

Karen Wessels, President/Chairman
Windsor Chacey, Secretary/Treasurer
Carrie S. Weiss, Manager
Gene Tautges, Assistant Manager



Steve Hartvigsen
Robert Huff
Harold Slavinski

April 26, 2010

The Board of County Commissioners
Archuleta County
P. O. Box 1507
Pagosa Springs, CO 81147

Re: Annual Report

Dear Commissioners:

The Pagosa Area Water and Sanitation District provides the enclosed Annual Report per Colorado Revised Statutes §32-1-207(3)(c) for your review. This 2009 Annual Report, presented in the State Auditor's Office format, strives to provide a clear perspective with well-documented responses to your twenty-five specific issues on historical and future water and wastewater planning, operational and financial matters, as detailed in your March 8, 2010 letter. It is anticipated that subsequent Annual Reports will focus more specifically on activities within the current report period. We suggest that in future years, we present these reports in late summer in order to align with the timing of our annual audit reports.

We continue to believe that water and water storage will be among the most important foundations for a positive lifestyle and prosperous future for Archuleta County. To this end, we feel that we have always operated with the utmost responsibility and in the best interests of the community at large, and do not feel that we have been at all operationally or fiscally negligent, as insinuated in your March 8, 2010 letter. We hope that the enclosed report will enhance your understanding of our mission and agency.

In keeping with our desire to continue to educate the public regarding its mission, and in keeping with its sincere intent to represent the desires of its constituency, beginning in May and running through September or October 2010, the PAWSD Board will conduct monthly Dry Gulch Project community workgroup meetings. At the final meeting, the work group will be asked to seek a consensus on the size of reservoir (which will dictate associated infrastructure) PAWSD should pursue. This decision will be documented and serve as the basis for future decisions and any court water rights actions required regarding the Project. Opportunities will be available in ensuing years for the community to revise its consensus. The PAWSD Board has heard and understood that the community wishes to have a higher level involvement into the

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planning of this community resource and is supportive of this opportunity. We expect that the County will appoint a representative to, and be an active participant of, this workgroup.

We look forward to the opportunity to further discuss this information and any questions you may have. Please advise us as to a date, time and venue for the public presentation of this report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Karen A. Wessels", written over a light blue horizontal line.

Karen A. Wessels, Chairman
Bob Huff
Harold Slavinski
Windsor Chacey
Steve Hartvigsen

Pagosa Area Water and Sanitation District
Board of Directors