

EXPLANATORY COVER SHEET

COUNCILMAN'S BILL NO. CB-1543

SPONSOR: COUNCIL MEMBER LINDSEY

TITLE: A BILL FOR A SPECIAL ORDINANCE AMENDING THE 2005 BUDGET RECOGNIZING REVENUES AND APPROPRIATING EXPENDITURES BY SUPPLEMENTAL APPROPRIATION, FOR THE PAYMENT OF THE COSTS AND EXPENSES OF THE MUNICIPAL GOVERNMENT, AGENCIES AND OFFICES OF THE CITY OF NORTHGLENN, COLORADO, FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2005.

PURPOSE: AMEND 2005 BUDGET TO INCREASE APPROPRIATIONS IN THE WATER AND SEWER FUND IN THE AMOUNT OF \$2,004,000. REQUIRED TO FUND THE COMPLETION OF THE WASTEWATER TREATMENT PLANT EXPANSION PROJECT IN THE AMOUNT OF \$704,000 AND TO FUND THE CONTRACT WITH GLACIER CONSTRUCTION TO PROVIDE CONSTRUCTION MANAGEMENT AND CONSTRUCTION SERVICES FOR THE ADDITION OF EFFLUENT PIPING TO THE WASTEWATER TREATMENT PLANT EXPANSION PROJECT IN THE AMOUNT OF \$1,300,000.

ADDITIONAL EXPLANATORY REMARKS:

DUE TO SUBSTANTIAL COMPLETION OF THE WASTEWATER TREATMENT PLANT OCCURRING IN DECEMBER 2005, THE RECOMMENDED BUDGETED 2006 FUNDS IN THE AMOUNT OF \$704,000 WILL PROVIDE FOR PAYMENT OF THE COMPLETED PROJECT. AS A NECESSARY COMPONENT TO THE FUTURE OPERATIONS OF THE WASTEWATER TREATMENT PLANT, THE ADDITION OF AN EFFLUENT PIPELINE FROM THE WASTEWATER TREATMENT PLANT TO BIG DRY CREEK WILL PROVIDE FLEXIBILITY TO THE OPERATIONS OF THE PLANT AND SERVICE TO SURROUNDING COMMUNITIES AND FUTURE DEVELOPMENT. CONNECTION FEES FROM FUTURE EXTERNAL CUSTOMERS WILL PROVIDE RECOVERY OF A PORTION OF THE \$1,300,000 COSTS.

SPONSORED BY: COUNCIL MEMBER LINDSEY

COUNCILMAN'S BILL

ORDINANCE NO.

No. CB-1543
Series of 2005

1422
Series of 2005

A BILL FOR A SPECIAL ORDINANCE AMENDING THE 2005 BUDGET RECOGNIZING REVENUES AND APPROPRIATING EXPENDITURES BY SUPPLEMENTAL APPROPRIATION, FOR THE PAYMENT OF THE COSTS AND EXPENSES OF THE MUNICIPAL GOVERNMENT, AGENCIES AND OFFICES OF THE CITY OF NORTHGLENN, COLORADO, FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2005.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT THE 2005 BUDGET SHALL BE AMENDED AS FOLLOWS:

Section 1. Supplemental appropriations, transfer of appropriations and recognition of revenues.

(a) Water & Sewer Fund. Amend the 2005 Water and Sewer Fund budget to increase appropriations in the amount of \$704,000 as follows:

(Item 1) \$704,000 for purposes of completion of the wastewater treatment plant expansion project.

Recognize a decrease in the final 2005 Water and Sewer Fund unrestricted fund balance of \$704,000 represented by the above supplemental appropriation.

RECOGNIZE A CORRESPONDING DECREASE IN THE 2006 WATER AND SEWER FUND CAPITAL IMPROVEMENT PROJECTS BUDGET OF \$704,000.

~~(b) Water and Sewer Fund. Amend the 2006 Water and Sewer Fund budget to increase appropriations in the amount of \$1,300,000 as follows:~~

~~(Item 2) \$1,300,000 for purposes of construction management and construction services for the addition of effluent piping to the wastewater treatment plant expansion project.~~

~~**Recognize a decrease in the final 2006 Water and Sewer Fund unrestricted fund balance of \$1,300,000 represented by the above supplemental appropriation.**~~

Section 2. The City Council of the City of Northglenn, Colorado, hereby finds and declares that in making appropriations provided by this ordinance:



Memorandum

To: The Mayor and City Council
From: Kurt Kowar, Logistics Center Manager
Brent Worthington, Finance Director
CC: Phil Nelson, City Manager
Date: December 9, 2005
Re: **Clarification of Staff requests for WWTP Funding**

Staff is hereby presenting to the Mayor & City Council a clarification of the additional funding requested for the WWTP Expansion Project.

Two memoranda (included with this memorandum) were previously provided to the Mayor and City Council on November 10th. The first memorandum described an overview of additional components staff would be proposing at the December 8th City Council meeting. The second memorandum described in detail a request by staff for reappropriation of funds and a supplemental appropriation of funds. The first request to reappropriate budgeted 2006 CIP funds to the 2005 CIP fund in the amount of \$704,000 was for completion of the originally budgeted WWTP construction. The second request for a supplemental appropriation to the 2005 CIP budget in the amount of \$1,300,000 from Water & Sewer fund balance was for addition of an effluent pipeline to the WWTP Expansion. The effluent pipeline was part of the original WWTP Expansion bid process but not part of the approved construction contract with Glacier Construction due to constraints of the original 2004, 2005, and 2006 aggregate WWTP Expansion budget.

In this process the original intent was to begin construction of the effluent pipeline if approved in December. Staff presented the proposed appropriations to the Mayor and City Council on November 10th. The intention was to obtain staff report approvals following approval of the 2nd reading at the December 8th City Council meeting. The appropriations require two readings. It was necessary to present the appropriation at the November 10th meeting for the 1st reading due to only having one meeting scheduled in November and December. Due to delays in obtaining final contract pricing and rescheduling of the December City Council meeting, adequate time for a thorough staff review became unfeasible to meet the November 23rd packet submittal deadline. Therefore, the start of construction on the proposed effluent pipeline will be delayed until a possible staff report approval on January 26th. However, based on Council's passage of CB-1543 on second reading at the December 1 Council meeting, the contractor has agreed to move forward with procurement of the pipeline materials. This is important because a delay would have resulted in a significant price increase; the cost to the City would have increased by \$50,000 - \$100,000.

Budget Impacts:

1. Moving the \$704,000 forward from the 2006 CIP budget to the 2005 CIP budget will result in a decrease in unrestricted fund balance at the end of 2005. However, absent the re-appropriation, this decrease would have occurred in 2006; the net effect on unrestricted fund balance does not change.
2. In conjunction with this re-appropriation, \$704,000 has been removed from the 2006 CIP budget.

3. The \$1.3 million effluent pipeline project was not originally budgeted in either 2005 or 2006. Since it was the intent of Staff and the contractor to commence the effluent pipeline project in December of this year, the appropriation ordinance as originally drafted requested that the appropriation occur in 2005.
4. Timing issues made it impossible to commence in 2005, so the actual expenditure of funds will not begin until 2006. However, bringing the appropriation to Council for passage at this time allows the contractor to order supplies now, to meet lead times and take advantage of more favorable pricing.
5. Pursuant to CB-1432, passed by Council on February 27, 2003, budgeted Capital Improvement Projects are automatically carried forward over into subsequent years. Therefore, for budget purposes, it makes no difference whether this appropriation supplements the 2005 budget or the 2006 budget; either would be legal and appropriate

To: The Mayor and City Council Members

Through: Phil Nelson, City Manager

From: Brent Worthington, Finance Director
Kurt Kowar, Logistics Center Manager

Date: November 10, 2005

Re: Appropriation of funds in the Water and Sewer Fund to pay for the wastewater treatment plant expansion project and additional effluent piping.

Recommended Action

Recommend approving the attached ordinance amending the 2005 budget to increase total appropriations in the Water and Sewer Fund by \$2,004,000 to pay for the wastewater treatment plant expansion project and for the addition of effluent piping, to the wastewater treatment plant expansion project.

Background and Other Information

In May 2004, City Council approved Staff Report 04-18 for up to \$ \$14,200,000 for design and construction services for expansion of the wastewater treatment plant in response to the Colorado Department of Public Health and Environment's restriction on discharges to Big Dry Creek.

Construction of the WWTP is proceeding on time and on budget. However, due to substantial completion occurring in December of 2005, staff is requesting the 2006 recommended budgeted funds in the amount of \$704,000 be appropriated in 2005. This will allow completion and payment for the WWTP expansion construction on the mandated Colorado Department of Public Health and Environment schedule.

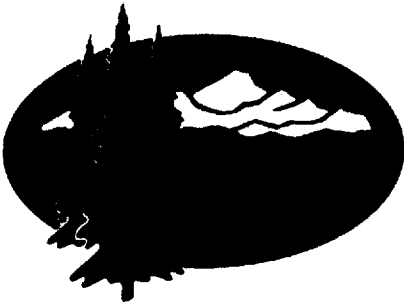
In addition, staff is requesting supplemental appropriation in the amount of \$1,300,000 to budget for addition of an effluent pipeline from the new WWTP to Big Dry Creek. This pipeline was an add alternate in the original Bid for the WWTP. The pipeline was not part of the original contract due to budgetary constraints at the time of the award of the bid. Based upon the current Water and Sewer Fund balance and the project being on schedule and on budget, staff is recommending the addition of this component. Installation of the pipeline will provide flexibility to the operations of the plant for the needs of Northglenn, service that will come from Thornton (CR-38, Series 1992), and any future service from possible developers. The pipeline is a necessary component for the future operations of the WWTP. As development continues around the area of the WWTP, installation costs for the pipeline will only increase if this component is deferred. It is estimated that waiting additional years could increase installation costs 50% - 100% of present day costs. A portion of the costs incurred for this component will be recovered in the form of sanitary sewer connection fees at the time additional service is provided to external customers.

Staff will follow up with change orders for Glacier Construction and Integra Engineering. The staff reports associated with those change orders will be presented for consideration by the Mayor and Council at the December 8th council meeting.

Budget Information

Finance has verified that the Water and Sewer Fund has adequate resources to fund the wastewater treatment plant expansion project and to fund the addition of effluent piping. The Water and Sewer Fund unrestricted fund balance is sufficient to cover the increase.

Approving the attached supplemental appropriation will increase appropriations in the 2005 budget in the Water and Sewer Fund in the amount of \$2,004,000.



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Memorandum

To: The Mayor and City Council

From: Kurt Kowar, Logistics Center Manager

CC: Phil Nelson, City Manager

Date: November 4, 2005

Re: Request for additional components to the WWTP Expansion Project

Staff is hereby presenting to the Mayor & Council an overview of information that will be presented in the remaining two council meetings regarding the Wastewater Treatment Plant Expansion project.

Currently, the WWTP expansion project is on schedule and on budget. The September project status report is attached for your review. Please note that there has been change order activity in October that will bring the actual total from a credit of \$76,732 to a cost of \$55,607.25.

Staff has been working to analyze the status of the WWTP expansion project and the current Water & Sewer operation funds within the city. It is staff's desire to optimize the use of currently available funds within the approved WWTP expansion project budget, the Water & Sewer operations budget, and Water and Sewer unappropriated fund balance.

Two components of the original design of the WWTP expansion but eliminated at the time of the contract award are being reconsidered by staff. These two components are a remodel and expansion of the WWTP service building for laboratory needs and addition of a gravity effluent pipeline to Thompson Ditch and Big Dry Creek. Both components were part of the original bids received on this project as add alternates but were eliminated due to budgetary constraints at the time of award.

Over the course of this past budget year staff have aggressively managed both the approved project budget and operations budget in hopes of creating opportunities for additional needed components to the plant. In addition, further analysis has taken place on an ongoing basis to streamline and minimize the needs in regards to construction and staffing for the WWTP expansion. Staff feels that with the combination of these two strategies and a "closing in" on the substantial completion of the project that the opportunity has presented itself.

The current laboratory at the WWTP service building is inadequate for the expanded staffing and testing needs of the WWTP expansion. Staff will be recommending that approximately \$350,000 be allocated towards completion of a remodel and expansion of the existing laboratory. This component will be funded by an inter-fund transfer of \$300,000 within the Water & Sewer Fund and \$50,000 of currently unencumbered capital improvement funds. These funds are available due to streamlining and minimization of the original staffing projections for the WWTP expansion. Change Orders will be requested from Glacier Construction and Integra Engineering for this work. The staff reports associated with those change orders will be presented for consideration by the Mayor and Council at the December 8th council meeting.

The second component being recommended by staff is the construction of an effluent discharge pipeline from the WWTP expansion to Thompson Ditch and Big Dry Creek. This pipeline is an essential part of the long term operations of the WWTP. Installation of this pipeline will provide the ability to discharge treated effluent by gravity to Big Dry Creek. Currently to discharge effluent, the City

must pump the effluent twice to discharge to Big Dry Creek. Pumping results in electrical costs that continue to escalate each year. In addition, the pipeline will allow discharge capabilities in situations with Thornton (CR-38, Series 1992) or possible developers in future years where water rights may preclude the ability to place and store effluent in Bull Reservoir. As the city's exchange agreement with FRICO slowly phases the pipeline will also be essential for gravity discharge of effluent that may not have a "reuse" capability. The final consideration in regards to the the installation of the pipeline is the installation cost if this component is deferred. Development is only inevitable around the vicinity of the WWTP in coming years. Improvements to road right-of-ways and development along the proposed alignment for the effluent pipeline will only increase our future costs for construction. Staff estimates that deferring this component to future years could increase the costs 50 – 100% of the present day installation costs. Staff is recommending a supplemental appropriation in the amount of \$1,300,000 from the Water & Sewer Fund balance as the funding source for this component. Change Orders will be requested from Glacier Construction and Integra Engineering for this work. The staff reports associated with those change orders will be presented for consideration by the Mayor and Council at the December 8th council meeting contingent upon approval of the requested supplemental appropriation.

The recommended components are necessary for the successful long term operation of the WWTP for Northglenn. In addition, these components position the City to better serve future customers of the WWTP. It is important to note that partial costs will be recovered through future connection charges as service is provided to external customers.

In closing, staff is recommending a supplemental appropriation from Water & Sewer fund balance of \$1,300,000 for installation of an effluent pipeline. In addition, staff will be recommending to the City Manager an inter-fund transfer from operations to the capital improvement program in the amount of \$300,000 for remodel/expansion of the WWTP service building laboratory. Staff thanks you in advance for your time and consideration on the recommendations made for these additional improvements to the WWTP.