

**MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING
ARABIAN ACRES METROPOLITAN DISTRICT**

January 15, 2020 at 5:30 P.M.

Divide Fire District Station, 103 Cedar Mountain Road, Divide, Colorado 80814

In attendance were Directors:

Edith Coffman, President
Lanny Hoel, Treasurer
Lucas Ortivez, Secretary
Allan Brown, Assistant Secretary
Stan Claassen, Assistant Secretary

Also in attendance were:

Lynn Willow, ORC
Kevin Walker, WSDM
Riley Walker, WSDM
Kristina Kulick, WSDM
Members of the public (see sign-in sheet)

1. ADMINISTRATIVE MATTERS

- a. Call to Order & Declaration of Quorum: President Coffman called the meeting to order at 5:30 p.m. and confirmed all Board members were present.
- b. Confirm any Potential Conflicts of Interest: The Board confirmed there were no conflicts of interest.
- c. Discussion and Approval of the Agenda: Director Brown moved to approve the Agenda; seconded by Director Ortivez. Motion passed unanimously.
- d. Review and Approval of the November Board of Directors Meeting Minutes: After review, Director Ortivez moved to approve the November Board of Directors Meeting Minutes; seconded by Director Brown. Motion passed unanimously.
- e. Review and Approval of the December Board of Directors Meeting Minutes: After review, Director Claassen moved to approve the December Board of Directors Meeting Minutes; seconded by Director Brown. Motion passed unanimously.

2. FINANCIAL MATTERS

- a. Review of billing and collection status: Mr. Walker reported there was no reading in December, so the \$135 bill was sent on December 6, 2019. Mr. Walker went over the December and January collections. Mr. Walker explained that the issue where an individual removed their lock has been resolved with a new lock put on the stop box. Mr. Willow will be monitoring the meter as well. Mr. Walker noted they are working with the Sheriff's Office on a charge for tampering with a public utility.
 - Update meter read status: Mr. Willow reported that as of January's read, there are 20 remaining meter read issues and 3 meters will need to be replaced. Most of the other reading issues have been resolved by moving the decimal point. Mr. Willow will be offering bucket tests at 24 locations where there were high reads. So far, no bucket test has shown that the meter was wrong. Mr. Willow

confirmed he is checking for line leaks at the locations with bucket tests as well. Mr. Willow noted they have made really good progress in the last 30 days and the last batch of bills went out today after re-reads. Mr. Walker encouraged everyone to sign up for email billing and autopay. The free customer portal is available at this time, and Walker Schooler District Managers is helping those who have had difficulties registering. Mr. Walker said he is hoping all the bugs will be worked out in March, so the Board can discuss monthly billing in the Spring. Mrs. Callan said she received a monthly bill in December for just one month. Mr. Walker explained that the billing was for November, but the read may have occurred in December.

- b. Review and approve the Payment of Claims: Mr. Walker noted two additional payments that were added today. Director Claassen asked about water purchase in September that we are paying for now. Mr. Willow explained it was a bill that was missed and resubmitted from when the well went down in September for 4 loads of water for \$1,100. It was caused by a power outage from a lightning strike affecting 2 wells. Director Claassen asked about the AquaWorks invoice and noted the hours seemed high considering there is no deadline. Mr. Walker confirmed the design aspect should be complete at the end of this month and there is a deadline with the grant. Director Claassen noted that the Board postponed Mr. Feidler's invoice payment last month so Mr. Willow could review the hours, which he did, and it was accurate hours for two and a half months. Director Claassen asked if Mr. Feidler's \$80/hour for snow removal is reasonable. Mr. Willow confirmed it is a reasonable price, and noted he plows in 3 locations for the District. Director Claassen asked about the Dana Kepner invoice. Mr. Willow explained the credits on the invoice were for leftover materials, and the charges were for 1 meter and radio. Mr. Walker explained the design memos from Jehn Water Consultants and that those charges are covered by the grant. Director Claassen asked about the continued charges in the contract with them. Mr. Walker explained they are wrapping up the design project and that they are working on finishing the specs. Director Claassen asked about the Mission Communications charges. Mr. Willow explained they monitor the tank levels in the control buildings, and it was their annual charge. Mr. Walker explained the Renewal Support charge is a federal requirement that Special Districts must keep up with relating to their bonds and grants. Director Claassen moved to accept the Payment of Claims; seconded by Director Hoel. Motion passed unanimously.
- c. Review and accept the December 2019 Financial Status: Mr. Walker reported they are updating the budget documents. He noted the current cash balance is up from last month but there are no other major changes. President Coffman pointed out that the judgement is still on the financials. Mr. Walker said he will remove it. Director Ortivez moved to accept the December 2019 Financials; seconded by Director Claassen. Motion passed unanimously.

3. OLD BUSINESS

- a. Resolution naming Walker Schooler District Managers the 2020 election DEO: Mr. Walker explained he could provide a proposal for the election, but he does not have

one today because he will be out of town on Election Day and the Board must designate an individual not a company as the DEO. He noted that he would bill up to \$3,000 on an hourly basis. Mr. Walker proposed the Board names him the DEO for the moment, and when he finds a replacement that can work with his company, they can change that person as the DEO. Mr. Walker said he has called around and a lot of companies are not able to take on new clients, but he is optimistic in finding someone that can replace him. Director Brown moved to accept the Resolution naming Kevin Walker the 2020 Election DEO; seconded by Director Claassen. Motion passed unanimously.

Mr. Walker said there are 3 Board positions open and he brought self-nomination forms that are due prior to February 28, 2020. He explained it would be a 3-year term and all 3 Board members are eligible to run. Mr. Walker said they will mail ballots but will also host the election on May 5th, 2020 at the Divide Fire District Station.

- b. Report on grant application status for construction projects: Mr. Walker reported he had a working session with Mr. Sommers and went over what a priority map would look like. The first 2 pieces of the project as envisioned is a new tank and 2 new wells with upgraded well control buildings. Reviewed the mapping on pipe replacement and outlined up to 8,000 linear feet. Also, the whole system from Control Building A to the tank needs to be replaced. They also identified priority areas that have frequent freezing. Mr. Walker discussed medium and low priority areas on the map. Mrs. Callan asked which well the lead was coming from. Mr. Willow confirmed that lead is not coming from the wells, but from leaching out of customer's lead service lines or fixtures. Mr. Walker went over the status report and the flow chart showing the plans for the SRF loan application steps from Mr. Sommers with AquaWorks. He explained we are currently at the stage where we would apply for the \$1.5 Million loan to go with the \$1.0 Million grant that the District was approved for. Director Claassen asked about a deadline for when we identify the scope of work. Mr. Walker explained that once we know about the loan, we could start to bid the project which then will let us know what we can afford on the priority list. Mr. Walker confirmed the District does not have to draw on the entire grant or loan and can determine what we want to do once we get the bids and prices. As soon as Mr. Walker gets the final design documents, he will share them with the Board and put on the website. Mr. Walker confirmed there would be nominal rate increases with the new loan, around 2% to 3%. The District could do an inflationary increase every year of all fees or could do one or the other, but there are a lot of different ways to do it. Mr. Walker confirmed the analysis was done to make sure what the District could afford without substantially raising rates. Mr. Walker explained the grant and the loan go hand in hand, so if we take a \$1.5 Million-dollar loan we would get a \$1 Million-dollar grant. The loan would be anywhere from 20 to 40 years. Director Brown discussed the surplus must be \$90,000 for the projected loan. Mr. Walker explained the model that was done to project the District's income

and that it shows the surplus is currently. The Board discussed the mill levy and that there is no consideration of raising it. Director Hoel moved to accept the design plans and apply for the loan; seconded by Director Ortivez. Motion passed unanimously.

4. OPERATOR'S REPORT

- a. ORC Report: Mr. Willow reported that he has been working with Mr. Walker and Mr. Sommers to assess the main lines and identify priority areas that need replacing and repairs. Mr. Willow said he is still completing bucket tests and every test has been accurate and within a tenth of a gallon during the 5-gallon tests. Meters have been certified by the factory and they are tested prior. He reminded customers with hoses in the front of the house to disconnect them to prevent freezing and damage to their service line. Mr. Willow said he will stay after the meeting to answer any questions.

5. NEW BUSINESS

- a. Update on well research progress for Arabian Acres – Director Brown: Director Brown explained that he researched what it would take to put wells and or cisterns in Arabian Acres Metropolitan District. Director Brown presented a power point presentation and discussed the history of the water system in the District. He discussed that the average water bill for customers on the system approach \$200 per month with water usage and the \$135 fee. Director Brown went over the redesign summary from AquaWorks and the costs for the proposed improvements to the system. He expressed his concerns with borrowing another large amount of money and that it will not completely solve the most failure-prone part of the system. Director Brown discussed the alternative option of transitioning residents to wells or cisterns. Black Mountain estimated an average drilled well would be \$20,000. An estimate for a 2800-gallon cistern in-ground installed is \$8,000 and estimate for filling it with water would be \$150 per delivery. Director Brown brought up water rights and how all Arabian Acres Metropolitan District is exempt from the requirements of 1972 requiring augmentation. Director Brown said he spoke with an individual at the Colorado Division of Water resources in Denver, and individual wells can be installed, if possible, noting the limitation of being in a water district. Mr. Leonard said he would like to install a well on one of his lots, since he cannot tie into the system and was told he would need to get permission from the District. The Board discussed that any changes to the service plan would have to be approved by the Teller County Commissioners. Mr. Walker confirmed a single exclusion would not be a material change to the service plan. Director Brown stated that if most Arabian Acres residents wanted a plan to transition from the water district to dependence on wells or cisterns, a plan could be established. His major concern with the water district is the amount of money it will take to get to a reliable system. The current debts related to loans would be retained by those on the service and the current bond debt would be retained by

the district residents including Trout Haven. Director Brown suggested a transition plan of maybe 3 years, to allow people to fund their own way to a well or cistern after which the district would be shut down or put into a long-term retirement. He said that at least \$5,000,000 or more is required to get the district water system to a reliable state, probably more. Wells at \$20,000 each multiplied by 150 residential properties would be \$3,000,000. Director Brown clarified that individuals would cover their own costs. Director Brown noted it would be up to the people who are on the service whether they want to go down this route or not and wanted to provide this option.

Mr. Baker stated that wells are the most cost-effective ways to deliver water to the home in our geographical region with the fractured granite. Mr. Willow said he believes the state engineer would have a lot to say about this and noted they are pro-water system versus individual wells, and pro surface water versus ground water. From his understanding, it would be the state engineer's final decision. Mr. Willow said he has not seen a successful water system shut down and transition to wells. A resident asked about the minimum lot requirement to install a well. Director Brown confirmed that it would be a 100-foot requirement around the well. Mr. Walker asked if building permits were issued with them being on a water system and would the building department have to re-issue. Director Brown said he has someone on the Planning Commission reviewing his plan and they may be able to answer that question. Mr. Walker also asked about mortgages on the property and if homeowners would have to requalify the loan since the underwriting would show the property on the system. Mrs. Callan expressed concerns about property values going down with wells and cisterns in the entire area. A woman asked if it would be sustainable to have 150 wells in the district and asked about fire protection. She also asked what happens if there is not enough revenue received from property taxes. Mr. Willow explained there is not an aquaphor in the District and drilling does not guarantee access to water. Director Brown said he will try to get information in writing about the well permits and feedback from his contact at the Planning Commission. Director Claassen suggested adding a note in the billing about this option to inform the residents and to get feedback from the customers. Mr. Walker recommended getting more information first, so they can answer the many questions.

- b. Update on Review of Trout Haven Exclusion petition process – Mr. Walker: Mr. Walker updated the Board on the review of the Trout Haven exclusion petition process. President Coffman had suggested he call an attorney who specializes in water districts and they declined to help. Mr. Walker explained the question is if the District is able to exclude property owners in Trout Haven from the District if they cannot access the water system or do not want to. He wanted to get more information on obligations and if it would be a material modification to the service plan. The consensus is that if they are excluded, they would still have to pay the bond mill levy. Mr. Walker said he spoke with 4 attorneys to gather

documentation and what would need to be delivered to a prospective attorney for a proposal. The attorneys agreed the idea has merit and cannot see why it would not occur, but there are still a lot of questions to be asked. Mr. Walker said he has started drafting the RFP and will get it delivered to attorneys. Mrs. Williams said in the past they discussed it, and someone said it would not be cost-effective. Mr. Walker said he does not see why it would not be more cost-effective. Mr. Leonard explained how he was included in Arabian Acres Metropolitan District even though he has a well and no access to the system. He said he has been paying into a system since 2002 that he cannot have access to and is of no benefit to him. Mr. Walker said that is the logic behind why they are considering this to see if it can be resolved by excluding those properties from the District if residents wanted. Mr. Walker noted the water rights question could get very expensive since if they are excluded, they don't own the water rights anymore.

- c. Approve contract for ADS, LLC (Adam Feidler) for water operation services: Mr. Walker requested to postpone the contract for ADS, LLC to next meeting so the Board has time to review.

6. OTHER BUSINESS

7. **PUBLIC COMMENT:** Mr. Winterer stated that he would prefer a known water supply like the District currently has over taking a chance on drilling a well.

Director Hoel stated we would continue to provide water to those in Trout Haven who are on the system and would not cut them off the system.

8. **ADJOURNMENT:** Director Claassen moved to adjourn; seconded by Director Hoel. Motion passed unanimously at 7:46 p.m.

Respectfully Submitted,
Walker Schooler District Managers

By: Kristina Kulick for the Recording Secretary

THESE MINUTES ARE APPROVED AS THE OFFICIAL JANUARY 15, 2020 MINUTES OF THE ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

Edith Coffman, President

Lucas Ortivez, Secretary

Lanny Hoel, Treasurer

Allan Brown, Assistant Secretary

Stan Claassen, Assistant Secretary