

RECORD OF PROCEEDINGS

MINUTES

FORT COLLINS-LOVELAND WATER DISTRICT

JULY 16, 2019

The Regular Meeting of the Fort Collins-Loveland Water District was held on July 16, 2019 at 7:00 p.m., at 5150 Snead Drive, Fort Collins, Colorado 80525.

1. Roll Call

Present: Directors: James Borland, Dale Leach, William Dieterich, Michael Pruznick, Ron Ruff and Peter O'Neill

Excused Absence:

Others Present: Chris Matkins, District Manager; Amanda Proctor, District Controller; Chris Pletcher of CivilWorx; and John Wright of Raftelis

Business Conducted:

2. Public Comment

None

3. Consent Agenda

Several items were presented for the consent agenda. After discussion, it was:

**Moved by Director Leach and seconded
by Director Pruznick to approve the
presented consent agenda.
Motion carried 5-0**

4. Conservation Tap Costs Proposal

John Wright, Raftelis Consulting, presented a proposal to the Board to develop a definition of a conservation tap, develop a tap fee policy, and also develop monthly rates for the conservation tap class.

Director Leach expressed concern about only using historical consumption data. He stated that he also wanted to use forward looking projections as well.

Director Borland stated that he would like the new tap class to be equitable among customers. He clarified to state that he wanted all customers within the category to be treated the same.

The Board discussed concerns regarding the validity of nonpotable water sources and who's responsibility it was to ensure the source would be available to homeowners in the future. Chris Pletcher discussed a way in which the sources could be vetted during the development review process.

Director Leach stated that the District should charge higher tier rates to re-capture the money spent on buying raw water for those conservation taps using more water than delivered to the District with the tap purchase.

Director Pruznick inquired about disclosure to homeowners regarding the nonpotable water systems and the fact that a conservation tap is tied to the lot.

John Wright stated that he would be back in August to present a review of the data analysis and for further discussions.

5. Water Resources PIF Cost Increase Due to Increasing CBT Prices

Chris Matkins stated that he has two leads to buy CBT at \$47,500 per unit and \$50,100 per unit. The Board agreed to pass on the two opportunities.

Director Borland stated that with the rising cost of raw water, the raw water fee on water taps should increase.

The Board discussed different price points based off of recent water purchases, the costs of water court, and water storage related to water purchases. After Board discussion, it was:

**Moved by Director Ruff and seconded by
Director Leach to set raw water fees on
taps starting at \$36,000 as of January 1,
2020, subject to public hearing.
Motion carried 5-0**

6. Munroe Canal Diversion Improvements (Raw Water System) Funding IGA

The Munroe Canal Diversion is owned 1/3 by North Poudre Irrigation, 1/3 by Northern Water and 1/3 jointly owned by the Tri-Districts and City of Fort Collins.

The Munroe canal Diversion needs updates made to it. The District's share is approximately \$45,000. After Board discussion, it was:

**Moved by Director Ruff and seconded by
Director Dieterich to approve the IGA.
Motion carried 5-0**

7. Water Resources Update

Richard Raines, Water Resource Manager, stated that water usage compared to last year is down about 15%.

The District currently has 10,000-acre feet of CBT remaining, which is a very strong position.

Richard stated that the return flow municipal application is in the first round of comments from protesters. If the application goes through water court, it may generate 300-acre feet of reusable supplies each year. In comparison, NISP is 1,500-acre feet. The value of the water would be about the same as a native water source.

8. Resolutions for East Fossil Creek Metro District for Overlap of Services with FCLWD District Boundaries

The East Fossil Creek Metro District is requesting an IGA for overlap of services. Due to the Metro District having a nonpotable water system, obtaining the IGA is required since it is within our District boundaries. The purpose is to ensure two entities are not providing the same services within a service area. After Board discussion, it was:

**Moved by Director Leach and seconded
by Director Dieterich to approve the IGA.
Motion carried 5-0**

9. Managers Update

A. General Information

Chris provided the Board an update on the NISP reservoir release water court case. He stated that working with Northern Water has been going well. He stated that Scott will come to the August Board meeting to provide an update.

Chris stated that Cobb Lake land purchase is still in negotiations.

At SCWTA there was a control board failure which controls 20% of the water treatment production. Luckily there was a spare control board at the Plant. Also, the Ditesco report was released. The report assessed the conditions of the entire Plant and estimated replacement and repair costs. Due to the Operations and Maintenance needs of the Plant over the next 12 years, an additional \$1.5 million per year will be required. Therefore, SCWTA will be raising their rates for 2020.

Director Borland stated that this increase is approximately \$2.00 per tap per month. He suggested to raise the base rate by \$1.00 and then raise tier 2 and 3 rates.

Chris stated that the personnel policies are ready for employee review and should be ready for Board approval in October.

Chris stated that the architectural study costs will be split with SFCSD. SFCSD will pay 33% and the remainder will be paid by FCLWD.

A summons from Journey Homes was received. The District has 21 days from receipt of the summons to respond. The Insurance pool will cover part of the attorney fees and approved Nathan, Dumm and Mayer to represent both Districts.

The budget process has been kicked off. There are a few items that will be increasing significantly in 2020. The costs for water purchased through the City of Fort Collins will increase due to bigger lines being installed. Workers comp insurance will also increase significantly, and will remain high for the next three years, due to claims. Also, staff will recommend increasing the water resource surcharge on irrigation and commercial customers from \$0.50 to \$1.00, which was recommended by the rate study consultants.

The District's safety committee is up and running. The first trainings will start in July.

Chris stated that there has been feedback received from developers regarding the clarification in procedures for selling taps on lots that have nonpotable water systems. The developers have requested to purchase taps on homes that already have a contract. The change in procedure has a financial impact on those home sales. Therefore, the developers are asking for the District to use the old procedure on the lots that are under contract and have also submitted tap applications prior to the June Board meeting. Chris stated that this would only apply to four lots. After Board discussion, it was:

**Moved by Director Pruznick and seconded by Director Dieterich to approve the requests.
*Motion carried 4-1***

With the IT projects, two of the three phases are complete. The third phase is underway and should be completed by the end of August.

Chris stated that he hired a temp part-time person to aid him with special projects that he needs done. He anticipates this employee only working with the District for about four months. Within the first week, the District Engineer job description was crafted and posted to start the hiring process.

Chris received a request from the City of Fort Collins to provide a tour of facilities and service area for city counselors who are within our District boundaries. This will be a great opportunity for networking. When the date and time is established, the Board will be notified and encouraged to attend.

Chris stated that the September Board meeting is the night before the SDA Conference. After Board discussion, it was:

**Moved by Director Pruznick and seconded by Director Dieterich to reschedule the September Board meeting to September 9, 2019
*Motion carried 5-0***

Chris stated that the December Board meeting is historically rescheduled due to the holidays. After Board discussion, it was:

**Moved by Director Pruznick and seconded by Director Dieterich to reschedule the December Board meeting to December 9, 2019.
*Motion carried 5-0***

Chris reminded the Board of the upcoming SDA Annual Conference, September 17-19, 2019.

B. Tap Purchases

The Manager reported that 22 taps have been sold in the month of June for revenues of \$1,383,634.20. For the year, 123 taps have been sold for revenues of \$5,467,560.


10. Other Business

None

11. Adjournment

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

Respectfully,

/s/  _____

/s/  _____

Date Approved: 8/20/19