

Brown Ranch Annexation Committee (BRAC)
Wednesday, February 15, 2023
Meeting Summary

Attendance: Robin Crossan, Joella West, Gary Suiter, Leah Wood, Kathi Meyer, Jason Peasley (BRAC); Jason Lacy (third-party facilitator); Jon Snyder, Angela Cosby, Michelle Carr, Mike Lane, Rebecca Bessey, Julie Baxter, Dan Foote, Kim Weber, Gilbert Anderson (City staff); Emily Katzman (YVHA staff)

A. PRIOR MEETING RECAP

1. **Approval of Minutes** – The official meeting minutes will be the video recording. Minutes from the February 1, 2023 meeting were approved unanimously.

February 1, 2023 Meeting Summary and Transcript - City Council has opted to continue using the detailed transcript.

Agenda packet procedures

- Going forward, the City Clerk’s office will notify BRAC via email when items are added to the packet after the initial publish date.
- Deadline for adding rainbow items: noon on the Monday of BRAC meeting week. If staff anticipates adding materials, try to notify BRAC what is anticipated and when.
- All packet materials need author and date stamp.

Third-party expert

- YVHA posted a [Request for Qualifications \(RFQ\)](#) for a Community Development Partner at Brown Ranch. This partner is intended to support development implementation by limiting YVHA’s risk. As part of the interview process, YVHA will seek feedback on the draft annexation agreement from potential development partners and can share that feedback with BRAC if requested. YVHA would prefer this approach, rather than bringing in an additional third-party expert to review the annexation agreement. Leah Wood expressed that tone of BRAC meetings has been collaborative and productive thus far. A third-party partner must not change that tone.
- City Council representatives expressed a continued interest in bringing in an additional third-party expert and will discuss the concept with the full City Council during Council’s next executive session.

2. **Community Outreach plan** – An updated proposal was made jointly by City and YVHA and includes updated budget numbers. BRAC did not have sufficient time to review the new proposal and requested a formal presentation at the March 1, 2023 meeting. Robin Crossan requested a comparison of the original and updated plans. Jason Peasley emphasized there needs to be one consistent message coming from BRAC to the community, delivered through a variety of methods.

3. **General Plan of Development**

- Going forward, Jason Lacy would like to get a general confirmation at each meeting that all parties are comfortable with the working draft of the Annexation Agreement and ready to move forward to new conversation topics/sections of the agreement. Jason Lacy reminded the group that this is not a binding vote and the agreement can change as topics advance over time.
- BRAC unanimously approved the language added to Section 3. A-D (General Plan of Development), as presented during the February 1, 2023 meeting.

B. CURRENT DISCUSSION

4. **City Services/Operations/Maintenance Responsibilities** – Jon Snyder, City of Steamboat Springs Public Works Director, presented on water, wastewater, and stormwater in Steamboat Springs. Gilbert Anderson, Wastewater Treatment Plant Superintendent, Julie Baxter, Water Resources Manager, and Michelle Carr, Distribution Collection Manager, all contributed to the presentation and were available for questions. The intent of this presentation is to provide BRAC with an introduction to the topics, to inform a more focused discussion on what needs to be included in an annexation agreement moving forward. The presentation is based on an assumption that if annexation is approved, the City of Steamboat Springs will provide water and wastewater services to Brown Ranch.

[Note: this meeting summary is not intended to capture all the details of Jon Snyder’s presentation. Please see the [meeting recording](#) (1:14:00) and summary sheets provided in the packet for detailed information.]

Drinking Water Utility

- Jon clarified that the Brown Ranch Water Demand Analysis will be foundational to future conversations from a legal perspective. YVHA anticipates the analysis to be complete and presented to BRAC in April 2023.
- Key questions/decisions:
 1. **Is there a reliable and secure supply of water to serve the proposed annexation?** – The City is obligated by state statute that requires the City to make a finding that there is an adequate water supply prior to approving a development. The City also has a municipal ordinance that requires new development to dedicate water rights for the development or pay a fee in lieu. This is in City Council’s discretion.
 2. **What infrastructure improvements are necessary to serve the proposed annexation?** – There are six categories of projects that are necessary to serve the proposed annexation. Jon will review in detail.
 3. **When do infrastructure improvements need to be completed to serve additional development within the proposed annexation?**
 4. **What do those infrastructure improvements cost, and what is the most equitable way to distribute those costs?** – Who pays for what? This is anticipated to be the focus of conversations/negotiation going forward.
 5. **What water conservation and efficiency measures should be required?** –City staff are generally aligned with YVHA’s vision for Brown Ranch as a water-conscious development

and will make recommendations on specific provisions that could be included in the Annexation Agreement.

- New Drinking Water Infrastructure Required:
 1. Booster station near West Area Water Tank – must be operational prior to occupancy of any new EQRs – cost: \$1.2M – already funded by City’s Enterprise Fund Capital Improvements Plan.
 2. Redundant delivery pipeline along US40 - must be operational prior to occupancy of any new EQRs – cost: \$1M – already designed and will be part of Core Trail expansion project. Anticipated to be built summer 2024. Creates opportunities for looped system. -- Project is funded by City’s Enterprise Fund Capital Improvements Plan.
 3. Elk River Water supply treatment and offsite pump station and pipelines – must be operational prior to exceeding 800 new EQRs. – cost: \$40 - \$58M. Funding source: to be determined.
 4. On-site distribution pipelines and pump stations – to be developed as neighborhoods are built - cost estimate unknown – Funding source: YVHA anticipates this expense will be funded by YVHA (the developer), as is consistent with current City procedure.
- EQR = Equivalent Residential Unit. 1 EQR does not equal 1 dwelling unit.
 - EQR metric helps accommodate highly fluctuating annual demand in tourism-heavy community.
 - 1 EQR = 140 fixture unit points, which helps measure demand on a unit’s plumbing system. YVHA is using this metric for forthcoming Water Demand Report.
 - 1 EQR = typical 2,500 SF single family residence with 3 bedrooms, 2 bathrooms, and irrigated yard. A smaller, multi-family housing unit will be a fraction of 1 EQR.
 - Commercial store, soccer fields, etc. can all be converted to EQR to understand intensity of use.
- Water and wastewater utilities are TABOR enterprise funds, meaning the fund receives no tax dollars and is not part of the General Fund. Revenue = monthly customer bills + plant investment (tap) fees at time of building permit application, based on intensity of use.
 - Bills pay for operations, maintenance, replacement, upgrades.
 - Plant investment fees pay for capacity and system expansions.
- Elk River supply project is anticipated to be the heart of the discussion. Jon Snyder recommends identifying how this project is paid for in the Annexation Agreement.
 - Anticipated capacity = 3.5 MGD (million gallons/day).
 - Projected construction cost: \$40M - \$58M. Annual operating costs: \$642K.
 - Assuming projected growth rate, plant should be online and operational by 2030.
 - Ideas regarding how Elk River supply project is paid for:
 1. Assume Brown Ranch developers and residents cover 100% of costs – not recommended by City staff. Water systems are integrated. The Elk River supply will benefit the existing City, as well as Mount Werner Water District. It is important for resiliency by adding a third redundant water supply to the area, which minimizes the threat of fire in the Fish Creek basin.
 2. Keep rates within Brown Ranch consistent with rates within the rest of the City’s district – recommended by City staff. Simple and consistent.

3. Divide rates based upon distribution system modeling – Compromise option. Staff can model a full buildout scenario to show how water resources are distributed between Brown Ranch and the rest of the City. Staff can complete this modeling exercise by May 2023.
- Note: City could consider utilizing the STR tax to fund the project. City staff will explore every grant opportunity possible, but anticipate \$2-4M available in grants, certainly not the entire project cost.
 - Water Conservation Plan – Plan adopted by City Council to accomplish 10% reduction in water usage over next 10 years. Could consider incorporating six additional suggestions into the Annexation Agreement:
 - Integrate water conservation with land use planning
 - A water conservation and efficiency plan outlining commitments
 - A water budget agreement and monitoring plan
 - Water-efficient building practices, such as low flow fixtures
 - Site design that preserves areas important for water quantity or quality
 - Water reuse capabilities
 - YVHA is “all in” on meeting Water Conservation Plan goal + additional suggestions/concepts made by City.
 - Community Development Plan shows significant reduction in private yards with emphasis on high quality parks and community space that can be centrally managed and potentially irrigated using raw water.
 - YVHA likes “water budget” concept and would like to utilize monitoring to confirm assumptions in Water Demand Report, then adjust as needed. Need to verify that we’re doing the right thing and if not, invest in additional conservation measures.
 - This will impact EQR analysis.
 - Julie Baxter suggested incorporating water conservation & efficiency plan + commitments and water budget into the Annexation Agreement.
 - Robin Crossan suggested providing outline of conservation measures + water budget, at least high-level commitments on major categories in the Annexation Agreement.
 - Kathi emphasized that YHVA is “totally on-board” because the #1 goal of Brown Ranch is affordability and #2 goal is sustainability.
 - *Is there a reliable and secure supply of water to serve the proposed annexation?*
 - Will be answered by Water Demand Report, which will be presented in April.
 - The City’s Initial modeling indicates answer is yes. The difference between this annexation and all others in the past is that the City has secured a 1,200 AF (acre feet) water right on the Elk River.
 - Water questions:
 - Kathi: What additional capacity does the City have for water storage? Should we be looking at expanding capacity as a community anyway?
Answer: extensive; far exceeds 800 EQR. Possible to add 60% capacity but would need to increase the size of the treatment plant.
 - Kathi: what number is the City using for full buildout of current city limits: Are the infill assumptions on track?
Answer: The 2010 study anticipates 4,500 EQR of infill to “build out” entire City.

- Kathi: what can we do from a cost-effective basis to increase distribution capacity?
Answer: City has already done what it can.
 - Kathi: if Brown Ranch is delayed or never happens, what is in 6-year CIP plan?
Answer: pipeline replacements. Typical pipe has lifespan of 60-80 years + plant upgrades; pump station, line extension.
 - Gary: Regarding the Elk River treatment plant, what percentage of benefit is for City's existing system generally, vs. Brown Ranch specifically? Is there a methodology to determine this?
Answer: yes, the methodology is distribution system modeling.
 - Kathi: can we get finer definition of costs of Elk River treatment plant expansion?
Answer: We know the cost of treatment plant. We do not know the cost of land.
 - Robin: "Water reuse capabilities:" What does that mean?
Answer: harvesting rainwater and stormwater.
 - Leah Wood: has the City entered into a water budget agreement with other developers? Is there language we can see and model?
Answer: no. But it is best practice being promoted by the state. City will take the lead on finding examples and working on language.
- Jason Peasley provided additional context: YVHA is doing preliminary modeling, which shows the total anticipated EQR at Brown Ranch is 1550 EQR. Phase 1 was designed to fit the 800 EQR threshold and is scaled to that number.
 - Jason P. recommended having conversation about STR tax utilization before or in parallel to conversation about Elk River treatment plant.
 - Robin Crossan: doesn't want conversation to be driven by STR tax.
 - Joella West: current community needs to understand that if rates increase following rate study, it's not because of Brown Ranch.
 - Jason Lacy outlined next steps:
 1. City to collaborate with YVHA to begin distribution modeling to provide in April, along with Water Demand Report.
 2. Staff collaborate to draft language for annexation agreement.
 - Jason Peasley: thanked the City for diligence in expanding water capacity over past few years.

Wastewater Utility

- Topographic divide of the Brown Ranch property that divides wastewater infrastructure into eastern and western basins. The offsite infrastructure for eastern basin is in place; infrastructure to service western basin will need to be built. There are 3 options:
 1. Gather into central low point and pump up topographical divide and dump into eastern basin – likely preferred option.
 2. Convey flows through Steamboat II Metro district. Will require agreements with additional partner and may require pipe upsizing.
 3. Gather in low point, cross highway and river and use separate pipeline to plant. – May be infeasible.

- Three primary questions to drive discussion:
 1. *What infrastructure improvements are necessary to serve the proposed annexation?* – see above, as well as expansion of wastewater treatment plant.
 2. *When will the wastewater treatment plant need to be expanded, what will it cost, and who should pay for it?* - Plant is 73% of capacity. Based on state mandates, plant capacity increase must be designed when plant reaches 80% capacity and begin construction at 90% capacity. Given the estimated EQR buildout rate of Brown Ranch and the City, anticipate design of expansion in 2027 and construction in 2033. This could change if state mandates change.
 3. *Will monthly bills or tap fees change as a result of Brown Ranch?*
 - Sewer bill Rates: no, monthly sewer bills will not change as a result of Brown Ranch. Brown Ranch residents will pay regular sewer bills.
 - Tap fees: maybe, if we need to expand treatment plant sooner than projected. This number could be refined in 2024 based on the City's rate study. Jon ponders if there should be a different sewer tap fee for Brown Ranch compared to development in the rest of the City because of accelerated timing of expansion. He clarified this is not necessarily a City staff recommendation, but a question anticipated from constituents. Tap fees are designed for development to buy its way into the capacity of the system.
- Questions:
 - Robin: if eastern basin is in place, how many units can be built at Brown Ranch before western off-site infrastructure needed?
 - Answer: about 70% of project. Neighborhood D is the only phase that is impacted by the east/west geographic barrier.

Stormwater

- BRAC doesn't have to weigh in on this. BRAC can choose not to mention it in the Annexation Agreement, then stormwater rules/responsibilities will run with the City's existing codes and policies. The only reason to mention it is if it is necessary to change what we are already doing. Staff is fine with this approach.
- City staff is excited to see Brown Ranch take regional approach to stormwater. This is uncommon, as most stormwater is handled on a site-by-site basis. On a more regional basis, it is cost-effective, uses less land, and can double use with another use, like park land.
- Jason Peasley: cautioned stormwater management will impact the fiscal impact model because it is tied to park system. Who is maintaining parks?
- Kathi: recommends acknowledging in Annexation Agreement that Brown Ranch will comply with the City's standard rules & regulations as they change over time.
- Jason P emphasized the efficiency of a regional storm water approach: will not need onsite detention, so full block can be utilized for development.
- Robin: does stormwater impact a future geothermal system?
Jon Snyder: no.
- Streets division performs stormwater maintenance. Currently dictated by property ownership. Will discuss more at next meeting.
 - Jason Peasley: our objective is to determine who is most efficient at doing that job and investing in the capacity to do so.

- Robin: would city be responsible for all stormwater in Brown Ranch with a fee charged to YVHA so YVHA doesn't have to do it?
- Jason Lacy: that is contrary to current stormwater regulations.
- Robin Crossan suggested formal presentation on parks and the intersection with stormwater management.

Summary of Decisions

- Stormwater: follow codes with brief reference to this decision in Annexation Agreement – to be added to Annexation Agreement draft for 3/1/23 meeting.
- Wastewater: tap fees should cover cost of necessary upgrades to wastewater treatment plant upgrades - to be added to Annexation Agreement draft for 3/1/23 meeting.
- Water:
 - City and YVHA staff will move forward with distribution modeling exercise to understand percentage of Elk River treatment plant use that will serve Brown Ranch and the rest of the community. BRAC will await that model, as well as the Water Demand Report in April.
 - Needed to finalize language in agreement.
 - Conservation options are all acceptable to both parties. City will lead the water budget draft and begin adding language to the Annexation Agreement re: water conservation.
 - Need to circle back to the water rights dedication policy. Will the City require fee in lieu? Robin suggested taking this to executive session with the full City Council.
 - Current policy requires any annexed development or any development over 50 EQR to bring water rights to table = 110% of demand or pay fee in lieu. This is entirely City Council discretion. The policy was developed in 2008 prior to the City acquiring the Elk River water right.

C. NEXT MEETING

- Wednesday, March 1, 2023 at 9am
- Agenda:
 - General municipal services with focus on streets and transit. Jon Snyder will lead presentation.
 - Presentation on community outreach plan.
 - Follow up on water, wastewater, stormwater with draft language added to the Annexation Agreement. Language will be based on what was discussed at the previous meeting, rather than anticipating what we're going to discuss in future meeting.

D. PUBLIC COMMENT

- Jim Engelken provided public comment:
 - Missed key component regarding distribution model. There is a hard line between Mount Werner Water District and the City's water district. The City does not have the ability to force MWW to pay, which could cause City district rates to increase. Current water rates of the City compared to MWW are 3:1.
- Response: Jon Snyder responded to Mr. Engelken's comment:

- Correct the City has no authority to impose a water rate increase on Mount Werner Water. Staff is not intending to ask MWW for any assistance.

Meeting summary prepared by Emily Katzman, YVHA Development Project Manager
February 15, 2023