

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
APRIL 20, 2017

The Board of Directors of the Donala Water and Sanitation District met in regular session at the District office, 15850 Holbein drive, Gleneagle subdivision, El Paso County, Colorado on April 20, 2017 at 1:30 p.m.

DIRECTORS PRESENT:

DAVID POWELL
KEN JUDD
DENNIS SNYDER
BOB DENNY
ED HOULE

ABSENT:

STAFF PRESENT:

KIP PETERSEN
BETSY BRAY
CHRISTINA HAWKER

GUESTS

JIM KENDRICK
PHIL BOOK

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

PUBLIC COMMENT NON-AGENDA ITEMS:

Powell then asked if there was any public comment. Book did ask about the Laughlin Ditch Water, Petersen explained that this water is native water in Fountain Creek. It was noted that the Laughlin Ditch Water will be discussed in detail later in the meeting. Kendrick noted that he had attended the Statewide Nutrient Meeting. There was no other public comment.

REVIEW OF MINUTES:

The Board then reviewed the minutes of the March 16, 2017 meeting. Board asked Bray to add a “y” to the word Count under Developer Updates on Page 3. So noted. The Board then accepted the minutes as amended.

REVIEW OF FINANCIAL STATEMENTS AND CHECK SUMMARIES:

Petersen then directed the Board to review the financials. Petersen noted that Donala should be at about 75% remaining and there is nothing out of line for the first of the year. Donala has 81.94% remaining for Revenue and Expenses are at 83.32% remaining. Petersen stated that Utilities expenses are low but that should pick up once both water plants begin again. Professional Engineering is high; this is because of the work that Leonard Rice is doing for Donala regarding Willow Creek. Petersen said that once our Capital Projects are completely planned, he plans to hold a community meeting for all customers affected by the project, to explain the timeline, ramifications, etc. Judd asked about check number 21087 to Intermountain Sales for \$9,000. Petersen explained that this is for the Data loggers for Willow Creek. Petersen then directed the Board to review the Executive summary for the Waste Treatment Plant. He noted that Revenue is right on target and expenses are a little low at 80.72%. After review, Houle moved to accept Financial Statements, Snyder, “2nd”, all “aye”.

MANAGER’S REPORT:

Petersen then discussed the Laughlin Ditch Water Rights. The negotiated price is \$3,800,000 and Donala should expect to acquire 324 AF of renewable water. With this purchase, Donala will have over 600 AF of renewable water which equates to 75% of the total water that is currently used each year. Judd asked about the timeline. Petersen feels that it will take 12-18 months after close because of legal process and 4-5 years before exchange. In the interim Donala has a lease opportunity with AGUA to lease this water to them. The expected revenue for this short term lease arrangement is about \$50,000 per year. Petersen said he has written a letter of intent with Fountain. Judd asked who Petersen is dealing with in Fountain. Petersen said he is working with Curtis Mitchell. Houle asked if we will receive 324 acre feet from this purchase; Petersen said this is correct. Then the income vs. expense was discussed. We will only receive from lease money about 25% of the money we will expend for the payments. This will be a shortfall in the short term. Snyder asked if it takes 10 years before we get to use the water for our customers, can we still make the payments? Petersen said that “yes we can make the payments”. Denny then stated that we are not talking about a ditch; we are taking about water rights in Fountain Creek. Petersen said that is correct. Petersen stated that the purchases price for the Laughlin Ditch Water right is \$3.8 Million Dollars. The balloon plus interest is \$4.453 Million Dollars. This equates to \$12,000 per acre foot. This is a very reasonable cost as the going rate is \$17,000-\$18,000 dollars per acre foot. Snyder then stated that there are very few remaining access rights in the Fountain Creek- is that right? Petersen said that that is correct. And up in this part of El Paso County, there is a 560,000 AF shortfall. A motion was then made by Snyder to approve the purchase of the Laughlin Ditch Water rights. Houle 2nd, all “aye”.

Petersen then discussed the Homeplace Ranch. This ranch is in the middle of Triview Metro district. Part of this land is over the Palmer Divide. This location is a problem for Donala as our agreement with CSU states that we will not provide water over the Palmer Divide. There does not seem to be enough interest with other potential partners in the area to make this a viable option. After discussion, the consensus is that this water right is not a good option for Donala.

Petersen then noted that the Arkansas River Basin Roundtable Forum is next Tuesday. It will be held at the Hotel Elegante. The dinner is Tuesday evening at 5 PM. The Forum will be held on the 26th and 27th.

Petersen then stated that the Pikes Peak Regional Water Authority met on April 5, 2017. The summary of all bills pertaining to water were then reviewed. The Area 3 Infrastructure Study is now complete and final copies

will be provided to the Districts that participated. Petersen is considering having Forsgren and Associates make a presentation to the Board in May.

Petersen explained that he attended a meeting of the Monument Board of Trustees to provide an update of recent water activities. He felt that his comments were well received. The Trustees are very interested in whether to pursue reuse or connections with another water district.

On April 12, 2017, Donala hosted the Water Returns Seminar. We had 28 residents attend. The feedback was very positive. We will host another seminar in the Fall. Due to attendance and lack of meeting space, we will move the location of the seminars to Antelope Trails Elementary School.

Willow Creek Ranch:

Petersen noted that he and Parker went to Ranch on April 6th to ensure telemetry equipment was working properly. Parker and JR will go up on the 26th of April to meet with representative from State Engineer's Office to make sure calibrations are correct. He noted there is good snow pack on the ranch and it is good, wet snow. Houle asked when the Summer Work date is? Petersen doesn't know yet. Petersen noted that one of Donala's cameras were taken-not sure where it went. He also noted that that the 38 year running average was exceeded in only 1 year since we have been noting the average. The projected spill was again averted this year. Donala has 32 AF left in reservoir.

STATUS OF OPERATIONS/PROJECTS:

Because of our use of Willow Creek Ranch water, Donala has not been using our water treatment plants. The expectation is that the Plants will be started up again next week. Petersen feels that the Plants are very well prepared to begin again.

The Waste Treatment plant is still working on arsenic levels as well as phosphorus and nutrients. The belief is that source water is the source of origin of the arsenic but it is concentrated during the backwash and sent down in concentration when backwash is sent to Waste Plant. The most cost effective plan is to remove it at the Waste Treatment plant before it is discharged into Monument Creek. Powell asked if reuse water will be affected and Petersen stated that it will not. Petersen also plans to check arsenic levels for Academy Water. He is also checking the fine print in the Agreement as to who pays for arsenic treatment. Forest Lakes uses Arapahoe well water and discharges into the ground. Once the surface water plant is finished, the Arapahoe well will no longer be used and the surface water was not arsenic. Once Donala goes to completely renewable water, we will no longer have arsenic concerns. There will be a pilot project in a few months to study arsenic removal process. Petersen plans to have GMS attend next Board meeting to discuss possible solutions.

CAPITAL PROJECTS:

GMS is continuing work on the Doral Way water line project. District crews have been busy potholing in anticipation of the work to be done. Petersen expects the bid to be put out for bid in late April, and work beginning in late May or early June. Petersen noted that the Doral Way project will be the most visible to Donala residents this year. This project will be paid for with Bond fund money.

DEVELOPER UPDATES:

The Golf Course project is still in limbo; Petersen hopes to find out next month what the County wants to do about the Golf Course Development as well as Barash's Project and the People's Bank Development Project. Petersen has written letters of commitment for all three projects.

The Final item Petersen discussed was a letter from the Assessor's office that Donala will get a 17% hit on assessments. The reason for this hit is due to Gallagher, Tabor and School Assessments. The Gallagher impact will affect all future assessments.

Petersen then provided Monthly Volume Report. Water consumption seems to be on the rise.

PUBLIC COMMENT:

Board asked if there was any public comment; Book then stated that his concerns regarding the Laughlin Ditch Water has been answered. There were no other comments.

These minutes are respectfully submitted for record by Betsy Bray on April 18, 2017 .