class and the open-rate M&I class through water assessments, while holding the closed-rate class water assessments constant at the 1950's contractually-set limit of $1.50 per unit.

The City of Loveland currently owns 12,068 units of CBT allotment contracts, of which 5,112 units are closed-rate with a fixed annual assessment of $1.50/unit, and 6,956 units of open-rated M&I contracts currently at about $28/unit, resulting in a budget cost for 2014 of approximately $205,000. This is a small (~2%) part of the overall Water Enterprise budget.

Since 1998, the open-rate irrigation assessments have been limited to a maximum ceiling as defined by the Bureau of Reclamation's affordability calculation titled "ability-to-pay". Essentially, open-rate irrigation users (agriculture) pay assessments ($10.00/unit) that are lower than the true cost of delivering water. The resulting revenue gap traditionally has been covered by the open-rate M&I users, setting these assessments higher than the true cost-of-service.

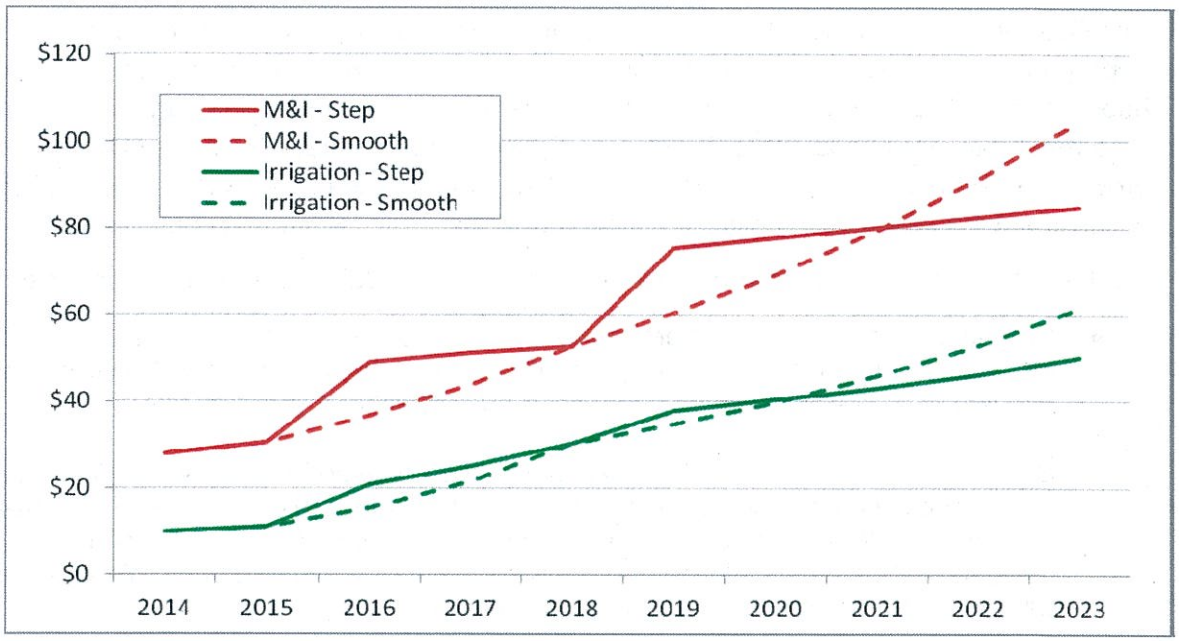
The District has developed three options for distributing the assessments between Irrigation and M&I classes. These options offer with varying degrees of 'ability-to-pay' benefits for the Irrigation class. Option 1 maintains the 1998 rate philosophy that offers the highest benefit to the Irrigation class. Option 2 offers a reduced, but still significant benefit to the Irrigation class. Option 3 offers no benefit to the Irrigation class.

- Option 1 – Existing Structure – The existing assessment structure is maintained. Irrigation assessments rise to the ability-to-pay rate of $22.00/unit by 2018, and are set at this ability-to-pay rate through the remainder of the study period. M&I assessments increase as needed to reach the required assessment revenue, rising to more than $55 per unit by 2018. As historically administered, this approach significantly subsidizes Irrigation classes through the 'ability-to-pay' assessment ceiling as illustrated below:



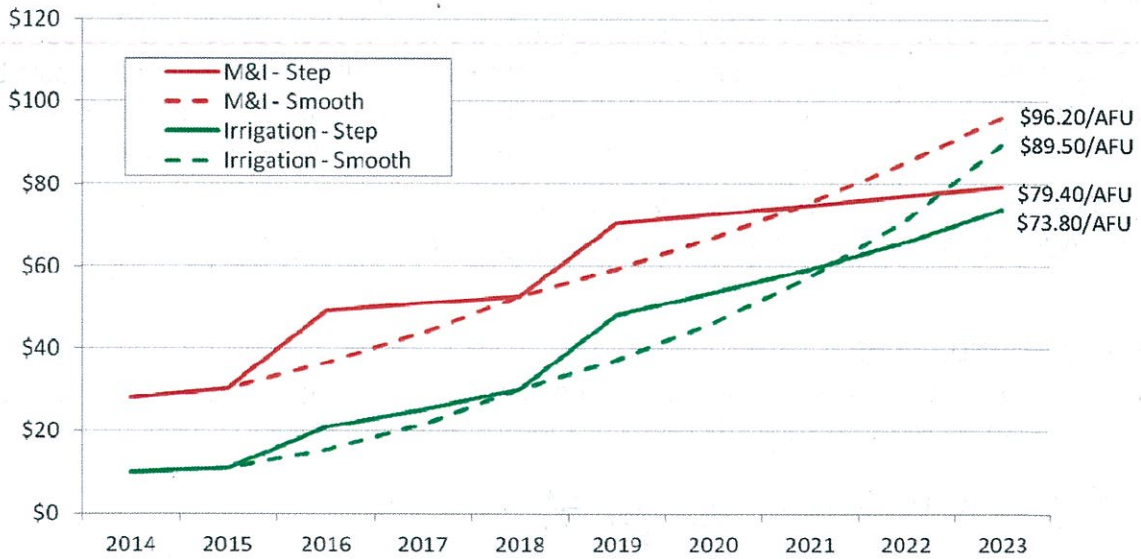
Option 1 – Long-Term Assessment Forecast

- Option 2 – Base Assessment Design - The M&I and Irrigation assessments are designed to reach the split allocation of all units to COS by 2023. The fixed rate unit costs are recovered by M&I open rate units only. This assessment design option assumes the Irrigation COS established in the 2015 test year is the "floor" to set open rate Irrigation assessments. The differential between the customer classes is then established by setting the Irrigation assessment to $18.29 per unit to determine the resulting M&I assessment to meet the 2015 test year revenue requirements, which is $29.10 per unit. Using this option, assessments are designed to achieve this proportionate differential between M&I customers and Irrigation customers by 2023. This approach moderately subsidizes Irrigation classes and is a compromise between Option 1 and Option 3 as the portrayed in the following illustration:



Option 2 – Long-Term Assessment Forecast

- Option 3 – Open Rate Assessment Design - The M&I and Irrigation assessments are designed to reach the split allocation open-rate COS by 2023. The fixed-rate unit costs are recovered by all open-rate units (M&I and Irrigation). Using the 2015 test year and split allocation COS method, the M&I COS is $28.69 per unit and the Irrigation COS is $26.74 per unit. The assessments are designed to achieve this proportionate differential between customers by 2023. This approach transitions Irrigation users to full Cost of Service by 2023, with no subsidization through an 'ability-to-pay' approach (illustrated below):



Option 3 – Long-Term Assessment Forecast

The Cost-of-Service approach is the methodology that proportionally allocates costs to appropriate user classes. This philosophy and approach is generally viewed as "fair" and has been adopted and used for many years by Loveland Water and Power in budget preparation. As a result City Staff finds either Option 2 or Option 3 appropriate. Given the City resident's growing preference for locally grown food, and the potential scale of impacts to agriculture from assessment increases associated with Option 3, Water Staff recommends Option 2.

Northern Water has also explored two implementation schedules for the above options:

- Smooth Increase – Assessment increases would be smoothed over the 10-year period with approximately equal annual percent increases. Increases would be structured so that Northern Water achieves a balanced budget within 4 years by 2018.

- Step Increase – Assessment increases would be phased in using two major steps. The first stepped increase would be structured so that Northern Water achieves a balanced budget within 2 years by 2016. The second step, assumed to occur at year 5, is designed so that financial planning goals can be met at the end of the planning horizon with only minor inflationary adjustments in non-step years.

The financial models developed by the consultant contain sensitive variables that have significant impacts in the latter part of the study timeframe. These variables include the rate of economic recovery (the Study assumes 'average') and preferred reserve levels (Northern Staff is recommending an increase from historic levels). Loveland Water and Power staff recommends the "Smooth Increase" implementation schedule. This approach is less disruptive to the City's Water Enterprise revenues, which have been established by a fixed schedule of rate increases over the next eight years. This approach also gives Northern Water the option to gage effectiveness year-by-year, and adjust as necessary to unpredictable economic variables. Should the regional economy result in land valuations that exceed the 'average' assumption of the report, tax revenues (~53% of Northern Water's total revenue) will correspondingly exceed forecasts. Northern Water's study indicates that if the future local economy is 'robust' instead of the assumed 'average', the resulting assessment revenue collected in year 2023 could be as high as 35% in excess of the actual need. The "Smooth Increase" would allow Northern Water to adjust accordingly and reduce future assessment increases under this scenario.

The full *Draft Cost of Service Study* can be found at:
http://www.northernwater.org/AllotteeInformation/AllotmentContracts.aspx

RECOMMENDATION:
Provide staff with feedback regarding the three assessment options and a preference of either the "Smooth Increase" or "Step Increase" implementation schedule.

REVIEWED BY DIRECTOR: MS for SA

City of Loveland

CITY OF LOVELAND
WATER & POWER DEPARTMENT
200 North Wilson • Loveland, Colorado 80537
(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 4
MEETING DATE: 5/21/2014
SUBMITTED BY: Chris Matkins, Water Utilities Manager
Michelle Stalker, Technical Specialist

TITLE: Risk Analysis for Asset Management

DESCRIPTION: Staff will provide an update to the commission regarding the Division's Asset Management progress. Engineering and Operations staff will review the risk analysis process that Water Division staff recently performed on the water distribution system assets and how that information can be used as an asset management tool.

SUMMARY:
Loveland's Water Utility is improving its business practices through Asset Management. Loveland, like many other water utilities, faces the challenge of keeping their utility infrastructure up and running on limited resources. Our asset management approach will provide the Water Utilities with the lowest long-term operational costs through risk analysis and prioritization of investment based on these results.

With nearly 450 miles of water mains to maintain, increased leak frequency due to aging and failing infrastructure and limited staffing and financial resources, meeting our customer's Levels of Service expectations will depend on thoughtful investment. Through risk assessment (evaluating the probability and consequence of failure), Loveland Water and Power staff is narrowing the focus from nearly 450 miles of water lines to a more manageable 50 miles. These 50 miles pose the greatest risk of disrupting our service to our customers and deserve the most analysis and investment.

To define the water distribution system risks, operations and engineering staff participated in two hands-on workshops. During the first workshop, operations staff used their field knowledge of the water distribution system to create a color coded map illustrating the probability of failure and assigning condition scores to all the water distribution system assets. Staff accounted for factors including leak frequency, construction and installation procedures, soil acidity, asset age, material type and site inspections.

The second workshop focused on the consequence of failure of the water distribution system assets. Staff discussed the impact a failed asset would have including disruptions to the community if located under major roads or under railroad tracks or if they supply key facilities such as hospitals, schools, Key Accounts, and large commercial areas. Staff also discussed the impact of failed assets on Loveland's customers, environment and the utility. Similar to the probability scoring, the consequence scores were illustrated on a color coded map.

For our approach, risk is a combination of 1) probability and 2) consequence of failure. A third overall risk map was generated based on the combination of probability and consequence scores. Clearly, the highest scoring assets ('riskiest') scored high in both probability and consequence of failure and will help the utilities prioritize future investment of staff time and capital dollars. Benefits of this approach include:

- **Better Employee Engagement:** Field Operations, Engineering, and Management are working together to plan for the future. By articulating the utilities future responsibilities, prioritizing based on risk, and appropriately budgeting for these needs, Staff is working together closely and increasing engagement.

- **Identifies Additional Assessment Needs:** Assets that have high risk scores may not necessarily need to be immediately replaced. High risk assets first need to be further assessed to confirm their field condition. Through additional assessment, staff can better understand the probability of failure scores, and adjust (and budget) accordingly.

- **Narrows the Focus:** Asset Management narrows the focus of detailed asset assessment from nearly 450 miles of water lines to less than 50 miles of higher risk water lines. This makes the effort manageable, saving time and money.

- **Project Identification:** Identifies opportunities to mitigate risks. By investing in projects that create redundancy for high risk assets, we can reduce the risk score and meet our customer's expectations for reliability.

- **Contingency plans:** Staff can discuss contingency plans for reacting to high risk asset failure. By developing plans of action in advance, we can prepare for the unexpected when high risk assets fail.

- **Prioritization Tool:** Use as an additional tool to help prioritize capital improvement projects in conjunction with other tools such as:
    - Leak frequency maps
    - Budget projections
    - Project cost projections
    - Levels of service

Asset risk analysis is a key part of an overall asset management program. Staff is in the process of compiling risk scores on the wastewater collection system. In the future, we will also perform risk analysis of pump stations, lift stations, and treatment plants. In an effort to reduce our risks, staff will implement a preventative maintenance work order system for the high risk assets, especially at the treatment plants.

The overall objective of a well-developed utility asset management program is to enable the utility to consistently provide a desired level of service for the minimum long-term cost. In order to achieve this goal, staff is striving to gain the support of LUC and City Council in the approval of a Levels of Service document and an Asset Management Policy. A Levels of Service document sets the minimum acceptable levels that the water and wastewater utilities should strive to maintain in

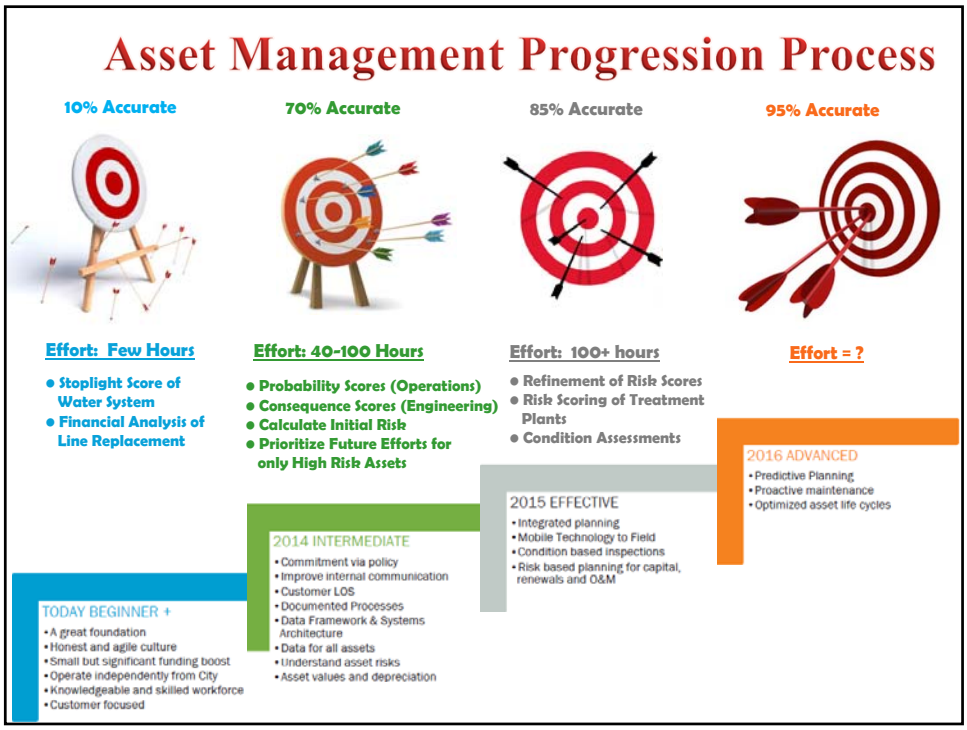
areas such as regulatory compliance, capacity/availability, quality, reliability, and responsiveness. An Asset Management Policy articulates a commitment to asset management by elected boards and provides guidance to staff on how to fund and execute the organization's strategies, plans and activities to maintain utility infrastructure and enable long-term sustainability, while meeting the set levels of service requirements.

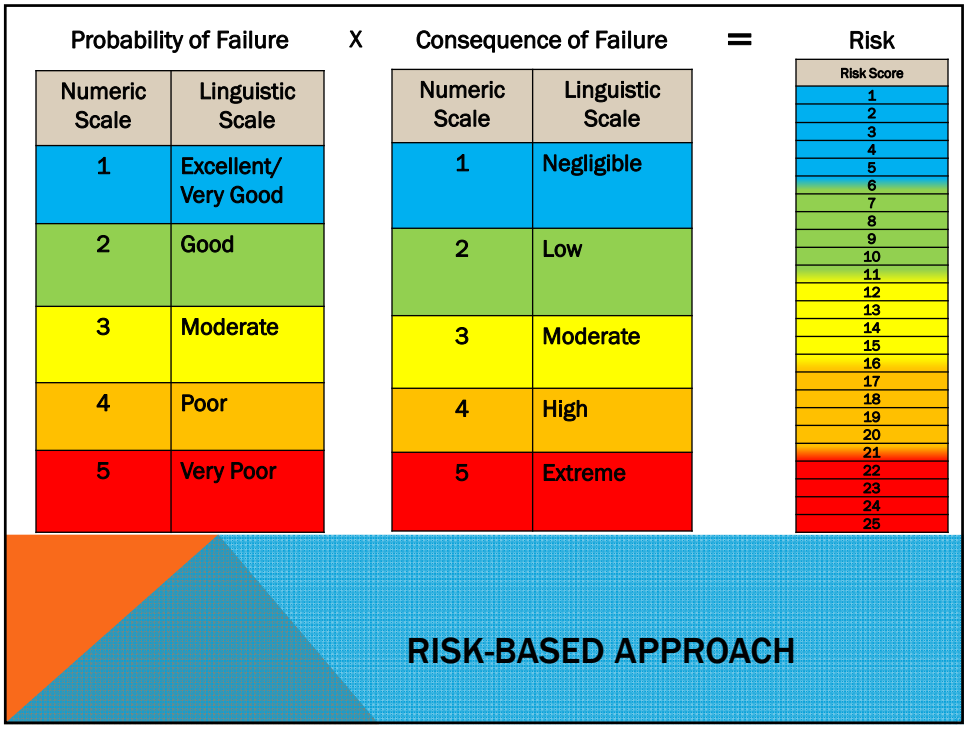
RECOMMENDATION:
Staff report only.

REVIEWED BY DIRECTOR: MS for SA

ATTACHMENTS:
Presentation slides


RISK ANALYSIS OF
WATER DISTRIBUTION SYSTEM
CHRIS MATKINS – MAY 21, 2014 LUC PRESENTATION
PLAN
DESIGN
BUILD
OPERATE
MAINTAIN
RENEW
People
Process
Technology
Data
$


Asset Management Progression Process
10% Accurate
70% Accurate
85% Accurate
95% Accurate
Effort: Few Hours
Stoplight Score of Water System
Financial Analysis of Line Replacement
Effort: 40-100 Hours
Probability Scores (Operations)
Consequence Scores (Engineering)
Calculate Initial Risk
Prioritize Future Efforts for only High Risk Assets
Effort: 100+ hours
Refinement of Risk Scores
Risk Scoring of Treatment Plants
Condition Assessments
Effort = ?
TODAY BEGINNER +
A great foundation
Honest and agile culture
Small but significant funding boost
Operate independently from City
Knowledgeable and skilled workforce
Customer focused
2014 INTERMEDIATE
Commitment via policy
Improve internal communication
Customer LOS
Documented Processes
Data Framework & Systems Architecture
Data for all assets
Understand asset risks
Asset values and depreciation
2015 EFFECTIVE
Integrated planning
Mobile Technology to Field
Condition based inspections
Risk based planning for capital, renewals and O&M
2016 ADVANCED
Predictive Planning
Proactive maintenance
Optimized asset life cycles


Probability of Failure
X
Consequence of Failure
=
Risk
Numeric Scale
Linguistic Scale
1
Excellent/ Very Good
2
Good
3
Moderate
4
Poor
5
Very Poor
Numeric Scale
Linguistic Scale
1
Negligible
2
Low
3
Moderate
4
High
5
Extreme
Risk Score
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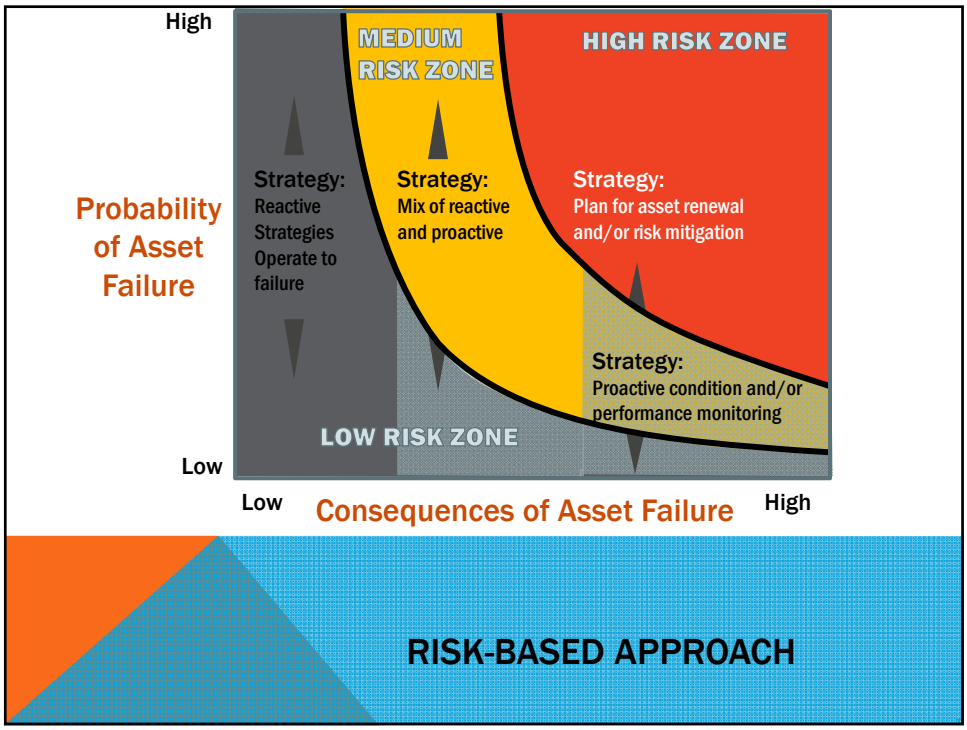
RISK-BASED APPROACH


High
MEDIUM RISK ZONE
HIGH RISK ZONE
Strategy:
Reactive Strategies Operate to failure
Strategy:
Mix of reactive and proactive
Strategy:
Plan for asset renewal and/or risk mitigation
Probability of Asset Failure
Strategy:
Proactive condition and/or performance monitoring
LOW RISK ZONE
Low
Low
Consequences of Asset Failure
High
RISK-BASED APPROACH

- **Construction & Installation Procedures**
- **Soil Properties**
  - Corrosivity
  - Moisture content
  - Temperature
- **External Loads**
  - Dead load (soil, structure, stockpile)
  - Live load (traffic, trains, runways)
- **Differential Settlement/Ground Movement**
  - Cracks or fractures
  - Infiltration/Exfiltration
- **Pipe Properties**
  - Age
  - Materials
  - Diameter
  - Joint type
- **Length**
  - Pipe length
  - Section length
- **Ground Water Table**
- **Trench Backfill**
  - Material
  - Trench width
  - Cover depth

FACTORS AFFECTING THE PROBABILITY OF FAILURE

- **Internal Costs**
  - Repair costs
  - Location near major roads, bridges, railroads, etc.
  - Time required to make repairs
- **Reputation**
  - Media stories in local, state, national or international venues
  - Litigation
- **Community Costs**
  - Community disruptions (rerouting of traffic, number of people affected, etc.)
  - Collateral Damage (closing of businesses, damage to property, etc.)
  - Environmental Damage (loss of habitat, loss of species, etc.)
- **Health & Safety Concerns**
  - Illness, deaths, etc.
  - Water outages
  - Unsafe drinking water
  - Critical customers (hospitals, schools, Key Accounts, etc.)

FACTORS AFFECTING THE CONSEQUENCE OF FAILURE

Probability of Failure			Consequence of Failure				
			1	2	3	4	5
			Negligible	Low	Moderate	High	Extreme
	Very Poor	5	0 mi	27 mi	0 mi	8 mi	3 mi
	Poor	4	0 mi	56 mi	3.5 mi	11 mi	15 mi
	Moderate	3	0 mi	43 mi	3 mi	23 mi	28 mi
	Good	2	.3 mi	88 mi	6 mi	24 mi	15 mi
	Excellent/ Very Good	1	0 mi	26 mi	18 mi	9 mi	16 mi

Length of Pipe in Miles By Risk Score

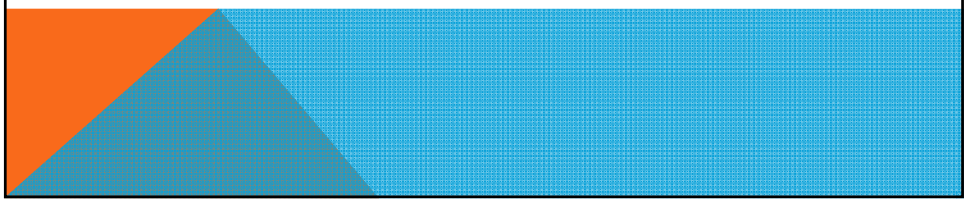
- Better Employee Engagement & Communication
- Identify Assets Needing Immediate Replacement/Rehab
- Identify Assets Needing Additional Assessment
- Focus on High Risk Assets First
- Contingency Plans to Mitigate Risk
- Prioritization Tool for Capital Budgeting

BENEFITS OF THIS RISK ANALYSIS

- Risk Assessments
  - Pump Stations
  - Lift Stations
  - Treatment Facilities
- Develop Systems for:
  - Preventative Maintenance Work Order System
  - Replacement Plans for High Risk Systems
- Policy Implementation Recommended

NEXT STEPS

QUESTIONS?



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AGENDA ITEM: 5
MEETING DATE: 5/21/2014
SUBMITTED BY: Scott Dickmeyer, Staff Engineer – Water Resources

SD

TITLE: CBT Market Price Consideration

DESCRIPTION:
The City's cash-in-lieu fee is based primarily on the market price of one Colorado-Big Thompson Project (C-BT) unit as recognized by resolution of the Loveland Utilities Commission (LUC). On June 19, 2013 the LUC clarified with staff the process in which the LUC members desire to keep abreast of the changes to the market price of Colorado-Big Thompson Project units. On April 16, 2014, the LUC adopted Resolution R-2-2014U, changing the City's recognized price for CBT water to $22,000 per unit and establishing a Cash-In-Lieu fee of $23,100. Staff was also directed to closely monitor the situation and keep the LUC members updated monthly.

SUMMARY:
The City's cash-in-lieu fee is based primarily on the market price of one Colorado-Big Thompson Project (C-BT) unit as recognized by resolution of the Loveland Utilities Commission (LUC). Since the April 16 Utilities Commission meeting, C-BT unit sales have stayed in the $21,000 to $23,000 per unit range. Staff recommends keeping the current recognized market price at $22,000 per unit.

Staff will continue to monitor the market and provide updated information in the future.

RECOMMENDATION:
Staff item only. No action required.

REVIEWED BY DIRECTOR: MB for SA

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AGENDA ITEM: 6
MEETING DATE: 5/21/2014
SUBMITTED BY: Steve Adams, Director, Loveland Water & Power MS for SA

TITLE: Raw Water Discussion Update

DESCRIPTION:
The City of Loveland's long-range projections for its raw water demand target will be discussed. This demand addresses growth projections from the City's "Comprehensive Master Plan", currently being updated.

SUMMARY:
On November 15, 2005 City Council approved the City's Raw Water Master Plan, which projected demand growth out to almost 2050 and identified ways that demand could be met. This report was updated, and approved by City Council on January 17, 2012.

Section 2 of the 2012 report is attached, *Raw Water Demand Development (Demand Target)*, and summarizes the discussions and decisions regarding the city's targeted raw water demand. This was quantified as 30,000 AF for this report, to eventually be needed at build-out according to growth projections from Strategic Planning.

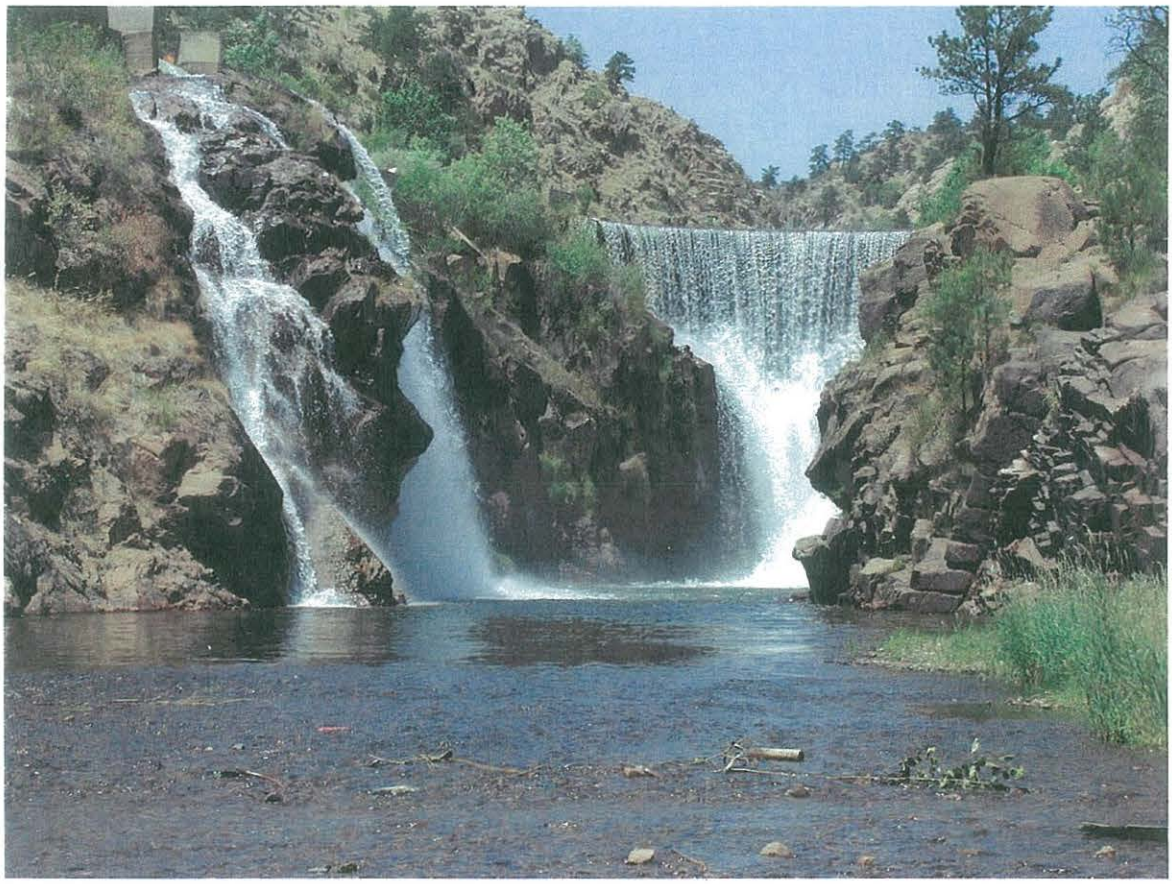
The city is now updating its *Comprehensive Master Plan*, with October, 2015 targeted as the completion date. Information concerning long range growth will be part of that document, and can then be used in the planned 2017 update to the *Raw Water Master Plan*.

RECOMMENDATION:
Staff item only. No action required.

REVIEWED BY DIRECTOR: MS for SA

ATTACHMENTS:
Attachment A - January 17, 2012 -- Cover for *2012 Raw Water Master Plan ... Final Report*
Attachment B - January 17, 2012 -- Sec. 2 Raw Water Demand Development (Demand Target)
Attachment C - November 15, 2005 -- Cover for *Raw Water Master Plan*

2012 Raw Water Master Plan
City of Loveland
Final Report



Prepared by
Loveland Utilities Commission
and
City of Loveland
Department of Water and Power

January 17, 2012

2. Raw Water Demand Development (Demand Target)

2.1 Summary

As a target to aid in development of this update to the City's *Raw Water Master Plan* (RWMP), staff has employed three variations of a method to estimate the future demand for the portion of the Growth Management Area (GMA) served by the City's water utility at buildout. Figure 1-3 shows both the GMA and the City's water utility service area. From this analysis and discussions with the Loveland Utility Commission (LUC), a resulting estimate of Loveland's raw water demand target of 30,000 acre-feet is considered to be reasonable based on available information. Of course, factors which cannot be reasonably predicted at this time are likely to cause impacts to the future water supply needs of Loveland, and should be monitored for their possible effects. Examples of such factors are:

- changes in the City's Growth Management Area boundary
- changes in the water utility's service area
- changes in water use or development patterns
- long term climate change patterns
- significant new industrial users

The targeted demand value of 30,000 acre-feet is used in the analysis of structural and non-structural alternatives to increase the firm yield of Loveland's raw water supply. This demand is the same as the previous estimate of 30,000 acre-feet used in preparation of the 2005 *Raw Water Master Plan*, and of course may be changed in the future in response to observed conditions. It will continue to be important to reevaluate this RWMP periodically as the City develops and policies change, to assure that the conclusions drawn remain valid or are adjusted as needed.

An important factor added to this update is the demand for sources of augmentation water needed to meet decreed obligations owed to the river. The City of Loveland provides reusable water developed from its own sources, to meet its required augmentation payments. These requirements typically relate to evaporation and pumping of ground water for parks and open spaces. The City also has entered into agreements to provide reusable supplies for similar uses by other entities in the Big Thompson basin needing similar water supplies. In recent years, the state's administration of this water has been significantly formalized, requiring the use of more specific sources of water for payment, and limiting more informal options and methods used in the past. These augmentation requirements will sometimes compete for the supplies used to meet the City's potable municipal demands, and this is taken into account when determining the City's firm yield.

The 2011 *Raw Water Supply Yield Analysis Update* includes 590 acre-feet needed to meet annual augmentation demands. The City's population projections are used to project future municipal demand requirements as shown in the following section (2.2). This 590 acre-feet demand is then added in each scenario considered to arrive at total projected demands the City must meet.

2.2 Population Projections

Staff relied on the Planners in the City's Development Services Department, Division of Community and Strategic Planning (Strategic Planning), to provide the population projections on which the demand targets are based. The most recent population estimates were from the *Annual Data and Assumptions Report, January 1, 2011.* A table, titled "Population Estimates and Projections", on page 4 of the report and reproduced in Appendix III of the RWMP, shows population projections through the year 2030. Karl Barton, City Planner II, provided the current population estimate of 95,927 for 2030, and staff extended it under his direction using a 1.6% annual projected growth rate.

Build out population for the City of Loveland GMA is estimated by Strategic Planning to remain unchanged from the 2004 estimate of 144,000 people. The Loveland Water service population is estimated by staff as 127,000, based on land use projections for the GMA, adjusted for the differences in the service boundaries between the City's utility and neighboring providers. Loveland Water & Power is expected to serve water to approximately 88.2 percent of the build out population.

2.3 Raw Water Supply Demand Estimates

After considering various approaches to determine the future water demand for Loveland's service territory, staff settled on the following methodology with three variances for consideration. These are referred herein as "Scenario A", "Scenario B" and "Scenario C." Details for staff's approaches on these scenarios are included in Appendix III. For reference when considering the scenarios, the information in Table 2-1 showing the City's recent raw water demands is included below:

TABLE 2-1: Historic Raw Water Demand

Year	Loveland Population	WTP Headgates Raw Water Demand (ac-ft)	Per capita Water Demand (ac-ft per person)
2001	54,395	14,376	0.264
2002	56,182	12,726	0.227
2003	57,270	11,834	0.207
2004	58,999	12,005	0.203
2005	60,157	12,852	0.214
2006	61,098	15,104	0.247
2007	63,025	14,981	0.238
2008	64,690	14,546	0.225
2009	66,132	11,964	0.181
2010	66,572	12,913	0.194
Average (2006-2010)	N/A	13,902	0.217

Scenario A:

- The largest historical annual demand and the year in which it occurred were used as the initial demand and beginning year for this projection. The greatest demand was 15,100 acre-feet, which occurred in 2006. It should be noted that a majority of the City's water demand is for use outdoors and in 2006 the outdoor use was particularly high due to above average high temperatures and below average precipitation.
- The demand was escalated from 2006 on a *per capita* basis using the growth percentages generated by Strategic Planning.
- A demand of 35,578 acre-feet was projected for the build-out population of 144,000.
- The Loveland water utility demand was estimated as 88.2 percent of the total build-out demand, resulting in 31,380 acre-feet of municipal demand for the projected service population of 127,000.
- 590 acre-feet of demand was added to meet required augmentation obligations results in a total City demand of **31,970 acre-feet**.

Scenario B:

- The largest historical annual demand of 15,100, which occurred in 2006, was used as the starting demand. The per capita demand was projected forward in time beginning from 2011.
- The demand was escalated on a *per capita* basis using the growth percentages generated by Strategic Planning.
- A demand of 32,225 acre-feet was projected for the total build out population of 144,000.
- The Loveland water utility demand was estimated as 88.2 percent of the build-out demand, resulting in 28,422 acre-feet of municipal demand for the projected service population of 127,000.
- 590 acre-feet of demand was added to meet required augmentation obligations results in a total City demand of **29,012 acre-feet**.

Scenario C:

- The 2006-2010 average value of 13,900 acre-feet for the historical demand was used as the starting demand.
- The demand was escalated from 2011 on a *per capita* basis using the growth percentages generated by Strategic Planning.
- A demand of 29,664 acre-feet was projected for the total build out population of 144,000.
- The Loveland water utility demand was estimated as 88.2 percent of the build-out demand, resulting in 26,164 acre-feet of municipal demand for the projected service population of 127,000.
- 590 acre-feet of demand was added to meet required augmentation obligations results in a total City demand of **26,754 acre-feet**.

2.4 Comparison of the Three Scenarios and 2005 Results

Loveland's projected demands using the three scenarios are shown in Table 2-2 below:

TABLE 2-2: 2011 Estimate of Target Water Supply for City Water Utility Service Area (Units = acre-feet)

	Municipal Demand	Augmentation Demand	Total City Demand
Scenario A	31,380	590	31,970
Scenario B	28,422	590	29,012
Scenario C	26,164	590	26,754

For comparison purposes, the figures from 2005 are shown in Table 2-3 below. In 2005, the augmentation demand was not broken out separately. Two approaches were used. In Approach 1, the land use type and typical consumption per land use type was used to generate the municipal demand. In Approach 2, a per capita use was generated using the highest use realized in 2006 and brought forward. Here the 590 acre-feet of augmentation demand is added to the calculated municipal demand from 2005.

TABLE 2-3: 2005 Estimate of Target Water Supply for City Water Utility Service Area (Units = acre-feet)

	Municipal Demand	Augmentation Demand	Total City Demand
Approach 1	28,886	590	29,476
Approach 2	26,503	590	27,093

Note that new technologies may cause per capita water use to go down, or the opposite could also occur. The estimates of future land use and dwelling unit densities can all change with sociological or economic trends yet to be identified. The estimates of the utility's target demands made using these approaches may change based on future conditions, but are considered the best available at this time.

2.5 Recommendation for Target Demand

The 2005 results and the 2011 results when averaged together result in an average total city demand of 28,861 acre-feet. Staff and LUC recommend using a water supply target, rounded to 30,000 acre-feet. As was the case with the original master plan, inherent is an understanding that 30,000 acre-feet is actually a target, and the eventual demand realized may be different.

Attachment C

Raw Water Master Plan

City of Loveland
November 15, 2005

City of Loveland

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AGENDA ITEM: 7
MEETING DATE: 5/21/2014
SUBMITTED BY: Steve Adams, Director MS for SA

TITLE: 2013 Flood Update for the Water & Power Department

DESCRIPTION:
Staff will provide an update on the status of flood recovery efforts.

SUMMARY:
Staff will report on the flood related work that has been performed and the flood related issues currently being worked through during the last month.

RECOMMENDATION:
Staff report only. No action required.

REVIEWED BY DIRECTOR: MS for SA

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AGENDA ITEM: 8
MEETING DATE: 5/21/2014
SUBMITTED BY: Steve Adams, Director MS for SA

TITLE: Commission/Council Report

SUMMARY:
Discuss events that the Loveland Utility Commission Board members attended and any City Council items related to the Water and Power Department from the past month.

RECOMMENDATION:
Commission/Council report only.

REVIEWED BY DIRECTOR: MS for SA

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AGENDA ITEM: 9
MEETING DATE: 5/21/2014
SUBMITTED BY: Steve Adams, Director MS for SA

TITLE: Director's Report

SUMMARY:

- **New Employee Introductions**
  - Dave Drewing, Senior Electrical Engineer – Bob Miller
  - Allison Prokop, Administrative Technician – Gretchen Stanford

- **Tri-City Water Conference Update –** The Annual Tri-City Conference will be held at the Lincoln Center, 417 West Magnolia Street, Fort Collins, CO 80521 on Thursday, May 22, 2014 from 6:00 pm to 9:00 pm. Below is a list of LUC attendees and carpool participants. – Michelle Stalker

Tri-City Participants Not in Carpool:	**Tri-City Participants in Carpool (Meet at 5:00 PM at the Service Center)**
1. Bill Cahill	1. Steve Adams
2. Cecil Gutierrez	2. Greg Dewey
3. Sharon Citino	3. Larry Howard
4. Darcy Hodge	4. Michelle Stalker
5. Chris Matkins	5. Dan Herlihey
6. Gary Housman	6. Gene Packer
7. John Matis	7. John Rust, Jr.
8. Randy Williams	8. Dave Schneider

- **June 2014 LUC Meeting Date –** We remind the board and staff that the June 2014 LUC meeting is pushed out one week to the forth Wednesday on June 25, 2014 in order to accommodate the bidding process on the Water Treatment Plant Expansion Project. – Steve Adams

- **Upcoming LUC Commission Expirations:** The application for renewals or new board members is by 5:00 pm Friday, May 23, 2014. – Michelle Stalker
  - Gene Packer – June 30, 2014 (City Clerks received renewal packet on 4/28/2014)
  - Larry Roos – June 30, 2014
  - Daniel Greenidge – June 30, 2014

- **Customer Survey Update –** Feedback received from LUC and Loveland Water and Power staff were incorporated into the final drafts. Surveys went live for customer input on May 1, 2014. The surveys will be open through May 31, 2014. Links to the surveys can be found by visiting cityofloveland.org/LWP. - Lindsey Bashline

- **2015 Budget Update:** The 10-Year Capital Improvement Programs (CIP) for each of the utilities was submitted to the Budget Office on April 28, 2014 in preparation for a June 10, 2014 City Council Study Session. Since then, the Budget Office has released the specific information to plug into the 2015 budget for all City departments, so Staff is in the process of assembling the full 2015 budget for each utility. – Jim Lees

  Significant upcoming dates for the budget process are:
  - May 30, 2014: First Review of Assembled Budget for Power with LUC Liaisons
  - June 3, 2014: First Review of Assembled Budget for Water, Raw Water and Wastewater with LUC Liaisons
  - June 6, 2014: Final Review of Assembled Budget for W&P with LUC Liaisons
  - June 13, 2014: Final budget due to Budget Office
  - Sept. 9, 2014: 2015 Budget City Council Study Session
  - Oct. 7, 2014: First Reading of 2015 City Budget
  - Oct. 21, 2014: Second Reading of 2015 City Budget

- **Wastewater Treatment Plant Expansion Update -** Staff continues to work with CH2MHill to study a pending expansion of the Wastewater Treatment Plant. This study is a result of the Water Division receiving a $1,080,000 grant from the State of Colorado to investigate treatment options to meet new Big Thompson stream discharge requirements (Regulation 85) and help fund design and construction of the option chosen. These requirements are anticipated to be significantly more stringent than existing standards. CH2MHill investigated several treatment options for addressing these new nutrient requirements, further reductions in future allowable nutrient discharges (Regulation 31), and expanded plant treatment capacity to accommodate future growth. The preferred treatment option is least capital intensive, requires the least ongoing operations and maintenance costs, and offers the best treatment stability and operational flexibility of all of the options. It also offers the best construction phasing flexibility. Further details can be found on-line at http://www.cityofloveland.org/index.aspx?recordid=57796&page=1023 including PowerPoint slides outlining the biological treatment processes, all options and modeling performed for the analysis, and a summary of the preferred JHB option as well as the full engineering report that was submitted to the State on March 30, 2014. - Chris Matkins

- **1041 Review Process Update** - Larimer County Planning has requested input from local water providers regarding proposed changes to the 1041 Review Process. The 1041 review process enables review by County Commissioners on construction projects on matters of State Interest. Typically, in Larimer County, this has been limited to large water and natural gas pipelines. County Staff have been directed by Commissioners to explore incorporating other water storage projects including reservoirs and tanks into this process. Loveland Water and Power staff are working with Larimer County staff in 2014 on these potential changes. – Chis Matkins

- **Drinking Water Week** – For more than 35 years the American Water Works Association and its members have celebrated Drinking Water Week (May 4-10th)– a unique opportunity for both water professionals and the communities they serve to join together in recognizing the vital role water plays in our daily lives. Throughout the week, Loveland Water and Power and partners across the water community celebrated the value of water by learning about the critical role it plays in our daily lives and in the quality of life we enjoy. Aligning with this year's theme, special attention was given to the ways in which all water consumers can get to know their H_2O. - Lindsey Bashline

- **Children's Water Festival** – On May 8, 2014, nearly 800 5th grade students from the Thompson School District joined Loveland Water and Power, City of Loveland Stormwater Engineering and Northern Water at the annual Children's Water Festival. The event offered education activities and presentations to the students including presentations from LWP staff on what not to flush, backflow, water wheel, GIS water system mapping, power safety demo and Loveland water trivia. - Lindsey Bashline

- **Children's Day** – Loveland Water and Power participated in the annual Children's Day festival on April 23, 2014. The event offered activities and games for children in the community, and LWP contributed a booth with a model of the power distribution system, coloring activities, glow stick and water bottle giveaways, and demonstrations including power safety and backflow. -Tori Mitchell

- **Garden in a Box Pick-up Day Update** – Customers who purchased gardens through the Garden-In-A-Box program could pick-up them up in Loveland on Saturday, May 17, 2014. The program was a success this year as Loveland had a goal to sell 80 gardens and surpassed that by selling over 90 gardens. - Lindsey Bashline

- **Public Works Day Update** – Loveland Water and Power was invited to participate in the 11th annual Public Works Day on May 20, 2014. Kindergarten through 5th graders from Loveland visited educational booths including Loveland Water and Power's backflow demonstration, electricity safety demonstration, pole climbing demonstration, electric vehicle display and the water conservation area. – Lindsey Bashline

- **Earth Day Update** – The Solid Waste Division hosted the first Earth Day Event at the Foote Lagoon on Saturday, April 19, 2014. Over 35 booths were set up, with vendors displaying earth-friendly goods and services available to the general public. City departments educated residents on the many ways they can "Love their Community" by recycling properly, using water more efficiently and protecting the air and waterways. Demonstrations included repurposing plastic bottles into bubble makers, tree planting demonstrations by the Parks Department and a water taste test hosed by Loveland Water and Power. Ford alternative fuel vehicles were on display and Drive Electric Northern Colorado made several electric vehicles available for test drives with the Tesla being the overall favorite. Food trucks were on hand to satisfy appetites while residents enjoyed music by a local band, Futaba. Estimates range from 200 to 300 visitors at this inaugural event. – Lindsey Bashline

  Residents and vendors alike commented on the need for this event and expressed their interest in attending again in 2015. - Lindsey Bashline

- **South Horseshoe Lift Station Update -** The lift station pumps went into service on April 15, 2014. Final grading and landscaping is currently being performed. The project is scheduled to be complete by May 9, 2014. - Tom Greene

- **Barberry Lift Station Update –** This project is about 90% complete. The sewer lines have been replaced that all affected are now on gravity fed lines. The lift station is scheduled to be decommissioned the week of May 12, 2014. – Roger Berg

- **Colorado Water Congress 2014 Summer Conference** – Save the Date – The annual Colorado Water Congress Summer Conference will be held in Snowmass, Colorado from August 20-22, 2014. More details will follow in future LUC packets. – Larry Howard

- **Updated Handbook for Boards & Commissions –** Board members were emailed a link to the updated handbook with the outlined changes. The updated handbook can be accessed at http://www.cityofloveland.org/modules/showdocument.aspx?documentid=85. Please let Michelle know if you would like a printed copy of the revised handbook. – Michelle Stalker

RECOMMENDATION:
Director's report only.

REVIEWED BY DIRECTOR: MS for SA

City of Loveland

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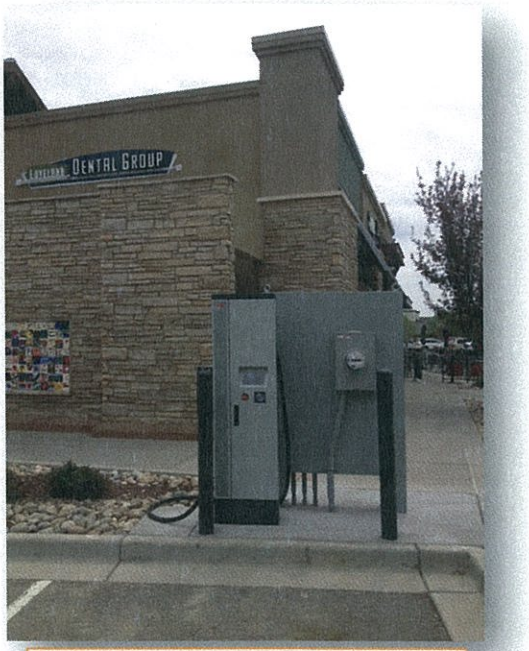
AGENDA ITEM: 10
MEETING DATE: 5/21/2014
SUBMITTED BY: Gretchen Stanford, Customer Relations Manager

TITLE: Drive Electric Northern Colorado Update

DESCRIPTION:
This item will provide you information on the Drive Electric Northern Colorado program.

SUMMARY:
The Drive Electric Northern Colorado Program (DENC) meets quarterly to discuss measurement and success, market penetration and product pipeline, outreach, education and marketing, infrastructure, fleet transition tracking and analytics and opportunity projects. The program consists of representatives from City of Loveland, City of Fort Collins, CSU, New Belgium, Rocky Mountain Institute and Schneider Electric. The City of Loveland and DENC were recently featured in the national magazine *Green Fleets*, see attached article.

DENC will expand its marketing, outreach and educational efforts through several new events in Loveland and Fort Collins. This includes having additional several ride and drives and interest from key account businesses in Loveland as well as several small business including a Loveland church. In addition, Loveland will be hosting a "lunch and learn" this summer to educate our employees and get them comfortable utilizing City PEV's also giving them a chance to test drive other electric vehicles. Recently, McWhinney installed the first fast charger in Loveland located at the shopping center on Highway 34 near Panera Bread. There is a plan to install Level II charging stations in the near future at the Promenade Shops, Bass Pro Shops and one of McWhinney's office locations.



Fast charger installed at Centerra Marketplace

DENC will continue to provide guidance and support to the regional infrastructure effort by launching a workplace charging competition with businesses in Fort Collins and Loveland. Also, the DOE has released a "notice of intent" to provide federal funding to support deployment community efforts.

Please see the attached I am happy to share with you the info graphic that was used to celebrate our one year anniversary.

RECOMMENDATION:

Information item only. No action needed.

REVIEWED BY DIRECTOR: MS for SA

ATTACHMENTS:
Green Fleets Magazine Article
DENC Top 10

PHOTOS: THE CITY OF LOVELAND, COLO.

The Love(land) Affair with PEVs

Acting on a deal it couldn't refuse, the City of Loveland, Colo., purchased two Nissan LEAFs in August 2012. Now, with more than a year's worth of results and more plug-in electric vehicles (PEVs) on their way, the happy ending has just begun. **By Shelley Mika**

When the City of Loveland, Colo.'s fleet leadership first considered adding plug-in electric vehicles (PEVs), they knew the environmental benefits, but couldn't make a workable financial justification. So, the fleet put its plans to add electric vehicles aside.

That is, until the City was approached by a local Nissan dealer whose LEAF sales were stalled. Hoping to get the vehicles into the public eye and boost public acceptance (with the City leading by example), the dealer offered the fleet an exceptional discount on the purchase price.

"He offered us a deal we couldn't refuse — approximately a $12,000-per-car savings incentive," said Steve Kibler, fleet manager for the City of Loveland. "We had been considering PEVs, but the ROI with the suggested retail price was not cost effective. The environmental savings were there, but, according to upper management at the time, that was not a tangible value. Nissan's astute offer was."

Today, Loveland operates a fleet of approximately 700 vehicles, including five PEVs, three hybrid SUVs, three hybrid sedans, and one hydraulic hybrid transit bus — with a second to be outfitted soon. In 2014, the City plans to add three more PEVs as well as six Parker RunWise hydraulic hybrid solid waste trash trucks, for which it just placed an order.

With a solid electrification plan in place, the City has seen outstanding results, according to Kibler.

Fitting the Car to the Need

The City of Loveland's electrification strategy relies not just on what it does with its electric vehicles, but on how those fit into the entire landscape of its fleet. PEVs are operated in conjunction with other alternative-fuel vehicles, including hybrids, hydraulic hybrids, hybrids and soon-to-come vehicles powered by liquefied petroleum gas (LPG) aka propane autogas and compressed natural gas (CNG).

"Our philosophy is to fit the right vehicle and energy source into the right duty cycle," Kibler noted. "Diversification is the key to sustainability. We don't put all of our eggs in one energy basket. The more diverse your fleet is, the more sustainable your transportation energy of choice becomes."

Having a diverse alt-fuel fleet allows the City to use PEVs and electric hybrids in ideal conditions — all-electric vehicles are used for short trips, keeping close to charging stations and well within their drivable range. For trips classified as "mid-range," the City leverages electric hybrids, and, for work trucks, natural gas.

"For all local administrative employee needs, we plan to have a shared PEV pool of vehicles in strategic locations so that any city employee who needs to travel on city business within 30-40 miles would be expected to schedule and share the PEVs," Kibler explained.

For employees who need to travel out of town, they will use a hybrid vehicle. For other job types, other alt-fuel solutions will be used, according to Kibler.

"For duty cycles that require less than 50 miles per day travel, either a PEV or other hybrid vehicle type would be targets. For some of those work truck duty cycles that seldom leave town, either a liquefied natural gas or CNG vehicle will be considered," Kibler said. "For those mission-critical vehicles that are the back bone of our services, either a single-fuel or dual-fuel unit would be targeted. We would use a case-by-case analysis of what best fits that need."

Kibler said electric vehicles can, and

Since accepting an electric vehicle deal it couldn't refuse, the City of Loveland, Colo., has led by example with several well-branded Nissan LEAF models. More will be added soon.

should, be slotted into daily duty-cycles of 50 miles or less.

"There are two things preventing this for many fleets: charging station infrastructure and range anxiety — both of which are fixable," he said.

Since the City added the first two PEVs to its fleet in August 2012, and three more after that, the environmental and fiscal results have been clear.

Charting the Environmental Benefits

With the PEVs in place, Loveland has seen the environmental benefits it expected — and then some. Prior to going electric, the fleet operated eight internal combustion engine units that traveled 1,200 miles per year on average, emitting 1.5 metric tons of CO2 per year per unit. The Nissan LEAFs, on the other hand, emit only 0.28 metric tons of CO2 to travel the same distance.

While the reduction in emissions is clear, Kibler said critics of electric-powered cars still remain, as frequently coal must be burned to produce the energy on which they run.

"Some people claim that PEVs are just 'coal-powered cars.' This is close-minded rhetoric," he argued. "Our power plant is coal-powered, and in the bottom 10 percent of the cleanest in the country. Is there currently a perfect fix to our global pollution issues? No, but these cars are significantly cleaner, and that is an acceptable start."

Ben Prochazka, director of strategic initiatives at the Electrification Coalition, underscored Kibler's point.

"Plug-in electric vehicles can help to substantially improve urban air quality because they have zero (or very limited) tailpipe emissions. Moreover, depending on the fuel used to generate the electricity powering them, electric vehicles can also offer significant reductions in greenhouse gas emissions," he said. "Even in places that have a high use of coal, total emissions from a mid-size electric vehicle are still less than those from a conventional vehicle."

The Electrification Coalition has partnered with the Loveland, as well as the City of Fort Collins and Colorado State University on an aggressive initiative to rapidly increase the adoption of plug-in electric vehicles in Northern Colorado called Drive Electric Northern Colorado. The program launched in February 2013.

Adding Up the Financial Benefits

In addition to environmental benefits, the City of Loveland has also seen the tangible economic benefits Kibler and other city leaders had hoped for. In the first year of eliminating eight internal combustion engines with two pooled PEVs, mileage reimbursement for those two administrative groups dropped by more than $2,000. One year of operations and maintenance (O&M) costs for a LEAF is just $355 plus depreciation, which equals 28 cents per mile compared to $2.04 for one of the vehicles they replaced. As the City was able to further consolidate its fleet with additional LEAF purchases, it was able to remove a total of 32 old, high-maintenance units, which lowered O&M costs by $160,000, with a 10-year projected savings of $2.7 million.

The City also saved on fuel. The previous year's fuel consumption alone for the eight internal combustion vehicles was $4,225. It costs just $3.50 in electricity for a LEAF to travel 100 miles — at a utilization rate of 4,000 miles per year, this equals a fuel spend of $140 to power a single vehicle for a year.

Total cost of ownership is lower, too. Based on that same utilization, the estimated total cost of ownership for the City's PEVs is 28 cents per mile, totaling $1,160 per vehicle, per year.

"Plug-in electric vehicles can provide significant cost savings for a fleet. The cost to operate a PEV is, on average, a quarter of the cost to operate a gasoline-powered vehicle — respectively about 3 cents and 12 cents per mile. For this reason, electric vehicles make a lot of sense for public and commercial fleets," Prochazka said. "If one also considers the available credits ($7,500 federal/$6,000 from the state of Colorado), an electric vehicle can show significant cost savings. Oil (and gasoline) continues to cost more, but electricity prices have largely remained static."

The Fleet and PEVs, Happy Together

Beyond the clear environmental and financial benefits of leveraging electric vehicles, Kibler said everyone — including drivers — is happy with the investment.

"Customer acceptance has been 100 percent. Those who don't trust them have never driven them. Once you get them behind the wheel, they seek that vehicle out whenever they need local transportation," he said. "For municipal fleet basic transportation needs, PEVs are an outstanding fit. If the lifecycle is tied to resale market timing, the total cost of ownership can be staggeringly low. After having just two PEVs in service for a year, hindsight screams out, 'I gotta get me one of these.' "

Prochazka said the City of Loveland's addition of electric vehicles is more than a good addition to its fleet strategy; it's a model on which other fleets can build.

"Any fleet manager considering going electric should take a close look at his or her fuel expenditures, existing routes, the range requirements of those routes, and any opportunities for installing charging stations. By first selecting vehicles that log a relatively high number of miles (30-50 per day), a fleet manager can build a strong economic case for investing in electric," Prochazka said.

DRIVE electric
NORTHERN COLORADO

February 2013-2014
FIRST YEAR IN REVIEW

www.DriveElectricNoCo.org

Electrification Coalition

SALES

Electric vehicle sales in Northern Colorado were 42% higher than the national average.

CHARGING

One public charging station increased to 16.
EV drivers are never more than 6 miles from a charger.

AWARDS

Colorado American Public Works Association: Award for the **"Loveland: Marrying Functionality and Economics"** EV case study

Nominated for the Sustainable Living Association's
Outstanding Non Profit Award 2013

EXPERIENCE

650 Coloradoans experienced an electric vehicle through **15 Ride and Drive Events**

65

Drive Electric Nothern Colorado
is in partnership with...

Electrification Coalition · City of Fort Collins · City of Loveland

City of Loveland

CITY OF LOVELAND
WATER & POWER DEPARTMENT
200 North Wilson • Loveland, Colorado 80537
(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 11
MEETING DATE: 5/21/2014
SUBMITTED BY: Kim O'Field, Technical Specialist KO

TITLE: Electric Legislative Update

DESCRIPTION:
This item and the attachment are intended to give a brief update on electric-related legislation being contemplated by the Colorado General Assembly. Loveland staff relies primarily on the Colorado Association of Municipal Utilities (CAMU) for information on electric-related legislation.

SUMMARY:
The 2014 Colorado State Legislative Session ended on Wednesday, May 7, 2014. The 2014 session was far less contentious than 2013 which was dominated by partisan fights over controversial issues such as gun control and renewable energy mandates on COOP utilities. During 2014, as the state economy began to recover, the legislature focused on funding numerous state programs including improved spending on education and funding for natural disaster recovery. Legislation affecting municipal utilities was sparse this session however there were several bills requiring technical fixes via amendments to mitigate potential impacts to municipal utility operations.

I have attached the legislative tracking sheet for your review. Key accomplishments in 2014 for CAMU activity included:

Public Transportation and Utility Endangerment - SB14-049 makes theft from or vandalism of an electric substation or a water or gas transmission line a Class 3 felony. CAMU was very active in supporting this bill through testifying and lobbying for its passage.

Hydroelectric Generation Incentive - HB14-1030 expands the construction of small hydroelectric projects in Colorado by permitting individual customers to buy fractional shares in hydroelectric generation projects much in the same way customers can participate in a community solar garden, but would have removed key municipal utility protections in the community solar garden statues. CAMU worked to obtain an amendment to the bill to fix this problem.

Safety Markings for Rural Towers - HB14-1216 establishes safety marking requirements for towers that are not otherwise governed by state or federal law. As originally drafted this bill may have imposed new requirements on utility substations, transmission and distribution lines. CAMU worked with a utility coalition to amend this bill to narrow the language to its intended scope.

Broadband Deployment-Joint Trenching Requirements - HB14-1327 as originally drafted, Section 6 of this measure sought to require municipal utilities to notify and permit joint trenching with private broadband companies whenever municipal utilities began trenching a project. CAMU worked to amend the bill to exempt notification on emergency trenching projects and added the right of municipal utilities to deny joint trenching requests if the utility determines them not feasible.

Firefighter Heart Attack Benefits - SB14-172 sought to create a new class benefit for firefighters who suffer heart attacks and presumes such conditions are job related. Based on concerns expressed by PRPA with first responders employed at their Rawhide Plant, CAMU worked to amend the bill to exempt municipal utilities and municipal power authorities from the definition of an employer.

Funding for Energy Efficiency in Schools - SB14-202 makes financing renewable energy and energy efficiency project by school easier. However, as introduced this bill authorized schools to enter into third party agreements for renewable energy without going through their incumbent utility. CAMU worked with a broad stakeholder group to clarify this portion of the bill.

Looking forward, the next legislative session will convene on Wednesday, January 7, 2015 with interim legislative committees and 2014 elections in between. These will be closely monitored by CAMU and the lobbying team for potential legislative issued and opportunities for municipal utilities in 2015.

Metrics:
Total bills introduced (05/07): 710
Total bills tracked: 24 (3% of total)

Bill Statistics:
Tracked Bills Defeated – 9
Tracked Bills Signed into Law – 4
Tracked Bills Vetoed – 1

RECOMMENDATION:
Information item only. No action required

REVIEWED BY DIRECTOR: MS for SA

ATTACHMENTS:
CAMU Legislative Tracking Sheet

Colorado Assn. of Municipal Utilities
2014 State Legislation of Interest

CAMU

HB14-1003 Nonresident Disaster Relief Worker Tax Exemption

Comment:

Position: **Monitor**

Short Title: Nonresident Disaster Relief Worker Tax Exemption

Sponsors: NORDBERG / KEFALAS

Summary: Individuals from other states are currently liable to pay Colorado income tax on income derived from all sources within Colorado. The bill exempts nonresident individuals from the state income tax if they perform disaster emergency-related work in the state on certain infrastructure that has been affected by a declared state disaster emergency or if they provide emergency service work related to the disaster emergency. The exemption is only effective for work performed from the time the governor declares a disaster emergency through 60 days after the declaration expires. Conforming amendments are made to the statutes governing the filing of income tax returns by and the withholding of state income tax for these individuals.

Status: 05/02/2014 House Considered Senate Amendments - Result was to Laid Over Daily

Amendments: Amendments

Status History: Status History

HB14-1027 Plug-in Electric Motor Vehicle Definition

Comment:

Position: **Support**

Short Title: Plug-in Electric Motor Vehicle Definition

Sponsors: FISCHER / JONES

Summary: Transportation Legislation Review Committee. For purposes of registering a motor vehicle, a "plug-in electric motor vehicle" is defined to include motor vehicles that are certified to be eligible for a particular federal tax credit and a catch-all provision that applies to other vehicles; for example, one that is retrofitted to be a plug-in electric vehicle. The bill clarifies the catch-all component of the definition to ensure that it is not too expansive.

Status: 02/19/2014 Governor Signed

Amendments:

Status History: Status History

HB14-1030	Hydroelectric Generation Incentive
Comment:	
Position:	**Monitor**
Short Title:	Hydroelectric Generation Incentive
Sponsors:	CORAM / SCHWARTZ
Summary:	Water Resources Review Committee. In order to promote the construction and operation of hydroelectric energy facilities in Colorado, the bill provides the following incentives: * Section 1 of the bill requires the state electrical board to approve the installation of a motor as a generator for a hydroelectric energy facility if the installation would be approved but for the fact that the motor is not being used in a manner commensurate with its nameplate; * Section 2 authorizes the department of natural resources to serve as the coordinating state agency for obtaining and compiling state agency comments about an application for a license or license exemption from the federal energy regulatory commission; and * Section 3 incorporates community hydroelectric energy facilities into the community solar garden statute, so that a group of community members may jointly subscribe to and receive electricity from a small hydroelectric energy facility located in or near the community.
Status:	04/30/2014 Sent to the Governor
Amendments:	Amendments
Status History:	Status History

HB14-1067	Renewable Energy Electric Std REAs Move To 2025
Comment:	
Position:	**Monitor**
Short Title:	Renewable Energy Electric Std REAs Move To 2025
Sponsors:	CONTI / CROWDER
Summary:	The bill changes the target date to achieve the renewable component of the energy generation portfolio of retail cooperative electric associations serving 100,000 or more customers, and qualifying wholesale utilities, which date was established in S.B. 13-252, from 2020 to 2025.
Status:	01/29/2014 House Committee on Transportation & Energy Postpone Indefinitely
Amendments:	
Status History:	Status History

HB14-1113	Electric Renewable Energy Standard Reduction
Comment:	
Position:	**Monitor**
Short Title:	Electric Renewable Energy Standard Reduction
Sponsors:	SCOTT
Summary:	The public utilities commission is required to establish electric resource standards. These standards must set the minimum percentage of electricity that retail electric

service providers in Colorado must generate or cause to be generated from recycled energy and renewable energy resources. The bill reduces the minimum percentage of renewable energy required of investor-owned utilities from 20% to 15% for the years 2015 through 2019 and from 30% to 15% for the years 2020 and thereafter. The bill also reduces the minimum amounts for cooperative electric associations from 20% to 15% for the years 2020 and thereafter.

Status: 01/30/2014 House Committee on Transportation & Energy Postpone Indefinitely

Amendments:

Status History: Status History

HB14-1129 State Provide Utilities Facility Info To Local Gov

Comment:

Position: **Monitor**

Short Title: State Provide Utilities Facility Info To Local Gov

Sponsors: LEBSOCK

Summary: Public utilities and power authorities file applications with local governments to seek approval for the location, construction, or improvement of major electrical or natural gas facilities. After an application is filed, the local government can currently ask the public utility or power authority to provide additional information. The bill allows the local government to also ask a state agency to provide additional information within a specified deadline.

Status: 03/27/2014 Governor Signed

Amendments:

Status History: Status History

HB14-1138 Renewable Energy Std Add Hydroelectric To Eligible

Comment:

Position: **Monitor**

Short Title: Renewable Energy Std Add Hydroelectric To Eligible

Sponsors: HUMPHREY / TOCHTROP

Summary: The bill amends the definition of "renewable energy resources"that can be used to meet the state's renewable energy standard to include hydroelectricity and pumped hydroelectricity.

Status: 02/05/2014 House Committee on Transportation & Energy Postpone Indefinitely

Amendments:

Status History: Status History

HB14-1193 Research Retrieval Fees Public Records Under CORA

Comment:

Position: **Monitor**

Short Title: Research Retrieval Fees Public Records Under CORA

Sponsors: SALAZAR / KEFALAS

Summary: The bill allows a custodian of public records under the "Colorado Open Records Act"

to impose a fee in response to a request for the research and retrieval of such records only if the custodian has, prior to the date of receiving the request, either posted on the custodian's web site or otherwise published a written policy that specifies the applicable conditions concerning the research and retrieval of public records by the custodian. Any fee the custodian charges the requestor for the research and retrieval of public records must be nominal in comparison to the time the custodian spends responding to the volume of requests. The bill prohibits the custodian under any circumstances from charging an hourly fee for the research and retrieval of public records that exceeds three times the state minimum wage.

Status: 05/02/2014 Governor Signed

Amendments: Amendments

Status History: Status History

HB14-1216 Safety Markings For Rural Towers Under 200 Feet

Comment:

Position: **Monitor**

Short Title: Safety Markings For Rural Towers Under 200 Feet

Sponsors: SONNENBERG / BROPHY

Summary: Towers under 200 feet in height are not currently regulated by the federal aviation administration and, consequently, may not have certain safety markings that are required for taller towers. The bill creates specified safety marking requirements for towers located in rural areas of the state, including the marking of guy wires supporting the towers and painting the towers in alternating colors. Previously constructed towers are given one year to comply with the requirements of the bill. Noncompliance with the requirements constitutes a misdemeanor.

Status: 05/08/2014 Sent to the Governor

Amendments: Amendments

Status History: Status History

HB14-1222 Clean Energy Project Private Activity Bonds

Comment:

Position: **Monitor**

Short Title: Clean Energy Project Private Activity Bonds

Sponsors: MCLACHLAN

Summary: Current law allows a county to issue private activity bonds on behalf of a property owner or group of property owners who do not own an entire cooperative electric association (eligible applicant) for the purpose of constructing, expanding, or upgrading an eligible clean energy project on the eligible applicant's property. The bill reduces the minimum amount of private activity bonds that a county may issue for an eligible applicant from $1 million to $500,000, extends the maximum repayment term for bonds from 10 years to 15 years, and allows the bonds to be correlated to the revenue stream of the project up to 75% so long as bond payments do not exceed 75% of project revenue.

Status: 04/30/2014 Sent to the Governor

Amendments:

Status History: Status History

HB14-1258	Respondents' Legal Rights IEC Complaints
Comment:	
Position:	**Monitor**
Short Title:	Respondents' Legal Rights IEC Complaints
Sponsors:	STEPHENS
Summary:	The bill provides the following protections to public officers, members of the general assembly, local government officials, or government employees (IEC respondents) where a complaint against such individuals alleging official misconduct has been filed with the independent ethics commission (IEC): * Section 2 of the bill waives principles of sovereign immunity to make any member of the IEC (commissioner) personally liable for participating in a violation of the legal rights of an IEC respondent under the United States or state constitution or under state law if: * The legal rights of a particular respondent that were violated were clearly established at the time of the violation; and * The act or omission causing the violation was reckless, intentional, or willful. * The bill specifies that a commissioner has not participated in a violation if the commissioner abstained from the act or omission causing the violation. * Section 4 of the bill requires the IEC to offer any IEC respondent at the expense of the state a legal defense to any complaint filed against the respondent. This section of the bill prohibits the IEC from conducting a public hearing on the complaint without first confirming that the IEC respondent has been offered a legal defense at state expense. This section of the bill also makes the commissioners of the IEC jointly and severally liable, in their personal capacities, for participating in any violation of these requirements of the bill if the act or omission causing the violation was reckless, intentional, or willful. * Once the commission has made a determination that a complaint filed against an IEC respondent is not frivolous, the bill requires the IEC to promptly mail to the respondent written notice of the legal elements of the ethical violation that is the basis of the complaint. * Upon the completion of its investigation, if the IEC determines that the IEC respondent may have committed one or more additional ethical violations beyond those identified in the complaint, the bill requires the IEC to: * Prior to any public hearing on the additional violation, promptly mail to the respondent written notice of the legal elements of the additional violation; and * Defer holding a public hearing on the additional violation until a period after the notice has been served upon the IEC respondent and to defer issuing any findings and determinations on the additional violation until it has conducted the public hearing. * The IEC commissioners are jointly and severally liable, in their personal capacities, for participating in any violations of the requirements of the bill relating to notice of the elements of the complaint if the act or omission causing the violation was reckless, intentional, or willful. * Finally, during the pendency of a complaint, the bill allows an IEC respondent to seek injunctive relief in federal court against any further violation of his or her legal rights arising under federal law.
Status:	03/10/2014 House Committee on State, Veterans, & Military Affairs Postpone Indefinitely
Amendments:	
Status History:	Status History

HB14-1327 Measures Expand Deployment Communication Networks

Comment:

Position: **Monitor**

Short Title: Measures Expand Deployment Communication Networks

Sponsors: WILLIAMS / SCHEFFEL

Summary: Position changed from "amend" to "monitor" after obtaining amendment to give discretion to municipal utilities for co-locates with municipal utility infrastructure.

Status: 05/07/2014 Sent to the Governor

Amendments: Amendments

Status History: Status History

HB14-1397 Consumer Counsel Participation In PUC Rate Cases

Comment:

Position: **Monitor**

Short Title: Consumer Counsel Participation In PUC Rate Cases

Sponsors: GARCIA / ULIBARRI

Summary: Section 1 of the bill specifies that the "public interest", as used in statutes outlining the duties of the office of consumer counsel, encompasses consideration of:
* Disparities between the rates paid by consumers in different geographic areas of the state, where those disparities cannot be justified by inherent differences between the service territories of the utilities involved;
* Disparities between a utility's rate increases and the corresponding increase or decrease in the quantity or quality of service provided;
* Disparities between a utility's reported earnings and the quantity or quality of service provided during the reported earnings period;
* The economic situation of the utility's customers, or of specified classes of its customers, within its service territory, including their ability to absorb rate increases without suffering undue economic or social harm;
* The utility's policies concerning the shutoff and reinstatement of service for customers who fall behind in their payments; and
* The utility's history of compliance with its legal obligations regarding net metering and interconnection policies for customers who wish to deploy distributed generation under Colorado's renewable energy standard. Section 1 also directs the consumer counsel to investigate and report to the general assembly on geographic disparities in rates charged to consumers. Section 2 allows the consumer counsel to intervene in individual complaints when doing so would vindicate the interests of a class of consumers, under criteria borrowed from the court rules governing certification of class actions.

Status: 05/05/2014 House Committee on State, Veterans, & Military Affairs Postpone Indefinitely

Amendments:

Status History: Status History

SB14-011 Colorado Energy Research Authority

Comment:

Position: Monitor

Short Title: Colorado Energy Research Authority

Sponsors: HEATH / HULLINGHORST

Summary: The bill changes the name of the Colorado renewable research authority to the Colorado energy research authority (authority) and makes the following changes to the authority:
* Names the chancellor of the university of Colorado at Boulder as an ex officio member, instead of the president of the university of Colorado;
* Makes 2 of the governor's appointments to the authority board mandatory, instead of permissive;
* Identifies the consortium that receives allocations from the authority as the Colorado energy research collaboratory (collaboratory);
* Permits the authority to undertake various promotional and educational activities, rather than requiring it to do so;
* Permits the authority to promote the collaboratory's activities in order to increase the federal energy research funding and energy-related research funding;
* Modifies the information to be included in the authority's annual report and requires the report to be delivered to the Colorado office of economic development (office) instead of legislative committees; and
* Substitutes "clean energy" for "renewable energy". The bill also creates the energy research cash fund. The state treasurer is required to transfer $2 million at the beginning of the next 5 fiscal years, and these transfers will be included in the annual general appropriation act for informational purposes. The moneys in the fund are continuously appropriated to the office for its administrative expenses and for the purpose of distributing moneys to the authority for use as state matching funds and for the authority's other permitted activities. The office may not distribute any moneys to the authority for use as state matching funds unless the office receives proof of the other matching funds. The authority may not use more than $100,000 per year for its other permitted activities. Following a fiscal year when the office distributed money to the authority, the office is required to submit a report to the legislative committees summarizing all of the distributions made during the preceding fiscal year. The report must include any information provided to the office by the authority in its report.

Status: 04/29/2014 Senate Considered House Amendments - Result was to Concur - Repass

Amendments: Amendments

Status History: Status History

SB14-028 Expand Electric Vehicle Charging Station Grants

Comment:

Position: Support

Short Title: Expand Electric Vehicle Charging Station Grants

Sponsors: JONES / DURAN

Summary: The bill expands the existing list of persons and entities that are eligible to receive moneys from the electric vehicle grant fund, administered by the Colorado energy office (CEO), by adding private businesses and nonprofits and allowing the CEO to consider the extent to which grant applicants' proposed charging locations serve existing vehicles or encourages the acquisition of new vehicles.

Status: 04/11/2014 Governor Signed

Amendments: Amendments

Status History: Status History

SB14-035 Renewable Energy Std Repeal SB 13-252

Comment:

Position: Monitor

Short Title: Renewable Energy Std Repeal SB 13-252

Sponsors: HARVEY / SAINE

Summary: In Colorado's renewable energy portfolio statute, the bill repeals substantially all of the provisions enacted by Senate Bill 13-252. Specifically, the bill reverses those provisions in the following areas:
* For cooperative electric associations serving 100,000 or more meters, for which the renewable portfolio standard for 2020 had been increased from 10% to 20%, the standard returns to 10%;
* Senate Bill 13-252's expansion of the definition of eligible energy resources is curtailed by eliminating coal mine methane and synthetic gas produced by pyrolysis of municipal waste;
* A multiplier in the formula for calculation of renewable energy credits used to accelerate the construction of new solar generation, which multiplier would have expired in 2015 under Senate Bill 13-252, is retained;
* The maximum permissible retail rate impact of compliance with the standards, which Senate Bill 13-252 increased from 1% to 2% for cooperative electric associations, returns to 1%;
* Senate Bill 13-252's additional carve-outs for distributed generation are eliminated; and
* Reporting requirements and portfolio standards for cooperative electric associations that sell electricity wholesale (qualifying wholesale utilities) are eliminated. The bill leaves intact the portions of Senate Bill 13-252 that removed preferences for energy generated in Colorado, which had engendered litigation alleging an undue burden on interstate commerce.

Status: 01/15/2014 Senate Committee on State, Veterans, & Military Affairs Postpone Indefinitely

Amendments:

Status History: Status History

SB14-049 Public Transportation And Utility Endangerment

Comment:

Position: Support

Short Title: Public Transportation And Utility Endangerment

Sponsors: HEATH / PRIOLA

Summary: Tampering with a public transportation facility with the intent to cause damage, malfunction, or nonfunction is a crime. The bill amends the crime of endangering public transportation to include the intent to steal material or remove material from the public transportation facility as additional ways to commit the crime. The bill clarifies that endangering public transportation applies to both freight and passenger trains. The bill creates the crime of endangering utility transmission if someone tampers with a utility transmission facility with the intent to cause damage, malfunction, nonfunction, theft, or unauthorized removal of material. The crime is a class 3 felony.

Status: 05/02/2014 Sent to the Governor

Amendments:

Status History: Status History

SB14-070 Application CORA Assns Elected Officials

Comment:

Position: Monitor

Short Title: Application CORA Assns Elected Officials

Sponsors: LUNDBERG

Summary: The bill modifies the definition of "public records" under the "Colorado Open Records Act" to include all writings made, maintained, or kept by a private association whose membership consists primarily of elected officials of one or more political subdivisions of the state or individuals holding a covered state office, as applicable, and that receives at least 10% of its revenues on an annual basis from public moneys.

Status: 01/27/2014 Senate Committee on Judiciary Postpone Indefinitely

Amendments:

Status History: Status History

SB14-082 Renewable Energy Std Adjust REAs Distributed Gen

Comment:

Position: Monitor

Short Title: Renewable Energy Std Adjust REAs Distributed Gen

Sponsors: GRANTHAM

Summary: In the section of the renewable energy standard statute setting aside a specific portion of electric generating capacity that cooperative electric associations must meet through distributed generation, the bill:
* Eliminates the disparity between cooperative electric associations serving fewer than 10,000 meters and those serving 10,000 or more meters;
* Establishes a uniform 0.5% of total retail electricity sales as the target percentage for distributed generation; and
* Allows the 0.5% to be measured collectively among these associations as a group rather than individually.

Status: 02/10/2014 Senate Committee on State, Veterans, & Military Affairs Postpone Indefinitely

Amendments:

Status History: Status History

SB14-089 Prohibit State Agreements Payment In Lieu Of Tax

Comment:

Position: Monitor

Short Title: Prohibit State Agreements Payment In Lieu Of Tax

Sponsors: SCHWARTZ / FISCHER

Summary: Bill amended in Senate Committee to address CAMU concerns.

Status: 03/28/2014 Governor Vetoed
Amendments: Amendments
Status History: Status History

SB14-171 New Energy District Finance Water Conservation

Comment:
Position: Monitor
Short Title: New Energy District Finance Water Conservation
Sponsors: SCHWARTZ / TYLER
Summary: The Colorado new energy improvement district may arrange financing, secured by a lien on the affected real estate, for the installation of energy efficiency improvements in residences and commercial buildings. The bill adds water conservation fixtures to the definition of an "energy efficiency improvement".
Status: 05/07/2014 Sent to the Governor
Amendments:
Status History: Status History

SB14-172 Firefighter Heart Circulatory Malfunction Benefits

Comment:
Position: Monitor
Short Title: Firefighter Heart Circulatory Malfunction Benefits
Sponsors: TOCHTROP / KRAFT-THARP
Summary: Amend to Monitor. Clarified employer definition for PRPA.
Status: 05/07/2014 Senate Considered House Amendments - Result was to Concur - Repass
Amendments: Amendments
Status History: Status History

SB14-186 Efficient School & Community Performance Contract

Comment:
Position: Support
Short Title: Efficient School & Community Performance Contract
Sponsors: SCHWARTZ / TYLER
Summary: The bill specifies that the Colorado energy office may, within existing resources and without creating a financial obligation to the state, ascertain efficiency projects that can be aggregated to create a larger portfolio of diverse efficiency projects with costs totaling an amount that in a favorable financial market will attract the investment of private sector banks or investors. The bill then specifies that if such a larger portfolio of diverse efficiency projects is financed, the financing documents must include a cost of issuance fee payable to the department of local affairs of a percentage of the issuance, not to exceed 1%, that must be credited to the efficient schools and communities performance contracting fund. The bill defines "efficiency projects" as including one or more projects in a small or rural community in the state of a school district, special district, or county or municipality (community entity), such as:

* Installing equipment and related infrastructure that will help defray energy costs;
* Improving the energy efficiency of a building;
* Reducing water usage or consumption;
* Re-engineering or improving water or wastewater treatment facilities; or
* Improving the energy usage of motor vehicle fleets or community entity-owned fueling stations for such motor vehicle fleets. The bill then specifies that once there is sufficient money in the efficient schools and communities performance contracting fund from the cost of issuance fee, in the event a community entity's efficiency project is not financed, the department of local affairs in consultation with the Colorado energy office may award a grant to such community entity for a reimbursement of a portion of the technical energy audit completed by the community entity. The bill also specifies that a prequalified energy service company may also seek a grant for a portion of the energy service company's costs if an efficiency project is not financed. The bill further specifies that all grants awarded by the department of local affairs must be prioritized by need and may not exceed the available cost of issuance fees. The bill creates the efficient schools and communities performance contracting fund.

Status: 05/05/2014 Senate Considered House Amendments - Result was to Concur - Repass

Amendments: Amendments

Status History: Status History

SB14-202 Funding For Energy Efficiency In Schools

Comment:

Position: **Monitor**

Short Title: Funding For Energy Efficiency In Schools

Sponsors: KERR

Summary: Amend to monitor. Committee amendments clarified language concerning 3rd party power providers.

Status: 05/07/2014 House Third Reading Passed - No Amendments

Amendments: Amendments

Status History: Status History

City of Loveland

CITY OF LOVELAND
WATER & POWER DEPARTMENT
200 North Wilson • Loveland, Colorado 80537
(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 12
MEETING DATE: 5/21/2014
SUBMITTED BY: Scott Dickmeyer, Staff Engineer – Water Resources

SD

TITLE: Water Legislative Update

DESCRIPTION:
This item and the attachment are intended to give a brief update on water-related legislation being contemplated by the Colorado General Assembly, and relevant citizen initiatives. Loveland staff relies primarily on the Colorado Water Congress for information on water-related legislation. Their assistance is key in providing the following information.

SUMMARY:
The Second Regular Session of the Sixty-ninth Colorado General Assembly convened on January 8, 2014 and will run through May 7, 2014. The Colorado Water Congress, through its State Affairs Committee, is currently tracking house and senate bills related to water. Attached is an extensive Bill dossier documenting relevant actions.
Of these, there are a few bills that City Staff finds interesting, and may be relevant to Loveland:

1. HB-14-1030 Concerning the Establishment of Incentives for the Development of Hydroelectric Energy Systems
2. HB-14-1218 Killed in committee at sponsor's (Rep. Fischer) request. Concerning the use of surface water to replace out-of-priority groundwater depletions without requiring additional Water Court approval pursuant to a streamlined approach adopted by the State Engineer as a pilot project.
3. HB-14-1332 Concerning water management in the South Platte River Basin. Opposed by the CWC.
4. SB-14-017 Concerning a Limitation on the Approval of Real Estate Developments that Use Water Rights Decreed for Agricultural Purposes to Irrigate Lawn Grass
5. SB-14-023 Concerning an Authorization of the Voluntary Transfer of Water Efficiency Savings to the Colorado Water Conservation Board for Instream Use Purposes in Water Divisions that Include Lands West of the Continental Divide
6. SB-14-147 Concerning a study to determine the impact of increased alluvial well pumping in District 2 of Water Division I. Opposed by the CWC.

   There are also a total of eight Initiatives proposed:

7. Initiative 75 Concerning the Right to Self Government, related to fracking and other issues. Associated with the Colorado Community Rights Network. This would provide that local governments can restrict activities in their district which cannot be superseded by state, national or international laws. This has passed through the Title Board.

8. Initiative 76 Concerning the Recall of Local and State Officers, intended to provide accountability in local government. As written, the provisions would apply to both elected and nonelected officials.
9. Initiative 89 Concerning Environmental Rights. This would provide a public trust interest to the water, air, and other natural resources in the state. As written and understood it would allow any decree to be reopened and curtailed or eliminated without compensation.
10. Initiative 103 Concerning Natural Resources to be held in trust for the people of the state. This is commonly known as the Public Trust Doctrine.

RECOMMENDATION:
Information item only. No action required.

REVIEWED BY DIRECTOR: MG for SA

ATTACHMENTS:
11a - Colorado Water Congress, State Affairs Committee, Water Bill Status, May 8, 2014

11b - Colorado Water Congress, State Affairs Committee, Water Bill Summaries, May 7, 2014

5/8/2014

Colorado Water Congress
State Affairs Committee
2014 Bill Status

			First House					Second House							
Bill No.	Short Title	CWC Position	Introduced	1st Committee	2nd Committee	2nd Reading	3rd Reading	Introduced	1st Committee	2nd Committee	2nd Reading	3rd Reading	First House Repass	Conference Committee	Governor
HB-1002	Water Infrastructure Natural Disaster Grant Fund	Support	1/8	Ag - 2/5	Ap - 2/28	2/28	3/3	3/5	Ag - 3/13	Ap - 5/2	5/5	5/6	5/6		
HB-1005	Relocate Headgate Without Change Case	Monitor	1/8	Ag - 1/27		1/29	1/30	2/5	Ag - 2/20		2/25	2/26			
HB-1008	Allow CWRPDA Private Entity Forest Health Loans	Monitor	1/8	Ag - 2/5		2/10	2/11	2/13	Ag - 2/20		2/25	2/26			
HB-1026	Water Flexible Markets	Support	1/8	Ag - 1/27		1/30	2/3	2/5	Ag 5/1 PI						
HB-1028	Oppose Federal Special Use Permits Water Rights	Support	1/8	Ag - 2/12		2/24	2/25	2/26	SA - 5/5 PI						
HB-1030	Hydroelectric Generation Incentive	Monitor	1/8	TE - 2/5		2/11	2/13	2/17	Ag - 3/13		3/18	3/19			
HB-1052	Ground Water Management District Enforcement Authority	No Position	1/8	Ag - 1/27		2/5	2/6	2/10	LG - 2/25		3/3	3/4	3/5		3/21
HB-1184	Elect Pueblo Conservancy Dist Bd Flood Mitigation	Support	1/29	LG - 2/19		2/21	2/24	2/26	LG - 3/11		3/14	3/17	3/19		4/4
HB-1218	Replace Groundwater Depletions with Surface Water	Oppose	1/30	Ag - PI 2/6											

5/8/2014

Colorado Water Congress
State Affairs Committee
2014 Bill Status

			First House					Second House							
Bill No.	Short Title	CWC Position	Introduced	1st Committee	2nd Committee	2nd Reading	3rd Reading	Introduced	1st Committee	2nd Committee	2nd Reading	3rd Reading	First House Repass	Conference Committee	Governor
HB-1219	Water Conveying Structure Maintenance Obligations	Monitor	1/30	LG - PI 2/20											
HB-1320	Increase Water Rights Diligence from 6 to 10 years	No Position	3/14	Ag 4/7		Lost 4/10									
HB-1332	South Platte River Basin Water Management	Oppose	3/19	Ag 4/16	Ap- 4/23	Lost 4/23									
HB-1333	Water Conservation Bd Construction Management	Support	3/20	Ag 4/10	Ap 4/10	4/10	4/14	4/15	Ag 4/24	Ap 4/25	4/29	4/30			
SB-017	Limit Use of Ag Water for Lawn Irrigation	Support	1/8	Ag - 2/6		2/21	2/24	2/24	Ag 3/17		3/20	3/21			4/11
SB-023	Transfer Water Efficiency Savings for Instream Use	Support	1/8	Ag - 2/20		3/13	3/14	3/14	Ag 4/30	J 5/1	5/2	5/5			
SB-025	Wastewater Treatments Small Communities Grants	Monitor	1/8	Ag - 1/16		1/23	1/24	1/24	Ag - 2/10		2/14	2/17			2/27
SB-026	Division Water Resources Remove Printing Requirements	Support	1/8	Ag - 1/16		1/23	1/24	1/24	Ag - 1/29		2/3	2/4			2/19
SB-072	Treat Preflooded Groundwater Depletions as Replaced	Oppose	1/14	Ag - PI 2/6											

5/8/2014

Colorado Water Congress
State Affairs Committee
2014 Bill Status

			First House					Second House							
Bill No.	Short Title	CWC Position	Introduced	1st Committee	2nd Committee	2nd Reading	3rd Reading	Introduced	1st Committee	2nd Committee	2nd Reading	3rd Reading	First House Repass	Conference Committee	Governor
SB-103	Phase In High Efficiency Fixtures	Support	1/24	Ag - 2/13		2/18	2/19	2/21	TE - 3/13		4/3	4/4			
SB-105	Stop Water Cash Fund Transfers to General Fund	Support	1/27	Ap - 2/7		2/11	2/12	2/12	Ap - 2/28		3/5	3/6			3/20
SB-115	State Water Plan Public Review & GA Approval	Support	1/27	Ag - 2/13	Ap 3/25	3/27	3/28	3/28	Ag 4/7	Ap 4/28	4/30	5/1	5/2		
SB-134	Repeal Statutory Water Quality Fee Schedules	Monitor	1/27	Ap - PI 2/21											
SB-142	Pesticide Inspection Water And Wastewater Systems	Monitor	2/7	Ag 2/20		2/25	2/26	2/26	Ag 3/10		3/12	3/13			3/27
SB-145	Water Conservation Incentives	Oppose	2/13	Ag- PI 4/10											
SB-147	Increased Well Pumping Study South Platte River	Oppose	2/17	Ag- PI 4/10											
SB-171	New Energy District Finance Water Conservation	Support	4/1	Ag 4/9		4/11	4/14	4/14	T&E 4/23		4/25	4/28			
SB-179	Flood Debris Clean Up Grant	Support	4/1	LG 4/8	Ap 4/11	4/14	4/15	4/15	LG 4/23	Ap - 5/2	5/2	5/5			

5/8/2014

Colorado Water Congress
State Affairs Committee
2014 Bill Status

			First House					Second House							
Bill No.	Short Title	CWC Position	Introduced	1st Committee	2nd Committee	2nd Reading	3rd Reading	Introduced	1st Committee	2nd Committee	2nd Reading	3rd Reading	First House Repass	Conference Committee	Governor
SB-188	Species Conservation Trust Fund	Support	4/10	Ag 4/17	Ap 4/23	2/24	4/25	4/25	Ag 4/30	Ap 5/2	5/2	5/5			
SB-195	South Platte Post-flood Phreatophyte Study	No Position	4/14	LG 4/22	Ap 4/25	4/29	4/30	4/30	Ag 5/5	Ap 5/6	5/6	5/7			
SJR14-004	Water Projects Revolving Funds Eligibilty Lists	Support	1/27	Ag - 2/6			2/12	2/13	Ag - 2/19			2/21			3/7

BILL STATUS
Bill scheduled for action at next SA meeting (yellow)
Bill not calendared (no fill)
Bill Passed, date of action (green)
Bill no longer active (gray)
Bill Postponed Indefinitely, Lost or Laid Over to end of session, date of action (orange)
Bill did not go to second committee or no action required (black)

CWC POSITION	
Bill scheduled for activity in CWC State Affairs (yellow)	
Support (green)	
Oppose (orange)	
Amend (blue)	
Monitor, Neutral, No Position	

ABBREVIATIONS
Ag = Agriculture and Natural Resources Committee
Ap = Appropriations Committee
BLEW = Business, Labor, Economic and Workforce Development Committee
CC = Conference Committee
F = Finance Committee
HIE= Health, Insurance, and Environment
J = Judiciary
LG = Local Governement Committee
SVM = State, Veterans, and Military Affairs Committee
TE = Transportation and Energy Committee
UA = Upon Adjournment
UR = Upon Recess

5/8/2014

Colorado Water Congress
State Affairs Committee
2014 Bill Status

			First House					Second House							
Bill No.	Short Title	CWC Position	Introduced	1st Committee	2nd Committee	2nd Reading	3rd Reading	Introduced	1st Committee	2nd Committee	2nd Reading	3rd Reading	First House Repass	Conference Committee	Governor

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Colorado Water Congress
EST 1958
THE LEADING VOICE OF COLORADO'S WATER COMMUNITY

STATE AFFAIRS COMMITTEE
WATER BILL SUMMARY
MAY 7, 2014

For purpose of accuracy and clarity of intent, the initial summaries of bills are those prepared by the legislative staff bill drafter and are noted "As introduced". When amended in committee or during floor debate, the summaries are revised to reflect those changes with amendments noted in an "Amended" comment following the basic summary. Summaries will be removed when the bills are killed in committee or lost in floor vote. Summaries are intended to be descriptive and are not a legal analysis. For up to date bill status, please refer to the CWC status sheet. These bill summaries are current as of May 7, 2014.

HB14-1002 CONCERNING THE ESTABLISHMENT OF A GRANT PROGRAM UNDER THE "COLORADO WATER QUALITY CONTROL ACT" TO REPAIR WATER INFRASTRUCTURE IMPACTED BY A NATURAL DISASTER, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION

As introduced and passed by both houses: The bill creates a natural disaster grant fund and directs the division of administration in the department of public health and environment (division) to award grants from the fund to local governments, including local governments accepting grants on behalf of and in coordination with not-for-profit public water systems, under rules promulgated by the water quality control commission for the planning, design, construction, improvement, renovation, or reconstruction of domestic wastewater treatment works and public drinking water systems that have been impacted, damaged, or destroyed in connection with a natural disaster. The division may only award grants to be used in counties for which the governor has declared a disaster emergency by executive order or proclamation under section 24-33.5-704, C.R.S. The division is required to award grants for the 2014-15 fiscal year and, as needed, for the 2015-16 fiscal year, to eligible local governments that have domestic wastewater treatment works, public drinking water systems, or on-site wastewater treatment systems impacted, damaged, or destroyed in connection with the flood of September 2013. The bill appropriates $12,000,000 to the fund. On September 1, 2015, the state treasurer is directed to transfer any unencumbered moneys remaining in the fund to the nutrients grant fund.
Amended in Senate Appropriations committee: to increase the amount directed to the fund to $17 million as consistent with the Long Bill.

Sponsors: Rep. Young/Sen. Jones

HB14-1005 CONCERNING CLARIFICATION OF THE REQUIREMENTS APPLICABLE TO A CHANGE OF POINT OF WATER DIVERSION.

As introduced and passed by both houses: A statute enacted in 1881 allows the owner of a ditch to relocate the ditch's headgate if changes to the stream prevent the headgate from effectuating the diversion. The "Water Right Determination and Administration Act of 1969" (1969 act) requires changes of water rights, including changes of points of diversion, to be adjudicated. The 1969 act does not exempt changes authorized by the 1881 act. The bill clarifies that a water right owner may relocate a ditch headgate

pursuant to the 1881 act without filing for a change of water right under the 1969 act if the relocation does not physically interfere with the complete use or enjoyment of any ditch, canal or feeder.
Amended in House committee: to replace reference to ditch, canal or feeder with reference to absolute or decreed conditional water rights.

Sponsors: Reps. Sonnenberg and Young/ Sens. Lundberg and Kefalas

HB14-1008 CONCERNING THE AUTHORIZTION OF THE COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY TO MAKE LOANS TO PRIVATE ENTITIES FOR PURPOSES OF FOREST HEALTH PROJECTS

As introduced and passed by both houses: The bill authorizes the Colorado water resources and power development authority to make loans to private entities for purposes of forest health projects contemplated by legislation passed in 2013.
Amended in House to provide that any liens filed shall have priority in the order filed and to define that a "private entity" means any person as individual, firm, partnership, association, or corporation, or two or more or any combination thereof.

Sponsors: Rep. Hamner and Sen. Schwartz

HB14-1026 CONCERNING THE AUTHORIZATION OF FLEXIBLE WATER MARKETS

Summary removed because bill was killed at sponsor's request and issue reserved to interim committee.

Sponsors: Rep. Fischer/Sen. Schwartz

HB14-1028 CONCERNING A LIMITATION ON THE UNITED STATES' ABILITY TO IMPOSE CONDITIONS ON A WATER RIGHT OWNER IN EXCHANGE FOR PERMISSION TO USE LAND

Summary removed because bill was killed.

Sponsors: Rep.Sonnenberg/Sen. Roberts

HB14-1030 CONCERNING THE ESTABLISHMENT OF INCENTIVES FOR THE DEVELOPMENT OF HYDROELECTRIC ENERGY SYSTEMS

As introduced and passed by both houses: In order to promote the construction and operation of hydroelectric energy facilities in Colorado, the bill provides the following incentives:
* Section 1 of the bill requires the state electrical board to approve the installation of a motor as a generator for a hydroelectric energy facility if the installation would be approved but for the fact that the motor is not being used in a manner commensurate with its nameplate;
* Section 2 authorizes the department of natural resources to serve as the coordinating state agency for obtaining and compiling state agency comments about an application for a license or license exemption from the federal energy regulatory commission.
Amended in House committee to delete sections 3-5 dealing with hydroelectric energy systems similar to ownership in a solar garden (e.g., common ownership). **Also amended in House** to describe the scope of inspection of a hydroelectric energy turbine generator and establish the Energy Office as the coordinator for state agency review of a proposed project.

Sponsors: Reps. Coram and Mitch Bush/Sens. Schwartz and Roberts

HB14-1052 CONCERNING AN INCREASE IN THE ENFORCEMENT AUTHORITY OF GROUND WATER MANAGEMENT DISTRICTS

As introduced and signed into law with amendments: Ground water management districts are currently authorized to enforce the terms of permits issued for small-capacity wells. The bill authorizes a district to:
* Enforce permits for all wells located within the district;
* Enforce the district's rules with regard to those wells;
* Issue orders requiring compliance with the rules and permits; and
* Apply to a district court to collect civil fines against a well owner who does not comply with an order.
Amended on House floor to require the Commission, State Engineer, and District to coordinate enforcement actions so as to avoid multiple actions filed with regard to the same violation or failure to comply.
Amended in Senate committee to clarify that enforcement of a district order pursuant to the article must concern the well (instead of any order) and sets forth required procedures for giving notice of the order or injunctive proceeding.

Sponsors: Rep. Fischer/Sen. Jones

HB14-1184 CONCERNING CONSERVANCY DISTRICTS THAT ARE ORGANIZED FOR THE PURPOSE OF PREVENTING FLOODS

Conservancy districts may be formed by a local election to reduce flood risk, conserve or develop water resources, or participate in the development of parks or recreational facilities. **Section 1** of the bill clarifies that when a director no longer resides or owns property within a conservancy district, a vacancy is created on the district's board of directors. The remainder of the bill applies only to the board of the Pueblo water conservancy district.

As amended in the House committee and signed into law: with respect to the Pueblo water conservancy district: provides that on the effective date of this subsection the directors holding office as of that date continue to serve until their terms expire. At that time the governing body of the City of Pueblo shall fill the two vacancies for holdover directors who resided within the city of Pueblo and the board of county commissions or Pueblo County shall fill the vacancy for the holdover directors who resided within the county. Sets forth requirements for appointments of the new directors. States that the directors serve at the pleasure of the respective appointing authorities who shall fill board vacancies.

Sponsors: Rep. Vigil and Sen. Grantham

HB14-1218 CONCERNING THE USE OF SURFACE WATER TO REPLACE OUT-OF-PRIORITY GROUNDWATER DEPLETIONS WITHOUT REQUIRING ADDITIONAL WATER COURT APPROVAL PURSUANT TO A STREAMLINED APPROACH ADOPTED BY THE STATE ENGINEER AS A PILOT PROJECT

Summary removed because bill was killed in committee at sponsor's request.

Sponsors: Rep. Fischer

HB14-1219 CONCERNING MAINTENANCE OBLIGATIONS FOR WATER CONVEYING STRUCTURES

Summary removed because bill was killed in committee at sponsor's request.

Sponsors: Rep. Rankin

HB14-1320 CONCERNING AN INCREASE IN THE MINIMUM TIME PERIOD BETWEEN FILINGS FOR A FINDING OF REASONABLE DILIGENCE REGARDING THE ADJUDICATION OF A CONDITIONAL WATER RIGHT

Summary removed because bill was lost on second reading in the House.
Sponsor: Rep. Vigil

HB14-1332 CONCERNING WATER MANAGEMENT IN THE SOUTH PLATTE RIVER BASIN

Summary removed because bill was lost on second reading in the House.

Sponsors: Rep. Fischer/Sen. Hodge

HB14-1333 CONCERNING THE FUNDING OF COLORADO WATER CONSERVATION BOARD PROJECTS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION

As introduced and passed by both houses. This is the annual CWCB Projects bill requesting appropriations for:

$330,000 for continuation of the satellite monitoring system maintenance
$175,000 for continuation of the weather modification program
$500,000 for continuation of the Colorado floodplain map modernization program
$500,000 for continuation of the watershed restoration program
$200,000 for the operation and maintenance of the statewide decision support system
$500,000 for the operation and maintenance of the Arkansas River decision support system
$500,000 for South Platte basin groundwater level data collection and analysis
$250,000 for Gunnison basin irrigation system planning and optimization
$100,000 for the implementation of drought mitigation strategies
$750,000 for continuation of the alternative agriculture water transfer sustainability grant program
$1,575,000 for the board to participate in the construction of Long Hollow reservoir
$87,769,000 for loans to special water districts to enable them to purchase storage space in the Chatfield reallocation project
$43,430,000 to allow certain special water districts to participate in and construct the water infrastructure supply efficiency (WISE) project

And authorizes transfer from the construction fund to restore the unencumbered balance in the following funds/amounts:

$500,000 for the flood and drought response fund
$1,200,000 for the litigation fund

Also

Authorizes CWCB to receive and expend proceeds from its water allocation in the Animas-La Plata project
Authorizes CWCB to receive and expend proceeds from its partial storage ownership in the Chatfield reallocation project;
Extends the CWCB's spending authority for the Windy Gap from July 1, 2014, to July 1, 2016;
Transfers $1,575,000 from the severance tax perpetual base fund to the CWCB construction fund for the board to participate in the construction of Long Hollow reservoir as specified in section 13.

Sponsors: Fischer and Coram/Schwartz and Harvey

HJR14-1018 CONCERNING THE IMPORTANCE OF PRESERVING WATER SUPPLIES FOR COLORADO'S AGRICULTURAL ECONOMY

As introduced and adopted by both houses: The resolution emphasizes the growing demands for water as the population grows and the threat of "buy and dry" as a solution to meeting population needs. Calls on the legislature to support alternative mechanisms for water use to avoid harm to agriculture. States the legislature's support for meeting water needs through use of existing reservoirs, recognizes the value of water as a property right and calls upon the legislature to serve as guardian of the prior appropriation doctrine.

Sponsors: Saine and Becker/Marble

SB14-017 CONCERNING A LIMITATION ON THE APPROVAL OF REAL ESTATE DEVELOPMENTS THAT USE WATER RIGHTS DECREED FOR AGRICULTURAL PURPOSES TO IRRIGATE LAWN GRASS

As amended during Senate second reading and signed into law: Directs the Water Resources Review Committee to investigate during the 2014 interim various issues raised by SB 14-017 as introduced in the Senate, including at least:

- Identification and quantification of the best practices to limit municipal outdoor water consumption that can be used, including by local governments, water suppliers, homeowners, real estate developers, and landscaping contractors; and
- proposed legislation, if appropriate, to facilitate the implementation of those practices that are both reasonable and likely to result in the measurable conservation of municipal water used for outdoor purposes.

Sponsors: Sen. Roberts/Rep. Vigil

SB14-023 CONCERNING AN AUTHORIZATION OF THE VOLUNTARY TRANSFER OF WATER EFFICIENCY SAVINGS TO THE COLORADO WATER CONSERVATION BOARD FOR INSTREAM USE PURPOSES IN WATER DIVISIONS THAT INCLUDE LANDS WEST OF THE CONTINENTAL DIVIDE

As amended in the Senate and passed by both houses: Defines "water efficiency savings" as an amount of water as determined in a water court proceeding by which ditch seepage, surface run-off, return flow, or tail-water return will be reduced as a result of structural improvements that increase the efficiency of water storage, diversion, conveyance, application, or use practices associated with a water right: Water efficiency savings can only be derived from water not consumed under existing practices and water are used solely for agricultural irrigation or stock watering purposes in water division 4,5,6, or

7. Excludes 1) salvaged tributary water by eradication of phreatophytes or 2) any portion of historic water diversions not decreed or determined by the water judge to not be reasonably efficient. Sets requirements by which a water judge may approve a transfer of rights to water efficiency savings to the water conservation board in divisions 4, 5, 6, or 7. Requires the water conservation board or the water rights owner to have made best efforts to provide written notice of the proposed application and the basis for the proposed application to the owners of vested water rights and decreed conditional water rights in the stream reach in which the water efficiency savings will be used. The change cannot materially injure vested water rights or decreed conditional water rights. Requires stream conditions to be maintained in time, place, and amount including replacement or return flows necessary to avoid injury. The change cannot adversely affect Colorado's entitlements or obligations under interstate compacts or equitable apportionment decrees. Limits amount of changed water to the amount the water conservation board determines appropriate as minimum to add to the stream flow to the extent necessary to preserve the natural environment to a reasonable degree pursuant to statute. Sets other conditions that the change must meet in order to be approved. Sets forth the authority of the water conservation board to acquire water efficiency savings for instream flow use pursuant to statute.

Sponsors: Sen. Schwartz/Rep. Becker

SB14-025 CONCERNING GRANTS FOR DOMESTIC WASTEWATER TREATMENT WORKS FOR SMALL COMMUNITIES

As signed into law: Sections 1 and 2 of the bill clarify that severance tax dollars credited to the small communities water and wastewater grant fund may be used for domestic wastewater treatment works. Section 3 repeals a statute that separately governs the funding, through grant-making, of domestic wastewater treatment works for small municipalities and that substantially duplicates the provisions added and amended by sections 1 and 2. As written, municipalities with 5,000 or fewer in population are eligible for the grants which will be awarded according to criteria established by the Colorado Department of Public Health & Environment.
Reference to "domestic wastewater" grants was deleted from a more generic reference to grants and projects.

Sponsors: Sen. Hodge/Rep. Fischer

SB14-026 CONCERNING THE REMOVAL OF CERTAIN STATUTORY PRINTING REQUIREMENTS FOR INFORMATION PROVIDED BY THE DIVISION OF WATER RESOURCES

As signed into law: The state engineer and the division engineers throughout the state are required to make a number of reports, tabulations, and other written materials available to the public by printing them out and mailing them to interested parties. With electronic mail and the internet, these written materials can be disseminated without printing copies. The bill updates statutes to remove printing requirements for the following written materials:
* The state engineer's annual report to the general assembly, as reflected in section 1;
* Division engineers' tabulations of decreed and conditional water rights, as reflected in section 2; and
* Decisions concerning substitute water supply plans, as reflected in section 3 of the bill.

Sponsors: Sen. Hodge/Rep. Vigil

SB14-072 CONCERNING TREATMENT OF THE SEPTEMBER 2013 FLOODS AS REPLACING CERTAIN OUT-OF-PRIORITY GROUNDWATER DEPLETIONS IN WATER DIVISION 1

Summary removed because bill was killed in committee.

Sponsor: Sen. Brophy

SB14-089 CONCERNING A PROHIBITION FOR THE STATE TO ENTER INTO AN AGREEMENT FOR A PAYMENT IN LIEU OF TAXES

Summary removed because Governor vetoed the bill.

Sponsors: Sen. Schwartz/Rep. Fischer

SB14-103 CONCERNING THE PHASE OUT OF THE SALE OF CERTAIN LOW EFFICIENCY PLUMBING FIXTURES

As introduced and passed by both houses: The bill defines a "watersense-listed plumbing fixture" as one that has been:
* Tested by an accredited third-party certifying body or laboratory in accordance with the federal environmental protection agency's WaterSense program;
* Certified by such body or laboratory as meeting the performance and efficiency requirements of the program; and
* Authorized by the program to use its label. Current law requires water-efficient indoor plumbing fixtures in only three contexts:
* Builders of new single-family detached residences must offer the buyers toilets, faucets, and showerheads that meet the current standards of the WaterSense program;
* Tank-type water closets and flushometer toilets in new state buildings must meet certain standards that are either less stringent than or as stringent as the current WaterSense standards; and
* New construction and renovation of residential structures and office, commercial, or industrial buildings must meet standards that are less stringent than the current WaterSense standards. Section 1 of the bill prohibits the sale of lavatory faucets, shower heads, flushing urinals, tank-type toilets, and tank-type water closets on and after September 1, 2016, unless they are a watersense-listed plumbing fixture. Sections 2 through 5 amend or repeal conflicting portions of current law.
Amended in Senate committee to clarify that the prohibition does not extend to an individual selling a residence that contains low-efficiency fixtures (no obligation to retrofit).

Sponsors: Sen. Guzman/Rep. Fischer

SB14-105 CONCERNING THE ELIMINATION OF THE REQUIREMENT THAT A PORTION OF THE FEES COLLECTED FOR THE WATER RESOURCES CASH FUND BE TRANSFERRED TO THE STATE GENERAL FUND

As introduced and signed into law. The division of water resources collects and administers multiple fees that are deposited into the water resources cash fund. For some of those fees, a portion is currently required to be credited to the general fund. Commencing July 1, 2014, the bill repeals this requirement so that all of the fee revenue goes to the water resources cash fund

Sponsors: Sen. Lambert/Reps. Duran and Gerou

SB14-115 CONCERNING PROCEDURAL REQUIREMENTS APPLICABLE TO STATE WATER PLANS

Amended in Senate committee and passed by both houses with a strike below that sets forth the respective roles for the CWCB and the legislature in establishing water policy for the state. Declares that it is the primary purpose of a state water plan to determine state policy regarding the optimal conservation and development of Colorado's water resources and that the legislature is primarily responsible for guiding development of state water policy. States that in order to protect the interests of the public in the state's water resources the legislature intends to engage the people of the state in a public dialogue and affirms the delegation of policy-making authority to the Water Conservation Board subject to direction by the legislature. The amendment was a compromise between the Executive and Legislative branches with input from the Water Congress. The amendment sets forth certain public hearings which must be held including some in conjunction with the Water Resources Review Committee.
Amended in House Ag committee to allow the chair of the Water Resources Review Committee to hold public meetings prior to submission of certain documents by the CWCB as specified in the bill.

Sponsors: Sen. Roberts and Sen. Schwartz/Rep. Fischer and Rep. Coram

SB14-134 CONCERNING THE REPEAL OF STATUTORY FEE SCHEDULES APPLICABLE TO WATER QUALITY

Summary removed because bill was killed in committee.

Sponsors: Sen. Hodge/Reps. May and Gerou

SB14-142 CONCERNING AN EXCEPTION FOR CERTAIN WATER SYSTEM FACILITIES FROM THE FACILITIES THAT THE COMMISSIONER OF AGRICULTURE HAS A DUTY TO INSPECT REGARDING PESTICIDE STORAGE

As introduced and signed into law: The commissioner of agriculture regulates the use of agricultural chemicals in Colorado. As part of that duty, the commissioner inspects all facilities in Colorado that store pesticides, including public water systems and domestic wastewater treatment works; however, public water systems and domestic wastewater treatment works are also inspected by the water quality control division in the Colorado department of public health and environment to facilitate the water quality control commission's regulation of water quality throughout the state. The bill eliminates these facilities from the commissioner's regulation requirements.

Sponsors: Sen. Schwartz/Rep. Fischer

SB14-145 CONCERNING INCENTIVES FOR THE CONSERVATION OF WATER

Summary removed because bill was killed at sponsor's request. Incentives for conservation will be included in Interim Committee discussion.

Sponsors: Sen. Hodge and Sen. Roberts

SB14-147 CONCERNING A STUDY TO DETERMINE THE IMPACT OF INCREASED ALLUVIAL WELL PUMPING IN DISTRICT 2 OF WATER DIVISION 1

Summary removed because bill was killed in Senate committee.

Sponsors: Senators. Renfroe, Brophy and Lundberg/Representatives Fischer, Saine and Humphrey

SB14-171 CONCERNING THE ABILITY OF THE COLORADO NEW ENERGY IMPROVEMENT DISTRICT TO ARRANGE FINANCING FOR WATER CONSERVATION PROJECTS

As introduced and passed by both houses: The Colorado new energy improvement district may arrange financing, secured by a lien on the affected real estate, for the installation of energy efficiency improvements in residences and commercial buildings. The bill adds water conservation fixtures to the definition of an "energy efficiency improvement".

Sponsors: Schwartz and Jones/Tyler

SB14-179 CONCERNING THE CREATION OF A FLOOD DEBRIS CLEANUP GRANT ACCOUNT TO FACILITATE WATERSHED CLEANUP EFFORTS IN AREAS AFFECTED BY THE SEPTEMBER 2013 FLOOD, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION

As introduced and passed by both houses: In response to the September 2013 flood, the bill creates a flood debris cleanup grant account in the flood and drought response fund for the purpose of allowing the Colorado water conservation board to make grants to help pay the costs of watershed cleanup in areas affected by the flood. The bill makes a statutory appropriation of $5,000,000 to the board for implementation of the grant program. The appropriation and the special account are both subject to automatic repeal on July 1, 2015
Amended in the Senate committee to replace references to “flood debris cleanup “with “stream restoration”. Also amended to allow private entities and individuals to apply for grants. Amended to replace General Fund as a funding source with the Disaster Emergency Fund and reduce the $5,000,000 figure to $2,500,000.

Sponsors: Nicholson/Foote

SB14-188 CONCERNING MEASURES TO EFFECTUATE THE CONSERVATION OF NATIVE SPECIES IN COLORADO, AND, IN CONNECTION THEREWITH, MAKING APPROPRIATIONS FROM THE SPECIES CONSERVATION TRUST FUND FOR PURPOSES RECOMMENDED BY THE DEPARTMENT OF NATURAL RESOURCES

As introduced and passed by both houses: The bill appropriates money from the species conservation trust fund for programs submitted by the executive director of the department of natural resources that are designed to conserve native species that have been listed as threatened or endangered under state or federal law, or are candidate species or are likely to become candidate species as determined by the United States fish and wildlife service.

Sponsors: Schwartz/Fischer

SB14-195 CONCERNING A STUDY OF THE PHREATOPHYTE GROWTH ALONG THE SOUTH PLATTE RIVER IN THE AFTERMATH OF THE FLOOD OF SEPTEMBER 2013

As introduced and passed by both houses: The bill directs the Colorado water conservation board to evaluate the growth and identification of phreatophytes, which are deep-rooted plants that absorb water

from the water table or the layer of soil just above the water table, along the South Platte river in the aftermath of the September 2013 flood. The objectives of the study are to determine the relationship between high groundwater and no beneficial consumptive use by the phreatophytes and to develop a cost analysis for the removal of unwanted phreatophytes.
Amended in Senate committee to allow use of gifts, grants, and donations to assist in funding the study. The amendment allows the CWCB to conduct the initial phase of the study to determine whether a full study is necessary. The study will be funded within existing appropriations drawing $1 million from the 2012-13 appropriation.

Sponsors: Nicholson/Singer

SB14-198 CONCERNING THE CREATION OF THE MINERAL EXTRACTION STUDY GROUP

Summary removed because bill was killed at request of sponsor pending stakeholder meetings to be called by the Governor to address the subject.

Sponsors: Hodge and Schwartz

SJR14-004 CONCERNING APPROVAL OF WATER PROJECT REVOLVING FUND ELIGIBILITY LISTS ADMINISTERED BY THE COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY

As introduced and signed into law: Contains the annual listing of projects eligible to receive grants for drinking water and water pollution control projects from the fund administered by the Water Resources and Power Development Authority.

Sponsors: Sen. Schwartz and Rep. Fischer

City of Loveland

CITY OF LOVELAND
WATER & POWER DEPARTMENT
200 North Wilson • Loveland, Colorado 80537
(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 13
MEETING DATE: 5/21/2014
SUBMITTED BY: Scott Dickmeyer, Staff Engineer – Water Resources SD

TITLE: Water Supply Update

DESCRIPTION:
Projection for raw water supply in 2014

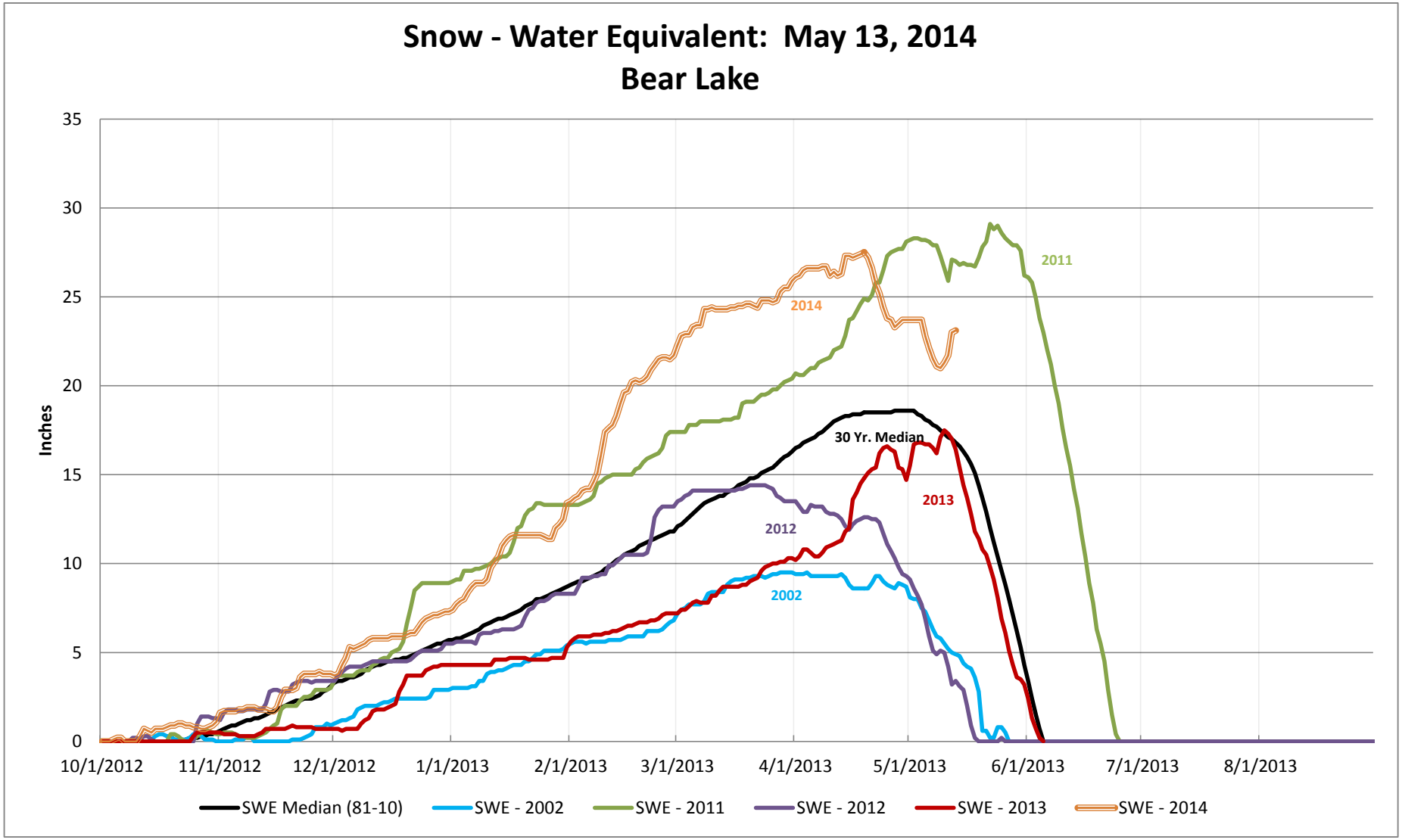
SUMMARY:
Attached is the Snow–Water Equivalent chart for Bear Lake station as of Monday, May 12 2014. Water Resources Staff generated this chart to show a range of low, median, and high years as well as the current year-to-date snow accumulation for the Bear Lake SNOTEL station in the Big Thompson Watershed. Snowpack for the Bear Lake station continues to chart above average. Due to the high snowpack in the Upper Colorado and Willow Creek basins, Northern Water is projecting that Lake Granby will spill sometime in mid to late July. When Granby spills, stored Windy Gap Water is the first to go. While staff does not project a need for Windy Gap in 2014, this spill could affect our supplies going into 2015.

As of May 8, NOAA has stated a 65% probability of El Niño forming this summer. For Colorado, this could indicate a stronger than normal late-summer monsoon season as well as a potential for strong snow storms in the fall.

RECOMMENDATION: Information item only. No action required.

REVIEWED BY DIRECTOR: MS for SA

ATTACHMENTS:
Snow–Water Equivalent Chart for Bear Lake SNOTEL Station


Snow - Water Equivalent: May 13, 2014
Bear Lake
Inches
35
30
25
20
15
10
5
0
10/1/2012
11/1/2012
12/1/2012
1/1/2013
2/1/2013
3/1/2013
4/1/2013
5/1/2013
6/1/2013
7/1/2013
8/1/2013
2011
2014
30 Yr. Median
2013
2012
2002
SWE Median (81-10)
SWE - 2002
SWE - 2011
SWE - 2012
SWE - 2013
SWE - 2014

City of Loveland

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AGENDA ITEM: 14
MEETING DATE: 5/21/2014
SUBMITTED BY: Jim Lees, Utility Accounting Manager

TITLE: Financial Report Update

DESCRIPTION:
This item summarizes the monthly and year-to-date financials for April 2014.

SUMMARY:
The April 2014 financial reports are submitted for Commission review. The following table summarizes the sales and expense results for the month of April, and the April Year-To-Date results in comparison to the same periods from 2013. The summarized and detailed monthly financial statements that compare April Year-To-Date actuals to the 2014 budgeted figures are attached.

	Apr				Apr Year-To-Date			
	2014	2013	$ Ovr/(Und) vs. 2013	% Ovr/(Und) vs. 2013	2014	2013	$ Ovr/(Und) vs. 2013	% Ovr/(Und) vs. 2013
WATER								
Sales	$601,173	$476,840	$124,333	26.1%	$2,393,393	$2,046,229	$347,164	17.0%
Operating Expenses	$1,017,294	$772,411	$244,884	31.7%	$3,728,349	$2,362,332	$1,366,017	57.8%
Capital (Unrestricted)	$437,025	$347,816	$89,209	25.6%	$834,719	$1,372,610	($537,890)	-39.2%
WASTEWATER								
Sales	$622,789	$576,438	$46,351	8.0%	$2,610,509	$2,366,515	$243,995	10.3%
Operating Expenses	$502,720	$958,707	($455,987)	-47.6%	$1,610,016	$1,930,830	($320,814)	-16.6%
Capital (Unrestricted)	$100,102	$23,388	$76,714	328.0%	$250,755	$81,737	$169,017	206.8%
POWER								
Sales	$3,836,401	$3,859,891	($23,490)	-0.6%	$16,460,276	$16,188,600	$271,676	1.7%
Operating Expenses	$3,636,909	$3,553,202	$83,707	2.4%	$14,793,416	$14,275,483	$517,933	3.6%
Capital (Unrestricted)	$393,563	$411,740	($18,177)	-4.4%	$1,506,821	$2,290,130	($783,309)	-34.2%

RECOMMENDATION:
Staff report only. No action required.

REVIEWED BY DIRECTOR: MS for SA

LIST OF ATTACHMENTS:
- City of Loveland Financial Statement-Raw Water
- City of Loveland Financial Statement-Water
- City of Loveland Financial Statement-Wastewater
- City of Loveland Financial Statement-Power

City of Loveland
Financial Statement-Raw Water
For Period Ending 04/30/2014
Preliminary

		TOTAL BUDGET FYE 12/31/2014	YTD ACTUAL	YTD BUDGET	OVER <UNDER>	VARIANCE
1	**REVENUES & SOURCES**					
2	Hi-Use Surcharge	43,000	2,288	14,320	(12,033)	-84.0%
3	Raw Water Development Fees/Cap Rec Surcharge	349,000	109,103	116,330	(7,227)	-6.2%
4	Cash-In-Lieu of Water Rights	45,000	0	15,000	(15,000)	-100.0%
5	Native Raw Water Storage Fees	5,000	0	1,670	(1,670)	-100.0%
6	Raw Water 1% Transfer In	839,990	186,850	179,750	7,100	3.9%
7	Interest on Investments	322,850	57,787	107,600	(49,813)	-46.3%
8	**TOTAL REVENUES & SOURCES**	**1,604,840**	**356,028**	**434,670**	**(78,642)**	**-18.1%**
9	**OPERATING EXPENSES**					
10	Windy Gap Payments	833,730	833,669	833,730	(61)	0.0%
11	**TOTAL OPERATING EXPENSES**	**833,730**	**833,669**	**833,730**	**(61)**	**0.0%**
12	NET OPERATING REVENUE/(LOSS) (excl depr)	771,110	(477,641)	(399,060)	(78,581)	19.7%
13	RAW WATER CAPITAL EXPENDITURES	3,006,860	28,000	888,720	(860,720)	-96.8%
14	**ENDING CASH BALANCES**					
15	Total Available Funds		14,379,183			
16	Reserve - Windy Gap Cash		3,363,110			
17	Reserve - 1% Transfer From Rates		3,143,570			
18	Reserve - Native Raw Water Storage Interest		1,561,045			
19	**TOTAL RAW WATER CASH**		**22,446,908**			
20	MINIMUM BALANCE (15% OF OPER EXP)		125,060			
21	OVER/(UNDER) MINIMUM BALANCE		22,321,848			

NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING: $ -

City of Loveland
Financial Statement-Water
For Period Ending 04/30/2014
Preliminary

			TOTAL BUDGET FYE 12/31/2014		YTD ACTUAL	YTD BUDGET	OVER <UNDER>	VARIANCE
1	****UNRESTRICTED FUNDS****	*		*				
		*		*				
2	**REVENUES & SOURCES**	*		*				
		*		*				
3	Water Sales	*	11,264,720	*	2,393,393	2,417,500	(24,107)	-1.0%
4	Raw Water Transfer Out	*	(839,990)	*	(186,850)	(179,750)	(7,100)	3.9%
5	Wholesale Sales	*	71,380	*	6,190	2,720	3,470	127.6%
6	Meter Sales	*	38,740	*	14,878	11,660	3,218	27.6%
7	Interest on Investments	*	114,730	*	16,015	38,230	(22,215)	-58.1%
8	Other Revenue	*	1,089,950	*	917,649	842,660	74,989	8.9%
9	External Loan Monies Received	*	0	*	0	0	0	0.0%
10	**TOTAL REVENUES & SOURCES**	*	**11,739,530**	*	**3,161,275**	**3,133,020**	**28,255**	**0.9%**
		*		*				
11	**OPERATING EXPENSES**	*		*				
		*		*				
12	Source of Supply	*	2,126,150	*	803,669	681,810	121,859	17.9%
13	Treatment	*	3,089,390	*	755,793	764,190	(8,397)	-1.1%
14	Distribution Operation & Maintenance	*	3,132,600	*	669,751	848,740	(178,989)	-21.1%
15	Administration	*	557,450	*	113,202	183,660	(70,458)	-38.4%
16	Customer Relations	*	238,900	*	80,383	44,310	36,073	81.4%
17	PILT	*	729,730	*	154,458	132,090	22,368	16.9%
18	1% for Arts Transfer	*	55,420	*	1,694	13,850	(12,156)	-87.8%
19	Services Rendered-Other Departments	*	1,034,610	*	315,536	299,360	16,176	5.4%
20	Internal Loan Debt Expense	*	810,000	*	832,800	810,000	22,800	2.8%
21	External Loan Debt Expense	*	651,200	*	1,063	350,700	(349,637)	-99.7%
22	**TOTAL OPERATING EXPENSES**	*	**12,425,450**	*	**3,728,349**	**4,128,710**	**(400,361)**	**-9.7%**
		*		*				
23	NET OPERATING REVENUE/(LOSS)(excl depr)	*	(685,920)	*	(567,074)	(995,690)	(145,699)	-43.0%
		*		*				
24	CAPITAL EXPENDITURES	*	12,044,980	*	834,719	5,707,470	(4,872,751)	-85.4%
		*		*				
25	**ENDING CASH BALANCE**	*		*	**5,294,339**			
26	**WATER DEBT FUND ENDING CASH BALANCE PLUS MONIES RECEIVED FROM LENDERS**	*		*	**23,834**			
27	MINIMUM BALANCE (15% OF OPER EXP)	*		*	1,863,818			
		*		*				
28	OVER/(UNDER) MINIMUM BALANCE	*		*	3,430,522			
		*		*				
29	****RESTRICTED FUNDS****	*		*				
		*		*				
30	**REVENUES & SOURCES**	*		*				
		*		*				
31	SIF Collections	*	1,634,150	*	820,803	513,100	307,703	60.0%
32	SIF Interest Income	*	77,300	*	21,936	20,670	1,266	6.1%
33	**TOTAL SIF REVENUES & SOURCES**	*	**1,711,450**	*	**842,740**	**533,770**	**308,970**	**57.9%**
		*		*				
34	SIF Capital Expenditures	*	8,396,060	*	634,085	4,180,020	(3,545,935)	-84.8%
35	1% for Arts Transfer	*	52,500	*	808	13,130	(12,322)	-93.8%
		*		*				
36	**SIF ENDING CASH BALANCE**	*		*	**8,766,738**			
		*		*				
37	**TOTAL ENDING CASH BALANCE**	*		*	**14,084,912**			

NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING: $ 8,386,737

City of Loveland
Financial Statement-Wastewater
For Period Ending 04/30/2014
Preliminary

		TOTAL BUDGET FYE 12/31/2014	YTD ACTUAL	YTD BUDGET	OVER <UNDER>	VARIANCE
1	****UNRESTRICTED FUNDS****					
2	**REVENUES & SOURCES**					
3	Sanitary Sewer Charges	8,269,970	2,610,509	2,599,900	10,609	0.4%
4	High Strength Surcharge	546,760	93,852	131,460	(37,608)	-28.6%
5	Interest on Investments	35,340	20,074	11,790	8,284	70.3%
6	Other Revenue	38,680	91,770	15,030	76,740	510.6%
7	**TOTAL REVENUES & SOURCES**	**8,890,750**	**2,816,205**	**2,758,180**	**58,025**	**2.1%**
8	**OPERATING EXPENSES**					
9	Treatment	3,327,670	757,087	816,850	(59,763)	-7.3%
10	Collection System Maintenance	2,300,050	441,377	632,360	(190,983)	-30.2%
11	Administration	394,510	67,224	125,400	(58,176)	-46.4%
12	Customer Relations	35,240	12,651	10,580	2,071	19.6%
13	PILT	617,170	189,144	188,840	304	0.2%
14	1% for Arts Transfer	21,610	589	5,410	(4,821)	-89.1%
15	Services Rendered-Other Departments	472,190	141,944	130,340	11,604	8.9%
16	**TOTAL OPERATING EXPENSES**	**7,168,440**	**1,610,016**	**1,909,780**	**(299,764)**	**-15.7%**
17	NET OPERATING REVENUE/(LOSS)(excl depr)	1,722,310	1,206,189	848,400	357,789	42.2%
18	CAPITAL EXPENDITURES	7,396,850	250,755	2,510,100	(2,259,345)	-90.0%
19	**ENDING CASH BALANCE**		**8,286,015**			
20	MINIMUM BALANCE (15% OF OPER EXP)		1,075,266			
21	OVER/(UNDER) MINIMUM BALANCE		7,210,749			
22	****RESTRICTED FUNDS****					
23	**REVENUES & SOURCES**					
24	SIF Collections	1,095,000	486,187	471,750	14,437	3.1%
25	SIF Interest Income	39,760	14,369	13,240	1,129	8.5%
26	**TOTAL SIF REVENUES & SOURCES**	**1,134,760**	**500,557**	**484,990**	**15,567**	**3.2%**
27	SIF Capital Expenditures	1,325,030	142,625	348,780	(206,155)	-59.1%
28	1% for Arts Transfer	8,130	883	2,030	(1,147)	-56.5%
29	**SIF ENDING CASH BALANCE**		**5,901,014**			
30	**TOTAL ENDING CASH BALANCE**		14,187,030			

NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING $ 2,425,405

City of Loveland
Financial Statement-Power
For Period Ending 4/30/2014
Preliminary

		*	TOTAL BUDGET	*	YTD ACTUAL	YTD BUDGET	OVER <UNDER>	VARIANCE
	****UNRESTRICTED FUNDS****	*		*				
		*		*				
1	REVENUES & SOURCES:	*		*				
2	Electric revenues	*	$53,808,970	*	$16,460,276	$16,971,810	($511,534)	-3.0%
3	Wheeling charges	*	$240,000	*	$75,962	$80,000	($4,038)	-5.0%
4	Interest on investments	*	$154,120	*	$40,905	$51,373	($10,468)	-20.4%
5	Aid-to-construction deposits	*	$750,000	*	$213,266	$250,000	($36,734)	-14.7%
6	Customer deposit-services	*	$160,000	*	$40,892	$53,333	($12,442)	-23.3%
7	Doorhanger fees	*	$420,000	*	$135,348	$140,000	($4,652)	-3.3%
8	Connect Fees	*	$160,000	*	$42,009	$53,333	($11,324)	-21.2%
9	Services rendered to other depts.	*	$0	*	$0	$0	$0	0.0%
10	Other revenues	*	$402,950	*	$139,670	$134,317	$5,354	4.0%
11	Year-end cash adjustments	*	$0	*	$0	$0	$0	0.0%
12	**TOTAL NORMAL REVENUES & SOURCES**	*	**$56,096,040**	*	**$17,148,328**	**$17,734,167**	**($585,839)**	**-3.3%**
		*		*				
13	FLOOD REVENUE (UNBUDGETED)	*	$0	*	$423,008	$0	$423,008	0.0%
14	**TOTAL REVENUES & SOURCES**	*	**$56,096,040**	*	**17,571,336**	**$17,734,167**	**($162,830)**	**-0.9%**
		*		*				
15	OPERATING EXPENSES:	*		*				
16	Hydro oper. & maint.	*	$82,900	*	$614	$25,508	($24,893)	-97.6%
17	Purchased power	*	$40,266,940	*	$11,577,114	$11,951,192	($374,078)	-3.1%
18	Distribution oper. & maint.	*	$8,621,930	*	$1,099,717	$2,652,902	($1,553,185)	-58.5%
19	Customer Relations	*	$1,074,030	*	$197,652	$330,471	($132,819)	-40.2%
20	Administration	*	$796,130	*	$159,370	$244,963	($85,593)	-34.9%
21	Payment in-lieu-of taxes	*	$3,772,860	*	$1,072,835	$1,218,634	($145,799)	-12.0%
22	1% for Arts Transfer	*	$78,940	*	$11,829	$25,498	($13,669)	-53.6%
23	Services rendered-other depts.	*	$2,154,280	*	$674,286	$718,093	($43,807)	-6.1%
24	**TOTAL OPERATING EXPENSES (excl depn)**	*	**$56,848,010**	*	**$14,793,416**	**$17,167,260**	**($2,373,844)**	**-13.8%**
		*		*				
25	NET OPERATING REVENUE/(LOSS) (excl depn)	*	($751,970)	*	$2,777,921	$566,907	$2,211,014	390.0%
		*		*				
26	CAPITAL EXPENDITURES:	*		*				
27	General Plant/Other Generation & Distribution	*	$10,737,200	*	$896,731	$3,322,177	($2,425,446)	-73.0%
28	Aid-to-construction	*	$750,000	*	$534,893	$230,769	$304,123	131.8%
29	Service installations	*	$190,000	*	$75,198	$58,462	$16,736	28.6%
30	**TOTAL CAPITAL EXPENDITURES**	*	**$11,677,200**	*	**$1,506,821**	**$3,611,407**	**($2,104,586)**	**-58.3%**
		*		*				
31	**ENDING CASH BALANCE**	*		*	**$17,988,308**			
		*		*				
32	MINIMUM BAL. (15% of OPER EXP excl depn)	*		*	$8,527,202			
33	OVER/(UNDER) MINIMUM BALANCE	*		*	$9,461,107			
		*		*				
34	****RESTRICTED FUNDS****	*		*				
		*		*				
35	PIF Collections	*	$2,434,870	*	$756,606	$1,091,623	($335,017)	-30.7%
36	PIF Interest Income	*	$22,920	*	$9,785	$7,640	$2,145	28.1%
37	Water Loan Payback	*	$810,000	*	$832,800	$810,000	$22,800	2.8%
38	**TOTAL REVENUES**	*	**$3,267,790**	*	**$1,599,191**	**$1,909,263**	**($310,073)**	**-16.2%**
		*		*				
39	PIF Feeders	*	$1,075,000	*	$0	$330,769	($330,769)	-100.0%
40	PIF Substations	*	$2,547,970	*	$688,352	$849,323	($160,971)	-19.0%
41	**TOTAL EXPENDITURES**	*	**$3,622,970**	*	**$688,352**	**$1,180,093**	**($491,741)**	**-41.7%**
		*		*				
42	**ENDING PIF CASH BALANCE**	*		*	**$4,069,458**			
		*		*				
43	**TOTAL ENDING CASH BALANCE**	*		*	**$22,057,766**			

NOTE: YTD ACTUAL does NOT include encumbrances totalling $2,580,336