

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT HELD FEBRUARY 20, 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 20th day of February, 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
Judy DeLuca

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; Operator in Responsible Charge

Brad Simons; TZA Water Engineers (for a portion of the meeting), via speakerphone

Jared Swinford; Xpress Bill Pay (for a portion of the meeting), via speakerphone

See attached list 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. No further conflicts were disclosed.

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 DeLuca and, upon vote, unanimously carried, the Agenda was approved, as amended.

ADMINISTRATIVE MATTERS CONT'D

Consent Agenda: The Board considered the following actions:

- Approve Minutes from the January 23, 2015 special meeting.

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 with the removal of the December 31, 2014 revised financial statements and the January 31, 2015 financial statements which will be presented under Financial Matters.

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

Public Education/Crestone Eagle Articles: Director DeLuca presented the first article in a series of articles intended to provide information and education about the District to the community. As part of the series, she would like to offer an opportunity to tour the District's facilities possibly in June of this year. The Board was in favor of this community education opportunity.

Request from Saguache County to deed a 60' wide piece of property to the County and bridge removal: Randy Arredondo with Saguache County addressed the Board regarding a project that the County is working on to acquire a right of way easement from the POA and is requesting a deed of property from

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the District to construct a new road in the area.

Mr. Arredondo informed the Board that the District has encroached on the existing easement with certain facilities and he wanted to make the Board aware of this and ask that the District keep the easement in mind for future planning and not construct any new facilities on the easement. Mr. DeBon and Mr. Simons will work with Mr. Arredondo to provide certain information regarding the existing District facilities and how the project may impact those facilities and then Mr. Arredondo will prepare a written request to the District on the County's request.

Review of Intergovernmental Agreement with Town of Crestone: Ms. Johnson discussed the requirements contained in the agreement to re-calculate the rate charged to the Town of Crestone for sewer service. The agreement allows for increases based on actual expenses incurred by the District or an alternative calculation should a rate based on actual expenses is unsuccessfully negotiated.

Ms. Johnson also discussed with the Board her recommendation to have a rate study prepared for both water and sewer services that the Board could utilize in setting rates for all users. She suggested that Mr. Simons prepare a "shell" of the information to be included in the rate model and share with the Board at a future meeting.

President Reinhardt will make a courtesy visit to the Town of Crestone and advise them that the District is taking steps to review the current rate paid by the Town and recalculate as required by the agreement.

PUBLIC COMMENT

Judith Swota asked about whether the budget includes increases in wages/salaries due to CPI increases etc. and if so, are the increases being paid from the water and sewer rate increases. President Reinhardt commented that the Board will be discussing salaries/wages later in the meeting in an executive session.

She is also concerned about the amount of water sold and used on the golf course. President Reinhardt commented that any of the Board members would be happy to discuss her concerns with her outside of the Board meeting.

OFFICE ADMINISTRATION

Xpress Bill Pay Presentation: Jared Swinford with Xpress Bill Pay gave a visual and audio presentation of the Xpress Bill Pay software and service for on-line bill pay. The Board and staff asked questions and then Mr. Swinford completed the presentation and left the meeting. The Board continued with the discussion. Staff will obtain answers to remaining questions and prepare a cost benefit analysis on the total cost and any savings should the District implement an

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on-line bill pay system.

OPERATIONS

Well 18 Pump/Motor Failure Report: Mr. Simons has drafted a memo regarding the Well 18 Pump/Motor Failure report and has transmitted the memo to Attorney White for review. Attorney White indicated that some additional information is still needed to complete the final report. Staff will complete the report and present at the March board meeting.

Independent Contractor Agreement with Canon Fire Equipment Co.: The Board reviewed the proposal for fire extinguisher inspection and maintenance services for 2015. Ms. Slivka has requested the balance in the Safety and Loss Prevention Grant offered by the Colorado Special Districts Property & Liability Pool ("CSDP&L") which can be used for services such as these.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Grote and, upon vote, unanimously carried, the Board approved an Independent Contractor Agreement with Canon Fire Equipment Co. for inspection and maintenance of the fire extinguishers at all facilities with the direction to staff to pursue use of the Safety and Loss Prevention grant funds provided by the CSDP&L.

CAPITAL IMPROVEMENTS

Capital Funding Sources and Uses: Ms. Johnson reported to the Board that the Capital Funding Sources and Uses report was unavailable. Ms. Ross will complete the report and transmit to the Board via email.

Flow Equalization Basin Project: Mr. Simons gave an update on the status of the flow equalization project.

Mr. Simons presented a proposal from Mountain Engineering & Testing, Inc. (MET) for geotechnical engineering study in the amount of \$4,100.

Following discussion, upon motion duly made by Director Scully, seconded by Director Macaulay and, upon vote, unanimously carried, the Board approved the proposal from Mountain Engineering & Testing, Inc. for geotechnical engineering study for an amount not to exceed \$4,100 and directed Attorney White to draft an independent contractor agreement.

FINANCIAL MATTERS

Check Register: The Board considered approval of the check register through the period ending February 20, 2015, as follows:

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General Fund	\$	13,282.53
Debt Service Fund	\$	-0-
Capital Projects Fund	\$	16,206.18
Enterprise Fund	\$	<u>98,419.73</u>
Total Claims:	\$	127,908.44

Following discussion, upon motion duly made by Director Macaulay, seconded by Director DeLuca and, upon vote, unanimously carried, the Board approved the check register for the period ending February 20, 2015.

December 31, 2014 Revised Financial Statements: Ms. Ross presented the December 31, 2014 unaudited revised financial statements.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Grote and, upon vote, unanimously carried, the Board accepted the December 31, 2014 revised unaudited financial statements.

January 31, 2015 Financial Statements: Ms. Ross presented the January 31, 2015 unaudited financial statements.

Following discussion, upon motion duly made by Director Grote, seconded by Director DeLuca and, upon vote, unanimously carried, the Board accepted the January 31, 2015 unaudited financial statements as discussed and revised.

LEGAL MATTERS

There were no legal matters to present at this time.

Members of the public left the meeting at this time.

EXECUTIVE SESSION

EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4)(b) and (f), C.R.S., upon motion duly made by Director Macaulay, seconded by Director Scully and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 11:01 a.m. for the purpose of discussing personnel matters and 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.

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The Board reconvened in regular session at 12:48 p.m.

2015 Staffing Plan: Following discussion, upon motion duly made by Director Macaulay, seconded by President Reinhardt and, upon vote, unanimously carried, the Board approved the staffing and salary/wage plan as presented and revised effective March 1, 2015.

President Reinhardt expressed her sincere appreciation to Mr. DeBon, Ms. Slivka and the entire staff for the additional effort given with the resignation and elimination of the General Manager position.

Request from Mark Bluestein for Refund of Taxes Paid in Error: Following discussion, upon motion duly made by Director Macaulay, seconded by Director DeLuca and, upon vote, unanimously carried, the Board approved the request from Mr. Bluestein to reimburse \$235 for ineligible 2010 Federal tax refund due to incorrect reporting by District staff with the following stipulations: 1) Mr. Bluestein filed timely amended tax returns with the State and Federal government and 2) received a denial letter from the Internal Revenue Service for refund of 2010 taxes. The Board stated that had Mr. Bluestein not previously filed a timely return and been denied by the Internal Revenue Service for a refund of 2010 taxes they would have also denied his request.

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

RECORD OF PROCEEDINGS

THESE MINUTES ARE APPROVED AS THE OFFICIAL FEBRUARY 20, 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

**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 January 23, 2015, for the sole purpose of discussing personnel matters, 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
P.O. Box 520 | 57 Baca Grant Way S
Crestone, CO 81131-0520

February 20, 2015

Board of Directors Sign-in

Cindy Reinhardt <i>Cindy Reinhardt</i>	
Martin Macaulay <i>MM</i>	
Kyle Grote <i>Kyle Grote</i>	
Michael Scully <i>Michael Scully</i>	
Judy Deluca <i>Judy DeLuca</i>	



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

February 20, 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 issues to be addressed to speak?
Judith Swartz	1468 Badger	4084	—
Randal Arredondo	Sangre de Cristo	221-2709	Easement
Lisa Cymicha	504 Woodhead Way	4140	Q. on Check Register



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

Date: February 13, 2015
To: Baca Grande Water and Sanitation District, Board of Directors
From: Lisa A. Johnson, District Manager
Re: February 20, 2015 District Manager's Report

Agenda Action Items

I.C. Consent Agenda

1. Approve Minutes from the January 23, 2015 special meeting.
2. Review and accept unaudited financial statements for the period ending December 31, 2014 Revised and current schedule of cash position.

I recommend approval of the consent agenda items.

I.G. Review of Intergovernmental Agreement with the Town of Crestone

Staff has begun a review of the IGA with the Town of Crestone to determine if a rate change is in needed.

IV.C. Scope of Work for Fire Extinguisher testing and maintenance

Staff has received an updated scope of work for fire extinguisher testing and maintenance. Ms. Slivka will contact the District's insurance broker to obtain the balance in the Safety and Loss Prevention Grant that is offered by the Colorado Special Districts Property and Liability Pool. These grant funds can be utilized for this service.

VI.A. February 20, 2015 Check Register

The February 20, 2015 check register is included in the packet. Mr. DeBon and Ms. Slivka have reviewed and approved the invoices for February.

I recommend approval of the February 20, 2015 check register.

Updates on Other District Related Items

Energy and Mineral Impact Assistance Grant – Ms. Culp with the Department of Local Affairs had a few more financial questions before finalizing her report on the District's request for grant funds. Staff provided her with the information. The Impact Hearings are scheduled for March 17 – 19, 2015.

Labor Utilization Report – I have reviewed the Labor Utilization Report prepared by Mr. Harrell prior to his resignation. I find the information to be very useful for staff and the Board in planning for the future. Ms. Slivka and I have talked about preparing a similar report for the Administration Department in 2015. Once a decision is made on the new structure of the staff, the information in the report can be used to assist in determining current and future needs and priorities.

Re-organization – I am prepared to continue discussions with the Board in executive session on the re-organization of the staff structure. I am prepared to make recommendations on a re-organization which includes wage and/or salary adjustments to certain employees.



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

OPERATOR IN RESPONSIBLE CHARGE REPORT

To: Board of Directors, Baca Grande Water and Sanitation District
From: Justin Debon
Date: February 20, 2015

January 2015 - Water leaks: The District had two lateral $\frac{3}{4}$ inch service line leaks on Serine Way, the leak was quickly isolated and repaired. The following week using the District's SCADA trending it was noticed there was another large leak in the system, after three days of searching a 2" water main was found broken and leaking behind The Desert Sage Restaurant, once found it was repaired within four hours. Later in the week after a snow storm a large snowless area was found on Enchanted Way, the District staff excavated the area and discovered two $\frac{3}{4}$ inch lateral service lines leaking. The leaks were shut off without any service interruption and the District is seeing a reduction in water pumped by 45,000 gallons per day.

New Staff Member: On February 9, 2015 the District welcomed William Welty to the operations team as our new Utility Maintenance Worker.

Saguache County Road Access: Saguache county road and bridge department will be acquiring a road easement from the POA, the 60' wide easement is located on Baca wildlife refuge property. The Baca wildlife refuge will be deeding the property the easement is on to Saguache county. The road easement crosses through District property in one section and the county is requesting the District to deed the county a 60' x 1400' section of property the easement is on.

MXU-M Replacement Project: The DOLA contract amendment was approved. The District operations staff has ordered all parts in preparation for installation starting in April 2015. We are currently awaiting delivery of the parts.

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

CL2 Pump Repair: Flowrox contacted the district and informed us the pump power supply had burned out and was out of warranty. The cost to repair the pump was quoted at \$767.37. On January 27, 2015 Flowrox was given a purchase order number and directed to complete the repair. On February 18th the CL2 pump was shipped back to the District.

NetDMR: Justin DeBon has completed training for NetDMR. Report training, submission and overall system training have been successfully completed and now has been approved to submit District DMR reports on the official reporting system.

What is NetDMR?

NetDMR is a Web-based tool that allows Baca Grande Water and Sanitation to electronically sign and submit water quality discharge-monitoring reports (DMRs) The data is then automatically submitted to the EPA's ICIS-NPDES database.

- Offers an alternative to paper submissions, reducing your paperwork burden.
- Improves your data quality by automatically error-checking and validating data prior to its submission to the TCEQ.
- Aids in the timeliness of your DMR data submissions.
- You can sign your DMRs electronically.
- You receive confirmation of your submission.
- You can access up to five years of electronic copies.
- You can submit attachments such as lab data, photographs, or other documentation relevant to the DMR.

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

Administrative Report

February 20, 2015

Utility Billing	<ul style="list-style-type: none">◆ January 30, 2015<ul style="list-style-type: none">• 2509 Customers billed• 1733 AOS• 776 water/sewer◆ ACH payments:<ul style="list-style-type: none">• 170 payments - \$8807.36◆ MXU Replacement Project<ul style="list-style-type: none">• Total Number of accounts in new Route 3 = 397• Successfully read = 357• Issues being addressed= 40◆ Delinquent account summary:<ul style="list-style-type: none">• Delinquent notices mailed: 18 (+ 8 tenants)• 1 - Shut off◆ Tap Fees Billed: = 39 customers billed, \$1843.37<ul style="list-style-type: none">• 1- Late payment letter sent
Property Transfers	<ul style="list-style-type: none">◆ Transferred (Sold) Properties<ul style="list-style-type: none">• 2 - Lots: 2196 & 2197 Spanish Creek Road• 1 - SFR: 381 Del Sol Lane
Consolidations	<ul style="list-style-type: none">◆ 2 Application letters received in January
Projects	<ul style="list-style-type: none">◆ Billing<ul style="list-style-type: none">• First billing with 2015 rates including the \$15 late fee• First half of the 2015 AOS billing◆ Clarity Upgrade<ul style="list-style-type: none">• Admin staff tested the mock data in January and completed the training for Utility Billing, Accounts Payable, Cash Receipting and General Ledger• "Go Live" date is set for February 25, 26, & 27th. A Caselle staff member will be on stand by for billing support March 1.◆ Xpress Billpay<ul style="list-style-type: none">• The demonstration with Xpress Bill Pay has been re-scheduled for the February Board meeting.

**BACA GRANDE WATER AND SANITATION DISTRICT
ENGINEER'S REPORT
FEBRUARY 12, 2015**

2014 Water Distribution System Improvement Project

The warranty inspection with RMS Utilities has been tentatively set for December 1, 2015.

Water Meter Transmitter Replacement Project

No recent activity by TZA Water Engineers, but Brad has asked Justin 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.

Flow Equalization Basin

TZA Water Engineers has asked Mountain Engineering and Testing for a proposal for a geotechnical investigation and foundation recommendation for the proposed structure. TZA will also begin to prepare a site application amendment and accompanying engineering report that will be reviewed by the Water Quality Control Division.

Compliance Evaluation Inspection (Dharma Ocean and Stables Lift Station)

TZA Water Engineers responded to the Division request for information on January 14, 2015 and has been contacted by the Division's review engineer. I anticipate a conditional approval letter from the Division by the end of February. Based upon discussions with the Division's review engineer, the Flow Equalization Basin referenced above will satisfy the anticipated conditions of approval.

Biosolids Removal

TZA Water Engineers has worked with the operations staff and RMS to compile the data necessary to produce the annual report due to the Division by February 19, 2015.

Sanitary Survey and Well 17 Approval

The Well 17 approval was received from the Division on January 21, 2015.

Well 18 Booster Pump Station Problems

Activities associated with this topic will be addressed separately due to attorney-client privileges.

LAMP RYNEARSON COMPANIES



Engineer's Report
February 12, 2015
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Nutrients Management Control Regulation (Regulation No. 85)

With Steven's resignation, TZA Water Engineers has reviewed the 2014 data collection efforts related to the annual report due to the Division by April 15, 2015. During my review, I determined the District did not sample in accordance with the regulation. The regulation requires the District to sample a minimum of six times a year (every two months), every year. Steven misunderstood the requirement and only sampled six times (actually five) once notified of the requirement. The Division recommends the District document the misunderstanding in the form of a letter, but noted that the District is required to sample a minimum of six times in 2015 (every two months).

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.

Based upon this information and the staff's direction, TZA has developed a project plan and scope of services for an independent contractor to excavate and seal the manhole barrel joints and pipe penetrations of these three manholes. TZA anticipates requesting proposals from pre-qualified contractors in late February. The proposals will be brought to the Board at the March Board meeting. The work will be performed in April before the flows are expected to increase in mid-May.

Other Activities

Grant Applications – TZA Water Engineers supported the District in responding to questions from the Department of Local Affairs' Regional Manager regarding the Energy and Mineral Impact Assistance Fund application for the Casita Park Interconnect project. The 2015 Impact Hearings are scheduled for March 17 through 19 in the Denver metropolitan area.

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

Engineer's Report
February 12, 2015
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Draft Storage Tank Rule – The Water Quality Control Division has drafted a Storage Tank Rule (<https://docs.google.com/file/d/0B0tmPQ67k3NVUzAyd2dEekt5Tnc/edit>) that will be considered by the Water Quality Control Commission in January of 2015 and will become effective January of 2016. In addition to quarterly periodic (visual) inspections, this rule will require comprehensive inspections to be scheduled at least every five years.