

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
MOUNT WERNER WATER & SANITATION DISTRICT
HELD AT THE OFFICE OF THE DISTRICT
8:00 A.M. Friday, December 18, 2015

DIRECTORS PRESENT: Kathy Connell, Steve Frasier, Jim Randall, Bob Kuusinen, Dan Berkey
DIRECTORS ABSENT: none
STAFF PRESENT: Frank Alfone, General Manager
Nancy Wilson, Office Manager
Tom Sharp, Counsel

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER:

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

II. APPROVAL OF AGENDA FOR MEETING:

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

MOTION: To approve the agenda.

APPROVED: Vote 5-0

III. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETINGS:

A. Ms. Connell asked if there were any editions or corrections to the minutes of the October 16, 2015 regular board meeting. There were none.

MOTION: To approve the minutes of the October 16, 2015 regular board meeting.

APPROVED: Vote 5-0

IV. PUBLIC COMMENT:

There was no public comment.

V. TREASURER'S REPORT:

A. Budget Comparison – October 31, 2015

Mr. Alfone noted that the District's operating revenues were below budget 67k, a direct result of Water Revenue income below budget for the 2nd and 3rd quarters. Sewer income is ahead of budget 7k. Water and Wastewater Tap Fee revenue continues to pace ahead of budget by 45k. Operating costs continue to be below budget thus the District is ahead of budget in total revenues over total costs by 182k, excluding Capital Expenditures.

Ms. Connell asked if there were any questions with regard to the October 30, 2015 Budget Comparison. Jim Randall suggested that the District minimize spending District Reserves into the future. Due to the land acquisitions this year, reserves were reduced substantially. Bob Kuusinen commented that carrying a high reserve balance may lead to questions by customers regarding existing water and sewer rates, thus utilizing reserves for capital expenditures for District improvements and future planning/projects is appropriate.

The Board accepted the Budget Comparison for October 30, 2015.

VI. COMMITTEE REPORTS:

Budget & Audit / Investment Committee Report

A. 2016 Draft Budget – Summary Overview

Mr. Alfone reviewed the "red-lined" word document detailing revisions made to the first draft of the 2016 budget submitted to the Board in October. Several minor changes were inputted mainly based on additional year-to-date financial results received through October and November, 2015. Mr. Alfone will request approval of the 2016 Draft Budget at the January 2016 Board Meeting.

He also highlighted the following key components of the draft Budget:

1. Utility Rate Study

Mr. Alfone informed the Board that Raftelis Financial Consultants (RFC) agreed to reduce their proposed cost for the Utility Rate Study by 12k and recommended the Board approve their proposal. RFC will be performing the Rate Study for the City of Steamboat in 2016. The only other bidder was Merrick Engineering and their proposed cost equaled 52k.

MOTION: Bob Kuusinen made a motion to approve the Utility Rate Study proposal submitted by Raftelis Financial Consultants for 47k. Steve Frasier seconded.

APPROVED: Vote 5-0

2. Plant and Buildings Infrastructure

Mr. Alfone commented that 20k has been added to the Capital Improvement Plan (CIP) in 2016 for repairs and maintenance to all District-owned buildings throughout the District's boundaries and 35k added for major stucco repairs at the Treatment Plant Building.

3. Administration Offices – Upgrades/Remodel

Due to a conflict of interest, Tom Sharp, District Legal Counsel left the meeting during the discussion on this topic. Mr. Alfone distributed two handouts that identified the following items – bids to perform upgrades at the offices (baths, kitchen, office space etc.) and a proposal to perform design services by a local architectural firm for a complete re-design of the offices. After discussing the alternate ideas and how best to proceed for performing office upgrades, the Board directed Mr. Alfone to work with Board Member Berkey on this project.

B. Investment Committee – Review of Portfolio

Mr. Alfone provided an overview of the various Investment Portfolio accounts. Ms. Connell asked if there were any questions with regard to the District's investment portfolio. There were none. The Board accepted the Investment Portfolio report.

MOTION: To renew one Mountain Valley Bank CD for 2 years and transfer the other Mountain Valley Bank CD to a Money Market Account.

APPROVED: Vote 5-0

C. Succession Committee

There was no update on Succession Planning.

VII. REPORT OF THE GENERAL MANAGER:

Mr. Alfone reported the following:

A. Draft Personnel Policy Guidelines Revisions

Office Manager Nancy Wilson provided the Board a summary overview of the proposed revisions to the District's Personnel Policy Guidelines. Mrs. Wilson highlighted the major modifications and explained in detail the reasons for the most significant revision – changing to a Paid-Time-Off (PTO) system from the existing Vacation and Sick Policy. Regarding the proposed PTO policy, the Board directed Mrs. Wilson to prepare a spreadsheet that identifies the existing Vacation and Sick Policy versus the proposed PTO Policy including a column that details the City of Steamboat's PTO Policy. A column detailed the existing District's Compensation Policy will be added. Notes at the bottom will be inserted to explain the columns as needed.

B. Executive Summary Overview

Mr. Alfone asked for any questions regarding the Executive Summary. There being no questions, the Board moved to the next Agenda item.

C. US Highway 40 Access Control Plan – South Valley

Mr. Alfone provided a recap of several recent meetings he participated in including the meeting attended by Board Members Connell and Kuusinen on October 28th, 2015. Mr. Alfone identified the 3 main changes implemented by the Access Control Plan Project Team. All changes were consistent with the Board's requests with one modification; the proposed access route (dead-end road) to the west of the Shop & Hop, Stone Supply Yard and Vet Clinic was eliminated per Ed MacArthur's request. In lieu of the dead end road and if needed in the future, Mr. MacArthur agreed to allow a frontage road to be constructed that would allow full movement access to the proposed intersection by these three businesses at Mr. MacArthur's existing access to Bald Eagle Lake. Mr. MacArthur is also working with CDOT to determine the best Full Movement Intersection location along his property boundary line and US Highway 40. The next steps in the process include conducting a public Open House in January to detail changes made since the first Open House and updating the Board of County Commissioners (BOCC) and Steamboat City Council (Council) in early spring. The adoption of the plan by the BOCC and Council is tentatively scheduled for April or May, 2016. The adopted plan will then be presented to the CDOT Transportation Commission for review and approval.

VIII. REPORT OF GENERAL COUNSEL:

Legal items will be addressed during the Executive Session.

IX. OTHER BUSINESS:

A. Executive Session

Ms. Connell asked for a motion to go into Executive Session.

MOTION: To adjourn the Regular Meeting and go into Executive Session at 9:10 AM for the purpose of instructing negotiators per C.R.S 24-6-402(4)(a) and for receiving legal advice of Counsel per C.R.S. 24-6-402(4)(b) regarding negotiations in a property interest (s) and on specific legal questions related to District Water Rights. Mere presence or participation of an attorney at an executive session of a local politic body is not sufficient to satisfy the requirements of this subsection (4).

APPROVED: Vote 5-0

MOTION: To come out of Executive Session and reconvene the Regular Meeting at approximately 9:35 AM with no action having been taken.

APPROVED: Vote 5-0

Counsel Sharp stated that, in his opinion, all of the discussion during the Executive Session regarding negotiations in property interests and District Water Rights would constitute a privileged attorney-client communication. Therefore, no record was kept of the Executive Session.

Now out of Executive Session, the Board considered the following motion:

MOTION: Steve Frasier moved to approve the purchase contract, exhibits, fishing easement, final plat and water rights report as delivered by counsel to the Board for the acquisition of approximately 18 acres real property plus adjacent easements for infrastructure on 24 acres at Yampa Meadows for the purpose of developing a new water resource to provide source water redundancy and to meet future District water and other needs, subject to non-material changes to such contract, exhibits, fishing easement, final plat and water rights report as may be negotiated and approved by the District General Manager, and authorizing the General Manager to execute such contract with exhibits, fishing easement, final plat and water rights (including as may be changed) on behalf of the District. Bob Kuusinen seconded.

APPROVED: Vote 5-0

X. NEW BUSINESS :

A. More Parcel/Steamboat Springs School District (SSSD)

Kathy Connell agreed to contact SSSD Superintendent Brad Meeks regarding the District-owned More Parcel that abuts the SSSD-owned land near Whistler Park.

B. Agreements with the City

Kathy Connell suggested that a meeting be scheduled with new City Attorney Dan Foote to begin discussions with the City regarding the un-executed Agreements between the City and the District.

C. STARS Request to Connect to the District's Water and Sewer Infrastructure

Counsel Sharp detailed the existing rules and regulations regarding this request and the process that would need to be followed. He also informed the Board that this request would require approval by the Steamboat City Council due to Agreements in place regarding both providing wastewater collection services and providing treated water to entities occupying land currently not served by the District. The Board directed Mr. Alfone to contact Julie Taulman, Executive Director of STARS, to review the process and advise her that the Board does not believe that the STARS request to connect to District-owned water and sewer infrastructure is in the best interest of the District at this time.

D. Jason Peasley, Executive Director – Yampa Valley Housing Authority

On behalf of the Yampa Valley Housing Authority, Mr. Peasley, along with Kathi Meyer, Katherine Carson and Chris Rundall requested that the Board consider accepting the newly installed water and sewer main(s) infrastructure at the Fish Creek Mobile Home Park (FCMHP). Mr. Peasley stated that the new mains are constructed per the District's Specifications and we should consider accepting them due to that fact, plus the Housing Authority (FCMHP Manager) is not appropriately skilled and or in the business to manage such infrastructure. Mr. Alfone stated that the District agreed (at their cost) to provide emergency assistance and annual maintenance including exercising and flushing fire hydrants and cleaning, inspecting and videoing sewer mains.

Counsel Sharp provided an historical perspective regarding the District's Policy on similar related requests including the fact that the District has not accepted such infrastructure at other properties either due to the size of the mains, if they only service one building or property and or are not integral to the District's entire water and sewer infrastructure. In addition, if this request is approved by the Board, the District's Rules and Regulations would most likely have to be amended.

After lengthy discussion, the Board tabled the request pending additional staff comment and thorough review by Legal Counsel.

XI. ADJOURN:

There being no further business, the meeting was adjourned at 10:30 A.M.

Respectfully submitted,

Franklin J. Alfone, Secretary/General Manager

STATEMENT FROM ATTORNEY REGARDING ATTORNEY-CLIENT PRIVILEGE

The undersigned Thomas R. Sharp hereby attests, pursuant to CRS Section 24-6-402 (4) (b), that the executive session that was not recorded because, in his opinion, his participation in the discussion of negotiations in a property purchase constituted a privileged attorney-client communication.

Thomas R. Sharp, Counsel

Date:

STATEMENT FROM CHAIR OF EXECUTIVE SESSION REGARDING ATTORNEY-CLIENT PRIVILEGE

The undersigned chairperson hereby attests, pursuant to CRS Section 24-6-402 (4)(b), that the executive session was not recorded and were confined to the topics authorized for discussion in an executive session pursuant to subsection (4) of CRS Section 24-6-402.

Kathy Connell, President and Chair

Date: