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**PAGOSA SPRINGS SANITATION
GENERAL IMPROVEMENT DISTRICT MINUTES
TUESDAY MARCH 1, 2011
Town Hall Council Chambers
5:00 P.M.**

- I. **CALL MEETING TO ORDER** – Board President Aragon, Board Member Cotton, Board Member Holt, Board Member Jackson, Board Member Lattin, Board Member Volger
- II. **APPROVAL of MEETING MINUTES FROM FEBRUARY 1 & 17, 2011** – Minutes were approved as read.
- III. **DEPARTMENT HEAD REPORT**
 1. **District Manager Report** - January's flows were .190MGD on average; there was a 90% removal rate for BOD. There were no violations in January. USDA has approved the waste water plant application and obligated funds. The "Letter of Conditions" required by USDA has been started. An interim loan or construction loan has been requested from CWRPDA and the results should be received on Friday March 4, 2011. Town Manager Mitchem spoke with Duane Dale from USDA regarding the grant and loan funding. Mr. Dale said the District received a very low interest rate of 2.5%; the grant and loan amounts were based on the current district rates of \$37.50 per ERT. The District should not have to raise the fees in order to meet the annual debt service. Board Member Cotton said this plant is similar to the original \$6 million plant the district bid in 2008. The district couldn't afford the \$6 million dollar plant before, and the new plant is \$1 million dollars higher and he feels the district can't afford this new loan either. He isn't happy with a 40 year loan and is very upset with the USDA's offer on \$3.1 million dollar loan and \$787,000 grant funding. He said the \$37.50 per month rate is more than one and a half times the national average and feels it's ridiculous. He said the way the grant funds are set up, the Town has to borrow \$5.1 million before the grants kick in. Town Manager Mitchem said he is working to calculate ways to pay the 40 year loan off much earlier. Board Member Cotton doesn't want to go down the new mechanical plant path and instead look to redo the lagoon instead. He is not comfortable with a \$7 million dollar plant which serves only 1,400 people and doesn't feel the district can afford it. Town Manager Mitchem said if the district waits to build a new plant, interest rates will most likely go up possibly double the rates we currently have locked in. He said without the low interest rates it may be impossible to build a mechanical plant. Board Member Jackson doesn't believe the Town's population will increase enough in the next few years to require a new plant. Town Manager Mitchem said the health department can put a freeze on community development due to the violations the treatment plant has received. Board Member Cotton believes the State Health Department is wrong and their calculations of the violations are wrong and that the district has not been in violation. Board Member Holt said the State Health Department has the Town between a rock and a hard place. He said the State shut down Bayfield's building permits until they built a new plant. Board Member Volger is frustrated by bureaucracy, but doesn't believe there are many options to get in compliance and serve the district needs in the future. He believes that putting this money toward the problem will fix it and is ready to bite the bullet to fix the plant. Board Member Lattin asked about the increase of \$1 million dollars, Town Manager Mitchem said there is additional berming, moving of the plant and engineering required by the USDA to get the loans

and grants. Town Manager Mitchem said CWPRA is frustrated with the Town and has given the District an ultimatum to use the funds or CWPRA will take the funds back. He said the current plant design is good for the current use and a bit more. Board Member Volger believes the district has to proceed on the current path with USDA. Mr. Jim McQuiggin said the original mandate made by the State was to get rid of the current lagoon because CDPHE won't certify these plants any longer and required the district to change to a mechanical plant, the mandate was not necessarily related to violations by the district. Board President Aragon doesn't feel there is much of an option at this point. He asked Town Manager Mitchem to ask some hypothetical questions to the State Health Department regarding the consequences and liability on the district. Town Manager Mitchem said he will ask and believes, similar to Bayfield, there will be fines and possibly a freeze on building. He believes building the plant is the best option the district has right now, and believes there will be inflation and higher interest rates in the near future. On February 2nd 2011, there was a main line clog which caused sewage to flood the Pagosa Center for the Arts building in the back rooms causing approximately \$6,000 worth of damage.

IV. Next Board Meeting March 24th, 2011 at 12:00pm

V. ADJOURNMENT – Upon motion duly made, the meeting adjourned at 6:36pm.