



LOVELAND UTILITIES COMMISSION

REGULAR MEETING

July 16, 2014 - 4:00 p.m.
Service Center Board Room
200 North Wilson Avenue



AGENDA

4:00 pm CALL TO ORDER

INTRODUCTION OF NEW BOARD MEMBERS

4:05 pm APPROVAL OF MINUTES - 06/25/2014

ELECTION OF OFFICERS

- Chair
- Vice Chair

CITIZENS REPORTS

4:10 pm CONSENT AGENDA

1. 2014 2nd Quarter Goals Report – Steve Adams
2. Intergovernmental Agreement for Demand Side Management Program Partnership between Water and Power and Platte River Power Authority. – Gretchen Stanford
3. Primary Electric Cable Contract Renewal- Brieana Reed-Harmel

4:20 pm STAFF AGENDA

4. Utility Customer Survey Preliminary Results – Lindsey Bashline and JD Consulting
5. Idylwilde Project FEMA Reimbursement & Possible Solar Project – Gretchen Stanford
6. Water Treatment Plant Expansion Update – Chris Matkins
7. 2015 Budget Recap – Jim Lees
8. Quarterly Financial Report Update – Jim Lees

6:00 pm 9. COMMISSION / COUNCIL REPORTS

10. DIRECTOR'S REPORT – Separate Document

INFORMATION ITEMS

11. Water Supply Update – Larry Howard

ADJOURN

The City of Loveland is committed to providing an equal opportunity for citizens and does not discriminate on the basis of disability, race, age, color, national origin, religion, sexual orientation or gender.

The City will make reasonable accommodations for citizens in accordance with the Americans with Disabilities Act. For more information, please contact the City's ADA Coordinator at bettie.greenberg@cityofloveland.org or 970-962-3319.

The password to the public access wireless network (colguest) is accesswifi.¹

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

City Staff Members: Allison Prokop, Alan Krcmarik, Bob Miller, Chris Atkins, Darcy Hodge, Roger Berg, Greg Dewey, Jim Lees, Kim O'Field, Michael McCrary, Michelle Stalker, Steve Adams, Scott Dickmeyer, Sharon Citino, Tom Greene, Ruth Hecker, John Hartman, Craig Weinland, Jon Prine

Guest Attendance: Sonnette Greenidge, Sean O'Connell, Linda Rosa, Larry Sarner

CALL TO ORDER: Dave Schneider called the meeting to order at 4:08 pm.

APPROVAL OF MINUTES: Dave asked for a motion to approve the minutes of the May 21, 2014 meeting.

Motion: Dan Herlihey made the motion to approve the minutes of the May 21, 2014 meeting.

Second: John Rust Jr. seconded the motion. The minutes were approved unanimously.

CITIZEN REPORTS:

Larry Sarner is a resident of Loveland who resides at 711 W 9th Street. He mentioned that he is an advocate for community water fluoridation. Sarner attended a conference in Washington D.C. hosted by the Pew Foundation. Loveland had not been adding fluoride to the water for 2.3 out of the last 4 years due to construction and down time at the filtration plant. He expressed concern that the fluoridation system has a single point of failure without built in redundancies. Sarner believes that fluoridating water is an extremely important public health measure, and by not adding fluoride it is detrimental for the citizens of Loveland. Sarner expressed urgency in increasing the fluoride levels of Loveland's water.

Sarner expressed that even with the equipment restored, Loveland has been at only 0.5 parts per million (ppm) instead of the currently recommended level of 0.7 ppm, which he expressed that it is not high enough for all the benefits to be achieved. Sarner stated that scientific evidence suggests the fluoridation level needs to be much higher; he is advocating for closer to 1.2 ppm.

Sarner mentioned that the issue is more complicated than just adding more fluoride; Loveland needs a new fluoride delivery system that can be better controlled through engineering controls. There is a proposal to amend the state constitution to prohibit adding fluoride to Colorado water systems, but Sarner believes it will not make the ballot. Sarner would like to organize a panel of experts to speak to the LUC to inform them about the necessity of fluoridated water. Sarner would like to have an agenda item in the near future to present on this issue and work to get fluoridation back to the levels needed. He concluded that Loveland has been fluoridating their water since 1952 but recently has not fluoridated it the way it should be done.

The board acknowledged that the deciding factor of this becoming an agenda item is determined on staff's time and resources available. The board asked that Sarner to inform staff of who he would have on the panel and for the board's preference for local statistics and local panel members. Board asked Sarner to prepare by providing advice on data and statistics related to the issue. Sarner warned the board that currently Loveland is having public health effects from having low fluoridation levels. Board would like to make an agenda item about this issue in the future, but it will probably not be until at least August 2014.

Linda Rosa stated her concern about the fluoridation issue and informed the board of the strong scientific evidence backing fluoridating water. Larry Roos responded that it would be good to work with staff on this issue so that the board and staff can be in agreement on the fluoridation policy before we speak with the panel of experts.

REGULAR AGENDA

Item 1: 2014 Waterline Replacement Phase I Contract – Craig Weinland

Due to aging water infrastructure, that has experienced numerous breaks and leaks the waterlines need replacing. We are replacing aging waterline in six different locations throughout Loveland. The areas are:

1. North Jefferson Avenue and Jefferson Court.
2. Fairplay Drive.
3. Village Avenue and W.16th Street.
4. North Jefferson St.
5. 6th Street SW.
6. 5th Street SW.

The existing waterlines will be replaced with new 8" PVC waterline and associated appurtenances. The project's bid opening was on Thursday, June 19, 2014.

Recommendation: Move to award the 2014 Waterline Replacement Phase I Contract to BT Construction in the amount of \$1,296,734.00 and authorize the City Manager to execute the contract.

Motion: Gary Hausman made the motion.

Second: Dan Herlihey seconded the motion. The motion was approved unanimously.

Comments: The board inquired about where staff anticipated the bids to be on this project. Craig Weinland responded that he expected the bids to be around \$1.2 to \$1.3 million. Larry Roos asked if the City is required by policy to take the lowest bid. Staff informed him that the Purchasing Administrative Regulation takes prior performance and responsibility of contractors into consideration in situations like this. The City Attorney's office has reviewed and concurred with this information. There were clarifications made on cut fees and permit fees included in the bid. Staff addressed questions regarding the sites of where lines will be replaced and staff size of each bidder. John Rust Jr. inquired about the restriction of flow during this project. Craig responded that these will not be issues with the project and mentioned details about the specific pipe that will be under construction during the project. Staff added that costs have increased on a similar project was completed in the past.

Item 2: Water Treatment Plant Phase II Expansion - Bid Award – Roger Berg

This contract is for the Water Treatment Plant Expansion Project. Construction is scheduled to begin in late summer 2014 and be completed by June of 2016.

Recommendation: Direct staff to work with the low bidder (Moltz Construction) and the engineer to find ways to reduce cost through value engineering and scope reduction, and develop alternatives for City Council to consider.

Motion: Dan Herlihey made the motion.

Second: Gary Hausman seconded the motion. The motion was approved unanimously.

Comments: The board asked if changes are made to reduce the total price of the project if the information would have to go back in front of City Council or if LUC would make the final decision. Rodger Berg stated from his understanding City Council would act as the Water Enterprise Board and make the award. Steve Adams mentioned that due to the size of the project when we go to City Council, we will need to find some alternative funding sources. Currently the project is over budget and will require a supplemental appropriation.

Chris Matkins stated that it is complex issue. The board asked if staff would move forward with getting more information from both contractors or from just from Moltz Construction. Chris Matkins clarified that due to the large difference between the two bids, staff feel it would be better to work with Moltz

Construction to find a price that all parties can agree upon. The board asked what time period the internal estimate was based on and Atkins stated that the estimated was from February 2014. There was a discussion about previous Water Treatment Plant Expansion Projects. It was stated that our design engineering contract for this project was with CH2M Hill.

Steve Adams discussed the impact of the flood and the state of the economy on the overall bidding climate. The board added that there currently is a lot of competition for the construction workers in the field. The board question whether the large three million dollar difference in bids makes staff think maybe the Moltz Construction was not clear about the entirety of the project. Rodger Berg informed the board that Moltz Construction called with questions almost every day and that they did a second tour of plant to ensure their understanding of the scope.

The staff clarified that six contractors submitted for the initial project but, only two that made the time commitment to complete a final bid. Steve Adams added that this is a new trend for contractors in this bidding environment.

Daniel Greenridge Service Award: Dave Schneider gave a thank you card and plaque to Daniel Greenridge in recognition of his service on the LUC over the past year. Daniel Greenridge mentioned that he had no idea about how much would learn being on the board. He learned more than expected and was impressed with competency of staff and board. The board wished him the best in his future endeavors.

STAFF REPORTS

Item 3: Priority Based Budgeting Update – John Hartman

A new budgetary tool called Priority Based Budgeting is in the process of being implemented across all of the City's departments. John Hartman, the City's Budget Officer, will join us today to give a presentation on what Priority Based Budgeting is.

Staff Report only. No action required.

Comments: Staff highlighted the importance of weighting each program. John Hartman informed the board that each program is rated based upon the program's impact. Board asked if there is any scoring to see how well this particular model is helping fix problems. John Hartman addressed this by stating that the system is not adequately resourced to do so. However, he mentioned that we can see how well we are performing within these programs. The board insisted that we ensure there is a performance measurement element.

John Rust Jr. would also like to see how many people are being affected by each of these programs. Staff addressed comments regarding broad scope programs. John Hartman mentioned the largest and most costly program of the City is purchased power. Staff highlighted that they tried to capture every program within the City regardless of size. John Matis addressed that even small bottom tier programs serve a purpose. Hartman stated that the programs that are rated 3's and 4's (very low importance) are not bad programs and that they should not necessarily be cut, but they are not linked to goals that evaluate program importance. Staff stated that we may be able to reduce the expense on these programs, when possible; however, this could pose challenges with raising fees. Hartman addressed that this will come in the next stage of the program.

Gene Packer asked what consultant the City is working with on the priority based budgeting. John Hartman replied that the City is working with John Johnson and Chris Fabian from the Center for Priority Based Budgeting. Hartman stated that this partnership helped develop an easy to navigate Excel spreadsheet that will be used to take another look at costing and shifting resources when the need arises in the future. Gene Packer stated his surprised that the programs are split into over 700 programs. Larry Roos inquired about the purpose of priority based budgeting and the number of cities that are doing this. Staff mentioned that City Council wanted us to move into this model and that the Center for Priority Based Budgeting is growing. At this time, about 60 cities have used some form of

priority based budgeting. A benefit of this model is the use of a peer review group as a quality control check. Dave Schneider inquired about how many boards and commissions this information will be presented to. John Hartman said that he is presenting this to CFAC, all the City departments and would be willing to talk to anyone that would like the information.

Dave Schneider inquired if this is going to be a good opportunity to break things down interdepartmentally to get more for the money. John Hartman said this is the next step, but there are some tweaks that need to be done on the program inventory and costing. Steve Adams mentioned his appreciation of John Hartman's service and work on this project and told the board the Financial Department will be receiving the Comprehensive Annual Financial Report Award (CAFR) for the 34th year in a row.

Item 4: 2015 Budget Presentation Update on Wastewater Utility – Jim Lees and Chris Watkins

Driven by regulatory and capacity expansion requirements, the Wastewater Utility's 10-Year Capital Improvement Program (CIP) is loaded with capital projects whose costs exceed available resources of revenues and fund balance that is projected over the next ten years. This shortfall is creating the need to seek out loan options that will allow these necessary projects to be completed. Three financing options are presented here for the Commission's information. These financing options are consistent with information that was presented to City Council at the June 10, 2014 Study Session.

Staff Report only. No action required.

Comments: Randy Williams asked about the reclassification of the river and if it is going to become an issue with this expansion plan. Chris Watkins stated he does not think there will be any river reclassification. Steve Adams mentioned that the reach will determine which standards will be in place and that there will be new standards for each river.

Staff is looking into if/when construction needs to be completed based on plant capacity. It was mentioned that State requirements are being followed in the stages of this plan. Chris Watkins addressed the unknown risk of the State de-rating the Wastewater Treatment Plant (WWTP). Dave Schneider expressed concern about the community growth and the importance growth has on future decisions regarding the expansion of the WWTP. Watkins said staff will be watching these variables and accelerating the project faster if need be. Growth could affect the priority of these WWTP improvements. The estimate says the City still has room to grow, but it is becoming a pressing issue. A large economic development could require the City to accelerate these construction plans. Staff asked if we have our own internal limits on wastewater. Steve Adams stated that the City plans on following the mandated requirements. Staff stated that the uncertainty of the economy, interest rates, and construction inflation rates could also be variables in this project.

Each scenario will start in 2015. The permit will need to be renewed every 5 years. Steve Adams mentioned the possibility of a wave of second regulations coming and that would be driven by sludge hauling requirements. The scenarios total costs do not include interest rates.

Dave Schneider mentioned that there are a lot of unknown factors and information that will change from what we know at present. Schneider said that construction costs and interest rates could really change which scenario we would like to see in place. Steve Adams mentioned we have time to make decisions; next year we want to begin the design work. Dave Schneider explained that we want to make sure customer rates and service delivered are not being affected. Board members discussed how the depreciation rate will become a factor to consider.

Larry Roos asked if we are comfortable with the \$5 million dollar difference in these scenarios. Jim Lees said scenario "B" is more expensive than "A" because of inflation. Steve Adams is comfortable with this, but as we move the project out it becomes more expensive. Dave Schneider asked if there would be any negatives to having mechanically maintained cooler discharge. Chris Watkins said the only disadvantage would be the cost. We would be spending more each year, but the

cooling would only be required during a small amount of time during the year. The cheapest way to go about cooling the water would be to plant trees near the river. These are options that can be explored in the future. Dave Schneider thinks there are advantages in this plan. John Rust Jr. emphasized the importance of having a cooler river temperature and the benefits this has for flora and fauna. Larry Roos wanted to make sure we are analyzing the risks of each scenario and considering that in our final decision.

Jim Lees said come next May, we might be forced to move forward with scenario "A". Once we hear the parameters from the State, we will have more information and will have less unknown factors. Tom Greene added that we may find out sooner that the State has identified this problem and that they want us to act sooner.

Dave Schneider mentioned that he noticed the difference between the amount of money we wanted to borrow and the interest rate in each scenario. It was mentioned that it changes from when scenarios were built to the time the loans are signed. Possibly speeding this process up while we have favorable rates will make a long-term difference. Gary Hausman said at this point he agrees with Scenario A. It was clarified that these scenarios are compiled and growth driven. The growth rate is based on possible growth rates to the current population. Dave Schneider mentioned that Colorado's population will continue to grow no matter what.

Item 5: Wastewater Treatment Plant Influent Line Collapse– Chris Matkins

Staff will give a brief update on the recent partial collapse of a 33-inch diameter wastewater collection pipe near the wastewater plant.

Staff Report only. No action required.

Comments: Board members appreciated the information given. Steve Adams mentioned that the recent rain and weather patterns will continue and that we will keep board members informed on issues such as these.

Item 6: Water Supply Update – Larry Howard

The City's raw water sources for 2014 are yielding an abundant supply. Green Ridge Glade Reservoir is filling rapidly from the Big Thompson River, and most of the CBT carryover supply remains available, including 1,000 AF of supplemental carryover leased from Longmont. Staff expects demands to be fully met, with enough available for lease to agricultural users during the 2014 season, and the ability to make full use of the CBT Carryover Program into 2015.

Staff Report only. No action required.

Comments: Greg Dewey stated that the Green Ridge Glade Reservoir is full as of today with approximately 5000 acre feet of CBT in excess of what we project the demand will be this year. There is a 50/50 chance Lake Granby will spill this year. Experts at Northern Water said it could go either way. There was discussion on how full Lake Granby needs to be in order to spill and the consequences of spilling. Greg Dewey noted that we have been able to take river water since the first week of June 2014 and been able to treat it without problems.

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: Bob Miller stated that the work is almost complete in the canyon. To replace the energy that was made from Idylwilde Dam The City are working on a solar project at Rawhide Power Plant facilities that would provide about 5 megawatts of energy, which would be much better than the energy provided by the hydro project. Dave Schneider asked about what changes will be happening at

Viestenz-Smith Mountain Park. Staff state that the City has a \$2.6 million dollars FEMA project worksheet and this will give them flexibility on what happens but, there is no contracted work yet. Staff informed board about the Meadow Value opening July 9, 2014 at 12:30 PM. Steve Adams has been working with Home Supply on the second phase of the dam repairs. Home Supply has been meeting with FEMA about how the water flowing over the dam should be in the form of a spill way. They are asking for a 406B or FEMA mitigation money the purpose would be to pull some water off the dam. There are a lot of technical questions that we are looking for answers to and there will be more information about this topic to come. The project will be funded from a grant but, it will not modify the historic value.

COMMISSION/COUNCIL REPORTS

Item 8: Commission/Council Reports

Dan Herlihey: Enjoyed the Tri-City Meeting. He commended Dave Schneider on his comments that represented the LUC.

Daniel Greenidge: Noted that this may be his last meeting with the LUC.

Dave Schneider: Last night's study session provided City Council with a new level of confidence and everyone proved their merit.

Gene Packer: Attended the Tri-City Meeting and he enjoyed talking with the Mayor and discussing prior LUC topics.

Gary Hausman: none

John Matis: Attended the tours of Wastewater Treatment Plant, Water Treatment Plant, and Rawhide Power Plant. He was pleased and impressed with the information and knowledge of staff on the tour.

John Rust Jr: Discussed the Tri City meeting. He mentioned the advantages and disadvantages about upstream and downstream developments. He appreciated the delay of this meeting and would like it to be pushed out June next year as well.

Larry Roos: Attended the tours of Wastewater Treatment Plant, Water Treatment Plant, and Rawhide Power Plant. Was impressed how influential John Rust Jr. is and surprised to learn how much CO₂ was emitted from using coal power.

Randy Williams: Reported he is back in his home after working through the flood damage.

Study Session – May 27, 2014

- N/A

Regular Meeting – June 3, 2014

- N/A

Study Session – June 10, 2014

- John Hartman (Finance Department) presented the recommended 2015-2024 Capital Programs. This included the Wastewater Utility Capital Improvement Program, which will be briefed at tonight's LUC meeting.

Study Session – June 24, 2014

- N/A

DIRECTOR'S REPORT

Item 9: Director's Report – Steve Adams

INFORMATION ITEMS

Item 10: Financial Report Update – Jim Lees

This item summarizes the monthly and year-to-date financials for May 2014.

Staff Report only. No action required.

Comments: none

ADJOURN The meeting was adjourned at 7:15 pm. The next LUC Meeting will be July 16, 2014 at 4:00 pm.

Respectfully submitted,

Allison Prokop
Recording Secretary
Loveland Utilities Commission



CITY OF LOVELAND

WATER & POWER DEPARTMENT

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AGENDA ITEM: 1

MEETING DATE: 7/16/2014

SUBMITTED BY: Steve Adams, Director

AP for SA

TITLE: 2014 2nd Quarter Goals

DESCRIPTION:

This is a quarterly review of our progress on our 2014 utility goals.

SUMMARY:

Review 2014 utility goals and the 2nd Quarter updates.

RECOMMENDATION:

Discuss the presented information and approve the 2nd Quarter 2014 Goals and Quarterly Update Report.

REVIEWED BY DIRECTOR:

AP for SA

ATTACHMENTS:

- 2014 2nd Quarter Goals Update

2014 Goals & Quarterly Updates	Comp Plan #	Est. Completion	Actual Completion
1 Implement Priority-Based Budgeting		May 2014	
Q2 Update: The final step in assembling the PBB model for W&P has been completed with the assigning of costs to each of the programs. Peer review groups were assembled and impartial ratings were given for each of the criteria for each program to develop an overall rating for each program. John Hartman came to the last LUC meeting to give an overview of the PBB model. The model has now been referred back to staff and the CFAC for review of the cost and rating results. John will be bringing the model back to Council later this year for a more detailed discussion.			
2 Support the transition of the City's payroll processing to Innoprise software		April 2014	
Q2 Update: The transition was completed with the first pay period in April. The new Innoprise system is more labor-intensive for payroll input than HTE, so staff is working with IT to try and come up with ways to make the process more efficient.			
3 Provide support for Coincident Peak Demand customers to maximize customer savings	11C.3.4 - Power	On-going	
Q2 Update: Metering has been installed but working on some last minute connection issues. Staff will be trained on how to use the customer portal in Q3 and will in turn be training the key accounts who received these meters how to use the portal and run their own reports.			
4 Adopt the changes to the Requirements for Electric Service Book	11C.2.2 - Power	2nd Qtr 2014	
Q2 Update: The Requirements for Electric Service Handbook is being reviewed by the City Attorney's office prior to presentation before City Council.			
5 Adopt an updated Electric Extension Policy and amend the Water Extension Policy	11B.1.1 - Water 11C.1.1 - Power	1st Qtr 2014	1st Qtr 2014
Q2 Update: This item has previously been completed and should be removed from the list.			
6 Implement an LED streetlight policy	11C.1 - Power 11C.3.1 - Power	On-going	
Q2 Update: We are performing lighting studies for pole top replacements. LED samples have been ordered for the decorative lighting in the new Lakes at Centerra subdivision.			
7 Discuss the possibility of increasing renewable energy credits.	Power 11C.3.2	On-going	
Q2 Update: The feasibility study from Namaste has been completed and staff is reviewing it. The funds that FEMA will be reimbursing LWP for the hydro could possibly be used for an alternate project. Staff is currently studying if solar as a generation resource at PRPA's rawhide facility could be a potential alternative project.			
8 Support the Planning Department's Comprehensive planning efforts in the following areas:	11B.3.2 - Water 11C.3.2 - Power 11D.3.2 - Wastewater		
a) Master Plan for Development of Highway 287 in Loveland		June 2014	
Q2 Update: Draft plan is still in progress and will go to City Council end of August 2014			
b) Master Plan for Development of the Highway 402 Corridor		End of 2014	
Q2 Update: No action			
c) Downtown Revitalization Efforts		On-going	
Q2 Update: The consultant has completed his review of the downtown area and the preliminary results include an approximate cost of \$300,000 to underground the power lines per square block. This estimate does include the secondary services to the buildings.			
d) Comprehensive Plan Update		End of 2014	
Q2 Update: This is currently in process and is scheduled to be completed by the end of 2014 according to Long Range Planning. A presentation was made at the April 2014 LUC to review the update process, and Staff has participated in several workshops regarding utility interests in this project.			

2014 Goals & Quarterly Updates	Comp Plan #	Est. Completion	Actual Completion
9 Create a Strategic Plan for the Water, Wastewater and Power Utilities	11B.1.2 - Water 11C.1.2 - Power 11D.1.2 - Wastewater		
<p>Q2 Update:</p> <p>All Utilities: We have started the process of creating a strategic plan by updating the 10-year staffing plan, 10-year facility plan, and reviewing the 10-year list of capital improvement projects.</p> <p>Power Utility: We have reviewed PRPA's strategic plan to determine what elements of the at plan should also be included in our plan.</p>			
10 Continue the 2013 Flood restoration and service recovery efforts		TBD	
<p>Q2 Update</p> <p>Power:</p> <p>The Palisade extension has been completed and main lines have been restored in the Big Thompson Canyon. We are still working with individual customers on their timelines to restore services. We do not have an estimated completion date for all of the service restoration work since it is pending individual property owners and access to some of these locations which is controlled by others. Since the completion of the main line restoration, the Line Crews have set 5 new poles to get the Drake Campground energized. Underground lines were installed at Sylvan Dale Guest Ranch to provide power for the temporary kitchen. Engineering and design work is being done to change the route of the overhead lines at Sylvan Dale to eliminate river crossings and protect the system against future flooding.</p> <p>Water:</p> <p>Meadows Transmission Main Replacement - Layne Heavy Civil completed work on constructing a new parallel welded joint 48" diameter steel pipeline from the Water Treatment Plant (WTP) to Highway 34. This new waterline replaces the existing 36" steel and 20" cast iron waterlines that were destroyed during the September 2013 flooding. In addition to the installation of the new waterline the contractor also installed new riprap in a section of the bank of the Big Thompson River to protect critical infrastructure along with the reconstruction of an access road to the WTP from Highway 34. When water demands begin to lessen, probably in October 2014, Layne will come back to the site and replace a 670' section of the existing 48" steel waterline, as Phase II, that was damaged during the flooding.</p> <p>36" Steel Waterline Crossings - In addition to the damage that occurred in the "Meadows," downstream of the WTP, the existing 36" steel water transmission main was exposed to the river during the September 2013 flood. City crews were able to document that the existing steel pipe coating, which prevents rust, had been destroyed and ripped off of the pipe by floodwaters and debris. Subsequently these sections of pipe will rust much quicker and therefore must be replaced. In addition to the coating being removed from the steel pipeline there was a significant amount of pipeline cover (amount of soil over the waterline) that was lost as a result of the scouring of the riverbed. Typically, a waterline is buried with 5' of cover (i.e. material) over top to prevent freezing. The investigation of the transmission mains showed the cover remaining over the 36" steel waterline, in two locations, and the 20" cast iron waterline, in two locations, was reduced to between 0.5' and 2'. The City received statements of qualifications from engineering firms and has selected CH2MHill to complete the design of the repair sections. It is anticipated that a bid for construction will occur in early fall 2014 with construction slated for the winter of 2014/2015.</p> <p>Lincoln Avenue 8" Waterline and Fire Training Grounds (Fairgrounds Park) 6" Waterlines - An existing 8" waterline along the west side of the Lincoln Avenue bridge over the Big Thompson River and a 6" waterline beneath the Big Thompson River from the Fire Training Grounds to Fairgrounds Park were destroyed during the flooding in September 2013. The replacement waterlines design is presently nearing completion and should be constructed during the fall/winter of 2014. These waterlines will be re-installed using directional drill methodology into the hard bedrock beneath the river bottom. Installing in this material will prevent them from being washed out in future flood events.</p>			

2014 Goals & Quarterly Updates	Comp Plan #	Est. Completion	Actual Completion
Wastewater:			
Southside Lift Station 20" Sanitary Sewer Forcemain - During the first quarter of 2014, the City had an engineer design a new sanitary sewer forcemain crossing of the Big Thompson River. This crossing design included replacing the existing damaged 20" forcemain as well as a parallel smaller forcemain and electrical conduit. This project was bid in March 2014, but due to area contractors being extraordinarily busy and the significant risk of doing the work so close to anticipated high river flows, there was only one bid. Due to it being much higher than anticipated and to reduce the risk to the City and a contractor, the project will be rebid during the summer/fall of 2014, following a review by the Larimer County Flood Review Board, and constructed during the fall/winter of 2014.			
11 Further develop the Asset Management Program in the Water and Wastewater Utilities	11B.3.3 - Water 11D.2.2 - Wastewater 11D3.1 - Wastewater	On-going	
Q2 Update: Staff has assessed the probability of failure and consequence of failure on the wastewater collection system assets and has created color coded risk maps. Staff presented the progress on the Asset Management program at the May 2014 LUC meeting. Staff continues to work on creating an asset register for the Water & Wastewater Treatment Plants, a Levels of Service document, an Asset Management Policy, and an Asset Management Communication Plan.			
12 Develop a more robust Water Division Safety Program with increased accountability and program measurement		On-going	
Q2 Update: Staff created a 2014 calendar of dates, topics, and presenters for all of the work site and work group safety meetings to allow staff time to prepare for their assigned safety presentations. This new program has helped to engage employees at all levels within the division in safety meetings.			
13 Redefine the Key Accounts program		On-going	
Q2 Update: No progress has been made on this goal.			
14 Complete a residential and commercial customer survey to help define satisfaction and direction for Loveland Water and Power	18.2.2 - All 18.2.3 - All	August 2014	
Q2 Update: The survey has been completed and results compiled to be presented to the LUC at the July 2014 meeting.			
15 Update and adopt the Sustainability Plan	11B.1.2 - Water 11C.1.2 - Power 11D.1.2 - Wastewater		
Q2 Update The schedule for this plan is delayed due to the departure of the Public Works Director. HR is currently assisting in the on-going hiring process for a new Public Works Director.			
16 Work with Platte River Power Authority to complete an Integrated Resource Plan which is part of the Implementation of their Strategic Plan	11C.1.2 - Power		
Q2 Update Platte River Power Authority is working on an Integrated Resource Plan.			
17 Seek out opportunities to acquire additional shares of CBT water at reasonable prices	11B.1.2 - Water	On-going	
Q2 Update CBT prices appear to have stabilized somewhat, in the vicinity of \$23,000/unit. Confirmed sales have hit \$25,000, but the average is lower. The comparison between the cost of CBT water and other ways to further develop the City's firm yield goals remain valid, as participation in the Windy Gap and Windy Gap Firming Projects may be more favorable. Staff continues to monitor markets.			



AGENDA ITEM: **2**

MEETING DATE: 7/16/2014

SUBMITTED BY: Gretchen Stanford, Customer Relations Manager *GFS*

TITLE: Intergovernmental Agreement for Demand Side Management Program
Partnership between Water and Power and Platte River Power Authority

DESCRIPTION:

Proposed Intergovernmental Agreement (IGA) for demand side management programs offered by Loveland Water and Power and Platte River Power Authority.

SUMMARY: Each year, Platte River contracts for and provides certain demand side management (“DSM”) programs to all customers of the four member municipalities (“Common Programs”). Funding for Common Programs is allocated between the municipalities based on each city’s equity share in Platte River.

Common Programs have been popular with Loveland Water and Power commercial customers, and demand has exceeded Loveland’s allocation. City staff would like to continue offering Common Programs to Loveland Water and Power customers. Platte River is willing to continue providing Common Programs, provided that the additional cost, above and beyond Loveland’s equity share, of said programs are paid for by Loveland which is called supplemental funding.

The proposed IGA has been revised to include residential common programs and services such as the Efficiency Works home energy audits and rebates. The four cities and Platte River staff have been collaborating to increase efficiencies, reduce cost and provide our customers and contractors with a “one stop shop” program to avoid confusion. This program will replace our Home Energy Audit Program but will still provide the whole house approach to our customers – a detailed audit, contractor training, post verification, direct installs, a concierge service and rebates.

Also the IGA will address different type of funding mechanisms including supplemental and directive. Directive Funding shall mean funding that is provided by a Municipality to procure DSM services that fall outside of those DSM services provided through the Common Programs. Supplemental Funding shall mean funding that is provided by a Municipality to procure Common Programs services in excess of those provided by Platte River based upon the Municipality’s Equity Share.

Because all four cities will have common programs going forward under the Efficiency Works umbrella, each city will have the same IGA with Platte River to fund their portion of the common programs. This document will replace the IGA presently in place that was approved in 2012.

RECOMMENDATION: Adopt a motion recommending that the City Council approve the Intergovernmental Agreement with Platte River Power Authority for Demand Side Management Program Partnership.

REVIEWED BY DIRECTOR:

AP for SA

ATTACHMENTS:

- Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT FOR DEMAND SIDE MANAGEMENT PROGRAM PARTNERSHIP

This Intergovernmental Agreement ("Agreement") is made this _____ day of _____, 2014 by and between the TOWN OF ESTES PARK, a Colorado municipal corporation ("Estes Park"), the CITY OF FORT COLLINS, a Colorado municipal corporation ("Fort Collins"), the CITY OF LONGMONT, a Colorado municipal corporation ("Longmont"), the CITY OF LOVELAND, a Colorado municipal corporation ("Loveland"), and PLATTE RIVER POWER AUTHORITY, a political subdivision of the State of Colorado ("Platte River"), collectively referred to herein as the "Parties." When specificity is not required, the municipal corporations which are parties hereto will hereinafter be individually referred to as "Municipality," and collectively as "Municipalities."

WHEREAS, the Municipalities contracted with one another to establish Platte River as a separate legal entity and multi-purpose intergovernmental authority to provide the electric power and energy requirements of the Municipalities and to engage in related business activities including demand side management ("DSM"); and

WHEREAS, periodically Platte River develops Integrated Resource Plans that detail Platte River's plans and programs in the areas of generation and transmission, renewable energy, and energy efficiency, including DSM; and

WHEREAS, Platte River's DSM programs include those offered to the utility customers of the Municipalities, which programs are contracted for and funded by Platte River; and

WHEREAS, Platte River seeks to maintain an equitable distribution of DSM funds among the Municipalities; and

WHEREAS, the Parties intend to expand the scope of Platte River's current DSM programs, and desire to define certain terms and conditions related to program management as set forth in this Agreement; and

WHEREAS, the Parties are authorized, pursuant to C.R.S. § 29-1-203, to cooperate or contract with one another to provide any function, service, or facility lawfully authorized to each.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Definitions.**

“Common Programs” shall mean DSM programs and related services which are developed by, contracted for, and funded by Platte River. Common Programs are offered by Platte River to the utility customers of the Municipalities, up to an amount equal to each Municipality’s Equity Share of Platte River’s DSM budget.

“Directive Funding” shall mean funding that is provided by a Municipality to procure DSM services that fall outside of those DSM services provided through the Common Programs.

“Equity Share” shall mean the pro rata share that each Municipality would receive of Platte River’s assets upon dissolution as provided in Section 2.8 of the Platte River Power Authority Organic Contract.

“Fiscal Year” shall mean with reference to any Municipality, the applicable fiscal year for such Municipality, in accordance with its individual budget and accounting practices.

“Supplemental Funding” shall mean funding that is provided by a Municipality to procure Common Programs services in excess of those provided by Platte River based upon the Municipality’s Equity Share.

2. **Supplemental Funding.** During any calendar year demand for Common Program services within a Municipality may result in the full commitment of its Equity Share of Platte River’s DSM budget. Upon the request of a Municipality whose Equity Share of the DSM budget has been fully committed, Platte River shall continue to offer Common Programs within that Municipality; provided, however, that before Platte River commits such additional funding, the Municipality must issue a purchase order authorizing Supplemental Funding in the necessary amount. Supplemental Funding shall be from funds that have been appropriated and are available in the Municipality’s budget. Platte River shall invoice the Municipality under such purchase order when expenditures have exceeded its Equity Share of Platte River’s DSM budget. The Municipality shall pay Platte River within thirty days of invoice.
3. **Directive Funding.** Platte River or a Municipality may identify additional DSM programs or services not contemplated within the scope of the Common Programs. Platte River and the interested Municipality may decide to collaborate in offering these programs or services when they determine that such collaboration would result in the effective delivery of the programs or services to the Municipality’s utility customers. In these cases, Platte River will work closely with the Municipality’s designated staff to

establish a scope of work for the program or service as well as a budget containing sufficient funding to complete the scope of work. Prior to Platte River undertaking any Directive Funding activity, the Municipality must issue a purchase order authorizing an amount of expenditure from funds that have been appropriated and are available in the Municipality's budget. Platte River shall invoice the Municipality on a monthly basis, or at another agreed upon interval. The Municipality shall pay Platte River within thirty days of invoice.

4. **Term.** This Agreement will be effective upon execution by the Parties and will remain in effect until terminated.
5. **Termination.** A Municipality or Platte River may terminate its participation in this Agreement upon sixty (60) days written notice to the other Parties; provided, however, that any work commenced by Platte River under a purchase order issued by a Municipality prior to receipt of the written notice of termination will be completed by Platte River and reimbursed by the Municipality.
6. **Appropriation Required.** The financial obligations of the Municipalities under this Agreement are from year to year only and shall not constitute a multiple-fiscal year debt or other financial obligation or fiscal obligation of any kind payable in any Fiscal Year beyond the Fiscal Year for which funds are so appropriated for the payment of current expenditures.
7. **Designated Representatives.** The designated representatives for each of the Parties are as follows:

Platte River:

Paul Davis, Customer Services Manager
Platte River Power Authority
2000 East Horsetooth Road
Fort Collins, CO 80525
970-229-5370
Davis@prpa.org

Estes Park:

Reuben Bergsten, Utility Director
Estes Park Light & Power
Estes Park Municipal Building
P.O. Box 1200
170 MacGregor Ave
Estes Park, Colorado 80517

Fort Collins:

John Phelan, Energy Services Manager

Fort Collins Utilities
700 Wood St
Fort Collins, CO 80522

Longmont: Energy Services Manager
Longmont Power & Communications
1100 S. Sherman St.
Longmont, CO 80501
303-651-8727
Anne.Lutz@ci.longmont.co.us

Loveland: Gretchen Stanford, Customer Relations Manager
Loveland Water & Power
200 North Wilson Avenue
Loveland, CO 80537
970-962-3550
Gretchen.Stanford@cityofloveland.org

A Municipality or Platte River must notify the other Parties in writing of any subsequent changes in appointed representative.

8. **Notices.** Any notice, demand, request, consent, approval, or communication that a Municipality or Platte River is required to give shall be in writing and either served personally or sent by first class mail, postage prepaid, or by fax or email, to the designated representative of the recipient at the address designated as set forth above, or as subsequently provided in writing.
9. **Confidential Customer Information.** To the extent required by Platte River (as an agent of the Municipalities) to perform the work required under this Agreement, a Municipality may provide Platte River with confidential utility customer information. Platte River agrees to keep such information confidential and shall not disclose such information, including to the other Municipalities, except as required by law. Platte River shall notify the Municipality prior to any such disclosure so that the Municipality may have an opportunity to take such legal action as it deems necessary to prevent the disclosure.
10. **Liability.** Each of the Parties hereto agrees to assume responsibility and liability associated with its own acts and the acts of its employees in the performance of this Agreement in accordance with Colorado law. By agreeing to this provision, neither Platte River or the Municipalities waives or intends to waive, the limitations on liability

which are provided to them under the Colorado Governmental Immunity Act, § 24-10-101 et seq., C.R.S., as amended.

11. **Entire Agreement.** This Agreement contains the entire agreement of the Parties relating to the subject matter hereof and, except as provided herein, may not be modified or amended except by written agreement of the Parties.
12. **No Third Party Beneficiaries.** The Parties acknowledge and agree that this Agreement is intended to only document the relative rights and obligations between the Parties to one another, and that no third party beneficiaries are intended.
13. **Governing Law and Venue.** This Agreement shall be governed by the laws of the State of Colorado, and venue shall be in the County of Larimer, State of Colorado.
14. **Authority.** The Parties recognize the legal constraints imposed upon them by the constitutions, statutes, and regulations of the State of Colorado and of the United States, and imposed upon the Municipalities by their Charter or Municipal Code, and, subject to such constraints, the Parties intend to carry out the terms and conditions of this Agreement. Notwithstanding any other provision in this Agreement to the contrary, in no event shall the Parties exercise any power or take any action which shall be prohibited by applicable law. This Agreement may be executed in separate counterparts, and the counterparts taken together shall constitute the whole of this Agreement.
15. **Superseded Agreements.** This Agreement supersedes and replaces the following agreements which are hereby terminated:

“Intergovernmental Agreement for Demand Side Management Program Funding” between the City of Loveland and Platte River, dated December 18, 2012.

“Intergovernmental Agreement between the City of Longmont and the Platte River Power Authority Concerning Use of Longmont’s Electric Utility Customer Data,” dated January 10, 1995.

“Intergovernmental Agreement between the City of Longmont and the Platte River Power Authority Concerning Use of Longmont’s Electric Utility Customer Data,” dated May 30, 2002.

“Agreement” between Platte River Power Authority and the City of Longmont, dated April 8, 2005.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

TOWN OF ESTES PARK, COLORADO

By: _____
[Title]

ATTEST:

By: _____
Town Clerk

CITY OF FORT COLLINS, COLORADO

By: _____
[Title]

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
Assistant City Attorney

CITY OF LOVELAND, COLORADO

By: _____
[Title]

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
Assistant City Attorney

CITY OF LONGMONT, COLORADO

By: _____
Mayor

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM AND SUBSTANCE:

By: _____
General Manager of Longmont Power & Communications

PROOFREAD:

APPROVED AS TO FORM:

PLATTE RIVER POWER AUTHORITY

By: _____
Jackie Sargent, Chief Executive Officer

APPROVED AS TO FORM:

By: _____
General Counsel

PROOFREAD:

Assistant City Attorney

ATTEST:

By: _____
Secretary

DRAFT



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: 7/16/2014

SUBMITTED BY: Brieana Reed-Harmel, Electric Engineer *BRH*

TITLE: Primary Electric Cable Contract Renewal

DESCRIPTION:

Award of a one year “renewal” contract to Wesco Distribution/ Prysman Cable for underground primary Cable.

SUMMARY:

On July 16, 2013 the City of Loveland received sealed bids for our primary cable needs. After comprehensive evaluations and Loveland's Utility Commissions (LUC) approval, the contract was awarded to WESCO Distribution / Prysman Cable in the amount of \$1,233,038.00 on August 1, 2013. This contract for cable expires July 31 2014, therefore, the City of Loveland Electrical Specification Committee, discussed and unanimously agreed that a one year renewal contract should be pursued for the City of Loveland's 2014-2015 cable needs in the amount of \$950,000.00.

RECOMMENDATION:

Adopt a motion awarding the renewal contract for underground primary cable to Wesco Distribution for their Prysman cable in an amount not to exceed \$950,000.00 and authorizing the City Manager to execute the contract on behalf of the City.

REVIEWED BY DIRECTOR:

AP for SA



AGENDA ITEM: 4
MEETING DATE: 7/16/2014
SUBMITTED BY: Lindsey Bashline, Customer Relations Specialist

TITLE: Utility Customer Survey Preliminary Results

DESCRIPTION:

Utility staff, with the help of JD Consulting, surveyed residential and commercial customers to help guide programs and services to meet the community's goals. JD Consulting will be presenting key findings and survey results.

SUMMARY:

Survey Background

JD Consulting was commissioned by Loveland Water and Power (LWP) to conduct market research, which began in 2013 with focus groups regarding its marketing and other messaging. The follow-up to this process was the current survey, which targeted both Residential and Commercial customers of the utility.

Survey Instrument Design

JD Consulting worked extensively with LWP to develop the survey instrument. In initial meetings, a purpose statement was developed, and it is as follows:

"Loveland Water and Power wants to gain a better understanding of our customers' needs and wants, your response to existing and potential programs or policies, and your understanding of our services."

Around this statement, and including questions requested by Platte River Power Authority (PRPA) to support their Integrated Resource Plan, the survey instrument was developed with feedback from different divisions around the utility. After initial meetings with a small group of stakeholders and project leaders, the proposed instrument was put in front of department managers for additional refining and feedback. It was then sent to LWP staff for additional feedback and testing. The final instrument was then reviewed by LUC at the April 2014 meeting. This concluded the instrument design process, and the survey was finalized online at SurveyGizmo and in paper, in addition to being translated into Spanish.

Residential Survey: Response Collection

The primary method of collection for the survey was done online, through the SurveyGizmo platform. Both English and Spanish versions were available online, although no responses were collected in Spanish. A large survey outreach campaign was launched on May 5, 2014, with a soft deadline for completed surveys of May 31st, 2014. Total respondent information is included

in the demographic portion of the survey analysis, but in all, 1,491 Residential customers filled out the online survey, 35 filled out paper surveys, and 252 partially completed the online survey.

Margin of Error

The aim for this survey was to achieve a margin of error of 5%, at a 95% confidence level. This required 379 responses, a number which was far exceeded. With the final completed response tally at 1,526, the margin of error for this data is 2.44% at the 95% confidence interval, meaning that percentages would be within 2.44% of what is reported 95% of the time if this survey was replicated.

Margin of Error/Sample Size Table -

Population Size	±3%	±5%	±10%
500	345	220	80
1,000	525	285	90
3,000	810	350	100
5,000	910	370	100
10,000	1,000	400	100
100,000	1,100	400	100
1,000,000	1,100	400	100
10,000,000	1,100	400	100

Residential Key Findings:

- **The utility is generally in good favor with its customers, and they approve of the job it is doing and the information it provides.**
 - 92.6% of residential customers at least somewhat agree that LWP contributes to making Loveland a better place to live and work.
 - On average, 59.4% of customers give LWP an “A” or a “B” on communications, with the highest (72.4%) giving these marks for communications on Utility Performance, and the lowest (42.0%) giving these marks for communications on Services Offered.
 - While fewer than half (46.1%) of customers have visited the LWP website, an average of 75.2% gave the website an “A” or a “B” on quality, ease, and clarity of information contained there.
- **Renewable Energy is important to customers, but less so than Water Conservation and Energy Efficiency.**
 - In a forced ranking of these three priorities, customers generally ranked Water Conservation (WC) first (score = 3,102), Energy Efficiency (EE) second (score = 2,962), and Renewable Energy (RE) third (score = 2,532).
 - 92.3% of customers said that all three (WC, EE, RE) were at least somewhat important for LWP to provide, with 95.1% giving these responses for Energy Efficiency, 94.4% for Water Conservation, and 87.3% for Renewable Energy.

- 69.8% of customers would pay at least some additional amount for water conservation programs, compared with 63.7% for energy efficiency programs, and 54.0% for renewable energy programs.
- **Residential customers are divided regarding their willingness to participate in/pay for additional energy sources from the utility.**
 - A small majority (52.6%) of customers said that they would be at least somewhat likely to participate in a community solar garden.
 - 38.7% of customers said they would at least somewhat agree to pay at least \$10 more per month to reach PRPA goals listed in the survey. This proved a polarizing issue, as 31.3% of customers said that they would strongly disagree to paying even \$10 more per month for progress towards those goals.
- **Residents appreciate other efforts, but mostly look to the utility to provide them with the best service for the lowest cost.**
 - The largest number of customers (68.0%) rated "programs that reduce utility operating costs" as a high priority for LWP's consideration. This was followed by "power and water savings of potential programs" (62.6% high priority), and "programs that reduce environmental impact" (55.9% high priority).
 - A large majority of customers (82.2%) cited cost as a major barrier in considering making water conservation or energy efficiency improvements to their home.
 - Strategies for lowering bills and rate changes (both cost considerations) were listed as the most desired information from the utility, with 65.1% of customers saying they'd like to know more about strategies for lowering bills and 55.9% saying they'd like to know more about rate changes.
 - The vast majority of customers said the most important consideration for LWP in creating its future strategy is lowering utility rates, with 63.0% saying this is very important. The second most important consideration was minimizing environmental impact, with 48.1% saying this is very important.
 - While nearly half of customers (49.8%) said they needed more information about LWP and the triple bottom line, they stressed the importance of Financial considerations (score = 3,578) above both Environmental (score = 3,205) and Social (1,848) when asked to force-rank those items.
- **Customers generally look to the utility to determine best practices and policies. They trust decisions made, as long as they do not mean greatly increased costs, and they are well-informed about them.**
 - Customers expressed their support for WC, EE, and RE programs, and said the best way for LWP to support those efforts was in providing them with detailed information about household water and power consumption. 86.7% of customers said that this type of support was at least somewhat important to them.
 - A great majority of customers (69.7%) said that the source of information they trust most about WC and EE is the utility itself. Friends/Relatives/Coworkers (42.3%) and Consumer Groups (41.7%) were rated next most trustworthy, but were far below the utility.

Commercial Survey: Response Collection

The primary method of collection for the survey was done online, through the SurveyGizmo platform. Both print and online versions were available, although no responses were collected in print. A large survey outreach campaign was launched on May 5, 2014, with a deadline for

completed surveys of June 30th, 2014. Additional outreach was completed in the month of June when response counts remained well below the 354 required for a 5% margin of error. A phone list of 2,200 customers was called through a total of four times, collecting email addresses to send the survey link to business owners. The phone calls reached 811 businesses and collected 119 email addresses. This garnered additional responses through the survey's closing on June 30, 2014. Total respondent information is included in the demographic portion of the survey analysis, but in all, 146 Commercial customers filled out the survey and 83 partially completed the online survey.

Margin of Error

The aim for this survey was to achieve a margin of error of 5%, at a 95% confidence level. This required 354 responses, a number which was not reached. With the final completed response tally at 146, the margin of error for this data is 7.84% at the 95% confidence interval, meaning that percentages would be within 7.84% of what is reported 95% of the time if this survey was replicated. This margin of error is still statistically sound, as surveys require a margin of error under 10% in order to make inferences about the data's extrapolation to a greater population.

Margin of Error/Sample Size Table -

Population Size	±3%	±5%	±10%
500	345	220	80
1,000	525	285	90
3,000	810	350	100
5,000	910	370	100
10,000	1,000	400	100
100,000	1,100	400	100
1,000,000	1,100	400	100
10,000,000	1,100	400	100

Commercial Key Findings:

- The utility is generally in good favor with its business customers, and they approve of the job it is doing. Business customers are also likely to favor electronic forms of communication.
 - 69.4% of business customers at least somewhat agree that LWP makes decisions in the best long-term interests of the Loveland business community.
 - On average, over three-quarters (75.2%) of business customers rated water, wastewater, and power service as very reliable.
 - On average, 52.9% of commercial customers give LWP an "A" or a "B" on communications, with the highest (62.2%) giving these marks for communications on Utility Performance, and the lowest (43.0%) giving these marks for communications on Services Offered.

- While far fewer than half (38.1%) of commercial customers have visited the LWP website, an average of 72.7% gave the website an “A” or a “B” on quality, ease, and clarity of information contained there.
- Behind their utility bill (78.5%), commercial customers would most like to receive their information by email, with 46.1% giving their response. Additionally, 86.5% of business customers said they would prefer to receive information on emergencies or outages by email or on the website.
- **Commercial customers prioritize lower costs and economic progress over environmental and social concerns in almost all cases.**
 - Almost all (90.5%) business customers with sustainability goals cited reducing costs as a main driver behind these goals.
 - The largest number of business customers (72.0%) rated “programs that reduce utility operating costs” as a high priority for LWP’s consideration. This was followed by “power and water savings of potential programs” (54.9% high priority), and “programs that reduce environmental impact” (39.1% high priority).
 - Strategies for lowering bills and rate changes (both cost considerations) were listed as the most desired information from the utility, with 61.3% of commercial customers saying they’d like to know more about strategies for lowering bills and 49.7% saying they’d like to know more about rate changes.
 - Almost all business customers said the most important consideration for LWP in creating its future strategy is lowering utility rates, with 95.4% saying this is at least somewhat important. The second most important consideration was economic growth/development, with 89.0% saying this is at least somewhat important.
 - While nearly half of commercial customers (48.7%) said they needed more information about LWP and the triple bottom line, they emphatically stressed the importance of Financial considerations (score = 369) above both Environmental (score = 299) and Social (178) when asked to force-rank those items.
 - Business customers said that the support they would like most to see from LWP for water conservation, energy efficiency, and renewable energy programs is in the form of rebates and discounts, with 90.3% saying this would be at least somewhat important to them.
- **In keeping with their emphasis on financial considerations, business customers rated Energy Efficiency above Water Conservation and Renewable Energy for future strategy considerations.**
 - In a forced ranking of these three priorities, business customers ranked Energy Efficiency first (score = 405), Water Conservation second (score = 335), and Renewable Energy third (score = 242).
 - 85.3% of business customers said that all three (WC, EE, RE) were at least somewhat important for LWP to provide, with 92.9% giving these responses for Energy Efficiency, 85.5% for Water Conservation, and 77.6% for Renewable Energy.
 - 64.7% of business customers would pay at least some additional amount for water conservation programs, compared with 62.8% for energy efficiency programs, and 43.4% for renewable energy programs.
 - 44.7% of business customers reported having set sustainability goals for energy efficiency, compared with 30.4% reporting goals for water conservation and only 9.9% reporting goals for renewable energy.

Next Steps

Results to the PRPA questions in the survey have been compiled and shared with PRPA. Once PRPA has compared and summarized the results with those of the other member cities, the report will be presented to the PRPA Board. Once presented, a copy of PRPA's report will be made available to the LUC.

For LWP, the results of both surveys provide LWP with insightful quantitative and qualitative data that will be used as a guide for decision-making and improvement planning. As staff is able to review data and move forward with planning, recommendations will be provided to LUC.

To view the full survey reports, visit – cityofloveland.org/LWPReports.

RECOMMENDATION:

Information item only. No action required.

REVIEWED BY DIRECTOR:

AP for SA



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: 5

MEETING DATE: 7/16/2014

SUBMITTED BY: Gretchen Stanford, Customer Relations Manager *GFS*

TITLE: Idylwilde Project FEMA Reimbursement & Possible Solar Project

DESCRIPTION:

Staff will provide a PowerPoint presentation update on the status of the Idylwilde Project FEMA Reimbursement & Possible Solar Project.

SUMMARY:

As a possible alternative project and utilizing the \$9.1 million dollars that FEMA is anticipating reimbursement for the hydro, staff is looking at the possibility of using the funds to potentially put in 5 MWs of solar in at Platte River's Rawhide facility. Staff would like to introduce the project idea and the steps we are taking to study this as an alternative project.

Please refer to www.cityofloveland.org/lwpreports for a copy of the Namaste Feasibility Study which will be referenced and discussed in the presentation.

RECOMMENDATION:

Staff report only. No action required.

REVIEWED BY DIRECTOR:

AP for SA



CITY OF LOVELAND

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(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 6

MEETING DATE: 7/16/2014

SUBMITTED BY: Chris Matkins, Water Utilities Manager

TITLE: Water Treatment Plant Expansion Update

DESCRIPTION:

Staff will provide a PowerPoint slide presentation and give an overview of the outcome from the July 15, 2014 regular City Council meeting in which staff outlined funding options for the Water Treatment Plant Expansion project.

SUMMARY:

The Water Utility requires additional funding due to bids coming in higher than anticipated on the Water Treatment Plant (WTP) Expansion project and the delay in receiving approximately \$8 Million in flood related reimbursements from FEMA and the State. The supplemental appropriations would cover the following: 1) Newly discovered flood related waterline replacements \$1.5 M, 2) Construction services \$600k, and 3) WTP Expansion construction. Staff will review the presentation given to City Council on July 15, 2014 and update the Loveland Utilities Commission on the direction that City Council provided to staff.

RECOMMENDATION:

Staff item only. No action required.

REVIEWED BY DIRECTOR:

ATTACHMENTS:

- PowerPoint Slides

Water Treatment Plant Expansion Funding Options

Chris Matkins, Water Utilities Manager

Jim Lees, Utility Accounting Manager

Loveland Utilities Commission Meeting • July 16, 2014

Requested Council Action

1. Water Treatment Plant Bid Results

- Capacity: 30 MGD to 38 MGD
- Reliability of critical processes

2. 2013 Flood

- Additional river crossings: 36" and 20"

3. Staff Recommendation

- Financing
- Schedule
- Internal and external sources of funds

Water Treatment Plant Expansion Map



Bid Results on Water Treatment Plant Expansion

Contractor	Base Bid	Soda Ash Alternate	Total Bid
Moltz Construction	\$23,714,000	\$660,213	\$24,374,213
Hydro Construction	\$26,800,000	\$672,000	\$27,472,000
2014 Engineer Estimate	\$18,792,000	\$927,000	\$19,719,000
Bid Difference	\$4,922,000	(\$266,787)	\$4,655,213

Driving Factors for Bid Difference:

- Material cost increases
- Labor shortages
- Colorado construction activity surge
- Scarce bidders

WTP Expansion Options

Option	1	2	3
Bid Total	\$24,374,213	\$24,374,213	\$24,374,213
- Soda Ash Bid Alternate	(\$660,213)	(\$660,213)	(\$660,213)
- Value Engineering	(\$400,000)	(\$500,000)	(\$500,000)
- Sand Filter/Polymer Bldg		(\$1,000,000)	(\$1,000,000)
- Reduce Chemical Bldg			(\$1,700,000)
Subtotal	\$23,314,000	\$22,214,000	\$20,514,000
+ Contingency	+ \$500,000	+ \$500,000	+ \$500,000
Total Construction Cost	\$23,814,000	\$22,714,000	\$21,014,000

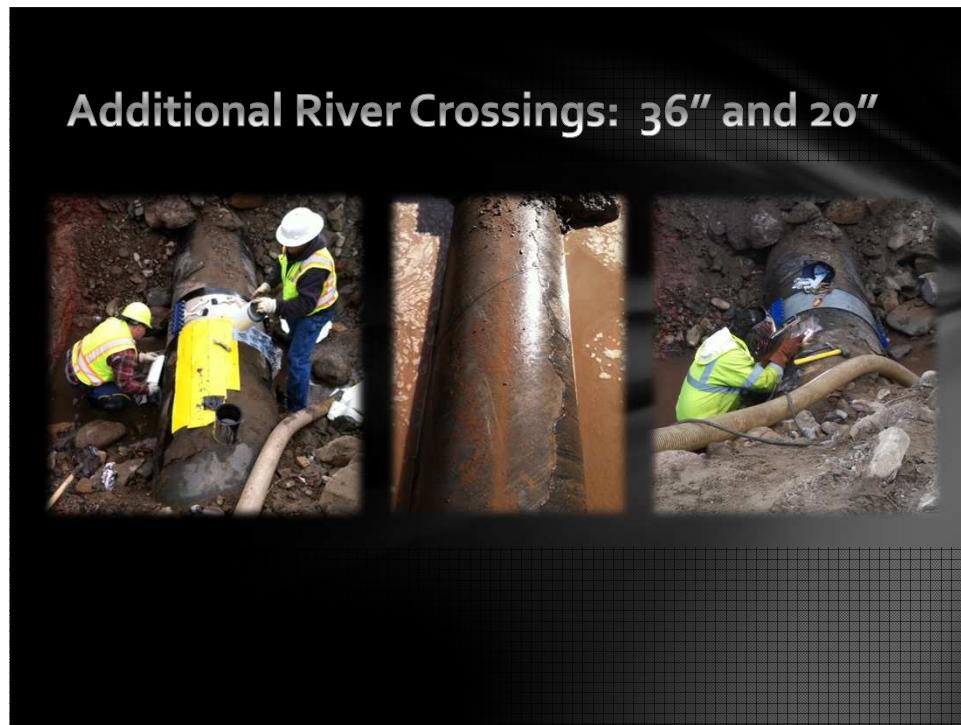
Option Comparison

Option	1	2	3
Total Construction Cost	\$23,814,000	\$22,714,000	\$21,014,000
Overall Plant Rating	38 MGD	30 MGD*	30 MGD*
Additional External Borrowing	\$2.3 M	\$1.2 M	none

*Rerating to 38 MGD anticipated on 2021

+ Advantages	- Disadvantages
Option 1: 38 MGD (Staff recommendation)	
+ Achieves capacity goal + Achieves reliability goal + Supports future growth + Current low interest rates + Construction inflation exceeds current borrowing rates + Lowest cost (time value of money) + Eliminates chlorine gas	- Highest interest payments
Option 2: 30 MGD* (Staff does not recommend)	
+ Reduced interest payments + Includes major facilities needed to increase overall plant capacity and reliability + Eliminates chlorine gas	- Does not achieve capacity goal - Partially achieves reliability goal - Does not support future growth - Reduced quality to save costs - Delayed projects likely to cost more
Option 3: 30 MGD* (Staff does not recommend)	
+ No additional borrowing required + Lowest interest payments	- Does not achieve capacity or reliability goals - Does not support future growth - Reduced quality to save costs - Chem Building redesign & possible rebid - May have to stay with chlorine gas system - Highest cost (time value of money)

*Rerating to 38 MGD anticipated in 2021



Appropriations

Revenue Appropriation

1. Wells Fargo loan: \$9.9 M
2. Raw Water loan: \$13 M (line of credit)
3. Additional external loan: (line of credit)
 - Option 1: \$2.3 M
 - Option 2: \$1.2 M
 - Option 3: None

Capital Expenditure Supplemental Appropriation

1. Waterline replacements (flood): \$1.5 M
2. Construction Services: \$600 K
3. WTP Expansion Construction:
 - Option 1: \$14.6 M
 - Option 2: \$13.5 M
 - Option 3: \$11.8 M

Additional loans: Due to WTP Expansion bids and FEMA/State Flood reimbursement delays

How Funding Needs Have Changed

March 2013, Council Approved:

- Series of rate increases
- \$6 M Power loan
- \$10 M external loan

Purpose:

- \$21 M WTP Expansion
- \$6 M Waterlines

Now:

- Additional \$13 M Raw Water loan
- Additional \$2.3 M external loan

Purpose:

- \$26.8 M WTP Expansion
- \$9-\$10 M of 2013 Flood expenses (2015 reimbursements)

How the \$13 M Loan from Raw Water will be Repaid by 2017

Fund Source	Amount
2013 FEMA/State	\$8 M
2017 External Loan (20 year payback)	\$2.3 M
Unspent SIF Revenues/Fund Balance	\$2.7 M
Total	\$13 M

Staff Recommendation

Option 1

- Increase WTP capacity to 38 MGD by 2016
- Does not delay key improvements
- Increases reliability of key treatment processes

Funding

Revenue Appropriation

1. Wells Fargo loan: \$9.9 M
2. Raw Water loan (line of credit) : \$13 M
3. Additional external loan (line of credit): \$2.3 M

Capital Expenditure Supplemental Appropriation

1. Waterline replacements (flood): \$1.5 M
2. Construction Services: \$600 K
3. WTP Expansion Construction Option 1: \$14.6 M (\$23.814 M - \$9.9 M)

Summary

1. Water Treatment Plant Bid Results
2. New 2013 Flood Projects: 30" & 20" River Crossings
3. Staff Recommendation
4. Questions
5. Council Action



CITY OF LOVELAND
WATER & POWER DEPARTMENT
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AGENDA ITEM: 7

MEETING DATE: 7/16/2014

SUBMITTED BY: Jim Lees, Utility Accounting Manager

AP for JL

TITLE: 2015 Budget Recap

DESCRIPTION:

This item gives an update on the 2015 Water and Power budget.

SUMMARY:

The 2015 Water & Power budget process is nearly complete, and the information was assembled and submitted to John Hartman. Attached for your information are the 10-Year Financial Projections and the 5-Year Capital Plans for the three utilities. Loveland Utilities Commission (LUC) members Dave Schneider, Gene Packer and Larry Roos participated in this year's budget review meetings, and we thank them for their time, interest and guidance. The LUC received budget updates during the 2015 budget preparation process. Today, the LUC will receive an update on the 2015 budget. Some of the highlights and challenges from this budget process are discussed below.

CHANGES IMPACTING ALL THREE UTILITIES

- **Staffing** – There are 8.5 new full-time equivalent (FTE) positions proposed for 2015. This is an unusually high number of requests for W&P, but, to add some perspective, if all 8.5 of these positions are approved, W&P's FTE count would be 129.25, which is nearly 2 FTEs less than W&P had in 2003. The positions that are being proposed are:
 - 1) Water Engineering Civil Engineer
 - 2) Power Field Engineer
 - 3) GIS Specialist
 - 4) 2 Power Pre-Apprentice Lineworkers
 - 5) Public Works Construction Inspector
 - 6) Journey Water Systems Operator
 - 7) Office Support Specialist
 - 8) Accounting Technician (half-time)

The addition of these positions will generate an increase in Personal Services expense of \$640,000. The \$640,000 increase breaks down as \$184,000 for Water, \$165,000 for Wastewater and \$291,000 for Power. In addition, there is a Utility Systems Technician

position that has been converted from a ¾ time position to full-time during 2014 and the impact of this change is an increase to the 2015 budget of \$11,000.

There also have been some additions and deletions of temporary positions for 2015, which will result in a net increase in Personal Services expense of approximately \$26,000. The \$26,000 increase breaks down as a \$9,000 increase for Water, a \$23,000 increase for Wastewater and a \$6,000 decrease for Power.

- **Salaries** – A 3.5% salary increase has been built in for 2015, which will generate an overall increase in Personal Services of \$354,000. The \$354,000 increase breaks down as a \$120,000 increase for Water, a \$89,000 increase for Wastewater and a \$145,000 decrease for Power.
- **Vehicle O&M Expenses** – The vehicle O&M expense that was received from the Budget office shows a slight decrease of \$14,000 for expenses in 2015 compared to 2014. The breakdown by utility is that Water is up \$10,000, Wastewater is up \$3,000 and Power is down \$27,000.
- **Health Insurance Expense** – Health insurance expense for full-time employees went up 4.9% in 2015, which generated a total increase in the W&P budget of \$28,000. The breakdown by utility is that Water is up \$10,000, Wastewater is up \$8,000 and Power is up \$10,000.
- **General Liability Expense** – General Liability expense is up 66% in 2015, or \$107,000. General Liability is calculated partially based on the past five years of claims experience and 2013 was a high year for claims and 2008, the year that dropped, was considerably lower. This increase also takes into account the coverage for newly added City property, including the Service Center Expansion. The breakdown by utility is that Water is up \$38,000, Wastewater is up \$37,000 and Power is up \$32,000.
- **Workers Compensation Expense** – Workers Compensation expense is up 33% in 2015, or \$64,000. Like General Liability, Workers Compensation is calculated partially based on the past five years of claims experience and 2013 was a high year for claims and 2008, the year that dropped, was considerably lower. The breakdown by utility is that Water is up \$3,000, Wastewater is up \$2,000 and Power is up \$59,000.
- **Transfers for Assets Funded by Multiple Utilities** – There is an increase in the amount of General Plant Capital purchases for equipment that is used by more than one utility, but some significant changes in the costs were allocated between the utilities. In total, 2015 is up from 2014 by \$19,000, and the breakdown by utility is that Water is down \$96,000, Wastewater is up \$56,000 and Power is up \$59,000.
- **Renovation and Hardening of Security of the Service Center Entryway** – This project is scheduled to begin construction in September and will not be a recurring expense in 2015. The total budget for this project is \$130,000 and, with this not recurring

in 2015, will generate decreases of \$51,000 in Water, \$30,000 in Wastewater and \$50,000 in Power.

WATER

In accordance with the Water Financing Plan that was passed by City Council back in March of 2013, there is a 9% across-the-board rate increase proposed for Water in 2015. 8% will be to address aging infrastructure and operational needs and 1% will be the recurring request to fund the future needs of the Raw Water program.

In addition to the capital projects that are detailed in the Water 5-Year Capital Plan, key operating expense drivers (both increases and decreases) that are built into the 2015 budget include:

- **C-BT Facilities Contract – Increase of \$150,000:** This is a highly variable cost, and 2014 is a good example, where our O&M costs were charged at almost \$22/AF instead of our previous high number of about \$6.50/AF. Also, for 2015 the contractual minimum take or pay quantity increases from 10,000 AF to 12,000 AF, resulting in a minimum increase of at least \$16,160. Given the uncertainties involved in projecting the costs of this contract from year to year, the \$300,000 that is budgeted is prudent.
- **Lawn Irrigation Return Flows (LIRFS) – Increase of \$75,000:** The increase reflects expected progress on this project, which involves both legal and engineering components, and a Water Court application. This increase is because legal costs are expected to double, from \$25,000 in 2014, to \$50,000 in 2015. Engineering costs are also expected to double, from \$50,000 in 2014 to \$100,000 in 2015. The work is also expected to extend into 2016. The projected resulting decree will give the City the ability to claim credit for reusable return flows which accrue to the river from lawn irrigation. Our current decrees only address water returning to the river through the WWTP.
- **Domestic Water Rights – Increase of \$70,000:** Based on current available information, this issue still is worth pursuing because of the potential to increase their yield to original levels. This increase would pay for primarily legal work in 2015. The work is expected to culminate with trial in 2016, when the total cost is projected to be \$350,000.
- **2002CW393/394 Water Court Exchange Cases – Decrease of \$90,000:** On July 9, 2014, the Water Court judge issued final decrees for these two cases. Favorable terms and conditions were negotiated, and trial was avoided. Expenses are not expected to extend into 2015.
- **Windy Gap Assessment – Decrease of \$71,060:** Our projection for the basic assessment cost is slightly lower this year, bringing the estimated cost down from \$250,000 to \$200,000, although this is also a variable cost. In addition, the cost of enhancements for the firming project, in 2015, is now estimated to be \$70,400 instead of \$92,060.
- **Water Treatment Plant Chemicals – Increase of \$60,000:** It is likely that the lasting effects of the 2013 Flood will include degraded raw water quality (e.g. higher turbidity, higher total organic carbon (TOC), higher nutrients leading to algae growth). To combat

this will require increased amounts of chemicals (e.g copper sulfate, PAK27). This item will also increase if the amount of water treated is more than 2014 levels due to increased demand.

- **Non-recurrence of Water Model / Master Plan Update – Decrease of \$50,000:** This model is updated every five years, and should go under contract later this year.
- **Debt Service for Water \$10 Million, 20-Year External Loan – Decrease of \$628,160:** Staff is projecting that this external line of credit will not need to be drawn upon until early in 2016, so the only 2015 expense will be \$6,840 of interest. When the 2014 budget was developed, it was assumed that this loan would be a conventional loan and that full principal and interest payments would be made on a \$10 million loan in 2014.
- **Debt Service for Water \$6 Million, 8-Year Internal Loan from Power – Decrease of \$807,450:** This item was mistakenly double budgeted in 2014, with W&P staff budgeting for it and the Budget Office budgeting for it in a different line item. The budget for 2015 is \$828,750. This will be the second year of the 8-year payback of the loan, with the General Fund contributing \$750,000 annually to pay the principal portion of the loan.
- **1% For the Arts – Decrease of \$90,920:** This is linked to the volume of capital activity, so there is a significant decrease in capital in 2015 compared to 2014.

-Capital

The capital program includes expenditures for 2015-2019 of \$51.4 million for Water. The biggest components of the \$51.4 million are: 1) \$24.3 million for engineering and construction of 8,400 acre-feet of storage at Chimney Hollow; 2) \$14.8 million of rehabilitation, replacement and oversizing projects for the water distribution system. The WTP expansion project is not included in these figures, as the entire remaining budget for the project will be appropriated in 2014. The enclosed 10-Year Financial Projection and 5-Year Capital Plan contain more detailed information.

BEYOND 2014

In the 10-Year Financial Projection, the 9% rate increase for 2015 is followed by four more consecutive rate increases of 9% per year, then three consecutive rate increases of 8% per year, which is in accordance with the Council-approved Water Financing Plan. It is also worth noting that another component of this plan is that the annual transfer of a portion of Water Sales to the Raw Water Fund will be discontinued in 2018. This decision was made in order to keep the series of needed water rate increases lower and keep more revenue in the Water Fund to address aging infrastructure. The timing of the ceasing of the transfer to Raw Water in 2018 is important because it occurs after both the final payment for the Chimney Hollow Reservoir Project (2017) and after the final payment for the purchase of Windy Gap Water Shares (2017). The current 10-year projection includes the assumption that existing customers (and new customers as they are added) will not be using more water in the future on a per customer basis than they are using right now. It assumes, in fact, that customers will be using 0.5% less water per year, and that decrease will continue year after year. In looking at our per customer usage trending over the past 5 years, the 0.5% decrease per customer is what we are seeing and believe will continue. Looking at the 10-year window, the Unrestricted fund balance stays positive in comparison to the 15% of operating expenses target through 2018. In 2019 and 2022, there are very large amounts budgeted for Unrestricted capital (\$11.9 million and \$18.9

million, respectively) which causes the Unrestricted fund balance to be negative in comparison to the 15% target until rebounding first in 2021, then again in 2023. This is due to the requirement of having sufficient fund balance available at the time of awarding construction contracts for the full contract amount, which is what is occurring in 2019 and 2022. To avoid these negative balances, three measures (likely a combination of the three) will need to be taken: 1) taking out loans; 2) phasing construction contracts to spread out costs; and 3) increase rates.

The bottom section of the 10 Year Financial Plan covers growth-related capital, which is funded by our System Impact Fees (SIF). The current 10-year projection shows the SIF balance staying positive through 2019, turning negative in 2020 through 2023, then turning positive again in 2024. The solution to these negative balances would be the same as the three mentioned in the previous paragraph.

WASTEWATER

In accordance with the results of the cost-of-service rate study from last year, there is an overall average rate increase of 9.1% proposed for Wastewater in 2015. All of the rate classes will receive an 11% rate increase with the exception of the Commercial class, where the rates will be unchanged. This freezing of Commercial rates is at the request of City Council. The cost-of-service results showed that the Commercial class should have their rates reduced by 17%, but Council directed Staff to keep the Commercial rates the same until the cost of serving the Commercial class catches up with the current rates. The 9.1% increase will be primarily to address aging infrastructure.

In addition to the capital projects that are detailed in the Wastewater 5-Year Capital Plan, key operating expense drivers (both increases and decreases) that are built into the 2015 budget include:

- **Replacement/Regeneration of Carbon for Existing Odor Scrubber at Wastewater Treatment Plant – Increase of \$63,200:** The carbon in the existing scrubber was replaced in 2004 and typically should last approximately 3-5 years before it needs replacing. The carbon seems to be lasting longer than anticipated, as it has yet to be regenerated. Prior to scheduling replacement, the City should regenerate the carbon in place based on Hydrogen Sulfide monitoring.
- **Design and Services During Construction, Odor Control Strategies (Stages 6 & 7) at WWTP - Increase of \$40,000:** The Odor Management Plan identified several stages of modifications to reduce odors from the WWTP. The last odor project includes: covering primary clarifiers and venting to new chemical scrubbers; covering aeration basins and venting to new chemical scrubbers; and replacing digester covers with fixed roof covers. This work represents Stages 6 and 7 from the Odor Management Plan.
- **Non-recurrence of Boyd Sewer Interceptor Study – Decrease of \$50,000:** Staff is looking to have this under contract later this year and will complete the study in 2015.
- **CIPP Sewer Line Rehab – Decrease of \$50,000:** Staff is requesting a reduced scope in this work in comparison to 2014.

-Capital

The capital program includes expenditures for 2015-2019 of \$40.4 million for Wastewater. The biggest components of the \$40.4 million are: 1) \$29.2 million of rehabilitation and expansion projects for the WWTP; and 2) \$5.2 million for engineering and construction for phases 2-4 of the Boyd Interceptor project. The enclosed 10-Year Financial Projection and 5-Year Capital Plan contain more detailed information.

BEYOND 2014

In the 10-Year Financial Projection, the 9.1% rate increase is followed by four consecutive rate increases of 11% per year, then three consecutive rate increases of 7% per year, which is in accordance with rate study results. The Unrestricted fund balance stays positive in comparison to the 15% of operating expenses target throughout the 10-year period, but is aided in 2016 by a \$3.1 million loan, which is consistent with the 10-Year CIP that Council approved on July 1, 2014. The reason for the \$3.1 million loan in the Unrestricted fund is that there are major capital expenditures for regulatory-driven projects (nutrient removal, organic capacity and construction of a new digester) that need to be completed by 2021, according to the best information we have now. These projects all became necessary in the timeframe shown due to state regulations that were passed back in December of 2012. The WWTP discharge permit expires in October of 2015, and a permit renewal will be submitted to CDPHE in September of this year, with a response expected back by March of 2015. The results from this permitting process will give staff a much clearer picture of when various processes must be in compliance with these new regulations.

The bottom section of the 10 Year Financial Projection covers growth-related capital, which is funded by our System Impact Fees (SIF). The current Wastewater 10 Year Financial Projection shows the SIF balance goes negative in 2018 and remains that way for the balance of the 10-year period. This is in spite of receiving a \$10 million loan in 2015, which, again, is consistent with 10-Year CIP that Council approved on July 1, 2014. The comments about regulatory-driven projects in the previous paragraph also apply to the SIF funds. If the timetable for regulatory compliance remains as is modeled here, then staff, LUC and Council may need to consider increasing SIFs, borrowing from the Wastewater Utility Unrestricted fund balance (which, with the current rate track could be done) or getting a larger loan than \$10 million and paying it off over a longer period of time than 20 years.

POWER

A 5.83% overall average rate increase is currently proposed for the Power Utility in 2015. From the cost-of-service rate study that was completed last year, a 2.8% rate increase was recommended for 2015, but that was based on the assumption that PRPA was not going to be increasing wholesale power rates in 2015. In fact, PRPA is now planning on a 2.5% overall wholesale power rate increase in 2015, which, when passed through to customers, generates a 2.03% retail rate increase. In addition, staff is recommending a 1% increase to offset losses from the 2013 Flood that will not be reimbursed by FEMA, CIRSA or the state. So, the entire proposed rate increase for 2015 is $2.8\% + 2.03\% + 1\% = 5.83\%$. The 2.5% wholesale rate increase is a figure that is subject to change by the PRPA Board – the proposed increase will be presented to the Board preliminarily at August Board Meeting, and will be formally presented for the Board's action on first reading in October. **LATE BREAKING NEWS: At a special Board meeting on July 15, 2014, the PRPA Board will be considering an expanded wind energy purchase of 28 MW. If this is approved, PRPA staff is estimating that the 2.5% wholesale rate increase for 2015 could instead become 3.5% to 3.9% to cover the additional costs of this wind purchase. The Power Utility would then need to change the retail rate increase from 5.83% to something close to 6.8%.**

In addition to the capital projects that are detailed in the Power 5-Year Capital Plan, key operating expense drivers (both increases and decreases) for 2015 are:

- **Demolition of Hydro Dam, Penstock and Power House Due to 2013 Flood Damage – Increase of \$1,150,000:** In 2014, the relicensing and rehabilitation or decommissioning of the hydro power house was budgeted as capital and not O&M. Due to the 2013 flood, the decision was made to demolish the Idylwilde Dam, penstock and power house making the Hydro no longer a Capital Asset. Since the power house will still need to be removed, there will be decommissioning costs and the land around the Idylwilde Dam and facility will need to be returned to the requirements of the Forest Service, \$1,000,000 out of the \$3,105,000 was moved to the Hydro O&M to cover any maintenance that needs to be completed in 2015. The additional \$150,000 is for the FERC Licensing process that needs to continue but has now also moved to an O&M line.
- **Personal Services Expense in Distribution O&M – Increase of \$266,000:** Salaries have been reallocated more heavily toward O&M in the Field Engineering and Line Crew divisions based on history and 2015 projections and more heavily toward capital for the Electrical Engineers, yielding a net increase in O&M of \$266,000.
- **Provision of SCADA Support Services from PRPA – New Expense of \$175,000:** This is a new area of service in the IGA with PRPA for SCADA support. With current staff levels, there is no sufficient staff time or expertise to provide adequate maintenance of the SCADA system. The City added this support to the IGA with PRPA earlier in 2014.
- **Provision of After-Hours Emergency Call Center Services – Increase of \$39,000:** The Power division is expanding the services provided by the after-hours call center to include integration with the department's Outage Management System (OMS) and provide coverage of overflow of calls during large outage events. This will provide better customer service, provide enhanced notification to operations and Customer Relations

staff and increase the overall efficiency of the System Operations Center during larger outage events.

- **Customer Relations Supplies and Purchased Services: Increase of \$33,000:** This is not an enormous increase, but within the \$33,000 net increase, there are some significant changes in how the funds are being allocated:
 - 1) Efficiency Works for Commercial customers – Increase of \$150,000
 - 2) Efficiency Works for Residential customers – Decrease of \$70,000
 - 3) Home Energy Reports – Decrease of \$62,000
 - 4) PRPA DSM Overage eliminated – Decrease of \$60,000
 - 5) PRPA Residential Program Funding – Increase of \$33,000

-Capital

The capital program includes expenditures for 2015-2019 of \$54.9 million for Power. The biggest components of the \$54.9 million are: 1) \$11.4 million of rehabilitation, replacement and reliability-driven (R,R & R) system improvement projects; 2) \$7.2 million for expenditures associated with overhead to underground conversions; and 3) \$6.6 million for completing the construction of a new substation and starting construction on another one. The enclosed 10-Year Financial Projection and 5-Year Capital Plan contain more detailed information.

BEYOND 2014

Following 2015, the Power 10-Year Financial Projection is showing a 5.88% rate increase in 2016, then annual rate increases throughout the balance of the 10-year period ranging from 1% to 2% per year. The Unrestricted Fund balance stays positive in comparison to the 15% of operating expenses target throughout the 10-year period with the exception of 2016, 2019 and 2020, where it falls below the 15% target by \$150K-\$250K. In their current long-range financial plan, PRPA has additional wholesale power rate increases plugged in for 2016 and 2023 only, but they will be quick to tell you that things could change, and change dramatically.

The bottom section of the 10 Year Plan covers growth-related capital, which, for Power, is funded by our Plant Investment Fees (PIF). The PIF fund balance stays positive throughout the 10-year window, as well, and actually builds up to a projected total of \$11 million by 2024. A caution that goes along with the \$11 million fund balance is that there is nothing plugged in to the CIP for extending a transmission line South to I-25 and State Highway 402, and this project could be very expensive.

Commission members are encouraged to make any comments or ask questions at the meeting.

RECOMMENDATION:

Staff report only. No action required.

REVIEWED BY DIRECTOR:

AP for SA

ATTACHMENTS:

- Attachment A: 10-year Financial Forecast for Raw Water, Water, Wastewater and Power
- Attachment B: 5-year Capital Improvement Plans for Water, Wastewater and Power

	8.34%	9.18%	10.00%	10.82%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	A	Future Raw Water Prj's % Compounded
	1.00%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	B	Future Raw Water Prj's % growth/year
	0.90%	1.06%	1.56%	2.56%	3.06%	3.56%	4.56%	4.56%	4.56%	4.56%	4.56%	C	Interest on Investments
	0.00%	4.77%	4.77%	5.17%	5.37%	5.57%	5.97%	5.97%	5.97%	5.97%	5.97%	D	Inflation Rate on Water & Waste Specific Exp's
	1.24%	1.20%	1.30%	1.42%	1.52%	1.63%	1.72%	1.81%	1.90%	1.98%	2.06%	E	Growth from New Development
	12.00%	8.00%	8.00%	8.00%	9.00%	9.00%	8.00%	8.00%	8.00%	3.50%	3.50%	F	Revenue Rate Change on Consumption
	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	G	Consumption Inc/(Dec) per Customer
	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	H	Payment in Lieu of Taxes (PILT)
	12.00%	8.00%	8.00%	8.00%	9.00%	9.00%	8.00%	8.00%	8.00%	3.50%	3.50%	I	Revenue Rate Change on BASE Charge

2015 Water 10 Year

LOVELAND WATER AND POWER
WATER UTILITY
FINANCIAL FORECAST
2013 - 2024

	8.34%	9.18%	10.00%	10.82%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	A Future Raw Water Prj's % Compounded
	1.00%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	B Future Raw Water Prj's % growth/year
	0.90%	1.06%	1.56%	2.56%	3.06%	3.56%	4.56%	4.56%	4.56%	4.56%	4.56%	C Interest on Investments
	0.00%	4.77%	4.77%	5.17%	5.37%	5.57%	5.97%	5.97%	5.97%	5.97%	5.97%	D Inflation Rate on Water & Waste Specific Exp's
	1.24%	1.20%	1.30%	1.42%	1.52%	1.63%	1.72%	1.81%	1.90%	1.98%	2.06%	E Growth from New Development
	12.00%	8.00%	8.00%	8.00%	9.00%	9.00%	8.00%	8.00%	8.00%	3.50%	3.50%	F Revenue Rate Change on Consumption
	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	G Consumption Inc/(Dec) per Customer
	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	H Payment in Lieu of Taxes (PILT)
	12.00%	8.00%	8.00%	8.00%	9.00%	9.00%	8.00%	8.00%	8.00%	3.50%	3.50%	I Revenue Rate Change on BASE Charge
	0.00%	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	J General Inflation Rate

	Preliminary 2013	Forecast 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	2015 to 2024 Total	A	B	C	D	E	F	G	H	I	J
Unrestricted Funds																							
1 BEG'G WORKING CASH BALANCE:	\$4,239,932	\$7,652,897	\$2,636,135	\$7,028,425	\$3,900,055	\$2,744,175	\$6,581,625	(\$1,085,015)	\$1,373,237	\$6,081,112	(\$3,697,628)	\$5,778,102											
REVENUES & SOURCES:																							
2 Water Sales	\$9,370,468	\$11,267,115	\$12,431,660	\$13,649,960	\$15,004,040	\$16,507,440	\$18,179,640	\$19,855,800	\$21,704,370	\$23,744,580	\$24,927,060	\$26,188,370	\$192,192,920		Y			Y	Y	Y	Y	Y	
3 Raw Water Transfer Out	(\$694,457)	(939,217)	(1,140,840)	(1,365,340)	(1,623,540)	0	0	0	0	0	0	0	(\$4,129,720)										
4 Wholesale Sales	\$97,707	87,560	120,850	122,420	124,160	126,050	128,100	130,300	132,660	135,180	137,860	140,700	\$1,298,280										
5 Meter Sales	\$70,424	38,740	41,850	44,390	47,320	50,580	54,220	58,390	62,930	67,880	73,270	79,150	\$579,980			Y	Y						
6 Interest on investments	\$27,988	68,880	37,040	28,200	178,640	98,970	207,920	240,640	187,310	243,500	335,650	492,960	\$2,050,830										
7 Hydrant Rental	\$69,579	50,000	76,500	83,610	91,490	101,110	111,860	122,730	134,770	148,110	156,230	164,920	\$1,191,330										
8 Other revenues	\$366,861	324,340	339,180	263,770	288,620	318,980	352,890	387,190	425,170	467,260	492,870	520,270	\$3,856,200					Y	Y				
9 Internal Loan Received	\$6,000,000	5,000,000	0	0	0	0	0	0	0	0	0	0	\$0										
10 External Loan Received	\$100,000	9,900,000	0	0	2,300,000	0	0	0	0	0	0	0	\$2,300,000										
11 General Fund Contribution	\$0	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	0	0	0	\$5,250,000										
12 CIRSA, FEMA, and NRCS Revenue	\$207,505	0	5,560,580	0	0	0	0	0	0	0	0	0	\$5,560,580										
13 Year-end cash adjustments	\$0	0	0	0	0	0	0	0	0	0	0	0	\$0										
14 TOTAL REVENUES	\$15,616,075	\$26,547,418	\$18,216,820	\$13,577,010	\$17,160,730	\$17,953,130	\$19,784,630	\$21,545,050	\$23,397,210	\$24,806,510	\$26,122,940	\$27,586,370	\$210,150,400										
15 OPERATING EXPENSES:																							
16 Source of Supply	1,202,043	2,130,950.00	2,090,450	2,163,620	2,239,350	2,317,730	2,398,850	2,482,810	2,569,710	2,659,650	2,752,740	2,849,090	\$24,524,000										Y
17 Treatment	1,945,642	2,184,555	2,483,090	2,602,280	2,730,310	2,867,370	3,014,470	3,171,830	3,340,250	3,520,620	3,713,550	3,920,020	\$31,363,790			Y							
18 Treatment O&M Projects	0	602,555	0	0	0	81,280	1,098,300	129,890	0	0	0	0	\$1,309,470										
19 Distribution oper. & maint.	2,731,620	2,146,640	2,301,160	2,411,620	2,530,270	2,657,290	2,793,610	2,939,440	3,095,520	3,262,680	3,441,470	3,632,820	\$29,065,880				Y	Y					
20 Distribution O&M Projects	0	472,555	0	0	66,120	0	61,290	0	0	0	0	81,890	\$209,300			Y							
21 Technical Services	592,143	735,790	781,780	819,310	859,620	902,770	949,080	998,620	1,051,650	1,108,440	1,169,180	1,234,190	\$9,874,640										
22 Customer Relations	194,372	238,890	323,470	334,790	346,510	358,640	371,190	384,180	397,630	411,550	425,950	440,860	\$3,794,770										
23 Customer Service/Meters	98,861	140,470	159,320	166,970	175,180	183,970	193,410	203,510	214,320	225,890	238,270	251,520	\$2,012,360			Y							
24 Administrative	591,461	547,920	455,070	471,000	487,490	504,550	522,210	540,490	559,410	578,990	599,250	620,220	\$5,338,680										
25 Workers Comp & Gen'l Liability	0	99,520	148,710	153,910	159,300	164,880	170,650	176,620	182,800	189,200	195,820	202,670	\$1,744,560										
26 1% for Arts Transfer	19,869	218,280	74,610	44,440	0	640	107,900	31,000	26,710	137,820													

2015 Wastewater 10 Year - Alternative 1 As Shown to City Council with Altered Rates

LOVELAND WATER AND POWER
WASTEWATER UTILITY
FINANCIAL FORECAST - 10 Year Plan
2013-2024

Loan

Flood \$

Rollover \$

	0.90%	1.06%	1.56%	2.56%	3.06%	3.56%	4.56%	4.56%	4.56%	4.56%	4.56%	A	Interest on Investments	
		4.77%	4.77%	5.17%	5.37%	5.57%	5.97%	5.97%	5.97%	5.97%	5.97%	B	Inflation Rate on Water & Waste Specific Exp's	
	0.91%	1.20%	1.30%	1.42%	1.52%	1.63%	1.72%	1.81%	1.90%	1.98%	2.06%	C	Growth from new Development	
	8.91%	9.08%	11.00%	5.80%	6.50%	8.25%	11.00%	14.10%	2.50%	0.00%	0.00%	D	Revenue Rate Change on Consumption	
	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	E	Consumption Inc/(Dec) per Customer	
	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	F	Payment in Lieu of Taxes (PILT)	
	8.91%	9.08%	11.00%	5.80%	6.50%	8.25%	11.00%	14.10%	2.50%	0.00%	0.00%	G	Revenue Rate Change on BASE	
				3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	H	General Inflation Rate	
1 BEGINNING WRK'G CASH BAL:	\$6,685,443	\$7,949,814	\$2,779,172	\$1,899,512	\$1,292,947	\$3,422,535	\$1,754,423	\$3,003,489	\$1,986,295	\$8,225,085	\$14,167,415	\$20,445,895		
2 Sanitary Sewer Charges	\$7,459,045	\$8,269,970	\$9,031,400	\$10,097,110	\$10,775,640	\$11,585,970	\$12,672,730	\$14,221,340	\$16,412,850	\$17,052,950	\$17,305,330	\$17,575,290		
3 Hi Strength Surcharge	\$313,403	546,760	335,040	337,720	340,830	344,310	348,200	352,450	357,070	362,070	367,430	373,160		
4 Interest on investments	\$52,437	71,550	29,460	29,630	99,430	104,730	127,910	136,960	216,120	375,060	646,030	932,330		
5 Other revenues	\$243,196	51,770	67,470	68,350	69,320	144,680	1,120,790	72,740	74,060	75,470	76,960	78,550		
6 CIRSA and FEMA Revenue	\$135,408	277,279	0	0	0	0	0	0	0	0	0	0		
7 Loan Received	\$0	0	0	3,100,000	0	0	0	0	0	0	0	0		
8 Grant for Nutrients	\$0	80,000	1,000,000	0	0	0	0	0	0	0	0	0		
9 TOTAL REVENUES & SOURCES	\$8,203,490	\$9,297,329	\$10,463,370	\$13,632,810	\$11,285,220	\$12,179,690	\$14,269,630	\$14,783,490	\$17,060,100	\$17,865,550	\$18,395,750	\$18,959,330	\$148,894,940	
10 OPERATING EXPENSES:														
11 Treatment	\$2,600,297	\$2,616,620	\$2,725,640	\$2,856,470	\$2,997,010	\$3,147,460	\$3,308,920	\$3,481,650	\$3,666,530	\$3,864,520	\$4,076,300	\$4,302,940	\$34,427,440	
12 Treatment O&M Projects	0	215,280	369,000	317,890	262,370	355,420	279,970	453,470	297,450	315,210	334,020	353,950	3,338,750	
13 Collection System Maintenance	1,728,549	1,356,830	1,475,330	\$1,546,150	\$1,622,220	\$1,703,660	\$1,791,060	\$1,884,550	\$1,984,620	\$2,091,790	\$2,206,420	\$2,329,100	18,634,900	
14 Collection System O&M Projects	0	462,000	322,000	337,370	465,010	373,880	394,710	418,260	443,220	615,530	497,690	527,390	4,395,060	
15 Technical Services	824,810	995,830	1,068,790	\$1,120,090	\$1,175,200	\$1,234,200	\$1,297,510	\$1,365,240	\$1,437,730	\$1,515,370	\$1,598,410	\$1,687,280	13,499,820	
16 Customer Relations	33,687	34,780	59,770	\$59,770	\$59,770	\$59,770	\$59,770	\$59,770	\$59,770	\$59,770	\$59,770	\$59,770	597,700	
17 Administrative	259,313	391,010	311,610	\$322,520	\$333,810	\$345,490	\$357,580	\$370,100	\$383,050	\$396,460	\$410,340	\$424,700	3,655,660	
18 Workers Comp and Gen'l Liability	0	71,190	122,000	\$126,270	\$130,690	\$135,260	\$139,990	\$144,890	\$149,960	\$155,210	\$160,640	\$166,260	1,431,170	
19 1% for the Arts	4,179	9,710	24,460	31,900	28,040	27,580	48,110	29,100	30,830	10,210	6,180	26,710	263,120	
20 Repaymt Loan frm Raw Wtr (2004 Loan)	425,346	0	0	0	0	0	0	0	0	0	0	0	0	
21 Loan Payment	0	0	0	203,580	203,580	203,580	203,580	203,580	203,580	203,580	203,580	203,580	1,832,220	
22 Services rendered-other depts.	518,866	401,000	386,940	370,560	383,530	396,950	410,840	425,220	440,100	455,500	471,440	487,940	4,229,020	
23 TOTAL OPERAT'G EXP (excl depn)	\$6,939,120.00	\$7,171,420	\$7,521,190	\$8,023,010	\$8,439,380	\$8,818,370	\$9,203,510	\$9,856,000	\$10,270,730	\$10,902,200	\$11,261,880	\$11,826,010	\$96,122,280	
24 NET OPERAT'G REV/(LOSS) (excl depn)	\$1,264,370	\$2,125,909	\$2,942,180	\$5,609,800	\$2,845,840	\$3,361,320	\$5,066,120	\$4,927,490	\$6,789,370	\$6,963,350	\$7,133,870	\$7,133,320	\$52,772,660	
25 FOOTNOTE: Depreciation Expense	\$1,906,050	\$1,924,980	\$1,789,180	\$1,889,450	\$2,046,970	\$2,311,510	\$2,789,180	\$3,160,510	\$3,447,060	\$3,897,940	\$4,055,430	\$4,141,090	\$29,528,320	
26 CAPITAL EXPENDITURES	1,094,599	\$7,296,550	\$3,821,840	\$6,216,365	\$716,253	\$5,029,432	\$3,817,054	\$5,944,684	\$550,580	\$1,021,020	\$855,390	\$2,908,988	\$30,881,605	
27 NET CHANGE IN WRK'G CASH BAL	\$169,771	(\$5,170,641)	(\$879,660)	(\$606,565)	\$2,129,588	(\$1,668,112)	\$1,249,066	(\$1,017,194)	\$6,238,790	\$5,942,330	\$6,278,480	\$4,224,332		
28 ENDING WORKING CASH BALANCE	\$7,949,814	\$2,779,172	\$1,899,512	\$1,292,947	\$3,422,535	\$1,754,423	\$3,003,489	\$1,986,295	\$8,225,085	\$14,167,415	\$20,445,895	\$24,670,227		
29 Desired Bal (15% of Oper Exp excl'g depn)	\$1,040,868	\$1,075,713	\$1,128,179	\$1,203,452	\$1,265,907	\$1,322,756	\$1,380,527	\$1,478,400	\$1,540,610	\$1,635,330	\$1,689,282	\$1,773,902		
30 Fav/(Unfav) to Desired Balance	\$6,908,946	\$1,703,459	\$771,334	\$89,496	\$2,156,628	\$431,668	\$1,622,963	\$507,895	\$6,684,476	\$12,532,085	\$18,756,613	\$22,896,326		
31 RESTRICTED FUNDS (SIF)														
32 BEG'G BALANCE-SYS IMPACT FEES	\$5,198,928	\$5,585,617	\$15,513,437	\$14,851,767	\$13,290,962	\$8,356,805	(\$1,606,334)	(\$1,427,900)	(\$1,830,436)	(\$8,215,486)	(\$14,096,276)	(\$12,441,366)		
33 SIF Collections	985,182	986,780	1,140,140	1,001,810	1,137,720	1,311,630	1,483,520	1,713,860	1,975,160	2,248,350	2,568,470	2,891,460	\$17,472,120	
34 SIF Interest Income	37,156	50,270	164,440	231,690	362,360	312,570	139,190	0	0	0	0	0	Y	
35 SIF Loan Received	0	10,000,000	0	0	0	0	0	0	0	0	0	0		
36 SIF Capital Expenditures	(630,346)	(1,105,030)	(1,300,760)	(2,130,095)	(

LOVELAND WATER AND POWER

POWER UTILITY
FINANCIAL FORECAST
2013-2024

2.75%	0.90%	1.06%	1.56%	2.56%	3.06%	3.56%	4.56%	4.56%	4.56%	4.56%	4.56%	A	Interest on Investments
	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	B	General Inflation Rate
0.00%	1.68%	1.79%	1.94%	2.09%	2.23%	2.37%	2.49%	2.60%	2.71%	2.80%	2.88%	C	Growth from new Development
4.13%	1.62%	5.83%	5.88%	2.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.81%	1.81%	D	Retail Revenue Rate Change
0.90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.10%	-0.20%	-0.30%	-0.40%	-0.50%	E	Energy (kWh) Consumption/Cust Inc/(Dec)
6.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	F	Payment in Lieu of Taxes (PILT)
0.00%	0.00%	0.00%	0.00%	0.00%	-0.10%	-0.20%	-0.30%	-0.40%	-0.50%	-0.60%	-0.70%	G	Demand(kW) Consmptr/Comm'l Cust Inc/(Dec)
5.10%	2.00%	2.50%	1.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	H	Loveland Specific PRPA Rate Change
5.10%	2.00%	2.50%	1.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	I	PRPA Overall Wholesale Rate Change
		3.23%	3.23%	3.49%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	J	Inflation Rate on Power Utility Specific Exp's

	Actual 2013	Forecast 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	2014 to 2024 Total	A B C D E F G H I J
Unrestricted Funds														
1 BEGINNING WORKING CASH BALANCE:	\$18,125,472	\$16,769,482	\$12,161,163	\$8,702,503	\$8,398,313	\$8,970,713	\$9,162,183	\$9,168,653	\$9,386,510	\$10,567,194	\$12,005,251	\$13,648,619		
2 REVENUES & SOURCES:														
3 Electric revenues	\$51,839,588	53,897,960	57,180,680	\$61,651,190	\$64,173,450	\$66,238,970	\$68,448,750	\$70,758,980	\$73,167,670	\$75,672,280	\$78,882,630	\$82,229,110	\$752,301,670	
4 Wheeling charges	\$261,479	240,000	240,000	244,650	249,770	255,350	261,390	267,640	274,070	280,660	287,390	294,240	\$2,895,160	
5 Interest on investments	\$113,703	150,930	128,910	135,760	215,000	274,500	326,170	418,090	428,020	481,860	547,440	622,380	\$3,729,060	Y
6 Aid-To-Construction deposits	\$963,485	750,000	1,000,000	1,032,250	1,282,000	1,326,870	1,373,300	1,421,380	1,471,120	1,522,610	1,575,910	1,631,060	\$14,386,500	
7 Customer deposits - Service Installations	\$155,124	312,720	250,000	258,070	267,090	276,420	286,100	296,120	306,490	317,220	328,320	339,800	\$3,238,350	
8 Other revenues	\$1,000,539	822,080	858,950	875,600	893,910	913,880	935,510	958,810	983,770	1,010,390	1,038,670	1,068,610	\$10,360,180	Y
9 FEMA and CIRSA Revenue	\$2,164,490	2,383,209	26,480										\$2,409,689	
10 Year-end cash adjustments	\$0	0	0	0	0	0	0	0	0	0	0	0	\$0	
11 TOTAL REVENUES	\$56,498,407	\$58,556,899	\$59,685,020	\$64,197,520	\$67,081,220	\$69,285,990	\$71,631,220	\$74,121,020	\$76,631,140	\$79,285,020	\$82,660,360	\$86,185,200	\$789,320,609	
12 OPERATING EXPENSES:														
13 Hydro oper. & maint.	\$9,327	2,095,930	\$1,153,750	\$676,630	\$700,310	\$724,820	\$750,190	\$36,330	\$37,600	\$38,920	\$40,280	\$41,690	\$6,296,450	
14 Purchased power	38,710,505	40,266,940	42,259,770	43,797,270	44,713,150	45,712,160	46,794,310	47,912,800	49,064,180	50,244,650	51,952,550	53,710,090	\$516,427,870	Y
15 Distribution oper. & maint.	4,610,876	3,630,160	4,271,320	4,503,600	4,755,400	5,028,090	5,323,100	5,641,970	5,986,300	6,357,810	6,758,300	7,189,680	\$59,445,730	Y
16 Customer Relations	867,620	1,074,030	1,158,470	1,199,020	1,240,990	1,284,420	1,329,370	1,375,900	1,424,060	1,473,900	1,525,490	1,578,880	\$14,664,530	
17 Administration	580,231	814,880	725,370	750,760	777,040	804,240	832,390	861,520	891,670	922,880	955,180	988,610	\$9,324,540	Y
18 Workers Comp and Gen'l Liability	0	185,310	258,500	267,550	276,910	286,600	296,630	307,010	317,760	328,880	340,390	352,300	\$3,217,840	Y
19 1% For the Arts Transfer	27,209	78,940	66,760	62,370	68,010	77,260	84,730	96,320	93,520	98,060	104,120	108,530	\$938,620	Y
20 Payment in-lieu-of taxes PILT	3,587,789	3,772,860	4,002,650	4,315,580	4,492,140	4,636,730	4,791,410	4,953,130	5,121,740	5,297,060	5,521,780	5,756,040	\$52,661,120	
21 Services rendered-other depts.	2,074,558	1,968,970	2,019,820	2,041,070	2,112,510	2,186,450	2,262,980	2,342,180	2,424,160	2,509,010	2,596,830	2,687,720	\$25,151,700	Y
22 TOTAL OPERATING EXPENSES (excl depn)	\$50,468,115	\$53,888,020	\$55,916,410	\$57,613,850	\$59,136,460	\$60,740,770	\$62,465,110	\$63,527,160	\$65,360,990	\$67,271,170	\$69,794,920	\$72,413,540	\$688,128,400	
23 NET OPERATING REVENUE/(LOSS) (excl depn)	\$6,030,292	\$4,668,879	\$3,768,610	\$6,583,670	\$7,944,760	\$8,545,220	\$9,166,110	\$10,593,860	\$11,270,150	\$12,013,850	\$12,865,440	\$13,771,660	\$101,192,209	
24 FOOTNOTE: Depreciation Expense														
CAPITAL EXPENDITURES:														
25 General Plant	\$768,541	718,486	\$335,000	\$463,480	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,516,966	
26 Aid-To-Construction	876,229	750,000	1,000,000	1,032,250	1,282,000	1,326,870	1,373,300	1,421,380	1,471,120	1,522,610	1,575,910	1,631,060	\$14,386,500	Y
27 Service Installations	271,535	190,000	250,000	258,070	267,090	276,420	286,100	296,120	306,490	317,220	328,320	339,800	\$3,115,630	
28 Other Generation & Distribution	5,469,977	7,618,712	5,642,270	5,134,060	5,823,270	6,750,460	7,500,240	8,658,503	8,311,857	8,735,962	9,317,843	9,725,181	\$83,218,357	
29 TOTAL CAPITAL EXPENDITURES	\$7,386,281	\$9,277,198	\$7,227,270	\$6,887,860	\$7,372,360	\$8,353,750	\$9,159,640	\$10,376,003	\$10,089,467	\$10,575,792	\$11,2			

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan
2015 Budget**

Description	2015	2016	2017	2018	2019	TOTAL
** CAPITAL BLANKETS **						
METER PURCHASE & INSTALL	\$100,000	\$104,770	\$110,190	\$116,110	\$122,580	\$553,650
METERS PURCHASED BY CONTRACTORS	\$60,000	\$62,860	\$66,120	\$69,670	\$73,550	\$332,200
TOTAL CAPITAL BLANKETS	\$160,000	\$167,630	\$176,310	\$185,780	\$196,130	\$885,850
** SPECIFIC PROJECTS **						
TRANSMISSION/DISTRIBUTION	\$1,950,000	\$4,496,070	\$55,100	\$156,750	\$11,697,770	\$18,355,690
WATER TREATMENT PLANT						
TOTAL SPECIFIC PROJECTS	\$1,950,000	\$4,496,070	\$55,100	\$156,750	\$11,697,770	\$18,355,690
** SYSTEM IMPACT FEE PROJECTS **						
WATER RESOURCES	\$1,200,000	\$1,466,840	\$22,699,790	\$566,500	\$590,570	\$26,523,700
MAIN EXTSN / OVERSIZING	\$75,000	\$78,580	\$173,960	\$451,950	\$4,345,850	\$5,125,340
WATER TREATMENT PLANT						
TOTAL SIF PROJECTS	\$1,275,000	\$1,545,420	\$22,873,750	\$1,018,450	\$4,936,420	\$31,649,040
** GENERAL PLANT **						
ADMINISTRATIVE/ENGINEERING	\$16,180					\$16,180
OPERATIONS	\$312,000	\$213,740				\$525,740
TOTAL GENERAL PLANT	\$328,180	\$213,740				\$541,920
TOTAL CAPITAL EXPENDITURES	\$3,713,180	\$6,422,860	\$23,105,160	\$1,360,980	\$16,830,320	\$51,432,500

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan
2015 Budget**

Description	2015	2016	2017	2018	2019	TOTAL
** TRANSMISSION/DISTRIBUTION ** General Portion only						
2015 Water Line Replacement - Design/SDC	\$200,000					\$200,000
2015 Water Line Replacement - Construct	\$1,700,000					\$1,700,000
ROW Relocates	\$50,000	\$52,390	\$55,100	\$58,060	\$61,290	\$276,840
Water Line Replacement (currently unidentified) Construct		\$4,443,680			\$7,228,240	\$11,671,920
Water Line Replacement (currently unidentified) Construct						
PW COORD: S Loveland Outfall Ph 3: Sherri Mar Design/SDC					\$183,870	\$183,870
PW COORD: Taft Avenue Phase 2: Water Component Relocates Construct				\$63,860		\$63,860
10th St 12 Inch: RR Spur to Madison Design/SDC (General Portion - Total 2015 Project = \$0)			\$34,830	\$36,773		\$71,603
10th St 12 Inch: RR Spur to Madison Construct (General Portion - Total 2015 Project = \$0)				\$367,740		\$367,740
East Gravity Zone 24" Phase 1 Design/SDC (General				\$123,375		\$123,375
Morning Drive 30" Phase 2 and P2 Yard Piping Design/SDC (General Portion - Total 2015 Project = \$0)				\$67,363		\$67,363
5.0 MG 29th Street Water Storage Tank #2 Design/SDC (General Portion - Total 2015 Project = \$0)				\$329,120		\$329,120
5.0 MG Water Storage 29th Street Tank #2 Construct (General Portion - Total 2015 Project = \$0)				\$3,194,335		\$3,194,335
Morning Drive Pump Station Upgrade Design/SDC (General Portion - Total 2015 Project = \$0)				\$105,665		\$105,665
Trans/Dist Meters (Wtr Dept)	\$100,000	\$104,770	\$110,190	\$116,110	\$122,580	\$553,650
Contractors Meters (New Development)	\$60,000	\$62,860	\$66,120	\$69,670	\$73,550	\$332,200
TOTAL - TRANSMISSION/DISTRIBUTION General Portion only	\$2,110,000	\$4,663,700	\$231,410	\$342,530	\$11,893,900	\$19,241,540
** WATER TREATMENT PLANT ** General Portion only						
TOTAL - WATER TREATMENT PLANT General Portion only						
** WATER RESOURCES (RAW WATER) ** SIF's						
Windy Gap Firming (W038AA)	\$1,000,000	\$1,257,290	\$22,038,630			\$24,295,920
Purchase CBT Water (W1014A)	\$200,000	\$209,550	\$550,970	\$566,500	\$590,570	\$2,117,590
Future Water Court Transfer Actions			\$110,190			\$110,190
TOTAL - WATER RESOURCE (RAW WATER) SIF's	\$1,200,000	\$1,466,840	\$22,699,790	\$566,500	\$590,570	\$26,523,700

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan
2015 Budget**

Description	2015	2016	2017	2018	2019	TOTAL
** MAIN EXTNSN / OVERSIZING SIF's **						
10th St 12 Inch: RR Spur to Madison Design/SDC (SIF Portion - Total 2015 Project = \$0)				\$11,610	\$12,258	\$23,868
10th St 12 Inch: RR Spur to Madison Construct (SIF Portion Total 2015 Project = \$0)					\$122,580	\$122,580
East Gravity Zone 24" Phase 1 Design/SDC (SIF Portion - Total 2015 Project = \$0)					\$287,875	\$287,875
16" in Granite (57th to 50th) (Ranch Acres) Design/SDC		\$91,320	\$65,420			\$156,740
16" in Granite (57th to 50th) (Ranch Acres) Construct			\$287,840			\$287,840
Morning Drive 30" Phase 2 and P2 Yard Piping Design/SDC (SIF Portion - Total 2015 Project = \$0)					\$202,088	\$202,088
5.0 MG 29th Street Water Storage Tank #2 Design/SDC (SIF Portion - Total 2015 Project = \$0)					\$329,120	\$329,120
5.0 MG Water Storage 29th Street Tank #2 Construct (SIF Portion - Total 2015 Project = \$0)					\$3,194,335	\$3,194,335
Morning Drive Pump Station Upgrade Design/SDC (SIF Portion - Total 2015 Project = \$0)					\$105,665	\$105,665
Misc. Oversizing and Extensions	\$75,000	\$78,580	\$82,640	\$87,080	\$91,930	\$415,230
TOTAL - OVERSIZE / EXTNSNS SIF's	\$75,000	\$78,580	\$173,960	\$451,950	\$4,345,850	\$5,125,340
** WATER TREATMENT PLANT SIF's **						
TOTAL - WTP SIF PROJECTS	\$0					\$0
TOTAL - SIF PROJECTS	\$1,275,000	\$1,545,420	\$22,873,750	\$1,018,450	\$4,936,420	\$31,649,040

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan
2015 Budget**

Description	2015	2016	2017	2018	2019	TOTAL
** ADMINISTRATION/ENGINEERING **						
DBGISWP Standalone Server DPWP1	\$8,090					\$8,090
DBGISWP Standalone Server DPWTP	\$8,090					\$8,090
TOTAL ADMINISTRATION/ENGINEERING	\$16,180					\$16,180
** OPERATIONS **						
4WD Crew Cab Pickup to Replace Vehicle 6142 (Insp/Loc)	\$30,000					\$30,000
4WD Crew Cab Pickup to Replace Vehicle 5115 (Insp/Loc)	\$30,000					\$30,000
3/4-Ton 4WD Ext Cab Pickup w/Utility Body to Replace Vehicle 6135 (Wtr Mtr)	\$36,000					\$36,000
3/4-Ton 4WD Ext Cab Pickup w/Utility Body for (Insp/Loc)	\$38,500					\$38,500
1 1/2-Ton 4WD Ext Cab PU w/Util Body and Crane to Replace Veh 5201 (Tech Svc)	\$77,500					\$77,500
1 1/2-Ton 4WD Ext Cab PU w/Util Body and Crane to Replace Veh 6121 (Tech Svc)		\$42,960				\$42,960
3/4-Ton 4WD Ext Cab Pickup to Replace Vehicle 6106 (WTP)		\$34,580				\$34,580
Svc Ctr E Admin Parking Lot Asphalt Replacement/Drainage Enhancements	\$100,000					\$100,000
Replace 2001 Dodge 1-ton, 4WD, UB w/crane 6208 (Tech Svc)		\$63,910				\$63,910
Replace 1991 Case Backhoe 6407 (Wtr Op)		\$72,290				\$72,290
TOTAL OPERATIONS	\$312,000	\$213,740				\$525,740
TOTAL GENERAL PLANT	\$328,180	\$213,740				\$541,920
** O&M PROJECT REQUESTS **						
Master Plan Model Update					\$61,290	\$61,290
Water Radios			\$66,120			\$66,120
Renew Lagoon Discharge Permit				\$6,970		\$6,970
Update Emergency Response Plan					\$49,030	\$49,030
Water Treatment Plant Master Plan						
Chem Lab (Capl Exp in WW, Exp to pay WW id'd here)				\$74,310	\$68,640	\$142,950
Design						
Chem Lab (Capl Exp in WW, Exp to pay WW id'd here)					\$980,630	\$980,630
Construct						
TOTAL O&M PROJECT REQUESTS			\$66,120	\$81,280	\$1,159,590	\$1,306,990

City of Loveland
Water and Power Department
Wastewater - Detailed 5 Year Capital Plan
2014 Budget for City

Description	2014	2015	2016	2017	2018	TOTAL
** CAPITAL BLANKETS **						
TOTAL BLANKETS						
** SPECIFIC PROJECTS **						
LINE REPLACEMENTS	\$480,000	\$984,880	\$440,770	\$1,300,450	\$1,256,430	\$4,462,530
WASTEWATER PLANT	\$2,966,840	\$5,054,415	\$275,483	\$3,728,982	\$2,560,624	\$14,586,343
TOTAL SPECIFIC PROJECTS	\$3,446,840	\$6,039,295	\$716,253	\$5,029,432	\$3,817,054	\$19,048,873
** SYSTEM IMPACT FEE PROJECTS **						
OVERSIZING / MAIN EXTENSIONS	\$660,000	\$445,290	\$4,915,640	\$87,080	\$91,930	\$6,199,940
WASTEWATER PLANT	\$640,760	\$1,684,805	\$826,448	\$10,778,229	\$640,156	\$14,570,397
TOTAL SIF PROJECTS	\$1,300,760	\$2,130,095	\$5,742,088	\$10,865,309	\$732,086	\$20,770,337
** GENERAL PLANT **						
ADMINISTRATION/ENGINEERING						
OPERATIONS	\$375,000	\$177,070				\$552,070
TOTAL GENERAL PLANT	\$375,000	\$177,070				\$552,070
TOTAL CAPITAL EXPENDITURES	\$5,122,600	\$8,346,460	\$6,458,340	\$15,894,740	\$4,549,140	\$40,371,280

City of Loveland
Water and Power Department
Wastewater - Detailed 5 Year Capital Plan
2014 Budget for City

Description	2014	2015	2016	2017	2018	TOTAL
** LINE REPLACEMENTS ** General Portion only						
South Side Lift Station Force Main to WWTP Design/SDC	\$40,000	\$41,910				\$81,910
South Side Lift Station Force Main to WWTP Construct		\$523,870				\$523,870
Boyd Interceptor Phase VI Construct (36" RCP to Monroe 33") Construct			\$696,670			\$696,670
Rehab or Replace Wastewater Lines - General Construct	\$400,000	\$419,100	\$440,770	\$464,450	\$490,320	\$2,214,640
Collection System Corrosion Control Construct (General Portion - Total 2014 Project = \$50000)	\$40,000					\$40,000
North Horseshoe Lift Station Upgrades Design/SDC			\$139,330	\$91,930		\$231,260
North Horseshoe Lift Station Upgrades Construct				\$674,180		\$674,180
TOTAL - LINE REPLACEMENTS General Portion only	\$480,000	\$984,880	\$440,770	\$1,300,450	\$1,256,430	\$4,462,530
** WASTEWATER PLANT ** General Portion Only						
Digester System Improvements Design/SDC (General Portion - Total 2014 Project = \$134200)	\$120,780					\$120,780
Digester System Improvements Construct (General Portion - Total 2014 Project = \$1073400)	\$966,060					\$966,060
Bio Nutrient Removal Facilities Design/SDC (General Portion - Total 2014 Project = \$800000)	\$600,000	\$443,370				\$1,043,370
Bio Nutrient Removal Facilities Construct (General Portion - Total 2014 Project = \$0)		\$4,611,045				\$4,611,045
Project L Digested Sludge Dewatering (centrifuge) Design/SDC (General Portion - Total 2014 Project = \$0)			\$462,072			\$462,072
New Laboratory Building Design/SDC (General Portion - Total 2014 Project = \$0)			\$148,624	\$137,288		\$285,912
New Laboratory Building Construct (General Portion - Total 2014 Project = \$0)				\$1,961,264		\$1,961,264
2015 WWTP Improvements (Bar Screens, Grit Filter Tank, Duct work at Odor Cntrl Sys, Splitter Bx Rehab) Design/SDC (General Portion - Total 2015 WWTP improvements (Bar Screens, Grit Filter Tank, Duct work at Odor Cntrl Sys, Splitter Bx Rehab) Construct (General Portion - Total 2014 Project = \$1250000)	\$200,000					\$200,000
Digester #3 Design/SDC (General Portion - Total 2014 Project = \$0)		\$275,483	\$298,363			\$573,845
Digester #3 Construct (General Portion - Total 2014 Project = \$0)			\$3,281,995			\$3,281,995
WASTEWATER PLANT TOTAL General Portion only	\$2,966,840	\$5,054,415	\$275,483	\$3,728,982	\$2,560,624	\$14,586,343

City of Loveland
Water and Power Department
Wastewater - Detailed 5 Year Capital Plan
2014 Budget for City

Description	2014	2015	2016	2017	2018	TOTAL
** OVERSIZING / MAIN EXTNSN SIF's **						
Boyd Intcp Ph 2-4 GLIC to Madison Design/SDC		\$366,710	\$336,500			\$703,210
Boyd Intcp Ph 2-4 GLIC to Madison Construct			\$4,496,500			\$4,496,500
Collection System Corrosion Control Construct (SIF Portion - Total 2014 Project = \$50000)		\$10,000				\$10,000
East Side Lift Station Upgrades Design/SDC		\$75,000				\$75,000
East Side Lift Station Upgrades Construct		\$500,000				\$500,000
Oversizing & Extensions Agreement	\$75,000	\$78,580	\$82,640	\$87,080	\$91,930	\$415,230
TOTAL-OVERSIZE/MAIN EXTNSNS SIF's	\$660,000	\$445,290	\$4,915,640	\$87,080	\$91,930	\$6,199,940
** WASTEWATER PLANT SIF's **						
Digester System Improvements Design/SDC (SIF Portion - Total 2014 Project = \$134200)		\$13,420				\$13,420
Digester System Improvements Construct (SIF Portion - Total 2014 Project = \$1073400)		\$107,340				\$107,340
Bio Nutrient Removal Facilities Design/SDC (SIF Portion - Total 2014 Project = \$800000)		\$200,000	\$147,790			\$347,790
Bio Nutrient Removal Facilities Construct (SIF Portion - Total 2014 Project = \$0)			\$1,537,015			\$1,537,015
New Laboratory Building Construct (SIF Portion - Total 2014 Project = \$0)					\$490,316	\$490,316
2015 WWTP Improvements (Bar Screens, Genr Fuel Tank, Duct Work at Odor Cntrl Sys, Splitter Bx Rehab) Design/SDC (SIF Portion - Total 2014 Project = \$250000)		\$50,000				\$50,000
2015 WWTP Improvements (Bar Screens, Genr Fuel Tank, Duct Work at Odor Cntrl Sys, Splitter Bx Rehab) Construct (SIF Portion - Total 2014 Project = \$1350000)		\$270,000				\$270,000
Digester #3 Design/SDC (SIF Portion - Total 2014 Project = \$0)			\$826,448	\$895,088		\$1,721,535
Digester #3 Construct (SIF Portion - Total 2014 Project = \$0)				\$9,845,985		\$9,845,985
TOTAL - WASTEWATER PLANT SIF's	\$640,760	\$1,684,805	\$826,448	\$10,778,229	\$640,156	\$14,570,397

City of Loveland
Water and Power Department
Wastewater - Detailed 5 Year Capital Plan
2014 Budget for City

Description	2014	2015	2016	2017	2018	TOTAL
** ADMINISTRATION/ENGINEERING **						
TOTAL ADMINISTRATION/ENGINEERING						
** OPERATIONS **						
Combination Sewer Cleaning Unit to Replace Vehicle 6308	\$365,000					\$365,000
Replace 2001 Dodge Durango 4WD Vehicle 5100		\$29,340				\$29,340
Replace 1990 GMC Dump Truck Vehicle 6309		\$117,350				\$117,350
Conceptual Design - Replace Svc Ctr Flooring	\$10,000					\$10,000
Replace 1990 GMC Dump Truck Vehicle 6309		\$30,380				\$30,380
TOTAL OPERATIONS	\$375,000	\$177,070				\$552,070
TOTAL GENERAL PLANT	\$375,000	\$177,070				\$552,070
** O&M PROJECT REQUESTS **						
Miscellaneous Consulting Services	\$10,000	\$10,480	\$11,020	\$11,610	\$12,260	\$55,370
ROW Relocates	\$50,000	\$52,390	\$55,100	\$58,060	\$61,290	\$276,840
Sewerline Repair	\$50,000	\$52,390	\$55,100	\$58,060	\$61,290	\$276,840
Manhole Rehab	\$100,000	\$104,770	\$110,190	\$116,110	\$122,580	\$553,650
Lift Station Rehab	\$100,000	\$104,770	\$110,190	\$116,110	\$122,580	\$553,650
Master Plan Model Update			\$110,190			\$110,190
Wastewater Model support	\$12,000	\$12,570	\$13,220	\$13,930	\$14,710	\$66,430
Update CIP	\$12,900	\$13,520	\$14,210	\$14,980	\$15,810	\$71,420
Odor Control Strategies (Stage 5) WAS Thickening Facility	\$3,200	\$3,350	\$3,530	\$3,720	\$3,920	\$17,720
Influent Collection Wetwell (Periodic Manhole A Media Replacement)			\$24,240			\$24,240
Replacement of Carbon for Existing Odor Scrubber	\$63,000					\$63,000
Utility Plan Update		\$12,780				\$12,780
NPDES WWTP Permit Application	\$25,700					\$25,700
Vulnerability Assessment at WWTP			\$104,500			\$104,500
Basic Standards Hearing Assistance	\$11,900					\$11,900
South Platte Basin Hearings Assistance	\$12,300			\$15,080		\$27,380
Asbestos Abatement of WWTP Admin Building Floor		\$36,780				\$36,780
WWTP Rehab	\$200,000	\$209,550	\$220,390	\$232,220	\$245,160	\$1,107,320
Greenhouse Gas/Sustainability Study		\$41,910				\$41,910
Odor Study Update and Reassessment	\$40,000					\$40,000
TOTAL O&M PROJECT REQUESTS	\$691,000	\$655,260	\$727,380	\$729,300	\$674,680	\$3,477,620

City of Loveland
Water and Power Department
Power - Detailed 5 Year Capital Plan
2015 Budget

Description	2015	2016	2017	2018	2019	TOTAL
** CAPITAL BLANKETS **						
HYDRO GENERATION	\$0	\$0	\$0	\$0	\$0	\$0
OVERHEAD DISTRIBUTION LINES	\$25,000	\$25,810	\$26,710	\$27,640	\$28,610	\$133,770
UNDERGROUND DISTRIBUTION LINES	\$70,000	\$72,260	\$74,780	\$77,400	\$80,110	\$374,550
METER PURCHASES/INSTALLS/UPGRADES	\$150,000	\$154,840	\$160,250	\$165,860	\$171,670	\$802,620
DISTRIBUTION TRANSFORMERS-NON ATC	\$75,000	\$77,420	\$80,120	\$82,930	\$85,830	\$401,300
SUBSTATION	\$0	\$0	\$0	\$0	\$0	\$0
STREET LIGHTS & YARD LIGHTS	\$50,000	\$51,610	\$53,420	\$55,290	\$57,220	\$267,540
OVERHEAD SERVICE INSTALLATIONS/UPGRADES	\$20,000	\$20,650	\$21,370	\$22,110	\$22,890	\$107,020
UNDERGROUND SERVICE INSTALLATIONS/UPGRADES	\$200,000	\$206,450	\$213,670	\$221,140	\$228,880	\$1,070,140
TEMPORARY SERVICE INSTALLATIONS	\$30,000	\$30,970	\$32,050	\$33,170	\$34,330	\$160,520
TOTAL BLANKETS	\$620,000	\$640,010	\$662,370	\$685,540	\$709,540	\$3,317,460
** SPECIFIC PROJECTS **						
HYDRO GENERATION	\$0	\$0	\$0	\$0	\$0	\$0
SUBSTATION	\$500,000	\$0	\$0	\$552,860	\$572,210	\$1,625,070
CUSTOMER AID-TO-CONSTRUCTION	\$1,000,000	\$1,032,250	\$1,282,000	\$1,326,870	\$1,373,300	\$6,014,420
SYSTEM IMPROVEMENTS	\$1,852,270	\$3,714,010	\$3,665,240	\$5,047,640	\$2,557,780	\$16,836,940
PUBLIC WORK PROJECTS	\$100,000	\$103,230	\$106,830	\$287,490	\$742,440	\$1,339,990
STREET LIGHTS/CUST REQ/MISC PROJECTS	\$200,000	\$206,450	\$213,670	\$221,140	\$228,880	\$1,070,140
STREET LIGHTS/ARTERIALS/MAJOR COLLECTORS	\$150,000	\$154,840	\$160,250	\$165,860	\$171,660	\$802,610
CONVERSION PROJECTS	\$2,470,000	\$573,590	\$1,282,000	\$66,350	\$2,803,830	\$7,195,770
TOTAL SPECIFIC PROJECTS	\$6,272,270	\$5,784,370	\$6,709,990	\$7,668,210	\$8,450,100	\$34,884,940
** PLANT INVESTMENT FEE PROJECTS **						
SUBSTATION PIF'S	\$1,320,000	\$2,105,810	\$1,778,770	\$1,702,810	\$1,533,530	\$8,440,920
FEEDERS	\$725,000	\$2,554,840	\$160,250	\$1,796,810	\$2,231,620	\$7,468,520
TOTAL PIF PROJECTS	\$2,045,000	\$4,660,650	\$1,939,020	\$3,499,620	\$3,765,150	\$15,909,440
** GENERAL PLANT **						
ADMINISTRATIVE/ENGINEERING OPERATIONS	\$0	\$0	\$0	\$0	\$0	\$0
	\$335,000	\$463,480	\$0	\$0	\$0	\$798,480
TOTAL GENERAL PLANT	\$335,000	\$463,480	\$0	\$0	\$0	\$798,480
TOTAL CAPITAL EXPENDITURES	\$9,272,270	\$11,548,510	\$9,311,380	\$11,853,370	\$12,924,790	\$54,910,320

**City of Loveland
Water and Power Department
Power - Detailed 5 Year Capital Plan
2015 Budget**

Description	2015	2016	2017	2018	2019	TOTAL
HYDRO GENERATION						
TOTAL - HYDRO GENERATION	\$0	\$0	\$0	\$0	\$0	\$0
* CUSTOMER AID-TO-CONSTRUCTION *						
Transformers	\$245,000	\$252,900	\$261,740	\$270,900	\$280,380	\$1,310,920
Labor/Fleet & Other Materials	\$755,000	\$779,350	\$1,020,260	\$1,055,970	\$1,092,920	\$4,703,500
TOTAL CUSTOMER ATC	\$1,000,000	\$1,032,250	\$1,282,000	\$1,326,870	\$1,373,300	\$6,014,420
** SUBSTATIONS **						
Security gates and fences at Substations	\$500,000			\$552,860	\$572,210	\$1,625,070
TOTAL SUBSTATIONS	\$500,000	\$0	\$0	\$552,860	\$572,210	\$1,625,070

City of Loveland
Water and Power Department
Power - Detailed 5 Year Capital Plan
2015 Budget

Description	2015	2016	2017	2018	2019	TOTAL
** SYSTEM IMPROVEMENTS **						
Underground blanket-development driven construction of lateral feeder extention as required to meet new load requirements	\$150,000	\$154,830	\$213,660	\$276,430	\$286,100	\$1,081,020
AC Cycling Program - Partnering with Power - RESIDENTIAL	\$30,000	\$30,970	\$53,420	\$55,290	\$57,220	\$226,900
AC Cycling Program - Partnering with Power - COMMERCIAL			\$53,420	\$55,290	\$57,220	\$165,930
Small 200 amp projects	\$125,000	\$129,030	\$133,540	\$138,220	\$143,050	\$668,840
Distribution Automation	\$110,000	\$113,550	\$117,520	\$121,630	\$125,890	\$588,590
Colorado Renewable Energy Standard Compliance	\$500,000	\$516,130	\$534,170	\$552,860	\$572,210	\$2,675,370
Planned Future Projects - General				\$1,105,720	\$1,258,870	\$2,364,590
Transfer feed of SW219 from circuit 921 to 914	\$20,000					\$20,000
Padmount Capacitor Bank installation	\$92,270	\$92,900	\$32,050			\$217,220
Replace SW124 with a Type 9 switch				\$33,170		\$33,170
Install 600 amp UG cable from 14th and Wilson West to County Rd 21 (SW232)	\$5,000	\$94,300				\$99,300
AGING CABLE REPLACEMENT - 200 AMP						
Replace 200 amp cable from Carlisle to 1st St between Taft and Dotsero			\$1,726,210			\$1,726,210
Replace 200 amp cable from 29th to 37th between Taft and the Olde Golf Course		\$1,153,240				\$1,153,240
Replace 200 amp cable from SW 14th to SW 18th from Wilson to Katie	\$20,000	\$598,870				\$618,870
Replace 200 amp cable North of 16th from Madison to McKee Hospital South of 21st St				\$57,220		\$57,220
Replace 200 amp cable North of 37th to 43rd between N Taft and Boxelder Dr			\$1,935,020			\$1,935,020
CIRCUIT TIES FOR RELIABILITY - 600 AMP						
Fix switching at vault 2437 & switchgears SW165, SW159, SW243 & SW242	\$30,000					\$30,000
Install Type-9 switch, 750 AL, 3 phase 1/0 AL, create new NO at V2093 on Rossum Dr after Eagle Ridge Ct	\$100,000					\$100,000
Install 1/0 AL from SW295-F3 S on Taft to V1679 at 37th	\$100,000					\$100,000
Create 600 amp tie from Monroe along 37th to Garfield	\$130,000					\$130,000
Transfer load from 921 to 323	\$20,000					\$20,000
CANYON CONVERSION PROJECTS						
Phase 1 of Canyon Voltage Conversion from West Sub to Glade Rd	\$400,000					\$400,000
Phase 2 of Canyon Voltage Conversion from Glade to the Water Treatment Plant	\$20,000	\$778,580				\$798,580
Phase 3 of Canyon Voltage Conversion from the Water Treatment Plant to Idlewilde Park		\$51,610	\$747,830			\$799,440
Phase 4 of Canyon Voltage Conversion from Idlewilde Park to Waltonia Rd			\$53,420	\$774,010		\$827,430
TOTAL SYSTEM IMPROVEMENTS	\$1,852,270	\$3,714,010	\$3,665,240	\$5,047,640	\$2,557,780	\$16,836,940

City of Loveland
Water and Power Department
Power - Detailed 5 Year Capital Plan
2015 Budget

Description	2015	2016	2017	2018	2019	TOTAL
SUBSTATION PIF's						
CROSSROADS SUBSTATION						
EAST SUBSTATION						
East Substation - Order new switchgear lineup for E3			\$347,210			\$347,210
East Substation - Install new switchgear lineup				\$221,140		\$221,140
WEST SUBSTATION						
VALLEY SUBSTATION						
Valley Substation - Order new transformer - V3	\$650,000					\$650,000
Valley Substation - Order new switchgear lineup for V3	\$320,000					\$320,000
Valley Substation - Install new switchgear lineup & transformer		\$309,680				\$309,680
HORSESHOE SUBSTATION						
OTHER SUBSTATION						
New Substation to replace West Sub, North of W 22nd close to the water tank		\$1,383,230	\$1,431,560	\$1,481,670		\$4,296,460
Land purchase for new substations	\$350,000	\$412,900				\$762,900
New Substation in SE corner of service territory				\$1,533,530		\$1,533,530
TOTAL SUBSTATION PIF'S	\$1,320,000	\$2,105,810	\$1,778,770	\$1,702,810	\$1,533,530	\$8,440,920
FEEDER PIF's						
Blanket-development driven construction of miscellaneous primary feeder extenions as required to meet new load requirements	\$75,000	\$77,420	\$106,830	\$138,220	\$171,660	\$569,130
Transfer load from 1012 to 621, install 750 AL cable and conduit from Crossroads to Fairgrounds	\$50,000	\$980,650				\$1,030,650
Install new 750 AL from Crossroads 622 S on Boyd Lake to the Lakes at Centerra development	\$500,000					\$500,000
Install new conduit bank and 750 AL from 57th & RR tracks to Hwy 287 - Wintergreen Subdivision	\$50,000	\$774,190				\$824,190
Install new conduit bank and 750 AL from 57th and Taft to vault V1780.			\$55,290	\$858,320		\$913,610
Install conduit and 750 AL from Roosevelt on N side of 402 to Tyler tieing into V221			\$55,290	\$1,144,420		\$1,199,710
Install new 750 AL from breaker 211 W out of East Sub to Madison, connect to 211 and consume load on SW271				\$57,220		\$57,220
Extend new feeders from Valley V3 into system		\$53,420	\$1,548,010			\$1,601,430
Extend new feeders from Crossroads C2	\$50,000	\$722,580				\$772,580
TOTAL FEEDERS PIF's	\$725,000	\$2,554,840	\$160,250	\$1,796,810	\$2,231,620	\$7,468,520
TOTAL PIF PROJECTS	\$2,045,000	\$4,660,650	\$1,939,020	\$3,499,620	\$3,765,150	\$15,909,440

City of Loveland
Water and Power Department
Power - Detailed 5 Year Capital Plan
2015 Budget

Description	2015	2016	2017	2018	2019	TOTAL
CONVERSION PROJECTS						
Overhead to underground conversion (circuit 411) on railroad right of way from Taft to Colorado	\$10,000	\$227,780				\$237,780
Overhead to underground conversion (circuit 411) on railroad right of way from Colorado to Grant	\$10,000	\$345,810				\$355,810
Overhead to underground conversion Wilson Ave & Carlisle to SW 10th & Tyler			\$694,420			\$694,420
Overhead to underground conversion (circuit 214) on Eisenhower from Gorom to Boise				\$11,060	\$904,090	\$915,150
Overhead to underground conversion (circuit 211) on N Madison from 16th to Tupelo				\$11,060	\$709,540	\$720,600
Overhead to underground conversion (circuit 421) from 3rd along Railroad to 10th					\$34,330	\$34,330
Overhead to underground conversion SW between Heather & Wilson, replace UG from Heather to Eagle Dr			\$587,580			\$587,580
Overhead to underground conversion (circuit 713) from 402 & Lincoln N to 1st St				\$44,230	\$1,155,870	\$1,200,100
Overhead to underground conversion along RR tracks N of 10th between RR Ave & Madison Ave - 600 amp	\$1,300,000					\$1,300,000
Overhead to underground conversion along RR tracks N of 10th between RR Ave & Madison Ave - 200 amp	\$500,000					\$500,000
RMCT - Valley Substation to Campus	\$650,000					\$650,000
TOTAL - CONVERSION PROJECTS	\$2,470,000	\$573,590	\$1,282,000	\$66,350	\$2,803,830	\$7,195,770
** ROAD RELATED PROJECTS **						
Miscellaneous Small Projects	\$100,000	\$103,230	\$106,830	\$276,430	\$286,110	\$872,600
Install 600 amp tie from Cascade W along Hwy 34 turning S on Rossum to Saint Andrews				\$11,060	\$456,330	\$467,390
TOTAL ROAD RELATED PROJECTS	\$100,000	\$103,230	\$106,830	\$287,490	\$742,440	\$1,339,990
** STREETLIGHT PROJECTS **						
Arterials/Major Collectors	\$150,000	\$154,840	\$160,250	\$165,860	\$171,660	\$802,610
Customer requests/Miscellaneous projects/Conversions to LED	\$200,000	\$206,450	\$213,670	\$221,140	\$228,880	\$1,070,140
TOTAL STREETLIGHT PROJECTS	\$350,000	\$361,290	\$373,920	\$387,000	\$400,540	\$1,872,750
** ADMINISTRATION/ENGINEERING **						
TOTAL ADMINISTRATION/ENGINEERING	\$0	\$0	\$0	\$0	\$0	\$0
** OPERATIONS **						
55' Double Bucket Truck to Replace Vehicle 5318 (Power Ops)	\$260,000					\$260,000
(Power Ops)		\$85,680				\$85,680
3/4-Ton 4WD Reg Cab Pickup w/Utility Body to Replace Vehicle 5120 (Power Ops)		\$37,680				\$37,680
3/4-Ton 4WD Reg Cab Pickup w/Utility Body (Power Ops)		\$39,740				\$39,740
Replace Asphalt in Warehouse Yard	\$75,000					\$75,000
Replace 2003 Ford F250 4WD/UB 5127 (El Meter)		\$42,320				\$42,320
Replace 2004 Int'l Digger Derrick 5308 (Power Ops)		\$258,060				\$258,060
TOTAL OPERATIONS	\$335,000	\$463,480	\$0	\$0	\$0	\$798,480
TOTAL GENERAL PLANT	\$335,000	\$463,480	\$0	\$0	\$0	\$798,480



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: 8

MEETING DATE: 7/16/2014

SUBMITTED BY: Jim Lees, Utility Accounting Manager

TITLE: Quarterly Financial Report Update

DESCRIPTION:

This item summarizes the monthly and year-to-date financials for June 2014.

SUMMARY:

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

	June				June 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	\$1,124,531	\$1,057,529	\$67,001	6.3%	\$4,373,797	\$3,676,720	\$697,076	19.0%
Operating Expenses	\$649,945	\$573,869	\$76,076	13.3%	\$5,123,292	\$3,613,740	\$1,509,552	41.8%
Capital (Unrestricted)	\$965,798	\$113,700	\$852,099	749.4%	\$2,705,426	\$1,564,502	\$1,140,924	72.9%
WASTEWATER								
Sales	\$705,224	\$643,682	\$61,542	9.6%	\$3,976,006	\$3,599,346	\$376,660	10.5%
Operating Expenses	\$527,583	\$424,857	\$102,726	24.2%	\$2,568,101	\$3,050,911	(\$482,810)	-15.8%
Capital (Unrestricted)	\$227,094	\$14,058	\$213,036	1515.4%	\$716,434	\$329,663	\$386,771	117.3%
POWER								
Sales	\$4,197,526	\$4,106,717	\$90,809	2.2%	\$24,490,254	\$24,175,187	\$315,067	1.3%
Operating Expenses	\$4,678,082	\$4,838,001	(\$159,919)	-3.3%	\$23,369,705	\$22,859,871	\$509,834	2.2%
Capital (Unrestricted)	\$394,724	\$900,454	(\$505,730)	-56.2%	\$2,476,433	\$3,850,824	(\$1,374,391)	-35.7%

RECOMMENDATION:

Staff report only. No action required.

REVIEWED BY DIRECTOR:

LIST OF ATTACHMENTS

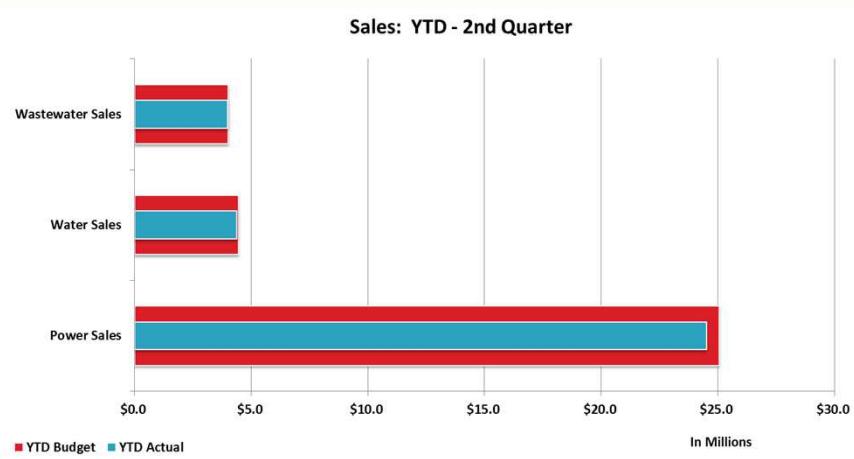
- PowerPoint Slides
- City of Loveland Financial Statement-Raw Water
- City of Loveland Financial Statement-Water
- City of Loveland Financial Statement-Wastewater
- City of Loveland Financial Statement-Power

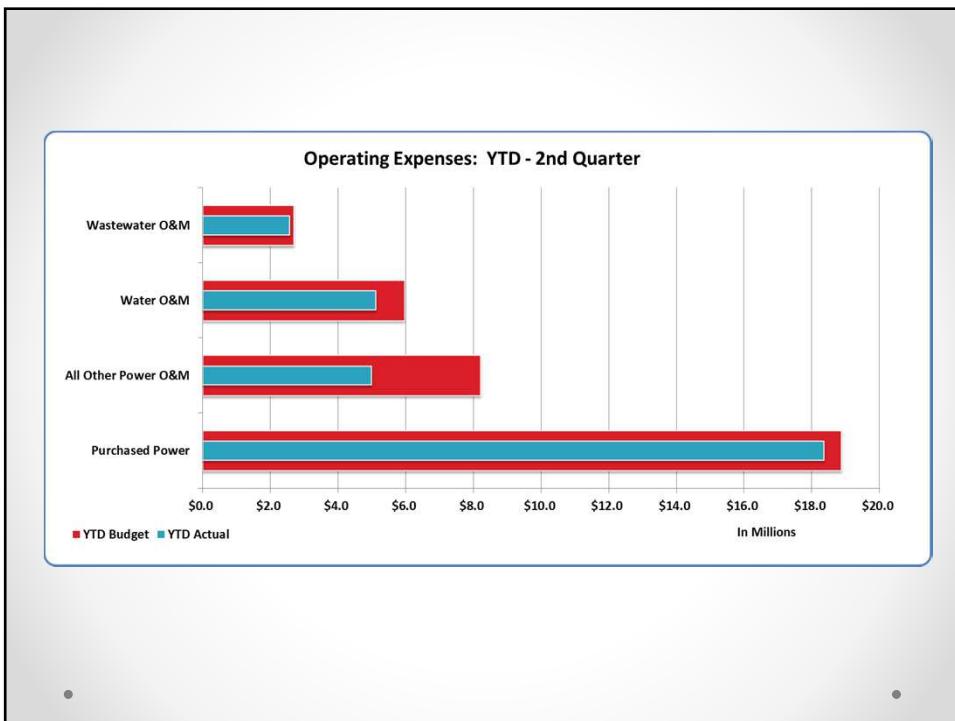
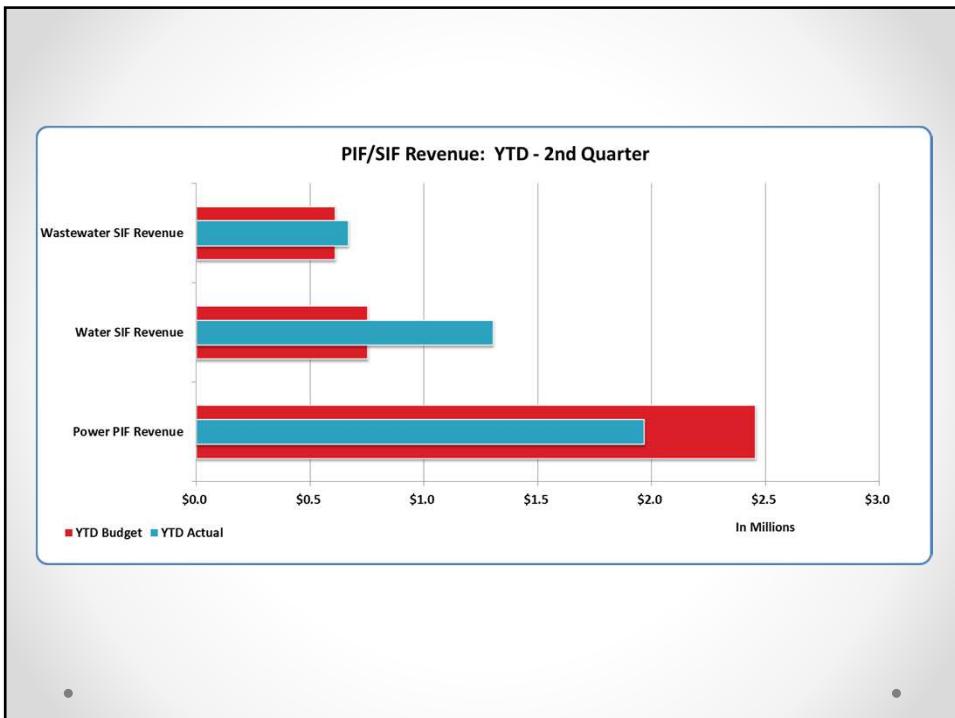


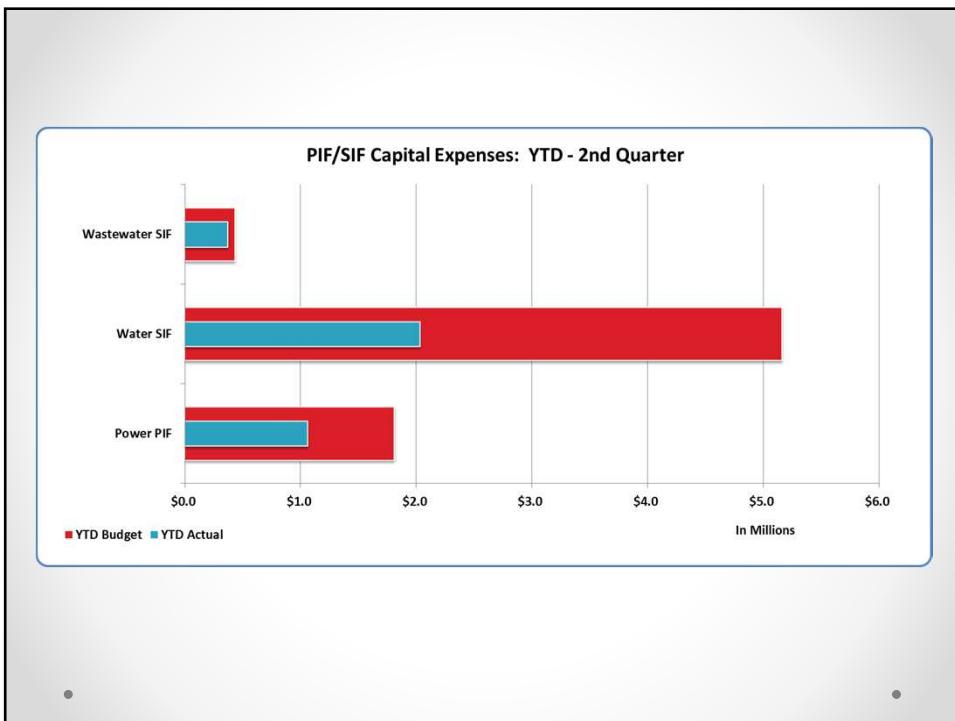
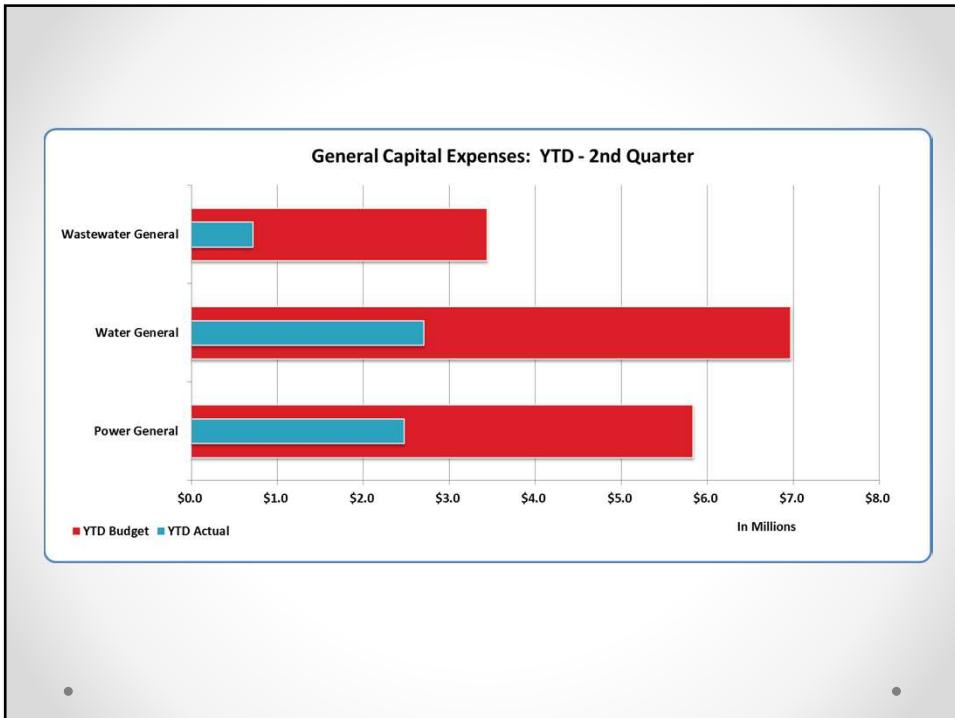
Water & Power Quarterly Financial Report

Loveland Utilities Commission

July 16, 2014







City of Loveland
Financial Statement-Water
For Period Ending 06/30/2014

	TOTAL BUDGET		YTD		OVER	
	* FYE 12/31/2014	* YTD ACTUAL	BUDGET	<UNDER>		VARIANCE
1 **UNRESTRICTED FUNDS**						
2 REVENUES & SOURCES						
3 Water Sales	11,264,720	4,373,797	4,433,690	(59,893)		-1.4%
4 Raw Water Transfer Out	(839,990)	(337,820)	(330,460)	(7,360)		2.2%
5 Wholesale Sales	71,380	29,961	11,770	18,191		154.6%
6 Meter Sales	38,740	33,742	18,250	15,492		84.9%
7 Interest on Investments	114,730	24,643	57,340	(32,697)		-57.0%
8 Other Revenue	1,089,950	1,515,017	880,950	634,067		72.0%
9 External Loan Monies Received	0	0	0	0		0.0%
10 TOTAL REVENUES & SOURCES	11,739,530	5,639,341	5,071,540	567,801		11.2%
11 OPERATING EXPENSES						
12 Source of Supply	2,126,150	920,045	886,660	33,385		3.8%
13 Treatment	3,089,390	1,175,966	1,211,690	(35,724)		-2.9%
14 Distribution Operation & Maintenance	3,132,600	1,158,521	1,241,790	(83,269)		-6.7%
15 Administration	557,450	165,235	269,250	(104,015)		-38.6%
16 Customer Relations	238,900	106,483	84,720	21,763		25.7%
17 PILT	729,730	282,518	286,070	(3,552)		-1.2%
18 1% for Arts Transfer	55,420	7,705	27,700	(19,995)		-72.2%
19 Services Rendered-Other Departments	1,034,610	472,424	497,190	(24,766)		-5.0%
20 Internal Loan Debt Expense	810,000	832,800	810,000	22,800		2.8%
21 External Loan Debt Expense	651,200	1,595	651,200	(649,605)		-99.8%
22 TOTAL OPERATING EXPENSES	12,425,450	5,123,292	5,966,270	(842,978)		-14.1%
23 NET OPERATING REVENUE/(LOSS)(excl depr)	(685,920)	516,049	(894,730)	1,410,779		-157.7%
24 CAPITAL EXPENDITURES	12,044,980	2,705,426	6,973,840	(4,268,414)		-61.2%
25 ENDING CASH BALANCE		4,314,971				
26 WATER DEBT FUND ENDING CASH BALANCE		25,325				
27 PLUS MONIES RECEIVED FROM LENDERS		25,325				
27 MINIMUM BALANCE (15% OF OPER EXP)		1,863,818				
28 OVER/(UNDER) MINIMUM BALANCE		2,451,154				
29 **RESTRICTED FUNDS**						
30 REVENUES & SOURCES						
31 SIF Collections	1,634,150	1,266,506	712,760	553,746		77.7%
32 SIF Interest Income	77,300	38,406	40,860	(2,454)		-6.0%
33 TOTAL SIF REVENUES & SOURCES	1,711,450	1,304,912	753,620	551,292		73.2%
34 SIF Capital Expenditures	8,396,060	2,031,904	5,161,840	(3,129,936)		-60.6%
35 1% for Arts Transfer	52,500	868	26,260	(25,392)		-96.7%
36 SIF ENDING CASH BALANCE		8,186,358				
37 TOTAL ENDING CASH BALANCE		12,526,655				

NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING: \$ 3,854,789

City of Loveland
Financial Statement-Water
For Period Ending 06/30/2014

	TOTAL BUDGET		YTD		OVER	
	* FYE 12/31/2014	* YTD ACTUAL	* BUDGET	* <UNDER>	* VARIANCE	
1 **UNRESTRICTED FUNDS**						
2 REVENUES & SOURCES						
3 Water Sales	* 11,264,720	* 4,373,797	4,433,690	(59,893)	-1.4%	
4 Raw Water Transfer Out	* (839,990)	* (337,820)	(330,460)	(7,360)	2.2%	
5 Wholesale Sales	* 71,380	* 29,961	11,770	18,191	154.6%	
6 Meter Sales	* 38,740	* 33,742	18,250	15,492	84.9%	
7 Interest on Investments	* 114,730	* 24,643	57,340	(32,697)	-57.0%	
8 Other Revenue	* 1,089,950	* 1,515,017	880,950	634,067	72.0%	
9 External Loan Monies Received	* 0	* 0	0	0	0.0%	
10 TOTAL REVENUES & SOURCES	* 11,739,530	* 5,639,341	5,071,540	567,801	11.2%	
11 OPERATING EXPENSES						
12 Source of Supply	* 2,126,150	* 920,045	886,660	33,385	3.8%	
13 Treatment	* 3,089,390	* 1,175,966	1,211,690	(35,724)	-2.9%	
14 Distribution Operation & Maintenance	* 3,132,600	* 1,158,521	1,241,790	(83,269)	-6.7%	
15 Administration	* 557,450	* 165,235	269,250	(104,015)	-38.6%	
16 Customer Relations	* 238,900	* 106,483	84,720	21,763	25.7%	
17 PILT	* 729,730	* 282,518	286,070	(3,552)	-1.2%	
18 1% for Arts Transfer	* 55,420	* 7,705	27,700	(19,995)	-72.2%	
19 Services Rendered-Other Departments	* 1,034,610	* 472,424	497,190	(24,766)	-5.0%	
20 Internal Loan Debt Expense	* 810,000	* 832,800	810,000	22,800	2.8%	
21 External Loan Debt Expense	* 651,200	* 1,595	651,200	(649,605)	-99.8%	
22 TOTAL OPERATING EXPENSES	* 12,425,450	* 5,123,292	5,966,270	(842,978)	-14.1%	
23 NET OPERATING REVENUE/(LOSS)(excl depr)	* (685,920)	* 516,049	(894,730)	1,410,779	-157.7%	
24 CAPITAL EXPENDITURES	* 12,044,980	* 2,705,426	6,973,840	(4,268,414)	-61.2%	
25 ENDING CASH BALANCE		* 4,314,971				
26 WATER DEBT FUND ENDING CASH BALANCE		* 25,325				
27 PLUS MONIES RECEIVED FROM LENDERS						
27 MINIMUM BALANCE (15% OF OPER EXP)	* *	* 1,863,818				
28 OVER/(UNDER) MINIMUM BALANCE	* 2,451,154					
29 **RESTRICTED FUNDS**						
30 REVENUES & SOURCES						
31 SIF Collections	* 1,634,150	* 1,266,506	712,760	553,746	77.7%	
32 SIF Interest Income	* 77,300	* 38,406	40,860	(2,454)	-6.0%	
33 TOTAL SIF REVENUES & SOURCES	* 1,711,450	* 1,304,912	753,620	551,292	73.2%	
34 SIF Capital Expenditures	* 8,396,060	* 2,031,904	5,161,840	(3,129,936)	-60.6%	
35 1% for Arts Transfer	* 52,500	* 868	26,260	(25,392)	-96.7%	
36 SIF ENDING CASH BALANCE		* 8,186,358				
37 TOTAL ENDING CASH BALANCE	* 12,526,655					

NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING: \$ 3,854,789

City of Loveland
Financial Statement-Wastewater
For Period Ending 06/30/2014

	* TOTAL BUDGET FY 12/31/2014	YTD ACTUAL	YTD BUDGET	OVER <UNDER>	VARIANCE
1 **UNRESTRICTED FUNDS**	*	*			
	*	*			
2 REVENUES & SOURCES	*	*			
	*	*			
3 Sanitary Sewer Charges	*	8,269,970	3,976,006	3,992,350	(16,344)
4 High Strength Surcharge	*	546,760	154,840	225,490	(70,650)
5 Interest on Investments	*	35,340	37,043	17,680	19,363
6 Other Revenue	*	38,680	128,035	21,890	106,145
7 TOTAL REVENUES & SOURCES	*	8,890,750	*	4,295,923	4,257,410
	*	*			
8 OPERATING EXPENSES	*	*			
	*	*			
9 Treatment	*	3,309,370	1,245,736	1,462,720	(216,984)
10 Collection System Maintenance	*	1,940,050	698,953	510,790	188,163
11 Administration	*	394,510	99,533	171,010	(71,477)
12 Customer Relations	*	35,240	20,978	15,200	5,778
13 PILT	*	617,170	288,939	295,000	(6,061)
14 1% for Arts Transfer	*	21,610	1,677	10,820	(9,143)
15 Services Rendered-Other Departments	*	472,190	212,286	223,790	(11,504)
16 TOTAL OPERATING EXPENSES	*	6,790,140	*	2,568,101	2,689,330
	*	*			
17 NET OPERATING REVENUE/(LOSS)(excl depr)	*	2,100,610	*	1,727,822	1,568,080
	*	*			
18 CAPITAL EXPENDITURES	*	7,775,150	*	716,434	3,441,260
	*	*			
19 ENDING CASH BALANCE	*	*	8,549,574		
	*	*			
20 MINIMUM BALANCE (15% OF OPER EXP)	*	*	1,018,521		
	*	*			
21 OVER/(UNDER) MINIMUM BALANCE	*	*	7,531,053		
	*	*			
22 **RESTRICTED FUNDS**	*	*			
	*	*			
23 REVENUES & SOURCES	*	*			
	*	*			
24 SIF Collections	*	1,095,000	642,466	590,710	51,756
25 SIF Interest Income	*	39,760	26,372	19,860	6,512
26 TOTAL SIF REVENUES & SOURCES	*	1,134,760	*	668,839	610,570
	*	*			
27 SIF Capital Expenditures	*	1,325,030	373,596	432,510	(58,914)
28 1% for Arts Transfer	*	8,130	2,775	4,060	(1,285)
	*	*			
29 SIF ENDING CASH BALANCE	*	*	6,060,979		
	*	*			
30 TOTAL ENDING CASH BALANCE	*	*	14,610,553		
	*	*			

NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING \$ 1,651,071

City of Loveland
Financial Statement-Power
For Period Ending 6/30/2014

	* TOTAL BUDGET	* YTD ACTUAL	YTD BUDGET	OVER <UNDER>	VARIANCE
UNRESTRICTED FUNDS					
1 REVENUES & SOURCES:					
2 Electric revenues	* \$53,808,970	* \$24,490,254	\$25,034,320	(\$544,066)	-2.2%
3 Wheeling charges	* \$240,000	* \$116,292	\$120,000	(\$3,708)	-3.1%
4 Interest on investments	* \$154,120	* \$77,039	\$77,060	(\$21)	0.0%
5 Aid-to-construction deposits	* \$750,000	* \$1,016,503	\$375,000	\$641,503	171.1%
6 Customer deposit-services	* \$160,000	* \$90,984	\$80,000	\$10,984	13.7%
7 Doorhanger fees	* \$420,000	* \$201,432	\$210,000	(\$8,568)	-4.1%
8 Connect Fees	* \$160,000	* \$70,421	\$80,000	(\$9,579)	-12.0%
9 Services rendered to other depts.	* \$0	* \$0	\$0	\$0	0.0%
10 Other revenues	* \$402,950	* \$220,813	\$201,475	\$19,338	9.6%
11 Year-end cash adjustments	* \$0	* \$0	\$0	\$0	0.0%
12 TOTAL NORMAL REVENUES & SOURCES	* \$56,096,040	* \$26,283,738	\$26,177,855	\$105,883	0.4%
13 FLOOD REVENUE (UNBUDGETED)	* \$0	* \$908,909	\$0	\$908,909	0.0%
14 TOTAL REVENUES & SOURCES	* \$56,096,040	* 27,192,647	\$26,177,855	\$1,014,792	3.9%
15 OPERATING EXPENSES:					
16 Hydro oper. & maint.	* \$82,900	* \$846	\$41,450	(\$40,604)	-98.0%
17 Purchased power	* \$40,266,940	* \$18,375,251	\$18,880,582	(\$505,331)	-2.7%
18 Distribution oper. & maint.	* \$8,621,930	* \$1,813,235	\$4,310,965	(\$2,497,730)	-57.9%
19 Customer Relations	* \$1,074,030	* \$344,693	\$537,015	(\$192,322)	-35.8%
20 Administration	* \$796,130	* \$231,408	\$398,065	(\$166,657)	-41.9%
21 Payment in-lieu-of taxes	* \$3,772,860	* \$1,582,859	\$1,807,200	(\$224,341)	-12.4%
22 1% for Arts Transfer	* \$78,940	* \$11,829	\$37,812	(\$25,984)	-68.7%
23 Services rendered-other depts.	* \$2,154,280	* \$1,009,584	\$1,077,140	(\$67,556)	-6.3%
24 TOTAL OPERATING EXPENSES (excl depn)	* \$56,848,010	* \$23,369,705	\$27,090,229	(\$3,720,524)	-13.7%
25 NET OPERATING REVENUE/(LOSS) (excl depn)	* (\$751,970)	* \$3,822,942	(\$912,374)	\$4,735,316	-519.0%
26 CAPITAL EXPENDITURES:					
27 General Plant/Other Generation & Distribution	* \$10,737,200	* \$1,504,391	\$5,368,600	(\$3,864,209)	-72.0%
28 Aid-to-construction	* \$750,000	* \$853,631	\$375,000	\$478,631	127.6%
29 Service installations	* \$190,000	* \$118,411	\$95,000	\$23,411	24.6%
30 TOTAL CAPITAL EXPENDITURES	* \$11,677,200	* \$2,476,433	\$5,838,600	(\$3,362,167)	-57.6%
31 ENDING CASH BALANCE		* \$18,383,994			
32 MINIMUM BAL. (15% of OPER EXP excl depn)	* \$8,527,202				
33 OVER/(UNDER) MINIMUM BALANCE	* \$9,856,793				
34 **RESTRICTED FUNDS**					
35 PIF Collections	* \$2,434,870	* \$1,119,024	\$1,637,435	(\$518,411)	-31.7%
36 PIF Interest Income	* \$22,920	* \$17,928	\$11,460	\$6,468	56.4%
37 Water Loan Payback	* \$810,000	* \$832,800	\$810,000	\$22,800	2.8%
38 TOTAL REVENUES	* \$3,267,790	* \$1,969,752	\$2,458,895	(\$489,143)	-19.9%
39 PIF Feeders	* \$1,075,000	* \$0	\$537,500	(\$537,500)	-100.0%
40 PIF Substations	* \$2,547,970	* \$1,062,194	\$1,273,985	(\$211,791)	-16.6%
41 TOTAL EXPENDITURES	* \$3,622,970	* \$1,062,194	\$1,811,485	(\$749,291)	-41.4%
42 ENDING PIF CASH BALANCE		* \$3,999,006			
43 TOTAL ENDING CASH BALANCE	* \$22,383,001				

NOTE: YTD ACTUAL does NOT include encumbrances totalling \$2,261,939



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: 9

MEETING DATE: 7/16/2014

SUBMITTED BY: Steve Adams, Director

AP 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:

AP for SA



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: 10

MEETING DATE: 7/16/2014

SUBMITTED BY: Steve Adams, Director

AP for SA

TITLE: Director's Report

SUMMARY:

- **Meadow Pipeline Grand Opening:** On July 9, 2014 at 12:30 PM City of Loveland Water and Power staff met with the Major, LUC board members, City Council board members, Reporter Herald and contributing contractors to celebrate the opening of the new 48" line at the Water Treatment Plant. Thank you to LUC board members Dave Schneider, Gene Packer and Larry Roos for attending this event. - Allison Prokop



- **Urban Land Institute (ULI) Resiliency Panel Final Report Presentation:** The ULI panel visited three communities Loveland, Fort Collins and Estes Park. The three cities are collaborating to encourage regional agreements on resilience issues. Further details can be found online at <https://www.dropbox.com/s/939oq2h4tq6dqu6/ULI%20Final%20Report%20Presentation.pdf> - Chris Matkins

- **2013 Flood Update:**

- **Power:** The Palisade extension has been completed and main lines have been restored in the Big Thompson Canyon. We are still working with individual customers on their timelines to restore services. We do not have an estimated completion date for all of the service restoration work since it is pending individual property owners and access to some of these locations which is controlled by others. Since the completion of the main line restoration, the Line Crews have set 5 new poles to get the Drake Campground energized. Underground lines were installed at Sylvan Dale Guest Ranch to provide power for the temporary kitchen. Engineering and design work is being done to change the route of the overhead lines at Sylvan Dale to eliminate river crossings and protect the system against future flooding.
- **Home Supply Spillway:** Over the past few months Home Supply has been working with FEMA on a spillway structure for their newly renovated "Big Dam". FEMA has approved a 406B – mitigation grant in the amount of \$769,000 for Home Supply. The spillway will give added protection to the "Big Dam" and extend the life of this structure. Home supply's engineer, Deere & Ault have started design on the project. Home Supply and the City are working on an agreement that will identify the long term operations and maintenance costs for the "Big Dam". Also covered in this agreement will be the cost and maintenance responsibilities for the spillway structure. City staff will bring the agreement to the LUC once a draft version of this is created.
- **Water/Wastewater:**
 - Staff has reviewed the Statement of Qualifications for the 36" and 20" river crossings project and has selected CH2MHill as the engineer to design the project.
 - Staff submitted (3) Natural Disaster Grant Program Applications to the Water Quality Control Division of the Colorado Department of Public Health and Environment to cover the City's 12.5% portion on the following future flood recovery projects:
 1. **\$146,000 Grant Request on the 36" and 20" River Crossings:** Several months after the 2013 Big Thompson Flood (after the river levels receded), the water department exposed the existing 20" and 36" water transmission lines adjacent to the river in several locations west of Glade Road and found that two 20" and two 36" river crossings were left with a minimal amount of cover (6" to 18"). This is well below the current CDPHE Design Standard of 5' and leaves our transmission lines susceptible to future high flow events and channel scouring. Also, it appears that the excessive flows during the flood eroded all of the cover off of the 36" steel pipe in one location and allowed sand and rocks to "sandblast" the exterior of the pipe which removed the protective coating. Without a coating, this pipe will quickly rust, develop leaks, and eventually fail. The proposed project includes installing new pipe at all four locations in a concrete encasement, with at least 5' of cover to protect it from future flood events.
 2. **\$50,000 Grant Request on the Directional Drilling:** During the 2013 flood event, high flows in the Big Thompson River scoured the channel bottom such that two waterline crossings were completely destroyed (one 6" PVC line near Fairgrounds Park, and one 8" ductile iron line adjacent to Hwy 287/Lincoln Ave.). The proposed project includes installing 8" fusible PVC under the river via

horizontal directional drilling at both locations. The Fairground site will require approximately 250 ft. of new pipe and the Lincoln Avenue site will require approximately 350' of new pipe. Both sites will include new valves on each side of the river in accordance with CDPHE design criteria.

3. **\$68,750 Grant Request on the Southside Force main:** The 2013 flood event destroyed a 20" ductile iron sewer force main. The damaged force main is located approximately 1,000 ft. south of the City of Loveland Wastewater Treatment Plant and adjacent to Boise Avenue. The proposed project includes installing approximately 400 ft. of 20" ductile iron force main. The segment directly under the river (200 ft.) will be installed in a concrete encasement keyed into bedrock to protect it from future events. The top of the encasement will be approximately 5' below the bottom of new river bed.

- **Fluoride Update:** Staff will update the board on their response to Larry Sarner's fluoridation inquires and if complete will hand out a copy of correspondence to Larry Sarner. - Steve Adams
- **Garden Tour:** Over 500 attendees visited the Prairie Trail subdivision for The Loveland Garden Tour and Art Show on Saturday June 28, 2014 from 8AM until 2:30PM. The City of Loveland Water and Power educated customers on the importance of xeriscaping and about the Slow the Flow summer sprinkler inspection program. Community members had a positive response to the overall event and the information that was provided. - Allison Prokop

RECOMMENDATION:

Director's report only.

REVIEWED BY DIRECTOR:

AP for SA



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AGENDA ITEM: 11

MEETING DATE: 7/16/2014

SUBMITTED BY: Larry Howard, Senior Engineer

GD for LHL

TITLE: Water Supply Update

DESCRIPTION:

The City's raw water sources for 2014 continue to yield an abundant supply. Staff expects demands to be fully met, with enough available for lease to agricultural users during the 2014 season, and the ability to make full use of the CBT Carryover Program into 2015.

SUMMARY:

- Green Ridge Glade Reservoir has filled with native water from the Big Thompson River, and conditions this year have allowed storage of about 4,220 AF under the City's conditional storage decree in Case #05CW123 (original 1986 filing was Case #1986CW383 for 15,000 AF). This storage provides evidence of the City's diligence in perfecting the decree and provides a basis for making a portion of the decree absolute. Most of the CBT carryover supply remains available, including 1,000 AF of supplemental carryover water leased earlier this spring from Longmont.
- Windy Gap water stored in Lake Granby remains vulnerable to a possible spill. In June the vertical lake level was increasing about a foot a day from inflows, but on July 7 it increased only about 0.18'. Part of the reason was the Grand Ditch began diversions to the Poudre this month decreasing inflows to Lake Granby, and recent precipitation in the basin has been very low. Counteracting those factors is the fact that Carter Lake and Horsetooth Reservoir are both effectively full, allowing water to be removed from Grand Lake through Adams Tunnel only at a rate to meet ongoing East Slope demands. At this writing on July 8, 2014, 1.4' remained on the staff gauge at Lake Granby between the water level and the spillway level, which represents about 11,000 AF of available storage capacity. Whether or not a spill occurs will very likely depend on precipitation. This of course would result in the loss of stored Windy Gap water being spilled first. Staff will update this situation at the meeting.

RECOMMENDATION:

Information item only. No action required.

REVIEWED BY DIRECTOR:

AP for SA

ATTACHMENTS:

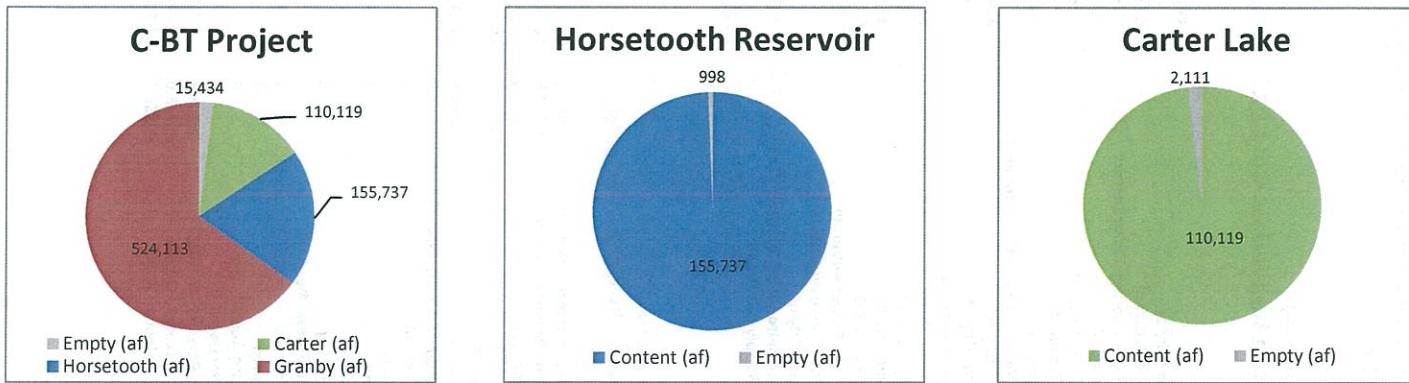
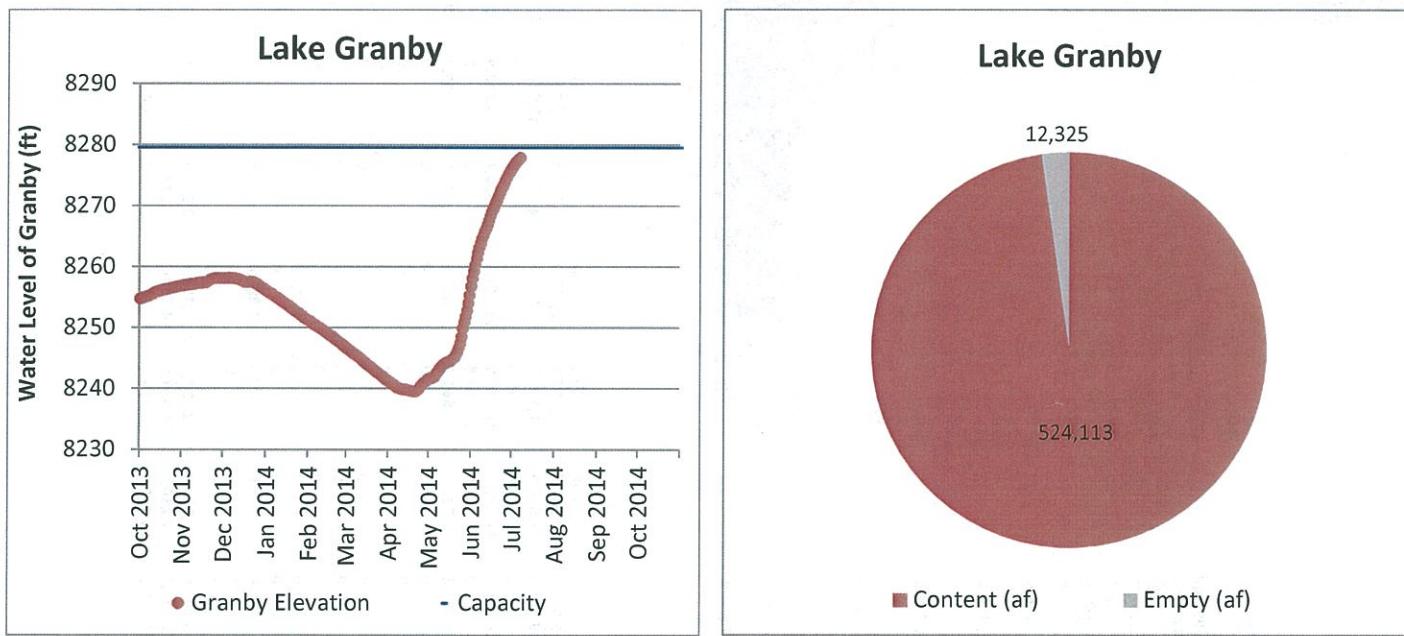
- Northern Water Spill Watch, 2014
- July 1, 2014, Northern Water Windy Gap Water Resources Report

Spill Watch 2014

7/07/2014 12:01 a.m.

Northern Water is monitoring Lake Granby as the reservoir inches closer to a possible spill. Today, Lake Granby's water level is at 8277.83 feet, which is 1.67 feet from spilling. Lake Granby's full elevation is 8280.00 feet. However, spills begin when the water level reaches 8279.50 feet. Yesterday, Lake Granby's water level increased 0.21 feet. Today, Lake Granby has 524,113 acre-feet of water in storage.

Current levels of the C-BT reservoirs



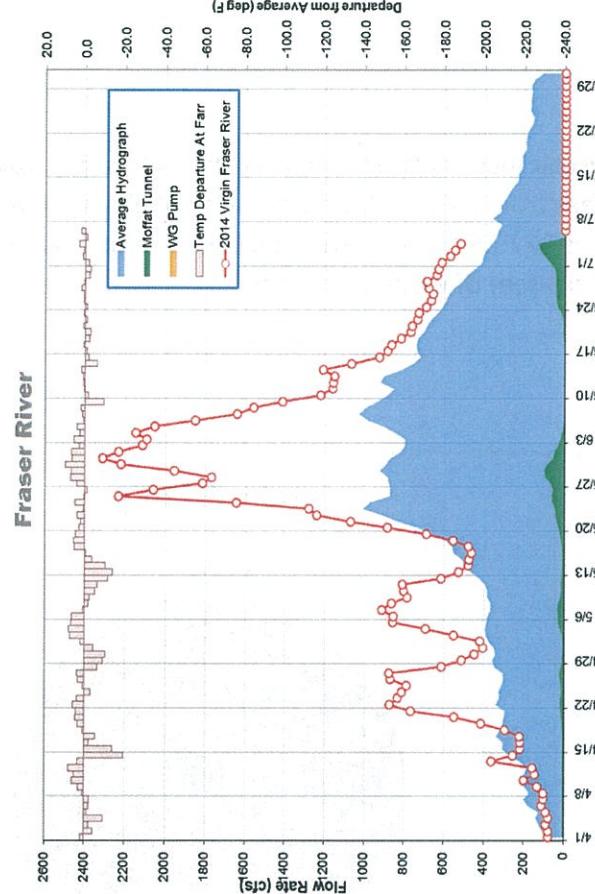
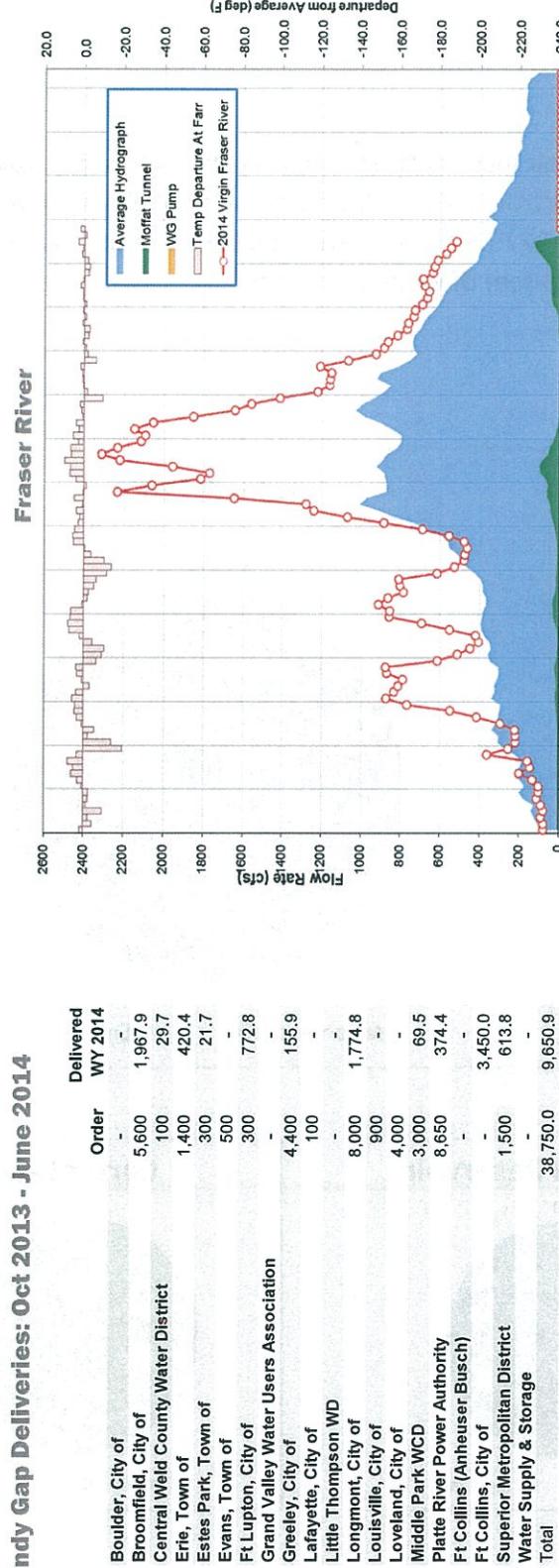
Windy Gap Water Resources Report

July 1, 2014



Windy Gap Deliveries: Oct 2013 - June 2014

all values in acre-feet



all values in acre-feet

Windy Gap: Projected Account Balances

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Beginning Balance- MPWCD	2,907.4	2,907.4	2,907.4	2,907.4	2,907.4	2,837.9	2,554.1	2,554.1	2,554.1	2,554.1	2,554.1	2,454.1	2,454.1
Beginning Balance- Others	21,354.5	20,748.0	19,375.3	17,947.8	17,210.9	16,541.1	14,389.7	13,713.9	12,430.6	10,174.3	7,974.3	5,974.3	5,974.3
Unallocated	0	0	0	0	0	0	0	0	0	0	0	0	0
Allocated	21,354.5	20,748.0	19,375.3	17,947.8	17,210.9	16,541.1	14,389.7	13,713.9	12,430.6	10,174.3	7,974.3	5,974.3	5,974.3
Use - MPWCD	0	0	0	0	0	69.5	0	0	0	0	100	0	169.5
Use - Others	606.5	1,372.7	1,427.5	736.9	669.8	552.6	675.8	1,283.3	2,256.3	2,200.0	2,000.0	2,500.0	16,281.4
Net Quotas and Transfers*	0	0	0	0	0	0	0	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0	0	0	0	0	0	0	0
Allocated	0	0	0	0	0	0	0	0	0	0	0	0	0
Pumping	0	0	0	0	0	0	0	0	0	0	0	0	0
Pump Shrink	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Pumping	0	0	0	0	0	0	0	0	0	0	0	0	0
Account Shrink (Mar 31)	0	0	0	0	0	0	0	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0	0	0	0	0	0	0	0
Allocated	0	0	0	0	0	0	0	0	0	0	0	0	0
Rounding Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
Collateral Used	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance - MPWCD	2,907.4	2,907.4	2,907.4	2,837.9	2,554.1	2,554.1	2,554.1	2,554.1	2,554.1	2,554.1	2,454.1	2,454.1	2,454.1
Ending Balance - Others	20,748.0	19,375.3	17,947.8	17,210.9	16,541.1	14,389.7	13,713.9	12,430.6	10,174.3	7,974.3	5,974.3	3,474.3	3,474.3
Ending Balance - Total	23,655.4	22,282.7	20,118.3	19,379.0	16,943.8	14,984.7	12,728.4	10,528.4	10,528.4	10,528.4	8,428.4	5,928.4	5,928.4