

## RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF THE  
ST. MARY'S GLACIER WATER AND SANITATION DISTRICT  
HELD  
MARCH 26, 2018

A regular meeting of the Board of Directors of the ST. MARY'S GLACIER WATER AND SANITATION DISTRICT (referred to hereafter as "Board") was convened on Monday, the 26<sup>th</sup> day of March 2018, at 6:00 P.M., at Alice School House, 271 Silver Creek Road, Idaho Springs, Colorado, 80452.

### ATTENDANCE

#### Directors in Attendance Were:

Dawn Czajka, President  
John Carlyon, Secretary  
Ray Hodge, Treasurer

#### Directors Absent but Excused Were:

Bruce Hohne, Director

#### Also in Attendance Were:

Gabrielle Begeman; ORC Water Professionals  
Brad Simons; TZA Water Engineers  
Chris Oeland; St. Mary's Glacier Water and Sanitation District  
Stan Myers, Molly Janzen, and Traci Miller; Pinnacle Consulting Group, Inc.  
Colin Mielke; Seter & Vander Wall, P.C.

Bart Bockman, Tony Medina, Tim Dehnke, Ardash Goukassion, Tom Meyers, Jess Portone, Ray and Cherie Smittle, Clinton and Alicia Meyers, James White, Jim McGrath, Mark Klug, Tisha Higgins, BNA, Robert McElroy, Daniel Reisbeck, Glen and Sarah Clark; St. Mary's Glacier Community Members

Director Czajka called the meeting to order at 6:05 P.M.

Director Czajka confirmed that a quorum of the Board was present.

### DISCLOSURE MATTERS

The Board had been previously advised that pursuant to Colorado law, certain disclosures by the Board members might be required prior to taking official action at the meeting. The Board then reviewed the agenda for the meeting, following which each Board member affirmed their conflicts of interest, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting. The Board determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Board to act.

ADMINISTRATIVE  
MATTERS

Agenda: A proposed agenda for the regular meeting was distributed for the Board's review and approval. The agenda was amended to move Administrative Items F-I to occur after the Executive Session, and Operational Items before the Executive Session. In addition, a presentation of the District's Financial Position and Rate Recommendations was proposed to be moved to the first agenda item. Following review and discussion, upon motion duly made by Director Czajka, seconded by Director Hodge and, upon vote, unanimously carried, the agenda was approved as amended.

Presentation by Pinnacle and TZA Regarding the District's Financial Position and Rate Recommendations: Mr. Myers began the presentation with a brief recap of the Special Meeting that was held on March 14, 2018 to discuss the District's financial position, Colorado Department of Public Health and Environment (CDPHE) issues and the current Notice of Violation and a Cease & Desist Order for the wastewater system. In addition, the District is under additional requirements from a CDPHE Sanitary Survey and a CDPHE Inspection of the Wastewater Facility that were completed in 2017.

Mr. Myers then explained the District's status in obtaining grants and loans to begin to address the necessary repairs to the District's infrastructure. In December 2017, the District was notified that a Design and Engineering Grant totaling \$240,000 has been awarded to the District to assist in determining the best approach for addressing the needed improvements to the District's wastewater collection system and wastewater treatment plant. This grant is conditioned upon the District closing on a State Revolving Fund (SRF) 30-year, \$3 million loan to fund the cost of the project at 0-1% interest. In addition, the District has been notified that a similar grant and loan is pending for the District to address issues with the District's water distribution system. Mr. Myers further outlined that a loan condition within the State Revolving Fund (SRF) agreements is for the borrower (the District) to certify that a fiscal sustainability plan has been developed and is being implemented prior to execution of the loan agreement, the design and engineering grants will be forgiven at the time of the State Revolving Fund loan closing.

At this point, Mr. Myers turned the presentation over to Mr. Simons from TZA Water Engineers to give a more complete summary of how the District arrived at its present position.

Mr. Simons began by explaining that TZA Water Engineers was hired by the District approximately one year ago to help address and solve the problems identified by CDPHE. Currently, TZA is drafting a revised Preliminary Needs Assessment (PNA) to address recent issues raised by CDPHE regarding the Groundwater Under Direct Influence (GWUDI) with the wells utilized by the District. Mr. Simons underlined the need to prioritize the improvements to the water and wastewater system to address the concerns of CDPHE. Mr. Simons also reiterated the importance of obtaining additional funding to complete the needed improvements. At this point, Mr. Simons turned the presentation over to Director Czajka.

Director Czajka addressed the audience regarding concerns she had heard from community members related to an increase in the District's fees. Director Czajka explained the differences in the rates charged by the District's prior operator and its current operator, as well as the differences in management company rates. Director Czajka explained the reason

that the Board has been presented with a fee increase proposal and explained the status of the District's water and wastewater systems. Director Czajka encouraged community members to work together to improve the St. Mary's Glacier community. Director Czajka also clarified that the board members do not receive free water and that they have not been compensated for their service on the Board of Directors. At this point, Director Czajka turned the presentation over to Ms. Janzen, District Accounting Manager.

Ms. Janzen explained that the rationale for the rate recommendation presented by Pinnacle is based on the current understanding Pinnacle has of the District's operations and the state of the District's infrastructure. She also stated that management and the District's engineers and operator will continue to investigate and monitor the District's systems, and that additional recommendations may be made and that the recommendations are the first step in a long-range plan that the District is expected to implement. Ms. Janzen then distributed a one-page summary of Pinnacle's recommendations for rate increases (attached). She explained that the rate recommendations outlined contained two aspects: a rate increase related to District operations and a rate increase to support the repair of the District's infrastructure.

Based on Pinnacle's evaluation of the District's finances, operations, and infrastructure needs, Pinnacle recommends increasing quarterly service fees for customers connected to the systems by \$65 per quarter (a \$21.67 per month increase) to cover the costs of the District's operations, to begin addressing the District's lack of reserves, and to assist in remedying critical infrastructure issues.

Ms. Janzen then explained the rationale for the rate recommendation related to the Capital Infrastructure portion of the budget. Rates must increase to fund repayment obligations related to the State Revolving Fund (SRF) loans the District is seeking. Pinnacle's recommendation for this portion of the rate increase is to increase quarterly rates for all water and sewer customers, including lots subject to Availability of Service Fees by \$45 per quarter (an increase of \$15 per month). Ms. Janzen ended her presentation by stating that additional increases in the District's fees, rates, tolls, charges, and penalties may be needed in the future to ensure the integrity of the District's water and wastewater systems.

Community Comments: At approximately 6:30 p.m. the meeting was opened to public comment. Approximately ten property owners within the District spoke. Issues and concerns raised by those speaking included accountability of the District as the process to obtain loans and repair infrastructure moves forward, consideration of prioritizing smaller repairs, consideration of utilizing local manpower, consideration of impacts of not addressing infrastructure and operational repairs, support of a rate increase if it is properly managed and an overall desire that progress is made in addressing the CDPHE concerns. The public comment portion of the meeting was closed at approximately 7:25 p.m.

Minutes: The Board reviewed the minutes of the January 22, 2018 Regular Meeting, February 15, 2018 Special Meeting and the March 14, 2018 Special Meeting of the Board of Directors. Following review and discussion, upon motion duly made by Director Czajka, seconded by Director Hodge and, upon vote, unanimously carried, the Board approved the minutes of the January 22, 2018 Regular Meeting, February 15, 2018 Special Meeting and the March 14, 2018 Special Meeting.

FINANCIAL  
MATTERS

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Approval and Ratification of Claims: Ms. Janzen reviewed with the Board the claims for the period ending March 21, 2018 totaling \$41,576.33. Ms. Janzen noted that if approved, payments will be made as funds are available.

Following review and discussion, upon motion duly made by Director Czajka, seconded by Director Hodge and, upon vote unanimously carried, the Board ratified approval of the EFT payments and approved the claims for the period ending March 21, 2018 totaling \$41,576.33, as presented.

Consideration of a Resolution to Adopt and/or Increase Fees, Rates, Tolls and Charges, including Availability of Service Fees: Mr. Mielke presented the Board with a Resolution of the St. Mary's Glacier Water and Sanitation District Regarding Water and Wastewater Fees, Rates, Tolls, Penalties, and Charges related to the increase in fees discussed previously during the meeting. Following review and discussion, upon motion duly made by Director Hodge, seconded by Director Carlyon and, upon vote, unanimously carried, the Board approved the Resolution of the St. Mary's Glacier Water and Sanitation District Regarding Water and Wastewater Fees, Rates.

Consideration of a Resolution Allowing Pinnacle Consulting Group, Inc. to Authorize Purchases up to \$2500: Mr. Mielke read the Resolution Allowing Pinnacle Consulting Group, Inc. to Authorize Purchases up to \$2500. Following review and discussion, upon motion duly made by Director Hodge, seconded by Director Czajka and, upon vote, unanimously carried, the Board approved the Resolution Allowing Pinnacle Consulting Group, Inc. to Authorize Purchases up to \$2500.

Review and Consideration of 2017 Audit Engagement Letter: Ms. Janzen discussed the audit process with the Board and explained the purpose of an audit. Ms. Janzen noted that the same firm that performed the 2016 audit is being engaged to perform the 2017 audit, which is anticipated to result in cost savings for the District. Mr. Mielke added clarification for the timeline of completion. Following review and discussion, upon motion duly made by Director Czajka, seconded by Director Hodge and, upon vote, unanimously carried, the Board approved the 2017 Audit Engagement Letter.

Review and Consideration of Consolidating Bank Accounts: Ms. Janzen discussed with the Board that currently the District has four separate bank accounts. It is not necessary for the District to have more than one bank account and would make the accounting process more efficient if the four separate bank accounts were consolidated into one account. Ms. Higgins addressed the Board to clarify why four accounts were previously created and stated her agreement that using one account would result in accounting efficiencies. Following review and discussion, upon motion duly made by Director Czajka, seconded by Director Hodge and, upon vote, unanimously carried, the Board approved the consolidation of bank accounts.

DISTRICT  
MANAGER ITEMS

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Update Regarding May 2018 Director Election: Mr. Myers reported that the District did not receive more Self-Nomination and Acceptance forms than Directors' positions available at the elections, and at the close of business on March 6, 2018, Ms. Tinney, the Designated

Election Official, cancelled the election and declared the candidates elected by acclamation. The Notice of Cancellation will publish in the Clear Creek Courant, and the Notice of Cancellation and Certified Statement of Results will be filed with the appropriate agencies. After May 8th, and upon an oath being taken by all candidates, the Board will consist of:

Dawn Czajka  
John Carlyon  
Bruce Hohne  
Ray Hodge  
Tisha Higgins

OPERATIONAL  
MATTERS

OCR and Field Operations Reports: Ms. Begeman updated the Board on issues relating to the Ground Water Under Influence (GWUDI) letter that was received in February. Chlorine residual has been increased, and weekly sampling of turbidity of the water has begun. Consistent monitoring of the chlorine residual will need to be installed by June 1, 2018. Ms. Begeman provided the Board with multiple quotes relating to necessary equipment. Upon motion, seconded and unanimously carried, the Board approved the purchase of Hawk and Wall chemical equipment for the price quoted.

Ms. Begeman reported that new chemical feed pumps have been purchased and installed in Well 1. Flow meters were tested and proven accurate by TZA Water Engineers. The depth of the water in Well 1 was adjusted via OmniSite to provide accurate readings.

Ms. Begeman reported that the depth of water in Well 5 has decreased due to increased usage. Flow meters were tested and proven accurate by TZA Water Engineers.

Ms. Begeman reported that an extension for complying with the cross-connection control rule has been submitted to the State. All but the Silver Lakes Condos have complied with regulations regarding cross connection controls. Silver Lake Condos have backflow devices scheduled for the week of 03/26/2018. Extensive testing on all distribution system flow meters were conducted with satisfactory results. Ms. Begeman recommended to the Board that individual metering systems on homes should be replaced to better understand the systems deficiencies as related to the sanitary survey report.

Upon completion of Ms. Begeman's report the Board approved moving forward with securing and installing monitoring equipment to address the GWUDI concerns with Wells 1, 2 and 3 during spring runoff at a cost not to exceed \$6,461.60

Operations Report: Mr. Oeland reported that there were two instances of the main sewer line freezing, which resulted in the District spending thousands of dollars to hot jet the line. Mr. Oeland recommended that property owners continue to trickle their water to prevent lines from freezing. A backup occurred with sewage backup into a residence under construction at 466 Upper Forest. Mr. Myers pointed out that this backup has been reported to the District's insurer and that he will inform the owner that he should also report the backup to their insurance.

EXECUTIVE  
SESSION

At approximately 8:25 p.m., Director Czajka moved that pursuant to section 24-6-402(4)(b) and (e), C.R.S. and upon an affirmative vote of at least two-thirds of the Board members

present for the motion, the Board enter into executive session for the sole purpose of receiving legal advice and discussing negotiating positions related to litigation filed by the owners of Lot 310, St. Mary's Subdivision Unit 3 and for the request from the owners of Lots 74 and d75, St. Mary's Subdivision Unit 1 regarding main line extensions. Upon second and unanimous vote, the Board approved the motion to enter into executive session for the above-stated purpose.

The Board reconvened from executive session at approximately 8:45 p.m. and affirmed that no actions had been taken during executive session.

LEGAL MATTERS

Mr. Mielke noted that the legal matters set forth on the agenda were addressed in executive session.

COMMUNITY MATTERS

There were no community matters brought before the Board for consideration.

ADMINISTRATIVE MATTERS CONTINUED

Consideration of a Revised Resolution Regarding Colorado Open Records Act: The Board was asked to consider adopting a Revised Resolution Regarding Colorado Open Records Act in order to update the management company that is listed as the custodian of record. Following review and discussion, upon motion duly made by Director Hodge, seconded by Director Czajka and, upon vote, unanimously carried, the Board approved the revised Resolution Regarding Colorado Open Records Act.

Consideration of a Resolution Adopting the State Archivist Records Retention Schedule: The Board was asked to consider adopting a Resolution Adopting the State Archivist Records Retention Schedule. Following review and discussion, upon motion duly made by Director Hodge, seconded by Director Czajka and, upon vote, unanimously carried, the Board approved the Resolution Adopting the State Archivist Records Retention Schedule.

Discussion Regarding St. Mary's Glacier Water and Sanitation District Website: Director Hodge informed the Board that he was able to fix the current website, and that additional improvements to the website are expected to be made in the near future.

Discussion Regarding Dated for May, November and December Meetings: The Board discussed alternative dates for the Regular Meetings Scheduled in May, November and December due to holidays. After discussion, the Board agreed to cancel the regular meetings for May and November, and instead meet on May 21<sup>st</sup>, and November 26<sup>th</sup>. The Board will adopt the 2019 Budget on the November 26<sup>th</sup>, and cancel the Regular Meeting scheduled in December.

OTHER BUSINESS  
- Lot Combination Request (Herring)

The Board discussed a request from the owners of Lots 624 and 625, St. Mary's Subdivision Unit 4 to combine the two lots into a single lot, and specifically (1) that the Board waive any objection to the combination of those two lots, and (2) the Board vacate easements that exist between the two lots. The owners of the properties were not present at the meeting.

Mr. Oeland reviewed the request and determined that no existing District infrastructure is located within the easements and that there are no plans for the District to place infrastructure within those easements in the future.

The Board discussed that one of the lots has a home connected to the District's systems, and the remaining lot is vacant and subject to the District's availability of service fees.

The Board discussed its policy that it does not object to the combination of two lots when there is a currently connected home on one of the lots.

After discussion, and upon motion, seconded and unanimously carried, the Board determined (1) it does not object to the combination of the two lots; and (2) the District agrees to vacate the easement interests it may have solely for the 5-foot side lot utility easements located between the two lots, subject to the combination of those lots being approved and completed by Clear Creek County. Furthermore, the District reserves any easement rights it may have on other areas of the lots, including but not limited to the entirety of the easements along street lot lines, rear lot lines, and other side lot lines for the lots.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Director Czajka, seconded by Director Carlyon and, upon vote, unanimously carried, the meeting was adjourned at 9:04 P.M.

By: 

Secretary for the Meeting