

## **FALLS CREEK RANCH ASSOCIATION, INC.**

### **2017 ANNUAL MEETING MINUTES**

July 15, 2017

Pursuant to Notice duly provided to the membership, Association President Jim McCarthy called the Annual Meeting of the Falls Creek Ranch Association (FCRA) to order at 9:00 a.m., July 15, 2017 at the FCRA picnic grounds.

President McCarthy announced a quorum was present with a total of 72 lot owners represented at the annual meeting, 46 in person and 26 by proxy. Board members present were President, Jim McCarthy; Vice President, Mike McQuinn; Treasurer, Larry Hansen; Secretary, Deirdre Heine; and At Large, Peggy Yotti.

#### **1. INTRODUCTIONS AND AGENDA APPROVAL**

President Jim McCarthy welcomed the residents and thanked them for attending. He thanked all the committees for the work they had accomplished this year. He also spoke about the beauty of Falls Creek Ranch, its sense of community and what an important role volunteering plays in the success of the Ranch.

Jim McCarthy introduced new Ranch members Michael & Susan Morton; Chris & Floretta Gillespie; James & Mindy Glover; Jennifer Salstrom; Jon Kerzon; Joseph and Ran Willman; Scott Tannehill & Jennifer King; and Matthew & Tanya Howell.

President Jim McCarthy presented the agenda for this Annual Meeting with three amendments; 1) There are two Board positions to be voted upon; 2) a report on the Zink road issue will be presented under Old Business; 3) a report on financing the possible Animas Water Connection easements on CR 203 will be presented under old business. By motion duly made and seconded, the amended agenda was unanimously approved.

#### **2. APPROVAL OF MINUTES**

By motion duly made and seconded, the Minutes of the July 9, 2016 FCRA Annual Meeting, distributed with the Notice of this meeting, were unanimously approved.

### **3. ARCHITECTURAL CONTROL COMMITTEE**

K Redford reported:

The Architectural Control Committee (ACC) currently has four members: Mary Ann Bryant (Co-chair), Nancy Peake (Co-chair), K Redford and Linda Johnson. We have openings for up to three more members. We encourage anyone who is interested and wants to learn more about our Committee's work to please contact any of us. We need more members!

The ACC reviews all exterior improvement projects of members' homes (renovations or new construction) as required by the FCR Covenants and ACC Rules/Regulations. ACC review and approval is required BEFORE any work may begin. If you're planning any kind of exterior project, please contact the ACC with any questions you may have. We respond pretty quickly so we don't hold up your project.

Currently, there are nine open, active ACC projects on the Ranch and 4 open but inactive (or on hold) projects.

### **4. BEAUTIFICATION COMMITTEE**

Marge Rebovich, Co-Chair, reported:

The committee strives to plan and maintain attractive gardens at the entrance to FCR. The gardens are well established plantings of drought adapted plants and are meant to serve as demonstrations for residents to consider when landscaping at their homes.

Our budget request is to cover costs of plant replacement, inorganic mulch, and drip system or equipment (10-year-old weed whacker) repair.

Our Committee Co-Chairs are Marge Rebovich and Nancy Wallace. Committee Members are Jenny Hardy, Sandy Turner and Bill Rebovich. We are delighted to welcome new members: Mindy Self, Susan Morton, Jonni Greiner, Mary Ann McCarthy, Mary Grizzard and Nancy Henry.

Committee members are preparing a Guide to the plantings. Once completed this will be available on the FCR website and will correspond to the plants in the gardens which will be labeled numerically.

Nancy and Marge are available to visit your homes if you have questions about your sites, soil, and plant selections etc. We are familiar with many of the local nursery, landscaping professionals. Over the years we have gained a good bit of experience as well with various products to control garden pests; so, residents should not hesitate to call us with questions.

Marge Rebovich also reported that we currently have 14 certified member responders in the CPR AED group. Marge will be coordinating a class this summer for CPR certification and re-certification. She reminded the membership of the Emergency Ranch Telephone number located on the Ranch telephone list. In case of an emergency call 911 first and then the Ranch emergency number. Marge carries the emergency phone and will deploy volunteers to your on site emergency.

## **5. COMMON PROPERTY**

Phil Boroff, Chairman, reported:

### **Forest Management**

- Additional thinning toward well-spaced trees with an eye on diversity in age and structure is required to ensure long-term healthy forests. This work will require a sustained effort with many volunteer hours to conduct mitigation and restoration.

In conjunction with the FCR Firewise Committee, the CPC has continued thinning and restoration projects in 18 identified areas on Ranch common property. Future restoration projects will follow areas prescribed in the current Community Wildfire Protection Plan.

The Firewise equipment procurement last year has been a tremendous labor saver and should result in notable mitigation and restoration.

- CPC volunteers and FCR residents continue to inspect for beetle infestation and fell as needed; as a result of increased efforts, we removed close to 100 beetle trees so far this year compared to 26 this time last year.
  - Residents are encouraged to familiarize themselves with what a beetle

infested tree looks like. If they wish to keep an infested tree, the tree must be sprayed to kill the beetles.

- Residents are encouraged to pick up downed firewood for their personal use. In combination with the Firewise Committee, the CPC will continue to pursue no-cost outside assistance options for our remaining wood focusing on forest product reutilization.

### **Weed Mitigation**

The CPC is looking for a volunteer to head our weed mitigation efforts.

The CPC is conducting additional spraying this summer using volunteers and hired local crews along with FCR-acquired equipment. To date, we've saved over 90% in labor costs by hiring a contractor.

The CPC encourages all members to help control weeds in and around their properties, especially mullein, thistle and hounds tongue. These weeds can either be sprayed or pulled by hand and bagged.

### **Annual Clean-up Day**

33 volunteers participated in an additional clean-up day 15 Oct in order to haul slash after increased mitigation and restoration efforts.

Approximately 80 volunteers participated in Clean-up day on 17 June.

Volunteers completed several projects and hauled and chipped slash from thinning and restoration efforts.

Volunteers cleared the lake trail and trimmed around all ranch fire hydrants and water treatment facilities.

Volunteers trimmed and organized the lake and beach areas.

Beautification volunteers worked on the entrance and near the fire station.

### **Slash Yard**

- With increased private and common property mitigation and restoration efforts, the slash yard continues to require an enormous number of volunteer and paid crew hours. The air curtain burner (ACB) acquisition and local hires have helped keep the pile somewhat manageable.

In-place chipping and chipping at the slash yard have been huge labor savers and significantly reduced volume as well as air curtain burning.

In response to the slash yard fire on 24 June 2017, the CPC is rewriting ACB and slash pile protocols; ACB use will commence pending board approval.

Unfortunately, residents and/or contractors continue unauthorized ACB use. Only the designated crew on duty that day is permitted to put anything into the ACB.

Residents and/or contractors continue to put loose pine cones and needles into the slash yard and throwing slash on the firewood pile near the yard entrance. This creates a huge labor drain as well as an increased fire risk. Please bag all needles and cones and do not leave them near the ACB. Additionally, place slash near or on existing piles in the yard.

## **Budget**

The CPC requests an increase of \$2,500 for next year's budget in order to fund additional chipper rentals. We anticipate reimbursement for some of the expenses. *(note: the request for additional funds was not included in the 2017-18 budget members voted on. It will be taken up at a future board meeting)*

The CPC also expects significant fallout (leftover) money from the weed control budget due to decreased labor costs.

## **6. FIREWISE**

Paulette Church, Firewise Ambassador, reported:

Committee Members: Phil Boroff, Chris Heine, Steve Allen, Clyde Church, Sandy Turner, John Turner, Mary Ann McCarthy, Mary Anny Bryant, Barry Bryant, Byard Peake, K Redford, Debbie Boroff, Doug Parmentier, Sara Carver, Lisa Hicks, Nancy Peake.

Emeritus Members: Ken Marshall, Don Southworth, Judy and Jim Winzell

**FCR Ambassador:** This is my first full year as FCR Ambassador and I have spent over 40 hours in training. In addition to attending the FireWise Ambassador

meetings every other month, I was elected to the FireWise Steering Committee that functions as a board for the nonprofit. We are currently seeking a new Executive Director for FireWise of SW Colorado.

**Grants Completed:** I am so pleased that we have completed two major grants written by Judy Winzell. The \$115,200 Stephens Community Wildfire Protection Program Grant was awarded in 2013 and finished late last summer. The \$50,000 Watershed or Colorado Forest Restoration Grant was awarded in 2014 and was finished last fall. Both grants provided professional mitigation of a total of 71 acres, with an allowance to hire hourly workers to finish the work when our contractor was out of business last summer.

The \$23,500 Colorado Department of Natural Resources (CO DNR) Grant I wrote in 2015 for the air curtain burner and the storage cover was also completed last fall. In 2016, we were awarded a Colorado Department of Natural Resources Capacity Building grant, which enabled us to purchase the RTV 4-wheel drive utility vehicle, to pull slash and haul a large tank for weed spraying; the DR off-set brush mower to keep our already mitigated oak brush and box elder cut down, in addition to mowing tall grass along the roads. We also purchased a Stihl Brush Hog for hand mitigation on steep areas of brush and a large Stihl chainsaw to handle the larger trees that are now dying from beetle infestations and natural causes. We also purchased professional first aid kits, wildland firefighter shirts, professional quality helmets with face guards and chaps for those chain sawing, and felling wedges to control the direction of tree-falls.

**Turned Back Grant Awarded for Widening of CR 205 South of Ranch:**

The Safe Passage Grant I prepared for \$10,860 to trim up and trim back 0.6 miles from our entrance south was turned back to the USFS due to liability issues that our insurance provider would not pledge to cover. This grant required us to work on public lands rather than on Ranch property and brought a liability risk that was outside our defined coverage.

## **Re-certified as a Firewise USA Community:**

For the sixth year, we met the criteria for recertification at the national level. With this certification and our partnership with FireWise of Southwest Colorado we have these additional resources available:

- Grant Funds for Compostable Bags:

With a small grant from the National Fire Protection Association and State Farm Insurance, we purchased 500 compostable paper bags to gather pine needles, cones, and leaves. Only fifty of these bags remain and they can be reused. Pick them up at 400 Oakcrest Dr. on the table in the entry.

- Free Assessment of the Fire Risk on Ranch and Individual Lots:

Staff from FireWise of Southwest Colorado will come and do an assessment with you on your lot marking trees for trimming and removal. Colorado State Forest Service will provide this service for a \$30 fee. Paulette (970-946-4856) can make these arrangements for you.

- Share Grants Up to \$2,500 in Matching Funds per Household per Year:

Submit application, have two estimates from approved contractors, take before and after photos, have a follow-up inspection, and submit report with receipts to receive the match. [www.southwestcoloradofires.org](http://www.southwestcoloradofires.org)

- Chipper Rental Rebates:

The rental companies in our region have applications on site for chipper rental matching rebates up to \$150 per household this summer through October 31, 2017. The Ranch is eligible for up to \$1,500 in chipper rebate funds this year and we are taking advantage of this funding.

- Professional Sawyer Assistance:

FireWise of Southwest Colorado is providing FCR with up to \$6,000 worth of professional sawyer assistance in removing beetle trees, crowded trees, ladder fuels, and trees that threaten roads and trails on the ranch. We have used professional sawyers on two workdays and it has made us very efficient, treating 16 acres in just one workday.

### **Colorado Tax Credit for Fire Mitigation:**

If you are a Colorado resident, you are allowed up to \$2,500 in state tax credit because we have an approved Community Wildfire Protection Plan (CWPP) filed with Colorado State Forest. Here is the link to learn how to file for this benefit: <https://www.colorado.gov/pacific/sites/default/files/Income65.pdf>

### **New Training Program for Crew Chiefs:**

Fifteen Firewise Committee members and other volunteers attended a two-hour safety training on chain saw operation, tree felling with wedges, and use of safety gear prior to the May workday. The focus is on keeping our volunteer teams safe, especially with several people working in a small area. We plan to continue this training program in the future.

### **FCR Has Positive Public Image:**

FCR has a very positive public image right now in the fire mitigation community and is often shown as a model for other homeowner associations and neighborhoods. This is from a long tradition of leadership in protecting our homes and our forest from the ravages of major forest fires. We continue to work with Durango Fire and FireWise of SW Colorado to gain training, feedback, and coaching, which we will continue to share with residents.

### **Volunteer Hours:**

From July 1, 2016 through June 30, 2017 we logged 2646.75 hours valued at \$68,709.63 and we have used only a fraction of these toward grant matches. I know we are missing hours, so please at least write down your hours as you work this summer and put them in my newspaper tube. We had nearly 60 volunteers help with the May Firewise Work Day and nearly 80 volunteers help with the June Annual Clean-Up Day! That is wonderful and we plan two more workdays this summer to try to catch up on mitigation.

### **Escape Route Open:**

The FCR emergency escape route is now cleared of major rocks, trees, and brush but remains very rutted. The gate combination locks are working in conjunction

with those of the Bible Camp and Rock Ridge. **Use only in case of emergency when you are told to use it.**

**Air Curtain Burner and Slash Pile:**

**We really need your help in keeping our slash pile (sort yard) and air curtain burner use safe and efficient.**

- Do not put anything in the air curtain burner, even if it seems to be out.
- Do not deposit pine needles, cones, and/or leaves on the ground. Bag them!
- Sort your slash so that firewood is well-trimmed and put in that pile with small slash deposited well away from the air curtain burner in the designated area.
- Have contractors haul away your slash! It's part of the agreement you have with them and helps us avoid overloading our sort yard and volunteer capacity.
- Do not put any construction or demolition material in the sort yard and be sure contractors know it is off-limits to them. The nails and sharp materials are hazards.

**7. DAM COMMITTEE**

Clyde Church, on behalf of Mike Hicks, Chairman, reported:

**Lake Level, Water Calls and Flows**

Lake Level	-0.20'
Outfall line	0.00 CFS
Thompson Ditch Diversion #1	0.00 CFS
Thompson Ditch Diversion #2	0.00 CFS
Spillway Diversion	0.40 CFS

No calls are in place.

## **CDWR Dam Safety Inspection**

The dam passed its annual inspection in October 2016 with high marks. The inspector requested that the willows on the dam be exterminated and they were.

## **Reseeding of Seeding of Dam and Spillway**

Last fall's re-seeding of the dam and spillway, in order to grow a cover crop of grass to prevent erosion, is showing signs of growth, with some luck the monsoon season will help the grass to grow.

## **Pasture Irrigation**

The lake pasture received 8 weeks of irrigation utilizing the Thompson Ditch. The horse pasture received several weeks of irrigation utilizing the Thompson Ditch diversion #1. Currently, both pastures appear to be in good shape and the water stored in their alluvial type soil will slowly release into the lake.

## **Native Cut Throat Project**

The Native Cutthroat Restoration Program is a multi-year, multi-step program with each step requiring research and evaluation by both CP&W and FCR to ensure that our lake will support the program and FCR continues its participation. Research conducted by CP&W includes lake temperature and evaluation of stocked "Test" fish by way of annual survey.

CP&W stocked approximately 750 catchable rainbow trout into the lake at the end of May. The rainbows were stocked as consolation to FCR as a result of delay in implementation of the Native Cut Throat Project due to last year's discovery of a bacterial kidney infection in the hatchery.

Native Cut Throat introduced into the lake continue to do well, helping to demonstrate that the lake temperature will support their development.

Due to concerns by two residents, a meeting with CP&W was requested and held to explain and answer questions regarding the impact of water quality on the lake by allowing the use of a gasoline powered boat engine to set and retrieve nets used

for the annual fish. Jim White, CP&W Fishery Biologist, provided the study “Effects of Motorized Watercraft on Aquatic Ecosystems” prepared by researchers at the Wisconsin Department of Natural Resources, Bureau of Integrated Science Services and University of Wisconsin – Madison, Water Chemistry Program as the basis for his explanations. Mr. White applied the same methodology used in the study to the use of CP&W’s boat in our lake and determined that the amount of fuel released into the lake during the time their boat would be in the water, would result in a fuel particle count of 1 part per billion. Mr. White put that measurement into perspective with the following examples: 1 part per billion is the equivalent of 1 drop of ink in gasoline tanker truck or a pinch of salt in a 10-ton bag of potato chips. Mr. White also stated that the fuel is volatilized quickly. Another consideration is the turnover of water through the lake at the time of the survey of roughly 7,740,000 gallons per day, or 23-acre feet per day. Mr. White concluded that the use of a gasoline engine in the lake would have no impact on water quality.

Regarding CP&W’s boat and engine; the boat is washed each time it is removed from water to ensure that no transfer of marine organisms takes place. Also, when the boat was inspected several times by an FCR resident when it was used in last year’s survey, no leaking fuel was observed.

### **Special Thanks**

Special thanks to the dam committee: Clyde Church, Phil Boroff and de facto committee member John Turner for all their help in keeping the dam safe, fulfilling our water obligations to downstream water right holders and irrigation of the pastures.

## **8. HORSE COMMITTEE**

Peggy Yotti reported on behalf of Lisa Eckert, Chairman:

There are currently 4 horses at the stable with one corral available.

The pastures are in great condition thanks to the abundant irrigation water this spring and John’s work getting it onto the pastures.

Sandy has been working hard to mitigate weeds around the barn as well as other common property areas on the ranch.

Peggy and Les used the new ranch utility vehicle to mow around the barn, this is much easier to maneuver and more efficient than using the Zeter!

We continue to have great results using fly predators as well as various traps around the stable and pastures to control the flies. The manure pile to the south of the barn is always available and free for the taking!

This summer our focus has been on maintenance and repairs to the fence around the pastures. We are in the process of replacing fence posts that have rotted off at ground level. We are also planning to paint the south side of the barn.

## **9. LAKE RECREATION AND BEACH COMMITTEE**

Robin Lucie, Chairman, reported:

Robin Lucie and Barbara Belanger were Co-Chairs for 2016-2017.

The lake is getting a tremendous amount of recreational use. Many new residents are enjoying it, and a larger population of the neighborhood in general seems to be using it.

Robin did a high-level review of the lake rules. Leave no trace ... no food, no trash, no boats or toys left on the beaches, no smoking on the beaches, no dogs on the main beach, respect other's right to peaceful enjoyment of the lake. Boats on the boat line (ie, noodle line) are for public use, others are not. Please get boat stickers from the lake committee, and display your car stickers and hang tags when parked at the lake (available from welcome committee). Rules are posted at the mailboxes, as is the calendar for noting groups. Extra copies will be placed there. Please be familiar with them and enlighten your guests. You are responsible for your guests abiding by the rules.

We experienced a high level of "illegal" traffic during the really hot weather we had in June. It is very important that we protect this incredible resource. If you see someone you don't know, please say, hi, are you a member? If they are not,

state that it is private property for members only and their guests. If someone approaches you and asks if you are a member, please don't be offended. Please assume positive intent on the part of the neighbor who is asking you as it is for the valuable protection of our common property.

Much work was accomplished on work day by our hard-working volunteers and on an ongoing basis. Huge thanks to the Doug & Sue McCarthy, the McQuinn, Killeen, Southworth, Belanger/McKown, Woltosz, Clark, Boroff and Parmentier families who have put in many hours of work to improve the lake access and amenities, paint the picnic tables, and remove a ton of willows and weeds. We will continue removing roots in the willow area and then add sand to reclaim the small beach that faces the dam. We've invested in more chairs, and will move a picnic table to the dry hydrant area after the annual meeting. The dry hydrant area requires clear access to the water pump at all times by the Fire Department and residents. Other members using that area for lake access are expected to not block the pump area. Mike Hicks arranged for a delivery of fish early this season and the fishing is great. It was noted that the cutthroat trout are Catch-and-Release at all times, and all fish caught should be released or removed from the lake area ... not left on the ground.

## **10. ROAD COMMITTEE**

Ed Kileen, Chairman, reported:

Our roads continue to be a "work in progress" – some days (and weeks!) are better than others. Timely maintenance and work continue to keep them in very good to great shape. Ray and road work volunteers really make this possible and for that they all deserve a big Falls Creek Ranch "Thank You!".

We applied our annual Mag Chloride treatment in April on FCR Main from the gate to Oakcrest. Several FCR residents helped immensely by driving a water truck several days prior to the application which helped the Mag Chloride be more effective.

We are behind on proactive culvert maintenance – instead, we addressed several culvert issues during the year but are not where we would like to be. Our plan is to

map every culvert that is responsibility of the Ranch and rank each as its condition and any necessary work needed.

We now have a snow plow for the Ranch truck which will enable us to be more responsive to snow removal needs.

Also, please remind guests and contractors of our one-way roads.

Future plans include:

1. Working the potholes and washboard as weather permits. If you have specific areas of concern, please email me at: [ekileen@gmail.com](mailto:ekileen@gmail.com)
2. Make a map and list of all culverts and schedule proactive culvert maintenance and/or repair.
3. Conduct further study on efficacy of Mag Chloride on secondary roads (one resident has suggested alternating years of application).
4. Study different methods of surfacing roads to see if there is a cost-effective method to improve road surface and durability.

## **11. UTILITIES COMMITTEE**

Eb Redford, Chairman, reported:

### Utility Team Overview

- Eb Redford is in charge of Systems Operations, the SCADA system and is Administrative Contact for the Colorado State Water Control.
- Lisa Eckert does the monthly water billing invoice generation.
- Barry Bryant, Chris Heine and Mike Hicks assist with Systems Analysis and other utility projects.
- Shirley Jones, Jennifer Hardy and Nancy Peake collect monthly water meter readings.
- Mary Ann Bryant handles homeowner water usage discussions.
- Ray Smith is the official Colorado State registered water system operator (ORC) with Eb as certified operator backup. He is chief operator of the two Disinfectant System assisted by Eb.

Thanks to all the members; great work!

### System Repairs

- Upper Distribution system leak in the Transfer line Sept 2016. Leak occurred in same place as in 2014. Whole line needs to be replaced.
- Both Upper and Lower Tank level sensors were replaced June 2017 due to faulty information generation.
- Fire hydrant to be replaced late July 2017; Located on Snowshoe near the Lower Water Treatment Facility.
- Upper and Lower system household leaks. Faulty toilets the main culprit.

### Water Disinfectant System

- New Upper and Lower Treatment systems continued operations without problems since June 1, 2013.
- Backup generator systems were installed for the Upper and Lower treatment buildings October 2015.

### SCADA System

- System operation monitored on a daily basis. Eb monitors remotely during business trips
- Controls Well #1 and Well #2. Well #3 is manually operated, but feeds lower Water Treatment Facility system.
- Well-4 manually operated to satisfy water permit, but water not suitable for treatment & usage.
- The planned \$18,000 upgrades for the two tank locations were cancelled. Modified old MOSCAD units from previous Water Treatment Facility upgrades to use as tank system backups for \$2,000..

### Budgeted Projects 2017-2018 fiscal year

- \$30,000 engineering analysis to develop cost estimate and priority timeline for replacement of the water distribution system.
- A new ArcGIS based water distribution system map and related inventory database will be included. Replaces Eb Redford maintained system using personal Vectorworks software.

### Long Range Water Supply Status and Future Options

- Topic was discussed in detail at the June 25, 2016 Town Hall Meeting.
- Water conservation and wet winters have helped well levels over the last two years, but long-term trend still predicts lower levels.
- 2001 water production of 12 million gallons; 2002 and 2010 water production of 8-9 million gallons.
- 2013 water consumption of 5 million gallons; 2014 of 3.3 million gallons; 2015 of 3.5 million gallons; 2016 of 3.4 million gallons.
- Water billing system started operating June 2013. Big water conservation impact.
- Long range drought forecast is not good per local and regional experts.

### Long Range Water Supply Options

- Rely on wells and conservation (Barry Bryant presented a chart on Well #2's water levels)
- Haul water from Durango. 3.4 million gallons annual consumption at \$0.10 per gallon (\$340,000 per year or \$6.8 million over 20 years). Two 4,000gallon truck deliveries daily costing \$3400 per lot per year.
- Drill a new Well #5 above the lake area below Starwood. Expensive and many legal complications.
- Connect to the Animas Water Company.

## AWC-FCR system connection project

(Tom Allen, Barry Bryant, Chris Heine, Mike Hicks, Eb Redford)

- The Utility Committee met multiple times with AWC Board members, their consulting engineer and systems manager (September 2014 to May 2017)
- The AWC Board set the tap fee for Falls Creek Ranch to connect to their system at \$100,000 (\$1,000 per lot)
- AWC waiting on FCR to make decisions.
- The project engineering analysis was completed by chosen engineering firm named SGM on April 28, 2017. Their project budget estimate is around \$2,000,000.
- Project requires building a pump station near CR 203 and installing a pipeline connection from AWC pipeline to FCR Distribution System.
- Pipeline property easement(s) are required depending on chosen route. The Utility Committee has chosen the best route out of five routes considered.
- Route mainly on FCR property. No Forest Service or Church Camp easement required. Pipeline underground using HDD (Horizontal Directional Drilling) techniques.
- Two CR 203 property easements are required. One on the East side for a HDD pad and pumping station and one on the West side to reach FCR property.
- Mike Hicks and Eb Redford met with two CR 203 property owners who are willing to grant an easement on their property for the chosen route.
- Cost to be negotiated. Estimated not to exceed \$100K. This will be discussed further during the New Business section of the meeting.
- There will be a future membership vote to approve the cost and financing option.

## Next Steps

- Obtain required easements
- Develop pipeline project financing options
- Present a proposal to the Membership and seek approval to proceed.
- Determine timing to initiate the project
- Select an engineering firm and construction company to implement the project.

- Obtain Colorado State project design approvals.

## 12. RANCH LIAISON REPORT

Ed Kileen reported on behalf of Mike McQuinn, Ranch Liaison:

- Ray Smith is our ranch caretaker and neighbor. In that capacity, he maintains our water system, our roads, participates in common property work when heavy equipment is needed, plows snow, consults on projects, and maintains our heavy equipment. Ray and his wife Nancy live in the caretaker house at the lake and have been with us for 16 years; Ray would like to stay on with us for another 5 years. Ray is often left to work on his own, however he also works closely with Eb Redford (Chair of the Utilities Committee and important water consultant), Phil Boroff (Common Property Chair), Ed Kileen (Roads Chair), Chris Heine from our Firewise Team, Robin Southworth (Lake Committee Chair), Mike Hicks (Dam Guy), and Mike McQuinn as liaison.
- Ray's biggest responsibility is his highly professional work on our water system. Officially, and in the eyes of the State Of Colorado, he is referred to as the Operator *in Responsible Charge* with regard to our water quality, and for our distribution system he is referred to as the *System Manager*. Ray tests our water quality regularly, maintains all State requirements, and maintains and makes repairs to our water delivery and storage system. Utilities Committee will have more detailed info for you in their report.
- At the beginning of this fiscal year Ray was mandated to begin reporting more frequently (weekly) to the State on our water system. Often times this reporting takes a full day out of Ray's Monday - Friday work week. We appreciate that Ray did this successfully while keeping up with his usual responsibilities at FCR. Ray has maintained compliance with all requirements from the Colorado Department of Public Health and Environment.
- With regard to the roads, Ray maintains, re-builds and repairs the roads, operates the road grader and backhoe, and handles 98% of the snow plowing.
- Equipment: Ray operates and maintains all of our light and heavy equipment. Last year we purchased a very nice used backhoe and this year

we purchased a new snow plow for the pick-up truck. We purchased the plow for the purpose of owning a faster and nimbler piece of equipment that could be used in cul-de-sacs and to quickly remove lesser amounts of snow. Our equipment includes a road grader, backhoe, dump truck, water pump trailer, pick-up truck, Zetor 3-point-Tractor, generator, mowers, welders, sprayers, chain saws, and other miscellaneous small pieces.

- The liaison's job is to communicate ranch member's needs to Ray. Please do not contact Ray directly but rather go through the liaison or the board.
- Ranch House: Our arrangement at the ranch house includes the responsibility of FCR to do occasional maintenance. During this fiscal year we removed all insulation from the crawl space and replaced it with closed cell spray foam insulation; this should improve the comfort and efficiency of the house and reduce the ability for rodents to enter damage the house. We also carpeted the ranch house which was last done 15 years ago. Ray and Nancy pass on their thanks to the membership for completing these maintenance items.
- Ray has been evaluated this year and in year's past. Ray's strengths are many such as his excellent work on the water system, and his maintenance of our roads and our equipment. Ray's weakest area is the cleanliness of the shop. Ray continues to work on this, apologizes for it and still seems to know where everything is! After doing Ray's evaluation we at the Board felt Ray deserved a reasonable cost of living increase (2.8%) as well as the budgeted \$1,500 bonus. Also, the ranch purchased a dining gift certificate to be delivered to Nancy.
- If you have any comments or concerns about Ray's performance, feel free to let the board or the liaison know.

### **13. TREASURER'S REPORT**

Larry Hansen, Treasurer, presented the Annual Treasurer's Report:

**Operating Fund: \$102,420**

Still a couple weeks to go in this fiscal year, with work being done and bills coming in, however it looks like we may end this fiscal year with a cash balance

higher than projected back in May when the proposed budget was finalized so it could be sent to members in June.

Some years may go the other way, where there are unavoidable negative budget variances – keep in mind the budget includes a lot of best guess estimates – but for this year we have for the most part been able to stay within, or below budget. And we caught some lucky breaks.

Examples:

- SCADA - \$16,000 savings in the SCADA upgrade.
- Water testing will come in \$6,500 under budget due to less State mandated testing required this year. The amount of required testing is unknown at the time of budgeting and in some years has been \$7,000.
- Weed and pest control will come in under budget by \$4,000 thanks to work done by volunteers.
- Equipment Maintenance will come in under budget by \$2,000. This is always a best guess budget line item.
- Underground water leaks – we have been lucky this year in that, unless something breaks in the next two weeks, it looks like we will come in under budget by around \$6,000. This is another budget expenditure difficult to predict.

### **Reserve Fund: \$167,735**

The \$30,000 budgeted for the engineering analysis of our underground water distribution system, will be funded with reserve funds. This will drop reserve funds down a bit, however with the continuation of the \$60,000 annual reserve contribution, and around \$19,000 of estimated water usage fees going into the reserve fund, we should see the reserve fund continue to grow.

The Finance Committee will be discussing investment options to earn interest on these funds.

### **Grant Fund: \$32,080**

The goal is to keep a \$30,000 reserve balance in this fund to be used to pay grant related expenses prior to receiving grant reimbursement checks.

For those of you that are new to the Ranch, the Grants Paulette, and those Firewise Ambassadors before her have been so good at getting, are typically “*Reimbursable*” grants where we pay the mitigation contractors or other expenses up front, and then submit our paid invoices for reimbursement. Therefore, we need funds available to pay expenses while waiting for reimbursement.

The \$30,000 amount came from Operating funds some years back, and should it be determined someday that the amount of grants we have had in the past are unlikely to continue, we may want to consider transferring some or all of this \$30,000 back to the operating fund.

### **Budget Review**

The budget assumes no increase in annual dues and a continuation of the \$60,000 prior year reserve contribution, plus an estimated \$19,000 water usage fees going into the Reserve Fund.

Some highlights:

- Line 45, column G - Caretaker wages – this reflects a \$1,626 increase, or 2.8%, which is the average COLA increase for Colorado.
- Line 81, column G - Mag Chloride - shows an increase of \$2,765. This is a correction as the prior budget amount was underestimated. The cost this year came in just over \$5,000. However, the \$5,000 is a reduction from the \$13,000 budgeted in prior years, due to reducing the application of mag to just the 25-mph section of Fall Creek Main, rather than all of Main and all the side roads.

- Line 102, column G - Consultants - shows “0” in the proposed budget column vs. \$26,682 spent this current year. This is related to the Phase I engineering study for the long-term water supply that Eb talked about. The plan at one time was to include a Phase II engineering study, however it was decided to defer this expenditure, for the time being.
- Lines 103 and 104 - AWC Tap Fee and easement costs - These are “placeholders” only, for further discussion with members. No amount has been budgeted at this time.
- Line 115, column G - Part-time summer employees. This is a new budget line item. The board approved funds to be spent in the current fiscal year (which were unbudgeted) however, we received \$8,130 from grants to apply towards our PT employee wages. So, the net cost this fiscal year will be close to zero. \$5,000 has been budgeted for next fiscal year budget. We do not know at this time how much if any will be received from grants to help offset this cost in the new budget year.
- Line 171, column G – is the SCADA System Upgrade that Eb talked about that was reduced from \$18,000 to \$2,000, with “0” budgeted for next year.
- Line 201, column G – shows the \$30,000 budgeted for the engineering study on a replacement plan for our underground water distribution system.

A motion was made and duly seconded to approve the 2017-2018 annual budget. The motion was unanimously approved.

#### **14. ELECTION OF NEW OFFICERS**

There were two Falls Creek Ranch BOD positions for 3-year-terms up for vote. President Jim McCarthy called for nominations from the floor. Barry Bryant nominated Susan Morton to fill one of the terms and the nomination was seconded by David Hardy. Lisa Hicks nominated Robin Lucie to fill one of the terms and the nomination was seconded by Sue McCarthy. By motion duly made, seconded and unanimously approved, nominations were closed for the two 3-year-terms. Susan Morton and Robin Lucie were unanimously elected to 3-year terms as members of the Falls Creek Ranch Association Board of Directors.

## **15. OLD BUSINESS**

### **1) Larry Hansen – Funding of property easements (Animas Water connection)**

Regarding the funding or financing of the cost of the easements, we would propose the issuance of “promissory member notes” similar to what was done to finance the \$115k cost of the spillway diversion project back in June, 2014.

As Eb mentioned, the exact amount to finance will not be known until final negotiations with landowners have been concluded. And, legal fees related to the drafting of legal documents and other closing fees are known. Therefore, to make sure everyone understands what they will be voting on, in addition to asking members to vote on the acquisition of the easements, we will also be asking for a vote on the issuance of promissory member notes for an amount “not to exceed \$100k”.

It is anticipated that we will know the final amount by October, if not sooner, at which time we will send an email to all members inviting them to participate in the Member Note financing, and provide further details regarding the Note offering terms and conditions. More than likely, the terms will be similar to the Spillway Diversion project notes, which included a 1-year note, 2-year notes, 3-year notes, 4-year notes and a final 5-year note, at interest rates ranging from 2% to 4.5% depending on the term.

The repayment of the member notes will be through annual HOA dues assessments, as is currently being done for the Spillway member note repayments. (The proposed budget includes \$25k for this year’s re-payment). The final Spillway Note re-payment of \$30k is due May 31, 2019, so there would be one year of “double” principle and interest payments and then we would fall back to annual note re-payments similar to what we have been funding in the budget since 2014, assuming the Notes are structured similar to how the Spillway Notes were structured.

We would likely structure the first note payment due in fiscal year 2018-19 (the year of the overlap in note re-payments) to be \$10k. and from then on, similar to the note repayment we have been including in the budget. There should be no need to increase the annual budget or HOA dues assessment for the re-payment of the member notes.

Participation will be based on “first come, first served”. On the prior Spillway Diversion Project Member Note financing, I was not here at the time, but was told the \$115k offering was fully subscribed within a week. So, if you plan to participate, you may want to plan on responding quickly, once the email notification goes out.

## **2) Barry Bryant, on behalf of Mike Hicks; Zink Road Update**

For those of you who do not know, Ed Zink, with whom FCR was engaged in 7year legal battle over water rights, made an application for a special permit to construct a roadway from CR 205 across the northern end of the Falls Creek Archeological Area to a 30 acre parcel he owns adjacent to the area on its northeast side. The FCR BOD and a group of concerned citizens have opposed the construction of the driveway and delayed its construction for four years by demonstrating that the Zink’s have access to the property from CR 203 via “Falls Creek Road”.

Recently, the Zink’s stated that they were no longer interested in developing the property and would sell the 30-acre parcel and an additional 10 acres with the intent of it becoming a part of the FCAA. The asking price for the combined 40 acres is \$300,000. La Plata Open Space Conservancy is proposing a joint public (USFS) and private fundraising effort to purchase the property similar to the one used to purchase Hidden Valley Ranch that then became the Falls Creek Archeological Are.

**Why should you care?** Should the money not be raised for the purchase of the property, development of the property and the driveway will surely continue leading to the degradation of the integrity of the Falls Creek Archeological Area in terms of:

- Historical significance
- Archeological significance
- View shed disruption
- Wildlife habitat loss
- Social trail disruption
- Recreational use

**And if those things are not important to you, this should be:**

The roadway would be public, increasing access to FCR via its backdoor, most likely resulting in an increase in trespassing on FCR property.

So, when the time comes, please consider contributing to the purchase of the properties and putting to rest the roadway forever and if the purchase proves not to be viable, please consider joining the opposition to the roadway.

**16. NEW BUSINESS**

There was no new business discussed.

**17. NEXT ANNUAL MEETING**

The 2018 Falls Creek Ranch Association, Inc. Annual Meeting will be held Saturday, July 14, 2017 at 9:00 a.m. at the FCR picnic ground.

**18. ADJOURNMENT**

By motion duly made, seconded and unanimously approved, The Annual Meeting of the Falls Creek Ranch Association was adjourned.

This document constitutes a true and correct copy of the Minutes of the 2017 Annual Meeting of the Falls Creek Ranch Association, Inc.

Respectfully Submitted,

Deirdre Heine

Secretary

July 15, 2017