WATER AND SEWER BOARD REGULAR MEETING
November 13, 2019 – 6:30 a.m.
2nd Floor Conference Room - 301 Walnut Street
Windsor, CO 80550

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 2nd **day** prior to the meeting to make arrangements.

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 by the Board
3. Public Invited to be Heard

B. CONSENT CALENDAR

C. BOARD ACTION

1. Approve minutes from the October 9, 2019 meeting

D. PRESENTATIONS AND DISCUSSION

1. Water Rates Presentation: *Ethan Harden, Stantec*
2. Stormwater Fees Presentation: *Janine Hegeman, Stormwater Coordinator*
3. Formation of Ad Hoc Committee "Citizen Outreach"

E. COMMUNICATIONS

1. Grant applications made to Northern Water from Windsor entities
   a. Letter of endorsement from W&S Board for Northern Water Grant application for Highpointe Metro District
2. Dates of upcoming events: Northern Water Symposium, Nov 20 and Poudre River Forum, Feb 28

F. ADJOURN

WATER AND SEWER BOARD REGULAR MEETING
October 9, 2019 – 6:30 a.m.
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Windsor, CO 80550

MINUTES

A. CALL TO ORDER

Board Chairperson Bielawski called the meeting to order at 6:30 a.m.

1. Roll Call

Roll Call	Chairperson	Greg Bielawski
	Vice-Chairperson	Carlos Medina
	Secretary	Julie Cline (absent)
		Darell Zimbelman
		Milt Tokunaga
		Milton Geiger
		Janene Willey
	Town Board Liaison	Ken Bennett
Also present:	Community Development Director	John Thornhill
	Director of Public Works	Terry Walker
	Director of Finance	Dean Moyer
	Budget Analyst	Karl Gannon
	Utility Billing Admin Specialist	Erin Porter
	Administrative Assistant	Kim French

2. Review of Agenda by the Board and Addition of items of New Business to the Agenda for Consideration by the Board
   There were no additional items added to the agenda.

3. Public Invited to be Heard
   There was no public comment.

B. CONSENT CALENDAR

There were no items on the consent calendar.

C. BOARD ACTION

1. Minutes of July 9, 2019 Regular Meeting
   Board Vice-Chairperson Medina moved to accept the minutes for the September 11, 2019; Board Member Willey seconded the motion. Motion carried unanimously.

2. Recommend to Town Board modifications to raw water dedication
   Mr. Thornhill discussed the presentation from the previous meeting and advised that the information had been presented to the Town Board as well. He stated that staff was confident in lowering the dedication of single family residential with dual-use systems to 0.25 acre feet (af), which includes all treatment losses.

He is also recommending lowering multi-family usage to 0.15 af from 0.18 af due to the improvement in fixtures and occupancy rates. He looked at other municipalities and the 0.15 af dedication is in line with what other areas are requiring.

The third change would be to lower the single family residential without a non-potable system factor from .58 af to .50 af per permit. There are few new buildings constructed that would fall into this category because all new developments currently are on a non-potable system, and the dedication will be looked at on a case by case basis for all other new single family residential non-dual buildings.

The fourth change would be for multi-family residential without a non-potable system. This would be in line with the other multi-family dedication rate of .15 af for the domestic portion but the outdoor dedication rate would be 3af/acre, which should cover any demand on the outside. This could also be reviewed on a case by case basis.

Board Vice-Chairman Medina moved to submit the recommendation for the changes to the Town Board; Board Member Zimbelman seconded the motion. Motion carried unanimously.

3. <u>2020 Water, Sewer, and Stormwater Budgets</u>
   Mr. Moyer stated that he wouldn't go through line by line on the budget, but he would go over highlights and answer any questions that the Board may have.

   Starting with the Water Fund, the water-tap fees or plant investment fees are calculated based on the projected permits for single-family homes for the next year. Staff is currently working on water rates, and will be updating the Town information with Stantec, who were used previously in setting the last increase. Proposed rates will be presented to the Water/Sewer Board in November. The Board discussed these items as well as the projected cost of NISP for the coming few years.

   The Board also discussed staffing, water tank maintenance, increases in water conservation, decreases in public relations, and upgrades to the SCADA system. There is also no money budgeted for buying water because going forward the Town will move to a 100% cash-in-lieu dedication.

   The Sewer Fund has very few changes, but there will be a rate study next year. There will also be a master plan update for the sewer system this year so the Town will have a better idea of when the Town's wastewater treatment facility will reach capacity. There will also be some manhole rehabilitation.

   The Storm Drainage Fund includes an additional equipment operator to help with the additional regulations from the MS4 permit. An environmental services cleanup contract was also added as an additional emergency resource. There will also be an increase in the storm water rates for this year.

   Board Member Tokunaga moved to submit the recommendation for the budget to the Town Board; Board Vice-Chairperson Medina seconded the motion. Motion carried unanimously.

D. PRESENTATIONS AND DISCUSSION

There were no presentations or discussions.

E. COMMUNICATIONS

1. <u>Water Literate Leaders presentation November 20,2019</u>

Mr. Thornhill will be going to the Water Literate Leaders presentation on November 20, 2019 and will present Windsor's water story.

2. Status of anticipated applications to Northern Water for Water Efficient Landscape Grants – Nov 15 due date
   Board Member Tokunaga provided an update on the grant application his HOA is submitting. Board Chairperson Bielawski also provided an update on the grant application his HOA is submitting.

3. Upcoming Northern Water Meetings
   Mr. Thornhill provided the dates for the upcoming meetings for Northern Water to discuss NISP on 10/10/19 at 6pm and a work session with the Larimer County Commissioners on 11/13/19, and 11/20/19 will be the Fall Water Symposium.

G. ADJOURN

Board Member Willey moved to adjourn the meeting at 7:59 am; Board Member Tokunaga seconded the motion. Motion carried unanimously.

Submitted by:

Erin Porter, Utility Billing Administrative Specialist

Stantec

Town of Windsor, CO

Water Rate Study 2020 Update

Agenda

1. Overview
2. Key Drivers
3. Water Fund Scenarios

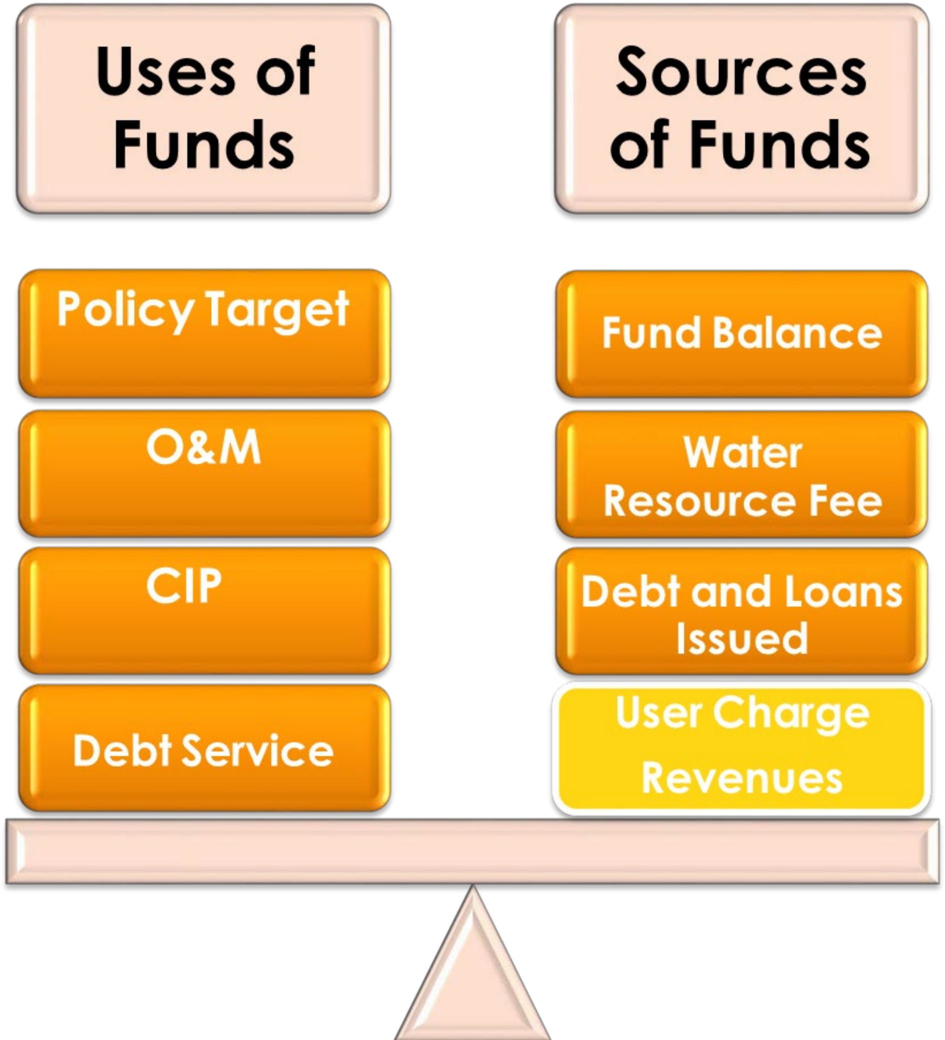
Overview

What Has Changed Since Last Rate Study?

- Update 2018 actual revenues and expenses
- Update from 2019 original budget to 2019 final budget
- Incorporate 2020 proposed budget
- Update to most recent 10- year Capital Improvement Plan for FY 2019-2028

  Projects category: R&R projects, water acquisition, NISP, and WTP
- Validated key assumptions with staffs
- Re-evaluate water rate scenarios

When we balance the plan we can show future costs, rates, and impacts from policies



Overview

Utility's Financial Goals

- Maintain debt service coverage at target level – 120%
- Maintain adequate reserve requirements
  - Water – 90 days cash on hand to maintain bond ratings
- Minimize rate impacts to rate payers
- Growth pays for growth
- Adequately fund water resource needs

Key Drivers of the Water Rate Projection

Growth	Growth projection was evaluated at various levels • 80%, 90%, and 100%
Mill Levy	Treatment Cost Projection for NWCWD • Pass – 10% increase in FY 2020. Then 3% annual escalation thereafter • Doesn't Pass – 5 years of 10% increase from FY 2020 – 2024. Then 3% annual escalation thereafter
NISP	Timing of NISP project • NISP project delay until FY 2023 • NISP project delay until FY 2024

** Assumptions for Scenario 1 are labeled in orange text*

Growth
Projection

Growth Projections

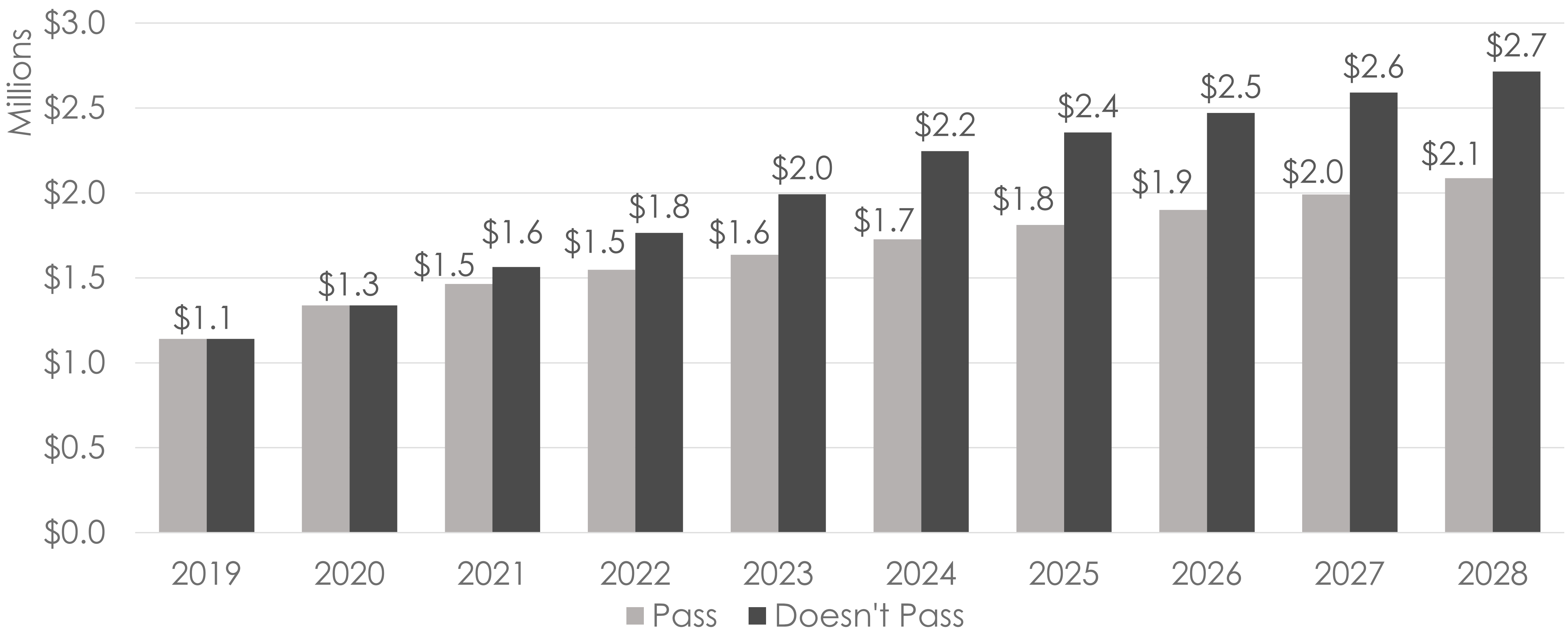
- Growth estimates consistent with economic development reports, as of Aug 2019 – 4.62% (both platted and non-platted)

Growth Area	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
RainDance SFE's	640	640	640	291	291	291	-	-	-	-
Other New Developments	40	41	41	18	18	18	232	232	232	232
Total	**680**	**680**	**680**	**309**	**309**	**309**	**232**	**232**	**232**	**232**
Total @ 80% Growth	**680**	**544**	**544**	**544**	**544**	**544**	**544**	**544**	**544**	**544**

***Note**: 80% growth execution is applied to the annual growth projection units within scenario 1*

Treatment Costs Projection

NWCWD Treatment Costs Projection



NISP Costs Projection

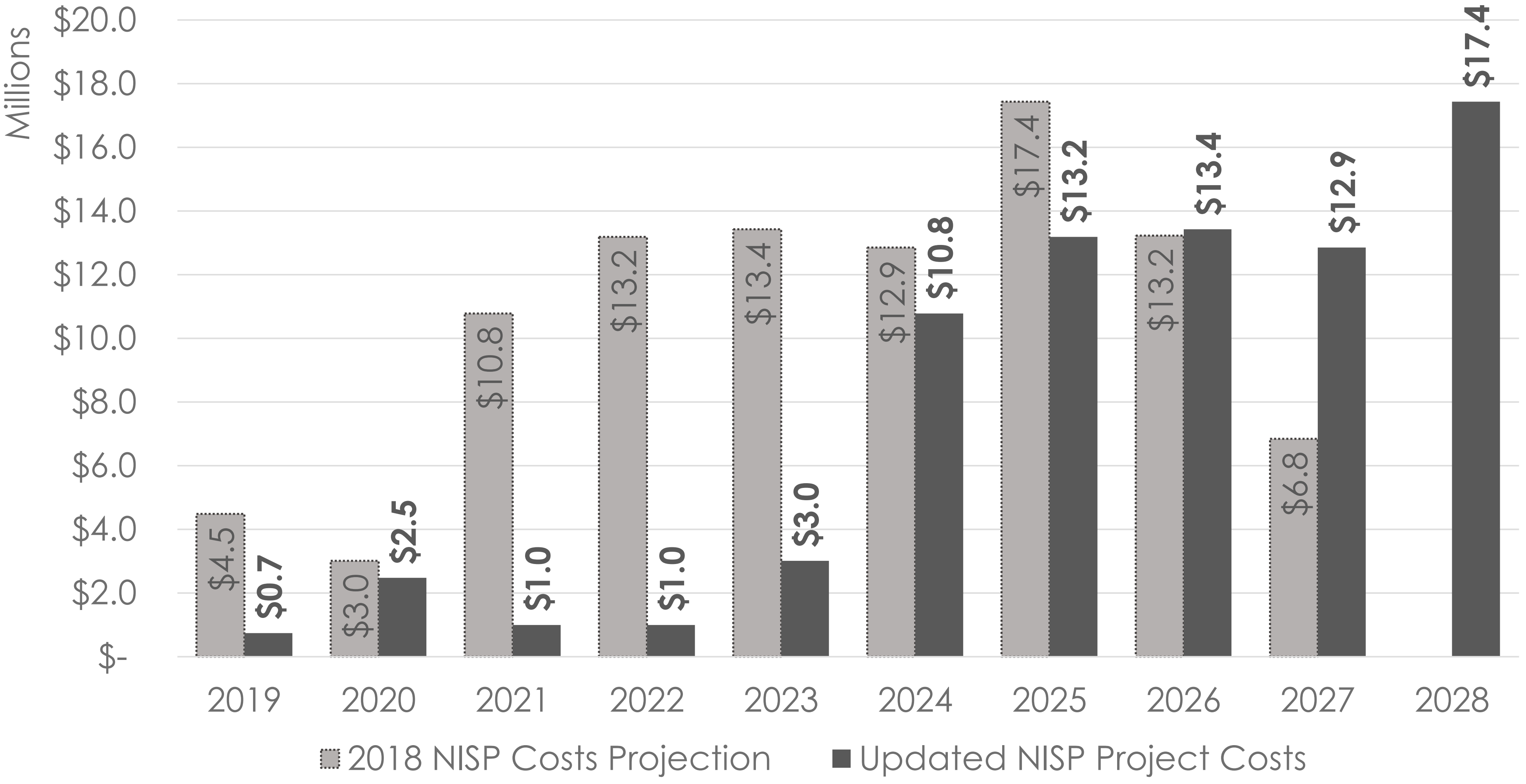
NISP Project Costs Projection

Update since last year:

1. NISP is delayed 3 years until FY 2023

2. FY 2019 - 2022 costs are annual NISP related O&M costs

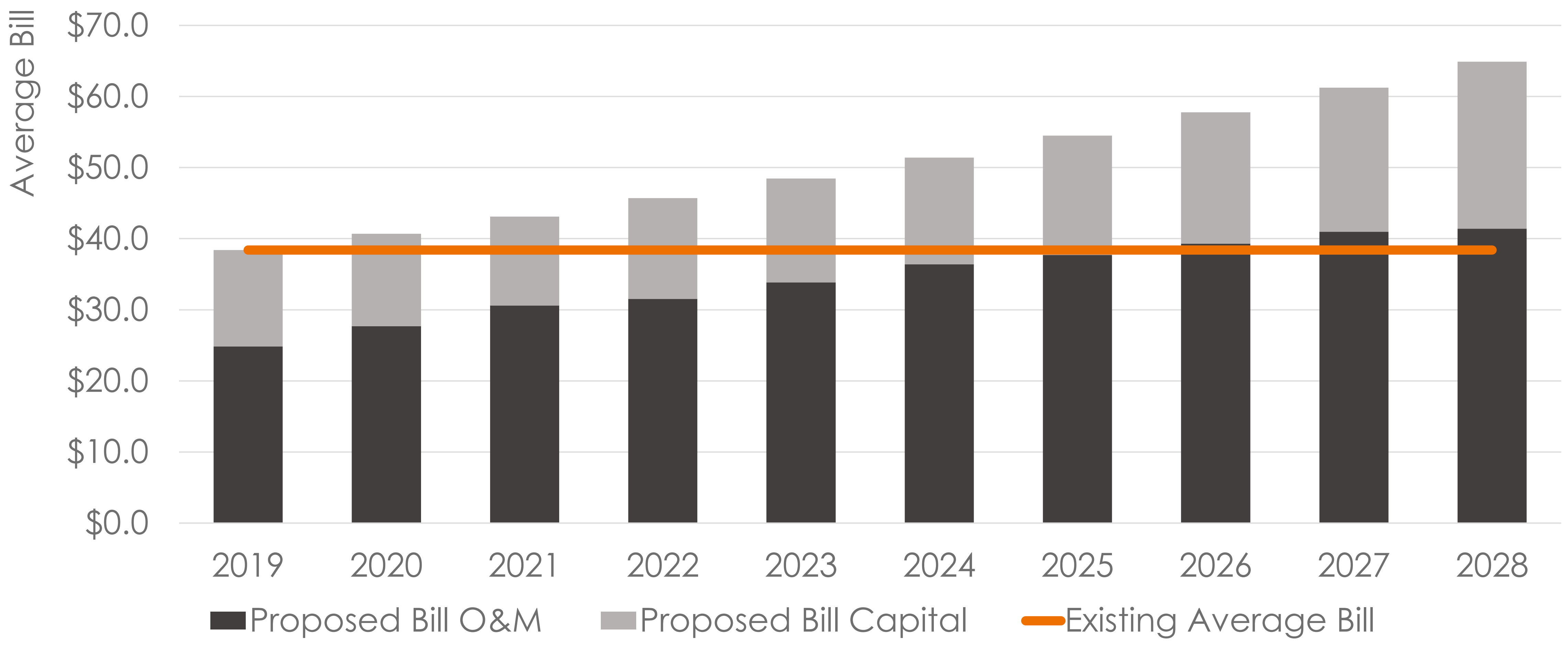
Results in more time to build the reserve up to fund NISP costs



Average Bill

O&M and Capital Portion of Average Bill

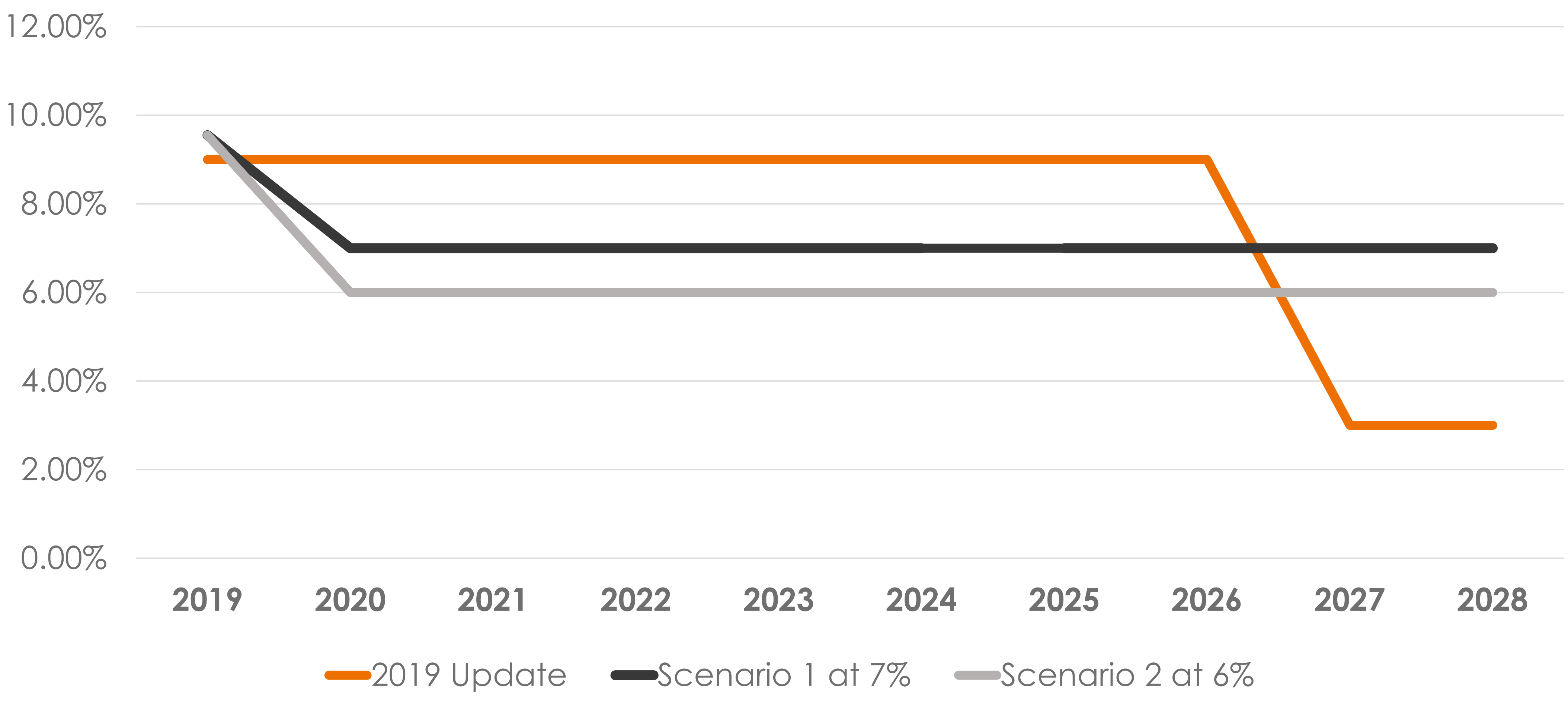
Avg. Bill based on 5kgal



Scenarios

Scenarios

Water Fund Rate Projection



Water Fund Scenario Summary

	Scenario 1	Scenario 2
Rates	7% annual rate increases from FY 2020-2028	6% annual rate increases from FY 2020-2028
Growth Execution	80% Growth Execution	100% Growth Execution
Mill Levy	Mill Levy Pass	Mill Levy Doesn’t Pass
NISP	NISP starts in FY 2023	NISP starts in FY 2024

Board Direction

MEMORANDUM

Date: October 9, 2019
To: Water Sewer Board Members
Via: Shane Hale
From: Janine Hegeman, Stormwater Program Coordinator
Re: Storm Drainage Fund Fee Increase

Overview

The Storm Drainage Fund is by classification, a self-funding enterprise of the Town of Windsor. Revenues in general, must be adequate to pay for both operating and capital expenditures. Under the current revenue structure, funds are received under four methods of collection;

1. Operations & Maintenance Base Fee of $2.20 per account per month – funds O&M expenses and paid by all customers.
2. Monthly account fee of $1 – funds mosquito control / mitigation efforts and paid by all customers.
3. New Growth Basin Impact Fee – funds future development projects and received via the building permit process that is paid by developers.
4. Monthly Basin User Fee – based on square footage of impervious area of account-holder property and funds both future development and O&M expenses. Paid by all customers.

Due to increased capital and operating requirements, staff is requesting the following rate increases:

1. Monthly Basin User Fee – that portion that funds future development (impervious multiplier of .00072), staff is requesting an increase of 1.8%.

2. Monthly Basin User Fee - that portion that funds O&M expenses (impervious multiplier of .0002), staff is requesting an increase of 15% to the multiplier.

3. Staff also requests that the New Growth Basin Impact Fee be increased by 1.8%. This increase meets the current minimum review standard under Section 13-3-80(a) of the Town's Charter, of a two-year moving average of the Colorado Construction Cost Index.

RATE TYPE	CURRENT PER Sq. FOOT MULTIPLIER	PROPOSED PER Sq. FOOT MULTIPLIER	PERCENTAGE INCREASE	2020 ADDITIONAL REVENUE
Monthly Basin User Fee - O&M	$ 0.0002	$ 0.00023	15.00%	$ 23,837
Monthly Basin User Fee - Development	$ 0.00072	$ 0.000733	1.80%	$ 10,298
New Growth Basin Imapact Fee	$ 0.2206	$ 0.2246	1.80%	$17,000 - $28,000

Rationale for Increases

1. Shortfall in Funding for Future Development:

For the 2020 budget cycle it has been determined that an increase is warranted due to the Fund's short-term capital requirements ($4.8M) for the Chestnut Street and 10th Street drainage projects and long-term community needs ($18M) for the Law Basin Channel. With an anticipated drawdown of $2.6M for capital projects in 2020, and uncertainty over the inflows of future New Growth Basin Impact Fees, staff believe that it is imperative that the Town not fall behind significantly in its ability to fund future storm drainage needs. As such, staff is recommending; a) that the impervious multiplier of the Monthly Basin Improvement Rate, be increased by 1.8% (as determined by the CCI 2-year average increase) from .00072 to 000733, and b) that the New Growth Basin Impact Fee be similarly increased by 1.8%

The projected results and effects of an increase to the Monthly Basin Improvement Rate on customer classes is noted as follows;

PER CUSTOMER AVERAGE		
Customer Class	**Average Monthly Increase**	**Average Annual Increase**
Bus Dual System	$ 0.50	$ 5.95
In Town Bus	$ 0.46	$ 5.48
In Town Church	$ 0.47	$ 5.68
In Town Ind	$ 2.34	$ 28.06
In Town Res	$ 0.05	$ 0.58
In Town School	$ 2.01	$ 24.15
Res Dual System	$ 0.05	$ 0.60
Sewer-Storm Drain	$ 0.07	$ 0.88
Storm Drain Only	$ 0.07	$ 0.87
Projected Increase for 2020 = $10,298		

The projected increase of $10,298 for 2020, is anticipated to be further enhanced with a 3% annual increase in customer accounts, and together with regular annualized increases, provide over $90,000 in additional revenue for the Town's storm drainage requirements over the next ten years.

The effect of a 1.8% increase in the New Growth Basin Impact Fee is a projected increase of between $17,000 and $28,000 in 2020 receipts, depending on the calculation methodology used – 3-year average (2016-2018) or prorated 2019 actuals.

2. Shortfall in Funding for O&M Expenses:

Staff is also requesting an increase of 15% in the impervious multiplier of the O&M portion of the Monthly Basin User Fee, increasing it from .00020 to .00023. In the near term, as shown below, O&M needs will not be fully funded under current conditions;

TOWN OF WINDSOR COLORADO

Revenues	2020	2021	2022	2023	2024	2025
Current (2020) Revenue Projections for Operations & M	$ 509,864					
*Mosquito Control	$ (135,493)					
**Interest Income	$ (50,000)					
Normalized Revenues for Operations & Maintenance	$ 324,371					
Plus 3% Annual Increase for New Accounts		$ 334,102	$ 344,125	$ 354,449	$ 365,082	$ 376,035
Expenses	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Current (2020) Expense Projections for Operations & M	$ 423,381					
*Mosquito Control	$ (91,432)					
Normalized Expenses for Operations & Maintenance	$ 333,969					
Plus 3% Annual Inflationary Increase		$ 343,988	$ 354,308	$ 364,937	$ 375,885	$ 387,162
Plus Additional $10k Annual Allowance for MS-4 Program		$ 353,988	$ 364,308	$ 374,937	$ 385,885	$ 397,162
Projected Annual Variance		**$ (19,886)**	**$ (20,183)**	**$ (20,488)**	**$ (20,803)**	**$ (21,127)**

* Mosquito Control expenses will increase in future years and any surplus will be minimized.
** Interest Income will reduce significantly as capital projects reduce the fund balance.

The reasons for the projected shortfall are threefold:

1. An increase in O&M expenses brought about by additional staffing (Equipment Operator - .50 FTE)
2. Lower interest income due to increased capital activity resulting in a lesser fund balance
3. Additional required-resources due to the implementation of the MS-4 Program

Staff estimate that an additional $20,000 will be needed in 2020, and a 15% increase will generate approximately $24,000. Specifically, the anticipated effects of the increase are as follows;

TOWN OF WINDSOR COLORADO

PER CUSTOMER AVERAGE				
Customer Class		Average Monthly Increase		Average Annual Increase
Bus Dual System	$	1.15	$	13.77
In Town Bus	$	1.06	$	12.68
In Town Church	$	1.10	$	13.16
In Town Ind	$	5.41	$	64.96
In Town Res	$	0.11	$	1.34
In Town School	$	4.66	$	55.91
Res Dual System	$	0.12	$	1.40
Sewer-Storm Drain	$	0.17	$	2.03
Storm Drain Only	$	0.17	$	2.02
Projected Increases for 2020 = $23,837				

Financial Impact

Requested increases to the Monthly Basin User Fee will generate $23,837 for O&M funding and $10,298 for capital funding in 2020. Additionally, annual collections thereafter will be compounded with the higher base impervious multipliers. The requested increase to the New Growth Basin Impact Fee will generate between $17,000 and $28,000.

Recommendation

Staff recommends that the Board approve and adopt the requested increases to the Monthly Basin User Fee and the New Growth Basin Impact Fee.

TOWN OF WINDSOR COLORADO