

**AGENDA
ANNUAL PERSIGO BOARD MEETING
CITY OF GRAND JUNCTION, CITY COUNCIL
MESA COUNTY, BOARD OF COUNTY COMMISSIONERS
CITY HALL AUDITORIUM
250 N. 5th STREET
GRAND JUNCTION, COLORADO
WEDNESDAY, APRIL 30, 2014, 2:00 P.M.**

Chaired by Mayor Sam Susuras

- I. **Welcome and Introductions**
- II. **Purpose of Annual Joint Meeting of the Persigo Board**

[Supplemental Documents Presented](#)
- III. **201 Boundary Adjustments - Requested Inclusion into the Persigo 201 Service Area:** Ron Abeloe, property owner has made a request to have his property included within the Persigo 201 Sewer Service Boundary. The property consists of about 38 acres, on 24 Road, between H and I Roads. Staff is reviewing this request by taking into consideration current land use, proposed future land use, and recommendations included in the Comprehensive Plan.

[Attach 1](#)
- IV. **Proposed Revision of Sewer Trunk Line Extension Policy:** Changes to the trunk line extension policy are being proposed to provide greater flexibility with regard to Persigo system participation in trunk line extension projects. [Attach 2](#)
- V. **Persigo Biogas Discussion and Options:** Options for the capturing and utilizing bio gas from the Persigo Plant will be presented. [Attach 3](#)
- VI. **Coordination of Permit Requirements for Directional Boring Projects within the Persigo Sewer Service Area:** The City of Grand Junction now requires directional boring contractors to TV sewer lines and storm sewer lines crossed by any directional boring installation. The City is asking Mesa County to support this requirement for directional boring projects completed within the Persigo sewer collection system service area. [Attach 4](#)
- VII. **Managers Reports**
Nutrient Study and Savings for Future Implementation
Dissolution of Orchard Mesa Sanitation District

Annual Persigo Meeting Agenda Item

Subject: Requested Inclusion into the Persigo 201 Service Area.

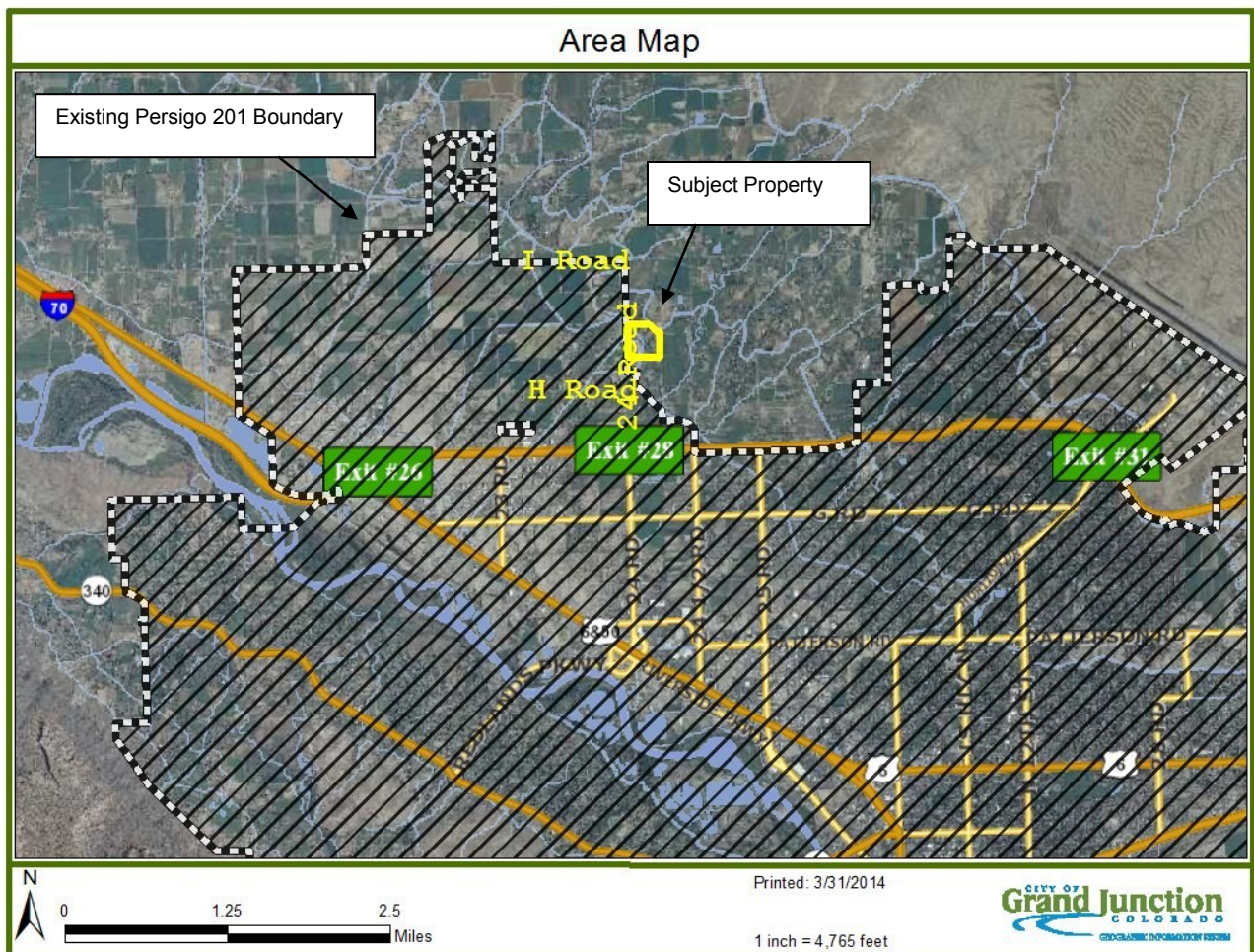
Action Requested/Recommendation: Review and Consider Adjusting the 201 Boundary at the April 30, 2014 Persigo Board Meeting.

Presenter(s) Name & Title: Greg Lanning, Public Works and Utilities Director
 Bret Guillory, Utility Engineer

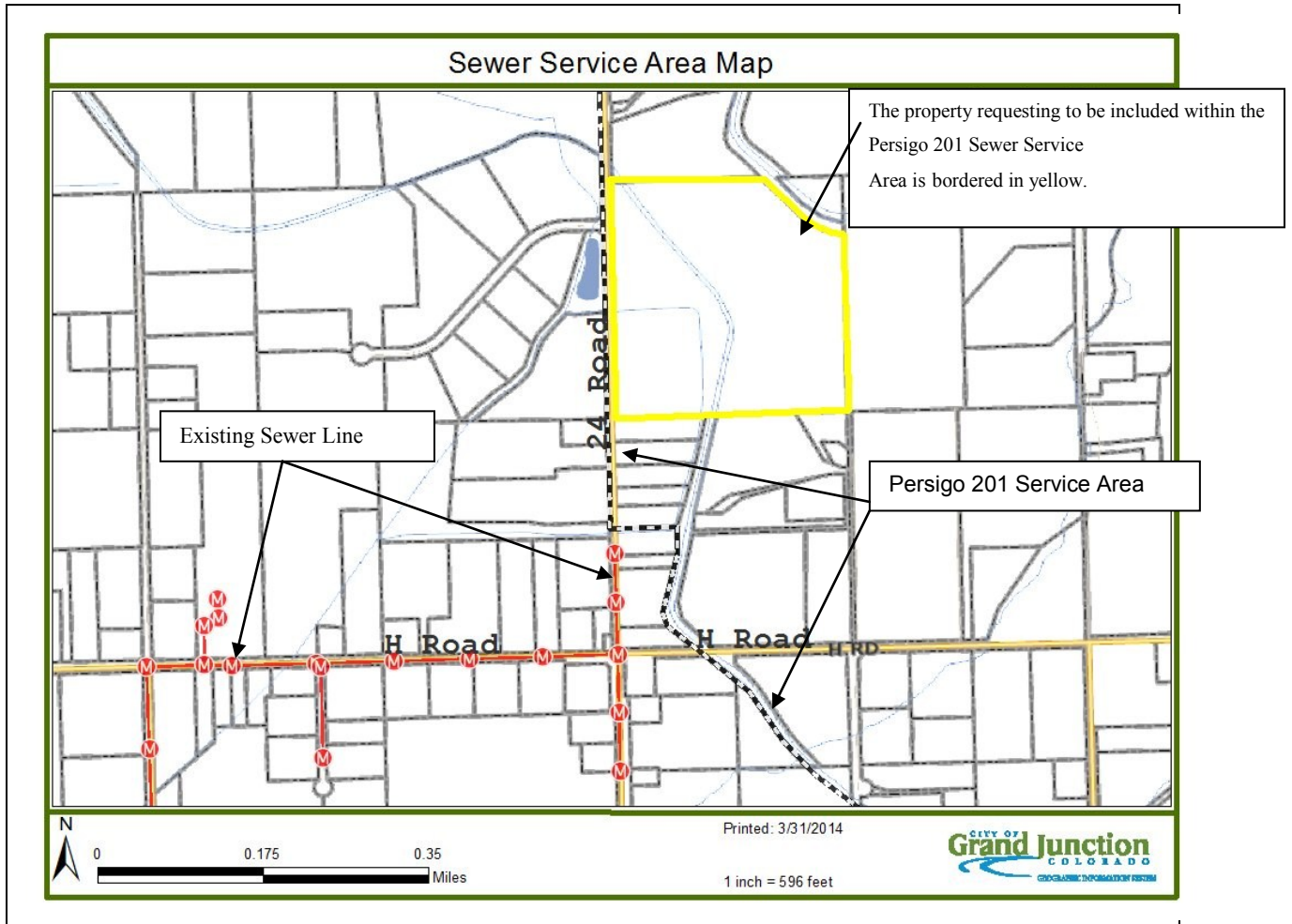
Executive Summary:

Ron Abeloe, property owner has made a request to have his property included within the Persigo 201 Sewer Service Boundary. The property consists of about 38 acres, on 24 Road, between H and I Roads. Staff is reviewing this request by taking into consideration current land use, proposed future land use, and recommendations included in the Comprehensive Plan.

Existing 201 Boundaries:



The map below displays the current limits of the Persigo 201 Boundary. This boundary was established during the 2010 Joint Persigo meeting. Sewer is currently located approximately 750 feet south of the subject area.



201 Boundary

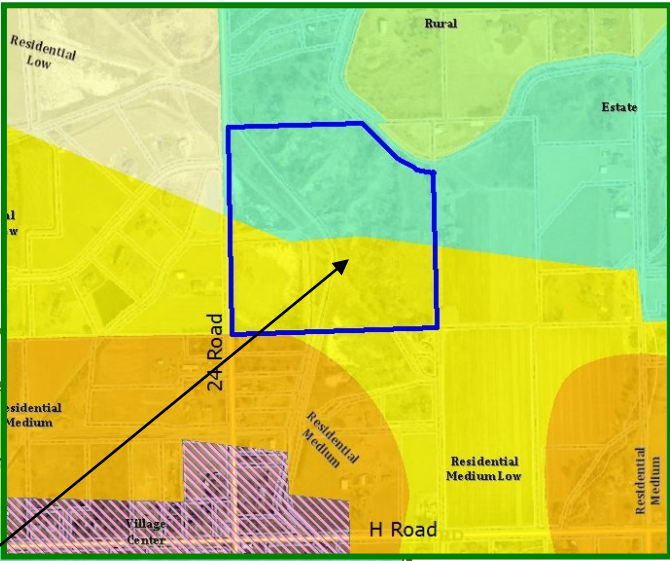
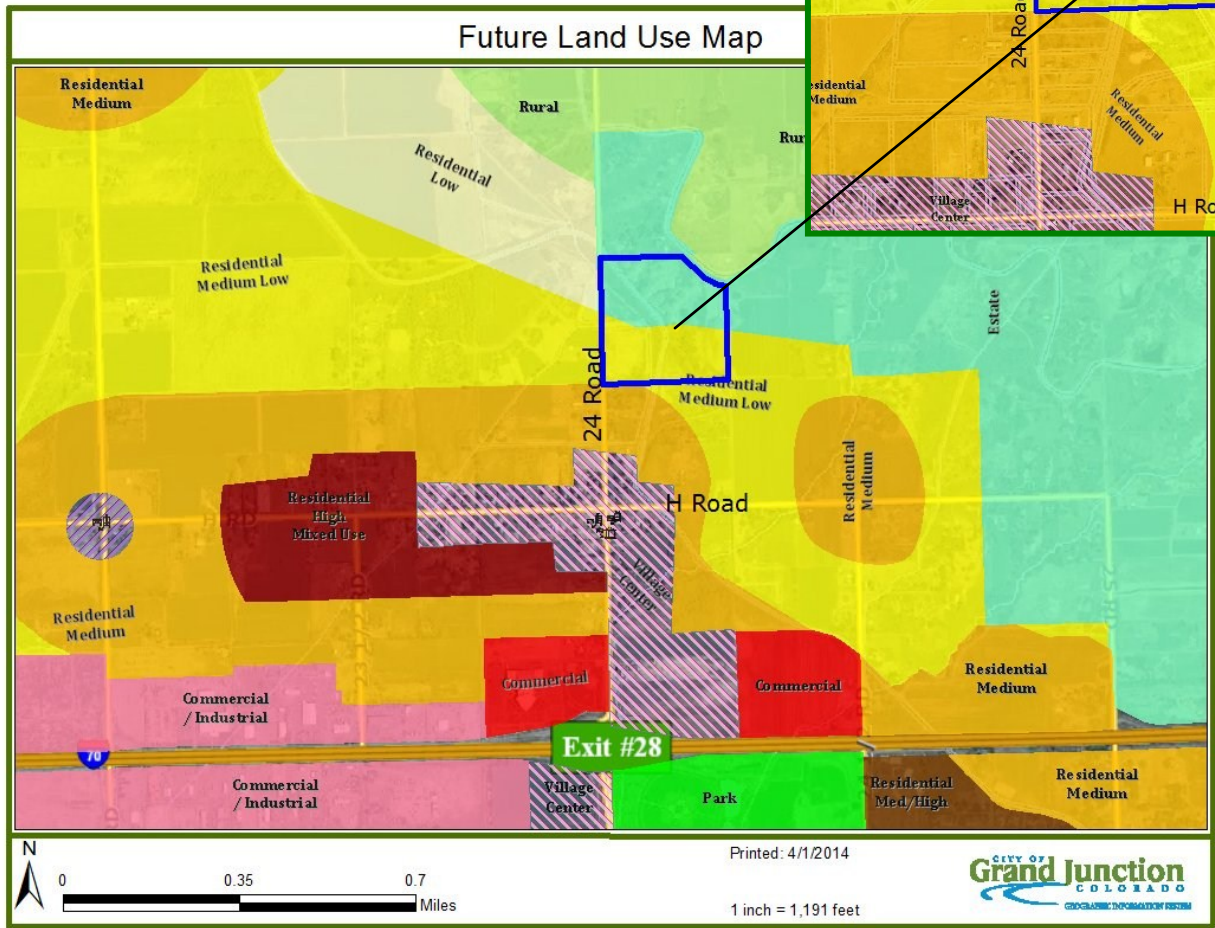
Land Use Analysis - Zoning and Future Land Use:

The property is approximately thirty-eight (38) acres in size and is currently zoned Agricultural, Forestry, and Transitional (AFT) by Mesa County. Maximum residential density allowed in the AFT zone district is five (5) acres per dwelling unit and minimum lot size is (1) one acre. The property lies outside the 201 sewer service boundary. The southern portion of the property is within the Urban Development Boundary (UDB) established by the Grand Junction Comprehensive Plan in 2010, but the north portion (approximately one-half of the parcel) is outside of the UDB.

The Grand Junction Comprehensive Plan Future Land Use Map identifies the site as Residential Medium Low (2 to 4 dwelling units per acre) on the southern half and Estate (1 dwelling unit per 1 to 3 acres) on the northern half.

Future Land Use Map

Property requesting to be included within the Persigo 201 Service Area is outlined in purple.



Sewer Service to Property:

1. Gravity service is currently not available to this property.
2. System Capacity – there is currently adequate capacity in the collection system downstream of this proposed amendment area to convey sewage that may be generated from development of this site. This capacity evaluation is based on future land use discussed above.

Recommendation:

The recommended future land use for this area is urban and will require sewer service. Staff recommends that this parcel be included within the Persigo 201 Sewer Service boundary.

Annual Persigo Meeting Agenda Item

Subject: Proposed Revision to the Sewer Trunk Line Extension Policy

Action Requested/Recommendation: Approval of the Proposed Text Revision by the Joint Persigo Board.

Presenter(s) Name & Title: Dan Tonello, Waste Water System Manager
Bret Guillory ,Utility Engineer

Executive Summary:

Changes to the trunk line extension policy are being proposed to provide greater flexibility with regard to the Persigo System participation in trunk line extension projects.

Background, Analysis and Options:

The Persigo System Trunk Extension Fund (TEF) was established by the Joint Board in 1993 under Resolution No. 47-93. This resolution sets guidelines that allow the Persigo Sewer System to participate in extension of Trunk sewer lines that benefit larger basins within the sewer service area. There are several criteria that need to be met in order for Persigo to participate in a TEF project. Staff is requesting that the criteria be revised allowing for greater flexibility in participating with developers in this type project while still providing rigorous management of sewer funds and assuring that development is not subsidized by the rate payers.

How this item relates to the Comprehensive Plan Goals and Policies:

The revision to Resolution No. 47-93 does not impact or affect the goals and policies of the Comprehensive Plan.

Board or Committee Recommendation: None

Financial Impact/Budget: None

Legal issues: The City Attorney has reviewed and approved the proposed revision.

Other issues: None

Attachments:

Proposed Revisions to Section 3 (shown in red).

Trunk Extension Fund Background and Overview

Trunk line Extension Policy

3. Project Criteria. In determining if a trunk line construction project is eligible for the Sewer Trunk Line Extension program, the Manager shall consider the following:

- A. The trunk line must be included in the sewer lines shown in Figure TM 4-5 of the Black & Veatch 2008 Comprehensive Wastewater Basin Study Update;
- B. The trunk line shall be located in an area of the 201 Sewer Service Area that is developed or developing;
- C. At least 15% of the total cost of the trunk line shall be committed by property owners within the basin area prior to construction of the trunk line. This commitment may be in the form of prepaid development fees/escrow or contracts to pay upon the award of contract to construct the trunk line. The Manager may waive this requirement if the best interest of the sewer system is served by constructing a trunk line in an area that does not meet these criteria.
- D. The Manager may determine that, based on A through C above, a particular trunk line request is not financially in the best interest of the sewer trunk extension fund. Notwithstanding that determination the property owner(s) in the basin may propose to construct the trunk line with the owner(s) funding an amount greater than 15% of the project cost. With consent of the Manager the owner(s) may fund up to 100% of the project cost. Should the requesting property owner(s) costs be greater than the trunk extension revenues there will be no credit or reimbursement made to the owner(s).
- ⊘ E. The financial objective of the Sewer Trunk Line Extension Fund shall be to collect sufficient development fees to recover trunk line construction costs and finance further trunk line project on a self-sustaining basis.
- F. In the event the Manager denies an extension, the property owner(s) may 1) request that the Manager provide its calculation/evaluations of the revenue anticipated to be received if the trunk line project is construction and/or the financial projections on which the decision is based and 2) the property owner(s) may appeal any denial first to the City Manager and if the project continues to be denied to the Commissioners and City Council sitting in joint session as the Persigo Board. Appeals shall be timely made and decided; an appeal shall be in writing and must be filed within 10 days of the Manager's denial. The City Manager shall hear and decide the appeal, in writing, within 10 business days after it is filed with him. If the denial is not overturned or terms established that are acceptable to the Manager and the property owner then the Persigo Board shall hear and decide the appeal within 30 days unless the property owner agrees to a later decision date.

Trunk Extension Fund Background and Overview.

In 1992 and subsequent years, the City and later the County, as a result and benefit from the Persigo Agreement, developed administrative policies and rules for the operation, development and maintenance of the sewer system.

The Trunk Extension Fund was established by Resolution No. 47-93, adopted by the City Council and Mesa County Board of County Commissioners in August of 1993. The Resolution outlines how the fund is managed, criteria for extension of sewer trunk lines, and what the Trunk Extension Fees will be based on lot size.

The central policy of Resolution 47-93 was:

"The financial objective of the Sewer Trunk Line Extension Fund shall be to collect sufficient development fees to recover trunk line construction costs and finance further trunk line projects on a self-sustaining basis."

This was a satisfactory compromise in that sewer would be installed, allowing for density. Development did not have to pay the costs up front, but could wait until their cash was flowing. The sewer fund would recover its costs and be able to fund additional trunk line projects in other areas needing sewer.

The Trunk line Extension Fund (TEF) policy has been one of the most successful of those policies because: 1) it has resulted in the sewerage of large areas of the community that would otherwise either not have been developable and/or were inappropriate to develop with septic systems and 2) the creation of capacity (with new, properly sized lines) served to support the large scale effort to eliminate aging septic systems through the Septic System Elimination Program (SSEP). With the SSEP program 1,203 septic systems (as December 2013) have been converted to sewer at a cost of \$11 million.

Many of the sewer regulations are adopted by City ordinance; some have been adopted by resolution of the City and County. The TEF policy that is proposed to be amended was established by Resolution No. 47-93, adopted by the City Council and Mesa County Board of County Commissioners in August of 1993. The Resolution outlines how the fund is managed; criteria for extension of sewer trunk lines and the basis for the calculation of Trunk Extension Fees.

Included below is specific background on the TEF policy, as well as an overview of the City Code concerning sewer extensions.

Consistent with the direction given by the City Council and Board of County Commissioners at the Persigo Board meeting on November 18, 2013 staff has modified the proposed amendment to the TEF policy. The amendment and an analysis of the policy are found herein.

Staff recommends adoption of the TEF policy as amended.

Analysis of the TEF Policy

Resolution 47-93 provides in relevant part:

The financial objective of the Sewer Trunk Line Extension Fund shall be to collect sufficient development fees to recover trunk line construction costs and finance further trunk line projects on a self-sustaining basis.

The policy clearly articulates that the Manager is to strike a balance between allowing extensions, receiving cost recovery for those extensions and ensuring continuity of the program. The policy is currently administered to allow development to maximize density (consistent with the Comprehensive Plan and zoning) and not requiring development to pay all (or even a substantial amount) of the cost of the extension up front. The policy allows for the sewer fund to recover its costs and be able to fund additional trunk line projects in other areas needing sewer in a reasonable period of time. Pursuant to City Code the payback is not to exceed 10 years (certainly that can be changed if the Persigo Board determines that to be appropriate.)

With the TEF policy development related growth pays its own way without a permanent subsidy from rate payers. With the proposed amendment developers that have the financial capacity may cause lines to be extended sooner than under the current policy because of his/her/their investment.

The process by which extension requests are evaluated is as follows:

1. A property owner(s) interested in developing an area that is currently not served by sewer approaches staff. He/she/they may have contact with a planner, engineer, attorney or manager to begin the process.
2. Staff determines if the property is eligible based on the sewer basin study and being within the 201 area.
3. Staff then evaluates the potential for development in the basin by discussing recent projects and trends with the City Planning & Development staff. The evaluation includes but is not limited to consideration of the current and future zone designations within the basin.
4. If there appears to be a reasonable potential for development to occur in the basin and the extension would provide cost recovery in 10 or less years, staff prepares budget level estimates for the project. The financial objective of the staff when implementing the TEF policy has been to collect sufficient fees from property served (to be served) in the basin to recover the cost of the project (construction and administration.)
5. The project is then typically included in the budget for the following year or a request is made to City Council and the Commissioners to allow use of current year funds for design and construction. If approved, the project moves forward with design and bidding.
6. A construction contract is not awarded until the property owner(s) within the benefitting basin have made a financial commitment amounting to 15% of the design and construction costs based on bids received.

The proposed changes to the current trunk line project criteria are shown below; the primary change is to the percentage (currently 85-15%) that is required for favorable consideration of the project. With the proposed amendment developers that have the financial capacity may cause lines to be extended sooner than under the current policy with the developer bearing more of the risk and the sewer system bearing less.

As amended the policy would provide as follows:

A. The trunk line must be included in the sewer lines shown in Figure TM 4-5 of the Black & Veatch 2008 Comprehensive Wastewater Basin Study Update;

B. The trunk line shall be located in an area of the 201 Sewer Service Area that is developed or developing;

C. At least 15% of the total cost of the trunk line shall be committed by property owners within the basin area prior to construction of the trunk line. This commitment may be in the form of prepaid development fees, an escrow with escrow instructions approved by the City Attorney and/or contract(s) to pay upon the award of a/the trunk line construction contract. The Manager may waive the requirements of paragraph C. if the Manager determines in writing that the best interest of the sewer system is served by constructing a trunk line in an area that does not meet these criteria.

D. The Manager may determine, based on A through C above that a particular trunk line request is not financially in the best interest of the sewer trunk extension fund. Notwithstanding that determination the property owner(s) in the basin may propose to construct the trunk line with the owner(s) funding an amount greater than 15% of the project cost. With consent of the Manager the owner(s) may fund up to 100% of project cost. Should the requesting property owner(s) costs be greater than the trunk extension revenues there will be no credit or reimbursement made to the owner(s).

E. The financial objective of the Sewer Trunk Line Extension Fund shall be to collect sufficient development fees to recover trunk line construction costs and finance further trunk line project on a self-sustaining basis

F. In the event the Manager denies an extension request the property owner(s) may 1) request that the Manager provide its calculations/evaluations of the revenue anticipated to be received if the trunk line project is constructed and/or the financial projections on which the decision is based and 2) the property owner(s) may appeal any denial first to the City Manager and if the project continues to be denied to the Commissioners and the City Council sitting in joint session as the Persigo Board.

Staff would also propose the following be adopted as the current calculation of the cost of service to benefitting property or lots. The inclusion of a 2% escalator establishes a current value.

	Rate of Inflation since 1992			2%		Total 2013	Increase from 1992 to 2013
	1992		Total 1992	2013			
	Developer	Builder		Developer	Builder		
Density							
1 Unit/Acre or less	\$ 750	\$ 1,750	\$ 2,500	\$ 1,137	\$ 2,652	\$ 3,789	\$ 1,289
>1<3 Units/Acre	\$ 675	\$ 1,500	\$ 2,175	\$ 1,023	\$ 2,273	\$ 3,297	\$ 1,122
≥3 Units/Acre	\$ 500	\$ 1,000	\$ 1,500	\$ 758	\$ 1,516	\$ 2,273	\$ 773

Trunk extension fees were established based on estimated cost (1992) to extend trunk sewer lines into sewer basins in the Redlands area and North area. Cost per lot for the benefitting lots was established assuming three typical lot sizes, less than 1/3 of an acre, 1/3 acre to less than one

acre, and greater than one acre. This was done in an effort to make the fees equitable across the service area.

Annual Persigo Meeting Agenda Item

Topic: Persigo Biogas Discussion and Options

Staff (Name & Title): Greg Lanning, Public Works and Utilities Director
Jay Valentine, Internal Services Manager
Dan Tonello, Wastewater Services Manager

Summary:

Options for the capturing and utilizing bio gas from the Persigo Waste Water Treatment Plant will be presented.

Background, Analysis and Options:

Several years ago, the wastewater division contracted with an engineering firm to help identify any beneficial uses of the biogas produced at the Persigo treatment facility. Persigo “flares” or burns off approximately 100,000 cubic feet per day of digester gas. Digester gas is methane that is created as a byproduct of processing waste.

The methane biogas produced at Persigo when converted to CNG is the equivalent of 196,000 gallons of gasoline with an approximate 3 million pound reduction of CO2 emissions released in a year.

Options for this conversion include:

- Convert the biogas into compressed natural gas, deliver it to the City’s fueling facility and use it to fuel CNG vehicles.
- Scrub, compress, and then sell the gas to Xcel Energy by injecting it into their pipeline.
- Allow energy an energy services company to purchase and install all of the infrastructure necessary to inject the gas into Xcel Energy, thereby taking ownership and beneficial use of the gas.
- Do nothing and continue to flare the methane gas

Financial Impact/Budget:

Financial options will be discussed and are dependent of which option is pursued and factors that include the fluctuation of renewable energy credits.

Legal issues:

There are no legal issues at this time.

Other issues:

The addition of 4 slow fill CNG stations is also being considered for the Persigo property.

Previously presented or discussed:

This item was discussed at City Council Workshop on January 6th.

Annual Persigo Meeting Agenda Item

Subject: Coordination of Permit Requirements for Directional Boring Projects within the Persigo Sewer Service Area

Action Requested/Recommendation: Mesa County Board of County Commissioners Support the City of Grand Junction Permit Requirements for Installation of Underground Utilities via Directional Boring Methods

Presenter(s) Name & Title: Bret Guillory, Utility Engineer

Executive Summary:

The City of Grand Junction now requires directional boring contractors to TV sewer lines and storm sewer lines crossed by any directional boring installation. The City is asking Mesa County to support this requirement for directional boring projects completed within the Persigo sewer collection system service area.

Background, Analysis and Options:

In September of 2013 the City of Grand Junction added a requirement to work in the right of way permits requiring any contractor utilizing directional boring methods to TV sanitary sewer lines and storm sewer lines that were crossed by a utility installed via directional boring. This requirement was added to the permit after the City recently found several sewer lines that had been bored through by electrical, cable TV, and phone conduits.

This type of conflict is potentially hazardous to the contractor, utility provider, and property owner. This conflict becomes a safety issue if cutting devices are used to clear a blocked sewer main or service line. Rupture of a gas line or electrical line within a sewer service may prove hazardous to the property owner, person working on removing a blockage, or even adjacent property owners.

Loss of service may also be a problem if telecommunication lines happen to be what is causing the blockage and are damaged by a cutting device during line cleaning.

The City of Grand Junction permit system has been in place for more than 30 years. The directional boring industry has become more active with utility installation in the last 15 years, with substantial increases in the last 5 years. Prior to directional boring,

installation of underground utilities was able to be visually inspected to ensure that no damage was done to other underground utilities. The last few years the City has been discovering damage to sewer and storm sewer systems as a result of directionally bored installations. The Seventh Street gas line rupture as a result of a miss-located utility during a directional boring installation brought this conflict issue to the surface. City Staff's concern for potential harm to our employees, private service providers, and the general public lead to this decision. The City has to be able to visually verify that no damage has been done to existing utilities as a result of directionally bored installations.

In September of 2013 the City of Grand Junction added a permit requirement to discover/mitigate potential damage to sanitary sewer lines within the Persigo service area, and storm sewer lines within the City of Grand Junction. With this change, the City requires that the permit holder provide a Closed Caption Television (CCTV) inspection of the sewer main lines and services crossed by any directionally bored installation upon completion of the installation. Requiring CCTV inspection is the most reasonable way to mitigate possible conflicts with these installations.

Bore Through Locations Discovered in the last three years:

- West Gunnison Avenue at Maldonado (First TV inspection with the new permit requirement – found sewer main and sewer service bored through)
- Horizon Drive (at Conoco Station) sewer main
- 1st Street (north of Grand) Xcel electrical conduits, sewer main
- Independent Ave. (back porch music) Century Link, sewer main
- Grand Junction Pipe and Supply yard, sewer main
- Service line in 30 Road CGVSD (2013), sewer service
- Alpine Meadows Subdivision (2014), sewer main

How this item relates to the Comprehensive Plan Goals and Policies:

Goal 12: Being a regional provider of goods and services the City and County will sustain, develop and enhance a healthy, diverse economy.

This permit modification allows for continued reliable service within the sewer collection system.

Board or Committee Recommendation: None

Financial Impact/Budget: None

Legal issues: The City Attorney has reviewed and approved this permit requirement.

Other issues: None

Attachments: None


Supplemental Documents Presented

2014 Annual Persigo Board Meeting

CITY OF GRAND JUNCTION, CITY COUNCIL
MESA COUNTY, BOARD OF COUNTY COMMISSIONERS



Agenda Items

- I. Welcome and Introductions
 - II. Purpose of Annual Joint Meeting of the Persigo Board
 - III. 201 Boundary Adjustments
 - Requested Inclusion into the Persigo 201 Service Area
 - IV. Proposed Revision of sewer Trunk Line Extension Policy
 - V. Persigo Bio Gas Discussion and Options
 - VI. Coordination of Permit Requirements for Directional Boring
 - VII. Managers Reports
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201 Boundary Adjustments

Ron Abeloe, property owner has made a request to have his property included within the Persigo 201 Sewer Service Boundary.

Property consists of about 38 acres, on 24 Road, between H and I Roads.

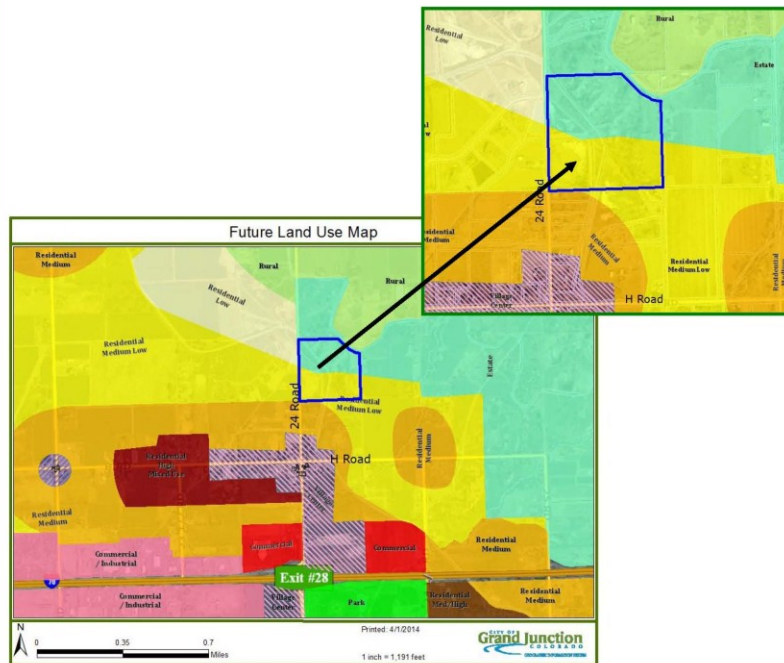
Staff has reviewed this request by taking into consideration current land use, proposed future land use, and recommendations included in the Comprehensive Plan.



Land Use Analysis – Zoning and Future Land Use

The property is approximately thirty-eight (38) acres in size and is currently zoned Agricultural, Forestry, and Transitional (AFT) by Mesa County. Maximum residential density allowed in the AFT zone district is five (5) acres per dwelling unit and minimum lot size is (1) one acre. The property lies outside the 201 sewer service boundary. The southern portion of the property is within the Urban Development Boundary (UDB) established by the Grand Junction Comprehensive Plan in 2010, but the north portion (approximately one-half of the parcel) is outside of the UDB.

The Grand Junction Comprehensive Plan Future Land Use Map identifies the site as Residential Medium Low (2 to 4 dwelling units per acre) on the southern half and Estate (1 dwelling unit per 1 to 3 acres) on the northern half



Sewer Service Map

This map displays the current limits of the Persigo 201 Boundary. This boundary was established during the 2010 Joint Persigo meeting. Sewer is currently located approximately 750 feet south of the subject area

Gravity service is currently not available to this property.

System Capacity – there is currently adequate capacity in the collection system downstream of this proposed amendment area to convey sewage that may be generated from development of this site. This capacity evaluation is based on future land use as defined in the Comprehensive Plan.



Staff Recommendation

The future land use for this area is urban and will require sewer service.

There is capacity to handle this additional area.

Staff recommends that this parcel be included within the Persigo 201 Sewer Service boundary.

Proposed Revision of Sewer Trunk Line Extension Policy

Changes to the trunk line extension policy are being proposed to provide greater flexibility with regard to the Persigo System participation in trunk line extension projects

The Persigo System Trunk Extension Fund (TEF) was established by the Joint Board in 1993 under Resolution No. 47-93.

Development community requested the criteria be revised and clarified to allow greater flexibility.

Current Policy: 15% Fee or Escrow from 'owner' (Persigo funds 85%)

Policy Change (Paragraph D): To allow up to 100% Escrow

Paragraph F: New section allowing for due process (appeal)

Persigo Bio Gas Project

How We Got Here

- City staff met with City Council on January 6th and direction was given to proceed with an RFP that would validate the feasibility of converting methane gas to a usable CNG fuel.
 - The RFP was to include the installation of a dedicated pipeline to transport the gas from Persigo to the City fueling compound.
 - This method of delivery was to then be compared with the option of injecting the biogas into Xcel's pipeline and "wheeling the gas" to the fueling site.
 - Two firms proposed on this project with the lowest cost estimated at \$2.8 million.
 - Of this \$2.8 million, pipeline construction was estimated at **\$1.3 million**.
 - The equipment proposed at **\$1.5 million** is common to both the Xcel option and the dedicated pipeline option.
 - As an alternate, 4 fueling spots can be added at Persigo for an additional \$250,000 +/-.

Renewable Fuel Standard

The Energy Policy Act of 2005, established the first-ever Renewable Fuel Standard (RFS) in Federal law, requiring increasing volumes of ethanol and biodiesel to be blended with the U.S. fuel supply between 2006 and 2022.

The Energy Independence and Security Act of 2007 amended and increased the RFS, requiring 9 billion gallons of renewable fuel use in 2008, stepping up to 36 billion gallons by 2022.

Renewable Identification Number (RIN)

A RIN is a 38-digit alpha numerical series that is designed to catalog each gallon of renewable fuel produced.

The RIN is established when the product is produced.

Typically, the RIN has to follow the fuel from production to use (ethanol).

Renewable Fuel Standard

- Biogas produced through the conversion of organic matter, such as sewage treatment, is considered an Advanced Biofuel.

Year	Conventional Biofuel (A)	Advanced Biofuel	Total RFS
2008	9		9
2009	10.5	0.6	11.1
2010	12	0.95	12.95
2011	12.6	1.35	13.95
2012	13.2	2	15.2
2013	13.8	2.75	16.55
2014	14.4	3.75	18.15
2015	15	5.5	20.5
2016	15	7.25	22.25
2017	15	9	24
2018	15	11	26
2019	15	13	28
2020	15	15	30
2021	15	18	33
2022	15	21	36

Option 1 – Dedicated Pipeline

Pros

- City and County will produce the fuel they consume in CNG vehicles.
- Stable fuel price.
- Long-term benefits (payback, fiber, pedestrian safety).
- Elimination of methane flare.

Cons

- Gas storage and less than maximum usage.
- Cost to install the gas line (+/- \$1.3 million).

Other Considerations

- Under current assumptions, the return on investment is .3% in 10 years and 5.2% in 15 years.

Option 2 – Xcel Pipeline

Pros

- Maximum gas production to pipeline.
- RIN credits can be separated to maximize value.
- Elimination of methane flare.

Cons

- Gas not necessarily tied to vehicle fuel.
- Additional equipment and testing (+/- \$800K).
- Less revenue generation under the current assumption.
- Potential of pipeline being off limits.

Other Considerations

- Under current assumptions, the return on investment is **-13%** in 10 years and **-4.8%** in 15 years.

Option 3 – Energy Services Provider

Pros

- No up-front investment.
- Risk is transferred to the provider.
- Profit share after initial investment recouped.
- Elimination of methane flare.

Cons

- Fuel charges per gallon back to City and County estimated at over \$2.
- Potential for long-term benefits not as great.

Other Considerations

- Depending on the structure of the agreement, fuel charges would not necessarily have to be back to the City/County.

Option 4 – Do Nothing

Pros

- No up-front investment.
- No risk.

Cons

- Methane continues to be flared off which may contribute to the Valley reaching a non-attainment air quality standard.

Funding

Project is projected to pay back in 10 years.

Projected fund balance in 2024 is \$15.8 Million.

<i>Beginning Fund Balance - Expansion</i>	
<i>Fund</i>	\$ 6,217,690
2014 Sources of Funds	\$ 1,468,913
2014 Uses of Funds	\$ (963,053)
Biogas Project	<u>\$ (2,800,000)</u>
<i>Ending Fund Balance 2014</i>	\$ 3,923,550



Coordination of Permit Requirements for Directional Boring Projectes

City currently requires CCTV inspection of sanitary sewer and storm sewer lines that are crossed by utilities installed via directional boring method.

City is asking for Mesa County's support in requiring CCTV inspection of sanitary sewer lines within the Persigo service area.



Managers Reports

Nutrient Study

- Pending nutrient removal requirements
- State grant to study options and costs
 - Plant Upgrades
 - Pipe to River
- \$11M currently included in financial plan for a project to meet discharge limits by 2022

Dissolution of Orchard Mesa Sanitation District

- OMSD formed in 1975
- IGA regarding future dissolution of OMSD signed in 2004
- OMSD actively replacing aging infrastructure in anticipation of dissolution
- Vote November 2015
- Hand over operations January 2016

Thank you




Tool Box Slides



Trunk line Extension Policy

3. Project Criteria. In determining if a trunk line construction project is eligible for the Sewer Trunk Line Extension program, the Manager shall consider the following:

- A. The trunk line must be included in the sewer lines shown in Figure TM 4-5 of the Black & Veatch 2008 Comprehensive Wastewater Basin Study Update;
 - B. The trunk line shall be located in an area of the 201 Sewer Service Area that is developed or developing;
 - C. At least 15% of the total cost of the trunk line shall be committed by property owners within the basin area prior to construction of the trunk line. This commitment may be in the form of prepaid development fees/escrow or contracts to pay upon the award of contract to construct the trunk line. The Manager may waive this requirement if the best interest of the sewer system is served by constructing a trunk line in an area that does not meet these criteria.
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D. The Manager may determine that, based on A through C above, a particular trunk line request is not financially in the best interest of the sewer trunk extension fund. Notwithstanding that determination the property owner(s) in the basin may propose to construct the trunk line with the owner(s) funding an amount greater than 15% of the project cost. With consent of the Manager the owner(s) may fund up to 100% of the project cost. Should the requesting property owner(s) costs be greater than the trunk extension revenues there will be no credit or reimbursement made to the owner(s).

E. The financial objective of the Sewer Trunk Line Extension Fund shall be to collect sufficient development fees to recover trunk line construction costs and finance further trunk line project on a self-sustaining basis.

F. In the event the Manager denies an extension, the property owner(s) may 1) request that the Manager provide its calculation/evaluations of the revenue anticipated to be received if the trunk line project is construction and/or the financial projections on which the decision is based and 2) the property owner(s) may appeal any denial first to the City Manager and if the project continues to be denied to the Commissioners and City Council sitting in joint session as the Persigo Board. Appeals shall be timely made and decided; a appeal shall be in writing and must be filed within 10 days of the Manager's denial. The City Manager shall hear and decide the appeal, in writing, within 10 business days after it is filed with him. If the denial is not overturned or terms established that are acceptable to the Manager and the property owner then the Persigo Board shall hear and decide the appeal within 30 days unless the property owner agrees to a later decision date.