

**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
MT. CRESTED BUTTE WATER AND SANITATION DISTRICT
November 9, 2021**

Regular Meeting of the Mt. Crested Butte Water and Sanitation District (MCBWS) Board of Directors was held at 5:00 pm on Tuesday, **November 9, 2021**, via <https://zoom.us/my/mcbwsdboardmeeting>.

Members of the Board of Directors in attendance at the meeting were as follows:
Brian Brown Nancy Woolf Nicholas Kempin Jonathan Ferrell

Also present were:

Mike Fabbre, District Manager	Kyle Koelliker, Water Plant Supervisor
Perry Solheim, Finance Manager	Bryan Burks, Wastewater Plant Supervisor
Tracy Davenport, Admin Assistant	Marcus Lock, District's Attorney

1. Call to Order

- The regular meeting of the Board of Directors was called to order by Brown at 5:03 pm and a quorum was present.

2. Citizen Comment Period

- No citizens presented comments.

3. Approve Meeting Minutes

- October 12, 2021

MOTION by Woolf and seconded by Kempin to approve the October 12, 2021 regular meeting minutes as submitted. Motion voted in favor.

- October 27, 2021

MOTION by Kempin and seconded by Woolf to approve the October 27, 2021 special meeting minutes as submitted. Motion voted in favor.

4. WTP Expansion Project Update

- Fabbre explained that the District is moving into a critical stretch with startup and commissioning. The new WTP will be online in the near future. There are a few slight delays in the schedule, however the slack is expected to be picked up during the winter months.
- The back-up power generator was taken down the hill with a dozer and track hoe assists to the East River Pump Station. East River Pump station work is expected to be finalized before wheeled vehicle access becomes impossible due to winter conditions.
- Koelliker noted that they will be proving the plant over the next month or so and then decisions will be made regarding switch over to the new plant. Staff has been training on new procedures, testing equipment, and reviewing communications designs.
- Further updates can be viewed in the monthly memo from JVA and within the District Manager's report.

5. MLP Water Color Issues

- Fabbre explained that the equipment and chemicals have arrived, and the new process is coming online. The District has started seeing an increase in manganese from the reservoir water, but no exceedances have been observed.
- Koelliker explained the system was turned on last Thursday as a trial run to get initial data. Lab samples will be sent out weekly while daily manganese and chlorite testing will occur in-house. A distribution three set sample will also be taken as part of the compliance agreement with the State.
- There will be a change to the coagulant used at MLP to be more consistent with the new Mt. Crested Butte Plant. Currently, each plant uses a different coagulant manufacturer.
- Fabbre noted that as part of the pilot program, there are additional sampling parameters placed on the monitoring schedule that is updated weekly.
- A letter was sent to the MLP community explaining the manganese issue. The District will plan to send an update letter in the future on steps taken to address this issue.
- Historically, the manganese is troublesome in December and lasts through the spring runoff season.

6. District Manager Report

- Most items to report can be seen in the memorandum included in the Board packet.
- The MLP reservoir level was lowered for warranty work in the stilling basin of the spillway.
- A discharge permit compliance schedule submittal was due at the end of October and the deadline was met.
- Employee, Adam Bembenek, passed the Wastewater A certification exam and the District has changed his position from operator to foreman.
- Solheim & Cole Stanford (the District's IT consultant) participated in a cyber assessment meeting today with a company that is assessing District IT security as part of a Small District Association (SDA) grant. Given the size of our District, the company was impressed with the many security features the District has in place. The District will receive a formal report from the company in two weeks which will be presented in the December Board packet.

7. October 2021 Financial Report

- User Fee revenues a little low, usage was less than historical trends.
- Tap fees are currently at \$717,000 as of 10/31/21. There are several tap fees in process and pending, so the District may exceed \$800,000 by year end.
- Overall operating expenses are at 77% with 83% of the year elapsed.
- Salaries, Taxes, & Benefits are at 82.76%. Solheim thought salaries would end the year well under the salary budget, but the District has two very good candidates for open positions with the District.
- The negative \$2,377 in repair & maintenance is due to a reclassification to outside services for the SpectraShield lining. Burks explained the SpectraShield lining process. Every manhole is date stamped and has a 10-year warranty.

MOTION by Kempin and seconded by Ferrell to approve the October 2021 Financial Report. Motion voted in favor.

8. Draft 2022 Budget

- The bottom line of the budget hasn't changed from draft #1 but there are slight changes in some various categories. For the next draft budget, there will be some updates to the capital expenditures.
- Solheim presented Long-Range Rate/Debt Coverage Ratio Analysis.
 - The analysis shows that the District can structurally meet debt coverage covenants for 2022 with the current Rate Stabilization Fund.
 - The annual debt service line, starting in 2022 has full debt service of \$1,371,000. If the District comes under budget on the project, CWRPDA can steward the difference of the project cost and the full loan amount releasing funds effectively allowing the District to re-amortize the loan to lower the payment.
 - Solheim discussed proposed rate increases for the upcoming years with a 6% rate increase for 2022, a 4% increase for the following two years, then 3.5% then going back to 3% increase. The 6% increase is required for 2022 to meet CWRPDA's debt coverage ratio of 110%. Assuming tap fees meet expectations, the District can reduce future rate increases.
- Solheim presented water/sewer rate comparisons throughout the valley and a few resort areas in Colorado. Given District topographical challenges, Solheim feels rates are very competitive.
- Two public hearings will be held at the December Board meeting. One public hearing will be on the 2022 budget, the other public hearing will be on the 2022 rates and fees.

9. Legals

- Lock advised that Law of the Rockies is increasing rates for all public entity clients in 2022.

10. New/Old Business Before the Board

- The proposal to eliminate term limits for Town of Mt. Crested Butte city council was rejected by voters.
- Fabbre gave an update on the planning details for the water rights workshop.
- Informal response from MLPC regarding option #2 was positive. MLPC has a meeting on Tuesday, 11.16.21, to discuss meeting options for formal discussion with the District.
- Solheim advised there has been no interest in the vacant Board Seat. There will be a Board Election in May of 2022.

11. Executive Session

- Potential executive session for discussion of a personnel matter under C.R.S. Section 24-6-402(4)(f)(l) and NOT involving any specific employees who have requested discussion of the matter in open session; any member of this body or any elected official; the appointment of any person to fill an office of this body or of an elected official; or personnel policies that do not require the discussion of matters personal to particular employees.

MOTION by Brown and seconded by Kempin to move into Executive Session at 5:53 pm with Fabbre, Solheim and Lock remaining for the discussion. Motion voted in favor.

MOTION by Brown and seconded by Woolf to exit Executive Session at 6:45 pm. Motion voted in favor.

12. Adjourn

MOTION by Brown and seconded by Woolf to adjourn the regular Board meeting at 6:48 pm. Motion voted in favor.



Drafted by: Tracy Davenport



Submitted by: Perry Solheim