

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

HELD

Tuesday, October 26th, 2021
At 5:00 p.m. at the Genesee Water & Sanitation District Administrative Bldg.
2310 Bitterroot Lane
Golden, CO 80401

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
Branch Russell – In Person
Frank DeFilippo – In Person
Jim Hurd – In Person
Cynthia Corbett – By Zoom

Also present in person were:

Gary Anderson –Liaison (to the Water Board)
Scott Jones, District Manager
Chris Brownell, Superintendent
Erin Carriere, Director of Administration
Katie Ostrander, Administrative Assistant
Ryan Logan – W.W. Wheeler Engineering
Steve Jamison – W.W. Wheeler Engineering

By Zoom video teleconference:

Greg Livin, Auditor with WIPFLI, LLP
Barbara Stanton, Resident
Tyler Wood, Resident

CALL TO ORDER

Chairman Pezzutti called the meeting to order.

ENTERPRISE BUSINESS:

MANAGERS REPORT

RECORD OF PROCEEDING

- A) Audit Update – WIPFLI provided an update on the 2020 Audit. The audit should be wrapped up and in final draft stage before the November 16th Board Meeting. President Pezzutti asked if it is possible to submit the audit as is, and then do an update. Greg stated that that is possible but not logical as it is their job to submit an audit that they can sign off on as being financially accurate and they need to complete that before it is submitted. Manager Jones asked about the possible situation of the state withholding property taxes as penalty for the audit being late. Greg has never heard of the state actually withholding property taxes, and also stated that if they did hold the funds, they would release them at the time the audit was turned in.
- B) Water Withdrawn and Water Returned to Bear Creek & Stream Flow –Took out 13,810,000 gallons and returned 7,566,000 gallons through treated effluent. 55% return, and year to date is 73% which is average.
- C) Stream Flows – Stream flows currently running 14-15 cFs.
- D) UV Disinfection- We received another application form from the State Health Department. They could not find the original one that was submitted over a year ago. The person who was in charge of this has left the state, so we are starting over. However the permitting process should now be expedited and this will cost about \$5,000.00 for permitting fees. Once we get the blessing, then we will be 100% complete with the UV Project.

The Water Withdrawn and Returned Report(s) for the month of August will be incorporated within and made part of these minutes by attachment.

SUPERINTENDENTS REPORT

- A) NTU & Cl2 Report
- B) UV Disinfection vs Chlorine Operating Cost Analysis

ADMINISTRATION REPORT

- A) Aging Report - \$42938.00 owed to us from our customers.
- B) Cash Disbursements - \$139,000 in checks for the month of September.
- C) Cash and Investments – Total cash and investments on September 30, 2021 is \$951,219.
Broken out as follows:
 - a. \$551,574 in operating account
 - b. \$21,493 in payroll
 - c. \$70,164 in Colotrust
 - d. \$307,989 Colotrust tax reserve. The property taxes that come in will be deposited into this account.
- D) Director DeFilippo mentioned property tax and SO taxes. In our budget we are going to be ~\$38,000 short in our budget.
Manager Jones said that he spoke with our Bond Counsel, researched the related ballot questions, and we can collect a greater amount of property taxes with limitation as long as the overage goes into a debt service reserve. Prior boards have not felt this to be necessary, but it is up to the current board if they would like to build up a debt reserve in order to offset categorical negative cash flows at the beginning of the year. Manager Jones' recommendation is to keep the mill levy flat which will allow the District to put extra reserve funds into the debt service account, and this would in fact be funded by the increased assessed valuation of the District.

RESERVOIR NO. 1 ENLARGEMENT PROJECT

- A) W.W. Wheeler presentation with Steve Jamison and Ryan Logan. We are at 60% design. Some geotechnical samples had to be retaken as the previous samples had results that did not make sense. The second set of samples have provided much better data. Mr. Jamison walked through design and details. As part of the project, there will be some repaving needed for the road near the wastewater plant. President Pezzutti asked about the egress road, in terms of how wide the road would need to be and asked if we would satisfy the 24 feet needed. Manager Jones has alerted W.W. Wheeler about that, and we will not be able to meet that 24 ft. but only in a very short section between the dam wall and the east side of the wastewater treatment plant. Mr. Anderson said the road needs to be as wide as an emergency vehicle. The engineers went through a PowerPoint presentation in detail. The concern about construction costs was brought up, and that will have to be looked at as we get through the bidding process. If costs end up proving too expensive, we do have the grant and loan through 2024 so we could wait until 2023 if needed. Director Hurd asked about the possibility of reducing the project to save on costs. W.W. Wheeler suggested that those decisions start getting made once bids start coming and you know what you are working with. There are also areas that can save on cost such as materials used, etc. Manager Jones said first thing we will do is a balance comparison between wall height and additional excavation. The goal is to not lose any storage volume, and Manager Jones has talked about other things we can do to "value engineer" with W.W. Wheeler.
- B) Manager Russell mentioned the urgency of the project with the announcement of the expansion of Bear Creek Reservoir uses and all of the water rights that will go along with that expansion of use.

DISTRICT BUSINESS:

PUBLIC HEARING

Motion to open public hearing: President Pezzutti
Second: Director DeFilippo
Votes: All
Result: Motion passed unanimously

Manager Jones introduced the first draft of the proposed 2022 budget. It was highlighted that the 2020 audit is not yet complete and that detail needs to be kept in mind. A motion was made by Director Russell to move the December meeting from the 14th to the 7th. Seconded by President Pezzutti. Motion passed unanimously. The meeting will be posted accordingly.

Branch asked about Initiative 120 coming up in November for property taxes at the State level and if that affects the District. Manager Jones explained that our property taxes are based on next years GO debt and that is what will at a minimum set our Mill Levy so it should not have an effect. Director DeFilippo mentioned that because the initiative has a good probability of passing, we may have to recertify because it changes the assessment rate. It was suggested that we may have to revisit by Director DiFilippo.

In review of Page 16 (Summary), Manager Jones reiterated this is based on unaudited 2020 numbers. If the assessment rate changes, then the Mill Levy is going to change. However, the dollars and cents will not change unless the Board wishes to maintain the flat mill levy

RECORD OF PROCEEDING

and that will need to be looked at if they do change the assessment rate. Director DeFilippo said he will meet with Manager Jones to review and will give a recommendation to the Board. Director DeFilippo mentioned he would run a "what if".

Manager Jones reviewed the different sections of the budget and reminded everyone that this is the first draft and things will change as more information comes in. It was stated over the last 20 years, the District has been forced to complete numerous capital improvements and for those, money had to be borrowed. The capital improvements were necessary to provide a water supply, safe clean water, and improve the reliability of the overall system as we are required to do as a utility. A rate and fee increase would more than likely be necessary, but it is too early to suggest a number at this stage.

Director DeFilippo motioned to strike the Bear Creek Water Shed Association. Director Hurd second the motion and discussion began. Mr. Brownell explained the water shed association's pros and cons. There are stringent regulations coming for wastewater and there is a possibility that the association will charge us if we left and came back.

Motion to defer discussion/decision to the November meeting: President Pezzutti

Second: Director Hurd

Votes: All

Result: Motion passed unanimously

Director Hurd voiced his concerns over the deficit in the budget. He asked if it is possible to show September numbers and run through end of year best guess to see where we end up in 2021. We could then compare to the 2022 budget numbers. Manager Jones indicated that is exactly what is reflected in draft one of the 2022 budget. He will be updating it each month as the previous month's financials come through. Director Hurd could not get his numbers to work, therefore Manager Jones suggested Director Hurd share his methodology. October billing historically is one of the larger billing cycles and will be coming in within the next few weeks, and Manager Jones will be able to update the numbers after those come in.

Director Hurd brought up debt coverage covenance on our new loan and the planning plus fee increases that will need to be done to pay that. More discussion between all in the room highlighting that this is the first draft of the budget. Manager Jones mentioned the fact that legal fees over protection of the District's water rights has increased significantly over the past couple of years. Once the reservoir project is completed, that will go down substantially.

Motion to close public hearing: Director DeFilippo

Second: Director Russell

Votes: Aye

Result: Motion passed unanimously

MINUTES

September 28th, 2021 Minutes – No changes noted

Motion with the change: Director DeFilippo

Second: President Pezzutti seconded the motion

Votes: All

Result: Motion passed unanimously

LEGAL

RECORD OF PROCEEDING

A) No new updates.

OLD BUSINESS/NEW BUSINESS

A) Egress Road Discussion – Nothing new, to be continued at future time.

NEW BUSINESS

A) Lease with Fire Department – Acceptance of amendment to update the 1981 highway access permit.

Motion with the change: Director Russell
Second: President Pezzutti seconded the motion
Votes: All
Result: Motion passed unanimously

ADJOURN

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