

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT HELD OCTOBER 18, 2013

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 18th day of October, 2013, 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:

Vicki Matthews
Martin Macaulay
Cindy Reinhardt
Kyle Grote
Parvin J. Johnson, Sr.

Also In Attendance Were:

AJ Beckman and Lindsay Ross; Special District Management Services, Inc. (via speakerphone)

Jennifer Gruber Tanaka, Esq.; White, Bear & Ankele, P.C. (via speakerphone)

Steven Harrell; District General Manager

Brad Simons; TST Inc. of Denver

Marcus Lock, Esq.; Law of the Rockies (via speakerphone)

Dom Spillane; Member of the public

Lisa Cyriacks; Member of the public

Michael Scully; Member of the public

Don Jensen; Member of the public

Kathy Grant; Dharma Ocean Foundation

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DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes 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 Tanaka noted that conflicts were filed for applicable Directors at least 72 hours prior to the meeting. Mr. Beckman 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. No further conflicts were disclosed.

ADMINISTRATIVE MATTERS

Agenda: Mr. Beckman reviewed the proposed agenda for the District's regular meeting. Discussion ensued regarding the nature of the discussion related to the consultant agreements. Director Reinhardt asked for clarification of the need for discussion in executive session rather than public session. Attorney Tanaka explained that the nature of the discussion is related to the terms of the agreements and is a matter of negotiation, and, therefore, appropriate for discussion in executive session. She further explained that any actions would have to be taken in regular session.

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

Consent Agenda: The Board considered the following actions:

- Approval of Minutes of the September 27, 2013 special meeting.
- Engineer's Report.
- Operations Report.

Director Reinhardt noted that the article for publication in the Crestone Eagle this month is not yet ready for review. She suggested that given the scope of the Communications Committee, approval as a Consent Agenda item should not be necessary going forward. It was further noted that the Minutes of the September 27, 2013 special meeting would be considered as amended.

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

PUBLIC COMMENTS

Public Comments: Mr. Jensen addressed the Board regarding transfer fees paid to the District at the time of sale of a property. He requested justification for the fee and requested that the Board review the fee and consider eliminating or

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reducing it. Mr. Beckman explained that the fee is imposed to cover administrative costs resulting from updating property ownership information. Attorney Tanaka added that the administrative costs are not only due to the staff working in the District office, but also Special District Management Services, Inc.

Mr. Jensen then reported a delayed response to a work order he experienced in which a curb stop was broken for approximately nine months resulting in frozen pipes and an extended water service outage. Mr. Harrell clarified that the residence was not occupied at the time and the service request was to repair a curb stop stuck in the "on" position. He acknowledged that this resulted in frozen pipes, and that the response by the District was not optimal, however staffing shortages and prioritization of work orders were significant contributing factors. He also explained that service outages to occupied residences are the highest maintenance priority.

Ms. Grant addressed the Board. She reported that she had a water outage last year at the Dharma Ocean Retreat Center for approximately twelve hours. Mr. Harrell explained that this was due to a broken water main and further reported that since he has been with the District there has not been a twenty-four outage to an occupied residence. Director Reinhardt also explained that the District's infrastructure has a unique set of challenges given the elevations, age and sheer size of the water and sewer systems. Mr. Harrell recommended that Ms. Grant look into an account with a chemical toilet provider in case an emergency outage should occur in the future.

OPERATIONS

Corrosion Control Study: Mr. Beckman noted for the Board that the Corrosion Control Study is still under review by the Colorado Department of Public Health and Environment ("CDPHE").

Operational Follow-Up:

Tea Kettle Testing Update: Mr. Beckman reported that he has requested but not yet received a letter from Mr. McLaughlin regarding any potential adverse effects of the use of Soda Ash for water treatment.

Sewer Collections Jetting: Mr. Harrell reported that to date approximately 38,000 feet of sewer line have been jetted this year. Staff is on track for completing 50,000 linear feet of jetting this year.

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CAPITAL IMPROVEMENTS

Water Conservation Project and Hydraulic Model Presentation: Mr. Simons discussed the project and reported that while the primary objective is to reduce water loss, losses of at least 5% should be expected and would be considered normal. He discussed a multi-year plan for pipe replacements, and reported that the areas with the greatest pressures should be addressed first to reduce stress on the system. He further explained that the reduction in water loss would greatly reduce pumping costs. He then discussed likely areas of leakage; including the fittings where valves and pipe are joined. The cost of addressing the valves is approximately \$75,000. He then discussed the importance of correcting deficiencies with the residential metering in order to quantify the total usage and thereby calculate the total water loss. Lastly, he discussed the importance of a preventative maintenance program. Director Johnson inquired as to the use of system automation and maintenance as well as maintenance scheduling and reporting. Mr. Harrell reported that he is currently looking into the possibility of adding a preventive maintenance program to the existing telemetry system.

Supplemental Environmental Project (“SEP”): Mr. Simons reported that he and Mr. Beckman met with representative of the CDPHE regarding the submitted proposal and clarified the environmental benefit of the project with them. Mr. Simons reported that the final report will be revised and re-submitted to the CDPHE this week.

Stables Lift Station: Mr. Simons reported that he is working with Mr. Harrell to complete the engineering in order to proceed as a 2014 Capital Project.

Capital Funding Sources and Uses: Mr. Beckman and Ms. Ross reviewed the updated capital funding scenarios with the Board as well as a five-year capital improvement plan. He noted that the plan will be regularly reviewed and updated.

Mr. Simons discussed potential grant funding opportunities. He recommended an in-person meeting between he, Mr. Beckman and Christy Culp, the local representative with the Department of Local Affairs, as soon as possible to discuss potential funding options. He also discussed potential grant funding through Colorado Water Resources and Power Development Authority for wastewater planning and design. Mr. Beckman and Mr. Simons will pursue the grant funding for wastewater planning and design as well as funding for the Water Conservation Project.

Mr. Simons also reported that he was able to acquire miscellaneous parts that would be of value to the District from one of his clients. The parts were donated to the District at no cost.

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FINANCIAL MATTERS

Claims: The Board considered approval of the payment of claims through the period ending October 18, 2013, as follows:

General Fund	\$	13,259.47
Capital Projects Fund	\$	12,608.05
Enterprise Fund	\$	<u>51,550.89</u>
Total Claims:	\$	\$77,418.41

Following review and discussion, upon motion duly made by Director Macaulay, seconded by Director Reinhardt and, upon vote, unanimously carried, the Board approved the payment of the claims for the period ending October 18, 2013, as presented and directed.

Financial Statements: Ms. Ross reviewed with the Board the unaudited financial statements of the District setting forth the cash deposits, investments, and budget analysis and accounts payable vouchers for the period ending September 30, 2013.

Following review and discussion, upon motion duly made by Director Macaulay, seconded by Director Johnson and, upon vote, unanimously carried, the Board accepted the financial statements for the period ending September 30, 2013.

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 11:09 a.m. for the purpose of for receiving legal advice from the District's attorney, to discuss negotiations with third parties and to discuss personnel matters, all as authorized by Sections 24-6-402(4)(b)(e) and (f), C.R.S.

Furthermore, pursuant to Section 24-6-402(2)(d.5) (II)(B), C.R.S., no record will be kept of those portions of the executive session that, in the opinion of the District's attorney, constitute privileged attorney-client communication pursuant to Section 24-6-402(4)(b), C.R.S.

The Board reconvened in regular session at 12:23 p.m.

Following discussion, the Board noted that any hiring decisions for new personnel should be handled by the Hiring Committee.

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OTHER BUSINESS

Newspaper Article: Director Reinhardt discussed information to be included in the next newspaper article. She will distribute a draft article informing the public on budget matters including scenarios discussed in the meeting and the revised Capital Projects Fund.

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

THESE MINUTES ARE APPROVED AS THE OFFICIAL OCTOBER 18, 2013
MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT
BY THE BOARD OF DIRECTORS SIGNING BELOW:



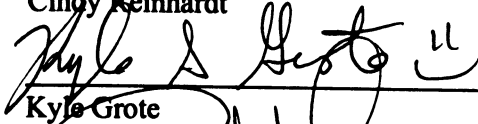
Vicki Matthews



Martin Macaulay



Cindy Reinhardt



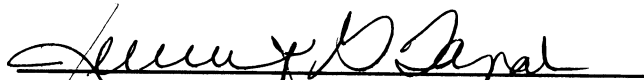
Kyle Grote

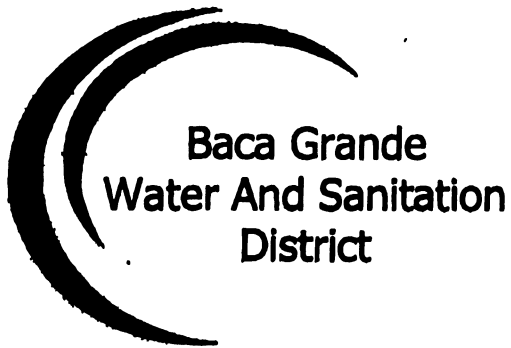

Parvin J. Johnson, Sr.

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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 October 18, 2013 for the sole purpose of discussing water matters, personnel matters and matters subject to negotiation with third parties, as authorized by §§24-6-402(4)(b)(e) and (f), 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.


Jennifer Gruber Tanaka, Esq.
General Counsel
Baca Grande Water and Sanitation District



**Baca Grande
Water And Sanitation
District**

Water Is Life ~ Water Is Our Business

Report on District Operations

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Failed Booster Pump Replacement and Repair at Well 17-18 Booster Station

**Steven Harrell
General Manager
Baca Grande Water and Sanitation District
November 18, 2013**

DISTRICT OPERATIONS

SSO-Sanitary Sewer Overflow	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Fire Hydrants Repair & Maintenance Total =278	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Project complete
Water Main Repairs	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Infrastructure Installed	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 type="checkbox"/>	No <input checked="" type="checkbox"/>	
Accidents	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
PROJECTS			
Collection System Cleaning			50,000 linear feet completed as of 11-4-2013

- * 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

CORROSION CONTROL STUDY

Merrick-McLaughlin Water Engineers submitted the corrosion control study to CDPHE on August 1, 2013.

TOTAL WATER TREATED

	Finished Water Combined Well-18 & Motel Well	Wastewater Treated	Estimated Unaccounted Water
Gallons Pumped January 2013	6,191,169	2,656,000	3,535,169
Gallons Pumped February 2013	6,491,169	2,383,000	4,108,169
Gallons Pumped March 2013	5,539,467	2,260,000	3,279,467
Gallons Pumped April 2013	6,191,169	2,000,000	4,191,169
Irrigation Season Started In April			Unaccounted water is high due to irrigation season
Gallons Pumped May 2013	17,921,805	2,313,000	15,608,805
Gallons Pumped June 2013	13,359,891	2,337,000	11,022,891
Gallons Pumped July 2013	13,359,891	2,259,000	11,022,891
Gallons Pumped August 2013	11,078,934	2,276,000	8,802,934
Gallons Pumped September 2013	8,146,275	2,319,000	5,827,275
Gallons Pumped October 2013	8,797,977	2,015,000	6,782,977
Gallons Pumped November 2013			
Gallons Pumped December 2013			

Golf Course Well	Irrigation Water
Gallons Pumped June 2013	5,115,106
Gallons Pumped July 2013	10,753,083
Gallons Pumped August 2013	5,539,467
Gallons Pumped September 2013	6,842,871
Gallons Pumped October 2013	3,910,212
Total Gallons Pumped In 2013	32,160,739

BACA GRANDE CHALET

Water – Well 17/18	Gallons Pumped	Compliant	Result
Gallons Pumped January 2013	4,561,914		
Total Coliform Reporting	14 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.19 mg/L
Gallons Pumped February 2013	5,513,616		
Total Coliform Reporting	17 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.30 mg/L
Gallons Pumped March 2013	4,561,914		
Total Coliform Reporting	14 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.31 mg/L
Gallons Pumped April 2013	5,513,616		
Total Coliform Reporting	17 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.21 mg/L
Gallons Pumped May 2013	8,472,126		
Total Coliform Reporting	26 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.32 mg/L
Gallons Pumped June 2013	7,168,722		
Total Coliform Reporting	22 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.28 mg/L
Gallons Pumped July 2013	7,168,722		
Total Coliform Reporting	22 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.23 mg/L
Gallons Pumped August 2013	8,146,275		
Total Coliform Reporting	25 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.16 mg/L
Gallons Pumped September 2013	5,213,616		
Total Coliform Reporting	16 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.20 mg/L
Gallons Pumped October 2013	7,168,722		
Total Coliform Reporting	22 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.12 mg/L
Gallons Pumped November 2013			
Total Coliform Reporting		Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.00 mg/L
Gallons Pumped December 2013			
Total Coliform Reporting		Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.00 mg/L

CASITA PARK

Water – Motel Well	Gallons Pumped	Compliant	Result
Gallons Pumped January 2013	1,629,255		
Total Coliform Reporting	5 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	.18 mg/L
Gallons Pumped February 2013	977,553		
Total Coliform Reporting	3 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.31 mg/L
Gallons Pumped March 2013	977,553		
Total Coliform Reporting	3 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.25 mg/L
Gallons Pumped April 2013	977,553		
Total Coliform Reporting	3 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.24 mg/L
Gallons Pumped May 2013	9,449,679		
Total Coliform Reporting	29 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.37 mg/L
Gallons Pumped June 2013	6,191,169		
Total Coliform Reporting	19 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.28 mg/L
Gallons Pumped July 2013	3,910,212		
Total Coliform Reporting	12 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.15 mg/L
Gallons Pumped August 2013	2,932,659		
Total Coliform Reporting	9 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.20 mg/L
Gallons Pumped September 2013	2,932,659		
Total Coliform Reporting	9 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.25 mg/L
Gallons Pumped October 2013	1,629,255		
Total Coliform Reporting	5 Acre Feet	Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.25 mg/L
Gallons Pumped November 2013			
Total Coliform Reporting		Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.00 mg/L
Gallons Pumped December 2013			
Total Coliform Reporting		Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Residual	0.00 mg/L

November 15, 2013

WASTEWATER DISCHARGE SAMPLE RESULTS

October	Limit	Compliant	Result
Effluent BOD ₅	30/45 mg/L 30 DAY AVG/7DMAx	Yes	7.0 mg/L
Percent Removal BOD ₅	85% or greater	Yes	97 %
Effluent TSS	30/45 mg/L 30 DAY AVG/7DMAx	Yes	12.4 mg/L
Percent Removal TSS	85% or greater	Yes	95 %
Fecal Coliform	200/400 Colonies/100/mL 30 DAY GEO.MEAN/7DMAx	Yes	4/100 mg/L

Aspen Wastewater Treatment Plant Has No Discharge Permit Violations**TOTAL AMMONIA AS N, MG/L**

Month	Limit	Compliant	Result
January	5.0 mg/L	Yes	January 0.5 mg/L
February	4.1 mg/L	Yes	February 0.3 mg/L
March	4.4 mg/L	Yes	March 0.15 mg/L
April	3.9 mg/L	Yes	April 0.6 mg/L
May	3.3 mg/L	Yes	May 1.2 mg/L
June	3.4 mg/L	Yes	June 0.4 mg/L
July	3.0 mg/L	Yes	July 1.3 mg/L
August	2.2 mg/L	Yes	August 0.9 mg/L
September	2.6 mg/L	Yes	September 0.8 mg/L
October	2.5 mg/L	Yes	October 0.7 mg/L
November	3.8 mg/L		November 0.0 mg/L
December	4.0 mg/L		December 0.0 mg/L

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 = 657	
Curb Stops = 657 Units	Lift Stations = 5
Fire Hydrants = 278	MHE LS - <i>Operational</i>
Well 17/18 Water Treatment Plant - <i>Operational</i> Plant Capacity - 0.4 MGD* October 16, 2013 Booster Pump Number 1 Failed October 29, 2013 Booster Pump Number 1 Was Replaced With Back Up Booster Pump Cause Of Failure Is Unknown	Stables LS - <i>Operational</i>

MHE Motel Well Water Treatment Facility Plant Capacity - 1 MGD* <i>Operational</i>	Wagon Wheel Lift Station - <i>Operational</i>
Water Transfer Stations = 3	Dharma Ocean LS - <i>Operational</i>
Booster Stations = 4	Aspen Lift Station - <i>Operational</i>
	Aspen Wastewater Treatment Facility - 0.15 MGD* Plant Capacity - Average loading on plant - 0.080 MGD* <i>Operational</i>
* MGD = MILLION GALLONS PER DAY	

Transfer Stations	Booster Stations
Fallen Tree Transfer Station - <i>Operational</i>	Pine Cone Booster Station - <i>Operational</i>
Ridge View Transfer Station - <i>Operational</i>	Shumei Booster Station - <i>Operational</i>
Moonlight Transfer Station - <i>Operational</i>	Motel Well Booster Station - <i>Operational</i>
	Well - 18 Booster Station - <i>Operational</i>

CERTIFICATION CORNER

Steven Harrell General Manager	Class C Water Operator Class C Wastewater Operator Class 1 Collection Operator Class 1 Distribution Operator
Justin DeBon Operator	Class C Water Operator Class C Wastewater Operator Class 1 Collection Operator Class 1 Distribution Operator Nationally Certified Heavy Equipment Operator Level 1

ADMINISTRATION

Customer Complaints	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Significant Delay In Timely Completion of Work Order. Work Order Completed on 10-18-2013
Monthly Safety Meetings	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Lock Out Tag Out