

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS
GENESEE WATER & SANITATION DISTRICT**

HELD

Tuesday, May 26, 2020

At 5:00 p.m. at the Genesee Water & Sanitation District Administrative Bldg.
2310 Bitterroot Lane
Golden, CO 80401

And;

Of Special Note: Due to the ongoing COVID-19 issue, and to protect the health, safety and welfare of all meeting participants, it was determined to support the scheduled Board of Directors meeting via a Video Teleconferencing platform known as ZOOM, with said notice and information duly posted at all of the District's listed posting locations.

ATTENDANCE

A Regular Meeting of the Board of Directors of the Genesee Water & Sanitation District of Jefferson County, Colorado was held as shown above, and in accordance with the applicable statutes of the State of Colorado with the following Directors present and acting:

David Pezzutti – In Person
John Steiner – by Video Teleconference
Branch Russell – In Person
Frank DeFilippo – In Person
Gary Anderson – by Video Teleconference

And newest members elected May 5, 2020:

Cynthia Corbett – In Person
Roger Howell – In Person

Also present in person were; Scott Jones, District Manager; Chris Brownell, Superintendent, Bee Cessar, Director of Administration, Erin Carriere, Administrative Assistant and Resident, and by video teleconference; Deb Carney, Lookout Mountain Resident and Steve Jamieson, W.W. Wheeler & Associates, Inc..

CALL TO ORDER

Chairman Pezzutti called the meeting to order, stated he would like to rearrange the agenda somewhat for time efficiencies, then opened for discussion the first agenda item.

OLD BUSINESS

Solar Feasibility Investigations - Director Russell provided a brief summary of the latest project information using a power point presentation he had prepared which is incorporated within and made part of these minutes by attachment. The District's ultimate goal is to eliminate, but at a minimum, substantially reduce its electrical costs.

RECORD OF PROCEEDING

Last year the District spent over \$240,000 in electrical expense and has budgeted approximately \$280,000 for like expense this year, with 90% of our usage tied to pumping requirements related to moving water and wastewater throughout our mountainous terrain. Of note; staff has done an excellent job of reducing electrical expenses with demand management practice, but has reached a point of diminishing returns in that regard. Moving forward with any other potential savings would involve either using less energy which is impractical or offsetting costs with solar energy production, with a behind the meter connection. With assistance from Buglet Solar, a small local solar design and installation contractor, two sites have been identified making the most sense for solar installation, site one is at and around the wastewater treatment plant and site two is down below at and around Genesee Dam and Reservoir No. 2. At this stage, site two is the most promising, however we may need to utilize both sites to gain the full projected and necessary benefit. Current investigations estimate the District needs to have facilities large enough to produce approximately 2 megawatts daily which would require at least 5 acres of land use. Although an aggressive schedule, the District would need to accomplish design and some construction prior to year-end, in order to get to a safe harbor position, to receive the federal tax credit benefit. This would be done through a partnership created with a preselected private solar contracting firm. Director Russell continued with a more detailed review of each site, discussed estimated paybacks, next steps and all continues to be work in progress.

MANAGER'S REPORT

Water Withdrawn and Returned – The Water Withdrawn and Returned Report(s) for the month of April 2020 will be incorporated within and made part of these minutes by attachment. There was a 106% return of the water taken from Bear Creek that was returned through the treated effluent over the past month. Up until this past Sunday, stream-flows in Bear Creek were averaging around 16 cubic feet per second (cfs) at the Morrison gauge, which is about 11 percent when compared to similar historical time periods. Of special note, 16 cfs flow is lower than that experienced during the same time of year in 2002 and 2006, historically and comparatively the lowest flows on record. However, with the recent rain event over the weekend, stream-flows have increased somewhat, peaking around 60 cfs, but now steadily dropping back down.

SUPERINTENDENT'S REPORT

The Turbidity and Disinfection Report – No exceptions. The Turbidity and Disinfection Reports for the month of April will be incorporated within and made part of these minutes by attachment.

Lead and Copper Sampling Results – The first half of 2020 sampling for lead and copper has been completed and the District remains in compliance with all current related state and federal water quality standards.

ADDITIONAL RAW WATER STORAGE FEASIBILITY ANALYSIS

Steve Jamieson, with W.W. Wheeler and Associates Inc. began by asking; if everyone had, had a chance to review the draft final report to be submitted to the Colorado Water Conservation Board (CWCB) and if so, he could start by answering any questions. Director DeFilippo asked if a federal wetlands permit would be required and Mr. Jamieson indicated in his experience, the District would not be required to get a 404 permit, and all federal requirements should be satisfied by getting a nationwide maintenance permit, as this project isn't creation of a new reservoir, rather modifying an

already existing reservoir. Also, filing for the nationwide maintenance permit more than likely would not occur until the District was at a 60% design level. Director DeFilippo then asked about the use of the water, whether it was to maintain a quality of life and if watering a lawn and/or washing a car was classified as a beneficial use. Mr. Jamieson replied, that would be more of a question for the District's water rights engineer, however, by simply tying this reservoir in to the District's nearby supply line to the water treatment plant, the District would be gaining a total of 46 acre feet of usable water. Director DeFilippo then asked; if there was a severe drought and the feds over road the District's water rights, could they not force the District to release its stored water to satisfy the South Platte Water Compact and/or interstate compacts. Mr. Jamieson responded by saying; all water rights and state compacts are under the jurisdiction of the state and only the state. Manager Jones added, that any water put into storage would have been during the time the District had the legal right to do so and that water is then owned by the District. If there is a call downstream of Genesee that is senior to the right(s) Genesee is diverting under at the time, then Genesee could not divert under any right less senior to the call unless, replacement water was made available in an amount equal to any depletion created, with replacement water coming from our non-tributary Dakota Wells and/or releases made from water previously stored, thereby preventing injury to any senior downstream calling rights. Director DeFilippo indicated he felt there is a difference of opinion on this matter. Further discussion related to the proposed reservoir enlargement project continued, with Mr. Jamieson reviewing revised numbers and high level cost estimates related to Reservoir No. 1, at various volumes and accounting for the additional 16 acre feet of usable capacity gained, if the reservoir was incorporated into the raw water supply process. A question arose regarding the cost estimating process, with follow-up discussion rationalizing this is the purpose of moving forward with the next phase of engineering, to better narrow down estimated costs. The next phase of engineering would provide for geotechnical work, drainage and dam hazard classification which ultimately play a large part in the design engineering and construction costs. Another question arose regarding the sustainability of the District's current raw water storage capacity verses future drought conditions and customer usage. Manager Jones explained; 2008 water modeling indicated with the current reservoir capacity, implementation of strict water restrictions and Bear Creek drying up for no longer than a two month period, the District could get by. However, with that said; it did take Bear Creek drying up in the 2002 scenario for District customers to realize the seriousness of the matter and vote in funding for construction of our now existing 101 acre foot Reservoir No. 2. Manager Jones added, in his opinion; should the District proceed with enlargement of Reservoir No. 1, it has substantial additional value in that it not only provides additional water storage for drought protection, but the storage is up here on the hill where it can be used for fire-fighting supplies, allows for increased operational reliability by providing for time to perform emergency repairs and/or routine maintenance of all infrastructure from Bear Creek up to the advanced water treatment facility, and realistically would allow for efficient and safer water recycling should the District ever be put in that future position. Chairman Pezzutti added that constructing additional storage also protects the current assets of the District including but not limited to water rights protection and guaranteed ability to provide additional water service in the future. Discussion continued related to funding types, and comparisons made between voter authorized general obligation debt, with repayment made through related property

taxation, and alternatively, revenue pledges via the Enterprise, with repayment made through rates and fees.

Director DeFilippo indicated he remained in favor of putting the financing question to the voters in the form of a general obligation debt question versus not going to the voters and moving forward with a Board authorized revenue pledge. Director DeFilippo then restated this as a motion with the motion seconded by Ms. Corbett. Further discussion continued regarding the fact, that the District does not have more accurate cost estimates of the potential project, and that we are in an early stage of engineering, and therefore the decision was made to move forward with additional engineering to better refine the cost estimates and the fact it would be premature to move forward with any type of funding vehicle at this time. Manager Jones added that one argument to be made against funding derived from property tax is customer equitability, homeowners who have homes of higher assessed value end up paying more than homes of a lesser value, but all homeowners would receive an equal benefit. Funding derived from a revenue pledge via rates and fees would provide an equal cost to each and every property owner for an equal benefit. Further discussion ensued with questions arising regarding the District's water rights, whether any federal intervention could force the District to release water previously put in storage, real estate property values if the District was faced with a severe drought more severe than that of 2002, District administrative structure and Board authority. At this time Director DeFilippo withdrew his motion until further information could be obtained. Mr. Jamieson was then excused and left the meeting at this time.

ADMINISTRATION REPORT

Cash Disbursements

No objections to the April 2020 cash disbursements. Clarification was given toward legal fees being higher than usual and Manager Jones explained that this was primarily due to legal involvement concerning District water rights protection.

Cash & Investments

No exceptions noted.

Financial Statements

No report available at this time – report continues to be work in progress

Aging Report/Financial Statements

No exceptions noted. Director DeFilippo expressed his concern regarding future revenue shortfalls to the District, resulting from state and county revenue shortfalls from the COVID-19 pandemic and lack of consumer confidence. He then presented several charts reflecting the above and related projections. Discussions continued with Manager Jones mentioning, to date; there has been no increase in customer water and sewer service billing delinquencies, and the only budgeted revenue line item that potentially could be affected by state and county involvement is the District's portion of specific ownership tax which it receives, and with that said, based on current information related District revenue could be reduced by \$21,000 to \$22,000, but it was entirely too early to tell. Further discussion ensued with Director DeFilippo inquiring as to what we had planned to do with our current budget, given revenue shortfalls. Manager Jones replied,

by saying; at this early stage there is nothing to do, if it becomes necessary to cut near term expenses, there are items in the budget we can postpone to a future and more predictable time. As well as, and although it has never been used since he became Manager, annually we budget a \$50,000 contingency line item for extreme and unforeseen circumstances. At this time it was also mentioned, the District over the past four years has been able through various capital improvements, to reduce their overall energy costs by over \$200,000.

MINUTES

The Board reviewed the draft minutes from the Regular Board Meeting held on April 28, 2020. No additional changes or comments were suggested by members of the Board.

Motion: Thereupon, a motion was made by Director Russell and seconded by Director DeFilippo to approve the April minutes as presented. The motion passed unanimously.

MAY 5, 2020 ELECTION

Official Results: Ms. Cessar, the Designated Election Official provided the official results of the May 5, 2020 election with the District receiving back 645 voted ballots of the 2,666 ballots mailed out, reflecting a 24.2% return. Of the three Board member candidates running, Cynthia Corbett and Roger Howell were elected. The ballot question regarding the elimination of Board member term limits failed, with 141 for and 504 against elimination of Board member term limits.

Acknowledgments: At this time, recognition and acknowledgment of past contributions to the District were given to outgoing Board members John Steiner and Gary Anderson. Acknowledgments were presented by Staff and remaining Board members.

New Directors Oath of Office: Oaths of office for each of the two newest Directors was given by Chairman Pezzutti at the District Office Building, on May 22, 2020 and witnessed by both staff members Elizabeth (Bee) Cessar and District Manager, Scott Jones.

Election of Officers:

For the Position of President/Chairman;

Nomination and Motion for Dave Pezzutti was made by Director Russell and seconded by Director DeFillippo. The motion passed unanimously.

For the Position of Secretary/Treasurer;

Nomination and Motion for Frank DeFilippo was made by Director Pezzutti and seconded by Director Russell. The motion passed unanimously.

For the Position of 1st Vice President;

Nomination and Motion for Branch Russell was made by Director Pezzutti and seconded by Director DeFilippo. The motion passed unanimously.

For the two remaining positions of Vice President;

Motion for Roger Howell and Cynthia Corbett was made by Director Pezzutti and seconded by Director Russell. The motion passed unanimously.

LEGAL REPORT – No Legal Report at this time

WASTEWATER TREATMENT PLANT – UV Disinfection Project

Manager Jones provided the Board with an update of the project. The project is scheduled to be released for bid on June 2, 2020 with bid receipt/opening on June 30, 2020. All three previously pre-qualified and interested contractors are still interested so

a sound and competitive bidding process should occur. Additionally, a revised project schedule was presented and reflected completion by the end of October 2020. For the benefit of the newest Board members, the reason for this project was to eliminate the use of chlorine gas at the wastewater treatment plant. At the time the new water plant was under design, this issue came to the forefront, resulting in the use of Sodium Hypochlorite at this facility along with the commitment to eliminate the use of chlorine gas at the wastewater treatment plant as soon as practical. Due to its extremely dangerous properties, onsite chlorine gas use and storage has been an ongoing concern for many years. Director DeFilippo asked if Manager Jones would let the Board know asap regarding bidding results and what the current expenditures are regarding the project. Manager Jones stated the current project expense is just above \$50,000 and is primarily related to design engineering. The District had previously pre-purchased the equipment due to long lead times required for manufacturing and shipping. The unit(s) are made in Germany and we didn't want to run into any construction time delays as a result of this unknown. Additionally, the UV equipment is currently in transit and scheduled for delivery the second week of June.

NEW BUSINESS

Proposed Development – The District recently received a letter from Stratera Partners asking for a can and will serve document relevant to providing water and sewer services to a proposed multi-family development of approximately 10–13 buildings, and consisting of 120 single-family dwelling units. The letter is incorporated within and made part of these minutes by attachment. The proposed development is located on the northern side of I-70 between exits 254 and 256. Ms. Deb Carney, a Lookout Mountain resident and active member with Canyon Area Residents For the Environment (aka CARE) joined in discussions at this time. Ms. Carney indicated concern with a development of this nature not necessarily being compatible with the existing communities on both sides of the highway, including fire protection and related evacuation issues, and the impact it would have on Ralston Elementary School. Director DeFilippo said; within the letter from Stratera Partners, it was represented the property is zoned SR-5 and it is not, it is zoned agricultural. Manager Jones indicated his thoughts in that; Stratera would need to get other regulatory approvals prior to the District taking any action. Then, if and when the District made a decision on the matter, any and all service commitment made by the District could be done so, contingent upon other regulatory approvals, including rezoning, etc., etc. and done so in a simultaneous fashion. Upon further discussion, It was the consensus of the Board that Manager Jones draft a letter of response to Stratera, indicating the District at this time, is not prepared to provide a will serve letter and will need additional information.

ADJOURN

Motion: Thereupon, a motion made by Director Russell and seconded by Director Corbett to adjourn the meeting. The motion passed unanimously.

RECORD OF PROCEEDING

Board of Directors Meeting - May 26, 2020

Scott Jones, District Mgr. & Secretary of the Meeting

David Pezzutti, President/Chairman

Branch Russell, 1st Vice President

Frank DeFilippo, Secretary/Treasurer

Cynthia Corbett, Vice President

Roger Howell, Vice President