

# Council Agenda Summary

May 4, 2021

Key Staff Contact: Sean Chambers, Water & Sewer Director, 970-350-9815

## Title:

Consideration of a resolution authorizing entry into the First Amendment to the Intergovernmental Agreement for Sewage Treatment Services between the City of Greeley, Colorado and the City of Evans, Colorado

## Summary:

Greeley and Evans have an Intergovernmental Agreement (IGA) that has been in effect since 2002 pursuant to which Evans provides wastewater treatment services for Greeley customers located in the Ashcroft Draw Basin. The only area currently served by this IGA within the Ashcroft Draw Basin is the St. Michael's subdivision. The Ashcroft Draw basin encompasses several undeveloped lots in St. Michaels, planned 730 multi-family units, planned 500 single family units, and approximately 615 acres of additional undeveloped land. The Ashcroft Draw Basin is hydraulically disconnected from areas of Greeley that can drain by gravity to the city's wastewater treatment and reclamation facility on East 8<sup>th</sup> Street.

The original IGA allows Greeley to deliver wastewater produced within the Greeley service area of the Ashcroft Draw Basin to Evans for treatment. In return for its treatment of the wastewater from the Ashcroft Draw Basin, Evans is entitled to the System Development Charges (SDC) for each sewer tap in the Greeley service area treated by Evans, and monthly service rates consistent with rates charged to Evans customers of similar rate classes. The SDC is commensurate to a plant investment fee.

Greeley seeks to amend the IGA with Evans based on its plans to construct a regional wastewater lift station near the City's south boundary in the Ashcroft Draw Basin. The change in service area is due to Evans having limited treatment capacity and an increase in Evans Monthly Sewer Rates as a result of recent Wastewater Plant expansions. The City decided that the best approach to serving the Ashcroft Draw Basin was to construct a Lift Station and the downstream improvements required to serve the area. Once the Lift Station is constructed, all of the current wastewater flow from St. Michael's and surrounding future development within the service area will be directed to the lift station and treated by Greeley.

The current average monthly residential wastewater service bill in Greeley is \$23 and in Evans \$43. Residents within St Michael's are Greeley customers and are billed based on City of Greeley Rates. Evans invoices the Greeley for the monthly service fees of all Greeley customers on the Evans wastewater system based on the Evans rate structure, and Greeley Water and Sewer Department pays the cost difference to Evans.

The proposed Amendment to the IGA sets forth terms by which Evans will continue to treat wastewater from that portion of the Greeley Service Area until Greeley's new Ashcroft lift station is constructed and operational. This term of the agreement will

allow approximately 200 new residential taps in Greeley to be served by Evans on a temporary basis, and any SDCs incurred as a result of new taps granted prior to the construction of the lift station, will be shared by the parties and charged based on a new methodology more favorable to Greeley. The IGA Amendment further outlines the terms and conditions by which Evans will provide treatment services in the event of an emergency or operational outage that could be caused by an equipment or power malfunction or planned maintenance of the Ashcroft Lift Station after it is built. This operational backup and redundancy terms a benefit for Greeley.

The Ashcroft Lift Station is exclusively for Greeley's customers and the capital costs to design, permit and construct the lift station will be funded by City of Greeley.

**Fiscal Impact:**

Does this item create a fiscal impact on the City of Greeley?	Yes
If yes, what is the initial, or, onetime impact?	See additional comments
What is the annual impact?	See additional comments
What fund of the City will provide Funding?	412-Sewer New Construction
What is the source of revenue within the fund?	Plant Investment Fees, Bonds
Is there grant funding for this item?	No
If yes, does this grant require a match?	N/A
Is this grant onetime or ongoing?	N/A
Additional Comments:	<p>The construction of the lift station will eliminate annual wastewater service payments to Evans of approximately \$275,000.00. Once the lift station is constructed Greeley will keep all Plant Investment fees for new sewer taps in the Ashcroft Draw Basin, which are currently paid to Evans.</p> <p>The capital cost to construct the Lift Station will be funded by Greeley and is planned to be reimbursed by development through a Local Improvement District. Water and Sewer is planning to approach City Council with the Local Improvement District Ordinance in June of 2021. Greeley will be responsible for its share of the Lift Station for the existing St Michaels Subdivision.</p>

**Legal Issues:**

Section 3-5 of the Greeley City Charter and Section 02.07.040 of the Greeley Municipal Code authorize the City to enter into contracts with other governmental entities for the performance of cooperative or joint activities. The City Attorney's Office has reviewed and approved the IGA as to form.

**Other Issues and Considerations:**

The Water and Sewer Board approved the First Amendment to Intergovernmental Agreement for Sewage Treatment Services at its April 21, 2021 meeting, and recommended that the City Council approve the same.

The City of Evans Resolution 07-2021 Approving the First Amendment to Intergovernmental Agreement for Sewage Treatment Services at their April 20, 2021 Council meeting.

**Applicable Council Priority and Goal:**

*Infrastructure & Growth: Establish the capital and human infrastructure to support and maintain a safe, competitive, appealing and successful community; and*

*Safety: Manage the public health, safety and welfare in a way that promotes a sense of security and well-being for residents, businesses and visitors.*

**Decision Options:**

- 1) Adopt the resolution as presented; or
- 2) Amend the resolution and adopt as amended; or
- 3) Deny the resolution; or
- 4) Continue consideration of the resolution to a date certain.

**Council's Recommended Action:**

A motion to adopt the Resolution

**Attachments:**

Resolution

Original Intergovernmental Agreement for Treatment Services with Evans

First Amendment to IGA for Treatment Services with Evans

Exhibit A Map

Evans Resolution 07-2021