

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, May 20, 2010

DIRECTORS PRESENT: Kathy Connell, Nancy Mayer, Jon Halverson, Steve Gale (by phone)
DIRECTORS ABSENT: Jim Randall
STAFF PRESENT: Jay Gallagher - General Manager

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 8:03A.M.

II. ELECTION OF OFFICERS:

As required in the By-Laws, the Board must elect officers in the first board meeting following the biennial election.

Mr. Halverson asked for nominations for President. Ms. Connell was nominated.

MOTION: To elect Ms. Connell as President; APPROVED: Vote 4-0.

As the new President and Chairperson, Ms. Connell asked for nominations for Vice-President. Mr. Halverson was nominated.

MOTION: To elect Mr. Halverson as Vice-President; APPROVED: Vote 4-0.

Ms. Connell then asked for nominations for Treasurer and Secretary. Mr. Randall was nominated for Treasurer and Mr. Gallagher for Secretary.

MOTION: To elect Mr. Randall as Treasurer and Mr. Gallagher as Secretary; APPROVED: Vote 4-0.

Mr. Gale informed the Board that his new employment in the Front Range would make it difficult for him to attend board meetings and stay in touch with the Steamboat community. Ms. Connell thanked Mr. Gale for his four years of service on the Board. The Directors present asked Mr. Gale to remain on the Board until a suitable replacement could be appointed.

III. APPROVAL OF AGENDA FOR MEETING:

Ms. Connell asked if there were any changes in the proposed agenda. There were none.

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

IV. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETINGS:

Ms. Connell asked for any editions or changes in the March 18, 2010 minutes. There were none.

MOTION: To approve the minutes of the March 18, 2010 regular board meeting; APPROVED: Vote 4-0

V. PUBLIC HEARINGS/PUBLIC INPUT AND COMMENT:

There was no public comment.

VI. TREASURER'S REPORT:

Mr. Gallagher presented the April 30th YTD Actual vs YTD Budget and commented that service revenues and operating expenses were on target; that tap fees were below budget with only eight building permits processed so far in 2010.

VII. DIRECTOR AND COMMITTEE REPORTS:

Budget & Audit Committee/ Investment Committee

Mr. Gallagher commented that Bondi & Co. had completed the annual financial audit in the first week in April. This schedule allowed the District to avoid a last minute scramble to file the Financial Statement with the State Auditor as had occurred in the past two years with a June audit.

A. 2009 Report to Governance:

Mr. Gallagher commented that the Auditor has recommended that staff continue with the effort to identify assets in use and compare them to assets in the accounting records and that assets identified as obsolete or abandoned be removed from the records. Ms. Connell of the Budget & Audit Committee said that she had met with the General Manager and Office Manager and had suggested that they propose to the Auditor a methodology for doing this and obtain their endorsement of the methodology before proceeding. Mr. Gallagher also reminded the Board that the District had acquired Asset Management software for managing and maintaining assets.

Mr. Gallagher also noted that the Auditor had again recommended rolling the accounting functions into the Casselle software to avoid the annual reconciliations between the Casselle and Cougar software. Mr. Gallagher said that this transition would occur in early 2011 after Ms. Illian had trained the new Office Manager.

Mr. Gallagher further noted that the personnel file documentation (W-4 & I-9 forms) was complete.

B. 2009 Financial Statement:

Mr. Gallagher asked if there were any questions regarding the 2009 Financial Statement. There were none. Ms. Connell commented that she had reviewed the document. She recommended that the Board approve the document.

MOTION: To approve the 2009 Financial Statement. APPROVED: Vote 4-0

Ms. Connell noted that the Auditor has offered to meet with Board members in the week of July 26th. The Board agreed to schedule such a meeting at the July 15th board meeting.

C. Investment Portfolio

Mr. Gallagher asked if there were any questions regarding the investment portfolio. Ms. Connell noted an error in the Wells Fargo CD. This is actually a 3-month CD maturing July 17th as a bridge to a possibly higher rate. Mr. Gale asked if there were any other qualifying CD products available that would offer a better return than the local bank CDs; that he had heard about a mutual fund-based CD with better rates. Ms. Connell said that such funds might incur additional risk; that the Board had a fiduciary responsibility to minimize risk; that said, it did not preclude the District from dealing with Colorado banks outside Steamboat Springs, if the instrument conformed to the statutory investment regulations. The Board accepted the investment report.

VIII. REPORT OF THE GENERAL MANAGER:

A. South District Water Supply Improvements

The contract for the Alpenglow pump station and associated water supply mains was awarded to Native Excavating; construction would begin today or Monday.

Phase I of the Columbine project (a 14-inch water main from Walton Creek Road to Alpenglow) would be going out to bid at the end of May for a late July start.

In the Base Area, Mr. Gallagher reported that the City Council had approved a scaled-back scope of work for 2010. This would include all utility work including the replacement of the two major sewer mains through Ski Corp and Torian properties and the looping of one water main from Ski Corp through Torian Plum property to the Sheraton and Torian Drive. These are major improvement for the District. The District contribution to this work will be approximately \$170,000. With this work completed, the District will have a new water main and upsized sewer mains in the Base Area from the Dulany Condos, through One Steamboat Place, Ski Corp property, through Torian property to Ski Time Square property.

B. Wellhead protection

Mr. Gallagher said that the City and the District had met with the owner of two parcels adjacent to the District wellfield; the owner had proposed that the City and the District consider acquiring the parcels.

C. Wellfield treatment plant capacity testing

District staff continues to work with CDC on testing of the treatment plant's capacity for removing Fe/Mn. The results are encouraging.

D. Community Water Conservation Plan

Mr. Gallagher announced that the CWCB had finally awarded a \$15,000 grant to the City to complete the Water Conservation Plan. He estimated that a draft would be presented for consideration sometime in the fall.

E. Safety Program

Mr. Gallagher reported that, since March, he has scheduled monthly safety meetings and producing minutes for the meetings. Mr. Gale offered to assist Mr. Gallagher in developing a report for submission to Pinnacol Insurance to apply for a premium discount.

F. Reservoir Level

Mr. Gallagher reviewed the May 12th graph of reservoir levels. Mr. Gallagher indicated that, with the cool, wet weather, the snowpack on the Divide was continuing to build and that the snow-water equivalent of the snowpack at Buffalo Pass was nearly 90% of normal; that the reservoir was filling at the normal rate.

G. Infiltration Gallery 'H'

Mr. Gallagher reported that the hydrologist consulting firm BCI had re-run the 2002 wellfield data through a new program. The results showed that the Yampa River's influence on Gallery 'H' is not instantaneous, but exhibited a substantial lag time in reaching the gallery when the gallery was pumping.

H. Chris Strain

Mr. Gallagher regretted to inform the Board that Chris Strain had resigned his position as a Field Maintenance Worker for personal reasons.

IX. REPORT OF GENERAL COUNSEL:

Mr. Sharp reported the following:

A. Skyline Trail Easement

Mr. Gallagher had attended a meeting of stakeholders in the proposed Fish Creek Bridge. It was likely that the issues regarding the City's Skyline Trail Easement would be coming again to the fore. Mr. Sharp reviewed the deficiencies of the easement as outlined in Mr. Gallagher's May 14 letter to Chris Wilson, City Parks Director:

The June 8, 2000 easement agreement ...

1. was a condition of approval for the building permit for the 2000 plant expansion;
2. was never presented by the Manager to the Board for consideration and approval;
3. did not include a recorded exhibit for the trail alignment;
4. does not refer to or include provisions for a bridgehead or parking lot and trailhead;
5. does not specify a width;
6. does not permit commercial use.

Therefore, the recorded easement is likely to be invalid as it lacks the authorization of the Board and is certainly inadequate for covering the current and proposed uses.

Mr. Gallagher added that he had recommended in this meeting and follow-up letter that City Parks present their proposal to the Board at the July 15th meeting and present an exhibit showing the potential disturbance associated with widening the trail to accommodate the trail groomer.

B. City Hoyle & Knight Ditch No. 1 water right case

The City has filed with the Water Court a record of historic consumption for the Hoyle & Knight Ditch No. 1.

C. Nierenberg water right case

Resolution of this case has been deferred until augmentation water is made available through the proposed Stagecoach augmentation program of the Upper Yampa Water Conservancy District.

D. Burgess Creek water right case

The District water rights in Burgess Creek have not been used since the cessation of water treatment at the Burgess Creek Treatment Plant in the mid 1980's, and they are likely to be placed on the decennial abandonment list of the State Engineer. Mr. Sharp recommended that the General Manager approach the City or other potential interested parties regarding possible sale or lease of these rights.

E. Yamcolo

The District holds a contract with the Upper Yampa Water Conservancy District for 300 acre-feet of Yamcolo Reservoir water. This contract will expire in January, 2011. Mr. Sharp recommended that the District renew the contract for the purpose of having available augmentation water. He added that the Upper Yampa District was re-pricing the water and that, if Mt. Werner needed an attorney to represent them in price and contract negotiations, he would have to step down for conflict of interest as he is on the Upper Yampa Board.

X. UNFINISHED BUSINESS:

There was no unfinished business to discuss.

XI. NEW BUSINESS:

With the 2010 election cancellation item considered earlier in the meeting, there was no additional new business to discuss.

XII. ADJOURN:

There being no further business, the meeting was adjourned at 9:17 AM.

Respectfully submitted,

James R.L. Gallagher, Secretary/General Manager