

**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
MT. CRESTED BUTTE WATER AND SANITATION DISTRICT
December 14, 2021**

Public Hearings and the Regular Meeting of the Mt. Crested Butte Water and Sanitation District (MCBWS) Board of Directors was held at 5:00 pm on Tuesday, **December 14, 2021**, via <https://zoom.us/my/mcbwsdboardmeeting>.

Members of the Board of Directors in attendance at the public hearings and the meeting were as follows:

Brian Brown Nancy Woolf Nicholas Kempin Jonathan Ferrell

Also present were:

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

Public Hearing Agenda

1. Call to Order

- The hearing to discuss 2022 Rates & Fees was called to order by Brown at 5:01 pm and a quorum was present.

2. 2022 Rates & Fees

- Notice of this hearing was published in the Crested Butte News.
- Proposed rate and fee changes have been posted on the District website and included in Board meeting packets for the past three months. The 2022 budget is built on these changes.
- Once the Water Treatment Plant Expansion loan debt ratio covenant is met, the District will be aligning future budgets so that rate increases can be done less frequently. Currently the increase is set to meet the 110% debt ratio coverage.

3. Public Comment Period

- No comments were made on the 2022 Rates & Fees increase and the Board will vote to approve the changes during the regular meeting.

4. Adjourn

- The hearing was closed at 5:05 pm.

Public Hearing Agenda

5. Call to Order

- The hearing to discuss the 2022 Budget was called to order by Brown at 5:06 pm and a quorum was present.

6. 2022 Budget

- Notice of this hearing was published in the Crested Butte News.
- The 2022 Budget Draft is included in the meeting packet and there have not been any material changes since it was presented in November other than a \$75,000 wastewater capital expense for the Whetstone Relocation project. The District previously did not have solid numbers for that project but now has a more educated estimate. Overall, the budget is designed to support the release of Rate Stabilization Funds to meet the 110% debt ratio coverage. Significant tap fees are anticipated which will help reduce the amount of funds required for release.

7. Public Comment Period

- No comments were made on the 2022 Budget Draft and the Board will vote to approve it during the regular meeting.

8. Adjourn

- The hearing was closed at 5:09 pm.

Board Meeting Agenda

9. Call to Order

- The regular meeting of the Board of Directors was called to order by Brown at 5:10 pm and a quorum was present.

10. Citizen Comment Period

- No citizens presented comments.

11. Approve Meeting Minutes

- November 9, 2021
- There was a clarification noted to #10, New/Old Business Before the Board, that the term limit election proposal by the Town of Mt Crested Butte to eliminate term limits was rejected by the voters.

MOTION by Woolf and seconded by Kempin to approve the November 9, 2021 regular meeting minutes with the clarification noted above. Motion voted in favor.

12. Nominate Budget Officer – Resolution No. 2021-1

- Solheim commented that going forward, for future years, he will investigate the possibility that the District could potentially be permitted to appoint a budget officer for multiple years instead of repeating the process every year.

MOTION by Kempin and seconded by Woolf to approve Resolution No. 2021-1 naming Perry Solheim as the 2022 Budget Officer. Motion voted in favor.

13. Approve 2022 Final Budget, Rates & Fees – Resolution No. 2021-2

- Solheim noted that page 7 presents Exhibit A which is a Budget Message that will be submitted to Gunnison County and the Department of Local Affairs (DOLA) along with the budget. A portion of the budget in the meeting packet contains information that is only included to aid the Board with oversight. The budget pages that will be given to DOLA end on page 15.
- A correction was noted for Paragraph 3 of the Budget Message which should read "...Water Treatment Plant Expansion Project and by analysis of rates at comparable mountain districts" in place of "...Water Treatment Plant Expansion Project and comparisons to rates at local and analysis of rates at comparable mountain districts."

MOTION by Kempin and seconded by Ferrell to approve Resolution No. 2021-2 adopting the budget for Mt. Crested Butte Water and Sanitation District, a Colorado Special District, for the 2022 calendar year. Motion voted in favor.

14. Approve 2022 Mill Levy Rate – Resolution No 2021-3

- Solheim reviewed the process for setting mill levies (pages 21-24 of the board packet).
- Solheim compared previous mill levies to the one for 2022 and explained that line 3 of form DLG 70 (General Obligation Bonds Interest) is blank because the District paid off its 2001 loan debt this year. In the past that loan mill levy has brought in \$150,000 - \$200,000 in property tax revenue. The new WTP Expansion project loan is Enterprise Debt, guaranteed by Water and Wastewater Enterprise Funds, and is not considered General Obligation Debt, therefore the District is not able to levy property taxes on it.
- Solheim also explained that line 6 of form DLG 70 (Refunds/Abatements) shows \$3,109 to be refunded to Gunnison County. This type of refund is often required when the county has objections/adjustments to property tax assessments.

MOTION by Kempin and seconded by Woolf to approve Resolution No. 2021-3 fixing levy upon taxable property within the Mt. Crested Butte Water and Sanitation District, a Colorado Special District, for the 2022 calendar year with a rate of levy at 7.688 Mills. Motion voted in favor.

15. WTP Expansion Project Update

- Updates and progress can be seen in the monthly memo from JVA and on the District Manager Report.
- The project is tracking well at 1% into the 10% contingency. Training to bring the new plant online has begun but has been paused until after the holidays to accommodate contractor and employee vacations.

16. WWTP Discharge Permit Update

- The District received a very favorable summary judgement from the Administrative Law Judge regarding the District's potential litigation on the discharge permit, a process that has been ongoing since late 2017.
- The next steps in the process are uncertain at this time and the District is waiting to hear from the Water Quality Control Division before future steps will be known.
- The District is currently on Permit Modification #6 and the public comment period is still open. This situation was discussed at the Colorado Wastewater Utilities Council Board Meeting on December 8, 2021 so it is a topic that is front and center at the state level.

- The District is on track to meet the deadline for several compliance schedule submittals due by the end of the year.
- A trial is still scheduled for the third week of April, 2022. More information about this is expected soon.

17. MLP Water Color Issues

- Koelliker reported that the pretreatment oxidizing chemical system has been online for about six weeks under the guidance of Carollo Engineers. The team has not observed any problems in the filter waste samples. More sampling will be necessary to determine any future impact at the WWTP but the permit action date allows the District until 2025 to make that determination. Currently the pilot program is progressing well, so sampling and testing will continue as planned.

18. District Manager Report

- Fabbre reviewed information he presented in this report regarding the Infrastructure Investment & Jobs Act that was signed by President Biden back in November. The District will monitor and pursue any base program grants/funds that become available for appropriate administrative, water or wastewater projects.
- Adam Huisman has been hired as a wastewater operator and he will begin work on December 13, 2021. Interviews are ongoing for the open water operator position.
- Both the water and wastewater departments are preparing for the busy holiday season and the increased workload that comes with an influx of tourists.

19. November 2021 Financial Report

- Solheim reported on pages 46-57 of the packet. Water revenue was level with October but usage was down. This indicates that most customers were paying the base rate. Revenue saw a slight increase from 2020, as expected.
- User fee revenue is slightly under budget at 90% but is more than compensated for with the increase in tap fees running at 159%. Solheim estimates an additional \$100,000 in tap fees will be paid before the year ends.
- Salaries are tracking at 90% as 93% of the year has elapsed but that was expected since both the water and wastewater departments had open operator positions.
- Solheim reminded the Board that December financials will not show 100% for the year elapsed due to several expenses that will not be paid until sometime in 2022. The year will be closed when financial statements are submitted to the independent auditor.
- Next month the Board may discuss pursuing the use of a new auditor. It is currently still on track to use Mayberry and Company for the audit.

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

20. Legals

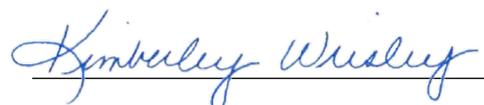
- There were no legal issues discussed.

21. New/Old Business Before the Board

- Brown has received Fabbre's reviews from staff and he is assembling the information to give to the Board for discussion at the next meeting.
- Solheim and Kempin will meet to discuss possibly using a new auditor.
- In January Lock will prepare a document addressing the MLPC issues. There will be an executive session in January to discuss it.

22. Adjourn

MOTION by Brown and seconded by Kempin to adjourn the regular board meeting at 5:48 pm. Motion voted in favor.



Drafted by: Kimberley Wrisley



Submitted by: Perry Solheim