

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 16, 2021

DIRECTORS PRESENT: Gavin Malia, Don White, Alan Koermer, Wade Gebhardt, (All In-person)
John Shively (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 Cody Berg, Associate VP and Financial Services Lead, Carollo Engineers,
Inc.
Michelle Carr, Distribution & Collection Manager, City of Steamboat
Springs (via Microsoft Teams)
Andi Rossi, Upper Yampa Water Conservancy District (via Microsoft
Teams)

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 revise the Executive Session under the Report of General Counsel, and to delete the discussion regarding the City of Steamboat Springs Agreements and change the recital to discuss the status of the contracts with the Upper Yampa Water Conservancy District for Stagecoach and Yamcolo water. He asked that this be moved to the last agenda item so that Mr. Sharp could recuse himself prior to this discussion.

MOTION: To approve the agenda with the revision of the Executive Session topic and to move the Executive Session to the last item on the agenda.

APPROVED: Vote 5-0

III. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETING

Mr. Malia asked if there were any additions or corrections to the minutes of the May 21st, 2021, Regular Board Meeting, and the June 24th, 2021, Special Board Meeting. Mr. Koermer mentioned a few grammatical edits to the May 21st minutes.

MOTION: To approve the minutes from the May 21, 2021, Regular Board meeting with the edits mentioned by Mr. Koermer.

APPROVED: Vote 5-0

MOTION: To approve the minutes from the June 24th, 2021, Special Board Meeting.

APPROVED: Vote-5-0

IV. PUBLIC COMMENT

None.

V. TREASURER'S REPORT

A. Financial Statement- April 30, 2021, Final MTD Report

The total operating revenues was approximately \$12K above budget and PIF revenue equaled about \$270K. Operating Costs was under budget by about \$117K. This was mainly due to Chemicals and O & M expenses being lower than budgeted. The District is ahead of budget in total revenues over total costs by approximately \$245K.

B. Financial Statement- May 31st, 2021, Final MTD Report

The total operating revenue remains about \$12K over budget with water and wastewater collection services revenue ahead by \$32K. The City's share of plant expenses was lower than budgeted as more volume of water produced was delivered to District customers than City customers YTD. PIF revenue equals \$351K through May. Total operating costs was about \$172K under budget. The month-end total reserve balance was just about \$2M. As of May 31, the Districts service revenue accounts receivables (through Q1 billing and due the first week of May), showed \$6,500 in delinquent dues. The Capital Improvement Plan expenses was \$33K above the budget projection.

C. Investment Portfolio Report- April and May 2021

The total investments in the two CD accounts (Yampa Valley and Mountain Valley Banks) was approximately \$1.1M.

The Board accepted the Financial Reports as presented.

VI. COMMITTEE REPORTS

A. Budget and Audit Committee Report- October 8th

The first draft of the 2022 budget will be presented to the Board at the October 8th Board meeting.

B. Succession Committee Report- No report.

C. Water Matters Committee Report- Mr. Malia mentioned that the Water Resources Division 6 Engineer responded to the District about removing the District's pre-compact water rights from the published State abandonment list. Additional water matters will be discussed during the Executive Session.

VII. CAROLLO ENGINEERS, INC. WATER AND WASTEWATER COLLECTION FINANCIAL MODELS 2ND PRESENTATION-

Mr. Berg gave an overview of the revised financial models which included services rate increases scenarios and debt issuance assumptions. For 2021, both Colorado Water Resources and Power Development Authority (CWRPDA) Loans were included in the analysis with 20-

year terms and a 3% interest rate. A new “medium plus” rate scenario was presented to issue a bit more debt and not increase service rates into double digits. The “high” rate scenario was also discussed which would keep the cash reserves higher and included a double-digit rate increase for utility services. The high scenario allowed for target cash reserves to be satisfied and not dipping below 1M annually. For the next 10 years, the District would issue \$11.3M in debt with the medium scenario and debt equaling \$13M in the high scenario. Mr. Alfone reminded the Board that anytime a Special District wants to increase service rates, a 30-day public notice must be advertised, and a subsequent Public Hearing conducted by the Board. Mr. Alfone asked for Board direction on which scenario to choose than the Public Hearing notice would be posted identifying the proposed rate increase for review and discussion at the next regular Board Meeting; October 8th, 2021. At this meeting, feedback from the public could change the Boards position about rate increases and if needed, the Board would have time to make modifications to the 2022 budget and have another meeting before final budget approval is required, by December 15th. After discussing the scenarios, the Board directed Mr. Berg to draft up a rate scenario in between the medium and high examples. The new analysis will be called the “medium medium” scenario and the goal will be to maintain \$1M in reserves annually. Once the new scenario is drafted, Mr. Alfone will schedule another Board meeting to review and ask for final Board direction.

Mr. White reminded the Board that the District will be starting a Wastewater Collection Master Plan and this plan will be 2022 budgeted expense line item. At this time, wastewater collection service revenues under existing rates are already inadequate to cover operations costs, thus when projects are identified because of the Master Plan, future rate increases will most likely be necessary to continue to fund wastewater collections services CIP projects.

VIII. REPORT OF GENERAL MANAGER

- A. Executive Summary Review- Mr. Alfone provided a brief update on items included in the GM Executive Summary document.
- The Steamboat Springs City Council approved (First Reading of the Ordinance) the Preliminary Plat application for Ski Corp’s new Wild Blue Gondola and Green Horn Ranch development. The Second Reading, which will include a Public Hearing will be July 20th, 2021.
 - The informational letter recently mailed to Homeowner’s Associations (HOA’s) within the District Boundary regarding phosphate injection systems was discussed. Mr. Alfone recommended scheduling informational meetings with those properties that have existing systems installed. The District’s approach is to educate HOA’s about the phosphate systems and the potential future effluent wastewater permit regulation (for phosphate treatment) that may be instituted at the City-owned and operated Wastewater Treatment Plant. At this time, there is no CDPHE effluent permit requirement to treat phosphates, but as part of the ongoing review of the City’s new effluent permit application (submitted to CDPHE in June 2021), there may be a future effluent limit imposed by CDPHE, thus may trigger the District requiring HOA’s that have installed these systems to remove them. This District requirement would

stem from the City asking the District to do this based on the new effluent permit requirement. Mr. Alfone reminded the Board that all District Wastewater is treated by the City of Steamboat Springs and the District is required to abide by the rules and regulations outlined in the 2005 Special Connectors Wastewater Treatment and Disposal Terms and Conditions document. For those HOA's that might be considering installing a new system, the goal of the meetings is to allow HOA customers to make an informed decision. Counsel Sharp suggested to the Board mailing a follow-up letter to all HOA properties informing them that the District is not liable for any pinhole leaks and any associated damages to property and will not be responsible to pay for removing already-installed systems if the City requires the District's to remove the systems. The letter will also provide additional information to those HOA's that may be contemplating adding a system i.e., if they add a system, they are doing so at their own risk. The Board directed Counsel Sharp to draft the letter for District and City staff to review prior to distribution.

- Facilities Master Plan (FMP) – Projects 2A and 2B - The District interviewed 3 construction managers for pre-construction services for phases 2A and 2B for the FMP (Fish Creek Filtration Plant Improvements Projects) scheduled to start this fall and finish in the Spring of 2023. Moltz Construction, Inc. was chosen to perform the services. There will be a project kick-off meeting in mid to late August that will focus on reviewing Carollo's 60% design plans for the Phase 2A project. One of the goals of hiring a construction manager now is to assist with the design, scheduling, constructability and managing materials lead times and when the District receives the final project cost proposal and project work begins, change orders and requests for information from the contractors will be minimal.
- B. Wastewater Collection Facilities Master Plan- Mr. Alfone has started to draft the scope of work (SOW) for this plan and has asked Carollo to provide a budget figure for 2022. The plan will investigate and inventory existing wastewater collections infrastructure, identify the existing condition of said infrastructure (age, type etc.) of all the District's wastewater collection pipes, monitoring manholes, and lift station. It will also look at what upgrades, i.e., projects that may be necessary in future years and calculate associated cost estimates.
- C. Disinfection By-Products –
- Haloacetic Acids (HAA5) – per CDPHE requirements, the District mailed the second notification/customer update letter to all customers. There was no exceedances for HAA5's during Q2 sampling, but the annual running average for the last 4 quarters is above the MCL at two sites, thus the need to mail the second letter. The installation of water mains automatic flushing devices, increased fire hydrant flushing, and treatment plant processes are being investigated to reduce the HAA5 levels at these sites within the District's distribution system. This will hopefully reduce the likelihood to have an exceedance again.

- The CDPHE-approved Optimal Corrosion Control Treatment (OCCT) project (FMP-2B) which raises the PH and Alkalinity of the treated water is being designed and engineered now and will be installed and operational by the end of April 2023. The new treatment system will help reduce the likelihood of the leaching of lead (from the solder joints) into copper pipes in end-user water distribution systems.

IX. REPORT OF GENERAL COUNSEL

A. Counsel Report

Steamboat Ski and Resort Corporation – Inclusion Petition; Greenhorn Ranch Development

Mr. Sharp directed Mr. Alfone to request from Ski Corp. a letter withdrawing Ski Corp’s petition inclusion as the District Board approved a Resolution to execute a second amendment to the existing Out of District Services Agreement with Ski Corp, as opposed to including the Greenhorn Ranch within the District Boundary.

X. UNFINISHED BUSINESS

- A. Staff or Directors may raise for discussion any unfinished business related to the business of the District. There was no unfinished business discussed.

XI. NEW BUSINESS

- A. Consider Reimbursement Resolution; CWRPDA Loan, Infiltration Gallery District
 The District will incur costs from the new Infiltration Gallery Project scheduled to start in mid-August (and before the actual loan approval and closing). The District intends to reimburse itself from the loan proceeds once the loan is approved, thus CWRPDA requires the Board to execute a Reimbursement Resolution stating the District’s intent. The CWRPDA Board will consider loan approval at their August 25th meeting and the District will use existing reserves to start the project before the loan closes. Mr. Alfone plans to attend the CWRPDA Board meeting.

MOTION: Adopt a reimbursement resolution stating the District will reimburse itself for Infiltration Gallery project expenses from future proceeds of the CWRPDA loan if approved and closed.

APPROVED: Vote 5-0

- B. Staff or Directors may raise for discussion any new business related to the business of the District. There was no additional new business discussed.

EXECUTIVE SESSION

MOTION: To adjourn the Regular Meeting and go into Executive Session at approximately 10:00AM under §24-6-402(4)(e), C.R.S., determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators, to

discuss Stagecoach and Yamcolo water storage contracts in place with the Upper Yampa Water Conservancy District.

APPROVED: Vote 5-0

MOTION: To come out of Executive Session and reconvene the Regular Meeting at 10:23 A.M. with no action having been taken.

APPROVED: Vote 5-0

XII. ADJOURN

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

There being no further business, the meeting was adjourned at 10:23 A.M.

Respectfully submitted,

Frank Alfone, Secretary/General Manager