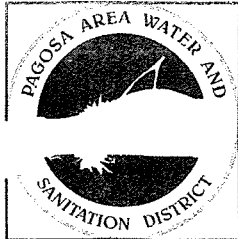
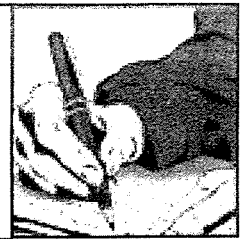


Newsletter - discusses one-year safety supply - to all customers by mail



WATER REFLECTIONS

PUBLICATION OF THE PAGOSA AREA WATER AND
SANITATION DISTRICT



VOLUME 11 ISSUE 1

SPRING 2003

May

WHEN IT DOESN'T RAIN, IT DOESN'T POUR

2002 was certainly a year full of hallmarks. The worst drought on record, some of the worst fires in history, international conflicts, and the list goes on. Most all of our customers have been affected in one way or another. Whether it was conserving water or helping fight or support those who fought the fires, most everyone's lives have been changed, hopefully in a positive way. We certainly hope 2003 is a better and "wetter" year.

From a water resource perspective we are asking ourselves, "What have we learned?" Many events last year and thus far this year have not been a surprise. With the continuance of the drought, we have anticipated and used these lessons in our daily decisions as we manage our water resources. It has also played a large role in the revision of the District's Water Conservation Master Plan. On the other hand, some surprises have been encountered that have refocused our efforts and have been a great educational experience as well.

The level of effort required to bring water to our faucets requires a great amount of planning, forecasting, construction, and operations. There are two projects currently in the planning and permitting stages that we think you may be interested in knowing about. The Dutton Ditch Pipeline Project has been fully surveyed and now that most of the snow has melted away, the consultations will take place. The Special Use Permit from the US Forest Service has been applied for, which means the tedious task of the review process begins. The District hopes to receive approval on the permit this fall. Depending on weather, drought and several other factors, construction could start next year.

The other project the District is working on is the enlargement of Stevens Reservoir. Once again the

permitting process is a long and tedious one. The US Army Corps of Engineers 404 permit has been applied for and is also expected to be approved this fall. This will allow for engineering and design to take place this coming winter and possible construction in 2004. As you can see, next year looks to be a busy year.



Kirk Olds, Project Manager and engineer from Camp Dresser & McKee Inc. explains the details of the headworks structure to District Superintendant Art Holloman, Board President Harold Slavanski, and Construction Manager Tony Fitzgerald.

If you have been by the office complex recently you will have also noticed substantial progress being made on the Vista Wastewater Treatment Plant Upgrade. As the above photo depicts, most all of the concrete work is complete at this time and the project is right on schedule and under budget. The District hopes to see substantial completion by this fall with the entire system "up and running". This facility allows the reuse of wastewater to become not just possible, but probable in the future.

WATERING RESTRICTIONS CHANGE

At their April 22nd meeting the Board of Directors voted to relax outside watering restrictions. Treated water irrigation is now allowed every other day based on your street address and **only between the hours of 5 PM of your assigned day until 9 AM the following morning.** Further changes in restrictions could occur after this printing, so please look for them in the Pagosa Springs Sun newspaper, on our soon to be published website or call the office at 970-731-2691.

BOARD OF DIRECTORS COMMISSIONS WATER/ WASTEWATER RATE STUDY

The Board of Directors recently retained the firm of Integrated Utilities Group Inc. to analyze and recommend a new service rate structure for the District. The goal of the study is to produce a plan that will be equitable, defensible and follows widely accepted industry standards.

Carol Maleski, a Utility Economist with the firm, has done extensive research to date and will be proposing a rate structure to the Board of Directors this spring.

RESOURCE ASSESSMENT

We are often asked, "how much water do we have in storage" or "what do you think this year is going to bring?" The answer to the first question is easy. The second may take a crystal ball.

As of late April, the amount of raw water in storage was approximately 2,342 acre feet or 763 million gallons of raw water. That may sound like a lot, but we need to analyze our demands to determine the sufficiency of our storage. The District's Board of Directors has determined that they desire to have a "one year unrestricted reserve supply" stored away in the event of an extended drought. Obviously, having a reliable back-up supply of raw water benefits all PAWSD customers in case a catastrophic event such as a landslide, chemical spill or extended drought adversely affects the San Juan River. We are forecasting PAWSD customers to use approximately 2,200 acre feet of water if 2003 is unrestricted. Staff is constantly monitoring the river for flow data and lakes for storage levels so the Board of Directors can adjust restrictions as necessary.

Unlike last year, Mother Nature has seen fit to provide us with some local runoff and the result has been the filling of Hatcher and Stevens Reservoirs with gravity water. Pagosa Lake is not yet full as of this writing.

The late snows of this winter will also hopefully keep the San Juan River flowing adequately throughout the summer. Hopefully being the operative word.

We must also be prepared for the losses that will occur from evaporation this year if spring rains do not occur and abnormally warm weather persists. As you can see, there are a number of factors to be considered when looking into that "crystal ball" mentioned earlier.

One key element to stretching our water resources will be conservation. The Merriam-Webster Dictionary defines the word conservation as follows: "a careful preservation and protection of something; especially: planned management of a natural resource to prevent exploitation, destruction, or neglect." We like to look at conservation as a way of life, just like staying healthy. It just makes sense.

MEET OUR NEW WATER CONSERVATION PROGRAM DIRECTOR



New Conservation Program Director Denise Rue-Pastin is excited about promoting conservation, especially in these dry times.

We would like to introduce you to our new Water Conservation Program Director for the Pagosa Area Water and Sanitation District, Denise Rue-Pastin. Denise and her family have lived in Pagosa Springs since 1994. If you had a chance to meet Denise at the recent Home Show, you undoubtedly noticed her passion for

working with PAWSD and our customers on water conservation programs. With more than twelve years of experience in related fields, the District is very excited about having Denise on board to educate and promote water conservation.

Please feel free to contact Denise at any time to talk
(continued on page 6)

PAGOSA AREA WATER AND SANITATION DISTRICT

Water Quality Report for 2002 (PWSID # 104300 and 104500)

Esta es informacion importante. Si no la pueden leer, necesitan que alguien se la traduzca.

Once again, we are pleased to present to you this year's Annual Water Quality Report. Every year we attempt to give you all the information you need to determine the quality of the water you drink. Our constant goal is to provide you with a safe and dependable supply of drinking water. Our raw water comes from four different surface water supplies that are blended together in the distribution system before being delivered to your home or business. These include two sources from the San Juan River for the Snowball Water Treatment Plant and the new San Juan Plant, and one each from Hatcher and Stevens Lakes. Since these treated water supplies are sometimes combined to ensure that supplies are adequate throughout the District, we have again combined this year's Water Quality report into one to make it easier for you to understand. If you have any questions about this report or concerning your water utility, please contact Gene Tautges at (970)731-2691. We want our valued customers to be informed about their water utility so please call with any questions. The District's Board of Directors meets on the second and fourth Tuesday of each month at the office located at 100 Lyn Avenue and all meetings are open to the public. All public water systems are also required to have a source water assessment completed by August 2003. To find out what our system has been doing, call the above contact.

Some people may be more vulnerable to contaminants in drinking water than the public in general. All drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that the water poses a health risk. Immuno-compromised persons such as persons with cancer undergoing chemo therapy, persons who have undergone organ transplants, people with HIV-AIDS or other immune system disorders, some elderly, and infants can be particularly at risk of infections. These people should seek advice about drinking water from their health care providers. For more information about contaminants and potential health effects, or to receive a copy of the U.S. Environmental Protection Agency (EPA) and the U.S. Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by cryptosporidium and microbiological contaminants call the EPA *Safe Drinking Water Hotline* at 1-800-426-4791.

The sources of drinking water, both tap water and bottled water, include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity. Contaminants that may be present in source water include:

- **Microbial contaminants**, such as viruses and bacteria that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- **Inorganic contaminants**, such as salts and metals, which can be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.
- **Pesticides and herbicides** that may come from a variety of sources, such as agriculture, urban stormwater runoff, and residential uses.
- **Organic chemical contaminants**, including synthetic and volatile organic chemicals, which are byproducts of industrial processes and petroleum production, and also may come from gas stations, urban stormwater runoff, and septic systems.
- **Radioactive contaminants**, that can be naturally occurring or be the result of oil and gas production and mining activities."

In order to ensure that tap water is safe to drink, EPA prescribes regulations which limit the amount of certain contaminants in water provided by public water systems. The U.S. Food and Drug Administration (FDA) regulations establish limits for contaminants in bottled water that must provide the same protection for public health. The tables on the following pages contain many terms and abbreviations that may be unfamiliar. To help you better understand these terms we've provided the following definitions:

- **Action Level (AL):** The concentration of a contaminant, if exceeded, triggers treatment or other requirements a water system must follow.
- **Maximum Contaminant Level (MCL):** The "maximum allowed" is the highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.
- **Maximum Contaminant Level Goal (MCLG):** The "goal" is the level of a contaminant in drinking water, below which there is no known or expected risk to health. MCLGs allow for a margin of safety.
- **Maximum Residual Disinfectant Level (MRDL):** The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

- Maximum Residual Disinfectant Level Goal (MRDLG): The level of a drinking water disinfectant, below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.
- Nephelometric Turbidity Unit (NTU): Nephelometric turbidity unit is a measure of the clarity of water. Turbidity in excess of five NTU is just noticeable to the average person.
- Non-Detects (ND) or Below Detection Level (BDL): Laboratory analysis indicates that the constituent is not present. (“<” Symbol for less than, the same as ND or BDL)
- Not Tested (NT): Not tested.
- Parts per billion (ppb) or Micrograms per liter (mg/l): One part per billion corresponds to one minute in 2,000 years, or one penny in \$10,000,000.
- Parts per million (ppm) or Milligrams per liter (mg/l): One part per million corresponds to one minute in two years or one penny in \$10,000.
- Treatment Technique (TT): A treatment technique is a required process intended to reduce the level of a contaminant in drinking water.
- Variances and Exemptions: State permission not to meet an MCL or a treatment technique under certain conditions.

Our system has waivers for: Dioxin, Glyphosate, Nitrite, Cyanide and Asbestos . We are very happy to report that there were no violations of water quality standards in the District again this year. We spend considerable time and effort keeping your water treatment facilities in compliance and the people who operate them well trained in the “science” of water treatment. There are many new drinking water standards that will take effect in the near future that will require an even higher level of treatment of the water you drink. If you would like to see the latest in water treatment technology, stop by to see the new San Juan Water Treatment Plant.

Table of Detected Contaminants

The state requires us to monitor for certain contaminants less than once per year because the concentrations of these contaminants are not expected to vary significantly from year to year, or the system is not considered vulnerable to this type of contamination. Some of our data, though representative, may be more than one year old. The table below shows the results of our monitoring for the period of January 1 to December 31, 2002 unless otherwise noted for PWSID numbers (Public Water System Identification Number) 104300 and 104500.

Contaminant	MCL	MCLG	CCR Units	Level Detected/ Range	Violation Yes or No	Sample Date	Lickely Source of Contamination
Lead and Copper							
Copper	1.3	1.3	Ppm	.19 .006 to .19	NO	1/1/02 12/31/02	Corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives
Lead	15	0	Ppb	5 1 to 5	NO	1/1/02 12/31/02	Corrosion of household plumbing systems, erosion of natural deposits
Inorganic Contaminants							
Arsenic* Effective January 23, 2006 (Until then, the MCL is 0.05mg/l (50 ppb) and there is no MCLG.)	10*	0*	Ppb	5 1 to 5	NO	8/5/02	Erosion of natural deposits; runoff from orchards; runoff from glass and electronics production wastes
Barium	2	2	Ppm	.04 .01 to .04	NO	8/5/02	Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits
Fluoride	4	4	Ppm	1.3 .25 to 1.3	NO	8/5/02	Erosion of natural deposits; water additive which promotes strong teeth; discharge from fertilizer and aluminum factories
Unregulated Inorganic Contaminants							
Sodium	N/A	N/A	Ppm	94	NO	8/5/02	N/A
Unregulated Organic contaminants							
TTHM [total Trihalomethanes]	100	0	Ppb	138 26.3 to 138	NO	8/20/02	By-product of drinking water chlorination

2003 HOME SHOW A GREAT SUCCESS

The fourth annual Home Show held on April 12th and 13th at the county fairgrounds and sponsored by the Builders Association of Pagosa Springs, was again a great success this year. Hundreds of people turned out for this event which has been well received since its premier in 2000. The home show is a great



Many folks took advantage of the services and information available at the 2003 Home show.

opportunity for those considering the building or remodeling of a home. Many great resources were available at the show as well as prizes and loads of information.

Several utilities, including PAWSD, were available to answer questions asked

by customers concerning connection procedures, fees, drought, and water conservation. Whether you were looking for a window, architect, surveyor, drywall contractor, or of course a builder, you were sure to make some good contacts at the 2003 Home Show. Great job BAPS. See you again next year.

PAWSD WEBSITE SOON TO BECOME A REALITY

At their regular meeting on April 8th, the PAWSD Board of Directors gave their approval to start development of the official PAWSD Website. The site will be full of important information for our customers.

Soon you will be able to fill out address change forms, get connection information, find updated drought information, and water conservation material. The Web Site will be published sometime in May with many links to other sites as well. We hope our customers will find this a useful and informative tool and add it to their favorites list. Look for it soon at www.pawsd.org.

REMINDER

Remember an Automatic Bank Draft service is now available at PAWSD. Just stop by the office or call for information on this convenient payment option.

WATER CONSERVATION AT ITS BEST

Necessity is the mother of invention. When it becomes necessary to conserve water, especially when it affects the pocketbook, Werner Kuhne at Minature Automation Systems Inc. (MAS) becomes the inventor. Or at least the innovator.

For quite some time, Werner had pondered over how he could reduce his water bill and conserve a valuable resource as well. In one of the manufacturing processes used at MAS, a great deal of water is needed to cool



MAS employees Cindy Lucero and Jessie Maez demonstrate how the molding machine recycles valuable water.

molding machines. Not only would this single use of water be wasteful on the water side, but guess where it goes to be treated once it enters the sewer. You guessed it, the wastewater treatment plant.

This reclaimed water is now used to melt ice and snow, irrigate, and re-cool the molding machines. It's a win, win situation. A smaller water bill and conservation of a valuable resource. Our thanks to Werner, Carrie, Cindy and Jessie and JP for their hospitality. Keep up the good work!

MARK YOUR CALENDARS !

For our "RESPONSIBLE LANDSCAPING WORKSHOP" Featuring Keynote Speaker Ken Ball, Xeriscape™ expert. Join us Saturday, May 31, 2003 from 9:00 am to 2:30 pm at the Community Center for information and to get all your landscape questions answered by our panel of experts. Space is limited. Call the PAWSD office at 731-2691 to register for this exceptional, low-cost opportunity. The registration fee for the workshop is \$ 7.00.

**WATER CONSERVATION,
IT JUST MAKES SENSE**

(continued from page 2)

about water conservation issues. In addition, she very much welcomes your water conservation suggestions and tips. You can reach her directly at 731-0588 or leave a message at the PAWSD office at 731-2691.

PAWSD believes that educated consumers are smarter conservationists. In the future, information in various forms (e.g., written, workshops, displays, etc.) with Denise's help will augment the PAWSD Water Conservation Program. There is now a plethora of information--brochures, papers, and articles available at the PAWSD office on water, conservation, Xeriscape™, and resources. Feel free to stop by the PAWSD office anytime to obtain your information of interest. Moreover, free residential retrofit kits are now available at the PAWSD office. Targeted to pre-1992 homes, these kits include: a toilet displacement bag, dye tablets to detect toilet leaks, and one each flow restrictors for faucet and shower.

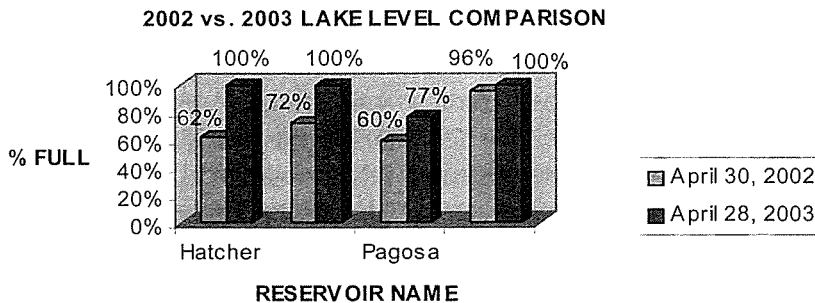
Having recently participated in a very successful Home Show, and the League of Women Voters meeting on water issues, we are looking forward to a busy summer and hope our customers will take advantage of the many opportunities available for conservation education. Also, mark your calendars for the Xeriscape™ workshop to be held on May 31st. In addition, we plan to have displays and a wide variety of information available at the library during the first week in May for Water Week. So remember, water conservation. It just makes sense!



Assistant Manager Gene Tautges gets grilled with one of many great questions from these kids who visited the new San Juan Water Treatment Plant and Vista Wastewater Treatment Plant recently. These youngsters were in Ms. Mary Kay Marquez's class from the Pagosa Springs Elementary School.

ANOTHER WATER WISE TIP THAT SAVES

If you have an automatic sprinkler system, consider installing a rain-fall or soil moisture sensor. It can save water and money!



As you can see from the graph to the left, we are starting out in better shape for 2003 than we did in 2002. Reservoirs are an important asset to all District customers particularly in the event that the San Juan River flows become a concern again this year.

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HERE'S HOW TO CONTACT US

Pagosa Area Water and Sanitation District
 PO Drawer 4610
 100 Lyn Avenue
 Pagosa Springs, CO 81157
 970-731-2691
 970-731-2693 Fax
 970-731-9491 After Hours (Emergency)
 Office Hours 8 AM to 4 PM

Public Comment Period Published

PAGOSA AREA WATER AND SANITATION DISTRICT MINUTES OF THE REGULAR MEETING JANUARY 13, 2004

The Regular meeting of the Pagosa Area Water and Sanitation District was called to order by Harold Slavinski at 5:35 p.m. on January 13, 2004. Other Board members in attendance were Don Brinks, Karen Wessels and George Chenoweth. Staff members present were Carrie Campbell, Gene Tautges, Art Holloman and Michelle Tressler.

A motion to enter into executive session at 5:36 p.m. for the purpose of discussion of negotiation and personnel issues pursuant to C.R.S. Section 24-6-402(4)(e) and C.R.S. Section 24-6-402(4)(f) was made by George Chenoweth. The motion was seconded by Don Brinks and carried by voice vote of approval.

The Board reconvened to open session at 6:39 p.m.

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

A motion to approve the minutes of the executive session held December 9, 2003 was made by Don Brinks and seconded by George Chenoweth. The motion carried. Karen Wessels then moved to approve the minutes of the regular meeting of the same date with notation of a correction regarding the information reported from Val Valentine, Water Commissioner for the Division of Water Resources, that 170% of the moisture content has been recorded as compared to the average moisture content recorded in December over the last 30 years. This information had been originally in the minute notes as 20 years. George Chenoweth seconded the motion, which also carried.

A motion was made by Karen Wessels and seconded by Don Brinks to excuse the absence of Bob Frye, who was out of town. The motion passed unanimously.

Harold Slavinski asked for public comment and Windsor Chacey mentioned that she had spoken with Warren Grams, Pagosa Fire Chief, and asked who was responsible for snow removal around fire hydrants. Chief Grams informed her that it was the property owner's responsibility to make sure that the hydrants were accessible for fire protection. Mrs. Chacey indicated that an article making the community aware of this need would be in next week's newspaper.

Mr. Allen Cogen was not present; therefore, the Board moved to the next agenda item.

Carrie Campbell presented a Resolution Regarding Postings for Meetings for consideration by the Board. Mrs. Campbell indicated that this is a routine annual procedure and that typically the Board has directed that meeting notices be posted in three public places within the District. The resolution presented indicated posting at Archuleta County Court House, Pagosa Springs Town Hall and Pagosa Fire Protection District as well as the District Office. Karen Wessels made a motion to adopt this resolution. The motion was seconded by Don Brinks and passed by a voice vote of approval. Regular meeting dates remained the same.

The Board then considered revisions to the District By-Laws, copy attached. Carrie Campbell reported that changes were being recommended by District Counsel, Jim Collins, particularly to

provide for Subsection 6(g) – Emergency Meetings. Mrs. Campbell indicated that other than the Emergency Meeting provision, changes were required to Section 6. – Meetings, to reflect the current meeting schedule of meetings on the 2nd and 4th Tuesday of each month. After further consideration, a motion was made by Don Brinks and seconded by Karen Wessels to adopt the revised By-Laws with the change in dates. The motion passed unanimously.

The Board also considered an Election Resolution, copy attached. Carrie Campbell suggested that in light of voter turnout in the 2002 election, the polling place for the May election be held at the Pagosa Fire Station #1 in conjunction with the Pagosa Fire Protection District election. The terms of office of Directors Harold Slavinski, George Chenoweth and Bob Frye shall expire after their successors are elected at the regular Special District election to be held on May 4, 2004. A motion to adopt this resolution was made by George Chenoweth and seconded by Karen Wessels. The motion carried.

The following construction/project update was offered:

Carrie Campbell reported on the Highway 84 water storage tank location that had been negotiated for purchase from Ken and Jan Brookshier. As discussed at the previous Board meeting, a conditional use permit is required for the new tank, and issues of the existing tank and access site surfaced regarding illegal subdividing of the property in the late 1970's when the Loma Linda subdivision was platted. According to the Archuleta County Planning Department, it would be the District's responsibility to correct this situation. The Board of Directors recalled this issue after the inclusion of the Town of Pagosa Springs and Archuleta Water Company in 1992 when the property and tank were conveyed to the District and it was brought to the District's attention that said property was going for delinquent tax sale. Evidently the problem was not resolved with then County officials as was thought. The County's position now is that the original site is an easement, for which the District has secured from the property owners. To take ownership of the new site creates a more detailed process through the Planning Commission with the possibility of it not being approved, thus delaying construction of the new tank and additional costs. After consideration, a motion was made by Don Brinks and seconded by George Chenoweth to pursue a Conditional Use Permit for the new access and tank site and acquire the property by easement. The motion passed unanimously.

Carrie Campbell provided a copy, attached, of the Modification No. 1 to the Collection Agreement with the USDA Forest Service for the Dutton Ditch Pipeline. The modification extended the expiration date of the agreement, added the provision for a vegetative survey, and lowered the estimated cost by \$804 due to a math error. Mrs. Campbell reported that Allen Davey, Davis Engineering Services, Inc., is finalizing the depletion study and it should be submitted within one week. The Forest Service will then submit it to the Fish and Wildlife Service and their response may take a few months.

Stevens Reservoir Enlargement process continues. There were no new developments to report.

With regard to the proposed Water Conservation and Drought Management Plan, Carrie Campbell reported that the notice requesting public input will be published in the Pagosa Springs Sun on January 15th. She noted that with respect to revisions discussed at the December meeting, those were incorporated along with a few other comments from the Colorado Water Conservation Board. The Directors had no other suggested changes. Mrs. Campbell indicated that the proposed plan is on the District's website. The publication date begins the 60 day comment period, and the Board could consider adoption of this plan, with any forthcoming changes, at the March 23, 2004 regular meeting.

Carrie Campbell reported that water production for 2003 decreased by approximately 13 acre feet compared to 2002. Although more water was consumed during summer months, winter usage decreased, which, in her opinion, indicates that the community continues to practice water conservation and that leaks are being repaired in a more timely manner. She added that 2003 water production is down about 17% from 2001.

Michelle Tressler reported on Main Line Extension Fees that were recently assessed to 10 lots along Settler Court in the Vista Subdivision. This construction project has been in progress since late 2002 and involved engineering for the service of 103 additional lots and planning for the elimination of pressure sewer service and the eventual upgrade of the lift station at Brook Drive. Due to the complex nature of this project, a different approach in assessing the first 10 lots served along Settler Court was necessary. The District incurred more costs than can be attributable to the lots served at this time due to advanced engineering, a higher capacity lift station and the depth of the wastewater lines required for future service. In order to fairly determine the cost to be assessed to these 10 lots, an estimate for the additional 103 lots was made and added to the costs incurred to date. This total was then divided by the total lots to be served for an assessment for wastewater service in the amount of \$5,800.36. The assessment for water service did not deviate from total costs incurred which resulted in an assessment of \$2556.36. The District will continue to carry approximately \$185,000 in costs until the remaining 103 lots can be served and assessments made. It is anticipated that when further line extensions are done to serve lots along Heritage and Harmon Streets, and the upgrade or replacement of the lift station at Brook Drive and the cost of the wastewater line that will replace the remaining pressure sewer, costs will be partially assessed to those lots and partially funded by Capital Investment Fees depending upon the amount of growth in that area. The Board was in agreement with this.

Carrie Campbell reported that a meeting was held in December with representatives from Pagosa Golf Club and Fairfield Communities. Revisions to the draft Raw Water Irrigation Agreement are underway and should be available for Board review by the next meeting.

A letter from Larry Hjerstad, Western Weather Consultants, LLC, to Fred Schmidt, President of the San Juan Water Conservancy District, was shared with the Board. Mr. Hjerstad was requesting that letters of support be sent to the Colorado Water Conservation Board in favor of financial support from the State's Cloud Seeding Programs next year and into the future. Carrie Campbell reported that there may be approximately \$20,000 in funds to be divided by three or four programs in the southwest portion of the state. Mrs. Campbell reported that the SJWCD intends to issue such a letter and asked if the Directors would favor such a letter on behalf of PAWSD. After discussion, it was determined that a letter of support would be drafted by Mrs. Campbell on behalf of the Board.

Carrie Campbell reported that she was waiting for a cost estimate to create a topographical survey map for further discussion of the Proctor Reservoir Water Rights.

A lease purchase agreement from Wells Fargo Brokerage Services, LLC for the financing of a Case 85XT-2 Heavy Lift Skidsteer and a Case 580 Super M Loader/Backhoe. Carrie Campbell reported that this equipment purchase had been considered in the 2004 Budget and that a previous lease purchase agreement had been satisfied in November of 2003. The proposed lease purchase agreement takes into consideration the trade in of a used 580 Super K Loader/Backhoe that is in need of replacement for a net cost of \$76,736.00 at 2.9%. Mrs. Campbell also reported that District Counsel had reviewed this lease purchase agreement and found no objections to the document. After

discussion a motion was made by George Chenoweth and seconded by Don Brinks to approve this purchase and authorize the Secretary to sign the appropriate documents. The motion passed unanimously.

Gene Tautges reported that the geotechnical report being prepared by Sundale Associates, Inc., regarding the Stevens Reservoir Enlargement was delayed. This work was originally authorized in August. A phone call to them stating the District's concern was suggested.

Gene Tautges reported that the rock crushing project was still being negotiated with the County. Since the initial rock crushing project was envisioned, the Archuleta County Planning Department has advised the District that a permit will be required for this activity. Staff feels that a Limited Impact Permit is appropriate; however, the Planning Department feels the more stringent Conditional Use Permit should be used. A request to get on the agenda for the next Archuleta County Commissioners' meeting on January 20, 2004 has been made in hopes to resolve the difference of opinion.

Gene Tautges updated the Board regarding the Lakes Committee progress. Two grant applications, in the amount of approximately \$30,000, are being prepared in conjunction with the San Juan Soil Conservation District, the Pagosa Lakes Property Owners Association and the District. If awarded, these grant funds would supply funding for all of the watershed protection studies that were originally anticipated and cover even further up and down stream efforts.

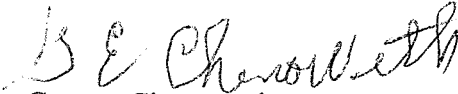
Under other business, Carrie Campbell reported that following a recent meeting with Archuleta County Board of County Commissioners and Road and Bridge personnel, indication was made that the District will be charged for road cut permits when repairing water and wastewater lines. She further explained the problems leading up to this meeting in that the District failed to properly notify the County of a road cut. Previous agreements, although unwritten, were in lieu of charging the County for raw water for dust abatement purposes, the District would not be charged for road cut permits. Revenues were not budgeted for the 2004 year to meet such expenditures; it may be appropriate to begin assessments for raw water used by the County. Direction was given to Mrs. Campbell and Chairman Harold Slavinski to approach County officials for further discussion.

Lake levels were reported as; Hatcher 15 inches below spill, Stevens is spilling, Lake Pagosa 19 inches below spill, Forest 3 inches and Village 34 inches below spill. Art Holloman reported that in anticipation of run off, the Dutton Ditch has been shut off. Discussion ensued regarding the drought situation and that even though the local reservoirs were in much better condition, it would be unwise to believe that the drought was over. Other reservoirs were discussed and Director Karen Wessels presented pictures of Lemon and Vallecito Reservoirs.

Gene Tautges mentioned that he was in receipt of a memo from Camp Dresser and McKee, Inc. regarding the quality of the wastewater model that was prepared by Davis Engineering Services, Inc. Mr. Tautges reminded the Board that the wastewater model was an integral element in the Highlands Lagoon study and that incomplete or inaccurate information would affect the integrity of that study as well. Mr. Tautges stated that he would study the situation and report further to the Board next meeting.

There being no further business to come be for the Board, a motion to adjourn was made by Karen Wessels at 7:35 pm. The motion was seconded by George Chenoweth and passed unanimously.

Respectfully submitted,

A handwritten signature in cursive script that reads "G E Chenoweth". The letters are fluid and connected, with a prominent initial "G" and "E".

George Chenoweth
Secretary/Treasurer

*Board approval of Water Conservation and Drought
Management Plan providing for one-year safety supply*

PAGOSA AREA WATER AND SANITATION DISTRICT
MINUTES OF THE REGULAR MEETING
APRIL 13, 2004

The Regular meeting of the Pagosa Area Water and Sanitation District was called to order by Chairman Harold Slavinski, at 5:30 p.m. on April 13, 2004. Other Board members in attendance were Don Brinks, Karen Wessels, Bob Frye and George Chenoweth. Staff members present were Carrie Campbell, Gene Tautges, Art Holloman and Michelle Tressler.

A motion to enter into executive session at 5:31 p.m. for the purpose of discussion of negotiation issues regarding the Dutton Ditch Pipeline, water rights and the proposed raw water agreement pursuant to C.R.S. Section 24-6-402(4)(e) was made by Don Brinks. The motion was seconded by George Chenoweth and carried by voice vote of approval.

The Board reconvened to open session at 6:35 p.m.

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

Bob Frye made a motion to approve the minutes of the regular meeting of March 23, 2004. Don Brinks seconded the motion and it passed unanimously.

Harold Slavinski asked for public comment and none was offered.

The first order of business the Board considered was the Joint Water Waste Proclamation (copy attached). Carrie Campbell summarized the process and parties involved in creation of this document as well as the Plan Reviewers Checklist. Beginning in November of 2003, the Archuleta County Water Wise Policy Task Force made up of representatives from Pagosa Area Water and Sanitation District, Archuleta County, the Town of Pagosa Springs, and the Pagosa Lakes Property Owners Association began to meet and brainstorm ideas to help reduce water waste within the County and methods to use water more efficiently. The Joint Water Waste Proclamation and Plan Reviewers Checklist were two of the outcomes of that task force. After discussion a motion was made by Bob Frye and seconded by Don Brinks to adopt the Joint Water Waste Proclamation. The motion passed unanimously.

The proposed raw water agreement with the Pagosa Springs Golf Club and Fairfield had been discussed in executive session. Staff was directed to continue efforts to come to an acceptable agreement between all parties.

The Board then considered increases to various water and wastewater charges. Discussion ensued regarding the two most favored rate scenarios for water service charges. The Board had been provided with a summary of the resulting rate tiers based upon an increase in the minimum service charge to \$6.00 per equivalent unit and \$6.50 per eu (copy attached). Discussion ensued regarding these choices. It was discussed that the lower minimum service charge put more emphasis on the water conservation ethic which was established with the water service charges put into place in July of 2003. It was also pointed out that the higher minimum service charge and related tiers represented by the \$6.50 would provide slightly more fixed income per month and thus provide a little more insulation from further water conservation driven reduction in gallons sold. After further discussion a motion was made by Karen Wessels and seconded by Don Brinks to adopt the \$6.00 minimum service charge

per eu and the resulting rate tiers. The motion passed by a voice vote of approval. Continuing the discussion of rate increases, a motion was made by Karen Wessels and seconded by Bob Frye to increase the wastewater service charge from \$15.50 to \$17.50 per equivalent unit. The motion passed unanimously. The rate charged at the two Fill Stations was addressed. A motion was made by Don Brinks and seconded by Bob Frye to increase this charge to \$4.74/1000 gallons or \$.47/100. The motion passed unanimously. The Drought Surcharge imposed during periods of Water Conservation Level One and higher was considered. A motion was made by Don Brinks and seconded by Karen Wessels to increase this charge to \$1.20/1000 gallons for usage over 8,000 gallons per eu and \$2.40/1000 gallons for usage over 20,000 gallons per eu. The motion passed with a voice vote of approval. The final rate increase considered was the rate charged to customers who experienced a leak and had documented a timely repair. It was recommended that this charge be increased to be consistent with the lowest rate tier amount of \$2.10. A motion was made to that effect by Bob Frye and seconded by George Chenoweth and passed unanimously. It was noted that there was not an increase recommended for treated or raw water tanker charges as well as the rate charged to waste haulers to empty into the wastewater treatment system as these charges remained adequate to cover the cost to provide those services.

The Board considered the proposed Water Conservation and Drought Management Plan. This Plan is intended to be used as a general guideline and while it can not address every possible situation, will be a tool to guide both the Board and the community in the future. Carrie Campbell indicated that the proposed plan was in conformity with the Colorado Water Conservation Board recommendations, although the District was not required to have a plan approved by that entity at the District's current level of treated water delivery. Mrs. Campbell reported that this plan had been available in the office and on the District website during its evolution to the current draft and noted that a notice concerning the adoption of this plan had been published in the Pagosa Springs Sun on January 15, 2004 and again on April 8, 2004. Only one comment was received during this process and was addressed. A motion was made by Bob Frye and seconded by Karen Wessels to adopt this plan. The motion passed unanimously.

A Water and Sewer Main Line Extension Permit was considered from Greg Elliott for service along Teakwood Ave. in the Lakewood Subdivision. Mr. Elliott had been given an estimate of the Main Line Extension Fee to service these 16 parcels of approximately \$7,000 per parcel and indicated that he was willing to pay that estimate in advance. It was noted that this request was in an area that the District was obligated to serve, and a motion was made by Bob Frye and seconded by George Chenoweth to accept this application and proceed with construction engineering and planning when the funds were received. The motion passed unanimously.

Certain parties were not present and the agenda order was adjusted to accommodate discussion until after they arrived.

The award of bid for the 2004 water and wastewater pipeline extension was addressed by the Board. Staff indicated that after consideration of all of the issues and discussion with District Engineers it was recommended that J. E. Sutherland be awarded the 2004 bid. It was noted that this firm was also the low bidder for the work indicated. A motion was made by Bob Frye and seconded by Karen Wessels to award the bid to J. E. Sutherland. The motion passed unanimously.

The Employment Benefits and Salary Comparison Study was originally presented to the Board in April of 2003 and formed the foundation for the salary ranges adopted by the Board on August 26, 2003.

Various changes in job descriptions had been incorporated for several positions since that time. Carrie Campbell indicated that since this document presented the logic and methodology that supported the salary ranges previously adopted by the Board, it was appropriate for the Board approve this comparison study. Since personnel issues are constantly evolving as well as assignment of duties and responsibilities, this comparison study is intended to be a guideline and adjusted as necessary. A motion was made by Karen Wessels and seconded by Don Brinks to approve the Employment Benefits and Salary Comparison Study. The motion passed by a voice vote of approval.

Gene Tautges presented an opportunity to move toward radio read technology for water meters. A brief report (copy attached) indicated that the District supplier of meters and related meter reading equipment was offering an incentive program for \$12,775. The offer includes 50 radio read equipped meters as well as the handheld radio reading unit, software and support. Mr. Tautges expressed that, if approved by the Board, these 50 meters could be installed in the more difficult commercial reading locations that are read year around, thus reducing labor to locate and dig up problem locations during the winter. It would also be a good test of the technology and its interface into existing meter reading programs. After discussion a motion was made by Karen Wessels and seconded by Don Brinks to participate in this program. The motion passed unanimously.

The following construction/projects update was offered.

Carrie Campbell reported that the Board of County Commissioners had approved the Conditional Use Permit for the Loma Linda potable water storage tank project. Art Holloman added that work continues on the Loma Linda Pump Station and it is anticipated to be operational within a month.

Carrie Campbell reported that negotiations are continuing with parties involved in the Dutton Ditch Pipeline Enclosure.

Regarding the Enlargement of Stevens Reservoir, Carrie Campbell indicated that proposals for work needed to complete the Final Wetland Mitigation Plan in conjunction with Aqua-Hab, Inc. had been received from Ecosphere and Aquatic and Wetland Company. Mrs. Campbell indicated that both were proposals based upon a "cost not to exceed" basis and that Corey Sue Derfus believed that some time budgeted under Task 1 would be able to be reduced. Mrs. Campbell also stated that Ecosphere had prepared a number of various surveys required for both the Stevens and Dutton Ditch Pipeline projects and she was very pleased with their work and timeliness in accomplishing the tasks. Staff recommended that the proposal from Ecosphere be accepted. It was noted that Aqua-Hab's estimate for work on the Final Wetland Mitigation Plan in the amount of \$26,425 would be in addition to that of Ecosphere. A motion was made by Bob Frye and seconded by Karen Wessels to accept the proposal from Ecosphere at a cost not to exceed \$24,070. The motion passed by a voice vote of approval.

Gene Tautges reported that the Planning Commission would review the application for a Conditional Use Permit to perform rock crushing at the Vista location on April 14, 2004. Mr. Tautges indicated that crushing the material on site was by far the best solution. The alternative would be to transport this material off site to be crushed and transport it back to the Vista location for use and storage. Crushing the material on site would be more preferable than the noise, traffic congestion, and dust and wear on County roads to transport this material.

Gene Tautges reported that the SolarBee equipment, which had first been presented to the Board during February, had been reviewed by the Lakes Committee with very favorable results. Participation

in this equipment purchase will be considered in the 2005 budget process. Mr. Tautges also reported that a request for funds committed to the Watershed Study had been received from the PLPOA (copy attached). A special interest bearing account had been established and expenses would be disbursed from this account and monthly reports issued by the PLPOA.

Carrie Campbell reported on the placement of funds after the Board was polled by telephone. The Board ratified placement of Certificates of Deposit as follows; Citizens Bank for \$500,000 at 2.15% for one year and Bank of Colorado for \$300,000 at 2.03% for 7 months. A motion to ratify the placement of these funds was made by Bob Frye and seconded by George Chenoweth. The motion passed unanimously.

The Board then considered the Property Exchange and Inclusion Agreement with Dale and Deanna Hockett; this agenda item had been deferred earlier in the meeting awaiting their presence. Deanna Hockett presented a list of suggested changes to the agreement as well as an updated map indicating areas to be exchanged. The consensus of the Board was to direct staff to continue working toward an acceptable agreement to both parties.

Under other business, Carrie Campbell reported that the Town of Pagosa Springs had recently made the District aware of further construction to be performed in 2004 along Lightplant Road from San Juan Street to Spring Street. In discussions with Town planners, Mrs. Campbell was assured that in the future, the District will be given more notice of construction projects so that the District may adequately plan and budget. The immediate problem is approximately \$130,000 of estimated construction costs to move the water line outside of the traveled portion of the road and into the easement between the road and the sidewalk. This particular area is subject to leaks and is an old 6" AC pipeline. Preliminary engineering indicates that this water main line should be replaced with a 8" PVC main line. Although funds were not allocated for such an expenditure in 2004, staff urged Board approval as it would be in the District's best interest to replace the water line now rather than later. Mrs. Campbell suggested that either a short term loan could be obtained from a local bank or that funds could be borrowed from the Wastewater Enterprise fund balance. Staff was directed to investigate the option of borrowing from the Wastewater fund with District legal counsel and report back to the Board.

Carrie Campbell also informed the Board that the Division of Water Resources is offering a program this summer to employ college students doing GPS work. Mrs. Campbell had very little information on this project at that time but sought Board approval to continue to investigate to see if using this program may be an advantage to the District. The consensus of the Board was to direct staff to obtain more information.

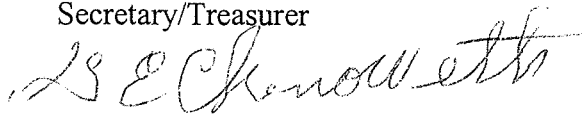
Carrie Campbell indicated that as a result of a new County Resolution, the District would now be required to provide a Certificate of Insurance and post bonds or other suitable surety to cover work done in County right-of ways. Instead of obtaining bonds to meet these requirements, Mrs. Campbell suggested that a Certificate of Deposit placed at Citizens Bank with a maturity of 3/31/05 be pledged. Mrs. Campbell indicated that it would more than adequately cover the amount of work the District would be performing in the upcoming year and it could be done without the costs associated with bonding or a letter of credit. Karen Wessels made a motion to present that option to the County Board of Commissioners for acceptance. The motion was seconded by George Chenoweth and passed unanimously.

The remaining item on the agenda was then discussed. The representatives of the Log Park Water Company were informed that discussion had been held in executive session regarding the preliminary findings of District legal counsel regarding the water rights associated with this development. It was the consensus of the Board that staff negotiate and discuss the various issues with LPWC representatives and draft an agreement for discussion at the next regular meeting.

There being no further business to come before the Board, a motion to adjourn at 7:45 pm was made by Karen Wessels and seconded by Bob Frye. The motion passed unanimously.

Respectfully submitted,

George Chenoweth
Secretary/Treasurer

A handwritten signature in cursive script that reads "G. E. Chenoweth". The signature is written in dark ink and is positioned to the right of the typed name and title.