

**BOXELDER BASIN REGIONAL STORMWATER AUTHORITY**  
MEETING MINUTES  
August 25, 2011

**DIRECTORS PRESENT:** Larry Lorentzen  
Lee Tucker  
Ken Sampley  
Vic Meline  
George Reed

**DIRECTORS ABSENT:** None

**PRESIDING:** Ken Sampley

**ALSO PRESENT:** Rex Burns, Authority Manager  
Lisa Work, Recording Secretary  
Greg White, Attorney  
Todd Juergens, Larimer County Construction Manager  
Andrea Faucett, Ayres Associates  
Mark Peterson, Larimer County Engineer  
Dave White  
Jim Fry  
Steve Porter, reporter Northern Colorado Business Journal

**1. Call to Order**

The meeting was called to order by President Sampley at 4:05 p.m.

**ADDITIONS OR DELETIONS FROM THE AGENDA**

None

**OLD BUSINESS**

None

**NEW BUSINESS**

**2. Review and approve minutes of July 28, 2011**

Director Lorentzen requested correction to the minutes on page 9 in Manager's Report section second to last paragraph, last sentence, add: *if posted as a special meeting.*

Director Reed asked if there would be an update regarding the amendment of the financial audit as discussed on page 8 of the July minutes. Manager Burns explained he would provide an update during the Manager's Update section of the meeting.

Director Meline moved to approve the minutes as amended and Director Reed seconded the motion. President Sampley polled the Board. The motion passed 4 to 1. Director Tucker opposed without further comment.

### **3. Public comment**

None

### **4. Coal Creek Flood Hazard Mitigation Project Progress Review**

President Sampley mentioned that there is a time conflict tonight so the meeting needs to be concluded by 6:45pm.

Todd Juergens, Construction Manager with Larimer County Engineering Department presented the project update noting:

- Most recent quarterly report accepted and reimbursement request received. Total reimbursement to date is \$1,050,599.01.
- DOLA and FEMA staff visited the job site and toured the facility. They were happy with what they saw.
- The dredging project is moving forward and making good progress. The end of July survey confirmed just less than 12,000 yards of volume has been moved out of the reservoir. As of today the contractor has moved 70,000 yards or just fewer than 50% of the sediment. There is a survey scheduled for the 2<sup>nd</sup> of September to verify the quantity for August for payment.
- The dewatering area continues to create issues at times with getting the water clean to return to the canal. About every 3<sup>rd</sup> day the dredge is shut down for 12 – 18 hours allow the ponds to clean up. They are testing the water continuously as it is being returned into the inlet canal. The dredge moves so much material so quickly that every 3-4 days it starts to overwhelm the dewatering system and it needs a break. This is not an issue that is unmanageable. The volumes are working out well. They are moving material as ponds one and two fill they are bailing that over the berms into the upper end of the pond below it to continue to make space so they have use of all 5 ponds.
- The tree removal is complete. There are some stumps that need to be removed when the excavation starts. Next week they can start clearing stumps and slash piles and striping top soil. They are scheduled to start the excavation project around the 19<sup>th</sup> of September. The ditch company plans on running water through the 26<sup>th</sup> of September.
- Total project cost remains at \$5.2 million (includes contingency).
- At the end of July, the project was 22% complete by dollars which included mobilization. \$310,000 of that is mobilization. If you take out mobilization then the project is 14% complete by dollars. They expect to be in the mid 30's at the end of August.
- Projected completion of dredging is the 14<sup>th</sup> of October.
- CDOT lease to be signed this week.

Director Lorentzen asked if the original projected completion of the dredging was the end of October. Mr. Juergens explained that the original expected completion date was the end of December. The contract allows contractor to move into 2012.

President Sampley asked if placing material dredged out into the ponds will become a limiting factor toward the end of the project. Mr. Juergens agrees that is a possibility. In the last week the contractor has begun to employ flocculants in the ponds to speed up the settling velocity of that material. As they continue to dredge and the ponds get full of sediment, there is less volume in the pond so a gallon in and a gallon out happens quicker. It moves through the pond quicker to the outlet and then drops into the next pond. It's all a function of time. They either need to increase the time the water has to settle out or increase the settling velocities. As they continue to dredge they are going to lose time not gain it so they have employed some flocculants to speed up the settling velocity. They sent samples of the effluent to the supplier to be tested and they have supplied a product they feel works well for this material. They are stacking material above finish grade of site to keep the volume in the ponds. Ultimately this will be knocked down to meet the final grade. Director Lorentzen pointed out that the material dries out pretty quickly. Mr. Juergens agreed that it dries out quickly and is sandier than he expected which helps the water drain.

Director Tucker asked if the flocculants were included in the contract. Mr. Juergens explained that was not specified in the contract. Contractually it is the contractor's responsibility to dredge the material and clean the water and return to reservoir by the methods that work and meet the environmental regulations. The costs of the flocculants are the contractors. Director Tucker asked the chemical makeup of the flocculants. Mr. Juergens explained that he has the MSDS sheets and environmental engineers review for safety before approved. Director Tucker asked what the flocculants look like and Mr. Juergens described the different flocculants available and how they work.

Director Tucker requested a copy of the report on the water after it is cleaned up before it is returned to the canal. Mr. Juergens explained that the contractor is reporting to the Colorado Department of Health. Also turbidity readings are taken daily with the results kept on site. The contract requires the turbidity to be below 500 to be returned. He asked if there is a specific concern. Manager Burns defined turbidity and explained that in the environmental assessment period the environmental people required that samples of the sediment material be tested. The material tested to be transported soil. Mr. Juergens explained 500 NTU's is pretty clean water and lots of days they are testing in the upper 100 to 200 NTU range. They test about 4 times a day. Some days start to overwhelm the dewatering ponds so if when they test the NTU is high then they shut down the dredge to let everything clear up. Mr. Juergens pointed out that they tested the water in the canal above their discharge point and it tested at 350 NTU's. Director Reed asked how the testing is done. Mr. Juergens explained the current digital testing method.

Mr. Juergens asked Director Reed if the percentage complete on the report is meeting the needs requested last meeting. Director Reed asked about 'exclusive of mobilization'. Mr. Juergens explained mobilization and how the mobilization fee can skew the early project percent complete. As they get further in the project and the dollars of work completed go up then the mobilization makes less of an impact on percent complete. Director Tucker asked if mobilization is paid once contractor moved onto site. Mr. Juergens explained that the contract pays mobilization based on percent complete and is paid in increments as the project moves forward.

## **5. Eastside Projects Progress Review**

Andrea Faucett with Ayres Associates distributed a package of maps showing four different alternatives between the Eastside Storage Site and the Middle Basin Improvements.

Ms Faucett presented the project update noting:

- After last month's presentation of the initial investigation into the combination of the ARDEC site, the Board directed Ayres to go back and look at four different alternatives. The intent was to see which option rises to the top from a cost, constructability and viability perspective. Ayres developed four exhibits to show what would need to be done to reduce the flood plain to the easterly flood path and reduce the overall discharges heading south to the city of Timnath and the city of Fort Collins.
  - Option one. Original ARDEC site with Middle Basin Improvements which would include flood benching and road crossing upgrades to reduce the flood plain to the easterly flow path of Boxelder Creek.
  - Option two. Original ARDEC site not completing any flood benching or Middle Basin improvements north of the Larimer and Weld canal.
  - Option three. The City of Thornton property with Middle Basin Improvements which would include flood benching and road crossing upgrades.
  - Option four. The City of Thornton property without any improvements north of the Larimer and Weld Canal.
- Looking at the first exhibit (option one) note the amount of flood benching required. Some of the flood benching is not contained within the existing flood plain limits and in areas has been pushed to the east side which would require additional right of way purchase. Note all of the road crossing improvements that would be required and the improvements to the CNS railroad crossing north of Mulberry. Ms Faucett pointed out that with this option there is a tremendous amount of expense.
- Option two would keep the existing flood plain on the east side of I-25. There are not a lot of structures in that area. No improvements would be needed for road crossings. There would still be a need to build the channel north of the Larimer and Weld canal to pull the flows back over to the Boxelder. The flood benching would start on the south side of little Larimer and Weld canal. With all the options there is still the need to do the siphon and improvements at the CNS railroad crossing.
- Option three and four with the facility built at Thornton there is a much larger dam. The only reason Ayres is showing flood benching on these exhibits is if the Authority wanted to reduce the flood plain between CR 52 and 54 north of the split. Along the easterly flow path of Boxelder with Thornton in place the flows are less than the existing in that flow path.
- A note for City of Fort Collins is what is happening with the spill that occurs over to the Cooper Slough Basin down to 47cfs.
- With option four there is no flood benching needed. The plan would be to build the Thornton project and the 2 channels to convey local flows back over to Boxelder. You would still build the siphon and the railroad crossing improvements are smaller. Option four presents a simpler option with fewer complex / expensive improvements.
- Ayers contacted Kurt Sommermeyer with ARS Companies for the estimate shown on the handout for the estimated cost of Thornton project taken from Ayers prepared grading plan.

The cost breakdown sheet does not include any right of way, design, or permitting costs. Manager Burns has split out those costs in his financial analysis as they happen at different times in the process.

- Ayres has asked Mr. Sommermyer to price out the siphon under the Larimer Weld canal, the 2 channels, and the CNS RR crossing upgrade only looking at option four for a reasonable cost assessment of Eastside Storage and Middle Basin projects.
- President Sampley asked for the rationale of the sizing of the detention facility originally with Eastside in combination with the Middle Basin improvements. Was that based on building a pond or not? The larger the detention facility and the more reduction in flow then the smaller the size of the channel downstream needed. In the original proposal the storage was less and there was a combination of detention plus channel. Why was this thought to be a better approach than this new approach? Manger Burns explained that when Ayres began this modeling for the Authority they became aware that the models used for the Master Plan and the early flood plain delineation didn't include the reservoirs. In summer of 2006 the Master Plan was put together and then FEMA came along and said that the reservoirs need to be put in the FEMA hydrology. The reservoirs were put in but didn't make it into the Master Plan. Ayres has constructed the Authority model which does include the current FEMA hydrology with the reservoirs. The Master Plan had two alternatives depending on how much residual flow wanted at the south end. That was made inoperative by the FEMA requirement to include the reservoirs. Now have same two alternatives but the acre feet have increased because of the new hydrology.
- Director Lorentzen asked if moving forward the Thornton site doesn't work can the ARDEC site be used adding a reservoir upstream to get the same effect. Ms Faucett added that another option is to explore one of the Gray reservoirs. She also added that it is becoming more apparent that the more storage we have the less difficulty we will have getting our goals met.
- President Sampley pointed out that at this point it doesn't seem that either entity (ARDEC or City of Thornton) is particularly interested in moving forward with an agreement. He agreed that it makes sense to talk with both entities (ARDEC and City of Thornton) and that should be more of an Authority effort not just an individual effort as parties to the Authority. Director Lorentzen mentioned there is an executive session later to discuss further.
- Director Tucker asked is the Gray Reservoir idea has been pursued. Ms Faucett explained that has not been pursued but they have expressed a willingness to talk with the Authority as they have a dam that is not up to State engineers standards so their idea might be to give the Authority some storage if the Authority rebuilds their dam. This option would need to be in combination with another site as there would not be enough storage in Gray Reservoir by itself to meet the Authority needs.
- Manager Burns pointed out that there are additional benefits of the larger storage downstream to the City of Timnath and the City of Fort Collins as there will be less residual flow as you get to Prospect Street and the effects of that on the developed properties there.

## **6. Discussions Concerning Financial Scenarios**

Manager Burns distributed to the Board sheets with summary information relating to the revenue requirements for the various alternatives that are coming out of the financial analysis. Two variables that are coming out of the analysis are time of payments and annual revenue to the authority that is required. These two variables are inversely related. Manager Burns's intent is to

give a broad picture of the envelope that the Board has to work within. The cost estimates used here are Manager Burns' which are the top of what the projects can be expected to cost. The cost estimates include the original \$8 million estimate previously supplied by Ayres for the Thornton storage site. These high level costs are used as placeholders until better cost estimates are available to plug into the financial models. Manager Burns believes the actual costs will be lower than these numbers thus the annual revenue requirement will be less. Manager Burns has not yet talked with the bond underwriters who will probably require a reserve of \$500,000 to \$1 million before the Authority issues any debt.

Manager Burns would like to know the urgency of getting this information to the three entities then the Board may need a special meeting before the next regular Board meeting. Otherwise a work session may be needed before the next regular Board meeting of September 22, 2011.

President Sampley asked for clarification on one of the handouts and requested the title be changed to better reflect the data.

Director Lorentzen mentioned that the information was to be provided to the three entities at the beginning of September. President Sampley asked if there is a joint meeting set up. Director Lorentzen asked Ms Faucett when cost estimates can be available. Ms Faucett will let Mr. Sommermyer know that those costs are needed sooner rather than later. President Sampley asked if the numbers are going to be a refinement of the existing numbers plugged in so there isn't going to be that big of a change or is it that the numbers are not in the models yet so the changes would be larger when the cost estimates are available. Manager Burns explained that there are placeholders in all the models. Director Lorentzen would like closer numbers before the information is given to the three entities and made public. President Sampley asked Mark Peterson if he has heard of a meeting of the entities. He has not heard of a scheduled meeting. President Sampley noted that if no current meeting scheduled with the entities it will take several weeks to set up so it should be ok to have a work session before that meeting.

President Sampley asked if the summary Manager Burns provided at the previous work session that showed timing related to the financial scenarios will be part of his presentation. Manager Burns displayed a sequencing diagram that shows everything coming together at the end of 2013 because there is a series of activities that need to be done, such as the CLOMR study, the benefit studies for the PDM Grant and then to prepare the paperwork for the second PDM Grant. Right now studies, design and Eastside permitting are a critical path as they will take longer than the other activities so the sooner able to get in the process of getting the right of way for the Eastside storage will make the completion of the projects happen sooner. To keep things moving along the next step is securing the East Side Storage right of way.

There was discussion regarding scheduling of the Board members for a meeting of the three entities. President Sampley is going to talk with the City of Fort Collins and asked Mark Peterson to talk with the County to set up a meeting with the Staff. President Sampley, Director Lorentzen and Mark Peterson to get back with Manager Burns regarding availability and scheduling a meeting of the entities looking about two to three weeks out.

## 7. Financial Report for August 2011

Manager Burns explained that the accountants provide a balance sheet every month. The balance sheet is starting to reflect the equity that the Authority is beginning to accrue in the first project. Under the supplementary information the accountants prepare a summary of the budget and the various expenses. The management expenses are higher than estimated / budgeted for the Authority when the Board passed its budget in December. This is due in part to the work that has been done with the sampling data for the fee structure. The amount spent to date in that area is about \$5,700. This data sampling has been compiled and placed into binders. There will also be a final report on the data sampling and the Authority fees that will have the spreadsheets with the data in an appendix to that report. More recently Manager Burns was asked to work on the financial analysis which has cost about \$5,000 to date with additional work expected before the project is wrapped up toward the end of September and should cost about \$7,000-\$8,000 total.

Moving into the Fall Manager Burns intends to take the Authority fee structure and use to generate the amounts expected for a given base rate for the annual revenue to the Authority. This will enable the Board to set the base rate to generate a fee structure moving into 2012.

Manager Burns discussed the two tasks needed to complete the Authority billing being compiling the database and then the actual billing. He pointed out that LGS proposes to use off the shelf software – Microsoft Access and Intuit's QuickBooks to accomplish those tasks. The mailing of the bills would probably be outsourced to a mailing company for cost considerations. He suggested that further discussion with the Board regarding billing will be needed.

President Sampley pointed out that on page 3 of budgetary comparison of Rickard's report, the percentage is still wrong in the ending fund balance. Manager Burns explained a need to sit down with the accountants to talk about changes needed. Director Lorentzen says that the \$50,000 CWCB grant is shown as loan proceeds on the capital budget and that should be a line item for a grant not loan proceeds. President Sampley questioned on page 3 under Management portion of expenditures, would like the fee study and the financial analysis be added as sub-categories to management to track costs separately.

President Sampley asked is insurance is an annual payment. Manager Burns explained insurance bill is less that last year and less than budgeted. Manager Burns also explained that he has looked into Workman's Comp insurance for the Board estimated at \$220 annually. Director Tucker asked if the Board has an insurance certificate on Local Government Solutions, LLC. President Sampley pointed out that the Board doesn't have an insurance requirement for LGS.

President Sampley summarized claims made for August 2011. Director Lorentzen made a motion to pay the claims in the amount of \$32,841.79. Director Meline seconded the motion. Director Reed had a question regarding the Ayres invoice and if there is an explanation with the billing. He was directed to the Board packet to see the letter of explanation. Director Lorentzen asked that the Board packet that is emailed and posted on the website contain the invoices to be paid instead of receiving separate emails. President Sampley polled the Board. Director Tucker opposed. Motion passed 4 to 1.

Director Reed asked if the language in the Rickards & Co letter is usual and expected. Director Lorentzen explained that the language is common and basically states that the monthly report is a compilation and not an audit.

Manager Burns presented a resolution to the Board for signature to change the names on the bank accounts. This resolution will give either the President or the Treasurer the ability to sign for the Board and will remove past names from the bank accounts. Manager Burns will no longer have signatory on the accounts. President Sampley read the resolution to the Board. Director Tucker motioned to pass and Director Lorentzen seconded the motion. President Sampley polled the Board. The motion passed unanimously.

#### **8. Discussion Concerning Format for Review of Management Services Contract with Local Government Solutions, LLC**

Manager Burns is expecting the Board to construct a format for the review of LGS. He also explained that he is open to a public review. Director Lorentzen suggested the same format as last year with the item on the agenda and the ability to go into Executive Session to talk about contract negotiations. Director Reed stated that his interest is more in the future such as future goals, timetables, activities that might occur in the next year that would give him something to monitor or discuss the following year. President Sampley requested information from Gregory White attorney. Mr. White stated that the Board has a contract with Local Government Solutions, LLC for management services and the question would be does the Board want to continue that contract, to make changes to the contract, and to review the management services pursuant to the contract. It should be an item on the agenda for the next meeting to allow the public to comment and the Board decides where they would like to go from there. President Sampley requested a copy of the contract and a copy of the evaluation from last year for review. Director Lorentzen will send the contract and a copy of last year's minutes and the 2011 work plan document provided in December of last year to the Board members. President Sampley asked if possible to discuss during a work session and then review during the following Board meeting. Several Board members will be gone in the middle of September so Director Lorentzen suggested meeting an hour earlier on the regular Board meeting date of September 22, 2011.

#### **9. Manager's Report**

Manager Burns presented that a monthly newsletter continues to be sent out to the subscribers of the website. This has been helpful in generating customer questions that are able to be addressed in a timely fashion. The Board Agenda's are also sent out to the subscriber list monthly and posted on the website.

LGS has begun development of a database for billing and would like to continue discussing with the Board how they would like LGS to proceed. Part of the process is research needed to verify owner's information especially for the revised / added service area.

On the Eastside storage project, Manager Burns continues to work with Ayres and they have begun to work on purchase of right away on that project.

For the financial scenarios Manager Burns has prepared 11 spreadsheets and continues to review these for inconsistencies and errors. He is getting a better look at the envelope within which the Authority will have to work to construct the remaining projects. He has also constructed a sequencing plan of the tasks. It seems to center on the fall of 2013 as to when the activities would lead up to a 2<sup>nd</sup> PDM grant application.

Manager Burns continue to work with the reps from the town of Timnath. They have materials on the financial scenarios and the assumptions in the financial scenarios. They also have materials about the engineering work that has been done. They are kept up to date on the work the Authority is doing that may or may not involve them in the future.

Last month the Board discussed an error in the audit report. The audit report is accurate as far as the amount of money spent by the Authority, the amount of money the Authority has, and took in fee revenue. The inaccuracy has to do with the representation of the line item that the work for the revision of the service area was taken from. That line item was budgeted for \$70,000 but actually the money was shown as being taken out of the engineering capital projects budget. The auditors are aware of the problem and have requested information from the Board and are in the process of rewriting parts of the report to reflect the change as far as the line item in the budget from which the expenditure was taken. The money was budgeted and the money was spent but was attributed to a different line item in the budget. A corrected audit report should be available at the September 22, 2011 meeting. Director Tucker would like to know if they can revise the report with the State. Manager Burns stated that there is an amendment process for that correction.

President Sampley asked if the new Authority emails have been set up to transfer. All Board members requested those emails forwarded. Lisa Work will send a test message to the Board to check forwarding. Director Reed pointed out that Manager Burns has spent a number of hours helping him understand the workings of the Board.

Manager Burns finished with explaining that the website continues to be updated and cleaned up by Lisa Work.

**10. Executive Session for the purpose of discussing the acquisition of property under C.R.S Section 24-6-402(4)(a) C.R.S. and discussing issues relative to matters that may be subject to negotiations, and /or instructing negotiators, under C.R.S. Section 24-6-402(4)(e) C.R.S. regarding the East Side Storage Project.**

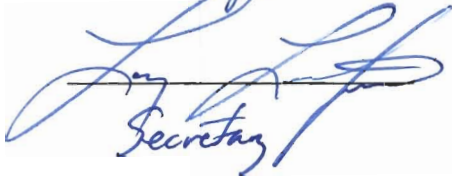
President Sampley read the item number and confirmed with attorney Greg White that 2/3 of the Board present need to agree by motion in order to move into Executive Session.

Director Lorentzen moved to go into Executive Session. Directors Meline and Tucker seconded the motion. President Sampley polled the Board and the motion passed unanimously. The Board moved into Executive Session at this time.

**11. Adjournment**

Director Lorentzen moved to adjourn and Director Meline seconded. With all in favor the meeting adjourned at 6:47 pm.

Approved this 22<sup>nd</sup> day of September, 2011



Secretary