



Water Treatment Plant Ordinances and Resolutions

City Council Meeting – June 14, 2022

City Staff Representatives:

Catrina Asher, Finance Director
Marc Johns, Interim Utilities Director



Purpose

Water Rates Ordinance

- To propose a reset of water rates to 2019 levels, adjusted for inflation.
- To propose the implementation of a Water Treatment Plant Fee to finance the non-growth related costs of the project.
- To propose enhancements to the Water Assistance Program.

Contract Resolutions

- To propose contracts approvals for the Water Treatment Plant Design and Construction

Bonding Resolution

- To propose a bonding resolution allowing for future bond proceeds to be used for current construction costs.

STRATEGIC FOCUS AREAS



Financially Responsible



*Supportive, Sustainable
Infrastructure*



Proposal #1: Reset of 2019 Water Rates



History

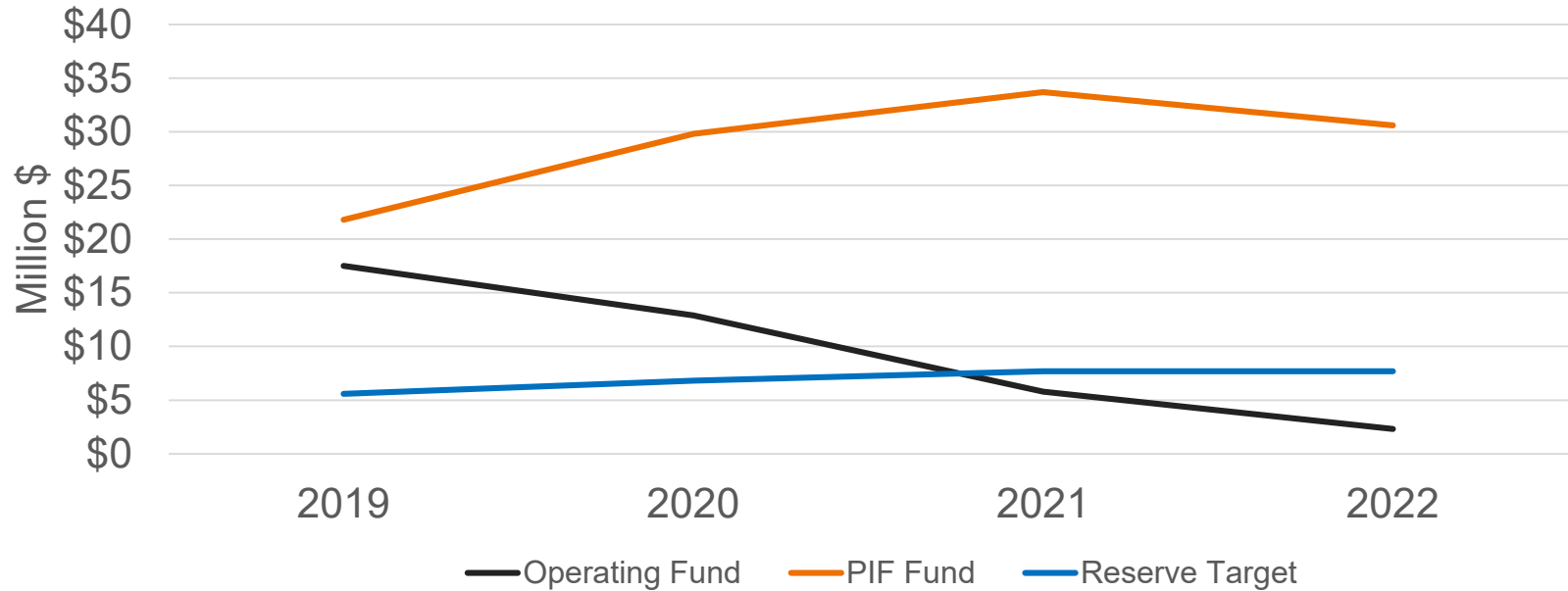
2018 - 2019

- Staff and Council identified concerns that planned projects were not being completed.
- A forensic audit was conducted, overseen by a resident committee.
 - Resulted in recommendations around budgeting practices, which have been implemented.
- Stantec was hired through competitive procurement process to build a rate model.
- Various options were evaluated including leaving rates flat for several years or reducing rates temporarily to spend down reserves.
- November 2019, City Council approved on Final Reading an Ordinance reducing water rates by 8%, effective 2020.



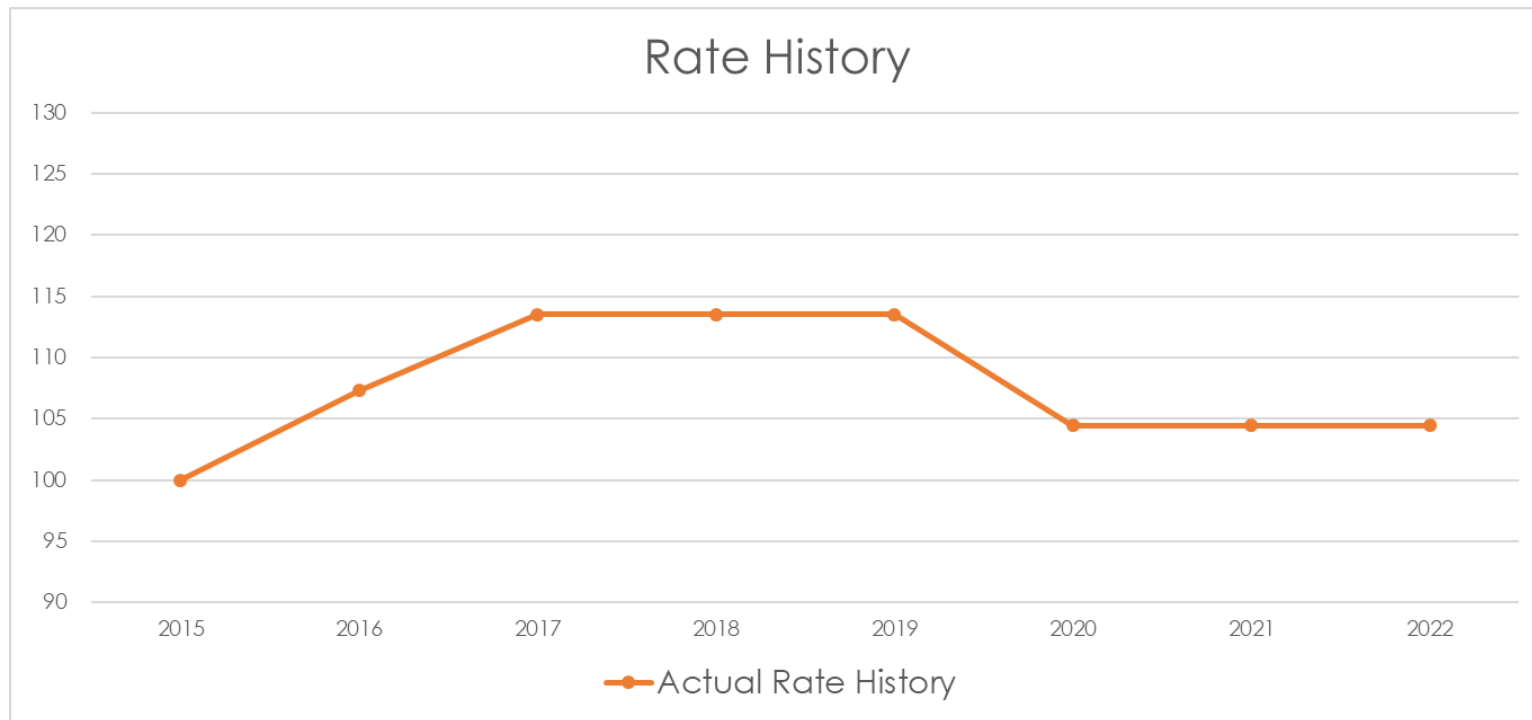
Fund Financial Results 2019 -2022

Beginning Fund Balances



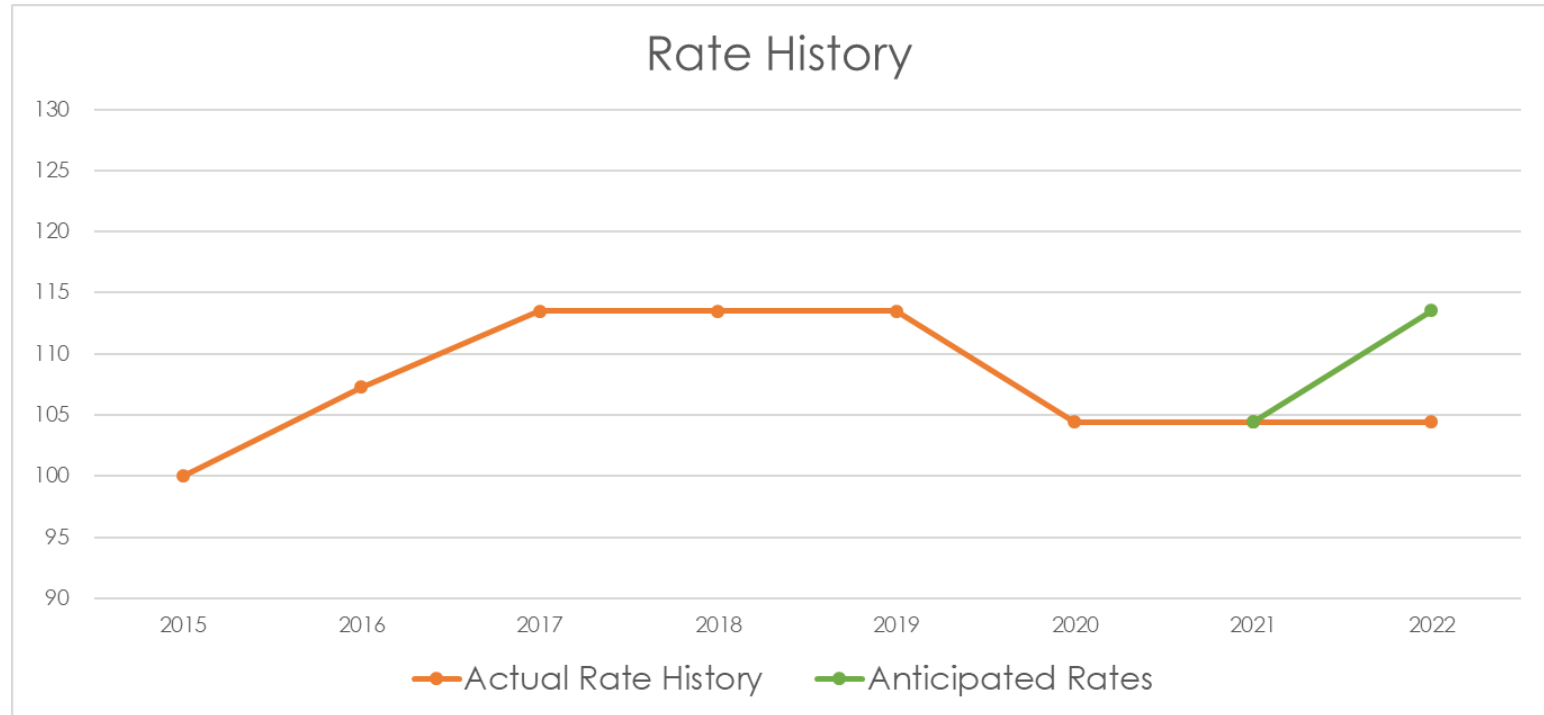


Water Rate History



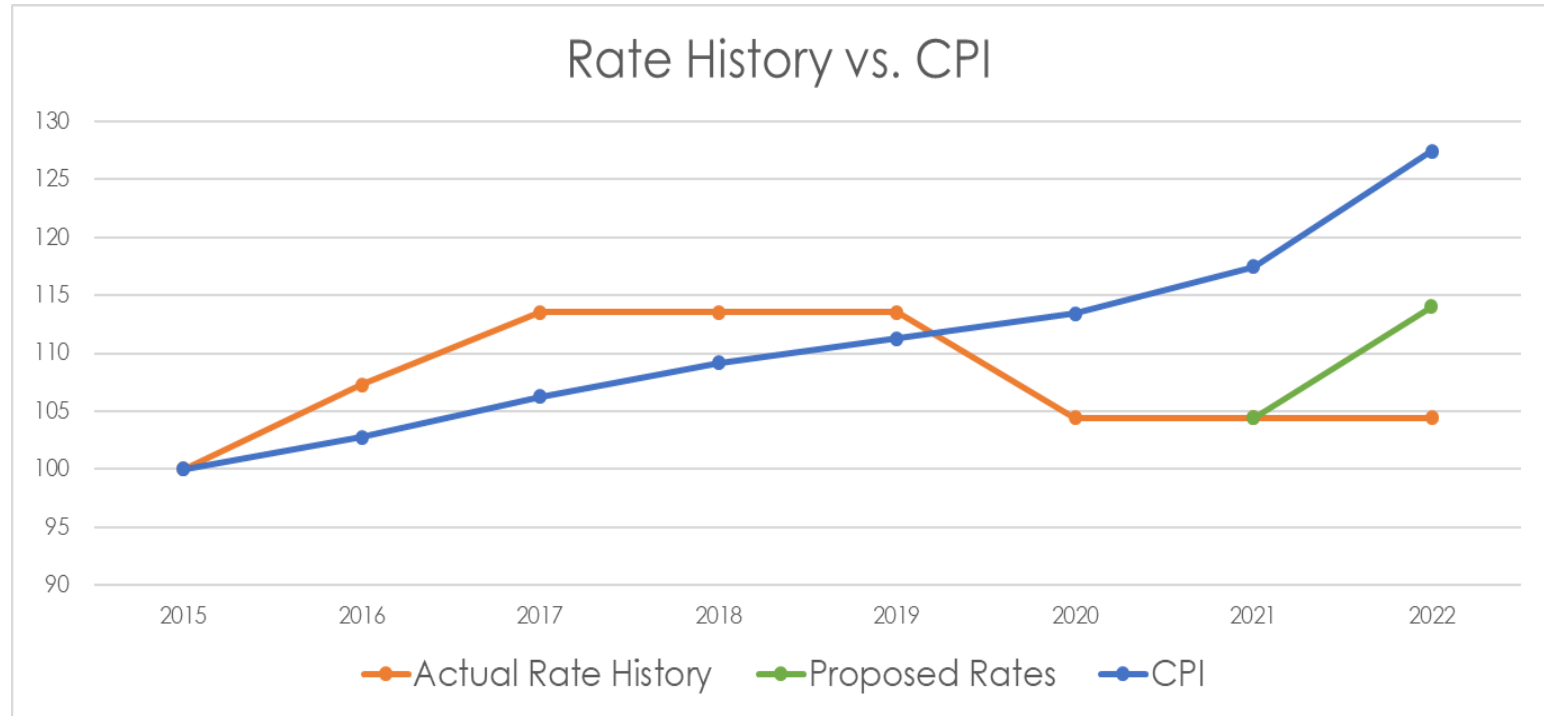


Water Rate History





Water Rate History





Staff Recommendation #1

Reset water rates to 2019 levels, adjusted for inflation, effective July 2022

Effective Rate Increase - 9.11%





Proposal #2: Water Treatment Plant Fee



History

2019 - 2021

- Current Water Treatment Plant is 25 years old and identified as being near end of life, resulting in increased maintenance costs and eventual need for replacement.
- City water usage continued to grow, exceeding the capacity of the current Water Treatment Plant on multiple occasions.
- City Council approved the award of a contract to Brown & Caldwell for the design of an expanded Water Treatment Plant, proposing adding 4 MGD.

2022

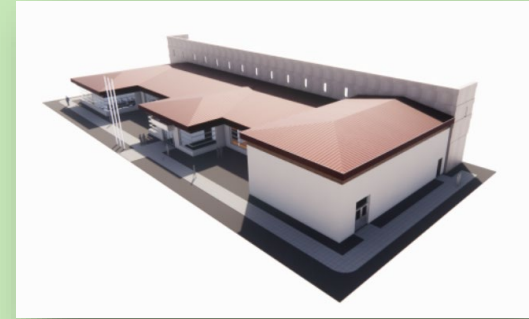
- January 25th – Staff presented Council with options for Water Treatment Plant expansion. Options had similar costs but different outcomes for capacity. Staff moved forward with the 20 MGD plant design, including updating the rate model.
- April 26th – City Council and Staff did a virtual walkthrough of the proposed plant and reviewed cost and rate implications.



Water Treatment Plant Project Overview

Plant Enhancements

- Project timeline
 - Groundbreaking – July 2022
 - Completion – July 2025
- Increase capacity from 10MGD to 20MGD
- Provide water treatment capacity through 2045
- Eliminate costly brine discharge
- Eliminate dependence on Denver/Thornton water
- Utilize the newest water treatment technology



Water Treatment Plant
Conceptual Designs





Water Treatment Plant Project Overview

Financing

- Project cost - \$155 million
- Funded through debt issued in two phases (2022 and 2024)
- Debt paid by a combination of Growth and Operational Revenues

Growth Revenues Development Fees

Fees paid by Developers

Updated effective 2021

Sufficient to fund the growth
portion of the project

Operational Revenues User Fees

Water Treatment Plant Fee

Flat fee applied to all users

Starts at \$6/month in
January 2023



Staff Recommendation #2

Implement a Water Treatment Plant Fee, effective January 1, 2023, starting at \$6/month.

Adopt now in order to better position the City to borrow funds for the project.





Summary of Rate Recommendations



Water Rate Proposal

July 2022 – Rate Reset 9.11%

- Reset rates to 2019 levels, adjusted for inflation

January 2023 – Water Treatment Plant Fee

- Flat monthly fee based on customer group and historical usage ratios
- Rate starts at \$6/month for Single Family Home (3/4 inch meter)

Future Adjustments (to be evaluated annually)

- 2024 – 5%
- 2025 and thereafter – 2.5% - 3.5%





Customer Impact Analysis

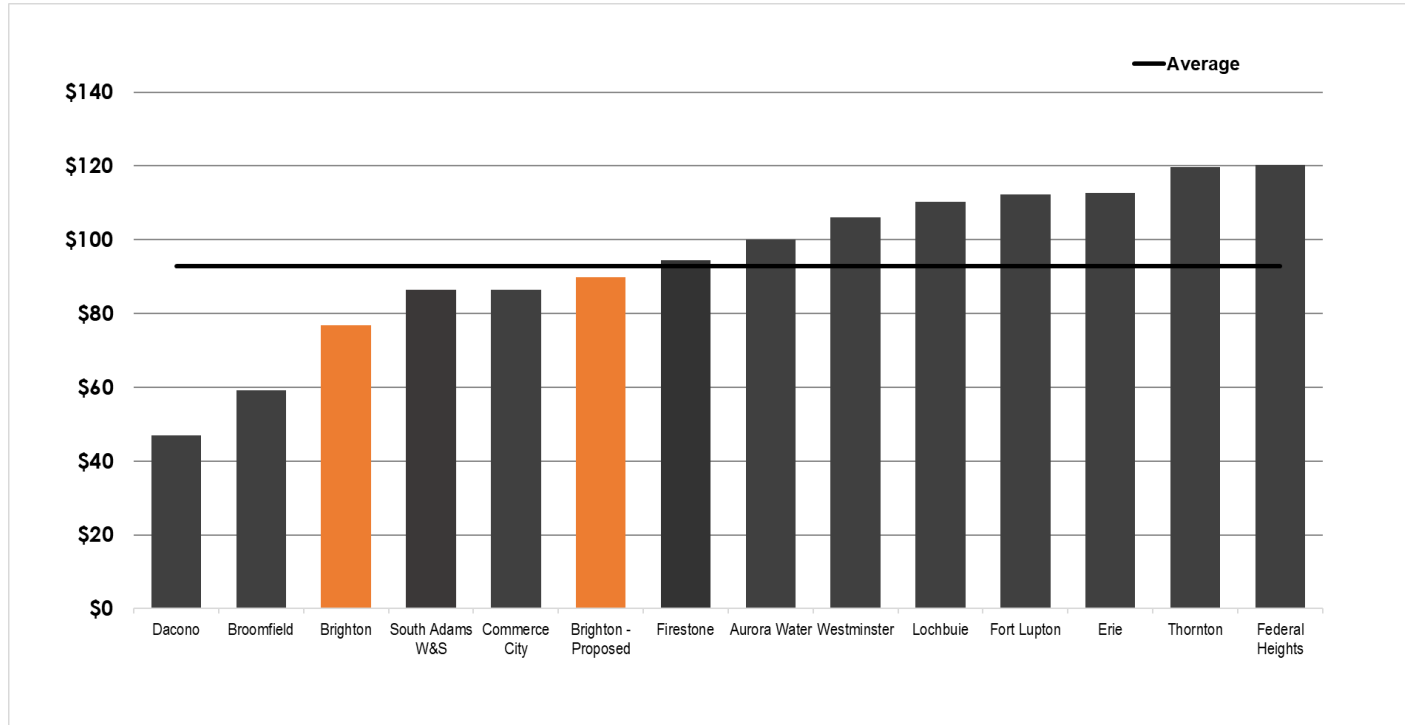
Single Family Home 3/4 inch meter	Current Average Bill	July 2022 9.11%	January 2023 \$6/month	Total Change per month
Winter Usage 4,000 Gallons	\$ 27.19	\$ 29.67	\$ 35.67	\$ 8.48
Summer Usage 14,500 Gallons	\$ 76.86	\$ 83.86	\$ 89.86	\$ 13.00

Average Household Impact – Approximately \$10/month



Regional Rate Comparison

FY 2022 Monthly Residential Water Base and Usage Rate Survey at 14.5 kgal





Proposal #3: Enhancements to the Customer Assistance Program



Water Assistance Program

Current Program

- Available to income qualified customers
- One time assistance of \$300/customer
- Funded at \$50K annually

Proposed Enhancements

- Increase support per customer from \$300 to \$500 annually
- Increase total funding from \$50K to \$100K annually
- Program expansion to residents paying via rent or HOA



Priority

Keep essential use
affordable



Staff Recommendation #3

Update City Code to allow for enhancement to the Water Assistance Program.





Proposal #4: Design and Construction Contract Resolutions



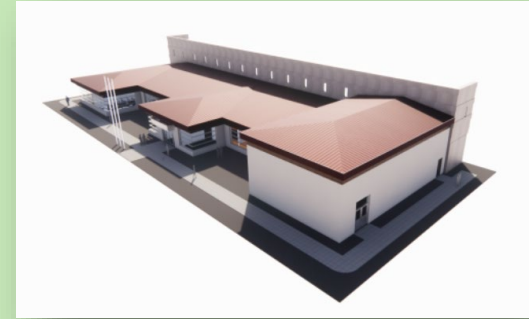
Water Treatment Plant - Design Contract Amendment

Contractor - Brown & Caldwell, Inc.

The contract is being amended to increase the value by \$3,698,139.

This amendment is due to the change in the scope of work from a 4MGD expansion to a 20MGD new plant design.

Additional support will be required through July 2025. An additional amendment is expected in December 2022.





Procurement Summary

Water Treatment Plant Design - Brown & Caldwell, Inc.

A Formal Solicitation was conducted in 2019, resulting in two (2) responses. Each proposer was interviewed as part of the solicitation process, and the evaluation committee choose Brown & Caldwell, Inc. to complete the design for the Water Treatment Plant.

The proposed contract amendment reflects additional work requested by the City for the revised Water Treatment Plant capacity and design.

Staff Recommendation:

Accept the proposed amendment to the Brown & Caldwell, Inc. agreement.





Water Treatment Plant - Construction Contract

Contactor - Garney Companies, Inc.

The contract being presented today covers the first two phases of construction, totaling \$50,755,402.

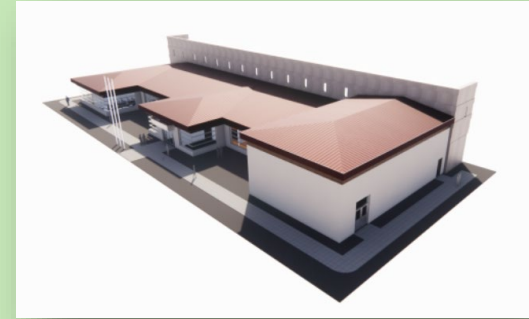
Phase I

- Earthwork
- Purchase long lead items
- \$24,375,892

Phase II

- Foundation
- \$26,379,510

A contract amendment for Phase III is anticipated in December and will include the remainder of the construction amount and scope of work.





Procurement Summary

Water Treatment Plant Construction – Garney Companies, Inc.

A Formal Solicitation was conducted the spring of 2020, resulting in four (4) responses. Each proposer was interviewed as part of the solicitation process, and the evaluation committee choose Garney Companies, Inc. for the Construction Manager at Risk for the construction of the Water Treatment Plant.

Staff Recommendation:

Accept the proposed agreement with Garney Companies, Inc.





Proposal #5: Bonding Resolution



Bonding Reimbursement Resolution

Project financing includes \$60M Water Revenue Bonds issued in October 2022 and additional financing in 2024.

In order to utilize future bond proceeds on construction costs incurred before the bonds are issued, a resolution is required that states the City's intention to utilize the bonds for construction purposes.

Staff Recommendation:

Approve the Bonding Reimbursement Resolution as presented.





Summary of Recommendations



Ordinance and Resolutions

- Final Reading - Ordinance for Water Rates and Water Assistance Program
- Resolution for Water Treatment Plant Design Contract Amendment
- Resolution for Water Treatment Plant Construction Phases I & II
- Resolution for Bond Reimbursement

Next Step

- July 26 – Groundbreaking Ceremony



Options for Council Consideration

- Approve the ordinance and resolutions as presented.
- Reject the proposed ordinance and resolutions.