

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT HELD MAY 15, 2015

A regular meeting of the Board of Directors (referred to hereafter as “Board”) of the Baca Grande Water and Sanitation District (referred to hereafter as “District”) was held on Friday, the 15th day of May, 2015, at 8:00 a.m. at the offices of the District, BGWSD Shop, 57 Baca Grant Way South, Crestone, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Cindy Reinhardt
Martin Macaulay
Michael Scully
Kyle Grote

Following discussion, upon motion duly made by Director Scully, seconded by Director Macaulay and, upon vote, unanimously carried, the absence of Director De Luca was excused.

Also In Attendance Were:

Lisa A. Johnson and Lindsay Ross (for a portion of the meeting); Special District Management Services, Inc., via speakerphone

Zachary White, Esq.; White Bear Ankele Tanaka & Waldron, via speakerphone

JoAnn Slivka; District Administrative Services Manager

Justin DeBon; Operations Manager

Brad Simons; TZA Water Engineers; for a portion of the meeting

See attached sign-in sheet for other attendees

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DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to Colorado law to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Attorney White noted that conflicts were filed for applicable Directors at least 72-hours prior to the meeting. Director Reinhardt noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. President Reinhardt disclosed that Director Grote is negotiating a water supply agreement for his grow facility with the Town of Crestone.

ADMINISTRATIVE MATTERS

Agenda: Director Reinhardt reviewed the proposed Agenda for the District's regular meeting with the Board.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Scully and, upon vote, unanimously carried, the Agenda was approved.

Consent Agenda: The Board considered the following actions:

- Approve Minutes from the April 17, 2015 regular meeting.
- Accept unaudited financial statements for the period ending April 30, 2015 and current schedule of cash position

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Scully and, upon vote, unanimously carried, the Board reviewed, approved, and accepted the Consent Agenda items.

Board and Staff Reports: The Board reviewed and discussed the staff reports, which are attached hereto and incorporated herein by this reference.

The Board asked Mr. DeBon to include the depths of water levels in the wells in the monthly operations report.

Mr. DeBon and Ms. Slivka gave an update on the meter transmitter project. Sensus recently met with Staff for training. The trainer was very complimentary of District's staff efforts, records, etc.

Ms. Slivka updated the Board on the status of roof repairs at the District's office. The roof was repaired on Tuesday, May 12, 2015. One small leak has been detected. Ms. Slivka has contacted the contractor and they will schedule a repair

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as soon as possible.

Review of Intergovernmental Agreement with Town of Crestone:

Attorney White presented his memo regarding a summary of the terms in the current agreement with the Town of Crestone as well as the history of efforts made to negotiate a new agreement in the past. This agenda item was discussed further in executive session.

Status of Request from Saguache County to deed a 60' wide piece of property to the County: President Reinhardt met with Commissioner Anderson regarding the project and suggested that the County re-look at the project to determine if there is a better way to accomplish their needs. Commissioner Anderson agreed with this suggestion and indicated that when the County is able to focus on this project, they would be open to a joint meeting between the County and the District to discuss this project in more depth.

2015 Board Retreat: Ms. Johnson presented the list of potential retreat agenda items. She requested that each Board member give their input on their thoughts on the value of the retreat and whether they believe it would be a truly beneficial effort. Each board member agreed that there would be value in holding a board retreat. The list was then narrowed to two broad topics for discussion at the retreat. They are as follows:

- Water Rights and Compliance with New Rules
- Financial Planning – Operation, Maintenance and Capital

Realtor Report: There were no realtors in attendance.

**PUBLIC
COMMENT**

Judith Swota asked what the goal was in having the realtors attend the meeting. Director Scully responded that the goal was to have the realtors provide an update on sales and the current housing market in the area.

She then asked about the water usage decrease contained in the operations report. Mr. DeBon addressed her question.

She then had questions regarding the historical discussions with the Town of Crestone and wanted to know why the Town of Crestone has not had to comply with the District's rules and regulations. Attorney White addressed her question.

OFFICE

Directors Macaulay and Scully have recently been approached by two customers

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ADMINISTRATION

with concerns about the newly imposed late fees. President Reinhardt and Ms. Johnson updated the Board on the timeline of imposition and the recommendation surrounding the imposition of a revised late fee.

OPERATIONS

President Reinhardt asked if the contract to maintain the fire extinguishers has been executed, and if so, when is the service scheduled. Ms. Slivka responded that the service is scheduled for August.

Status of Well 18 Pump/Motor Failure Demand Letter: Attorney White reported that the letter was mailed via regular and certified mail on May 1, 2015. He has not received a confirmation of the receipt of the certified copy as of the date of the meeting. He will continue to keep the Board updated on any response he receives.

CAPITAL IMPROVEMENTS

Capital Funding Sources and Uses: Ms. Ross presented the capital funding sources and uses report.

Status of 2015 Capital Project: Mr. Simons updated the Board on the status of the Casita Park Interconnect and the Dharma Ocean and Stables lift station projects.

Mr. DeBon gave an update on the Meter Replacement Project.

President Reinhardt reported that she was contacted by McGregor Gaines regarding a possible anaerobic digestion system project. Mr. Simons and Mr. DeBon have reviewed the concept and will meet later today to discuss the possibility and will report back to the Board on the feasibility of this type of a project.

Mr. Simons reported that he recently learned of a possible new grant opportunity that the District may be able to apply for. He recommends that District staff identify a capital project that meets the qualifications and apply for the grant.

FINANCIAL MATTERS

Check Register: The Board considered approval of the check register through the period ending May 15, 2015, as follows:

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General Fund	\$	12,700.96
Debt Service Fund	\$	-0-
Capital Projects Fund	\$	2,765.60
Enterprise Fund	\$	<u>35,322.30</u>
Total Claims:	\$	50,788.86

Following discussion, upon motion duly made by Director Scully, seconded by Director Macaulay and, upon vote, unanimously carried, the Board approved the check register for the period ending May 15, 2015.

April 30, 2015 Financial Statements Highlights: Ms. Ross presented areas of interest contained within the April 30, 2015 financial statements.

Water and Sewer Rate Study: Mr. Simons presented his memo regarding the water and sewer rate study. A copy of the memo is attached hereto and incorporated herein by this reference.

The Board reviewed the information presented and authorized staff to continue to gather usage data and incorporate into the water and sewer rate model over the next few months. Staff will then make a final presentation with recommendations at a future meeting.

LEGAL MATTERS

Policy Related to Regulating Water Use to Marijuana Growers: Attorney White presented a summary memo related to regulating water use to marijuana growers. This agenda item was discussed further in executive session.

Resolution No. 2015-05-01, Concerning the Adoption of a Policy Requiring All New Customers to Connect to Water and Sewer Services: Attorney White presented the resolution. His review of the rules and regulations determined that the requirement to connect to both services simultaneously is the current policy. The resolution would confirm this policy. Ms. Slivka and Mr. DeBon commented that of the applications received for 2015, all but one customer is connected to both services. Ms. Slivka will communicate the policy to the affected customer and solicit their timeline to connect to the sewer service.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Reinhardt and, upon vote, unanimously carried, the Board approved Resolution No. 2015-05-01, Concerning the Adoption of a Policy Requiring All New Customers to Connect to Water and Sewer Services to include connection to each service within five days of each other and the imposition of penalties for failure to connect to both services.

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OTHER BUSINESS No other business was presented.

**EXECUTIVE
SESSION**

EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4)(b)(e) and (f), C.R.S., upon motion duly made by Director Macaulay, seconded by Director Grote and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 11:21 a.m. for the purpose of receiving legal advice, as authorized by Sections 24-6-402(4)(b) and (f), C.R.S.

Pursuant to Section 24-6-402(2)(d.5) (II)(B), C.R.S., no record will be kept of the remaining portion of this executive session that, in the opinion of the Board's attorney, constitutes privileged attorney-client communication pursuant to Section 24-6-402(4)(b), C.R.S.

The Board reconvened in regular session at 12:43 p.m.

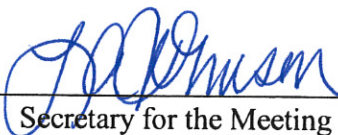
Town of Crestone Intergovernmental Agreement:

Following discussion, upon motion duly made by Director Reinhardt, seconded by Director Scully and, upon vote, unanimously carried, the Board appointed a committee to work with staff to draft an Amended and Restated Intergovernmental Agreement with the Town of Crestone. President Reinhardt and Director Macaulay will serve on the committee.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made, seconded, and upon vote, unanimously carried the meeting was adjourned.

Respectfully submitted,

By  _____
Secretary for the Meeting

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THESE MINUTES ARE APPROVED AS THE OFFICIAL MAY 15, 2015
MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT
BY THE BOARD OF DIRECTORS SIGNING BELOW:



Martin Macaulay



Cindy Reinhardt

Kyle Grote



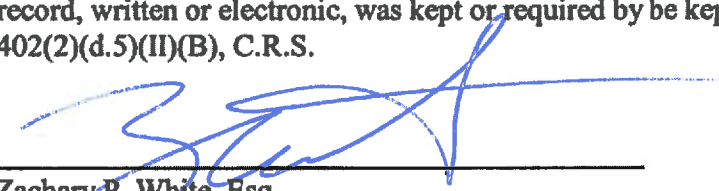
Michael Scully

Judy DeLuca

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Attorney Statement Regarding Privileged Attorney-Client Communication

Pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing the Baca Grande Water and Sanitation District, I attended the executive session on May 15, 2015, for the sole purpose of providing legal advice and developing strategy for negotiations, as authorized by §§24-6-402(4)(b) and (e), C.R.S. I further attest that it is my opinion that a portion of the executive session discussion constituted attorney-client privileged communication as provided by §24-6-402(4)(b), C.R.S., and, based on that opinion, no further record, written or electronic, was kept or required by be kept pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S.



Zachary P. White, Esq.
General Counsel
Baca Grande Water and Sanitation District



Baca Grande
Water And Sanitation
District

Baca Grande Water and Sanitation District
P.O. Box 520 | 57 Baca Grant Way S
Crestone, CO 81131-0520

May 15, 2015

Board of Directors Sign-in

Cindy Reinhardt	<i>Cindy Reinhardt</i>	
Martin Macaulay	<i>(M)</i>	
Kyle Grote	<i>Kyle Grote</i>	
Michael Scully	<i>Michael Scully</i>	
Judy Deluca		



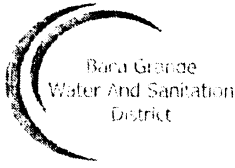
Baca Grande
Water And Sanitation
District

Baca Grande Water and Sanitation District
P.O. Box 520 | 57 Baca Grant Way S
Crestone, CO 81131-0520

May 15, 2015

Please print your name, address and contact information along with any issues you are interested in addressing at today's Board Meeting.

Name	Address	Telephone/Email	Would you like to speak?	Issues to be addressed
Judith Smota	1468 Badger Rd	719-256-4084	—	



Baca Grande Water and Sanitation District
P.O. Box 520 | 57 Baca Grant Way S
Crestone, CO 81131-0520

Date: May 8, 2015
To: Baca Grande Water and Sanitation District, Board of Directors
From: Lisa A. Johnson, District Manager
Re: May 15, 2015 District Manager's Report

Agenda Action Items

I.C. Consent Agenda

1. Approve Minutes from the April 17, 2015 regular meeting.
2. April 30, 2015 Financial Statements and current cash position.

I recommend approval of the consent agenda items.

I.E. Town of Crestone IGA

Staff recently met with Directors Reinhardt and Macaulay to review the transcript of a meeting that was held in 2010 regarding a possible amendment to the IGA at that time. This information has shed some light on the historical efforts to amend this IGA. Given this historical information, the group agreed that the conversation should come to the full Board to solicit further direction on how to proceed with drafting a new agreement.

I.G. 2015 Board Retreat Items

I have prepared a list of Board of Director goals from the October 2014 meeting as well as other potential items for discussion at the 2015 retreat(list is included as Agenda Item No. 010). I would like the Board to review this information and come prepared to discuss the list, your ideas on prioritization of items and any additional items that are not yet included. The goal is to finalize the topics for discussion and direction to staff so that the retreat is as productive as possible.

VI.B. Rate Study Presentation

Mr. Simons and I will present the draft water and sewer rate study.

Updates on Other District Related Items

Energy and Mineral Impact Assistance Grant – The grant agreement has been executed by the District and transmitted to DOLA for their execution.

Utility Billing Training – Staff met recently to review and discuss items identified in the most recent billing registers that were of concern. We took this opportunity to use the time together for some additional training. I believe the time was well spent and staff has a better understanding of certain tasks related to billing.



Baca Grande Water and Sanitation District
P.O. Box 520 | 57 Baca Grant Way S
Crestone, CO 81131-0520

OPERATIONS MANAGER REPORT

To: Board of Directors, Baca Grande Water and Sanitation District
From: Justin DeBon
Date: May 15, 2015

Cottonwood Manholes: The Cottonwood manhole infiltration prevention project was started April 6th and was completed April 9th by District staff. The project was completed with zero complications and is showing no signs of infiltration.

Sewer Backup: On April 30th a sewer main backup occurred on Genial Way resulting in two customer's lines backing up with wastewater into their homes. One customer's home was undamaged; the backup was contained to the bathtub and shower. The second customer the backup overflowed the shower pan and flowed onto the bathroom floor. An insurance claim was started and a restoration company was contacted to clean and restore the bathroom. Large rocks along with cleaning towels were found to be blocking the sewer main. The sewer main was cleaned, the blockage removed and the sewer main was then video inspected to assure the line was clear.

Water Meter Upgrade Project: The water meter upgrade project began ahead of schedule, multiple new meter pit risers and foam insulating lids are being installed daily and new coil meter pits are being installed weekly.

Well and Booster Station Painting: District staff have begun a maintenance and corrosion control project that includes painting all exposed water pipes inside facilities to control corrosion and painting facility floors.

Motors and Pumps Back From Servicing: The Fallen Tree Transfer Station pump is back in service after receiving a new motor and pump seal. The Wagon Wheel Lift Station pump and motor has been reinstalled after being serviced and receiving an internal rebuild.

2015 Projects: The following is list of projects that will be worked on in 2015.

1. Completion of Facility Maintenance GIS Layer Project
2. Completion of Water Meter Upgrade Project
3. Fire Hydrant Maintenance Project
4. Collection System Cleaning Project
5. ~~Manhole Infiltration Prevention Project on Cotton Wood Creek~~
6. Stables Lift Station Upgrade Project
7. Capital Improvement Projects

Projects In Process:

1. Water Meter MXUM upgrade project and DOLA grant reporting
2. Well-18 motor failures and resolution with Royal Electrical Services
3. Wagon Wheel lift station pump repair and failure report and resolution with Royal Electric Services. The pump was originally repaired by Royal Electrical Service. The pump was placed into service for 3 months of operation before the pump failed and was sent to Denver Electric Motor for repair. The District is awaiting the pump report from Denver Electrical Service.
4. Yeshi Korlo service line reduction project
5. 2015 Capital Improvement projects
6. GIS Facilities Maintenance Project



Baca Grande Water And Sanitation District

Water is Life ~ Water is Our Business

Report on District Operations

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Cottonwood manhole infiltration prevention project



DISTRICT OPERATIONS

SSO-Sanitary Sewer Overflow	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Fire Hydrant Maintenance	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Water Main Repairs	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Collection System Cleaning	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
GPS/GIS	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Water/Sewer Hookups	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Indian Well Way
Accidents	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	

* Water Main Breaks - Cracks or burst in the PVC water mains

* Lateral Service Line Breaks – In service line or brass fittings

* Other – Road grader or broken facility due to accidental impact on fire hydrants or flushing hydrants

TOTAL WATER TREATED

	Finished Water Combined Well-18 & Motel Well	Finished Water Metered Combined Well-18 & Motel Well	Wastewater Treated	Estimated Unaccounted Water
Gallons Pumped January 2015	9,123,828	NA	2,473,000	6,650,828
Gallons Pumped February 2015	5,292,000	93% Reading 1,180,000	1,630,000	4,112,000
Gallons Pumped March 2015	4,631,000	93% Reading 1,310,000	2,014,000	3,321,000
Gallons Pumped April 2015	5,270,000	95% Reading 2,651,000	1,685,000	2,619,000
Gallons Pumped May 2015				
Gallons Pumped June 2015				
Gallons Pumped July 2015				
Gallons Pumped August 2015				
Gallons Pumped September 2015				
Gallons Pumped October 2015				
Gallons Pumped November 2015				
Gallons Pumped December 2015				
Total Gallons Pumped In 2015				

Golf Course Well	Irrigation Water
Gallons pumped April 2015	6,517,028
Gallons Pumped May 2015	
Gallons Pumped June 2015	
Gallons Pumped July 2015	
Gallons Pumped August 2015	
Gallons Pumped September 2015	
Gallons Pumped October 2015	
Total Gallons Pumped In 2015	



BACA GRANDE CHALET

Water – Well 17/18	Gallons Pumped	Compliant	Result
Gallons Pumped January 2015	8,146,275		
Total Coliform Reporting		YES	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.30
Gallons Pumped February 2015	4,490,000		
Total Coliform Reporting		YES	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.25
Gallons Pumped March 2015	2,040,000		
Total Coliform Reporting		YES	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.26
Gallons Pumped April 2015	3,156,000		
Total Coliform Reporting		YES	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.19
Gallons Pumped May 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped June 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped July 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped August 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped September 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped October 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped November 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped December 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	

May 15, 2015



CASITA PARK

Water – Motel Well	Gallons Pumped	Compliant	Result
Gallons Pumped January 2015	977,553		
Total Coliform Reporting		YES	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.31
Gallons Pumped February 2015	802,000		
Total Coliform Reporting		YES	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.28
Gallons Pumped March 2015	1,018,000		
Total Coliform Reporting		YES	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.29
Gallons Pumped April 2015	2,114,000		
Total Coliform Reporting		YES	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.26
Gallons Pumped May 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped June 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped July 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped August 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped September 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped October 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped November 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	
Gallons Pumped December 2015			
Total Coliform Reporting			
Free Chlorine Residual PWSID # CO 0155200		Residual	

May 15, 2015



WASTEWATER DISCHARGE SAMPLE RESULTS

December	Limit	Compliant	Result
Effluent BOD ₅	30/45 mg/L 30 DAY AVG/7DMAX	Yes	3.6 mg/L
Percent Removal BOD ₅	85% or greater	Yes	98%
E-coli	64/252 #/100ml 30 DAY GEO.MEAN/7DMAX	Yes	23/100 ml

Aspen Wastewater Treatment Plant Has No Discharge Permit Violations for April

TOTAL AMMONIA AS N, MG/L

Month	Limit	Compliant	Result
January	5.0 mg/L	Yes	2.8 mg/L
February	4.1 mg/L	Yes	0.81 mg/l
March	4.4 mg/L	Yes	0.86 mg/l
April	3.9 mg/L	Yes	0.68 mg/l
May	3.3 mg/L		
June	3.4 mg/L		
July	3.0 mg/L		
August	2.2 mg/L		
September	2.6 mg/L		
October	2.5 mg/L		
November	3.8 mg/L		
December	4.0 mg/L		

BIO SOLIDS REPORTING

Reporting/Permits	Status
Annual Bio Solid Land Application Reporting	Completed
Annual General Permit	Completed
Disposal Permit	Completed
Sampling Analysis Plan	Submitted
Bio Solids	Quantity
Stored Bio Solids – Aspen Storage Lagoon (estimated)	168,800 gal
Stored Bio Solids – MHE Lagoon Dry Bio Solids (estimated)	479.8 cubic yds.
Bio Solids pumped and applied to land application site in YTD 05/15/15	0 gallons
Bio Solids pumped into storage lagoon YTD 05/15/15	28,800 gallons



OTHER REPORTING

Customer Complaints	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Monthly Safety Meetings	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Stored Energy Hazards

BGWSD – INFRASTRUCTURE FIXED ASSETS

Drinking Water Distribution System	Wastewater Collection System
Water Mains = 64 miles	Sewer Mains = 45 Miles
Gate Valves = 517 Units	Manholes = 798
Service Accounts = 677	
Curb Stops = 677 Units	Lift Stations = 5
Fire Hydrants = 278	MHE LS – <i>Operational-in float mode only (PSI 87 January)</i>
Well 17/18 Water Treatment Plant – <i>Booster Pump Motor Operational Plant Capacity - 0.4 MGD* Well/18 level transducer failed 10/8/2014</i>	Stables LS – <i>Operational</i>
MHE Motel Well Water Treatment Facility Plant Capacity - 1 MGD* <i>Operational</i>	Wagon Wheel LS <i>pump 1 Failed on 12/5/14</i> Pump 2 <i>operational-in float mode only.</i>
Water Transfer Stations = 3	Dharma Ocean LS – <i>Operational</i>
Booster Stations = 4	Aspen LS – <i>Pump # 2 failed 11/26/2014</i> Pump # 1 <i>operational</i>
	Aspen Wastewater Treatment Facility - 0.15 MGD* Plant Capacity – Average loading on plant for August – 61,000 gallons/day - <i>Plant Operational</i>
* MGD = MILLION GALLONS PER DAY	

Transfer Stations	Booster Stations
Fallen Tree Transfer Station – <i>Pump # 2 removed for maintenance on 12/30/2014. Pump # 1 Operational reduced gpm</i>	Pine Cone Booster Station - <i>Operational</i>
Ridge View Transfer Station – <i>Operational</i>	Shumei Booster Station – <i>Pump/VFD # 1 Operational Pump/VFD # 2 Operational</i>
Moonlight Transfer Station - <i>Operational</i>	Motel Well Booster Station – <i>Operational</i>



CERTIFICATION CORNER

Justin DeBon Operations Manager, ORC	Class C Water Operator Renewal Date: 11/18/16 Class C Wastewater Operator Renewal Date: 09/19/17 Class 1 Collection Operator Renewal Date: 03/29/16 Class 1 Distribution Operator Renewal Date: 01/04/16 Nationally Certified Heavy Equipment Operator Level 1
Chad Tate Operator	Class S Water Operator Renewal Date: 01/29/17 Class S Wastewater Operator Renewal Date: 01/29/17
Tim Allen Operator	Class S Water Operator Renewal Date: 10/07/17 Class S Water Operator Renewal Date: 10/07/17
William Welty Operator	In Training
Latasha Ruiz Operator	In Training

Administrative Report

May 15, 2015

STATISTICS

<p>Meter and Billing Activity</p>	<ul style="list-style-type: none"> • Meters <ul style="list-style-type: none"> ○ 656 in new route 3 ○ 640 successful reads ○ 216 no reads in route 3 – all known issues currently being working on, 97.6% read rate for route 3 ○ 24 accts not moved to new route 3 <ul style="list-style-type: none"> ▪ 15 –Known issues currently working on. (Rte 2) ▪ 6 MXU replacements not yet installed (Rte 1) ▪ 1 –unmetered water service (ambulance bay) ▪ 1 – condemned (White Eagle) ▪ 1 – special read (townhouses) • Totals for <u>metered</u> accts: 656+24-3 =677 total metered accts, 640 successful reads, 94.5% success rate • Delinquent account summary: <ul style="list-style-type: none"> ○ 24 - Delinquent notices mailed for 18 accounts - 18 owners, 6 tenants <ul style="list-style-type: none"> ▪ 9 - Paid in full ▪ 9 - Paid delinquent balance ▪ No shut offs • Tap Fees: <ul style="list-style-type: none"> ○ 38 - Customers billed = \$1873.98
<p>Property Activity</p>	<ul style="list-style-type: none"> • Transferred Properties = 11 <ul style="list-style-type: none"> ○ 8 lots ○ 3 SFR • Consolidations: No activity in April • Water/Sewer hookup applications: <ul style="list-style-type: none"> ○ 915C Big Timber OL – Line extension ○ 4291 Fallen Tree OL

PROJECTS

<p>Utility Billing</p>	<ul style="list-style-type: none"> • Update Utility Billing Form: <ul style="list-style-type: none"> ○ The updated billing form has been submitted to the printing company. Customers will see the new form with the June statement.
<p>Rate Study Project</p>	<ul style="list-style-type: none"> • Staff has submitted data for the rate study project • Admin staff is changing the routing number for easier identification of usage types using the following indicators: <ul style="list-style-type: none"> ▪ 5= ¾" tap @ Spiritual Centers in the Chalets ▪ 6= MHE and accounts on "T" Road ▪ 7= ¾" tap @ Spiritual Centers in the MHE ▪ 8= > ¾" taps ▪ 9= Irrigation accounts
<p>Roof Repair</p>	<ul style="list-style-type: none"> • Work scheduled to begin May 11, 2015

May 15, 2015

Termination billings	<ul style="list-style-type: none"> • Following discussions with SDMS, Admin staff is reviewing the termination billing process and have implemented the following changes. <ul style="list-style-type: none"> ○ An estimated final bill will be generated for requests from Title Companies and Real Estate Brokers ○ Upon receipt of the final bill request, a work order will be generated to get the final meter reading on the date of closing ○ The actual final meter read will be entered into the customer account for final billing to the seller and creation of new buyer's account
2015 Consumer Confidence Report	<ul style="list-style-type: none"> • Drinking Water Report for calendar year 2014 is complete <ul style="list-style-type: none"> ○ Submitted to Freedom Mailing for delivery to consumers with May utility bill ○ Submitted to the Crestone Eagle for June publication ○ Added to the Baca Grande Water and Sanitation District web site ○ Final CCR and Certificate of Delivery ready for submission to CDPHE upon receipt of Proof of Delivery and Publication
Insurance – Staff	<ul style="list-style-type: none"> ○ Research health insurance options- no action ○ 2015 New staff eligible for insurance have been registered; <ul style="list-style-type: none"> ▪ One begins May 1 and the other will begin June 1.
Independent Contractor Agreements (ICA)	<ul style="list-style-type: none"> • QA Balance ICA complete <ul style="list-style-type: none"> ○ Fully executed ICA sent to vendor ○ Meter Calibration services were performed May 4, 2015. Will send notice of completion to WBA once payment has been processed for completed work.
Administrative Position	<ul style="list-style-type: none"> • Ad was placed on the Baca Grande Water and Sanitation District and Crestone Eagle web sites. <ul style="list-style-type: none"> ○ Three applications have been received to date. ○ Will conduct interviews the week of May 11.
Audit	<ul style="list-style-type: none"> • Eric Barnes visited the Baca/Crestone office Friday, May 1 for the audit.
Sewer event	<ul style="list-style-type: none"> • Admin staff received a call from the customer who reported all her drains were barely draining. She had called Brown's Septic who suggested she contact the District first. <ul style="list-style-type: none"> ○ Work Order Created ○ Ops staff verified manhole below the home and the sewer line was clear ○ Admin staff called the customer to give her the update. ○ Customer said she would call Brown's Septic to clear her line. Brown's didn't find any blockages. ○ Customer called again, now an emergency situation, toilet was overflowing, water on bathroom floor. ○ Admin notified Operations – Ops staff went out for another inspection, discovered manhole above the house was clogged. Operations mobilize to clear the line. ○ Admin calls the customer to give an update. Customer left town to go back to her main home in Northern Colorado. ○ Admin calls customer the next morning to give a progress report, and get understanding of customer's plan on damage assessment. Customer stated she didn't want to come back until the place was cleaned and sanitized; she asked for assistance in locating a cleaning company. ○ Admin contacts KW Construction and Restoration; they make arrangements with the customer. ○ Admin opened a claim with the District's insurance. They advised that the NO FAULT coverage has a \$500.00 deductible.

**BACA GRANDE WATER AND SANITATION DISTRICT
ENGINEER'S REPORT
May 7, 2015**

ADMINISTRATIVE MATTERS

Funding Opportunities – TZA Water Engineers will be working with the District's management, administration, and operations team on opportunities for planning, design, and construction monies, including the Colorado Water Conservation Board Water Efficiency Grant Program.

Water and Wastewater Rate Study – TZA will be meeting with the District Manager on May 8 to review the rate study efforts to date and the preliminary determinations. A memo will be drafted the week of May 11 and provided to the Board in advance of the May 15 meeting. I will attend the May Board meeting to present the memo contents and discuss the plan for implementing the rate structure.

Water Billing Registers – TZA is reviewing the monthly water billing registers and meter proof reports to better understand meter reading issues, as well as water usage trends.

OPERATIONAL MATTERS

Biosolids Removal - TZA will be working with Justin DeBon on the 2015 plan for biosolids removal.

Well 18 Booster Pump Station Problems - Activities associated with this topic will be addressed separately due to attorney-client privileges

Nutrients Management Control Regulation (Regulation No. 85) - Justin DeBon is managing the 2015 sampling efforts.

CAPITAL PROJECTS

2014 Water Distribution System Improvement Project - The warranty inspection with RMS Utilities has been tentatively set for December 1, 2015. This item will remain on the Engineer's Report until the inspection has been completed.

Water Meter Transmitter Replacement Project - TZA has asked Justin DeBon to review the meter reading results with pump station metering reports in an effort to assess pressure zones that should be the focus of any future leak detection activities.

LAMP RYNEARSON COMPANIES



Flow Equalization Basin - TZA Water Engineers is awaiting the geotechnical investigation and foundation recommendation for the proposed structure. District management and legal counsel are discussing the options to contract with Mountain Engineering and Testing (MET) or an alternate company. TZA will prepare a site application amendment and accompanying engineering report that will be reviewed by the Water Quality Control Division.

Cottonwood Creek Manhole Rehabilitation - In 2014, the District observed considerable infiltration and inflow in three manholes near Cottonwood Creek in the vicinity of Virtue Way. A review of the Discharge Monitoring Reports for the Aspen Institute Wastewater Treatment Plant indicated the following:

- The April influent flows averaged 65,600 gallons per day (gpd), with a high of 72,000 gpd and a low of 61,000 gpd.
- The influent flows began to increase in mid-May and were at 107,000 gpd on May 31.
- The flows continued to increase and peaked at 158,000 on June 16, then begin to decrease. The influent flows returned to 65,000 gpd on June 29.
- The July influent flows averaged 63,500 gpd, with a high of 77,000 gpd and a low of 45,000 gpd.

The District self-performed the work to seal the suspect manholes and will monitor plant influent flows to assess effectiveness.

Compliance Evaluation Inspection (Dharma Ocean and Stables Lift Station) – The Water Quality Control Division issue site location approvals for the Dharma Ocean and Stables lift stations on April 23, 2015. I will discuss the improvements made to date at Dharma Ocean and the improvements needed at Stables with Justin DeBon as part of a much larger capital project prioritization effort on May 15.

Casita Park Water Line Interconnect – Justin DeBon and I have reviewed the final grant materials and are awaiting the funding agency's authorization to proceed with the design and construction of the improvements.

OTHER ACTIVITIES

Draft Storage Tank Rule – The Water Quality Control Division has drafted a Storage Tank Rule (<https://docs.google.com/file/d/0B0tmPQ67k3NVUzAyd2dEekt5Tnc/edit>) that are expected to become effective April 1, 2016 (previously anticipated to be January 1, 2016). In addition to quarterly periodic (visual) inspections, this rule will require comprehensive inspections to be scheduled at least every five years. I will work with Justin DeBon to draft a request for proposals for pre-qualified contractors to conduct an internal inspection of all tanks.

MEMORANDUM

TO: Lisa Johnson, District Manager

FROM: Brad Simons

RE: Baca Grande Water and Sanitation District Rates

DATE: May 11, 2015

TZA PROJ. NO.: 0414607.02

CC: Lauren Goecke

TZA Water Engineers has been tasked with conducting a Water and Wastewater Utilities Rate Study. This memorandum presents information used to conduct the study, as well as a recommendation of the water and sewer rates based upon the District's tap equivalency ratio structure which was effective as of January 1, 2015. That structure is tabulated below:

Tap or Meter Size	EQR	Sewer Monthly Base Rate	Water Monthly Base Rate	Water Unbilled Usage Allowance	Water Consumption Charge (\$1.50 / 1,000)	Water Consumption Charge (\$3.00 / 1,000)
3/4"	1	\$26	\$26	4,000	10,000	>10,000
1"	2	\$52	\$52	8,000	20,000	>20,000
1-1/2"	5	\$130	\$130	20,000	50,000	>50,000
2"	8	\$208	\$208	32,000	80,000	>80,000
3"	16	\$416	\$416	64,000	160,000	>160,000
4"	36	\$936	\$936	144,000	360,000	>360,000

Based upon the budget projection that the District will collect \$539,581 in total revenues in 2015 based upon the current rate structure, and that \$75,402 of those revenues come from non-usage fees, the District should collect \$464,178 in water and sewer usage fees. Of the \$464,178 in projected usage fees, \$267,338 (57.59%) comes from water and \$196,841 (42.41%) comes from sewer.

LAMP RYNEARSON COMPANIES



With the assistance of Lindsay Ross, I allocated the District's total budgeted enterprise expenditures (\$1,008,693) to water and sewer activities, and then assigned those expenditures to base and usage categories to arrive at the following:

- Water base expenditures: \$410,487
- Water usage expenditures: \$210,819
- Sewer base expenditures: \$279,637
- Sewer usage expenditures: \$107,750
- Total expenditures: \$1,008,693

If I subtract the non-usage fees (\$75,402) and the Transfer from General Fund amount (\$508,221), I arrive at the following expenditures to be funded from usage fees:

- Water base expenses: \$160,240
- Water usage expenses: \$104,600
- Sewer base expenses: \$106,769
- Sewer usage expenses: \$53,461
- Total expenses: \$425,070

Based upon the assumption that the District distributes 33,494,934 gallons (33% of the total water pumped to non-Golf Course customers) to the metered accounts, and that the District has a total of 751 equivalent residential (EQR) units on the water system, I arrived at the following costs:

- Water base cost: \$17.78/EQR/month
- Water usage cost: \$3.12/1,000 gallons

Based upon the estimate that the District treats 25,212,000 gallons of sewage from District properties, and that the District has a total of 689 equivalent residential units on the wastewater system, I arrived at the following costs:

- Sewer base cost: \$12.91/EQR/month
- Sewer usage cost: \$2.12/1,000 gallons (winter water usage basis)

Based upon information provided by JoAnn Slivka in April, the District's current tap equivalency table can now be summarized as follows:

No. of Water Accounts	No. of Sewer Accounts	Tap or Meter Size	EQR	Unbilled Water Allowance	Unbilled Sewer Allowance
656	645	3/4"	1	4,000 gallons	N/A
7	4	1"	2	8,000 gallons	N/A
5	4	1-1/2"	5	20,000 gallons	N/A
7	2	2"	8	32,000 gallons	N/A
0	0	3"	16	64,000 gallons	N/A
0	0	4"	36	144,000 gallons	N/A

Based upon the tap size equivalency used by the District, I adjusted the water and sewer usage cost amounts for billing purposes.

For the water rates, I am proposing an \$18.00 per month base rate, plus a usage rate of \$3.00 per 1,000 gallons. Taking the current unbilled allowances into account, the revenue projections of \$270,360 are generated as follows:

No. of Water Accounts	Tap or Meter Size	EQR	Unbilled Water Allowance	Minimum Monthly Charge	Annual Revenue
656	3/4"	1	4,000 gallons	\$30.00	\$236,160
7	1"	2	8,000 gallons	\$60.00	\$5,040
5	1-1/2"	5	20,000 gallons	\$150.00	\$9,000
7	2"	8	32,000 gallons	\$240.00	\$20,160

For the sewer rates, I am proposing a \$13.00 per month base rate, plus a usage rate of \$2.00 per 1,000 gallons. Taking an unbilled allowance into account (3,000 gallons per month per EQR based upon a winter water usage average), the revenue projections of \$157,092 are met as follows:

No. of Water Accounts	Tap or Meter Size	EQR	Sewer Unbilled Allowance	Minimum Monthly Charge	Annual Revenue
645	3/4"	1	3,000 gallons	\$19.00	\$147,060
4	1"	2	6,000 gallons	\$38.00	\$1,824
4	1-1/2"	5	15,000 gallons	\$95.00	\$4,560
2	2"	8	24,000 gallons	\$152.00	\$3,648

Based upon these revenue projections, the water and sewer usage fees are expected to generate \$427,452, covering the unfunded expenses of \$425,070 discussed above. When combined with the non-usage fees and the Transfer from General Fund, the total enterprise revenues exceed the projected enterprise expenditures of \$1,008,693.

- Water and Sewer Usage Fees: \$427,452
- Non-Usage Fees: \$75,402
- Transfer from General Fund: \$508,221
- Total Enterprise Funds: \$1,011,075

It is important to note that this rate structure does not reduce the Enterprise Fund's reliance on the Transfer from General Fund, an amount that is largely generated from property taxes. If the District wishes to reduce its General Fund contributions to the Enterprise Fund, and allocate those monies to the establishment of a Reserve Fund for capital projects, the Water and Sewer Usage Fees would need to be adjusted upward accordingly.

Based upon the rates recommended above, the District's new tap equivalency ratio structure, with an allowance of 4,000 gallons per month for water and 3,000 gallons per month for sewer, compared to the current tap equivalency ratio structure, with an allowance of 4,000 gallons per month for water, is tabulated below:

Tap or Meter Size	EQR	Proposed Sewer Monthly Base Rate	Proposed Water Monthly Base Rate	Current Sewer Monthly Base Rate	Current Water Monthly Base Rate
3/4"	1	\$19	\$30	\$26	\$26
1"	2	\$38	\$60	\$52	\$52
1-1/2"	5	\$95	\$150	\$130	\$130
2"	8	\$152	\$240	\$208	\$208
3"	16	\$304	\$544	\$416	\$416
4"	36	\$684	\$1080	\$936	\$936

I will present this information to the Board at its May 15 meeting and will be prepared to discuss the impacts for reducing the General Fund contributions to the Enterprise Fund, as well as impacts on the Golf Course and the Town of Crestone accounts.

RESOLUTION NO. 2015-05-01

**RESOLUTION
OF THE BOARD OF DIRECTORS
OF THE
BACA GRANDE WATER AND SANITATION DISTRICT**

**CONCERNING THE ADOPTION OF A POLICY REQUIRING ALL NEW CUSTOMERS TO
CONNECT TO WATER AND SEWER SERVICES**

WHEREAS, the Baca Grande Water and Sanitation District (the "District") was duly organized and validly exists pursuant to and in accordance with the Special District Act, §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S., the Board of Directors of the District (the "Board") is empowered to adopt, amend and enforce bylaws and rules and regulations not in conflicts with the Colorado Constitution for the purpose of carrying on the business, objects and affairs of the Board and of the District; and

WHEREAS, the Board desires to clarify its policy requiring the connection to both water and sewer services by all new customers.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT AS FOLLOWS:

1. ADOPTION OF POLICY. The Board hereby adopts the policy set forth in **Exhibit A**, attached hereto and incorporated herein by this reference (the "Policy"). In the event anything contained in the Policy conflicts with any provision of Colorado law, such conflicting provision shall be deemed null and void.

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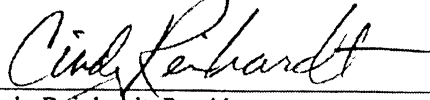
EXHIBIT A

A POLICY REQUIRING NEW CUSTOMERS TO CONNECT TO WATER AND SEWER SERVICES

All new customers desiring to connect to service shall be required at the time of first connection to connect to both water and sewer service in accordance with the then existing Rules and Regulations of the Baca Grande Water & Sanitation District (the "District"). Customers desiring connection to services must complete an Application for Water & Sewer Service Hook Up and will be required to pay all applicable fees and costs associated with the connection to the services in accordance with the Rules and Regulations. New customers failing to connect to sewer services within five (5) days after connection to water services may be subject to fines in the amount of \$100 per day. Any and all fines shall be collected by the District in accordance with any then existing collections policy.


APPROVED AND ADOPTED THIS 15th DAY OF MAY, 2015.

BACA GRANDE WATER AND
SANITATION DISTRICT



Cindy Reinhardt, President

ATTEST:



Kyle Grote, Secretary