

Brush Creek Metropolitan District
Thursday, October 20, 2022 at 5:30 p.m.
Zoom Meeting

- Jerry Scheinbaum, President
- Joyce Hardy
- Jerome Meister
- Lawson Wills
- Jim Laing - Absent
- Rick Stevens, BCMD Manager
- Rebecca Driscoll, Meeting Recorder
- Cindy Herndon, Bookkeeper
- Roger Maggard – Auditor

1. **Call to Order:** The meeting was called to order at 5:42 p.m. by Jerry Scheinbaum.
2. **Minutes:** The minutes of the September 15, 2022 were approved by all board members as presented.
3. **President’s Report:** Jerry Scheinbaum discussed the IGA which was set to expire between Pitkin County and Aspen and BCMD in fall of 2023, noting he didn’t want to let it lapse or miss the deadline. He thought BDMD might ask Leslie Lamont to help examine it.
4. **Manager’s Report:**
 - **Budget:** BCMD Auditor Roger Maggard reviewed the audit summary with the Board. He began by explaining the purpose of audit is annually to have a 3rd party enhance credibility of the financial statements, assess the general risk, and express an opinion as to the soundness. He tested the reports by pulling invoices and bank statements to confirm accuracy, and verified with third parties to be sure the information was complete and correct, and then tested compliance with legal and accounting standards. He said he was happy to report a clean unmodified opinion on financial statements with a high level of assurance. The management letter-accompanying the audit stated no material weaknesses, no reportable condition/significant deficiency; just some minor questions split accounting and segregation of duties.
Maggard reviewed position of the accounts, noting that the enterprise fund covered the water fund by \$25,000, which is often done for capital infrastructure improvements, but is non sustaining and suggested further fee analysis to consider possible rate increases to make the water fund self-sustaining. Another subject discussed was the legal TABOR consequences of loans from one account to another, and the required pay-back schedule. Lawson Wills said the Board’s biggest concern is how to get more money into the water fund (or spend less), and noted they recently restructured spending on water-line repair to utilize the road fund for the portions of the projects that involved digging up the roads. He asked for advice on further ideas to lighten the load on the water fund; for instance, if it was appropriate to pay salaries out of the general fund. Maggard said he would inquire, and praised Cindy Herndon’s handle on the finances.
 - **Public Hearing:** Jerry Scheinbaum opened the public hearing at 6:05 to discuss the budget. No landowners were present.

- **Budget:** The Board reviewed the current draft of the 2022 budget. Bookkeeper Cindy Herndon reviewed draft 2022 against 2021 actual, which showed a 5% increase numbers generally across the board. She explained how many costs are split between the water and general account, such as legal, minutes, County fees. The Directors fees and Payroll tax expenses are part of the general/road fund.
 - Rick Stevens expressed concern that there was no growth in the water fund reserves, though the recent rate hikes and increased service fees were helping reduce shortfall. He said the fund is about \$35,000 behind. He said he had been exploring ways to increase revenues. Lawson was questioning the \$27,179 negative balance in water spending. Rick explained the new water system has resulted in water savings, but also conservation, which means reduced water income. The Board floating ideas of new construction helping to cover water system infrastructure costs.
 - Roger Maggard explained while the water rate is not governed by TABOR, property tax was, but it allows that 10 % of the general fund balance could move to the water fund as a gift without needing repayment. Lawson Wills thought that allowance should be maximized, and to increase last year's \$25,000 transfer if balances allowed.
 - The Road fund is building for future repaving of the roads. The proposed snow removal budget was reduced to \$60,000 in the draft 2022 budget, but Lawson Wills said it should remain higher and suggested \$75,000, since the last two drier years are likely not an indication of future snow. Lawson noted the line item of "server maintenance" was likely to be reduced significantly with the transfer to the online Badger system. Trash costs increased from \$55,000 to \$65,000, due to price increase but also illegal dumping with homeowners dropping off items they won't take to the landfill themselves. Rick suggested increasing trash revenue to cover the additional cost. Lawson suggested adding a line item for elections of about \$5K.
 - The Budget should be approved in November meeting, and filed with the state on December 15. Rick Stevens asked for a work session to finalize the numbers before November's meeting.
- **Water Usage:** Cindy shared water usage report, which showed the top 15 accounts using the lion's share of the 2-million-gallon monthly allotment. Rich Stevens suggested that the top tier's structure should be modified to bill at a higher rate over 100,000 gallons a quarter, from the current tier set at 130,000 gallons per quarter. Jerry Scheinbaum noted the BCMD is billed a 30% increase when usage exceeds over 2 million a month, so passing that 30% increase is logical, and a justifiable source of revenue.
- **Meter Install:** Rick said the last 30 or so meters should be completed in October, at a cost of about \$125 each to install. Pioneer Springs, the bulk meters, and Zone 4 installations are complete, and Zone 3 has a few remaining.
- **Guardrail:** The Board reviewed a request from a resident requesting more guardrails. Jerry said the applicant will be invited to present their perspective before the Board in person (Zoom).
- **Traffic Counts:** Rick Presented the most recent traffic count report, which showed that Juniper Hill Brush Creek homeowners' traffic has not increased in 3 years, but traffic counts to Cozy Point have tripled. The counts are above the 20 percent metric to trigger an access permit, which Cozy Point doesn't have. The Board expressed hesitation to give the data to CDOT in case BCMD would be held responsible for intersection improvements, but they are obliged to share the information with the City of Aspen. Rick said the City has not accepted the 2019 counts, despite the counts coming from the same agency: McDowell Engineering Transportation Engineering Consultants. Lawson said it's not

realistic to ask homeowners to fix the intersection and suggested giving the results to the City to let them review.

MOTION: Jerome Meister motioned, with a second from Lawson Wills, to give the results of the study to the City, but to refrain from sharing them with CDOT for the time being.

- **Water Pressure:** Following a report by engineer Richard Gouling on the negative impacts of reduced pressure to the BCMD water system, the Board agreed to send a letter to Scott Forrester of Snowmass Water in opposition to their proposed pressure reduction request. Jerry made a motion with a second by Lawson Wills to send the letter to SGM and Snowmass Water, with all in agreement.
- **Water Report:** The Roaring Fork Engineering water report reports shows September's water usage was the lowest in 4 years, with only a 6.9% loss; well below the standard 10%.
- **Substantial Remodel Ordinance:** Rick presented the City of Aspen policy to upcharge new development from the original tap fee, if the development or remodel increased potential capacity of water usage by 50% (i.e. more water fixtures), as measured by the ECU rating. Rick suggested the board might consider charging as the City does, to help fund water system improvements. The Board also discussed whether excessive landscaping irrigation might also fall into that category. Lawson Wills equated the proposal to a second tap fee, and while he was okay with the idea, was unsure how to implement, as BCMD is not acting as an architectural committee to review remodels. Jerry Scheinbaum suggested using will-serve letter requests to determine if additional charges should be considered, as the Board will then have the opportunity to review setbacks, road mitigation, and water service considerations.

5. **Bookkeeper's Report:** Cindy Herndon

- **Fund balances:** Cindy Herndon reviewed accounts receivables. She reported that the first round of email billing was largely successful, with only a few emails bouncing back, and a dozen landowners who specifically requested a paper bill in the mail. The web payment portal is functioning, and feedback has been positive. Roughly ten landowners paid by credit card and set up recurring payments. A test group is using the Beacon website to examine usage and set up leak alerts before being offered to the remaining landowners.
- **Receivables:** Cindy reviewed receivables, noting about 10 people were still carrying past-due balances totaling about \$9,000. The Board felt the time has come to implement shut offs, and charge a fee to turn it back on (with the turn-on fee amount to be revisited). The Board discussed withholding "will-serve" letters on remodel projects for properties with any outstanding fees. The Board discussed special situations with landowners in arrears, including an owner who passed away, and agreed on a few landowners who should receive a three-day notice to shut off.
- **Payables:** Cindy reviewed current invoices and payables. Jerry Scheinbaum Motioned to approve payment, with a second by Joyce Hardy, and all were in agreement.

6. **Date of Next Meeting:** The next meeting was scheduled for Thursday, November 17, 2022, with a work session tentatively scheduled for November 3 for budget discussions. Subsequently after the meeting conflicts have moved the meeting to Tuesday, November 13.

7. **Adjournment:** Jerry Scheinbaum motioned to end the meeting at 7:40 p.m. and Lawson Wills seconded.