

From the desk of
Mark Eckert

Date 7/9/87

Gordon-

Thought we could discuss to see how to proceed. Potential list of recipients include:

1) MCC - (4) (including GT)

2) Health Board - (5)

3) City - City Mgr. (4) Council (7)

P.W. Director

Utilities Director

Asby

4) Production Team (8)

I'll make no distribution until we've discussed. Please or delete from list as you wish.

PART VII
STAFF PERSPECTIVES

The following comments are meant to give the reader an insight into the staff's views of the contractual and administrative areas that comprise sewer treatment and collection systems within the Grand Junction 201 boundary. The list is not exhaustive and no importance should be attached to the order in which the list is presented.

- 1) The County owns a treatment plant and associated infrastructure valued at approximately \$25 million. The County contracts with the City of Grand Junction to operate and maintain these facilities, and implement and administer programs required under EPA grant conditions. The County has provided no structured contract administration, lacks involvement in policymaking and lacks in-house expertise to be an effective owner. In short, the County has been the most silent of silent partners despite its legal responsibilities and fiscal liabilities.
- 2) Specific areas lacking in administrative oversight include:
 - a) Finances (results of Financial Revenue Program, collections/billing, capital financing, charges to special districts for service, long-term and operational costs)
 - b) Operations (sludge management, pre-treatment, maintenance of sewer lines, overall operation of plant, infiltration and inflow problem)
 - c) Planning/forecasting (formulation of budget, capital improvements program, system expansion methods, sub-basin modelling)
 - d) Contract administration - no one person with the time and expertise is available within the County to oversee the situation and keep the Board and staff apprised of problems or opportunities
 - e) Attitudes - The County may own the sewer plant and key infrastructures and have the attendant responsibility and liability, but it is a City operation in the fullest sense and the Council is, for all practical purposes, the elected body that makes policy and directs the operation.
 - f) Contract contents lack any of the standard oversight measures the County has used for the past few years including: penalties for failure to comply, clear statement of reporting requirements, etc.)
- 3) Administrative Outcomes - The failure to mate responsibility and authority create unusual results. To illustrate, the County Health Department may soon be writing a failure to comply notice on the plant odor problem. The Director of the Environmental Health Division within this department is presently the County's liaison person for the plant. In effect, he will be sending this notice to himself. More important, is the efforts by Engineering and Planning staff to connect failed septage systems (individual or neighborhood). The planning, engineering, etc. takes place in the County, but the City controls the funds necessary to successfully implement the program.

PART VIII
ALTERNATIVES

The following alternatives are offered for review. Since the purpose of this report is of a survey nature only, there is no cost-benefit analysis included.

I. Status Quo

- a) Do Nothing - ie - maintain minimum staff and Board involvement. There has been no catastrophic problems to this point due to the operations, maintenance or legal entanglements. This is the bargain basement option but neither staff nor the Board has a valid basis of complaint when or if problems arise.
- b) Develop and Maintain an Active Contract Administration Posture - At a minimum, this would involve a full-time staff person to actively coordinate with City personnel, keep the Board apprised of changing situations, identify and evaluate policy issues for Board consideration. Further, this individual would oversee any restructuring of existing agreements, act as the County's liaison to special districts serviced, maintain relationships with state and federal officials and work with City staff to establish processes concerning Board involvement in policy and budget matters. This option obviously has a cost, but is perhaps the least expensive means to creating a responsible owner position.

2. Significant Change

- a) Get Out of the Ownership Business - Explore the legal and financial restrictions that may restrain such a move through use of an outside consultant. If it is possible, the Board could choose to negotiate "exit concessions" that would cover citizens who reside outside the City or special districts, or archive other policy goals deemed necessary.
- b) Privatization - The County as owner could undertake a process whereby the operation of the plant is turned over to a private sector party who reports to the Board only. This theory here is that the operation is then directly controlled by the Board and that the private sector will operate the plant more efficiently. There would be several key types of disruptions - eq - the City's relationships with special districts could be a problem, some City employees would be laid off.
- c) Creation of a Grand Junction 201 Area Sewer Authority - The City and County would create a third entity empowered to operate and maintain the infrastructure. Such a board might be comprised of Council, Board, Special District Board members and residential, commercial and industrial users. Some of the observations noted in a) and b) above would come into play under this scenario; however, the legal structure of this new entity may leave it open to joining any future Metro District or remain alone.

201 BOUNDARY CHANGES
INTERCEPTOR SEWERS PROJECTION

Areas where added interceptors can be included are as follows:

1. "Scenic School Interceptor" running from Highway 340 and Manzana Drive west along the Redlands Water and Power Tailrace Canal to the Goat Draw Interceptor. This interceptor has the capability of picking up about 600 customers at an estimated cost of \$408,600.00. Scheduled for design in 1987 and to be built in 1988. Estimated cost per tap of \$848.00.
2. South Redlands and South Camp Road to Buffalo Drive. This will pick up the Wingate School, 450 students x .08 = 36 equivalent taps but very few customers. However, development can be expected in future years in excess of 50 homes. Estimated cost of \$150,000.00. Estimated cost per tap of \$1,745.00.
3. 22 Road east and north to Sand Castle Drive, from 22 1/2 Road and Redlands Court north to Saddlehorn Road, then west and north to Sand Castle Drive where a lift station and force main must be installed to pump back into Loma Rio Subdivision which flows into Goat Draw Interceptor. The Loma Rio outfall line also may need to be resized to accommodate the added flow which would be added from this larger west area. The estimated customer base from 22 1/2 Road to 22 Road, from Sand Castle Drive to the south side of Broadway is 285 taps and would cover one of the areas of most need at the present time. Estimated cost, due to a pump station and two separate line systems, is extremely high. 285 potential taps at an estimated cost of \$1,000,000.00 or a cost of \$3,508.00 per tap.
4. Broadway from 2295 Broadway west to Goat Draw and east flow from 2295 Broadway to Alcove Drive, then down 23 Road to intercept with Scenic School Interceptor. 2295 Broadway to Goat Draw short extension, estimated 1/2 mile, flowing west estimated cost of \$79,200.00, from 2295 Broadway to East Alcove Drive, estimated 1/2 mile along Broadway, then an interceptor down 23 Road Draw to Scenic School estimated distance of 1 mile, 7,920 feet. Estimated cost of \$237,600.00.
5. Gravity sewer and pump station at Wildwood Drive and South Broadway south into Wildwood Court and west along South Broadway to about 21.25 South Broadway. Add pressure main back east along South Broadway from Wildwood Drive into Goat Draw Interceptor. Estimated 15 taps where septic tank systems are failing. Estimated cost of \$90,000.00 by installing used surplus lift station.
6. Gravity sewer extended into Dressel Drive, estimated 1/4 mile. Estimated cost at \$39,600.00. Gravity into Ridges Lift Station.
7. Bella Road, Country Club Park, gravity into Ridges Lift Station. Estimated 1 mile of gravity sewer line at estimated cost of \$159,000.00.
8. Little Park Road down Rosevale Road to end of Red Lane at Monument Canyon and Colorado River Intersection. Install pump station and force main under Highway 340 into Power Road Pump Station. 2.5 miles of gravity line and pump station with 1,000 feet of pressure main at estimated cost of \$431,000.00.

See attached map of boundary changes and interceptor general alignment.

1. Article II, Sections 2 through 9, seems to reinforce the goals (statutory and policy) of the County Health Board. Has Environmental Health enforced these diligently since the start up of the Persigo Plant? If no, why not? What steps will be taken to correct this?
2. Does Article VII, Section 28, imply the Environmental Health personnel should be present if there is a concern for industrial processes on a site?
3. In Article VIII, Section 31,C. - a connection fee of \$5.00 is referenced which is to be collected by the Building Department? Is this in effect through the City/County Building Inspection contract?
4. In Article VIII, Section 31, G. - reference is made to a surcharge for non-residential waste generators with certain waste quality characteristics. Has this surcharge for treating higher strength wastes ever been used?
5. Section 32 requires, as a matter of policy, that units within two (2) miles of the City limits be annexed. One of the manners by which annexation can be accomplished in this section is through power of attorney. Inasmuch as three different (and consecutive) Boards of Commissioners oppose this means of annexation, a policy decision is required.
6. Section 34 references a fairly standard means of late collection of sewer bills. How is this accomplished when the unit does not receive water service from the City? Since the beginning of the Persigo operation, what has been the history of collection -eg- % late, % failed to pay, etc.? Has the County Treasurer been used for collection as per Section 35?
7. Section 37 references the "Sewer Fund" and its uses. The term extension (of the sytem) is used. Does this mean that the Sewer Fund can be used to connect new users? Does the term improvements (to the system) in this clause mean capital improvements?
8. Section 39 appears to be an Engineering/Plumbing specification. Does it belong in this type of agreement? Is there a written set of Engineering and Plumbing Stadards used for connections? If yes, when was the last time these were updated?
9. Is Section 41 adhered to -eg- how, when and by whom are the terms "user class" and "proportionate share" defined? Given that the Director is a City employee reporting to the Council, the proportion of wastewater treatment charged to a user class may be more a matter of real time, City politics. What is (has been) the role of the Board in these decisions?
10. Section 46 - from an oversight perspective, is it sufficient to have the City Clerk sign the annual audit? What has been the role of County financial staff in the selection of auditors and approval of previous audit reports? What has been the nature of the management letter for this set of books? What, if any, problems are outstanding at this time from

previous management letters?

JOINT SEWERAGE SERVICE AGREEMENT

1. In the stipulations, an implication that the City only treats sewage within the City, within special districts served by agreement and other areas if covered by powers of attorney agreements. A policy point that must be resolved.
2. Paragraph 1 references "...the designation of facility capacities to serve specific drainage basins." Does this clause reference this layout of interceptors, or does it have a broader meaning -eq- the Nichols Study - that has meaning for system-wide forecasting?
3. Part I, Paragraph 1 - the whole notion of the Board being asked to approve the Sewer Budget by October 1st must be rethought. This has been proven to be insufficient when significant rate increases required special district, Council and Board input. Further, the Board (and staff) typically has not received the depth of information necessary to make informed decisions. There is significant evidence from previous years that the recommended budget for the sewer has been a reflection of Council needs, wants or demands even though Resolution MCM 80-154, paragraph 1 (amended) states that: "The Board shall adopt and the Council shall affirm such charges and fees."
4. Paragraph 2 specifies that the City's departments will be reimbursed for "expenses incurred by the Manager and other Departments of the City indirectly involved in the Sewerage System..." via a line item. What was the amount of this line item for '85, '86 and '87? Shouldn't the County have similar compensation under this clause to support a Contract Administrator and to compensate other indirect County staff involvement?

Paragraph 3 might be expanded to include reporting requirements (to the Board, Council and special districts), system monitoring and forecasting plans and implementation requirements. The last line of this paragraph is untenable and administratively bankrupt in that it suggests that the City and/or County reserves the right to set rates, construct new facilities or expand the system. A decision is needed to close this loophole because it violates any concept of equal partnership.
6. Paragraph 5 provides for various public insurance limits. These must be reviewed by the Risk Manager and his insurance advisor to assure full coverage for the County.
7. Paragraph 7 may be contrary to Board views on a "flexible" 201 Boundary. Although not a present problem, this issue has been raised several times in the past, and has yet to be resolved. (At the time of the '85 ARIX Rate Study, a policy and cost-benefit model was discussed by City and County staff to be contracted out under the Sewer Fund. This effort died.)
8. Part II, paragraph 2, B. - Area II, an area extending two (2) miles beyond the County's perimeter, is to be governed by the County's Operational Procedures for the provision of sewer service. Does the County have such Operational Procedures? If so, when were they last updated? By Whom? Ditto section D of this Part II. There is also a veiled reference to compliance with the use of the City's powers of

attorney agreement for future annexation - . . . in, this Board needs to make a clear policy decision on this.

9. Part II, paragraph 2, C. - Area III is comprised by more than the original four special districts?
10. Part III, paragraph 1, B. - suggests that the County "owns lines and other facilities" not held by the City or special districts. What are these facilities and where are they?
11. Part III, paragraph 3 - states that ownership of facilities should this resolution be terminated shall be governed by an Agreement which covers the termination of this resolution. There is no such agreement that we are aware of.

MCA 81-8 Successor in Interest Agreement

1. Paragraphs 1 through 3 clearly places the County in the roles of responsibility and liability for the grants made on behalf of the Joint Sewer system, and binds the County to operate the facilities under all applicable state and federal rules, regulations and laws.

MCA 84-45 Supplemental Joint Sewerage Agreement

1. Paragraph 1 and 2 makes the City the County's agent in pretreatment matters so that the Joint Sewer system will operate in conformance with "state and federal grant and discharge requirements applicable to the City, County, the 201 Area and Persigo Wastewater Treatment Plant." To our knowledge, there are no reporting requirements in place on this vital area whereby the County could evaluate program effectiveness. Further, we are aware of no measureable and scheduled anticipated outcomes to this program, nor overall plan of how the plan is to be implemented.
2. Paragraph 4 provides that the City agrees to hold harmless the County and indemnify the County for "any and all liability whatsoever for damages which may result directly or indirectly from the City's acts or omissions" as agents operating this program. This clause needs to be defined in quantifiable terms by the Risk Manager and his insurance advisors because environmental damages often incur astronomical liabilities (governmental fines or private damages) that could outstrip the City's coverages. It is not clear that the City's home rule status provides a ceiling for liabilities such as this, nor to what extent County liability would be incurred should the City's coverage be used. Does this insurance exist in a policy form? Does the County receive updated copies of these policies as we do under any ongoing contract?

Memo from Steve Johnson, Assistant County Attorney, to Mark Eckert, Assistant County Administrator concerning Acquisition of Sewer Rights of Way on Behalf of Mesa County (3/28/84)

Johnson had made inquiry as to why the City's ROW Agent acquired sewer easements in the name of the City for areas that were neither in the City nor within a special district. The ROW Agent stated that these easements probably should be in the County's name, but that he would continue the traditional practice until the County made a formal request to the contrary.

Johnson maintains that sewer facilities within Areas II and IV as defined in the May 1, 1980 Joint Sewerage Resolution should have easements acquired on behalf of the County.

Johnson's memo indirectly raises several other issues:

- a) Does the County have a "Resolution and Operational Procedure" as referenced in the Joint City-County Sewer Resolution (May 1, 1980) Part II, paragraph 2, B & D?
- b) Paragraph 2, B. of the above referenced resolution states that the County Resolution and Operational Procedure" will govern Area II, the area within two miles of the City's perimeter, but further suggests that this is the case only to the extent the Operational Procedures do not run counter to the City's use of powers of attorney in sewer connections. Again, the powers of attorney issue requires a policy decision.
- c) The County does not know what facilities it may own in Areas II and IV or where they are. There must be a contractual clarification on this matter preceded by policy decision as to what maintenance or operational roles the County is to have with regard to these facilities.

Johnson concludes his memo with a recommendation that any right of way acquired on behalf of the sewer system should have title insurance and releases from the holders of Deeds of Trust of the affected properties. It is not clear that this wise recommendation has been acted upon.

Memo from Jim Patterson to Steve Johnson (March, 1985) "A Report to Mesa County on the Pesigo Wastewater Treatment Plant and Collection Service Area"

1. On page 6, Mr. Patterson suggests that a report was to be made to EPA in June, 1985 describing the pre-treatment program, any violations and the results of the program. It is not clear that the County received this report or subsequent such reports. Emphasizes the lack of formal reporting requirements by the County.
2. A "Sludge Management Plan" is referenced on Page 7 of this report and attached an appendix (letter from Jerry O'Brien, Persigo Wastewater Facility Supervisor September 13, 1984). The report is quite extensive and appears to meet or surpass industry standards and practices. The questions here are ones of result. At the time of plant start up nine (9) tons per day (dry weight equivalent) was to be generated by the plant. It is designed for twenty (20) tons per day. An analysis of alternative means of disposal (landfilling, land application, storage, subsurface injection, and complete land application) suggests all are costly. We hypothesized that landfilling is presently the least cost alternative; however, the report suggests a complete land application program consisting of land application, storage and injection is most efficient and effective. The report develops economic, legal and other considerations necessary to implement such a program. Our question is: Have the necessary steps been taken to move on implementation? What is the status of this program? Are there other state of the art

alternatives -eg- forest spraying of sludge on BLM or Forest Service lands as practiced in the State of Washington? Why is sludge still landfilled?

3. As per Page 9 of the report, is the ARIX rate model being used presently to project, analyze and create the rate structure? If not, why not? If yes, has the model been found to be sufficient?
4. Mr. Patterson notes the Infiltration and Inflow Study by Nichols and Associates (p.10) which was required as an EPA grant condition and as part of the discharge permit conditions. The goal of this study was to determine the amount of infiltration the City of Grand Junction's sewer system experiences and to define the steps necessary to seal the system against this infiltration. EPA felt that this was necessary for several reasons:
 - a) The City sewer sytem carries both sewer and stormwater to the new plant. To the extent that the stormwater is being treated at the plant, plant capacity is being used for non-sewer wastes.