

RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

OF THE

IDLEDALE WATER AND SANITATION DISTRICT

Held: Monday, November 18, 2019, at 7:00 p.m. at the Idledale Community Church Building, 21429 Highway 74, Idledale, Colorado 80453

Attendance: A Special meeting of the Board of Directors of the Idledale Water and Sanitation District was scheduled in compliance with the laws of the State of Colorado, with the following directors in attendance:

M. Rose Zaccaro	President
Michael Richardson	Treasurer [by phone]
Hugh Gardner	Director
Todd Vandegrift	Director
Vacant	Director

Also present were:

Paul Rufien,	Attorney Paul C. Rufien, P.C.
Deborah Sedgeley	CliftonLarsonAllen
Ted Laves, Manager	Colorado District Management and Operations

Sandy Bowen	Resident	2661 SW Grapevine
Christie Kassis	Resident	2670 SW Grapevine
John Rieser	Resident	2670 SW Grapevine
Mike Norris	Resident	2793 S Riverview
Susan Sweeney	Resident	2464 S Grapevine
Paul Sweeney	Resident	2464 S Grapevine
Jon Baker	Resident	2685 SE Grapevine
Alex Tutt	Resident	2781 SW Grapevine
Aviva Johnson	Resident	2781 SW Grapevine
Caitlin Conway	Resident	2475 S Graevine
Bill Conway	Resident	2475 S Grapevine
Martin Spacek	Resident	2720 SE Grapevine
Craig Hook	Resident	2804 SE Grapevine
Mary McKenry	Resident	2805 SE Grapevine
Richard Pintor, Jr.	ORC	2476 S Estes Ct.
Richard Pintor, Sr.	Operator	2622 S Mt. Evans

Others that may not have signed in.

1. Call to Order/
Declaration of Mr Laves, noting the presence of a quorum, called to order the special meeting of the Board of Directors (the "Board")

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- Quorum: of the Idledale Water and Sanitation District (the “District”) at 7:00 p.m.
2. Directors Matters/Disclosure
- Mr. Rufien advised the Board that pursuant to Colorado law, certain disclosures by the Board members may be required prior to taking official action at the meeting. The Board then reviewed the agenda for the meeting, following which each Board member confirmed the contents of any written disclosure previously made, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting. The Directors present each indicated that there no matters requiring disclosure.
- Director Zaccaro announced that Director Eric Suich had submitted his resignation because he has moved from the District. Discussion was then held on finding a replacement and a possible candidate was suggested by Director Gardner. Mr. Laves noted that the first step would be for a candidate to provide their address and voting status to Mr. Rufien so he could verify their eligibility. Mr. Rufien then provided his contact information to that person. Mr. Rufien also noted that the 2020 election will happen early in 2020 and it might make sense therefore to not appoint a replacement for only a few months of service.
- It was noted that with Mr. Suich’s departure that the Board would need a new Secretary. On a motion by Director Zaccaro, seconded by Director Richardson, the Board unanimous approved Director Vandegrift as the new Board Secretary.
3. Approval of Additions-to / Deletions-from Agenda;
- The Board reviewed the Agenda and up motion of Director Zaccaro, seconded by Director Vandegrift, the Agenda unanimously approved without change.
4. Public Comments:
- A question was raised about citizens obtaining information about meeting agendas. Mr. Laves explained that the District is working on a new and improved website that hopefully will be up by the end of January. Director Zaccaro explained that in the meantime, meeting notices with agendas are posted in three places on the post office outside bulletin board, at the Forks Buildings and on the outside of the fire station off of CO-74.

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5. Approval of Minutes

The Board reviewed the draft minutes for the October 14, 2019 regular meeting. Upon the motion of Director Zaccaro, seconded by Director Richardson, the minutes were unanimously approved as presented without change.

6. Financial Matters: PAYMENT OF CLAIMS:

Director Richardson reviewed the claims (invoices to be paid) which total \$111,221.25, including \$72,090.46 for debt service on the District's bond and \$21,480 for additional water purchases. Upon motion of Director Richardson, seconded by Director Vandegrift, the claims were unanimously approved for payment.

Director Richardson asked that the Board approve using ACH for the bond payment which is due on November 27th. On the motion of Director Zaccaro, seconded by Director Vandegrift, the Board unanimously approved this request.

FINANCIAL STATEMENTS FOR SEPT 30th:

Ms. Sedgeley reviewed in detail the September 30, 2019 financials report.

- Page 1:
 - Net Investment in Capital Assets comes to \$114,081.
 - Some of Net Position is restricted and details will be covered in the budget review.
- Page 2:
 - Positive change in net operating position through September 30th = \$35,768.
- Page 3 – comparison to budget
 - Property taxes short a little on taxes but the remainder will be collected unless someone protests their individual taxes and received a rebate. But that will be a small difference for the District.
 - Specific Ownership slightly better than budget.
 - Grant Revenue – unlikely in 2019
 - Operating: positive because haven't spent most of capital improvements and contingency but budget is full year while expenditures are for 9 months so some of the positive variance will go away. This will be discussed in the budget part of the meeting.
 - Excess on operating is negative \$7,359
 - Debt service is also slightly short on property taxes.

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Upon the motion of Director Zaccaro, seconded by Director Vandegrift, the Board unanimously accepted the September 30, 2019 financials as presented.

Director Gardner asked Ms. Sedgeley about the soundness of the District's financial situation. Ms. Sedgeley stated that she would like to defer an answer until the budget discussion.

APPROVAL OF 2019 AUDIT ENGAGEMENT LETTER

The Board considered the proposal letter for the 2019 Audit from Simmons & Wheeler, PC. Director Zaccaro noted that this firm has been preparing the District's audit for many years and will not increase its fees from 2018. Ms. Sedgeley noted that an audit is required under the debt covenants.

Upon the motion of Director Zaccaro, seconded by Director Vandegrift, the Board unanimously approved the engagement letter.

REVIEW OF THE 2020 BUDGET:

Ms. Sedgeley reviewed with the Board the draft 2020 Budget and also reviewed of the expected 2019 budget results.

- Enterprise Fund: The Board appropriated \$222,000 and year end expenditures are estimated to be \$224,426. Therefore expenditures are expected to be \$2,426 over the amount appropriated in the budget.
- The Debt Fund is estimated to be on budget.
- Board members agreed to email Ms. Sedgeley their input in order to avoid to revise 2019 again in the spring.

Mr. Rieser asked if \$45,000 for water purchases in 2020 is appropriate given that the amount in 2019 will be at least \$75,000.?

Director Richardson said production has been up of late but the well production is still not sufficient to cover consumption.

Ms. Sedgeley noted that there is \$45,000 for the engineering study and \$25,000 for capital improvements as well as \$22,500 in grant revenue so there is some room for adjustment before finalizing the 2020 budget.

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Directors discussed methods to improve the water situation including educating residents and improving the infrastructure.

Excluding restricted funds at year end the operating fund in 2019 will have a deficit balance of \$20,877 even after subtracting the funds spent on the engineering study. The difference will need to be borrowed from the restricted capital improvements fund with repayment in 2020.

Most of the District's revenues come from property taxes and there has been a million dollar increase in assessed value of taxpayer properties. The planned 2020 mill level is 75 mills with 23 being for debt [30.424 in 2019] and 52 being for the general fund [43.982 in 2019]. Average taxes for residential were \$1,365 in 2019 and in 2020 will be \$1,834, which represents an increase of \$470 per residential properties. The 2017 TABOR approval allows the district to collect up to \$300,000 per year in operating taxes and the 2020 budget calls for collecting only \$200,711.

A question was asked about overpaying interest on the debt but Ms. Sedgeley replied that would not help because the bonds not currently callable.

There was mention that in 2021, the situation will change as some properties will be excluded from the operating tax. Also a question was asked about how to reconcile the 133 taps with the 146 residents paying property taxes. Ms. Sedgeley stated that the 146 number is from the County.

Director Richardson noted that the Management fees need to be raised to \$15,000.

Ms. Sedegely noted that accounting costs will go up by 5% for security reasons.

A resident asked if the District needs voter approval to raise the mill. Ms. Sedgeley explained that the 2017 TABOR vote allows the District to raise the mill levy, provided total taxes for operations do not exceed \$300,000.

A visitor asked about grant opportunities and Director Gardner provided an explanation.

Ms. Sedegely departed

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Mr. Becker mentioned another grant opportunity called the Water Smart Grant which is available from the Department OF Interior, Bureau of Reclamation that is geared for small water improvement projects including water meter programs.

7. Manager's Report

JEFFERSON COUNTY BOARD OF ADJUSTMENT

Mr. Laves reported that the Board of Adjustment had decided at their November 6th meeting to remove all water restrictions and the requirement for a water meter at 2721 SW Grapevine Road.

PAST DUE WATER BILLS:

Mr. Laves reported that the County Treasurer was in the process of collecting two past due water bills but that the property on Mr. Evans last week went through foreclosure. Subsequently a service company contacted the District to ask about paying off the lien. Upon the advised of the Jefferson County Public Trustee the District replied by email that collection is being handled by the Jefferson County Treasurer and can be paid off with them after January 1st. The District will release its lien once the debt is paid off.

METERS:

Mr. Laves suggested that all four Board members have meters installed as a pilot and example.

Mr. Laves mentioned that it is likely that some of the increased water consumption is due to faulty toilet valves.

Mr. Sweeney asked about requiring that when a property transfers whether there could be a requirement for a meter. Mr. Rufien, said that is within the District's rights if the District changes the Rules & Regulations.

Director Zaccaro is working on an initial draft of a revised Rules and Regulations.

ENGINEERING CONTRACT:

Mr. Laves reported that he believes that the terms and conditions part of the contract have been resolved with Mr. Orsatti but that negotiations are ongoing on the Scope of Work and on the Compensation Exhibits. With negotiation in good faith between the parties, Mr. Laves is optimistic that a contract can be ready for approval at the December board meeting.

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WEBSITE:

Mr. Laves reported that the new website is being worked with the State and hopes to have it up and running by end of January. That will depend on the State's processes.

DOCUMENT SCANNING

Mr. Laves reported that he is scanning a box of documents that he has received from Director Gardner and when done will upload to the server. Director Zaccaro stated that because the box is District property, it should be stored at the water treatment plant.

8. Water Shortage

INCREASING WELL OUTPUT:

Director Richardson stated that the pump for 1A is only about half was down but that moving the motor down may require a 5 – 7 HP motor, 480-volt power and other upgrades which will be complicated and expensive (\$20,000+). Director Richardson believes that the District should wait for the engineer and his associate, Tom Dea of Colorado Water Well, to provide recommendations on improvements to Well #1. Director Richardson believes they will complete that work very soon.

Director Richardson state that the 20 foot deep water storage tank is currently at 3.25 feet or at 16% of being full

A resident asked about having enough water in the tank for firefighting. Director Richardson replied that the District uses the old 225,000 gallon storage tank for firefighting.

Mr. Rieser asked about increasing water purchases to have a buffer. Director Richardson replied that while that was a good idea, the District had financial constraints in 2019.

Director Vandegrift asked about the new utility poles. Mr. Pintor, Jr. stated that the work has been completed. There was a six-hour outage which did not cause problems for IWSD.

9. Sanitary Survey

Briefly discussed. Mr. Pintor, Jr. mentioned a new tank screen had been installed and that he was working on the water main valves and the cross-connect issue. Mr. Pintor, Jr. also noted that the Ground Water Under Direct Influence (GWUDI) testing had been completed and the District is waiting on State approval.

