

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
June 22, 2017

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 June 22, 2017 at 1:30 PM.

DIRECTORS PRESENT:

David Powell
Ken Judd
Bob Denny
Ed Houle
Dennis Snyder

ABSENT:

STAFF PRESENT:

Kip Petersen
Betsy Bray
Christina Hawker

GUESTS

Jim Kendrick
Bill George
Kevin Bolinsky
Will Koger
Tom Sistare

President Powell officially called the meeting to order at 1:30 pm. He noted for the record that Houle, Judd, Snyder and Denny 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. Kendrick stated that he had recently attended the WWUC and primarily the information was on selenium criteria. George stated that he was glad to be back in attendance. Neither Koger, Bolinsky or Sistare had public comment.

REVIEW OF MINUTES:

The Board then reviewed the Minutes and the Minutes were modified, stating that Petersen had stated in the past tense, that he had reviewed the Agreement and had reviewed the Allocations. The Board then discussed how much detail should be included in the Minutes. After discussion, it was decided to include as much detail as necessary for historical benefits. Judd moved to accept modified Minutes, Snyder “second”, all “aye”.

REVIEW OF FINANCIAL STATEMENTS AND CHECK SUMMARIES:

Petersen presented the May Executive Summary and Check Registers for both Donala and the Waste Treatment Plant. Petersen stated we should be at about 62% remaining. Both Revenue and Expenses are looking good. Tap sales are behind simply because builders are not building in Donala right now. Petersen believed that Donala would sell 12 taps in Gleneagle in 2017 with the Golf Course development, but he is not sure if that will happen or not. Possibility of getting commercial taps on Struthers Road developments. Did receive a tap on May 1st for Cherry Hills Way. He does feel that water sales will increase as we move into summer. Donala does have mandatory water irrigation standards in place; he feels that there may be some violations in the District. Staff will notate any violations and Petersen will send a reminder letter to those in violation. He feels that water revenue will be better next month as well since this summer is thus far hot and dry. Petersen then noted a large jump in Truck and Backhoe expense as Petersen had directed Hawker to move the expense of purchasing new truck from Capital Expense to Truck and Backhoe expense. Tools and Equipment are low at this point, Petersen stated, but he expects that to increase in line with the budget. Petersen also stated that Revenue to the Waste Plant is low but that is because Donala has not yet received the other entities quarterly payments yet. Biosolids expenses are high and Petersen will monitor that expense account. Snyder asked about Connie King-she is the lawyer that monitors our AFCURE proceedings. Petersen then asked the Board to review the check registers. The Board then asked about Check #21248 made out to Colorado Springs Utilities. This amount is high because we are using so much water from our Northgate Connection. Petersen then reviewed the Chandler Reports. After further discussion, Houle moved to accept financials, Snyder “second”, all “aye”.

MANAGER’S REPORT:

Petersen then asked the Board to consider awarding the Doral Way Water Line Replacement Project to K.R. Swerdfeger, Inc. in the amount of \$754,988. Petersen had budgeted for \$750,000 for this project. Included in this bid is the repaving for driveway to BR tanks. It had originally been included in the LaJolla Project. After discussion Judd moved to award the Project to K.R. Swerdfeger, Inc., Houle “second”, all “aye”.

Petersen then asked Sistare of Hoelting and Company to present Donala's 2016 Audit. Sistare hit the highlights of the audit and stated that Hoelting is pleased to represent Donala in their audit. He felt it went very well and he commended Samek, Hawker and Bray on their work. The audit has no negative findings. Sistare provided a recap of Donala’s financial statements and he stated that he felt very comfortable with Donala’s financial position. Controls are well-designed and seem to be working effectively. Denny then asked if Sistare feels the Board is adequately informed of Donala’s financial position. Sistare stated that he feels very comfortable with what Donala Board is seeing, particularly as they review every check that is written. The Board then formally

accepted the Audit with Judd moving to accept, Snyder “second” and all "aye". Sistare noted that the Audit will be sent to the State of Colorado either June 22, 2017 or June 23, 2017. Powell suggested that the Board need to put their audit copy in their Director’s notebooks. The Board needs to give recognition to the Staff for the successful Audit. Houle moved to recognize Staff, Judd “second”, all “aye”.

Petersen then introduced Kevin Bolinsky, our newest Water Operator. The Board visited with Kevin. Kevin then had to leave for other work. Kevin had an “A” license in Pa but was only given a “B” license in Colorado. Petersen feels confident that he will get his “A” license once he is established in Colorado. Kevin has experience in surface water plants. This should be very helpful in the future.

Petersen then asked Will Koger, of Forsgren & Associates, to present the Phase 3 Preliminary Engineering Report to the Board of Directors. This project details a study commissioned by the Pikes Peak Regional Water Authority to study the possibility of a true, regional water distribution system. Koger provided a slide show presentation which he promised to send a copy to Petersen so that the Board can access this presentation again. Koger stated that this project, as it stands right now, would cost about \$280 million dollars to complete, and would take 15-20 years time. Petersen noted that physical infrastructure is the key to making a regional approach feasible. He feels that entities need to emphasize regionalization. However, one of the problems is the effort of centralizing water management, with each entity desiring control over the regionalized system. Judd then asked if reuse water will be part of the picture. Petersen agreed. The Board feels that everyone needs to get on board with the concept of reuse water in the best interests of Donala Water and Sanitation District. Petersen feels that the focus right now needs to be on infrastructure and a reservoir site. Denny then asked if Donala needs to be interconnected with anyone else? Not at this time. Petersen stated that there are 3 areas for potential water storage: Area 1 is the Stonewall Springs gravel pits, Area 2 is the Fountain area gravel pits, and third, is the Homeplace Ranch. The Homeplace Ranch would be able to hold 2700 acre feet of water. There are some permit issues that need to be addressed. The cost to build this Reservoir is about \$20 million dollars. This project is a joint effort with several entities that would need to cooperate with each other. Koger then stated that Grants would also be part of the structure. Capital Expenditure plan was also put together. Powell noted that management of a project like this could be an enormous obstacle. Denny asked if we can pull our effluent water and put it in the gravel pits instead of selling it to Colorado Springs. Petersen stated that this is a potential in the future. He will be working with Curtis Mitchell, of Fountain, regarding some of these issues. Koger mentioned that he has presented this report to Triview and he will present it to other entities as well. The Board agreed that this was a very timely presentation and thanked Koger for his time. It was noted that the State of Colorado owns or controls all surface water.

Laughlin Water right has closed. Donala has the deed in hand. Petersen then stated that he and Fendel are discussing the next steps in going to water court for adjudication of the Laughlin Water Rights. Powell asked how the water will be conveyed. Petersen said that the pumped water is diverted through Colorado Springs and placed in their account in Pueblo. Then Colorado Springs pulls it up through the Northgate system. Petersen has noticed a positive change in attitude in working with CSU. He hopes that the positive trend continues.

Petersen noted that the Staff at Donala cleaned up Baptist Road on May 24, 2017 as part of the Community cleanup. Petersen noted a substantial amount of trash.

Petersen then went on to discuss the Arkansas Basin Roundtable meeting. He was not able to attend and therefore has nothing to report. He plans to attend the next meeting in July.

Petersen will provide a report from Mike Fink and will forward report on to the Board. Petersen then stated that the next PPRWA meeting would be November 1, 2017.

Petersen said that Donala hosted an Open House for the residents affected by the upcoming Doral Way Water line replacement project. Ken White, representing GMS, explained the project and answered questions. The

major concerns seemed to center around access to their property during the construction. White explained that each customer would be notified when their property is going to be affected. While the project is ongoing, there will be a rolling water shutoff. The entire meeting lasted about 30 minutes.

Petersen said that he and Shaffer and Remington have been invited to a panel discussion at NEPCO on July 15, 2017. They will be discussing infrastructure, reuse water and other water topics.

Petersen then stated that he and Koger have been tapped to present the Phase III Infrastructure Study during one of the breakout sessions at the 2017 SDA Conference. Petersen will be representing both Donala and the Pikes Peak Regional Water Authority. SDA Conference will be held September 20, 21st and 22nd. Petersen checked and the correct dates are September 13-15, 2017.

WILLOW CREEK RANCH:

Petersen noted that he has not been able to go to Willow Creek for several months. However, other staff members have gone. The information gathered is that the Spring runoff has begun. Donala avoided a spill, largely due to cooperation from all parties moving water up and downstream. Potential for spill essentially over.

Petersen reported that he and Rick and Katie Fendel had all met at the Bureau of Reclamation Offices with Bob Rice on May 25, 2017 to discuss the Contract with the Bureau of Reclamation. Petersen feels that the Contract should be complete by the end of the year.

STATUS OF OPERATIONS/PROJECTS:

Both R Hull and Holbein water treatment plants are operational and producing water. The District's demands have jumped substantially this summer. Petersen noted that on May 31, 2017 the inspector from the CDPHE arrived to conduct the triennial sanitary inspection on the water side of operations. Petersen provided the Board with the Official Report. He noted that Donala received a Tier 2 violation and a Tier 3 violation as a result of the inspection. These violations are documentation issues. The Tier 3 violation is a violation because the inspector found an expired capsule of reagent in the water plant. These violations do not have any significance to the water produced and/or delivered. The Staff at Donala were very upset. The Board Members then expressed their continued confidence and support of the Donala Staff.

Petersen noted that an independent inspector will inspect the flumes at the Waste Water Plant and will report back to Ladouceur and Petersen on his results. This inspection will occur on June 26, 2017.

DEVELOPMENT UPDATES:

On May 23, 2017, the preliminary and final plats of both the golf course redevelopment and Barash's project were considered by the El Paso County Board of County Commissioners. The Board noted drainage issues related to the new cul-de-sac. So, Gratrix tabled the additional 12 homes; and plans to move forward with the 44 homes and add the 12 homes later. Both projects have been approved. Judd noted that there may not be any taps from Westbrook Development in 2017. Petersen feels that the Barash project may start before the end of the year.

Petersen then provided the Board with the Monthly Volume Report.

Petersen then stated that Donala staff had met with Amnet and Timberline Electric to discuss the computer breach issue that Donala had in May, 2017. He noted that there will still be a potential for future problems. Petersen has asked Browns Hill for a proposal to review our operations and tell us our vulnerabilities. He noted that Donala has insurance coverage for this type of computer breach. Denny noted a Cyber Team at the USAFA that might provide a cybersecurity analysis with an overview on our vulnerabilities. Denny thought we could invite them to give us an analysis. Denny will check on this with members at USAFA. Snyder suggested Flair Data (Dave Simons is the contact).

Finally, the Board asked when Academy Water and Sanitation District would begin sending their waste water flows to Donala. Petersen said that he believes the timeline to be the 1st Quarter of 2018. Academy Water does not need an election to join with Donala Water and Sanitation.

There being no further business of the board it was moved by Judd, second by Houle, all “aye “to adjourn the meeting at 3:58 PM. Motion carried.

These minutes are respectfully submitted for record by Betsy Bray on June 23, 2017.