

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
August 17, 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 August 17, 2017 at 1:30 PM.

DIRECTORS PRESENT:

Ken Judd
Ed Houle
Dennis Snyder

ABSENT:

David Powell (Excused)
Bob Denny (Excused)

STAFF PRESENT:

Kip Petersen
Betsy Bray
Christina Hawker
Mark Parker

GUESTS

Jim Kendrick
Bill George
Wayne Van Derschuere
Jim Broderick
Michael Lang
Michael O'Hare

Vice President Judd officially called the meeting to order at 1:30 pm. He noted for the record that Houle, Judd, and Snyder are all present. Judd noted Powell's and Denny's excused absence. Judd then asked the attendees to please rise for the Pledge of Allegiance. Judd then stated that he would hold public comment to 5 minutes for each guest.

PUBLIC COMMENT NON-AGENDA ITEMS:

Judd then asked for public comment. O'Hare stated that he lives at 405 Cherry Hills Way and he is concerned with any potential mill levy increase. He noted that he understood that Westcott Fire is trying to increase their mill levy to 21 mills. Petersen explained that the Assessed Valuation will come out by August 26, 2017. That will give Donala a preview of the amount of mill levy revenue we will receive then. Petersen can't address Westcott Fire and their potential mill levy increase. Petersen stated that Donala needs a certain amount of mill levy revenue for wells, treatment and fixed costs to run a water district. He also noted that Donala has tried the aquifer re-charge method as an alternative way to provide sources of water and found that this method is fraught with problems. If water is put back into an aquifer, it can be pulled from other water districts. It is also water that has been treated and when it is pulled back out, it would be treated a second time. There would need to be an appropriate source to inject the water into such as a reservoir. Petersen also mentioned the laws of Colorado and the Doctrine of Prior Appropriation.

REVIEW OF MINUTES:

The Board then reviewed the Minutes for the Special Board Meeting held on August 3, 2017. The Board asked staff to change the spelling on "Donald" to "Donala" on last paragraph, second page. With the change, Snyder moved to approve, Houle "second", all "aye". The Board reviewed the Minutes for the regularly scheduled Board Meeting held on July 20, 2017. After discussion, Snyder moved to approve, Houle "second", all "aye".

REVIEW OF FINANCIAL STATEMENTS AND CHECK SUMMARIES:

Petersen presented the July Executive Summary and Check Registers for both Donala and the Waste Treatment Plant. Petersen stated we should be at about 42% remaining. Petersen stated that he is comfortable with Operating Revenues. He noted that Donala has received 2 more tap fees. Gratrix has recorded his plat for the lots along Gleneagle Drive. Petersen hopeful of getting 6-7 taps in 2017. Auto sales tax is also higher than anticipated. Petersen has no concerns over expense; feels that the waste plant expense line item will catch up to expected costs by the end of the year. Petersen then directed the Board to review the Check Register. Judd asked about check #21381 made out to Timberline Electric in the amount of \$6,535. Petersen explained that this check is for com fails and the cyber virus issue. Petersen was then asked why there are 2 MVEA checks each month-Hawker explained that there are 17 locations that are paid for each month and only 10 line items that can be put on each check; therefore the need for 2 checks. The Board then reviewed the Executive Summary for the Waste Treatment Plant. With 42% remaining expected, Petersen expects that Waste Plant revenue will catch up by the end of the year. Petersen noted that he has taken a few capital projects off the table for this year primarily due to time constraints. Board then reviewed the Check Register for the Waste Treatment Plant. Board then asked about check #13964 in the amount of \$4,484.84 for polymer. Petersen explained that the polymer is used in the sludge process. Board also asked about check #13983 to Grainger for \$49.74. This was primarily for a shovel that is used in the screen room. Board then reviewed the Chandler information presented. It was noted that the return on investment is getting a little better; Nance would be proud of us. Houle moved to accept financial statements as presented, Snyder "second", all "aye".

MANAGER'S REPORT:

Petersen then introduced Jim Broderick, of the Southeast Conservancy District. Mr. Broderick gave a presentation to the Board of Directors on the history of the Southeast Conservancy District, and the advantages and costs associated with joining. If the Board determines that Donala would benefit from inclusion into the District, the first step would be a Letter of Interest to the Southeast Conservancy District. The method of inclusion is usually by election of the constituents and the current cost is an ad valorem mill levy of .935. There

is also a “backcharge” of past mill levies; the length of time is negotiable. Broderick noted that SE Conservancy District is not able to sell water to Donala, as the water and space has been allocated to the Storage Project. The benefits to joining are that Donala would be able to cut in half the price paid to Pueblo for storage in the reservoir. Donala would still have to pay for O & M for storage but for Southeast Conservancy District members, the O & M costs will not be higher than storage costs. The other benefit is spill priority; we would stand a much smaller chance of losing water due to a spill out of the reservoir. Sending a Letter of Interest does not imply a commitment on either side. Board determined that the entire Board should be present for a full discussion of the pros and cons for Donala. Judd suggested that this discussion would best fit the November Board workshop. The Board then thanked Broderick and stated that Donala will get back to him at a later date.

The Board then invited Prickett and Alderson to speak regarding Donala’s investments and future investments. Prickett stated that by moving the investment dates to a longer maturity, Donala receives a better return on investment. Houle asked if there is any benefit to extending maturity even further? Prickett feels that 1.5 years is the safest decision. After more discussion, the Board thanked Prickett and Alderson for their time and presentation.

ARKANSAS BASIN ROUNDTABLE:

Petersen stated that the Roundtable was held in Pueblo on August 9th. Petersen was able to attend. After the election to fill two open positions, the Roundtable then presented Mr. Maras, from the USDA rural development program. Mr. Maras discussed funding opportunities. However, Donala would not be able to utilize those opportunities as we are not eligible. These programs are for Districts with a lower median income. However, Donala would be eligible for loan programs. Water and Wastewater projects are included in the USDA Rural development program. The second section was devoted to discussion of the John Martin Reservoir. The final presentation discussed a potential new type of storage rights in the reservoir. The next meeting will be held on September 13th at Pueblo Community College.

CYBERSECURITY:

Petersen stated that Donala has contacted NetDiligence to conduct a cyber assessment of our computer system, under Parker’s direction. Because Donala is under the SDA umbrella, Donala will be able to get special rate for this work. Petersen will keep Board informed.

ADOPT A ROAD:

Petersen told the Board that Donala’s stretch of Baptist Road had “sunset” in May, 2017. After Petersen contacted El Paso county regarding the expiration of our cleanup, we were given the option of claiming the stretch from Tari Lane to Rollercoaster Rd. Petersen has yet to decide if Donala will take this stretch or not.

RATE STUDY:

Petersen is planning to get together with GMS to discuss the details and parameters of the Rate Study. The deadline given to them is September 30, 2017.

WILLOW CREEK RANCH:

Petersen reported that Donala did not achieve 280 AF off the ranch this year. Donala did pull 250 AF off for winter. He noted that this is a 38 year rolling average. Petersen stated that Leonard Rice had completed the

riverware modeling and BUREC is reviewing the modeling project. While at the Ranch, Petersen visited with Brooks Marstead and Misha and Kevin.

STATUS OF OPERATIONS/PROJECTS:

WATER TREATMENT PLANTS:

Petersen reported that the R Hull plant had been taken off line for major overhaul and will be back online around August, 2018.

WASTE TREATMENT PLANT:

Petersen stated that the Wastewater flume is on order, and he expects the Effluent flume to be replaced next week. Houle asked how long the flume had been in operation. Petersen said that this is the original effluent flume. The Board then asked about the Triview flume; Petersen said he is working with Ladouceur to make sure that the flume is working correctly. Petersen noted that he and staff are meeting to go over the preliminary budget on the 9th of August. He will have a budget to staff at Forest Lakes and Triview by mid-September, per the IGA. Petersen anticipates large capital projects for the Waste Treatment plant for 2018 and wants to make sure that all entities understand the costs involved.

DORAL WAY:

Petersen told the Board that the Doral Way Loop will begin on August 22, 2017. The work will commence each day from 7AM-5PM, Monday through Friday. Construction information is posted on the Donala Website.

DEVELOPMENT UPDATES:

Petersen has heard that Starbucks and the Hotel Parcel have received permits.

Petersen then provided the Monthly Volume Report. Billed versus Distributed equals 98.8%. Petersen then provided the Forest Lakes Monthly Volume Report.

PUBLIC COMMENT:

The Board then asked the public if there was any public comment. Mr. O'Hare had questions regarding the Donala mill levy and how the Board will contain costs for the future. The Board then reiterated that Donala plans to contract for an independent study every 5 years to make sure that rates are established taking into account the upcoming infrastructure demands as well as water supply and future demands. There being no other public comment, Houle moved to adjourn, Snyder "second", all aye. The Board formally adjourned at 3:57 PM.

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

