



## REGULAR MEETING AGENDA

### CALL TO ORDER

### NEW EMPLOYEE INTRODUCTIONS

### APPROVAL OF MINUTES – 7/19/2017

### CITIZENS REPORT (\*See procedural instructions on the following page.)

### INFORMATION ITEMS

### STAFF REPORTS

1. Energy Programs Update – Lindsey Bashline and Tracey Hewson
2. Financial Report Update – Jim Lees

### CONSENT AGENDA

3. Water Bank Deposit – Kim Frick

### REGULAR AGENDA

4. Shubert Dr. & S Wilson Ave Waterline Replacement – Carlos Medina
5. Electric Utility Takeover – Alicia Calderón

### COMMISSION & COUNCIL REPORTS

### DIRECTOR'S REPORT

### ADJOURN



#### **\* Citizens Report Procedures**

Anyone in the audience may address the LUC on any topic relevant to the commission. If the topic is a Consent Agenda item, please ask for that item to be removed from the Consent Agenda; pulled items will be heard at the beginning of the Regular Agenda. If the topic is a Regular Agenda item, members of the public will be given an opportunity to speak to the item during the Regular Agenda portion of the meeting before the LUC acts upon it. If the topic is a Staff Report item, members of the public should address the LUC during this portion of the meeting; 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.

#### **Notice of Non-Discrimination**

The City of Loveland is committed to providing an equal opportunity for services, programs and activities and does not discriminate on the basis of disability, race, age, color, national origin, religion, sexual orientation or gender. For more information on non-discrimination or for translation assistance, please contact the City's Title VI Coordinator at [TitleSix@cityofloveland.org](mailto:TitleSix@cityofloveland.org) or 970-962-2372. The City will make reasonable accommodations for citizens in accordance with the Americans with Disabilities Act (ADA). For more information on ADA or accommodations, please contact the City's ADA Coordinator at [adacoordinator@cityofloveland.org](mailto:adacoordinator@cityofloveland.org) or 970-962-3319.

#### **Notificación en Contra de la Discriminación**

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**Commission Members Present:** Dan Herlihey (Vice Chair, left at 6:27pm during Commission/Council Report), Dave Kavanagh, David Schneider, Gary Hausman (Chairman), Larry Roos, John Butler, Randy Williams, Sean Cronin

**Commission Members Absent:** Gene Packer, Alternate Stephanie Fancher-English

**Council Liaison Absent:** Troy Krenning

**City Staff Members Present:** Brian Gandy, Brieana Reed-Harmel, Courtney Whittet, Cree Goodwin, Daniel Daneshka, Greg Dewey, Gretchen Stanford, Jim Lees, Joe Bernosky, Lindsey Bashline, Larry Howard, Roger Berg, Tanner Randall, Tom Greene, Alan Krcmarik, Derek Turner

**Guest Attendance:** Deb Stucklen, Jane Clevenger, Dick Mallot, Barbara Mallot, Cheri Stevenson, Don Henrick, Herbert Creede, Louise Creede, Bryce Carter, Jeff Couch

**CALL TO ORDER:** Gary Hausman called the meeting to order at 4:01 pm.

**APPROVAL OF MINUTES:** Hausman asked for a motion to approve the minutes of the June 21, 2017 meeting.

**Motion:** Dave Schneider made the motion.

**Second:** Dan Herlihey seconded the motion. The minutes were approved unanimously.

#### CITIZEN REPORTS

**Item 1: Renewables for Loveland – Bryce Carter**

#### INFORMATIONAL ITEMS

No Informational Items

#### STAFF REPORTS

**Item 2: Quarterly Financial Report Update – Jim Lees**

This item summarizes the monthly and year-to date Preliminary Financials for June 2017.

Staff report only. No action required.

**Item 3: Boring and Substructure Report – Brieana Reed-Harmel**

Short verbal update on the status of boring and substructure work.

Staff report only. No action required.

**Item 4: Algae & Solar Bee Update – Joe Bernosky**

Short verbal presentation on the status of algal mitigation at Green Ridge Glade Reservoir and the effectiveness of the Solar Bees.

Staff report only. No action required.

#### CONSENT AGENDA

**Item 5: Quarterly Goal Updates – Joe Bernosky**

This is a quarterly review of our progress on our 2017 utility goals.

**Recommendation:** Review the presented information and approve the 2017 2nd Quarter 2017 Goals Update Report.

**Item 6: Wastewater Treatment Plant Biological Nutrient Removal and Digesters Project – Contract Amendment for Engineering Services for Brown and Caldwell – Brian Gandy**

The purpose of this item is to amend the engineering contract with Brown and Caldwell for additional design-phase services.

**Recommendation:** Adopt a motion to approve the amendment to Brown and Caldwell's contract for engineering services in the amount of \$39,864 and increase the not-to-exceed amount to \$2,513,408

**Motion:** Dan Herlihey made the motion to accept consent agenda items as written.

**Second:** Dave Schneider seconded the motion. The motion was approved unanimously.

#### REGULAR AGENDA

**Item 7: Notice of Award for Package 2 of the Wastewater Treatment Plant Expansion to Garney Construction – Brian Gandy**

This is for the approval of the construction contract for Package 2 of the Wastewater Treatment Plant Biological Nutrient Removal & Digester Project (Project # W1604H).

**Recommendation:** Adopt a motion to recommend that City Council approve the Construction Contract with Garney Construction in the amount of \$28,120,131

**Motion:** Dan Herlihey made the motion.

**Second:** Dave Schneider seconded the motion. The motion was approved unanimously.

#### COMMISSION/COUNCIL REPORTS

**Item 8: Commission/Council Reports**

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

- City Council Report

**Dan Herlihey:**

**Dave Kavanagh:**

**Dave Schneider:** Chimney Hollow still has to go through Water Court. Derek Turner confirmed this. Terms of the 2012 IGA with the Western Slope entities require an amendment to the Windy Gap Decree. Turner stated he could do a presentation on water court process; however, specifics on the Chimney Hollow/Windy Gap Firming project would need to be in an executive session. Joe Bernosky stated we could schedule an executive session in August or September.

**Gene Packer:**

**Gary Hausman:**



**John Butler:**

**Larry Roos:** Went with the Ready for 100 group to a meeting of the League of Women Voters. Roos also had questions about the 22<sup>nd</sup> St sinkhole; Roger Berg confirmed not our pipe that failed.

**Randy Williams:** Loveland Loves BBQ, very appreciative that the Power department helps to provide all the connections for the vendors.

**Sean Cronin:** Questions on the Director's Report regarding providing water to other entities in need and on Utility Accounting. The data in the Director's Report is from May, what is the delay on revenue reporting? Courtney Whittet explained we use the previous month's issue of Water & Power Currents for the Director's Report. The Currents was published in June using May information, however it was after the June LUC meeting, therefore it is included in the July Director's Report. Jim Lees' presentation was through June. It was also clarified that "May YTD average" is per customer per month. Cronin also wanted to relay information regarding the Water Literate Leaders of Northern Colorado water leadership training at CSU. City of Longmont was interested in 10,000 acre feet of storage in Chimney Hollow but are now considering reducing to 6,000 acre feet. This issue will be taken to the voters on the ballot in November, there may be an availability of 4,000 acre feet of storage at that time. The Colorado Water Conservation Board has some new grants available that may be able to help pay for additional storage, however there is a November deadline to apply.

**Stephanie Fancher-English:**

**Council Report:** Joe Bernosky gave on behalf of Troy Krenning

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**DIRECTOR'S REPORT**

**Item 9: Director's Report – Joe Bernosky**

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**ADJOURN** The meeting was adjourned at 6:35 pm. The next LUC Meeting will be August 16, 2017 at 4:00 pm.

Respectfully submitted,

Courtney Whittet  
Recording Secretary  
Loveland Utilities Commission



**AGENDA ITEM:** 1  
**MEETING DATE:** 8/16/2017  
**SUBMITTED BY:** Lindsey Bashline  
**STAFF TITLE:** Customer Relations Specialist



**ITEM TITLE:**

Energy Programs Update

**DESCRIPTION:**

This item will provide an update on residential and commercial energy efficiency programs.

**SUMMARY:**

Staff will present the results and progress of residential and commercial energy efficiency programs.

**RECOMMENDATION:**

Information item only. No action required.

**ATTACHMENTS:**

 Attachment A: PowerPoint Presentation

# Attachment A



## Energy Programs Update

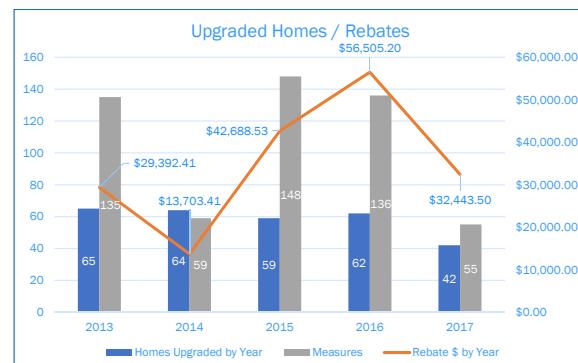
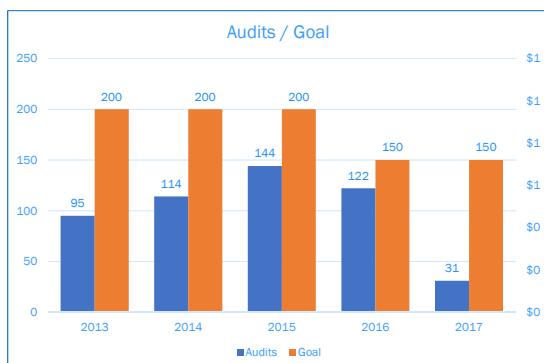


Lindsey Bashline, Customer Relations Specialist

Tracey Hewson, Customer Relations Business Specialist

August 16, 2017

### Efficiency Works - Home Audits and Rebates



Average 44.4% Conversion Rate  
2 Tiered Participating Contractor Program  
Addition of the Streamlined Path



## Efficiency Works – Home Audits and Rebates – Streamlined Path



### Two paths for homeowners

- ⌚ Single-family homes
- ⌚ Focus on
  - ⌚ Safety
  - ⌚ Comfort
  - ⌚ Energy & Water use
- ⌚ Efficiency audits
- ⌚ Advising
- ⌚ Participating contractors



## Efficiency Works – Home Audits and Rebates – Streamlined Path

### Path 1

2010-present

- Customer involvement & choice
- Marketing involved at rollout
- 6 site visits
- 180 days (start to finish)
- 1-2 measures per project
- 500 kWh saved per project (yearly)

### Path 2

2016 Pilot

- Streamlined, turn-key
- Marketing involved at design
- 2 site visits
- 72 days (start to finish)
- 5 measures per project
- 800 kWh saved per project (yearly)



## Larimer County Conservation Corps Water and Energy Assessments

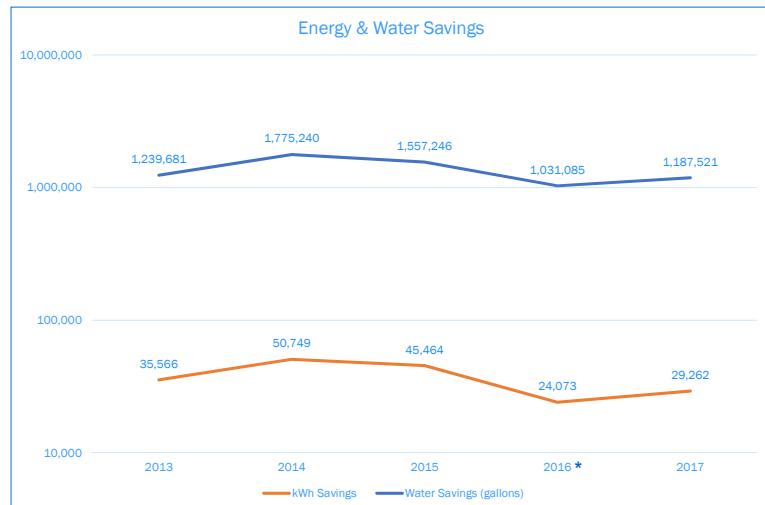


### Personal/Professional Development:

- ⌚ Career Exploration
- ⌚ Tours
- ⌚ Shadowing Opportunities



## Direct Install Savings

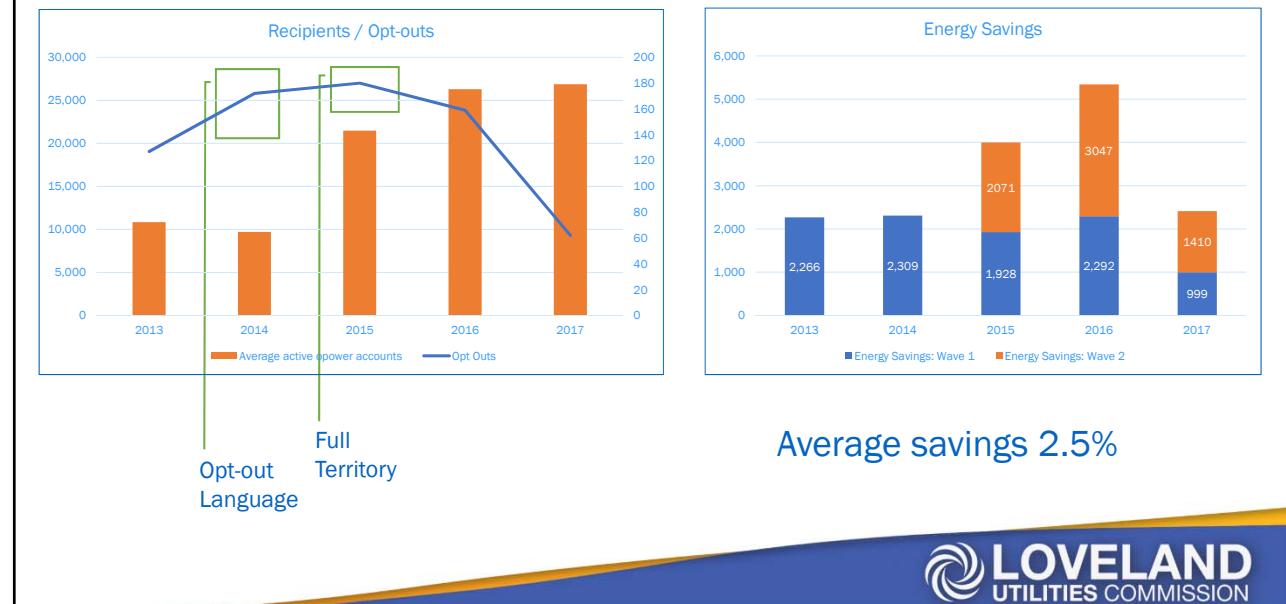


\*EW – Homes tracked separately starting in 2016

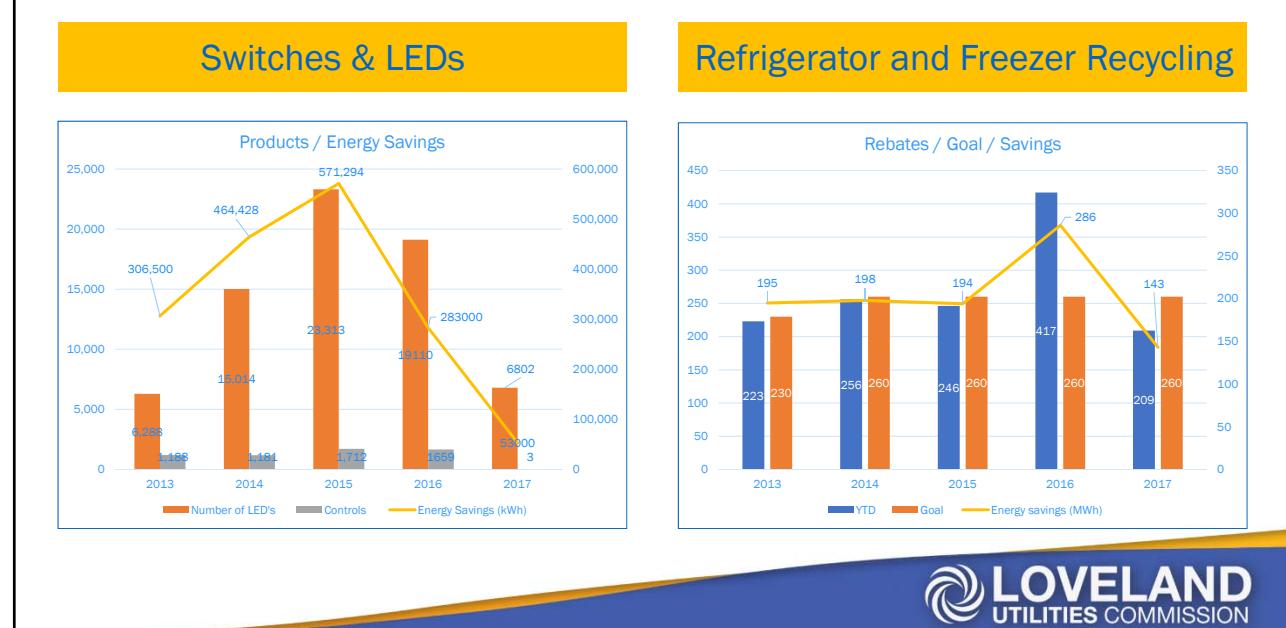
Measure	Total
Shower Head	1628
Bathroom Aerator	2771
Kitchen Aerator	1182
Tank Bags	527
Clotheslines	527
Thermostat	292
CFLs	17327
LEDs	4332
CO Detectors	96



# Home Energy Reports



## Consumer Products



# Shift Pilot

## Identify “shiftable” models



25%  
of sales

41 kWh/year  
energy savings  
\$100  
incremental cost  
86-91%  
net-to-gross



2%  
of sales



## UPGRADE FOR FREE

To help you save energy and money, Efficiency Works™ will cover the cost to upgrade to the ENERGY STAR® Kenmore #26132 washer (up to \$170 value). Ask a salesperson for details.

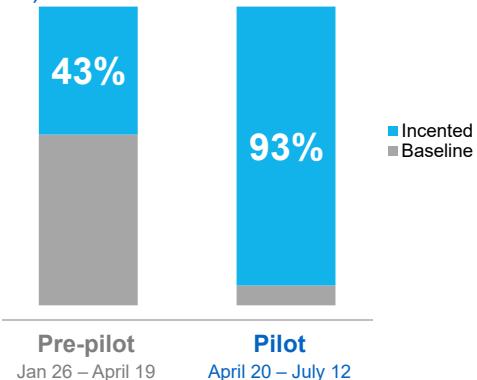
*Load up on savings.*



# Shift Pilot

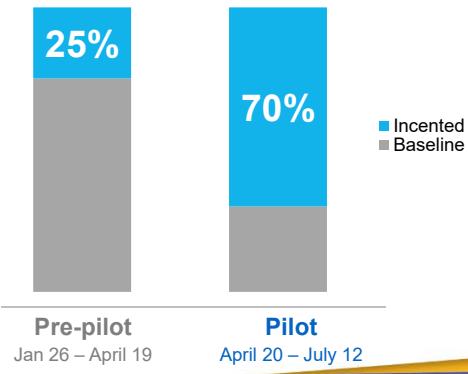
## Washers

Sales of the **incented washer** increased from 43% to 93% of total sales (of the two models).

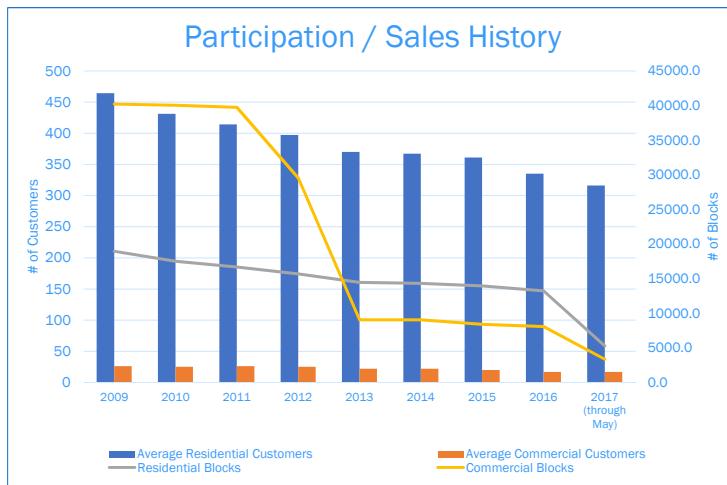


## Refrigerators

Sales of the **incented fridge** increased from 25% to 70% of total sales (of the two models).



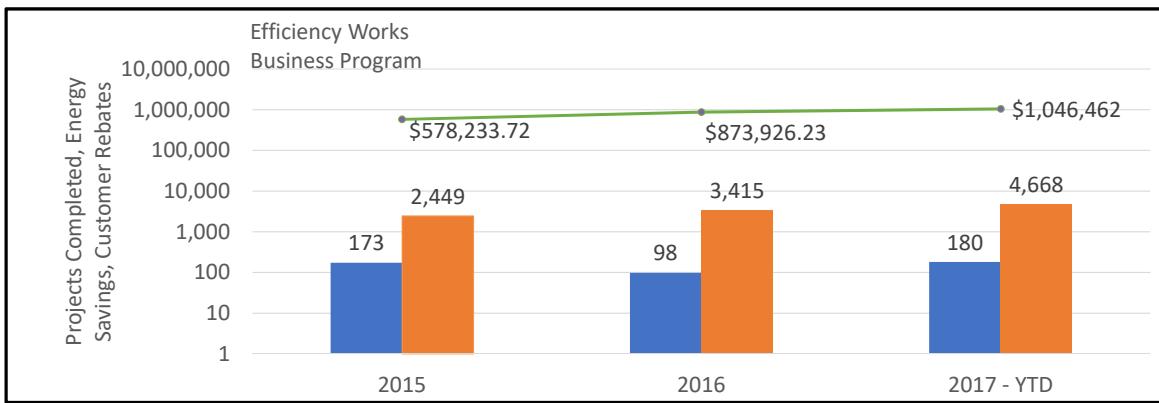
## GreenSwitch



- ⌚ 1999 - Renewable energy sales in Loveland began
- ⌚ July 2006 – Combined sources to create renewable energy program “GreenSwitch”
- ⌚ Energy sold in 100 kWh block



## Efficiency Works Commercial Rebates and Budget



- Projects Completed
- Annual Energy Savings (MWh/yr)
- Total Customer Rebates



## Efficiency Works Commercial

- 176 projects completed or pre-approved August 1
- Only 76 projects completed in 2016 because we ran out of funds in April
- \$915,924 have been paid or pre-approved for efficiency upgrades in 2017 resulting in \$340,485 in annual utility savings
- 30 projects underway or completed by Key Accounts with nearly \$279,839 in rebates



## Stretching the funds - Reducing the cap

- 2017 funds were nearly all committed by the end of June - \$350,000 Loveland and \$772,255 PRPA - Total \$1,272,255
- Additional \$200,000 borrowed from power division to keep the program going
- Reduced project cap from \$50,000 to \$10,000 for all customers and participants
- 11 projects have been pre-approved or paid since the addition of these funds in July committing just over \$50,000 additional funds for efficiency upgrades



## Efficiency Works Commercial Mid-Stream Cooling

- Working directly with air conditioner distributors in the region to offer incentives for high efficiency equipment
- Help distributors offer lower pricing up front to the contractors
- Keep high efficiency units available ready for quick installs
- Designed to help everyone take advantage of the AC incentives even if they are needing a quick unit replacement
- Available for standard roof-top units, split systems, air cooled chillers, and PTAC's



# QUESTIONS?

**ITEM TITLE:**

Financial Report Update

**DESCRIPTION:**

This item summarizes the monthly and year-to date Preliminary financials for July 2017.

**SUMMARY:**

The July 2017 financial reports are submitted for Commission review. The following table summarizes the sales and expense results for the month of July, and the July Year-To-Date results in comparison to the same periods from 2016. The summarized and detailed monthly financial statements that compare July Year-To-Date actuals to the 2017 budgeted figures are attached.

	July				July Year-To-Date			
	2017	2016	\$ Ovr/(Und) vs. 2017	% Ovr/(Und) vs. 2017	2017	2016	\$ Ovr/(Und) vs. 2017	% Ovr/(Und) vs. 2017
<b>WATER</b>								
Sales	\$2,162,929	\$2,014,981	\$147,948	7.3%	\$7,833,368	\$6,952,414	\$880,954	12.7%
Operating Expenses	\$958,029	\$1,017,881	(\$59,852)	-5.9%	\$11,597,530	\$6,577,239	\$5,020,290	76.3%
Capital (Unrestricted)	\$306,879	\$679,696	(\$372,817)	-54.9%	\$872,749	\$2,997,176	(\$2,124,427)	-70.9%
<b>WASTEWATER</b>								
Sales	\$1,004,059	\$911,055	\$93,004	10.2%	\$6,431,757	\$5,709,710	\$722,047	12.6%
Operating Expenses	\$627,850	\$488,135	\$139,715	28.6%	\$3,921,811	\$3,430,890	\$490,921	14.3%
Capital (Unrestricted)	\$309,731	\$332,899	(\$23,167)	-7.0%	\$1,256,865	\$1,505,483	(\$248,618)	-16.5%
<b>POWER</b>								
Sales	\$6,424,627	\$6,272,905	\$151,722	2.4%	\$34,487,766	\$33,197,177	\$1,290,588	3.9%
Operating Expenses	\$6,077,463	\$5,998,399	\$79,064	1.3%	\$32,422,643	\$30,965,310	\$1,457,333	4.7%
Capital (Unrestricted)	\$1,527,582	\$779,669	\$747,913	95.9%	\$8,327,246	\$4,633,067	\$3,694,179	79.7%

**RECOMMENDATION:**

Staff item only. No action required.

**ATTACHMENTS:**

- ⌚ Attachment A: City of Loveland Financial Statement-Raw Water
- ⌚ Attachment B: City of Loveland Financial Statement-Water
- ⌚ Attachment C: City of Loveland Financial Statement-Wastewater
- ⌚ Attachment D: City of Loveland Financial Statement-Power

# Attachment A

**City of Loveland**  
**Financial Statement-Raw Water**  
For Period Ending 07/31/2017

	* <b>TOTAL BUDGET</b> * <b>FYE 12/31/2017</b>	* <b>YTD ACTUAL</b>	* <b>YTD BUDGET</b>	OVER <UNDER>	OVER VARIANCE
<b>1 REVENUES &amp; SOURCES</b>					
2 High Use Surcharge	* 52,500	* 65,890	30,660	35,230	114.9%
3 Raw Water Development Fees/Cap Rec Surcharge	* 411,446	* 228,884	243,576	(14,692)	-6.0%
4 Cash-In-Lieu of Water Rights	* 250,000	* 79,152	145,810	(66,658)	-45.7%
5 Native Raw Water Storage Fees	* 5,000	* 134,667	2,920	131,747	4511.9%
6 Loan Payback from Water	* 4,050,375	* 4,161,687	4,050,375	111,312	2.7%
7 Raw Water 1% Transfer In	* 434,340	* 235,001	208,580	26,421	12.7%
8 Interest on Investments	* 374,120	* 144,761	218,260	(73,499)	-33.7%
<b>9 TOTAL REVENUES &amp; SOURCES</b>	<b>* 5,577,781</b>	<b>* 5,050,042</b>	<b>4,900,181</b>	<b>149,861</b>	<b>3.1%</b>
<b>10 OPERATING EXPENSES</b>					
11 Loan to Water	* 0	* 0	0	0	0.0%
12 Windy Gap Payments	* 7,100	* 7,044	4,144	2,900	70.0%
<b>13 TOTAL OPERATING EXPENSES</b>	<b>* 7,100</b>	<b>* 7,044</b>	<b>4,144</b>	<b>2,900</b>	<b>70.0%</b>
<b>14 NET OPERATING REVENUE/(LOSS) (excl depr)</b>	<b>* 5,570,681</b>	<b>* 5,042,998</b>	<b>4,896,037</b>	<b>146,961</b>	<b>3.0%</b>
<b>15 RAW WATER CAPITAL EXPENDITURES</b>	<b>* 2,051,794</b>	<b>* 1,262,691</b>	<b>1,429,984</b>	<b>(167,294)</b>	<b>-11.7%</b>
<b>16 ENDING CASH BALANCES</b>					
17 Total Available Funds	* *	* 17,294,875			
18 Reserve - Windy Gap Cash	* *	* 0			
19 Reserve - 1% Transfer From Rates	* *	* 5,800,754			
20 Reserve - Native Raw Water Storage Interest	* *	* 1,614,404			
<b>21 TOTAL RAW WATER CASH</b>	<b>* *</b>	<b>* 24,710,033</b>			

NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING: 17,606

# Attachment B

**City of Loveland**  
**Financial Statement-Water**  
For Period Ending 07/31/2017

	TOTAL BUDGET		OVER <UNDER>		
	* FYE 12/31/2017	* YTD ACTUAL	YTD BUDGET		VARIANCE
<b>1 **UNRESTRICTED FUNDS**</b>					
2 REVENUES & SOURCES					
3 Water Sales	14,477,980	7,833,368	7,517,259	316,109	4.2%
4 Raw Water Transfer Out	(434,340)	(235,001)	(208,580)	(26,421)	12.7%
5 Wholesale Sales	138,790	59,843	58,061	1,782	3.1%
6 Meter Sales	54,710	50,140	26,750	23,390	87.4%
7 Interest on Investments	152,410	54,026	88,900	(34,874)	-39.2%
8 Other Revenue	950,250	282,402	766,390	(483,988)	-63.2%
9 Federal and State Grants	0	75,804	0	75,804	0.0%
10 Internal Loan Monies Received	751,356	751,017	751,356	(339)	0.0%
11 External Loan Monies Received	0	0	0	0	0.0%
<b>12 TOTAL REVENUES &amp; SOURCES</b>	<b>16,091,156</b>	<b>8,871,599</b>	<b>9,000,136</b>	<b>(128,537)</b>	<b>-1.4%</b>
13 OPERATING EXPENSES					
14 Source of Supply	2,547,390	992,157	1,449,296	(457,139)	-31.5%
15 Treatment	3,466,452	1,609,262	2,086,716	(477,454)	-22.9%
16 Distribution Operation & Maintenance	3,674,830	1,721,370	2,260,868	(539,498)	-23.9%
17 Administration	686,857	210,677	438,993	(228,316)	-52.0%
18 Customer Relations	398,899	172,317	209,677	(37,360)	-17.8%
19 PILT	983,050	531,886	465,966	65,920	14.1%
20 1% for Arts Transfer	101,551	6,692	76,311	(69,619)	-91.2%
21 Services Rendered-Other Departments	1,309,058	765,621	765,621	0	0.0%
22 Internal Loan Debt Expense	4,856,625	4,908,116	4,856,625	51,491	1.1%
23 External Loan Debt Expense	1,013,988	679,431	591,493	87,938	14.9%
<b>24 TOTAL OPERATING EXPENSES</b>	<b>19,038,700</b>	<b>11,597,530</b>	<b>13,201,566</b>	<b>(1,604,036)</b>	<b>-12.2%</b>
<b>25 NET OPERATING REVENUE/(LOSS)(excl depr)</b>	<b>(2,947,544)</b>	<b>(2,725,931)</b>	<b>(4,201,430)</b>	<b>1,475,499</b>	<b>-35.1%</b>
26 CAPITAL EXPENDITURES	3,823,038	872,749	2,684,149	(1,811,400)	-67.5%
27 ENDING CASH BALANCE (24% OF OPER EXP)		<b>4,552,834</b>			100
28 WATER DEBT FUNDS ENDING CASH BALANCE		<b>(150,000)</b>			100
29 MINIMUM BALANCE (15% OF OPER EXP)		2,855,805			
<b>30 OVER/(UNDER) MINIMUM BALANCE</b>		<b>1,697,029</b>			
<b>31 **RESTRICTED FUNDS**</b>					
<b>32 REVENUES &amp; SOURCES</b>					
33 SIF Collections	2,755,460	1,450,847	1,207,320	243,527	20.2%
34 SIF Interest Income	33,180	15,475	20,690	(5,215)	-25.2%
35 SIF Federal and State Grants	0	75,804	0	75,804	0.0%
36 Internal Loan Monies Received	0	0	0	0	0.0%
<b>37 TOTAL SIF REVENUES &amp; SOURCES</b>	<b>2,788,640</b>	<b>1,542,125</b>	<b>1,228,010</b>	<b>314,115</b>	<b>25.6%</b>
38 SIF Capital Expenditures	828,787	74,967	541,436	(466,469)	-86.2%
39 1% for Arts Transfer	1,049	518	520	(2)	-0.3%
40 Legal Agreements & Settlements	53,700	17,885	53,700	(35,815)	-66.7%
<b>41 SIF ENDING CASH BALANCE</b>		<b>2,782,794</b>			100
<b>42 TOTAL ENDING CASH BALANCE</b>		<b>7,335,627</b>			
NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING:		1,835,654			
43 Water Treated at WTP (in million gallons)		2,637			
44 Water Sold To Customers (in million gallons, includes Ranch Water & Hydrant Sales)	3,561	1,861	1,747	114	6.5%

# Attachment C

## City of Loveland-LIVE Financial Statement-Wastewater For Period Ending 07/31/2017

		TOTAL BUDGET	YTD ACTUAL	YTD BUDGET	OVER <UNDER>	VARIANCE
	*	FYE 12/31/2017	*	*		
1 **UNRESTRICTED FUNDS**	*	*	*	*		
2 REVENUES & SOURCES	*	*	*	*		
3 Sanitary Sewer Charges	*	11,325,240	6,431,757	6,457,629	(25,872)	-0.4%
4 High Strength Surcharge	*	360,690	238,316	187,472	50,844	27.1%
5 Interest on Investments	*	164,020	79,824	95,690	(15,866)	-16.6%
6 Other Revenue	*	12,920	12,126	8,060	4,066	50.4%
7 Bond Proceeds	*	16,000,000	0	16,000,000	(16,000,000)	-100.0%
8 Federal Grants	*	0	0	0	0	0.0%
9 State Grants	*	0	0	0	0	0.0%
10 <b>TOTAL REVENUES &amp; SOURCES</b>	*	<b>27,862,870</b>	<b>6,762,023</b>	<b>22,748,851</b>	<b>(15,986,828)</b>	<b>-70.3%</b>
11 OPERATING EXPENSES	*	*	*	*	0	0.0%
12 Treatment	*	3,998,641	1,879,655	2,391,558	(511,903)	-21.4%
13 Collection System Maintenance	*	2,879,659	997,421	1,748,962	(751,541)	-43.0%
14 Administration	*	422,986	135,407	268,979	(133,572)	-49.7%
15 Customer Relations	*	45,509	22,147	27,849	(5,702)	-20.5%
16 PILT	*	818,020	466,905	477,176	(10,271)	-2.2%
17 1% for Arts Transfer	*	234,793	7,471	196,323	(188,852)	-96.2%
18 Services Rendered-Other Departments	*	633,529	371,048	371,048	0	0.0%
19 Debt Service	*	1,051,432	41,757	613,340	(571,583)	-93.2%
20 <b>TOTAL OPERATING EXPENSES</b>	*	<b>10,084,569</b>	<b>3,921,811</b>	<b>6,095,235</b>	<b>(2,173,424)</b>	<b>-35.7%</b>
21 NET OPERATING REVENUE/(LOSS)(excl depr)	*	17,778,301	2,840,212	16,653,616	(13,813,404)	-82.9%
22 CAPITAL EXPENDITURES	*	26,049,469	1,256,865	20,991,672	(19,734,807)	-94.0%
23 ENDING CASH BALANCE (127% OF OPER EXP)	*	*	<b>12,802,849</b>			100
24 MINIMUM BALANCE (15% OF OPER EXP)	*	*	1,512,685			
25 <b>OVER/(UNDER) MINIMUM BALANCE</b>	*	*	<b>11,290,164</b>			
26 **RESTRICTED FUNDS**	*	*	*	*		
27 REVENUES & SOURCES	*	*	*	*		
28 SIF Collections	*	2,039,750	663,101	1,278,030	(614,929)	-48.1%
29 SIF Interest Income	*	134,730	56,437	78,610	(22,173)	-28.2%
30 SIF Bond Proceeds	*	8,900,000	0	8,900,000	(8,900,000)	-100.0%
31 <b>TOTAL SIF REVENUES &amp; SOURCES</b>	*	<b>11,074,480</b>	<b>719,538</b>	<b>10,256,640</b>	<b>(9,537,102)</b>	<b>-93.0%</b>
32 SIF Capital Expenditures	*	14,052,210	377,979	11,079,547	(10,701,568)	-96.6%
33 1% for Arts Transfer	*	125,668	1,228	108,728	(107,500)	-98.9%
34 Debt Service	*	584,859	25,593	341,166	(315,573)	-92.5%
SIF ENDING CASH BALANCE			<b>8,858,493</b>			100
<b>TOTAL ENDING CASH BALANCE</b>			<b>10,371,178</b>			
NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING			7,483,367			
35 Wastewater Treated at WWTP (in million gallons)	*	N/A	1,304	N/A		
36 Wastewater Billed To Customers (in million gallons)	*	1,767	991	995	(3)	-0.3%

# Attachment D

**City of Loveland**  
**Financial Statement-Power**  
For Period Ending 7/31/2017

	* <b>TOTAL BUDGET</b>	* <b>YTD ACTUAL</b>	YTD BUDGET	OVER <UNDER>	VARIANCE
<b>**UNRESTRICTED FUNDS**</b>					
1 REVENUES & SOURCES:					
2 Electric revenues	* \$62,342,360	* \$34,487,766	\$35,236,730	(\$748,964)	-2.1%
3 Wheeling charges	* \$244,650	* \$150,005	\$142,713	\$7,293	5.1%
4 Interest on investments	* \$229,810	* \$109,451	\$134,056	(\$24,604)	-18.4%
5 Aid-to-construction deposits	* \$1,830,000	* \$1,066,585	\$1,067,500	(\$915)	-0.1%
6 Customer deposit-services	* \$310,000	* \$129,749	\$180,833	(\$51,084)	-28.2%
7 Late Payment Penalty Fees	* \$415,000	* \$280,737	\$242,083	\$38,654	16.0%
8 Connect Fees	* \$160,000	* \$94,770	\$93,333	\$1,437	1.5%
9 Services rendered to other depts.	* \$0	* \$1,800	\$0	\$1,800	0.0%
10 Other revenues	* \$333,100	* \$299,487	\$194,308	\$105,179	54.1%
11 Federal Grants	* \$0	* \$1,056,016	\$0	\$1,056,016	0.0%
12 State Grants	* \$0	* \$174,708	\$0	\$174,708	0.0%
13 Year-end cash adjustments	* \$0	* \$0	\$0	\$0	0.0%
<b>14 TOTAL REVENUES &amp; SOURCES</b>	<b>* \$65,864,920</b>	<b>* \$37,851,075</b>	<b>\$37,291,557</b>	<b>\$559,518</b>	<b>1.5%</b>
15 OPERATING EXPENSES:					
16 Hydro oper. & maint.	* \$6,407,916	* \$567,450	\$3,696,875	(\$3,129,425)	-84.7%
17 Solar oper.& maint.	* \$90,000	* \$2,103	\$51,923	(\$49,820)	-96.0%
18 Purchased power	* \$43,470,597	* \$24,926,466	\$25,289,735	(\$363,269)	-1.4%
19 Distribution oper. & maint.	* \$5,184,771	* \$2,452,166	\$2,991,214	(\$539,048)	-18.0%
21 Customer Relations	* \$1,470,771	* \$322,509	\$848,522	(\$526,012)	-62.0%
22 Administration	* \$840,662	* \$335,195	\$484,997	(\$149,802)	-30.9%
23 Payment in-lieu-of taxes	* \$4,328,980	* \$2,388,033	\$2,467,519	(\$79,485)	-3.2%
24 1% for Arts Transfer	* \$147,470	* \$37,821	\$84,058	(\$46,237)	-55.0%
25 Services rendered-other depts.	* \$2,376,665	* \$1,390,900	\$1,386,388	\$4,512	0.3%
<b>26 TOTAL OPERATING EXPENSES (excl depn)</b>	<b>* \$64,317,832</b>	<b>* \$32,422,643</b>	<b>\$37,301,230</b>	<b>(\$4,878,587)</b>	<b>-13.1%</b>
<b>27 NET OPERATING REVENUE/(LOSS) (excl depn)</b>	<b>* \$1,547,088</b>	<b>* \$5,428,432</b>	<b>(\$9,674)</b>	<b>\$5,438,105</b>	<b>\$0</b>
28 CAPITAL EXPENDITURES:					
29 General Plant/Other Generation & Distribution	* \$15,141,333	* \$7,144,196	\$8,742,175	(\$1,597,979)	-18.3%
30 Aid-to-construction	* \$1,830,000	* \$999,643	\$1,055,769	(\$56,126)	-5.3%
31 Service installations	* \$310,000	* \$183,407	\$178,846	\$4,561	2.6%
<b>32 TOTAL CAPITAL EXPENDITURES</b>	<b>* \$17,281,333</b>	<b>* \$8,327,246</b>	<b>\$9,976,791</b>	<b>(\$1,649,545)</b>	<b>-16.5%</b>
<b>33 ENDING CASH BALANCE (23% of Oper Exp)</b>	<b>* \$14,658,090</b>				
34 MINIMUM BAL. (23% of OPER EXP excl depn/chg 2011)	* \$14,793,101				
<b>35 OVER/(UNDER) MINIMUM BALANCE</b>	<b>* (\$135,011)</b>				
36 **RESTRICTED FUNDS**					
37 PIF Collections	* \$2,747,630	* \$1,454,481	\$1,602,784	(\$148,303)	-9.3%
38 PIF Interest Income	* \$25,030	* \$20,399	\$14,601	\$5,798	39.7%
39 Water Loan Payback	* \$806,250	* \$791,700	\$806,250	(\$14,550)	-1.8%
40 Federal Grants	* \$0	* \$0	\$0	\$0	0.0%
41 State Grants	* \$0	* \$0	\$0	\$0	0.0%
<b>42 TOTAL REVENUES</b>	<b>* \$3,578,910</b>	<b>* \$2,266,580</b>	<b>\$2,423,635</b>	<b>(\$157,055)</b>	<b>-6.5%</b>
43 PIF Feeders	* \$2,461,722	* \$888,197	\$1,420,224	(\$532,027)	-37.5%
44 PIF Substations & Solar	* \$2,723,278	* \$120,955	\$1,588,579	(\$1,467,624)	-92.4%
<b>45 TOTAL EXPENDITURES</b>	<b>* \$5,185,000</b>	<b>* \$1,009,152</b>	<b>\$3,008,803</b>	<b>(\$1,999,651)</b>	<b>-66.5%</b>
<b>46 ENDING PIF CASH BALANCE</b>	<b>* \$2,525,096</b>				
<b>47 TOTAL ENDING CASH BALANCE</b>	<b>* \$17,183,186</b>				

NOTE: YTD ACTUAL does NOT include encumbrances totalling \$5,218,454

48 Energy Purchased (in million kWh) from PRPA	* 737	* 423	427	(5)	2.7%
49 Energy Sold to Customers (in million kWh)	* 715	* 400	411	(12)	-2.8%

**ITEM TITLE:**

Acceptance of 2.375 shares of the Louden Ditch into the City Water Bank

**DESCRIPTION:**

This is a request to deposit 2.375 shares of Louden Irrigating Canal and Reservoir (Louden Ditch) into the City's Water Bank.

**SUMMARY:**

The City of Loveland has received a request to deposit 2.375 shares of Louden Ditch (Stock Cert No. 3898) into the City's Water Bank. The water has historically been used within Louden Ditch, and the City has accepted shares from this ditch company in the past. Section 19.04.080 of the Municipal Code 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 the LUC's acceptance of this water into the City's Water Bank.

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.
  - *A copy of the current stock certificate and share certificate associated with these water rights has been provided to and reviewed by the City Attorney's Office. Legal counsel has no concerns with Applicant's ownership of the ditch water rights and these shares are in good standing with the ditch company. If approved by the LUC, Applicant will be required to convey the shares to the City by special warranty deed and the stock certificate will be issued in the name of the City of Loveland.*
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 has signed a Water Bank Agreement and accepted all terms and conditions associated with depositing these shares into the Water Bank. The Applicant also submitted a Statement of Historical Use which city staff and legal counsel have reviewed and find acceptable. Based on a review of aerial photography and historical information the land has already been dried up by a subdivision and the land is therefore permanently dried up. In*

*the opinion of the City's legal counsel, a dry-up covenant is not necessary. The land historically irrigated by these shares is within the historical area of use of the ditch and within the area of the City's previous ditch-wide analysis of historical use.*

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 the LUC make a finding that acceptance of this water is in the best interest of the city because of the nature of these particular water rights, the evidence of historical use, and 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 Municipal Code Section 19.04.080 have been met, that acceptance of the Louden Ditch shares (Stock Cert. 3898) into the City of Loveland Water Bank is in the city's best interest, and approving the City's acceptance of the shares into the Water Bank.

**ITEM TITLE:**

Shubert Drive and South Wilson Avenue Waterline Replacement

**DESCRIPTION:**

The purpose of this item is to award a construction contract to the lowest qualified bidder for the Shubert Drive and South Wilson Avenue Waterline Replacement Project.

**SUMMARY:**

The waterlines in Shubert Drive and South Wilson Avenue have experienced several leaks and have required repair over the past year. In an effort to ensure reliable water to our customers and decrease the number of outages due to leaks, this project will reline or replace these waterlines. The bid documents include options for relining or replacing the lines, thus allowing the Department to select the best value based on the price bid combined with anticipated street cut fees. The waterline relining or replacement consists of approximately 1,400 linear feet of 16-inch waterline along South Wilson Avenue and approximately 1,000 linear feet of 8-inch waterline on Shubert Drive, connections to the existing water system, temporary water service, traffic control, service line reinstatement, sidewalk replacement, and pavement replacement.

Please see attachment A for the Bid Tabulation (**to be distributed at meeting**) and Attachments A and B for the location of the water line improvements.

Per Municipal Code 3.12.060A and 3.12.060B, the LUC must approve Water and Power contracts above \$500,000 or any change order that causes a contract to equal or exceed \$500,000 and which, when combined with all previous change orders, equals or exceeds 20% of the original contract amount.

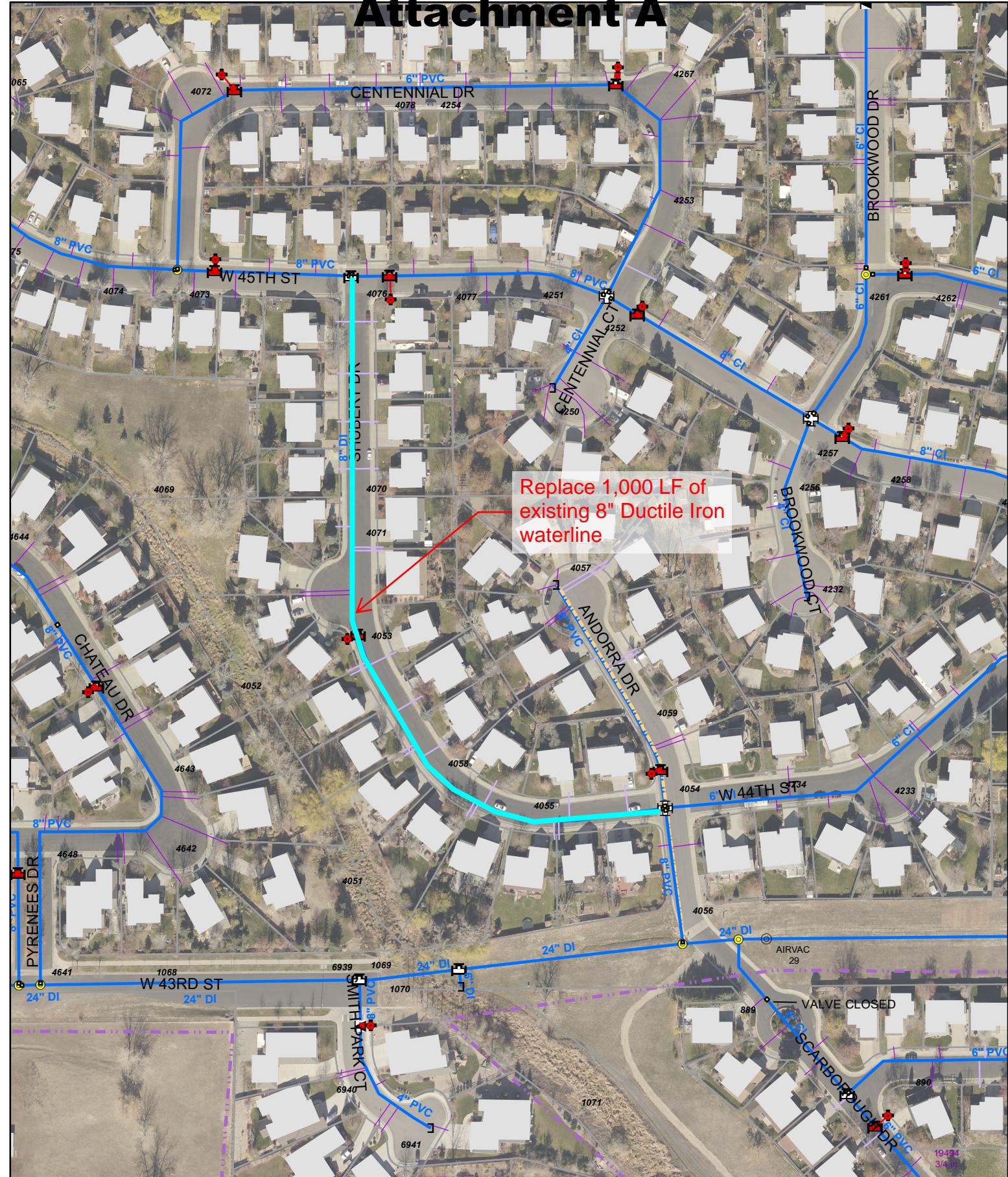
**RECOMMENDATION:**

Adopt a motion to award the contract for Shubert Drive and South Wilson Avenue Waterline Replacement Project to (**contractor to be determined prior to start of meeting**) in an amount not to exceed (**to be determined prior to start of meeting**) and authorize the City Manager to execute the contract on behalf of the City.

**ATTACHMENTS:**

- ⌚ Attachment A: Tabulation of Bids (**to be distributed at meeting**)
- ⌚ Attachment B: Shubert Drive Improvements
- ⌚ Attachment C: S Wilson Avenue Improvements

## **Attachment A**



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 hereon.



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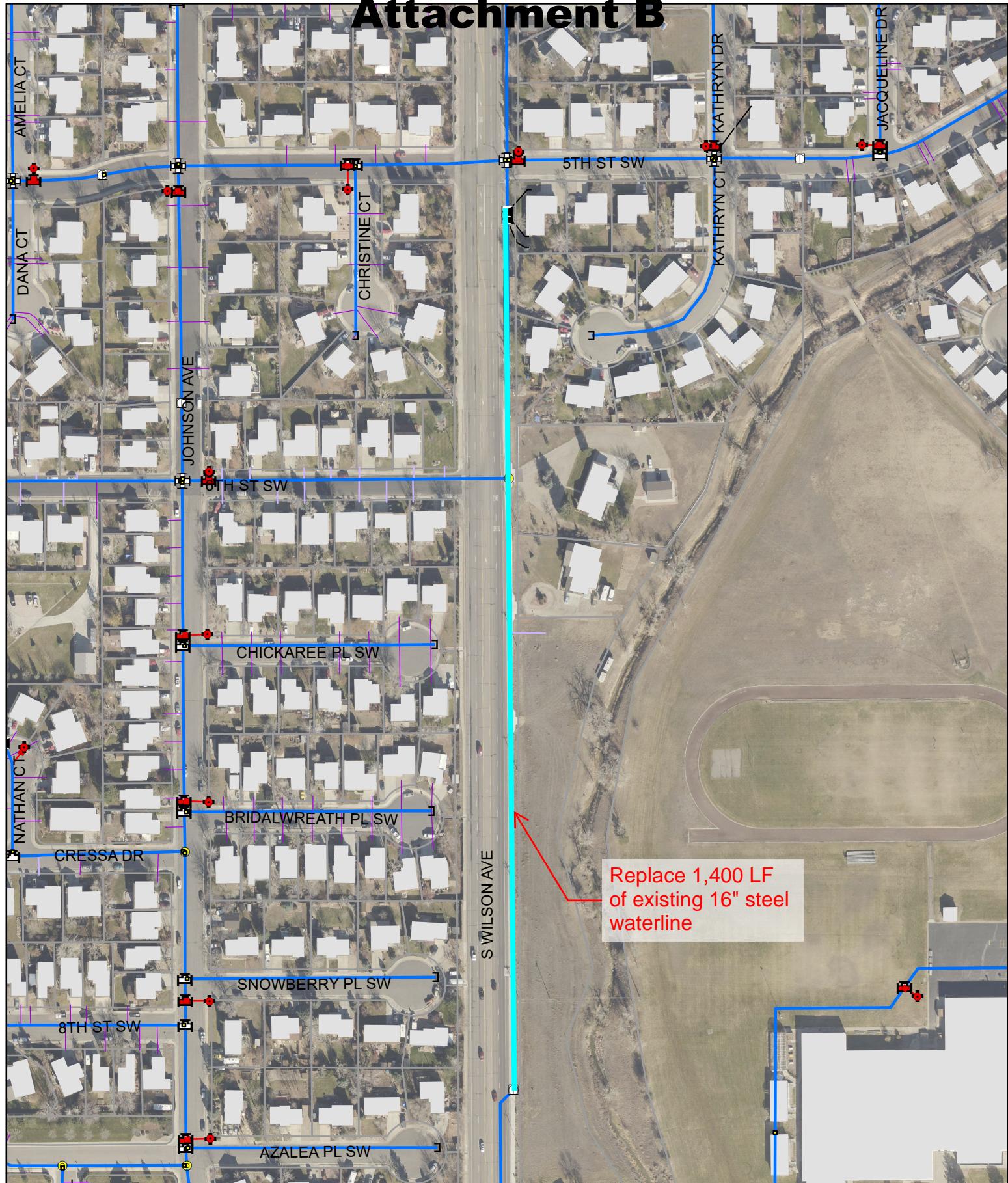
# City of Loveland

## Department of Water & Power

Created By: qisview

Date Created: 8/1/2017

# Attachment B



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.

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**City of Loveland**

Department of Water & Power

Loveland, Colorado

Created By: gisview

Date Created: 8/1/2017

## **ITEM TITLE:**

Ordinance Concerning Municipal Electric Utility Exclusive Service

## **DESCRIPTION:**

This item contains a draft ordinance which seeks to amend Chapter 13.12 of the Loveland Municipal Code to update a section and create a new section for the requirements when the city provides exclusive service electric utility service to an area previously served by a cooperative electric association. The purpose of this change is to modify and clarify within the Municipal Code the current requirements for the City of Loveland to pay compensation to cooperative electric associations. Any such compensation is required when a cooperative electric association is excluded from their service territory through a process of annexation and takeover by the City.

## **SUMMARY:**

The City of Loveland is bound by the requirements of the Colorado Revised Statutes 40-9.5-201 to 207, as a home-rule municipality that maintains its own electric utility. The statutes require that when a municipality annexes territory, the city must pay just compensation to the cooperative electric association for taking their right to provide electric service to an exclusive area as granted by the Colorado Public Utilities Commission. The statutes describe the compensation amount including infrastructure costs and a portion of gross revenues of new and existing customers for 10 years. In order to clarify when the City would be required to pay the compensation to the cooperative electric association, we are proposing this ordinance. In a case that was heard before the Colorado Supreme Court, the City of Loveland lost to Poudre Valley Rural Electric Association and the Court provided a clearer interpretation of the statutes. *Poudre Valley Rural Elec. Ass'n, Inc. v. City of Loveland*, 807 P.2d 547 (Colo. 1991).

From that case, there were several important rulings, detailed in the presentation. First, the City is not required to assume responsibility for the electric service immediately in an annexed territory. The City may compete with an electric association at the time of annexation within the territory annexed. If there is competition for a period that does not begin the process of takeover and compensation to that electric association. Compensation only begins when the City excludes the electric association from competition in the area or condemns any of their service stations or buildings. The City has the option to begin that exclusion at the time of the annexation with notice to that electric association. The ordinance being presented to the commission for approval to be sent to the city council is seeking to clarify the procedure for when compensation should begin and the process. Codifying the requirements from the state statute will ensure that the City of Loveland remains in compliance and will clarify the process used by the City.

## **RECOMMENDATION:**

Adopt a motion recommending that the City Council approve the attached draft ordinance to amend Chapter 13.12 of the Loveland Municipal Code concerning the municipal electric utility exclusive service provision.

## **ATTACHMENTS:**

- 📎 Attachment A: Draft Ordinance to amend Chapter 13.12
- 📎 Attachment B: Power Point

# Attachment A

**FIRST READING** \_\_\_\_\_

**SECOND READING** \_\_\_\_\_

**ORDINANCE NO.** \_\_\_\_\_

**AN ORDINANCE AMENDING THE LOVELAND MUNICIPAL CODE AT CHAPTER 13.12 CONCERNING MUNICIPAL ELECTRIC UTILITY EXCLUSIVE SERVICE PROVISION**

**WHEREAS**, when the City of Loveland, as a municipality which owns and operates an electric utility, annexes land into the City and intends to takeover the electric service and exclude the electric association, Colorado Revised Statute § 40-9.5-201 to 207 sets out requirements for compensation to a cooperative electric association for their facilities and customers; and

**WHEREAS**, the City is not required to exclude the electric association provider if the City engages in competition for utility service with that electric association, but once the electric provider is excluded from competition in a specific area, the City must compensate accordingly; and

**WHEREAS**, the criteria for what the City must compensate the electric association for following the cooperative's exclusion from the service territory, generally includes, infrastructure costs for the takeover of electric service, and compensation at the rate of 25% of gross revenues for existing customers, and 5% of gross revenues for new customers in the annexed service area for a period of ten years once the electric association has been excluded; and

**WHEREAS**, the City Council desires to amend the Loveland Municipal Code to clarify when and how cooperative electric associations will be compensated.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:**

**Section 1.** That Section 13.12.030 of the Loveland Municipal Code is hereby amended and replaced to read as follows:

**13.12.030      Electric cooperatives and exclusive municipal utility service.**

- A. Notwithstanding any provision of this code to the contrary, when the city annexes any land, all or part of which includes territory certificated to a cooperative electric association by the Colorado Public Utilities Commission, the city reserves the right to allow the cooperative electric association to continue to serve existing customers and to serve future customers with existing facilities, all in competition with Loveland Water and Power. If the city does allow the cooperative electric association to continue to serve existing customers and to serve future customers

with existing facilities, such decision does not represent the consent of the city to expand the cooperative electric association facilities. The city reserves the right to impose reasonable police power regulations on any cooperative electric association operating within the city and reserves all authority to impose all lawful taxes and fees on any such association. (Ord. 4276 § 2, 1997; Ord. 3860 § 1, 1992)

**Section 2.** That Chapter 13.12 of the Loveland Municipal Code is hereby amended by addition of a new Section 13.12.030B to read as follows:

- B. When the city annexes any lands serviced by a certificated cooperative electric association, the city reserves the right to give notice of a date of exclusion of that electric association to end competition with Loveland Water and Power at a later date or at the time of notice. Following the end of competition and at the date of exclusion, the city shall provide just compensation to that excluded electric association. That compensation must include the present day reproduction cost of association's distribution facilities that are being acquired, less the depreciated value of those facilities computed on a straight-line basis over thirty-five years, limited to one-half of such cost. The city shall also compensate for the cost of constructing any necessary facilities to reintegrate the electric association's system outside of the annexed area. From the date of exclusion, the city shall pay on an annual basis for a period of ten years 1) 25% of gross revenues received from existing cooperative electric association customers. And 2) 5% of gross revenues received from customers who were not previously serviced by the cooperative electric association.

**Section 3.** That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2017.

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Cecil A. Gutierrez, Mayor

ATTEST:

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City Clerk

APPROVED AS TO FORM:



Anna P. Dale  
Assistant City Attorney

# Attachment B

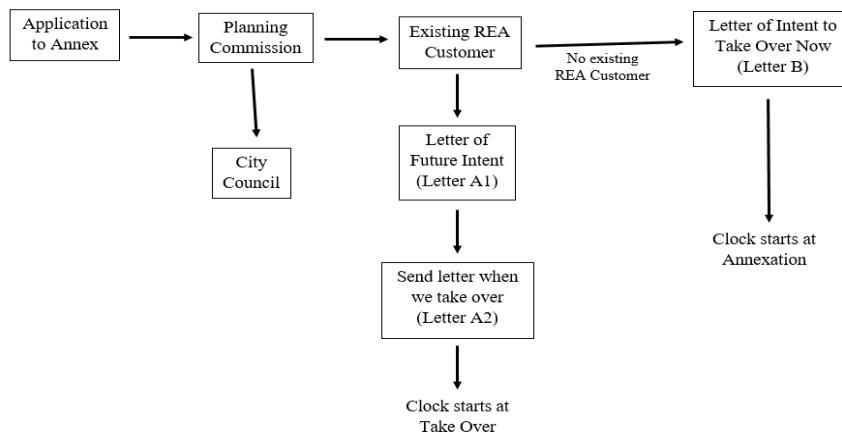


## Ordinance concerning Exclusive Municipal Electric Utility Service



Luke Plumb, Legal Intern  
August 16, 2017

### Diagram of Annexation and Takeover Process



## Purposes of the Ordinance

- Amend and add to Chapter 13.12.030 of the Municipal Code
- Modify the language of the existing provision
- Add in language from Colorado Revised Statute 40-9.5-201 through 207 to define the requirements of the City providing exclusive electric service to an annexed territory
- Clarify the process and interpretation set forth by the Colorado Supreme Court Case Poudre Valley Rural Electric Association v. City of Loveland



## C.R.S.A 40-9.5-201

### 40-9.5-201:

- "The general assembly further finds and declares that, if a cooperative electric association has been granted an exclusive service territory that is within a municipality that operates an electric utility or within an area annexed by a municipality that operates an electric utility, the municipality has taken private property and shall pay just compensation for the electric distribution facilities and certificate of public convenience and necessity of the association located within the municipality."
- Just compensation must be afforded to a Cooperative Electric Association when their service territory is taken by a Municipality.**

Compensation is defined in 40-9.5-204



## C.R.S.A. 40-9.5-204

⌚ 40-9.5-204 has 4 primary requirements for compensation:

1. The present-day cost of the electric association's facilities less the depreciated value up to one-half
2. The cost to build new facilities to reintegrate the electric association's system outside of the annexed area
3. 25% of the gross revenues of existing customers served by the electric association in the annexed area for a period of 10 years upon takeover (exclusive service)
4. 5% of the gross revenues for new customers to that annexed area and had not been served by the electric association for a period of 10 years upon takeover (exclusive service)

⌚ This language was added to provide clarity to the compensation process



## PVREA v. City of Loveland

### Facts of the Case:

- ⌚ PVREA and the City of Loveland had entered into an agreement by which the City had the option to purchase PVREA's facilities and customer's in an annexed area.
- ⌚ The City annexed some area but after the agreement expired they annexed again
  - ⌚ At this point, the statute 40-9.5-201 et seq. was in effect, requiring compensation
- ⌚ The City of Loveland refused to compensate PVREA for certain areas, and the action was brought against the city for that failure to pay
  - ⌚ Loveland challenged the need for compensation and
  - ⌚ The City made an argument that the state statute was unconstitutional



## Holding from *PVREA v. City of Loveland*

The Colorado Supreme Court held that:

- ⌚ As long as there is competition in the annexed area between the electric association and the City, it is not a compensable taking
- ⌚ The state statute requiring municipalities to compensate electric associations is constitutional, and
- ⌚ The City must compensate the electric association the 25% for existing customers and the 5% for new customers
  - ⌚ The respective percentages must be based on gross revenues, not just consumptive use



## The Outcome

- ⌚ When the City annexes territory, it may choose to continue to compete with the cooperative electric association
  - ⌚ The City must provide notice of such annexation and intent to exclude the electric association either immediately or at some point in the future
- ⌚ Once the City does exclude the electric association from competition, the clock starts for the 10 year compensation period
  - ⌚ The City must compensate according to C.R.S.A. 40-9.5-204



## Support from *Delta-Montrose Electric Association v. City of Delta*

This case, heard by the Colorado Court of Appeals, provides two important holdings that support the position of the ordinance:

- ⌚ First, the court clarifies the difference between new and existing customers
  - ⌚ An existing customer is one that has been served by the electric association prior to the municipality taking over that service
  - ⌚ A new customer is one that has their initial utility service provided by the municipality following the takeover of that territory
- ⌚ Second, the Court again confirms that as long as there is competition, there is no compensable taking under the state statute
  - ⌚ The court also establishes that there does not have to be notice of or participation in some competitive process for competition to be found between a municipality and a cooperative electric association



## Modification of Existing Language

### 13.12.030 Electric cooperatives.

(A) Notwithstanding any provision of this code to the contrary, when the city annexes any land, all or part of which includes territory certificated to a cooperative electric association by the Colorado Public Utilities Commission, the city reserves the right to allow the cooperative electric association to continue to serve existing customers and to serve future customers with existing facilities, all in competition with Loveland Water and Power. ~~If the city does allow the cooperative electric association to continue to serve existing customers and to serve future customers with existing facilities, such decision will constitute a recognition of the cooperative electric association's grandfathered rights and does not represent the consent of the city to use public rights of way or expand the cooperative electric association facilities.~~

The city reserves the right to impose reasonable police power regulations on any cooperative electric association operating within the city and reserves all authority to impose all lawful taxes and fees on any such association. (Ord. 4276 § 2, 1997; Ord. 3860 § 1, 1992)



## Provision being added to 13.12.030

B. When the city annexes any lands serviced by a certificated cooperative electric association, the city reserves the right to give notice of a date of exclusion of that electric association to end competition with Loveland Water and Power at a later date or at the time of notice. Following the end of competition and at the date of exclusion, the city shall provide just compensation to that excluded electric association. That compensation must include the present day reproduction cost of association's distribution facilities that are being acquired, less the depreciated value of those facilities computed on a straight-line basis over thirty-five years, limited to one-half of such cost. The city shall also compensate for the cost of constructing any necessary facilities to re-integrate the electric association's system outside of the annexed area. From the date of exclusion, the city shall pay on an annual basis for a period of ten years 1) 25% of gross revenues received from existing cooperative electric association customers. And 2) 5% of gross revenues received from customers who were not previously serviced by the cooperative electric association.



# QUESTIONS?

**ITEM TITLE:**

Commission & Council Report

**SUMMARY:**

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

- ⌚ City Council Report
- ⌚ Bit Thompson River Corridor Master Plan Stakeholder Meeting
- ⌚ Western Water Symposium & Barbecue

**RECOMMENDATION:**

Commission/Council report only.

**ITEM TITLE:**

Director's Report

**GENERAL & PREVIOUS LUC MEETING FOLLOW UP ITEMS:**

**Selenium testing at the new lab:** Yes, current plans call for selenium testing at the new lab.

**Algae Update:** See Attachment B

**Broadband Update:** Brieana Reed-Harmel

**Water Treatment Plant 38 MGD**

**Water Court Process:** Derek Turner will make a presentation at September LUC Meeting

**Executive Session on Windy Gap Firming/Chimney Hollow:** Moved to September LUC Meeting due to scheduling conflict.

**Green Ridge Glade Low Flow Release augmenting other entities in need:** The City makes augmentation releases for Sunrise Ranch under an agreement under which they conveyed CBT water to the City in trade. Other requests for augmentation water west of the City have been made, and this will allow releases if agreements are made in the future similar to that with Sunrise Ranch.

**PRPA update on 100% Renewables**

**EVENTS:**

Please note the following events that LUC members may wish to attend:

**Markets 101 Training:** Combined session with Fort Collins Energy Board on August 24, 2017 at 222 LaPorte Ave, Fort Collins in the Colorado River Community Room. Dinner will be served at 5:00 p.m. with the presentation to follow at 5:30 p.m. Andy Butcher, Chief Operating Officer for Platte River Power Authority, will be making this presentation.

**Colorado Water Congress 2017 Summer Conference:** The conference will be held at Hotel Talisa in Vail, Colorado from August 23 through 25, 2017. Please let Courtney Whittet know if you are interested in attending. For more information, visit <http://www.cowatercongress.org/summer-conference.html>

**2017 RMSAWWA/RMWEA Joint Annual Conference:** The 2017 RMSAWWA/RMWEA Joint Annual Conference will be held at the Embassy Suites in Loveland, Colorado from September 10 - 13, 2017. Please let Courtney Whittet know if you are interested in attending. For more information, visit [http://www.rmwea.org/annual\\_conference.php](http://www.rmwea.org/annual_conference.php)

**Foothills Solar & Substation Ribbon Cutting:** Currently planned for October 13, 2017. This event will be open to the public in addition to invitees from PRPA, Loveland City Council, FEMA, RCA, Namaste Solar, Walsh Construction, Interstate Electrical, City of Loveland and of course the Loveland Utilities Commission.

 **South Platte Forum:** Save the date for the 2017 South Platte Forum on October 25<sup>th</sup> & 26<sup>th</sup> at the Loveland Embassy Suites. For more information, visit [www.southplatteforum.org](http://www.southplatteforum.org).

## OPERATIONS:

### Water Operations:

**Windy Gap Firming Project:** The City of Loveland's final subscription in the Windy Gap Firming Project is 9,451 acre-feet. The US Army Corps of Engineers 404 Permit was sent to the Municipal Subdistrict for consideration and was approved by the Subdistrict Board. EPA concurrence is expected, but not likely in letter form. Meanwhile, work continues toward agreement on filing an application in the Division Five Water Court to amend the Windy Gap decrees, and discussions continue with west slope interests concerning where and in what quantities Windy Gap water may be stored on the east slope. Preliminary indications are that an asphalt core rockfill (ACRF) dam may best suit the conditions and availability of materials on the site, and pre-design field work continues to evaluate this further. Northern Water's staff is targeting the fall of 2018 for moving into engineering design.



**South Concrete Tank Safety Improvements:** The Water Division has a five million gallon water storage tank located on the south end of the system at the intersection of South Taft Avenue and West County Road 14. The water storage tank was constructed in the early 1980s. Interior access for cleaning or maintenance is through an 18" diameter manhole on the side of the tank. The access is approximately 13' above the interior floor of the tank. This location makes it difficult to enter the tank. The Water Division has contracted with Bates Engineering, a firm that specializes in water tank construction, to design an interior platform that will

aid staff in accessing the tank and improve safety. The platform will be constructed from fiberglass reinforced plastic (FRP) and provide an 8'x8' platform to stage personnel and equipment inside the tank. Then a conventional stairway, construction of FRP, will allow access the floor. City crews will complete the installation of the platform during the winter months.



**Garfield Waterline Replacement:** The waterline from Marmac Drive to Lake

Drive along Garfield Avenue has experienced numerous leaks and required increased repairs and maintenance over the past few years. The Water and Power Department is coordinating the replacement of the waterline in conjunction with the Public Works Department road replacement project. Bids on the project were received on July 6, 2017, and Duran Excavating, Inc. out of Greeley, Colorado was the low bidder on the project. The recommendation of award for the project was presented to the Loveland City Council on July 18, 2017. City Council awarded the bid to Duran Excavating, Inc. in a unanimous vote as part of the consent agenda. Construction is anticipated to start in mid-August.

**Cathodic Protection:** Just as a piece of uncoated metal will begin to rust if left outdoors, metallic pipe materials are also susceptible to corrosion in the right environment. To combat this, metal, steel, and ductile iron pipes are installed with exterior pipe coatings to prevent the bare metal from corroding and eventually leaking. In addition to pipe coatings, larger diameter metallic pipes, which form the water transmission network, have had their joints bonded (making the pipe electrically continuous) and are equipped with passive cathodic protection systems. This passive system involves the installation of sacrificial anodes installed along the pipe, which provide the source metal (as opposed to the pipe) for any corrosion cell that may form along the pipeline. These anodes are typically made of magnesium, which is more active (has a higher negative potential) than the protected pipe. Over time, pipe coatings are damaged, anode material is extinguished, and corrosion forms on pipes, leading to costly leaks and interruptions in service. HDR has completed a draft report of their cathodic protection investigation. The report contains maps, records of readings of the cathodic test stations, and recommended improvements for each of our major water transmission mains. Staff is currently working with HDR on compiling a complete list of recommendations and finalizing the draft report.

#### **Southside Lift Station Rehabilitation:**

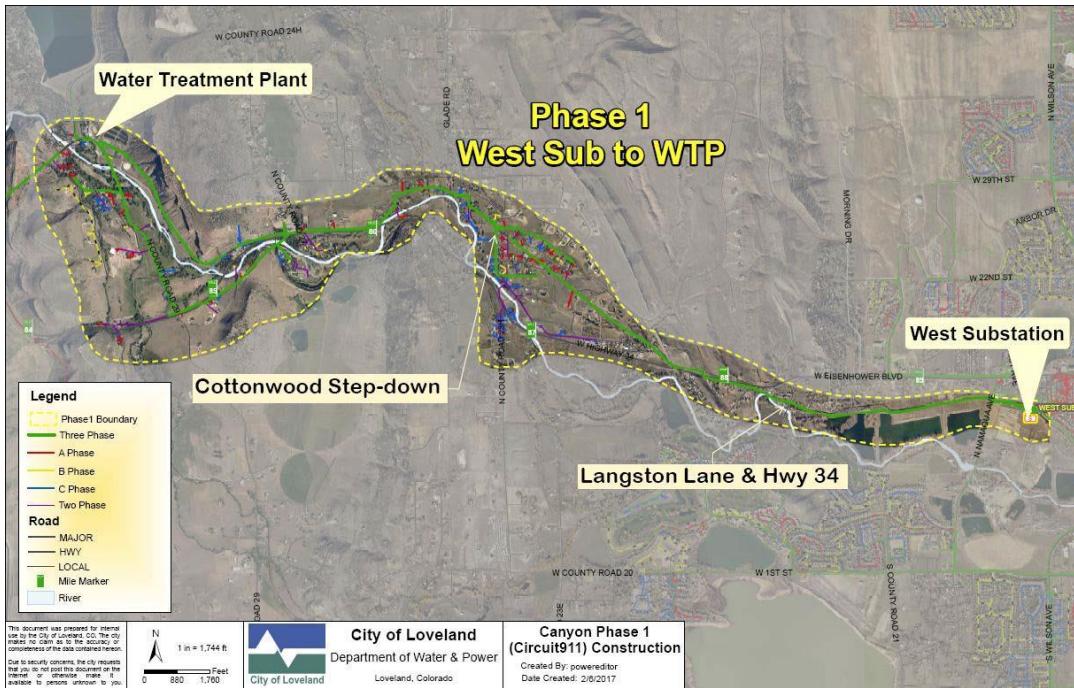
Construction activities at the Southside Lift Station have ramped up significantly in the past few weeks. The project to replace old and failing valves and pumps has seen the contractor mobilize to the site and begin full time work. Presently the large wetwell, which the pumps draw from, has been divided in half so that rehabilitation work can begin in the southern half. The wetwell will be cleaned, suction pipes modified, and

the concrete structure coated. Following these efforts the station will go on full bypass pumping so that the pumps, motors, discharge piping, and electrical controls can be replaced. The full bypass portion of the project is expected to begin in mid to late August and last for approximately one month. The contractor, Hydro Construction (Fort Collins) envisions completing the project this fall. Once the improvements are finished, the lift station should provide reliable service for years to come.



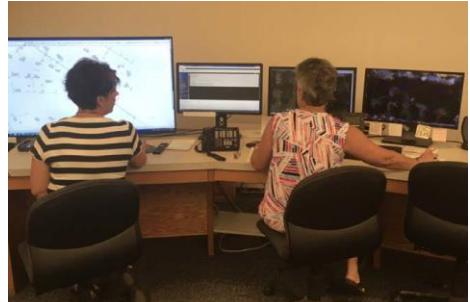
#### **Power Operations:**

**Line Crews - Canyon Construction:** Phase 1 of the Canyon Voltage Conversion Project reached the physical halfway point as City and construction crews reached the Cottonwood stepdown transformer bank at Glade Road and Becker Lane. The underground backbone construction has been completed between West Substation and Langston Lane south of Hwy 34 where the new overhead line starts and continues to the Cottonwood step-down. To date, fifty-three services have been converted from the old delta system to the City standard grounded-wye system. Work is continuing west with plans to reach the City water treatment plant later this fall.



**Line Crews - CPR/First Aid and Automatic External Defibrillator (AED) Training:** Certification/recertification in CPR, first aid, and automatic defibrillators is a required annual training for the Power Operations Line Crews. In July, the crews completed this training class as a group. The City is fortunate to have an internal lineworker, Scott Sullivan, who is certified to perform this training and lead this recertification class.

**Switching Order:** The new Foothills Substation was energized during the first week of August 2017. In preparation of bringing this substation online, the line crews and distribution system operators worked diligently to prepare and implement a 73-step switching order in July. In conjunction with the steps of this switching order crews also performed work in the field to complete this process.



**Electric Metering High Demand:** The Electric Metering group has been very busy in the month of July. With the high temperatures and the demand for air conditioning, load is nearing its peak resulting in high bill complaints as well as power quality issues. Due to the high demand caused by air conditioning units the meter shop has been installing power quality recording devises on customer installations to monitor for voltage fluctuations.

**Electric Metering – Meter Changing:** Along with all the busy residential customer service calls, the metering group has been very busy installing commercial and residential bi-directional metering to accommodate new solar installations.

**New LED Lights:** No doubt many of you have noticed the new LED street lights that are being installed on collectors and arteries across the city.

At this point, crews are changing out around 50 lights per month replacing the high pressure sodium lights with LED lights that last longer and provide better visual clarity. These lights also use less power and are friendlier for the environment producing no up light emittance. The tops are designed to offer cooling fins that shed debris and water naturally and are fitted with a newer, long-lasting photo-cell that provides a gentle start-up current for the LEDs.



In the very near future, you will also be seeing a new neighborhood light for new developments around the city. These will be similar the one depicted in the picture on the left. They will also be LED and provide the same benefits as the Cobra Head style we are already implementing. Staff has begun testing several of these style lights around the city. Initial installations will be in new development areas, but will quickly transition to replacing existing lights in neighborhoods for street lighting where we currently have the Acorn style lights.



Around the downtown area, you will begin to see lights similar to the picture on the right. These pendant style lights will light our streets in the center of the city. All of our LED lights will come equipped with adjustable light output, the ability to add lighting control systems in the future, and

all feature a longer life than lights of the past with energy savings that benefit all of us.



## GENERATION, TRANSMISSION & NORTHERN COLORADO UTILITY REPORTS:

[\*\*Northern Water Conservancy District:\*\*](#) The minutes from the August 10, 2017 board meeting have not been posted. The next board meeting will be held on Thursday, September 14, 2017 at 9 am at Northern Water headquarters located at 220 Water Ave., Berthoud, CO 80513.

[\*\*Northern Water summer tour season:\*\*](#) Northern Water conducts two full-day East Slope facility tours and two full-day West Slope facility tours each summer. The two East Slope tours highlight the Conservation Gardens, water operations and proposed storage projects. The two West Slope tours travel through Rocky Mountain National Park to the collection facilities for the C-BT and Windy Gap projects.

Please let Courtney Whittet know if you are interested in attending one of the tours. The date and time for the remaining 2017 tour is:

<b>East Slope (7:30 a.m. - 4 p.m.)</b>
Wednesday, Sept. 6, 2017

**Platte River Power Authority (PRPA):** The minutes from the July 27, 2017 meeting have not been posted yet. The next board meeting will be held on Thursday, August 31, 2017 at 9 am at PRPA headquarters located at 2000 E. Horsetooth Rd, Fort Collins, CO 80525.

**Fort Collins Energy Board:** The minutes from the June 8, 2017 meeting have not been posted. The next board meeting will be held on Thursday, August 10, 2017 at 5:30 pm at the Colorado River Community Room, 222 LaPorte Avenue, Fort Collins, CO.

## **UTILITY APPLICATION SERVICES:**

**CIS Replacement:** The final RFP was issued on July 11, 2017. The City held a CIS pre-bid conference on August 1, 2017 to answer questions the potential vendors may have.

**Conduit Inventory Project:** With help of both the electric line and electric design groups, GIS staff has been able to capture data for 85 vaults to date and the number keeps growing.

**New Plotter:** We have replaced the old plotter and OCE scanner/copier with a sleek new all-in- one plotter which sits in the hallway by the electric design group. The removal of the old machines now allow for more desperately needed office space. If you need any help learning the functionality, contact any of the Utility Application Services group.

**Project & Request Tracking:** One of the Technology Roadmap recommendations was to establish a tracking system for our team's work. Since the beginning of the year we have configured CityWorks for this purpose. The big projects, tracked as work orders, are reported to, be approved and prioritized by our LWP Technology Steering Committee. There are currently 32 approved projects in our queue. The smaller, maintenance-type jobs are tracked as service requests. So far this year we have completed 110 requests within an average of 3.28 days. Here they are by type:

Application Requests - 1.73 days

Application Support – 6.04 days

Data Requests - 2.25 days

Hardware Support – 12.25 days

Map Requests – 5.34 days

Report Requests - 1.6 days

## **UTILITY ACCOUNTING:**

**Power Peak Demand and Energy Down In May:** The City witnessed a decrease in both power usage and peak demand in June compared to a year ago; year-to-date there is still some difference between the two. Loveland's share of PRPA's peak demand was 145,072 kW, down 1.4% from June of last year, but 4.4% above the average of the last 5 years' peaks in June. Purchased energy was down 3.9% vs. June of 2016. Overall, in comparing the year-to-date total of the January - June monthly peak demands to the same period in 2016, this year is up 2.8%, but, in contrast, purchased energy is down 1.7% year-to-date.

**Power Sales Lagging vs. Budget:** Through June, power sales are 3% below budgeted projections, which translates to a shortfall of \$870,000. The shortfall is driven by both the residential and large commercial classes where usage is running 4% and 6% below budget, respectively. Interestingly, the small commercial class is running nearly 9% ahead of budget in usage. This revenue shortfall is offset partially by the fact that purchased power expense is under budget by \$425,000 through June.

**Water Sales Update:** With one month of summer usage now accounted for, the average water usage per customer is a bit lower than recent years. This year's YTD average through June is 7,706 gallons per customer. The 7,706 gallons is 5.5% lower than the June YTD average usage of the past five years. In spite of this slow start, water sales are ahead of budget by \$26,000 through June.

## **CUSTOMER RELATIONS:**

### **Community Outreach:**

Customer Relations will be participating in the following events:

- Community Stewardship Lecture Series – Film Screening September 12, 2017

Facebook Insights (July - 2017):

- Reach (unique users) – 3206 people
- Engagement (unique users) – 143 people
- Impressions (total count) – 8566 people

### **Media:**

- American City and County – July 11, 2017: [Incentivizing Sustainability](#)
- The Coloradoan – August 3, 2017: [Northern Colorado town grapples with 'disgusting' drinking water](#)

**Energy Efficiency:**

**Water Conservation:**

**Public Power Week:** October 1-7, 2017

## **ATTACHMENTS:**

-  Public Power Week Proclamation
-  Algae Charts

# Attachment A



CITY COUNCIL

Civic Center • 500 East Third Street, Suite 330 • Loveland, CO 80537  
(970) 962-2303 • Fax (970) 962-2900 • TDD (970) 962-2620  
[www.cityofloveland.org](http://www.cityofloveland.org)

## PROCLAMATION

**WHEREAS** we, the citizens of Loveland place high value on local control over community services and therefore have chosen to operate a community owned, locally controlled, not-for-profit electric utility and, as consumers and owners of our electric utility, have a direct say in utility operations and policies; and

**WHEREAS** Loveland Water and Power provides our homes, businesses, farms, social service, and local government agencies with reliable, efficient, and cost-effective electricity employing sound business practices designed to ensure the best possible service at not-for-profit rates; and

**WHEREAS** Loveland Water and Power is a valuable community asset that contributes to the well-being of local citizens through energy efficiency, customer service, environmental protection, economic development, and safety awareness; and

**WHEREAS** Loveland Water and Power is a dependable and trustworthy institution whose local operation provides reliable, affordable, environmentally responsible electricity to build strong communities.

**NOW, THEREFORE BE IT RESOLVED:** that Loveland Water and Power will continue to work to bring lower-cost, safe, reliable electricity to community homes and businesses just as it has since 1925, the year when the utility was created to serve all the citizens of Loveland; and

**BE IT FURTHER RESOLVED:** that the week of Oct. 1-7 be designated

## PUBLIC POWER WEEK

to recognize Loveland Water and Power for its contributions to the community and to educate consumer-owners, policy makers, and employees on the benefits of public power; and

**BE IT FURTHER RESOLVED:** that our community joins hands with more than 2,000 other public power systems in the United States in this celebration of public power, which is best for consumers, business, the community, and the nation.

Signed this 19th day of September, 2017

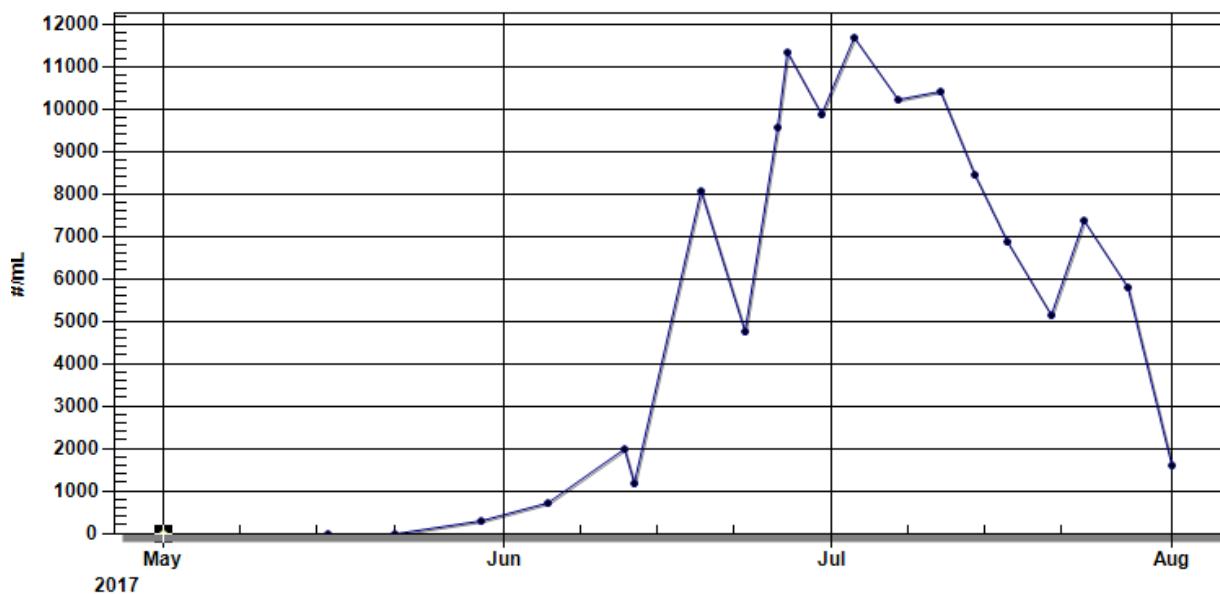
Cecil A. Gutierrez  
Mayor

# Attachment B

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5/1/2017 - 8/1/2017



## Taste and Odor May - Aug 2012 to 2017

