

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

December 18, 2019 at 5:30 P.M.

Little Chapel of the Hills, County Road 5, 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 5:34 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 requested to add discussion on tracking district maintenance, and review of Mr. Sommers' schedule of design products under New Business on the Agenda. Director Ortivez moved to approve the Agenda with Director Brown's additions; seconded by Director Hoel. Motion passed unanimously.
- d. Review and Approval of the November Board of Directors Meeting Minutes: The Board discussed Director Brown's request for the detailed discussion on the problems with the new meters, including the statement that Adam Sommers is ultimately responsible to be included in the November minutes. Director Brown moved to table the approval of the meeting minutes to January's meeting; seconded by Director Hoel. Motion passed unanimously.

2. FINANCIAL MATTERS

- a. Review of billing and collection status: Mr. Walker went over the November collections and noted it was a normal amount of late payments. New meters that were installed will be reflected on customer bills starting in January. Bucket tests were requested on 24 locations to verify the new meters are reading water consumption accurately. The Board reviewed the late payments and shut offs.
- b. Review and approve the Payment of Claims: Mr. Walker presented the payment of claims. He noted they received two invoices from legal counsel dating back to June. There was a final bill from Wayne Williams submitted a few days ago for work with the DEO in September. Director Claassen confirmed that since they amended the 2019 budget there will be adequate funds to pay the invoice. Mr. Willow confirmed

the invoice for snow removal is correct, but he has not had a chance to review the hours. Mrs. Callan asked why Mr. Downie doesn't bill on a regular basis. Mr. Walker said he cannot answer but noted that he has asked him to. The Board discussed reviewing his engagement letter. Mr. Walker said he will provide the Board with the engagement letter and noted the Board could choose to have different legal counsel, but he is cost-effective and there are not a lot of other options. Mr. Winterer said when he was on the Board, he found a lot of attorneys had conflicts of interest. Mr. Walker explained there are quite a few attorneys who have already worked with the District. The Board discussed that Mr. Downie is responsive aside from the billing issues. Director Brown said he does not agree with paying the invoice for Mr. Williams and he should have been done working for the District in June, but there is another invoice from him. He added it was a poor choice of using funds, it's illegal and the District should not have had two lawyers working on the recall. Director Ortivez asked about a credit card charge. Mr. Willow confirmed it was for a motor and mixing. Director Claassen asked about Jehn Water Consultants. Mr. Walker explained it is the hydrogeology firm that assessed the wells and is working under Mr. Sommers with AquaWorks. Mr. Riley Walker directed the Board to the memo from Jehn Water Consultants. Mr. Walker noted it is within the contract the Board approved with Jehn Water Consultants and everything is covered under the engineering grant. Director Claassen requested a copy of the contract. The Board discussed the remaining grant funds from the \$300,000 engineering grant. Director Ortivez moved to approve the payment of claims; seconded by Director Hoel. Motion passed with 4 votes yes, and 1 no from Director Brown.

- c. Review and accept the November 2019 Financial Status: Mr. Walker presented the November 2019 financial status. He noted the cash balance remains strong and final taxes have been paid. President Coffman asked why the \$173 judgement is still on the financials. Mr. Walker said he will find out and let the Board know. President Coffman moved to accept the November 2019 Financials; seconded by Director Hoel. Motion passed unanimously.

3. OLD BUSINESS

- a. Resolution calling for election in 2020 and naming a DEO: Mr. Walker explained the DEO must be designated by next month and someone can still submit a self-nomination form before the DEO is assigned. Mr. Walker noted that Dallas Schroeder and the County Clerk and Recorder will not be able to do it. Mr. Walker said Wayne Williams is available or WSDM is capable of doing it as well. Director Brown asked if WSDM could provide a proposal. Mr. Walker explained the responsibilities of the DEO and said he could provide a proposal prior to the next meeting. Mr. Walker confirmed there are no special requirements to be the DEO and anyone could do it.
- b. Review of Meter project status and plan for resolving outstanding issues: Mr. Walker reported all meters are installed, 149 are confirmed operating and 2 are still being worked on. Mr. Walker explained 43 accounts came back as questionable. 3 did not have reads, 20 were incorrect reads, and 20 were extraordinarily high reads

with bills not sent with water usage. The customers were notified in their bills and were only charged the \$135 base charge. Mr. Walker said they are working on scheduling bucket tests by running 5 gallons into the bucket to verify the meters are reading correctly. The two meters that have been tested were accurate. Work continued with the ORC, Dana Kepner, AquaWorks and WSDM to resolve a variety of different issues including serial number transfer issues and inaccurate or missing GIS readings. There are 4 issues to be resolved prior to the January 1st read, and Mr. Walker is optimistic that January's billing will be correct. Mr. Walker asked the Board what they would like to do about the 43 billing anomalies from September and October reads. Mr. Walker went over several options. One option is to charge the tier 1 rate, which Mr. Walker does not recommend. Another option is to charge an average rate for each account, average over the past year. Mr. Walker recommended they charge a percentage, 75% of average rate. He noted they could offer payment plans and could send a separate bill or include it on January's bill. Mr. Walker added that he feels confident that the reads are now accurate. After Board discussion, Director Claassen moved to charge a 75% of the average water usage on a separate bill; seconded by Director Hoel. Motion passed unanimously.

Mr. Walker discussed that the replacement of meters in houses with meter pits near the street creates service line leak concerns. 90% of the lines are in this category, and if there was an undetected leak in the service line between the stop box and the house, it will now be registering in the billings. Per the Rules and Regulations, this is the responsibility of the homeowner. Mr. Walker said he anticipates a few of these will be identified in the next month and asked the Board for direction when we get into that situation because the bills could get high. Director Brown suggested notifying the residents and citing the Rules and Regulations. Mr. Willow said he can check and see if there is a leak on any service line because the new meters will read to a hundredth of a gallon. He added that he can do bucket tests to help customers understand and verify their meter reads are accurate. Mr. Willow added a few meters were off decimal points, but each meter has been certified from the factory as within the American Water Works Association. Mr. Walker will put a note in the bill notifying customers and clarifying the homeowner responsibilities.

- c. Review and report on design of system upgrades including priorities for construction - Well Upgrade Report: Mr. Walker discussed the memorandum from AquaWorks on the Treatment/Distribution Improvement Project. AquaWorks is approximately 80% done with the design and removal and replacement of the existing water distribution lines, control building replacement, new wells, water storage tank and new control system and it should be complete by next month. Mr. Walker noted we are getting better production in the tanks. Mr. Walker said he has asked Mr. Sommers to report at the January 15th, 2020 meeting.
- d. Report on grant application status for construction projects: Mr. Walker reported the project was awarded a \$1 Million DOLA Energy Assistance Grant. The deadline to

submit the \$1,500,000 state revolving fund loan application is February 15, 2020. Director Brown said that Mr. Sommers admitted he did not assess the depth of the pipe and sections are not deep enough and there are weaknesses in the system design flaws. He added that they are not being addressed effectively and the Board should look at alternatives such as putting wells in at each of these properties. He said it is feasible but there may be governmental red tape. He said that this could be a real money pit and he is very concerned about committing this type of money without addressing the weak link. Mr. Walker said he discussed this with Mr. Sommers and that they should go through a prioritization process with the map of the water system. He added that we don't know how much anything is going to cost until we get bids. Director Brown said it does not sound like a good approach to him. Mr. Walker noted they did the same thing in Cascade and made repairs to the priorities first. It was a very successful project that reduced their water loss from 60% to 10%. They started by identifying the areas with the worst leaks. Mr. Willow said he has replaced certain lines in sections, and there are problems all over the place but not in just one area. Failures are due to laying pipe right on bedrock, bad material, and freezing temps. Mr. Willow said the new piping that Mr. Sommers wants to put in is very durable and withstands freezing temps and damage unlike PVC. Mr. Willow would suggest that any new piping be put in a minimum of 7 feet down. President Coffman said that she believes the dead ends should be more of a priority. Mr. Willow clarified the industry standard is to have a looped system, but the water is safe. Mr. Walker confirmed the District could afford the loan without having to raise rates substantially after the new assessed valuation numbers that have come in, so the District could afford up to \$1.5 Million. Director Brown expressed concerns that this project would not be a complete fix, and then the District would be tapped out of borrowing money for future repairs. Director Brown asked the Board if he could do a research study on putting in cisterns or wells and figuring out what it would take governmentally and present at the next Board meeting. The Board agreed to have Director Brown do the research. The Board discussed the issues with small lots and wells. Mr. Willow noted that septic systems can cause issues with wells on small lots. Mr. Baker asked why the engineer hasn't given us options or alternatives given the reality of the current finances. Mr. Walker explained the process of design and engineering and that after discussion and questions, the plans have changed so the process has worked. The Board agreed this will be an ongoing discussion.

4. OPERATOR'S REPORT

- a. ORC Report: Mr. Willow reported that Bac-T samples for the month have been taken and are negative. He has been working with Dana Kepner and Mr. Fedler on completing the import information for the route file for the new meter system. Mr. Willow discussed customer's concerns with their usage after the new meters were installed, so he will be offering bucket tests for those customers who request them. Mr. Willow explained how the billing can include an average usage and how he will be alerted by high usage and can investigate leaks quickly with the new system. Mr. Willow said he will stay after the meeting to answer any questions regarding water

treatment and distribution.

5. NEW BUSINESS

- a. Change to monthly billing: Mr. Walker explained that after a \$250 change in the system, it would be a wash where there would be an extra \$100 every month to process the additional billings. It would pay for itself. Mr. Walker doesn't think it would cost any more money to go to monthly billing, we would just need to change rates and charges accordingly. Mr. Walker said he has posted the required notice, so they could go to monthly billing by January 15th if the board desired. Mr. Walker recommends the Board revisits monthly billing in the Spring once we know the billing issues are fixed.
- b. Newsletter for residents: Mr. Walker said the newsletter is finished and should be sent out by Friday and WSDM has been updating the website with additional info.
- c. Director Brown discussed a system that tracks maintenance and documents where maintenance was done, cost, etc. Mr. Walker said he researched a few phone-based apps, not very affordable for small districts. In other districts, they keep paper records that are scanned electronically. Mr. Walker stated that WSDM can move forward with Mr. Willow and continue to be diligent in keeping the records of maintenance. Director Brown also suggested a spreadsheet to keep track of the meta data. Director Brown noted a reference to a document on the website that shows phase 3, but phase 3 needs to be removed.

6. **OTHER BUSINESS:** There was no other business.

7. **PUBLIC COMMENT:** Mr. Baker complimented WSDM with the amount of work done on the website and the accurate meeting minutes. He discussed that prior to 2015, the old website had a lot of data on it and there is a loss of data such as meeting minutes from the past.

Mr. Winterer thanked the Board for doing a wonderful job. He asked if the 2020 budget was approved. Mr. Walker confirmed it was approved and it will be posted on the website. Mr. Winterer discussed the weakness in the design regarding the infrastructure of the pipes. He suggested they start replacing the pipes in the system in small portions at a time as money is available. He added it could help with freezing pipes.

President Coffman proposed that they contact a different attorney to do research to see what it would take to remove non-water users in Trout Haven from the District. Mr. Walker explained you would have to go through an exclusion process. They would sign a petition and take themselves out of the District, but they would still pay the 24 mills and debt but would not be responsible for new debt. He explained that there are advantages and disadvantages such as the District losing revenue from taxes and there are filing and legal costs involved. Mr. Walker said he would have to find out if they are included with any future judgements. President Coffman discussed what happened in the past with including residents of Trout Haven in the District when they do not have access to water but are still having to pay on the

debt. Director Brown suggested just letting the 6 residents out. Mr. Walker said he will research further and report back to the Board.

8. **EXECUTIVE SESSION:** Pursuant to §24-6-402 (4)(e) to discuss negotiation of independent contractor agreement(s) and Pursuant to §24-6-402 (4)(e) to seek legal advice on collections: President Coffman moved to enter into executive session at 7:44 p.m.; seconded by Director Claassen. Motion passed unanimously. President Coffman moved to come out of executive session at 8:04 p.m.; seconded by Director Hoel. Motion passed unanimously.
9. **ADJOURNMENT:** The meeting was adjourned at 8:12 Hoel; seconded by Ortivez. Motion passed unanimously.

Respectfully Submitted,
Walker Schooler District Managers

By: Kristina Kulick for the Recording Secretary

THESE MINUTES ARE APPROVED AS THE OFFICIAL DECEMBER 18, 2019 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