

RECORD OF PROCEEDINGS

MINUTES

FORT COLLINS-LOVELAND WATER DISTRICT

DECEMBER 12, 2017

The Regular Meeting of the Fort Collins-Loveland Water District was held on December 12, 2017 at 7:00 p.m., at 5150 Snead Drive, Fort Collins, Colorado 80525.

1. Roll Call

Present: Directors: Dale Leach, George Holter, James Borland, Ron Ruff and William Dieterich

Excused Absence:

Others Present: Chris Matkins, District Manager, Rick Giardina and John Wright, Raftelis Financial Consultants

Business Conducted:

2. Reading of The Minutes

The Minutes of the Regular Board Meeting on November 21, 2017, were read and approved.

3. Public Comment

None

4. Oath of Office for Ron Ruff (New Board Member)

Ron Ruff was nominated by the Board of Directors to fill the vacancy created by the unfortunate recent passing of Director Jim Petersen. Board Chairman, Jim Borland, administered the Oath of Office.

5. Water Resources Update

Richard Raines updated the Board on the end of the water year. Approximately 2,600-acre feet of CBT water will be carried over to next year, with additional water available for the regional pool next year. Richard also reviewed a draft summary of the Master Plan for the Overland Trail Ponds. Director Leach stated costs for storage are higher than he understood and expressed concern about further pursuing these projects. Richard Raines will keep the Board included in future discussion for these facilities that the District currently jointly owns with ELCO, NWCWD and Greeley.

6. Cost of Service Update - Raftelis

Mr. Giardina reviewed Board decisions from last month: to adopt recommended hybrid cost of the infrastructure component of the impact fees regardless of residential lot size; to scale water resource costs according to residential lot size; to reduce the 'cap' on residential lot size categories to 12,000 square feet for the water resources fee; to raise the lower limit of the smallest lot category to 6,000 square feet; to incorporate higher water resource recovery costs into user charges in the upper residential tier; to replace the existing one-size-fits-all volumetric service fees with fees specific to residential, multi-family, commercial, and irrigation, and to delay implementation of these rate changes until May 1, 2018.

Mr. Giardina also reviewed the results of Raftelis' analysis on irrigation and commercial taps: existing taps in these categories used significantly more water in 2016 than they paid for through historic District fees. Therefore, the cost to serve these two customer classes are much higher than the District currently collects from them. Fees were presented which the Board could consider as the 'maximum allowable fees'. These fees were very high and the Board was not required to adopt them, but rather could adopt any fee equal to or lower than these fees. Mr. Giardina presented options for adjusting rates to achieve cost of service, including significant increases in commercial and irrigation tap fees, significant increased commercial and irrigation user charges to recover revenues to purchase additional water in the future, and a 'combined approach' that increased tap fees and service fees marginally. The Board also discussed potentially phasing these increases over multiple years to reduce impacts to HOA's, dairies, etc. and allow for gradually increased budgeting by these organizations. It is also hoped that these increased costs will encourage more efficient use of water, thereby reducing the additional water that must be acquired by the District to cover the irrigation and commercial user classes. Much discussion was held, and the Board will revisit this issue in January.

Raftelis will return with a recommended 'combined approach' for irrigation and commercial taps that illustrate total impacts to District financial projections for this approach. This recommendation should also include multiple years of implementation to distribute this large change over a reasonable time frame.

7. Compensation Study Update

The General Manager distributed results of the compensation comparison conducted at the request of the Board. This study compared current District staff base compensation with other providers (Mountain States Employers Council; City of Loveland; City of Fort Collins). For most positions, the District pay is competitive with the market and should be maintained. For five positions, District pay is higher than the market. Pay ranges for these positions will be adjusted over time.

The General Manager also presented the results of the On-Call program comparison conducted at the request of the Board. The Board discussed advantages and disadvantages to the current District policy of have two Operations staff on call at all times. After much discussion, the Board directed the General Manager to maintain the current two man on call program, but expand the number of staff participating in on call to additional people. This will distribute knowledge, responsibility, and pay more evenly to Operations staff.

8. 14th Interim Agreement with Northern Water Conservancy District - Nisp

The General Manager presented the 14th Interim Agreement with Northern Conservancy District. After discussion, it was:

**Moved by Director Dieterich and
seconded by Director Holter to sign the
agreement.**

Motion carried 5-0

9. Managers Update

A. General Information

The General Manager updated the Board that the SFCSD is initiating a Cost of Service study for SFCSD, and will be using Raftelis. He also updated the Board on the current SFCSD Plant expansion, and Construction Manager at Risk (CMAR) selection. The Board was also updated on the Health Care transition, and will receive a comprehensive update from Amanda Proctor in a couple of months when 2017 health care costs are finalized. The General Manager updated the Board on upcoming borrowing discussion for NISP, specifically whether the District will secure revenue bonding on it's own, or join a larger borrowing effort by other NISP participants.

The Board was also updated with photos concerning a tank repair and recoating project that is nearly complete, led by Jay East and Tony Robbins. The Board was updated with photos for the recent fence replacement at Taft Hill Pump Station, a joint project with Habitat for Humanity. Lastly, the Board expressed interest in reviewing upcoming District Personnel Manual updates in early 2018.

B. Financial Statements

The General Manager reported that the Financial Statements prepared by Amanda Proctor, District Controller, are included with the agenda packet for their review.

C. Tap Purchases

The Manager reported that 40 taps have been sold in the month of November for revenues of \$1,715,200 and for the year, 412 taps have been sold with revenues in the amount of \$14,474,600.

10. Other Business

None

11. Disbursements

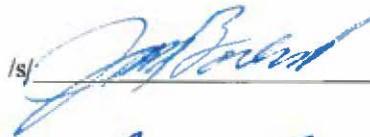
The Manager presented disbursements for November in the amount of \$639,554.70. After discussion, it was:

**Moved by Director Leach and seconded
by Director Ruff to approve the
disbursements for November 2017.
Motion carried 5-0**

12. Adjournment

There being no further business to come before the Board, the meeting was adjourned at 10:00 PM.

Respectfully,

/s/ 

/s/ 

Date Approved: 1/16/2018