

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 9th, 2022

DIRECTORS PRESENT: John Shively, Alan Koermer, Don White, Gavin Malia, Wade Gebhardt
(in person)

DIRECTORS ABSENT: None

STAFF PRESENT: Frank Alfone, General Manager
Cat Smith, Business Manager

OTHERS PRESENT: Michelle Carr, Distribution & Collection Manager, City of Steamboat
Springs (via Microsoft Teams)

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER

Director Malia stated that a quorum was present and called the meeting to order at 8:05 A.M.

II. ACKNOWLEDGE PUBLIC

Director Malia acknowledged Mrs. Carr.

III. APPROVAL OF AGENDA FOR MEETING

Director Malia asked if there were any changes to the agenda. There were none.

MOTION: To approve the agenda.

APPROVED: Vote 5-0

IV. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETINGS

A. From the October 7, 2022, Regular Board Meeting

MOTION: To approve the minutes from the October 7th, 2022, Regular Board Meeting.

APPROVED: Vote 5-0

V. PUBLIC COMMENT

None

VI. TREASURER'S REPORT

A. Financial Statements- September

As of September 30, 2022, total operating revenues were \$2.38M which is 75% of the budget. Operating revenues are tracking on pace compared to budget, with one last quarter remaining in '22 to invoice customers. Operating costs equaled \$1.88M which is 74% of budget, consistent with the anticipated budget through 3 quarters. Plant

Investment Fees (PIF) revenue continues to increase, currently totaling \$711K, with \$450K budgeted for the whole year.

September 30, 2022, Capital Improvement Plan (CIP) expenses – phase 2A of the Facilities Master Plan and the Sewer Interceptor make up \$2M expensed for CIP projects through September 30th.

As of September 30, 2022, the Districts total reserves equaled \$3.2M.

B. October 2022 Final MTD Reports

As of October 31, 2022, total operating revenues were \$2.3M and 4th Quarter services revenue will be accounted for in December. Operating costs equaled \$2M which is 82% of the budget. Total non-operating revenue equaled \$857K with \$750K attributed to the Plant Investment Fee (PIF) revenue.

October 31, 2022, Capital Improvement Plant (CIP) expenses equaled \$2.5M with \$2.05M for the Sewer Interceptor project as well as projects phase 2A and 2B of the Facilities Master Plan and Fish Creek Treatment Plant Improvements.

As of October 31, 2022, the Districts total reserves equaled \$2.74M.

Customer(s) Accounts Receivable as of October 31, 2022, was \$12K. Mrs. Smith and Ms. Kuntz will follow up with customers that are 2 quarters past due and collect the remaining past due balances as soon as possible.

VII. PUBLIC HEARING: 2023 WATER AND WASTEWATER PLANT INVESTMENT FEE AND 2023 FINAL DRAFT BUDGET – CONSIDER RESOLUTIONS AND ADOPTION

MOTION: To open the Public Hearing for the 2023 Water and Wastewater Plant Investment Fees and 2023 Final Draft Budget Topics at 8:11AM.

APPROVED: Vote 5-0

Plant Investment Fees

Mr. Alfone recommended a 3% increase to water and 2% increase to wastewater collections for Plant Investment Fees (PIF) in 2023. The proposed increases are consistent with the last couple of years. The required notice was published in the Steamboat Pilot & Today on November 5th, 2022, satisfying the 30-day advance notice requirement prior to the December 9th Board meeting. No public response was received about the increases. There are funds budgeted in 2023 for Carollo Engineers to investigate future rate increases for water, wastewater collections and Plant Investment Fees. The financial models for water and wastewater collection will also be updated during this process. Depending on the outcome of the financial study, the District Board may consider modest increases for Plant Investment

Fees in 2024 and in future years. Potential PIF increases will be discussed once the study is complete.

MOTION: Director White moved to approve the resolution to adjust the PIF fees for 2023. Director Shively seconded.

APPROVED: Vote 5-0

2023 Final Draft Budget

Mr. Alfone stated the required notice was posted November 8th, 2022, in the Steamboat Pilot & Today, satisfying the 30-day advance notice requirement prior to the December 9th Board meeting. There were several minor adjustments made to the '23 draft budget presented at the October 7th Board meeting. The detailed word narrative is included in this submittal which is a requirement of the State of CO. Division of Local Affairs. The narrative includes a detailed overview of operating expenses, revenues, rate increases, CIP projects, etc. The narrative will be submitted along with other required documents to DOLA once the budget is approved. The final budget must be submitted to DOLA by January 31, 2023. The summary spreadsheet provides a snapshot of the District projected budget figures including operating revenues, operating costs, non-operating revenues, and CIP expenses. It also provides a good indication of where the District will end in 2023 regarding a reserves amount. Operating revenues include the service rate increases per the financial model and analysis conducted by Carollo Engineers. The District budgeted a rate increase for 2023 for water and wastewater collection equal to 14.5%, consistent with the rate increase in 2022. Revenue is projected to increase by 13%; \$3.3M in 2022 to \$3.6M in 2023. Operating costs will increase from \$2.57M in 2022 to \$2.79M in 2023. Tap fees are budgeted higher than historical averages but lower than the projected year end 2022 amount. PIF revenue on 12-31-22 is projected to be \$950K, while \$775K is budgeted for 2023. A few large development projects are being considered which might drive the PIF revenue higher. Mr. Alfone listed the names of several bigger projects that are slated to break ground in 2023 and some in the coming years. Capital Improvement Projects are estimated to be about \$2.75M in 2023. Major CIP expenses in 2023 include installing a new PRV Vault by Christie Club and \$750K is budgeted for that project. New, larger PVC Sewer Main will replace the existing clay pipe (VCP) under the Ski Time Square Dr. Turnaround Project being completed by the City, allowing the District to take advantage of project efficiencies while the area is exposed. \$600K is budgeted for this project. \$612K is budgeted for Phase 2B of the Fish Creek Master Plan for design, engineering, planning, and down payments for equipment that carry long lead times for fabrication and delivery.

Wage increases are budgeted for 6% on January 1, 2023. There was a prior discussion about including an additional 3% increase on July 1st of 2023. Mr. Alfone noted that the 3% is not included in this budget submittal to the Board. After calculating the additional 3% wage increase on 7-1-23, approximately an \$18K increase would be added to the 2023 personnel budget and lower the projected '23 year-end reserves level from \$1.76M to \$1.74M. The Board suggested including the 7-1-23, 3% increase in the budget and continue to monitor the CPI and decide later whether or not to implement the increase.

The Board discussed the \$2M loan proceeds budgeted in 2024. Director Gebhardt suggested that the District does not need to bolster the reserves, thereby creating more long-term debt for a short-term need (keep reserves at a certain level). There are other short-term solutions that should be considered and investigated. Regarding the existing loan(s)/debt covenant requirements, the District has the option of requesting a waiver or variance to said financial covenants. If a variance is needed, the District should request it ahead of time, including submitting the 20-year cash flow projections to demonstrate future adequate “coverages” to the loan provider.

The FAMLI Leave Program impacts the 2023 proposed budget if the District were to decide to opt into this program. Employer contributions of 0.45% of salaries would be contributed to the program if the District opted in and would increase the expenses budget by roughly \$4,400. Employees would have to contribute the same 0.45%. Mr. Alfone did not include that figure in the budget as the recommendation from Staff is to opt out of this program. We must notify the Department of Labor and Employment by January 1, 2023, if the District were to opt out. The contribution of funds starts January 1, 2023; however, the benefit cannot be utilized until 2024 as the money is “banked” for future claims. An employee could request reimbursement from the fund and receive paid leave if they satisfied the requirements. All employees still have the right to opt in even if the District opts out. If they opt in, the employee will contribute 0.45% of their wages. Three options were considered: Option 1 is the District opts in that includes both employer and employee contributions, Option 2 is the District opts out but would deduct money on behalf of the employee and aid with the submission of the employee-paid funds to the program and Option 3 is the District completely opts out and employees would have to submit their funds directly to the program via an account they would implement. The District currently has a Sick Leave policy in place and gives each employee 12 days of sick leave. If an employee had an extended illness they can utilize comp time, vacation, etc. The Board discussed looking at self-insurance options in the future and to revisit the FAMLI program once it has been in place for at least a year. There is a three-year opt-in period so the District could decide to opt in at a later date. Mr. Alfone mentioned that many other Colorado Municipalities and Districts, including the City of SBS, have opted out.

MOTION: To decline any and all employer participation in the Colorado Paid Family and Medical Leave Insurance Program.

APPROVED: Vote 5-0

MOTION: Director Malia moved to approve the Resolution to adopt the 2023 Budget, including the 3% increase in July for Personnel Wages strictly as a placeholder budget line item and \$10,000 for employee(s) performance evaluation consulting. Director Shively seconded.

APPROVED: Vote 5-0

MOTION: To close the public hearing for the Water and Wastewater Plant Investment Fee and 2023 Budget at 8:55AM

APPROVED: Vote 5-0

VIII. COMMITTEE REPORTS

A. Budget and Audit Committee

Draft 2023 Budget Presentation – the budget was discussed earlier in the meeting. The District will start to prepare for the 2022 audit and will have more updates about that process at the beginning of 2023.

B. Succession Committee Report

There is a currently one open position at the District. Mr. Alfone noted that the position would include working with the District's GIS Database, Project Management, City Planning and new Utilities Infrastructure oversight. Staff needs to determine whether or not to keep the existing job description as is or split up different responsibilities and roles, thus possibly creating a new position or two. In the interim, Mr. Alfone and Mrs. Smith will manage City Planning, Plant Investment Fees and other necessary administrative items and Project Management will be handled by Mr. Gilman and Mr. Briones. It was noted that the GIS work could be contracted out if needed. District staff will provide a recommendation to the Succession Committee and Board about replacing the position.

C. Water Matters Committee

Mr. Hamilton submitted a memo. about the following: City of Steamboat Springs Agreements, Water Rights Matters and other legal work performed. On November 3rd, 2022, Mr. Hamilton and Mr. Alfone met with Rollingstone Golf Course/Starwood's representatives Dan Pirrallo (GM) of the Sheraton, and Tom Corver (Sheraton attorney). A new agreement "terms sheet" was discussed. Prior to finalizing the terms, each side's water rights engineers will discuss and develop an understanding/analysis about Rollingstone's future use of Fish Creek Reservoir stored water. Additionally, Rollingstone will be asked to reimburse the District for associated legal and engineering costs.

IX. REPORT OF GENERAL MANAGER

A. Executive Summary Review

Mr. Alfone asked if there were any questions about the report.

Regarding the status of the City of Steamboat Springs Agreements, the District is getting back to the City with redlines to the 2021 TICIGA and the City is reviewing the new Skyline Trail Agreement and platting process at the Fish Creek Treatment Plant land. The next meeting is scheduled to occur in mid-February.

The Phase 2A project is substantially complete and the initial final accounting review indicates the project will be under budget. There were several direct owner-paid invoices including, to Yampa Valley Electric for temporary service and for the new transformer, to Water Service and Pump Supply for bypass pumping from the Fire Hydrant to the Skyline tank and the standby generator for the Wells Plant, with Wagner Supply. The project is estimated to be about \$20K under budget. Mr. Alfone

spoke highly of Joe Anaya, the project manager from Moltz Construction and Matt Strauss with Triangle Electric.

Mr. Alfone displayed pictures prepared by Carollo Engineers, Inc. of several proposed locations of exterior equipment for the upcoming Phase 2B project.

Mr. Alfone included an e-mail in his summary report about a customer's comments pertaining to fluoride. The concerns related to prenatal development. There may be a more in-depth conversation about this topic in the future. The District follows the appropriate fluoride dosing and the decision to put fluoride in the water was made with an approved City Council Ordinance and by MWW Board Resolution in the 1980's. If changes were to be made in the future, both the MWW Board and City Council would have to approve them.

X. REPORT OF GENERAL COUNSEL

- A. Executive Session – under C.R.S 24-6-402(4)(b) regarding legal advice on specific legal questions and C.R.S 24-6-402(4)(e) for determining positions relative to matters in negotiation with City of Steamboat Springs Agreements under C.R.S. 24-6-402 (4)(f).

No executive session was convened.

XI. UNFINISHED BUSINESS

- A. The Board discussed the water supply that would service the future Browns Ranch development on the west side of SBS. The current water sources and existing distribution infrastructure will not support full planned buildout conditions at this project. The City of Steamboat Springs development of their Elk River raw water source/right might eventually provide enough water for this project. The City continues to investigate components necessary to provide enough water for Browns Ranch.

XII. NEW BUSINESS

- A. CO Family and Medical Leave Insurance (FAMLI) – Consider Resolution and Adoption – the resolution was discussed under the Budget category agenda item.
- B. Employee Handbook – Consider Resolution and Adoption
The proposed edits to the MWW Employee Handbook were a result of speaking with Tina Harkness, Esq. from Employers Council about the FAMLI program. She reviewed the District's existing Sick Leave Policy and added more language describing what sick leave can be used for as well as a change the required days an employee is absent from work that requires a physician's note. A note about Public Health Emergencies was also inserted. Per the District Rules and Regulations, any changes to the Handbook must be reviewed and approved by the Board. It was noted that items such as these are already codified by State and Federal Laws and the

District must comply, thus it isn't necessary to make frequent, minor changes to the Handbook every time a new law passes.

MOTION: To adopt the Resolution approving the edits to the MWW Employee Handbook.

APPROVED: Vote 5-0

C. Off Leash Dog Recreation License – Consider Extension and Motion

Mr. Alfone discussed the original License Agreement, which was executed in 2018. The agreement covered various rules and regulations at Whistler Park. Part of the “park” land is owned by the City of Steamboat Springs and part is owned by the SBS School District. The group, Steamboat Digs Dogs requested guidance from the City as to how off-leash and leashed dog areas could work within the different parcels and to draft specific language for on and off-leash areas. Steamboat Digs Dogs worked with CPW and the City of Steamboat Springs to incorporate a policy on the More Parcel, land owned by MWW. In the winter, there are on-leash requirements on the land owned by the District due to elk migration and moose activity and in the summer that section is off-leash. Part of the school district property is off-leash year-round. Part of the School District and City of Steamboat Springs lands have leash requirements in the summer and off-leash in the winter. A previous MWW Board decided to execute an agreement in writing with the City regarding dog activity at the park. This License Agreement identifies many items such as the City is responsible to clean up feces and have signage in place. During the 5 years after the agreement was approved, the City of SBS Parks and Rec. Dept, City Animal Control, and the City Police Department have gathered data and looked at how many infractions occurred, and even though there have been infractions, overall, the plan has worked pretty well. The City would like to extend the agreement. In about three years, the School District is interested in developing their property for employee housing, thus Mr. Alfone recommended that the District not extend the agreement for another 5 years. CPW has also discussed installing potential fencing around the land owned by the District, but that has not progressed. Counsel Sharp drafted an Extension and Modification Amendment, including language about how a future fence may be addressed in the agreement. There is a Parks and Rec. meeting on Tuesday, December 14th to discuss the infractions and how the City may want to proceed. Mr. Alfone recommended that the Board sign a 2-year extension.

The Board asked about the water rights related to the land owned by the District adjacent to Whistler Park. The District maintains these rights and this land may be developed sometime in the future as an alternative raw water source. Water development would most likely occur on the land to the west of Walton Creek.

MOTION: To approve the Extension and Amendment language as presented to the existing Agreement for up to 5 years.

APPROVED: Vote 5-0

Executive Session

MOTION: To adjourn the Regular Meeting and go into Executive Session at approximately 9:47AM. under §24-6-402(4)(e), C.R.S., for matters regarding the water pressure changes in the distribution system from operating the Yampa Wells Plant when the Fish Creek Plant was shut down.

APPROVED: Vote 5-0

MOTION: To come out of Executive Session and reconvene the Regular Meeting at 9:57 A.M. with no action having been taken.

APPROVED: Vote 5-0

Director White requested an e-mail identifying the proposed 2023 Board meeting dates.

XIII. ADJOURN

The next Regular Board meeting Date is January 13, 2023, at 8:00 A.M.

There being no further business, the meeting was adjourned at 09:58 A.M.

Respectfully submitted,

Frank Alfone, Secretary/General Manager