

MORRISON CREEK METROPOLITAN WATER & SANITATION DISTRICT

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RECORD OF PROCEEDINGS

The Board of Directors of the Morrison Creek Metropolitan Water & Sanitation District met on November 18st, 2021 at the Offices of Sharp, Sherman & Engle located at 401 Lincoln Avenue in Steamboat Springs, Colorado for their regularly scheduled meeting. Also, available online at <https://global.gotomeeting.com/join/858019309> ; Join by phone [+1 \(571\) 317-3112](tel:+15713173112) , Access Code 858-019-309

Present: Tony Borean, President
Mike Ratliff, Vice President
Leah Wolf Martin, Treasurer
Barbara Houston, Director
Jim Kinser, Director

Also, Present: Geovanny Romero, District Manager
Tom Sharp, Legal Counsel
Adam Summers, Engineering Consultant
Christopher Brandewie, Rate Study Consultant

-Tony Borean called the meeting to order at 5:00 P.M.

Meeting minutes

-Director Wolf Martin made a motion to approve October's board meeting minutes. Director Ratliff 2nd. Pass.

Financial Report

-The October financial report and check register were reviewed by the Board.

-Director Wolf-Martin made a motion to approve check #'s. 16189 through 16234, 2 ACH payments to Express Bill Pay and 6 EFTs to Colorado of Public health, IRS and Lincoln Financial Group. Director Houston 2nd. Pass.

Attorney's Report

-Mr. Sharp stated that since the last board meeting, he had drafted a resolution to define and implement the new service fees the district would be adopting. He also mentioned having worked with the district manager on general legal matters.

Old Business

-Mr. Summers communicated to the members of the board that the district continues to look for more sources of funding for the replacement of the wastewater treatment plant. He stated that he and the district manager have held several meetings with the Department of Public Health at the State of Colorado as well as the

Department of Local Affairs to explore additional funding options. Mr. Summers stated that the plan is to have the district's project shovel ready by the time all new funding from the infrastructure bill is released. At that point the district will be able to decide whether to accept funding from USDA or other sources.

- Mr. Summers asked the board to authorize Mr. Anthony Borean (President of the Board) to sign the Owner/Engineer agreement, which is necessary to continue the process for USDA funding. Director Kinser made a motion to authorize the President of the Board to sign the Owner/Engineer agreement between Aquaworks and the district as required by USDA. Director WolfMartin 2nd. Pass

- The district manager updated the board on the status of the new lift station. He told the board that the project was basically complete, except for a couple of minor items that still need to be addressed. He stated that the new lift station would be in operation at the beginning of December.

New Business

- The district manager stated that he had been in contact with Routt County's Emergency Manager David DeMorat. He mentioned that he had several meetings with the County trying to get the district involved in the County's emergency management master plan. The district could be eligible for emergency preparedness funding through FEMA if registered under the County's emergency management plan, he stated.

General Counsel Sharp recommended that the board make a motion to authorize the district's manager to engage with the county on its Hazard Mitigation Plan.

Director Ratliff made a motion to authorize the district manager to engage with Routt County on their Hazard Mitigation Plan. Director Houston 2nd. Pass

- The district manager presented the final draft of the 2022 budget to the board along with the documents for its adoption.

Director Kinser made a motion to approve the resolution to adopt the 2022 budget. Director Ratliff 2nd. Pass

Director Houston made a motion to appropriate Sums of Money. Director Kinser 2nd. Pass

Director Kinser made a motion to approve the resolution setting the 2022 Mil Levy. Director WolfMartin 2nd. Pass

- Rate Study Review:

Mr. Brandewie with Rural Community Assistance Corp presented the results of the rate study his agency had been consulted to perform for the district. Mr. Brandewie mentioned that in order to perform a thorough study he first worked with the district manager to inventory all of the district's current assets. Then, he analyzed the life expectancy of every item to include all of the water and sewer infrastructure. He recognized that the district had been in past years undercharging customers and not saving enough for large capital replacements or emergency repairs. His recommendation for the sewer system was a 39% increase of the service charge rate for 2022 and a 3% increase for each of the following 5 years to balance the sewer budget. For the water system, Mr. Brandewie's recommendation was for an increase of 63.5% in water service charge rates for the first year and a 6% increase for each of the following years. These increases although substantial, are necessary for the district to be able to maintain its infrastructure and to fund the cost of debt services for the future district capital projects including the proposed new wastewater treatment plant. He stated that the district had kept low rates for far too long and had not had an increase since 2018.

The Board was concerned with the size of the proposed increase in the water service rates, and the consensus of the board was to consider an initial increase of water service rates of approximately 44% in 2022. The Board decided to study the recommendations and directed the manager to present the rate study and the proposal for service rate increases at the public hearing scheduled to be held on December 2nd, 2021. The

board requested the manager to provide notices to district customers of the proposed public hearing and contemplated rate increases, in addition to the publication of the notice of the hearing in the Steamboat Today.

- The district manager stated that he had fulfilled his first year of labor at the district. He engaged the board and solicited his performance review. The board was satisfied with all the work and goals accomplished by the manager during his first year. Directors thanked him for diving right into all of the district's projects and working with the staff. The district manager stated that he is pleased to work for the board and that he is excited for upcoming challenges and district growth.

Manager's Report

- The district manager informed the board that the contractors laying fiber optic throughout the district will be wrapping up their work sometime mid-December. The contractors have been purchasing bulk water from the district.

- The district manager mentioned that Mr. Adam Summers (engineering Consultant) and he have been in contact with a local structural engineer to identify the feasibility of repurposing the building that currently houses the wastewater treatment plant once the new WWPT is built. He mentioned that the structural engineer will work directly with Mr. Summers to include this item into the overall construction project.

- No other new business was addressed

- The meeting adjourned at 7:45pm.

Geovanny Romero, Secretary