

RECORD OF PROCEEDINGS

Hugo, Colorado

March 31, 2025, 6:00 PM

Special Meeting of the Board

Hugo Community Room

The special meeting of the Board of Trustees, Town of Hugo, Colorado was called to order on March 31, 2025, at 6:05 P.M. by Mayor Emmerling. The Pledge of Allegiance to the United States Flag was recited in unison. The following Trustees answered roll call: Trustee Emmerling, Trustee Piper, Trustee Mohan, Trustee Messer, Trustee Ehlers and Trustee Mohan. Trustee Dobbs was absent. Mayor Emmerling declared that there was a quorum of the Board present for the transaction of business.

Staff present at this meeting were Public Works Director Forristall and Clerk Administrator Lancaster.

Guests present were Renita Thelen, Carl Dutro, Valinda Eberle, Zach Schoenfeld, Fred Lundy, Clare Laycock, Paul Logan, Dorothy Michalek, Lynnaya Saunders, and via Zoom Dannah Koeniger, Liz Yowell and Amanda Clark.

A motion was made by Trustee Mohan and a second was made by Trustee Ehlers to adopt the agenda. THE MOTION CARRIED UNANIMOUSLY.

PUBLIC COMMENT:

Dannah Koeniger, with GMS gave an update on the Railroad permit for the Sewer Project.

PUBLIC HEARING: The Town of Hugo's Water System Improvements Project

Mayor Emmerling opened the Public Hearing for The Town of Hugo's Water System Improvements Project at 6:07 P.M.

Dannah Koeniger, with GMS presented the Town of Hugo Water System Improvements Project. (Attachment to minutes was provided by GMS.)

This is a public hearing for informing citizens and soliciting public input, written or oral, regarding the Town of Hugo's Water System Improvements project.

This project is an outgrowth of the Water System Improvements Preliminary Engineering Report.

A Project Needs Assessment (PNA) was prepared in conjunction with the Colorado Department of Public Health and Environment (CDPHE).

The public hearing is to incorporate the additional scope to add the 4th Ave. waterline replacement to the project.

The loan will be resubmitted April 4, 2025 to incorporate the additional scope.

The Environmental Assessment review is complete. The FNSI will be released after the loan approval.

Mayor Emmerling asked for public comment. There were no public comments.

Mayor Emmerling asked for Board comment. There were no Board comments.

The Public Hearing was closed at 6:21 P.M.

Professional Services Agreement CDOT Sidewalk Project: A motion was made by Trustee Messer and a second was made by Trustee Mohan to approve the GMS, Inc. Professional Services Agreement for the CDOT Sidewalk Project. THE MOTION CARRIED UNANIMOUSLY.

The meeting was adjourned.

Kara Emmerling, Mayor

ATTEST:

Sara Lancaster, Town Clerk/Administrator

TOWN OF HUGO

PUBLIC HEARING ON WATER SYSTEM IMPROVEMENTS

March 31, 2025

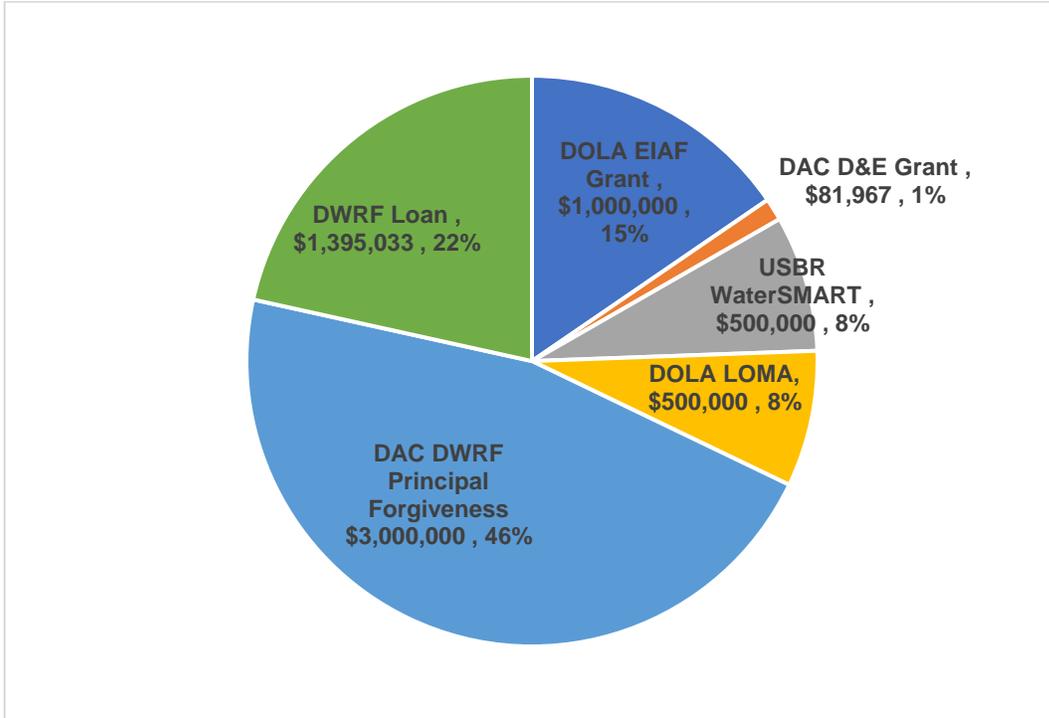
Water System Improvements

- The Town has maintained its own water system since the time of its incorporation in 1912. The Town's water system consists of supply, treatment, storage, distribution, and customer meter components.
- The Preliminary Engineering Report (PER) presented a summary of the Town's water system components and an evaluation of the condition and needs of the system. The PER identified three priorities of improvements and the Town chose to pursue priorities one and two. Additionally, the Town has added the replacement of distribution pipe in 4th Avenue which has required two emergency repairs in the past year. The recommended improvements for priorities one and two identified in the PER include:
 - Construction of a new 510,000-gallon storage tank
 - Replacement the Town's chlorine gas solution treatment with sodium hypochlorite solution at both the East pump house and West chlorination building
 - Redrilling of East number 6 well
 - Installation of a new 3-inch check valve at West number 8 well
 - Upgrades to the Town's existing SCADA system
 - Replacement of the existing customer meters (422) with radio read meters
 - Replacement of 5 existing fire hydrants
 - Replacement of approximately 5,570 lineal feet of existing cast iron piping with new 6- or 8-inch PVC pipe
 - Replacement of 522 lineal feet of 6-inch pipe
 - Replacement of 140 lineal feet of 12-inch casing with 6-inch PVC water line via bore and jack across the railroad right-of-way
 - Replacement of 251 lineal feet of 12-inch steel casing with 8-inch PVC water line via open cut in railroad right-of-way
- The proposed improvements are necessary to address the Town's water system deficiencies, improve the system reliability, and decrease operation and maintenance costs.
- The proposed project cost is approximately \$6,477,000.
- Proposed project financing and status:
 - Total project cost: \$6,477,000
 - Department of Local Affairs (DOLA), Energy/Mineral Impact Assistance (EIAF) Fund grant in the amount of \$1,000,000
 - Disadvantaged Community (DAC) Design and Engineering (D&E) grant in the amount of \$81,967
 - DAC Drinking Water Revolving Fund (DWRf) principal forgiveness in the amount of \$3,000,000
 - USBR WaterSMART grant - \$500,000 – Not awarded yet
 - DOLA LOMA - \$500,000 – Not awarded yet
 - DWRf loan in the amount of \$1,395,033 OR \$2,395,033

Summary of Funding Scenario No. 1:

- DOLA EIAF grant.....\$1,000,000
- DAC D&E grant.....\$ 81,967
- USBR WaterSMART.....\$ 500,000
- DOLA LOMA.....\$ 500,000
- DAC DWRP Principal Forgiveness.....\$ 3,000,000
- DWRP Loan.....\$ 1,395,033

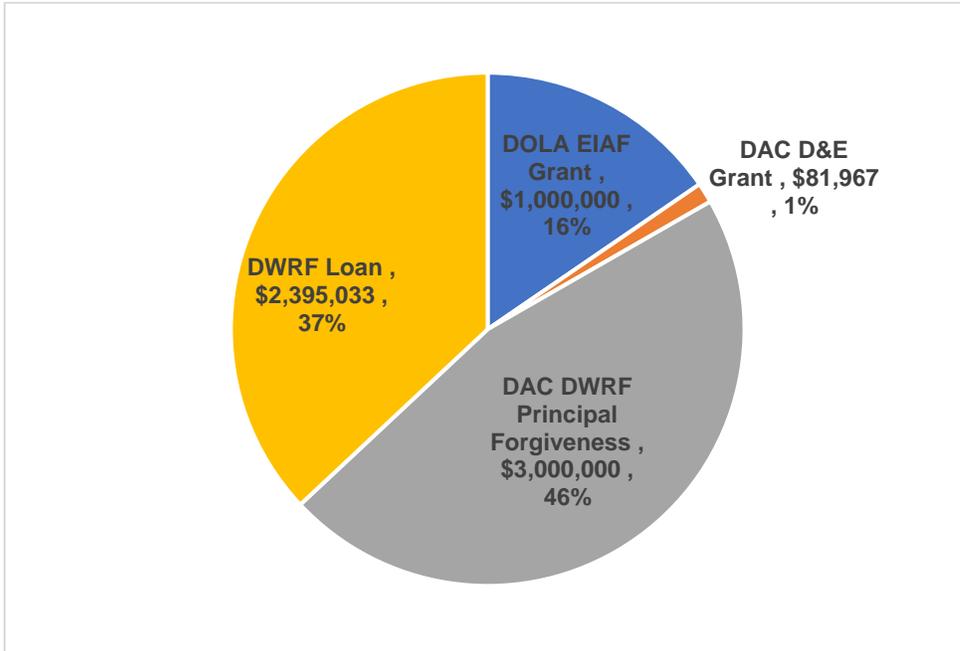
Funding Scenario No. 1:



Summary of Funding Scenario No. 2:

➤ DOLA EIAF grant.....	\$1,000,000
➤ DAC D&E grant.....	\$ 81,967
➤ USBR WaterSMART.....	\$ 0
➤ DOLA LOMA.....	\$ 0
➤ DAC DWRP Principal Forgiveness.....	\$ 3,000,000
➤ DWRP Loan.....	\$ 2,395,033

Funding Scenario No. 2:



POTENTIAL FUNDING SCENARIOS

Component	Funding Scenario No. 1	Funding Scenario No. 2
Project Cost ¹⁾	\$6,477,000	\$6,477,000
DOLA EIAF Grant ²⁾	\$1,000,000	\$1,000,000
DAC D&E Grant ³⁾	\$81,967	\$81,967
USBR WaterSMART ⁴⁾	\$500,000	
DOLA LOMA	\$500,000	
DAC DWRF Principal Forgiveness ⁵⁾	\$3,000,000	\$3,000,000
DWRF Loan ⁶⁾	\$1,395,033	\$2,395,033
Annual Debt Service ⁷⁾	\$60,167	\$103,297
Current O&M Expense (EQR/mo) ⁸⁾	\$46.11	\$46.11
New Debt Service (EQR/mo) ⁹⁾	\$10.71	\$18.39
Added Reserve Requirement (EQR/mo) ¹⁰⁾	\$1.07	\$1.84
Needed Average Monthly Bill (EQR/mo) ¹¹⁾	\$57.89	\$66.34
Current Average Revenue (EQR/mo) ¹²⁾	\$48.82	\$48.82
Estimated Required Rate Increase	\$9.08	\$17.53

- 1) Total estimated project cost.
- 2) DOLA Energy/Mineral Impact Assistance Fund (EIAF), the full award possible is \$1,000,000; however, this program is very competitive with limited funding; therefore, the award amount is shown as \$500,000 for Priority One. Application would be submitted for a higher amount; however, award is a conservative award. A higher award amount is shown for Priority 2 and the combined priorities of work.
- 3) Disadvantaged Community (DAC) Design and Engineering Grant
- 4) US Bureau of Reclamation Small Scale Water Efficiency WaterSMART grant can only be used for meters
- 5) Disadvantaged Community Drinking Water Revolving Fund Principal Forgiveness assumed at 50%
- 6) Required loan amount for full project financing.
- 7) Annual Debt Service amount based 2.25% interest rate and a 30-year loan term.
- 8) Based on 2023 operating expense of \$250,140 divided by 468 EQR and 12 months.
- 9) Annual Debt Service amount divided by 468 EQR and 12 months
- 10) Required 10% monthly reserve requirement on debt service.
- 11) Total projection of all monthly expenses.
- 12) Based on 2023 operating revenue of \$274,165 divided by 468 EQR and 12 months

- Water System Improvements project schedule
 - Resubmit loan application April 2025
 - Obtain DWRF funding commitment June 2025
 - USBR WaterSMART award May/June 2025
 - Finalized Loan Execution September 2025
 - Advertise for Bids October 2025
 - Bid opening November 2025
 - Project award December 2025
 - Initiate construction January 2026
 - Complete construction October 2026

- Construction/Environmental Impacts

- Short-term construction impacts will consist of added traffic, dust, and noise.
- Construction activities will incorporate the appropriate best management practices to mitigate any potential of erosion or sedimentation.
- Migratory Birds are in the area and pre-construction survey for nests will be required.
- There are no other environmental impacts identified at this time.