

RECORD OF PROCEEDINGS

KREMMLING SANITATION DISTRICT

REGULAR BOARD MEETING
September 13, 2010

The Board of Directors for the Kremmling Sanitation District met in the boardroom located at 200 Eagle Avenue at 7:00 p.m. The meeting was called to order by Secretary/Treasurer Jim Ward at 7:07 p.m. Directors present: Dave Jones and Jeremy Butler. Directors absent: President Jason Bock. Staff present: Jeremy Bock and Rich Rosene. Audience present: Dave Hammer, Therese McElroy, Chris Sammons, and Dave Morano.

APPROVAL OF MINUTES: JONES MOVED TO APPROVE THE REGULAR MEETING MINUTES OF AUGUST 9, 2010 AS PRESENTED. BUTLER SECONDED. ALL "AYE" VOTES.

APPROVAL OF EXPENDITURES: The expenditures include a partial payment for the Janifa Mero sewer back-up for her out-of-pocket expenses of insurance deductible and a plumber. She is still gathering values for other items not covered by her homeowner's insurance.

JONES MOVED TO APPROVE THE EXPENDITURES PRESENTED FOR THE PERIOD OF AUGUST 10, 2010 THROUGH SEPTEMBER 13, 2010 IN THE AMOUNT OF \$42,401.44. BUTLER SECONDED. ALL "AYE" VOTES.

MCELROY FAMILY REQUEST FOR INDIVIDUAL SEWAGE DISPOSAL SYSTEM:

Therese McElroy was present to request a letter from the District that would allow three parcels owned by members of the family to install individual sewage disposal systems. The parcels are currently using the lagoons previously used by the River Ranch Mobile Home Park. The lagoons will need to be shut down soon as the mobile home park is now in the sanitation district. The three homes would like to install septic systems since they are outside of the district boundary and also outside of the town limits. Jeremy Bock said they would need a lift station to be able to use our system as they are on the south side of Highway 9 and can not gravity flow to our system. Chris Sammons said the parcels are not likely to be developed and they would need to go through county planning and town approval before any additional homes could be built. Jeremy has talked to their engineer, George Fosha, and the county about the use of septic systems there. The county would need a letter from the district stating that we can not provide service and that we would not require them to connect to our system since two of the homes are within 400 feet of a sewer main.

JONES MOVED TO APPROVE THE REQUEST FOR INDIVIDUAL SEWAGE DISPOSAL SYSTEMS FOR THE MCELROY PROPERTIES AND TO PROVIDE A LETTER STATING THAT WE WOULD NOT REQUIRE THEM TO CONNECT TO THE DISTRICT SYSTEM. BUTLER SECONDED. ALL "AYE" VOTES.

PUBLIC COMMENT: Dave Hammer was present to voice a concern about odors at the grocery store during the past summer. Jeremy said that the odors did not seem to be coming from our ponds but were likely from the pastures and sloughs near our plant. Neither is real sure of the source of the odors. Hammer said that CSU is doing a wind study on his property near the treatment plant for wind energy potential. He is going to be planting some narrow leaf cottonwoods and would like to see the district do some similar work as a beautification project around the facility. He also expressed his appreciation for the recent work they performed for us on the Smokey's Estates back-up.

2009 AUDIT REPORT:

Dave Morano of McMahan and Associates, our auditors, provided a report on the completed 2009 audit. They provided an unqualified opinion for our audit, which is the highest level and indicates they found no significant problems with the district's finances. He suggested that the board look at the Management' Discussion and Analysis for a snapshot of our current finances. On Page C-1, our net assets show an increase over 2008. Page C-2 showed large one-time increases in income and expenditures due to the insurance claim and settlement. The difference between 2008 and 2009 was significant one-time expenses in 2008 and one-time large revenue in 2009 because of the settlement. Page E-1 showed that we were over budget in revenues and expenses due to the settlement, legal fees and engineering costs. He also said they will be looking at our fixed assets in the plant and may need to write off some of the plant as unusable when we make the repairs and modifications needed to be fully operational for reclaim water and to meet our new discharge permit standards.

Their management letter states that they found no issues with our internal controls. He suggested that we talk to Colorado Water Resources and Power Development Authority to see if we can refinance our current loan as interest rates are still quite low.

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OPERATOR'S REPORT: The new discharge permit comments are in to the State. There is a disagreement on the flows in the Muddy Creek and this affects our ammonia limits. The reservoir is required to discharge a minimum flow of 20 cfs but the State is saying that their releases are much lower and therefore our discharge limits for ammonia need to be very tight. They have data for discharges and for flows into the DeBerard Ditch. The ditch can only take an amount equal to the inflow into the reservoir from Muddy Creek. Our engineers have asked the State to prove their low flows as the data we supplied from the river district shows much higher flows.

The costs for the influent room project are being modified. HDR Engineering recommends that we proceed as bids are generally coming lower than estimates. We currently have almost one-third of the total project cost tied up in engineering costs.

JONES MOVED TO PUT THE INFLUENT ROOM PROJECT OUT FOR BID. BUTLER SECONDED. JONES AMENDED HIS MOTION TO BID OUT SPECIFIC PARTS OF THE PROJECT WITH JEREMY BOCK ACTING AS OUR GENERAL CONTRACTOR. BUTLER SECONDED. ALL "AYE" VOTES.

Jeremy Bock will proceed to get some contractors to look over the framing and insulation to get some estimates.

Jeremy got the bill from Hammer Companies for the back-up in Smokey's Estates reduced to more accurately reflect actual use of equipment rather than daily rates. One hole was dug to find that the main was broken near a water service line and appears to have been damaged from the excavation for the water line. The main was repaired by cutting out the damaged section and replacing it. Jeremy tried to flush the line and still had a blockage and the jet head got stuck. A second hole was dug further downstream to remove the jet head and numerous large rocks. The main did not appear to be properly bedded prior to being backfilled during its initial installation. We need to be sure to jet and camera any new mains prior to acceptance to be sure they are not damaged or have any material still in the line.

There was a back-up in Kremmling Country near the old lift station last Saturday night. This was in the same area as a previous blockage and is very difficult to jet through the area. There are too many Ys and 45s to get the camera and jet head through. This area needs to be considered for removal of the old lift station and replacing lines and possibly a new manhole to have straight shots for jetting and camera work.

Jeremy also found that the summer crew had not done a good job of cleaning out the jet truck and filling it with fuel before they were done for the season. He would like to look at doing something different next summer.

The discharge pipe for the new surface discharge can go straight to Muddy Creek on our property. No easements will be needed as previously thought. Jeremy found the property corners and we have plenty of room on our land for the discharge.

A proposal from Grand Fence, LLC was received by Jeremy to install a cattleguard on our access road, reinstall our gates on this cattleguard and install sheep fence on our east property line for \$16,789.16. The price would include removal of the existing chain link fence and 2036 feet of new fence.

JONES MOVED TO ACCEPT THE PROPOSAL FROM GRAND FENCE, LLC FOR \$16,789.16 TO INSTALL A CATTLEGUARD AND NEW FENCING. BUTLER SECONDED. ALL "AYE" VOTES.

OLD BUSINESS: There is still a board vacancy. Dave Sammons may still be interested. Janifa Mero would like to have a backflow preventer installed to avoid any back-ups in the future and would like the district to pay the cost. Now that the repairs have been made, the chance of a back-up is greatly reduced.

JONES MOVED TO PURCHASE A BACKFLOW PREVENTER AND HAVE MERO PAY FOR THE INSTALLATION. BUTLER SECONDED. ALL "AYE" VOTES.

NEW BUSINESS: There was no new business.

ADJOURNMENT: JONES MOVED TO ADJOURN AT 8:57 P.M. BUTLER SECONDED.

Signed:

/s/ Jim Ward
Jim Ward, Secretary