

**MINUTES OF THE  
REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE  
MT. CRESTED BUTTE WATER AND SANITATION DISTRICT  
AUGUST 11, 2020**

Regular Meeting of the Mt. Crested Butte Water and Sanitation District (MCBWS D) Board of Directors was held at 5:00 pm on Tuesday, **August 11, 2020**, via GoToMeeting at <https://www.gotomeet.me/MCBWaterSanitationDistrict>

Members of the Board of Directors in attendance at the meeting were as follows:  
Brian Brown    Carlos Velado    Nicholas Kempin    Nancy Woolf

**Also present were:**

Mike Fabbre, District Manager  
Kyle Koelliker, Water Plant Supervisor  
Kim Wrisley, Admin Assistant  
Marcus Lock, District's Attorney

Perry Solheim, Finance Manager  
Bryan Burks, Wastewater Plant Supervisor  
Tracy Davenport, Admin Assistant  
Joe Fitzpatrick, Mt Crested Butte Town Manager

**1. Call to Order**

- The meeting was called to order by Brown at 5:01 pm.

**2. Citizens Comment Period**

- No citizens presented comments.

**3. Water Usage at 89 Anthracite**

- Discussion took place regarding an email from James Brennan, property manager, requesting the District adjust the water bill for high water usage during the month of June 2020 due to an irrigation system malfunction. To date, the Board has not voted to adjust a water bill where a functioning meter has measured the delivery of water.

**MOTION** by Velado and seconded by Woolf to keep the water bill for 89 Anthracite as is. Motion voted in favor.

**4. Carrier Neutral Location for Fiber-Optic into Mt. Crested Butte**

- Joe Fitzpatrick presented information about the Region 10 Middle Mile Project to bring enhanced broadband from Gunnison up into Mt. Crested Butte.
- The \$5,487,000 project is a USAC grant requiring a 10% match locally and it expires in June 2021.
- A Carrier Neutral Location (CNL) is necessary to provide a building where the fiber-optic can connect to the hardware that makes it usable.
- The Town of Mt. Crested Butte is searching for a long-term location for a CNL building and is pursuing the possibility of using the MCBWS D building that is positioned just south of its main office.
- The District is not able to commit their building to long-term use as a CNL due to its own future needs for the space.

**5. COVID-19 Update – Revisit temporary late fee suspension**

- The staff continues to follow guidelines of the county health order and all employees are healthy.
- One employee was tested for COVID-19 because of possible exposure. The test was negative.
- One employee had exposure to a sick family member, but the member's COVID-19 test was negative.
- The staff recommended the suspension of late fees be extended for another month because unpaid accounts are minimal, and it may help those in need.
- Woolf suggested the District extend the suspension of late fees until the end of 2020.
- Velado added to Woolf's suggestion the understanding that if the staff finds any changes are necessary prior to the end of the year, they may bring them to the board's attention.
- Velado suggested, going forward, Fabbre put updates in the District Manager's Report unless there are problems that need to be addressed by the board.

**MOTION** by Velado and seconded by Woolf to approve the extension of the District temporary late fee waiver until the end of the year while giving the District staff discretion to notify the Board before that time if something needs to change. Motion voted in favor.

**6. Clarifier Project Update**

- The clarifier project is moving forward after a leak was sealed and the clarifier passed inspection.
- The HVAC system has been balanced and inspected.
- The District recently received a request for substantial completion.

- Integrated Water Services (IWS) is still responsible for liquidated damages while the District waits for the last few outstanding items to be completed and until staff receives the SOP documentation.
- The District is in the process of considering financial negotiations for the liquidated damages.

### **7. Water Treatment Plant Expansion Project Update**

- Many aspects of the expansion project are underway and Fabbre noted that the board packet memo from Cooper Best at JVA outlines much of the progress.
- Lacy construction will soon begin excavation for pipeline from the East River Pump Station.
- Woolf asked about the possibility of an outdoor tour of the expansion project. The District can provide tours and will discuss the best way for participants to adhere to county health guidelines during the tours.
- Solheim is working on getting an IP camera installed for tracking a time lapsed progression of the expansion project.
- The water and wastewater plants have been working together on a short-term solution to avoid overwhelming our collection system when flushing the backwash. Current flushing frequencies are working but will be re-evaluated in the spring when more frequent backwashing and flushing will occur as a result of increased turbidity in the source water and potential increased I&I reducing the capacity of the collection system.
- As a longer-term solution, the District acquired a 20,000 gallon “frac tank” that can receive normal volume flushes and then release the water into the collection system at a much slower rate.

### **8. Water Committee Update**

- The committee met last on July 22, 2020 and the next meeting will be on August 12, 2020.
- The committee reviewed the infrastructure that existed at the time the MOA was signed and what consideration was given by each entity with respect to water rights and assets.
- The committee discussed the tangible and intangible benefits of removing the agreement with the knowledge that there may need to be further research done to determine a sustainable path forward.
- They discussed the value of the Meridian Lake Park (MLP) water plant and the long-term financial plans of the corporation.
- Solheim presented MLPC with issues related to their financial imbalances.
- At the August 12 meeting they plan to discuss the potential equity of tangible and intangible benefits within a new agreement.

### **9. District Manager Report**

- The District made an employment offer to an experienced water operator and he declined so interviews will continue.

### **10. 2019 Draft Audit**

- Solheim highlighted that the District is growing, and net assets are increasing as expected.
- The District’s net position is increasing as a result funding a \$2.6M project from our reserves.
- The COVID-19 crisis delayed release of the draft audit until after the acquisition of the WTP expansion project loan agreement and, therefore, disclosures regarding the loan are included in the final draft financial statements.
- A disclosure is included stating the District currently does not anticipate any negative impacts from COVID-19.
- Note #4 on page 21 requires details be added about the new debt.
- Note #5 on page 21 requires an edit to “Colorado County Officials and Employees Retirement Association” (CCOERA) as the name has been changed to Colorado Retirement Association (CRA).
- The District received a “Unqualified Opinion” (also known as a clean opinion) with no exceptions noted during the audit.

### **11. July 2020 Financial Report**

- Velado reported there was a significantly higher uptick in July water usage than expected.
- Velado stated an in-depth look into whether or not the District’s tiered rate system has had an impact on water conservation could be useful.
- Solheim noted that 17 million gallons of water were used in July which is close to the production output of the WTP so production demands continue to be met.
- Velado highlighted that revenues exceed expectations with a major portion of this being realized through tap fees. Expenditures, including salaries, continue to track as expected despite the COVID-19 crisis.
- Velado stated the Cash Flow Projection Report contains a new 2020 Unrestricted Cash value of \$4,262,494 which is a true audited number. Solheim then explained the Cash Flow Projection Report has previously lagged behind slightly from the actual cash balances and he plans to develop a more precisely matched set of reports that will also track changes in accruals, payables etc.
- Cash flow is tracking as expected.

- Solheim expects the cash flow to remain positive as loan requisitions are being submitted regularly along with WTP Expansion expenditures.
- Velado highlighted the more significant charges on the check report.
- Fabbre reported that two bids were received for the Daisy Circle construction project, one for \$80K and one for \$175K. The District will accept the bid for \$80K which is a \$40K reduction from the project budget.

**MOTION** by Velado and seconded by Kempin to approve the July 2020 financial report. Motion voted in favor.

#### **12. Approve Meeting Minutes**

- No discussion, questions or comments were presented.

**MOTION** by Woolf and seconded by Velado to approve the July 14, 2020 minutes of the regular meeting of the Board of Directors. Motion voted in favor.

#### **13. Legals**

- Lock's legal work has involved Spectrum's vacation of the District's building and an informal extension of their July 31, 2020 deadline to avoid interruption of the District's internet service.
- Xstream Internet will soon be installing service which can be used as an emergency backup to the Spectrum provider.
- Lock and Fabbre are working on an agreement with Crested Butte Mountain Resort (CBMR) regarding shared use of the diversion infrastructure at the East River pump station.
- Lock has provided support to the MLPC water committee in their work to resolve issues with the MOA's.

#### **14. New/Old Business Before the Board**

- No new or old business was presented.

#### **15. Executive Session**

- Brown requested that staff members Fabbre and Solheim stay for an executive session regarding a negotiations matter.
- Brown announced executive session pursuant to C.R.S. § 24-6-402(4)(b), which allows conferences with the District's attorney for the purposes of receiving legal advice on specific legal questions. The purpose of the executive session will be to discuss with the District's attorney a matter related to potential negotiations.

**MOTION** by Brown and seconded by Velado to move into executive session at 6:40 pm. Motion voted in favor.

- Lock advised that the remainder of the discussion that will occur in executive session pursuant to C.R.S. § 24-6-402(4)(b) to discuss with the District's attorney a matter related to potential negotiations during the remainder of the executive session will constitute attorney/client privileged communications and therefore no further recording need be made of it.

**MOTION** by Brown and seconded by Velado to end the executive session at 7:02 pm. Motion voted in favor.

#### **16. Adjourn**

**MOTION** by Woolf and seconded by Velado to adjourn the meeting at 7:04 pm. Motion voted in favor.



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Perry W. Solheim, Board Secretary