

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 17th, 2024

DIRECTORS PRESENT: Don White, Alan Koermer, John Shively, Wade Gebhardt (in-person)

DIRECTORS ABSENT: None

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

OTHERS PRESENT: David Hill (in-person)

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER

Director Shively stated a quorum was present and called the meeting to order at 7:58 A.M.

Mr. Alfone thanked Gavin Malia for his 6 years of serving on the board. He read a letter on behalf of the District that outlined Mr. Malia's accomplishments and thanked him for his service and dedication to the Board.

II. CONSIDER MOTION TO APPOINT DAVID HILL – MWW BOARD

- A. Oath of Office – Directors Shively and Koermer met with Mr. Hill and agreed that he would be a great addition to the Board.

MOTION: To appoint Mr. Hill to serve on the Board of Directors and fill the remaining term of Gavin Malia.

APPROVED: Vote 4-0

Mr. Alfone administered the Oath of Office to the appointed director, David Hill.

MOTION: To nominate Director Koermer as Vice Chair.

APPROVED: Vote 5-0

III. ACKNOWLEDGE PUBLIC

There was no public in attendance.

IV. APPROVAL OF AGENDA FOR MEETING

It was recommended that Counsel Sharp's report be moved to after the Committee Reports since Counsel Sharp will have to depart early from the meeting. A discussion about the Website Accessibility Policy was recommended to be added under New Business.

MOTION: To approve the agenda with the noted changes.

APPROVED: Vote 5-0

V. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETING

A. From the March 15, 2024, Regular Board Meeting

MOTION: To approve the minutes from the March 15, 2024, Regular Board Meeting

APPROVED: Vote 5-0

VI. PUBLIC COMMENT

There was no public comment.

VII. TREASURERS REPORT

A. Financial Statement – March 31, 2024

Discussion was held regarding the delay in receiving the financials from the Districts consultant. Alex Fink with Clifton Larson Allen (CLA) who previously worked on the District financials suddenly quit. Due to this, a new employee named Misty Raup was assigned to the District. It took some time for her to review past financials, understand how Alex had prepared them, and to connect to the District server. Mr. Alfone reviewed Ms. Raup's experience and the Service Level Agreement (SLA) between the District and CLA which outlines their terms and conditions of the SLA. Mr. Alfone is going to draft an amendment that outlines the District's expectations, deadlines etc. This will be e-mailed to Gigi Pangindian, Principal at CLA.

The March 31, 2024, financial overview was presented by Cat Smith:

- Total operating revenues equaled \$966K, which equals 22% of the total budget.
- Operating costs equaled \$558K which is approximately 17% of the total budget.
- Non-operating revenues equaled \$38K excluding the CWRPDA loans which is roughly 5% of the budget.
- Plant Investment Fee (PIF) revenue equaled \$14K at end of March, which is 1% of the total budget, year to date PIF revenue is \$42K.
- Capital Improvement Plan (CIP) expenses equaled \$607K which is 13% of the total budget.
- Total reserves equaled \$2.7M.
- Customer accounts receivable for the 1st quarter equaled \$89,951. The total is unusually high due to the Steamboat Grand not paying which makes up \$48,264 of the total amount due. Mrs. Smith will contact the Grand to collect payment and both she and Ms. Kuntz will work with the remaining customers to get the remaining customers to pay.
- Mr. Alfone summarized projected cash flow with anticipated PIF revenue from large developments. He displayed various scenarios for the next 3 years looking at different dollar amounts from the line of credit with respect to the expected PIF revenue. The expected PIF revenue for 2024 is roughly \$1.4M, with 3 major construction projects including The Amble, the Yampa Valley Housing Authority (YVHA) Project and the Central Park Hotel. The 2025 projects include two remaining buildings at the YVHA project, the Astrid, and Thunderhead Beach, which could equal about \$2.2M. If two of the projects get delayed (Astrid and Thunderhead Beach), the revenue would be lower, equaling approximately \$951K.
- If the District utilized the entire \$2M line of credit, the District should end the year with \$2.3M in the bank, and if operating and non-operating revenues come in near budget. Factoring in the existing loan(s) debt covenant restrictions, there would be \$1.57M reserves available.

If the District utilized \$1M of the line of credit as opposed to \$2M, the District would have \$578K reserves available at the end of the year. These figures do not factor in PIF revenue from residential or multi-family projects.

- The Board discussed continued employee development and staffing levels. The District staff is analyzing staffing requirements for plant(s) operations, and operations and maintenance of new and aging infrastructure. There are two major CIP infrastructure projects in the planning stages (Wastewater Lift Station and the Booster 1 Pump Station) that will require additional training and staff resources.
- Recent upgrades at the Yampa Wells Plant increased water production capacity from 1.8MGD to 3.5MGD. The Fish Creek Plant is rated for 7.5 MGD for a combined total capacity of 11MGD. Currently, peak demands have ranged from 6.5 MGD to 7MGD. CDPHE requires that design plans for increased capacity/new infrastructure be initiated when 80% of total plant(s) capacity is reached. Currently the District utilizes a capacity analysis spreadsheet which identifies current peak day demand, existing District water production, projected near and long-term developments construction, and calculates when 80% of plant capacity may be reached. Currently this milestone is expected to occur in the next 7-10 years. This means planning and design for water filtration capacity expansion could begin in approximately 5 years.
- The Board discussed the importance of future planning and analyzing funding options to avoid big rates increases and not relying on additional loans in the future as an overarching goal. The current rate study/analysis by Carollo Engineers is investigating PIF rates, tiered water rates, cost to provide services to customer classes etc., compared to planned costs of future CIP projects and will assist the District to determine future rates and potential scheduled increases.

VIII. COMMITTEE REPORTS

- A. Budget and Audit Committee – 2023 Financial Audit Timeline – Mrs. Raup with CLA has audit experience and will continue to work with Watson, Coon, Ryan to complete the audit. The audit is due to the state auditor’s office at the end of July and the goal is to have a draft sent to the board for review prior to the July Board meeting.
- B. Water Matters Committee Report – Mark Hamilton’s legal report was reviewed by the Board. The Rollingstone Golf Course contract negotiations for raw water supply was discussed. Dan Parillo, the former GM of the Sheraton retired. He informed Mr. Alfone that he would summarize in a letter the status of the negotiation process; the letter has not been received. The District is in the planning process to install new measuring devices at Fish Creek and Long Lake Reservoirs. Once installed the District will better understand flows in and out of the reservoirs and allow for better accounting and data sent to the Division of Water Resources, Division 6, thus the negotiations with Rollingstone Golf Course are on hold until this project is complete; now scheduled for 2025. The contract with Rollingstone Golf Course expires in 2030. Working with City staff, Mr. Alfone will complete the USFS application (SF299) for the measuring devices in June. The revised accounting spreadsheet used for submitting water diversions data to Division 6 was submitted to Brian Romig, Division 6 Lead Water Commissioner, in May.
 - The Board discussed the concern regarding the lack of progress with the City of Steamboat Springs regarding the draft new agreement; Tenancy in Common Intergovernmental Agreement (TICIGA). Michelle Carr and Jennifer Bock will be contacted to schedule a meeting. It was suggested that City Council be contacted to voice concern over the lack of progress. The District submitted revisions to the TICIGA to Mrs. Carr and Mrs. Bock in July 2023 and no response to those has been received.

- C. Succession Committee Report – There is nothing new to report and Mr. Alfone will set up the 2nd Quarter meeting with the committee and provide an update at the July Board meeting.

IX. REPORT OF GENERAL COUNSEL

- A. Counsel Report – The YVHA project next to the UC Health Urgent Care was discussed. As part of this development, the YVHA is required to install a new water main line under Highway 40 and connect it to the Districts existing main water line at the Pines at Ore House. To perform this work, the District needs a permanent easement on a short stretch of land owned by the Pines. Counsel Sharp has submitted a draft easement to the Pines and is waiting for a reply.
- Counsel Sharp received notice of Ski Corp. inclusion proceedings in Routt County District Court for two of the six newly formed Metro. Districts and is collaborating with the attorney for the districts. The Metro. District wants to carve out the Amble development site and combine it with a different Metro. District. He stated that this would have no effect on District covenants and requirements per the existing agreement with Ski Corp.
- Two years ago, the legislature passed a law relating to disabled people and accessibility requirements on Special District websites and reviewing internet information. Every local government and agency of the State will be required to adopt an accessibility plan. In 2024, a bill was passed by the State legislature that postpones the accessibility procedures compliance deadline to July 1, 2025. The District must implement an accessibility plan by 7-1-2025 and more directions about this topic may be available via the Special District Association of Colorado.

X. REPORT OF GENERAL MANAGER

- A. Executive Summary Review and Updates –
- Phase 2 of the Wildfire Mitigation Project around the FC Plant will be complete today. The District utilized the existing Colorado State Forest Service grant to help pay for the mitigation work. Moving forward, staff will review the vegetation annually and perform necessary mitigation work every 2-3 years which will keep wildfire breaks and vegetation under control to ensure that protection around the plant is maintained.
 - The Steamboat II Metro District CDPHE compliance issues were discussed. They have been resolved and hired a new District Manager.
 - Yampa River Fund – approximately \$210K worth of grants were issued and approved at the last meeting.
 - The construction of the new measuring devices at the reservoirs is expected to be in 2025. The Forest Service noted that the project might be subject to the National Environmental Policy Act Review (NEPA) review, which would add considerable time and effort to the planning process. The District will not know if it is subject to NEPA until the application is reviewed. The hope is the project is classified as routine maintenance as described within the Special Use Permit between the City of SBS and the USFS.
- B. Operations Manager Updates
1. Water Production Reports – The Fish Creek Plant is back online and during the shutdown, the Yampa Wells Plant successfully ran at full capacity for a full month. The peak water production during this time was 2MGD and the average was 1.6MGD. All process improvements were tested at the Fish Creek Plant, and everything is working well after it was restarted. Fish Creek reservoir is currently 50% full with minimal snow melt and there is 100 inches of snow at the reservoir. Peak runoff is a little later than normal this year and water will be released as needed.

2. PFAS Summary – the District is sampling for PFAS based on the new EPA UCMR 5 rule to determine if Per- and Polyfluoroalkyl (PFA) are detected in the water. Staff will start the sampling at the Yampa Wells Plant in June and samples were taken in February at the Fish Creek Plant, with no hits on any of the 27 PFA substances as well as Lithium. There will be another sample conducted in May, and additional samples gathered for 2 years. CDPHE and the EPA may make PFAS sampling and testing a Safe Drinking Water regulatory requirement. In the future there would most likely be a trigger amount determined which would then inform the District what type of treatment might be needed. The UCMR-5 Maximum Contaminant Levels are now set at 4 parts per trillion. The EPA would then delegate guidance to State agencies as to what is needed to meet any future requirements.
3. Cyber Security Hygiene Assessment – the District has a robust Supervisory Control and Data Acquisition (SCADA) platform, which is used for daily operations to make adjustments, check levels, settings etc. for treatment processes and the distribution system. It also logs trending stats and stores historical data. The District transitioned to the current platform in 2020 and facilitates all networking and cyber security measures through Browns Hill Engineering who was the integrator of the system. The District worked with Browns Hill Engineering and the EPA on infrastructure awareness and cyber security protections to ensure critical needs are met. The District conducted a third-party scan to see how vulnerable District gateways are. The scans showed no critical vulnerabilities on either the Scada or admin. network. There were a couple of minor vulnerabilities, but none were flagged as critical or pathways in which outside agents could gain access. The minor vulnerabilities were forwarded to the District’s network IT support provider, Northwest Data, as well as Browns Hill Engineering for review. It was recommended to provide a copy of the third-party review to the board. There is no shared port or connections between the District and the City of Steamboat Springs to lessen the Districts exposure. This sparked some discussion as to whether or not cyber security should be identified in the City of Steamboat Springs/District agreement.
Mr. Gilman summarized recent certifications (level increases) that staff members received from passing Plant and Distribution and Collections tests.

XI. UNFINISHED BUSINESS

There was no unfinished business.

XII. NEW BUSINESS

- A. Consider Resolution to Approve an Update to MWW Rules and Regulations ARTICLE 9: BACKFLOW PREVENTION CROSS-CONNECTION CONTROL – Backflow and cross-connection policies are regulated by CDPHE and over the years, reporting and inspection requirements have become more stringent. Mr. Gilman has done an excellent job maintaining test reports and records. The existing rules and regulations needed more detail added, mainly to identify what is expected of customers and the District, and what the consequences are if compliance is not achieved. The updated document provides more detail, so customers know what to expect and the District has backup language for enforcement and implementing fines if necessary. There are approximately 800 backflow devices that are monitored and tracked within the District boundary. Each independent cross connection must have a backflow prevention device and the District is required to monitor all of them. A goal is to have a single backflow preventor at the point of entry of the water into a property, allowing complete protection and then the District would only have to maintain records on that single one device per building.

The District will continue to track and maintain inspection of all +-800 devices. Currently the District is not required to track residential, single-family backflow devices.

MOTION: To approve resolution 2024-2.

APPROVED: Vote 5-0

- B. Consider Resolution to Update Signatory Authority/Vectra Bank Operations Account Signature Card – Directors White and Shively, Mrs. Smith and Mr. Alfone will sign the new signature card for the District’s operating account at Vectra Bank.

MOTION: To remove Gavin Malia as a Vectra bank authorized signer and add Director Shively as an approved signer.

APPROVED: Vote 5-0

- C. Board Sub-Committees Update

- Mr. Alfone reviewed existing committee assignments, including the committees that Mr. Malia participated on. The Board decided to eliminate the facilities committee and allow the District staff to take the lead with facilities. Director White and Koermer will remain on the Succession Committee. Director Gebhardt will join the Budget and Audit Committee, Director Shively will join the City Agreements Committee, and Director Hill will join the Water Matters Committee.
- Director Hill will finish out the remainder of Mr. Malia’s term; May of 2025 and will then be eligible for re-election at that time. Director Gebhardt finished out Mr. Berkey’s term and could be elected for an additional 4 years in 2025. Three board members will term out in 2027 including Directors Shively, White, and Koermer. The Board needs to consider replacements for the future, 2027 and beyond. The Board directed Mr. Alfone to determine if there was any means to stagger the terms in order to avoid a big turnover like what is occurring in 2027. The District Board may include up to 7 Board members and they discussed potentially bringing on one more Board member with the expected upcoming turnover.
- Corrosion Control was discussed and a lot of HOA’s are approaching their property management companies regarding installing private phosphate systems. It was recommended to these HOA’s to discuss the private system with the District first and to not install them. It is still unknown as to what the City will require of District customers regarding private-owned orthophosphate systems. Once the District initiates their own phosphate system, there should not be a need for private systems. The phosphate limits at the City’s wastewater treatment plant for their new CDPHE permit (likely 2027) is still unknown. The City will dictate to the District if current ortho. systems will have to be removed once the 2b OCCT is implemented. The goal of injecting the water with orthophosphate is to protect against the leaching of lead from private plumbing systems into the water, not to remedy pinhole leaks, but preventing future pinhole leaks will hopefully be a byproduct of the orthophosphate system implementation.

XIII. ADJOURN

The next Regular Board meeting date is July 19th, 2024, at 8:00 A.M. There being no further business, the meeting was adjourned at 9:58 A.M.

Respectfully submitted,

Frank Alfone, Secretary/General Manager