

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
BACA GRANDE WATER AND SANITATION DISTRICT

December 13, 2023- 9:00 A.M.

District Office – 57 Baca Grant Way South

Crestone, Colorado 81131

Meeting held via Zoom

ATTENDANCE

Directors in Attendance:

Vivia Lawson

John Loll

Mike Smith

Rick Hart

David Karas

Also in Attendance:

Marcus Lock, District Legal Counsel

Diego Martinez, District Manager

Natalie DeBon, District Administrative Manager

Cathy Fromm, District Accountant (for a portion of the meeting)

Nicholaus Marcotte, Element Engineering

(for a portion of the meeting)

Community Members and Guests:

Dan Gray

CALL TO ORDER

President Lawson called the meeting to order at 9:01 A.M.

Board Roll Call: Directors Lawson, Loll, Hart and Karas were present. Director Smith joined the meeting at 9:23A.M.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Attorney Lock has discussed with the Board the requirements pursuant to Colorado law to disclose any potential conflicts of interest to the Baca Grande Water and Sanitation District Board of Directors and to the Secretary of State. It was noted that a quorum was present and members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting.

AGENDA

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR KARAS,
SECONDED BY DIRECTOR LOLL AND UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED THE
AGENDA.

CONSENT AGENDA

The Board considered the following consent agenda items:

- Approve Minutes from the November 15th, 2023 Regular Meeting.

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PUBLIC COMMENT (ITEMS NOT ON THE AGENDA ONLY. NO ACTION MAY BE TAKEN).

In accordance with the Colorado Open Meetings Law, no Board action will take place until a later date, if necessary. Please limit your comments to three minutes or less.

Dan Gray thanked the District for the availability of the board packet online on the website. He also requested to be notified via email of Board of Directors meetings. Mr. Gray also said that he called the District and requested the District Manager’s resume be sent to him. He said that he was told to submit an open records request. He said that he was being unfairly singled out, and that if someone else had made the same request, they would have not been made to jump through hoops. He said that the District should treat everyone equally. He also expressed his dissatisfaction with the way the new District Manager was hired. He wished that there had been a community forum as part of the hiring process. He also spoke of the absence of independent media in the Crestone and Baca Grande area. He urged a focus on serving the people of Baca Grande.

FINANCIAL MATTERS

Check Register: The Board considered approval of the check register through the period ending December 13, 2023 as follows:

| | | |
|-------------------|----|------------------|
| General | \$ | 8,416.35 |
| Capital | \$ | 6,975.00 |
| <u>Enterprise</u> | \$ | <u>44,846.41</u> |
| | \$ | 60,237.76 |

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR HART, SECONDED BY DIRECTOR KARAS AND, UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED THE CHECK REGISTER FOR THE PERIOD ENDING DECEMBER 13, 2023.

Board of Director Matters:

President Lawson addressed how public comments are typically handled at Board meetings. The Board and Management are not required to respond to public comments during the public comment section of the meeting. During their allotted time on the agenda, Board members and Staff may choose to comment. The Board may also take note of comment to take up matters at a future meeting as a publicized agenda item. President Lawson indicated that she has only witnessed and practiced fair treatment of all members of the public. When members of the public make a records request, they are asked to complete a Public Records Request. In the case of Mr. Martinez’ resume, this is a personnel record and the District must adhere to internal procedure to ensure that confidential information is not accidentally released. No information of this nature should be provided to anyone, without a formal request, as is the mandated process.

The Board discussed a letter from Colorado Governor Jared Polis, addressed to local elected officials and property tax administrators, requesting that local governments lower mill levies. A copy of the letter is attached to these minutes and incorporated herein by this reference.

President Lawson initiated a Board discussion and opened the floor to the Board for questions. Ms. Fromm provided insights into the Assessed Certification of Valuation (AV) with final AV scheduled to come out to the District on January 3rd, 2024. There might be slight reduction in AV compared to preliminary AV.

With respect to Governor Polis's letter, President Lawson highlighted the importance of maintaining District's financial stability. The District can finally pay the bills, which has not been the case in the past.

Mr. Lock and the Board also discussed other options to reduce constituent's costs and limitations related thereto.

President Lawson explored the idea of implementing discount opportunities, and possibly developing programs for the community. Director Hart expressed practicality concerns but acknowledge the positive intent of President Lawson's ideas. President Lawson suggested the Board invest energy in exploring ways to implement programs that would benefit the community.

Director Loll inquired about feedback from the community, District Manager Martinez reported that no calls concerning fees or taxes have been received.

Director Loll noted that the letter urges districts to address property tax relief locally. Director Hart agreed that Governor Polis is suggesting reductions in the mill levy at the local level, citing limited impact at the state level.

District Manager Mr. Martinez and the Board acknowledged the challenge of predicting the exact decrease in revenue due to the finalized numbers not being available until January 3rd, 2024. Certification of the mill levy is required by January 10th.

President Lawson proposed waiting until January 3rd to make decisions based on the finalized numbers. President Lawson suggested keeping the discussion on the agenda for the next meeting and expressed openness to a special meeting if any Board directors desired further discussion.

STAFF REPORTS

The Board reviewed and discussed the reports incorporated in the Board packets.

Engineer's Report

Water Loss Prevention Project: Mr. Marcotte informed the Board that they have finalized the water loss prevention plans and met with district staff to review. Upon approval of the drawings, the next step is bidding. The project may be advertised and bid in early 2024 if desired by the District. No action required from the Board right now.

Wastewater Treatment Plant Project:

Element followed up with the USDA, and expects to have the project underwriting completed and Letter of Condition within the month of January. USDA provided their review comments of the PER and ER. Element has completed the comment responses and resubmitted the reports.

The comments were minor and did not necessitate major changes to either report.

Director Karas inquired about the current state of the wastewater system. Mr. Marcotte responded that the system is in good condition, but the building itself has electrical and structural

issues. Director Karas also inquired about the lifespan of the plant if it does not exceed the loading capacity. Mr. Marcotte could not specify how long it would last but mentioned that significant work would be required within the next 10 years, even though the building is not at risk of collapsing, but it is not built up to code.

Referring to a preliminary engineering report, one of the suggested alternatives was rehabilitation in the PER. The system has not reached its capacity this year, and expanding the facility is a possibility. Mr. Marcotte suggested revisiting the analysis of a new facility and rehabilitating the existing one to explore options thoroughly.

Mr. Marcotte shared that the operations staff continues to monitor and collect data, indicating a decline in BOD (Biochemical Oxygen Demand). If a change in direction is desired, USDA documents need to be updated, and an application must be re submitted.

Mr. Marcotte offered the Board to consider two options. An analysis summary could be presented to the Board initially, with updates to USDA documents if a decision to change direction will be made. Waiting for USDA information, along with cost estimates, would aid the Board in making informed decisions or reconsidering their path.

The Board directed Mr. Marcotte to gather more information and conduct analyses in line with their desire for a comprehensive understanding of the situation.

Water Treatment System Improvements:

No changes. Currently awaiting CDPHE review of the document. Element will respond to any questions or CDPHE comments.

590 CR Line Extension:

The final payment advertisement and final payment processing is complete.

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR SMITH, SECONDED BY DIRECTOR KARAS AND UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED THE FINAL PAYMENT TO COOLEY & SONS EXCAVATING INC. IN THE AMOUNT OF \$4,012.50.

District Manager Report

In addition to his written report Mr. Martinez reported on the following to the Board:

Saguache County Grant - Water Loss Prevention Project (Capital Project):

Mr. Martinez gave an update on water loss prevention project, draft design plans were received and a list of edits has been returned to Element. Next step will be to advertise and send the project for bids.

2024 Budget Dates: Mr. Martinez also briefed the Board on the change of the dates. A budget for each special district is required to be submitted to the Division of Local Government on an annual basis.

December 10 – extended to January 3 – Receive finalized assessed valuation from County

December 15 – extended to January 10 - Budget must be adopted and mill levy set for property taxing entities.

January 31 (no change) - Budget must be submitted to the Division of Local Government of the budget year.

The Board revisited and discussed a letter from Colorado Governor, Jared Polis and the upcoming AV Certification of Valuation by Saguache County Assessor. The consideration and a need of a special Board meeting arose once again. The Board discussed the regulatory statutes and acknowledged the challenges posed by the limited timeframe between receiving the AV on January 3rd and the deadline for deciding, establishing, and certifying the Mill Levy to the County by January 10th. In addition to these time-sensitive considerations, Directors also discussed possible alternative options that could be explored throughout the year.

Considering a waste water project and the need to maintain rates, Mr. Lock and the Board acknowledged the intention to do the right thing and proposed possible adjustments in 2025.

Administrative Manager Report

Ms. DeBon reviewed the administrative report with the Directors and noted few highlights from the report.

Caselle: The notice form Caselle was received, billing & AP software, about an upcoming increase in software and maintenance support annual charge. The cost for the District's support will see an approximate 4% increase. The change will take effect for the support period starting July 1st, 2024.

December Billing Message: The District will be on a holiday schedule between December 25, 2023 and January 1, 2024. During this time, the office will be closed in order to conduct year-end business and all necessary District operations.

The Board briefly discussed consolidations in the District and its future development, revenue and impact in the area.

Operations Manager Report:

Mr. Martinez reviewed and presented the Operations report in Mr. Potter's absence and noted a few highlights from the report which included the fire hydrant replacement on Antelope Way, update on Wagon Wheel lift station pump installation, and Vactor truck being sent to Colorado Springs for maintenance and rehab.

Mr. Lock spoke of the water loss during the Board meeting, emphasizing the diligent efforts of the staff in tackling and working hard to address the issue. He reminded the Board of the ongoing efforts and the necessity to keep allocating funds to reduce the water loss in the District.

EXECUTIVE SESSION

Motion: Pursuant to C.R.S. § 24-6-402(4) (a), (b), and (c), upon motion duly made by Director Hart, seconded by Director Smith and, upon an affirmative vote of at least two-thirds of the quorum present, the Board adjourned to executive session at 10:40 A.M. Pursuant to C.R.S. § 24-6-402(4) (a), (b), and (c), which respectively concern the purchase

or lease of real property, specific legal advice from counsel, and determining positions relative to matters subject to negotiation regarding the lease rate for the next 20-year term of the Water Service Agreement and the terms and conditions for continued provision of sewer service to the Town of Crestone as well as negotiations related thereto.

MOTION: DIRECTOR HART MOVED; DIRECTOR KARAS SECONDED TO RECONVENE TO REGULAR SESSION AT 11:02 A.M.

ADJOURNMENT:

THERE BEING NO FURTHER BUSINESS TO DISCUSS, UPON MOTION DULY MADE DIRECTOR SMITH , SECONDED BY DIRECTOR KARAS AND UPON VOTE, UNANIMOUSLY CARRIED, THE MEETING WAS ADJOURNED AT 11:50 A.M.

THE NEXT REGULAR MEETING IS SCHEDULED FOR
January 17, 2023

Drafted by Natalie DeBon



Respectfully submitted,



Diego Martinez

THESE MINUTES ARE APPROVED AS THE OFFICIAL DECEMBER 13, 2023 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:



Vivia Lawson



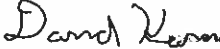
John Loll



Mike Smith



Rick Hart



David Karas

ATTORNEY STATEMENT

Regarding Privileged Attorney-Client Communication

Pursuant to §24-6-402(2) (d.5) (II)(B), C.R.S., I attest that, in my capacity as the attorney representing the Baca Grande Water and Sanitation District, I attended the executive sessions on December 13, 2023, and it is my opinion that the portion of the executive session that was not recorded constituted attorney-client privileged communications.



Marcus J. Lock

General Counsel

Baca Grande Water and Sanitation District