

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-December 10, 2021

DIRECTORS PRESENT: Gavin Malia, John Shively, Don White, and Alan Koermer
Wade Gebhardt (via Microsoft Teams)

DIRECTORS ABSENT: None

STAFF PRESENT: Frank Alfone, General Manager
Cat Smith, Office Administrator
Ed Allbright, Operations Manager
Tom Sharp, General Counsel

OTHERS PRESENT Michelle Carr, Distribution & Collection Manager, City of Steamboat
Springs (via Microsoft Teams)
Mitch Clark, Owner of Snow Country Nursery
Walter Magill, PE, Four Points Surveying and Engineering

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER

Mr. Malia stated that a quorum was present and called the meeting to order at 8:03 A.M.

II. APPROVAL OF AGENDA FOR MEETING

Mr. Malia asked if there were any changes to the agenda. Mr. Alfone requested to add a discussion about the Fish Creek Treatment Plant Phase 2B project under the General Manager report.

MOTION: To approve the agenda with the addition of the 2B project discussion.

APPROVED: Vote 5-0

III. PUBLIC COMMENT

None.

IV. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETINGS

A. From the October 8th, 2021, Regular Board Meeting- Director Gebhardt mentioned a couple of naming inconsistency's needing edited.

MOTION: To approve the minutes from the October 8th, 2021, Regular Board Meeting with the revisions requested by Director Gebhardt.

APPROVED: Vote 5-0

V. TREASURER'S REPORT

A. Financial Statement – September 30, 2021, Final MTD Report

As of September 30th, total operating revenues were approximately \$123K ahead of budget. An additional 146k from water service revenue was realized in the third quarter. PIF revenue was equal to \$683K. Operating costs were \$282K under budget, and the District was \$881K ahead of budget in total revenues over total costs.

Capital Improvement Plan – the CIP was \$99K over budget, mainly due to timing of invoices received and paid.

B. Financial Statement – October 31, 2021, Final MTD Report

As of October 31st, the District was ahead in revenue by about \$156K, mostly due to third quarter water service revenue. The third quarter is typically the highest revenue quarter for water services due to irrigation demand in the summer, about \$146K above the budget YTD. PIF revenue is close to \$700K; \$480K above budget through October 31. Operating costs are about \$345K under budget, mostly due to budgeting \$105K in interest for the Sewer Interceptor Loan, however, interest payments for the loan will start in 2022. Also, the District will be paying a \$125K invoice in December for sewer main line cleaning which will bring the operating costs more in line with Budget figures.

Capital Improvement Plan – year-to-date, the CIP is \$72K over budget and the District will end the year under budget, mainly because the District budgeted a larger expense for the Fish Creek Filtration Plant 2A project for 2021 and most of the project costs will be in 2022.

Total Reserves at the end of October 31st were nearly \$1.1M, and at the end of year should be about \$3M. The CWRPDA loan for the new Infiltration Gallery project will close soon, thus the District will get reimbursed for the payments made toward the Infiltration Gallery project thus far.

The service(s) revenue accounts receivable for third quarter show \$15K in delinquencies. The staff will work to get this collected by year end.

C. Investment Portfolio Report – the District had to close out both CD's due to the loan reimbursement delay as these funds were needed to make progress payments for the Infiltration Gallery Project.

VI. COMMITTEE REPORTS

A. Budget and Audit Committee Report – 2022 Draft Budget – Final Review and Consideration for Adoption

Mr. Alfone delivered budget documents to the Board which included an Executive Summary (Word), Revenue and Expenses Summary that included CIP and Operating Expenses, Revenues, etc. A spreadsheet detailing the calculations was included in the 2022 budget packet. These documents are required to be submitted to the Division of Local Affairs (DOLA) each year. The spreadsheet delivered was an update from the

October Board meeting (the preliminary budget) incorporating actual expenses through November 2021.

Mr. Alfone gave a high-level overview of the draft 2022 budget. Operating service(s) revenues are budgeted to be 14% higher due to rate increases for water and wastewater collection services. These increases were recommended by Carollo Financial Services, Inc. and because of the financial planning strategic analysis prepared by them and approved by the Board at the October 8th, 2021, Public Hearing. Operating costs are increasing 21% due to personnel cost increases and higher anticipated O & M expenses than 2021. The cost of supplies and equipment for infrastructure improvements, along with chemicals have risen substantially. Also, lead times to receive necessary items for day-to-day operations have increased dramatically, thus the District needs to keep additional supplies and chemicals on hand in case they are needed and to account for shipping delays.

The 20-year proforma was discussed in detail, mainly how to best plan for future capital improvement projects while maintaining certain reserve amounts at the end of each year. After year 2023, the goal is to have single digit increases for water and wastewater collection rates. As projected now and detailed on the 20-year proforma, the District is projected to have \$3.2M in reserves at the end of this planning period, 2041.

MOTION: Director Gebhardt moved to approve the resolution to adopt the 2022 budget as presented. Director Shively seconded.

APPROVED: Vote 5-0

B. Succession Committee Report – November 11 Meeting

Mr. Alfone thanked Directors Koerner and White for their time at the 11-11-21 meeting to review near term staffing needs for the District. The District promoted Ed Briones to Distribution and Collection Supervisor to replace Clinton Owens who left the District in October. An offer letter has been sent out to a person to fill the vacated Field Maintenance Worker position, (Ed Briones former position) and this potential new hire may start at the end of December. Ed Allbright will be leaving the District as the Operations Manager and his last day will be 12/17/21. The next Succession Committee meeting is scheduled for December 14, 2021.

C. Water Matters Committee Report – November 8 Meeting

The District approved hiring Mark Hamilton as Water Rights Council and he will be working together with Jeff Houpt through the first quarter of 2022. Once Mr. Houpt retires, Mr. Hamilton will be taking over the role. Mr. Hamilton participated at the last committee meeting, assisting with the reply to the Division 6 Engineer Erin Light on the Well H diligence filing which was submitted December 1, 2021. The District will soon be working on two contracts with the Upper Yampa Water Conservancy District (UYWCD).

1. The Board agreed (after approved by the Upper Yampa Board) to move its existing 300 AF from Yamcolo to Stagecoach. Mr. Houpt is working on a few revisions to the new contract.
2. The District received proposed amendments from UYWCD to the existing Stagecoach contract (200 AF). Mr. Alfone made a few comments about the amendments and recommended that an early January committee meeting take place in order to provide a recommendation to the Board at the January board meeting on an action plan moving forward.

In early November, the committee met with Starwood representatives. Starwood manages the Rollingstone Golf Course, and they currently have a lease agreement to use District water rights in Fish Creek to water their golf course. They requested an extension to their agreement and would like to reconvene with the committee after the first of the year. The committee did not provide any feedback to Starwood about their request at this initial meeting.

VII. NEW BUSINESS

A. Snow Country Nursery – Out of District Services (Sanitary) Request/Core Path Easement

Mr. Alfone welcomed Mr. Magill (Fours Points Engineering) and Mr. Clark (owner of Snow Country Nursery) and asked them to present their request to the District Board. Council Sharp made a few initial remarks about the two existing out of district agreements in place. They are with the Steamboat Ski and Resort Corporation and the Steamboat Christian Center.

Mr. Magill explained that Mr. Clark purchased Mr. Dougherty's two properties a year ago. The original, and existing zoning by Routt County on the north parcel is a PUD, however with no approved use(s) on the property and the south parcel zoned AF. Since Mr. Clark owns these two adjoining parcels, he is going to propose lot-line adjustments and re-zone one new parcel (north and west lot) as Mountain Residential Estate (MRE) and ask for County approval to construct a single-family residence on this parcel (future house to be built on the west side of the river). On the newly adjusted South Parcel, the existing residence (A-frame) will be relocated to the north parcel and the existing septic tank and leach field would be removed and disposed of off-site. The ask to the District is to request that the relocated A-frame have sanitary collection services provided by the District and connected to the existing collection main line that services the Steamboat Christian Center property. Water services for the re-located A-frame would come from an existing well on this parcel. The existing building on the property would continue to be used for storage and not have any utility services connected to it. The proposed future home would receive water from a new permitted and drilled well and install a new on-site wastewater system.

Mr. Magill mentioned it was an error to have the north parcel designated PUD in the first place because you need to have uses associated with a PUD. There are currently no uses approved for this PUD designation. The next step is to submit applications to the County with the goal of achieving a zoning amendment for the new north lot and

lot line adjustments for the two parcels. It was discussed that Snow Country Nursery must agree to comply with the District's and City of SBS's Wellhead Protection Plan. The City's Core Trail potential/future extension through these lots and through District-owned land was also discussed. Mr. Magill stated the goal is to have a submittal into the Routt County Planning Department by the end of the year.

VIII. REPORT OF GENERAL MANAGER

A. Executive Summary Review- Mr. Alfone answered several questions from the Board about the Executive Summary, mainly about future Capital Improvement Projects (CIP).

1. Phase 2B – Initial cost estimates for Phase 2B, the OCCT, and based on 30% drawings from Carollo were received by Moltz, the General Contractor. The estimate was 12.4M, 2.5x higher than the Engineers estimate. Mr. Alfone provided an update about the OCCT and the Phase 2B timing. Mr. Alfone had a recent discussion with Bob Pohl, the CDPHE compliance specialist about the OCCT deadline (now set at April 26, 2023). Mr. Alfone requested a year extension (April 26, 2024) and Mr. Pohl thought the District would have a good chance to be granted this, since there has not been a recent Lead Exceedance violation for two consecutive monitoring periods. Mr. Alfone has submitted the formal written extension request and hopes to hear back soon from Mr. Pohl.
2. Phase 2A – Director Shively asked if labor costs could increase for 2A – scheduled to start after the first of the year. Since there is an executed construction contract in place that states an agreed-upon Gross Maximum Price (GMP), the labor costs will not rise. The GMP also includes secured pricing for the MCC (new power breaker box for the Fish Creek Plant) and the baffle curtains for the 2MG water tank near the plant.

The CWRPDA loan for the new infiltration gallery closed on December 8th, 2021, and the funds are now available to reimburse the District for pay requests submitted and paid to date.

Year 2022 is an election year, and two board members are up for election, Directors Malia and Gebhardt. Both positions will be for 3-year terms.

The quarter four water distribution sampling results for Total HAA5 (Haloacetic Acids) came back and all were below the CDPHE MCL. However, since CDPHE uses a running yearly average and the yearly average is still above the MCL at two sites, one more update letter must be mailed to all District customers, and it will be sent shortly after the first of the year.

IX. REPORT OF GENERAL COUNSEL

A. Counsel Report – Council Sharp informed the Board that he finalized his attorney opinion for the CWRPDA Drinking Water Loan. There were no other updates.

X. UNFINISHED BUSINESS

A. Staff or Directors may raise for discussion any new business related to the business of the District.

There was no unfinished business.

MOTION: To adjourn the Regular Meeting and go into Executive Session at approximately 10:12 AM under C.R.S. 24-6-402(4) and (e-1) to receive legal advice on specific legal questions and determining positions relative to matters in negotiation regarding the Snow Country Nursery Out-of-District Sanitary Services Request. 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 these subsections (4) (b) and (e-I).

APPROVED: Vote 5-0

MOTION: To come out of Executive Session and reconvene the Regular Meeting at 10:49 A.M. with no action having been taken.

APPROVED: Vote 5-0

XI. ADJOURN

The next Board meeting is January 7th, 2022, at 8:00 A.M.

There being no further business, the meeting was adjourned at 10:50AM.

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) (e) and (e-I), that the executive session that was not recorded because, in his opinion, his participation in the discussion of specific legal questions and determining positions relative to matters in negotiation regarding the Snow Country Nursery Out-of-District Sanitary Services Request 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)(e) and (e-I), 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.

Gavin Malia, President and Chair

Date: