

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 20, 2007

DIRECTORS PRESENT: Jon Halverson, Steve Gale, Jim Randall, Kathy Connell  
DIRECTORS ABSENT: Nancy Mayer  
STAFF PRESENT: Jay Gallagher - Secretary/General Manager  
OTHERS PRESENT: Tom Sharp, Counsel (at 9:00 A.M.)

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER

Having agreed that a quorum was present, Mr. Halverson called the meeting to order at 8:03 A.M.

II. APPROVAL OF AGENDA FOR MEETING

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

III. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETINGS

MOTION: To approve minutes of October 18, 2007 Board meeting; APPROVED: Vote 4-0

IV. PUBLIC HEARINGS/PUBLIC INPUT AND COMMENT

There was no public comment.

V. TREASURER'S REPORT

Mr. Gale, Treasurer, deferred to Mr. Gallagher to give the Treasurer's report. Mr. Gallagher referred the Board to the 2008 Budget package which included year-end projections for FY2007. He commented that 1) District water service charges were projected to be higher than budget and that sewer collection service revenues would be lower than budget because of the commercial assessment method; 2) District expenditures in each cost center were projected to be within budget; 3) total District Capital Improvements were within budget although the Board had allocated funds from the Laurel Lane Tank project to cover one under-funded project (Ski Trail Lane Sewer Extensions) and one unfunded contingency (strategic upsizing of interceptor through Wildhorse Meadows). Mr. Gallagher said that he would continue to monitor sewer collection service charges in anticipation of a service charge review in early 2009. The Board accepted the Treasurer's report.

VI. DIRECTOR AND COMMITTEE REPORTS

A. Budget and Audit/Investments Committee Report:

1. Review of Investment Portfolio

Mr. Gallagher reported that he and the Investment Committee (Nancy Mayer and Steve Gale) had met on December 4<sup>th</sup> with Tim Borden, a former long-term director of the District and bank director, to discuss the current capital markets and to receive advice on management of the District's reserve portfolio. Mr. Borden had advised Mr. Gallagher reported that the District had rolled the Dec 8<sup>th</sup> \$500,000 Mountain Valley CD to a two-year maturity.

2. 2008 Budget: Consideration for approval:

Mr. Gallagher presented Revision 4 of the proposed 2008 Budget for consideration. He reviewed minor changes since presenting Revision 2 at the October 18<sup>th</sup> Board meeting:

- Legal and Accounting line item reduced from \$58,200 to \$43,500;
- \$30,000 for filter-to-waste valves carried over from the 2007 Budget;
- Wildfire Mitigation reduced from \$15,000 to \$4,000 because work was performed in November;
- \$175,000 added to the water main extension budget in Capital Improvements Budget
- \$5,000 added to Capital Improvements Budget for replacement of interconnect water meter;
- \$6,000 added to Capital Improvements Budget for new wide-format ink-jet printer for District maps.

The Board accepted the above changes to the proposed 2008 Budget.

MOTION: To approve the proposed 2008 Budget (Revision 4); APPROVED: Vote 4-0

The Board then excused Mr. Gallagher to discuss his 2007 performance. Upon his return to the room, the Board thanked Mr. Gallagher for his performance during the year and proposed that he receive a \$5,000 bonus.

MOTION: To allocate \$5,000 as a bonus for Mr. Gallagher in recognition of his 2007 performance.  
APPROVED: Vote 4-0

Mr. Gallagher thanked the Board and requested an allocation so that he could recognize his senior staff, the three other members of his Management Team.

MOTION: To allocate \$3,800 for recognition of the three senior staff of the District to be distributed at Mr. Gallagher's discretion.  
APPROVED: Vote 4-0

The Board acknowledged that such cash awards were not to be considered formal policy or annual entitlements; that such awards were offered at the sole discretion of the Board.

#### B. Facilities Committee Report

Mr. Gallagher offered the following report on 2007 capital projects:

1. Filtration Plant security gate and perimeter fence

This project went out to bid September 30<sup>th</sup> with bid opening October 17<sup>th</sup>. There were no bidders. We will put the project out to bid again in January.

2. Roof repair filtration plant

Basalt Roofing completed the roof re-surfacing and repair on September 29<sup>th</sup>.

3. Fire Hydrants

We have completed installation of 23 hydrants in the 2007 construction season; this brings the total for 2006-2007 to 43 new hydrants. Of the two remaining hydrants in the program, we have eliminated one fire hydrant as redundant; we have deferred installation of the second hydrant to 2008, pending resolution of site design issues.

4. Burgess Creek Tank

Relatively good fall weather allowed Duckels to complete the concrete pours for the tank structure. The concrete tests look good. We are now putting the project to bed for the winter. We will complete the project after the Forest Service grants access in the spring. The Board agreed to Mr. Gallagher's proposal to name the new tank "the Burgess Creek Tank" to reflect its location and general service area.

5. New Burgess Creek Pump Station and Ridge Road PRV

The pre-assembled, skid-mounted pump and piping assembly was delivered to our shop on October 4<sup>th</sup>. Site and housing design issues have delayed completion of the engineering design and bid package. Soil nailing of the site has increased the original cost estimate of this facility from \$300K to \$500K. This project will go out to bid in January for construction in 2008.

6. Laurel Lane Tank

We finally received the geotechnical report which allows us to establish the tank site and move forward with road and tank design. We will put this project out to bid this winter with the expectation of constructing the access road, installing the feeder water main, and excavating the tank site in 2008. Tank construction may not begin until 2009. We will need the assistance of Counsel to secure access road and facility easements on this private property.

7. Upper and Lower Longthong Water Mains

In July, Rogue Resources completed installation of both water mains from Ski Trail Lane to Longthong Road (including the pressure reducing valve vault (PRV)) and from Longthong cul-de-sac to Apres Ski Way. The final cost for the project was approximately \$14,000 below the approved contract amount.

8. Ski Trail Lane Sewer Extensions

In August, Native Excavating completed the two sewer extensions to Ski Trail Lane. The cost was approximately \$40,000 below the approved contract amount.

9. Filter Bay Completion

The City's two filter bays were completed and on-line at the end of June. With the City, we will determine final costs for calculation of the annual lease payment.

Mr. Sharp, General Counsel, arrived at 9:00 A.M.

VII. REPORT OF THE GENERAL MANAGER

A. Fish Creek Reservoir:

Mr. Gallagher presented an updated graph of Fish Creek Reservoir. Since October, the reservoir has been filling from 72% to 80%. Mr. Sharp pointed out that this re-filling of the enlargement pool was usable under the Four-Counties No.1 ditch water rights.

VIII. UNFINISHED BUSINESS

There was no unfinished business to consider.

IX. NEW BUSINESS

A. Tree Haus Metro District service contract:

Mr. Gallagher said that the District had provided services to the Tree Haus Metro District under long-term agreements that were terminated by letter of notification when the new City Special Connectors Ordinance took effect November 1, 2005. Since 2005, the District had agreed to provide on-call services to Tree Haus on a year-to-year basis. Mr. Gallagher said that it was most important that the District focus its resources on maintaining current in-District service levels given the accelerated development activity in the District. The Board authorized Mr. Gallagher to send a letter to the President of the Board of the Tree Haus Metro District offering a six-month contract terminating June 30, 2008.

B. Pre-paid tap fees in vacant lots in Rendezvous Trails Filing 2:

Mr. Randall, a vacant lot owner in the above subdivision was excused from the meeting. Mr. Gallagher indicated that, in 1981, the District has solicited lot owners in Rendezvous Trails Filing 2 to pre-pay their tap fees to fund extension of services to these properties. As of 2007, there were nine lots which remain vacant. The Board felt that the District should honor its commitment to these lot owners. The question before the Board was the collection of the City's wastewater treatment tap fee. The Board directed Mr. Gallagher to examine the District's position in more depth.

C. 2008 Election Schedule:

Mr. Gallagher said that four of five seats were up for election in 2008. He asked Board members to consider their commitment and be prepared to complete self-nomination forms in January for February filing.

D. 2008 Board meeting calendar:

The Board reviewed and accepted the proposed 2008 meeting calendar which will be posted on the District website.

X. REPORT OF GENERAL COUNSEL

Water Rights protection:

Nierenberg Case (05CW56):

This is the only remaining water rights case in which the District is an opponent, objecting to water features on a property in Priest Creek Ranch. We are awaiting proposals, if any, from the applicant's attorney for resolution of the District's objections.

The Wharton Development Group (03CW66):

The water rights case for The Wharton Development Group, 03CW66, on Fish Creek, for water features in Elkin's Meadow, has been settled and a decree issued to District satisfaction. The decree assures the District that there will be no change in the original decree for Hangs Ditch in which the District holds the senior water right. This means that the Elkins Meadow developer may not use water from the ditch to aerate his ponds if the District places a call on Fish Creek.

XI. ADJOURN

There being no further business, the meeting was adjourned at 9:37 AM.

Respectfully submitted,  
James R.L. Gallagher,  
Secretary/General Manager