

AGENDA
JOINT PERSIGO MEETING BETWEEN
CITY OF GRAND JUNCTION, CITY COUNCIL
MESA COUNTY, BOARD OF COUNTY COMMISSIONERS
CITY HALL AUDITORIUM
250 N. 5TH STREET
GRAND JUNCTION, COLORADO
THURSDAY, AUGUST 2, 2007, 7:00 P.M. to 9:00 P.M.

- I. To discuss and take action concerning 201 Sewer Service Area boundary adjustment requests in the following general areas: [Attach 1](#)
1. Northeast of H ½ Road and 21 Road
 2. Northeast of H Road and 22 Road
 3. Northeast of H Road and 23 Road
 4. Northwest of 30 ½ Road and B Road
 5. Northeast of 30 ½ Road and B Road
 6. Late Requests Received

Citizen Comments

- II. To discuss policy: Prepayment of Plant Investment Fees [Attach 2](#)
- III. Other Business.
- IV. Adjournment

REVISED

**Attach 1
Boundary Adjustments**

CITY COUNCIL /BOARD OF COUNTY COMMISSIONERS AGENDA							
Subject	Sewer Service Area(201) Boundary Change Requests						
Meeting Date	August 2, 2007						
Date Prepared	July 17, 2007				File #		
Author	Greg Trainor		Utility and Streets Director				
Presenter Name	Greg Trainor		Utility and Streets Director				
Report results back to Council	X	No		Yes	When		
Citizen Presentation	X	Yes		No	Name		
	Workshop	X	Formal Agenda			Consent	Individual Consideration

Summary:

There are five 201 Boundary Change Requests in two areas of the Sewer System: Central Orchard Mesa and North of Interstate-70.

Budget:

Additions to the 201 Sewer Service Area Boundary, and subsequent development, will have financial impacts on the need for additional plant capacity. See pages 3 and 6.

Action Requested/Recommendation: See Below

Central Orchard Mesa

School District 51 and Mizushima have made requests (through the Orchard Mesa Sanitation District) for inclusion into the 201 Sewer System boundary, in areas east of 30 Road in Central Orchard Mesa. Both properties are adjacent to the existing Valle Vista sewer line and are in areas designated as "Rural" in the Future Land Use Map.

Under the current Persigo Agreement, Part D (City Growth, Powers of Attorney, Annexation), Section 23 (Orchard Mesa), between the City of Grand Junction and Mesa County, the following provision applies: "...there shall be no development nor uses approved in the area east of 30 Road, west of Highway 141 (32 Road) which are connected to the (Sewer) System except the fully developed subdivision Valle Vista."

Decisions on these inclusion requests will involve the following considerations:

- Amendment of the current Persigo Agreement.
- Area is currently part of the City's comprehensive plan revision.
- The School District 51 request will not require County zoning changes.
- Mizushima inclusion will result in additional landowner requests.
- The inclusion of the area between 30 and 32 Roads will have significant impact

on the capacity of the Persigo Plant.

Options:

For the Mizushima request, one option is to defer the decision until the City's Comprehensive Plan process is completed. 201 Boundary changes are one of the tools used to implement the Comprehensive Plan decisions. This will also allow time for changes to the Persigo Agreement as well as to be able to fully consider the impacts to the treatment plant.

For School District 51, since no land use decisions have to be made by Mesa County, allow for this inclusion with the proviso that they connect to the existing Valle Vista sewer line. Amend the Persigo Agreement, Part D (City Growth, Powers of Attorney, Annexation), Section 23 (Orchard Mesa).

North of Interstate-70

The three areas requesting inclusion are adjacent to areas considered during the 2006 Joint Persigo Meeting and are in an area under consideration as part of the City's Comprehensive Plan revision.

Irma Kapushion (NE of H ½ Road and 21 Road), adjacent to the 201 Sewer Service Area Boundary. Defer decision on inclusion until the City Comprehensive Plan is completed.

Betsy Kirschbaum, 2207 Lyn Street. Defer decision until City Comprehensive Plan is completed. Would not recommend inclusion of an isolated lot in an existing subdivision.

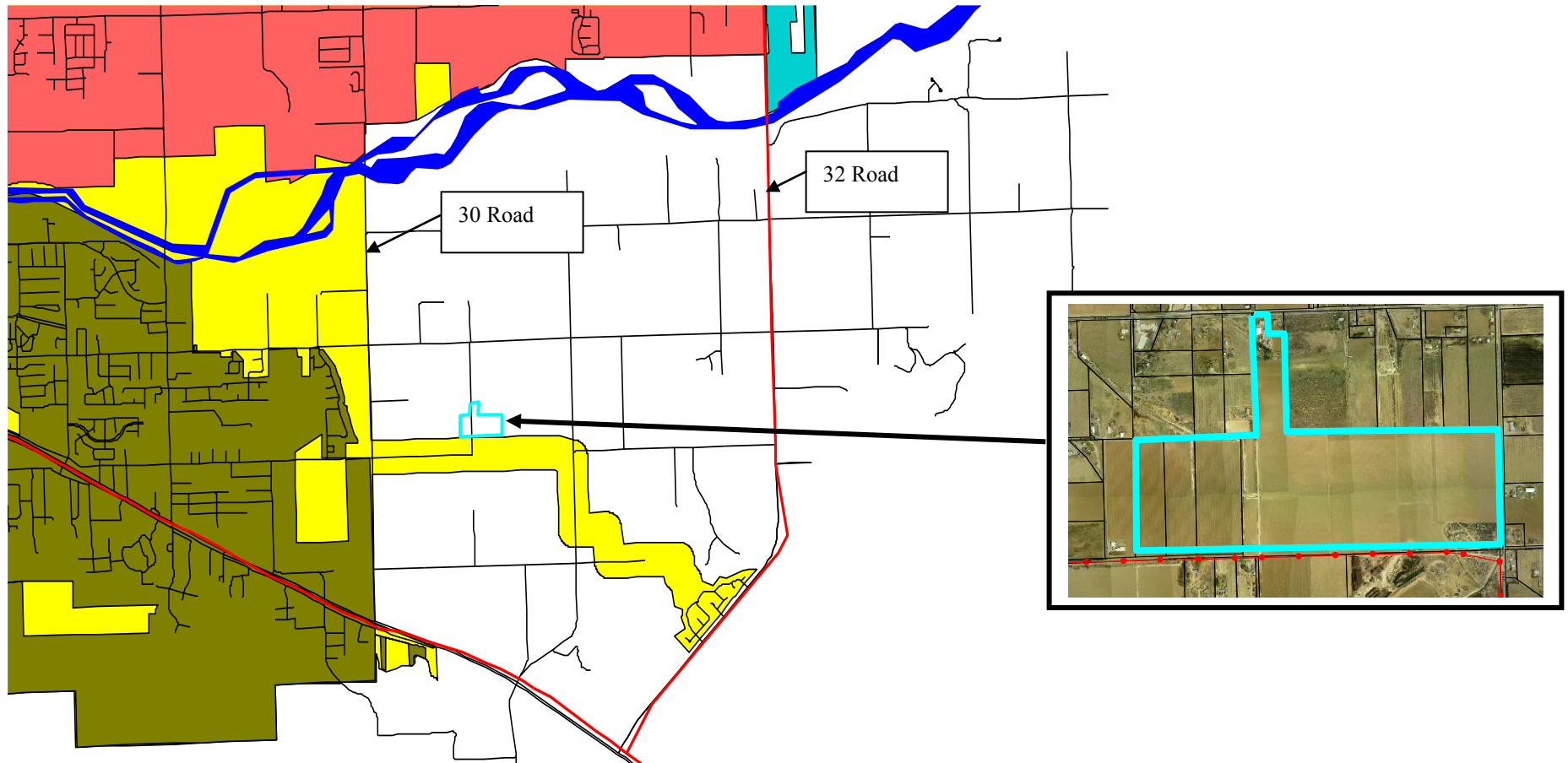
Marie Reigan and neighbors, NE of 22 Road and H Road. Defer decision until City Comprehensive Plan is completed. However, testimony from property owners suggest changes from residential to commercial/light industrial are occurring and, in order to market their property, the area needs to be included into the 201 boundary.

School District 51, NE of 23 and H Road, adjacent to 201 boundary. This area is included in the City's Comprehensive Plan process. However, school uses are allowed within a variety of land uses and, depending upon the placement of the school on the property, could connect into the existing Appleton Sewer Extension. The recommendation would be to include this area into the 201 sewer service area boundary.

Attachments:

Maps and staff reports on sewer capacity and costs, and existing and future zoning conditions.

2007 Annual Persigo Meeting: 201 Boundary Adjustment Requests – Orchard Mesa

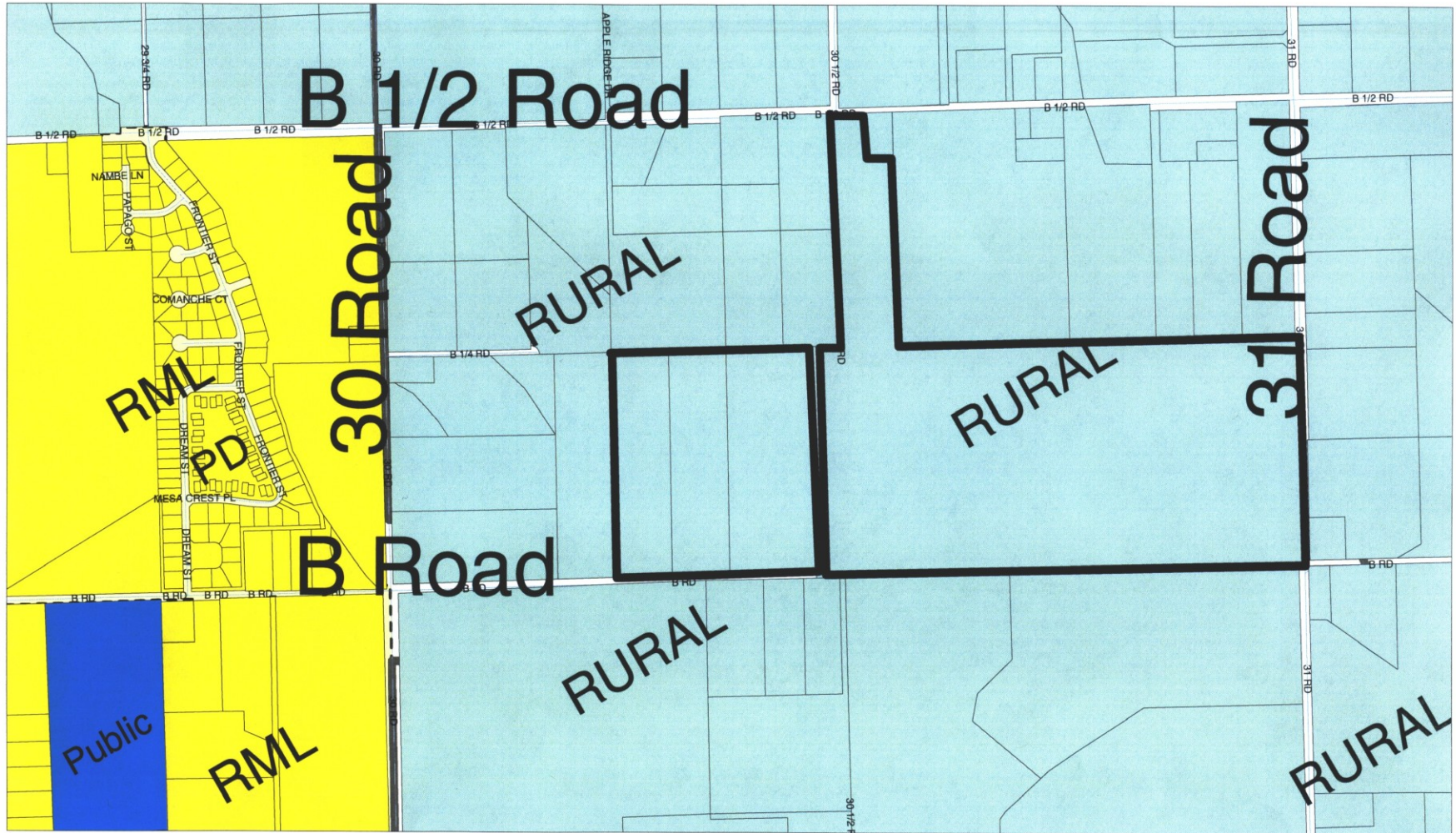


Orchard Mesa Area Requests: Sewer is available to the request areas via the Valley Vista Interceptor.

Impact to the Persigo WWTP from sewerage the Orchard Mesa area; assuming RSF 6 density, 30 Road to 32 Road, Hwy 50 to the Colorado River:

- Would require expansion to the Persigo WWTP estimated at \$ 29.4 million.
- Would require construction of new interceptor sewer estimated at \$10.5 million

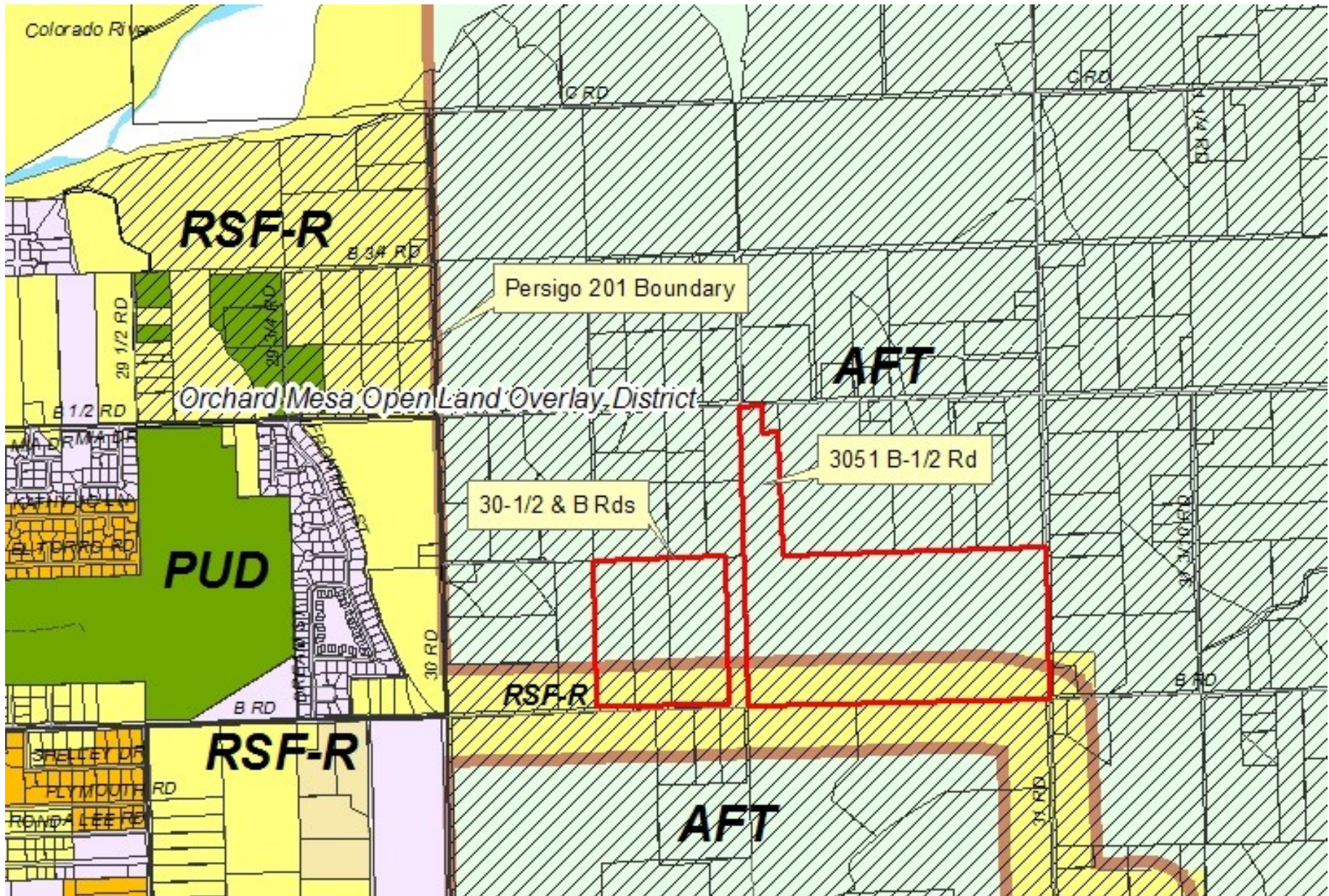
Orchard Mesa Area Future Land Use Map



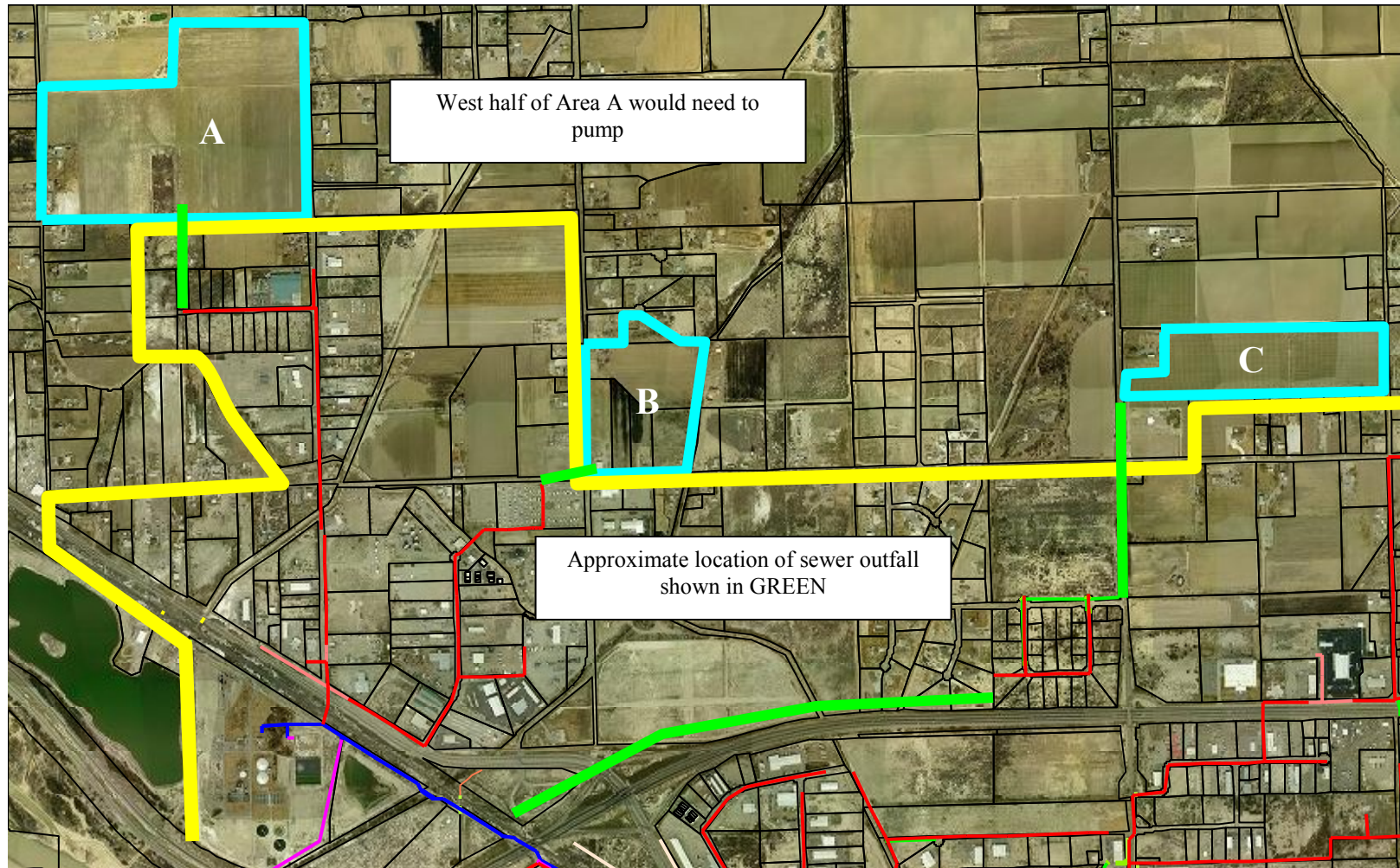
FUTURE LAND USE MAP LEGEND

- RML = Residential Medium Low (2 to 4 units per acre)
- Rural = Residential (5 to 35 acre lot sizes)
- Public = Publicly owned property





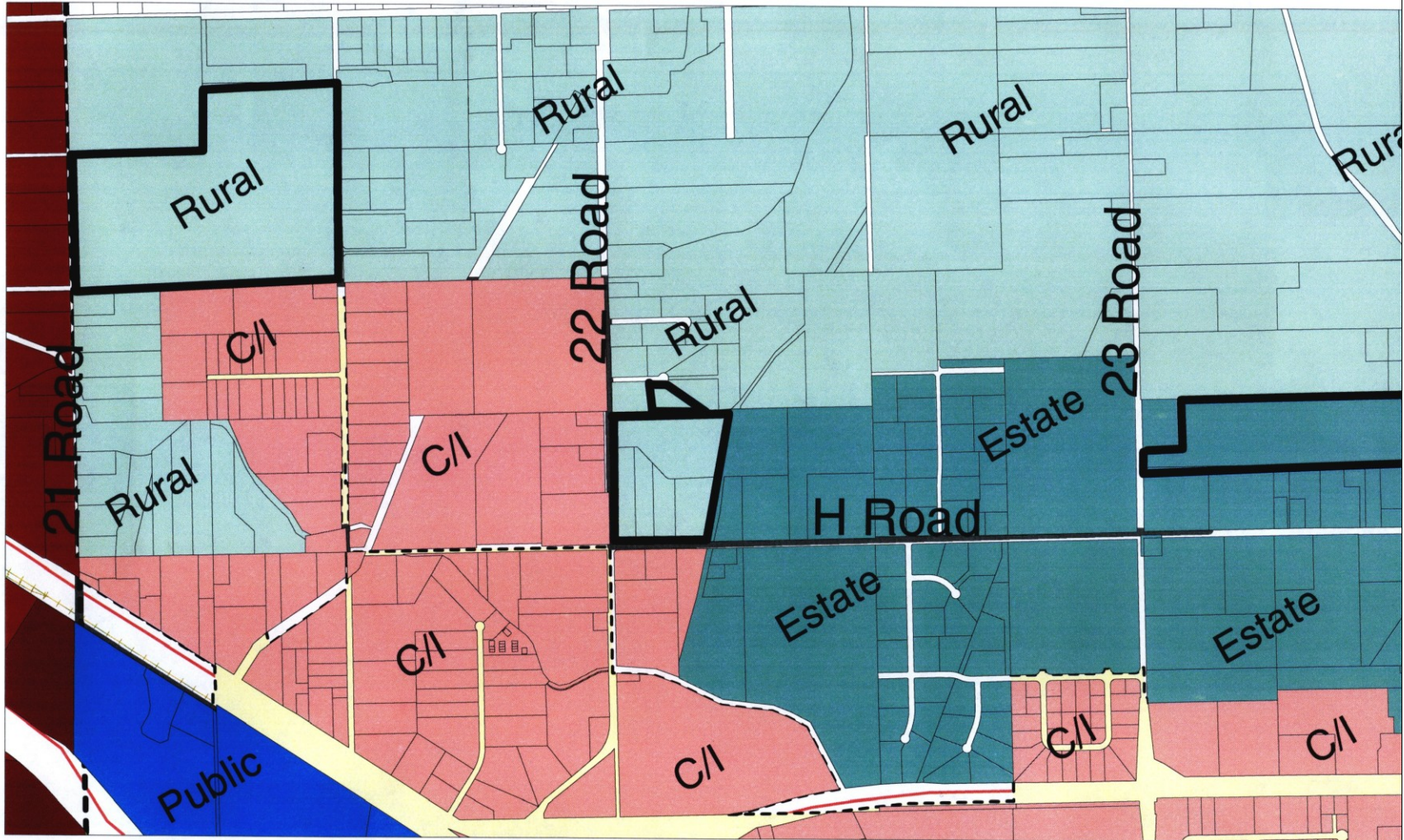
2007 Annual Persigo Meeting: 201 Boundary Adjustment Requests – North Area



North Area Requests: Sewer could be available to all three request areas upon construction of extension by developer.
Impact to the Persigo WWTP from sewerage the north area; assuming RSF 4 density, 21 Road to 26 Road, H Road to I Road:

- Would require expansion to the Persigo WWTP estimated at \$ 31.2 million.
- Would require construction of new interceptor sewer estimated at \$3.5 million

City/County Future Land Use Map - North of I-70



FUTURE LAND USE MAP LEGEND

- C/I = Commercial/Industrial
- Rural = Residential (5 to 35 acre lot sizes)
- Public = Publicly owned property

Attach 2
Policy Discussion – Prepayment of Fees
CITY OF GRAND JUNCTION

CITY COUNCIL AND BOARD OF COUNTY COMMISSIONERS AGENDA						
Subject	Prepayment of Plant Investment fees					
Meeting Date	August 2, 2007					
Date Prepared	July 17, 2007				File #	
Author	Greg Trainor		Utility and Streets Director			
Presenter Name	Greg Trainor		Utility and Streets Director			
Report results back to Council	X	No		Yes	When	
Citizen Presentation		Yes	X	No	Name	
	Workshop	X	Formal Agenda			Consent
						Individual Consideration

Summary:

Discussion of “Prepayment of Sewer Plant Investment Fees”.

Budget:

Decisions on this subject will have an impact on plant investment fee revenue.

Action Requested/Recommendation:

Maintain the current policy of not allowing for the pre-payment of plant investment fees.

Background Information

Current Policy

The long-standing policy of the sewer system as been to not allow pre-payment of plant investment fees.

The practical reasons for this are as follows:

The requests for prepayment are isolated and infrequent.

The City accepts payment for services it is providing. If an individual is not using the City service, the City policy is that they keep and manage their money until they wish to connect to service.

Prepayment would result in property owners avoiding payment of the true replacement value of the plant and thus being allowed to buy into the system at a comparatively cheaper PIF than what other customers had to pay or, in other words, a discounted PIF. This negates the reason for recalculating the new PIF charge in the first place.

Reduced or discounted PIF revenue affects all rate payers because what is reduced in PIF revenues would have to be supplemented by increases in the future PIF's and/or increase in monthly fees.

Bond holders expect that utilities will calculate plant investment fees in a responsible and acceptable manner. Discounting plant investment fees, that usually go to pay debt service, is not an accepted utility practice.

Monthly rates for sewer service begin ninety days after a plant investment fee is paid as there is no other trigger to recognize when a customer begins discharging wastewater into the system. There is no meter, like a water system, that shows when and how much service is used. Without a trigger the sewer system has no way of knowing when a customer connects and, thus, when their sewer bill should begin for transportation and treatment of their wastewater.

Plant investment fees and monthly usage tell us how many active taps we have on the sewer system and how much capacity is being used. Pre-paid taps, that are not connected, would skew accurate accounting of active taps and the resulting impact on the sewer system.

Allowing for pre-payment in an isolated case establishes a precedent that would make it difficult to disallow pre-payment in larger cases (large developments wishing to avoid increased costs.)

Allowing pre-payment at this point would be inconsistent with the application of our policy over many years for many customers especially those in sewer improvement districts. This situation would create a considerable inequity between our current customers and our future customers.

If PIF's are paid early, particularly in sewer ID areas, properties may be sold that appear to be on sewer but are actually still on septic. A new owner could move in, the septic system fails, and the legal battle begins.

The solution for a property owner, who wants to prepay, but not connect, would be to take the value of the plant investment fee today, invest it, and pay the value of the PIF when they connect in the future.

BACKGROUND

Plant investment fees are calculated on the replacement value of the sewer plant and sewage collection systems divided by the capacity of that plant. The result is a current value of what each customer (existing and future) holds in the plant or their share of the plant.

New connections are charged this calculated value and that goes to pay for growth-related additions to the plant for the next set of future customers that connect. These new connections are utilizing capacity that existing customers paid previously.

The plant investment fee is updated periodically (annually, biannually, or every five years). This is necessary because the value of the plant increases and, as such, so does the cost to replace that plant.

Equity

When the plant investment fee is recalculated, it is because the replacement value of the plant has increased and each customer's value in the plant has increased. To allow a property owner to pre-pay the plant investment fee, before it increases and before the property owner physically connects to the sewer system, results in an inequity between the value of what existing customers have in the sewer system and a property that wants to pay a reduced value. The result is that new connections are not paying their fair share of the next increment of growth-related plant capacity.

"Growth" is defined as new connections, those not previously connected to the sewer system.