

WATER BOARD ANNUAL REPORT

1996

MEMBERSHIP STATUS

Former Water Board Members - Now Water Utilities Board Members

Paul E. Clopper, President
John M. Bartholow, Vice President
Alison Adams
Thomas C. Brown
David M. Frick
Howard N. Goldman
Ray Herrmann
David Lauer
Thomas G. Sanders
Robert C. Ward

Terence H. Podmore resigned from the Board as of January 27, 1997 due to conflicts with his job.

Former Water Board and Storm Drainage Board/City Council Liaison and Currently Water Utilities Board/City Council Liaison

Charles Wanner

Note:

As of September 17, 1996, the Water Board and the Storm Drainage Board were officially merged by ordinance to form the Water Utilities Board. Their first meeting was on October 31, 1996. The membership of the current board is 17, and will remain that way until attrition reduces the number of members to 11.

Former Storm Drainage Board Members - Now Water Utilities Board Members

George Reed, Chairman
Bob Havis, Vice Chairman
John Barnett
Joseph Bergquist
Randy Fischer
John Morris
David Rau

INTRODUCTION

The Water Board began the new year by dialoguing with the Board's City Council Liaison, Chuck Wanner. The chairs of the standing committees reviewed policies from previous years and reported what they expected to focus on in 1996. Mr. Wanner shared with the Board what he thought might be the Council's position on each of the items. Both Mr. Wanner and the Water Board welcomed the opportunity to discuss some of the major issues facing the Board.

WATER SUPPLY

Current Supplies

The Water Board reviewed the Water Supply Policy in January. They agreed that the Utility's policy of having water supplies adequate for a 1-in-50 year drought is one that has served the City well. It is also a comfort that the City has a dual source in its supply portfolio; i.e. the City can draw from both Horsetooth Reservoir and the Poudre River. In addition, as a part of the Water Treatment Master Plan, construction of a new raw water pipeline, hopefully with the help of other entities, could be a further source of comfort.

Some Board members think the City should be more aggressive in acquiring water. In January, 1996 there was between \$2 and 3 million in the reserve fund for the purpose of acquiring water.

Status of Thornton's Northern Project

Background

During 1985 and 1986, the City of Thornton purchased 101 farms and the accompanying 283 shares of Water Supply and Storage Company water. In 1987, Thornton filed an application to have these shares changed from agricultural to municipal use and to allow use in Thornton's service area. There were many objectors in this case, and following 57 days of testimony in Greeley water court and 12 decree conferences, a very involved decree was signed in February 1994. The following month, this decree was appealed to the Colorado Supreme Court which heard arguments from Thornton and several other entities in October 1995.

In October 1996, the Supreme Court issued its decision on the case. As established in early Colorado water rights cases, the Court affirmed that Thornton has the right to take water out of the Poudre River Basin for use in its service area provided other users in the Poudre Basin are not injured. In this case, however, the court imposed several "reality checks" to ensure that Thornton makes an effort to use its existing water supplies and to ensure that Poudre water is put to beneficial use by Thornton. The Supreme Court also ruled that the right to reuse foreign water (water imported from the Colorado, Michigan and Laramie River watersheds) was not abandoned by the Water Supply and Storage Company even though the company never expressed an intent

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to reuse that water. Thus, this foreign water may be taken to Thornton for use without requiring that return flows be replaced to the Poudre Basin. Thornton is now considering its options for use of their Water Supply and Storage Company shares within the parameters expressed by the Court. The case has been remanded back to the District Court for finalizing the decrees in accordance with the Supreme Court decision.

Halligan Reservoir

Regarding the possible enlargement of Halligan Reservoir, it was suggested at the January, 1996 meeting that the City has been reluctant to spend money to purchase water, opting instead to reserve money for the the possible enlargement of Halligan. While technically, Halligan may be a very feasible project, political and environmental considerations may make it difficult. There is still uncertainty about the requirements that might be be imposed on the Halligan Project because of the Endangered Species Act. At some point it may be necessary to decide whether to reserve all the money for Halligan, or spend some of the money for additional water while the price is reasonable.

CBT Ownership Limitations

In February of 1995, the Northern Colorado Water Conservancy District Board adopted the "Interim Guidelines on Ownership of CBT Allotment Contracts for Domestic or Municipal Purposes." Utility staff and Water Board members raised a number of concerns and questions in a letter to the general manager of the District. The District welcomed the input and has taken those suggestions into consideration.

The District formed a Base Water Supply Ad Hoc Committee that has met several times in 1996 to consider policy criteria. The Ad Hoc Committee discussed adopting a policy to preserve the agricultural component of the CBT project in response to increasing amounts of CBT water being transferred from agricultural to municipal use. The availability of many sources of water is a critical water supply issue for the City of Fort Collins. The NCWCD's policy limiting ownership of CBT water could be a detriment to that availability in the future.

1996 Surplus Water Rental Rates

Each year in February, after the irrigation companies have established their annual assessment rates, the Water Board recommends to the Council, the rental rates for the City's surplus water. Staff recommends a list of rental rates based on several factors, including rental rates in the area, current assessments and anticipated supply and demand conditions. The Water Board unanimously recommended to the Council that the proposed 1996 rental rates be approved as presented by staff.

Cash Rate In-lieu-of Water Rights Adjustments and Raw Water Surcharge

At the June meeting, the cash rate in-lieu-of water rights adjustment was discussed. When developers request water service from the City, they are required to either provide water stock or pay a "cash in-lieu-of" amount. Historically, the in-lieu-of rate has been linked to the price of CBT water. Staff recommended that the in-lieu-of rate be increased from \$1500 to \$1800.

The other item connected to the cash in-lieu-of rate was the raw water surcharge. This is a surcharge that is applied to commercial users when they use in excess of their allotment assigned at the time when they turn in their raw water. To keep the surcharge in line with the cash in-lieu-of rate, staff recommended that it be raised from 71 cents to 85 cents per 1000 gallons.

The Board voted unanimously to increase the in-lieu-of rate from \$1500 to \$1800, and that the surcharge amount be raised from 71 cents to 85 cents per 1000 gallons.

Charter Review Item: Control of Water

A citizen committee has been reviewing the City Charter to identify possible revisions. Utility staff recommended that Article XII, Section 4 of the Charter regarding "Control of Water," be revised to reduce the ambiguity regarding rental of the City's excess raw water supply. The changes would also allow the City to make use of its raw water supplies more effectively and efficiently.

The Water Board voted unanimously to recommend the proposed Charter changes.

CONSERVATION AND PUBLIC EDUCATION

Water Conservation Annual Report

In March the Water Board reviewed the Water Conservation Annual Report. The Board received an update on the demand management measures that were adopted several years ago as a part of the Demand Management Ordinance. Most of those measures have been completed. The Board was also brought up to date on the public education efforts and water use numbers. It was announced that the current Water Conservation Specialist was leaving and a new person would be hired within the next few months.

Joint Public Outreach with Legislative and Finance Committee

At the May meeting, the Water Board discussed the proposed increase in Plant Investment Fees (PIFs). It was suggested that the Conservation and Public Education Committee work jointly with the Legislative and Finance Committee to participate in the public education process when the PIFs are finalized.

LEGISLATIVE AND FINANCE

Presentation on Plant Investment Fees

In March staff gave a presentation to the Legislative and Finance Committee on wastewater PIFs. The current philosophy is that everyone pay their fair share. Water PIFs were to be completed after the Water Treatment Master Plan is in place. It was expected at the time of the presentation that both the water and wastewater PIFs would be brought to the Board sometime during the summer. In May the Board discussed future increases in Water and wastewater PIFs.

Proposed Changes to the City's Financial Policies

In February the Board considered the following changes to the Financial Policies that govern Utility operations:

Operating Reserve - at least equal to 5% of the actual or projected operating revenue for the year. (Changed from 2% to 5%)

(New) Water Rights Reserve - equal to the amount of cash in-lieu-of water rights payments and raw water surcharges minus any expenditures for acquiring water rights

Capital Reserve - equal to the amount of working capital available after the above four reserves have been satisfied (changed from three to four)

The Board unanimously recommended approval of the proposed changes to the City's Financial Policies.

Review and Approval of Proposed 1997 Water and Wastewater Utility Budget

Staff provided an overview of the 1997 proposed Water & Wastewater Utility budget at the August meeting. The budget presentation precipitated discussion from the Board regarding the Payment In-lieu-of Taxes (PILOT). The proposed budget included an increase in the PILOT from 5% to 6%. PILOT is paid to the City's General Fund. Some members of the Board questioned taking 5% from water for the General Fund. The theory behind the PILOT is, if the Utility were private, it would pay taxes, so the Utility pays a PILOT in-lieu-of taxes.

The Board voted unanimously to recommend approval of the proposed budget to the Council with the exception of the increase in the PILOT. A letter was sent to the Mayor explaining the Board's opposition to the increase. (Some Board members expressed opposition to the PILOT in general.) An excerpt from the Water Board minutes relating to this discussion was forwarded with the letter.

ENGINEERING

The Committee reviewed plan and design phases of construction projects as needed, as well as the Water Treatment Master Plan.

LIAISON ISSUES

Regional 201 Study

Regional wastewater treatment entities have been meeting for nearly a year to discuss regional wastewater treatment needs in the Poudre River Basin from Fort Collins to Windsor. A 201 Regional Wastewater Facilities Study is being coordinated by the North Front Range Water Quality Planning Ass'n. The City of Fort Collins is contributing a maximum of \$100,000 to the \$150,000 study. There is \$50,000 in grant money from the State that Larimer County acquired on behalf of the other entities. They were eligible to receive the grant money where Fort Collins was not. Staff provided the Board with monthly updates.

In December staff reported that the Committee received final comments on two memoranda; one on population projections and land use, and the other on water quality planning. The Committee also looked at future trends and regulations, the current state of each of the entities' discharge permit limitations and the quality of their discharge. All of those were in final form in January. The next step was to evaluate treatment facilities' capacities. It is anticipated that the first public meeting will be held in April, 1997.

Endangered Species in South Platte Recovery Program

Representatives from Colorado, Wyoming and Nebraska met a number of times during 1996 to work on a Platte River Recovery Plan required under the Endangered Species Act. According to the Northern Colorado Water Conservancy District (NCWCD), progress on the 3-States Plan for a recovery program is being made, but the issue of baseline protection at the habitat or at the state line still needs to be discussed.

As of December 1996, the most recent development was the release of a Draft Biological Opinion for the Kingsley Dam and North Platte/Keystone Diversion Dam (Lake McConaughy).

There were no formal discussions of the Endangered Species Issue at Board meetings in 1996, but Doug Robotham from the Colorado Dept. of Natural Resources, gave a presentation on this topic at a joint meeting of the Loveland, Greeley and Fort Collins Water Boards and staff in Fort Collins in May.

Regional Water Supply Issues

The Water Utilities Board invited Mayor Ann Azari to the November Board meeting to discuss regional water supply issues, and her efforts to establish a regional water commission. The Mayor has spoken a number of times about what occurred in the Arkansas River Valley due to water "raids" by municipalities. She doesn't want that to happen in Northern Colorado. She and former County Commissioner Janet Duvall delivered that message at meetings in the Denver/metro area in the fall of 1996.

The Mayor and the Board had a productive dialogue. The Board assured the Mayor that they support her efforts to preserve agriculture and water for the region as well as to organize regional leadership.

Northern Region Water Issues and Metropolitan Water Supply Investigation Meetings

At their December meeting, the Water Utilities Board received copies of handouts from a Board member who attended the December 9th meeting of the Northern Region Water Group. The group discussed the basics of their December 16th presentation to the Metropolitan Water Supply Investigation (MWSI) Technical Advisory Committee. A staff member reported on the MWSI meeting. The purpose of the MWSI Technical Advisory Committee meeting was to have the entities in the Northern area present supply and demand information to the larger group that has been involved in a study for the last three years. The metro area entities have already provided the MWSI with that information. A letter from Mayor Azari was distributed at that meeting, copies of which were included in the Water Utilities Board packets. One of the other tasks the MWSI wants to accomplish is to summarize for the final report, the water supply and demand for the entire northern region.

Meeting of Regional Water Boards

Fort Collins hosted the annual meeting of the Greeley, Loveland and Fort Collins Water Boards and staffs on May 29, 1996 at the Moot House. Doug Robotham, of the Colorado Department of Natural Resources, gave an interesting talk on the Recovery Program for Platte River Endangered Species. Other items of regional interest were discussed.

WATER QUALITY

Water Treatment Master Plan

Background

A few years ago Black & Veatch developed a Water Treatment Master Plan for the Utility. The City Council/Water Board Water Planning Committee and the Water Board reviewed the plan, and after considerable discussion, they concluded that the initial plan was too costly and other

options needed to be considered. CH2MHill was selected to replace Black & Veatch and charged with developing a plan that was more affordable and with more efficient facilities.

In August, CH2MHill presented their findings and recommendations on the revised Water Treatment Master Plan. The presentation to the Water Board was videotaped.

The Board requested that the various improvements be categorized as they relate to capacity, reliability and quality as done with Black & Veatch's plan earlier. That process helped the Board's understanding of some very complex information. Staff agreed that that approach is helpful. This was an informational presentation, so no action was taken.

OTHER MAJOR ITEMS

Process for Combining Water Board and Storm Drainage Board

The initial discussion on combining the Water and Storm Drainage Boards occurred at the May Board meeting with additional discussion in June and July. Four areas of concern were with: 1) workload; 2) Board membership; 3) Technical ability; and 4) Implementation. Straw polls of both Boards indicated that, essentially, they were in favor of the merger with some reservations.

Council Passes Ordinance

On September 17, 1996, the City Council passed an ordinance establishing the Water Utilities Board. On September 20, 1996 the two boards participated in a workshop that was designed to help with the transition period.

At its first meeting in October, the Water Utilities Board reviewed the ordinance that established the Board. Some members of the Board expressed concerns with the ordinance. Some felt that the City Council hadn't given the Board clear direction on what the Board should be doing. Staff pointed out that there will be an opportunity down the road for the Board to recommend changes if they are not comfortable with it.

The Board also discussed, at length, organizational issues for the new Board; specifically, their mission statement, goals and objectives, and potential roadblocks to the effective consolidation of the two former boards.

Review and Adoption of Bylaws

In November, the Board reviewed a draft of their bylaws prepared by the Assistant City Attorney. They voted unanimously to adopt, temporarily, the proposed bylaws with the inclusion of a new Liaison Issues Committee. They decided that their annual meeting would be in September; that the staff Water Utilities Board Coordinator will be the secretary of the Board; that they will meet on the 4th Thursday of each month at 3:00 p.m.; and that the quorum for the new 18-member

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Board will be 10. Members turned in written suggestions for revisions to the Bylaws at the December meeting. They will review and adopt the revised bylaws in February.

Review and Approval of the 1997 Water Utilities Board Work Plan

A draft of the 1997 Water Utilities Board Work Plan was discussed, and revisions were suggested at the December meeting. The revised work plan was approved at the January meeting, and forwarded to the City Clerk.

Presentation on City's Long Range Land Use Planning - City Structure Phase

In May, the City's Director of Advance Planning gave a presentation to the Water Board on the City's Long Range Land Use Planning - City Structure Phase. Among other observations, comments and questions, Board members expressed a need to spend more time studying the planning maps than was available at the meeting. They asked specific questions about densities and possible projections of water use for the alternatives that were discussed. No formal action was taken.

Proposals for Sale of Land at Meadow Springs Ranch

In both February and December, the Board discussed two separate offers to purchase land on the east side of the Meadow Springs Ranch. In both instances the Board voted unanimously to reject the offer to sell the property, and they asked that the property be withdrawn from the market. It was the consensus of the Board that the City currently has a good place for many years to apply sludge. If development were allowed on the ranch, there could be a considerable risk that people who would eventually build homes there, would begin to complain about the City's biosolids operation on ranch land.

Lease with Poudre Landmarks Foundation for Old Water Works Plant

In April, the Poudre Landmarks Foundation sent a representative to the Water Board meeting to explain the terms of a proposed lease to the Poudre Landmarks Foundation, of the City's historic Water Works building on North Overland Trail.

According to the background information in the agenda summary, although the building does not have any practical use as a part of the Utility operating infrastructure, it is a valuable historic resource which should be preserved. The purpose of the proposed lease is to further that cause.

The intent of the Foundation is to restore the inside of the Water Works building and develop the site into an interpretive center/museum for the history of water in the area. Also, part of the site will be sub-leased by the Rocky Mountain Raptor Program to be used for the sheltering, raising and caring of raptors.

The term of the lease was for 15 years for a fee of \$1500. The Foundation will be responsible for the maintenance of the interior of the buildings. In general, the City will be responsible for maintenance of the exterior of the water works building and the residence structure. The City will pay up to \$17,500 for rehabilitation of the residence structure.

The Water Board voted unanimously to recommend signing the lease with the Poudre Landmark Foundation.

Possibility of Redirecting Treated Effluent from DWRF into Poudre River

A Water Board member wrote a letter to staff after the May Board meeting in response to a discussion about the Drake Water Reclamation Facility (DWRF) discharging treated wastewater into Fossil Creek Reservoir. He asked about the possibility of re-directing water from the Drake Facility into the Poudre River. This item was the subject of a discussion at the July Board meeting. After a presentation by staff on the pros and cons of discharging into the River and Fossil Creek Reservoir, it was concluded that this was a good opportunity to discuss some of the options. However, staff didn't recommend doing or excluding one or the other at that time. There is a need to be flexible on this issue.

Principles and Policies for the Poudre River

In November, the City's Cultural, Library and Recreation Services Director, gave a presentation on Principles and Policies for the Poudre River, as part of the City Plan. His purpose was to show the Board what is being planned for the River in terms of actual, on the ground kinds of things. He emphasized that what was shown on the very large map on display, was actually a "work in progress, which is evolving each day." Board members asked questions and made comments as he described the plans for the River roughly from Overland Trail to I-25. No Action from the Board was necessary at that time.

Timberline Extension - Preliminary Design

In June 1996, following an extensive public participation process, City Council directed staff to proceed with the preliminary design of the Timberline Extension from Prospect to Summit View. The Timberline Extension Design Team gave a presentation to the Water Utilities Board in December on the preliminary design phase of the project, detailing what the improvements would include. This was presented to the Water Utilities Board primarily because the former Storm Drainage Board has been involved whenever construction plans occur where there are flood plains. The Water Utilities Board had a number of questions and asked for clarifications, but no formal action was necessary.

Suggestions for Memorial Tributes to Ward Fisher

Ward Fisher, a former Water Board president for more than 20 years, died in November. The Board discussed a number of possible tributes to the memory of Mr. Fisher. In the meantime, as a first step, they voted unanimously to send a letter to Mr. Fisher's family summarizing the enormous impact on the water community Ward Fischer made as president of the Fort Collins Water Board. A copy of the letter was attached to the November minutes as part of the permanent record.

Flatiron Power Plant Accident

On December 13, 1995, the No. 3 unit motor in the Flatiron Power Plant blew up. Unit No. 3 pumps water from Flatiron into Carter Lake. With that pump out of commission, there was no way to get additional water out of Flatiron into Carter Lake. The pumping station was back in operation in September, 1996.

Monthly Reports at Board Meetings

Northern Colorado Water Conservancy District Updates

Treated Water Production Summary

Financial Status Report

Standing Committee Reports (when necessary)

Regional Water Supply Strategy Reports (if relevant)

Regional Wastewater Service Issues (if relevant)