



Perry Park Water and Sanitation District  
5676 West Red Rock Drive  
Larkspur, Colorado 80118  
[www.ppwsd.org](http://www.ppwsd.org)

## Regular Meeting and Public Hearing – April 21, 2021

### Board Members Present

Brian Arthurs  
Judy LaCrosse  
Tony Lucas  
Jim Maras  
Gary Peterson

### Staff / Consultants in Attendance

Diana Miller – District Manager  
Mark Morton – GMS Inc.  
Will Parker – Semocor, Inc.

### Visitors

Sharon Almeida  
Jill Arthurs  
Ed Berchem  
R. Christensen  
Larry Fouts  
John Grabowski  
Bill Jackson  
Lynda Jackson  
Julia McCusker  
Al Meier  
Beverly O’Connell  
Morgan Paulk  
Bob Petro  
Elaine Petro  
Pam Petersen  
Craig Van Doorn  
Greg Schroeder  
Allan Sedmak  
Stacie Sneider  
Julia St. Clair  
Terry Von Clausberg

### Visitors (partial name)

Bevy O  
Kathy  
Kim  
Mike  
Scott  
Sharon  
Susan’s Iphone

### 1.0 Call To Order

The Regular Board Meeting was called to order at 16:30 via Zoom.

### 2.0 New Business and Open Items

2.1 Meeting Minutes – A motion was made and seconded; (RESOLUTION 21-024) TO APPROVE THE MINUTES OF THE MARCH 17, 2021 REGULAR BOARD

MEETING OF THE PERRY PARK WATER AND SANITATION DISTRICT AS PRESENTED. The motion passed unanimously.

- 3.2 Disbursements – A motion was made and seconded; (RESOLUTION 21-025) TO RATIFY ELECTRONIC PAYMENTS DATED MARCH 24, 2021 IN THE AMOUNT OF \$99.08 AND ELECTRONIC PAYMENTS DATED APRIL 6, 2021 IN THE AMOUNT OF \$9,033.91 WHICH WERE PREVIOUSLY DISBURSED FROM 1<sup>ST</sup> BANK. The motion passed unanimously.

A motion was made and seconded; (RESOLUTION 21-026) TO APPROVE CHECKS 12983 THRU 12992 IN THE AMOUNT OF \$26,303.27 WHICH WERE PREVIOUSLY DISBURSED FROM 1<sup>ST</sup> BANK. The motion passed unanimously.

A motion was made and seconded; (RESOLUTION 21-027) TO APPROVE CHECKS 12993 THRU 13024 IN THE AMOUNT OF \$160,913.16 TO BE DISBURSED FROM 1<sup>ST</sup> BANK. The motion passed unanimously.

In reference to check 13000, issued to Denali Water Solutions, LLC, Director Arthurs asked if the higher than usual invoice amount was related to the District's ability to pass the SOUR (Specific Oxygen Uptake Rate) sludge test at the Waucondah Wastewater Treatment Plant (WWWTP). Mr. Parker advised that his supposition is correct, because if the sludge cannot pass the SOUR test, the sludge requires additional treatment before processing.

In reference to check 13002, issued to ESRI, Inc., Director Maras requested additional information. The District Manager offered that it is the annual renewal fee for the District's GIS (Geographic Information System) mapping software.

In reference to check 13013, issued to McDonald Farms Enterprises, Inc., Director Peterson requested additional information. Mr. Parker offered that it was scheduled maintenance at the Sageport Wastewater Treatment Plant, to remove the accumulated grit from the EQ (Equalization) basin.

A motion was made and seconded; (RESOLUTION 21-028) TO RATIFY CONSENT AGENDA ITEMS DATED MARCH 19, 2021 IN THE AMOUNT OF \$6,782.43 AND CONSENT AGENDA ITEMS DATED APRIL 2, 2021 IN THE AMOUNT OF \$7,320.68 AND CONSENT AGENDA ITEMS DATED APRIL 16, 2021 IN THE AMOUNT OF \$6,782.43 WHICH WERE PREVIOUSLY DISBURSED FROM WELLS FARGO BANK. The motion passed unanimously.

- 2.3 Ute Court Vacation Request – The Board reviewed a letter from Mr. David St. Clair and Ms. Julie St. Clair that summarized the history of their intention to construct a residence at 5848 Ute Court, as well as the actions taken to vacate Ute Court and consolidate it with 5848 Ute Court to date. The District Manager offered that there is an existing water main in Ute Court with a fire hydrant at the end of the water main. The District Manager added that a sewer main was master planned for Ute Court and there is only one residence that will tap the Ute Court water main and that is 5848 Ute Court. At the conclusion of discussion the Board agreed that they did not have an issue with the vacation request and directed the District Manager to coordinate with the District's legal counsel to ensure the District's interest is protected while allowing the St. Clair's to move forward with the Ute Court vacation.

- 2.4 Perry Park Summit Feasibility Study – The Board reviewed the Water and Sewer Service Feasibility Study prepared by TST Infrastructure, LLC. The feasibility study area includes 42 lots on Comanche Drive and Mohawk Drive. The Board requested confirmation that the Waucondah Wastewater Treatment Plant has the capacity to provide service to 42 additional lots. The District Manager confirmed that this had been discussed with engineers and confirmed. Director Peterson added that all of the lots will not hook into the system at the same time. Director Maras noted that there are dead-end water mains identified in the study. At the conclusion of discussion a motion was made and seconded; (RESOLUTION 21-029) TO ACCEPT THE PERRY PARK SUMMIT WATER AND SEWER SERVICE FEASIBILITY STUDY FOR 42 LOTS ON COMANCHE DRIVE AND MOHAWK DRIVE. The motion passed unanimously.

### **3.0 Operational Status**

- 3.1 Perry Park Water and Sanitation District Systems Report – The members of the Board reviewed the monthly operations report for February and March which were prepared by Mr. Parker.
- 3.2 Monthly Staff Report – The members of the Board reviewed the Monthly Staff Report that was presented by the District Manager. The Board discussed a leak detection proposal for the District's complete water distribution system, for the amount of \$40,000. At the conclusion of discussion the Board agreed that because all of the water main breaks for the past few years have been on the west side of the District, the District should focus resources there, as opposed to tackling the entire system.

### **4.0 Old Business/Immediate Issues**

Mr. Mark Morton with GMS Inc. an engineering firm attended the Board Meeting to provide a status update with regard to the Waucondah Wastewater Treatment Plant and to provide an engineer's perspective on water loss.

- 4.1 Waucondah Wastewater Treatment Plant Power and Odor Updates – The District Manager summarized recent efforts at the WWWTTP, noting that the fencing has been installed, trees have been planted, a silencer has been installed, and some piping repairs have been completed.

Mr. Morton provided detailed information on the work completed at the WWWTTP. Mr. Morton offered that since January of this year, the effort focused on the digester complex, in particular the blowers inside the digester complex. Piping repairs for existing blower #1 were completed. It then became apparent that there were some leaks in the submerged piping that needed to be addressed to get more air in the treatment tanks and not leaking out of the pipes. The repairs provided noticeably better mixing in the tanks. The dissolved oxygen levels and dissolved concentration in the tanks were closely monitored. Those levels increased, indicating that good progress had been made; the odors appeared to be decreasing.

The focus shifted to improving the actual blower equipment. There were two existing blowers in the complex that were addressed. Blower #1 and the associated

motor were kept in service, with some additions and modifications to the equipment. Primarily, adding an inlet filter, inlet silencer, discharge silencer and re-piping some of the connections.

It was determined that blower #2 and the associated motor needed to be replaced with a complete blower package. The package needed to be fabricated to meet the requirements of the District, even with the long lead time, the equipment was onsite today. The installation is scheduled for Monday, April 26. We anticipate the installation will be completed in three days.

Mr. Morton added that at the completion of the blower #2 installation, a monitoring period will begin to collect and analyze data, which will determine the performance of the improvements that have been completed to date. Mr. Morton added that the District had passed the recent SOUR test.

Director Peterson thanked Mr. Morton, the Contractor and Electrician who completed the installation, as well as the District Manager and Operations Supervisor for the work completed so far.

Director Lucas requested additional information related to the aesthetics spending.

Director Peterson offered that the District has spent \$17,000 on trees and \$36,000 on fencing.

Director Maras pointed out that what the District has been referring to as a digester is not really a digester. Director Maras requested confirmation that a new digester was still in the works.

Mr. Morton offered that his understanding was to get immediate results by addressing the odor issues, noise issues and more recently the need to pass a SOUR test in the existing digester. But yes, the goal is to construct a new digester at the WWWTTP.

Director Maras noted that stabilizing the existing digester had nothing to do with getting the process moving for a new digester.

The District Manager added that it is not just a new digester but other components as well. The District Manager noted that the Board passed two resolutions related to the WWWTTP improvements, one was "immediate needs" the other "long term solution", the District is focusing on the immediate needs to stabilize the system before focusing on the long term solution.

Director LaCrosse offered that she is in support of stabilizing the existing system.

- 4.2 Water Loss – Director Peterson advised the Board and audience that at the previous rate increase meeting they had received a number of questions and comments regarding unaccounted for water. Director Peterson asked for Mr. Morton's perspective on what he is noticing in the Colorado Springs area. Director Peterson added that the Board understands that not all of the unaccounted for water is revenue generating water, but an understanding of what percentage of unaccounted for water other similar districts are experiencing would be helpful.

Mr. Morton advised that he would like to give a firm answer to the question, but there are many factors that must be considered. "Is it a compact district? Is it a spread out district? Is it in a rural area? Is it more of an urban area?" But, "generally speaking, when we see districts that are similar to yours in terms of size, topography, location, that kind of thing, we typically like to see them more in the" 10-15% loss range; that would be a good target to shoot for. Mr. Morton added that Perry Park is an older district, with older infrastructure a slightly higher water loss percentage might be acceptable.

Mr. Morton added "if you look at your history from some of the brief conversations I've had with Will and Diana about the history of the district; how it got started; how certain initial pieces of the District infrastructure were installed; I think you would probably be very happy to get yourself in that 10-15% loss range." Mr. Morton added that to get much lower than that may not be a reality. Mr. Morton added that if the District tries, there might be no return on investment. Mr. Morton commented that "knowing the age of the system, knowing how it operates, I think if you're in that 15% range, that would be kind of my rough ball park as a goal". Mr. Morton added that resolving the unaccounted water question comes down to data collection and data sources in terms of metering data, to track what it is producing, what is going into the system, and what's getting pulled out of the system. Mr. Morton noted that that kind of thing is generally the way to start out your approach in terms of trying to attack the water loss. Mr. Morton added that metering infrastructure water would be beneficial because it is not actual water loss; it is water usage that cannot be recovered.

Director Maras made the following statement: "I don't have a question but I'll make a comment. So obviously this was my line of work for over 30 years and I personally had experience with a water district, a rural water system in southeast South Dakota. It's basically about the same size as us – about 1500 meters. They had water, unaccounted water, in the low 20% area. They invested about \$1.2 million in an AMR (automatic meter reading) program which included new meters at the residents and zone meters in the systems. You know, really got the benefit of the data that you need to get a handle on stuff like Mark talked about. They're currently unaccounted for water is below 10%. And down consistently in the 8-9% area. So this is not something that can't be solved. Yeah it's gonna cost some money. But if we make the right investments in the right locations, there is absolutely no reason why the water loss in this system, I'm not going to say loss, unaccounted for water is the accurate term, that the unaccounted for water should be less than 15%. "

Director Lucas made the following statement: "Looks to me like the low hanging fruit here is we know we need an automatic way to turn off the water pumps when the tanks get full. In the summertime, we keep the tanks full for fire safety. And unless somebody monitors it all night long, we're going to have overflow. So that to me is the first thing that we could do. That seems to me like a good option for the grant that Jim talked about. The \$75,000 matching grant where we spend \$75,000 and the federal government would give us \$75,000. So if we could just do it on one set of tanks. Try to figure out how well it works and have automatic shut-offs, I think that would be a good place to start. And of course, the other thing, you could add meters into the water treatment plants and the sewage treatment plants so that we could see how much water we're using. And those are the two things we know right now

that we're not measuring. Now the other comment, I talked to Will the other day about how we came up with this 37% unaccounted for water. And the impression that I got after my discussion with Will and Diana, was that that is a very estimated, that's a very loose number, I guess would be the way to say it. And the reason is we meter people, we charge for the water every other month. Will told me it takes 3 days to go around and collect the data from each home. So we got 6 days of data collection. And if the weather is bad, it could take 12 days. So this is a very loose number. And if we're not going to get a really good number, in my opinion, as Jim said, unless we put in some kind of metering system where we can simultaneously measure the water. And then of course the other thing is the meters on the wells are old and they may be very inaccurate. So this 37% number I think is just a crude estimate. It might be a lot lower and on the other hand it could be higher. So I think we don't really know where we're at here. You agree with that Jim?"

Director Maras responded: "Well I think that's the point of the engineer's report that we got last month; essentially their report said we really don't know what's going on because we don't have enough data, i.e. meters, in the system to actually get a handle on where the water is going. And again, not all this water is loss. It's unaccounted for. So that's a different term. It means it could be being used in the system whether its hydrant flushing or backwashing the filters at the treatment plants or the wastewater plant. So I'm not saying that there's a whole bunch of water disappearing into the ground somewhere, but we do have an unaccounted for water issue. And I agree. I think that unless we make an effort on the metering side to actually start getting some data that would be useful to us, we basically don't have an idea of what's going on."

Director Peterson made the following observation: "Well obviously, we'll be having a work session sometime in the near future as we move through a variety of these projects that are forthcoming. And obviously, meters and what kind of monies we might have available to us, let's say, at least dip our toe in the water on this, and see how we're looking at this and what other sources of revenue might be available, to pursue that. It's not that we don't think it's important, it's just a matter of what you can afford to do at what point in time, but I think it is important we try to get as much data as soon as we can on some of the major points where we know perhaps losing water, wasting it on things like tank overflow or some things like that that we can fix. And putting some meters on our flushing and what we're doing. And also, if we know the meters that we have, the big meters measuring what's coming in and out of the plants, that they're actually working accurately or if they do need to be replaced if it's time. So that will be a work session topic coming forward reasonably soon."

Director Maras asked the following: "So at one point or another during the last few meetings, we had a discussion about a fairly large water sale. Almost like a construction water sale. Has that disappeared or is that still out there?"

The District Manager responded: It has not disappeared. I provided a draft copy of the contract with the Board's comments incorporated. I think the owner is evaluating that and trying to work something out with Remuda Ranch because it is crossing residential property. So I think they're contemplating it. But they have made no decisions.

4.3 Board Member Discussion Items – There was none.

## **5.0 Public Hearing – Customer Rate and Fee Increases**

A motion was made and seconded; (RESOLUTION 21-030) TO OPEN THE PUBLIC HEARING. The motion passed unanimously.

5.1 Overview – Director Peterson opened the Public Hearing with an overview of the discussion at the previous meeting. He offered that the rate and fee increase is essential to begin repair and replacement of the District’s aged equipment and infrastructure. He added that the District’s focus on acquiring renewable water for the District’s water rights portfolio has increased the value of the District both in the short and long term. He noted that the District’s renewable water portfolio is enviable. He offered that the opportunity to acquire the Pleasant Park Ditch and Gove Ditch water rights will never be available to the District again. Director Peterson noted that the legal and consulting expense going through water court to convert the water rights to consumptive use has been long and expensive, and thankfully in the past.

Director Peterson noted that the District’s focus since January 2020 is to stabilize the WWWT, and once stabilized, make significant investment in treatment improvements, most notably a new digester. Director Peterson thanked Mr. Morton for his efforts at the WWWT and for attending this Board Meeting to provide details on the work completed so far, the work that will be completed in the future, including the two years plus permitting process and to answer any questions that the Board and audience may have.

Director Peterson then acknowledged Director Arthurs, the District’s Treasurer, who presented the cost of the different options that the District is evaluating for the WWWT and how the District is going to pay for it.

Director Peterson then acknowledged Director Lucas’s efforts to compile and present rate data for special districts in the area. Director Peterson highlighted that with the proposed rate increases the Perry Park Water and Sanitation District falls in the middle of other local special districts.

Director Peterson then acknowledged the District Manager for her efforts to capture the feedback and concerns of the Customers who attended the last Board Meeting in the meeting minutes, giving the Board the opportunity to understand and consider what Customers are communicating. Director Peterson added that communications from Customers via other methods were reviewed and considered as well.

5.2 Audience Participation

Mr. Grabowski stated “I’m on the board of the homeowner’s association of the Hidden Forest neighborhood. Greg Shroeder, he’s also on the board, he’s joined us. And then we have one of our residents John Meyers who’s a professional civil engineer. As Diana knows, yesterday at somewhat last minute, we sent a fairly extensive actual set of questions and analysis based on the information that you provided on your website online. We have concerns because we’re sitting here right now, we’re really not getting the \$50. You know, that whole \$50 increase in the

capital improvement fund. I'm not here to argue about the 10% increase especially when you look at the comparison to other districts. But we're really struggling with what's being planned for here really because, you know, one of the big questions we raised is hey, in the last or beginning of the budget this year you said you had \$6.1 million in cash. Your financial consultant in their analysis said \$3.5 million. The arithmetic is not adding up for us. We don't really understand where that \$50 bucks is coming from which I know that's a bi-monthly charge that it ends up being \$300 a year additional CIF - capital improvement fee. So I don't know whether you have a chance to read all that great work that John Meyers did but we could really use some more information and education. "

Director Peterson responded: "Okay, we did, everyone read it. Diana sent it out. We have read it. I appreciate the effort you guys have put through expressing your thoughts. Obviously, some of the information that is in there was from the original estimate. I'm just going to speak broadly here and then I'm going to turn it over to our treasurer Brian Arthurs just to talk about the \$6.1 million vs \$3.5 for you. But just in general on some of the things. The estimate that was provided by TST initially was to give us a ballpark idea of what we can expect for cost." Director Peterson added that the \$500,000 for aesthetics was a high estimate and the reality is, the fencing and new trees have already been installed for \$53,000. Director Peterson noted that there's still some bird screening work that needs to be done but the aesthetics dollars spent should be well under \$100,000.

Director Peterson then addressed the 40% contingency factor: "Now while I understand Mr. Meyers' points about 10%. That sounds pretty reasonable to me too." Director Peterson offered that when old plants are being retrofitted there are a lot of unexpected things that arise. Lines that are buried that are not documented, nonexistent as-built drawings, as-built drawings that do not match the current installation, obsolete items that can no longer be used, infrastructure that is no longer up to code and construction that at the time of installation met CDPHE standards but does not meet new standards. Director Peterson noted that all of these challenges have been encountered during our two most recent retrofits. Director Peterson offered that when going to borrow funds, he would rather borrow too much, than not enough.

Director Arthurs added that he has contacted Mr. James Mann with Ehlers, the District's financial consultant to discuss Mr. Meyer's questions. Director Arthurs offered to share Mr. Mann's answers as soon as he has spoken with him.

Mr. Grabowski requested clarification on the phrase 'acceptable fund balance' how it is defined.

The District Manager offered that after a discussion with the District's auditor a number of years ago, the Board agreed to retain \$2 million in cash reserves.

Director Peterson advised that that is his understanding as well. Director Peterson added the cash reserve amount should probably increase to \$3 million in anticipation if rising inflation.

Mr. Grabowski then asked if there was some type of federal or state grant or loan guarantees available to the District.



Director Peterson offered that he did not believe there were federal or state grant opportunities available at this time, but the District is looking for funding opportunities. Director Peterson added that he has directed the District Manager to follow up on the recent congressional funds being allocated for infrastructure projects. Director Peterson noted “Mr. Maras our board member brought this up the last time; he has spent a lot of his life doing government grant work. And he mentioned that the demographics of our district based on income levels were rather high and usually these grants go to poorer areas, more rural.”

Director Lucas commented that the mean income for a family in Douglas County is \$120,000 and the District’s mean income is most likely much higher than the Douglas County average.

Mr. Grabowski advised he had one more comment/question: “Given all the uncertainty and everything you described, which has been very informative, believe me we hear you and I get it. But isn’t it possible to consider something less than the \$50? You know, half of that or 60% of it. And then adjust it next year when we have more information and less uncertainty?”

Director Peterson was agreeable and offered his “thanks to your other homeowner’s members for doing their due diligence and bringing their thoughts and concerns to us”.

Mr. Paulk made the following statement “I’m a neighbor of Perry Park. I own property in the water district but I’m not a customer. But I just wanted to emphasize the point Gary made earlier and hope you all understand it. When they took the past decade or so to improve the water rights in the area, I hope you understand how far reaching that is and how it is not something that could have been done otherwise. Water does not stay on the market long. When it goes up for sale, you have to buy it when it’s there. I think the District has done an excellent job improving their renewable water rights which are the important water rights. There are two different kinds of water rights. There are renewable and non-renewable. And non-renewable is the aquifers. And in the past, developments have been dependent on the non-renewables but that, like they say, are non-renewable. They run out. The renewable water rights are the surface rights and Perry Park has done an excellent job in obtaining and buying these water rights for now and forever. It’s not a lease, they own them. And will own them forever, unless they ever want to sell them. And for that reason, the water district is in actually excellent shape going down the line. Unfortunately, that’s not something you can recover. You have that reserve. I just want to emphasize that point.”

Ms. Susan offered “I live here in the Park. I guess I’m curious as to whether you have exhausted all your other opportunities to raise the revenue outside of raising rates? For instance, tap fees and so forth, especially considering the growth that we are expecting with Perry Park, what your opportunities there might be.”

Director Peterson offered that he felt that the District had looked at all available funding options, noting that due to the demographics of the District grant opportunities are likely not available. Director Peterson noted that the District is leasing non-potable water and is looking for additional opportunities that will not negatively impact Customers in the District. Director Peterson added that tap and

development fees are proposed to increase 10% and with the Remuda Ranch development coming online and potentially other developments as well, the associated fees collected will help offset the capital improvement costs.

Mr. Petro advised the Board that he lives in close proximity to the WWTP, and the odor issues at the plant earlier in the year were unbearable. Mr. Petro added: "It's been a long haul. It's been a lot of work. Prices go up on everything. We just had a 20% raise on IREA. So what are we going to do about it? Pay it or don't get electric. So we have no problem in supporting this \$35 a month fee and I think it's going to add a lot to that plant and get it working in the correct way that it should be working. And so we have no problem with it. Appreciate all the work you guys have been doing."

Ms. Petro offered, "A house and a car need upkeep and regular maintenance so it doesn't fall into disrepair, well that's basically what this sewer plant and water is all about. It needs upkeep, it needs repaired, it needs to have things brought up to par. So we're gladly up for paying for the increase to live in this beautiful area."

Mr. Meyers made the following statement: "I did want to make a couple points and follow up with what John Grabowski was saying. I've reviewed a lot of information including all your audited financials back to 2006, budgets, adopted budgets as well as the engineering proposals and everything. And a lot of this information is in that email that John forwarded from me. But I understand the District wants to err on the side of caution when looking at what kind of financing and funding that they're going to need for these projects. But if you look back at the last 14 years, that caution has consistently under-estimated what, or excuse me, over-estimated what actual costs were going to be to the point where we've now grown to \$6.1 million dollars which is good. But, Brian you can certainly verify whether that is a real number, I hope since it's in the audited financials, which is a significant, well \$2.6 million over what Ehlers has estimated in the model. So that's something that in and of itself could fund this project based on the cash flow modeling that I've done. Without eroding that fund below the numbers that Gary and Diana mentioned where its \$2 and \$3 million, coincidentally I ran some scenarios trying to keep it at that number, it was quite easily able to do that. So, you know, that's a huge question. Is it \$6 million or is it \$3.5 million? I would suggest that's something that needs to be answered before moving forward with a fee increase. And then on the contingency issue, I hear what you're saying about unknowns and no plans and no as-builts. You know when you're talking about putting in pipelines and you get yourselves into more difficult excavation, I understand that can't stay underground. But what we're talking about is the plan. And some of these unknowns you're already sort of finding with work that you're doing here in 2021. I would still suggest that 40% is probably way higher than you need in order to fund this. Now if you back off on that and you also raise that existing starting point of the fund, I think you'll find, or Ehlers could find if they ran some more scenarios, that you probably get by with no rate increase on this fee or at least just a modest one. Though I don't know, the next agenda item says you're going to talk about some resolutions. I would just hope that you consider these factors before committing the customers to a 400% fee increase. That's all I needed to say."

Mr. Sedmak offered "I think the board is managing the department fine and I think everyone is on board with the improvements that are needed. I think the question is

just in the financing. So if we have \$5 million on hand and if the project is supposed to be approximately \$5 million, okay? Gary mentioned we should keep about \$3 million in reserves. Wouldn't it make sense to first utilize the first \$2 million from cash on hand before we borrow any additional money? And therefore, would that lower the financing cost, and there ergo, the \$25 monthly increase?"

Director Peterson offered: "We have discussed, first of all, the monies we're looking at, at the moment, it's still an estimate. As you heard from everybody else, we won't start getting the actual bids until sometime in the fall – as far as what kind of real money we're looking at. Once we know which pieces, which equipment, what the time is going to be, everything else. So we'll have a better grasp of what the amount we're going to be borrowing is at that time. The previous meeting, maybe 6 months ago when we first started talking about this, or maybe it was 9 months, I don't know, time flies. I did raise the point with, I believe it was Ehlers at the time, could we before borrowing, or set up the borrowing, but utilize our reserve money first and then repatriate that money from the loan that we get back to refill it. So that we're not paying interest sooner."

Mr. Sedmak responded: "It would seem that we should not base our monthly increase on a worse-case scenario. And I know that the 40% contingency, it sounds high, but it very well may be reasonable for this kind of project. But that sounds like worse-case scenario that went into the \$25 per month increase. And, I don't know, that seems a little extreme."

Director Peterson thanked the audience for their great analysis, great questions and the amount of effort they contributed to the discussion. Director Peterson noted that "the board has listened to everything everybody had to say" and added "we're looking at things. I think one takeaway I've had from this discussion is that I heard a number of people at the last meeting, and even this meeting a little bit less, feel that the cost on the CIF was a lot all at once. Could it be spread out? Yeah, it's a possibility. We'll address that here as we get into the resolutions. There may be some opportunities. And there's also some things that have been raised that bear additional research on our end. As I said, we're still, we have no bids yet. We're dealing with estimates." Director Peterson advised the audience that the Board would now move to the resolutions.

### 5.3 Board Comments

Director Maras made the following comment: "I think the critical piece on this tap fee and the core fees increase is, historically in the past, this money has just disappeared into the District through operations. I think with the plan that we have for the Capital Improvement Fee as well as our rate increase based on the financial stuff that Ehlers did for us, is that we're going to start putting this capital core fees and tap fees into the funds. But we actually have money going forward to actually pay for some of this infrastructure replacement and repair that we need to do. As long as, I think the key is we don't price ourselves out of the market, people wanting to come out here, I don't believe we are, but I think it's important that we start using this tap fee and core fee money as it is intended for future asset improvement."

The District Manager clarified that the money hasn't disappeared; it was spent to offset some of the operating costs.

Director Maras made the following statement: “For the people that are complaining about the water rates, my comment is the same comment I used when I was working with these small, poor communities and that is the water and sewer service that this District provides is no different than any other utility that you are using out here. And my questions that I want you to answer as we have this discussion on whether our rates are reasonable or not, what’s your average electric bill? What’s your average telephone bill? What’s your average television bill? And when you answer those questions honestly, and then you look at what our water and sewer service is monthly, for me personally, with my household here, my water and sewer bill after the increase, is still below all those other bills.”

#### 5.4 Resolutions to Approve Rate and Fee Increases

The following Resolutions were made and seconded;

##### **RESOLUTION 2021-04-001**

##### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PERRY PARK WATER AND SANITATION DISTRICT, ADJUSTING CUSTOMER WATER AND SEWER RATES**

WHEREAS, the previous Customer Water and Sewer Rates increases for the District were effective June 1, 2020, (RESOLUTION 2020-05-001);

WHEREAS, the Board adopted the 2016 Comprehensive Master Plan on April 20, 2016, (RESOLUTION 2016-04-001) that was developed by the District’s Engineer, Operations and Staff;

WHEREAS, the District engaged a Municipal Advisor to develop a Financial Management Plan for the District that would address funding for the capital improvements identified in the 2016 Comprehensive Master Plan;

WHEREAS, the Financial Management Plan developed by the Municipal Advisor has been updated to reflect the District’s current financial status;

WHEREAS, the Municipal Advisor advised the Board to reduce the District’s reliance on tap and development fees for operating expenses;

WHEREAS, Customer Water and Sewer Rates pay for both fixed and variable operating expenses, including electricity, gas, insurance, chemicals for treatment, legal advice, engineering, operations, computers, utility software, postage, bank fees, staff, office supplies, utility locates, main break repairs, telephone service, cellular services for operations infrastructure, internet service, compliance, office supplies, replacement supplies, repairs and maintenance, accounting services, audit services, replacement water meters, replacement pressure reducing valves, website maintenance, the newsletter, the consumer confidence report, fire hydrant maintenance, and more;

WHEREAS, the Board agreed to consider possible Customer rate and fee increases at the December 9, 2020 Regular Board Meeting (RESOLUTION 20-0101);

WHEREAS, the District published the proposed rate and fee increase in the Spring 2021 Customer newsletter and mailed the newsletter to Customers in the District;

WHEREAS, the District published the proposed rate and fee increases on the District’s website [ppwsd.org](http://ppwsd.org);

WHEREAS the District published notice of the Public Hearing to discuss the proposed rate and fee increases on the District’s website, [ppwsd.org](http://ppwsd.org);

WHEREAS, the Board has considered information from consultants and citizens regarding the adjustment of the Customer rates and fees described herein, including public comments at Board meetings;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PERRY PARK WATER AND SANITATION DISTRICT, THAT THE FOLLOWING CUSTOMER WATER AND SEWER RATES BE ADOPTED, EFFECTIVE JUNE 1, 2021:

**SCHEDULE OF WATER AND SEWER RATES  
EFFECTIVE JUNE 1, 2021**

**RESIDENTIAL (Bimonthly Billing Cycle)**

**Water Base Rate: \$63.53**

**Plus:**

Gallons		Rate per 1,000 Gallons
1,000	10,000	\$2.43
11,000	33,000	\$6.74
34,000	66,000	\$8.67
67,000	133,000	\$11.04
Over 133,000		\$14.72
Minimum Daily Water Rate		\$1.06

**COMMERCIAL (Monthly Billing Cycle)**

**Water Base Rate: \$63.53**

**Plus:**

Gallons		Rate per 1,000 Gallons
1,000	9,000	\$2.43
10,000	45,000	\$7.60
46,000	100,000	\$9.76
101,000	200,000	\$12.44
Over 200,000		\$16.57

**Sewer Base Rate: \$87.67**

Minimum Daily Sewer Rate	\$1.46

**Sewer Base Rate: \$46.70**

	Rate per 1,000 Gallons
Restaurants	\$6.97
Other Commercial	\$4.08

The motion passed unanimously.

**RESOLUTION 2021-04-002**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PERRY PARK WATER AND SANITATION DISTRICT, ADJUSTING WATER TAP FEES, SEWER TAP FEES, WATER CORE CHARGE/DEVELOPMENT FEES AND SEWER CORE CHARGE/DEVELOPMENT FEES**

WHEREAS, the previous tap and core charge/development fee increases for the District were effective September 1, 2017 (RESOLUTION 2017-08-001);

WHEREAS, the Board adopted the 2016 Comprehensive Master Plan on April 20, 2016, (RESOLUTION 2016-04-001) that was developed by the District's Engineer, Operations and Staff;

WHEREAS, the District engaged a Municipal Advisor to develop a Financial Management Plan for the District that would address funding for the capital improvements identified in the 2016 Comprehensive Master Plan and to provide updates to the Financial Management Plan annually;

WHEREAS, water tap fees, sewer tap fees, water core charge/development fees and sewer core charge/development fees are set by the District to recover an equitable portion of the value of the District's infrastructure required to meet the demand of the new Customer, including the District's treatment facilities, water storage facilities, water distribution system and sewer collection system;

WHEREAS, based on recommendations presented to the Board to ensure that the District is adequately funding existing infrastructure, equipment repair, equipment replacement and other capital improvement projects and existing debt service, the Board has determined that an increase in certain fees is necessary;

WHEREAS, the Board agreed to consider possible tap fee and development/core fee increases at the December 9, 2020 Regular Board Meeting (RESOLUTION 20-101);

WHEREAS, the Board has considered information from consultants and citizens regarding the adjustment of the tap fees and development/core fees, including public comments at Board meetings;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PERRY PARK WATER AND SANITATION DISTRICT, THAT A 10% FEE INCREASE OF THE CURRENT WATER TAP FEES, SEWER TAP FEES, WATER CORE CHARGE/DEVELOPMENT FEES AND SEWER CORE CHARGE/DEVELOPMENT FEES BE ADOPTED, EFFECTIVE JUNE 1, 2021:

The motion passed unanimously.

Director Peterson made the following offered that he believes the \$50 capital improvement fee is correct. Director Peterson noted "it's based on estimates and we actually have shaved some costs off some of those things already. But we don't know what the cost of some of the other things that we'll end up doing as we finally do the final design will be." "With that said, I have listened carefully to comments that our residents and customers have made and I do understand their concerns. The one I probably heard the most is isn't there some way we can make this a little less painful and not be so much all at once." "I also heard there are issues, questioning how Ehlers has come up with some of the monies and where we're at on that. And this is some information we still need to find out exactly on their figures why they are what they are."

Director Peterson that based on these items he would suggest a \$25 capital improvement fee increase, which would make the cost go from \$16.54 to \$41.54 instead of \$66.54 at this time.

Director Maras suggested that there should be an understanding of the why the Board suggested a \$50 capital improvement fee increase to begin with. Director Maras added that it is critical that the District quit relying on capital funds for operating expenses. Additionally, the cost of replacing the District's assets that are past their useful-life; will only get more expensive. Director Maras offered that "for the people that think that \$5 million is a lot of money, that's nothing. Expenses at this District are going to have to be gone in the next 10 to 20 years as we have to start fixing things and adding on and replacing infrastructure".

**RESOLUTION 2021-04-003**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PERRY PARK WATER AND SANITATION DISTRICT TO INCREASE THE CAPITAL IMPROVEMENT FEE**

WHEREAS, the current capital improvement fee for the District was effective June 1, 2020 (RESOLUTION 2020-05-001);

WHEREAS, the Board adopted the 2016 Comprehensive Master Plan on April 20, 2016, (RESOLUTION 2016-04-001) that was developed by the District's Engineer, Operations and Staff;

WHEREAS, the District engaged a Municipal Advisor to develop a Financial Management Plan for the District that would address funding for the capital improvements identified in the 2016 Comprehensive Master Plan and to provide updates to the Financial Management Plan annually;

WHEREAS, the capital improvement fee was established to fund projects identified in the District's 2016 Comprehensive Master Plan, to contribute to the District's acquisition of senior, renewable, water rights, to contribute to the replacement of the District's aging water distribution and sewer collection systems, and other capital improvements;

WHEREAS, based on recommendations presented to the Board, the Board continually evaluates the capital improvement fee to ensure that the District is adequately funding the abovementioned capital improvements;

WHEREAS, the Board agreed to consider a possible capital improvement fee increase at the December 9, 2020 Regular Board Meeting (RESOLUTION 20-101);

WHEREAS, the Board has considered information from consultants and citizens regarding the adjustment of the capital improvement fee, including public comments at Board meetings;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PERRY PARK WATER AND SANITATION DISTRICT, THAT THE CAPITAL IMPROVEMENT FEE INCREASE FROM \$16.54 TO \$41.54 BE ADOPTED, EFFECTIVE JUNE 1, 2021:

The motion passed unanimously.

A motion was made and seconded; (RESOLUTION 21-031) TO CLOSE THE PUBLIC HEARING. The motion passed unanimously.

**6.0 Adjournment** - A motion was made and seconded; (RESOLUTION 21-032) TO ADJOURN THE REGULAR MEETING AND PUBLIC HEARING. The motion passed unanimously. The meeting adjourned at 17:19.

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Secretary, James Maras