



## **Meeting Agenda**

4:00 – 5:30 PM, Wednesday, May 18th, 2016

Lyons Town Hall

### I. Roll Call, Agenda, Minutes

- Amendments to Agenda
- Approve Minutes from May 4th
- Upcoming Meetings

### II. Audience Business

### III. Liaison Updates

- Board of Trustees Update
- Staff, Engineering Update

### IV. Continued Business

- UEB presentation to BOT
- Restricted Funds for Electric and Water/Wastewater
- 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, 4 May 2016

**Meeting Time and Location:** Began at 4:04 at Lyons Town Hall

**Attendance:** Aaron Caplan, Coco Gordon, Steve Wratten, Lee Hall, John Cowdry, Chuck Keim, Dan Reitz

**Staff:** Jim Blankenship, Kyle Miller **Liaisons:** **Guests:** Jay Stott

**Agenda Amendments:** Moved 2016 Q1 Financial Review to come after 2015 Review 2016 Goals

**Previous Minutes:** Reviewed and Approved Minutes from Apr 20th. It was noted that the RFP for the new SCADA system for the Water Utility has not yet been posted for bidding. It was also noted that as an advisory board the UEB is not suppose to direct Town Staff. This was in regards to our action item to direct staff to talk to the establishments that might need wastewater pretreatment.

### **BOT Update:**

**Staff Update:** The Pump at the water pumping station was replaced.

MEAN said they have, could get, a generator that could provide electricity to the entire town if we needed one to take down the substation for maintenance.

The state said we needed to make some changes to the modified electric rate and capital improvement RFP's. When that is done staff hopes to post and have a contractor chosen by early June.

RGA, the contractor for the water and wastewater study, is ready to come back for their 2nd meeting with the UEB, maybe May 18th.

JUB, the sewer expansion feasibility study contractor, is also ready to come to a meeting, maybe our 1st or 2nd June meeting.

ICON, the stormwater master plan contractor should also be ready to present at a meeting, maybe our 2nd Jun or 1st July meeting.

**2015 Review & 2016 Priorities:** We modified these and came up with the final drafts attached to present to the Board of Trustees at their May 18th meeting.

**2016 Q1 Financial Review:** We noted that the numbers for revenue and the purchase of electricity from MEAN came up to be 24 and 25% of what we budgeted for the year. We noted how we only have 2 debt payments in the 2nd and 4th quarter which is why there was 0 spent on debt and that the town has not started the electric meter upgrades, a capital improvement that we budgeted \$100,000 for the year or \$25,000 a quarter, which is why the town only spent 2% of budgeted capital expense. In looking at Water and Wastewater it was noted how irrigation of landscapes increases water consumption in the summer and so when the UEB just divides its annual budget in four the estimates

for one quarter are not always going to come out close to actual spend.

We then went on to discuss what does the town legally need in restricted funds. **Aaron would work with staff to find out what town ordinances and resolutions there might be as well as requirements for various Bonds and Loans.** After we determine what is legally required we can then try and determine what we want in a restricted or rate stabilization account to cover other unforeseen events. As an example the town is billed for electric usage after it is used and we are then given 30 days to make that payment. The town collects payments from its customers before it has to pay its bill for usage. There is not much risk for those funds. We do have to pay around \$30,000 a month in ( ? ) fees even if we use no electricity so we may want to be sure we have that much in a reserve account.

**Wastewater Pretreatment:** We discussed the fact that there is a lot of information online about breweries and wastewater pretreatment. Can the UEB use this information and develop the code for LMC for wastewater pretreatment? We don't know. It can get complex but there is a lot of information available.

**Should we form a subcommittee?** I mentioned that I try and let members decide what they want to put their interests towards and not direct specific members towards specific projects. **How much time do UEB members expect to put towards the UEB?**

One thought was that all businesses could be asked to describe the waste they expect from their business. Maybe this could be asked as part of a business license renewal. The goal is to prevent companies from overburdening the wastewater system. It was also mentioned to take a look at what Fort Collins has done with wastewater pretreatment.

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



The Utility and Engineering Board would like to present its summary of work for 2015 and its priorities for 2016 as requested in the Lyons Municipal Code section 2-8-60.

We would ask the Board of Trustees if there are some additional priorities they would like added, some priorities that should be removed and to to prioritize the list for 2016. This will help give us guidance on what is most important at this time.

We have also included a summary first quarter financial review of the three utilities, electric, water and wastewater.

The final topic is to find clarity on what is required in restricted funds. I have been working with staff to collect the various ordinances and resolutions that discuss this. The 2004 resolution included in this packet appears to be the basic starting point.

We then have requirements for various bonds and notes which require certain amounts be restricted and are listed below. These appear to be what the general 2004 resolution wanted to cover and so an individual bond or note requirement would be considered a sub restriction within the account set up for rate stabilization, not in addition to that account.

You might also note that the rate stabilization resolution does not use 3 months operating expenses as the reserve amount. That is what the individual note for the water and wastewater fund requires and so I believe that has been used as the general requirement but is not actually in an ordinance or resolution for the electric fund.

#### Restricted funds for Electric Fund:

Rate Stabilization Resolution 2004-23– 10% (min)-20%(max) of annual revenues

2003 Bond – Reserve acct equal to principal and interest of that year’s payment

2006 Electric Note – the same amount every year...\$34,190

#### Restricted funds for Water/Sanitation Fund:

Rate Stabilization Resolution 2004-23 – 10% (min)-20%(max) of annual revenues

2003 Water Note – 3 mos of operating and maint. (per auditors – haven’t gone through note yet)

Sincerely,

Aaron Caplan  
Chair Lyons UEB

## 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>

**Nederland CO code 13-27. Sanitary pretreatment requirements.** - Where deemed necessary as determined by the Public Works Foreman, a property owner shall provide, at his or her own expense, such preliminary pretreatment as may be necessary to reduce objectionable characteristics of wastewater, or to control quantities and rate of discharge.

**St. Vrain Sanitation District** - One of their requirements to get service - Completion of the Waste Survey Questionnaire – explaining the anticipated site activities and their potential to generate pollutants. This helps the District determine if additional follow-up is needed on issues such as safe chemical storage or on-site wastewater handling or treatment.

If the nature of the activity is such that pretreatment of wastewater is required, plans for such treatment units must be included for approval. Example: Grease or sand oil interceptors, or other specialized treatment of industrial wastes such as pH neutralization or metal removal. -

<http://www.stsan.com/Requirements%20for%20Connection/Non-Residential%20Building%20Approvals.pdf>

-The survey is at <http://www.stsan.com/Forms/Non-Residential%20Waste%20Survey.pdf>.

**Paso Robles CA** - The following pollutant limits are established to protect against pass through and interference.

No User shall discharge wastewater containing in excess of the following:

Constituent Concentration Limit

Ammonia 20.0 mg/L

Boron 5.00 mg/L

Cadmium 0.10 mg/L

Chromium 3.70 mg/L

Copper 0.30 mg/L

Cyanide 0.01 mg/L

Nickel 1.90 mg/L

Molybdenum 1.10 mg/L

Selenium 0.27 mg/L

Zinc 4.00 mg/L

Sulfate 200 mg/L

Total Dissolved Solids (TDS). 1000 mg/L

Sodium 200 mg/L

Chloride 150 mg/L

Biological Oxygen Demand (BOD) 360 mg/L

Total suspended solids (TSS) 360 mg/L

Oil and Grease 100 mg/L

**Pretreatment** means the reduction of the amount of pollutants, the elimination of pollutants or the alteration of the nature of pollutant properties in wastewater to a less harmful state prior to or in lieu of discharging or otherwise introducing such pollutants into the City's sewerage system. The reduction or alteration can be obtained by physical, chemical or biological processes, or by process changes, except by diluting the concentration of the pollutants unless allowed by an applicable Pretreatment Standard.

**Pretreatment Requirements** means any substantive or procedural requirement related to pretreatment, other than a Pretreatment Standard, imposed on a User.

**Pretreatment Standard or Standards** means any prohibited discharge standards, Categorical Pretreatment Standards, and local limits.

**Significant Industrial User (SIU)** means any User of the City's sewerage system that is:

1. A User subject to Categorical Pretreatment Standards; or
2. A User that:
  - a. Discharges an average of twenty-five thousand (25,000) gallons or more per day of process wastewater to the POTW (excluding sanitary, noncontact cooling, and boiler blow down wastewater), or
  - b. Contributes a process waste stream which makes up five (5) percent or more of the average daily dry weather hydraulic or organic capacity of the POTW treatment plant, or
  - c. Is classified as a categorical industry as regulated under Federal Categorical Pretreatment Standards, or
  - d. Is designated as such by the City on the basis that it has a reasonable potential for adversely affecting the POTW's operation or for violating any pretreatment standard or requirement.
3. The City may determine that a User subject to Categorical Pretreatment Standards is a Non-Significant Categorical Industrial User rather than a SIU on a finding that the User never discharges more than 100 gallons per day (gpd) of total categorical wastewater (excluding sanitary, non-contact cooling and boiler blow down wastewater, unless specifically included in the Pretreatment Standard) and the following conditions are met:
  - a. The User, prior to City's finding, has consistently complied with all applicable Categorical Pretreatment Standards and Requirements;
  - b. The User annually submits the certification statement required in Section 14.10.430(B) [see 40 CFR 403.12(q)], together with any additional information necessary to support the certification statement; and
  - c. The User never discharges any untreated concentrated wastewater.
4. Upon a finding that a User meeting the criteria in subsection 2 of this section has no reasonable potential for adversely affecting the POTW's operation or for violating any pretreatment standard or requirement, the City may at any time, on its own initiative or in response to a petition received from a User, and in accordance with procedures in 40 CFR 403.8(f)(6), determine that such User should not be considered a Significant Industrial User.

**Slug Load or Slug** means any discharge at a flow rate or concentration that could cause a violation of the prohibited discharge standards in Sections 14.10.040 – 14.10.060 of Chapter 14.10. A slug discharge is any discharge of nonroutine, episodic nature, including but not limited to an accidental spill or a non-customary batch discharge, which has a reasonable potential to cause interference or pass through, or in any other way violate the POTW's regulations, local limits or permit conditions.

## **Code of Federal Regulations (CFR) Title 40 - Protection of Environment**

### **Part 403 General Pretreatment Regulations**

Promulgated under authority of the Clean Water Act and administered by EPA

[http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title40/40cfr403\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title40/40cfr403_main_02.tpl)

In 403.3 are a list of definitions. In my view Lyons Sanitation Utility is a POTW (Publicly Owned Treatment Works). Consider the definition of a Significant Industrial User at 403.3 (v)(1)(ii). There are 3 criteria: 25,000 gallons per day to a POTW or 5% of the POTW's capacity or has a reasonable potential for adversely affecting the POTW's operation.

In 403.8 are the Pretreatment Requirements. Lyons Sanitation is not required to develop a pretreatment program because we fall under the 5 million Gallons per day limit. The regulations are pretty complicated, so I can't tell if Lyons Sanitation has been designated authority here to regulate things such as "slug discharges" (we may as well use the Federal terminology) through individual control mechanisms (specific permits) or through general control mechanisms (standards applicable to all users).