

**MINUTES OF THE  
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE  
MT. CRESTED BUTTE WATER AND SANITATION DISTRICT  
August 30, 2018**

A Regular Meeting of the Mt. Crested Butte Water and Sanitation District Board of Directors was held at 4:00 p.m. on Thursday, **AUGUST 30, 2018**, 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:

Sara Morgan      Brian Brown      Carlos Velado      Matthew Gutter      Roger Cram

Also present were:

Mike Fabbre, District Manager

Nettie Gruber, Finance/Admin Manager

Tracy Davenport, Admin Assistant

Tim Seifert, Water Plant Supervisor

Bryan Burks, Wastewater Plant Supervisor

Kyle Koelliker, Water Plant Operator

Andrew Rheem, Raftelis

## **SPECIAL BOARD MEETING**

### **1. Call to Order**

The meeting was called to order by Chairperson Morgan at 4:00 pm.

### **2. Raftelis Financial Plan and Rate Study, Phase 2**

- The presentation was conducted by Andrew Rheem of Raftelis
- Major sections were:
  - Water/Wastewater Financial Plan 5 Year Period
  - Tap Fees
  - MLP Surcharge
  - Water/Wastewater Rates
- Using SFD for residential vs commercial makes the rates equal
- Major rate driver is capital project expenses

#### Water Fund

- Water CIP projects:
  - East River Pump Station
  - East River Raw Water Line
  - East River Diversion
  - MCB Water Treatment Plant Expansion
  - Paradise Road Water Line Replacement
  - MLP Water Tank Replacement
- MCB WTP built in 1985, 30+ years old, replacement for age and capacity
- Use Audit net assets at 2% for capital fund reserve amount
- Recommended 25% rate increase from 2019-2022
- Average customer uses 5,000 gallons water per month for one SFD
- A capital vs repair explanation was requested from Raftelis
- The board has the discretion to make those decisions on capital / repair costs
- Reserve funds are "on paper" as earmarked funds not separate bank accounts

#### Wastewater Fund

- Five + million CIP projects over five years, three major projects:
  - WWTP Optimization and Expansion
  - Collection System Rehab – Hunter Ridge
  - WWTP Process Building Roof
- Cash funded at 50%
- Recommended 8% rate increase to 2021

#### MLP Surcharge

- Rate has been \$36.27/month since 1996
- No new major capital projects projected at this time
- Interest free loans in the past
- Need to build a cash reserve
- A one-time payment to eliminate indebtedness

Tap Fees

- One-Time fee to offset costs of serving new development
- Current rates analyzed and recommend to maintain current levels plus inflation
- New property appraisal may influence tap fee rates
- Financial plan assumes tap fee rates maintained

Water Rates

- The new MCB WTP cost increase is delegated at half for maintenance and age of the plant and half for expansion
- Tap fees may be used for expansion portion
- Policy decision for tap fee rate increase must be cost justified
- New user rates may cause revenue loss, could create unstable conditions and revenue projections
- Tier rates discussed and tier widths
- Conservation may be promoted, and design could influence effectiveness
- Rates need to balance revenue and stability

Wastewater Rates

- Current fixed rates are stable with no volume component
- Volumetric charges improve equity between lower and higher users
- Winter period, December – March, becomes average volume rate for entire year
- Must be reset every year, additional staff time would be required

Discussion

- Front load rates for CIP
- Conservation progress could lessen WTP need and smooth out rates on longer term
- Revenue debt loan does not require a citizen vote
- Lower rate increase to 20% and move out capital projects
- Conduct a WTP open house to educate and promote with publicity
- District may not be capable to execute all construction projects timely
- Board requested a 20% rate increase plan from Raftelis
- Need to check MLP figures
- Tap fees may change after receipt of insurance appraisal
- Possibility to break down 4-20K water tier rate
- More information needed for cost and staffing on wastewater volumetric rates

**3. Old/New Business**

- Long Lake/CBLT MOU draft and public comment letter of support period ends 9/7/18
- Special meeting for MOU and Letter of Support is Thursday, September 6<sup>th</sup> at 12:00 pm
- Velado excused for the Monday, September 10<sup>th</sup> regular meeting

**11. Adjourn**

**MOTION** by Velado, seconded by Brown to adjourn the meeting at 7:35 p.m. Motion voted in favor.

(Raftelis slide presentation attached)

---

Nettie Gruber, Board Secretary