AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

AgendaTitle:
Gunnison Valley Animal Welfare League Animal Shelter Utilities

Action Requested: Motion

Parties to the Agreement: Gunnison County and GVAWL

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:
See attached memo

Fiscal Impact: Based on Board decision - potentially $19,578

Submitted by: Marlene D. Crosby **Submitter's Email Address:** mcrosby@gunnisoncounty.org

Finance Review: (●) Required ( ) Not Required

Comments:

Please see the attached memo for my comments.

Reviewed by: GUNCOUNTY1\bcowan Discharge Date: 5/1/2014

County Attorney Review: ( ) Required (●) Not Required

Comments:

Reviewed by: Discharge Date: Certificate of Insurance Required

Yes ( ) No ( )

County Manager Review:

Comments:

Reviewed by: GUNCOUNTY1\mbirnie Discharge Date: 5/1/2014

( ) Consent Agenda (●) Regular Agenda ( ) Worksession Time Allotted: 15

Agenda Date: 5/6/2014 Follow Up Agenda Date:

Revised April 2013

Gunnison County Public Works Department

195 Basin Park Drive
Gunnison, CO 81230

Phone: 970-641-0044

TO: **Board of County Commissioners**
Matthew Birnie, County Manager

FROM: **Marlene Crosby**

DATE: **April 30, 2014**

SUBJECT: **GVAWL Utilities and Site Work**

There are some utility issues at the GVAWL site that need to be addressed that have a financial impact on GVAWL. Some of the expenses are relative to new construction costs and some are the result of splitting the lot. I am providing this memo for your information based on what I know about the situation and in order to clarify some issues for you on behalf of GVAWL

The first utility is water. As you know the water line was installed as part of the development of the Park. Initially GVAWL had been talking about a 2 to 2-1/2" water line to serve the facility which would have resulted in a very large tap fee. Ultimately the water line that was extended from the main to the facility was a 1" line. The 1" line was not required for water supply, but for ease of maintenance. They used a high quality HDPE for the line from the main and in order to be able to that that line in the winter if it should ever freeze it had to be a minimum 1" in diameter per Mark Templeton, our Utility Manager. At the facility we provided a ¾" water meter which will result in a $3,000 tap fee. **The decision for the Board regarding the water line is whether or not to waive the tap fee since it is solely a County utility.**

The second utility is sewer. The sewer line had been extended to the lot. The sewer tap fee is based on the size of the water line. The tap fee for a ¾" water line is $5,500. Of that amount $3,000 must be paid to the City of Gunnison. **The decision for the Board regarding the sewer line is whether to waive the County portion of the tap fee and/or whether to fund the City portion or ask GVAWL to pay the $3,000 due the City.**

The third utility issue is electrical power and is partially a result of the lot split. When the utilities were laid out it was with the expectation that a single service could serve two lots. The service was placed to serve Lot 3 and Lot 5 and was located on the northwest corner of the lot that was split. Consequently, GVAWL

did not have immediate access to power. The extension of power to their facility cost them $4,477.00. Gunnison County's intent was to provide single phase power to each parcel. For whatever reason GVAWL required 3 phase power which is always considerably more expensive. I questioned the decision since few of our facilities have 3 phase, but it was too late. The City told me that the extension of single phase power to the site would have been $1,358.00, which is $3,118.09 less than the 3 phase power they requested. I am supportive of providing the cost of single phase since we provided it for all of the other sites. **The decision on power is whether to reimburse GVAWL for all or part of the cost of the power line extension**.

The extension of natural gas to the site by Atmos has been an obstacle for the Project Manager for over a year and has gotten worse the last two weeks. Atmos has now decided that they cannot work on the site because of the safety ramifications. There might be a long term solution, but I don't think it will be able to happen for GVAWL's opening this summer. I am working with them to move forward to convert their heat source to propane and use propane as at least a temporary solution. We will have to find a long term solution to market the other lots. That will likely end up being a Park expense that should be taken from the revenues. Atmos is going to refund the entire amount ($9,313.99) that GVAWL has paid for off-site and on-site work. **The decision for the Board at this time is whether or not to allow GVAWL to be included in the bid package that Public Works does for propane. Public Works uses propane at Marble, Somerset, the Landfill, Doyleville, and Crested Butte so we have some volume buying power. GVAWL could either pay us or pay the company direct.**

The Gunnison County Public Works Department has provided some services relative to the site work for GVAWL. We did some of the early excavation and have hauled material to the site. A report showing the expenditures is attached. The soft costs include labor and equipment, the hard costs are for the gravel that we had to purchase from United Companies since we do not have our own supplies. **The Board decision is what portion of the costs should be reimbursed and what is County contribution.**

If you have any questions, please give me a call and I will try and explain.

Thank you.

Cc: Sandy Guerrieri, GVAWL

Memorandum

To: Board of County Commissioners

From: Ben Cowan

CC:

Date: Thursday, May 01, 2014

Re: GVAWL Utilities and Site Work

Marlene's memo does a good job of specifying what your decision points are for potential financial support for the new Gunnison Valley Animal Welfare League shelter.

I wanted to make you aware of the following items relevant to this request:

1) The Gunnison Valley Animal Shelter Agreement, signed October 15, 2013, requires Gunnison County to guarantee their loan for $220,000. On April 22, 2013, the Governmental Accounting Standards Board (GASB) approved a new Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is *more likely than not* that the guarantor will be required to make a payment to the obligation holders under the agreement. There are various qualitative factors that could result in recognition of the liability such as failure to make payments on a timely basis, drawing on a reserve fund, loss of a major revenue source, etc. If a triggering event took place, the County would be required to immediately expense the entire $220,000, reduce its available resources and encumber $220,000 in a liability account.

   Regardless of whether the liability is recognized on the County's financial statements, the Statement requires disclosure of the guarantee, which has an effect on future borrowing.

2) Although the decision before you includes waiver of the sewer and/or water tap connection fees, it is my opinion that, if approved, you should consider funding these out of a designated unrestricted revenue source as a contribution rather than outright waiver of the fees.

   The rate schedules are structured so that that only 10% of the annual depreciation expense for the Dos Rios water system and only 50% of the of the annual depreciation expense for the Dos Rios sewer system is funded through the user fees. The remainder is theoretically funded through a combination of tap fees, annual budget savings and an aggressive maintenance program. By waiving the fees, the Dos Rios customers are actually contributing the amounts by reducing the amount that is placed in their Division resources for capital replacement. Marlene is clear in pointing out that $3,000 of the $5,500 sewer tap fee is required to be paid to the City of Gunnison pursuant the June 8, 2001 Wastewater Treatment Facility Agreement. It is also noteworthy that the City does not waive their tap fees for the same reason, which is why the $3,000 is due. Perhaps the issue of receiving the $3,000 should be brought to the City for funding consideration, since it is a City fee.

3) The Gunnison Valley Animal Shelter Agreement, signed October 15, 2013, includes payment of the first three years of the GVAWL loan for a total of $100,000.

4) The Gunnison Valley Animal Shelter Agreement, signed October 15, 2013, includes an annual payment of up to $6,000 for annual operations upon completion of the shelter. I assume that funding is the same as Gunnison County LI 2014-33, which provides $2,000 in funds for

operational costs. The funding for this has historically been paid from the General Fund out of your Contracts for Service budget.

5) The Gunnison Valley Animal Shelter Agreement, signed October 15, 2013, includes an annual payment of up to $750 for low-cost spay/neuter efforts upon completion of the shelter.

6) Provided GVAWL exercises its option to extend the term of the Ground lease Agreement dated July 5, 2011 for an additional forty year period, ground rent shall be due beginning July 5, 2015. Resolution 2014-12 sets the current ground rental rate at $2,718 per acre per year. Therefore, the annual ground rent for 2.000 acres in Lot 3A would be $5,436 annually, adjusted by 2014 inflation. This amount will be offset by payments made according to 4) and 5) above.

As a summary, here are the amounts set forth for consideration:

Water Tap Connection Fee	$3,000
Sewer Tap Connection Fee – County portion	$2,500
Sewer Tap Connection Fee – City portion	$3,000
Single Phase Power	$1,358
Three Phase Power (exclusive of singe above)	$3,119
2013 Public Works Job Cost	$5,726
2014 Public Works Job Cost	$1,055
TOTAL	**$19,578**

I am not aware of any previously appropriated funds that could be used for this request. Remaining discretionary funding is $2,808.84 since it is greatly reduced from the typical amount due to its use for the first $33,333 loan payment. Any further contributions would be from unappropriated fund balance or reduction of budgeted expenditures, most likely in the Road & Bridge Fund or the General Fund.

Gunnison County Public Works

Reporting Dates 01/01/2013 12/31/2013

Cost Detail By Location/Task

Location
Gunnison Valley Animal Welfare League GVAWL

Act Date / ID	Task	Reg	OT	Labor Cost	Eqp Cost	Mat Cost	Con Cost	Overhead	Total Cost	Employee/Contractor
12/03/13 359,524	Misc Road/ Maint.	5.00	0.00	$160.30	$240.00	$1,628.57	$0.00	$0.00	$2,028.87	Tillman, Dale
Misc Road/ Maint. Total		**5.00**	**0.00**	**$160.30**	**$240.00**	**$1,628.57**	**$0.00**	**$0.00**	**$2,028.87**	**1 Activity Records**
11/22/13 359,047	Road Brooming	1.50	0.00	$59.52	$34.50	$0.00	$0.00	$0.00	$94.02	Webb, Kenneth
11/22/13 359,050	Road Brooming	1.00	0.00	$39.68	$23.00	$0.00	$0.00	$0.00	$62.68	Webb, Kenneth
Road Brooming Total		**2.50**	**0.00**	**$99.20**	**$57.50**	**$0.00**	**$0.00**	**$0.00**	**$156.70**	**2 Activity Records**
11/12/13 357,186	Site Prep RM	3.50	0.00	$171.05	$0.00	$0.00	$0.00	$0.00	$171.05	Mazzuca, Blane
11/12/13 357,283	Site Prep RM	7.50	0.00	$240.45	$450.00	$0.00	$0.00	$0.00	$690.45	Tillman, Dale
11/13/13 357,346	Site Prep RM	7.00	0.00	$342.09	$198.00	$984.09	$0.00	$0.00	$1,524.18	Mazzuca, Blane
11/13/13 357,361	Site Prep RM	8.00	0.00	$256.48	$329.00	$0.00	$0.00	$0.00	$585.48	Tillman, Dale
11/14/13 357,524	Site Prep RM	7.50	0.00	$240.45	$329.00	$0.00	$0.00	$0.00	$569.45	Tillman, Dale
Site Prep RM Total		**33.50**	**0.00**	**$1,250.52**	**$1,306.00**	**$984.09**	**$0.00**	**$0.00**	**$3,540.61**	**5 Activity Records**
Gunnison Valley Animal Welfare League Total		**41.00**	**0.00**	**$1,510.02**	**$1,603.50**	**$2,612.66**	**$0.00**	**$0.00**	**$5,726.18**	**8 Activity Records**
0.0000				$0	$0	$0	$0	$0	$0	

	Reg	OT	Labor Cost	Eqp Cost	Mat Cost	Con Cost	Overhead	Total Cost	
Grand Total	**41.00**	**0.00**	**$1,510.02**	**$1,603.50**	**$2,612.66**	**$0.00**	**$0.00**	**$5,726.18**	**8 Activity Records**

Gunnison County Public Works

Reporting Dates 01/01/2014 05/01/2014

Cost Detail By Location/Task

Location
Gunnison Valley Animal Welfare League GVAWL

Act Date / ID	Task	Reg	OT	Labor Cost	Eqp Cost	Mat Cost	Con Cost	Overhead	Total Cost	Employee/Contractor
01/07/14 363,711	Site Prep RM	3.00	0.00	$96.18	$180.00	$687.83	$0.00	$0.00	$964.01	Tillman, Dale
04/15/14 374,969	Site Prep RM	1.00	0.00	$31.33	$60.00	$0.00	$0.00	$0.00	$91.33	Schmidt, Martin
Site Prep RM Total		**4.00**	**0.00**	**$127.51**	**$240.00**	**$687.83**	**$0.00**	**$0.00**	**$1,055.34**	**2 Activity Records**
Gunnison Valley Animal Welfare League Total		**4.00**	**0.00**	**$127.51**	**$240.00**	**$687.83**	**$0.00**	**$0.00**	**$1,055.34**	**2 Activity Records**
0.0000				$0	$0	$0	$0	$0	$0	

	Reg	OT	Labor Cost	Eqp Cost	Mat Cost	Con Cost	Overhead	Total Cost	
Grand Total	**4.00**	**0.00**	**$127.51**	**$240.00**	**$687.83**	**$0.00**	**$0.00**	**$1,055.34**	**2 Activity Records**