

**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE
MT. CRESTED BUTTE WATER AND SANITATION DISTRICT
September 27, 2018**

A Special Meeting of the Mt. Crested Butte Water and Sanitation District Board of Directors was held at 3:00 p.m., on Thursday, **SEPTEMBER 27, 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

Also present were:

Mike Fabbre, District Manager

Nettie Gruber, Finance/Admin Manager

Tracy Davenport, Admin Assistant

Andrew Rheem, conference call

Bryan Burks, Wastewater Plant Supervisor

Tim Seifert, Water Plant Supervisor

Kyle Koelliker, Water Operator

SPECIAL BOARD MEETING

1. Call to Order

The meeting was called to order by Chairperson Morgan at 3:00 pm.

Roger Cram was excused from the meeting.

Matt Gutter arrived at 3:30 p.m.

2. Raftelis Financial Plan & Rate Study, Phase 2

Tap Fees

- One-Time fee to serve new development
- Insurance company appraisal, some values lower. Did not use insurance values for tap fees.
- Inflation 2% increase each year, more income over 5 year time period

Updated Meridian Lake Park (MLP) Surcharge

- Reviewed former analysis, capital projects
- End of 2017, balance \$1.68 million
- Previous balance paid off
- 2 year surcharge applied
- Forecast to 2041, 24 years or one-time payment of \$10,148.
- No action taken.

Updated Water & Wastewater Financial Plans for 2018 through 2022

- Water/Wastewater reduced by \$1.4 & .7 million
- Lower DSC from 150% to 130%, may limit District due to legal covenant with State Loan program
- Rate would be set without cushion
- Tap fees for additional revenue
- May lower rate revenue
- Water Fund CIP Projects: East River Pump Station, East River Water Line, East River Water Diversion, WTP Optimization & Expansion. \$18.6 M thru 2020 – 2022. Chart of water rates 2019 = 19%. Close to target in cash reserves & DSC in 2022.
- Wastewater Fund CIP Projects: WWTP Optimization & Expansion, Collection System Rehab. Chart of Wastewater rates 2019 4% - 2021 4%. Cash reserve target close in 2021

Water Rates

- Majority of water use falls in 11,000 gallons, 80%.
- Alternate 2, \$44.30. Tier 4 steep, same tier structure
- Alternate 3, \$44.30, change tiers. Same minimum charge as Alternate 2, less water in tier 2 & 3. More volume in higher priced tiers. Higher bills in tier 4 than Alternate 2. More instability, financial risk.
- Compare rate structure, bill impacts. Alternate 3 incentive for conservation but effects rates. Future years increase risk of emergency conservation & reduced revenue
- A surcharge could reduce revenue stability & recovery
- 15-20% reduction in water production with emergency restrictions
- Double whammy on users: higher bills & less water #2 public perception

Wastewater Rates

- Volume base rates in 2020
- 2019 4% increase on flat charge
- No tiers, even in volumetric which uses AWC
- Large users, commercial pay most

Discussion & Next Steps

- WW volume rates, too much work to implement in 2019

- 130% DSC better than 150%
- Ability to complete projects, reality of no vendors available
- Clarifier in 2019
- WTP in 2019 for CMAR, breaking ground in 2020
- Board ok with 19% Water, 4% Wastewater rates.
- Perception of customers. Alternate 2 with same gallons conservation message, Alternate 3 is favored. For budget use Alternate 3
- Bank balances vs fund balances. Legal requirements on website
- Dedicated amount for restricted fund for reporting
- % of net assets are constant, O&M can fluctuate
- Cash balances for reserve target, 4-6 months of O&M reserves
- Tracking of funds, operational basis. Revise reports to track funds with Raftelis
- MLP Surcharge: UF can pay capital, not the other way. Long term MOA. Master plan to include Long Lake. No clear path to reimburse District. MLP still to be \$36.27. No future capital plan for MLP.
- Andrew Rheem closes out.
- Capital vs Repair definition, plan

3. Old/New Business

- Fabbre on vacation the week of October 8th
- Proposed increase, public relations, tour, advance notice, HOA's, scope of projects/DSC. Review Staff levels for capital projects
- 2019 Budget includes new office staff

4. Adjourn

MOTION by Velado, seconded by Brown to adjourn the meeting at 5:00 p.m. Motion voted in favor.

Nettie Gruber, Board Secretary

(Copy of Raftelis PPT attached)