

**DONALA WATER AND SANITATION DISTRICT**  
**BOARD MEETING AGENDA**  
**August 19, 2021**

MEETING TIME & PLACE:

**1:30 P.M.**

DONALA WATER & SANITATION DISTRICT  
15850 HOLBEIN DRIVE, COLORADO SPRINGS, CO 80921

BOARD MEMBERS:        Ed Houle  
                                 Wayne Vanderschuere  
                                 Kevin Deardorff  
                                 Bill George  
                                 Ed Miller

STAFF:                     Jeff Hodge  
                                 Tanja Smith  
                                 Christina Hawker  
                                 Mike Boyett

**Agenda**

1. Call to Order
2. Pledge of Allegiance
3. Approval of Agenda
4. Public Comment on Items not on the Agenda
5. Minutes from July 15, 2021, Regular Meeting
6. Financial Reports
7. Action Items:
  - a. None
8. Manager's Report
  - a. Action Items from Board Workshop Update
9. Status of Operations
  - a. Water
  - b. Wastewater
10. Executive Session C.R.S. § 24-6-402(4)(a) – Water Rights (two offers)
11. Public Comment
12. Adjourn.

DONALA WATER AND SANITATION DISTRICT  
BOARD OF DIRECTORS  
MEETING MINUTES  
JULY 15, 2021

The Board of Directors of the Donala Water and Sanitation District met in regular session at the District's office, 15850 Holbein Dr., El Paso County, Colorado on July 15, 2021 at 1:30pm.

Directors Present: Ed Houle  
Wayne Vanderschuere  
Kevin Deardorff  
Bill George  
Ed Miller

Staff Present: Jeff Hodge  
Christina Hawker  
Tanja Smith  
Mike Boyett

Consultants Present: Matt Poznanovic  
Brett Gracely  
Kelsey Briggs

Guests: Jackie Burhans (OCN)

President Houle called the meeting to order at 1:30pm.

Approval of Agenda:

- Approved.

Public Comment Non-Agenda Items:

- None.

Review of Minutes:

- Minutes from June 2021 Board Meeting accepted
  - Deardorff motioned to approve, George second, all aye.

Review of Financial Statements and Check Summaries:

- Donala revenue at 55.71% and expenses at 66.50%.
- Waste Plant revenue at 58.53% and expenses at 57.30%.
- General Fund return is 0.14%.
  - George motion to accept, Vanderschuere second, all aye.

LRE Well Study:

- Study under way. Nothing to report at this time.

#### Pikes Peak Regional Water Authority:

- The Reuse Study is under way. The completion date is estimated to be Nov. 2021. Participants will meet July 28.

#### Regionalization Subcommittee of PPRWA:

- There have been no meetings in the last four months.

#### Northern Water Delivery Line:

- Nothing new to report.

#### North Monument Creek Interceptor (NMCI):

- Andrew Muser has replaced Darlene Garcia as the Project Manager. A tentative meeting has been set for August 4<sup>th</sup>.

#### Status of Long-Term Water Supply Contract with CSU:

- Noting to report.

#### Board Workshop April 15<sup>th</sup>:

- Study to Restructure Waste Treatment Rate System:
  - In Work.
- Donala Fiscal Policy:
  - In Work
- Contract (IGA) with WWSD for engineering study of the "Loop":
  - Draft IGA in work. RFP issued.
- Assessment of storing additional Donala water in Pueblo Reservoir:
  - On hold pending decision on Reuse and Loop studies.
- Pre-Feasibility Grant Submission:
  - Submitted July 2021
- Information Meeting with EPC County Commissioners:
  - Convened May 19 at Donala office. Report provided at Board Meeting May 2021.
- CSU Rate and Tariff Study:
  - In work
- Regionalization:
  - Under consideration.
- Ed Informal Coffee with WWSD Board Member:
  - Convened April 30.

#### Status of Operations:

- Water Report:
  - District consumed 37.515 million gallons in June.
    - 29.889 from our wells and 7.626 from Willow Creek Ranch delivered by CSU.
    - Wastewater Treatment Plant received 11.519 million gallons of water as influent, the remaining amount, 25.996 MG was used for outside watering.
- Wastewater Report:
  - Trevor Wilch passed the Colorado Facility Operator's Class D certification exam to be our newest certified water professional.
  - We have welcomed Aaron Tolman back to Upper Monument. He has been working full time as of June 1 and his return is already paying dividends as we have another pair of experienced eyes monitoring our process and making valuable recommendations to management.
  - Mike will be attending and teaching at the Leadville operator's school July 19-23.

- Plant performance has been very good.
- The facility continues to produce a good quality effluent and well exceeds our permit limitations as shown in our DMRs.
- We continue to produce one to two tractor trailer loads of biosolids a week for agricultural land application.
- Amy Azevedo has completed the laboratory's DMR QA and submitted results into the ERA database. We will be graded sometime after August 27 when the study closes.
- The first week of August we will begin testing our biosolids for compliance with the new Colorado TENORM regulations. This must be completed before March 2022. If they are too high we may lose our ability to land apply our biosolids. Vanderschuere requested that we complete a baseline as soon as possible to test TENORMS for Donala, Triview and Forest Lakes in the event there is a problem there will be plenty of time to take corrective action.

#### SCADA:

- Timberline continues to upgrade the Scada system as requested by staff. The installation and upgrade are scheduled to be complete by the end of Sept. 2021. The prior date was July but due to delays in acquiring equipment the completion date has changed.

#### Water Meter Upgrade and Replacement:

- The completion date for this project is October 2021. There is 296 units for Donala and 135 Forest Lakes cellular transmitters that need upgraded. These units are on back order due to the limited number of chips available. As of July 8<sup>th</sup> over 476 water meters and/or transmitters have been installed.

#### Drought Report:

- Northwest Colorado is currently in exceptional drought with moderate drought and abnormally dry moving east.

#### Additional Comments:

- None.

There being no further business of the Board, President Houle adjourned to executive session at 2:16 pm. Hodge announced C.R.S. § 24-6-402(f)(a) – discussion on water rights.

Reconvened in open session 3:31 p.m. no reportable action was taken.

Meeting adjourned 3:32 p.m.

These minutes are respectfully submitted for record by Tanja Smith on August 16, 2021.

## MEMO

**TO: Board of Directors**

**FROM: Jeff Hodge, General Manager**

**DATE: August 19, 2021**

**SUBJECT: Manager's Report**

**LRE Well Study**: The water operators, LRE consultants, Timberline and I met August 11<sup>th</sup> to review the condition, operation, and testing of the wells. We will be undertaking water quality testing of each individual well. Timberline will also be adding upgrades to the system to capture additional information from each of the wells. Staff will be reaching out to vendors to install depth sounding devices in each well so that well can better assess the static and pumping levels of each well. All of this information will provide us with needed information to use for planning of rehabilitation, replacement or other needs. We will also use this information to factor in how the wells will be utilized as we transition to renewable surface water in the future.

**Pikes Peak Regional Water Authority (CSU LOOP)**: The participants met August 13, 2021. We reviewed the current work and narrowed options down using the agreed upon criteria. The consultants will continue look and analyze the remaining ways of diverting water out of Fountain Creek, storing and conveying that water to the CSU Southern Delivery system then to the Bailey Water Treatment plant.

**County Loop**: The presentation that the Donala Board has seen previously was presented to the El Paso County Commissioners August 10<sup>th</sup>. It was well received. The study for this project has been let. Completion of the study is planned from December 2021.

**Northern Water Delivery Line**: Nothing to report.

**North Monument Creek Interceptor (NMCI)**: Quarterly update was held August 4<sup>th</sup>. Attached is the PowerPoint presentation from that meeting. It covers the timeline, NEPA status and cost of construction and fees. The Design phase will be next. That will not take place until the return flow issues that is being studied in both loop studies is complete and all of the respective organizations have time to take to their boards and receive direction.

**Status of Long-Term Water Supply Contract with Colorado Springs Utilities:** A Draft of the new CSU rates have been released. Convey, treat and deliver has been reduced by \$0.0261 per cf (cubic foot =7.48 gallons) The current rate is \$0.0814/cf. The new rate is \$0.0553 per/cf. Donala bills per 1000 gallons. To put it in those terms 1000 gallons CSU will bill Donala \$7.39 per 1000. We will also be charged an Availability Fee of \$1,244,037 per year for an 8-inch meter for 25 years. Donala has already paid some fees and will ask that those be applied. These rates will be analyzed further, and we will have additional meetings with CSU to gain a clear understanding of the new rates and their affect on Donala's overall cost of services.

**Board Workshop April 15<sup>th</sup>:** Action Items List Attached.

## **Water Report**

**Water Production and Delivery:** The District consumed 37.489 million gallons in the month of July. Of that water 26.67 million was pumped from our wells with an additional 10.819 million gallons use of Willow Creek Ranch water delivered to us by CSU. The wastewater treatment plant received 11.876 million gallons of that water as influent. The remaining amount (25.613 MG) 68% was used for outside watering.

**CSU Connection:** The SCADA that runs this connection failed. Upgrades to the system where made. We had the Timberline our SCADA vendor relocate the equipment to an above ground panel and upgrade to new equipment.

**Water Meter Upgrade and Replacement:** The completion date for this project is October 2021. As of August 16<sup>th</sup>, 1101 water meters and/or transmitters have been installed.

## **Board Report**

**August 2021**

### **Upper Monument Creek Regional WWTF**

The Upper Monument Creek Regional Treatment facility continues to produce a good quality effluent that exceeds all state discharge permit standards. We are currently preparing budget item requests for 2022. Our chemical suppliers have told us that prices will increase 5 to 10% in the coming year. The major purchases for the coming year include new impellers for our influent pumps, one BOD incubator - because the current one does not hold temperatures properly, PLC work by our SCADA contractor, new UV bulbs for our disinfection process, EQ basin pump maintenance, and various maintenance items for plant vehicles.

The wastewater team continues to develop a close working relationship with all members preparing to take higher certification exams. Process control has been an area that has been excellent with the help of Aaron Tolman. Goals identified by the management team have been met producing our high-quality effluent. Our BOD removal rate is 98% demonstrating the effectiveness of our process control efforts. We have begun testing our biosolids to meet requirements of Rule 20 of the CDPHE's Hazardous Materials and Waste Management Division. With our current testing schedule requested by Denali Environmental, our biosolids hauler, we should have time to address any problems that may be identified by Energy Labs in WY.

Amy Azevedo has contracted with Clean Management Environmental Group, a hazardous waste disposal company, to remove outdated and dangerous chemicals such as mercury and old COD test chemicals stored in our laboratory. Cleaning the Disinfection Equalization Basin is scheduled for the week of the 23<sup>rd</sup>. Staff continues to meet challenges that pop up and solve problems as needed. Nearby construction is a challenge as over the road truckers have been parking on our road, sometimes blocking access, and we share our road with construction traffic. Over all the facility continues to run well and our staff continues to impress with hard work.



# Northern Monument Creek Interceptor Project

Update Meeting  
August 4, 2021



# Agenda

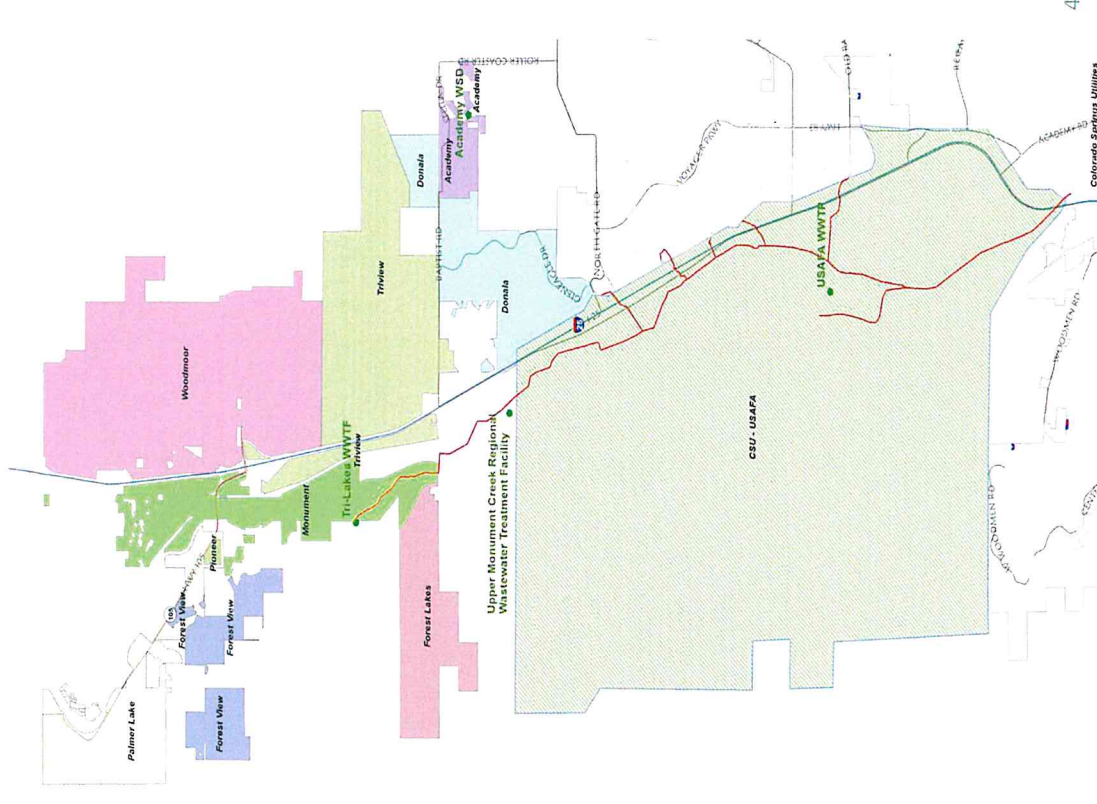
- I. Introductions
- II. Background
- III. NEPA Status
- IV. Construction Cost Trends
- V. Regional Service Tariffs
- VI. Schedule, Risks & Next Steps
- VII. Questions & Discussion

# Introductions

- **Northern Water & Sanitation Districts:**
  - Woodmoor Water and Sanitation District: Jessie Shaffer
  - Palmer Lake Sanitation District: Becky Orcutt
  - Monument Sanitation District: Mark Parker
  - Tri-View Metropolitan District: Jim McGrady
  - Forest Lakes Metropolitan District: Ann Nichols
  - Donala Water and Sanitation District: Jeff Hodge
- **City Legal**
  - David Beckett
  - Mari Deminski
- **Colorado Springs Utilities Staff:**
  - Earl Wilkinson, Water Compliance Officer (Project Sponsor)
  - Andy Muser, Project Manager
  - Kyle Hinton, Project Technical Lead
  - Jenny Bishop, Water Resource Planning
  - Kirsta Scherff-Norris, Environmental Permitting
  - Kyle Wilson, Planning & Finance
  - Margaret Radford, Public Affairs

# Background

- 10-mile gravity interceptor desired for decades
- 80% of project is on US Air Force Academy property
- Allows for collection of wastewater from six additional sanitation districts
- Eliminates at least three Utilities lift stations
- More efficient use of J.D. Phillips Water Resource Reclamation Facility



# NEPA Status

- Cultural resources
- Biological resources
- Environmental Assessment
  - Draft available for 30-day public comment period: Q4
  - When final, USAF will finalize the Finding of No Significant Impact (FONSI) and Finding of No Practicable Alternative (FONPA): Q4

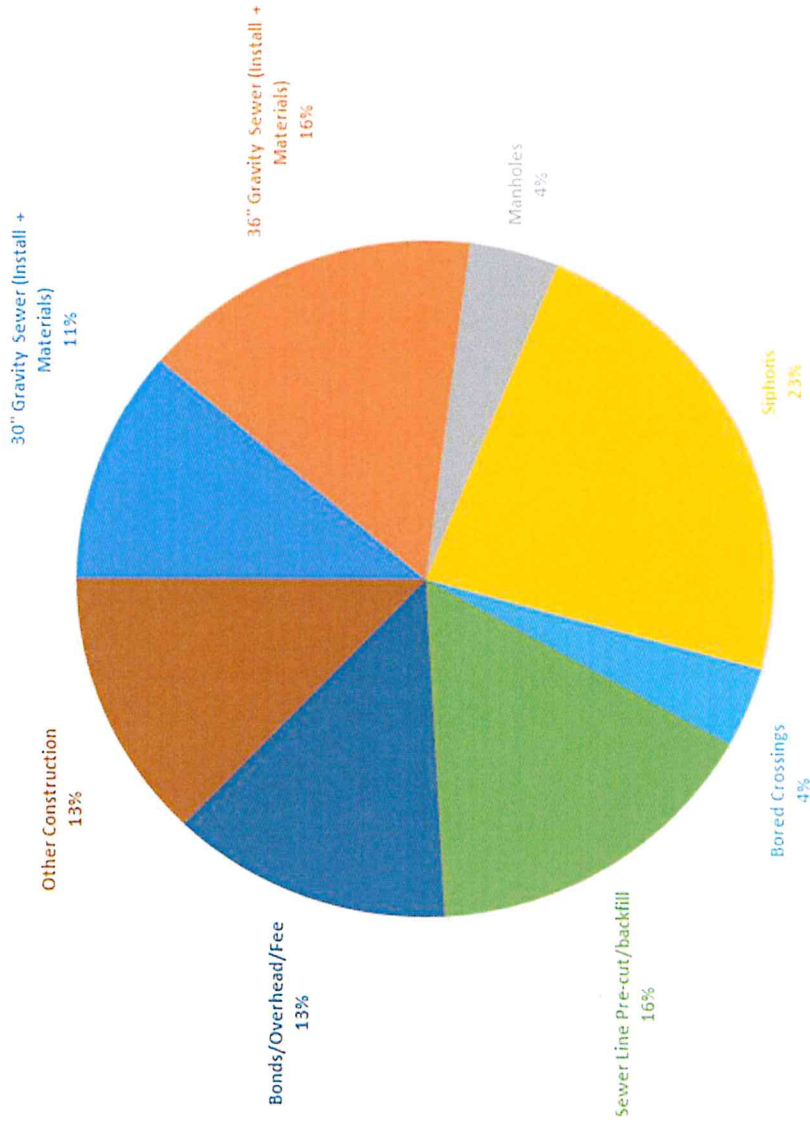


# Construction Cost Overview

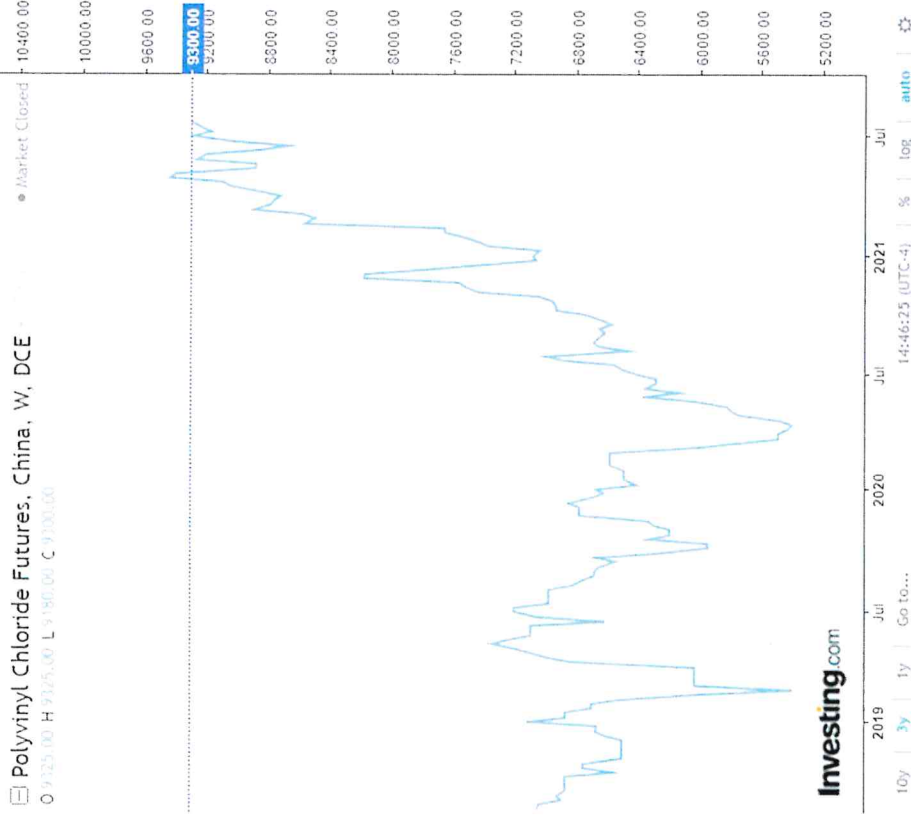
Major Project Element	Cost July 2020 Garney Estimate
30" Gravity Sewer (Install + Materials)	\$ 5,201,727
36" Gravity Sewer (Install + Materials)	\$ 7,359,636
Manholes	\$ 1,943,853
Siphons	\$ 10,786,271
Bored Crossings	\$ 1,783,805
Sewer Line Pre-cut/backfill	\$ 7,449,913
Bonds/Overhead/Fee	\$ 6,082,564
Other Construction	\$ 6,025,223
<b>Total</b>	<b>\$ 46,632,992</b>

Material Costs Only	Cost July 2020
30" Sewer	\$ 1,455,984
36" Sewer	\$ 2,377,409
Manholes	\$ 609,327

NMCI - SUMMARY OF CONSTRUCTION COSTS

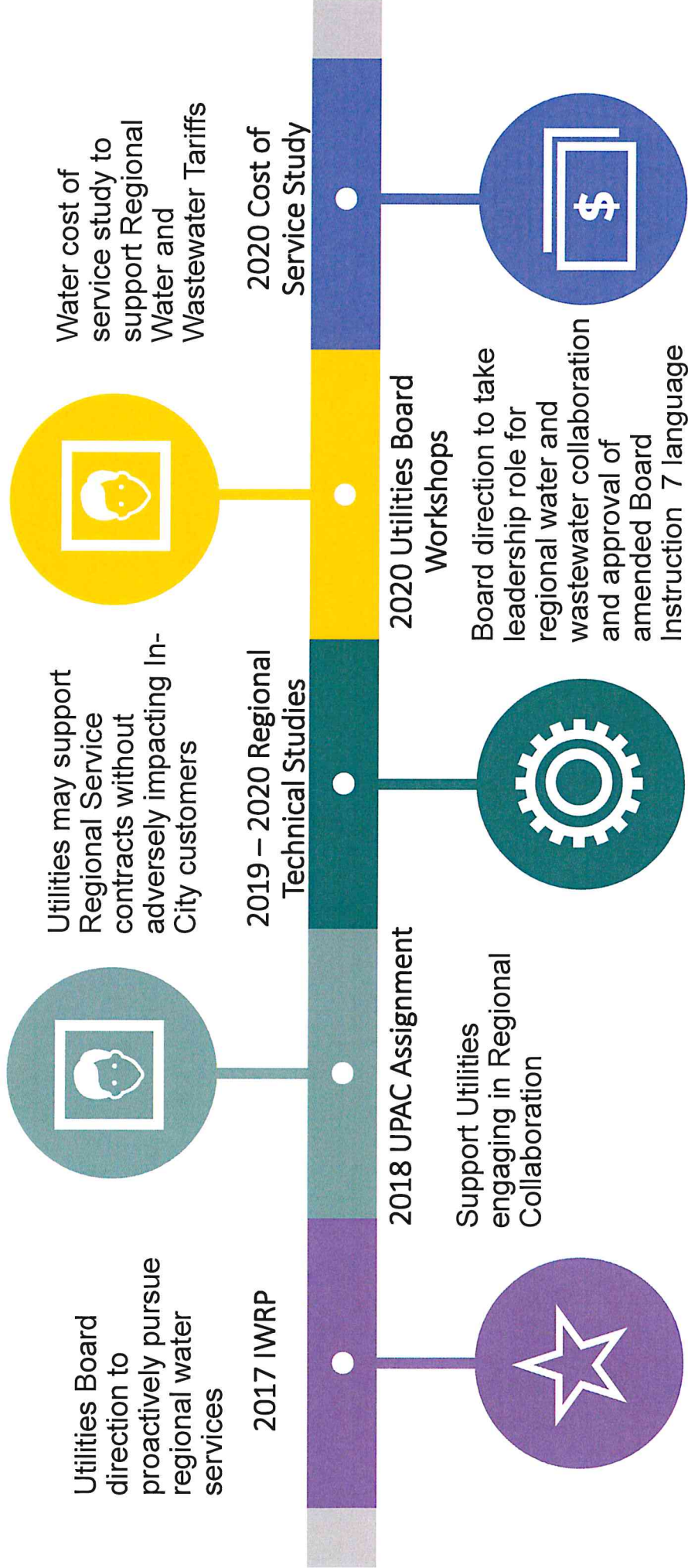


# Construction Cost Trends



- 43% Increase in PVC pricing. Would translate to a \$1.6M or 3.5% overall cost increase
- Suppliers are currently unwilling to provide pricing for a project so far out
- Freeze in Texas refineries and overall lack of staffing for manufacturing is contributing to supply chain constraints
- Anticipate getting a new cost estimate in early 2022 after supply chain shocks and material availability concerns have eased

# Regional Water and Wastewater Services Timeline



# Regional Service Tariffs Overview

- **Regional Wastewater Tariffs**
  - **Proposed System Availability Fee (SAF)**: One time connection charge assessed at time of connection
    - Based on current value of the capacity in the system
    - Excluded Industrial Pretreatment and 50% of Collection System components of system
    - 10% Adder included
  - **Treatment Charge per Cf**: Existing Tariff
    - Third and final year of phase-in begins Jan 1, 2022
    - Average System Cost methodology
    - Excluded Industrial Pretreatment, Customer Costs, and 50% of Collection System costs
    - 10% Adder included
- **Proposed Regional Water Tariffs**
  - System Availability Fee (Connection Charge) - One time at time of connection
  - Commodity Charge for either Full Service or Convey, Treat, and Deliver
  - Both use same rate calculation methodology as Wastewater service



# Regional Wastewater Service Tariffs: Proposed Rates and Charges (DRAFT)

- Proposed Treatment Charge Adjustment for January 1, 2022
  - \$0.0312 per Cf
  - 6.5% increase from current charge of \$0.0293
  - Third adjustment from a 3-year phase-in

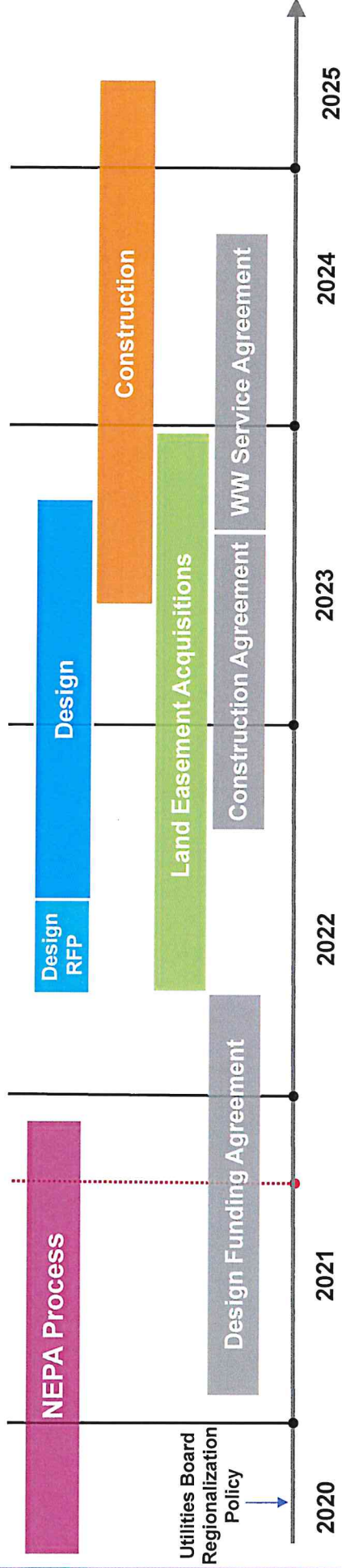
## Proposed System Availability Fees for January 1, 2022

Flow	Total WWRSAF
< 0.10 mgd	\$7,162
0.10 to 0.29 mgd	\$28,216
0.30 to 0.49 mgd	\$64,390
0.50 to 0.74 mgd	\$96,947
0.75 to 0.99 mgd	\$125,886
1.00 to 1.49 mgd	\$180,148
1.50 to 1.99 mgd	\$252,496
2.00 to 2.49 mgd	\$324,844
2.50 to 2.99 mgd	\$397,193
>= 3.00 mgd	\$434,091

# **Regional Service Tariffs: Proposed Timeline**

- Preliminary Rate Filing to City Auditor - 08/27/2021
- Rate Filing/Request for Hearing - 09/28/2021
- Rate Hearing - 11/09/2021
- Decision and Order - 11/23/2021
- Rates Effective - 01/01/2022

# Schedule Overview & Milestones



- ✓ **May 2019:** CM/GC Contract Executed
- ✓ **September 2019:** Preliminary design; routing alternatives
- ✓ **June 2020:** Utilities Board Regionalization Policy finalized
- **November 2021:** NEPA permitting process complete
- **????:** Design Cost Sharing Agreement (CSA) signed
- **\*May 2022:** Design commencement
- **\*Dec 2022:** El Paso County 1041 Permit complete
- **\*September 2023:** Design complete
- **\*December 2023:** Easement processes complete
- **\*March 2023:** Construction commencement (Materials & Negotiations)
- **\*January 2024:** Construction field work begins
- **\*March 2025:** Project Complete

*\*Dates dependent on signing of Design CSA*

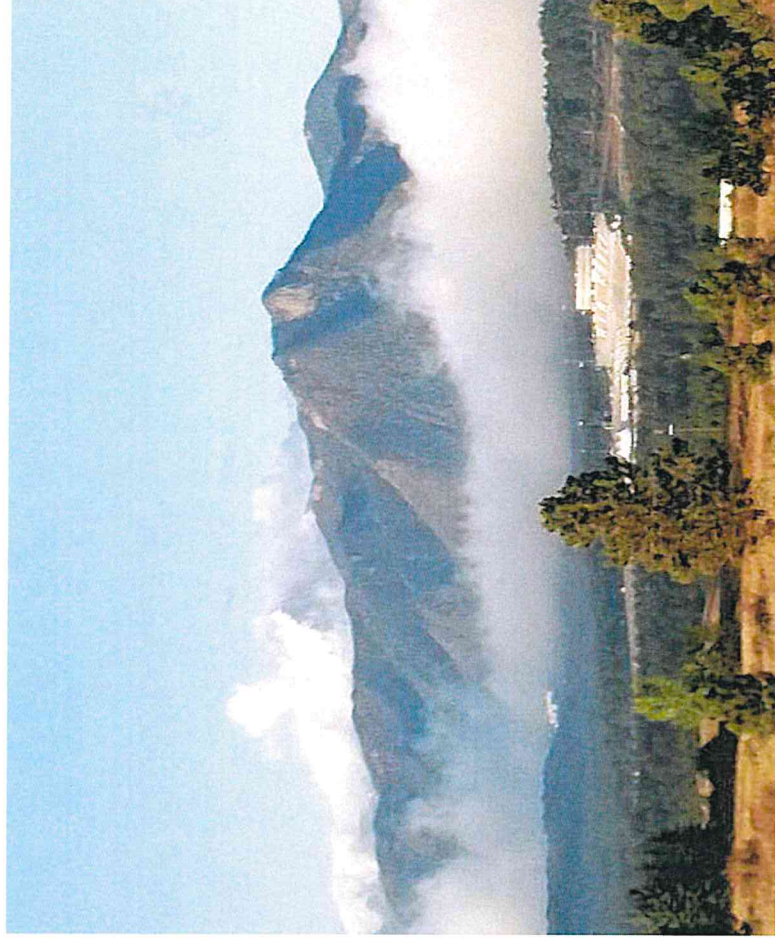
# Risks

- **Schedule:**
  - NEPA Process
  - Execution of agreements
  - Easement acquisition
  - Construction timeline
  - Permitting
- **Budget:**
  - Funding
  - Supply Chain
  - PFAs



# Next Steps

- Northern Entities provide updated build-out flows
- Complete NEPA Process
- Design Cost-Sharing Agreement
- Procure Design Firm
- Easements



# Questions & Discussion



Colorado Springs Utilities  
*It's how we're all connected*

# Northern Monument Creek Interceptor Project

August 4, 2021

**Colorado Springs Utilities**  
**2022 Water Regional System Availability Fee**

**SCHEDULE 1**  
**SUMMARY OF PROPOSED FEES**

DRAFT ONLY

<b>Line No.</b>	<b>Meter Size</b>	<b>Total Base Fee<sup>(1)</sup></b>	<b>Annual Base Fee<sup>(1)</sup></b>	<b>Water Fee Per Acre-Foot<sup>(2)</sup></b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>
1	2 inch	\$ 1,442,039	\$ 81,550	\$ 1,697
2	3 inch	\$ 3,131,502	\$ 177,092	\$ 1,697
3	4 inch	\$ 5,772,886	\$ 326,466	\$ 1,697
4	6 inch	\$ 11,439,760	\$ 646,938	\$ 1,697
5	8 inch	\$ 21,998,230	\$ 1,244,037	\$ 1,697
6	10 inch	\$ 36,076,970	\$ 2,040,213	\$ 1,697
7	12 inch	\$ 53,675,975	\$ 3,035,467	\$ 1,697

*Notes:*

*(1) Customer may elect lump sum payment at time of connection or an annual payment not to exceed 25 years.*

*(2) Customers contracting for Full Service option will pay an annual fee for water.*

Colorado Springs Utilities  
2020 Water Cost of Service Study

DRAFT ONLY

SCHEDULE 9  
CONTRACT SERVICE - REGIONAL: FULL SERVICE OPTION  
AVERAGE SYSTEM COST (EXCLUDING CERTAIN COSTS) PLUS 20%  
MULTIPLIER

Line No.	Category	Rate Calculation	Functional Costs <sup>(1)</sup>							Surplus Payments to the City <sup>(2)</sup>
			Source of Supply and Pumping	Treatment	Mains, Reservoirs and Other	Services, Meters, Installations and Hydrants <sup>(1)</sup>	Nonpotable	Customer <sup>(1)</sup>		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
1	Total Operation and Maintenance Expense	\$ 103,916,564	\$ 60,019,920	\$ 15,737,919	\$ 26,520,948	\$ -	\$ -	\$ 1,637,778	\$ -	\$ -
2	Surplus Payments to City	2,321,998	-	-	-	-	-	-	-	2,321,998
3	Debt Service	76,042,580	40,626,957	8,371,620	25,112,525	-	-	1,931,479	-	-
4	Cash Funded Capital	31,967,815	17,079,313	3,519,376	10,557,145	-	-	811,981	-	-
5	Additions to Cash	21,936	12,670	3,322	5,598	-	-	346	-	-
6	Full Service Cost Basis	\$ 214,270,893	\$ 117,738,860	\$ 27,632,236	\$ 62,196,216	\$ -	\$ -	\$ 4,381,583	\$ -	\$ 2,321,998
7	Colorado Springs Utilities' System Sales (cf)	2,864,094,911								
8	Full Service Average System Cost excluding certain costs, per cf (line 6 / line 7)	\$ 0.0748								
9	Multiplier	1.20								
10	<b>Total Commodity Charge, per cf (line 8 x line 9) (2)</b>	<b>\$ 0.0898</b>								

Notes:

(1) Average System Cost is derived from Colorado Springs Utilities' functional revenue requirement per Schedule 4, excluding certain costs that are not applicable to the Regional Customer. Functional Costs for Full Service exclude all costs associated with Transmission & Distribution - Services, Meters, Installations, Hydrants and Customer Costs and a pro-rata share of Surplus Payments to the City.

(2) Estimated Regional Customer revenue is included in Miscellaneous and Interest Revenue, Schedule 4, Line 8.



Colorado Springs Utilities  
2020 Water Cost of Service Study

DRAFT ONLY

SCHEDULE 9.1  
CONTRACT SERVICE - REGIONAL: CONVEY, TREAT AND DELIVER  
OPTION  
AVERAGE SYSTEM COST (EXCLUDING CERTAIN COSTS) PLUS 20%  
MULTIPLIER

Line No.	Category	Rate Calculation	Functional Costs <sup>(1)</sup>						
			Source of Supply and Pumping <sup>(1)</sup>	Treatment	Mains, Reservoirs and Other <sup>(1)</sup>	Services, Meters, Installations, and Hydrants <sup>(1)</sup>	Nonpotable <sup>(1)</sup>	Customer <sup>(1)</sup>	Surplus Payments to the City <sup>(1)</sup>
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	Total Operation and Maintenance Expense	\$ 43,161,661	\$ 13,665,997	\$ 15,737,919	\$ 13,757,745	\$ -	\$ -	\$ -	\$ -
2	Surplus Payments to City	1,360,924	-	-	-	-	-	-	-
3	Debt Service	57,063,421	23,579,277	8,371,620	25,112,525	-	-	-	1,360,924
4	Cash Funded Capital	23,989,098	9,912,577	3,519,376	10,557,145	-	-	-	-
5	Additions to Cash	9,111	2,885	3,322	2,904	-	-	-	-
6	Convey, Treat, Deliver Cost Basis	\$ 125,584,215	\$ 47,160,736	\$ 27,632,236	\$ 49,430,319	\$ -	\$ -	\$ -	\$ 1,360,924
7	Colorado Springs Utilities' System Sales (cf)	2,727,466,863							
8	Convey, Treat, Deliver Charge excluding certain costs, per cf (line 6 / line 7)	\$ 0.0460							
9	Multiplier	1.20							
10	<b>Total Commodity Charge, per cf (line 8 x line 9)(2)</b>	<b>\$ 0.0553</b>							

Notes:

(1) Average System Cost is derived from Colorado Springs Utilities' functional revenue requirement per Schedule 4, excluding certain costs that are not applicable to the Regional Customer. Functional Costs for Convey, Treat, & Deliver exclude all costs associated with Transmission & Distribution - Services, Meters, Installations, Hydrants, Nonpotable, and Customer Costs as well as certain costs associated with Source of Supply and Pumping and Transmission & Distribution - Mains, Reservoirs, and Other and a pro-rata share of Surplus Payments to the City.  
(2) Estimated Regional Customer revenue is included in Miscellaneous and Interest Revenues, Schedule 4, Line 8.



# 2-YEAR PUMPED VS. BILLED WATER CHART

