

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
OF LITTLE THOMPSON WATER DISTRICT**

The Board of Directors of Little Thompson Water District (LTWD) met in regular session on Thursday, October 17, 2024. Attendance was as follows:

Board of Directors:

Emily McMurtrey, President, Present  
Steven Brandenburg, Vice-President, Present  
Larry Brandt, Present  
Ryan Heiland, Present  
Ed Martens, Absent - Excused  
Bill Szmyd, Absent - Excused  
James J. Walker, Present

Staff in Attendance:

Amber Kauffman, District Manager  
Brad Eaton, District Engineer  
Nancy Koch, Water Resources Advisor  
Reese Saxton, Operations Manager  
Kammy K. Tinney, Business Project Manager

Other Attendees:

Ben, Cassidy and Corajane Urban; Residents  
Helen Migchelbrink, Town Administrator; Town of Mead

**CALL TO ORDER**

The recitation of the *Pledge of Allegiance* occurred, followed by President Emily McMurtrey calling the meeting to order at 5:01 p.m.

**ROLL CALL**

Roll call was taken.

**It was moved by Director Larry Brandt and seconded by Director Jim Walker to excuse the absence of Director Ed Martens and Director Bill Szmyd. The motion carried unanimously.**

All other Directors were present resulting in a quorum of five of seven members.

**AGENDA REVIEW**

District Manager Amber Kauffman requested an addition to the Agenda to include discussion in Executive Session as part of Item 6.7, St. Vrain Water Authority, subject to §24-6-402(4)(e), C.R.S. for the purpose of determining positions that may be subject to negotiation, developing strategy for negotiations, and instructing negotiators.

**It was moved by Director McMurtrey and seconded by Director Steve Brandenburg to approve the agenda as amended to include discussion in Executive Session as requested. The motion carried unanimously.**

**PUBLIC COMMENTS ON NON-AGENDA ITEMS**

President McMurtrey opened the Public Comments period, welcomed the guests to the meeting, and asked them to introduce themselves. Ben Urban introduced himself and his family, and shared that he's requesting a variance to District Rules and Regulations from the Board which is included on the agenda. Helen Migchelbrink introduced herself and shared with the Board that she used to attend the District's Board meetings regularly and in the interest of fostering the relationship between the Town of Mead and the District she plans to attend meetings when possible in the future. There being no further public comments, the Public Comments period was closed.

**CONSENT AGENDA**

**It was moved by Director Ryan Heiland and seconded by Director Brandt to approve the Consent Agenda including:**

- **Minutes of September 19, 2024, Regular Board Meeting;**
- **Tap List 705;**

- **September 2024 Disbursements in the amount of \$1,075,415.16:**
  - ❖ **Operating Account: \$729,398.36**
    - ACH Manual Check Numbers 5770 to 5842 – \$584,907.66
    - Check Numbers 12035 to 12070 – \$144,490.70
  - ❖ **Payroll Account: (Two Bi-weekly payroll periods in September) totaling \$346,016.80**
    - ACH Transmittal Vouchers O-2531 to O-2542 – \$169,493.51
    - ACH Direct Deposit Numbers N-13941 to N-14017 - \$162,670.81
    - Bonus Live Check Numbers 2164 to 2169 - \$13,852.48
- **September 2024 Financial Report.**

Director Brandenburg requested clarification of Board direction versus Board action regarding proposed 2025 rate increases for consideration as noted in discussion on Page 8 of the September 19, 2024, Minutes. Manager Kauffman clarified that Ms. Diekhoff had requested Board direction only and that no official action was taken or required.

**The motion to approve the Consent Agenda carried unanimously.**

## **DISCUSSION ITEMS**

### Tap Size Variance Request – 2482 Brehm Road:

Brad Eaton, District Engineer, presented the item to the Board and reviewed the summary provided with the agenda packet.

- Benjamin and Cassidy Urban are the owners of the 1-acre property, located south of Berthoud.
- The home and surrounding landscape are currently served by a well, and Mr. and Mrs. Cassidy have requested domestic service to their home from LTWD.
  - ❖ The request submitted is for a variance to allow for a 5/8-inch Conservation Tap versus an Estate Tap that would otherwise be required to serve a property of this size.
  - ❖ The request is for domestic water service to the main home only, with the use of the existing well for landscape and irrigation needs.
- Mr. Cassidy addressed the Board noting he is aware of the need to use water responsibly as he serves as the Board President and is a shareholder of the Osborn Lateral Ditch Company. He and Mrs. Cassidy are interested in moving to domestic water as their family grows.
  - ❖ Director Brandt inquired about the number of gallons the Urban's well produces for irrigation. Mr. Urban did not know that figure by memory.
  - ❖ Director McMurtrey commended Mr. Urban for his service on the Osborn Lateral Ditch Company Board and for being a responsible user of water resources.
  - ❖ C-BT water is meant to be supplemental, not the main water source for water providers.
- Mr. Eaton provided an overview of next steps and confirmed the two-year expiration date of the District's Commitment Letter. Staff recommendation is to approve the variance request with conditions.
  - ❖ Approval of a Conservation Tap is limited to domestic service to the primary residence only. If service to an accessory dwelling is desired in the future, a separate commitment letter will be required.
  - ❖ A commitment letter was issued on September 6, 2024, contingent on District Board approval of this variance request. If approved, strict adherence to the terms and conditions outlined in the commitment letter must be followed.
  - ❖ As with any new tap, the tap holder will be required to execute a Domestic Water Agreement (DWA) with LTWD that will outline the annual water allotment of a Conservation Tap which is 0.35 acre-feet per year. If persistent overuse occurs in the future beyond the annual allotment, an upgrade to a tap with a larger allocation may be required.

**It was moved by Director Brandenburg to approve the variance request with conditions as presented and seconded by Director Heiland. The motion carried unanimously.**

Mr. and Mrs. Urban thanked the Board for their consideration and left the meeting at this time.

Payment Arrangement for Tap to Serve Accessory Dwelling Unit – 1509 Rancho Way:

District Manager Kauffman presented the item to the Board and reviewed the summary provided with the agenda packet.

- Mr. Quinones and Ms. Garcia are the owners of the property located at 1509 Rancho Way and are in the process of seeking County approval for construction of an Accessory Dwelling Unit to house their aging parents and have submitted a commitment letter request to LTWD.
- The District's Rules and Regulations require payment in full of all fees required to provide service.
- Mr. Quinones and Ms. Garcia are requesting a variance in the form of a payment arrangement to cover the costs of the new tap over a six-month timeframe.
  - ❖ District Manager Kauffman briefly reviewed the draft agreement outlining the terms of the payment arrangement.

Director Brandenburg asked if there is any remedy to the District to collect the full amount owed to the District or if the District will be subject to a refund of payments made should the application with Larimer County not be approved and the project does not move forward. Director Brandt asked if there was any chance the project would not be approved. District Manager Kauffman responded that the District has the power to place a lien on the property for non-payment and reserves the right to not provide or discontinue service to the property per the Rules and Regulations and the Domestic Water Agreement. There is currently no language in the draft agreement outlining that monies are not refunded should the project not be approved, however, that language may be added. Whether or not the project will or will not be approved by Larimer County is unknown.

**It was moved by Director McMurtrey and seconded by Director Jim Walker to grant the variance request and authorize a payment arrangement as outlined in the draft agreement. Upon a call of the vote the motion passed 4 to 1.**

Colorado Department of Transportation (CDOT) Offer / Memorandum of Agreement for Markum Hill Tank Site:

District Manager Kauffman presented the item to the Board and provided an overview of the summary included with the agenda packet:

- The District received a purchase offer for the acquisition of 21,001 square feet of LTWD property at the Markum Hill Tank site for Interstate 25 right-of-way, and 2,581 square feet of temporary easement for access, construction and grading at the same site. The temporary easement shall be for a period of 24 months after notice of commencement from CDOT.
- The offer provided contains two separate Memorandums of Agreement for consideration which include incentives above the Offer of Fair Market Value of \$9,897.00.
  - ❖ The first incentive option includes the offer of Fair Market Value plus \$10,000 plus an additional 35 percent of Fair Market Value for a total of \$23,360.00 should the District agree and return the signed Memorandum of Agreement by November 4, 2024.
  - ❖ The second includes the offer of Fair Market Value plus \$10,000 plus an additional 15 percent over Fair Market Value for a total of \$21,381.00 should the District agree and return the signed Memorandum of Agreement between November 5 and November 20, 2024.
  - ❖ Should CDOT not receive either of the Memorandums of Agreement by November 21, 2024, the incentive program is no longer applicable and only the Fair Market Value will be paid.

Staff recommend approval of the Memorandum of Agreement to include the First Incentive Option providing for the additional 35 percent over Fair Market Value for a total of \$23,360.00 in compensation to the District.

**It was moved by Director Brandt and seconded by Director Heiland to enter into the Memorandum of Agreement with CDOT to include the First Incentive Option as presented. The motion carried unanimously.**

### 2025 Budget Review:

District Manager Kauffman presented the draft 2025 budget and provided an overview of the assumptions used to prepare the draft with the Board:

- Base Fee will increase by 15 percent and will be adjusted 3 percent for new tap growth.
- Water rates:
  - ❖ All Tiers to increase by 15 percent except the top two tiers of the Standard Residential Tap.
    - Adjusted Tier IV to \$7.50 and Tier V to \$9.00
    - Adjusted Standard Tap Water Allotment to \$8.00 per thousand gallons
  - ❖ Wholesale Rates will increase by 15 percent or as established within the guidelines of each entity's IGA or discussions with those entities.
  - ❖ Bulk water sales are estimated based on historical data.

Director Brandenburg asked if surcharge revenue is used to buy additional water. Ms. Kauffman responded that no, those funds are used for operations and have been since the inception of the surcharge. In order to use those funds for water purchases the District would need to raise usage rates further. Director McMurtrey noted that she agrees with Director Brandenburg's point, however, she also understands the impact of overuse on the District's infrastructure and the use of those funds for operations. Director Heiland reminded the Board that when the surcharge rates were implemented thought could have been given to cordoning off some of those funds for water purchases. Ms. Kauffman suggested that the District could shift those revenues into capital, but the revenues have been "baked in" to operations since implementation and unwinding that structure would require additional cuts to expenses, cordoning off a certain percentage annually, and would be done over time. Director Brandenburg would like the District to get to a place where it is buying water for LTWD services, not just new development, and would like to work towards getting there.

Ms. Kauffman continued reviewing the proposed base fee and rate schedule and presented a chart showing the impact to an average user of \$52 per year. Ms. Kauffman also presented a history of District rate increases against CPI for each year and presented a water charge comparison prepared by Loveland Utilities of surrounding area utilities. LTWD's charges are right in the middle. Director McMurtrey would like to see those same comparisons once rates are adopted for 2025 by all agencies represented in the current rate comparison.

Ms. Kauffman noted that plant investment fee increases are based on the results of the rate study conducted in 2023.

- Anticipated sales of 269 taps (2.5 percent increase)
  - ❖ Conservation – 240 Taps
  - ❖ Conservation Plus – 22 Taps
  - ❖ Standard – 4 Taps
  - ❖ Estate- Cash in Lieu – 3 Taps
- Wages – Cost of Living 3.4 percent plus Merit raise of 1.6 percent to equal overall raise of 5 percent.
- Total Employee Cost Increase of 3.27 percent compared to 2024 projected actuals.
  - ❖ One new employee in Distribution and a transition employee in Water Resources.
  - ❖ Increase in salaries to make sure employees are in the appropriate range with the salary survey done by Employers Council in 2022.
  - ❖ One potential retirement bonus.
- Operating expenses increased by 4.85 percent compared to 2024 projected actuals, which includes:
  - ❖ Increase in Carter Lake Filter Plant operating expenses.
    - \$123,000 per month for fixed operating cost.
    - \$0.27 per 1,000 gallons for variable costs.
    - \$0.12 per 1,000 gallons for capital reserve funding.
      - ◇ Anticipated 5-year time frame to build CLFP Capital Reserve.

- ❖ Increase in SVWA expenses.
- ❖ Continued expense in professional services for monitoring, opposing, and negotiating regarding water rights changes by others.
- ❖ Increasing trend in system repairs and maintenance.
- ❖ Two items that are one-time expenses to extend from 2024 to 2025.
  - Raw Water Master Plan Update - \$85,000.
  - Hydraulic Master Plan Update - \$45,000.
- Addition of a marketing budget for website redevelopment.
- Additional funds to the safety training program.
- A budgeted 4 percent revenue gain (not including the Windy Gap revenue) that will allow funds to be put into a capital reserve for future capital replacement and rehabilitation projects of existing infrastructure and replenish reserves for future land acquisition.
  - ❖ LTWD Bond funds are projected to be used by 2025 year-end for the filter plant pretreatment and Northeast Transmission Line projects.

District Manager Kauffman requested Board input and direction to the District's cash-in-lieu rate for water credits.

- Current LTWD cash-in-lieu rate = \$145,000 per acre-foot.
  - ❖ Rate based on water purchased in 2023 to break even = \$128,214.
    - Rate with 2 percent Admin fee = \$130,779 per acre-foot.
    - Rate with 5 percent Admin fee = \$134,625 per acre-foot
    - Current C-BT rate = \$125,000 per acre-foot.
    - Current Home Supply unadjudicated share but with dry up = \$137,500 per acre-foot.

Ms. Kauffman noted that to date, the District's cash-in-lieu water has been sold for smaller, one-to-two tap purchases and for purchases to increase individual water allotments.

Director Brandenburg suggested lowering the rate if the water is not selling and also suggested that if current costs for water are low the District should consider purchasing more. Ms. Kauffman agreed that the District could use the additional cash on hand from sales of its cash-in-lieu water.

Director McMurtrey does not want the District to lose money on the water it purchased in 2023 and would prefer to at least break even.

Director Heiland agreed with Director McMurtrey and suggested that the District focuses on break even with the 2 percent or 5 percent administrative fee, whichever is more likely to sell.

Director Brandt inquired about other utilities' costs for cash-in-lieu. Ms. Kauffman responded that most municipalities fees are much lower due to multiple factors such as older / senior water rights, the blend of water rights available, and the amount of water rights owned. Ms. Kauffman reviewed with the Board a cash-in-lieu comparison chart prepared by Loveland Utilities.

Director McMurtrey would like the cost to be a bit higher than break even and requested input from other Board members.

Following discussion, the Board directed staff to focus on a midline fee and a 5 percent administrative fee and to re-evaluate as needed going forward.

- The following information will be presented at the November and December Board meetings:
  - ❖ A public hearing for the presentation and potential adoption of the 2025 Proposed Budget at the November meeting pending direction and recommendation received from the Board at the October meeting. Final adoption of the budget can occur at the November meeting unless the board chooses to defer adoption to the December board meeting for further refinement of the budget.

- ❖ A public hearing for the presentation and potential adoption of the 2025 recommended rates at the November meeting. Final adoption of the rates can occur at the November meeting unless the board chooses to defer adoption to the December board meeting for further refinement of the rates.
- ❖ Presentation by staff of the District's five-year and long-range financial plan.
- ❖ An amended 2024 budget in December.

President McMurtrey called for a break at 6:15 p.m. The meeting resumed at 6:25 p.m.

Employee Year-End Bonuses:

District Manager Kauffman presented the item to the Board and provided an overview of the summary included with the agenda packet:

- The Board considers year-end bonuses on an annual basis.
- The intent of year-end bonuses is to convey a "thank you" directly from the Board to all District employees.
- The amount of the bonus is applied to all staff, is significant enough to be noticed, and is not tied as a percentage of each employee's compensation.
- In 2023, the Board rewarded each employee with a \$2,000 bonus.
- Bonus checks are issued through the payroll system and taxes are collected on the bonus prior to distribution.

**It was moved by Director Brandenburg and seconded by Director Brandt to approve a \$2,000 year-end bonus to all District employees. The motion carried unanimously.**

Carter Lake Filter Plant ("CLFP"):

District Manager Kauffman presented the item to the Board and provided an overview of the summary included with the agenda packet:

- Pre-Treatment Design
  - ❖ Colorado Department of Public Health and Environment ("CDPHE") is delayed in their full review of the Basic Design Report submitted for the project.
  - ❖ 80 to 85 percent drawings have been issued to plant staff for reviews
  - ❖ Two Statements of Qualification were received in response to the Request for Qualifications distributed last month. The committee will review and provide feedback to Mr. Whittet for consideration. Mr. Whittet will determine whether or not to stay the course of the RFQ or move to a full bid process.
- 7 M G Tank
  - ❖ The CLFP Board authorized Mr. Whittet to resolve the tank coating issues.
- Operations
  - ❖ LTWD had one high lead sample (higher than the maximum contaminant level) and one moderately high lead sample; however, the system stayed within the maximum contaminant level for the 90th percentile. This means there is no violation.
  - ❖ The SCADA upgrade is proving to be a challenge but is moving forward.
- CLFP 2025 Budget
  - ❖ The monthly fixed fee is increasing from \$110,000 to \$123,000 (11.8 percent).
  - ❖ The variable water rate is increasing from \$0.24/1,000 gallons to \$0.27/1,000 gallons (12.5 percent).
  - ❖ A Capital Improvement Rate of \$0.12 per 1,000 gallons was recommended for consideration. Both District Managers from LTWD and Central Weld County Water District ("CWCWD") support the rate and the approach to allow CLFP to establish a Capital Reserve Fund.

St. Vrain Water Authority ("SVWA"):

District Manager Kauffman presented the item to the Board and provided an overview of the summary included with the agenda packet:

- SVWA 2025 Budget
  - ❖ The preliminary budget estimates an approximate 75 percent increase to expenses to aid in the creation of a Major Expense Reserve Fund, and to perform injection well maintenance.

- Final Certificate of Occupancy (“CO”)
  - ❖ The plant is operating under a temporary CO pending completion of fire district inspection of the chlorine system and some electrical issues. An appointment to complete the inspection is scheduled.
  - ❖ The transfer of ownership of the plant from the Town of Firestone to the SVWA may be finalized once a final CO is issued.
- The certificate of occupancy (CO) for the plant has not been issued due to the fire district not completing their inspection of the chemical systems.
  - ❖ An appointment to complete those inspections has been scheduled so the plant can hopefully be given the official CO and Firestone can transition ownership to SVWA.

## STAFF REPORTS

**District Manager’s Report:** District Manager Kauffman presented the report to the Board and provided an overview of the summary included with the agenda packet:

- District Activities:
  - ❖ CWCWD Pipeline and Water Treatment Plant
    - LTWD joined multiple agencies on October 8<sup>th</sup> to discuss connection to the joint 42-inch with a pipeline that runs east to Evans and an associated water treatment plant at the CWCWD owned property along Weld County Road 42. No real direction or information was received to assist in making decisions aside from an assumed cost for the pipeline construction.
    - The next meeting is scheduled for January 2025.
  - ❖ Fall Water Symposium
    - Northern Water’s Fall Water Symposium is scheduled for October 30 at the Embassy Suites in Loveland and there is now a waitlist for registration.
  - ❖ Anticipated November Board Meeting Topics/Agenda Items
    - 2025 Budget Proposal and Rate Hearing
    - 2025 Proposed Meeting Schedule
      - ◇ An adjustment to the regular third Thursday of each month may be needed in September to accommodate attendance at the 2025 Special District Association Annual Conference
    - CDOT Agreement for Right-of-Way Acquisitions
    - Potential IGA with the City of Loveland

**Business Manager’s Report:** District Manager Kauffman presented the report to the Board and provided an overview of the summary included with the agenda packet in Business Manager Angela Diekhoff’s absence:

- New Customer Service Representative
  - ❖ Dana Cook will join the customer service team on Monday, October 21<sup>st</sup> bringing the Administrative / Business Team to seven members.
- EyeOnWater (EOW)
  - There were 19 new customer sign-ups in the month of September resulting in 27 percent of the District’s customers participating in the program.

**District Engineer’s Report:** District Engineer Brad Eaton presented the report to the Board and provided an overview of the summary included with the agenda packet:

- The District received one new tap and one Accessory Dwelling Unit (ADU) Commitment to Serve Requests in September, bringing the 2024 year-to-date total to 1,729 new taps and 18 ADUs.
- Capital Projects
  - ❖ Staff continue to make good progress with Capital Projects scheduled for 2024.
    - Final reseeding of select areas of the Loveland/Campion project is scheduled for late October due to continued hot, dry conditions.
    - Ditesco toured the RO plant October 10<sup>th</sup> and development of the project scope is underway to complete the 2<sup>nd</sup> Use Infrastructure Study.
    - Progress continues on final design of the 30-inch Barefoot line with the procurement of the first 10,000 feet of pipeline and construction to start in early 2025.

- New Development Projects
  - ❖ Mr. Eaton reviewed with the Board the status updates, noting that the report was updated to remove inactive projects.
- Other Engineering Department Activities
  - ❖ Staffing
    - Ryan Redd started work on September 30<sup>th</sup> and is proving to be a good addition to the team.
  - ❖ LSLI Project
    - The LSLI project is now complete with final submittal to CDPHE on September 19<sup>th</sup> and follow up notification to customers whose service lines were potholed.
    - The project was completed well ahead of the October 16<sup>th</sup> deadline and well under the approved budget amount.
  - ❖ Interstate-25 (I-25) Segment 5
    - CDOT continues to present design concepts for modifications to LTWD infrastructure. The design concepts are under review by District staff.

**Water Resources Manager's Report:** Water Resources Advisor Nancy Koch presented the report to the Board and provided an overview of the summary included with the agenda packet:

- Water use for September had some peak use but remains within projections.
  - ❖ The District currently has water supply to meet demand due to the increased quota issued by Northern Water.
- Ryan Gulch
  - ❖ The District and Handy Ditch successfully negotiated out of each other's use cases.

**Operations Manager's Report and Water Quality Update:** Operations Manager Reese Saxton presented the report to the Board and provided an overview of the summary included with the agenda packet:

- Locate Requests and Leak Repairs were trending above average for September.
- Monthly Water Quality Report:
  - ❖ Monthly Total Coliform samples were within acceptable parameters.
  - ❖ Lead and Copper Sampling.
    - Samples taken in October yielded one result slightly higher than parameters. Dave Shumpert is working with the property owner and their plumbing contractor to change the filters and pipe fittings in the home.
- Customer Quality Work Orders:
  - ❖ There was none to report.
- Project Updates and Notes:
  - ❖ No new valves have been exercised while staffing is committed to other areas.
- Staffing
  - ❖ Nick Jiron started work on October 14<sup>th</sup> as the new Backhoe Crew Leader and is proving to be a good addition to the team.
  - ❖ Internal candidate Cody Palmer was offered the position of Backhoe Crew Foreman.

**Business Project Manager's Report:** Business Project Manager Tinney presented the report to the Board and provided an overview of the summary included with the agenda packet:

- LSLI – Project Update
  - ❖ The District submitted its Non-Lead Service Line Inventory to CDPHE on September 19<sup>th</sup>. Receipt is confirmed and review is pending.
  - ❖ Customers whose service lines were potholed were notified of the results.
  - ❖ Ms. Tinney made clear the excellent team effort that went into the success of the project.
  - ❖ Director Heiland requested additional consideration for the project team during annual reviews.
- Policies and Procedures
  - ❖ Documentation of the payroll process is complete and under review.



- ❖ Work continues on review / revision of the Development Process, Section 8 Rules and Regulations, Section 17 Rules and Regulations, along with Non-Potable Water (Irrigation) System Procedures including suggested revisions to content for the District's website.
- Employee Engagement Activities
  - ❖ The Board received a copy of the September internal news bulletin.

President McMurtrey called for a break at 7:05 p.m. The meeting resumed at 7:10 p.m.

## **DIRECTOR REPORTS**

- There were no Director Reports.

## **EXECUTIVE SESSION**

It was moved by Director Jim Walker and seconded by Director Brandt to adjourn to Executive Session subject to §24-6-402(4)(e), C.R.S. for the purpose of determining positions that may be subject to negotiation, developing strategy for negotiations, and instructing negotiators regarding matters related to the St. Vrain Water Authority. The motion carried unanimously and the Board adjourned to Executive Session at 7:12 p.m. District Manager Kauffman and Water Resources Advisor Koch were invited to attend the Executive Session. All remaining staff were excused.

The Board reconvened in Regular Session at 7:45 p.m. upon motion duly made by Director McMurtrey and seconded by Director Brandenburg. The motion carried unanimously. There was no action taken by the Board.

**It was moved by Director Brandt and seconded by Director Heiland to adjourn the meeting at 7:45 p.m.**

Respectfully submitted,

*Amber Kauffman*  
Secretary