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**PAGOSA SPRINGS SANITATION  
GENERAL IMPROVEMENT DISTRICT MEETING MINUTES  
THURSDAY, SEPTEMBER 17, 2009  
Town Hall Council Chambers  
12:00 P.M.**

- I. CALL MEETING TO ORDER** – Mayor Aragon, Council Member Holt, Council Member Jackson, Council Member Pierce, Council Member Volger, the meeting was called to order at 1:08pm.
- II. NEW BUSINESS**
- 1. Repayment of DOLA Loan** – In 2003 the Colorado Department of Public Health and Environment ordered that the Town of Pagosa Springs take action to rectify non-compliance with clean wastewater standards. In response, the Sanitation General Improvement District has completed engineering for a new wastewater treatment plant. At the request of the State of Colorado, the District raised its monthly sewer service rate to \$37.50 to prove its capability to pay back loans on the new plant. In anticipation of additional engineering expenses and the prospect of an early construction start date, the District executed a DOLA Energy and Mineral Impact Assistance Program loan for \$1,500,000 in August of 2008. The bids for plant construction received April 22, 2009 ranged from \$5.9 million to \$8.8 million. In response to the higher than estimated construction cost, the District has been exploring alternative system design and financing options. To reduce interest on project financing, DOLA representatives were asked if the Town could uncouple the DOLA grant and loan. We proposed to keep the \$1,250,000 grant and replace the \$1,500,000 5% interest loan with a lower interest rate loan from another source. The preliminary answer is yes. Representatives of the CWPRA have stated that the Authority will entertain the Town's application for a 2% - 2.5% interest rate loan to replace the DOLA 5% interest rate loan. The District is waiting for Colorado Department of Public Health and Environment approval of a pilot project to assess the merits of utilizing an alternative technology in the existing lagoons, thereby, reducing the cost of compliance with Department of Health requirements. At this time staff believes that it is prudent to return the \$1.5 million DOLA loan, plus approximately \$75,000 in interest. WPCRF loan is safe from interest penalties because we have not drawn off any funds however staff requires the Sanitation District Board to authorize staff to renegotiate the WPCRF Loan to apply the loan towards the Lagoon modification. Renegotiating this loan is required for keeping the loan intact with the District for if we did not the WPCRF could redirect the fund to another community. This action would coincide with CDPHE approval with the pilot study and lagoon modification direction. Council Member Volger asked about reducing the sewer rates, Sanitation Supervisor, Phil Starks, said he has had verbal communication with Colorado Water and Power Authority and has asked about the ability to lower rates but still maintaining the \$2 million dollar loan, he was told it is possible. Council Member Pierce would like something in writing from CWPRA regarding a rate decrease prior to discussing a rate change. Council Member Holt moved to approve repayment of the DOLA Energy and Mineral Impact Assistance Program: \$1,500,000 plus accrued interest of approximately \$75,000, Council Member Jackson seconded, unanimously approved. Council Member Pierce moved to approve staff to renegotiate

WPCRF Loans to apply the loan towards the lagoon modification if the District is successful with the pilot program, Council Member Holt seconded, unanimously approved.

**III. OLD BUSINESS**

**IV. Approve August Financial Report and Accompanying August Payments** – Council Member Jackson moved to approve August financial report and accompanying August payments, Council Member Volger seconded, unanimously approved.

**V. Next Board Meeting October 6, 2009 at 5:00pm** - The October mid-month meeting has been rescheduled to the fourth Thursday, October 22<sup>nd</sup>, at 12:00noon. 2010 budget District work sessions will be tentatively scheduled for the weeks of October 12<sup>th</sup> and 19<sup>th</sup>.

**VI. ADJOURNMENT** – Upon motion duly made the meeting adjourned at 1:25pm.