Meeting Agenda

4:00 – 5:30 PM, Wednesday, Mar 17th, 2016

Lyons Town Hall

I. Roll Call, Agenda, Minutes

- Amendments to Agenda
- Approve Minutes from Feb 17th and Mar 2nd

II. Audience Business

III. Liaison Updates

- Board of Trustees Update - Subsidized Housing Workshop
- Staff, Engineering Update

IV. Continued Business

- 4:30 - Meeting with RG & Associates on water and wastewater, rate and CIP studies
- Construction Design Manual editing done, submitted to town
- 2015 Review 2016 Goals

V. New Business

- C-BT Water shares for Auction
- Promoting Public Awareness of Town Utilities

VI. Parking Lot

- Municipal Code Corrections
- Electric Fund Questions
- Wastewater Pretreatment Needs
- Town Utility Account Tracking
- Pipe Water Rates

UEB Meeting Minutes, 17 Feb 2016

Meeting Time and Location: Began at 4:00 at Lyons Town Hall

Attendance:, Aaron Caplan, Coco Gordon, John Cowdry

Staff: Jim Blankenship, Kyle Miller **Liaisons:** Jim Kerr (BoT)

BOT Update: BOT approved Icon for the Stormwater master plan. Looking at an option to add a wastewater pretreatment area to the wastewater treatment plant.

Lyons Recovery Action Plan -

INF 2.2.1: Develop and implement a capital improvement and maintenance plan for Lyons' transportation system that considers emergency and normal operating conditions, future land use, collector connections, street master plans, street connections and multi-modal transportation.

The town currently only has a capital improvement plan for roads. We need to add other modes of transportation. Need to include Cody Humphrey, Toby Russell, Dave Cosgrove, and Matt Manley in this project. **Aaron will email.**

Electric Fund Questions: Talked with Tony Cavalier and verified the electric rate stabilization fund is included in the electric fund totals. **The UEB should discuss cleaning up the various bank accounts for electric and maybe moving to one bank account.**
After the 2014 audit was done in mid 2015 the auditor found that the electric fund was really only $269,801 and not $618,000. Advised that the UEB wants to be more involved with the 2015 audit and Tony advised the town was much further along on the 2015 financials and should get an audit earlier than last year.

Electric Rate Study: Discussed the option of writing up a new RFP with no capital improvement. There is concern about the transformer. It was mentioned transformers usually have a 20 year warranty and can sometimes last up to 50 years. We could write in the RFP that the UEB or Town Staff could cover certain parts to reduce costs. Discussed N Line's capabilities for doing the capital improvement portion of the study. They do not have GIS data. They do know most or all of the assets the town has. They could not do the rate studies.

New Water Backflow Prevention and Cross-Connection Regulations: Staff had a meeting with the State Health Dept. The state's goal is to help Lyons get a plan developed and they have templates. Kyle felt Public Works has a good handle on what is needed and is working on a policy. One of the requirements is using a cross connection certified technician. Longmont has a list of technicians and staff that might help if needed. The town does need to pass an ordinance. It mostly a concern for commercial property.

Meeting ended: 5:50 pm. **Minutes Submitted by**: Aaron Caplan

UEB Meeting Minutes, 2 Mar 2016

Meeting Time and Location: Began at 4:00 at Lyons Town Hall

Attendance:, Aaron Caplan, Lee Hall, Coco Gordon, John Cowdry

Staff: Jim Blankenship, Kyle Miller, Victoria Simonsen **Liaisons:** Jim Kerr (BoT) **Guests:** Justin Spencer & Amy Reinholds (Special Housing Committee)

Amendments to Agenda: Victoria advised of an auction of 50 C-BT water shares. Bids are due Mar 25th.

Previous Minutes: Approved Feb 3rd minutes.

Audience Business: Kelly Kanizay advised the UEB that some of the confluence residents felt the UEB's direction to Staff regarding the placement of Evans St. between 4th and 5th was not followed and that the road could be moved further North. Cat Wechsler asked if it could be a one way road.

CAMU Meeting Report: Clean Power Plan (CCP) pushed back two years. City of Boulder lobbying Longmont and Platte River to be proponent of CCP, and claimed Platte River was on board but Platte River employees knew nothing about it.
A Delta DMA lawsuit regarding annexation of service territory could be a concern for Lyons Annexation in the Eastern Corridor. Only owe compensation if taking. If just competing no taking. Excluding is considered taking.
Met an electrician from Holly, CO Town of 800 residents, who has been with the town for decades. Holly does not contract out electrical work like Lyons. (It was mentioned how great of a job N Line Electric did after the flood.)
City of Fountain were MEAN schedule J. They were trying to move to schedule M but it didn't happen and they were happy it didn't happen because they now have a contract with Texas power for around $45 KWH with no base and no peak.
Joe Wilson of Platte River Power Authority said low cost coal plants keep their costs low, not really hydro.
Next CAMU meeting is in May in Ray. Annual conference is in Aspen in July. Inn at Aspen.

Staff Update: Opened bids on replacing the last damaged water transmission line from 4th and Railroad to Meadow Park.
The Main St. project is under way and there is some concerns from new owners who were not involved in the original project discussion. They should not cause any legal concern as the entire project is in the CDOT Right of Way.
McConnell bridge replacement project is still in versioning with FEMA, something that takes 6 months and we have about 3 more months to wait.

Concerns about Hwy. 34 being closed for portions of, maybe all summer. **(It was mentioned that if we have any option to express times when 34 should be open it would be during the Rockygrass and Folks festivals at Planet Bluegrass)**

Evans St.: Reviewed memo from Staff to UEB. Discussed concerns by residents mentioned in audience business. The UEB approved sending a memo to the Lyons Board of Trustees that said; "The Utilities and Engineering Board would like to advise Lyons Board of Trustees that we have reviewed the new Evans Street road alignment. We find the new alignment meets the required codes and standards as required by FEMA to receive reimbursement. We do not see any way the road could be moved further North."

Electric Study: Discussed the option of moving forward with the MEAN or NMPP (Nebraska Municipal Power Pool) Cost of Service and Rate Study and trying to modify the electric study RFP to only cover Capital Improvements. It was decided that the costs for Capital Improvement portion of the RFP were just too high. **The UEB recommended to split the RFP into two separate RFP's; 1. Cost of Service/Rates and 2. CIP – with reduced scope focusing on transformers and the station on Ute Highway near Longmont.**

Wastewater Expansion Feasibility Study - Steve Wratten, Coco Gordon and Aaron Caplan reviewed the 3 proposals. All three selected J-U-B as their prefered choice even before taking into consideration that they gave the lowest bid. They had come out and done some preliminary studies that we felt helped them have a good idea about what the costs would be before making a bid.

Construction Design Manual and 2015 Review, 2016 Priorities were tabled for next meeting

Affordable Housing Policy with regard to utilities: Justin Spencer mentioned there are basically 3 types of charges for utilities, A tap fee charged once to develop a home, a base fee that all users pay each month regardless of usage and a usage fee based on how much of the utility they use. It was mentioned that Lyons seemed to have a pretty high base fee for everyone based on a ¾ inch tap. **Could the town look into offering a ⅝ inch tap for a lower tap fee?** Accessory Dwelling Units, ADU's do not have any additional irrigation. A large portion of water usage is irrigation.
Lower Tap Fees are really the only incentive to developers to develop lower cost homes. Creating additional accounts helps cover the fixed costs because more people are then paying base fees.
There was mention that monitoring what everyone uses takes a lot of work, that Longmont bases tap fees on the size of the lot, that this should be looked at long term over a 10, maybe 20 year period, and that Lyons average per capita use of water is extremely low.
It was requested to have RG & Associates look into subsidized housing tap fees as part of the water wastewater studies.
Could these subsidies have an impact on the decision to annex property into town? It would be interesting to have a cost benefit analysis of new people coming into town. How much more comes in from taxes and fees versus how much more do we need to pay for services such as the sheriff.
The concern with reducing tap fees is that they are suppose to cover big infrastructure projects that come up like the wastewater treatment plant. The town has been getting a lot of projects done with grants and other funding because of the flood. That will end soon and we will have other big projects to pay for.
The cost of subsidized housing should be observable and everyone should be aware of the costs.
One last concern was if building an ADU creates a duplex.

Meeting ended: 5:50 pm. **Minutes Submitted by**: Aaron Caplan

B. Understanding

The Town is the service provider for each of these utilities and owns and operates its own distribution and collection systems. Generally, the Town owns the delivery and storage systems for water and the collection and primary treatment systems for wastewater. Residents and businesses own the service lines from the main through the point of use, exclusive of the water meter and pit on domestic service lines which are owned by the Town. The Town also owns and operates the wastewater treatment plant however is a consecutive water system to the City of Longmont, drawing water from their delivery system and pumping it to a 1.0 MG tank. The ownership of the Town begins at the point of connection to the Longmont system which is an existing meter within a vault adjacent to the water pump station.

In the post-flood environment, there are many changes to the Town's operations and expenses. The Town has suffered great financial impacts in the short and long term. It is important the Town is able to manage the near and long term ongoing revenues and expense in the aftermath of the flood including loss of revenue from reduced service connections, costs of financing of loans and matching funds for grants, and costs of maintenance and upkeep to the system moving ahead with new and replacement infrastructure. **This study and ensuing findings will be a critical aspect of flood recovery of the Town of Lyons.**

C. Goals

The goal of this study is to determine the following:

> *Update the Towns Previous Capital Improvement Plans and while doing so, determine what is a reasonable rate to charge existing and new users of the system for their fair contribution to system development and maintenance, cost to access the system and monthly fee structure to continue to access and utilize the system for both domestic water and sanitary sewer service? In addition, what is the water portfolio for the Town and what are effective ways to access, provide or charge new users for water delivery upon new development or re-development?*

II. SCOPE OF WORK

Scope of Services

Below is a general list of the services provided by the Consultant as anticipated by the Town. Consultant will be required to review this scope of services and include any additional information or exceptions within their proposed scope to achieve the Town's goals:

Phase 1 – Review of Information

- Review of past CIP plans and reports;
- Review current Town standards for design and construction;
- Review of current collection system video tapes;
- Review of list of distribution system known issues and concerns;
- Review past rate and cost of service studies as provided by the Town;
- Review billing structure and municipal code requirements;

- Review past, current and projected revenues from Town Budgets;
- Review ordinances and meeting minutes from when rates and fees were established;
- Review agreements with Longmont regarding water system;
- Review loan documents and agreements regarding water and wastewater systems;
- Review available billing data from Town software for various classifications of users;
- Review total use and demand to determine base consumptive use, non-consumptive use and water loss;
- Review non-revenue water use and sources;
- Review Water and Wastewater enterprise financial status, such as funds on hand. liabilities, and assets;
- Review established statutory requirements and case law precedent controlling impact fees (also known as tap fees, connection fees, community investment fees, etc.) in Colorado;
- Review common practice and trade-offs regarding rates municipalities pay to utilities they administer for municipal usage of water, electric power, and sewer. Consider any constraints imposed by loan documents;
- Review end user services size and actual uses to determine single family equivalents; Review budgets to determine actual costs for maintenance, capital improvements, debt, allocated expenses and other charges;
- Review current operations including methods of water metering, methods of water service and sewer service monitoring across all use classifications;
- Review requirements for new, expanded and re-development regarding water and sewer fees and requirements for construction and expansion;
  Review planning area expansion for impacts to system;
- Review Towns water portfolio for raw water and agreements regarding leases and shares;
- Gather available data from other municipalities, preferably of similar size and structure, regarding rates and cost of service;
- Meet with Utility and Engineering Board, Sustainable Futures Board; Economic Development Council and Ecology Board to ascertain goals, objectives and desires of each of these Town Boards and Commissions. Assume a two-hour meeting with each of these groups.

At this time, the consultant is expected to have a variety of tools based on historic and projected data to begin the evaluation and desired outcomes. The consultant should have graphs, tables, charts, narratives, discussion topics, alternatives and an action plan to move forward with the analysis.

Phase 2 – Compile Data and Recommendations

- Prepare charts and tables with immediate, mid-term and long term capital improvement needs including estimated costs and priority of repairs;
- Prepare a list of optional standards to consider for capital improvements that are not within the current Town code and standards;
- Prepare a list of options to reduce infiltration/inflow including on private sewer services lines;
- Prepare a list of options to reduce opportunities and chances for water theft and backflow prevention;
- Prepare a backflow prevention plan for all classifications of users;

- Prepare summary of water and wastewater use by different classifications of users;
- Provide recommendations on equity of use and charges for different classifications of users;
- Provide recommendations and options for reducing or eliminating debt;
- Provide recommendations for expansion of water portfolio or reallocation of existing portfolio and options to acquire shares or disseminate shares;
- Provide recommendations regarding impacts and considerations for upcoming regulatory requirements and impacts;
- Provide recommendations for source control for wastewater from business and industry and also options from residential to minimize impact loadings to the wastewater treatment facility and the financial impacts of these options if they are not implemented;
- Provide recommendations for alternatives to monitor services including metering and efficiencies with alternate procedures that current;
- Provide recommendations for potential charges that may not be currently part of the fee structure of the Town and options to allocate charges in other manners;
- Provide recommendations for various types of rates and fee structures, including impact fees, and comparisons to other communities, particularly within Colorado or areas with similar water and wastewater uses and issues;
- Provide data tables and spreadsheets for utilization by the Town for on-going monitoring and evaluation of use and fees;
- Provide preliminary recommended charges for the various classifications of users (including the Town of Lyons municipal usage), for base and/or use fees and basis of fees;
- Provide recommendations on methods to accommodate the service area expansion and impacts to systems and potential cost implications with the water pump station, water delivery system, storage, extent of service based on “blue line”, wastewater plant and collection facilities;
  Provide recommendations for alternate programs that will assist with system efficiency such as backflow prevention or other;
- Provide recommendations on billing procedures, bill presentation, and additional outreach with utility billing;
- Provide recommendations regarding reserve accounts;
  Provide a draft report that presents all of the above information and any other information deemed necessary and prudent through the review and analysis process, in a typical format including executive summary, findings, summary of system, data found and not found, assumptions made and recommendations and conclusions;
- Meet with Utility and Engineering Board, Sustainable Futures Board; Economic Development Council and Ecology Board to review and document the comments and suggestions of each of these Town Boards and Commissions.

At this time, the consultant is expected to have compiled data and reviewed that data and have completed an initial preliminary report for review by Town Staff, Boards and Commissions and have implemented those comments and suggestions and prepared a completed “Preliminary Report”. There should be two separate reports, one for CIP and one for Rates and Cost of Service. This will allow the Town to move ahead on different schedules in the future with the implementation and updates to each of these reports and supporting data.

E. EVALUATION CRITERION #2

1. Project Approach

Our priority is to maintain effective communication during all phases of a project. The Project Manager is not only a professional engineer, but an individual adept at leading a team and facilitating efficient communication and project procedures. He is able to communicate effectively with all members of the project team, including town staff, the public, utility companies, outside agencies, sub-contractors, and additional entities involved in the work. The RGA Project Manager, Mr. Ricardo Goncalves will make certain that the project proceeds smoothly, on-schedule and within budget. He will respond directly to any concerns regarding the proposed design and will take responsibility to provide efficient and effective remedies to errors in design, planning or calculation.

RGA utilizes a project team approach for managing projects. The project manager is the team leader and the primary point of contact with the Town. The project manager is responsible for the project budget and schedule and coordinating team activities. At the onset of a project, the project manager will schedule a project initiation meeting with appropriate Town staff and key team members. The meeting will be utilized to establish lines of communication, present a schedule with critical path items identified. The meeting will establish progress reporting procedures and reporting requirements and provide an opportunity to obtain, or identify, available information, mapping, plans, reports and related data which can be used during the design process.

RG and Associates, LLC (RGA) understands that the Town of Lyons desires to conduct a comprehensive, independent evaluation of the fees and charges of the town's Water and Wastewater Enterprise Fund. The town's rate system needs to provide rate equity between user classes and between past, present, and future rate payers, all while paying for the operating costs of those utilities, providing a reasonable capital replacement fund for future utility repairs and replacements, and promoting water conservation.

We further understand that the desire of this upcoming study is to independently review staff's financial projections, examine the costs of systems operations and future improvements, and recommend several alternative baseline rate structures that will fund operations, capital debt service and inflation. This rate study will demonstrate to the public the methodology behind the rates, the need for the current or for any proposed rates, and ultimately gain the public's understanding and acceptance. This study will also evaluate the Water and Wastewater Capital Improvement Plans, revenue demands, reserve fund policies to develop a financial plan based upon proposed utility fixed rates and user fees to meet the needs of the Town of Lyons.

RGA understands that, while the town staff could probably do most or all of this work, it is important that a knowledgeable third party be able to perform and present the work to the public to gain complete public confidence and acceptance of the existing rates or any proposed rate changes.

Through our experience as the Town/City/District Engineer for several municipalities and districts for the past 29 years, our team has developed unique insight into operations and maintenance of public systems and planning and budgeting for future facilities. This insight will be invaluable in all phases of developing the rate study for the Town of Lyons. RGA will first meet with the town's staff and gather information about the town's expenses, debt, and future needs. RGA will then evaluate the anticipated growth, future capital improvements, and future operation and maintenance costs.

Fully understanding the town's operation, expenses, debt, and future costs will be important for establishing that the current rates are proper or to justify new rates. Any development plans and other documents verifying usage and projected future usage will be critical for this part of the scope. RGA will evaluate these plans, and utilize the assumptions and costs within the document. If needed, adjustments will be made for inflation and other factors, as directed by the town. If sufficient data is not available, RGA will work with the town to document the required information.

RGA will evaluate the existing information and prepare a list of questions for the town staff. This will provide some clarification so that when the team prepares a preliminary report, it will build on the current rates as well as conform to staff criteria. RGA will suggest several rate schedule options for consideration and confer with the town staff to determine the feasibility of each option.

RGA will attend six (6) meetings with the town, four with the staff as information gathering and status updates, and two with Town Board. We have found in our other rate studies that just one presentation to the decision making boards is never enough. Since our computer model is very interactive, we have found that the decision making bodies like to do a lot of "what if" scenarios. In these meetings, we will serve as support for the town staff. During RGA's presentation and the two (2) council meetings, the last one of which could be a formal public hearing, the elected officials and citizens can provide input and suggestions on rate scenarios to be evaluated during the presentations, and they can see the results of those suggestions. At these meetings, the officials and citizens can also provide feedback on the objectives of the study and the financial impacts of the rates on their lives. Also at these meetings, RGA can provide a determination as to whether the town's current and projected costs are in line with other communities of comparable size and services.

For the staff meetings and the presentation and public hearings, RGA will develop the rate models for water and sanitary sewer systems. The models will be combined to provide an overall annual view of the total funds. The model will have sections for population and population increases, water consumption patterns, expenses (including debt and future expenses), and growth. Especially for the water rates, a statistical sampling of all of the town's customers' monthly water usage will be taken to project and calibrate present and future water consumption. Various scenarios will be developed for based rates, tiered rates and fees to determine what the various combination of rates will generate in terms of revenues and also provide for water conservation. One scenario for sewer rates can be based on winter time water consumption. All these revenues can then be projected for all the town's water customers for the current year and into the future. The model will project population growth for each of the next 5 years, expenses for capital replacement projects, expenses due to population growth, revenue projections expected based on each of the rate structures analyzed, and determine accumulated excess revenues that can be put into the reserve fund.

Once the final scenarios are selected, RGA will run the models and make adjustments as needed. The results will be evaluated and summarized in a draft Final Report and provided to the town for review. In this final report, we will demonstrate the equity of either the existing rates, or proposed rate changes for all of the different types of customers. We will also show how the rates can have a beneficial effect on water conservation. We will also make recommendations for additional fees and charges that are not currently part of the rate structure. If they are deemed necessary, we will demonstrate methods for showing the customers how the actual cost of operating the utilities relates to the cost of providing those services. Lastly, we will show how any of the alternative rates affect those operating fund reserve targets and we will make recommendations on what are normally reasonable targets. In the draft Final Report, RGA will make a final recommendation on the rates for consideration by the staff, elected officials, and citizens. All of the presentations will be made using a laptop and projector, with the actual model loaded on the laptop. That way, all suggested changes to the model can be made at the meetings and the participants can instantly see the results.

Comments from all participants will be incorporated into the Final Report. The final recommendation will be presented to elected officials and town staff for approval. RGA key team members will attend this meeting to respond to any questions. Once authorized, the approved rates will be finalized in the Final Report, which will be presented to the town.

Throughout the entire process of the rate study, RGA will keep the town staff informed by submitting regular progress reports, conference calls, and additional meetings as requested by the staff.

The Rate Model

The rate model that will be used for this rate study is a model that was developed a number of years ago by our president, Mr. Ricardo Goncalves. This model is an interactive spreadsheet model that first uses data from the previous full year's (data year) water usage and wastewater production, population, and financial data from that year's financial audit.

The process begins with establishing the base population in the data year, then reviewing all data, such as the town's comprehensive plan, to establish a population projection. From this, we can get the population monthly out to, typically, five years. The population projection can be input either in real numbers, or more typically, as a percent increase. Each year can be input independently with different numbers or percentages. **Figure 1** shows a typical population projection spreadsheet.

2014 Water Rates Model
Anticipated SFE Growth
Tuesday, February 17, 2015
RGA Job No: 1011.0007

1223 Residential (1 SFE Each)
395 Schools/Business/Gov (Adjusted for Tap Size)
1618 SFE in 2012

▶ Table 1-1 Assumptions:
Starting Number of Potable SFEs: 1,621 SFE in 2013 (In Town) 40 SFE in 2013 (Ivy League at Buildout)

Potable SFE Growth in 2014: 19

Table 1-1: 2014 SFE Projections

SFE Breakdown	2012											
	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.
Potable SFEs	1,623	1,624	1,626	1,628	1,629	1,631	1,633	1,634	1,636	1,637	1,639	1,641
Total SFEs	*1,623*	*1,624*	*1,626*	*1,628*	*1,629*	*1,631*	*1,633*	*1,634*	*1,636*	*1,637*	*1,639*	*1,641*

▶ Table 1-2 Assumptions:
Potable SFE Growth in 2015: 20

Table 1-2: 2015 SFE Projections

SFE Breakdown	2013											
	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.
Potable SFEs	1,642	1,644	1,646	1,647	1,649	1,651	1,652	1,654	1,655	1,657	1,659	1,660
Total SFEs	*1,642*	*1,644*	*1,646*	*1,647*	*1,649*	*1,651*	*1,652*	*1,654*	*1,655*	*1,657*	*1,659*	*1,660*

▶ Table 1-3 Assumptions:
Potable SFE Growth in 2016: 20

Table 1-3: 2016 SFE Projections

SFE Breakdown	2014											
	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.
Potable SFEs	1,662	1,664	1,665	1,667	1,669	1,670	1,672	1,674	1,675	1,677	1,679	1,680
Total SFEs	*1,662*	*1,664*	*1,665*	*1,667*	*1,669*	*1,670*	*1,672*	*1,674*	*1,675*	*1,677*	*1,679*	*1,680*

▶ Table 1-4 Assumptions:
Potable SFE Growth in 2017: 20

Table 1-4: 2017 SFE Projections

SFE Breakdown	2015											
	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.
Potable SFEs	1,682	1,684	1,685	1,687	1,689	1,690	1,692	1,694	1,695	1,697	1,699	1,700
Total SFEs	*1,682*	*1,684*	*1,685*	*1,687*	*1,689*	*1,690*	*1,692*	*1,694*	*1,695*	*1,697*	*1,699*	*1,700*

▶ Table 1-5 Assumptions:
Potable SFE Growth in 2018: 20

Table 1-5: 2018 SFE Projections

SFE Breakdown	2016											
	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.
Potable SFEs	1,702	1,704	1,706	1,707	1,709	1,711	1,712	1,714	1,716	1,717	1,719	1,721
Total SFEs	*1,702*	*1,704*	*1,706*	*1,707*	*1,709*	*1,711*	*1,712*	*1,714*	*1,716*	*1,717*	*1,719*	*1,721*

Figure 1

Next, water consumption is calculated monthly by taking the actual water usage from a 10% sampling of all of the town's residential water customers. Any rate structure then is multiplied by each sample user, then the revenue derived from the sampling is proportioned out to the entire customer base. We have found that it is extremely important to use actual water consumption figures rather than trying to use averages, because it is more accurate. Sewer usage is typically based on water usage on the sample population during the non-irrigation months.

Then, we analyze the costs for the utilities, separating them into fixed costs and variable costs. Fixed costs, like buildings, salaries, vehicles, etc. are kept constant into future years, except for an inflation factor. Variable costs, like chemicals and power are projected into the future as increasing proportional to the increase in population plus inflation.

Next, a spreadsheet is developed for all of the capital improvements that are expected in the future. This can be carried out for up to 20 years.

A spreadsheet is also developed for each year, out to five years, divided into each month of the year to show the revenue developed each month based on the population projection for that month, and based in the water usage and type of rate. Thus, a line is shown for a base rate of revenue, times so many SFE's for each month. Next, for the first tier of water used over the base, so much monthly revenue is developed from the actual pattern of water usage that month. **Figure 2** shows this spreadsheet. Another line shows tap fees and any other one time fees collected from new connections. The bottom lines, literally show the monthly revenue that could be collected, different each month because water consumption varies each month, from variable water usage, and increasing population.

2014 Water Rates Model
Proposed Water Rates
Tuesday, February 17, 2015
RGA Job No: 1011.0007

Table 3-1A: Monthly Potable Water Rates

	Rate Structure		
Base Fee	$29.00	for first	5,000
Tier 1	$0.00	up to	5,000
Tier 2	$0.00	up to	5,000
Tier 3	$0.00	up to	5,000
Tier 4	$2.38	for all over	5,000

Table 3-1C: Yearly Rate Increases

Year	Yearly SFE Increase	Rate Increase	% SFE Increase
2014	19	0%	1.20%
2015	20	0%	1.20%
2016	20	0%	1.20%
2017	20	0%	1.20%
2018	20	0%	1.20%
	Out of Town Multiplier	1.60	
	3/4" Tap Fee	$ 6,000.00	

Calibration Factor
100.00%

Table 3-1D: Yearly Rate Increase Effects on Revenue

Year	Metered Revenue	Connection Revenue (Tap Fee)	Total Revenue	Expenses	Accumulated Net Revenue
2014	$ 738,273.91	$ 116,727.27	$ 855,001.19	$ 932,257.00	($77,255.81)
2015	$ 746,894.46	$ 118,128.00	$ 865,022.46	$ 1,305,937.00	($518,170.35)
2016	$ 755,618.46	$ 119,545.54	$ 875,164.00	$ 942,257.00	($585,263.35)
2017	$ 764,447.14	$ 120,980.08	$ 885,427.23	$ 942,257.00	($642,093.13)
2018	$ 773,381.77	$ 122,431.84	$ 895,813.62	$ 942,257.00	($688,536.51)

Figure 2

While there are numerous other spreadsheets in the model, as many as 20, the key spreadsheet is the summary sheet, an example of which is shown in **Figure 3**. This is the heart of the interactivity. On this sheet, projected to staff or in a council meeting via one of our laptop computers, all of the "what if's" can be accomplished.

2014 Water Rates Model
2017 Anticipated Potable Revenue Summary
Tuesday, February 17, 2015
RGA Job No: 1011.0007

Table 4-2A: Proposed Potable Water Rates

	Rate Structure		
Fee	$29.00	for first	5,000
Tier 1	$0.00	up to	5,000
Tier 2	$0.00	up to	5,000
Tier 3	$0.00		5,000
Tier 4	$2.38	for all over	5,000

Percent Increase in Rates from Previous Year: 0.0%

5,000 gallons with base fee

Table 4-2A: Ivy League Rates

	Rate Structure		
Base Fee	$46.40	for first	5,000
Tier 1	$0.00	up to	5,000
Tier 2	$0.00	up to	5,000
Tier 3	$0.00	$0.00	5,000
Tier 4	$3.81	for all over	5,000

Table 4-2B: 2017 Revenue

Revenue		January	February	March	April	May	June	July	August	September	October	November	December	Totals
Number of Potable SFE's		1,682	1,684	1,685	1,687	1,689	1,690	1,692	1,694	1,695	1,697	1,699	1,700	
In Town														
	5,000	$ 48,776.82	$ 48,825.54	$ 48,874.27	$ 46,923.00	$ 48,971.73	$ 49,020.46	$ 49,069.19	$ 49,117.91	$ 49,166.64	$ 49,215.37	$ 49,264.10	$ 49,312.83	$ 588,537.86
	5,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	5,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	5,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	5,000	$ 5,870.78	$ 6,012.44	$ 8,005.64	$ 6,568.75	$ 13,531.97	$ 25,353.08	$ 29,710.97	$ 22,926.97	$ 15,547.62	$ 10,677.34	$ 9,342.58	$ 2,466.39	$ 156,014.54
Ivy League Potable SFE's		40	40	40	40	40	40	40	40	40	40	40	40	
	5,000	$ 1,160.00	$ 1,160.00	$ 1,160.00	$ 1,160.00	$ 1,160.00	$ 1,160.00	$ 1,160.00	$ 1,160.00	$ 1,160.00	$ 1,160.00	$ 1,160.00	$ 1,160.00	$ 13,920.00
	5,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	5,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	5,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	5,000	$ 270.37	$ 190.40	$ 262.75	$ 239.90	$ 566.43	$ 978.66	$ 1,146.21	$ 978.66	$ 495.04	$ 312.26	$ 422.69	$ 91.39	$ 5,974.75
Total Revenue		$ 56,077.96	$ 56,188.39	$ 58,302.67	$ 56,891.65	$ 64,250.14	$ 76,512.19	$ 81,086.37	$ 74,183.54	$ 66,369.30	$ 61,364.97	$ 60,189.37	$ 53,030.60	$ 764,447.14

Table 4-2C: 2017 Expenses

Expenses	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Fixed Costs	$ 35,400.42	$ 35,400.42	$ 35,400.42	$ 35,400.42	$ 35,400.42	$ 35,400.42	$ 35,400.42	$ 35,400.42	$ 35,400.42	$ 35,400.42	$ 35,400.42	$ 35,400.42	$ 424,805.00
Variable Costs	$ 35,171.00	$ 35,171.00	$ 35,171.00	$ 35,171.00	$ 35,171.00	$ 35,171.00	$ 35,171.00	$ 35,171.00	$ 35,171.00	$ 35,171.00	$ 35,171.00	$ 35,171.00	$ 422,052.00
0.75 MG Upper Zone Tank	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Annual WMR Program	$ 7,116.67	$ 7,116.67	$ 7,116.67	$ 7,116.67	$ 7,116.67	$ 7,116.67	$ 7,116.67	$ 7,116.67	$ 7,116.67	$ 7,116.67	$ 7,116.67	$ 7,116.67	$ 85,400.00
Ivy League Conversion to Upper Zone	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water Rights	$833.33	$833.33	$833.33	$833.33	$833.33	$833.33	$833.33	$833.33	$833.33	$833.33	$833.33	$833.33	$ 10,000.00
Total Revenue	$ 78,521.42	$78,521.42	$78,521.42	$78,521.42	$78,521.42	$78,521.42	$78,521.42	$78,521.42	$78,521.42	$78,521.42	$78,521.42	$78,521.42	$942,257.00

Annual Balance	$ (177,809.86)

Figure 3

The water rates can have a base fee for so many gallons, and the tiers varied for so many dollars for so many thousand gallons used above the base. Five different tiers can be implemented, different tap fees can be input, as well as inflation rates, population increases, other fees and can be linked throughout all the other spreadsheets in the model. The net results of all the "what if's" is shown in the year's balances and accumulated balances, the accumulated balance in each year being available for operating fund reserves.

In our rate studies, we always start with philosophy that base rates should pay for fixed costs, and all tiered rates should pay for variable costs. While this is ideal, it rarely works out to be the case for final rates after all the "what if's" are run through because the fixed costs are such a large percentage of the total costs.

Attached in the appendix of this proposal is a complete model example, which is representative of what the town would see and work with.

2. Methods and Timeline of Communication

Progress reports, meeting agendas and meeting minutes will be provided on a weekly or bi-weekly basis. RGA's policy is to be available and responsive to the needs of our clients. This, we have found, is the best way to maintain effective communications. In addition, we encourage email and text communications at literally, all hours of the day and night, including weekends to enhance the communication flow.

3. Cost and Schedule Requirements

We are always able to schedule staff because our personnel are not working on large projects for months or years at a time, but rather smaller projects with days and weeks of durations. We understand the expedited schedule of this project is an essential factor in the success of the project. Our team has over 29 years of experience in managing the schedules of our clients and making them a priority.
RGA's existing workload, as well as our anticipated workload over the next 6 months, is such that most of our current and upcoming projects are of short duration which allows us the flexibility to assign personnel to new on-call projects on short notice. Approximately 90% of the services provided by RGA are on-call in nature, and our team is accustomed to moving personnel to a new project with relatively short notice.

With a staff of 25 professional engineers, designers, planners, construction administrators, drafting and support personnel, RGA has the depth of staff to ensure that a qualified team is available for immediate assignment to the Town of Lyons' project. All of the personnel listed in the proposal, including sub-consultants, will be available for immediate assignment to Town of Lyons project, and will remain with the work for its duration.

We expect this work to take an elapsed time of six months, even though the town has budgeted a year. Naturally, the RGA staff members will not need to be working full-time on this project during the six month period.

We will control costs and the work product by having weekly in-house meetings with the RGA project staff to evaluate how the work effort is meeting the project objectives. Our project manager will also meet bi-weekly with the town staff to make the same determinations.

4. Fee

Our proposed fee for this project will be for actual time and materials expended in the performance of the work, or our hourly billing rate, not to exceed $24,500. A copy of our rate schedule is attached in the Appendix of this proposal.

5. Software and Tracking Requirements

RGA utilizes several major software programs. They are as follows:

- AutoCAD
- EPA SWMM
- HEC-RAS 4.1
- HEC-RAS 5.0 Beta

E. Evaluation Criterion #3

1. Proposed Scope of Work

Our proposed scope of work will be exactly the detailed scope which has already been defined in the RFP.

HUNTER & GOODHUE, PLLC

A Professional Limited Liability Company

Attorneys and Counselors at Law

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February 24, 2016

VIA US MAIL

Victoria Simonsen, Town Administrator
P.O. Box 49
Lyons, CO 80540

RE: FOR SALE BY SEALED BID - Fifty (50) acre-foot units of C-BT

Dear Ms. Simonsen:

Our firm's client, Allan Farms, LLC, is the owner of 50 acre-foot units of the Colorado-Big Thompson Project ("C-BT") managed by the Northern Colorado Water Conservancy District ("Northern Water") which is for sale by sealed bid. As per Northern Water's requirements, our client's units have been placed into the Inactive Contract Account, subject to transfer by the successful bidder and the approval by Northern Water's Board of Directors.

Allan Farms will sell its C-BT units as a 50 block share, subject to its reserve price, which is based upon current market trends and sales data provided by Northern Water. You are receiving this correspondence as Northern Water and water counsel for Allan Farms, LLC has indicated that you may have interest in purchasing all or a portion of Allan Farms' 50 acre-foot units of C-BT shares.

For your convenience, enclosed please find a SASE to this firm for your sealed bid, which must be received by this office no later than Friday, **March 25, 2016.**

Please contact the undersigned anytime with questions. Thank you for your interest.

Very truly yours,
Hunter & Goodhue, PLLC

Mark F. Hunter

/MFH
Enclosure