



Meeting Agenda

4:00 – 5:30 PM, Wednesday, Apr 6th, 2016

Lyons Town Hall

I. Roll Call, Agenda, Minutes

- Amendments to Agenda
- Approve Minutes from Mar 16th
- Upcoming Meetings - Apr 13 Northern Water Spring Meeting

II. Audience Business

III. Liaison Updates

- Board of Trustees Update
- Staff, Engineering Update -Electric Substation Maintenance, Water Pumping Station Problem

IV. Continued Business

- Utility Finance Review
- 2015 Review 2016 Goals
- Wastewater Pretreatment

V. New Business

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VI. Parking Lot

- Municipal Code Corrections
- Town Utility Account Tracking
- Pipe Water Rates



UEB Meeting Minutes, 16 Mar 2016

Meeting Time and Location: Began at 4:05 at Lyons Town Hall

Attendance:, Aaron Caplan, Coco Gordon, Lee Hall, Steve Wratten

Staff: Jim Blankenship, Kyle Miller **Liaisons:** Jim Kerr (BoT) **Guests:** Rick Gonzales (RGA)

BOT Update: Jim K advised he is going to the NMPP and Lefthand Water Conservancy annual meetings. There was mention of the option to write an ordinance to allow waiving the Electric Tap Fee at the last BOT meeting. The BOT asked to have the quarterly update at their next meeting on any funds that do not have 3 months operating expense reserves. **Aaron will email Victoria that quarterly reviews have to wait until a month after the quarter for all payments to be made and the UEB to get and look over the data.**

Staff Update: Kyle is finishing up the RFP for purchasing new electric meters. An RFP for the town electrical contractor is currently being reviewed by the town attorney. The town is currently in violation of some law with regard to maintenance at the substation. The problem is that the substation must be shutdown for the work and we do not currently have any backup options. Kyle has talked with Longmont about temporarily switching to use them but it would require some upgrades be done first and could cost \$200,000. It was mentioned to talk to Poudre Valley REA. **Kyle will talk to them.** Maybe we could use a generator or have scheduled outages at night. The Stormwater Master Plan project had its kickoff meeting. The town is working on fencing the wastewater treatment plant and still waiting on a permit to remove the old plant.

C-BT Water Shares for Auction: The UEB doesn't think the town has enough knowledge to speculate on water shares. There had also previously been talk of selling some of the shares we have so it was asked why would we buying more. We are not recommending any action on the option to bid on C-BT water shares. **Aaron will email Victoria.**

Public Awareness: The UEB has previously talked about trying to advise residents of small things they can do to help the utilities and reduce their own costs. Everyone agreed this was a good idea and we could put together a some short informative notes that could go on town email blasts or utility bills. We could also write an article for the papers.

Water and Wastewater Study Meeting with RGA - The UEB met with Ricardo Goncalves, the President of RGA and the project manager. We mentioned our concerns about the rate structure and tap fees. Are the towns tap fees justifiable. Mr. Goncalves mentioned the law does not require an actual formula, just that the utility does its fiduciary duty. In general tap fees should pay for the facilities but not drive away development. They should be used for developing or improving infrastructure not to cover debt service. Capital replacement is usually covered by user fees.

(I did not hear RG say (concerning tap fees): “They should be used for developing or improving infrastructure not to cover debt service.” Since the debt was undertaken to undertaken to pay for the improved infrastructure (e.g., the pipe to Longmont or the new WWTF), using accumulated tap fees to pay off/down debt is using it for infrastructure capital projects as intended. There are two ways to pay for infrastructure; (1) accumulate funds beforehand from ongoing capital contributions (e.g. tap fees) and buy it outright or (2) take a loan and pay for the capital projects in arrears from ongoing capital contributions. [Delete: “Capital replacement is”, Insert:”Variable costs are”] usually covered by user fees.)

The BOT mentioned the possibility of having affordable housing subsidized by reduced tap fees. Should the water and wastewater utility be funding subsidized housing? If so what type of policies might be used with regard to reduced tap fees? Are different size tap fees a viable option? What kinds of costs might be involved with additional decisions needed on tap fee size and inventory? RGA has done studies regarding different size taps.

RGA uses actual town usage and expenses in their studies, not area averages. They determine what base fees should be from a financial standpoint and then work to balance varying philosophies regarding a balanced base and usage fee structure.

Mentioned looking into how the town’s own use is handled. Does one fund usually pay another fund? Ricardo mentioned not knowing of any municipalities that charged the municipality fees. The Parks dept. Might pay for water and transfer funds from its enterprise fund to the utility fund. There might be some tracking of usage to help determine losses.

The UEB mentioned the interest in having wastewater pretreatment fees for users who have high BOD loads. Ricardo said the right way to handle that is to make them pretreat. What about penalties or how do we enforce pretreatment.

The town should determine what type of capital improvement we think we will need or might want in the next 5 years to include in CIP studies.

([Delete: “The town should determine what type of capital improvement we think we will need or might want in the next 5 years to include in CIP studies.”] I believe that RGA should analyze the existing infrastructure, consider the age and expected lifetime of each component, and develop a replacement schedule. This can include new infrastructure, and Engineering and Public Works can suggest possible items, such as a 2nd storage tank, that we want RGA to price in as an option, but the fundamental work for the CIP rests with RGA not TOL.)

The UEB asked RGA to review the water share contract and look into sources of water shares other than C-BT. Also asked them to look into the costs vs benefits of having another water tank that was 3 miles out of town and had 3 stream crossings for resilience.

Rates are a balance of bottom line and politics.

Meeting ended: 5:30 pm. Minutes Submitted by: Aaron Caplan

UEB - 2015 Review & 2016 Priorities

2015 Review

Calculated 2016 budget for the utility funds.

Reviewed Request for Proposals and the Proposals for

1. Water and Wastewater, Rate and Capital Improvement Project Studies
2. Storm Drainage Master Plan

Worked on the Lyons Recovery Action Plan, LRAP, Infrastructure section 1.1.1

1. Water, Wastewater and Storm Drainage all under study by independent companies paid by grant funding.
2. Continued Electric Utility Analysis. Determined it would cost too much to try and break the contract with MEAN. Proposals for Study of Electric Rate and Capital Improvement Projects came in way over bid. Working on new Request for Proposal.

Reviewed Lyons Environmental Sustainability Action Plan, LESAP.

Worked on a plan to upgrade Lyons electric metering system.

Had a meeting with Longmont Water to discuss options for sources of water rights other than Colorado Big Thompson, C-BT.

2016 Priorities

Supply the Trustees with a quarterly review of utility funds that do not have 3 months operating expenses, currently electric fund, as well as an annual budget for the utilities.

Review and suggest updates for the town municipal code's utility sections.

Continue Electric Utility Analysis.

Finish Work on Recovery Action Plan INF 1.1.1. Begin INF 2.2

Update the Lyons Design and Construction Manual (DCM) or Manual of Design Criteria and Standard Specifications for Construction of Public Improvements of the Town.

	Revenue (\$)	Expenses (\$)					Rev - Exp.	Utility (MwH or Kgal)		Fund Total (\$)*	
	(All Sources)	Purchase	Capital	Debt	All Other	Total Exp.		Purchase Amt	Sold Amt	Start	Finish
Electric Fund									93.3%		
1st Quarter	287,817	194,028	0	0	53,301	247,329	40,488	3,241	3,025	657,711	698,199
Budget (1st Q)	326,261	222,500	0	37,279	87,801	347,580					
2nd Quarter	320,155	154,398	0	39,320	118,989	312,707	7,448	2,643	2,585	698,199	705,647
Budget (2nd Q)	326,261	222,500	0	37,279	87,801	347,580					
3rd Quarter	354,704	233,987	0	17,257	74,601	325,845	28,859	3,051	2,893	705,647	734,506
Budget (3rd Q)	326,261	222,500	0	37,279	87,801	347,580					
4th Quarter	309,539	198,054	2,963	92,387	91,708	385,112	(75,573)	3,170	2,814	734,506	658,933
YTD	1,272,215	780,467	2,963	148,964	338,599	1,270,993	1,222	12,105	11,317	657,711	658,933
Budget (annual)	1,305,045	890,000	0	149,115	351,204	1,390,319					
	97%	88%		100%	96%	91%					
Water Fund									61.9%		
1st Quarter	159,901	27,783	0	152,645	106,278	286,706	(126,805)	15,932	9,869	2,894,008	2,767,203
Budget (1st Q)	232,333	36,000	95,045	76,154	128,992	336,191					
2nd Quarter	285,945	29,825	0	0	105,582	135,407	150,538	20,598	19,738	2,767,203	2,917,741
Budget (2nd Q)	232,333	36,000	95,045	76,154	128,992	336,191					
3rd Quarter	305,651	35,435	3,920	151,970	94,785	286,110	19,541	36,725	33,284	2,917,741	2,937,282
Budget (3rd Q)	232,333	36,000	95,045	76,154	128,992	336,191					
4th Quarter	189,201	24,906	85,412	0	122,044	232,362	(43,161)	18,726	15,356	2,937,282	2,894,121
YTD	940,698	117,949	89,332	304,615	428,689	961,435	(20,737)	91,981	78,247	2,767,203	2,746,466
Budget (annual)	929,332	144,000	380,180	304,616	515,968	1,344,764					
	101%	82%	23%	100%	83%	71%					
Sanitation **											
1st Quarter	119,579	0	0	0	98,717	98,717	20,862		13,470	1,635,930	1,656,792
Budget (1st Q)	111,037	0	103,100	0	115,712	218,812			9,989		
2nd Quarter	133,953	0	0	0	125,489	125,489	8,464		17,867	1,656,792	1,665,256
Budget (2nd Q)	111,037	0	103,100	0	115,712	218,812			9,989		
3rd Quarter	102,875	0	5,630	0	101,589	107,219	(4,343)		15,072	1,665,256	1,660,913
Budget (3rd Q)	111,037	0	103,100	0					9,989		
4th Quarter	104,595	0	84,290	0	101,919	186,209	(81,614)		18,183	1,660,913	1,579,299
YTD	461,002	0	89,920	0	427,714	529,033	(68,031)		64,592	1,635,930	1,579,299
Budget (annual)	444,149	0	412,400	0	462,849	875,249			39,956		
	104%		22%		92%	60%					

4,984,699

* Fund balances reflect all cash assets. Not all cash is available, since some amounts are restricted for certain purposes.

** Sanitation figures do not reflect cash payment to Honeywell of \$1,173,395 in Q2 and \$528,000 in Q4

Electric Substation Maintenance: We need either legal opinion on our MEAN contract or prior approval from MEAN to buy electric service from an outside non-MEAN source. Schedule M is an “all requirements” contract. I suspect MEAN would give permission, and probably even encourage a good maintenance schedule, but this is an item we didn't think about during the discussion.

Pump Station Problem: Problems with the SCADA system at the pump station. (SCADA systems gather information from sensors or manual inputs and send it to PLC's (programmable logic controllers). PLC's send the information to computers to analyze and display the data to help operators reduce waste and improve efficiency.) Browns Hill Engineering says the problems are the PLC's and they can no longer get this type, and have no more availability for parts. They are coming out tomorrow morning to do some forced power resets on the PLC's hoping that they will reset. No guarantee. They will put together a quote for upgrading to a new system with today's far better technology. I anticipate this will cost in the tens of thousands of dollars, but that is just a guess. It will require about 7 or eight weeks from when the order is made to obtain the equipment and to write all the new language.

Wastewater Pre-Treatment: It was first asked if the Lyons Municipal Code, LMC, regarding waste water was sufficient to protect the new wastewater treatment plant, WWTP, if it was enforced. Gary Berggard from Honeywell Building Solutions, who has been overseeing the new WWTP, advised that Lyons has a relatively small plant that cannot handle a big load of waste that has high biochemical oxygen demand, BOD. Organic Matter is one cause of BOD. The plant can handle 700 pounds of BOD a day. If we go over that the state can require we build a bigger WWTP. The likelihood of this is low but something to be aware of. The WWTP operating expense guarantee Honeywell has given is based on not going over the 700 pounds of BOD. The LMC says that the town can charge an Industrial rate for anyone causing a large BOD load. The town does not currently do this. The town might want to beef up the code regarding smaller BOD loads. Since all organic matter has some BOD, garbage disposals and small home brew operations do have some BOD. The volume of these is usually not a problem for the plant but everyone should be responsible and aware of their impact.

The town does need a BOD pre-treatment policy. We can implement a surcharge to cover costs. However we really need to require pre-treatment for BOD. One option for customers with high BOD waste is to put the waste into a vat and then pump the waste into the sewer system at a trickle over a 48 to 72 hour period. An estimated cost of this was \$500. We should have a requirement to install needed equipment and then to inspect it.

We need to change the surcharge language in the code. Any rates determined by the Town Administrator or Engineer should be determined once upon issuance of business license. We should educate the public about things like the affects of putting food waste through garbage disposals, and have some public meetings to advise what is planned. We should have a higher rate for commercial business that put more strain on the WWTP.

With regard to Fats, Oils and Grease, FOG, the town needs some standards for grease trap size. The WWTP operator can do trap inspections and advise if a location doesn't have the proper trap and what is needed. The LMC needs to have a penalty if a location doesn't get the proper grease trap. Also might add that one cannot pour grease down a manhole or storm water drain.

Chuck mentioned we should also put in some code for industrial waste to be prepared for future businesses or even some current business if they used town wastewater.

One company that might be able rewrite the LMC code is Tetra-Tech, at a cost of maybe \$5,000.

Utility Performance Snapshot 2015

	Revenue (\$)	Expenses (\$)					Rev - Exp.	Utility (MwH or Kgal)		Fund Total (\$)*		
	(All Sources)	Purchase	Capital	Debt	All Other	Total Exp.		Purch. Amt	Sold Amt	Start	Finish	
Electric Fund									98.0%			
1st Quarter	341,255	154,423	3,399	0	45,747	203,569	137,686	3,192	3,129	269,801	407,487	see notes
Budget (1st Q)	353,550	218,750	8,560	37,279	85,851	350,440	3,110					
2nd Quarter	334,465	231,998	8,316	20,725	61,934	322,972	11,493	2,786	2,572	407,487	418,979	
Budget (2nd Q)	353,550	218,750	8,560	37,279	85,851	350,440	3,110					
3rd Quarter	413,902	237,433	0	34,190	71,513	343,136	70,765	3,177	2,967	418,979	489,745	
Budget (3rd Q)	353,550	218,750	8,560	37,279	85,851	350,440	3,110					
4th Quarter	326,719	315,850	0	95,725	71,168	482,743	-156,024	3,116	2,778	489,745	333,721	
YTD	1,416,340	939,703	11,715	150,640	250,362	1,352,420	63,920	12,272	11,446	269,801	333,721	
Budget (annual)	1,414,200	875,000	34,240	149,115	343,405	1,401,760	12,440					
	100%	107%	34%	101%	73%	96%						
Water Fund									85.8%			
1st Quarter	202,417	17,600	3,100	152,841	42,611	216,152	-13,735	13,182	11,305	3,911,929	3,888,362	see notes
Budget (1st Q)	252,625	36,000	6,610	77,445	127,080	247,135	5,490					
2nd Quarter	213,862	22,716	25,253	0	82,449	130,418	83,444	20,745	14,963	3,888,362	3,961,190	
Budget (2nd Q)	252,625	36,000	6,610	77,445	127,080	247,135	5,490					
3rd Quarter	334,855	51,887	0	156,941	75,817	284,644	50,211	35,111	31,339	3,961,190	4,001,569	
Budget (3rd Q)	252,625	36,000	6,610	77,445	127,080	247,135	5,490					
4th Quarter	185,989	31,794	2,472	0	73,099	107,364	78,625	18,001	15,506	4,001,569	3,894,959	
YTD	937,123	123,996	30,825	309,781	273,976	738,578	198,545	87,039	73,113	3,911,929	3,894,959	
Budget (annual)	1,010,500	144,000	26,440	309,782	508,320	988,541	21,959					
	93%	86%	117%	100%	54%	75%						
Sanitation **												
1st Quarter	121,976	0	2,190	24,576	105,042	131,808	-9,833	12,697				see notes
Budget (1st Q)	121,127	0	2,479	0	116,944	119,423	1,705					
2nd Quarter	120,449	0	19,607	0	111,458	131,065	-10,616	18,090				
Budget (2nd Q)	121,127	0	2,479	0	116,944	119,423	1,705					
3rd Quarter	128,241	0	0	0	138,072	138,072	-9,832					
Budget (3rd Q)	121,127	0	2,479	0	116,944	119,423	1,705					
4th Quarter	109,843	0	2,472	150,222	142,383	295,077	-185,235					
YTD	480,508	0	24,269	174,798	496,956	696,023	-215,515					
Budget (annual)	484,508	0	9,915	0	467,775	477,690	6,818	30,787	42,690			
	99%		245%		106%	146%						

Payment to Honeywell
170,093
439,000
812,858
2046326
3,468,277

* Fund balances reflect all cash assets based on 2015 audit. Not all cash is available, since some amounts are restricted for certain purposes.

Water and Sanitation fund balances are summed, since funds were merged.

** Sanitation figures do not reflect cash payment to Honeywell

NOTE: Expenses and revenue exclude insurance, state, and FEMA payments for flood repairs and the associated costs

Everyone,

I have attached the 2014/2015 Financial Snapshot file that Steve puts together for us. Thanks again for that Steve.

I have also gone through the town's audited 2014 Financial Statements again and I scanned and have attached the pages relevant to the UEB.

As I have mentioned before I would like to work to make sure our analysis and Budget preparations true up with the towns official finances. To further promote that goal I would ask everyone to compare the 2014 Financial Snapshot to pages 6, 8 and 9 of the audited financials file. 8 and 9 are a comparison of the towns budget to actual and have more information closer to our analysis.

Feel free to email any questions or concerns. We cannot reply to those in an email but we can get them included in the agenda packet and various people can read them and prepare to discuss at the meeting.

My questions start with the UEB review of the 2015 financials and wondering why the Electric Fund Q4 Purchase is \$100,000 more than any other quarter in 2015 or 2014?

As I have mentioned before, Q1-2015 electric purchase only included 2 months' outlays. Purchases average ca. \$75K per month. I don't know why 1 month was missing in Q1 (speculation is that it is linked to incorrect calendarization of expenses at year-end), but we had recognized we were running below budget due to it. You can see that this same problem did not occur in 2014. Somehow this was corrected in Q4 (since I have monthly numbers, the correction was in Dec-2015, in which \$166,218 in purchases were recorded). This brought us into reasonable reach of budget.

Question 2 is more directly for you Steve and wondering if we could somehow note the 2014 audited correction of the Electric fund that changed the 2014 ending balance from \$657,000 to the \$269,000 it actually ended up being and is used to start 2015

The \$269K is my figure for starting 2015; I believe you mean \$659K (rather than 657) as the closing balance in 2014. Why does the closing balance in 2014 does not equal the opening balance of 2015? That's a very good question that has bothered me before. I don't know the answer.

I obtained the starting fund balance for 2014 and 2015 from the table "statement of net position" in the prior year's audit report (which is numbered p. 6 in your enclosure for 2014). I subtracted "total current liabilities" from "total current assets". For end 2014, this is \$563.4K - \$293.6K = \$269.8K. Tony have discussed this repeatedly, and I'm still not completely confident, but it seems that we must include "accounts receivable" and "due from other funds" in the fund's assets and "accounts payable" in liabilities rather than just looking at a snapshot balance such as that at the bottom of the chart.

Once the opening balance is set, the quarterly balances result from simply adding / subtracting the revenues / expenses from that quarter to the prior balance, thereby deriving the final balance after the 4th quarter. To me that's just like a check book – add deposits and subtract debits.

I am very willing to calculate the fund balance in any way we all want, as long as it makes sense and we can do it consistently. One key question is how to handle the “restricted amounts”.

3 also for Steve- Remind me why we were not including the cash payments to Honeywell? Were they coming out of a different fund? I know they don't really matter going forward because it will now show up as debt service in our UEB analysis but was curious.

It was my choice not to include the flow through money associated with funding the WWTF in our sanitation financials. It is my view that we are interested in the operational efficiency and financial balancing from the ongoing operations of the Sanitation utility. The grant funds, loan withdrawals, and Honeywell payments run to \$2 – 3M in each of 2014 and 2015, which dwarfs the ongoing operations. They are one-time events and I believe they obscure the picture we are trying to build. I do agree that it would be nice to have a separate sheet summarizing all of the incremental payments received from grants and loans along side all of the payments to Honeywell so we know how much we paid and how it was funded.

4 Tony - What are your thoughts about a separate overarching fund that could be used to distribute to electric and water? This would seem to help reduce transfers from one fund to another and reduce some confusion.

I support this. It would make monitoring the electric fund month to month easier.

5. Can we reduce some of the actual bank accounts. I have attached a 3rd document which is the 2014 balance sheet for the electric fund which shows the multiple funds that we have.

The enclosure Aaron provided entitled “Electric Fund Balance” is a typical example that demonstrates why I haven't used these monthly figures to calculate a fund balance. That \$1.8M in the first line becomes \$169K in Mar-2014, \$562K in Jun-2014, and -3K in Dec-2014. This variability I'm sure reflects the ongoing payments and credits, but it isn't helpful to understand what's happening.

Also, you will notice that there are 5 entries for restricted amounts. I understand meter deposits (\$12.6K) and bond covenant (\$96K, although why do the auditors specify \$152.8K in debt service restriction?). I understand the source of the rate stabilization reserve (\$74.8K) but I do not think it is needed or useful. Parity reserve and Electric Fund reserve are mysteries to me.

These 5 reserve entries total ca. \$270K. They have not changed by even a penny between Jan-2014 and Dec-2015. Whether they are counted in “electric fund balance” or not makes all the difference in whether we have a 3-month operating set-aside (perhaps \$350K). This also raises the question of what should be included in an operational buffer (set-aside, reserve). Does it include capital? Does it include debt service? How about purchase amounts (we don't buy if we don't sell)?

6. This leads into concerns about what is actually restricted and not restricted and what we can do to classify this. I was very surprised to note the first page of the audit file attached

says the water funds unrestricted position is only \$510,000. This was a concern and surprise. Pages 2,3 and 4 go into more detail about bonds and restrictions with some of the notes.

This goes to my comments on #5. For the water fund, I suspect (but don't know) that the large reserve for capital outlay represents the running total of tap fees paid. These "capital contributions" are meant to build / rebuild / enhance that infrastructure rather than cover operating expenses. This isn't really a problem, because the only thing on which we would spend large chunks of money is on capital infrastructure.

7 My final note was to point out how our analysis do not have the fund transfers out that show up on the audited documents page 8 and 9. Note on page 8 this is \$300 and changes the budgeted loss from \$85,000 which can be seen pretty closely in our 2014 analysis to \$385,000 on the financials.

Isn't everyone glad you get a full extra work to dig deep into your financial analytic skills . :>)

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental funds – The focus of the Town of Lyons governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the town's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the town include the General Fund; Grants Fund; Parks, Recreation and Cultural Fund; and a Special Revenue Fund.

As of December 31, 2014 the town's governmental funds reported combined ending fund balances of \$2,498,979 an increase of \$4,350,305 over the previous year. This increase primarily reflects revenues and other financing sources in the grant funds. The deferred inflows of resources – the unavailability of grant resources (flood cost reimbursement) increased \$1,068,696.

The general fund is the chief operating fund of the Town of Lyons. At the end of the fiscal year, unassigned fund balance of the general fund was \$309,024, while total fund balance reached \$690,433. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21% of total general fund expenditures, while total fund balance represents 47% percent of that same amount.

Proprietary funds – the Town of Lyons' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

As of December 31, 2014 the unrestricted net position of the Electric Fund was \$207,415. The Water Fund was \$510,176. The total reduction in net position for all proprietary funds was \$574,077 due to the increase in notes payable attributed to the new wastewater treatment plant loan. Other factors concerning the finances of the proprietary funds have already been discussed in the Town of Lyons' business-type activities.

General Fund Budgetary Highlights

Actual revenue compared to the budget was \$31,826 lower than budgeted amounts. Almost all revenues were higher than expected. The revenues that came in higher include specific ownership tax, sales tax, use tax, licenses and permits, intergovernmental, fines and forfeitures, contributions and donations, and other income. Transfers in were \$165,205 less than the budget. Expenditures were under final budget at approximately 89% of budget (\$1,635,954 actual to \$1,833,222 final budget).

The year of 2014 was highlighted by flood recovery work, temporary improvements to infrastructure and navigating the federal and state regulations regarding flood-related documentation and reimbursements. Staffing needs were greatly increased and the State funded 14 positions for a two year period to assist with the recovery. This resulted in the need to add additional space for staff. The Town is currently leasing a building on Main Street and references it as Town Hall Annex. In addition, with the Depot Library being totally damaged by the flood, space on Main Street was also leased for a temporary library.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CASH - RESTRICTED

The Electric Fund revenue bond agreement contains a covenant provision requiring the Town to deposit restricted cash in the amount of \$118,638 as a bond reserve account. In addition, \$34,190 was contained in a bond sub-account restricted for debt service as of December 31, 2014.

The Water fund loan agreement with the Colorado Water Resources and Power Development Authority require three months operations and maintenance expense be restricted for debt service. There is not a requirement under the agreement to hold these funds in separate cash accounts. For purposes of the bond issue, the Water and Sanitation funds are combined. However, restricted amounts are reflected in each fund. The restricted amounts total \$232,507 as of December 31, 2014.

The Water fund obtained an additional loan from the Colorado Water Resources and Power Development Authority of which they are currently holding \$3,159,417 to be used to fund future improvements.

NOTE 4 - INTERNAL BALANCES

During the year ended December 31, 2014 the following amounts were transferred to the grant fund in order to move all insurance proceeds to the grant fund or to cover the Town's share of flood related costs by each fund.

	<u>Transfer From Other Funds</u>	<u>Transfer To Other Funds</u>
General Fund	\$ -	\$ 154,716
Grants Fund	1,381,213	-
Parks, Recreation, and Cultural Fund	-	72,460
Electric Fund	-	400,789
Water and Sanitation Fund	-	<u>753,248</u>
Totals	<u>\$ 1,381,213</u>	<u>\$ 1,381,213</u>

The following are the balances owed between funds as of December 31, 2014. All balances are expected to be repaid within one year.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major funds		
General Fund	\$ -	\$ 207,079
Grants Fund	1,361,505	-
Parks, Recreation, and Cultural Fund	-	81,171
Electric Fund	254,762	-
Water and Sanitation Fund	-	1,330,231
Non-Major Funds		
Conservation Trust Fund	<u>2,214</u>	<u>-</u>
Totals	<u>\$ 1,618,481</u>	<u>\$ 1,618,481</u>

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG TERM DEBT (CONTINUED)

<u>Business-type activities</u>	<i>Balance</i>	<i>Advances</i>	<i>Payments</i>	<i>12/14 Balance</i>	<i>Due within 1 year</i>
2003 Elec. Rev. Bonds	\$ 890,000	\$ -	\$ 70,000	\$ 820,000	\$ 75,000
2006 Elec. Rev. Note	313,574	-	17,257	296,317	18,189
2003 CWRPDA Loan	2,768,170	-	223,691	2,544,479	229,283
2013 CWRPDA Loan	-	5,200,000	-	5,200,000	19,233
Compensated absences	<u>21,821</u>	<u>41,068</u>	<u>35,055</u>	<u>27,834</u>	<u>18,565</u>
	<u>\$ 3,993,565</u>	<u>\$ 5,241,068</u>	<u>\$ 346,003</u>	<u>\$ 8,888,630</u>	<u>\$ 360,270</u>

The Town has leases classified as capital leases on equipment with an original cost of \$299,313 and a book value of \$259,563. Future minimum obligations and the net present value of these minimum lease payments are as follows:

<u>Year Ending December 31:</u>	
2015	\$ 90,484
2016	<u>166,188</u>
Total minimum leases payments	256,672
Less amount representing interest	<u>7,451</u>
Present value of minimum lease payments	<u>\$ 249,221</u>

- *Electric Fund – Revenue Bonds Payable*
Revenue bonds in the amount of \$1,480,000 were issued October 15, 2003 for the purpose of constructing an electrical substation. The average coupon rate is 4.76% over twenty years with final payment on December 1, 2023. These bonds are payable from the revenues of the Electric Fund and do not represent a general obligation of the town. The balance on this bond at fiscal year-end is \$820,000.

In 2006, a revenue note was issued in the amount of \$412,000 in support of the same project. The rate on this note is 5.4% with a twenty-year term. The balance as of December 31, 2013 is \$296,317.

- *Water fund - loans payable*
A loan agreement was approved June 1, 2003 with the Colorado Water Resources and Power Development Authority through the Drinking Water Revolving Fund in the principal amount of \$4,915,599 at 3.03% interest. Payments were due on February 1 and August 1 of each year, payable from the revenues of the Water and Sanitation Fund. Final payment was originally due on August 1, 2024.

This note was refinanced by the Colorado Water Resources and Power Authority in February 2013. The refinancing provided a present value savings of approximately 4.1% as a percentage of current outstanding loan principal. These anticipated refunding credits will be reduced against the Town's principal at the time the credit is issued. The balance remaining on December 31, 2014 is \$2,544,479.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG TERM DEBT (CONTINUED)

The Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority through the Drinking Water Revolving Fund, dated April 18, 2014, in the principal amount of \$5,200,000. \$3,200,000 of the loan balance bears interest at 2.00% interest while the balance or "green" portion is at 0%. Payments were due on May 1 and November 1 of each year, payable from the revenues of the Water and Sanitation Fund. Final payment was originally due on November 1, 2034. The balance remaining on December 31, 2014 is \$5,200,000.

Principal and interest payments on long term debt are due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 460,046	\$ 135,372	\$ 595,418
2016	567,142	150,960	718,102
2017	576,514	136,504	713,018
2018	590,997	126,562	717,559
2019	605,596	115,767	721,363
2020-2024	3,186,631	384,832	3,571,463
2025-2029	1,424,069	146,534	1,570,603
2030-2034	<u>1,449,801</u>	<u>52,422</u>	<u>1,502,223</u>
	<u>\$ 8,860,796</u>	<u>\$ 1,248,953</u>	<u>\$ 10,109,749</u>

Interest expense for the year ended December 31, 2014 totaled \$146,249

NOTE 7 - EQUITY

Net Position

As described in Note 1, net position in the Government-Wide Statement of Net Position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulators of other governments. At December 31, 2014 restrictions on the governmental activities net position totaled \$1,719,047. Restrictions on the net position of the business type activities totaled \$3,544,752.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies, as well as matching obligations from the Town. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants.

Commitments

During 2014, the Town entered into a number of agreements related to the flood reconstruction and the new wastewater treatment plant. The total remaining balances of these agreements at December 31, 2015 is approximately \$4.6 million. The Town anticipates that the majority of these costs will be paid by loan proceeds or grant reimbursements.

TOWN OF LYONS, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
DECEMBER 31, 2014

	<u>Electric</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
<u>Cash flows from operating activities</u>			
Receipts from customers and users	\$ 1,624,286	\$ 1,438,278	\$ 3,062,564
Other services	26,334	26,607	52,941
Payments to suppliers and employees	(1,094,812)	(1,235,146)	(2,329,958)
Net cash provided by operating activities	<u>555,808</u>	<u>229,739</u>	<u>785,547</u>
<u>Cash Flows from NonCapital Financing Activities</u>			
Interfund borrowings	(992,371)	3,231,556	2,239,185
Transfers from other funds	(400,789)	(753,248)	(1,154,037)
Net cash provided by (used for) noncapital financing activities	<u>(1,393,160)</u>	<u>2,478,308</u>	<u>1,085,148</u>
<u>Cash flows from capital and related financing activities</u>			
Principal repayments	(87,258)	(223,690)	(310,948)
Contributions from customers	22,501	115,575	138,076
Interest paid	(61,150)	(78,688)	(139,838)
Intergovernmental capital grants	-	530,700	530,700
Proceeds from debt	-	5,200,000	5,200,000
Purchase of fixed assets	(2,963)	(2,822,147)	(2,825,110)
Net cash provided by (used for) capital and related financing	<u>(128,870)</u>	<u>2,721,750</u>	<u>2,592,880</u>
<u>Cash flows from investing activities</u>			
Change in restricted holdings	-	(3,159,417)	(3,159,417)
Interest earned	278	2,737	3,015
Net cash provided by (used for) investing activities	<u>278</u>	<u>(3,156,680)</u>	<u>(3,156,402)</u>
Net change in cash and equivalents	(965,944)	2,273,117	1,307,173
Cash and equivalents, beginning of year	969,119	2,643,914	3,613,033
Cash and equivalents, end of year	<u>\$ 3,175</u>	<u>\$ 4,917,031</u>	<u>\$ 4,920,206</u>
Operating income (loss)	\$ 50,997	\$ (86,358)	\$ (35,361)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	100,131	438,357	538,488
Purchase of inventory	(28,333)	(9,558)	(37,891)
Decrease (increase) in accounts receivable	394,505	211,708	606,213
Decrease (increase) in accounts payable	38,508	(324,410)	(285,902)
Total adjustments	<u>504,811</u>	<u>316,097</u>	<u>820,908</u>
Net cash provided by operating activities	<u>\$ 555,808</u>	<u>\$ 229,739</u>	<u>\$ 785,547</u>
<u>Schedule of non-cash capital and related financing activities</u>			
Contributions of capital assets	\$ 25,589	\$ 284,450	\$ 310,039

The accompanying notes are an integral part of these financial statements.

TOWN OF LYONS, COLORADO
STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	<u>Electric Fund</u>	<u>Water and Sanitation Fund</u>	<u>Totals</u>
<u>Operating revenues</u>			
Charges for services	\$ 1,233,458	\$ 1,255,420	\$ 2,488,878
Other	26,334	26,607	52,941
Total operating revenues	<u>1,259,792</u>	<u>1,282,027</u>	<u>2,541,819</u>
<u>Operating expenses</u>			
Operations and maintenance	937,086	672,286	1,609,372
Administrative	171,578	257,742	429,320
Depreciation and amortization	100,131	438,357	538,488
Total operating expenses	<u>1,208,795</u>	<u>1,368,385</u>	<u>2,577,180</u>
Operating income (loss)	<u>50,997</u>	<u>(86,358)</u>	<u>(35,361)</u>
<u>Non-operating revenues (expenses)</u>			
Investment earnings	278	2,737	3,015
Intergovernmental income	-	530,700	530,700
Interest on indebtedness	(61,150)	(78,688)	(139,838)
Total Non-Operating Revenues (Expenses)	<u>(60,872)</u>	<u>454,749</u>	<u>393,877</u>
Income (loss) before capital contributions, and transfers	(9,875)	368,391	358,516
Capital contributions	48,090	173,354	221,444
Transfers	<u>(400,789)</u>	<u>(753,248)</u>	<u>(1,154,037)</u>
Change in net position	(362,574)	(211,503)	(574,077)
Net position, beginning of year	<u>2,021,137</u>	<u>11,206,020</u>	<u>13,227,157</u>
Net position, end of year	<u>\$ 1,658,563</u>	<u>\$ 10,994,517</u>	<u>\$ 12,653,080</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LYONS, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

<u>Assets</u>	<u>Electric Fund</u>	<u>Water and Sanitation Fund</u>	<u>Totals</u>
Current assets			
Cash and cash equivalents	\$ 3,175	\$ 4,917,031	\$ 4,920,206
Restricted cash, cash equivalents	152,828	3,159,417	3,312,245
Accounts receivable	122,843	660,245	783,088
Due from other funds	254,762	-	254,762
Inventory, at cost	29,800	12,652	42,452
Total current assets	<u>563,408</u>	<u>8,749,345</u>	<u>9,312,753</u>
Noncurrent assets			
Capital assets not being depreciated			
Land, construction in progress and water rights	49,215	4,136,596	4,185,811
Capital assets being depreciated			
Plant, systems and equipment	3,341,411	15,298,352	18,639,763
Less accumulated depreciation	(926,775)	(3,620,873)	(4,547,648)
Capital assets, net of accumulated depreciation	<u>2,414,636</u>	<u>11,677,479</u>	<u>14,092,115</u>
Total Assets	<u>2,978,044</u>	<u>20,426,824</u>	<u>23,404,868</u>
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 165,975	\$ 299,836	\$ 465,811
Due to other funds	-	1,330,231	1,330,231
Accrued liabilities	15,199	35,289	50,488
Customer deposits	13,743	2,885	16,628
Compensated absences-current	5,501	13,064	18,565
Revenue notes payable - current	75,000	248,516	323,516
Revenue bonds payable - current	18,189	-	18,189
Total current liabilities	<u>293,607</u>	<u>1,929,821</u>	<u>2,223,428</u>
Noncurrent liabilities			
Compensated absences	2,747	6,522	9,269
Notes payable	221,316	7,495,964	7,717,280
Bonds payable	801,811	-	801,811
Total noncurrent liabilities	<u>1,025,874</u>	<u>7,502,486</u>	<u>8,528,360</u>
Total Liabilities	<u>1,319,481</u>	<u>9,432,307</u>	<u>10,751,788</u>
<u>Net position</u>			
Net investment in capital assets	1,298,319	7,092,417	8,390,736
Restricted for capital outlay	-	3,159,417	3,159,417
Restricted for debt service	152,828	232,507	385,335
Unrestricted	207,416	510,176	717,592
Total Net Position	<u>\$ 1,658,563</u>	<u>\$ 10,994,517</u>	<u>\$ 12,653,080</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LYONS, COLORADO
ENTERPRISE FUNDS - SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
DECEMBER 31, 2014

	Electric Fund		
	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>			
Sales	\$ 1,288,044	\$ 1,233,458	\$ (54,586)
Investment / tap fees	13,500	22,500	9,000
Investment earnings	500	278	(222)
Other income	3,000	26,334	23,334
Total revenues	<u>1,305,044</u>	<u>1,282,570</u>	<u>(22,474)</u>
<u>Operating expenses</u>			
Electric wholesale purchases	890,000	786,746	103,254
Administrative	92,201	105,932	(13,731)
Personnel	41,868	45,118	(3,250)
Distribution and maintenance	154,200	105,222	48,978
Debt service			
Bond principal	87,257	87,258	(1)
Bond interest	61,858	61,150	708
Allocated expenses	62,935	65,646	(2,711)
Capital outlay	-	2,963	(2,963)
Transfers out	300,000	400,789	(100,789)
Total expenses	<u>1,690,319</u>	<u>1,660,824</u>	<u>29,495</u>
Net income (loss)	<u>\$ (385,275)</u>	(378,254)	<u>\$ 7,021</u>
<u>Reconciliation to change in net position</u>			
Add bond principal paid		87,258	
Donated assets		25,590	
Capital outlay		2,963	
Less depreciation expense		(100,131)	
Change in net position		<u>\$ (362,574)</u>	

The accompanying notes are an integral part of these financial statements.

REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
DECEMBER 31, 2014

Water and Sanitation Fund			
	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>			
Water sales	\$ 1,264,155	\$ 1,245,009	\$ (19,146)
Water tap fees	78,000	115,575	37,575
Pipe water sales	23,585	10,411	(13,174)
Investment earnings	3,500	2,737	(763)
Intergovernmental	-	530,700	530,700
Miscellaneous	3,650	26,607	22,957
Total revenues	1,372,890	1,931,039	558,149
<u>Expenses</u>			
Administration	259,165	168,794	90,371
Treatment personnel	-	95	(95)
Treatment services	257,075	237,172	19,903
Distribution salaries	172,853	161,377	11,476
Distribution maintenance	429,810	273,642	156,168
Capital outlay	3,192,580	2,822,147	370,433
Debt service			
Principal	223,690	223,690	-
Interest	80,925	78,688	2,237
Allocated expenses	103,914	88,948	14,966
Transfers out	900,000	753,248	146,752
Total expenses	5,620,012	4,807,801	812,211
Net income (loss)	\$ (4,247,122)	(2,876,762)	\$ 1,370,360
<u>Reconciliation to change in net position</u>			
Donated assets		57,779	
Add bond principal paid		223,690	
Capital outlay		2,822,147	
Less depreciation expense		(438,357)	
Change in net position		\$ (211,503)	

The accompanying notes are an integral part of these financial statements.

Sec. 13-4-70. - Wastewater system demand surcharge.

- (a) Purpose. This Section is intended to provide a system to generate revenue to pay costs associated with the operation and maintenance of the Town's wastewater and wastewater system. The costs shall be distributed to all consumers of the wastewater system in proportion to each consumer's contribution to the total loading of the treatment works. Factors such as strength (BOD and TSS), volume and delivery flow rate characteristics shall be considered and included as the basis for the consumer's contribution to ensure a proportional distribution of operation and maintenance costs to each consumer (or consumer class). Implementation of this Section may be delayed, postponed, suspended and commenced at any time by adoption of a resolution of the Board of Trustees.
- (b) Determining total annual cost of operation and maintenance. The Town Engineer shall determine the total annual costs of operation and maintenance of the wastewater system which are necessary to maintain the capacity and performance, during the service life of the treatment works, for which such works were designed and constructed. The total annual cost of operation and maintenance shall include, but need not be limited to, labor, repairs, equipment replacement, maintenance, necessary modifications, power, sampling, laboratory tests and a reasonable contingency fund.
- (c) Determining each consumer's wastewater contribution percentage:
 - (1) The Town Engineer shall determine each consumer's average daily volume of wastewater that has been discharged to the wastewater system, which shall then be divided by the average daily volume of all wastewater discharged to the wastewater system, to determine each consumer's volume contribution percentage. The amount used as the total average daily volume of wastewater shall exclude infiltration and inflow. The Town Engineer shall determine each consumer's average daily poundage of five-day twenty-degree centigrade biochemical oxygen demand which has been discharged to the wastewater system which shall then be divided by the average daily poundage of all five-day twenty-degree centigrade biochemical oxygen demand discharged to the wastewater system to determine each consumer's biochemical oxygen demand contribution percentage.
 - (2) The Town Engineer shall determine each consumer's average suspended solids poundage which has been discharged to the wastewater system, which shall then be divided by the average daily poundage of all suspended solids discharged to the wastewater system to determine the consumer's suspended solids contribution percentage. Each consumer's volume contribution percentage, biochemical oxygen demand contribution percentage and suspended solids contribution percentage shall be multiplied by the annual operation and maintenance costs for wastewater treatment of the total volume flow, of the total five-day twenty-degree centigrade biochemical oxygen demand and of the total suspended solids, respectively.
- (d) Determining a surcharge system for consumers with BOD and TSS. The Town Engineer will determine the average suspended solids (TSS) and BOD daily loading for the average residential consumer. The Town Engineer will assess a surcharge for all nonresidential consumers discharging wastes with BOD and TSS strengths greater than the average residential consumer. Such consumers will be assessed a surcharge, sufficient to cover the costs of treating such consumers' above-normal strength wastes. Normal strength wastes are considered to be two hundred forty (240) parts per million (ppm) BOD and two hundred (200) parts per million (ppm) TSS.
- (e) Determining each consumer's wastewater demand surcharge. Each nonresidential consumer's wastewater treatment cost contributions as determined in Subsection (c) above shall be added together to determine such consumer's annual wastewater demand surcharge. Residential consumers may be considered to be one (1) class of consumer, and an equitable service charge may be determined for each such consumer based upon an estimate of the total wastewater contribution of this class of consumer. The governing body may classify industrial and commercial establishments as a residential consumer; provided, however, that the wastes from these establishments are equivalent to the wastes from the average residential consumer with respect to volume, suspended solids and five-day twenty-degree-centigrade biochemical oxygen demand. Each consumer's wastewater treatment cost contribution will be assessed in accordance with the rate schedule, as determined by the Board of Trustees.
- (f)

Payment of consumer's wastewater demand surcharge and penalties. The Town shall submit an annual statement to the consumer for the consumer's annual wastewater demand surcharge, or one-twelfth (1/12) of the consumer's annual wastewater demand surcharge may be included with the monthly water and/or wastewater utility billing. The Town shall add a penalty of ten percent (10%) per month if the payment is not received by the Town within fifteen (15) days. Should any consumer fail to pay the consumer wastewater demand surcharge and penalty within three (3) months of the due date, the Town may pursue any remedies for enforcement and collection provided by Article 1 of this Chapter.

- (g) Review of each consumer's wastewater demand surcharge. The Town shall review the total annual cost of operation and maintenance, as well as each consumer's wastewater contribution percentage, on an annual basis and will revise the system as needed to assure equity of the wastewater demand surcharge system established by this Section and to assure that sufficient funds are obtained to adequately operate and maintain the wastewater treatment works. If a significant consumer, such as an industry, has completed upgrades and modifications which would reduce the consumer's wastewater contribution percentage, the consumer may schedule with the Town Clerk a presentation at a regularly scheduled meeting of the Board of Trustees regarding such factual information, and the Board of Trustees shall then determine if the consumer's wastewater contribution percentage should be changed. The Town shall notify the consumer of its findings in writing following any determination.

(Prior code 7-4-7; Ord. 956 §1, 2014)

Sec. 13-4-100. - Prohibited use of wastewater system.

The following practices or uses of the public wastewater system in the Town shall be prohibited or required as provided by this Section:

- (1) Deposit of industrial and other wastes prohibited. It shall be unlawful for any person to deposit, or to permit to be deposited, any oil, acid, grease, paint, fuel, sludge, petrochemical, hydrocarbon, flammable liquid or solid, or any other hazardous material or hazardous waste matter, into the public wastewater system or into any connecting line leading to the public wastewater system. Nothing in this Section shall be construed to prohibit the occasional use of commercially available drain cleaners intended for the maintenance of residential dwelling units.
- (2) Clear water drains prohibited. It shall be unlawful for any person to install, maintain or operate, or to permit the installation, maintenance or operation of, any drain or other collection system that will permit, directly or indirectly, the entrance of any groundwater surface, run-off or the water from roof, sump or perimeter building foundation drains into the public wastewater system. In addition to any other remedy permitted by this Chapter or by law, the Town may immediately cause such drain or system to be eliminated or sealed off at the expense of the owner of the property.
- (3) It shall be unlawful for any person to damage, destroy, uncover, deface or tamper with any structure, pipeline, vault, lift station or equipment which is a part of the Town wastewater system.

(Prior code 7-4-10; Ord. 956 §1, 2014)

Sec. 13-4-110. - Industrial wastewater discharges.

- (a) Industrial discharge permit required. No industrial business or industrial establishment shall discharge any waste or effluent into the wastewater system of the Town until such time that a permit is granted by the Town Administrator.
- (b) At the time of granting any permit required by this Section, the Town Administrator shall fix and determine the anticipated annual rate of industrial discharge for such industrial business or establishment. Based upon such rate of discharge, the Town Administrator shall impose an annual industrial discharge surcharge of twenty-four dollars (\$24.00) for each five thousand (5,000) gallons of waste or effluent to be discharged into the public wastewater system. Such industrial discharge surcharge shall be in addition to all other rates, fees and charges imposed by this Chapter for wastewater service.

(c)

Industrial discharge surcharge payments. The industrial discharge surcharge shall be payable in advance in two (2) equal installments. One-half (½) of the annual charge shall be due and payable on January 1 of each year, and the second one-half (½) of the annual installment shall be due and payable on July 1 of each year.

- (d) Special agreements. This Chapter shall not be interpreted or construed as limiting or preventing any written agreement between the Town and any industrial business or establishment for the acceptance of industrial waste or effluent by the Town for treatment subject to payment of a discharge and treatment fee. Such an agreement may substitute for and supersede the requirements of this Section to the extent expressly stated in such agreement.

(Prior code 7-4-11; Ord. 956 §1, 2014)

Sec. 13-4-140. - Grease and sand and oil traps required.

(a) General requirements.

- (1) Grease traps are required at all food service facilities directly or indirectly connected to the Town's sewage system. All fixtures within such a food service facility, including but not limited to kitchen sinks, dishwashers, automatic hood wash units, floor drains in food preparation and storage areas and any other source deemed by the Town Administrator to be a source of FOG or which may introduce FOG into the sewage system, must be connected to a grease trap. In no case shall FOG be directly introduced into the sewage system. A grease trap shall function to provide a quiescent, broad surface area that provides sufficient retention time for natural buoyancy of the FOG particles to separate from effluent and to retain FOG particles within the structure. Grease traps shall be designed to collect, contain or remove food wastes and grease from the waste stream while allowing the balance of the liquid waste to discharge to the sewage system. All grease traps shall be designed and installed in accordance with sound engineering principles and according to the Town's specifications and shall fulfill all requirements of this Code. No grease trap shall be installed which has an approved rate of flow of less than fourteen (14) gallons per minute. Whenever possible, grease traps shall be located underground and outside of a food service facility and shall have at least one (1) inspection hatch on the top surface to facilitate inspection, cleaning and maintenance. Exterior grease traps shall be a minimum capacity of fifty-five (55) gallons, be made of impervious material and be watertight. Exterior grease traps shall be located not less than three (3) feet from the foundation wall of a building and as close as possible to the fixture the grease trap serves. Grease traps interior to a building shall be used only when it is impracticable to install an exterior trap; any interior grease trap shall be of not less than six (6) pounds.
- (2) Sand and oil traps are required at all transportation service establishments directly or indirectly connected to the Town Sewage System. All fixtures within such a transportation service establishment deemed by the Town Administrator to be a source of sand and/or oil that may be introduced into the sewage system shall be connected to a sand and oil trap. In no case shall sand or oil be directly introduced into the sewage system. No wash rack may be connected to the sewage system unless a sand and oil trap is installed. Sand and oil traps shall be of the same construction as grease traps and shall function to provide a quiescent, broad surface area that provides sufficient retention time for natural settling of the sand particles to separate from effluent and to retain sand and oil particles within the structure. Sand and oil traps shall be located as close to the fixture or floor drain as possible and shall be accessible for frequent cleanings. Sand and oil traps may be located underground and outside of a transportation service establishment and shall have at least one (1) inspection hatch on the top surface to facilitate inspection, cleaning and maintenance. Sand and oil traps shall be designed to collect, contain or remove sand and oil from the waste stream while allowing the balance of the liquid waste to discharge to the sewage system. All sand and oil traps shall be designed and installed in accordance with sound engineering principles and according to the Town's specifications and must fulfill all requirements of this Code.

(b) Requirements for traps.

- (1) All traps shall be located as to be readily and easily accessible for cleaning by the user and for inspection by the Town Administrator.
- (2)

All traps shall be constructed of impervious materials capable of withstanding abrupt and extreme changes in temperature. They shall be of substantial construction, watertight and equipped with easily removable covers which, when bolted in place, shall be gastight and watertight.

- (3) The owner shall ensure that all traps work properly and effectively.
- (4) All traps shall fully comply with all applicable provisions of this Code and any other applicable Town regulations.
- (5) The owner shall be solely responsible for the cost and completion of trap cleaning, inspection, maintenance and repairs.
- (6) Pumping of all traps shall be performed when, in the case of a grease trap, the total volume of captured FOG and food sludge in a grease trap or, in the case of a sand and oil trap, the total volume of captured sand and oil, displaces twenty percent (20%) or more of the volume of the trap. Pumping the trap means emptying it and cleaning the side walls, cross pipes and inlet and outlet pipes.
- (7) All traps shall be opened, inspected and maintained a minimum of once per month.
- (8) Traps may be inspected by the Town Administrator as often as deemed necessary to assure compliance with this Article. Such inspections may be unannounced. The Town Administrator may review the facility's records on proper pumping, cleaning, maintenance and disposal activities and may order the facility to make such changes or repairs as necessary to comply with the provisions of this Article.
- (9) The owner shall be solely responsible for the cost and completion of all repairs of traps. Repairs required by the Town Administrator shall be completed within twenty-one (21) calendar days from the date of receipt of written notice of required repairs.
- (10) The owner shall be responsible for the lawful disposition of all grease, sand, oil and materials removed from traps.
- (11) The owner shall maintain records of all trap cleaning, maintenance, disposal and repair, and shall make all records available to the Town Administrator upon demand. Such records shall include the date and time of the event recorded, as well as the date the record was created, and shall include the amount of material pumped, the repair conducted or similar description of the recorded event. All records shall be signed by the authorized owner or a representative of the owner or operator. If cleaning and maintenance are done by facility owners, written maintenance and cleaning procedures, as well as the above-required records, are required and shall be made available to the Town Administrator upon demand. All required written records shall be maintained for three (3) years from the date the record was created.
- (12) No chemicals, enzymes, emulsions, live bacteria or other grease cutters or additives to grease traps shall be used without the prior written approval of the Town Administrator. If the Town Administrator's approval to apply such additives is requested, the Town Administrator shall be furnished the Material Safety Data Sheet for the substance to be used, together with any other information requested by the Town Administrator, including but not limited to the frequency of application, concentration/dose and method of application. Approval by the Town Administrator to use additives may be for a limited time period and in any event may be terminated at any time at the discretion of the Town Administrator.
- (13) No grease, sand or oil sources shall be connected directly to sewer lines or be allowed in any other manner to bypass the trap.
- (14) Sewage shall not be allowed to pass through a trap.
- (15) Access covers or manholes shall be clearly identifiable and provided over each trap. The manholes shall have readily removable covers to facilitate inspection, the removal of grease, sand, oil and other materials, and gray water sampling activities. The location of the trap shall be kept free and clear of debris. Blocking or covering the access to manholes is prohibited. The owners or designated representatives (facility managers) of the food service facilities or transportation service establishments shall open access covers or manhole covers at the request of the Town Administrator.
- (16) Traps shall be designed and maintained so as to prevent surface water or groundwater from entering the trap through leaks in the plumbing or cracks in the trap itself.

- (17) Under-sink grease traps shall be cleaned at a minimum of once per week, or more often as necessary, to prevent pass-through of grease and other solids into the Town's sewage system. Facilities with under-sink grease traps are subject to the same recordkeeping requirements as indicated above.
 - (18) FOG, sand or oil shall not be discharged directly to the Town's sewage system, storm sewer system or any other location not designated by the Town Administrator for the reception of such materials.
 - (19) A sampling port shall be installed in a location approved by the Town Administrator to allow sampling by the Town Administrator. The sampling port shall be located between the trap and the discharge point to the sewage system.
 - (20) The owner shall allow the Town Administrator ready access at all reasonable times to all parts of the facility for the purpose of trap inspections, observations, records examination, measurements, sampling, testing and any other function deemed necessary under this Article.
- (c) Inspection and monitoring.
- (1) All facilities may be inspected by the Town Administrator as often as deemed necessary to assure compliance with this Article. Such inspections may be unannounced. The Town Administrator may review the records required by this Article and may order such changes or repairs as necessary to comply with the provisions of this Article. Inspections will not be limited to traps, but shall include all equipment and operations that may result in the generation of FOG, sand and oil. Other pertinent data and documentation will be subject to verification at the time of inspection.
 - (2) The Town Administrator may:
 - a. Sample and analyze wastewater discharge from food service facilities and transportation service establishments at any time to determine compliance with all provisions of this Code.
 - b. Measure grease, sand and gray water level in the traps at any time for pumping violations.
 - c. Determine the adequacy of all traps, based on review of all pertinent information regarding grease, sand and oil trap performance and facility operations, and order the installation of an appropriate trap.
- (d) Transportation of material removed from traps:
- (1) All persons transporting FOG, sand and oil removed from traps shall:
 - a. Comply with all applicable local, state and federal regulations.
 - b. Lawfully dispose of all material removed from traps.
 - c. Accurately maintain for a period of three (3) years the following records:
 1. Name and address of the business where the grease, sand and oil trap was pumped out and cleaned.
 2. Name of the business owner, date of pumping and volume of waste.
 3. As to each shipment of material removed from traps:
 - a) Vehicle license number of the vehicle used in the shipment;
 - b) The driver's name;
 - c) The date of delivery; and
 - d) A signed manifest. By signing a manifest, the driver certifies to the accuracy of information on the manifest.
 - (2) The Town Administrator may inspect all vehicles used in the transportation of material removed from traps.
 - (3) Persons transporting material removed from traps shall clean up spills or accidental releases on streets in the Town.
- (e) Violations. The violation of any provision of this Section shall be a violation of this Code, punishable pursuant to the provisions of Section 1-4-20 of this Code. Each day a violation continues shall be considered a separate violation.

(Prior code 7-4-14; Ord. 956 §1, 2014)