

*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 2<sup>nd</sup> and 4<sup>th</sup> 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 15<sup>th</sup>. 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 Hjernstad, Western Weather Consultants, LLC, to Fred Schmidt, President of the San Juan Water Conservancy District, was shared with the Board. Mr. Hjernstad 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.

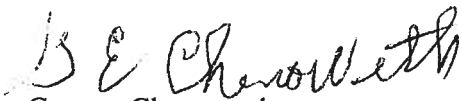
Under other business, Carrie Campbell reported that following a recent meeting with Archuleta County Board of County Commissioners and Road and Bridge personnel, indication was made that the District will be charged for road cut permits when repairing water and wastewater lines. She further explained 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 signature is written in dark ink and is positioned above the printed name.

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

