



TOWN BOARD SPECIAL MEETING
April 1, 2019 - 6:00 PM
1st Floor Conference Room, 301 Walnut Street, Windsor, CO 80550

AGENDA

A. CALL TO ORDER

1. Roll Call
2. Review of Agenda by the Board and Addition of Items of New Business to the Agenda for Consideration

B. PRESENTATION

1. Reverse Osmosis Plant Presentation

C. COMMUNICATIONS

1. Communications from Town Manager
 - a. Future Meetings Agenda

D. EXECUTIVE SESSION

1. An executive session pursuant to Colorado Revised Statutes § 24-6-402 (4)(e)(I) for the purpose of determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators with respect to water treatment options. (Shane Hale)

E. ADJOURN

The Town of Windsor will make reasonable accommodations for access to Town services, programs, and activities and will make special communication arrangements for persons with disabilities. Please call (970) 674-2400 by noon on the Thursday prior to the meeting to make arrangements.



MEMORANDUM

Date: April 1, 2019
To: Mayor and Town Board
Via: Shane Hale, Town Manager
From: Shane Hale, Town Manager
Re: Reverse Osmosis Plant Presentation
Item #: B.1.

ATTACHMENTS:

- ▢ GWIP Water Project



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INFRASTRUCTURE

Windsor Water Opportunity

April 2019

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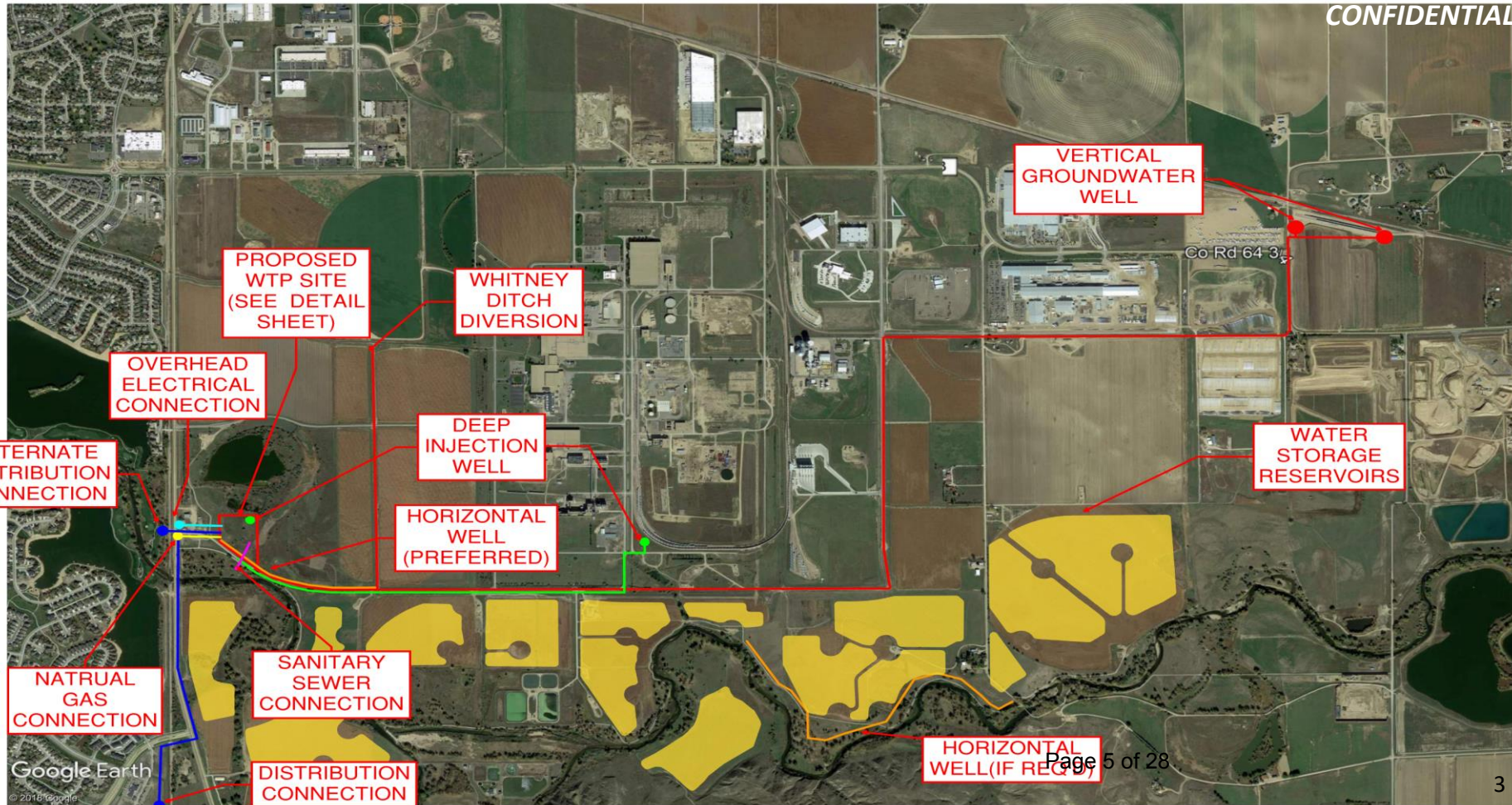
Agenda

- A Few Project Elements to Keep in Mind
- GWIP Water Project vs. Other Water Providers
 - Capital Cost Comparisons
 - Operating Cost Comparisons
 - Total Cost Comparisons
- Project Financing Approaches
 - Windsor Water Authority
 - Regional Water Authority
 - GWIP Water District
- Project Schedule

SITE LAYOUT

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Water Re-Use

Reusable Water Rights vs. **Fully Consumable** Water Rights

- CBT – Fully Consumable but not Reusable
- NISP – Fully Consumable but approximately 19% of supply is Reusable
- Our Whitney Ditch water is Fully Consumable and Reusable with this Project

Bottom line: Our water requires higher-cost treatment, but those costs are offset by the fact that our water rights allow us to get significantly more treated water yield through re-use.

POTABLE WATER DELIVERED (AF/YR) FOR DIFFERENT SCENARIOS			
	No Re-Use	50% of Maximum Re-Use	Maximum Re-Use
83.4% Plant System Recovery (HDR)	1,359	1,844	2,330
79.2% Plant System Recovery	1,290	1,713	2,136
75.0% Plant System Recovery (Dewberry-Moltz)	1,222	1,588	1,955

Notes:

- (1) The "Plant System" includes all unit operations from the raw water supply well, to the delivery point. It does not include evaporative losses associated with augmentation water storage.
- (2) The potable water yield from a non-reusable water right is equivalent to the "No Re-use" column.

Capital Costs (\$/AF)

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	Greeley	North Weld County	GWIP ⁽⁴⁾ 4 MGD	GWIP ⁽⁵⁾ 5 MGD
Historical ⁽¹⁾⁽²⁾⁽³⁾	48,565	40,773	N/A	
Planning Yield (0.60 AF per share at \$36,400 per share)				
CBT Market Price Today for Planning Yield (\$60,667 per AF)	80,232	66,867	83,510	72,000
CBT Market Price for Planning Yield Over 10 years at 4% annual Growth	118,763	98,979		
CBT Market Price for Planning Yield Over 10 years at 10% annual Growth	208,102	173,435		
Firm Yield (0.50 AF per share at \$36,400 per share)				
CBT Market Price for Firm Yield (\$72,800 per AF)	92,365	79,000		
CBT Market Price for Firm Yield Over 10 years at 4% annual Growth	136,723	116,939		
CBT Market Price for Firm Yield Over 10 years at 10% annual Growth	239,572	204,905		

The cost of our water will be locked-in with contract execution

(1) Greeley cash-in-lieu figure sourced current fee schedule at \$29,000/AF. North Weld County's cash-in-lieu figure sourced from NWC current fee schedule at \$34,573/AF.

(2) Per Greeley water service agreement, cost to increase total annual water treatment is (\$10,800/0.414af*.75).

(3) Per NWCWD water service agreement, cost to increase capacity by 1 gpm equals the district's PIF (\$8,500) plus distance fee (\$1,500). Converted GPM to AF/year at a ratio of 1:1.613.

(4) Does not include additional 10% or 30% raw water dedication required by NWC and Greeley, respectively.

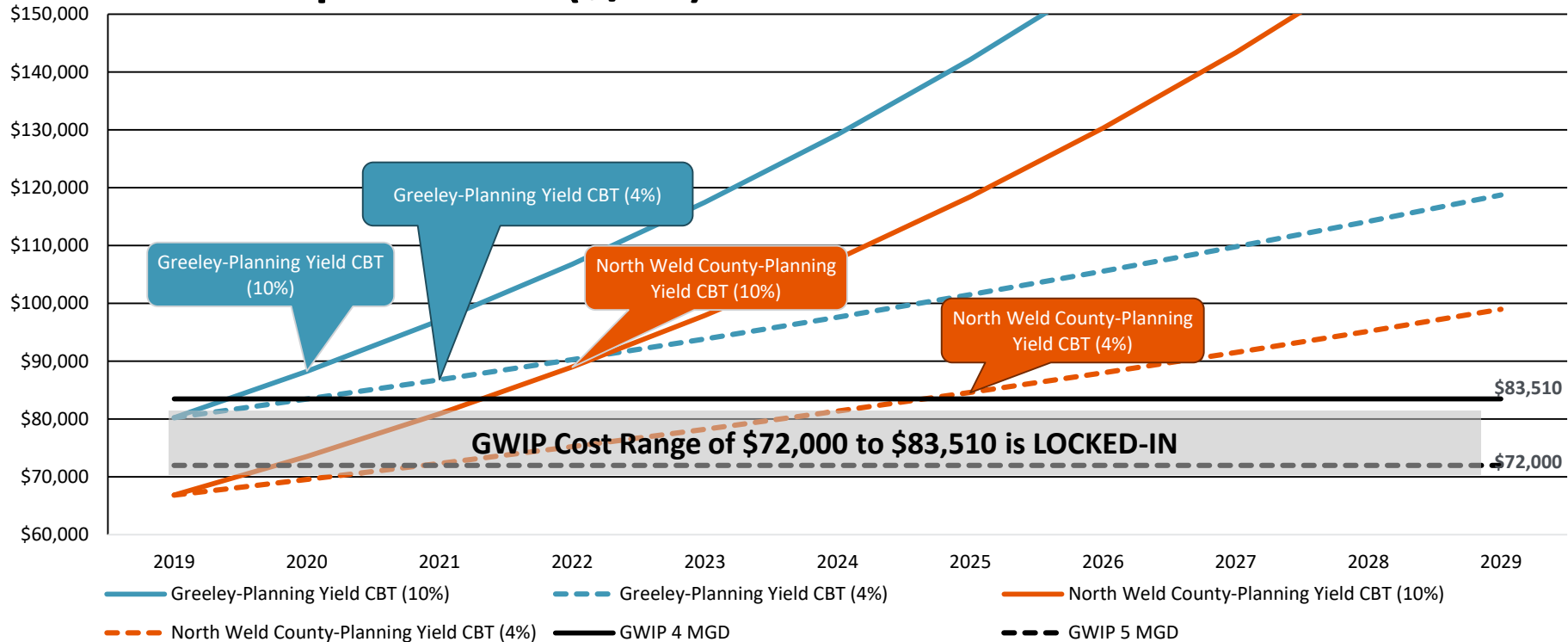
(5) 4 MGD Plant assumes 1,588 AF delivered (25% system loss, 50% of full reuse)

(6) 5 MGD Plant assumes 1,955 AF delivered (25% system loss, full reuse)

Total Capital Costs per Acre Foot of Potable Water Delivered

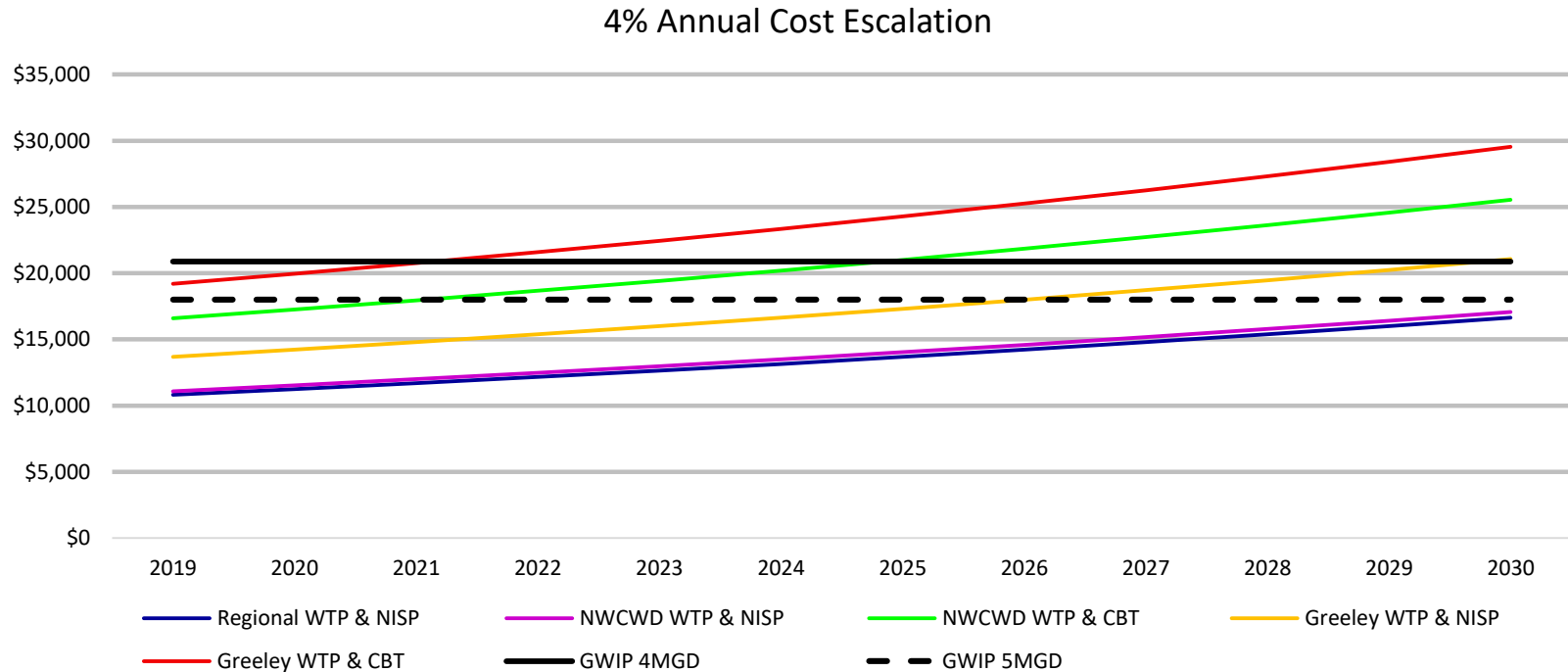
Future Capital Costs (\$/AF)

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Notes:
 All costs exclude financing costs
 NWC and Greeley Costs assume CBT and Capital costs included in cost escalation.
 Annual O&M not included in cost per acre-foot per year.
 4 MGD Plant assumes 1,588 AF delivered (25% system loss, 50% of full reuse)
 5 MGD Plant assumes 1,955 AF delivered (25% system loss, full reuse)

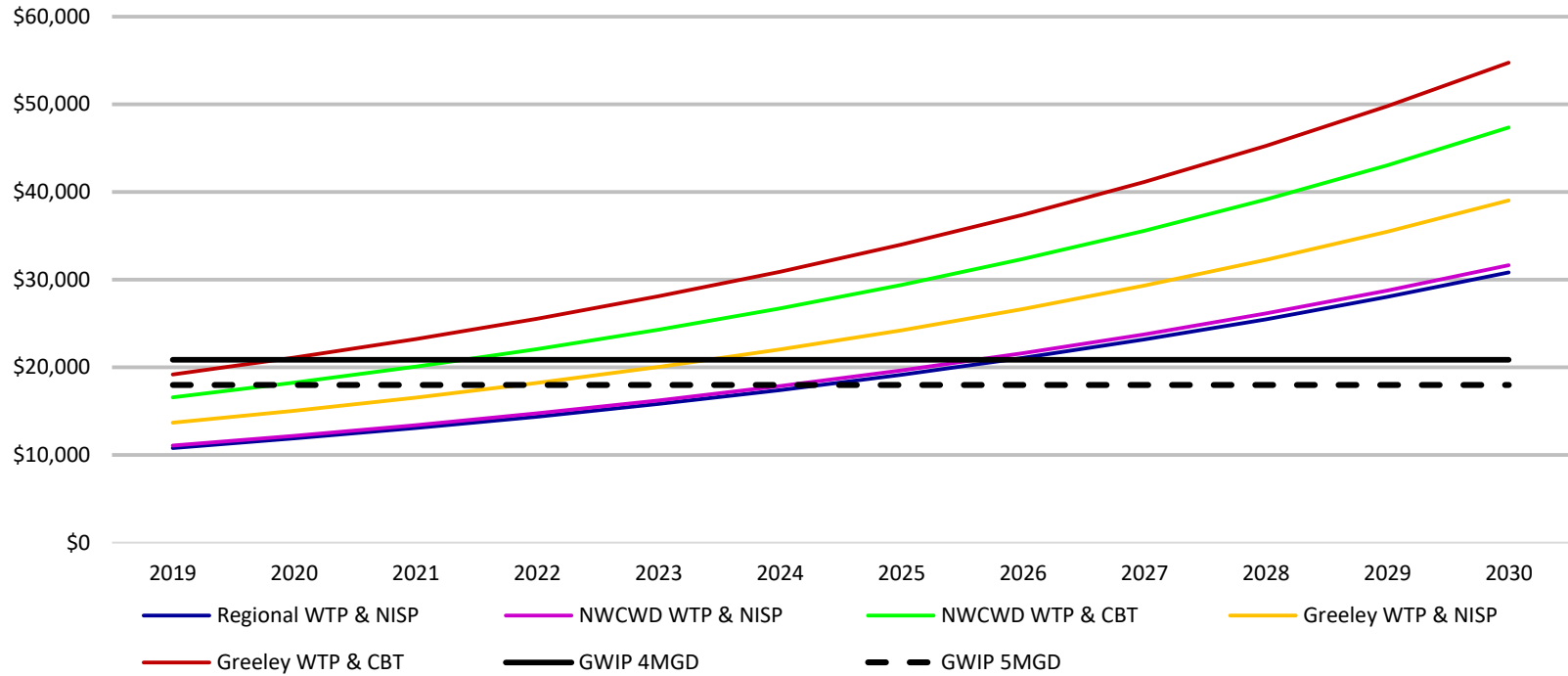
Windsor Staff's Modeling – Cost Per Household (0.25 AF/yr)*



*Assumes a dual potable/non-potable system.

Windsor Staff's Modeling – Cost Per Household (0.25 AF/yr)*

10% Annual Cost Escalation



*Assumes a dual potable/non-potable system.

Treatment Cost per Delivered AF

	Greeley	North Weld County	GWIP ⁽³⁾ 4 MGD	GWIP ⁽⁴⁾ 5 MGD
2019 Rates ⁽¹⁾⁽²⁾	1,418	1,105	882	846
2019 rate in 10 years at 4% annual Growth	2,099	1,636	1,306	1,252
2019 rate in 10 years at 10% annual Growth	3,678	2,866	2,289	2,195

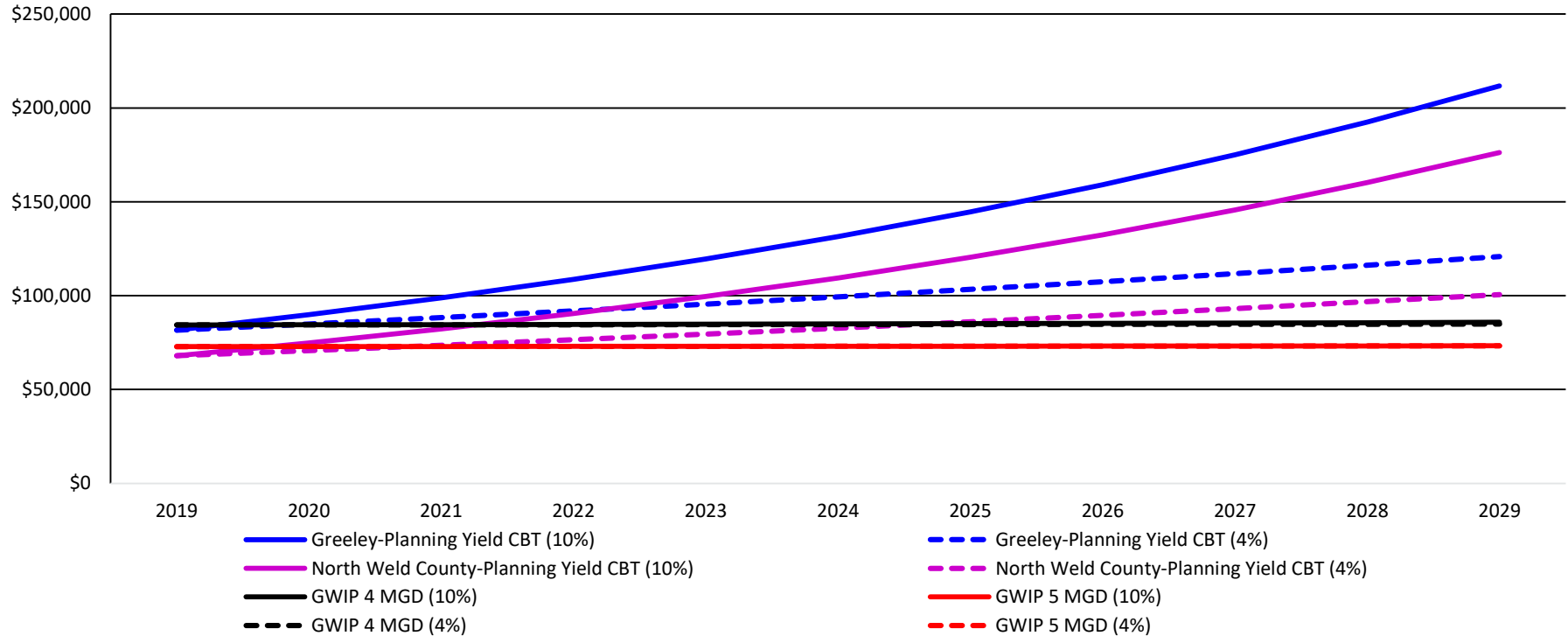
(1) Greeley rate per City of Greeley water use charge at \$4.35 per kgal.

(2) NWCWD rate per NWCWD rate schedule at \$3.39 per kgal.

(3) 4 MGD Plant assumes 1,588 AF delivered (25% system loss, 50% of full reuse). Cost per kgal of \$2.71.

(4) 5 MGD Plant assumes 1,955 AF delivered (25% system loss, full reuse). Cost per kgal of \$2.60.

Future Total Costs

**Notes:**

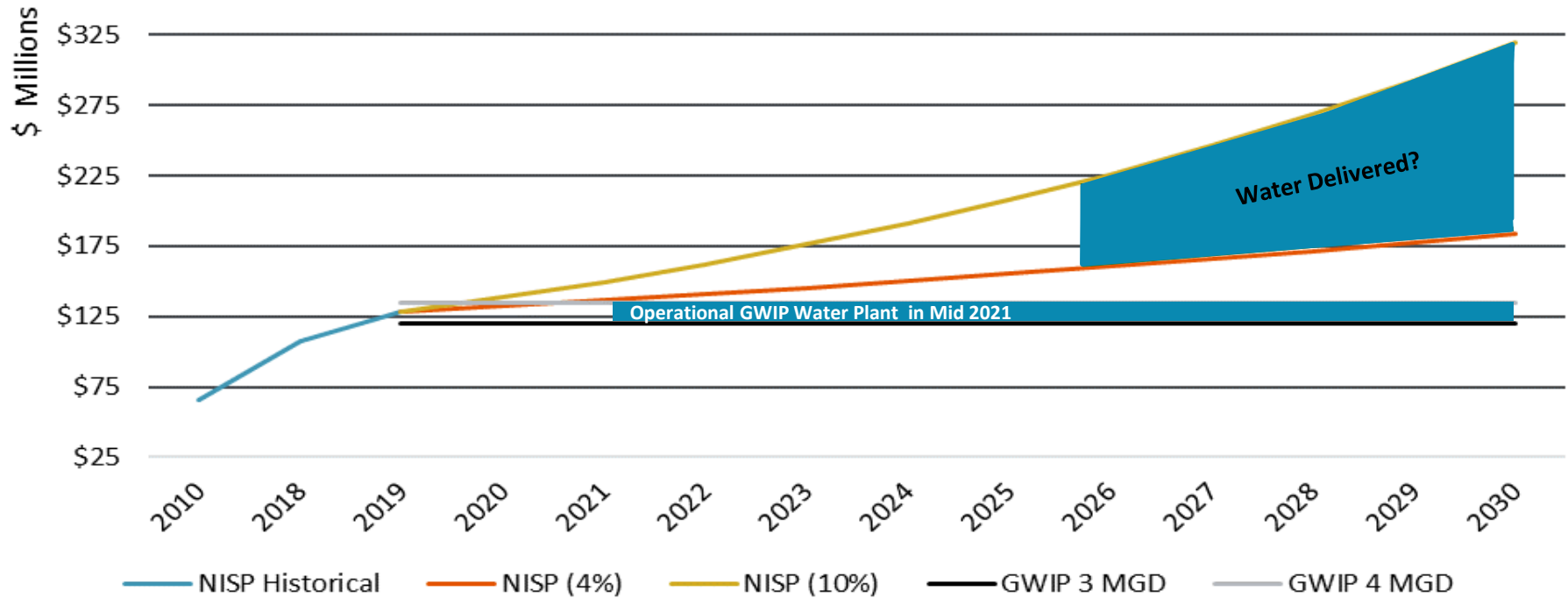
Greeley rate per City of Greeley water use charge per Kgal at \$4.53. NWCWD rate per NWCWD rate schedule at \$3.39 per Kgal.

4 MGD Plant assumes 1,588 AF delivered (25% system loss, 50% of full reuse)

5 MGD Plant assumes 1,955 AF delivered (25% system loss, full reuse)

Project Capital Costs: GWIP vs. NISP (\$M)

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Notes:

All costs exclude financing costs.

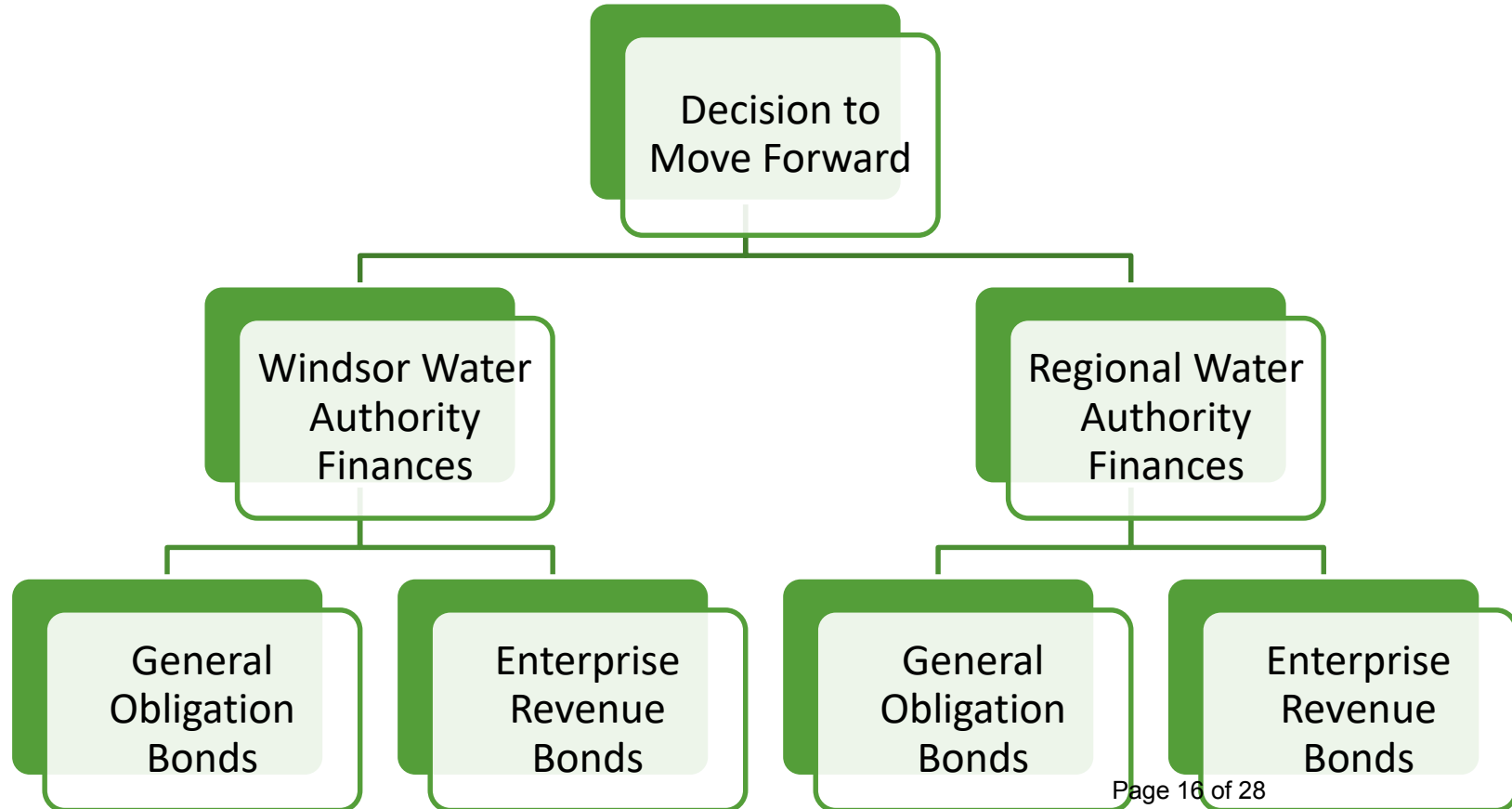
Annual O&M not included in cost per acre-foot per year.

Project Risks: GWIP vs. NISP

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Item	GWIP Project	NISP
Timing Certainty	Operating within 2.5 years	Uncertain; 10+ years
Permitting Risk	Low	Moderate-High
Windsor's Level of Control	High	Low
Litigation Risk	Low	High
Exposure to Long-Term Inflation	O&M costs only	Construction and O&M costs
Project Cost/Price	Lock-in by contract in 2019 for 20+ years with competitive pricing	Subject to further escalation: \$490M in 2010, \$1B in 2018, \$1.25B in 2019... plus treatment plant

Financing Strategies for the GWIP Project

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Windsor Water Authority Finances the Water Project

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Pros:	Cons:
Control	Larger Debt Burden
Regional Provider	Potentially greater rate payer burden if done in conjunction with NISP
Greater Future Capacity	

Windsor
Water
Authority
Finances

General
Obligation
Bonds

Enterprise
Revenue
Bonds

Pros:	Cons:
Lowest cost of capital	TABOR Vote Required
Likely highest rated	
No DSRF	
No rate covenant	

Pros:	Cons:
No TABOR Vote Required	Higher cost of Capital
	Lower rating
	DSRF required
	Rate covenant required

Regional Water Authority Finances the Water Project

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Pros:	Cons:
Lower Windsor Debt Burden	Less control
Potentially lower rate payer burden	Less capacity

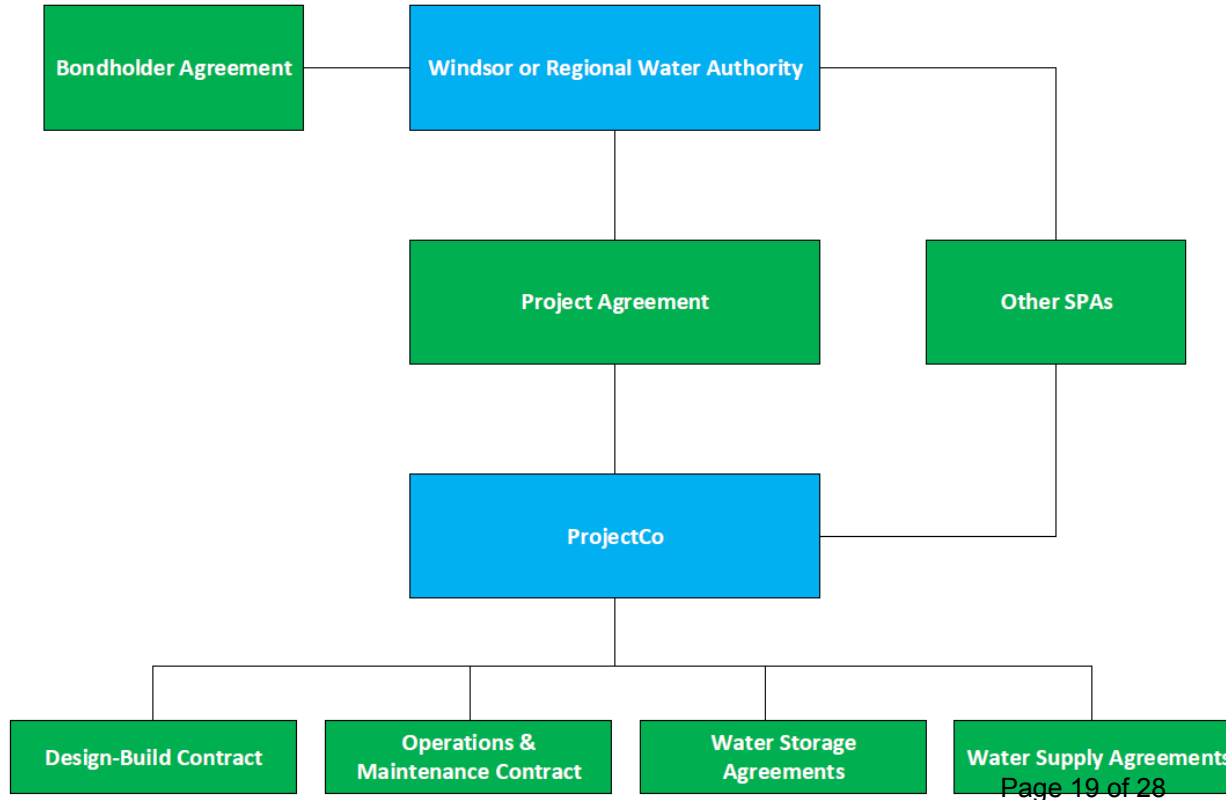
Regional Water Authority Finances

General Obligation Bonds

Enterprise Revenue Bonds

Pros:	Cons:
Lowest cost of capital	TABOR Vote Required
Likely highest rated	
No DSRF	
No rate covenant	

Pros:	Cons:
No TABOR Vote Required	Higher cost of Capital
	Lower rating
	DSRF required
	Rate covenant required



“SPA” = Sale & Purchase Agreement

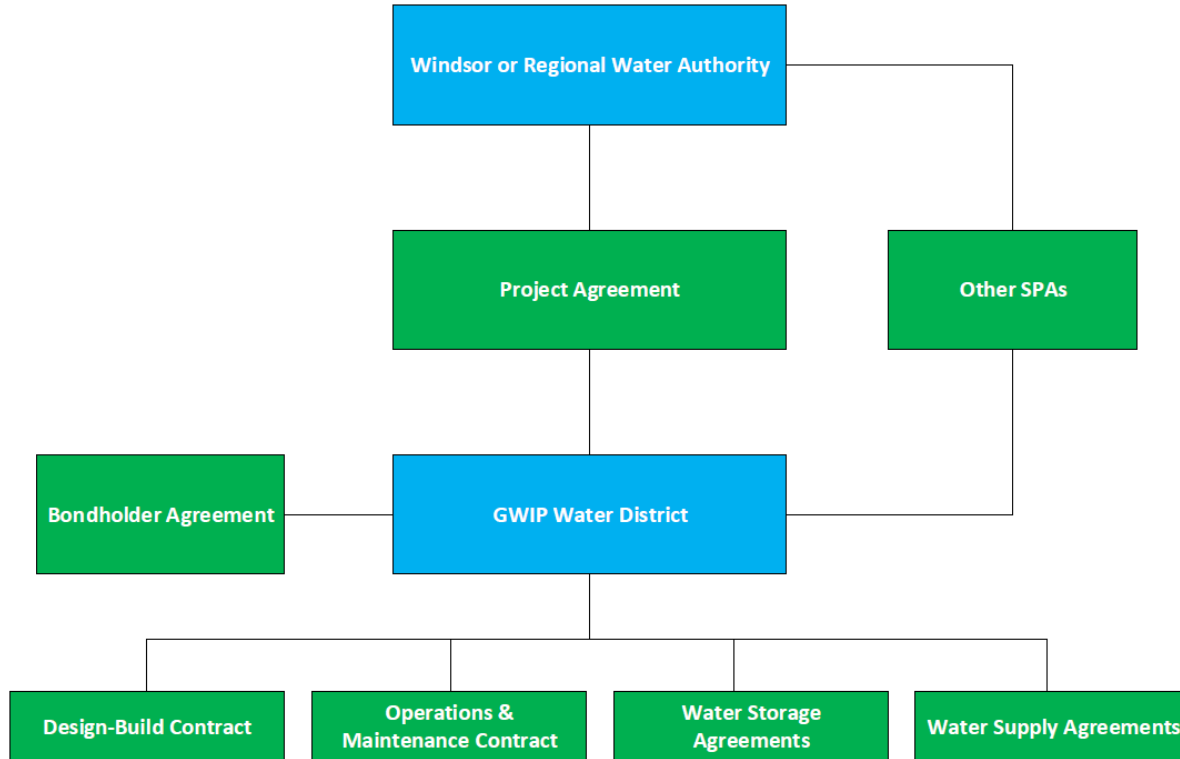
GWIP Water District Finances the Water Project

Pros:	Cons:
Lower Windsor Debt Burden	Least control
Potentially lower rate payer burden	Less capacity
	Highest cost of Capital
	Lowest rating
	DSRF required
	Potentially higher Rate covenant required

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graph TD; A[GWIP Water District Finances] --> B[Enterprise Revenue Bonds]
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GWIP Water District Finances

Enterprise Revenue Bonds



“SPA” = Sale & Purchase Agreement

Investment-Grade Rating

Minimum Expectations for Revenue Bonds

- Water sales contracts in place to generate project revenues that support the debt service
- Rates & charges study completed
- Coverage covenants in the range of 1.20x to 1.30
- Fully funded debt reserve fund (“DSRF”)
- Potential for insurance and DSRF surety



Our Proposal to the Town

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- We are ready to begin the next stage of Project development activities, during which we will:
 - Advance the Project's design,
 - Determine and implement the Project's financing plan, and
 - Draft, negotiate, and finalize the Project's commercial agreements.
- The Town needs to determine whether it wants to continue to participate in the next stage of the Project. If the answer is yes, then:
 - BID and the Town will work to develop mutually agreeable terms for a Letter of Intent that outlines the parties' general expectations for the provisions of an eventual Project Agreement.
 - BID will initiate Stage 3 Design-Build activities to advance the design and cost estimates, working toward a Design-Build contract with a Guaranteed Maximum Price at a 50% design.
 - BID and our advisors will work with the Town and its advisors to develop a financing plan that best aligns with the Town's needs and situation.
 - As needed, BID and the Town will work with other potential participants to develop additional demand for the Project's supply capacity through a collaborative regional effort.
 - BID and the Town (and partner communities, if that is the preferred approach) will work together to develop a Project Agreement based on the financing plan.



MEMORANDUM

Date: April 1, 2019
To: Mayor and Town Board
Via: Shane Hale, Town Manager
From: Shane Hale, Town Manager
Re: Future Meetings Agenda
Item #: 1.a.

ATTACHMENTS:

- ▢ Future Meetings Agenda



FUTURE TOWN BOARD MEETINGS

April 8, 2019 5:30-6:00 p.m.	Board/Manager/Attorney Monthly Meeting
April 8, 2019 6:00 p.m.	Town Board Special Meeting Cable Franchise Agreement
April 8, 2019 7:00 p.m.	Town Board Regular Meeting
April 15, 2019 5:30 p.m.	Town Board Work Session Meet the Board – New Hire Employees 7 th Street Traffic Update 2018 International Building Codes, Contractor Licensing & Residential Guidelines – Joint meeting with Planning Commission
April 22, 2019 6:00 p.m.	Town Board Work Session Smoking in the Parks
April 22, 2019 7:00 p.m.	Town Board Regular Meeting
April 29, 2019	Fifth Monday – No Meeting
May 6, 2019 6:00 p.m.	Town Board Work Session Bright Futures Presentation/Discussion Transportation Master Plan Kick-Off
May 13, 2019 5:30 p.m.	Board/Manager/Attorney Monthly Meeting Parks, Recreation and Culture Strategic Plan
May 13, 2019	Town Board Regular Meeting Kern Board
May 20, 2019 6:00 p.m.	Town Board Work Session Projected Residential Buildout Based on Existing Land Use
May 27, 2019	Meeting Cancelled, Town Hall Closed – Memorial Day
June 3, 2019 6:00 p.m.	Town Board Work Session Windsor Water Strategy
June 10, 2019 5:30 p.m.	Board/Manager/Attorney Monthly Meeting
June 10, 2019 7:00 p.m.	Town Board Regular Meeting

June 17, 2019 6:00 p.m.	Town Board Work Session
June 24, 2019 6:00 p.m.	Town Board Work Session
June 24, 2019 7:00 p.m.	Town Board Regular Meeting

Additional Events

April 3, 2019	CML Meeting, Town of Windsor Public Works Facility, Windsor, CO
April 11, 2019	1 st Quarter Regional Elected Officials Meeting 5:30-9:00, Wellington Fire Department
April 26, 2019	Bellvue Water Treatment Plant Tour, Bellvue, CO
June 18-21, 2019	Colorado Municipal League Annual Conference, Breckenridge, CO

Future Work Session Topics

- Investment Strategy Discussion
- Land Use Code Update meeting with Planning Commission (next code section in series) – Planning
- Economic development/retail needs at 60,000 population
- Parks and Recreation Strategic Plan
- Fehr & Peers Preliminary Transportation Master Plan Information for CIP Budget Discussion (July/August)
- Trails and Open Space update



MEMORANDUM

Date: April 1, 2019
To: Mayor and Town Board
Via: Shane Hale, Town Manager
From: Shane Hale, Town Manager
Re: Executive Session
Item #: D.1.