

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION

Annual Meeting
December 12, 2017

Jerry Figueroa called the meeting to order at 7:03 pm with the Pledge of Allegiance.

Call to the Meeting: Jerry Figueroa read the call to meeting; notice was published in the *Delta County Independent* on November 29 and December 6, 2017 issues.

Secretary Treasurer Report: Amber McPherson reported we have a quorum. We need 178 members to make up a quorum. We had 67 members present and 140 valid proxies for a total of 207 registered members.

2016 Annual Meeting Minutes: Jerry Figueroa read the 2016 minutes.

MOVED BY Eric Fritchman to accept the December 13, 2016 Annual Meeting Minutes as written and read to the members.

SECONDED BY Bryan Klaseen

MOTION CARRIED with no opposing votes.

President's Report: Jerry Figueroa offered his thanks to the Board of Directors and the areas they serve: Upper Surface Creek, Bill Elkins and Herman Kline; Redlands Mesa, Bryan Klaseen and Debbie Christner; Cedar Mesa, Dennis Grunkemeyer and Gerald Figueroa; and Member at Large is Ellis Fritchman. Jerry also introduced the current employees: Dayton Myers, Amber McPherson, Chuck Moore, Tim Frey, and Tyler Head.

2017 was an unusually busy year; here is the list of accomplishments:

- Settlement with Town of Cedaredge: In February, the settlement with the Town of Cedaredge for \$175,000 was finalized with the agreement we totally disconnect from the Town of Cedaredge. A new leveling tank was established. In August this project was completed in full.
- Leaks and Repairs: There were several leaks and repairs that were addressed throughout the year.
- Treatment Plant: Dayton Myers worked on the Filter Module alterations to make them more efficient. The plant computer system was upgraded as the old one was obsolete. The telemetry system at the Milk Creek Tank needed to be replaced as the old one was struck by lightning.
- Cedar Mesa Road Project: This had to be done this year because the county was widening the road from East 2600 Rd to bottom of Dry Creek. At first it looked like only 3,000 feet of pipeline, then 5,000 feet and finally it was completed at 8,500 feet of pipeline with 25 taps being reconnected to the new line. The total estimate for the Cedar Mesa Rd project was around \$120,000 and we came in under budget thanks to Eric Fritchman.
- Alternate Water Source: After consulting with engineers, drillers, geological surveyors, a well was drilled. At 75 feet there was a gravel seam and the well was producing 15 gallons per minute. At 180 feet there was another gravel seam and at 206 feet we reached the Mancos Shale Formation. After the casing, gravel pack, and grouting the well was tested and production was still at 15 gallons per minute. To have any impact on our water system we need about 140 gallons per minute. We will test pump the well through the Spring and Summer to see if the well is influenced by the creek. Then after the test pumping, we will determine if more wells in the area are feasible.
- Employees: Lynn Puls, Helen Hawkins, and Dan Hawkins have all retired from USCDWUA. New hires were Amber McPherson as Office Manager and Secretary Treasurer. Tyler Head was hired to assist in field maintenance. Chuck Moore was hired November 1. Chuck has a Class A treatment license. Dayton Myers is now the Operations Manager.
- Employment Policy Manual: We just completed a draft of the Employment Policy Manual to cover all aspects of employment with USCDWUA. We are now working on a Company Policy Manual which will be presented at the 2018 Annual Meeting.

- Purchase of a New Truck: We purchased a Chevy Colorado pickup to replace a service truck with 220,000 miles.
- We had two violations for HAA5 by CDPHE for 2 quarters in May and August. The limit is .060 mg per liter; which is 60 parts per billion. The 2 violations caused our average to exceed the limit. The HAA5 is caused by organics in the water reacting to the chlorination of the water. This happens when chlorination is at its peak in the Spring and Summer. We are looking for possible remedies to this; one option is continuing the well study.

Treasurer's Financial Report: Jerry Figueroa gave the financial report. In 2017, one tap was sold. Our total income for monthly water charges and penalties was \$482,297. One thing to note is \$23 of your \$35 monthly charge is going to payroll. Our ending cash balance for 2017 is \$300,590. Ann Sievers asked what Line 23 Legal and Professional fees were and the answer is it included lawyers for the town settlement and engineers.

MOVED BY Dan Hawkins to accept the 2017 Financial Report.

SECONDED BY Tom Henry

MOTION CARRIED with no opposing votes.

Call for Old Business:

- Dissolution of Agreement/Joint Ownership with Cedaredge: As stated previously this was finalized in February with \$175,000 from the town and an agreement to totally disconnect from the town.
- Alternative Water Source: As stated above the well was drilled approximately 150 ft. We will test the well throughout the coming year. There is a 50 ft. setback rule in regards to how close a well can be to a creek.
- Kevin Fischer questioned solutions to eliminate rust in his service/system. We solved this with a new 6" line to Dry Creek.
- Bruce Stanley questioned solutions to improve water pressure at his location. This problem was solved by the demand on the system lessened and a pressure regulator was installed.

Call for New Business:

- Replacing Pipeline 2550 Rd: This line has to be replaced this year.
- Budget Forecasting Program: A Reserve Study has been started to look at the future and the money we need to replace and repair pipelines. The reason this is needed is because we do not have tap sales like we used to. The tap sale money was what we used for capital improvements.
- Alternate Water Source: We already covered this above.
- CDPHE: HAA5 Contaminant Level Violations is critical for us to correct. The reason for the violations is the State changed the minimal chlorination levels which causes the HAA5. We will work on correcting this problem.
- Distribution System Map: Dan Hawkins explained the old huge paper map hanging on the wall at the office was hard to keep updated. We have digitalized the distribution system using Google Earth. Dan gave a demonstration on the map. Blue lines are water lines, addresses and location of taps, pressure regulator vaults pressure in and out and pressure relief valves installed. We have the capability to add pictures to the map.

2018 Budget: 2018 Budget had 2 budget scenarios one at \$40 monthly base charge and a \$45 monthly base charge. We have 2 proposals for \$40 and \$45. Jerry explained the reserves are for money we have set aside. Jerry explained the income and cash disbursements for operations and assets. Jerry opened up for questions; there was a discussion of what the options were. There was a little confusion over the budget and reserve study. The reserve study is just beginning, and it may not match the budget; it is a work in progress. The question was asked does the board have a recommendation and Jerry answered yes and it is the \$45 budget. Jerry answered that every board member had an opinion on how we should meet the needs; but collectively we put the budget together to let the members decide. There was discussion about do we really need to raise monthly fee to \$45. It was brought up that we do have \$300,000 in the bank now. It was also pointed out if there was a \$35 column it would show that we

would not have any money left.

MOVED BY Loretta Moliter to raise the monthly base rate of \$45 per month per tap.

SECONDED BY Marv Kieka

MOTION CARRIED with a majority in favor.

MOVED BY Rodney Cadwell to accept the entire 2018 budget as is.

SECONDED BY Keven Fischer

MOTION CARRIED with no opposing votes.

Election of Directors: Board members are elected to a two-year term. Board members whose terms expire this year are: Bryan Klaseen, Dennis Grunkemeyer, Bill Elkins, and Ellis Fritchman. Jerry Figueroa opened the floor for nominations; none were forthcoming. A question was asked of the board if the current members were still willing to serve on the board and it was affirmed they were.

MOTION BY Diane Cridler to re-elect the current board members for another term.

SECONDED BY Richard Romero

MOTION CARRIED with no opposing votes.

Dan and Helen Hawkins Retirement: Jerry talked about Dan and Helen and how much they have done for the company. Dan gave a little speech after Jerry introduced him.

Other Business: No other business was forthcoming.

MOVED BY Marv Kieka to adjourn.

SECONDED BY Dick Disner

MOTION CARRIED with no opposing votes.

Meeting adjourned at 8:38 p.m.

Refreshments in honor of Dan and Helen were served following the meeting.

Respectfully Submitted:

Amber McPherson, Secretary-Treasurer