

RECORD OF PROCEEDINGS

MINUTES

FORT COLLINS-LOVELAND WATER DISTRICT

AUGUST 20, 2019

The Regular Meeting of the Fort Collins-Loveland Water District was held on August 20, 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; Jay East, Operations Supervisor; Jon Turner; John Wright of Raftelis; Scott Holwick of Lyons, Gaddis and Kahn; and Alicia Beard of Wildrock.

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 Dieterich to approve the presented consent agenda.
*Motion carried 4-1, Pruznick abstained due to loss of video conferencing during discussion***

4. Conservation Tap Analysis

John Wright from Raftelis presented the analysis of customer accounts classified as patio homes versus all other accounts classified as residential for the 2017 water year. John stated that on average, patio homes rarely use more than 5,000 gallons per month.

John suggested a two-tiered rate structure. Tier 1 would be 1 – 5,000 gallons of usage and would accommodate the average usage. Tier 2 would be a punitive rate tier.

John also stated that the water resource fee portion of tap fees, lot size is not the driver for patio homes. In the analysis conducted, the lot size did not directly correlate with the water usage. Rather the water usage correlated with the classification being patio home. Data indicated the water resource component could be based on 45,000 gallons of usage per year.

The Board directed John to expand the analysis to also include dry years and compare to 2017; design and propose a two-tier rate structure; and also propose a water resource fee for patio homes that is not varied by lot size. The goal is to update the fees and taps as of 1/1/2020.

Director Borland also inquired as to the possibility of conducting another rate study. John stated that rate studies are generally conducted every five or so years. John suggested increasing rates in the interim per the recommended 4% each year and increasing the plant investment fees in a similar fashion.

5. Water Tap Credit Authorization

Amanda Proctor, controller, presented a request to transfer credit from a tap purchased in one classification and use the credit to purchase a tap in a different classification (e.g. irrigation tap to commercial tap). In the presentation were several options.

The Board discussed the options that were presented. After discussion, it was:

Moved by Director Borland and seconded by Director Ruff that in the exchange of taps from one classification to a new classification, that the raw water, in CBT units, from the existing tap at the time of purchase be used as the credit in the purchase and exchange to a new tap of the same meter size. If there is an upsize in meter size in the exchange, additional monies may be due for the Plant Investment Fee and Water Resource portion of the tap fee. If there is a downsize in meter size in the exchange, no refund or credit will be issued.

Motion carried 4-1, Pruznick abstained due to loss of video conferencing during discussion

6. NISP Legal Update

Scott Holwick from Lyons Gaddis and Kahn provided an update on the water court case for the NISP mitigating flows in the Poudre River. Scott stated that Northern Water has been working with Scott to address the District's concerns and has accepted feedback. Scott has received the revised updated language and will be reviewing it with Chris Matkins.

Scott also provided an update on the municipal return flows. He stated that 12 entities have filed an opposition to the municipal return flows and he is currently working on responding to the objectors. He stated that it will be at least another twelve months before the item is adjudicated and goes to water court.

7. WildRock Status Update

Alicia Beard from WildRock provided an update on the marketing efforts over the past year. This included: newsletters, social media marketing, website content, and media interviews and articles.

Chris Matkins stated that he had received a request from a board director to make several videos regarding aging infrastructure. Alicia stated that making professional videos for YouTube was outside the scope of the marketing contract. She stated this would also be time intensive and involve subcontracting out. Alicia stated that within the marketing contract, several informal videos shot using a cell phone were included. Alicia stated WildRock would schedule out these videos with District staff.

The Board also discussed the next year and the highlights that would be covered, including aging infrastructure and the Board election. After discussion, it was:

**Moved by Director Dieterich and
seconded by Director Ruff to authorize
the District Manager to review and sign
the annual contract with WildRock
*Motion carried 5-0***

8. Managers Update

A. General Information

A few months ago, 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. Currently the tour will be in November. Details will be provided once they are known.

SCWTA expansion project is underway starting with the chlorine contact basin. This part of the project is not due to growth, rather it is needed due to state regulations.

The Munroe Diversion project has seen an escalation of costs from \$800,000 to \$1,200,000. The Board asked for more information regarding the escalation and is not ready to commit to the cost changes until then.

Chris stated that on the Horsetooth shutdown project, in which the outlet will be taken out of commission for about 45 days, has been having regular meetings with all the parties involved. If river conditions are poor during the shutdown, then pumps and pipes will need to be installed to get water to SCFP. Currently the study is projecting that this will cost \$2M to \$5M. These facilities could also be utilized in an emergency situation in the future as well.

Chris introduced the new District Engineer, Chris Pletcher.

Draft budgets will be delivered to the Board in September. These budgets will be reviewed in October and a work session will be scheduled. Chris stated that a few of the budget highlights will be: rates will increase 4%, an additional \$0.50 surcharge will be assessed on irrigation and commercial customers per the previous recommendations in the cost of service study; water supply costs will increase due to buying more water from the City of Fort Collins to fill the Timnath Tank; a few positions will be added to the organization; utility locates will increase due to increases in locate requests; and workers compensation insurance costs will be increasing significantly due to a significant injury and workers compensation claim.

Chris informed the Board regarding hail damage to District trucks and the Admin building. The insurance payouts have already been received and the District is deciding on whether or not to repair the damage to the trucks as it is only cosmetic.

Regarding the litigation, a response has been filed.

Chris stated that he has received several kudos from customers regarding the leak detection program.

The safety program is in place and has an annual schedule set. Additional work remains such as goals, performance evaluations, etc.

Regarding the IT project, all the new hardware has been installed, new backup system is in place and is working, and virtualization of the servers has been completed.

The Cobb Lake land purchase is coming closer to terms for the purchase.

Chris stated that he attended a City of Fort Collins water board meeting. He stated that Northern Water gave a presentation about working to come up with a volunteer program to help with a lower basin compact call risk. The City also conducted a sophisticated extensive drought modeling study. The conclusion to the drought planning is that additional raw water storage is key, and reduced CBT quotas present a large risk to the City's water portfolio.

Chris stated that he participated in a webinar regarding projecting water use using land use. This was in partnership with the Babbit Institute and SDA. He stated that there will be several workshops on the subject, and that he has been invited to assist in leading.

The Poudre Runs Through It group will be touring the SFCSD wastewater treatment plant to showcase the SFCSD's environmental stewardship.

The interviews for the admin professional position will begin this week.

Chris also reminded the Board of the upcoming SDA annual conference (September 17-20).

B. Tap Purchases

The Manager reported that 23 taps have been sold in the month of July for revenues of \$1,270,790.40. For the year, 145 taps have been sold for revenues of \$6,738,325.40.

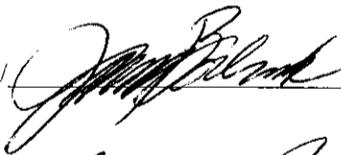
9. Other Business

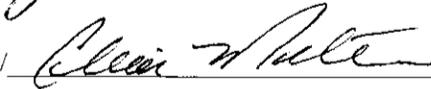
Director Borland suggested a performance evaluation of Chris Matkins. Chris stated that he will provide a list of accomplishments and forward information on executive performance reviews from Employers Council. Director Dieterich suggested a 360 degree review be incorporated as well.

10. Adjournment

There being no further business to come before the Board, the meeting was adjourned at 10:35 PM.

Respectfully,

/s/  _____

/s/  _____

Date Approved: 9/9/19 _____