

# TRI-COUNTY WATER CONSERVANCY DISTRICT

November 20, 2024

**Present:** Jack Sibold, Vicki Ripp, Jim Hokit, David Kienholz, Jan McCracken, Chris Collin, Wayne Schieldt, Ted Collin, Leslie Walker, Glen Black, Steve Glammeyer, Joanne Fagan, Zack Ahlberg

**Virtual:** Richard Wojciechowski

**Absent:** Jack Flowers

**TCW Staff:** Jerry Young (Jerry), Mike Berry (Mike), Sandy Flowers

**Attorney:** David Skarka (David)

**Public:** Rick Huggins and Miles Graham, Garver  
Adam Turner, Project 7 Water Authority

## **Call Session to Order**

The meeting was called to order by President, Vicki Ripp. A quorum was present.

## **Changes to the Agenda**

- Item number 7, tabled until December
- Item number 8. A., in Executive Session

## **Approval of Minutes October 16, 2024 Regular Meeting**

David Kienholz moved to approve the minutes. Leslie Walker seconded and the motion carried unanimously.

## **Handouts**

Vicki asked for questions or comments on the handouts.

## **Project 7 Report – Vicki Ripp**

Vicki provided the Project 7 Report.

## **Project 7 Colona Plant – Update – Project 7 Water Authority and Garver**

Rick Huggins and Miles Graham with Garver and Adam Turner with Project 7 Water Authority provided a review and update of the Regional Water Supply and Resiliency Program. Construction of the project is expected to begin in the spring of 2025 with a startup date slated for 2027. Once completed, the project will supply a second source of treated water to 6 entities and over 50,000 people in the valley. Additionally, information regarding penstock tie-in options, the river crossing design and raw water alternatives were presented for discussion. A current Position Statement, Attachment A, was circulated to all Board Members for review. Thank you, Rick, Miles and Adam.

## **Attorney's Report**

### **Ouray County Water Rights Application (2019 Application)**

David introduced the Ouray County Water Rights Application topic and announced the Board will convene in Executive Session. Steve Glammeyer moved the Board convene in Executive Session as allowed by 24-6-402(4)(b), C.R.S., "Conferences with an attorney for the public entity to receive legal advice on specific legal questions. Mere presence of the attorney is not sufficient." Glen Black seconded, and the motion carried unanimously. Wayne Schieldt moved to reconvene the regular meeting and directed the minutes reflect the Board did not stray from the announced topic for the Executive Session. Jim Hokit seconded, and the motion carried unanimously.

### **Ram's Horn / Dallas Divide Diligence (2021 Application)**

David reported on the status of the Ram's Horn / Dallas Divide Diligence water rights application.

### **Sneva Reservoir and Dallas Divide Reservoir Enlargement Diligence (2023 Application)**

David reported on the status of the Sneva Reservoir and Dallas Divide Reservoir Enlargement Diligence water rights application.

### **Exchange Agreement Water Rights (2023 Application)**

David reported on the status of the Exchange Agreement water rights application.

## **Manager's Report**

### **Ridgway Dam Operations - Update**

Jerry reported on the status of Ridgway Dam stating releases were bumped up over the last month in order to ensure ice does not form on the fish screen. Releases are currently closer to normal historical winter averages; however, the goal is to keep reservoir levels just below the fish screen for the remaining winter months. The average winter elevation has historically been approximately 7 to 8 feet lower than current conditions which is a good indicator the reservoir will fill in the spring.

### **Wright Water Engineers – Diligence Strategic Plan - Update**

Jerry reported on the status of the Wright Water Engineers Diligence Strategic Plan stating it should be ready for presentation to the Board in draft form at the December meeting.

### **Project 7 South 30% Pipeline Design – Update**

The Board considered the design options presented by Garver and Wayne Schield made a motion to move forward with developing an Intergovernmental Agreement for option number 1 which would vacate the existing tap locations and move them to two new locations on the penstocks as presented by Garver. Jan McCracken seconded the motion. After some discussion, Ted Collin moved to lay the motion on the table until the next meeting in December to facilitate consideration of additional information. Joanne Fagan seconded and the motion carried unanimously.

### **2025 Salary Plan and Merit Award - Review**

The 2025 Salary Plan and Merit award were reviewed. Steve Glammeyer moved to approve the recommended 3% increase in the Salary Plan with a 2% merit increase beginning with the first pay check in January of 2025. Leslie Walker seconded and the motion carried unanimously.

**Manager's Report continued:**

**2025 Preliminary Budget - Review**

The 2025 Preliminary Budget was reviewed.

**2025 Cost of Service and Tap Fee - Review**

The Cost of Service study was presented with a recommendation from staff to seek the advice of an outside consultant to complete an independent Cost of Service study to include a review of tap fees. After some discussion, Steve Glammeyer moved to engage an outside consultant as recommended. Wayne Schieldt seconded and the motion carried unanimously. Additionally, staff recommended increasing the per thousand water rate from \$3.70 to \$4.20 beginning January of 2025. Steve Glammeyer moved to approve the increase as recommended. Wayne Schieldt seconded and the motion carried unanimously. Jerry reviewed the current Tri-County Water tap fees and provided information regarding tap fees being charged by other agencies in the area. As a general consensus, tap fees will remain unchanged at this time but may be revisited in the future.

**General Manager Performance Appraisal**

Jerry recused himself from the meeting. The performance appraisals for the General Manager were reviewed and determined to indicate a rating of very good. Jan McCracken moved to increase Jerry's salary by 3% in 2025. David Kienholz seconded and the motion carried unanimously. Jerry returned to the meeting.

**Announcements**

- Colorado River Water Users Annual Meeting – December 4-6, Paris Hotel, Las Vegas
- Board Meeting – Wednesday, December 11, 9:00 am – Tri-County
- Western Colorado Food & Farm Forum – Jan 24-25 – Montrose Pavilion
- Colorado Water Congress Annual Convention – Jan 28-31 – Hyatt Regency Denver Aurora
- Snow School for Snow & Avalanche Studies – Feb 19-21 – Silverton

**Public Comment / Adjourn**

There being no further business to come before the Board, the meeting was adjourned at 12:00 pm.

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Vicki Ripp, President

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Christine Collin, Secretary

**Attachment A page 1**

November 19, 2024



**Project 7 Water Authority: Board of Directors Position Statement\***

For decades, Project 7 Water Authority and its Board of Directors – representing the City of Montrose, City of Delta, Town of Olathe, Tri-County Water Conservancy District, Menoken Water District, and Chipeta Water District – have been working cooperatively to strengthen the regional drinking water system that nearly 60,000 people rely upon in the Uncompahgre River Valley.

Project 7 has been the wholesale drinking water treatment provider for our Valley since 1977. Its six member municipalities and water districts deliver the water to your homes and businesses. Together, we share the cost and share the benefits of operating and maintaining our regional drinking water system.

Today, all the drinking water supplied by Project 7 comes from one aging treatment plant and one source: the 115-year-old Gunnison Tunnel. It is highly unusual for a community the size of ours to be in a “one cup, one straw” situation. If there was a problem in our existing single source system, with many single points of potential failure, we would have no backup water supply. In fact, our system provides emergency drinking water for the neighboring communities of Ridgway and Ouray.

***Where We’ve Been: Background & History***

A second regional drinking water treatment plant has been planned since before the Ridgway Reservoir was constructed. When the reservoir was completed in 1987, the site for a new regional water treatment plant was originally located at the base of the dam. While the location has changed, this long-planned facility is still needed to protect our water supply, which currently relies upon one aging treatment plant to meet the day-to-day needs of our communities.

Over the years, at least 18 different alternatives have been evaluated to secure the regional water system our communities depend on. These potential projects looked at everything from building a second regional drinking water treatment plant, to boring a second Gunnison Tunnel, or increasing raw water storage in our reservoir system by 10,000 acre-feet.

The price tag of these potential projects ranged from \$10 million to upgrade our existing facilities twenty-five years ago, to more than \$235 million, which is what it would cost to build a second Gunnison Tunnel in today’s dollars. Ultimately, none of these options protected our drinking water system from wildfires, drought, and aging infrastructure better than constructing a second regional treatment plant.

In 2018, work on the Project 7 Regional Water Supply and Resiliency Program began in earnest because a new treatment plant was proven to be the best option for our long-term water security. As plans got more detailed, many concepts were evaluated by Project 7’s Board of Directors and its member entities:

- In 2018, the initial cost for a 5 MGD (million gallons per day) facility, with no distribution pipelines, was estimated to be \$59 million, which is roughly \$74 million in today’s (2024) dollars.
- From 2019 through 2022, a variety of 6 MGD options and up to 6 miles of pipelines were evaluated at the current site south of Colona for an estimated \$50 million to \$110 million.
- In 2023, conceptual design for a 6 MGD treatment plant and 11 miles of raw and finished water transmission pipelines at the Colona site were estimated to cost \$158 million.
- In 2024, a more detailed (30%) design for the same 6 MGD plant with 11 miles of pipeline was estimated to cost \$172 million.

*\*Approved by Project 7 Water Authority Board Members representing the City of Montrose, City of Delta, Town of Olathe, Tri-County Water Conservancy District, and Menoken Water District (as of Nov. 19, 2024)*

**Attachment A page 2**

We all know construction projects across the world have faced big supply chain, inflation and cost challenges in recent years. What isn't as well known is that costs are difficult to estimate before the project scope is determined and fully designed. Costs for complex projects like this often increase as they go from "concept" to a "shovel ready" design that will deliver real value on day one. These factors working in tandem have caused a significant cost escalation that has us all concerned about affordability.

***Where We're Going: Working Together For A Secure Water Future***

The Project 7 Board and our member entities understand that the necessity of this project is not the challenge. Affordability is the challenge. Later this year, we will receive a Guaranteed Maximum Price from the design/build contractor. However, this is not the final price that we must accept without question if we want to secure our regional water supply with the new 6MGD facility needed to meet the current essential indoor water demand of our members, and provide the ability to expand to 12MGD in the future.

When Project 7 receives the Guaranteed Maximum Price, it will have been cross-examined by an independent third-party cost estimator, municipal fiduciary advisor, owner's representative and staff. Despite this thorough interrogation, there will likely still be portions of the project cost and finance plan that the Project 7 Board of Directors must reconcile before the project moves forward.

In early 2025, as the capital financing plan and total project cost come into focus, the Project 7 Board of Directors will meet with the elected officials of each member agency. This cooperative decision-making process will include discussions about appropriate cost allocations and funding options for each entity and determine how the project and its finance plan move forward in a way that provides the best value for future generations and a strong return on investment for the dollars that have already been spent.

***How Will We Pay For It?***

Project 7 has already been approved for financing instruments that are most commonly used to fund large water projects, including the Colorado State Revolving Fund (SRF) and the Environmental Protection Agency Water Infrastructure Financing and Innovation Act (WIFIA). These programs have the lowest below market interest rates available, principal forgiveness/deferment and many other favorable terms.

The importance of this project and why it has already received a commitment for more than \$50 million through the Bipartisan Infrastructure Law WIFIA and SRF programs was highlighted in a [February 2024 White House Brief on Water Infrastructure](#). In addition, Project 7 is aggressively seeking grants from the U.S. Bureau of Reclamation, Congressionally Directed Spending, and other federal and state programs.

Project 7's Board of Directors and its member entities are committed to securing our regional drinking water system with the best possible project at the best possible price. We know the value of water is unlimited, but our members' and their customers' budgets are not. That is why we will continue to work together to secure financing that minimizes the increasing cost of water and maximizes every dollar contributed locally.

There is still much work to be done to update the financing plan, costs, and timeline. We have been talking about this project for decades, but the hardest conversations are still to come, as we address our shared concerns about affordability. Just as our forefathers met many of the same challenges in creating a regional drinking water system, we are equally determined to continue their legacy by working together to strengthen and secure our water supply for future generations.

Learn more about your water, where it comes from and our shared regional infrastructure at: [www.Project7water.org/WaterSupply](http://www.Project7water.org/WaterSupply).