

Round Mountain Water and Sanitation District

Regular Board Meeting Minutes

November 7, 2019

Call to Order at 2:01 p.m.

Roll Call – Board Members in Attendance: Charles Bogle, Steve Lasswell, Greg Smith and Randy Wilhelm

Staff: Dave Schneider and Peggy Quint

Guests: George Medaris and Trinity Huffman

Pledge of Allegiance

Public Input

Additions to the Agenda for the November 21, 2019 Meeting

1. RCAC – Chris Brandewie will be here to present his current model
2. Trinity Huffman Agreement
3. Water Conservation Workshop Report from Greg Smith
4. Visit with Christy Doon
5. Reimbursement Policy
6. Reservoir Update and how it effects the Budget
7. Carl Hurst – Iconergy

Old Business

Ken Coleman Lease – Dave changed the original lease to reflect the current situation. The main purpose for this lease is for grazing livestock. Remaining at a 5-year lease since we already stated that if the property sold, they would have their grazing land until the end of that year. Cattle are watered by a pump and a well in a trough. All water rights have been separated from the property and are not available for irrigation.

Motion made by Randy Wilhelm to approve Lease as written. Greg Smith seconded the motion. Motion carried 4-0.

Reimbursement Policy – Dave requested three weeks ago from CJ Geobel the cost breakdown of individual water lines and sewer line. CJ wanted to give the total cost. We can't figure out payback on total cost. Dave has asked for the water and sewer cost to be separated. CJ then offered three blocks of sewer and one block of water. At that point, Dave decided that was adequate. As of the board meeting, Dave still does not have any numbers. George had suggested that once we receive those numbers, we apply it to the reimbursement policy and see if it works. Dave recommended that it is tabled at this time until the numbers can be worked into the policy. George suggested that instead of adopting a policy, that the Rules and Regulations be rewritten removing those sections of the rules that reflect the old thinking inserting new sections of the rules that reflect the current requirements.

Dealing with it as a policy is easier to understand and talk about but it needs to be inserted into the Rules and Regs. George will get the policy ready and write a Regulation removing the sections that are no longer applicable and insert the new sections. There is a number of items that need to be corrected. Charles stated that he is not sure CJ understands that with the words associated with this document, that its tailored to each individual case.

Budget Discussion – Moved to 2020 Budget Discussion Under New Business

Trinity Huffman – Jackie Hobby is requesting an additional septic for Trinity’s property located by Ace Hardware. A copy of the letter is in the Board Packet. The property is in our District, so we do have some say in what will be expected of Trinity. Dave explained what the situation is at this time and what will probably be required in the future of Trinity and Ace Hardware. Dave suggested we do not allow any further development in that area East of those properties without having the developer bring in a central sewer system. Dave suggested that a timeline (up to 2 years) be presented because the two systems are within 400 feet of our water source. Dave stated that the Board should agree with the County that; this is grandfathered in from our perspective, that these are already preexisting buildings, that we don’t want to have additional connections put in there, no new buildings on different lots and that they should be required to move away from the wells that are there and connect to the public water supply like they should have in 1998. Dave will draw up a draft of RMWSD’s position and stipulations and will email it to the Board, so that there is adequate time to review it and they can vote on it November 21, 2019 at the next Board Meeting.

RCAC – Chris Brandewie Dave and Peggy have provided Chris with a lot of information. Chris should be able to do an accurate job at putting together a model. Some of the discussion that Dave and Chris had was what we want to charge for water. Sewer is easy to calculate with the EQR system. It could be charged by water meter size (which has some issues) or actual flow in a tiered method. Chris will put together a few models and that will help us decide what method we would want to use. Conservation tiering is a possibility. Greg stated that at the Water Conservation Workshop, he learned that there is not a requirement to have a water efficiency plan or ever would be. Right now, the threshold is 2000-acre feet per year. We aren’t anywhere near that. It is in our best interest to sell water. It is cheaper to save water than to buy it. A little conservation can save us a bunch of money. Next week, Chris should have the information available to look at in depth. George stated that even if the rate study is completed by the end of the year, with public notice, this could be April before it could be implemented. A Rate Study Workshop would be a good idea between the November 21st and the December 5th Board Meeting. Chris is not going to address Tap Fee increases or definition in this study. SGM might be able to help us with that. Park’s discounts and irrigation on parks will be discussed. He *is* looking at water and wastewater flat rates and additional charges over and above that for the actual usage. He is also looking at improvements and maintenance on our system and accounts that need to be used for that purpose. Also, we need to look at Road and Bridge and how they use treated water for the county dirt roads. George stated that Chris should be made aware of that current situation. Chris will also reflect our rate tier to use for replacing equipment and infrastructure needs in escrow accounts. He is *not* looking at how much water we actually have or our water rights. We need to have another water study to update our 2011 study that told us how much water we have and how long it was going to last. This would be a good idea to have this done again with growth rates, etc. The sooner the county deals with their issues, the better for them. The answer is for the county

to have their own well or buy some water rights or talk to Upper Ark or we need to include this in our price. The old shop and well would be a good place to sell water from to Road and Bridge. Chris is looking into how much we own, i.e. wells, storage tanks, pipelines, infrastructure, etc. We are also factoring in accurate meters. Dave is looking at a 3-year water loss because of inaccurate meters with an 18% loss averaged out over three years. If we could gain that, it could possibly save us a rate increase.

New Business

Update on 2020 Budget and 2019 Budget Adjustment – the 2019 Budget Adjustment reflected a \$28,000 adjustment that needs to be made in the Amendment. However, George received an email from SGM that said that there would be \$34,000 more billed before the end of the year. That will require a correction on the Amendment. The quickest item that we could cut out of the budget is the water study. That could be put off until 2020. Dave has not had the opportunity to look at the Amendment, but his first thought was the Smith well study. This could be put off until 2020. Once we get past the first of the year, if we are running short of money, SGM said they can “carry” us, or they can wait to bill us until after January 1st. George told them that the auditors would want to charge it off to 2019 anyway. After January, we can adjust it once things fall into place. The Board needs to set a public hearing date for December 19th. The Public Meeting can be held to approve the Budget Amendment at that time. The Adjustment will need to be revised by \$34,000.00. The December 19th meeting will be budgetary work in addition to the regular Board meeting agenda. A Public Notice will need to be in the papers and on website next week. George will complete the Amendment for the adjustment to the Budget for 2019 for the December 19, 2019 meeting.

Additional Budget items – The 2020 budget is almost completed. George suggested that we include the interim financing included in the budget because we should be getting that money in January. We will be wanting to sit down and document the costs and expenses to date. That way we can submit a pay request as soon as that money is available. We have \$1 million from DOLA and \$2.37 million from Feds in Grant funds and the remainder in loan funds. We have \$1 million from the State and \$5 million total from the Feds. George is thinking that we should put all of it in the 2020 Budget. We are going to want to get the money from DOLA as soon as we can. The conditions on the DOLA money is to get the interim financing complete. That was the requirement from USDA that DOLA picked up on. In a conversation with them telling them that we need the money in part for engineering, DOLA said that was fine. They just want to be assured that the Federal money was there. They have been assured by USDA that the money is guaranteed. We have letters from both USDA and DOLA extending all the funding for at least a year which puts us into July for DOLA and USDA will have the money for us until the project is complete. Interim financing would be a bridge loan that is the difference between the \$1 million, \$2.37 million and the \$6 million which is \$2.75 million. The reason George wants to put the \$6 million into the budget now is because it shows everyone involved that we are closing in on the project. If we don't put the DOLA money in now, we will have to do it in January. It is better to do it now with an offset cost of the construction and engineering costs. Charles asked if that is something that follows auditing principals. George responded that it doesn't really matter, because a budget is a plan, i.e., if we plan to borrow money and spend money. At the end of the year, if you haven't spent that money or received that money, then that is something that they put in their notes. Charles stated that it shows transparency on our part. The interim financing is through

the State. The interest rates are very competitive. Regarding the reservoir, George has asked the water engineer to give us an estimate and then we could go ahead with the study. Dave will call in the next few days to see where it is. That money can also be put in the budget. George's concerns will be addressed with our attorney. So, we are looking at some engineering costs and feasibility studies. The final numbers to be added to the 2020 Budget will be added in the next few weeks. We may end up writing a Resolution authorizing loaning from water to sewer so that when we get a large amount of money back, it can be redistributed, and it protects it from the standpoint of Tabor. Charles asked if there is grant money for the reservoir, and George said there absolutely was. Dave is hoping that once we get the numbers for a feasibility study, that we will look for grant money at that time. George feels that USDA would jump in and participate with us since they were willing to 5 years ago. They are picking up the water side of our water rate study because they are thinking that we are going to borrow money from them. Once we get to that point, we can go back to USDA as they are almost guaranteed granting source. Right now, we are engaged and working with them. They know our problems; they have a more flexible schedule than DOLA. DOLA has given us a lot of money and they may not be as eager to give us more for a feasibility study. The engineering study could be put before USDA, and it might be a good idea if we begin talking to them now. George would like the project that we are doing now be moving forward before we approach them. They like giving money to entities that are actually *spending* the money that they have been given.

Resignation letter from Leslie Parkes – Leslie has resigned, and the letter is in the Board Packets. Charles said that he encouraged the Westcliffe Trustees to assist and they are looking at the possibility of recruiting someone. A classified ad will be in the paper next week.

Administrative Reports

1. **District Operations Manager** – Dave showed the design of the initial concept of the Wastewater Treatment Plant (WWTP). Dave continues to work with the design engineers. With the relaxation of the arsenic, the Water Quality Control is requiring a 6-month sampling protocol. Dave will take a monthly sample of the raw water of the two wells and a finished affluent at the end of the pond. First one was 2 ppb, which is under the 3 ppb. If they do approve the temporary arsenic, it will be good until 2024. Dave has talked with them about the design, in the event we need to expand the plant, there is room for that expansion. Because we are going to the creek, it is much easier to expand at this location. The tertiary portion of the plant is oversized at this time, so it can actually take growth in the future if we need it. Peggy Quint questioned the noise of the plant. Dave explained that it is all insulated and enclosed and will be very quiet. The generator will be enclosed and only be running for short periods of time (hopefully).

Dave attended the Deweese Dye Ditch board meeting because Upper Ark was doing a presentation. Deweese Dye is partnering with Upper Ark on a potential study on raising the dam up to 6 feet. They have procured \$165,000 worth of grant money towards that study. They estimated the cost of the whole study to be \$225,000. They have asked the stake holders (RMWSD being one of them) for \$10,000 as part of our contribution to this study. This might be split up into 3 years. Dave will call and check on that. Dave has also verbally agreed to the contribution. They are looking at an 18 month timeline. They

have hired GEI Consultants as their firm to do the study. First will be the environmental impact study because there could be an endangered species that could be in danger. That would put a stop to the project. They will also study what would happen at 4 feet or 6 feet because as they go, it will take a significant amount of land. The closest camping sites will be affected. Dave talked to Terry with Upper Ark about our feasibility study regarding the reservoir at the Gallery Well site. Upper Ark might be interested in a partnership. There was a discussion at the BOCC meeting as to how agreeable the conservancy had been regarding the blue line.

Dave also attended a Lead and Copper Stakeholder meeting. EPA is making some significant changes to the Lead and Copper Rule and Dave wanted to be a part of that discussion. For RMWSD, most of it will not be applicable because we are so small, and we don't have lead lines. We *do* have lead pigtails. Lead pigtails are not considered part of the service line. They are recognized like a valve or coupling, unlike the service lines. As far as Dave knows, we do not have any lead lines. In the next couple of years, Dave will have to do the sampling of the lines again, because they will have different requirements. Before, it was any house built between 1982 and 1987 because of the lead solder that they used. Now that all gets scrapped, and it is any of the oldest parts of the system that could contain lead. They will have to do both towns again. Dave takes 10 tests throughout the system every year from the most used faucet in the house being tested. Faucets from other countries can contain huge amounts of lead in their brass alloys, that's where people get their lead. Once the results from the tests show lead, then the search for the source begins. American made faucets are mandated to be made lead free.

2. District Business Manager – Report is in Board Packets

Adjourned at 4:30 p.m.