

**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
MT. CRESTED BUTTE WATER AND SANITATION DISTRICT
October 8, 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, **October 8, 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, via conference call

Also present were:

Mike Fabbre, District Manager

Kim Wrisley, Admin Assistant

Perry Solheim, Finance Manager

Tracy Davenport, Admin Assistant

Kyle Koelliker, Water Plant Supervisor

Marcus Lock, District's Attorney

REGULAR BOARD MEETING

1. Call to Order

The meeting was called to order by Vice-Chairperson Morgan at 5:05 p.m.

2. Citizens Comment Period

No citizens were present for comment.

3. Manager's Report

- Velado advised that the maintenance director for the Town of Mt. Crested Butte was appreciative of the District staff trying to assist with cattle and temporary fencing near the Paradise Lift Station area.
- We took over ownership of the backwash pond in 2018. We are working on vacating the lot line & the utility easement as the new Water Treatment Plant building needs to be situated over the lot line.
- 60% design completion of the Water Treatment Plant expansion project will be ready by the November meeting. We are on schedule and on budget.
- Next regular board meeting scheduled November 12, 2019. Meeting on November 14, 2019 is a public meeting for the State Revolving Fund financing and 60% design presentation by JVA.

Brown joined the meeting at 5:16 p.m. Morgan turned meeting over to Brown at that time.

4. Check Signatories Update

MOTION by Velado and seconded by Morgan to remove Nettie Gruber as authorized signatory for the Mt. Crested Butte Water & Sanitation District bank accounts. Motion voted in favor.

Board policy states that Kempin will not be allowed to vote as he joined the meeting via phone conference and we have a quorum present at the meeting.

5. September 2019 Financial Report

- Board would be better served to have Finance Manager present financial reports. Will start this new format at the next board meeting.
- Solheim advised that for better internal control structure before the next audit, the Treasurer view the bank statements before anyone else sees them and that the Treasurer should sign off on the check register.
- Property taxes and tap fees are up and are above budget.
- Major expenses: Century Equipment \$38,000 for the backhoe, we were renting, now looking to purchase. \$12,500 for engineering project management for the Clarifier. Filanc for Paradise Lift Station for \$76,000. \$188,000 to Integrated Water for Clarifier project. Concrete Conservation for \$63,200, \$59,000 of that amount was for the manhole liner project.
- Water billing/usage up, consistent with last year's usage.
- Solheim to do away with cash flow projection page, he will create something more concise for cash.

MOTION by Velado and seconded by Cram to approve the September 2019 financial operating reports. Motion voted in favor.

6. 2020 Preliminary Budget

MOTION by Cram and seconded by Velado to appoint Perry Solheim as the budget officer. Motion voted in favor.

- Solheim presented the 2020 preliminary budget. No line item for capital reserves so if we keep budget as is with rates & fees and expenditures as they are, we would build no additional capital reserves.
- Not listed on this budget is the new debt service amount for the Water Treatment Plant Expansion project. Depending on the final amount of the project, debt service could be \$950,000 to \$1.2-\$1.3 million a year.
- Preliminary budget includes a rate increase of 19% to water, all other fees include a rate increase of 4%.
- Draw on CWRPDA Loan amount is included in the capital improvements amount.
- Another change in this budget is that the Capital Projects Financial Summary will include project management, engineering, consulting, construction, etc.
- Solheim presented a comparison of rates for Gunnison County, Telluride, & Durango. Telluride raised water rates 30%, sewer rates 70% in one year.
- A discussion took place regarding treatment of MLP area rate increases as they relate to the ongoing imbalance issue. Staff continue to track all MLP remittances to facilitate accurate treatment upon resolution of the imbalance issue.
- Solheim presented a cash restrictions/reserves/assignments analysis as of September 30, 2019. Contractually obligated to hold \$1,126,704 for cash in lieu of water rights.
- MLP operations, suggest changing to direct operational expenses
- Enough funds allocated to sludge for compost building with the Town of Crested Butte, to be listed on Wastewater capital projects financial summary for 2020
- Capital Projects Financial Summary discussion. Want more in capital expenditures than in repair & maintenance because that will show a better P&L, want to show that the Enterprise is self-sustaining.
- Add "draft" watermark, date, and page numbers on the preliminary budget.

7. Approve Meeting Minutes

September 10, 2019

- Discussion of signature block for chairperson to sign minutes. It's not required, could have Brown be witness in litigation. Since it's not required, leave it off for now.

MOTION by Velado and seconded by Morgan to approve the September 10, 2019 regular meeting minutes as submitted. Motion voted in favor.

8. SDA Annual Conference Update

- Fabbre advised that Senate bill 18-167 that recently passed, in reference to Colorado 811 Utility Locates which will require water/sewer utilities to locate service lines, 2-year rollout on this.
- Rules & Regs update to include tap fee language to allow us the right to enter property to inspect meter/tap completion.
- IT presentation with a federal agent that works with cyber-crimes provided lots of valuable information. Solheim putting together Standard Operating Procedure & is looking into a password manager program.

9. Legal Matters

- Vacation plat in process
- Tap fee dispute with homeowners of 54 Anthracite
- Charter lease expired and wants to extend lease to September of 2020.
- Internet Colorado starting to move out of the Water Treatment Plant.

10. New/Old Business Before the Board

- Agenda to be posted on the website with board packet, confidential information should not be included.
- Minutes approved at the board meeting should be posted on the website by the end of the week that the board meeting was held.
- Brown & Morgan met with the water committee with Meridian Lake Park. They are on board with joining us for the public meeting to be held on Oct 28-29 work session with Raftelis.

11. Adjourn

MOTION by Sara Morgan and seconded by Roger Cram to adjourn the meeting at 8:08 p.m. Motion voted in favor.



Perry W. Solheim