

Round Mountain Water & Sanitation District
Board Meeting
January 19, 2023

*****The minutes of this meeting reflect the order of agenda, not the order of the meeting*****

Called to Order by Charles Bogle at 2:00 p.m.

The meeting opened with roll call and the Pledge of Allegiance.

Present in Person:

President: Charles Bogle

Vice President: Steve Lasswell

Secretary: Connie Thompson

Treasurer: Randy Wilhelm

Member: George Mowry

District Manager: Dave Schneider

Assistant District Manager: Peggy Quint

Administrative Assistant: Carlan Cardenas

Guest: Jack Thompson

Present via Zoom:

Accountant: Cathy Fromm

Auditor: Christy DeNardo

Investment Broker: Bob Krug

Reporter: Elliot Jackson

Additions to the February 16, 2023, BOD Meeting Agenda: Dave Schneider noted that the Employee Manual is currently undergoing revisions.

Administrative Reports:

Peggy Quint, Assistant District Manager

- Peggy introduced Carlan Cardenas to the board as the new Administrative Assistant.
- Peggy is working with Streamline on the new website, it is going well and she hopes to go live with that on February 1st, 2023.

Steven Koch, ORC

- Dave gave the CORC report for Steven.
 - a. Dave spoke about the GIS Platform, Diamond Maps, that is now being used. It is much like that of qPublic which the assessor uses. Diamond Maps shows in detail the water and sewer mains as well as the location of all main taps that are in place. It will be updated regularly and will become the central hub of all documentation for current, new and historical records of the district. It will be accessible to others; however, Dave will only make it available in-house to the district employees, Town of Westcliffe, and Town of Silver Cliff at this time. It may be possible that it would be accessible to the public and could potentially be added to the district website at a later date. Dave will have to check with Diamond Maps to

see if public records searches are available as a feature. Dave showed the board on the overhead how Diamond Maps works and the value it carries as a tool for our techs.

- b. Dave reported that the federal and state agencies are both requiring a survey of District water service lines to determine what materials they are made of. The state and federal agencies want any lead or galvanized lines that exist in the distribution system replaced.
- c. There is a tool that works off a type of acoustic sound/vibration waves. Sending acoustic waves through water pipes to locate leaks is a well-known method for detecting leaks in water lines. The same technology can be used to successfully estimate appropriate wall thickness of buried water mains. Results from this testing can be used to estimate the residual remaining life of the pipe. The method involves sending sound waves through the water main and capturing the speed of sound to determine the thickness of the pipe wall. This tool could be useful in determining where old lines would need to be replaced in lieu of blindly excavating areas that may be of concern. Dave is hopeful that acoustic testing will become available as a contracted service rather than trying to foot the expense of purchasing one should the district need to utilize it as a diagnostic tool.
- d. Line replacements of galvanized pipes would have to be excavated. This is an extremely expensive endeavor and grant monies would need to be utilized.
- e. All line replacement work would be sourced out to an excavation firm. Outsourcing the work will be more efficient and timelier than completing it in-house and it would eliminate any liability to the district from land/homeowner property damage claims that may arise as a result of excavating and replacing lines.
- f. Backflow prevention devices would at this time be required as well, which will add additional costs to upgrading the old lines. Currently backflow prevention devices must be installed on all new or upgraded taps.

Dave Schneider, District Manager

- Meters are monitored daily and an Aquahawk report sent to all district employees.
- A deep frost line has caused an 8–10-week delay on abandoning the old Smith well.
- The electrical system on the pump house will be hooked to Black Hills Energy soon.
- Wastewater treatment update:
 - One gallon of water was tested at a lower electrical amperage. The reason a lower amperage was tested rather than the highest amperage is to determine the lowest amperage necessary to provide the desired results of treatment. This will save unnecessary electricity costs if a standard maximum amperage is adopted.
 - The Nitrogen test result was good.
 - The Phosphorus test result was below the desired level.
- Reservoir Update:
- The last part of January to the first part of February is the predicted timeframe for a meeting to be held to discuss and sign the intergovernmental agreement.
- The district received approximately \$500,000.00 in grant money.
- The district needs to acquire a permanent easement across property adjoining the reservoir site. We are pursuing offering augmentation water to three ponds on that property as payment for a permanent easement as the State has deemed the three ponds to be illegal.

Consent Agenda:

1. Charles Bogle calls for a motion to approve the Consent Agenda.
 - a. Randy Wilhelm moves that the Consent Agenda be approved.
 - b. Connie Thompson seconds the motion.
 - c. Motion Carried unanimously.

New Business:

Audit Presentation

- Dave moves onto questions to Cathy Fromm regarding the budget vs. actual figures on the 2021 audit numbers. He points out that there is an error in those items that need to be corrected. Cathy agrees that there is an error and states that she will fix it before submitting the final record.
- Christy DeNardo joins the meeting with a 2021 audit report.
- Christy makes it known that the report being shown is currently a rough draft therefore it should not be publicized until a final draft has been approved.
- Cathy reports the details of the 2021 audit as it currently stands and points out the areas of concern.
- There is a discussion about the audit and a series of questions and answers.
- There does not appear to be any major concerns at this time.
- It is decided that there will be a special meeting to further discuss and approve the 2021 audit report once it has been finalized. This meeting will likely take place before the regularly scheduled meeting date in February.

Mike Haga Request to move tap

Dave brings to the board a request from Mike Haga to transfer the water and sewer tap that he owns from lot #18 in Silver Cliff to lot #27 in Silver Cliff. Dave confirms that there will be no adverse effect to the district by allowing Mike to transfer the tap. Charles Bogle calls for a motion to allow the transfer. George Mowry moves that the district allow Mike Haga to transfer his tap from Lot #18 to Lot #27 in Silver Cliff. Steve Lasswell seconds the motion. Motion carries unanimously.

Resolution 2023-1 Posting of meeting location, dates, and times. Charles Bogle calls for a motion to accept Resolution 2023-1. Randy Wilhelm moves that the board accept Resolution 2023-1. Connie Thompson seconds the motion. Motion carries unanimously.

Resolution 2023-2 (Appointing a Designated Election Official and Authorizing Designated Election Official to Cancel Election) is presented to the board.

* Carlan is asked to be the Designated Election Official (DEO). Carlan accepts. Charles Bogle calls for a motion to accept Resolution 2023-2. Randy Wilhelm moves that the board accept Resolution 2023-2 and appoint Carlan Cardenas as the Designated Election Official (DEO). Steve Lasswell seconds the motion. Motion carries unanimously.

Water Rights Applications Objection

- Dave reported that there have been two water rights applications that could impact the district. Claims have been filed by the Geroux Ranch and the Upper Arkansas Area. The district will dispute these claims as the point of access for the water in question form from a series of springs located on property that the district owns. Dave is okay with the Wenke pond remaining in place and used as a storage pond if

the water from the springs is diverted to Grape creek rather than being captured in the pond. Charles Bogle calls for a motion to allow Dave to dispute the Wenke pond water right claims filings. George Mowry moves that the board allow Dave to file a dispute to the Wenke pond water right claims filings on behalf of the district. Connie Thompson seconds the motion. Motion carries unanimously.

Old Business

1.) CSAFE INVESTMENT, Bob Krug presented.

Bob explained that CSAFE is a Special District money market fund which only government sectors are eligible to invest in. He distinguished the difference between a Cash Fund and a Core Fund investment and also provided a detailed informational flyer.

CSAFE Questions:

Randy Wilhelm: What is the loss protection guarantee on investments.

Answer: CSAFE imposes a dollar for dollar collateralization on all investments that keep the investments safe.

Steve Lasswell: What is the current interest rate?

Answer: Current rate is 4.5%

Connie Thompson: What is the worst that could happen if we invest in a CORE Fund?

Answer: Discussion commences, and it is determined that due to the following reasons, there really isn't a detrimental risk to the investment.

- Morgan Stanley manages the portfolio, and they monitor it daily. If there is a drop in the market, they will alert CSAFE and in turn CSAFE will alert the district and decisions about change can be made at that time.
- CSAFE anticipates the 4.5% average rate to remain for the remainder of 2023 and into 2024.
- All money invested into a CORE fund can be made available within 24 hours of request if need be. The money in the fund will never be inaccessible to the district.

Jack Thompson: Is there a periodic report?

Answer: Yes, the first business day of each month a new periodic report is issued.

CSAFE recommends the CORE fund to be the best investment as it provides the highest return and is still a very safe investment option.

Cathy Fromm comments that Investments can be split between a Cash Fund and a Core Fund if the board has reservations putting all their money into one fund.

Discussion is tabled until later in the meeting. c.) Charles Bogle calls for a motion to invest money in a CSAFE CORE fund. George Mowry moves to request the district to place money into a CSAFE CORE fund investment. Connie seconds the motion.

It is brought up that there needs to be a resolution and the motion is tabled until a resolution can be presented at either the pending special meeting or at the regularly scheduled February 16th meeting.

2.) BULK WATER RATE INCREASE

- Currently the district charges \$0.02 per gallon. Other providers of bulk water surrounding the district are charging \$0.05 per gallon. Dave feels that it is necessary to bring the district to at least \$0.04 per gallon. One thing to keep in mind is that the district bulk water is potable water, therefore it has incurred the cost of treating it and should be charged at the according rate of \$0.04 per gallon. Dave also notes that bulk water is primarily utilized by a customer base that is outside of the district therefore raising rates will not impact customers who are in the district on the district water main system and a rate increase could arguably help district customers by being used to offset impending improvements that they may otherwise result in a rate increase to them.

- Randy proposes that the district raise bulk water rates incrementally with a \$0.01 per gallon raise for 2023 and a \$0.01 per gallon raise in 2024.
- Randy asks if the Westcliffe and Silver Cliff owned town parks should also incur a rate increase and proposes raising their rates by 10% starting in 2024.
- Dave asks Randy to provide a reason to raising bulk rates incrementally in lieu of a straight \$0.02 per gallon raise all at once to become effective in 2023.
- Dave counters that the \$0.02 per gallon rate increase should happen immediately as our bulk water is significantly undervalued in comparison to surrounding areas.
- Connie is in favor of an immediate \$0.02 per gallon rate increase in order to get caught up with surrounding rates.
- Randy suggests converting the #3 well to a non-potable water station and charging \$0.02 per gallon for bulk water being supplied by that well. This would allow customers purchasing water for construction and non-household use to continue to purchase water at a more efficient rate since it will not have the cost of being treated. Dave is in favor of this suggestion.
- General discussion on the future of water ensues. Steve questions the fallout of doubling the bulk water rates. Connie and Dave clarify that most bulk water is used to service out of district customers and increasing the rates will help keep the district water rates lower. Charles discusses that we are at \$0.02 per gallon with the need to get to \$0.04 per gallon and asks the board how they want to get there. George suggests increasing the bulk water rate to \$0.04 per gallon now (2023) and utilizing newspaper publicity to manage any potential negative backlash.
- Connie makes the point that “Business is Business” and that Round Mountain Water and Sanitation District is a business. She also reiterates that the income generated by a bulk water rate increase would go a long way towards necessary well and equipment upgrades.
- Discussion on rate increases is tabled until the next meeting.

Adjournment:

- 1.) Charles Bogle adjourned the meeting at 4:40 p.m.

