

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 7, 2022

DIRECTORS PRESENT: Gavin Malia, John Shively, Wade Gebhardt (in person)
Don White (via Microsoft Teams)

DIRECTORS ABSENT: Alan Koermer

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

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 8:08 A.M.

Mr. Alfone introduced a new staff member to the Board as well as existing staff who have had role changes. Tyler Gilman is the new Operations Manager, Ed Briones is the new Distribution and Collection Supervisor, Bruce Thompson is now the Lead Water Operator, and Cat Smith is the new Business Manager. Bob Grandchamp has joined Mt. Werner Water as a Field Maintenance worker

II. APPROVAL OF AGENDA FOR MEETING

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

MOTION: To approve the Agenda.

APPROVED: Vote 4-0

III. PUBLIC COMMENT

None.

IV. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETINGS

A. From the December 10th, 2021, Regular Board Meeting

MOTION: To approve the minutes from the December 10th, 2021, Regular Board Meeting.

APPROVED: Vote 4-0

V. TREASURER'S REPORT

A. Financial Statement – November 30, 2021, Final MTD Report, and 2021 Year-End Reserves Projection

As of 11-30-21, Total Operating Revenue is \$159K above budget primarily due to additional water service revenue from third quarter as more irrigation water than anticipated was used. PIF revenue equaled approximately \$822K, about \$520K above budget. Total Operating Costs are \$9.1K under budget. On November 30th, the District was \$752K ahead of budget in total revenues over total costs.

The CIP category is over budget by \$452K, however, this will level out by the end of the year. \$900K was budgeted in 2021 for the 2A project and since construction is slated to start in 2022, most of that expense will not be realized this year. The CIP year-end figure should end at approximately \$400K-\$450K under budget.

2021 Reserves Account – The CWRPDA approved the loan for the new Infiltration Gallery on December 8th. \$1.99M was recently paid back to the District from the total proceeds of the \$2.5M loan for the project cost. At year-end, the District should have roughly \$2.3M in reserves.

Accounts Receivable for Quarter 3 Water and Wastewater Service Fees – About \$5K is currently due, which is less than 1% of total quarterly average revenue. There are no major accounts that are delinquent, and most of the fees due are from residential accounts.

- B. Investment Portfolio Report – The District closed both CD accounts at Yampa Valley and Mountain Valley Banks. The money was needed to pay for costs associated with the new Infiltration Gallery Project prior to the issuance of the loan from CWRPDA.

VI. COMMITTEE REPORTS

- A. Budget and Audit Committee – 2021 Audit – Report Presentation – March 18, 2022, Board Meeting. The District is currently gathering financial information to submit to Catterson & Company to prepare the 2021 Audit. Mr. Catterson will present the audit report at the March 18th Board meeting. A copy of the draft audit will be sent to the Board prior to that meeting.
- B. Water Matters Committee Report – Well H Diligence Filing – A reply to Division 6 Engineer, Erin Light’s last concern about the filing was provided by attorney Jeff Houpt and supported by a memo. prepared by water resources engineer Jonathan Kelly. Ms. Light still needs to review the correspondence. We anticipate the ruling will then be sent by the Water Referee to the Water Court Judge for signature.

Abandonment List – the final list was updated and published in late December and the District’s pre-compact water rights were removed. The Sinden Seepage Ditch protest was successful, and that District-owned right was also removed from the list.

A future Water Matters Committee meeting will most likely be with the Rollingstone Golf Course representatives. They requested a contract extension to their existing

agreement and this topic will be discussed at that meeting. The committees next meeting (March 2022) will be a “brainstorming session” regarding the W959 case, the District’s 1978 Augmentation Decree. Mr. Houpt and Mr. Kelly will provide the committee their thoughts on the case and provide new water rights attorney Mark Hamilton an opportunity to gain experience about the case and ask questions. Counsel Sharp will attend the session. The District is also working with Mr. Kelly and his team and the City on water rights accounting. These discussions will include Julie Baxter, Water Resources Manager for the City and Matt Loose with WW Wheeler, water resources manager for the City. The analysis will investigate direct flow rights in Fish Creek and storage rights in Fish Creek and Long Lake Reservoirs and how diversions from each are recorded and allocated to certain District and City-owned water rights. The method of reporting diversion use/volumes may be modified before submitting them to the Division 6 lead water commissioner and ultimately to the Colorado Division of Water Resources.

- C. Succession Committee Report – Directors Koermer and White met on December 14th with Mr. Alfone. The focus of the meeting was to determine the next steps to hire a new Operations Manager. It was decided that Tyler Gilman was qualified to be promoted to that position. A replacement for Richard Buccino, District Engineer will also need to be looked at in the near future. The committee will also be investigating future staffing needs as additional capital improvement projects are planned, and operational and preventative maintenance tasks increase at the District. The only vacant position currently open at the District is for a Water Treatment Operator. The District has two Class A Operators and CDPHE only requires one per their designation of the District’s Treatment Plants. A question was posed to Mr. Alfone asking if labor could be reduced due to lack of available employees in Steamboat. The response was that substantial work needs completed at the District, requiring skilled labor, and if anything, the District needs more employees for the future. One idea discussed to help satisfy future labor requirements would be to provide employee housing at the Fish Creek Plant property. Constructing housing at the plant may not be feasible at this time but providing potential compensation for employees for housing could be a possibility. Higher level, skilled positions may require candidates to be recruited from outside the community, and a question was raised about how to balance any sort of compensation given to future employees versus money possibly provided to existing employees for housing. The Board “tasked” the committee to investigate this subject further and report back to the Board with suggestions.

VII. REPORT OF GENERAL MANAGER

- A. Executive Summary Review – Due to the recent snowstorm, Mr. Alfone noted that 95” inches of snow and 27 inches of water (Snow Water Equivalent-SWE) was recorded at the Tower Site on Buffalo Pass. It takes about 26 inches SWE to fill Fish Creek reservoir if it was completely depleted.

The general contractor (Moltz) hired for Phases 2a and 2b at the Fish Creek Plant is investigating housing options for a few of their workers. Mr. Alfone proposed an idea for 3-4 employees to reside in a trailer sited at the District property. A temporary permit and approval from the City might be required. The Board also mentioned calling property management companies to see about housing alternatives off site.

The Board discussed funding possibilities for all Facility Master Plan projects at the Fish Creek Plant, particularly for Phase 2B. Build Back Better Funds and the American Infrastructure Act money were discussed. Funding through USDA is also a possibility. All avenues will be investigated by staff and Carollo Financial Services.

Out of District Service Agreement with Ski Corp Update – Currently, the status of executing the new Agreement with Ski Corp., is in a holding pattern. We are waiting for revised drawings and the final engineering report from Wright Water Engineers for the Green Horn Ranch development. Mr. Alfone & Mr. Buccino requested more information and revisions be incorporated into the report before the District signs off on the Agreement. Ski Corp. has also submitted an application to City Planning for the installation of the new Wild Blue Gondola.

- B. Review of 2021 Goals – The recap of the District’s 2021 Goals includes updates about CIP projects and the status of goals established for the engineering department, field, and plant teams. The Board posed a couple of questions to Mr. Alfone regarding details on projects that were completed and or are still in progress. The new Asset Management Program (Google App still in development) was discussed to ensure all assets are being maintained and all associated details about work completed on District assets is recorded and accounted for. The proposed new platform will provide team members a user-friendly platform, will be easily customized and archive critical data for the future.

2022 Goals – Mr. Alfone requested input from the Board about the list of suggested goals and to identify any other specific goals for Mr. Alfone, as well as the team, to concentrate on. Planning and preparation for hiring additional employees as long-term existing employees leave or retire was discussed. Mr. Alfone mentioned that he will research the possibility of working with the Yampa Valley Housing Authority, mainly the Brown Ranch, to understand what qualifications are necessary to get potential employees or temporary construction workers on that list. And, is it possible to create a “preferred” status list for city-operated business owners/employers like Mt. Werner Water.

The Board thanked Mr. Alfone for always providing thorough information prior to Board meetings.

VIII. REPORT OF GENERAL COUNSEL

- A. Counsel Report – Council Sharp discussed the status of the Snow Country owned lands (re-plat from Mitch Clark, owner, and Walter Magill - engineer) and their request to the Board at the December Board meeting to initiate an Out of District Service Agreement to move Snow Country’s A-frame structure and have the District provide sanitary sewer service to the A-frame at its new location. Mr. Sharp has drafted an Agreement and asked the Board to consider what the terms and limitations would be for the proposed Agreement. If a resolution is adopted by the Board to enter into the Agreement, the applicant would also have to obtain City Council approval of the resolution. Mr. Sharp shared the draft with Director Malia and Mr. Alfone. Once approved by the Board, the final draft would be delivered to Mr. Magill and Mr. Clark for their review as well as to the City. Eventually, a formal discussion and vote about the resolution would need to take place. The Board needs to consider any further conditions to the Agreement and the applicant would also have to adhere to the Watershed (Wellfields) Protection Ordinance in place at the District and the City.

IX. 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.

X. NEW BUSINESS

- A. Consideration of Resolution for Designated Election Official

MOTION: To designate Cat Smith as the Designated Election Official

APPROVED: Vote 4-0

Mr. Alfone informed the Board that the terms for Directors Malia and Gebhardt expire May 3, 2022. Mr. Alfone handed out Self-Nomination forms to both Directors as they each expressed interested in running for another term. A call for nominations will be published in the SB paper and on the District website in mid-January. All eligible District customers/electors have the opportunity to run. If no other candidates apply, the election will be canceled and Directors Malia and Gebhardt will be sworn in after Election Day, May 3, 2022.

- B. Consideration of Resolution to Designate Official Posting Place for Notices of 2022 District Board Meetings.

MOTION: To designate the official posting places as noted on the Resolution for Board meeting notices to be posted for all 2022 District Board meetings

APPROVED: Vote 4-0

- C. 2022 Board Meeting Schedule and Budget meetings – The Board meeting schedule was e-mailed to all Board members and Counsel Sharp. The dates were acceptable to everyone.

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

There were no additional new business items discussed.

MOTION: To adjourn the Regular Meeting and go into Executive Session at approximately 9:34 AM under C.R.S. §24-6-402(4)(e), for determining positions relative to matters in negotiation for the Stagecoach Reservoir Water Allotment Agreement.

APPROVED: Vote 4-0

MOTION: To adjourn the Executive Session and reconvene the Regular Meeting at 9:54 A.M. with no action having been taken.

APPROVED: Vote 4-0

XI. ADJOURN

The next Board meeting is March 18th, 2021, at 8:00 A.M.

There being no further business, the meeting was adjourned at 9:58 A.M.

Respectfully submitted,

Frank Alfone, Secretary/General Manager