

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
MOUNT WERNER WATER & SANITATION DISTRICT
HELD AT THE OFFICE OF THE DISTRICT
8:00AM Thursday, December 15, 2011

DIRECTORS PRESENT: Jon Halverson, Nancy Mayer, Jim Randall, Steve Frasier
Kathy Connell (by phone for Agenda Item VI.B. only)

DIRECTORS ABSENT:

STAFF PRESENT: Jay Gallagher - General Manager / Secretary
Tom Sharp - Counsel

OTHERS PRESENT: None

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER:

Mr. Halverson stated that a quorum was present and called the meeting to order at 8:00 A.M.

II. APPROVAL OF AGENDA FOR MEETING:

Mr. Halverson asked if there were any changes in the proposed agenda. There were none.

MOTION: To approve the agenda APPROVED: Vote 4-0.

III. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETINGS:

Mr. Halverson asked for any editions or changes in the draft minutes of the October 21, 2011 regular board meeting. There were none.

MOTION: To approve the minutes of the October 21, 2011 regular board meeting APPROVED: Vote 4-0

IV. PUBLIC COMMENT:

There was no public comment.

V. TREASURER'S REPORT:

A. Financials: November 30 YTD Actual vs 2011 Budget

Mr. Gallagher reviewed the November YTD statement: Administration costs were well below budget because the Caselle accounting software upgrade was capitalized rather than expensed; also, an anticipated state grant for water conservation plan implementation did not happen because the City resource for the application was redirected: therefore, District matching funds were not required. Distribution and Collection expenses were lower because the District did not fill the Field Maintenance Worker position in 2011. This savings was offset by the cost of the Lift Station pump assist in June and the cost of the repair of the 14" water main in Cornice Rd. in September. In capital improvements, the cost of the PRV on Walton Creek Road will be double the original estimate because of the additional cost associated with the design and construction of the vault drain line. In addition, the cost of the design of the Burgess Creek Collector was over Budget because of the complexity of the project including landscape design work and wetlands permitting; also, the District pushed to get the project out to bid in late November. Mr. Halverson asked if there were any comments or questions on the above statements. There were none. The Board accepted the Treasurer's report.

VI. DIRECTOR AND COMMITTEE REPORTS:

Budget & Audit Committee/ Investment Committee Reports

A. Investment portfolio

Mr. Gallagher noted that rates continued to decline; also, that Millennium Bank was being acquired by Centennial Bank. Mr. Halverson asked if there were any questions regarding the investment portfolio. There were none. The Board accepted the report on District investments.

Ms. Connell joined the meeting by telephone.

B. 2012 Budget

Mr. Gallagher stated that the Board reviewed the first draft of the 2012 Budget at the October 21st meeting. In the eight weeks since then, there were a few changes to note: water revenues would be lower than projected in the first draft because growth in water usage was projected to be nearly flat at 0.5%; given unexpected 2011 expenses, the fund for repair costs in distribution and collection was raised to \$20,000. The overall effect would be to reduce the operating margin from \$154K to \$93K. However, this margin would be adequate to cover the operating contribution to repair and replacement recommended in the 2011 rate study. In addition, capital expenditures were projected to be higher by \$400K given new estimates for the two major projects for 2012, the Apres Ski Way water main upsizing and Phase I of the Burgess Creek Collector. Halverson asked if there were any comments or questions about the proposed 2012 Budget. There were none.

MOTION: To approve the proposed 2012 Budget APPROVED: Vote 5-0

Ms Connell disconnected and left the meeting.

VII. REPORT OF THE GENERAL MANAGER:

Mr. Gallagher reported the following:

A. Fish Creek Reservoir Level

A graph of Fish Creek Reservoir elevations in WY 2012 showed that they were following historic trends.

B. 2012 Capital Improvement Projects

The two-phase Burgess Creek Collector project was successfully put out to bid in late November. The District had requested separate bids for the two phases. There were five bidders with a spread of \$1.75M to \$2.50M for the

total cost of the two phases; the two lowest bidders based on total cost were only \$1,060 apart. The sum of the lowest bid for Phase I and the lowest bid for Phase II was only 2.6% lower than the lowest total cost bid. To switch contractors between the two phases, in staff's opinion, would not be worth the 2.6% cost savings. Therefore, the District will award the project to Connell Resources which had completed the South District Backbone Phase II on time and on budget.

C. Wellfield Groundwater Status

Under new proposed rules, the CDPHE was very likely to declare that the groundwater in the Yampa Wellfield was under the direct influence of surface water. In response, the District would move forward this summer to conduct a succession of microbial particulate analyses (MPA) and monitor groundwater temperature and conductivity to determine the degree of surface water influence. In addition, the District would contract CDC to determine the design and feasibility of adding a flocculation circuit within the limited space of the treatment plant.

D. CWCB Grant Application

The District was preparing a grant application to the CWCB for funding a water efficiency rebate program as part of the first steps in implementing the recently approved community water conservation program. The 2012 Budget includes the District's required share of matching funds.

E. Safety Manual

Mr. Gallagher was developing a District Safety Manual using the City's Safety Manual as a template to meet anticipated regulatory requirements.

F. Steamboat Christian Center

Based upon the resolution of the October 21st meeting, Counsel Sharp had developed an Out-of-District Service Agreement which was forwarded to the Church. There had been no response to date.

G. Ski Corp Water Lease

The Ski Corp had again expressed interest in pursuing a lease agreement for Yamcolo water for snowmaking purposes. Mr. Sharp would address this item in his report.

H. Burgess Creek Water Plant Permit

The District was preparing a Forest Service application for a renewal of the use permit for the old Burgess Creek Water Treatment Plant. The application would seek to amend the current use permit to reflect changes in the use of the building which now houses only the communications link for the Thunderhead Storage Tank and the Data Collector Unit for residential water meters.

I. Fish Creek Bridge Steel

On December 8th, Native Excavating removed the bridge steel from the base of the filtration plant driveway. It had been there since July, 2006 pending resolution of a new bridge design, project funding and trail easement issues.

VIII. REPORT OF GENERAL COUNSEL:

Mr. Sharp reported the following:

Steamboat Christian Center:

A draft agreement for Out-of-District Service was developed and sent to the Church.

City 0.5 cfs share of Jerry More water right:

The City and the State continue to debate the State's analysis of historical usage of this water right.

Ski Corp Water Lease Agreement:

A draft agreement has been sent to Ski Corp for their consideration.

IX. UNFINISHED BUSINESS:

There was no unfinished business to address.

X. NEW BUSINESS:

Mr. Gallagher informed the Board that he planned to present a 30-year service award to Greg Burkholder in the amount of \$3,000 after taxes. The Directors expressed their support for this award.

Mr. Frasier suggested that the Board consider forming a committee to focus on Board development and staff succession planning. The Directors expressed their support. It was suggested that Mr. Frasier and Ms. Connell comprise this committee.

XI. ADJOURN:

There being no further business, the meeting was adjourned at 8:52 AM.

Respectfully submitted,

James R.L. Gallagher, Secretary/General Manager