

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 17th, 2023

DIRECTORS PRESENT: John Shively, Wade Gebhardt, Alan Koermer, Don White

DIRECTORS ABSENT: Gavin Malia

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

OTHERS PRESENT: Michelle Carr, Distribution & Collection Manager, City of Steamboat Springs
(via Microsoft Teams)
Walter Magill, PE, Four Points Surveying and Engineering
Mitch Clark, Owner, Snow Country Nursery

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER

Director Shively stated that a quorum was present and called the meeting to order at 8:03 A.M.

II. ACKNOWLEDGE PUBLIC

III. APPROVAL OF AGENDA FOR MEETING

Director Shively asked if there were any changes to the agenda. There were none.

MOTION: To approve the agenda.

APPROVED: Vote 4-0

IV. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETINGS

A. From the January 13, 2023, Regular Board Meeting

MOTION: To approve the minutes from the January 13, 2023, Regular Board Meeting.

APPROVED: Vote 4-0

V. PUBLIC COMMENT

None

VI. TREASURER'S REPORT

Prior to the treasurer's report, Mr. Alfone highlighted the work of Mr. Gilman and Mr. Fanders for handling a water main break that occurred over the weekend within the City.

A. Financial Statement – December 30, 2022, Year-End Report (Unaudited)

As of December 31, 2023, total operating revenues equaled \$3.2M which was slightly over 100% of total budget. Operating costs equaled \$2.55M, which was in-line to the 2022 budget projection.

Non-operating revenue equaled \$843K that consisted mostly of Plant Investment Fees; the budget figure was \$450K. As of December 31, 2022, Capital Improvement Plan (CIP) expenses equaled \$900K for the Phase 2A project at the Fish Creek Plant and Phase 3 of the Sewer Interceptor project equaled \$1.8M.

For year-ending December 31, 2022, the Districts total reserves equaled \$2.443M, which was more than the District anticipated due to additional Plant Investment Fee income.

Customer(s) Accounts Receivable as of December 31, 2022, was \$22K; two substantial commercial accounts made up \$17K of the total. District staff are working directly with these two bigger accounts with the other smaller residential accounts making up the remaining balance to be collected.

VII. COMMITTEE REPORTS

- A. Budget and Audit Committee – 2022 Financial and Single Audits – The District is working with Watson, Coon, Ryan, LLC who performed the audit in 2021. Both the single audit and the financial statements audit must be completed due to the two government loans that the District has with CWRPDA. Alex Fink with Clifton, Larson, Allen, LLP is preparing the financial statements for the Audits. The goal is to have a draft audit ready for the May 19th meeting for Board review. This will allow time for the Board to review the audit before the final presentation/review of the audit at the July 21st Board meeting. The audit will then be submitted to the state by July 31, 2023 – the due date.
- B. Water Matters Committee Report – The committee has been following the Upper Yampa Water Conservancy District (UYWCD) objection to the water abandonment case (First Enlargement) in Yamcolo Reservoir. The District has 300 acre-feet of storage water in Yamcolo. The first enlargement in the reservoir is decreed for 1,000-acre feet, of which the Division 6 Engineer feels 410 of the 1,000-acre feet should be abandoned. UYWCD has reached an agreement with the Division 6 Engineer, allowing the 410-acre feet not to be abandoned, but strictly decreed for municipal and augmentation use. The draft stipulation was approved by the UYWCD board at their March 15th meeting, and it will now go to the water court judge for signature. Mr. Alfone answered a question regarding augmentation water and why it is important to have this water available in case there is a call on the Yampa River (Galleries G and H are operated under fairly Junior Water Rights and have been out of priority during the recent calls on the Yampa, thus Yamcolo storage water can be released allowing the District to continue diversions through G and H galleries during the call).

The District is working with the Rollingstone Golf Course regarding their request to extend the expiration date (12-31-30) with their existing Raw Water Agreement. Rollingstone Golf Course wants to meet with Mr. Alfone and Jonathan Kelly of Wright Water Engineers

during the last week of March, thus the WMC may meet before the May 19th Board meeting. Recently, Mr. Alfone and Mr. Gilman, along with WWE, have been working with the Division 6 Lead Water Commissioner, Brian Romig on the new State-developed “diversions” accounting reporting spreadsheet. A meeting with Mr. Romig is scheduled for March 27th.

- C. Succession Committee Report – Bob Grandchamp, MWW Field Maintenance Worker gave his 30-day notice to leave, however, this will give the District ample time to find a replacement. Mr. Alfone, Mr. Gilman, and Mrs. Smith have been discussing how to replace the District Engineer position and restructuring how that position will look going forward. A conversation took place with Eddie Briones, Distribution and Collection Supervisor, and he has expressed interest in some aspects of the new position. A possible scenario would include Mr. Briones working with Mr. Gilman on utility reviews for both public and private developments and working with the City Planning/Design Review Team through the planning process. Mr. Gilman mentioned the need to transition the roles strategically so there is no undue burden on the field team. Mr. Briones plays a key supervisory role in the District, and it will take time to transition him to a new role and fill the vacated spot in the field. Bryan Ross who currently works in the field has expressed interest in moving into Mr. Briones’ roll. Mr. Gilman anticipates more transparency and cohesiveness between the Field Operations Team and the position that will fill the vacated District engineering spot.

Landmark Consultants has stepped in to maintain and update the GIS mapping system, taking direction from Mr. Gilman. Mr. Gilman will monitor the fieldwork and oversee the utility reviews for all projects with assistance from the internal Mount Werner Water field team.

Project management tasks in 2023 include two main projects: the replacement of the Pressure Reducing Vault (PRV) near the Christie Club Condos at the end of Ski Time Square Dr. and the Ski Time Square Turnaround which includes the removal, replacement, and upsizing of the existing VCP (Clay Pipe) sewer main to a new PVC sewer main under Ski Time Square Dr. The turnaround project may not occur in 2023 due to Ski Corp. being unwilling to grant the City of Steamboat Springs an easement which could push the timeline to 2024. Mr. Alfone is confident that he and Mr. Gilman can manage the current CIP projects slated for this year.

VIII. SNOW COUNTRY LANDSCAPING- OUT OF DISTRICT SERVICE AGREEMENT- APPLICANT PRESENT

- A. Sewer Services – Mr. Alfone gave a brief recap of this project and stated that in July the Board approved a resolution to provide sewer services (only) to the relocated A-frame on the Snow Country Nursery property. Since that meeting, Walter Magill of Four Points Surveying and Engineering and Mitch Clark, owner of Snow Country Nursery have worked through their approval process with Routt County Planning and Board of County Commissioners. They obtained approval for a PUD, Flood Plain Development Permit, and a Lot Line Adjustment. They received approval to relocate the A-frame (now located on the

south parcel) or build a new 1800 sq ft unit on the north parcel and construct a 900 sq ft secondary affordable housing unit. They are now requesting consideration of approval for an additional sewer service for both units, the utility plan, and a new easement. Mr. Alfone emailed Mr. Clark and Mr. Magill the proposed changes to the draft revised resolution and Mr. Magill and Mr. Clark want to discuss modifying some of that language today.

Mr. Magill gave a project overview and stated that they received all their County approvals, including the PUD approval on Lot 1 (south lot). Mr. Clark and Mr. Magill looked at the draft language on the resolution and asked if the best solution would be to either revoke or appeal the existing resolution and ask for a new resolution in order to quantify the locations of the units and have only one sewer service since both unit's sewer services would be tied together. Counsel Sharp recommended an amended and restated resolution which will state that they will build the residential unit and secondary unit per county zoning, as approved and within a defined area on the north lot. Counsel Sharp suggested the Board schedule a special meeting to review and finalize the new resolution. Council Sharp will draft the new resolution, forward it to the Board, and then the Board will conduct a special meeting to approve it. Counsel Sharp recommended making a motion that the board agree to conduct a special meeting to finalize and execute the amended and restated resolution.

- B. Easement – in order to tie in the new sewer service from the new Snow Country units to the Mount Werner manhole in Dougherty Road, Mr. Clark is requesting an easement on the southerly portion of District-owned G & H wellfields parcel. Mr. Magill mentioned they are requesting an easement with Mount Werner Water since an easement with the Christian Center was going to be expensive.

MOTION: The Board accepts in principle the various requests Mr. Clark is proposing for the easement and for the sewer service to the units on the north lot, all subject to execution of an amended and restated resolution to be presented and considered by the Board at a special meeting.

APPROVED: Vote 4-0

IX. REPORT OF GENERAL MANAGER

- A. Executive Summary Review – Mr. Alfone asked if there were questions on the Executive Summary packet.

There was discussion regarding private orthophosphate systems within the District, as director Koermer mentioned that a few HOA's are continuing to research installing their own phosphate systems. The District is conducting public outreach with many HOA's that have private orthophosphate systems installed or are considering a new installation.

Currently, there are 7 HOA's that the District is aware of that have systems installed. The property managers at these properties have been notified (at original installation date) they would have to remove their systems if Mount Werner Water installs a district system-wide orthophosphate project. Director Koermer has recommended to HOA's who are considering installing private orthophosphate systems to first contact the District about the installation date of the system-wide system.

There was some discussion about the Brown Ranch development and water supply requirements. Counsel Sharp mentioned at the City level the future need for a third raw water source since they are facing hydrological/infrastructure challenges in piping water to this development, and they have expressed a limitation that only 800 eqr's could be serviced under existing conditions. Counsel Sharp mentioned that there is adequate raw water for the project with the City utilizing the Elk River water right and a storage contract in Steamboat Lake should the need for augmentation water occur. Any new infrastructure should be integrated utilizing a SCADA system and coupled with the monitoring system already in place within the District. Treating the Elk River raw water will require putting in a treatment plant. Mr. Alfone has been listening to the Brown Ranch Annexation Committee meetings. The committee includes two City Council members, two members of the Yampa Valley Housing Authority (YVHA) Board and various staff members from each entity. The 800 units limitation is not accurate, it should be 800 eqrs, meaning it will be a mix of different unit sizes, and will most likely be closer to 1,100 dwelling units as 1 unit does not necessarily equate to 1 eqr. The project team estimates that at build out, total eqrs will be between 1500 and 1600. The development has a 20-year planning horizon. The City of Steamboat Springs is now looking for available land for the new treatment plant and the newly treated water will benefit both the YVHA Brown Ranch Neighborhood, along with the City of Steamboat Springs customers on the west side of town. One of the steps in this process will be to determine cost sharing of the new plant between the two entities. As of now, there is no obligation for the District to be a part of the project.

- B. WWCMP – Mr. Gilman and Mr. Alfone reviewed the draft of the Wastewater Collection Facilities Master Plan and have met with Mary Andre with Civil Design Consultants (preparer of the report). The goal was to have Ms. Andre finalize the report by March 3rd, but as of this date, the final report has not been received. Within the Master Plan are recommended improvements to the District's Sewage Lift Station. The District contacted Jacob's Engineering (current wastewater treatment plant engineer for the City) and asked them to provide a proposal for preliminary planning, design, and engineering for upgrades to the Lift Station. District staff is also reviewing recommendations on normal operations of sewer lines and manholes and conducting yearly maintenance. Within the plan, many clay sewer main pipes were identified for replacement in the near-term years. Several master plan items will be added to the draft budget for 2024 and there is money earmarked in the 2023 budget for design and engineering at the Lift Station.

OTHER ITEMS:

City agreements – Mr. Alfone and Mr. Hamilton met with Michelle Carr and Jennifer Bock and Mr. Alfone is now working with Mark Hamilton on edits and changes to the City Agreement (TICIGA). Mr. Alfone is hoping to have final edits from Mr. Hamilton soon and when received, a meeting will be scheduled with the City to review the edits and changes.

Phase 2b plans at the Fish Creek Treatment Plant are at the 60% design level. The District had a workshop with Carollo Engineers and the City. Carollos plans (60% design) are

thorough, and we all provided feedback about the plans. Carollo is now working on the 90% design, which is expected to be received and reviewed in May. Good progress has been made regarding the design of the lime batching system, CO2 system and electrical upgrades. The District and Carollo recently met with CDPHE, reviewed the initial concept and design for 2b, and agreed to deliver to CDPHE the 90% drawings in late spring/early summer so they can start their review process. The District (Carollo) will also submit a Basis of Design Report which is being worked on concurrently with the drawings.

The District received approval from FEMA for a grant of \$562K to purchase a new generator for the Fish Creek Plant. The District is now working with Carollo to determine the appropriate size and location of the generator. This project could dovetail nicely with the Phase 2B project timeline since the minimum lead time on generators is 50-60 weeks. The District had an initial kick-off meeting with FEMA for the generator project and the grant will require a lot of reporting and administration-type tasks. FEMA provided the District approval to keep moving forward with design, engineering, and planning. The money granted should cover the cost of a generator that will satisfy existing and future plant power needs. The District will continue to work with various suppliers to receive pricing. The built-in fuel tank/supply for the generator will contain enough diesel fuel to run it for 24 hours. Mr. Gilman stated this was a requirement for a municipal water supplier in case of an emergency. Contracts for ongoing maintenance and a written O & M for the generator should be planned for. Noise tolerances were discussed, and Director White suggested looking at the best option for sound barriers to reduce noise complaints. Mr. Gilman mentioned that the generator will need to be cycled once a week for the engine test and at least once a month with a full transfer to have the generator providing power to the entire plant's infrastructure.

Mr. Gilman gave an overview of water production at the plants. 72M gallons of water were produced in January, and 68M in February which tracked higher than previous years. He stated it was not a cause for concern but potentially attributable to more visitors in town due to the great skiing conditions and depth of snow. The Fish Creek Reservoir is 45% full and will continue to be drawn down. There is currently 110 inches of snow at the Tower Site on Buffalo Pass. The goal will be to try to fill the reservoir gradually and maintain the water level at a full elevation as long as possible into July or August and so far, the releases from the reservoir have been tracking normal. Runoff this year could have implications, e.g., if the melting occurs quickly, it could cause county-wide flooding. Mr. Gilman stated there are operational aspects that the District is prepared for which include having the Yampa Wells Plant ready which would allow them the ability to shut the intake head gate and let turbid waters bypass the Fish Creek Plant and run strictly with the Yampa Wells Plant during that time if needed. Mr. Gilman mentioned other improvements that have been made to the plant and intake area if high runoff and flooding occur. Native Excavating brought in boulders and bolstered the dam abutment within Fish Creek and installed an earthen dam on the intake access road allowing water that overtops the intake structure to be rediverted back into Fish Creek.

Mr. Gilman also mentioned installing asphalt or improving the surface area leading up to the loading dock at the Fish Creek Plant due to an increase in anticipated chemical deliveries when 2b is operational. This will make it more efficient for delivery drivers especially during runoff season and avoid trucks getting stuck in the mud. Surface regrading and drainage improvements are part of 2b.

Mr. Gilman mentioned that the new treatment process (2b) will include adding orthophosphate as a corrosion inhibitor. The District is aware of several management companies that have already deployed private orthophosphate systems and we have a good inventory of the specific properties they are installed at. We continue to work with them and answer questions about orthophosphate, including how to protect drinking water from cross-connections. The District also met with the vendor who installs the private orthophosphate systems, learned which type of orthophosphate is used, their dosage and maintenance plan, thus, we now have a good understanding of what the individual properties are doing. Most of these properties are using orthophosphate to treat pin hole leaks.

Mr. Gilman reached out to CDPHE to see what their position is, if any, on private orthophosphate systems. Mr. Gilman spoke to the engineer assigned to the District for 2b, the same engineer that worked with the District about the initial 2b project; alkalinity and PH proposal so she is familiar with the District. She stated that CDPHE will not provide regulatory direction or enforcement regarding if private orthophosphate systems should remain or not, however she made it clear that CDPHE would side with the District if customers were to call about having to remove a private system. Mr. Gilman stated that this puts the ball in the District's court to determine if existing systems can stay or not. The dose that will be injected system-wide is very low, providing adequate protection against future lead and copper problems, mainly preventing sequestration of lead, with the additional benefit of helping to prevent future pinhole leaks. One option may be to not tell property owners to take their system out but instead tell them what dosage the District will be supplying orthophosphate to the system so they may be able to drop their dose level which would be a cost savings and allows them to focus on their goal. One challenge on the treatment side is that the District will have to determine if it adds x amount of ortho to the water, can the system handle additional dosing from private systems and if so, how much?

Mrs. Carr stated that if there was an issue on the wastewater treatment side that the City would ask the District to direct District customers to take private systems offline or have a joint request between the two entities make the request. This City directive is codified in the City's Special Connectors Terms and Conditions Agreement. Counsel Sharp stated that an amendment may be needed to the District Rules and Regulations identifying how the District will proceed, and he mentioned that the District doesn't want to make subjective decisions project by project. The District might state that 2b includes injecting orthophosphate system-wide and if allowed to remain, private systems must install and maintain a backflow preventor to prevent additional orthophosphate from entering the system. The District would provide this information to existing and future private systems and if they proceed, the District will not guarantee that the District's dose and any private dose of orthophosphate will rectify all private pinhole leak issues, i.e., the District does not want this liability. If the

City gives a future directive to the District to remove private systems, it will have to be discussed thoroughly with the City beforehand to ensure the directive is specific enough that the District knows how to implement it within District boundary. Details such as specifications of independent systems would have to be ironed out to create regulations that encompass all these parameters.

Counsel Sharp and District staff will continue to investigate options and discuss how best to proceed.

X. REPORT OF GENERAL COUNSEL

Council Sharp did not have a legal report to share.

XI. UNFINISHED BUSINESS

A. Steamboat Ski and Resort Corporation Inclusion Request Fee/Right of Way Sewer, Monitoring Manholes Project – Included as part of the Out of District Service Agreement for Greenhorn Ranch is the provision that Ski Corp would install 2 monitoring manholes; one monitoring flow from the Greenhorn Ranch area and the other would monitor flows from all other on-mountain facilities. They were also required to install a new sewer main under Right-Of-Way ski run from the Ski Corp boundary (at the District boundary) down to the Christy Club Condominiums. It was agreed that this work would be done in 2023. Jim Schneider spoke with Mr. Alfone and requested that he ask the MWW Board if the work can be postponed to 2024. The main reason was the substantial additional work/projects that SSRC needs to complete, including the extension of the Wild Blue gondola, new Pioneer Ridge Lift, and Base Area improvements. We believe they intended to contract with Native Excavating, however Native stated that the project might not fit into their combined 2023 workload. Mr. Alfone noted that moving this project to 2024 would not create an operational issue for the District, since currently the sewer main is operational. Several items of concern were raised by the Board:

- Require proof if it is a capital issue as opposed to a scheduling conflict.
- Stop/decline approval on a previous MWW signoffs until Ski Corp complies with the terms of the OODSA
- Can the District require bonding or an improvements agreement in which they would have to put money in escrow.
- If the project isn't completed in 2024, Ski Corp cannot connect into the sewer system for any other new facility until it is finished.
- If the excavator is having an issue with the deadline, then it is not solely Ski Corp pushing the timeline back.

MOTION: To approve the extension of the deadline for completion of 2 new monitoring manholes and the new Right-of-Way Sewer main through the end of 2024.

APPROVED: 4-0

B. There was no additional unfinished business discussed.

XII. NEW BUSINESS

- A. Mid-Valley/YVHA Development- Easements/Consider Resolution – Mr. Alfone showed the parcel of land due south of the UC Health Urgent Care Center. There are 4 buildings proposed, 234 units’ total; 80 will be for sale and the remaining 154 units will be rented out by the YVHA. There are existing sewer and water easements between the District and owner of the land as well as City access easements and utility easements on the parcel. Certain easements will have to be abandoned and or moved and new ones executed. The District is currently working with Landmark Consultants and Counsel Sharp to determine the most efficient means to get easements finalized enabling the development to move forward efficiently. Mr. Alfone requested approval from the Board to proceed with all the easements as he believes YVHA and Landmark Consultants have a good plan in place to get easements created, moved, and abandoned. The District would not abandon any easements until new infrastructure is installed, mainly due to live sewer currently running through the property. Counsel Sharp and Mr. Alfone will work on an agreement to ensure no easements are abandoned until alternative infrastructure is in place to carry sewer flows. A direct benefit to the District as well as the City customers is that the YVHA will install a new water main under Highway 40 which will tie into the existing 8-inch water main by the Pine Grove Professional offices. It will travel through that parking lot and under Highway 40, which will provide redundant water supply for the development in addition to a redundant supply to District customers and include redundant flows through the interceptor at Kum and Go and tie into the City’s system. The water main project will be fully funded and installed by YVHA. The District will require temporary construction easements to complete the project and a permanent easement on the land owned by the Pine Grove Professional Offices. The proposed 1439 sq ft permanent easement would allow YVHA to tap the District’s water main and travel under/through the parking lot with a new water main and into CDOT right-of-way land and across/under the highway to the YVHA property. Mr. Alfone had a preliminary discussion with Director Shively and will work with Landmark, YVHA, and Director Shively to start the process. Director Shively owns property at the Pine Grove Professional Offices. Counsel Sharp stated that it could be complicated getting an easement on the common area of a condominium association as every owner may have to agree and sign. He will investigate the covenants of the association to determine the necessary process and requirements. Counsel Sharp asked if CDOT agreed to provide YVHA access from the highway to the property for emergency vehicles. Mr. Alfone will investigate.
- B. Routt County Wildfire Mitigation Council- Donation – Mr. Alfone requested the Board consider a \$5,000 donation to the Council in 2023. There is money allocated in the 2023 budget.

MOTION: To donate \$5,000 to the Routt County Wildfire Mitigation Council in 2023.

APPROVED: 4-0

- C. Officers and Committees – This topic will be discussed at the May 19th meeting, after the new oaths of offices are complete and the Board is in place. Mr. Alfone will provide information on who sits on existing committees, existing officer positions held by Board Members and discussion will take place about any changes.

D. There was no new business to discuss.

XIII. ADJOURN

The next Regular Board meeting Date is March 24, 2023, at 1:00 P.M.

There being no further business, the meeting was adjourned at 10:24 A.M.

Respectfully submitted,

Frank Alfone, Secretary/General Manager