

**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 19, 2023. Attendance was as follows:

Board of Directors:

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

Staff in Attendance:

Amber Kauffman, District Manager
Angela Diekhoff, Business Manager
Ken Lambrecht, Operations Manager
Kammy K. Tinney, Business Project
Manager
Judy O'Malley, Recording Secretary

Other Attendees:

Clayton Orback, Little Thompson Water District Engineering Technician I

CALL TO ORDER

Vice-President Steven Brandenburg called the meeting to order at 4:59 p.m. followed by the recitation of the *Pledge of Allegiance*.

ROLL CALL

It was moved by Director Larry Brandt, seconded by Director Bill Szmyd, to excuse the absence of President Emily McMurtrey. Motion carried unanimously.

Roll call was taken. All other Directors were present.

AGENDA REVIEW

There were no changes to the agenda.

PUBLIC COMMENTS ON NON-AGENDA ITEMS

Vice-President Brandenburg opened the Public Comments period. There were no public comments, and the Public Comments period was closed.

CONSENT AGENDA

It was moved by Director Szmyd, seconded by Director Ryan Heiland, to approve the Consent Agenda, with the correction to the Description of Check 4919 from “*Capital District-Cost-Water Rights-Windy Gap*” to “*Capital District-Cost-Water Rights-Home Supply*” including:

- Minutes of the September 21, 2023, Regular Board Meeting,
- Tap List 693,
- September 2023 Disbursements in the amount \$7,133,786.67:
 - ❖ **Operating Account: \$6,777,511.14:**
 - ACH Manual Check Numbers 4861 to 4928 – \$6,501,176.62,
 - Check Numbers 11493 to 11527 – \$276,334.52,
 - ❖ **Payroll Account: (Two Bi-weekly payroll periods in September) for \$356,275.53:**
 - Normal Checks 2117 to 2125 - \$19,647.03
 - ACH Transmittal Vouchers O-2377 to O-2388 – \$174,990.34,
 - ACH Direct Deposit Numbers N-12946 to N-13022 – \$161,638.16,
- September 2023 Financial Report.

Motion carried unanimously.

DISCUSSION ITEMS

2024 Budget Review:

Business Manager Angela Diekhoff presented the following information to the Board for discussion and input. No official action was requested:

- With the input from the Board at the August Board meeting and review of capital projects at the September meeting, the 2024 recommended budget was presented based on the following parameters:

- ❖ Base Fee will increase by five percent and will be adjusted 1.6 percent for new tap growth.
- ❖ Water rates:
 - All Tiers to increase by five percent.
 - Wholesale Rates will increase by five percent based within the guidelines of each entity's Intergovernmental Agreement (IGA).
- ❖ Bulk water sales estimated based on historical data.
- ❖ Sale of 155 taps (50 standard and 105 urban) – of those five Cash-in-Lieu (CIL) for Standard Tap.
- ❖ Wages – Cost of Living 3.4 percent plus Merit raise of 0.6 percent to equal overall raise of four percent.
- ❖ Total Employee Costs Increase of 6.34 percent compared to 2023 projected actuals.
 - Increase is due to one new employee in Administrative department.
 - One part-time 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 13.19 percent compared to 2023 projected actuals.
 - Operational expenses increased for Dry Creek pumping.
 - Increase in Filter Plant operating Expenses and St. Vrain Water Authority (SVWA).
 - Three large Expenses that are one-time expenses to occur in 2024:
 - ◇ Possible Lead Service Line Inventory - \$350,000 (Waiting for State Guidelines and requirements.,
 - ◇ Raw Water Master Plan Update - \$165,000.
 - ◇ Regular Master Plan - \$135,0000.
 - Assessments increases for Northern Programs / Windy Gap firming.
- ❖ Capital and non-operating costs increased by 94.69 percent compared to 2023 projected actuals.
- ❖ Increase to continue with bond projects and additional capital projects.
- ❖ Carter Lake Filter Plant (CLFP) Treatment costs \$0.24 per 1,000 gallons and \$110,000 per month for fixed operating cost.
 - Plus, unbudgeted expenses of \$40,000.
- The 2024 Proposed Budget conversation:
 - ❖ Areas the Department Managers adjusted:
 - Employee raises down from the original five percent to four percent.
 - Rate Increases on all tiers from the original 3.4 percent to five percent.
 - Large cut in Conservation Budget.
 - Cuts in Training and Education.
 - Numerous cuts throughout Distribution and General Administration.
 - Cut in Marketing Budget for website redevelopment.
 - ❖ Large expenses that are onetime expenses:
 - Possible Lead Service Line Inventory - \$350,000.
 - Raw Water Master Plan Update - \$165,000.
 - Regular Master Plan - \$135,0000.
 - ❖ Ideas from Staff for the Board to consider:
 - Leave Base Rate and Tier One alone at five percent.
 - Raising the rates in Tiers Two through Five higher than five percent.
 - Reconsider some of the onetime cost items.
 - ◇ Remove Lead Service Line until we have direction from the State and come back to the Board if we are required by the State to compile the inventory in 2024.
 - ◇ Postponing the Raw Water Master Plan.
- Staff also requested direction from the Board on Plant Investment Fee (PIF) Increases:
 - ❖ Staff asked Wildan to look at Staff's revised Capital Project costs and give us guidance on what the District PIFs should look like (does not include any reimbursement increases for Brookfield agreement).
 - Wildan recommended a 30 percent increase to the PIF.
 - ❖ Staff would like some Board direction on implementing the new PIF rates for next year.
 - Staff suggested stepping the rate up 15 percent in 2024 and then again in 2025.
- The following information will be presented at the November Board Meeting:
 - ❖ The 2024 Proposed Budget once final direction and recommendation is received from the Board.

- ❖ A public hearing will be held on the Proposed Budget, and any recommend rate increase.
- ❖ Staff will present the District's five-year financial plan.
- ❖ Final adoption of the budget can occur at the November meeting, unless the Board chooses to defer adoption to the December Board Meeting.

Questions and discussion occurred throughout the presentation. Some of the discussion points included:

- Basing the budget on 2022 usage as this was the average of the past five years.
- Increasing wages by a total of five percent.
- The District has legally Restricted Funds set aside for specific expenses; however, the bond company no longer legally requires any Restricted Funds.
- Whether the base fee should be increased instead of the tier rates.
 - ❖ Non-residential rates were based on the fact that most of those customers used to be farmers and dairies, however this is no longer the case.
- The Board determined they would like to see the following changes for the Final 2024 Budget in order to not show a negative operating budget:
 - ❖ Raise the Base Fee and all Tier Rates by seven percent.
 - ❖ Remove the Lead Service Line Inventory.
 - If the State finalizes the inventory plan in 2024 then Staff can bring an amended budget request to the Board.
 - ❖ Raise the PIFs by 30 percent in 2024.
- It was decided that it is important to keep the Raw Water Master Plan Update in the budget so this can be completed before Water Resources Manager Nancy Koch retires.

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New Water Supplies Update:

Water Resources Manager Nancy Koch, using suggestions from the Board as requested at the September 21, 2023, meeting, presented the following information to the Board:

- A 2022 Strategic Board Goal was to evaluate, discuss and recommend other waters suitable for dedication or purchase.
 - ❖ Other waters do not include ones currently accepted by the District.
 - ❖ Projects to meet this goal would provide water for the District for the next 30 years.
- Short to mid-term water supplies being evaluated:
 - ❖ Water Efficiency:
 - Policy Considerations:
 - ◇ Reduce over-use.
 - ◇ Reducing potable losses.
 - ◇ Water efficiency incentives.
 - ◇ Marketing / Education.
 - Reduce evaporation.
 - Tap Downgrades.
 - ❖ CIL for Infrastructure:
 - Example - native raw water infrastructure.
 - Considerations for giving water credit for infrastructure.
 - ❖ Accepted Native Water Rights:
 - Incentivize dedicating native water rights to the District.
 - Shares in Home Supply, Handy and Big Thompson Ditch and Manufacturing Company (BTDMC).
 - Acquire land and water.
- Board Policy Suggestions included:
 - ❖ The District could establish a Water Bank.
 - ❖ The District needs solvable / feasible solutions that the District will control.
 - ❖ The District should not provide CIL for all new water purchased to build up District reserves.

- ❖ The District should prioritize yield from existing Native Waters.
- ❖ Mead should pay for some new water supplies.
- Board Water Supply Concepts included:
 - ❖ Reduce Evaporation:
 - Photovoltaic panels on Dry Creek Reservoir.
 - ◇ Feasibility Study contractor selected.
 - Photovoltaic panels on agricultural reservoir.
 - ◇ Surface water rights on agricultural reservoirs have been leased.
 - Lining agricultural ditch.
 - ◇ Creates more Return Flow Obligations (RFOs).
 - ❖ Allow Tap Downgrades:
 - Customers with Standard Taps, who do not use their entire allotment, can downgrade to the 0.55 acre-feet (ac-ft) tap and receive a water credit when the water is sold to another customer,
 - The remaining 0.15 ac-ft would be sold to new development.
 - There are administration concerns regarding the time-consuming tracking.
 - Under-users would no longer balance over-users.
 - ❖ Acquire Land and Water:
 - The District could purchase farms that have Handy or Home Supply shares, however this could be cost prohibitive.
 - The Seller would continue to live at the property and lease the water back from the District while still occupying the property.
 - When the Seller vacates the property the water shares revert to the District.
 - As the District would own the land it would determine whether to use or sell the land.
- Staff Requests:
 - ❖ Support master meter at Interstate-25 (I-25) and Weld County Road (WCR) 38.
 - A missing Master Meter on the Central Weld County Water District (CWCWD) system at this location is causing uncertainty on water losses.
 - CWCWD and District staff have identified a desire to install a meter at this location; however, to the knowledge of District Staff installation of one is not planned.
 - There is a substantial cost to installing a Meter Vault, and Staff requested the Board allow the District to evaluate a location and install one on the District's line.
 - Ms. Koch noted the District might not take on the biggest water loss first, but will work to find and stop water losses.
 - ❖ Fund Master Plan:
 - Master Plan Modeling will investigate:
 - ◇ If more storage will increase the yield of Windy Gap units.
 - ◇ How much treatment capacity will be needed at SVWA to maximize second use supplies.
 - ◇ What bottlenecks does the system have.
 - ◇ If trade of storage for water supplies would increase firm yield.
 - ❖ Allow staff to engage with Highland Ditch Company.
 - Non-potable Management:
 - ◇ Highland Ditch System opportunities exist within the Town of Mead (Mead) Growth Boundary.
 - ◇ The District could study the feasibility of using Highland Ditch shares for a Non-potable system.
 - The District would own the water and lease it back to the Developer who would own and operate the Non-potable System.
 - ◇ A Change of Use case would not need to be filed as the water would still be used for agriculture, just on blue grass instead of corn.
- Evaluation Tool:
 - ❖ Raw Water Master Plan.
 - ❖ Model the District system with assumptions.

Discussion occurred throughout the presentation including the following topics:

- Difficulties in putting some ideas in place such as:
 - ❖ Putting Photovoltaic panels on agricultural reservoirs because the surface water rights have already been leased.
 - ❖ Lining agricultural ditch creates more RFOs.

- ❖ Allowing Tap Downgrades would cause a burden on the Administrative department and the Board was not in favor of the idea.
- ❖ The Northern Integrated Supply Projected (NISP) is not a recommended water source for the District.
- Discussion was also held on the need to cut the 2024 Budget versus keeping the Raw Water Master Plan in place so that Ms. Koch would be available to work through this with Water Resources Administrator Amanda Hoff.
 - ❖ The Board agreed it was important for the Water Resources department to work on this project prior to Ms. Koch retiring.

Vice-President Brandenburg called for a break at 6:57 p.m. The meeting resumed at 7:05 p.m.

Employee Year-end Bonuses:

District Manager Amber. Kauffman presented the following to the Board:

- Annually the Board has given employees a year-end bonus.
- Based on past Board discussion, the intent of year-end bonuses was to convey a “thank you” directly from the Board to the employees.
- The amount has been significant enough to be noticed, and at the same time did not represent a significant amount of the employee’s compensation, with each employee receiving the same amount.
- In 2022, the Board rewarded each employee with a \$2,000 bonus.
- Bonus checks are issued through the payroll system and taxes have been collected on the bonus prior to distribution.

Following discussion, **it was moved by Director Jim Walker, seconded by Director Ed Martens, to approve a \$2,000 Year-end Bonus to District Employees. Motion carried with four aye votes and two nay votes.**

CLFP:

District Manager Kauffman presented the following information to the Board:

- CLFP will need to paint the five million-gallon (MG) steel tank next fall into the spring of 2025.
 - ❖ No estimate of cost was provided to the Board, but cost should be expected to be a little over \$1,000,000.
- The new smaller pump for the Dry Creek Reservoir pump station is anticipated to be in service around April of 2024.
 - ❖ Pumping costs for the pump station were not built into CLFP Manager Rick Whittet’s budget.
 - ❖ After the official meeting, Mr. Whittet, CLFP Board President Al Lind, Director Heiland, Director Brandenburg, and Ms. Kauffman agreed to look at building the pumping costs into the operating budget for the future (anticipating 2025 costs).
 - ❖ Current expense projection would add \$0.04 per thousand gallons to the cost for treatment.
- The copper sulfate testing seemed to have some problems as the result of the application was an increase in geosmin.
 - ❖ The Plant would like to get another sample from the reservoir to redo the test.
- Mr. Whittet’s proposed budget included the following:
 - ❖ A continuation of 13 positions at the plant (one currently unfilled).
 - ❖ The budget for the plant increased 22 percent from 2022 to 2023 and then proposed at an increase of seven percent from 2023 to 2024.
 - ❖ The goal is to remove the need for forward budgeting during the winter from the districts and reimbursement during high demand season as currently is happening.
 - ❖ Mr. Whittet would also like to include algae amounts.
- Mr. Brandenburg noted that 90 ac-ft of water was released from Dry Creek Reservoir.
 - ❖ Mr. Brandenburg noted that this will save on pumping and treatment costs.
 - ❖ Ms. Kauffman advised when water is released from the reservoir the District must ensure that it will have beneficial use.
 - ❖ Water Resources Manager Koch advised that this was a good year to do so as the District was able to refill the reservoir.
- Josh Cook, P.E. of NoCo Engineering contacted Ms. Kauffman and advised that his electrical engineer had passed away.

St. Vrain Water Authority (SVWA):

District Manager Kauffman presented the following information to the Board:

- The town of Firestone (Firestone) Staff and Dave Lindsay have begun the budgeting process for 2024.
 - ❖ Currently no capital is budgeted although Ms. Kauffman felt some of the expenses shown as operating will be switched to capital based on conversation in the meeting.
- It was decided to increase the funding from the board packet's assumption of 85 percent of annual costs to 100 percent of annual costs to help build a reserve fund at the plant.
 - ❖ This increase was expected to raise the District costs from \$80,000 to \$100,000.
- SVWA and Firestone are still having trouble getting the contractor's subcontractors to finish the project.
 - ❖ Firestone has begun conversations with the bonding company.
- The plant had a water leak inside the meter pit but downstream of the meter.
 - ❖ The leak was approximately 300,000 gallons.
 - ❖ Firestone does not offer a leak credit for fixing leaks.
 - ❖ The cost of the leak was unknown at the time of the meeting.
- The plant engineer, Plummer Associates, was working on selection of an asset management software for the plant to use to help determine what level of reserve accounts to have with help of depreciation schedules, parts replacement schedules, chemical orders, etc.
- Discussion was had about developing policies for the reserve accounts next year.
- Ramey Environmental, the contract operator, has been giving tours to other groups of people who are evaluating similar types of plants.

Public Hearing: Action Item: Resolutions 2023-26, and 2023-27 Exclusions

Vice-President Brandenburg opened the Public Hearing. There were no public comments, and the Public Hearing was closed.

It was moved by Director Szmyd, seconded by Director Heiland, to adopt Resolution 2023-26 Exclusions (Berthoud Gateway), and Resolution 2023-27 Exclusions (Ledge Rock Center). Motion Carried unanimously.

STAFF REPORTS

District Manager's Report: District Manager Kauffman reported on the following:

- District Activities:
 - ❖ Managers are planning an offsite leadership retreat November 29 to help the organization work on removing silos and promoting more teamwork.
 - The main reason for the retreat is to make sure all departments are functioning as one team, not individually (silos).
 - The retreat will be facilitated by a fire chief who has been through many of the same issues the District has:
 - ◇ Changing customer base.
 - ◇ Growing staff levels with "new blood".
 - ◇ Increasing costs and others.
 - It will be a cost to the District in a tight year; however, it is important.
 - There will be quarterly follow-up in 2024 as well.
 - ❖ The State Dam Safety Engineer came to inspect Dry Creek Reservoir on October 2.
 - The Engineer is always happy to come see Dry Creek Reservoir as it is well maintained, and the requested activities are always complete or near complete from the prior year's inspection and everything went well.
 - A lot of cattails were removed from the banks per the Engineer's previous request.
 - Additionally, the District released water out of Dry Creek Reservoir for three weeks with no negative feedback from the neighbors.
 - A big kudos to Water Resources Administrator Hoff for working with the River Commissioner and Northern Colorado Water Conservancy District (Northern) on the release.
 - ❖ On October 3, Staff gathered for lunch to watch a presentation given at the Special District Association (SDA) Annual Conference called "Zap the Generational Gap."
 - Staff had mixed feelings on the presentation, but it definitely hit some people in why people are the way they are, and the generations are all just perspective.

- ❖ On October 5, the District closed the office early and had an afternoon of games and food at Flipside in Loveland.
 - Flipside is a pinball / skee-ball / air hockey facility that allows rental of the whole business in exchange for free games during the rental.
 - We had better attendance than weekend events in the past!
- Other:
 - ❖ An interesting statistic from Northern's board meeting on October 12:
 - The ownership of Colorado-Big Thompson (C-BT) units continues to trend to Municipal and Industrial with 1,111 units moving that way in 2023 alone.
 - The current breakout is 72 percent municipal / industrial and 28 percent agricultural.
 - The shares remaining in agricultural are predominantly fixed assessment and cheap to own.
 - These are not likely to change to municipal / industrial soon.
 - It reinforces "the easy water is gone."
- Anticipated November Board Meeting Topics:
 - ❖ 2024 Proposed Budget.
 - ❖ 2024 Rate Hearing.
 - ❖ 2023 Budget Amendment.
 - ❖ Audit Engagement for 2023 Audit.
 - ❖ Section 3 Rules and Regulations update for taps.

Business Manager's Report: Business Manager Diekhoff reported on the following:

- Reserves:
 - ❖ With the purchase of the 11 shares of Home supply for \$6,170,000, funds were taken from CIL Reserves of \$4,145,196 and Capital Projects Reserve of \$2,024,804.
 - ❖ The one supply of Windy Gap for \$4.5 million still needs to be paid.
 - Staff requested guidance for what reserve funds the Board would like to use:
 - ◇ Capital Projects Reserve: \$9,166,637,
 - ◇ or Land Acquisition Reserve: \$2,000,000.

Following a brief discussion, the Board agreed the funds should come from the Land Acquisition Reserve, and the balance from the Capital Projects Reserve. The funds will be replaced as the water is sold.

- Eye on Water (EOW):
 - ❖ District customers signing up for new EOW accounts continued to increase slightly.

District Engineer's Report: In the absence of District Engineer Brad Eaton, District Manager Kauffman reported on the following:

- There were two Tap Commitment Requests for September. The year-to-date total was 61.
- Capital Projects:
 - ❖ The Loveland / Campion project had begun and was focused on South Garfield Avenue between West Larimer County Road (LCR) 16 and 42nd Street Southeast.
 - ❖ The Supervisory Control and Data Acquisition (SCADA) updates have begun.
 - ❖ A contractor had been selected for the Floating Photovoltaic Feasibility Study for Dry Creek Reservoir and was expected to begin before the end of 2023.
- Development Projects:
 - ❖ Three new projects were coming to Mead:
 - Flying J Truckstop,
 - Club Carwash,
 - Mead Community Center.

Discussion occurred regarding how many development projects have water, selling the District's Windy Gap units to those who need water, and what developments are in the right locations to be able to use Windy Gap water.

- Other Engineering Department Activities:
 - ❖ Design coordination with the Colorado Department of Transportation (CDOT) for their I-25 Segment 5 Improvement Project (Highway 66 to Highway 56) has begun.
 - ❖ District and CWCWD infrastructure will be impacted and will likely require significant Staff time beginning now with design and following through construction.

- ❖ CDOT wants construction to be completed by next fall, but Staff do not believe that is possible.

Water Resources Manager's Report: Water Resources Manager Koch reported on the following:

- Water use for the month of September remained low as there continued to be a lot of rain.
- There had been a small amount of evaporation from Dry Creek Reservoir.
 - ❖ Cumulative water use was well below the projected volume.
 - ❖ The amount of water in Dry Creek Reservoir had decreased partly from evaporation and partly from the release of water.
 - ❖ Water Resources Staff would put back in as much water as possible before the close of the 2022 – 2023 Water Year on October 31, 2023.
- Water Court Change Cases Updates:
 - ❖ The judge was expected to re-refer the Home Supply case.
 - ❖ The Town of Berthoud (Berthoud) had expressed that they would like to work together with Staff on the Handy Ditch case.
 - Berthoud had submitted their Catlin to the ditch company earlier than expected and District Staff and consultants worked hard to prepare to file shortly after Berthoud.
 - ❖ The Town of Johnstown (Johnstown) will have an expert witness disclosure to define issues for the March 2024 trial.
 - The District is an objector in the Johnstown case but is backing Johnstown as it will be beneficial to the District if they win.
 - ❖ The judge in the Firestone case is considering a motion to dismiss the trial as they have not been in touch with objectors to their case.
 - ❖ The Seasonal Temperature Outlook maps showed equal chances for above or below average temperatures and precipitation during October, November, and December 2023.

Operations Manager's Report and Water Quality Update: Operations Manager Ken Lambrecht reported on the following:

- Leak repairs and Locate Requests were close to the five-year averages.
- Monthly Total Coliform samples were within acceptable parameters.
- The new locator, Hannah Mraz, was in training and doing well,
- The Colorado Department of Public Health and Environment (CDPHE) sanitary survey went well.
 - ❖ A few items are being looked at further and may be considered violations however Staff are working with CDPHE on the processes in question.
- Project Updates and Notes:
 - ❖ Security and Sound finished installing the fire alarm system and the Berthoud Fire Marshall will be scheduled for the final inspection.
- There had been no change to the valve exercising status as the Valve Exerciser Crew Leader Alan Cordova had continued working with the Backhoe Crew.

DIRECTOR REPORTS

Director Brandt questioned if anyone knew what an 18-inch green pipe along WCR 50 from Colorado Boulevard going east was going to be used for. Ms. Kauffman was not sure but suggested it might be for oil or natural gas.

It was moved by Director Szmyd, seconded by Director Brandt, to adjourn the meeting at 7:48 p.m. Motion carried unanimously.

Respectfully submitted,

Amber Kauffman