

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 – January 16, 2026

DIRECTORS PRESENT: John Shively, Don White, Alan Koermer, Wade Gebhardt, and David Hill, (all in-person)

DIRECTORS ABSENT: None

STAFF PRESENT: Frank Alfone, General Manager
Tyler Gilman, Operations Manager
Cat Smith, Business Manager
Beau Cahill, Project Manager
Tom Sharp, General Counsel
(all in person)

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

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER

Director Shively stated that a quorum was present and called the meeting to order at 8:02 A.M.

II. ACKNOWLEDGE PUBLIC

Director Shively acknowledged the public.

III. APPROVAL OF AGENDA FOR MEETING

MOTION: To approve the agenda

APPROVED: Vote 5-0

IV. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETING

A. From the December 12th, 2025, Regular Board Meeting

MOTION: To approve the minutes from the December 12th, 2025, Regular Board Meeting.

APPROVED: Vote 5-0

V. PUBLIC COMMENT

There was none.

VI. TREASURER'S REPORT

A. Financial Statements – November 2025 Final MTD Reports

The following summary of the November 30, 2025, financial statements was provided:

- Total operating revenues equaled \$3,942,107, which equals 88% of the total budget.

- Operating costs equaled \$2,826,782, which equals 88% of the total budget.
- Non-operating revenues equaled \$824,433, which equals 35% of the total budget. This figure excludes the CWRPDA loans, the FEMA generator grant reimbursement, and the City of Steamboat's (COSS) reimbursement of Capital Projects contributions.
- As of 12/31/25, Plant Investment Fee (PIF) revenue equaled \$721,420, which equals 32% of the budget.
- Capital Improvement Plan (CIP) expenses equaled \$2,546,587, which is 57% of the total budget. Major expenses include Equipment and Vehicles equal to \$226,829, Lift Station Engineering-\$117,484, Phase 3A Improvements-\$292,645, and Phase 2B - \$1,171,278.
- Total reserves as of November 30th equaled \$2,275,410. The reserve amount in October equaled \$3,165,912 which is lower by \$890,502.
- 3rd Quarter billing was due on November 10th, 2025. Accounts receivable for 3rd quarter were \$15,380, with a total of 21 customers delinquent. Some of these customers had irrigation leaks and set up a payment plan with the District. Once the larger accounts balances are paid, the amount due will be approximately \$5K. All the customers with irrigation leaks have fixed them or have the issue scheduled to be repaired in the spring, 26 when the irrigation system is turned back on.
- A District customer incurred a \$6K water bill from a leaking water feature.
 - The customer asked for a reduction on the bill. Mr. Alfone applied 2024 water rates to his bill as opposed to 2025.
 - The customer was informed he could attend the board meeting if he wanted to appeal against the decision by Mr. Alfone. District staff have not heard back from the customer.
 - The Board asked if previous concessions have been given to customers for leaks resulting in higher water bills. Historically, the District has not offered reductions.
 - Counsel Sharp noted that since giving concessions on water billing is not a common occurrence, if a concession is given it would not set a precedent for future instances, as each instance would be measured on a case-by-case basis.

VII. COMMITTEE REPORTS

- A. Budget and Audit Committee – 2025 Audit. The District signed the '25 Audit engagement letter with Watson, Coon, and Ryan. The draft audit should be ready to present to the Board at the May 15th meeting.
- B. Water Matters Committee Report – January 12th, Meeting Recap. The committee reviewed two water rights applications. The District's More Infiltration Gallery #1 conditional rights filing was submitted on 12-31-25. The District has requested that a portion of this right be made absolute as an Alternative Point of Diversion at the Yampa Meadows X Gallery. The Steamboat Ski and Resort Corp. has filed a minor storage right on the mountain which will not have any impact on the District's water rights portfolio, thus no statement of opposition will be filed. Other items discussed were various City of Steamboat Springs (COSS) water

improvements projects scheduled between now and 2029. The COSS staff presented an overview of these projects to City Council during a recent meeting. District staff will work closely with City staff on the projects that are related to District operations. The status of the Intergovernmental Agreement between COSS and the District was also be discussed.

- C. Succession Committee Report – January 12th, Meeting Recap. Director Hill joined the committee as Director White will be departing the board in March, '26. The District is fully staffed and the Board reviewed positive reviews that new staff members have provided District leadership.

Effective Utility Management (EUM)/Strategic Planning – regarding Workforce Development (WFD), the main near-term focus is on long-term staffing planning, looking at current and possible future positions, and the General Manager (GM) Succession. WFD was identified within the EUM process as a top priority, and as part of that planning, Mr. Alfone is researching compensation and benefits packages offered at similar entities to identify and determine if the District's package is competitive. Staff may be recommending additions and or changes to the Districts "package" in an ongoing effort to retain current employees to recruit new employees as needed. Survey data from the Employers Council and the American Water Works Association will also both be utilized.

Mr. Alfone has started working with staff to prepare for his retirement and maintain a smooth transition. Mr. Alfone will collaborate with Mr. Gilman on General Manager (GM) roles, responsibilities, and knowledge ensuring that the District has an efficient transition roadmap for the future. Other related topics reviewed included:

- If Mr. Gilman steps into the role of the GM, filling his role as Operations Manager will require time and planning.
- The EUM related to the Workforce Development will focus on District staffing and what the District will require in the next five years, and further into the future.
- Creating and establishing redundancy across all job descriptions, mainly via cross-training, will be critical.

VIII. REPORT OF GENERAL MANAGER

- A. Executive Summary Review – The (COSS) proposed new Stormwater Utility was asked about. City Council granted approval for staff to move forward to develop the stormwater utility program process and billing. Mr. Gilman was the District's representative on the steering committee and the District requested that future billing come directly from the COSS and that the District would have no role in the utility management. The City is discussing adding the stormwater utility billing to the annual property tax invoice with Routt County. The utility would become effective 1-1-27.
- B. EUM – Strategic Plan/Workforce Development Survey Dashboard – Mr. Alfone reviewed the memo. delivered to the Board . The memo. provided an update about Workforce Development and the Financial Viability attributes. The Executive Team meets on a regular basis to discuss the plan, review progress, and identify next steps in this strategic planning process.

Mr. Cahill discussed the results of the Workforce Development “team” survey. The goal of the survey was to receive feedback from staff and an understanding of where the District currently ranks in the eyes of the employees regarding culture, management, training, succession planning, compensation, and benefits.

- Mr. Cahill presented the Workforce Development survey results and the Executive Teams commitment to action. The overall job satisfaction score came in at 83%. The average time it took for each employee to complete the survey as well as the in-depth answers provided demonstrated that employees were engaged and took the survey seriously.
- Sharing the feedback with the staff will be one of the most important steps in the process.
- The lower scores occurred in the Training and Succession Planning categories. The main concerns regarding Succession Planning are related to knowledge not being transferred when a key employee departs and the need for cross-training. Lack of study time for water treatment and distribution certification testing was also mentioned.
- The Executive Team plans to re-survey the team every year to track marked improvement or areas that may still need to be worked on.
- Any budget impacts related to the benefits and compensation package review process will be presented to the Succession Committee first. Presenting this information to the committee prior to the budgeting process will ensure money is allocated accordingly if necessary. As an example, paid parental leave has been discussed as a new benefit option for District employees. If the District provided paid paternity leave, the biggest challenge will be to provide continuity of operations while a key employee is on leave, mainly due to the small size of the team.

Financial Viability (FV) information was also included in the Board packet and the following items were discussed:

- The two main focus areas are to strengthen financial planning and sustainability of the District and to enhance financial transparency.
- As part of the FV planning process, Mr. Alfone and the budget committee have worked on the District’s 10-year financial forecast and the 20-year, “best guess” look ahead.
- Over the last several years, Mr. Alfone has worked with Carollo Engineers Financial Planning Department creating financial planning models for both the District’s water and wastewater collection utility. Carollo has performed several cost-of-service studies which have identified service rate(s) schedules for the District. The most recent study was a Plant Investment Fee analysis.
- Throughout this process, development of targeted reserves for operations, emergencies, and debt service has been established.
- Mr. Alfone identified financial transparency, accountability, and presenting timely financial reports to the Board as main priorities.

- Tracking monthly cash flow and forecasting expenses was stated as an ongoing need to establish, particularly going into the annual construction season. Also, maintaining adequate reserve amounts and managing CIP costs is critical. Currently, cash is looked at on a yearly basis instead of monthly, thus moving to a more frequent review schedule would be beneficial. Since the District bills quarterly, reviewing cash on this timeline would be a good starting point to managing cash more accurately.
- As Plant Investment Fee (PIF) revenue starts to potentially decline, it may be advantageous for the District to consider monthly billing to provide for more consistent cash flow. As part of the FV Strategic Plan, moving toward monthly billing is a potential goal. Staff have begun discussing this and the steps and processes required to implement it. Some potential positive outcomes of monthly billing include addressing water leaks quicker and identifying faulty meters sooner.
- One option identified by the Board might be to bill customers that have similar usage on a quarterly basis and bill customers whose water use fluctuates frequently (with irrigation usage for example) monthly.
- The new District Asset Management Plan developed by Mr. Gilman will provide an understanding of the useful life of assets, and when to budget for replacing those assets. Mr. Alfone gave kudos to Mr. Gilman for developing the plan and the whole team for helping with creating the inventory list. Mr. Gilman described the efficiencies of the new asset program, including the ability to manage work orders and track inventory automatically. The Team has been very receptive and excited about the new program.

Existing snowpack and snow water equivalent (SWE) conditions were reviewed:

- Fish Creek Reservoir is currently 45% full; still higher than the historical low that has occurred in the past. The level is trending below the median but the reservoir will likely fill to capacity.
- The main concern lies with the long-term impacts of the low snowpack, particularly the starting date when reservoir water is released. In the past, it was not necessary to release reservoir water until about mid-summer, but the trend over the past years is that timeframe is earlier each year.
- Operating the Yampa Wells Treatment Plant (YWTP) earlier in the summer and or year-round if needed is an option to help maintain reservoir storage. The YWTP was initially built and classified by CDPHE as a seasonal plant mainly operated from July to August, and to help meet irrigation demand. Bringing the plant online earlier (late Spring) would help minimize the early season releases from Fish Creek and Long Lake reservoirs. YWTP's expanded capacity along with new raw water sources (Gallery X and the COSS's 4 new vertical wells) provide more redundant raw water for the plant.
- Mr. Alfone attended the January YWG-Basin Round Table meeting. The Colorado River District provides the group with a western slope snowpack update. The Yampa-White-Green Basin is much lower than the median, about 65%, while the

White River Basin is particular is low, at 55%. Other western slope basins have even lower snowpack levels, in the mid to high fifties percentile.

- Overall “wet” precipitation is tracking more consistently this season, but in the form of rain as opposed to snowfall. Precipitation is tracking consistent with the 30-year average.
- Local Water Agencies including the Upper Yampa Water Conservancy District (UYWCD) are trying to get a better understanding of soil moisture levels and are installing soil moisture measuring equipment within their service area. Their near-term goal is to install 30 measuring devices which will give a more precise measurement of the amount of water infiltration into the soil and indicate how much moisture stays in the soil versus into the streams, thus providing a more accurate understanding of streamflow forecasts.

Wildfire possibility in the Fish Creek Basin and impacts to using Fish Creek Reservoir and or Long Lake water for fire suppression was discussed:

- If a wildfire occurred, emergency personnel would contact the City and District to request reservoir water for fire suppression. Helicopters with buckets would most likely be utilized.
- For the recent wildfire in South Routt, Counsel Sharp noted that the water removed from Stagecoach Reservoir was nominal compared to the storage capacity of the reservoir. Small planes removed water from the reservoir during that fire.

- C. Review of year-end 2025 Projects/Goals and Proposed 2026 Projects/Goals – Mr. Alfone summarized the memo. sent to the Board and provided a recap of what was accomplished in 2025 and what is planned to be done in 2026.
- Lift Improvement Project: bids came in substantially higher than budget for the project. The holding vault and pump station are 25 feet below ground, at the lowest point in this sewage collection basin. It collects sewage and pumps it to the higher elevation in the system then gravity delivers the sewage to the City’s system at the Fetcher Park interconnect. The lift station location cannot be moved, posing construction challenges due to the site constraints (limited space), proximity to the river and Highway 40 and the substantial underground work required all contributed to the high bids received. The District is not under any regulatory order to improve the Lift Station and it is currently functioning well. Once improvements are completed, it must conform to current regulatory requirements, one being constructing that required emergency storage capacity which CDPHE is aware of. The timing of the project will most likely depend on PIF revenue received, thus if substantial fees are paid in 2026, the project could start in late 2026, or 2027.
 - The Board recommended that staff be cognizant of projects listed under goals in one year that could carry over into the next year and to not overwhelm staff and cash capacity for new annual goals and projects planned, in addition to the “carry-over” projects. Defining what projects were completed versus what will carry over to the next year will give staff a better idea about how to plan (and volume of) new projects for the future.

IX. REPORT OF GENERAL COUNSEL

- A. Counsel Report – Counsel Sharp collaborated with Mr. Cahill, Mr. Gilman, and Mr. Alfone on various legal issues which were all covered in the Executive Summary.

X. UNFINISHED BUSINESS

- A. There was no unfinished business.

XI. NEW BUSINESS

- A. Consideration of Resolution to Designate the Official Posting Places for Notices of 2026 District Board Meetings.

MOTION: To designate the official posting places for Board Meeting notices the District website and at the administrative office main entrance door at the Fish Creek Treatment Plant.

APPROVED: Vote 5-0

- B. Recruitment of a new Board member: Director White is resigning from the Board after the March 20th Board meeting. Current board members have a varied range of skill sets and recruiting someone with broad professional and management skills would be ideal. Everyone was asked to speak to their peers to identify a potential candidate.

XII. 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)(I) FOR DETERMINING POSITIONS RELATIVE TO NEGOTIATIONS; DEVELOPING STRATEGY FOR NEGOTIATIONS; AND INSTRUCTING NEGOTIATORS.

THIS MATTER PERTAINS TO CITY AGREEMENTS- SKYLINE TRAIL, TICIGA, AND FISH CREEK PLANT LANDS REPLAT.

An executive session was not conducted.

- District staff are satisfied with the progress and status of the Tenancy in Common Intergovernmental Agreement (TICIGA). The next step is for COSS staff to present the TICIGA to City Council. This meeting is scheduled for 1-20-26.
- A Communication Form, PowerPoint, and a draft copy of the agreement will be reviewed with Council. District staff and Counsel Hamilton provided comments to the City Staff about all these documents. Mr. Alfone and Mr. Hamilton will attend the meeting and be available to answer any questions regarding the presentation on the TICIGA.
- The next step is to start the COSS Subdivision Replat planning process. Mr. Alfone has received the draft application and submitting the application to City planning will then start the planning review process. The process, including presenting the application to the Planning Commission and City Council, will probably take three to four months to gain approval.

- After the subdivision replat is approved, staff from the COSS and the District will return to Council and request approval and execution of the TICIGA, Skyline Trail Agreement, and the new Plat with all three approvals expected to occur at the same meeting.

XIII. ADJOURN

The next Regular Board meeting Date is March 20, 2026, at 8:00 A.M.

There being no further business, the meeting was adjourned at 9:38 A.M.

Respectfully submitted,

Frank Alfone, Secretary/General Manager