

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
MARCH 16, 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 March 16, 2017 at 1:30 p.m.

DIRECTORS PRESENT:

DAVID POWELL
DENNIS SNYDER
BOB DENNY
ED HOULE

ABSENT:

KEN JUDD (EXCUSED)

STAFF PRESENT:

KIP PETERSEN
BETSY BRAY (ABSENT)
SHARON SAMEK

GUESTS

JIM KENDRICK

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

PUBLIC COMMENT NON-AGENDA ITEMS:

Powell then asked if there was any public comment . There was no public comment.

REVIEW OF MINUTES:

The Board then reviewed the minutes of the February 16, 2017 meeting. It was noted that Denny had asked if Petersen has had the water that comes through the Northgate Connection from CSU tested for arsenic. Petersen stated that the water was tested and came back as non-detect. Denny would like the correction made in the

February 16, 2017 minutes noted that the results were unknown at the time of the Board meeting. Petersen said that the correction would be made. There being no further corrections, the minutes were accepted 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 84% remaining and there is nothing out of line for the first of the year. Things are tracking well. Everything is exactly where it should be. Insurance is paid in full at the beginning of the year. Total expenses are at 89%. Questions on the financials. Snyder asked about Interstate batteries 21006 for charges for vehicles; these are vehicle chargers. They then moved to Waste Plant summary. No anomalies. Check register for Waste Plant; Pueblo Bearing for batteries-#13711 Ford Ranger. Petersen will check on this. Snyder then asked about law firm of Connie King-her firm works on AFCURE issues. She represents several entities. Chandler summary reviewed. Houle moved to accept financials; Snyder second. All "aye".

MANAGER'S REPORT:

Petersen then noted that he had spoken with Tom Sistare, our auditor, regarding the District's capitalization policies. He stated that after discussion, it was decided that Donala should adopt a policy to capitalize purchases over \$5,000 as this more closely reflects current conditions of value. This process was started last year but it was suggested that the Board officially adopt this process and backdate to 2016. Powell asked if \$5,000 was adequate; Petersen asked Samek. She felt this was a good policy. Snyder asked if our capital projects are depreciated. Petersen stated that they are through the auditor. Denny then moved to raise the threshold to \$5,000, Houle second. All "aye". This policy is backdated to be effective July 1, 2016.

Petersen then noted that he and Houle had attended the Arkansas Basin roundtable in Pueblo. There were two presentations made. Johnson of the Colorado Conservation Board provided an update on the Statewide Water Supply Initiative. This seems to be moving rather slowly. The second presentation was on funding for the Colorado Water and Regional Power Development Authority and the Department of Local Affairs and the State Health dept. All funding sources reviewed will not be available to Donala as we do not meet the criteria established. The money is for depressed communities. We can still get the loans; just not the grants. Reuse was not however, discussed. Houle expressed regret for not bringing this up.

Petersen then moved on to the Arkansas River Forum Planning update. He asked the Board to save the dates of April 26 and 27th to attend the Ark River forum as well as the evening of April 25th for the VIP dinner which the Board has received an invitation to attend. The dinner is for 200 individuals. If you can attend, please contact Petersen as he will coordinate the registration for the Board. Petersen included in the Board Packet, a thank you note from the Arkansas River Basin Forum for Donala's sponsorship.

The Pikes Peak Regional Water Authority met on March 1st. Petersen attached updates from Brown on bills of interest. The biggest challenge for the legislative session is the small State budget. Petersen and Fink will give an update to the Board of County Commissioners on the activities of the Water Authority.

Petersen noted that Samek will be leaving us on March 17, 2017. The lunch on the 17th will be held in her honor to express appreciation for all that she has contributed. Donala has started the interview process to find a new accountant.

Petersen stated that the Water Returns Spring Workshop will be held April 12, 2017 in the Donala Boardroom. This was noted in the March newsletter. the title for the workshop is "Making Water Wise Changes...When You Have Little Change to Spare". Registration closes April 5, 2017. Petersen is hopeful that attendance will be good and that this will lead to more water conservation and positive goodwill.

Willow Creek Ranch:

Petersen noted that Donala's Environmental Assessment and our 1041 application remain under review. He is still hopeful of a FONSI. We will have to wait and see. Also of note is the possibility of a spill over Pueblo Reservoir because of the high level of storage currently in Pueblo Reservoir. In anticipation, Donala has decided to pull the water in storage in Pueblo and reduce how much we could possibly lose in a spill. Should Donala continue to only use Willow Creek water, Donala could still have about 70 AF by mid-April. Petersen has contacted AGUA to see if they would be interested in purchasing some of that 70 AF. Time will tell how this works out.

STATUS OF OPERATIONS/PROJECTS:

WATER TREATMENT PLANTS:

Both of Donala's water treatment plants are barely producing this time. The seasonal drop in demand, along with the need to pull water out of Pueblo has significantly dropped Donala's demand for use of the plant. Donala distributed 11.3 million gallons in February, with 10,955,000 gallons coming from Willow Creek Ranch.

On February 23, 2017, we responded to a water leak on 150 Desert Inn Way. The culprit was a deteriorated water saddle tap. This was a tough fix, due to windy weather, and snow. Troy, Ronny, Joe and JR did a phenomenal job. Kudos to the Donala crew for their hard work and continuing to work until the job was finished, late into the evening. He included in the Board packet, a thank you note from one of the customers on Doral Way.

WASTEWATER TREATMENT PLANT:

The wastewater plant is working well and staying well within permit standards and limits. Triview's flume has been installed and calibrated.

Petersen then discussed a memo he had received from the Reg. 85 Nutrient Control Management Workgroup regarding their last meeting. According to the memo, Petersen feels that there is a strong possibility that the regulations for nitrogen and phosphorus may be delayed until 2027. Petersen will discuss this further with Sams at the next Waste Plant Ops meeting in April.

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 project will be paid for with Bond fund money.

DEVELOPER UPDATES:

Petersen noted that the Count has just recently raised the question of the 300 year water rule regarding the project that Gratrix is developing on the former Gleneagle Golf Course. Petersen feels that this question should

have been raised months and months ago. However, Petersen stated that he has written a letter to the County and has also spoken with them regarding this issue. While they understand Petersen's position on this issue, it is unclear whether they will grant a waiver to the 300 year water rule or not. EPC staff seem to be in support of a waiver. Snyder then asked what would happen if the waiver is not granted; Petersen then replied that the proposed 56 home development could not proceed and Gratrix would then likely sell the property. BOCC would have to approve the waiver for this project to go forward. This Board instituted a policy in 2014 that this District will only provide water that has already been established from historical use for this District. If additional water is needed, the developer of interest will need to bring additional water to the District. If waiver is not granted, District could only provide enough water for approximately 10 homes, under the 300 year water rule.

Another consideration is whether or not the County will require a waiver on the property that Barash owns and also the property adjacent to People's National Bank. If County requires 300 year acre rule, Barash's property will be reduced to approximately 9 AF. This would be a hard blow for Barash. The property next to People's would also be severely impacted. Petersen will keep the Board advised on these potential waivers or problems with getting waivers.

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

PUBLIC COMMENT:

Board asked if there was any public comment; Kendrick asked if there would be any decisions after Executive Session; Petersen said that there would be no decisions. There was no other public comment.

Petersen requested an Executive Session. Houle motioned, Denny seconded, all "aye" to adjourn to executive session 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 Board then came out of Executive Session, based on a motion by Denny, second by Houle, all "aye". Houle moved to adjourn at 3:46 PM. Denny second, all "aye".

These minutes are respectfully submitted for record by Betsy Bray on March 17, 2017.