

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
March 19, 2026

The Board of Directors of the Donala Water and Sanitation District met in regular session at the District's Holbein Water Treatment Facility, 15850 Holbein Drive, El Paso County, Colorado on March 19, 2026, at 1:30 P.M.

Director's Present: Wayne Vanderschuere
Bill George
Kevin Deardorff
Scott McCulloch
Kenneth Judd

Staff Present: Christina Hawker
Ashley Uhrin

Consultants' Present: Roger Sams (GMS)
Brett Gracely (Plummer)-Call In

Guests: Jackie Burhans (OCN)
James Howald (OCN)

President Vanderschuere called the meeting to order at 1:30 P.M.

Approval of Agenda:

- No changes to the agenda.

Public Comment Non-Agenda Items:

- No public comments.

Review of Minutes:

- Minutes from January 15, 2026, Regular Board Meeting accepted.
 - George motioned to approve, Deardorff seconds, all aye.

Financial Reports:

- Hawker stated that revenue is currently on track year to date. She also explained that a new chart will be added to the board packet each month showing revenue and expenditures to date. Another chart will be added each month to show annual water sales for the last several years. These are visual aids to help give an overview of the current financials.
- Hawker also said expenses are tracking well, with no unusual expenses for either water or wastewater.

- Judd stated that based on the new water sales chart, it appears that year over year, the water sales are trending downwards. He expressed concerns and asked if we know why. Hawker stated that she believes due to xeriscaping and reduced irrigation in the summer months, resulting in lower water sales. Vanderschuere asked Gracely about the LIRF studies we have done recently. He asked that we get the two most recent reports so that we can compare lawn return flows and see if that helps to answer the question. Gracely did agree with Hawker that many customers are moving towards xeriscaping and low-flow appliances which is driving the downward trend. Judd stated that while the “why” behind this issue is important, it’s more important to strategize how to compensate for the lack of revenue that we may experience in the near future. Vanderschuere agreed and stated it can be added as an agenda item to the workshop.
- McCulloch asked if the chart included wastewater revenue and expenses, Hawker stated that it did not, but she can make one for wastewater. He asked that she do that, as well as label some data on the chart. He asked about some numbers Hawker cited during her explanation, she explained that they are in the budget report provided at each meeting. McCulloch asked if we have to continue to include the financials if we have the overview chart, but Hawker and Vanderschuere both stated that they should remain in the packet for transparency sake. Vanderschuere asked that Hawker point out any unusual deviations that may occur, but a full review of the financial documents each month is not necessary.
- Judd asked where we post it for transparency, Hawker stated we post them on the website after each meeting.
 - Judd motioned to approve, George seconds, all aye.

Information Items:

2026 Water/Sewer Service Rates

- Vanderschuere reiterated that the new rates go into effect on the March bills, which customers will see reflected when they get their bills in early April. He wanted to ensure that everyone had a reminder about the new rates. Hawker explained that the draft rate comparison chart from last month’s meeting has been updated to reflect an accurate rate comparison as well as a sample bill comparing last year to this year’s rates. Uhrin then provided a brief review of the water and sewer rate changes that will be taking place. Deardorff said he doesn’t expect there to be a lot of calls about the sewer increase as it is only a couple of dollars. Uhrin and Hawker stated that typically we only get calls from individuals who saw a drastic increase in their average.

November 3, 2026, Election Calendar

- Hawker provided the 2026 election calendar and explained that if the board decides to go out to election in November for the debt service increase, there are some key dates that she wanted to make sure they were aware of. Hawker then presented the key dates and what actions would need to take place for each date. Hawker stated that while a November election would be beneficial for planning purposes, it does not provide a lot of time for public outreach and education, therefore she suggested that we wait until the May 2027 special election. That election calendar is not yet available, but ballot certification would be due in March 2027.
- No questions at this time, but Vanderschuere stated it would be discussed in more detail at the workshop. Hawker stated she will send the May election calendar as soon as it is available.

Northern Monument Creek Interceptor (NMCI) Inquiry Response – Colorado Springs Utilities

- The board had previously asked Colorado Springs Utilities (CSU) for a term sheet, the response was included in the board packet.
- Hawker stated that our questions to CSU included if there is a deadline for participation, the timeline, and if they would be willing to accept our desire to join upon voter approval if we wish to go that way. The responses were that there is no official deadline to join. CSU's biggest concern would be NEPA permitting that Donala would have to obtain, so they just ask that we start that process as soon as possible, should this be the route we choose to take. The projected construction spending is about \$4 million in 2026, \$31 million in 2027, and \$18 million in 2028. The total estimated cost is just under \$90 million. Construction is scheduled from May 2026 – Fall 2028 with significant upfront investment costs required for drilling and tunneling. Additionally, Donala would have to reimburse any construction or design costs incurred by others. At this time, assuming voter approval, there are no barriers that would prevent us from joining as the pipeline could support our flows.
- Vanderschuere clarified that the election and voter approval is not to join the NMCI, it is to increase our borrowing capacity to pay for our portion of this project, which is currently estimated at \$10.887 million, should we choose to go with this, in addition to operations and maintenance cost for after it is built.
- Judd asked if our estimated portion is the current total at 90% design. Hawker stated yes, but we would have to take into account the NEPA permitting costs. Vanderschuere stated that those costs will be incremental. He asked Sams if the numbers presented by CSU are similar to his calculations, which he said they are. Vanderschuere said they will discuss more in the workshop, but no action is required at this time.

Action Items:

Memorandum of Understanding – Arkansas River Watershed Collaborative

- Hawker reviewed that this organization gave a presentation last month regarding fire mitigation at Willow Creek Ranch and the opportunity to utilize a grant that could match up to 50% of the project costs. To move forward, they would need a memorandum of understanding (MOU) from the board which is being presented today.
 - The MOU outlines the scope and cost of the work, with an estimated cost of \$1500-2000 per acre. An estimated 140 acres are covered under the agreement. The grant provided by Arkansas River Watershed Collaborative (ARWC) would cover 50% of the cost, with Donala paying the additional 50%. Nothing is final and no work will begin until a formal agreement is executed.
 - Hawker stated that in the last meeting, the board asked her to review the budget and determine if we can afford this project. Hawker utilized the highest estimated cost for budgeting purposes. She explained that funds allocated towards another capital project will be covered by a cash match grant that we already have with CWCP for our ASR pilot study, therefore those funds can be reallocated to cover the cost of the wildfire mitigation.
- Judd clarified that we can cover the cost of this project under our current budget, Hawker confirmed that we can.
- Vanderschuere asked if there were any other funds from the state or EPA that we could utilize. Hawker said she did not know, but could look into it.

- Judd asked when they anticipate starting, McCulloch stated to the best of his recollection, it would happen in the fall.
 - George motioned to approve, Judd seconds, all aye.

Presentations:

Rate Comparison – Large Capital Projects

- Hawker stated that she has been working with our rate consultants to project how our rates and debt would be impacted under four major infrastructure projects: The Loop, Indirect Potable Reuse, NMCI and sole operation of the wastewater facility. There is a current challenge of how to allocate the property tax revenue because of the structure of each entity. This means we cannot evaluate each entity separately and they must be evaluated holistically. With this new complexity added and the need to include new information, Hawker asked the Board for more time to allow her and the rate consultants to present more accurate scenarios. Hawker stated that she also asked our legal team to calculate a debt service amount that aligns with revenues so we can determine how much can be financed through debt and how much through rates.
- Hawker stated that Sams has been finalizing numbers regarding wastewater scenario options that he will present, but the rest of the rate presentation will be delayed until it prepared.
 - Vanderschuere asked when she thinks the rate study will be complete, Hawker stated she believes they will be ready by the April board meeting.
- Sams presented a few slides showing how much it costs per single family equivalent (SFE) to currently operate the wastewater plant and the estimated cost over 25 years. He then compared this calculation to how much it would cost over 25 years for us to solely operate the wastewater treatment plant per SFE as well as the cost of joining the NMCI per SFE.
 - Vanderschuere asked if the decommissioning costs were included, Sams confirmed that they were. Vanderschuere also asked how many SFEs were taken into consideration, Sams clarified that the number for Donala was adjusted to account for some new developments that are anticipated to join the District by the time we were to begin solely operating the wastewater treatment plant, but the other calculations showing our current rate took into account the SFEs from all three partner entities as that is the current structure of the plant.
 - Judd stated that he is interested in seeing the additional cost of operating the plant solely versus what we currently pay as a partnership. Sams provided some details regarding the calculations.
 - McCulloch said he would prefer to see the breakdown on an annual basis rather than the more extended 25-year view.
 - Vanderschuere asked that Sams bring an annual breakdown to the workshop to answer McCulloch's request and they can discuss this matter in further detail at the workshop. Sams said he would do that.

Update from Hiring Committee: General Manager Position

- Judd provided an update, stating that they received 14 applications and both he and Deardorff reviewed them separately to determine their short list. Each of them decided on the same four candidates for final consideration. Judd recommended that the board interview all four candidates, then decide on the two finalists. Judd also recommend that all the interviews be conducted on the same day to accommodate board member schedules.

- The board members discussed the available dates and decided to perform interviews on March 27, 2026. District staff was directed to schedule the interviews for this date as well as prepare copies of each candidate's resumes and cover letters for the board.
- A tentative board meeting has been set for April 7th, 2026 to discuss the finalists, if necessary.

General Manager Report by Christina Hawker:

- Hawker attended Southeastern's Resource and Engineering Planning Committee meeting on March 5th as they were discussing the regional water agreement with Colorado Springs Utilities (CSU). Hawker stated that CSU presented a letter regarding the convey, treat and delivery to water entities outside of Southeastern's boundaries but within the Arkansas Basin. The letter is meant to serve as a template for future agreements, and a Memorandum of Understanding (MOU) is being presented to the Southeastern board on April 2nd. This does not seem to impact on our 25-year agreement we have with CSU. There were no additional fees discussed at this time.
 - Vanderschuere asked how long it will take for the Bureau of Reclamation to approve the Southeastern MOU. Hawker stated she does not have a timeline as the Bureau of Reclamation does not move quickly.
 - Vanderschuere also asked how enforceable the MOU would be. Hawker stated she didn't think it was since MOUs are not legally binding agreements.
- Hawker provided staffing updates stating that Jarred Durham earned his Wastewater A license in February. As a result, he has been promoted to Wastewater Superintendent and ORC. Another Wastewater A operator has been hired and will start on March 23rd. Finally, a new employee was hired for distribution in an effort to prepare for the upcoming retirement of long-time employee Troy Vialpando. He began on March 16th.
- Hawker provided an update on the ADA compliance. She stated that the elevator option is too expensive, therefore a new ADA compliant chair will be installed prior to the April 16th regular board meeting.

Water Report by Ronny Wright:

- Hawker stated that Ronny Wright is attending the Colorado Rural Water Conference and cannot be at today's meeting, but she checked in with him and there is nothing that needs to be reported on this month.

Wastewater Report by Jarred Durham:

- Hawker stated that Jarred Durham is also attending the Colorado Rural Water Conference and cannot attend today's meeting, but again she checked in with him and does not have anything to report at this time.

Consultants' Comments:

- Gracely stated that he is continuing to collaborate with staff on Donala's water rights. Since the February board meeting, they were able to get the signed decree in the diligence case with Southeaster. Gracely is working with Poznanovic to when to file a case for the Clearcreek Exchange. This would be the final of the three cases. Gracely recommends we do it sooner rather than later.
- Gracely stated they are keeping an eye on a case filed by CSU that could have implications on our water rights in the Upper Basin. We presented a statement of opposition, but that was simply to keep notified about the movement on the case.
- Gracely continues to support Hawker with the Loop Authority.

- Gracely attended a meeting for the Risk and Resiliency Assessment and Emergency Response Plan that staff asked Plummer to help with. He said the Assessment is due by end of June 2026 and the response plan due by end of December 2026. He said we are on track to get these done by these deadlines.
- The scope of work for the condition assessment and rehabilitation design of the R Hull water treatment plant is under final review and should be available soon.
- Finally, Gracely stated that he is preparing for the upcoming workshop.
- Sams stated that the Urban Landing development will begin in the next several weeks. There have been some delays with the County and some road issues but they have been resolved. Sams believes TAP fees will not begin to come in for these properties until 2027.
- Sams stated that the Subaru dealership is progressing and there are still some plan revisions to make, but the plan to start building in the next few months.
- Sams provided an update on some service installations in Chaparral Hill including a wastewater service line for one customer and a water service line for another customer.
- Sams provided an update on the County storm drain project taking place on Northgate and Struthers. He stated that their project requires us to relocate some of our distribution infrastructure. As a result of a years-old agreement, the District must pay for the costs to complete this request. Sams believed that hiring a contractor to complete the work for us rather than doing it internally would be cheaper and simpler for staff due to the complexity of the entire project and other involved entities, including traffic control. Sams stated that this project has been planned since last year, and the District has been working with the County on the cost estimate, but was originally much lower than the current estimate. Sams proposed that we sign a contract with Amrize and recommended that the board budget for about \$320,000 to cover the current costs and allow for some flexibility to account for any additional costs that may come up. Sams provided a breakdown of some of the costs we are to pay as well as some of the costs that have been reduced as a result of talks with the County.
 - Vanderschuere asked when the County wants the funds. Sams stated that ideally within the next 3 months. Sams stated the project has been delayed as the result of an unlocated electrical line that was found, but that will not delay the timeline that the funds are needed.
 - Hawker stated that the District budgeted for this project, but only \$200,000.
 - Judd asked if we have to bid this contract out. It's not necessary because this contract is a sub-contract of the larger County contract.
 - Vanderschuere asked if this project will cause any outages or impact service. Sams said he does not believe so, we should be able to isolate the lines and valves without interrupting service.
 - Vanderschuere asked Hawker to bring the Amrize contract and a plan of how to pay for the extra cost to the April regular board meeting. He also asked that the Amrize contract have a "not to exceed amount." She stated she would prepare this. No action will be taken at this time.
 - Deardorff suggested we research how much it will cost to do this ourselves versus contracting through the County.
 - Vanderschuere asked about our GIS system. Hawker stated we have a new one, so he asked that that link be sent to the board members. Hawker stated she would do that.
- Sams also stated that any major changes to water quality regulations by the Water Quality Control Division are being pushed out until likely around 2030.

Directors Comments:

- Judd asked to confirm the start time for the workshop next week, staff confirmed 10am. He also clarified that the upcoming workshop topics are solely strategic, not operational. Staff confirmed this to be true. Some agenda item clarification was also made.
- Vanderschuere stated that he, along with Hawker and another entity partner, gave a presentation about the Loop to an HOA board. It was meant to be an information presentation to get the Loop out there.
- Geroge clarified all dates and times for upcoming board meetings.
 - Judd stated he will be out of town for the board workshop on April 16th and will not attend.

Public Comment:

- Burhans stated that she appreciates our professionalism as there as some other water Districts around the state that are more in disarray that we are.

President Vanderschuere adjourned the meeting at 3:17 pm.

These minutes are respectfully submitted for record by Ashley Uhrin on April 10, 2026.