

effective Jan. 1, 2016.

Another separate motion was unanimously approved to change the base commercial tap fee for heavy commercial businesses requiring pretreatment with a sand oil interceptor or grease interceptor before discharge to the District Collection System, i.e. restaurant, food preparation, car wash, automotive, etc. This tap fee was increased from \$8,000 to \$11,500 for the first 30 fixture units plus

\$300 per each additional fixture unit over 30, subject to engineering review and effective Jan. 1, 2016.

The agenda item for a discussion of updating the 10-year cash projection was unanimously tabled until the regular Aug. 20 meeting.

The board adjourned at 11:54 p.m.

The next meeting will include a rate and tap fee increase

hearing, as noted above in the first paragraph, and will be held at 10 a.m. on Aug. 20 at the at the district conference room, 130 Second St. Meetings are normally held on the third Thursday of the month. Information for these meetings is available at 481-4886.

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Donala Water and Sanitation District, July 16

2014 audit accepted

By Jim Kendrick

The wet weather in the Tri-Lakes area continues to result in a Donala Sanitation District shortfall of drinking water revenue. Auditor Tom Sistare, of Hoelting and Co., presented an unmodified, or “clean,” report for 2014 on July 16. Sistare found no issues with internal controls and had no recommendations for improvements. Sistare also concurred with General Manager Kip Petersen when he advised the directors of the Donala Water and Sanitation District board that the minimal investment returns reported by investment consultant Chandler Asset Management of 0.07 to 0.16 percent were the best that could be expected under state law that requires assurance of preservation of capital with no risk.

Sistare added, “It’s brutal. The same question is asked at every board meeting” about these extremely low, but safe, returns. The board unanimously accepted the 2014 audit as presented and it has been forwarded to the state.

Petersen reminded the board that Donala’s commercial electric utility rate increased by 9 percent on July 1 and noted that he had already identified about \$400,000 in capital projects that could be deferred until 2016 while a “very strong El Nino weather pattern” continues to provide the region with more moisture and cooler temperatures than average. The district has already saved \$175,000 on interior repainting as part of its Fox Run water tank rehabilitation, and this tank has been refilled. Petersen also noted that the district’s first-half auto sales tax revenue, \$81,457, is on track to be higher than the \$100,000 budgeted this year. The district had also received 12 tap fees through

June totaling \$68,000, which exceeded the \$60,000 budgeted for 2015.

Donala’s water attorney, Rick Fendel, Katie Fendel, the district’s water engineer, and District Manager Valerie Remington of Triview Metropolitan District attended the meeting. Triview and Forest Lake Metropolitan District are co-owners with Donala of the Upper Monument Creek Regional Wastewater Treatment Facility.

The absence of director Bill Nance was unanimously excused.

Financial report

Petersen and Rick Fendel briefly reviewed Donala’s Willow Creek Ranch renewable surface water storage status and spill priorities in the Pueblo Reservoir (www.usbr.gov/gp/eca/nepa/donala_ea.pdf). Willow Creek Ranch is adjacent to Leadville.

Due to the high rainfall this year, Pueblo Reservoir may not be able to hold all of Donala’s flows, nor those of other water entities with reservoir storage rights. Since Donala, along with the city of Aurora, are not members of the Southeastern Colorado Water Conservancy District (www.secwcd.org), these two water entities have temporary one-year excess capacity annual storage contracts. An excess capacity contract is often referred to as an “if and when” contract, meaning if and when space is available in Pueblo Reservoir. Currently Donala’s “if and when” temporary storage contract is renewable.

Rick Fendel said that if total upstream Arkansas River inflows to the Pueblo Reservoir were to result in stored water levels that exceed the reservoir’s total storage capacity, Donala and Aurora renewable water would be “spilled” (or not stored) first and allowed to flow downstream within the Arkansas River. Then water from the conservancy district’s members would be spilled. If Arkansas River flows were to be so high that renewable surface water owned by the members of the Southeastern Conservancy district also had to be spilled, the proportion/percentage of the spillage for each of the members would be the same as Donala and Aurora.

Note: Donala could sell its spilled Willow Creek Ranch water as an option or simply not use the spilled water rights in a particular calendar year. However, this is very unlikely this year due to the high rainfall to date. So renewable water spilled out of the Pueblo Reservoir this year would be lost water, yet still count against Donala in calculating its 38-year rolling average rate of withdrawal from the Arkansas River.

The amount of Willow Creek Ranch water rights that Donala uses each year, based on its water court decree, is calculated on a 38-year rolling annual average basis not to exceed an average of 280 acre-feet per year. Calculations of Donala’s 38-year rolling average began in 2012. Donala’s usage of fully consumable renewable surface water to date from Willow Creek Ranch has been 180 acre-feet in 2012, 280 acre-feet in 2013, and 345 acre-feet for 2014.

Through June, Upper Monument Creek’s total revenue was \$493,240 and total expenses were \$508,089. The three owner districts are billed in arrears for their shares of actual expenses at the end of each quarter.

The financial reports were accepted as presented.

Manager’s report

Petersen presented his extensive revision of the district’s updated personnel policies and procedures manual that was last revised in 2011. Adoption of the federal holiday schedule added two annual paid holidays for Martin Luther King Day and Columbus Day. The board unanimously approved the new manual. Each employee will receive a new copy of the manual and sign an acknowledgment of receipt.

Petersen recommended that Donala withdraw from the \$2.67 billion Flaming Gorge Project, with an annual operations and maintenance cost of \$196 million, for a variety of practical feasibility and interstate political reasons. Rick Fendel concurred, noting the 35-mile uphill pipeline distance between Reuter-Hess reservoir and Donala, the escalating unit cost of an acre-foot of delivered water, and that no other local or regional water entities have commit-

ted to share this expense with Donala. Katie Fendel also recommended that Donala withdraw for several additional technical and financial reasons. After a lengthy technical discussion, the board agreed that Donala’s participation to date was money well spent to be able to make an informed decision to concur with the recommendation that Donala withdraw from further financial participation in Flaming Gorge planning.

Petersen reported that his continued participation with one or two Donala board members at monthly Arkansas Basin Roundtable meetings remains useful in persuading some participants that Donala and northern El Paso County are not part of Colorado Springs Utilities. He also noted that he will try to encourage county commissioner participation in Pikes Peak Regional Water Authority meetings.

Petersen reported that the Schuck Corp. had sold its 30 percent share of the Forest Lakes subdivision to the family that owns the other 70 percent. He said that Ann Nichols, of Forest Lakes Metro District, had advised him that construction by Classic Homes may start soon near Pinion Lake. The current Forest Lakes site plan calls for up to 457 homes. These homes would be serviced by the Upper Monument Creek Regional Wastewater Treatment Facility, while drinking water will be supplied by the Forest Lakes metro district.

Petersen distributed copies of legislative consultant Dick Brown’s report titled “New Laws of Interest to Pikes Peak Regional Water Authority.” He complimented Rick Fendel for his passage of Senate Bill 15-183 regarding water requantification of the historical consumptive use of a water right, which fully protects and preserves a water right that is not completely used up each year. Fendel said it was a “very mystifying experience.” For more information see <http://www.leg.state.co.us/CLICS/CLICS2015A/csl.nsf/BillFoldersSenate?openFrameset>

Donala’s June water production was 29 million gallons, 23.5 million gallons from Willow Creek Ranch, compared to 42 million gallons in 2014. Petersen also reported that he would be scheduling a forest health survey on the ranch and the district staff continues to perform routine wildfire mitigation on the property. Staff will also be performing perimeter fence maintenance to prevent “open range” cattle grazing on the ranch to preserve the existing 10,000-year-old fen, or wetland, and protect the district’s existing creek beds adjacent to flow measuring gumes. Rick Fendel said that the fen, under the state’s regulatory scheme, is “irreplaceable, therefore untouchable.” For more information see <https://en.wikipedia.org/wiki/Fen>.

Petersen noted that the district continues to use stored Willow Creek Ranch water to minimize the amount still stored in the Pueblo Reservoir, now that the snow melt season is over. Some of Donala’s remaining stored surface water in the reservoir could be lost due to spilling to avoid an overflow during a monsoon, as well as minimizing use of Donala’s groundwater and well pump lifespans. Donala’s Holbein well water treatment plant was not operated in June.

However, Petersen also noted that it may become no longer prudent to continue taking available credit for storing any more current Willow Creek Ranch renewable water flows in the Pueblo Reservoir this year. Any more surface water stored in August may be lost in a reservoir spill if August turns into a monsoon season with flooding, while Donala’s irrigation demands continue to dry up.

The board went into executive session at 3:05 p.m. to receive legal advice on negotiations between Donala and Pueblo County regarding the 1041 permit application.

The meeting adjourned at 4:45 p.m. The meeting was adjourned at the end of the executive session with no further action taken.

The next meeting will be held at 1:30 p.m. on Aug. 20 in the district conference room at 15850 Holbein Drive. Meetings are normally held on the third Thursday of the month. Information: 488-3603 or www.donalawater.org.

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