

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 20<sup>th</sup>, 2022

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

DIRECTORS ABSENT: None

STAFF PRESENT: Frank Alfone, General Manager  
Cat Smith, Office Administrator  
Tom Sharp, General Counsel

OTHERS PRESENT: Michelle Carr, Distribution & Collection Manager, City of Steamboat Springs (via Microsoft Teams)  
Mitch Clark, Owner of Snow Country Nursery (in person)  
Walter Magill, PE, Four Points Surveying and Engineering (in person)  
Kelly Watson, CPA, Watson Coon Ryan, LLC (via Microsoft Teams)  
Andy Rossi, General Manager, Upper Yampa Water Conservancy District (via Microsoft Teams)

**I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER**

Mr. Malia stated that a quorum was present and called the meeting to order at 8:04 A.M.

**II. OATH OF OFFICE**

Mr. Alfone administered the Oaths of Office to elected directors, Mr. Malia, and Mr. Gebhardt.

**III. ACKNOWLEDGE PUBLIC**

Mr. Alfone acknowledged Mrs. Carr with the City of Steamboat Springs, Kelly Watson with Watson Coon Ryan, LLC as well as Andy Rossi with the Upper Yampa Water Conservancy District.

**IV. PUBLIC COMMENT**

None.

**V. APPROVAL OF AGENDA FOR MEETING**

Mr. Malia asked if there were any changes to the agenda. There was discussion to get through certain critical topics and monitor time closely due to some board members having to leave at the scheduled ending time; 10:00 am.

MOTION: To approve the agenda while monitoring each Agenda topic discussion duration

APPROVED: Vote 5-0

**VI. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETINGS**

From the April 29, 2022, Special Board Meeting.

MOTION: To approve the minutes from the April 29, 2022, Special Board Meeting.

APPROVED: Vote 5-0

**VII. BUDGET AND AUDIT COMMITTEE- 2021 AUDIT- REPORT PRESENTATION BY KELLY WATSON WITH WATSON COON RYAN, LLC**

Mrs. Watson shared a PowerPoint presentation with the Board. For the audit process, Watson Coon Ryan relied heavily on confirmations from 3<sup>rd</sup> parties to verify accounts receivable and their focus was on the substantial accounts. They reviewed multiple invoices to ensure nothing was out of the ordinary as well as looking at the debt service agreements. The District's internal accounting control processes were studied. The District will receive an unqualified opinion about the financial statements which is the highest level of opinion available, while the Audit opinion is from the Watson team and everything else, the Districts. Ms. Watson discussed the net position as well as revenues and expenses for the District. She explained that their firm did not find any evidence of fraud and they were able to obtain documents and information quickly. She mentioned that they felt comfortable with the controls in place at the District and that there are always areas for improvement. Ms. Watson mentioned a couple of items that the District could improve upon and suggested District staff work with their firm on them.

The Single audit is not yet completed, and her hope is to have both the regular and single audits ready to submit to the respective government agencies by July 30<sup>th</sup>, 2022.

**VIII. TREASURER'S REPORT**

Financial Statement – 2022 Quarter 1 Report – as of March 31<sup>st</sup>, total operating revenues were \$53K below budget, mainly due to the City reimbursement for plant(s) operating expenses not reflected on the March report (shown in April). Water service revenue was \$32K higher than budget and wastewater collection revenue was about \$7.5K more than budget in Quarter 1, 2022.

PIF revenue equaled \$225K. Most of this came from Ski Corp., for the improvements at the Base Area and the Greenhorn Ranch/Wild Blue Gondola developments.

CIP – as of March 31<sup>st</sup> the capital improvement plan was under budget; the District has only spent \$48K for various projects.

Accounts Receivable for 1<sup>st</sup> Quarter is approximately \$15K. Cat & Michelle have been working to get this collected and past due reminders were just mailed.

As of March 31<sup>st</sup> 2022, the District's total reserves equaled \$2.65M.

**IX. COMMITTEE REPORTS**

- A. Water Matters Committee Report – Mr. Alfone will meet with Andy Rossi on May 24<sup>th</sup> to get a better understanding of Yamcolo reservoir operations and will report to the committee and Board his findings.

Mr. Alfone, Mr. Gilman, and representatives from Wright Water Engineers met with Brian Romig who is the Lead Water Commissioner for Division 6. They reviewed the status of the new State reporting worksheet (to be delivered soon) to get an idea of the new reporting requirements. Mr. Alfone noted that when the District reports diversions, they should be accounted for correctly, i.e., to the appropriate water rights for both the District and the City.

- B. Succession Committee Report – Mr. Gilman hired Kevin Young as a new Water Plant Operator to fill Tyler’s previous spot after being promoted to the Operations Manager position. Mr. Young has a background in water and the goal is to have him start the week of May 30<sup>th</sup>.

**X. SNOW COUNTRY NURSERY – SUPPLEMENTAL SEWER SERVICES REQUEST, MITCH CLARK, AND WALTER MAGILL**

Mr. Alfone noted that Mr. Magill’s information had been forwarded to the Board along with the District and City’s letter to the Routt County Planning Department in response to this application. Mr. Alfone requested that Mr. Magill give the Board an update about the application process and items related to the Core Trail matter. Walter Magill stated that they have submitted four applications to the County Planning Department, a Flood Plain Development Permit, a Conceptual PUD Permit, a Zoning Amendment and Lot Line Adjustment Plat. Mr. Magill noted that the lot on the East side of the river will be utilized for the landscape/nursery business and the lot on the West side of the river for a future residence. They eliminated the public restroom for Snow Country customers on the “business” parcel since the Steamboat Christian Center did not want to grant them an easement. The Christian Center did agree to grant them an easement for the Northeast section of the east parcel where they want to relocate the A-frame. Since the easement was granted, they intend to remove the septic leech field and tank currently serving the A-frame, relocate the A-frame and possibly re-establish the cabin/shed in this same area. A sanitary sewer, in-house lift station will be required for the relocated A-frame. The easement agreement with the Steamboat Christian Center is 95% complete, however, the County has not reviewed it yet.

Mr. Magill asked for input from the Board on the Core Trail matter and noted where the three easement areas are that they will include in the Planning submittal. Mr. Magill has not spoken to the City or the County about these easements. Mr. Alfone mentioned that in a meeting with the City, they thanked Snow Country for their proposed Core Trail easements but did not think that the proposal would satisfy the “Master Planning” intent of the path and the locations will need to be discussed. Mr. Clark mentioned that the City would still like the Core Trail to go through land owned by the District. Mr. MacArthur, who owns the adjacent property, south of the District property does not want the trail going through his land. Another option would be for the trail to go through the Snow Country Nursery parcel along the east side of the Yampa River, then onto District property, travel straight east to US Highway 40 and then use the CDOT right-of-way south along the highway running parallel to the south bound traffic lane ending at the Legacy Ranch. Counsel Sharp suggested inserting a section into the Out of District Service Agreement (OODSA) with Snow Country Nursery regarding the matter of the Core Trail. He also stated that the OODSA with the Steamboat Christian Center may need to be adjusted due to the sewer line extension. Mr. Alfone discussed the location of the new gallery on the east side of the river and recommended that the Core Trail not be placed on that side of the river, potentially impacting the gallery and pump station. If the

trail went across the bridge (from its current termination point) and stayed west of the river it would avoid the new District gallery. The Board directed Mr. Alfone and Mr. Sharp to draft language for inclusion into the OODSA that states the District does not want any future Core Trail construction on land owned by the District on any portion of said land lying east of the Yampa River.

## **XI. REPORT OF GENERAL MANAGER**

Executive Summary Review – Mr. Alfone asked if there were any questions about the Executive Summary. There were none.

## **XII. FACILITIES MASTER PLAN (FMP) PHASE 2B PROJECT – ALTERNATIVES ANALYSIS: FLOW CHART**

Mr. Alfone provided some context about Phase 2b and what was discussed at the prior Board meeting. The Board directed District staff to look at all available options. There are three possible options:

- Construct the current 2b project which includes building the new chemical facility and raising the PH and alkalinity levels.
- Install a system wide Orthophosphate system a both treatment plants.
- Contact and work with private individuals and associations to find and replace the lead-containing solder copper water lines within their homes and develop a plan to remove and replace them.

The Board posed several questions to Mr. Sharp to review such as what regulatory authority CDPHE and the District may have to require individuals to replace their water lines. The District received an OCCT “pause” approval from CDPHE since there has not been a lead exceedance since the 1<sup>st</sup> quarter of 2020. However, if the District or the City had another lead action level exceedance, CDPHE could enforce action to build the OCCT. A question was asked inquiring why would the District raise water service rates for all customers when only some homes have the lead issue.

Mr. Alfone noted that when speaking with Mrs. Carr, the City prefers the original OCCT method and would like to continue with Phase 2b planning. Mrs. Carr informed the Board that the City would actively participate in getting the funds needed for 2b. Mr. Sharp mentioned that the Tenancy in Common Agreement (TICA) should be executed prior to securing loans and grants for the project and that each entity should be responsible for funding their portion of the project. Mrs. Carr noted the City has always funded what has been needed in the past and questioned the sudden need for the agreements to be completed. She also suggested that both the City and the District seek out grants and loans as partners and submit a joint application. Regarding the next steps about the ongoing TICA negotiations, Mrs. Carr mentioned possibly engaging a third-party mediator to help facilitate the negotiation. This may help alleviate some trust issues regarding the District and City partnership.

A question was posed asking what it would cost to treat the lead issue with an Orthophosphate system and what infrastructure, if any, would have to be added to the wastewater treatment plant. Since it is unknown what the potential new effluent wastewater treatment limit would be, it is hard to know the cost at this time. Mr. Alfone mentioned that it would be about \$2M to input the orthophosphate system at the Fish Creek Plant. Mrs. Carr informed the Board that they will be researching the potential orthophosphate impact at the wastewater treatment plant and has spoken

with an engineer about this project. The goal is to develop several scenarios and identify cost estimates based on future potential wastewater effluent limits.

It was mentioned that customers may not agree with adding chemicals to the water at the treatment plants or to water in their homes. If individual Orthophosphate systems could be installed at residential homes as opposed to a District wide system, concerns were identified that the responsibility falls on the individual residence owners which could lead to improper dosing, lack of maintenance, inexperience with the systems, etc. Additional research is needed about the cost of individual orthophosphate systems at private residences or HOA's and if CDPHE would approve them as the District and City-wide OCCT. If the District installed a system-wide orthophosphate system, any individual residence or HOA that installed a private orthophosphate system would have to remove it.

In order to capture accurate water samples for lead and copper testing from a residence's home, an idea to utilize an experienced 3<sup>rd</sup> party sampler was discussed. Mr. Gilman mentioned that District staff have educated homeowners and property managers on how to capture a proper sample and if a 3<sup>rd</sup> party were to be used it would still have to be the homeowner or property manager that collects the sample, thus the burden lies with the owner(s) to gather the sample correctly.

Mr. Sharp explained the State regulations about the "find and replace" option. The District would have to give notification to the offending customers that they need to replace their service lines. The District has no obligation to replace service lines that it does not own, and the State cannot make the District pay for any private line replacement. The notice would have to state that the owner is choosing to be in danger and the District might have to give public notification to all its customers. There was no mention of fines. For the find and replace option, the District would need to notify the homeowners in the Tier I and Tier II categories, advising them why their lines would need to be replaced. The District could either help fund the replacement project or inform homeowners that they must fund it entirely. Currently, the District samples 60 sites in the Tier I and Tier II categories.

The Board directed Mr. Alfone to conduct further research on the "find and replace" private owners' option and perform an analysis on a per square footage basis for a District cost share portion for the work, including investigating the cost for all Tier I and Tier II residences to replace all their water lines. What would the cost be and what would the impact to cash flow and reserves be if the District shared the cost. Mr. Alfone was directed to obtain clarification from CDPHE as to whether or not residential homeowners could use an orthophosphate system as opposed to the "find and replace" option to satisfy the OCCT. Mr. Alfone asked Mr. Sharp to help draft correspondence that would be sent to District customers (Tier I and II) notifying them of the risk regarding the latest EPA/CDPHE lead and copper rule and OCCT requirements.

MOTION: Direct staff to notify Carollo Engineers to postpone all future 2b drawings and not continue from the existing 60% status to the 90% milestone, thus putting the 2b design and engineering on hold indefinitely.

APPROVED: Vote 4-0

**XIII. REPORT OF GENERAL COUNSEL**

- A. Executive Session – under C.R.S 24-6-402(4)(b) regarding legal advice on specific legal questions for Project 2b, (Chemical Facility) and C.R.S 24-6-402(4)(e) for determining positions relative to matters in negotiation for City of Steamboat Springs Agreements.

No executive session was convened.

**XIV. UNFINISHED BUSINESS**

- A. Consider new October Board Meeting Date  
The Board agreed to move the scheduled Regular Board meeting date from October 14<sup>th</sup> to October 7<sup>th</sup>.

**XV. NEW BUSINESS**

There was no new business.

**XVI. ADJOURN**

The next Board meeting is July 15, 2022, at 8:00 A.M.

There being no further business, the meeting was adjourned at 10:26 A.M.

Respectfully submitted,

Frank Alfone, Secretary/General Manager