

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
MAY 18, 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 May 18, 2017 at 1:30 p.m.

DIRECTORS PRESENT:

KEN JUDD
DENNIS SNYDER
BOB DENNY

ABSENT:

DAVID POWELL
ED HOULE

STAFF PRESENT:

KIP PETERSEN
BETSY BRAY
CHRISTINA HAWKER

GUESTS

JIM KENDRICK
ROGER SAMS

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

PUBLIC COMMENT NON-AGENDA ITEMS:

Judd then asked if there was any public comment. There was no comment at this time.

REVIEW OF MINUTES:

Judd then asked the Board to review the Minutes for April 20, 2017. After changes, Utilities are low, should add expenses, then on third line from the bottom an extraneous “t” to be removed. 2nd line from bottom, the summary of all Bills was discussed. Status of Operations sentence should state surface water has no arsenic. Minutes were approved 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 66% remaining and he sees no problems with the Executive Summary. Snyder then stated that he wondered if it is possible to do a historical average for Donala. Bray stated that she would need to check to see if the software will allow for this or if it needs to be manually done and put on a spreadsheet. Snyder felt we should have a seasonal comparison. Judd was not sure if we need more than what we have right now. Petersen stated that he does monitor the ebb and flow of Donala’s revenue and expenses. Denny stated that he feels that we have enough detail with the current Executive Summary. Petersen will work on another way to show the seasonal flows of revenue and expenses. Judd then stated the he doesn’t feel that the Board needs more information. Petersen noted that tap fees, etc. are low, however, this is primarily because the Golf course is not developing as quickly as anticipated. Petersen feels we may need to think about delaying some large expenses to offset the lack of revenue. AVS charges are for empty lots; those fees have been collected. Hawker did submit funds of approximately \$133,000 to Colorado Water and Power but those funds did not come in until May and will be recorded in the May Executive Summary. Our total operating revenue is at 77% remaining. Petersen feels that this is still ok. Under Utility expenses, Utility expenses should be good as we haven’t used the Water Plants much. Office expenses are low as are legal expenses. Professional Engineer expenses are high mainly to do with the Bureau of Reclamation. District Engineer expenses are high primarily due to the Doral way project which is upcoming. Contract Services are front loaded. Training expenses are high due to Water Conferences, etc. Petersen asked Hawker to remove FL Reim. Expense asterisk. She will do so. We are at 79% for expenses and Petersen feels that we are doing fine. Judd then asked about the Forest Lakes Reimbursement Agreement; he asked how long is the Agreement? Petersen stated that it the agreement is ongoing. Judd then asked if we are in a cost reimbursement basis on this? Petersen stated that right now we are making a little money. In the beginning, there was a lot of upper managerial support; however, that has decreased significantly. So now, Donala has made some money from helping Forest Lakes. We are billing Forest Lakes at a fully loaded rate. There is no termination date on this agreement. Petersen noted we have a new employee, Kevin Bolinsky. Petersen will ask him to attend next month’s meeting. Petersen noted he is very pleased with Hawker’s work. Snyder then asked if Dutch’s Home Improvement is good? Petersen stated that he feels very good about the work done. Denny then asked about Check #21337, made out to the Southeast Conservancy District. This check is for the ability to store 499 AF in Pueblo Reservoir. This is an annual charge. Check #21195 made out to Pikes Peak Regional Water Authority is for annual dues and transit loss charges and to maintain the gauge stations at Monument Lake. This flow data is very important so PPRWA agreed to maintain these stations. Donala is paying our portion of this agreement. Snyder asked what Transit loss is: Transit loss means calculations of how much water is lost by the time it travels downstream. The transit loss model also tracks purposeful diversions as well. Petersen asked Board to remove Waste Plant Monthly Report from Board packet as this report is not usually handed out. Petersen then directed Board to review Waste Plant Executive Summary. Petersen noted that all revenue and expenses seemed well to him at the Waste Plant. Petersen noted that the Waste Plant will expand the dump pad this year as a suitable contractor and a suitable cost was found. Petersen then directed the Board of Directors to review the check register. The Board then asked about Check #13802 to Phil Long Ford for \$128.74. This was for an extra key for the Ford Ranger. The Board then reviewed the Chandler reports.

MANAGER'S REPORT:

Petersen noted that Donala is scheduled to close on the Laughlin Water Right on May 23, 2017. Everything going as planned. Quarterly payments are in the budget. We will only expense \$150,000 rather than \$200,000.

Petersen stated that he attended the Arkansas Roundtable meeting in Pueblo on May 23rd, 2017. He didn't have much to report on this meeting. The Water Smart Grant Program that was mentioned will not work for Donala as we don't meet the criteria. He also mentioned a presentation by Richard Mulledy of the newly formed Stormwater Division in Colorado Springs. This division is officially known as the Water Resources Engineering Division. In 2015, those responsible for stormwater management totaled 28 FTE's while in 2017 they now have 52 individuals. There should be substantial improvements to Stormwater flows. There is a large levee rehabilitation project. The final program was a presentation on the Upper Arkansas Voluntary Flow Program. This program provides for a minimum stream flow for recreational purposes. This program has been largely successful. This however is not a legal mandate. Next meeting is on June 14th; Denny will attend. Petersen then noted that there will be a joint meeting of the Arkansas, South Platte and Metro roundtables on June 20th to discuss matters of mutual interest.

ARKANSAS RIVER FORUM:

The forum happened on April 26 and 27, with approximately 190 in attendance. Petersen feels from the feedback that this was the most successful forum held to date. The location of next year's forum has not been finalized yet. Petersen will advise the Board when that information becomes available.

PIKES PEAK REGIONAL WATER AUTHORITY:

Petersen not able to attend. Denny attended. The meeting was very short. The June meeting will be held on June 7, 2017 and that will be the final meeting until October 2017.

LEGISLATION OF INTEREST:

House Bill 17-1297 allows for Special District board members who take office after January 1, 2018 to receive compensation for up to 24 meetings and receive a total of \$2,400 annually. This only affects newly affected Board members who take office after January 1, 2018.

House bill 17-1198 allows that any Special District that currently has 5 board members to be able to expand to 7 members. This is done by resolution. The big caveat is that if the Board decides and acts to seat 7 board members, they will need to keep the number of Board Members to seven. This action is irrevocable.

House bill 17-1349 is a bill to set the residential "assessment" rate. The State Legislature did set the new rate the day before the end of the session down to 7.2%, from 7.96%. This was a smaller drop than anticipated.

MISCELLANEOUS:

Petersen stated that Koger was not able to attend, but plans to next month. Sams had thought he would not be able to attend, but found out at the last minute that he could in fact, attend. He will be speaking shortly on the Waste Plant's Arsenic Control Issue.

Petersen stated that on May 7, 2017, a piece of malware software was activated in our SCADA SYSTEM. The data loss was minimal since we backup our material hourly thru Amnet. While we are not sure if our attack was

related to the global hack, we will meet with Amnet and Timberline to assess the situation. After discussion, Snyder moved, Denny “second”, all “aye” to direct Donala to find an independent security team to make an assessment of Donala’s software and hardware.

Petersen also reminded the Board of the annual SDA Workshop. The workshop will be held on June 12th.

UMCRWWTF EFFLUENT ARSENIC CONTROL:

Sams provided a memorandum to the Board of Directors regarding a proposed arsenic control process. Sams stated that the Arsenic Control Issue is a condition of the Waste Treatment Plant’s Arsenic Discharge Permit. Arsenic is measured in micrograms per liter or parts per billion. Mercury is measured in nanograms. Arsenic seems to be a seasonal discharge. Denny asked if Sams is convinced that there is no arsenic from run off. Sams said he is sure of this. Denny asked if all 3 Districts discontinued use of wells, would there be no arsenic problem. Sams verified that this is correct. Snyder asked if the high levels of arsenic tracks with well draws? Sams said “yes”. Sams went on to say that when you treat for iron and manganese, arsenic goes with it. Then when the backwash is done, a large mass of arsenic comes over. Snyder asked if mass can be distributed over time? Sams said yes but that is not the most cost-effective idea. The District has decided that it is best to treat for arsenic at the Waste Treatment plant. There is ongoing sampling occurring; different points are sampled. Backwash seems the most likely culprit. Sams stated that at the Ops Committee Meeting at Waste Treatment Plant, there were discussions over whether the consensus is to only treat portions of the flow. GMS is recommending side-stream treatment of approximate 160,000 gallons of filtrate from biosolids dewatering process rather than the entire plant’s effluent. The arsenic concentration in filtrate is very high. Sams went on to say that once plant reaches 1.75 MGD, plant will be pressing 5 days a week. There will be more hours on weekend shifts. At the buildout of the service area, the plant will be processing at 2.25 MGD. The next increment of building should be about 10 years in the future. Sams suggested that Donala may not want to think beyond 10 years in the future. To implement a bio-solids press would take 1-2 years. The cost of this arsenic control process would cost approximately \$2,128,750. Judd asked if the arsenic waste would be considered hazardous waste? Would this be RCRA? Sams said he does not believe so. Snyder asked if we are only using 40% of capacity over a 10-year period, can the changes be incremental? Can this process be turned off and on? Sams said that the most cost-effective way is to install entire throughput at the plant; if done in phases, we would have to downgrade throughput. Petersen stated that Forest Lakes feels that it is not their problem, Triview has no money and can’t borrow. If Donala uses renewable water, will this be necessary? Petersen then stated that he will review the Agreement and review the allocations. The Permit is in all three entities names. If work is done for process, all 3 parties will need to pay. If expansion for capacity then Triview needs to pay for the expansion solely as the other entities have enough capacity for buildout but Triview does not. Judd noted that all 3 participants should pay in proportion to their flows. He also asked if as Triview grows will the processing rate shift? Petersen stated that “No, not really. Process costs are based on ownership.” UMCRWWTF will ask for 1 year extension on arsenic limits. We will submit modification request at end of 2018. If modification request is granted, the Waste Plant will have until end of 2019 to comply with limits. Board asked if we can defer to deal with phosphorus issues as well? It is possible. It was noted that the biological process is dealing with copper quite well. The Board asked if there will be a problem with taking Academy Water and Sanitation influent? Sams doesn’t think so because their water is primarily from the Denver Basin and alluvial wells. The majority of water with high concentrations of arsenic is in the Arapahoe Basin. Denny feels we need to work with our partners on how to fund this. Petersen will send a letter to the Managers concerned. Sams mentioned that if all entities are cleaning filtrate water with filtration, the three entities may need to sort out where we are now. The three entities need to determine how Triview’s use of reclaimed water might relate to reuse capabilities. The IGA needs to be reviewed. The ownership of the reuse building needs to be reviewed as well. The Board thanked Sams for the presentation and the Board will continue to discuss this.

WILLOW CREEK RANCH:

Donala is now taking credit for water flowing through the flumes on Willow and North Willow Creeks at Willow Creek Ranch. On May 8th, Parker and Vialpando went to the ranch to deal with communications issues with the telemetry on the flumes. Although the batteries were replaced, there are still problems. So, we plan on replacing radios on each of the flumes after both have been tuned and calibrated. We are hopeful that the radio replacement should take care of communication issues.

Petersen then stated that he and the Fendel's are going to Loveland on May 25, 2017 to meet with Bob Rice, who is responsible for drafting our contract. Petersen also stated that Donala will see increased charges for storage in 2018. This is due to higher costs due to construction occurring at the dam and because we are not part of the southeastern Colorado Conservancy District. The costs are projected to increase until 2022, after that they will reduce back down to \$8.41 per acre foot. However, this increase is only for those that will be using the Temporary Excess Capacity contracts. Once Donala has a long-term storage contract, Petersen believes this will change.

Petersen then discussed the possibility of Donala joining the SECWCD. There are several pros and cons. The board discussed this and felt it was worth thinking about. It was decided that at some point in future, it would be a good idea to invite Mr. Brodrick to our July Board meeting to discuss the advantages and disadvantages of joining. Donala is paying \$61.24 per AFE and going up to \$103 per AFE. At the high number, in 2021, the cost will be approximately \$67,000. Judd feels that adjusting the rate structure is easier than trying to raise the mill levy.

STATUS OF OPERATIONS/PROJECTS:

Water Treatment Plants: Both water plants have been deep cleaned and prepped and are ready for use. On May 31, 2017, Donala will host the State Inspector for a Sanitary Survey. This is a triennial State Health Dept. Inspection. The Holbein Plant will be used primarily this season as the R Hull plant will have some renovations done this fall. 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 working well and treating effluent as designed. Parker has noticed that the Waste Plant is seeing an increase in the amount of influent that is being recorded and yet there is no significant increase in effluent recorded as it leaves the plant. The concern is that the calibration of the flumes may be off. Petersen has requested an outside contractor come in and review the flumes to see if the calibration is indeed off. Petersen will let the Board know what he finds out.

CAPITAL PROJECTS:

GMS is continuing work on the Doral Way water line project. The bid award will be held on June 20, 2017. Once the bid is awarded, the timeline for construction will be posted on the website. Once the plans are completed, Donala can have an Open House for the customers to acquaint them with the project.

DEVELOPER UPDATES:

Petersen noted that both Westbrook and Barash's projects have been waived for the 300 year water rule and approved. Westbrook still needs to go to Board of County Commissioners.

Petersen stated that once Barash's lots are sold, Mr. Barash will need to reimburse the District for improvements that were constructed in 1999, that service not only this property, but adjacent lands as well.

Petersen then provided the Monthly Volume Report. Donala was concerned about a possible spill, so 90% of our water came from the Ranch.

PUBLIC COMMENT:

Board asked if there was any public comment; there were no other comments.

Snyder then moved to adjourn, Denny "second", all "aye". Meeting adjourned at 3:53 PM.

These minutes are respectfully submitted for record by Betsy Bray on May 19, 2017 .