

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
September 20, 2018

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 September 20, 2018 at 1:30pm.

Directors Present: Ken Judd
Bob Denny
Ed Houle
Dennis Snyder
Wayne Vanderschuere

Staff Present: Kip Petersen
Tanja Smith
Christina Hawker
Mark Parker

Guests: Bill George
Dave Powell
Phil Book
Jennifer Kaylor
Helen Walklett
Kevin Deardorff

President Judd called the meeting to order at 1:30pm. All arose for the Pledge of Allegiance.

Public Comment Non-Agenda Items:

- None.

Review of Minutes:

- Minutes from August 2018 Board Meeting accepted as submitted.

Review of Financial Statements and Check Summaries:

- Currently at 33%.
- New water infrastructure loan, we just submitted a request for \$1.1 million for reimbursement.
- Misc. Revenue is for Academy Water and Sanitation buy in and we did receive that payment this week. Also included is the expected payment from Mr. Barash. Currently at roughly \$90,000 for Barash.
- Utility is higher than we had expected. Petersen will be monitoring this.
- District Engineer over budget due to review work on Academy Gateway project, Northgate project and upgrades.

- Snyder questioned gas from Colorado Springs Utilities. Hawker explained part of our gas is from CSU and part from Black Hills.
- Snyder questioned the overpayment reimbursements. Smith explained that was for the billing software correction overcharges.
- Denny questioned the payment to District 20. They had sent in a double payment and requested a refund of one of them.
- Waste at 33% as well.
- \$400,000 will be going out soon for Catwalk and Screen.
- General Fund 2.44% return, Debt Fund 2.37% return and Bond Project Fund 1.83% return.
- Houle motion to accept, Snyder second, all aye.

Manager's Report:

- Western Mining Museum inclusion.
 - Notice was published in the Tri Lakes Tribune on August 18, 2018.
 - Do not anticipate opposition.
 - Rick Fendel has reviewed the Inclusion Agreement which states that they will abide by our rules and regulations; that all utilities will be installed to the District's specifications; that they will transfer, by deed, the water rights under the subject property.
 - They have irrigated the property with a Dawson well and have requested they be allowed to continue to use that well for irrigation only. Fendel and Petersen have included language, that allows them to continue to do so.
 - Should the property be sold, the new owner will not be allowed to use that well and proper procedures to cap and abandon the well will have to take place.
 - Judd opened the meeting to public comment on the inclusion of Western Mining.
 - Powell stated the inclusion will be in steps. They will be selling 3 parcels of land that will eventually be incorporated to the city.
 - Book asked if we have any use for Dawson Water Rights. Petersen stated that we do not. Our benefit is the sale of water to the museum, not the water right.
 - Snyder asked why we would not allow them to continue with their own irrigation if they sell the property. Peterson noted that they are a non-profit, and if it's sold to a for profit company it would not be appropriate to allow them free irrigation. Houle also noted that it would be best for the District to have the control and we can re-visit, if and when the museum is sold.
 - There were no statements of opposition.
 - Snyder motioned to approve the inclusion, Houle second, all aye.
- Petersen and Judd attended the Arkansas Basin Roundtable on Sept. 12, 2018.
- Our joint work session with Triview will be held on September 26th, 2018 at the Villa in Palmer Lake at 5:30pm.
- CSU water tour was a success. Petersen was able to illustrate to 3 COS Council members, Chief Water Services Officer Earl Wilkinson and the acting CEO of Utilities Eric Tharp, how we are able to move our water from the Ranch to Donala.
- Petersen continues to work on a commercial water rate for those using a 2" or greater tap. Will have a recommendation by the October meeting.
- The Laughlin Right is now being leased to the Arkansas Groundwater Users Association (AGUA).
 - Requirements set forth by the Water Commissioner and Fountain Mutual have all been satisfied.

- We are receiving revenue from the lease as well as accounting for our flows which will support our change action.
- September 11 drought report shows western El Paso County as abnormally dry and the eastern portion is moderate drought. Most of western slope is classified as extreme drought.
- Petersen working on 2019 budget.
 - Will be presented at the October 18th meeting.
 - Public notice printed in September 19, 2018 and October 3, 2018 Tri Lakes Tribune, will be placed on the website and in the newsletter.
 - CSU published they will have a 5.8% increase. Will need to incorporate that increase into our budget as part of what we pay for the delivery of our water.
 - Draft budget currently looking at a 3-4% water rate increase and \$1 sewer increase.

Willow Creek Ranch:

- Last week our application for an excess capacity contract with the Bureau of Reclamation for storage in 2019 was submitted.
 - This is the backup plan in case our long-term contract isn't signed before December 31st.
 - We continue to request a long-term contract, however delays within the Bureau force us to use annual contracts in the interim.
 - Denny recommends we get together other Districts who are facing the same issue and possibly get our Senator involved.
 - Vanderschuere has dealt with this while he was at CSU. Said this has been an ongoing issue throughout not just the State, but the entire nation.
 - Thought President Trump put forth an Executive Order stopping the extended time lag for things like this.
- Petersen and Fendel have been working with Jenny Bishop of CSU to generate a bridge agreement with Donala to continue to deliver our water from Willow Creek Ranch.
 - Our current agreement expires December 31, 2018.
 - New agreement must be approved by City Council.
 - Currently, the new agreement maintains 1.5 multiplier.
 - Petersen and Fendel have requested a couple of non-substantive comments for consideration.
 - Should be brought before the Utility Board in October for their approval.
 - Snyder did meet Tom Strand at the CSU Water Tour, Snyder proposed that Petersen and Vanderschuere meet with Tom prior to the Utility Board meeting to discuss the request of the 1.2 multiplier vs. 1.5.
 - We took 258 acre feet off the Ranch this year and have 314 acre feet in storage.

Status of Operations:

- R. Hull plant is currently producing water. Holbein is in backup mode.
- Total water production in August was 36,892,943. Our wells produced 69%, or 25,714,156 and Will Creek delivered 31%, or 11,178,787 gallons.
- UMCRRWWTF is operating within established standards.
 - Bids for the catwalk and screen have been awarded.
 - Stanek Construction was the low bid for the screen for \$326,000 and Glacier was low bid for the Catwalk at \$107,430. Overall savings of \$217,000 from budgeted amount.

- Discussed options to delay arsenic compliance implementation, which we must meet by October of 2019, at the August 22 Operations meeting.
 - Wells were retested and Sams is modeling a potential solution.
 - Operations Committee will make a final determination on October 10th.
 - Denny is concerned with the short timeline to accomplish the upgrade.
 - Snyder stated that the plant upgrade shouldn't be a problem to build, however the development of the polymer may be an ongoing process to find the correct formula. Petersen stated that his understanding is correct.
 - Vanderschuere asked if we can get a proposal before the holidays. Petersen will request that from GMS.
- Work continues on 12" water line replacement on Gleneagle Dr.
 - Have worked with several customers to reduce impact to their property.
 - Original plans to complete water line to Cherry Hills, however when BEC Construction were not able to obtain their performance bond, the project was reduced to Mission Hills. To complete line to Mission Hills will require an additional \$375,000.
 - Working with Parker, we have identified additional funds within current resources in the amount of \$165,148.
 - Shortfall is \$209,852.
- During review of new Roundabout at Gleneagle and Struthers, we discovered that the 12" main necks down to 8" for a short distance, then increases back to 12". Would be in the District's best interest to replace the 8" with a 12" line while the County is working on the Roundabout at an estimated cost of \$85,000 versus over \$100,000 to complete it later.
 - Petersen requests approval from the Board to use reserve funds in the amount of \$300,000 to complete both projects.
 - Denny motion to move, Snyder second, all aye.

Development Update:

- No new projects as of now.
- 7-11 is under construction and slated to be complete in the next 60 days.
- Petersen will contact Mr. Barash to discuss outstanding balance of the cost recovery agreement.

Additional Comments:

- Powell had a briefing with the HOA about the round-a-bout. Not all of the easements are available. It may be a while before construction on it starts.
- Book asked if we have a water leak on Westchester as it is always wet. Parker stated the valve has failed and we are aware of it and are working to fix it.
- Deardorf commented that the District has done a great job of communication with the customers affected. Has only had 3 residents from the HOA who had complaints.

With no further comments, the Board adjourned to Executive Session at 3:03pm.

These minutes are respectfully submitted for record by Tanja Smith on September 20, 2018.