

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
FOUNTAIN SANITATION DISTRICT**

April 13, 2022

Opening:

Mr. Christian called the regular meeting of the Board of Directors of the Fountain Sanitation District to order at 5:30 p.m. on April 13, 2022.

Directors Present:

Mr. Christian
Dr. Durbin
Mr. Holtz
Mr. Blankenship
Mr. Thomas

Also In Attendance:

District Manager Jim Heckman
Office Administrator Cindy Murray
District Engineer Jonathan Moore
Consulting Engineer Roger Sams
Attorney Scott Johnson

Guests in attendance: None

A. Approval of Minutes

Mr. Holtz made a motion to approve the regular meeting minutes of March 9, 2022. Second by Dr. Durbin. Motion carried.

B. Approval of Bills

Dr. Durbin made a motion to approve the bills for March 2022 for payment. Second by Mr. Thomas. Motion carried.

*The Board reviewed the financial statements for March 2022 at this time with no questions or comments.

C. Special Business –

1. The Board was presented with a Petition for Inclusion for the Cottages at Mesa Ridge. District Engineer Jonathan Moore reported that this parcel of land is currently in the Widefield Water and Sanitation District's (WWSD) wastewater service boundary. WWSD has submitted a letter to the Fountain Sanitation District requesting that FSD provide wastewater management services for this parcel. Mr. Moore informed them that the District would be willing to provide the wastewater management services and there is also currently an existing FSD sewer main stub extension into the parcel. This would alleviate the need for WWSD to install a lift station to service this parcel. The property owner was informed they would need to complete a Petition for Inclusion into the District, which is the subject of this presentation for your approval consideration. This project would consist of approximately 122 manufactured homes with a mix of one and two story units. The two-story units are planned to be stacked on a single lot. All of the units are currently planned to be under single entity ownership with a long term lease arrangement. Amenities would include a clubhouse, internal drives, and common areas. Discussion followed. Mr. Thomas made a motion approving the Petition for Inclusion for the Cottages at Mesa Ridge. Second by Mr. Blankenship. Motion carried.

2. At this time Mr. Heckman opened the discussion about the Supplement to the District's current 2019 Wastewater Plant Investment Fee (PIF/Tap Fee) Rate Study. Mr. Heckman retained the services of Roger Sams with GMS, Inc., Consulting Engineers to complete the supplement since they completed the original rate study. The supplement addresses tap fee concepts for the Board's review and consideration for the District to provide wholesale wastewater management services for those areas in the corporate limits of Colorado Springs and its Utilities Service Area but within the institutional boundaries of the District. Roger Sams reported that the District has retained GMS, Inc. to prepare the supplemental documentation to support an alternative PIF structure for the consideration of implementation. Mr. Sams submitted a document (attached) that would serve as a supplement to the latest wastewater rate study evaluation accomplished by the District in October 2019. In the first half of year 2021, certain landowners within the institutional boundaries and designated service area of the FSD made application for annexation of those properties to the City of Colorado Springs. That application was made, in part, for purposes of securing suitable water supplies to support anticipated development. At the time, a suitable water supply to support development was not available from the City of Fountain. The City of Colorado Springs City Code requires that lands within its corporate limits be provided utilities, i.e. electric, fuel gas, water supply and wastewater management, which are owned, operated, maintained, renewed and replaced by the Colorado Springs utility organization, i.e. Colorado Springs Utilities, an enterprise of the City of Colorado Springs. Mr. Heckman reported that the District has previously made the investment and is planning on providing wastewater management services to its institutional boundaries regardless of who provides the water service.

Mr. Sams reported there became concern on the part of the District over the loss of, or unilateral revision of the District's planned service area upon completion of the annexation into the corporate limits of Colorado Springs. Loss of that service area would have many negative impacts on the District, most of which can be summarized as a reduction in revenue base which had been utilized in planning over the last 30 to 35 years for the District's wastewater management services. There have been significant commitments made for development, implementation and operation of wastewater management infrastructure with the certainties of future service upon development of land presently within the institutional boundaries of the District and the designated service area of the District.

In lieu of accepting a unilateral change in service area, basically such change being without the express consent of the District, and in spite of the provisions of the Colorado Springs City Code, the District management has sought to provide wastewater management service to the area proposed for annexation to the City of Colorado Springs within the District's planned service area. A Letter of Intent for a preliminary agreement between the City of Colorado Springs through its Utilities, to permit the District to provide wholesale wastewater management services by the District within the District's designated service area is soon to be issued by the City of Colorado Springs. Assuming acceptable terms and conditions of such a service agreement can be reached, the major principles upon which the District has accomplished advanced planning, implementation, operation, maintenance, renewal and replacement of wastewater management infrastructure services will be preserved.

The purpose of this supplement to the 2019 *Wastewater Rate Study* is to assess and develop alternative proposals to the existing FSD PIF assessment structure. It has been deemed appropriate to consider an alternative assessment structure in order to simplify and reduce anticipated administrative burden on the FSD and Colorado Springs Utilities should the District's current PIF assessment structure be utilized throughout the large land area planned to be developed within the proposed inclusion to the corporate limits of Colorado Springs. For reference in this supplemental document, this inclusion area in the City of Colorado Springs is referred to the Amara Annexation, or “Amara”.

Although the District has implemented and operated the current PIF assessment structure in an effective fashion for more than 20 years, the scale of development planned within the Amara project will likely put additional administrative burden on the FSD which may not be proportionate with the perceived and actual benefit. Colorado Springs Utilities presently uses a PIF assessment system which establishes a fixed value for single family detached residential structures to be connected to the wastewater management system. For purposes of this supplement to the FSD *2019 Wastewater Rate Study*, this effort has considered the application of a fixed value for the PIF for single family detached structures within the corporate limits of the City of Colorado Springs and Colorado Springs Utilities service area and located within the designated service area of the FSD.

Discussion followed on Fixed Value PIF for wholesale service to CSU service area and the basic principles used by the District in its current PIF assessment system.

It is suggested that consideration be given to using the median value of the PIFs collected by the FSD from development in the District for the years 2017 through 2019. This would include an adjustment removing the asset value of the District's wastewater collection and lagoon treatment systems from the consideration of PIF value. Under this scenario the suggested fixed PIF for single family detached connections from the CSU service area is \$5,285 per dwelling unit (DU). Discussion also followed on fixed value PIF's for multi-family and non-residential properties along with some suggestions such as basing fees on commercial water meter size. Lengthy discussion followed. Mr. Sams will continue to refine and provide any updates or suggested revisions to these approaches prior to the District's Board of Directors meeting scheduled for May 11, 2022.

3. The Board was presented with bids for review and consideration of award for the Wilson Sanitary Replacement Project. District Engineer Jonathan Moore reported that they had a bid opening for the Wilson Sanitary Replacement Project on April 6, 2022, at 3pm. This project will be for the replacement of approximately 800-feet of 12-inch sanitary main in Wilson Road. He reported that they received three bids for the project: Pate Construction, RMS Utilities, Inc. and KR Swerdfeger with RMS Utilities coming in with the low bid of \$204,885. Mr., Moore is requesting the Board approve \$256,000 for this project which would include a 25% internal contingency. Mr. Thomas made a motion to approve \$256,000 for this project. Second by Dr. Durbin. Motion carried. Mr. Moore stated that they are anticipating the project to start within the next couple of weeks.

D. General Business –

1. District Engineer Jonathan Moore reported that the Illinois Avenue sanitary realignment project (railroad) is currently on hold. He stated that they with the help of attorney Scott

Johnson, they made and submitted some revisions to the license agreement and sent it back to the railroad’s attorneys. He was told that it would be approximately 2-3 months before the District would receive any feedback. Discussion followed.

- ✓ He reported that they are in the design process for the sanitary sewer main realignment for the flows coming from Chancellors trailer park. The proposed alignment would start at the Magellan Pipeline Fueling Station going south on the RJCII Facility property along Cell No. 6. This would eliminate the need for the Plant lift station. He stated that this alignment was originally considered in 1997 during the construction of the RJCII facility however stopped due to soil conditions. The District is now in the position to mitigate any soil issues. They are in the process of trying to locate the existing easement. Surveying should take place in approximately six weeks. He will keep the Board informed.
 - ✓ He reported that the BNR project at the HDT facility is up and running. He will be submitting a required progress summary report to the State and a copy will also be presented to the LFMSDD Board.
 - ✓ He reported the potential solar array project at the HDT facility is no longer a consideration. The solar array representatives were not able to meet some of the promised criteria items to this project happen without cost to the Lower Fountain District. They indicated the District would need to help with the project expenses of approximately \$1,000,000.
2. Consulting Engineer Roger Sams reported on some regulatory issues he continues to follow. The Division has issued modifications to their wastewater system design criteria for review and comment including PFAS issues. Roger stated the District continues to be well represented by AF CURE on the regulatory issues that may affect the District. He will keep the Board updated.
3. District Manager Jim Heckman reported on the following items:
- ✓ He reported that in February, he and Mr. Moore attending the City of Fountain Council meeting to object to LaPlata’s request to have the Ranch disconnected from the City. Mr. Heckman attended the meeting to protect the District’s planned service area, but they also failed to provide the District proper notification of the planned disconnection as required under Colorado Statute. The City of Fountain Council was gracious enough to delayed the formal consideration to disconnect for 90-days. They were able to schedule a meeting with the representatives from both CSU and LaPlata during this time. The LaPlata representatives asked Mr. Heckman if he would be willing to sign waiver for the City of Fountain stating they met the notice requirement for their disconnection request. Attorney Scott Johnson made some revisions to the waiver that they agreed to, and Mr. Heckman signed the waiver. This would allow LaPlata to “check the box” indicating that all other Districts have been notified of their intent to disconnect from the City of Fountain. They Council will consider this matter at the April 26th, 2022, meeting. He reported that the local paper contacted him for some clarifications on what his presented argument at the February meeting. He will keep the Board informed.
 - ✓ He reported that they continue to prepare for the 2021 Financial Audit. A Board presentation of the findings is tentatively set for the June 8th regular meeting. A pre-audit communication letter was received earlier in the day and has been provided to the Board.

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- ✓ The 2022 SDA Regional Workshop is scheduled for June 20th at the District office. Mr. Heckman asked the Board if they plan to attend or to get with Ms. Murray as soon as possible so she can get everyone registered.
- ✓ They continue to work on updating the LFMSDD Service Agreement, i.e., clarification on capacity ownership, etc.
- District Manager Jim Heckman reported on the following RJCII Facility items:
 - ✓ Mr. Heckman reported that staff has completed all of the Annual reports due for 2021 to include Stormwater, Biosolids and Regulation 85.
- District Manager Jim Heckman reported on the following Collection System items:
 - ✓ He reported on the Illinois Avenue sanitary realignment project. Staff recently closed Illinois Avenue to video the sanitary line during the early hours in order to get a better visual evaluation of the line. There are structural concerns, i.e., radial cracks and significant sags. Staff is developing another plan to remove more of the water out of the sags and perform another video inspection for a better review. Discussion followed.
- District Manager Jim Heckman reported on the following HDT facility items:
 - ✓ Staff has been spending a lot of time trying to clean out the grit of Basin #2 which is now empty. Mr. Long has decided to subcontract some assistance with additional vaccon unit. They are scheduled to come out next Thursday.
 - ✓ They continue to have ongoing issues with the wash press. They representatives will be on-site to troubleshoot next Wednesday.
- District Manager Jim Heckman reported on the following maintenance items:
 - ✓ Staff completed 203 locates in March.
 - ✓ Staff completed 180 service orders this month.

E. New Business –

1. Ms. Murray requested the Board ratify the following transfers:
 - ✓ \$650,000 from the UBB checking account to the CSAFE-FSD account on March 22, 2022, and
 - ✓ \$150,000 from the UBB checking account to the CSAFE-JCC/LFMSDD account on March 22, 2022

Mr. Holtz made a motion to ratify the transfers. Second by Mr. Thomas. Motion carried.
2. Mr. Heckman requested the Board ratify check # 34984 payable to Rampart Supply in the amount of \$21,700 on February 9, 2022, for the purchase of PVC pipe for the Wilson Road

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project. Dr. Durbin made a motion to ratify check # 34984 payable to Rampart Supply in the amount of \$21,700 on February 9, 2022. Second by Mr. Blankenship. Motion carried.

F. Other Business –

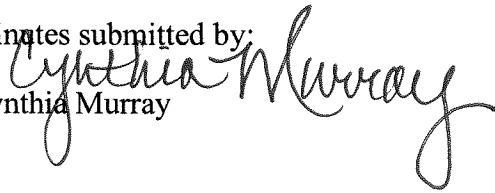
1. Mr. Heckman informed the Board that he would not be in attendance at the LFMSDD Board meeting tomorrow, April 14, 2022. He will be leaving for Alabama and will be back next week.

Adjournment:

Dr. Durbin made a motion to adjourn the meeting at 6:56 pm. Second by Mr. Holtz. Motion carried. The next regular meeting will be at 5:30 pm. on May 11, 2022.

Minutes submitted by:

Cynthia Murray

A handwritten signature in black ink that reads "Cynthia Murray". The signature is written in a cursive style and is positioned to the right of the printed name "Cynthia Murray".