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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JANUARY 18, 2018 REGULAR MEETING

7 **Attendance**

9 The following Directors were present: Gordon McIver and Jim Smith. Mike Church and Paul Hansen
10 were present telephonically.

12 In attendance from staff: Shellie Peterson, Justin Ramsey. Also present was Chris Mannara, Pagosa
13 Springs Sun, Allan Pfister and Michael Bishop, Archuleta County Sherriff's Office.

15 **Call to Order**

17 Chairman Jim Smith called the Regular Meeting for the Pagosa Area Water and Sanitation District
18 (PAWSD) to order at 5:00 p.m.

20 **Public Comment**

22 Chairman Smith opened the meeting for Public Comment. There were no comments offered.

24 **Consent Agenda**

25 The Board considered the Consent Agenda (copy attached). The Directors reviewed the minutes for
26 December 7, 2017 Regular Meeting and the Water Loss Update. Justin Ramsey also gave a brief report
27 about a main water line leak in Trails that had been draining into the Martinez Canyon. He thought that
28 leak may have been why water loss was considerably higher in November and December. Once found
29 and repaired the effect was noticed almost immediately at the Hatcher Water Treatment Plant and steps
30 were taken to reduce production. Poor installation practices noted in this case were large rocks placed
31 on top of the pipe. A motion was made by Director Hansen and seconded by Director McIver to approve
32 the Consent Agenda as presented. The motion passed unanimously.

34 **Presentation and Request for Support from Allan Pfister regarding the Upper San Juan River**
35 **Watershed Management Plan**

36 Mr. Pfister indicated his group was Applying for a grant from the Colorado Water Conservation Board and
37 the Southwestern Water Conservancy District to perform Phase One of a Stream Management Plan for
38 the upper San Juan River. The grant total was estimated to be \$108,000 to develop a list of stakeholders
39 and a steering committee to survey and study all the various demands on the water resources with an
40 emphasis on the environment and recreation. He indicated that they already had commitments from
41 several agencies for matching funds and he requested \$2,000 from the PAWSD Board. The Board
42 thanked Mr. Pfister and the consensus of the Board indicated that it was not a project they were not
43 convinced it was a benefit to the rate payers. Mr. Pfister stated that he was disappointed.

45 **Consideration of Resolution 2018-01 – Annual Posting of Meetings**

46 Shellie Peterson presented the Resolution 2018-01 which indicated that notice of the Board's Meeting
47 would be posted in three locations in addition to the District office. A motion was made by Director McIver
48 and seconded by Director Hansen.

50 **Consideration of 2018-02 – Calling for the 2018 Regular Election and Appointing a Designated**
51 **Election Official**

52 Shellie Peterson noted that the positions of Director McIver and Hansen were subject to election on May
53 8, 2018. Self-Nomination and Acceptance Forms are available. She also noted that Diane Bower had
54 been solicited to provide Designated Election Official services and she had accepted, pending the
55 Board's appointment. A motion was made by Director Smith and seconded by Director Hansen to
56 approve the 2018-02 Resolution. The motion passed unanimously.

57
58 **Consideration of 2018 Connection Charges and Adjustments to other Non-Rate Revenue**

59 Shellie Peterson reviewed the red-line changes recommended to the Schedule of Fees and Charges with
60 the Directors. A motion was made by Director McIver and seconded by Paul Hansen to accept staff
61 recommendations with the exception of the Fill Station rates remaining at their current level \$9.10 per
62 1,000 gallons. The motion passed unanimously.

63
64 **Consideration of PAWSD/PSSGID IGA for the PAWSD use of PS2 for Conveyance in Portions of**
65 **Colorado Timber Ridge and Alterations to the Date Range used for Calculation of the Municipal**
66 **Rate**

67 Justin Ramsey reminded the Directors that representatives of the Colorado Timber Ridge Association had
68 made the request to eliminate lift stations 17 & 18 which were originally proposed to be eliminated upon
69 the completion of PS2, but altered during the protracted negotiations over the original IGA. At that time it
70 was determined to wait for relations to normalize with the Town of Pagosa Springs and allow for some
71 experience with the conveyance and treating the Town's sewage. Justin Ramsey explained that the
72 approach that had been favorably received by the Town's Administrator was to follow a similar approach
73 to the existing IGA and spell out the basis of charging. Justin Ramsey indicated that he did not have a
74 proposed rate from the Town for this arrangement yet. After a lengthy discussion, the matter was tabled
75 pending receipt of that proposed rate.

76
77 **Consideration of Changes to the Districts Rules and Regulations**

78 Justin Ramsey reviewed the suggested changes to the Rules and Regulations indicated in the attached
79 material. After discussion, it was determined that the changes were necessary to protect the water
80 supply, prevent tampering with District equipment and give the District recourse in the matter of fire
81 protections lines leaking. A motion was made by Director McIver and seconded by Director Smith to
82 approve the changes as indicated. The motion carried. The District Manager was further instructed to
83 pursue if pressure testing may present an alternative to compound meters.

84
85 **Other Business**

86 Justin Ramsey asked the Directors McIver and Smith what their thoughts were regarding the Joint
87 Agency Special Meeting held on January 17, 2017. Director McIver indicated that he was not interested
88 in participating with that process. Directors Church and Hansen expressed similar opinions. After
89 discussion Justin Ramsey was directed to monitor the outcome of the group but not engage or represent
90 District support of the project.

91
92 Director McIver expressed displeasure that the San Juan Water Conservancy had taken it upon
93 themselves to 're-name' Dry Gulch. After discussion it was determined that no legal name change had
94 been documented.

95
96 There being no further business to come before the Board, Director McIver made a motion to adjourn the
97 meeting at 8:35 pm. Director Hansen seconded the motion, which passed unanimously.

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99 Respectfully submitted,
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102 Gordon McIver
103 Secretary
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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
March 15, 2018 REGULAR MEETING

Attendance

The following Directors were present: Gordon Mclver, Jim Smith and Blake Brueckner. Paul Hansen was present telephonically.

In attendance from staff: Shellie Peterson, Justin Ramsey. Also present was Chris Mannara, Pagosa Springs Sun, John Porco and Brad Koenig.

Call to Order

Chairman Jim Smith called the Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) to order at 5:00 p.m.

A motion was made by Paul Hansen and seconded by Blake Brueckner to excuse the absence of Mike Church. The motion passed unanimously.

Consent Agenda

The Board considered the Consent Agenda (copy attached). The Directors reviewed the minutes for January 18, 2018 Regular Meeting and the Water Loss Update. Justin Ramsey mentioned that Utility Technical Services, Inc., had been employed for a small leak finding exercise. The firm was directed to a few areas where there was known to be leaks as a result of pressure testing but staff had been unable to locate where the leak was. The firm had been successful in locating the leaks. A meeting of the Leak Committee was scheduled for the following day with Directors Mclver and Smith attending. A motion was made by Director Hansen and seconded by Director Brueckner to approve the Consent Agenda as presented. The motion passed unanimously.

Consideration of Request from Crosby Dayton Land Co regarding Connection at 158 Handicap Ave.

Brad Koenig presented the situation where the sewer lateral intended to serve this particular lot was unusual in that it was tapped from the main about a lot away and he had been unable to find where the lateral was at the front of the property. He also indicated that other utilities had since gone in the easement on top of the sewer line and he was hesitant to dig due to the expense should he damage those utilities. He suggested that it was the District's responsibility to provide him with the location. After discussion where it was reiterated to Mr. Koenig that the District does not have actual as-builts of many areas and that whatever location markings that may have been there could have been removed or changed over the years. It was also pointed out that the connection permit clearly indicates this and that the property owner is responsible for all excavation to locate the lines. A motion was made by Director Mclver to deny Mr. Koenig's request for the District to excavate and locate the lateral. The motion was seconded by Director Brueckner and passed unanimously.

Consideration of Request from Clayton & Billie Poenisch Foundation regarding Connect at 106 Foothills Place.

There were no representatives of the property owner present for the meeting. Discussion ensued regarding this water connection where a similar situation of not being able to locate the main line was experienced. The property owners were requesting reimbursement for excavation and flow fill material motion was made by Director Brueckner and seconded by Director Mclver to deny the request. The connection permit clearly indicates that all excavation is the responsibility of the property owner. The motion carried.

Public Hearing and Consideration of Resolution 2018-03 to Amend the 2017 Budget

52 Director Smith called the Public Hearing to Order at 5:30 pm for the purposes of amending the 2017 Budget.
53 Shellie Peterson presented the Resolution 2018-03 which reflected an increase in expenditures appropriated for
54 the Water Enterprise Fund. She indicated that while all income and expenses had been brought in line with
55 anticipated actuals, the most significant reason for the amendment was the purchase and installation of the
56 remaining Fireflies for the automated meter reading system that were nearing the end of their useful life before
57 winter 2018. There were no public comments. Director Hansen made a motion to approve the amendment to
58 the 2017 budget. Director McIver seconded the motion which passed unanimously. The Public Hearing was
59 closed.

60
61 **Cancellation of Election and Declaration Deeming Candidates Elected**

62 Documents were reviewed cancelling the election and deeming candidates elected. Directors Hansen and
63 McIver were the only candidates who self-nominated for their positions on the Board so an election was not
64 necessary. The corresponding documents will be filed with the Division of Local Government and the County
65 and Directors Hansen and McIver will renew their Oaths of Office in May, 2018.

66
67 **Update regarding the Stantec Consulting Services Rate Study and Population Projections**

68 Justin Ramsey updated the Directors with information from Stantec that all of our materials had been received
69 and they were in the process of building the financial model. Mr. Ramsey reviewed several historical analysis
70 that he had prepared using connections as baseline data as well as equivalent units over a variety of date
71 ranges. He explained the correlation coefficient of the various graphs (copy attached) and the reliability of some
72 of the results. After discussion Mr. Ramsey was directed to look at the actual population growth over the past
73 10 years. It was determined that the initial growth projection to be used in the Rate Study would be the lower of
74 the actual population percentage increase or 3.09% which was the data suggested by average cumulative
75 connections since the Inclusion of the Town of Pagosa Springs.

76
77 **Consideration of PAWSD/PSSGID IGA for the PAWSD use of PS2 for Conveyance in Portions of
78 Colorado Timber Ridge and Alterations to the Date Range used for Calculation of the Municipal Rate**

79 Justin Ramsey reminded the Directors that representatives of the Colorado Timber Ridge Association had made
80 the request to eliminate lift stations 17 & 18 which were originally proposed to be eliminated upon the
81 completion of PS2, but altered during the protracted negotiations over the original IGA. Justin Ramsey
82 explained that the approach that had been favorably received by the Town's Administrator was to follow a
83 similar approach to the existing IGA and spell out the basis of charging. Mr. Ramsey said that the rate had been
84 determined was \$1.35 per 1,000 gallons. He expressed while this was slightly higher than our direct electrical
85 costs experienced; there were significant costs necessary to rebuild lift station 18 and maintenance of lift station
86 17 in the neighborhood of \$150,000 that would be necessary very soon if they are required to be in operation for
87 any length of time. After discussion a motion was made by Director Hansen to approve the First Amendment to
88 the Amended and Restated IGA after a final review by Jeff Robbins, legal counsel. The motion was seconded
89 by Director Smith and passed unanimously.

90
91 **Consideration of Water Supply**

92 Justin Ramsey presented data from the SNOTEL site indicating the snow water equivalent values in 2017 and
93 2018 to date compared to normal values from 1981-2010 as well as specific to 2002 (copy attached).
94 Discussion followed. Mr. Ramsey also briefly reviewed the 2008 Drought Management Plan which had been
95 adopted as well as the Draft 2012 Drought Management Plan which had not been formally adopted. It was
96 determined that more discussion about these management plans would continue at the Leak Committee
97 meeting the following day.

98
99 **Consideration of Changes to the Districts Rules and Regulations**

100 Justin Ramsey suggested that as it was currently written; Section 10. M. Revenue Bonds in the Bylaws could
101 indicate that if less than a majority of the rate payers would turn out to vote on a proposed bond issue, either
102 affirmatively or negatively, the Revenue Bond issue would not be allowed. He suggested at a minimum, that

103 section needed to be rewritten to allow that the majority of voters in such an election would be necessary to
104 approve such issuance. Secondly, Mr. Ramsey suggested that in the event of a State mandated improvement
105 such as the UV at the San Juan Water Treatment Plant, there should be an allowance that a vote would not be
106 necessary. The Directors concurred and Mr. Ramsey was directed to draft language for them to consider at the
107 next meeting. Director Smith indicated that this topic was particularly relevant to obtaining financing for the UV
108 installation and the possibility of going through the USDA where Duane Dale has indicated there may be grant
109 funding available for part of the project and low interest loans at 2.75% for the balance.
110

111 Shellie Peterson indicated the information that was readily available had already been submitted for
112 consideration of grant funding and low-interest financing; however, a Preliminary Engineering Report was
113 necessary as well. Justin Ramsey indicated that he had obtained a proposal from FEI Engineering Services in
114 the amount of \$18,000 to do this work. After further discussion, a motion was made by Director Mclver and
115 seconded by Director Brueckner to approve the contract with FEI for the Preliminary Engineering Report.
116

117 **Other Business**

118 Director Brueckner indicated he had been approached by Jack Holland regarding building a pond on property
119 where the District has a water storage right in the Martinez drainage area. Discussion ensued regarding this not
120 being the first time Mr. Holland had approached the District on this matter. There was brief discussion regarding
121 the small amount of storage, the lack of conveyance to treatment, the maintenance costs and liability involved
122 and possible conflict with CWCB documents. The matter was tabled.
123

124 Director Hansen indicated he would like to see the water and wastewater models moved from Bartlett and
125 West's office in Kansas to reside in-house. Justin Ramsey offered some background on the matter indicating
126 that the software alone would cost around \$10,000 and he was not certain that he could gain and maintain
127 proficiency in operating the software given the infrequent nature of our need for modeling. His suggestion in this
128 matter was to issue a Request for Proposals from local engineering firms to propose options for maintaining and
129 operating the model. After discussion Director Hansen made a motion and Director Brueckner seconded it to
130 issue an RFP for proposals from a local engineering firm. The motion passed unanimously.
131

132 Director Smith questioned why Justin Ramsey was not getting the same incentive pay increases for passing
133 certification tests that was available to the other employees. After a brief discussion, it was determined that the
134 discussion might be best addressed in Executive Session and the matter was tabled for the time being.
135

136 There being no further business to come before the Board, Director Mclver made a motion to adjourn the
137 meeting at 6:50 pm. Director Hansen seconded the motion, which passed unanimously.
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139 Respectfully submitted,
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142 Gordon Mclver
143 Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
April 19, 2018 REGULAR MEETING

Attendance

The following Directors were present: Gordon Mclver, Jim Smith and Blake Brueckner. Paul Hansen was present telephonically.

In attendance from staff: Shellie Peterson, Justin Ramsey and Nancy Stahl. Also present was Randi Pierce, Pagosa Springs Sun, David Cammack, Michelle Chapman and Glenn Walsh.

Call to Order

Chairman Jim Smith called the Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) to order at 5:00 p.m.

A motion was made by Chairman Smith and seconded by Director Mclver to change the order of the agenda to consider the vacancy on the Board of Directors first. The motion passed unanimously.

Director Brueckner read the first of two letters expressing an interest in the position vacated by Michael Church which was from Michelle Chapman (copy attached). The second letter of interest submitted was from Glenn Walsh and that letter was read into the minutes as well (copy attached).

A motion was made by Director Hansen to appoint Glenn Walsh to complete the term vacated by Michael Church's resignation. The motion was seconded by Gordon Mclver and passed unanimously.

Shellie Peterson had prepared Oaths of Office for both candidates just prior to the meeting and the Oath was administered to Glenn Walsh by Nancy Stahl in her capacity as a Notary Public. Mr. Walsh read and signed the Oath and his signature was notarized. Mr. Walsh took a seat at the Board table.

Consent Agenda

The Board considered the Consent Agenda (copy attached). The Directors reviewed the minutes for March 15, 2018 Regular Meeting and the Water Loss Update. Shellie Peterson briefly reviewed the Financial Statements as of March 31, 2018. Justin Ramsey pointed out that the call had been placed on the Dutton Ditch by senior water rights holders on April 16, 2018, which was historically the soonest the District had been taken out of priority on that right. He further mentioned that staff is preparing for the San Juan Water Treatment Plant to run as soon as possible to preserve the water in Lake Hatcher for as long as possible. Pumping from the river and treating with the MIEX process will add additional costs which, combined with an anticipate reduction in revenue, could cost approximately \$350,000 this year. A motion was made by Director Brueckner and seconded by Director Mclver to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

David Cammack spoke regarding his experience with a sewer connection for 158 Handicap Ave. Mr. Cammack indicated that since Brad Koenig presented their issue at the March 15, 2018 Board meeting, they had excavated to a depth of six feet in the area that had been indicated by Randy Bishop and had yet to locate the sewer service line. He indicated that they had spent approximately \$3,300 dollars so far and he estimated that they would spend as much as \$6,000 in excavation costs by the time an actual connection could be made. Discussion ensued regarding the lack of accurate as-built records and exact locations being known in this and in other instances for both service laterals and in some cases, main lines. Justin Ramsey indicated that if costs were reimbursed to the property owner experiencing these types of difficult connections, a source of funding

52 would have to be provided as no such allowance is included in our connection charges at this time. The cost to
53 excavate and locate has always been born by the developer or property owner. There were suggestions made
54 about making the statement about the property owners responsibility in this area more prominent on the
55 Connection Permit. Mr. Cammack indicated that they would be keeping track of their costs and would be
56 approaching the Board again at a later date.

57

58 **Consideration of Petition for Inclusion for Water Purposes – Phillip and Tabitha Zappone**

59 Shellie Peterson presented a Petition for Inclusion from Phillip and Tabitha Zappone stating that the property
60 had previously been excluded during the Alpha Subdivision Inclusion. The request was for a single family
61 residence and there were no concerns about providing service. A motion to accept the Petition and schedule
62 the Public Hearing was made by Director Brueckner and seconded by Director McIver and passed with Director
63 Walsh abstaining.

64

65 **Consideration of Basis to Re-evaluate Capital Investment Fees and Raw Water Resource Fees**

66 Justin Ramsey presented the results of revisions to the Capital Improvement Plan. The anticipated capital
67 project costs were allocated between rate revenues (costs associated to current customers) and growth related
68 expenditures (costs incurred to increase service) and divided by the anticipated growth factor of two percent.
69 The resulting Capital Investment Fees and Raw Water Acquisition Fees are anticipated to be reduced as
70 follows: The Water Capital Investment Fee from \$2,658 to \$1,509. The Raw Water Acquisition Fee from
71 \$1,959 to \$1,726. The Wastewater Capital Investment Fee from \$1,017 to \$678. These changes would result
72 in an overall reduction from both funds of \$1,721. These calculations may undergo further refinement and will
73 factor into the Rate Study which is in process and will be presented to the Board in May or June.

74

75 **Consideration of Changes to the District's Bylaws**

76 Justin Ramsey presented language which he had drafted at the Directors request when this matter was
77 discussed at the previous meeting. After discussion a motion was made by Director McIver and seconded by
78 Director Hansen to approve the amendment as presented. The motion carried with Director Walsh abstaining
79 as he had not had time to consider the matter adequately.

80

81 **Consideration of the 2018 revised Drought Management Plan**

82 Justin Ramsey summarized the major changes he had made to a draft 2012 Drought Management Plan. He
83 had updated the data to consider recent years as well as changed language that referred to the Golf Course to
84 be generalized to raw water irrigators. Mr. Ramsey also reviewed the Drought Surcharge that was used
85 historically in the 2003 – 2003 drought period and indicated that if that same methodology was used, based
86 upon current estimates of additional costs that rate would be \$7.64 per equivalent unit for each customer.

87

88 Discussion continued through the remainder of the draft plan to include other topics such as using usable
89 storage as opposed to total storage available in the reservoirs, applying a date sensitivity to the drought triggers
90 and lowering the threshold for the Level 3 drought rate structure from 8,000 gallons to 4,000. Direction was
91 given to staff to continue to explore these areas and finalize the draft 2018 Drought Management Plan for
92 presentation at a Public Hearing to be scheduled for May 1, 2018 at 5:30 pm at the District offices. The meeting
93 would be for the purposes of informing the public and gathering input.

94

95 **Other Business**

96 The agenda was once again adjusted to accommodate the press and the executive session was delayed until
97 after the following discussions.

98

99 Chairman Smith brought up the subject of the Raw Water Irrigation Permits allowed for properties that border
100 the reservoirs. His concern was that in a time of water shortage, these property owners could not be monitored
101 for their water use because there are no meters measuring that amount of water that is drawn from the lake.
102 Discussion ensued regarding this being an 'honor system' and the limited amount of control the District really

103 has on this use. After discussion, staff was directed to look at the permit and revise the language to clarify that
104 all measures of the finalized 2018 Drought Management Plan would apply to this use including any penalties.

105
106 Justin Ramsey reported that the State Demographer would be in Pagosa Springs on May 7, 2018 at the
107 Community Center at 5:00 pm. Chairman Smith thought he might be able to attend.

108
109 Justin Ramsey also reported that the District had recently hired two new employees. Woodrow Evans will be
110 filling the position vacated by Janet Campuzano as Asset Management Specialist. Aaron Burns will join the
111 team as Comptroller in anticipation of the retirement of Shellie Peterson at some point.

112
113 Director Brueckner read a letter from Kelly O. Dunn regarding the District's recent revision to its policy regarding
114 fire lines. Justin Ramsey explained the process by which Mr. Dunn obtained a connection permit for 341 Harman
115 Park indicating that a fire line was not anticipated, only an outside hose bib. It was upon inspection that the
116 conditions on the property were found to be vastly different. After discussion the Directors concurred that a
117 public health issue could result from not enforcing these new regulations. Mr. Ramsey suggested he could
118 contact Mr. Dunn again and should he not be able to come to a successful agreement, schedule Mr. Dunn to
119 appeal to the Board of Directors at their next meeting.

120
121 **Consideration of Entering into Executive Session**

122 A motion was made by Chairman Smith to enter into Executive Session pursuant to Section 24-6-402(4)(f)
123 regarding a personnel issue. The motion was seconded by Blake Brueckner and passed unanimously.
124 Executive Session to clarify an employment contract issue began at 7:04 pm.

125
126 **Return to Regular Session**

127 The Directors returned to regular session at 7:15 pm. Justin Ramsey reported that no decisions were made
128 during the Executive Session.

129
130 There being no further business to come before the Board, Director McIver made a motion to adjourn the
131 meeting at 7:17 pm. Director Brueckner seconded the motion, which passed unanimously.

132
133 Respectfully submitted,

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135
136 Gordon McIver
137 Secretary

1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **MAY 17, 2018 REGULAR MEETING**
4

5 **Attendance**
6

7 The following Directors were present: Gordon Mclver, Jim Smith, Glenn Walsh and Blake Brueckner.
8

9 In attendance from staff: Shellie Peterson, Justin Ramsey, Nancy Stahl, Marlo Counsel and Aaron Burns. Also
10 present was Chris Mannara, Pagosa Springs Sun, Richard and Carol Larsen.
11

12 **Call to Order**
13

14 Chairman Jim Smith called the Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) to
15 order at 5:00 p.m.
16

17 **Consent Agenda**

18 The Board considered the Consent Agenda (copy attached). The Directors reviewed the minutes for April 19,
19 2018 Regular Meeting and the Water Loss Update. Justin Ramsey mentioned that the pressure testing process
20 had begun again for this season. A motion was made by Director Mclver and seconded by Director Brueckner
21 to approve the Consent Agenda as presented. The motion passed unanimously.
22

23 **Oath of Office Execution**

24 Shellie Peterson had prepared Oaths of Office for both Directors Mclver and Hansen. Director Hansen's Oath
25 will be administered at the next meeting he is in attendance. Another Oath was administered to Glenn Walsh
26 due to the technicality of the Oath administered last meeting expiring on the date of the Special District Election
27 on May 7, 2018. Nancy Stahl, in her capacity as a Notary Public, administered the Oaths.
28

29 Shellie Peterson noted that this being the first meeting after the election, it would be appropriate to nominate
30 Officers of the Board. Director Walsh made a motion which was seconded by Director Mclver to retain the same
31 Officers as the previous term. Director Smith will serve as Chairman and President, Director Brueckner will
32 serve as Vice President, Director Mclver will serve as Secretary and Director Hansen will serve as Treasurer.
33

34 It was also appropriate to remove Michael Church from the District checking accounts and add Director Walsh,
35 as well as remove Shellie Peterson and add Arron Burns. A motion was made Director Mclver and seconded
36 by Director Brueckner to direct staff to request the appropriate paperwork from the banks to accomplish this.
37 The new bank authorized signers would be: Jim Smith, Paul Hansen, Glenn Walsh, Justin Ramsey, Nancy
38 Stahl and Aaron Burns. The motion passed unanimously.
39

40 **Public Comment**

41 There were no comments offered by the public present at this time.
42

43 **Consideration of Change in Disconnect Policy and Rules and Regulations of the District**

44 Marlo Counsel presented research she had done regarding various local utilities and their disconnect for
45 delinquent payment procedures. Justin Ramsey commented that the District's process of waiting a full 61 plus
46 days prior to even beginning the disconnect process had been a matter of concern expressed by landlords.
47 Director Walsh inquired about the number of customers that were generally in the category of being noticed for
48 disconnect. Ms. Counsel indicated an average of 100. Director Walsh also voiced concern about making this
49 change in addition to potential changes from the Drought Management Plan and Rate Study changes. A motion
50 was made by Director Mclver to accept staff recommendations as presented. The motion was seconded by
51 Director Brueckner and passed with Director Walsh dissenting.

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Consideration of Petition for Inclusion for Wastewater Purposes – David Allen Black

Shellie Peterson stated that this property located in Martinez Mountain Estates along North Pagosa Blvd. could easily be served by the District with existing infrastructure. Mr. Black’s request was for one single family dwelling. With the Board’s approval, the matter could be scheduled for Public Hearing in June. Director Brueckner made a motion to accept Mr. Black’s Petition. The motion was seconded by Director Walsh and passed unanimously.

Public Hearing regarding Consideration of Order for Inclusion for Water Purposes – Phillip and Tabitha Zappone

Shellie Peterson presented a Petition for Inclusion from Phillip and Tabitha Zappone stating that the property had previously been excluded during the Alpha Subdivision Inclusion. The request was for a single family residence and there were no concerns about providing service. A motion to approve the Order of Inclusion was made by Director Brueckner and seconded by Director Walsh and passed unanimously. The Public Hearing was closed.

Consideration of the 2018 revised Drought Management Plan

Justin Ramsey summarized the minor changes he had made to the 2018 Draft Drought Management Plan. A number of grammatical changes as well as correcting dates and acre feet references had been made. Director Walsh further suggested the wording on page 12 regarding flow in the San Juan River be changed to “cooperate” rather than “strive”.

In section 6.1 on page 17, Mr. Ramsey indicated the most significant addition had been made. In response to a number of comments from the public indicating that the Plan should be more aggressive, he had developed two additional ‘triggers’. If prior to May 1, the Snow Water Equivalent is less than 75% of median as measured by the USGS or if there is a call on the Fourmile Creek. Director Walsh was concerned that those additional measures might cause the District to be in Level 1 conditions year after year. Justin Ramsey indicated he could look back at the last 10 year history and see what the data shows.

Shellie Peterson suggested if the terminology could be changed to reflect those concerns. If Level 1 was renamed Voluntary, and the Level 2 was renamed to Level 1 and so on. Chairman Smith asked and the Board agreed with that rational.

Justin Ramsey reported that the process of reclaiming water from the backwash process at the Hatcher Water Treatment Plant had been tested approved by the State. That process has been in place for approximately two weeks and is recycling approximately 250,000 gallons per day back into Lake Hatcher. In addition to preserving the lake level there will be a reduction in electrical pumping costs through not pumping the backwash water to the Vista Treatment Plant.

Director Walsh pointed out that the charts on page 29 could be unclear about the application of the Drought Surcharge. It was generally agreed those charts needed to be improved.

Justin Ramsey asked the Boards’ direction about the responsibility to implement the various stages of the Drought Plan. It was the consensus of the Board that Justin Ramsey would make the determination to enter the Voluntary stage and that the Directors wanted to be responsible for implementing any restrictions and additional fees when any additional triggers occur.

Carol Larsen commented about how much she was hearing about the District’s water loss. Justin Ramsey replied that indeed the District experiences a high degree of water loss due to past construction practices, use of inadequate construction material and the age of some of the distribution lines. He stated that we have

103 addressed the major leaks but that there are a large number of small leaks that are expensive to repair and
104 difficult to identify. Mr. Ramsey also reported that pressure testing of sections of distribution lines is underway
105 to locate leaks and that the long-term systematic replacement of main lines is planned for in our Capital
106 Improvements Plan.

107
108 Mr. Larson asked if the Golf Course was the District's largest water customer. Shellie Peterson indicated that
109 the Golf Course irrigates with raw water. Justin Ramsey informed the Larsons that water rights were deeded to
110 the District by the original developer in an agreement that the District would provide up to 300 acre foot of water
111 for irrigation. While the original agreement has been amended from time to time, it can only be changed by
112 agreement of both parties. Chairman Smith also indicated that the initial 300 acre feet of water is not subject to
113 any drought restrictions. Mrs. Larson introduced herself at that time indicating that she was on a PLPOA sub-
114 committee to study reducing costs at the Golf Course and the possible purchase.

115
116 There was a motion made by Director Mclver to approve the 2018 Drought Management Plan, with noted
117 changes. The motion was seconded by Director Walsh and passed unanimously.

118
119 **Update on the Rate Study in Progress by Stantec Engineering**

120 Shellie Peterson reported that staff and the staff at Stantec had been working on the rate model and that it
121 would be ready for Board review at a Special Meeting on June 7, 2018. A further Special Meeting would be
122 scheduled for June 26, 2018 to consider taking action on the rate study after allowing time for public comments.

123
124 The Regular meeting on June 21, 2018, would be when the audited financial statements would be presented.

125
126 **Other Business**

127 There being no further business to come before the Board, Director Mclver made a motion to adjourn the
128 meeting at 6:20 pm. Director Brueckner seconded the motion, which passed unanimously.

129
130 Respectfully submitted,

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133 Gordon Mclver
134 Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JUNE 7, 2018 SPECIAL MEETING

Attendance

The following Directors were present: Gordon Mclver, Jim Smith, Glenn Walsh, Paul Hansen and Blake Brueckner.

In attendance from staff: Shellie Peterson, Justin Ramsey, Nancy Stahl and Aaron Burns. Also present was Chris Mannara, Pagosa Springs Sun.

Call to Order

Chairman Jim Smith called the Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) to order at 5:00 p.m.

Oath of Office Execution

Shellie Peterson had prepared the Oath of Office for Director Hansen. Nancy Stahl, in her capacity as a Notary Public, administered the Oath.

Public Comment

There were no comments offered by the public present at this time.

Presentation of the 2018 Rate Study by Stantec Engineering

Ron Lay with Stantec Engineering presented the results of the 2018 Rate Study via teleconference and walked the directors and audience through their findings. Lengthy discussion followed that included ways to possibly mitigate the impact on current customers with adjustments to new service connections fees and availability charges. The staff was directed to model these adjustments and incorporate them into the original study to see the effect. It is anticipated that the adjusted model will be presented at the Special Board Meeting scheduled for the 26th of June.

Other Business

There being no further business to come before the Board, Director Walsh made a motion to adjourn the meeting at 8:15 pm. Director Hansen seconded the motion, which passed unanimously.

Respectfully submitted,

Gordon Mclver
Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JUNE 21, 2018 REGULAR MEETING

Attendance

The following Directors were present: Blake Brueckner, Paul Hansen, Gordon McIver, and Jim Smith. Director Walsh's absence was excused by a motion from Director Hansen, seconded by Director McIver and passed unanimously.

In attendance from staff: Shellie Peterson, Justin Ramsey, and Aaron Burns. Also present were: Ronny Farmer, David Black and Chris Mannara, Pagosa Sun.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Jim Smith at 5:05 p.m.

Consent Agenda

The Board considered the Consent Agenda (copy attached). The Directors reviewed the minutes for the May 17, 2018 Regular Meeting, June 7, 2018 Special Meeting and Water Loss Update (copy attached). A motion was made by Director Hansen and seconded by Director McIver to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

Chairman Smith opened the meeting to public comment. No comments were offered.

Consideration of Presentation and Approval of 2017 Audited Financial Statements

Ronny Farmer with rfarmer, llc, presented the 2017 Audited Financial Statements (copy attached), reviewing the different components of the audit, highlighting the management's discussion and analysis, details regarding the different funds, and the financial statements. Mr. Farmer presented the audit with an unqualified opinion as the financial statements have no material weaknesses or significant deficiencies. Following various questions from the Board, Mr. Farmer concluded his presentation.

Public Hearing for Inclusion for Wastewater Purposes

Director Jim Smith opened the Public Hearing for Inclusion for Mr. David Allen Black at Lot 54 of Martinez Mountain Estates, also known as 108 Saddlehorn Pl. Hearing no objection to the proposed inclusion; a motion to approve the inclusion and execute the Board Order was made by Director McIver. Director Brueckner seconded the motion which passed unanimously. The Public Hearing was closed.

Other Business

Justin Ramsey reported that there have been 28 new connections so far this year and that there are 26 scheduled for connection currently. Director Brueckner asked that the current practice of scheduling new connections at the end of each week be reconsidered to avoid the potential of this work running into the weekend and resulting in overtime for staff. Mr. Ramsey replied that the practice will be reviewed and a recommendation will be brought to the board at a later date.

51 Mr. Ramsey also reported that the reservoir levels are currently at 84% capacity and that without significant
52 rainfall, it is likely that Drought Stage 1 would be triggered by mid-August.

53 Mr. Ramsey then requested that the board members consider using email accounts supplied by the district for
54 business related communication to protect the privacy of personal email accounts.

55 Director Mclver asked what the District's position would be on a residential geothermal system being placed in a
56 District reservoir. Shellie Peterson commented that there had been a similar agreement made with a property
57 owner in the past and that the staff could review the agreement to determine if a policy should be in place for
58 these types of requests in the future.

59 There being no further business to come before the Board, Director Mclver made a motion to adjourn at 6:20
60 pm. Director Brueckner seconded the motion which passed unanimously.

61 Respectfully submitted,

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65 Gordon Mclver

66 Secretary

1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **JUNE 26, 2018 SPECIAL MEETING**
4

5 **Attendance**
6

7 The following Directors were present: Jim Smith, Paul Hansen, Blake Brueckner and Glenn Walsh by phone.
8

9 In attendance from staff: Shellie Peterson, Justin Ramsey, and Aaron Burns. Also present was Chris Mannara,
10 Pagosa Springs Sun.
11

12 **Call to Order**
13

14 Chairman Jim Smith called the Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) to
15 order at 5:08 p.m.
16

17 **Presentation of the revised 2018 Rate Study by Stantec Engineering**

18 Ron Lay with Stantec Engineering presented results of the revised 2018 Rate Study via teleconference and
19 walked the directors and audience through their findings. Director Walsh pointed out that the Availability Fee
20 had not been increased to the same degree as other fees and suggested that perhaps a fee of \$14.30 would be
21 more consistent on a percentage basis with the other increases. Shellie Peterson reminded the board that Title
22 32 limits the amount of the availability fee to a maximum of 50% of the average service rate charged to each
23 customer. Discussion continued on whether the same percentage increase should also be applied to the
24 Wastewater Availability Fee. The staff was then directed to model the proposed adjustments to availability
25 charges for both Water and Wastewater and compare them to the original study to see if any reduction is seen
26 on the percentage increase in rates. It is anticipated that the latest modeling will be presented at the Regular
27 Board Meeting scheduled for the 16th of August.
28

29 **Public Comment**

30 There were no comments offered by the public present at this time.
31

32 **Other Business**

33 Director Hansen inquired as to whether a Letter of Engagement had been received from Ronny Farmer for the
34 2018 audit. Ms. Peterson reported that she had reached out to Mr. Farmer's secretary and that a letter should
35 be received soon.
36

37 Director Smith made a motion to accept the 2017 Audit as presented, Director Hansen seconded the motion and
38 it passed unanimously.
39

40 Justin Ramsey reported that district water reserves have declined 2% in the last week and that current levels
41 are at 82.9% capacity.
42

43 Director Smith inquired as to the status of the application with USDA for future construction financing. Mr.
44 Ramsey replied that preparations are under way to compile the needed data for the application process.
45

46 Mr. Ramsey also reported that Kyle Tjelmeland is setting up District email accounts for the Board Members to
47 use for District Business and would be available to get the Members set up with access in the coming days.
48

49 There being no further business to come before the Board, Director Hansen made a motion to adjourn the
50 meeting at 6:15 pm. Director Brueckner seconded the motion, which passed unanimously.
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52 Respectfully submitted,
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55 Gordon Mclver
56 Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JULY 19, 2018 SPECIAL PHONE POLL

Attendance

The following Directors were present: Paul Hansen, and by phone, Jim Smith, Blake Brueckner, Gordon Mclver and Glenn Walsh.

In attendance from staff: Shellie Peterson and Aaron Burns. Also present was Chris Mannara, Pagosa Springs Sun.

Call to Order

Chairman Jim Smith called the Special Phone Poll for the Pagosa Area Water and Sanitation District (PAWSD) to order at 8:30 a.m.

Consideration of Petition for Inclusion for Water Purposes - LKM, Ltd.

The petition for inclusion is for rural property located 2 miles south of Pagosa Springs along Highway 84. The property can easily be served by the District with existing infrastructure. The request from LKM, Ltd is for one Equivalent Unit. With the Board's approval, the matter could be scheduled for Public Hearing in August. The directors voted unanimously to accept the petition and schedule the matter for Public Hearing.

Public Comment

There were no comments offered by the public present at this time.

Other Business

There were no other business items presented.

Respectfully submitted,

Gordon Mclver
Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
AUGUST 16, 2018 REGULAR MEETING

Attendance

The following Directors were present: Paul Hansen, Gordon McIver, and Jim Smith. A motion to excuse Director Bruekner and Director Walsh's absence failed for lack of a second.

In attendance from staff: Shellie Peterson, Justin Ramsey, Aaron Burns and Kyle Tjelmeland. Also present were: Monty Whitman, Sedonia Poenisch and Chris Mannara, Pagosa Sun.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Jim Smith at 5:00 p.m.

Director Email Tutorial

Kyle Tjelmeland briefly gave direction and answered questions surrounding the implementation of PAWSD email accounts for the Board of Directors.

Consent Agenda

The Board considered the Consent Agenda (copy attached). The Directors reviewed the minutes for the June 21, 2018 Regular Meeting, June 26, 2018 Special Meeting, July 19th Special Phone Poll, the July 2018 Financial Statements and Water Loss Update (all copies attached).

Aaron Burns reviewed the July Financial Statements with the Directors noting that as of July 31st, 58% of the fiscal year had elapsed and that each fund was at or just below that pace from a budget perspective. Director Hansen asked for an example of a "Non-spendable Prepaid Expense" and Mr. Burns replied that one would be supplied to the Board as soon as possible. After researching, the expense items within this account are computer licenses such as Caselle and CityWorks that are prepaid at the beginning of each year.

Justin Ramsey noted that pressure testing is being carried out in the Vista/Bonanza area. Mr. Ramsey also reported that a large line break had occurred on Hatcher Circle the day before that had resulted in significant damage to the road surface. A leak reported on Cool Pines was determined to be a customer knowingly using 70,000 to 80,000 gallons a month for irrigation.

A motion was made by Director Hansen and seconded by Director McIver to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

Chairman Smith opened the meeting to public comment. No comments were offered.

Ratification of Phone Poll Result Regarding Petition for Inclusion for Water Purposes – LKM, Ltd.

A motion to ratify the unanimous result of the 7/19/2018 Special Phone Poll to accept the Petition for Inclusion was made by Director Hansen. Director McIver seconded the motion which passed unanimously.

52 **Public Hearing for Consideration of the Order of Inclusion for Water Purposes – LKM, Ltd.**

53

54 Director Hansen opened the Public Hearing for Inclusion made by LKM, Ltd. for Valley View Ranch located 2
55 miles south on Hwy 84. Justin Ramsey indicated the inclusion would involve a connection to an existing water
56 line and would result in no additional cost to PAWSD. Hearing no objection to the proposed inclusion; a motion
57 to approve the inclusion and execute the Board Order was made by Director Hansen. Director McIver seconded
58 the motion which passed unanimously. The Public Hearing was closed.

59

60 **Consideration of Request from Monty Whitman Regarding Connection at 106 Foothills Place**

61

62 Monty Whitman requested to appeal the decision made by the Board at the March 15th Regular Meeting to deny
63 the request for reimbursement of material costs associated with difficulty locating a water main. After a lengthy
64 discussion, the consensus of the Board was to leave the prior decision to deny the request unchanged.

65

66 **Consideration of Adjustments to Stantec Rate Study Proposal**

67

68 Justin Ramsey reviewed the final rate scenarios created for both Water and Wastewater with the Directors and
69 asked for direction on next steps. After some discussion, the Board announced its intent to proceed with the 3rd
70 scenario in each of the Water and Wastewater fee studies (copy attached). The Board then directed the
71 PAWSD staff to announce this intention and prepare for a public hearing on the matter to be scheduled on
72 September 20th, 2018.

73

74 **Consideration of 2017 Annual Report to the Archuleta Board of County Commissioners**

75

76 Director McIver made a motion to approve the contents of the 2017 Annual Report and its new format for
77 submission to the Archuleta Board of County Commissioners. Director Hansen seconded the motion which
78 passed unanimously.

79

80 **Consideration of the Archuleta County Multi-Hazard Mitigation Plan**

81

82 Justin Ramsey briefly reviewed the County's Multi-Hazard Mitigation Plan with the Directors which involves
83 several local and state agencies including PAWSD. Mr. Ramsey's suggestion was that the Board sign
84 Resolution 2018-04, adopting the plan and resolving to execute its actions if necessary. Director Hansen made
85 a motion to adopt the Plan as written. Director McIver seconded the motion which passed unanimously.

86

87 **Consideration of the Audit Engagement Letter received from rfarmer, LLC**

88

89 The engagement letter received from rfarmer for 2018 Financial Statement auditing services showed no
90 increase in fee from the prior 3 years. After some discussion regarding the unexpected lack of an increase in
91 fees and the favorable history with Ronny Farmer, Director Hansen made a motion to accept and approve the
92 engagement of rfarmer, LLC. For 2018 auditing services.

93

94 **Other Business**

95

96 Justin Ramsey announced that the Town of Pagosa Springs would like to schedule a joint meeting to discuss
97 the current IGA between the agencies as well as affordable housing and other items. The Board directed Mr.
98 Ramsey to explore November 13 as a possible date or sometime after the first of the year.

98

99 Mr. Ramsey also announced that it is likely that Drought Stage 1 restrictions would be triggered within the
100 coming weeks. Mr. Ramsey reminded Board Members that a Special Meeting would be required to vote and
take action on the mandatory irrigation scheduling and \$7.68 monthly surcharge prescribed in Stage 1 planning.

101 Mr. Ramsey also reported that water usage by the Pagosa Springs Golf Club could soon surpass the 300 acre
102 feet allotted to them each year for irrigation. The Directors asked that they be notified when the threshold had
103 been passed and that Mr. Ramsey reach out to the Golf Club to make them aware of the situation.

104 Mr. Ramsey then relayed a request from the Town of Pagosa Springs to gauge the Board's interest in
105 discussing a future joint river access project on PAWSD property east of town. The consensus of the Board
106 was that they would be open to a discussion when the time came.

107 There being no further business to come before the Board, Director Hansen made a motion to adjourn at 6:41
108 pm. Director Mclver seconded the motion which passed unanimously.

109 Respectfully submitted,

110

111

112

113 Gordon Mclver

114 Secretary

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
SEPTEMBER 11, 2018 SPECIAL MEETING

Attendance

The following Directors were present: Jim Smith, Gordon Mclver, Blake Brueckner. Paul Hansen and Glenn Walsh attended by telephone.

In attendance from staff: Justin Ramsey and Aaron Burns. Also present was Al Pfister and Randi Pierce, Pagosa Springs Sun.

Call to Order

Chairman Jim Smith called the Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) to order at 5:05 p.m.

Consideration of the Implementation of Drought Stage 1 Restrictions

Justin Ramsey notified the Board that District reservoir levels had fallen below the 70% threshold defined by Stage 1 of the 2018 Drought Management Plan as of Friday, September 7th. Mr. Ramsey commented that in accordance with the Plan, the District Manager is required to report to the Board that a reservoir level trigger has been reached so that the implementation of restrictions can be discussed. Mr. Ramsey also commented that he had received word from Joe Crabb that the call on the 4 mile creek may not be lifted until November this year, 2 months later than normal. Following a discussion on the timing and logistics of implementing the restrictions, Director Mclver made a motion to implement Stage 1 restrictions as described in the Plan. Director Brueckner seconded the motion and the Board moved to discussion.

Director Walsh commented that he was reluctant to vote to enact the restrictions this late in the summer given water usage was likely to decrease naturally in the coming weeks. Director Walsh also commented that he felt the restrictions would do little to reduce water consumption and that reservoirs at 70% did not cause him much concern at this time of year. Director Walsh ended his comments by suggesting that the Drought Plan be revised to allow for seasonality.

Mr. Ramsey pointed out that plan had been approved by the Board in April of 2018 and its purpose was not only to reduce consumption but to also recover increased costs associated with utilizing the San Juan Water Treatment Plant.

After lengthy discussion, Chairman Smith called for a vote. The measure failed to pass with Directors Walsh, Hansen and Brueckner dissenting.

Public Comment

Al Pfister of the San Juan Conservancy District commented that he had hoped the Board would vote to implement the restrictions to call more attention to the drought issue but understood the decision.

Other Business

Director Walsh suggests that a cost analysis be performed on the San Juan Water Treatment Plant in order to separate cost recovery from water conservation within the Drought Plan. The Board instructed PAWSD staff to perform the analysis for review at the September 20th Regular Meeting.

There being no further business to come before the Board, Director Brueckner made a motion to adjourn the meeting at 6:00 pm. Director Mclver seconded the motion, which passed unanimously.

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53 Respectfully submitted,
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56 Gordon McIver
57 Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
SEPTEMBER 20, 2018 REGULAR MEETING

Attendance

The following Directors were present: Paul Hansen, Blake Brueckner, Jim Smith, and Glenn Walsh (by telephone).

In attendance from staff: Shellie Peterson, Justin Ramsey, Aaron Burns and Nancy Stahl. Also present were: Mike & Becky Flewy, Richard & Carol Larsen, Brian Hart, Aaron Kimple and Chris Mannara (Pagosa Sun).

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Jim Smith at 5:00 p.m.

Consent Agenda

The Board considered the Consent Agenda (copy attached). The Directors reviewed the minutes for the August 16, 2018 Regular Meeting, September 11, 2018 Special Meeting, and the Water Loss Update (all copies attached).

Justin Ramsey noted that a leak investigation was carried out in the Cloud Cap area and repair work was done to reseal an abandoned service line that was discovered to be the cause. Mr. Ramsey also reported that water loss was currently at 14% and that while that figure can fluctuate during the year, the trend was heading in the right direction.

A motion was made by Director Hansen and seconded by Director Brueckner to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

Chairman Smith opened the meeting to public comment.

Carol Larsen asked for details on the administration of Four Mile Creek. Justin Ramsey explained that Four Mile Creek usually goes into administration in late May, however this year it had gone into administration a month earlier on April 12. Mr. Ramsey further explained that because the District's water right on the Four Mile Creek is a junior right, it is forced to close its diversion when the creek goes into administration. Ms. Larsen then asked if any Board Members had personally seen the condition of the headwaters area of Four Mile Creek and all Board Members present replied that they had.

Mike Flewy asked for details on how the 70% Drought Plan threshold was calculated and whether or not Lake Hatcher could receive water from other reservoirs in the system. Justin Ramsey responded that the 70% figure was based on total raw water available cumulatively from all reservoirs rather than the levels of individual reservoirs and that Lake Hatcher could not currently receive water from other reservoirs. Mr. Flewy commented that Lake Hatcher levels appear to be much lower than those closer to town. Director Walsh asked whether installing a pump station from the Stevens Reservoir to Lake Hatcher had ever been considered. Director Walsh also suggested that because the two are close in proximity and elevation, it might be a cost effective way to balance water levels.

52 There being no further comments, Chairman Smith closed the Public Comment portion of the meeting.

53

54 **Review of Water Treatment Cost Analysis**

55

56 Justin Ramsey walked the Directors through analysis done to identify the cost associated with water treatment
57 at each of the three District Plants. The research showed that the cost factors were approximately \$4,000 per
58 million gallons at the San Juan WTP, approximately \$1,000/million at Hatcher WTP, and approximately
59 \$700/million at Snowball WTP. Chairman Jim Smith pointed out that based on the analysis, the cost of running
60 the San Juan WTP to mitigate drought conditions will have cost the District roughly \$150,000 through
61 September. Director Walsh commented that it was difficult to compare the cost by considering all of San Juan
62 production at the Hatcher cost factor. Mr. Ramsey affirmed that the operation of the San Juan WTP and
63 anticipated drought cycles were considered in the rate study.

64

65 **Public Hearing for Stantec Rate Study Proposal**

66

67 Justin Ramsey reviewed the Rate Study process and resulting recommendation with the Board and audience
68 members. Chairman Smith commented that the increase would be the first in 4 years for the District. Jim Flewy
69 asked if the forecast included in the study of a 5 year cycle of drought conditions was realistic. Mr. Flewy
70 explained that he believed that the current drought conditions were the new “norm” and would be seen more
71 frequently than in past years. Mr. Ramsey answered that the last severe drought occurred 16 years ago in 2002
72 and that he felt that a projected 5 year cycle was reasonable. Mr. Flewy then suggested that the 70% threshold
73 described in the Drought Management Plan be adjusted to something more conservative. Director Hansen
74 commented that the Rate Study included the modernization of the Snowball WTP and would double the water
75 treatment capacity of the District. Mr. Ramsey then summarized other capital projects included in the study that
76 would have the effect of conserving more water or making processes more efficient. Hearing no further
77 comment, Director Hansen made motion to adopt the rate increases prescribed in the Rate Study. Director
78 Brueckner seconded the motion which passed unanimously. The Public Hearing was closed.

79

80 **Public Hearing for USDA Rural Development Loan Application**

81

82 Justin Ramsey explained to the Board and Audience that a USDA Loan Application had been completed and
83 that the District was exploring it as a financing option for upgrading the San Juan WTP with UV treatment
84 capability. He also explained that the interest rate with USDA would be very favorable and grant money might
85 be available to offset the amount borrowed. Aaron Burns explained that in order to continue the process, a
86 Letter of Intent and Request for Obligation of Funds would need to be executed by the board. Mr. Ramsey
87 explained that these documents would not obligate the District to the financing and that once the process was
88 complete, a decision would be made as to whether to accept the terms of the offer or not. Director Hansen
89 made a motion to authorize Director Smith to execute the documents on behalf of the Board. Director
90 Brueckner seconded and the motion passed unanimously. Director Walsh asked what the timeline would be for
91 the improvements and Mr. Ramsey that the intention was to begin construction this winter. Hearing no further
92 comment, the Public Hearing was closed.

93

94 **Request from Alisha Hart to Discuss Tamper Fee Dispute with the Board**

95

96 Brian Hart appeared before the Board to dispute a tamper fee that had been assessed to his account claiming
97 that during a disconnect procedure for non-payment, the meter had never actually been turned off. A
98 subsequent photograph taken by the District Serviceman was provided to the Board and showed that a clip that
99 had been attached to the meter valve in the closed position and that the valve had been opened to the extent
100 the clip would allow without breaking. After lengthy discussion, Director Hansen made a motion to waive the
101 tamper fee so long as Mr. Hart pledged to keep his account current for the next year. The motion failed for lack

102 of a second. Mr. Hart asked what the next step might be and Justin Ramsey commented that small claims court
103 would be the next option.

104
105

106 **Review of Zero Use Account Research by Nancy Stahl**

107

108 Aaron Burns briefed the Board and audience on a research project that had been completed by District Staff
109 member Nancy Stahl on "Zero-use" accounts to determine whether several customer accounts were indeed not
110 using any water for extended periods of time or if equipment failure might be involved. Ms. Stahl's research had
111 proven that in 44% of the cases, equipment failure had been to blame for zero readings. Ms. Stahl also
112 explained that identifying the failures had resulted in the recapture of roughly \$1,500 in revenue. The research
113 had also identified an instance of a meter being bypassed which resulted in the customer being back billed
114 roughly \$4,500. Ms. Stahl ended her comments by adding that the process would be automated going forward
115 and be conducted more frequently.

116

117 **Consideration of San Juan Headwaters Request for Support**

118

119 Aaron Kimple of San Juan Headwaters Forest Health Partnership presented a request for funding to assist in
120 efforts the partnership makes in forest management and fire mitigation. Mr. Kimple explained that these efforts
121 were key to protecting natural resources in the area, including water. Chairman Smith asked how many acres
122 would be included in the program in the coming year and Mr. Kimple estimated that 3,000-6,000 acres near Wolf
123 Creek Pass and another 2,000 acres in the 4 mile creek area. Director Hansen made a motion to not make a
124 contribution this year citing a very tight budget. The motion failed to receive a second, with Director Walsh
125 recommending that consideration be given at the next Regular Board Meeting at which the upcoming year's
126 budget would be discussed.

127

128 **Consideration of the Discontinuation of the SJWCD Cost Sharing Agreement**

129

130 Aaron Burns explained to the Board that a cost sharing agreement made between the District and San Juan
131 Water Conservancy District during the planning and construction phases of Stevens Reservoir was still being
132 listed as an active Inter-governmental Agreement in District filings. Mr. Burns asked the Board to consider
133 executing documents to terminate the agreement with SJWCD since it was no longer useful. Director Hansen
134 made a motion to execute documents terminating the cost sharing agreement with SJWCD. Director Walsh
135 seconded the motion, which passed unanimously.

136

137 **Other Business**

138 Justin Ramsey announced that the District had performed 82 new connections so far in 2018 compared to 72 at
139 this time last year. He also added that connections are currently scheduled out through October 18th.

140 Aaron Burns asked that the Board consider a change to the policy of distributing the full Board Materials packet
141 to the public prior to meetings. Mr. Burns explained that the size of the scanned file is causing many emails to
142 bounce back undeliverable. Instead, he proposed that members of the public who have asked to be notified by
143 email of District Board meetings receive only the Meeting Agenda prior to future meetings and that Board
144 Meeting materials be provided upon request. The Board agreed and instructed staff to make this change.

145 Mr. Burns then asked that the Board consider postponing the October Regular Board Meeting one week to
146 October 25th. He explained this would allow all Board Members to be in attendance for the 2019 Draft Budget
147 Public Hearing. The Board agreed and instructed the staff to effect the change in scheduling.

148 Mike Flewy asked who at PAWSD was charged with communicating with land owners near the 4 mile diversion.
149 Justin Ramsey answered that Superintendent Art Holloman communicated regularly with the land owners and
150 that he had last reported the creek was flowing at 2.5 cfs.

151 There being no further business to come before the Board, Director Hansen made a motion to adjourn at 6:45
152 pm. Director Brueckner seconded the motion which passed unanimously.

153 Respectfully submitted,

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157 Gordon Mclver

158 Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
OCTOBER 25, 2018 REGULAR MEETING

Attendance

The following Directors were present: Paul Hansen, Gordon McIver, Blake Brueckner, Jim Smith and Glenn Walsh.

In attendance from staff: Shellie Peterson, Justin Ramsey, and Aaron Burns. Also present was: Chris Mannara, Pagosa Sun.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Jim Smith at 5:00 p.m.

Consent Agenda

The Board considered the Consent Agenda (copy attached). The Directors reviewed the minutes for the September 20, 2018 Regular Meeting, the September 2018 Financial Statements and Water Loss Update (all copies attached).

Aaron Burns reviewed the September Financial Statements with the Directors noting that as of September 30th, 75% of the fiscal year had elapsed and that each fund was at or just below that pace from a budget perspective.

Justin Ramsey noted that the initial Water Loss Update sent to the Board had been revised after an error was identified. Mr. Ramsey explained that the numbers now looked much more in line with expectations. Mr. Ramsey also explained that Lake Hatcher was now receiving 1.5 CFS from the Four Mile Diversion and that more would hopefully be coming soon. Mr. Ramsey also reported that a large leak had been identified and repaired near the Ace Hardware store on Highway 160.

A motion was made by Director Hansen and seconded by Director Brueckner to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

Chairman Smith opened the meeting to public comment. No comments were offered.

Public Hearing for the Purposes of Consideration of the Draft 2019 Budget

The Public Hearing for Consideration of the Draft 2019 Budget was opened at 5:30pm. Shellie Peterson pointed out that this was an opportunity for the public to comment on the Draft 2019 budget as presented. No comments from the public were offered. Ms. Peterson began her presentation by pointing out that the Draft Budget meets all Debt Service Coverage ratio requirements. She also pointed out that the Draft Budget reflects moderate growth and incorporates the increased service charges prescribed by the 2018 Stantec Rate Study. She then noted that 27 Full Time Equivalent (FTE) are budgeted for all of 2019 and that wage projections continue to allow for step increases of between 1-3% per year based upon a successful evaluation and allowances for merit increases upon passing additional certifications. Also noted was the Worker's Comp experience modification (MOD) for 2018 will decrease in 2019 from 1.31 to .70 based upon low claim experience. Ms. Peterson added that Health Insurance expenses are projected to decrease by 4.75% in 2019

52 due to the reduction of one FTE, although a 10% rate increase was factored into the projection. She then
53 proceeded to review the list of Capital Projects and larger maintenance items with the Board. She first pointed
54 out that the Draft Budget reflects \$706K for the San Juan WTP UV project being drawn from cash reserves
55 rather than financed through the USDA, as discussed in earlier meetings. Ms. Peterson explained that the final
56 terms of the USDA offer were not as attractive as in the initial discussions. Various other items were reviewed
57 including the replacement of an older service vehicle and backhoe tractor. After lengthy discussion, Ms.
58 Peterson reminded those in attendance that the presented Draft Budget would go through some minor updates
59 in coming weeks and that the Board should consider changing the next Regular Meeting date to December 13th
60 to accommodate a vote on the Final Budget and certification of the mill levies by prescribed deadlines. The
61 Board instructed staff to reschedule the December meeting to the 13th as suggested and the Public Hearing was
62 closed.

63

64 **Consideration of a privately owned PRV policy**

65

66 Justin Ramsey requested that the Board consider having the District establish a policy of not allowing privately
67 owned PRV valves to be placed in District owned meter pits. Mr. Ramsey explained that the situation creates
68 confusion as to who is responsible for PRV repairs and damage has been done to PAWSD equipment by
69 outside contractors working to repair privately owned PRV's. After a brief discussion, Director Hansen made a
70 motion to adopt a policy disallowing privately owned PRV's being placed within PAWSD meter pits and that
71 existing instances be remedied by attrition. Director Brueckner seconded the motion, which passed
72 unanimously.

73

74 **Other Business**

75 Director Smith brought an article that had appeared in the Pagosa Sun to the Board's attention. The article
76 identified several PAWSD employees who had achieved new educational certifications in Water or Wastewater
77 system management. Director Hansen made a motion to adjourn at 6:50pm, Director Brueckner seconded the
78 motion which passed unanimously.

79 Respectfully submitted,

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83 Gordon Mclver

84 Secretary

1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **DECEMBER 13, 2018 REGULAR MEETING**
4

5 **Attendance**
6

7 The following Directors were present: Gordon Mclver, Jim Smith and Glenn Walsh. Both Paul Hansen and
8 Blake Brueckner were excused from the meeting.
9

10 In attendance from staff: Shellie Peterson, Justin Ramsey, and Aaron Burns. Also present was: Randi Pierce,
11 Pagosa Sun.
12

13 **Call to Order**
14

15 The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by
16 Chairman Jim Smith at 5:00 p.m.
17

18 **Consent Agenda**
19

20 The Board considered the Consent Agenda. The Directors reviewed the minutes for the October 25, 2018
21 Regular Meeting and Water Loss Update (all copies attached).
22

23 Justin Ramsey explained that Lake Hatcher was now receiving approximately 1.5 CFS from the Four Mile
24 Diversion and that the level in Lake Hatcher is increasing. Mr. Ramsey then distributed a graph that showed
25 that while the water loss percentage had increased slightly during the month of November, the actual water loss
26 (in gpm) trend continued in a downward direction and that the percentage was skewed by a decrease in
27 production.
28

29 A motion was made by Director Walsh and seconded by Director Mclver to approve the Consent Agenda as
30 presented. The motion passed unanimously.
31

32 **Public Comment**
33

34 Chairman Smith opened the meeting to public comment. No comments were offered.
35

36 **Consideration of Certification of Mill Levies**
37

38 Aaron Burns reviewed the results of the final Assessed Values reports from Archuleta County noting that a
39 \$1.3M increase in final assessed values was seen in District 1 and a \$560K increase was seen in district 2. Mr.
40 Burns explained that our current levy amounts were then tested for TABOR and 5.5% Statutory limits and no
41 Temporary General Property Tax Credit/Mill Levy Rate Reduction Credit is necessary. Director Walsh made a
42 motion to certify the District 1 & 2 Mill Levies as presented. Director Smith seconded the motion which passed
43 unanimously.
44

45 **Consideration of Resolution 2018-05 to adopt the 2019 Budget**
46

47 Director Walsh opened the conversation by commenting that the 2019 Budget showed solid fund balances given
48 the fact that a major facility investment such as the San Juan WTP UV project would be drawn from internal
49 reserves. Aaron Burns then highlighted changes to the Draft Budget presented earlier at the October 25th
50 meeting. He explained that the majority of the changes occurred in the areas of Capital Expense and Major
51 Maintenance expense accounts and the net effect resulted in a reduction of \$7K in the Capital Expense areas

52 and a \$14K reduction in Major Maintenance expense items. Mr. Burns also described adjustments made to
53 Water Rate Revenue accounts. He explained that the Draft Budget had utilized the figures projected by the
54 2018 Rate Study and that in the Final Budget, the figures had been adjusted to project 2018 results forward with
55 prescribed Rate Study increases and with consideration given to the effect of Drought Conditions seen during
56 2018. Director Smith noted that insurance expense had decreased significantly and both Mr. Burns and Mr.
57 Ramsey clarified that the District's property and liability coverage had been reviewed and adjusted after it was
58 determined that the excess liability coverage limit was much higher than necessary. This adjustment along with
59 a few deductible changes, reduced the premium approximately \$20K for the coming year. They went on to
60 explain that a Cyber Liability policy was added back at a cost of approximately \$2,400 to provide coverage in an
61 area that would be prudent going forward. After further discussion, Director McIver made a motion to approve
62 Resolution 2018-05 to adopt the 2019 Budget and appropriate funds. Director Walsh seconded the motion,
63 which passed unanimously.

64 65 66 67 **Discussion of AquaHawk leak procedures and responsibilities**

68
69 Justin Ramsey reviewed the purpose of the AquaHawk monitoring platform with the Board, explaining that the
70 system was configured so that every customer account was monitored with preset conditions. He added that if
71 those conditions were ever met, the AquaHawk system would alert both the office and customer that a potential
72 leak had been identified. Mr. Ramsey went on to explain that although the District had gone to significant
73 expense putting the system in place, a prior Board had directed staff to continue manually monitoring the
74 system and contacting customers by phone when the system detected a possible leak. According to analysis,
75 the directive is costing the District approximately \$16K each year in wages and overtime, on top of the annual
76 cost of the AquaHawk system. Mr. Ramsey asked that the Board consider allowing staff to rely solely on the
77 AquaHawk leak detection system to alert customers of high usage or potential leaks going forward. Staff would
78 continue to manually compile a monthly High Consumption Report. Mr. Ramsey also asked that the Board
79 support a guideline that would allow technicians to turn water service off in situations where a leak is identified
80 but no contact can be made with the customer. Director McIver made a motion to have the board be supportive
81 of the policy change allowing staff to defer to the AquaHawk system for tracking and notification to customers of
82 high usage or suspected leaks along with a guideline to turn water service off in cases where the customer
83 could not be reached. Director Walsh seconded the motion, which passed unanimously.

84 85 **Consideration of request by Cowboy Carwash to transfer EU's**

86
87 Justin Ramsey distributed a letter from Paul Hansen owner of Cowboy Carwash requesting that his business be
88 allowed to transfer 5 of the 16 EU's assigned to his existing district 1 location to a new location to be constructed
89 downtown in district 2. Mr. Ramsey explained that analysis was performed to calculate the effect the transfer
90 would have. The result would effectively be a waiver of the need to purchase an additional 4 EU's in the amount
91 of \$18K. With less EU's at the existing location, Cowboy Carwash would be paying water charges at a higher
92 rate tier but paying less in sewer charges. Mr. Ramsey then distributed a copy of the PAWSD Rules and
93 Regulations clause that most closely applied to this type of request, commenting that the clause was somewhat
94 vague. After some further discussion, Director Walsh made a motion to approve the Cowboy Carwash request
95 to transfer EU's and that staff draft a policy to address future requests of this nature clarifying that a business
96 could transfer EU's within their own similar or same business. Director McIver seconded the motion, which
97 passed unanimously.

98 99 **Consideration of 2019 Board Meeting Schedule**

100
101 Justin Ramsey asked the Board if any major changes to the Annual Meeting Schedule were necessary for the
102 2019 calendar year. The Board consensus was to keep the same schedule of meeting on the 3rd Thursday of

103 each month with the exception of July and November. Mr. Ramsey noted that the Town of Pagosa Springs had
104 requested a joint Board Meeting for the regularly scheduled February meeting. Mr. Ramsey noted that this
105 meeting could include discussions on affordable housing and discussions on the PAWSD potential take-over of
106 the PSSGID's sewer system could also be raised. Director Mclver made a motion to direct staff to draft the
107 2019 Annual Meeting Notice for consideration and approval at the January 18th Board Meeting and to accept the
108 towns invitation for a joint meeting in February 2019. Director Walsh seconded the motion, which passed
109 unanimously.

110

111 **Other Business**

112 Director Walsh asked that the Board consider restricting funding for outside charitable or philanthropic requests
113 to those considered local or directly benefitting our community. Director Walsh gave examples of programs that
114 benefited children or the school system as potential options. Mr. Ramsey announced that the bid window for the
115 San Juan UV project would close Friday the 21st. There being no other business brought before the Board,
116 Director Mclver made a motion to adjourn at 5:50pm, Director Walsh seconded the motion, which passed
117 unanimously.

118 Respectfully submitted,

119

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121

122 Gordon Mclver

123 Secretary