

**Public Hearing
July 14, 2020
Minutes**

Call to Order

The Board of Trustees of the Town of Deer Trail met in public hearing session on Tuesday July 14, 2020 at the Town Hall, 555 Second Ave Deer Trail, Colorado. Mayor Johnson called the public hearing to order at 7:00 p.m.

Roll Call

Mayor: James Johnson

Trustees Present: Judd Behrens
Heather Kerin
John Kettling
Gary Lavoie
Hayley Whitehead

Staff Present: Candice Reed Town Clerk

4. Water system improvements

AGENDA FOR
TOWN OF DEER TRAIL
PUBLIC HEARING ON WATER SYSTEM IMPROVEMENTS
July 14, 2020

Background

- The Town undertook a comprehensive evaluation of its water system. The resulting Preliminary Engineering Report (PER) was entitled 2016 Water System Improvements, completed in January of 2017. GMS, Inc., Consulting Engineers conducted and produced the PER for the Town. The PER defined and prioritized the deficiencies within the Town's water system.
- A prior project completed in 2000 addressed many of the Town's immediate water system priorities at that time. This project is an extension to that work and addresses many of the remaining water system problems.
- The Town derives its water supply from deep, nontributary groundwater sources utilizing four groundwater wells. The Town's water system consists of well production, treatment, transmission, storage, distribution and customer metering components.
- The selected alternative includes various improvements in the distribution system. Looping is needed to provide better pressure during high demand conditions and to provide redundant crossings of Interstate 70. Improvements are also necessary for added fire hydrants, valve replacements, chemical containment, elevated storage tank modifications, well valving and sample taps, bulk water dispensing and backflow prevention.

- The public health benefits include better pressure, especially during high demand conditions. Additionally, the Interstate 70 crossing needs to be replaced as well as installing other crossings of Interstate 70 for system redundancy. A new pressure zone is needed to eliminate areas of low service pressure on the east and south side of the system which would include a standpipe, booster pump, chlorination facility, and distribution system piping.
- A financial review of the Town of Deer Trail's water fund's operations was completed as it related to the annual expenditures as well as the cost of servicing the loan. As a result, the consultant recommended a rate increase. The Town is adopting a rate increase to cover both the existing water system operating expenses and the loans for this project. Prior to the increase, the fund's revenue stream fell short of covering annual expenditures.
- The project went to bid in April of 2020 with two bid schedules; one schedule for the majority of the water system improvements and one schedule for the tank. The Town selected the construction of the welded steel tank, as recommended by the consultant. The total construction cost with engineering and a 6.4% construction contingency brought the total project cost to \$2,711,200.

Scope

- The proposed Water Distribution System Improvements project consists of the following:
 - Distribution system looping including an 8-inch crossing of Interstate 70 at Ivy Street, an 8-inch loop in 5th Avenue between Ivy Street and Fir Street, and a 6-inch loop in Cedar Avenue from 7th Avenue to 8th Avenue.
 - Distribution system upgrades consisting of a replacement of the existing Interstate 70 pipeline crossing at Aspen Avenue, four new fire hydrants, two new system valves, replacement of the service line to the Town Hall, and distribution system entry point sample hydrants for the wells.
 - Groundwater well improvements including secondary containment curbs for the liquid chlorine storage tanks, raw water sample taps, well blow off valves and piping, and replacement gate valves in the water house.
 - Bulk water sales facilities upgrades at the Park Well and water house, providing automatic dispensing, user information and sales volumes using a card reading dispensing system. Also, a backflow prevention device is recommended at the Park Well where there is not an airgap filling condition.
 - Elevated storage tank ladder, climbing cage, fall protection system and lockable hatch from the ground up to the tank catwalk; ladder, climbing cage and fall protection from the tank catwalk to the roof; and a new catwalk handrail.
 - Standpipe (104-feet height by 12-foot diameter) to provide a new pressure zone for the Town. This would include additional distribution piping and valves as well as a booster pump station in order to meet fire flows and a new chlorination system.

Funding

- The Town applied for a \$500,000 Tier II Energy and Mineral Impact Assistance (EMIA) grant through the Department of Local Affairs (DOLA) in the December cycle of 2018. The Town received the full award in April of 2019.

- The Town secured a \$240,000 design and engineering grant issued by the Colorado Water Resources and Power Development Authority (the Authority) to assist with costs of completing the necessary design and engineering of the proposed project. This award was contingent upon the community being designated as a Disadvantaged Community. This design and engineering grant is issued as an engineering "loan forgiveness" grant.
- In addition to this application, an application for a Drinking Water Revolving Fund (DWRF) loan through the Disadvantaged Community Program (DCP) was submitted in August of 2019 for a request of \$1,221,200 with the loan closing in December 2019. The interest rate for the loan was 0.5% with a 30-year loan term.
- The Town committed \$500,000 of a local cash match towards the project.
- The total available funding for the project was \$2,461,200. The total project cost is \$2,680,690. Thus, the project funding was short \$219,490. Thus, the need for a supplemental loan. The Town Board decided to pursue a supplemental loan in the amount of \$250,000 to allow for a greater contingency; thus, the project cost is \$2,711,200. This loan application was submitted in June 2020 and is anticipated to be closed in October 2020. **Because the Town has this amount available in reserves, construction was able to start last week on the project.** Any unused portion of the loan amount can be returned with no penalty.

- The project financing is as follows:

Component	Full Project
Project Cost ¹⁾	\$2,711,200
EMIA Grant ²⁾	\$500,000
DWRF D&E Grant ³⁾	\$240,000
DWRF Loan ⁴⁾	\$1,221,200
Supplemental DWRF Loan ⁵⁾	\$250,000
Local Match ⁶⁾	\$500,000

- 1) Reflects projected capital construction cost including engineering, administrative costs, and contingency.
- 2) DOLA Energy and Mineral Impact Assistance Grant awarded in April 2019
- 3) Design and Engineering Loan forgiveness funds awarded on March 26, 2018
- 4) Loan amount from first application; loan closed in December 2019.
- 5) Supplemental loan; application submitted in June 2020
- 6) Local funds from cash reserve.

- The estimated expenditures and revenues are as follows:

Component	Expenditures
Current O&M expense, including existing debt ¹⁾	\$200,000
Debt Service for 2019 loan (annual payment) ²⁾	\$44,461
Debt Service for Supplemental loan (annual payment) ³⁾	\$8,994
Added Reserve Requirement for new loans (annual) ⁴⁾	\$5,346
Projected Total Expenditures	\$258,801
Projected Revenue ⁵⁾	\$266,917
Average monthly bill per user ⁶⁾	\$42.54

- 1) Based on 2018 – 2020 operation, maintenance, and existing debt.
- 2) \$1,221,100 loan for 0.5% for 30-year loan term
- 3) \$ 250,000 loan for 0.5% for 30-year loan term
- 4) Operating reserve requirement based on a 10% coverage ratio of debt service
- 5) Effective August 2020, Town is increasing monthly base rate to \$22.00 / month and \$3.00 per 1000 gallons; this is the projected revenue based on 2018-2020 average monthly usage.
- 6) Based on historical average monthly usage and the new rate, average over an annual basis

Schedule

- Water System Improvements project schedule
 - Submitted EMIA Grant funding request December 2018
 - Obtain EMIA funding commitment April 2019
 - Submit DWRF loan application August 2019
 - Obtain CDPHE approval of plans and specifications November 2019
 - DWRF Loan closing December 2019
 - Advertise for bids March 2020
 - Bid Opening April 2020
 - Project Award May 2020
 - Supplemental Loan Application submittal June 2020
 - Initiate construction July 2020
 - Complete construction March 2021

Environmental Impacts

- Construction/Environmental Impacts
 - Short-term construction impacts will consist of noise, dust and added traffic. Given the location of project's activities, impacts will be focused around the specific water alignments to be replaced. Surface restoration will be a key component within the overall project.
 - Construction activities will incorporate the appropriate best management practices for construction to mitigate any potential of erosion or sedimentation.
 - No long-term environmental impacts will occur as a result of the project.

Public Hearing adjourned at 7:18 p.m.


Mayor, James Johnson


Town Clerk, Candice Reed