

**NOTES OF THE BOARD OF DIRECTORS BUDGET WORK SESSION MEETING
ARABIAN ACRES METROPOLITAN DISTRICT**

September 2, 2015: 4:30 P.M.

Lost Dutchman, Florissant, CO

ATTENDEES

Directors present: David Belfiore, Director
Wade Holder, Treasurer
Rebecca Seaman, Secretary
Betty Williams, Director
Robert (Eric) Winterer, President

Others present: Judy Bertrand, Metropolitan District Management
Carmen Barker, Metropolitan District
Lynn Willow, Water ORC

**ADMINISTRATIVE
MATTERS**

Attendance and Agenda: The work session was called to order by President Winterer at 4:45 pm and a quorum was noted.

Disclosure of Conflicts of Interest: The Board had previously been informed of the Colorado Revised Statutes to disclose potential conflicts of interest to the Board of Directors and Secretary of State. President Winterer requested the Board members to disclose any conflicts of interest. There were no conflicts.

**DRAFT BUDGET
PRESENTATION**

The District Manager provided handouts of the Preliminary Budget for 2016 and a Long Term Budget Projection for 2016-2020; which included a chart of capital projects. Judy Bertrand showed the Board that the Bond reserve would be funded with \$50,000 in 2016; \$55,000 in 2017 and \$32,250 in 2018 which would bring the reserve to \$146,250 (with \$9,000 already funded in 2015).

Ms. Bertrand's projections included lowering the supplemental fee to \$90 per month in 2016; to \$85 per month in 2017; to \$80 per month in 2018; to \$70 per month in 2019 and to \$60 per month in 2020.

She also discussed that her goal was to begin funding for Capital Reserves in the amounts of \$18,000 for 2016; \$18,000 for 2017; \$25,750 for 2018; \$30,000 for 2019 and \$28,500 for 2020 for a total reserve of \$120,205.

Ms. Bertrand stated if the system was repaired and maintained better that the water purchases (distribution system) allocations could decrease over the years and help build up even more reserves.

She noted that she had allocated to repairs and maintenance the following amounts:

\$19,246 in 2016; \$21,747 in 2017; \$21,500 in 2018; \$32,699 in 2019; \$23,188 in 2020 for a total amount to repairs of \$118,380 over that time period.

There was discussion of the opportunities for grants; however, Carmen Barker stated that the Preliminary Engineering Report (PER) was not compatible with USDA standards for submission. Secretary Seaman mentioned that Cripple Creek made infrastructure improvements through USDA. Lynn Willow stated the USDA normally provided grants for water quality issues.

Metropolitan District Management (MDM) stated they would be raising their flat rate \$500 a month due to the fact that they based their rate on the \$37,000 that was included in the financials for 2014. Judy Bertrand stated that the actual charge for management was approximately \$80,000 with even more charges going toward outstanding accounts payable. This increase will not occur until their contract comes up for renewal in March 2016. Ms. Bertrand also stated that they could not continue providing out-of-scope operations work without charging the District. For this reason she stated that they had included \$450 a month for out-of-scope special projects. Judy Bertrand and Carmen Barker left the room in order to allow the Board to discuss their fees for next year. No notes were taken during this conversation. When returning MDM said that it was their right to prepare a RFP for management services if they wished and President Winterer said that the rates would be higher than what MDM was charging even with the increase. Secretary Seaman asked the Board if they wanted to prepare a RFP for management and the Board determined that was not their desire.

Director Holder requested that Ms. Barker provide a scope of work for the Out-of-Scope expenses in 2016 and also asked her to bring the Water Manual that other Districts use.

Capital Budget Discussion: There was extensive discussion on capital projects and repairs and maintenance. Mr. Willow stated that he believed the priority was the meter pits which would cost approximately \$3,200 each. Director Williams asked if we could obtain these cheaper and both President Winterer and Mr. Willow stated no. Secretary Seaman stated she believed we should be proactive on the water pits. The previous cost for the well meters was \$2,800 and the cost of \$3,200 seemed reasonable. President Winterer stated they should start with 2, but no consensus was reached as to the number to install.

Treasurer Holder had some issues concerning the totalizers as they need separate readings on 2 wells. The totalizers and meter pits are needed on all wells. He also mentioned that in order to install loggers that the ORC would need a jack hammer, generator and metal detector. Ms. Bertrand stated that there may be enough funds available in 2015 to purchase those items if they came to around \$4,000.

The Board agreed that the top priority for capital expenditures was the Meter Pits and Totalizers; with Loggers being the next priority.

Secretary Seaman asked how many are repeat breaks and Mr. Willow stated about 5% and that once broken he repairs them. He did state that there are 3 very bad areas and Director Seaman stated that we should focus on those and increase the road level and repair. However, the problem is the roads are county owned and maintained. Secretary

Seaman asked how long the pipe would be to replace and Mr. Willows responded that Denwood had approximately 1,000 feet; Donzi 1,200 and Jenwood 800. At \$100 a foot this would be prohibitive at this time.

Ms. Baker stated that we would need at least \$5,000 for an engineer to evaluate this; with Mr. Willow stating any line replacement would need engineering services. Ms. Barker offered to review the PER for any information on line replacement.

There was discussion of replacing 3 valves. Mr. Willow stated that he can shut down part of the system to make repairs. Treasurer Holder stated that we needed other valves and also a location to store District property. The issue with the Buildings is that they contain corrosive materials, are not heated and are easy to break into. Secretary Seaman stated that the buildings need work. Gary Seaman stated that a 20 foot storage container may cost no more than \$3,000.

Craig Baker discussed the quality of the loggers and said the ones AAMD purchased were not PVC friendly. Mr. Willow stated that he can set the readings based on the material for the loggers.

Secretary Seaman stated that she was concerned about the ORC contract as his invoices show reading meters as overtime. However, it was discussed that it was not actually an overtime rate, but hours over the 48 per the contract. Mr. Willow stated he would change the verbiage on his invoice.

A 2008 grant was applied for to install remote read meters. Ms. Barker stated that there are grants that would allow for 25% District contribution if less than \$200,000.

Mr. Willow stated that JDS Hydro has valves but that AAMD needs to pay them off prior to them performing any additional work. Ms. Bertrand stated that there was only \$6,700 left to pay.

Treasurer Holder stated that a larger storage tank and the 3 well permits should also be at the top of the capital project list. A refurbished tank was discussed and Mr. Willow stated another 100,000 gallon tank could be placed next to the other. The cost was discussed as being around \$1 per gallon for a total of \$100,000. Ms. Bertrand asked about pumps and other equipment and Mr. Willow responded that it would be gravity fed so no pumps were needed, but there would be a cost for connecting the pumps with SCADA at approximately \$8,000. The cost of drilling a well was expected to be \$26,000 with Sandy Zuniga stating the total would be around \$47,000 including testing.

Craig Baker stated that water production was going down over the years and Mr. Willow explained that was due to less usage by the District residents. When people aren't using the water he shuts off certain pumps.

Secretary Seaman asked if the District's attorney was using paralegals for basic work. The District Manager said she would check with Mr. Downie.

Note: There was no public comment as the public was allowed to ask questions throughout the work session.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion by Secretary Seaman, seconded by Treasurer Holder, and upon unanimous vote, the meeting was adjourned at 6:10 p.m.

The next regular meeting is scheduled for September 16, 2015 at 6:00 p.m. at Police Department, 911 Tamarac Parkway, Woodland Park, Colorado

Respectfully submitted,
Judy Bertrand, District Manager: Secretary

THESE MINUTES APPROVED AS THE OFFICIAL SEPTEMBER 2, 2015 MINUTES OF ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS.

(Signed copy in possession of the District Manager)

David Belfiore, Director

Wade Holder, Treasurer

Rebecca Seaman, Secretary

Betty Williams, Director

Robert (Elric) Winterer, President