

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 18, 2025

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

DIRECTORS ABSENT: None

STAFF PRESENT: Frank Alfone, General Manager
Tyler Gilman, Operations Manager
Beau Cahill, Project Manager
Tom Sharp, General Counsel

OTHERS PRESENT: Michelle Carr, Distribution & Collection Manager, City of Steamboat Springs
Jessica Christian, CPA, Watson Coon Ryan, LLC
Kelly Watson, CPA, Watson Coon Ryan, LLC
(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 8:00 A.M.

II. ACKNOWLEDGE PUBLIC

Directly 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 May 16th, 2025, Regular Board Meeting

MOTION: To approve the minutes from the May 16th, 2025, Regular Board Meeting.

APPROVED: Vote 5-0

V. PUBLIC COMMENT

There was none.

VI. TREASURER'S REPORT

A. Financial Statements – April 30, 2025

April financial statements were sent out to the Board prior to the meeting and were not reviewed. The May financials are not complete and will be e-mailed to the Board next week. The following update was given:

- Customer accounts receivable for the 1st quarter is approximately \$5.7K, mostly residential accounts. The 2nd quarter billing was sent out July 10th and is due August 10th.

VII. 2024 AUDIT PRESENTATION – WATSON COON RYAN, LLC

Mr. Alfone introduced Ms. Christian and Ms. Watson. Ms. Watson reviewed a PowerPoint presentation and discussed the following items:

- The most recent '24 Audit draft received a few days prior to this meeting is expected to be the final version unless the Board requests changes.
- A new risk standard implemented by Watson Coon Ryan (WCR) is mentioned in the governance letter portion of the audit. It discusses risks identified as part of audit planning and factors that drive audit testing. The standard testing provides more transparency regarding audit procedures.
- Internal control processes are evaluated and areas where significant risks might occur. WCR verified bank account balances, outstanding checks, and revenue received and found no issues, thus additional testing was not performed.
- WCR provided the District an unmodified opinion, the highest level they can issue, meaning they believe that everything tested is materially accurate and supported by their analysis.
- The '23 adjustment of Fixed Assets is an accounting standard, related to Generally Accepted Accounting Procedures (GAAP). The City of Steamboat Springs (COSS) reimburses the District for their respective portion of Capital Improvement Projects completed at the Treatment Plants. The reimbursement was historically recorded as a reduction of fixed assets value and under GAAP, it should have been recorded as a revenue contribution received, thereby not reducing the assets value i.e., District assets should be reflected at their total cost, not the cost that the District solely paid.
- Staff will request that Carollo Engineers, Inc. reevaluate the Plant Investment Fee analysis to determine if the recommended '26 PIF increases should be modified based on the new Fixed Assets values.
- The Board asked if there were any issues that were discovered during the Audit or items that could be improved. WCR stated that there seems to be adequate separation of duties and everything seemed organized by District staff.
- The audit must be submitted to the CO State Auditor's office by July 31st. WCR will perform one final review and if changes are required, forward to the Board for comments.
- Mr. Alfone will discuss the new method of accounting for Fixed Assets with attorney Mark Hamilton to understand what impacts, if there are any, regarding the Tenancy in Common IGA negotiations with the City.

MOTION: To approve the 2024 draft audit, subject to further review and corrections if recommended by WCR

APPROVED: Vote 5-0

VIII. PUBLIC HEARING – 2024 SUPPLEMENTAL BUDGET APPROPRIATION: SB PILOT NOTICE – JUNE 27, 2025

A. Consider Approval and Adoption of Resolution

MOTION: To open the Public Hearing for the 2024 Supplemental Budget Appropriation at 8:35 A.M.

APPROVED: Vote 5-0

The memorandum from staff to the Board outlined the reasons for the appropriation:

- COSS contributions for CIP Projects were accounted for as a reduction of Fixed Assets, not revenue, thus reducing the District cost for said CIP projects and underreporting expenses.

- An unbudgeted reimbursement payment to Ski Corp for wastewater fees increasing '24 expenses.
- The “net” expense for the FEMA generator was budgeted, not the total cost. The money received from FEMA for the grant should have been budgeted.

Per the Resolution language, the enterprise fund must be increased to offset the amount these expenses exceeded the budget. If the Board approves the resolution, notice will be submitted to the Division of Local Affairs.

MOTION: Director Gebhardt moved to adopt the resolution. Director Shively seconded the motion.
APPROVED: Vote 5-0

MOTION: To close the Public Hearing for the 2024 Supplemental Budget Appropriation at 8:41 A.M.

APPROVED: Vote 5-0

IX. PUBLIC HEARING – 2026 PLANT INVESTMENT FEES RATE CHANGES: SB PILOT NOTICE – JUNE 17, 2025

MOTION: To open the Public Hearing for the 2026 Plant Investment Fees Rate Changes at 8:42 AM

MOTION: To postpone consideration of the Resolution to approve plant investment fees rate changes pending further review and analysis by Carollo Engineers, Inc.

APPROVED: Vote 5-0

MOTION: To close the Public Hearing for the 2026 Plant Investment Fees Rate Changes at 8:43 AM

X. COMMITTEE REPORTS

- A. Budget and Audit Committee – the Preliminary 2026 Draft Budget will be submitted and reviewed at the October 10, 2025, Board Meeting. The Budget Committee will collaborate with Staff to prepare the 2026 draft budget.
- B. Water Matters Committee Report – The COSS’s water court decree assigning Alternative Points of Diversion for their four new vertical wells was signed by the Division 6 water referee and is waiting for the judge to sign. The stipulation between the District and the COSS was also agreed to and executed. The COSS’s Substitute Water Supply Plan (SWSP) has been approved; thus, the wells may be operated prior to the decree being executed.
- C. Succession Committee Report – July 14, 2025, Meeting Recap – Mr. Alfone sent out an e-mail to the Board summarizing the July 14th meeting.
 - District Staff are working on the Effective Utility Management (EUM) Strategic Plan. The Succession Committee has agreed to assist with the Workforce Development component.
 - Initial discussions were held about GM succession planning.
 - Current and future staffing needs were discussed, mainly how to attract and retain staff.
 - The board input received (rating and ranking the EUM attributes) was beneficial to help identify and better understand what attributes should be top priorities and what is important to the Board.

XI. REPORT OF GENERAL MANAGER

A. Executive Summary – Staff will create a new Executive Summary template. Staff members will highlight topics for their departments and provide updates at future meetings.

Mr. Gilman provided some quick updates:

- The District conducted their most recent Lead and Copper water samples for testing; required every six months. After receiving insufficient results in the past, triggering the District to move forward with the Optimal Corrosion Control Technique (OCCT) improvements, or 2b, recent results are much lower than what was seen in the past, thus the OCCT is effective.
- On July 17th, CDPHE conducted the 2025 Sanitary Survey at the District. The survey, or inspection of District records, facilities, and infrastructure is very detailed and occurs every three years. The inspector was very thorough, gave high praise about the upkeep and the operation and maintenance of our facilities and did not cite any significant deficiencies. Within the next 30 days, the inspector will provide recommendations that can improve District operations.
- Currently the FC Plant is producing 5.5 to 6MGD and the Yampa Wells Plant between 1.5 and 1.8MGD. Staff have started to release water from Fish Creek Reservoir and are maintaining 9 CFS below the treatment plant intake. This year saw an earlier snow melt than seen in the past.
- The District is evaluating and tracking current utility costs to operate all the new 2b equipment and expenses for new chemicals. This will establish baseline 2b costs for targeting budget figures in the future.
- Many HOA's are investigating removing their private orthophosphate systems and budgeting for full pipe replacement – from Copper to PEX. There is a credible vendor that has completed pipe replacements in town and that company is being recommended to other interested HOA's.
- To date, there has been no discussions about elevated phosphate levels in the effluent leaving the COSS Wastewater Treatment Plant.
- Mr. Cahill discussed PIF revenue. As of July 11th, the District had collected \$500,641 PIF, about 22% of the budget. Currently, there are other building permits under review which could equal \$119,000 additional PIF. The revenue is still significantly short of the projected budget, mainly because of the Mid-Valley Phase II and the Stockman projects being delayed, both originally anticipated to begin construction in 2025. At year-end, PIF revenue is expected to be \$650,000 to \$750,000 or 30-35% of projected budget.
- Two states, Florida and Utah, have now banned community fluoridation in public water systems. In Colorado, it is a voluntary program. The District and City agreed to Fluoridate the water starting in the 1980's and continue today.

B. Rules and Regulations Amendments: Consider Approval & Adoption of Resolution – A memo went out to the board detailing the proposed amendments.

- The first amendment to the Rules and Regulations relates to Plant Investment Fees and the process the District utilizes to collect those fees. Historically, the fees have been collected at building permit submittal or application. The language has been drafted to collect the PIF at building permit approval and when the District approves the permit, the process to receive a permit can sometimes take weeks or months.
- The second amendment relates to late fee policies for delinquent service fees. The District's existing policy was not in alignment with state statutes regarding interest charges and late fees amounts. According to the statute, the District can charge a \$15 late fee or 25% of the total amount owed. For fees assessed, you must give customers 5 days past the due date to pay before late fees and interest can be levied. Both items have now been addressed in the amendment. The Board discussed shutting off water to residences due to a delinquency and if water were to be shut off,

advance notice should be given to the property owner prior to this occurring. Also, in the past if a customer had an insufficient backflow device test, the District would notify the customer that it needed to be addressed and if it were not, the water for the irrigation system would be shut off. Since then, compliance has been much better.

- The last amendment relates to District staff assisting customers on items related to privately owned water and wastewater collections infrastructure. Parameters are identified such as how we help them, when we help them, and if we can assist based on staff resources and then charging the customer for our services.

MOTION: To approve and adopt all three amendments in the Resolution to the Rules and Regulations.

APPROVED: Vote 5-0

C. Yampa Valley Electric Association – More Parcel Easement Request – Yampa Valley Electric Association (YVEA) has requested a 20-foot easement on the northern part of District-owned land (More parcel) so they can upgrade and move their existing electric line in this area. Staff recommend granting them a 15’ easement.

- District staff have a great working relationship with YVEA and do not see any issues but want to discuss it with the Board prior to deciding.
- District staff and Counsel Sharp reviewed the draft easement document from YVEA and provided it to the Board.
- It would be a non-exclusive easement; thus, the District can use the same space or move the new power line. Included on the original Plat of the property, YVEA has a blanket easement over the entire 39 acres, but they have not used it. This agreement will require YVEA to agree to vacate that blanket easement and the new 15’ easement would be the only easement encumbering the land by YVEA.
- The District will confirm the future plans of YVEA to ensure they will not impact District-owned sewer lines running through the parcel.

MOTION: To authorize Counsel and the GM to finalize and execute YVEA’s More Parcel Easement request

APPROVED: Vote 5-0

D. Yampa Valley Housing Authority (YVHA) – Water Main Extension and Highway 40 Bore Postponement Request

- Phase II of the Mid-Valley development has been postponed.
- The District originally required YVHA to install a water main redundant loop from the Pine Grove Business and Condo. area on the east side of highway 40 under Highway 40 and tie into their development.
- The new loop main is not necessary for water service for Phase I but it is needed for Phase II. It also helps the District provide water to their development, other neighboring developments and north to the City system.
- The original intent was to have the work completed this summer, but the work was delayed due to various reasons.
- District staff discussed executing a written supplement to the existing agreement that requires YVHA to install the water main when Phase II is constructed. The original agreement cited no specific language about this requirement. The deputy director of YVHA, Elliot Lawrence, has verbally agreed to this request. The agreement has not been sent to YVHA, pending Board input.
- Counsel Sharp noted a minor adjustment to the draft that makes it no longer necessary to have Exhibit B included, this was redundant.

- The Board suggested that the work for the new water main must be completed within three years to match the three-year temporary construction easement granted to the District from the Pines at Ore House Association for this project.

MOTION: To approve the Water Main Extension and Highway 40 Bore Postponement Request by YVHA and execute an amendment to the existing agreement, including language that the work needs to be completed by the termination date (9-24-2027) identified on the Temporary Construction Easement

APPROVED: Vote 5-0

XII. REPORT OF GENERAL COUNSEL

XIII. 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 MATTERS THAT MAY BE SUBJECT TO NEGOTIATIONS; DEVELOPING STRATEGY FOR NEGOTIATIONS; AND INSTRUCTING NEGOTIATIONS.

The topic of the Executive Session was matters relating to water and wastewater collections appurtenances.

MOTION: To adjourn the Regular Meeting and enter Executive Session at 10:05 A.M under §24-6-402(4)(b), C.R.S., regarding legal advice on specific legal questions and C.R.S. 24-6-402(4)(e)(I) for determining positions relative to negotiations.

APPROVED: Vote 5-0

MOTION: To exit Executive Session and reconvene the Regular Meeting at 10:29 A.M. with no action having been taken.

APPROVED: Vote 5-0

XIV. UNFINISHED BUSINESS

XV. NEW BUSINESS

XVI. ADJOURN

The next Regular Board meeting Date is October 10, 2025, at 8:00 A.M.

There being no further business, the meeting was adjourned at 10:32 A.M.

Respectfully submitted,

Frank Alfone, Secretary/General Manager