



**GRAND JUNCTION CITY COUNCIL
&
MESA COUNTY BOARD OF COUNTY COMMISSIONERS
JOINT PERSIGO MEETING MINUTES**

September 23, 2024

Video is available at www.gjcity.org

CALL TO ORDER – PLEDGE OF ALLEGIANCE

County Commissioner Bobbie Daniel called to order at 8:12 a.m. the meeting of the Joint Persigo Board conducted with the Grand Junction City Council and the Mesa County Board of County Commissioners at the Grand Junction City Hall Auditorium, 250 North 5th Street, Grand Junction, Colorado.

County Commissioner Bobbie Daniel led the Pledge of Allegiance, followed by a moment of silence.

Those in attendance included:

Grand Junction

Councilmembers Scott Beilfuss, Jason Nguyen, Anna Stout, Council President Pro Tem Randall Reitz and Council President Abram Herman. Councilmember Cody Kennedy arrived at 8:43 a.m. Councilmember Dennis Simpson was absent. Staff members: Interim City Manager Andrea Phillips, City Attorney John Shaver, Utilities Director Randi Kim, and Deputy City Clerks Krystle Koehler and Misty Williams.

Mesa County

Commissioners Cody Davis, Janet Rowland and Chair Bobbie Daniel.

DISCUSSION TOPICS

Septic System Elimination Program Update

Utilities Director Randi Kim presented the Joint Persigo Board with an update on the Septic System Elimination Program (SSEP), as well as several options to initiate the septic system elimination program. Based on the analysis presented to the Board, the options are as follows:

Option 1 – Focus SSEP on Septic Systems in Unsuitable Areas

Mesa County permits on-site wastewater treatment systems on properties that are more than 0.5 acres provided they meet the minimum design standards and setback requirements.

Mesa County's On-Site Wastewater Treatment System Regulations prohibit septic systems in unsuitable areas, which include:

- land use density of two dwelling units per acre
- properties within the 100-year floodplain

Within the Persigo 201 boundary, there are a total of approximately 176 septic systems that are located in unsuitable areas as defined by current Mesa County regulations:

- 142 septic systems on properties of 0.5 acres or less,
- 34 septic systems on properties within the 100-year floodplain,

Staff recommend prioritizing the septic elimination program on properties that have septic systems within these unsuitable areas.

Option 2 – Increase annual Funding for Septic Elimination Program

The 2024 Adopted Budget includes \$800,000 for 2024 and \$1,000,000 per year in subsequent years in the 10-year capital plan. Staff recommend increasing funding levels in the 2025 budget to \$2 million annually, adjusted annually for inflation. At this funding level, staff estimate that approximately 60 septic systems can be eliminated annually, assuming an average cost of \$33,000 per lot for lots one acre or less. This would eliminate all septic systems on lots less than one acre within seven years.

Option 3 – Fund Sewer Extensions with Plant Investment Fee

Currently sewer extensions to areas with septic systems are funded through formation of sewer improvement district and assessment of 70 percent of the inflated estimated construction cost per lot for these improvements to the property owner and funding the remaining 30 percent by the Sewer Fund. Rather than forming sewer improvement districts, this option would fund the cost of sewer extensions to areas with septic systems with the plant investment fee (PIF).

Currently, the PIF is being held at the 2022 rate of \$5,544 per equivalent unit (EQU) because the Phase 1 expansion of the wastewater treatment plant to 15.0 million gallons per day expanded the EQU basis, reducing the PIF cost per EQU. By including the \$2 million annual capital expense associated with the septic system elimination program in the PIF-eligible expenses, the PIF cost would increase by \$211 from \$5,121 to \$5,387. This is still below the \$5,544 rate that is currently being assessed. Therefore, the Sewer Fund could fund the septic system elimination program with the PIF without increasing the PIF in 2025.

Staff recommend that sewer extensions to areas with septic systems be considered, as this would eliminate the administrative time and cost associated with forming sewer improvement districts.

Option 4 – Expand special improvement district (SID) Assessment to Include Plant Investment Fee

The Board should consider this option if Option 3 is not selected. The total cost of eliminating septic systems

and connecting to sewer includes the SID assessment, the cost of the private sewer lateral to connect the house to the main sewer line, the plant investment fee, and abandoning the septic system. This option would include the plant investment fee cost in the SID assessment so that it could be financed over the amortization period. Staff recommend including the plant investment fee in the SID assessment if Option 3 is not adopted.

Option 5 – Increase Sewer Fund Cost Share

The Board should consider this option if Option 3 is not selected. Under the current program, the Sewer Fund contributes 30 percent of the cost of sewer extensions to SIDs. Staff recommend increasing the Sewer Fund cost share to:

Options 5a: 30 percent or the remainder of the cost after the property owner pays an assessment of \$28,000.

Option 5b: 50 percent.

Option 6 – Financing Amortization Period and Rate

If Option 3 is not selected, the board should consider this option. The current program allows property owners within an SID to finance the SID assessment over a 10-year amortization period at a rate of 8 percent. To incentivize property owners to connect to sewer, Staff recommends increasing the amortization period to 15 years and using an interest rate equivalent to the prime loan rate for a 15-year fixed mortgage rate.

Options 7 – Financing Plant Investment Fee within Completed SIDs

There are 218 properties that are within SIDs that were completed between 2000 and 2014. One of the barriers to connection is the cost of plant investment fees. With new construction, builders pay the plant investment fees, and the cost is passed on to the property owner in the cost of the house, which then can be mortgaged. Conversely, property owners within SIDs must pay the plant investment fee (\$5,544 in 2024) upon connection. Staff recommend offering a financing plan for property owners within completed SIDs with an amortization period of five years and an interest rate equivalent to the prime loan rate for a five-year fixed mortgage rate. This option would be offered for up to two years after the effective date of the new program.

Questions and comments were heard from Councilmembers Nguyen, Stout, and Beilfuss, as well as Council President Herman, and Mesa County Commissioners Davis and Rowland. Utilities Director Randi Kim was available to answer those questions.

Discussion was held between the Board members regarding the options presented, resulting in a consensus that the Board would like staff to gather more information for all properties under 1 acre and located within the 100 year floodplain in preparation to eliminate septic systems in the area within 7 years, as well as options for the cost that will be passed along to the property owner. Board members agreed upon evaluating funding options as part of the rates study that will be conducted by an independent financial consultant in 2025.

Next Meeting Topics

Topics for the upcoming meeting will be discussion on the information requested at this meeting.

Other Business

There was none.

Adjournment

Commissioner Rowland adjourned the meeting at 9:27 a.m.


Bobbie Gross
Mesa County Clerk and Recorder

Selestina Sandoval, CMC
City Clerk