

DURANGO WEST METROPOLITAN DISTRICT No. 1
BOARD OF DIRECTORS
REGULAR MEETING November 8, 2023

Call to Order: Meeting called to order at 6:30pm, motion by Melissa, Tom 2nd.

Board Present: Melissa Schneider, Tom Phelps, Joel Peterson, Jeanne Matthews.

Staff/Reps Present: Janet Anderson, Kathy Phelps, Brian Davies, Mike Roussin, Matthew Saiz.

Visitors Present: Public observer identified himself as Tim, potential property purchaser.

Snow Plowing:

Notices to Residents & Specific Areas: As previously discussed, 2022/2023 snowfall was well above average and posed more difficulties with snow storage and snowmelt than some years. Melissa informed the board she plans to prepare an overall notice as well as notices to send to specific to areas with limited room for plowing and snow storage. Newer residents and residents who do not keep up with shoveling can become frustrated with berms and parking. Residents are encouraged to make contact with the District because Brian is often able to help. Residents need to plan ahead for winter parking and proper tires. Snow blowers are extremely helpful. The majority of residents do a great job of not hampering plow operations and keeping vehicles off the streets. Brian receives many positive comments of appreciation for the time he dedicates to keeping roads open and passable. Snowpack is typical and remains for about 2 months each year. Melissa wants to help reduce some of the challenges for both Brian and residents. Janet offered to distribute or draft if needed.

Equipment: The Volvo has a failing hydraulic pump and has reached an age and condition of unknown reliability. The board unanimously approved moving forward with renting a John Deere loader from 4Rivers Equipment last month. Brian reported he's been working on equipment preparations and the black truck needs help. The exhaust is still very problematic and there is a wheel bearing or axel issue of some type that needs to be repaired or replaced. The board also authorized Brian to extend the rental beyond February 15 at his discretion.

Board member help with plowing: Joel Peterson has offered to assist plowing snow. Joel has years of experience in the construction industry and years with the county road and bridge department. It is very difficult find experienced and qualified operators willing and able to plow active storms, when extra hands are needed most. Because of the benefit to residents by having a resident and board member on hand for plowing, Janet said she would seek professional advice about paying for Joel's assistance. Board members are not typically employees so we should look into it. For

practical purposes, Joel's assistance would benefit the District greatly. The District anticipates spotty but minimal hours, primarily to prevent Brian from becoming unsafe and to give him longer breaks. It was jointly agreed Joel could work on an "as needed" and "as available" arrangement. Compensation would be in line with what the District has paid for other call as needed operators. It was clarified Joel will need to be covered under the District's insurance as he is not an independent contractor. The District wants to have enough back-up available that Brian does not feel obligated to work unreasonable hours. This is not only for everyone's safety, but also his sanity. His position can be very demanding and stressful at times. It was agreed dedication cannot override good judgement. No matter how much time is spent or road conditions, someone is usually unhappy when it snows enough to plow.

Budget & Rates: Review of 2024 budget indicate rates need to be increased. Given the labor market and plowing expectations of residents, the District will need to increase plowing fees. Several years of drought conditions enabled keeping rates stable for a very long time, but those years have been absorbed and our equipment is old and worn out. The housing project is being done for a few reasons, but primarily to replenish reserves that were used to supplement operational expenses for many years. The District also purchased a few lots over the years in order to replace dilapidated homes and continue the momentum of improving the neighborhood, which has been very well received and successful. Cash gained from the 2023/2024 development is earmarked for long term planning, but not to supplement operational cash flow.

The District's goals for development proceeds are to accomplish two major items:

- 1) Roads. It's time for the District to make major road repairs, address a few areas with drainage problems, and do overlays and curb work. This will require an engineering firm to prepare specification requirements, a bid package, and see the work through completion with project management and quality control. Anticipated costs will require financing through a long term bond, but initial funds are needed to pay for up front engineering costs so voters are given accurate information. The board prefers to request a mill levy bond over a revenue bond. Provided proper notice is given for public input, the board is able to borrow funds with a revenue bond, but a mill levy bond issuance requires formal voter approval at a regular election. Every homeowner has an individual tax situation but a mill levy bond may benefit some property owners by reducing income tax liabilities. The main advantage of Special Districts is they have taxing powers to set their own mill levy (with voter approval) whereas homeowners associations are not taxing entities.
- 2) Adopting Rules & Regulations that are up to date, easier to understand, and less expensive to enforce. The District was set up with two legal entities in 1977, a Property Owners Association (POA) and a Metro District. The POA became inactive, which in effect made the District the only entity left for people to go to by default, but the District is not legally the same as a POA. The board wants to leave POA type rules and decisions up to the homeowners, but homeowners need an entity to oversee whatever rules they ultimately

choose to adopt. There are a few key areas that would benefit from simpler but specific rules such as architectural reviews. The District has made progress towards laying out the steps that will be required and drafting documents. A portion of the development funds will be used for legal fees to get an updated Service Plan and New Rules and Regs in place. It has never been financially realistic to maintain a homeowner association and a metro District. The District hoped volunteers would step in to reactivate the POA, but it's proven too complex and time consuming for volunteers. Most residents assume the District is a POA, which then can cause further confusion. The lack of an active POA entity has become more of a financial burden to the metro District. Legal recommendations are to amend older policies and take updated documents to our constituents. It would be extremely helpful to simplify the District's enforcement powers and to adopt a cleaner set of fewer rules.

Audit 2022: Mike reported the audit was filed with the state after the board had earlier approved the draft. Janet asked Kathy to post on the website. The auditor's letter to the board echoes ongoing rates and budget discussions. The auditor's recommendation is to perform a 5-year cash flow analysis within each fund. Mike will work on that for review after the holidays.

New housing construction: Janet and Mike updated the board on construction progress and the paperwork system that has been set up for the board to access invoices, loan documents, and the remaining budget. Excavation for foundations began about 5 weeks late for several reasons, but we're now about 1 full month into the estimated 4-month project. Janet reported closing the construction loan ended up being quite cumbersome and she has been stressed and frustrated over the length of time to get funding in place. The original January 15 completion date is now estimated to be closer to February 15, keeping in mind winter weather could impact schedules. Andy has built over the winter season in Dw1 before. There are some advantages of working with fewer demands on materials and hopefully more extra labor will become more available as winter sets in. Janet reported materials and skilled labor bids seem to be matching up well to earlier estimates. Andy reported being very pleased with Alpine Lumber's service, service, and prompt attention to date. Despite everyone feeling anxious to get exterior shells construction finished we will need to give neighbors a break on a few more Saturdays near the holidays. Neighbors have been pretty tolerant but we know the process is inconvenient and can be very noisy. As in the past, unless an emergency, no work that can impact residents should be happening on Sundays at all and Saturdays they should begin later in the morning.

Accounts Receivable/Water Leaks/Other Misc Neighborhood Issues: Kathy gave an update on receivables and explained many customers set up on autopay have fallen behind, but we don't believe most of these customers are aware of this. Kathy is reaching out by phone now and is sending follow up emails to explain their autopay forms on file are severely out of date, resulting in underpaying after fee increases were implemented. Forms have been sent with requests a couple of times, but too many have not returned so Janet asked Kathy to get these cleaned up as best as possible by early 2024. Fees were slowly increased since 2018 by a total of about \$12, but some of the autopay agreements were signed over a decade ago. New forms still provide protection from a

surprise billing for a leak but have been modified not to need updating by using a percentage based on average rather than a dollar amount as a payment cap on all autopay customers. Kathy reported larger delinquent balances have all been collected and she's doing well keeping people under \$500. There is one exception account but the homeowner is making twice a month autopayments to keep her current balance paid. The problem is she is paying very little on the past due amount because her income is very limited. We're trying to work with her and it's certainly been much better with the regular payments. Other than this one account, Kathy has accomplished catching up past due balances since last year at this time. Janet's goal was for the next audit to show a large reduction in customer receivables. The new billing program is working well for Kathy and Janet estimates it's probably saved at least 50% of Kathy's time prior spent on software entries and reporting.

Personnel compensation: Janet discussed compensation numbers currently in the draft budget that would need to be addressed between now and processing 2024 payroll. Brian has signed up with the county health pool for medical insurance as of 2024 since his policy was canceled by Anthem at the end of 2023. Janet recommended the board approve the budget as drafted if timing and scheduling doesn't allow time for the board to discuss among themselves. It is better to budget for expenditures not used than to run short requiring filing of amended budgets. Joel works a very early shift and left the meeting about 8:05pm. The board and staff discussed personnel items together in general and will delve into details when Joel can be present. Tom will recuse from executive sessions as previously discussed in order to avoid any appearance of conflict even though he would only participate in discussions about Janet and Brian. Tom will participate in general discussions about positions, salaries, and duties. Job descriptions and comparable positions were shared with the board based on research of Special Districts data Janet put together earlier in 2023.

Adjournment: The meeting was adjourned at 9:30pm after motion from Melissa, 2nd by Jeanne.

*M. Shuster
1/24/24*