

**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CASTLE PINES METROPOLITAN DISTRICT**

Held: Wednesday, December 11, 2019, 7:30 a.m., at 5880 Country Club Dr., Castle Rock, Colorado

A regular meeting of the Board of Directors of the Castle Pines Metropolitan District, Douglas County, Colorado, was called and held as shown above and in accordance with the applicable statutes of the state of Colorado, with the following Directors, constituting a quorum, present and acting:

Jeff Battin  
Bill Calhoun  
Rick Huser  
Dick Munday  
Craig Sundquist

Also present were: Burt Knight, Sue Mantz, Jason LeTellier, Carolyn Frainier, Hank Cohan, LeAnna Gonzales, District Staff; Jack Reutzel, District Counsel, Fairfield and Woods, PC; Mark Larson, General Manager, Castle Pines Homes Association (CPHA); Mark Carlson, President, Norma Stimmler, Executive Claims Consultant, T. Charles Wilson Insurance Service; Matt Buster, Director of Land & Site Development, David Evans and Associates, Inc.

Potential Conflict of Interest Disclosures

District Counsel Reutzel stated that Mr. Battin has a continuing conflict with any regard to any discussions related to Cherokee Ranch. Mr. Battin serves on the Board of Directors at Cherokee Ranch.

Approval of the Agenda

Director Sundquist made a motion to approve the agenda, seconded by Director Huser. Director Munday said that he would extend the public hearing so that residents have the opportunity to speak and weigh in on the Budget for 2020. The Board unanimously approved the agenda, as amended.

Guest Introductions / Comments from the Community

Director Munday asked the guests to introduce themselves. Residents in attendance were: Cynthia Cerny, Joanne Dadlani, Kim Dadlani, Roger Dadlani, Tom Hadden, CiCi Holbrook, Jerry Schofield, Tom Sims, Mike Vernon, Dave Wood, and Judi Walker. Director Munday thanked everyone for attending.

## Safety Report

Mr. Cohan reported on staff training on snow mitigation and plowing. The Field Staff also had training on the new tire machine and balancer. There has been ongoing online Grainger safety training. Ms. Frainier said that there have been no Workers' Compensation claims since May Board Meeting.

## Action Items

**Approve the November 2019 Payables** – Director Sundquist made a motion to approve the November 2019 payables, seconded by Director Battin. Staff met with Director Sundquist to review payables, and manual checks, totaling the amount of \$279,182.63. Ms. Mantz reviewed and answered questions regarding invoices from the following vendors: Harbison Equipment Repair, Layne Christiansen, Timber Line Electric, Water Systems Engineering, Staff will run a second set of November payables and cut checks around December 20, 2019. These payables will be ratified at the January 2020 board meeting.

A vote was called and the Board unanimously approved payment for the November 2019 expenses in the following amounts: General Fund \$109,373.98, Enterprise Fund \$138,342.03 and manual checks \$31,466.62.

## Public Hearing – 2020 Proposed Budget

Director Huser made a motion, seconded by Director Battin to open a Public Hearing for the purpose of receiving comments on the District's proposed 2020 Budget.

Director Munday thanked the residents for coming to the meeting. The board received questions, comments, and recommendations from the community. On December 9, 2019, the board and staff received 36 questions from Mr. Tad Walden and the community regarding the 2020 Metro District Operating Budget. Given the short review period given to the District to respond to the questions, the community asked that ten specific questions be addressed.

Director Munday said at the end of the Public Hearing, the board will take a short recess to allow staff some time to coordinate questions and comments. Mr. Kim Dadlani, a resident from Chateau Ridge, said that Mr. Tad Walden coordinated the list of questions. Mr. Dadlani was at the meeting to represent the community, he said that he appreciated the openness and the way Director Munday began the meeting. Mr. Dadlani recommended that the board consider sub-committees that could be helpful to the staff and board. Mr. Dadlani said there are residents in the Village who have expertise in finance, legal, and communications. These sub-committees could help replace the need for the District to hire consultants for that work. Mr. Dadlani said he would be happy to participate in a finance committee.

Other residents also had questions at the meeting. Mr. Tom Hadden asked about the construction near Gate 3 and reported there was a pothole in the road. The construction is related to the District's water system for Filing 43. Mr. Knight said that Metro will fix the pothole. Mr. Hadden said there is \$375K budgeted for asphalt and asked why there is no money in the budget for asphalt between Gate 3 and Country Club Parkway. Mr. Hadden said that Gate 3, through the Prato home development, has seams in the road every fifteen feet, which create an excess amount of noise in that area. Mr. Knight will add this to his maintenance list for review.

Mr. Hadden said he did not see any funds budgeted for manhole covers. The manhole covers are an inch and a half below grade on the roads. Mr. Hadden also expressed concern that the manhole covers should be raised by one inch. Mr. Hadden requested a copy of the existing Long-Range road Maintenance Master Plan. Additionally, Mr. Hadden said IREA customers can pay by credit card without any additional transaction fees; he asked if the Metro District could do the same due to an increasing fund balance. Mr. Hadden stated the District is increasing its fund balance by \$400K and continuing to charge the residents \$10 per month for a capital improvement fee. Mr. Hadden requested the Long Range Road Maintenance Master Plan be included in the audited financial statement to improve communications.

Ms. Cynthia Cerny, a resident from Morningstar, clarified that the community would like answers to all of the 36 questions raised in the correspondence provided by Mr. Walden. The following questions are representative of the questions posed by Ms. Cerny. The board and staff answered some of the following questions and promised to get back to Ms. Cerny on any unanswered questions regarding the proposed 2020 budget:

- Clarification of the District's Fleet Replacement Policy
- Has an RFP been prepared for the Roadway Professional Services Agreement?
- Regarding the Professional Services Agreement, for the Long Ranger Water Master Plan, with Black & Veatch (B & V), why is it necessary to employ an international consulting firm?
- With total Repair and Maintenance increasing 20%, how is this possible if staff is proposing to triple staff?
- Does Metro have a third-party recommendation to support replacing the Primary Logic Controller at Water Treatment Plant #1 (WTP#1)?
- Questions regarding the Variable Frequency Drive replacement at Booster Pump Station #1 and industry standards for more control.
- Why is the District budgeting for a 2020 GMC Canyon Pick-up truck for locates?
- Does the roof at Water Treatment Plant #2 (WTP#2) need to be replaced or repaired?
- Questions regarding the cost of a mop sink at WTP#2
- Justification for the back-up Power Plan for the wells compared to renting. When was the last event that the District required emergency power for the wells and water treatment plants?

Ms. Cerny had additional questions for the staff and board, unrelated to the proposed 2020 budget:

- Why was a remote start installed in a 2016 GMC pick-up truck?
- Questions regarding reimbursement for an employee's cell phone
- What expert report/study necessitates the work to be done in the Orofino sub-association
- When does the board intend to eliminate the \$10 "capital improvement fee?"
- Proposed that Metro provide resident tours of all facilities to better understand the budgeted items.
- Has the job description been written for the Assistant District Manager position?
- Questions surrounding Mr. Joe Gschwendtner's interim independent contract.

Director Munday asked for any additional comments and said the board will continue until everyone has been heard. Director Munday said that the board and staff are prepared to answer the ten questions identified by Mr. Walden. Mr. Reutzel advised the board to close the Public Hearing. Director Sundquist made a motion to close the Public Hearing, seconded by Director Munday. A vote was called and the motion passed unanimously. Director Munday said that Director Calhoun, Director Battin, Mr. Knight, Ms. Mantz, and Mr. LeTellier would convene for ten minutes to discuss how they will answer the questions from the community.

All participants reconvened in the board room.

Mr. Knight said that next year the District will have its Public Hearing on the 2021 budget in November of 2020. Staff put a budget together based on past expenditure experience and communication with vendors. Labor costs are a little bit of a harder number. The District also develops upcoming projects and estimates the cost of each project. Experts are hired when the staff is defining and refining the budget. The key is to make sure we present realistic numbers to the board for their approval.

Q. 2 The "residents" inquired about the \$200K expenditure for the Administration Building in 2020. It appears to be for only a portion of the project. What is the total project budget? Why is this expenditure necessary? There is no mention of this in the Supplemental Information provided on November 9, 2020. Mr. Knight said after the District's experience in October and November 2019, the District looked at the possibility of expanding the board room. At some point, the District will begin videotaping board meetings. A second set of doors for the vestibule in the front of the building is needed. The District has reorganized our work team and is looking to hire an architect to reorganize our workspace. The budget for these three projects is \$200K for analysis and design. If budget is available perhaps some physical work can be completed

Q. 3 The next question regarded the Enterprise Fund was: what is the basis for the \$250K expenditure for the "Long Range Water Master Plan Update". Will the District issue a request for proposals and has that vendor been identified? Mr. Knight explained that the District does not engage in the bidding process for professional services. The District has a Professional Services Contract with Black & Veatch, a firm well recognized in water treatment, water supply and distribution services. B & V is an international firm and has the qualifications the District needs. The District's most recent Long Range Water Master Plan is from 2007. Mr. Knight explained that things have changed dramatically and an update is necessary. B & V will help the District move his goal forward.

Q. 4 The "residents" said that Chatfield Reservoir Re-Allocation Project disclosure highlights the high cost of acquiring the right to store surface water (\$8,300 per Acre-foot in 2020). Metro owns 10 acre-feet in Chatfield Reservoir. There are additional costs for acquiring the surface water, transporting it and treating it. While the District, along with everyone else on the Front Range needs to transition to surface water over time, these costs highlight the importance of conserving our groundwater resources for future generations. It again casts doubt on the prudence of the District sale of 107.5 acre-feet of water rights to the Country Club for irrigation. The sales price to the Country Club of \$3,000 per acre-foot is a fraction of the cost being incurred for acquiring surface water. Mr. Knight stated the District has substantial groundwater rights that are estimated to support the community at build-out after the sale of 107.5 acre-feet to the Country Club. However, prudent water planning indicates that transition to surface water

may be needed or desired long term as an available option. The questions about the cost and methods to accomplish this are valid and are included as tasks in the 2020 Long-Range Water Master Plan and are currently being developed.

Q. 5 There is a \$300,000 cost for rehabilitation of Well DE-1. All previous communication from the District states that the sale of water rights to Country Club for purposes of drilling another well would not impact the District's need for new water sources based on the current plan. If this is the case, why does the District now need to refurbish Well DE-1 to create an additional water source? Mr. Knight indicated the District has a substantial portfolio of water rights. The District will gain full ownership of Well DE-1 after the completion of Development 41. The trigger point is 50 water taps from the District for Filing 41. We have not defined the whole project; however, based on experience, rehabilitation of a well cost \$250K. The first step will be testing and analysis to determine if the well production shows value prior to rehabilitation.

Q. 7 The following questions were asked in regards to staff salaries. Total payroll costs shown in the Budget Salaries Summary table indicate an increase of 37% in 2020 to \$2,287,945. The increase appears excessive. How much will the District spend on the three most highly compensated employees, including both salaries and benefit expense? What is the budgeted average percentage increase in compensation per employee compared with 2019? When do employees expect to receive notice of their increase? If needed to allow further review of this matter, an interim adjustment might be considered for staff. Ms. Mantz responded to this question. In August 2019, the staff conducted the annual salary survey for the District. The survey was conducted using two documents from Employers Council: the 2019 Colorado Benchmark Compensation Survey, and the Public Employers Compensation: Individual Organization Report. Based on the data, the average projected percentage increase for 2020 is 3.3%. Also, thirteen market adjustments for employee positions were needed to bring them into alignment with their salary range. The proposed payroll budget for 2020 includes 25 FTE & 18 Seasonals, compared to 20 FTE & 18 seasonals in 2019. In prior years, full-time staff has been between 17 – 18 employees due to a shortage in the candidate pool. For approximately three years, the Board has asked if additional staff were needed, because projects were not getting done. Under the new management, an Organizational Chart was created with five additional positions, to aid in getting projects completed. Employees are notified of their annual increases in February of each year, and increases are effective March 1. For any specific personnel information, a Colorado Open Records Act (CORA) request is required.

Q. 8 Question regarding revenue for wastewater management in 2019. \$1.5 million is not included in 2020. What contributed to the 2019 revenue and why is it not in the 2020 budget? Ms. Mantz said this revenue line item is for an Intergovernmental Agreement for Extraterritorial Wastewater Treatment Service with Castle Pines Town Center Metropolitan District, No. 1. The agreement commits the District to reserve wastewater treatment capacity in Plum Creek Water Reclamation Authority for up to 300,000 gallons per day. The first payment of \$1.5M was received at the beginning of 2019. The second and final payment of \$1.5M is due on the second anniversary of the closing date, in 2021.

Q. 34 If the District has sold off 107.5 acre-feet of water rights to the Country Club and the Country Club intends to drill its own well, what future impact will this loss of revenue from the Country Club sales be? Ms. Mantz responded that there will be no effect on the Metro District for lost revenue. The well that the Country Club will drill is to help dilute the effluent water for the golf course. Effluent water is a pass-through expense from Plum Creek Water Reclamation Authority. The Country Club indicates that the effluent is high in sodium and is difficult on the grass and trees. Dilution is a good method to reduce the sodium levels. This well water will not be treated or considered potable water. All of the revenue that the District receives from the Country Club is for potable drinking water for the clubhouse, maintenance building, half-way house, etc. No potable water is used for irrigation.

Q. 35 The community requested an update on where the District stands on the request to confirm that the Golf Club, Country Club and Cherokee Ranch will be billed at the tiered rate just as the residents are billed without the "metered billing," which essentially provides a bulk discount to any recipient. If this is the case, has the 2020 revenue budget reflected this "total" water usage? Will the District add transparency to the billing and usage reports to show how much water each of these three large users of water incur and pay? Mr. Knight said that he cannot disclose individual water usage. Two of these entities are inside of the District and do not fall under the current policy outside the District service. The District is updating the Cherokee Ranch Agreement, which will be billed at Tier 4.

Q. 36 Mr. Kim Dadlani suggested The Metro Board set up Community Committees to assist the Board and Staff in implementing best practices and steward the Metro District's activities. Mr. Dadlani said that virtually all boards, corporate and public, have committees identified to assist in organizational efforts. The following committees should be formed and community residents assigned to the tasks. Each committee should be three to five members. Residents are requesting the adoption of this concept. The following committees could be formed: Engineering, Operations, Project Management, Finance, Human Resources/Legal, Technology, and Communications. Director Munday said that Mr. Knight has been at the District for almost three months and there has been a change. Mr. Knight has increased Staff, which was necessary to get the job done. Director Munday said that the Board is open to ideas from the community. There will be an election in May of 2020 and there are two board seats open. Board members are term limited. Director Sundquist said that the board has utilized experts in the community. Mr. Tom Sims has helped the District with Human Resource issues. Mr. Dadlani suggested creating a situation where there can be a question and answer session in the first quarter of 2020.

Director Battin made a motion to reopen the Public Hearing, seconded by Director Calhoun. A vote was called and the motion passed unanimously.

A citizen asked for clarification regarding the hiring of Black & Veatch. Mr. Knight spoke to the question regarding the Long-Range Master Plan update proposal. It is important for the District to hire the most qualified firm, not the least expensive. The District has approved a professional services contract with B & V based on the qualification that the District has reviewed. B & V has done extensive work with other Districts like Centennial. The District also work with Tetra Tech and Jehn Water, who put together the previous Long Range Master Plan. Mr. Ben Johnson, with B & V, is familiar with dynamic water models and has access to the

District's model at a fraction of the cost if someone else did the work. Director Calhoun stated it was his recommendation to the Board and convinced them to interview B & V and see what they can do for the District. B & V made a presentation to the board and they addressed how they would assist the District, what to do, and how they would use the system dynamic hydraulic model. They answered all the questions correctly according to Director Calhoun. Director Calhoun provided Ms. Cynthia Cerny a copy of the presentation he made to the board recommending hold on the 2 Million Gallon Tank Project while a total system dynamic hydraulic model study to be performed to understand the total water system needs. The presentation included a recommendation to consider engaging B & V to perform the work.

Mr. Dadlani asked about the District Organizational Chart. Mr. Knight reviewed in detail the District's Organizational Chart. This organizational structure allows Mr. Knight to work with consultants on big-picture ideas and communicate with surrounding organizations for opportunities, with other staff assigned specific details to complete.

Mr. Dadlani said that it had been an unbelievable discussion and thanked Director Munday for giving the community a voice, and he thanked Ms. Cerny for her work. Mr. Dadlani said that this was a tremendous opportunity for the District to build trust. He suggested that the discussion continues in a structured way. Mr. Dadlani thinks these matters could be closed out in a couple of sessions.

Director Huser made a motion to the close the Public Hearing, seconded by Director Battin. A vote was called and passed unanimously

**Discussion of IGA for Filing 41** – Mr. Matt Buster, Director of Land & Site Development of David Evans and Associates, Inc. was at the meeting to present on Filing 41. Currently, the final plat application is with Douglas County Commissioners, for approval at the end of January. The District is waiting for comments from Mr. Glendon Berrett of IMEG. Also, Mr. Buster will provide Exhibit A to the District. Mr. Knight will bring Filing 41 to the board for final approval in January. The Board thanked Mr. Buster.

#### Committee Updates

- CPHA Liaison – Mr. Larson said the CPHA Board of Directors approved the budget last month. Mr. Larson said there will be a Coffee with the Managers in January.

Director Munday thanked the staff for putting the budget together. Director Huser said he is going to be very cognizant of demands on Staff's time, making sure demands are reasonable. Director Munday supported that comment.

The District has contracted with the public relations firm, Webb and Associates. There was some discussion regarding the use of NextDoor.

**Receive 2020 Budget and Approve 2020 Budget Resolutions** – Director Sundquist made a motion, seconded by Director Huser to adopt Resolution 2020 – To Adopt Budget, the

resolution summarizing the expenditures and revenues for each fund, and adopting the budget for the District for fiscal year 2020, as presented.

A vote was called and the motion passed unanimously.

Director Sundquist made a motion, seconded by Director Battin to adopt Resolution 2019 – To Set Mill Levies, the resolution levying property taxes for the year 2019 (to be received in 2020) to help defray the costs of government for the District with a general fund mill levy of 33.834 mills to be applied to all taxable property within the District’s service boundaries.

A vote was called and the motion passed unanimously.

Director Sundquist made a motion, seconded by Director Munday to adopt Resolution 2020 – To Appropriate Sums of Money for the District in the amount and for the purposes set forth in the 2020 budget.

A vote was called and the motion passed unanimously.

**Consider Approval of the Renewal of the District’s Property and Liability Insurance and Workers’ Compensation Insurance Coverage for 2020** – Director Sundquist made a motion to consider approval of the renewal of the District’s property and liability and worker’s compensation insurance coverage for 2020, seconded by Director Munday. Ms. Mantz provided a brief overview of the premiums. The property and liability policy increase is 7%. The workers’ compensation policy came in with a 36% increase. The Experience Modification went from a 1.04 to a 1.20. The increase in the payroll budget also attributed to the increase. The workers’ compensation premium is expected to decrease next year. Mr. Mark Carlson, President, and Ms. Norma Stimmler, Executive Claims Consultant from T. Charles Wilson were at the board meeting earlier but had to leave for another meeting. Ms. Mantz said that insurance packets are available.

A vote was called and the motion passed unanimously.

**Approve 2020 Transparency Notice Regarding Board Meeting Days, Times, Location and Notice Posting** – Director Huser made a motion to approve the 2020 Transparency Notice, seconded by Director Sundquist. The State is moving to all odd-year elections. Ms. Frainier mentioned that the term for two board seats at the next elections in 2020, will be three-year terms.

A vote was called and the motion passed unanimously.

**Adopt an Election Resolution for the May 2020 Regular Director Election, Designating the Election to be Conducted as a Mail Ballot Election, Appointing Designated Election Official (DEO) and Authorizing DEO to Cancel Election** – Director Munday made a motion to adopt an election resolution for the May 2020 Regular Director Election, designating the election to be conducted a Mail Ballot Election, appointing Ms. Frainier as the DEO and authorizing the DEO to cancel the election if there are not more candidates than offices to be filled, seconded by Director Sundquist.

A vote was called and the motion passed unanimously.

**Consider Approval of the Master Agreement for Professional Services with Forsgren Associates, Inc.** - Director Sundquist made a motion to approve the Master



Agreement for Professional Services with Forsgren Associates, Inc., seconded by Director Calhoun. Mr. Knight reported that that agreement is not finished; there are more details to work out with the consultants, Director Calhoun, and Mr. Reutzel. Mr. Knight said the first task item to address is an investigation of the roadway system. Forsgren will review the PCI analysis for the Long-Range Road Maintenance Plan. Mr. Knight requested authorization to approve task orders up to \$75K. The agreement with Forsgren puts more emphasis in the detail of the work orders. Mr. Knight was authorized to complete the agreement and bring back to board for ratification

A vote was taken and the motion passed unanimously.

### Committee Updates

- Liaison to PCWRA – Director Munday said that the PCWRA board has not met since the District’s last board meeting.
- CPHA Liaison – Mr. Larson reported on CPHA earlier in this board meeting.
- Beautification & Enhancement Committee – Director Huser did not have a report.
- Contracts Committee – Director Calhoun did not have a report.
- Water Conservation Committee – Director Sundquist said the committee will meet in the spring.
- Investment Committee – Ms. Mantz remarked that the interest rate at COLOTRUST was slowly declining and is now at 1.88%.

### Discussion Items

**Confirm Thursday, January 16, 2020 Board Meeting at 7:30 a.m.** – The Board confirmed the January 16, 2020 Board Meeting at 7:30 a.m. Director Munday will call in for the meeting.

**2019 District Goals Update** – Mr. Knight reported that some of the goals have been completed and others are ongoing.

**2020 District Goals** – Mr. Knight presented the 2020 District Goals for discussion. Mr. Knight expressed that communication is a top priority. The Long Range Water Master Plan and the Long Range Road Maintenance Plan will be updated. The District will update the Employee Handbook and the Board Member Manual. Mr. Knight will also develop Metro District documents for use in developing contracts or agreements with other entities and consultants.

### Staff Reports

**District Manager Report** - Mr. Knight reported that the District is looking at opportunities for traffic mitigation on Castle Pines Drive North. The temporary pylons will be in place after the holiday season. The District will publish an E-blast to the community. Signs will be posted thanking the community for their patience while the structures are in place. This information can be used in the District’s conversation with Castle Pines North Metropolitan District (CPNMD) to show their usage in the sewer line as opposed to the District’s usage.

Mr. Knight will work on the original lien taps and the lien taps from Fidelity with Mr. Reutzel and Mr. Jack Vickers.

**Operation's Report** – Mr. LeTellier reported on Filing 41 progress. Mr. LeTellier discussed the ownership of Well DE-1.

Mr. LeTellier reported that street signs had disappeared at Filing 40. Of the 46 homes to be built, more than 35 have been sold and 23 families have moved in. Mr. LeTellier said that Mr. Cohan is tracking the fuel system and has encountered no state inspection issues. Fleet maintenance tracking is also being conducted.

**Administration Report** – Ms. Frainier reported that the District continues to recruit for: a Water Treatment Supervisor, an Irrigation Maintenance Lead/Supervisor, and two Maintenance Tech 2's. On December 9, 2019, Mr. Colton Skiera started as a Maintenance Tech 1. Ms. Tracy Adams will begin working on December 16, 2019, as our Billing Specialist. Mr. Michael Medina and Mr. Javier Rojo were promoted to Maintenance Foremen. Mr. Corey Herman was promoted to Water Treatment Plant Operator.

**Water Conservation Water Usage Report** – Ms. Mantz reported that water usage was normal for the month of November.

**Attorney's Report** – Mr. Reutzel had nothing to report


#### Executive Session

At 12:15 p.m., Director Sundquist made a motion to confer with attorney for the purposes of receiving legal advice on specific legal issues regarding the District activities relating to Cherokee Ranch service. The motion was seconded by Director Calhoun and passed unanimously. Legal Counsel Mr. Knight, and Ms. Mantz were invited to remain. The Executive Session concluded at 12:56 p.m.

#### Adjourn

There being no further business to come before the Board, and upon motion duly made, seconded and unanimously carried, the Board recessed the regular meeting at 1:00 p.m.

The Board of Directors approved the foregoing minutes on the 16th of January 2020. The preceding constitutes a true and correct copy of the minutes of the above-referenced meeting.

  
Co-Secretary