



October 30, 2015

Mr. Kevin Reidy
Water Conservation Technical Specialist
Colorado Water Conservation Board
1313 Sherman Street, Room 718
Denver, CO 80203

Subject: City of Rifle – 50% Status Report on CWCB Grant for Water Efficiency Plan

Dear Mr. Reidy:

I am writing this status report as one of my first duties as the new Utility Director for the City of Rifle. The grant from your office associated with updating the City's Water Efficiency Plan (Plan) requires us to report at the 50% and 75% percent completion stages. We are approximately two months late in submitting this first report as a result of personnel transitions both within the City and our consultant's project manager. We are reporting our preliminary findings, milestone status, obstacles and concerns, and revising our schedule based on our new project leadership.

Transitions:

City of Rifle: Dick Deussen, the City's Utility Director and former City Engineer retired on September 18, 2015. As the new Utility Director, I am coming into the position with intimate knowledge with on-going water treatment and storage capital projects as the current construction manager of those projects and with less familiarity on other aspects.

SGM, Inc.: Shannon Ullman, a key person familiar with the City's previous water conservation plan and the current grant supported effort no longer works for the City's consultant SGM. Angie Fowler is now the project manager. The City and the SGM team are now meeting every other week to complete the Plan as expeditiously as possible.

Preliminary Findings

- The City believes the 2.95% water demand growth forecasted in the grant proposal was estimated incorrectly as being equivalent to population growth when actual metered water deliveries (also shown graphically in the proposal) show a multi-year decline.

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- The City's water deliveries are now below 2000 AF/year and we are entering a period of progressively increasing water rates (5% each year plus specific project related surcharges) to pay for the ongoing capital expenditure program.
- The City's financial circumstances are that a two-year \$34M capital expenditure program (water treatment plant and two water storage tank projects) will complete in 2016 with no significant tap fee revenue realized over the last several years, and no significant revenue projected in the near future. The City has also lost its enterprise status for the Water Fund.
- The City now considers the previous *2006 Water and Wastewater Master Plan* to be no longer representative and out of date. This is the case because water and wastewater treatment plants talked about in the master plan have actually been constructed or are being constructed; population growth, water demand, and revenue projections have not materialized; and costs projections do not reflect a 30% to 50% increase in market condition recently observed statewide.

Milestones Achieved:

Three milestones were established in the grant proposal.

- 1) 50% completion of the WEP by September 1st, 2015:

We are approximately 2 months late with regard to this milestone.

- 2) 75% completion of the WEP by October 1st, 2015:

We are forecasting 75 percent completion by late December, 2015.

- 3) Submittal of completed WEP to CWCB by January 1st, 2016

We are forecasting the 60 day public comment period to commence in late December 2015, or early January 2016. Submittal of a completed and City Council adopted plan to the CWCB would occur in March or April 2016.

Obstacles or Concerns:

Many aspects of the previous conservation plan have been found to be inconsistent with recent decisions made by the City. As an example, the City plans to discontinue water production associated with its Beaver Creek WTP (BCWTP) and the Graham Mesa WTP (GMWTP) within the Plan period (2016-2023) as it consolidates treatment at the Rifle Regional Water Purification Facility (RRWPF) now under construction. In the 2016 Water Efficiency Plan, the City will discontinue discussing supply needs and conservation measures associated with facilities planned to be de-commissioned and more clearly

delineate conservation activities associated with water supplies and facilities that will exist in each supply system going forward.

Another challenge with existing facilities being decommissioned and new ones being constructed is that water balances will change as well as benchmark performance data. There will also be significant amounts of unmetered water used for construction and extended periods where it is not possible to perform a water balance. The new RRWPF will come into production early in the Plan period (2017). The City recognizes that it is entering a period where new conservation baselines will need to be established for new water and material balances.

Summary of Revisions to Scope or Schedule:

Revisions to the scope of the Plan are not being considered. As stated above, we are forecasting 75 percent completion of the Plan by late December 2015. We are forecasting the 60 day public comment period to commence in late December, or early January 2016. Submittal of a completed and City Council adopted plan to the CWCB would occur in March or April, 2016.

Should you or the CWCB have any questions, the best way to reach me is via e-mail at jimmiller@rifleco.org or by leaving a voice message at 970-665-6558.

Regards,

A handwritten signature in blue ink, appearing to read "Jim Miller".

Jim Miller, PE
Utility Director

CC: Angie Fowler, SGM