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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JANUARY 13, 2022 REGULAR MEETING

5
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Call to Order

7 The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by
8 Chairman Smith at 5:02p.m.

10
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Attendance

12 The following Directors were present: Jim Smith, Glenn Walsh, Paul Hansen, and Blake Brueckner, and
13 Gordon McIver.

14
15 In attendance from staff: Justin Ramsey and Marissa Perdee. Also present was: Renee Lewis, Clayton Chaney,
16 and Terri House.

18
19
Approval of Minutes

20 The Directors reviewed the minutes for the December 9, 2021 Regular Meeting (all copies attached). A motion
21 was made by Director Brueckner and seconded by Director McIver to approve the minutes. The motion passed
22 unanimously.

24
25
Public Comment

26 Chairman Smith opened the meeting to public comment. There were no comments offered by the public present
27 at this time.

29
30
Public Hearing on 2022 Water Rate Increases

31 The Public Hearing on 2022 water rate increases was opened at 5:05p.m. Justin Ramsey explained that this will
32 be the third iteration of the 2018 water rate study. The overall strategy is that water rates will increase 6% per
33 year until 2023. There being no further discussion or questions, the public hearing was closed at 5:09p.m.

35
36
Consideration of 2022 Water Rate Increases

37 A motion was made by Director McIver and seconded by Director Brueckner to approve the 2022 water rate
38 increases. The motion passed unanimously.

40
41
Consideration of RGL Grant Writing Contract

42 Justin Ramsey explained that Renee Lewis was hired at the end of 2021 to do grant writing for PAWSD and he
43 is very impressed with her work so far. Mr. Ramsey noted that the contract has been updated for 2022 with a
44 maximum spending amount of \$45,000 dollars.

45
46 A motion was made by Director McIver and seconded by Director Brueckner to approve the RGL Grant Writing
47 Contract. The motion passed unanimously.

48
49 Renee Lewis briefly explained to the Board some of grants PAWSD went after at the end of 2021 as well as a
50 plan for the beginning of 2022.

52 **Consideration of Designated Election Official Contract**

53
54 A motion was made by Director Brueckner and seconded by Director Walsh to approve the designated election
55 official contract. The motion passed unanimously.

56
57 **Consideration of 2022 Connection Charges and Adjustments to other Non-Rate Revenue**

58
59 Justin Ramsey presented analysis performed on District connection charges and other non-rate fees. The
60 research found that some fees would need to be increased to cover calculated costs while others could be
61 decreased as a result of material cost savings.

62
63 A motion was made by Director Brueckner and seconded by Director Hansen to approve the 2022 Connection
64 Charges and Adjustments to other non-rate revenue. The motion passed unanimously.

65
66 **Consideration and approval of 2022 Board Meeting schedule**

67
68 A motion was made by Director Hansen and seconded by Director Brueckner to approve the 2022 Board
69 Meeting schedule. The motion passed unanimously.

70
71 **Consideration of Resolution 2022-01 Board of Directors annual posting for meetings**

72
73 A motion was made by Director Brueckner and seconded by Chairman Smith to approve Resolution 2022-01
74 Board of Directors annual posting for meetings. The motion passed unanimously.

75
76 **Consideration of Staff Direction to Create a Resolution on ADU Policy**

77
78 Justin Ramsey began the discussion by explaining that PAWSD staff looked into tracking when new ADU's are
79 built and they are able to retrieve that information from the County and the Town. Mr. Ramsey explained that the
80 Town of Pagosa Springs considers an ADU as a self-contained residential dwelling unit that shares the same lot
81 as a primary residential dwelling (main dwelling) and shares the same utility taps as the main dwelling. Mr.
82 Ramsey noted that PAWSD does not currently have additional fees for ADU's and asked the Board if they would
83 like PAWSD staff to move forward with creating a resolution on charging additional fees for ADU's. The Board
84 directed staff to look into whether or not it is possible to charge an additional monthly sewer EU to properties
85 with ADU's over 600 feet.

86
87 **Manager Talking Points**

88
89 Justin Ramsey began the discussion by explaining that he met with the new owners of the Dutton Ditch Pipeline.
90 Mr. Ramsey spoke with them about the possibility of extending the pipeline across their property to Stevens
91 Reservoir which would allow PAWSD to put in a pump station in order to pump water back to Hatcher if needed
92 and they were very interested. Mr. Ramsey explained that if PAWSD can get an idea of what their water needs
93 are, a model can be ran on the existing water line. If PAWSD can fit them into the existing water line, they would
94 be solely responsible for the construction of the 2 miles of water line. Mr. Ramsey added that Mike Davis of
95 Davis Engineering is putting together a cost to do a model and the new owners of the Dutton Ditch Pipeline are
96 going to try to define what their water needs are in order to determine whether it will fit the existing pipeline.

97
98 Mr. Ramsey explained that he met with the Board of County Commissioners and they mentioned moving a
99 PAWSD fill station to the Aspen Springs area. Mr. Ramsey noted that the Board of County Commissioners
100 indicated that they have the money to do this from stimulus money they received. Mr. Ramsey explained that a
101 line drawing was done and there are three options on where the fill station could be placed. The first option
102 would be to put it at the Happy Camper RV Park which would require acceleration and deceleration lanes. The

103 second option would be to contact the Aspen Springs Metro District as they previously gave PAWSD permission
104 to place a fill station on Buttercup Dr. The third option would be to put a fill station at the Aspen Springs Fire
105 Station with permission from the Fire District. Mr. Ramsey added that there are existing acceleration and
106 deceleration lanes at the Aspen Springs Fire Station and if a water line was extended to the Fire Station,
107 businesses in Aspen Springs could then be included into the District. Mr. Ramsey noted that the Aspen Springs
108 Metro District previously mentioned that they have the man power and equipment to dig the trench which would
109 decrease the cost significantly.

110
111 Mr. Ramsey explained that the meters for water loss have been fixed and water loss is down slightly from where
112 it was at before the meters went down.

113
114 **Any other Business Brought before the Board will be Duly Considered**

115
116 There being no other business brought before the Board, Director Hansen made a motion to adjourn at 6:00pm,
117 Director Brueckner seconded the motion, which passed unanimously.

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119 Respectfully submitted,

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123 Gordon McIver
124 Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
FEBRUARY 10, 2022 REGULAR MEETING

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Call to Order

The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Smith at 4:58p.m.

Attendance

The following Directors were present: Jim Smith, Glenn Walsh, Blake Brueckner, and Gordon McIver. Paul Hansen was not present.

In attendance from staff: Justin Ramsey, Aaron Burns, and Marissa Perdee. Also present was: Renee Lewis, Clayton Chaney, Tom Dubel, Rachel Yarrow, Bill Hudson, Antonie Slikker, Hank Slikker, Grace Slavin, Michael Caponnetto, and Maria.

Approval of Minutes

The Directors reviewed the minutes for the January 13, 2021 Regular Meeting (all copies attached). A motion was made by Director Brueckner and seconded by Director McIver to approve the minutes. The motion passed unanimously.

Public Comment

Chairman Smith opened the meeting to public comment. Tom Dubel began the conversation by explaining that he lives near Hatcher Lake and his property sits in the valley below what will be the Oakbrush Hill Gravel Pit. Mr. Dubel mentioned that there will be serious consequences for him and his property if this project is allowed to proceed as the gravel pit is not compatible with the surrounding neighborhood. Mr. Dubel explained that he learned that PAWSD owns Dry Gulch which is home to Weber Sand and Gravel. Mr. Dubel did not find any record of studies indicating that the gravel supply available within PAWSD property at Dry Gulch has been exhausted. Mr. Dubel asked if PAWSD would be open to someone resuming gravel operations at the Dry Gulch property and subsidizing holding costs through a new lease. Chairman Smith responded that PAWSD has not been approached by anyone wanting to use that property for gravel mining. Director Walsh added that PAWSD made an offer to the Weber's to continue the gravel operation and they were not interested as they do not believe there is enough gravel left for it to be worthwhile to continue. Mr. Dubel added that he suspects that the Weber's were only allowed to touch a small piece of the land for gravel mining because they could not interfere with the potential that PAWSD would put in a reservoir. Mr. Dubel asked if anybody has looked throughout the property for other possible resources of gravel. Director Walsh responded that PAWSD had to ask permission from the Weber's to enter the property and the Weber's were free to mine wherever they liked. Director Walsh added that there is very little reason to think that there is lucrative mineable aggregate there anymore. Justin Ramsey explained that the loan PAWSD had on the property was through the CWCB and they restrict what can be done on that land. PAWSD cannot do anything that would interfere with the possible future of construction of the dam. Mr. Ramsey added that the existing gravel operation is outside of where the dam area and the water table would be and based on the geography of the property, there probably is not much gravel beyond what the Weber's have been mining for the past 15+ years.

Mr. Ramsey explained that PAWSD has been approached by several people wanting to use the property for various reasons including agricultural reasons, cattle, parks and wildlife, and gun ranges. The property is open for anything PAWSD can do to benefit the community.

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Michael Caponnetto asked if PAWSD finds concern with respect to the drinking water and whether PAWSD is provided research on how the gravel pit will affect the drinking water. Mr. Ramsey responded that they will be regulated by the Colorado Division of Mining Safety, and they will be held by stringent regulatory requirements both state and federal. Mr. Ramsey noted that the gravel pit is more than ¼ mile away from the reservoir and he does not see a concern with it at this time.

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Grace Slavin added that studies have shown that sediment within a 4-mile radius can contaminate the water supply and if the sediment breaks the protective layer, it can affect the quantity and quality of the water for local wells as well as water that feeds into different places. Hank Slikker asked when PAWSD does studies on the water. Mr. Ramsey explained that different tests are done at different times, but PAWSD has to follow the Safe Drinking Water Act as a federal regulation.

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Mr. Caponnetto noted that the creation of gravel pits will cause water on higher elevation properties to be drained into the gravel pits which in time become containment ponds which can become toxic depending on the mineral content of the surrounding soil. Mr. Caponnetto added that the drainage can affect water in surrounding areas affecting neighborhood properties. Chairman Smith explained that PAWSD has a Water Treatment Plant at Hatcher to clean the water. Mr. Caponnetto asked if commercial enterprises have to give PAWSD any plans on what they are doing and how it will affect the water. Chairman Smith responded that they do not have to give PAWSD anything as that goes back to state and federal regulations.

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Mr. Dubel asked if water is needed to separate material at the gravel pit and if PAWSD would be against the water being moved up the hill in order to do this separation therefore impacting what PAWSD uses the water for. Mr. Ramsey responded that if the water use was changed in a way that affects PAWSD, it would go to water court.

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Mr. Slikker added that he believes that the gravel pit is also going to be used as a concrete mixing plant as well as an asphalt plant. Mr. Slikker noted that over time, as they expand, there is going to be more of a need for water and asked if that figures into PAWSD future plans. Mr. Ramsey responded that the Colorado Division of Reclamation, Mining and Safety oversee that to make sure that nothing leaves the property that is not supposed to. The Clean Water Act requires that if you disturb more than one acre of property, nothing can leave the disturbed property. Bill Hudson added that the Archuleta County Planning Department is not allowing a concrete or an asphalt plant at the Oakbrush Hill Gravel Pit as they are zoned AR (Agricultural/Ranching).

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Director Walsh explained that PAWSD tries to focus where they have legal precedence and if this operation is going to change trying to expand their water right beyond what they have, PAWSD will be in water court to try and protect the community's water. However, if they are using a right that they have, PAWSD cannot get in the way of that.

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Bill Hudson explained that some research was done by a realtor in town who looked at a median priced home in Pagosa Lakes for a 3-bedroom 2-bathroom house on less than a half-acre and the median price last year was three times what it was in 2011 and two times what it was in 2015. Mr. Hudson added that as Pagosa Springs gets more tourists, the cost of living is being driven up to a place where it is extremely hard for workers to remain here. Ms. Slavin asked if PAWSD has considered having different fees for different demographics. Ms. Slavin added that she is not currently encouraged to save water as she only uses 500-700 gallons of water per month but is still having to pay the base rate of up to 2,000 gallons per month. Ms. Slavin explained that she would like to see a consideration for a demographic where there is only a single person in the household who does not use more than 1,000 gallons per month. Mr. Ramsey responded that there will be another rate study done in 2023 and PAWSD will look at the various options.

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102 **Consideration of Resolution 2022-02 Calling for the 2022 Regular District Election and Appointing a**
103 **Designated Election Official**

105 Justin Ramsey explained that based on discussion at the previous Board Meeting, a resolution was made,
106 appointing Renee Lewis as the Designated Election Official for PAWSD.

107
108 A motion was made by Director Brueckner and seconded by Director McIver to approve Resolution 2022-02
109 Calling for the 2022 Regular District Election and Appointing a Designated Election Official. The motion passed
110 unanimously.

111
112 **Consideration of Resolution 2022-03 Authorizing the Submittal of a Ballot Issue at May 3, 2022 Regular**
113 **Election**

114
115 Justin Ramsey explained that Director Walsh suggested some changes on the ballot issue in order to more
116 clearly state that this initiative is only for grants and nothing else.

117
118 A motion was made by Director McIver and seconded by Director Brueckner to approve Resolution 2022-03
119 Authorizing the Submittal of a Ballot Issue at the May 3, 2022 Regular Election with the suggested changes. The
120 motion passed unanimously.

121
122 **Consideration of 2022 Call for Nominations**

123
124 Renee Lewis began the discussion by explaining that the call for nominations is a statutory requirement that will
125 need to be published in a publication of normal circulation. Ms. Lewis added that she recommends posting this
126 in the Pagosa Sun for the 02/17/2022 edition in both legal and as a display ad.

127
128 A motion was made by Chairman Smith and seconded by Director McIver to approve the 2022 Call for
129 Nominations. The motion passed unanimously.

130
131 **Consideration of PCL Contract**

132
133 Justin Ramsey began the discussion by explaining that PAWSD put out an RFQ for a construction manager at
134 risk (CMAR) which is a different type of delivery method that what PAWSD has done in the past. Mr. Ramsey
135 explained that the CMAR will come on at 30% design plans to start to review the plans for constructability and
136 engineering. This should greatly reduce the amount of change orders seen. Mr. Ramsey added that this contract
137 is for the preconstruction phase and the CMAR will be collaborating with the engineer and reviewing the plans
138 making changes as they see fit.

139
140 A motion was made by Director McIver and seconded by Director Brueckner to approve the PCL Contract. The
141 motion passed unanimously.

142
143 **Manager Talking Points**

144
145 Justin Ramsey began the discussion by explaining that water loss is about where it has been in previous
146 months. Mr. Ramsey added that the meters used to calculate water loss have been fixed but one of the two
147 meters has already failed and the water loss numbers may not be accurate for the next meeting.

148
149 Renee Lewis explained that another unanticipated consequence of the pandemic is a nationwide paper
150 shortage. The shortage is going to hit elections particularly hard because of the volume needed in a short period
151 of time. Ms. Lewis explained that a lot of the larger election printing organizations are not taking on any new
152 clients at this time in order to ensure that they have the paper available for their current client lists. Ms. Lewis

153 reached out to a couple law firms who do elections and have a lot of election clients hoping to tack on PAWSD
154 printing which would be significantly cheaper than using a local operation. Ms. Lewis noted that she has been
155 denied by companies that do not have the time or resources to take PAWSD on, but she will continue to reach
156 out to more companies.

157

158 Director Walsh noted he would like to see what percentage of PAWSD employees are making 100% AMI or
159 below as PAWSD may need to look at some kind of housing stipend for those people. Mr. Walsh added that if
160 inflation continues to rise as fast as it is, PAWSD may also need to look at a cost-of-living adjustment with its
161 employees.

162

163 **Any other Business Brought before the Board will be Duly Considered**

164

165 There being no other business brought before the Board, Director Brueckner made a motion to adjourn at
166 6:15pm, Director McIver seconded the motion, which passed unanimously.

167

168 Respectfully submitted,

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171

172 Gordon McIver

173 Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MARCH 3, 2022 SPECIAL MEETING

Call to Order

The Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by PAWSD Chairman Smith at 5:00p.m.

Attendance

The following PAWSD Directors were present: Jim Smith, Glenn Walsh, and Gordon McIver. Paul Hansen and Blake Brueckner were not present.

In attendance from staff: Justin Ramsey and Marissa Miller. Also Present was: Renee Lewis and Josh Pike

Public Comment

Chairman Smith opened the meeting to public comment. There were no comments offered by the public present at this time.

Consideration of Canceling the 2022 Regular District Election

Justin Ramsey began the discussion by explaining that PAWSD had three Board openings for this election cycle, and they ended up with only three individuals running, thus there is no longer a need to do the election. Mr. Ramsey explained that PAWSD was also going to have a ballot issue to remove the TABOR limitation on grant funding. Currently, PAWSD ability to get accept grants is limited to under 10% of the PAWSD Enterprise Funds, thus if any big grants were to become available, PAWSD would not be able to go after them. Mr. Ramsey added that Renee Lewis spoke with some individuals at the State, and they are not necessarily seeing a lot of grant opportunities for the next twelve months. PAWSD would only be taking the risk for one year due to the fact that there will be another election in 2023. Mr. Ramsey noted that if the PAWSD Board opts to cancel the 2022 election, they are looking to save approximately \$50,000 dollars in a large part due to a paper shortage reportedly caused by the pandemic.

A motion was made by Director McIver and seconded by Director Walsh to cancel the 2022 Regular District Election.

Director Walsh asked if PAWSD could put the ballot issue on the consolidated ballot in November of 2022 in order to share costs with the County. Renee Lewis responded that that would be an option and PAWSD still has that opportunity.

There being no further discussion or questions, the Board voted on Mr. McIver's motion, and it passed unanimously.

Any other Business Brought before the Board will be Duly Considered

There being no further business to come before the Board, Director McIver made a motion to adjourn at 5:09p.m., Director Walsh seconded the motion, which passed unanimously.

Respectfully submitted,

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A handwritten signature in black ink, appearing to read 'Gordon Mciver', with a long horizontal flourish extending to the right.

Gordon Mciver
Secretary

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MARCH 10, 2020 JOINT WORK SESSION

Call to Order

The Joint Work Session for the Pagosa Area Water and Sanitation District (PAWSD) and San Juan Water Conservancy District (SJWCD) was called to order by PAWSD Chairman Smith at 4:04p.m.

Attendance

The following PAWSD Directors were present: Jim Smith and Glenn Walsh. Gordon McIver, Blake Brueckner, and Paul Hansen were not present.

The following Directors were present from the San Juan Water Conservancy District: John Porco, Al Pfister, Susan Nossaman, Doug Secrist, Bill Hudson and Joe Tedder.

In attendance from staff: Justin Ramsey, Aaron Burns, and Marissa Miller. Also present was: Josh Pike, Terri House, Tobi Rohwer, and Sally High.

Discussion of Status Report on Dry Gulch

Al Pfister began the discussion by explaining that San Juan Water Conservancy District has taken the lead with finding funding partners for the San Juan Headwaters Project (AKA Dry Gulch) in compliance with the agreement signed by the SJWCD, PAWSD and CWCB. Mr. Pfister explained that SJWCD approved a contract with Wilson Water Group to address the various water supply and demand needs for agricultural, industrial, municipal, environmental, and recreational needs for San Juan and they are going to work with Justin Ramsey to get relevant numbers as far as water protection needs. Mr. Pfister added that this will encompass the COVID-19 related community growth. Chairman Smith asked how long this project will take. Mr. Pfister replied that this will take about three months.

Mr. Pfister explained that SJWCD has discussed some revisions needed in the strategic plan including the San Juan Headwaters project. SJWCD hired a communications specialist firm that will be assessing the community's outreach and their understanding of what the SJWCD does as well as how to move forward with educating the public.

Doug Secrist explained that he was approached by Colorado Parks and Wildlife (CPW) to consider Running Iron Ranch (property where the San Juan Headwaters Project is located) as a nomination candidate for a state park which will depend on whether a reservoir is built. Mr. Secrist believes that Running Iron Ranch strongly meets CPW's criteria for a state park with river access, potential for camping facilities, and various activities could be provided. Mr. Secrist explained that he will be submitting the nomination to CPW by June 1, 2022, and they have been discussing doing site visits to evaluate the property when the snow has melted. Chairman Smith asked if the whole property would be a state park or just a portion of it. Mr. Secrist replied that this would have to be part of the discussions had with CWCB. Mr. Secrist added that there have been discussions about putting low-income housing in that facility which would have a substantial impact on its viability as a candidate for state park. Mr. Ramsey asked when a decision would be made on whether or not it would be a state park. Mr. Secrist replied that it would probably be one or two years before a decision was made.

Justin Ramsey explained that he has been in contact with the Webers and they would like to know if the PAWSD and SJWCD Boards would be open to re-opening negotiations for extending the existing lease agreement. Mr. Ramsey added that in the offer made in December 2021, the Webers would be responsible for

52 removing the structures from the property. The Webers are willing to take the structures down, but they do not
53 want to be responsible for removing any of the material due to possible asbestos. Mr. Ramsey explained that
54 the Webers asked for an additional two-year lease with the option of a third. Mr. Ramsey added that the Webers
55 would continue the gravel operation for their ranch as well as their construction company but not as a
56 commercial operation. Mr. Secrist noted that an extended lease would give the Webers enough time to get the
57 site reclaimed if they cease all current mining operations now, but if they continue mining, they will be up against
58 the same reclamation issue at the end of the extended lease. Mr. Ramsey added that verbiage can be put in the
59 contract that the Webers agree to have the site reclaimed and approved by the State by the end of the lease or
60 there will be a penalty. Mr. Secrist suggested that the Webers cease mining operations now and manage the
61 property for two years. Chairman Smith asked how this would affect the state park. Mr. Secrist responded that
62 the mining operation cannot be part of the state park and he does not believe CPW would consider it until all
63 mining is done.

64

65 Director Walsh explained that the idea was that SJWCD was going to take the lead to try to find partners and
66 not to focus the cost of developing a large reservoir on the taxpayers in Archuleta County as PAWSD did not
67 agree on an educational outreach to convince the public that they need to spend money on a reservoir. Director
68 Walsh added that he is fully supportive of the work that is being done by SJWCD to make Running Iron Ranch a
69 state park.

70

71 Bill Hudson asked if the negotiations with CPW includes them paying off the debt on the property. Mr. Secrist
72 responded that it can be discussed but he believes that CPW will want to operate under a management
73 agreement meaning that SJWCD and PAWSD would still be the property owners, but CPW would provide
74 management expertise of the facility. Mr. Hudson replied that would take away the option of selling the property
75 to a developer or rancher over the next ten to twenty years and he would like to see PAWSD out from under that
76 debt. Mr. Secrist added that there are still a lot of discussions and negotiations to be made, but he would like a
77 letter of support for the park nomination from the PAWSD Board. The PAWSD Board agreed.

78

79 Justin Ramsey noted that he believes that, if done correctly, CPW and the Webers could work simultaneously
80 as the Weber lease is short term and the park will be long term. Mr. Secrist added that he is concerned that the
81 Webers are not currently able to meet the reclamation deadline and by setting the new contract and allowing
82 continued mining, the delay in reclamation could have negative consequences with the CPE negotiations.

83 Director Walsh added that the Webers are likely wanting to extend their lease because the mineable value on
84 the property is worth more than what they are paying. Director Walsh believes that SJWCD and PAWSD should
85 keep the gravel that is left as anything that is going to be done with the property will require gravel.

86

87 Chairman Smith suggested that the PAWSD and SJWCD Boards individually discuss this issue further at their
88 April Regular Board Meetings and another Joint Work Session can be scheduled afterwards.

89

90 There being no further business to come before the Boards, the Joint Work Session was adjourned at 5:00p.m.

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93 Respectfully submitted,

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Gordon McIver

98 Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MARCH 10, 2022 REGULAR MEETING

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Call to Order

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The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Smith at 5:05p.m.

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Attendance

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The following Directors were present: Jim Smith, Glenn Walsh, Blake Brueckner, and Gordon McIver. Paul Hansen was not present.

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In attendance from staff: Justin Ramsey, Aaron Burns, and Marissa Miller. Also present was: Terri House, Josh Pike and Bill Hudson

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Approval of Minutes

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The Directors reviewed the minutes for the February 10, 2022 Regular Meeting (all copies attached). A motion was made by Director Brueckner and seconded by Director McIver to approve the minutes. The motion passed unanimously.

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Chairman Smith asked if PAWSD staff had a chance to look into Director Walsh's request from the February 10, 2022, Regular Board Meeting to see what percentage of PAWSD employees are making 100% AMI or below. Aaron Burns replied that twelve PAWSD employees individually fall under 100% AMI. Mr. Burns added that of those twelve employees, if benefits are included in the equation, it puts them over 100% AMI.

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A motion was made by Director Brueckner and seconded by Director McIver to excuse Director Hansen from the February 10, 2022 and March 10, 2022 Regular Board Meetings. The motion passed unanimously.

Public Comment

Chairman Smith opened the meeting to public comment. There were no comments offered by the public present at this time.

Consideration of Changes to the Pagosa Area Water and Sanitation District Bylaws

Justin Ramsey explained that he made some necessary changes to the PAWSD Bylaws due to the new election cycle as well as adding clarification where needed.

A motion was made by Director McIver and seconded by Director Brueckner to approve the changes to the Pagosa Area Water and Sanitation District Bylaws. The motion passed unanimously.

Consideration of Appointing Marissa Miller as Recording Secretary to the Board

Justin Ramsey explained that the PAWSD Bylaws state that PAWSD needs an appointed recording secretary. Mr. Ramsey added that Marissa Miller has been acting as recording secretary and has been doing a great job.

A motion was made by Director Brueckner and seconded by Director McIver to appoint Marissa Miller as Recording Secretary to the Board. The motion passed unanimously.

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Discussion of PLPOA Regulations for ADU's

Justin Ramsey began the discussion by explaining that the Board has been discussing possibly charging additional EU's for ADU's for wastewater purposes. Mr. Ramsey added that he spoke with PLPOA, and they do not allow ADU's that are not part of the main infrastructure which would mean that the only place that PAWSD would have the ability to collect additional EU's on ADU's would be in the Timber Ridge subdivision. Director Walsh added that he does not think the ADU issue on the wastewater side is critical right now.

Justin Ramsey explained that he is going to meet with the County as they want to see if they can look at PAWSD data to determine whether VRBO's are using significantly more water than the typical household. Director Brueckner noted that this is something that he would be against. Director Walsh added that he would like to know the different usage of different categories of household, but individual household data should not be given out. Mr. Ramsey noted that he is going to suggest looking at doing another rate study in 2023 and PAWSD may want to look at this information and possibly consider charging sewer based on water usage.

Consideration of Authorizing Kendall K. Burgemiester, Law of the Rockies, to file an application, on Behalf of the District, to the Colorado Water Court to Perfect the District's San Juan River Intake, San Juan Raw Water Storage Reservoir and San Juan Recreation Reservoir

Justin Ramsey explained that this is referring to San Juan Conditional Water Rights. Conditional water rights require PAWSD to show to the courts due diligence every six years. Mr. Burgemiester believes that PAWSD has provided adequate proof of diligence to request from the court to perfect the San Juan Water Rights as absolute.

A motion was made by Director Brueckner and seconded by Director McIver to authorize Kendall K. Burgemiester, Law of the Rockies, to file an application, on Behalf of the District, to the Colorado Water Court to Perfect the District's San Juan River Intake, San Juan Raw Water Storage Reservoir and San Juan Recreation Reservoir. The motion passed unanimously.

Manager Talking Points

Justin Ramsey explained that water loss is about the same as it has been in previous months. Mr. Ramsey noted that these numbers may be slightly off due to one of the meters going bad, but it has been replaced and water loss numbers should be accurate going forward.


Mr. Ramsey explained that Archuleta County has been doing a lot of work with treasurer's deeds and when this happens, PAWSD loses its infrastructure investments in those communities. Mr. Ramsey noted that PAWSD general council approached Archuleta County's general council to see if PAWSD could recoup some of those costs and it was something that the County was open to. Director Walsh added that PAWSD may want to consider investing some of their reserves in purchasing treasurer's deeds as they come up. Mr. Ramsey replied that it is not necessary to purchase treasurer's deeds as PAWSD can enforce their liens on these properties.

Any other Business Brought before the Board will be Duly Considered

There being no other business brought before the Board, Director Brueckner made a motion to adjourn at 5:37pm, Director McIver seconded the motion, which passed unanimously.

Respectfully submitted,

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Gordon McIver
Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
APRIL 14, 2022 REGULAR MEETING

5 **Call to Order**

7 The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by
8 Chairman Smith at 5:02 p.m.

10 **Attendance**

12 The following Directors were present: Jim Smith, Glenn Walsh, Blake Brueckner, Gordon McIver and Paul
13 Hansen.

15 In attendance from staff: Justin Ramsey, Aaron Burns, and Marissa Miller. Also present was: Pamela Flowers,
16 Andy Weber, Kathy Weber, Kathy Campbel, Elsie Wallace, Al Pfister, Bill Hudson, Josh Pike, and Terri House.

18 **Approval of Minutes**

20 The Directors reviewed the minutes for the March 3, 2022 Special Meeting, the March 10, 2022 Joint Work
21 Session, and the March 10, 2022 Regular Meeting (all copies attached). A motion was made by Director
22 Brueckner and seconded by Director Walsh to approve the minutes. The motion passed unanimously.

24 **Public Comment**

26 Chairman Smith opened the meeting to public comment. There were no comments offered by the public present
27 at this time.

29 **Discussion of Weber Lease Renewal**

31 Justin Ramsey began the discussion by explaining that the Weber's presented an offer to extend the current
32 Running Iron Ranch lease by two years, but a formal agreement has not been written yet. Mr. Ramsey
33 explained that PAWSD staff needs Board direction on whether to proceed with putting together a formal
34 agreement. Director Walsh noted that from discussions in the previous Board meeting, the consensus of the
35 Board was not to proceed with this lease extension.

37 A motion was made by Director Walsh to stay with the negotiations as concluded with no result in lease and not
38 proceed with any further lease negotiation.

40 Andy Weber explained that there is not much gravel left to mine but since there is still a mining permit, he is
41 asking that they be allowed to finish what they need to as the gravel will be gone within the next year, and they
42 may need extra time to make sure all of the reclamation gets done. Mr. Weber added that he will remain open to
43 the public commercially as long as there is adequate material. If there is no longer adequate material to be
44 mined, Mr. Weber stated that he will still be open to crush any gravel from other entities.

46 Director Walsh noted that he believes PAWSD should get out of the gravel and private use business in order to
47 move Dry Gulch on to a new chapter where the San Juan Water Conservancy District (SJWCD) puts in their
48 best efforts to find development partners to try and relieve the community of the debt from this property.

50 Mr. Weber added that there is a 3 – 5 year period that the Weber's may need in order to get the property fully
51 reclaimed that they would need access to the property for. Director Walsh responded that the he has no
52 reluctance to allow access needed to fully execute the reclamation of the land.

53
54 Allan Pfister explained that from the SJWCD perspective, there is a lot of uncertainty of what extending this
55 lease will or will not involve and the reclamation of the property is a bigger issue. Mr. Pfister added that more
56 specifics are needed on what will be on the property and how that would fit into future use of the property as well
57 as whether and how the lease is extended. Bill Hudson explained that SJWCD has not come to any decisions
58 about this as a Board yet, but he agrees with Glenn as the more years this mining goes on, the longer it will take
59 until the reclamation is done. Mr. Hudson believes that extending the lease with the Weber's while negotiating
60 with the State about a state park would not be wise. The PAWSD Board agreed that they do not want to
61 proceed with extending the lease with the Weber's, but the Weber's may still access the property as needed in
62 order to get the property fully reclaimed.

63
64 The Board directed staff to write up an agreement between PAWSD and the Weber's giving them permission to
65 enter the property for reclamation purposes after the lease has ended.

66 67 **Consideration of STR Data Request from Archuleta County**

68
69 Pamela Flowers explained that Archuleta County is concerned about whether the short-term rental use of a
70 home results in a higher use of water, which is a scarce resource that the County is concerned about, and it also
71 translates into a higher amount of wear and tear in PAWSD infrastructure. Ms. Flowers noted that the County is
72 trying to get data that will tell them whether this is something that they should be concerned about, and it would
73 give them a reason to set reasonable limits on the number of short-term rental units in the County. Archuleta
74 County is asking PAWSD for aggregated data on fifty-one short term rentals as well as fifty-one regular homes.

75
76 Director Brueckner stated that this is something he would be opposed to as he does not believe PAWSD should
77 be a part of telling people what they can and cannot do with their property. Director McIver added that PAWSD
78 is in the business of selling water which is how they pay for their infrastructure. PAWSD wants its customers to
79 use water if it is available. Director McIver agreed with Director Brueckner and is opposed to anything that will
80 get in the way of property owners being able to freely exercise the use of their property. Director Walsh added
81 that he does not see where this request trespasses on that issue as the County is not asking for individual data.
82 Director Hansen noted that he agrees with Director Brueckner on individual property rights, but he does not
83 believe that this specific request would affect that. Ms. Flowers added that the plan going forward is not to
84 restrict rights, but to hopefully offer incentives to short term rental properties to find ways to conserve water.

85
86 A motion was made by Director Hansen and seconded by Director Walsh to approve the STR data request from
87 Archuleta County and instruct Justin Ramsey to produce fair terms on payment for staff time.

88
89 Chairman Smith asked how PAWSD would know that this is representative of the whole County. Ms. Flowers
90 responded that she does not believe that it is representative, the County is trying to determine if there is any
91 kind of difference that is identifiable. Director McIver asked how many hours of staff time this request would
92 take. Mr. Ramsey responded that this will likely take 4-6 hours of staff time.

93
94 Director Walsh noted that the one concern he has is that he does not understand the emphasis from the County
95 on water as he thinks their emphasis should be on roads. Director Walsh added that some water use is quite
96 beneficial to PAWSD, and his concern is more on the wastewater side.

97
98 There being no further discussion, the Board voted on Director Hansen's motion. The motion failed 3 to 2 with
99 Director Brueckner, Director McIver and Chairman Smith voting no.

101 **Public Hearing on Petition for Inclusion for Charles A Tyson and Rebecca Murdock**

102
103 The Public Hearing was opened at 5:48pm. Justin Ramsey explained that this property is on North Pagosa Blvd.
104 and there is a sewer line that runs through where the property owners want to tie on to. Mr. Ramsey noted that
105 there will be no need for a sewer extension, and he recommends that the Board approve this inclusion. Hearing
106 no objections from the public, a motion was made by Director Brueckner and seconded by Director Hansen to
107 approve the Petition for Inclusion for Charles A Tyson and Rebecca Murdock. The motion passed unanimously.
108 There being no further discussion or questions, the Public Hearing was closed at 5:50pm.

109
110 **Manager Talking Points**

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112 Justin Ramsey explained that water loss looks like it is going in the right direction, but he does not believe the
113 numbers are correct for April's water loss because one of the Hatcher meters failed. Mr. Ramsey noted that the
114 meter has been replaced and water loss numbers should be correct for the May Board Meeting.

115
116 Mr. Ramsey explained to the Board that PAWSD has been getting hit with substantial fuel surcharges from their
117 vendors and noted that the Board is going to see this on the budget.

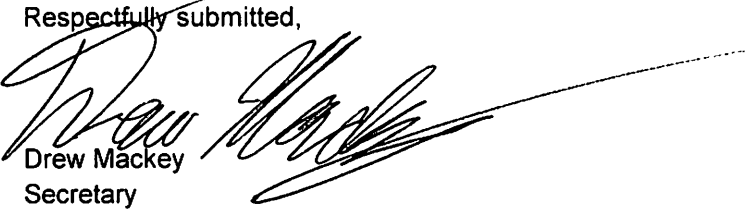
118
119 Mr. Ramsey explained that he met with PSSGID, and they came up with an emergency plan in the event that
120 PSSGID loses their ability to pump their wastewater to the PAWSD plant. Mr. Ramsey added that PSSGID is
121 considering building their own water treatment plant downtown. With the required upgrades, PAWSD is going to
122 have to spend about the same amount or more money to upgrade their plant. Mr. Ramsey suggested discussing
123 building one large plant downtown with PSSGID. Mr. Ramsey added that this is not something that would be
124 able to happen for at least 8 – 10 years. Mr. Ramsey mentioned that he will be requesting in the next budget to
125 do a study to determine the feasibility of reversing existing force main from the town.

126
127 Mr. Ramsey added that PAWSD and SJWCD had previously agreed on an IGA clarifying their agreement with
128 the CWCB and the agreement did not get signed by PAWSD or SJWCD. Mr. Ramsey informed the Board that
129 this is going to get put back on the agenda in a future meeting to be signed.

130
131 **Any other Business Brought before the Board will be Duly Considered**

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133 There being no other business brought before the Board, Director Brueckner made a motion to adjourn at
134 6:12pm, Chairman Smith seconded the motion, which passed unanimously.

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136 Respectfully submitted,

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139 Drew Mackey
140 Secretary
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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MAY 12, 2022 REGULAR MEETING

Call to Order

The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Smith at 5:06 p.m.

Attendance

The following Directors were present: Jim Smith, Glenn Walsh, Blake Brueckner, Drew Mackey and Bill Hudson.

In attendance from staff: Justin Ramsey. Also present was: Al Pfister, Josh Pike, Gene, and Marcus Lock.

Approval of Minutes

The Directors reviewed the minutes for the April 14, 2022 Regular Meeting (all copies attached). A motion was made by Director Brueckner and seconded by Chairman Smith to approve the minutes. The motion passed unanimously.

Public Comment

Chairman Smith opened the meeting to public comment. There were no comments offered by the public present at this time.

Directors Oath of Office Execution

Marissa Miller had prepared Oaths of Office for Directors Brueckner, Mackey, and Hudson. Justin Ramsey, in his capacity as District Manager, administered the Oaths.

Attorney Briefing of Director Responsibilities

Marcus Lock of Law of the Rockies introduced himself and explained that he represents multiple special districts across the state of Colorado. Mr. Lock explained that the Pagosa Area Water and Sanitation District is a local government and as such the PAWSD Board Members are public officials, therefore, there are a lot of laws that apply to the Board. Mr. Lock asked that if any of the Board members are ever in doubt or have any questions to ask Mr. Ramsey or Mr. Lock and they will be available to help. The State of Colorado has an incredible resource for Special Districts, called the Special District Association (SDA), and there is a wealth of information available to Board members through the SDA including a Board Member Manual. Mr. Lock added that the governing body of the District is the Board, and more specifically, a majority of the Board. The decision of a majority of the Board of Directors is the decision of the District and the PAWSD Board is obligated to follow that decision. Mr. Lock explained that as a public official, the Board members will be asked questions by their constituents and the press, and the Board members need to be clear as they are making comments that they are speaking for themselves as an individual Board member and not on behalf of the District. Mr. Lock added that the only folks that can speak on behalf of the District are a majority Board of Directors or an individual delegated that responsibility by a majority Board of Directors. Mr. Lock noted that there are

49 different degrees of delegation, and a Board member cannot delegate away their ultimate authority to make
50 decisions on behalf of the District. As a majority of the Board is delegating, they need to be clear as to the
51 scope of the delegation and make sure that the delegation is appropriately reflected in the minutes of the
52 Board Meetings.

53

54 Mr. Lock added that there are a lot of rules about conflicts of interest and special districts/local government
55 officials. Mr. Lock stated that there are some statutes that are very clear and others that are less than clear,
56 and generally speaking, the conflict-of-interest rules in Colorado were designed to ensure that a Director is not
57 personally directly or indirectly financially interested in a matter that comes before the Board. Mr. Lock
58 explained that there are rules that only apply to Directors of service on the Board of a non-governmental
59 entity and that public policy is PAWSD wants to be more flexible where a potential conflict of interest concerns
60 another public entity or director of service on another public board because the general assembly wants to
61 encourage public service. Mr. Lock noted that there are times when serving on two different boards doesn't
62 present any conflict issues whatsoever and there are other times when potential service on two public boards
63 can present an issue. Mr. Lock added that it may be necessary for a Board member to recuse if the two public
64 Boards have a common interest in a single contract or a single property. Mr. Lock explained that if two
65 different Boards are considering an issue that is arising in the community where they both are interested in the
66 contract or property that becomes an issue where that Director can't satisfy their fiduciary duties to both of
67 the different organizations.

68

69 Chairman Smith explained that PAWSD has a new Board member that also serves on the San Juan Water
70 Conservancy District (SJWCD) Board. Chairman Smith added that PAWSD and SJWCD are working together on a
71 project called Dry Gulch and decisions on this project are going to be made in the future. Chairman Smith
72 asked if that Board member serving on both Boards should recuse himself from while the PAWSD Board is
73 discussing pertinent information that affects both Boards. Mr. Lock responded that as a particular matter
74 arises that concerns both the SJWCD and PAWSD the context should be taken into consideration with respect
75 to the particular matter in front of the Board. Mr. Lock noted that his general advice to a Board member
76 serving on two different Boards, where there is a subject matter where both public entities are interested, is to
77 recuse. This may be the case for statutory reasons, confidentiality reasons, or fiduciary reasons. If two
78 different parties are interested in a piece of real estate, they are going to have different perspective interests
79 and goals with respect to that contract, project, or real estate. Mr. Lock stated that he believes that it is
80 prudent for that Director serving on both of those public bodies to step back and let their colleagues on each
81 of those boards decide those issues. If one or both of those Boards are going to go into executive session
82 where confidential information is shared with one Board about that particular project, that Board member
83 cannot participate consistent with fiduciary obligations to each of the two Districts as their decision making
84 with respect to the other entity is affected by that knowledge. Mr. Lock explained that everything the board
85 does should be done transparently. There are very limited exceptions to that, and one is executive session. Any
86 information discussed in executive session is for the Board alone and should not be shared with anyone
87 outside of the Board.

88

89 Director Hudson noted that Mr. Lock stated that there was statutory guidance that was supporting his position
90 and asked where that statutory guidance was located. Director Hudson added that in the case of SJWCD and
91 PAWSD it seems that Mr. Lock is suggesting that the two Boards have different goals and different approaches,

92 but Director Hudson does not believe that is necessarily true as there is a signed contract that states how they
93 are going to approach the project. Director Hudson believes that PAWSD and SJWCD are cooperating on a
94 project together and asked Mr. Lock how he thought there was a conflict there. Mr. Lock responded that the
95 conflicts of interest page in the SDA Manual has a list of conflicts of interest and at the end of the day, it is an
96 individual Board members decision to recuse or not to recuse. Mr. Lock added that with respect to the
97 comment made about parties necessarily having different perspectives on a contract, each of those parties has
98 a different perspective and interest in that particular contract and to say that two parties to a contract are on
99 the same page is not consistent with what he has seen in the past 20 years of practicing law. Mr. Lock
100 explained that each of those parties still have a different perspective, interest and roll in the substance of the
101 contract and if that weren't the case, there wouldn't be a contract.

102

103 **Consideration of Officers on the Board of Directors**

104

105 A motion was made by Director Brueckner and seconded by Director Walsh to nominate Chairman Smith as
106 Chairman and President. The motion passed unanimously.

107

108 A motion was made by Director Walsh and seconded by Director Hudson to nominate Director Brueckner as
109 Vice President. The motion passed unanimously.

110

111 A motion was made by Chairman Smith and seconded by Director Hudson to nominate Director Mackey as
112 Secretary. The motion passed unanimously.

113

114 A motion was made by Director Hudson and seconded by Chairman Smith to nominate Director Walsh as
115 Treasurer. The motion passed unanimously.

116

117 **Consideration of Entering into Executive Session Pursuant to Section 24-6-402(4)(a), C.R.S., which**
118 **authorizes an executive session for the purpose of discussing the purchase, acquisition, lease, transfer,**
119 **or sale of any real, personal, or other property interest**

120

121 A motion was made by Director Brueckner to enter into executive session.

122

123 Director Hudson explained that state law says that PAWSD must describe the reason that they are going into
124 executive session to the fullest extent possible without causing a conflict with the reason they are going into
125 executive session. Director Hudson added that the motion is not describing for the public the subject matter of
126 why PAWSD is entering executive session and he would like to let the public know what they are going to be
127 discussing as fully as possible. Justin Ramsey explained that the discussion will be around Running Iron Ranch
128 a.k.a. Dry Gulch and he wanted to bring the issue to the Board as there could be consequences related to it.

129

130 Mr. Lock explained that his advice is to identify the statutory citation, which is in the agenda, what that
131 statutory citation pertains to, which is also in the agenda, and also identify the subject matter of the project or
132 property where it doesn't jeopardize the executive session.

133

134 Director Hudson stated that he is being advised to recuse from the discussion if it has to do with a contract
135 where he serves on two boards that have an interest in the contract and he would like to know as much as

136 possible about what is going to be discussed before entering into executive session without causing a problem.
137 Director Walsh added that it is reasonable for Director Hudson to ask for more information on the topic of
138 discussion. If the topic were specifically the contract between PAWSD, SJWCD and CWCB then he would need
139 to recuse himself, but if it is an issue where PAWSD is exercising their exclusive District rights, he may not need
140 to recuse himself. Mr. Lock stated that Director Hudson and Director Walsh's comments were fair and added
141 that he encourages Boards to include an open session agenda item as well as an executive session agenda item
142 in order to include as much information as possible that is appropriate for public consumption so that the
143 District is being as transparent as possible. Mr. Lock explained that recusal means physically removing yourself
144 from any discussion on the matter, refraining from voting, and refraining from attempting to influence any
145 board member that's voting on the matter which is not necessary in all circumstances.

146
147 Director Walsh explained that the reason PAWSD entered into the agreement with SJWCD and CWCB was to
148 receive certain rights and one of the reasons PAWSD entered into the agreement and took on the obligation of
149 the SJWCD for their grant was in order to receive exclusive rights to market or sell the property if the Board
150 decides to do that. Director Walsh added that if the discussion pertains to an offer of a lease or sale of part or
151 whole of the property, that is exactly why PAWSD entered into the agreement, and he does not see where
152 Director Hudson entering into an executive session where negotiating positions or certain understandings of
153 what costs might be discussed would violate any rules. Director Walsh noted that SJWCD entered into the
154 agreement with PAWSD in order to give PAWSD the right to entertain sale of the property. Mr. Lock explained
155 that it would be concerning if a particular transaction was lined up and a Director who is a Director on two
156 different public boards is taking a position that is in the interest of one Board and adverse the other Board.

157
158 Director Hudson asked if there was more information that could be shared publicly to help make a decision on
159 whether he should recuse himself in this situation. Mr. Ramsey responded that he did not believe there was
160 more to be said that won't jeopardize the executive session. Director Hudson suggested the PAWSD Board go
161 into executive session with Director Hudson and if it becomes apparent that he should recuse himself, he will
162 do so at that time.

163
164 There being no further comments or questions, Director Mackey seconded the motion to enter into executive
165 session at 5:54pm which passed unanimously.

166
167 Director Hudson subsequently recused himself from the executive session.

168
169 The Board of Directors returned to regular session at 6:26pm

170
171 **Manager Talking Points**

172
173 Justin Ramsey began the discussion by explaining that PAWSD petition to have the requirements for the Vista
174 WWTP upgrades extended was denied by the State. Mr. Ramsey noted that the next step is to go into
175 adjudication. Because of the current construction of the water treatment plant, Mr. Ramsey does not think
176 PAWSD has the appropriate staffing or ability to get bonding for the money needed to complete the Vista
177 WWTP. Director Hudson asked if it is feasible to make a proposal to the State that PAWSD is working with the
178 town to help solve their wastewater problems and at least get a delay. Mr. Ramsey responded that he would
179 have to talk to an attorney about it, but PAWSD only has 30 days from the day of denial to do the adjudication

180 otherwise PAWSD accepts the denial. Mr. Ramsey believes adjudication is where PAWSD is going to have to
181 start at this point.

182 Mr. Ramsey explained that water loss numbers do not match water usage. Mr. Ramsey believes there is a
183 calculation error which will be looked into.

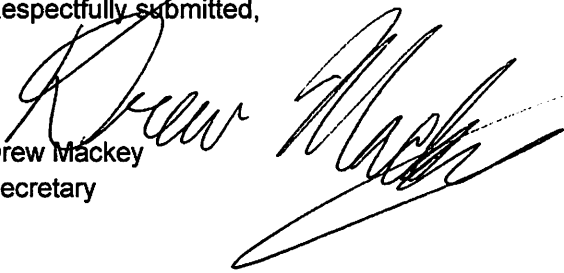
184
185 Chairman Smith asked if it was necessary for the District go into a Voluntary Drought Stage. Mr. Ramsey stated
186 the NRCS SnoTel SWE went to 0" on May 10th 3 weeks earlier than median. This however did not trigger the
187 Voluntary Drought Stage; it would have triggered the drought state if SWE had reached 0" of May 8th. Director
188 Brueckner stated that he believes PAWSD should stick with Drought Management Plan. The Board directed staff
189 to educate the public on PAWSD current water situation and ask for voluntary compliance, but the District would
190 not be entering a drought stage.

191
192 **Any other Business Brought before the Board will be Duly Considered**

193
194 There being no other business brought before the Board, Director Brueckner made a motion to adjourn at
195 7:02pm, Director Mackey seconded the motion, which passed unanimously.

196
197 Respectfully submitted,

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199
200
201 Drew Mackey
202 Secretary

A handwritten signature in black ink, appearing to read "Drew Mackey", is written over the typed name and title. The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JUNE 9, 2022 REGULAR MEETING

Call to Order

The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Smith at 5:02 p.m.

Attendance

The following Directors were present: Jim Smith, Glenn Walsh, Blake Brueckner, and Bill Hudson. Drew Mackey was not present.

In attendance from staff: Justin Ramsey, Aaron Burns, and Marissa Miller. Also present was: Shane Jones, Penny Holmes, Tina Heffner, Gordon Holmes, Chad Hill, Justin Kattnig, Josh Pike, and Terri House.

Approval of Minutes

The Directors reviewed the minutes for the May 12, 2022 Regular Meeting (all copies attached). A motion was made by Director Hudson and seconded by Director Walsh to approve the minutes. Director Walsh asked if PAWSD went into adjudication for the Vista WWTP. Justin Ramsey responded saying that PAWSD did not go into adjudication, but he is going to request a new delay based on a different set of circumstances. There being no further discussion or questions, the Board voted on Director Hudson's motion which passed unanimously.

Public Comment

Chairman Smith opened the meeting to public comment. There were no comments offered by the public present at this time.

Discussion of Snowball WTP Design and Construction Revised Estimate

Justin Ramsey began the discussion by explaining that PAWSD went for a State Revolving Fund Loan based on a twenty-five-million-dollar plant that they are going to build. The plans are about 90% completed, so PAWSD hired a PCL with a Construction Manager at Risk (CMAR) delivery method meaning they are reviewing the plans as they are building and trying to give engineering input and cost as the project proceeds. Mr. Ramsey explained that based on the latest set of plans, the cost estimate was thirty-eight million dollars meaning PAWSD would need a much larger loan than originally expected. Chad Hill explained that at the origin of the project, it was twenty-five million dollars and although the project, design, and facility have not changed, the cost is significantly higher now due to inflation. Mr. Hill added that he did not think that it was an appropriate time to hold a public hearing on the proposed Snowball Water Treatment Plant and loan due to the inflated cost. Mr. Hill noted that SGM is looking for cost savings anywhere they can and as a team with PCL, they have gone through and identified about one million dollars of value engineering savings that is not included in the thirty-eight-million-dollar estimate. Mr. Hill explained that they need another month or two depending on how negotiations go to be ready for a public hearing.

Mr. Ramsey explained that PAWSD sees everything with CMAR including the receipts for anything they buy, and they give a guaranteed maximum price, so there are some factors of safety that protect PAWSD by going with this type of project. Mr. Hill added that there is money to be saved and PAWSD has leverage in that they can terminate the PCL contract at any time prior to the start of construction for any reason including cost or any disagreements that cannot be solved and send the project out for a typical construction bid. Mr. Hill explained

52 that he can not say with any certainty what the actual number is going to look like until the analysis is finalized.
53 Mr. Hill noted that although this is an important part of the project, it does not affect the construction schedule.
54 Mr. Ramsey asked if the interest rate stays the same while this is being done. Aaron Burns replied that they
55 proposed a better interest rate than they did initially. Justin Kattnig added that with the infrastructure act, they
56 are looking at approving larger loans more often as well as looking at a better interest rate and principal loan
57 forgiveness with more relaxed criteria than what they had prior.
58

59 Mr. Hill explained that they are looking at submitting the loan application by June 15, 2022 as that is what the
60 deal was and that is what drove the design schedule. Mr. Hill noted that this is a good thing for the budget, and it
61 has not hurt the quality at all.
62

63 Director Walsh asked if it would be possible to apply for any of the disadvantage community money. Mr. Kattnig
64 replied that it is part of the change with the infrastructure act in addition to doing the disadvantaged community
65 program. They have added another set of criteria that PAWSD might qualify for where you get the principal
66 forgiveness. Mr. Kattnig stated that the District may not get the disadvantaged community, but they would fit into
67 this other category. Mr. Hill added that it is something that can be brought back up to see if the district can get
68 both. Director Walsh noted that if their misrepresentation is that the District includes 20,000 people, they may
69 get less than what they could possibly get with correct information.
70

71 Director Walsh asked about how much of the costs are going to stay for the foreseeable future or if there is
72 going to be some moderation. Mr. Hill responded that in his opinion, he believes the prices are going to plateau
73 and not go back to what they were. Director Walsh asked if the District could save money by waiting a few
74 months. Mr. Hill responded that he does not believe it will save very much money especially with inflation.
75

76 Director Walsh asked what the longest term PAWSD can get on the loan is. Mr. Burns replied that the math is
77 being done currently at thirty years. Mr. Burns added that he has seen forty-year loans, but he does not know if
78 the District can get that.
79

80 Director Brueckner asked how far this can be pushed out before PAWSD has to build the plant. Mr. Ramsey
81 replied that the three reasons why this is being done are 1) because the plant is over forty years old and has
82 structural problems that need repaired, 2) the District wants to lock in the West Fork water rights as the
83 community is growing and that is the strongest water right, 3) and when the DOVE study was done, the plant did
84 not meet the new contact time requirements and the system will be out of state drinking water compliance.
85

86 Director Brueckner asked if there is a possibility of turning the wastewater pipe around to run downhill. Mr.
87 Ramsey replied that he still wants to pursue that option, but it is not going well at this point. Director Walsh
88 added that some of the public may ask why the District doesn't go to court and try to move the water rights in
89 order to run the pipe downhill. Mr. Ramsey responded that the operation would be more expensive, and the
90 District would lose some of those rights when they go to court. Mr. Ramsey noted that he believes it would be
91 best to leave the water rights where they are.
92

93 **Consideration of Petition for Water Inclusion for Pagosa Views**

94

95 Justin Ramsey began the discussion by explaining that Pagosa Views is going through the modeling process
96 right now to see what the impacts of this inclusion would be and what the infrastructure changes would have to
97 be as this is going to be a huge inclusion compared to what the District is used to seeing. Director Walsh noted
98 that PAWSD gives density bonuses on the water side but there are no similar density bonuses on the
99 wastewater side and even though the development is not going to be in PAWSD Wastewater District, PAWSD is
100 going to have to treat all of their wastewater. Shane Jones explained that the property is in Pagosa Springs
101 Sanitation General Improvement District (PSSGID). Pagosa Views received a conditional will serve letter from
102 PSSGID based on them being included in the District. Mr. Jones added that the development loan will be funded
103 as soon as they receive non-conditional will serve letters for the water and wastewater districts.
104

105 Mr. Jones explained that the development is going to be for 701 residential units including apartments,
106 condominiums, single family homes, lodging units, and euro mini cabins. Mr. Jones added that 10% of the 701

107 total units are dedicated and deed restricted work force housing. Mr. Jones stated that he believes that this
108 project is a net benefit to the community and the developers have a long history of success. Director Brueckner
109 noted that the Pagosa Sun published a map that shows 1,200 units, not 701 units and asked if there is an
110 updated map that the District could get a copy of. Mr. Jones replied that the map that was published in the
111 newspaper was from a P&Z hearing that Pagosa Views attended where they received community feedback
112 which they then incorporated into a revised plan. Mr. Jones explained that they reduced the total number of
113 units and removed the RV park in response to public comments and guidance of the town planning department.
114

115 Mr. Jones explained that Pagosa Views did submit a check as well as an inclusion petition to PAWSD and it was
116 his understanding that they were on the agenda for an inclusion into the District. Mr. Ramsey replied that it was
117 his understanding that they were waiting for the model to come out as that is going to give an idea of what the
118 infrastructure costs are going to be when the model is completed. Mr. Jones explained that since the District
119 does not hold a meeting in July, Pagosa Views were going to accept whatever the end result of the model was,
120 provided it was in reason based on their experience. Mr. Jones expressed that he would like to do whatever he
121 can to move the inclusion process forward as quickly as possible. Director Walsh added that this inclusion
122 request seems very premature at this point. Director Walsh explained that he understands the need to get
123 commitment letters in order to arrange financing, but PAWSD does not usually produce highly confident letters.
124 Director Walsh added that the sewer system is in crisis, so on the wastewater side of things, density does not
125 really come into play. Director Walsh noted that with the additional wastewater from this project, the State can
126 come to PAWSD to expand the Vista Wastewater Treatment Plant which will cost millions of dollars. Even
127 though the development is not in PAWSD District, they are still going to have to treat the wastewater. Director
128 Walsh explained that there is going to have to be an agreement between the developers, the Town of Pagosa
129 Springs, and PAWSD to somehow split these development fees so that PAWSD can afford to treat the
130 wastewater. Director Walsh mentioned the possibility of anyone that is concerned about the potential
131 environmental disaster getting together in order to build a six to eight million gallon a day sequence batch
132 reactor downtown. Mr. Jones replied that it sounds like if the community is going to grow, something is going to
133 have to change regardless of this project.
134

135 Mr. Jones suggested the Board look at this project as an opportunity. It is a master plan community that will
136 develop over 10 years with 710 units. Mr. Jones noted that the District knows what they are getting up front and,
137 in that sense, they can plan well in advance. Director Walsh noted that there is a thirty-eight-million-dollar capital
138 that is going to become part of the District's fixed capital and if inflation keeps going up, next time PAWSD gets
139 audited, the value of the system is could go up 50%.
140

141 Mr. Ramsey explained that there is not a stringent number of rules for inclusion, it is at the discretion of the
142 Board. PAWSD has never done an inclusion like this and what the Board members are going to want or need to
143 feel comfortable moving forward is going to be difficult to ascertain. Mr. Ramsey added that it is going to take
144 time, negotiations, and discussions, so the earlier it gets started, the better.
145

146 Director Walsh mentioned that from a PAWSD perspective, they can service another 600 EUs, but they can't
147 treat the wastewater without incurring thirty to forty million dollars of cost. Chairman Smith asked what the
148 estimated cost to upgrade the Vista WWTP was. Mr. Ramsey replied that it was twenty to thirty million dollars.
149 Mr. Ramsey explained that once the wastewater influent hits 80% of biochemical oxygen demand (BOD) or
150 hydraulic capacity, the District has to start design and once it hits 90% construction has to start.
151

152 Mr. Ramsey stated that it is unknown how long it is going to take to get this inclusion going. Aaron Burns
153 explained that the water model will determine what the infrastructure is going to have to be and what the District
154 is going to have to do to get it to the level to where it will serve this project. Mr. Burns added that that could be
155 significant as the District is already wondering how they are going to fit it into the system currently.
156

157 Director Brueckner noted that it sounds like Pagosa Views just needs a letter stating that PAWSD is willing to
158 work with them as long as they are willing to pay. Mr. Jones replied that they need some kind of documentation
159 from the utility service providers stating that they will serve the development. Mr. Jones added that Pagosa
160 Views has addressed all of the public concerns and have been working closely with the Town of Pagosa Springs
161 and they feel good about it. Mr. Jones noted that there is a need for this product that they are trying to supply,
162 and it is hard for him to contemplate that for some reason it would not be approved.
163

164 Mr. Ramsey noted that the article in the newspaper made it sound like the Town gave a will serve letter stating
165 that they will serve Pagosa Views until they decide otherwise. Mr. Jones replied that that is the nature of a
166 conditional document, the main thing is that they want to know that there is no opposition to having water
167 service there if the developers are willing to pay to get it. Chairman Smith asked how long it would take to
168 provide PAWSD with the information stating how much the District is going to have to spend on the
169 infrastructure for the water. Mr. Jones responded that it is his understanding that the only information they are
170 waiting on is fire suppression information. Mr. Ramsey explained that the fire suppression information is just for
171 the model to determine what impacts it is going to have on the infrastructure.
172

173 Director Hudson explained that he agrees with Director Walsh in that the discussion is a lot bigger than just
174 guaranteeing water as a lot of that water is going to get flushed and PAWSD is going to have to treat it. Director
175 Hudson added that in order to feel comfortable with this, he would like to know how many units there actually
176 are so PAWSD can give an accurate model of the water. Director Hudson added that he would also like to know
177 how much wastewater PSSGID is going to be pumping and how that is going to affect the budget over the next
178 five years. Mr. Ramsey explained that if Pagosa Views estimates their total number of EUs high, it is to their
179 detriment and it will be a more conservative number.
180

181 Mr. Jones noted that he did not realize that with the inclusion petition, the Board was going to want updated
182 information that could have been provided in advance. Mr. Jones suggested scheduling a meeting to sit down
183 and review everything when the project engineer and project manager for the development team come in for the
184 next P&Z hearing. Director Brueckner added that with a decision this big, it would be wise to have a Joint Work
185 Session with the Town of Pagosa Springs. Director Hudson explained that there was some feeling on the
186 PSSGID Board that they should not send the developers a will serve letter until they know if the new pumps
187 coming in are going to work or not. Director Hudson agreed that it would be good in this situation to meet with
188 the Town as this is a good opportunity, but it needs to be done wisely.
189

190 Penny Holmes explained that she was at the planning commission meeting, and they said this is one of the
191 biggest developments to come across their desk yet. Ms. Holmes explained that this development will double
192 the size of the Town of Pagosa Springs, and she is not anti-development, but she is for responsible growth. Ms.
193 Holmes asked why PAWSD or anyone else should accept the fact that the developers want to double the
194 population of Pagosa Springs and impact the rest of the town. Ms. Holmes stated that it does not matter how
195 many water rights PAWSD has if there is no water and noted that Pagosa Springs is in an extreme drought. Ms.
196 Holmes expressed that the character of Pagosa Springs is it is a small town, and this development will double
197 the size of it. Ms. Holmes explained that she originally heard that the development was going to be for retirees
198 from Texas and Oklahoma, but Pagosa needs young people. Director Walsh explained that he understands Ms.
199 Holmes' concerns, but when he looks at PAWSD's sources of water, he does not see the water side being as
200 dire as Ms. Holmes does. Ms. Holmes asked about the extreme drought that the town is in and lack of snow on
201 the mountains. Director Walsh responded that PAWSD is not in an extreme drought, they are not even in a
202 voluntary drought stage at this point. Director Walsh added that PAWSD does have enough water to service its
203 customers plus two-thousand-acre feet of water in storage that they do not currently use. Mr. Ramsey explained
204 that in looking at PAWSD customer water usage, it triples in the summer compared to the winter usage. Mr.
205 Ramsey noted that the vast majority of this usage in the summertime is due to irrigation which is why PAWSD
206 doesn't tell its customers that they can not use water, they just require that customers do not irrigate as often or
207 at all.
208

209 Director Brueckner explained that the District is facing large problems with their sewer that they are going to
210 have to spend millions of dollars on to resolve. Director Brueckner added that a big developer can help with
211 those costs, otherwise customers are going to have a hard time being able to afford their water. A big
212 development that comes in can help to spread the cost around while providing jobs and housing. Gordon
213 Holmes responded that he believes that there are plenty of jobs in Pagosa Springs as well as plenty of room to
214 put these developments in. Mr. Holmes added that he just wanted to know if PAWSD had enough water, but he
215 is disappointed that the public was not given accurate information about the development. Mr. Holmes noted
216 that he believes that if a developer is going to come in and do a development this large, they need to be honest
217 with the public about what they are doing. Mr. Jones responded that it is unfortunate that the article in the
218 newspaper was written and published without reaching out to the developer first. Ms. Holmes added that she
219 appreciates that the development was downscaled from the original plans, and she does not think that the
220 developers are trying to lie to the public.
221

222 Mr. Ramsey noted that a benefit that PAWSD currently has is that this property is not yet included in the District
223 which gives the PAWSD Board a lot more control because if they were in the District, PAWSD would be
224 mandated to provide water to this property. Mr. Ramsey added that one requirement the Board may have is to
225 have low impact irrigation and water saving requirements. Ms. Holmes noted that there are a lot of ways to
226 conserve water and she believes that it should be included in any new development plan.
227

228 Tina Heffner explained that she appreciates the fact that the development was downsized as well as the
229 developer's professional approach, but they are not the only development that is happening. Ms. Heffner added
230 that she believes that it is important that PAWSD communicate with the Town and County as she does not feel
231 that there is enough communication between the three entities. Director Walsh added that he believes that
232 Boards should be more transparent of where they are coming from when they have board meetings.
233

234 Director Walsh explained that as an individual Board member, he believes that the problem with any of the
235 developments in and around Pagosa Springs is the set up of the current pumping system, and for him to
236 approve an inclusion of these large developments, the Town and PAWSD will either have to come to an
237 agreement to split the development fees so that PAWSD can treat the waste, or a broader agreement to
238 consolidate the sewer districts and build a new modern treatment plant downtown. Ms. Heffner noted that she
239 was recently at a meeting where a development was approved and the Town said that they have the capacity to
240 handle their waste. Ms. Heffner asked if it would complicate and add to the dire situation to accept a new
241 development, however small. Director Hudson explained that the Town does not currently know where they are
242 at. The Town ordered new pumps and they are hoping that will solve the problem that they have been having,
243 which is pumps running out, but they do not know where they are headed at the moment. Director Hudson
244 explained that the Town is getting one of the lagoons ready for an overflow in case the pumps don't work as well
245 as renting an emergency pump. Director Hudson added that he does not feel comfortable approving a large
246 development when he does not know how PAWSD is going to treat the waste. Director Walsh explained that in
247 a narrow legal sense, PAWSD does not have responsibility for the Town's problems, but in a broader sense,
248 PAWSD and the Town are partners in creating the problem and if they now start to approve development after
249 development and don't start to remedy the problem, PAWSD will be responsible. Director Walsh added that
250 PAWSD needs to take a broader responsibility for the problem.
251

252 Mr. Ramsey explained that the Board may want staff to put together a list of documents they want provided to
253 them in order to make a decision on this inclusion petition. Director Walsh noted that he is happy to follow the
254 town planning commission's lead on the actual property development aspects. Mr. Jones explained that he
255 would be happy to provide any deliverable within the sketch plan that has been provided to the Town to PAWSD
256 as well. Mr. Jones noted that the packet of information may answer some of the Board's questions as well as
257 bring up some questions that may not have been thought about yet. Mr. Jones added that he believes that it
258 would be in the communities' best interest for the PAWSD Board to go on record in a public hearing and say
259 that there is a concern on PAWSD end about the wastewater situation. Mr. Jones ended the conversation by
260 explaining that he will provide the entire sketch plan to the Board as a follow up to this meeting.
261

262 Manager Talking Points

263
264 Justin Ramsey began the discussion by explaining that he needs to put together a written agreement for the
265 Webers for after the Running Iron Ranch lease as they are to vacate the property at the beginning of January
266 2023, and they will need the written agreement to give to the State for their bond. Mr. Ramsey added that he is
267 hoping that they will have all of the structural remediation done, but they will not have the vegetation done by the
268 end of the lease.
269

270 Mr. Ramsey explained that the CWCB Loan Analysis has been completed but he is not sure if a number the
271 Board wants to state in an open meeting as they may want to wait to hear what the written offer is. Director
272 Hudson explained that when the County wanted to sell the courthouse, they invited bids and published the
273 offers which ended up quadrupling the amount of money they would have received without publishing the
274 numbers. Mr. Ramsey noted that it is the Board's decision whether they want to hear the number or not. Director
275 Walsh added that it is a public number. The Board agreed that they would like to hear the number. Mr. Burns
276 explained that the outstanding principal plus repayment of the grant and all of the back interest that PAWSD
277 would be responsible for is 10.07 million dollars. Chairman Smith noted that the Board needs to discuss whether
278 they are going to sell water rights with the property or not. Mr. Ramsey added that he believes that those water
279 rights are valuable, and the Board should do some research before deciding whether or not to sell them.

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Mr. Ramsey explained that staff is still not confident in the calculations for water loss at this point, but PAWSD found two big leaks within the last two weeks. Mr. Ramsey explained that one of the leaks took about two weeks to find because it is all shot rock where the leak was, and the leak was about two blocks away from where the water was coming out of the ground.

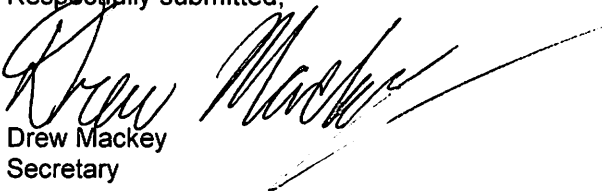
Mr. Ramsey explained that he believes that it would be a good idea to have a session with the Board members and take them on a tour of the seventy square mile District including PAWSD three diversions, three water plants, and the wastewater plant.

Director Walsh noted that he would like to put together a PowerPoint presentation on the CWCB agreement to present to the other PAWSD Board members at the next PAWSD Regular Board Meeting.

Any other Business Brought before the Board will be Duly Considered

There being no other business brought before the Board, Director Brueckner made a motion to adjourn at 7:15pm, Director Walsh seconded the motion, which passed unanimously.

Respectfully submitted,


Drew Mackey
Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JUNE 22, 2022 SPECIAL MEETING

Call to Order

The Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by PAWSD Chairman Smith at 4:05p.m.

Attendance

The following PAWSD Directors were present: Jim Smith, Glenn Walsh, and Bill Hudson. Blake Brueckner and Drew Mackey were not present.

In attendance from staff: Justin Ramsey and Marissa Miller. Also Present was: Josh Pike and Terri House.

Public Comment

Chairman Smith opened the meeting to public comment. There were no comments offered by the public present at this time.

Consideration of Entering Drought Stage 1 per the 2020 PAWSD Drought Management Plan

Justin Ramsey began the discussion by explaining that PAWSD has hit the phase one drought trigger primarily due to the river flow. Mr. Ramsey explained that the typical river flow for this time of year is typically a little over 1,000 cfs and right now it is at about 200 cfs.

A motion was made by Director Walsh and seconded by Director Hudson to enter into drought stage 1 restrictions per the 2020 PAWSD Drought Management Plan.

Director Smith asked what the lake levels are looking like. Mr. Ramsey replied that the monitoring station at Stevens Lake is not functioning, and the District is looking into a different system, but Hatcher is showing that it is 4 inches down and the other lakes are basically full.

Director Hudson asked if it is really a concern that there is only 200 cfs in the river when the District only pulls out about 2 cfs. Mr. Ramsey replied that it is a concern that it is dry out. The drought trigger is based on median river flow and median volumes in the lake, and it changes day to day. Mr. Ramsey explained that the current plan is to go into a drought stage early in order to get people thinking about it so that the District doesn't get to the level where they are in a crisis.

There being no further questions or discussion, the Board voted on Director Walsh's motion, which passed unanimously.

Any other Business Brought before the Board will be Duly Considered

There being no further business to come before the Board, Director McIver made a motion to adjourn at 5:09p.m., Director Walsh seconded the motion, which passed unanimously.

Respectfully submitted,

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Drew Mackey
Secretary

51 Phil Williams explained that he is the engineer who put together the site plan for Pagosa Views and he believes
52 that is the same thing as the plat that the Board requested. Mr. Williams explained that typically, a plat
53 connotes dividing land and creating lots, parcels, and tracks and they are still in a concept phase and are
54 months away from having a final plat prepared. Director Hudson explained that as someone who has seen
55 multiple plats be approved at the County and Town level, a plat does not always have to split up a property. Mr.
56 Ramsey explained that PAWSD does not have a rule that requires the developer to provide a plat, but it is
57 something that gives the Board an idea of how the site is going to be laid out and the Board can ask for
58 whatever makes them feel comfortable so they can make an informed decision.

59
60 Director Walsh explained that he would like to know how many EUs are going to be needed, when they need
61 them, and what the schedule is for development. Director Walsh noted that PAWSD has the raw water either in
62 water rights or in storage to satisfy the demand of this project, but he does not know what the cost will be to get
63 the pipe to that project or whether PAWSD has the treatment capacity to service this project. Director Walsh
64 explained that he does not know if PAWSD can effectively treat 250,000 gallons of wastewater a day without a
65 massive expenditure on PAWSD part. Director Walsh added that a financial model will need to be run to see if
66 PAWSD can take on that much wastewater without triggering a large state upgrade to the system.

67
68 Director Hudson explained that he would like to know what the actual number of EUs needed is because he has
69 seen three different numbers and having a moving target is going to be an issue. Mr. Jones explained that the
70 project did change per the wishes of the Town and the public, but the sketch plan was approved, and he has
71 confidence to proceed with what has been submitted to PAWSD. Mr. Williams added that the number of EUs
72 has been stabilized at 747 and that number is being used for the model as well.

73
74 Mr. Williams explained that the developers appear to understand what needs to be done with the infrastructure
75 for water and they are in agreement with providing those infrastructure improvements for the water to make the
76 infrastructure robust enough, as far as capacity goes, to service all of the new EUs. Mr. Williams added that
77 when the developers get the loan, they will get the bonds needed to make sure that the infrastructure gets built
78 as needed. Mr. Ramsey explained that the water model is almost done, and he can provide the developers with
79 the upgrades that the model shows are going to be needed. Mr. Ramsey added that the wastewater treatment
80 plant model has not been done and that will be a large stipulation as PAWSD will need that information. Mr.
81 Ramsey explained that according to the water model, it appears that the developers will need to put in a new
82 pump station at the beginning of phase one and a larger tank at the conclusion of phase two, prior to phase
83 three.

84
85 Mr. Ramsey explained that the inclusion petition for this project is off the table for now and the Board needs to
86 focus on the Will Serve Letter. Mr. Jones explained that the problem the developers are trying to solve is
87 enabling the loan to fund so they can close the deal and not be penalized from a delay by the seller. Mr. Jones
88 added that the developers just need a broadly written Will Serve Letter written in a way that is non-binding or
89 non-committal. Mr. Ramsey noted that the Will Serve Letter from PSSGID states that it only applies to property
90 located within the District boundaries and that may make the PAWSD Board more comfortable as the majority of
91 this property is not yet included in the District.

92
93 Aaron Burns noted that PAWSD staff can draft a bullet point list to present to the Board at the August 18th
94 Regular Board Meeting for consideration. Director Hudson stated that he would be comfortable with that.

95
96 Director Walsh explained that if the PSSGID Will Serve Letter is used as a template, it is not very problematic as
97 it does not extend any assurances whatsoever that he can see. Director Hudson added that he would want to
98 include in the letter that PAWSD is concerned about the sewer treatment for this project.

99
100 Chairman Smith explained that PAWSD has plenty of water rights, but if there is no water in the river, the water
101 rights are not worth anything and with this project almost doubling what the District needs for water, he has

102 concerns with water as well as wastewater. Director Walsh added that he believes that (water availability
103 concerns) is reasonable and this development is significantly bigger than anything PAWSD has ever had before
104 them, and this may be an issue that needs to be looked at as well.
105

106 Mr. Ramsey explained that staff will draft a letter with stipulations to present at the next meeting. Mr. Burns
107 added that from his understanding, if the Will Serve Letter hinges on inclusion, if the Board decides not to
108 include after all of the information they receive, that covers the District. Director Walsh noted that the public
109 needs to be able to follow what the Board is doing because this is a very large project for the Town of Pagosa
110 Springs and the District should not be drafting guarantees without public oversight.
111

112 A motion was made by Director Hudson and seconded by Director Mackey to have staff draft a Will Serve
113 Letter, run it by the attorney, and notify the public that the Board is going to be discussing this issue at the next
114 scheduled Regular Board Meeting. The motion passed unanimously.
115

116 Mr. Ramsey explained that it may be beneficial to discuss the letter at the next meeting with PAWSD attorney so
117 that if any changes need to be made, the Board can get his input at the time of discussion.
118

119 Mr. Jones asked if there is a chance that the inclusion petition will be an agenda item at the next meeting. Mr.
120 Ramsey replied that he believes it should be on the agenda so the Board can start discussing it but a decision
121 will not likely be made at that time.
122

123 **Consideration of 2021 Audited Financial Statements**

124

125 Ronny Farmer with rfarmer, llc. presented the 2021 Audited Financial Statements (copy attached), reviewing the
126 different components of the audit, highlighting the management's discussion and analysis, details regarding the
127 different funds, and the financial statements. Mr. Farmer presented the audit with an unqualified opinion as the
128 financial statements have no material weaknesses or significant deficiencies. Following questions from the
129 Board, a motion was made by Director Walsh and seconded by Director Mackey to approve the 2021 Audited
130 Financial Statements. The motion passed unanimously.
131

132 **Any other Business Brought before the Board will be Duly Considered**

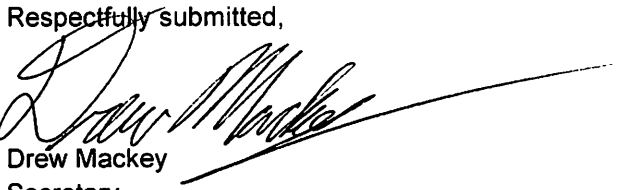
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134 Director Hudson handed out a copy of the Wilson Water Group San Juan Water Supply and Demand Analysis
135 that he would like to discuss at the next meeting.
136

137 Mr. Ramsey explained that the Town would like to have a joint meeting to discuss the wastewater issues and
138 the potential of building a joint treatment plant downtown. Director Hudson suggested doing a work session
139 before a PAWSD Regular Board Meeting. Mr. Ramsey noted that he will discuss it with them and schedule the
140 meeting for either August or September.
141

142 There being no further business to come before the Board, Director Mackey made a motion to adjourn at
143 6:23p.m., Director Hudson seconded the motion, which passed unanimously.
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145

146 Respectfully submitted,

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151 Drew Mackey
Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
AUGUST 18, 2022 REGULAR MEETING

Call to Order

The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Smith at 5:05 p.m.

Attendance

The following Directors were present: Jim Smith, Glenn Walsh, and Bill Hudson. Drew Mackey and Blake Brueckner were not present.

In attendance from staff: Justin Ramsey, Aaron Burns, and Marissa Miller. Also present was: Gloria Macht, Chad Hill, Ryan Welu, Paul Hansen, Steve Omer, Cathy Justus, Joe Stewart, Joyce Farrow, Tom Clark, Cindy Clark, Wayne Marionneaux, Darra Marionneaux, Allan Pfister, Chase Knox, Joe Tedder, Justin Kattnig, K Bristow, Marcus Lock, Phil Williams, Terri House, R Smith, Josh Pike, Riley, and Donna.

Approval of Minutes

The Directors reviewed the minutes for the June 9, 2022 Regular Meeting, June 22, 2022 Special Meeting, and July 28, 2022 Special Meeting (all copies attached). Director Walsh pointed out some minor changes that needed to be made to the June 9, 2022 Regular Meeting minutes. A motion was made by Director Hudson and seconded by Director Walsh to approve the minutes with the suggested changes. The motion passed unanimously.

Public Comment

Chairman Smith opened the meeting to public comment. There were no comments offered by the public present at this time.

Consideration of Will Serve Letter for Pagosa Views

Justin Ramsey explained that he drafted a Will Serve Letter for Pagosa Views based on the discussions had in previous meetings. A motion was made by Director Walsh and seconded by Director Hudson to approve the Will Serve Letter for Pagosa Views. The motion passed unanimously.

Consideration of Petition for Water Inclusion for Pagosa Views

Justin Ramsey began the discussion by explaining that the model has not been completed for this project yet, but Steve Omer with Plummer Associates was at the meeting to answer any questions the Board may have. Mr. Omer explained that they ran the Pagosa Views development through the existing hydraulic model of the PAWSD potable water distribution system and looked at the three phases that have been proposed for Pagosa Views in order to help break up and find appropriate timing for any impacts and infrastructure improvements that may be required. Mr. Omer added that there is nothing there that is not insurmountable with appropriate design and improvements, but the development is predicted to require more water supply than the current Putt Hill booster pumps can provide. The project is expected to have a higher demand than the Putt Hill storage tank can provide adequate capacity for and in order to provide for potential fire flow needs, the developer has communicated with the fire district and been required to provide 1,750-gallon per minute flow rate for up to two hours for their largest structure. Mr. Omer noted that this would equate to 210,000 gallons over two hours and the existing tank only holds 200,000 gallons. Mr. Omer added that the piping between the tank and the

53 development location will need to be upsized from a six-inch pipe to at least an eight-inch pipe in order to
54 accommodate those fire flows.
55

56 Mr. Omer explained that they also discussed including an emergency service connection that would provide the
57 ability to convey water between the Stevens Meadows pressure zone and the Putt Hill pressure zone. Mr. Omer
58 added that there is a location along Eagle Drive where the two pressure zones are separated by about 135 feet
59 meaning it would be a fairly minimal cost to get the piping in as well as install a PRV to provide for an
60 emergency connection in case there is ever a long term issue with the two booster pump stations that are
61 required to convey water into the Putt Hill pressure zone. Mr. Omer stated that to his knowledge, neither of the
62 pump stations have a backup emergency generator, so if there was an extended electric outage or any other
63 unforeseen issue, the PRV station would allow water to continue flowing.
64

65 Mr. Omer explained that although the Town and PSSGID handle the sanitary collection, their pump stations
66 convey all of the sewage back to the PAWSD Vista Wastewater Treatment Plant. Mr. Omer did a review of
67 hydraulic and biologic loading to the plant and the base line for that review is still up for discussion, but the
68 hydraulic loading does not appear to be an issue in the next 25-30 years. The biological loading will be an issue
69 and it appears that the addition of Pagosa Views will accelerate the date of that by about six years.
70

71 Director Walsh asked if any of the model has been done on the conveying system. Mr. Omer replied that it is not
72 as far along as the water side. Director Walsh asked if they are going to look at the conveyance system both
73 with the practical reality of the pumps currently as well as what could be done. Mr. Omer replied that the current
74 plan is to update the model for the pumps that are being installed and tested currently. Paul Hansen asked if
75 they are using a new designed pump. Mr. Omer replied that they are. PSSGID previously had identical
76 submersible model pumps in series at each of the two lift stations to convey the flow. Mr. Omer explained that
77 these are very large pumps that have had trouble with cavitation, so they are changing to one submersible and
78 one flange fitting pump that is not meant to be in a wet well.
79

80 A motion was made by Director Hudson and seconded by Director Walsh to table the discussion until the next
81 Regular Board Meeting. The motion passed unanimously.
82

83 **Public Hearing on Snowball Water Treatment Plant Upgrade and Financing**

84
85 The Public Hearing on Snowball Water Treatment Plant upgrade and financing was opened at 5:24p.m. Chad
86 Hill explained that this project exists because the existing plant is old, falling apart, hard to operate, inefficient,
87 and using 50% of produced water for backwash which is not a wise use of drinking water. Mr. Hill noted that the
88 plant does not meet the State requirements for disinfection contact time. The State knows that this project is
89 coming, and they have been very involved in the process for the last two years. Mr. Ramsey added that the
90 plant is also being upsized to meet future growth and assure that PAWSD can adequately use their West Fork
91 water rights.
92

93 Justin Kattnig explained that in the first stage of the project, they conducted an alternative analysis where they
94 looked at different treatment processes for the plant. Mr. Kattnig noted that they looked at two pretreatment
95 processes: lamella plate settling which uses gravity to get sediment and coagulated settlement out as well as a
96 dissolved air flotation process which floats the sediment instead of sinking it. Mr. Kattnig explained that they also
97 looked at two filtration processes. One multimedia filtration which uses a mixture of sand and anthracite called
98 depth filtration as well as microfiltration which are synthetic membranes with an absolute pore size that the
99 water goes through. Mr. Kattnig noted that the microfiltration process is a more robust technology that will
100 remove contaminants and provide clean drinking water even if the pretreatment process gets upset. Mr. Kattnig
101 explained that after looking at combinations of the two pretreatment processes, they decided to use dissolved
102 air flotation and membrane filtration because it provides the most robust process that is least likely to be
103 impacted by things like change in water quality.
104

105 The Environmental Assessment (EA) has been completed with a finding of no significant impac (FONSI). The
106 environmental assessment did not show any long-term impacts on air quality, wetlands, service water, drought
107 water, or any other natural resources including threatened or endangered species. Mr. Kattnig added that the
108 major impacts included a small increase in the amount of traffic on Snowball Road during construction activity
109 and several trees may be removed from the property in order to fit the building in.
110

111 Mr. Kattnig explained that they hired PCL as construction manager at risk (CMAR) who is actively working on
112 the design with them and giving constructability feedback, value engineering and cost estimates based on
113 current market conditions. Director Walsh asked what types of contingencies would be covered by the CMAR
114 approach. Ryan Welu from PCL explained that the CMAR identifies potential risks that could affect the overall
115 cost of the plant and marks how much that could cost and what the likelihood is of that cost actually happening.
116 Mr. Welu added that they take those numbers and put them into a contingency or allowance fund depending on
117 the risk and with the escalation that cannot be helped, instead of seeing a change order and having to spend
118 money that was not planned for, it is already budgeted.
119

120 Mr. Ramsey explained that the CMAR gives a guaranteed maximum price, and they are required to fall at or
121 under that number. Director Walsh asked if the guaranteed maximum price includes the contingency. Mr.
122 Kattnig replied that it does, but the contingencies should start to be reduced as the plans become more
123 complete.
124

125 Chairman Smith noted that this could potentially cost the rate payers an extra eight dollars per month per EU.
126 Director Walsh suggested the Board consider charging businesses that have multiple EU's less than residential
127 homes. Aaron Burns explained that part of qualifying for the SRF Loan is that PAWSD pledge their water and
128 wastewater revenue. Mr. Burns added that if they were to do so, the increase may not be as large, but with the
129 wastewater issues, management feels that they should increase water rates to help the water fund support the
130 burden of the loan payment. Director Walsh noted that he does not want to put the whole cost on the rate
131 payers if some of it can go to CIF fees. Mr. Burns explained that there is a rate study planned for 2023 and this
132 can be incorporated in the study.
133

134 Tom Clark explained that one thing that bothers the public is the price of the construction as well as the road
135 getting out to the plant. Mr. Clark noted that there needs to be better access to the plant and suggested using
136 the contingency money to pave the road that goes to it. Wayne Marionneaux asked what is being done with the
137 forty-four million dollars that is going to be spent on this project. Justin Ramsey replied that PAWSD will not be
138 making any long-term changes to the road, but it will be maintained as it gets used. Mr. Ramsey added that the
139 District is almost doubling the capacity of the plant and getting it up to current regulatory requirements.
140

141 Director Walsh asked if PAWSD has to go through a CMAR process. Mr. Ramsey replied that the current
142 contract allows them to do a regular design bid build if the District prefers to go that route. Mr. Ramsey added
143 that the design bid build has been the historical way that governments have run projects, but CMAR is relatively
144 new and growing more popular with government entities. Mr. Clark noted that he believes that the CMAR
145 approach is the way to go if the District likes the contractor.
146

147 Chairman Smith noted that the two million dollar per diem cost seems high. Mr. Welu explained that the cost is
148 closer to 1.5 million dollars now and he is looking to find local contractors in order to reduce the cost more. Mr.
149 Welu explained that they are estimating budgeting for two hundred dollars per day per crew per person. Mr.
150 Ramsey added that PAWSD is currently looking at getting container homes and putting them on the Running
151 Iron Ranch property as it is close to the construction site and there is sewer, water, and electricity available. Mr.
152 Ramsey noted that at the end of the project, PAWSD could sell them, use them for employee housing, or
153 workforce housing.
154

155 Paul Hansen asked if the plant is producing 3.5 million gallons of water a day whether PAWSD has the capacity
156 in their system to fill more tanks than just the Putt Hill tank and the Reservoir Hill tank. Mr. Ramsey replied that
157 the Cemetery tank is also on that system, but the long-term goal is to put in a booster system that will give them
158 the ability to push water from downtown to uptown if needed.
159

160 Cindy Clark noted that she did not see anything in the report about fluoride. Mr. Hill responded that the new plan
161 does not use fluoride.
162

163 Gloria Macht asked if the current raw water pipe line is sufficient for the increased flows to the plant. Mr.
164 Ramsey replied that it will meet the requirements but there are probably going to be some minor modifications
165 with more pressure going through the lines.
166

167 There being no further discussion or questions, the public hearing was closed at 6:17p.m.
168

169 **Consideration of rfarmer, llc Engagement Letter**

170
171 Aaron Burns explained that Ronny Farmer's service will be the same as they have been and there has not been
172 a price change from last year.

173
174 A motion was made by Director Walsh and seconded by Director Hudson to retain Ronny Farmer. The motion
175 passed unanimously.

176
177 **Consideration of Petition for Water Inclusion for Jess and Casey Ketchum**

178
179 Justin Ramsey explained that this will be a simple water inclusion for one EU and staff supports the inclusion.

180
181 A motion was made by Director Hudson and seconded by Director Walsh to approve the petition for water
182 inclusion for Jess and Casey Ketchum. The motion passed unanimously.

183
184 **Consideration of Petition for Water Inclusion for W Diamond X, LLC**

185
186 Justin Ramsey explained that this will be a simple water inclusion for one EU and staff supports the inclusion.

187
188 A motion was made by Director Walsh and seconded by Director Hudson to approve the petition for water
189 inclusion for W Diamond X, LLC. The motion passed unanimously.

190
191 **Consideration of SUEZ Water Technologies & Solutions Procurement Preconstruction Agreement**

192
193 Justin Kattnig began the discussion by explaining that this is an agreement for the pretreatment Dissolved Air
194 Flotation (DAF) process. The agreement locks in the price of the equipment plus an inflation-based adjustment
195 and has them give the District design submittals early in order for them to complete the design.

196
197 Mr. Ramsey explained that management looked at some of these systems throughout the state that are already
198 operating and talked to the operators. The District is very comfortable with the new technology. Mr. Ramsey
199 added that they are struggling with getting coagulation at the existing plant. A pilot study using this technology
200 was completed that year and this technology seemed to work best with the soil and water chemistry coming
201 from the West Fork watershed. Mr. Ramsey noted that this agreement locks PAWSD into the design but not the
202 purchase of the equipment.

203
204 A motion was made by Director Hudson and seconded by Chairman Smith to approve the SUEZ
205 Water Technologies & Solutions Procurement Preconstruction Agreement. The motion passed unanimously.

206
207 **Consideration of Wilson Water Group San Juan Water Supply and Demand Analysis**

208
209 Bill Hudson began the discussion by explaining that this is an updated report with a strategic plan comment
210 where they focused more on the Dry Gulch Reservoir in the introduction making it clear that the report was
211 written to look at the Dry Gulch Reservoir. Director Hudson added that they are making a claim that because the
212 District has had such fantastic growth the past two years, they need to estimate a 5% growth. Director Hudson
213 explained that they started with a demand of 2,500 acre feet but the problem is that number is not the demand
214 as it includes leaks and irrigation, so they are estimating that all of these extraneous things are going to grow.
215 Director Hudson noted that he believes these are bad projections. Director Hudson explained that according to
216 this report, population growth is not linearly tied to water demand at PAWSD.

217
218 Director Walsh noted that it is concerning that the report doesn't say anything about a partnership because
219 PAWSD entered into an agreement with SJWCD to go out and find partners so that the cost of the reservoir was
220 not thrown onto the local taxpayers.

221
222 Director Hudson explained that according to this report, 98% of the water that gets diverted in the community is
223 going to agriculture which is losing money. Director Hudson suggested opening a conversation with the
224 agriculture community to address the water issue in the community.

225

226 Director Hudson asked if the Board would like to offer a response to SJWCD on this analysis. The Board agreed
227 that they would individually respond but not a joint response.

228
229 **Manager Talking Points**

230
231 Justin Ramsey began the discussion by explaining that water loss is up but water production is down
232 substantially. Mr. Ramsey noted that PAWSD found 16 leaks in July and when staff goes out to fix leaks, they
233 estimate the leak amount. Mr. Ramsey believes the staff underestimated on the leak amounts.

234
235 Mr. Ramsey informed the Board that the next scheduled Regular Board Meeting will be a joint meeting with the
236 Town Council held at Town Hall. Mr. Ramsey explained that the primary reason for the joint meeting is to
237 discuss the sewer pipe, the wastewater treatment plant, as well as the feasibility study of turning the force main
238 around and using it to feed a new plant in town.

239
240 Mr. Ramsey explained that the District is going to have a barbeque at the Snowball Water Treatment Plant on
241 October 1, 2022 in order to get the neighbors there and explain to them what is going on. The District wants to
242 minimize the disruption as much as they can.

243
244 Mr. Ramsey explained that Director Brueckner has resigned leaving an open seat on the Board that will be
245 advertised and a decision can be made at the next meeting.

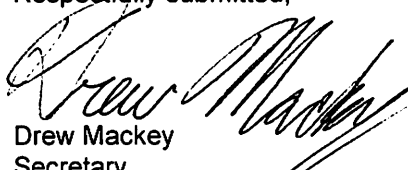
246
247 Mr. Ramsey explained that the District is currently in a stage 1 drought, but the numbers have changed and they
248 no longer need to be in a drought stage. The Board requested putting this on the agenda for the next meeting.

249
250 Mr. Ramsey asked when the Board would like to do a tour of the District that has been discussed at prior
251 meetings. The Board agreed on September 10, 2022.

252
253 **Any other Business Brought before the Board will be Duly Considered**

254
255 There being no other business brought before the Board, Director Walsh made a motion to adjourn at 7:12pm,
256 Director Hudson seconded the motion, which passed unanimously.

257
258
259 Respectfully submitted,

260
261 
262
263 Drew Mackey
264 Secretary

52 Ramsey added that the Town would be on the hook for a portion of that cost and explained that he would put
53 together a letter to the Town explaining exactly what needs to be done and what the compliance schedule is.
54

55 Council Member Bergon asked if PAWSD completed the upgrade, would it extend the life of the plant by a
56 certain amount of time. Mr. Ramsey replied that they require that the District has to start design when the
57 wastewater influent hits 80% of biochemical oxygen demand (BOD) or hydraulic capacity, and once it hits 90%,
58 construction has to start on the new plant. Mr. Ramsey added that if you look at the current growth, PAWSD
59 could possibly have to get a thirty-year loan on this project then have to start design on a new plant in ten years
60 because of growth. Council Member Williams asked if that includes the Pagosa Views development. Mr.
61 Ramsey replied that the Pagosa Views development would push that number up by six years. Director Hudson
62 asked if the Town would help pay for this upgrade to the treatment plant according to the IGA. Mr. Ramsey
63 replied that they would pay a percentage based on their hydraulic percentage.
64

65 Mayor Pierce asked what options PAWSD has looked at besides just pushing back against the State and
66 whether they have looked at the process of building a new plant and decommissioning the current one. Mr.
67 Ramsey replied that that is one possible solution and building a new plant would be a good point for PAWSD to
68 take over PSSGID. Mr. Ramsey added that it would be better to build a new plant to what PAWSD thinks their
69 capacity needs to be so that the plant can run for the next forty years as opposed to the next ten years. This
70 would solve the problems the Town is having with the sewer system and reduce the likelihood of a spill, but it is
71 a long process to design a plant of that magnitude. Mr. Ramsey noted that this is not going to happen before
72 2025, so PAWSD would have to get a delay from the State in order to allow them to start seriously looking into
73 it. Mr. Ramsey added that it would probably take around eight years to build the plant correctly and not rush
74 through it. Mayor Pierce explained that the Town will have to look at the condition that their Sanitation District is
75 in financially and what they can afford to do as well as have some engineers help them look at their options as
76 this may not be their only or their best option.
77

78 Council Member Williams asked if it would be beneficial to have multiple wastewater treatment plants. Mr.
79 Ramsey replied that it would have to be studied but he does not believe it would be beneficial. Council Member
80 Williams asked if PAWSD has a dedicated grant writer. Mr. Ramsey replied yes.
81

82 Mr. Ramsey explained that this may not be the best solution for either District, but it is worth looking into and
83 exploring. Mr. Ramsey noted that the first thing that needs to be done is to have a feasibility study done to see
84 what it would take to turn the existing pipe around. Mayor Pierce explained that she would like to know what
85 kind of plants are available and what would be best for the community. Council Member Williams asked if there
86 needs to be a joint feasibility study. Mayor Pierce replied that there should be a feasibility study done just for the
87 Town to protect their interests moving forward. Director Hudson noted that he believes that if PAWSD is
88 possibly going to take over the sanitation district from the Town in the future, it would seem that they would want
89 to do a joint feasibility study that looks at both ends and how they meet. Council Member DeGuise noted that he
90 agrees with Director Hudson because as much work as the Town is doing, at the end of the day, they are not in
91 the wastewater treatment business. Council Member Bergon added that in discussions, the Town does not want
92 to be in the sanitation business, but they have a responsibility to their District and to their current customers to
93 do this in a thoughtful and financially good way. The Town can not afford to put a lot of money into a solution
94 that may not work.
95

96 Council Member Bergon asked if there is an appeal process beyond what PAWSD already tried with the State to
97 reconsider adding the requirement that the Town could assist with. Chairman Smith replied that PAWSD
98 attorney is working on this, but they are not currently having a lot of success and PAWSD may need a letter of
99 support from PSSGID. Mr. Ramsey suggested the letter of support requests that the State reconsider due to the
100 cost to the constituents.
101

102 Council Member Williams asked if PAWSD is doing anything on the demand side that would reduce the
103 problem. Mr. Ramsey replied that organic nitrogen phosphorus is part of the treatment process and when the
104 plant was designed, it was not a requirement from the State, so the plant was never designed to remove those
105 items.
106

107 Ms. Phillips explained that when the District is considering things like the Pagosa Views Development, the
108 developer has to pay to have their modeling done for their impact to the system and they have to pay to address
109 those impacts. Ms. Phillips noted that she wants to make sure that the community does not think that PAWSD
110 and the Town are going to be subsidizing that cost and passing it on to the rate payers.
111

112 Council Member Posey asked if the Districts could explore doing a feasibility study that is joint but separate so
113 that they are working together but it is separate enough to satisfy the Town's perspectives of needs and due
114 diligence and coordinated enough that it is not two separate studies. Mr. Ramsey replied that he believes that
115 the Districts could have a very defined study that just looks at very specific details. It would reduce the cost and
116 get the Districts to the point that may help the Town decide to split off from PAWSD. Mr. Ramsey added that
117 whether or not it is feasible to turn the pipe around would certainly have an impact on what the Town thinks their
118 long-term goals are. Mayor Pierce noted that she is not in favor of one company doing the same study for both
119 Districts.
120

121 Council Member Bergon asked if staff could put together a Venn diagram of different punch lists for what each
122 District needs to look at as a baseline getting to a feasibility study and where the overlap is. Ms. Phillips replied
123 that they will need an expert engineer to assist with that in order to provide informed information which will take
124 some time. Mayor Pierce added that in the meantime, PSSGID will provide a letter stating that they are moving
125 in this direction and investigating their opportunities.
126

127 Director Hudson explained that if the Town eventually wants PAWSD to take over the wastewater system, they
128 may want to stop seeing these as two entities and look at what the two Districts can do to make it feasible for
129 the PAWSD customers to take over the system. Director Hudson added that it would make it more clear for
130 everyone if the two Districts came together as a team.
131

132 At this time the Town (PSSGID) representatives left the meeting with the exception of April Hessman.
133

134 **Approval of Minutes**

135

136 The Directors reviewed the minutes for the August 18, 2022 Regular Meeting (all copies attached). A motion
137 was made by Director Hudson and seconded by Chairman Smith to approve the minutes. The motion passed
138 unanimously.
139

140 **Public Comment**

141

142 Chairman Smith opened the meeting to public comment. There were no comments offered by the public present
143 at this time.
144

145 **Discussion of Pagosa Views Model Report/Inclusion**

146

147 A motion was made by Director Hudson and seconded by Director Walsh to take the discussion off the table.
148 The motion passed unanimously.
149

150 Justin Ramsey began the discussion by explaining that Steve Omer completed the model for Pagosa Views and
151 broke it down into requirements that they are going to have to meet for the water and wastewater models.
152

153 Director Walsh explained that the report notes that in certain circumstances, the development will fit within
154 existing capacity, but it is important to remember that existing capacity is not nothing. Director Walsh noted that
155 even though it may come in under existing capacity, it is still using an enormous amount of that existing
156 capacity.

157
158 Director Hudson requested that staff calculate what they think would be a feasible charge as far as investments
159 other than a monthly fee if the wastewater was coming into the PAWSD District.

160
161 Director Walsh explained that PAWSD has very little leverage over developments that take place in the PSSGID
162 District that are not asking for water and PAWSD would be contractually obligated through PSSGID to treat their
163 waste. Director Walsh added that it is only because most large developments also ask for water that PAWSD
164 has leverage to try to create a fairer inclusion agreement so that existing customers are not paying for these
165 developments.

166
167 Director Hudson explained that he is very happy with the information on the model, and he would like to follow
168 those numbers in negotiations with Pagosa Views. Board directed staff to create an outline on the model
169 numbers that the developer is going to be asked to provide in addition to inclusion fees and water CIF fees.

170
171 **Consideration of Canterbury Construction Management Services Proposal**

172
173 Justin Ramsey began the discussion by explaining that PAWSD received the estimate from PCL, the CMAR
174 contractor for the new Snowball Water Treatment Plant, which was in the range of thirty-eight million dollars. Mr.
175 Ramsey explained that the original estimate was about twenty-five million dollars, and the district does not know
176 if the jump in price is due to inflation, SGM underestimation, or PCL overcharging. Mr. Ramsey noted that the
177 District opted to go to a third party who will look at various specific items on the plans and produce cost
178 comparisons so that they can determine whether they are spending the District's money wisely.

179
180 Director Hudson expressed that he is concerned about PAWSD building the whole plant rather than doing
181 something that is expandable. Director Hudson explained that PAWSD is building a plant that is twice as big as
182 the current plant, but half of it is currently being used to backflush which is not going to be done with the new
183 system. Director Hudson noted that he believes building a plant with forty years in mind is the wrong approach
184 because it may not be necessary in the future. Director Hudson suggested building the plant half the size but
185 making it expandable. Mr. Ramsey replied that he believes he could get a number for that fairly easily.

186
187 A motion was made by Director Hudson to hire Canterbury as proposed with the addition of looking at an
188 expandable plant. Director Walsh seconded the motion which passed unanimously.

189
190 **Public Hearing on Petition for Water Inclusion for Jess and Casey Ketchum**

191
192 The Public Hearing on Petition for Water Inclusion for Jess and Casey Ketchum was opened at 6:49p.m.

193
194 Justin Ramsey explained that this will be a simple water inclusion for one EU and staff supports the inclusion.

195
196 There being no further discussion or questions, the public hearing was closed at 6:51p.m.

197
198 A motion was made by Director Hudson and seconded by Director Walsh to approve the Petition for Water
199 Inclusion for Jess and Casey Ketchum.

200
201 **Public Hearing on Petition for Water Inclusion for W Diamond X, LLC**

202
203 The Public Hearing on Petition for Water Inclusion for W Diamond X, LLC was opened at 6:51p.m.

204
205 Justin Ramsey explained that this will be a simple water inclusion for one EU and staff supports the inclusion.

206
207 There being no further discussion or questions, the public hearing was closed at 6:52p.m.

208

209 A motion was made by Director Hudson and seconded by Chairman Smith to approve the Petition for Water
210 Inclusion for W Diamond X, LLC.

211
212 **Consideration of Weber Sand & Gravel, Inc. Lease Negotiation**

213
214 Chairman Smith began the discussion by pointing out that since the Weber's have always done weed control on
215 the property, he believes that is something they should continue to do.

216
217 Director Walsh explained that this negotiation seems like a decent way to proceed. Director Walsh asked if there
218 is going to be more mining of gravel or if it is going to be a crushing operation of what has already been mined.
219 Andy Weber replied that there is not much left to mine, but they are going to try to make sure that PAWSD has
220 enough gravel for their needs. Mr. Ramsey explained that Ryan from PCL has been in contact with Mr. Weber to
221 let him know the spec for the material PAWSD needs and he is verifying that the Webers are able to provide it.

222
223 Director Walsh asked if the Webers would like to continue a crushing operation on site going forward. Mr. Weber
224 replied that they would like to finish with what they are doing and then be done as there is no gravel left. Mr.
225 Weber added that one more year will give them time to finish with reclamation and put everything back to
226 grassland.

227
228 Director Hudson explained that he would like to have an independent third party give the Board an analysis on
229 how much gravel is left. Mr. Ramsey asked if this would be dependent on the negotiation or independent from it.
230 Director Hudson replied that he can not go into an agreement until he knows how much gravel is there
231 according to an independent person. Director Walsh agreed stating that as good property owners, PAWSD
232 should want to know how much gravel is left. Director Walsh added that he does not see where this would
233 conflict with the extending lease, but PAWSD has been very hands off with this property and they should know
234 what is going on on their land. Mr. Ramsey noted that the Webers are going to need to know the Board's
235 decision on this soon and the study could take a while to do and may be expensive enough that it will not be
236 able to be done until next budget season. Mr. Ramsey suggested adding to the agreement that the Webers are
237 only allowed to mine a certain amount more gravel from the property. Director Hudson asked how PAWSD
238 would know if the Webers mined more than the agreed-on number. Kathy Weber explained that they keep a
239 record of how much is mined each year and that record is reported to Archuleta County.

240
241 A motion was made by Chairman Smith and seconded by Director Hudson to move forward with creating a
242 lease document out of the proposal with a limit of 30,000 tons of gravel. The motion passed unanimously.

243
244 **Consideration of Filling Board Vacancy**

245
246 The Board had a brief discussion on the candidates for the vacant Board seat. The Board voted via secret ballot
247 with the majority of votes going to Peter Hurley.

248
249 A motion was made by Director Hudson and seconded by Chairman Smith to appoint Peter Hurley to the
250 PAWSD Board of Directors. The motion passed 2-1 with Director Walsh voting no.

251
252 **Consideration of Changing Drought Status**

253
254 Justin Ramsey began the discussion by explaining that Hatcher is full and the river is high enough that the
255 District is no longer in Stage 1 or voluntary drought status anymore. Mr. Ramsey explained that the District is
256 currently in Drought Stage 1 (based on river flows earlier in the year). Current conditions would not dictate
257 staying in the drought stage.

258
259 A motion was made by Director Hudson and seconded by Director Walsh to move out of Drought Stage 1. The
260 motion passed unanimously.

261
262 **Manager Talking Points**

263
264 Justin Ramsey began the discussion by explaining that water loss dropped significantly which may be a
265 mistake, so staff will keep an eye on those numbers to try to get them back to normal.

266


267 Mr. Ramsey reminded the Board that the tour of the District will be on September 10, 2022 meeting at the
268 District Office at 9:00a.m.

269
270 Mr. Ramsey mentioned that PAWSD wastewater CIF fees are very low, and the Board may want to start
271 discussion on raising those. Director Hudson asked for staff to send the Directors a list of comparable
272 communities.

273
274
275 **Any other Business Brought before the Board will be Duly Considered**

276
277 There being no other business brought before the Board, Director Hudson made a motion to adjourn at 7:59pm,
278 Director Walsh seconded the motion, which passed unanimously.

279
280
281 Respectfully submitted,

282 

283
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285 Bill Hudson
286 Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
SEPTEMBER 15, 2022 SPECIAL MEETING

Call to Order

The Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by PAWSD Chairman Smith at 12:01p.m.

Attendance

The following PAWSD Directors were present: Jim Smith, Glenn Walsh, Bill Hudson, and Drew Mackey.

In attendance from staff: Marissa Miller. Also Present was: Gene Tautges, Josh Pike, Terri House, and Peter Hurley.

Public Comment

Chairman Smith opened the meeting to public comment. There were no comments offered by the public present at this time.

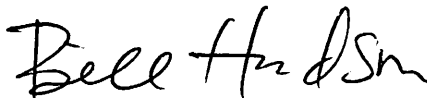
Consideration Filling Board Vacancy

The Board had a brief discussion about the candidates for the vacant Board seat. A motion was made by Director Hudson and seconded by Director Mackey to appoint Peter Hurley to the PAWSD Board of Directors. The motion passed 3-0 with Director Walsh abstaining.

Any other Business Brought before the Board will be Duly Considered

There being no further business to come before the Board, Director Walsh made a motion to adjourn at 12:14p.m., Director Hudson seconded the motion, which passed unanimously.

Respectfully submitted,



Bill Hudson
Secretary

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
OCTOBER 20, 2022 REGULAR MEETING

Call to Order

The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Smith at 5:00 p.m.

Attendance

The following Directors were present: Jim Smith, Glenn Walsh, Peter Hurley and Bill Hudson.

In attendance from staff: Justin Ramsey, Aaron Burns, and Marissa Miller. Also present was: Gene Tautges, Allan Pfister, Josh Pike, Terri House, and Chad Hill.

Approval of Minutes

The Directors reviewed the minutes for the September 8, 2022 Regular Meeting and September 15, 2022 Special Meeting (all copies attached). Director Hudson pointed out a minor change that needed to be made to the September 8, 2022 Regular Board Meeting minutes. A motion was made by Director Hudson and seconded by Director Walsh to approve the minutes with the suggested change. The motion passed unanimously.

Public Comment

Chairman Smith opened the meeting to public comment. Allan Pfister, on behalf of San Juan Water Conservancy District (SJWCD), asked if the PAWSD Board would be interested in having a joint work session to discuss where the Districts are with water needs in the community. Director Walsh replied that he believes the PAWSD Board should come up with their own demand projections before entering into negotiations. The Board directed Justin Ramsey to prepare a demand project report. Upon completion of the report, the two boards will meet.

Consideration of Filling Board Vacancy

Director Walsh began the discussion by explaining that since it had been several weeks since the Board vacancy had been published, he would be more comfortable with PAWSD re-advertising the position and having a vote at the next Board meeting.

A motion was made by Director Hudson and seconded by Director Hurley to advertise the vacancy in the Pagosa SUN in order to make a decision at the next scheduled Board meeting. The motion passed unanimously.

Director Oath of Office Execution

Marissa Miller had prepared the Oath of Office for Director Hurley. Marissa Miller, in her capacity as a Notary Public, administered the Oath.

Consideration of Officers on the Board of Directors

A motion was made by Director Walsh and seconded by Chairman Smith to suspend the rules (By-Laws) regarding the election of officers due to the fact that there are only two remaining Board members from the Board elected at the last bi-annual election and proceed to elect officers. The motion passed unanimously.

54 A motion was made by Director Walsh and seconded by Director Hurley to appoint Jim Smith as Chairman of
55 the Board. The motion passed unanimously.

56
57 A motion was made by Chairman Smith and seconded by Director Walsh to appoint Glenn Walsh as Vice
58 President, Bill Hudson as secretary, and Peter Hurley as Treasurer. The motion passed unanimously.

59
60 **Discussion of Pagosa Views Development**

61
62 Justin Ramsey began the discussion by explaining that he put together a memorandum based on previous
63 discussions with Pagosa Views as well as the model that Plummer engineering completed. Mr. Ramsey
64 suggested that the Board go through the memo in order to make any changes necessary before sending it to
65 the developers so that they are aware of what PAWSD requires in order to include them into the District.

66
67 **Discussion on Gravel Mine Location for District Needs**

68
69 Justin Ramsey began the discussion by explaining that in the Weber's permit to mine, there is a reclamation
70 agreement with the State that requires them to reclaim all of the land that they disturb during mining operations.
71 Mr. Ramsey explained that there is a small section of the land that the Weber's have already reclaimed, and the
72 reclamation has been accepted by the State. Mr. Ramsey noted that as a part of the negotiation to extend the
73 lease with PAWSD, the Webers are to provide PAWSD with about nine thousand tons of gravel for the Snowball
74 Water Treatment Plant construction. When PAWSD approached the Webers about this, they stated that they
75 can provide the gravel to PAWSD but there is not enough gravel left in the main mine to do so. Mr. Ramsey
76 stated that Mr. Weber suggested PAWSD remove the topsoil from the section of land that has already been
77 reclaimed, remove the gravel which would lower the area by approximately ten feet, and put the topsoil back
78 and re-seed. Mr. Ramsey explained that according to Mr. Weber, this would save the District about \$125,000 to
79 \$150,000 dollars in trucking costs as compared to getting gravel from Ignacio, although it would tear up the land.
80 Mr. Ramsey added that he believes that the cost provided to PAWSD from the Webers includes reclamation
81 costs, but he will clarify that with them.

82
83 Director Walsh explained that whether a reservoir is built on that property or not, it is still a very saleable piece
84 of property, and this project could reduce the value of the property. Director Walsh suggested that PAWSD get a
85 second opinion on how this could affect the value of the property.

86
87 Director Hurley noted that he was unclear on how much gravel was on the property as it seemed that there was
88 excess of what PAWSD needed. Mr. Ramsey replied that that is not the case in that area. Mr. Ramsey added
89 that he can add to the agreement that the gravel that comes out of that area will be for PAWSD use only.

90
91 Director Walsh noted that the Webers were going to approach this project through the Board of County
92 Commissioners, but he believes PAWSD should approach the project through the Bureau of Mining.

93
94 Chairman Smith asked what the District would be charged for this gravel. Mr. Ramsey replied that it would be
95 about the same as if they were to get it from Ignacio without the trucking costs.

96
97 Director Hudson stated that he agrees that PAWSD should get a second opinion on how this could affect the
98 value of the property.

99
100 The Board directed staff to approach Jerry Jackson and JR Ford to get opinions on how the property value
101 would be effected by this proposed operation.

102
103 **Consideration of Archuleta County Short Term Rental Task Force Participation**

104
105 Jim Smith began the discussion by explaining that he met with Justin, Aaron, and PAWSD attorney, Marcus
106 Lock, and it was brought to his attention that no Board member, including the Chair, can be a spokesperson for
107 the whole Board unless they have been appointed with a special motion. Chairman Smith added that Board
108 members can represent themselves as individuals, but not the Board.

109
110 Director Hudson explained that Archuleta County asked for volunteers for the Short-Term Rental Task Force
111 and in his submission letter, he stated that he is the President of Pagosa Housing Partners and that he also

112 serves on the PAWSD Board. Director Hudson explained that when he showed up to the first meeting, he was
113 told that he would be representing PAWSD. Director Hudson noted that he was not aware that this was going to
114 happen, but he is happy to represent PAWSD if the Board would like to appoint him.
115

116 Chairman Smith added that Mr. Lock also highly recommended that PAWSD does not get involved with groups
117 that make their members sign non-disclosure agreements and are not going to abide by open meeting laws.
118

119 Director Walsh recommended that PAWSD appoint Director Hudson as a PAWSD representative only if all the
120 meetings are open, public meetings that conform to the sunshine laws, open meeting laws, and that the public
121 as well as press are free to attend. Mr. Ramsey recommended that the Board not appoint a representative at
122 this time, until the open meeting rules are changed.
123

124 Mr. Ramsey pointed out that he is on the CDC Board as a representative of PAWSD and they are under some
125 scrutiny about these issues as well because that Board has voted not to abide by open meeting laws.
126

127 A motion was made by Chairman Smith and seconded by Director Walsh to have Mr. Ramsey resign from the
128 CDC Board. The motion passed unanimously.
129

130 A motion was made by Director Walsh and seconded by Director Hudson to not appoint a representative to the
131 short-term rental task force at this time until that task force conforms to open meeting laws, sunshine laws, and
132 the public as well as press are invited to attend. The motion passed unanimously.
133

134 A motion was made by Director Hudson and seconded by Director Walsh to submit a letter to the County
135 Commissioners explaining the above motion. The motion passed unanimously.
136

137 **Public Hearing on 2023 Draft Budget**

138
139 The Public Hearing on the 2023 Draft Budget was opened by Chairman Smith at 5:57p.m.
140

141 Aaron Burns began the discussion by pointing out that the Draft Budget meets all Debt Service Coverage ratio
142 requirements. It also reflects the rate increases that were prescribed by the 2018 rate study which in the 2023
143 year it was prescribed that PAWSD increase water rates by 6%. Mr. Burns explained that with the addition of the
144 new Snowball Water Treatment Plant loan, we are likely going to have to accelerate water rate increases. While
145 going through the financing application for the plant, the State has recommended an increase of 8\$ per EU on
146 top of the 6% increase which has been included in the revenue numbers for the water enterprise. Mr. Burns
147 explained that on the wastewater side, the Stantec study prescribed a 2.5% increase beginning in 2024. Mr.
148 Burns noted that the District has decided to accelerate that increase into the wastewater enterprise for
149 projection purposes which brings the increase forward by one year. Director Walsh noted that he doesn't agree
150 with the decision to throw eight dollars per EU per month on the existing rate payers without putting half of it into
151 fees for growth. Mr. Ramsey responded that management can massage the numbers and look at putting some
152 of that increase into CIF fees. Mr. Burns explained that included in the capital items is Conex container homes
153 for Dry Gulch to house employees. Mr. Burns noted that the budget also includes a mini excavator and trailer
154 which has been a budget request for the past 3-4 years as the District spends a large amount of money renting
155 these every year. Mr. Burns noted that 35 Full Time Equivalent (FTE) are budgeted for all of 2023 and that wage
156 projections allow for step increases between 3-5% per year. Director Walsh noted that he would like to see
157 employee step increases of 6-8% as opposed to the 3-5% that has been budgeted for. Mr. Burns added that the
158 Worker's Comp experience modification (MOD) will increase slightly in 2023 based upon claim experience. He
159 added that health insurance expenses are projected to increase by 2.4% in 2023. Mr. Burns explained that there
160 is an increase in capital expenditures listed for 2023 as the Snowball Plant engineering reconstruction phase
161 continues. Various other items were reviewed including the replacement of three service vehicles.
162

163 There being no further discussion or questions, the Public Hearing was closed by Chairman Smith at 6:57p.m.
164

165 **Manager Talking Points** 166

167
168 Justin Ramsey began the discussion by explaining that he looked at the possibility of building only a portion of
169 the Snowball plant with the possibility of future expansion. Mr. Ramsey's assessment determined that it would
170 not likely save the District much money. Mr. Ramsey explained that the majority of the cost of the treatment
171 capacity is large chemical tanks for cleaning modules which have to be put in during construction. Mr. Ramsey
172 noted that an expandable plant would only save the District about three hundred to three hundred fifty thousand
173 dollars. Mr. Ramsey added that one benefit of the new plant is that it will give the District the water capacity to
174 pump water if they are unable to use the water at Hatcher for any reason.
175

176 Mr. Ramsey explained that Mr. Clark, who lives near the Snowball Water Treatment Plant, would like PAWSD to
177 pave the road to the plant. Mr. Ramsey explained to Mr. Clark that PAWSD does not construct roads and he
178 does not think that it would be a prudent use of the District's funds.
179


180 Mr. Ramsey noted that PAWSD will have a total of 124 connections by the end of 2022.
181

182 Mr. Ramsey explained that water loss is consistent with previous months at about 325 gallons per minute. Mr.
183 Ramsey noted that he would like to get this down to about 250 gallons per minute.
184

185 **Any other Business Brought before the Board will be Duly Considered**
186

187 There being no other business brought before the Board, Director Walsh made a motion to adjourn at 7:22pm,
188 Director Hudson seconded the motion, which passed unanimously.
189

190
191 Respectfully submitted,
192

193 
194
195 Bill Hudson
196 Secretary

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
NOVEMBER 10, 2022 SPECIAL MEETING

Call to Order

The Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Smith at 5:00p.m.

Attendance

The following PAWSD Directors were present: Jim Smith, Glenn Walsh, Bill Hudson, Peter Hurley, and Gene Tautges.

In attendance from staff: Aaron Burns and Justin Ramsey. Also Present was: Gene Tautges, John Bozek, Al Pfister, Elsie Wallace, Richard White, Jason Wallace, Josh Pike, Terri House, Jodi Bunn, and Ryan Welu.

Public Comment

Chairman Smith opened the meeting to public comment. There were no comments offered by the public present at this time.

Consideration Filling Board Vacancy

The Board had a brief discussion about the candidates for the vacant Board seat. Chairman Smith nominated Drew Harbison and Director Walsh nominated Gene Tautges to fill the vacant Board seat. Gene Tautges was appointed to the Board with a vote of three to one.

Aaron Burns had prepared the Oath of Office for Director Tautges. Jim Smith, in his capacity as Chairman of the Board, administered the Oath.

Consideration of Weber Lease Agreement

Justin Ramsey began the discussion by explaining that he met with the Webers and spoke with PAWSD attorney, Marcus Lock as well about the lease agreement. Mr. Ramsey explained that the agreement falls in line with the proposal that the Webers gave to PAWSD about a month ago. Mr. Ramsey noted that PAWSD is going to have a joint meeting with SJWCD before moving forward with the lease, but he believes it is fair and the Webers seem to be ok with it as well.

Director Hudson asked for clarification on item number seven in the contract that states that anything abandoned will become property of the landlord, including but not limited to hiring a third party. Mr. Ramsey replied that that item was removed from the contract, but it meant that PAWSD could not be held responsible for anything the Webers left on the property at the conclusion of the lease. Director Hudson asked if the Webers would be responsible for it. Mr. Ramsey replied that they would not. The only thing that the Webers are going to be responsible for per the State requirements are anything that is associated with the mine. Director Hudson asked if the Webers are ok with doing weed control. Mr. Ramsey responded that they are, but they want PAWSD to pay for the weed killer.

Director Hurley asked if PAWSD is satisfied with the number that they came with as a fair amount to rent and how they came up with forty-eight thousand dollars. Mr. Ramsey responded that the Webers proposed thirty thousand dollars and PAWSD came back with their number because it is the interest payment that they will be

52 making on the property in 2023. Mr. Ramsey added that it was difficult to come up with a number because the
53 cattle operation there is very limited for anybody besides the Webers. The only way to run any significant
54 amount of cattle there is to move them on BLM land which runs adjacent to the property, and the Webers own
55 the lease, meaning nobody else would be able to do that making a lease agreement for ranchers very limited.

56
57 Director Hurley asked if there is any reason PAWSD would extend from this extension. Mr. Ramsey replied that
58 he does not believe there is a reason to extend from this. Mr. Ramsey added that the only reason PAWSD can
59 extend the lease is because there isn't anybody else that wants to use it. Mr. Ramsey noted that the mine is
60 basically empty, but the Webers could potentially come back and request to extend by bringing materials in from
61 outside. Mr. Ramsey explained that PAWSD put the agreement at thirty thousand tons of gravel because that is
62 what the Webers said was there. Director Hurley asked if PAWSD is comfortable that within a year, the Webers
63 will get the thirty thousand tons mined and start the cleanup process. Mr. Ramsey responded that they have
64 already started the cleanup process and are in the process of reclamation.

65
66 Richard White asked if the lease gets extended if there is a state permit requirement or licensing agreement that
67 the rock quarry has to abide by and whether that expires on January 1st as well. Mr. Ramsey replied that the
68 Webers have a permit with the State Division of Mining and Reclamation that does not tie with this lease. The
69 permit is valid until the Webers close the mine. Mr. Ramsey noted that he does not believe that there is an
70 expiration date on the permit as they pay an annual fee to keep it going. Alan Pfister added that the Webers also
71 have a bond on the permit that will not be released until the State agrees that everything is up to their standards.

72
73 Richard White explained that some of the concerns from residents in the neighborhood are noise, dust, and
74 health concerns. Richard White asked if the lease is going to get extended year after year when they were told
75 that it was going to come to an end in January 2023. Director Walsh responded that the Webers are currently
76 just crushing what is already there and they did not foresee themselves asking to extend the lease on the basis
77 of establishing a crushing business going forward. Director Hudson added that he disagrees with Director Walsh
78 and believes that one of the reasons why the Webers wanted to extend the lease was because they wanted to
79 continue with the crushing operation.

80
81 Elsie Wallace explained that she was at a previous PAWSD Board meeting where this topic was discussed and
82 the Board was not interested in extending and she was shocked to hear that this was back on the agenda after it
83 got denied. Richard White asked if this is an insider deal because PAWSD is in need of gravel. Director Walsh
84 responded that there is nothing insider about what PAWSD is doing and it is all being discussed in a public
85 meeting.

86
87 Elsie Wallace asked if the Webers are only going to be crushing gravel for PAWSD, or if it is still going to be a
88 public operation. Director Walsh explained that the Webers have estimated that there is about thirty thousand
89 tons of gravel left in the mines that PAWSD is going to allow them to crush.

90
91 Elsie Wallace noted that the Webers are not close to the reclamation currently and it is not going to get done
92 within the next year and she believes they are going to ask for another extension at the end of it. Elsie Wallace
93 added that this is the reason why the Webers originally brought this proposal to the Board and they have put
94 very little effort into getting it done. Elsie Wallace noted that they have known for fifteen years that the
95 reclamation needed to be done by January 2023 and have done nothing up to this point.

96
97 Jodi Bunn explained that she was the person that took and sent videos of the dust to PAWSD showing that the
98 Webers are not holding up their end of the deal and are not being good neighbors. Jodi Bunn noted that when
99 she bought her property in 2015, she was told that the Webers would only be running their business for five to
100 seven years and the neighborhood has dealt with it for that time, but the dust mitigation and hours of operation
101 are out of control meaning the property values in that area are not able to increase. Director Walsh added that

102 the Webers are only going to be mining thirty thousand tons and he does not see why that could not be done
103 over the next year with more restricted hours.

104

105 Mr. Ramsey explained that since the lease extension discussion has started, the Webers have stated that they
106 are down to approximately twenty thousand tons of gravel after the work that they have done in the last couple
107 months. Mr. Ramsey added that he does not know what the requirements are when it comes to dust mitigation
108 and hours of operation as that is something that is handled by State Mining and Reclamation. Mr. Ramsey noted
109 that there is nothing in the existing contract between the Webers, PAWSD, and SJWCD that gives PAWSD any
110 authority over those issues, but it could be added to the agreement.

111

112 Elsie Wallace asked if there is a date that PAWSD needs their portion of the gravel by and if that could be when
113 the lease expires. Director Walsh noted that the Board has not yet voted to approve the financing for the
114 Snowball Water Treatment Plant. Richard White explained that PAWSD could put a limit on the lease stating
115 that after they have mined the nine thousand tons of gravel that is needed by PAWSD, the lease is to expire.
116 Director Walsh explained that if the lease is extended, the Webers will be paying the interest on the loan for Dry
117 Gulch and he is not sure if they would be interested if the District offered them to only crush nine thousand tons
118 of gravel, but it is something that can be discussed.

119

120 Jodi Bunn asked who is responsible for making sure that the Webers follow through with the reclamation
121 process. Mr. Ramsey responded that it is something that the State handles and they correspond with PAWSD
122 and SJWCD during the investigations. Jodi Bunn added that the Webers will need three years to reclaminate after
123 the lease is extended for a year, so they are looking at four more years. Mr. Ramsey responded that the new
124 agreement states that the Webers will have the reclamation done by January 4, 2024. Mr. Ramsey added that
125 they will have more time to get the vegetation reclamation done, but they shouldn't have any equipment running
126 at that time. Jodi Bunn noted that she believes that the Webers have already had their lease extension by
127 running their equipment all summer long instead of doing any reclamation.

128

129 Director Hurley asked if the bond that PAWSD currently has with the Webers has anything to do with mitigation.
130 Mr. Ramsey responded that the bond is there in case anybody is injured. PAWSD has to rely on the State to
131 make sure that the Webers are taking care of the land and they could lose their bond with the State if they do
132 not do the mitigation.

133

134 Elsie Wallace explained that she is ok with the end of the lease being January 2024, but asked if the lease is
135 going to get extended again if someone else is interested in gravel. Director Hurley responded that the Webers
136 only have thirty thousand tons of gravel left to mine and then there will be nothing more for them to do. Director
137 Walsh pointed out that he does not foresee the lease getting extended again. Elsie Wallace added that the Board
138 stated that they were not interested in extending the lease six months ago but changed their minds. Director
139 Walsh responded that trucking costs have doubled and the timeline for the Snowball Water Treatment Plant has
140 changed since the Webers originally brought this matter to the Board. Director Walsh noted that the residents
141 around the gravel pit did buy properties around what was intended to be a large construction site, but he
142 believes the lease will end in January 2024. Director Walsh added that he does believe it would be reasonable
143 to add time limits on working hours to the agreement. Director Hudson noted that he would also like to add to
144 the agreement that aggregate cannot be brought in from outside sources to be crushed.

145

146 Richard White asked if in addition to the bond that the Webers have with the State, if the District is covered and
147 if there would be a need for additional coverage to protect the District's interests. Mr. Ramsey replied that they
148 have provided that for the past fifteen years and PAWSD would extend that with the lease, but the insurance
149 company has to indemnify PAWSD against any type of lawsuit that could happen there.

150

151 Director Hurley explained that he is from the neighborhood near the gravel pit and can hear the equipment
152 running as well, but it is important for the community that the water treatment plant gets done and PAWSD is
153 trying to save as much money as possible to get it done.
154

155 Richard White asked who would enforce the time limits if they are put into the agreement. Director Walsh replied
156 that he believes that the Division of Mining has crushing records showing the times of when they are crushing.
157

158 Elsie Wallace explained that she came to the Board meeting when the lease extension was first proposed, and
159 did not make any public comments because the Board said they were not interested in renewing the contract.
160 Elsie Wallace noted that she was disappointed to hear that it is only going to be extended because PAWSD
161 needs gravel. Director Walsh explained that he does not believe that PAWSD has been unfair in their
162 infrastructure investments for Log Park. Director Walsh added that the residents surrounding the gravel pits are
163 a part of the District and it is their money being spent on the infrastructures as well.
164

165 Director Tautges asked if it is legal for PAWSD to add restrictions of their own to the agreement on dust
166 mitigation. Mr. Ramsey replied that he believes the District can put into the agreement what they deem
167 appropriate, but the State rules can not be changed. Mr. Ramsey added that he does not have the knowledge to
168 recognize that a certain amount of dust that is being created is above a certain threshold, so he does not know
169 how that would be monitored. Mr. Pfister explained that there are mechanisms used to measure particulate
170 matter in the air and that is something the District could look into. Mr. Pfister noted that it may also be possible
171 to have the State put a monitoring station at the gravel pit.
172

173 Chairman Smith noted that the gravel pit was there before the residents purchased their properties, and these
174 issues come with that. Jodi Bunn noted that she disagrees because Log Park was there before the gravel pit
175 was put in and she bought her property knowing that the lease was going to end within five to seven years. Mr.
176 Ramsey explained that there was never any guarantee when the Webers sold the property that PAWSD would
177 not extend the lease. Mr. Ramsey added that if PAWSD had not bought the property fifteen years ago, the
178 Webers would still own it.
179

180 Mr. Ramsey suggested PAWSD and SJWCD set up a time for a joint work session and invite Log Park as well
181 as the Webers. Mr. Ramsey noted that he will add the suggestions of the Board to the lease agreement and
182 send it to the Webers.
183

184 **Consideration of Second Draft of the 2022 Anticipated and 2023 Proposed Budgets**

185
186 Aaron Burns started the discussion by explaining that there were some outstanding items after the last
187 discussion of the budget. Mr. Burns explained that one of the items was whether PAWSD was going to start
188 debt service on the new SRF loan and it has been confirmed that it does start in 2023. Mr. Burns noted that this
189 has been incorporated into the budget.
190

191 Mr. Burns explained that wage projections were at 3% in the first draft of the budget, but at the Board's request
192 that has been changed to a 6% baseline increase with an additional 3% available.
193

194 Mr. Burns explained that the final major change to the budget was that management has spread the eight dollar
195 rate increase that had been suggested by the SRF fund across water rates, CIF fees, and potentially fill stations.
196

197 **Discussion of GMP 3rd Party Review**

198
199 Bill Canterbury explained that he started his consulting group ten years ago to try to help owners like PAWSD as
200 well as engineers with various aspects of the construction process. Mr. Canterbury explained that budgeting is a
201 big focus and right now, putting together pricing is very challenging as everything has slowed down and it is

202 hard to get quotes from companies. Mr. Canterbury noted that he will typically either do an independent cost
203 estimate to compare to the contractor or an estimate validation which goes through the estimate. Mr. Canterbury
204 explained that he is using both methods in this case which is a bit cheaper and makes sense in the world of
205 water and wastewater in the Colorado region.

206
207 Mr. Canterbury explained that he will look in detail at the quotes from the contractor and do a comparison to see
208 if it makes sense and is in line with what is out there right now. Mr. Canterbury noted that based on the report
209 that he has seen, this is basically a seven-million-dollar job. Mr. Canterbury added that he will be meeting with
210 Mr. Ramsey and PCL to talk through some items but overall, he does not see anything that jumps out at him.

211
212 Director Tautges asked where District 1 will get water from while the plant is under construction. Mr. Ramsey
213 replied that one of the requirements of the build is that the plant has to be operational for the vast majority of the
214 time of construction. There may be a week of down time, but PAWSD is putting a pump station at Second Street
215 which will allow the District to move water uptown from downtown.

216
217 Mr. Canterbury noted that he believes this project is set up in a good way for it to succeed at this time. Mr.
218 Canterbury explained that CMAR does the same contractual lines as design bid build with preconstruction.
219 Design build is where an owner has a single contract with a contractor and design team and a lot of the
220 responsibility and risk is pushed off onto the contractor. CMAR contractually looks like a design bid build and
221 functions more like a design build because the contractor is brought in up front to help review the plans. Mr.
222 Canterbury explained that it is very important to have the contractor in up front and the design at 100% should
223 be much better in a CMAR process than in a design bid build because of the assistance of the contractor
224 throughout the design.

225
226 Mr. Canterbury explained that PAWSD will be paying on submitted invoices each month, and not a lump sum.
227 Mr. Canterbury added that this allows PAWSD to get materials ordered early and get key subcontractors such
228 as HVAC and electrical on board early so that they can be part of the value engineering constructability process
229 and materials can start to get ordered.

230
231 Director Tautges asked who the project manager is on this project. Mr. Ramsey replied that Ryan Welu is the
232 project manager with PCL and PAWSD will be provided with a project manager from SGM, the engineer, to
233 oversee the construction. Director Tautges asked if Mr. Ramsey sees any issues with SGM's timelines. Mr.
234 Ramsey responded that he is disappointed that the 100% plans are not completed yet, but he does not see any
235 issue with the timelines. Mr. Ramsey noted that The plan is to get started in April of 2023 and the District would
236 like to get the building of the structure up by winter of 2023 so that contractors can still work inside and won't be
237 affected by the weather. Mr. Ramsey explained that nothing can start until the loan is finalized but they are on
238 schedule to get the loan closed on December 15, 2022.

239 Discussion of Growth Model

240
241
242 Justin Ramsey explained that he looked at PAWSD water production from 2013-2021 and used a 2% increase
243 as well as fix the raw water consumption at 350 acre feet per year. Mr. Ramsey noted that he came up with this
244 number because PAWSD guarantees the golf course a minimum of 350 acre feet per year. There are also
245 several condo units who use raw water and the District allows individuals who live on the lake to pull water out
246 of the lakes for irrigation. Mr. Ramsey added that he is hoping to get water loss back down as well. Mr. Ramsey
247 explained that PAWSD is making sure that contractors who are laying pipe in the ground are using good
248 construction practices. Mr. Ramsey does not foresee water loss increasing. Mr. Ramsey explained that the
249 existing Snowball Water Treatment plant loses half a gallon of water for every gallon it makes but when the new
250 plant comes online, the 50% of loss will drop down to under 5%. Mr. Ramsey noted that he is comfortable with
251 the current model and believes that it is useful for the current growth.

253 **Manager Talking Points**

254
255 Justin Ramsey began the discussion by explaining that water loss is down to about 325 gallons per minute, but
256 he is working to get that down to around 250 gallons per minute. Mr. Ramsey explained that the District has
257 been unable to get sounding done in the winter for the past two years, but it is included in the budget again for
258 2023. Mr. Ramsey noted that there have been some major leaks that have occurred in the past couple weeks
259 that occurred on private lines. Mr. Ramsey explained that he has started a letter campaign where if the District
260 sees a leak on a private line, they will send a letter to the owner of that line giving them a firm deadline to repair
261 the leak or the water will be shut off.

262
263 **Any other Business Brought before the Board will be Duly Considered**

264
265 There being no further business to come before the Board, Director Walsh made a motion to adjourn at
266 7:40p.m., Director Hudson seconded the motion, which passed unanimously.

267
268
269 Respectfully submitted,

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271 
272
273 Bill Hudson
274 Secretary

1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **NOVEMBER 15, 2022 JOINT WORK SESSION**
4

5 **Call to Order**
6

7 The Joint Work Session for the Pagosa Area Water and Sanitation District (PAWSD) and San Juan Water
8 Conservancy District (SJWCD) was called to order by PAWSD Chairman Smith at 2:00p.m.
9

10 **Attendance**
11

12 The following PAWSD Directors were present: Jim Smith, Glenn Walsh, Peter Hurley, Bill Hudson, and Gene
13 Tautges.
14

15 The following Directors were present from the San Juan Water Conservancy District: Al Pfister, Rachel Suh, Bill
16 Nobles, Doug Secrist, Susan Nossaman, Joe Tedder, Rod Proffitt, and Candace Jones.
17

18 In attendance from staff: Aaron Burns. Also present was: Richard White, Elise Wallace, Jodi Bunn, Dorothy
19 Elder, Joe Crabb, Terri House, Randi Pierce, and Sally High.
20

21 **Consideration of Weber Lease Agreement**
22

23 Al Pfister began the conversation by explaining that SJWCD would like clarification on why all of the underlying
24 leases are being extended if the objective is to continue gravel operations. They would also like to know what
25 other uses the Webers would be using the property for during the time of the lease extension. Mr. Pfister
26 mentioned that it is his understanding that the Webers will be maintaining the residences and taking down some
27 structures that have been on the property if the lease extension is approved. Aaron Burns explained that he
28 believes the proposal is that the buildings would be taken down at some point. Mr. Pfister asked who would be
29 paying for the removal of the structures. Mr. Burns replied that PAWSD will as they would be paying for it
30 anyways and asking the tenant to bare that cost is not something that they can do. Chairman Smith noted that
31 in the past, the Webers have done all of the spraying of the weeds, but Mr. Weber wants PAWSD to pay for
32 the chemicals that he uses to spray the weeds with. Chairman Smith added that PAWSD would have to pay for
33 these chemicals regardless.

34 Mr. Pfister asked if the Districts would have access to the property if they wanted to do something as far as the
35 headwaters project. Mr. Pfister noted that he would like to add language to the agreement making sure that
36 all parties involved are aware that the landlords' access to the property will not be limited.

37 Mr. Pfister explained that the most recent revision talks about limiting the Webers to mine only twenty
38 thousand tons of gravel, but his understanding from the last meeting was that PAWSD was going to get nine
39 thousand of the twenty thousand tons. Director Walsh replied that PAWSD requested nine thousand tons of
40 gravel which would be exclusive to the twenty thousand tons that they are allowed to mine

41 Mr. Pfister noted that there was discussion at the last meeting that the Webers would not be allowed to bring
42 in outside gravel to be crushed, but Justin Ramsey talked with Mr. Weber after the meeting about situations
43 where a small amount may be brought in if construction companies find river rock during excavation. Director
44 Hurley asked if the Webers are legally allowed to bring in outside aggregate. Mr. Pfister replied that he does
45 not believe that it is monitored. The State only monitors how much is being crushed and sold in accordance

46 with the State permit. Director Hurley asked how the Districts know when the Webers have reached the
47 twenty thousand ton limit if it is not monitored. Mr. Pfister replied that the State keeps record of how much
48 gravel is being crushed and the Districts would need to clarify with the Webers how much outside aggregate is
49 going to be brought in. Elsie Wallace explained that although everyone thinks that it is going to be river rock
50 and that it will be pure, the outside aggregate could be asphalt or other material, so saying that they can bring
51 anything in could potentially be dangerous. Director Tautges replied that the Webers have to mitigate and
52 clean up the material according to their bond with the State.

53 Director Tautges noted that the whole mine site could be considered an industrial site and asked how the
54 Districts would know if there was an oil spill that has been buried. Mr. Pfister replied that the State does test
55 level one assessment for hazardous waste, but he does not know if that is part of the permit the Webers have
56 with the State. Mr. Pfister added that it is something that the Districts need to look into to see what certainty
57 they have as landlords to make sure that they are not inheriting a hazardous waste site.

58 Rachel Suh asked if the Webers are planning on moving their gravel operations and continuing business
59 elsewhere after this lease ends. Chairman Smith responded that he does not believe they have a site to move
60 their operations to.

61 Ms. Wallace noted that if the Districts are going to allow the Webers to continue to bring in outside aggregate,
62 it is just going to mean more extension to the end of their lease because they are not limited to what they are
63 able to mine. Director Walsh responded that the current Board could vote to put an end date on the lease, but
64 that does not mean that a future Board will not vote to extend it again at the end of the lease. Ms. Wallace
65 asked if there was anything that could be put into the lease putting restrictions on the end date so that it
66 cannot be extended again in the future. Director Walsh responded that there is a sentence in the current draft
67 lease that mentions extending the lease again that could be taken out.

68 Mr. Pfister suggested creating a schedule that shows the Weber's plan of operation for reclamation. Doug
69 Secrist explained that one of his concerns with the extension is that under the original agreement, the Webers
70 were required to reclaim the site by January 2023, and he does not believe the Webers have done much to
71 make that happen. Doug Secrist added that if the Webers are supposed to have the reclamation done by
72 January and they haven't done anything thus far, what is to prevent them from getting to the end of this lease
73 extension and being in the same boat where nothing has been done at the end of the lease. Mr. Pfister replied
74 that this is why they were discussing putting milestones in for the reclamation process.

75 Mr. Pfister asked if PAWSD is going to store the gravel that they purchase on the Running Iron Ranch property
76 or if they are planning to move it to another location. Director Hurley responded that he believes it would be
77 best to save on trucking costs and leave it on the property. Mr. Pfister noted that leaving it on the property
78 would affect the reclamation process. Director Hudson explained that there are 160 acres to store the gravel
79 on and only 30 acres need to be reclaimed leaving plenty of space to store a large pile of gravel on the
80 property.

81 Director Walsh explained that if PAWSD buys all twenty thousand tons of gravel from the Webers, as their sole
82 buyer, that may make it easier for the District to put time limits on their operation hours, they would have a
83 guaranteed sale, they would not be at risk of the market, and they would not have to truck the gravel. Jodi
84 Bunn noted that she believes it would be great for PAWSD to keep the gravel but asked if the District would
85 still allow the Webers to bring in outside gravel. Director Walsh responded that he believes the District should

86 keep it simple and only allow the Webers to mine the remaining twenty thousand tons and not allow them to
87 bring in outside aggregate.

88 Candace Jones explained that the lease extension states that landlords are jointly and severally liable, but this
89 should have a exception clause that says "except the SJWCD is not liable to pay for the gravel that PAWSD is
90 getting." Ms. Jones noted that she does not know what is in the underlying leases about reporting regarding
91 the gravel operations, but with the limit on the tonnage and the source, PAWSD may consider putting in
92 periodic reporting on where the gravel is coming from and what the Webers are processing and taking out. Ms.
93 Jones suggested monitoring this on paper and requiring the Webers to report under the signature of an
94 authorized official.

95 Director Hurley explained that he agrees with Director Walsh's previous proposal that PAWSD buys the whole
96 twenty thousand tons of gravel, create a schedule the Webers have to follow, and they are not allowed to
97 bring in any outside material. The Board agreed with this proposal.

98 Richard White asked if PAWSD could hire another contractor to mine the gravel for them if after all these
99 negotiations with the Webers, they come back and say that they do not want to proceed with the extension.
100 Ms. Jones replied that the Webers are able to mine at the site because they went through a permitting process
101 to be able to do it.

102 Director Tautges explained that PAWSD buying the whole twenty thousand tons may simplify a lot of things
103 and have a positive effect on the timeline and the Webers may be able to start the reclamation process
104 sooner.

105 Joe Tedder suggested that the Districts put financial incentives or disincentives to the Webers not performing
106 according to their schedule. Joe Tedder noted that the Webers should have some penalties for not performing
107 according to their schedule.

108 Board directed staff to draft the lease agreement between PAWSD, SJWCD and the Webers with the suggested
109 changes and send to the Boards for review.

110

111 **Any other Business Brought before the Board will be Duly Considered**

112

113 There being no further business to come before the Boards, the Joint Work Session was adjourned at 3:22p.m.

114

115

116 Respectfully submitted,

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Bill Hudson
Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
DECEMBER 15, 2022 REGULAR MEETING

Call to Order

The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Smith at 1:00p.m.

Attendance

The following Directors were present: Jim Smith, Glenn Walsh, Bill Hudson, Peter Hurley, and Gene Tautges.

In attendance from staff: Justin Ramsey, Aaron Burns, and Cyndi Foster. Also present: Alan Pfister, Carl Young, Josh Pike, Paul Hansen, and AJ Vela.

Consideration of Appointing Cyndi Foster as Recording Secretary to the Board

A motion was made by Director Hudson and seconded by Director Walsh to appoint Cyndi Foster as a recording secretary to the board. The motion was passed unanimously.

Approval of Minutes- 10/20/2022 Regular Meeting, 11/10/2022 Special Meeting, 11/15/2022 Joint Work Session

Director Walsh had a revision for the 10/20/2022 Regular Meeting Minutes to add Chad's last name "Hill" to all references of Chad Hill. Director Walsh also had a revision for the 11/10/2022 Special Meeting Minutes. Line item 176 reads, "Mr. Ramsey explained that there was never any guarantee when the Webers bought the property that PAWSD would not extend the lease", bought needed to be changed to sold. With corrections being done, a motion was made by Director Walsh and seconded by Director Hudson. The motion was passed unanimously.

Public Comment

Alan Pfister requested a joint meeting be held after Justin Ramsey reviews the water demands to discuss where the San Juan Headwaters project is at currently. Mr. Ramsey confirmed that he had reviewed it. Director Smith said we haven't done anything with it yet. It was agreed that a joint meeting would be scheduled to discuss this in the future.

Alan Pfister mentioned the Water Conservancy District is looking to work out some arrangements with the town, county, and the two respective boards to discuss and decide what will be done with the 20-acre parcel west of highway 160 that is now out of the lease, and the possibility that the use for that piece of land be for public access. Alan Pfister said he had a meeting with the Water Conservancy District, and they are on board with it and willing to proceed using Mesa Canyon take-out as the example. He said all the details are still to be determined and discussed. Director Walsh said it's new on his radar and that the PAWSD board would need to look into it as this piece of property is very valuable. Alan Pfister said that he would be having a meeting with CPW next week to talk about that access. The

48 park nomination is dependent on a reservoir going in. CPW would offer financial assistance but does not
49 want to have anything to do with managing it. Director Walsh mentioned again how valuable the
50 property is and that PAWSD would not want to do all the work on it as PAWSD is not Pagosa Area Water
51 Sanitation and Recreation District. Alan Pfister said this is just an FYI and to see if PAWSD is supportive
52 of reinitiating the discussion. Director Walsh replied that this is not a high priority and PAWSD may end
53 up needing to sell the property. Director Hurley stated that he is okay with continuing the discussion but
54 agrees with Director Walsh. Director Hudson said he also agrees with most of what Director Walsh said
55 and that he wouldn't mind if the conservancy district would like to bring in a proposal or outline of what
56 is being discussed. However, his general inclination is that this is a valuable piece of property and could
57 help the district pay off the loan. Director Smith stated that he will say no at this point. Alan Pfister said
58 he will bring details as they are developed. Director Tautges had no comment.

59

60 **Consideration of Certification of Mill Levies**

61

62 Aaron Burns said PAWSD has gotten the final property values back from the county and ran the
63 calculations which resulted in a slight move which is normal between the preliminary and the final.
64 Mr. Burns continued stating the District 1 property values came in at \$144,933,586 which was a
65 decrease of about \$600,000 from the previous year which is about 0.4%. That brought the District 1
66 calculation with the Tabor limitation to a 5.503 mill calculation with the District 1 cert. Mr. Burns stated
67 the District 2 evaluation went up from last year. The evaluation was 122,756,144 so it went up by almost
68 \$1,000,000 or 0.7% net resulted in a mill levy per District 2 of 1.874 which is Tabor restricted. PAWSD
69 will sign and certify these documents to the county to set next year's mill levy. A motion was made by
70 Director Walsh and seconded by Director Hudson. The motion was passed unanimously.

71

72 **Consideration of Resolution 2022-04 to Adopt the 2023 Budget**

73

74 Aaron Burns discussed that there had been two drafts that were presented to the Board since October
75 2022 which is the initial draft and the subsequent draft that. These incorporated the change in the debt
76 service standards. This final version has not changed since the previous draft. The Mill Levy is the only
77 thing that has changed. Everything else has remained the same. Director Walsh noted that there is good
78 news regarding the Debt Service Fund. Mr. Burns continued the discussion further, explaining that
79 PAWSD has fully paid down the Debt Service Fund and what was housed in that fund. The remaining
80 interest or cash balance will be dispersed to the government fund in 2023. So that fund will be finalized,
81 distributed, and closed in 2023. Mr. Burns pointed out that he left the total amount PAWSD is trying to
82 achieve in the water fund account to shore up with the new debt service for the Snowball loan in the
83 total figure for revenue projections. Mr. Burns said he placed that amount in the total until it is decided
84 exactly how it will be distributed and what amounts that way the total number will remain the same if it
85 needs to be distributed differently. Director Walsh asked Justin Ramsey where he could find the funding
86 for the possible fee study. Mr. Ramsey stated that it is \$20,000 for a sewer study. Aaron Burns said it
87 could be found in the last draft on a detail sheet which has all the bigger capital items listed on it. Mr.
88 Burns said it is a wastewater model and is \$20,000. Director Walsh asked about the 2-million-dollar line
89 item for the treatment facility and when we can stop that. Justin Ramsey answered explaining that a
90 decision will need to be made soon and that he is seeking political support and as of now has not
91 received any response. He will be looking to hire an RFP engineer to do this and that the 2 million dollars
92 is his estimate of what it will cost. A motion was made by Director Walsh and seconded by Director
93 Hurley. The motion was passed unanimously.

94

95

96 **Consideration of Resolution for CWRPDA Loan Agreement for Snowball Water Treatment Plant**

97
98 Aaron Burns explained that this resolution is to authorize the board President and Secretary to execute
99 the loan documents. Currently, the loan documents and the loan closing date are still tentative. PAWSD
100 is waiting for the loan certificate from our CPA. Director Walsh pointed out that if we continue our
101 increase of an average of \$4.00 per month then that would be great, but if we can't, then we would
102 need to look at other options to fund the new Snowball Plant project. Director Walsh said that these
103 options could include availability fees and short-term rentals. Director Smith suggested we do a rate
104 study now so the numbers we are putting out are accurate and asked Aaron Burns what the cost was of
105 the last study that was done in 2018. Mr. Burns replied that the cost was \$25,000 but that he does
106 expect the cost to be more now. Justin Ramsey stated that PAWSD has already hired an RFP to move the
107 rate study up and wants to hold off on the rates that followed the 2018 rate study. The 6% increase
108 from the 2018 rate study will remain and have an additional rate increase be a part of this rate study
109 and have it look backwards. Mr. Ramsey also stated that if we want to look at short-term rentals then
110 that would need to be included in the model so that discussion will need to happen soon. He also stated
111 that when we look to hire a consultant, we will need to keep that in mind. Director Walsh stated that
112 when we are looking to hire a consultant we will need to be very open and transparent about what we
113 are looking for. Director Walsh asked that we have a meeting to discuss this. Justin Ramsey agreed that
114 there needs to be a meeting in the future to discuss this before we select a consultant. A motion was
115 made by Director Smith and seconded by Director Hudson. The motion was passed unanimously.
116

117 **Discussion of 2023 Water and Wastewater Rate Increase**

118
119 Justin Ramsey stated that the staff suggestion is to do the 6% water increase, which follows the 2018
120 rate study suggestion but move up the 2.5% wastewater increase by one year and begin that increase in
121 2023 instead of 2024. Then, we would wait for the rate study to be completed to determine what the
122 final increase will be. Mr. Ramsey explained that the rate study should take approximately 4 months or
123 so to complete so PAWSD is hoping to have results from that by June assuming the rate study can begin
124 right away in January.
125

126 **Consideration of Weber Lease Agreement**

127
128 Alan Pfister stated that the San Juan Conservancy District Board voted 6 to 1 to go with the revised
129 contract. Director Hurley and Director Walsh had concerns regarding the wording on 6a of the contract.
130 After revisions were made, 6a now states *"Tenant may remove no more than 20,000 tons of sand,*
131 *gravel, topsoil, and all similar and related materials from the Premises during the term of the Extension*
132 *without written approval from the PAWSD Board. Tenant shall not import, or process materials brought*
133 *from offsite except from PAWSD."* Director Hurley and Director Walsh were happy with the revisions
134 made to 6a. Director Hurley asked what the liability would be for the Weber's. Justin Ramsey answered
135 stating that the Weber's currently have a performance policy with the state and that the state does
136 inspections to ensure they are in compliance with the performance policy. Alan Pfister stated that he
137 would need to take the contract with the revisions Mr. Ramsey made to have the revisions approved by
138 the San Juan Conservancy District executive committee. A motion was made by Director Walsh to
139 approve the lease agreement with the revisions made by Justin Ramsey and seconded by Director
140 Hudson. The motion was passed unanimously.
141
142

143 **Discussion of Resolution 2022-06 to opt out of the Colorado Family and Medical Leave Insurance**
144 **Program**

145
146 Justin Ramsey explained that the state has come up with an insurance plan that will allow employees to
147 have 12 weeks of paid family emergency leave called the Family Medical Leave Insurance Plan. They
148 would pull 0.45% of the employee's salary to pay for it and have the employer match that amount. This
149 would begin January 1st, 2023, but the program wouldn't be implemented until January 1st, 2024. Mr.
150 Ramsey informed that they have an opt out option for municipalities and special districts, and that's
151 what we're looking to do now. Mr. Ramsey stated the he is recommending we opt out for a few reasons;
152 One, is PAWSD has a very fair PTO policy already in place. When an employee is first hired at PAWSD,
153 they start out with 14 days off and this continues to accrue further from there. Secondly, this is going to
154 cause PAWSD to pay a fee for the required payroll deductions. Thirdly, even if PAWSD opts out of the
155 Family Medical Leave, the individual employee can enroll to do this on their own at the same benefit
156 and at no additional cost to them. Director Walsh discussed the benefit of not opting out and that it's
157 something he would like to see PAWSD do for its employees. Justin Ramsey explained that the
158 employees are still able to opt into this program should they choose to do so. Director Walsh expressed
159 that he feels this is a program that is a small investment for good employees that could really help
160 someone out in critical parts of life. Director Smith stated that his approach to this is that PAWSD
161 already gives more time than required and that employees can still get in the program even if PAWSD
162 opts out which will save PAWSD a lot of bookkeeping. Director Smith stated that he thinks PAWSD
163 should not get into this and any employee that wants to can do so on their own. Director Hudson stated
164 that he had the same discussion at Pagosa Peak Open School and that they chose to opt out but agreed
165 that any employee that chooses to opt in will have the 0.45% taken out of their paycheck and Pagosa
166 Peak Open School would take care of the bookkeeping on it. Aaron Burns said the PAWSD payroll
167 department could do this, but he was not sure what the cost would be to do so but that he would look
168 into the cost. Justin Ramsey explained that the decision to opt out needed to be made now since the
169 deadline to opt out is December 31st but stated we can always revisit this in the future and opt into it at
170 a later date. Director Hurley asked if the employee opts in on their own, who will pay to match the
171 0.45% the employee pays in. Mr. Ramsey explained that the state would pay the 0.45% to match the
172 0.45% the employee is paying. A motion was made by Director Hudson and seconded by Director Walsh
173 to opt out of the CFML. The motion was passed unanimously.

174

175

176 **Consideration of Approval of GMP-1**

177

178 Justin Ramsey explained that the construction plans are not 100% done yet but they would like to get
179 started on grading and some foundation work because those plans are done, so they would like to begin
180 that now so they can meet the schedule. The plan is to start pouring concrete next summer which is
181 substantially cheaper than pouring in the winter. In this GMP-1 they want to take 4.5 million of the
182 overall 30-million-dollar budget and start on it immediately. Mr. Ramsey continued, explaining that a
183 couple things had come up that make this a moot point; First off, PAWSD can't move forward on this
184 until the loan is closed and since the loan is being pushed off, PAWSD is not able to do this. Secondly,
185 this has been rushed. Mr. Ramsey met with the SGM engineer and they both agreed that they are not
186 happy with the current contract, so this is currently on hold until the contract is ironed out. Director
187 Walsh asked for clarification on the 50-hour work week and the overtime paid in excess of 50 hours a
188 week. Justin Ramsey explained that the 50 hours is put in place for PAWSD to budget and that if
189 someone worked a 40 hour work week, they would only be paid for the 40 hours, not 50 hours. If they
190 go over the 50 hours, it will go into contingency. Director Walsh asked if asbestos is an issue or if it was

191 just the CYA? Mr. Ramsey answered stating no it's not a problem. The building was inspected and there
192 was some asbestos found in the seals but the contractor doesn't believe it's a high enough level for
193 PAWSD to have to do anything so it should not be an issue. Director Walsh stated he has concerns about
194 the high cost of some of the items in the contract and would like to see some of the costs decrease.
195 Justin Ramsey stated that there are cheaper options than what is listed in the contract but explained
196 that it's better if PAWSD does not do the cheaper options that way PAWSD is not liable or at fault if
197 something goes wrong. Mr. Ramsey said there is nothing to do on this right now but that he would still
198 like the boards input on this. He asked that he be emailed with any questions or input.
199

200 **Approval of Painting Contract for San Juan Water Treatment Plant**

201
202 Justin Ramsey explained that the San Juan Water Treatment Plant has had everything stripped down
203 and everything will need to be painted. The cost to have Viking Industrial Painting do this job is
204 approximately \$200,000. Director Smith asked what the warranty will be on this paint job. AJ Vela who is
205 with Viking Industrial Painting stated that it's a tmemec product and that they will be using this special
206 paint in the filter basins. The filter basins are filled with filter media, which is abrasive towards the
207 coating, so the tmemec coating that will be used has properties that help withstand against that abrasive
208 property of the filter media. Mr. Vela also stated that PAWSD should get 15-20 years of good life out of
209 the coating and that it will take them a month or so to complete the work. He continued that Andrew
210 Connor has done a great job completing most of the prep work for Viking Industrial Painting, but that
211 more prep work would need to be done. Viking Industrial Painting will do any remaining prep work that
212 needs done which will include sanding down the inside of the filter basins to bare metal and applying a
213 zinc primer which will help future prevention of corrosion. They will also be doing a brush blast on the
214 exterior of the filter tanks and piping as well as a solvent clean. After the prep is done, the tmemec paint
215 will be applied. A motion was made by Director Hurley and seconded by Director Walsh to approve the
216 San Juan painting contract. The motion was passed unanimously.
217

218 **Consideration of Lift Station Design Contract**

219
220 Justin Ramsey explained that every year or so PAWSD tries to replace 1-2 lift stations. The lift stations
221 that PAWSD is looking to replace are the above ground lift stations that pump from a wet well. Mr.
222 Ramsey stated that he prefers to have the subsurface lift stations because they are quieter and less
223 prone to damage and vandalism. The order in which these are replaced is based on the condition and
224 the age of the lift station. Some of the lift stations are 20-40 years old. Lift Station 7 is one we will be
225 working on next year and will be much more difficult than previous ones. Mr. Ramsey explained that he
226 will not be able to do the engineering on this one because he does not have the time it will require, and
227 it is a complicated project due to its location. Lift Station 7 is located on Pagosa Reservoir and will
228 require that the water level at the reservoir be dropped to complete the work. During that time, we will
229 also be replacing a sewer line that runs approximately 600-700 yards along the lake. Mr. Ramsey said
230 PAWSD is trying to do a CIPP (cast in place pipe) which means we will run another pipe on the inside of
231 the sewer line and use hot air to solidify it. There is currently clear water going through the pipe which
232 means there are leaks within the line and PAWSD is pumping lake water up to the treatment plant.
233 Therefore, both the lift station and the sewer line need to be replaced. Mr. Ramsey also stated that this
234 project will require caution because a portion of the construction will require work to be done behind
235 people's homes and through their backyards and this needs to be done with as little disturbance as
236 possible. The lift station contract is to hire an engineering firm that will design the new lift station and
237 design the new piping system for the sewer line. Director Smith asked what the cost will be to complete
238 these projects. Justin Ramsey answered that the cost for the engineering is \$55,000 but that he would

239 guess the entire cost including the construction will be closer to \$250,000. A motion was made by
240 Director Hudson and seconded by Director Hurley. The motion was passed unanimously.

241

242 **Manager Talking Points**

243

244 Justin Ramsey discussed the monthly water loss report and that it is currently up by 380 gallons per
245 minute from last months which was around 350 gallons per minute. He continued to explain that it is
246 not unusual for the gallons per minute to go up when it's cold because the seals shrink and PAWSD has
247 had a lot of leaks especially in the past month due to extreme cold weather and pipes freezing. In this
248 year's budget we would like to conduct sounding again in the wintertime, which is preferred to be done
249 in the winter because the snow helps buffer the ambient noise. PAWSD has been unable to do this for
250 the past couple years because the COVID regulations didn't allow anyone to come out to do it.

251

252 Justin Ramsey discussed the container homes and that PAWSD was hoping to use money from the SRF
253 loan to build these container homes but will not be able to do so. Mr. Ramsey stated he met with a
254 developer at the site and the developer seemed interested. There are not any details of how this would
255 work yet, but the developer is planning to put something together to give PAWSD an idea of what that
256 would look like. Mr. Ramsey said he will bring details to the board once he has them but that nothing is
257 in the 2023 budget to fund this project at this time. Director Smith inquired when the contractor would
258 be presenting us with a proposal. Justin Ramsey answered that the contractor indicated that he would
259 begin working on it right away and get something to PAWSD as soon as possible. Mr. Ramsey said that
260 this is something he will continue to look into.

261

262 Director Smith asked if there was any news on Pagosa Views. Justin Ramsey said there is not anything
263 new to report at this time.

264

265 Justin Ramsey stated that PAWSD has been discussing with its Bond Council and General Council the
266 Tabor vote. The Bond Council and the General Council have both agreed that we should move forward
267 with the vote but they do not believe that it will have an effect on what grants we can get for the
268 enterprise funds and we would still be limited to 10%. The council's said it would benefit PAWSD if the
269 water or wastewater was removed from the enterprise fund, and it would not affect the general fund.
270 However, Mr. Ramsey is not sure how this won't affect the general fund but said we are going to vote
271 on it anyway because we have five board members that are open for running in 2023.

272

273 Aaron Burns stated that the Regular January Board Meeting needs to be pushed back to either the 30th
274 or the 31st of January so PAWSD can comply with the required 30-day public notice of rate changes. The
275 board decided unanimously that Monday, January 30th at 5:00pm would work for everyone.

276

277 Aaron Burns also discussed the official board meeting schedule for 2023 and that we would like to look
278 at changing it from the 2nd Thursday of each month to the 3rd Thursday of each month. Director Hudson
279 said he has a conflict with the board meetings being on the 3rd Thursday of each month because he
280 attends the town council meeting on that day. Justin Ramsey stated that the board meeting doesn't
281 necessarily need to be on a Thursday. Mr. Burns stated that this will be put to a vote next month and
282 asked that all board members ponder the date and what would work best for them in the meantime.
283 Mr. Burns also said that regardless of the date change, the time would remain at 5:00pm to allow the
284 public to attend.

285

286

287 **Any other Business Brought before the Board will be Duly Considered**

288
289 There being no other business brought before the Board, Director Hudson made a motion to adjourn at
290 2:58pm, Director Walsh seconded the motion, which passed unanimously.

291
292
293 Respectfully submitted,

294 A handwritten signature in blue ink that reads "Bill Hudson". The signature is written in a cursive style with a large initial "B".

295
296
297 Bill Hudson
298 Secretary