

**CITY OF GRAND JUNCTION CITY COUNCIL
and
BOARD OF COUNTY COMMISSIONERS FOR MESA COUNTY**

**ANNUAL JOINT PERSIGO MEETING MINUTES
JULY 31, 2006**

Call to Order

The Grand Junction City Council and the Mesa County Commissioners met at 7:00 p.m. on July 31, 2006 in the City Auditorium, City Hall, 250 N. 5th Street for the Annual Joint Persigo meeting.

President of the Council Jim Doody convened the meeting at 7:15 p.m. Councilmembers present were Bonnie Beckstein, Teresa Coons, Bruce Hill, Gregg Palmer, Jim Spehar and Doug Thomason.

From Mesa County, County Commissioner Chair Tilman Bishop and Commissioners Janet Rowland and Craig Meis were present.

Also present were City staffers interim City Manager David Varley, City Attorney John Shaver, Public Works and Utilities Director Mark Relph, interim Community Development Director Sheryl Trent, Assistant Public Works and Utilities Director Tim Moore, Public Works and Utilities Operations Manager Greg Trainor, Wastewater Services Superintendent Dan Tonello, Assistant Community Development Director Kathy Portner, Utilities Engineer Bret Guillory, Environmental Coordinator Eileen List, Management Intern Angela Harness and City Clerk Stephanie Tuin.

County staffers present were County Administrator Jon Peacock, County Attorney Lyle Dechant, Assistant County Attorney Valerie Robison, Assistant County Administrator Stefani Conley, Planning and Development Director Kurt Larsen, Development Planner Linda Dannenberger, Public Works Director Pete Baier, Mesa County Attorney Office Administrator Brenda Stratton and Clerk to the Board Bert Raley.

Variance Requests

Public Works and Utilities Director Mark Relph advised that both applicants have withdrawn their requests for a variance. Mr. Relph then gave the joint board a brief overview of the agenda.

Public Works and Utilities Operations Manager Greg Trainor explained that due to Staff's recommendation to deny the variance requests, the developers have decided to rethink their development plans. The request was from two potential developers along Monument Road to allow dry line sewer and deferral of the sewer construction

requirement. The two adjacent owners of the property, located at 2476 Monument Road (David Fricke) and 2454 Monument Road (Steve Reimer), have requested that they be allowed to subdivide their property, construct septic systems, install dry line service connections, and agree to connect to sewer sometime in the future when it is constructed. Both are within the 201 Sewer Service Area boundary. Both would prefer low density development of 2-acres per dwelling unit.

Commissioner Meis asked if there is a development agreement where a developer would pay for the installation of infrastructure and then he gets repaid as other developments tap on. Public Works and Utilities Operations Manager Trainor said there is that plan or a second alternative which is the trunk line extension program – that is when it looks like there will be a considerable amount of development in a basin. The sewer system will pay for the extension with the developer paying 15% and others repay as they tap on.

Commissioner Meis then asked Mesa County Public Works Director Pete Baier to make sure that sewer is installed in the ground as the road improvements occur along Monument Road. Mr. Baier responded that the first phase is just widening the road. He agreed that utilities will be reviewed before any overlay or improvements occur.

Nutting Boundary Adjustment Request

Public Works and Utilities Operations Manager Trainor reviewed a request from Dave Nutting, 290 Little Park Road, for a change to the 201 Sewer Service Area boundary to include his property into the 201 boundary, allowing him to eventually be served by sewer. Mr. Trainor noted that his request would affect other surrounding property owners so it was suggested that all the neighbors make the request together.

Councilmember Palmer asked if some of the areas include properties that have been previously removed from the 201 boundary. Mr. Trainor affirmed that to be correct.

Councilmember Coons inquired if Mr. Nutting's septic is working. Mr. Trainor answered that currently it is working. Councilmember Coons then asked if Mr. Nutting is concerned his septic will fail. Mr. Trainor said he does, as do others in the area. Councilmember Coons asked what recourse Mr. Nutting will have if his septic were to fail. Mr. Trainor said the joint board could look at approving a variance until sewer could be provided to the area.

Staff recommended to Mr. Nutting that, since most of this area was removed from the 201 in 1999 and a further area removed in 2005, it did not seem to be timely to bring the question before the policy makers again, since nothing had changed significantly since then.

It was recommended that this area wait for discussion for inclusion until the adjacent "Rosevale South (R30)" sewer improvement district came closer to formation and construction. At that time the lower Little Park Road area could consider, as a group,

whether to request inclusion and pay for the sewer extension of \$346,700 and also determine if this extension could be included into the Rosevale South Sewer Improvement District.

Report on Temporary Modification Studies

Environmental Coordinator Eileen List reviewed this item. A temporary modification (variance) of water quality standards on Persigo Wash was issued by the State in 2001 and expires in 2008. The variance was provided so studies could be performed to determine the proper discharge limits and future outfall location of the Persigo Wastewater Treatment Facility. She explained the various options the joint board has in order to comply with the proper stream standards.

Preliminary results show that the limits could be met with the exception of ammonia. Some capital improvements to the plant will be required to meet the ammonia requirements. There is anticipated to be additional standards to be met in the future. Staff will provide an update about the work and engineering studies performed.

Commission Chair Bishop inquired if the costs are being reviewed too. Ms. List said they are. She advised that one possibility is to relocate the discharge but that would require boring under the Interstate. Chairman Bishop asked about the time frame. Ms. List said they are looking at the cost to relocate the discharge. Persigo will have to go before the Water Quality Commission in order to continue the temporary modification permit. The cost range for the improvements is \$8 to \$9 million and they are targeted for years 2009-2010. Chairman Bishop asked if there are any grants available. Environmental Coordinator List responded that they could pursue grants through the Fish and Wildlife Division or possibly the Colorado River Recovery Program but funding is limited.

Councilmember Palmer asked if the studies have shown that Persigo is harming the wildlife. Ms. List said the fish are living but the Fish and Wildlife Division is concerned with reproduction. She does not feel the City has the ability to conduct the studies that would satisfy the Fish and Wildlife Division concerns.

Councilmember Coons wondered if it makes sense to make the modifications without knowing what new standards will be forthcoming. Although Ms. List agreed, she pointed out that the Fish and Wildlife Division prefers that Persigo discharge into the Colorado River because they consider the Persigo Wash as backwater habitat for the fish. Ultimately, it will be the Fish and Wildlife Division making the decision.

Councilmember Spehar inquired how they determine the impact just from Persigo when there are upstream contributors. Ms. List advised that only point sources such as discharge plants are regulated.

Councilmember Hill questioned why the level is acceptable in the Colorado River, but not in the Wash. Ms. List replied that there is more dilution in the River; the minimum

flow in the River is 750 cubic feet per second whereas Persigo Wash, at the low season, is 1 cubic foot per second.

Public Works and Utilities Operations Manager Trainor advised that in 2001, the City was able to convince the Water Quality Commission that there was a question on the impact of the discharge into the Persigo Wash which is why they granted the temporary modification permit. However, there are different offices within the Commission which include the regulatory sections and the fish biologists. The City and the consultants do not believe there is any harm being done to the habitat, so they will continue to study the situation and have conversations with the scientists. At this time Staff is just providing an update on the effort.

Report on Septic System Elimination Program

Public Works and Utilities Operations Manager Greg Trainor introduced this topic. He asked Utilities Engineer Bret Guillory to update the joint board on the program. Mr. Guillory reviewed the history of this program. He noted that since 2000, 19 sewer districts have been constructed at a cost of \$8,707,967 which includes construction of 21.1 miles of sewer lines benefiting 1,076 properties.

The cost of construction has affected the program lately. There are two districts currently being designed that will hopefully be constructed this winter. There are three districts that are slated for meetings next year.

Mr. Guillory explained how districts are formed and worked into the schedule.

Commission Chair Bishop asked Mr. Guillory to explain the incentive provided to form districts. Mr. Guillory responded that Persigo funds 30% of the cost. The goal of the program is to try to get gravity sewer infrastructure to the properties at about the same cost it would be to repair a septic system. If there is a way to combine districts, economies of scale are reaped. For a district to be formed, at least 51% of the property owners must be in favor. Mesa County Health Department also identifies trouble spots and then Staff makes contacts in those areas.

Summary Report and Discussion of Rate Study Findings

Public Works and Utilities Operations Manager Greg Trainor advised a rate study occurs every five years. The next item is a review of the most recent study. In hand is a draft of the study, which Staff is currently reviewing. The actual rates to be charged will be determined during the budget process toward the end of the year.

Councilmember Palmer asked if the proposed rates support ongoing operations or do they also include funding for improvements in the future. Public Works and Utilities Operations Manager Trainor replied that there is a ten year projection for all operating, maintenance, and capital expense; it is reviewed annually and extended out so it is constantly updated. The sewer system is in good shape financially, the consultant is

recommending that the current projected rate of increase of 2.5% is still adequate. There have been years when no increase was made due to the amount of the fund balance. Mr. Trainor explained that there is excess capacity at present that is already paid for; the plant investment fee (PIF) is to buy into that capacity. The PIF being recommended for one EQU (one single family unit) is \$3,220, which is calculated on replacement cost of the plant divided by the current EQUs. The proposed increase is \$1,220. This is different from previous recommendations as the replacement value of the plant has been recalculated to include other aspects of the plant asset such as large interceptors and collectors. Mr. Trainor advised that between now and the matter coming before these two governing bodies for budget consideration, meetings will occur with the users and developers to educate them and explain how the recommendation was calculated.

Staff compared the PIF rates in other communities prior to the meeting and found that the sewer plant investment fees per EQU are: Fruita - \$4,000, Delta - \$5,100, Montrose - \$4,700, Rifle - \$3,500, Longmont - \$3,000. The western slope average is about \$4,325. The average monthly rate statewide is about \$22. Grand Junction's monthly fee is proposed to increase from \$13.90 to \$14.25. Persigo is able to keep the rates low due to the size of the system and the number of customers. In contrast, Clifton Sanitation District #1 and #2 is building a new plant and will have a relatively small number of customers. Therefore they are projecting a monthly rate of about \$25. He noted that fees are calculated specifically for the specific system; it is helpful to compare fees with other entities but cautioned that fees should be relative to the specific system.

Commission Chair Bishop asked Mr. Trainor to clarify the debt service coverage portion of the fees. Mr. Trainor advised that the debt service coverage ratio is calculated as the net operating income compared against what the debt service is. It is currently for 2006 a 2.34 ratio which is a healthy coverage.

Councilmember Spehar pointed out that the higher the ratio, the better the interest rate when borrowing occurs. Mr. Trainor said that is correct. He noted that projections allow them to look at different scenarios for fund balances and reserves.

Councilmember Hill asked if the proposed improvements to meet water quality standards, as identified by Environmental Coordinator List, were included in the numbers provided. Mr. Trainor answered that the summary number in the report does include those improvements plus other projected improvements for the next ten years.

Public Works and Utilities Operations Manager Trainor continued that the plant has excess capacity right now that can be bought into; if there was no capacity for additional customers, the Persigo Fund would have to borrow funds to expand the plant. Funds collected to buy into the plant (PIF) would go into a fund for future expansion of the plant.

Councilmember Hill asked if hypothetically, Persigo could be charging a \$5,000 plant investment fee in five years even if the balance is not spent as it is dependent on plant

replacement costs. Mr. Trainor said that is a decision for the policymakers. Another consideration is additional areas for inclusion into the boundary as that would result in the need for additional capacity.

Councilmember Spehar asked how close the plant is to capacity. Wastewater Services Superintendent Dan Tonello responded that the plant is at 68% capacity. That, however, will go to 80% capacity if the changes are made to meet the new standards. When 80% is reached, planning must begin for the next increment of capacity.

Councilmember Hill asked if that includes meeting the ammonia standards. Mr. Tonello responded affirmatively noting expanded capacity is also planned in the ten year capital plan as well.

Councilmember Hill confirmed that the joint board has the option of charging less if they so choose but would not want to charge more than that. Mr. Trainor agreed noting the numbers being provided are a benchmark.

Mr. Trainor reiterated that the rate study will be presented to the community, developers, engineers, and other interested parties before being brought back to the two governing boards for budget consideration.

Other Business

Pete Baier, Mesa County Public Works Director and Land Fill Manager, brought back the issue of the rate for accepting biosolids that was on the agenda but not covered at the last annual meeting. He anticipates a change to the cost, an increase as it has not changed since the early 1990's. With that increase, Persigo may look at a better way to dispose of wet biosolids. It will also be a discussion during budget. It is a small percentage to the entire Persigo budget.

Councilmember Coons inquired if the biosolids being composted are sold out to the community. Mr. Baier answered they do, although the stigma for that compost creates a need for a little different marketing.

On another matter, Councilmember Coons advised that she received and distributed a memo from Ted Munkres, a developer, asking the two entities to consider some implications of when zoning takes place after annexation.

Commissioner Meis asked when the Persigo Agreement expires.

County Administrator Jon Peacock responded that "the line" went away this year; annexation can take place outside the 201 boundary as of the year 2008. The rest of the terms of the agreement are perpetual.

City Attorney John Shaver concurred that the agreement itself contemplates perpetual existence.

Commissioner Meis inquired about the financial statements being provided to the two governing bodies. Public Works Director Pete Baier advised that during the budget process Public Works and Utilities Operations Manager Trainor will present budget information to the Commissioners and that will be followed by a public hearing on the budget. The County and the City jointly adopt the Persigo budget.

Commissioner Meis asked for assurance that any rate increase would be a joint decision. County Administrator Peacock affirmed that both bodies must approve.

Public Works and Utilities Operations Manager Trainor reviewed how the budget process has worked in the past. He welcomed any additional input.

Adjournment

There being no further business, City Council President Doody adjourned the meeting at 8:37 p.m.

Stephanie Tuin, MMC
CityClerk