

**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
MT. CRESTED BUTTE WATER AND SANITATION DISTRICT
December 10, 2019**

The Regular Meeting of the Mt. Crested Butte Water and Sanitation District Board of Directors was held at 5:00 p.m. on Tuesday, **December 10, 2019**, 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:

Brian Brown Sara Morgan Carlos Velado Roger Cram Nicholas Kempin

Also present were:

Mike Fabbre, District Manager
Perry Solheim, Finance Manager, Budget Officer
Bryan Burks, Wastewater Plant Supervisor
Tracy Davenport, Admin Assistant
Marcus Lock, District's Attorney
Scott Clarkson, Community Member

Robin Smith, District Customer
Roman Kolodziej, District Customer
Ethan Hampton of 19 Ruby, District Customer
Margaret Hampton of 19 Ruby, District Customer
A.J. Cattles, Big C Builders Inc. of 19 Ruby GC

PUBLIC HEARING AGENDA

1. Call to Order

The public hearing for the 2020 Rates & Fees was called to order by Chairperson Brown at 5:00 p.m.

2. 2020 Rates & Fees

- Solheim handed out 2020 District proposed rates & fees.
- Increase base fee for water by 19%, increase base fee for sewer by 4% which results in a monthly average increase of \$10.23 or 11% blended increase. For MLP customers that include a surcharge, the net increase is 8%. Availability of service fees and tap fees will increase by 4% across the board.
- The fee adjustments were recommended by Raftelis Consulting who we engaged last year to conduct a future cash flow analysis for upcoming capital requirements.
- The District's valuation increased a considerable amount which allowed the mill levy to be set lower than past years. While rates have increased, there will be a substantial decrease to property taxes for the average customer.
- The Water Treatment Plant expansion project construction costs are estimated to be \$20.5 million at this time, all inclusive.

3. Public Comments

- Smith wanted clarification on the comment that when MLP money comes to the District, it goes into a bucket and it's the District's discretion on how it gets spent. Lock advised that until discussions with MLPC are resolved, the revenue being collected from MLP is being treated exactly the same in 2020 as it was in 2019.
- Kolodziej asked how many times the District has raised rates in larger than incremental 4% increase. Morgan advised a roughly 16% increase last year. Kolodziej asked how much of the projects are due to growth, aging infrastructure, this would be nice to have or mission critical. Fabbre advised that they are mission critical. The clarifier at \$2.6 million is for redundancy and backup. Current clarifier has been spinning constantly since 2001, and hasn't been taken offline for maintenance. MCB WTP was commissioned in 1985, and pump station building built in 1976. They have reached end of their useful lives. Capacity issues exist as well. Changing environmental regulations are driving increased capital expenditures. The rate increases address past, present, and future capital projects and operating expenditures.
- Kolodziej advised that two summers ago, he had a broken irrigation line in his backyard. He used over 20,000 gallons of water. He appealed to the board and said appeals aren't considered. Velado remembers considering that at one of our meetings. Kolodziej recommended that we lower the percentage for the basic tier and raise the percentage for the upper tier. District initiated a new tiered rate structure in 2019 which Fabbre went over in detail.

4. End Public Hearing

Public Hearing for the 2020 Rates & Fees closed at 5:27 p.m.

PUBLIC HEARING AGENDA

5. Call to Order

The public hearing for the 2020 Budget was called to order by Chairperson Brown at 5:27 p.m.

6. 2020 Budget

- Tap fee revenues for 2020 were increased from \$250,000 to \$350,000
- Three fund structure: General, Water, & Wastewater
- MLP Operations on page 9 are direct expenses for MLP, do not include indirect or shared expenditures
- Only change on this draft budget from the last draft is the property tax amount and the tap fee amounts.

7. Public Comments

- Smith asked if in the past when there were MLP specific projects in the budget, how did the District handle them. Brown said in the timeframe he's been here it's always been included for the entire District.

8. End Public Hearing

Public Hearing for the 2020 Budget closed at 5:40 p.m.

BOARD MEETING AGENDA**9. Call to Order**

The meeting was called to order by Chairperson Brown at 5:40 p.m.

10. Citizens Comment Period

No citizens made a comment

11. 19 Ruby – Ethan Hampton

- Fabbre presented memo of staff timeline, discussion & recommendation regarding the service line connections for 19 Ruby.
- Ethan Hampton presented information from Williams Engineering, A.J. Cattles of Big C Builders Inc, and Gwen Kittel of Green Willow Consulting.
- Contractor and excavator not aware of District moratorium on tapping into mainlines.
- Cattles admitted to missing deadline.
- Winter excavation risks potentially could be mitigated but worst-case scenario could result in sanitary sewer overflows, exposure and liability to the District that cannot be fully mitigated.
- April is not the optimal time for installation but the contractor did not excavate when the site was dry in August, September, and October.
- Cattles advised he has tapped in Gunnison mainlines in January & February, although it was noted that Gunnison has a cutoff of November 20th.
- Discussion occurred regarding precedence setting effects of allowing exceptions to the District's moratorium on tapping mainlines between October 15 and April 15.

MOTION by Velado and seconded by Morgan to deny the request to tap into the District's mainline between October 15th and April 15th. Motion voted in favor.

- Margaret Hampton could be heard yelling an obscenity from outside of the Board room that disrupted the meeting.

12. Approve 2020 Draft Budget

- Solheim advised setting mill levy to meet general operating expenses of \$952,945 and debt service of \$200,739. District has a net assessment of \$112,774,570, and are setting operations mill levy at 8.450 and debt service levy at 1.780.

Motion by Morgan and seconded by Velado to approve a resolution fixing the rate of levy upon taxable property within the Mt. Crested Butte Water & Sanitation District, for the year 2020 as detailed on page 21 in the board packet. Motion voted in favor.

- Solheim advised Page 22 of board packet contains information regarding the adoption of the 2020 budget as contained in Appendix A that will accompany the board resolution when it goes to the Department of Local Affairs, and State of Colorado.

MOTION by Velado and seconded by Kempin to approve a resolution adopting the budget for the Mt. Crested Butte Water & Sanitation District and setting forth the adoption of rates & fees contained in the budget for year 2020. Motion voted in favor

13. Water Committee

- Committee to be established to work with MLPC water committee. The committee will consist of two Board members and two staff members.
- Brown, Kempin, Fabbre, and Solheim will represent MCBWSD water committee.

MOTION by Morgan and seconded by Velado to establish water committee to represent the District. All decision making will remain at the Board level. Motion voted in favor.

14. MLPC Update

- Brown advised there are no updates at this time.
- Water committee updates to be on all future agendas.

15. District Manager Report

- Hunter Ridge was approved by Gunnison County planning commission. Meeting with Gunnison County Board of County Commissioners was tabled and rescheduled for January 7th. Applicant to resubmit for petition of inclusion with the District. When they go to preliminary plan, approval of water/sewer service will be needed. Board's discretion to allow or deny inclusion into District.
- A third draft or rebuttal period for Wastewater discharge permit is not expected. Anticipate finalize permit publication on December 31, 2019. Once permit is published, there is a 30-day window to demand an adjudicatory hearing.
- Fabbre advised there was a main line water break and repair in MLP.
- Saddle Ridge Lift Station issues continue. Going through process of elimination to determine what the issues are.
- Concerns of the clarifier construction project falling behind schedule. Integrated Water Services (IWS) still confident on the 2/12/2020 substantial completion deadline. Currently \$33,000 under current budget. Building construction should start after concrete is complete and clarifier online for spring runoff.

16. November 2019 Financial Report

- Current cash flow projections indicate that less cash reserves will be used than projected in the original 2019 budget potentially resulting more cash on hand at 12/31/19. Tracking better than expected.
- Some 2019 budgeted projects will carry over into 2020. Funds will be impounded in amounts equal to those provided for in the 2019 Budget to be paid in 2020.
- Major expenses: \$68,000 to Filanc for the Paradise Lift Station, \$20,000 to Raftelis, payment to JVA for Paradise Lift Station and Water Treatment Plant Expansion, and payment to IWS for Clarifier.

MOTION by Velado and seconded by Morgan to approve the November 2019 Financial Report. Motion voted in favor.

17. Approve Meeting Minutes October 8, 2019

MOTION by Morgan and seconded by Kempin to approve the October 8, 2019 regular meeting minutes as submitted.

Discussion was had regarding whether 19% will be used for payment of debt or other expenditures of the District.

MOTION by Morgan and seconded by Kempin to withdraw the motion.

MOTION by Morgan and seconded by Kempin to approve the October 8, 2019 regular meeting minutes as amended. Motion voted in favor.

November 12, 2019

MOTION by Velado and seconded by Cram to approve the November 12, 2019 meeting minutes as amended. Motion voted in favor.

November 14, 2019

MOTION by Velado and seconded by Kempin to approve the November 14, 2019 special meeting minutes as submitted. Motion voted in favor.

18. Legal Matters

- 54 Anthracite tap fee dispute resolved.
- Waiting on title work for vacation plat lot line at the Water Treatment Plant.
- Charter(Spectrum) will vacate the building on District property during 2020.
- Internet Colorado vacated MCB Water Treatment Plant.
- Hillside sewer project needs final pay app from Spallone and advertisement for final payment.
- Paradise Lift Station final pay app deadline was 12/9/19, one subcontractor has not been paid.

19. New/Old Business Before the Board

- Morgan thanked Burks for the Christmas lights
- Velado not able to attend the holiday party
- Rehab of existing clarifier not budgeted for 2020.

20. Executive Session

- Not prepared to move forward with executive session at this meeting. Need more information from the board before proceeding with the District Manager Annual review.

21. Adjourn

MOTION by Velado and seconded by Cram to adjourn the meeting at 7:27 p.m. Motion voted in favor.



Perry Solheim