



MEMO TO: Mayor Vandernail and the Board of Trustees
FROM: Rob Clemens, Finance Director
DATE: April 19, 2023
SUBJECT: JFOC request for funds for Organizational Review

MATTER BEFORE BOARD:

Winter Park Ranch Water and Sanitation District Board has proposed engaging with the FCS Group to evaluate regional wastewater management and staffing alternatives for the JFOC.

BACKGROUND:

At the February meeting of the JFOC, Winter Park Ranch Water and Sanitation District introduced a letter requesting the JFOC explore governance and third-party management options. The purpose of this study is to understand the agreements, operations, and requirements of the three organizations that make up the JFOC: Winter Park Ranch, Grand County #1, and Town of Fraser.

The Town of Fraser has served as the manager of the Joint Facilities plant since its construction which includes operations, finances, and staffing. Fees for these services have been billed to the JFOC and expenses are paid in proportion to EQR allocations between the organizations. The cost of this study to the Town of Fraser would be approximately \$10,500.00, assuming no over-runs or additional consulting.

According to the JFOC agreement, any of the included districts can become the manager. During the April 4th Managers Meeting, the managers of Winter Park Ranch and Grand County #1 expressed that their Boards were not interested in taking over the management role.

The outcome of the FCS Group whitepaper is for the JFOC to understand the viability and scope of contracting an independent manager to operate the Joint Facility Plant.

ALTERNATIVES CONSIDERED:

- No other service contracts have been considered
- Other JFOC entities have not expressed interest in managing the Joint Facility

RECOMMENDATION:

The staff recommends the Fraser Town Board does **NOT** support the contract with FCS Group.

First, and most importantly, such a study creates an unnecessary risk for plant operations. The plant requires at least three employees to maintain operations on a weekly basis. The current staff team of four manages the 24/7 operations. These employees are required to have various licenses to operate the plant in accordance with the permits. These positions are hard to fill, take time to train up, and are in high demand at Granby Sanitation.

Anyone who has tried hiring in the past 12 months should understand the following risks:

- HR policy conflicts of employees of one organization reporting to another organization
- Staffing risk of not enough licensed people for the number of positions requiring licenses
- The lack of affordable housing makes importing employees more costly or impossible
- Daily and project operations often require established relationships to be successful and new arrivals cannot access the resources they need
- Outsourcing operations is more costly due to:
 - Higher hourly rates paid to consultants
 - Lodging and travel costs of non-locals
 - Ramp-up costs to build a knowledgebase
 - Pivot costs – once you lose a skill in the valley, you cannot pivot back to it

Since the JFOC meeting, two plant employees have come to me with concerns. If the Town of Fraser is no longer the manager, then those positions become uncertain. With uncertainty, employees will explore other options. Therefore, it is recommended by staff that the Town of Fraser provide certainty to its employees by opposing the outsourcing of plant operations. This reinforces the Town's commitment to the residents that sanitation operations can continue.

Second, this analysis does not address the underlying issues of the participating organizations. The EQR allocations do not match actual flows, therefore the drivers of tap assignments are inaccurate. The JFOC codes and standards have not been enforced consistently in the current Districts and Towns. If these issues are not resolved, then there is not an operating model that will improve the long-term results.