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, September 17, 2026. Attendance was as follows:

Board of Directors:
Emily McMurtrey, President
Bill Szmyd, Vice-President – Via Video Conference
Larry Brandt, Treasurer
Ryan Heiland
Ed Martens – Via Video Conference
Garret Maurer
James J. Walker

Staff in Attendance:
Amber Kauffman, District Manager
Angela Diekhoff, Business Manager
Brad E. Eaton, District Engineer
James Sutherland, Water Resources Manager
Reese Saxton, Operations Manager
Kammy Tinney, Business Project Manager
Judy O'Malley, Recording Secretary
Clayton Orback, Civil Engineer II

Other Attendees:
Jim and Jennifer Anderson, Residents

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.

All Directors were present, resulting in a quorum of seven of seven members in attendance.

AGENDA REVIEW
President McMurtrey recommended discussion in Executive Session pursuant to Colorado Revised Statutes (CRS) §24-6-402(4) subparts (a) "for purposes intended for purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest" and (e) "for determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators" as it pertains to Agenda Items 6.4.

It was moved by Director Larry Brandt and seconded by Director Ryan Heiland to approve the agenda as presented, including discussion in Executive Session as requested. Motion carried unanimously.

PUBLIC COMMENTS ON NON-AGENDA ITEMS
President McMurtrey opened the Public Comments period at 5:03 p.m. for non-agenda comments. There were no public comments on non-agenda items, and the Public Comments period was closed.

CONSENT AGENDA
It was moved by President McMurtrey and seconded by Director Ed Martens to approve the Consent Agenda, including:
- **Minutes of the August 20, 2026, Regular Board Meeting**
- **Tap List 728**

- **August 2026 Disbursements in the amount of $1,678,390.87**
  - ❖ **Operating Account: $1,279,596.93**
    - **ACH Manual Check Numbers 7476 to 7546 - $1,068,986.93**
    - **Manual Check Numbers 13099 to 13144 - $210,610.00**
  - ❖ **Payroll Account: $398,793.94 (Two bi-weekly payroll periods paid in August)**
    - **ACH Transmittal Vouchers 2873 to 2886 - $205,573.47**
    - **ACH Direct Deposit Numbers 15947 to 16026 - $193,220.47**
- **August 2026 Financial Report**

The motion carried unanimously.

DISCUSSION ITEMS

Anderson Variance Request:

District Engineer Brad E. Eaton presented the details of the Variance Request to the Board. Jim and Jennifer Anderson are served by a 5/8-inch Standard Residential Tap and propose to construct a new 800 square-foot (sq-ft) accessory dwelling unit (ADU) within an unfinished area of an existing 2,400 sq-ft pole barn/shop on the property. On August 14, 2026, the District issued a commitment letter approving the addition of the ADU and identifying the applicable accessory dwelling fee. The Andersons subsequently submitted a request asking the District to waive the accessory dwelling fee based on the property's long-term underutilization of its existing annual water allocation; on average over a five-year period the property utilized approximately 44 percent of its annual allocation. The accessory dwelling fee is intended to provide approximately 60,000 gallons (0.18 acre-feet (ac-ft) of additional annual water allocation for the accessory dwelling unit.

Staff supports approval of the Anderson variance request subject to the terms and conditions outlined in the commitment letter issued on August 14, 2026, except for payment of the accessory dwelling fee; the existing 5/8-inch Standard Residential Tap shall not receive any additional annual water allocation associated with the accessory dwelling fee keeping the annual allocation at 0.70 ac-ft; should the property exceed the annual water allotment for a 5/8 Standard Residential Tap (0.70 ac-ft), applicable surcharges will be imposed; should the annual allotment be exceeded repeatedly the property owners will be required to purchase additional allotment. The Andersons will be required to sign a new Domestic Water Agreement (DWA) agreeing to the conditions.

Director Bill Szmyd suggested a change to the bylaws/rules and regulations stating that if a customer with an ADU request is a significant under-user, the District Manager will have the authority to approve a waiver to the ADU fees without bringing a Variance Request to the Board. Director Martens questioned whether any part of the ADU fees are administrative and was advised they are not.

It was moved by President McMurtrey and seconded by Director Brandt to approve the Anderson Variance Request with the stated terms and conditions. The motion carried unanimously.

Rate Study Summary and Discussion:

Business Manager Angela Diekhoff presented the details of the revised Rate Study to the Board. The purpose of the study is to evaluate the District's current rate structure and ensure that revenues adequately support ongoing operations, maintenance, capital improvements, debt-service obligations, and reserve requirements, while maintaining fairness among customer classes.

As part of the study, Staff and the Board have reviewed proposed adjustments to the District's base rates, water usage tier rates, and Plant Investment Fees (PIFs). Under the current proposal, the 2027 rate structure includes an 8 percent increase to base rates, water usage tier rates, and PIFs.

The study is also evaluating revised tier structures for both residential and non-residential customers. The proposed modifications are intended to better align rate tiers with actual customer usage patterns and promote greater equity among customer classes. Staff and Willdan are further evaluating separate tier classifications for irrigation and dairy customers to better reflect the unique demands and usage characteristics associated with those customer groups.

The overall objective of the study is to establish a financially sustainable rate structure that generates sufficient revenue to meet increasing operational and capital costs, maintain appropriate reserve levels, and support the District's long-term financial obligations. At the same time, the proposed structure is intended to ensure that rates remain reasonable, equitable, and reflective of the cost of providing water service.

Staff presented the preliminary findings and recommendations to the Board for discussion and direction. Topics included the Board requesting a comparison of the District's PIFs with those of neighboring water utilities, the proposed 25 percent increase to the PIF, and an increase to the Standard Tap Overuse Surcharge from $8.00 to $18.41 per 1,000 gallons.

Following discussion, the Board directed Staff to include a Standard Tap Overuse Surcharge of $12.00 per 1,000 gallons and an 8 percent increase to base rates, water usage tier rates, and PIFs in the 2027 draft budget for consideration at the October 15, 2026, Board Meeting. Staff will also provide additional clarification on several outstanding questions related to the rate study.

Capital Budget Presentation:
District Engineer Eaton presented a review of the 2027 Proposed Capital Expenditures and 10-Year Financial Forecast to the Board.

For the 2027 budget cycle, Staff continued refining the comprehensive list of potential Capital Improvement Projects (CIP) originally developed in 2024. The CIP list identifies capital projects anticipated in both the near term and over the next 10 years.

The proposed 2027 capital budget includes design and construction projects that support District goals, as well as joint Carter Lake Filter Plant (CLFP) projects identified by plant staff. The 10-year capital forecast reflects currently anticipated infrastructure improvements and asset replacement needs, while also providing funding capacity for projects that have not yet been fully defined. The capital program also includes ongoing vehicle and equipment replacement purchases.

For 2027, the CIP list has been reorganized to better align project Importance Groups with District goals. Within each group, engineering and operations staff evaluated and numerically ranked projects based on their relative priority and importance.

To develop the 2027 budget, Staff reviewed regional Construction Cost Index (CCI) data for 2025 and 2026 and incorporated inflation factors of 6.4 percent and 10.0 percent, respectively, into project cost estimates. For the 10-year financial forecast, project costs were escalated using an assumed annual CCI increase of 5 percent.

The Board and Staff held a work session on August 3, 2026, to review the scope of the proposed 2027 budget and 10-year CIP list. Discussions included financing options, staff capacity, project scheduling, and the District's ability to deliver the identified capital improvements. Project timelines were evaluated to identify opportunities for adjustment and prioritization. Additional discussion focused on Engineering Department project management capacity of five to ten major projects per year, projects administered by external entities, and common factors that contribute to project delays.

The Board and Staff also discussed the District's process for acquiring easements. The conversation highlighted the District's preference for negotiating voluntary agreements while the Board suggested that condemnation proceedings may be necessary in limited cases when negotiations become unreasonable and project delivery is significantly affected.

Northern Integrated Supply Project (NISP):
District Manager Amber Kauffman previewed the following information with the Board:
Staff will bring forth a list of questions compiled by the District's staff and legal counsel and associated answers provided by Northern Colorado Water Conservancy District (Northern Water). Further discussion was held in Executive Session.

CLFP:
As the September 10, 2026, meeting was cancelled, District Manager Kauffman provided a summary of plant activities provided by CLFP Plant Manager Rick Whittet.

- **Dissolved Air Flotation (DAF)/South Plant Expansion.** Construction continues to move forward. Most of the recent work has been focused on getting ready for DAF concrete work, site piping, preparing for the Clearwell work, and working through several design and permitting issues.
- **DAF Construction.** Concrete mix designs and reinforcing details have continued through the review process. Forms are starting to arrive, and work is moving toward construction of the DAF base slab and walls. The project team is also looking at doing full-height wall pours, which could provide some cost savings.

- **Clearwell/Site Work.** Work continues to prepare for the Clearwell addition and the utility work that needs to happen in that area. With the continued high water demand, Staff notified Rice Lake that no blasting is to occur near the existing Clearwell for now as both plants need to be available to keep up with demand.
- **County Review/Building Permit.** The site plan was resubmitted to Larimer County (Larimer) on August 25 after some additional comments related to drainage and landscaping. The County is anticipating approximately 28 days for its review. The building permit review cannot start until the site plan review is complete. The H3-to-H4 building classification change that had been holding up the building package was received on August 29.
- **Project Schedule.** Rice Lake recently provided an updated project schedule currently showing substantial completion on November 3, 2028, compared to the original contract date of May 1, 2028. Final completion is currently shown as January 11, 2029. The updated schedule identifies several contributing items, including the County permitting process, fiber relocation, backwash pump and building code changes, revised plans, the Dry Creek piping conflict, DAF design changes, blasting delays, and contractor/subcontractor submittal delays.

Mr. Whittet asked NoCo Engineering Company (NEC) for their assessment of the updated schedule, what they see as the biggest issues affecting it, and whether there are opportunities to make up some of the lost time. Mr. Whittet will share the information with the CLFP Board.

- **Motor Control Center (MCC) Equipment.** The MCC equipment that has been delivered are being moved into the old North Plant for protected storage. Cleanup of the area was completed beforehand and evidence of mice addressed to make sure the equipment can be stored properly until it is ready for installation.

  Using the building for storage raised the question of what should be done with the old North Plant long term. The building provides useful storage space and could potentially serve other future needs; however, keeping it would require some investment. As Mr. Whittet works through long-term capital needs, a decision will be made to determine if the value of the building justifies an investment.
- **Canal Tie-In.** Northern Water recently met with Dewberry to discuss Dewberry's scope and fee for the canal tie-in work. Mr. Whittet and CLFP Project Manager Darrell Larson are scheduled to meet with Northern Water on Wednesday, September 16 to discuss the tie-in and next steps.
- **South Plant Propane.** The propane tanks must be relocated due to the expansion project. The temporary concrete pad has been poured, and we are coordinating with Schrader on the reinstallation of the propane tanks and line.
- **2027 Budget.** Mr. Whittet has started working on the 2027 Plant Budget and updating projected year-end expenses for 2026. Mr. Whittet received the 2027 water projections from LTWD and Central Weld County Water District (CWCWD) giving him information to formulate the revenue side of the budget. Also under review were the chemical expenses and expected deliveries for the remainder of 2026 and for 2027, looking closely at actual usage and delivery history.
- **CIP.** Mr. Whittet was updating CLFP's CIP and looking at how projects will be funded going forward. The current Capital Improvement Water Rate is based on water volume, which results in the Districts contributing approximately 60/40 to the fund. Many of the projects involve facilities and equipment that are jointly owned 50/50 and are being replaced because of age or condition rather than water usage. Mr. Whittet contacted Eric Miller, Certified Public Accountant (CPA), Partner in The Adams Group, LLC, for guidance and will report back to the Board for further discussion.
- **Plant Operations.** Flows continue to run in the mid-20s, and Staff continue to do an excellent job keeping up with production. The weather is expected to cool off which should help bring down flows. Staff are also working with Atlas Copco on the issues with the new air compressors. Atlas is considering replacing both of the units purchased earlier this year.
- **Dry Creek Reservoir.** Filling of Dry Creek Reservoir began on September 4 with LTWD's carryover water.
- **Open Operator Assistant Position.** CLFP has received some interest in the open Operator Assistant position and Staff will be scheduling interviews in the coming weeks.

Special District Association (SDA) Annual Conference Summary:

Board Members and Staff who attended the conference were asked to share their takeaways. District Manager Kauffman and Director Jim Walker appreciated the session on threat assessment and de-escalation using pre-attack indicators. Mr. Walker also appreciated the sessions on succession planning, artificial intelligence (AI) and cybersecurity. Water Resources Manager James Sutherland attended the conference for the first time and found the session on preparing for large wildfires, such as the 2021 Marshall Fire in Boulder County, was very good. Mr. Sutherland also enjoyed talks on AI and infrastructure resiliency.

Both President McMurtrey and Director Walker suggested Director Garret Maurer consider attending in-person or virtually in 2027.

President McMurtrey called for a break at 6:20 p.m. The meeting resumed at 6:30 p.m.

STAFF REPORTS

District Manager's Report: District Manager Kauffman presented the following information to the Board:

- **Hicks Legacy Water Authority.** The September meeting focused on capacity confirmation and water quality location sampling.
- **Town of Mead (Mead).** Ms. Kauffman had lunch with Mead Town Manager Helen Migchelbrink. They discussed projects both are interested in, developments, and funding issues.
- **South Platte Roundtable.** The September meeting centered on opportunities for conservation and identifying specific topics for the Interbasin Compact Committee (IBCC) to promote at the State level. A "Low and No Regrets" discussion on Protecting Agriculture is scheduled in October.
- **Northern Water.** The Fall Symposium registration is open for the October 21 meeting. A waiting list is expected so interested Board Members were encouraged to register as soon as possible.
- **NoCo Water Alliance.** Operations Manager Reese Saxton attended the NoCo Water Alliance meeting on September 10. The meeting focused on developing working groups so the Alliance time can be more focused, and the full group be more successful in achieving goals.

Business Manager's Report: Business Manager Diekhoff presented the following information to the Board:

- **Business Administration/Human Resources.**
  - **Front Office Hours.** Beginning September 8, the front office is closed to the public from 1:00–2:00 p.m., Monday through Friday, to provide staff with uninterrupted time to complete administrative work, process customer requests, and address daily workload needs.
  - **Employee Benefits.** Annual benefits/open enrollment activities are currently underway, including health/insurance, Health Savings Account (HSA) contributions, and voluntary life insurance. As part of this process, the District is planning to transition its health insurance coverage from UnitedHealthcare to Blue Cross Blue Shield. The proposed change is expected to provide some savings to the District, while also offering employees comparable, and in some areas improved, coverage. Final details will be communicated to employees as the enrollment process is completed.
  - **Retirement.** Colorado Retirement/Empower representatives were onsite for individual employee meetings and provided a group retirement overview for staff. Ms. Diekhoff offered kudos to all employees for filling the representatives' calendar to capacity, requiring the addition of teleconference sessions.
  - **Employee Development.** Staff training and development continue to be a focus, including cybersecurity awareness and Bitwarden/password-management training.
- **Finance/Operations.** Staff continue working through the rate study and 2027 budget development, including reviewing proposed rate tiers, reserve requirements, debt service, and projected capital needs. Ms. Diekhoff noted that the September financial reports will not be available at the October meeting but will be presented at the November meeting along with the October financial reports.
- **EyeOnWater (EOW).** Customer EOW account sign-ups continued to increase slightly.

Discussion focused on opportunities to assist Staff in evaluating and implementing new technologies and software to improve efficiency. Examples included the manual effort required to coordinate the inclusion of allotment information on electronic bills and EOW accounts with the vendors, as well as the preparation of customer notification postcards for those nearing their annual allotments. District Manager Kauffman reported attending an SDA Conference session addressing this topic and noted that information from the session had been forwarded to Business Project Manager Kammy Tinney for review and consideration. Customers tend to pay more attention to postcards than to other forms of communication; however, the time required to prepare postcards and the resulting impact on the Customer Service Department's workload were also reviewed.

District Engineer's Report: District Engineer Eaton presented the following information to the Board:

- **Commitment to Serve Requests.** LTWD received 724 new taps, and one new Accessory Dwelling Unit (ADU) Commitment to Serve Requests in August, bringing the 2026 year-to-date total to 2,533 new taps and 12 ADUs.
- **Capital Projects.** The pipeline portion of the 30-inch Barefoot Line is approximately 97 percent complete. The remaining installation activity includes construction of the Weld County Road (WCR) 38 vault, testing and commissioning.
- **Development Projects.** Staff received recent referral activity on the Hylandtown development which consists of 5,662 residential and commercial taps in Mead. The construction inspectors remain very busy as developers are pushing to finish projects before the winter.
- **Colorado Department of Transportation (CDOT) Segment 5.** Activities are ramping up for the relocation of the joint 24-inch transmission line and the LTWD pressure reducing vault at Interstate-25 (I-25) and WCR 34. Design plans have been finalized, and equipment is being procured for construction to begin this winter when the transmission line can be taken offline in the impacted area.
- **Other Engineering Activities.**
  - ❖ The new Civil Engineer Level IV, Ben Harcleorde, P.E., started with the District Monday, August 31.

Water Resources Manager's Report: Water Resources Manager Sutherland presented the following information to the Board:

- **Water Resources Operations.** Dry Creek Reservoir filling began on September 3, 2026, with LTWD's carryover and is expected to take roughly 40 days to send 1,100 ac-ft into storage. Staff were notified of possible changes to that operation, or a possible pause due to the Town of Frederick (Frederick) also moving some water. The 2027 Water Supply Forecasting for CLFP was completed in coordination with ongoing 2027 budget discussions. The 2027 projection is based on the 5-year historical monthly average plus 5 percent. Projection for 2027 is 7,800 ac-ft. The Windy Gap order is to be submitted by September 15 to Northern Water. Staff continue forecasting but it is likely the order will be around 900 ac-ft.
- **Water Court Change Cases Update.** Staff received initial comments for the Handy Ditch Change Case. A two-week extension had been filed for the Consolidated Home Supply Change Case, all remaining opposers approved and the Court order was granted to extend the deadline for Expert Disclosures beyond the August 31 deadline. Staff and counsel have made best efforts to resolve the remaining issues with the City of Loveland (Loveland) and anticipate that the remaining opposers could have time to file stipulations to get out of the case by September 14.
- **Water Use.** Water use had increased substantially in August, which Staff found unusual due to the fact there had not been any significant changes in temperatures or precipitation from July. LTWD did not have an increase in Water Rate revenue which would indicate an increase in usage. Staff are investigating the reporting discrepancy.

- **Local Weather and Precipitation.** The Seasonal Temperature Outlook map shows temperatures leaning slightly above average for the next three months, while the Seasonal Precipitation Outlook map shows the area is likely to receive above normal precipitation over the next three months.
- **Staffing.** Water Resources Technician Justin Hollis accepted the Water Resources Specialist position. Levi Newell accepted the Water Resources Technician position.

Operations Manager's Report and Water Quality Update: Operations Manager Saxton presented the following information to the Board:

- **Locates and Leaks.** Locates were trending down, however leaks were still increasing.
- **Water Quality Sampling.** All samples were within acceptable levels. Mr. Saxton noted the Disinfection Byproducts had increased but that was to be expected while CLFP pulled some water from Dry Creek Reservoir.
- **Staffing.** A new Water Maintenance Worker, Brody Goodrich, has been hired for the Backhoe Crew.

Business Project Manager's Report: Business Project Manager Tinney presented the following information to the Board**:**

- **Office Remodel, Site Improvement and Accessory Structure Project.** The District's planning team received second round comments from Larimer on the proposed site plan on September 1. There are a few comments to address for the fire department and CDOT, and clarification of the Town of Berthoud's (Berthoud) position is needed on connecting to sewer without annexation. Fabrication of the metal building to construct the pipe shed is close to completion, and Staff expect delivery in the next two weeks.
- **Policies and Procedures/Rules and Regulations.** Work on a signing authority policy has restarted and a new policy outlining the parameters for remote work is underway. It has been determined a policy addressing AI needs to be created. Work on updates to several sections of the rules and regulations is also underway and will be presented to the Board for consideration once complete.
- **Employee Engagement Activities.** Fourth quarter activities include Years of Service awards in September, a Chili Cook-Off in October, Annual Holiday Lunch in November and, of course, Ugly Sweaters in December.

DIRECTOR REPORTS

- President McMurtrey noted that a high-level court overturned a lower-court ruling that had halted the completion and filling of Denver Water's Gross Reservoir Dam expansion project. The project can now be completed and the dam filled.

Executive Session:

It was moved by President McMurtrey and seconded by Director Brandt to adjourn to Executive Session pursuant to Colorado Revised Statutes (CRS) §24-6-402(4) subparts (a) "for purposes intended for purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest" and (e) "for determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators" as it pertains to Agenda Items 6.4. The motion carried unanimously and the Board, along with District Manager Kauffman, and Water Resources Manager Sutherland, adjourned to Executive Session at 7:07 p.m. All other attendees were excused from the meeting.

The Board reconvened in Regular Session at 7:36 p.m. upon motion duly made by President McMurtrey and seconded by Director Heiland. The motion carried unanimously.

In open session, the Board discussed declining the NISP project. The costs for the water right and construction of the NISP facilities did not seem out of line however the impact of the costs on the District's current budget and capital plan are not sustainable and the Board prefers to stay moving forward with current plans regarding Consolidated Home Supply and Handy Ditch companies. Additionally, the junior water right tied to NISP was a concern for surety of water supply.

Upon motion duly made by President McMurtrey and seconded by Director Szmyd the meeting adjourned at 7:37 p.m. The motion carried unanimously.

Respectfully submitted,

Amber Kauffman
Secretary