

DONALA WATER AND SANITATION DISTRICT  
BOARD OF DIRECTORS  
MEETING MINUTES  
December 6, 2018

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 December 6, 2018 at 1:30pm.

Directors Present: Ken Judd  
Ed Houle  
Dennis Snyder  
Wayne Vanderschuere (Absent)

Staff Present: Kip Petersen  
Tanja Smith  
Christina Hawker

Guests: Jennifer Kaylor  
Kevin Deardorff  
Jim Nelson  
Michael O'Hare  
Bill George  
David Powell

President Judd called the meeting to order at 1:30pm. All rose for the Pledge of Allegiance. Houle moved to excuse Vanderschuere's absence, Snyder second, all aye.

Public Comment Non-Agenda Items:

- None.

Review of Minutes:

- Minutes from October, 2018 Board Meeting accepted as submitted.
- Minutes from November, 2018 Board Workshop accepted as submitted.

Review of Financial Statements and Check Summaries:

- Currently at 8.37% remaining for Revenue.
- 22.5% remaining on expenditures.
- Utilities are over due to pumping wells over the summer.
- Engineering high due to review for new development. Petersen noted that he will create a charge to developers to pay for the engineering review for new development and present it to the Board in the first quarter of 2019.
- Over on Training because of number of board members who attended Water Congress earlier this year.
- Annual buy in through FMIC for Laughlin Water Right is currently \$10,375.
- Waste Plant at 8.4%.

- \$450,000 in expenditures will go out this year and next as the Capital Projects will not be completed in 2018.
- Currently at 20% completion on Capital Projects
- General Fund 2.75% return, Debt Fund 2.58% return and Bond Project Fund 2.03% return.
- Houle motion to accept, Snyder second, all aye.

Manager's Report:

- Presentation of 2019 Budget.
  - Notice was published in the Tri Lakes Tribune, in our newsletter and on our website.
  - Colorado Revised Statutes require that the District adopt the budget no later than Dec. 15 of each year. We are also required to provide the Department of Local Affairs a copy of the budget with the approved resolutions by Dec. 31<sup>st</sup>.
    - Petersen recommends a 4% water rate increase, \$1 increase to the monthly water service rate and a \$2 increase to the monthly sewer service rate.
    - Adjusted miscellaneous revenue due to Mr. Barash paying off his debt this year vs. next year.
    - Significant change to both the Water and Wastewater draft budget is due to arsenic treatment moving from the Wastewater Treatment Plant to the R. Hull Water Treatment Plant.
    - Snyder requested we show the forecast for 2018 final actual budget.
    - Increased Repair and Maintenance for Waste Plant from \$105K to \$175K to have spare parts on hand.
    - \$240K will be pushed to 2019 for 2018 capital projects started late this year.
    - Public Comment: Mr. O'Hare asked how long Petersen has been with Donala and how many of those years has he predicted a drought. Petersen stated he has been here 6 years and 2 of those he predicted a normal precipitation year, 2013 and 2014. O'Hare questioned excess \$15 million funds. Houle stated most of those funds are obligated to pay bonds.
- Petersen provided letter to the County for Mil Levy Certification.
- Petersen provided Resolution 2018-1 to set mil levies Area A. Houle motioned to accept, Snyder second, all aye.
- Petersen provided Resolution 2018-2 to set mil levies Area B. Houle motioned to accept, Snyder second, all aye.
- Petersen provided Resolution 2018-3 to adopt the budget. Houle motioned to accept, Snyder second, all aye.
- Petersen provided Resolution 2018-4 to appropriate funds. Houle motioned to accept, Snyder second, all aye.
- Petersen provided Resolution 2018-5 for 2019 rate resolution. Snyder moved to accept, Houle second, all aye.
- Consideration and approval of 3-year bridge agreement with CSU. Houle motioned to accept, Snyder second, all aye.
- Consideration and approval of Bureau of Reclamation long term contract for storage in Pueblo Reservoir. Houle motioned to approve, Snyder second, all aye.
- Arkansas Basin Roundtable was attended on Nov. 14<sup>th</sup> by Petersen and Mark Parker

- Per the drought report for Nov. 27th, SE corner remains in exceptional drought. Current snowpack reports are positive, yet it is too early to make predictions on what the winter will bring.

#### Interview Candidates for Bob Denny's Replacement:

- **Kevin Deardorff:**
  - Judd asked why he would like to serve.
    - He has come to several meetings over the last 2 years. He finds what we do fascinating and would like to be a part of it. We are doing things today that will be in place in 50 years.
  - Judd asked what should the District's highest priority be?
    - Securing dependable, renewable water sources.
  - Snyder asked what he visualizes is the role of a Board Member?
    - Board ensures there is transparency and meets fiduciary responsibilities.
  - Houle asked if he is detail oriented?
    - Yes, but knows that his role is guidance.
  - Petersen asked if he is comfortable in how our board operates?
    - Very much so, we have a very efficient process.
  - Houle mentioned that members attend other meetings also.
    - He will be able to attend those as well.
  - Deardorff thanked the Board for the opportunity to be considered.
- **Jim Nelson:**
  - Judd asked why he would like to serve.
    - We need someone on the board and wants to serve his neighbors the best he can. Is also on the HOA Board. His degree in civil engineering, however he has not had the opportunity to work in the water and wastewater realm. Would like to be involved.
  - What should be the District's highest priority.
    - Continue in the direction the District is currently going, on a leading edge of finding an effective and efficient way to provide water and services to the customers. Interested in renewable water supplies and wants to be a part of the process.
  - Snyder asked what he sees his duties as a Board Director to be.
    - Been on several boards, currently on HOA and is member of NEPCO. The role of the Board is to provide high level direction, not to be in the nuts and bolts. In his work in facilities he has been from maintenance guy to VP, understands his role is not be the in the nuts and bolts but to provide oversight.
  - Houle asked what his availability for attending other meetings to include multi day meetings is.
    - He works in Denver full time, will be tough to take time off right now. He is hoping that soon he will be freed up to do those things.
  - Houle asked if he will have time to read the Board packets in advance.
    - Yes, he will be able to do that.
  - Nelson stated that between his education, his work in the facilities field and where he has lived (Moab, East Coast and Colorado) over the years, he thinks he has context to put everything we are doing in.
  - Petersen asked what he knows about our District.

- He likes being efficient and saving money, if every customer saved 1 gallon of water per day that would be 1 million gallons per year. Having been a customer for 13 years, he can help connect the dots.
- **Michael O'Hare:**
  - Judd asked why he wants to serve on the Board.
    - Moved to the district 3 years ago. Very concerned about water here. Been to several board meetings, impressed with the organization. Concerned that what he pays for water is tied to property taxes. Each year the rates go up 4 to 10%. Is there a way to have sustainability at the same time being able to freeze some of the costs or reduce them so the burden on the community is not so overwhelming? The Board has a fiduciary duty to ensure the costs are in line with what people can pay.
  - Judd asked what the Board's highest priority should be.
    - To deliver to the demands of the community for clean water and wastewater in the most economical and efficient manner and to contain the costs or lower the costs.
  - Snyder asked why he is concerned with water rates being tied to property value.
    - He thinks it should be only by usage. Snyder stated that the structure we have right now is working and if we got rid of taxes the rates would be very expensive. O'Hare is concerned that xeriscaping will reduce property values drastically. We have a lot of non-native plants in Gleneagle and that is very unique. Snyder asked, how do we get more renewable water and reduce our costs? O'Hare says this is a complex issue, will have to take more of working with the county, city and state and possibly the feds. There are artificial barriers set up with water allocation. CA is doing artificial aquifer recharge. If we have a spill at Pueblo Reservoir, how do we conserve that water? A lot of the water rights in CO are 80 to 100 years old and they haven't changed. When he has spoken with Paul Lundeen who is a friend of his and Tim Geitner, they are very concerned with water and helping the small District. It's going to take more than just the District alone to get a handle on this and what are we doing on the city, county and State level.
  - Houle asked what he views his role on the Board is.
    - Board provides oversight, make sure we are on budget.
  - Houle asked what his availability is.
    - He is an entrepreneur, for profit. Some of that may interrupt with the school Board he is on. He already goes to some of the state meetings.
  - O'Hare asked what current Board members enjoy the most of being on the Board. Houle likes seeing what is happening and changing. Snyder likes the mix of technical aspects and business aspects. Judd enjoys that the work that is done on this board is much more important and to ensure that our grandchildren will have water down the road.

#### Willow Creek Ranch:

- Bureau of Reclamation long term contract has been approved and is in place for the next 40 years.
- Our request for an exemption, or Finding of No Significant Impact (FONSI) with Pueblo County has been denied by Joan Armstrong, the Pueblo County Planning Director.

- The District has filed a request for reconsideration. Delivery receipts show the request was received by both the Planning Department and the Board of County Commissioners on Nov. 21<sup>st</sup>.
- Petersen requested that the reconsideration hearing be scheduled in January.
  - We have not heard back from Ms. Armstrong, nor a representative of the Commissioners as of yet.
- Mr. O’Driscoll has sold his property. Petersen and Parker will reach out to the new owners to welcome them to the neighborhood on their next trip to the Ranch.
- Based upon several concerns expressed to Petersen, he is evaluating our existing policies on Ranch access and use.

Status of Operations:

- Water demands have reduced to seasonal numbers.
- Currently our water is being produced by the R. Hull water plant and our Willow Creek Ranch water.
- The pump for Well 9 was ordered at the end of October and will take 12 weeks to arrive. This well will be repaired in time for summer water production.
- UMCRRWTF is operating within established standards.
  - Increase in M. Parvacella bacteria due to fats, oils and grease being dumped down the drain. Staff is keeping a close eye on it.
- Arsenic removal process at the R. Hull Water Plant is moving forward with GMS ensuring we will meet the October 2019 deadline.
- Discussions continue with CSU on the possibility of the waste water treatment plants on Monument Creek, consolidating into a single interceptor line and having CSU treat all of our wastewater flows.
  - Meeting with CSU on Dec. 13<sup>th</sup> to discuss key aspects of consolidation.
  - We will need to access all of our return flows that we are entitled to as well as determine impacts on augmentation.
  - We have been presented with a preliminary treatment cost using a multiplier of 1.1 and not the current 1.5 rate.
  - We are seriously considering this option as there is a potential to eliminate a necessary capital upgrade to our Upper Monument Regional Waste Water Facility to remove phosphorus and nutrients by 2027. Rough estimates show it will cost the three partners close to \$15,000,000 to upgrade our plant.
- The Gleneagle water main replacement project is continuing.
  - Project on Struthers and Gleneagle to replace the 6” line with an 8” line has been completed.
  - Currently have approximately 6 tie-ins left to complete.
  - Once the work is completed, a paving contractor will repair all the cuts in the road at one time.
- The foundation for the screen unit at the Upper Monument plant has been poured.
- Both projects at Upper Monument have experienced equipment delays which will extend them into 2019 for completion.

Development Update:

- No new contracts related to development.
- James Barash has paid off his agreement with Donala, which began in Nov. of 2000.

- Final 12 lots on the golf course property are still under review by El Paso County. Storm water concerns are the primary concerns for the remaining development.

Discussion and Appointment to the Board of Directors:

- After discussing each candidate's attributes and experience, Snyder moves to accept Deardorff, Houle second, all are in favor of appointing Kevin Deardorff to the Donala Board of Directors. Deardorff will be sworn in at the January 17, 2019 meeting.

Additional Comments:

- Powell commended us on a great year.
- George commended us on a great year and keeping the focus in the right place.
- Petersen wanted to thank the staff and the board for all of the hard work and support.
- Petersen also noted that there was no requirement to announce the opening for appointment. However feels strongly that maintaining transparency and including the public on such matters is very important.

With no further comments, meeting adjourned at 3:55pm.

These minutes are respectfully submitted for record by Tanja Smith on December 6, 2018.