

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
DECEMBER 8, 2016

The Board of Directors of the Donala Water and Sanitation District met in regular session at the District office, 15850 Holbein drive, El Paso County, Colorado on December 8, 2016 at 1:30 p.m.

DIRECTORS PRESENT:

DAVID POWELL
KEN JUDD
BOB DENNY
ED HOULE
DENNIS SNYDER

ABSENT:

STAFF PRESENT:

KIP PETERSEN
BETSY BRAY
SHARON SAMEK
MARK PARKER

GUESTS

JIM KENDRICK

President Powell officially called the meeting to order at 1:30 pm. Powell asked that all rise for the Pledge of Allegiance.

PUBLIC COMMENT NON-AGENDA ITEMS:

Powell asked if there was any public comment. Kendrick reminded the Board of the upcoming meeting Upper Quality Management Association-the first of three meetings for the 208 plan; this would be good information for the Academy Lift Station and Force Main. Powell thanked Parker for attending meeting to discuss cyber security with the Board. He will give his presentation later on in the meeting.

REVIEW OF MINUTES:

The Board reviewed the minutes of the October 20, 2016 meeting and the November 17, 2016 meeting. The October 20, 2016 minutes were accepted as presented. The November 17, 2016 minutes were accepted as presented with modification to say: "additional 15 homes to be placed on property, over and above the 41 homes originally approved."

REVIEW OF FINANCIAL STATEMENTS AND CHECK SUMMARIES:

Petersen presented the November check registers and the November financials. Petersen noted that Donala should be at about 8% remaining for the year. While we are at 13.59 % remaining, we expect about \$180,000 more revenue for December billing. Effluent sales are off as we reduced releases in the summer. This was expected. Investment interest is run at the end of the year. You will see this at the next Board meeting. New infrastructure loan does not reflect \$829,000 going out next week. Misc. revenue-quite a bit is Triview water at \$151,000 and \$58,000 for FEMA. We should be pretty close to the end of the year with expected revenue and perhaps just under a little. Balance of expenditures –we are over in Professional Eng. as Leonard Rice is doing a lot of work for us. Powell asked where the money for the Board comes from; Bray stated that it is under Payroll. While we are \$70,000 over in Capital Projects for 2016; this is from 2015 expenditures that Auditors put into 2016. Once this is adjusted out, we expect to end the year at 18% remaining for expenditures. Total expenditures will be 8-10 percent under. Powell asked where the money from Laughlin ditch is coming from; Petersen said that right now it is under Capital Projects; Petersen will have a line item on the Executive Summary for next year for the Laughlin ditch with a projected annual expense of \$200,000. The board then reviewed the Donala Check Register. The Board then asked where in the district does Donala pay CSU for gas and electricity; the answer is the R Hull plant, maintenance and the lift station. The Board then moved on to the Waste Plant Executive Summary and Check Register. Petersen noted that expenses for District Engineer are up but he explained that this is primarily for FEMA. Denny then asked about the check for Connie King; why does it not show up under legal? Petersen stated that all of the work that King does for Donala is in regards to AFCURE so that is the line item that her work is reported under. Petersen then directed the Board of Directors to the Chandler Asset Management Report. He stated that the rate of return varies from .24% to 1.36%.

MANAGER'S REPORT:

Petersen stated that the Board does need to have a public hearing on the budget. At this point the Board opened a public hearing. Petersen noted that in October he had provided a budget to the Board. In that budget he had asked for a 4% rate increase across all tiers and a \$1 per month sewer increase. The times and meeting place for the Open Hearing were provided to the public through a notice in the Gazette, the Tribune and Donala's newsletter. Powell asked for any comment from the Public; there being no comment, the public hearing was closed. Petersen then asked for any further questions from the Board. Petersen noted that he had removed the additional \$50,000 potential revenue from AGUA as some of the Board felt that it may not be a certainty. Petersen also noted the additional 6.5 % rate increase from CSU. Powell stated that he is still hoping that Petersen will be able to convince CSU to lower this rate increase with the new contract. Petersen went on to say that part of the new Capital Projects will be a new meter and meter pit with Triview. He said that Donala will take care of Baptist Road and Leather Chaps and Triview will be responsible for the new meter and meter pit at Baptist Road and Struthers Road. Snyder then asked if Donala should consider an increase in commercial taps for 2017? After discussion, the Board asked the Staff for a 10% increase on all commercial tap fees while leaving the water investment fee as it is. Snyder motioned for change; Houle second, all "aye". While Bray made changes to Resolution 5, the Board and staff went through Resolution 2016-1 with Houle moving, Judd second, all "aye". Resolution 2016-2 with Denny moving, Houle second, all "aye". Resolution 2016-3 with

Snyder moving, Denny second, all "aye". Resolution 2016-4 with Judd moving, Houle second, all "aye". Finally, Bray presented the newly adjusted Resolution 2016-5 with Snyder moving, Houle second, all "aye".

LAUGHLIN DITCH WATER RIGHTS:

Petersen then moved on to discuss the Laughlin Ditch Water Right. Petersen had met with Fendel and CSU to discuss the problem with the Laughlin Ditch Water Right in that without CSU's assistance to pick up this water from the stream, the Water Right will not be valuable to Donala. CSU's attorney is reviewing the paper work to see if there is a benefit to CSU to work with Donala on this water right. Work is ongoing on this project.

CSU AGREEMENT ON WILLOW CREEK RANCH WATER:

Petersen then discussed the CSU Agreement on Willow Creek Ranch Water. He noted that Dan Higgins is new to the contract and as such had to be brought up to speed on how it works. Petersen requested another 1 year extension on this project. He is still waiting to hear back from CSU on this agreement. He asked the Board to authorize Powell to sign the agreement providing that the only change is the timeframe involved. Board agreed to authorize Powell to sign agreement under these conditions.

ARKANSAS BASIN ROUNDTABLE:

Petersen noted that he and Houle had attended the most recent Arkansas Basin roundtable. He stated that the CWCB Loan Program will be much tougher in the future. It will probably be necessary to have a conservation plan in place before any loan money will be extended. He noted that between 2002 and 2016, Donala has decreased consumption of water from 1400 Acre Feet to 790 Acre Feet per year. The residents have done very well in conserving water. Petersen then asked if any of the Board would be able to attend the next Roundtable meeting. Houle, Denny and Judd may be able to attend; Powell will be able to attend the Arkansas River Forum Planning Meeting.

ARKANSAS RIVER FORUM PLANNING UPDATE:

Petersen then stated that he and Powell had attended the planning discussion for this year's Arkansas River Forum Conference. He noted a change in venue to the Hotel Elegante in southern Colorado Springs with the VIP dinner to be held at the Penrose Pavilion-limited seating. VIP dinner will be held April 26, 2017. The Forum will be held April 27 and 28, 2017 with Petersen expected to be one of the Presenters at the Forum. His topic will likely be "How to withdraw water from the Denver Basin". The other possible topic would be the DEWSS project. Donala will be a sponsor at this event and will contribute \$1,000. PRWA will contribute \$5000. The cost for the Forum is \$125/person (2 day event). Petersen stated that he hoped the Board would be able to attend.

PIKES PEAK REGIONAL WATER AUTHORITY:

Petersen stated that the next meeting for the Authority would be held on January 4, 2017.

WILLOW CREEK RANCH:

Petersen and Parker visited willow Creek Ranch on November 4th and posted more signs. Many thanks again to our wonderful neighbors who look out for Donala when we are not there. Petersen noted that there is no visible snow pack at this time. Somerville's upgraded fence; Petersen acknowledged that he spoke to Mr. Somerville.

STATUS OF OPERATIONS:

Petersen noted that both Holbein and R. Hull plants were taken down for cleaning and maintenance during the slow winter months. The R Hull plant will receive a major overhaul this winter and the plan is to have the R Hull plant up and running before seasonal demand. All seems to be going well.

The Waste water plant got through the busy Holiday season with no problem. The FOG has been minimized. Next year Forest Lakes, Triview and Donala Water and Sanitation District will put out the FOG letter in early November so that customers will be aware in time for Thanksgiving.

Latrobe Water Line has been completed. GMS is working on final completion details. This project came in on time and on budget. Donala will need to put in additional asphalt on the drive up to the Holbein tanks. The reason for this is that this has not been repaired in several years and with the heavy equipment further wearing on the asphalt, the driveway has really been compromised. This work will take place in the Spring. Each of the two neighbors that share this driveway with Donala will contribute \$500 toward this work. Mr. Montemayor would like additional asphalt work done at this time and he will pay for it personally.

Access road to Waste Plant has been completed. The reseeded process will take place next Spring with the corresponding payment for reseeded withheld from their final payment. Petersen is taking a look at having the concrete dump pad re-bid since he has learned that the price of concrete has decreased.

DEVELOPMENT UPDATES:

Petersen stated that he expects Gratrix to get a decision on the redevelopment of the Golf Course in February, 2017.

Petersen also mentioned that he had been contacted about a potential hotel on Struthers Road, but had not received any further information.

Petersen then directed the Board to review the Monthly Volume Report.

PUBLIC COMMENT:

Powell then asked if the Public had any comment. There was no Public Comment.

The Board then asked about the 1041 Process; has Petersen heard anything more about that? Petersen stated that he is attending a meeting on Monday. At this time, he is still hopeful for a FONSI or an exemption. He does expect the BUREC permit no later than June, 2017.

Petersen requested an Executive Session. Houle motioned, Judd seconded, all "aye" to adjourn to executive session at 2:43 pm, under the provisions of CRS24-6-402(4)e), determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators. The purpose of the Executive Session was to discuss the security of the District's facilities. There were no decisions made. It was moved by Houle, second by Denny to adjourn the Executive Session and return to the open meeting.

There being no further business to come before the Board Denny moved to adjourn the meeting at 3:52 p.m., Judd second. Motion carried.

These minutes are respectfully submitted for record by Betsy Bray on December 9, 2016.