



**OFFICE OF THE TOWN MANAGER**  
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**TO:** Mountain Village Town Council

**FROM:** Paul Wisor, Town Manager  
Michelle Haynes, Assistant Town Manager

**DATE:** August 9, 2024

**RE:** Memorandum Of Understanding Regarding Wastewater Treatment Facilities and Operations – Consideration of Approval

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**Executive Summary**

The Town of Mountain Village has been engaged in detailed discussions about the formation of a Wastewater Authority with the Town of Telluride since 2022. These discussions have recently focused on the potential construction of a new regional wastewater treatment plant (WWTP). The proposed Memorandum of Understanding (MOU) reflects the intentions of the two towns to continue moving forward with the formation of a Wastewater Authority in the context of a new regional wastewater treatment plant.

**Attachments**

- a) Memorandum Of Understanding - Wastewater Treatment Facilities and Operations

**Background**

The Town of Mountain Village and the Town of Telluride have been engaged in detailed discussions about the formation of a Wastewater Authority since 2022. Originally, those conversations pertained to the expansion of the existing Wastewater Treatment Plant at Society Turn. The content of these discussions has changed in light of the possible acquisition of property by the Town of Mountain Village for the purposes of a new regional wastewater treatment. This alternative plant site is located near CDOT and County shop areas on highway 145. The two towns are now in discussions about the formation of a Wastewater Authority in the context of possible construction of a new regional wastewater treatment plant (WWTP) on this property.

The proposed MOU is aspirational and reflects the present intentions of the two towns to continue moving forward with the formation of a Wastewater Authority. The MOU is not a binding contract and either party may terminate the MOU at any point in time by sending written notice.

Section 3 of the MOU calls out several areas of specific discussion points that will be addressed as the two towns discuss formation of a Wastewater Authority, including the following:

1. Service capacity of a new regional wastewater plant including allocation of capacity between Telluride, Mountain Village, and potentially other customers or stakeholders who could be served by the New WWTP in the future.
2. Ownership of existing and future facilities including existing collection lines. Each Party would continue to be responsible to own, operate, maintain, repair and replace all sewer facilities within its own municipal boundaries above the point where the main collection lines come together to deliver sewage via a common line to connect to the New WWTP.
3. Authority governance by board members appointed by Telluride and Mountain Village and a possible potential appointment of a neutral board member in the event of a tie.
4. The respective obligations for capital contributions of the Parties towards the construction of the New WWTP, which shall include credit for the value of the Property and costs incurred by Mountain Village in connection with its diligence, land use approval, and other efforts related to the purchase and development of the Property.
5. Staffing for the Authority and New WWTP, including maintaining and transitioning current staff at the Existing WWTP to the New WWTP.
6. Such other matters as determined by the Parties in consultation with Outside Counsel that should be addressed in the Wastewater Authority IGA.

### **Staff Recommendation**

Town staff recommend Town Council approve the MOU regarding wastewater treatment and facility operations with the Town of Telluride. This MOU will also assist us with regional support through the development review process with San Miguel County and possible future grant funding opportunities.

### **Proposed Motion**

I move to approve the MOU regarding wastewater treatment and facility operations with the Town of Telluride.

**MEMORANDUM OF UNDERSTANDING  
REGARDING WASTEWATER TREATMENT FACILITIES AND OPERATIONS**

This MOU is entered into on \_\_\_\_\_, 2024 (“Effective Date”), by and between the Town of Telluride, Colorado (“Telluride”) and the Town of Mountain Village (“Mountain Village”), each home rule municipalities in the State of Colorado (Telluride and Mountain Village may be referred to individually as a “Party” or collectively as the “Parties”).

**RECITALS**

A. The Parties are adjacent towns in San Miguel County, Colorado, each of which collects wastewater from properties within their jurisdictions (and in some cases outside their jurisdictions) for treatment at a jointly-owned wastewater treatment facility located in Telluride (the “Existing WWTP”); and

B. Mountain Village is the successor in interest to the now-defunct Mountain Village Metropolitan District (“MVMD”) which previously provided services to the area that is now Mountain Village, including but not limited to wastewater collection services; and

C. The Parties and/or MVMD previously entered into an agreement dated December 30, 1985, as amended in 1987, 1991, 1992, 1999, and 2012 (collectively the “Previous Agreements”) regarding the ownership and operation of the Existing WWTP; and

D. The Existing WWTP is in need of upgrades and construction for continued operations and is unlikely to meet the future needs of the Parties unless it is upgraded and expanded, which would entail considerable time, effort, and expense; and

E. The Parties have been exploring the idea of construction of a new regional wastewater treatment plant to serve their collective needs as well as additional needs of the region; and

F. Mountain Village has entered into a real estate contract with the owners of land in unincorporated San Miguel County for certain property that Mountain Village is now evaluating as a potential site for a new wastewater treatment facility (the “Property”); and

G. The Parties have been negotiating potential terms and conditions of an Intergovernmental Agreement (“IGA”) providing for the joint formation of a sewer authority (the “Authority”) pursuant to C.R.S. Sections 31-35-402 and 29-1-203.5 to own and operate a new wastewater facility serving both towns, and potentially other service areas, at the Property or other nearby property located in San Miguel County generally downstream of both towns (the “New WWTP”); and

H. The Parties desire to enter into this MOU to memorialize their present intentions and plans to continue working together towards the execution of an IGA and formation of Authority, or to explore other viable options for development of a New WWTP, as outlined below, and to show their support for exploring and securing a long-term solution to the region’s wastewater needs.

## TERMS

1. The Property. Mountain Village intends to remain under contract for Property and to pursue due diligence and investigation concerning such acquisition as Mountain Village deems appropriate. Subject to mutually-acceptable terms and conditions for the IGA, the Parties contemplate that Mountain Village would eventually convey the Property to the Authority as the site for construction and operation of the New WWTP.

2. County Land Use Process. Mountain Village will pursue a land use application for the Property in connection with the proposed use of such property for the New WWTP. The Land Use application may include requests for subdivision, rezoning, and/or other development approvals as Mountain Village determines to be appropriate and necessary after consultation with San Miguel County. Mountain Village may also investigate and pursue other necessary permits with state or federal agencies as may be necessary for the New WWTP.

3. IGA. Telluride and Mountain Village agree to continue negotiations of the IGA in good faith including, but not limited to, addressing the issues listed below, with the goal of reaching agreement on all material terms of the IGA by the end of 2024, but not execution of the same IGA until the Parties reach mutual agreement on the construction and financing aspects of the New WWTP, unless the Parties mutually agree to said execution at a date prior. The Parties have previously jointly retained the law firm of Colins Cole Flynn Winn & Ulmer PLLC (“Outside Counsel”) to assist in the drafting of the IGA and formation of the Authority and intend to continue using that firm’s services for such purposes. Outstanding issues include without limitation:

- a. Estimated service capacity of the WWTP and how that capacity will be allocated between Telluride, Mountain Village, and potentially other customers or stakeholders who could be served by the New WWTP in the future. The Parties intend, at a minimum, that the New WWTP will be designed and operated to serve all of the customers presently served by the Existing WWTP and all approved but unbuilt projects in both towns, Mountain Village’s proposed housing project on other property it owns in the Ilium Valley, and possibly other areas in unincorporated San Miguel County to be determined. The Parties will also address allocation of capacity for potential future infill and annexations.
- b. Ownership of existing and future facilities including existing collection lines. Each Party would continue to be responsible to own, operate, maintain, repair and replace all sewer facilities within its own municipal boundaries above the point where the main collection lines come together to deliver sewage via a common line to connect to the New WWTP.
- c. Authority governance. The Authority would be governed by board members appointed by Telluride and Mountain Village. The Parties will negotiate a tie-breaker process including potential appointment of neutral board member(s).

- d. The respective obligations for capital contributions of the Parties towards the construction of the New WWTP, which shall include credit for the value of the Property and costs incurred by Mountain Village in connection with its diligence, land use approval, and other efforts related to the purchase and development of the Property.
  - e. Staffing for the Authority and New WWTP, including maintaining and transitioning current staff at the Existing WWTP to the New WWTP.
  - f. Such other matters as determined by the Parties in consultation with Outside Counsel that should be addressed in the IGA.
4. Support for New WWTP. Considering the potential for the New WWTP to become a regional solution for wastewater needs and service and the layers of review and approval needed to make the New WWTP a reality, the Parties acknowledge the importance of demonstrating support for the efforts described in this MOU and will endeavor to do so.
5. Effect of MOU. The purpose of this MOU is to reflect the present intentions of the Parties but not to be a binding contract. Either Party may terminate this MOU at any time by sending written notice to the other Party.

TOWN OF MOUNTAIN VILLAGE

By:

ATTEST:

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Town Clerk

TOWN OF TELLURIDE

By:

ATTEST:

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Town Clerk