

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT HELD JUNE 19, 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 19th day of June, 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

Following discussion, upon motion duly made by Director Scully, seconded by Director Macaulay and, upon vote, unanimously carried, the absences of Directors DeLuca and Grote were excused.

Also In Attendance Were:

Lisa A. Johnson; 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)

Lisa Cyriaks, Resident (for a portion of the meeting)

Frank Judson, Resident (for a portion of the meeting)

DISCLOSURE OF POTENTIAL CONFLICTS OF

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

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INTEREST

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 she may have a potential conflict of interest regarding the discussions related to the conditional use permit at 3926 Cordial Way.

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 Scully, seconded by Director Macaulay and, upon vote, unanimously carried, the Agenda was approved as amended.

Consent Agenda: The Board considered the following actions:

- Approve Minutes from the May 15, 2015 regular meeting.
- Accept unaudited financial statements for the period ending May 31, 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.

Mr. DeBon updated the Board on seasonal staffing. He clarified that seasonal staff will be utilized for annual jetting of sewer main lines and to complete the meter upgrade project.

President Reinhardt asked questions regarding the water rate change to the U.S. Fish and Wildlife water supply agreement. Ms. Johnson and Ms. Slivka explained the requirements of the agreement and staff's response to calculating the new rate effective June 2015.

Status of Amended and Restated Intergovernmental Agreement with Town of Crestone: Ms. Johnson updated that Board that she recently received communication from the Town of Crestone Town Manager acknowledging receipt of the letter related the increase of water rates for the Town and re-

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negotiating the Intergovernmental Agreement between the two parties. The Town Manager also mentioned in her correspondence that she has been very involved with the flooding crisis of late and two large projects that the Town will begin soon and has not had time to focus on the letter. She promised to get back to the District soon to address the letter.

2015 Board Retreat: Ms. Johnson updated the Board on additional items for discussion at the retreat. Director Scully also commented on a recent pod-cast that he listened to regarding water use, water loss, etc. He would like to add a discussion at the retreat regarding how proactive the District is in finding leaks and to describe how they are found, where they are and what the District is going to do to address the leaks. Director Macaulay would like to discuss the model used to determine water leaks in the system and evaluate the information it provides.

President Reinhardt suggested that the Board, staff and consultants attend a dinner on Wednesday, July 22, 2015 prior to the retreat. She suggested that the retreat begin at 9 am after the morning staff meeting. She also suggested that consultants and the Board attend the staff meeting on Thursday morning before the retreat begins.

Emergency Preparedness Plan and Coordination with Other Entities if Necessary: The Board discussed potential response by the District and others to a regional emergency such as the recent flooding concerns.

They also discussed an emergency preparedness plan for the District. President Reinhardt and Director Scully remember that this type of plan was presented and possibly approved by the Board in the past. Ms. Slivka clarified that the plan they were remembering was a continued operation plan that addressed more of a terrorist type of issue. She also clarified that the District does not currently have an emergency preparedness plan to address water and sewer types of emergencies. Ms. Johnson suggested that staff work together to prepare a plan to address emergencies. The Board agreed and directed staff to prepare a plan to present at a future meeting.

Recent Lightning Damage to District Facilities: Ms. Slivka and Mr. DeBon updated the Board on recent damage caused by a lightning storm the weekend of June 6 and 7, 2015. The phone system and the office were damaged as well as other electrical components at the facilities. The estimated cost to repair is \$4,000. Ms. Slivka has opened a claim with the District's insurance provider.

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Conditional Use Permit at 3926 Cordial Way: The Board discussed recent correspondence from Saguache County regarding a conditional use permit applications received for 3926 Cordial Way. The property owner is requesting to construct 8, 10' X 100' greenhouses for the self-sustaining and personal cultivation/consumption of medical marijuana and vegetables. Ms. Johnson expressed concern regarding how the current water service at the property will be affected among other questions.

Lisa Cyriaks, resident, commented on the County process with this application.

Attorney White informed the Board that he has spoken with Attorney Lock regarding this request and Attorney Lock commented that given the District's water supply which is provided by the U.S. Fish And Wildlife Service, the Board may want to re-visit the implementation of a policy regarding water use to marijuana growers.

The Board directed staff to draft a response letter to Saguache County and the Applicant outlining the District's concerns and remit as soon as possible.

PUBLIC COMMENT

Lisa Cyriaks, resident, commented that she feels that the Board is making progress with controlling costs and operations seem to be running smoothly. She appreciates all of the efforts. There was also some discussion regarding recent protests to property values within the district and the effect it will have on the District's assessed valuation.

Frank Judson commented that he would like to see the District and the POA work together more collaboratively regarding consolidation of lots which would in turn reduce services needed by customers.

Director Scully commented regarding the recent flood threats and he shared a story about what he noticed with the weather about two years ago when the flooding occurred in Boulder and Larimer Counties. He wants the public to be aware of the things that are happening on our planet with weather, etc.

OFFICE ADMINISTRATION

Ms. Slivka reported that she has recently had conversations with Mr. Abrams regarding developing the land he purchased several years ago on which the Stables Lagoon facility was located. Mr. Abrams is requesting that the District serve the property without including the property into the boundaries of the District.

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The Board determined that the property is currently not included within the boundaries of the District and that Mr. Abrams will need follow the District's Rules and Regulations, including paying all fees associated with inclusion of property into the District, as well as water and sewer tap fees.

OPERATIONS

Mr. DeBon recently contacted McGregor Gaines regarding the idea of an anaerobic digester. Mr. Gaines has not yet returned Mr. DeBon's call as of the meeting.

Director Macaulay reported that, through communications in the community he received information that a fire hydrant close to the Shumei property was not in service during the recent fire at the Shumei property. Director Macaulay then asked Mr. DeBon to test the hydrant. Mr. DeBon tested the hydrant and it was operational. Director Macaulay suggested that he, Mr. DeBon and the Fire District meet to re-test the hydrant close to the Shumei property and discuss any other issues encountered during the recent fire.

Status of Well 18 Pump/Motor Failure Demand Letter: Attorney White updated the Board that the time allotted in the demand letter to Royal Electric has passed. Attorney White has been in contact with an attorney for Royal Electric who has indicated that he will discuss the matter of the demand letter with his client. Attorney White has had no additional contact with Royal Electric and will continue to follow up on the matter. The Board determined to be patient and give Royal Electric more time to respond to the demand letter.

CAPITAL IMPROVEMENTS

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

Status of 2015 Capital Project: Director Scully asked about the status of the biosolids removal. Mr. DeBon commented that solids are being held currently in a pond and when appropriate, the contractor will be contacted to haul solids away. Mr. Simons also commented that a long term management and disposal plan needs to be developed.

Casita Park Interconnect: Mr. Simons updated the Board on the status of the Casita Park Interconnect Project. He has drafted the plans and specs for the bid package. He will send to Mr. DeBon for his comments early next week. Once all comments are received and incorporated, the next steps are as follows:

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- Invitation to Bid to Valley Courier on June 30
- Invitation to Bid published by Valley Courier on July 1
- Information on publication e-mailed to pre-qualified contractors on July 1
- Pre-bid meeting on July 9
- Receive bids on July 21
- Consider award at July 24 Board meeting

Flow Equalization Basin: TZA will sub-consult to Mountain Testing and Engineering (“MET”) for the geotechnical work. Mr. Simons is working to prepare and execute a sub-consultant agreement with MET.

FINANCIAL MATTERS

Check Register: The Board considered approval of the check register through the period ending June 19, 2015, as follows:

General Fund	\$	12,226.51
Debt Service Fund	\$	-0-
Capital Projects Fund	\$	6,573.13
Enterprise Fund	\$	<u>81,449.56</u>
Total Claims:	\$	100,249.20

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 June 19, 2015.

May 31, 2015 Financial Statements Highlights: Ms. Johnson presented areas of interest contained within the May 31, 2015 financial statements. She also updated the Board on the status of the 2014 audit. The auditor continues to prepare the financial statements and will present the audit at the July board meeting.

LEGAL MATTERS

Expiration of Parental Involvement Act: Attorney White presented a memo regarding the expiration of Parental Involvement Act.

The Board discussed the expiration of the Parental Involvement Act and determined to leave the Parental Leave policy in the employee handbook as is.

Resolution 2015-06-01. Authorizing the Issuance of Credit Cards to Certain Employees and Adopting a Credit Card Policy: Attorney White presented Resolution No. 2015-06-01, Authorizing the Issuance of Credit Cards to Certain

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Employees and Adopting a Credit Card Policy.

Ms. Slivka commented that both she and Mr. Debon have District issued credit cards but other staff members use the credit cards to make authorized purchases. They are concerned with acknowledging personal responsibility for the unapproved acts of others.

Ms. Johnson suggested that rather than issuing credit cards to each employee, revise the policy to require all employees to acknowledge and agree to the credit card use policy while using District credit cards.

Attorney White will also revise the policy to remove the requirement to insure tax-exempt purchases.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Scully and, upon vote, unanimously carried, the Board approved Resolution No. 2015-06-01, Authorizing the Issuance of Credit Cards to Certain Employees and Adopting a Credit Card Policy subject to the revisions discussed.

OTHER BUSINESS

Annual SDA Conference: The Board discussed sending board members and staff to the 2015 SDA Conference to be held in Keystone, Colorado on September 23, 24 and 25, 2015.

Directors Macaulay, and Scully would like to attend. Ms. Slivka and Mr. DeBon may also want to attend. President Reinhardt will decide after she sees the conference schedule.

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 Reinhardt and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 11:00 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.

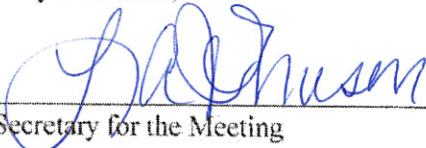
The Board reconvened in regular session at 11:26 a.m.

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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

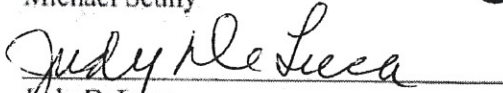
THESE MINUTES ARE APPROVED AS THE OFFICIAL JUNE 19, 2015 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:


Martin Macaulay


Cindy Reinhardt


Kyle Grote

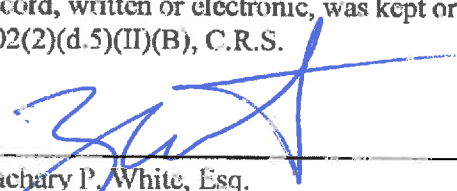

Michael Scully


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 June 19, 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

June 19, 2015

Board of Directors Sign-in

Cindy Reinhardt	<i>Cindy Reinhardt</i>	
Martin Maccaulay	<i>M Martin</i>	
Kyle Grote		
Michael Scully	<i>Michael Scully</i>	
Judy Deluca		



Baca Grande
Water And Sanitation
District

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P.O. Box 520 | 57 Baca Grant Way S.
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June 19, 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?

Lisa Cayre do	604 Amherst Way	256-4140		Public Community
Fran K Jackson	803 Sunrise OL	303 329 3671		" "



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

Date: June 12, 2015
To: Baca Grande Water and Sanitation District, Board of Directors
From: Lisa A. Johnson, District Manager
Re: June 19, 2015 District Manager's Report

Agenda Action Items

I.C. Consent Agenda

1. Approve Minutes from the May 15, 2015 regular meeting.
2. May 31, 2015 Financial Statements and current cash position.

I recommend approval of the consent agenda items.

I.E. Town of Crestone IGA

I letter was drafted (enclosed in the packet) and transmitted to the Town Manager on June 2, 2015. I also spoke with the Town Manager, Akia Tanara on the same day to introduce myself and inform her that the letter was on its way. To date, I have not received a response from the Town of Crestone.

I.G. 2015 Board Retreat Items

At this point, I have identified two main topics for discussion at the Board Retreat in July. They are as follows:

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

I am asking the Board and Staff to come prepared to add other topics for discussion to this list if you have identified any.

I.H. Lightning Damage at District Facilities

The weekend of June 6th, some District facilities experienced damage due to a lightning. Mr. DeBon and Ms. Slivka will provide a detailed update on the damages and the actions taken to repair facilities and submit a claim with the District's insurance.

Updates on Other District Related Items

Sewer Back-Up Insurance Claim

I am prepared to given an update to the Board on the recent sewer back-up claim in executive session at the board meeting.



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: June 19, 2015

Manhole Infiltration: The Cottonwood manhole infiltration prevention project was completed April 9th. Operators have been checking the repaired manholes and they show no signs of infiltration. Two uphill manholes that had no infiltration the previous year are now showing infiltration. Multiple other manholes have been found to have ground water infiltration. With higher creek levels, since June 1st influent flows into the treatment plant are higher by 58% or average 40,000 gallons per day.

Summer Help: Two temporary summer employces have been hired to assist with the collection system cleaning project and fire hydrant maintenance program.

Water Meter Upgrade Project: The water meter upgrade project is ahead of schedule and is now estimated to be 98% complete and will be complete by June 24.

Well and Booster Station Painting: District staff continue working on a maintenance and corrosion control project that includes paining all exposed water pipe inside facilities to control corrosion and painting facility floors.

Creek Overflow: North Crestone creek near Well 18 and Aspen WWTF has over flowed its banks causing some road washout on the access road to the well and wastewater plant. An attempt to get the backhoe to the blocked area was made but saturated soil made it impossible to get to the creek.

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 Kotlo service line reduction project
5. 2015 Capital Improvement projects
6. GIS Facilities Maintenance Project



Administrative Report - June 19, 2015

June 9, 2015

To: Baca Grande Water and Sanitation District, Board of Directors

From: JoAnn Slivka, Administrative Services Manager

STATISTICS

<p>Meter and Billing Activity</p>	<ul style="list-style-type: none"> * Meters <ul style="list-style-type: none"> o 648 in new route 3 (after April meter read, moved 9 accounts back to Rte. 2 that required repair) o 641 successful reads o 7 no reads in route 3 - all known issues currently being working on, 98.9% read rate for route 3 o 31 accts not moved to new route 3 <ul style="list-style-type: none"> ▪ 22 - 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) o Totals for <u>metered</u> accts: 656+24-3 =679 total metered accts, 641 successful reads, 94.4% success rate * Delinquent account summary: <ul style="list-style-type: none"> o 23 - Delinquent notices mailed - 18 owners, 5 tenants <ul style="list-style-type: none"> ▪ 9 - Paid in full ▪ 7 - Paid delinquent balance ▪ 2 - Shut offs (paid in full day after shut off) * Tap Fees: <ul style="list-style-type: none"> o 37 - Customers billed = \$1833.98 o 1 customer not paid o 1 tap fee paid in full * Payments: <ul style="list-style-type: none"> o ACH: 180 accounts paid \$10,501.20 o Credit Cards: 75 accounts paid \$8604.24
<p>Property Activity</p>	<ul style="list-style-type: none"> * Transferred Properties = 13 <ul style="list-style-type: none"> o 6 lots - Real Estate Closing o 6 SFR - Real Estate Closing o 1 lot from Clerk & Recorder site review * Consolidations: <ul style="list-style-type: none"> o No new applications o 6 finalized: 3805-3806; 2179-2180 & 2182; 1342CR & 1345; 92-93C; 1297-1298; 4280C, 4284-4285 * Water/Sewer hookup applications: <ul style="list-style-type: none"> o 915C Big Timber OL - Line extension o 4291 Fallen Tree OL

June 19, 2015

PROJECTS

Utility Billing	<ul style="list-style-type: none"> • Utility Billing Form: <ul style="list-style-type: none"> ○ The updated form was used for the June billing statement ○ USFW 2015 rate adjustment: per L. Ross the new rate beginning June 1, 2015 will be \$244.27. Admin staff has prepared the USFW spreadsheet and invoice reflecting the new cost.
Rate Study Project	<ul style="list-style-type: none"> • Staff continues to work with B. Simons on rate study project and research of TOC IGA.
Roof Repair	<ul style="list-style-type: none"> • The roof repair is complete just in time before the heavy May rains. The front office has remained dry with no visible leaks throughout the month.
Termination/Final 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 • RESULTS of our process changes: <ul style="list-style-type: none"> ○ The estimated & actual final billing was different for only one account, which had used 6,000 gal of water for the month. Otherwise there was no difference in producing an estimated final billing and having an operator go out the day of closing and doing a manual meter read vs using the end of month meter read.
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"> ○ Published in the June publication of the Crestone Eagle ○ Added to the Baca Grande Water and Sanitation District web site ○ Final CCR and Certificate of Delivery ready for submission to CDPHE
Insurance – Staff	<ul style="list-style-type: none"> • Research health insurance options- Staff has begun discussion with our insurance broker.
Administrative Position	<ul style="list-style-type: none"> • 6 applications were received for the part-time position, 4 candidates were interviewed, 2 applications received after the position was filled. Debra Westermeyer was the successful candidate selected to fill the position; Debra joined the team June 1, 2015.
2015 Certification of Delinquent Accounts	<ul style="list-style-type: none"> • Staff has communicated with the County Treasurer regarding 2015 certification due dates. They are as follows- <ul style="list-style-type: none"> ○ November 1, 2015: Certifications must be submitted to the Saguache County Treasurer's office ○ Dec. 9, 2015: Last day we can accept customer payments on certified accounts ○ Dec 10, 2015: Last date to notify the Saguache County Treasurer's office of any changes/updates to our certification list ○ Discussion to continue regarding Baca staff due dates for the Certification process.
2015 Insurance Appraisal Update	<ul style="list-style-type: none"> • K. Pfannenstiel from CBIZ Valuation Group, LLC will visit the District to conduct an insurance evaluation of our listed property on June 29, 2015. Staff will work together to gather necessary information prior to the visit.

**BACA GRANDE WATER AND SANITATION DISTRICT
ENGINEER'S REPORT
June 10, 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 and the USDA Rural Utilities Service SEARCH Grant Program.

Water Billing Registers – TZA has been 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 - Justin DeBon has been managing the biosolids at the Aspen Institute Wastewater Treatment Facility with the existing ponds, but a plan for long term management and disposal needs to be developed and could be a possible retreat agenda item.

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.

Flow Equalization Basin - TZA Water Engineers is awaiting the geotechnical investigation and foundation recommendation for the proposed structure. Staff has discussed the options to contract with Mountain Engineering and Testing (MET) or an alternate company. TZA did speak with MET the week of June 8, and MET is willing to perform the required work but it will not enter into the form of agreement presented by District Counsel. Once a geotechnical investigation and foundation recommendation is complete, TZA will prepare a site application amendment and accompanying engineering report that will be reviewed by the Water Quality Control Division.

LAMP RYNEARSON COMPANIES



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.

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 began 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 issued site location approvals for the Dharma Ocean and Stables lift stations on April 23, 2015. I will summarize the improvements made to date at Dharma Ocean and the improvements needed at Stables based upon my site visit with Justin DeBon and present a plan for the capital improvements needed at Stables.

Casita Park Water Line Interconnect – TZA Water Engineers has developed preliminary plans and specifications for the proposed improvements and will review the project needs with the District Manager the week of June 15.

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.



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

Date: July 17, 2015
To: Baca Grande Water and Sanitation District, Board of Directors
From: Lisa A. Johnson, District Manager
Re: July 24, 2015 District Manager's Report

Agenda Action Items

I.C. Consent Agenda

1. Approve Minutes from the June 19, 2015 regular meeting.
2. June 30, 2015 Financial Statements and current cash position.

I recommend approval of the consent agenda items.

I.E. Town of Crestone IGA

A response from the Town of Crestone was received. The committee met shortly thereafter to discuss the next steps. The committee asked staff to calculate a sewer rate based on treatment expenses only per the Town's response. Mr. Simons prepared the information and the committee met again to discuss. Direction was given to draft a response letter to the Town of Crestone proposing the revised calculated rate. The letter was drafted and transmitted to the committee for review and comment. I hope to have the final letter to present at the Board meeting.

I.F. Conditional Use Permit – Saguache County

At the last meeting, the Board directed staff to draft a response to the correspondence received from Saguache County regarding a conditional use permit at 3926 Cordial Way. I drafted the initial response to the County and the Applicant. The Applicant responded to me via phone and provided additional information which was transmitted to Attorneys White and Lock. Direction was given to legal staff to draft a final response to Saguache County and the Applicant regarding District concerns and comments to the conditional use permit request. Attorney White drafted the response and should have final comments to the share with the Board at the meeting.

I.G. SDA Annual Conference

At the last meeting, Directors Macaulay and Scully and Ms. Slivka indicated their potential interest in attending the SDA conference this year. Director DeLuca had indicated interest in attending at a recent meeting. President Reinhardt wanted to see the schedule before making a decision. Ms. Thurston has provided the schedule to all Directors. Please come prepared to make a decision on your attendance at the conference in order to make the appropriate reservations, etc.

VI.A. July 24, 2015 Check Register

The July 24, 2015 check register is included in the packet. Mr. DeBon and Ms. Slivka have reviewed and approved the invoices and are recommending payment.

I recommend approval of the July 24, 2015 check register.

VI. C. 2014 Draft Audit

The draft 2014 Audit is included in your packet for review. Ms. Ross and I have reviewed the draft audit and provided minor comments to the auditor. Attorney White has received the draft and will provide his comments prior to the meeting.

I recommend acceptance of the 2014 Audit.

VI.D. 2016 Budget Committee

It is that time of year again, time to begin the process of drafting the next year's budget. Last year President Reinhardt served on the committee with staff to prepare the draft budget. I would like to solicit interest from board members as to who might like to serve on the committee this year.

Updates on Other District Related Items

Sewer Back-Up Insurance Claim

I am prepared to give an update to the Board on the recent sewer back-up claim in executive session at the board meeting.

Other Insurance Claims

Mr. DeBon mentioned in his Operations Manager Report of two accidents that occurred regarding potential insurance claims. A claim has been opened with the District insurance provider regarding the accident that occurred with the District truck. The other accident involving Ms. Slivka's vehicle (repair of windshield) was not submitted to the insurance due to the cost to repair (under the deductible of \$500).

**BACA GRANDE WATER AND SANITATION DISTRICT
ENGINEER'S REPORT
July 16, 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 and the USDA Rural Utilities Service SEARCH Grant Program.

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

Water and Wastewater Rates – I have provided follow-up information on a basis for revised rates for the Town of Crestone sewer charges. I have also worked with Sandy to develop a system for assessing the current and proposed water and wastewater rates and their revenue impacts.

Retreat Preparation – I have been working with the District's staff on retreat agenda item topics and will attend the Board Retreat on July 24.

OPERATIONAL MATTERS

Biosolids Removal - Justin DeBon has been managing the biosolids at the Aspen Institute Wastewater Treatment Facility with the existing ponds. Justin and I met on July 9 to discuss current needs and future plans for long term management, as well as the beginnings of a pilot with Mr. Gaines.

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.

LAMP RYNEARSON COMPANIES



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

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.

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 has monitored plant influent flows to assess effectiveness. It is my understanding the work has benefited the overall system and reduced the flows, but that other collection system deficiencies have been identified by the operations team.

Compliance Evaluation Inspection (Dharma Ocean and Stables Lift Station) – The Water Quality Control Division issued site location approvals for the Dharma Ocean and Stables lift stations on April 23, 2015. We are assessing the improvements made to date at Dharma Ocean and the improvements needed at Stables based upon my site visit with Justin DeBon and will present a plan for the capital improvements needed at both sites.

Casita Park Water Line Interconnect – TZA Water Engineers conducted the pre-bid meeting on July 9. The District is scheduled to receive bids on July 21 and a recommendation of award will be presented to the Board at its July 24 Board meeting.

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.