

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
October 18, 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 September 20, 2018 at 1:30pm.

Directors Present: Ken Judd (via telephone)
Bob Denny (via telephone)
Ed Houle
Dennis Snyder
Wayne Vanderschuere

Staff Present: Kip Petersen
Tanja Smith
Christina Hawker
Mark Parker

Guests: Phil Book
Jennifer Kaylor
Mark Yoder

Treasurer Houle called the meeting to order at 1:30pm. All rose for the Pledge of Allegiance.

Public Comment Non-Agenda Items:

- Mark Yoder thanked the Board for approving the Mining Museum to join Donala.

Review of Minutes:

- Minutes from September 2018 Board Meeting accepted as submitted.

Review of Financial Statements and Check Summaries:

- Currently at 25%.
- Water sales ahead of projection, very warm and dry September.
- TAPS behind since golf course redevelopment only generated 1 vs. budgeted 12.
- Operating interest up due to strong interest rates.
- Utilities is mainly electrical costs, pumped wells heavy in June and September.
- District Engineer is over, due to Academy Gateway requiring more review than anticipated.
- Waste at 25% as well.
- Biosolids hauling, will be adjusted for in next year's budget.
- Denny requested large checks to be wired vs. mailed.
- General Fund 2.56% return, Debt Fund 2.51% return and Bond Project Fund 1.89% return.
- Vanderschuere motion to accept, Snyder second, all aye.

Manager's Report:

- Presentation of draft 2019 Budget.
 - Notice was published in the Tri Lakes Tribune as well as on our website.
 - Based upon the User Charge Evaluation Report, completed by GMS in Oct. 2017, Petersen recommends a 4% water rate increase and \$2 per month increase in Sewer charges.
 - Petersen had budgeted for 12 homes to be built on the former Golf Course property in 2018, however only 1 was built. Anticipating 10 homes to be built in 2019, generating \$315,000 in TAP fees.
 - 2019 Budget is conservatively based on a forecast for a dryer than normal water demand season.
 - Capital Projects include new water infrastructure at \$1,750,000; meter replacements and water tank repairs at \$175,000 and Laughlin Water at \$200,000.
 - 1 Well repair budgeted at \$300,000.
 - Vanderschuere asked about health care costs. Petersen stated we are in the Colorado SDA pool paying a group rate.
 - Denny asked about recalculation for CSU fees. Vanderschuere stated installing our tap at Northgate was spread over 30 years, however the principal has lowered therefore our monthly fee was reduced.
 - Snyder is very sensitive to the costs of water. Since GMS showed that we were over by 7% on cost of service in 2017, do we need to increase rates by 4%.
 - Houle added budget shows 400,000 surplus.
 - Petersen stated we will looking at Gallager / Tabor changes.
 - We have limited TAP fee revenue in the future.
 - The bond fund will exhaust in 2019.
 - We are roughly \$2 million per year in upgrades.
 - How will we fund this in the future? Do we take more loans? Do we increase rates slowly rather than large increases in the future?
 - Houle summarized that the increases now allow us to bank funds for future infrastructure needed upgrades.
 - Snyder asked if 4% is sufficient?
 - Petersen wants to keep water affordable.
 - Snyder recommends 5%.
 - Denny thinks 4% is in line for getting us on track.
 - Houle asked if 4% increase to employees is sufficient. Petersen believes it is when you include the benefits package.
 - Book will support a higher water rate. He is concerned with the townhome irrigation overwatering since the rates were adjusted in May of this year.
 - Arsenic treatment program must be in place by Oct. 2019.
- Amendment to the IGA between Donala and the Academy Water and Sanitation District.
 - Petersen recommends changing the current IGA from all costs incurred by Donala solely by reason of service to Academy, plus Donala's previous year's cost of service analysis using all of Donala's costs, less costs allocated to Academy under the first condition and costs allocated to other specified users, plus 10%, to a flat \$2 per month more than what Donala customers pay. The current IGA requires a cost of service every year and currently they are produced every 2 years.
 - Denny asked if there is a timeframe or unlimited. Petersen stated it is unlimited.

- Judd asked how Academy feels about the change. They are agreeable.
 - Houle motioned to accept, Vanderschuere second, all aye.
- Arkansas Basin Roundtable was attended on Oct. 10th by Petersen, Houle and Vanderschuere.
 - Houle and Snyder will attend next meeting on Nov 14th.
- Joint work session with Triview and their Board was held on Sept. 26. Purpose was to introduce both Boards and to learn about the Districts and our respective goals. Will set up another session in 6 months.
- Per the drought report for Oct. 11th, Western El Paso County has been reduced to abnormally dry and eastern portion is now moderate drought. SE corner is exceptional drought.
- Petersen requests a range of dates from the Board to perform Site visits before it gets too cold.
- November work session will be on the 15th at 9am.
- Denny will be moving to Texas on the 15th of November. Will resign at the end of October.

Willow Creek Ranch:

- Seeing movement with our application with the Bureau of Reclamation.
 - The Environmental Assessment (EA) is anticipated to be released for public comment this week.
 - EA used language from Wright Water report: “Donala, as a water and sanitation district, has no stormwater regulatory or management powers. El Paso County is responsible for stormwater management within Donala’s service area. Donala has, however agreed with Colorado Springs Utilities to support and cooperate in regional stormwater management efforts to the extent of its authority.
- Current CSU agreement to wheel our Willow Creek Ranch water to us expires December 31st, 2018.
 - Before CSU will consider a long-term agreement, they are requiring that we obtain our Reclamation long-term storage agreement and resolve our request for a 1041 permit with Pueblo County.
 - The Utility Board unanimously voted to approve and make a recommendation to City Council on Oct. 17th. Petersen attended.
 - City Council is scheduled to consider our request on Nov. 12th. Petersen will attend.

Status of Operations:

- Holbein plant is currently producing water and R. Hull is in backup mode while the new pipeline is connected to the facility.
- Total water production in September was 38,676,975, up from August’s 36,892,943. Our wells produced 56%, or 21,660,000 and Willow Creek delivered 44%, or 17,016,975 gallons.
- Well 9A requires a new pump and motor and they have been ordered.
- Well 3A has been down for several months. Arapahoe wells have a functional life of 25 years and this one is over 30 years old. The casing and screen showed substantial failure. This will no longer be in service. Re-drilling this well will cost over \$1,000,000. Petersen anticipates it will be several years before a determination on this is made.
- UMCRRWTF is operating within established standards.
 - Stanek Construction will start interior work for the new screen unit in the next few weeks, however the screen is not going to be delivered until February.
 - Glacier Construction will start the catwalk project right after Thanksgiving.

- At the October Operations Committee meeting, a decision was made to address arsenic control at the wells and water treatment facilities rather than at the wastewater treatment plant.
 - Testing results of our wells came back in our favor.
 - Well 3A was the highest and it is offline for the foreseeable future.
 - Triview is making improvements in their water treatment plant as well.
 - When UMCRRWTF must upgrade to treat phosphorous in 2027, that will remove arsenic as well.
 - Houle asked what cost savings is, Petersen stated \$400,000.
- Work continues on water main replacement on Gleneagle. Should hit our goal of Mission Hills in the next several weeks.
- May be feasible to provide a “change order” for Pate to continue with the water line replacement scheduled for 2019. This will eliminate additional costs associated with having to shut down for the winter then remobilize in the Spring if they are awarded the contract then.
 - Petersen consulted with Fendel and was told this is not possible. However, Pate can bid on it and if accepted will still not have to re-mobilize.
- Global Underground is working on remediation of work sites for Jessie – R. Hull bore.
- Beers Construction has completed saddle tap replacement project and we have accepted their work.

Development Update:

- No new contracts related to development.
- Developer of the golf course is completing water and sewer line installation at the former clubhouse.
- Second phase of golf course redevelopment may be going to the Planning Commission in the near future.
- Petersen spoke with Barrish about payment, he requested to do some improvements to the lift station for a \$20,000 credit. If accepted he will pay us \$74,000 tomorrow. Parker mentioned that we used to have an 8ft fence around the lift station but the wind kept blowing it down. Snyder is not interested in improvements. All board members agree to no credit.

Additional Comments:

- Snyder asked about the commercial rate, Petersen still working on it.
- Snyder also asked about outside security analysis, Petersen and Parker are working on it.

With no further comments, meeting adjourned at 3:08pm.

These minutes are respectfully submitted for record by Tanja Smith on October 18, 2018.