

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

August 11, 2009

A Regular Meeting of the Mt. Crested Butte Water and Sanitation District Board of Directors was held at 5:00 p.m. on Tuesday, August 11, 2009, at the office of the District, 100 Gothic Road, Mt. Crested Butte, Gunnison County, Colorado. Members of the Board of Directors in attendance at the meeting were as follows:

Bill Racek
Bill Cavanaugh
Sandra Mabry
Chuck McGinnis
Melanie Rees

Also present were:

Frank Glick, District Manager	Mark Henderson, Stantec via phone
Nettie Gruber, Office Manager	Bill Ronai
Jill Norris, District's Attorney	Tyler Harpel, SGM

1. CALL TO ORDER

Chairman Racek opened the meeting at 5:00 p.m.

2. MLP HYDRANT FLOW TEST SUMMARY

MLP Homeowner's had requested fire hydrant flow tests directly from SGM Engineering and Tyler Harpel presented the results. Ronai gave the background of the previous testing from the Fire District that did not convert the measured flow rates to available flow capacity. Initially the CB Fire District determined the hydrants were inadequate and an improved system was needed. Tyler gave a very detailed technical report of the findings of the hydrant flow tests which were done according to the National Fire Protection Agency standards. The SGM findings were not significantly different from the Fire Districts, although not converted correctly. Ronai indicated that the SGM tests showed that the hydrants are within limits for fire flow and no further action was necessary for MCBWS. McGinnis requested a letter to the District from MLPC stating the project is no longer necessary. A water model for MLP would be informative. There was discussion on any action for compensation from the Fire District for the fire storage and suppression system engineering that had already been designed per the original Fire District tests. Whether the MCBWS should be involved with the Fire District to be reimbursed for compensation was debated as the District's involvement was at the request of MLPC because they were misled. However, the hydrants and water system belong to the District.

MOTION by Chuck McGinnis, seconded by Melanie Rees, to have the District, on behalf of MLPC, send an informational letter to the Fire District Board of Directors to consider the facts of the discrepancies of the flow tests and the approximately \$103,000. spent and request compensation. Motion voted in favor unanimously.

Jill Norris will draft a letter to the Fire District BOD, and share with MLPC, for Racek to sign.

The MLP water model will be requested from Stantec. The hydrant color code markings will be done by MCBWS.

3. STANTEC CONSULTING – PROJECTS UPDATE

Mark Hendeson went over the project status report.

MLP Pump Station – An inspection of the Pump Station stilling basin was completed on August 5th with Mark Henderson (Stantec), Tom Brown (Civil & Water, Denver), Joe McElroy (SGM), Frank Glick and District personnel. Pictures were also provided. There was concern if the installation was done according to the plans. More investigation is necessary. Two independent engineers, Tom Brown and Joe McElroy will provide reports along with a report from Stantec. All three will be evaluated before a repair decision is made.

Vehicle Storage Building – The plans are in review at MCB Planning Commission. The public hearing will be August 19th. The plans have not been put out for bid at this time but should be soon.

MLP Flume – An updated cost estimated was presented which has increased substantially to \$87,000. due to location, site work and concrete costs. Contingency and engineering costs have increased.

4. MLP DAM CAPACITY SURVEY/WATER RIGHTS – JOHN CURRIER/RESOURCE ENG.

John Currier was available on a conference call. After the recent survey, the reservoir capacity is currently at 192.5 acre feet. It originally was decreed at 110 AF. It is believed the extra water is owned by MCBWS and a Junior water right application may be applied for. Silver Sage owns only 4.5 AF. There is some uncertainty over water rights/water calls that are Senior to MCBWS that Commissioner Rozman administers. Currier will contact Rozman to clarify.

The Water Rights Summary should be ready by the September meeting which will consist of two reports concerning Water Rights positions and a summary of the methodology for the NVR.

Rees questioned if the District has an open contract with Resource Engineering and requested a breakdown of tasks and amounts. Currier will provide.

5. GARAGE PROJECT MANAGER PROPOSAL

A proposal for the garage project engineer from Matt Hudson was presented. It was tabled until the project is approved. The PM should review/recommend change orders and approval comes from Frank up to the contingency amount.

6. RFP NVR PROJECT MANAGER

McGinnis prepared a draft of the RFP which is a work-in-progress. It was noted there is a generalization of some items and more specifics will be needed. The RFP may be published before these items are known. However, there is a need to establish the details and avoid verbal responses and provide the details when required.

7. ASSISTANT DISTRICT MANAGER STATUS / JOB DESCRIPTION

MOTION by Bill Racek, seconded by Chuck McGinnis, to enter Executive Session for discussion of personnel matters under C.R.S. Section 24-6-402(2)(f) 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 voted in favor unanimously at 7:06 pm. Executive session ended at 7:50 pm.

MOTION by Chuck McGinnis, seconded by Sandra Mabry, to table the Assistant District Manager succession planning. Motion voted in favor unanimously.

MOTION by Chuck McGinnis, seconded by Bill Cavanaugh, to initiate a process of the revision of all job descriptions by a hired independent resource/consultant which will also create evaluation forms. Motion voted in favor unanimously.

8. LEGALS

There were no legal matters. Jill and Frank are reviewing the Rules & Regulations.

9. JULY 2009 OPERATING REPORTS & JULY 14, 2009 MEETING MINUTES, JULY 31, 2009 SPECIAL MEETING MINUTES

Both District and MLP revenues were unfavorable to budget primarily due to property taxes and tap fees. Expenses have been kept in check and are favorable to budgets. Total unrestricted monies are down.

MOTION by Bill Cavanaugh, seconded by Sandra Mabry, to approve both the July financial reports. Motion voted in favor was unanimous.

MOTION by Chuck McGinnis, seconded by Bill Cavanaugh, to approve the July 14, 2009 Regular Meeting Minutes. Motion voted in favor. Mabry abstained from voting.

MOTION by Bill Cavanaugh, seconded by Bill Racek, to approve the July 31, 2009 Special Meeting Minutes. Motion amended to delete a sentence under Item 2. Amended motion voted in favor. Mabry abstained from voting.

Official copies of the 2008 Audit were available. Cavanaugh discussed the Net Income. The last time net income was a loss was in 2005. There is a concern that our rates are not covering operating costs and the fee structure should be reviewed. The MLP portion is not detailed in this audit as requested. The auditor has been asked to provide additional information.

10. OTHER ITEMS THAT MAY COME BEFORE THE BOARD

- ** A partial summary from Michael West & Assoc. was available.
- ** Rees would like to attend the SDA annual conference.

11. ADJOURN

MOTION by Chuck McGinnis, seconded by Sandra Mabry, to adjourn the meeting at 8:25 pm, which passed unanimously.

Bill Cavanaugh, Secretary & Treasurer