



C I T Y o f W E S T M I N S T E R

June 22, 1995

Office of the City Manager

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Westminster, Colorado
80030

303 430 2400
FAX 303 430 1809

Mr. George DiCiero
One Descombes Drive
Broomfield, Colorado 80020

Dear George:

Tim Holeman has recently asked the Standley Lake Cities to estimate Standley Lake Protection Project (SLPP) savings in view of expanded costs associated with the Broomfield replacement water project. Broomfield's expanded costs are currently estimated as \$5.36 million. Although I believe it is premature to push the Standley Lake Cities to commit to provide certain savings when Broomfield's own costs are so uncertain, I am writing to outline potential savings associated with the SLPP.

In addition, I have discussed this issue with Staff and some serious concerns have arisen. In particular, it has recently come to our attention that Broomfield is continuing in its efforts to sell the Category 1 water rights to other parties after first reading by the Broomfield City Council, and after Broomfield has been holding our bid deposit for more than two years. Moreover, we have learned that, without consulting the Standley Lake Cities, Broomfield has also approached the Department of Energy (DOE) directly to change our SLPP budget and remove a key project item, the DOE wetlands, to produce more funds for Broomfield's project cost overruns. We do not find these latest actions to be in the spirit of teamwork and cooperation that the Cities have used successfully over the years to move the Option B projects forward. We are deeply concerned and troubled over these recent developments.

While we do anticipate some savings on the SLPP, the Standley Lake Cities and the DOE will obviously expect Broomfield to use any savings from lower than estimated bids it receives as a first source of available funding for the Broomfield project costs. We are willing to cooperate with Broomfield to complete the Great Western Reservoir Replacement Project, however, we have no intention of committing any SLPP savings to Broomfield prior to full completion of the project. As you can readily appreciate, any efforts by Broomfield to utilize SLPP savings prior to completion of our project will be strongly resisted. In that event, we would find it necessary to closely examine certain uses of Option B funds.



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In particular, it appears to our Staff that Broomfield has overstated its costs for firming its Windy Gap water rights. It is our impression that Broomfield seems to be using a much higher per unit cost for Colorado/Big Thompson units than the market would indicate. Also, Broomfield must commit to using its CBT water only to firm its Windy Gap water, not as another source of supply. Otherwise, it could appear to the public and governmental agencies that Broomfield has obtained additional supplies to serve growth, a comment we have heard several times attributed to environmental groups. It is our belief that Broomfield could stay within its original firming budget by acquiring interruptible supplies over a period of several years, rather than buying units outright over a shorter period of time.

As you know, while we are in the final stages of the SLPP construction, we cannot determine final expenditures at this point. Also, although we do not anticipate any cost overruns, as you well know, they can occur on projects of this magnitude. Therefore, please bear in mind that the figures presented below are preliminary and subject to change. If unforeseen circumstances occur, the savings could be less. Unknowns at this time include the weather, outstanding valuation proceedings on a number of real estate transactions which could increase our costs by up to \$500,000, and the impacts of the nesting bald eagles, which could impact the project schedule if they return early this year, or if weather delays cause completion of our projects to be delayed into 1996. On the other hand, if all goes well, we will be able to accomplish the savings we have detailed below.

Estimated savings on the SLPP at this point are \$4.1M. When Broomfield conveys all of its remaining Clear Creek water rights to Westminster as a source of water for the DOE wetlands, an additional \$450,000 could be counted as savings. Total savings would then be \$4.55M. As we understand it, Broomfield has asked DOE to temporarily delay construction of the DOE wetlands and thereby generate additional savings for Broomfield's use. We do not believe this request is appropriate. DOE worked with the Cities to acquire the funding for the projects, and should share in the funds for this important project. Constructing the wetlands will allow cleanup projects at the Rocky Flats site to proceed, which is in everyone's best interest. We believe that it is appropriate for DOE to move forward on the construction of the wetlands at this time, using the SLPP savings.



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It may be possible to save additional funds by completing the Woman Creek Reservoir and the associated pump station and pipeline by October 1 of this year, a schedule which has been proposed by the contractor. The Standley Lake Cities believed it to be a two construction season job; however the contractor is attempting to complete it this summer. The rainy weather this spring has hampered the contractor in its efforts to meet this optimistic schedule, but the contractor is aggressively working towards an October 1 completion. Assuming this schedule can be maintained up to an additional \$1M savings is likely to be achieved. The resulting savings, coupled with the previously identified \$4.5M savings, could be sufficient to cover the expanded project funding Broomfield is currently seeking.

Furthermore, it is important to stress DOE's control over the grant funds. While we may realize up to \$5.5M in savings, we all understand that it is the DOE's decision on how to allocate those funds. In addition, an extremely important issue is yet unresolved for the SLPP Cities and the SLPP. That issue is DOE General Counsel's uncertainty as to the Standley Lake Cities' use of earned interest on both the designated cleanup and operation and maintenance funds. If the Standley Lake Cities cannot use the earned interest, the Cities will request to increase the amount of each fund, from the estimated project savings. The Standley Lake Cities have also identified several additional project enhancements, based on changes which have occurred since 1990, which should be funded from the SLPP savings, and therefore it would be up to DOE to decide how to allocate the savings between these enhancements and Broomfield's cost overruns.

Finally, we must all keep in mind the commitment of the four Cities involved to provide project savings to Congressman Skaggs. He has been such a strong project supporter, and without him, the projects would never have taken place. I think it is important for the Cities to follow through on their commitment.

We are also very concerned that Broomfield has not yet published the ordinance for the sale of the Church Ditch inches. This is apparently on the premise that if sufficient savings are not identified, the Church Ditch inches could be used to firm up the Windy Gap yield. Our staff has reviewed this option, and determined that the Church Ditch water cannot



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firm the Windy Gap yield, and is not cost effective as an alternative to purchasing CBT units. Frankly, we view this development, along with Broomfield's recent efforts to sell the Church inches to others, as evidence of less than good faith endeavors on the part of Broomfield. We are extremely concerned about this recent "change of heart." We believe it is critical that Broomfield promptly follow through on the Church inch water sale as well as the related items -- sale of the junior water rights and use of the Church Ditch for stormwater quality protection. Such action can help to counteract the impression which has been generated and help repair the negative impact on the relationship between our Cities.

Sincerely,



Bill Christopher
City Manager

cc: Jack Ethredge, City of Thornton
Ron Lovan, City of Thornton
Jim Landeck, City of Northglenn
Neal Renfroe, City of Northglenn
Ron Hellbusch, City of Westminster



CITY of WESTMINSTER

June 14, 1995

Public Works and Utilities

4800 West 92nd Avenue
Westminster, Colorado
80030

303.430.2400
FAX 303.650.1641

Tim Holeman
Rocky Flats Water Protection Projects Coordinator
1633 York Street
Denver, Colorado 80206

Dear Tim:

You asked the Standley Lake Cities to estimate Standley Lake Protection Project (SLPP) savings in view of expanded costs associated with the Broomfield replacement water project, estimated as \$5.0M.

As you know, while we are in the final stages of the SLPP construction, we cannot determine final expenditures at this point. Also, although we do not anticipate any cost overruns, as you well know they can occur on projects of this size. We have however, estimated project costs and resulting savings as we see them as of this date. That savings is estimated to be \$4.1M. You can add to that figure \$450,000 by Broomfield conveying to United States Department of Energy (DOE) all of its remaining Clear Creek water rights to meet the new DOE wetlands requirements, bringing the total to \$4.5M.

We can further speculate that an additional \$1.0M will be saved by completing the Woman Creek Reservoir and pipeline by October 1 of this year, as originally planned. The continued rash of rainy weather had brought construction to a standstill, but we plan to aggressively work toward an October 1 completion. Assuming this schedule can be maintained, the resulting savings would match the expanded project funding Broomfield is facing.

Furthermore, it is important to stress DOE's control over the Grant funds. While we may realize up to \$5.5M in savings, it is DOE's decision on how to allocate funds. I hope this information is helpful. We feel reasonably confident that the figures above will materialize as we move toward completion of the SLPP.

Yours truly,

Ronald A. Hellbusch
Director of Public Works and Utilities

ADMIN RECORD

Enclosure

STANDLEY LAKE PROTECTION PROJECT
Estimated Savings

Revised Budget

Component	Revised Budget	Revised Subtotal	Estimated Expenditure
A. Water Delivery Facilities			
1. C-2 Interceptor Extension	\$3,000		\$2,940
2. Smart Ditch Diversion	\$1,000		\$713
3. Kinnear Ditch Pipeline	\$4,433,000		\$3,525,239
Subtotal		\$4,437,000	\$3,528,892
B. Woman Creek Facilities			
1. Woman Creek Reservoir	\$13,356,000		\$9,790,557
2. Diversion Canal	\$1,070,000		\$1,069,980
3. Mandalay Ditch Pipeline	\$15,000		\$14,720
4. Contingency Fund	\$1,500,000		\$1,500,000
5. O&M Fund	\$3,000,000		\$3,000,000
6. Environmental Studies and Mitigation	\$1,500,000		\$1,500,000
Subtotal		\$20,441,000	\$16,875,257
C. Pumping to Walnut Creek			
1. Woman Creek Reservoir Pumping Plant	\$535,000		
2. Woman Creek Reservoir Pipeline	\$1,220,000		
Subtotal		\$1,755,000	\$1,523,490
D. Administration		\$1,767,000	\$1,300,000
E. DOE Wetlands			
1. Design/Construction			\$439,486
2. Water Rights			**
3. O&M			\$200,000
Subtotal			\$639,486
Total		\$28,400,000	\$23,867,125
Possible Savings			\$4,532,875

7-20-1997

** \$450,000 estimated but removed from Budget as Broomfield agreed to dedicate the Junior Clear Creek Decrees and the Reservoir Decree to supply wetlands