

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 – May 16, 2025

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

DIRECTORS ABSENT: None

STAFF PRESENT: Frank Alfone, General Manager
Cat Smith, Business Manager
Beau Cahill, Project Manager
(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
Casey Earp, Mount Werner Water Customer

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. CONSIDER RESOLUTION: CANCELLATION OF ELECTION AND DEEM CANDIDATES ELECTED

MOTION: To approve a resolution to cancel the 2025 election and deem candidates Mr. Gebhardt and Mr. Hill elected to the Board of Directors.

APPROVED: Vote 5-0

III. DIRECTORS GEBHARDT AND HILL OATH OF OFFICE

Mr. Alfone administered the Oaths of Office for elected directors, Gebhardt and Hill.

IV. ACKNOWLEDGE PUBLIC

Directly Shively acknowledged the public in attendance.

V. APPROVAL OF AGENDA FOR MEETING

MOTION: To approve the agenda

APPROVED: Vote 5-0

VI. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETING

A. From the March 21st, 2025, Regular Board Meeting

MOTION: To approve the minutes from the March 21st, 2025, Regular Board Meeting.

APPROVED: Vote 5-0

VII. PUBLIC COMMENT

There were no public comments.

VIII. WATER CONSERVATION PLAN MONITORING REPORT- 2020-2024

Mr. Alfone provided background information about the monitoring report and credit given to Mr. Cahill for all the work he did as well as to Mrs. Baxter for developing the slides in the presentation. The original water conservation plan was developed in cooperation with the City of Steamboat Springs (COSS) and the District. Per the Colorado Water Conservation Board (CWCB), the plan must be updated every seven years, and an annual monitoring report must be provided to the City Council and District Board. The benefits of water conservation were discussed including providing water for fire mitigation, domestic use, irrigation, and other emergency situations. Conserving water can also help defer capital improvement projects. In the plan, there are seven water conservation goals. Two (2) primary goals will be discussed; reduce treated water demand by 10% over the next 10 years and reduce non-revenue water loss to 10% by the year 2027.

Mr. Cahill presented data about the monitoring plan. He highlighted that the population of Steamboat Springs has increased fairly significantly between 2006 and 2024, however District production of water remained consistent during that time. He discussed the challenges of looking strictly at population to assess water demand when factors such as tourism and a transient population are apparent in Steamboat. Instead, a metric called Equivalent Residential Unit (EQR) is utilized and assessed by determining:

- How many plumbing fixtures (Fixture Units) are installed at a property, with each fixture having a water unit rating, or value attached to each.
- The total produced water divided by the total EQR's determines how much water is used (per each EQR per day).
- The 10% reduction goal per the plan was set to be 160 gallons per day per EQR.

Non-revenue water was then discussed, and equals water produced that is not billed or lost in the system, i.e., leaks, breaks, fire hydrant flushing. During the years 2010 to 2024, non-revenue water accounted for approximately 10-20% of overall water production. Several ways to identify and reduce non-revenue water were discussed:

- Leak detection program, meter replacements (to improve meter inaccuracies), and data management improvements.
- Determine the cost to produce one gallon of water, incorporating the new water treatment processes and then assess the non-revenue water loss in total dollars per year.
- Identify and prioritize replacement of aging water infrastructure (mains, valves, etc.) and implement proactive leak detection techniques and repairs versus reacting to leaks and issues after they occur.

In 2023, the District participated in a Growing Water Smart Workshop with the COSS and the outcome was a city-wide water smart action strategy. Other water conservation items that the COSS is also working on include:

- Updating landscape standards for commercial, multifamily, and single-family homes.
- An irrigation efficiency improvements rebate program.
- Raw water conversions for City parks, medians, and roundabouts.
- A smart irrigation project for city parks that includes replacing irrigation heads, installing "smart" timers and soil moisture sensors, and creating water budgets for each park.
- Water rebate programs, water education and outreach, and conservation improvement projects are items that both the District and the COSS are collaborating on.

For several years, the District partnered with the COSS, the Yampa Valley Sustainability Council, Yampatika, and the Craig Scheckman Foundation to provide public outreach and education about conservation and rebates. The COSS and District will seek grant funding for the water conservation plan update scheduled for 2027. In 2026, the COSS is requesting a full-time employee with water conservation, water quality planning and education, and stormwater management included in their

job description. The District and the COSS would split the cost of the water conservation portion of the position as they would work with both entities on water conservation efforts and outreach, thus the District would be responsible for 25% of the position's total compensation package.

IX. CONSIDER PROPOSAL FOR PROPERTY ACQUISITION AND EASEMENT – CASEY EARP – 3429 HIAWATHA COURT

The Board reviewed the map of Mr. Earp's property and boundary lines. Mr. Earp's property lies north of the District-owned "More" parcel and there is dedicated 15' City public utility easement on his land on the southerly border. The following was discussed:

- Board consideration to allow Mr. Earp's to purchase a small portion of the Moore parcel that is owned by the District contiguous to his land so he can maintain landscaping and other improvements outside of his current lot line.
- Board consideration to grant Mr. Earp a permanent easement over District-owned land.
- Yampa Valley Electric Association (YVEA) is planning to move the electric service lines that are buried along/under the easement which could in turn could mean the existing easement might be vacated depending on other utilities agreeing and contingent upon City Council approval.
- A revocable license to Mr. Earp was discussed as opposed to selling a piece of land to him.
- The Board reviewed similar historical requests within the District and discussed the importance of not setting a precedence.

Ultimately the next action(s) lie with utility companies that have their service lines buried within the easement and then, the COSS would have to be approached, but only after all utilities agree to move their infrastructure (if applicable) and approve vacating the existing easement boundary. The Board did not take any formal action since Mr. Earp would need all the other entities' approval, including the COSS before the District would consider and act upon any of the noted options.

X. TREASURERS REPORT

A. Financial Statements – March 31, 2025

The following financial overview was provided for March 31, 2025:

- Total operating revenues equaled \$997K, which equals 22% of the total budget.
- Operating costs equaled \$664K, which is approximately 21% of the total budget.
- Non-operating revenues equaled \$78K excluding LOC revenue, the FEMA grant reimbursement revenue, and the City's portion of capital contributions, which is roughly 3% of the total budget.
- Plant Investment Fee (PIF) revenue equaled \$59K, which is 3% of the total budget. Multiple PIF's have been paid since March 31st.
- YTD PIF's equal \$192K.
- Capital Improvement Plan (CIP) expenses equaled \$531K which is 12% of the total budget, \$185K of that amount is attributed to the Phase 2B Project which is approximately 35% of the total CIP budget.
- Total reserves as of March 31st equaled \$2.5M. The month-end February reserve amount was \$2.63M, a \$130K difference.
- Customer accounts receivable for 2025-Q1 are \$87K, with the majority of the receivables due from residential accounts. Seven accounts equal \$52K of the total amount due and the AR figure is high since it is only 6 days after the due date (May 10th). District staff will contact all account owners that are past due and request payment.
- Mrs. Smith presented a side-by-side comparison of three different firms she received financial services proposals from. She reviewed the recent performance of Clifton Larson Allen (CLA), the District's existing consultant. Over the past months, CLA has delivered timely financial reports and has maintained consistent staff. She

recommended that the District continue to work with CLA through the 2024 audit process and continue to assess their performance moving forward and delay deciding whether to change or remain with CLA. Past performance issues with CLA were reviewed and discussed with the Board.

MOTION: To approve the March 31, 2025, Financial Report

APPROVED: Vote 5-0

XI. COMMITTEE REPORTS

- A. Budget and Audit Committee Report – 2024 Audit Schedule
No report given.
- B. Water Matters Committee Report
No report given.
- C. Succession Committee Report – May 15, 2025, Meeting Recap
Staffing changes will be discussed under New Business.

XII. PLANT INVESTMENT FEE STUDY- RECAP, CIP PLANNING, AND CONSIDERATION OF PUBLIC MEETING/PIF FEE INCREASE – JULY 18, 2025

The following items were discussed regarding the past presentation provided by Carollo Engineers, Inc. at the March Board meeting; mainly a review of the four different models for increasing Plant Investment Fees (PIF) and the associated PIF increase per Fixture Unit under each scenario:

- Original Cost Less Depreciation would equal a 17% PIF increase.
- Replacement Cost New Less Depreciation would equal a 35% PIF increase.
- Original Cost would be approximately a 50-60% PIF increase.
- Replacement Cost New would equal about a 200% PIF increase.
- Past paid PIF comparisons were highlighted utilizing existing PIF amounts and the proposed scenarios amounts to show what the percentage and dollars would be with each of the four proposed models ranging from a bathroom remodel PIF to a new hotel PIF and the associated increases for customers (Single Family, Multi-Family Owners, and Developers)
- An analysis was provided identifying plant investment fee revenue over the last 25 years and the trend of volatility of the revenue stream during that time period was highlighted.
- A water and wastewater collection service(s) rate increase spreadsheet was also delivered to the Board that detailed rate increases over the last 10 years.

If the Board agrees to increase PIF, a Public Hearing is required and staff recommended this take place at the July 18th Board meeting. The new PIF rates would take effect January 1st, 2026. The notice of any potential PIF increase will be posted 30 days prior to the 7-18-25 Board meeting in the SB Pilot and Today.

The following items were discussed regarding PIF rates and funding future CIP projects:

- The Board discussed providing ample time for public outreach to developers, owners, and contractors about the PIF increase, if approved.
- The District needs to charge an appropriate PIF fee that captures Capital Improvement Planning project costs, increased system demand requirements, and water resources impacts.
- The District will have to determine how to fund CIP projects moving forward based on the historical volatility witnessed in PIF revenue and as the District becomes built out, how to sustain the District financially; managing and covering operating costs and maintaining adequate reserves will be paramount.
- Coordinate and collaborate with the Board to investigate additional revenue streams and future services rates increases.

- Relying on future grants and or loans could become more challenging under the current administration with a proposed 89% cut in the state revolving funds loan program planned for 2026.
- The importance of maintaining adequate reserves to be ready to fund unforeseen and planned CIP projects and to have service rates that support a certain reserve level.
- The importance of phasing CIP projects to maintain reasonable services rate increases.
- PIF rates have not been addressed in a long time and thus, the burden has been placed on service rates increases which does not necessarily align with the mission statement of the District.
- The Replacement Cost New Less Depreciation PIF increase as proposed would fit the mission of the District and take some of the burden off services rate increases.

MOTION: To increase the water and wastewater PIF rates per the Replacement Cost New Less Depreciation method.

APPROVED: Vote 5-0

XIII. REPORT OF GENERAL MANAGER

A. Executive Summary

No questions were asked, or discussion was held regarding the Executive Summary Report.

XIV. REPORT OF GENERAL COUNSEL

No report given.

XV. UNFINISHED BUSINESS

No Unfinished Business was discussed.

XVI. NEW BUSINESS

Mr. Alfone identified changes to District staffing. Kevin Young, a Water Treatment Operator submitted his resignation notice. Bruce Thompson was promoted to Water Treatment Supervisor and Ryan Fanders was promoted to Lead Water Treatment Operator. Mr. Fanders recently obtained his Water Treatment “B” Certification and will hopefully obtain his “A” Water Treatment Certification as soon as he qualifies for it. Mr. Fanders would then be eligible to fill the supervisor’s role when Mr. Thompson retires. He has not announced his retirement timeline.

XVII. ADJOURN

The next Regular Board meeting Date is July 18, 2025, at 8:00 A.M.

There being no further business, the meeting was adjourned at 10:17 A.M.

Respectfully submitted,

Frank Alfone, Secretary/General Manager