

March 8, 1991

Minutes  
CITY SERVICES COMMITTEE

A meeting of the City Services Committee was held on Thursday, March 7, 1991 at noon.

The following persons were present:

R.T. Mantlo  
John Bennett  
Paul Nelson  
Mark Achen  
Jim Shanks  
Bill Cheney  
Greg Trainor  
Dan Wilson  
Tim Woodmansee  
Jodi Kole  
Ron Lappi

Visitors: G. Keith Clark Mike Gardner

Mike Gardner was introduced to the Committee. Mike is a graduate student completing work on his Masters in Public Administration and is working on project to develop a land use plan for the Somerville Ranch. Mike is working under the direction of Tim Woodmansee.

Keith Clark was present to discuss the Kannah Creek water Treatment issue. The Committee took up this issue again after the February 18, 1991 City Council meeting where this was discussed.

Mr. Clark indicated that he was present to discuss two proposals: That we pursue the objective of treated water at the most reasonable cost and that a special meeting to be set aside to discuss "peripheral issues" that "must be discussed" in order to move ahead with the issue.

Mr. Mantlo indicated that the to him the issues were: "How much is it going to cost and who is going to pay for it. And in his mind the Kannah Creek users are going to pay for it".

Mr. Nelson asked Mr. Clark what some of the "peripheral issues" are. Keith indicated that he was not prepared to discuss these at this time but that he felt that there were things that could be done such as applications for "exemptions" and legislative changes to allow rural systems to be exempt from the treatment rules. Dan Wilson indicated that the State has given no indication of any possibility of exemption, that the State does not consider 7 -\$8 per thousand gallons for water a hardship for rural users, and that the City was in a position where it will have to enforce our contract with the Company if treatment does not happen on a timely basis.

Staff prepared material for discussion which is attached to these minutes. The most telling aspect of the cost estimates are that, without the capital cost component, the price for water is estimated to be \$6.77/thousand gallons.

Sentiment was raised by Councilman Bennett that he was concerned that the City was going to get into another lengthy session with the Purdy Mesa Company concerning history that does not have a thing to do with water treatment or what that treatment is going to cost.

An evening meeting was suggested for March 28, 1991.

Mr. Jim Dufford was present to discuss with the Committee the status of the City's Gunnison River decrees. By way of explanation this decree is for 120 CFS, 18 of which is absolute and 102 is conditional. The City has until March 1993 to complete its every-six-year application for diligence on the water right.

Staff has been working on a number of ideas for making additional portions of this decree absolute including use of the water for Riverfront irrigation, low-head hydro, golf course in the Ridges, Connected Lakes recreation area, sales of water to Aurora, leases of water to San Diego, water to support a population for a 400,000 bbl per day oil shale industry, and water for "public trust" uses (minimum stream flows, recreation, endangered fish, etc.). Most of these applications are speculative and unrealistic due to the cost of implementation or regulatory impediments.

Other events that will affect the Gunnison decree is the application by Aurora and Arapahoe County for water in the upper Gunnison. Notwithstanding the announcement by Aurora that they will no longer participate in these actions, Arapahoe County may continue. At issue is the question that given all the conditional water rights in the Gunnison River basin including the City's, is there enough water in the Basin for Arapahoe County to divert water. A June trial before the water court will address this issue. The Court is likely to rule that Arapahoe will have to consider these conditional decrees even though some are very large and may not be made absolute due to their large amounts.

Mr. Dufford's recommendation is that we wait until the June trial. Pending the outcome, the City may be in a better position to market these decrees for a nominal amount. At any rate the City should continue, over the next two years, - to follow-up on its diligence work and be prepared to utilize as much of the water as possible. Caution is in order. 1'02 CFS is a lot of water to consume locally. This equates to over 65 million gallons of water per day. Current peak demand for water at the City's treatment plant is 12 million gallons per day.

Finally, the Committee was briefed concerning negotiations with the Whiting brothers on their water rights. These negotiations have been on-going for years and have been active over the past several months. offers have been contingent upon final City Council approval but, to date have not reached a point where either side is close to agreement on the value of the water. It appears that, unless the Whitings reduce their per acre foot value, there will not be further discussion. All calculations have taken into account participation by the Clifton Water District. Detailed material is available from Greg Trainor.

Paul Nelson was wished a Happy Birthday and a great chocolate cake was enjoyed by all.

cc: City Council  
 Department Heads  
 City Manager

Alternate D

Plant Operations	\$4.77 K	57% of cost
Dist. System		
Operations	\$2.00 K	24% of cost
Capital Cost	\$1.35 K	17% of cost
Total	\$8.12 K	100% of cost

Notes:

1. With out Capital Cost, estimate per 1,000 gallons are: \$6.77 K
2. Current system costs are supported by 52 users and estimates of usage at 5,-400,000 gallons year.
3. Growth in users to get costs per 1,000 gallons to 2X in-city rate of \$3.40 per 1,000 gallons is est. 150 users.

KANNAH CREEK

Why are costs as they are?.

1. Stand alone enterprise fund with all real costs being reflected.
2. High performance standards for water treatment by State and EPA.

3. Unknown conditions of operations and maintenance on distribution systems and plant operations.
4. Responsibility and liability taken on by City to meet standards and maintain plant.
5. Higher expectations of service by users once City develops system.
6. Feasibility level estimates: costs will only be known after period of operation.
7. Limited number of existing users to maintain system with high development costs.

**ALTERNATE D**

COST/ 1. OPERATING GALS.	COMPONENT	1992 COST	1,000
A.	Plant Operations	\$20,189	
1.	Electricity	221	
2.	Heat	100	
3.	Labor - 2 hr. per day	665	
4.	Chemicals	50	
5.	Repair and Maintenance	450	
6.	Insurance	100	
	Total	\$1,586/mo.	
B.	Resource Cost	\$ 3,953	
C.	Interfund Service (5%)	<u>\$ 1,620</u>	
		\$ 25,762	\$4.77/K
D.	Distribution system Operations	\$ 10,800	\$2.00/K

59%

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**II. CAPITAL COMPONENT**

A.	Filtration Unit and Pumps	\$10,500	
B.	Control Panel	6,800	
C.	Chemical Feeders, Turbidity Monitor		
	Start-up, State Approval		11,000
D.	Building Remodel		5,000
E.	15,000 Gallon Storage Tank		10,500
F.	2" Line to Storage Tank		9,000
G.	4" Line to Purdy Mesa Distribution		39,600
H.	Engineering		9,000
	Sub-Total		\$101,400
I.	Line to Reeder Mesa Water Company		\$20,300

J.	Engineering		2,000	
		Sub-Total	\$ 22,300	
K.	Minimum Fund Balance Start		\$ 7,000	
		Total	\$130,700	
		Alternate "D" Plant Investment Fees	\$ 64,000	
III.	Balance in Debt: \$66,700 at 20 years @ 9%		\$ 7,307	\$1.35/K
	17%			
		TOTAL	\$43,869	\$8.12/K
	100%			