

MINUTES OF A SPECIAL 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-September 24, 2021

DIRECTORS PRESENT: Gavin Malia, Don White, John Shively, Wade Gebhardt

DIRECTORS ABSENT: Alan Koermer

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

OTHERS PRESENT Andy Rossi, General Manager, Upper Yampa Water Conservancy District

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. APPROVAL OF AGENDA FOR MEETING

Mr. Malia asked if there were any changes to the agenda. There were no changes.

MOTION: To approve the agenda.

APPROVED: Vote 4-0

III. PUBLIC COMMENT

None.

IV. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETINGS

A. From the July 16, 2021, Regular Board Meeting

MOTION: To approve the minutes from the July 16, 2021, Regular Board Meeting

APPROVED: 4-0

B. From the August 6, 2021, Special Board Meeting

MOTION: To approve the minutes from the August 6, 2021, Special Board Meeting

APPROVED: 4-0

V. PUBLIC HEARING - NOTICE OF FILING OF PETITION FOR INCLUSION OF LANDS

MOTION: To open the Public Hearing for the Notice of Filing of Petition for Inclusion of Lands at 8:05 AM

APPROVED: 4-0

Mr. Alfone gave an overview of the Petition for Inclusion stating that the District made the request to include two parcels of land, the Yampa Meadows Parcel which is +-18 acres and the Shop n Hop parcel, which is 1 acre. Both parcels are located due south of the City of Steamboat Springs City limit boundary and within Routt County. The inclusion process was triggered by the required County Planning review process to gain approval to construct the new Yampa Meadows Infiltration Gallery. The District posted 3 notices in the Steamboat Pilot and Today announcing the public hearing date, time, and location. The Board must consider and approve a resolution to include the two parcels of land. A critical condition of the inclusion request is that the District will not offer or provide any water or wastewater services to any structures or buildings on the Yampa Meadows parcel, thus, the inclusion determination does not need the City of Steamboat Springs City Council approval. If the inclusion is approved, the District will file the paperwork with the Routt County District Court to gain an order of decree that must be signed by the District Court Judge. Once the signed decree is received, the decree will be sent to the Routt County Planning Department and the Routt County Assistant Attorney as part of the County approval process.

MOTION: To close the public hearing for the Notice of Filing of Petition for Inclusion of Lands at 8:15 AM

APPROVED: Vote 4-0

MOTION: Director White moved to approve the resolution to approve the inclusion of the Yampa Meadows Parcel and the old Shop and Hop Parcel into the boundary of the District, upon one condition as stated in such Resolution. Director Shively seconded.

APPROVED: Vote 4-0

VI. YAMCOLO WATER STORAGE AGREEMENT- WATER MATTERS COMMITTEE

Mr. Alfone gave an overview of the current water storage agreements in Stagecoach and Yamcolo Reservoirs. At the July 16th Board meeting, the District Board agreed to ask the Upper Yampa Water Conservancy District (UYWCD) Board if the District could move or relocate their existing 300-acre feet of stored water in Yamcolo Reservoir to Stagecoach Reservoir. A second request to the UYWCD Board was would they consider incorporating the 300-acre feet of Yamcolo water into the existing Stagecoach contract terms and conditions. Mr. Alfone and Mr. Houpt presented these requests to the Upper Yampa Water Conservancy District Executive Committee on August 18th. After the request, the UYWCD Executive Committee went into executive session to discuss the District's request. Mr. Rossi then reached out to Mr. Alfone and communicated that the Executive Committee would make a recommendation to the UYWCD Board to approve the relocation of the stored water but not incorporate the additional water within the existing Stagecoach contract and would require a new contract. On September 15th, the UYWCD Board agreed with and approved both Executive Committee's recommendations. After those decisions were known, the Water Matters Committee met and agreed to recommend to the Board that the District relocate the 300-acre feet of stored Yamcolo water to Stagecoach and enter into negotiations with UYWCD for a new contract for the 300-acre feet of water. It would be a stand-alone contract, while the existing 200-acre feet of Stagecoach water agreement terms would remain as is. The Water Matters Committee recommended to the Board that the District move forward with the negotiation. The cost of the water under the new contract would start at \$82/acre feet. Mr. Alfone recommended finalizing the negotiation and executing a new contract by December 31, 2021, otherwise the District could be subject to a price increase in 2022.

The Board directed the Water Matters Committee to enter into said negotiations as soon as feasible.

Regarding the existing agreement in place with the UYWCD for the 200-acre feet of water in Stagecoach, that contract is subject to a price adjustment by the end of the 2021. The new price also starts at \$82 per acre foot. The UYWCD will also be suggesting new amendments to that contract, however, the amendments haven't been made public yet. Once these amendments are known, the Water Matters Committee will take them into consideration and make a recommendation to the Board. The District has no obligation to accept the amendments, but the price increase will take affect per the existing agreement.

Mr. Rossi mentioned that the \$82/acre feet price is consistent with the pricing for all new long-term municipal contracts in Stagecoach Reservoir. The updates and amendments to the existing municipal contracts will include updating outdated language in these contracts and changes to the pricing structure, specifically the annual review and determination of contract renewal pricing.

Counsel Sharp advised the Board that he is a long-time member of the Board of Directors of the Upper Yampa Water Conservancy District, so Counsel Sharp recused himself from, and did not participate in, the above discussions or directions or decisions.

VII. REPORT OF GENERAL MANAGER

- A. Water Rights Attorney – Mr. Houpt will be retiring in March of 2022. Mr. Alfone and Mr. Malia informed the Board that Ryan Jarvis, a partner in Jeff's firm, is interested in taking over water rights matters for the District and working with Mr. Houpt during this transition period with the District. Mr. Jarvis has a lot of experience in water rights law, and it may be beneficial for the District to work with Mr. Jarvis to maintain consistency and efficiency by utilizing the same firm. Mr. Houpt offered to not bill the District for two attorneys during the transition period and suggested phasing Mr. Jarvis in soon with the topics that the Water Matters Committee is working on. This approach would provide Mr. Jarvis the historical knowledge of the District's water rights, along with getting him "up-to-speed" on pending matters.

After discussing options, the Board agreed that it would be beneficial to look at a few more candidates. Mr. Sharp mentioned that not many local attorneys work within the water rights law sector, and most generally do not participate in court trials.

The Board agreed to set up a couple of interviews including with Mr. Jarvis and directed Mr. Alfone to search for other candidates. Jonathan Kelly, the District's Water Resources Manager, will be contacted to see if he can provide a few recommendations for additional candidates.

- B. Disinfection By-Products – HAA5 – The 3rd update letter regarding Haloacetic Acids (HAA5) was mailed to District customers in early September. There was no MCL exceedance at all 4 sites for the 3rd Quarter, however, the exceedance remains for the yearly running average (the average results for 4 consecutive quarters). There will most likely be one more letter after the 4th quarter sampling as the test results from the 4th quarter would need to be very low to not exceed the annual running average calculation. To mitigate any future HAA5 exceedances, the District will install a tank mixer/aerator in the South Tank this fall and in 2022, budget for and install automatic water main flushers near the sampling sites, both of which will keep the water flowing better, lower the stored water age, and reduce the likelihood of HAA5 formation.

VIII. REPORT OF GENERAL COUNSEL

A. Counsel Report

Orthophosphate Conference Call - W.C. Service Company, Inc. – Mr. Sharp and Mr. Alfone participated on a conference call with the owners of the W.C. Service Company, Inc., Bruce Stanley, and Guy Stanley. W.C. is the company that has installed orthophosphate injection systems at several large condominium complexes within the District boundary. After the District mailed these complexes a second letter about orthophosphate systems, it triggered a conversation between W.C., and property management company representatives. During the phone conversation, Mr. Alfone and Mr. Sharp explained the potential City-owned and operated Wastewater Treatment Plant effluent permit limit for phosphate removal. While the City just recently applied for their new effluent permit, it may be 2, or possibly 3 years before this potential limit is known. However, the intent of the letter was to warn management companies that if a permit effluent is implemented, the City might require the District to mandate that the systems be removed. If such mandate is imposed by the City, per the existing Special Connectors Terms and Conditions Agreement, the District would be obligated to comply.

The letter also stated that the District is not responsible for pinhole leaks and replacing pipes if phosphate systems are required to be removed. The owners of the W.C. Service Company would also like to discuss the matter with City representatives. Mr. Alfone will attempt to facilitate this meeting. It is in the District's best interest to keep the HOA's and property managers educated on potential future phosphate effluent permit limits. With that said, Mr. Alfone and Mr. Allbright will schedule in-person meetings with property management company (s) executives. The purpose of these meetings will be to continue to inform them of pending events and the status of this matter and conduct a general Q & A session.

IX. UNFINISHED BUSINESS

- A. Staff or Directors may raise for discussion any new business related to the business of the District.

There was no unfinished business discussed.

X. NEW BUSINESS

- A. Staff or Directors may raise for discussion any new business related to the business of the District.

There was no new business discussed.

XI. ADJOURN

The next Board meeting is October 8th, 2021, at 8:00 A.M.

There being no further business, the meeting was adjourned at 9:31AM.

Respectfully submitted,

Frank Alfone, Secretary/General Manager