

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
MOUNT WERNER WATER & SANITATION DISTRICT
HELD AT THE FISH CREEK WATER FILTRATION PLANT
STEAMBOAT SPRINGS, CO 80487
8:00 A.M. Friday-July 21, 2017

DIRECTORS PRESENT: Steve Frasier, John Shively, Dan Berkey, Jim Randall and Don White
DIRECTORS ABSENT: None
STAFF PRESENT: Frank Alfone, General Manager
Tom Sharp, Counsel
OTHERS PRESENT: None

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER:

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

II. APPROVAL OF AGENDA FOR MEETING:

Mr. Frasier asked if there were any changes to the agenda. The discussion regarding the Availability of Service Fees (ASF) was postponed until a future meeting. No other changes were proposed and the Agenda was approved.

MOTION: To approve the agenda.

APPROVED: Vote 5-0

III. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETING:

Mr. Frasier asked if there were any editions or corrections to the minutes of the June 2, 2017 regular board meeting. There were none.

MOTION: To approve the minutes from the June 2, 2017 regular board meeting.

APPROVED: Vote 5-0

IV. PUBLIC COMMENT:

Mr. Frasier invited public comment. There were no public comments.

V. TREASURER'S REPORT:

A. Financial Statement - June 30, 2017 Year-to-Date Report

As of June 30, 2017, the District's Total Operating Revenues were \$11,996 under budget. This was mainly due to less revenue from the City for their portion of shared water production expenses for Q1. Water Service Revenue is ahead of budget \$19,638. Year-to-date PIF fee revenue equals \$355,340, approximately \$40,000 ahead of the entire 2017 budget figure. Total Operating Costs are under budget \$167,265. The District was ahead of budget in total revenues over total costs by \$401,737 excluding capital expenditures. The main reasons are detailed below:

REVENUE:

- Water Service Revenue = 20k ahead of budget
- PIF Revenue = 40k ahead of budget

EXPENSES:

- Personnel = 54k below budget
- Chemicals = 21k below budget
- Rate Study (ASF) and Master Planning = 32k below budget
- Filter Bay Lease = 51k below budget

Capital Improvement Plan (CIP) – as of June 30, 2017, the Capital Improvement Plan (CIP) was \$38,269 over budget. This is mainly the result of the expense to upgrade our water meter (s) remote reading software and infrastructure in the field.

Jim recommended that the Board discuss a savings plan for the District during the 2018 budget review. PIF fees revenue was discussed including the anticipated revenue surplus due to multiple large projects under construction. These fees are earmarked for capital projects and the improvement and future development of the District's water and wastewater infrastructure.

The Board accepted the budget comparison for the month-ending June, 2017.

VI. COMMITTEE REPORTS:

A. Budget and Audit Committee –the 2018 draft budget will be presented to the Board at the October 13th Board Meeting.

B. Investment Portfolio

Mr. Alfone reviewed the Investment Portfolio Report for June, 2017 and asked if there were any questions. There were none. The most recent interest rate with District-invested funds at Colotrust is 1.03%. The Board accepted the Investment Portfolio Report.

C. Succession Committee

Jeff Peterson's last day is September 8th, 2017. Nate Johnson has been named Operations Manager effective September 9th.

D. Legislative Update

The following Colorado Legislature Bills passed in 2017:

- House Bill 1198 – this Bill allows Special Districts to increase the amount of Board Members from 5 to 7 members
- House Bill 1297 – this Bill increases the compensation Board Members can receive from \$1600 to \$2400 per year, with the maximum amount allowed to be paid per meeting remaining at \$100.
- HB 1177 – regarding the Colorado Open Records Act (CORA), this Bill identifies parameters on how open records request may be delivered via electronic means and creates a 14-day period to mediate a contested request between the requestor and entity as opposed to the requestor immediately filing for a Court Order if the records request is denied.

VII. REPORT OF GENERAL MANAGER:

A. Executive Summary Overview

Mr. Alfone asked if there were any questions regarding the Executive Summary Report.

B. GWUDI Compliance and Raw Water Capacity Expansion – Yampa Wells Water Treatment Plant

Construction drawings were submitted to the Colorado Department of Public Health and Environment on July 20. At the same time, an application was submitted for a local Building Permit. Three General Contractor proposals were received and after interviewing the contractors and a thorough review of all the proposals completed, the contract was awarded to Glacier Construction from Denver. The anticipated start date is September 5th with a completion date of June 1, 2018.

C. Steamboat Digs Dogs (SDD) – More Parcel

We received a proposed draft Agreement from the City of Steamboat Springs outlining terms allowing a portion of the District-owned More Parcel be designated an off-leash Dog Park. After initial review by Counsel Sharp, he recommended that the document be revised as it is limited in use/scope and lacks important points and terms necessary to protect the District. He will modify the agreement; send to Mr. Alfone for review and then forward back to the City for consideration. The Board directed Mr. Alfone to contact SDD and request that they reimburse the District for the associated legal fees regarding this matter.

D. Availability of Service Fee – Preliminary Findings, Raftelis Financial Consultants

This item was postponed to a future meeting and therefore, not discussed.

E. Wildfire Protection Plan – Fish Creek Watershed

Mr. Alfone summarized a discussion he had with Christina Burr, Watershed Scientist with Denver Water. Denver Water has multiple raw water sources, thus after several large Wild Fires, i.e., the Hayman Fire, they were able to switch to alternative supplies until mitigation could be accomplished in the affected burn areas. However, due to these past fires, Denver Water is working with the United State Forest Service (USFS) with regards to mitigation, protection and overall health of all the Forest Lands included in each of Denver's Raw Water Supply Watersheds.

Mr. Alfone also spoke with Brad Piehl, principle at JW Associates. Mr. Piehl specializes in Wildfire Protection Plans and Forest Health. He was not aware of any type of portable treatment facility that might be imported to treat "dirty" water if a fire occurred. However, he has worked with several water districts and municipalities that have constructed additional filtering and pre-treatment facilities. Mr. Alfone will contact these entities and request additional information prior to the next Board Meeting.

Mr. Alfone outlined the proposed next steps for the District regarding this matter:

- Create a Stakeholder group, with cooperation from the City of SB to start working on a strategy to address wild fires in the Fish Creek Watershed. Mr. Alfone will contact

the Grant Brothers, owner of the large parcel of land adjacent to the Plant and Fish Creek to request their participation

- Participate in meetings of two active statewide groups – High Country Forest Collaborative Group and the Watershed Wildfire Protection Group
- Solicit a proposal from Brad Piehl of JW Associates in Summit County for professional services related to creating a Community Wildfire Protection Plan (CWPP) for the FC Watershed. Investigate potential Grant opportunities for this project.
- Contact the USFS and determine what, if any existing firefighting protocol is in place if a fire occurs in the Fish Creek basin
- Investigate opportunities to engage and or contract with a private Fire Fighting Group, or some type of Cooperative Agreement that can established to have a team ready to fight a fire if it occurs

MOTION: To gather a proposal and associated cost to contract with an organization or consultant to develop alternatives for a CWPP in the Fish Creek Watershed, recommend Best Management Practices and determine improvements and or new technology upgrades to implement at the Fish Creek Water Treatment Plant to treat contaminated water from a fire.

APPROVED: Vote 5-0

VIII. REPORT OF GENERAL COUNSEL:

A. Executive Session

Mr. Frasier asked for a motion to go into Executive Session.

MOTION: To adjourn the Regular Meeting and go into Executive Session at 8:50 AM to discuss legal issues regarding City of Steamboat Springs Agreements and Water Rights per C.R.S. 24-6-402(4)(b). The 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 9:30 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 legal issues regarding City of Steamboat Springs Agreements would constitute a privileged attorney-client communication. Therefore, no record was kept of the Executive Session.

IX. UNFINISHED BUSINESS:

Tom Sharp departed the meeting.

A. Office Remodel Update – Mr. Alfone noted that the Upper Yampa Water Conservancy District (UYWCD) Board of Directors will be meeting July 26th, to review the letter sent from the District to UYWCD General Manager Kevin McBride requesting a commitment by a specific date with regards to UYWCD’s desire to participate with the District on the remodel project. After the meeting, Mr. Alfone will contact Board Members Frasier and Berkey to review next steps. There are two options that may result from the UYWCD meeting:

- If no commitment is received, the District may move forward with drafting a lease for UYWCD to execute and in turn, scale back the proposed remodel.
- Meet with UYWCD representatives to determine their level of interest to participate in the project and discuss new lease terms, remodel funding (reimbursement options – up front money or amortize) and agree to a path moving forward to complete the full scale remodel as drawn and proposed by architect Eric Smith and Associates

X. NEW BUSINESS:

A. Dougherty Lots – Conceptual (Planned Unit Development) PUD Submittal

Butch Dougherty, owner, through Jim Stegmaier with Yampa Valley Engineering has submitted a Conceptual PUD application with Routt County. After speaking with Counsel Sharp, Mr. Alfone sent a letter to Routt County Planning requesting that as a condition of approval, the County require Mr. Dougherty to grant the District utility easements over and across the two lots for a future buried underground raw water line. Additionally, the letter identifies concerns related to the proposed uses and the potential impact to the Districts and City’s Raw Water Infiltration Galleries. The County Planning Commission and Board of County Commissioners will consider the PUD request prior to the District’s next Board meeting and Mr. Alfone will report back to the Board at the October 13th meeting.

B. John Rule – Vet Clinic/South Valley Lot

Mr. Rule, owner of the land that the Mt. Werner Vet Clinic is situated on located due east of the District-owned Yampa Meadows Parcel and north of the Shop n Hop parcel, also owned by the District contacted Mr. Alfone asking if the District would be interested in purchasing this property. The Board directed Mr. Alfone to reply to the request thanking Mr. Rule and inform him that the District is not interested in purchasing the parcel.

C. Water Rights Application- Thomas, Little Fish Creek Case #16CW3054

Mr. Alfone briefed the Board about Wright Water Engineer Jonathan Kelly’s analysis of the water rights claim in this case. According to Mr. Kelly, the requested “cfs” rate to irrigate the proposed acres (.5) and fill the ponds is too high and suggested that the District oppose the amount and suggest a suitable and more applicable “cfs” amount. Other minor items needed to address include curtailing the water at the Little Fish Creek head gate if under administration (out of priority) during a call and assurance that water will only be diverted from Little Fish Creek and not extend to any other trans-basin sources. Mr. Kelly also indicated that the diversion amount is small so the likelihood of injury to the District is minimal. The Board directed Mr. Alfone to authorize attorney David Hallford to submit a letter to the applicant’s attorney asking that the applicant address the District’s concerns.

D. Routt County Planning Commission Request

Mr. Alfone received a call from a Routt County Planner requesting that the District change the current zoning on the old Shop n Hop parcel from Commercial to Agricultural/Forestry (AF). The County would waive all the fees associated with the zoning change for the District. After discussing the request, the Board directed Mr. Alfone to contact the County Planning Department, thank and inform them that the District wants to keep the current zoning; Commercial.

XI. ADJOURN:

Next Meeting: The next Board Meeting is October 13, 2017 at 8 A.M.

There being no further business, the meeting was adjourned at 10:00 A.M.

Respectfully submitted,

Frank 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.

Steve Frasier, President and Chair

Date: