

Elk Springs Homeowners Association, Inc.

Minutes of the Water Facilities Management Committee Meeting

November 5, 2018

The Water Facilities Management Committee (the “Committee”) of the Elk Springs Homeowners Association, Inc. (the “Association”) met on November 5, 2018 in the Recker Room at the Spring Valley Campus of Colorado Mountain College. The Agenda, that was distributed in advance of the meeting, is attached to and made a part of these meeting minutes.

The meeting was called to order at 6:34 pm by chair, Mike McDill. In attendance were, Jonathan Kelly, Bob Sweikert and Evelyn Cole, comprising all of the members of the Committee. In addition, Robin Chatmas with Integrated Mountain Management (“IMM”) and Alan Leslie with Environmental Process Control (“EPC”) were in attendance.

Evelyn Cole distributed the minutes of the Committee meeting held on July 26, 2018. A motion was made, seconded and unanimously approved to accept the minutes of the July 26, 2018 meeting.

Mike asked if there were any other additions or changes to the agenda and no items were noted.

Mike introduced Alan Leslie with EPC, the operator of the Association’s water facilities. Alan indicated that water quality testing is performed on a cycle prepared by the State of Colorado and the Environmental Protection Agency. Testing for 2018 was conducted in accordance with the state and federal requirements and no issues were noted in 2018. Alan estimates that the cost of testing for 2019 will be approximately \$1,500 and that all other contractual fees will remain the same.

Alan indicated that there were two repairs made in 2018 to the chemical feed pump and the booster pump. In addition, Alan recommended that the electrical lines to the two wells be replaced during 2019. The Committee asked that EPC begin taking semi-annual measurements of the wells in order to determine the level of the Spring Valley aquifer.

Robin Chatmas reported that communication was sent to one Unit Owner regarding the inability to read the remote water meter. In accordance with the policy adopted by the Board in August 2018, “When a Unit Owner has a remote water meter that is not working or is not able to be read, the Property Manager will contact the Unit Owner and indicate that the remote water meter must be working or able to be read within thirty (30) days from date of contact. If the remote water meter is not in working order or not able to be read after the thirty (30) day notification period, a fine of \$500 per month will be assessed until such time as the remote water meter is functioning or able to be read.” This Unit Owner failed to correct the situation and a \$500 fee was assessed.

Evelyn updated the Committee on her meeting with Pinyon Mesa and their efforts to reduce their water consumption. In June 2018, Pinyon Mesa consumed approximately 1.3 million gallons of water. The subdivision currently has thirty homes and 4 are under construction, and with the opening of Phase II, a total of eighty (80) homes are planned. The current Water Delivery Agreement with Pinyon Mesa, which runs through 2023, requires the Association to deliver to Pinyon Mesa an amount of water sufficient to serve the reasonable domestic and residential needs, including irrigation, of up to eighty single-family homes, each with no more than 3,000 square feet of irrigated landscape. The Association agreed to provide Pinyon Mesa water in excess of 1.4 million gallons/month if such is available to the Association after the Association fulfills all other water delivery obligations, including supplemental water usage by members of the Association, without any further expense, cost or outlay by the Association and without securing or constructing any additional water source, water rights or water facilities.

Representatives of Pinyon Mesa indicated that they have amended their design guidelines to allow xeriscape and encourage drip irrigation. In addition, Pinyon Mesa is requiring all residents to install remote water meters in order to monitor water usage and is considering water rationing in the summer months.

Evelyn indicated that correspondence has been sent to both Auburn Ridge and Pinyon Mesa communicating the new revised rates for 2019 that reflect a 2.9% increase in the Consumer Price Index from June 2017 – June 2018 in accordance with the respective water delivery agreements.

Evelyn presented the September 30 financial statements compared to the budget, analyses of the water billings to Pinyon Mesa and Auburn Ridge, water usage by Unit Owner for the nine months ended September 30, 2018, supplemental water revenue by Unit Owner for the nine months ended September 30, 2018 and current accounts receivable.

Evelyn reported that the results of the water operations for the nine months ended September 30, 2018 reflected net income of \$75,740 compared to the budget of \$70,521. The improvement in actual results as compared to the budget is due the impact of the new higher rates with Auburn Ridge in connection with the new Water Delivery Agreement that was finalized earlier in the year and fines assessed for late payment of fees and interest charges. Expenses are on budget and the reserve for water repair and replacement increased from \$389,792 at the beginning of the year to approximately \$460,000 as of September 30, 2018. Evelyn mentioned that the reserve at December 31, 2018 is expected to be approximately \$500,000 and that the Association Board will review options for investment of the funds at the next Board meeting.

The current status of past-due accounts receivable related to the water operations was reviewed. Evelyn indicated that approximately \$4,000 is past-due and that letters have been sent to Unit Owners with past-due balances. If no response is received by the first of December, the accounts will be turned over to any attorney for the purpose of pursuing all legal remedies available under Colorado law to collect the debt.

Evelyn monitors the monthly meter readings to ensure that billings are being processed for supplemental water usage. The Committee discussed the fact that four homeowners have remote readers that are not working and/or not able to be accessed by the meter reader. The Committee directed Robin to contact these homeowners and reference the new Board policy on reading of remote water meters.

The Committee discussed the adequacy of the reserve and determined that a reserve study would be conducted in 2019 to assess the amount and timing of future repairs and replacement of the facilities. At that time, the Committee would update the Water Business Model and assess whether additional assessments or rate increases would need to be made. Bob Sweikert agreed to contact the Colorado Rural Water Association regarding recommended reserve levels.

The Committee asked Robin to contact the City of Glenwood Springs and the City of Carbondale to determine what type of water meters are currently recommended. Once determined, a FAQ would be added to the Association's website, elkspringshoa.com, providing information on the type of water meters to be installed in future construction activities or replacement.

The Committee discussed the water system losses for 2018. Water system losses is defined as the difference between water pumped and water used as measured by the water meter reports. The current difference is in excess of 20%. The Committee directed Evelyn to prepare a communication to the Members regarding whether there are any unmetered farmer hydrants or other unmetered areas in the subdivision. The Committee agreed that this would be an important focus on 2019.

All Committee members indicated that they would be willing to continue to serve on the Committee for the next year.

Being no further business, at 8:17 pm, a motion was made, seconded and unanimously approved to adjourn the Committee meeting.

I certify that the foregoing is a true and current copy of the minutes approved by the Committee.

Evelyn Cole

Date

AGENDA
Elk Springs Water Management Committee Meeting
6:30 pm, November 5, 2018
Recker Room, CMC

- I. Call to order
- II. Record attendance
- III. Any past minutes to review and approve
 - A. Minutes of July 26, 2018 meeting.
- IV. Changes to this Agenda
- V. Report from EPC
- VI. Report from Integrated Mountain Management
- VII. Auburn Ridge & Pinyon Mesa Water Contracts
 - A. Update on Communications with Pinyon Mesa
- VIII. 2018 To Date Financial (if available) – Executive Session
 - A. Review of Past Due A/R
 - B. Recommend a Reserve Amount
- IX. Water Meter Issues & Plan Forward
 - A. Standardizing Home Meters
 - B. HOA owned Meter(s) for Outside Sales (Auburn Ridge and Pinyon Mesa)
 - C. Water System Losses for 2018
 - D. Access to GIS
 - E. Unmetered Farmer Hydrants
- X. Other new Business
- XI. Any Old Business
- XII. Any other business

Adjourn