

PAGOSA AREA WATER AND SANITATION DISTRICT
MINUTES OF THE SPECIAL MEETING
MARCH 14, 2000

46-125

Chairman Harold Slavinski called the Special Meeting of the Pagosa Area Water and Sanitation District to order at 6:30 p.m. on March 14, 2000. Other Directors in attendance were Don Brinks, George Chenoweth, Bob Frye and Karen Wessels. Staff members present were Carrie Campbell, Gene Tautges, Art Holloman and Michelle Tressler. Mrs. Campbell reported that the Notice of the Meeting had been posted 72 hours in advance at the designated three places, including the District office.

Board members reviewed the minutes of the February 22, 2000 Special Meeting. A motion was made by George Chenoweth and seconded by Karen Wessels to approve the minutes as presented. The motion carried by voice vote of approval.

A Resolution of Support of Ballot Question for the May 2, 2000 election was reviewed. The Resolution further supports the Board's opinion of asking the voters to "de-Bruce" and for removal of the 5.5% statutory limitations with no increase in the current operating mill levy without voter approval. A motion was made by Bob Frye and seconded by Don Brinks to adopt and authorize the President and Secretary of the Board to sign said Resolution. The motion passed by unanimous voice vote of approval. Carrie Campbell stated that a spring newsletter is in the works with plans to incorporate this Resolution in context.

The matter of Facilities Upgrade Fees or an overall Capital Investment Fee were revisited. Discussion ensued over this issue; staff was directed to provide further financial information should properties within the District prior to 1983 be assessed a form of Capital Investment Fee while properties included or replatted subsequent to 1983 remain subject to the Facilities Upgrade Fees. The remaining question of properties included or replatted between 1983 and 1996 was further discussed with regard to the Facilities Upgrade Fee. The Board felt that when the decision was made in 1996 to assess a separate Facilities Upgrade Fee for water and a separate one for wastewater (if both services are provided), it was applicable to any property included or replatted (or subdivided) since 1983. A motion to codify this was made by Bob Frye and seconded by Don Brinks. The motion carried by voice vote of approval.

A request from the developer of the Timber Ridge Subdivision to accept only the main water transmission lines within the development was considered. The wastewater system is not yet complete and typically the District does not accept a system in part when both services are provided. This request was made because property owners have already started construction of new homes in this area

and are in need of water for construction purposes. Gene Tautges updated the Board on the status of the remaining work needed for the sewage lift station(s) to be operational. Delays surrounding this project are totally within the control of the developer. Following further discussion, a motion was made by Bob Frye and seconded by Don Brinks to not consider a deviation from policies in accepting a system in part. The motion passed by voice vote of approval. Due to possible litigation, District counsel will advise the developer of the Board's decision.

Carrie Campbell informed Directors that following a conversation with Bill Green, of the Colorado Water Conservation Board, the deadline of June 30, 2000 for the Feasibility Study for the Stevens Reservoir enlargement is only a noted date by CWCB for their fiscal year purposes and that the study could be submitted at a later date. All were in agreement that it remained in the best interest of the District to complete the 404 Permit application process before expending any further monies for a Feasibility Study. Steve Harris is scheduled to be here on March 28th to review documents and wetlands issues are being addressed in the meantime. The permit, once obtained, would be valid for a five year period.

In a previous meeting Carrie Campbell had informed the Board that the San Juan Water Conservancy District was considering hiring Steve Harris to perform a study utilizing existing water rights held by both Districts versus the population those rights could serve. The SJWCD has since approved Mr. Harris's proposal and has requested that the Pagosa Area Water and Sanitation District participate in one-half of the costs incurred by Harris Water Engineering. The proposal was between \$3600 and \$7200. Information from this report can obviously be used in a variety of ways for the District, especially future planning. George Chenoweth moved to authorize participation with the Harris study not to exceed \$3600. The motion was seconded by Bob Frye and carried with an abstention from Karen Wessels due to her position on the SJWCD Board of Directors.

Informal discussion ensued on the Log Park water system and the status of the request to consider assuming ownership and operation of that system. Carrie Campbell pointed out that no money had been received from this group to offset expenses the District was incurring in legal and engineering costs. Mrs. Campbell also pointed out that the petition for inclusion as circulated by some of the property owners in this subdivision (copy was provided at the last meeting) was determined to be insufficient and that in the best interest of the property owners and the District, more concise costs of the inclusion as well as standard fees of the District should be determined and provided to those who seek inclusion. As requested at the last meeting by property owners within Log Park, this issue will be on the Agenda for the regular March meeting for further discussion.

Gene Tautges informed the Board that the Water Model Project was progressing steadily and that to date remains under the anticipated cost. Bob Frye pointed out that the Water Model would be an


effective tool, however as with any tool, other considerations and information always need apply. Mr. Tautges also updated the Board on the San Juan Pipeline project. He stated that the settling ponds at the river site should be complete within the next two weeks. Work on the water treatment plant continues as well with the final concrete pour scheduled this week. Various timing issues were discussed as far as equipment delivery, production, and placement of the diversion structure within the river. Movement of the water rights from the original location to the current location is in progress. Also related to construction was acceptance of bids for this year's construction of water and wastewater line extensions. Bid opening is scheduled for the regular April meeting.

The Resolution Authorizing Issuance of the Series 2000 Revenue Bonds for Wastewater Improvements was reviewed and discussed. A motion was made by Bob Frye seconded by Don Brinks approving the Resolution and authorizing the President, Secretary, and Manager to sign all related documents. The motion carried by unanimous voice vote of approval. Closing is set for March 23, 2000.

Directors were reminded of the regular March meeting set for the 21st.

A motion was made by Don Brinks and seconded by Karen Wessels to adjourn the meeting at 8:02 p.m.

Respectfully submitted,


George Chenoweth
Secretary/Treasurer

HARRIS WATER ENGINEERING, INC.

954 East Second Avenue
Durango, Colorado 81301
(970) 259-5322
(970) 247-0587 - FAX

Steven C. Harris, P.E.

March 10, 2000

Fred Schmidt, President
San Juan Water Conservancy District
P.O. Box 4610
Pagosa Springs, Colorado 81157

Re: Population and Water Requirement Estimates

Dear Fred:

This letter is to describe the tasks to estimate the future water needs for the San Juan Water Conservancy District (SJWCD). Generally, the work will involve updating the 1989 "Alternative Reservoir Site Evaluation" prepared by Harris Water Engineering and other estimates that may have been prepared by PAWSD and Archuleta County. The scope of work is based on the information that I have reviewed to date; however, as the work unfolds there may be modifications to meet unforeseen conditions. The tasks are listed below.

1. Assemble and evaluate the population data developed through the Town of Pagosa Springs and Archuleta County "Vision" process. Estimate high, medium and low population growth rates from the "Vision" data through the year 2040.
2. Estimate per-capita water usage for the SJWCD and sub-areas if appropriate. There will be at least two per-capita usage estimates, one representing all residential and the second is a mix of residential and commercial. However, additional per-capita estimates may be necessary to reflect variations in the mix of residential and commercial usage for sub-areas. The water usage of PAWSD will be a major influence in the per-capita water usage estimates, with water usage of similar communities will also be considered.
3. Using the "Vision" population estimates and the per capita water usage estimates, determine the high, medium, and low water usage for appropriate areas within SJWCD.
4. Evaluate SJWCD and PAWSD water rights to generally determine the "ball park" firm yield of the rights based on reasonable assumptions. Determine the ability of SJWCD to meet the future water demand from those rights. If appropriate recommend additional water rights to meet the demands
5. Prepare a report describing the findings using charts and tables.

Mr. Schmidt

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6. Throughout the process coordinate with PAWSD and other representatives as appropriate, such as the Archuleta County staff.

The work can begin immediately, with the completion anticipated about one month after the submission of the Corp of Engineers 404 Permit for Stevens Reservoir. The 404 Permit process will identify future water usage within PAWSD which should be incorporated into the SJWCD estimates. The SJWCD and PAWSD water estimates should match which is the reason for completing the 404 Permit prior to completing the SJWCD study. Therefore, the SJWCD study would be completed in August or early September.

The cost of the work would be based on engineering hours at \$90 per hour, plus direct costs such as copies. For budgeting purposes, between 40 and 80 hours are expected to be necessary which is a range of \$3,600 to \$7,200. No other consultants are expected to be necessary. If the scope of the work might increase beyond the amount contemplated herein, I will notify you immediately to determine if the increase is appropriate.

Thanks for the work. I look forward to getting started on the study. Please call if you have any questions.

Sincerely,



Steven C Harris

Cc Jack DeLange
Carrie Campbell

PAGOSA AREA WATER AND SANITATION DISTRICT
SAN JUAN WATER CONSERVANCY DISTRICT
MINUTES OF THE SPECIAL MEETING
JUNE 11, 2007

The Joint Special Meeting of the Pagosa Area Water and Sanitation District and San Juan Water Conservancy District was called to order by Acting Chairman Fred Schmidt at 4:40 p.m., Monday, June 11, 2007. Other Board members in attendance included Harold Slavinski, Windsor Chacey (representing both PAWSD and SJWCD) and Bob Huff and Steve Hartvigsen (representing PAWSD); Fred Ebeling, Ernie Amos, Mark Garcia, Jack Delange, Bob Moomaw and Carrie Weiss (representing SJWCD). Also present were Steve Harris, Val Valentine, Michelle Tressler, Gene Tautges, Denise Rue-Pastin, Chuck McGuire and Jodi Blankenship.

Harold Slavinski moved to excuse the absence of Karen Wessels (for the PAWSD and the SJWCD Boards). The motion was seconded by Windsor Chacey and carried.

In a brief work session, that preceded this Joint Meeting, the Directors discussed various aspects of the Dry Gulch Reservoir. Fred Schmidt updated the Directors regarding various negotiations related to the land acquisition. Mr. Schmidt indicated that a draft appraisal had been received for the Running Iron Ranch owned by Don and Kathy Weber. Issues remain regarding the value of the residual gravel which is pending more information from the Webers.

The appraisal for the property owned by the Lavery family is in progress.

Fred Schmidt had sought authorization, during the San Juan Water Conservancy District meeting, to continue negotiations regarding land owned by Gilbert Davidson. The property could prove valuable for a siphon area as well as for the road access.

Tom Broadbent had approached Fred Schmidt regarding a small parcel of property that was discovered during the survey process that he needed for access purposes. Mr. Broadbent indicated that he would be willing to execute an agreement for purchase from the Districts contingent upon their successful purchase of the property from the Webers.

Another area Fred Schmidt reported on was the property now owned by Herman Riggs where the sewer lagoon for the High Country Lodge is located. The Directors concurred that Mr. Schmidt should continue discussions regarding this area.

Approximately 350 – 400 acres of USFS land has been identified for a possible land exchange. Adam Poe, Western Land Group, Inc., will attend the next Joint Special Meeting August 13, 2007 and provide more information.

Fred Schmidt reported that he was planning on making a presentation to the Southwestern Water Conservation District at their July meeting. Mr. Schmidt indicated that he planned on requesting a \$50,000 grant to go towards legal and engineering fees.

John Self, Senior Vice President, and Mary Green, Community Bank President, Wells Fargo Bank, had met with staff and the Directors present just prior to the Joint Special Meeting. Additional information will be provided by staff to work towards possible 'bridge' financing of property needed for the Dry Gulch Reservoir.

Don Diones, George K. Baum & Company, had submitted a letter expressing interest in working with the Districts toward 'bridge' financing through a general obligation bond issue (copy attached).

Steve Harris, Harris Water Engineering, presented an updated time-line and draft schedules for submittal with the Colorado Water Conservation Board Loan Application (copies attached). Mr. Harris indicated that he was creating more of a project approach by combining some of the consulting and permitting functions with the land acquisition. Work remains to incorporate the debt service payment requirements into the Pagosa Area Water and Sanitation District's 2040 plan and revise project money needed to reflect the loan amount. It is anticipated that this will be the best long-term financing available and the formal application will be presented to the Directors for approval at the August 13, 2007 Joint Special Meeting. Mr. Harris also indicated that he had drafted a document to address the requirement for a feasibility study from various other reports he had prepared.

Steve Harris also presented preliminary work regarding diversion site alternatives (copy attached). Mr. Harris's staff will continue to refine these alternatives and create a cost analysis for the selected options.

Regarding public education, the Directors discussed using the "Most Asked Questions about the Proposed Dry Gulch Reservoir" as a basis to create educational advertising on the radio. It was the consensus of the Directors to pursue this campaign with both the radio and the newspaper. Denise Rue-Pastin also suggested that the newsletter, due to be published in August, could use the same theme and that the questions should also be posted on the web site.

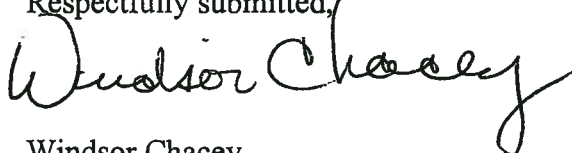
The Directors reviewed a draft Intergovernmental Agreement between the PAWSD and the SJWCD (copy attached). Several suggestions were made noting that the IGA would be revised as needed to accommodate new situations as they arise over the course of the Dry Gulch Reservoir Project. It was also noted that the IGA had not been drafted by Evan Ela as he was preparing for trial on the Dry Gulch water rights case, and that he may have other comments as well.

A motion was made by Harold Slavinski and seconded by Ernie Amos to enter into executive session at 5:50 p.m. for purposes of discussion of matters related to property acquisition and other matters subject to negotiation involving both Districts pursuant to Sections 24-6-402(4)(a) and 24-6-402(4)(e), C.R.S.

The Directors returned to the Joint Special Meeting at 6:54 p.m.

There being no further business to come before the Board, the meeting was adjourned at 6:55 p.m.

Respectfully submitted,



Windsor Chacey
Secretary, PAWSD



Jack Delange
Secretary, SJWCD

PAGOSA AREA WATER AND SANITATION DISTRICT
MINUTES OF THE REGULAR MEETING
APRIL 18, 2007

The Regular Meeting of the Pagosa Area Water and Sanitation District was called to order by Chairman Karen Wessels at 5:35 p.m. on April 18, 2007. Other Board members in attendance were Steve Hartvigsen, Harold Slavinski, and Bob Huff. Staff members Carrie Weiss, Gene Tautges, Art Holloman, and Michelle Tressler were present. Mike Davis, Davis Engineering Service, Inc., was also present.

A motion was made by Harold Slavinski to enter into Executive Session for the purposes of discussion of negotiation matters related to land acquisition and other matters subject to negotiation pursuant to Sections 24-6-402(4)(a) and 24-6-402(4)(e), C.R.S. at 5:36 p.m. The motion was seconded by Steve Hartvigsen and passed unanimously.

The Directors returned to regular session at 6:45 p.m.

Members of the public were present for the meeting as indicated on the attached list.

Steve Hartvigsen made a motion to approve the items listed on the consent agenda (copy attached). The motion was seconded by Harold Slavinski and passed unanimously.

Chairman Karen Wessels asked for any public comment. None was offered.

Michelle Tressler updated the Directors regarding the progress of the Affordable Housing Committee and indicated that recommendations were anticipated for the May Regular Meeting. Ms. Tressler was acknowledged for her commendable efforts with this project.

A request for consideration of fees was made by David Smith on behalf of Habitat for Humanity of Archuleta County (letter attached). Mr. Smith indicated that the agency serves families with income levels at approximately 25% of the area median income and that the Capital Investment Fee and the Water Resource Fee component presented a substantial portion of the construction costs for these homes. Mr. Smith briefly informed the Directors regarding other contributions the community makes toward these efforts both by in-kind or donated services. After discussion regarding the direction the Affordable Housing Committee recommendations were taking, Mr. Smith indicated that he was comfortable going ahead with the project and that a determination regarding deferral of fees could be considered after the Board acted upon committee recommendations. A motion was made by Harold Slavinski and seconded by Bob Huff to allow the water and sewer connection for the property upon payment of the connection charges and that payment of remaining fees could be determined after an affordable housing policy was in place. The motion passed by a voice vote of approval.

The following construction/project update was offered:

Mike Davis, Davis Engineering Service, Inc., gave a report regarding the enlargement of the Stevens Reservoir. Mr. Davis indicated that plans had been submitted to the State Engineer's Office in December of 2006, and that initial comments were received in March of 2007. Three major issues were the focus of the State Engineer's comments. New regulations, adopted in January of 2007, disallowed the use of roller-compacted concrete in the dam spillway design for high frequency storms. As Stevens Reservoir is considered a high-hazard dam, the new regulations would be enforced. This issue is being addressed by the use of conventional concrete construction which is more costly; however, due to the new extreme precipitation hydrology model being employed, the overall size of the spillway can now be reduced from 470 feet to 280 feet which yields a cost reduction from original estimates. Another issue being addressed is the sand filter design. Originally, Mr. Davis had proposed a one foot thick filter design based upon the tight clay material determined by geotechnical studies. The State Engineer's comments found that to be inadequate and initially suggesting that four to five feet of sand filter would be required. In discussions, that amount has been reduced and a detailed seepage analysis is being performed to provide information that may reduce the sand filter requirements further. Finally, analysis of three slope conditions must be satisfied. The State Engineer's Office concurred with Mr. Davis's steady state analysis of down-stream slopes and earthquake provisions. During review of a rapid draw-down, the stability of the up-stream slope was questioned. After further review by the geotechnical firm, it was determined that the State's review had combined the rapid draw-down condition on top of the earthquake condition, which caused the unsatisfactory results. Mr. Davis reported that with all of the comments addressed, he was in preparation of the plans for final review and that he hoped for approval within 4 to 8 weeks. Although it had been anticipated that contract bid documents would be ready to send to the pre-qualified applicants in April, it now appears that it may be June. The actual construction will be very weather dependant, but remains targeted for beginning this year.

Carrie Weiss requested authorization to continue negotiations with Tom Smith as discussed during Executive Session. Mrs. Weiss also reported that she continued to work diligently to come to an agreement with Fairfield regarding a .05 acre parcel. A motion was made by Harold Slavinski and seconded by Steve Hartvigsen to authorize those negotiations. The motion passed unanimously.

Michelle Tressler reported that dates had been determined for the technical, managerial and financial audit being conducted by Stantec Consulting, Inc. This organizational audit is being funded through an Environmental Protection Agency grant and the onsite portion of the work is scheduled for August 13 and 14, 2007. Preliminary background information will be provided prior to that date for the agency's review and Directors will be contacted to schedule individual interviews prior to that time.

Gene Tautges reported regarding the development of the cross-connection/back-flow prevention program. Mr. Tautges indicated that the two certified staff personnel were in the process of contacting the highest priority commercial customers. Mr. Tautges explained that it may be necessary to allow flexibility regarding the 60 day period during which customers notified of a deficiency were expected to have corrective measure in place due to the lack of certified plumbers in the area. Mr. Tautges also reported that changes recommended to the Rules and Regulations to further clarify the

prohibited discharge/grease regulations were being made by legal counsel. A motion was made by Steve Hartvigen to allow staff discretion, in accordance with the law, for non-critical compliance issues. The motion was seconded by Bob Huff and passed unanimously.

Gene Tautges updated the Directors regarding the Hatcher Water Treatment Plant GAC/Clearwell project. He indicated that the plant had been running well for about a week with no major problems. He suggested that it would be another 2 to 3 weeks before the San Juan Water Treatment Plant would be returned to its 'peaking' plant status and Hatcher would become the primary treatment plant for District 1. Steve Hartvigen inquired regarding the testing results for TTHMs and HAA5s and Mr. Tautges indicated that he anticipated good results but that it would be another 10-12 days before those test results were returned.

Michelle Tressler presented a report of construction costs to date for the Hatcher GAC/Clearwell project (copy attached). Ms. Tressler reviewed the report and indicated that although a shortfall in funding was anticipated in May, 2006, and brought to the Board's attention, a decision was never reached regarding the source of funding. Ms. Tressler also reported that the maintenance budget for 2007 for the Hatcher Water Treatment Plant was also going to prove inadequate due to equipment that had to be replaced because of age and nonuse during the upgrade construction and consultant time required for plant optimization and integration. After discussion, a motion was made by Bob Huff to utilize \$43,723 from the 2000 Vista Bond proceeds to purchase the existing generator from the Hatcher plant; to utilize \$37,914 from the 2002/2003 Bond proceeds; to utilize \$199,000 from the contingency fund portion of the 2006 Bond proceeds and fund the remaining needed balance (approximately \$117,029) from Capital Investment Fee funds. The motion was seconded by Harold Slavinski and passed unanimously.

Denise Rue-Pastin, Water Information Program, presented reports on the activities accomplished during the first quarter of 2007, as well as the Water 101 Workshop (copies attached). Karen Wessels requested that Mrs. Rue-Pastin include a summary of results of the various programs in her reports in the future.

Participation in the up-coming water conservation workshop being co-sponsored by the San Juan Water Conservancy District and the Great Western Institute was determined by phone poll since the last regular meeting. A motion was made by Steve Hartvigen and seconded by Bob Huff to ratify that decision. The motion passed by a voice vote of approval. Mrs. Rue-Pastin asked for a Board representative to attend a planning session regarding that workshop, and Harold Slavinski volunteered.

A proposal to design upgrades and improvements to the xeric demonstration garden was considered from Bonnie Sprague, Green Magic Design (copy attached). Denise Rue-Pastin pointed out that the garden was almost ten years old and in need of revitalization and new plantings. A motion was made by Harold Slavinski and seconded by Steve Hartvigen to accept the proposal for services. The motion passed unanimously.

A proposal for advertising services was considered by Nancy Stone, Chimera Communications. Denise Rue-Pastin indicated that while she had been providing these services for a number of years, the District could benefit from a professional service and

that she was very impressed with this firm. The proposal included a complete radio and newspaper campaign as well as other services for a cost not to exceed \$1,850. A motion was made by Steve Hartvigsen and seconded by Harold Slavinski to approve this proposal. The motion carried.

Carrie Weiss indicated that Board approval was needed to authorize Denise Rue-Pastin and Steve Harris, Harris Water Engineering, Inc., to begin preparations for a loan application to the Colorado Water Conservation Board, as a co-applicant with the San Juan Water Conservancy District, for the Dry Gulch Reservoir. Also necessary for the loan application process is an update and revisions to the Water Conservation and Drought Management Plan. These matters had been discussed at the Joint Special Meeting with the San Juan Water Conservancy District Board of Directors on March 19, 2007, but there was not a quorum present to authorize participation by the District. It was the consensus of the Directors to proceed along that line.

Also discussed at the March 19, 2007, Meeting was a proposal (copy attached) for services from Steve Harris, regarding oversight and development of the Dry Gulch Reservoir. In addition, Mr. Harris had informed the Directors that Dan Merriman, recently retired from the Colorado Water Conservation Board, was interested in acting as a coordinator for the USFS land exchange and Special Use Permit application process for the additional needed lands. In the essence of time, the Board had been polled for approval of Mr. Harris's proposal. A motion was made by Steve Hartvigsen and seconded by Bob Huff to ratify Mr. Harris and Mr. Merriman as overall coordinators for the development of the Dry Gulch Reservoir. The motion passed unanimously.

A proposal from Western Land Group, Inc., was considered (copy attached). Carrie Weiss reported that this company has extensive background in working with the USFS on land exchanges, and that it would be to the District's benefit to have professional involvement in this process. She added that this would be a joint effort with the San Juan Water Conservancy District. Steve Hartvigsen made a motion to approve the proposal. The motion was seconded by Harold Slavinski and passed unanimously.

A request from John and Diane Maun for inclusion of property for wastewater purposes was considered. Mr. and Mrs. Maun's property is Lot 57 Martinez Mountain Estates, which is located directly across from the Highlands Lagoon. San Juan Basin Health Department had requested that the Maun's approach the Board for consideration of inclusion due to the proximity of the lagoon facilities. Due to the infiltration, inflow and capacity issues in the Hatcher/Highlands area, the Board had enacted a moratorium on new connections to be served by Highlands Lagoon in September 2006. Discussion ensued as to the intent of the moratorium which was targeted more towards new development and changes in use. Karen Wessels suggested that in the interest of public health, it was appropriate to accept the petition understanding that there would be very few other situations in Martinez Mountain Estates where the topography and proximity were appropriate for an exception. A motion was made by Bob Huff to make an exception to the moratorium, accept the Petition for Inclusion and set a date for the Public Hearing. The motion was seconded by Steve Hartvigsen and passed with a voice vote of approval. Harold Slavinski abstained due to a personal conflict.

Steve Hartvigsen made a presentation to the other Directors regarding the proposed Jackson Mountain timber sale (Trip Report, San Juan NF, Pagosa RD attached). Mr. Hartvigsen presented topographical information and a summation of opinions of expert analysis regarding the lack of potential for further degradation of the stability of the area due to the timber sale. The District has a raw water delivery system in this area and the proposed timber sale should not be detrimental to the pipeline.

The Directors considered a request for contribution from the Town of Pagosa Springs for the 4th of July fireworks program. A motion was made by Steve Hartvigsen and seconded by Harold Slavinski to approve the contribution to this community event. The motion passed unanimously.

A letter of request was considered from the Town of Pagosa Springs for information from the District's customer data base (copy attached). Carrie Weiss pointed out that the District had assisted the Town by providing data from the Caselle system last spring during an engineering review of their system. The current request is limited to the legal descriptions for each customer account. The Town either does not have that information or the information is unreliable. Mrs. Weiss indicated that this project should not take very much time on behalf of District staff. In the spirit of cooperation with other governmental agencies, Harold Slavinski made a motion to assist the Town of Pagosa Springs by providing information from the customer data base. The motion was seconded by Bob Huff and passed unanimously.

A proposal from T.C. Pipeline, Inc., for painting of the Hatcher Water Tank was considered. Carrie Weiss pointed out that the proposal received was \$5,000 more than anticipated in the 2007 budget preparations; however, some other projects are anticipated to cost less than budgeted and T.C. Pipeline's proposal is less than a comparable proposal for this work. A motion was made by Steve Hartvigsen and seconded by Harold Slavinski to accept this proposal. The motion passed by a voice vote of approval.

Michelle Tressler reported that in order to meet the annual health insurance renewal deadline, Directors had been phone polled regarding selections for the upcoming policy year. The Urman Company had recently introduced a new premium schedule which allowed for distinction between employee and spouse, employee and children verses family coverage. The impact to the District for this new premium schedule, as well as less than expected cost increases, results in approximately a \$67,000 savings over what was budgeted. Another significant change to the premium coverage was the reduction in coverage from 90% to 80%. As a means to mitigate the loss of coverage, staff had suggested lowering the deductible. The resulting cost savings after lowering the deductible from \$600 to \$350 would be \$45,000 (copy of report attached). A motion was made by Bob Huff and seconded by Harold Slavinski to ratify the decision to reduce the deductible for the employee health insurance to \$350 by selecting PPO1 for the upcoming policy year. The motion passed unanimously.

The Directors reviewed the Investment Policy Procedures Manual and the 1st Quarter Investment Report. Steve Hartvigsen suggested that the numbering system in the Procedures Manual might more accurately be reflected by bulleting or indicated alphabetically since the numbers do not necessarily reflect priority orders. Bob Huff

suggested that on the Investment Report, a column be added to indicate the average yield for each financial institution for the reporting period. After further discussion, a motion was made by Bob Huff and seconded by Steve Hartvigsen to approve the Investment Procedures Manual and the Investment Report for 1st Quarter. The motion passed unanimously.

The Financial Statements through March 31, 2007, were reviewed.

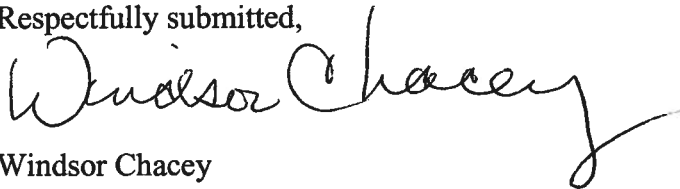
Harold Slavinski made a motion to excuse Windsor Chacey as she is out of town. The motion was seconded by Bob Huff and passed unanimously.

Carrie Weiss reported that she had filed a Conflict of Interest Disclosure (copy attached) regarding her position on the San Juan Water Conservancy District Board of Directors receiving compensation for services as Manager for the Pagosa Area Water and Sanitation District. Chairman Karen Wessels also submitted a Disclosure as a Board of Director for the District and the San Juan Water Conservancy District and owner of Alpha Engineering, where one might perceive a conflict could arise between the District and the San Juan Water Conservancy District.

Carrie Weiss reported that the current snow pack level was at 62% of the 30 year running average.

There being no further business to come before the Board, a motion to adjourn was made at 9:05 p.m. The motion was seconded by Steve Hartvigsen and passed unanimously.

Respectfully submitted,

A handwritten signature in black ink that reads "Windsor Chacey". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

Windsor Chacey
Secretary/Treasurer

HARRIS WATER ENGINEERING, INC.
954 EAST SECOND AVENUE, #202
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#8 PAUSD min

considered
draft 3/19/07

March 21, 2007

Carrie Campbell, Manager
Pagosa Area Water and Sanitation District
P.O Box 4610
Pagosa Springs, Colorado 81147

\$ SJWAD

Re: Proposal for Coordination of Dry Gulch Reservoir Development

Dear Carrie:

This letter is to provide an estimate for Harris Water Engineering (HWE) to provide overall coordination for development of the Dry Gulch Dam, Reservoir, pump station, inlet pipelines, and other associated facilities. The process used for the Stevens Reservoir enlargement provides an example of the type of coordination to be provided for Dry Gulch only on a larger scale. The primary work will be to coordinate the various involved people and parties to attempt to meet the schedule developed for the project. The major tasks to be coordinated are:

- a) Acquire Weber land
- b) Acquire remaining private land
- c) Begin process to apply for USFS Special Use Permit or implement a land exchange
- d) Select Consultant Team – Engineers (pump, pipeline and dam), environmental (wetlands, fish, birds and bunnies, etc.), others
- e) Outline Work for Each Consultant
- f) Begin process to apply for COE 404 Permit
- g) Begin process to apply for SEO Dam Design Permit
- h) Develop financial plan
- i) Conduct Field Studies (geotechnical work is extensive and costly)
- j) Complete field studies and prepare reports and recommendations
- k) File permit applications
- l) Negotiate permits
- m) Receive permits
- n) Implement financing
- o) Begin construction

The coordination is expected to require approximately 12 years. Steve Harris will be primarily responsible for the coordination with continual involvement by Amy Kraft to provide continuity over the 12 years.

Carrie Campbell
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HWE is also prepared to provide coordination on the specific task of obtaining a Special Use Permit to flood the Forest Service land or implement a land exchange. Both processes should be conducted simultaneously because even though the land exchange is the preferred option, several years will likely be required to implement and then may not be successful. HWE will have Dan Merriman available to perform this coordination. Dan will manage the process for both options and report on the progress, identify and organize studies for the Permit, and provide needed decisions by PAWSD/SJWCD. Dan will work with the land exchange firm to monitor the process for PAWSD/SJWCD. The intent is to delegate management of the day-to-day activities of acquiring the Forest Service land. The time to obtain access to the Forest Land will be approximately 5 years.

The level of effort for the overall coordination and the Forest Service land coordination will be highly variable over the course of the work. The overall coordination should not require a large effort, about 10 hours per month for the next 12 to 18 months when the process to select consultants to perform the studies begins and the level of effort will increase considerably. The Forest Service land coordination will be more immediate and is estimated to average between 20 and 40 hours per month until either the land exchange is completed or a special use permit is obtained. The total cost is estimated to be in the range of \$3,000 to \$4,500 per month for the next 12 to 18 months.

Please contact me if you have any questions.

Sincerely,


Steven C Harris