

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
October 19, 2017

The Board of Directors of the Donala Water and Sanitation District met in regular session at the District's office, 15850 Holbein Dr., El Paso County, Colorado on October 19, 2017 at 1:30pm.

Directors Present: David Powell
Ken Judd
Bob Denny
Ed Houle
Dennis Snyder

Absent:

Staff Present: Kip Petersen
Tanja Smith
Christina Hawker

Guests: Roger Sams
Jim Kendrick
Phil Book

President Powell called the meeting to order at 1:30pm. All arose for the Pledge of Allegiance.

Public Comment Non-Agenda Items:

- No public comments

Review of Minutes:

- Minutes from September 2017 Board Meeting accepted as amended.
- Petersen announced job transition as Office Manager Betsy Bray will be retiring this year, Tanja Smith will be replacement. Currently seeking replacement for Tanja Smith's Accounts Receivable position.

Review of Financial Statements and Check Summaries:

- Petersen noted that we are $\frac{3}{4}$ of the way through the year. Most of the financial line items are on target.
- Denny inquired as to why salaries are not at 25% remaining. Petersen replied with the timing of payroll and raises.
- Petersen explained shortfall for CSU water. Donala took higher levels of Willow Creek water flows anticipating a potential spill in Pueblo Reservoir during June and July which resulted in higher than expected payment to CSU for the transfer. Mark Parker and Petersen will evaluate closer next year.
- Water infrastructure – Petersen and Christina will go over and reassign project costs.

- Check Register – Judd asked if Timberline reflects final bill, Christina said only 75% so far.
- Denny questioned line item for breakfast. Petersen explained this is the annual breakfast to say thank you to the summer hires.
- Denny inquired about Laughlin Ditch engineering work? Petersen explained they are currently going through historical records, hoping early engineering work will prevent water court in the next few years.
- Snyder commented on Donala Gardens and the cost to maintain it. Petersen responded with yes as there has been a lot of work and money in the project. Denny recommended highlighting it in the Newsletter and Judd recommended a more prominent sign at the Gardens.
- Wastewater – Petersen mentioned that Triview Metropolitan District did make their 3rd quarter payment, which came in late.
- Biosolids are higher due to an increase in rates in April.
- Houle asked what aquatic life sampling is. Petersen said basically proving what aquatic life is in the stream.
- Denny asked how petty cash works. Petersen replied all petty cash is distributed through the Holbein office, no more than \$250 on hand and Betsy, Kip and Christina have access to account.
- Review of Chandler report – no changes.
- Houle motioned to accept all financials, Judd second, unanimous to accept.

Manager's Report:

- GMS, Inc. compiled a rate study for the District. Presented by Roger Sams. Overall results show current water revenue to be satisfactory and wastewater revenue to have a shortfall of approximately \$8 per month per resident.
- Sams questioned when arsenic testing will be online and if that will impact usage fees. Petersen stated that the buy-in to Waste from Academy Water and Sanitation next year will offset arsenic testing as well as growth in Triview Metropolitan District as their percentage of costs will increase and Donala's will decrease.
- Denny questioned how Donala compares to other Districts in sewer fees. Sams stated most of the Front Range is in the \$30-\$50 per month range.
- Powell stated that currently taxes are compensating for the shortfall, whereas the shortfall should be covered by rates alone.
- Petersen recommends 4% water increase and \$1 sewer increase.
 - Houle asked if water increase necessary due to GMS rate study. Sams stated the rate study did not look out more than 5 years. May be worthwhile to use increase now to build up fund for large projects long term.
 - Board agrees with 4% water increase for water and incremental increases to sewer of \$2 each year for the next 3 years.

2018 Budget Review:

- Petersen reviewed the base assumptions for the development of the 2018 budget. He proceeded to review each line item with explanations on each.
- Expect to see tap revenues of \$426,000 due to commercial development of a 64 room extended stay hotel, Starbucks and 7-11 as well as redevelopment of the golf course with 12 homes to pay taps in 2018.
- Forecast of water consumption and impact of weather is biggest challenge in budget development process. 2017 saw two potential "spills" of Pueblo Reservoir, resulting in the

potential of the District “losing” our Willow Creek Ranch water to downstream users. In future years, we will reconsider when, or if, we take water during potential spill conditions.

- Academy Water and Sanitation will connect to our waste water system by the end of 2018. They will be paying an infrastructure buy in charge of \$889,000. These funds will be set aside for future capital needs at the waste water treatment plant facility. In 2018/2019, the District, and partners, will be required to upgrade the waste water treatment facility to treat for arsenic at an estimated cost of \$2,200,000.
- Projecting approx. \$3.3 million in maintenance, equipment, capital projects and new infrastructure for water and \$617,000 for waste.

Public Hearing:

- President Powell opened the public comment on the 2018 Budget at 3:37 pm.
- Phil Book asked if there is any movement toward parity for multifamily irrigation vs. single family. Single metering for multiple family use reaches higher tiers more quickly than single family metering. Board asked Petersen to look at rates for multi family use and report back within 6 months.
- Public hearing closed at 3:53 pm.

Willow Creek Ranch:

- Currently all equipment is in good shape.
- Should have long term contract in place with Bureau of Reclamation by the end of the year.
- In the event of a government shutdown in December, no work will be done on the contract, but no penalties will be imposed if deadlines are missed as a result.

Status of Operations:

- R. Hull plant is 90% complete.
- Drive for Well 8 appears to have failed. Possible lightning strike. Considering replacement vs. repair.
- Doral Way water line project is almost complete.

Development Update:

- Grading on commercial lots at Struthers and Northgate.
- My Place Hotel, Starbucks and 7-11 have started development review process with the County.
- Owner of lot where People’s Bank sits is applying to El Paso County to divide the lot into two and place a commercial structure on it. In 1999, when the lot was platted, it was the intent to have 4 lots. The District did commit to provide water and sanitation services. No additional water demands over the allocated 2.58 AF/annually are anticipated.

With no further comments, the Board adjourned at 4:10 pm.

These minutes are respectfully submitted for record by Tanja Smith on October 20, 2017.

