



## **INTERCEPTOR RELOCATION PROJECT – QUESTIONS & ANSWERS**

1. Who is Valley Sanitation District?

Valley Sanitation District is located in Arapahoe and Denver Counties in the State of Colorado. The District, a political subdivision of the State of Colorado, is a Special District organized and created pursuant to the laws of the State of Colorado by decree of the District Court in Arapahoe County on August 10, 1955. It is a quasi-municipal corporation with the right to levy property taxes. The boundaries of the District encompass approximately 1.3 square miles located within the cities of Littleton, Englewood, Denver and Sheridan.

2. Who is Platte Canyon Water & Sanitation District?

In 2007, in response to the need for full time operation of the District's infrastructure, the Valley Board of Directors considered a proposal from the Platte Canyon Water and Sanitation District to perform maintenance services for Valley. Understanding the need to have a continuous and routine maintenance program, the Valley Board chose to execute an agreement with Platte Canyon to provide sanitary sewer operations and maintenance services and some select administrative services.

3. Why do I pay the City of Englewood for sewer services?

All the wastewater generated by Valley's customers is sent to the Littleton/Englewood Wastewater Treatment Plant for treatment. This plant is jointly managed by both the cities of Englewood and Littleton, although Englewood has primary ownership. Valley's wastewater treatment agreement with the City of Englewood allows the City to bill Valley customers directly for treatment services. Englewood retains all of the revenue from this charge. An additional charge shown on the Englewood sewer bill (Valley Surcharge) is returned to Valley for capital improvement projects, such as rehabilitation or replacement of existing sewer pipes.

Neither Valley nor Platte Canyon maintain the type of software system that would allow them to bill customers directly for wastewater service. Because the City of Englewood has this capability and Valley customers have to pay Englewood to treat their wastewater, it's simpler for Englewood to bill Valley's customers directly.

All funding for standard operation and maintenance of Valley sewer mains is provided through taxes assessed to each property holder.

4. What is the problem?

Valley Sanitation District's main wastewater collection pipeline (the Interceptor Sewer) is 4.5 miles long and runs from Belleview Avenue to the Littleton/Englewood Wastewater Treatment Plant (located at Dartmouth Avenue and the South Platte River). Due to old age, just over 3.5 miles of this sewer line has been rehabilitated and is in good working condition.

Unfortunately, about 0.75 miles of the sewer line has not been rehabilitated and is corroding internally, putting the line at risk of structural failure and collapse. The pipe has not been rehabilitated because it is located within an abandoned landfill (that is currently privately owned) and is buried 50 feet deep. Additionally, the location of this pipe within the landfill has resulted in methane and other hydrocarbon gases leaking into the pipe, at times reaching levels that could result in an explosion or fire within the pipe.

The depth of the pipe, location of the pipe on private property, and potentially explosive levels of methane within the pipe makes operation and maintenance of this segment of the pipe extremely dangerous and nearly impossible.



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5. What are you proposing as the solution?

The Valley Sanitation District has conducted an extensive analysis to determine how to solve this pressing problem. The Board contracted with an engineering consultant last summer to quickly study the issue and recommend some options for consideration. After the Board reviewed those recommendations, they decided the best path forward is to construct a wastewater pumping station and a new sewer pipe – both located outside of the abandoned landfill.

The new pumping station would be located in a parking lot currently owned by the City of Englewood. The new sewer pipe would run along South Federal Boulevard to South Clay Street and then turn east along West Oxford Avenue, ending at an existing manhole just west of the South Platte River. At the moment, this option also has the lowest overall cost. Current estimates put the cost of this project around \$2,500,000.

6. How does this project solve the problem?

The location and depth of the new sewer pipe would greatly improve the ability for District staff to operate and maintain it. The new sewer pipe would be buried approximately 10 feet deep – significantly more shallow than current conditions. Additionally, as the pipe wouldn't be located within the abandoned landfill, there would no longer be leakage of methane into the pipe, therefore eliminating the potential for explosive conditions within the pipe.

All of these changes result in much more safe working conditions for the District staff who are responsible for making sure this sewer line is always in service.

7. What if this project doesn't happen?

Valley's customers are at risk of a catastrophic failure of the sewer pipeline located within the closed landfill. Failure of the pipeline would result in untreated wastewater contamination of private properties and the South Platte River. Were a failure to happen before this project is completed, customers would be without sewer service for a period of time until temporary bypass pumping is put in place. Control of this failure and the resulting wastewater discharge would likely take days. Permanent repairs would take weeks to complete and be tremendously expensive.

8. How will this project be paid for?

The Valley Board of Directors is pursuing a low interest loan from the Colorado Water Resources & Power Development Authority to enable the District to begin the relocation of the interceptor sewer in 2018. Repayment of the loan would require voter approval of an annual property tax increase so the District can repay the loan in the necessary timeframe.



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9. What have I been paying for so far and why is more money needed?

The majority of the funding needed to operate and maintain the District's wastewater collection system is provided by property taxes (approximately \$150,000 per year). These taxes are collected by the application of a "mill levy" on property located within the boundary of the Valley Sanitation District service area. A mill levy is a tax rate applied to the assessed value of that property – one mill is equal to one dollar per \$1,000 dollars of assessed value – with Valley's mill levy being set at 2.265. These property taxes are collected every year by the County you live in and sent to Valley.

The property tax money goes to pay for standard maintenance and operation of the Valley wastewater collection system to include easement/manhole location review, root cutting/treatment, television inspection and cleaning of the sewer pipes. It also goes to pay for administrative costs incurred by the District including management services, Board operations, customer communications, maintaining Intergovernmental Agreements, and other miscellaneous expenses associated with being a Special District in Colorado.

Additionally, some money paid by District customers to the City of Englewood is transferred to Valley Sanitation District (approximately \$60,000 per year). This funding allows the District to rehabilitate and/or replace existing sewer pipes or other infrastructure needed to provide services to Valley's customers. Unfortunately, the cost of this priority project is substantially higher than the amount of money the District collects. Therefore, the District is looking for other ways to fund the project that would distribute the financial burden over several decades, instead of all-at-once.

10. Why do I have to vote on a Ballot Issue?

In order for the Valley Sanitation District to pay for the project in a reasonable period of time, it is going to have to incur debt by obtaining a loan from the Colorado Water Resources & Power Development Board. Incurring debt (multi-year financial obligation as defined by TABOR – the Taxpayer Bill of Rights) requires the approval of the voters through a TABOR ballot issue.

The Valley Board has researched the issue and believes the safest, best and most transparent way to move forward is to hold an election to approve obtaining this loan from the Authority and increasing the property tax mill levy to repay the loan. This approach provides for a distribution of project costs to those that benefit from the project – Valley's customers – over a period of several decades instead of in a condensed timeframe.

11. What happens if I vote yes?

**If you vote "yes" on the ballot question and the measure passes**, property taxes would increase. This would also mean the project can immediately move forward into design and construction, minimizing the risk to Valley customers of a failure in the existing sewer line.

- If a loan with a 30-year term was obtained, the resulting annual property tax increase on a home valued at \$200,000 would be \$26.44 and for a home valued at \$300,000 the increase would be \$39.66.
- If a loan with a 20-year term was obtained, the resulting annual property tax increase on a home valued at \$200,000 would be \$36.06 and for a home valued at \$300,000 the increase would be \$63.28.



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### 12. What happens if I vote no?

**If you vote no**, the District will have no immediate way to pay for this high priority project and will be unable to take on debt to do so. Without incurring debt, the District would have to generate about \$2,000,000 in revenue over a period of one to five years, which is the maximum time the District would like to leave the sewer main in operation.

To do this, the only available financing option available to the District is to increase the service charge that is currently billed by the City of Englewood on Valley customers' sewer bills. This option would result in much higher annual costs to customers – leading to a potential sewer surcharge of \$200 to \$1,000 per year per residence – and delay this project several years until sufficient revenue is accumulated.

This approach also puts the financial burden solely on the current customers as the full project cost would need to be raised in the next few years, instead of spreading those costs over the entire loan term, which could be up to 30 years long.

### 13. Wait a minute – I just voted “no” on a tax increase. How can you add a significant surcharge to my bill without my approval?

TABOR places many financial restrictions on districts like the Valley Sanitation District. These districts are generally required to have voter approval before issuing new debt or imposing a tax increase. However, TABOR does allow districts to create a fund called an “enterprise fund” for a specific purpose. Money is raised for that fund by imposing surcharges on customers, typically through their regular water or sewer bill.

This process is often used to more quickly generate funds for high-priority emergency projects, especially when taking on multi-year debt is either not approved by citizens or not feasible. Valley's Board of Directors has the authority to create an enterprise fund by passing a resolution during a Board meeting.

### 14. What government agencies will you be working with?

We are currently working with many stakeholder agencies on this project including the Colorado Department of Public Health & Environment (CDPHE), the Water Resources & Power Development Authority, City of Englewood, Tri-County Health Department, Colorado Department of Transportation (CDOT), and the Colorado Department of Local Affairs (DOLA). Others will be contacted as needed during the project.

### 15. What about environmental impacts?

One of the first steps in this project is the completion of an Environmental Checklist. CDPHE will review that document to determine if a full Environmental Assessment is required. Both those processes will identify any potential environmental impacts and suggest mitigation strategies to minimize the project impacts. At this time, we do not expect any adverse environmental impacts due to the location of the project in developed corridors.

### 16. Where can I go for more information?

This website will be updated frequently as new information is available about this project. The webpage address for the Valley Sanitation District is [www.colorado.gov/valleysanitation](http://www.colorado.gov/valleysanitation).

### 17. Who can I contact for more information?

You can email any questions to [info@valleysanitation.org](mailto:info@valleysanitation.org). Cynthia Lane, the project manager, can be reached at 303-979-2333, extension 106.