

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
September 15, 2016

The Board of Directors of the Donala Water and Sanitation District met in regular session at the District office, 15850 Holbein, Dr., El Paso County, Colorado on September 15, 2016 at 1:30 PM.

DIRECTORS PRESENT: David Powell
Ken Judd
Bob Denny
Ed Houle
Dennis Snyder

ABSENT:

STAFF PRESENT: Kip Petersen
Betsy Bray
Sharon Samek

GUESTS Jim Kendrick

President Powell officially called the meeting to order at 1:30 pm. He noted for the record that Judd, Denny, Houle and Snyder are all present. Powell asked the attendees to please rise for the Pledge of Allegiance.

PUBLIC COMMENT NON-AGENDA ITEMS:

Powell then asked if there was any public comment; there was no public comment.

REVIEW OF MINUTES:

Powell then noted an error in the previous minutes. He stated that on page 2 of the minutes, the word “Water” should be included next to Donala. After correction, the Board then accepted the minutes as amended.

REVIEW OF FINANCIAL STATEMENTS AND CHECK SUMMARIES:

Petersen noted that the concrete pad for the Waste Treatment Plant had been taken off of the Agenda for today as the bids came in too high.

Petersen presented the August Executive Summary and Check Registers for both Donala Water and the Waste Treatment Plant. Petersen stated that the first item of note is the Operating Interest. He noted that the interest is higher than originally budgeted for. This is actually a good thing. This will be reflected in next year's budget. There will be large reimbursement requests for next year. Everything else is pretty much in line for this time of year. Under capital projects, we budgeted \$123,000 and we show \$180,934.94 listed. Petersen has asked Samek to review the list and see if all items are allocated correctly. This will be revised for next month's meeting. We should have 35-40% left remaining. Judd asked about Miscellaneous Expenses. Samek noted this is where Forest Lakes expenses are put this year. Miscellaneous Revenue is also high. Powell asked what we consider expenses for Forest Lakes. Petersen noted things like meters, etc. for Forest Lakes. Denny then asked about the long range plans for Forest Lakes. Petersen noted that at this time, Forest Lakes will continue to use Donala Water as the contracted manager. Petersen said that he felt that having another employee will help Donala Water. Forest Lakes buildout schedule is 5 years. Judd then asked about Miscellaneous Revenue-this is primarily insurance reimbursements and lease payments. Petersen and Samek will provide more information at the next meeting. Snyder then asked about refunds-Petersen explained refunds given to different customers as they leave the District. Houle then asked about the Pueblo Water works check; Petersen stated that this is for the return flows. The rate is about \$30/acre flow. Judd asked about the large payment to CSU; does that include water to Triview-Petersen stated that this was actually for the water to Triview. Petersen talked to Remington who said that the check should be in the mail next week for this water for the entire amount. Snyder then asked about the bonuses for several employees. Petersen said that this bonus was well deserved as the employees had worked very hard in getting Forest Lakes going. Powell went on to explain that bonuses had to be approved by the Board for the prior General Manager but the current board felt comfortable with giving Petersen the authority over bonuses. Denny asked if this money was paid to us by Forest Lakes; no it comes out of the Payroll expenses. Board then reviewed the Executive Summary for the Waste Plant. Ladouceur was complimented on her control of the budget. The check register was then reviewed. Snyder then asked about Sports Drink mix-this mix is primarily for the summer hires to keep them hydrated. Judd moved to approve the financial reports; Houle "second" and all "aye". Board then reviewed the Chandler reports. Petersen noted changes in investments. The Board feels that investments are starting to pick up. Board is pleased.

MANAGER'S REPORT:

Petersen said that one of the items on the Agenda, the concrete pad for the Waste Treatment Plant, has been taken off of the Agenda as the bids came in too high, primarily due to the rise in the cost of concrete. GMS feels that we can get better prices close to the end of the season. This project is not critical but needed.

Petersen noted that the top item, Triview's repayment of water will go forward as directed. Denny noted that he had spoken to Triview's President last night who stated that the payment would be made in full.

Petersen then moved on to discuss possible Water Opportunities that Donala Water may want to look at. The first is the Laughlin ditch, considered in 2014 but shelved because of concerns over re-quantification of the water right. Since then, the law has changed and legislation now reads that once consumptive use has been established, that number cannot be changed. The 324 AF water right would stand at 324 AF. Purchase price is \$4.7 million dollars with refundable earnest money to view the contract and investigate the options. First idea is to horse trade with CSU and this right would be an advantage to CSU as it is a senior water right. Denny asked why CSU doesn't get this right on their own? Petersen doesn't know the answer. Powell asked if the price is negotiable. Owner will carry financing. Houle asked if there are any other offers. At this point there are no other offers in writing. Denny asked if Petersen is going to ask CSU if there is a possibility of working together

in an exchange agreement with the water. Judd feels we should take advantage of the 60 day period to scrutinize the possibilities. Denny asked if Fendel could tell in the 60 day period if the water really does exist and if this is a viable option. Houle asked if the water is there and will CSU cooperate in a trade? If positive answers on this then concentrate on the purchase price. Denny asked if we have to know the exact price? Petersen yes, we do when we write the contract. Snyder, if we put down \$25,000 and then another \$25,000 at the end of the time, is \$50,000 refundable or just the \$25,000? Powell believes that when you put the second \$25,000 down, you get the first \$25,000 back. But the second \$25,000 is non-refundable. After more discussion, Board decided to table the project until Petersen gets more information. Petersen feels we need to re-negotiate the purchase price and make sure that the water is available. Snyder suggested \$4.5 million and maybe a higher price if Seller will finance. Petersen will get back with Barber to discuss details. Houle moved to ask Petersen to enter negotiations over the price of the Laughlin Ditch, and also to investigate the feasibility of working with CSU and quantifying the amount of water available in this Ditch with Fendel and clarify some of the wording. Snyder "2nd". All "aye". Contract should be complete at the time a Special Meeting is put together. Legal costs may involve a "Change of Location". Judd asked: If we are talking of wheeling water through CSU, what will the costs be? Petersen will discuss with Fendel the best way of wheeling the water.

Petersen then noted that he had made hotel reservations for Houle and Snyder to attend SDA conference. He noted that Denny would not be able to attend. He stated that as usual, the Board would be reimbursed for their expenses in attending. Petersen also stated that Ann Terry, Executive Director of SDA had asked Petersen to attend the SDA Conference and would give him a scholarship to attend. Houle asked about the classes-any preferences for break out group-Petersen had no specific preference. Petersen will also make recommendations for what classes would be the best to attend. Will all meet at hotel at 6:30 pm and discuss a game plan. SDA University is also part of conference.

Petersen noted he did attend the Colorado Water Congress in Steamboat Springs. He was a little disappointed in the sessions. He attended 2 sessions on Potable Water Reuse. Glenn did a good job with his presentation. Petersen noted that Colorado Water Congress is moving to Vail and then will move to another location in a few years, possibly Keystone

CSU Water Tour- Petersen attended. There was a smaller group than usual. The tour visited Montgomery Reservoir. Petersen was able to meet and talk with Dan Higgins, who replaced Gary Bostrom. He and Higgins will get together soon to discuss our upcoming renewal of the delivery agreement. Petersen talked with Mark Pfeiffer, who had spent a lot of time working on the SDS. Petersen felt that overall it was a good tour. Board expressed interest in attending again. Petersen will inform CSU that Board is interested in attending.

Petersen is working on 2017 budget. He will continue looking at the current rates. He will propose 4-5% water rate increase with additional \$1 per month sewer charge. He is also working on the Cost of Service to make sure that his budget is sound. If Board has any thoughts, please let Petersen know. Denny would like to see a list of long range capital projects as well as short term projects. Snyder asked what we are basing the increase on? Petersen said based on CPI, and vendor increases. Judd asked about rates as percentage of actual Cost of Service. The goal is to have rates pay for expenses. Judd asked Petersen if we are there yet. Petersen feels that Donala is close, but not there yet. Once the Cost of Service analysis is complete, Petersen will have a better feel for that. Petersen believes it is critical that rates cover cost of water. Powell stated sponsorship for Annual Arkansas Basin Forum-this would be a single line item on the budget. Cost for sponsorship is \$500. We would be listed as sponsor on a rolling screen. Board discussed this and feels that sponsorship is a good idea.

Petersen is working on information for the Board Work Session with Fendel's. Focus will be on long term projects.

Petersen stated that Donala has hired Greg Unseth to stucco the R Hull Plant. Work is almost complete and the plant looks very nice. He encouraged the Board to drive by and see it.

Petersen provided pictures of bore on the Latrobe Water Line Extension. The staging area for this work is on the Goodwin property. Petersen noted a problem with slurry in Montemayor's back yard. Petersen and Hull went to site and spoke with Global and Mr. Montemayor and were able to solve problem. Swerdfeger has not started open ditch portion of project. Petersen feels that the project is going well.

DEVELOPMENT UPDATES:

Petersen stated that he hasn't heard anything from Gratrix recently. He believes that the plans for the redevelopment are still in the hands of the County Planning Department.

Petersen then noted that Donala has been contacted by a group planning for a 64 room hotel on the property owned by Barash. Donala has provided them with preliminary tap fee information as well as Donala's engineering standards.

Petersen has not heard anything more regarding the storage units proposed for Struthers Road. The proposed site is the empty lot on the west side of Struthers Road. This would include RV Storage but no dump pad.

STATUS OF OPERATIONS/PROJECTS:

Well 2A back in operation. Well 4A work is still ongoing. The screen looks brand new which is good news. So, it looks as though the source of gravel pack is from when the well "surges" as it is turned off and on. Well 4A is on Donala upper parking lot. Donala will replace the well with a new pump, motor and meter. We will also replace several sections of pipe. This will be covered by this year's Repair and Maintenance budget. Water demand is decreasing; R Hull Plant will be taken down for the winter very soon.

Waste water treatment plant is going well; however, have been experiencing problems with the blower motors at the SBR's. It seems that the bearings are going out on the shaft. Maintenance on the bearings is intensive. Phase I of the Access Road work is coming to an end. Petersen expects that the balance of the work will be over by mid-November.

Latrobe Water Line Extension project is going well with 500-600 feet of pipe being bored daily.

PUBLIC COMMENT:

Powell asked for public comment; there was no public comment.

Houle motioned, Judd seconded, all "aye" to adjourn to at 2:58 pm.

These minutes are respectfully submitted for record by Betsy Bray on September 16, 2016.

