



MEMORANDUM

To: Mt. Crested Butte Water & Sanitation District Board of Directors
From: Mike Fabbre, District Manager
Date: December 10, 2020
Subject: Hunter Ridge, LLC, Inclusion Application

This memorandum will serve as the staff recommendation to the Mt. Crested Butte Water & Sanitation District (District) Board of Directors (Board) on the inclusion petition submitted by Hunter Ridge, LLC, for the property commonly referred to as 45 Hunter Hill Road (Property). The District will be conducting a public hearing and special Board meeting on December 16, 2020 at 5pm to discuss the petition and potentially grant, grant with conditions, or deny the proposed petition for inclusion into the District.

The District currently owns, operates, and maintains approximately 1,210 linear feet of 8" PVC, SDR 35 pipe and six manholes that exist on the Property. All District infrastructure on the Property has an easement of ten feet on each side from center line of pipe.

Wastewater

The property inclusion would provide the District with the opportunity to alleviate serious and costly hazards that result from the current placement of the sewer lines across the Property.

As background information, the District conducts maintenance on all sanitary sewer system piping by high pressure jetting and camera inspections once every four years and every year on high use sections. This results in every wastewater pipe in the District being jetted and inspected at a minimum of once every four years. When the section of pipe on the Property was installed the District did not own its current jet truck that has an industry standard 400' hose reel for a truck sized appropriately for our topography. The design of the jetting process is to be able to park the jet truck at a single manhole and be able to jet up to 400' of sewer pipe. The truck then drives to the next manhole to continue the process. Access to this critical infrastructure for routine maintenance is another reason why manholes are ideally placed in roadways with the additional benefit of snow removal during winter months.

This Property presents many different logistical problems for maintaining this section of pipe. Currently, the District has an easement but does not have vehicular access to the manholes because of the topography of the Property. Building a road on the current easement would be very costly, difficult and would not solve all of the problems. Two of the manholes exist near a delineated avalanche zone and contain sharp interior bends.

An operator would need to enter the manhole to feed the jet hose and/or camera from one pipe into the other in order to conduct the maintenance on that section of pipe and not damage expensive equipment.

Health and safety of the District operators is of utmost concern when having to enter these potentially dangerous environments. Proper confined space entry dictates atmospheric monitoring and tripod/harness entry in case of asphyxiation among many other precautions. Vehicular access facilitates proper confined space protocols and decreases potential health and safety concerns.

However, even if the District built a road on the existing easement, we do not believe we could remove the two manholes from those precarious locations based on the slope and grade. Re-routing and re-alignment of the sewer line would give the District safe year-round access for maintenance, jetting, inspections, and emergency repairs. Right now, we do not have a safe and reasonable way to get our trucks and equipment to most of the manholes on the Property. An emergency event during the winter months would be extremely difficult to repair and could result in a multitude of dangerous consequences.

The District had JVA Engineers conduct a sanitary sewer capacity analysis evaluating the full build-out of the Overlook subdivision area and all potential future growth that would flow through the pipe on the Property. The report concluded that the pipe capacity could support full build-out of the existing community in that area as well as support full build-out of the Property as proposed in the inclusion petition.

Water

The District has sufficient water rights to supply the inclusion of the Property. JVA Engineering conducted a project needs assessment report for the District in 2019 and concluded that the District has adequate absolute water rights for at least the next 20 years and beyond. Resource Engineering has conducted studies for the District that have determined that acquiring the 300-acre feet in Long Lake as part of the Upper Gunnison River Water Conservancy District (UGRWCD) agreement would more than satisfy the entire District at full build out. The District also owns 700-acre feet of conditional water rights for the North Village Reservoir. The District has discretion to accept a monetary payment in lieu of water rights as a condition of inclusion.

Geotechnical

There may be unique geotechnical issues existing on this Property but the District deals with unique geotechnical issues throughout its boundaries. Two studies have been conducted on the Property.

The District's potential infrastructure for the Property would consist of water and wastewater mainline piping, sewer manholes, water valves and fire hydrants. The District's rules and regulations require proper bedding material and other preventive measures to offset any geotechnical issues or subsurface conditions. Pipe placed in a trench with proper bedding material and burial depth in Mancos shale soils is common practice for the District. District infrastructure necessary to serve the Property would of

course be installed at the sole cost of the Developer, with adequate security provided to the District in advance.

Financial

The District would potentially receive a \$49,000 (per UGRWCD) one-time payment in lieu of water rights that could be used to help pay for the Long Lake project or any other future water rights acquisition. The District would also receive tap fees, usage fees, availability of service fees, and increased property tax revenue as a result of the development of the Property. The numbers listed in the table below are based on the 2021 budget and will increase over time as the Property is being developed over multiple years.

Financial Impact of 45 Hunter Hill Road Inclusion					
One Time Cash Inflows		<u>Initial</u>	<u>@ Full Build-Out</u>		
Cash in Lieu of Water Rights	\$	49,000		UGRWCD	
Tap Fees			\$ 408,020	20 SFE Units	1,2
	\$	<u>49,000</u>	\$ <u>408,020</u>		
Ongoing Cash Inflows (annual)		<u>Initial</u>	<u>@ Full Build Out</u>		
Use Fees			\$ 19,734	16 mtrs/12 mos	3,4
Availability of Service Fees	\$	3,655		8 lots for 4 qtrs	5
Property Tax	\$	<u>2,500</u>	\$ <u>15,000</u>	estimated	
	\$	<u>6,155</u>	\$ <u>34,734</u>		
1	12 Triplex units @ 1 each, 4 Homes @ 2 each = 20 SFE Units				
2	2021 MCBWSD Approved Budget SFE Tap Fee Rate is \$20,401				
3	12 triplex units + 4 homes = 16 meters				
4	\$102.78 is the 2021 min. monthly User Fee				
5	\$114.23 is the 2021 quarterly Availability of Service Rate				

The nature of the existing sewer line is such that if the District does not include the Property and re-align the existing pipe, there will be significant future capital costs to build vehicular access to the manholes and re-engineer the existing public infrastructure within the existing easement (see Wastewater section above). If the Property is included into the District, the developer will be responsible for granting new easements, re-aligning the pipeline and paying for all the new infrastructure.

Recommendation

The staff recommendation is based off a pragmatic look at the infrastructure and operations required for the District to fulfill its mission, as well as the advantages vs. disadvantages to the District as a whole. The mission of the Mt. Crested Butte Water & Sanitation District is to provide reliable and quality water along with environmentally responsible wastewater services to our community in a cost-effective manner, with a commitment to public health and safety for our customers and staff.

This recommendation does not consider any other political implications or outside decisions that are not appropriate for the staff to consider in making a recommendation.

The District is tasked with providing safe drinking water and wastewater services at a reasonable cost to its customers. It is beyond staff objectives to judge aspects of property inclusion that fall outside our areas of responsibility. The recommendation is based on the benefits to the entire District and all its constituents in view of the foregoing considerations. The staff recommendation is as follows:

- Approve the Hunter Ridge, LLC, inclusion application with a condition that all of the JVA Engineering requirements be met and all District rules and regulations are met. This includes but is not limited to easements, warranty bonds, maintenance bonds, survey work, as-built drawings, etc., as well as a cash in lieu of water rights payment in the amount of \$49,000.00, to be paid in advance. All costs of the public infrastructure built to serve the Property would be the sole expense of the developer.
- The Board require any and all additional conditions on inclusion as they see fit.
- Require a surety bond or other form of security acceptable to the District in an amount adequate to secure the public infrastructure necessary to serve the Property. This includes but is not limited to all water and wastewater mainlines, service lines, pre-taps, curb stops, and all associated appurtenances.

Recommendation of inclusion provides many benefits to the District with minimal disadvantages. These include health and safety to our employees, advantageous operations and maintenance, positive financial impacts, and lessening of future capital projects and costs.

Respectfully submitted to the District Board as well to all concerned citizens in our community.