Special Meeting

May 2, 1974

The Round Mountain Water and Sanitation District Board of Directors met in special session May 2, 1974 at the office of La Vista Hills, Inc., Westcliffe, Colorado.

The following members were present: Lawrence Entz

Bill Kleine

C. E. Piquette Jr.

Others present: Clyde Young (McIntyre & Quiros)

Gerald L. Wrightsman (McIntyre & Quiros)

Chairman Entz called the meeting to order at 1:10 P.M.

Mr. Young reported construction costs were now estimated at \$384,350 for the collection system, outfall system, and sewage treatment plant. This, together with engineering costs and a 10% contingency, brought the total project estimate to \$480,438. Included was an estimated cost increase of \$28,000 to place the treatment facility on the site acceptable to Mr. Adams. This would amount to a cost per household increase of approximately 45¢ (\$0.45) per month or a total for both sewer and water of \$15.00 per household.

The cost estimate included a sewage plant capable of handling 60,000 to 70,000 gallons per day and an outfall line of at least 10 inch diameter from Silver Cliff down Highway 96 to the plant.

Mr. Young recommended the acquisition of at least 10 acres from Mr. Adams for the treatment plant. He also advised that the plant site would have to be approved by the County Commissioners, the Regional Planning Commission, and the county health officer. He would prepare the required form and mail it to the Board for presentation to the persons and agencies listed above.

Although a quorum was not present, Mr. Young was left with the understanding that McIntyre & Quiros should proceed on the assumption that the treatment plant site proposed by Mr. Adams would be used. Mr. Entz stated he would contact the two absent Board members for approval of today's proceedings, and would immediately notify Mr. Young if any objections were raised.

The meeting adjourned at 1:40 P.M.

C. E. Piquette Jr.
Secretary

note: quorum present. 3 is OK

ROUND MOUNTAIN SANITATION DISTRICT

COST ESTIMATE

MARCH - 1974

Collection System

Collection System Construction Costs
8" 35,200 L.F. @ 6.00/L.F. = \$211,200.
10" 2,300 L.F. @ 7.00/L.F. = 16,100.
95 Manholes @ 500 Ea. = 47,500.
\$274,800.

Outfall System

Outfall System Construction Costs

10" 2,445 L.F. @ 7,00 L.F. = \$17,115.

Steel Sheet piling 140 L.F. @ \$96/L.F. = 13,440.
6 Manholes @ \$500. ea. = 3,000.

Misc. concrete 10 C.Y. @ \$100/C.Y. = 1,000.

\$34,550.

Sewage Treatment Plant

Sewage Treatment Plant Construction Costs

60,000 to 70,000 G.P.D. Sewage Plant = \$75,000.

Total Construction Costs = \$384,350.

PREPARED BY:

McINTIRE & QUIROS OF COLORADO, INC.
Registered Professional Engineers
and Land Surveyors
111 E. 5th Street
Pueblo, Colorado

384,350 construction only.

+ engineering

+ 10% continguous

4480,438 total cost estimate

Special Meeting

May 15, 1974

The Round Mountain Water & Sanitation District Board of Directors met in special session May 15, 1974 at the office of LaVista Hills, Inc., Westcliffe, Colorado.

The following members were present: Lawrence Entz

Walter Hanssen Bill Kleine Fred Luthi C. E. Piquette Jr.

Others present: Jim Bright (Farmers Home Administration, Pueblo office)

Chairman Entz called the meeting to order at 1:10 pm.

A five (05) page letter dated April 9, 1974 from FHA to the District was read and briefly discussed. The letter contained conditions which would have to be agreed to and met by the District within 180 days from the date of the letter before further consideration could be given by FHA to the District's application for grant and loan funds. A copy of the letter is attached hereto.

Mr. Bright was asked to amend a portion of paragraph 6(c) to read "within the project area" rather than "within the District." Paragraph 14(g) was also discussed in detail. Mr. Bright confirmed FHA's position that the loan would have to be repayed by charging the water and sewer use fee specified in the letter. He stated a mill levy could not be assessed for the purpose of retiring the indebtedness.

The Water Committee from the Town of Westcliffe had asked to meet with the District Board of Directors. For this purpose, a meeting was scheduled for Friday, May 17, 1974. Further business was postponed until that time.

The meeting adjourned at 2:35 pm.

C. E. Piquette Jr. Secretary

214 Faderal Building Pueblo, Colorado 81003

April 9, 1974

Mr. Lawrence Entz, President Round Mountain Water and Sanitation District Westcliff, Colorado 81252

Dear Mr. Entz:

This letter establishes conditions which must be understood and agreed to by you before further consideration can be given to your application.

This letter is not to be considered as loan and grant approval, or as a representation as to the availability of funds. The docket may be completed on the basis of a loan not to exceed \$439,000 and a grant not to exceed \$50,000. If Farmers Home Administration makes the loan, the interest rate will be that charged by Farmers Home Administration at the time of loan approval.

Please complete and return the enclosed Form FHA 442-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given your application. If the conditions set forth in this letter are not met within 180 days from the date hereof, Farmers Home Administration reserves the right to discontinue the processing of your application.

The approval of your loan will be considered if the following conditions can be met:

- 1. Amount of Loan and Grant: The loan will not exceed \$439,000. The grant will not exceed \$50,000.
- 2. Repayment Schedule: The loan will be repayable over a period of 40 years from the date of closing. The repayment due January 1, 1975, may be in an amount equal to the interest accrual only.
- 3. Number of Users: The District must have 231 users (250 EQR's) at the time of loan and grant closing. The District must provide the Farmers Home Administration with evidence of this number of users.
- 4. Contribution by the District: No contribution will be required.

- 5. Interim Financing: The District will be required to make every effort to obtain interim credit for constructing this project. We will discuss this further if you desire to proceed with the project. We will review the disbursing of funds when the availability of interim credit is determined.
- 6. Security Requirements: Security will consist of:

(a) The loan will be evidenced by legally acceptable revenue bonds.

(b) The District will pledge revenue from the water and sewerage system

in an amount sufficient to meet payment on this loan.

(c) A resolution will be prepared to the effect that all residents within the District will avail themselves of the sewerage system. This resolution will also provide that upon non-payment of the water and/or sewerage charges, water service will be discontinued.

7. Title to the Property:

(a) The District will have title to the land on which any wells, water storage tanks and water intake structures will be located. The District must also be able to provide evidence of purchase of sufficient water rights for the residents. The attorney for the District will prepare a title opinion on this property. In order to obtain approval of the loan and grant, this opinion must show the District as owner of the property subject to no prior liens.

(b) The District will have title to the land on which the sewage treatment facility will be constructed. The attorney for the District will prepare an opinion on this property. In order to obtain approval for the loan and grant, this opinion must show the District as owner of the property

subject to no prior liens.

(c) The District must have sufficient and legally acceptable easements and rights of way necessary for construction of the improvements to the water and sewerage system.

1. A certificate must be obtained from the engineer for the District to the effect that sufficient easements and rights of way are

available.

- 2. The attorney for the District will prepare an opinion as to the adequacy of the easements and rights of way.
- 8. Organization: The District is organized. We must be furnished a statement that the organizational proceedings are adequate and proper.
- 9. Business Operations: The District must have adequate records for their water and sewerage system. Arrangements must be made to develop accounts and records by the time income will be available. The attached Guide 5 sets forth the minimum chart of accounts for records.

10. Insurance and Bonding: The following insurance and bonding requirements

will be required for loan and grant approval:

(a) Fidelity Bond: The position of Treasurer, who is responsible for receiving income and maintaining the bank accounts will be covered by a fidelity bond in an amount not less than \$30,000. If any other person or persons accept daily payments, they should be covered by a fidelity bond of not less than \$1,000. The loss payable clause should be endorsed to the District and the United States of America, acting

- through the Administrator, Farmers Home Administration. (b) Workmen's compensation will be carried on all employees.
- 11. Construction Contracts and Bidding: The preparation of bid forms and all construction contracts must meet the requirements of the Farmers Home Administration. We will be pleased to discuss these requirements with you if it is determined you can meet the requirements contained in this letter and desire to proceed with the loan.
- 12. Accounts, Records and Audits: The District will be required to maintain satisfactory accounts and records to properly reflect the operations of the vater and severage system. The District will also be required to submit the following data:

(a) A quarterly report of income and expenses. We are enclosing Forms

FMA 442-2 which should be used for this purpose.

(b) Annual reports. Annually and within 20 days following the close

of your fiscal year, we will need the followings:

1. An operating budget. We are enclosing Forms FHA 442-1 which should be used for this purpose. We will need a copy of your minutes of the meeting at which the operating budget was

2. A balance sheet. Form FHA 442-3, enclosed, may be used for

this purpose.

3. We will also need the following information:

a. Mame, address and term of office for the President, Treasurer and each member of the Board of Directors.

b. The number of residential users and the number of commercial

c. Evidence that the required workmen's compensation and fidelity

bond premiums have been paid.

(c) An acceptable annual audit. A copy of the Audit submitted to the Shate of Colorado will likely be satisfactory.

We will discuss the above requirements with you if you desire to proceed with the application.

13. Closing Instructions: The loan docket will be submitted to this office for review by the Office of the General Counsel, U. S. Department of Agriculture, and for the preparation of closing instructions. The loan and grant must be closed in accordance with these instructions.

14. Other Requirements:

(a) The District will be required to process the revenue bond and meet other requirements with regard to the preparation of the bond. Instructions with regard to the preparation of the bond are contained in the enclosed Appendix C.

(b) All plans and specifications must be approved by the Farmers Home Administration, the Colorado Department of Health, and other local or state agencies and all required permits obtained prior to construction.

(e) You must obtain a certificate from the State Water Pollution Control Agency advising that the system will not result in pollution of waters of the state in excess of standards set by them. Your engineer can likely obtain this certificate.

- (d) The plans and specifications must be prepared so that all pipeline materials which can reasonably be expected to perform satisfactorily will be considered by the contractor. The District's engineer will advise by letter the pipeline material that should be considered for bidding purposes based on his knowledge and experience of the materials and the particular situation such as grade, soils, topography, climate, etc.
- (e) We are enclosing a copy of Form FHA 400-1, "Equal Opportunity Agreement," which requires the equal opportunity clause be included in your contract. The execution of this form must be authorized by the Board of Directors. The forms should then be signed by the President and Secretary.
- (f) The District must comply with the requirements of the Farmers Home Administration with regard to nondiscrimination by executing Form FHA 400-4, "Nondiscrimination Agreement." The execution of this form by the President and Secretary must be authorized by the Board of Directors.
- (g) The residential rate schedule listed below must be accepted by the District.

Sewer rate per unit: \$7.50 Water rate per unit: \$7.50

The rate schedule and equivalent user rates for all other users must meet the approval of the Farmers Home Administration. It must be understood and agreed to that the rate will not be reduced without prior approval of the Farmers Home Administration. If an increased loan is required to meet higher than anticipated costs, it might require a somewhat higher rate schedule.

(h) The enclosed Form FHA 442-47, "Loan Agreement," must be executed by the Board of Directors. The execution of this form must be authorized by the Board of Directors.

(i) In order to close the loan and grant, it must be determined that an adequate and suitable supply of water is available.

(j) The budget for your District includes \$2580 for a yearly reserve. These funds must be maintained until you have established a cash reserve fund of at least \$25,800. If funds are expended from this account, the yearly reserve must be re-established.

(k) We are enclosing Form FHA 442-7, "Operating Budget." This budget or other approved budget must be reviewed and accepted by the Board of Directors. It should then be executed by the President and Secretary.

(1) Approval of this loan and grant is subject to your receiving approval of the following funds:

State of Colorado \$13,600 Four Corners Regional Commission \$150,000

(m) All funds, including any sales tax refunds, must be utilized in constructing this project. All expenditures must be approved by the District and the Farmers Home Administration.

(n) The enclosed Form FHA 442-31, "Association Water or Sewer System Grant Agreement," must be approved by the Board of Directors and executed by the President and Secretary.

(o) The District must have an adequate agreement with the engineer. This agreement should be approved by the Farmers Home Administration prior to execution by the District. We are enclosing Forms FHA 442-19, "Agreement for Engineering Services," which may be used for this purpose.

(p) We will appreciate receiving a list of officers and board of directors

for the District.

(Q) The success of the sewerage system is dependent on the prompt hook-up of all users. You should present a positive program to encourage connections. We will appreciate receiving a copy of your proposal to encourage participation by all users.

(r) You should obtain a legal services agreement from your attorney. The enclosed guide may be used. We will appreciate the opportunity to

review the agreement.

(s) We have not yet received a copy of the review of the proposed water system improvement from the State Planning Division. This review must be favorable and received prior to final approval of the requested loan and grant.

(t) The Towns of Silver Cliffe and Westcliff must transfer their respective water systems to the District no later than the date of loan closing.

Upon receiving your letter indicating a desire to complete the project, we will be happy to assist you in completing your losn and grant docket.

Sincerely,

JIM BRIGHT County Supervisor

Enclosures

Special Meeting

May 17, 1974

The Round Mountain Water & Sanitation District Board of Directors met in special session May 17, 1974 at the office of LaVista Hills, Inc., Westcliffe, Colorado.

The following members were present: Lawrence Entz

Lawrence Entz
Walter Hanssen
Bill Kleine
Fred Luthi
C. E. Piquette, Jr.

Others present: Melvin Porth (Town of Westcliffe Water Committee)
Clarence Schlosser (Town of Westcliffe Water Committee)

Chariman Entz called the meeting to order at 7:30 P.M. Minutes of the three (3) previous meetings were read and approved.

The meeting was called at the request of members of the Town of Westcliffe Water Committee for the purpose of allowing them to ask questions regarding past activities, current status, and future plans of the District, and for the purpose of having these questions recorded in the District Secretary's minute book.

Questions and answers were as follows:

Question No. 1: When would the Towns of Westcliffe and Silver Cliff be required to give up their water revenue and to turn over their water systems to the District?

The answer to this question was unavailable. The engineers weren't certain when they would be able to let bids, and FHA budget proposals were also vague as to the exact date. Mr. Piquette agreed to refer the question to Mr. Dinwiddie of FHA.

Question No. 2: Is the Water District able to annex those portions of Westcliffe and Silver Cliff, which are not presently within the legal boundaries of the District, without individual petitions from property owners involved?

This question was raised because of the possible voter confusion brought on by an August 1, 1969 Wet Mountain Tribune article which erroneously stated that "...The boundaries of the Round Mountain Water and Sanitation District would be the entire town limits of the Towns of Silver Cliff and Westcliffe, including the portion of the Town of Westcliffe south of the Hermit Lake road..."

Mr. Entz replied that Mr. John Naylor, attorney for the District, had previously stated during the public meeting of April 9, 1974, that the only way the property in question could now be included into the District was by petition of the individual property owners involved.

Mr. Piquette located a legal notice in the same August 1, 1969 newspaper which gave a legal description of the then proposed District boundaries. This description did not include the entirety of both towns.

Special Meeting

May 17, 1974

CONTINUED

It was also pointed out that not all property owners within the area in question favor inclusion in or annexation to the District.

Chairman Entz stated he would again confront Mr. Naylor with the question.

Mr. Porth suggested that in order to avoid future confusion, the term "project area" rather than the term "District" be used to describe the area being proposed for a sewer system.

Question No. 3: The third question then followed as to how the District would take care of the water and sanitation needs of those people who were within the town's legal boundaries, but not within the District.

The Board's opinion was that they could still serve the water needs of those outside the District, but that sewer service could not be extended to those persons because of the cost which would be involved. Again Mr. Naylor would be consulted.

Question No. 4: Mr. Schlosser raised the question as to whether or not the District had an obligation to provide sewer and water service to what is termed Westcliffe's South 40 which lies south of the Hermit Lake Road. Mr. Schlosser stated that many people contend those lots were sold with the guarantee of water, including mains to be constructed at the town's expense. Others, who own property in the south 40 were claiming a right to the service because of the taxation by both Westcliffe and the District.

Mr. Entz and Mr. Piquette both stated that their respective town attorneys had advised them neither town was obligated to construct mains into any area not presently served with water. They felt this same advice would apply to the District, but Mr. Naylor would also be confronted with this question.

Board members pointed out their realization of the need to establish policy defining the process by which and conditions under which water and sanitation service would be made available to those not presently being served, whether or not within the project area, and whether or not within the District.

Question No. 5: How can vacant lot owners be assessed to help pay for the installation of the sewer system and for any expansion of the plant necessitated by future additional users?

The Board had previously been advised by Mr. Dinwiddie of FHA that the FHA loan could not be repaid on a mill levy or frontage tax basis. He had stated that the loan must be retired by those persons using the system. Mr. Kleine pointed out that, even if permitted, the mill levy would have to be so large that it would not be feasible; nor would he, as County Assessor, consider assessing an additional mill levy on vacant lots only.

CONTINUED

Again, the Board as a whole preferred future increased tap on fees as the best method for building a plant expansion reserve, and as the best method for charging vacant lot owners for their fair share of the system installation.

Question No. 6: How many taps and users can the proposed collection system, outfall system, and treatment plant handle?

Chairman Entz stated he would consult the engineers at an upcoming meeting for answers to the question.

Question No. 7: What plans were being made for plant expansion?

Board members replied that at least twice the needed acreage was being acquired at the treatment plant site, and that the engineers were already aware of the Boards desire to plan for all of the expansion possible within the District's economic means.

Question No. 8: Is Vivienda Parque Development going to use the new plant facility?

The answer was yes. Due to the small number of houses in Vivienda Parque, the operation of both systems at this time is not warranted either practically or economically.

Question No. 9: Will a syphoning system work on just a few houses?

The answer was no, due to the limited water pressure.

Question No. 10: Is anything recorded in the minutes of the District as to the price paid by the District for the Vivienda Parque sewer and water systems?

Mr. Piquette reported that the deed itself stated the conditions of purchase and those conditions need not have been duplicated by entry in the minutes. The minutes did make reference to the fact that the deeds and resolutions accepting the deeds had been read in the presence of the Board.

Question No. 11: Was their a lein against the Vivienda Parque system at the time it was deeded to the District?

Mr. Entz replied that the deed made no mention of a lein and that he was certain the system was unencumbered at the time of transfer.

Mr. Porth suggested that the District obtain something in writing to the effect that no lein or encumbrance did exist.

Mr. Entz stated the Board would consult with Mr. Naylor regarding the matter, and that he would personally discuss the matter with Mr. Haga.

Special Meeting

May 17, 1974

CONTINUED

Question No. 12: Which of the following documents prevails?

A. The deed signed by Mr. Haga representing LaVista Hills, Inc. which obligated the District to provide water and sewage service to ground contiguous to Vivienda Parque Subdivision, or

B. A subsequent document in the form of a letter signed by Mr. Haga individually, to the effect that the District is not obligated to furnish water to an annexed tract which is contiguous to Vivienda Parque Subdivision.

Again, the question would have to be referred to Mr. Naylor as attorney for the District. Mr. Piquette had earlier presented this question to Mr. Glenn Saunders, Denver attorney, who recommended a single document be drawn up to clarify the two conflicting ones.

Question No. 13: How will sewer and water fees for motels, tourist courts, apartment houses, etc. be handled?

This was a matter the Board had not yet discussed in detail and an answer was not immediately available.

Question No. 14: Can water be shut off in the case of a Welfare recipient who fails to pay his water or sewer fees?

Again, Mr. Naylor would have to be confronted with the question. Mr. Piquette suggested that even if the water can't be shut off, perhaps the fee can be collected by means of a tax lein against the property owner.

Question No. 15: What is John Naylor's fee to date in his capacity as attorney for the District? This question was asked because of rumors being circulated that Mr. Naylor, serving under contingency, had already built up a fee of \$30,000.

Mr. Entz stated he would contact Mr. Naylor about his fee at first opportunity.

Question No. 16: Do engineering plans and cost estimates include service Y's?

Board members felt certain the answer was yes in so far as existing houses were concerned, but that Y's were not included for vacant lots. The engineers would be consulted to clarify this question.

The meeting adjourned at 10:45 P.M.

C. E. Piquette Jr. Secretary

Directors' Note on Meeting of May 17, 1974

It should be noted that most of the questions presented by Mr. Porth and Mr. Schlosser were not new to the District Board of Directors. They were questions already present in the minds of Board members. Some were repititious of matters already discussed in previous meetings; some, because of their priority, had not yet been placed on the agenda or had been tabled for future attention; and others were premature because of incomplete engineering studies. All questions and answers, however, were recorded at the request of the Westcliffe Water Committee.

Special Meeting

May 27, 1974

The Round Mountain Water & Sanitation District Board of Directors met in special session May 27, 1974 at the office of LaVista Hills, Inc., Westcliffe, Colorado.

The following members were present: Lawrence Entz

Lawrence Entz
Walter Hanssen
Bill Kleine
Fred Luthi
C. E. Piquette Jr.

Chairman Entz called the meeting to order at 7:30 P.M.

Board members agreed to begin holding regular meetings at 7:30 P.M. the last Monday of each month beginning with the month of June, 1974. No regular meeting place was established. Persons interested in attending would have to contact a Board member prior to each meeting until a permanent meeting location could be arranged for. The Secretary was asked to announce the regular meeting time in the June 6, 1974 issue of the Wet Mountain Tribune.

Mr. Entz had contacted Jerry Wrightsman of McIntyre & Quiros about plans for going deep enough to allow basement drain hookups on the sewer system. Mr. Wrightsman stated plans did not allow for basement drains over a few feet deep, even though homes on certain high spots in the system might be able to hook up at a lower depth. He estimated the cost of going deep enough for basement hookups everywhere would run approximately \$1.50 per linear foot additional. The Board of Directors decided against going to that depth because the cost involved would be too great and the houses served too few.

The Board discussed the possibility of a complete water filtration and metering system for the towns of Westcliffe and Silver Cliff. All agreed this should be one of the District's highest water priorities.

Mr. Kleine was asked to contact Mr. Robert Wolff for written permission to place another large storage tank on Geiser hill, and also to request a another water line easement through his property.

Mr. Piquette and Mr. Entz each stated they would ask their respective town clerks to write The Colorado Municipal League for sample water and sewer rates, and resolutions if available.

The meeting adjourned at 8:40 P.M.

C. E. Piquette Jr. Secretary

May 29, 1974

Members of the Round Mountain Water & Sanitation District Board of Directors met with Farmers Home Administration officials at 1:15 P.M., May 29, 1974 at the office of LaVista Hills, Inc., Westcliffe, Colorado.

The following members were present: Lawrence Entz
Fred Luthi
C. E. Piquette Jr.

Others present: Joe Dinwiddie (FHA Denver Office)
Jim Bright (FHA Pueblo Office)

FHA's proposal for a District budget was discussed. Mr. Dinwiddie stated that the Towns of Westcliffe and Silver Cliff would not be required to give up their water revenue to the District prior to January, 1975. They should, however, be prepared to do so at that time. Budget form FHA 442-1 prepared by FHA was amended to include the years 1975, 1976, and 1977 rather than 1974, 1975, and 1976. This form contained a suggested budget for the District.

Mr. Entz called McIntire & Quiros during the course of the meeting and learned that the aerator motors at the treatment plant would total about 30 Horsepower. This information was needed for estimating utility costs in future budgeting.

FHA representatives made mention of probable grant funds being made available by the State for installation of sewage systems in Towns and Districts of less than 5,000 population. Mr. Dinwiddie stated that he, Mr. Bright, and representatives from McIntire & Quiros were already in contact with the State in an attempt to obtain additional grant funds for this District's sewage project.

Mr. Dinwiddie stated many other Districts not on a metering system were charging the following rates for water and sewer services to motels, hotels, etc.

Apartment units (like Entz or Porth buildings): 7/10 to 10/10 of dwelling charge

Trailer units (in a trailer court): 7/10 to 10/10 of dwelling charge
Trailer units (on private lot): same as dwelling charge
Motel units (like Chesley Village): 1/3 or 3/10 of dwelling charge
Hotel units (overnight accommodations): 1/3 or 3/10 of dwelling charge
Hotel units (with living quarters): same as dwelling charge
Schools: 1 dwelling unit charge for each 30 students or portion thereof

He also suggested that persons living outside the District Boundaries be charged l^1_{\geq} to 2 times the standard rate for service, except for those existing structures already being served by either Westcliffe or Silver Cliff.

Regarding plans for plant expansion and extensions of service and outfall lines, Mr. Dinwiddie made reference to other areas where property owners

May 29, 1974

CONTINUED

had formed improvement districts, installed their own water and sewer systems; then turned those systems over to the main District debt free while also reimbursing that district for needed plant expansion. He stated this was only one of many possibilities.

Mr. Dinwiddie stated he would be in contact with the Board of Directors as soon as the State made more information available regarding sewage system grant funds.

C E liquette fr.
C. E. Piquette dr.
Secretary