

RECORD OF PROCEEDINGS

KREMMLING SANITATION DISTRICT

REGULAR BOARD MEETING
NOVEMBER 8, 2021

The Board of Directors for the Kremmling Sanitation District met in the boardroom located at 200 Eagle Avenue. The meeting was called to order by President Jason Bock at 6:00 p.m. Directors present: Jason Bock, Ken Bentler, Noble Underbrink and Eric Bradley. Director(s) absent: Dave Sammons. Staff present: District Manager Rich Rosene, Superintendent Josh Leyba, and Scott Weber. Audience present: None.

APPROVAL OF MINUTES: BENTLER MOVED TO APPROVE THE REGULAR MEETING MINUTES OF OCTOBER 11, 2021 AS PRESENTED. BRADLEY SECONDED. MOTION CARRIED.

APPROVAL OF EXPENDITURES: BENTLER MOVED TO APPROVE THE EXPENDITURES PRESENTED FOR THE PERIOD OF OCTOBER 12, 2021 THROUGH NOVEMBER 8, 2021 IN THE AMOUNT OF \$32,249.53. UNDERBRINK SECONDED. MOTION CARRIED.

PUBLIC COMMENT: None.

PUBLIC HEARING – PROPOSED RATE INCREASES: President Bock opened the public hearing for the proposed rate increases at 6:05 pm. Rosene explained the proposed rate increases for the monthly service charge and for the commercial overage charge. He recommended that the monthly use rate be increased by \$1.25 per month to \$46.25 per month (a 2.8% increase) and the commercial overage charge be increased by \$0.25 per thousand gallons to \$8.50 per thousand gallons (a 3% increase). Rosene explained the proposed increases were cost of living adjustments to keep up with our increases in costs for utilities and other expenses.

BENTLER MOVED TO CLOSE THE PUBLIC HEARING AT 6:08 PM. BRADLEY SECONDED. MOTION CARRIED.

BRADLEY MOVED TO ADOPT RESOLUTION 2021-11-1, A RESOLUTION TO AMEND APPENDIX “A” SCHEDULE OF FEES AND CHARGES OF THE KREMMLING SANITATION DISTRICT RULES, REGULATIONS AND BYLAWS. BENTLER SECONDED. MOTION CARRIED.

AUDITOR’S REPORT – 2020 AUDIT: Michael Jenkins of McMahan and Associates gave the board a report on the 2020 audit by Zoom. Jenkins said that the audit went well and that they had an unmodified opinion or a clean audit opinion. This means that the financials can be relied upon to give a good basis for decision making. Jenkins suggested that the board read the Management Discussion and Analysis portion for a summary of the results. He explained page C1, the Statement of Net Position. The district’s total assets decreased due to more depreciation costs than increase in assets. The liabilities of the district are the CWRPDA loan and the lease purchase agreement with Water Technology Group for the septage receiving station. The cash and investments were up for the year and the liabilities were also up due to the septage receiving station. The District’s net position at the end of the year was \$4.1 million, of which \$3.4 million is in capital assets.

There is a restricted net position of about \$103,000 which is the required loan reserve for the CWRPDA loan. The unrestricted amount of \$607,000 is the money available for our operations. The district has good liquidity, as is common for sanitation districts. On page C2, the operating income showed a net gain for the year with about \$100,000 in revenue from the septage receiving station. The district also received a grant from DOLA for the Ceriani Park Reuse Extension project. The district showed a net loss in operating revenues and expenditures for the year of about \$116,000 due to depreciation amount of \$347,000.

Jenkins then went over page E1, which has the budget comparison of revenues and expenditures as compared to the previous year. The district ended the year with revenues about \$127,800 over the budgeted amount and expenditures were about \$39,000 lower than budgeted.

Jenkins stated that the board is the internal control and it is important that they review the monthly financials and disbursements carefully. He recommended that the board keep aware of the current fees and charges to be sure they are adequate for current operations as well as for future capital needs. Jenkins said that the district has increased its cash position for about 5 years. The district’s budget policies and practices are conservative, compliant and consistent.

Rosene said he was concerned that the draft financials were received just one day before the final was due to the state. Jenkins said it was related to the turnover in the town staff and the new accounting software and shouldn’t happen again next year. The board thanked Jenkins for the report.

RECORD OF PROCEEDINGS

KREMMLING SANITATION DISTRICT

Regular Board Meeting
November 8, 2021
Page 2 of 3

PUBLIC HEARING FOR THE 2022 BUDGET: President Bock opened the public hearing for the 2022 budget at 6:35 pm.

Rosene went over the proposed budget and explained the minor changes from last month to revenues and expenditures. Rosene said he talked with Leyba and Weber on capital projects. The largest capital outlay projects include a sewer main repair, a spare blower, and AquaDisk controls. Several small projects are also planned that have been on the list for a couple of years.

Rosene budgeted income from two tap fees but is hopeful for more. Other revenue items include the septage receiving station, property and specific ownership taxes, shared employees, and miscellaneous income. The interest earned on our cash accounts will continue to be low though there may be a slight increase in 2022. Rosene had no grant income expected.

Rosene said that the lease purchase for the septage receiving station has been paid off, so the only debt service is for the CWRPDA loan. The other administrative expenses are pretty standard as in past years.

The collection and treatment cost items in the budget remained the same as were discussed at the October meeting. We have had a couple of years with higher than normal costs in collections and reuse. He will look them over again prior to next month's meeting. The budget adoption will be at the December meeting.

As there was no public comment on the proposed budget, the public hearing was closed by President Bock at 6:50 pm.

ENGINEER'S REPORT: Leyba said that the new air piping is about 10 days out per Brandon Cole at Water Technology Group.

OPERATOR'S REPORT: Leyba said he purchased a new BOD incubator as the current one won't hold temperature and no parts are available due to its age. He has entered into a 2 year service agreement with Hach to provide equipment maintenance and repairs. They will provide a loaner for equipment sent in for repairs. He also said that the screen on the Auger Monster has been installed, the daily and weekly work has been completed, and another pallet of soda ash has been delivered. The software for the camera has been a problem with the distances not being reported accurately, but they were able to video the line planned for replacement and put on DVD for contractors who want to bid on the project when we advertise. The jetting is being documented in our files for 2019 through 2021.

While Leyba was out on leave, Weber took a sample from the distillery and brewery when they drained their tanks. The BOD was 3,660 mg/L, which is about 12 times our average. Leyba, Weber and Rosene met with the distillery and brewery owners and talked over the issues with the discharge. The distillery may be draining their main tank too quickly and sending a high concentration in a short time period. They were asked to extend the time of draining to four hours and see if that helps.

Leyba was able to pull and clean the DO and pH probes in Ponds A, B and C. The pH and DO levels are very good in the ponds, so we should be able to handle the distillery discharge if the drain time is extended. He said the biggest concern is if we are sampling and get one of the drain discharges it could raise us out of compliance. Leyba said that if they drain over a four hour period of time, it should help. The longer drain time won't interfere with their operations as there is plenty of time between batches. The brewery isn't a problem as he gets rid of his mash, drains most of his liquid outside and has minimal solids in his draining. The distillery purchased a \$30,000 piece of equipment to clean up most of their mash. The last amount of liquid in the tank is fairly concentrated and the longer drain time should help. Keeping the pH and DO levels high will help with the BOD removal. The ammonia level is still very low at 0.05 mg/L but we are coming into the time of year when this has usually increased. Leyba explained the form in his report for all the lab results. The top section has the DMR items and the rest of the results are process control items.

Leyba said that Weber built a screen for the reuse water intake. They tested the pump again and it is working. The system has been shut down for the winter and the lines and sprinklers have been blown out. Weber said that the fall of 2020 there was a problem with the reuse pump when they shut down for the season. In the spring of 2021 there was a muskrat wrapped up in the pump impeller and he had to pull the pump out to clean it. He tried a screen on the pump but this didn't work due to algae buildup. The pump doesn't spin backward and won't backfeed when shut off so you have to fight it to manually clear the blockage.

RECORD OF PROCEEDINGS
KREMMLING SANITATION DISTRICT

Regular Board Meeting
November 8, 2021
Page 3 of 3

BUSINESS ITEMS: Change of authorized signors for bank accounts. Rosene asked that the signers on the district accounts at ColoTrust and United Business Bank be updated to remove Dwayne Uhrich and add Noble Underbrink. Underbrink asked how many signers we had and how many we really need. Rosene said we have normally had the entire board and Rosene as signers. Most of the time Rosene and Bock have signed checks, but with Bock now working out of town, it may be Sammons that is most available. Underbrink said that if there is an issue in the future with getting checks signed timely, he could be added.

UNDERBRINK MOVED TO REMOVE DWAYNE UHRICH AS A SIGNER ON THE COLOTRUST AND UNITED BUSINESS BANK ACCOUNTS. BRADLEY SECONDED. MOTION CARRIED.

Employee Handbook revision. Rosene said that he had made some changes to the employee handbook to get it updated. The vacation leave section has an added statement about previous experience used for accrual rates and the sick leave section has been updated to meet the new state law requirements for paid sick leave for temporary, part-time and seasonal employees. There were several other minor changes to get the handbook current with our actual operations in pay periods and timesheets. Sections on computer use, emails, and electronic media usage were added. The disciplinary and discharge section was modified to remove the grievance processes due to our past discharge experience. Rosene also proposed changing the deferred compensation plan to up the match from 4% to 6% for both the employee and the district. He said that with the issues with current Social Security system, this would help to give them a more secure retirement benefit. Underbrink asked that the handbook be reviewed by our attorney or a benefits expert to be sure it is compliant and clear before we adopt a new version of the handbook.

Discussion and action on merit awards. Rosene said that Weber had asked a couple of months ago to get a bonus for Rob Coker, our seasonal employee, for his excellent work this summer. Rosene and Weber discussed the award and proposed a \$250 bonus. There was discussion of the amount and an incentive to come back next summer with an increase of \$2 per hour.

BENTLER MOVED TO GIVE ROB COKER A \$500 BONUS FOR HIS WORK THIS SUMMER. BRADLEY SECONDED. MOTION CARRIED.

Additional discussion items. Leyba asked about cost of living adjustments and merit increases in 2022. Rosene said that the COLA amount he used is 4%. The town is using 3.5% which Rosene thought was a little light. He also recommended keeping Weber at the \$28.75/hour rather than changing his rate back to \$26.75 as was the plan when a new ORC was onboard. Rosene feels that Weber has been doing an excellent job and his work warrants keeping the pay at his current level. The district currently doesn't have a step or time-in-grade system for pay increases, only the COLA and an increase of \$1/hour when a new license is acquired. Rosene said as an example, when Weber gets his Small Systems Wastewater license, he would get a \$2/hour increase as that license is actually two licenses, a Class D treatment license and a Collections 1 license. When he gets a C license, it would be another \$1/hour increase. Leyba will get increases when the labs are done in-house and when he becomes the ORC. Both will get the COLA adjustment on their current wage.

Rosene said that Leyba had asked about a health benefit for membership in a fitness or wellness center. There was discussion on what could be included for reimbursement. The general consensus was that exercise equipment or recreation activities would not be included, but membership in a wellness center would.

BENTLER MOVED TO APPROVE UP TO \$200 STIPEND FOR A MEMBERSHIP IN A HEALTH OR FITNESS CENTER. BRADLEY SECONDED. MOTION CARRIED.

ADJOURNMENT: BRADLEY MOVED TO ADJOURN AT 7:41 PM. BENTLER SECONDED. MEETING ADJOURNED.

Signed:

/s/ Richard A. Rosene
Secretary