

City Council Water Committee

Meeting Agenda

Friday, November 13, 2015

COUNCIL CHAMBERS, CITY HALL, 2ND FLOOR

7:30-9:30 am

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Approval of Minutes from April 3, 2015 meeting, July 10, 2015 meeting and September 15, 2015 meeting
- V. Public Comments on Items Not on the Agenda
- VI. Update – Water Resources (Cory Peterson)
 - Water Supply Update
 - Windy Gap Firming Project Update (dates provided by NCWCD)
 - i. 401 Certification – June 22, 2015
 - ii. 404 Permit – 2016
 - iii. Water Rights Decree – 2016
 - iv. Design Consultant Selection – RFP 2015
- VII. Update – CIP Projects (Cory Peterson)
 - Wastewater Treatment Plant Upgrades
 - i. Status: Under construction (MHW)
 - ii. Contract cost: \$31.2 million
 - iii. Estimated completion: July 2017
 - Louisville/Lafayette Drainageway Improvements
 - i. Status: Construction pending permits
 - ii. Engineer's estimate: \$9 million total cost before UDFCD & City of Lafayette contributions
 - Louisville/Superior Interconnect
 - i. Status: Under construction (Redpoint)
 - ii. Contract cost: \$537,000

- Howard Berry Water Treatment Plant Sludge Handling
 - i. Status: Project close-out
 - ii. Contact cost: \$2.17 million
- Eldorado Intake Reconstruction
 - i. Status: Under construction (Glacier)
 - ii. Contract cost: \$1.5 million
 - iii. Estimated completion: March 2016
 - iv. Community Ditch Reconstruction Project
- Sid Copeland WTP Contact Tank
 - i. Status: Final design.
 - ii. Engineer's estimate for design: \$25,000
- Sid Copeland WTP Pump Station
 - i. Status: project scheduled for 2016
 - ii. Engineer's estimate: \$2.4 million

VIII. 2016 Utility Rate Update (Cory Peterson)

IX. Utility Bill Assistance (Finance)

X. Raw Water Master Plan Water Committee Input/Guidance (Cory Peterson/Paul Flack)

XI. Update – Legal (Alan Hill)

- Eldorado Springs
- SWSP
- Other Water Court Cases

XII. Committee Operations

- Future Committee meeting schedule: 7:30-9:30 am February 19, 2016. 2nd Quarter Meeting: TBD

XIII. Agenda Items and Date for Next Meeting

XIV. Adjourn 9:30 am

Attachments: 2015-04-03 Meeting Minutes, 2015-07-10 Meeting Minutes

2015-09-15 Meeting Minutes

2016 Utility Rate Presentation

Raw Water Master Plan Presentation

City Council Water Committee

-Draft - Meeting Minutes

Friday, April 3, 2015

COUNCIL CHAMBERS, CITY HALL, 2ND FLOOR

9:00-10:30am

I. **Call to Order** – Jeff Lipton called the meeting to order at 9:02.

II. **Roll Call** was taken and the following members were present:

City Council: Jeff Lipton, Chris Leh

Absent: Robert Muckle

Staff Present: Malcolm Fleming, Kurt Kowar, Dmitry Tepo, Graham Clark, Kevin Watson, Alan Hill (Yates Law Firm), Ashley Pollock (Yates Law Firm), Paul Flack (RBI)

Public: Tom Phare, Cory Peterson

III. **Approval of Agenda:** Agenda approved.

IV. **Approval of the Minutes:** The September 9, 2014, meeting minute approval was deferred to the next meeting.

V. **PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA:**

None

VI. **2015 Utility Rates (Kurt Kowar)**

- Previous Efforts to Minimize Rates

- i. Eliminate HBWTP Expansion with Interconnect

Kurt Kowar explained that a \$6,000,000 Howard Berry Water Treatment Plant expansion was deferred because current projections indicate the City's existing plants are sufficient to meet build-out demands. However, in the case that demands trend higher than expected, the City is working on a potable water

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interconnect with the Town of Superior, which is \$1,000,000 project.

ii. Minimize Drying Bed Construction

In 2012, the City's Capital Improvements Program budgeted around \$6,000,000 for constructing sludge drying beds at both treatment plants. Subsequently, staff conducted a study that determined that constructing drying beds at Howard Berry would result in the most benefit, which is approximately a \$2,350,000 project. Additionally, the existing drying beds at the Sid Copeland plant will be rehabilitated for a much lower cost.

iii. Staffing

Kurt Kowar mentioned that the water and wastewater superintendent positions were consolidated into one, as well as two foreman positions on the operations crew were reduced to one.

iv. Previous Project Savings

Kurt Kowar explained that the 3-million-gallon-tank rehabilitation was reduced from a \$2,500,000 project to an \$800,000 project. The Sid Copeland chlorine contact chamber was reduced from a 2,200,000 to an estimated cost of \$600,000.

v. Joint Utility Potential

Kurt Kowar explained that providing utility services jointly with the Town of Superior would reduce both municipalities' expenses. Jeff Lipton asked whenever possible to defer projects and vet rate increases with the Water Committee prior to presenting to City Council. Kurt Kowar agreed and mentioned that maintenance cannot always be deferred.

VII. Update – Water Resources (Dmitry Tepo)

• Water Supply Update

i. Snow Water Equivalent

The snowpack is slightly below average, but the City's watershed could get additional snowfall in April. The Marshall water account has approximately 1,900 acre-feet, but the lake will be declared full and Louisville will lose its foreign water storage, which is typical of every year where the lake fills.

• Community Ditch Reconstruction Project

Dmitry Tepo explained that FRICO is enclosing a portion of the Upper Community Ditch in a box culvert in the summer and fall of this year. The project is scheduled to start when Louisville would be taking its water, but staff is negotiating with FRICO to minimize the impacts on the City's water supply.

• Windy Gap Firming Project Update (dates provided by NCWCD)

In December of 2014, a Record of Decision was issued, which identifies Chimney Hollow as the preferred alternative. A Carriage Agreement was also signed with the U.S. Bureau of Reclamation that authorized the use of the C-BT project's infrastructure for conveyance of Windy Gap water. Upcoming estimated regulatory completion dates are:

- i. 401 Certification – June 22, 2015
- ii. 404 Permit – September 3, 2015
- iii. Water Rights Decree – November 6, 2015
- iv. Design Consultant Selection – November 27, 2015

- **Gross Reservoir Update**

Paul Flack explained that Denver Water is expanding the capacity of Gross Reservoir. As part of the environmental approval process, Denver Water was required to create an environmental pool, which is an amount of water that is stored in Gross and is released to South Boulder Creek to promote aquatic life. Lafayette originally signed up to provide water for the environmental pool, but that City may not need the full storage amount they originally requested, and Louisville may be able to participate in storing a portion of its water in the environmental pool. In order for Louisville to qualify, the City has to show an environmental benefit from the water it's storing, which staff is currently reviewing. If this benefit can be shown, Gross Reservoir could become a realistic opportunity to increase Louisville's local basin water storage.

VIII. Update – CIP Projects (Dmitry Tepo/Kurt Kowar)

- **Wastewater Treatment Plant Upgrades**

- i. Status: bidding construction phase, bid opening on April 22
- ii. Engineer's estimate: \$29 million total construction cost before grants.

Dmitry Tepo mentioned that the City received \$1 million grant with the rest of the project financed with a bond. The current bond amount is \$43 million, which includes this project and the Louisville/Lafayette Drainageway Improvements. That amount is a very conservative estimate and staff is not planning to spend \$43 million. Kurt Kowar mentioned that if project bids are high, other options are requesting a compliance extension for wastewater discharge limits from the Colorado Department of Public Health and Environment or postponing the Drainageway Improvements project.

- **Louisville/Lafayette Drainageway Improvements**

- i. Status: final design, construction bid advertisement dependent on permitting.
- ii. Engineer's estimate: \$9 million total cost before UDFCD & City of Lafayette contributions.

Kurt Kowar mentioned that the project is waiting for easements through the Mayhoffer property.

- Louisville/Superior Interconnect
 - i. Status: final design, project will be bid the fall
 - ii. Engineer's estimate: \$1 million

Kurt Kowar mentioned that the project is financed 50% by Louisville and 50% by Superior, and that both staffs are working on an emergency usage IGA. Jeff Lipton commented that he does not want this interconnect to be in constant operation, but for emergency uses only. Kurt Kowar answered that staff will make sure the IGA clearly states that it's an emergency use structure.
- Howard Berry Water Treatment Plant Sludge Handling
 - i. Status: recommending construction contractor to Council on April 7
 - ii. Engineer's estimate: \$2.2 million

Kurt Kowar mentioned that bids were received and the low bid is at \$2.07 million.
- Eldorado Intake Reconstruction
 - i. Status: permitting & bidding construction phase, construction bid advertisement in late April
 - ii. Engineer's estimate: \$1.1 million

Dmitry Tepo explained that this project will go to the hearing of the Boulder County Commissioners on May 5th for a Limited Impact Special Use Review, bids will open on May 19th, and it will be presented for Council approval on June 6th. Kurt Kowar mentioned that the project will make the intake less susceptible to future floods and enable remote operation, saving staff time and resources.
- Sid Copeland WTP Contact Tank
 - i. Status: evaluation of the tank, report will be ready in early April

This project was not discussed.
- Sid Copeland WTP Pump Station

This project was not discussed.
- Lucity Asset Management

This project was not discussed.
- WWTP Biosolids Disposal

Kurt Kowar explained that until 2013, the biosolids at the wastewater treatment plant were composed on site and given away to the general public. Since then, the plant hired a contractor to dispose of the solids by

hauling. The life cycle cost of hauling is less expensive than composting and does not rely on the general public to pick up the compost. However, several residents let the City know that compost was a valued amenity for them.

IX. Update – Legal (Alan Hill)

- SB 183 Update

Alan Hill explained that this bill would limit Division of Water Resources' involvement and ability to comment on future water rights transfer cases. This bill passed the legislative committee and will soon be voted on by the Senate.

- Coal Ridge Negotiations

This item was not discussed.

- Water Court Cases

Alan Hill mentioned two cases his staff and Resource Based International are working on. The first case is the Eldora Mountain Resort attempting to move water up to the ski area. The second case involves Mesa Trail Ranch, which is requesting to move water up to a location where it can be used by the Ranch. Both cases are important to the City because if approved as proposed, they could trigger the instream flow call sooner than it has been historically occurring, which would disable the City from diverting any water from South Boulder Creek.

X. Committee Operations

- Previous protocol

Kurt Kowar mentioned that previous Water Committee meetings were informal and were scheduled several times a year, prior to important milestones. Now that the makeup of the Committee is different, staff is asking for guidance on the future protocol.

- Future Committee meeting schedule: 9-10:30 am July 17, 9-10:30 am October 16, 9-10:30 am January 15.

Kurt Kowar mentioned that at the July meeting, staff can present the financial situation update and tap fee revenue. January would be the last meeting with the Committee before rate increases proceed for Council approval. Jeff Lipton asked to give the Committee leeway of several days before and after those dates. Chris Leh suggested a 7:30am meeting time for the future.

- Future reporting for Committee

Jeff Lipton mentioned that the Committee wants to be more engaged before issues go to Council. Kurt Kowar answered that in the future, 2-hour Committee meetings will be held quarterly. Jeff Lipton stated that the Committee would like to review water usage and revenue report at every meeting.

XI. Water Conservation Efforts

- Rebates

This item was not discussed.

- Slow the Flow/Public Outreach

This item was not discussed.

- Mobile communications

Kurt Kowar explained that it will cost approximately \$40,000 per year to create a phone application and web access for utility bills and water usage. This would enable customers to compare their usage against averages of their neighbors. Jeff Lipton commented that he doesn't feel comfortable spending money unless it's absolutely necessary. He also asked for a long term plan for the application's use. Chris Leh asked staff to make the case that the application is necessary. Both Chris Leh and Jeff Lipton commented that they don't want to implement the application now. Kurt Kowar mentioned that staff can pilot the program with Water Committee members.

- Water Efficiency Plan

Jeff Lipton commented that he would not be in favor of the mandatory 10-6 watering restrictions. Kurt Kowar mentioned that it is a standard practice that neighboring municipalities have already adopted. Jeff Lipton mentioned that the restriction needs to be carefully crafted so that emergency and maintenance operations are not penalized. Chris Leh requested a list of surrounding communities that have implemented that restriction. He also requested to discuss this Ordinance change at a future Committee meeting and staff to make a case as to why a change from the status quo is necessary. Jeff Lipton commented that the City would have to follow that Ordinance along with the residents. He stated that this issue is not the highest priority on Council's agenda. Kurt Kowar mentioned that the City has to implement conservation measures in order to be eligible for low interest loans and grants through the Colorado Water Conservation Board (CWCB). Jeff Lipton mentioned that he does not believe there is appetite for a water budget rate structure in the community. Dmitry Tepo commented that CWCB understands that water budgets were considered but will not be implemented at this time. Jeff Lipton would like to discuss this topic at the next meeting.

XII. Agenda Items and Date for Next Meeting

XIII. Adjourn: The meeting was adjourned at 10:46 am by Jeff Lipton.

City Council Water Committee

-Draft - Meeting Minutes

Friday, July 10, 2015

COUNCIL CHAMBERS, CITY HALL, 2ND FLOOR

7:30-9:30am

I. **Call to Order** – Jeff Lipton called the meeting to order at 7:30.

II. **Roll Call** was taken and the following members were present:

City Council: Jeff Lipton, Robert Muckle

Absent: Chris Leh

Staff Present: Malcolm Fleming, Kurt Kowar, Cory Peterson, Terrell Phillips, Graham Clark, Kevin Watson, Alan Hill (Yates Law Firm), Paul Flack (RBI)

Public: Tom Phare

III. **Approval of Agenda:** Agenda approved.

IV. **Approval of the Minutes:** The April 3, 2015, meeting minute approval was deferred to the next meeting.

V. **PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA:**

None

VI. **Update – Water Resources (Cory Peterson/Paul Flack)**

- Water Supply Update
 - i. The unusual rainfall in early summer has provided for higher than average water supply. South Boulder Creek has had a long period without a water rights administrative call. The City is currently meeting demand with direct deliveries from the Community Ditch and/or the Louisville Pipeline. All storage facilities are full and will be maintained at these levels as long as conditions allow.
- Windy Gap FIRMing Project Update

Staff attended a Windy Gap Participants' Committee Meeting on July 7th. A revised budget estimate was presented with a more formal estimate anticipated in the next couple of weeks. NCWCD is planning on soliciting for a design consultant later in the year with work expected to start in 2016.

- **Gross Reservoir Update**

Mr. Flack reiterated Denver Water's plans to expand the capacity of Gross Reservoir. As part of the environmental approval process, Denver Water was required to create an environmental pool, which is an amount of water that is stored in Gross and is released to South Boulder Creek to promote aquatic life. Denver Water has an existing agreement with Lafayette for the filling and use of this environmental pool. We have been engaged in discussions with Lafayette on a possible split of this space to expand the reliability of our water supply. Recent conversations have moved away from this concept of splitting space and now center around a trade of supplies. Staff will continue to evaluate the options available and provide an update as progress is made. As mentioned before, Gross Reservoir could become a realistic opportunity to increase Louisville's local basin water storage under the correct terms and conditions.

VII. Update – CIP Projects (Cory Peterson/Kurt Kowar)

- **Wastewater Treatment Plant Upgrades**

- i. Status: Under construction (contractor: MHW)
- ii. Contract Cost: \$31.2 million.
- iii. Estimated completion: July 2017

Mr. Peterson mentioned that MHW has started the excavation portion of project which will consist of the majority of activity onsite for the next several weeks. Mr. Kowar discussed the recent incident of above average inflows to the plant theorized as a result of the high groundwater attributable to heavy precipitation over the last couple of months. Staff is assessing the situation to determine if this a short term issue that will be alleviated as groundwater levels return to normal or if further measures such as improvements to the collection system or modification to the plant rating are required.

- **Louisville/Lafayette Drainageway Improvements**

- i. Status: final design, construction bid advertisement dependent on permitting.
- ii. Engineer's estimate: \$9 million total cost before UDFCD & City of Lafayette contributions.

Mr. Fleming spoke to a Right-of-Way(ROW) issue on Spruce that was included as part of the unsuccessful Lee Street Connection deal. The property owner is awaiting council action on the Highway 42 Plan prior to providing the ROW to the City. Mr.

Kowar mentioned that the project has been split into two phases (phase 1-east of 42 and phase 2-west of 42). Phase 1 is currently under review by Boulder County with Phase 2 scheduled to be reviewed by Boulder County once the ROW issue is resolved.

- Louisville/Superior Interconnect
 - i. Status: final design, project will be bid the fall
 - ii. Engineer's estimate: \$1 million

Mr. Muckle requested a location of the planned interconnect. Mr. Peterson stated that a drawing/map showing the location will be provided.
 - Howard Berry Water Treatment Plant Sludge Handling
 - i. Status: under construction (Moltz Construction)
 - ii. Engineer's estimate: \$2.2 million

Mr. Peterson provided a brief overview that construction was progressing satisfactorily with no major upsets.
 - Eldorado Intake Reconstruction
 - i. Status: Notice of Award pending final approval from FEMA.
 - ii. Contract cost: \$1.5 million

Mr. Peterson explained that project was still on hold pending approval from FEMA. If the City were to proceed with contract award without environmental approval the City would be ineligible for the grant funds from CDBG. The next meeting with FEMA is scheduled for July 20th. Mr. Kowar spoke to the possible increase in undercutting to the diversion dam from the sustained runoff and the potential for a cost increase. More information will be known once a visual inspection can be performed.
 - iv. Community Ditch Reconstruction Project
- Mr. Peterson outlined FRICO's plan to start construction on the Upper Community Ditch the week of July 13th. Mr. Hill discussed the borrowing agreement between Louisville and FRICO that would allow Louisville to borrow Marshall Lake water earlier in the 2016 season and replace it later should it be needed for next year.
- Sid Copeland WTP Contact Tank
 - i. Status: An evaluation of the tank has been completed. A preliminary design contract has been executed to analyze options.
 - ii. Engineer's estimated for design: \$20,000

Mr. Peterson and Mr. Kowar provided a brief overview of project and the issue with the amount of contact time within the treatment process.

- Sid Copeland WTP Pump Station
 - i. Status: Project scheduled for 2016
 - ii. Engineer's estimate: \$2.4 million

Mr. Peterson and Mr. Kowar provided a brief overview of project as a look ahead to 2016.
- Lucity Asset Management

Mr. Kowar stated that the system is up and running and staff training is occurring. Future goals of the system will allow for improved mapping and a uniform work orders.
- Water Resources Master Plan Update
 - i. Status: Proposal received May 27th. Council Approval July 14th.
 - ii. Contract Cost: \$85,000

Mr. Flack explained the approach of the Water Resources Master Plan. The intent of the revised plan is to be more of a working document that can be used and updated by staff on an ongoing basis. In addition, the revised plan will incorporate anticipated impacts from climate change. We'll be looking to seek input from the Water Committee throughout the plan drafting process.

VIII. Utility Rates

- 2016 Utility Rates Update

Mr. Kowar outlined the approach for developing utility rates for 2016. Staff will seek proposals from outside consultants to assist with the 2016 rate analysis. The water committee will be provided updates on the 2016 rates as needed. Current water revenues are down as a result of the recent rain. Tap fees are also down and can be attributable to timing issues as new development come online. Sewer revenues are within projected ranges. If revenues continue to stay outside the projections, further follow up with the water committee has been requested.
- Customer Usage vs Revenue Reports

Mr. Kowar spoke to the included customer usage and revenue graph. The committee requested some changes to the presented graph to illustrate the new customer classes which will be offered at the next meeting.

IX. Live / Work Ordinance

Mr. Peterson and Mr. Kowar explained the rationale behind the development of the taps fees incorporated in the Live / Work Ordinance. In addition, an overview of how this type of tap fee will be calculated was discussed.

XII. Update – Legal (Alan Hill)

Mr. Hill's update was moved up earlier to accommodate another commitment.

- SB 183 Update

Mr. Hill explained that this bill was sign on May 4th and modified the standards for water court changes cases and establishes some new guidelines and baseline principles on how the water court will interpret future changes cases. This bill is anticipated to be beneficial to Louisville.

- Eldora / Mesa Trail

Mr. Hill mentioned there is one remaining case his staff and Resource Based International are working on. This case involves Mesa Trail Ranch, which is requesting to move water up to a location where it can be used by the Ranch. The remaining issue in the Mesa Trail case is similar to the Eldora that was settled in June. The same restrictions are sought in Mesa Trail and a stipulation is planned.

- Coal Ridge

Mr. Hill discussed the restrictive terms that are applied to the City's Coal Ridge shares. For 2015, the City has negotiated a one year lease agreement that would allow other Coal Ridge shareholders to divert the City's unused portion.

- California Case

Mr. Hill outlined the recent developments with proposition 218 in California that has impacts on how tiered water rates can be applied. After analyzing its impacts it appear that this is not likely to develop in Colorado and may be appealed in California.

- Legal Billing / Time at Water Committee Meetings

A general discussion on the purposes and intent of Mr. Hill's involvement with the Water Committee meetings was held. Mr. Hill will continue to attend for the entire duration of future meetings. In addition, we will start to incorporate other associated to provide a diversification of the information communicated to and from our legal consultants.

X. Conservation Rebates

Mr. Kowar explained that the 2016 operations budget will include funds for the conservation rebate program and will consist of "smart" irrigation controls and low flow irrigation heads. The initial budget will be set at \$10,000 and the rebates are planned to be 25% of the cost of the unit.

XI. Taste and Odor/Water Quality Update

The City experienced a minor taste/odor event that lasted about a week in June. This event was a result of the abrupt temperate change from cool to hot.

XIII. Committee Operations

XIV. Agenda Items and Date for Next Meeting

- A correction was made to the future Committee meeting schedule: 7:30-9:30 am November 13, 7:30-9:30 am February 19, 2016.

XV. City Council Upcoming Agenda Items

- A calendar will be added to the agenda and efforts will be made to have meeting minutes disturbed within a few weeks.

XIII. Adjourn

The meeting was adjourned at 9:35 am by Mr. Lipton and seconded by Mr. Muckle.

City Council Water Committee

-Draft- Meeting Minutes

Tuesday, September 15, 2015

SPRUCE CONFERENCE ROOM, CITY HALL, 1ST FLOOR

5:30-6:30 pm

I. **Call to Order** – Jeff Lipton called the meeting to order at 5:39 pm.

II. **Roll Call** was taken and the following members were present:

City Council: Jeff Lipton, Robert Muckle, Chris Leh, Ashley Stolzmann

Staff Present: Malcolm Fleming, Kurt Kowar, Cory Peterson, Graham Clark, Kevin Watson, Troy Russ

Public: Tom Phare

III. **Approval of Agenda:** Agenda approved.

IV. **PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA:**

None

V. **Tap Fee (Presentation with supporting materials)**

- General

Mr. Kowar provided a summary of the presentation on the City's tap fees and the rate restructure that occurred in 2013/2014.

- Live / Work

Mr. Kowar explained the rationale behind the development of the taps fees incorporated in the Live / Work Ordinance and how it was different than the current fee structure. Mr. Russ spoke to the areas that Live/Work would be permitted. The Committee was not in favor of the proposed fee structure but was willing to consider the allowance of a single service line. Additional presentation material and written descriptions of this revision was requested for comparison.

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VI. Superior Interconnect Construction/IGA Discussion

- IGA Discussion (Proposed City Council Information Attached)

Mr. Kowar outlined the proposed IGA. There was discussion regarding how the water usage rate was set within the IGA. The committee provided direction to have staff revisit the rate with Superior staff in an effort to use earlier language that outlined a flat rate of \$3 per 1,000 gallons.

- Construction Cost/Schedule Discussion (Proposed City Council Information Attached)

Mr. Kowar and Mr. Peterson discussed the proposed construction of the interconnect project between Louisville and Superior. Bids were received on August 19th. The recommended lowest bidder was below the engineer's estimate making it advantageous to award the contract at this time. The bids are set to expire after 60 days making them valid through October 18th. The construction project is planned to go to Council on October 6th. The committee is recommending approval to prevent the bids from expiring while the IGA is finalized.

VII. Eldorado Intake Reconstruction Update (Discussion only, no documentation)

Mr. Peterson explained that HUD provided a release of funds notification at the end of August. The release allows for the award of the project, with construction anticipated to begin in October following the successful acquisition of the building and floodplain permits from Boulder County.

VIII. Agenda Items and Date for Next Meeting

The next meeting is scheduled for November 13 from 7:30-9:30 am

IX. Adjourn

The meeting was adjourned at 6:54 am by Mr. Lipton and seconded by Mr. Muckle.



CITY OF Louisville

Water Committee 2016 Financial Plan Update

DRAFT | November 13, 2015

Agenda

Financial Plan

- **Performance Metrics**
- **Alternatives**
 - **Do Nothing**
 - **Just-In-Time**
 - **Smoothing**

Financial Plan

Financial Planning Performance Metrics

Debt Service Coverage (DSC):

Ratio of net revenues (operating revenue less operating expense)
to annual debt service payment

DSC Ratio (without Tap Fees)

Water	1.4
Wastewater	1.3
Storm	1.3
Combined	1.4

Financial Planning Performance Metrics

Cash Reserve:

Year-End Unrestricted Cash
divided by
Total O&M Expenses

times
365

Target is the same for all 3 Utilities:
120 days cash or 33% of Total O&M

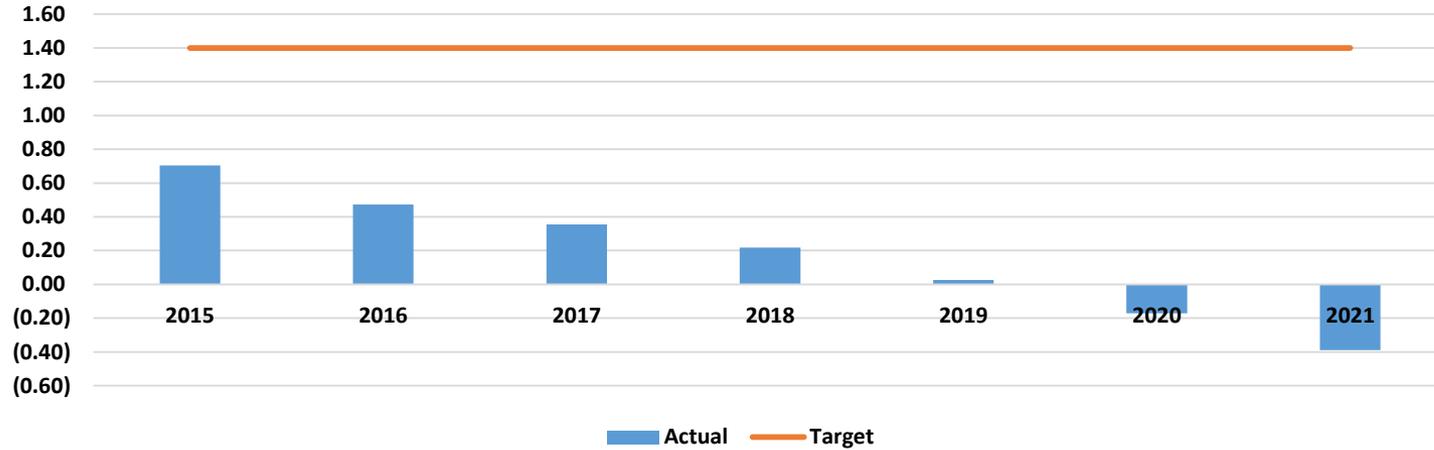
Debt Issuance Information

Utility	Amount Issued in 2015	2015 Partial Year Debt Service Payment	2016 Debt Service Payment	2025 Debt Service Payment
Wastewater	\$26.3 Million	\$315,228	\$1,281,189	\$2,014,212
Stormwater	\$5.4 Million	\$64,565	\$262,412	\$412,549

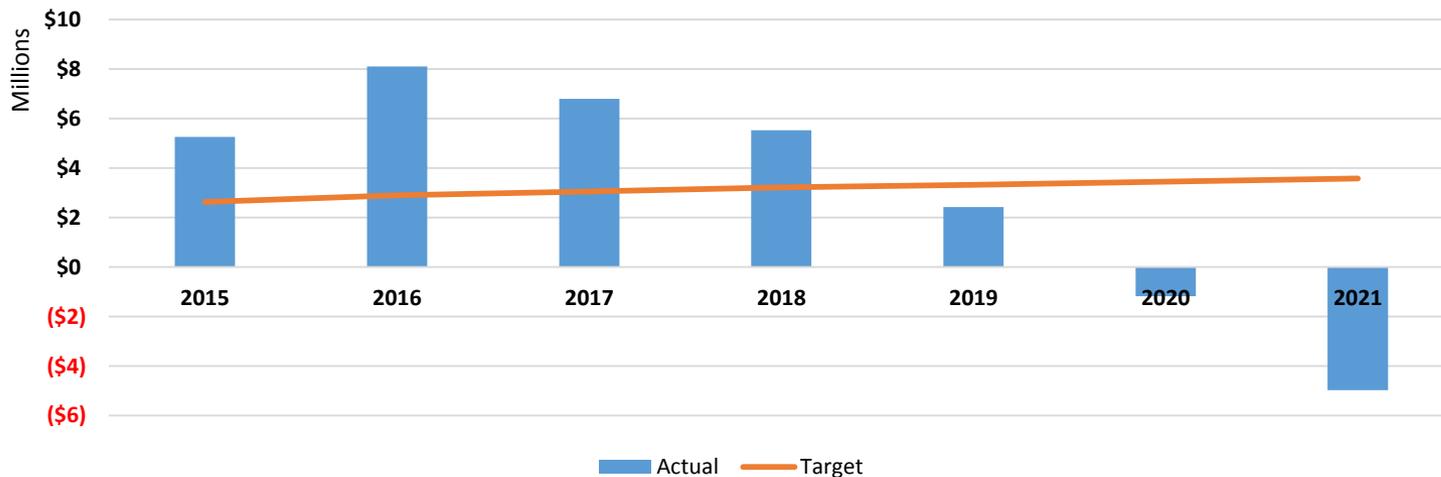
Water

WATER: Do Nothing

DSC (No Tap Fees)



Cash Reserves



WATER

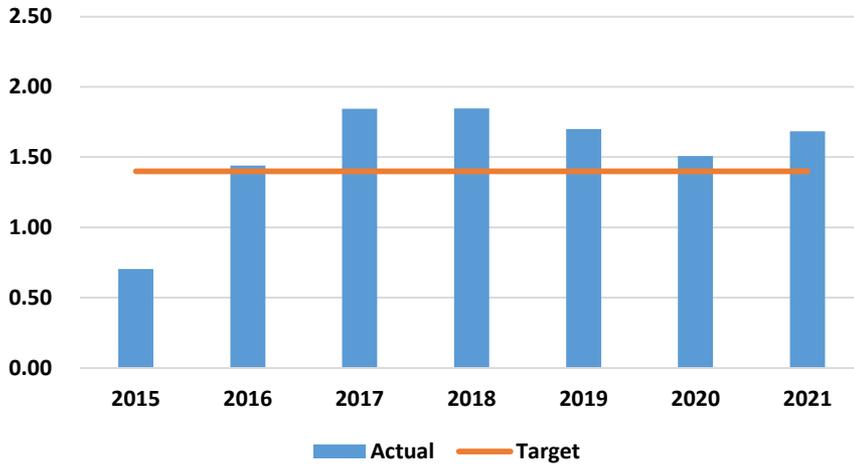
Financial Planning Alternatives

	2016	2017	2018	2019	2020	2021
Alternative 1 – “Just-In-Time” Revenue Increases (Immediate self-sufficiency)						
	32.1%	0.0%	0.0%	0.0%	0.0%	9.0%
Alternative 2 – “Smoothing” Revenue Increases (Transition to self-sufficiency)						
	13.0%	13.0%	6.0%	6.0%	5.0%	5.0%

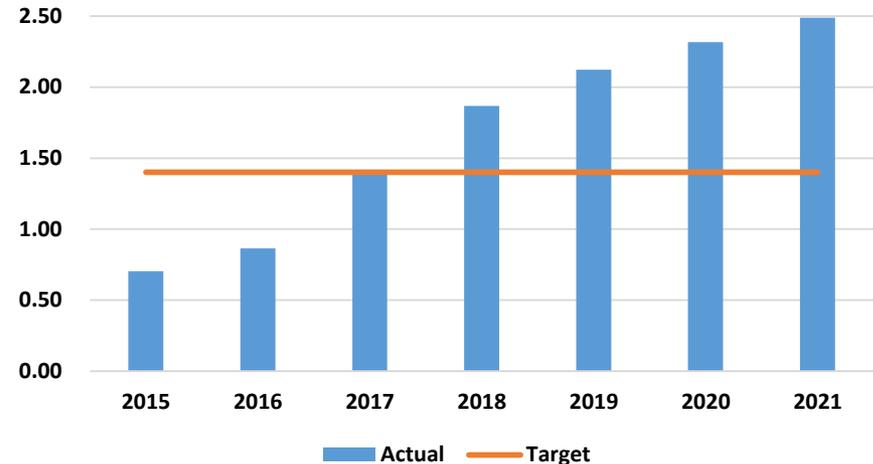
WATER

Financial Plan Alternatives

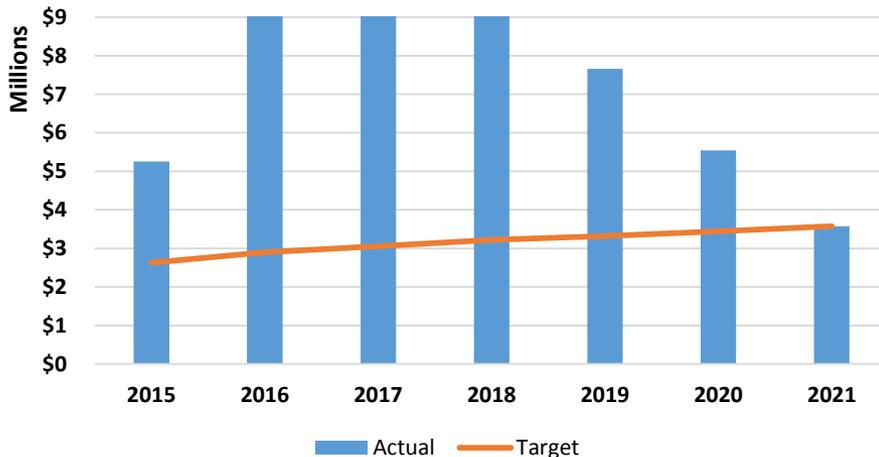
Just-In-Time: DSC (No Tap Fees)



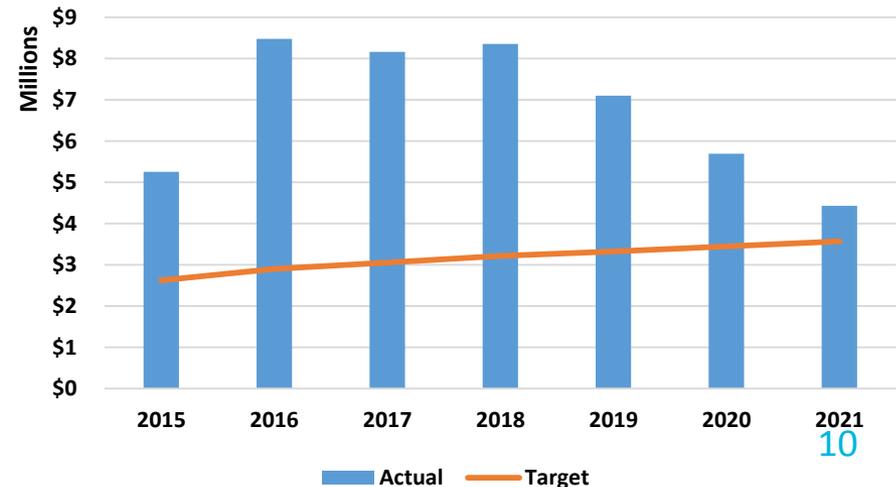
Smoothing: DSC (No Tap Fees)



Just-In-Time: Cash Reserves



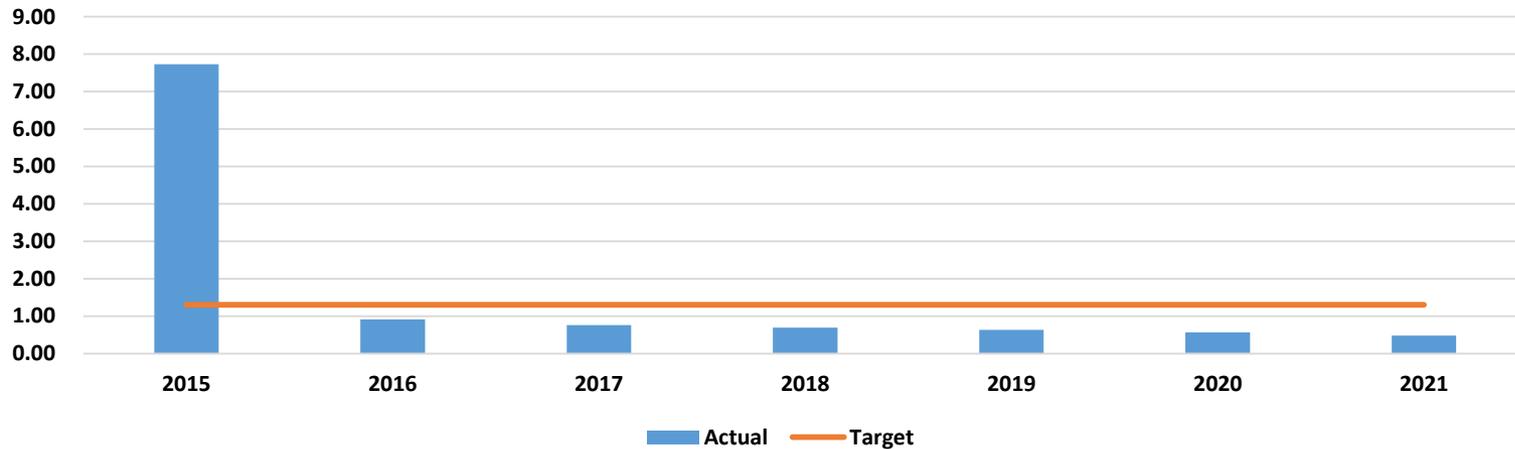
Smoothing: Cash Reserves



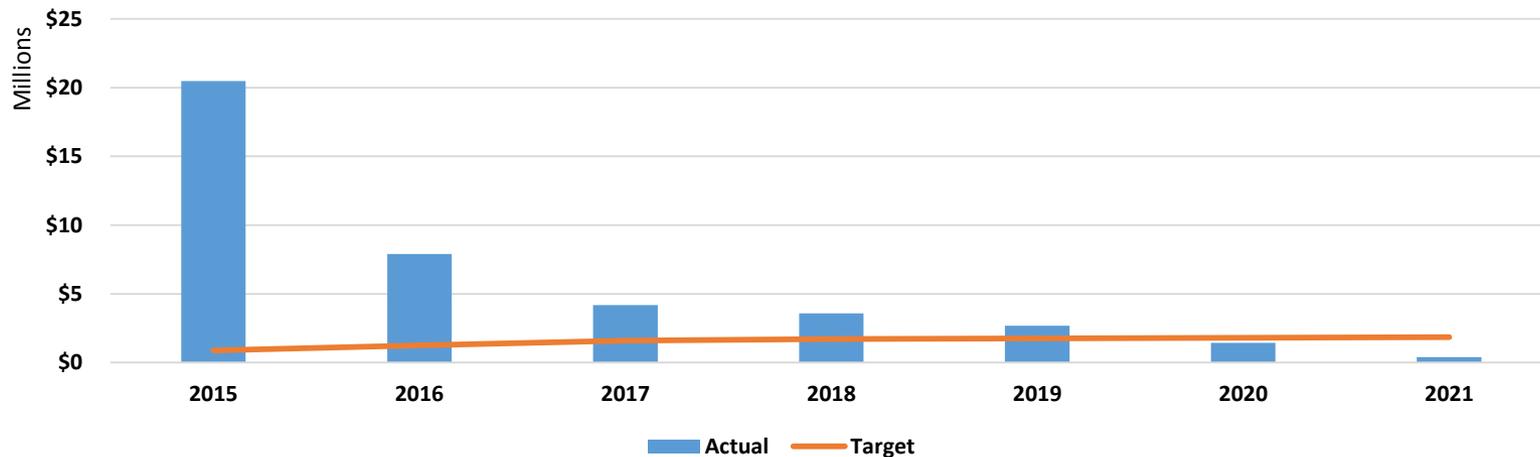
Wastewater

WASTEWATER: Do Nothing

DSC (No Tap Fees)



Cash Reserves



WASTEWATER

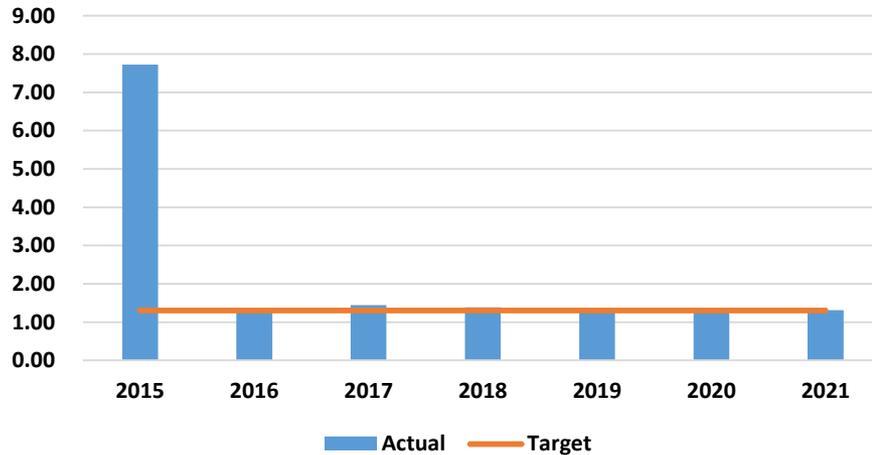
Financial Planning Alternatives

	2016	2017	2018	2019	2020	2021
Alternative 1 – “Just-In-Time” Revenue Increases (Immediate self-sufficiency)						
	31.0%	0.0%	0.0%	0.0%	0.8%	3.5%
Alternative 2 – “Smoothing” Revenue Increases (Transition to self-sufficiency)						
	13.0%	13.0%	2.0%	2.0%	2.0%	2.0%

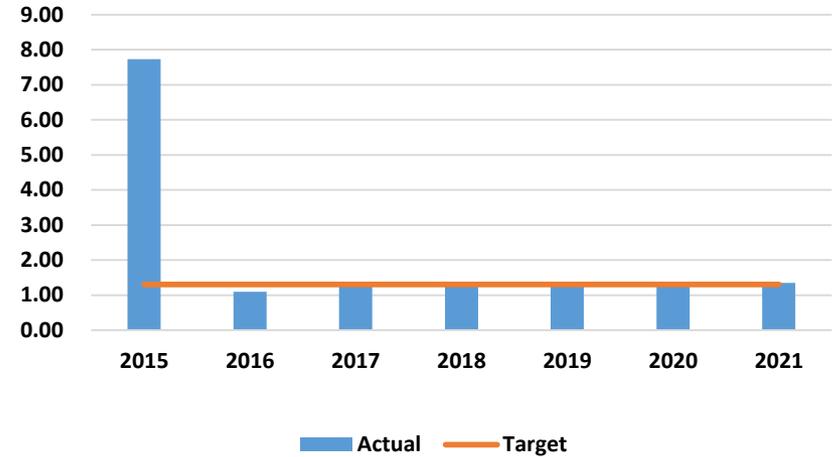
WASTEWATER

Financial Plan Alternatives

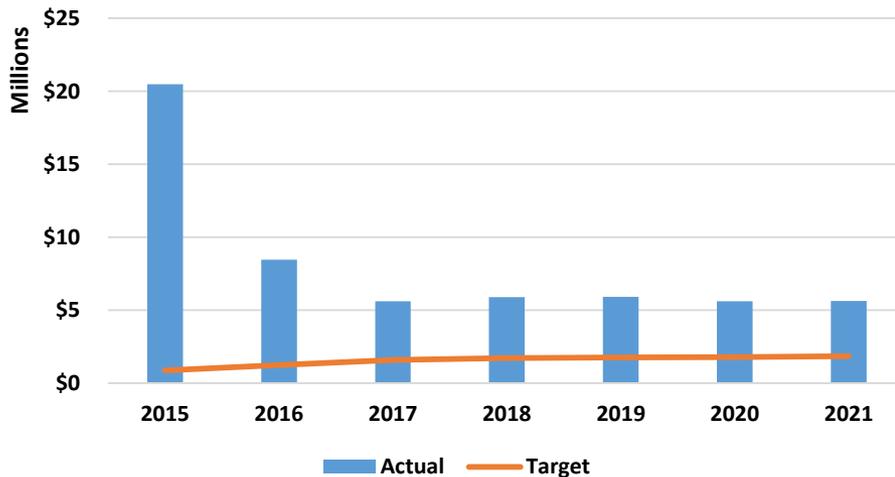
Just-In-Time: DSC (No Tap Fees)



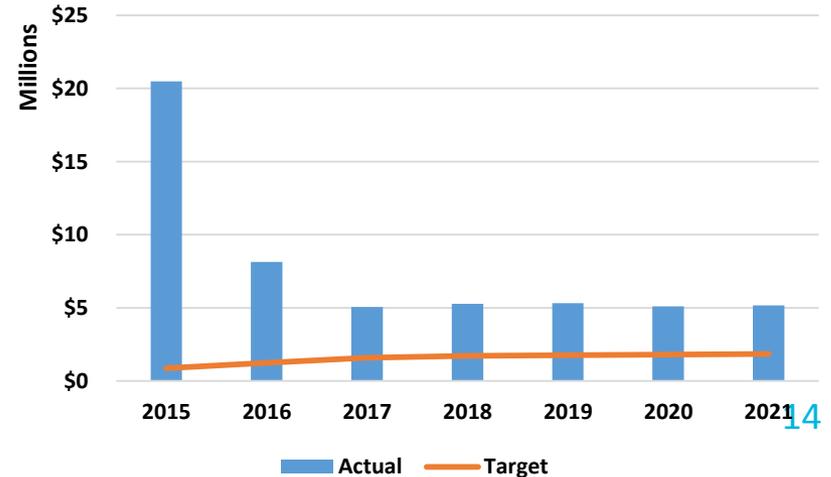
Smoothing: DSC (No Tap Fees)



Just-In-Time: Cash Reserves

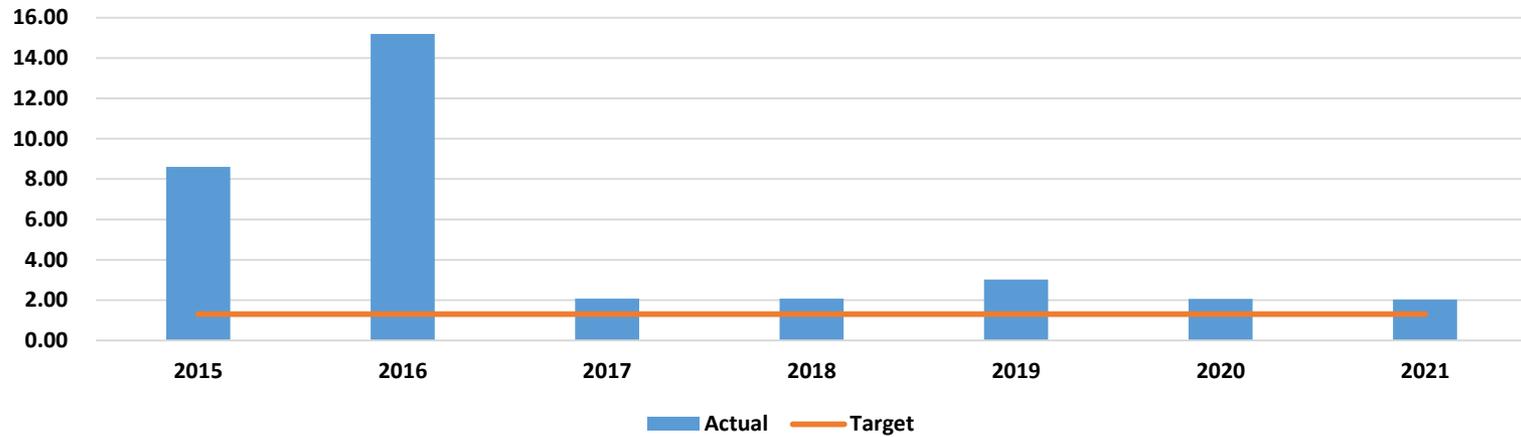


Smoothing: Cash Reserves

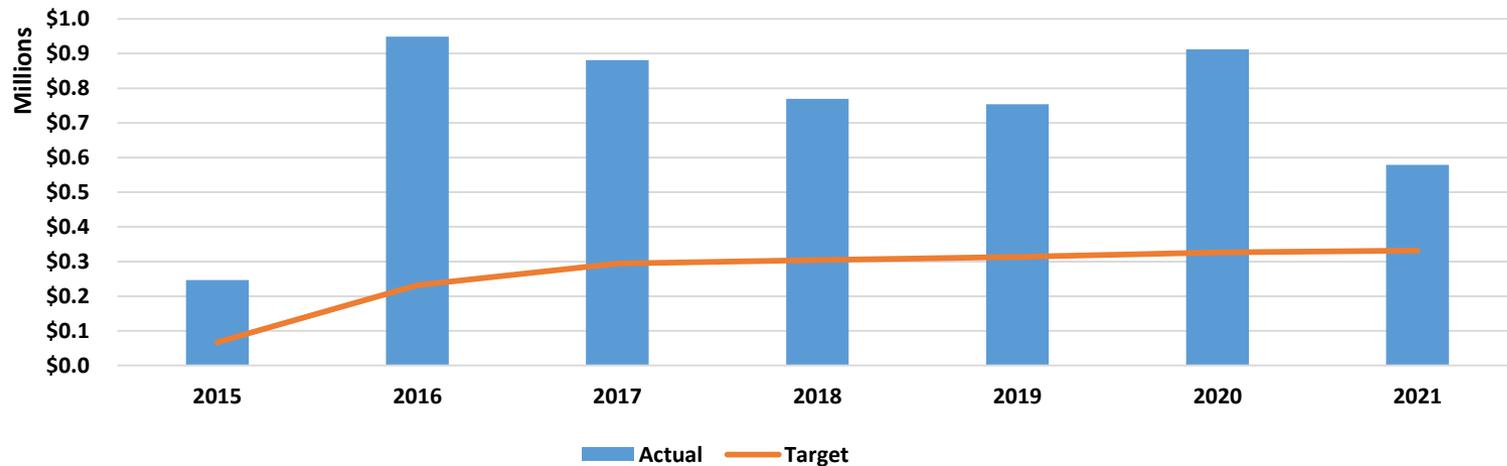


STORMWATER: Do Nothing

DSC (No Tap Fees)



Cash Reserves



Stormwater

STORMWATER

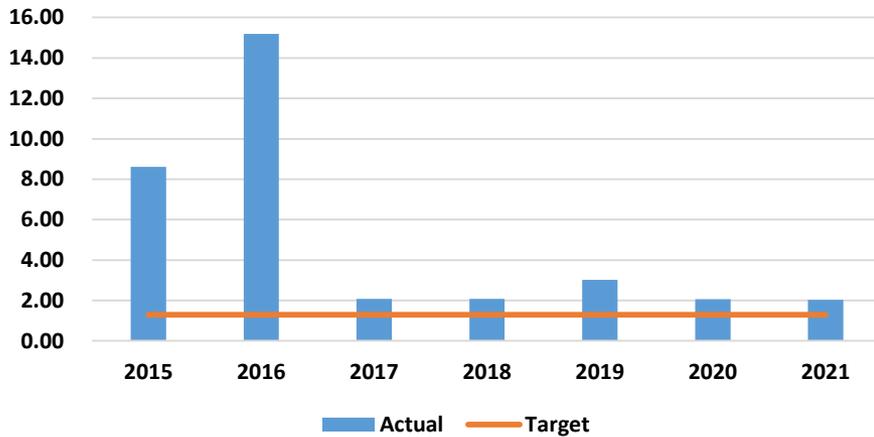
Financial Planning Alternatives

	2016	2017	2018	2019	2020	2021
Alternative 1 – “Just-In-Time” Revenue Increases (Immediate self-sufficiency)						
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Alternative 2 – “Smoothing” Revenue Increases (Transition to self-sufficiency)						
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

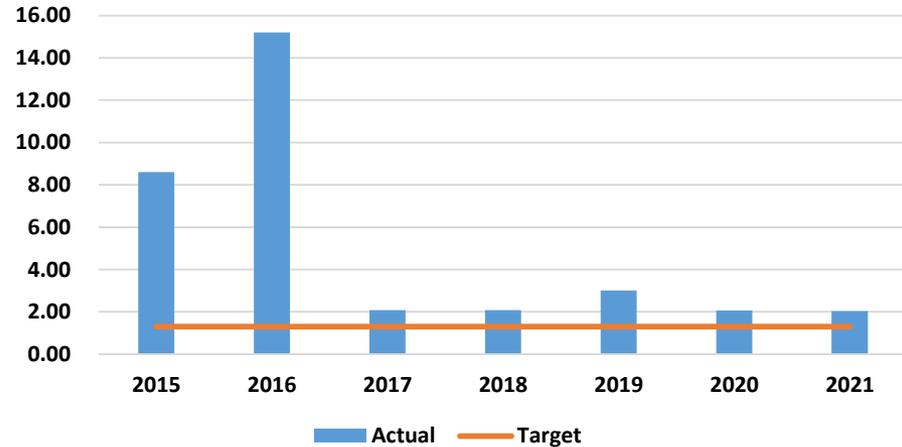
STORMWATER

Financial Pan Alternatives

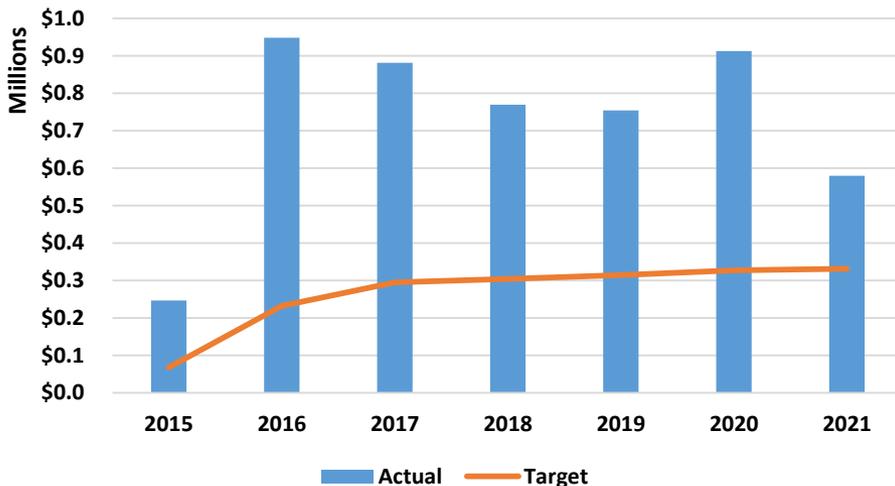
Just-In-Time: DSC (No Tap Fees)



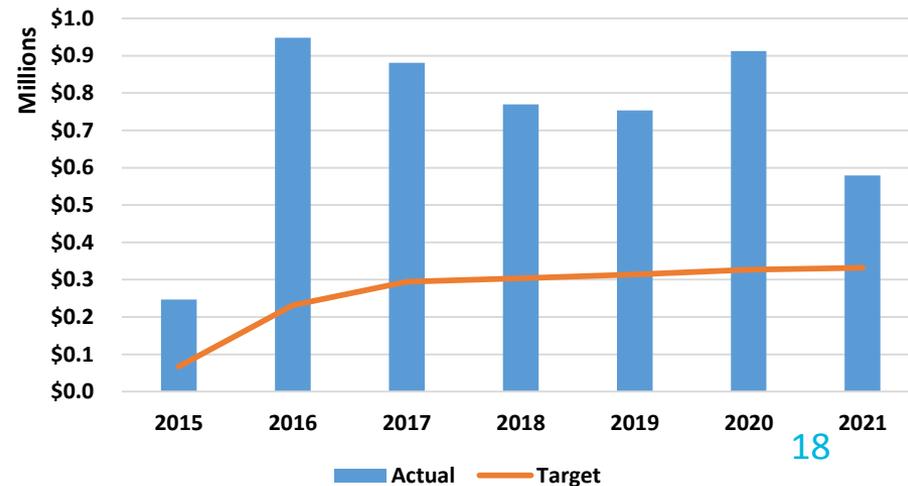
Smoothing: DSC (No Tap Fees)



Just-In-Time: Cash Reserves



Smoothing: Cash Reserves



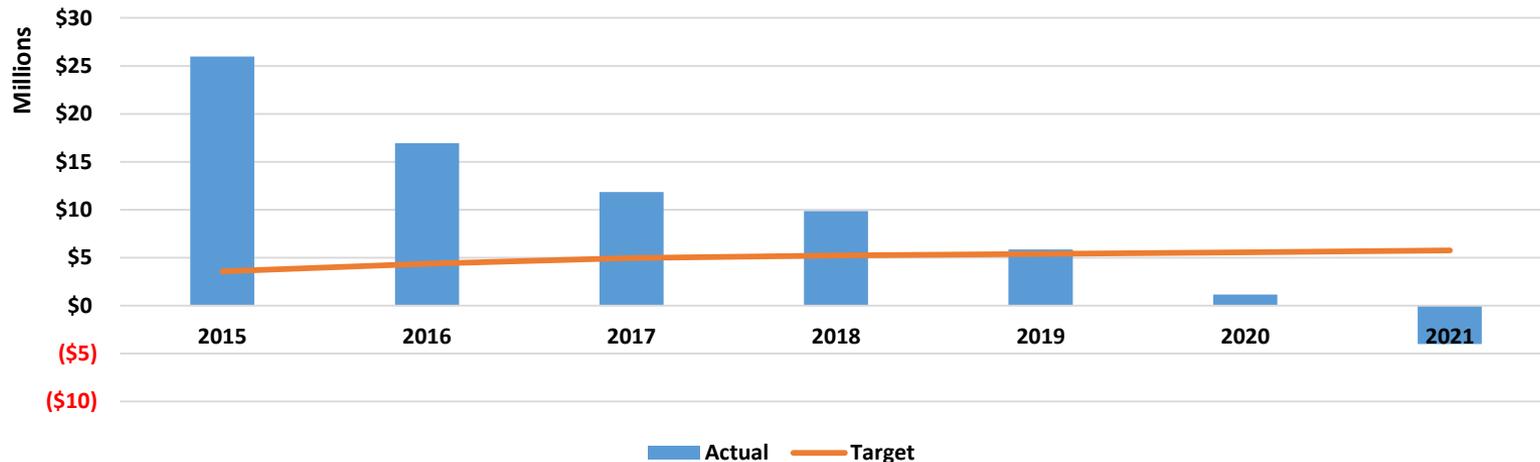
Combined

COMBINED: Do Nothing

DSC (No Tap Fees)



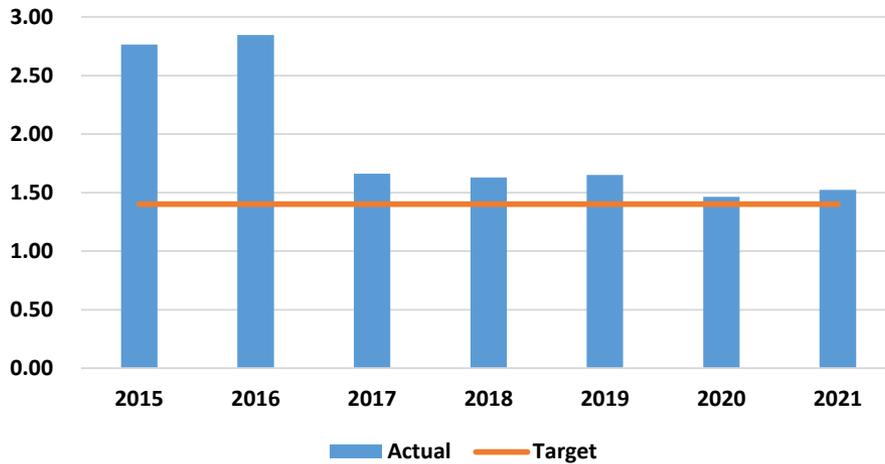
Cash Reserves



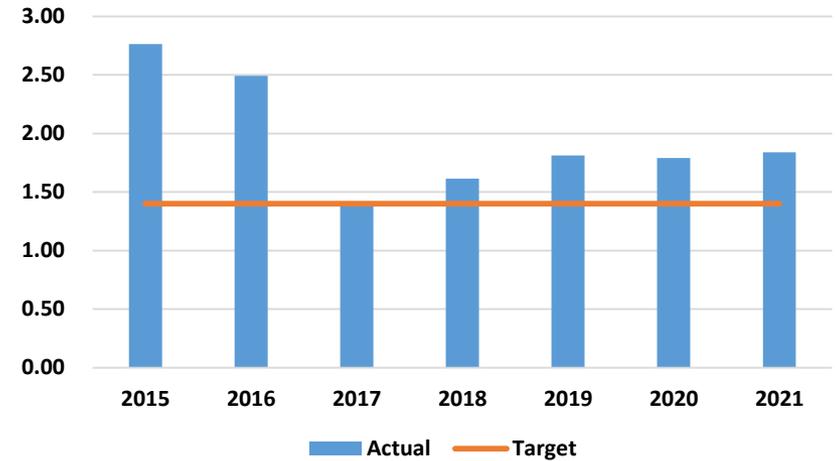
COMBINED

Financial Planning Alternatives

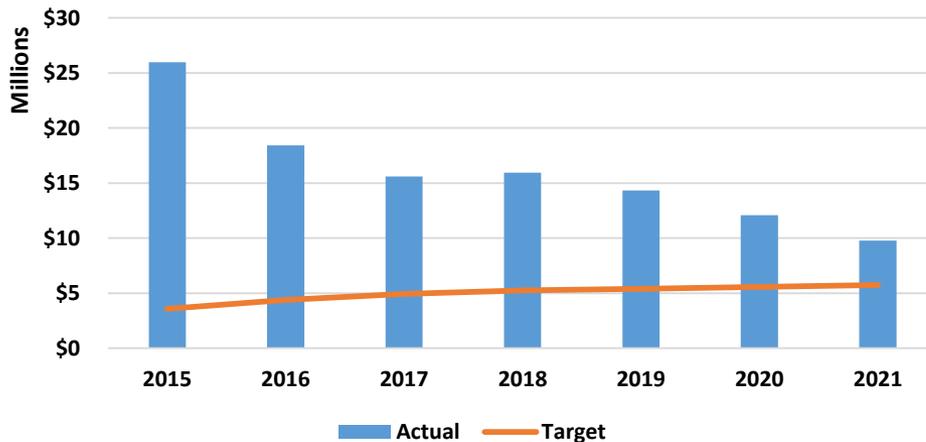
Just-In-Time: DSC (No Tap Fees)



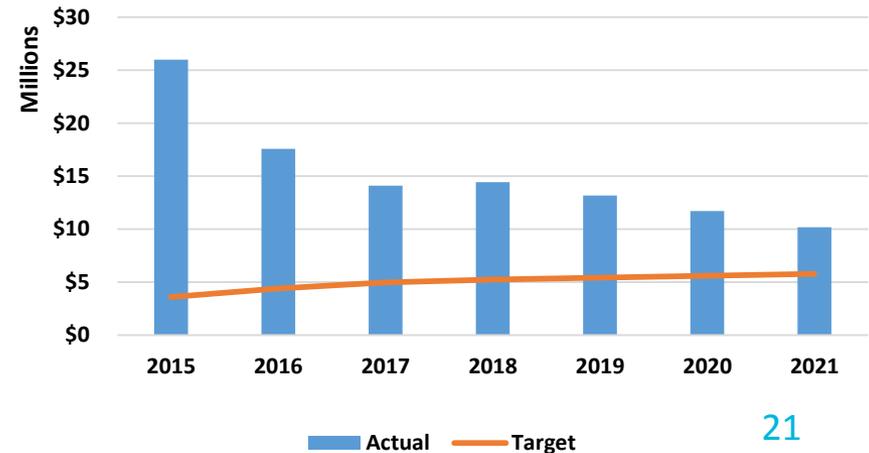
Smoothing: DSC (No Tap Fees)



Just-In-Time: Cash Reserves



Smoothing: Cash Reserves

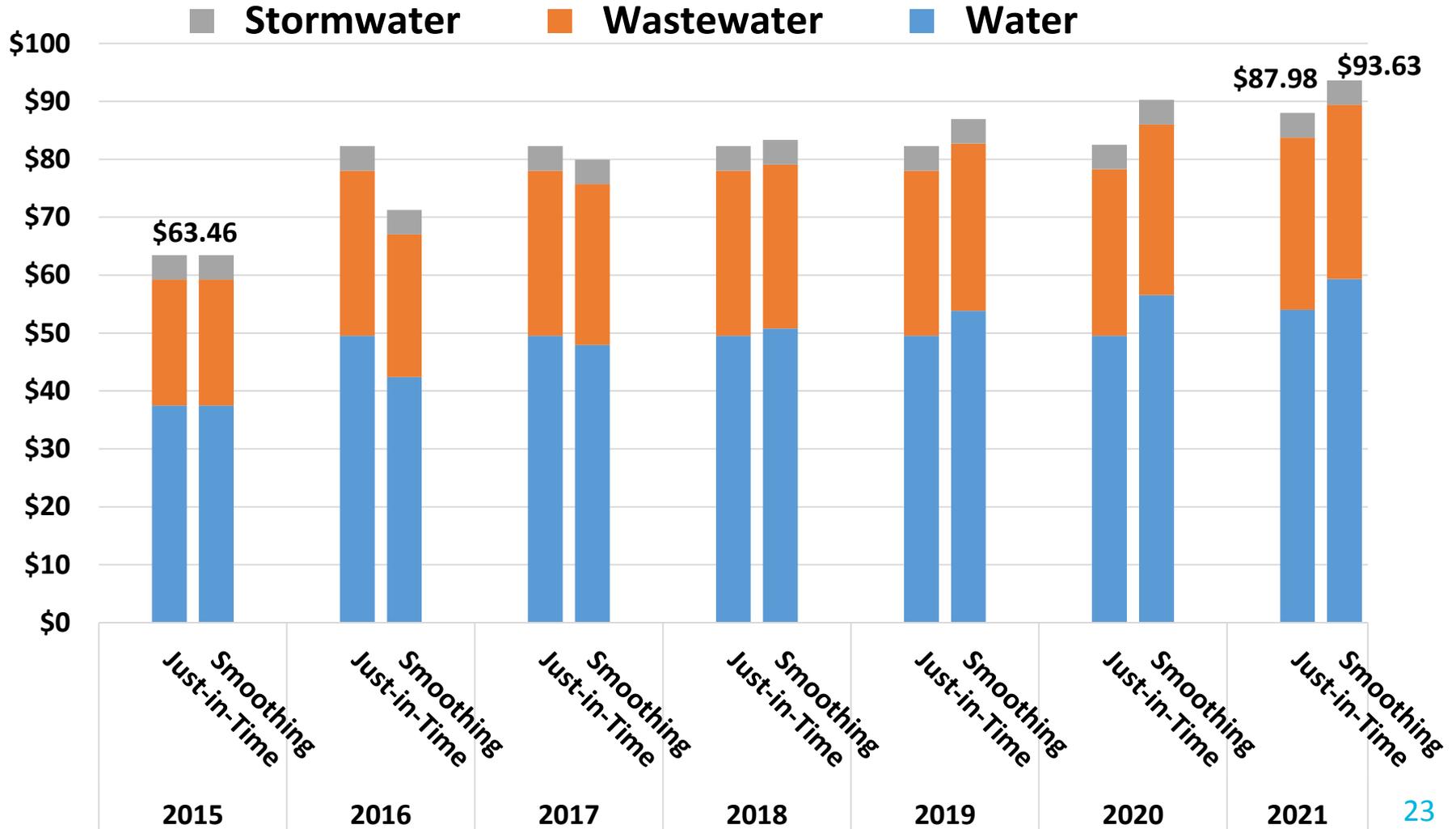


Financial Planning Alternatives

	2016	2017	2018	2019	2020	2021
Alternative 1 – “Just-In-Time” Revenue Increases (Immediate self-sufficiency)						
Water	32.1%	0.0%	0.0%	0.0%	0.0%	9.0%
Wastewater	31.0%	0.0%	0.0%	0.0%	0.8%	3.5%
Stormwater	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Combined (1)	28.4%	0.0%	0.0%	0.0%	0.5%	5.4%
Alternative 2 – “Smoothing” Revenue Increases (Transition to self-sufficiency)						
Water	13.0%	13.0%	6.0%	6.0%	5.0%	5.0%
Wastewater	13.0%	13.0%	2.0%	2.0%	2.0%	2.0%
Stormwater	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Combined (1)	11.8%	11.8%	3.4%	3.5%	3.1%	3.1%

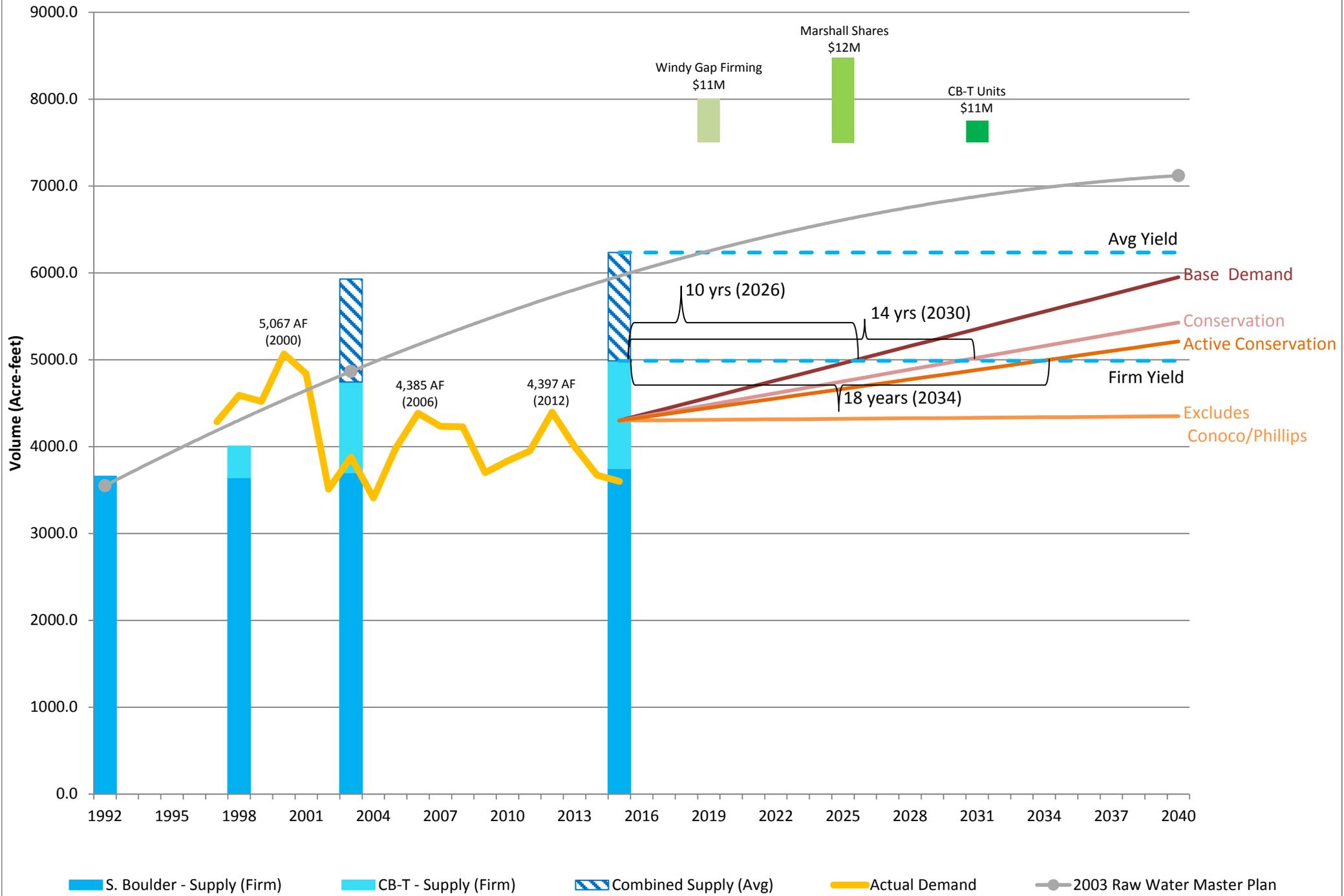
(1) Total water, wastewater, and stormwater utility bill increase

Average Monthly Combined Residential Bill



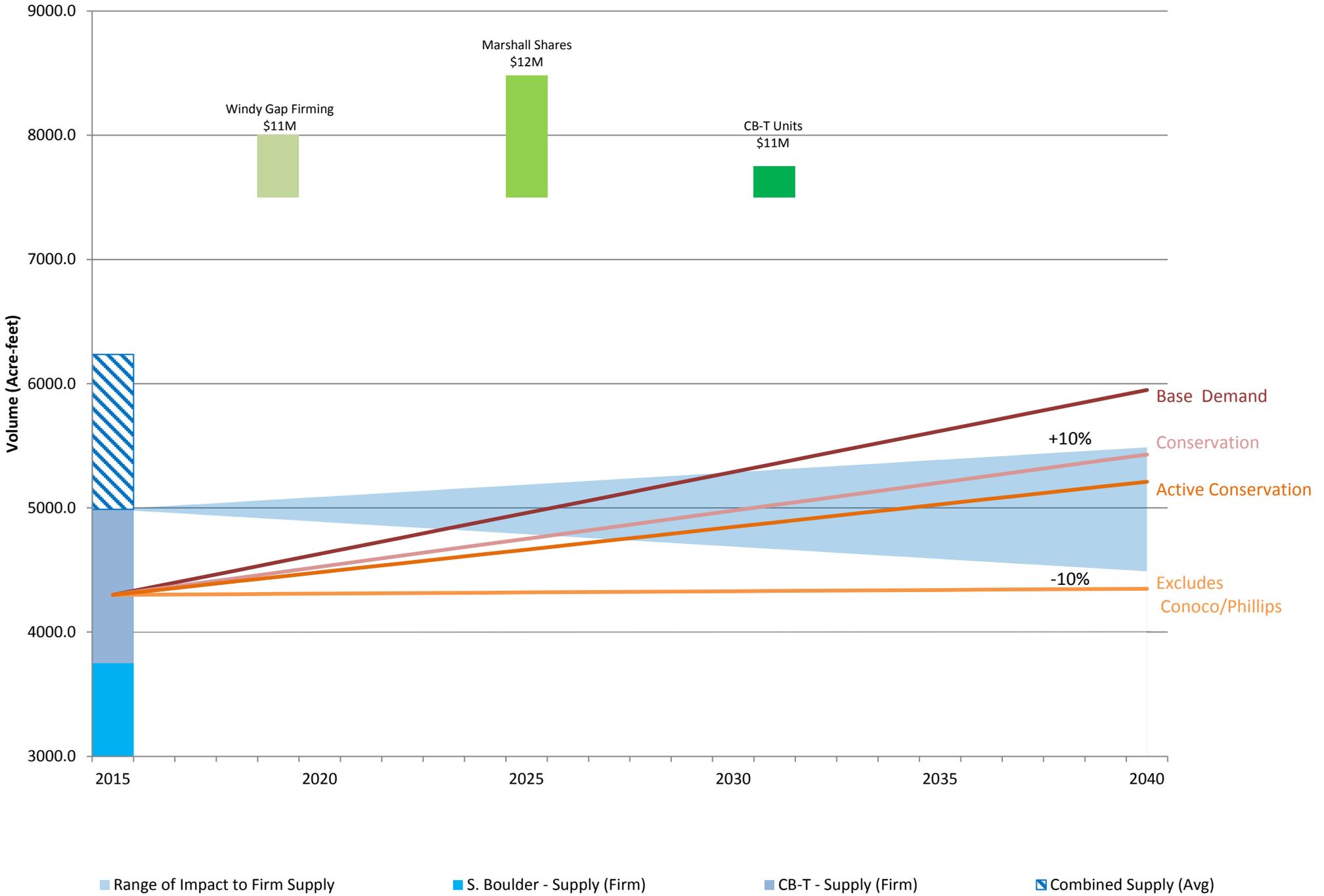
Discussion

Water Supply and Demand



■ S. Boulder - Supply (Firm)
 ■ CB-T - Supply (Firm)
 Combined Supply (Avg)
 — Actual Demand
 —● 2003 Raw Water Master Plan

Effects of Climate Variability on Water Supply



■ Range of Impact to Firm Supply
 ■ S. Boulder - Supply (Firm)
 ■ CB-T - Supply (Firm)
 ▨ Combined Supply (Avg)

Drought Demand Forecasts (base year 2000)

