

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

JUNE 22, 2018

9:00 A.M.

District Office - 57 Baca Grant Way South
Crestone, Colorado 81131

ATTENDANCE

Directors in Attendance:

Lynn Drake
Robert Salmi
John Loll
Michael Sully

Also in Attendance:

Marcus Lock; Law of the Rockies (via speakerphone)
JoAnn Slivka; District Manager
Josh Cichocki; Utility Superintendent
Chris Brandewie

Members of the Public:

Daniel Gray
Janie Thomas
Don Calledare

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 or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. It was noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting.

AGENDA

President Drake opened the meeting with a review of the agenda.

*Following discussion, upon motion duly made by
Director Salmi,
Seconded by Director Scully,
And upon vote, unanimously carried, the Agenda was approved as amended
with an update to the check register.*

Mr. Scully would like a follow up on the Feasibility Study, we will add it to the Board Retreat agenda.

CONSENT AGENDA – These items are considered routine and will be approved and/or ratified by one motion. There will be no separate discussion of these items unless a Board member so requests; in which event, the item will be removed from the Consent Agenda and considered in the Regular Agenda.

The Board considered the following actions:

- Approve Minutes from the May 18, 2018 meeting.
- Review and accept the unaudited Financial Statements for the period of May 30, 2018 and current schedule of cash position.

*Following discussion, upon motion duly made by
Director Scully,
Seconded by Director Loll,
And upon vote, unanimously carried, the Consent Agenda was approved as
amended.*

BOARD AND STAFF REPORTS

The Board reviewed and discussed the reports that are attached therein.

Mr. Cichocki gave an update on the schedule for watering the golf course and feels the schedule is going well.

District Facility Tour

The Board discussed the Facility Tour held in May. The District received many compliments regarding the tour and camaraderie of the staff. The tour gave participants a good overview of what it takes to run the District.

2018 Retreat

The Board retreat is scheduled for August 8, 2018.

Water Resource Engineer

The District will put out a Request for Proposal for a water resource engineer to assist with review, evaluation, and update of our past water usage reports with recent data.

SDA Conference

The Board discussed the conference and will consider participation. It is important to consider what Board members might bring back to the District after attending the conference.

SLV Ciello: Lease Agreement

Ciello contacted the District to discuss updating the lease agreement. Ms. Slivka submitted the agreement between the District and Crestone Telecom to Mr. Loren Howard, CIO from San Luis Valley Rural Electric Cooperative. We have not heard back from them yet.

Board Vacancy

The directors discussed the vacancy on the Board of Directors; there is no requirement to appoint a fifth Board member. The Board of County Commissioners (BOCC) has the right to appoint a new member but it cannot be done by BOCC without notice to the District. The Board works very hard and it would be a benefit to have another member to help. Suggestions to find the best candidate we can included creating a description of what is expected of Board members, and

encourage interested electors to attend meetings to get a good understanding of what the duties of the District and directors are; this would also allow everyone to get familiar with each other.

2018 Energy Audit

Mr. Cichocki updated the Board on where we are with the energy audit. There has not been much activity generated from the report although we have replaced some equipment that was addressed on the list for efficiency. Staff will send the report to the Board of Directors.

PUBLIC COMMENT (ITEMS NOT ON THE AGENDA ONLY. COMMENTS LIMITED TO THREE MINUTES PER PERSON AND TAKEN IN ORDER LISTED ON SIGN IN SHEET).

Mr. Daniel Gray would like to see the Board of Directors make an announcement in the Eagle about the director vacancy.

FINANCIAL MATTERS

Claims: Consider approval of the check register for the period ending June 22, 2018, as follows:

General Fund:	\$	8245.88
Debt Service Fund	\$	-0-
Capital Projects Fund:	\$	8831.00
Enterprise Fund:	\$	<u>36,176.61</u>
Total:	\$	53,253.49

Water-Sewer Rate Study

Presentation from Chris Brandewie from Rural Community Assistance Corporation (RCAC)

Mr. Brandewie re-introduced himself and explained that the RCAC is a federally funded program to help rural communities at no cost.

His presentation addressed the following:

Rate Study: Why should we do it?

- Stay Solvent
- Often required for grants and loans

Consequence of not raising rates

- In the model he can address regularly raising the rates
- Reduction in reserves
- Inability to pay bills
- Inability to maintain system = Violations
- Receivership
- TABOR Limits
- Consistent with smaller increments is better than big rate hikes

Board responsibilities

- Fiduciary responsibility to keep the system running
 - In the short run and the long run

- Provide the money for staff to do their job
- Raising rates not easy
- Guiding Principles of the rate study
 - Sustainable
 - Equitable
 - Conservation
 - Justifiable

Rate Model

- Based on American Water Works Association (AWWA) Standards
- Reviewed by RCAC Staff
- Affordable rate: Between 1.5% - 4% of Medium Household Income
- Look at assets, Budget, Sales, Tax Revenue
- 5 year Forecasted Budgets
- Revenue Forecast- much of the District's revenue comes from taxes

Capital Replacement Program

- Inventory of all assets
 - Which will not be replaced
 - Those that will be replaced
 - When
 - How much it will cost
 - How to pay for it (cash, grant or loan)
- Consider estimating shared cost of water and wastewater
- >>>>Calculate how much we must set aside each year to have enough cash when needed

Budget

- Adjust for inflation
- Includes reserve requirements
- Look at "real costs"
- Fixed – Variable Costs

Next Steps: Mr. Brandewie will draft a report to the Board by July 11th so that the Board of Directors will have a chance to review and comment before the July Board meeting.

Director Loll wants to be sure the public will have opportune time to comment and give feedback about rate increases. Ms. Fromm suggested the Board may want to consider having a couple public information sessions in between the 30 days of the main public notification. The Directors will consider a progressive schedule of rate increases as they begin to better understand the various scenarios that affect the cost of delivery.

Sewer Inspection Camera

Mr. Cichocki entered into discussion regarding his request for the sewer camera as reported in his Summary Report #1 (attached herein).

*Following discussion, upon motion duly made by
Director Salmi,
Seconded by Director Scully,
And upon vote, unanimously carried, the Sewer Camera purchase was
approved for a price not to exceed \$88,812.24.*

OPERATIONS

There were no operational follow-ups at this time.

Town of Crestone Flow Meter:

Many questions remain about how to assist the Town of Crestone to work through the increased costs resulting from the new meter installation and now accurate flow readings.

CAPITAL IMPROVEMENTS

Status of the Sludge Drying Beds Project

Mr. Cichocki gave an update on the drying beds; the site application has been submitted. We are currently waiting for a response from the Colorado Department of Public Health and Environment (CDPHE). In the meantime, JVA, Inc. is working on the Process Design Review (PDR). We should have more information at the July meeting. The project is still on track to be completed by December 31, 2018.

EXECUTIVE SESSION MATTERS - §24-6-402(4) (a), (b), (e)(I) and (f)(I), C.R.S.

The Board entered into executive session.

*Following discussion, upon motion duly made by
President Drake,
seconded by Director Scully,
and upon vote, unanimously carried, the Board entered into Executive Session
at 12:14 P.M. for the purpose of discussing services to the Town of Crestone,
the Baca Grande POA Golf Course and Guidelines to follow when Board
members speak to the public.*

*Following discussion, upon motion duly made by
President Drake,
seconded by Director Scully,
and upon vote, unanimously carried, the Board came out of Executive Session
at 12:57 P.M.*

Town of Crestone

The current least expensive and most efficient way to assist the town is to do an amendment to the current Intergovernmental Agreement. It is ultimately up to the town on how they would like to proceed.

Golf Course

The District history was established long ago with the following guidelines-

1. The golf course can be irrigated by the Golf Course Well
2. The golf course can be irrigated by the Motel Well
3. The golf course can be irrigated by Well 17/18
4. USFW cannot call out the golf course well and have it shut off

The golf course well is an alternative point of diversion, which means that the water at the original point of diversion has to be legally & physically available. In most years, there is only a limited amount of time that water is actually available.

Board member rules:


1. No more than two Board members can meet, otherwise it is considered a Public meeting
2. As Public officials, discuss what you are comfortable talking about but please
 - a. do not make claims you are speaking on behalf of the Board, instead you are speaking only as one member of the Board; and
 - b. do not discuss anything subject to the attorney/client privilege or otherwise confidential.
3. Directors should feel free to decline to comment or answer a question if they are not comfortable speaking on a particular subject matter.

OTHER BUSINESS

*There being no further business to discuss, upon motion duly made by
 Director Salmi,
 seconded by Director Loll,
 and upon vote, unanimously carried,
 the Board adjourned the meeting at 1:00 P.M.*


ADJOURNMENT

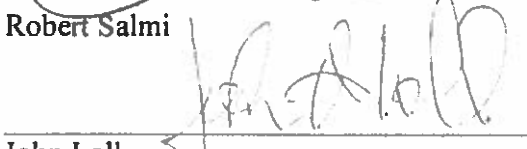
**THE NEXT REGULAR MEETING IS SCHEDULED FOR
 JULY 20, 2017**

Respectfully submitted,
 By 
 Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL JUNE 22, 2018 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:


Lynn Drake


Robert Salmi


John Loll


Michael Scully

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 session on June 22, 2018, and it is my opinion that the portion of the executive session that was not recorded constituted attorney-client privileged communications.



Marcus Lock
General Counsel
Baca Grande Water and Sanitation District