

East Larimer County Water District  
Board of Directors  
Regular Meeting

Tuesday – 5:30 P.M.

November 17, 2009

1. CALL TO ORDER

Loren Maxey, Chairman of the Board of Directors, called the meeting to order.

2. ROLL CALL

Directors Present: Loren Maxey, Randy Siddens, Vern Sunset, Scott Baker, Ed Laudick

Directors Absent: none

Others Present: Mike Scheid, General Manager; Kathy Phipps, Administrative Manager and CFO; Shawn Hoff, Water Resources Manager Soldier Canyon Filter Plant; Andrew Rheem, Red Oak Consulting

3. APPROVAL OF MINUTES FROM MEETING ON OCTOBER 20, 2009

Scott Baker moved for approval of the October 20, 2009 regular meeting minutes as presented. Vern Sunset seconded and the motion passed unanimously.

4. DISCUSSION AND APPROVAL OF FINANCIAL AND INVESTMENT REPORT

Ed Laudick moved for approval of the October 2009 Financial and Investment reports. Scott Baker seconded the motion and it passed unanimously.

5. SOLDIER CANYON FILTER PLANT REPORT

**Minutes-** Draft minutes from the November 5, 2009 Steering Committee meeting were included in the Board packet.

**SCFP Update-**

Bids for Soldier Canyon Tank #3 Recoating and Repair project were presented by Keith Meyer with Ditesco. The bid was awarded to National Coatings contingent on final review of their qualifications.

Discussion of a multilevel, second outlet in Horsetooth reservoir and an associated pipeline that would improve redundancy to Soldier Canyon Filter Plant is ongoing. The consultant hired by Northern Colorado Water Conservancy District to perform the study has been in contact with ELCO regarding the potential benefit to the District. The location of a regional water treatment plant is also being considered in the

study.

Bill Roberts, Manager of SCFP, is seeking direction regarding the next Soldier Canyon master planning effort. The need for expansion is likely beyond the five-year horizon. During 2010 Bill expects to coordinate with the City of Fort Collins and the Districts to determine the actual maximum plant production capacity.

6. RED OAK CONSULTING – 2009 FINANCIAL PLANNING, COST-OF-SERVICE AND RATE ANALYSIS UPDATE

Andrew Rheem with Red Oak Consulting attended the meeting to review the results of the Financial Plan, Cost-Of-Service and Rate model updates.

Three rate alternatives for retail and wholesale customers were presented. Movement toward a more conservative debt service coverage requirement for financial planning and rate setting was recommended.

After discussing the three alternatives which were based upon different usage assumptions, Scott Baker made a motion to adopt the rate depicted using an average of 2008 and 2009 consumption. Randy Siddens seconded and the motion passed unanimously. It was noted the District rates rank in the lower-middle range regionally.

Red Oak suggested targeting debt service coverage, excluding PIFs, which exceeds the legal requirement. Debt Service Coverage ratio of revenues available for current year's debt payment should be phased in over the next three years. A target of 1.2 times annual debt service, without PIFs, was used in updating the models.

7. ELCO RAW WATER CASH-IN-LIEU

ELCO's current cash-in-lieu of water rights is based on a cost of \$11,000 per unit of C-BT. A table indicating recent sales activity for C-BT was included with this agenda item.

After brief discussion it was decided to leave the District's cash-in-lieu at \$11,000 per unit of C-BT.

8. WATER RESOURCES

Shawn Hoff attended the meeting to discuss water resources items effecting ELCO.

**John G. Coy Ditch Water Right** - The District recently closed on the John G. Coy Ditch Water Right. The next step is to prepare a draft application for water court. A resolution to appropriate an exchange to move the water right up-river will likely be ready for consideration at the December Board meeting.

**Million Conservation Resource Group** – A template for a non-binding statement of interest in the MCRG Regional Watershed Supply Project was distributed at the meeting. Aaron Million recently contacted Shawn regarding the Districts possible interest in the project. The Board suggested inviting Mr. Million to the January 19, 2010 meeting to hear more about the pipeline project.

**Water Resources Assistant and Legacy Plan** – Loren Maxey let the Board know of recent “special meetings” held between the Tri-Districts Board Presidents, Managers and Shawn Hoff. Several individuals have expressed interest in exploring the merits of separating the water resources functions performed by Shawn Hoff from the balance of Soldier Canyon Filter Plant operations. Recognition of the value of Shawn’s in-depth knowledge and experience prompted discussion of a “legacy plan”. At the “special meetings” it was suggested that a Water Resources Assistant be hired and office space for the Assistant and Shawn be located somewhere other than the Plant, preferably convenient to all three Districts. Additionally, concerns have been raised that the methodology for allocating costs related to water resources administration may be inequitable. Currently those costs are allocated based upon each Districts percentage of total plant production. Preliminary discussions with Joe Fonfara indicate amending the Soldier Canyon IGA will likely be required.

The ELCO Board recognizes the eventual need for a establishing a “Legacy Plan” to prepare for the future. At some point there will also be a need for an assistant. They recommend a job description be prepared to identify the tasks an assistant would be expected to perform when the need to hire does arise. The Board is supportive of amending the IGA to address the creation of a separate water resources department. The Board was not supportive of renting separate office space for water resources department.

Soldier Canyon Filter Plant 2010 Budget must be amended to include funds for water resources activities.

ELCO’s 2010 proposed budget will be modified to include funds the Districts share of water resources operations and an additional \$30,000 for its share of salary and benefits for an assistant should the need to hire someone in 2010 become apparent.

**John R. Brown Water Right** – The Tri-Districts are scheduled to close on the John R. Brown Water Right on December 10, 2009. Final amount due at closing will be provided to ELCO staff by Joe Fonfara’s office.

**C-BT Carryover** – Shawn Hoff reviewed the 2010 carryover plan for the Tri-districts.

**Halligan** –A representative of the City of Fort Collins contacted the District recently to ask if ELCO would like to continue participation in Halligan enlargement on some level. The matter was discussed briefly. ELCO’s Board acknowledged the need for high mountain storage in the future still exists, but the timing and costs for permitting, design and construction of Halligan is prohibitive. Mike will relay the Boards position to the City representative.

9. DISCUSSION – PROPOSED 2010 BUDGET

The 2010 Proposed Budget was discussed at length. Staff has closely examined the revenues and expenditures for the balance of 2009 and those proposed for 2010. Discretionary spending has been reduced to a minimum. Staff anticipates purchasing a new computer server before the end of 2009. The current server has failed on several occasions in recent weeks and is critical to the daily operations of the District. Some programs used by ELCO staff may not be

compatible with the new server operating system. When a new server is installed, software updates could be necessary.

The slow down in residential and commercial building affects the timing of several capital improvement projects ELCO is considering. The slowing of growth translates into a less immediate need for storage as well as transmission and filter plant capacity. Those deferred needs are reflected in the 2010 budget.

The final budget will be presented for adoption at the December 15, 2009 meeting.

10. MANAGER'S REPORT

**Anheuser Busch Water Line** – Funding for design work on the new 12-inch water line project on Giddings Road was received from Anheuser Busch. TEC was awarded the contract to design the project and has started that work. If Anheuser Busch approves the engineers cost estimate, construction will take place in 2010.

**Larimer County 1041 Regulations** – At a recent meeting, Larimer County Commissioners considered the proposed Code Amendment and moved to table the issue until December 21, 2009 to allow County staff and utility service providers to meet and possibly recommend changes.

**Tree Sale** – A flyer was included with this agenda item describing trees that are for sale as a result of an easement purchased for the NEWT pipeline.

11. OTHER BUSINESS

There was no other business to come before the Board.

12. ADJOURNMENT

As there was no other business to come before the Board; at 9:30 p.m. Randy Siddens moved to adjourn. Vern Sunset seconded and the motion passed unanimously.

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Secretary

Approved: \_\_\_\_\_  
President