

**FALLS CREEK RANCH ASSOCIATION, INC.
BOARD OF DIRECTORS MEETING**

A regular meeting of the Falls Creek Ranch Association, Inc., Board of Directors occurred on May 15, 2018 at the home of Peggy Lynch. Present were President, Jim McCarthy; Vice-President, Mike McQuinn (via phone); Treasurer, Robin Lucie; Member at Large, Peggy Yotti Lynch; and Secretary, Susan Morton.

Also present were: Paulette Church, Paula Mills, Barb Belanger, Steve Autry, Barry Bryant, Mary Ann Bryant, Jim McCarthy (Deer Trail), Phil Boroff, Eb Redford, Les Lynch, and Terry Greiner.

1. APPROVAL OF MINUTES

A motion duly made to approve the minutes of the April 9, 2018 Board of Directors meeting was seconded and unanimously approved.

2. APPROVAL OF AGENDA

The agenda, with the additions of a FireWise grant discussion to New Business and a presentation by the Lake Recreation & Beach Committee to the Treasurer's Report was unanimously approved.

3. LIAISON/SUPERVISOR REPORT

Mike McQuinn reported via phone the following update:

There will be a water system inspection in early August and Mike will coordinate with Eb Redford.

Operator's Log was emailed from Mike McQuinn and is summarized as follows:

During the past work period tasks performed have been:

- Collected bacteriological samples and delivered to San Juan Basin Health before the 15th of each month.
- Assisted Chris in servicing the curtain burner and putting it in place for summer activities.
- Took a dumpster lid to Cal Steel to have new ones built. Was advised soonest would be into May.
- Plumbed in meter pit for new service at lot 43.
- Closed the front gate and am evaluating how to fasten to the gate pole, it will be safer and look more pleasing.

- Attended backflow prevention and cross connection class and was advised of revised state data collection and filing protocol and am working on compiling and transferring data to current templates.
- Assisted with annual calibration of backflow and cross connection devices with Roseberry Plumbing.
- Performed annual survey for BPCC (Backflow Prevention Cross Connection).
- Drew up draft for residents for FCR on BPCC awareness.
- Performed tank inspection.
- Met with Mike to update new fiscal year budget.
- Assisted lake committee at boat storage area.

Next month, the plan is to attend Emergency Drought Response and Compliance Procedures training, re-pour well pad for well 4, continue with distribution data and maintenance making ready for Sanitary Survey. In 2014 operators were advised (by attending classes), that new templates and rules were on the way. In 2015 operators were advised these changes were approved by stakeholders and Colorado Dept. of Public Health and Environment. In 2016 Lead and copper rule and Chlorine residual tier levels were implemented, in 2017 BPCC program implemented. In 2018, new rules are mandated and FCR has been in compliance all the way. Data collection and water system maintenance is getting much more hands on taking more physical time from me. FCR is working with different options in many areas and one main option is contracting road maintenance out, this has allowed me to stay focused on new regulations upcoming. FCR's next Sanitary Survey is in August 2018.

4. TREASURER'S REPORT

The Treasurer reported that the forecast for the fiscal year is to end up spending \$30,000 more than our revenue for the year, in part because of the \$56,000 in costs associated with the easement purchases. The easements were budgeted to be paid for by floating notes to the membership, but because they came in well below the \$100,000 maximum approved and FCRA has available cash, they were temporarily paid for out of operating cash. After some discussion, it was decided to float notes in order to have some available cash at year-end to replenish our capital reserves.

The Board heard budget requests from some committees for FY2019. Paula Mills and Barb Belanger presented a five-year plan for the Lake Recreation & Beach Committee, with the primary goals of keeping the lake area organized and pristine and to create additional areas around the lake for the membership's enjoyment. Some of the items presented over the 5-year timeframe include kayak and paddleboard racks; more sand, gravel, and grass seed; shade trees; and commercial grade picnic tables and chairs to reduce use of the plastic chairs that have to be replaced every year. Mary Ann Bryant requested that the committee always consider using natural, earth tone colors that are in harmony with our environment, in keeping with residential construction guidelines in the Architectural Control Committee rules.

There was discussion of the Utility Committee budget, which includes a request for up to

\$50,000 in FY2019 for additional engineering work that would result in bid specs for the pipeline project, and an update on the current year engineering study on the distribution system, which Eb said should be completed by the end of May. Other FY2019 Committee budgets are still in progress.

5. SPECIAL DISCUSSION ITEM – (Old Business)

The first item of old business was discussion/action by the Board on the request that lot owners Joe and Susan Scarpino made in their letter of October 13, 2017. They requested that their lot #35A at 7383 Falls Creek Main be converted to FCR Common Property and that an acre of Common Property on Starwood Trail be converted to a private lot for them.

The Board consulted the FCR Attorney and another Attorney and they both declared that the Board should process the Scarpino request in accordance with paragraph 26 of the FCR Association Protective Covenants. This paragraph requires that to implement the lot transfer requires approval of the Board and also 67% of the lot owners entitled to vote.

The Board presented the Scarpino request and proposed new site location by email to every lot owner on November 11, 2017.

At our monthly meeting on January 10, 2018, the Board conducted a listening session where the Scarpinos explained their request to about 30 residents who attended the meeting. All of the residents had an opportunity to comment on the Scarpino request and about 50% were opposed and 50% supported the Scarpinos. In addition, the Board received numerous emails from residents and nearly all of them expressed opposition to the Scarpino request.

Board members discussed the issue and concluded that there was virtually no chance that the Scarpino request would be approved if presented to the lot owners for vote. This was reinforced by the fact that a high percentage, 67%, of the lot owners would need to vote “yes” and the fact that FCR very seldom gets 67% of lot owners to participate in voting on issues.

On the morning after the listening session, Jim met with Joe Scarpino and relayed the opinion of the Board and also suggested an alternative that might be supported would be to shift his current lot to the North. This was discussed the previous evening in the listening session and seemed to have some support. Joe said that he would consider his options.

The Board believes that it is time to make a decision about the Scarpino request.

Jim McCarthy made the motion to NOT approve the Scarpino’s request to exchange their current lot #35A for Common Property on Starwood Trail and that the Board will consider other proposals relative to the Scarpino’s lot and that any such proposal would also be processed in compliance with Paragraph 26 of the FCRA Protective Covenants.

Susan Morton seconded the motion and the motion was unanimously approved.

6. COMMITTEE REPORTS

FireWise Ambassador – No report (see New Business)

Architectural Control – Mary Ann Bryant reported that there are 7 open projects and 2 pending. Mary Ann also asked Robin about the Turner Tap Fee which Robin said would be addressed after budget with a language change stating that homeowners no longer have to pay this. Mary Ann said she would propose something and get back to Robin.

Beautification/Entrance – No report

Common Property – Phil Boroff indicated that there is nothing new to report except that they are still working on log hauler proposals; this activity should occur sometime this Summer. Jim McCarthy mentioned that the Forest Service will be starting the mitigation work from our front gate down 205 about ½ mile South to reduce density. Steve Autry asked that we make sure that the Forest Service does not cut down fruit trees with Paulette stating that trees can be marked to be saved; it was not clear as to who would be responsible to do the marking, but the assumption is that marking would be done by residents concerned about saving particular trees.

Lake and Dam – Mike Hicks provided the following reports via email:

TURNER RESERVOIR STATE OF THE DAM 4/30/18

Lake Level, Water Calls and Flows

Lake Level -2.10 ft.
Outfall line 0.00 CFS
Thompson Ditch Diversion #1 0.00 CFS
Thompson Ditch Diversion #2 0.00 CFS
Spillway Diversion 0.00 CFS

Zink Call None in place.
Steinegger Ditch Call (USFS) None in place.

Irrigation Season

Irrigation season began April 1, 2018.

There are no measurable inflows into the reservoir, therefore no water is being released from the reservoir.

Currently the lake is dropping by 0.05 ft per week. The leading cause for the drop is evaporation, which is being exacerbated by wind events.

Horses – No new business

Lake Recreation and Beach – Paula Mills reported via email that we are having our season kickoff meeting Tuesday May 8th at 4:30 at the Lake to discuss this year's projects and set the budget. We have added Jenny Holman to the committee.

Road – Mike McQuinn report that mag chloride will be applied on May 24 on Falls Creek Main and that everyone will be notified via email. Mike stated that we continue to explore options for caring for our roads. Barry Bryant asked if roads other than Main will be worked with Mike stating that additional roads are not in the plan right now. Mike said that Falls Creek Main would also be worked again in August.

Jim McCarthy mentioned that while Mike McQuinn's term on the Board is expiring this year that Mike will continue to participate as liaison with Ray Smith's activities and in the road management.

Utilities – Eb Redford provided the following report via email:

FCR Distribution Systems Replacement Project: Mike Hicks met with Louis Meyer of SGM Engineering to review the objectives and details for the Falls Creek Ranch water distribution system analysis project. A deadline for project completion was established for late May 2018. The project goal is to develop an estimated cost to replace the water distribution systems along with a recommended replacement priority. They will estimate the remaining life of system components and include a recommended capital reserve accumulation timeline to fund the replacement when needed.

AWC Pipeline Project: Mike Hicks completed the remaining easement on the west side of CO 203. Both the East and West side easements are now in place should the project be approved and move forward in the future.

Backup Generator Annual Service: A contractor from Farmington came onsite to perform required annual maintenance tasks for both the Upper and Lower WTF buildings. This included checking the battery, changing the oil and oil filter and cleaning the internal machinery. A load test was also conducted, i.e., the generator was triggered to start by dropping street power with the pump running. Both tests were successful. This was the first time for both systems since they were installed fall of 2017. The maintenance was delayed due to unavoidable travel delays by the Utility Chair.

New Utility Committee Member: Please join me in thanking Leslie Lynch for agreeing to join the Utility Committee. He has a background in chemistry and biology which should be very helpful. Eb Redford provided him with a 2.5-hour whirlwind computer tour of the Falls Creek Ranch water system.

In addition, there was quite a bit of discussion about utilities/water to include discussion about the water tap fee needed to join AWC; additional development of the AWC Pipeline Project engineering design; an emergency water system which may include funding for a water hauling test; financing issues; municipal Water Utility district formation, and membership approval.

There was lengthy discussion about water conservation given the extremely dry year that we have had. Some discussion occurred around raising water rates to help facilitate conservation and providing detailed charts of average water consumption. Jim McCarthy (Deer Trail) asked if using gray water is a possibility and the utility committee members said that had been explored and is not recommended.

It was agreed that Eb would provide information to Susan Morton so that a community-wide email (and mail box area posting) can go out about water conservation with charts showing consumption across the community. General time-frame for this to be accomplished will be within 1 week.

Mike Hicks also provided, via email, the status of the wells and some commentary as follows:

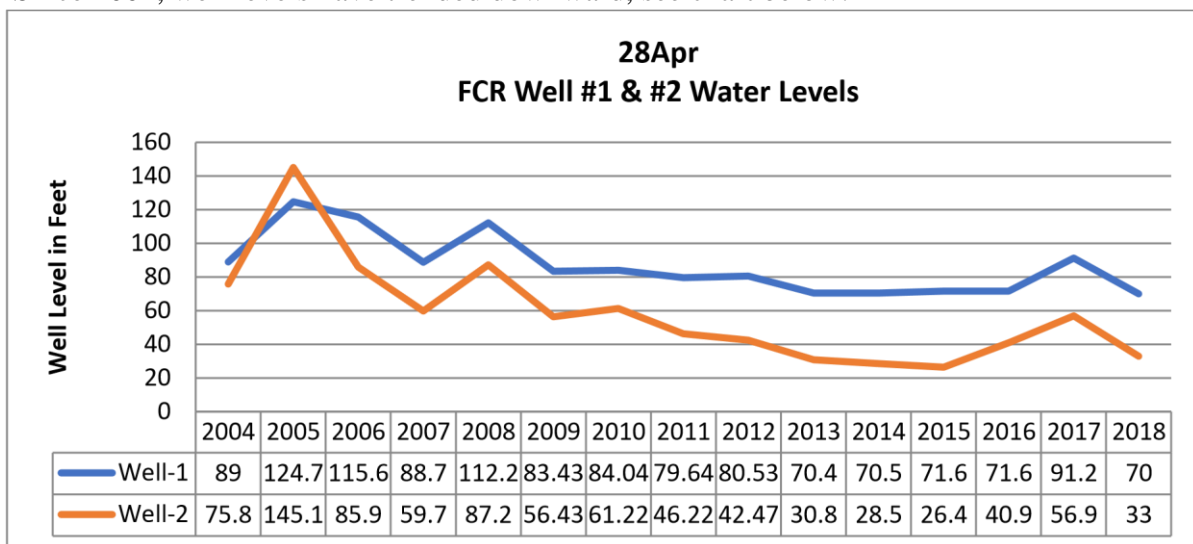
FCR Water Well Status 4/30/18

	<u>Well levels as of 4/28/18</u>	<u>Well levels on 4/28/17</u>	<u>Difference</u>
Well #1	70 ft.	91.2 ft.	-21.2 ft.
Well #2	33 ft.	56.9 ft.	-23.9 ft.

Well #1 is at its lowest level since record keeping began in 2004.

Well #2 with the exceptions of 2013, 2014 and 2015, is at its lowest recorded level.

Since 2004, well levels have trended downward, see chart below:



Conclusions:

FCR water wells, so far in 2018, are receiving little to no recharge.

While FCR's wells are not currently in danger, however without significant precipitation, the continuing "Exceptional Drought" combined with increased summertime demand (summertime demand doubles winter demand), FCR may be forced to increase water conservation measures.

Should the drought continue through next year, FCR may be forced to haul water. As mentioned in the past, should FCR run out of well water the only short-term option is to have water hauled from Durango. We calculate the need for two 6K gallon trucks every day to keep up with the normal 12K gallon winter demand. The cost would be around \$0.07* per gallon or \$840 per day, i.e., \$25,200 per month to meet this demand. Summertime demand would increase the cost.

*Note that the \$0.07 price quote is from 2016 from "Wells on Wheels" in Durango. Prices will undoubtedly be higher in the future.

7. OLD BUSINESS

- Jim McCarthy stated that we are still looking for new Board Members and emphasized that it is important for us all to participate in our community.
- Susan Morton reported that Annual Meeting planning is underway and that many have volunteered to help with meeting logistics and food. Susan stated that her first priority is to get the Membership Packet out to the members by June 14 and that she would send out the draft packet pieces (without the budget docs) this week for the Board to approve so they would be ready when it came time for assembly.

Susan stated that Nancy Henry and Peggy Lynch will help her with assembly of the packets and requested that the budget documents be ready and approved no later than June 9 (earlier if possible).

8. NEW BUSINESS

- FireWise Grant Request Discussion – Paulette Church discussed the grant she is applying for from State Farm that is for \$25,000 and would be used for continued improvement upon our main fire exit and would include grading to Church Camp, shoring up areas, and for more signs and posts along the way. Jim McCarthy asked that the grant language be changed to show that who uses the route would be at the Fire Department's direction and discretion. Jim gave the go-ahead for the grant to be submitted which Paulette will do on-line.

Terry Greiner asked if Tripp Gulch is at all a possibility to use as an exit with Phil Boroff responding that it is not.

- Peggy Lynch had asked to speak to the need for outside contractor services for water billing and Eb Redford agreed that, working with the Utility Committee, he would bring a recommendation to the board in this matter.

9. NEXT MEETING

The next Board of Directors meeting will be held on June 19, 2018, at the home of Susan Morton at 6:30 p.m.

10. ADJOURNMENT

The Board, by motion duly made, seconded and unanimously approved, adjourned the meeting at 9:25 p.m.

This document constitutes a true and correct copy of the minutes of the Board of Directors Meeting of the Falls Creeks Ranch Association, Inc.

Respectfully submitted,

Susan Morton
Secretary
May 27, 2018