DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
September 10, 2026

The Board of Directors of the Donala Water and Sanitation District met in regular session at the District's Holbein Water Treatment Facility, 15850 Holbein Drive, El Paso County, Colorado on September 10, 2026, at 1:30 P.M.

Director's Present:	Wayne Vanderschuere Bill George (Excused Absence) Kevin Deardorff Scott McCulloch (Excused Absence) Kenneth Judd
Staff Present:	Christina Hawker Carla Edwards Ronny Wright Jarred Durham
Consultants' Present:	Roger Sams (GMS) Brett Gracely (Plummer) Kelsey Briggs (Spheros)/Call-In
Guests:	James Howald (OCN) Jackie Burhans (OCN)

President Vanderschuere called the meeting to order at 1:30 P.M.

Approval of Agenda:

- No changes to the agenda.

Public Comment Non-Agenda Items:

- Burhans mentioned that MapQuest lists DWSD as Gleneagle Water and Sanitation District.

Review of Minutes:

- Minutes from August 13, 2026, Regular Board Meeting accepted.
  - Judd motioned to approve, Deardorff seconds, all aye.

Financial Report by Christina Hawker:

- Hawker stated that we have about 33% remaining for the year, so Donala is tracking right on for revenue collection.
- Hawker also said we have roughly 58% remaining to spend on expenditures for the year.
- Hawker also said the waste plant is tracking along well, with roughly 46% of its total budget remaining.

- Hawker stated that we slowed down in water sales for August, but we are still on track to hit at least our average usage for the year.
- Judd motioned to approve, Deardorff seconds, all aye.

Discussion Items:

- Recovery Agreements – Board discussion on current practices and potential interest in developing policy to include recovery agreements.
    - Hawker explained a recent customer request prompted staff to review the possibility of implementing recovery agreements within our district.
    - Hawker stated the customer sought to construct a property and initially inquired about installing a septic system. Pursuant to both our district's Rules and Regulations and Colorado Revised Statutes (Title 32), properties located within 400 feet of a district main are required to connect to the public sanitary sewer system. Ultimately, the customer worked with our district's engineering firm and a contractor to meet all district requirements and successfully connected to our infrastructure.
    - Hawker said during this process, the customer inquired about the option to establish a recovery agreement which typically allows a party that extends or installs infrastructure to recover a portion of the costs from future connections by other parties that benefit from the improvement. Our current district policies do not address recovery agreements, and we do not have an established process to track or administer them.
    - Hawker stated she consulted with our district legal counsel, and they did research into statutory requirements and determined the following:
        - Colorado law (including Title 32) does not require special districts to offer recovery agreements.
        - Implementing recovery agreements would require significant administrative oversight, including tracking eligible connections, managing payments, and enforcing agreement terms over potentially long timeframes.
        - The anticipated administrative burden would likely outweigh any cost recovery benefit to the district, particularly given our district's near-built-out status and limited remaining development opportunities.
    - Hawker said she recommends, Given the limited applicability, administrative complexity, and minimal cost benefit, I do not recommend pursuing the development of recovery agreement policies at this time. However, if the Board wishes to explore this further, staff can prepare a more detailed analysis, but we would need to assess existing practices adequately and address current and anticipated needs within the district.
        - The Donala board agreed that we will not allow for recovery agreements in our policy moving forward for the reasons Hawker stated.

Presentation: Proposed 2027 Budget Highlights by Christina Hawker

- Hawker said Inflation remains a significant planning concern for 2027. The increases are not coming from one source; they are spread across benefits, utilities, insurance-related increases, chemicals, and labor.
- Hawker also stated that the 2025 Cost of Service Analysis confirmed that current water and sewer rates are aligned with the actual cost to operate and maintain the system, fund capital improvements, and meet debt-service requirements. The planned 5 percent annual increases are intended to preserve that alignment as costs continue to grow.

- Hawker compared the 2026 budget with the proposed 2027 budget.
    - Total projected revenue declines from approximately $11.58 million in 2026 to $10.97 million in 2027, a reduction of about 5 percent. The main reasons are lower general property tax revenue and the absence of budgeted capital contributions.
    - Operating expenses will increase from about $5.43 million to $6.31 million, or roughly 16 percent. General and administrative expenses will increase from approximately $1.68 million to $1.91 million, or about 14 percent. These changes reflect inflationary pressures related to benefits, electricity, chemicals, insurance, and wages.
- Hawker said as of July 31, 2026, Donala's total reserve balances are approximately $14.35 million. This reserve balance represents several different funds all with distinct purposes. Hawker discussed each reserve:
    - Bond reserve is $1.25 million and is maintained as a condition of the bond issue.
    - Capital-project reserve is approximately $3.88 million and is set aside for future capital work.
    - Operating reserve is approximately $3.43 million, representing 180 days of operating expenses. This provides a substantial buffer for emergencies, revenue timing, and unexpected operating needs.
    - Strategic-planning reserve is approximately $5.78 million and is intended for new water rights and storage opportunities.
- Hawker discussed the proposed 2027 capital program that totals $2.915 million. These projects are focused first on immediate reliability and compliance risks, and second on future resilience.
    - The largest project is the $1.5 million rehabilitation of the R. Hull Water Plant. This facility can supply the entire District and is our most efficient treatment plant. Rehabilitation protects system redundancy, extends the plant's useful life, supports contaminant-control requirements, and preserves options for future reuse and aquifer storage and recovery.
    - $500,000 towards the Water for Tomorrow study which will evaluate how the district can maximize renewable supplies and return flows, including the technical, facility, water-rights, and legal requirements needed to move toward a near-100-percent renewable supply.
    - $300,000 for sewer CCTV program which is a proactive asset-management investment.
        - Hawker states Donala's sewer lines have not been comprehensively camera-inspected in more than a decade, and the recent main collapse underscores the importance of identifying trouble spots before they become emergencies.
    - $275,000 for the Northgate Lift Station replacement which addresses an asset installed in 1999 that is now beyond its 20-year design life. Corrosion-resistant piping and a stainless-steel baseplate will reduce failure risk and extend service life.
    - $100,000 for the Baptist Manifold replacement addresses a deteriorating common header that is essential for moving water from the Baptist Tanks to the Fox Run Tank. Replacement protects system pressure, fire protection, and emergency operations.
    - $20,000 for immediate manhole repairs, with any related sewer-line rehabilitation still to be determined.
    - $170,000 for two work trucks needed for routine work, towing, and emergency response.
    - $50,000 for engineering a backup generator at the Holbein Plant.
- Hawker said the recommendation is to approve the proposed capital program. Investing before failure is generally safer and more cost-effective than emergency response, while also protecting public health, environmental compliance, and reliable service.
- Hawker summarizes, the 2027 budget rests on two important factors.

    - Maintaining the planned five percent annual rate path to keep revenue aligned with the cost of providing water and sewer service and to reduce the risk of larger future rate spikes.
    - The $2.915 million capital program directs resources toward the district's important goals of reliability, compliance, and long-term water-supply needs.
- Hawker states that these factors together, protect service reliability today while maintaining flexibility for future projects and water-supply opportunities.

General Manager Report by Christina Hawker:

- Hawker gave an update on the Water 4 Tomorrow initiative. She stated at Donala's last board meeting, the Board Members requested that we issue a Request for Proposals (RFP) for an owner's representative and program management services related to the Water 4 Tomorrow initiative. However, after further consultation with our consultants and staff, we have determined that too many factors remain unknown to proceed with a comprehensive RFP process at this time.
- Hawker said the District's primary focus is on conducting community surveys and working with our public relations firm to educate customers and prepare for a potential ballot measure.
    - Hawker noted that the measure would ask voters to consider increasing our debt limit to support future projects, including Water 4 Tomorrow, so this is an important stage to make sure we know how and what to communicate to our customers.
- Hawker stated she recognizes the importance of maintaining momentum and to that end she recommends continuing to work with Plummer to initiate water quality testing. Plummer will also assist us with assessing permitting requirements and grant opportunities to help fund project components.
- Hawker said we will also continue to work with Spheros on the water supply, exchange, and storage supply studies throughout the end of the year.
- Hawker provided an update on our public outreach initiative and Open House event that will take place on October 1st.
    - Hawker said we officially sent out our community survey the afternoon of August 31st via email and within 24 hours, we received 102 responses.
    - In addition, Hawker said our PR firm texted each registered voter in the district on September 1st and as the board meeting, we have received 205 responses.
    - Hawker said a deadline of September 15th has been set so our PR firm can quickly get responses and develop the best presentation options for our open house on October 1st.
    - Hawker said as of the board meeting, we have 59 people RSVPs for the Open House.
- Hawker gave an update on the Willow Creek Fire and the damage to our property.
    - Hawker went to the Willow Creek Ranch on the weekend of September 4th to assess the damage.
    - Hawker stated the fire did reach the property northwest of our North Willow flume, and the fire came close to our flume, but it's still operating as it should.
    - Hawker also noticed the beavers have made a large pond.
    - Hawker said the fire and forestry service graded our pathways in and out of the property, which is nicer to drive on, but they did some significant damage to two of our stream crossings. Hawker submitted claims with the federal forestry service requesting that they repair our stream crossings and is waiting to hear back.
    - Hawker has been speaking with the fire mitigation forestry service, and they are moving ahead with fire mitigation.
        - Hawker said there is still plenty of work to be done and the Willow fire did not do the natural mitigation we thought it might. They hope to complete the work by the

end of October, and the cost remains within our approved amount, so she recommends we proceed to take advantage of the 50% match grant opportunity.
        - As a bonus, Hawker said they would also remove the beaver dams while they are up there to open the flow going into winter.
    - Hawker stated she wants to make sure the Board is ready to continue this project before continuing since we were on pause because of the Willow Fire.
        - Board gave direction to continue with the fire mitigation at the Willow Creek Ranch now that an evaluation has been done on the property assessing damages.
- Hawker discussed the power outage that occurred on August 25th.
    - Hawker said Donala lost power to the Holbein treatment plant at roughly 3:45 pm and it was determined to be a Mountain View issue, not an internal issue. Tara from Mountain View reached out quickly to confirm the outage and gave updates on the progress.
    - Hawker said staff stayed to hook a generator up to our SCADA systems at Holbein to make sure those were still up and running and the electricity came back on at roughly 5:15 pm. There wasn't any damage to the treatment plant or the booster station.
    - Hawker stated there was one issue; lightning fried the control board for the transfer switch to our Northgate lift station. Staff had to call in an electrician to make sure the generator was turned off properly, and the control board was replaced. Hawker said because of this situation, we will be adding a surge protector to that site.
    - Hawker said although we didn't run into any major issues, this is an example of why she wants to propose engineering work at our Holbein location for a generator that can power the treatment plant in emergencies like this.
    - Hawker stated Donala does have an emergency plan through our CSU connection; generators at our booster stations can pump water to all zones of our district if a power outage lasts longer than 12 to 24 hours, depending on water usage.
- Hawker said on August 14th she submitted Donala's resolution to withdraw from The Loop Authority, and sent an official letter on August 20th, as required by the MOU.
    - Hawker stated after financial discussions and projections, the ARPA grant will continue to fund the studies already completed for this project and after everything is submitted, there will be a projected balance of roughly $4,000 for all 3 entities to split.
    - Hawker said 180 days will most likely not be needed, and the dissolution can happen sooner, roughly at the end of October.
    - Hawker mentioned the current plan is to have one more regular Loop board meeting at the end of September to tie up a few things, then cancel meetings going forward unless something pressing comes up.
- Hawker gave an update regarding staffing at Donala.
    - Hawker said that she had to pull the original posting for the collections position because the salary wasn't aligned with industry salary surveys, and she wanted to tailor the posting to the district's needs. She has now re-posted this position with the correct criteria and salary information.
    - Hawker also mentioned that Donala lost one of our long-time staff members, who is an A operator and our current ORC. She has posted an operator-certified A or B position to help fill this gap that is within industry salary ranges and district needs.
    - Hawker said as of this board meeting, she has enough qualified applicants to begin the interview process for these two positions, the interviews will be held September 21st.

- Vanderschuere commented that he wants at least two A or B operators at both the Water and Wastewater plants for redundancy.

Consultants' Comments:

- Gracely continues to work with Briggs and Matt Poznanovic on various water right filings.
- Gracely said he submitted the AWIA final draft of the wastewater risk and resiliency assessment to staff and will respond to any staff comments. Plummer is still working on the Emergency Response Plan that is also required by AWIA and will hopefully be completed before the end of November. This is due by the end of the calendar year.
- Sams said he has been working with staff on budgeting and an analysis of capital improvement needs.
  - Sams said he is working with Hawker and Durham on a 3-year capital improvement scenario for the Upper Monument Waste Plant.
- Sams stated after discussions with Hawker he is trying to move the Latrobe tank coating back into the current workload. As of today, Sams had not heard back from the contractor as to whether they would be able to fit the project back into their scheduling.
- Sams said they are intending to start the RSP process for the wastewater collection system, internal inspections, and cleaning. Sams hopes to have a proposal to present at the next board meeting.
- Sams stated he just received some proposals about a week ago regarding the NMCI project and deemed them unsatisfactory, so he had a conference with the contractors and CSU earlier this week. The contractor sent over new proposals and Sams said he still thinks work needs to be done before they are accepted so he will continue to work with them.
- Sams said he thinks the Northgate Intercept Project's water distribution plans are almost at a point where Sams can recommend the District accepts them, as well as the wastewater plans. Currently, Sams said they are installing the storm sewer.
- Sams also received a request from Rocky Mountain Cycle Plaza to sign off on their new building expansion. This resulted in no extra water or sewer demand.
- Sams discussed considering policy implementation for future requests regarding property inclusion in the district. More specifically, in areas where we do not already have both water and wastewater services immediately available.
  - Sams stated that this would primarily impact the Chaparral Hills area.
  - Sams said in this part of the district Donala has Area A and Area B. Area A has access to both water and wastewater services and Area B properties only have access to one service.
  - Sams said that a lot of the properties in this area have been subdivided. Some with the intention to keep a well on one lot and tie into our services on the other parcel.
  - Sams wants the board to consider whether we still want to consider allowing a property to go through the inclusion process when both services are not immediately available. Sams stated he would recommend if the district continues to allow properties to connect without immediately available services, they be subject to an inclusion agreement with clearly defined expectations listing what each party's responsibilities are upfront.
  - Sams also recommends reviewing the $2000.00 deposit we require upfront for an inclusion agreement and making sure this amount is still sufficient for any charges the district might encounter while processing the inclusion.
  - Sams states that if the district does continue to allow only one service to be provided at a property, he recommends we state in the agreement what future requirements may look like if they need to utilize the other service.

- Both Vanderschuere and Judd stated they believe it is important to establish an inclusion agreement policy.
- Vanderschuere stated we need to make sure that George and McCullough are brought up to speed on this before the next board meeting.

- Briggs said they are getting ready to dive back into the ASR pilot study.
- Briggs also stated that Gracely reached out to her regarding the Monument Creek Alluvium Project, so she will be coordinating on that.
- Briggs continues to support the Water 4 Tomorrow Project. She noted all additional analyses have been placed on hold until they receive further direction from Hawker and the Board to move forward.
- Briggs continues to perform water rights monitoring and protection along with Gracely and Poznanovic.
    - Briggs said they are currently monitoring the two cases that involve challenging the current administration of the Denver Basin wells.
- Briggs stated Spheros is also continuing to monitor water accounting.
    - Briggs said she finished an exercise with Wright where they compiled winter return flows that are owed and submitted the schedule.

Directors Comments:

- Vanderschuere stated that he will be attending the SDA next week.

Public Comment:

- None.

Executive Session:

- At 3:05 pm, President Vanderschuere motioned to move into Executive Session A pursuant to Section 24-6-402(4)(a) and (e), Colorado Revised Statutes, for the purpose of discussing the possible acquisition of FMIC shares and developing strategy for negotiations related to potential storage options and the district's water portfolio. The discussion will include confidential matters pertaining to the purchase, acquisition, or transfer of real property interests, and determining positions relative to matters that may be subject to negotiations.
    - Judd motioned to approve, Deardorff second, all aye.
    - A brief break was taken from 3:06 pm – 3:15 pm
- President Vanderschuere called the board meeting back into open session at 4:03 pm to give direction on matters discussed during Executive Session A.
    - Vanderschuere stated no action was taken during session A; however, direction was provided to Hawker to prepare a confidential bid proposal.
    - Deardorff motioned to approve, Judd seconds, all aye.
- At 4:05 pm, Vanderschuere read in Executive Session B, Pursuant to Section 24-6-402(4)(d), Colorado Revised Statutes, for the purpose of discussing specialized details of our cybersecurity program, including the results of recent penetration testing and potential vulnerabilities. Disclosure of this information in a public meeting would pose a risk to the security of district operations, data, and infrastructure.
    - Vanderschuere said this session should be postponed because McCullough had requested this information and he was absent from this meeting.

    - Both Deardorff and Judd agreed, executive session B was postponed.
- At 4:06 pm, Vanderschuere motioned to move into Executive Session C, Pursuant to Section 24-6-402(4)(f), Colorado Revised Statutes, for the purpose of discussing personnel matters, including the roles and responsibilities of the superintendent and potential new positions that may need to be filled.
    - Judd motioned to approve, Deardorff second, all aye.
- Vanderschuere motioned to adjourn Executive Session C and moved back into open session with no action taken at 4:24 pm.
    - Vanderschuere said the Board gave the Deputy General Manager direction on personnel matters discussed.
- At 4:25 pm, Vanderschuere motioned to move into Executive Session D, Pursuant to C.R.S. § 24-6-402(4)(f), for the purpose of discussing personnel matters related to the general manager, and that this executive session be limited to **Board Members Only**.
    - Judd motioned to approve, Deardorff second, all aye.
- At 4:50 pm, President Vanderschuere called the board meeting back into open session.
    - Vanderschuere stated direction was given to hire a new General Manager, with Judd and Deardorff acting as the administrators.

Adjourned at 4:58 pm.

These minutes are respectfully submitted for record by Carla Edwards on September 23, 2026.