

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 – March 21, 2025

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

DIRECTORS ABSENT: None

STAFF PRESENT: Frank Alfone, General Manager
Tyler Gilman, Operations Manager
Cat Smith, Business Manager
Beau Cahill, Project Manager

OTHERS PRESENT: Michelle Carr, Distribution & Collection Manager, City of Steamboat Springs
(via Microsoft Teams)
Newel Linford, Mount Werner Water customer (via Microsoft Teams)
Dr. Madeline Connick, Dental Director for Northwest Colorado Health
Jenni Lansing, CDPHE Oral Health Preventionist (via Microsoft Teams)
Cody Berg, Carollo Financial Services (via Microsoft Teams)
Kim Lightner, Carollo Financial Services (via Microsoft Teams)
Casey Earp, Mount Werner Water customer
Mark Hamilton, Holland and Hart (via Microsoft Teams)
Susan Ryan, Holland and Hart (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 in attendance.

III. APPROVAL OF AGENDA FOR MEETING

MOTION: To approve the agenda with the deletion of the Counsel Report agenda item as Counsel Tom Sharp is absent.

APPROVED: Vote 5-0

IV. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETING

A. From the January 17th, 2025, Regular Board Meeting

MOTION: To approve the minutes from the January 17th, 2025, Regular Board Meeting.

APPROVED: Vote 5-0

V. PUBLIC COMMENT

Public comments received:

- Adding fluoride to the water system forces everyone to ingest fluoride and removes individual choice.

- There are potential health risks from fluoride such as impacts on thyroid function, bone density, neurological development, and cognitive health.
- Fluoride is readily available through toothpaste, mouth rinses, and regular dentist visits, dosage and application can be better controlled and tailored to individual health needs through these methods.
- The District adds the right amount of fluoride into the water that produces the greatest benefit with the least amount of risk.
- In a lot of the countries where studies on fluoride were taken, the fluoride levels were more than twice the recommended levels in the US.
- Community water fluoridation saves individuals \$61 per person per year in dental treatment costs.
- Not everyone can afford routine dental care, community water fluoridation reaches those people.
- If fluoride is dosed at the optimal level, it is safe and effective.
- A homeowner with land abutting District-owned land asked if there could be an easement across several lots in order to mitigate brush and create a buffer zone between several property owners land and the Mount Werner Water-owned land.

VI. TREASURERS REPORT

A. Financial Statements – December 31, 2024, Unaudited Report

Summary of the December 30, 2024, financial report:

- Total operating revenues equaled \$4.54M, which equals 105% of the total budget.
- Operating costs equaled \$3.37M, which is approximately 104% of the total budget.
- Non-operating revenues equaled \$1.71M excluding the CWRPDA loan proceeds as well as the City's portion of Capital contributions, which is roughly 127% of the total budget.
- Plant Investment Fee (PIF) revenue equaled \$1.55M, which is 124% of the total budget.
- Capital Improvement Plan (CIP) expenses equaled \$8.81M which is 106% of the total budget, approximately \$6.4M of that amount is attributed to the Phase 2B Project which makes up 73% of the total budget.
- Total reserves as of December 31st equaled \$1.977M; in November, the reserve amount was \$771K which is a \$1.2M difference, mainly due to withdrawing \$500K from the MVB line of credit and reimbursement from the City for third quarter billing.
- Regarding the January financial report, the Accounts Receivable balance had a negative figure in one report but in another report had a positive figure and the same thing occurred for the Accounts Payable balance, thus once this is corrected, the January financial statements will be delivered to the Board.
- Customer accounts receivable for the 4th quarter is \$28,685, mostly all residential accounts. There were 3 commercial accounts making up the majority of that figure. Those 3 accounts equal \$23,682, subtracting those amounts brings the total AR to just under \$5K.
- Mrs. Smith met with 2 different financial firms to discuss preparing District Financial Reports. The first meeting was with Eric Budreau who is a partner with Eide Bailly, the second was with Heather Lalor, a director at Compass US Accountants and Advisors. Each firm stated they could meet District needs and the required deadline for preparing the monthly reports. Mrs. Smith will investigate one additional financial firm and will provide cost estimates and present her findings at the May Board meeting.

- Due to some Federal funding being delayed, the District is waiting to see if FEMA will reimburse the District for the Fish Creek Plant Backup Generator expenses per the approved FEMA grant.

MOTION: To approve the December 31, 2024 financial report

APPROVED: Vote 5-0

VII. COMMITTEE REPORTS

- A. Budget and Audit Committee Report – 2024 Audit Schedule
 - In early April, Misty Raup from Clifton Larson Allen (CLA) will visit the District and work with Mrs. Smith on audit preparation.
 - At the end of April, the auditors Watson Coon Ryan (WCA) will begin the audit. They anticipate it will take six weeks to complete. We will send the draft audit to the Board sometime in mid-June.
 - WCA will present the Audit results at the July 18th Board meeting. Once the audit is approved by the Board, we will forward it to the Colorado State Auditor’s Office – due by July 31st.
- B. Water Matters Committee Report – the committee has not met recently. Mark Hamilton’s legal report identifies the current status of water-related matters.
- C. Succession Committee Report – even though an official committee meeting did not occur, Director White and Mr. Alfone discussed the Districts new test administration policy and staff status. The committee will meet again before the May board meeting.

VIII. PLANT INVESTMENT FEE (PIF) STUDY – CODY BERG, FINANCIAL SERVICES LEAD | ASSOCIATE VICE PRESIDENT, CAROLLO ENGINEERING

Mr. Alfone gave a brief introduction about this topic. In 2024, Mr. Berg and Ms. Lightner with Carollo Engineers-Financial Services Division presented a Cost-of-Service Rate Study and at that time, introduced a future PIF study and the option to raise PIF rates. The Board decided to defer making any PIF fee increases until the matter could be investigated further.

- Mr. Berg provided a recap of the PIF study. They looked at the value of existing assets owned by the District and future growth-related CIP expenditures. They reviewed what percentage of projects should be attributed to growth and then subtracted out outstanding debt obligations. This provided the total value of the assets for PIF analysis using different methods.
- The four methods were reviewed and explained, OCLD (original cost less accumulated depreciation), RCNLD (replacement cost new less accumulated depreciation), OC (original cost), and RCN (replacement cost new). The total value for each method was then divided by the value of existing and future water fixtures to calculate a per fixture unit cost. Mr. Berg’s presentation highlighted the different value amounts per each method for both the water and wastewater collections PIF.
- Based on an average size home in the District and per each cost method, Mr. Berg showed the existing PIF versus the proposed PIF rates highlighting the percentage and dollar amount changes.
- Mr. Berg displayed a graph showing how the District PIF rates rank in comparison to similar resort towns. The District is on the lower side compared to other PIF rates.
- Mr. Berg noted that proposed new Colorado Legislation regarding Plant Investment Fees focuses on whether it is a reasonably calculated fee. A PIF rate study has not been conducted in over 10 years for the District with annual modest PIF increases from 2-5% implemented. This may have caused the District to fall behind regarding inflationary and CIP construction cost increases as PIF rates were relatively low. The Board agreed that annually adjusting PIF

for inflation and CIP costs accelerating was necessary to identify an appropriate percentage increase each year after an initial PIF increase is implemented.

- If an increase in PIF occurs in the future, the Board directed staff to communicate with District customers well ahead of the new PIF date, so they are not surprised and for budgeting purposes. For future construction projects in the City Planning queue, the District should notify owners/developers that the building permit dictates when the PIF is due, thus if the development is approved in 2025, but the permit is not received until 2026, the new 2026 PIF rate would be applicable. If a change is made to the PIF rates, the Board agreed that it would most likely occur January 1, 2026.
- As the District gets closer to full capacity (build out) and less PIF revenue is received, other potential revenue funding options should be investigated to fund future CIP projects.
- The Board discussed the challenge of predicting what future construction and labor costs might equal in Steamboat Springs making planning and budgeting for projects difficult.
- The RCNLD method was discussed and seems to be the preferred option, with a decision likely to occur at the July Board meeting, thus allowing ample time to implement the increase and communicate the new PIF rates to customers and developers before 1-1-26.
- The Board directed staff to gather the following items: 6 recently paid PIF for various types of projects constructed, with personal information removed. The new RCNLD PIF rate would be calculated for these same projects providing a side-by-side comparison. Past data about building permits approved in the District over the past few years will also be compiled.

IX. REPORT OF GENERAL MANAGER

A. Executive Summary:

- Since January 1, 2025, water samples are taken regularly with results providing critical data regarding the effect of the introduction of orthophosphate at the treatment plants to reduce copper and lead values. Thus far, the orthophosphate, alkalinity, and PH levels results are at the targeted amounts leaving the plant and within the distribution system and water sample test results from customers' homes (per the lead testing program) will be back soon.

B. 2025 Board of Directors Election:

Directors Gebhardt and Hill ran unopposed in the 2025 Board of Directors Election and will serve 4-year terms starting May 6th, 2025. The election cancellation notice was posted in the SB Pilot and Today. The oaths of office, insurance verification, and other paperwork reflecting election results will be filed with the Colorado Department of Local Affairs (DOLA) after the May 16th, Board meeting.

C. On-Line Test Administration Policy – Consider Approval to Amend Employee Handbook:

This new policy was developed and drafted since all operator and field staff tests are now offered online and no longer require travel. A policy was also necessary to formally document the number of test re-takes that the District would pay for. Management held a meeting with staff and took into consideration their comments regarding the proposed policy, made revisions, and then presented and discussed the policy with the Succession Committee. Mr. Alfone displayed the draft testing policy and the associated edits that were made.

MOTION: To approve the new On-Line Test Administration Policy and amend the employee handbook.

APPROVED: Vote 5-0

X. REPORT OF GENERAL COUNSEL

There was none.

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 topic of the Executive Session was matters pertaining to City Agreements.

MOTION: To adjourn the Regular Meeting and enter Executive Session at 9:47 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 10:20 A.M. with no action having been taken.

APPROVED: Vote 5-0

XII. UNFINISHED BUSINESS

There was no unfinished business to discuss.

XIII. NEW BUSINESS

There was no new business to discuss.

XIV. ADJOURN

The next Regular Board meeting Date is May 16, 2025, at 8:00 A.M.

There being no further business, the meeting was adjourned at 10:20 A.M.

Respectfully submitted,

Frank Alfone, Secretary/General Manager

STATEMENT FROM ATTORNEY REGARDING ATTORNEY-CLIENT PRIVILEGE

The undersigned Mark Hamilton hereby attests, pursuant to CRS Section 24-6-402 (4) (b) and (e)(I), that the executive session that was not recorded because, in his opinion, his participation in answering legal questions and discussion of negotiations constituted a privileged attorney-client communication.

Mark Hamilton, Counsel

Date:

STATEMENT FROM CHAIR OF EXECUTIVE SESSION REGARDING ATTORNEY-CLIENT PRIVILEGE

The undersigned chairperson hereby attests, pursuant to CRS Section 24-6-402 (4)(b) and (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: