



AGENDA
for the Board of Trustees
of the Town of Palisade, Colorado
341 W 7th Street (Palisade Civic Center)

November 14, 2023

5:00 pm – 5:30 pm Police Badge Pinning
Officers Paul Southern and Greg Birely

6:00 pm Regular Meeting

A live stream of the meeting may be viewed at:

<https://us06web.zoom.us/j/3320075780>

- I. **REGULAR MEETING CALLED TO ORDER AT 6:00 pm**
- II. **PLEDGE OF ALLEGIANCE**
- III. **ROLL CALL**
- IV. **AGENDA ADOPTION**
- V. **ANNOUNCEMENTS**
 - A. **PUBLIC COMMENT REMINDER:** All emails sent to the Town Clerk for public comment on a specific agenda item prior to the day packets are published will be included in the staff report. Emails received after the packets are posted will be forwarded to the Board of Trustees. Any member of the public who wishes to have a statement or email read into the Minutes is required to appear in person and make said statements to the Board directly.
 - B. **GET INVOLVED WITH OUR COMMUNITY! UPCOMING PUBLIC MEETINGS (Palisade Civic Center 341 W 7th Street):**
 - 1. **Tourism Advisory Board** – Thursday, November 16, 2023, at 11:00 am
 - 2. **Board of Trustees** – Tuesday, December 12, 2023, at 6:00 pm
 - C. **THE TOWN OF PALISADE IS ACCEPTING APPLICATIONS TO ENTER THE 2023 PALISADE PARADE OF LIGHTS.** Contact Rebecca Loucks at (970) 464-5602 or rloucks@townofpalisade.org with questions or to submit an entry form.
- VI. **TOWN MANAGER REPORT**
 - A. **Police Department Update**
 - B. **Sewer Update**
- VII. **CONSENT AGENDA**
The Consent Agenda is intended to allow the Board to spend its time on more complex items. These items are generally perceived as non-controversial and can be approved by a single motion. The public or any Board Member may ask that an item be removed from the Consent Agenda for individual consideration.

A. Expenditures

- Approval of Bills from Various Town Funds – October 20, 2023 – November 8, 2023

B. Minutes

- Minutes from October 24, 2023, Regular Board of Trustees Meeting

VIII. PUBLIC HEARING I

The Board of Trustees for the Town of Palisade, Colorado, will consider three resolutions for the Budget for the Town of Palisade, Colorado, for the Calendar Year of 2023.

A. RESOLUTION 2023-16 – Appropriating Sums to Various Funds

A Resolution of the Board of Trustees for the Town of Palisade, Colorado, Appropriating Sums of Money to the Various Funds in the Amounts of and for the Purpose Set Forth Below, for the Town of Palisade, Colorado, for the 2024 Budget

B. RESOLUTION 2023-17 – Budget Expenditures and Revenues

A Resolution of the Board of Trustees for the Town of Palisade, Colorado, Summarizing Expenditures and Revenues for Each Fund and Adopting a Budget for the Entire Town of Palisade, Colorado, for the Calendar Year Beginning on the First Day of January 2024 and Ending for the Calendar Year on the Last Day of December 2024.

C. RESOLUTION 2023-18 – Budget Tax Levy

A Resolution of the Board of Trustees for the Town of Palisade, Colorado, Levying General Property Taxes for the Year 2023 to Help Defray the Costs of Government for the Town of Palisade, Colorado, for the 2024 Budget Year.

1. Staff Presentation
2. Board Discussion
3. Decision – *Motion, Second, Rollcall Vote*
Approve, deny, or postpone (until December 12, 2023), to approve Resolutions 2023-16, 2023-17, and 2023-18 adopting the 2024 Town of Palisade Budget.

IX. NEW BUSINESS

A. Sewer Rate Resolution & Ordinance

The Board of Trustees will consider adopting Resolution 2023-15 and Ordinance 2023-08 accepting the 2023 Sewer Rate Study and codifying it into the Palisade Municipal Code.

1. Staff Presentation
2. Board Discussion
3. Decision - Motion, Second, and Rollcall Vote to:
Approve, deny, or postpone (until December 12, 2023), adopting Resolution 2023-15 accepting the results and selecting Scenario 3 in the sewer rate study .
4. Decision - Motion, Second, and Rollcall Vote to:
Approve, deny, or postpone (until December 12, 2023), adopting Ordinance 2023-08 codifying sewer rates pursuant to the rate study.

B. Memorandum of Understanding (MOU) with Region 10

The Board of Trustees will consider entering into an MOU with Region 10 for the management of fiber network facilities and services.

1. Staff Presentation
2. Board Discussion
3. Decision - Motion, Second, and Rollcall Vote to:
Approve, deny, or postpone (until December 12, 2023) entering into an MOU with Region 10 for the management of fiber network facilities and services.

X. PUBLIC COMMENT

*All those who wish to speak during public comment must sign up on the sheet provided outside the boardroom doors. Please keep comments to **3 MINUTES OR LESS** and state your name and address. Neither the Board of Trustees nor staff will respond to comments at this time. The Board may direct staff to look into specific comments to bring back as an Agenda item at a future meeting; however, the Board reserves the right to clarify information from comments that are factually incorrect.*

XI. COMMITTEE REPORTS

XII. ADJOURNMENT



PALISADE BOARD OF TRUSTEES

Meeting Date: November 14, 2023

Re: Consent Agenda

The Consent Agenda has been attached as a separate document for ease of reading.

Included in the consent agenda are:

A. Expenditures

- Approval of Bills from Various Town Funds – October 20, 2023 – November 8, 2023

B. Minutes

- Minutes from October 24, 2023, Regular Board of Trustees Meeting



PALISADE BOARD OF TRUSTEES Agenda Item Cover Sheet

Meeting Date: November 14, 2023
Presented By: Gregg Mueller, Finance Director
Department: Resolutions 2023-16, 2023-17, 2023-18

SUMMARY:

These resolutions are for the Board to approve the 2024 budget as presented by the Town Manager and the Finance Director. These resolutions are summaries of the revenues and expenditures in the proposed 2024 budget, an appropriation to use resources from each fund in the furtherance of Town business and in the interest of the public, and an authorization to the Mesa County Treasurer to collect property taxes on the Town's behalf.

BOARD DIRECTION: Approve Resolutions 2023-16, 2023-17, and 2023-18

**TOWN OF PALISADE, COLORADO
RESOLUTION 2023-16**

A RESOLUTION OF THE BOARD OF TRUSTEES FOR THE TOWN OF PALISADE, COLORADO, APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS OF AND FOR THE PURPOSE SET FORTH BELOW, FOR THE TOWN OF PALISADE, COLORADO, FOR THE 2024 BUDGET.

WHEREAS, the Board of Trustees has adopted the annual budget in accordance with the Local Government Budget Law on November 14, 2023 and

WHEREAS, the Board of Trustees has made provisions therein for revenues, including beginning fund balances, in the amount equal to or greater than the total proposed expenditures as set forth in the budget; and,

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purpose described below so as not to impair the operations of the Town of Palisade

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF PALISADE, COLORADO AS FOLLOWS:

SECTION 1. That the following sums are hereby appropriated from the revenues and other available money of each fund, for the purposes stated:

General Fund	
Expenditures	<u>\$7,224,950</u>
Total General Fund	\$7,224,950
Utilities Fund	
Expenditures	<u>\$913,129</u>
Total Utility Fund	\$913,129
Tourism Fund	
Expenditures	<u>\$90,000</u>
Total Tourism Fund	\$90,000
Water Fund	
Expenditures	<u>\$1,463,990</u>
Total Water Fund	\$1,463,990
Conservation Trust Fund	
Expenditures	<u>\$0</u>
Total Conservation Trust	\$0
Solid Waste Fund	
Expenditures	<u>\$262,784</u>
Total Solid Waste Fund	\$262,784

Capital Projects Fund	
Expenditures	<u>\$2,650,000</u>
Total Capital Projects	
Fund	\$2,650,000

ADOPTED and APPROVED this 14th day of November, 2023.

**By the Town of Palisade, Mesa County, State of
Colorado**

Greg Mikolai, Mayor

Attest:

Keli Frasier, Town Clerk

**TOWN OF PALISADE, COLORADO
RESOLUTION 2023-17**

A RESOLUTION OF THE BOARD OF TRUSTEES FOR THE TOWN OF PALISADE, COLORADO, SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE ENTIRE TOWN OF PALISADE, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2024 AND ENDING FOR THE CALENDAR YEAR ON THE LAST DAY OF DECEMBER 2024.

WHEREAS, the Board of Trustees of the Town of Palisade has received a proposed budget in accordance with the Local Government Budget Law; and

WHEREAS, upon due and proper notice, published in accordance with C.R.S. 29-1-106, said proposed budget was open for inspection by the public at the Town Hall as a designated location, a public hearing was held on November 14, 2023, and interested electors were given the opportunity to file and/or register any objections to said proposed budget, and,

WHEREAS, whatever increases and/or decreases may have been made in the expenditures, like increases/decreases were respectively made to the revenues so that the budget remains in balance, as required by C.R.S. 29-1-103;

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF PALISADE, COLORADO AS FOLLOWS:

SECTION 1. The estimated expenditures for each fund are as follows:

General Fund	\$7,224,950
Utilities Fund	913,129
Tourism Fund	90,000
Water Fund	1,463,990
Conservation Trust Fund	0
Solid Waste Fund	262,784
Capital Projects Fund	2,650,000
Total Expenditures	\$12,604,853

SECTION 2. The estimated revenues for each fund are as follows:

<u>General Fund</u>	
Taxes	\$5,922,500
Other Sources	1,681,775
Fund Balance	(379,325)
Total Revenues	\$7,224,950

<u>Utilities Fund</u>	
Fees	\$1,441,459
Fund Balance	<u>(528,330)</u>
Total Revenues	\$913,129

<u>Tourism Fund</u>	
Lodging Fees	\$100,000
Fund Balance	<u>(10,000)</u>
Total Revenues	\$90,000

<u>Water Fund</u>	
Fees	\$1,134,000
Fund Balance	<u>329,990</u>
Total Revenues	\$1,463,990

<u>Conservation Trust Fund</u>	
Lottery Funds	\$24,000
Fund Balance	<u>(24,000)</u>
Total Revenues	\$0

<u>Solid Waste Fund</u>	
Fees	\$249,800
Fund Balance	<u>12,984</u>
Total Revenues	\$262,784

<u>Capital Projects Fund</u>	
General Fund Transfer	\$850,000
Grant Revenue	<u>1,800,000</u>
Total Revenues	2,650,000

SECTION 3. The budget as submitted, amended, and herein above summarized by fund, a true copy of which is attached and incorporated herein by reference, hereby is approved, and adopted as the budget of the Town of Palisade for the year stated above.

SECTION 4. The budget hereby approved and adopted shall be signed by the Mayor and made a part of the public records of the Town.

SECTION 5. Town Finance Director, Gregg Mueller, is hereby directed forthwith to certify said budget to the Department of Local Affairs of the State of Colorado in accordance with the Laws of said State.

ADOPTED AND APPROVED this 14th Day of November 2023

By the Town of Palisade, Mesa County, State of Colorado

Greg Mikolai, Mayor

Attest:

Keli Frasier, Town Clerk

**TOWN OF PALISADE, COLORADO
RESOLUTION NO 2023-18**

A RESOLUTION OF THE BOARD OF TRUSTEES FOR THE TOWN OF PALISADE, COLORADO, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE TOWN OF PALISADE, COLORADO, FOR THE 2024 BUDGET YEAR.

WHEREAS, the Board of Trustees has adopted the annual budget in accordance with the Local Government Budget Law on November 14, 2023; and

WHEREAS, the amount of money necessary to balance the budget for general operating expenses and capital outlay is \$730,786; and

WHEREAS, the 2023 valuation for assessment for the Town of Palisade as certified by the County Assessor is \$41,759,200.

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF PALISADE, COLORADO AS FOLLOWS:

SECTION 1. The Town of Palisade's gross mill levy is **17.5** mills.

SECTION 2. For the purpose of meeting all general operating expenses and capital outlay of the Town of Palisade during 2024 budget year, there is hereby levied a mill levy of **17.5** mills upon each dollar of the total valuation for assessment of all taxable property within the Town for the year 2023.

SECTION 3. Town Finance Director, Gregg Mueller, is hereby authorized and directed to immediately certify to the County Commissioners of Mesa County, Colorado, the mill levies for the Town of Palisade as herein above determined and set.

ADOPTED AND APPROVED THIS 14th DAY OF NOVEMBER, 2023.

By Town of Palisade, Mesa County, State of Colorado

Greg Mikolai, Mayor

Attest:

Keli Frasier, Town Clerk



PALISADE BOARD OF TRUSTEES
Agenda Item Cover Sheet

Meeting Date: November 14, 2023

Presented By: James S. Neu, Town Attorney
Janet Hawkinson, Town Manager

Department: Administration

Re: Sewer Rate Update

SUBJECT:

Resolution 2023-15: A RESOLUTION OF THE BOARD OF TRUSTEES FOR THE TOWN OF PALISADE, COLORADO, ACCEPTING THE WASTEWATER RATE STUDY PREPARED BY RURAL COMMUNITY ASSISTANCE CORPORATION (RCAC).

and

Ordinance 2023-08: AN ORDINANCE OF THE TOWN OF PALISADE, COLORADO, AMENDING CHAPTER 13, ARTICLE IV OF THE PALISADE MUNICIPAL CODE REGARDING THE ASSESSMENT OF SEWER SERVICE CHARGES.

SUMMARY:

The Town of Palisade conducted a sewer rate study, the results of which were submitted in April 2023.

If approved, Resolution 2023-15 accepts the results and selects Scenario 3 in the sewer rate study.

If approved, Ordinance 2023-08 codifies the sewer rates pursuant to the rate study.

BOARD DIRECTION:

Approve Resolution 2023-15 with a motion, second, and roll-call vote.

Approve Ordinance 2023-08 with a motion, second, and roll-call vote.

**TOWN OF PALISADE, COLORADO
RESOLUTION NO. 2023-15**

A RESOLUTION OF THE BOARD OF TRUSTEES FOR THE TOWN OF PALISADE, COLORADO, ACCEPTING THE WASTEWATER RATE STUDY PREPARED BY RURAL COMMUNITY ASSISTANCE CORPORATION (RCAC).

WHEREAS, the Town of Palisade requested a wastewater rate study to ensure the wastewater fees charged by the Town are fair and equitable, yet adequate to meet the Town’s needs into the future, specifically funding the connection of the Town’s wastewater collection system to the wastewater treatment plant owned and operated by Clifton Sanitation District (the “Rate Study”); and

WHEREAS, the Town commissioned RCAC to prepare the Rate Study, which was presented to the Palisade Board of Trustees on May 23, 2023; and

WHEREAS, the Board of Trustees desires to accept the rate study.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF TRUSTEES OF THE TOWN OF PALISADE, COLORADO THAT:

1. The Board of Trustees incorporates the foregoing recitals as findings by the Town.
2. The Wastewater Rate Study dated April 3, 2023 prepared by Rural Community Assistance Corporation is hereby accepted by the Town of Palisade with the Board of Trustees opting to proceed with Scenario 3 in the Rate Study to adequately meet its legal, fiduciary and financial responsibilities.

RESOLVED, APPROVED, and ADOPTED this 14 day of November 2023.

TOWN OF PALISADE, COLORADO

(Seal)

Greg Mikolai, Mayor

ATTEST:

Keli Frasier, Town Clerk

Town of Palisade

Summary of Rate Study Findings

April 3, 2023

Introduction

The Town of Palisade ('Town') is planning to build a conveyance line with lift station to connect their existing sewage collection system to Clifton Sanitation District's Wastewater Treatment Facility (CSD). The Town is currently considering taking on a financing package offered by USDA Rural Development that consists of two loans totaling \$16,495,000, a grant of \$5,650,000, and contributing \$2,068,000 themselves to meet the total project cost. It is planned for the purposes of this study that the new system would be completed and debt payments commence in 2026. The purpose of this Rate Study is to inform the Town regarding the affordability of the proposed financing package, and recommend various rate options to meet their revenue goals if the project is completed as proposed.

Methodology

This study is guided by the following three principles: Sustainability, Fairness, and Justifiability. Rates should cover the costs to the system to allow it to provide services now, and in the foreseeable future. The staff & board should stay aware of the changes to existing laws, community growth and demand which will require more water rights or further treatment, and therefore keep their capital replacement plan up to date. Rates should be fair to all rate payers. No single rate payer or group of rate payers should be singled out for different rates without logic & justification. The Town should not charge more for services than the cost to provide the service and save appropriately for future expenses, nor should customers be charged more for the sewer service than the reasonable cost to provide that service now and into the future. Unreasonably low rates for current customers will require unreasonably high rates for future customers, which should be avoided. To keep up with inflation, all scenarios considered in this study included an annual increase to the base rate year over year.

The following assumptions were made for these financial projections were made based on information provided by District staff:

- A growth factor of 1.2% annually
- An inflation factor of 5.0%

This study, made available at no charge to the Town, has been supported under a grant by the United States Department of Health and Human Services.

Disclaimer: The recommendations contained in this study are based on financial information provided to RCAC by the Town. Although every effort was made to assure the reliability of this information, no warranty is expressed or implied as to the correctness, accuracy or completeness of the information contained herein. Any opinions, findings, and conclusions or recommendations expressed in this material are solely the responsibility of the authors and do not necessarily represent the official views of HHS or USDA Rural Utilities Service. For accounting advice, a CPA should be consulted. For legal advice, the Town should seek the advice of their attorney.

Current Rates

The current rate structure is a monthly flat rate + tiered structure, as follows:

Residential – single unit	\$35.37
Residential – single unit with Lift Station	\$46.24
Mobile Home Park – each unit	\$35.37
Residential – multi unit: first unit	\$35.37 for first unit + \$24.76 for each additional unit
Residential – multi unit with Lift Station	\$46.24 for first unit + \$32.24 for each additional unit
Commercial – single <i>or</i> multi unit	\$46.24 with 8k gal included \$0.61 per 1k gallons for 8k-20k gal \$0.92 per 1k gallons for 20k-40k gal \$1.61 per 1k gallons for 40k+ gal

Budget

A five-year budget forecast is shown below. When the new project comes online and payments commence, it is expected that the annual expenses will rise to ~\$1.45M in 2026. The major factors for this change were modeled as:

- added O&M expenses for the Town’s responsibility of O&M for the new conveyance line,
- the sewage treatment fee expected to be charged by CSD,
- the decommissioning of the Town’s existing Treatment enterprise and associated expenses, and
- the new debt service and debt reserve payments requirement by the two RUS loans.

5-year Budget Forecast

	2023	2024	2025	2026	2027
Total Operation and Maintenance Expenses:	135,531	142,308	149,423	477,070	496,803
Total General and Administrative Expenses:	489,974	503,671	501,195	972,647	977,185
TOTAL EXPENSES	625,505	645,979	650,618	1,449,717	1,473,988

Note that as a result of the Infrastructure Capital Improvement Plan (ICIP) created in this study, an annual contribution to a capital reserve fund for the Town’s collection enterprise is recommended according to the following 5-year schedule. Full funding of this reserve fund is included in the General & Administrative Expenses line shown above.

5-year Capital Reserve Contribution Recommendation

	2023	2024	2025	2026	2027
Recommended Contribution Amount	210,662	210,662	193,813	190,670	190,670

Scenario 1: Existing Structure (flat + tiered) with full capital reserve saving

This scenario utilizes the same rate structure as the existing rate structure but increases the \$35.37 base residential rate to \$70.50 and all other classes according to the same percentage increase in 2023, followed by a 5% increase to all rates annually for 5 years.

One recommended change to the structure is to charge additional residential units at the same rate as the base residential unit, as described in Scenario 1.

Scenario 1: Rates 2023-2027

	2023	2024	2025	2026	2027
Residential – single unit	\$ 70.50	\$ 74.03	\$ 77.73	\$ 81.61	\$ 85.69
Residential – single unit with Lift Station	\$ 81.37	\$ 85.44	\$ 89.71	\$ 94.20	\$ 98.91
Mobile Home Park – each unit	\$ 70.50	\$ 74.03	\$ 77.73	\$ 81.61	\$ 85.69
Residential – multi unit – each unit	\$ 70.50	\$ 74.03	\$ 77.73	\$ 81.61	\$ 85.69
Residential – multi unit with Lift Station – each unit	\$ 81.37	\$ 85.44	\$ 89.71	\$ 94.20	\$ 98.91
Commercial – single or multi unit, <8k gal	\$ 81.37	\$ 85.44	\$ 89.71	\$ 94.20	\$ 98.91
Rate per 1,000 gal, 8-20k gal	\$ 1.22	\$ 1.28	\$ 1.34	\$ 1.41	\$ 1.48
Rate per 1,000 gal, 20-40k gal	\$ 1.82	\$ 1.92	\$ 2.01	\$ 2.11	\$ 2.22
Rate per 1,000 gal, 40k+ gal	\$ 3.19	\$ 3.35	\$ 3.52	\$ 3.70	\$ 3.88

Under this structure, the 5-year financial projection and affordability is as follows:

Results of the new rates	2023	2024	2025	2026	2027	5 Years
TOTAL EXPENSES	\$625,505	\$645,979	\$650,618	\$1,449,717	\$1,473,988	\$4,845,807
TOTAL REVENUE	\$1,221,270	\$1,281,747	\$1,345,281	\$1,412,025	\$1,482,143	\$6,742,465
NET LOSS OR GAIN: (Short/Over to Reserves)	\$595,765	\$635,769	\$694,662	-\$37,692	\$8,155	\$1,896,659
NET CASH FLOW (Contribution to Reserves)	\$807,426	\$847,430	\$889,474	\$216,725	\$262,572	\$3,023,628
Affordability assuming MHI of \$53571 for residential meters.	1.58%	1.66%	1.74%	1.83%	1.92%	

The impact of Scenario 2 would be:

- Affordability rising to 1.92% by 2027 (1.5-4% is the recommended range)
- By 2027, captial reserve savings would be fully funded
- \$3.02M saved into reserves over 5 years, to fund the \$2.068M down payment

Scenario 2: Clifton EQU Structure with minimal increases to break even

This scenario utilizes CSD's EQU Schedule and converts existing Palisade sewer customers to be charged according to their schedule, as shown below. The EQU rates are set according to the same principle as Scenario 1 – increasing rates one-time in 2023 to \$45.25 followed by an annual 5% increase to 1.0 EQU, only high enough to break even on cash flow, but not fulling funding the capital reserve recommendation.

A. Hotels and Motels:

- a. No restaurants or kitchens $0.36 \times$ number of rooms E.Q.U.
- b. With kitchenettes $0.43 \times$ number of rooms E.Q.U.
- c. With restaurants - use above then add restaurants from below
- d. Bed & Breakfast - $0.36 \times$ number of rooms E.Q.U.

B. Restaurants:

- a. 12-hour or more operation $0.21 \times$ number of seats E.Q.U.
- b. less than 12 hours of operation $0.14 \times$ number of seats E.Q.U.
- c. Bar, no food $0.04 \times$ number of seats E.Q.U.

C. Specialty Foods: No fried foods, dishwashers, garbage disposals, grease traps, (business must use paper service for its customers)

- a. Open less than 12 hours per day – $0.075 \times$ number of seats E.Q.U.
- b. Open 12-hours or more $.10 \times$ number of seats E.Q.U.

D. Fast food take out - (Walk up or drive up)

- a. Open 12 hours or more each day
 $0.10 \times$ number of employees E.Q.U.
- b. Open less than 12 hours per day
 $0.06 \times$ number of employees E.Q.U.

E. Schools:

- a. No food or showers $0.04 \times$ number of student capacity
- b. Add to a. For cafeterias $0.02 \times$ number of student capacity
- c. Add to a. For showers $0.02 \times$ number of student capacity
- d. Boarding schools $0.27 \times$ number of student capacity

F. Shopping centers and stores:

$.35 \times$ number of thousand square feet of store space

G. Travel trailer park (K.O.A., etc.)

$.49 \times$ number of trailer parking spaces

H. Churches and assembly halls, theaters and arenas

$0.01 \times$ number of seating capacity

I. Factory, warehouses and offices (not including industrial waste)

$0.05 \times$ number of employees

J. Hospital

$0.89 \times$ number of bed spaces

K. Institution - nursing home

$0.36 \times$ number of residences

L. Laundry - coin operated

$0.90 \times$ number of washing machines

M. Car Wash - 3.5 x number of bays

N. Where the District Manager deems necessary, the EQU calculation may be utilized for nonresidential users that are not listed above by computing the hydraulic flow expected from the establishment; the EQU shall be computed by dividing the expected flows by 4,000 gallons per month.

Scenario 2: Rates 2023-2027

	2023	2024	2025	2026	2027
Residential – 1.0 EQU	\$45.25	\$47.51	\$49.89	\$52.38	\$55.00

Under this structure, the 5-year financial projection and affordability is as follows:

Results of the new rates	2023	2024	2025	2026	2027	5 Years
TOTAL EXPENSES	\$699,409	\$723,789	\$732,517	\$1,478,991	\$1,504,743	\$5,139,449
TOTAL REVENUE	\$987,689	\$1,049,174	\$1,114,339	\$1,183,398	\$1,256,577	\$5,591,177
NET LOSS OR GAIN: (Short/Over to Reserves)	\$288,280	\$325,386	\$381,823	-\$295,593	-\$248,166	\$451,728
NET CASH FLOW (Contribution to Reserves)	\$500,096	\$537,202	\$576,768	-\$41,511	\$5,916	\$1,578,471
Affordability Assuming MHI of \$53571 for residential meters	1.01%	1.06%	1.12%	1.17%	1.23%	

The impact of Scenario 3 would be:

- Affordability rising to 1.23% by 2027 (1.5-4% is the recommended range)
- By 2027, cash flow would be about breaking even but lacking reserve contributions
- \$1.58M saved back into reserves over 5 years, to help fund the \$2.068M down payment

Scenario 3: Clifton EQU Structure with full capital reserve saving – RECOMMENDATION by RCAC

This scenario utilizes CSD’s EQU Schedule (shown in Scenario 3 above) and converts existing Palisade sewer customers to be charged according to their schedule, as shown below. The EQU rates are set according to the same principle as Scenario 2 to cover the full recommend capital reserve saving – increasing rates one-time in 2023 to \$54.50 followed by an annual 5% increase to 1.0 EQU.

Scenario 3: Rates 2023-2027

	2023	2024	2025	2026	2027
Residential 1.0 EQU	\$54.50	\$57.23	\$60.09	\$63.10	\$66.25

Under this structure, the 5-year financial projection and affordability is as follows:

Results of the new rates	2023	2024	2025	2026	2027	5 Years
TOTAL EXPENSES	\$699,409	\$723,789	\$732,517	\$1,478,991	\$1,504,743	\$5,139,449
TOTAL REVENUE	\$1,186,459	\$1,260,358	\$1,338,681	\$1,421,685	\$1,509,643	\$6,716,826
NET LOSS OR GAIN: (Short/Over to Reserves)	\$487,050	\$536,569	\$606,164	-\$57,306	\$4,900	\$1,577,377
NET CASH FLOW (Contribution to Reserves)	\$698,866	\$748,386	\$801,110	\$196,776	\$258,982	\$2,704,120
Affordability Assuming MHI of \$53571 for residential meters	1.22%	1.28%	1.35%	1.41%	1.48%	

The impact of Scenario 3 would be:

- Affordability rising to 1.48% by 2027 (1.5-4% is the recommended range)
- By 2027, captial reserve savings would be fully funded
- \$2.70M saved into reserves over 5 years, to fund the \$2.068M down payment

Conclusion

Three scenarios were created and evaluated according to the methodology of this rate study, but the final scenario is the recommended option based on the findings.

1. Existing Structure (flat + tiered) with minimal increases to break even
2. Clifton EQU Structure with minimal increases to break even
3. ***Clifton EQU Structure with full capital reserve saving (RECOMMENDATION)***

All scenarios are viable options which will allow the Town to save in the next couple years and cover their bills once the conveyance line project is completed. However, the advantages of Scenario 3 include:

- Full reserve funding
- Small annual increases after an initial 54% increase to make the fees required to achieve full funding more palatable to customers by 2027
- A lower residential bill as compared to the existing flat + tiered structure to help with residential affordability
- Because the Town is charged on an EQU basis from CSD, it is justifiable to charge customers according to the same EQU schedule
- The existing commercial tier structure is based on summertime water usage which may include some agricultural use not applicable to sewer use

No matter which scenario the Town selects to move forward with, there are 3 major takeaways from these findings applicable to all scenarios models:

1. Because the project is not expected to be completed until 2026, upon which payments will begin, **beginning with a substantial increase upfront gives Town ~2.5 years to save, making the \$2.068M down payment much more manageable** within their financial outlook. The Town may be able to save a majority if not all the down payment required by the time the project comes online.
2. Affordability is defined as the percent an average household spends on their sewer bill, according to the MHI. Currently, affordability is very low at 0.78%. Most funders like to see affordability at 1.5-2.5%, with 4.0% being the upper limit, and do not begin offering grant funding until ~1.5% is reached. All scenarios see the 2027 rate rise closer to this rate, while still remaining quite low.
3. In any scenario, **it is recommended that the Town do a close review of each customer account and type of building to ensure each account is characterized and charged accurately** according to either their existing schedule or the EQU schedule.

**TOWN OF PALISADE, COLORADO
ORDINANCE NO. 2023-08**

**AN ORDINANCE OF THE TOWN OF PALISADE, COLORADO,
AMENDING CHAPTER 13, ARTICLE IV OF THE PALISADE
MUNICIPAL CODE REGARDING THE ASSESSMENT OF SEWER
SERVICE CHARGES.**

WHEREAS, the Town of Palisade (“Palisade” or the “Town”) is a Colorado municipality organized pursuant to Title 31 of the Colorado Revised Statutes and with the authority set forth therein; and

WHEREAS, the Town has adopted regulations related to its sewer service in Article IV of Chapter 13 of the Palisade Municipal Code (the “Code”); and

WHEREAS, the Town and Clifton Sanitation District (“CSD”) entered into the certain Intergovernmental Agreement dated May 5, 2021 regarding the Town’s connection to CSD’s wastewater collection system and CSD’s treatment of the Town’s wastewater; and

WHEREAS, by Resolution No. 2023-15, the Town accepted a Wastewater Rate Study dated April 3, 2023 prepared by Rural Community Assistance Corporation (“Rate Study”) and opted to proceed with Scenario 3 in the Rate Study to adequately meet its legal, fiduciary and financial responsibilities; and

WHEREAS, Section 13-88 of the Code sets forth how service charges are assessed by calculating the impact on the sewer system using EQUs which assessment has not been fully implemented by the Town as required by the Code; and

WHEREAS, Sections 13-101 and 102 of the Code sets forth how tap fees and service charges are determined which need to be amended to comport with Section 13-88; and

WHEREAS, the Board of Trustees finds that the sewer rates need to be amended to comport with the Rate Study to remain fiscally responsible and meet the needs of the Town’s residents; and

WHEREAS, the Board of Trustees finds and determines that it is in the interest of the Town to amend the Palisade Municipal Code accordingly.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF PALISADE, COLORADO THAT:

Section 1. The foregoing recitals are incorporated herein as if set forth in full.

Section 2. Section 13-81 of the Palisade Municipal Code is hereby amended with the addition of the following definition:

Equivalent Residential Unit (EQU) shall mean a use which is estimated to have an impact upon the sewer system equal to that of the average dwelling unit.

Section 3. Section 13-88 of the Palisade Municipal Code is hereby amended as follows, with underlined text added and ~~strike through language deleted~~:

Sec. 13-88. - Service charges assessed.

(a) There shall be levied and assessed upon each lot, parcel of land, building or premises having any connection with the sewer system of the Town, monthly sewer service charges computed by multiplying the EQU by the following factors to wit:

(1) Single-family dwelling:

Single-family homes individually billed mobile homes, mobile homes on single lots, and mobile homes established as permanent residences (no more than one (1) kitchen) up to 3,000 sq. ft. 1.00 EQU.

Each additional 300 sq. ft. 0.10 EQU

(2) Multiple-family dwellings, ~~0.72 times number of single family units.~~

Duplexes, apartments, condominiums, townhouses, and similar facilities in the same complex 1.0 EQU/unit.

(13) Laundry, coin-operated, ~~1.34~~ 0.90 times number of washing machines.

(b) No commercial tap fee shall be less than 1.00 EQU.

(c) For purposes of computing and recomputing the number of EQU units attributable to a particular use and the assessment and collection of water and wastewater system improvement fees and service charges in connection therewith, the Town shall have the following authority:

(1) At any time, the Town may review actual water usage to determine if such actual usage is greater than that implied by the number of EQUs assessed to the user at the time application for sewer services was accepted. For this purpose, 130 gallons per day equals one (1) EQU. Winter water use records may be utilized to review actual sewer usage, and water use records from any time of the year, at the Town's sole discretion, may be utilized to review actual water usage. If the Town finds greater actual water and/or sewer usage than that implied by the applicable EQU value, the user shall be assessed a greater number of EQUs to reflect the actual sewer usage. Any time the Town determines to evaluate or reevaluate the appropriate EQU value assessed to a particular user, it shall provide written notice to the user at the user's last known address.

(2) Upon any recalculation and increase in the EQU value attributable to a user pursuant to the terms of this Section, the user shall pay additional tap fees for each additional EQU unit assessed to its use at the rates set forth in this Article prior to the Town's issuance of any necessary permit or within thirty (30) days of the increased assessment of EQU units, whichever occurs first. The user's monthly service fee will henceforth be based upon the revised EQU value.

Section 4. Section 13-101 of the Palisade Municipal Code is hereby amended as follows, with underlined text added and ~~strike through language deleted~~:

Sec. 13-101. - Sewer tap fees.

A sewer tap fee (plant investment fee) shall be paid to the Town ~~Clerk~~, in accordance with a fee schedule promulgated from time to time by resolution of the Board of Trustees, before any physical connection of any kind may be made to the Town's sewer system. The Equivalent Residential Units (EQU) factor is determined by using the values set forth in Section 13-88 as applied for the type of use in which the building, premise or lot is to be used, regardless of the number of days open per week and no commercial tap fee shall be less than 1.00 EQU.

Section 5. Section 13-102 of the Palisade Municipal Code is hereby amended as follows, with underlined text added and ~~strike through language deleted~~:

Sec. 13-102. - Monthly sewer charges.

(a) All premises connected to the Town sanitary sewer system shall be assessed and shall pay monthly sewer charges in accordance with this Section. The individual, individuals or entities in whose name the billing is listed by the Town or property owner shall pay the monthly sewer charges. The monthly sewer charges shall constitute a lien on the property.

(b) Monthly sewer charges shall consist of three (3) components: (1) the monthly sewer service charge; and, if applicable, (2) the monthly sewer volume charge; and, if applicable, (3) the monthly high strength wastewater surcharge.

(1) Monthly minimum sewer service charges. The monthly minimum sewer service charge shall be assessed and paid for each residential dwelling unit, mobile home dwelling unit, mobile/manufactured home park/subdivision, business and industry listed as an active sewer account by the Town. A schedule of monthly minimum sewer service charges shall be promulgated from time to time by resolution of the Board of Trustees.

(2) Monthly sewer volume charge. The monthly sewer volume charge shall be assessed and paid for each residential dwelling unit, mobile/manufactured home park/ subdivision, business and industry connected to the Town sanitary sewer system in accordance with a fee schedule promulgated from time to time by resolution of the Board of Trustees. Said schedule shall include charges for properties located within the corporate limits of the

Town, as well as for properties located beyond the corporate limits of the Town.

(3) Monthly high strength wastewater surcharge. ~~Individuals or entities found to have discharged or to be discharging wastewater having a strength in excess of that of domestic wastewater shall be assessed and billed and shall pay an additional twenty percent (20%) of the total monthly sewer charge~~ A high strength wastewater surcharge shall be added to relevant accounts pursuant to the Town's Commercial and Industrial User Requirements adopted by Ordinance No. 2022-11.

~~(4) For each multi-unit property, business or residential, a full monthly service fee shall be charged for the first unit. Each unit thereafter shall be assessed at seventy percent (70%) of the monthly service fee regardless of occupancy.~~

Section 6. The Town's Sewer Fee Schedule last amended by Resolution No. 2023-06 is hereby repealed and replaced with the following sewer rates:

Sewer Fees	
Service Fees/EQU up to 4,000 gal.	\$57.23 (increases 5% each January 1 st)
Volume Charge over 4,000 gal./per 1,000 gal.	\$5.13/1,000 gal.
Sewer Tap Fees/EQU	\$5,500

Section 7. Staff shall perform a public outreach and education campaign informing Town residents of the implementation of this Ordinance and the EQU system of assessing service charges along with the new rates, all of which will become effective January 1, 2024.

INTRODUCED, READ, PASSED, APPROVED AND ORDERED PUBLISHED BY TITLE, at the regular meeting of the Board of Trustees of the Town of Palisade, Colorado held on November 14, 2023.

TOWN OF PALISADE, COLORADO

By: _____
Greg Mikolai, Mayor

ATTEST:

Keli Frasier, Town Clerk



PALISADE BOARD OF TRUSTEES
Agenda Item Cover Sheet

Meeting Date: **November 14, 2023**

Presented By: **Janet Hawkinson, Town Manager**

Department: **Administration**

Re: **Memorandum of Understanding (MOU) with Region 10**

SUBJECT:

The Board of Trustees will consider an MOU with Region 10 for fiber internet network facilities and services.

BOARD DIRECTION:

Approve entering into an MOU with Region 10 for fiber internet network facilities and services.

**MEMORANDUM OF UNDERSTANDING
FOR NETWORK FACILITIES AND SERVICE**

THIS MEMORANDUM OF UNDERSTANDING is made and entered into this ___ day of _____ 2023, by and between Town of Palisade, a Colorado municipal corporation whose address is 175 East 3rd Street, Palisade, CO 81526 (hereinafter referred to as the “Town”) and Region 10 League for Economic Assistance and Planning, Inc., a Colorado government-member nonprofit corporation with designation under Section 501(c)3 of the Internal Revenue Code, whose address is 145 S. Cascade Ave., Montrose, CO 81401 (hereinafter referred to as "Region 10") (the aforementioned entities may sometimes be collectively referred to as the "Parties").

WHEREAS, Region 10 has and is building a middle mile fiber network and is managing Carrier Neutral Locations throughout the State of Colorado to provide abundant, affordable, and reliable access to transport and Dedicated Internet Access facilities; and

WHEREAS, the purpose of this Memorandum of Understanding is to allow the Parties to work collaboratively to benefit the provision of network facilities and services as more particularly described in this agreement, and for the purpose of improving internet service within the Town and the surrounding regions.

THEREFORE, in consideration of their mutual goals and benefits the Parties agree as follows:

The Town Shall:

- Establish a Carrier Neutral Location (“CNL”) facility at 341 West 7th Street, Palisade, meeting Region 10 recommended design specifications for use by Region 10.
- Enter into a lease with mutually agreed upon terms with Region 10 for a portion of the Town-owned telecommunications facility located at the designated CNL of suitable size to house a Region 10 telecommunications rack, thus allowing Region 10 to operate network switching and optical signal regeneration and to provide subscription to Internet Service Providers (“ISPs”) to provide service to the Town (the “Lease”).
- Build a fiber lateral from the Colorado Department of Transportation (“CDOT”) splice location/vault located at Exit 42 at the I-70 interexchange to the CNL (“Fiber Lateral”).
- Maintain the Fiber Lateral, including being responsible for any fiber locates, maintenance and repair of the fiber either directly or through contractors
- Acquire insurance for the Fiber Lateral to cover costs of any damage or fiber breaks.
 - Enter into an Indefeasible Right of Use Agreement (“IRU”) with Region 10 to grant a mutually agreed upon number of strands of Town-owned dark single-mode fiber cable during the term of the Lease and agree not to provide any number of remaining strands to a commercial provider during the term of the IRU

Region 10 Shall :

- Enter into an IRU with CDOT to obtain a minimum of (2) CDOT-owned dark single mode fiber cable to Region 10 from the CDOT vault located from the Glenwood Springs I-70 interexchange to the Region 10 CNL facility in Grand Junction.
- Install and maintain regeneration and telecommunications equipment within the Grand Junction CNL and the Glenwood Springs CNL to allow it, ISPs and other entities to purchase or lease backhaul and transport service and Dedicated Internet Service and other middle mile fiber services.
- Be responsible for managing the CNL facilities and sub-lease space within the Town CNL to ISPs.
- Maintain insurance on the Region 10 equipment housed in the Town CNL.
- The Lease shall set forth mutually agreed upon terms regarding electric and other utilities costs for use of the CNL facilities which Region 10 may pass through to ISPs and other entities that have installed equipment or are using electric services at the CNL facilities.
- Work with ISPs who are currently equipped to provide service to Town residents through an alternative source of fiber connectivity upon terms negotiated between Region 10 and service providers which shall be occur by December 15, 2023 with the final terms to be negotiated in the Lease.

Primary Contacts are:

Town of Palisade, Colorado
ATTN: Janet Hawkinson, Town Administrator
ADDRESS: 175 East 3rd Street, Palisade, CO 81526

Region 10 League for Economic Assistance and Planning, Inc.
ATTN: Michelle Haynes
ADDRESS: 145 S Cascade Avenue Montrose, CO 81401

THIS MEMORANDUM OF UNDERSTANDING shall remain in effect for 3 years or until the Lease and IRU are entered into by the Parties, whichever occurs first.

REGION 10 LEAGUE FOR ECONOMIC
ASSISTANCE AND PLANNING

TOWN OF PALISADE

By: Michelle Haynes, Executive Director

By: Mayor Greg Mikolai