

DURANGO WEST METROPOLITAN DISTRICT #2  
MINUTES FOR THE REGULAR MEETING  
February 15, 2017

- I. Call to Order  
President Ward Holmes called the meeting to order at 7:00 p.m. Other Board Members present were Directors Dave Crom and Beverly Lawrence. Board member Micah Looney listened via phone. Also present: Jane Looney, District Manager; Tyler Whitt, District Water/Wastewater Operator; Fred Owen, District Accountant; and Brandyn Bair from SGM Engineering.
  
- II. The minutes of the January 18, 2017 Regular Meeting. Beverly made a motion to accept the minutes as amended. Dave seconded the motion. Motion carried.
  
- III. Administration
  - A. Financials
    1. Jane presented the accounts receivable list. There is still the one large overdue account. Jane asked Bud for options which he provided and the Board decided to pursue option 1 – to foreclose on the lien that we hold. Ward wondered if we need to do a resolution first notifying people that this is an option. Jane will check with Bud on the resolution question as well as how to proceed. Dave said to go ahead and bill the 28% charge to the two accounts that haven't been paid in three months.
    2. Accounts payable were presented for approval. Board Action: Dave motioned to approve. Beverly seconded the motion. Motion carried.
    3. Financial statements ending January 31, 2017 were presented.
    4. Review and Approve 2016 Audit Engagement Letter: The letter had issues including incorrect date and paragraph about implementing the IGA. Fred will discuss with auditor, Larry Daveline and Ward will sign later when this is resolved.
  
  - B. Water & Wastewater Operations
    1. Water Operations Report: Tyler reported that there were a couple issues after he turned off Lake Durango water for the second half of the month as directed by the Board. The meter body and gasket froze because the fuse in the wall mounted heater failed. The electronics got sprayed. Tyler would like to get a backup space heater which the Board supported.
  
    2. Review LDWA fees: per Dave's request, Fred sent out a year breakdown of the separate fees that LDWA charges us. Ward pointed out the issue of our water use being up and down is contributing to our rate usage fee. Dave pointed out that here may be something better we can do to save money rather than reducing our LDWA usage. He said for example: should we close down some of our wells since we already pay \$8,300 in standard monthly fees to LDWA for the right to even purchase their water. Ward suggested that this could be a question in the CIP and rate study.

3. Wastewater Report: see below.
4. EIAF Grant/Ammonia Variance Update and Discussion – SGM engineer Brandyn Bair put together cost estimates. These estimates are higher than those in the grant. Brandyn explained he could not recreate Cap's original costs. He placed Cell 1 sludge removal, relining and improvements as first priority since it is directly tied to improving ammonia levels and complying with the Ammonia Discharge Variance. Estimated at \$450,000, the district is looking at additional funds beyond the grant. Brandyn pointed out other funding options such as the state revolving loan fund or direct loans. There's more paperwork, work and engineering time to be consistent with federal guidelines associated with revolving fund. It also requires an environmental assessment which couldn't be done until spring. SGM has done several projects with the state revolving fund. Simbeck told Tyler that it's not possible to do patch. Liners last 20-30 years. Brandyn pointed out our ammonia level of 4 this month, but said it has been as high as mid 40s; and we are shooting for 15 in our variance permit. Brandyn could not say 100% that we would reach the 15 level after all the improvements. We could then potentially look at a seasonal permit where the State allows a higher ammonia level in winter. If denied this, we would have to do effluent ammonia polishing which Brandyn ball parked at \$150,000. Dave asked whether these standards are based on EPA numbers and Brandyn said yes. Dave asked to be in compliance, what projects listed are needed? The first big one is improvements to Lagoon 1. The chlorination building would be very low priority as would enclosing the headworks. We may need to just get the cold weather package for the headworks to prevent freezing rather than an enclosure. Fred said we have \$360,000 in Wastewater account. Ward asked about \$100,000 contingency in SGM's estimate. Brandyn does not think they'd use it all, but want to have it in case. Brandyn will get us new numbers for engineering services for all in cost. He applied for compliance schedule modification and received it. The ammonia level of 25 starts in January 2018. Brandyn is still looking at state's response that we missed a site application in June 2015. Beverly said it's exciting that have real costs and not as many unknowns. Fred wants to know if the State Revolving Loan can reimburse for more than engineering; and if we could use loan to replenish reserves. If do first project with operating funds that we need but could advance – could these be gotten back? Jane has a meeting with the Erick from the State Revolving Fund and will check again with Ken from DOLA about the possibility of redirecting grant monies.
5. Public education for lead and copper in drinking water. Jane reported that we received a Lead Notification violation from CDPHE. Tyler explained this it was a new state requirement to send in notice that we'd notified people with lead results and that he filed late. This was

compounded when he put in the wrong PSWID. So he resubmitted on 2-14-17. Therefore, the District will need to provide a Tier 3 notification to residents which could be included with the CCR in May/June.

#### C. Roads and Trails

1. Snow Removal Feedback: received complaint from resident at end of Spruce Drive – Leeder took care of it. Travis Willschau – see attached. Beverly will get back to Jane with suggestions in responding to his concerns and suggestions. We also received a compliment.
2. Review and Approve Trail Easement – McClain’s attorney questioned need for wording: “WHEREAS, the public has historically accessed the District Property from Willow Drive by crossing the McClain Property and the Turner Property although no formal access easement has been recorded”. Jane is waiting for Bud’s response.
3. Review request from Willow Drive resident Turner re: Easement - Turner emailed a request for the district to build a fence and help landscape in exchange for agreeing to easement. The Board declined, citing as a factor not setting precedent.

#### D. Business

1. Capital Improvement Plan (CIP) Update – after drafting a few options from Mancos and Ignacio RFPs, Jane, Ray and Dave met with Dan, SGM’s Asset and CIP person. Meeting notes are attached. We agreed that the quickest and least expensive way to move forward would be to follow-up on Dan’s option of a Scoping meeting and asked him to submit a proposal. Jane created an assets sheet with our assets listed and sent to Tyler to fill out.
2. Review and Approve SGM CIP/ Scoping Meeting proposal - Dave motioned that we approve the \$1800 for the CIP/Scoping Meeting. Beverly seconded. Motion approved.
3. Review and Approve 2017 Agreement with Animas Valley Mosquito Control District for mosquito prevention in district ponds. Bev moved that we approve. Dave seconded. Motion passed. Jane will change date in contract.
4. Lake Durango Update: Ward reported that the level is 868 feet.
5. Other District Correspondence - Scott Dann re: HL Ranch and road; Travis Willschau (see attached) snow; easement
6. Newsletter items: parking, AED volunteer.

#### IV. Adjournment

The meeting was adjourned at 8:51 p.m.

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Jane Looney, District Manager / Secretary