



## **2A Stormwater Advisory Committee (SAC) Meeting Agenda**

**2-4 PM, November 19, 2020**

**Meeting Held Remotely**

City of Colorado Springs Attendees: Mayor John Suthers, Travis Easton, Richard Mulledy, Maren McDowell, City Councilman Don Knight, City Councilman Tom Strand, Tim Biolchini, Jeff Besse, Brenda Roy

Board Members Present: Matthew Johnson, Gary Nesbit, Christine Lowenberg, Terry Schooler, David Havlick

Board Members Absent: Shannon Anderson, Emily Magnuson

The meeting was called to order at 2:07 p.m. by Chair Terry Schooler.

The previous meeting minutes were approved after a motion by Christine Lowenberg and a second from Gary Nesbit.

Richard Mulledy provided opening remarks, thanking the board for joining remotely, as well as for their patience. He explained how all of Stormwater's operations are occurring remotely and we are hitting our stride. He said there have been no negative effects from a performance standpoint despite COVID-19. Operations, plan reviews, collections: all is business as usual.

Brenda Roy provided the quarter three financial overview. The Enterprise is on track with operating expenditures. The majority of remaining funds for the year is salary and benefits.

Richard Mulledy explained the category of "Drainage Operations and Maintenance." In next year's budget, they will change things a bit for this category and Richard wanted to provide the board a heads up. The change will be noticed the first quarter of next year. There will be an equivalent amount of expenditures but work will now be contracted through the General Fund. The employees within the Enterprise are embedded in the Public Works Operations team right now, and we are going to formally put them into this category. This will result in no change to the expenditures and is simply a book keeping exercise that will happen soon.

Brenda Roy provided the capital financial overview. \$7 million has been expensed so far for Q3. The remaining is either under contract or planned to be under contract by the end of the year.

Richard Mulledy provided an update on the five years that have elapsed under the Pueblo County and City of Colorado Springs IGA. The IGA committed the City to spend a certain amount of expenditures on a yearly basis for Stormwater projects, and then a certain amount during five year increments over the

next 20 year period. We are coming up on the close of the first five year period. The agreement was made in 2016. Richard provided a slide showing amount spent over the first five years. Over \$104 million will be spent by the end of 2020, meeting the required \$100 million as set forth in the IGA. We have been working hard to get as close to \$100 million as possible. This is a major milestone.

Board Member David Havlick asked if amount above \$100 million will roll over for future projects. Richard responded that it will not roll over as an expenditure. However, we are going to talk to Pueblo and see if it is reasonable to count the amount above \$100 toward the next five year period because we think it is reasonable.

Travis Easton explained that the next five year total needs to be \$110 million. \$16.5 million is the minimum spend every year. Richard said the enterprise could underspend in a future year to reach closer to our required amount. Travis said that way we would not have to modify the IGA.

In discussion, the board said this request is a legitimate and reasonable request of Pueblo County.

Board member Matthew Johnson asked if the enterprise is anticipating adding more to the O&M budget as more projects are completed, and will require additional maintenance. Richard Mulledy said yes, we are planning to grow that budget and believe the growth factor will cover the additional facilities. We were growing it at 3.5% in our model.

Board Chair Terry Schooler asked how the O&M part of the budget fits within the \$100 million over the five years period. Richard explained that maintenance is counted as a qualifying expenditure so it is included in the total budget. Inflation is modeled at two percent in the IGA.

City Councilman Don Knight asked for clarification of the charts. Are claimed expenditures what we have claimed with Pueblo or just our own expenditures?

Richard Mulledy said that when we first started the IGA the ultimate target was actual expended dollars. However, we are able to, on a yearly basis, claim the encumbered funds, so long as at the end of the five years the actual expenditures are there.

Brenda Roy provided numbers for year-over-year Stormwater Fee Bills and Collections. The difference between 2019 and 2020 is due to new growth added because of six-month GIS reviews. \$321,000 additional was added in 2020.

Mayor Suthers inquired as to whether there were any major delinquent accounts. Brenda Roy said the lien process has been successful thus far for delinquent accounts. She informed the group that the Enterprise certified \$33,000 to the El Paso County Treasurer last year for collections. As of the meeting date, the Enterprise had received \$26,000 of that, which brings collections close to 100 percent.

The Enterprise just completed their six-month review and will pick up another \$9,300 per month as a result. Every six months the Enterprise receives updated NearMap imagery, and any new development is billed appropriately. Colorado Springs Utilities also adds residential billings as they set up new water service agreements.

We have submitted \$71,000 to the county this year but that is only for the parcels that are delinquent \$200 or more.

Brenda then discussed how many accounts are 90 days past due. In October the Enterprise had 1,714 properties that were 90 days past due. However, only 170 accounts were over the \$200 threshold. A slide was provided showing 90 day past due amounts.

We have seen a dramatic drop each June for the last two years. This is because in June the Enterprise sends out the delinquent notices. Once we do that, we see a dramatic decline. We also start reaching out to companies to ensure we have the right contacts (return letters). We also send Intent to Lien letters around July.

CSU is now billing over 60 percent of the revenue and 90 percent of the accounts. The Mayor asked if they will do more in the future or if they are at maximum capacity for billing. Brenda Roy said we have transferred everything we can so far. CSU will continue to bill more new residential units. Utilities has to update their system before we can transfer additional parcels to them. Right now a resident must have an active residential water system to be billed by CSU. Remaining parcels do not have an active residential water service agreement. CSU is developing a new billing system that will allow them another means to capture the rest of those accounts. They are going to need a few years to re-configure their entire billing system, and they have started this process.

Mayor Suthers inquired as to what percentage of the billing done by CSU, versus what is billed by the City (third party billing company). He also asked how CSU is compensated for this. Brenda shared that there is a tremendous difference between CSU and the third party billing company. About \$36,000 per month is paid to the third party billing company. However for CSU, we pay about \$6,000 per month. Using CSU has saved a tremendous amount of money.

We can tax lien properties billed by the third party billing company, and also lien properties billed by CSU. There was a discussion about separating the CSU bills if there is a non-payment issue.

Tim Biolchini then provided a general project update and update on IGA projects. Tim said he would be giving an overview as there had not been too much change since the previous meeting. Now that the year is almost closed, a chart Tim provided showed where projects will be by the end of the year. Nineteen projects are complete. One project is in final cleanup which will be done by the end of November 2020. Having 19 projects completed means we are ahead of the program, as we have more complete than we need to per the program. Four projects will be under construction by the end of the year. A 10-year block of projects are already under design. We are really moving ahead of the curve. The planning projects that were pictured in purple are at 10 percent concept design. We do that so we can estimate budget and do pre-planning. Several projects go out to bid within the next 3-4 months. Winter is our big construction period. There was then a discussion of various projects and varying degrees of FEMA involvement.

North Douglas is under design. FEMA has to revise the mapping of the floodplain before we can go to construction. Should be under construction by fall of next year.

South Douglas: We have agreement with FEMA. We are estimating the cost of the project could be \$700,000 or up to \$1 million. Stormwater will fund what is above the FEMA grant. We have to take care of it ASAP or it will cost \$2 million a year from now. FEMA grant is the icing on the cake for us. We have to do something now to save money in the end.

Tim told the group more about the Stormwater coordination process. Whenever we plan a project we attend the 2C meetings just like CSU and ask if any utilities in that area need any updates. We have teamed with CSU and Traffic Engineering on several projects. There have been three major projects where we were able to coordinate.

Richard Mulledy then provided a settlement updates. This included injunctive relief, construction erosion control program improvements, third party audits, SOPs, mitigation projects, documenting/tracking/reporting, and the civil penalty.

The SWENT fee will be raised to cover additional costs including the consent decree and the Pueblo IGA escalation costs.

The ballot said the fee can be increased by Council for a specific reason to include compliance with the Pueblo IGA. Another reason the fee could be increased would be to cover expenses related to a federal judgement. There should have an estimate of what this increase will be toward the end of 2020.

Then a discussion was held regarding the last four years with City Staff and the development community and how far we have come to enforce drainage criteria.

Green Infrastructure Manual/LID Manual Development Discussion:

Richard told the board that Muller Engineering will develop the manual, and the SAC will be involved heavily. If the city adopts LID for new and re-development, no one in the state currently has minimum targets except for Cherry Creek. Everyone else has LID requirements but there is no minimum target. In the consent decree, it states that if we were to adopt the LID requirements for developers, we would get a one-time credit against our debt. We would also be able to count the amount of volume and claim that as a credit against the debt. It would be a very different type of system.

There was then a discussion about how to get buy in from developers and what would be required of them.

Closing thanks comments from the Mayor.

Next meeting: February 28, 2021