

TOWN OF BERTHOUD
SPECIAL MEETING
TUESDAY, MARCH 4, 2003
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The Board of Trustees for the Town of Berthoud met for a regular meeting on Tuesday, March 4, 2003, in the Board Room of Town Hall. Mayor Milan Karspeck called the meeting to order at 7:34 p.m.

MEMBERS PRESENT: Mayor Milan Karspeck
Mayor Pro-Tem Jenny Foote
Trustee Don Ashcraft
Trustee David Gregg
Trustee Michael Patrick
Trustee Peder Thorstensen

MEMBERS ABSENT: Trustee Glen Buckingham

STAFF PRESENT: Town Administrator Jim White
Building Official Patrick Buckley
Public Works Director Bill George
Attorney Bruce Fickel
Deputy Town Clerk Charlene Reed
Municipal Court Clerk Melanie Atherton

Mayor Karspeck noted this special meeting will be followed by an Executive Session.

DESIGNATED RECIPIENT OF 5307 FEDERAL FUNDS

Administrator White noted that when the census recognized Fort Collins, Berthoud and Loveland as an Urban Area, it raised the question regarding who would be the recipient of 5307 federal funds. One suggestion was for the MPO to be the recipient. Following discussion with staff, it was determined that at the present time the MPO does not have the staff or resources to assume this role. It was decided that for the present, Fort Collins should remain the recipient of funds, and that at a later date, once they have an opportunity to prepare for the designation, the MPO should be given this responsibility.

Administrator White noted we are preparing a letter from Mayor Karspeck to Governor Bill Owens asking that Fort Collins be endorsed as the Designated Recipient of Section 5307 funds for the Fort Collins Urbanized Area and are requesting a motion from the Board endorsing this recommendation. Loveland and Fort Collins have already designated Fort Collins as the designated recipient.

Mayor Pro-Tem Foote moved to endorse Fort Collins as the Designated Recipient of Section 5307 Funds for the Fort Collins Urbanized Area. Second by Trustee Patrick. All members voted YES.

Mayor Karspeck noted this letter will be forwarded to the MPO for discussion at their next meeting, and if accepted, will be forwarded to the Governor for the final recommendation.

WASTEWATER TREATMENT PLANT REDUNDANCY ISSUES

Public Works Director George noted that when Phase I of the new wastewater treatment plant was downsized from 2.0 to 1.0 mgd, it was determined that the new plant can provide backup for the old wastewater treatment plant, but that the old wastewater plant can not provide back for the new plant. Because of this, the Colorado Department of Public Health and the Environment approved Phase I, contingent upon the Town taking steps to increase the amount of redundancy.

Black and Veatch has been working with CDPHE to determine our options, and based on those options, determine the rate impact of the changes. Mark Maxwell is the Black and Veatch Project Manager for the Wastewater Treatment project, and was introduced to provide information about the options.

Mark Maxwell introduced the staff members present from Black and Veatch, including Todd Christiano, Lela Parsons and Dean Bedford.

Mr. Maxwell noted that when CDPHE approved the Phase 1 expansion, it was contingent upon the Town taking steps to increase the amount of redundancy, thereby reducing the likelihood that the current wastewater treatment plant would have to treat all of the flow in the future. In the memo provided prior to the meeting, two options were presented to meet this requirement, and a detailed analysis of funding was presented showing the current project as the Base Case, and the revisions necessary for options 1 and 2.

Redundancy Option #1 would cost the town approximately \$1M. This plan would provide a backup clarifier, and associated mixed liquid and effluent piping and reconfigure the diffusers to they can be removed while the aeration basin remains in service. It is also recommended that if additional funds are allocated to the Phase 1 project, a second centrifuge be incorporated into the project.

Redundancy Option #2 would add the entire second 1.0-mgd module to the Phase 1 project at an additional cost of approximately \$3M. This would include the second influent and RAS flow splitter, aeration basin, clarifier and centrifuge and all associated piping and appurtenances. In addition, the third blower and third set of influent, RAS and WAS pumps would be installed, providing complete redundancy at the new wastewater treatment plant. This option would allow us to retire the current wastewater plant.

This change would extend the project completion dates by at least six months. The additional construction work could be completed by change order, or by issuing a new set of bid documents after Glacier completes the current project and leaves the site. Black

and Veatch are recommending the change order approach for several reasons. Glacier was the low of eight bidders and those bids were received in a very competitive bidding environment. Glacier's current schedule of values and unit costs would be used for the additional work, and to date the work being done by Glacier is resulting in a high quality product.

If the Town chooses to wait until Glacier completes the initial phase of the project, there would be significantly higher engineering costs. An entirely new set of bid documents must be developed and the project administration and inspection services will be needed for a much longer period of time.

Mr. Maxwell noted that CDPHE has already pre-approved the concept of adding redundancy in a "design-build" (i.e. change order) format.

Mayor Karspeck asked when this decision was made by the State. Mr. Maxwell noted Brad Simons is now overseeing this project for CHPHE, and he has been checking weekly to determine what the Town is willing to do to resolve this issue. They are extremely interested in what we plan to do to resolve the issue of the old plant.

Trustee Patrick noted there have been numerous meetings to discuss this issue. There were lengthy meetings held initially when the question was whether to build a 1.0 mgd plant or a 2.0 mgd plant. The initial decision was made to go with a 1.0 mgd plant based on the cost and on the information provided. Now economics indicate that increasing to the 2.0 mgd plant would be more cost effective than adding the second 1.0 mgd module at a later date. He asked what, over the last six months, would have driven the change in the projections, or if we could have done the same projections six months ago, and made this decision initially.

Mr. Maxwell noted the Board gave them the direction to build the 1.0 mgd plant. At that time, we were working from cash flow projections through 2007. Since that time, we have extended our projections through 2009, and taken into account the Town's current capital improvement program.

Trustee Ashcraft noted when this decision was initially made, the Board was told that the 2.0 mgd plant was going to cost approximately \$11M.

Trustee Patrick noted work started on this project in November, 2002. Now, four months later, the Board is being advised that the 2.0 mgd plant would have been more cost efficient. The Town has had dramatic rate increases over the past two years, and it appears that option #1 would result in more significant rate increases in 2008 and 2009. Mr. Maxwell agreed, and noted that even if we go ahead and make the required changes to increase redundancy, we would still need the additional module in the future to increase capacity. He noted rate increases can be managed more efficiently if we go

ahead and build the second module at this time, instead of putting an additional \$1M in the current project to build redundancy, and then build an additional module in 2008.

Maxwell noted the State is requiring us to go forward when we reach 80% of capacity. When our maximum monthly flows reach 1.2, then we have to go forward with the next module.

Trustee Patrick and Mr. Maxwell discussed capacity requirements. Mr. Maxwell noted even after completion of the new plant, the State would require us to go forward with construction of an additional module when our maximum monthly flows reach 1.2 mgd. We are currently over capacity with the current plant. He noted our flows can fluctuate, depending on whether we have a wet or dry year. In wet years, flows peak at the current wastewater treatment plant. In the past couple of years, due to the drought, we have not seen peak flows at the plant, and we have still reached 1.0 mgd. When the new plant is on-line and with the reduction in capacity for the old plant, we would have approximately .2 mgd to work with. Based on that capacity, we would have to look at a new module in 4-8 years.

Trustee Ashcraft noted the existing plan included funds to renovate the old plant. He asked if the amount of funds needed was reduced since that would not be necessary if we go ahead and add the second module. Mr. Maxwell noted that was not done. Trustee Ashcraft noted that would be a significant reduction in cost, and would affect the rate increases required.

Trustee Ashcraft asked how much additional time would be required to make the recommended changes. Mr. Maxwell noted we would be required to reissue the public statement and allow a 30 day comments period. We would also have to redo the site application.

Board members asked what could happen if we go forward with the plan we have and do not make either change. Mr. Maxwell noted the CHPHE would have several options. They could not issue a discharge permit for the new facility when it is complete. That would leave us using the old plant, and we are already in violation of the guidelines at that plant. If they issue a permit, they could include a compliance schedule which we would be required to meet. They would control the planning and dates for further expansion and could fine us if we failed to meet their schedule.

Trustee Ashcraft noted one source of frustration is the continuing changes in the guidelines we have received from the State. He asked why there are not more specific guidelines.

Mr. Maxwell noted we have had a change in district engineers. The new engineer that is overseeing our project is less accommodating than those we have dealt with in the past.

He also noted that the CHPHE requirements change regularly as the EPA changes their criteria.

Mayor Karspeck asked how soon this decision needs to be made. Mr. Maxwell noted he has discussed this with Glacier, and they need a decision regarding which option the Town wishes to pursue by May 1, 2003.

Mr. Maxwell noted that regardless of which option the Town selects, the current project is under funded by \$469,000. Those funds will need to be included in any additional funds we borrow.

Mayor Karspeck noted the Board will need time to consider the options that have been presented. We have taken significant rate increases over the past two years, and with this change, we will be required to take additional increases.

Trustee Patrick noted one thing that guides the decision making process is the timing for the second module. If we are looking at having to do that within this decade, then it might be more cost effective to go ahead and build that module now. In the short term, current residents of the Town will be required to pay for the additional capacity. Mr. Maxwell agreed, and noted if our current capacity could last 15 years, then it might make sense to wait to build the second module at a later date.

Trustee Ashcraft noted as we increase the number of homes we service, that lowers the financial burden for the residents that live here currently. However, as the number of homes increase, that affects our capacity, and moves us closer to the point where we have to add an additional module. Mr. Maxwell agreed, but noted even if we do not add homes, the EPA is not done. As they tighten the guidelines for managing waste, there will be cost increases required to upgrade our facility.

Administrator White asked if we go forward with option #2, would that eliminate the use of the existing plant. Mr. Maxwell agreed that would allow us to eliminate the existing plant. It would also eliminate the need to upgrade that plant. With option #1, we would continue to use the existing plant, and would have to go ahead with the planned improvements.

Trustee Gregg questioned the rate projections, noting the increases vary significantly if we only sell 25 taps per year and remain consistent if we sell 50, 75 or 100 taps. Todd Christiano noted the rate increases projected reflect the minimum required to meet our bond requirements. We are anticipating significant capital improvement for the years 2008 and 2009, and these numbers represent the worst case scenario.

Trustee Patrick noted it might be better for current residents to spread the increases out in a more uniform manner, but noted that would require higher increases earlier on. He

noted the advantage to lower increases initially would be that future growth would participate in the increases.

Board members thanked the representatives from Black and Veatch for their presentation. Mr. Maxwell noted they will be available to assist with further discussion of this problem, and reminded the Board that a decision does need to be made by May 1st.

SET PUBLIC HEARING – QWEST SPECIAL USE REVIEW

Administrator White noted the Board does not have to set this public hearing. This hearing is for a Special Use Review, and does not require an ordinance. He advised the Board that a public hearing is scheduled for this special use review for March 18, 2003.

With no further business before the Board, the meeting adjourned at 8:30 p.m.

Milan Karspeck

Charlene Reed, Deputy Town Clerk