



LOVELAND UTILITIES COMMISSION

REGULAR MEETING

June 17, 2015 - 4:00 p.m.
Service Center Board Room
200 North Wilson Avenue



AGENDA

4:00 pm - CALL TO ORDER

4:05 pm - APPROVAL OF MINUTES - 5/20/2015

NEW EMPLOYEE INTRODUCTION JAMES STRANG

CITIZENS REPORTS

Anyone in the audience may address the LUC on any topic relevant to the commission. If the topic is an item on the Consent Agenda, please ask for that item to be removed from the Consent Agenda.

Items pulled will be heard at the beginning of the Regular Agenda. Members of the public will be given an opportunity to speak to any item on the Regular Agenda during the Regular Agenda portion of the meeting before the LUC acts upon it. If the topic is an item on the Staff Report, members of the public should address the Commission during this portion of the meeting as no public comment is accepted during the Staff Report portion of the meeting.

Anyone making comment during any portion of tonight's meeting should identify himself or herself and be recognized by the LUC chairman. Please do not interrupt other speakers. Side conversations should be moved outside the Service Center Board Room. Please limit comments to no more than three minutes.

4:10 pm - CONSENT AGENDA

1. Acceptance of 4.7295 Louden Ditch Shares and possible executive session – Greg Dewey
2. Interchange Lift Station Intergovernmental Agreement (IGA) – Roger Berg

4:15 pm - REGULAR AGENDA

3. Supplemental Appropriation for Water Enterprise – Chris Matkins & Jim Lees
4. 2016 Budget Presentation Update on Wastewater Utility – Roger Berg & Chris Matkins
5. 2015 Water and Wastewater Rate Study Results – Jason Mumm & Jon Albertsen from Hawksley Consulting
6. 2016 Budget – Jim Lees

5:15 pm - 7. COMMISSION / COUNCIL REPORTS

- Tri-City Meeting – May 21, 2015
- City Council Study Session -10 year Capital Plan – June 10, 2015

5:30 pm - 8. DIRECTOR'S REPORT – Separate Document

5:45 pm - INFORMATION ITEMS

9. Financial Report Update – Jim Lees

6:00 pm - 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.

Commission Members Present: Anita Merchant, Dan Herlihey, David Schneider (Vice Chair), Gary Hausman, Gene Packer (Chairman), Larry Roos, Jennifer Gramling, John Rust Jr., Randy Williams (Arrived at 4:22 pm during item 2)

Council Liaison: Troy Krenning (Arrived at 4:37 pm during item 2)

City Staff Members: Bob Miller, Brieana Reed-Harmel, Chad Birgenheier, Chris Matkins, Darcy Hodge, Garth Silvernale, Greg Dewey, Gretchen Stanford, Jacob Mussler, Kim Frick, Kim O'Field, Larry Howard, Michelle Stalker, Sharon Citino, Steve Adams

CALL TO ORDER: Gene Packer called the meeting to order at 4:06 pm.

APPROVAL OF MINUTES: Gene asked for a motion to approve the minutes of the April 15, 2015 meeting.

Motion: Dan Herlihey made the motion to approve the minutes of the April 15, 2015 meeting.

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

NEW EMPLOYEE INTRODUCTION: Jacob Mussler

CITIZEN REPORTS: none

REGULAR AGENDA

Item 1: Additional Appointment of Loveland Utilities Commission (LUC) Board Members as Liaisons for the 2015 Budget Process – Jim Lees & Steve Adams

Staff would like to discuss the opportunity to invite additional LUC board members to serve as liaisons during the 2016 Water & Power Budget Process.

Recommendation: Appoint Larry Roos as an additional LUC board member to participate in the 2016 budget review process for the Water & Power Department.

Approved: Unanimously approved by nodding acclamation of all board members.

Item 2: Raw Water Firm Yield Direction – Larry Howard

Multiple options provide potential opportunities to increase the City's raw water firm yield supply. Simultaneously growth, yield, timing, and market conditions affect the availability and desirability of these options. This item will briefly review last month's discussion on a number of options and potential short and long-term actions for further consideration. In particular, a question was raised at the April 2015 LUC meeting concerning whether the City should purchase Colorado Big Thompson (CBT) water in the short-term, or focus for now on the City's participation in the Windy Gap Firming Project (WGFP).

Original Motion: Move to direct staff to apply the concept of dollar cost averaging to the future purchase of CBT water and to proceed with the process to identify CBT units for possible purchase.

Motion: Gary Hausman made the motion.

Second: Randy Williams seconded the motion. The original motion was approved by all but the following board members: Dave Schneider, Larry Roos, and Anita Merchant.

Amended Motion: Move to encourage staff to apply the concept of dollar cost averaging to the future purchase of CBT water and to proceed with the process of identifying CBT units for possible purchase.

Motion: Gary Hausman made the motion.

Second: Randy Williams seconded the motion. The motion was approved by all but the following board member: Dave Schneider.

Comments: Staff clarified that a unit of CBT is 1 acre-foot per unit, and a unit of Windy Gap is 100 acre feet per unit. Board and staff discussed what all is included in the price for the various types of water storage. Windy Gap water would be put through the Adams Tunnel and then stored on this side of the mountains. Native water could be stored in both Green Ridge Glade (GRG) or Windy Gap Firming Project (WGFP). Currently, Loveland would get about 7,000 acre-feet (af) of storage in WGFP.

Dan Herlihey inquired about the location of where Loveland Water & Power's (LWP) could do downstream storage and staff responded that it would be best to be near the Big Thompson River between I-25 and the Wastewater Treatment Plant (WWTP).

Because of the drought in the southwest the board and staff discussed the ramifications of what could occur if there were a call on the Colorado River and the delivery requirements of the upper basin states as specified in the Colorado River Compact. There could be curtailments on water for any water right after the Colorado Compact was signed in 1922. Both CBT and Windy Gap water rights were signed after that date and could be affected by curtailments.

Staff explained which of Loveland's water rights are single use water rights which means that they may only be used 1 time each water year. The water year runs from November 1st of one year through October 31st of the next year.

Board and staff discussed the importance of a diversified water portfolio. LWP's portfolio is comprised by about 45% of their water from the west slope and 55% from the east slope. Even in the worst case scenario of curtailments on water from the West slope, LWP should still be able to keep taps running for at least indoor water use. Board and staff discussed ways to make multiple use of our water rights (gray water, purple pipe, reuse and capture downstream and reuse) and how those actions could help increase the water yield if needed. Staff clarified that any time you divert water, there is returned flow water and if it is from a source that's reusable, Loveland could benefit again from that water. Board members discussed the challenges of the downstream water storage option which included lack of infrastructure for piping and pumping to get the water to a treatment facility, working against gravity to get water back to Loveland, the challenge of finding downstream water users interested in buying the water and that at present the costs for these options are higher than other options. Board and staff discussed what would need to be done to increase the storage capacity of GRG.

Discussion ensued surrounding the pros and cons of buying CBT water over other sources of water touching on points such as:

- Speculating whether the CBT price will continue to climb or if it will come back down
- Whether it would be advantageous to buy at least a few units each year verses saving to buy larger blocks of units which would probably be at a better price point
- Whether or not there will be many units available if we wait to purchase CBT. The remaining units owned by agricultural users is around 30,000
- The opportunity cost if we buy CBT at the current high cost verses the current costs of other water sources
- The differences in stored water costs
- LWP may have a limited time to increase LWP's participation in the WGFP starting in November 2015. It was noted that Platte River Power Authority may not need as much water as they had previously planned for
- The construction costs for WGFP are likely to increase considerably from previous estimates and there will be a need to be able to finance those cost overruns
- Speculating on whether the cost to participate in the WGFP will increase once the reservoir is built

- Whether it may be cheaper to build a mountain reservoir to store water than to buy more CBT if the CBT price continues to climb

Following Gary Hausman's original motion, Randy Williams discussed whether the wording of the motion may overstep the authority of the LUC to direct staff rather than to encourage staff to buy CBT units. Discussion then ensued over whether the motion gives too much or not enough direction and parameters to staff of when to buy CBT. Based upon that discussion an amended motion was offered, seconded and approved by the LUC.

Staff provided some background information about CBT. CBT was not meant to be a primary water source of supply, but that has not been enforced. Unless Northern Water changes the way they operate and starts enforcing that rule, other water districts will be in the CBT market and buy water for additional taps, which will put upward pressure on the price of CBT. Some developments are now outside the cities which will continue to put pressure on the price of CBT. Loveland already added 150 water taps for the year, which is above our 10-year average for the first time in 5 years. Next year, the Raw Water Master Plan (RWMP) will be reworked and refined, and LWP will work to update the ultimate development build out for LWP's service territory which currently projected to occur around 2042. The RWMP will address the gap between what LWP will need and what LWP currently has in water rights.

STAFF REPORTS

Item 3: Long-Term Water Usage and Revenue Implications – Chris Watkins

This informational item describes declining trends in water usage, implications in water planning, and corresponding impacts to the revenue streams of the Water Enterprise.

Staff Report only. No action required.

Comments: Staff clarified the gallons per capita differences in two of the PowerPoint slides as the difference between the water treated at the Water Treatment Plant (WTP) per customer on one slide verses the amount of water sold to customers divided by the total number of customers on another slide. A good number to compare Loveland to other communities is the average amount of water used per residential customer each year. In a future presentation in August 2015, staff will present how population growth will impact the Water Utility.

Board and staff discussed how water efficiency and water conservation affect the Water and Wastewater Utilities. Staff discussed that our rate consultant will incorporate conservation numbers into the current rate study so that if there is a long-term impact from these factors, LWP will adjust rates and revenue projections accordingly. The board and staff also discussed the type of messaging that LWP should do to communicate water efficiency and water conservation. LWP has tried to use more persuasion and education techniques rather than being overbearing. LWP's customers did cut back on their water usage in the 2002 drought.

Discussion ensued on various growth rates used in the State Water Plan, the City's Planning Department and LWP. During the first few years in the future, LWP uses what development information they have about development projects on the horizon to set a more conservative growth rate and then a few years out, LWP estimates population growth going forward using a more steady growth rate.

Discussion ensued on how conservation efforts and growth rates affect water sales and revenues, and the difference between fixed and variable utility costs. Staff clarified that the volume water charge is not the only charge to customers. There is not a direct correlation between growth rate and revenue

because not all revenue is a usage charge (variable cost); there is also a fixed portion. The fixed base charge helps to level out changes from factors like weather.

Discussion ensued over what messaging should be employed to customers. It may be difficult for customers to find out that their water bill may actually increase if across the board all customers use less water too quickly through ramping up our water conservation marketing. However, the long term benefits for water conservation are great, but should be done in a controlled and planned for way to allow for revenues to adjust accordingly. Board members discussed whether the messaging should also include that if we don't conserve water, LWP may need to increase costs to acquire more water rights. The board discussed other factors that should be communicated to customers such as the cost increases caused by inflation to construction costs or cost increases caused by compliance to new regulatory requirements, etc.

A higher utility bill may be difficult for someone who feels like he or she is doing the right thing by conserving water. They will essentially be paying more for using less water. However, from the recent customer survey, customers said they would be willing to pay up to 3% more for water conservation programs. Higher base charges stifles some of the water conservation efforts. LWP does a great job on cost control efforts especially compared to other communities, but we still need to work on the message to the community. Most of the utilities' costs are fixed. Messaging is hard because we try to portray very complex concepts.

John Rust Jr. discussed how the City should lead by example to irradiate Russian Olive trees from City property. They are considered an invasive species that uses a lot of water.

COMMISSION/COUNCIL REPORTS

Item 4: Commission/Council Reports

Activity board members attended since last meeting – April 15, 2015

- Northern Water Workshop – May 13, 2015
- Webinar: Rain Water Collection in Colorado - The Story of HB15-1259 – May 7, 2015

Anita Marchant: none

Dan Herlihey: none

Dave Schneider: Shared about how the \$750,000 from the General Fund was to help lower the rate increases. LWP did not support getting this money from the General Fund when the burden should be carried by the rate payers. He mentioned the webinar sound quality was very poor on the rain water collection legislation. Although this legislation did not pass, it did go far in the process. He discussed conflicts it has with Colorado's Water Law. This topic will likely come back to the legislature next year. He inquired about the Home Supply Ditch and the amount of water in their ditch verses what is being put back into the river.

Gene Packer: He'll be sharing comments at the Tri-City meeting tomorrow night, reviewed the information on the food sale tax and information that he provided to City council and the importance of continuing the \$750,000 from the general fund. The city manager received letters from 11 boards and commissions. Last night, the item to eliminate sales tax on food was defeated 5 to 4.

Gary Hausman: Inquired how the meadow is doing. Staff members then discussed the flows through this area in cubic feet per second. So far the obermeyer gate has handled very well and so far the water has not flowed over the dam crest. The flows are considerably less than during the 2013 flood which maxed around 10,000 cfs.

Jennifer Gramling: none

John Rust Jr: none

Larry Roos: none

Randy Williams: He sat in on a board meeting in Fort Collins about increasing the water rates and one well spoken business man said that they are not increasing them enough. Finally, Fort Collins has managed to get an increase going, but they are far behind where we are.

Council Report: Troy Krenning

Regular Meetings – April 21, 2015

- Ordinance on Second Reading for Supplemental Appropriation for Water Treatment Plant was approved. A motion to Approve and Order published on First Reading an Ordinance Enacting a Supplemental Budget and Appropriation to the 2015 City of Loveland Budget to Correct the Splits of Funding for the Water Treatment Plant Expansion & the Water Transmission Line Replacement to Hwy 34. This is an administrative action.
 - The WTP Expansion Project should be allocated as follows: 40% in the Water Fund and 60% in the Water SIF Fund.
 - The Water Transmission Line Replacement to Highway 34 Project should be allocated as follows: 50% in the Water Fund and 50% in the Water SIF Fund.
 - Between funds rolled over from 2013 and supplemental appropriations done in 2014, the percentage split for the budget between the Water Fund and the Water SIF fund is off slightly for these two projects. This ordinance addresses these corrections.
 - The total amount of the appropriations are \$506,200 funded by transfers between the funds.
 - There is no net increase in the total budget for either of the two projects.
- Resolution #R-27-2015 Approving an Intergovernmental Agreement Between the City of Loveland, Centerra Metropolitan District No. 1, and Little Thompson Water District Concerning the Relocation of a Water Meter Vault with Associated Connections and a Fire Hydrant from the Intersection of Boyd Lake Avenue and U.S. Highway 34 to Facilitate Intersection Improvements, was unanimously approved by City Council.

Study Session May 12, 2015

Steve Adams (Water and Power) and Bill Westbrook (IT) gave an informational presentation about broadband to the City Council to provide information and solicit feedback from Council on how to proceed with the broadband initiative for Loveland.

Comments: Troy Krenning talked about how interesting it is to pursue a broadband utility. Krenning would like to know in advance when this topic will be addressed at the LUC so that he can arrange his schedule to be present for those meetings. Krenning also provided a short update on the City Council meeting the previous night and discussed the food sales tax item.

DIRECTOR'S REPORT

Item 5: Director's Report – Steve Adams

Comments: Herlihey inquired if the press release went out on fluoride. Staff responded that it went out in the Reporter-Herald. LWP reached out to the dental community, because they were the ones that sent in the petition. LWP wanted to make sure that the dental community was aware of this press release and that it did have the backing of the American Dental Association. Gene Packer will speak a little bit about this tomorrow night at the Tri-City meeting.

Dave Schneider inquired about the Garden in a Box delivery assistance. He volunteered to help and he inquired when and where he should be to show up. Gretchen Stanford will find out if they still need volunteers and be in contact with him.

INFORMATION ITEMS

Item 6: Electric Legislative Update – Kim O’Field

This item and the attachment are intended to give a brief update on electric-related legislation being contemplated by the Colorado General Assembly. Loveland Water and Power works closely with Platte River Power Authority (PRPA) and its sister cities, but relies primarily on the Colorado Association of Municipal Utilities (CAMU) for information on electric-related legislation.

Information Item only. No action required.

Item 7: Water Legislative Update – Michelle Stalker

This item and the attachment are intended to give a brief update on water-related legislation being contemplated by the Colorado General Assembly. Loveland Water and Power relies primarily on the Colorado Water Congress (CWC) for information on water-related legislation.

Information Item only. No action required.

Item 8: Water Supply Update – Larry Howard

Projection for raw water supply in 2015.

Information Item only. No action required.

Item 9: Financial Report Update – Jim Lees

This item summarizes the monthly and year-to-date financials for April 2015.

Information Item only. No action required.

ADJOURN The meeting was adjourned at 7:16 pm. The next LUC Meeting will be June 17, 2015 at 4:00 pm.

Respectfully submitted,

Michelle Stalker
Recording Secretary
Loveland Utilities Commission



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: 1
MEETING DATE: 6/17/2015
SUBMITTED BY: Greg Dewey, Civil Engineer

*Greg Dewey
by J. B.*

TITLE: Acceptance of 4.7295 Shares of Louden Ditch Shares and possible executive session

DESCRIPTION:

Request to deposit 4.7295 (3.0625 + 1.667) Louden Ditch Shares into the City's Water Bank with the possibility of an executive session.

SUMMARY:

The City of Loveland has received a request to deposit 4.7295 (3.0625 + 1.667) Louden Ditch Shares into the City's Water Bank. The water has historically been used within the Louden Ditch system, and the City's policy has been to accept shares from the Louden Ditch Company.

The Municipal Code in Section 19.04.080 requires that the Loveland Utilities Commission consider and accept water rights upon satisfaction of each of the following requirements:

1. Evidence of the applicant's ownership of the ditch water rights in a form satisfactory to the city attorney;
2. A water bank agreement executed by the applicant and, if applicable, other documentation, such as a statement of historical use and dry-up covenant, in a form approved by the city attorney; and
3. A finding by the Loveland Utilities Commission that it is in the city's best interests to accept the ditch water rights.

In this instance, staff and legal counsel have reviewed the submitted documents and recommend accepting this water into the City's Water Bank, with conditions. Due to recent uncertainties which have arisen statewide concerning nonuse of water and the methods of performing engineering related to transfers, staff recommends that the credit be limited to 50% of the value of water bank credit allowed under Chapter 19.04.018 of the Municipal Code. That value is currently 12.17 AF/share, so this deposit would currently be limited to 6.085 AF/share.

Staff expects to receive guidance from legal counsel by late July or early August, 2015 concerning how to proceed with future transfers, and this transfer can be modified according to that input when it is received. Resolution of the issues that are currently under discussion statewide may be resolved in the courts over time, providing greater certainty on how to proceed with future transfers.

The following is a summary of how requirements from Section 19.04.080 have been or will be met:

1. Evidence of the Applicant's ownership of the ditch water rights in a form satisfactory to the city attorney. *This will be in the form of a special warranty deed to the City of Loveland as well as an issuance of the stock certificate in the name of the City of Loveland. The Applicant has supplied a copy of the current stock certificate that is in good standing, and in the Applicant's name.*
2. A water bank agreement executed by the Applicant and, if applicable, other documentation, such as a statement of historical use and dry-up covenant, in a form approved by the city attorney. *The Applicant submitted a Water Bank Agreement and statement of historical use which city staff and legal counsel have reviewed.*
3. A finding by the Loveland utilities commission that it is in the city's best interests to accept the ditch water rights. *Staff recommends that this water be accepted into the water bank as in the best interest of the city because it is important to maintain a balance of water sources from the east slope and the west slope.*

RECOMMENDATION:

Adopt a motion finding that the requirements set forth in City Code Section 19.04.080 have been met, and that acceptance of the 4.7295 (3.0625 + 1.667) Louden Ditch shares into the City of Loveland Water Bank is in the city's best interest; provided that the credit shall be restricted to 50% of the value allowed in Section 19.04.012 of the Municipal Code, and provided further that the credit may be adjusted by staff according to future direction from legal counsel and/or action by City Council.

REVIEWED BY DIRECTOR:

AB 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:

2

MEETING DATE:

6/17/2015

SUBMITTED BY:

Roger Berg, Senior Civil Engineer

TITLE:

Interchange Lift Station Intergovernmental Agreement (IGA)

DESCRIPTION:

This is a proposed Intergovernmental Agreement (IGA) with Centerra Metropolitan District No. 1 (District) related to construction, management, and oversight of the Interchange Lift Station. Since this IGA will obligate the City to an amount higher than \$10,000, the IGA will need to be approved by City Council. Therefore, the IGA is being presented to LUC for consideration.

The District is responsible for design and construction of the necessary infrastructure to serve the development. In order to ensure adherence to the plans and specifications, the City has requested to manage the construction phase of the project, along with a third party construction management firm (Ditesco), and share the cost of such management based on a 50/50 cost share. The proposed contract with Ditesco will be hourly based on actual hours worked not to exceed \$88,000, therefore the City's share will not exceed \$44,000.

SUMMARY:

The Interchange Lift Station will be located at the northeast corner of Interstate 25 and US Highway 34 and will serve the proposed Bass Pro Shops store and related development in that portion of the Centerra Metropolitan District. Funding for design and construction of the lift station will be provided solely by the District, and upon completion, the City will take over operation, maintenance, and ownership. Due to the complex nature of lift stations and the regulatory risk associated with potential for future mechanical failures, the City requested to take the lead role in construction management and oversight of the project to ensure high quality construction. In order to adequately staff the project, the City intends to hire a third party construction management firm (Ditesco) and has agreed to share the cost with the District based on a 50/50 split.

The IGA provides a 50/50 cost sharing plan for the construction management fees such that the District will pay the first \$25,000, the City will pay the next \$25,000, and any additional fees will be split equally (see Attachment A). Our proposed contract with Ditesco is based on hourly rates times actual hours worked with a maximum contract amount of \$88,000. Therefore the City's maximum share of the contract will be \$44,000. Ditesco's services will include; shop drawing review, document management, daily construction observation and reporting, photo logs, meeting coordination and attendance, review of change orders and payment requests, start-up,

punch list, close out, warranty inspections, and other miscellaneous tasks. The IGA was approved by the District Board at their April 2015 meeting.

Funding for the City's share of this contract was not budgeted in 2015, however there are funds available in the 2015 budget to cover this expenditure.

RECOMMENDATION:

Adopt a motion recommending that the City Council approve the Intergovernmental Agreement with the Centerra Metropolitan District No.1 related to the construction, management, and oversight of the Interchange Lift Station.

REVIEWED BY DIRECTOR:

AB for SA

ATTACHMENTS:

- Attachment A: IGA

Attachment A

INTERGOVERNMENTAL AGREEMENT CONCERNING CONSTRUCTION MANAGEMENT AND OVERSIGHT OF THE INTERCHANGE LIFT STATION (CITY OF LOVELAND - CENTERRA METROPOLITAN DISTRICT NO. 1)

This INTERGOVERNMENTAL AGREEMENT CONCERNING THE CONSTRUCTION, MANAGEMENT AND OVERSIGHT OF THE INTERCHANGE LIFT STATION (this "Agreement") is entered into this _____ day of _____, 2015, by and between THE CITY OF LOVELAND, COLORADO, a home rule municipality, (the "City") and CENTERRA METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and a political subdivision of the State of Colorado (the "District") (each a "Party" and together, the "Parties").

RECITALS

WHEREAS, the District is responsible for managing the construction of facilities and improvements needed to develop the Centerra Metropolitan Districts Nos. 1-4 in the City of Loveland, Colorado; and

WHEREAS, certain property located within the District as is more particularly described in **Exhibit A**, attached hereto and incorporated herein (the "Project Site"), requires the construction of a lift station known as the Interchange Lift Station (the "Project") to support existing and planned development; and

WHEREAS, the District is prepared to provide for the construction of the Project and upon completion, to maintain certain portions of the Project, which maintenance is expected to be addressed in a separate agreement between the Parties; and

WHEREAS, the District anticipates that the Project will ultimately be dedicated to the City for ongoing operation and maintenance; and

WHEREAS, the City desires to oversee and manage the Project's construction from the initial bidding process through close-out to ensure that the City's needs and specifications are addressed; and

WHEREAS, the Parties agree that oversight and management of the construction of the Project by the City will reduce costs and is in the best interests of the public health, safety, and general welfare of the City and the District; and

WHEREAS, the Parties have negotiated and desire to enter into this Agreement to set forth their rights and obligations with respect to construction management and oversight for the Project.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Construction of the Interchange Lift Station. The Parties acknowledge and agree that the District shall construct, or cause to be constructed, the Project in accordance with the terms

and conditions of this Agreement. The construction contract for the Project will require substantial completion by _____, 2015. However, nothing in this Agreement shall be construed to require final completion of the Project by this date, or any particular date.

2. Construction Management and Oversight. The Parties acknowledge and agree that the City shall manage and oversee construction of the Project through a resident engineer selected and authorized for such purpose by the City, in its discretion (the “Resident Engineer”); provided, however, that the Parties and each of their officers, employees, contractors, and agents shall work collaboratively during the Term of this Agreement, as provided in Paragraph 4 below. At the direction of the City, the Resident Engineer shall perform such management and oversight services as are set forth in **Exhibit B**, attached hereto and incorporated herein (the “Services”).

a. Relationship to District. The Resident Engineer shall be a contractor of the City, and nothing in this Agreement shall be construed as constituting any employment relationship with the District, including that of an independent contractor. Neither the Resident Engineer nor any of its employees are or shall be deemed employees of the District. The Resident Engineer is not and shall not act as an agent of the District.

3. Cost-Sharing of Construction Management and Oversight. The District shall be responsible for and pay all costs for Services by the Resident Engineer, up to and including Twenty Five Thousand Dollars (\$25,000) (the “District Contribution”). Should the costs for Services exceed the District Contribution, the City shall be responsible for and pay all costs for Services excess thereof, in an amount up to and including Twenty Five Thousand Dollars (\$25,000) (the “City Contribution”). The Parties agree that for all costs for Services in excess of the District Contribution plus the City Contribution (i.e., Fifty Thousand Dollars (\$50,000)), each Party shall be responsible for and shall pay an equal share thereof.

a. Payment of Services Costs - Invoices. The City shall submit to the District monthly invoices on behalf of the Resident Engineer. Prior to submitting invoices to the District, the City shall review and indicate its approval of the invoice. The City shall endeavor to make no more than one (1) invoice submittal per month to the District for payment. All invoices shall be subject to the review and approval of the District.

b. Invoice Documentation. The invoices shall include all supporting documentation, including, but not limited to, the date and time the Services were performed, a description of the Services performed, and receipts, if any, documenting direct costs as reflected in the invoice.

c. Time of Payments. The District shall render payment to the City within forty-five (45) days of receipt of the invoice.

4. Term. The term of this Agreement shall begin as of the date first set forth above and shall expire and be of no further force or effect upon expiration of a two-year warranty period following completion of construction of the Project, or December 31, 2018, whichever is sooner, unless this Agreement is terminated as provided herein (“Term”).

5. Multi-Fiscal Year Obligations. To the extent this Agreement constitutes a multiple fiscal year debt or financial obligation of the City, it shall be subject to annual appropriation pursuant to the City Municipal Charter Section 11-6 and Article X, Section 20 of the Colorado Constitution. The City shall have no obligation to continue this Agreement in any fiscal year in which no such appropriation is made. To the extent this Agreement constitutes a multiple fiscal year debt or financial obligation of the District, the District's obligation shall be subject to annual appropriation pursuant to Article X, Section 20 of the Colorado Constitution. The District shall have no obligation to continue this Agreement in any fiscal year in which no such appropriation is made.

6. Default and Remedies. Default, with respect to either Party, shall result upon the happening of the failure of such Party to observe or timely perform any covenant, condition, or obligation required to be performed by such Party pursuant to the terms of this Agreement. In the event of default by a Party in the performance of its obligations pursuant to this Agreement, notice of such default shall be given to the defaulting Party by the non-defaulting Party. If the default is a failure to pay any amount of money due pursuant to the terms of this Agreement, such default shall be cured within seven (7) days after notice of default is given to the defaulting Party. If such default constitutes a breach or violation of any term or provision of this Agreement other than the payment of a monetary amount, the defaulting Party shall have thirty (30) days within which to institute corrective action and shall proceed diligently thereafter to cure the default. In the event of a default, and in the event such default is not cured within the applicable notice and cure period provided herein, the non-defaulting Party may seek enforcement of the terms and provisions of this Agreement by any equitable remedy including specific performance, injunction, writ of mandamus and/or declaratory judgment, or seek monetary damages, but only to the extent specific performance, injunction, writ of mandamus and/or declaratory judgment are not available or not an adequate remedy.

7. Amendment. This Agreement may not be amended, modified, or changed, in whole or in part, without a written agreement executed by the Parties.

8. Assignment. This Agreement, in whole or in part, may not be assigned or transferred to any other party without the prior written consent of the non-assigning Party. Any attempted assignment in violation of this paragraph shall be immediately void and of no effect.

9. Notices and Place for Payments. Any notice or payment required under this Agreement or any notice desired to be given by any Party to this Agreement shall be in writing and may be personally delivered; sent by certified mail, return receipt requested; sent by electronic mail; or sent by a nationally recognized receipted overnight delivery service for earliest delivery the next day. Any such notice shall be deemed to have been given as follows: when personally delivered to the party to whom it is addressed; when mailed, three delivery (3) days after deposit in the United States mail, postage prepaid; when by electronic mail, on the day sent if sent on a day during regular business hours (9 a.m. to 5 p.m.) of the recipient, otherwise on the next day at 9 a.m.; and when by overnight delivery service, one (1) day after deposit in the custody of the delivery service. The addresses of the mailing, electronic transmitting, or delivering of notices shall be as follows:

If to the District: Centerra Metropolitan District No. 1
c/o Pinnacle Consulting Group, Inc.
1627 E. 18th Street
Loveland, Colorado 80538
Attn: Peggy Dowswell
Email: peggyd@pinnacleconsultinggroupinc.com

With a copy to: Icenogle Seaver Pogue, P.C.
4725 S. Monaco St., Suite 225
Denver, Colorado 80237
Attn: Alan D. Pogue
Email: APogue@ISP-law.com

If to the City: Tom Greene, Utility Information Manager
City of Loveland Water and Power Department
200 N. Wilson Avenue
Loveland, Colorado 80537
Email: tom.greene@cityofloveland.org

With a copy to: City Attorney's Office
Attn: City Attorney
500 East 3rd Street, Suite 330
Loveland, Colorado 80530
Email: tami.yellico@cityofloveland.org

10. **Further Assurances.** The Parties shall execute such additional documents or instruments and shall take such action as may be reasonably necessary or required to carry out the terms and provisions of this Agreement.

11. **Waiver.** No waiver by any Party of any term or condition of this Agreement shall be deemed to be or shall be construed as a waiver of any other term or condition of this Agreement, nor shall any waiver of a breach of any provision of this Agreement be deemed to constitute a waiver or any subsequent breach of the same provision.

12. **Governmental Immunity.** Nothing in this Agreement shall be construed to be a waiver, in whole or in part, of any right, privilege, or protection afforded to the City or the District, or their directors, officers, employees, servants, agents, or authorized volunteers, pursuant to the Colorado Governmental Immunity Act, Sections 24-10-101, *et seq.*, C.R.S. and pursuant to any other law.

13. **Third Party Beneficiaries.** No rights created in favor of any Party shall be construed as benefiting any Person that is not a party to this Agreement.

14. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Colorado. Venue for any action brought to enforce the terms of this Agreement shall only be in the District Court in and for Larimer County, Colorado.

15. Severability. If any clause or provision of this Agreement is adjudged invalid or unenforceable or both by a court of competent jurisdiction or by operation of any law, such clause or provision shall not affect the validity of this Agreement as a whole, but shall be severed herefrom, leaving the remaining Agreement intact and enforceable.

16. Attorneys' Fees. In the event that litigation is brought by any Party hereto in connection with this Agreement, the prevailing Party shall be entitled to recover from the opposing Party all costs and expenses, including Reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any terms, conditions, or provisions hereof.

17. Headings. Paragraph headings used in this Agreement are for convenience of reference only and do not define, control, limit or otherwise affect the meaning or interpretation of any provision of this Agreement.

18. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective successors and permitted assigns.

19. Entire Agreement. This Agreement, including any and all exhibits attached hereto, constitutes the entire agreement of the Parties with respect to the subject matter set forth herein and supersedes all prior agreements, understandings, discussions, representations, or warranties made by any Party.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and together shall constitute one and the same instrument. Facsimile or electronically transmitted signatures shall be deemed as original signatures.

(Remainder of page intentionally left blank)

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

CITY OF LOVELAND, COLORADO

By: _____
William D. Cahill, City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

Assistant City Attorney

**CENTERRA METROPOLITAN DISTRICT
NO. 1**

By: _____

Name: _____

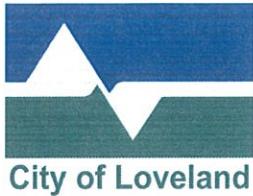
Title: _____

ATTEST:

By: _____
Name

Title

Date



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: 6/17/2014

SUBMITTED BY: Chris Matkins, Water Utilities Manager
Jim Lees, Utility Accounting Manager

JL AB for CM

TITLE: Supplemental Appropriation for Water Enterprise

DESCRIPTION:

This item describes the reasons and amounts of a Supplemental Appropriation for the Water Enterprise. When there are not sufficient funds available in the capital budget or the operations and maintenance budget to fund certain needs for the current budget year, a supplemental budget appropriation is an option available to fund the needs. The Supplemental Appropriation outlined below is presented for LUC consideration and then will be scheduled before City Council for final approval.

SUMMARY:

In order for the Water Utility to timely cover the overage on the Carriage Contract invoice from the Bureau of Reclamation (See item 1 below), the Water Utility temporarily moved funds internally through a funding memo process that allowed us to move other 2015 Capital and Operations & Maintenance money into this project account to pay the Carriage Contract invoice. This Supplemental appropriation would then allow these accounts that initially furnished funds to pay for the Carriage Contract Invoice Overage to be reimbursed. This agenda item identifies the needed reimbursement for this items as well as other critical project needs that have been identified over the past month. This Supplemental Appropriation for the Water Enterprise is to request moving additional funds to cover the following projected needs.

Item	Account	Amount
1. Carriage Contract	Various accounts (see details in section 1 below)	\$ 374,400
2. Nonrevenue Water Study	300-46-310-2903-43450	\$ 150,000
3. 2015 Water Line Replacement	300-46-310-2903-49360	\$ 95,000
4. Phase II Big Dam	300-46-316-2901-43569	\$ 345,000
5. Green Ridge Glade Dam Erosion Repair	300-46-316-2901-43569	\$ 150,000
6. City Diversion Structure	300-46-316-2901-43569	\$ 100,000
Total Supplemental Appropriation Request		\$1,214,400

Following is a detailed description of each line item in the above table that is part of this Supplemental Appropriation request.

1. Carriage Contract: The current 25-year carriage contract, #01WR6C0252 among the U.S. Bureau of Reclamation, the Northern Colorado Water Conservancy District, and the City of Loveland, was entered into on September 30, 2001 and makes it possible for the City to convey native ditch rights into Green Ridge Glade Reservoir using Colorado Big Thompson (CBT) Project Facilities.

The contract levies charges on the City for the use of these facilities based on the following three factors:

- 1) Capital Component:** \$8.08/AF annually for the life of the contract
- 2) Power Interference:** This charge which varies depending on when Reclamation is generating power at the Big Thompson Power Plant concurrently with Loveland's carriage under the terms of the contract
- 3) Operations & Maintenance (O&M):** This factor varies considerably from year to year depending on the amount of work done on the system. In addition, the costs are being phased in over time by increasing the carriage capacity to the full contract amount.

The variability of these charges presents a challenge when setting a budget amount each year. The annual costs have varied between \$64,648 to \$241,596 over the last five years. When setting the 2015 budget for this item in May 2014 our staff conferred with Bureau of Reclamation staff. Based upon Reclamation's estimates, at that time, of power interference and O&M work to be done, this budget was set at \$300,000. When the March 23, 2015 invoice arrived, the total billed to the City was \$674,396.62, due April 22, 2015 (See Attachment A). The Source of Supply line item for this, CBT Facilities Contract, (300-46-316-2901-43025) had insufficient funds to cover the additional \$374,396.62. Our staff went over this invoice with the Bureau of Reclamation and confirmed the numbers are correct based primarily upon increased O&M work performed on the CBT system and more water run through the system in lieu of running water at the City's river diversion due to repairs being made at the Big Dam. To make the payment, a Funding Memo dated April 16, 2015 was approved. This Supplemental Budget Request, if approved, would replace the monies used from the following accounts to cover the carriage contract invoice overrun:

Description	Account	Amount
Water Metering: Parts & Supplies	300-45-314-2903-42032	\$10,000
Water Metering: Other Services	300-45-314-2903-43899	\$10,000
Customer Relations: Printing	300-45-305-2912-43021	\$10,000
Customer Relations: Professional Services	300-45-305-2912-443450	\$600
Customer Relations: Public Relations	300-45-305-2912-43719	\$10,000
Customer Relations: Postage	300-45-305-2912-43737	\$6,000
Customer Relations: Other Services	300-45-305-2912-43569	\$23,400
Tech Services: Parts & Supplies/WTP	300-46-319-2902-42032	\$20,000
Tech Services: Repair & Maintenance/WTP	300-46-319-2902-43569	\$20,000
Water Operations: Sand, Gravel & Asphalt	300-46-313-2903-42044	\$50,000
Water Operations: Street Repairs Service	300-46-313-2903-43568	\$100,000
Water Operations: Other Services	300-46-313-2903-43899	\$50,000
Water Resources: Source of Supply	300-46-316-2901-43025	\$4,396.62
Total Amount		\$374,396.62

2. **Non-Revenue Water Study:** Increasing interest from the Loveland Utilities Commission is driving this request for further study in the difference between the annual volume of water treated at the Chasteen Grove Water Treatment Plant and sent to the City and the meter data used for utility billing purposes. The City's metrics indicate that additional improvement should occur to address the goals established in the Water Conservation Plan, drafted by the City and approved by the State of Colorado. By studying and understanding this metric, consultants can develop recommendations for improving this performance in a prioritized manner.
3. **2015 Water Line Replacement:** A Developer-driven roads project has required that the City and the Little Thompson Water District relocate a shared water interconnection facility. In April 2015, we moved \$95,000 from our 2015 Water Line Replacement budget to fund our portion of this relocation project. Under an approved intergovernmental agreement with the Centerra Metro District, the cost for the interconnect project will be reimbursed back to the City by the Centerra Metro District, but we will not be able to reallocate those funds back to the water line replacement project without a special appropriation. This funding will allow us to execute the original scope of the Water Line Replacement project as approved by City Council. Therefore, as part of the supplemental request, we are asking for \$95,000 for W1501C - 2015 Water Line Replacement. This action will have a neutral effect on fund balance since the \$95,000 Centerra Metro District refund will be moved from the Water Reserve Fund to the Specific Project Account Fund.
4. **Phase II Big Dam:** The work on Phase I of the flood related repairs and mitigation on the Home Supply Ditch Company's Big Dam, where the City of Loveland diverts water into the Water Treatment Plant, is nearing completion. That portion of the work is FEMA eligible, and funds are expected to cover much of the costs incurred by the Home Supply Company and the City. A summary of the City's participation to this point follows:
 - **January 15, 2014:** Council directed staff to enter into a Phase I Agreement with the Consolidated Home Supply Irrigating & Reservoir Company to do the necessary work.
 - **January 2, 2015:** An Amendment was entered into on January 2, 2015 increasing the City's participation from \$400,000 to \$800,000.
 - **January 20, 2015:** City Council Resolution R-11-2015 was approved on January 20, 2015, increasing the City's participation to a not-to-exceed amount of \$1,000,000.

Phase II involves work to strengthen and protect the structure of the 120 year old dam so that it will remain in service for many decades into the future. This work primarily involves repointing, which involves regROUTing the stones on the dam. The need for this work was identified during inspections of the flood damage (See Attachment B). This work is not flood related and therefore not FEMA eligible. The structure is vital to the City's ability to divert from the Big Thompson River directly into the Water Treatment Plant, and the City has agreed to share the estimated \$600,000 cost for Phase II on a 50:50 basis, resulting in an estimated cost of \$300,000 for the City for Phase II. At the same time, staff was directed to enter into a Phase II Agreement for the necessary non-FEMA related O&M work. In addition, 15%, or \$45,000 should be set aside for CH2MHill for their review and services during

construction. The Phase II Agreement is now being negotiated, with the work now targeted for this fall. The Source of Supply line item on Repairs & Maintenance (300-46-316-2901-43569) is not currently funded for this \$345,000 expense. This Supplemental Budget Request, if approved, would place the necessary funds into this account for this project.

5. **Green Ridge Glade Dam Erosion Repair:** Since construction was completed on Green Ridge Glade dam in 2004, rains have caused relatively minor erosion in a number of locations, but the rains in the spring of 2015 have greatly exacerbated the situation, to the point repairs and mitigation from further erosion are imperative (See Attachment C). Crews have recently reviewed the damage, and estimate costs may be in the vicinity of \$150,000. The Source of Supply line item on Repairs & Maintenance (300-46-316-2901-43569) is not currently funded for this expense. This Supplemental Budget Request, if approved, would place the necessary funds into this account for this project.
6. **City Diversion Structure Costs:** A number of projects related to the work on Phase I of the Big Dam Project involve only the City and are not FEMA eligible and are not a part of the joint project work. It is not yet clear that enough unspent funds from the City's \$1,000,000 on Phase I will be available to cover these costs. Handrails for safety around the City's structure must be replaced to fit the new configuration, fences on the City's property must be rebuilt to provide public safety, and paving around the gate must be replaced. Estimated costs for these projects are \$100,000. The Source of Supply line item on Repairs & Maintenance (300-46-316-2901-43569) is not currently funded for this expense. This Supplemental Budget Request, if approved, would place the necessary funds into this account for this project.

RECOMMENDATION:

Adopt a motion recommending that City Council approve the Supplemental Request for \$1,214,400 to the Water Enterprise.

REVIEWED BY DIRECTOR:

AB for SA

ATTACHMENTS:

- **Attachment A:** Bureau of Reclamation Carriage Contract Invoice
- **Attachment B:** Deere & Ault Consultants, Inc. Letter on the Phase 2 Repairs
- **Attachment C:** Green Ridge Glade Dam Erosion Repair

Attachment A - Carriage Contract Invoice

DI-1040

UNITED STATES DEPARTMENT OF THE INTERIOR
BILL FOR COLLECTION

Page:1

Make Remittance Payable To: Bureau of Reclamation
Billing Contact: Renae Steinmetz Phone: 406-247-7689Bill #: 1801065101
Customer: 6000000894
Date: 03/23/2015
Due Date: 04/22/2015Remit Payment To: BOR - Great Plains Region
PO Box 301506
Los Angeles, CA 90030-1506Send Overnight Mail To:
BOR - Great Plains
19220 Normandie Ave Ste B
Torrance CA 90502Payer: CITY OF LOVELAND
200 N WILSON STREET
LOVELAND CO 80537Checks must be made payable to Bureau of
Reclamation. Please detach the top portion or include
bill number on all remittances.

Amount of Payment: \$ _____

Date	Description	Qty	Unit Price		Amount
			Cost	Per	
03/23/2015	01WR6C0252	1	674,396.62	1	674,396.62
MAP 8-7-2015					Amount Due this Bill: 674,396.62

Interest will be assessed at the rate of 1.00 % on any unpaid balance if full payment is not made by the date of delinquency. A penalty charge of 6.00 % per annum will be charged on the unpaid portion of a debt, which remains unpaid 90 days after the date of delinquency. An additional administrative fee of \$10.00 will be assessed when the dunning notice is issued. See notice of actions in event of delinquency.

O.K. 4-17-15
Renae Steinmetz

Mark

Stephanie Adams
4-17-2015

Accounting Classification:
RX.02454940.1000510
RX.02454940.1000610
RX.02455001.5180400
Customer: 6000000894
Bill #: 1801065101
TIN: 846000609

This bill is in accordance with Article 5 of Contract No. 01WR6C0252 dated September 30, 2001, for conveyance of nonproject municipal and industrial water through facilities of the Colorado-Big Thompson Project for water year 2015.

2015 advance const. component chrg (12,000 af @ 8.08)	96,960.00
2015 advance OM&R component charge (12,000 af @ 28.13)	337,560.00
2015 advance pw intr charge (12,000 af @ 5.89)	<u>70,680.00</u>
Subtotal of 2015 advance	505,200.00
 Credit for 2014 advance payments	
2014 advance OM&R component charge (10,000 @ 6.28)	(62,800.00)
2014 advance power intrf charge (10,000 af @ 0.96)	<u>(9,600.00)</u>
Subtotal of 2014 advances	(72,400.00)
 2014 actual OM&R component charge (8545.10 x 27.31)	233,366.68
2014 actual power intrf charge (1438.80 x 5.72)	<u>8,229.94</u>
Subtotal of 2014 actual costs	241,596.62
 Total amount due for 2015	674,396.62

If you have any questions regarding this bill, please contact Skyler Cozzens at (406) 247-7731.

NOTIFICATION OF ACTIONS IN CASE OF NON-PAYMENT AND NOTICE OF RIGHTS

Federal debt management procedures require agencies to notify debtors when their debts become delinquent. These procedures also require agencies to provide notification to delinquent debtors of the collection actions that may be initiated by agencies to collect delinquent debts. Such notification is provided herein.

If you have submitted payment or otherwise settled this debt, please disregard this notification.

Payment of the referenced bill issued to you by the BOR - Great Plains Region has not been received, and is delinquent, In accordance with Government regulations, you are hereby notified:

- 1) that any or all of the following actions may be initiated against you in order to collect this debt,
- 2) of your rights pertaining to this debt.

. Referral of the debt to the Department of Treasury: The debt may be referred to Treasury in order to initiate additional collection action. Referral will also result in additional fees added to your debt.

. Offset to reduce Federal payment, including your tax refund: Certain payments from the U.S. government may be reduced by the amount of your debt. Federal payments subject to reduction include your Federal salary or retirement pay, IRS tax refunds, contractor/vendor payment, and certain Federal benefit payments. If you are entitled to receive payment that may legally be offset, we intend to reduce your payment to collect your debt.

. Refer your debt to a private collection agency: Your delinquent debt may be referred to a private collection agency for collection, resulting in increasing costs to you.

. Litigation: The debt may be referred to the DOI Office of the Solicitor or to the Department of Justice, which may result in legal action against you.

. Credit reporting: Your delinquent debt may be reported to national credit bureaus. We intend to disclose to a consumer reporting agency, within 60 days from the date of the attached letter, that you are responsible for this debt. A credit report showing poor payment history may seriously impair your ability to obtain credit.

Your delinquent business debt may be reported immediately to a commercial reporting agency without notice.

. Investigation: The U.S. Treasury may order an investigation of your assets to determine your ability to pay your debt.

. Report your debt to the Internal Revenue Service (IRS): If your debt is determined to be uncollectible, the U.S. Treasury may report your debt to the IRS as income to you (Form 1099). You may owe taxes on this income.

See the next page for notification of rights regarding this debt.

NOTICE OF RIGHTS

1. **Administrative Offset.** If you are entitled to receive a Federal payment that may be legally offset, we intend to have your debt collected through administrative offset. You have the following rights:

- . You may inspect and copy BOR - Great Plains Region records related to this debt.
- . You may request a waiver of BOR - Great Plains Region determination that you owe a debt or request a waiver of the debt if the law provides for a waiver.
- . You may be entitled to an oral hearing if required by statute or if the agency determines that a determination of the validity of your debt cannot be resolved by a review of the documentary evidence.
- . You may enter into a written agreement with the BOR - Great Plains Region (or with the Department of Treasury if the debt is referred to Treasury for collection) to pay the debt.

2. **Credit Bureau Reporting.** In case of non-payment, your debt may be reported to national credit bureaus. The information to be disclosed to consumer reporting agencies will include your name, address, taxpayer identification number, the amount, status and history of your debt, and the name of the agency or program under which the debt arose.

You have the following rights with respect to the debts to be reported to consumer reporting agencies:

- . You may conduct a complete examination of your debt.
- . You may dispute information in the BOR - Great Plains Region records about your debt.
- . You may request administrative review of the debt or appeal, unless all administrative appeals have been exhausted.
- . You may be entitled to an oral hearing if required by statute or if the BOR - Great Plains Region determines that the question of the validity of your debt cannot be resolved by review of the documentary evidence.

You may contact Renae Steinmetz regarding this bill at 406-247-7689 or via Email address:

Attachment B

DEERE & AULT
CONSULTANTS, INC.

March 24, 2015

Ms. Minerva Lee
Consolidated Home Supply Ditch and Reservoir Company
c/o Northern Colorado Water Conservancy District
P.O. Box 1548
Berthoud, Colorado 80513

Re: Big Dam Structure, Update of Phase 2; D&A Job No. CG-0122.019.03

Dear Ms. Lee:

This letter reiterates our recommendations for the Phase 2 repairs to the downstream face of the Big Dam diversion structure. The Phase 2 repairs were originally described in our October 30, 2013 repair letter. We met with Mr. Gary Gerrard (CHSDC) and Mr. Lou D'Angelo (Mason) at Big Dam on March 13, 2015 to discuss and review the proposed Phase 2 repairs. With the re-establishment of the Big Dam spillway, there has been renewed discussion on the need and timing for the Phase 2 repairs; in particular repointing of the mortar around the masonry stones.

OCTOBER 2013 INSPECTION

Deere & Ault Consultants (D&A) personnel reviewed the downstream face of Big Dam using a crane and man-bucket on October 25, 2013. A photograph of the downstream dam face is shown on Figure 1. Three items of particular interest were reviewed during this inspection. These included the condition and stability of the masonry stone, the mortar surrounding the stones, and the masonry stone granite abutment contacts. These items are essential for Big Dam to maintain its integrity as an arch dam.

The masonry stones are quarzitic sandstone reportedly quarried from the nearby Lyons Formation. The top 40 masonry courses were visible during our inspection. Three additional lower masonry courses were exposed when the Big Thompson River was drawn down for the dam face surveying. Generally, the lower stones on the dam showed much more wear from the abrasive action of the river, and its bed loading as it overtopped the dam. The lower stones are eroded to a noticeably smooth shape when compared with the upper stone courses that still show chisel marks from the original construction. Additionally, some of the outer edges of the lower stones appeared to have been chipped from the impact of large cobbles and gravel falling over the dam. Several stones in the upper courses have come loose overtime and subsequently were removed, most likely from frost action. These stones were replaced with gunnite instead of new quarried stones.

Mortar was not easily visible in many of the joints between the stones, particularly between Masonry Course 4 and 10. Multiple joint depths were measured on the downstream face of Big Dam with a tape measure. In general, where the original mortar was missing, an average depth of 10 inches of void from the dam face to the remaining mortar was measured.

Three areas were identified where the granite abutment has eroded away from the contact with the dam's masonry stones. One area is on the lower section of the right dam abutment, and the other two areas were located on the middle and upper section of the left abutment. The areas on the left abutment are wider (two to three feet) and longer (five to seven feet) than the area on the right abutment. This is probably due to the river directly impacting the left dam abutment contact as it falls over the dam.

PHASE 2 REPAIRS

The following Phase 2 dam repairs were developed from our inspection:

1. Repoint the joints between the masonry stones with mortar
2. While repointing the mortar, install drains to facilitate drainage of the dam
3. Re-establish the dam abutment contact to maintain the arch structure of the downstream face

We maintain our original recommendation that the Phase 2 Big Dam repairs should be completed to extend the life and service of the diversion dam. These repairs, along with the replacement of the spillway which prevents routine overtopping of the dam, will help ensure that the downstream masonry stones stay in-place and that the structural integrity of the original mortar within the dam will be maintained.

Please call if you have any questions or comments.

Sincerely,

DEERE & AULT CONSULTANTS, INC.



Don W. Deere, P.E.
Principal

DWD:sp



Attachment C

GREEN RIDGE GLADE RESERVOIR DAM EROSION CONTROL SITE VISIT

Larry Howard, Scott Dickmeyer, Chris Carlson, Tanner Randall. 6-2-2015

Backfill erosion & Install TRM (turf reinforcing mat) at various washes along east side of reservoir. There may be one or two locations where the drainage should be funneled and the bank protected. The County may also have some responsibility here.

Cut out existing asphalt near Jersey barrier and re-pave to drain past the barriers. Install a "beaver slide" to the existing riprap. May need to seal between existing asphalt and Jersey barrier.

Regrade upstream drainage, install TRM, and check structures. Re-build fence.

Install curb and gutter behind guard rail and funnel drainage towards spillway box culvert.

This document was prepared for internal use by the City of Loveland, CO. The city makes no claim as to the accuracy or completeness of the data contained herein.

Due to security concerns, the city requests that you do not post this document on the internet or otherwise make it available to persons unknown to you.



0 130 260 Feet



City of Loveland

Department of Water & Power

Utility Map

Created By: gisview

Date Created: 6/2/2015



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

AGENDA ITEM: 4

MEETING DATE: 6/17/2015

SUBMITTED BY: Roger Berg, Senior Civil Engineer

Chris Matkins, Water Utilities Manager *AB for CM*

Roger Berg

TITLE: 2016 Budget Presentation Update on Wastewater Utility

DESCRIPTION:

Driven primarily by regulatory changes, capacity needs, and aging infrastructure, the Wastewater Utility's 10-Year Capital Improvement Program (CIP) includes several capital projects with costs exceeding projected revenues and fund balances over the next ten years. To have sufficient funds to complete these necessary projects, the utility will need to secure \$6,000,000 in debt financing in 2016. Three financing options that are available include bank loans, State Revolving Fund (SRF), and Revenue Bonds. In addition, the CIP includes several major projects from 2019 through 2024 that will require substantial rate increases, borrowing, or a combination of the two, in an estimated amount of about \$20,000,000.

SUMMARY:

The Wastewater 10-Year CIP includes three major capital projects at the Wastewater Treatment Plant (WWTP) in 2016 and 2017 that are driving the need to seek loan funding. Each project is described below:

1) Biological Nutrient Removal (BNR) and Organic Capacity Increase

This project is driven by:

- A. EPA regulations to reduce point source nutrient loadings to receiving streams
- B. The need to increase the organic treatment capacity to facilitate continued growth

- A. *Reduce Point Source Nutrient Loadings to Receiving Streams:* To discharge treated wastewater effluent to the Big Thompson River, the City is authorized by a National Pollutant Discharge Elimination System permit through the Colorado Department of Public Health and Environment (CDPHE). The City's current permit expires in October of this year and is currently in the renewal stage. CDPHE, in accordance with Regulation 85, has advised that the new permit will include discharge limits on total phosphorus (1 mg/L) and total inorganic nitrogen (15 mg/L). Both are new limits being added to our permit to improve water quality in the Big Thompson River. In 2013, we were awarded a \$1,000,000 grant from CDPHE to help fund the improvements needed to meet these new effluent limits. The improvements will generally consist of additional secondary treatment volume, replacement of diffusers in existing basins, aeration (blower) improvements, and modifications to the existing clarifiers to improve efficiency.

B. Increase the Organic Treatment Capacity of the Plant to Facilitate Continued Growth:

Regarding the need for additional organic capacity, CDPHE Regulations require that design be underway when 80% of capacity is reached and that construction be under way at 95% of capacity. In 2014, the maximum month organic loading at the WWTP was 86% of capacity.

The 2015 organic loading continues to increase at approximately 2.8% per year, which gives the Utility an opportunity to combine nutrient and capacity increases to give our ratepayers excellent economies of scale for construction costs. Under a worst-case scenario, if capacity expansion is not in place prior to the 95% metric, the City could be faced with a restriction in the ability to grant building permits until the plant capacity is addressed. As part of the BNR project, the goal is to increase the organic loading capacity from 20,700 lb/day of biological oxygen demand (BOD) to 27,800 lb/day of BOD, which will be in-line with a future hydraulic expansion from 10 to 12 million gallons per day (MGD).

The total estimated project cost is \$9,000,000, and construction is planned for 2016 and 2017.

2) Anaerobic Digester Renovation

In 2013, a consulting engineering firm (Brown and Caldwell) was selected to conduct a condition assessment and evaluation of the existing anaerobic digester system built in 1986. While some components have been replaced over the years, much of the facility is original and at the end of its useful life. The report recommended completing a total facility renovation, including the following primary items:

- Construct a pre-digestion storage tank to blend the primary and secondary sludge (homogenization of sludge) and allow a more constant feed rate into the digesters
- Replace the gas mixing system with a pumped mixing system
- Replace original boiler/heat exchanger with a segregated boiler and heat exchanger
- Fire Code Compliance (safety): Replace all electrical equipment in a separate room, and replace the HVAC system to provide sufficient air exchanges
- Replace all piping and valves
- Replace gas flare
- Rehabilitate corroded digester covers (sand blast and re-coat)
- Install computerized remote monitoring and control system (SCADA)

The total estimated project cost is \$8,800,000, and construction is planned for 2016. This investment will ensure this component of the system functions reliably, allowing the City to continue to meet the State permit requirements for solids disposal.

3) Installation of Headworks Step Screens.

This project includes replacing the existing influent grinders with a more robust screening system called Step Screens to protect all plant equipment and processes. Mechanical screening to remove rags, trash, and other debris from the flow entering the wastewater treatment plant is the first treatment action taken by the plant. Currently rags, plastic, and other debris pass through the grinders and bind up in pumps, pipes, mixers, and other locations.

New influent screens will help:

- Protect all downstream pipes and equipment from clogs and damage
- Improve the efficiency of the biological process and thereby improve effluent quality and reduce the potential for discharge violations
- Eliminate the annual cost of refurbishing the grinders (\$75,000/year)
- Reduce energy consumption by improving efficiency of pumps and mixers (which run 24/7)
- Greatly reduce Operations & Maintenance (O&M) efforts needed to remove the material from pumps, mixers and piping
- Eliminate the weekly O&M efforts needed to clean the existing grinders

The total estimated project cost is \$2,000,000, and construction is planned for 2017.

FUNDING

In order to maintain the required fund balances at the end of 2016 and 2017 and complete all proposed capital projects, the Wastewater Utility will need to secure debt financing in the amount of \$6,000,000 in 2016. Potential sources of loan money include bank loans, State Revolving Fund (SRF), and revenue bonds. The 10-year Financial Plan includes debt service payments based on a 20-year loan at 3.2% interest.

LONG TERM WWTP PROJECTS

The 10-year CIP also includes four major projects at the WWTP between 2019 and 2024 that will require significant rate increases, an additional loan, or both. The current 10-year Financial Plan includes modest rate increases through those years and a \$20,000,000 loan in 2020 in order to fund the proposed projects. The projects include:

<u>Project</u>	<u>Cost</u>	<u>Year</u>	<u>Driver</u>
Anaerobic Digester No. 3	\$20.6 M	2020	Capacity & Regulatory
Final Clarifier No. 4	\$5.4 M	2022	Capacity
Digested Sludge Dewatering	\$16.5 M	2023	Sludge Hauling Cost
Primary Clarifier No. 3	\$5.7 M	2024	Capacity

RECOMMENDATION:

This agenda item is provided for LUC information, discussion, and concurrence as it is part of the 2016 Budget and 2015 Water and Wastewater Rate Study.

REVIEWED BY DIRECTOR:

AB for SA

ATTACHMENTS:

- **Attachment A:** PowerPoint Slides

Attachment A

6/12/2015



WWTP Improvements

Roger Berg, Senior Civil Engineer

Chris Matkins, Water Utilities Manager

Loveland Utilities Commission
June 17, 2015

1

Wastewater Capital Drivers (2016-2017)



- Regulatory: Nutrient Limits & Organic Capacity
- Aging Infrastructure: Existing Anaerobic Digester Complex
- Deficiency in Headworks Screening

2

Regulatory



Addition of Nutrient Limits to Discharge Permit

- Phosphorous Limit: 1 mg/L
- Inorganic Nitrogen Limit: 15 mg/L

Organic Capacity Increase Needed to Meet Demand

- 2014 Max Month at 86% of rated capacity
- Organic loading increasing between 2.5 and 2.8% per year.
- Need to be under construction at 95% of rated capacity or cease issuance of building permits
- Combined organic and nutrient improvements yields overall ratepayer savings

3

Biological Nutrient Removal (BNR) and Organic Expansion



4

Aging Infrastructure



Existing Anaerobic Digester Complex

- 30-year old facility – much of facility at end of useful life
- Replace gas mixing with pumped mixing
- Install new boiler and heat exchanger
- Compliance with current code – improve safety
- Refurbish covers
- Addition of a pre-digestion tank
- Add computerized monitoring and control

Estimated Project Cost: \$8,800,000

5

Digester Exterior



6

Digester Cover



7

Existing Boiler



8

Headworks Screening Deficiency



- Existing System: Channel grinders
- Rags, plastic, trash, and other debris enters plant
- Reducing unwanted material will reduce potential for discharge violations

9

Existing Channel Grinder



10

Submersible Pump



Mixer from Aeration Basin



Proposed Improvement: Step Screen



Estimated Project Cost: \$2,000,000

13

Funding



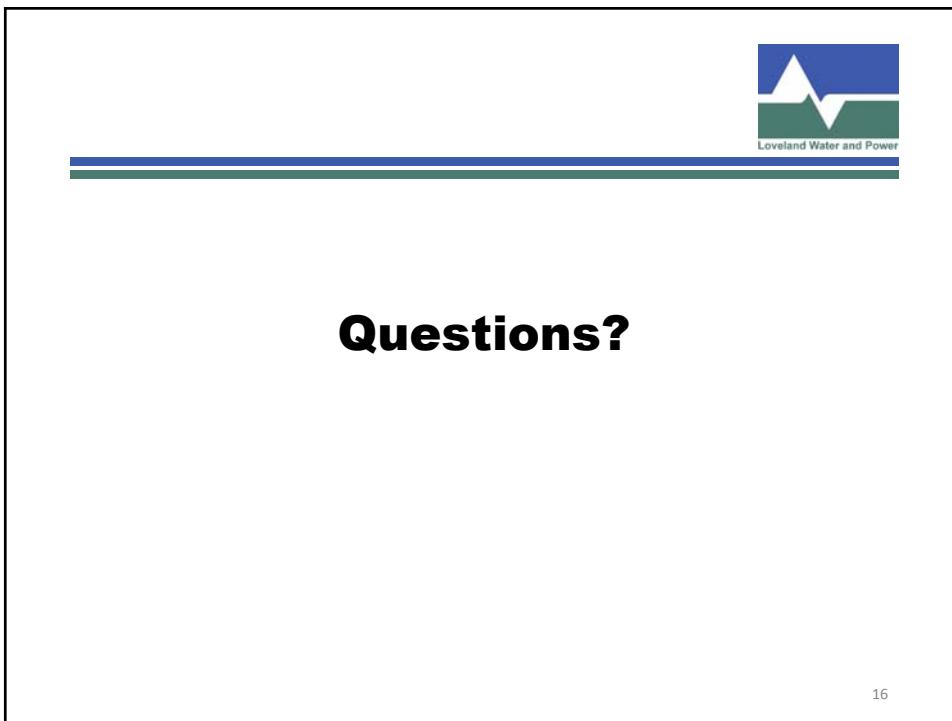
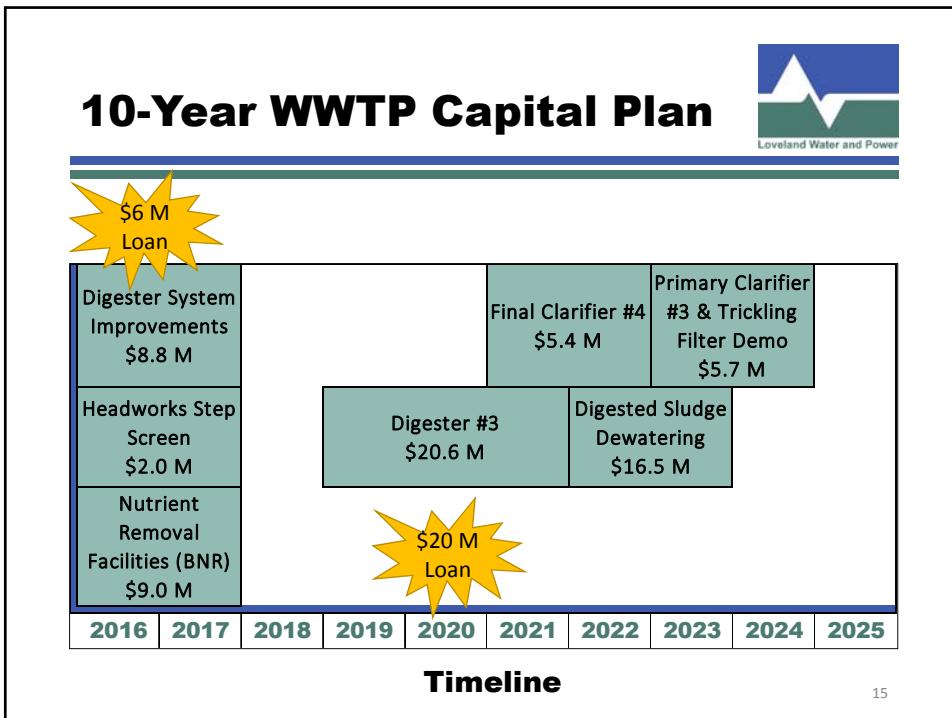
Proposed Loan Amount in 2016: \$6,000,000

Funding Options

- Bank Loan
- State Revolving Fund Loan (SRF)
- Revenue Bond

***Debt Service in 10-year Financial Plan is based on
20-year loan at 3.2% interest***

14





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: 6/17/2015

SUBMITTED BY: Jason Mumm & Jon Albertsen, Hawksley Consulting
Jim Lees, Utility Accounting Manager

TITLE: 2015 Water and Wastewater Rate Study Results

DESCRIPTION:

The purpose of this item is to get recommendations from the Loveland Utilities Commission (LUC) on proposed rates for 2016 for both the Water and Wastewater Utilities to take to City Council.

SUMMARY:

We have been working on a cost-of-service rate study for the Water and Wastewater Utilities since January. By the time of this LUC meeting, there will have been three meetings with our LUC liaisons, Gene Packer, Larry Roos, Dave Schneider and Gary Hausman, and we so appreciate their time and insights. Our last cost-of-service rate study for Water and Wastewater was completed in 2012, so this year's study is in keeping with the new approach of updating our cost of service for each utility every three years instead of every five.

Jason Mumm and Jon Albertsen from Hawksley Consulting will join us to present the results from the cost-of-service study. Those results are still being developed at the time of this writing, but will be ready for presentation to the LUC at the meeting, including the appropriate handouts. Jason and Jon will be presenting proposed changes to the rates for Water and Wastewater for 2016 and Staff will be looking to the LUC for direction on rates to recommend to City Council.

Jason and Jon are working on two other items that will be presented at the July 15, 2015 LUC meeting. First, they will discuss 10-year rate tracks and borrowing alternatives for Water and Wastewater. Second, they will furnish additional information on their study of our Water and Wastewater System Impact Fees (SIF), including a review of the different methodologies their recommendations.

RECOMMENDATION: Adopt a motion recommending that City Council approve the proposed changes to the rates for the Water and Wastewater Utilities for 2016.

REVIEWED BY DIRECTOR:

AB 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: 6

MEETING DATE: 6/17/2015

SUBMITTED BY: Jim Lees, Utility Accounting Manager

TITLE: 2016 Budget

DESCRIPTION:

The purpose of this is to ask the LUC to adopt a motion recommending that City Council approve the proposed 2016 Water and Power budget.

SUMMARY:

The 2016 Water & Power budget process is nearly complete, and the information is assembled and will be submitted to Marc Kahn on June 19, 2015. Attachment A is the 10-Year Financial Projections and Attachment B is the 5-Year Capital Plans for the three utilities. Loveland Utilities Commission (LUC) members Dave Schneider, Gary Hausman and Larry Roos participated in this year's budget review meetings, and we thank them for their time, interest and guidance. Today, the LUC will receive an update on the 2016 budget. Some of the highlights and challenges from this budget process are discussed below.

CHANGES IMPACTING ALL THREE UTILITIES

- **Staffing** – There are 3 new full-time equivalent (FTE) positions proposed for 2016. To give some perspective, if all 3 of these positions are approved, W&P's FTE count would be 132.25, which is only 1 FTE more than W&P had in 2003. The positions that are being proposed are:
 - 1) Power Apprentice Meter Technician I
 - 2) Water Meter Technician II
 - 3) Utility Asset Manager

The addition of these positions will generate an increase in Personal Services expense of \$239,000. The \$239,000 increase breaks down as \$101,000 for Water, \$30,000 for Wastewater and \$108,000 for Power.

There also have been some additions and deletions of temporary positions for 2016, which will result in a net increase in Personal Services expense of approximately \$128,000. The \$128,000 increase breaks down as a \$48,000 increase for Water, a \$4,000 decrease for Wastewater and an \$84,000 increase for Power.

- **Salaries** – A 3.5% salary increase has been built in for 2016, which will generate an overall increase in Personal Services of \$348,000. The \$348,000 increase breaks down

as a \$96,000 increase for Water, a \$81,000 increase for Wastewater and a \$171,000 increase for Power.

- **Vehicle O&M Expenses** – The vehicle O&M expense that was received from the Budget office shows a large increase of \$66,000 for expenses in 2016 compared to 2015. A big contributor to this increase is a reallocation of expenses in Power from capital to O&M of \$38,000. One vehicle is being added to the Water & Power fleet for the addition of staff. The department is replacing 4 vehicles in Water/Wastewater and 3 in Power. The breakdown of the O&M increase by utility is that Water is up \$25,000, Wastewater is down \$10,000 and Power is up \$51,000.
- **Health Insurance Expense** – Health insurance expense for full-time employees went down less than 1% in 2016, which generated a total decrease in the W&P budget of \$13,000. The breakdown by utility is that Water is down \$5,000, Wastewater is down \$4,000 and Power is down \$4,000. However, there is an increase in Health Insurance Expense as a result of the new health care reform. Temporary employees can opt to take health insurance from the City, and this is expected to cause an increase of \$66,000 in Health Insurance Expense in 2016, with Water increasing \$18,000, Wastewater increasing \$19,000 and Power increasing \$29,000.
- **General Liability Expense** – General Liability expense is up 9% in 2016, or \$25,000. General Liability is calculated partially based on the past five years of claims experience and 2014 was a high year for claims and 2009, the year that dropped, was lower. The breakdown by utility is that Water is down \$17,000, Wastewater is down \$17,000 and Power is up \$59,000.
- **Workers Compensation Expense** – Workers Compensation expense is down 21% in 2016, or \$54,000. 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 down \$20,000, Wastewater is down \$14,000 and Power is down \$20,000.
- **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, and some significant changes in the costs were allocated between the utilities. In total, 2016 is up from 2015 by \$74,000, and the breakdown by utility is that Water is up \$74,000, Wastewater is down \$12,000 and Power is up \$12,000.

WATER

In accordance with the Water Financing Plan that was passed by City Council back in March of 2013, there is a 9% overall rate increase proposed for Water in 2016. The entirety of this increase will be to address aging infrastructure and operational needs. **NOTE: The rate increase for 2016 could change pending the results of the cost-of-service rate study.**

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 2016 budget include:

- **Domestic Water Rights – Increase of \$280,000:** This increase would pay for engineering and legal work, expected to culminate with trial in 2016. A minimum of 900 acre-feet are involved in this decree.
- **Lawn Irrigation Return Flows (LIRFS) – Increase of \$275,000:** The increase would pay for engineering and legal work prior to filing a Water Court application. 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. Approximately 400 acre-feet are involved in this decree.
- **C-BT Facilities Contract – Increase of \$180,000:** The variability of these charges presents a challenge when setting a budget amount each year, but annual costs have ranged from \$64,648 to \$374,000 over the last six years. When setting the 2015 budget for this item in May, 2014 our staff conferred with Reclamation staff. Based upon Reclamation's estimates at that time of power interference and O&M work to be done, this budget was set at \$300,000. When the March 23, 2015 invoice arrived, the total billed to the City was \$674,396.62, due April 22, 2015. The Source of Supply line item for this (300-46-316-2901-43025) had insufficient funds to cover the additional \$374,396.62 in 2015. Our staff went over this invoice with Reclamation, and confirmed the numbers are correct based primarily upon increased O&M work performed on the CBT system, and more water run through the system in lieu of running water at the City's river diversion due to repairs being made at the Big Dam. An internal funds transfer process allowed payment of the 2015 invoice and a supplemental budget appropriation is being prepared for LUC review and City Council action.
- **C-BT Assessment – Increase of \$130,000:** The increase reflects an increase in C-BT assessments levied by Northern Water.
- **Windy Gap Assessment – Increase of \$109,600:** The increase reflects an increase in Windy Gap assessments levied by Northern Water.
- **City's Contract Rights in Irrigation Ditches – Decrease of \$200,000:** This decrease reflects the expectation that the decree will be finalized in 2015 instead of 2016. Approximately 250 acre-feet are involved in this decree.
- **36" Steel Water Transmission Line Evaluation – Increase of \$100,000:** This is for engineering evaluations and condition assessments in order to better be able to determine future capital project costs. This item and the two that follow are at or beyond their useful life

- **System-wide Cathodic Protection Evaluation – Increase of \$75,000:** See explanation for 36" Steel Water Transmission Line.
- **Mod Valve Vault Evaluation – Increase of \$60,000:** See explanation for 36" Steel Water Transmission Line.
- **SCADA Radio Replacements – Increase of \$68,500:** The Technical Services division has submitted this request to replace the 900 mhz SCADA radios. A total of 29 radios will be replaced to cover every lift station, pump station, storage tank and both treatment plants. The current radios are 18 years old and have become obsolete. This increase is also partly due to a shift in allocation of Technical Services expenses from Wastewater to Water.
- **Debt Service for Water \$13.2 Million External Loans to Wells Fargo and NBH – Increase of \$285,000:** Staff is projecting that \$7.9 million of the \$13.2 million external line of credit will be drawn by the end of 2015, triggering this increase in the debt service payment for 2016.
- **Debt Service for Water \$6 Million, 8-Year Internal Loan from Power and \$4 Million, 2-Year Internal Loan from Raw Water – Decrease of \$82,000:** The debt service payment for the loan from Power was budgeted too high in 2015 at \$967,000, and the budget for 2016 is \$818,000. This will be the third 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. There is an interest-only payment of \$67,000 budgeted in 2016 for the loan from Raw Water.
- **1% For the Arts – Decrease of \$64,630:** This is linked to the volume of capital activity, so there is a significant decrease in capital in 2016 compared to 2015.

CAPITAL

The capital program includes expenditures for 2016-2020 of \$41.1 million for Water. The biggest components of the \$41.1 million are: 1) \$25.2 million for engineering and construction of 8,400 acre-feet of storage at Chimney Hollow; 2) \$12.3 million of rehabilitation, replacement and oversizing projects for the water distribution system. The enclosed 10-Year Financial Projection and 5-Year Capital Plan contain more detailed information.

BEYOND 2016

In the 10-Year Financial Projection, the 9% rate increase for 2016 is followed by three 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 from March of 2013. **NOTE: This rate track could change pending the results of this year's cost-of-service rate study.** 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 decreased to 3% of Water Sales per year in 2016 and will stay at that 3% level through the 10-year timeframe. 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 2019, then goes negative in 2020 and 2021 before rebounding and staying positive from 2022 to 2025. This trend will be reviewed during the 2017 budget preparation process.

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 throughout the ten-year timeframe.

WASTEWATER

In accordance with the results of the cost-of-service rate study from 2012, there is an overall average rate increase of 8.81% proposed for Wastewater in 2016. 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 8.81% increase will be primarily to address aging infrastructure. **NOTE: This rate track could change pending the results of the cost-of-service rate study.**

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 2016 budget include:

- **Non-recurrence of Replacement/Regeneration of Carbon for Existing Odor Scrubber at Wastewater Treatment Plant – Decrease of \$63,000:** 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 still be maintaining its integrity and may not be replaced in 2015, but it will not be budgeted in 2016. Prior to scheduling replacement, the City should regenerate the carbon in place based on Hydrogen Sulfide monitoring.
- **Non-recurrence of Design and Services During Construction, Odor Control Strategies (Stages 6 & 7) at WWTP - Decrease of \$40,000:** This study is a one-time study that is budgeted in 2015 and will not recur in 2016.
- **3 Lift Station Evaluations – Increase of \$50,000:** This is for engineering evaluations and condition assessments in order to better be able to determine future capital project costs.
- **Right-of-Way Relocates and Manhole Rehab – Increase of \$50,000:** Staff is looking to increase the effort to address some very old brick manholes that are in poor condition.
- **1% For the Arts – Increase of \$85,000:** This is linked to the volume of capital activity, so there is a significant increase in capital in 2016 compared to 2015.

CAPITAL

The capital program includes expenditures for 2016-2020 of \$54.5 million for Wastewater. The biggest components of the \$54.5 million are: 1) \$47.0 million of rehabilitation and expansion projects for the WWTP; and 2) \$3.0 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 2016

In the 10-Year Financial Projection, the 8.81% rate increase is followed by three consecutive rate increases of 11% per year, then three consecutive rate increases of 7% per year, which is in accordance with the 2012 rate study results. **NOTE: This rate track could change pending the results of this year's cost-of-service rate study.** 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 \$6.0 million loan. The reason for the \$6.0 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 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 2023 and remains that way for the balance of the 10-year period. This is in spite of receiving a \$20 million loan in 2020. 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 \$20 million and paying it off over a longer period of time than 20 years.

POWER

A 6.0% across-the-board rate increase is currently proposed for the Power Utility in 2016. PRPA is planning on a 5% overall wholesale power rate increase in 2016, which, when passed through to customers, generates a 4.05% retail rate increase. In addition, Staff is recommending a 1.95% increase to address additional capital needs. So, the entire proposed rate increase for 2016 is $4.05\% + 1.95\% = 6.0\%$. The 5% wholesale rate increase is a figure that is subject to change by the PRPA Board – the proposed increase will first be presented to the Board at their August meeting, then formally presented for the Board's action at their December meeting.

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 2016 are:

- **Construction of Road in Conjunction with New Substation off 29th Street – Increase of \$1,500,000:** Earlier this year, the Power Utility purchased a 52 acre tract of land off West 29th Street. A portion of this land will be used to construct a new substation as well as a solar project. An obligation that goes with the purchase of the land is to pay for a road that will run north and south between West 22nd Street and West 29th Street. The cost of this road is estimated at \$1.5 million.
- **Ongoing Licensing for a Web Portal for Key Accounts and Large Commercial Customers – Increase of \$41,000:** This is a new recurring cost associated with

Schneider Electric's Energy Profiler Online web portal licensing to support large commercial customers.

- **Substation Support Services from PRPA – Decrease of \$75,000:** In looking at history on how much we have been spending annually for this contracted service, it appears that \$175,000 looks like a more reasonable figure than the \$250,000 that is budgeted in 2015.

CAPITAL

The capital program includes expenditures for 2016-2020 of \$59.4 million for Power. The biggest components of the \$54.9 million are: 1) \$11.0 million of rehabilitation, replacement and reliability-driven (R,R & R) system improvement projects; 2) \$9.9 million for expenditures associated with overhead to underground conversions; and 3) \$6.4 million for land acquisition and completing the construction of a new substation. In addition, there is an increase in capital of \$1.4 million in 2016 and \$1.0 million in 2017 for overhead-to-underground conversion in the Downtown area to align with the Downtown Redevelopment Plan. The enclosed 10-Year Financial Projection and 5-Year Capital Plan contain more detailed information.

BEYOND 2016

Following 2016, the Power 10-Year Financial Projection is showing rate increases ranging from 1.81% to 6.04% per year from 2017 to 2025. Platte River Power Authority (PRPA) has projected 10 years of wholesale power rate increases, and following the 5% rate increase in 2016 are five consecutive years of 4% increases, then annual increases from 1%-4% for the outer four years. The primary drivers behind these projected wholesale rate increases are:

- O&M expense increases related to the Craig Unit 1 planned maintenance outage
- Solar generation facility costs
- Transmission expense increases for wind purchases
- Decreased market prices for surplus sales of energy
- Additional expenses related to carbon emissions and compliance with the EPA Clean Plan Regulation

These wholesale rate increases from PRPA have been taken into account in the retail rate increases for the 10-Year Financial Projection. PRPA will be quick to tell you that their projections could change, and change dramatically. The PRPA Board has an August, 2015 board retreat to discuss alternatives for addressing future regulatory requirements.

The Unrestricted Fund balance stays positive in comparison to the 15% of operating expenses target throughout the 10-year period.

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.

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

RECOMMENDATION:

Adopt a motion recommending that City Council approve the proposed 2016 Water and Power budget.

REVIEWED BY DIRECTOR:

AB 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, Power

Attachment A

LOVELAND WATER AND POWER
RAW WATER FUNDING
FINANCIAL FORECAST
2014-2025

	9.10%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	A	Future Raw Water Prj's % Compounded
	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	B	Future Raw Water Prj's % growth/year
	1.25%	1.68%	2.41%	3.09%	3.71%	4.09%	4.21%	4.29%	4.31%	4.31%	4.31%	4.31%	4.31%	C	Interest on Investments
	4.77%	7.08%	5.01%	4.96%	4.36%	4.88%	5.32%	5.32%	5.32%	5.32%	5.32%	5.32%	5.32%	D	Inflation Rate on Water & Waste Specific Proj's
	1.10%	1.16%	1.16%	1.28%	1.39%	1.50%	1.60%	1.70%	1.79%	1.87%	1.96%	1.96%	1.96%	E	Growth from New Development
	12.00%	9.00%	9.00%	9.00%	9.00%	8.00%	8.00%	8.00%	3.50%	3.50%	3.50%	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%	-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%	7.00%	7.00%	H	Payment in Lieu of Taxes (PILT)
	12.00%	9.00%	9.00%	9.00%	9.00%	8.00%	8.00%	8.00%	3.50%	3.50%	3.50%	3.50%	3.50%	I	Revenue Rate Change on BASE Charge

	Actuals 2014	Forecast 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	A	B	C	D	E	F	G	H	I
1 BEGINNING BALANCE	\$14,305,339	\$14,920,333	\$2,374,573	\$491,583	\$13,785,788	(\$17,759,298)	(\$17,687,728)	(\$17,605,118)	(\$17,515,318)	(\$17,420,118)	(\$17,321,438)	(\$17,221,348)									
2 Hi-Use Surcharge	\$72,195	\$52,500	\$52,500	\$53,110	\$53,790	\$54,540	\$55,360	\$56,250	\$57,210	\$58,230	\$59,320	\$60,480				Y					
3 Interest	134,194	228,840	82,640	53,060	451,830	0	0	0	0	0	0	0		0	0		Y				
4 Wastewater Loan	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	
5 Water Loan Payments Received	0	0	67,000	13,298,015	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	
6 Transfer from General Funds	7,589	0	5,820	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	
7 Raw Water Devlpmt Fees/Cap Rec Srchg	552,310	330,000	286,970	318,900	338,220	344,990	383,640	422,300	460,950	499,600	538,260	576,910									
8 Cash-in-Lieu	46,200	250,000	250,000	252,900	256,140	259,700	263,600	267,820	272,370	277,250	282,430	287,970				Y					
9 Year End Cash Adjustments	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	
10 Total Revenues	\$812,489	\$861,340	\$744,930	\$13,975,985	\$1,099,980	\$659,230	\$702,600	\$746,370	\$790,530	\$835,080	\$880,010	\$925,360									
11 Operating Expenses																					
12 Windy Gap Annual Administration Fee	7,044	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100		7,100	7,100	7,100	7,100	7,100	7,100	7,100	
13 Transfer to Restricted	0	0	0	0	(860,185)	0	0	0	0	0	0	0		0	0	0	0	0	0	0	
14 Loan to Water	0	13,000,000	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	
15 TOTAL OPERATING EXPENSES (excl depn)	\$7,044	\$13,007,100	\$7,100	\$7,100	(\$853,085)	\$7,100															
16 NET OPERATING REVENUE/(LOSS) (excl depn)	\$805,445	(\$12,145,760)	\$737,830	\$13,968,885	\$1,953,065	\$652,130	\$695,500	\$739,270	\$783,430	\$827,980	\$872,910	\$918,260									
17 FOOTNOTE: Depreciation Expense																					
18 Capital Expenditures																					
19 Windy Gap Firming (W038AA)	(190,451)	(200,000)	(2,406,660)	0	(33,047,180)	0	0	0	0	0	0	0		0	0	0	0	0	0	0	
20 Purchase CBT Water (W1014A)	0	(200,000)	(214,160)	(562,230)	(450,970)	(580,560)	(612,890)	(649,470)	(688,230)	(729,300)	(772,820)	(818,940)									
21 Future Water Court Transfer Actions	0	0	0	(112,450)	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	
22 Total Capital Expenditures	(\$190,451)	(\$400,000)	(\$2,620,820)	(\$674,680)	(\$33,498,150)	(\$580,560)	(\$612,890)	(\$649,470)	(\$688,230)	(\$729,300)	(\$772,820)	(\$818,940)									
23 Subtotal: Raw Water excl. Reserve Funds	\$14,920,333	\$2,374,573	\$491,583	\$13,785,788	(\$17,759,298)	(\$17,687,728)	(\$17,605,118)	(\$17,515,318)	(\$17,420,118)	(\$17,321,438)	(\$17,221,348)	(\$17,122,028)									
24 Reserve for Windy Gap Pmts																					
25 Reserve Account for Windy Gap	\$4,179,794	\$3,386,725	\$2,559,225	\$1,710,245	\$860,185	\$9,350,000	\$8,800,000	\$8,250,000	\$7,700,000	\$7,150,000	\$6,600,000	\$6,050,000									
26 Transfer from Unrestricted	0	0	0	0	(860,185)	0	0	0	0	0	0	0		0	0	0	0	0	0		
27 Annual Payment	(826,625)	(827,500)	(848,980)	(850,060)	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	
28 External Loan Payment	0	0	0	0	0	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)									
29 External Loan Received	0	0	0	0	9,350,000	0	0	0	0	0	0	0		0	0	0	0	0	0		
30 Interest	33,556	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0		
<																					

2016 Water 10 Year - City Version

LOVELAND WATER AND POWER WATER UTILITY FINANCIAL FORECAST 2014 - 2025												
	9.10%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	A Future Raw Water Prj's % Compounded
	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	B Future Raw Water Prj's % growth/year
	1.25%	1.68%	2.41%	3.09%	3.71%	4.09%	4.21%	4.29%	4.31%	4.31%	4.31%	C Interest on Investments
	4.77%	7.08%	5.01%	4.96%	4.36%	4.88%	5.32%	5.32%	5.32%	5.32%	5.32%	D Inflation Rate on Water & Waste Specific Proj's
	1.10%	1.16%	1.16%	1.28%	1.39%	1.50%	1.60%	1.70%	1.79%	1.87%	1.96%	E Growth from New Development
	12.00%	9.00%	9.00%	9.00%	9.00%	8.00%	8.00%	8.00%	3.50%	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%	9.00%	9.00%	9.00%	9.00%	8.00%	8.00%	8.00%	3.50%	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 2014	Forecast 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	2016 to 2025 Total	A	B	C	D	E	F	G	H	I	J	
Unrestricted Funds																								
1 BEG'G WORKING CASH BALANCE:	\$8,760,771	\$3,060,541	\$7,589,085	\$7,635,181	\$3,329,922	\$3,229,532	\$3,156,677	\$2,150,200	\$1,073,470	\$2,663,043	\$3,984,561	\$9,091,192	\$198,416,270											
REVENUES & SOURCES:													(\$5,952,480)	Y										
2 Water Sales	\$10,773,505	\$12,431,666	\$13,204,820	\$14,480,410	\$15,896,590	\$17,468,760	\$19,040,950	\$20,773,680	\$22,684,860	\$23,771,460	\$24,929,130	\$26,165,610	\$1,465,370											
3 Raw Water Transfer Out	(\$821,470)	(1,140,840)	(396,140)	(434,410)	(476,900)	(524,060)	(571,230)	(623,210)	(680,550)	(713,140)	(747,870)	(784,970)	\$694,000											
4 Wholesale Sales	\$111,432	125,350	137,200	138,790	140,570	142,520	144,660	146,970	149,470	152,150	155,000	158,040	\$1,519,970	Y										
5 Meter Sales	\$88,318	41,850	51,530	54,710	58,120	61,460	65,380	69,900	74,800	80,110	85,870	92,120	\$1,141,240											
6 Interest on investments	\$47,382	38,260	88,560	197,310	118,170	136,390	142,830	100,150	50,880	138,630	166,220	380,830	\$5,776,860											
7 Hydrant Rental	\$104,736	76,500	74,180	81,720	90,120	99,480	108,930	119,390	130,970	137,900	145,310	153,240	\$4,500,000											
8 Other revenues	\$422,584	531,411	1,344,020	339,480	374,380	413,280	452,540	495,980	544,090	572,870	603,630	636,590	\$0											
9 Internal Loan Received	\$0	5,000,000	0	0	0	0	0	0	0	0	0	0	\$0											
10 External Loan Received	\$0	12,900,000	0	0	0	0	0	0	0	0	0	0	\$0											
11 General Fund Contribution	\$750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	0	0	0	0	\$4,500,000											
12 CIRSA, FEMA, and NRCS Revenue	\$2,295,554	1,000,932	0	0	0	0	0	0	0	0	0	0	\$0											
13 Year-end cash adjustments	\$0	0	0	0	0	0	0	0	0	0	0	0	\$0											
14 TOTAL REVENUES	\$13,772,042	\$31,755,129	\$15,254,170	\$15,608,010	\$16,951,050	\$18,547,830	\$20,134,060	\$21,832,860	\$22,954,520	\$24,139,980	\$25,337,290	\$26,801,460	\$207,561,230											
15 OPERATING EXPENSES:																								
16 Source of Supply	2,240,081	\$3,141,660	2,860,961	2,961,090	3,064,730	3,172,000	3,283,020	3,397,930	3,516,860	3,639,950	3,767,350	3,899,210	\$33,563,101											
17 Treatment	2,240,605	2,445,450	2,648,182	2,771,590	2,904,070	3,046,080	3,198,380	3,361,500	3,536,300	3,723,370	3,923,310	4,137,520	\$33,250,302											
18 Treatment O&M Projects	0	36,250	0	71,970	1,017,380	49,270	0	0	143,280	0	0	0	\$1,281,900											
19 Distribution oper. & maint.	2,138,851	2,404,293	2,676,080	2,800,790	2,934,670	3,078,180	3,232,090	3,396,930	3,573,570	3,762,610	3,964,660	4,181,130	\$33,600,710											
20 Distribution O&M Projects	0	68,700	80,310	151,800	88,520	61,590	0	0	0	0	0	79,460	\$461,680											
21 Technical Services	637,493	782,590	849,861	889,460	931,980	977,550	1,026,430	1,078,780	1,134,880	1,194,920	1,259,090	1,327,840	\$10,670,791											
22 Customer Relations	242,045	326,150	339,277	351,150	363,440	376,160	389,330	402,960	417,060	431,660	446,770	462,410	\$3,980,217											
23 Customer Service/Meters	476,955	159,320	155,807	163,070	170,860	179,220	188,180	197,780	208,060	219,070	230,830	243,430	\$1,956,307											
24 Administrative	428,636	953,510	496,556	513,940	531,930	550,550	569,820	589,760	610,400	631,760	653,870	676,760	\$5,825,346											
25 Workers Comp & Gen'l Liability	0	148,710	112,350	116,280	120,350	124,560	128,920	133,430	138,100	142,930	147,930	153,110	\$1,317,960											
26 1% for Arts Transfer	51,487	128,030	63,410	38,430	35,310	52,170	68,760	79,320	57,510	79,800	42,710	43,390	\$560,810											
27 Internal Loan Payment (incl's interest)	791,400	801,450	884,500	4,904,265	795,000	783,750	772,500	761,250	0	0	0	0	\$8,901,265											
28 External Loan Payment (incl's interest)	3,940	26,592	292,151	1,013,988	1,015,150	1,015,685	1,015,593	1,014,885	1,013,527	1,011,542	1,013,929	1,010,529	\$9,416,979											
29 Payment in-lieu-of taxes PILT	692,861	790,360	896,610	983,220	1,079,380	1,186,130	1,292,880	1,410,530	1,540,300	1,614,080	1,692,690	1,776,640	\$13,472,460											
30 Services rendered-other depts.	972,584	942,740	956,802	990,290	1,024,950	1,060,820	1,097,950	1,136,380	1,176,150	1,217,320	1,259,930	1,304,030	\$11,224,622											
31 TOTAL OPERATING EXP'S (excl depn)	10,916,936	\$13,155,805	\$13,312,857	\$18,721,332	\$16,077,720	\$15,713,715	\$16,263,853	\$16,961,435	\$17,065,997	\$17,669,012	\$18,482,529	\$19,215,999	\$169,484,450											
32 NET OPERAT'G REV/(LOSS) (excl depn)	2,855,105	\$18,599,324	\$1,941,313	(\$3,113,322)	\$873,330	\$2,834,115	\$3,870,207	\$4,871,425	\$5,888,523	\$6,470,968	\$6,854,761	\$7,585,461	\$38,076,780											
33 FOOTNOTE: Depreciation Expense	3,175,184	\$3,291,762	3,268,635	4,077,167	3,313,481	3,317,893	3,371,692	3,472,742	3,601,905	3,856,931	4,043,682	4,066,643	\$36,390,770											
34 CAPITAL EXPENDITURES	8,555,335	14,070,780	1,895,217	\$1,191,938	\$973,720	\$2,906,970	\$4,876,684	\$5,948,154	\$4,298,950	\$5,149,450	\$1,748,130	\$2,617,138	\$31,606,351											
35 NET CHANGE IN WRKG CASH BAL	(5,700,230)	\$4,528,544	\$46,096	(\$4,305,260)	(\$100,390)	(\$72,855)	(\$1,006,477)	(\$1,076,729)	\$1,589,573	\$1,321,518	\$5,106,631	\$4,968,323												
36 ENDING WORKING CASH BALANCE	\$3,060,541	\$7,589,085	\$7,635,181	\$3,329,922	\$3,229,532	\$3,156,677	\$2,150,200	\$1,073,470	\$2,663,043	\$3,984,561	\$9,091,192	\$14,059,515												
37																								
38 Desired Balance (15% of Operat'g Exp's)	\$1,637,540	\$1,973,371	\$1,996,929	\$2,808,200	\$2,411,658	\$2,357,057	\$2,439,578	\$2,544,215	\$2,559,900	\$2,650,352	\$2,772,379	\$2,882,400												
39 Fav/(Unfav) to Desired Balance	\$1,423,001	\$5,615,715	\$5,638,253	\$521,722																				

2016 Wastewater 10 Year Budget - City Version

LOVELAND WATER AND POWER
WASTEWATER UTILITY
FINANCIAL FORECAST - 10 Year Plan
2014-2025

	1.06%	1.68%	2.41%	3.09%	3.71%	4.09%	4.21%	4.29%	4.31%	4.31%	4.31%	A	Interest on Investments	
	4.77%	7.08%	5.01%	4.96%	4.36%	4.88%	5.32%	5.32%	5.32%	5.32%	5.32%	B	Inflation Rate on Water & Waste Specific Proj's	
	1.10%	1.16%	1.16%	1.28%	1.39%	1.50%	1.60%	1.70%	1.79%	1.87%	1.96%	C	Growth from new Development	
	9.08%	8.81%	11.00%	11.00%	11.00%	7.00%	7.00%	7.00%	7.00%	3.50%	3.50%	D	Revenue Rate Change on Consumption	
	0.00%	-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)	
	9.08%	8.81%	11.00%	11.00%	11.00%	7.00%	7.00%	7.00%	7.00%	3.50%	3.50%	G	Revenue Rate Change on BASE	
	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	H	General Inflation Rate	
	Preliminary 2014	Forecast 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	2016 to 2025 Total	
	A	B	C	D	E	F	G	H						
Unrestricted Funds														
1 BEGINNING WRK'G CASH BAL:														
REVENUES & SOURCES:														
2 Sanitary Sewer Charges	8,164,509	\$9,223,590	\$10,142,610	\$11,325,240	\$12,799,350	\$14,321,190	\$15,466,890	\$16,719,710	\$18,090,730	\$18,957,280	\$19,880,500	\$20,866,570	\$158,570,070	
3 Hi Strength Surcharge	351,939	347,500	358,330	360,690	363,500	366,740	370,410	374,480	378,970	383,860	389,120	394,800	\$3,740,900	
4 Interest on investments	77,147	94,370	104,930	116,660	60,890	50,830	206,680	108,920	310,690	506,370	486,960	810,980	\$2,763,910	
5 Other revenues	\$55,207	92,630	97,160	98,290	99,550	175,240	1,151,720	104,080	105,850	107,740	109,750	111,900	\$2,161,280	
6 CIRSA and FEMA Revenue	\$374,002	\$557,965	0	0	0	0	0	0	0	0	0	0	\$0	
7 Loan Received	0	0	6,000,000	0	0	0	0	0	0	0	0	0	\$6,000,000	
8 Grant for Nutrients	0	500,000	500,000	0	0	0	0	0	0	0	0	0	\$500,000	
9 Year-end cash adjustments	64,624	0	0	0	0	0	0	0	0	0	0	0	\$0	
10 TOTAL REVENUES & SOURCES	\$9,087,428	\$10,816,055	\$17,203,030	\$11,900,880	\$13,323,290	\$14,914,000	\$17,195,700	\$17,307,190	\$18,886,240	\$19,955,250	\$20,866,330	\$22,184,250	\$173,736,160	
OPERATING EXPENSES:														
11 Treatment	\$2,583,713	2,739,830	\$3,030,411	\$3,171,630	\$3,323,230	\$3,485,740	\$3,660,030	\$3,846,690	\$4,046,720	\$4,260,790	\$4,489,590	\$4,734,720	\$38,049,551	
12 Treatment O&M Projects	0	369,000	13,060	24,740	106,220	0	171,810	0	0	0	0	0	315,830	
13 Collection System Maintenance	1,358,419	1,493,910	1,940,028	2,030,430	2,127,480	2,231,510	2,343,090	2,462,590	2,590,640	2,727,680	2,874,160	3,031,090	24,358,698	
14 Collection System O&M Projects	0	322,000	0	112,450	0	0	0	0	143,280	0	0	0	255,730	
15 Technical Services	683,024	1,069,600	1,129,422	1,182,050	1,238,550	1,299,120	1,364,080	1,433,650	1,508,200	1,587,980	1,673,250	1,764,610	14,180,912	
16 Customer Relations	53,135	56,970	40,373	41,790	43,250	44,760	46,330	47,950	49,630	51,370	53,170	55,030	473,653	
17 Administrative	292,407	512,345	362,684	375,380	388,520	402,120	416,190	430,760	445,840	461,440	477,590	494,310	4,254,834	
18 Workers Comp and Gen'l Liability	0	122,000	90,590	93,760	97,040	100,440	103,960	107,600	111,370	115,270	119,300	123,480	1,062,810	
19 1% for the Arts	4,895	24,300	94,500	56,190	46,670	12,850	44,980	66,260	26,640	82,980	14,920	16,390	462,380	
20 Payment in-lieu-of taxes (PILT)	596,151	669,980	735,070	818,020	921,400	1,028,160	1,108,610	1,196,590	1,292,880	1,353,880	1,418,870	1,488,300	11,361,780	
21 Loan Payment	0	0	0	394,030	394,030	394,030	394,030	394,030	394,030	394,030	394,030	394,030	3,546,270	
22 Services rendered-other depts.	437,901	386,940	425,656	410,630	425,000	439,880	455,280	471,210	487,700	504,770	522,440	540,730	4,683,296	
23 TOTAL OPERATG EXP (excl depn)	\$6,009,646	\$7,766,875	\$7,861,794	\$8,711,100	\$9,111,390	\$9,438,610	\$10,108,390	\$10,457,330	\$11,096,930	\$11,540,190	\$12,037,320	\$12,642,690	\$103,005,744	
24 NET OPERAT'G REV/(LOSS) (excl depn)	\$3,077,782	\$3,049,180	\$9,341,236	\$3,189,780	\$4,211,900	\$5,475,390	\$7,087,310	\$6,849,860	\$7,789,310	\$8,415,060	\$8,829,010	\$9,541,560	\$70,730,416	
25 FOOTNOTE: Depreciation Expense	2,147,621	\$1,966,210	\$1,966,210	\$2,289,470	\$2,447,350	\$2,553,400	\$2,694,890	\$2,935,530	\$3,168,970	\$3,397,790	\$3,576,100	\$3,630,020	\$28,659,730	
26 CAPITAL EXPENDITURES	1,776,282	\$5,994,800	\$10,457,675	\$6,056,580	\$4,815,456	\$1,786,055	\$9,559,680	\$2,186,348	\$3,291,211	\$8,865,355	\$1,311,095	\$1,338,950	\$49,668,405	
27 NET CHANGE IN WRK'G CASH BAL	\$1,301,500	(\$2,945,620)	(\$1,116,439)	(\$2,866,800)	(\$603,556)	\$3,689,335	(\$2,472,370)	\$4,663,512	\$4,498,099	(\$450,295)	\$7,517,915	\$8,202,610		
28 ENDING WORKING CASH BALANCE	\$8,902,548	\$5,956,927	\$4,840,488	\$1,973,688	\$1,370,132	\$5,059,467	\$2,587,097	\$7,250,609	\$11,748,708	\$11,298,413	\$18,816,328	\$27,018,938		
29 Desired Bal (15% of Oper Exp excl'g depn)	\$901,447	\$1,165,031	\$1,179,269	\$1,306,665	\$1,366,709	\$1,415,792	\$1,516,259	\$1,568,600	\$1,664,540	\$1,731,029	\$1,805,598	\$1,896,404		
30 Fav/(Unfav) to Desired Balance	\$8,001,101	\$4,791,896	\$3,661,219	\$667,023	\$3,424	\$3,643,676	\$1,070,839	\$5,682,010	\$10,084,169	\$9,567,385	\$17,010,			

LOVELAND WATER AND POWER
POWER UTILITY
FINANCIAL FORECAST
2014-2025

	1.25%	1.68%	2.41%	3.09%	3.71%	4.09%	4.21%	4.29%	4.31%	4.31%	4.31%		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										
	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										
	5.83%	6.00%	6.04%	6.04%	4.24%	5.05%	4.24%	1.81%	4.24%	3.43%	2.62%		D	Retail Revenue Rate Change										
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.10%	-0.20%	-0.30%	-0.40%		E	Energy (kWh) Consumption/Cust Inc/(Dec)										
	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%	-0.10%	-0.20%	-0.30%	-0.40%	-0.50%	-0.60%	-0.70%		G	Demand(kW) Consmpn/Comm'l Cust Inc/(De										
	2.00%	5.00%	4.00%	4.00%	4.00%	5.00%	4.00%	1.00%	4.00%	3.00%	2.00%		H	PRPA Overall Wholesale Rate Change										
	3.23%	3.33%	3.92%	3.77%	3.42%	3.72%	3.81%	3.81%	3.81%	3.81%	3.81%		I	Inflation Rate on Power Utility Specific Exp's										
	Actual 2014	Forecast 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	2015 to 2025 Total	A	B	C	D	E	F	G	H	I		
Unrestricted Funds																								
1 BEGINNING WORKING CASH BALANCE:	\$19,826,218	\$19,916,657	\$15,324,355	\$9,387,720	\$9,832,750	\$13,164,550	\$14,756,220	\$16,890,080	\$20,608,820	\$15,226,776	\$18,517,225	\$25,074,739												
2 REVENUES & SOURCES:																								
3 Electric revenues	\$52,507,782	\$56,355,990	\$58,871,280	\$63,568,150	\$68,736,990	\$73,176,480	\$78,581,350	\$83,779,600	\$87,310,140	\$93,127,710	\$98,587,260	\$103,568,230	\$865,663,180											
4 Wheeling charges	280,069	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	405,240	248,960	256,680	226,240	303,340	488,400	602,790	711,070	883,090	865,700	957,320	1,080,720	\$6,624,310											
6 Aid-To-Construction deposits	2,149,320	1,000,000	1,530,000	1,589,930	1,865,520	1,929,300	2,001,050	2,077,330	2,156,520	2,238,730	2,324,070	2,412,660	\$21,125,110											
7 Customer deposits - Service Installations	221,467	250,000	290,000	301,360	312,710	323,410	335,440	348,220	361,510	375,280	389,580	404,440	\$3,691,950											
8 Other revenues	1,145,286	1,050,761	928,110	946,100	965,880	987,460	1,010,840	1,036,010	1,062,980	1,091,740	1,122,300	1,154,660	\$11,356,841											
9 FEMA and CIRSA Revenue	2,199,181	4,588,636	0	0	0	0	0	0	0	0	0	0	\$4,588,636											
10 Year-end cash adjustments	0	0	0	0	0	0	0	0	0	0	0	0	\$0											
11 TOTAL REVENUES	\$58,908,345	\$63,734,347	\$62,116,070	\$66,876,430	\$72,434,210	\$77,160,400	\$82,792,860	\$88,219,870	\$92,048,310	\$97,979,820	\$103,667,920	\$108,914,950	\$915,945,187											
12 OPERATING EXPENSES:																								
13 Hydro oper. & maint.	\$1,474,231	\$2,176,400	\$1,157,875	\$680,900	\$4,420	\$4,570	\$4,730	\$4,900	\$5,070	\$5,250	\$5,430	\$5,620	\$4,055,165											
14 Solar Oper & Maint	0	0	0	93,150	96,410	99,780	103,270	106,880	110,620	114,490	118,500	122,650	\$965,750											
15 Purchased power	39,499,067	41,469,300	42,873,242	45,419,140	48,185,700	51,189,730	54,961,040	58,473,180	60,463,060	64,336,310	67,809,940	70,782,030	\$605,962,672											
16 Distribution oper. & maint.	3,492,748	4,317,450	6,173,317	4,927,460	5,202,960	5,501,310	5,824,090	6,172,970	6,549,710	6,956,180	7,394,360	7,866,340	\$66,886,147											
17 Customer Relations	1,053,437	1,146,590	1,155,442	1,195,880	1,237,740	1,281,060	1,325,900	1,372,310	1,420,340	1,470,050	1,521,500	1,574,750	\$14,701,562											
18 Administration	574,922	885,489	841,837	871,300	901,800	933,360	966,030	999,840	1,034,830	1,071,050	1,108,540	1,147,340	\$10,761,416											
19 Workers Comp and Gen'l Liability	0	258,500	297,687	308,110	318,890	330,050	341,600	353,560	365,930	378,740	392,000	405,720	\$3,750,787											
20 1% For the Arts Transfer	29,248	67,760	86,060	59,320	57,210	82,440	86,570	81,220	130,760	115,670	119,910	129,480	\$1,016,400											
21 Payment in-lieu-of taxes PILT	3,629,067	3,944,920	4,120,990	4,449,770	4,811,590	5,122,350	5,500,690	5,864,570	6,111,710	6,518,940	6,901,110	7,249,780	\$60,596,420											
22 Services rendered-other depts.	2,108,832	2,019,820	1,969,225	1,988,710	2,058,310	2,130,350	2,204,910	2,282,080	2,361,950	2,444,620	2,530,180	2,618,740	\$24,608,895											
23 TOTAL OPERATING EXPENSES (excl depn)	\$51,861,552	\$56,286,229	\$58,675,675	\$59,993,740	\$62,875,030	\$66,675,000	\$71,318,830	\$75,711,510	\$78,553,980	\$83,411,300	\$87,901,470	\$91,902,450	\$793,305,214											
24 NET OPERATING REVENUE/(LOSS) (excl depn)	\$7,046,793	\$7,448,118	\$3,440,395	\$6,882,690	\$9,559,180	\$10,485,400	\$11,474,030	\$12,508,360	\$13,494,330	\$14,568,520	\$15,766,450	\$17,012,500	\$122,639,973											
25 FOOTNOTE: Depreciation Expense																								
CAPITAL EXPENDITURES:																								
26 General Plant	\$592,690	\$654,306	\$773																					

Attachment B

Description	2016	2017	2018	2019	2020	TOTAL
** CAPITAL BLANKETS **						
METER PURCHASE & INSTALL	\$107,080	\$112,450	\$118,030	\$123,180	\$129,180	\$589,920
METERS PURCHASED BY CONTRACTORS	\$53,540	\$56,220	\$59,010	\$61,590	\$64,590	\$294,950
TOTAL CAPITAL BLANKETS	\$160,620	\$168,670	\$177,040	\$184,770	\$193,770	\$884,870
** SPECIFIC PROJECTS **						
TRANSMISSION/DISTRIBUTION	\$1,161,831	\$1,023,268	\$796,680	\$2,722,200	\$4,682,914	\$10,386,892
WATER TREATMENT PLANT	\$2,708,840					\$2,708,840
TOTAL SPECIFIC PROJECTS	\$3,870,671	\$1,023,268	\$796,680	\$2,722,200	\$4,682,914	\$13,095,732
** SYSTEM IMPACT FEE PROJECTS **						
WATER RESOURCES	\$2,620,820	\$674,680	\$33,498,150	\$580,560	\$612,890	\$37,987,100
MAIN EXTSN / OVERSIZING	\$380,140	\$208,023	\$88,520	\$92,380	\$297,126	\$1,066,188
WATER TREATMENT PLANT	\$4,063,260					\$4,063,260
TOTAL SIF PROJECTS	\$7,064,220	\$882,703	\$33,586,670	\$672,940	\$910,016	\$43,116,548
** GENERAL PLANT **						
ADMINISTRATIVE/ENGINEERING	\$100,000					\$100,000
OPERATIONS	\$258,600					\$258,600
TOTAL GENERAL PLANT	\$358,600					\$358,600
TOTAL CAPITAL EXPENDITURES	\$11,454,110	\$2,074,640	\$34,560,390	\$3,579,910	\$5,786,700	\$57,455,750

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
** TRANSMISSION/DISTRIBUTION ** General Portion only						
2016 Water Line Replacement - Design/SDC	\$80,310					\$80,310
2016 Water Line Replacement- Construct	\$642,490					\$642,490
2019 Water Line Replacement - Design/SDC			\$123,180			\$123,180
2019 Water Line Replacement - Construct			\$985,410			\$985,410
2020 Water Line Replacement (Sherri Mar) - Design/SDC				\$206,690		\$206,690
2020 Water Line Replacement (Sherri Mar) - Construct				\$1,291,840		\$1,291,840
36" Transmission Line Relining Phase 1 Design/SDC				\$197,080	\$206,690	\$403,770
36" Transmission Line Relining Phase 1 Construct					\$2,583,690	\$2,583,690
36" Transmission Line Relining Phase 2 Design/SDC					\$206,690	\$206,690
ROW Relocates	\$53,540	\$56,220	\$59,010	\$61,590	\$64,590	\$294,950
PW COORD: Taft Avenue Bridge Widening at Barnes Ditch	\$160,620					\$160,620
12" WL Relocation Construct						
34" Waterline Valve Insertions Design/SDC			\$88,520			\$88,520
34" Waterline Valve Insertions Construct			\$531,120			\$531,120
10th St 12": RR Spur to Madison Design/SDC (General Portion - Total 2015 Project = \$42830)	\$32,123	\$33,735				\$65,858
10th St 12": RR Spur to Madison Construct (General Portion - Total 2015 Project = \$0)		\$337,343				\$337,343

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
16" Mtn View Discharge in Boyd Lake Ave Design/SDC (General Portion - Total 2015 Project = \$0)				\$58,134		\$58,134

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
P2 Water Pump Station and Discharge Piping Design/SDC (General Portion - Total 2015 Project = \$0)					\$64,590	\$64,590
Mod Valve Vault Rehabilitation Design/SDC			\$118,030	\$123,180		\$241,210
Mod Valve Vault Rehabilitation Construct				\$1,231,760		\$1,231,760
Namaqua Hills Water Booster Station & GeneratorDesign/SDC			\$89,960			\$89,960
Namaqua Hills Water Booster Station & Generator Construct			\$506,010			\$506,010
Trans/Dist Meters (Wtr Dept)	\$107,080	\$112,450	\$118,030	\$123,180	\$129,180	\$589,920
Contractors Meters (New Development)	\$53,540	\$56,220	\$59,010	\$61,590	\$64,590	\$294,950
29th St Water Pump Station Emergency Generator Design/SDC (General Portion - Total 2015 Project = \$80310)	\$32,124					\$32,124
29th St Water Pump Station Emergency Generator Construct (General Portion - Total 2015 Project = \$401560)	\$160,624					\$160,624

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
TOTAL - TRANSMISSION/DISTRIBUTION General Portion on	\$1,322,451	\$1,191,938	\$973,720	\$2,906,970	\$4,876,684	\$11,271,762
** WATER TREATMENT PLANT ** General Portion only WTP Phase 2 Expansion (Demolition & equip to 38 MGD) Design/SDC (General Portion - Total 2015 Project = \$428330) WTP Phase 2 Expansion (Demolition & equip to 38 MGD) Construct (General Portion - Total 2015 Project = \$6343770)	\$171,332					\$171,332
		\$2,537,508				\$2,537,508

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
TOTAL - WATER TREATMENT PLANT General Portion only	\$2,708,840					\$2,708,840
** WATER RESOURCES (RAW WATER) ** SIF's						
Windy Gap Firming (W038AA)	\$2,406,660		\$33,047,180			\$35,453,840
Purchase CBT Water (W1014A)	\$214,160	\$562,230	\$450,970	\$580,560	\$612,890	\$2,420,810

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
Future Water Court Transfer Actions		\$112,450				\$112,450
TOTAL - WATER RESOURCE (RAW WATER) SIF's	\$2,620,820	\$674,680	\$33,498,150	\$580,560	\$612,890	\$37,987,100

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
** MAIN EXTNSN / OVERSIZING SIF's **						

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
10th St 12": RR Spur to Madison Design/SDC (SIF Portion - Total 2015 Project = \$42830)	\$10,708	\$11,245				\$21,953
10th St 12": RR Spur to Madison Construct (SIF Portion - Total 2015 Project = \$0)		\$112,448				\$112,448
16" Mtn View Discharge in Boyd Lake Ave Design/SDC (SIF Portion - Total 2015 Project = \$0)			\$135,646			\$135,646

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
P2 Water Pump Station and Discharge Piping Design/SDC (SIF Portion - Total 2015 Project = \$0)				\$64,590		\$64,590
Misc. Oversizing and Extensions (Eagle Brook Meadows 2017)	\$80,310	\$84,330	\$88,520	\$92,380	\$96,890	\$442,430
29th St Water Pump Station Emergency Generator Design/SDC (SIF Portion - Total 2015 Project = \$80310)	\$48,186					\$48,186
29th St Water Pump Station Emergency Generator Construct (SIF Portion - Total 2015 Project = \$401560)	\$240,936					\$240,936

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
TOTAL - OVERSIZE / EXTNSNS SIF's	\$380,140	\$208,023	\$88,520	\$92,380	\$297,126	\$1,066,188
** WATER TREATMENT PLANT SIF's ** WTP Phase 2 Expansion (Demolition & equip to 38 MGD) Design/SDC (SIF Portion - Total 2015 Project = \$428330) WTP Phase 2 Expansion (Demolition & equip to 38 MGD) Construct (SIF Portion - Total 2015 Project = \$6343770)	\$256,998					\$256,998
	\$3,806,262					\$3,806,262

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
TOTAL - WTP SIF PROJECTS	\$4,063,260					\$4,063,260

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
TOTAL - SIF PROJECTS	\$7,064,220	\$882,703	\$33,586,670	\$672,940	\$910,016	\$43,116,548

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
** ADMINISTRATION/ENGINEERING ** E Admin Lot Drainage Enhancements & Asphalt Replace Phase 2	\$100,000 0					\$100,000
TOTAL ADMINISTRATION/ENGINEERING	\$100,000					\$100,000
** OPERATIONS ** Valve Exercising Trailer (Wtr Op) Utility Truck to Replace #6110 (Wtr Mtr) Utility Truck for New Hire (Wtr Mtr) Replace #6106 (WTP) 1-Ton Dual Wheel Truck to Replace #6121 (Tech Srv) 2016 Chevy Colorado 4WD to Replace #5121 (Tech Srv)	\$60,000 \$38,300 \$38,300 \$33,000 \$60,000 \$29,000 0 0 0 0 0 0					\$60,000 \$38,300 \$38,300 \$33,000 \$60,000 \$29,000
TOTAL OPERATIONS	\$258,600					\$258,600
TOTAL GENERAL PLANT	\$358,600					\$358,600
** O&M PROJECT REQUESTS ** Master Plan Model Update Water Radios 800Mhz Motorola Cathodic Protection Renew WTP Sludge Pond Discharge Permit Update Emergency Response Plan Water Treatment Plant Master Plan Chem Lab (Capl Exp in WW, Exp to pay WW id'd here) Design Chem Lab (Capl Exp in WW, Exp to pay WW id'd here) Construct	\$61,590 \$67,470 \$80,310 \$84,330 \$88,520 \$7,080 \$49,270 \$71,970 \$66,090 \$944,210 \$944,210 0 0					\$61,590 \$67,470 \$253,160 \$7,080 \$49,270 \$138,060 \$944,210

**City of Loveland
Water and Power Department
Water - Detailed 5 Year Capital Plan Cash Flow
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
TOTAL O&M PROJECT REQUESTS	\$80,310	\$223,770	\$1,105,900	\$110,860		\$1,520,840

**City of Loveland
Water and Power Department
Wastewater - Detailed 5 Year Capital Plan for City
2016 Budget**

Description	2016	2017	2018	2019	2020	Total
LINE REPLACEMENTS	\$1,541,970	\$1,304,380		\$985,410	\$77,510	\$3,909,270
WASTEWATER PLANT	\$8,785,705	\$4,752,200	\$4,815,456	\$800,645	\$9,482,170	\$28,636,176
TOTAL SPECIFIC PROJECTS	\$10,327,675	\$6,056,580	\$4,815,456	\$1,786,055	\$9,559,680	\$32,545,446
OVERSIZING / MAIN EXTENSIONS	\$80,310	\$84,330	\$277,360	\$2,752,980	\$303,580	\$3,498,560
WASTEWATER PLANT	\$2,589,555	\$4,415,540	\$1,026,824	\$800,645	\$9,482,170	\$18,314,734
TOTAL SIF PROJECTS	\$2,669,865	\$4,499,870	\$1,304,184	\$3,553,625	\$9,785,750	\$21,813,294
ADMINISTRATION/ENGINEERING	\$130,000					\$130,000
TOTAL GENERAL PLANT	\$130,000					\$130,000
TOTAL CAPITAL EXPENDITURES	\$13,127,540	\$10,556,450	\$6,119,640	\$5,339,680	\$19,345,430	\$54,488,740

City of Loveland
Water and Power Department
Wastewater - Detailed 5 Year Capital Plan for City
2016 Budget

Description	2016	2017	2018	2019	2020	TOTAL
South Side Lift Station Force Main to WWTP Design/SDC	\$214,160					\$214,160
South Side Lift Station Force Main to WWTP Construct	\$1,070,820					\$1,070,820
29th Street Lift Station Renovation Design/SDC	\$42,830					\$42,830
29th Street Lift Station Renovation Construct	\$214,160					\$214,160
TOTAL - LINE REPLACEMENTS General Portion only	\$1,541,970	\$1,304,380		\$985,410	\$77,510	\$3,909,270
WWTP Digester System Improvements Design/SDC (General Portion - total 2016 Project = \$803110)	\$682,644					\$682,644
WWTP Digester System Improvements Construct (General Portion - total 2016 Project = \$8031110)	\$6,826,444					\$6,826,444
WWTP Headworks Step Screen Install Design/SDC (General Portion - total 2016 Project = \$160620)	\$144,558	\$151,803				\$296,361
WWTP Non-Potable System Design/SDC	\$32,120					\$32,120
WWTP Non-Potable System Construct	\$267,700					\$267,700
WWTP Nutrient Removal Facilities (BNR) Phase 1 Design/SDC (General Portion - total 2016 Project = \$153130)	\$61,252					\$61,252
WWTP Nutrient Removal Facilities (BNR) Phase 1 Construct (General Portion - total 2016 Project = \$1927470)	\$770,988					\$770,988
WASTEWATER PLANT TOTAL General Portion only	\$8,785,705	\$4,752,200	\$4,815,456	\$800,645	\$9,482,170	\$28,636,176

City of Loveland
Water and Power Department
Wastewater - Detailed 5 Year Capital Plan for City
2016 Budget

Description	2016	2017	2018	2019	2020	TOTAL
Oversizing & Extensions Agreement	\$80,310	\$84,330	\$88,520	\$92,380	\$96,890	\$442,430
TOTAL-OVERSIZE/MAIN EXTNSNS SIF's	\$80,310	\$84,330	\$277,360	\$2,752,980	\$303,580	\$3,498,560
WWTP Digester System Improvements Design/SDC (SIF Portion - total 2016 Project = \$803110)	\$120,467					\$120,467
WWTP Digester System Improvements Construct (SIF Portion - total 2016 Project = \$8031110)	\$1,204,667					\$1,204,667
WWTP Headworks Step Screen Install Design/SDC (SIF Portion - total 2016 Project = \$160620)	\$16,062	\$16,867				\$32,929
WWTP Nutrient Removal Facilities (BNR) Phase 1 Design/SDC (SIF Portion - total 2016 Project = \$153130)	\$91,878					\$91,878
WWTP Nutrient Removal Facilities (BNR) Phase 1 Construct (SIF Portion - total 2016 Project = \$1927470)	\$1,156,482					\$1,156,482
TOTAL - WASTEWATER PLANT SIF's	\$2,589,555	\$4,415,540	\$1,026,824	\$800,645	\$9,482,170	\$18,314,734

**City of Loveland
Water and Power Department
Wastewater - Detailed 5 Year Capital Plan for City
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
Replace Perelli Floor w/Rubber or Polished Concrete	\$130,000					\$130,000
TOTAL ADMINISTRATION/ENGINEERING	\$130,000					\$130,000
TOTAL GENERAL PLANT	\$130,000					\$130,000
Utility Plan Update	\$13,060				\$138,610	\$151,670
TOTAL O&M PROJECT REQUESTS	\$13,060	\$137,190	\$106,220		\$171,810	\$428,280

**City of Loveland
Water and Power Department
Power - Detailed 5 Year Capital Plan for City
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
** CAPITAL BLANKETS **						
OVERHEAD DISTRIBUTION LINES	\$25,000	\$25,980	\$26,960	\$27,880	\$28,920	\$134,740
UNDERGROUND DISTRIBUTION LINES	\$70,000	\$72,740	\$75,480	\$78,060	\$80,970	\$377,250
METER PURCHASES/INSTALLS/UPGRADES	\$150,000	\$155,880	\$161,750	\$167,280	\$173,500	\$808,410
DISTRIBUTION TRANSFORMERS-NON ATC	\$75,000	\$77,940	\$80,880	\$83,640	\$86,750	\$404,210
STREET LIGHTS & YARD LIGHTS	\$70,000	\$72,740	\$75,480	\$78,060	\$80,970	\$377,250
OVERHEAD SERVICE INSTALLATIONS/UPGRADES	\$10,000	\$10,390	\$10,780	\$11,150	\$11,570	\$53,890
UNDERGROUND SERVICE INSTALLATIONS/UPGRADES	\$250,000	\$259,790	\$269,580	\$278,800	\$289,170	\$1,347,340
TEMPORARY SERVICE INSTALLATIONS	\$30,000	\$31,180	\$32,350	\$33,460	\$34,700	\$161,690
TOTAL BLANKETS	\$680,000	\$706,640	\$733,260	\$758,330	\$786,550	\$3,664,780
** SPECIFIC PROJECTS **						
SUBSTATION	\$0	\$0	\$539,170	\$557,600	\$1,735,020	\$2,831,790
CUSTOMER AID-TO-CONSTRUCTION	\$1,530,000	\$1,589,930	\$1,865,520	\$1,929,300	\$2,001,050	\$8,915,800
SYSTEM IMPROVEMENTS	\$1,429,250	\$1,366,520	\$1,957,180	\$3,217,360	\$3,047,830	\$11,018,140
PUBLIC WORK PROJECTS	\$508,750	\$103,920	\$107,830	\$278,800	\$289,170	\$1,288,470
STREET LIGHTS/CUST REQ/MISC PROJECTS	\$200,000	\$207,830	\$215,670	\$223,040	\$231,340	\$1,077,880
STREET LIGHTS/ARTERIALS/MAJOR COLLECTORS	\$150,000	\$155,870	\$161,750	\$167,280	\$173,500	\$808,400
CONVERSION PROJECTS	\$4,105,660	\$2,306,950	\$647,000	\$1,762,020	\$1,075,710	\$9,897,340
TOTAL SPECIFIC PROJECTS	\$7,923,660	\$5,731,020	\$5,494,120	\$8,135,400	\$8,553,620	\$35,837,820
** PLANT INVESTMENT FEE PROJECTS **						
SUBSTATION PIF'S	\$1,700,000	\$779,380	\$2,426,260	\$5,210,950	\$0	\$10,116,590
FEEDERS	\$2,800,000	\$228,620	\$3,342,840	\$278,800	\$2,371,180	\$9,021,440
TOTAL PIF PROJECTS	\$4,500,000	\$1,008,000	\$5,769,100	\$5,489,750	\$2,371,180	\$19,138,030
** GENERAL PLANT **						
ADMINISTRATIVE/ENGINEERING	\$594,870	\$0	\$0	\$0	\$0	\$594,870
OPERATIONS	\$178,500	\$0	\$0	\$0	\$0	\$178,500
TOTAL GENERAL PLANT	\$773,370	\$0	\$0	\$0	\$0	\$773,370
TOTAL CAPITAL EXPENDITURES	\$13,877,030	\$7,445,660	\$11,996,480	\$14,383,480	\$11,711,350	\$59,414,000

**City of Loveland
Water and Power Department
Power - Detailed 5 Year Capital Plan for City
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
* CUSTOMER AID-TO-CONSTRUCTION *						
Transformers	\$270,000	\$280,580	\$291,150	\$301,100	\$312,300	\$1,455,130
Labor/Fleet & Other Materials	\$1,260,000	\$1,309,350	\$1,574,370	\$1,628,200	\$1,688,750	\$7,460,670
TOTAL CUSTOMER ATC	\$1,530,000	\$1,589,930	\$1,865,520	\$1,929,300	\$2,001,050	\$8,915,800
** SUBSTATIONS **						
Security gates and fences at Substations		\$539,170	\$557,600	\$578,340		\$1,675,110
East Substation - Order & install new transformer to replace E1				\$1,156,680		\$1,156,680
TOTAL SUBSTATIONS	\$0	\$0	\$539,170	\$557,600	\$1,735,020	\$2,831,790
** SYSTEM IMPROVEMENTS **						
Underground blanket-development driven construction of lateral feeder extention as required to meet new load requirements	\$150,000	\$155,870	\$215,660	\$278,800	\$289,160	\$1,089,490
Demand Response	\$150,000	\$155,880	\$161,750	\$167,280	\$173,500	\$808,410
Small 200 amp projects	\$125,000	\$129,900	\$134,790	\$139,400	\$144,580	\$673,670
Distribution Automation	\$110,000	\$114,310	\$118,620	\$122,670	\$127,230	\$592,830
Planned Future Projects - General				\$1,951,610	\$1,735,020	\$3,686,630
Energy Diversification Projects		\$539,170	\$557,600	\$578,340		\$1,675,110
Padmount Capacitor Bank installation	\$90,000	\$31,180				\$121,180
Replace SW124 with a Type 9 switch			\$32,350			\$32,350
Phase 2 of Canyon Voltage Conversion from Glade Rd. to the Water Treatment Plant	\$754,250					\$754,250
Phase 3 of Canyon Voltage Conversion from the Water Treatment Plant to Idlewilde Park	\$50,000	\$727,420				\$777,420
Phase 4 of Canyon Voltage Conversion from Idlewilde Park to Waltonia Rd		\$51,960	\$754,840			\$806,800
TOTAL SYSTEM IMPROVEMENTS	\$1,429,250	\$1,366,520	\$1,957,180	\$3,217,360	\$3,047,830	\$11,018,140

City of Loveland
Water and Power Department
Power - Detailed 5 Year Capital Plan for City
2016 Budget

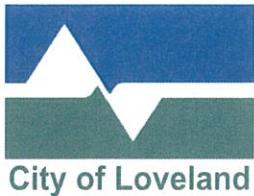
Description	2016	2017	2018	2019	2020	TOTAL
SUBSTATION PIF's						
CROSSROADS SUBSTATION						
EAST SUBSTATION						
East Substation - Order new switchgear lineup for E3		\$779,380				\$779,380
East Substation - Install new switchgear lineup for E3			\$539,170			\$539,170
WEST SUBSTATION						
VALLEY SUBSTATION						
Valley Substation - Order new transformer - V3		\$1,078,340				\$1,078,340
Valley Substation - Order new switchgear lineup for V3			\$808,750			\$808,750
Valley Substation - Install new switchgear lineup & transformer for V3				\$557,600		\$557,600
HORSESHOE SUBSTATION						
OTHER SUBSTATION						
New Substation in SE corner of service territory				\$4,653,350		\$4,653,350
Land purchase for new substation	\$1,700,000					\$1,700,000
TOTAL SUBSTATION PIF'S	\$1,700,000	\$779,380	\$2,426,260	\$5,210,950	\$0	\$10,116,590
FEEDER PIF's						
Blanket-development driven construction of miscellaneous primary feeder extention as required to meet new load requirements	\$150,000	\$155,880	\$161,750	\$167,280	\$173,500	\$808,410
Transfer load from 1012 to 621, install 750 AL cable and conduit from Crossroads to Fairgrounds	\$950,000					\$950,000
Install conduit and 750 AL from Crossroads Sub going North to CR 30 then East to I-25	\$1,000,000					\$1,000,000
Install new 750 AL from breaker 211 W out of East Sub to Madison, connect to 222 and transfer load on SW271				\$55,760	\$520,500	\$576,260
Install conduit bank from SW232, tie to V2700. Install 750 AL cable. Transfer load on 1st W of Rossum					\$34,700	\$34,700
Extend new feeders from Valley V3 into system				\$55,760	\$1,619,350	\$1,675,110
Extend new feeders from new 29th St. substation into system	\$20,780	\$1,617,500				\$1,638,280
Extend new feeders from Crossroads C2 to distribution system	\$700,000					\$700,000
Extend new feeders along CR 11 from 57th St. to CR 30					\$23,130	\$23,130
Extend new feeders along CR 11 from Boyd Lake Ave. to CR 30	\$51,960	\$1,563,590				\$1,615,550
TOTAL FEEDERS PIF's	\$2,800,000	\$228,620	\$3,342,840	\$278,800	\$2,371,180	\$9,021,440
TOTAL PIF PROJECTS	\$4,500,000	\$1,008,000	\$5,769,100	\$5,489,750	\$2,371,180	\$19,138,030

City of Loveland
Water and Power Department
Power - Detailed 5 Year Capital Plan for City
2016 Budget

Description	2016	2017	2018	2019	2020	TOTAL
CONVERSION PROJECTS						
Overhead to underground conversion (circuit 411) on railroad right of way from Taft to Grant	\$555,660					\$555,660
Overhead to underground conversion Wilson Ave & Carlisle to SW 10th & Tyler		\$675,460				\$675,460
Overhead to underground conversion (circuit 214) on Eisenhower from Gorom to Boise			\$10,780	\$881,010		\$891,790
Overhead to underground conversion along 29th St. between Logan Dr. and railroad tracks			\$10,780	\$836,400		\$847,180
Overhead to underground conversion (circuit 421) from 3rd along Railroad to 10th				\$33,460	\$543,640	\$577,100
Overhead to underground conversion (circuits 222 & 221) from 11th along Madison to 1st					\$34,700	\$34,700
Overhead to underground conversion SW between Heather & Wilson, replace UG from Heather to Eagle Dr		\$571,540				\$571,540
Overhead to underground conversion (circuit 411) along S. Taft from 20th St. SW to 23rd St. SW.					\$46,270	\$46,270
Overhead to underground conversion along 29th St from Madison to Hwy 287	\$750,000					\$750,000
Overhead to underground conversion along RR tracks N of 10th between RR Ave & Madison Ave - 200 amp & 600 amp	\$1,400,000					\$1,400,000
Overhead to underground conversion along 14th St. SW between Roosevelt & S. Taft Ave.		\$20,780	\$625,440			\$646,220
Overhead to underground conversion along 14th St. SE from St. Louis going .26 miles east				\$11,150	\$451,100	\$462,250
Overhead to underground conversion - Downtown Catalyst	\$1,400,000	\$1,039,170				\$2,439,170
TOTAL - CONVERSION PROJECTS	\$4,105,660	\$2,306,950	\$647,000	\$1,762,020	\$1,075,710	\$9,897,340
** ROAD RELATED PROJECTS **						
Miscellaneous Small Projects	\$100,000	\$103,920	\$107,830	\$278,800	\$289,170	\$879,720
Install 600 amp tie from Cascade W along Hwy 34 turning S on Rossum to Saint Andrews	\$408,750					\$408,750
TOTAL ROAD RELATED PROJECTS	\$508,750	\$103,920	\$107,830	\$278,800	\$289,170	\$1,288,470
** STREETLIGHT PROJECTS **						
Arterials/Major Collectors	\$150,000	\$155,870	\$161,750	\$167,280	\$173,500	\$808,400
Customer requests/Miscellaneous projects/LED Pilot Program	\$200,000	\$207,830	\$215,670	\$223,040	\$231,340	\$1,077,880
TOTAL STREETLIGHT PROJECTS	\$350,000	\$363,700	\$377,420	\$390,320	\$404,840	\$1,886,280

**City of Loveland
Water and Power Department
Power - Detailed 5 Year Capital Plan for City
2016 Budget**

Description	2016	2017	2018	2019	2020	TOTAL
** ADMINISTRATION/ENGINEERING **						
Replace four (4) overhead doors with two (2) oversized doors on the heated vehicle storage on the south side of the warehouse	\$45,000					\$45,000
Addition of heated vehicle storage to the south side of the warehouse	\$380,000					\$380,000
Building Remodel for Field Engineering Office and Employee Break Room	\$50,000					\$50,000
Fujitsu Scanner	\$8,000					\$8,000
Standalone Server-DCWP	\$5,350					\$5,350
Parking Lot LED Light Replacement-East Admin Lot	\$40,000					\$40,000
Network Switching	\$66,520					\$66,520
TOTAL ADMINISTRATION/ENGINEERING	\$594,870	\$0	\$0	\$0	\$0	\$594,870
** OPERATIONS **						
3/4 Ton 4WD Crew Cab Pickup w/Utility Body to Replace #5127 (Metering)	\$43,000					\$43,000
1 1/2-Ton 4WD Crew Cab W/ Service Body to Replace #5128 (Power Ops)	\$53,000					\$53,000
3/4-Ton 4WD Ext'd Cab Pickup w/Utility Body to Replace #5120 (Power Ops)	\$40,000					\$40,000
Pad Mount Ampcorder (Mtring)	\$5,000					\$5,000
Overhead Varcorder/Transcorder Set (Mtring)	\$7,500					\$7,500
Pickup (Field Engineering)	\$30,000					\$30,000
TOTAL OPERATIONS	\$178,500	\$0	\$0	\$0	\$0	\$178,500
TOTAL GENERAL PLANT	\$773,370	\$0	\$0	\$0	\$0	\$773,370



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: 7

MEETING DATE: 6/17/2015

SUBMITTED BY: Steve Adams, Director

AB 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.

- Tri-City Meeting – May 21, 2015
- City Council Study Session -10 year Capital Plan – June 10, 2015

RECOMMENDATION:

Commission/Council report only.

REVIEWED BY DIRECTOR:

AB for SA



CITY OF LOVELAND

WATER & POWER DEPARTMENT

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AGENDA ITEM: 8

MEETING DATE: 6/17/2015

SUBMITTED BY: Steve Adams, Director

AB for SA

TITLE: Director's Report

SUMMARY:

- **Passport to Water and Power** — Loveland Water and Power is proud to be hosting the 2nd annual Passport to Water and Power event. This event allows Loveland residents the chance to take a trip and visit their local municipal utility - Loveland Water and Power. From there, customers can interact with each aspect of their municipal utility, in order to learn who we are, what we do, where we work, and how we, as a municipal utility, provide water and power to the Loveland community. Join us July 23, 2015 from 3:30 pm - 7:00 pm for family fun, food and prizes. LUC board members are invited to attend and serve as resource for the public to discuss the utility. If you are interested in attending as a resource, please let Allison know what size shirt you would like. — Lindsey Bashline
- **Chimney Hollow Cost Estimate** — Preliminary cost estimates for the Windy Gap Firming Project (Chimney Hollow Reservoir) have been completed and delivered to project management staff at Northern Water. This cost estimate is based on a conceptual/preliminary design performed in years past, and recently updated by a professional construction estimator to reflect current market conditions. A detailed summary will be disseminated to the Firming Project participants in the coming weeks for their review and budgeting purposes. In the meantime, Northern Staff have indicated that the cost estimate reflects a significant increase of approximately 30%. This brings the estimate for construction cost to approximately \$380M. The City has been planning on a total project of \$271M with a City share of 8% or approximately \$22M. With the new project cost increase to \$380M the City's 8% share will be approximately \$30M. This cost estimate is based on 2015 dollars and should be adjusted for construction market cost increases that are anticipated in the coming few years. The increase in costs are based on further refinement of the construction scope, as well as increases in current market rates for construction materials and labor. — Chris Matkins
- **Colorado Water Congress 2015 Summer Conference** — The conference will be held at the Vail Cascade Resort in Vail, Colorado from August 19-21, 2015. The City will cover LUC board member costs of the registration (Includes the following meals: Wednesday lunch, Thursday breakfast and lunch and Friday breakfast and brunch.). Board members will be responsible for covering the lodging, transportation and additional meal expenses. See the following link for additional information. Please let Allison Prokop know if you are interested in attending. — Allison Prokop

http://www.cowatercongress.org/cwc_events/Summer_Conference.aspx

- **Garden In A Box** — Loveland Water and Power and the Center for ReSource Conservation offered an easy, fun and affordable way to create beautiful, water-conserving gardens through the purchase of a Garden In A Box kit. These kits were sold to Loveland and other partner city residents for a \$25 discount. Loveland Water and Power's garden pick-up was Saturday, May 30, 2015. 90 xeric gardens were sold in 2015 and 86 gardens were sold in 2014. – Lindsey Bashline
- **Public Works Day 2015** — Due to the weather conditions during the week of May 18, 2015 Public Works Day was unfortunately cancelled. The 2015 event will not be rescheduled, however the event is set to take place again in 2016.– Allison Prokop
- **Larimer County Conservation Corps (LCCC) Program Wrap Up** — The 2014-2015 LCCC season came to an end on May 15, 2015. 270 homes participated in the low-income targeted energy assessment. - Lindsey Bashline
- **2016 Budget Update on the 10-Year Capital Improvement Programs (CIP)** — Each of the utilities was reviewed at the June 09, 2015 City Council Study Session. – Jim Lees

Significant upcoming dates for the budget process are:

East Slope (7:30 a.m. – 4:30 p.m.)

Wednesday September 9, 2015

West Slope (7 a.m. – 5:30 p.m.)

Wednesday, July 8, 2015

Wednesday, August 12, 2015

RECOMMENDATION:

Director's report only..

REVIEWED BY DIRECTOR:

AB 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: 9

MEETING DATE: 6/17/2015

SUBMITTED BY: Jim Lees, Utility Accounting Manager

TITLE: Financial Report Update

DESCRIPTION:

This item summarizes the monthly and year-to-date financials for May 2015.

SUMMARY:

The May 2015 financial reports are submitted for Commission review. The following table summarizes the sales and expense results for the month of May, and the May Year-To-Date results in comparison to the same periods from 2014. The summarized and detailed monthly financial statements that compare May Year-To-Date actuals to the 2015 budgeted figures are attached.

	May				May Year-To-Date			
	2015	2014	\$ Ovr/(Und) vs. 2014	% Ovr/(Und) vs. 2014	2015	2014	\$ Ovr/(Und) vs. 2014	% Ovr/(Und) vs. 2014
WATER								
Sales	\$778,834	\$855,873	(\$77,039)	-9.0%	\$3,500,355	\$3,249,266	\$251,089	7.7%
Operating Expenses	\$719,897	\$744,998	(\$25,101)	-3.4%	\$5,173,042	\$4,473,348	\$699,694	15.6%
Capital (Unrestricted)	\$769,211	\$904,908	(\$135,697)	-15.0%	\$3,810,948	\$1,739,627	\$2,071,321	119.1%
WASTEWATER								
Sales	\$727,102	\$660,272	\$66,830	10.1%	\$3,641,060	\$3,270,781	\$370,279	11.3%
Operating Expenses	\$482,277	\$430,501	\$51,776	12.0%	\$2,481,268	\$2,040,518	\$440,750	21.6%
Capital (Unrestricted)	\$23	\$238,585	(\$238,562)	-100.0%	\$1,085,765	\$489,340	\$596,425	121.9%
POWER								
Sales	\$4,122,487	\$3,832,452	\$290,035	7.6%	\$21,497,646	\$20,292,727	\$1,204,919	5.9%
Operating Expenses	\$3,713,655	\$3,898,207	(\$184,552)	-4.7%	\$19,209,143	\$18,691,623	\$517,520	2.8%
Capital (Unrestricted)	\$1,031,144	\$574,888	\$456,256	79.4%	\$2,781,045	\$2,081,709	\$699,336	33.6%

RECOMMENDATION:

Staff report only. No action required.

REVIEWED BY DIRECTOR:

AB for SA

LIST OF ATTACHMENTS:

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

City of Loveland
Financial Statement-Raw Water
For Period Ending 05/31/2015

	* TOTAL BUDGET FYE 12/31/2015	* YTD ACTUAL	YTD BUDGET	<UNDER>	OVER VARIANCE
1 REVENUES & SOURCES					
2 Hi-Use Surcharge	* 52,500	* 4,691	21,900	(17,209)	-78.6%
3 Raw Water Development Fees/Cap Rec Surcharge	* 337,588	* 224,718	145,088	79,630	54.9%
4 Cash-In-Lieu of Water Rights	* 250,000	* 952,254	104,150	848,104	814.3%
5 Native Raw Water Storage Fees	* 5,000	* 0	2,090	(2,090)	-100.0%
6 Loan Payback from Water	* 137,800	* 0	0	0	0.0%
7 Raw Water 1% Transfer In	* 1,140,840	* 361,685	327,850	33,835	10.3%
8 Interest on Investments	* 81,600	* 68,348	34,000	34,348	101.0%
9 TOTAL REVENUES & SOURCES	* 2,005,328	* 1,611,697	635,078	976,619	153.8%
10 OPERATING EXPENSES					
11 Loan to Water	* 13,000,000	* 4,000,000	13,000,000	(9,000,000)	-69.2%
12 Windy Gap Payments	* 834,600	* 834,546	834,600	(54)	0.0%
13 TOTAL OPERATING EXPENSES	* 13,834,600	* 4,834,546	13,834,600	(9,000,054)	-65.1%
14 NET OPERATING REVENUE/(LOSS) (excl depr)	* (11,829,272)	* (3,222,849)	(13,199,522)	9,976,673	-75.6%
15 RAW WATER CAPITAL EXPENDITURES					
17 Total Available Funds	* 1,200,000	* 92,055	380,000	(287,945)	-75.8%
18 Reserve - Windy Gap Cash	* 3,397,586				
19 Reserve - 1% Transfer From Rates	* 4,177,518				
20 Reserve - Native Raw Water Storage Interest	* 1,577,047				
21 TOTAL RAW WATER CASH	* 20,404,405				
22 MINIMUM BALANCE (15% OF OPER EXP)		* 2,075,190			
23 OVER/(UNDER) MINIMUM BALANCE	* 18,329,215				

NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING:

0

City of Loveland-LIVE
Financial Statement-Water
For Period Ending 05/31/2015

	TOTAL BUDGET	YTD ACTUAL	YTD BUDGET	OVER <UNDER>	VARIANCE
	* FYE 12/31/2015	* YTD ACTUAL	* YTD BUDGET	* OVER <UNDER>	* VARIANCE
1 **UNRESTRICTED FUNDS**					
2 REVENUES & SOURCES					
3 Water Sales	12,431,660 *	3,500,355	3,595,270	(94,915)	-2.6%
4 Raw Water Transfer Out	(1,140,840) *	(361,685)	(327,850)	(33,835)	10.3%
5 Wholesale Sales	120,850 *	16,024	8,130	7,894	97.1%
6 Meter Sales	41,850 *	49,534	23,880	25,654	107.4%
7 Interest on Investments	37,040 *	7,105	15,440	(8,335)	-54.0%
8 Other Revenue	549,390 *	81,106	262,910	(181,804)	-69.2%
9 Federal and State Grants	5,560,580 *	1,069,437	2,316,890	(1,247,453)	-53.8%
10 Internal Loan Monies Received	5,924,967 *	4,750,532	5,487,467	(736,935)	-13.4%
11 External Loan Monies Received	12,900,000 *	2,179,546	0	2,179,546	0.0%
12 TOTAL REVENUES & SOURCES	36,425,497 *	11,291,953	11,382,137	(90,184)	-0.8%
13 OPERATING EXPENSES					
14 Source of Supply	2,649,850 *	1,389,383	1,826,220	(436,837)	-23.9%
15 Treatment	2,866,240 *	870,900	953,670	(82,770)	-8.7%
16 Distribution Operation & Maintenance	2,683,410 *	1,078,190	916,940	161,250	17.6%
17 Administration	529,586 *	209,914	273,296	(63,382)	-23.2%
18 Customer Relations	276,150 *	59,645	89,850	(30,205)	-33.6%
19 PILT	790,360 *	219,707	220,510	(803)	-0.4%
20 1% for Arts Transfer	98,030 *	19,130	40,550	(21,420)	-52.8%
21 Services Rendered-Other Departments	1,511,450 *	453,820	453,820	0	0.0%
22 Internal Loan Debt Expense	966,550 *	801,450	420,000	381,450	90.8%
23 External Loan Debt Expense	6,840 *	70,902	0	70,902	0.0%
24 TOTAL OPERATING EXPENSES	12,378,466 *	5,173,042	5,194,856	(21,814)	-0.4%
25 NET OPERATING REVENUE/(LOSS)(excl depr)	24,047,031 *	6,118,911	6,187,281	(68,370)	-1.1%
26 CAPITAL EXPENDITURES	14,034,223 *	3,810,948	12,280,373	(8,469,425)	-69.0%
27 ENDING CASH BALANCE		3,344,683			
28 WATER DEBT FUNDS ENDING CASH BALANCE		33,720			
29 MINIMUM BALANCE (15% OF OPER EXP)		1,856,770			
30 OVER/(UNDER) MINIMUM BALANCE		1,487,913			
31 **RESTRICTED FUNDS**					
32 REVENUES & SOURCES					
33 SIF Collections	2,129,228 *	1,133,630	1,189,248	(55,618)	-4.7%
34 SIF Interest Income	46,830 *	22,355	25,150	(2,795)	-11.1%
35 SIF Federal and State Grants	2,662,510 *	0	1,109,400	(1,109,400)	-100.0%
36 Internal Loan Monies Received	8,420,000 *	0	8,420,000	(8,420,000)	-100.0%
37 TOTAL SIF REVENUES & SOURCES	13,258,568 *	1,155,985	10,743,798	(9,587,813)	-89.2%
38 SIF Capital Expenditures	12,866,330 *	2,770,663	12,815,080	(10,044,417)	-78.4%
39 1% for Arts Transfer	115,020 *	27,019	47,930	(20,911)	-43.6%
40 Internal Loan Debt Expense	86,200 *	0	86,200	(86,200)	-100.0%
41 SIF ENDING CASH BALANCE		6,413,816			
42 TOTAL ENDING CASH BALANCE		9,758,500			
NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES		\$ 18,764,291			
43 Water Treated at WTP (in million gallons)	*	N/A *	1,096	N/A	
44 Water Sold To Customers (in million gallons, includes Ranch Water & Hydrant Sales)	*	832 *	832	607	225
	*	*	0	0	37.0%

**City of Loveland-LIVE
Financial Statement-Wastewater
For Period Ending 05/31/2015**

		TOTAL BUDGET FY 12/31/2015	YTD ACTUAL	YTD BUDGET	OVER <UNDER>	VARIANCE
1 **UNRESTRICTED FUNDS**		*	*			
2 REVENUES & SOURCES		*	*			
3 Sanitary Sewer Charges	*	9,031,400	3,641,060	3,592,190	48,870	1.4%
4 High Strength Surcharge	*	335,040	139,288	120,310	18,978	15.8%
5 Interest on Investments	*	26,520	29,165	11,050	18,115	163.9%
6 Other Revenue	*	53,920	19,071	22,290	(3,219)	-14.4%
7 Federal Grants	*	432,090	127,810	180,040	(52,230)	-29.0%
8 State Grants	*	1,000,000	111,329	416,660	(305,331)	-73.3%
9 TOTAL REVENUES & SOURCES	*	10,878,970	4,067,723	4,342,540	(274,817)	-6.3%
10 OPERATING EXPENSES		*	*			
11 Treatment	*	3,602,836	1,195,640	1,205,026	(9,386)	-0.8%
12 Collection System Maintenance	*	2,459,230	652,065	974,960	(322,895)	-33.1%
13 Administration	*	513,197	123,879	251,677	(127,798)	-50.8%
14 Customer Relations	*	57,420	25,246	19,790	5,456	27.6%
15 PILT	*	655,650	264,624	259,000	5,624	2.2%
16 1% for Arts Transfer	*	41,070	7,614	22,730	(15,116)	-66.5%
17 Services Rendered-Other Departments	*	508,940	212,200	212,200	0	0.0%
18 TOTAL OPERATING EXPENSES	*	7,838,343	2,481,268	2,945,383	(464,115)	-15.8%
19 NET OPERATING REVENUE/(LOSS)(excl depr)	*	3,040,627	1,586,455	1,397,157	189,298	13.5%
20 CAPITAL EXPENDITURES	*	9,519,969	1,085,765	7,103,019	(6,017,254)	-84.7%
21 ENDING CASH BALANCE		*	*	9,240,417		
22 MINIMUM BALANCE (15% OF OPER EXP)	*	*	*	1,175,751		
23 OVER/(UNDER) MINIMUM BALANCE	*	*	*	8,064,666		
24 **RESTRICTED FUNDS**		*	*			
25 REVENUES & SOURCES		*	*			
26 SIF Collections	*	1,147,102	637,361	646,582	(9,222)	-1.4%
27 SIF Interest Income	*	58,440	22,211	24,350	(2,139)	-8.8%
28 SIF Bond Proceeds	*	10,000,000	0	4,166,650	(4,166,650)	-100.0%
29 TOTAL SIF REVENUES & SOURCES	*	11,205,542	659,571	4,837,582	(4,178,011)	-86.4%
30 SIF Capital Expenditures	*	2,035,504	7,340	1,119,264	(1,111,924)	-99.3%
31 1% for Arts Transfer	*	14,600	0	8,030	(8,030)	-100.0%
32 SIF ENDING CASH BALANCE	*	*	*	7,209,617		
33 TOTAL ENDING CASH BALANCE	*	*	*	16,450,034		

NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES 1,755,245

34 Wastewater Treated at WWTP (in million gallons) * N/A * **698** N/A
- only through April

35 Wastewater Billed To Customers (in million gallons) * 1,727 * 685 668 17 2.6%

City of Loveland
Financial Statement-Power
For Period Ending 05/31/2015

	TOTAL					
	BUDGET	*	YTD	OVER		
	FYE 12/31/2015	*	ACTUAL	BUDGET	<UNDER>	VARIANCE
UNRESTRICTED FUNDS						
1 REVENUES & SOURCES:						
2 Electric revenues	\$57,180,680	*	\$21,497,646	\$21,923,120	(\$425,474)	-1.9%
3 Wheeling charges	\$240,000	*	\$88,490	\$100,000	(\$11,510)	-11.5%
4 Interest on investments	\$128,910	*	\$60,223	\$53,713	\$6,510	12.1%
5 Aid-to-construction deposits	\$1,000,000	*	\$404,577	\$416,667	(\$12,090)	-2.9%
6 Customer deposit-services	\$220,000	*	\$136,276	\$91,667	\$44,609	48.7%
7 Doorhanger fees	\$420,000	*	\$195,954	\$175,000	\$20,954	12.0%
8 Connect Fees	\$160,000	*	\$57,539	\$66,667	(\$9,128)	-13.7%
9 Services rendered to other depts.	\$4,551	*	\$942	\$1,896	(\$955)	-50.3%
10 Other revenues	\$356,140	*	\$167,875	\$148,392	\$19,483	13.1%
11 Year-end cash adjustments	\$0	*	\$0	\$0	\$0	0.0%
12 TOTAL NORMAL REVENUES & SOURCES	\$59,710,281	*	\$22,609,520	\$22,977,120	(\$367,600)	-1.6%
13 FLOOD REVENUE	\$4,812,500	*	\$0	\$2,005,208	(\$2,005,208)	-100.0%
14 TOTAL REVENUES & SOURCES	\$64,522,781	*	22,609,520	\$24,982,329	(\$2,372,809)	-9.5%
15 OPERATING EXPENSES:						
16 Hydro oper. & maint.	\$4,888,424	*	\$14,158	\$2,068,179	(\$2,054,021)	-99.3%
17 Purchased power	\$42,259,770	*	\$14,803,423	\$15,592,087	(\$788,664)	-5.1%
18 Distribution oper. & maint.	\$4,502,381	*	\$1,395,187	\$1,904,854	(\$509,667)	-26.8%
19 Customer Relations	\$1,146,590	*	\$283,945	\$485,096	(\$201,150)	-41.5%
20 Administration	\$747,638	*	\$226,260	\$316,308	(\$90,049)	-28.5%
21 Payment in-lieu-of taxes	\$4,002,650	*	\$1,498,457	\$1,601,060	(\$102,603)	-6.4%
22 1% for Arts Transfer	\$66,760	*	\$38,663	\$26,704	\$11,959	44.8%
23 Services rendered-other depts.	\$2,278,320	*	\$949,050	\$949,300	(\$250)	0.0%
24 TOTAL OPERATING EXPENSES (excl depn)	\$59,892,533	*	\$19,209,143	\$22,943,588	(\$3,734,445)	-16.3%
25 NET OPERATING REVENUE/(LOSS) (excl depn)	\$4,630,248	*	\$3,400,377	\$2,038,741	\$1,361,636	66.8%
26 CAPITAL EXPENDITURES:						
27 General Plant/Other Generation & Distribution	\$9,328,420	*	\$2,012,314	\$3,942,445	(\$1,930,131)	-49.0%
28 Aid-to-construction	\$1,000,000	*	\$664,308	\$423,077	\$241,231	57.0%
29 Service installations	\$250,000	*	\$104,423	\$105,769	(\$1,346)	-1.3%
30 TOTAL CAPITAL EXPENDITURES	\$10,578,420	*	\$2,781,045	\$4,471,291	(\$1,690,246)	-37.8%
31 ENDING CASH BALANCE			\$19,348,345			
32 MINIMUM BAL. (15% of OPER EXP excl depn)	*	*	\$8,983,880			
33 OVER/(UNDER) MINIMUM BALANCE	*	*	\$10,364,465			
34 **RESTRICTED FUNDS**	*	*				
35 PIF Collections	\$2,751,917	*	\$1,092,294	\$1,146,632	(\$54,338)	-4.7%
36 PIF Interest Income	\$33,250	*	\$13,612	\$13,854	(\$242)	-1.7%
37 Water Loan Payback	\$966,550	*	\$801,450	\$966,550	(\$165,100)	-17.1%
38 TOTAL REVENUES	\$3,751,717	*	\$1,907,356	\$2,127,036	(\$219,681)	-10.3%
39 PIF Feeders	\$1,551,570	*	\$113,471	\$656,433	(\$542,963)	-82.7%
40 PIF Substations	\$1,873,780	*	\$29,862	\$780,742	(\$750,880)	-96.2%
41 TOTAL EXPENDITURES	\$3,425,350	*	\$143,333	\$1,437,175	(\$1,293,842)	-90.0%
42 ENDING PIF CASH BALANCE			\$4,752,142			
43 TOTAL ENDING CASH BALANCE	*	*	\$24,100,487			

NOTE: YTD ACTUAL does NOT include encumbrances totalling \$3,297,755

44 Energy Purchased (in million kWh) from PRPA	*	772	*	299	303	(4)	1.8%
45 Energy Sold to Customers (in million kWh)	*	741	*	293	293	(1)	-0.2%