

MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF
GREEN MOUNTAIN WATER AND SANITATION DISTRICT

October 25, 2022

A Special Meeting of the Board of Directors (the “Board”) of the Green Mountain Water and Sanitation District, (the “District”) was held at 6:00 p.m. on Tuesday, October 25, 2022.

This document is an edited version of the audio recording of the District Board meeting.

<p>Attendance:</p>	<p>A special meeting of the District was scheduled in compliance with the laws of the State of Colorado, with the following directors in attendance:</p> <p>Jeff A. Baker, President Karen Morgan, Vice President Dave Wiechman, Secretary Todd Hooks, Treasurer Roger Wendell, Director</p> <p>Also present were:</p> <p>Jeff Tyus, District Manager Sam R. McKay, District Information Technology Jesse Davenport, District Information Technology (via teleconference)</p> <p>Members of the Public:</p> <p>Imara – District constituent (via teleconference) Alex Plotkin – District constituent (via teleconference) Dave Garner – District constituent (via teleconference) Doug Pavlich – District Accountant (via teleconference) Austyn Pantano, District Field Supervisor (via teleconference) 3 additional persons in the audience</p>
<p>Call to Order / Declaration of Quorum:</p>	<p>Director Baker, noting the presence of a quorum of all directors, called to order the Regular Meeting of the Board of the Green Mountain Water and Sanitation District at 6:00 p.m.</p>
<p>Directors & Disclosure Matters:</p>	<p>There were no Directors matters to present.</p>

Approval of/Additions to/Deletions from the Agenda:	There were no additions or deletions for the Agenda to present.
Public Comment:	<ul style="list-style-type: none"> • Imara - Thanked the board for holding a special meeting to consider edits to the budget and their conscientious attention to the proposed budget. She stated at the previous meeting she stated her concerns regarding the \$8.3 million dollar deficit in the budget and that she had concerns with the expansion of capacity and that instead the Board should be budgeting for repair and replacement as it's first priority. She indicated that the budget should not include projects that are further out than 12 months as the District does not have the staff, resources, and money to do so. She continued that if any further development is done, the developer needs to pay for those projects and not the constituents of the District. Additionally, she suggested that if the new projects are urgent and are to be taken care of instead of the current projects slated for the District, they should be charged a priority fee and those funds set aside to be used for the increased costs that the District will incur on the deferred projects. • Alex Plotkin – indicated that Imara had covered quite a few of the points that he wanted to reflect on. He spoke to the necessity to significantly increase tap fees for development, and not just for inflation, purchasing water rights to mitigate for emergency situations due to drought, and that the constituents of the District are not subsidizing the mistakes of the past. • Dave Garner – Expressed that the Board should be concerned with new development, and he believed that the current Board understands that. He indicated that there will always be projects that are needing to be completed, and that the current Board is having to make up time from prior deferred work. He indicated the Developers should be on the hook for new development and that tap fees should be increased so they pay their share. He thanked the Board for having the meeting to further discuss the Budget and to keep the constituents/voters in mind when making these hard decisions.
Discussion on 2023 Draft Budget a. Draft Budget Original	Mr. Tyus reported on the following versions of the Budget: <ul style="list-style-type: none"> • Original draft budget - took into consideration a 1.6% increase in water rates due to Denver Water increasing their rates and a \$.65 increase in the service charge due to increased costs of supplies and labor and leaves a surplus

b. Draft Budget edits

c. Draft Budget version 2

d. Draft Budget version 3

of \$325,000 to go into reserves and \$10.9 million in capital expenditures. He reported there was \$20 million in reserves that came from past development fees and current service fees.

- Draft Budget V2 – Showed capital expenditures of \$4.9 million due to eliminating \$6 million comprising of the items below. The budget contemplated \$2.5 million coming from reserves.
 - \$3 ½ M in infrastructure replacements due to capacity
 - \$2 M for the replacement of the approximately 70-year-old cast iron waste water and drinking lines on Union
 - Pink pump station increasing flow as that repair may be able to be passed onto the improvements for buildout on Union.
 - This changes from the original draft budget to Version 2, in taking out the \$6M in capital expenditures did not affect customer pricing
- Draft Budget V3 – Showed the \$2.5 million that was indicated in Version 2 but that total being passed along to the constituents of the District instead being pulled from the reserves.

Director Wendell asked the staff what number would be adequate to hold in the reserve fund, and Mr. Tyus reported that \$15 million would be an adequate amount. Mr. Tyus commented that the District staff was working hard to tap in on some of the Bipartisan infrastructure money that is available that is interest free and won't need to be paid back to make some of the District's necessary repairs.

Mr. Tyus He also reported that the reason for the Denver Water increases is that they are rebuilding their infrastructure and building a \$600 million water facility and will be investing that money over a 10-year period.

In consideration of understating all budget line items, the Board discussed:

- How the different versions of the budget would affect the average homeowner's bill per month and year
- Staff health insurance coverage and what percent to pay and if the District funds additional coverage for spouse and families
- Emergency on-call daily fee

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| | <ul style="list-style-type: none">• Salary increases & performance bonuses based on the Employer's Counsel• The necessity of getting a business case for capital equipment expenditures• Making sure the money that is being allocated in the budget is thoughtfully allocated since the budget is being funded by all the constituents in the District• Cost of maintenance for vehicles• Cost of GPS truck and GPS device• The necessity to have specific equipment on hand to be used when needed vs. relying on rentals and not being available for rental• Trucks being in the fleet for more than 7-years leading to more maintenance and less trade-in• Getting more information from staff and contractors that justify the large expenditures to allow the Board to make the best decisions on where money needs to be allocated• What constituted a budget amendment• Whether money can be moved around from line item to line item in the budget• Infrastructure replacement due to capacity• Understanding reserves and capital improvements• How to capture what can be collected in tap fees and what numbers can be used to pass on with tap fees• How the Board completes the projects necessary in 2023 and balance the budget without pulling from reserves• Making a plan to put money in reserves for what is needed if there is a catastrophic failure• Implementing a fee or rate increase to start funding the capital projects now and not kicking the inevitable down the road to future years• Effectively communicating to the constituents in regard to increases• Necessity to keep message simple, honest, consistent, and often• Pinpointing a dollar amount that needed to be raised to cover capital repairs for the upcoming year• Current owners adding structures to their property and the necessity for them adding an additional tap which involves fees and affecting additional capacity• Keeping infrastructure conversation on every agenda moving forward |
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	<p>Following discussion, the Board directed the staff to present a version 2.2 of the draft budget for consideration with the following changes:</p> <ul style="list-style-type: none"> • Use Version 2 of the draft budget as a start • Cut the lobbyist budget in half • Add \$1.2 million more in fees to be collected • Provide a model of how the fee will be applied • Present providing 80% coverage per employee for their individual, spouse, and family coverages • 4% per employee to use for cost of living Increase (2%) and Performance Increases (average 2%) • Change the bonuses budget to match the amount budgeted in 2021 instead of 2022 <p>The Board reported that they have a fiduciary duty to carefully and methodically look at every line item in the budget and make decisions on behalf of the District.</p> <p>They will come back to the table and review Budget 2.2 and make decisions accordingly.</p>
Other Matters:	There were no other matters to come before the Board.
Adjourn:	Director Wendell MOVED to adjourn the meeting. Director Hooks seconded, the motion PASSED by unanimous consent, and the meeting was adjourned at 10:15 p.m.



 David Wiechman, Secretary