

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 – October 10, 2025

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

DIRECTORS ABSENT: Don White

STAFF PRESENT: Frank Alfone, General Manager
Tyler Gilman, Operations 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)

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER

Vice Chairman Koermer stated that a quorum was present and called the meeting to order at 8:00 A.M.

II. STAFF INTRODUCTION- REID WINDEN, CUSTOMER SERVICE/BILLING REPRESENTATIVE

Mrs. Smith introduced Reid Winden to the board and discussed her background and she answered questions.

III. ACKNOWLEDGE PUBLIC

Vice Chairman Koermer acknowledged the public.

IV. APPROVAL OF AGENDA FOR MEETING

MOTION: To approve the agenda

APPROVED: Vote 4-0

V. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETING

A. From the July 18th, 2025, Regular Board Meeting

MOTION: To approve the minutes from the July 18th, 2025, Regular Board Meeting.

APPROVED: Vote 4-0

VI. PUBLIC COMMENT

There was none.

VII. TREASURERS REPORT

A. Financial Statement – August 31, 2025

An overview of the August 31, 2025, financial report was provided:

- Total operating revenues equaled \$2,299,959, which is 51% of the total budget.

- Operating costs equaled \$1,972,980, which is 61% of the total budget.
- Non-operating revenues equaled \$718,823, equaling 30% of the total budget. This amount excludes the Line of Credit proceeds, the FEMA grant reimbursement, and the City of Steamboat's (COSS) portion of capital project(s) contributions.
- Plant Investment Fee (PIF) revenue equaled \$631,876, or 28% of budget. As reflected in the Executive Summary, this amount collected is now \$671,174, which is 30% of the total budget.
- Capital Improvement Plan (CIP) expenses equaled \$1,616,599, which is 36% of the total budget. Major expenses include the Sewer Vac truck = \$226,829, Lift Station improvements = \$97,239, Filter Bay Improvements = \$188,345, and Phase 2B expenses = \$706,254.
- Total reserves as of August 31st equaled \$2,365,056. In July, the reserve amount was \$2,554,517 which is a \$189,461 difference.
- Customer accounts receivable for 2nd quarter totaled \$4,878.96 consisting of 7 residential customers. District staff will continue to contact these customers to collect payment.
- 2025 Quarter 3 metered water revenue data was discussed. Metered water revenue for 3rd quarter in 2024 equaled \$634,170, compared to 3rd quarter revenue in 2025 which was \$892,503, an increase year over year of \$258,333, or 41%. Data will be reviewed to see if only more water was used or if more revenue was generated strictly due to changes in the tiered structures amounts and associated rates for metered water.

VIII. 2026 PRELIMINARY DRAFT BUDGET PRESENTATION

Mr. Alfone provided a high-level summary of the memorandum that was sent to the Board and thanked Directors Gebhardt and White for their assistance with the '26 draft budget.

The following items were discussed:

- 2026 services charges are budgeted to increase 3% for water and 5% for wastewater collection.
- Plant Investment Fee (PIF) revenue for 2025 is projected to equal \$732K for both water and wastewater collection. This amount is much lower than the budget due to two construction projects (Stockman & Yampa Valley Housing Authority-Phase 2) not starting construction in 2025. In 2026, \$907K is budgeted for both water and wastewater collection and this figure takes into consideration the proposed PIF increase for 2026. The budgeted amount does not include either of the delayed construction projects noted above.
- At this meeting, there are two public hearings scheduled; consider increases in service charges and increases in plant investment fees.
- Year end reserves for 2025 are budgeted at approximately \$1.5M and in 2026, 1.65M.
- Operating expenses for 2026 are budgeted to be 18% higher than 2025, which includes the loan principal payments.
- Capital Improvement Plan (CIP) expenses for 2026 are budgeted at \$2.4M of which most of the expenses will be for Filter Bay(s) improvements at the Fish Creek Plant.
- The 20-year budget projection (Proforma) was discussed. The goal of the District is to target an annual year-end reserves balance = 2M. This amount was utilized to prepare the forecast for the next 20 years. Starting at year 2031, substantial CIP projects are anticipated which will likely drive service charges higher in order to fund the projects. A potential loan or line of credit draw is budgeted in year 2028 to maintain adequate reserves. Many line items could change within 10 years, but the Proforma provides a good indication of key projects (dates and amounts), loan pay-off dates, and other anticipated revenue and expense items. The 20-year forecast incorporates completing all the Plant(s) Facilities Master Plan Projects which

include five to six major projects including adding production capacity from a facility expansion.

- Potential unforeseen budget items were discussed. The Operations Manager and District Staff focus on performing preventative maintenance on all equipment and infrastructure and current assets are tracked utilizing industry standard(s) data to identify life expectancy of infrastructure to budget for replacement.
- Per the loan covenants, the District must maintain at least 3 months' average amount of operating expenses in reserves.
- An increase of 5% for each team member is reflected in the 2026 budget. A larger increase for Project Manager Cahill's salary was discussed and approved prior to the meeting due to the increased duties he has taken on and his excellent performance for the District.
- An increase of 15% is expected for Health Insurance.
- To satisfy Colorado State Statute requirements for Special Districts, public notice in the local newspaper will be posted 30 days prior to the December 12th Board meeting stating that the draft budget was presented to the board on Oct. 10th and a Public Hearing to consider approval of the '26 budget will occur at 12-12 meeting.
- The Board directed staff to move the principal loan payments amounts from the administrative operating expenses category on the budget and reflect them as balance sheet reductions when paid annually in May and November.

IX. PUBLIC HEARING – 2026 WATER AND WASTEWATER COLLECTIONS SERVICE RATE CHANGES: SB PILOT NOTICE – SEPTEMBER 9, 2025

A. Consider Approval and Adoption of Resolution

MOTION: To open the Public Hearing for the proposed 2026 Water and Wastewater Collection Service Fees increases at 8:47 A.M.

APPROVED: Vote 4-0

Mr. Alfone provided a brief overview of each service fee increases.

MOTION: To close the Public Hearing for the proposed increases for 2026 Water and Wastewater Collection Service Fees at 8:49 A.M.

APPROVED: Vote 4-0

MOTION: To adopt resolution #2025-5 to amend the District's Rules and Regulations approving a 3% increase for water service fees and a 5% increase wastewater collection service fees.

APPROVED: Vote 4-0

X. PUBLIC HEARING – 2026 PLANT INVESTMENT FEES RATE CHANGES: SB PILOT NOTICE- SEPTEMBER 9, 2025

A. Consider Approval and Adoption of Resolution

MOTION: To open the Public Hearing for the proposed 2026 Plant Investment Fees Rate increases at 8:50 A.M.

APPROVED: Vote 4-0

Mr. Alfone provided a brief overview of the Plant Investment Fee increases for both water and wastewater collection.

MOTION: To close the Public Hearing for the proposed 2026 Plant Investment Fees Rate increases at 8:51 A.M.

APPROVED: Vote 4-0

MOTION: To adopt resolution # 2025-7 to amend the District Rules and Regulations approving the increases to the Plant Investment Fees for water and wastewater collection.

APPROVED: Vote 4-0

XI. COMMITTEE REPORTS

- A. Budget and Audit Committee – The 2024 Audit was finalized, approved by the Board, and submitted to the Colorado State Auditor’s office.
- B. Water Matters Committee Report –
 - Mark Hamilton’s legal update report was sent to the board via e-mail.
 - An update was provided about the status of the Tenancy in Common Intergovernmental Agreement (TICIGA) being negotiated with the COSS. Work continues to finalize the water rights language section of the TICIGA as well as completing final edits to the new Skyline Trail Agreement. The agreements are getting close for presentation to the COSS City Council.
- C. Succession Committee Report – September 11, 2025, Meeting Recap
 - In addition to Reid Winden, Tyler Lutz was hired to work in Field Operations, part of the Distribution and Collection team. An additional staff member, Harry Sandler, will begin in November to work at the treatment plants.
 - The Effective Utility Management (EUM) Strategic Planning initiative was discussed. Mr. Alfone created a Teams Platform that will be accessible to the committee members.
 - The General Manager succession planning was briefly discussed for Mr. Alfone’s retirement to ensure a seamless transition.
 - A key topic of discussion at the meeting was staff motivation to grow professionally and for team members to feel valued for their work performed at the District.

XII. REPORT OF GENERAL MANAGER

- A. Executive Summary
 - The Board thanked staff for the new executive summary format. Mr. Cahill prepared the document, and it provides easier navigation with bookmarks and improved formatting. A suggestion was made to create an archive section to catalog topics and projects that may not have a reoccurring update but should be tracked.
 - The COSS posed questions to the District as part of their Strategic Master Plan update. Mr. Alfone shared the questions and the District staff comments received to date with the Board and asked for any Board comments. Mr. Alfone meets with COSS leadership team members on October 24th to review the survey questions.
 - The COSS is working on preliminary planning to purchase the School District property, now included as part of the Whistler Park.
 - The District has a Dog License Agreement in place with the COSS which allows the City to use District land (More Parcel) for dogs and trail users. The agreement expired in 2024, and a new amendment is being drafted for a proposed term extension of five years. Staff anticipate receipt of the draft amendment soon.
- B. Effective Utility Management (EUM) Presentation
 - Mr. Alfone thanked Mr. Gilman for his work on the EUM and the enclosed memorandum.
 - Mr. Gilman presented a Power Point presentation about the status of EUM/ Strategic Planning. He explained what the EUM is and its wide use by many water sector organizations. The goal of the EUM is to create strategic statements to practice, work

towards, and achieve. It is also a way for water sector utility managers to make informed decisions and practical systematic changes to achieve optimal performance amongst various challenges and long-term needs at the District.

- The ten attributes of the EUM were discussed, and they provide reference points to assist utilities to maintain a balanced focus on important operational areas.
- Key management success points were discussed, including leadership, measurement, knowledge management, etc.
- Organizational culture was discussed, including values, beliefs, and ethical behaviors that shape how utility employees interact within the organization and within their communities.
- Implementation tools were discussed which include the EUM Self-Assessment, creating an EUM Attribute Improvement Plan, Measurement Objectives, etc.
- An assessment of District current performance levels based on the attributes is key to identifying options for improvement and a quantifiable baseline from which to measure progress.
- The EUM Roadmap document was utilized and provides a framework for beginning the process.
- The implementation timeframe was discussed, a self-assessment attribute survey was created, and the survey was given to the Board and District staff. Per the survey results, the top two rated attributes were Workforce Development and Financial Viability. Staff recommend focusing on these two attributes to start with and perform a deep dive into each one instead of trying to tackle all 10 at once. Once it is determined that goals are being met for these two attributes, other attributes will be included in the process and there will be a continual periodic assessment and re-evaluation of all identified attributes.
- The utility roadmap process for these attributes has started and the survey identified key components and priorities for each of the two. A timeframe is being developed to create the “strategic statements” and the process of how and when to achieve the corresponding goals of each statement.
- It was mentioned that the two attributes identified as top priorities per the survey directly relate to the mission statement of the District.
- The steps utilized throughout the EUM process are meant to be repeatable and as Staff and Board members change, the EUM platform will carry forward and keep the key goals of the District consistent.

XIII. REPORT OF GENERAL COUNSEL

Council Sharp and staff worked on and finalized the request from the Yampa Valley Electric Association (YVEA) for a utility easement on the More Parcel for the benefit of the YVEA. An easement agreement between the parties has been executed and recorded.

XIV. UNFINISHED BUSINESS

A. 2025 Holiday Party – Date & Venue

December 5th was the date chosen and both Haymaker and the Periodic Table will be contacted to inquire about availability. Other dining options will also be explored.

XV. NEW BUSINESS

XVI. ADJOURN

The next Regular Board meeting is December 12, 2025, at 8:00 A.M.

There being no further business, the meeting was adjourned at 9:39 A.M.

Respectfully submitted,

Frank Alfone, Secretary/General Manager