

PAINT BRUSH HILLS METROPOLITAN DISTRICT
Minutes, Board of Directors Special Meeting
District Office
Thursday, May 2, 2013

1. **Call to Order** – Meeting called to order by Director Kim Griffin at 6:07 p.m. Directors Doug Burrer, Calvin Pollard and Floyd Roberts were present, as well as the District Administrator Ellen Robley, Operator Steve Knepper, Operator Calvin Lindt, and Administrative Assistant Theresa Jameson. Also present was the District's legal counsel, Pat Hrbacek (Forbush Legal Offices, PC), and one (1) member of the public. Director David Dalton was unable to make the meeting due to work.

Immediately after calling the meeting to order, Burrer moved, Pollard seconded, to enter into executive session. Motion approved unanimously. Following Griffin's citation of the necessary legal preface in accordance with C.S.R. § 24-6-402(4) (b) and (e), the Board convened in Executive Session for the following purpose: Conference with the attorney for the District for the purpose of receiving legal advice on specific legal questions related to a proposed contractual engagement of Special District Management Services, Inc. In addition to the Board, Hrbacek remained in the meeting room. At approximately 6:55 p.m., Pollard moved, Burrer seconded, a motion to resume the board meeting in regular session. Motion approved unanimously. While in executive session, the Board did not engage in substantial discussion of any matters not enumerated in subsection (4) of C.R.S. § 24-6-402, nor did the Board adopt any proposed policy, position, resolution, rule, regulation, or formal action in the executive session.

At about 7:03 p.m., Griffin resumed the meeting in regular session and continued with the agenda items.

2. **Special District Management Services (SDMS)** – Burrer presented his proposal to obtain the services of Special District Management Services, Inc. (SDMS), a Denver-based firm, as a contract District Manager. He stated that SDMS currently manages 200+ special districts, with clients in both Colorado and New Mexico. SDMS has offered to provide PBHMD with professional management services for the remainder of FY2013, beginning either 6/1/13 or 7/1/13, at an estimated cost of \$50K, not to exceed \$55K. Burrer went on to describe SDMS's capabilities and a number of tasks that they are capable of performing, including but not limited to:

- a. Onsite, day-to-day management of PBHMD operations, until it becomes self-sufficient;
- b. Update the District's Service Plan to achieve statutory compliance;
- c. Draft a Capital Improvement Plan that supports Board priorities;
- d. Produce draft policies (especially related to developers);
- e. Produce budget documents that incorporate Board priorities;
- f. Monitor bids, contracts, requests for proposals/qualifications;
- g. Conduct District elections;
- h. Convert independent contractors to employees, negotiate compensation, organize work schedules, manage pay/benefits, and conduct employee reviews;
- i. Convert, then maintain, the PBHMD website to non-blog style;
- j. Consolidate billing activities to full-time at District office.

Burrer suggested that the current budget has about \$248K available for reallocation, which he felt would support the retention of SDMS without the need for a budget amendment. He briefly discussed the possibility

that a current staff member may negotiate to remain an independent contractor, provided that the District no longer 'walks the fine line' with respect to employment status. Burrer added that Workers Compensation Insurance was not expensive.

To check references, Burrer reported on his calls to two (2) special districts in the Denver area that utilize SDMS for management. He received positive feedback from both entities and, given SDMS's vast experience, he was confident there would be no 'discovery learning.'

Pollard noted that he listened to SDMS, liked their approach and positive talk, and was not deterred with his additional learning. Griffin stated that the proposal sounded positive and that it was a good idea until the end of the year. He noted that he had not made his own reference calls on SDMS. Burrer recommended that SDMS be engaged promptly, to enable them to provide preliminary feedback on the top five (5) items as soon as the 6/20/13 board meeting. Roberts liked the idea of establishing board expectations with SDMS. He suggested a timeline of 30-60 days to convert all staff to employees and noted that this would support District growth.

Robley questioned whether or not SDMS's Leon Gomes would act as District Manager, noting his limited experience with metropolitan districts like PBHMD. Burrer/Pollard stated that, if Gomes cannot do the job, SDMS would need to find someone else.

Don Felke (resident) asked where the money was coming from to pay SDMS and whether the arrangement was intended to be long term. Burrer stated that it would be long-term and that there was \$248K in the budget to pay for this. Felke went on to note Burrer's stance on the yet-to-be-justified wastewater treatment fee charged to PBHMD residents by Woodmen Hills Metropolitan District (WHMD). Burrer acknowledged a need for more water in the Falcon area. He suggested that provoking WHMD on this issue might limit a possible partnership in the future. There was brief discussion about the need for WHMD to justify their wastewater charge.

Griffin opened the floor for questions from staff. Knepper queried, Burrer explained, that staff would report to the SDMS manager on a daily basis. He added that the current situation was untenable, i.e., having a single Operator in Responsible Charge (ORC) with higher-than-required certification(s). Felke asked, Burrer answered, that SDMS would maintain a 24/7/365 on-call status. Robley/Knepper pointed out that merely taking a call was not the same as responding to an emergency.

Lindt described the unpredictable nature of the water/wastewater business, which supports the need for self-directed staff. He asked, but did not receive, Burrer's confirmation that, given the extent of SDMS's experience, there would be no surprises. Roberts noted that both sides were still in an information gathering stage. Felke questioned, Burrer responded, that if current District staff decided to walk, it would be easy to find workers. Lindt expressed his hope that current staff would be given the chance to perform before anyone was replaced. Pollard noted that retaining experienced help was in the District's best interest.

Burrer suggested that the District was under violation in many areas and needed professional management. Roberts/Griffin confirmed that the Board would still 'run the show.' Burrer noted SDMS's promise to distribute board packets a week prior to, and conduct, shorter board meetings. Jameson questioned whether or not the District would need to change its billing and bookkeeping software. Robley suggested, Griffin agreed, that running parallel systems would be a good idea during this trial period, if a software change is advised by SDMS. In his absence, Robley noted Dalton's desire for the Board to consider three (3) competitive proposals. Burrer/Griffin stated that the short-term contract with SDMS would allow for other companies to be considered, if the Board was dissatisfied.

Pollard moved, Burrer seconded, to retain SDMS, beginning 6/1/13 and running through 12/31/13, at a cost of \$50K, not to exceed \$55K. Motion approved unanimously.

Burrer suggested that the conversion process begin immediately, to provide SDMS ample time to have recommendations to the Board by the regular June board meeting. Burrer moved, Roberts seconded, to authorize themselves to negotiate the terms of the contract with SDMS, with assistance from Hrbacek. The Board will review and approve the contract at a future meeting.

Roberts/Burrer will be available to field/forward questions from current staff. Lindt reiterated the feeling that current staff was being left out of the loop. Roberts stated his intentions to proceed as a team.

3. **Development Fees (including Design Review Fees)** – Although staff had prepared a handout summarizing their research on the various development fees charged by other water/wastewater providers, the Board stated that this item would be handled by SDMS.

4. **Other Business** – Robley presented an email from Sean Chambers (District Manager, Cherokee Metropolitan District) requesting that PBHMD contribute \$2K toward a regional water infrastructure project. Robley gave the Board a brief synopsis of the project. By consensus, the Board agreed to hear a ten (10) minute presentation at the May regular board meeting and consider a contribution, but only if Chambers provided an 'information paper' on the project at least one (1) week in advance of the meeting.

5. **Adjournment** – There being no further business, Pollard moved, Burrer seconded, to adjourn the meeting. Motion approved unanimously and the meeting was adjourned at 8:30 p.m.

Respectfully submitted and so approved,

(Signed copy on file at the PBHMD Office.)

Floyd Roberts, Secretary
PBHMD Board of Directors