

1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **January 30, 2023 REGULAR MEETING**
4

5 **Call to Order**

6
7 The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to
8 order by Chairman Smith at 5:02p.m.
9

10 **Attendance**

11
12 The following Directors were present: Jim Smith, Glenn Walsh, Bill Hudson, Peter Hurley, and Gene
13 Tautges.
14

15 In attendance from staff: Justin Ramsey, Aaron Burns, and Cyndi Foster. Also present: Alan Pfister, Carl
16 Young, Josh Pike, Mckenna Pearson, Mark Maxwell, Dana Guinn, Renee Lewis, Tobi Rohwer, Candace
17 Jones, and Terri House.
18

19 **Approval of Minutes**

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21 The Directors reviewed the minutes from the December 15th, 2022 Regular Meeting. A motion was made
22 by Director Tautges to approve the December 15th, 2022 minutes with no revisions and seconded by
23 Director Hurley. The motion passed unanimously.
24

25 **Public Comment**

26
27 Alan Pfister requested that the PAWSD Board and San Juan Water Conservancy District Board have a
28 joint meeting. The PAWSD board decided that they would discuss PAWSD future water demand at the
29 next board meeting on February 9th, 2023. After this discussion, a meeting will be scheduled for the two
30 boards to have a joint meeting. There was no further discussion on the matter.
31

32 Tobi Rohwer asked if anything had been decided regarding the possibility of public access on the Dry
33 Gulch property. Justin Ramsey explained that nothing had been decided and explained that the board
34 would not be able to make any decisions on it at this meeting since it's not an agenda item but that it
35 could be discussed. There was no further discussion on the matter.
36

37 **Public Hearing on 2023 Water & Wastewater Rate Increases**

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39 A motion was made by Director Hudson to open the public hearing for the 2023 water and wastewater
40 rate increases and seconded by Director Tautges. There being no discussion, a motion was made by
41 Director Hudson to move out of the public hearing and seconded by Director Tautges. The motion
42 passed unanimously.
43

44 **Consideration of 2023 Water & Wastewater Rate Increases**

45
46 Aaron Burns explained that the 2023 rate increase follows the 2018 Stantec Rate Study which prescribes
47 a 6% water rate increase through 2023 and a 2.5% wastewater rate increase which has been accelerated

48 to begin in 2023 instead of 2024. Mr. Burns further explained that PAWSD will be conducting a new rate
49 study in 2023. Director Tautges asked if the new wastewater rate increase accounts for the upgrades to
50 the wastewater treatment plant. Aaron Burns answered that the new rates do not account for the
51 proposed wastewater treatment plant, but those figures will be included in the new rate study. A
52 motion was made by Director Hudson to approve the 2023 water and wastewater rate increases and
53 seconded by Director Hurley. The motion passed unanimously.

54
55 **Consideration of 2023 Connection Charges and Adjustments to Other Non-Rate Revenue**

56
57 Aaron Burns explained that the fees on the 2023 Connection Charges and Adjustments to Other Non-
58 Rate Revenue document are fees that are billed throughout the year that pertain to all various charges
59 which include connection fees, turn on/turn off fees, etc. These fees have been adjusted to account for
60 the increase in the cost of materials and labor. Director Smith asked why the equity buy in fee is
61 decreasing. Aaron Burns explained that the equity buy in fee is a number formulated off PAWSD's
62 current net asset value. Each year our assets depreciate so the equity buy in fee will go down until we
63 add something to our assets like the water treatment plant or a wastewater treatment plant. A motion
64 was made by Director Tautges to approve the 2023 connection charges and adjustments to other non-
65 rate revenue and seconded by Director Hudson. The motion passed unanimously.

66
67 **Consideration and Approval of 2023 Board Meeting Schedule**

68
69 Director Hudson made a motion to approve the 2023 board meeting schedule which states PAWSD will
70 have regular board meetings at 100 Lyn Ave on the second Thursday of each month at 5:00p.m.
71 excluding July and November. The motion was seconded by Director Tautges. The motion passed
72 unanimously.

73
74 **Consideration of Resolution 2023-01 Board of Directors Annual Posting for Meetings**

75
76 A motion was made by Director Tautges to approve Resolution 2023-01 Board of Directors Annual
77 Posting for Meetings and seconded by Director Hudson. The motion passed unanimously.

78
79 **Public Hearing for Vista Wastewater Treatment Plant Modification SRF Loan**

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81 A motion was made by Director Hurley to open the public hearing for the Vista Wastewater Treatment
82 Plant Modification SRF Loan and seconded by Director Hudson. Mark Maxwell from Tetra Tech gave a
83 presentation regarding the SRF Loan for the Vista Wastewater Treatment Plant (Presentation attached
84 as "Exhibit A"). A motion was made by Director Hudson to close the public hearing for the Vista
85 Wastewater Treatment Plant Modification SRF Loan and seconded by Director Tautges. The motion
86 passed unanimously.

87
88 **Consideration of Grant Consulting Contract**

89
90 Renee Lewis oversaw PAWSD grants in 2022 and maxed out the grants in 2022. Renee Lewis explained
91 that although she is unsure what her involvement will be in 2023 with grants, she prepared this
92 contract, so she is able to assist in any 2023 grants and to finalize a few outstanding invoices from 2022
93 grants. A motion was made by Director Tautges to hire Renee with the grant consulting contract to
94 handle PAWSD grants in 2023 and seconded by Director Hurley. The motion passed unanimously.
95

96 **Consideration of Election Consulting Contract**

97

98 Director Smith explained that all five board directors’ terms are up and that he has reached his term
99 limit. He also explained that Renee Lewis has handled PAWSD elections in the past, so she is aware of
100 the process. A motion was made by Director Hudson to contract with Renee Lewis as PAWSD designated
101 election official and seconded by Director Hurley. The motion passed unanimously.

102

103 **Consideration of Resolution 2023-02 Calling for the 2023 Regular District Election and Appointing a**
104 **Designated Election Official**

105

106 There being no discussion, a motion was made by Director Tautges and seconded by Director Hudson to
107 approve Resolution 2023-02 with the understanding that PAWSD is contracted with Renee Lewis to
108 serve as PAWSD designated election official. The motion passed unanimously.

109

110 **Discussion of the 7th Ave 8-Plex Workforce Housing Fee Waiver Template**

111

112 Peter Hurley explained that he is developing an 8-plex next to his existing 4-plex. When he developed
113 the existing 4-plex, he paid for 4 connections at full cost. Peter Hurley provided the board members with
114 a chart that displayed all 12 of the units and the estimated AMI for these units. According to Mr.
115 Hurley’s chart, the estimated AMI for the 12 units is as follows; 4 units under 80% AMI, 2 units under
116 100% AMI, 2 units under 120% AMI, and 4 units at 120% AMI. According to the chart, 6 of the 12 units
117 would qualify for affordable housing discounted rates. Since the existing 4-plex has already had its fees
118 paid at full cost, PAWSD would be looking at these units retroactively, essentially providing a rebate for
119 those existing units. Peter Hurley asked that the board consider including the existing 4 units for an
120 affordable housing discount instead of only considering the 8 new units that are being developed. Peter
121 Hurley expressed his concern of the cost of hiring a CPA to annually provide verification that the units
122 are still following affordable housing guidelines. Director Walsh stated that he thinks PAWSD may need
123 to revisit this requirement deadline and potentially expand it to 3 years instead of annually. Justin
124 Ramsey discussed that he is meeting with Andrea from the town and will find out if they have come up
125 with a process for this requirement. Mr. Ramsey explained that the reason PAWSD bills an affordable
126 housing surcharge is to offset lost revenue in capital investment fees for affordable housing. Mr. Ramsey
127 stated that if PAWSD were to offer rebates for affordable housing that the money PAWSD has to offset
128 lost revenue in capital investment fees may no longer be sufficient to offset that lost revenue. The board
129 decided they would like to discuss all matters of affordable housing further on the day of the next board
130 meeting. There was no further discussion on the matter.

131

132 **Consideration of Contribution to the San Juan Headwaters Forest Health Partnership**

133

134 Dana Guinn is the director of San Juan Headwaters Forest Health Partnership. Ms. Guinn prepared a
135 presentation for the board of directors (Presentation attached as “Exhibit B”). In the presentation Ms.
136 Guinn expressed her hope that PAWSD would continue to contribute \$7,000 to SJHFHP. Dana Guinn
137 explained that the preventative work SJHFHP had been doing helped to control the Plumtaw fire. A
138 motion was made by Director Hurley to approve the \$7,000 contribution to SJHFHP and seconded by
139 Director Hudson. The motion passed unanimously.

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144 **Manager Talking Points**

145

146 Justin Ramsey explained that the water loss numbers haven't improved, they are about the same as
147 they have been. He is concerned that a contributing factor to the water loss number may be the meters'
148 age and that some of the older meters may be under reporting or not reporting usage at all. Mr. Ramsey
149 stated that he is going to the rural water conference in April and plans to reach out to the venders at the
150 conference to see if there is a company PAWSD can hire to test a group of meters to see what
151 percentage those meters are functioning at.

152

153 Mr. Ramsey said that regarding the RFQ to hire a new consultant to do a new rate study, two companies
154 responded, and PAWSD selected Stantec to conduct the rate study. The contract will be considered at
155 the next board meeting.

156

157 **Any Other Business Brought before the Board will be Duly Considered**

158

159 There being no other business brought before the board, a motion was made by Director Tautges to
160 adjourn the meeting at 8:12 p.m. and seconded by Director Hudson. The motion passed unanimously.

161

162

163 Respectfully submitted,

164

165

166

167

168



Bill Hudson

Secretary

Exhibit A



Public Meeting: Pagosa Area Water & Sanitation District, Vista WWTP Phase 1 Permit Compliance and Energy Efficiency Improvements



Justin Ramsey, District Manager
Mark Maxwell, Tetra Tech, Inc.

January 30, 2023 at 5:00 pm
District Board Offices @ 100 Lyn Avenue



Background and Purpose

2019 Permit Renewal - Phase 1 Improvements

- Daily maximum total inorganic nitrogen (TIN) limits for drinking water protection
- Running 12-month median total phosphorous (TP) limits for Regulation 85 compliance
- Renovation, redundancy, operational, and energy efficiency enhancements



Agenda

Growth, Flow, and Organic Load Projections

Phase 1 Permit Compliance and Improvements

Capital Cost Opinion

Potential Phase 2 Improvements (circa 2035)



Growth, Flow, and Organic Load

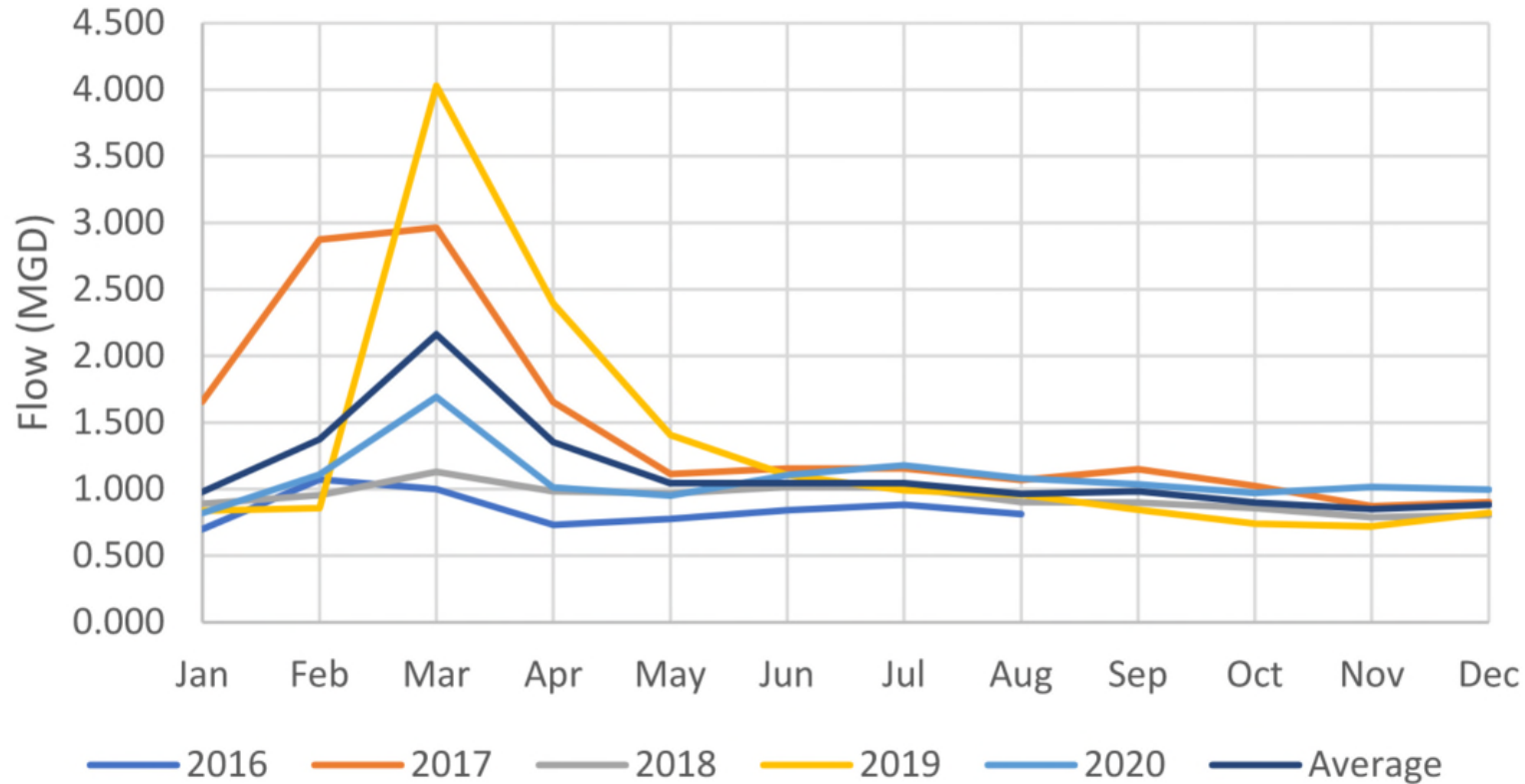


Connected Sewer Taps	About 3,500 with an estimated 8,750 population equivalent (PE)
Highest Flow	Early spring infiltration/inflow (I/I) season
Highest Organic Load	Summer tourist season
CDPHE Hydraulic Capacity	3.7 MGD during high I/I season
Maximum Month Flow	Occurs during early spring 3.0 MGD (81% of capacity)
CDPHE Organic Load Capacity	3,906 pounds per day (ppd) of BOD
Maximum Month Load	Occurs during the summer About 2,800 ppd of BOD (72% of Capacity)
Recent Trends	2.2% compound annual growth

Historic Monthly Average Flows

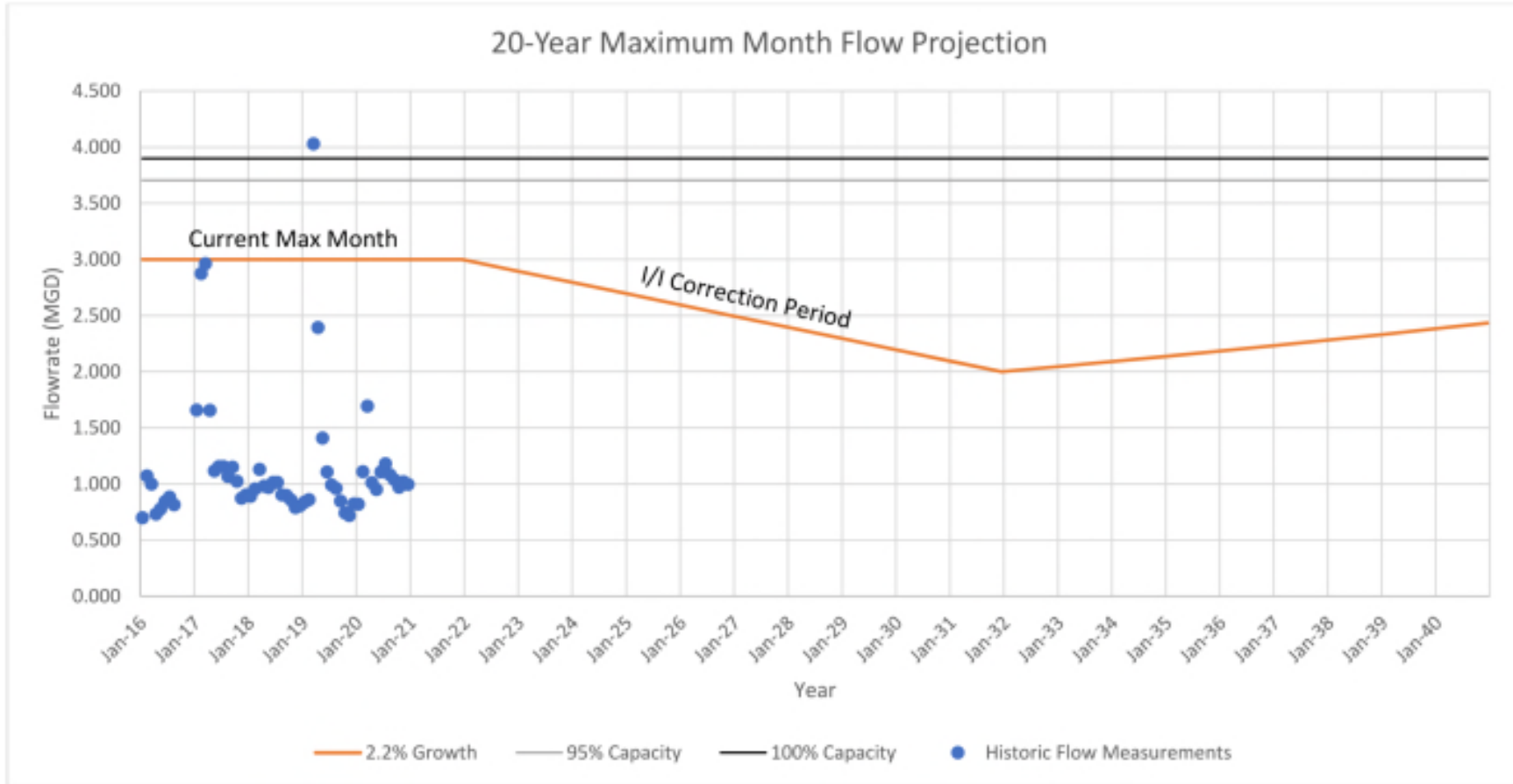


Vista WWTP 30-Day Average Flows



- High I/I season February, March and April
- Flows hold steady May through January

Flow Projections



Based on:

- Long-term I/I reduction
- 2.2% compound annual growth

Phase 1 Permit Compliance and Energy Efficiency Improvements



• Permit Compliance

- Anaerobic and Anoxic (ANA) Basins
- New MLR and RAS pumping
- HST jockey blower
- On/off aeration
- Nitrate reduction to 10 mg-N/L
- Phosphorous reduction to 1.0 mg-P/L

• Operational and Energy Efficiency Improvements

- ✓ Renovate O-ditch diffused aeration system
- ✓ New secondary clarifier
- ✓ New WAS pumps
- ✓ Replace RAS pumps
- ✓ Modify or replace scum pumping
- ✓ New perforated plate influent screen

Preliminary Phase 1 Site Layout

New Secondary Clarifier

Replacement RAS Pumps
and New WAS Pumps

HST Jockey Blower

Replace Diffusers in
Existing Ox Ditches

Submersible MLR Pumps & Walkway

Perforated Plate Screen

ML Combining and
Flow Splitter Box

RAS and Influent
Combining Box

Anaerobic and
Anoxic (ANA)
Basin Complex

Preliminary Phase 1 Capital Cost Opinion



Item	Cost
Equipment and Materials	
Headworks	\$221,000
ANA Basins	\$2,486,000
Oxidation Ditches	\$200,000
Secondary Clarifier	\$2,138,000
Pumps and Blowers	\$622,000
Subtotal - Equipment/Materials	\$5,670,000
Labor and Construction Costs	
Electrical, Sitework, and Demolition	\$291,000
Contractor Markups and Contingency	\$3,392,000
Engineering Services	\$1,403,000
Hard Rock Removal Allowance	\$500,000
Subtotal - Construction Cost	\$5,586,000
Project Total	\$11,256,000 (\$12,900,000 in 2023 dollars)

Remaining Phase 1 Timeline and Completion Dates



- Aug 31, 2023 - CDPHE Loan Approvals
- Aug 31, 2023 - CDPHE Engineering Approvals
- Sept 30, 2023 - Engineering Design Complete
- Oct 31, 2023 - Solicit Bids and Award Contract
- Dec 1, 2024 – Complete Construction of Phase 1A
- Jan 1, 2025 – Startup and Commissioning, Optimization, Achieve Compliance

Potential Phase 2 Improvements (circa 2035)



• Permit Compliance

- Reg 31 TN Limit for Receiving Stream
 - 2.01 mg-N/L of TN (no dilution available at point of discharge)
 - LOT with 2nd Stage Nitrate Removal ~ 4.0 mg-N/L...may not be able to comply
- Reg 31 TP Limit for Receiving Stream
 - 0.17 mg-P/L of TP
 - LOT with 2nd Stage TP Removal ~ 0.05 mg-P/L...will be able to comply
- Potentially tighter ammonia limit (plant will likely be able to comply)

• Other Potential Improvements

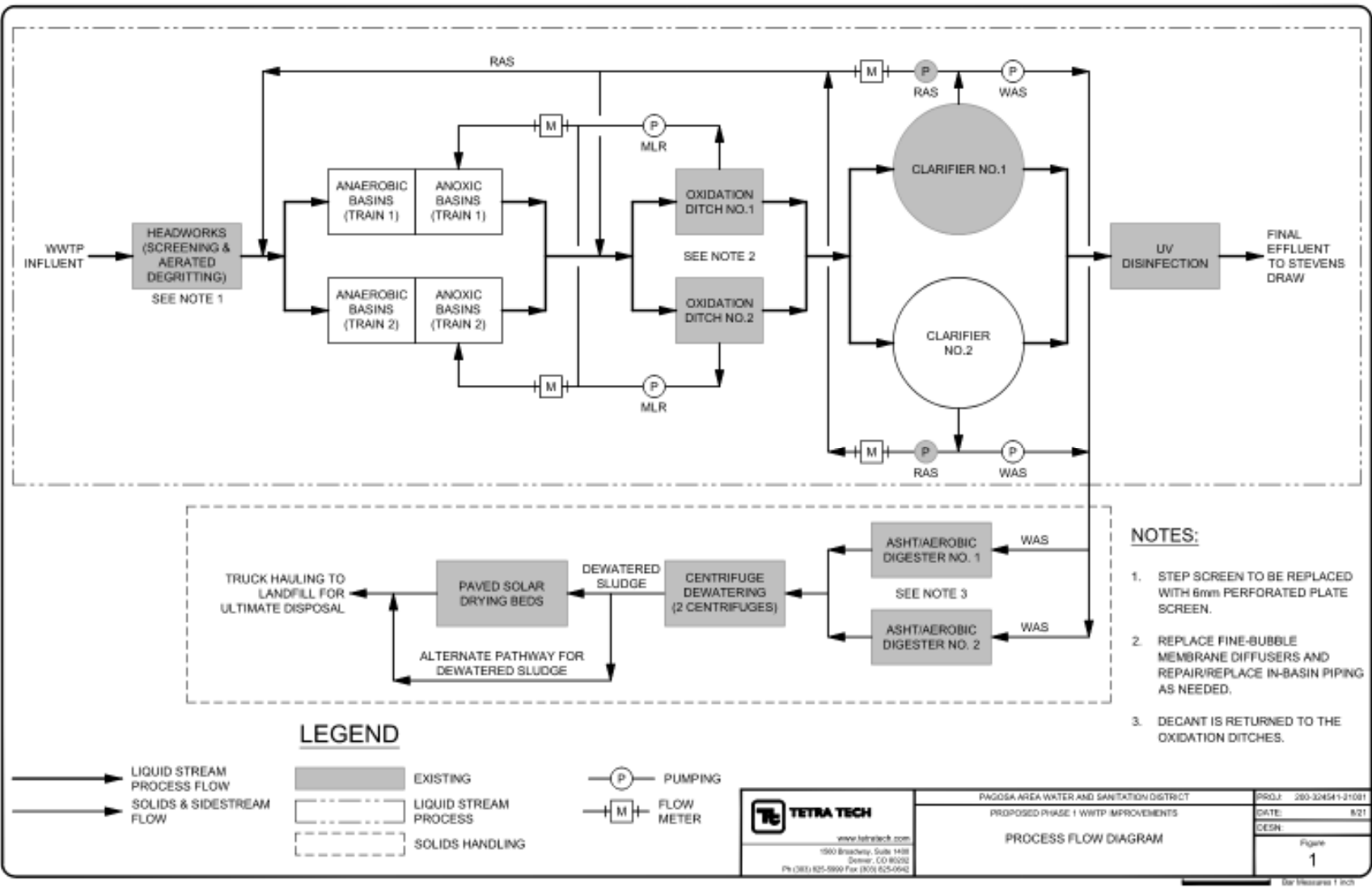
- Increase BOD load treatment capacity
- Replace UV disinfection equipment
- Replace centrifuge sludge dewatering equipment
- Replace other equipment at end of useful life:
 - Aeration equipment for ASHT/digesters
 - Existing sludge and scum collection
 - Instrumentation and control/SCADA system



Questions?

**Public Meeting: Pagosa Area Water & Sanitation District, Vista WWTP
Phase 1 Permit Compliance and Energy Efficiency Improvements**

Preliminary Phase 1 Process Flow Diagram



NOTES:

1. STEP SCREEN TO BE REPLACED WITH 6mm PERFORATED PLATE SCREEN.
2. REPLACE FINE-BUBBLE MEMBRANE DIFFUSERS AND REPAIR/REPLACE IN-BASIN PIPING AS NEEDED.
3. DECANT IS RETURNED TO THE OXIDATION DITCHES.

LEGEND

- LIQUID STREAM PROCESS FLOW
- SOLIDS & SIDESTREAM FLOW
- ▭ EXISTING
- - - LIQUID STREAM PROCESS
- - - SOLIDS HANDLING
- (P) PUMPING
- (M) FLOW METER

<p>TETRA TECH www.tetratech.com 1560 Brachway, Suite 1438 Denver, CO 80202 Ph (303) 625-5900 Fax (303) 625-0942</p>	PAGOOSA AREA WATER AND SANITATION DISTRICT PROPOSED PHASE 1 WWTP IMPROVEMENTS		PROJ: 280-244541-21081 DATE: 8/21 DESN:
	PROCESS FLOW DIAGRAM		Figure 1
	Star Resources 1 Inc		

8/20/21 1:16:15 PM - P:\3264\200-244541-21081\CAD\CONCEPTUAL\FPC-LONG-RYAN.MEK KELLY

Exhibit B

San

HEADWATERS
PARTNERSHIP



San Juan Headwaters Forest Health Partnership

Bringing stakeholders together to
prioritize, plan, apply, and monitor
work in our forests and watersheds
for over 10 years



The SJHFHP . . .

- Addresses forest and watershed challenges in the San Juan Mountains using the best-available and relevant science
- Builds strong relationships between agencies, our community, industry, and individuals
- Considers landscape dynamics at appropriate scales
- Supports and facilitates collaborative, multi-stakeholder planning and work on the ground
- Identifies values at risk and implements appropriate treatments in those areas with partners

2022 SJHFHP Activities

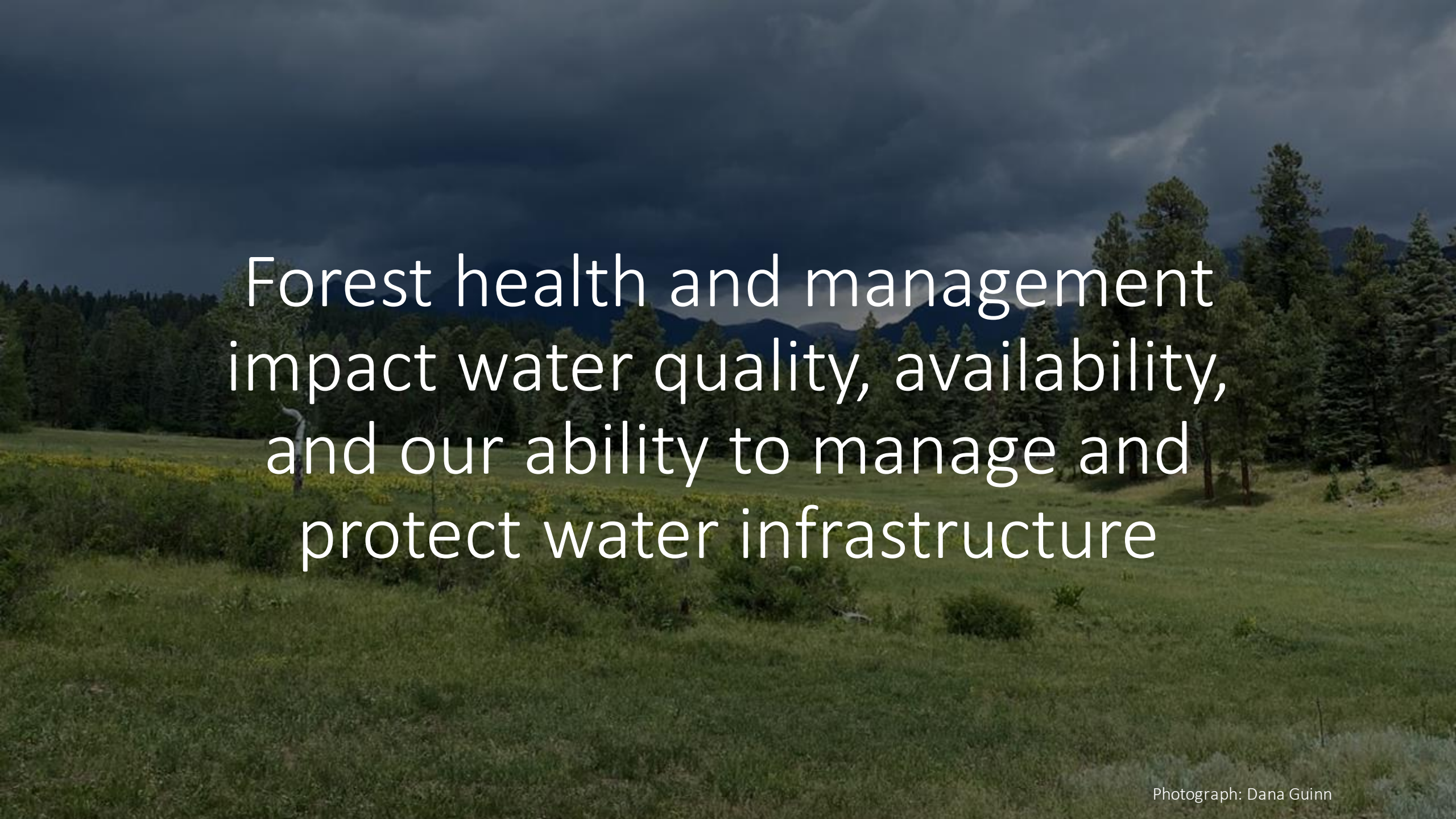


- Monthly meetings
- Plumtaw Fire Tour
- Documentary film development about community forestry
- Forest and Fire Learning Series
- Weminuche Audubon Bird Monitoring
- Highlighted and elevated stakeholder perspectives on Jackson Mountain Management and created a Jackson Mountain Virtual Tour
- Snowtography network expansion proposal and planning
- Engaged with local, state, and regional officials about forest management resources and policy
- Improved public outreach through updates to the SJHFHP website and newsletter
- Inclusion of local concerns, challenges, and interests in the 2-3-2 Cohesive Strategy Partnership, Rio Chama CFLRP and Southwest CO CFLRP

Photographs: Dana Guinn

Who we work with



A landscape photograph showing a green field in the foreground, a dense forest of trees in the middle ground, and mountains in the background under a dark, stormy sky. The text is overlaid in white, centered in the image.

Forest health and management
impact water quality, availability,
and our ability to manage and
protect water infrastructure

The SJHFHP considers natural and engineered watersheds when planning and prioritizing work

- We acknowledge values at risk, and work to mitigate that risk to critical water infrastructure
- We're incorporating feedback, mobilizing partners, and completing work on the ground across boundaries



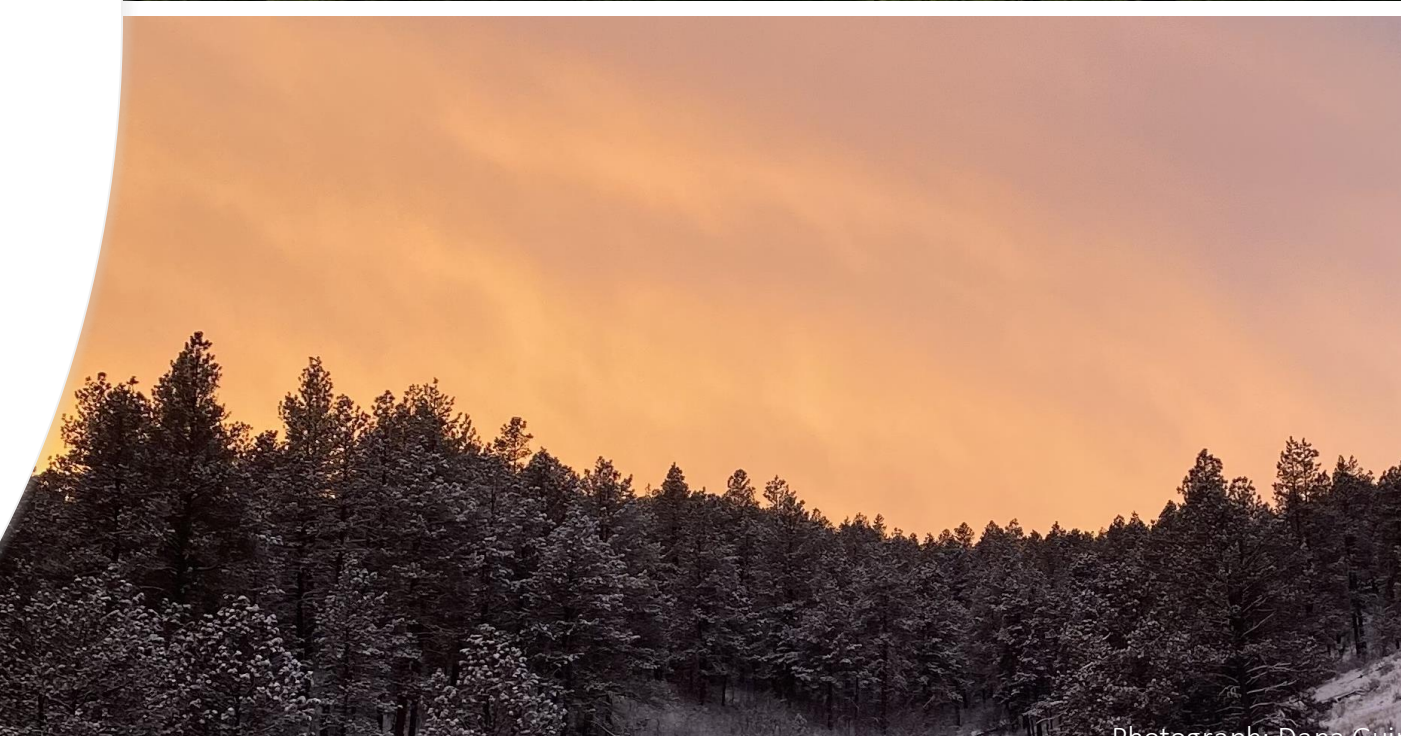
Actions that protect watersheds, water delivery infrastructure, and help ensure quality water supply

Disturbances including wildfire, insects, disease, and more can impact natural and engineered water delivery systems and infrastructure

The SJHFHP prioritizes protection of water resources by designing and pursuing projects that reduce potential disturbance impacts and mitigation costs while improving the resiliency of these systems



Photograph: Priscilla Sherman



Photograph: Don Cu



Thinning and Mastication work in the Four Mile Drainage

- Treatment increases accessibility for pre-fire maintenance and post-fire repair
- Prioritized and completed as a direct result of a tour with PAWSD personnel
- Continued clean water access for the community
- Ongoing monitoring helps us understand effectiveness of treatments



Plumtaw Fire: the event

- 2022 was a dry spring with low RH, fuel moisture and an ongoing fire deficit across Southwest Colorado
- The Plumtaw Fire started on May 17th, 7 miles north of Pagosa Springs and quickly became a wind driven crown fire
 - PAWSD Infrastructure in this drainage
- Heavy initial attack
- Fire started within a potential operational delineation (POD), a unit used to contain fire using natural and artificial landscape features
 - **Eastern POD boundary: the Fourmile road, where Headwaters planned and completed thinning and mastication work in 2021!**
 - Used this eastern POD boundary as a control line, conducted backburn operations
 - Prior management and fuel break increased safety and decision space



Photograph: Lorena Williams USFS



Photograph: Dana Guinn

Plumtaw Fire Lessons Learned:

- Fire events are complex! Weather, fuel conditions, forest treatment, previous management, climate, and people all play a role in fire behavior and outcomes
- Needs and values of communities can be considered alongside forest ecosystem dynamics
- Pre-planning and managing for anticipated fire can increase decision space during a forest disturbance event, and create opportunities for more desirable post fire outcomes
- The mixed conifer and ponderosa pine forests that make up our watershed are fire adapted



Local investment amplifies local voice, and attracts additional funding

From the Southwest Colorado CFLRP:

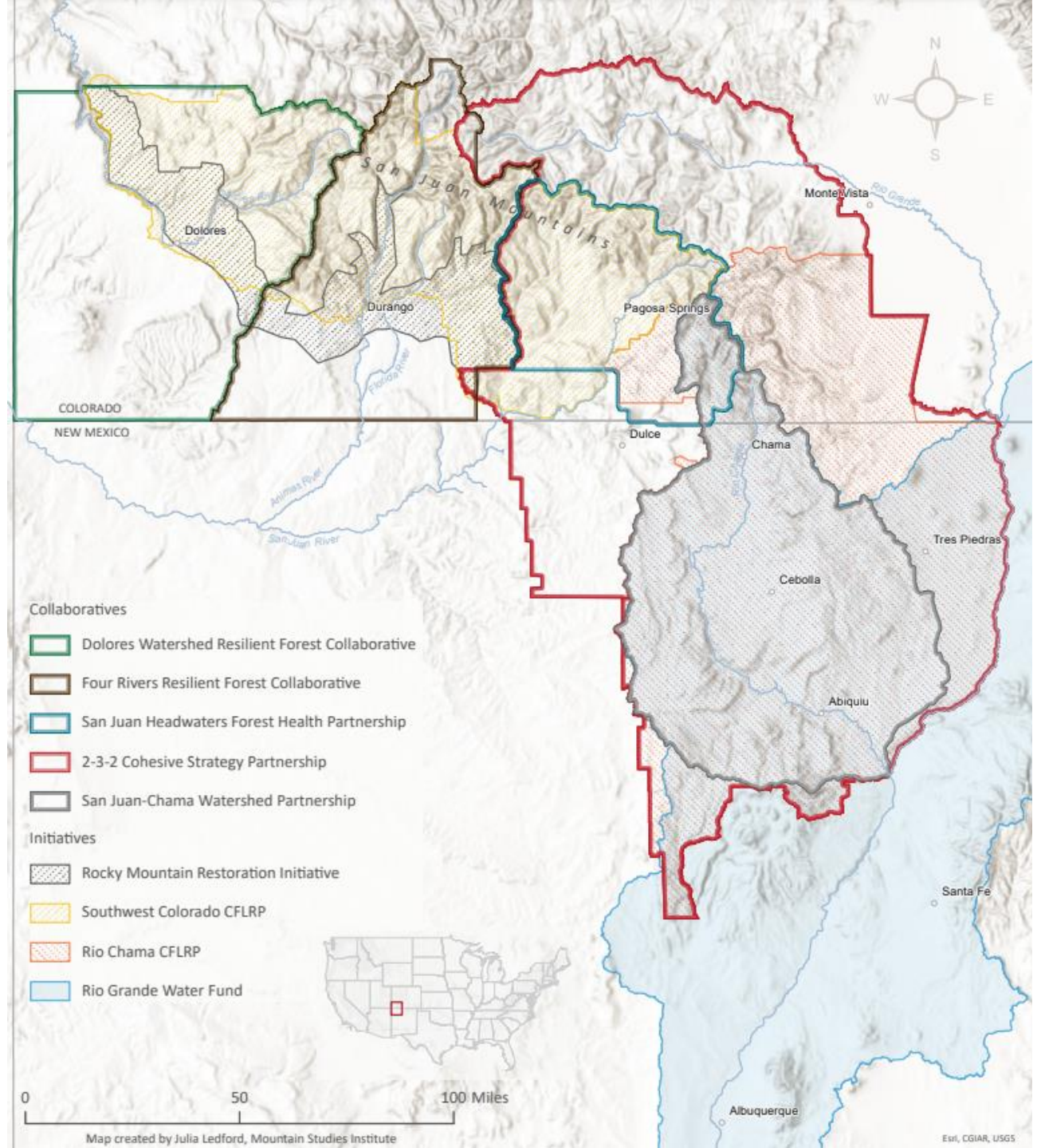
- “Major reservoirs and water infrastructure lie within the Focus Area that are vital to both local communities and downstream users”
- “Watershed and forest conditions are inextricably linked across the focus area ... facilitating a shift towards desired conditions through forest restoration will impact water quality effects and improve watershed-scale resilience.”

From the Rio Chama CFLRP:

- “Project area contains the headwaters of the Chama, Rio Grande, and San Juan Rivers, critical drainages that supply the life blood of the arid Southwest.”
- “Watershed function is expected to be greatly improved by proposed treatments as restoration activities will improve forest watershed conditions and riparian systems. Watersheds will be less susceptible to large, high-intensity wildfires causing severe floods and mass movement of soil and ash into stream channels.”



Collaboratives are key to implementation



Our continued working partnership with PAWSD is valuable to us and to the community!

With your support the SJHFHP will continue to facilitate conversations about resilient communities, healthy forests, healthy watersheds and well maintained, accessible water infrastructure.

In 2023, we plan to:

- Explore the impacts of forest management activities on snowpack through snowtopography
- Plan and host a panel about the impacts of forest management on local water quality and quantity
- Host a community event about shared forest stewardship responsibility
- Increase community awareness through intensified communication efforts (newsletter, paper, partnerships)
- Partner to complete private lands treatments in priority locations



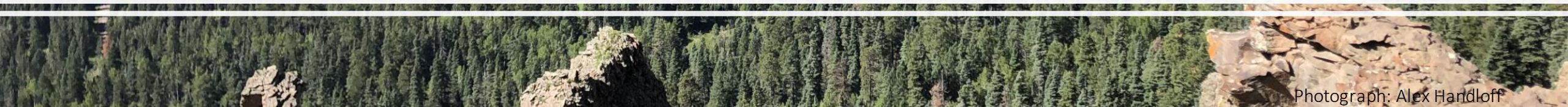
The SJHFHP welcomes voices new and old in its mission to inform and carry out best forest management practices.

- Meetings the **third Friday** of every month from 9 – 11am
 - Tour and education opportunities
 - Community partnerships
- Science driven land management projects and monitoring activities
 - Check out sanjuanheadwaters.org
 - Sign up to receive our bi-monthly newsletter
 - Contact Dana Guinn: dana@mountainstudies.org





Thank You



Photograph: Alex Handloff

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
February 9, 2023 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 5:01p.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 and Joe Tedder from the San Juan Water Conservancy District, Renee Lewis, Guadalupe Olivares, and Josh Pike.

Public Comment

There was no public comment.

Consideration of Resolution 2023-03 Authorizing Submittal of a Ballot Issue at the May 2, 2023

Regular Election

Justin Ramsey explained Resolution 2023-03 is a resolution that was on the ballot for last year's election. It is not applicable to this year's election and should be removed from the ballot. Director Walsh stated that PAWSD could do a different ballot question in November 2024 for the future election which would allow time to educate the community on the new ballot question. Renee Lewis stated she would follow up with the county clerk and recorder to see what the cost would be to run a new ballot question in November 2024. A motion was made by Director Hurley to remove Resolution 2023-03 from the ballot and seconded by Director Walsh. The motion was passed unanimously.

Consideration of Amending Resolution 2020-03

Director Hurley recused himself for the discussion and vote due to conflict of interest. Justin Ramsey explained that PAWSD has been charging a monthly affordable housing surcharge for new projects that qualify based on an AMI percentage. Mr. Ramsey stated the projects that have come to the PAWSD board asking to be considered for an affordable housing discount have all had their unique variables that PAWSD has had to consider individually which has created more work for PAWSD staff. Director Hudson suggested PAWSD request all properties that fall under the affordable housing discount submit an annual form stating that they are still adhering to the affordable housing guidelines signed by the property owner and if for some reason PAWSD suspected fraud, that PAWSD staff would research into it at that time only. Justin Ramsey stated that PAWSD should not have to be responsible for having to research properties to make sure they are abiding by the affordable housing guidelines. Director Smith stated that he does not think Resolution 2020-03 follows the PAWSD mission statement and that PAWSD is not in the affordable housing business. Director Smith also stated that PAWSD has just increased rates and the PAWSD Board just approved a new rate study to be conducted which will likely increase rates even more. Director Smith stated that PAWSD is also facing two massive unfunded, state mandated projects which are the Snowball Water Treatment Plant and the rebuilding of the Vista Wastewater Treatment Plant. Director Smith said that he thinks the PAWSD Board should be more concerned with providing affordable housing options to current and future employees rather than

48 helping developers save a few dollars by reducing their connection fees. Director Smith made a motion
49 that the PAWSD Board rescind Resolution 2020-03. Director Tautges seconded the motion asking to
50 discuss the matter further. Director Walsh stated that he likes the idea of amending the resolution to
51 allow the affordable housing funds to be used specifically for PAWSD current and future employees as
52 well as those projects that qualify as written in Resolution 2020-03. Director Tautges stated he agrees
53 that PAWSD should use the affordable housing funds for PAWSD current and future employees. Aaron
54 Burns stated he would need to research to see if this would be possible since it is not currently defined
55 to include PAWSD employees. A motion was made by Director Tautges to table Resolution 2020-03 until
56 modifications are made and seconded by Director Walsh. The motion passed unanimously.
57

58 **Discussion of PAWSD Future Water Demand**

59 Director Hudson discussed that based on the projections in the Wilson Water Group Study, the San Juan
60 Water Conservancy District has adopted a goal of an 11,00-acre feet reservoir. Director Hudson stated
61 that he doesn't see any evidence in this report to support an 11,000-acre feet reservoir. Director Walsh
62 stated that he thinks an 11,000-acre feet reservoir is an impractical size because of how much it will
63 cost. Director Walsh also stated that he would like to see the SJWCD use PAWSD actual projected
64 numbers in their report instead of using inflated projections. Director Tautges agreed that the SJWCD
65 needs to use the numbers PAWSD has provided instead of inflated estimates. Director Smith discussed
66 that the SJWCD is supposed to find the funds to build the dam and that the SJWCD has had roughly 15
67 years to do so and to this date has not found any money to fund the project. Director Smith verified with
68 Alan Pfister if that statement is correct, and Allan Pfister answered that Director Smith can state it that
69 way. Director Smith stated that he does not think PAWSD can endorse any reservoir size until the SJWCD
70 can come up with the funds to finance the project. Director Hurley stated that he thinks the SJWCD
71 needs to find financial partners to fund the project before this is discussed any further. Joe Tedder from
72 the SJWCD stated the SJWCD agrees to use the numbers provided to them by PAWSD in all reports and
73 calculations on the municipal side going forward. Justin Ramsey stated that PAWSD cannot afford to
74 help fund the reservoir. Director Walsh explained that he thinks PAWSD may need to go back to the
75 state once the 10-year planning period has been reached to reevaluate and to find out if the debt on the
76 Running Iron Ranch property can be restructured to spread out over a longer period of time, so the
77 payment is lower. The PAWSD board decided a joint meeting with the SJWCD will be scheduled to
78 discuss future projects between the PAWSD Board and the SJWCD Board. There was no further
79 discussion.
80

81 **Consideration of Adopting the 20 Year Capital Investment Plan**

82 Justin Ramsey presented the 20-Year Capital Investment Plan. Mr. Ramsey explained that the 20-Year
83 Capital Investment Plan is divided into different sections in the report. Mr. Ramsey asked the ORCs to
84 provide him with a list of what they think will need over the next 20 years. The data received from the
85 ORCs is formulated into the 20-Year Capital Investment Plan. Justin Ramsey said the data in the 20-Year
86 Capital Investment Plan is calculated in "todays" dollars and does not include inflation because the new
87 rate study is going to include inflation. Director Walsh asked who is responsible for fire hydrant
88 maintenance. Mr. Ramsey answered that PAWSD is responsible for the maintenance of the hydrants,
89 but the developer is responsible for the installation. Director Walsh suggested the water fee and CIF
90 ratio on table 6-water mains be changed to 70%/30% instead of 95%/5%. Justin Ramsey stated that he
91 agrees, 70%/30% is a better representation. Director Walsh stated that he thinks it's easiest to view the
92 20-Year Capital Investment Plan in five categories; 1. Pure maintenance, 2. Pure replacement, 3.
93 Replacement with upgrade, 4. New growth that also benefits existing, and 5. Pure new growth. Director
94 Tautges stated that pure replacement doesn't only benefit existing, it also benefits new growth as well.
95 Director Hudson agreed with Director Tautges. Justin Ramsey asked if all categories excluding pure

96 maintenance should include a CIF component. The PAWSD board all agreed, all categories excluding
97 pure maintenance should include a CIP component. Justin Ramsey stated that the PRVs should also have
98 a CIF component and that PAWSD will need two new pump stations in the future. Director Hudson
99 stated that the pump stations are not raw water so it should be changed to CIF instead. Director Walsh
100 suggested the plan to move the Trails fill station be removed and replaced with running iron workforce
101 housing. The PAWSD board all agreed. Mr. Ramsey stated that he will make all requested revisions to
102 the 20-Year Capital Investment Plan and present it to the board for approval at the next board meeting.
103 There was no further discussion.

104

105 **Consideration of Stantec Rate Study Agreement**

106 Aaron Burns explained that PAWSD has selected Stantec to conduct the new rate study. Stantec
107 conducted the PAWSD rate study in 2018 and will be able to utilize the data from that study in the new
108 rate study. Stantec is proposing a two-phase study for PAWSD. Phase one will be expedited to focus on
109 rates only and phase two will be a longer process to allow Stantec to look over various PAWSD fees and
110 provide some alternative rate modeling. Phase one will cost approximately \$33,600 and phase two
111 approximately \$20,700. The total for the new rate study through Stantec is \$54,300. Director Hudson
112 made a motion to approve the Stantec proposal as presented and seconded by Director Hurley.

113

114 **Manager Talking Points**

115 Justin Ramsey stated that regarding the cost of the PAWSD payroll department's processing fee for
116 FAMLl insurance, the cost would be \$3 per pay cycle. Mr. Ramsey also said he does not think PAWSD
117 should get involved in this process. Regarding PAWSD water loss, Justin Ramsey stated the water loss is
118 increasing and at a high of approximately 534 gallons per minute. Mr. Ramsey explained that he
119 suspects water leaks and older meters misreporting are the main cause of this increase. Mr. Ramsey
120 stated that PAWSD has been looking for a company that can use a drone with specific leak detecting
121 software to find the leaks but has not found a reliable company yet.

122

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

124 There being no other business brought before the board, a motion was made by Director Tautges to
125 adjourn the meeting at 7:30 p.m. and seconded by Director Hurley. The motion passed unanimously.

126

127

128 Respectfully submitted,

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132 Bill Hudson

133 Secretary

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1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **March 9, 2023 SJWCD & PAWSD JOINT WORK SESSION**
4

5 **Call to Order**

6 The Joint Work Session for the SJWCD & PAWSD was called to order by Chairman Smith at 4:00p.m.
7

8 **Attendance**

9 The following PAWSD Directors were present: Jim Smith, Glenn Walsh, Bill Hudson, Peter Hurley, and
10 Gene Tautges.
11

12 In attendance from staff: Justin Ramsey, Aaron Burns, and Cyndi Foster. Also present: Joe Tedder, Susan
13 Nossaman, Sally High, Tobi Rohwer, Candace Jones, Alan Pfister, Bill Nobles, Josh Pike, JR Ford, Rod
14 Proffitt, Terri House.
15

16 **Revisions to Agenda**

17 There we no agenda revisions.
18

19 **Disclosures of Conflict of Interest**

20 There were no disclosures of conflict of interest.
21

22 **Public Comment**

23 There was no public comment.
24

25 **Discussion of Extending PAWSD's Water Lines to Aspen Springs**

26 Justin Ramsey explained that PAWSD currently has 3 water fill stations throughout town. One of the fill
27 stations is located on Trails Blvd which is used frequently by people that live in Aspen Springs. PAWSD
28 currently has a 12" water line that goes to Elk Park. This line is flushed monthly due of inactivity on the
29 line which is a waste of treated water. If the line were expanded to Aspen Springs, there would likely be
30 enough usage going through the line that PAWSD would no longer have to waste water each month
31 flushing the line. Justin Ramsey also mentioned that he would like the San Juan Water Conservancy
32 District to reach out to the Aspen Springs Metro District to see if they would be interested in leading this
33 project and looking for the grants to fund it. Alan Pfister said he would reach out to the Aspen Springs
34 Metro District to see if they'd be interested in the project.
35

36 **PAWSD Report of Proposed Workforce Housing on Running Iron Ranch Property**

37 Bill Hudson explained that PAWSD has a loan for the Snowball Water Treatment Plant and within that
38 loan is a 2-million-dollar line item for per diem for the people working on the water plant. PAWSD was
39 going to try to use that money to build workforce housing for the workers while they are working on the
40 water plant. PAWSD was told that the loan could not be used for construction costs for the workforce
41 housing, so PAWSD is looking to explore other avenues to fund the workforce housing. Justin Ramsey
42 said that the ground is pretty level at the entry of the Running Iron Ranch property and the water and
43 wastewater lines run through the area, so utility hook ups won't be an issue. Alan Pfister said that he is
44 concerned about the funding for the project as well as the potential impact the project may have on the
45 park nomination and the anticipated use of the Running Iron Ranch property for the construction of the
46 dam. Peter Hurley said he thinks the workforce is a great idea if someone can come up with the money

47 to fund it. It was agreed that the project needs to be funded before it can move forward and have
48 further discussion and planning.

49

50 **Discussion of Leasing the 20-acre Parcel for Public River Access**

51 Alan Pfister said he would like to confirm the PAWSD Board support of potentially leasing out the 20-
52 acre parcel to an entity that would have management and liability responsibilities to lease the parcel out
53 for public access. Tobi Rohwer explained that he had met with the county to discuss the possibility and
54 the county said if the property is available to lease that they would happily lease and manage the
55 property. Jim Smith explained that PAWSD is open to receiving proposals and that the county needs to
56 make a proposal to the PAWSD board.

57

58 **SJWCD Report of Advancing the San Juan Headwaters Project**

59 Alan Pfister explained that based on the agreement made between PAWSD, CWCB, and SJWCD, that
60 SJWCD is responsible for the long-term management of the San Juan Headwaters Project and PAWSD is
61 responsible for the payment on the property. Bill Hudson said he would like to point out that in the
62 agreement it says that with consulting the SJWCD and CWCB, PAWSD has the sole right to sell the
63 property if we get the right offer for it and CWCB would have the first right of refusal. Alan Pfister said
64 the SJWCD board moved forward by having a study done last year which projected the need for an
65 11,000-acre foot reservoir based on moderate needs for all water demands. The SJWCD board
66 confirmed that size as a target size for the reservoir for now. Alan Pfister said there is a lot that still
67 needs to be done and the SJWCD will continue to move forward on this project and look for grants
68 and/or partners to fund the project.

69

70

71 There being no further business to come before the Boards, the Joint Work Session was adjourned at
72 5:00p.m.

73

74

75 Respectfully submitted,

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79

Bill Hudson

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Secretary

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1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **March 9, 2023 REGULAR MEETING**
4

5 **Call to Order**

6 The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to
7 order by Chairman Smith at 5:10p.m.
8

9 **Attendance**

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

13 In attendance from staff: Justin Ramsey, Aaron Burns, and Cyndi Foster. Also present: Alan Pfister, Josh
14 Pike, Terri House, and Rod Proffitt.
15

16 **Approval of Minutes- 1/30/2023 Regular Meeting & 2/9/2023 Regular Meeting**

17 The Directors reviewed the minutes from the January 30th and February 9th Regular Meetings and had no
18 revisions. Director Hudson made a motion to approve the minutes as presented and was seconded by
19 Director Hurley. The motion passed unanimously.
20

21 **Consideration of Fee Waivers for Archuleta County**

22 Justin Ramsey explained that Archuleta County has taken ownership through Treasurers Deeds on
23 properties that were delinquent on their taxes. All balances due on such accounts were written off at
24 the time of the Treasurers Deed sale. Now that the county has taken ownership of these properties,
25 they are requesting PAWSD writes off any current and future availability charges on these properties. A
26 motion was made by Director Hudson to deny Archuleta County's request to waive current and future
27 fees and seconded by Director Walsh. The motion passed unanimously.
28

29 **Consideration of Waiving Back Fees for 251 Pebble Circle**

30 Aaron Burns explained that the property owner of 251 Pebble Circle is wanting to un-consolidate lots
31 that were originally consolidated in 1992. PAWSD policy is that when a lot is consolidated, PAWSD stops
32 availability billing on the lot that was consolidated. In the letter that PAWSD sends out to customers at
33 the time of consolidation, it explains that if the lot is ever un-consolidated, back availability fees will be
34 due on that lot from the date of consolidation up to the date of the un-consolidation. Mr. Burns further
35 explained, the property owner's son called to dispute the back availability fees considering it was not
36 owned by the property owner at the time it was consolidated. Director Walsh made a motion to deny
37 the request to waive back availability fees for 251 Pebble Circle and was seconded by Director Tautges.
38 The motion passed unanimously.
39

40 **Consideration of Resolution 2023-04 District Use of CIP Affordable Housing Surcharge**

41 Justin Ramsey explained that PAWSD has been billing customers affordable housing water and
42 wastewater surcharges since 2020 for low-income housing. At the last board meeting, the PAWSD board
43 voted to hold to Resolution 2020-03 for low-income housing as written without allowing any variances
44 within. Mr. Ramsey further explained, this will limit the number of individuals that qualify for the
45 affordable housing low-income CIP credits. In doing so, there may end up being left over funds for low-
46 income housing. Mr. Ramsey said the PAWSD attorney wrote the 2023-04 Resolution to allow PAWSD to
47 use the remaining low-income housing funds towards other low-income housing projects which includes

48 affordable housing for PAWSD employees. Director Hurley abstained from voting on Resolution 2023-04
49 since he was not present for the conversation at the February 2023 board meeting. Director Hudson
50 made a motion to approve Resolution 2023-04 regarding use of affordable housing water and
51 wastewater surcharges. The motion was seconded by Director Walsh. The motion passed.
52

53 **Consideration of Adopting the 20 Year Capital Investment Plan**

54 Justin Ramsey explained he had made all changes requested to the 20 Year Capital Investment Plan
55 since the last board meeting. Director Hudson asked why PAWSD has a pump station at Lake Forrest
56 given the fact that the water is very hard to treat. Justin Ramsey explained that it's not currently in use
57 but allows PAWSD the option to use it if the river were to go dry. Director Tautges added, the original
58 reason it was put in that location was to provide another source of water in the event that the San Juan
59 River were to become unusable for a period of time. In that event, the reservoirs would be PAWSD's
60 only other supply of water. Director Hudson requested an asterisk be put next to the line item that says,
61 "may not need". Director Hurley made a motion to approve the 20 Year CIP plan as presented and
62 seconded by Director Hudson. The motion passed unanimously.
63

64 **Public Comment**

65 There was no public comment.
66

67 **Manager Talking Points**

68 Justin Ramsey explained that water loss is continuing to rise and water production is continuing to drop
69 which still leads him to believe that PAWSD may have some meters going out. Mr. Ramsey said that he
70 plans to find a company that can test the meters when he is at the Rural Water Conference in April. If
71 the company reports that the meters are going out, PAWSD will make a plan to start replacing meters.
72 Aaron Burns said that Stantec has given PAWSD a list of requirements for them to begin the rate study,
73 so that is underway now. Justin Ramsey said that the GMP came in from PCL and SGM at 42 million.
74 Justin explained that he let them know PAWSD cannot do 42 million and that they would need to knock
75 5 million off of that budget. Mr. Ramsey said that PCL and SGM are working on lowering the budget.
76

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

78 There being no other business brought before the board, a motion was made by Director Hurley to
79 adjourn the meeting at 5:38 p.m. and seconded by Director Hudson. The motion passed unanimously.
80

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82 Respectfully submitted,

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86 Bill Hudson
87 Secretary
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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
April 13, 2023 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, Peter Hurley, and Gene Tautges. In attendance from staff: Justin Ramsey, Aaron Burns, and Cyndi Foster. Also present: Alan Pfister, Josh Pike.

Approval of Minutes- 3/9/2023 Joint Work Session & 3/9/2023 Regular Meeting

The Directors reviewed the minutes from the 3/9/23 Joint Work Session and the 3/9/23 Regular Meeting and had no revisions. Director Tautges made a motion to approve the minutes as presented and was seconded by Director Walsh. The motion passed unanimously.

Public Comment

Alan Pfister contacted the Aspen Springs Metro District regarding the potential extension of the PAWSD water line to Aspen Springs. The Aspen Springs Metro District said they are interested and requested PAWSD staff and/or board member(s) attend their meeting on May 9th to discuss it further. Director Tautges and Justin Ramsey said they would attend the meeting.

Alan Pfister explained that he is working on setting up a field visit at the 20-acre parcel to get input on leasing it for public river access and asked if any PAWSD staff or board members would like to attend. Justin Ramsey asked Alan Pfister if he would let him and the PAWSD board know when it is scheduled, and someone will attend.

Discussion of Board Appointments

Justin Ramsey explained that as of May 2nd, Director Smith and Director Hurley will no longer be members on the PAWSD board. At the May 11th PAWSD regular board meeting, Director Walsh, Director Tautges, and Director Hudson will be sworn in as PAWSD board members and then they will need to appoint the two empty seats. Justin Ramsey asked the board how they would prefer PAWSD staff to advertise the empty seats in which the board agreed if it is posted on the PAWSD website, that would be sufficient.

Manager Talking Points

Justin Ramsey discussed the current I & I issue on Lakeside. He explained that the problem is because there is more water going in than can come out the other side. He mentioned that PAWSD insurance did a presentation this month at the PAWSD office to discuss sewer back up prevention and what PAWSD is liable for and not liable for in those situations. The presentation had a large community turnout due to the current I & I circumstances. PAWSD staff recommended to customers that they purchase and install a sewer check valve as a preventative measure and made customers aware that they need to maintain the valves in order for them to be effective. Justin Ramsey explained that there are multiple things that are contributing to the problem and that there isn't just one thing that can be done to fix the problem, but that PAWSD staff is doing as much as possible.

48

49 Justin Ramsey said water loss is down a little bit but just about the same as it has been. He attended a
50 conference a couple weeks ago and found two companies that are interested in aiding PAWSD in
51 identifying meters that are no longer working correctly. The interested companies said they would
52 provide PAWSD with a proposal.

53

54 Director Smith said that he and three others had a meeting with Senator Simpson to discuss mandated
55 facility upgrades. Senator Simpson is the Chairman on the Rio Grande water board and is going through
56 similar things as we are and as many others are in regard to mandates. Director Walsh explained that he
57 thought the meeting went well and was very impressed with Senator Simpson, however, it did not seem
58 likely that PAWSD will receive any assistance from the state. Justin Ramsey agreed with Director Walsh.
59 Director Tautges said he would call Town of Pagosa Springs Sanitation to explain to them what is going
60 on regarding the wastewater facility upgrade mandate and get their input on the matter.

61

62 Justin Ramsey said the plans for the Snowball Water Treatment Plant are done, and the contractor said
63 they would provide PAWSD with the final GMP by May 10th. Justin Ramsey said they seem confident that
64 they can do it at 37-38 million.

65

66 Aaron Burns said that the rate study is moving forward, and it is anticipated that the first rate study will
67 be complete by the end of July or shortly after.

68

69 Justin Ramsey said there has been a revision to the lead and copper rules. Justin Ramsey explained that
70 by October 16, 2024 it is required that all water lines in the district from the main line to the meter and
71 from the meter to the house be inspected and inventoried for lead. PAWSD will have to visually inspect
72 the lines and report if it is lead or if it is not lead. Any lines that are found to be lead will have to be
73 replaced. Justin Ramsey said there is 49 million dollars of federal money up for grabs for the country to
74 complete this requirement and has been in touch with Renee Lewis to have her research and apply for
75 funding.

76

77 Justin Ramsey explained that at the last board meeting the PAWSD board passed a resolution allowing
78 PAWSD to use the money from the affordable housing surcharge towards affordable housing for PAWSD
79 employees. Mr. Ramsey asked the board for some direction on how to move forward with this. Director
80 Walsh suggested the PAWSD board have a work session, potentially in July, to discuss this further and
81 come to a decision. Justin Ramsey said that PAWSD will hold a work session potentially the second
82 Thursday in July. The PAWSD board agreed.

83

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

85 There being no other business brought before the board, a motion was made by Director Walsh to
86 adjourn the meeting at 5:57 p.m. and seconded by Director Tautges. The motion passed unanimously.

87

88

89 Respectfully submitted,

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93 Bill Hudson
94 Secretary

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
May 11, 2023 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 Director Walsh at 5:03 p.m.

Consideration of Appointment of Chair

Director Hudson nominated Director Walsh to act as Board Chairman and was seconded by Director Tautges. The motion passed all in favor.

Consideration of Potential Board Appointments to the PAWSD Board of Directors

Aaron Burns said that PAWSD had not received any letters of interest from the public since the notice was advertised on the PAWSD website. Director Hudson nominated Peter Hurley to be a PAWSD board director and Director Walsh nominated Jim Smith to be a PAWSD board director. No one else in the public put themselves forward for candidacy. Director Walsh made a motion to appoint Peter Hurley as a PAWSD Board Director and was seconded by Director Hudson. The motion carried 3 in favor 0 opposed. Director Walsh made a motion to appoint Jim Smith as a PAWSD Board Director and was seconded by Director Hudson. The motion carried 3 in favor 0 opposed.

Vote on Offices

Director Walsh made a motion to appoint Director Smith as the President of the PAWSD Board and was seconded by Director Hurley. The motion passed unanimously. Director Smith made a motion to appoint Director Walsh as the Vice President of the PAWSD Board and was seconded by Director Tautges. The motion passed unanimously. Director Smith made a motion to appoint Director Hurley as the Treasurer of the PAWSD Board and was seconded by Director Walsh. The motion passed unanimously. Director Smith made a motion to appoint Director Hudson as the Secretary of the PAWSD Board and was seconded by Director Walsh. The motion passed unanimously.

Attendance

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

In attendance from staff: Justin Ramsey, Aaron Burns, and Cyndi Foster. Also present: Paul Hansen, Chris Pitcher, Josh Pike, Joe Tedder, Josh Kurz, Nathan Blythe, Jacklen Blythe, Korbin Macht, Taylor Hances, Alex Pham, Juaquin Talamante, Aspen Pitcher, Annabelle Parker, Blake Laner, Trey Garcia, Payton Jackson, Aspen Salazar, Conner Kelly, Hayden Bishop, Colt Lewis, and Michael Thomas.

Approval of Minutes- 4/13/2023 Regular Meeting

The Directors reviewed the minutes from the 4/13/23 Regular Meeting and had no revisions. Director Tautges made a motion to approve the minutes as presented and was seconded by Director Walsh. The motion passed unanimously.

Public Comment

There was no public comment.

48 **PSHS Student Presentation on PAWSD Water Use**

49 Students from the Global Science Class at Pagosa Springs High School gave a presentation on various
50 aspects of PAWSD water use. See presentation attached as "Exhibit A".

51

52 **Discussion of PCL's GMP**

53 Justin Ramsey explained that PCL's GMP came in at 39.9 million with roughly 1.2 million in contingency.
54 He explained that this is the guaranteed maximum price so it's possible it will come in under that
55 number. Director Walsh said he would need more time to look over the GMP before he can come to a
56 decision on it. Director Smith suggested the PAWSD Board hold a special meeting May 25th at 5pm to
57 consider PCL's GMP. The PAWSD Board all agreed on the date and time Director Smith suggested. Justin
58 Ramsey said he would electronically send the PAWSD board members the GMP to review before the
59 meeting on May 25th.

60

61 **Manager Talking Points**

62 Justin Ramsey discussed the wastewater mandates and explained that there are 3 options on how to
63 move forward; 1. PAWSD does the required changes without Town Sanitation involvement, 2. Town
64 Sanitation does their own plant without PAWSD involvement, 3. PAWSD and Town Sanitation work
65 together and coordinate with the CDPHE to do a joint wastewater plant downtown if the CDPHE allows
66 it. Justin said that he met with the town and that they are having a difficult time deciding how they want
67 to move forward. Justin Ramsey explained that PAWSD needs to continue to move forward to meet the
68 compliance schedule but in the meantime plans to send a letter to Nathan Moore at CDPHE to explain
69 PAWSD's situation and see if there is anything they can do.

70

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

72 There being no other business brought before the board, a motion was made by Director Hurley to
73 adjourn the meeting at 6:31 p.m. and seconded by Director Walsh. The motion passed unanimously.

74

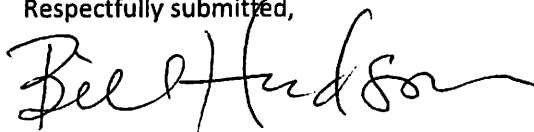
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76 Respectfully submitted,

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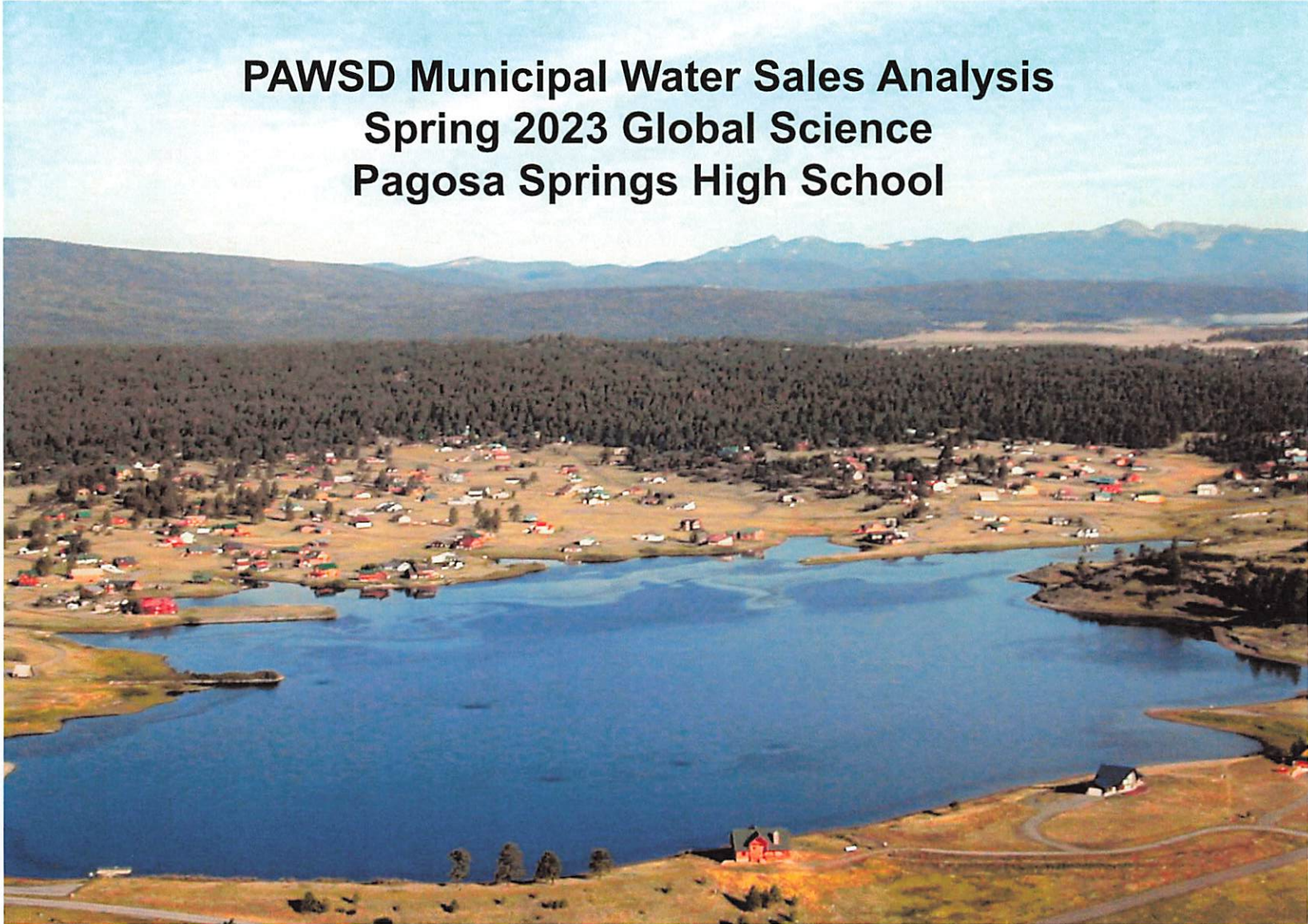
Bill Hudson

81

Secretary

Exhibit A

**PAWSD Municipal Water Sales Analysis
Spring 2023 Global Science
Pagosa Springs High School**

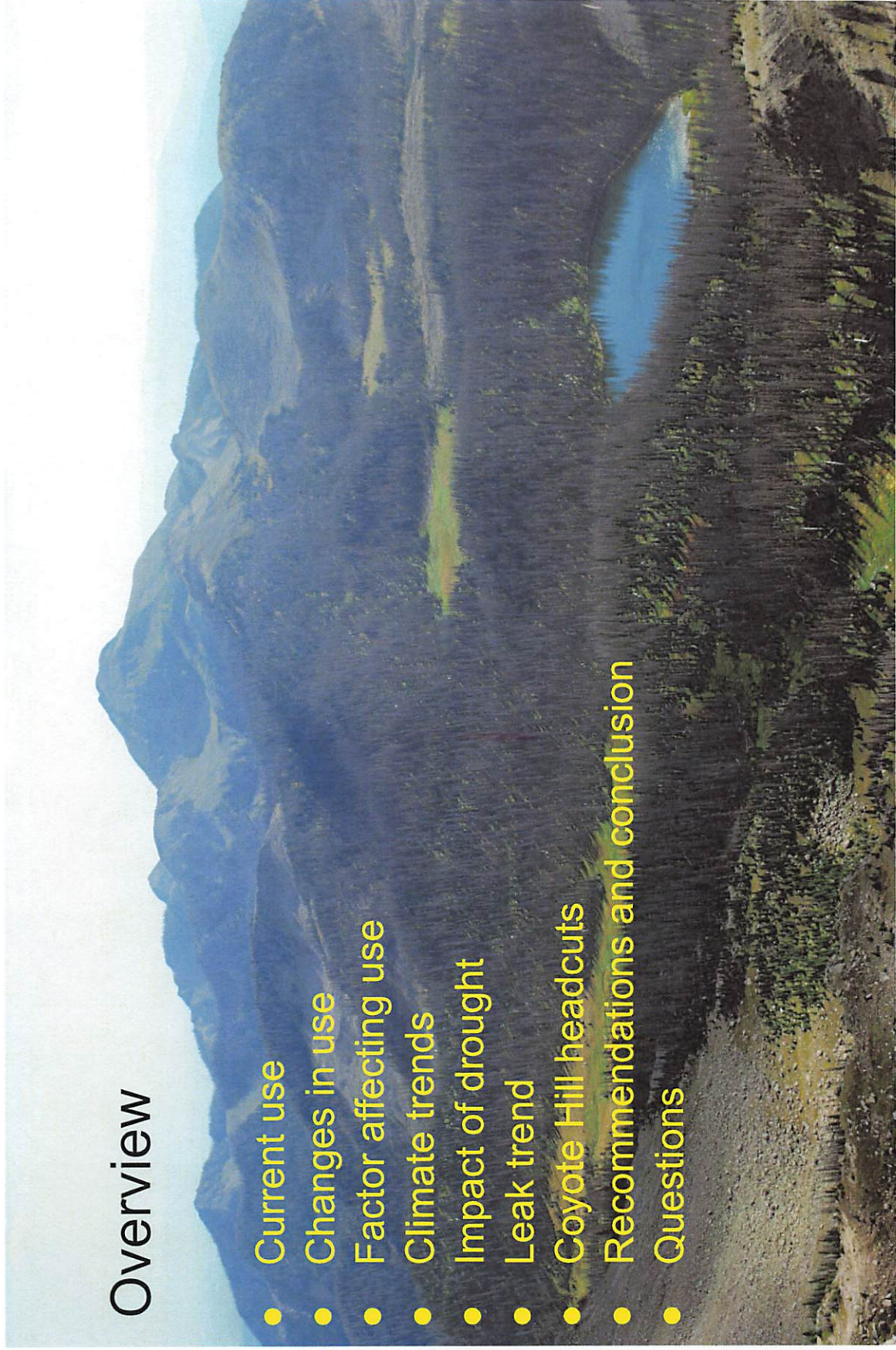


Water Sales (million gallons/month)

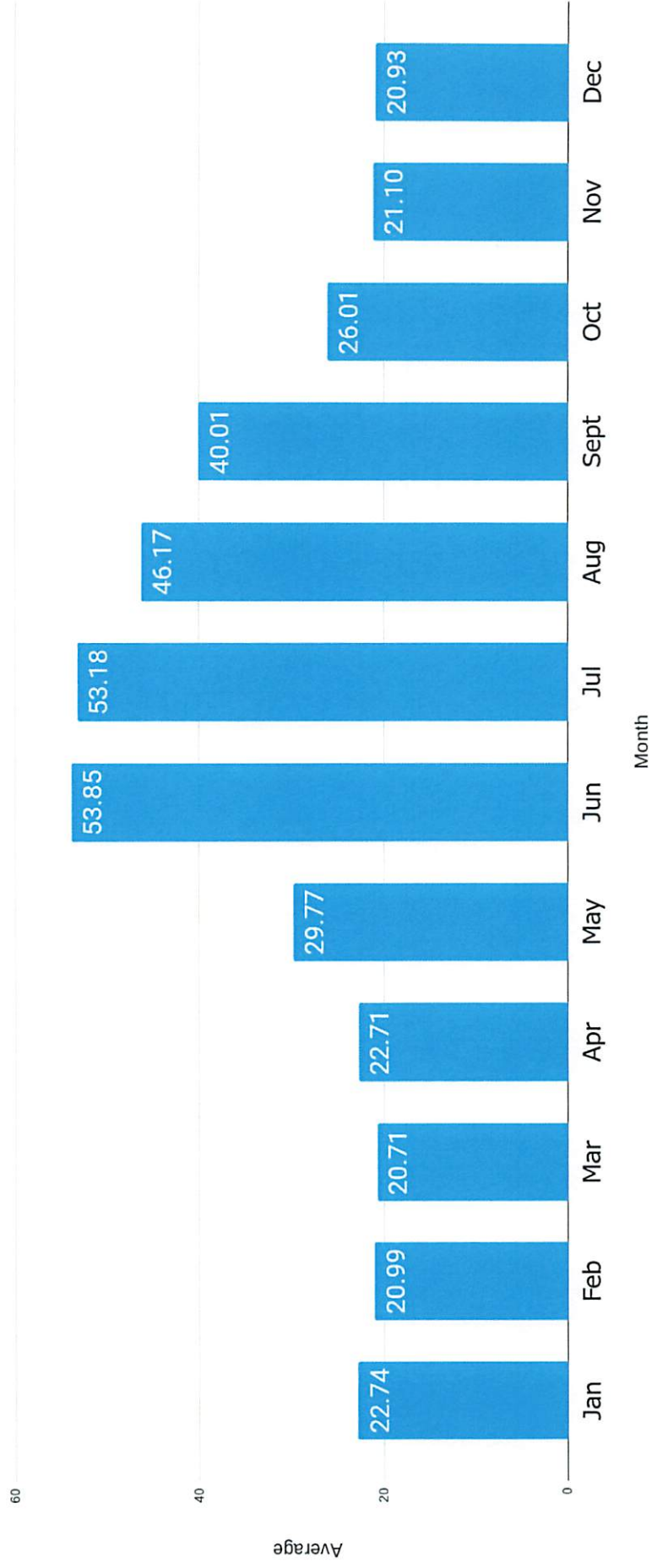
Month	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Jan	22.014	23.535	22.561	23.239	21.539	22.471	21.351	21.264	22.914	23.402	23.26	25.398
Feb	20.495	20.616	19.5527	20.296	19.806	19.751	21.349	21.789	20.955	20.987	21.795	24.606
Mar	19.604	18.943	22.327	19.875	19.922	20.063	20.741	20.94	21.129	21.2	21.047	22.798
Apr	20.159	19.451	33.141	20.061	20.566	23.1282	19.677	21.252	24.248	21.649	24.436	24.869
May	26.461	21.357	27.7	32.9154	27.42	23.898	23.04	28.799	38.92	23.448	47.246	36.083
Jun	55.493	49.423	61.384	59.5866	53.339	35.4171	54.901	58.138	55.664	44.595	57.635	60.672
Jul	59.509	58.902	45.394	47.249	48.139	44.599	57.91	54.95	53.845	54.831	59.712	53.146
Aug	36.189	49.705	46.267	35.179	38.709	45.368	46.059	45.23	54.38	47.6298	58.908	50.521
Sept	33.88	32.559	40.097	29.006	38.385	35.901	36.108	40.868	47.744	45.214	49.544	50.827
Oct	26.009	25.734	24.962	21.942	22.831	25.102	24.82	24.165	26.695	27.667	35.535	26.693
Nov	20.013	19.811	19.366	19.43	20.019	20.302	21.114	21.209	22.287	21.631	24.213	23.839
Dec	19.194	19.703	19.12	20.09	19.803	20.227	20.901	21.409	21.592	21.615	24.093	23.448

Overview

- Current use
- Changes in use
- Factor affecting use
- Climate trends
- Impact of drought
- Leak trend
- Coyote Hill headcuts
- Recommendations and conclusion
- Questions

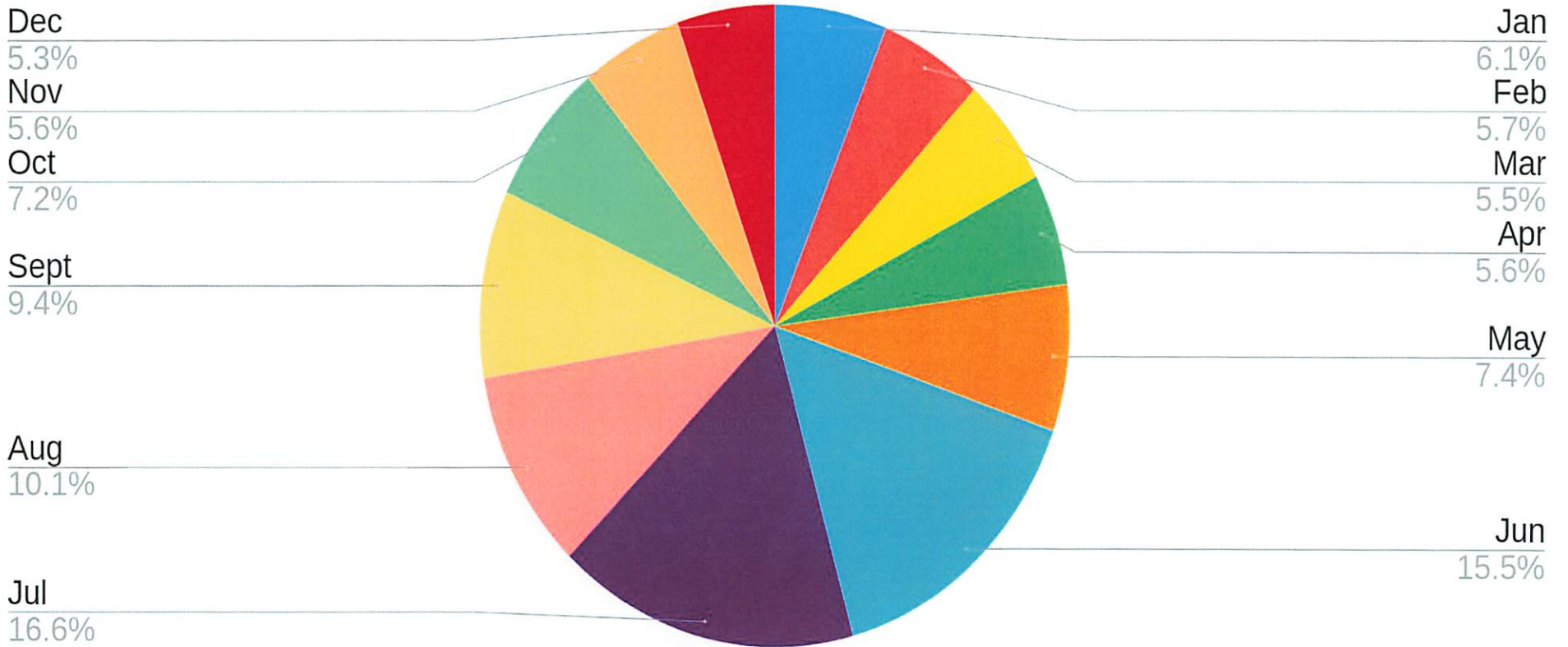


Average Monthly Water Sales 2010-2021 (Millions Of Gallons)



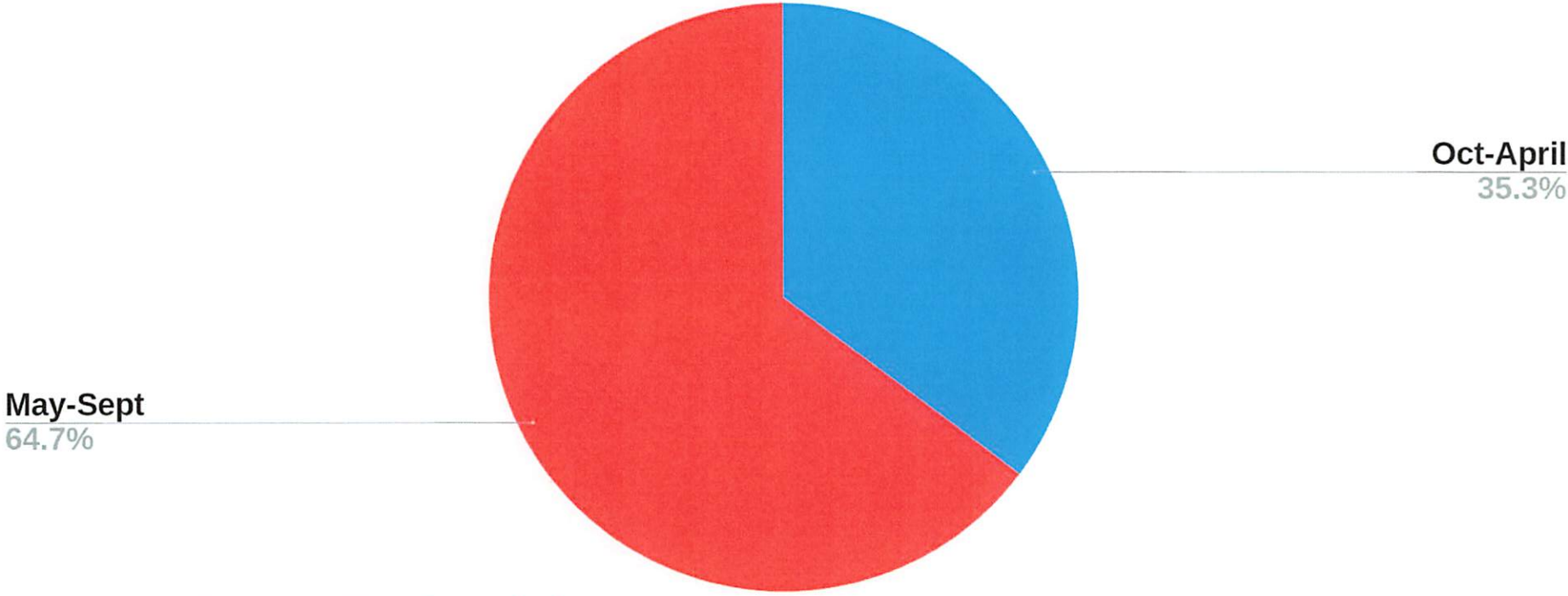
PAWSD Municipal Sales 2010-2021

Percentage of Millions of Gallons used per month



Watering Season vs Non Watering Season 2010-2021

Water Season Vs Non watering Season 2010-2021

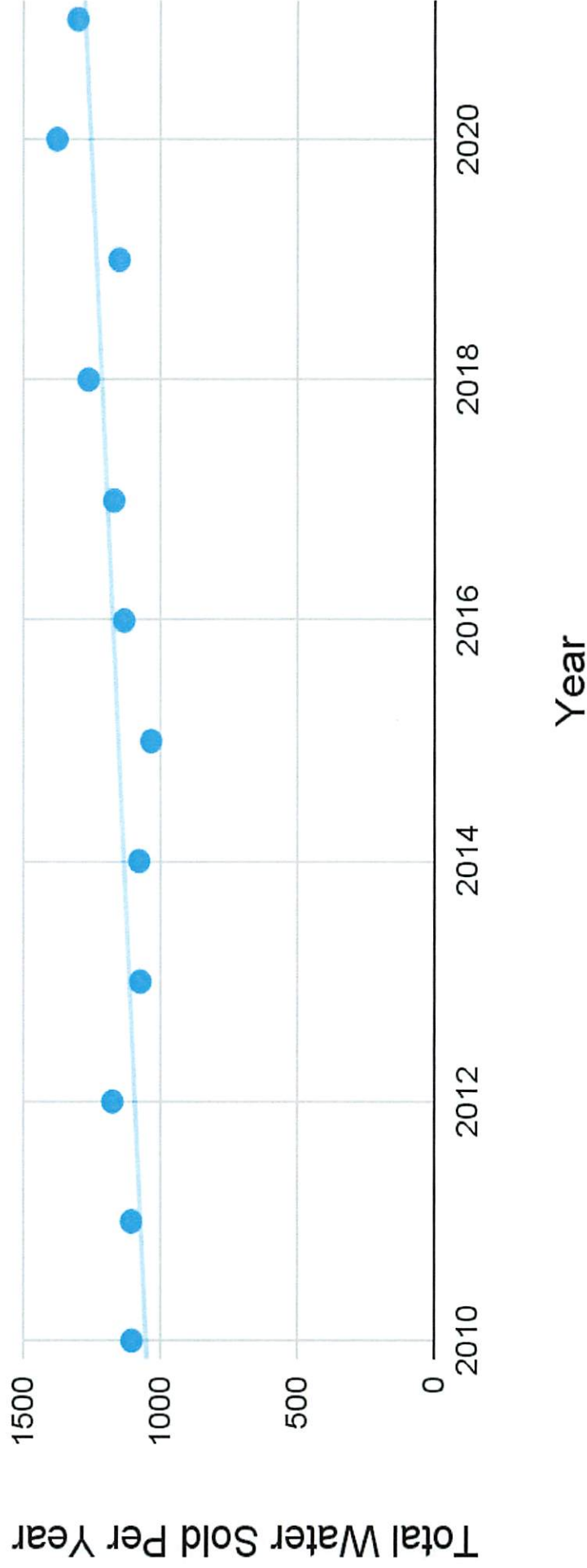


We are using 1.5 Times More Water During the Summer Months!

Total PAWSD Water Sold Over Time

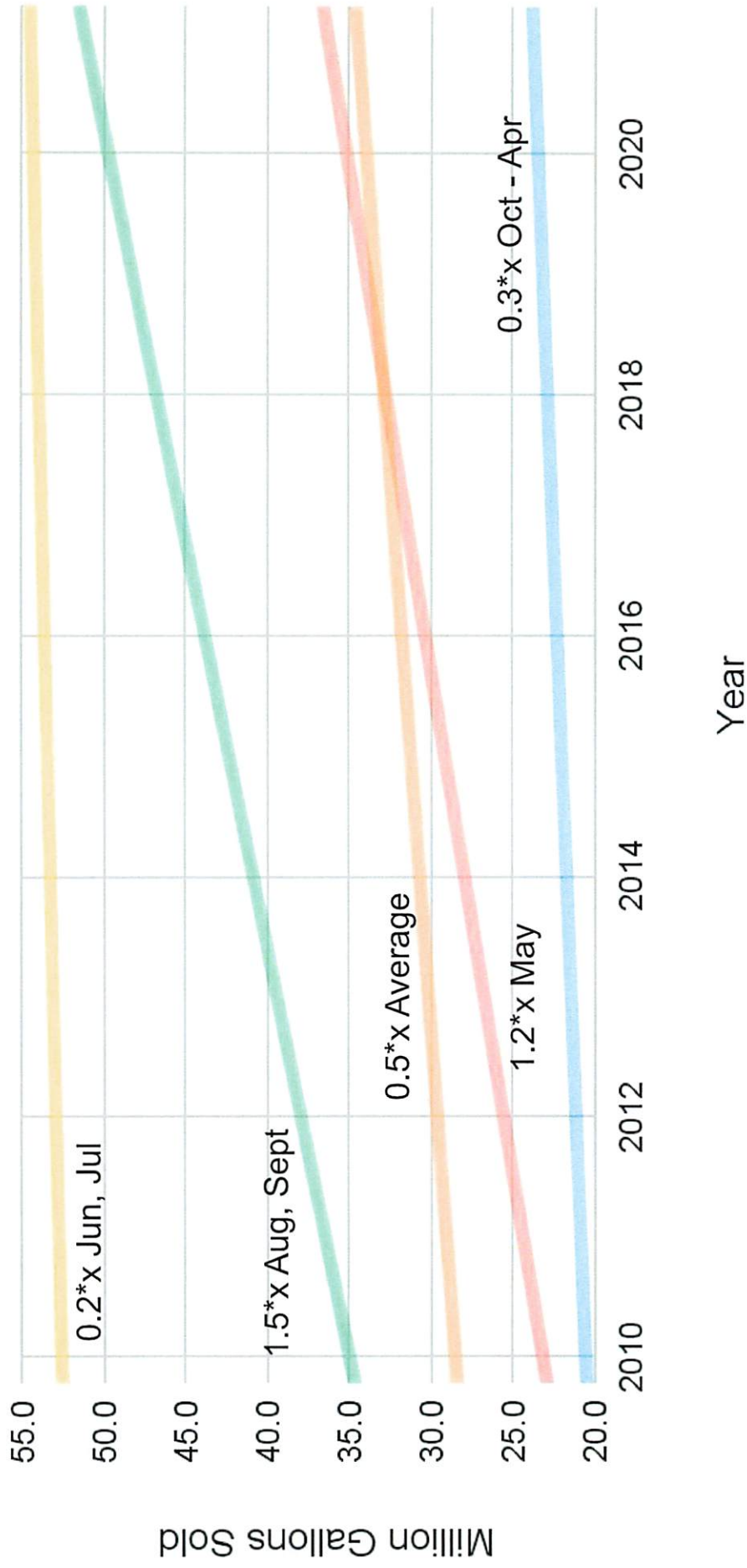
2010-2021

● Total (ac-ft) — $20 * x + -39145$ $R^2 = 0.503$



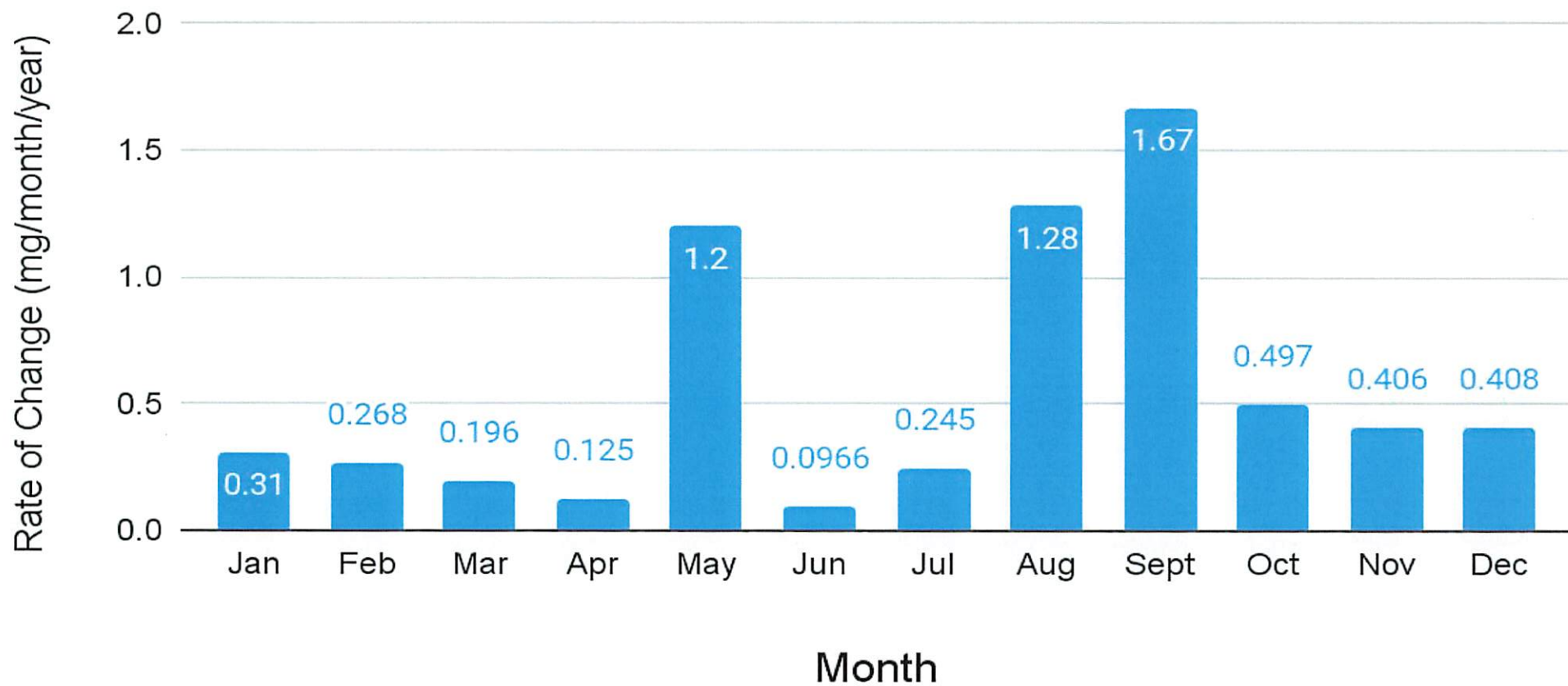
Rate of Change in PAWSD Water Sales by Similar Months

2010 - 2021



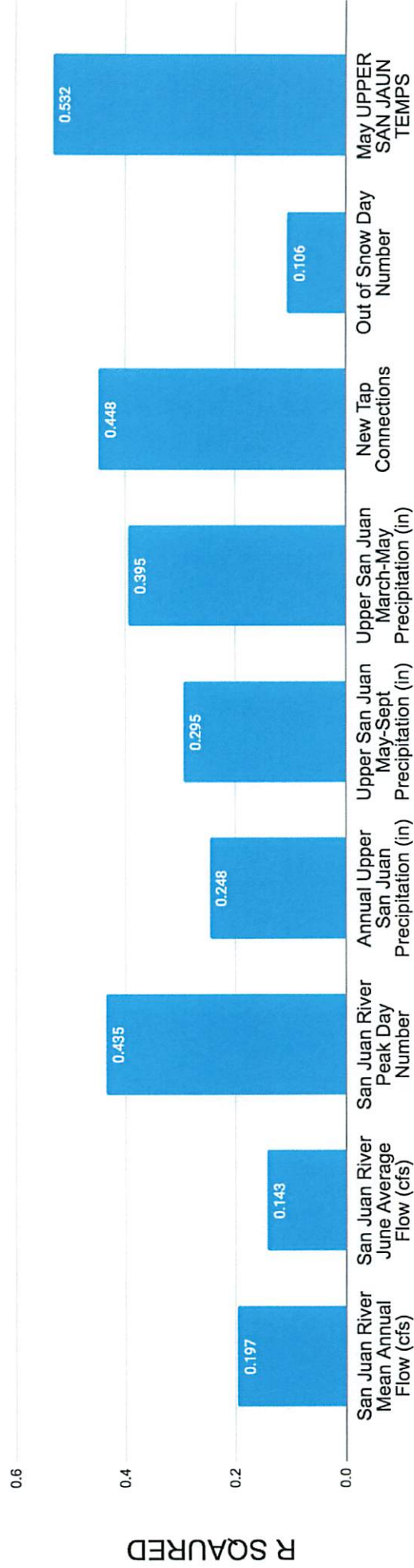
Rate of Change by Month

2010-2021



R-squared analysis

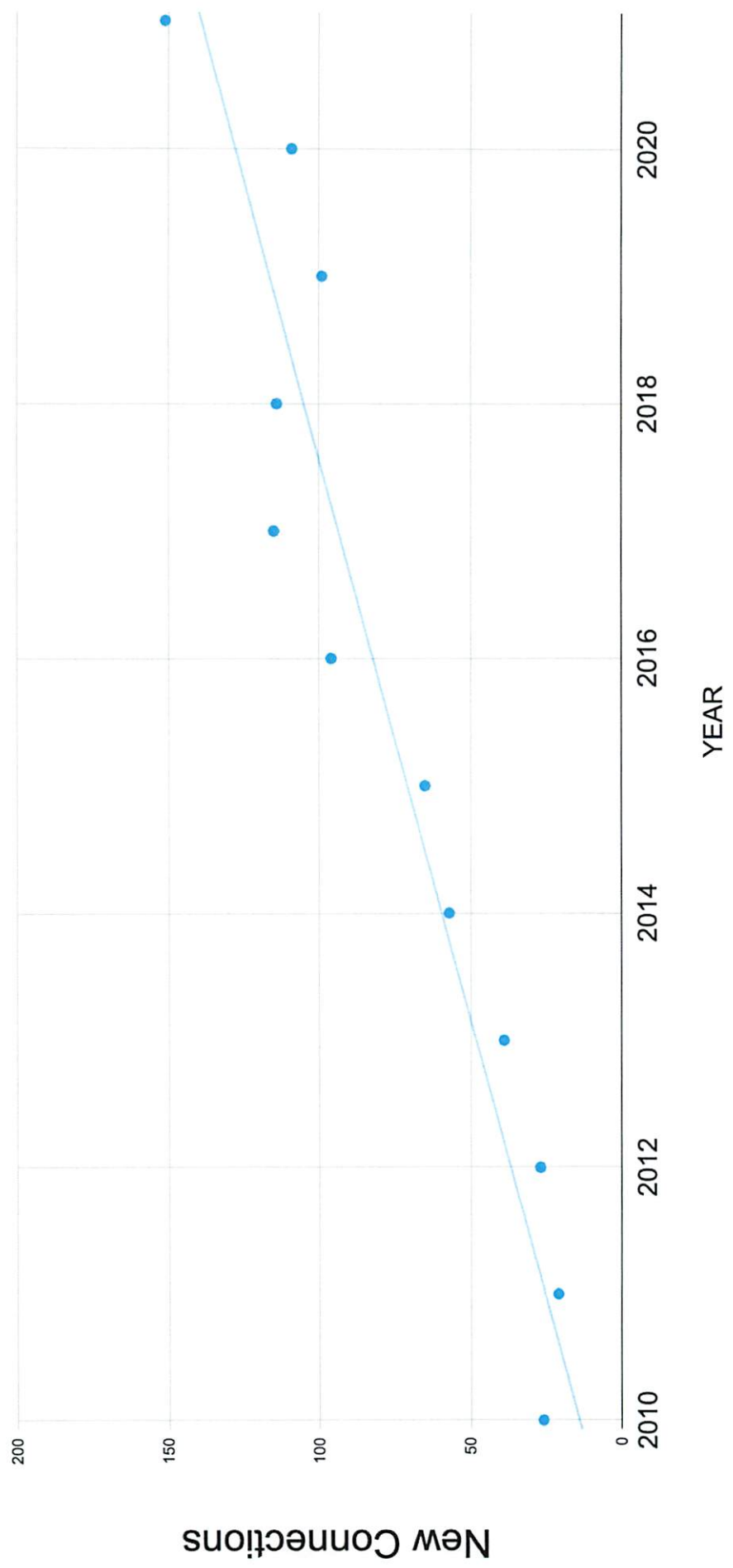
The best predictors based on the r-squared



PREDICTORS

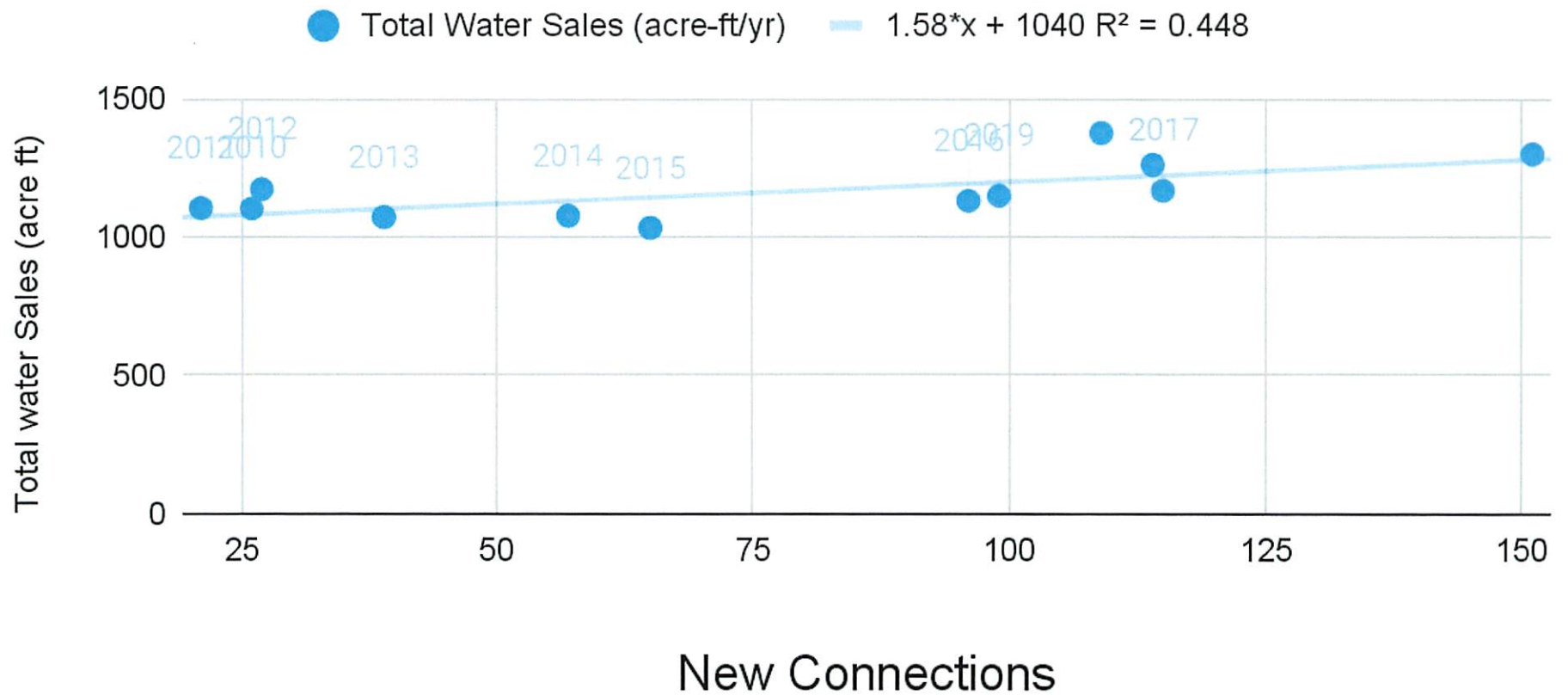
New Connections Over Time

● New Tap Connections - $11.4 * x + -22834$ $R^2 = 0.907$



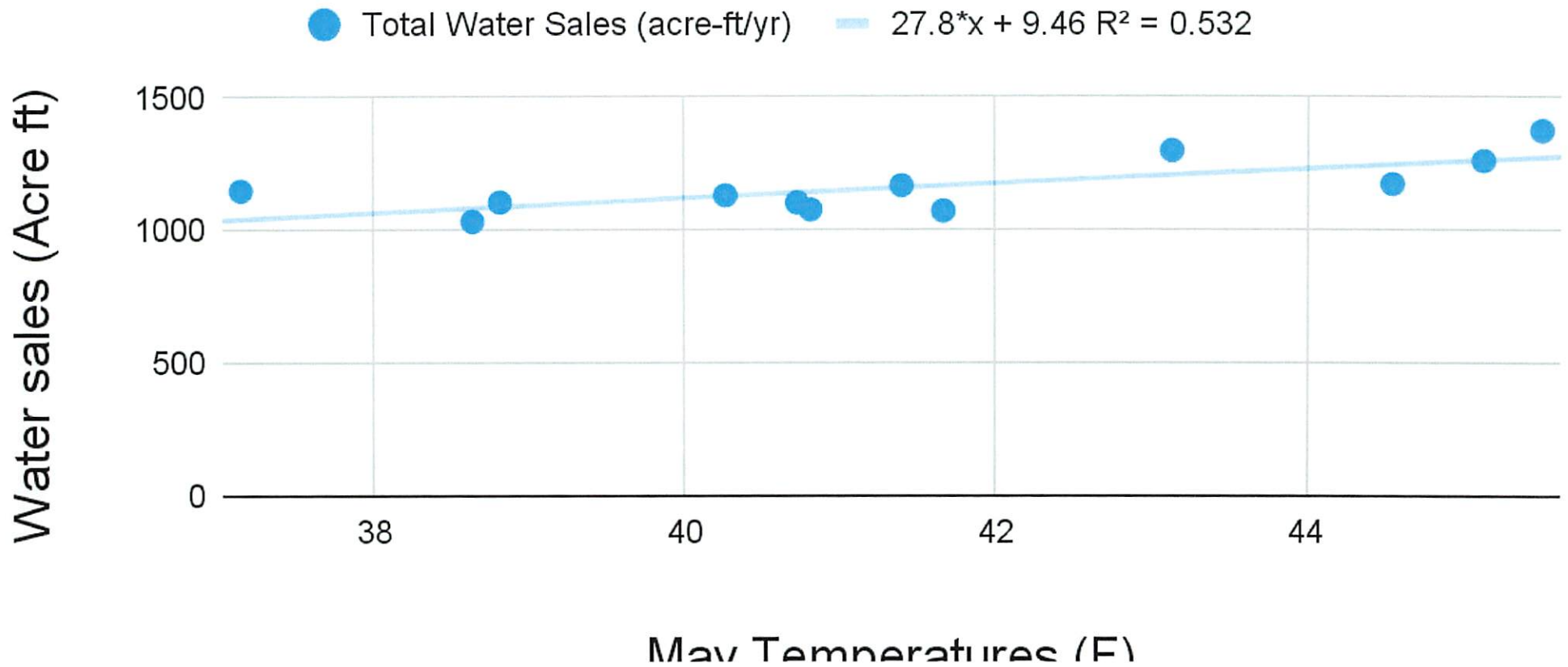
Relationship Between Municipal Water Sales and New Tap Connections

PAWDS 2010-2021



Relationship Between Average May Temperatures and Municipal Water Sales

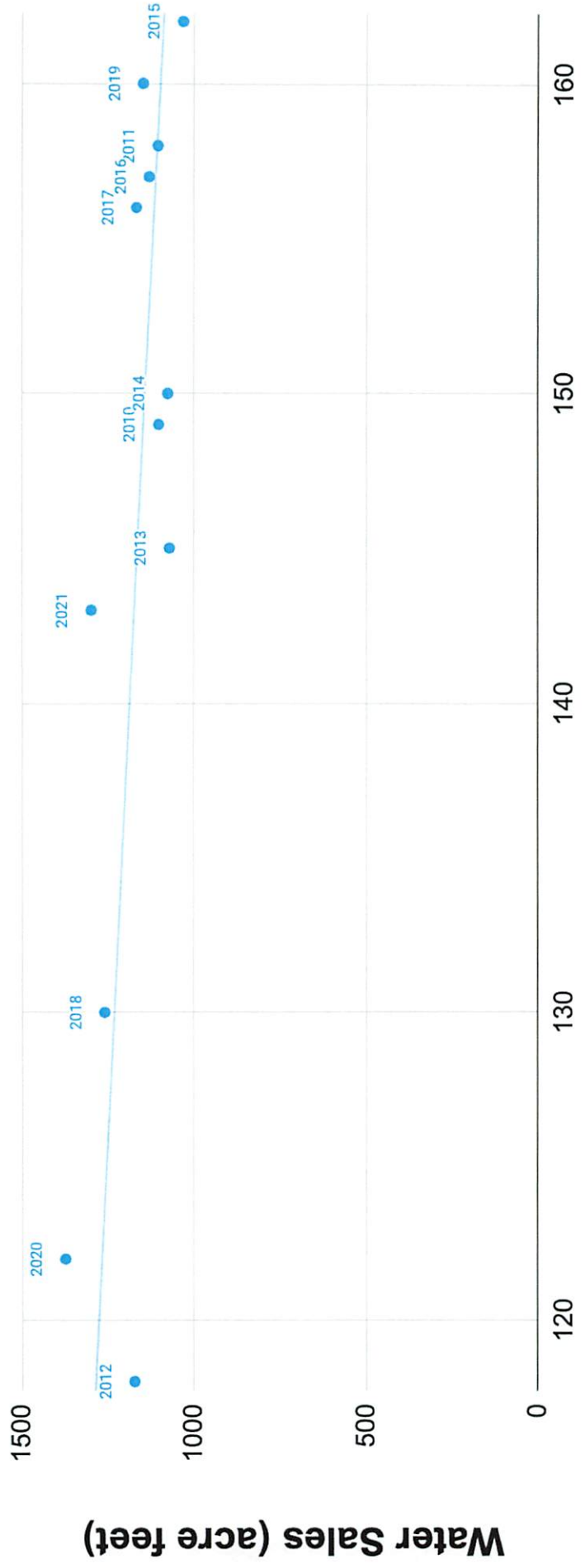
PAWDS 2010-2021



San Juan River Peak Day Number

Pagosa Springs, Colorado

● Total Water Sales (acre-ft/yr) — $-4.48 * x + 1814$ $R^2 = 0.435$



Day Number

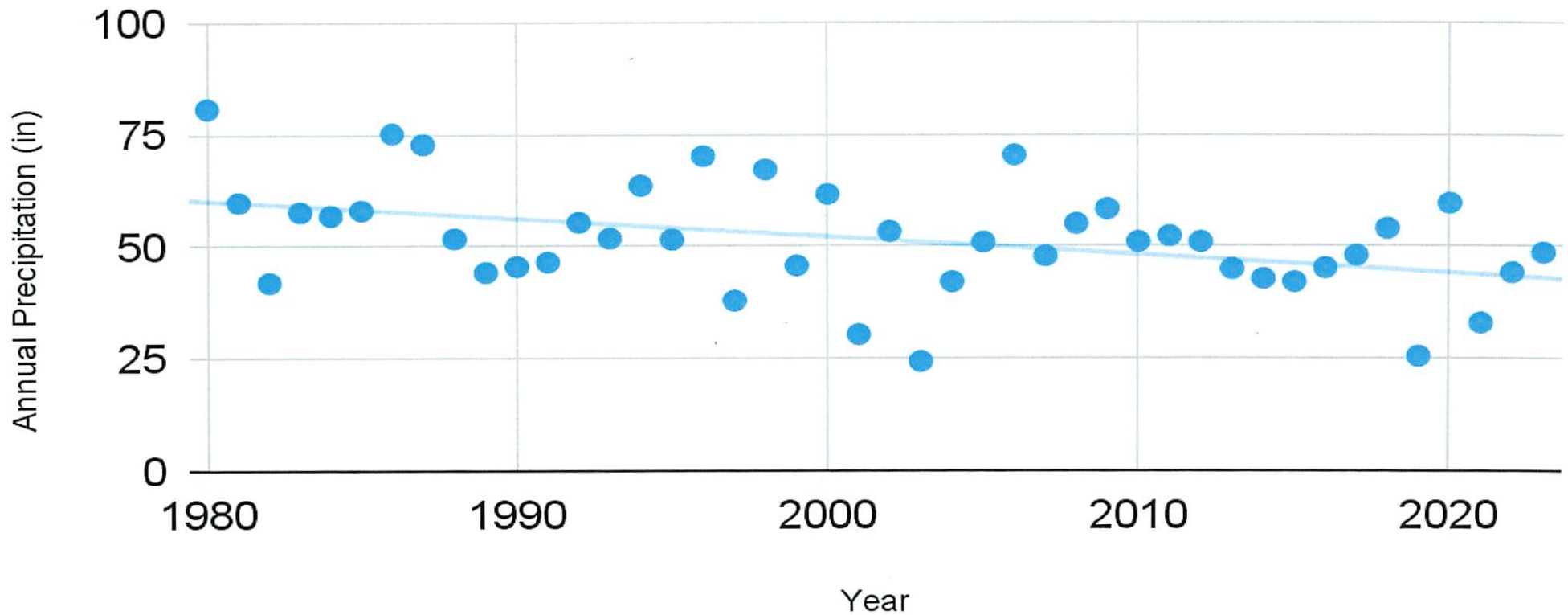
Overall there is a decreasing trend in annual precipitation. In the future we may have less water for a growing population.

Annual Precipitation

1979-2022 @ Upper San Juan Snotel Site

Climate Trends-
By Blake & Trey

● Annual Precipitation (in) — $-0.398x + 848$ $R^2 = 0.175$



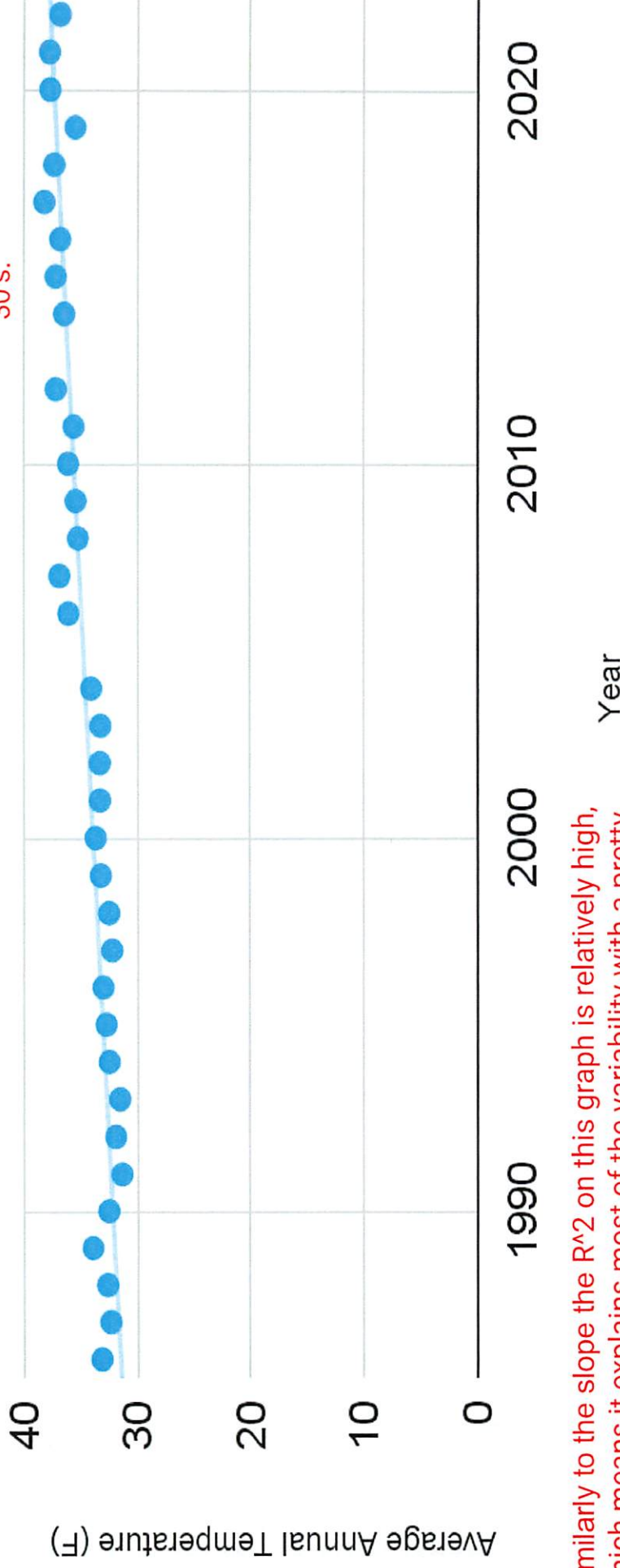
The rise in temperature could potentially impact our total amount of precipitation and also the time our runoff starts and ends. Similarly the temperature could change the type of precipitation we get. Meaning less snow and more rain.

Average Annual Temperature (°F)

1986-2022 @ Upper San Juan Snotel site

● $0.171 * x + -309$ $R^2 = 0.807$

The graphs has a slope of around 0.2 °F/yr. Which yearly isn't to big but after many years this adds up. As you can see the graph started around the low 30's now it's around the high 30's.



Similarly to the slope the R^2 on this graph is relatively high, which means it explains most of the variability with a pretty steady and consistent linear trend.

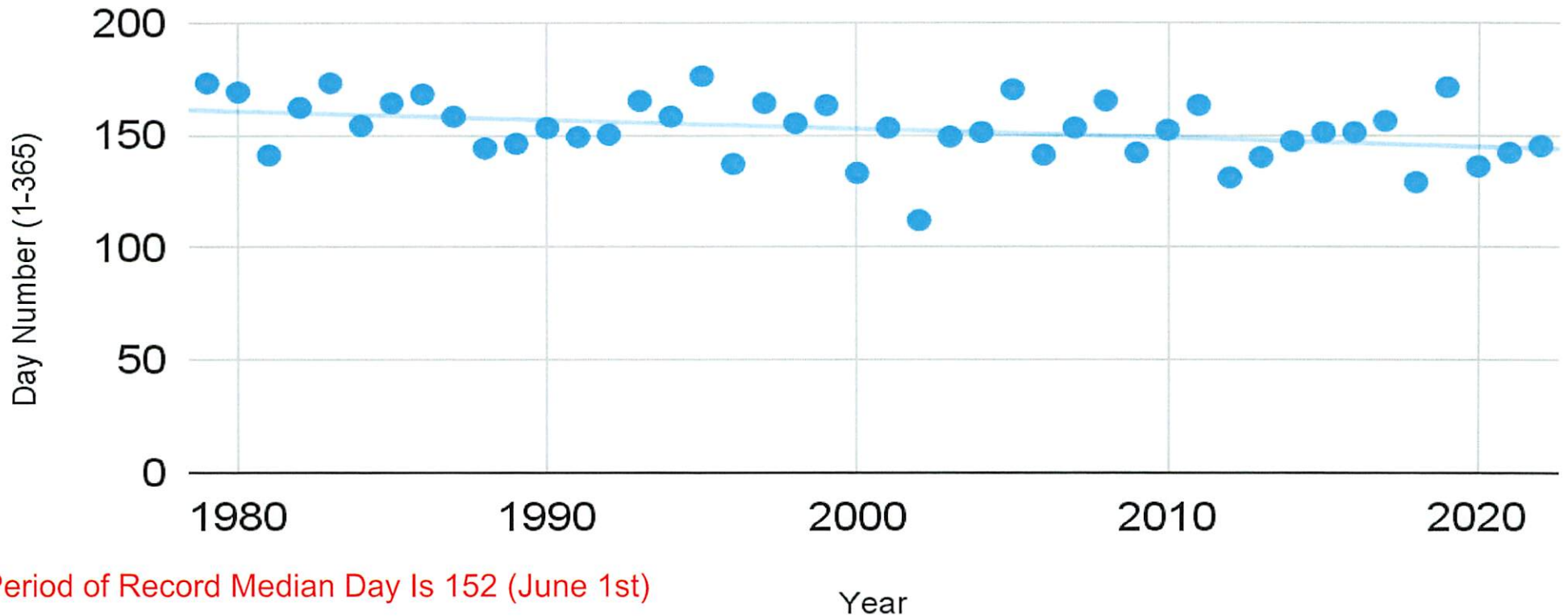
This graph corresponds to the Average Annual Temperature showing how every year our snow pack is gradually melting earlier. (There are some outlier years) If this trend continues we will use more water earlier.

Out of Snow Day number

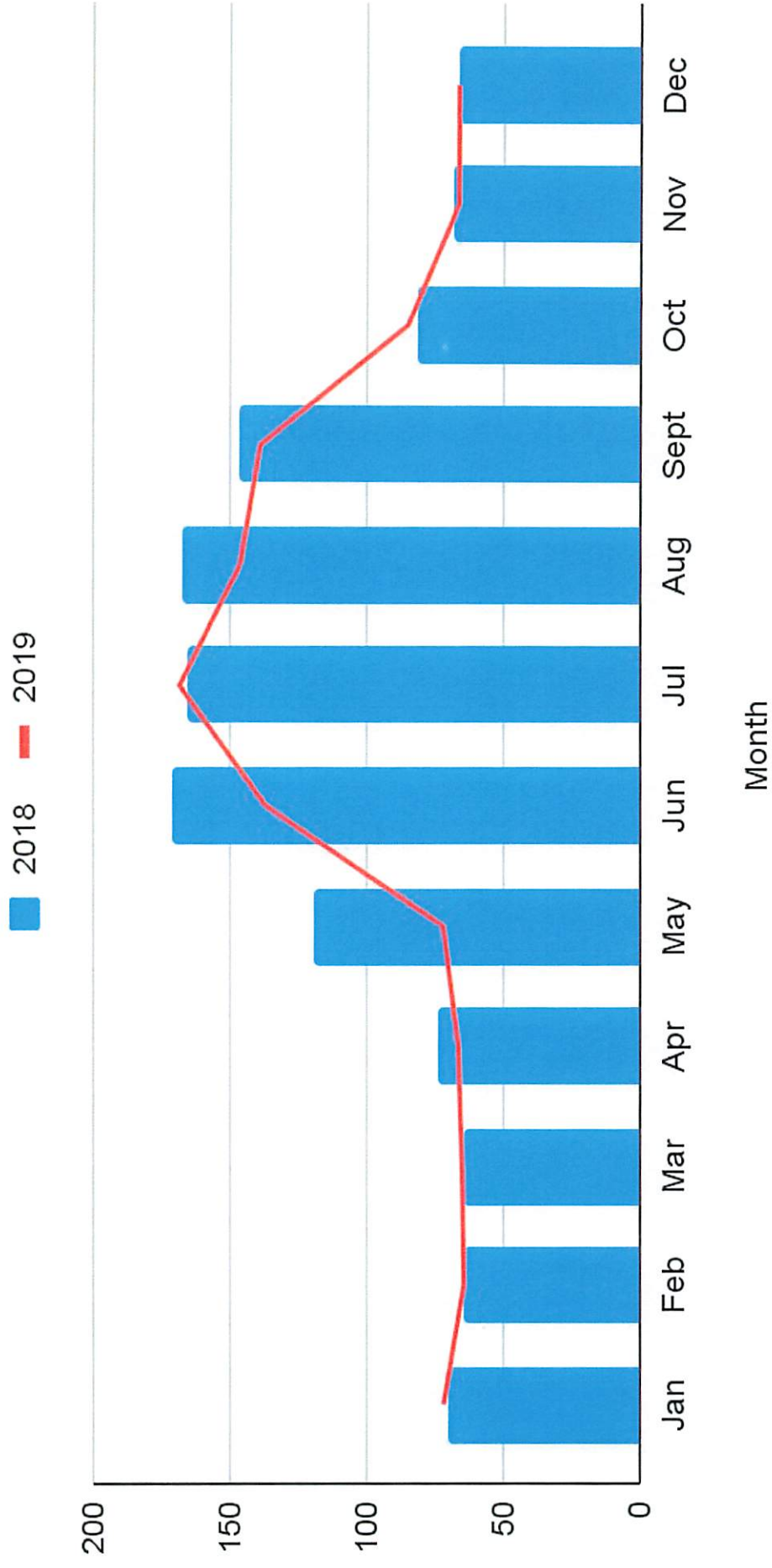
1979-2022 @ Upper San Juan Snotel Site

We may need to update our drought management plan trigger points, the trigger points don't predict well because the existing trigger points are too early.

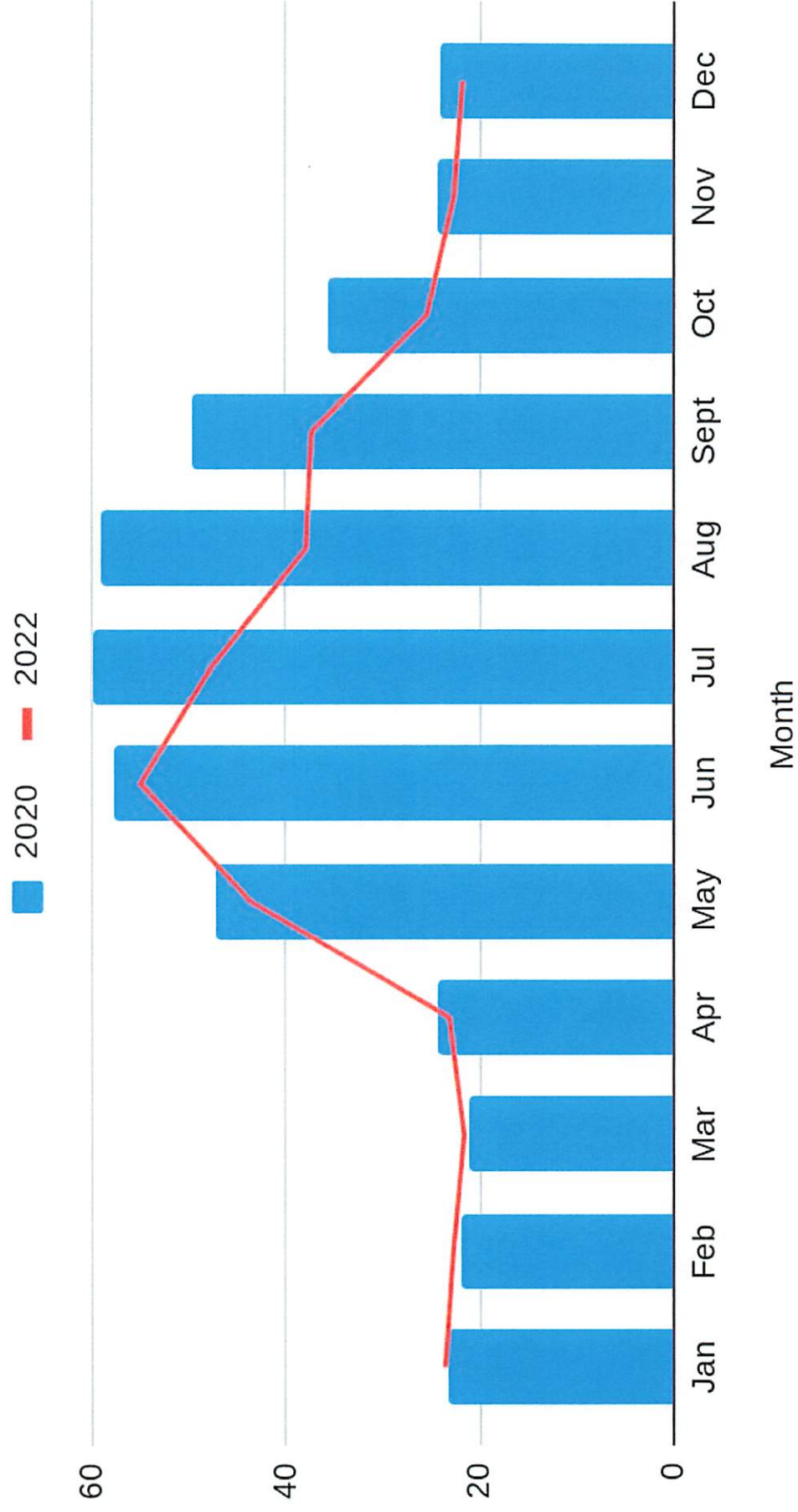
● $-0.392*x + 936$ $R^2 = 0.137$



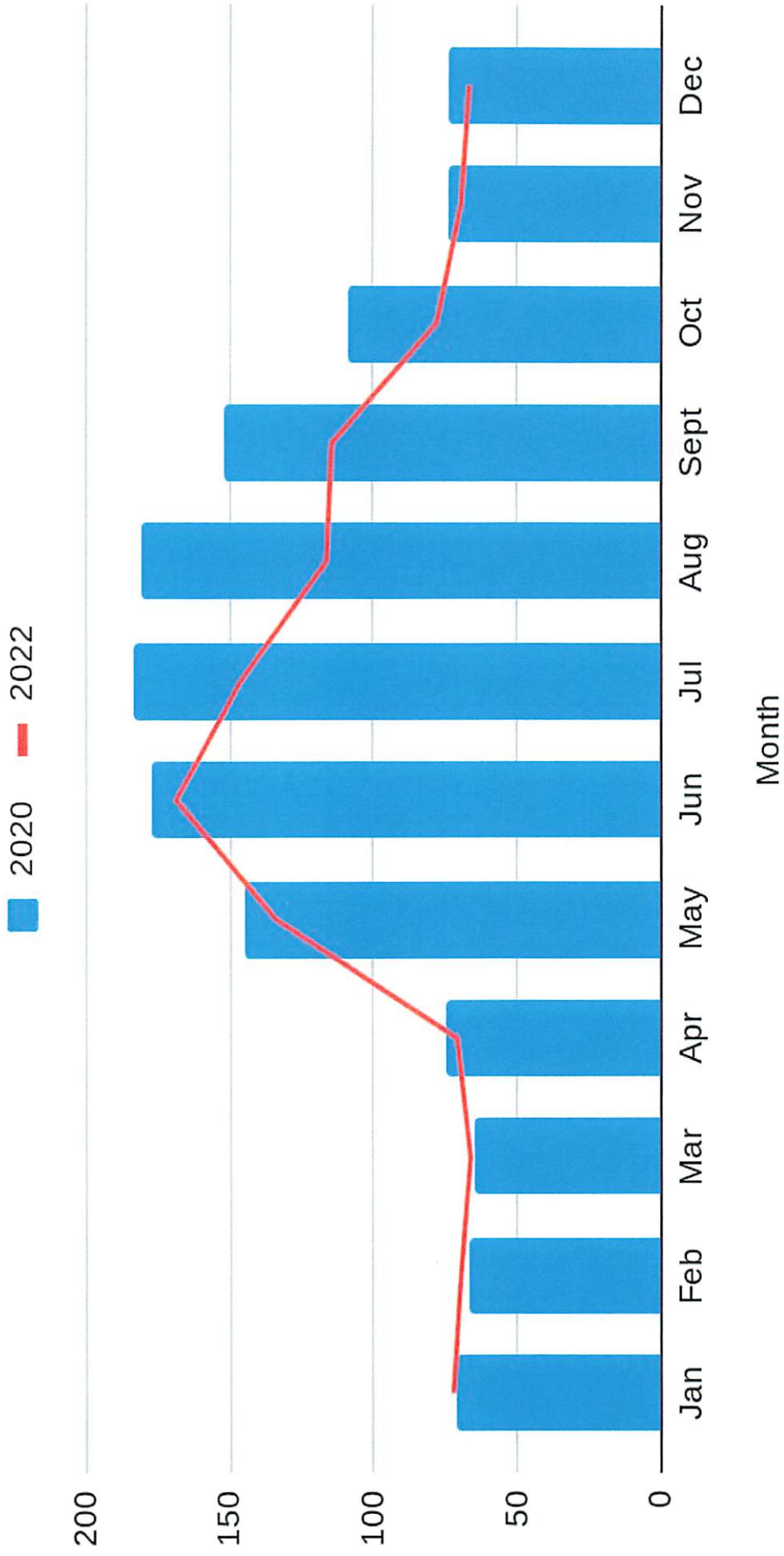
2018 and 2019 ac/ft per year



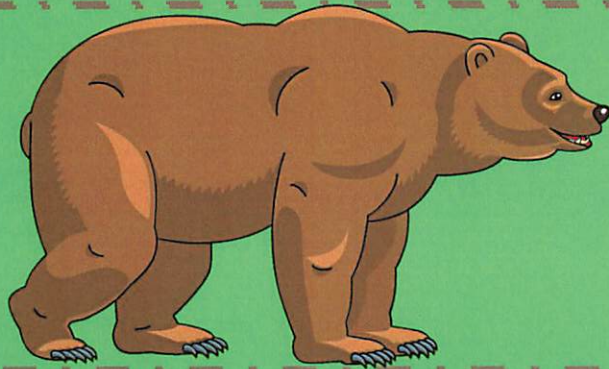
water demand through drought and no drought



2020 and 2022 ac/ft per year

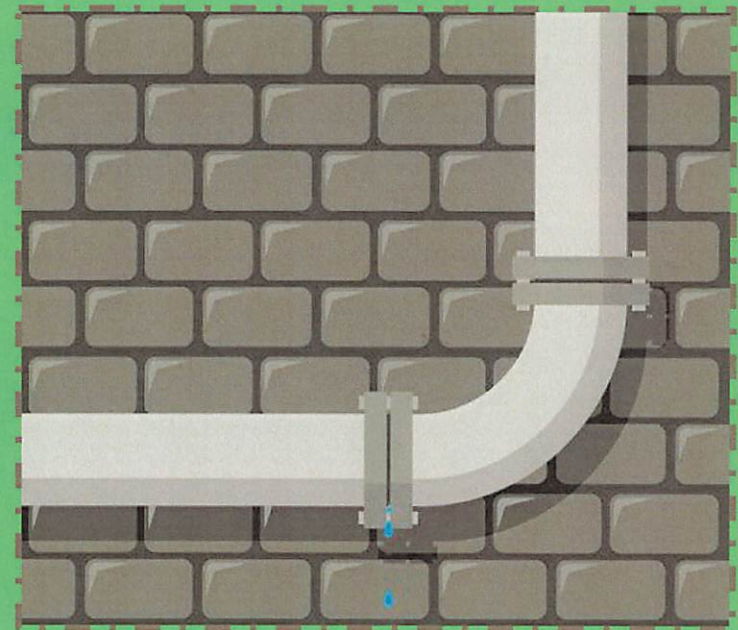


Water Loss Due To Leakage



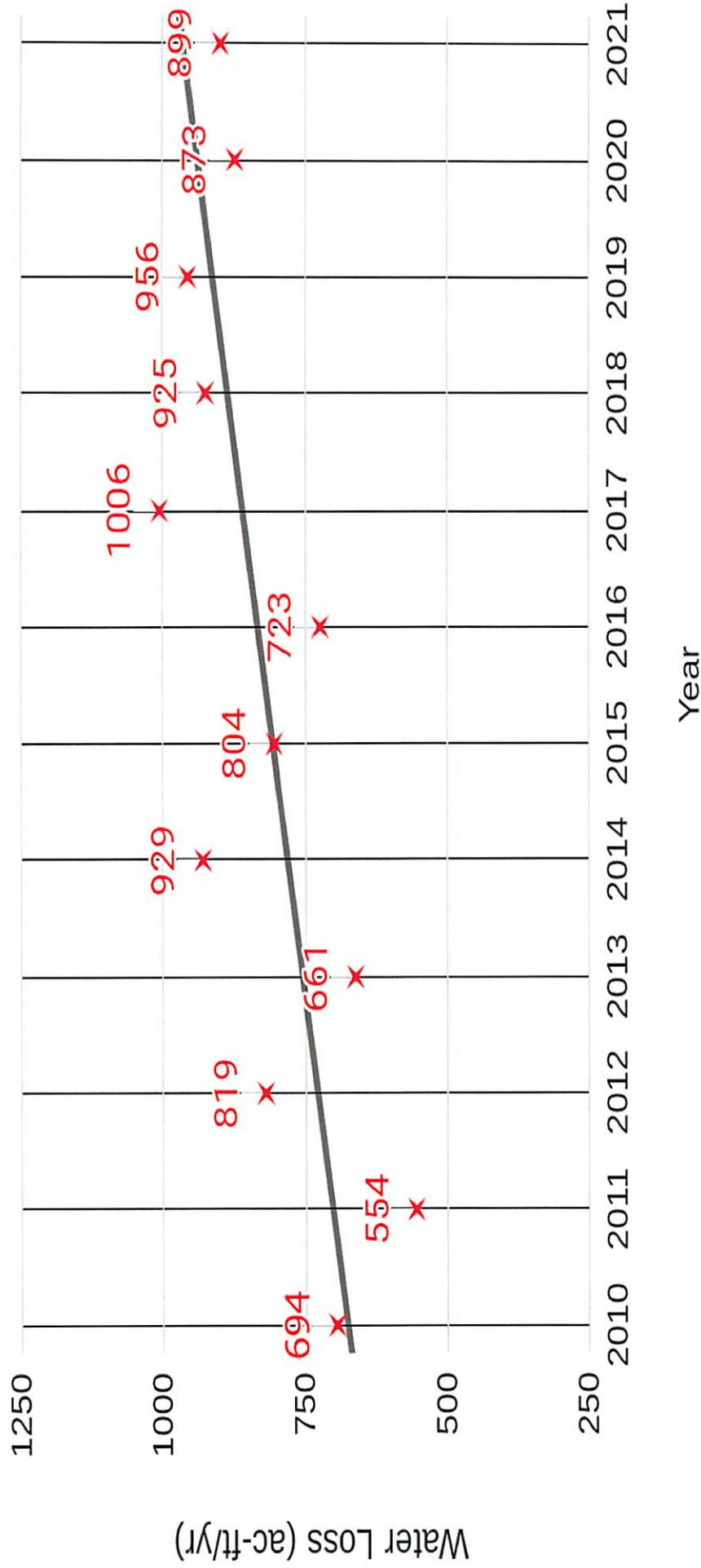
By: Taylor Hancey and
Korbin Macht

- According to the Colorado Water Plan, Colorado municipal water supplies lose 12% of water due to leaks. However we lose 41% of water. By fixing our leaks we can reduce our demand for water.



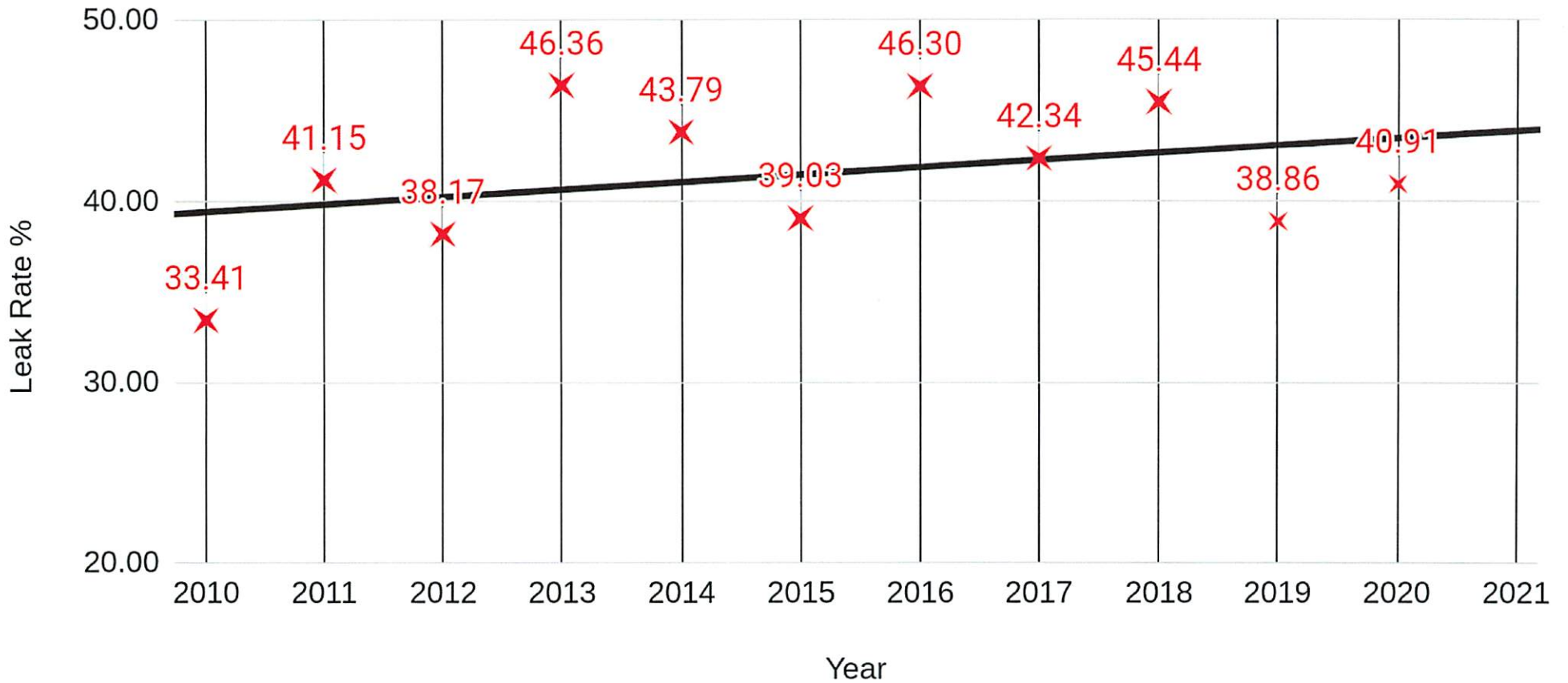
Water Loss Over Time

✕ Water Loss (ac-ft/yr) — $26.4 \cdot x + -52314$ $R^2 = 0.482$



Water % Loss over time

x 38.65 — $0.406x + -776$ $R^2 = 0.115$





Coyote Hill Head Cuts

By Michael Thomas and Joaquin Talamante

What are head cuts?



A head cut is an erosional feature on an intermittent or perennial streams. Head cuts are bad because they erode top soil, and send all of the dirt down stream, where it settles in lakes, and slowly starts filling the in lake.

Coyote Hill Headcut



Where the head cut will be next year.

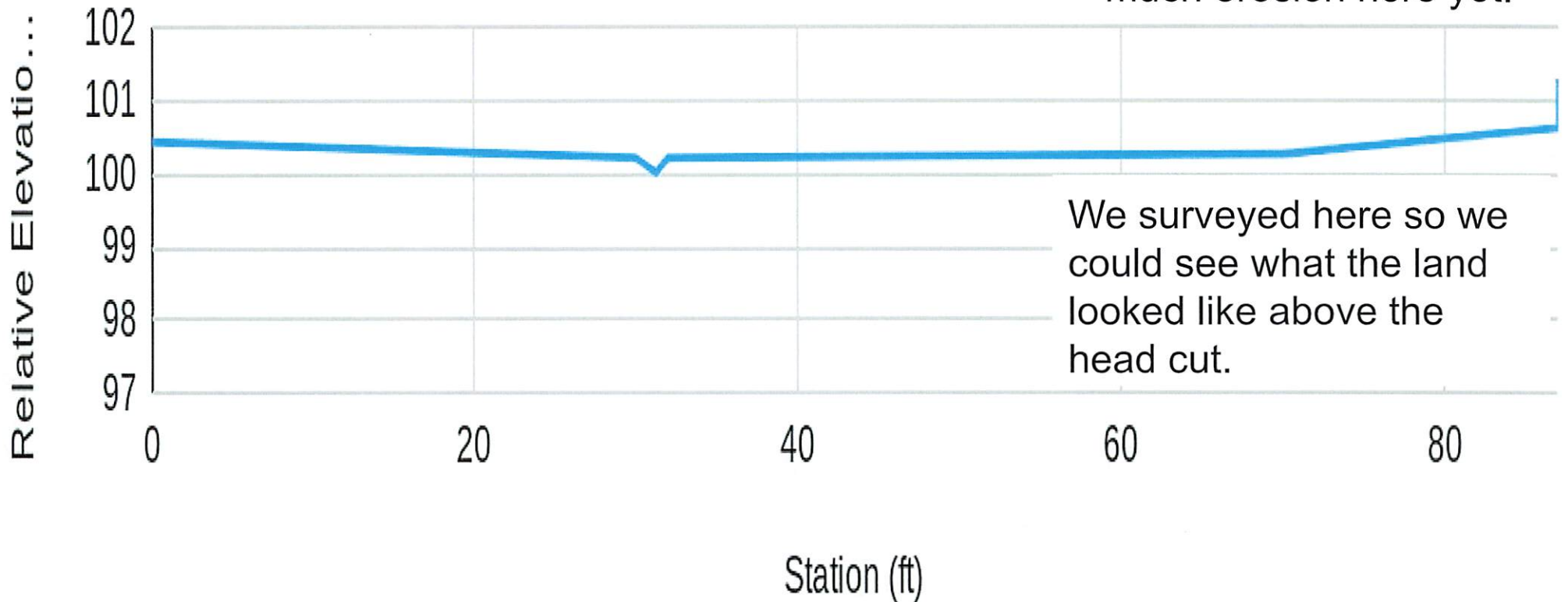
At Head Cut

Below Head Cut

At Coyote Hill Headcut

4/19/23

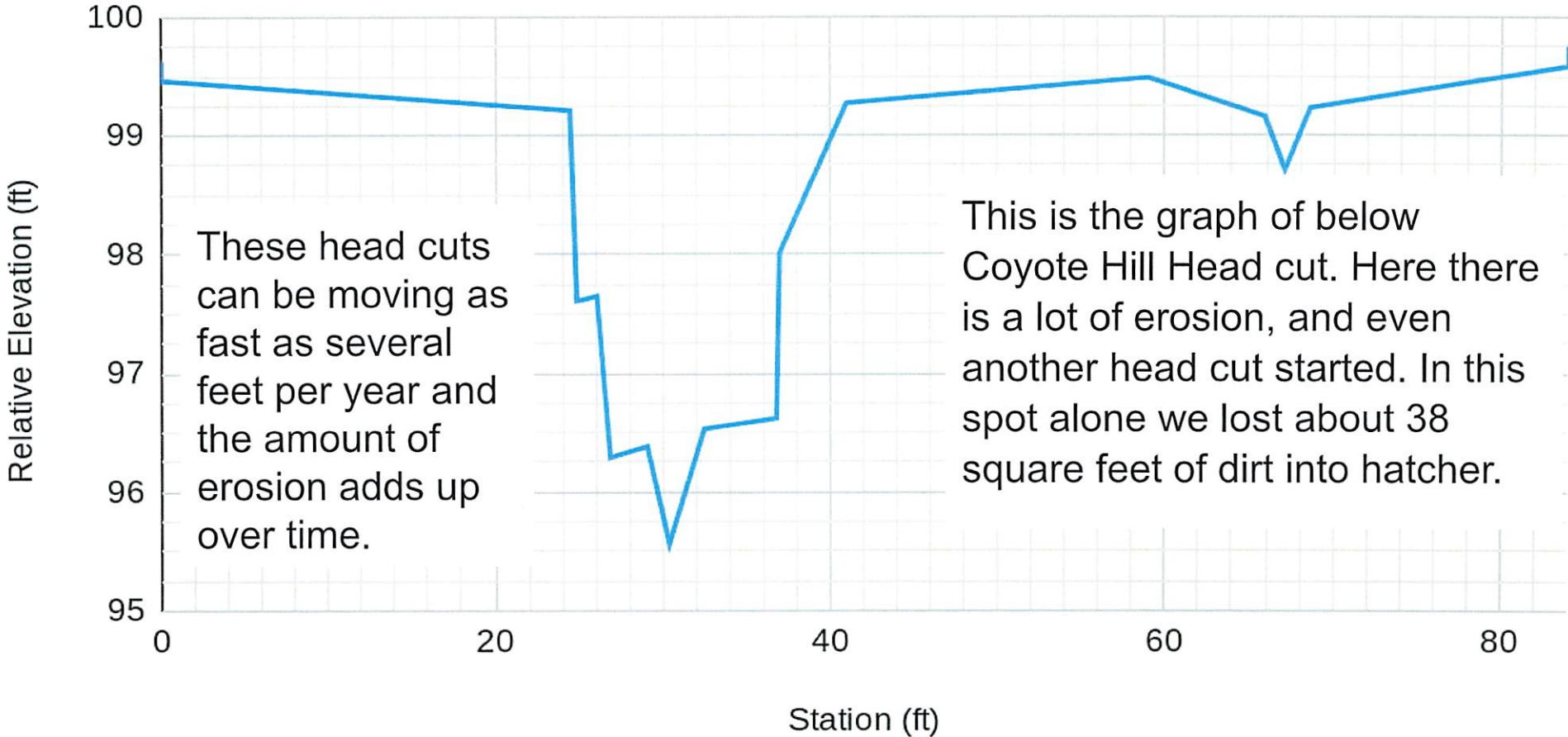
This is the graph that we made at the top of the head cut. As you can see there is not much erosion here yet.



We surveyed here so we could see what the land looked like above the head cut.

Coyote Hill Below Headcut

4/27/23



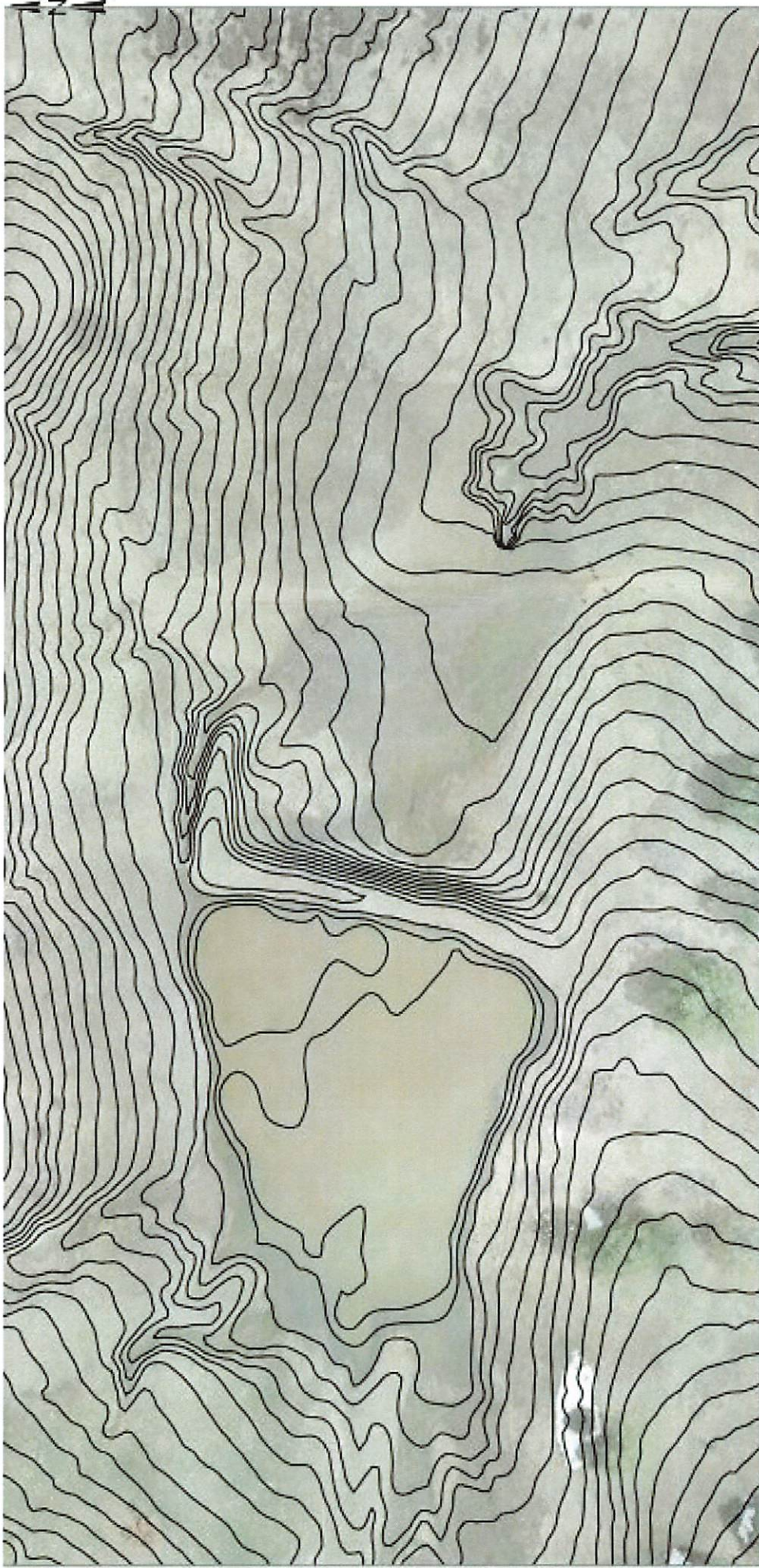
These head cuts can be moving as fast as several feet per year and the amount of erosion adds up over time.

This is the graph of below Coyote Hill Head cut. Here there is a lot of erosion, and even another head cut started. In this spot alone we lost about 38 square feet of dirt into hatcher.

The background image shows a wide river valley. In the foreground, there is a field of tall, dry, yellowish-brown grasses. The middle ground features a river winding through a valley with some trees and a small structure. The background consists of a dense forest of tall, thin trees under a clear sky. A semi-transparent grey box covers the left portion of the image, containing the title and a bulleted list.

Negative Impacts

- There are at least a dozen head cuts in the Lake Hatcher watershed
- If all of them lose the 38 cubic feet a year that is 456 cubic feet of settlement that settles in Hatcher every year.
- Some of this dirt will make its way into the filtration system and might clog it up.



This is an image taken from a drone



MEYER
hydro solutions
824 E 9th Ave. Pagosa Springs, CO 81427
Tel: 970.244.7388 www.meyerhydro.com

COYOTE LOOP HEADCUT	Sheet
PAGOSA SPRINGS, CO	1
DRONE PHOTOGRAMMETRY	of
	2
SCALE: 1" = 60 FT	DATE: 9/9/2023



Right next to the stock pond there is another headcut. This headcut is right next to a stock pond. It is about 10 feet from the water. If it were about to hit the water it would drain the lake, and make the bigger headcut erode even faster.

Recommendation/ Conclusion

- **Watering Season**
- **Factors predicting water sales the following year**
- **Supply and Demand**
- **How to be more efficient with water the water supply**
- **Ways to store water**
- **How to decrease erosion**

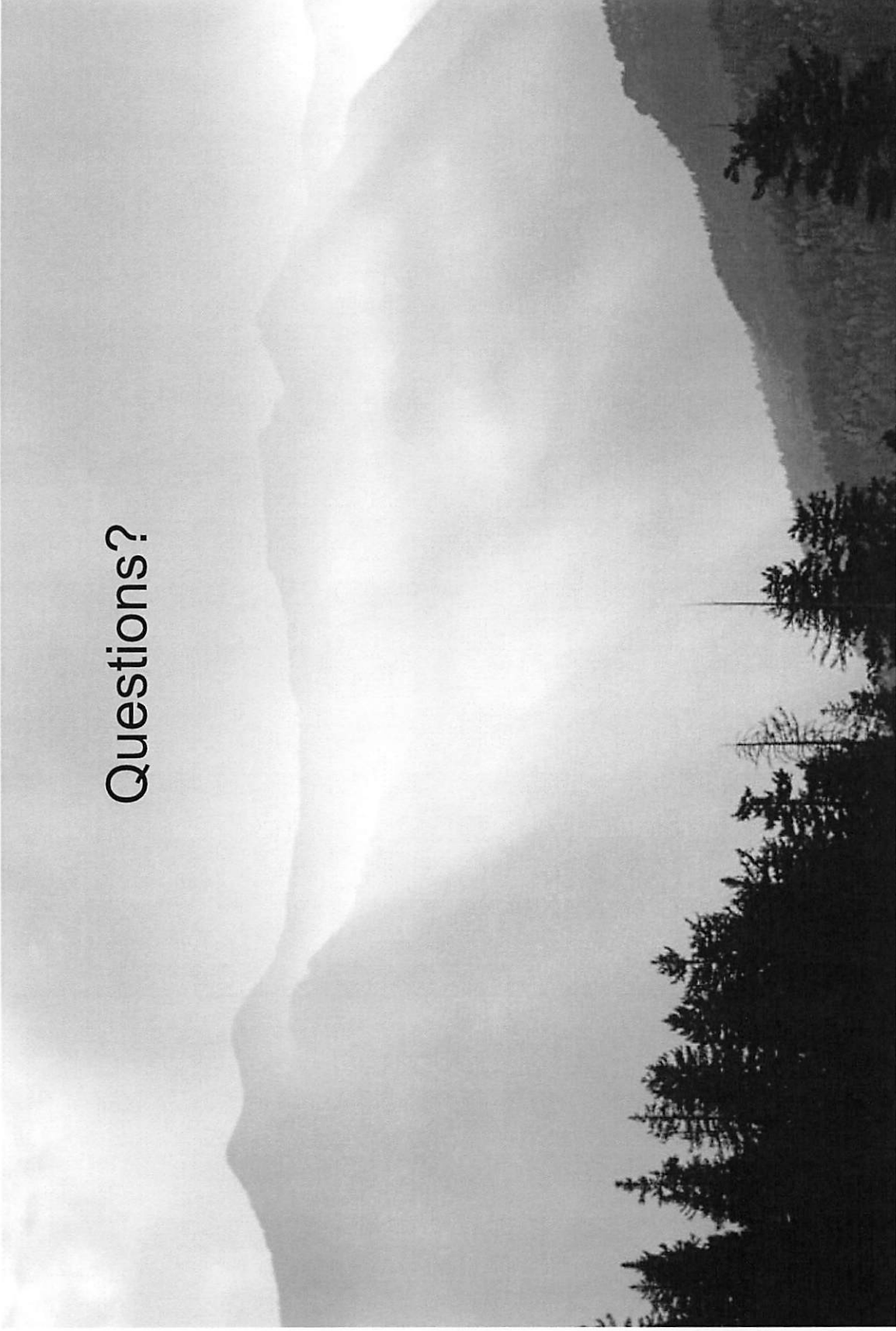






Rain Barrel

Questions?



1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **May 25, 2023 SPECIAL MEETING**
4

5 **Call to Order**

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

8
9 **Attendance**

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

12 In attendance from staff: Justin Ramsey, Aaron Burns, and Cyndi Foster. Also present: Josh Pike, Chad
13 Hill, and Ryan Welu.

14
15 **Public Comment**

16 There was no public comment.
17

18 **Consideration of PCL's CMAR Contract**

19 Justin Ramsey explained that the PCL contract is for the construction of the Snowball Water Treatment
20 Plant. This contract is one of three contracts: PCL, Suez, and Palls. The numbers for both the Suez and
21 Palls contracts are included in PCL's contract. Justin Ramsey explained the reasons PAWSD is upgrading
22 the Snowball Water Treatment Plant is due to regulatory requirements, the existing plant has reached
23 its expected operational life, community growth, water source flexibility, and to use of the entirety of
24 the West Fork water rights. The PAWSD Board reviewed the contract and Director Tautges made a
25 motion to approve the PCL contract as written. The motion was seconded by Director Walsh. The
26 motion passed with a vote of 4 in favor. Director Hudson was unable to vote due to technical issues on
27 zoom.
28

29 **Consideration of Suez Contract**

30 Justin Ramsey explained that the Suez contract is for pre-treatment/construction and materials for the
31 Snowball Water Treatment Plant. The contract contains design work and materials. He continued to
32 explain that this contract is one that had been previously approved by the PAWSD Board and that the
33 cost has not changed since it was approved previously. Director Tautges made a motion to approve the
34 Suez contract and was seconded by Director Walsh. The motion passed with a vote of 4 in favor.
35 Director Hudson was unable to vote due to technical issues on zoom.
36

37 **Consideration of Palls Contract**

38 The Palls contract was not received in time to be presented to the board for consideration.
39

40 **Manager Talking Points**

41 Justin Ramsey suggested that PAWSD hire Renee Lewis to assist with manager responsibilities at least
42 during the construction of the Snowball Water Treatment Plant since it will require a lot of his time be
43 spent working on the project. The PAWSD Board all agreed that it is a good idea.
44

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

46 There being no other business brought before the board, a motion was made by Director Walsh to
47 adjourn the meeting at 5:53 p.m. and seconded by Director Tautges. The motion passed unanimously.

48 Respectfully submitted,

49 A handwritten signature in black ink that reads "Bill Hudson". The signature is written in a cursive style with a long horizontal stroke at the end.

51
52 Bill Hudson

53 Secretary

1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **June 8, 2023 REGULAR MEETING**
4

5 **Call to Order**

6 The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to
7 order by Chairman Smith at 5:03 p.m.
8

9 **Attendance**

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

12 In attendance from staff: Justin Ramsey and Cyndi Foster. Also present: Josh Pike and Aaron Millburn.
13

14 **Approval of Minutes- 5/11/2023 Regular Meeting**

15 Director Hudson asked for the attendance to be revised, adding Paul Hansen and Director Walsh asked
16 for the attendance to be revised, adding Bill Hudson. Director Hudson made a motion to approve the
17 minutes with the revisions and was seconded by Director Walsh. The motion passed unanimously.
18

19 **Public Comment**

20 There was no public comment.
21

22 **Consideration of Palls Contract**

23 Justin Ramsey explained that the Palls contract is for the filtration units for the Snowball Water
24 Treatment Plant. Just like the Suez contract, once the Palls contract is approved, it will be written over
25 to PCL to take the contract over. Justin Ramsey continued to explain that the money involved in the
26 Pall's contract has already been included in the approved PCL contract and that the number did not
27 change. Director Walsh inquired about the membrane replacement price which listed \$4,200 or ¾ of list
28 price, whichever is greater. Justin Ramsey said that it is likely a typo and should say whichever is less,
29 not greater. Justin Ramsey said PAWSD will make the revision and initial it and send it to Palls to initial
30 as well. Director Walsh made a motion to approve the Palls contract with the correction and was
31 seconded by Director Tautges. The motion passed unanimously.
32

33 **Consideration of Resolution 2023-05 HMP Adoption**

34 Justin Ramsey explained that this resolution is to adopt Archuleta County's Hazard Mitigation Plan.
35 There is a section within the plan that PAWSD reviews and explains what PAWSD will do. Justin Ramsey
36 said he reviewed the plan and has no problems with it. Director Hudson discussed that there are two
37 things within the plan that he would like to have modified if possible. The population projections the
38 county has listed are not accurate and need to be changed and the town having a pumping system
39 failure is not included as a possible environmental disaster and it should be. Justin Ramsey said he would
40 send the requests to Ryan Foster with Archuleta County and request to have the population projection
41 modified and to include town pumping system failure into the plan as a possible environmental disaster.
42 Director Hudson made a motion to table Resolution 2023-05 HMP Adoption with a request to the
43 county to make those modifications and seconded by Director Walsh. The motion passed unanimously.
44
45

46 **Consideration of Mainline Extension for 510 Apache St.**

47 Justin Ramsey explained that this mainline extension is for an apartment complex. It benefits PAWSD
48 because it takes a dead-end line and turns it into a loop. It will be a 6" line that will not have any fire
49 hydrants. The property owners of 510 Apache St. will have to build the mainline per PAWSD specs and
50 details and PAWSD will inspect throughout the process. Once it is done, the mainline will be quit claim
51 deeded to PAWSD and the property owners will have to bond it for 2 years after that. Director Hudson
52 made a motion to approve the mainline extension for 510 Apache St. and was seconded by Director
53 Walsh. The motion passed unanimously.

54

55 **Consideration of Inclusion for 5053 CR 200 Fourmile Ranch**

56 Justin Ramsey explained that this inclusion is for a property on top of CR 200 that neighbors Kalei
57 Pitchers property. Water modeling has been done for the inclusion and the plan is to have multiple units
58 on the property. Director Tautges asked if any fire flow was included in the modeling to which Justin
59 Ramsey answered no, fire flow was not included because it was not requested by 5053 CR 200 and is
60 only done if requested. Director Walsh expressed his concern if this property were to connect to PSSGID
61 in the future and requested this property have the same stipulations as the Pagosa Views. PAWSD was
62 directed by the board to set up a public hearing at the next regularly scheduled board meeting in August
63 and to include the future PSSGID connection stipulation with the inclusion.

64

65 **Consideration of Mainline Extension for 5053 CR 200 Fourmile Ranch**

66 Justin Ramsey explained that if 5053 CR 200 is approved for inclusion, they plan to do a mainline
67 extension. The mainline extension will be an 8" line that will extend the current mainline on CR 200
68 toward the end of Snowball Road, it will not create a loop. Justin continued to explain that there are
69 currently 3 properties on CR 200 that plan to aid in financing the mainline extension, so they have a
70 shorter service line. Director Walsh made a motion to approve the mainline extension for 5053 CR 200
71 Fourmile Ranch and was seconded by Director Tautges. Director Hudson abstained from the vote since
72 the inclusion for 5053 CR 200 has not been approved yet. The motion carried 4 in favor, 1 abstained.

73

74 **Manager Talking Points**

75 Justin Ramsey discussed water loss numbers and explained that water loss is still climbing and suspects
76 that meters going bad is the biggest issue. PAWSD is continuing to look into the best option to test
77 meter functionality and found that there is a water district in Fort Collins that can test the meters if we
78 send them off to them. Director Hurley asked if any of the companies that PAWSD buys meters from will
79 test the meters for PAWSD if PAWSD enters a contract with them. Justin Ramsey said he's not sure but
80 will look into it. Director Walsh recommended PAWSD starts out doing preliminary smaller scale
81 targeted testing potentially with Fort Collins since PAWSD has large projects in the works right now.
82 Justin Ramsey discussed with the board that PCL has proposed to use the Running Iron Ranch parcel for
83 RV sites for their workers while they are working on the Snowball Water Treatment Plant. PCL said they
84 would be willing to pay \$300-\$400 monthly per camper if there were no utilities and \$800 monthly per
85 camper if there were utilities. The PAWSD board agreed the idea is favorable and would like to revisit
86 when there is more information. Justin Ramsey explained that there had been a couple of meetings with
87 Stantec regarding the rate study. Without changing the Capital Investment Fee, wastewater is projected
88 to go up to around \$140 monthly and water is projected to go up to around \$60 monthly. If the Capital
89 Investment Fee were to go up, the monthly wastewater and water cost will go down, which is what
90 Stantec is looking at now. Justin Ramsey said there might be a special meeting in July to discuss this with

91 Stantec if Stantec is ready to present their numbers. Justin Ramsey explained that there is a meeting set
92 up with the state and CDPHE to discuss Reg. 85 on June 20th. Senator Simpson has agreed to attend as
93 well as Karl Johnson who is Pagosa's new town Utilities Director. Town of Pagosa Springs Sanitation has
94 hired an engineer and is moving forward.

95

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

97 There being no other business brought before the board, a motion was made by Director Tautges to
98 adjourn the meeting at 6:13 p.m. and seconded by Director Hurley. The motion passed unanimously.

99

100

101 Respectfully submitted,

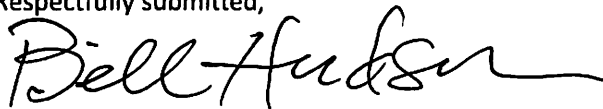
102

103

104

105 Bill Hudson

106 Secretary

A handwritten signature in black ink that reads "Bill Hudson". The signature is written in a cursive style with a long, sweeping underline.

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RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
June 22, 2023 SPECIAL MEETING

Call to Order

The Special Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Smith at 3:00 p.m.

Attendance

The following Directors were present: Jim Smith, Glenn Walsh, Bill Hudson, and Gene Tautges. In attendance from staff: Justin Ramsey, Aaron Burns, and Cyndi Foster. Also present: Josh Pike, and Steve Omer.

Public Comment

There was no public comment.

Consideration of Plummer Associates Contract

Justin Ramsey explained that PAWSD received a notice of violation from the state because of the sewer overflows that occurred during spring runoff. The notice of violation came with a compliance schedule. One of the requirements listed on the compliance schedule is for PAWSD to hire a 3rd party company to investigate various things like testing the soil for contamination, a remediation plan if the soil is contaminated, and a long-term report on how PAWSD plans to minimize I & I. This contract with Plummer Associates is to meet various requirements listed on the compliance schedule. Director Walsh asked a few questions regarding the state's requirement for 25% improvement every year for 4 years. Justin Ramsey explained that 25% improvement each year is not doable because of what it would cost and not having enough contractors to do the work. Justin Ramsey said there will be a meeting with the state to come up with a plan. At this meeting they will also discuss and negotiate the 25% yearly improvement rate. Justin Ramsey explained that PAWSD has been regularly cleaning out sewer lines and videoing the sewer lines to identify and document any areas that need repaired. PAWSD currently spends 1 million dollars each year fixing these identified issues. Director Hudson noted that under compensation on the amended contract, "not to exceed" is struck through next to the total of \$67,820 and it should not be struck through. Steve Omer with Plummer Associates confirmed the \$67,820 total number listed under compensation is a not to exceed number. Director Hudson made a motion to approve the Plummer Associates contract with the understanding that strikethrough on "not to exceed" next to the total number of \$67,820 under compensation is a typo. The motion was seconded by Director Walsh. The motion passed unanimously.

Discussion of the 6/20/2023 meeting with CDPHE

Justin Ramsey explained that there is no way a new wastewater treatment plant will be built by December 31st, 2024, so Steve Omer with Plummer Associates has come up with an idea for a plan that can likely be done in the next year and a half to keep PAWSD in compliance with Reg. 85. At the meeting with CDPHE, they discussed the background and moving parts involved with this project. Justin Ramsey said CDPHE did not give an answer but seemed receptive to the benefits. Justin Ramsey explained that the potential plan from Plummer Associates would not be a fix but would be a "band aide". Steve Omer explained that the plan could potentially be put together and approved by CDPHE by the December 31st, 2023, deadline. Plummer Associates will provide PAWSD with the plan and the cost estimate for the plan as soon as possible considering this needs to move forward quickly to meet the deadline. The PAWSD

48 board said they are all interested in the alternative approach plan to meet the next compliance deadline
49 to avoid penalties and provided Justin Ramsey with direction to move forward with Plummer Associates
50 on the plan.

51

52 **Manager Talking Points**

53 Justin Ramsey said regarding public river access on the Running Iron Ranch, he had just received a
54 contract from the county attorney before the meeting began. Mr. Ramsey said has not looked at it yet
55 but would send it out to the board to be reviewed so it can be discussed at a future board meeting.

56

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

58 There being no other business brought before the board, a motion was made by Director Hudson to
59 adjourn the meeting at 4:03 p.m. and seconded by Director Walsh. The motion passed unanimously.

60 Respectfully submitted,

61

62

63

64

65

A handwritten signature in black ink that reads "Bill Hudson". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Bill Hudson

Secretary

1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **July 12, 2023 SPECIAL MEETING**
4

5 **Call to Order**

6 The Special Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to
7 order by Chairman Smith at 1:00 p.m.
8

9 **Attendance**

10 The following Directors were present: Jim Smith, Bill Hudson, Peter Hurley, and Gene Tautges.
11 In attendance from staff: Justin Ramsey, Aaron Burns, and Cyndi Foster. Also present: Josh Pike, Chad
12 Hill, and Nate Trivisono.
13

14 **Approval of Minutes- 5/25/2023 Special Meeting & 6/8/2023 Regular Meeting**

15 The Directors reviewed the minutes from the 5/25/2023 Special Meeting and 6/8/2023 Regular Meeting
16 and had no revisions. Director Hurley made a motion to approve the minutes as presented and was
17 seconded by Director Hudson. The motion passed 3 in favor. Director Tautges was unable to vote due to
18 technical issues on Zoom.
19

20 **Public Comment**

21 There was no public comment.
22

23 **Consideration of Trautner Agreement**

24 Justin Ramsey explained that Trautner is a geotechnical firm out of Durango that PAWSD has used in
25 past projects. Trautner will be doing required testing during the construction of the Snowball Water
26 Treatment Plant. This testing will include compaction, soil, fill, etc. A motion was made by Director
27 Hurley to accept the Trautner agreement and was seconded by Director Hudson. The motion passed 3 in
28 favor. Director Tautges was unable to vote due to technical issues on Zoom.
29

30 **Consideration of LPEA Agreement**

31 Justin Ramsey explained that the LPEA agreement was originally included in the agreement with PCL but
32 LPEA won't sign a contract with anyone that isn't the owner of the property. A motion was made by
33 Director Hudson to approve the contract with LPEA and seconded by Director Hurley. The motion
34 passed 3 in favor. Director Tautges was unable to vote due to technical issues on Zoom.
35

36 **Consideration of SGM Agreement**

37 Justin Ramsey explained that this is an amendment for construction to the contract with SGM that's
38 already been approved. A motion was made by Director Hudson to accept the amendment to the
39 contract with SGM and seconded by Director Hurley. The motion passed unanimously.
40

41 **Consideration of Hot Springs Mainline Extension**

42 Justin Ramsey explained that the extension would be a 6" loop that ties onto an existing 8" line. In the
43 process of the extension, it is planned that a portion of the existing 8" line will be repaired. This mainline
44 extension will allow the Hot Springs to connect the new hotel to water service without having a long
45 service line. Director Smith asked how many rooms will be in the new hotel and Nate Trivisono
46 answered 78 rooms. Justin Ramsey explained that a water model was run for this project when the Hot
47 Springs Resort decided to purchase additional EU's and based on the data, the hotel will have 16 total

48 EU's. A motion was made by Director Hurley to approve the Hot Springs mainline extension and
49 seconded by Director Hudson. The motion passed unanimously.

50

51 **Manager Talking Points**

52 Just said PAWSD has started testing meters. The first meter tested was under reporting by 40% but
53 doesn't have enough data yet to know anything more at this time. PAWSD will continue to conduct
54 testing to gather more data. Justin Ramsey said Renee Lewis has accepted a position at PAWSD and will
55 start July 31st. Justin Ramsey said that PAWSD attorneys are working on a contract for PCL's RV spots on
56 the Running Iron Ranch. Aaron Burns mentioned that a special meeting will need to be called at the end
57 of the month for the audit presentation. Director Hurley expressed his concern regarding Director
58 Hudson's comments during the last SJWCD meeting's public comment. Director Hurley and Director
59 Smith both spoke to the confusion as to whom Director Hudson was representing when he spoke during
60 the SJWCD public comment. Director Hudson disagreed with Director Hurley's concerns. The PAWSD
61 board decided it would be beneficial for the PAWSD board to receive some legal guidance and training
62 regarding the issue. PAWSD staff were directed to research training on the matter and schedule a
63 training at a future meeting.

64

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

66 There being no other business brought before the board, a motion was made by Director Hurley to
67 adjourn the meeting at 1:46 p.m. and seconded by Director Hudson. The motion passed unanimously.
68 Respectfully submitted,

69

70

71

72

73



Bill Hudson
Secretary

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
July 27, 2023 SPECIAL MEETING

Call to Order

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

Attendance

The following Directors were present: Jim Smith, Glenn Walsh Peter Hurley, and Gene Tautges. In attendance from staff: Justin Ramsey, Aaron Burns, and Cyndi Foster. Also present: Josh Pike, and Ronny Farmer.

Public Comment

There was no public comment.

Consideration of Park Ditch Support Letter

Justin Ramsey explained that a meeting was held where it was decided that two parshall flumes are needed on the park ditch at the Running Iron Ranch Property so the exact amount of water being used for irrigation on the Running Iron Ranch can be measured. PAWSD is a major Park Ditch shareholder and would be expected to pay approximately 60% of the cost for this installation. The SJWCD put together a grant to fund this project through the CWCB. This letter states that PAWSD is in support of the grant application. A motion was made by Director Tautges to approve the Park Ditch Support Letter and seconded by Director Hurley. The motion passed unanimously.

Consideration of 2022 Audited Financial Statements

Ronny Farmer with rfarmer, llc. presented the 2022 Audited Financial Statements (copy attached), reviewing the different components of the audit, highlighting the management's discussion and analysis, details regarding the different funds, and the financial statements. Ronny Farmer recommended that by the end of 2023, PAWSD close out the debt service fund since it is not being used and won't incur any funding in the future. Ronny Farmer further explained that PAWSD would need to pass a resolution to transfer the remaining money from the debt service fund to the general fund, so PAWSD only has one governmental fund which would be the general fund. Director Hurley asked what system investment fee is in which Ronny Farmer answered that it is an additional charge that is used for capital purchases and capital outlay that is not considered an operating fee. Justin Ramsey added, PAWSD calls this fee the capital investment fee. Justin Ramsey asked Ronny Farmer if he sees any issue with combining the raw water acquisition fee with the capital investment fee and labeling the fee capital investment fee instead of having both fees. Ronny Farmer replied that as long as the appropriate amount of money is in the fund, what it is called doesn't matter. Director Hurley explained that to his understanding, the personnel expense is allocated over the funds and asked if that was correct in which Ronny Farmer replied, that is correct. Following the questions from the Board, a motion was made by Director Tautges and seconded by Director Hurley to approve the 2022 Audited Financial Statements. The motion passed unanimously.

Manager Talking Points

Justin Ramsey said he would like to push the August meeting back to August 17th or 24th to assure Stantec would be prepared to present the rate study. The board decided the 24th would work best for the meeting, so the August Regular Board meeting will be rescheduled from August 10th to August 24th.

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

51 There being no other business brought before the board, a motion was made by Director Hurley to
52 adjourn the meeting at 1:41 p.m. and seconded by Director Tautges. The motion passed unanimously.

53 Respectfully submitted,

54
55 

56
57 Bill Hudson

58 Secretary

Pagosa Area Water and Sanitation District

Financial Statements

December 31, 2022

COPY RE: 7-27-23 Minutes

Pagosa Area Water and Sanitation District
Table of Contents
December 31, 2022

	Page
Financial Section	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	ii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Governmental Funds	
Balance Sheet	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	9
Proprietary Funds	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Fund Net Position	11
Statement of Cash Flows	12
Notes to the Basic Financial Statements	14
Required Supplementary Information	
Budgetary Comparison Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis)	
General Fund	33
Notes to Required Supplementary Information	34
Other Supplementary Information	
Budgetary Comparison Schedules	
Governmental Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis)	
Debt Service Fund	36
Enterprise Funds	
Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual (Budgetary Basis)	
Water Fund	37
Wastewater Fund	42

Independent Auditor's Report

Board of Directors
Pagosa Area Water and Sanitation District

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund, of Pagosa Area Water and Sanitation District (the "District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the District as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, including the combining and individual nonmajor fund budget to actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund budget to actual schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

rfarmer, llc

July 19, 2023

COPY RE: 7-27-23 Minutes

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Pagosa Area Water and Sanitation District (the District) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the year ended December 31, 2022.

This section provides a summary of the District's financial performance. It contains an overview and analysis of the District's financial activities for the year ended December 31, 2022. The financial statements are an integral part of this analysis and should be read in conjunction with this document.

FINANCIAL HIGHLIGHTS

1. The District's net positions total \$84,338,689; this is an increase of \$2,155,174 from the previous year.
2. Operating expenses of \$10,191,497 exceeded operating revenues of \$9,003,877 by \$1,187,620.
3. General revenues total \$3,296,867.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of four parts: management's discussion and analysis, basic financial statements including the notes to the financial statements, required supplementary information and other supplementary information.

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Pagosa Area Water and Sanitation District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements present information for the governmental funds and the business-type activities.

The *Statement of Net Position* (see page 4) presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* (see page 5) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported on the accrual basis as soon as the underlying event giving rise to the change occurs,

regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements (beginning on page 5). However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The financial statements presented for the governmental funds are the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balances*.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Pagosa Area Water and Sanitation District has two governmental funds: the General Fund and Debt Service Fund. The District considers both of these funds important to financial statement users and has presented them all as major funds.

Proprietary Funds. Proprietary fund accounting uses the same basis of accounting as private-sector business enterprises. The District uses two enterprise funds: Water Fund and Wastewater Fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used.

Revenue is recorded when earned and expenses are recorded when incurred. The proprietary fund basic financial statements include a *Statement of Net Position*, a *Statement of Revenues, Expenses and Changes in Fund Net Position*, and a *Statement of Cash Flows* (beginning on page 10).

The *Statement of Net Position* presents information on the assets and liabilities of the District's enterprise funds, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District's enterprise funds is improving or deteriorating.

The *Statement of Revenue, Expenses and Changes in Fund Net Position* reports the operating revenues and expenses and non-operating revenues and expenses of the District's enterprise funds for the year with the difference - the net income or loss - being combined with any capital contributions to determine the net change in position for the fiscal year. That change combined with the net position at the end of the previous year total to the net position at the end of the current fiscal year.

The *Statement of Cash Flows* reports cash and cash equivalent activities of the two enterprise funds for the fiscal year resulting from operating activities, capital and related financing activities, noncapital financing activities and investing activities. The net result of these activities added to the beginning of the year cash balance total to the cash and cash equivalent balance at the end of the current year.

The District adopts an annual appropriated budget for each of its funds. Budgetary comparison statements have been provided for the General Fund as Required Supplementary Information in the audited financial statements; budget comparisons for the Debt Service Fund, Water Fund and Wastewater Fund are presented in Other Supplementary Information in the audited financial statements to demonstrate compliance with their budgets.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 14 to 32 of this report.

FINANCIAL POLICY PRIORITIES

The financial goal of the District is to operate in a cost efficient manner that is similar to the practices of private enterprise. The District annually reviews its financial policies to assess their impact upon financial activities. Policies that affected financial activities are:

1. Growth pays its own way.
2. Debt service is funded from user fees and property taxes.
3. Administration and operations are funded from user fees, property taxes and specific ownership taxes.
4. User fees will fund a portion of capital improvement needs.
5. Capital Investment Fees are earmarked for capital uses.

In 2022, the District completed several construction projects and ended the year with work-in-progress carry over amounts in both of the enterprise funds. As planned, this had the effect of reducing reserves. The District expended \$1,755,521 in 2022 on water projects and \$237,585 on wastewater projects.

Past expansion and improvements have been paid with a combination of user fees, property taxes and bond issues. The District's policies also made it possible for the District to complete the year with cash and investments in all funds of \$13,929,906 of which \$2,877,624 is designated for future construction projects and debt retirement.

Day-to-Day Operational Control of the District

For operational control, the District had 4 funds during 2022: the General Fund, Debt Service Fund, Water Fund and Wastewater Fund.

The General Fund provides for the administration of the District and also transfers monies to other funds. A total of \$375,000 was transferred to other funds. The major sources of revenue are monies collected for property taxes and specific ownership taxes. In 2022, the General Fund collected \$1,205,946. There was a \$182,435 increase in fund balance over the previous year. Transfers to the Water and Wastewater Enterprise Funds have been reduced or will remain

constant to preserve this fund balance in light of the District's election on a referred measure. On May 3, 2016 District voters passed a measure to subject the revenue, collection and spending limits under Article X, Section 20 of the Colorado Constitution (otherwise known as the Taxpayers Bill of Rights) by repealing the ballot issue approved by District voters on May 2, 2000. This action will impact the General Fund by limiting tax revenue while it is not anticipated that General Fund expenses, other than the amount available for transfer to other funds, can be reduced. The ending fund balance in the General Fund at December 31, 2022, was \$1,342,098 of this amount, \$55,000 is set aside as a reserve (see note 13 on page 29 of the financial statements). Non spendable prepaids and inventories are \$12,350 and the remaining balance of \$1,274,748 is undesignated.

The Debt Service Fund records the collection of property taxes for debt service payments on general obligation bonds. In 2022, property taxes collected for debt service were \$1,151,005; \$1,085,000 was paid in principal payments and \$33,006 was paid for interest. The 2022 fund balance for the Debt Service Fund increased by \$12,235 from 2021. The Debt Service Fund balance at the end of 2022 was \$26,167.

The District operates its Water and Wastewater funds as self-supporting enterprises. Revenues received from user fees and other general fund sources are sufficient to cover the day-to-day operating expenses of these funds, as well as assist in the funding of capital improvements.

The Water Fund had an increase in Net Position of \$1,275,147 for 2022. Of this amount, the operating income was \$600,422; non-operating revenues and expenses have a surplus of \$408,235; and \$255,000 was supplied from transfers and a gain/loss on asset disposal. The transfers from the General Fund of \$255,000 are cash additions. At the end of 2022, the Water Fund had a net position of \$56,514,616. Of this amount, \$46,319,292 is invested in capital assets, net of related debt and is not available for future appropriations and \$10,195,324 is unrestricted.

The Wastewater Fund had a decrease in Net Position of \$442,381 for 2022. Of this amount, operating loss was (\$760,117); non-operating revenues and expenses contributed \$197,736; and \$120,000 was from transfers and a gain on asset disposal. The transfers from the General Fund of \$120,000 are cash additions. At the end of 2022, the Wastewater Fund has a net position of \$26,090,922. Of this amount, \$19,602,752 is invested in capital assets, net of related debt and is not available for future appropriations and \$6,488,170 is unrestricted.

Capital projects, including infrastructure and equipment purchases, are funded from a variety of operating and non-operating revenues including bond proceeds and Capital Investment Fees. The District is consciously trying to build reserves sufficient to handle most of the infrastructure expenses that are anticipated in the next ten years.

The District's day-to-day operational control involves many levels of planning, forecasting, and budgeting. Revenues and expenses are allocated to specific functions of the District. The staff presents quarterly financial reports to the Board of Directors. The reports contain revenues and expenditures compared to the adopted budget. It is an essential tool that is critical to the District's long-range financial planning efforts.

**TABLE A:
CONDENSED STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 2,503,808	\$ 2,218,222	\$ 11,629,032	\$ 10,289,204	\$ 14,132,840	\$ 12,507,426
Restricted assets	364,889	1,574,340	3,188,235	4,106,426	3,553,124	5,680,766
Capital assets	-	-	83,262,192	84,426,359	83,262,192	84,426,359
Total assets	2,868,697	3,792,562	98,079,459	98,821,989	100,948,156	102,614,551
Current liabilities	107,932	1,189,134	198,915	1,771,043	306,847	2,960,177
Long-term debt outstanding	-	18,710	15,275,006	15,278,173	15,275,006	15,296,883
Total liabilities	107,932	1,207,844	15,473,921	17,049,216	15,581,853	18,257,060
Deferred Cash In-flows	1,027,614	2,128,048	-	-	1,027,614	2,128,048
Net position:						
Invested in capital assets, net of related debt	364,889	(698,213)	65,922,044	65,464,537	66,286,933	64,766,324
Restricted	68,932	65,042	-	-	68,932	65,042
Unrestricted	1,299,330	1,089,841	16,683,494	16,308,236	17,982,824	17,398,077
Total net position	\$ 1,733,151	\$ 456,670	\$ 82,605,538	\$ 81,772,773	\$ 84,338,689	\$ 82,229,443

**TABLE B:
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Charges for services (Grants/Contributions)	\$ -	\$ -	\$ 9,003,877	\$ 8,875,132	\$ 9,003,877	\$ 8,875,132
Total operating expenses	751,775	728,162	9,439,722	9,006,189	10,191,497	9,734,351
Operating income (loss)	(751,775)	(728,162)	(435,845)	(131,057)	(1,187,620)	(859,219)
General Revenues						
Property taxes and specific ownership taxes	2,356,951	2,384,140	-	-	2,356,951	2,384,140
Gain (Loss) on asset disposal	-	-	-	15,230	-	15,230
Investment earnings & Miscellaneous	46,306	2,370	893,610	228,843	939,916	231,213
General revenues	2,403,257	2,386,510	893,610	244,073	3,296,867	2,630,583
Net income before contributions and transfers	1,651,482	1,658,348	457,765	113,016	2,109,247	1,771,364
Capital contributions	-	-	-	45,928	-	-
Donated assets	-	-	-	-	-	-
Transfers:						
Construction projects	-	-	-	-	-	-
General Fund	(375,000)	(500,000)	375,000	500,000	-	-
Debt Service Fund	-	-	-	-	-	-
Special Revenue Fund	-	-	-	-	-	-
Change in net position	1,276,482	1,158,348	832,765	658,944	2,109,247	1,771,364
Beginning net position	456,669	(701,678)	81,772,773	81,113,829	82,229,442	80,412,151
Rounding and / or Adjustment	-	-	-	-	-	-
Beginning net assets, as corrected	456,669	(701,678)	81,772,773	81,113,829	82,229,442	80,412,151
Ending net position	\$ 1,733,151	\$ 456,670	\$ 82,605,538	\$ 81,772,773	\$ 84,338,689	\$ 82,183,515

Financial Analysis

Condensed Statement of Net Position

A Condensed Statement of Net Position for 2022 and 2021 is shown in Table A on page VI. The District's net position (the difference between assets and liabilities) is one way to measure the financial health of the District. Increases or decreases in the District's net positions are indicators of improving or deteriorating financial health. This, coupled with factors such as population growth, legislative changes or policy changes, provide an integrated assessment of the District's health.

Net positions have increased by \$2,155,174 as a result of operations. The table also shows total restricted assets of \$3,553,124, of this amount \$3,188,235 is designated for future water and wastewater treatment related capital projects that are projected to total approximately \$8,136,000. It is estimated that another \$106,220,000 will be needed to address wastewater treatment needs over the next 20 years; however, that number may undergo substantial revision as a result of changing conditions or regulations in the industry. A revised Capital Improvements Plan was completed in 2023. As of December 31, 2022, governmental activities show a total net position of \$1,733,151, which is an increase of \$1,276,481 from 2021. Net Positions in the business-type activities indicate that \$16,683,494 is unrestricted and available for future appropriations. This is an increase from the prior year. Net position invested in capital assets, net of related debt, of \$65,922,044 are not available for future appropriations.

On a year-to-year basis the District plans to operate within its policies. Operations are expected to produce sufficient income to allow the District to implement its long range plans.

In the capital improvements portion of the budget, annual expenditures may, at times, exceed annual revenues. This is accounted for in the long range financial planning of the District.

Condensed Statement of Revenues, Expenses and Changes in Net Position

A Condensed Statement of Revenues, Expenses and Changes in Net Position are shown in Table B detailing the revenues, expenses, and changes in net positions for 2022 and 2021. An examination of Table B for 2022 shows that the District's change in net positions in the business-type activities is \$832,765; this is an increase from the prior year. Net income before contributions and transfers increased by \$344,749; contributions and transfers decreased by \$125,000. The business-type activities show an operating loss of (\$435,845) for 2022. The business-type activities use transfers from the General Fund to partially meet their operating needs in the amount of \$375,000 in 2022. The operating loss has increased \$304,788 from that of 2021 due to increased capital spending during the year.

The governmental funds use property taxes levied for general purposes to meet operating needs. Governmental activities show an increase in net positions of \$1,276,482.

BUDGETARY HIGHLIGHTS

Pagosa Area Water and Sanitation District did not amend its budget in 2022.

The schedules of revenues and expenses, actual compared to final budget, for the General Fund are included in the required supplementary information. The General Fund budgeted to spend \$1,361,838 and actually spent \$1,055,903.

Budgets for the other governmental fund, the Debt Service Fund, are included in the other supplementary information along with the budgets for the proprietary funds, the Water Fund and the Wastewater Fund.

CAPITAL ASSETS AND DEBT ACTIVITIES

During 2022, the District invested \$1,897,249 in capital projects. Capital projects that were substantially completed in 2022 were:

- Eagle Peak Booster Station Rebuild
- Snowball Water Treatment Plant Engineering
- Vista Wastewater Treatment Plant Engineering
- Lift Station #11 Upgrade

The following projects were Capital projects still in process at the end of 2022:

- Snowball Water Treatment Plant Engineering
- Vista Wastewater Treatment Plant Needs Assessment

At the conclusion of 2022, the District's outstanding debt was \$15,250,321 for various bond and loan issues. The District has drawn all authorized financings. These financings were incurred for the following construction projects:

- Enlargement of Stevens Reservoir and Dutton Ditch Pipeline Extension
- Hatcher Water Treatment Plant Improvements
- Highlands Lagoon and Collection System Improvements
- Dry Gulch Water Storage Project

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors and the management of Pagosa Area Water and Sanitation District consider many factors when setting the budget for 2023. Projected user fees, growth, and Capital Investment Fees are all evaluated and considered before a final budget is adopted. The 2023 budget also attempts to project new expenses associated with operating new treatment plant processes and systems. These expenses are reconciled to projected revenues. Initial estimates show the following additional operating increases (decreases) are anticipated for the 2023 budget year.

The General Fund has budgeted \$1,444,995; this is an increase of \$389,092 over 2022 expenditures.

The Debt Service Fund has budgeted \$58,694; this is a decrease of \$1,093,990 from the 2022 expenditures.

The Water Fund has budgeted \$32,261,208; this is an increase of \$25,509,654 from the 2022 expenditures. This increase is primarily due to construction for the Snowball Water Treatment Plant upgrade.

The Wastewater Fund has budgeted \$6,123,152; this is an increase of \$3,124,243 from the 2022 expenditures. This increase is primarily due to the start of an Inflow & Infiltration Study and increased allowances for lift station upgrades and maintenance.

Capital projects which are scheduled for 2023 are as follows:

- Stevens Reservoir Pipeline & Booster Engineering
- Lift Station 7 upgrade
- Transitioning the SCADA Radio System to Ethernet
- Conex Container Project
- Snowball Water Treatment Plant Construction
- Vista WWTP Engineering
- Wastewater Modelling

CONTACTING THE DISTRICT'S MANAGER

This financial report is designed to provide our citizens, customers, investors, and creditors with the general overview of the District's finances and demonstrates the District's accountability for the money it receives. If you have any questions concerning this report or need additional information please contact Justin Ramsey, Manager of the Pagosa Area Water and Sanitation District at 100 Lyn Avenue, Pagosa Springs, CO.

Basic Financial Statements

COPY RE: 7-27-23 Minutes

Pagosa Area Water and Sanitation District
Statement of Net Position
December 31, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,318,243	\$ 9,734,039	\$ 11,052,282
Receivables	1,173,215	813,009	1,986,224
Inventories	-	1,129,179	1,129,179
Prepaid expenses	12,350	(47,195)	(34,845)
Cash	-	2,877,624	2,877,624
Customer accounts receivable, net	-	310,611	310,611
Capital assets, net of accumulated depreciation	364,889	69,364,912	69,729,801
Construction in progress	-	2,433,111	2,433,111
Due from other governments	-	2,089,821	2,089,821
Other assets	-	9,374,348	9,374,348
Total Non-Current Assets	<u>364,889</u>	<u>86,450,427</u>	<u>86,815,316</u>
Total Assets	<u>2,868,697</u>	<u>98,079,459</u>	<u>100,948,156</u>
LIABILITIES			
Accounts payable and accrued expenses	61,023	(8,678)	52,345
Personal Time Off and retirement	46,909	133,013	179,922
Unearned revenues	-	74,580	74,580
Long-term liabilities			
Due within one year:			
Bonds and loans payable	-	1,523,853	1,523,853
Accrued interest	-	13,255	13,255
Deposits payable	-	2,256	2,256
Due in more than one year:			
Bonds and loans payable	-	13,726,474	13,726,474
Bond premium net of discount	-	9,168	9,168
Total liabilities	<u>107,932</u>	<u>15,473,921</u>	<u>15,581,853</u>
Deferred inflow of resources:			
Deferred Property Taxes	<u>1,027,614</u>	<u>-</u>	<u>1,027,614</u>
NET POSITION			
Net investment in capital assets	364,889	65,922,044	66,286,933
Restricted for:			
Debt Service	13,932	-	13,932
TABOR	55,000	-	55,000
Unrestricted	1,299,330	16,683,494	17,982,824
Total net position	<u>\$ 1,733,151</u>	<u>\$ 82,605,538</u>	<u>\$ 84,338,689</u>

The accompanying notes to financial statements
are an integral part of these statements.

**Pagosa Area Water and Sanitation District
Statement of Activities
For the Year Ended December 31, 2022**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 740,229	\$ -	\$ -	\$ -	\$ (740,229)	\$ -	\$ (740,229)
Interest on Long-term debt	11,546	-	-	-	(11,546)	-	(11,546)
Total governmental activities	751,775	-	-	-	(751,775)	-	(751,775)
Business-type activities:							
Water	6,179,312	6,397,350	-	11,490	-	229,528	229,528
Wastewater	3,260,410	2,595,037	-	-	-	(665,373)	(665,373)
Total business-type activities	9,439,722	8,992,387	-	11,490	-	(435,845)	(435,845)
Total primary government	10,191,497	8,992,387	-	11,490	(751,775)	(435,845)	(1,187,620)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 977,696	\$ -	\$ 977,696
Property taxes, levied for debt service					1,151,005	-	1,151,005
Specific ownership taxes					228,250	-	228,250
Unrestricted investment earnings					29,968	235,111	265,079
Miscellaneous					16,338	658,499	674,837
Transfers					(375,000)	375,000	-
Total general revenues, special items, and transfers					2,028,257	1,268,610	3,296,867
Change in net position					1,276,482	832,765	2,109,247
Net position - beginning					456,669	81,772,773	82,229,442
Net position - ending					\$ 1,733,151	\$ 82,605,538	\$ 84,338,689

The accompanying notes to financial statements
are an integral part of these statements.

Pagosa Area Water and Sanitation District
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Debt Services Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,292,079	\$ 26,167	\$ 1,318,246
Taxes receivable, net	1,012,059	15,555	1,027,614
Taxes receivable, delinquent	145,601		145,601
Prepaid Expenses	12,350	-	12,350
Total assets	2,462,089	41,722	2,503,811
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	61,023	-	61,023
Accrued vacation and retirement	46,909	-	46,909
Total liabilities	107,932	-	107,932
Deferred inflow of resources:			
Deferred property taxes	1,012,059	15,555	1,027,614
Fund balances:			
Non spendable prepaid expense	12,350	-	12,350
Restricted - TABOR	55,000	-	55,000
Unassigned	1,274,748	-	1,274,748
Unreserved, reported in non-major:			
Restricted	-	26,167	26,167
Total fund balances	1,342,098	26,167	1,368,265
Total liabilities and fund balances	\$ 2,462,089	\$ 41,722	\$ 2,503,811

The accompanying notes to financial statements
are an integral part of these statements.

Pagosa Area Water and Sanitation District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2022

Total fund balance, governmental funds	\$	1,368,265
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		364,889
Rounding		<u>(3)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>1,733,151</u></u>

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The accompanying notes to financial statements
are an integral part of these statements.

Pagosa Area Water and Sanitation District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	Debt Services Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 977,696	\$ 1,151,005	\$ 2,128,701
SO Tax	228,250	-	228,250
Investment earnings	16,054	13,914	29,968
Miscellaneous	16,338	-	16,338
Total revenues	<u>1,238,338</u>	<u>1,164,919</u>	<u>2,403,257</u>
EXPENDITURES			
Audit and compilation	24,990	-	24,990
Board expense	4,731	-	4,731
Dues and permits	5,361	-	5,361
Employee expense	827	-	827
Treasurers fees	32,692	34,678	67,370
Fringe benefits	67,809	-	67,809
Insurance general	13,485	-	13,485
Legal fees	9,728	-	9,728
Office expense	51,642	-	51,642
Office maintenance and landscape	12,625	-	12,625
Outside services	72,180	-	72,180
Payroll taxes, vacation and sick pay	24,728	-	24,728
Personnel	323,771	-	323,771
Publications and recording fees	1,691	-	1,691
Repairs and maintenance	1,287	-	1,287
Telephone and utilities	28,207	-	28,207
Travel and training	5,149	-	5,149
Debt Service:			
Principal	-	1,085,000	1,085,000
Interest expense	-	33,006	33,006
Total Expenditures	<u>680,903</u>	<u>1,152,684</u>	<u>1,833,587</u>
Excess (deficiency) of revenues over expenditures	<u>557,435</u>	<u>12,235</u>	<u>569,670</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(375,000)</u>	-	<u>(375,000)</u>
Total other financing sources and uses	<u>(375,000)</u>	-	<u>(375,000)</u>
SPECIAL ITEM			
Net change in fund balances	182,435	12,235	194,670
Fund balances - beginning	1,159,663	13,932	1,173,595
Fund balances - ending	<u>\$ 1,342,098</u>	<u>\$ 26,167</u>	<u>\$ 1,368,265</u>

The accompanying notes to financial statements
are an integral part of these statements.

Pagosa Area Water and Sanitation District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the Year Ended December 31, 2022

Net change in fund balances - total governmental funds:	\$	194,670
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of \$0 was less than depreciation of \$24,648 in the current period.</p>		(24,648)
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.</p>		1,085,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p> <p style="padding-left: 20px;">Amortization of bond premium and decrease in accrued interest payable</p>		<u>21,460</u>
Change in net position of governmental activities	\$	<u><u>1,276,482</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

Pagosa Area Water and Sanitation District
Statement of Net Position
Proprietary Funds
December 31, 2022

	Enterprise Funds		
	Water Fund	Wasterwater Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,741,944	\$ 2,992,097	\$ 9,734,041
Accounts receivable, net	593,851	219,157	813,008
Inventories	1,046,833	82,346	1,129,179
Total current assets	8,382,628	3,293,600	11,676,228
Non-current assets:			
Restricted for capital projects and debt service			
Cash	1,780,497	1,097,127	2,877,624
Customer accounts receivable, net	191,628	118,983	310,611
Prepaid expenses	6,941	(54,136)	(47,195)
Utility system, net of accumulated depreciation	46,774,783	22,590,129	69,364,912
Construction in progress	2,215,258	217,852	2,433,110
Due from other governments	-	2,089,821	2,089,821
Other assets	9,374,348	-	9,374,348
Total non-current assets	60,343,455	26,059,776	86,403,231
Total assets	68,726,083	29,353,376	98,079,459
LIABILITIES			
Current Liabilities:			
Accounts payable	(9,737)	1,059	(8,678)
Other accrued expenses	95,830	50,439	146,269
Unearned revenue	68,853	5,727	74,580
Deposits	2,256	-	2,256
Bonds and loans payable, current portion	1,123,196	400,654	1,523,850
Total current liabilities	1,280,398	457,879	1,738,277
Non-current liabilities:			
Bond premiums net of discount	9,168	-	9,168
Bonds and loans payable	10,921,901	2,804,575	13,726,476
Total non-current liabilities	10,931,069	2,804,575	13,735,644
Total liabilities	12,211,467	3,262,454	15,473,921
NET POSITION			
Net investment in capital assets	46,319,292	19,602,752	65,922,044
Unrestricted	10,195,324	6,488,170	16,683,494
Total net position	\$ 56,514,616	\$ 26,090,922	\$ 82,605,538

The accompanying notes to financial statements
are an integral part of these statements.

Pagosa Area Water and Sanitation District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2022

	Enterprise Fund		Total
	Water Fund	Wasterwater Fund	
REVENUES			
Charges for services	\$ 4,700,355	\$ 1,855,764	\$ 6,556,119
Availability charges	434,491	266,637	701,128
Customer hookups	216,445	26,800	243,245
Late charges	18,675	2,268	20,943
Other operating revenues	960,437	346,094	1,306,531
Total operating revenues	<u>6,330,403</u>	<u>2,497,563</u>	<u>8,827,966</u>
OPERATING EXPENSES			
Source of Supply	636,747	-	636,747
Treatment	2,041,871	1,045,143	3,087,014
Administrative and general	756,243	377,968	1,134,211
Maintenance department	230,452	118,926	349,378
Distribution and collection	2,064,668	1,715,643	3,780,311
Total Operating Expenses	<u>5,729,981</u>	<u>3,257,680</u>	<u>8,987,661</u>
Operating income (loss)	<u>600,422</u>	<u>(760,117)</u>	<u>(159,695)</u>
NON-OPERATING REVENUES (EXPENSES)			
System investment fees	717,183	97,474	814,657
Interest income on delinquent accounts	7,567	-	7,567
Other interest and investment income	105,877	102,992	208,869
Capital expenditures	(184,895)	(2,730)	(187,625)
Interest expense	(263,703)	-	(263,703)
Bond discount and issue costs, net of bond premium	26,206	-	26,206
Total non-operating revenue (expenses)	<u>408,235</u>	<u>197,736</u>	<u>605,971</u>
Income (loss) before contributions and transfers	<u>1,008,657</u>	<u>(562,381)</u>	<u>446,276</u>
Capital contributions	11,490	-	11,490
Transfers in	255,000	120,000	375,000
Change in net position	<u>1,275,147</u>	<u>(442,381)</u>	<u>832,766</u>
Total net position - beginning	<u>55,239,469</u>	<u>26,533,303</u>	<u>81,772,772</u>
Total net position - ending	<u>\$ 56,514,616</u>	<u>\$ 26,090,922</u>	<u>\$ 82,605,538</u>

The accompanying notes to financial statements
are an integral part of these statements.

Pagosa Area Water and Sanitation District
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2022

	Enterprise Fund		Total
	Water Fund	Wastewater Fund	
Cash flows from operating activities:			
Cash received from customers	\$ 6,125,210	\$ 2,537,057	\$ 8,662,267
Cash paid to suppliers	(2,099,199)	(1,795,854)	(3,895,053)
Cash paid for personnel costs	(1,508,428)	(578,704)	(2,087,132)
Net cash flows from Operating Activities	<u>2,517,583</u>	<u>162,499</u>	<u>2,680,082</u>
Cash flows from non-capital financing activities			
Transfers from other funds	255,000	120,000	375,000
Interest on delinquent accounts	7,567	-	7,567
Net cash flows from non-capital financing activities	<u>262,567</u>	<u>120,000</u>	<u>382,567</u>
Cash flows from capital and related financing activities			
System investment fees	717,183	97,474	814,657
Bond principal (payments)	(1,094,618)	(400,654)	(1,495,272)
Payment on bond interest	(238,993)	-	(238,993)
Capital assets acquired or constructed	(1,755,521)	(237,585)	(1,993,106)
Capital expenditures	(184,895)	(2,730)	(187,625)
Net cash flows from capital and financing activities	<u>(2,556,844)</u>	<u>(543,495)</u>	<u>(3,100,339)</u>
Cash flows from investing activities			
Payments received on due from other governments	-	126,405	126,405
Interest income	105,877	102,992	208,869
Net cash flows from investing activities	<u>105,877</u>	<u>229,397</u>	<u>335,274</u>
Net increase (decrease) in cash and cash equivalents	329,183	(31,599)	297,584
Beginning of year	<u>8,193,258</u>	<u>4,120,823</u>	<u>12,314,081</u>
End of year	<u>\$ 8,522,441</u>	<u>\$ 4,089,224</u>	<u>\$ 12,611,665</u>

The accompanying notes to financial statements
are an integral part of these statements.

Pagosa Area Water and Sanitation District
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2022

	Enterprise Fund		
	Water Fund	Wastewater Fund	Total
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	\$ 600,422	\$ (760,117)	\$ (159,695)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	2,267,162	899,741	3,166,903
Changes in assets and liabilities (Increase) decrease in:			
Accounts receivable	(201,499)	40,906	(160,593)
Inventory	(160,556)	24,191	(136,365)
Prepaid expenses	43,521	(10,089)	33,432
Increase (decrease) in:			
Accounts payable	(41,052)	(39,888)	(80,940)
Accrued liabilities	13,279	9,167	22,446
Unearned revenues	(3,694)	(1,412)	(5,106)
Net cash flows from operating activities	<u>\$ 2,517,583</u>	<u>\$ 162,499</u>	<u>\$ 2,680,082</u>

The accompanying notes to financial statements
are an integral part of these statements.

Pagosa Area Water and Sanitation District
Notes to Financial Statements
December 31, 2022

1. Definition of Reporting Entity

A decree signed by the District Court for the Sixth Judicial District of Colorado on March 28, 1977, authorized the formation of a new special district, Pagosa Area Water and Sanitation District (the District), as a successor to the old district, Pagosa Water and Sanitation District. The organizational meeting of the new district was held on April 28, 1977. A Board of Directors meeting, held on January 12, 1978, accepted the conveyance of all properties and liabilities of the old district as required for dissolution.

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization.
- The District appoints a voting majority of the organization's board.
- The District is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the District.
- There is fiscal dependency by the organization on the District.
- The organization is financially accountable to the District.
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District.

Based on the aforementioned criteria, the District does not have any component units.

2. Summary of Significant Accounting Policies

This summary of the Pagosa Area Water and Sanitation District's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

Government-Wide and Fund Financial Statements:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities for the current year.

Basic Financial Statements:

Government-wide financial statements consist of a statement of net position and a statement of activities as well as reconciliations for these statements. These statements report all of the non-fiduciary activities of the primary government; neither fiduciary funds nor component funds that are fiduciary in nature are included. Governmental activities are reported separately from business-type activities. Governmental activities are

normally supported by taxes and intergovernmental revenues whereas business-type activities are normally supported by fees and charges for services and are usually intended by management to be financially self-sustaining.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes and other items, are presented as general revenues.

The effect of interfund activity has been removed from the government-wide financial statements.

Fund financial statements consist of a series of statements focusing on information about the District's major governmental and enterprise funds. Separate financial statements are presented for the governmental and the enterprise funds.

Measurement Focus, Basis of Accounting, and Basis of Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and liabilities are included on the balance sheet, and the fund balance includes only spendable resources. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both "measurable and available." Measurable means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for property taxes, which have been levied to be collected in a subsequent year. Expenditures are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are reported only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources in governmental funds.

The District has the following governmental funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The main source of revenues is from property taxes.

Debt Service Fund - The Debt Service Fund accounts for the servicing of general long-term debt not being financed by proprietary funds. The main source of revenues is from property taxes.

Proprietary Funds reported by the District are as follows:

Enterprise Funds - Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily

through user charges, which are considered operating revenues. Non-operating revenues consist of charges to customers which are used to fund capital improvements, interest, and other investment income. The District's two enterprise funds are the Water Fund and the Wastewater Fund.

Cash and Cash Equivalents:

The District's cash and cash equivalents include amounts that are readily convertible to known amounts of cash, are not subject to significant risk from changes in interest rates and have a maturity of three months or less from the date of acquisition. For cash and cash equivalents, the market value approximates the carrying value. Cash and cash equivalents for purposes of the cash flow statement for the Proprietary Funds, include cash in operating accounts and balances in COLOTRUST.

Deposits are stated at cost, which approximates fair value.

Receivables and Payables:

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The District has substantial delinquent trade receivables. Options available to the District to collect delinquent accounts are disconnection, lien on property, foreclosure, and litigation. Special districts have an automatic lien that is perpetual. In addition, Senate Bill 79 substantially adds to the powers of a special district, where delinquent fees can be certified to the county treasurer and collected with property taxes. The District was first allowed to certify accounts for collection in 1990. Beginning in 2012, the District began using Colorado Central Collection Services for delinquent accounts that had not been previously "certified" to the County Treasurer for collection with property taxes. Each year, additional fees were added to the accounts that had been previously "certified" with the County. In 2017, Archuleta County Treasurer refused to accept additional certifications to those accounts. The District now utilizes Colorado Central Collection Services exclusively to collect on delinquent accounts. The District has also established a reserve for uncollectibles for any accounts not collectible under any of the above alternatives.

Receivables for tap fees are not expected to be collected within a year of billing. Payment schedules for these fees vary. Tap fees owed the District at year-end are reported in the Proprietary Fund Types. Receivables for tap fees are part of non-current assets, customer accounts receivable.

Property tax billings are considered past due after June 16 of each year, at which time the applicable property is subject to lien, and penalties and interest are assessed. An allowance for uncollectible taxes has been estimated in the General Fund based on twenty percent of the total delinquent taxes as of December 31.

Inventories:

Inventories of supplies and materials are valued at the lower of cost or market, using the first in, first out method.

Prepaid Items:

Payments made for services that will benefit periods beyond the end of the current year are recorded as prepaid items.

Restricted Assets:

Certain assets are classified as restricted on the balance sheet because their use is limited.

Assets restricted for debt service are accumulated for the purpose of retiring bond principal and interest.

Assets restricted for construction are used to fund construction projects and purchase fixed assets.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water and wastewater lines), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets capitalized have an original cost of \$5,000 or more and are expected to last longer than three years. Such assets are stated at cost, except for donated assets, which are stated at their fair market value at the time of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed.

Depreciation of all exhaustible capital assets except infrastructure is charged as an expense against their operations or functions, whereas the infrastructure depreciation is unallocated. Property, plant, and equipment in the primary government is depreciated using the straight-line method over the estimated useful lives as follows:

	<u>Estimated Useful Lives in Years</u>
Source of supply	10 - 50
Water Treatment Plants	30 - 50
Sewage treatment plants	30 - 50
Collection, transmission, and distribution system	30 - 50
Buildings	40 - 50
General equipment	5 - 10
Transportation equipment	5 - 10
Computer software	3 - 5

Personal Time Off and Retirement:

Personal Time Off (PTO) is earned and credited at the beginning of the first two pay periods of each month. Regular employees accrue PTO based on their length of continuous employment. During the first year of employment an employee earns 14 days annually with an accrual cap of 112 hours or 14 days. Upon completion of the first year of employment an employee earns 19 days annually with an accrual cap of 304 hours or 38 days. Upon completion of the fifth year of employment, an employee earns 24 days annually with an accrual cap of 384 hours or 48 days. Upon completion of tenth year of employment, an employee earns 29 days with an accrual cap of 464 hours or 59 days.

Employees who do not use their annual accrual of PTO time can carry it over from one year to the next until the employee reaches two (2) times the annual entitlement. Once the PTO balance reaches the accrual cap, accrual ceases until the balance has been reduced.

Instead of taking PTO, an employee can elect to be paid for up to 40 hours of PTO in any one year.

Long-Term Debt:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities fund. Long-term debt and other long-term liabilities are also reported as liabilities in the proprietary fund type statement of net position. Debt premiums or discounts are deferred and amortized over the life of the bonds using the bonds-outstanding method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures in the year the debt is issued.

Net Position/Fund Balances:

The difference between assets and liabilities is “Net Position” on the government-wide and proprietary fund financial statements and “Fund Balance” on the governmental fund financial statements. Net position is divided into invested in capital assets (net of related debt), restricted, and unrestricted. Net positions are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

The District has implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” In the fund financial statements, the following classifications describe the relative strength of spending constraints.

Non-Spendable Fund Balance – The portion of the fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaid amounts) or is legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance constrained for specific purposes according to the limitations imposed by the District’s highest level of decision-making authority, the Board of Directors, or other individuals authorized to assign funds to be used for a specific purpose. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.

Assigned Fund Balance – The portion of fund balance set aside for planned or intended purposes but is neither restricted nor committed. The intended use may be expressed by the Board of Directors or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

When both restricted and unrestricted fund balances are available for use, it is the District’s policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned and unassigned.

Property Taxes:

In the governmental fund financial statements property tax revenue is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized on the levy or lien date. This receivable represents taxes certified by the county to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied in the governmental fund statements. In the government-wide financial statements, which are prepared using full accrual, the revenue is not deferred and is recognized in the current year financial statements.

The District's property taxes, levied by December 15, are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which they are payable. The taxes are payable under two methods: 1) in full on or before April 30, or 2) one-half on or before February 28, and the remaining one-half on or before June 15. All unpaid taxes levied December 31, that are levied for collection in the subsequent calendar year, become delinquent June 16.

The District contributes to the Colorado Retirement Association, a defined contribution pension plan administered by the Colorado Retirement Association. The Colorado Retirement Association (the "Association") was established in 1968 under 24-54-101 et. seq. Colorado Revised Statutes as amended, to serve as trustee and provide continuing administration of a trust fund for retirement benefits of eligible county and municipal officers and county, municipal, and special district employees. The Board can make changes to the plan as needed.

In the defined contribution pension plan, contributions of the employers are combined with employee contributions and invested in income earning instruments for the benefit of plan participants. Any county, municipality, or special district of the State of Colorado may, with the consent of the Association, become a member of the Association and participate in the plan by adopting it for its officers and employees. Employees and officers of association members are required to participate in the plan after the completion of one year of service, but participation is optional for all elected officials. Pagosa Area Water and Sanitation District requires employee participation upon employment; elected officials do not participate in their plan.

This retirement benefit is available to all employees and is funded by a 6% contribution from the District. The District reports their contribution on behalf of the employee subject to FICA and Medicare taxes; the balance is not subject to FICA and Medicare taxes.

Net earnings or losses are allocated quarterly to plan participants. The allocation is based on each participant's balance as of the beginning of that quarter. Participants receiving benefit payments upon retirement or termination are allocated earnings through the date of the distribution.

Benefit payments are made as of the effective date of each participant's retirement or termination. At retirement, each participant has the option of receiving his or her vested balance in cash or having the Association place the funds in a bank account maintained under the joint control of the Association and the retiring individual. Any employer contribution forfeited by a participant due to termination of employment before becoming fully vested is returned to the member county, municipality, or special district.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

3. **Deposits and Investments**

Deposits:

The Colorado Public Deposit Protection Act (PDPA) governs the District's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

The primary objective in priority order of investment activities shall be safety, liquidity, and yield.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's policy requires all deposits to be held in PDPA approved financial institutions. At year-end, the District's deposits were not exposed to custodial credit risk. Deposits are collateralized with securities held by the financial institution, pledged in accordance with the PDPA.

Investments:

The District has deposits in a local government investment pool, COLOTRUST. These investments are not subject to collateralization because they are not evidenced by physical securities.

At year-end, the District had the following investments: COLOTRUST \$13,580,533

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At year-end, the District's investments in COLOTRUST were rated AAAM by Standard & Poor's (S&P). They are regulated by the Colorado Division of Securities, and the District's position in the pool is the same as the value of the pool shares.

Portfolio Type – U.S. Treasury Securities, U.S. Government Agencies, Purchase Agreements.

Rating – AAAM by S&P Global Ratings.

Liquidity – Same day liquidity available.

NAV Type – Stable NAV, traditional stable \$1.00 NAV.

The District's investment policy is to apply the prudent person rule where investments are made as a prudent person would be expected to act. The District's investment policy limits investments in fixed income securities to U. S. Treasury Bills, Notes, and Bonds, certificates of deposit, commercial paper, money market funds and Colorado public investment pools. All investment must be made in accordance with Colorado Revised Statutes.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy is to manage this risk by investing in short-term maturities.

4. **Cash Flow Statement**

For purposes of the cash flow statement in the proprietary fund types, cash and cash equivalents are shown below:

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Unrestricted Assets:			
Cash	\$ 6,741,940	\$ 2,992,098	\$ 9,734,038
Restricted Assets:			
Cash	1,780,497	1,097,127	2,877,624
Totals for Cash Flow Statement	<u>\$ 8,522,437</u>	<u>\$ 4,089,225</u>	<u>\$ 12,611,662</u>

5. **Interfund Transactions**

Transfers between funds represent the amounts used to offset allocations between assets and liabilities in any given year.

Operating transfers between funds during the year are as follows:

	<u>Transfer In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 375,000
Water Fund	255,000	-
Wastewater Fund	120,000	-
	<u>\$ 375,000</u>	<u>\$ 375,000</u>

All other transactions between funds represent “due to/from other funds” caused by cash from one fund paying for expenditures or expenses of another.

6. **Commitments and Construction Work in Process**

The District’s construction work in process, which is reported in the proprietary funds, consists primarily of work being done on water and wastewater lines. Construction costs that were added to construction work in process totaled \$1,897,249 during the year.

Each year the District has various on-going construction projects. The costs of these projects are recorded as current year expenditures in the appropriate enterprise fund. At the end of the year, the expenses associated with each construction project are aggregated and recorded in the appropriate proprietary fund type. As the projects are completed, they are transferred into capital assets in either the Water Fund or the Wastewater Fund and depreciated over the asset’s estimated useful life.

The following is a summary of the construction work in process for each enterprise fund at year-end:

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Beginning balance	\$ 670,202	\$ 72,411	\$ 742,613
Additions	1,676,698	220,551	1,897,249
Less transfers to fixed assets	(131,642)	(75,111)	(206,753)
Ending balance	<u>\$ 2,215,258</u>	<u>\$ 217,851</u>	<u>\$ 2,433,109</u>

7. **Capital Assets**

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Land and improvements	\$ 113,056	\$ -	\$ -	\$ 113,056
Buildings	596,096	-	-	596,096
Capital equipment	243,358	-	-	243,358
Transportation equipment	76,287	-	-	76,287
Total	1,028,797	-	-	1,028,797
Less accumulated depreciation	(639,260)	(24,648)	-	(663,908)
Total Governmental Fixed Assets	\$ 389,537	\$ (24,648)	\$ -	\$ 364,889

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Water augmentation	\$ 217,639	\$ -	\$ -	\$ 217,639
Water rights	7,334,995	-	-	7,334,995
Source of supply	11,220,226	-	-	12,194,698
Land and improvements	460,640	-	-	460,640
Treatment plants	34,712,987	-	-	34,715,829
Collection, transmission and distribution systems	65,120,464	178,931	-	65,299,395
Buildings	518,820	27,821	-	546,641
Capital equipment	1,509,585	134,477	-	1,644,062
Transportation equipment	737,268	97,415	-	834,683
Total	121,832,624	438,644	-	122,271,268
Less accumulated depreciation	(49,739,453)	(3,166,903)	-	(52,906,356)
Total Business-Type Fixed Assets	\$ 72,093,171	\$ (2,728,259)	\$ -	\$ 69,364,912

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities	
Administrative services	\$ (24,648)
Business-Type Activities	
Water	(2,267,162)
Wastewater	(899,741)
Total Depreciation Expense	\$ (3,166,903)

During 2013, the Board decided not to further develop the Dry Gulch project. As a result, the costs incurred through 2013 were reclassified as held for sale. Due to changes in the notes payable and the possibility of future development, the asset was reclassified as Other assets. No depreciation is being taken on Other assets.

8. **Accounts Payable, Accrued Liabilities and Unearned Revenues**

Accounts Payable as shown on the District's financial statements reflect amounts due to vendors for services rendered or goods purchased by year-end.

Accrued expenses consist of payroll tax liabilities, accrued personal time off, and other miscellaneous amounts due on behalf of employees.

Unearned revenues consist of capital investment fees and connection charges collected in advance for construction of residences or commercial buildings being completed.

9. Long-Term Liabilities

Governmental Activities:

The District issues general obligation bonds to provide for the acquisition, development, and construction of major water and wastewater projects. All general obligation bonds are collateralized by the full faith, credit and taxing power of the District and principal and interest requirements are appropriated by the Debt Service Fund when due. Long-term liabilities for the general obligation bonds are recorded as long-term debt in the government-wide statements.

During 2012, the District issued two refunding bonds, General Obligation Refunding Bonds, District Series 2012 and General Obligation Refunding Bonds, Sub-District Series 2012. Terms of repayments call for annual principal payments due December 1 and semi-annual interest payments due June 1 and December 1. The bonds are considered general obligation debt of the District payable from ad valorem taxes within the District or from other legally available moneys as set forth in the official statements dated March 27, 2012.

These two bond issues were paid in full in 2022.

Business-Type Activities:

Revenue bonds are issued by the proprietary type funds to finance specific projects and are payable from availability of service charges revenues and other revenues derived from operations. Long-term liabilities are recorded in the appropriate enterprise fund.

Water Enterprise Revenue Refunding Bonds, Series 2015

The bonds are revenue obligations of the District, acting by and through its Water Activity Enterprise, payable out of Adjusted Net Revenue derived from the District’s water and wastewater systems. The bonds constitute an irrevocable and first lien on Adjusted Net Revenue, but not an exclusive lien. The bonds do not constitute a debt or indebtedness within the meaning of any constitutional or statutory debt limitation or provision and are not payable in whole or in part from the proceeds of ad valorem property taxes.

The bonds are not subject to redemption prior to maturity.

Proceeds from the sale of the bonds, together with the legally available moneys of the District, will be used to refund a portion of the District’s outstanding revenue bonds and pay the costs of issuance of the bonds.

Interest is due on June 1 and December 1 of each year. Principal payments are due December 1 of each year.

Repayments on Water Enterprise Revenue Refunding Bonds, Series 2015 are as follows:

<u>Calendar Year</u>	<u>Principal Maturities</u>	<u>Interest Rate</u>	<u>Interest Payments</u>	<u>Annual Debt Service Requirements</u>
2023	\$ 515,000	4.00%	\$ 40,400	\$ 555,400
2024	495,000	4.00%	19,800	514,800
	<u>\$ 1,010,000</u>		<u>\$ 60,200</u>	<u>\$ 1,070,200</u>

Drinking Water Revenue Bond – Series 2008

On June 1, 2008, the District entered into a loan agreement with Colorado Water Resources and Power Development Authority (the Authority) for \$7,158,870 to finance the costs of drinking water facilities for the District. The Authority was created to initiate, acquire, construct, maintain, repair, and operate or cause to be operated water management projects, which include water facilities, and to issue its bonds to pay the cost of such projects.

The bonds are special revenue obligations of the District, acting by and through its Water Activity Enterprise, payable from availability of service charge revenues and other revenues derived from operations.

The note constitutes an irrevocable and first lien on adjusted net revenue (net operating revenues plus availability of service charge revenues) but is not an exclusive lien.

The note is issued as a fully registered note without coupons. Interest, administrative fees, and principal are payable semiannually on each June 1 and December 1, commencing December 1, 2008.

The amount currently outstanding on this note is as follows:

Calendar Year	Principal Maturities	Interest Rate	Interest Payments	Servicing Fee	Debt Service Requirements
2023	\$ 400,203	4.000%	\$ 47,456	\$ 89,486	\$ 537,145
2024	405,800	4.125%	38,200	89,486	533,486
2025	419,793	4.125%	24,000	89,486	533,279
2026	439,383	4.125%	4,696	84,117	528,196
2027	999,107	4.250%	(3,305)	75,168	1,070,970
2028	1,055,080	4.250%	(56,729)	39,373	1,037,724
	<u>\$ 3,719,336</u>		<u>\$ 54,318</u>	<u>\$ 467,116</u>	<u>\$ 4,240,800</u>

During February 2019, the Authority lowered the interest rate to 1.75 percent. Principal payments will remain the same. The result is an interest cost savings of \$289,399 over the remaining life of the loan.

Colorado Water Conservation Board – Dry Gulch Reservoir Project

On July 21, 2008, the District entered into a loan agreement with Colorado Water Conservation Board (CWCB) for \$11,217,000 to finance the costs of land acquisition for the Dry Gulch Reservoir Project. The CWCB is authorized to loan money for water projects from the CWCB Construction Fund for the benefit of the people of Colorado, provided that the borrower (Pagosa Area Water and Sanitation District) assures repayment of that money.

The note is a special revenue obligation of the District, acting by and through its Water Activity Enterprise, payable from availability of service charge revenues and other revenues derived from operations.

The note constitutes an irrevocable and first lien on adjusted net revenue (net operating revenues plus availability of service charge revenues) but is not an exclusive lien.

During 2015 the District and CWCB agreed to restructure the December 31, 2014 outstanding loan balance of \$8,855,935. The new agreement separates the \$8,855,930 into two separate loans. The original amount of Loan A was \$4,290,930, bears interest at 1.75 percent and is for 20 years with annual payments of \$256,130, which includes principal and interest. Loan B is in the amount of \$4,565,000, bears interest at 3.5 percent and is for 20 years with annual payments of \$321,198 with the first payment due October 1, 2035. The interest to be paid on Loan B will not begin accruing until October 1, 2034, when Loan A is paid in full.

The amount currently outstanding on Loan A is as follows:

Calendar Year	Principal Maturities	Interest Rate	Interest Payments	Debt Service Requirements
2023	\$ 207,993	1.75%	\$ 48,137	\$ 256,130
2024	211,633	1.75%	44,497	256,130
2025	215,336	1.75%	40,794	256,130
2026	219,105	1.75%	37,025	256,130
2027	222,939	1.75%	33,191	256,130
2028-2032	1,174,603	1.75%	106,051	1,280,654
2033-2034	499,123	1.75%	13,139	512,262
	<u>\$ 2,750,732</u>		<u>\$ 322,834</u>	<u>\$ 3,073,566</u>

The District is also required to establish a debt service reserve account. The District is required to deposit one-tenth of an annual payment into its debt service reserve account on the due date of its first annual loan payment and annually thereafter for the first ten years of repayment of this loan.

The original agreement between the District and CWCB included a grant of \$1,000,000. As a result of restructuring the original loan as noted above, the grant will also be restructured. If the project, including any changes as approved by all parties, is not constructed within the 20-year term of Loan A, or an additional 1 to 20 years of Loan B, the \$1,000,000 grant will be restructured as a loan that will have to be repaid. Interest shall be at 3.5 percent with twenty annual payments of \$70,361, including principal and interest. The District may construct the project; however, the construction is dependent upon assessed need. As a result, the District will not record a note payable for the \$1,000,000.

2009 ARRA Loan Agreement

On September 4, 2009, the District entered into a loan agreement with Colorado Water Resources and Power Development Authority (CWRPDA) for \$6,111,224 to finance the costs of wastewater treatment projects. The CWRPDA is authorized to loan money from the Water Pollution Control Revolving Fund subject to certain terms and conditions.

The note is a special revenue obligation of the District, acting by and through its Water and Sewer Activity Enterprise, payable from availability of service charge revenues and other revenues derived from operations. The note constitutes an irrevocable and first lien on adjusted net revenue (net operating revenues plus availability of service charge revenues) but is not an exclusive lien.

At the loan closing, CWRPDA agreed to forgive \$1,309,282 of the principal amount of the loan. This loan was amended on February 11, 2010. The principal amount was changed to \$8,345,823 with the forgiveness remaining at \$1,309,282. At December 31, 2012, the District had drawn down all available loan proceeds. In 2009, the District recognized \$669,963 as forgiveness of debt. The remaining balance of \$639,320 was recognized in 2010. At December 31, 2012, the amount due was \$7,211,762. Payment was scheduled to begin on May 1, 2012, based on the full loan principal balance. The amortization schedule provided below reflects the principal balance due on this loan, as well as the principal balance due on the 2009 Base Program Loan Agreement.

The annual interest rate is zero percent.

2009 Base Program Loan Agreement

On September 4, 2009, the District entered into a loan agreement with Colorado Water Resources and Power Development Authority (CWRPDA) for \$3,211,129 to finance the costs of wastewater treatment projects. The

CWRPDA is authorized to loan money from the Water Pollution Control Revolving Fund subject to certain terms and conditions.

The note is a special revenue obligation of the District, acting by and through its Water and Sewer Activity Enterprise, payable from availability of service charge revenues and other revenues derived from operations.

The note constitutes an irrevocable and first lien on adjusted net revenue (net operating revenues plus availability of service charge revenues) but is not an exclusive lien.

Payments were scheduled to begin on May 1, 2011, based on the full loan principal balance of \$976,530. The District, as of December 31, 2012, had drawn the maximum principal amount available. The amortization schedule provided below reflects the principal balance due on this loan, as well as the principal balance due on the 2009 ARRA Loan Agreement.

The annual interest rate is 0%.

Annual debt service on the 2009 ARRA Loan Agreement and the 2009 Base Program Loan agreement is as follows:

Calendar Year	2009 ARRA Loan Agreement Principal Maturities	2009 Base Program Loan Agreement Principal Maturities	Debt Service Requirements
2023	\$ 351,827	\$ 48,826	\$ 400,653
2024	351,827	48,826	400,653
2025	351,827	48,826	400,653
2026	351,827	48,826	400,653
2027	351,827	48,826	400,653
2028	351,827	48,826	400,653
2029	351,827	48,826	400,653
2030	351,826	48,826	400,652
	<u>\$ 2,814,615</u>	<u>\$ 390,608</u>	<u>\$ 3,205,223</u>

Changes in Long-Term Debt:

	Beginning Balance	Payments	Additions (Deletions)	Ending Balance
Governmental Activities				
General Obligation Bonds				
Series 2012 dated March 27	\$ 365,000	\$ (365,000)	\$ -	\$ -
Series 2012 dated March 27	720,000	(720,000)	-	-
Total	<u>1,085,000</u>	<u>(1,085,000)</u>	<u>-</u>	<u>-</u>
Business-Type Activities				
Revenue Bonds				
2015 Revenue and Refunding	1,500,000	(490,000)	-	1,010,000
2008 Revenue Bond	4,119,568	(400,202)	-	3,719,366
CWRPDA – ARRA & Base	3,605,876	(400,653)	-	3,205,223
CWCB Loan A	2,955,148	(204,686)	-	2,750,732
CWCB Loan B	4,565,000	-	-	4,565,000
Total	<u>16,745,592</u>	<u>(1,495,541)</u>	<u>-</u>	<u>15,250,321</u>
Total Long-Term Debt	<u>\$ 17,830,592</u>	<u>\$ (2,580,541)</u>	<u>\$ -</u>	15,250,321
Less Current Portion				
Revenue Bonds				(1,523,850)
Total				<u>\$ 13,726,471</u>

Annual Debt Requirements for all Bonds (Principal Only):

	Bonds
2023	\$ 1,523,850
2024	1,513,086
2025	1,035,782
2026	1,059,141
2027	1,622,699
2028-2032	3,431,641
2033-2037	499,123
2038-2042	1,141,250
2043-2047	1,141,250
2048-2052	1,141,250
2053-2054	1,141,250
Total	<u>\$ 15,250,321</u>

Annual debt requirements are based on maximum annual payments due.

Subsequent to year-end the District entered into a financing agreement with Colorado Water Resources and Power Development Authority (the "Authority") whereas the Authority will finance all or a portion of the costs of certain water resource projects. More specifically to replace the existing Snowball Water Treatment Plant that is nearing the end of its useful life with a new treatment plant and to address regulatory deficiencies with the existing water system. The estimated amount of the loan is to be \$38,444,000 with \$5,000,000 forgiven on the date financing is obtained, with the balance of \$33,444,000 being repaid over 30 years at an interest rate of 2.75%. Pledged property shall consist of Adjusted Net Revenues, as defined in the financing documents. Annual principal and interest payments are estimated to be \$1,644,420 beginning May 2023. As of April 2023, the construction contract had not been awarded due to the estimated construction costs being approximately ten-percent (10%) higher than the total amount of financing.

10. **Risk Management**

The District is exposed to various risks of loss related to torts; thefts of; damages to or destruction of assets; errors or omissions; injuries to employees; or acts of God. Commercial insurance is purchased by the District to cover losses or claims arising from such matters. It is not possible to estimate any losses, which would not be covered by the commercial insurance; however, settled claims have not exceeded this commercial coverage in any of the three preceding years.

11. **Pension Plans**

For the current year, the District's total salaries were \$2,099,708 and contributions were \$135,218 for both the employer and the employees, based on eligible wages of \$2,099,708. The dollar amount of forfeitures during 2022 was \$1,541. The District did not have any unpaid pension contributions as of year-end.

In addition to participating in the plan, each participant may elect to contribute to a deferred compensation plan established pursuant to IRC Section 457. Through the deferred compensation plan, a member employer defers payment of a portion of an employee's current salary and deposits the deferred payment with the Association. Upon a participant's retirement or termination of employment, the Association may begin payment of this deferred amount. The District's participating employee contributions amounted to \$52,661 for the current year.

All plan administrative expenses are borne by the participants.

12. **Leasehold Agreements**

On January 3, 2008, Pagosa Area Water and Sanitation District along with San Juan Water Conservancy District (collectively called the Landlord) entered into the following lease agreements as a result of their joint purchase of the property (Sale Land) owned by Running Iron Ranch, LLC, a Colorado limited liability company (the Tenant). The property was purchased to develop a water diversion and reservoir project (the Project). The Sale land and the improvements thereon and the water yielded from the Water Shares are currently being used to raise cattle and for other agricultural purposes and is subject to an existing lease for mining of sand, gravel, and rock. Agricultural and mining activities are currently conducted on the Sale Land by Kathryn L. Weber and Donald L. Weber. The Sale Land and the improvements thereon are also used as a principal residence for Kathryn L. Weber, who is manager of the Tenant and who is one of the indirect owners of the Tenant, and her husband Donald L. Weber.

Occupancy and Agriculture Lease

Pursuant to the purchase of the property owned by the Tenant, the Landlord agreed to permit the Tenant to continue to use and occupy the Sale Land from January 3, 2008 until the date that the commencement of Landlord's physical development of the project substantially interferes with tenant's use of the sale land. The Tenant must be given advance notice of development plans at least a year in advance and then 90 days prior to the actual commencement of development. The lease terminates after 15 years unless the Landlord and Tenant agree to extend the term by mutual written consent.

The lease agreement requires the Tenant to pay \$1 a year for the use of the Sale Property. The tenant has paid \$15 for the complete lease term. Tenant is also responsible for any property or other business taxes due along with all utilities and insurance, which shall be purchased with liability limits of not less than \$1,000,000 with Landlord, named as additional insured.

If termination of this lease occurs due to foreclosure or deed in lieu of foreclosure and the successor owner of the property terminates this lease, as a condition of the termination of this lease, Tenant shall be paid \$80,000.

Sand and Gravel Lease

Landlord has agreed to purchase the Sand and Gravel Lease Contract between Donald Weber, Kathryn Weber, and Andy Weber (collectively doing business as Weber Sand and Gravel). The Sand and Gravel Lease Contract provides that, pursuant to a lease to be executed at the closing of the purchase of the Sale Land and the Sand, Gravel and Mining Lease, Tenant shall have the right to mine sand, gravel, and other related materials from the ranch properties pursuant to a new lease between Landlord and Tenant.

This lease shall continue from January 3, 2008 until the date that the commencement of landlord's physical development of the project substantially interferes with tenant's use of the Sale Land. The Tenant must be given advance notice of development plans at least a year in advance and then 90 days prior to the actual commencement of development. The lease terminates after 15 years unless the Landlord and Tenant agree to extend the term by mutual written consent.

The lease agreement requires the Tenant to pay \$1 a year for the Sand and Gravel Lease. The tenant has paid \$15 for the complete lease term. Tenant is also responsible for any property or other business taxes due along with all utilities and insurance, which shall be purchased with liability limits of not less than \$1,000,000 with Landlord, named as additional insureds.

13. Reserves, Restrictions, and Designations of Fund Balances and Net Position

As of year-end, the District had set aside the following reserves and restrictions:

	<u>General Fund</u>
Emergency Reserve - TABOR	<u>\$ 55,000</u>

14. Taxpayer's Bill of Rights (TABOR)

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

The District's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

The amendment excludes "Enterprises" from its provisions. Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the amendment. The District is of the opinion that the water and wastewater operations qualify for this exclusion.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. In effect, it has been generally interpreted that fiscal year spending approximates nonexempt revenue or receipts. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves.

The amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax or implementing tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the amendment specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocably pledging present cash reserves for all future payments.

The amendment requires that emergency reserves be established. These reserves must be at least three percent of Fiscal Year Spending (excluding bonded debt service) in years after 1994.

Emergency reserves as of year-end have been presented as a reservation of fund balance in the General Fund. This emergency reserve was calculated in the District's General Fund and is not a required reserve in any other funds. Under TABOR, the District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The amendment is complex and is subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, certain interpretations in the amendment's language have been made in order to determine its compliance.

In May of 2000, Pagosa Area Water and Sanitation District asked its voters to allow the District to collect, retain, and spend all revenues and other funds collected from any source not excluded from fiscal year spending, effective January 1, 2000, and continuing thereafter. A permanent waiver of the 5.5% limitation was also requested. The requests were approved by the District's voters.

On May 3, 2016, the District's voters passed a measure to subject the revenue, collection, and spending limits under Article X, Section 20 of the Colorado Constitution (otherwise known as the Taxpayers Bill of Rights (TABOR)) by repealing the ballot measure previously approved by the District on May of 2000. The action may impact the General Fund by limiting tax revenues. It is not anticipated that General Fund expenses, other than transfers, can be reduced.

15. Joint Venture

The District is a participant in the Colorado Special Districts Property and Liability Pool (The Pool). The Pool is a joint venture between the Special District Association of Colorado and various special districts in Colorado. The Pool provides property and general liability, automobile physical damage and liability, public officials' liability, inland marine, money and security, and boiler and machinery coverages to its members. Pagosa Area Water and Sanitation District has not had losses of a material amount in any of the preceding three years. The District does not know its percentage share of the joint venture.

The Pool has contracted with other third parties to operate, administer, and manage the Pool. The Pool is responsible for its own budgets. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, the Pool may require additional contributions from the Pool members. The joint venture summary audited financial information as of December 31, 2022, is as follows:

Admitted Assets	<u>\$ 68,195,261</u>
Liabilities	\$ 46,165,251
Surplus	<u>22,030,010</u>
Total Liabilities and Surplus	<u>\$ 68,195,261</u>
Revenues	\$ 24,889,624
Expenses	<u>(25,123,490)</u>
Net Income (Loss)	<u>\$ (233,866)</u>
Investment Income	<u>\$ 482,027</u>
Change in Non-Admitted Assets	<u>\$ (119,543)</u>

Audited Financial Statements for the Colorado Special Districts Property and Liabilities Pool can be obtained by contacting the Pool.

16. Related Party Transactions

Pagosa Area Water and Sanitation District has agreed to share the costs on specified water projects with San Juan Water Conservancy District.

Pagosa Area Water and Sanitation District has entered into three intergovernmental agreements with San Juan Water Conservancy District.

1. Memorandum of Understanding and Confidentiality Agreement – This agreement is for the acquisition, planning, permitting, design, and construction of a water resources development known as the Dry Gulch Project. As of the end of the current year, Pagosa Area Water and Sanitation District has expended funds for \$9,817,939, for this project, which includes land acquisition. Because this project depends upon the growth of the community, future water demands, and public support for the project, it is not possible to estimate future costs. There were no additional costs capitalized during the current year. This asset has been reclassified as other assets.
2. Intergovernmental Agreement concerning Colorado Water Conservation Board Loan Financing for land acquisition and development of the Dry Gulch Project – This agreement is to facilitate the financing arrangements for the Dry Gulch Project. Pagosa Area Water and Sanitation District was awarded a loan of \$11,217,000 from the Colorado Water Conservation Board (CWCB) for land acquisition. In December 2011, an interest payment for \$322,678 was made. Pagosa Area Water and Sanitation District requested that San Juan Water Conservancy District pay a portion on the interest due in return for an increased percentage of ownership in the land. San Juan Water Conservancy agreed and paid \$20,110. This increased their equity ownership from 11.21% to 11.43% and decreased Pagosa Area Water and Sanitation District’s ownership from 88.79% to 88.57%. Any future payments by San Juan Water Conservancy District will further increase their ownership and decrease Pagosa Area Water and Sanitation District’s ownership.

17. **Construction Commitments**

During 2022, the board made a commitment to improve the water and wastewater systems. The board is in the process of construction and long-term financing to fund the project. The project is expected to take several years to complete. During construction, all construction costs will be recorded as construction in progress. When the project is complete, the total cost will be depreciated over its estimated useful life.

18. **Intergovernmental Agreement with Pagosa Springs Sanitation General Improvement District**

During January, 2012, Pagosa Area Water and Sanitation District (PAWSD) and Pagosa Springs Sanitation General Improvement District (PSSGID) entered into an agreement to do a feasibility analysis and preliminary design, design development and final design, and construction phase of two segments of pipeline and two lift stations, Segment A and Segment B, and thereafter the ongoing operation and maintenance of both segments to provide for the conveyance and treatment of PSSGID raw sewage. The project has evolved from the conceptual phase in late 2012 to one actually under construction during 2014. The intergovernmental agreement that was executed in 2012 no longer reflects the full understanding of the parties and is in the process of being amended. The initial bids received for the construction of the pipeline and lift stations exceeded the engineer's estimated and were rejected. Hammerlund Construction was selected as a contractor for this project following a formal rebid process. Minutes of the PAWSD and PSSGID Boards reflect the revised understanding that PAWSD's financing of the portion of Segment B will not exceed \$2,835,745. It was determined that a more accurate designation of that financing would be as a long-term receivable to PAWSD and a long-term payable by PSSGID, which the audited financial statements reflect. The original terms of the intergovernmental agreement were modified by the respective Boards during 2016. Changes included interest to be charged on loan advances and final terms of repayment.

The note receivable balance as of December 31, 2022, was \$2,089,821. The note bears interest at 2.19% interest with principal and interest payments of \$174,940 due November 1 of each year until paid, with the final payment due November 2036. The note was current as of December 31, 2022.

Required Supplementary Information

COPY RE: 7-27-23 Minutes

**Pagosa Area Water and Sanitation District
Budget and Actual
General Fund
For the year ended December 31, 2022**

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Property taxes	\$ 968,569	\$ 968,569	\$ 977,696	\$ 9,127
SO taxes	220,000	220,000	228,250	8,250
Investment earnings	1,000	1,000	16,054	15,054
Miscellaneous	4,000	4,000	16,338	12,338
Total revenues	<u>1,193,569</u>	<u>1,193,569</u>	<u>1,238,338</u>	<u>44,769</u>
EXPENDITURES				
Audit	24,990	24,990	24,990	-
Board expense	75,500	75,500	4,731	70,769
Contingency	23,049	23,049	-	23,049
Dues and permits	12,000	12,000	5,361	6,639
Employee expense	3,400	3,400	827	2,573
Fees	30,632	30,632	32,692	(2,060)
Fringe benefit	80,529	80,529	67,809	12,720
Insurance general	9,516	9,516	13,485	(3,969)
Legal fees	7,500	7,500	9,728	(2,228)
Office expense	38,500	38,500	51,642	(13,142)
Office maintenance and landscape	12,000	12,000	12,625	(625)
Outside services	112,772	112,772	72,180	40,592
Payroll taxes, vacation and sick pay	24,984	24,984	24,728	256
Personnel	332,025	332,025	323,771	8,254
Publications and recording fees	2,000	2,000	1,691	309
Repairs and maintenance	3,383	3,383	1,287	2,096
Telephone and utilities	29,000	29,000	28,207	793
Travel and training	12,208	12,208	5,149	7,059
Capital outlay	27,850	27,850	-	27,850
Total Expenditures	<u>861,838</u>	<u>861,838</u>	<u>680,903</u>	<u>180,935</u>
Excess (deficiency) of revenues over expenditures	<u>331,731</u>	<u>331,731</u>	<u>557,435</u>	<u>225,704</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(500,000)	(500,000)	(375,000)	125,000
Total other financing sources and uses	<u>(500,000)</u>	<u>(500,000)</u>	<u>(375,000)</u>	<u>125,000</u>
Net change in fund balances	(168,269)	(168,269)	182,435	350,704
Fund balances - beginning	1,170,477	1,170,477	1,159,663	(10,814)
Fund balances - ending	<u>\$ 1,002,208</u>	<u>\$ 1,002,208</u>	<u>\$ 1,342,098</u>	<u>\$ 339,890</u>

**Pagosa Area Water and Sanitation District
Notes to Required Supplementary Information
December 31, 2022**

Budgets and Budgetary Accounting:

The Board of Directors adopts an annual legal budget, which covers the General Fund, the Debt Service Fund, and the Water and Wastewater Enterprise Funds. The budgets for the General Fund and the Debt Service Fund are prepared on the modified accrual basis. The budgets for the two enterprise funds are prepared on the modified accrual basis and include debt principal retirements and capital outlays as expenses. Additionally, the enterprise funds do not include depreciation as a budgetary expense. The statements comparing budget and actual amounts for these governmental funds include adjustments to those budgetary bases for the differences noted above and for certain other items, which are reported in the District's budget differently than they are reported for accounting principles generally accepted in the United States. Budgetary level of control is exercised at the departmental level. The District Manager has the authorization to make transfers of budgeted amounts within and among departments; however, any revisions that alter total expenditures for any of the funds must be approved by the Board of Directors.

The Budgetary Comparison Schedules included in the required supplementary information present a comparison of budgetary data to actual results of operations for the General Fund and Debt Service Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results, with the following exception:

The General Fund recognizes an expenditure for the increase in the Emergency Reserve in its budget basis expenditures. Generally accepted accounting principles treat this as a reserve of fund balance.

Annual budgets are established for all funds of the District as required by Colorado law.

Expenditures may not legally exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. After budget approval, the District's Board of Directors may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the original budget was adopted. There was not a supplemental appropriation made during the year.

The following is a summary of the 2022 budget appropriations and expenditures by fund:

	Original Budget	Final Budget	Expenditures (Budgetary) Basis	Variance Favorable (Unfavorable)
General Fund	\$ 1,361,838	\$ 1,361,838	\$ 1,055,903	\$ 305,935
Debt Service Fund	1,155,006	1,155,006	1,152,684	2,322
Water Fund	7,072,240	7,072,240	6,751,554	310,686
Wastewater Fund	3,364,805	3,364,805	2,998,909	365,896
Totals	<u>\$ 12,953,889</u>	<u>\$ 12,953,889</u>	<u>\$ 11,969,050</u>	<u>\$ 984,839</u>

On or before October 15th of each year, the District's budget officer must prepare and submit a proposed budget to the Board for the next fiscal year. Thereupon, notice must be published stating, among other things, that the budget is open to inspection by the public and that interested electors may file or register any objection to the budget. Subject to certain exceptions and exclusions discussed hereafter, the District must submit a request for property tax increases in excess of the statutory limitation to the Division of Local Government (if

within TABOR limits) or submit the question of an increased levy directly to the electors of the District at a general or special election. State law requires that the District adopt a budget prior to the certification of its mill levy to the county and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption. Failure to do so can result in the County Treasurer withholding future property tax revenues pending compliance by the District. The District filed the certified copy of its budget timely for the current year.

Budget appropriations lapse at the end of each year.

The encumbrance method of accounting is not used.

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Other Supplementary Information

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**Pagosa Area Water and Sanitation District
Budget and Actual
Debt Services Fund
For the year ended December 31, 2022**

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 1,162,212	\$ 1,162,212	\$ 1,151,005	\$ (11,207)
Investment earnings	1,000	1,000	13,914	12,914
Total revenues	<u>1,163,212</u>	<u>1,163,212</u>	<u>1,164,919</u>	<u>1,707</u>
EXPENDITURES				
Administration	37,000	37,000	34,678	2,322
Debt Service:				
Principal	1,085,000	1,085,000	1,085,000	-
Interest and other charges	<u>33,006</u>	<u>33,006</u>	<u>33,006</u>	<u>-</u>
Total Expenditures	<u>1,155,006</u>	<u>1,155,006</u>	<u>1,152,684</u>	<u>2,322</u>
Excess (deficiency) of revenues over expenditures	<u>8,206</u>	<u>8,206</u>	<u>12,235</u>	<u>4,029</u>
Net change in fund balances	8,206	8,206	12,235	4,029
Fund balances - beginning	18,265	18,265	13,932	(4,333)
Fund balances - ending	<u>\$ 26,471</u>	<u>\$ 26,471</u>	<u>\$ 26,167</u>	<u>\$ (304)</u>

Pagosa Area Water and Sanitation District
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
(Budgetary Basis)
Enterprise Fund - Water Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Availability charges	\$ 470,000	\$ 470,000	\$ 434,491	\$ (35,509)
Other Water Sales	250,000	250,000	194,942	(55,058)
Capital investment fee	490,000	490,000	412,929	(77,071)
Service fees	4,494,517	4,494,517	4,700,355	205,838
Other Revenues/Grants	75,000	75,000	11,490	(63,510)
Customer hookups	250,000	250,000	216,445	(33,555)
Inclusion Fee	5,000	5,000	11,504	6,504
Affordable Housing Surcharge	65,000	65,000	71,163	6,163
Irrigation	60,000	60,000	51,268	(8,732)
Raw water acquisition fee	370,000	370,000	304,253	(65,747)
Late charges and interest	15,000	15,000	18,675	3,675
Current tax interest	4,000	4,000	3,421	(579)
Interest income - RWAF	500	500	15,860	15,360
Interest income - CIF	600	600	8,976	8,376
Interest on delinquent taxes	500	500	4,146	3,646
Other interest	3,000	3,000	81,042	78,042
Transfer from general fund	340,000	340,000	255,000	(85,000)
Other revenues	-	-	631,560	631,560
Total revenues	6,893,117	6,893,117	7,427,520	534,403
Expenses				
Sources of Supply				
Ditches	1,000	1,000	1,386	(386)
Reservoirs	97,000	97,000	27,342	69,658
Raw water line - Jackson Mt	3,000	3,000	72	2,928
Raw water line - San Juan	126,600	126,600	163,599	(36,999)
Power Trujillo booster	70,000	70,000	42,091	27,909
Power SJ River booster	47,000	47,000	27,009	19,991
Power Lake Forest	2,000	2,000	1,482	518
Power Dutton Ditch	750	750	523	227
	347,350	347,350	263,504	83,846
Water Treatment Plant				
Hatcher WTR plant chemicals/lab	170,000	170,000	178,213	(8,213)
Snowball WTP chemicals/lab	80,000	80,000	92,097	(12,097)
San Juan WTP chemicals/lab	70,000	70,000	41,673	28,327
Health insurance	45,085	45,085	46,605	(1,520)
Retirement	12,849	12,849	15,716	(2,867)
Hatcher WTP fuel & power	140,000	140,000	151,450	(11,450)

Pagosa Area Water and Sanitation District
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
(Budgetary Basis)
Enterprise Fund - Water Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Snowball WTP fuel & power	23,000	23,000	20,197	2,803
San Juan WTP fuel & power	40,000	40,000	26,667	13,333
Insurance	9,436	9,436	11,952	(2,516)
Payroll taxes	17,698	17,698	20,550	(2,852)
Personnel	226,269	226,269	258,657	(32,388)
Vehicle maintenance	6,800	6,800	3,243	3,557
Hatcher WTP maintenance	156,333	156,333	82,956	73,377
Snowball WTP maintenance	33,333	33,333	7,481	25,852
San Juan maintenance	119,833	119,833	123,277	(3,444)
Training	4,840	4,840	1,329	3,511
	<u>1,155,476</u>	<u>1,155,476</u>	<u>1,082,063</u>	<u>73,413</u>
Distribution Systems				
Health insurance	112,633	112,633	106,205	6,428
Retirement	27,480	27,480	30,142	(2,662)
Fire hydrant maintenance	7,500	7,500	764	6,736
Fuel & power mission booster	700	700	608	92
Fuel & power pump stations	36,000	36,000	33,627	2,373
Town fill station - fuel & power	1,000	1,000	1,098	(98)
Trails fill station - fuel & power	750	750	934	(184)
Insurance	19,954	19,954	26,060	(6,106)
Payroll taxes	37,723	37,723	40,148	(2,425)
Personnel	489,088	489,088	517,009	(27,921)
Town fill station - maintenance	1,000	1,000	3,268	(2,268)
Trails fill station - maintenance	2,000	2,000	3,177	(1,177)
Water tank maintenance	224,100	224,100	20,659	203,441
Vehicle maintenance	14,357	14,357	8,929	5,428
Training	10,908	10,908	4,083	6,825
Uniforms	14,000	14,000	13,990	10
Water line maintenance	261,887	261,887	319,856	(57,969)
	<u>1,261,080</u>	<u>1,261,080</u>	<u>1,130,557</u>	<u>130,523</u>
Maintenance Department				
Building maintenance	14,920	14,920	3,132	11,788
Health insurance	7,017	7,017	7,533	(516)
Retirement	2,144	2,144	2,515	(371)
Vehicle maintenance	1,156	1,156	282	874
Equipment maintenance	28,948	28,948	31,976	(3,028)
Training	653	653	161	492
Gas, diesel and oil	54,000	54,000	80,768	(26,768)

Pagosa Area Water and Sanitation District
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
(Budgetary Basis)
Enterprise Fund - Water Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Insurance	1,574	1,574	2,152	(578)
Operating supplies	16,500	16,500	26,446	(9,946)
Payroll taxes	2,912	2,912	4,475	(1,563)
Personnel	36,630	36,630	50,955	(14,325)
Tools and small equipment	18,208	18,208	17,631	577
Utilities	5,500	5,500	2,424	3,076
	<u>190,162</u>	<u>190,162</u>	<u>230,450</u>	<u>(40,288)</u>
Billing				
Bad debts	50,000	50,000	50,000	-
Data processing	30,000	30,000	17,630	12,370
Health insurance	29,175	29,175	31,146	(1,971)
Retirement	8,907	8,907	10,391	(1,484)
Insurance	452	452	1,892	(1,440)
Payroll taxes	11,675	11,675	14,135	(2,460)
Personnel	153,202	153,202	183,570	(30,368)
Postage	19,000	19,000	20,075	(1,075)
Training	3,264	3,264	-	3,264
	<u>305,675</u>	<u>305,675</u>	<u>328,839</u>	<u>(23,164)</u>
Administration				
Audit	2,940	2,940	2,940	-
Dues and permits	7,000	7,000	4,714	2,286
Employee miscellaneous	3,000	3,000	514	2,486
Health insurance	30,478	30,478	23,332	7,146
Retirement	9,750	9,750	8,692	1,058
Vehicle maintenance	1,156	1,156	804	352
Insurance - general	78,364	78,364	82,724	(4,360)
Legal fees	5,100	5,100	5,529	(429)
Office expense	25,000	25,000	28,363	(3,363)
Maintenance of office building	12,000	12,000	6,841	5,159
Landscaping	2,000	2,000	1,705	295
Outside services	20,300	20,300	4,544	15,756
Payroll taxes	12,479	12,479	11,729	750
Publications	1,000	1,000	1,150	(150)
Vacation pay		-	16,131	(16,131)
Personnel	163,073	163,073	152,212	10,861
Telephone	17,040	17,040	14,664	2,376
Utilities	2,500	2,500	3,833	(1,333)
Trash removal	4,500	4,500	4,092	408

Pagosa Area Water and Sanitation District
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
(Budgetary Basis)
Enterprise Fund - Water Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Training	5,955	5,955	3,083	2,872
Inclusion expense	1,000	1,000	-	1,000
Computer support & upgrades	74,883	74,883	49,808	25,075
	<u>479,518</u>	<u>479,518</u>	<u>427,404</u>	<u>52,114</u>
Capital Expenditures				
Connections	160,000	160,000	177,890	(17,890)
Water rights	2,000	2,000	7,005	(5,005)
Water model	1,000	1,000	-	1,000
CIF Water Model	1,000	1,000	-	1,000
CIF Water SCADA System	15,667	15,667	83,950	(68,283)
CIF WTP upgrades	1,330,850	1,330,850	1,466,194	(135,344)
CIF Distribution system upgrades	66,063	66,063	-	66,063
Water SCADA system	62,669	62,669	-	62,669
Shared Buildings & Improvements	58,000	58,000	27,821	30,179
Distribution system upgrades	40,000	40,000	19,870	20,130
Capital Equipment	159,800	159,800	91,444	68,356
Transportation Equipment	82,280	82,280	66,242	16,038
	<u>1,979,329</u>	<u>1,979,329</u>	<u>1,940,416</u>	<u>38,913</u>
Debt Service				
Principle - 2015 refunding	490,000	490,000	490,000	-
Interest - 2015 refunding	60,000	60,000	65,864	(5,864)
Principal, CWPDA loan	400,203	400,203	400,202	1
Interest, CWPDA loan	57,830	57,830	56,942	888
Administrative fee - CWPDA Loan	89,486	89,486	89,486	-
Principal - CWCB loan	204,416	204,416	204,416	-
Interest, CWCB loan	51,715	51,715	51,411	304
Total debt retirement & transfers	<u>1,353,650</u>	<u>1,353,650</u>	<u>1,358,321</u>	<u>(4,671)</u>
Total expenditures	<u>7,072,240</u>	<u>7,072,240</u>	<u>6,761,554</u>	<u>310,686</u>
Excess of revenues over (under) expenses	<u>(179,123)</u>	<u>(179,123)</u>	<u>665,966</u>	<u>\$ 845,089</u>
Other Financing Sources (Uses)				
Unappropriated surplus	9,468,934	9,468,934	8,689,759	
Total Other Financing Sources (Uses)	<u>9,468,934</u>	<u>9,468,934</u>	<u>8,689,759</u>	
Change in Net Position (Budgetary Basis)	<u>\$ 9,289,811</u>	<u>\$ 9,289,811</u>	<u>9,355,725</u>	

Pagosa Area Water and Sanitation District
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
(Budgetary Basis)
Enterprise Fund - Water Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Reconciliation of Budgetary Basis to GAAP				
Basis Financial Statements				
Increase (Decrease) in Revenues and Other Financing Sources				
Unappropriated surplus			(8,689,759)	
Net (Decrease) in Revenues and Other Financing Sources			(8,689,759)	
(Increase) Decrease in Revenues and Other Financing Uses (Sources)				
Capital outlay costs			1,755,521	
Principal payments on 2015 refunding bonds			490,000	
Principal payments on CWDPA loan			400,202	
Principal payments on CWCB loan			204,416	
Amortization of bond premium			24,923	
Depreciation			(2,265,881)	
Net (Decrease) in Revenues and Other Financing Sources to GAAP Basis			609,181	
Change in Net Position GAAP Basis			\$ 1,275,147	

Pagosa Area Water and Sanitation District
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
(Budgetary Basis)
Enterprise Fund - Wastewater Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Favorable (Unfavorable)
Revenues				
Availability charges	\$ 290,000	\$ 290,000	\$ 266,636	\$ (23,364)
Customer hookups	30,000	30,000	26,800	(3,200)
Capital Investment fees	100,000	100,000	97,474	(2,526)
Service fees	1,773,329	1,773,329	1,842,500	69,171
Municipal wastewater treatment	195,000	195,000	203,464	8,464
Interest PSSGID	24,268	24,268	24,268	-
Interest PSSGID CIF	24,268	24,268	24,268	-
Inclusion fee	4,500	4,500	4,795	295
Waste hauling	125,000	125,000	129,032	4,032
Interest income - CIF	1,000	1,000	53,139	52,139
Interest on delinquent taxes	250	250	3,586	3,336
Penalty & interest delinquent accounts	1,800	1,800	-	(1,800)
Current tax interest	1,100	1,100	-	(1,100)
Other interest	2,000	2,000	-	(2,000)
Other income and affordable housing	12,500	12,500	22,067	9,567
Other Revenue	6,000	6,000	-	(6,000)
Transfer from general fund	160,000	160,000	120,000	(40,000)
Total Revenues	2,751,015	2,751,015	2,818,029	67,014
Expenses				
Wastewater Collection				
Health insurance	71,980	71,980	59,282	12,698
Retirement	18,132	18,132	17,325	807
Uniforms	6,500	6,500	7,030	(530)
Fuel and power lift stations	57,000	57,000	50,545	6,455
Insurance	8,420	8,420	11,124	(2,704)
Payroll taxes	25,008	25,008	23,709	1,299
General and pumps lift stations	160,000	160,000	124,258	35,742
Personnel	322,743	322,743	306,979	15,764
Wastewater line maintenance/repair	385,300	385,300	492,982	(107,682)
Vehicle maintenance	9,461	9,461	5,007	4,454
Training	7,064	7,064	2,547	4,517
	1,071,608	1,071,608	1,100,788	(29,180)
Wastewater Treatment				
Health insurance	49,156	49,156	48,041	1,115
Retirement	11,758	11,758	14,838	(3,080)
Lab supply & testing	-	-	68,700	(68,700)
Fuel, power & water Vista WWTP	265,000	265,000	226,302	38,698
Insurance	5,522	5,522	7,299	(1,777)
Payroll taxes	15,832	15,832	19,540	(3,708)

Pagosa Area Water and Sanitation District
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
(Budgetary Basis)
Enterprise Fund - Wastewater Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Personnel	205,220	205,220	248,002	(42,782)
Maintenance Vista WWTP	215,750	215,750	67,810	147,940
Lab supply & testing	71,000	71,000	-	71,000
Vehicle maintenance	6,800	6,800	2,796	4,004
Sludge removal	75,000	75,000	55,857	19,143
Training	4,840	4,840	1,071	3,769
	<u>925,878</u>	<u>925,878</u>	<u>760,256</u>	<u>165,622</u>
Maintenance Department				
Building maintenance	7,580	7,580	1,653	5,927
Vehicle maintenance	544	544	133	411
Equipment maintenance	15,152	15,152	15,048	104
Health insurance	3,302	3,302	5,303	(2,001)
Retirement	1,009	1,009	1,187	(178)
Gas, diesel and oil	25,000	25,000	38,000	(13,000)
Insurance	474	474	704	(230)
Operating supplies	9,000	9,000	12,543	(3,543)
Payroll taxes	1,370	1,370	2,676	(1,306)
Personnel	17,238	17,238	30,868	(13,630)
Tools and small equipment	8,691	8,691	9,119	(428)
Training	307	307	76	231
Utilities	3,500	3,500	1,616	1,884
	<u>93,167</u>	<u>93,167</u>	<u>118,926</u>	<u>(25,759)</u>
Billing				
Bad debts	50,000	50,000	50,000	-
Data processing	7,000	7,000	5,491	1,509
Health insurance	13,730	13,730	14,632	(902)
Retirement	4,191	4,191	4,900	(709)
Insurance	213	213	890	(677)
Payroll taxes	5,494	5,494	6,572	(1,078)
Personnel	72,095	72,095	85,342	(13,247)
Postage	9,000	9,000	10,050	(1,050)
Training	1,536	1,536	-	1,536
	<u>163,259</u>	<u>163,259</u>	<u>177,877</u>	<u>(14,618)</u>
Administration				
Audit	1,470	1,470	1,471	(1)
Inclusion expense	1,000	1,000	-	1,000
Employee expense	1,428	1,428	313	1,115
Health insurance	14,342	14,342	10,977	3,365
Retirement	4,588	4,588	4,090	498
Dues and permits	8,750	8,750	2,157	6,593

Pagosa Area Water and Sanitation District
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
(Budgetary Basis)
Enterprise Fund - Wastewater Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Insurance - general	35,518	35,518	35,965	(447)
Legal fees	2,400	2,400	3,289	(889)
Office expense	11,500	11,500	13,347	(1,847)
Maintenance of office building	5,350	5,350	3,237	2,113
Landscaping	1,050	1,050	802	248
Outside services	10,200	10,200	2,138	8,062
Payroll taxes	5,872	5,872	5,520	352
Personnel	76,740	76,740	70,440	6,300
Vacation pay		-	9,167	(9,167)
Publications	500	500	541	(41)
Vehicle maintenance	544	544	378	166
Telephone	7,960	7,960	7,196	764
Utilities	1,300	1,300	1,661	(361)
Trash removal	900	900	1,083	(183)
Training	2,803	2,803	1,299	1,504
Computer support & upgrades	35,239	35,239	25,020	10,219
	<u>229,454</u>	<u>229,454</u>	<u>200,091</u>	<u>29,363</u>
Capital Expenditures				
Connections	9,000	9,000	2,730	6,270
Wastewater Model	20,000	20,000	-	20,000
Shared Buildings & Improvements	16,000	16,000	-	16,000
Capital Equipment	75,200	75,200	43,033	32,167
Transportation Equipment	38,720	38,720	31,173	7,547
Wastewater SCADA system	29,491	29,491	21,252	8,239
CIF - SCADA System	7,373	7,373	-	7,373
CIF - Wastewater Treatment Plant	217,000	217,000	74,031	142,969
CIF - Collection Sys Upgrades	68,000	68,000	68,096	(96)
	<u>480,784</u>	<u>480,784</u>	<u>240,315</u>	<u>240,469</u>
Debt Service				
Principal - 09 base loan	48,827	48,827	48,828	(1)
Principal - 09 ARRA loan	351,828	351,828	351,828	-
	<u>400,655</u>	<u>400,655</u>	<u>400,656</u>	<u>(1)</u>
Total Expenses	<u>3,364,805</u>	<u>3,364,805</u>	<u>2,998,909</u>	<u>365,896</u>
Excess of revenues over (under) expenses	<u>(613,790)</u>	<u>(613,790)</u>	<u>(180,880)</u>	<u>\$ 432,910</u>
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	<u>3,617,777</u>	<u>3,617,777</u>	<u>3,616,023</u>	
Change in Net Position (Budgetary Basis)	<u>\$ 3,003,987</u>	<u>\$ 3,003,987</u>	<u>3,435,143</u>	

Pagosa Area Water and Sanitation District
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
(Budgetary Basis)
Enterprise Fund - Wastewater Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Reconciliation of Budgetary Basis to GAAP				
Basis Financial Statements				
Increase (Decrease) in Revenues and Other Financing Sources				
Unappropriated surplus			(3,616,024)	
Net (Decrease) in Revenues and Other Financing Sources			(3,616,024)	
(Increase) Decrease in Revenues and Other Financing Uses				
Capital outlay costs			237,585	
Principal payments on revenue bonds and loans			400,656	
Depreciation			(899,741)	
Net (Decrease) in revenues and Other Financing Sources to GAAP basis			(261,500)	
Change in Net Position GAAP Basis			<u>\$ (442,381)</u>	

1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **August 24, 2023, REGULAR MEETING**
4
5

6 **Call to Order**

7 The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to
8 order by Chairman Smith at 5:00 p.m. Chairman Smith turned the meeting over to Director Hurley to act
9 as board Chairman for this August 24, 2023, meeting and gave Director Hurley authorization to sign any
10 documents that require a signature since he was unable to attend the meeting in person.
11

12 **Attendance**

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

15 In attendance from staff: Justin Ramsey, Aaron Burns, Renee Lewis, and Cyndi Foster. Also present: Brad
16 Seidel, Jon McCauley, Marcie Lewis, Zac Koch, Carol Malesky, Andy Weber, Kathy Weber, Jim Prutsman,
17 Al Pfister, Steve Omer, Joe Stewart, Joyce Farrow, Jodi Bunn, Pam Horton, Linda Reen, Tobi Rohwer, Jim
18 Frandsen, Erik Potter, and Josh Pike.
19

20 **Approval of Minutes- 6/22/2023, 7/12/2023, & 7/27/2023 Special Meetings**

21 The board of directors reviewed the 6/22/2023 Special Meeting minutes and had no revisions. Director
22 Walsh made a motion to approve the minutes as written and was seconded by Director Hudson. The
23 motion passed unanimously.

24 The board of directors reviewed the 7/12/2023 Special Meeting minutes and had no revisions. Director
25 Hudson made a motion to approve the minutes as written and was seconded by Director Smith. The
26 motion passed 4 in favor, 1 abstained. Director Walsh abstained because he was not in attendance at
27 the 7/12/2023 Special Meeting.

28 The board of directors reviewed the 7/27/2023 Special Meeting minutes and had no revisions. Director
29 Walsh made a motion to approve the minutes as written and was seconded by Director Smith. The
30 motion passed 4 in favor, 1 abstained. Director Hudson abstained because he was not in attendance at
31 the 7/27/2023 Special Meeting.
32

33 **Public Comment**

34 Al Pfister from SJWCD requested the PAWSD board and the SJWCD board have a joint meeting in the
35 near future to discuss the 20-acre parcel lease agreement from Archuleta County.

36 Jim Prutsman explained that he is a part of a group that owns the Pagosa Mill District which is an RV
37 park that is in progress. Jim Prutsman continued to explain that the RV park will have 28 sites with
38 hookups, and he understands PAWSD may have some need for RV sites for contractors and PAWSD
39 employees. Mr. Prutsman continued to explain that the park is almost open, but the Pagosa Mill District
40 has been experiencing some challenges with the town and is working with CDOT to get access approved.
41 Mr. Prutsman expressed that any support from PAWSD to the Pagosa Mill District in their efforts to
42 complete this project is appreciated.
43

44 **Discussion of Weber Lease Agreement Extension**

45 Andy Weber explained that he and Kathy Weber came to the meeting to discuss the gravel pit and cattle
46 lease. Mr. Weber asked for an extension to finish crushing the gravel PAWSD needs for the Snowball
47 Water Treatment Plant. Mr. Weber explained that due to lack of employees, he did not process the

48 material at the rate he expected to. Kathy Weber asked that the board assist in maintenance cost for the
49 cattle lease. After discussing the matter, Andy Weber agreed he would provide an amended gravel lease
50 for the next scheduled board meeting that would allow him to finish the reclamation on the property.
51 Mr. Weber also agreed that he would have all the material needed for the PAWSD Snowball Plant
52 crushed by December 31st and that extension will also be included the in amended gravel lease. Kathy
53 Weber agreed she would provide PAWSD with a completed cattle lease that has all dollar amounts
54 included in her proposal to be considered at the next scheduled board meeting. Director Hudson made a
55 motion to invite Kathy Weber to provide PAWSD with a lease to be considered at the next board
56 meeting and invited Andy Weber to provide PAWSD with an amended gravel lease to allow gravel to be
57 processed until the end of 2023 and was seconded by Director Walsh. The motion passed unanimously.
58

59 **Public Hearing on Petition for Water Inclusion for Fourmile Ranch**

60 Director Hudson made a motion to open the public hearing for the Fourmile Ranch Inclusion and was
61 seconded by Director Walsh. Justin Ramsey explained that this inclusion is for 7 EUs for the Fourmile
62 Ranch located on Snowball Road (CR 200). Director Hurley asked for any public comment regarding the
63 inclusion. Erik Potter, who is representing W Diamond X, LLC is opposed to the inclusion due to the cost
64 share of the mainline extension that will be installed in if the inclusion is approved. Director Tautges
65 mentioned the water rights associated with this property and asked if any water rights associated with
66 the Fourmile Ranch property will be dedicated to PAWSD as a condition of inclusion. Renee Lewis spoke
67 to this and explained that the documentation PAWSD received for Fourmile Ranch isn't a full description
68 of all water rights and that this property is also a part of a conservation easement which may not allow
69 the water rights to be dedicated to PAWSD. Renee Lewis recommended that PAWSD request a full
70 description of all water rights associated with the Fourmile Ranch property and then defer to the
71 PAWSD's water law attorney to read through the water rights and conservation easement documents to
72 determine if any water rights can be dedicated to PAWSD. The PAWSD board directed PAWSD staff to
73 request a full description of all water associated with the Fourmile Ranch property for the PAWSD water
74 law attorney to review. Director Hudson made a motion to table the decision on the inclusion until
75 further discussion is had at the next scheduled board meeting and was seconded by Director Walsh. The
76 motion passed unanimously.

77

78 **Discussion of Stantec Rate Study**

79 Carol Malesky with Stantec gave a presentation on the rate study they have been working on for PAWSD
80 (copy attached).

81

82 **Discussion of Archuleta County Lease Agreement**

83 Director Hudson made a motion to table the Archuleta County Lease Agreement. There being no
84 seconds, the board proceeded to have a discussion. After discussing the lease agreement from Archuleta
85 County, the board suggested Tobi Rohwer request a lease from Archuleta County that is complete and
86 filled in with cost and management outlay. Director Tautges left the meeting after this discussion.

87

88 **Consideration of LPEA Agreement**

89 Justin Ramsey explained that this agreement is to replace the original agreement that was recently
90 approved for LPEA's involvement in the Snowball Water Treatment Plant. This new agreement is
91 required because LPEA moved a transformer. In moving the transformer, it reduced the cost by about

92 \$3,000. Director Hudson made a motion to approve the LPEA agreement as presented and was
93 seconded by Director Smith. The motion passed unanimously.

94

95 **Consideration of Vista WWTF Modifications Agreement**

96 Steve Omer, from Plummer Associates, explained that this agreement is Plummer Associates standard
97 agreement and formal scope of services to meet regulation 85 requirements. Justin Ramsey explained
98 that this standard engineering contract goes over what the PAWSD Board has been discussing over the
99 past 12 months regarding CDPHE's compliance schedule for the Vista Wastewater Plant upgrade. Justin
100 Ramsey explained that CDPHE's engineering department expressed to PAWSD that they think this
101 alternative approach with Plummer associates is a reasonable approach. Steve Omer explained that
102 Plummer Associates will need to submit their study to CDPHE for their approval. Mr. Omer further
103 explained that this proposal should be enough to keep the Vista Wastewater Plant operating and meet
104 the required nitrogen and phosphorus limits. Director Hudson made a motion to approve Plummer
105 Associates agreement and was seconded by Director Smith. The motion passed unanimously.

106

107 **Consideration of Ronny Farmer Audit Engagement Letter**

108 Aaron Burns explained that this is the Audit Engagement letter for next year with Ronny Farmer. Aaron
109 Burns said there was a modest cost increase. Director Smith made a motion to approve the audit
110 engagement letter and was seconded by Director Hudson. The motion passed unanimously.

111

112 **Manager Talking Points**

113 Justin Ramsey discussed the water loss report for July and that it still isn't looking good. Mr. Ramsey
114 continued to explain that plant production has gone up 22%, however metered production has gone up
115 32%. PAWSD is continuing to test meters and is finding meters that are underreporting. Any meters that
116 are underreporting are being replaced as they are found.

117 Justin Ramsey gave an update on the construction of the Snowball Water Treatment Plant and explained
118 that they are working on getting the piers put in and it will likely be finished in the next week or so. Mr.
119 Rasmey explained that it is currently looking like there will be some cost savings when the piers are
120 done but said he wouldn't know what the cost savings will be until after the final piers are put in place.

121

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

123 Director Hudson explained that he had requested a few items be on this agenda and was suggested they
124 not be added due to the length of the agenda. Director Hudson continued to explain that he researched
125 the PAWSD bylaws, and it says that any board member can request items be added to the agenda and
126 going forward he would like any items he asks to be on the agenda be added to the agenda. Director
127 Walsh agreed that any board member should be able to add an item to an agenda. A motion was made
128 by Director Smith to adjourn the meeting at 7:59 p.m. and seconded by Director Walsh. The motion
129 passed unanimously.

130

131

132 Respectfully submitted,

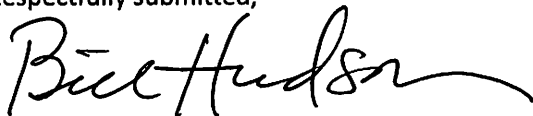
133

134

135

136 Bill Hudson

137 Secretary





**Pagosa Area Water and
Sanitation District**

Water &
Wastewater
Rate Study 2023

The background of the slide is a photograph of water with concentric ripples. The ripples are most prominent in the upper half of the image, where they are sharp and clearly defined. The water color transitions from a deep blue in the upper right to a lighter, almost white-blue in the lower left. The overall effect is a sense of movement and depth.

Agenda

1. Water Fund Financial Plan
2. Wastewater Fund Financial Plan
3. Proposed Rate Adjustments
4. Rate and Fee Comparison

Utility's Financial Goals

- **Maintain combined debt service coverage ratio of 1.25%**
- **Maintain adequate reserve requirements**
 - Water & Wastewater– 90 days cash on hand to maintain bond ratings in at least one of the funds
- **Fund necessary capital improvement projects using cash unless project is specified as debt funded (Snowball water treatment plant)**
- **Water & Wastewater analysis performed as separate utilities**
- **Minimize the rate impacts for both**
- **Fund future utility operations and capital investments in the most financially prudent manner**



Water Utility

Water Utility Assumptions

- **Annual Cost Escalation Factors:**
 - Capital Projects – 6.0% FY24 – FY28
 - Capital Projects – 3.0% FY29 – FY32
 - Operating Expenses – 5% FY24 – FY28
 - Salaries and Wage
 - Retirement
 - Admin Services
 - Fuel, Utilities, Chemicals average 7.1%
 - Health Insurance 6.5%
- **Account growth – 2% based on District's projections**
- **Raw Water Acquisition Fee (RWAFF) combines with Capital Investment Fee (CIF) in 2024 (\$8,958)**

Water Capital Investment Fee

Water Utility

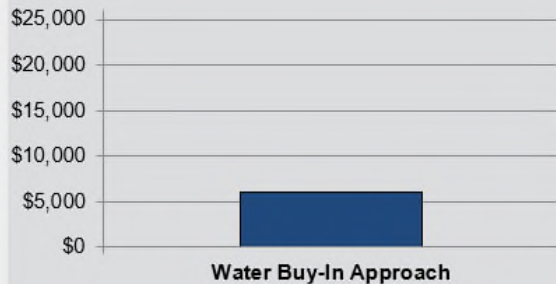


PAWSD, CO Capital Investment Fee

Water Buy-In Approach

Plant in Service (RCNLD)	\$ 71,987,073
(Less: Debt Principal)	\$ (10,921,901)
(Less: Grants)	\$ -
(Less: Donated Assets / Exclusions)	\$ (1,829,137)
Total Net System Costs	\$ 59,236,036

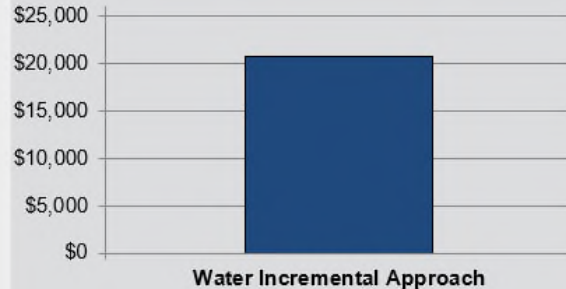
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 9.87
Level of Service (GPD)	610
Total Calculated Fee per EU:	\$ 6,018



Water Incremental Approach

Expansion Capital Costs	\$ 38,393,400
(Less: Revenue Credit)	\$ -
(Less: Grants)	\$ -
(Less: Required Additional Credits)	\$ 12,577,476
Total Net System Costs	\$ 50,970,876

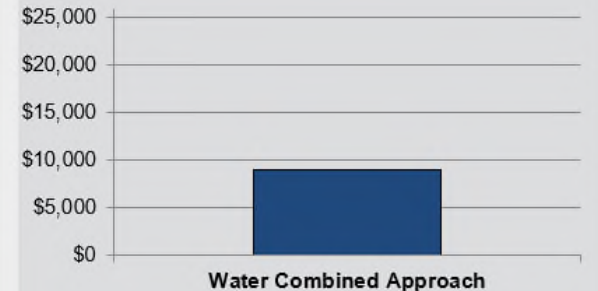
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 33.98
Level of Service (GPD)	610
Total Calculated Fee Per EU:	\$ 20,715



Water Combined Approach

Plant in Service (RCNLD)	\$ 71,987,073
Expansion Capital	\$ 38,393,400
(Less Principal and Donated)	\$ (12,751,037)
(Less Revenue Credit and Grants)	\$ 12,577,476
Total Net System Costs	\$ 110,206,912

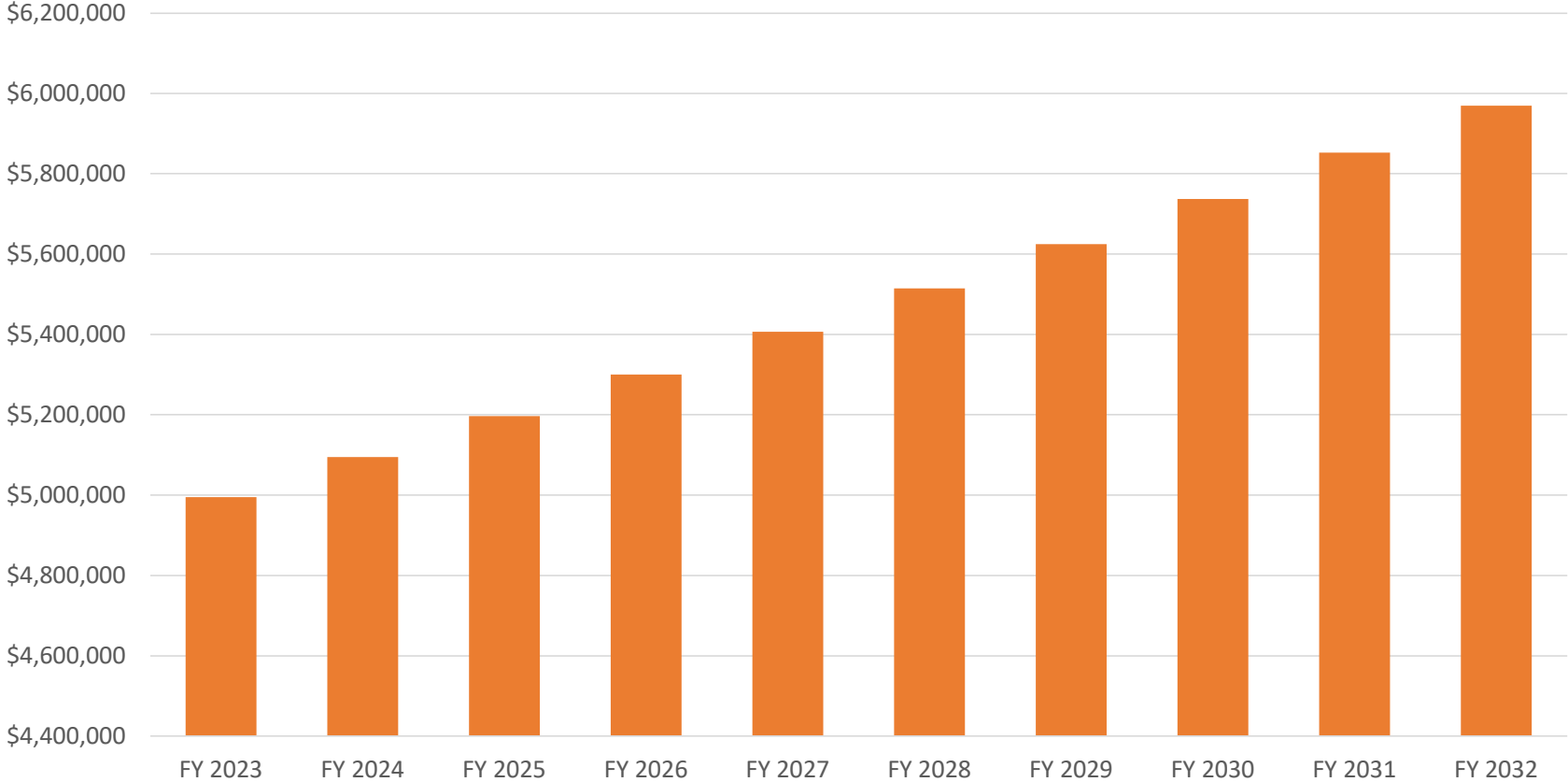
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 14.69
Level of Service (GPD)	610
Total Calculated Fee per EU:	\$ 8,958



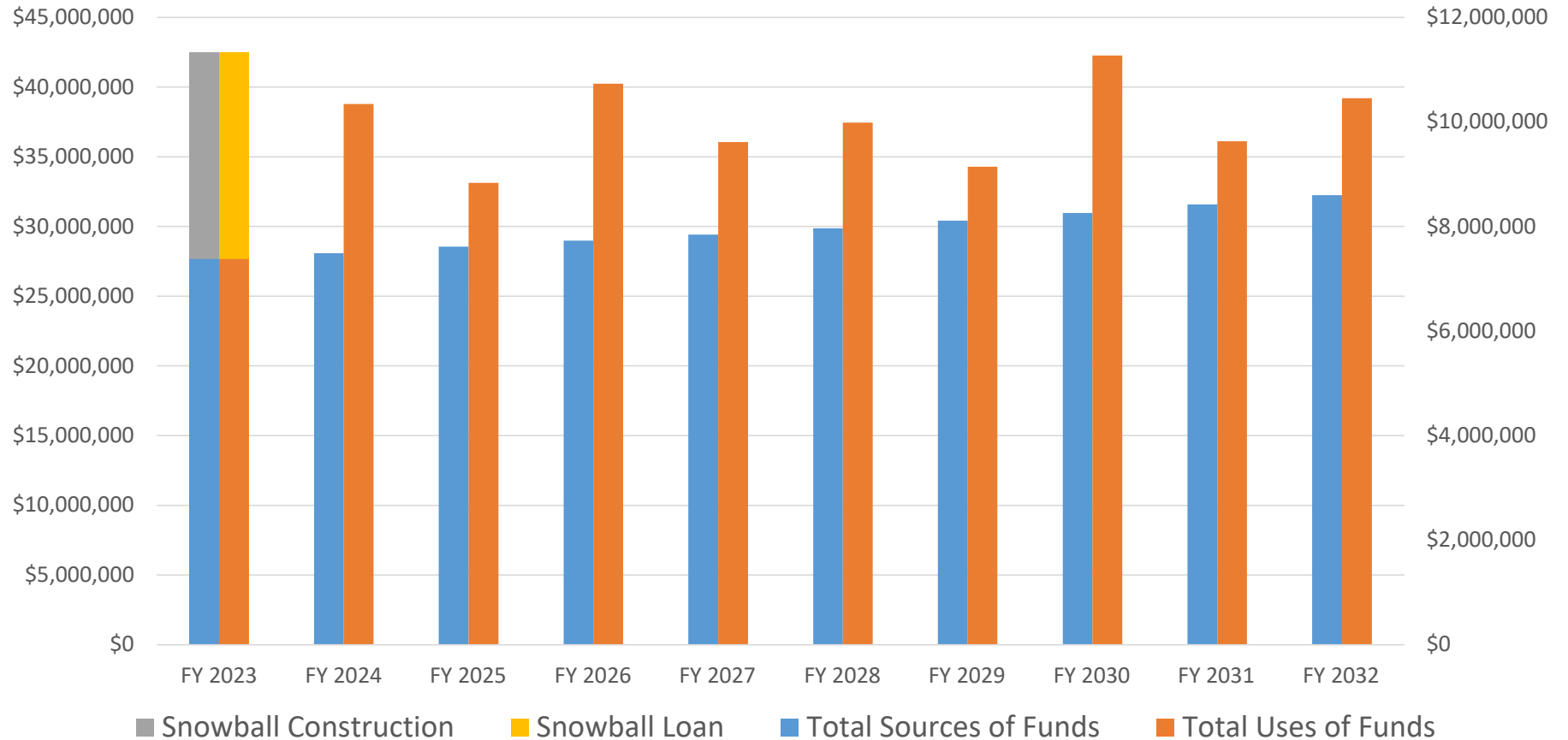
Water Rate Revenue Projection

No rate adjustments

Water Utility

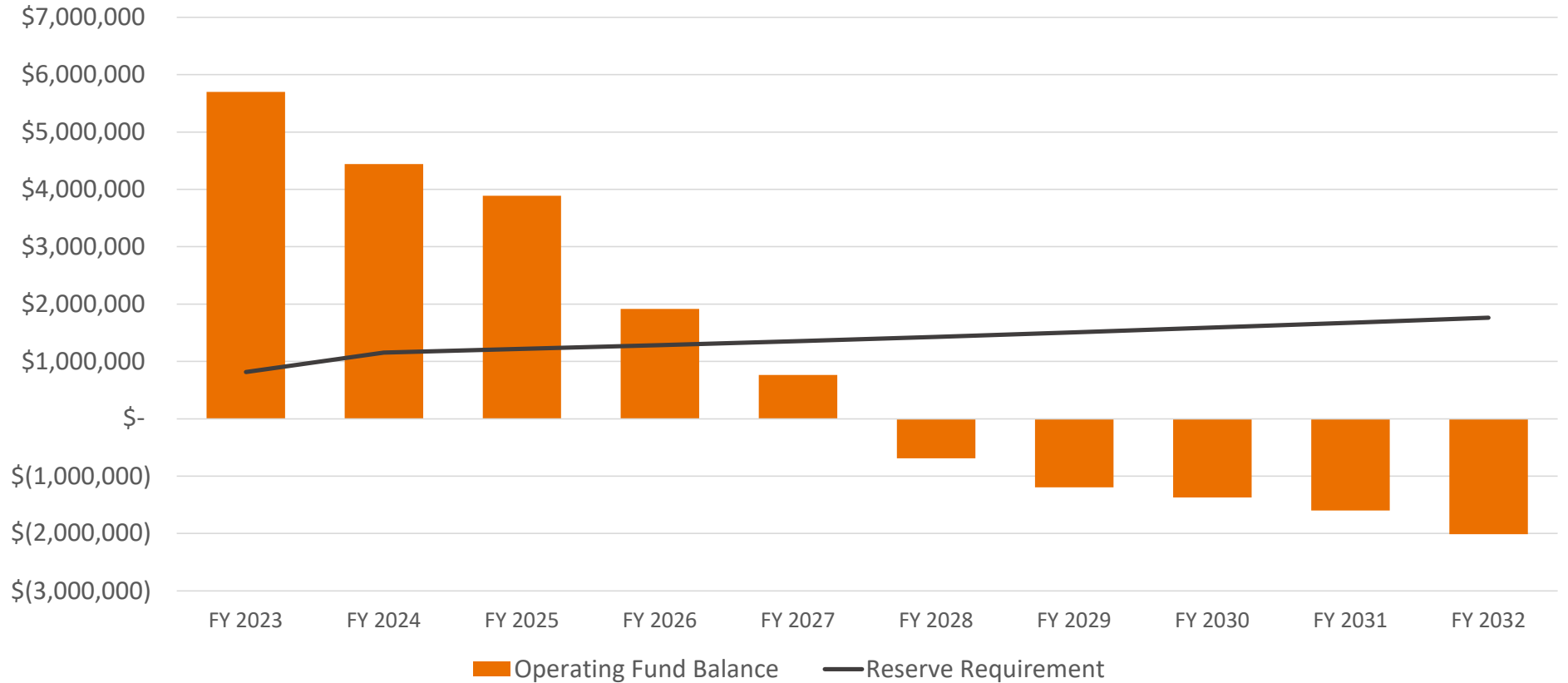


Total Sources and Uses of Funds *with no rate or CIF adjustments*



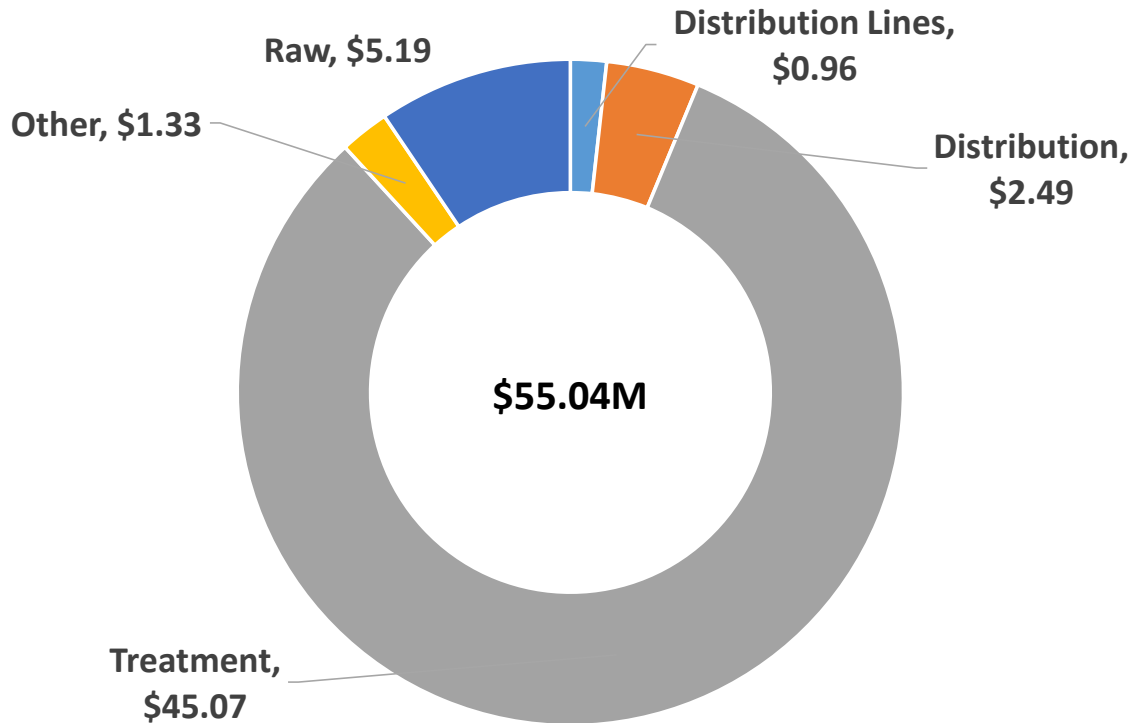
Operating Fund Balance

with No Rate Adjustments



Capital Improvement Program

Total Project Needs 2023 - 2032



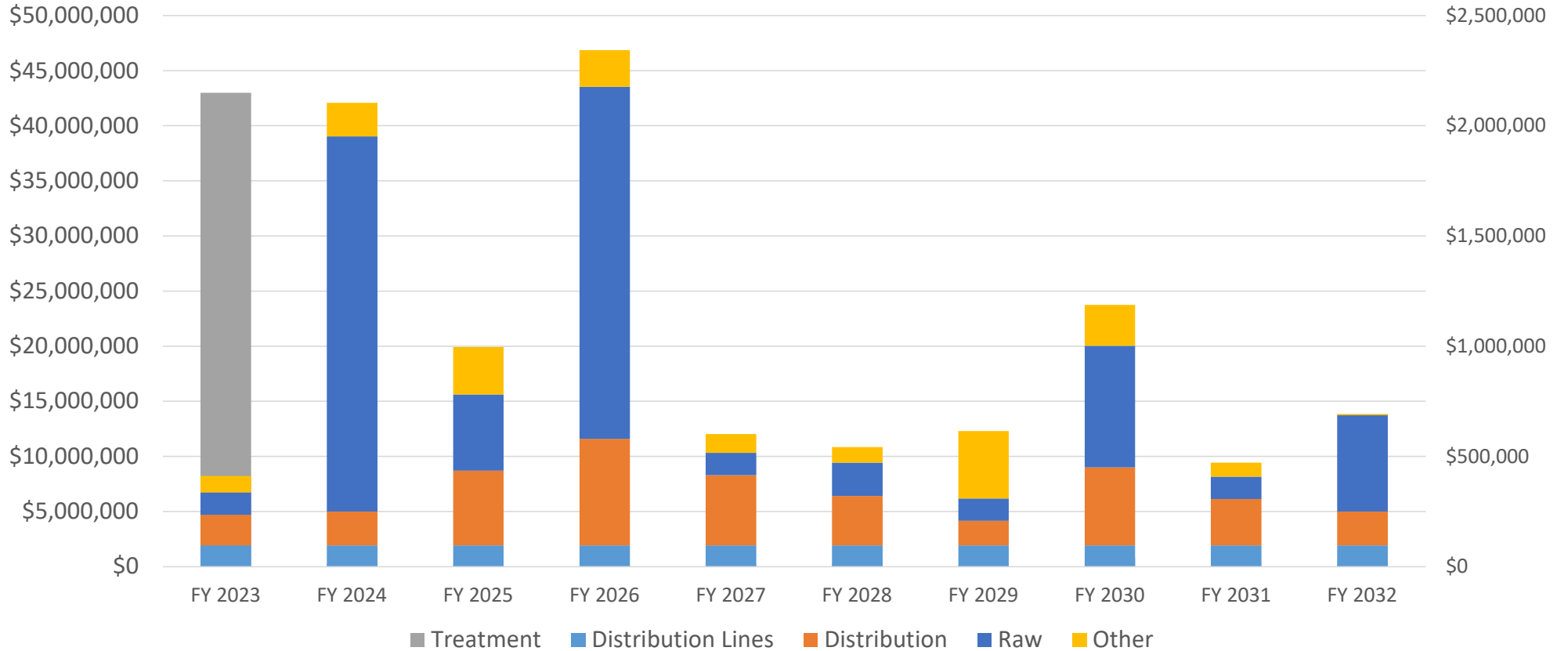
Notable Projects Include...

Distribution
Lines (\$960k)
Storage Tanks (\$785k)

Treatment
Snowball Construction (\$42.5M)
San Juan (\$1.37Mk)

Raw Water
Convert ditches to pipelines (\$2.3M)
West Fork Diversion (\$1.09M)

2023-2032 CIP Summary



Proposed Water Rate Adjustments

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Proposed Rate Adjustments	6.00%	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%	0.00%	0.00%
Projected Monthly Residential Bill	\$54.00	\$55.62	\$57.27	\$58.99	\$60.74	\$62.86	\$65.06	\$67.35	\$67.35	\$67.35



Wastewater Utility

Wastewater Utility Assumptions

- **Annual Cost Escalation Factors:**
 - Capital Projects – 6.0% FY24 – FY28
 - Capital Projects – 3.0% FY29 – FY32
 - Operating Expenses – 5% FY24 – FY28
 - Salaries and Wage
 - Retirement
 - Admin Services
 - Fuel, Utilities, Chemicals average 7.3%
 - Health Insurance 6.5%
- **Account growth – 2% based on District's projections**
- **Sewer Investment Fee (CIF) \$1,179 FY23**

Sewer Capital Investment Fee

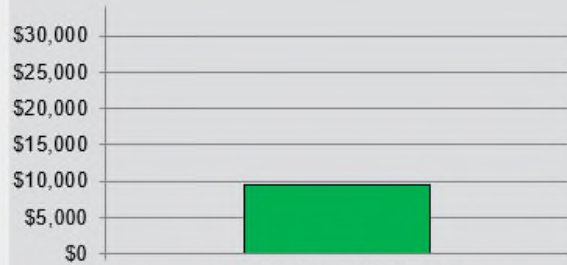


PAWSD, CO Capital Investment Fee

Sewer Buy-In Approach

Plant in Service (RCNLD)	\$	43,753,812
(Less: Debt Principal)	\$	(3,205,228)
(Less: Grants)	\$	-
(Less: Donated Assets / Exclusions)	\$	(453,713)
Total Net System Costs	\$	40,094,870

Cost Recovery Percentage		100%
Total Calculated Fee per Gallon:	\$	10.28
Level of Service (GPD)		914
Total Calculated Fee per EU:	\$	9,401

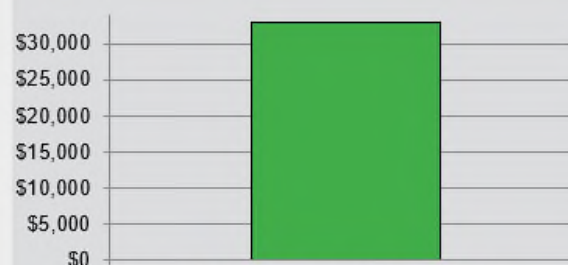


Sewer Buy-In Approach

Sewer Incremental Approach

Expansion Capital Costs	\$	48,185,500
(Less: Revenue Credit)	\$	-
(Less: Grants)	\$	-
(Less: Required Additional Credits)	\$	12,600,026
Total Net System Costs	\$	60,785,526

Cost Recovery Percentage		100%
Total Calculated Fee per Gallon:	\$	36.02
Level of Service (GPD)		914
Total Calculated Fee per EU:	\$	32,938

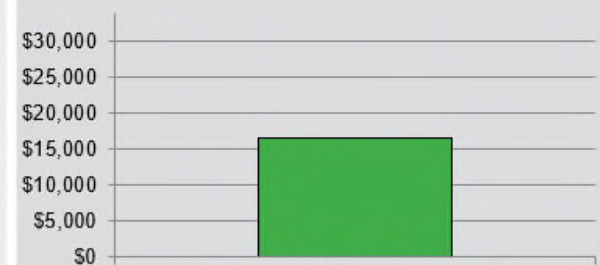


Sewer Incremental Approach

Sewer Combined Approach

Plant in Service (RCNLD)	\$	43,753,812
Expansion Capital	\$	48,185,500
(Less Principal and Donated)	\$	(3,658,942)
(Less Revenue Credit and Grants)	\$	12,600,026
Total Net System Costs	\$	100,880,396

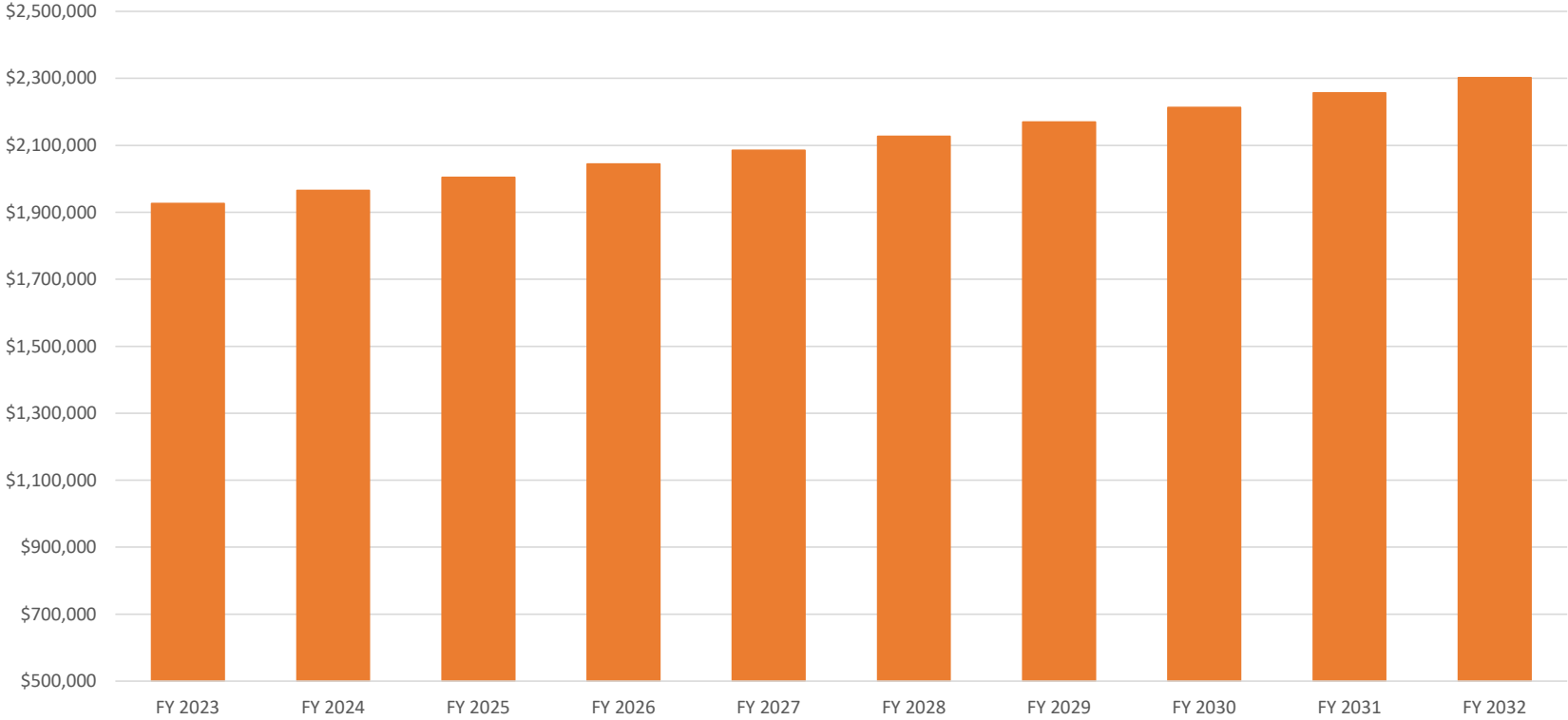
Cost Recovery Percentage		100%
Total Calculated Fee per Gallon:	\$	18.05
Level of Service (GPD)		914
Total Calculated Fee per EU:	\$	16,509



Sewer Combined Approach

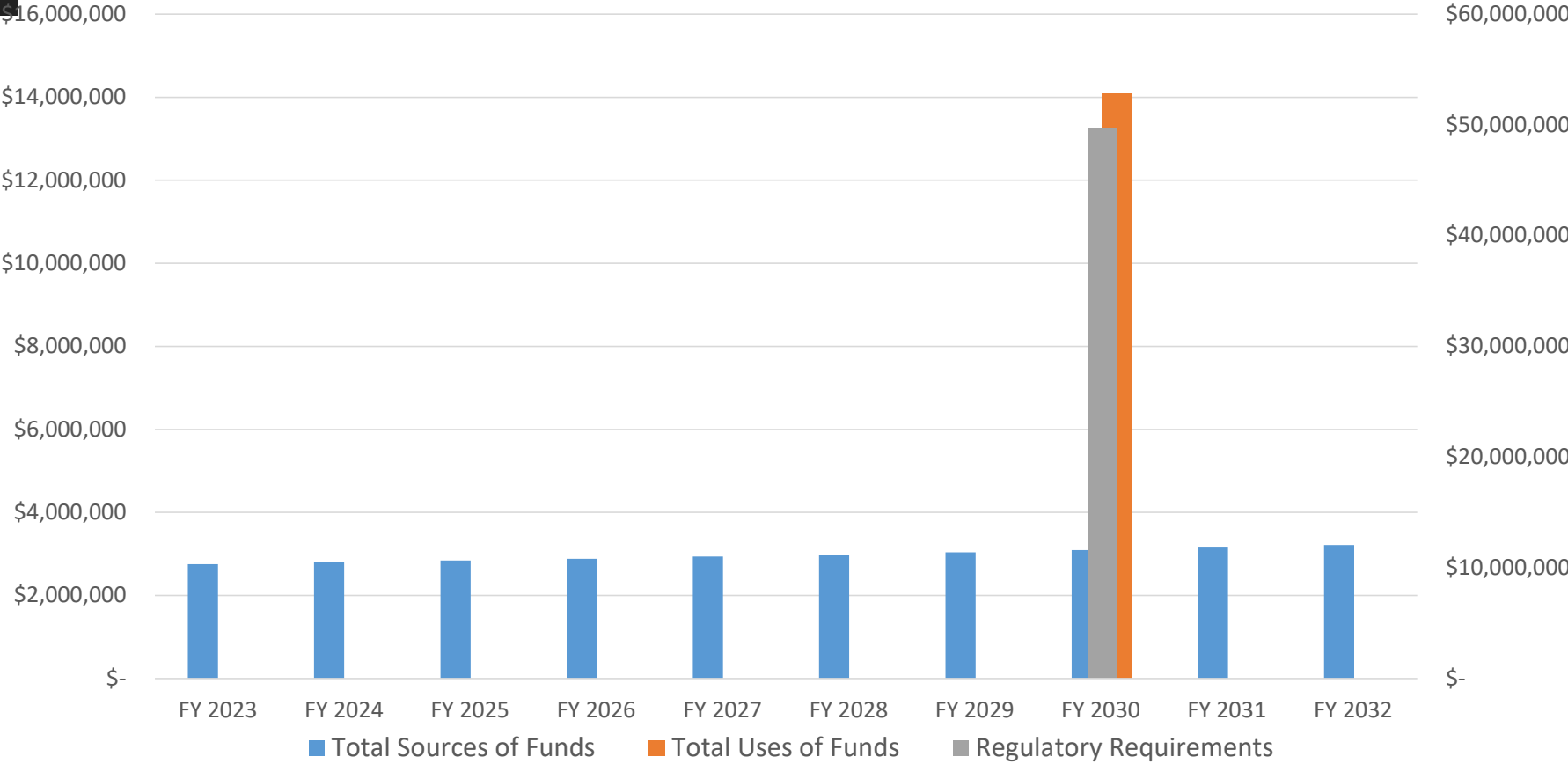
Wastewater Rate Revenue Projections

No rate adjustments



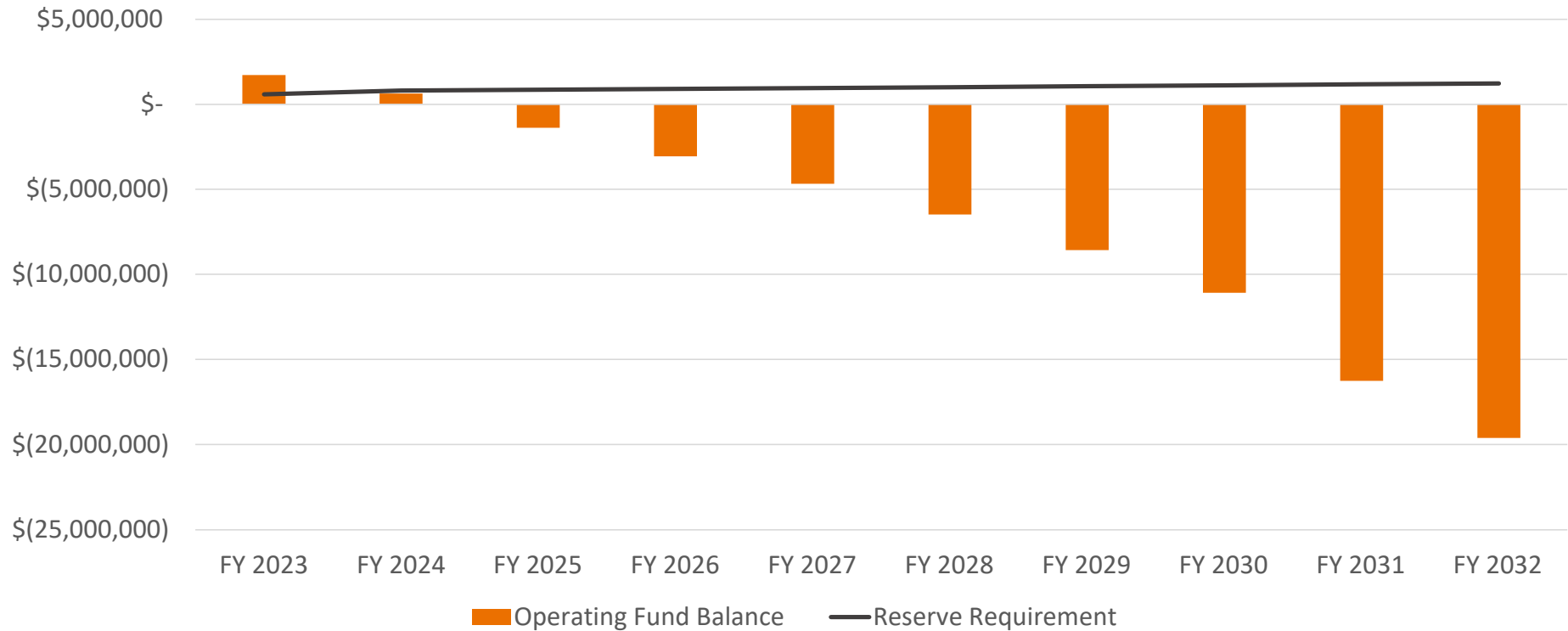
Total Sources and Uses of Funds

No rate adjustments



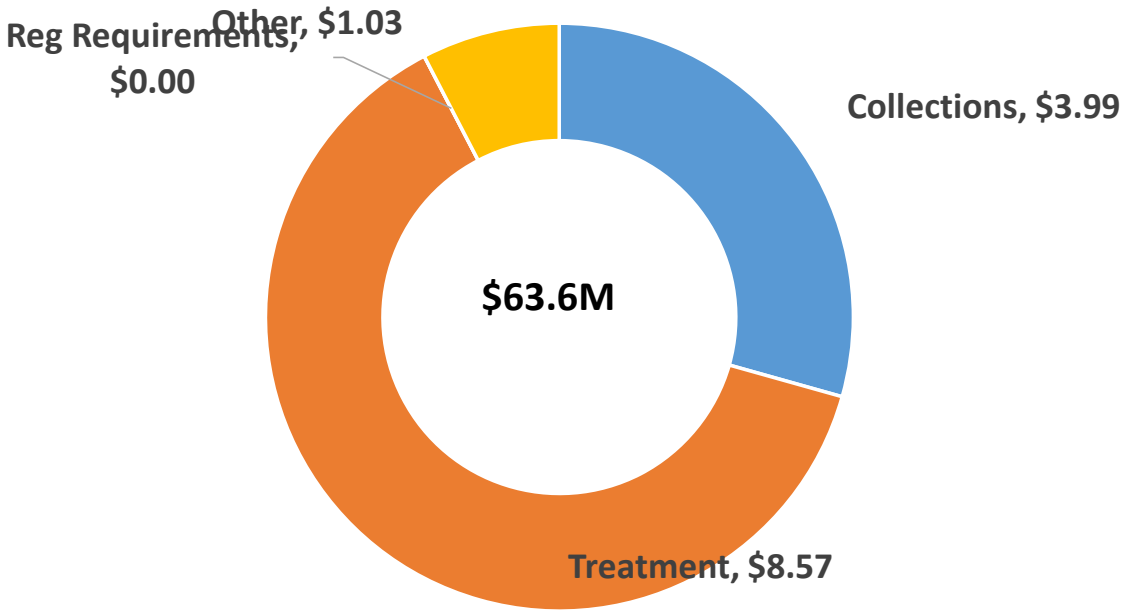
Operating Fund Forecast

No rate adjustments



Capital Improvement Program

Wastewater Project Needs 2023-2032



Notable Projects Include...

Collections

Sewer Mains (\$9M)

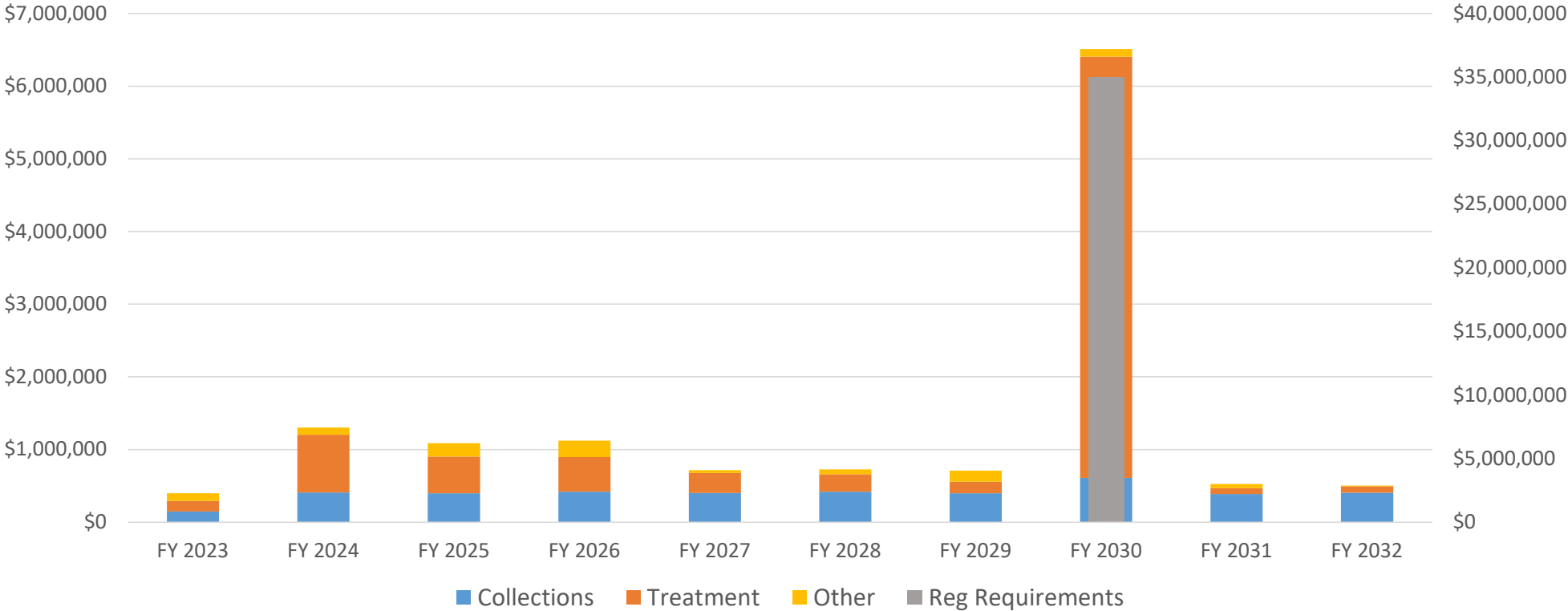
Vista

Clarifiers (\$6M)

Regulatory Requirements

Regs 85 & 31 Upgrades for Nutrient Removal and Expansion (\$50M)

2023-2032 CIP Summary

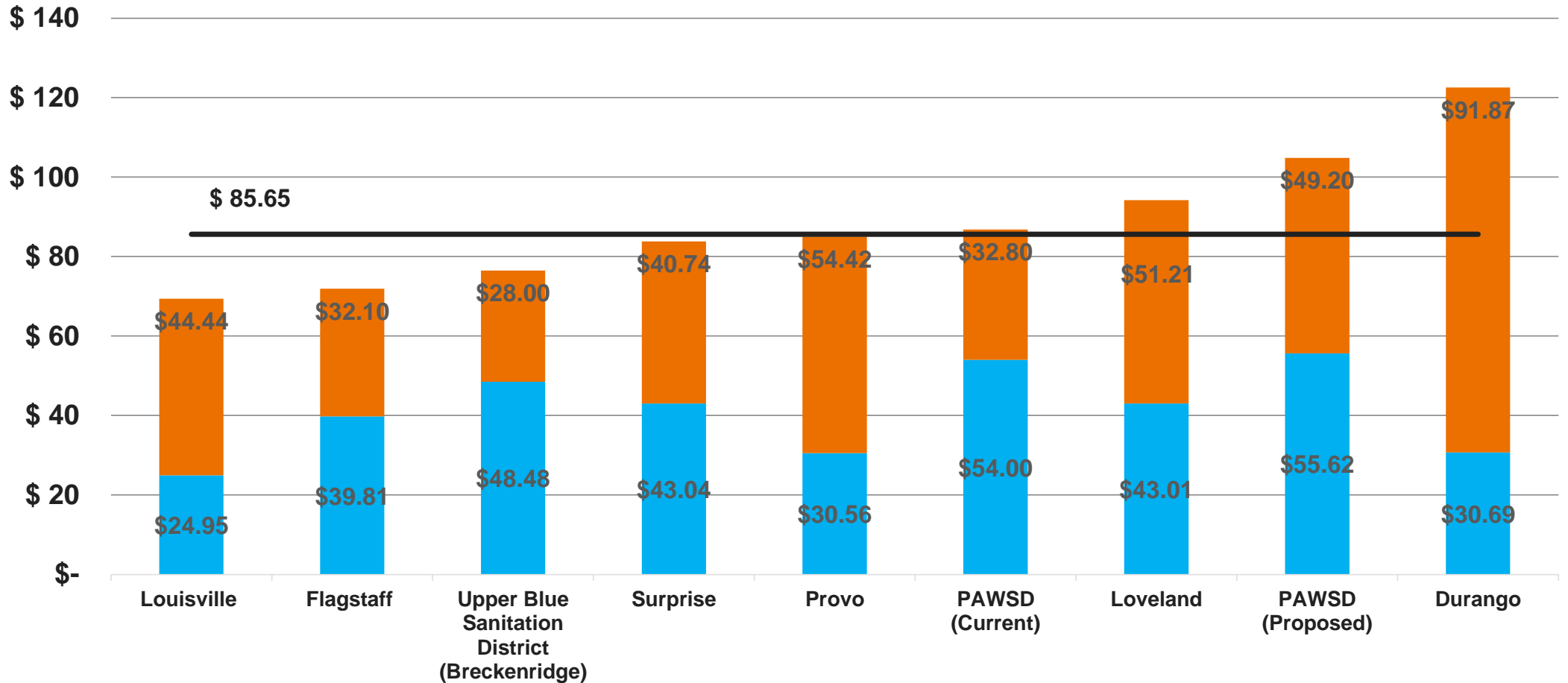


Proposed Wastewater Rate Adjustments

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Proposed Rate Adjustments	2.50%	50.00%	40.00%	5.00%	5.00%	5.00%	5.00%	15.00%	5.00%	0.00%
Projected Monthly Residential Bill	\$32.80	\$49.20	\$68.88	\$72.32	\$75.94	\$79.74	\$83.73	\$96.29	\$101.10	\$101.10

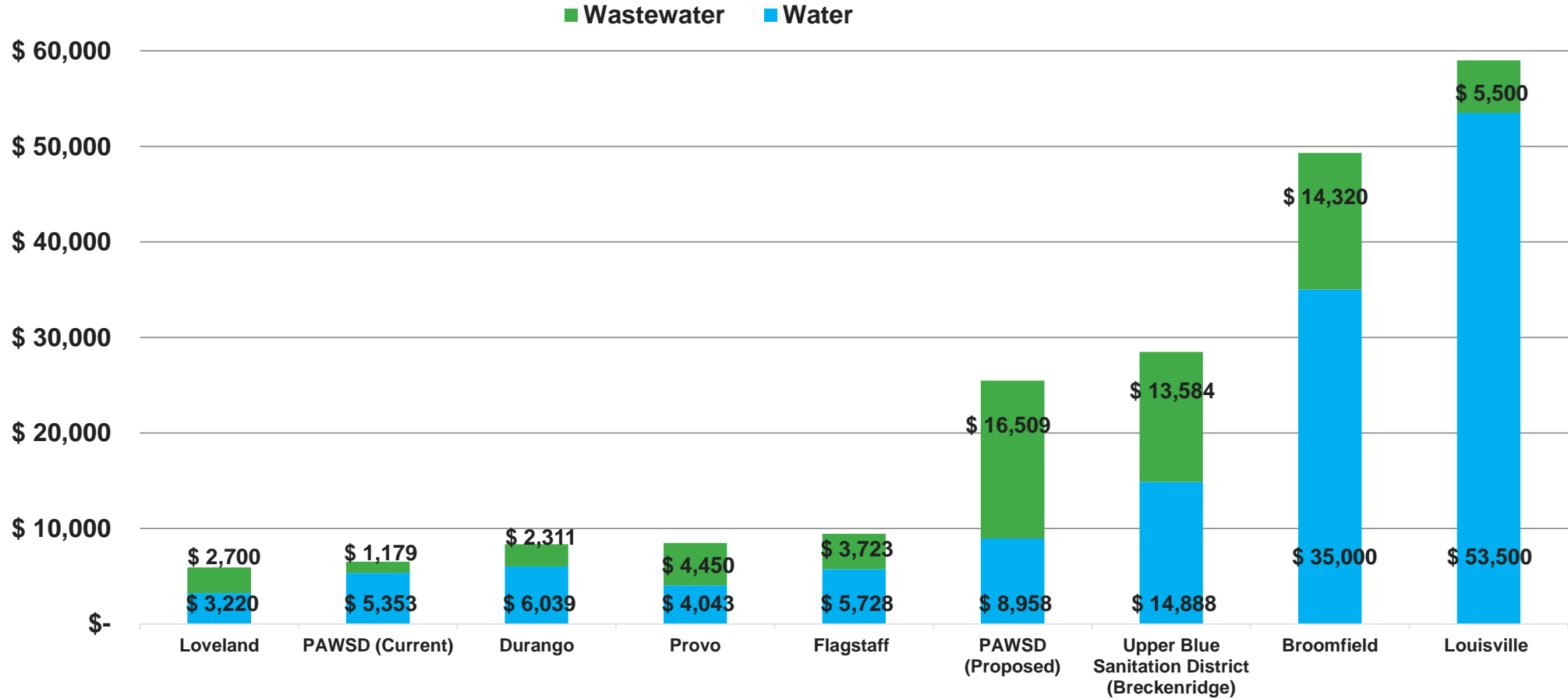
Residential Bill Comparison 6 kgal

Wastewater Water Average





Capital Investment Fee Comparison – 1 E.U.



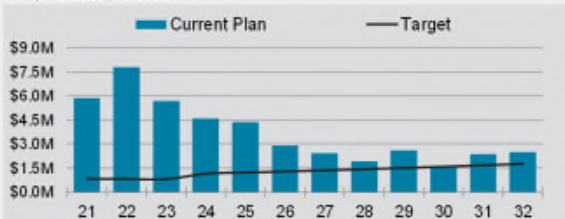


Questions?

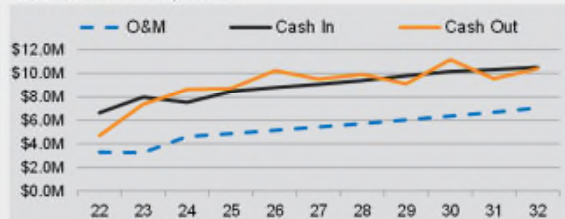
Water Fund Summary

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2027	FY 2032
Override ▶	0.00%	6.00%	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%			Cumulative	
Water Rate Plan	0.00%	6.00%	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%	0.00%	0.00%	12.00%	28.50%
Senior-Lien DSC	2.99	2.95	2.71	4.57	4.63	2.86	2.95	16.38	17.06	16.80	16.56	Scenario Manager	
All-In DSC	2.99	1.27	1.14	1.40	1.43	1.21	1.25	1.99	2.07	2.04	2.01		
Combined Annual Debt Service	2.57	1.25	1.69	1.94	2.01	1.82	1.90	2.70	2.07	1.87	1.86		
Combined Max Debt Service	2.57	1.25	1.67	1.94	2.01	1.82	1.90	1.99	2.07	1.87	1.86		
CIP \$ Redistrib	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
CIP Execution %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Oper Reserve Mos	3	3	3	3	3	3	3	3	3	3	3		
PS Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
OMV Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
OMF Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
CO Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
O&M \$ Redistrib	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
↑ Insert New Panel Controls Above this Row ↑													
Total Single Family Bill	\$50.94	\$54.00	\$55.62	\$57.27	\$58.99	\$60.74	\$62.86	\$65.06	\$67.35	\$67.35	\$67.35		

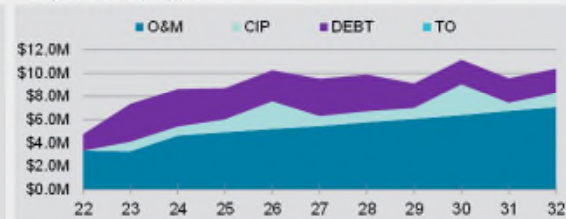
Operating Fund



Revenues vs. Expenses



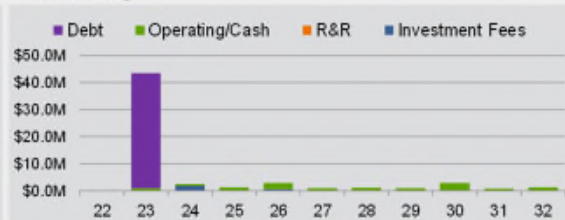
Expenses by Type



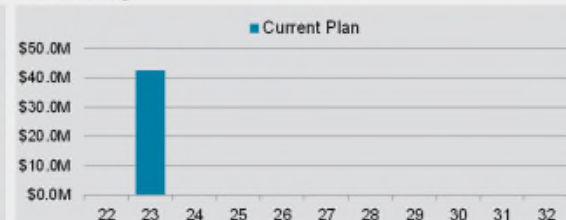
CIP Spending



CIP Funding



Borrowing



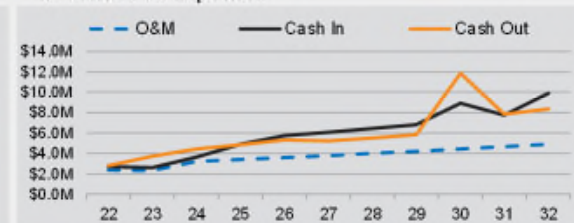
Wastewater Fund Summary

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2027	FY 2032
Override ▶	0.00%	2.50%	50.00%	40.00%	5.00%	5.00%	5.00%	5.00%	15.00%	5.00%		Cumulative	
Sewer Rate Plan	0.00%	2.50%	50.00%	40.00%	5.00%	5.00%	5.00%	5.00%	15.00%	5.00%	0.00%	137.31%	215.94%
Senior-Lien DSC	1.09	1.09	6.10	3.32	3.50	3.69	3.91	4.14	2.07	1.76	1.75	Scenario Manager	
All-In DSC	1.09	1.09	6.10	3.32	3.50	3.69	3.91	4.14	2.07	1.76	1.75		
Combined Annual Debt Service	2.57	1.25	1.69	1.94	2.01	1.82	1.90	2.70	2.07	1.87	1.86		
Combined Max Debt Service	2.57	1.25	1.67	1.94	2.01	1.82	1.90	1.99	2.07	1.87	1.86		
CIP \$ Redistrib	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
CIP Execution %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Oper Reserve Mos	3	3	3	3	3	3	3	3	3	3	3		
PS Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
OMV Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
OMF Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
CO Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
O&M \$ Redistrib	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
↑ Insert New Panel Controls Above this Row ↑													
Total Single Family Bill	\$32.00	\$32.80	\$49.20	\$68.88	\$72.32	\$75.94	\$79.74	\$83.73	\$96.29	\$101.10	\$101.10		

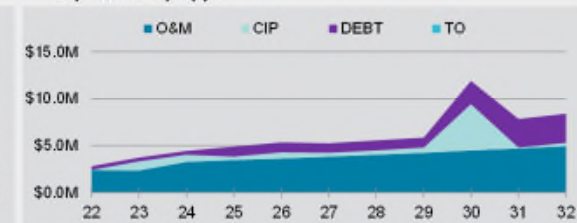
Operating Fund



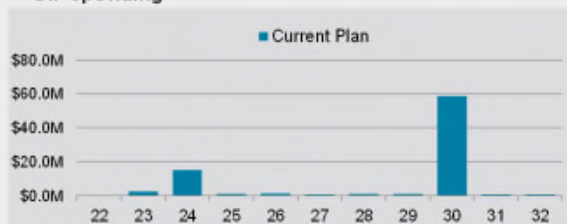
Revenues vs. Expenses



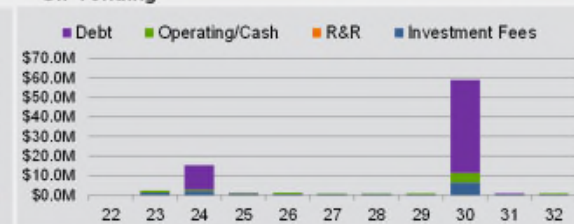
Expenses by Type



CIP Spending



CIP Funding



Borrowing



1 **RECORD OF PROCEEDINGS**

2 PAGOSA AREA WATER AND SANITATION DISTRICT

3 September 14, 2023, REGULAR MEETING

4
5 **Call to Order**

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

8
9 **Attendance**

10 The following Directors were present: Jim Smith, Glenn Walsh, Bill Hudson, and Gene Tautges.
11 In attendance from staff: Justin Ramsey, Aaron Burns, Renee Lewis, and Cyndi Foster. Also present:
12 Bruce Jones Jr., Al Pfister, Tobi Rohwer, Rob Hagberg, Andy Weber, Kathy Weber, Candace Jones, Chuck
13 Riehm, Josh Pike, Marcus Locke, Rod Proffitt, Shannon Davidson, and Jon McCauley.

14
15 **Approval of Minutes- 8/24/2023 Regular Meeting**

16 The board of directors reviewed the 8/24/2023 Regular Meeting minutes. Director Hudson requested a
17 revision be made to the sentence that states "Mr. Weber explained that due to lack of employees, he
18 underestimated the material left for reclaim and all that needs to be moved and cleaned up, which is
19 why there is a need for an extension." to be "Mr. Weber explained that due to lack of employees, he did
20 not process the material at the rate he expected to." Director Hudson made a motion to approve the
21 minutes with the revision and was seconded by Director Walsh. The motion passed unanimously.

22
23 **Public Comment**

24 Candace Jones read a letter that she provided to PAWSD just prior to the meeting, see letter attached.
25 Director Smith responded to the letter Candace Jones read and explained that the lease PAWSD
26 received from Archuleta County regarding the Running Iron Ranch property was incomplete and added
27 that PAWSD attorneys reviewed the lease and directed PAWSD not to get involved in the lease with
28 Archuleta County. Director Smith continued explaining that PAWSD and Archuleta County are not in the
29 park business. Director Smith explained that PAWSD employees are of the utmost importance and
30 PAWSD must do whatever means possible to keep good employees, which includes employees having a
31 place to live. Justin Ramsey added onto Director Smith's comment and explained that PCL, who is the
32 contractor for the Snowball Water Treatment Plant, is looking to put in RV pads for their employees
33 while construction is taking place on the Snowball Water Treatment Plant, at no cost to PAWSD or
34 PAWSD customers, and once the project is done, those RV pads will be available for PAWSD workforce
35 housing. Director Walsh explained that he reviewed the lease from Archuleta County and considered it,
36 however, it was incomplete, and he does not want to go into partnership with Archuleta County for
37 multiple reasons. These reasons included that Archuleta County doesn't have a parks department, or a
38 recreation department, and Archuleta County doesn't have a any budget items for parks or anyone to
39 "police" the park. Director Walsh added that he does not feel Archuleta County is a credible partner for
40 developing a park. Candace Jones explained that she appreciated the PAWSD board taking the time to
41 provide their comments on the letter and that she would like to see the PAWSD board and the SJWCD
42 board meet for a joint meeting to discuss the Running Iron Ranch property in further detail.

43
44 Director Smith made a comment that a friend of his said to him that the Running Iron Ranch Property is
45 being paid by county tax money which is incorrect and asked Aaron Burns to confirm. Aaron Burns the

46 PAWSD Comptroller explained and confirmed that the Running Iron Ranch property payment is paid
47 from rate revenue funds, not from county tax dollars.

48

49 **Board Training with PAWSD Attorney**

50 PAWSD attorney Marcus Locke from Law of the Rockies explained that he was asked to speak to the
51 board after reviewing audio from the SJWCD board meeting held on June 19th, 2023, and reading the
52 newspaper article from the July 12th, 2023, PAWSD board meeting. Marcus Locke explained three things
53 to the PAWSD Board in response to reviewing the audio and newspaper article. 1. The capacity in which
54 board members speak outside of district meetings. 2. Fiduciary duties as board members. 3. Quasi-
55 judicial proceedings. Marcus Locke explained that unless you are authorized by the majority of the
56 board of directors, you are not entitled to speak outside of board meetings in an official capacity. The
57 PAWSD board would need to elect an official and pass a majority vote for a board member to represent
58 the PAWSD board outside of a PAWSD board meeting.

59

60

61 **Consideration of Weber Lease Agreements**

62 Justin Ramsey explained that at the last board meeting a discussion took place with Andy and Kathy
63 Weber regarding an extension of the gravel and agricultural leases on the Running Iron Ranch property.
64 PAWSD asked that Andy and Kathy Weber provide PAWSD with lease agreements for the PAWSD board
65 to consider at this 9/14/2023 meeting.

66

67 Justin Ramsey explained that he would like to see a few things added to the agricultural lease; a clause
68 added to the lease that makes the lease null and void if a dam is built or if the property sells and to
69 exclude 3 acres from the lease for PAWSD use. Kathy Weber requested year-round access to the
70 property so she can conduct regular maintenance on the property as needed. Director Smith made a
71 motion to accept the agricultural lease with the following additions to the lease: 1. Extending the lease
72 for 2 years 2. Allowing Weber's access to the property year-round 3. Excluding 3-acres of the property
73 for PAWSD use 4. The lease is null and void if the property sells or a dam is built. The motion was
74 seconded by Director Hudson. Director Smith and Director Hudson voted in favor and Director Walsh
75 and Director Tautges voted opposed. The motion did not pass. Director Walsh made a new motion to
76 accept the agricultural lease with the following additions to the lease: 1. Extending the lease for 1 year
77 2. Allowing Weber's access to the property year-round 3. Excluding 3-acres of the property for PAWSD
78 use. The motion was seconded by Director Hudson. The motion passed unanimously.

79

80 Justin Ramsey explained that what PAWSD is agreeing to is that the gravel will be crushed, mined, and
81 sold to PAWSD by December 31st, 2023, and to allow Weber's access to the property through 2025 for
82 reclamation. Andy Weber explained that he would need access for 3-5 years to complete the
83 reclamation or whenever the state signs off on the reclamation. Director Hudson made a motion to
84 accept the gravel lease, adding into the lease that the Weber's will have access for 3-5 years or when the
85 state signs off, to complete the reclamation. The motion was seconded by Director Smith. Director
86 Walsh explained that he would also like to add into the lease that if the gravel is not crushed, mined,
87 and sold to PAWSD by the December 31, 2023, deadline due to weather or mechanical issues that a new
88 deadline will be discussed and decided on between the PAWSD board and the Weber's. The PAWSD

89 board and the Weber's all agreed. With the new addition to the motion, the motion went to a vote and
90 passed with 3 in favor, 1 opposed. Director Tautges voted opposed.

91

92 **Consideration of Agenda Approvals**

93 Justin Ramsey explained that at the last board meeting, Director Hudson made a request to add an item
94 to each agenda going forward that allows the PAWSD board to review and approve the agenda as is,
95 rearrange agenda items, or to remove agenda items with the understanding that items cannot be added
96 to the agenda at that time. Director Hudson made a motion to add an agenda item after role call to each
97 agenda going forward with the item being, approval by PAWSD board of agenda. The motion was
98 seconded by Director Walsh. The motion passed unanimously.

99

100 **Consideration of 4160 CR 200- W Diamond X LLC Water Connection**

101 Justin Ramsey explained that W Diamond X LLC has withdrawn from the meeting.

102

103

104

105 **Consideration of 5053 CR 200 Fourmile Ranch Inclusion**

106 Renee Lewis began the discussion explaining that as a follow up from the last meeting in August, she
107 reached out to Fourmile Ranch and requested a comprehensive detailed list of all water right associated
108 with the property in which Fourmile Ranch responded that they do not wish to move forward with the
109 inclusion if their only option is to give water rights to PAWSD as a condition of inclusion. Shannon
110 Davidson with Fourmile Ranch explained that she had previously provided all conservation easements,
111 surveys, and water rights documentation that they possessed and that were included in the closing
112 documents along with the title. Jon McCauley with Fourmile Ranch expressed that they are happy to
113 provide any documentation to PAWSD and would like to have further discussion on options for
114 conditions of inclusion and would like to discuss this with PAWSD staff prior to getting a PAWSD
115 attorney involved in reviewing the Fourmile Ranch water rights. Director Hudson made a motion to table
116 the approval of the inclusion until further discussion is had between Fourmile Ranch and PAWSD staff.
117 The motion was seconded by Director Walsh. The motion passed unanimously.

118

119 **Consideration of Annual Inclusion Date Cutoff of September 1st**

120 Aaron Burns explained that PAWSD would like to implement an inclusion cutoff date of September 1st of
121 each year to allow enough time for the PAWSD to complete all required documentation for inclusion
122 and for the engineers to get the mapping done and back to PAWSD with enough time for PAWSD to
123 provide required documentation to the state by the state's deadline of December 31st of each year.
124 Aaron Burns further explained that any inclusion that had been requested prior to the September 1st
125 cutoff would be able to complete their inclusion process and that the cutoff date would only apply to
126 any new inclusion requests received after September 1st. Any inclusion requests that are received after
127 September 1st would be pushed to the next calendar year. Director Hudson made a motion to accept the
128 September 1st cutoff date for inclusions and was seconded by Director Tautges. The motion passed
129 unanimously.

130

131 **Discussion of SJWCD Meeting**

132 Justin Ramsey explained that PAWSD has discussed that a joint meeting needs to be held with the
133 SJWCD and that a date and time for the joint meeting needs to be determined. Justin Ramsey proposed
134 the joint meeting be on October 12th at 4pm, prior to the PAWSD Regular Meeting on October 12th at
135 5:00pm. Al Pfister with SJWCD agreed to ask the SJWCD board if that date and time would work for
136 them to schedule the joint meeting.

137

138 **Consideration of Running Iron Ranch 5 Acres**

139 Justin Ramsey explained that this agenda item is for 3 acres of the Running Iron Ranch, not 5 acres.
140 Justin Ramsey further explained that this agenda item was already discussed and decided on as an
141 addition to the Weber agricultural lease that 3 acres of the Running Iron Ranch be excluded from the
142 lease for PAWSD use.

143

144 **Consideration of 21 Acre Running Iron Ranch Western Parcel**

145 Director Walsh explained that he does not wish to use the 21-acre Running Iron Ranch property for
146 recreational use but would rather see it used for affordable housing for PAWSD employees. Director
147 Smith suggested that PAWSD dedicate the 21-acre parcel on the Running Iron Ranch to be used for
148 PAWSD employee housing only. Director Smith made a motion that the 21-acre Running Iron Ranch
149 western parcel be dedicated for PAWSD employee housing only. The motion was seconded by Director
150 Hudson. The motion passed unanimously.

151

152 **Consideration of Visionary Amendment Agreement**

153 Justin Ramsey began the discussion by explaining that PAWSD has an ongoing agreement with Visionary
154 that we allow them to put items on PAWSD tanks and towers and in return Visionary provides PAWSD
155 with free internet. Justin Ramsey continued to explain that PAWSD currently has 72 strands of
156 fiberoptics coming from the hospital that run down North Pagosa to Park, and down Park to Vista. Of
157 the 72 strands, PAWSD currently only uses 2. The amendment to the agreement is for PAWSD to give
158 Visionary 3 of the fiberoptic strands in exchange for higher speed internet at the PAWSD Lyn Office,
159 Hatcher WTP, and Snowball WTP. Justin Ramsey expressed that he feels the amendment would be
160 beneficial to both parties. Aaron Burns also expressed that he thinks the amendment would be
161 beneficial to PAWSD. Director Hudson made a motion to approve the amendment agreement with
162 Visionary and was seconded by Director Smith. The discussion continued and Director Walsh asked what
163 the fastest standard speed Visionary refers to in the agreement is. Justin Ramsey explained that he is
164 not sure what that means, and he is unsure as to what the current speeds are and what the speeds
165 would be after Visionary provides PAWSD with the fastest standard speed but suspects it would vary at
166 each location. Director Tautges explained that he would like to see the responsibilities of Visionary be
167 widened. Justin Ramsey suggested that Visionary attend a board meeting to discuss the agreement and
168 answer any questions the board has. Director Hudson withdrew his motion. The PAWSD board agreed to
169 table the approval of the agreement until a meeting is held that Visionary can attend to discuss the
170 agreement and answer questions. Justin Ramsey said he would ask Visionary to attend a board meeting
171 to discuss the agreement and answer questions.

172

173 **Manager Talking Points**

174 Justin Ramsey provided an update on Snowball Water Treatment Plant construction. Mr. Ramsey
175 explained that PCL is currently working on the underdrain system and that it will take a couple of
176 months to complete.

177
178 Renee Lewis provided an update on the Farrow's-W Diamond X LLC property. Renee Lewis explained
179 that PAWSD staff had a meeting with them to discuss their request for a water meter connection and
180 that a few options were discussed with them in that regard. Renee Lewis explained that she plans to
181 convey the outcome of the Fourmile Ranch Inclusion with them, as cost sharing for the Fourmile Ranch
182 inclusion may include the Farrow's-W Diamond X LLC.

183
184 Justin Ramsey explained that water loss is still the same and that PAWSD staff is continuing to check
185 meters and replace any they find not functioning properly.

186
187 Aaron Burns explained that PAWSD will be testing new technology that will hopefully clear up the audio
188 issues that have been occurring during the board meetings.

189
190 Aaron Burns also discussed the board packets and length the packets have been recently. Aaron Burns
191 asked for feedback from the PAWSD board on things we can do to conserve paper since we seem to be
192 throwing away a lot of unused packets after each board meeting. Director Hudson suggested any board
193 member who would like a printed copy, reach out to Cyndi Foster to have that printed out for them
194 otherwise, no extra copies will be printed for the meeting. The PAWSD board agreed.

195
196 Justin Ramsey discussed that he has a zoom meeting scheduled with Kirk Russell-CWCB on September
197 22nd at 10:00am regarding the Running Iron Ranch property if any of the PAWSD board members would
198 like to attend the meeting. Renee Lewis explained that this is planned to be an informal discussion with
199 CWCB about some ideas PAWSD has for the Running Iron Ranch property and if 3 or more board
200 members would like to attend, the meeting will need to be noticed if that's the case. Renee Lewis
201 further explained that she will reach out to each PAWSD board member to get a count of who would like
202 to attend and operate accordingly.

203
204 **Any other Business Brought before the Board will be Duly Considered**

205 With no other business being brought before the board, a motion was made by Director Hudson to
206 adjourn the meeting at 7:26 p.m. and seconded by Director Tautges. The motion passed unanimously.

207
208
209 Respectfully submitted,

210 

211
212
213 Bill Hudson
214 Secretary

September 13, 2023

Pagosa Area Water and Sanitation District Board

I will not be available to attend the PAWSD Board meeting in person tomorrow, and I don't know if it's your practice to take public comment from people who attend by Zoom. Anticipating you do not invite public comment by Zoom, I am writing about the Running Iron Ranch agenda item (page 147 of the meeting packet).

As some of you may recall, I am a member of the Board of Directors of the San Juan Water Conservancy District. I share this detail in the interest of transparency and to make clear that the views I express in these comments are my own. I am not writing to express the views of the SJWCD or any other individual SJWCD board member.

Early in the year, I visited the 20-acre river access parcel with representatives of the business community, County, and other SJWCD board members. That visit provided context for a request that PAWSD and SJWCD work together to make river access available there for the benefit of outfitters and the public. The County was willing to lease the property to facilitate public access. The County prepared a lease that reflected responsibilities identified by PAWSD staff and by others during the site visit.

The PAWSD Board, pressed with other matters, could not make time to consider the proposed lease or hold a joint work session with the SJWCD to discuss the lease or a path forward. The community lost the value of access for another year.

Now, instead of working with the County, local business, and the SJWCD board, PAWSD unilaterally notified the County Administrator (according to his report to the Commissioners at their work session Tuesday) that a deal for public access is off the table. PAWSD now plans to turn the land into a recreation facility for PAWSD employees.

PAWSD had no time to look at a short lease that would enable broader community access, but it has time to develop a park for the exclusive use of its employees? Really? How does that plan deliver value to the community?

If the County is still willing to move forward, PAWSD should take the time needed to work with the County and SJWCD, co-owner of the land, to finish the lease this fall so that improvements to enable public access can be planned and completed for next year.

PAWSD also wants to develop housing across the road on a different part of the Running Iron Ranch. I appreciate that workforce housing is a challenge for the community and that members of the PAWSD board would like to support their employees. More workforce housing is a laudable goal.

But should PAWSD be in the business of developing and administering workforce housing? With so many projects on its plate that the PAWSD board couldn't finish one lease with the County, how does it expect to become a residential landlord?

More significantly, the Rules and Regulations of PAWSD establish its purpose, which is "to provide for the control, management, and operation of the water and wastewater systems of the District, including additions, extensions, and connections thereto, and to provide for the administration and enforcement of such standards." It is not the purpose of PAWSD to develop or administer housing, and PAWSD's

management and operations are not designed for PAWSD to act as a housing developer or residential landlord.

I know that some members of the PAWSD board chafe at the history of the Running Iron Ranch, the purpose for which it was acquired, and any plans to advance the objective of additional water storage. Like it or not, PAWSD's interests in the Running Iron Ranch are bound up with the interests of SJWCD and the community in the bigger picture of water in this area. Making end-runs around other stakeholders to construct housing there will not serve the public in the long run.

As a PAWSD customer, I encourage the board not to push PAWSD into a line of business outside PAWSD's public purpose – water and wastewater -- and beyond its experience and operations.

Candace Jones
PO Box 3112
Pagosa Springs

1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **October 12, 2023, JOINT MEETING**
4

5 **Call to Order**

6 The Joint Meeting for the SJWCD & PAWSD Boards was called to order by Chairman Smith at 4:00p.m.
7

8 **Attendance**

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

11 In attendance from staff: Justin Ramsey, Aaron Burns, Renee Lewis, and Cyndi Foster. Also present: Al
12 Pfister, Sally High, William Nobles, Chuck Riehm, Rob Hagberg, Candace Jones, Susan Nossaman, Rod
13 Proffitt, Brad Seidel, Tobi Rohwer, Jeff Kane, and Josh Pike.
14

15 **Revisions to Agenda**

16 There were no revisions to the agenda.
17

18 **Disclosures of Conflict of Interest**

19 There were no disclosures of conflict of interest.
20

21 **Public Comment**

22 There was no public comment.
23

24 **Consideration of Approach to Uses of the Jointly Owned Property**

25 Candace Jones explained that PAWSD and SJWCD have had different ideas as to what would be
26 beneficial use for the Running Iron Ranch property as planning toward the Reservoir progresses.
27 Candace Jones explained that the agreement in place is a 3-way agreement between PAWSD, SJWCD,
28 and CWCB, and it's important for PAWSD and SJWCD to be on the same page about how to move
29 forward. Candace Jones explained that she understands that some may oppose the idea of the Reservoir
30 but there is an agreement in place and there is an obligation to abide by the agreement and work
31 together. Candace Jones expressed that regarding the sale of the jointly owned property, she does not
32 feel it is a fruitful undertaking at this time and any discussion of a sale would be premature. Candace
33 Jones explained that planning is progressing on the Reservoir and reminded everyone that the planning
34 period is 20 years beginning in 2016.
35

36 **Consideration of Weber Request to Extend Grazing Lease**

37 Candace Jones explained that the Weber's had not fulfilled some of their obligations on the lease, like
38 the weed control and various maintenance. She continued explaining that since this is up for renewal,
39 we should ask if those are the right terms and if the Weber's are the right tenant or if there could be
40 another tenant on the lease that could provide more from the property. Director Hurley asked if anyone
41 had approached the board with interest in which Al Pfister said he had been approached. Director
42 Hurley asked SJWCD to bring a lease or proposal to be considered prior to the December expiration of
43 the Weber's grazing lease. Director Smith explained that there may be other people that want the lease,
44 but the Weber's have a lease that joins them with the national forest which is what makes the lease
45 work for the Weber's. Director Smith added that the Weber's did purchase chemicals to treat the weeds
46 but also had issues with the grasshoppers. Director Smith said PAWSD may not be making much money
47 on the lease with the Weber's, but they have at least provided PAWSD with a lease to consider and if

48 anyone else wants to bring a lease forward, have them do it, and it will be considered. Director Walsh
49 expressed his position on the lease and that anything that impacts the reservoir, he'll defer to SJWCD for
50 a decision and whatever they decide he'll ratify because the lease doesn't provide any real revenue to
51 PAWSD. Candace Jones explained that SJWCD will follow up with all interested parties and ask them to
52 provide a lease or proposal for PAWSD Board to review prior to the PAWSD December Board meeting.
53

54 **Consideration of Public Access to River if County Interest Remains**

55 Candace Jones asked if anyone knows if Archuleta County is still interested in the lease for public access
56 to the river in which Directors Smith, Hurley, and Hudson all replied they haven't heard anything.
57 Director Hudson added that PAWSD is not interested in the lease with Archuleta County. Al Pfister asked
58 if PAWSD has unilateral decision-making authority for what happens on the Runing Iron Ranch in which
59 Director Walsh replied that the 21-acre property does not impact the reservoir project and suggested
60 SJWCD focus on looking for partners to fund the reservoir project. Director Smith said PAWSD attorneys
61 and insurance directed PAWSD not to get involved in the lease from Archuleta County, so the PAWSD
62 Board has already voted against the lease with Archuleta County.
63

64 **Consideration of PAWSD's Sale of Jointly Owned Property**

65 Justin Ramsey explained that PAWSD received an email from a realtor with Jann C Pitcher Real Estate,
66 who represents the owners of two neighboring properties to the Running Iron Ranch property. They are
67 interested in buying 20 acres of the Running Iron Ranch property for \$50,000 an acre. Director Hudson
68 spoke to the existing 3-way agreement and said that as he understood the agreement, if someone
69 wanted to purchase the property, they would need to purchase the property in its entirety, not just a
70 part of it. Candace Jones explained that studies have shown the Running Iron Ranch property is the only
71 piece of property in Pagosa Springs that there can be a reservoir, outside of the Hidden Valley Ranch
72 property that wasn't able to be purchased. For that reason, the Running Iron Ranch property should not
73 be sold, and efforts should continue toward the reservoir project. The SJWCD Board and PAWSD Board
74 all agreed against the sale of the jointly owned property in reference to the email PAWSD received from
75 Jann C Pitcher Real Estate. Renee Lewis said she will reply to the email from the realtor at Jann C Pitcher
76 Real Estate and let them know that the board is not interested under the terms proposed.
77

78 There being no further business to come before the Boards, the Joint Meeting was adjourned at
79 5:01p.m.
80

81
82 Respectfully submitted,

83 

84
85
86 Bill Hudson
87 Secretary

1 **RECORD OF PROCEEDINGS**
2 **PAGOSA AREA WATER AND SANITATION DISTRICT**
3 **October 12, 2023, REGULAR MEETING**
4

5 **Call to Order**

6 The Regular Board Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to
7 order by Chairman Smith at 5:07 p.m.
8

9 **Attendance**

10 The following Directors were present: Jim Smith, Glenn Walsh, Peter Hurley, Bill Hudson, and Gene
11 Tautges.
12 In attendance from staff: Justin Ramsey, Aaron Burns, Renee Lewis, Cyndi Foster, and Kyle Tjelmeland.
13 Also present: Josh Pike, Greg Greenough, and Brad Seidel.
14

15 **Consideration of Agenda**

16 There were no revisions to the agenda. Director Hudson made a motion to adopt the agenda as
17 presented and was seconded by Director Tautges. The motion passed unanimously.
18

19 **Approval of Minutes- 09/14/2023 Regular Meeting**

20 The board of directors reviewed the 09/14/2023 Regular Meeting minutes and requested the following
21 revisions: add board member's comments to public comment regarding Candace Jones' letter, correct
22 quasi to be spelled correctly on bottom of page 1, and change "state sign off" to "state signs off" on line
23 71. A motion was made by Director Tautges to approve the minutes as amended and was seconded by
24 Director Hudson. The motion passed 4 in favor, 1 abstained. Director Hurley abstained because he was
25 not in attendance at the 09/14/2023 meeting.
26

27 **Public Comment**

28 There was no public comment.
29

30 **Consideration of Waiving Disconnect Turn Off/On Fee for 48 Balfour Ct.**

31 Director Smith explained that the customer residing at 48 Balfour Ct. called the PAWSD office after being
32 disconnected due to nonpayment and used very vulgar language toward PAWSD office staff and
33 demanded the \$100 disconnect turn off/on fee be waived. Justin Ramsey explained that after PAWSD
34 management denied the customer's request, the customer asked that the request be brought before
35 the board for a decision. Mr. Ramsey further explained that the customer made violent threats toward
36 PAWSD staff members and PAWSD board members which prompted PAWSD to request a Sheriff Deputy
37 be present for this meeting. Director Tautges made a motion to deny the request to waive the
38 disconnect turn off/on fee for 48 Balfour Ct. and was seconded by Director Hurley. The motion passed
39 unanimously. The PAWSD board directed staff to investigate a potential restraining order and the
40 process thereof for the customer residing at 48 Balfour Ct due to the violent threats that were directed
41 at PAWSD staff and board members.
42

43 **Consideration of Visionary Amendment Agreement**

44 Kyle Tjelmeland explained that PAWSD has worked with Visionary for a long time and has multiple sites
45 that Visionary provides internet service to at no cost to PAWSD and in exchange, PAWSD allows
46 Visionary to place antennas and equipment on PAWSD tanks. Visionary is requesting 6 strands of

47 PAWSD's fiberoptic line that PAWSD is not currently using and in return will provide PAWSD with the
48 fastest standard speed possible at all locations that Visionary currently serves PAWSD. Director Tautges
49 asked what the fastest standard speed is, and Greg Greenough responded that it is the fastest speed
50 offered by Visionary. Director Tautges also inquired about the potential of Visionary serving more sites
51 for PAWSD in the future and if PAWSD would be limited to what is currently being served. Greg
52 Greenough explained that PAWSD is not limited and could make new connections in the future if need
53 be. Director Tautges made a motion to approve the amendment agreement with Visionary and was
54 seconded by Director Hudson. The motion passed unanimously.

55

56 **Consideration of On-Call Contract with PCL**

57 Justin Ramsey explained that in the last 2 years or so, PAWSD has been having trouble finding
58 contractors to bid on PAWSD's smaller projects. If approved, this on-call contract with PCL would allow
59 PAWSD the option to have PCL do the work without needing the PAWSD board to sign a new contract
60 on each small project. Justin Ramsey further explained that PAWSD will still put jobs out for bid, but if
61 no bids are received on the job, PCL would do the work for PAWSD. Director Hudson requested that any
62 jobs that will cost more than \$100,000 be approved by the PAWSD board. The PAWSD board all agreed
63 and Director Hudson made a motion to approve the on-call contract with PCL with the added stipulation
64 that the PAWSD board will need to approve any jobs that cost \$100,000 or higher. The motion was
65 seconded by Director Hurley. The motion passed unanimously.

66

67 **Public Hearing for PAWSD 2024 Draft Budget**

68 Director Tautges made a motion to open the public hearing for the PAWSD 2024 draft budget and was
69 seconded by Director Hudson. Aaron Burns walked the PAWSD board through the 2024 draft budget
70 documents. Director Smith asked about the PAWSD Conex container homes in which Aaron Burns
71 responded that there is a line item in the budget for Conex container homes for PAWSD employee
72 housing. Justin Ramsey asked if the board wants to keep employee housing in the budget and the
73 PAWSD board all agreed they are not opposed to keeping Conex container homes for employee housing
74 in the 2024 budget. Director Hurley asked why the percentage of change in the general fund category
75 has gone up so much from 2023 to 2024. Aaron Burns responded that the percentage of change column
76 is comparing projected year end figures to what is being budgeted for 2024. If you look at what was
77 budgeted in 2023 instead of the projected year end figures for 2023, the percentage if change isn't
78 much. Director Hudson asked why salaries and benefits have gone down from 2023 to 2024. Aaron
79 Burns responded that an employee retired in 2023 and there has been a lot of turn over as well. Director
80 Hurley confirmed with Aaron Burns that the rate study projections are incorporated in the 2024 budget
81 in which Aaron Burns responded that is correct. Aaron Burns continued to explain further that the rate
82 study projections have been presented to PAWSD but have not yet been approved and that Stantec is
83 continuing to work on the rate study for PAWSD and will make another presentation to the board in
84 November. Director Walsh noted that he would like to have a work session in November to discuss the
85 rate study because he is uncomfortable with the current projections presented by Stantec. Justin
86 Ramsey and Aaron Burns both agreed that it would be a good idea to have a work session to discuss the
87 rate study in November. Director Walsh noted that Availability fees and Waste hauler fees are not going
88 up with the other fees and he would like to see those fees increase along with the other fees. Aaron
89 Burns said that those fees would be increased in the final budget. Director Hudson inquired about the
90 fee PAWSD charges the Town of Pagosa Springs Sanitation for the treatment of their wastewater and if

91 that cost will increase along with the wastewater increases. Aaron Burns explained that Town of Pagosa
92 Springs Sanitation's assessed fee is determined by a calculation that was agreed upon by PAWSD and
93 the Town of Pagosa Springs Sanitation. Justin Ramsey added that PAWSD and Town of Pagosa Springs
94 Sanitation went to mediation and the mediator decided upon the calculation that is in the agreement.
95 Justin Ramsey added that Town of Pagosa Springs Sanitation fee will go down in 2024 due to the high
96 quantity of INI in 2023. Aaron Burns commented that Stantec will be involved in the upcoming work
97 session so the PAWSD board can ask questions and view different rate projections. Director Tautges
98 made a motion to close the public hearing for the PAWSD 2024 draft budget and was seconded by
99 Director Hudson. The motion passed unanimously.

100

101 **Consideration of Nominating Director Smith to Attend Dola Grant Hearing**

102 Renee Lewis explained the at the end of July 2023, she applied for a 1 million dollar grant with Dola,
103 which is the maximum that can be received, to help offset the cost increases that have occurred over
104 the year for the Snowball WTP. Renee Lewis further explained that she and Aaron Burns will be
105 attending and would like a board member to attend with them, and Director Smith offered to attend.
106 Director Hudson made a motion to authorize Director Smith to attend the Dola Grant Hearing and was
107 seconded by Director Hurley. The motion passed unanimously.

108

109 **Manager Talking Points**

110 Justin Ramsey provided an update on Snowball Water Treatment Plant construction. Mr. Ramsey
111 explained that PCL is currently working on the underdrain system and that it will take the next several
112 months to complete.

113

114 Justin Ramsey discussed water loss and that it is still the same, but PAWSD staff is continuing to check
115 meters and is replacing any meters that are not functioning properly.

116

117 Justin Ramsey gave an update on a meeting that he, Renee Lewis, Aaron Burns, and Peter Hurley had
118 with CWCB to discuss the Running Iron Ranch property. In the meeting with CWCB, Justin Ramsey
119 explained that PAWSD will be seeing a lot of expenses in the next 10 years due to mandates from CDPHE
120 and the cost of the Running Iron Ranch isn't helping. Justin Ramsey also explained to CWCB that in the
121 last 8 years, PAWSD has not seen any movement toward the reservoir and PAWSD needs some way to
122 benefit from all the money PAWSD is spending. Justin Ramsey asked CWCB if PAWSD has a right to sell,
123 and they responded that yes, PAWSD has a right to sell. Justin Ramsey asked if PAWSD can put
124 workforce housing on the property, and CWCB explained that PAWSD can do that if it doesn't interfere
125 with the Reservoir. Justin Ramsey inquired about renegotiating for a longer planning term and about
126 CWCB's first right of refusal if PAWSD wanted to sell. CWCB's response was that both of those items
127 would need to go before the CWCB Board, and it would be a board decision. Justin Ramsey said that
128 Aaron Burns ran the calculations and in order for PAWSD to be free and clear of the Running Iron Ranch
129 property, PAWSD would need a payout of 10.2 million dollars. Justin Ramsey said overall, the meeting
130 with CWCB was a positive meeting.

131

132

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

134 With no other business being brought before the board, a motion was made by Director Walsh to
135 adjourn the meeting at 6:59 p.m. and seconded by Director Hurley. The motion passed unanimously.

136

137

138 Respectfully submitted,

139

140

141

142 Bill Hudson

143 Secretary

A handwritten signature in blue ink that reads "Bill Hudson". The signature is written in a cursive style with a large, prominent "B" and "H".

48 to revisit in the future. Justin Ramsey confirmed with the board that they would like to see septic hauler
49 dumping fees increase at the same rate as the wastewater rates will increase, in which everyone agreed
50 aside from Director Tautges. Director Tautges explained that he agrees the septic hauler fees should
51 increase, but just not at the same percentage rate as the proposed wastewater increase. Justin Ramsey
52 confirmed with the board that they are wanting to see an increase to the availability fees at the same
53 rate as the service fees, in which the board agreed, they would like to see those numbers presented by
54 Stantec in December. The discussion was concluded by Carol Malesky requesting a follow up meeting
55 with Aaron Burns and Justin Ramsey to discuss the changes proposed by the board.

56
57 **Manager Talking Points**

58 Justin Ramsey updated the board on meetings that have been held with PAWSD and the Town of Pagosa
59 Springs Sanitation. Mr. Ramsey explained that the Town of Pagosa Springs Sanitation had Roaring Forks
60 conduct a study which provided them with a couple of options on how to move forward. Mr. Ramsey
61 continued to explain that the town is looking to move toward the option of building a new wastewater
62 treatment plant in the Yamaguchi area in partnership with PAWSD. Renee Lewis is currently working
63 with the Town of Pagosa Springs Sanitation manager on how to move forward with the proposed
64 partnership.

65
66 Justin Ramsey explained that PAWSD has received a 1-million-dollar grant from DOLA to aid in the
67 construction of the Snowball Water Treatment Plant. Mr. Ramsey added that Renee Lewis has drawn up
68 a thank you letter to send to DOLA that Director Smith will sign.

69
70 Justin Ramsey explained that the PAWSD board had previously approved the on-call agreement with PCL
71 and in that approval was asked to report any jobs that would exceed \$100,000. Mr. Ramsey reported
72 that PAWSD has agreed to move forward with PCL in conducting the upgrades to lift station 13, which
73 came to a cost of \$130,000.

74
75 Justin Ramsey explained that PAWSD began installing Zenner meters in roughly 2018-2019. PAWSD
76 recently discovered a faulty part within the Zenner meter that is leaking substantially and causing water
77 loss. Mr. Ramsey further explained that Durango is having the same problem and has begun a lawsuit
78 with Zenner due to the issue. Renee Lewis will be reaching out to the Durango water district to get more
79 information on the lawsuit.

80
81 Justin Ramsey explained that Andy Weber had approached him and told him that he had
82 underestimated the size of the vein he is pulling rock from to crush for gravel and that it is much larger
83 than he originally thought. Mr. Ramsey further explained that Andy Weber would like to know if PAWSD
84 would be interested in extending the mining lease for an additional year and would pay a royalty to
85 PAWSD of roughly \$60,000 annually and asked if the board would like to move forward by discussing the
86 lease or if the board wants to leave things as they are now. Director Hudson suggested it be added to
87 the next board meeting as an agenda item, in which everyone agreed.

88
89 **Any other Business Brought before the Board will be Duly Considered**

90 With no other business being brought before the board, the meeting was adjourned at 5:29 p.m.

91
92
93 Respectfully submitted,

94
95



96

97 Bill Hudson

98 Secretary

"Exhibit A" 7-7-23 11:03 Minutes



**Pagosa Area Water and
Sanitation District**

**Water &
Wastewater
Rate Study
Update 2023**



Agenda

1. Water Fund Financial Plan
2. Wastewater Fund Financial Plan
3. Proposed Rate Adjustments
4. Rate and Fee Comparison
5. Short Term Rentals Analysis

Utility's Financial Goals

- **Maintain combined debt service coverage ratio of 1.25%**
- **Maintain adequate reserve requirements**
 - Water & Wastewater– 90 days cash on hand to maintain bond ratings in at least one of the funds
- **Fund necessary capital improvement projects using cash unless project is specified as debt funded (Snowball water treatment plant)**
- **Water & Wastewater analysis performed as separate utilities**
- **Minimize the rate impacts for both**
- **Fund future utility operations and capital investments in the most financially prudent manner**

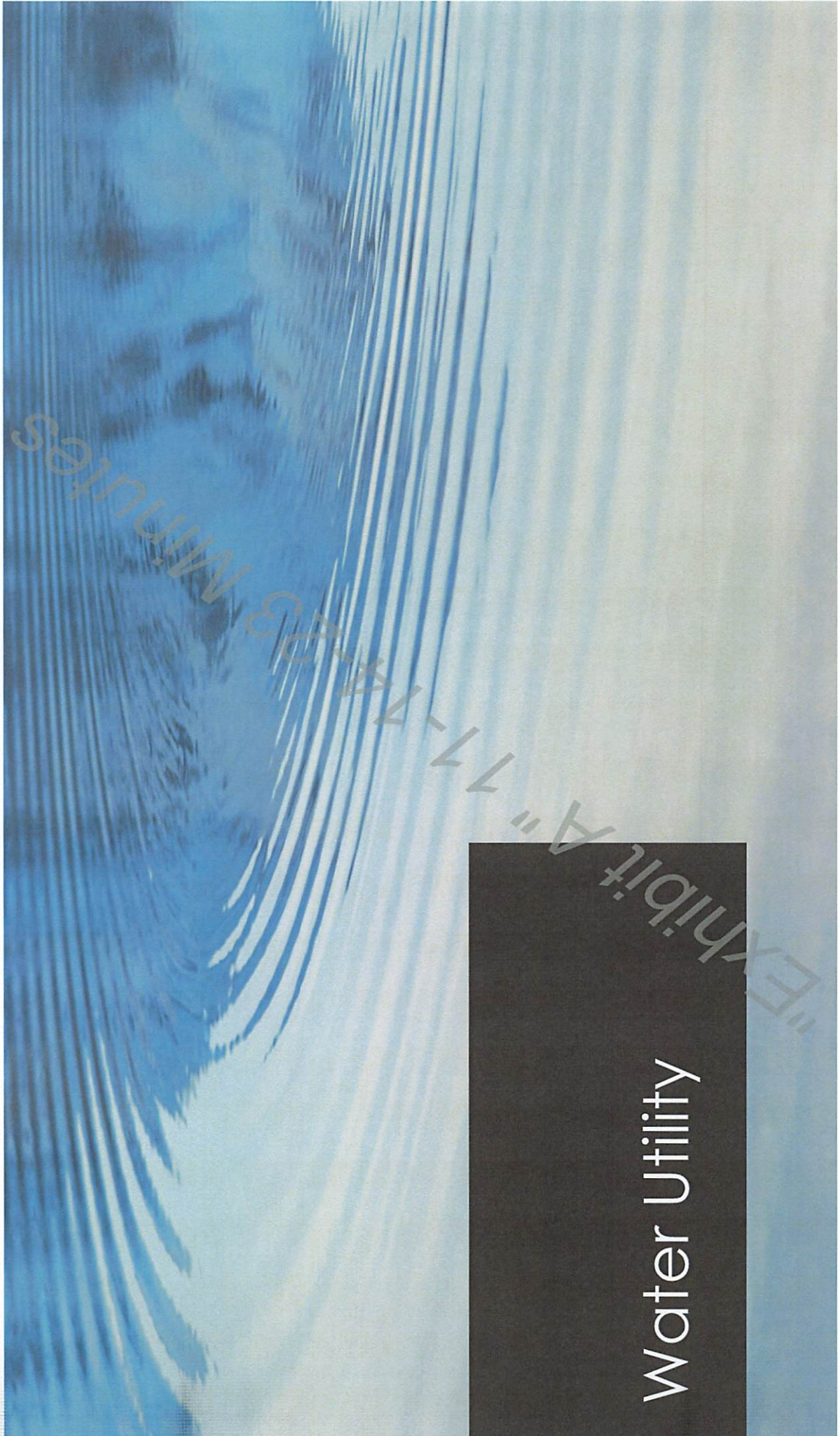


Exhibit A" 7-7-17 A-23 Minutes

Water Utility

Water Utility Assumptions

- **Annual Cost Escalation Factors:**
 - Capital Projects – 6.0% FY24 – FY28
 - Capital Projects – 3.0% FY29 – FY32
 - Operating Expenses – 5% FY24 – FY28
 - Salaries and Wage
 - Retirement
 - Admin Services
 - Fuel, Utilities, Chemicals average 7.1%
 - Health Insurance 6.5%
- **Account growth – 2% based on District's projections**
- **Raw Water Acquisition Fee (RWAFF) combines with Capital Investment Fee (CIF) in 2024 (\$8,958)**

Water Capital Investment Fee

Water Utility

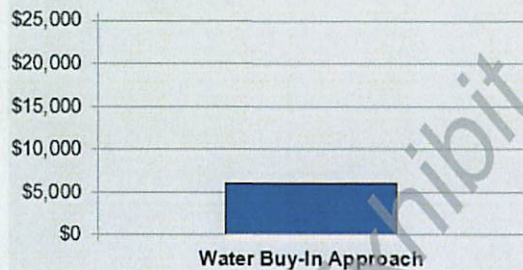


PAWSD, CO Capital Investment Fee

Water Buy-In Approach

Plant in Service (RCNLD)	\$ 71,987,073
(Less: Debt Principal)	\$ (10,921,901)
(Less: Grants)	\$ -
(Less: Donated Assets / Exclusions)	\$ (1,829,137)
Total Net System Costs	\$ 59,236,036

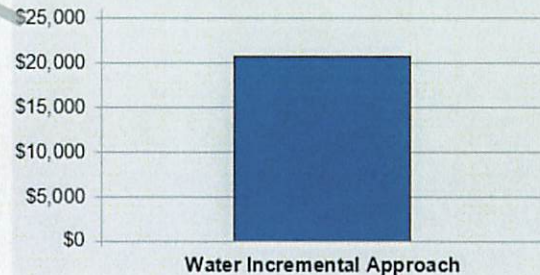
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 9.87
Level of Service (GPD)	610
Total Calculated Fee per EU:	\$ 6,018



Water Incremental Approach

Expansion Capital Costs	\$ 38,393,400
(Less: Revenue Credit)	\$ -
(Less: Grants)	\$ -
(Less: Required Additional Credits)	\$ 12,577,476
Total Net System Costs	\$ 50,970,876

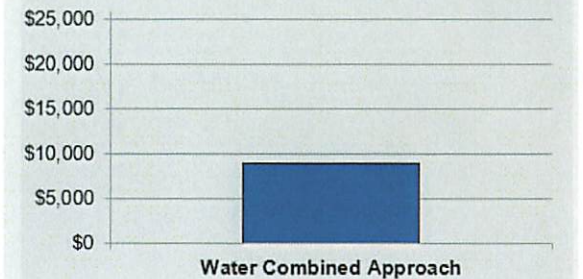
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 33.98
Level of Service (GPD)	610
Total Calculated Fee Per EU:	\$ 20,715



Water Combined Approach

Plant in Service (RCNLD)	\$ 71,987,073
Expansion Capital	\$ 38,393,400
(Less Principal and Donated)	\$ (12,751,037)
(Less Revenue Credit and Grants)	\$ 12,577,476
Total Net System Costs	\$ 110,206,912

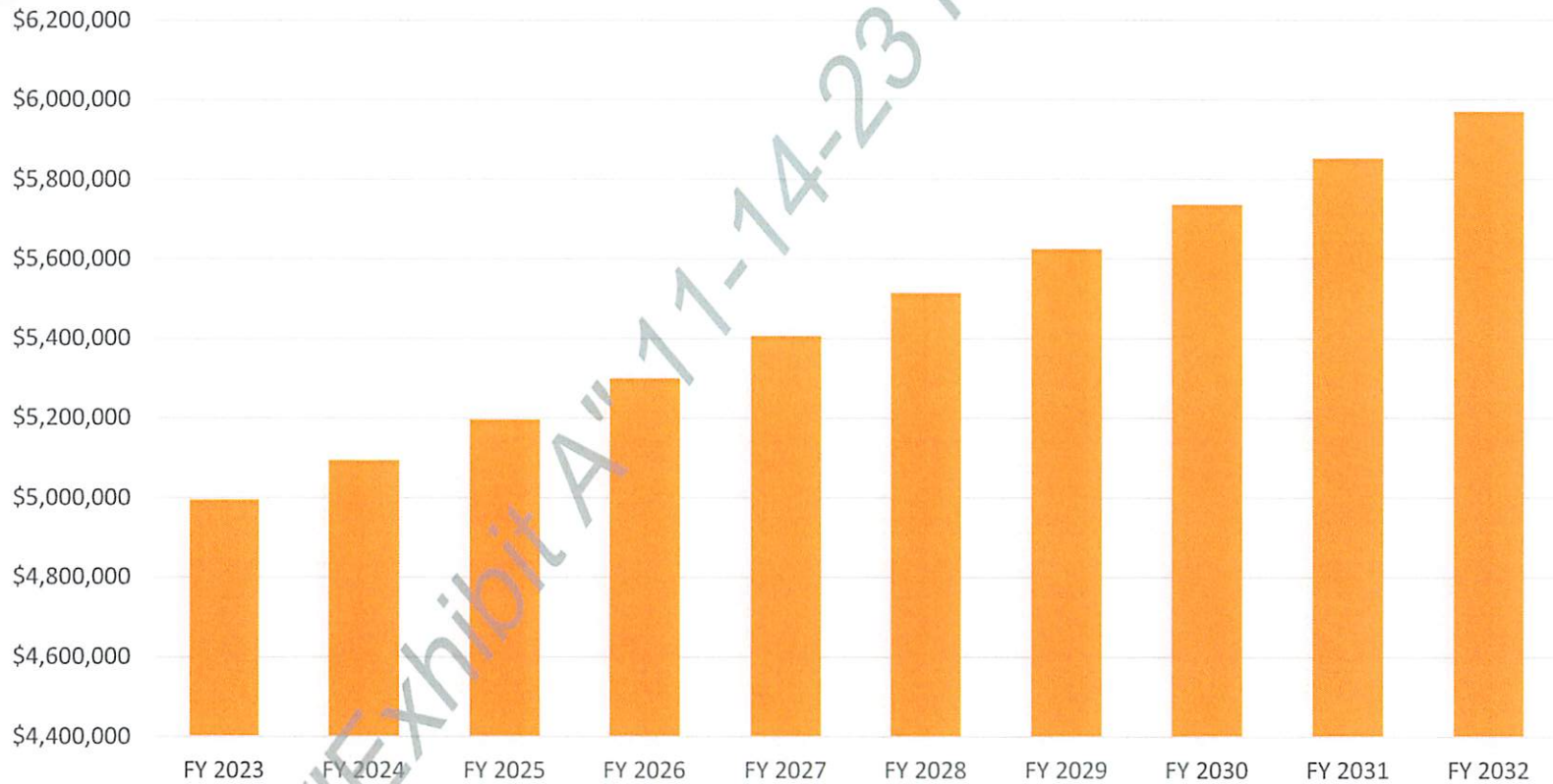
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 14.69
Level of Service (GPD)	610
Total Calculated Fee per EU:	\$ 8,958



Water Rate Revenue Projection

No rate adjustments

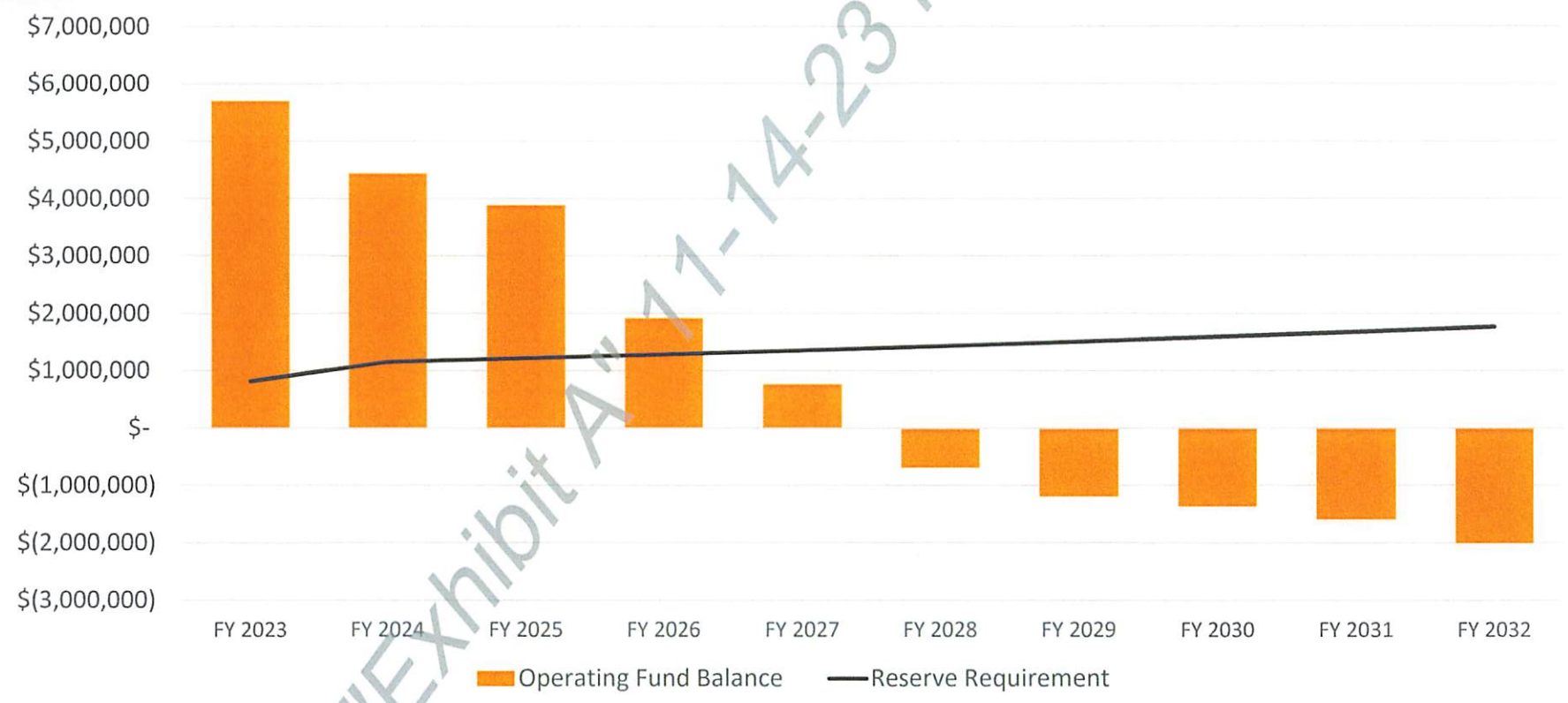
Water Utility



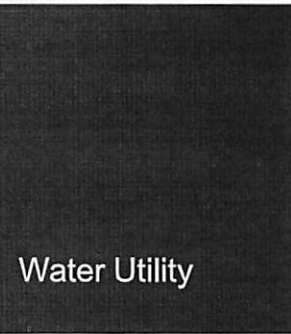
Total Sources and Uses of Funds *with no rate or CIF adjustments*



Operating Fund Balance with No Rate Adjustments

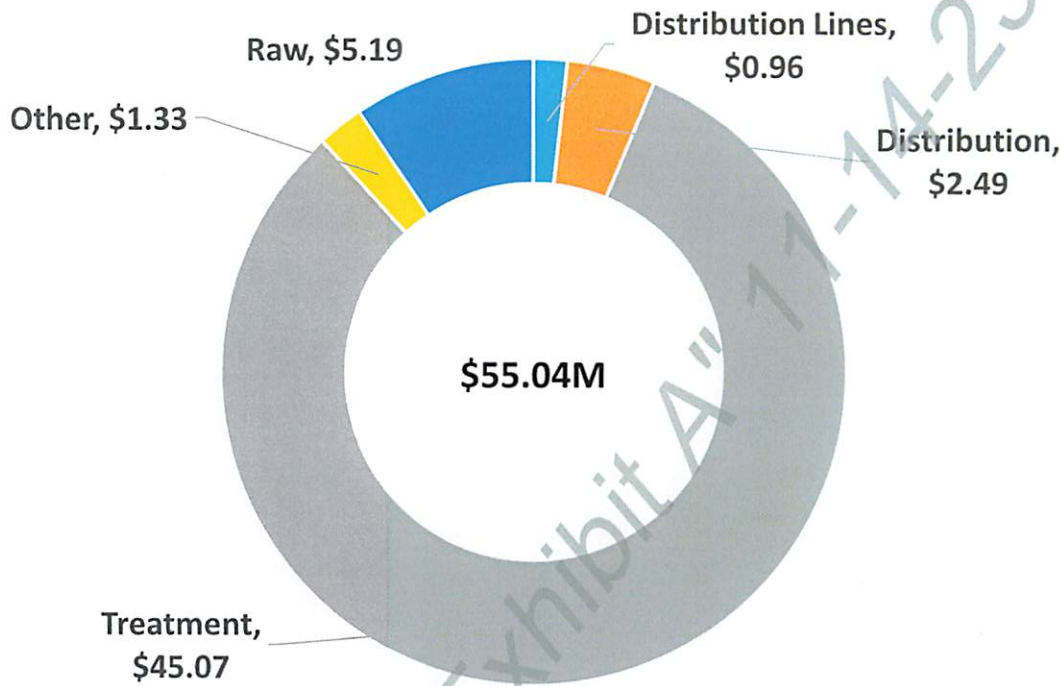


"Exhibit A" 7-14-23 Minutes



Capital Improvement Program

Total Project Needs 2023 - 2032



Notable Projects Include...

Distribution

- Lines (\$960k)
- Storage Tanks (\$785k)

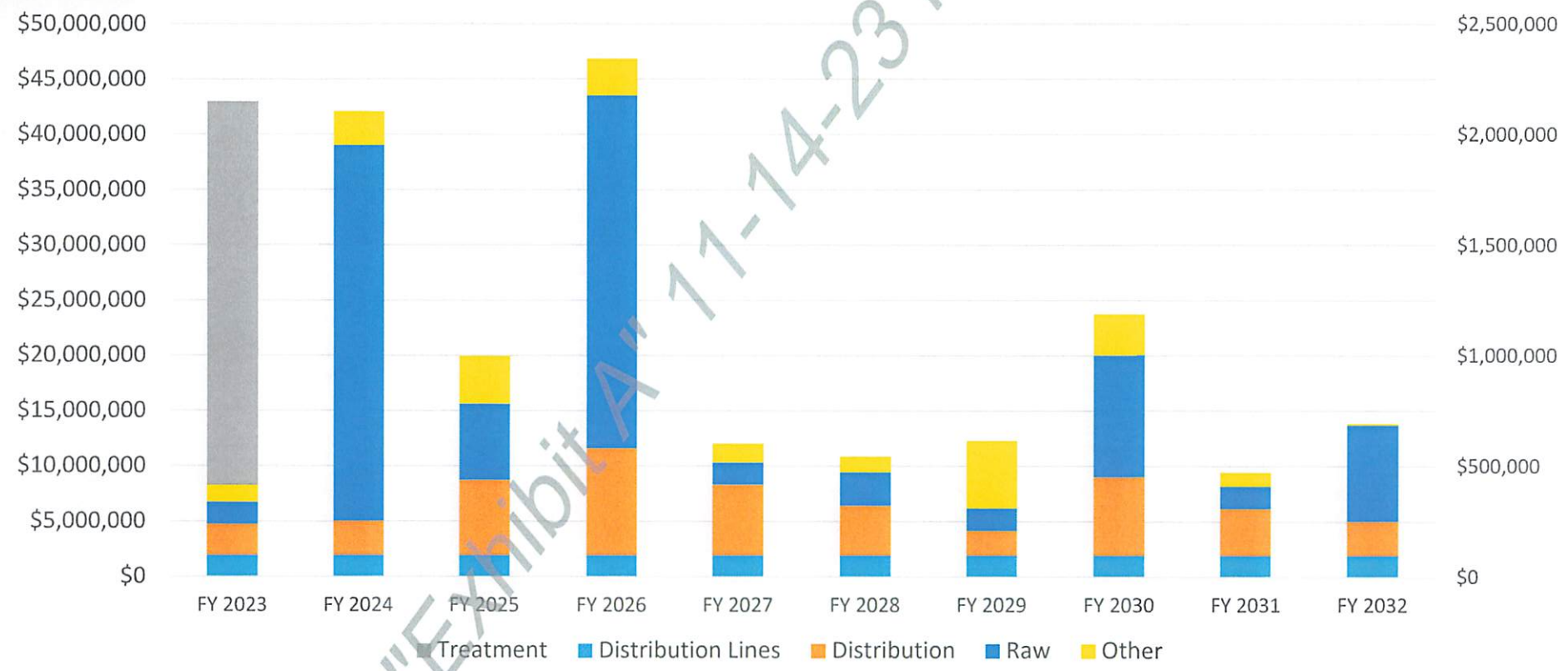
Treatment

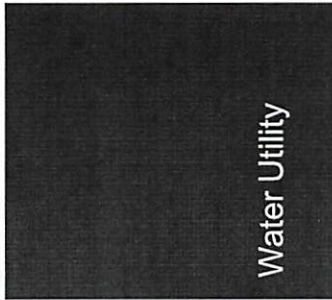
- Snowball Construction (\$42.5M)
- San Juan (\$1.37Mk)

Raw Water

- Convert ditches to pipelines (\$2.3M)
- West Fork Diversion (\$1.09M)

2023-2032 CIP Summary

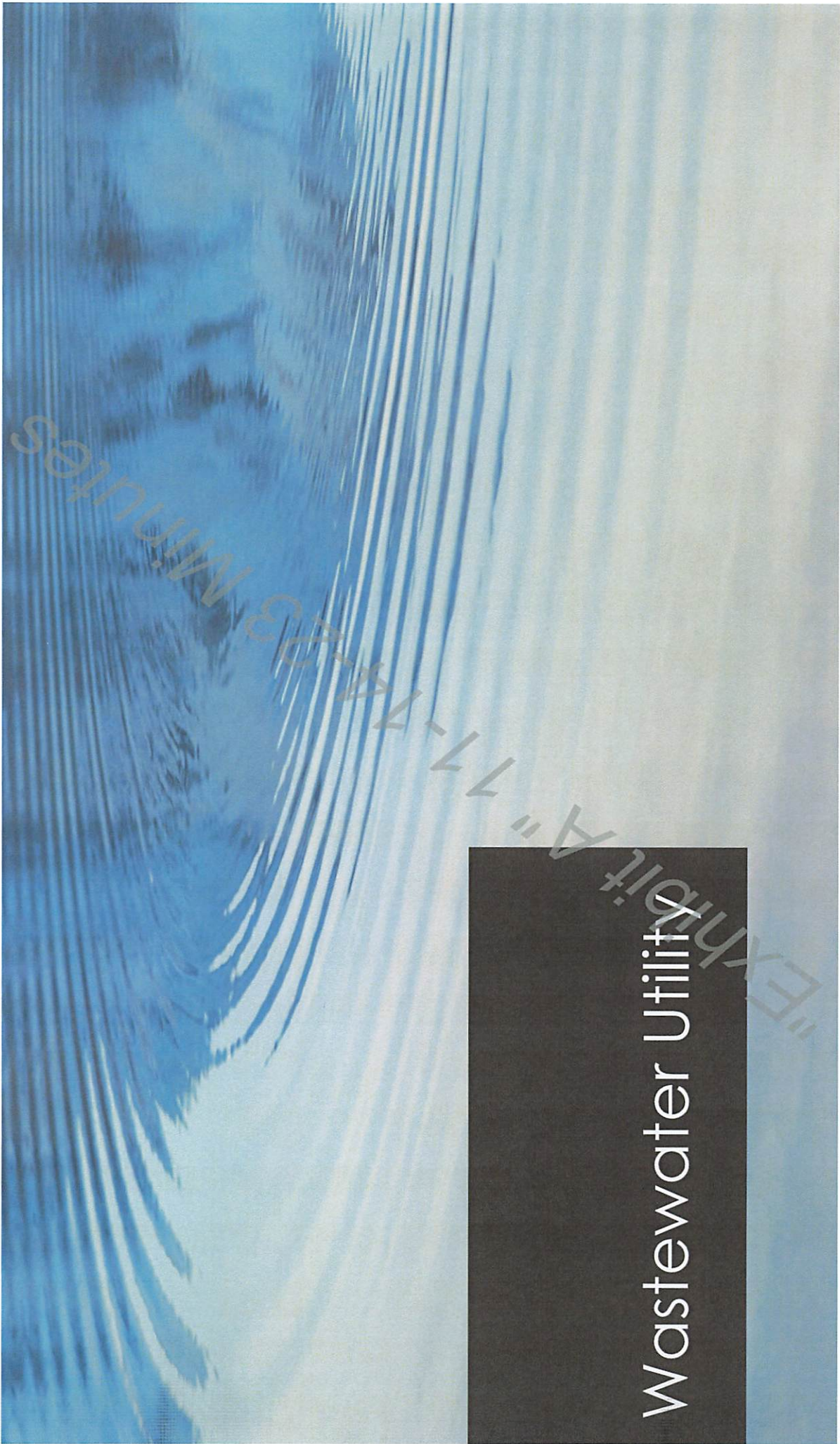




Proposed Water Rate Adjustments

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Proposed Rate Adjustments	6.00%	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%	0.00%	0.00%
Projected Monthly Residential Bill	\$54.00	\$55.62	\$57.27	\$58.99	\$60.74	\$62.86	\$65.06	\$67.35	\$67.35	\$67.35

Exhibit A - 11/13/23 Minutes



Wastewater Utility

Wastewater Utility Assumptions

- **Annual Cost Escalation Factors:**
 - Capital Projects – 6.0% FY24 – FY28
 - Capital Projects – 3.0% FY29 – FY32
 - Operating Expenses – 5% FY24 – FY28
 - Salaries and Wage
 - Retirement
 - Admin Services
 - Fuel, Utilities, Chemicals average 7.3%
 - Health Insurance 6.5%
- **Account growth – 2% based on District's projections**
- **Sewer Investment Fee (CIF) \$1,179 FY23**

Sewer Capital Investment Fee

Wastewater Utility

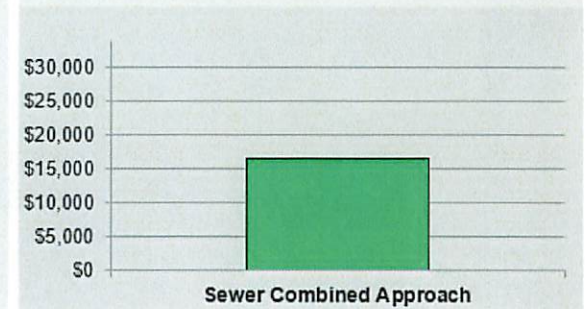
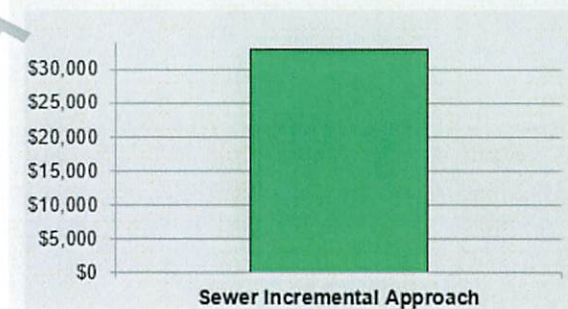
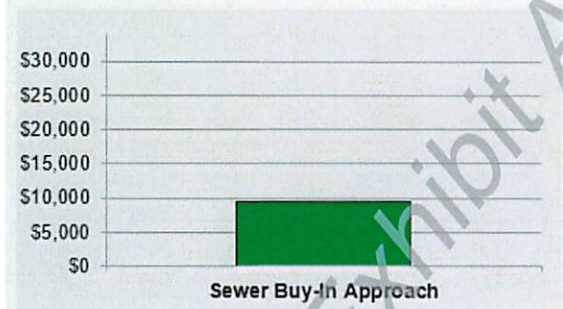


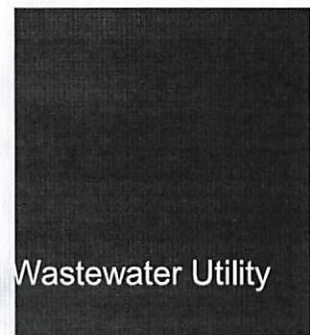
PAWSD, CO Capital Investment Fee

Sewer Buy-In Approach	
Plant in Service (RCNLD)	\$ 43,753,812
(Less: Debt Principal)	\$ (3,205,228)
(Less: Grants)	\$ -
(Less: Donated Assets / Exclusions)	\$ (453,713)
Total Net System Costs	\$ 40,094,870
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 10.28
Level of Service (GPD)	914
Total Calculated Fee per EU:	\$ 9,401

Sewer Incremental Approach	
Expansion Capital Costs	\$ 48,185,500
(Less: Revenue Credit)	\$ -
(Less: Grants)	\$ -
(Less: Required Additional Credits)	\$ 12,600,026
Total Net System Costs	\$ 60,785,526
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 36.02
Level of Service (GPD)	914
Total Calculated Fee per EU:	\$ 32,938

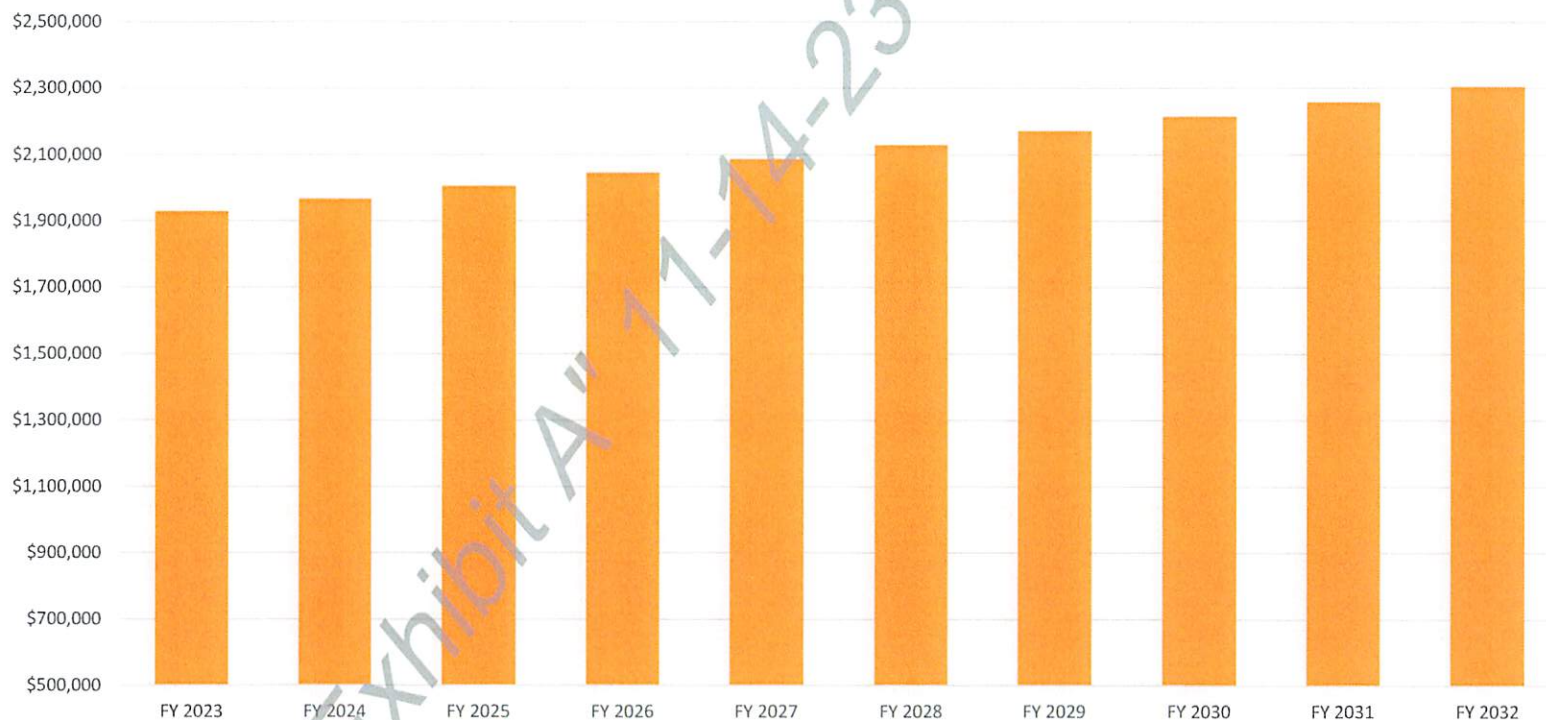
Sewer Combined Approach	
Plant in Service (RCNLD)	\$ 43,753,812
Expansion Capital	\$ 48,185,500
(Less Principal and Donated)	\$ (3,658,942)
(Less Revenue Credit and Grants)	\$ 12,600,026
Total Net System Costs	\$ 100,880,396
Cost Recovery Percentage	100%
Total Calculated Fee per Gallon:	\$ 18.05
Level of Service (GPD)	914
Total Calculated Fee per EU:	\$ 16,509





Wastewater Rate Revenue Projections

No rate adjustments

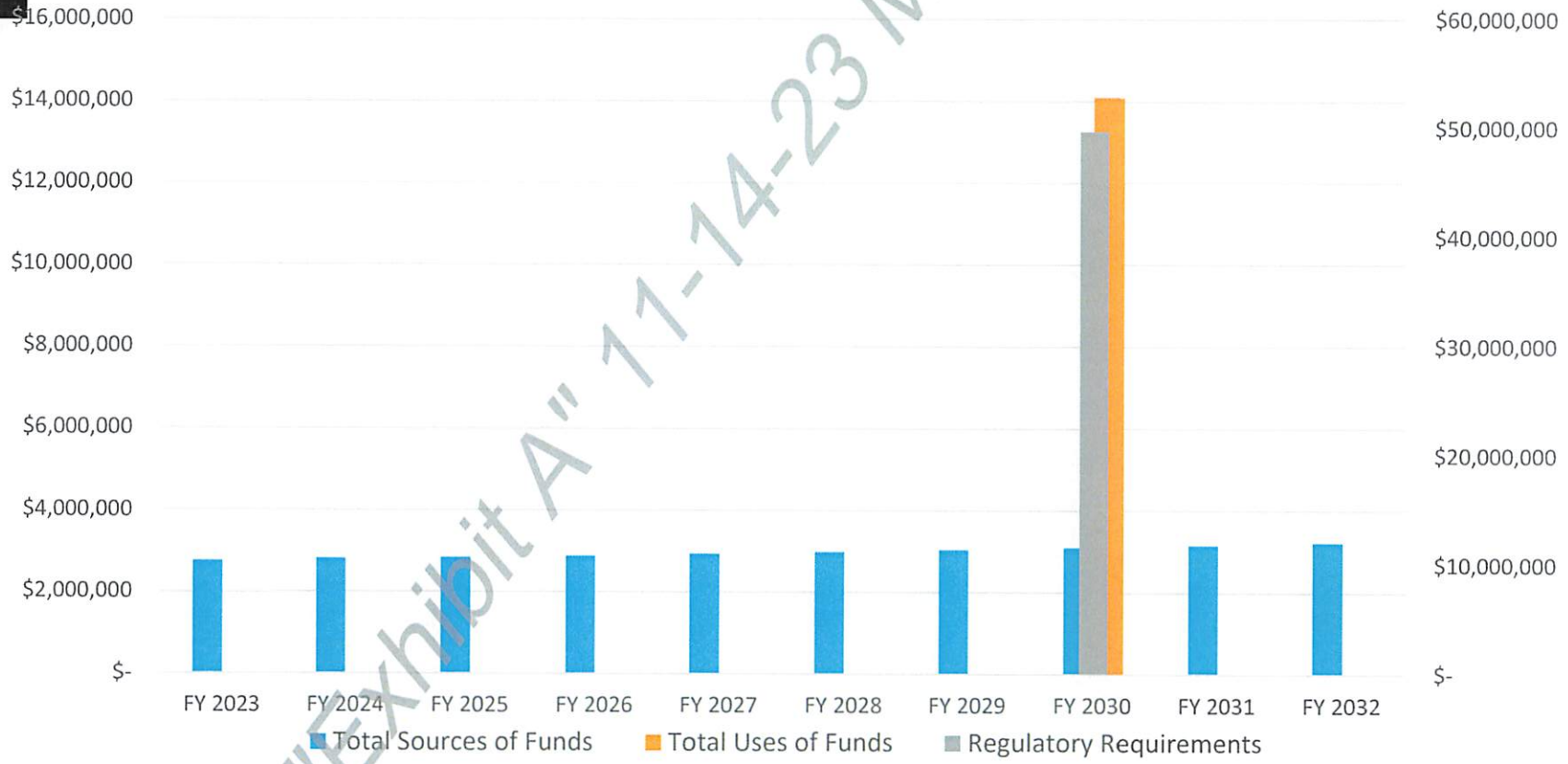


"Exhibit A" 11-14-23 Minutes

Wastewater Utility

Total Sources and Uses of Funds

No rate adjustments

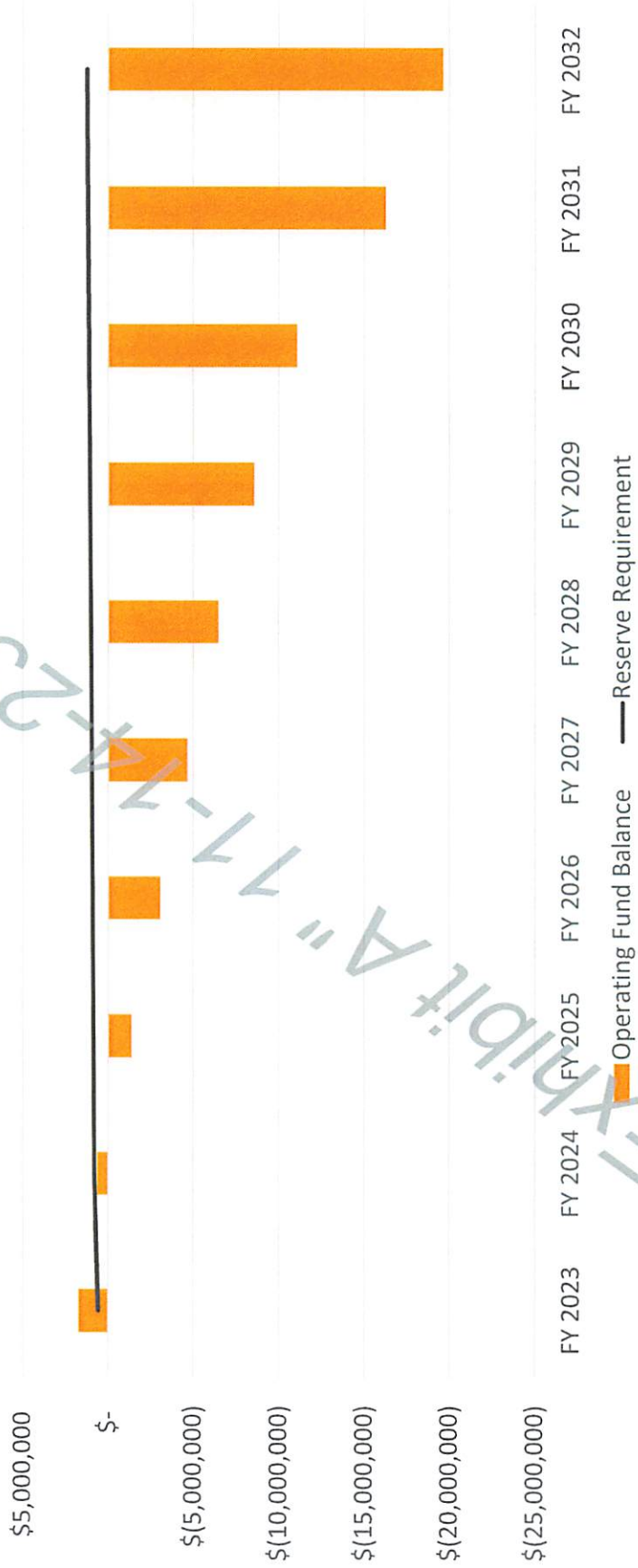


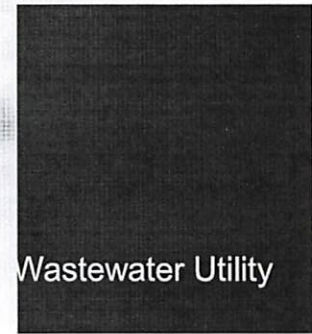


Operating Fund Forecast

No rate adjustments

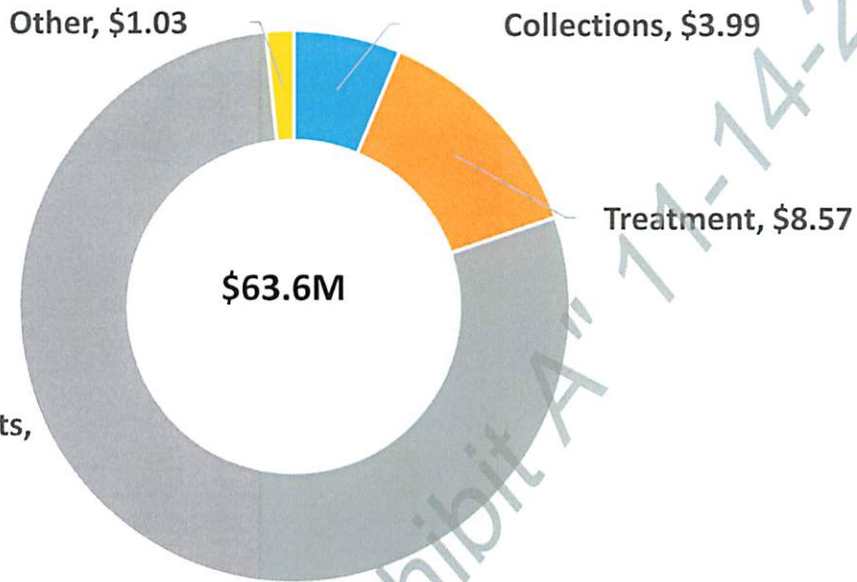
Exhibit A "11-14-23 Minutes"





Capital Improvement Program

Wastewater Project Needs 2023-2032



Notable Projects Include...

Collections

Sewer Mains (\$9M)

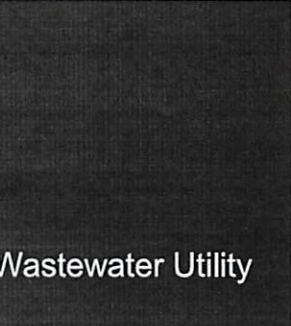
Vista

Clarifiers (\$6M)

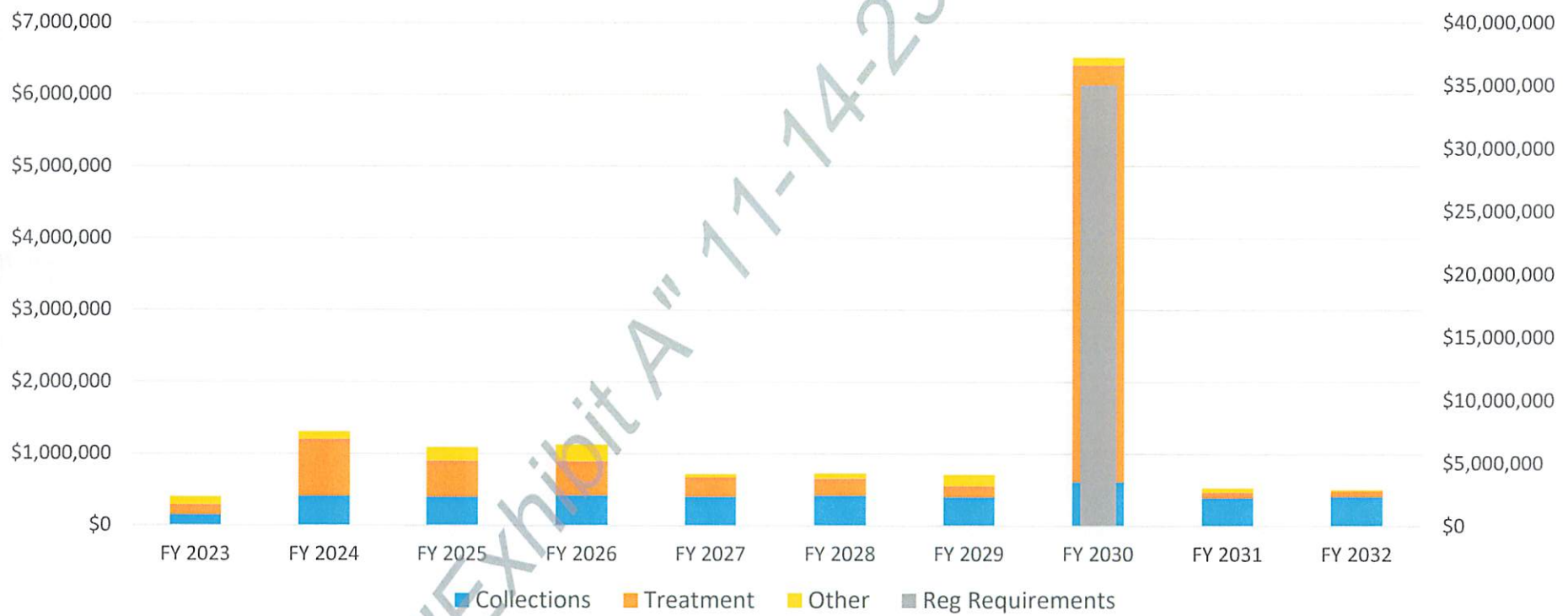
Regulatory Requirements

Regs 85 & 31 Upgrades for Nutrient Removal and Expansion (\$50M)

"Exhibit A" 11-14-23 Minutes



2023-2032 CIP Summary



"Exhibit A" 11-14-23 Minutes



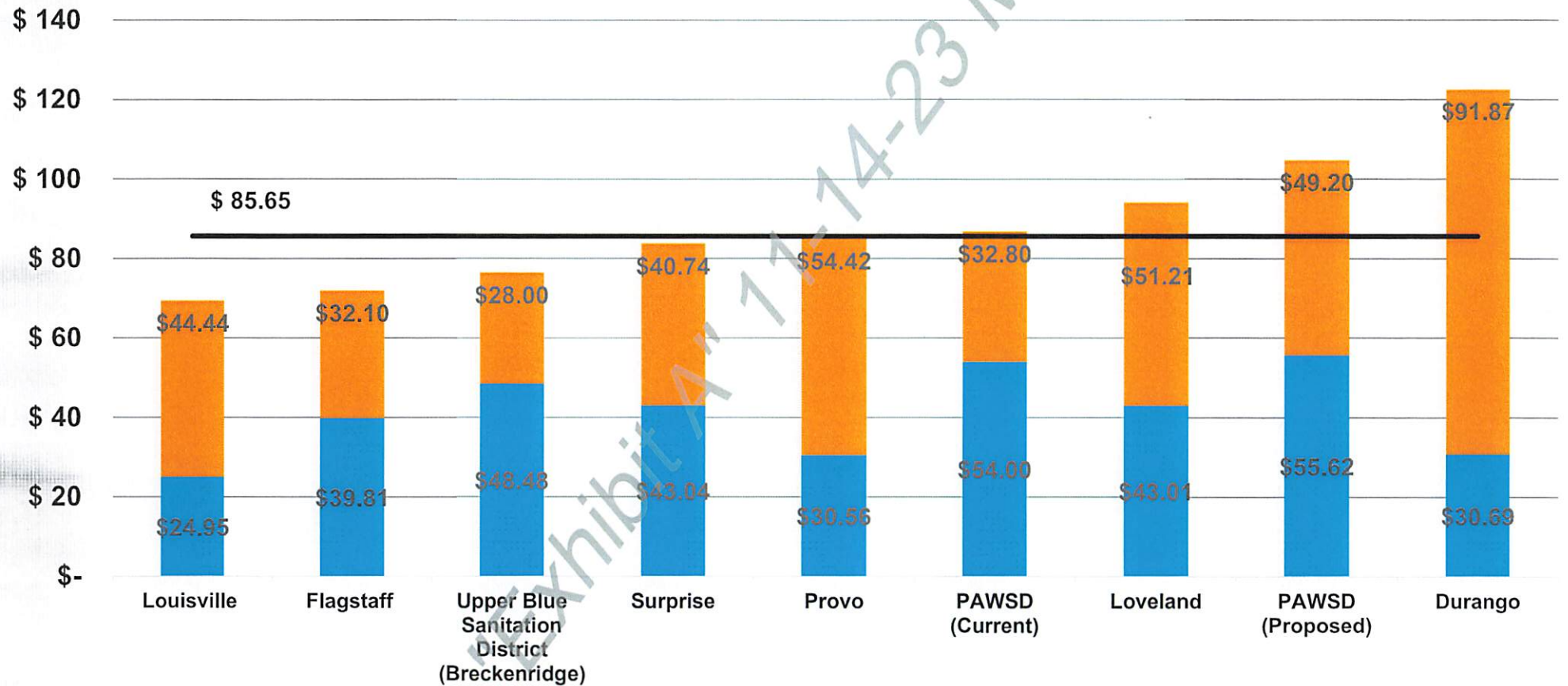
Proposed Wastewater Rate Adjustments

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Proposed Rate Adjustments	2.50%	40.00%	40.00%	5.00%	5.00%	5.00%	5.00%	15.00%	15.00%	0.00%
Projected Monthly Residential Bill	\$32.80	\$45.92	\$64.29	\$67.50	\$70.88	\$74.42	\$78.14	\$89.86	\$103.34	\$103.34

"Exhibit A" Minutes

Residential Bill Comparison 6 kgal

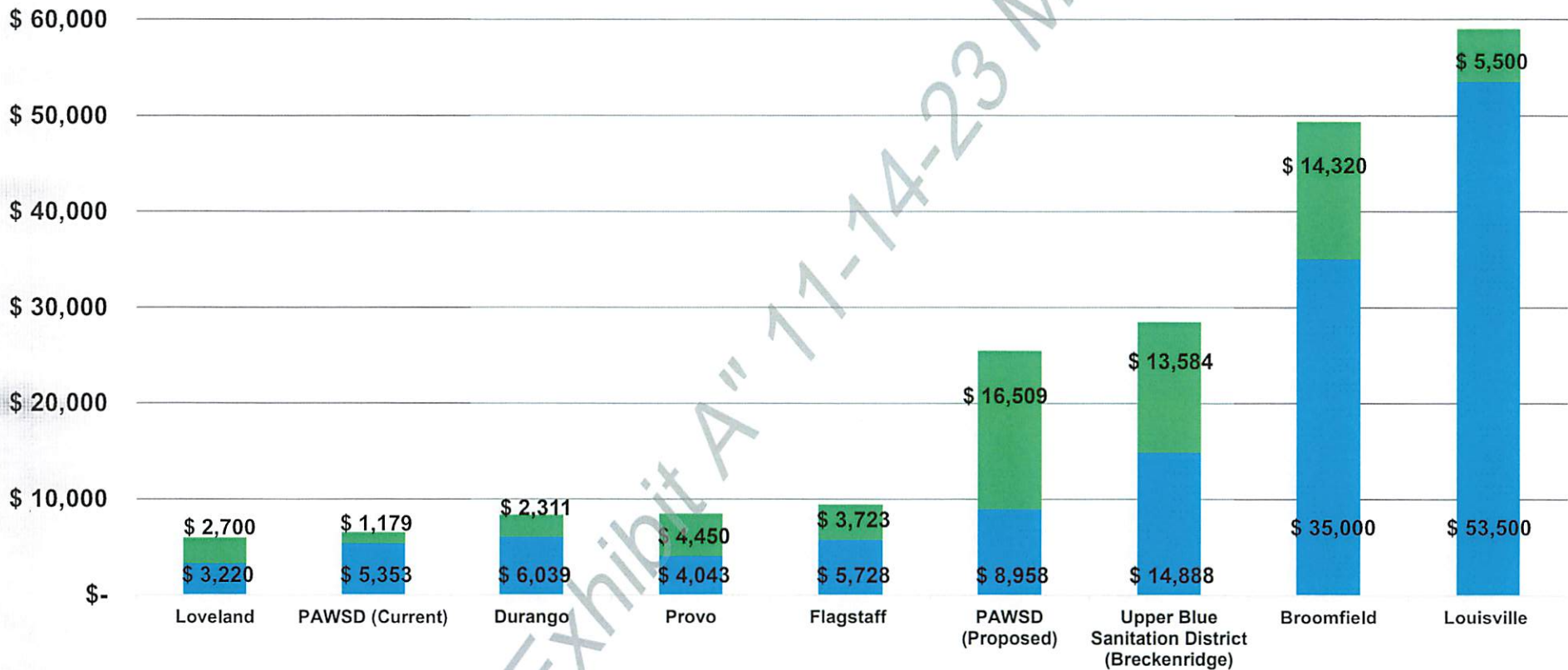
Wastewater Water Average



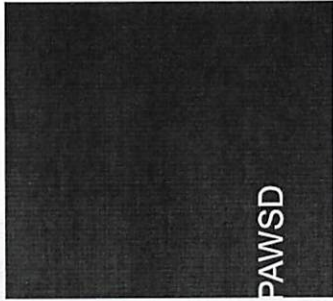


Capital Investment Fee Comparison – 1 E.U.

■ Wastewater ■ Water



"Exhibit A" 11-14-23 Minutes



Short-Term Rental (STR) Usage Analysis: Wastewater Rate Multiplier

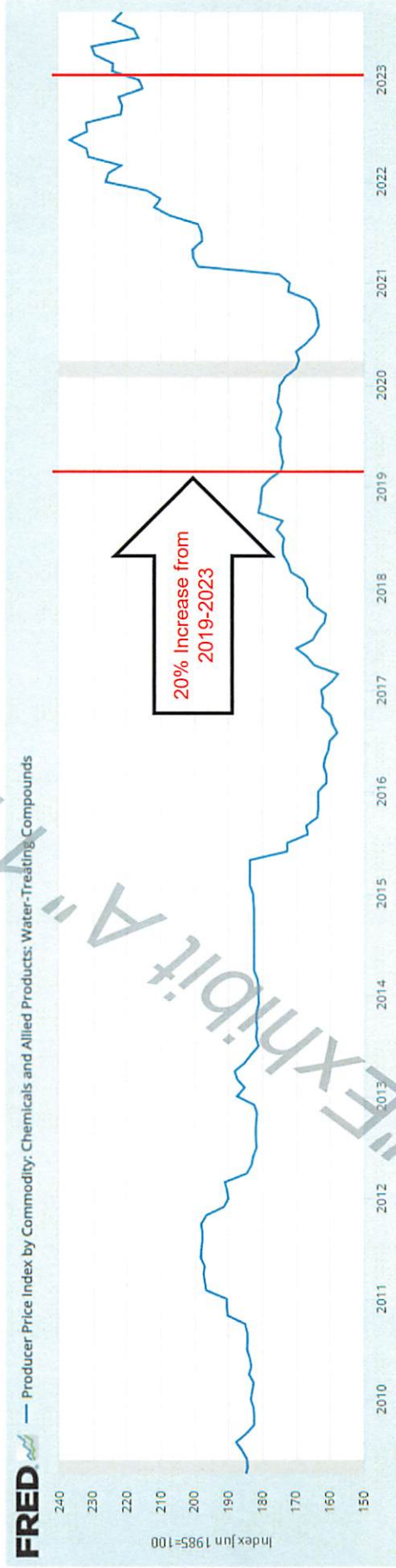
	# of Accts	Avg 2023 Winter Usage* (KGAL)	Proposed STR Rate Multiplier
Single-Family Residential	5,266	2.43	N/A
Single-Family Residential: STR	394	3.31	1.40
Multi-Family	113	17.14	N/A
Multi-Family: STR	55	16.87	1.40
Commercial	430	10.60	N/A
Commercial: STR	11	13.71	1.40

* Usage analysis excludes master metered accounts

Septic Hauler Rates and Revenues

	Current Fee	FY 2022 Actual Revenue	Proposed Fee	Projected FY 2024 Revenue*
Wastewater Hauler Fees and Revenues	\$13.28 per 100 Gallons	\$129,032	\$16.04 per 100 Gallons	\$176,063

* FY 2024 revenue projection based on new fee and FY 2023 budgeted revenue



“Exhibit A” 7-7-17 A-23 Minutes

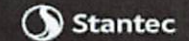
Questions?



Water Fund Summary



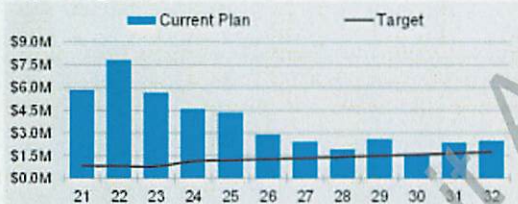
PAUSD - WATER FUND



CALC SAVE CTRL LAST OVR

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2027	FY 2032
Override ▶	0.00%	6.00%	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%				
Water Rate Plan	0.00%	6.00%	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%	0.00%	0.00%	Cumulative 12.00%	28.50%
Senior-Lien DSC	2.99	2.95	2.71	4.57	4.63	2.86	2.95	16.38	17.06	16.80	16.56	Scenario Manager	
All-In DSC	2.99	1.27	1.14	1.40	1.43	1.21	1.25	1.99	2.07	2.04	2.01		
Combined Annual Debt Service	2.57	1.25	1.69	1.94	2.01	1.82	1.90	2.70	2.07	1.87	1.86		
Combined Max Debt Service	2.57	1.25	1.67	1.94	2.01	1.82	1.90	1.99	2.07	1.87	1.86		
CIP \$ Redistrib	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
CIP Execution %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Oper Reserve Mos	3	3	3	3	3	3	3	3	3	3	3		
PS Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
OMV Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
OMF Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
CO Execution	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
O&M \$ Redistrib	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
† Insert New Panel Controls Above this Row †													
Total Single Family Bill	\$50.94	\$54.00	\$55.62	\$57.77	\$58.99	\$60.74	\$62.86	\$65.06	\$67.35	\$67.35	\$67.35		

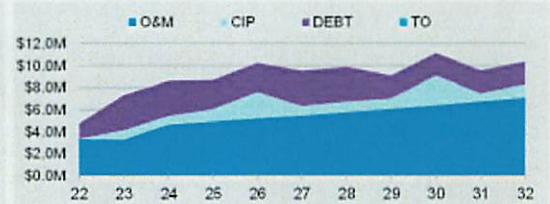
Operating Fund



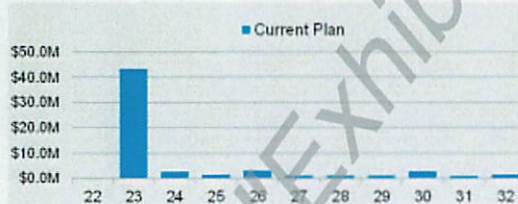
Revenues vs. Expenses



Expenses by Type



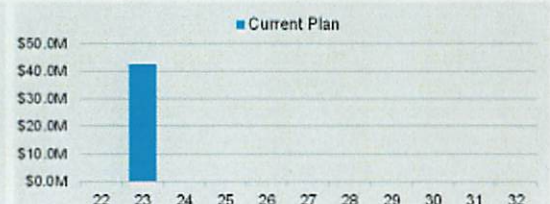
CIP Spending



CIP Funding



Borrowing



**Wastewater
Fund Summary**

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2032
Override ▶	0.00%	2.50%	4.00%	40.00%	5.00%	5.00%	5.00%	5.00%	15.00%	15.00%	0.00%	Cumulative
Sewer Rate Plan	0.00%	2.50%	4.00%	40.00%	5.00%	5.00%	5.00%	5.00%	15.00%	15.00%	0.00%	121.50% 222.94%
Senior-Lien DSC	1.09	-0.84	4.61	2.70	2.88	3.07	3.28	3.50	1.76	1.58	1.69	Scenario Manager
All-In DSC	1.09	-0.84	4.61	2.70	2.88	3.07	3.28	3.50	1.76	1.68	1.69	
Combined Annual Debt Service	2.61	0.93	1.64	1.80	1.87	1.71	1.78	2.52	1.91	1.83	1.82	
Combined Max Debt Service	2.61	0.93	1.64	1.80	1.87	1.71	1.78	1.87	1.91	1.83	1.82	
CIP \$ Redistrib	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
CIP Execution %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Oper Reserve Mos	3	3	3	3	3	3	3	3	3	3	3	
PS Execution	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
OMV Execution	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
OMF Execution	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
CO Execution	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
O&M \$ Redistrib	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Total Single Family Bill	\$32.00	\$32.60	\$45.92	\$64.29	\$67.50	\$70.88	\$74.42	\$78.14	\$89.86	\$103.34	\$103.34	

