

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 19th, 2024

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

DIRECTORS ABSENT: Alan Koermer

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

OTHERS PRESENT: Michelle Carr, Distribution & Collection Manager, City of Steamboat Springs
(via Microsoft Teams)
Julie Baxter, Water Resources Manager, City of Steamboat Springs (in-person)

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER

Director Shively stated that a quorum was present and called the meeting to order at 8:00A.M.

II. ACKNOWLEDGE PUBLIC

Mr. Alfone introduced Julie Baxter, Water Resources Manager with the City of Steamboat Springs.

III. APPROVAL OF AGENDA FOR MEETING

Mr. Alfone requested that the Board consider a resolution to make the Succession Committee a special committee per the District By-Laws. This topic will be considered during the report of the General Manager.

MOTION: To approve the agenda with the addition of the succession committee discussion.

APPROVED: Vote 4-0

IV. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETING

A. From the May 17, 2024, Regular Board Meeting

MOTION: To approve the minutes from the May 17, 2024, Regular Board Meeting

APPROVED: Vote 4-0

V. PUBLIC COMMENT

There was no public comment.

VI. TREASURERS REPORT

A. Financial Statement – April 30, 2024

The following financial overview was presented for April 30, 2024:

- Total operating revenues equaled \$1,036,679, which is 24% of the total budget.
- Operating costs equaled \$786,516 which is approximately 24% of the total budget.
- Non-operating revenues equaled \$83K excluding the CWRPDA loans as well as the City's portion of Capital contributions which is roughly 2% of the budget.
- Plant Investment Fee (PIF) revenue equaled \$45K at end of April, which is 4% of the total budget. Year-to-date PIF is \$577K, which is 46% of the total budget.

- Capital Improvement Plan (CIP) expenses equaled \$1.7M which is 36% of the total budget. \$1.5M of that amount is attributed to the Phase 2B project.
- Total reserves equaled \$1.6M.
- Customer accounts receivable for the 1st quarter, '24 equaled \$5,440 and all receivables are residential accounts. Sunburst Townhomes equals \$3,200 thus once that amount is paid the total will be \$2,240.
- Mr. Alfone reviewed the '24 cash flow projection. PIF revenue increased after receiving PIF from the Central Park Hotel. Total PIF revenue expected for 2024 is \$1.53M compared to the budget of \$1.34M. Mr. Alfone reviewed several scenarios regarding cash flow; one scenario would be for the District to utilize \$2M of the Line of Credit (LOC) and the other scenario would be to borrow \$1M. If the District borrowed \$2M, there would be roughly \$2.8M in reserves at year-end and if only \$1M was borrowed there would be reserves equal to approximately \$1.8M at year-end. Both scenarios assumed revenues and expenses equal to budgeted amounts. Depending on PIF revenue received over the next few months, the Board will determine how much to draw on the LOC. There is a restrictive reserve account of \$739K tied to the existing loan covenants which was not included in the year-end figures.

Financial Statement – May 31, 2024

- Total operating revenues equaled \$1.037M, which equals 24% of the total budget.
- Operating costs equaled \$1.38M which is approximately 43% of the total budget.
- Capital Improvement Plan (CIP) expenses equaled \$2.1M.

VII. COMMITTEE REPORTS

- A. Budget and Audit Committee – 2023 Financial Audit Timeline. The 2023 Audit extension was filed which allows the District an extra 60 days to finish the audit, due September 30th. The District has faced staff challenges with Clifton, Larson, & Allen (CLA), the firm that prepares the financial reports for the District. Staff have been working with a newly assigned accountant, training her on the District's financial history. A special Board meeting in September was suggested to allow CLA to present the audit, review the status of the '24 Rate Study and review the '24 preliminary budget. District staff will investigate other firms to prepare financial reports.
- B. Water Matters Committee Report – The committee has not met since the last Board meeting. Mr. Alfone has been consulting with the Districts Water Resources Engineer Jonathan Kelly and Districts Water Rights Attorney Mark Hamilton regarding the District comments and response to the City of Steamboat Springs (COSS) water rights case. The City filed a Substitute Water Supply Plan, and the District submitted comments regarding the plan a few days ago. The initial status conference is scheduled for July 25th with the Water Referee. The conference will identify the schedule of events and when comments are due about the water rights case.
- C. Succession Committee Report – July 16th meeting recap. The committee did not meet, and the July 16th meeting will be rescheduled for later. Two main items will be discussed; a new employee that works with both the City of Steamboat Springs and the District for water conservation matters and the other is for the Board to consider hiring an additional staff member to be the Water Plant(s) Treatment Supervisor in 2025.

VIII. JULIE BAXTER, CITY OF SBS WATER RESOURCES MANAGER

Ms. Baxter introduced herself. The City of Steamboat Springs and District share a water conservation plan that must be updated every 7 years. The existing plan was implemented in 2020. State & Federal programs provide support towards conservation initiatives allowing for many opportunities for grants for project implementation.

- The COSS is prioritizing their facilities and properties regarding conservation measures. The Parks and Recreation Department is implementing a Smart Irrigation Central Control Project which could lead to a 20% water savings amount and includes installing a centralized control system, weather and moisture sensors, and leak detection and automatic shut-off infrastructure. The project cost equals \$2.6M.
- Whistler Park converted to the new system in June with Phase I scheduled to finish in 2024. Once the project is completed, 65% of the water savings goal should be realized from City Parks located in both the District and City areas. The COSS secured 50% of the funding for Phase I with Colorado Water Plan and Colorado River District Grants and the other 50% is provided by the COSS.
- Ms. Baxter requested that the District contribute to the program with District staff recommending \$25K be earmarked for this project. The savings resulting from this project will surpass \$25K in a short time period. If approved, the money would be a 2025 budget expense. The Board decided to review the \$25K contribution during the budgeting process.
- The COSS Public Works Department has proposed hiring a water quality and water conservation specialist for 2025. The job description includes 50% water conservation and 50% water quality tasks, including policy enforcement and public education and outreach. The position is being proposed as a community liaison, enforcing water restrictions, and overseeing the rebate program as main responsibilities regarding water conservation. The proposed position would be split between the District and the City with the District covering a quarter of the salary for water conservation duties. The estimated salary would be \$110K. The District currently has no one staff person dedicated to conservation, enforcement, rebates etc. and if the District is interested in partnering with the COSS, it will have a better chance of getting funded.
- The Board expressed concerns that a shared employee might present different challenges as other negotiations (Agreements) with the City remain pending.
- The Stormwater Utility tasks are now funded by sales tax, however City Council approved performing a stormwater utility fee feasibility study and the City is working on getting the study under contract in 2024.
- A stormwater utility is a fee for service model, and if approved, the fee would be included as a line-item expense on the water and wastewater utility bill. The City has faced challenges with stormwater management including deferred maintenance for drainage infrastructure due to increased city-wide development.
- The City's stormwater system is regulated via a State MS4 permit (Municipal Separate Storm Sewer System) thus it must comply with State regulations. Models have identified higher precipitation than originally calculated in the FEMA flood mapping, about twice as high, which could result in more flood events in the City. These factors have increased the strain on the City's general fund regarding repairs and improvements to related infrastructure. A stormwater utility fee would provide stable and consistent funding for stormwater quality and flood protection.
- The first step of the feasibility study will determine how fees would be structured, how much revenue could be generated, and how would it be administered. One question is whether the COSS would bill District customers directly or would it be an additional line item on District statements for the fee. The results will be shared with City Council once the study is completed, in late 2024 or early 2025.
- The 2005 Special Connectors Ordinance, approved by the City has a section that states special connectors (Mt. Werner Water) manage stormwater. Roughly twenty years ago, the District advised the City that they were not going to manage stormwater and suggested that an intergovernmental agreement be implemented eliminating this item. The agreement was not executed.

- Counsel advised that the future potential fee be billed directly to District customers by the City.
- Ms. Baxter provided a summary of the Walton Creek Confluence Project. Currently at the confluence of Walton Creek and the Yampa River across from Walton Creek Road there are shallow ponds leftover from gravel mining in the 1970's & 1980's. The ponds have become breeding grounds for Northern Pike, which are a non-native fish species that kill trout and other native fish. The Colorado Parks and Wildlife Department, Upper Colorado Endangered Fish Recovery Program, and the City are partnering to restore this area providing flood protection for existing infrastructure and to remove the pike habitat. The 60% design plans are complete and future project work includes filling the ponds, reshaping the river channel, and reconnecting the river with the floodplain in this area. Historically, Walton Creek was in a different location and this project would re-route the creek to the original location. Currently the creek flows below the existing level of the Yampa River, which causes a "backwatering issue," thus the project will help minimize this condition. Wetlands preservation would also be part of the project. The project is estimated to cost \$6.8M for construction. There is a Federal Projects Bill that could be used to help fund the project and the City is going to apply for that money, along with other funding and grant sources.

IX. REPORT OF GENERAL MANAGER

- A. Executive Summary Review and Updates – The District received a grant from FEMA for the Fish Creek Plant backup power generator. Staff advised the local state manager for FEMA that the project estimate was \$50K over budget and after FEMA conducted a reconciliation of funds available in 2024, offered the district an additional \$20K towards the project cost. Polyfluoroalkyl (PFA) substances was discussed and if detected in the water what would be the treatment process needed and the associated cost if it became a regulated constituent. The District is currently sampling and testing for PFAS and how the District would treat PFAS is yet to be determined. Once any limits are determined and become regulated, the District will investigate potential treatment processes.
- B. Operations Manager Updates:
 - 2B Progress Report – the carbon dioxide tank is installed, while process piping, electrical and controls work continue. The focus for Moltz Construction and Triangle Electric has been preparing the exterior sitework, including pouring concrete pads for the CO2 tank and the Lime Silo. The lime batching equipment and silo is scheduled to arrive October 7. The concrete pad was poured for the generator. The project is on track to complete the exterior work before winter. Fall and winter interior work will include installing process piping, electrical, new panel boards, breakers, instrumentation and controls, and conductors to feed new and existing equipment. The goal as shutdown of the Fish Creek Plant approaches is to have all work that can be performed during plant operations completed so critical processes can be taken offline when needed. At the Yampa Wells Plant, they completed the site excavation for the foundation, and they poured concrete for the addition. Then the next step will be to construct the walls and prep for the caustic tank to be delivered with the goal of having the building "dried in" prior to the fall shutdown at Fish Creek. District staff will provide a tour for the Board of the new equipment that has been installed and both plants are operational again, in early 2025.
- C. Project Development Coordinator Update – Mr. Cahill provided an update about his job duties since starting in October. His main responsibilities include planning review, building permits approval, PIF fee assessment and private development project coordination as well as coordination for District CIP projects. He set several goals when hired including to learn about district infrastructure, familiarize himself with the Rules and Regulations and

Specifications, and gain knowledge and form relationships with City staff to represent the District during Design Review Team (DRT) meetings and other interactions. He created a new development review process with benchmarks and timelines to track projects more efficiently. He has worked with and formed relationships with City planning and engineering and represents the District when attending DRT meetings. He created tools to help contractors and developers facilitate their building process within the District boundary.

- D. Rules and Regulations, By-Laws, and Specifications – Mr. Alfone thanked Mr. Gilman and Mr. Cahill for updating the District’s Specifications. The changes to the Specifications do not require board approval, however Mr. Alfone wanted the board to see the revisions. The District asked Landmark Consultants to conduct a review of the revised District specifications before they are published. The Rules and Regulations and Bylaws require board review and approval. Counsel Sharp reviewed the Rules and Regulations and Bylaws, and he provided comments which mostly entailed formatting, and one Bylaw revision related to posting of meeting notices which was added to the Bylaws. The location of the District meeting notices must be approved by the Board at the annual January meeting. In the Rules and Regulations there are two different references to suspension of water services, one is a request from seasonal owners to not be billed when not occupying their residence. The District has historically not allowed this, and it was not addressed in the existing Rules and Regulations, the other is related to water conservation and the right to suspend water services if a customer is not abiding by the watering rules imposed by the District. The resulting action is to turn the customers’ water off at the street water curb stop valve.

MOTION: To accept and approve the Bylaws as presented.

APPROVED: Vote 4-0

MOTION: To accept and approve the Rules & Regulations as presented.

APPROVED: Vote 4-0

MOTION: To implement a new special committee, named the Succession Committee.

APPROVED: Vote 4-0

X. REPORT OF GENERAL COUNSEL

Counsel Sharp provided staff advice about the acquisition of a water main easement at Pines of Ore House Condominiums. The District also has utility maintenance and repairs access through the Pines Condominiums to provide access for the planned new water main project scheduled in 2025.

The property owner directly to the north of the Fish Creek Plant lands built a barn/garage within the county setback area along the lot line. There is also a small section of fence that appears to have been built on District lands. The County Building and Planning Department is withholding a permit request from the landowner to perform a remodel, and the owner suggested that the District do a land exchange allowing the barn and associated land to be replatted outside the setback limit. It was agreed that the owner should instead go through the County Board of Adjustment to request a variance request that would allow the barn to remain in the setback. The District would support the request.

Counsel Sharp discussed a Ridge Townhomes unit that flooded due to a water meter breaking and subsequent leaking. The attorney representing the insurance company stated that their expert consultant wanted to examine the damaged meter and asked that the meter be shipped to their engineering consultant. Since the District does not want to lose chain of custody for the meter, Counsel directed the attorney to schedule a local site tour at the District to investigate the meter.

XI. 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.

The topics of the Executive Session were the Pines at Ore House Easement and City of Steamboat Springs Agreements.

MOTION: To adjourn the regular meeting and go into executive session at 9:37 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 4-0

MOTION: To come out of Executive Session and reconvene the Regular Meeting at 10:32 A.M. with no action having been taken.

APPROVED: Vote 4-0

MOTION: To authorize the \$20K payment for the cost of the Pines at Ore House Condominiums water main easement and give authority to the General Manager to work with the Yampa Valley Housing Authority on sharing the expense.

APPROVED: Vote 4-0

MOTION: To approve \$25K per the City's request as outlined in the City's July 15, 2024, letter to the District asking for support of the Smart Irrigation Central Control Project.

APPROVED: Vote 4-0

XII. UNFINISHED BUSINESS

- A. Whistler Park- Campfires – regarding campfires that have taken place on the District-owned Moore property, Counsel advised the Board that it does not need to post signage and has governmental immunity pertaining to liability since it is not related to water, and sewer operations and they occurred on unimproved ground. It was agreed that District staff will continue to monitor this matter and not post signs.

Mr. Alfone showed a map of the property surrounding Whistler Park as it relates to the preliminary discussions about a potential affordable housing development of the School District property. The Steamboat Ski and Resort Corporation might be involved with the development. On August 12, 2024, a meeting of the Steamboat Springs School District Board of Education (BOE) will take place, and this development idea is on the agenda.

The District purchased the Moore parcel by Whistler Park so that there was a piece of property within the District boundary, but not within the City limit boundary. The purchase preserved the ability of the District to require an affirmative vote of its customers if the City would request to absorb District operations. In the past there have been two requests by the BOE asking that the District sell a small portion of their Moore parcel land to the BOE. Each time the District negotiated with the BOE, but no land sale has taken place.

XIII. NEW BUSINESS

- A. Website Digital Accessibility Standards – Consider Resolution to approve an Accessibility Policy and appoint Cat Smith, Business Manager as Accessibility Officer. This request is related to the new law passed regarding website digital accessibility standards. The original deadline of 7-1-24 for website compliance has been extended to 7-1-25.

The District website is compliant per the standard, and part of the accessibility requirements include the board passing a resolution approving the new accessibility policy and to designate an accessibility officer.

MOTION: To approve the new accessibility policy and appoint the District's Business Manager as the Accessibility Officer for the District.

APPROVED: Vote 4-0

- B. Steamboat Ski and Resort Corporation (SSRC) – Consider extension request for installation of a new sewer main and monitoring manholes.
As part of the recently approved Out of District Service Agreement for the Greenhorn Ranch development, the District required SSRC to remove and replace the sewer main which runs from the Thunderhead Lift to the Christie Club Condos and installing two sanitary sewer monitoring manholes. This is the second request by SSRC for an extension so District staff requests Board input. The existing sewer line is in good shape so there is no urgency for it to be replaced in 2024. SSRC wants an extension to add trail and storm sewer components as a part of the project that requires additional planning and engineering. The Board was comfortable allowing another 1-year extension, capping it, and requiring completion in 2025. The District will draft a letter detailing the terms and consequences if the project is not completed in 2025.

MOTION: To grant the extension of the installation of the new sewer main and monitoring manholes to 2025 followed by a letter detailing the terms and conditions written by District staff.

APPROVED: Vote 4-0

Discussion was held about holding a special meeting on September 13th and moving the October 11th meeting to October 4th.

XIV. ADJOURN

The next Special Board meeting date is September 13th, 2024, at 8:00 A.M.

The next Regular Board meeting date is October 4th, 2024, at 8:00 A.M.

There being no further business, the meeting was adjourned at 11:04 A.M.

Respectfully submitted,

Frank Alfone, Secretary/General Manager

STATEMENT FROM ATTORNEY REGARDING ATTORNEY-CLIENT PRIVILEGE

The undersigned Tom Sharp hereby attests, pursuant to C.R.S. 24-6-402(4)(B) and C.R.S. 24-6-402(4)(e)(I), that the executive session was not recorded because, in his opinion, his participation in answering legal questions and discussion of negotiations constituted a privileged attorney-client communication.

Tom Sharp, General Counsel

Date:

STATEMENT FROM CHAIR OF EXECUTIVE SESSION REGARDING ATTORNEY-CLIENT PRIVILEGE

The undersigned chairperson hereby attests, pursuant to C.R.S. 24-6-402(4)(B) and CRS Section 24-6-402(4)(e)(I), that the executive session was not recorded and were confined to the topics authorized for discussion in an executive session pursuant to subsection (4) of CRS Section 24-6-402.

John Shively, President, and Chair

Date: