

RECORD OF PROCEEDINGS

A meeting of the Woodmoor Water and Sanitation District No. 1 (WWSD) Board of Directors was held on December 10, 2015 at the Woodmoor Water and Sanitation District No. 1 office.

PRESENT: Director Town
Director Courrau
Director Taylor
Director Strom
Director Schwab

Manager: Jessie J. Shaffer
Asst. Manager: Randy Gillette
Consulting Engineer:
Attorney: Erin Smith
Roni Sperling

Secretary: Marsha Howland

Visitors: Robert Wadsworth - Raftelis Financial Consultants
John Gallagher - Raftelis Financial Consultants
Rick Giardina - Raftelis Financial Consultants
Aaron Westerdahl - Woodmoor Resident
Dave Motyka - Woodmoor Resident
Armen Sung - Monument Hill Country Club
Ken Limes - Monument Hill Country Club

I. Call to Order:

President Town called the meeting to order at 1:00 p.m.

II. Reading of the Minutes:

Copies of the November 12 and November 19, 2015 meeting minutes of the Woodmoor Water and Sanitation District were provided to each Director. It was moved, duly seconded, and unanimously passed that the meeting minutes be approved.

III. New Business:

A. Public Hearing on 2016 Proposed Rates: President Town opened the Public Hearing on the 2016 proposed rates.

i. Presentation of Final Proposed Rates: Shaffer stated that from the direction he received from the Board last month, he has imbedded the proposed rate increases into the 2016 draft budget. Shaffer stated that he would like to review the rate increase for non-potable water, to make sure that the Board understands the cost of service model and the actual rate increase to cover that cost of service. Shaffer reported that the average rate increase for the non-potable water for the next five years is at 16%. Shaffer stated that the rate increase is higher the first year at 21.5% and gradually goes down for the next four years. Wadsworth explained the cost of service for the non-potable customers in relation to the rate increase. Shaffer stated that the cost savings for non-potable irrigation compared to potable irrigation is significant even with the rate increase. Wadsworth stated that he did not make any other changes to the rate model from last month. Shaffer stated that the average residential water rate increase is 4%.

ii. Public Comment: President Town opened the public comment portion of the public meeting. Aaron Westerdahl, a Woodmoor resident, wanted to be clear on which customers pay for the cost of service for the non-potable water service. Town and Shaffer explained that each class of customers has it's own cost of service, and the rates are modeled individually for each class. Westerdahl asked why the residential rates are going up. Shaffer explained that WWSD is also experiencing rate increases such as electricity and maintenance cost, which raises the cost of service. Westerdahl asked where the money goes that is collected for tap fees. Shaffer explained that tap fees are used for capital improvements. Dave Motyka, a Woodmoor resident, stated that he has some observations and recommendations that he would like to present to the Board concerning the renewable water investment fee (RWIF). Motyka stated that Woodmoor's population average is older residents on a fixed income and they cannot afford the RWIF. Motyka asked the Board to consider changing the methodically used to model the RWIF to water usage instead of a flat rate. This way, residents could lower their usage which would lower the rate. Motyka also stated that all residents should have the same methodically, instead of single family homes paying a higher rate than multi family homes. Town explained that the Board had to present a RWIF rate model to the bond committee that would guarantee the bond obligation. Town stated that WWSD staff considered several options, and the current rate model is the best solution. Town also stated that the rate would be lowered in 2016. After a lengthy discussion, Motyka thanked the Board and asked them to consider his recommendations going forward. Armen Sung who is part owner

of the Monument Hills Country Club and also a Woodmoor resident talked to the Board about his concerns about the rising cost of both residential and non-potable water rates. Sung stated that he has experience with drilling wells and treatment of water, and he feels that Woodmoor's five year forecast of rate increases to cover cost of services is too high. Sung asked to see a full accounting of the forecasted cost. Shaffer stated Woodmoor's long range plan is available for review. Sung also stated that he has an operational issue at the Country Club that he would like to discuss with the Board. Shaffer asked Sung to present a request to be put on the agenda at next month's Board meeting to discuss this issue.

B. Close Public Comment on 2016 Proposed Rates and 2016 Proposed Budget: President Town closed the public comment portion of the public hearing for the proposed rates and proposed budget for 2016 at 2:24 p.m.

Note: Shaffer introduced Rick Giardina to the Board. Shaffer stated that Giardina will be replacing John Gallagher at Raftelis Financial Consultants, who is retiring. Gallagher stated that he enjoyed working with WWSD's Board of Directors and staff, and would miss the challenges that have been presented to him in the three years he has been WWSD's rate consultant. Gallagher stated that he has worked with Giardina for several years, and knows that he will provide excellent service to WWSD in the upcoming years. The Board decided to show their appreciation to Gallagher for his services by making a Resolution to express their gratitude. Gallagher thanked the Board.

Motion: Upon motion by Director Strom, and seconded by Director Courrau the Board unanimously voted to prepare a Board Resolution to express their appreciation to John Gallagher for his great work and advice as WWSD's rate consultant.

C. Consider Adoption of 2016 Rates:

Motion: Upon motion by Director Courrau, and seconded by Director Taylor the Board voted to adopt the 2016 rates. The vote was four ayes (Directors Town, Courrau, Taylor, Strom) and one no (Director Schwab).

D. Consider Adoption of 2016 Budget:

Motion: Upon motion by Director Taylor, and seconded by Director Schwab the Board unanimously voted to adopt the 2016 budget.

E. Consider Annual Administration Resolution:

Motion: Upon motion by Director Taylor, and seconded by Director Schwab the Board unanimously voted to adopt the annual administration resolution.

F. Consider Execution of 2016 CWPDA Water Lease: Shaffer stated that CWPDA has requested their renewal of their annual water lease.

Motion: Upon motion by Director Schwab, and seconded by Director Courrau the Board unanimously voted to execute the 2016 water lease with CWPDA.

IV. Old Business: None.

V. Financial Discussion:

Director Schwab stated that he had reviewed the financial statements and did not have any changes. It was moved, duly seconded, and unanimously passed that the financial reports be approved.

VI. Public Discussion:

A. Unscheduled People: None.

- VII. **Joint Use Committee Report:** Strom reported that the construction at the Tri-Lakes Wastewater Treatment Facility (TLWTF) is ahead of schedule. Strom stated that the full amount of the grant money has been received. Strom stated that the annual TLWTF Christmas party will be held on December 15, 2015.

- VIII. **Chilcott Ditch Company/ JV Ranch Report:** Taylor stated that he would like to compliment Shaffer and Gillette on their superb presentation to the Chilcott shareholders at the annual meeting. Taylor stated that presentation showed the shareholders why the increased assessment charges were needed in 2016 to complete projects at the Chilcott Ditch.

- IX. **Manager's Report:**
Shaffer reviewed the Managers Report dated December 10, 2015, a copy of which is attached hereto.
 - A. **Collaborative Organizations / Opportunities:**
 - i. Pikes Peak Regional Water Authority (PPRWA): None.

 - B. **Operations: Randy Gillette**
 - i. Water Report: Gillette reported that the unaccounted water for the November , 2015 is at 1%.

 - C. **District Construction/Planning Projects:**
 - i. Lake Access Road: Shaffer stated that Redline Pipeline will be doing the construction for the lake access road. Shaffer stated that the project should be completed in 2015.

 - D. **WWSD Subdivision/Development Status Update:**
 - i. Dunes at Woodmoor: Shaffer stated that the Dunes project is moving forward.
 - ii. Lake Woodmoor Re-development Easements: Shaffer reported that WWSD has received all the easements and this project is complete.
 - iii. Misty Acres: Shaffer stated that Misty Acres has received conditional acceptance.

E. Other Topics:

- i. Draft 1st Quarter "Pipeline" Newsletter: Shaffer stated that a copy of the 1st quarter "Pipeline" was included in the Board packets. Shaffer asked the Board to review the draft and send him any comments or corrections.

X. Special Reports and Subjects:

A. Engineer's Report: None.

B. Attorney's Report: Smith reminded the Board that 2016 will be an election year. Smith recommended that the election be handled by a polling destination instead of mail ballots. Smith stated that her para-legal will work with Howland to complete any tasks needed prior to the election. Smith stated that she would bring the self-nomination forms to the next Board meeting. Smith stated that her office needed to receive the self-nomination forms before 5 p.m. on February 26, 2016. Sperling presented a summary of the 2015 legal water cases that her office handled for WWSD and water cases that will continue into 2016.

C. WIA Meeting Report: None.

XI. Executive Session:

It was moved, duly seconded, and unanimously approved that the Board move into Executive Session pursuant to: C.R.S. Section 24-6-402 (4): (1) Subsection (b) for a conference with legal counsel for the purpose of receiving legal advise on specific legal questions related to the Joint Use Agreement. Session commenced at 3:35 p.m. The Board returned to Regular Session at 3:40 p.m.

XII. Adjournment:

There being no other business to come before the Board, it was moved and duly seconded that the meeting be adjourned. The motion passed unanimously and the meeting adjourned at 3:44 p.m.

Respectfully Submitted,


Beth Courrau, Secretary