

Commission Members Present: Bill Szmyd, Christopher Say, Craig Bialy, Dan Herlihey (Chair), Don Cook (Vice Chair), Gary Hausman, Gene Packer, John Butler, Matt Elkins, Randy Lee Williams, Richard Bilancia

LUC Commission Members Absent: None.

Council Liaison Present: Andrea Samson

Council Liaison Absent: Steve Olson

City Staff Members Present: Adam Bromley, Chad Birgenheier, John Faulkner, Reagan Libal, Nathan Alburn, Catharine Kellogg, Todd Hanlin, Ryan Van Pelt, Aaron Rodriguez, Julie West, Dan Coldiron, Frank Freeman, Kevin Gertig (Director), Melanie Reeves, Tracey Hewson, Kraig Bader, Nicole Olsen, Jim Lees.

Guest Attendance: None.

CALL TO ORDER

CALL TO ORDER: Dan Herlihey called the meeting to order at **3:01 PM**.

ADOPTION OF MINUTES

Item 2.1: Adoption of Minutes – Dan Herlihey

This item requested a motion to approve the minutes of the August 21, 2024 meeting.

Recommendation: Adopt A Motion to Approve of the Loveland Utilities Commission Meeting Minutes from August 21, 2024.

Motion: Don Cook made the motion.

Second: Gene Packer seconded the motion. The minutes were **approved** with a **9-0 vote**.

CITIZENS REPORT

Item 3.1: Citizens Report

None.

INFORMATIONAL ITEMS

Item 4.1: Water Treatment Plant Daily and Monthly Flow Report – Chad Birgenheier

This item provides an update on the Loveland Water Treatment Plant daily and monthly flows for the month of August 2024.

Recommendation: Information Item Only. No Action Required.

Item 4.2: Water Law and Legislative Update – Ryan Van Pelt

This item provides a brief update on:

- (1) water-related legislation introduced or under discussion by the Colorado General Assembly during the legislative session;
- (2) water court developments or items of interest in District 4 of Water Division 1 (Big Thompson and Little Thompson River basins); and
- (3) Colorado or Loveland-related water news.

Recommendation: Information Item Only. No Action Required.

Item 4.3: Water Supply Update – Ryan Van Pelt

This report focuses on the City's current water supply and the status of our raw water resources for the remainder of the water year (November 1 through October 31). The NRCS SNOTEL data and Snow Water Equivalent information is only relevant during the winter and spring runoff period. Therefore, given the time of year, this report does not include SNOTEL data.

Recommendation: Information Item Only. No Action Required.

Item 4.4: Financial Report Update – Jim Lees

This item summarizes the preliminary monthly and year-to-date financials for August 2024.

Recommendation: Information Item Only. No Action Required.

Item 4.5: Financial Dashboards – Aaron Rodriguez

This agenda item shows the Utility Financial Dashboards based on August 2024 year-to-date financial and operational data.

Discussion:

Rich Bilancia referred to **4.5 Attachment B** – Electric Financial Summary August – and wanted to know why the Foothills Solar production kWh YTD was down compared to last year. **Adam Bromley** acknowledged that one of the solar inverters is down and can't be repaired so about half of the solar array is down. We have an RFP together to get replacement inverters and they are budgeted to be replaced in 2025. He also stated that first generation inverters on the front range are starting to reach end of life. We are hoping that the replacement will have a longer life.

Craig Bialy wanted to know if new inverters were more efficient, and **Adam Bromley** confirmed that they are.

Rich Bilancia referred to **4.5 Attachment D** – Water Financial Summary August – and wanted to understand why Customer Growth is down. **Aaron Rodriguez** noted that the growth rate for water customers is significantly less than for wastewater customers. **Chad Birgenheier** noted that sewer territories vs. water territories are different areas and that may account for the differing growth. **Rich** stated that the reason he focuses on growth is that it impacts revenue projections.

Councilor Andrea Samson noted that the City Council budget discussion yesterday (September 17, 2024) noted that new build construction numbers are down and confirm this type of projection.

Rich Bilancia referred again to **4.5 Attachment D** –and noted the Days Cash on Hand are down compared to last year and **Aaron** noted that the biggest driver of that number is some of the unexpected fixes and water leaks that were not projected. **Director Kevin Gertig** confirmed that we are averaging about one leak a week due to aging infrastructure. **Kevin** stressed that we need to continue to budget significant dollars towards replacing the aging infrastructure.

Chad Birgenheier also discussed the process of partnering with Public Works on road repairs and planned construction to try and coordinate and share costs for some of the planned replacements.

Christopher Say wanted to know how we are doing with collections and **Aaron** noted that we have made significant progress on collections over the past year due to changes to the collections policy since Covid.

Rich Bilancia referred to **4.5 Attachment F** – Wastewater Financial Summary August – and wanted to know why Operating Return on Assets was down. **Aaron** noted that we look at that number as an upper cap (yellow line) but if we are below the red line we are not making enough money to cover our assets. We try to stay somewhere in between those two lines. **Rich** wanted to know if this could be fixed by replacing aging infrastructure or if it would benefit from increased rates. **Aaron** said that it would be fixed by replacing aging infrastructure – although increasing rates keeps it above the red line.

Recommendation: Information Item Only. No Action Required.

Item 4.6: Water Efficiency Program, 2023 Annual Report – Nathan Alburn

The City of Loveland Water Division has many comprehensive plans that have been written as guides for preparing for our future regarding the planning and use of our water resources. The plans include the City of Loveland 2020 Raw Water Master Plan, the City of Loveland Water Efficiency Plan (Updated May 2020), and the City of Loveland Drought Management Plan (June 4, 2013). This LUC Agenda Item is a follow-up to a presentation that was first shared in May of 2023 and another presentation given in April of 2024 to the Loveland Utilities Commission (LUC). After many rounds of review, Water Resource Staff and Brendle Group (our Water Conservation Consultant) completed the 2023 Water Efficiency Program Annual Report.

Recommendation: Information Item Only. No Action Required.

Item 4.7: Distributed Energy Resources Update – Clinton O’Neill

A brief summary of the September Distributed Energy Resources (DER) updates.

Recommendation: Information Item Only. No Action Required.

Item 4.8: 2024 Electric Outage and Reliability Summary – Adam Bromley

This item details outage and reliability data on our electric system in the 2024 calendar year. It includes number of outages, type of outage, outage cause and length, as well as our current outage metrics.

Discussion:

Bill Szmyd wanted to know if we have an agreement with PRPA that guarantees the amount of power that we will receive from them. **Adam Bromley** stated that we do not have an agreement in place (this type of agreement is not common in the electric utility world). However, we are constantly working with PRPA to maximize our reliability and maintain reasonable rates.

Recommendation: Information Item Only. No Action Required.

REGULAR AGENDA

Item 5.1: Loveland Utilities Commission 2025 Work Plan – Melanie Reeves

The commission was invited to participate in a work session on Friday, September 6, 2024, to brainstorm an annual work plan for 2025. This work plan is intended to align with the City of Loveland Strategic Plan and will be used to produce an annual report summarizing accomplishments of the work plan year by March 31 immediately following the work plan year. The City Clerk's Office will provide copies of these documents to City Council and post them to the website for information purposes.

Recommendation: Adopt a Motion Approving the Loveland Utilities Commission Work Plan for 2025.

Motion: Don Cook made the motion.

Second: John Butler seconded the motion. The motion was **approved** with a **9-0 vote**.

Item 5.2: 2025 Water and Power Utility Rates, Charges and Fees – Jim Lees

The purpose of this item is to ask the Loveland Utilities Commission (LUC) to adopt a motion recommending that City Council approve the proposed changes to the Water and Power Utility Rates, Charges and Fees for 2025.

Recommendation: Adopt a Motion Recommending that City Council Approve the Proposed Changes in the Water and Power Utility Rates, Charges and Fees for 2025.

Discussion:

John Butler wanted to know if we take the Chimney Hollow storage costs into account when we propose our cash-in-lieu fee and **Jim Lees** confirmed that we do. We are proposing a moderate increase of \$1,445 to the cash in lieu fee for 2025 as noted in **5.2 Attachment B – Water and Power 2025 Proposed Impact Fees**.

Bill Szmyd still believes we are undervaluing our water. **Todd Hanlin** explained that we trade in Loveland ditches and that we have no competition for those ditch rights where other communities have multiple groups who are competing for their ditch shares and are able to get more for them. **Bill** also noted that Loveland only sells one tap size regardless of the size of home and wanted to know if we would ever start selling smaller taps.

Motion: Don Cook made the motion.

Second: John Butler seconded the motion. The motion was **approved** with a **7-0 vote**.

Rich Bilancia and Gene Packer left the meeting before this vote was taken.

Item 5.3: Proposed Amendments to Title 19, Section 19.04.020(D) - Water rights required for development: Time of Satisfaction of Water Rights Requirements (for Multi-family Units) – Nathan Alburn

Water Utilities Staff received several requests to review and consider changing the time of dedication of raw water requirements for multi-family residential developments described in the City's Municipal Code. The proposed revision will allow applicants to satisfy water rights requirements prior to issuance of a building permit rather than at the time of application. The Code currently requires that all residential developments, no matter the size or type, satisfy the water rights requirements with three main timing options: 1) Prior to the approval of the final plat; 2) Prior to building permit application for a building or combination of buildings equaling 4.00 acre-feet or greater of water rights requirement; 3) Prior to building permit application for buildings or combination of buildings equaling less than 4.00 acre-feet of water rights requirement. The proposed change would update the word "application" to "issuance" in options 2) and 3) only for multi-family developments.

Recommendation: Adopt a Motion Recommending that the City Council Approve the Proposed Revisions to Section 19.04.020(D) of the Loveland Municipal Code Regarding the Timing of Water Rights Payments for Multi-Family Units as Described in the Attached Redline.

- **Discussion:**
- **Christopher Say** asked if this change would treat single-family homes differently or discriminate against the single-family homes. **Nathan Alburn** indicated that it may feel like that, but the main reason for the difference is the way the building permits are reviewed. Single-family homes only go through a single brief review process within the Water Division. Commercial properties (which include multi-family homes) go through two steps in the review process.

Motion: Don Cook made the motion.

Second: Bill Szmyd seconded the motion. The motion was **approved** with a **7-0 vote**.

STAFF REPORT

Item 6.1: Land Management System Implementation – Dan Coldiron

The purpose of this item is to update the Loveland Utilities Commission (LUC) on initiatives aimed at implementing a modern information technology system, intended to replace the existing Building Permit and Planning System. The provided presentation and accompanying discussion will offer insights into the necessity for this updated system and outline the range of services it will provide. This includes improved functionalities and services resulting from the implementation of current technologies. Additionally, the LUC will be briefed on proposed strategies to introduce a fee on permit and planning activities, with the generated funds allocated to sustaining the ongoing operational costs of the new system.

Recommendation: Information item only. No action required.

Item 6.2: Electric Utility Master Plan Overview 2025-2034

Electric Utility engineering staff has been working with a consultant to produce our first Master Plan. The intent of the Master Plan was to have the consultant perform an engineering analysis of Loveland's electric system loading, associate load forecasting, and utilize our existing utility planning guidelines to establish the infrastructure improvements that need to be made and when they need to be completed. This agenda item will provide LUC members with an overview of the Master Plan results and staff's plan for future updates to the Master Plan.

Discussion:

Don Cook had a question regarding N-2 (where we have two transformers out of service) and wanted to know if this would still be considered an N-2 outage if it was very brief in duration. **Adam Bromley** explained that it depends on the time of year, the amount of demand, etc. because you have to plan for the highest level of demand need.

Dan Herlihey had a question regarding Medical Center of the Rockies (MCR) and wanted to know what we are doing to ensure that we meet their needs. **Adam** noted that they are currently served by two substations, and they have an automatic switch – so if one station goes down, they automatically switch over to the other station.

Recommendation: Information item only. No action required.

COMMISSION & COUNCIL REPORTS

Item 7.1:

Commission Reports

Dan Herlihey: Dan took a trip out to northeast Utah and visited Flaming Gorge Reservoir, and he was very impressed with the dam.

Gene Packer: None.

Bill Szmyd: None.

Don Cook: None.

Gary Hausman: None.

John Butler: None.

Matt Elkins: Matt noted that the Electric Technology Roadmap will be interesting to see due to the speed with which technology advances.

Randy Williams: None.

Richard Bilancia: None.

Christopher Say: Christopher believes that all the information we provide as a staff is impartial and transparent and he appreciates that.

Craig Bialy: Craig noted that the industry is in a constant state of change and this staff is doing a great job handling all the change.

Council Reports

Steve Olson: N.A.

Andrea Samson: Councilor Samson gave an update on several of the city council meetings. She encouraged attendees to refer to the specific council recording for more detailed information. She noted that Thompson School District is putting two bond items on the ballot this year. She also mentioned the budget and revenue shortfall discussions. Council discussed their austerity budget again last night (September 17, 2024). She discussed a presentation from Economic Development and was interested to learn that for every \$1 invested in economic development we get \$4 back. She also discussed the public meet-and-greet hosted by the City on Wednesday, October 2, 2024 from 6-8 p.m., at the Forge Event Center to meet the two candidates who have been identified as finalists for its City Manager Position. Additional information can be found on the [City Website](#).

DIRECTOR'S REPORT

Item 8.1: Director's Report – Kevin Gertig

1. We are pleased to share news articles on hardworking experts from the Water and Power Department! Please see attached news articles, '*Drone ranger: Bruce Kelly takes utility inspections to new heights*' (8/19/2024) and '*Water officials brace for Alexander Fire impacts*' (8/18/2024) both reported by the Loveland Reporter-Herald (**Attachment A**).
2. Water Project Updates for August – see **Attachment B**.
3. AMI Deployment Project Updates for September - see **Attachment C**.
4. Electric Capital Project Updates - See **Attachment D**.
5. Water and Electric Meter Sets – See **Attachment E**.
6. At the City Council Budget Workshop on August 15, 2024, Councilor Steve Olson requested information regarding our Waterline Replacement Program. Please see **Attachment F** which addresses his questions with a map of water leaks from 2023 and a map of water mains by condition score. This information will be provided to City Council via memo after this meeting.

ADJOURN: The meeting was adjourned at **6:24 p.m.**

Respectfully submitted,
Melanie Reeves
Recording Secretary
Loveland Utilities Commission /s/ Dan Herlihey, Chair

