

**MINUTES OF SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
PUEBLO WEST METROPOLITAN DISTRICT**

October 21, 2011

The Board of Directors of the Pueblo West Metropolitan District met in special session at 109 Industrial Blvd, Pueblo West, Colorado, on October 21, 2011, at the hour of 1:30 o'clock p.m.

ROLL CALL: On roll call Board Members Chair Jerry Martin, Director's John Lisi, Christine McCarthy, Bill Vickers and Mike French were present.

Also present was Jack Johnston, District Manager; Tom Mullans, Attorney for the District; Judy Leonard, Administrative Assistant; Dan Higgins, Utilities; Rusty Ethredge, Utilities; Rick Morgan, Public Works; Tammy Jameson, Finance; Dave Cosby, Fleet; Chief Brian Caserta, Fire Department; Matt Kelly, Fire Department; Jim McCaskell, Streets and Roads; and four citizens.

This meeting was on the proposed 2012 budget discussing capital projects, capital equipment, new hires, and any other changes or requests. No comments will be taken from the audience at this meeting as it is for board discussion with public comments taken at the November 8th regular board meeting.

District Manager Johnston updated the board on the water bond loan with an issuance fee of 1.4% and interest fee of 3.2% for a twenty year loan payment. Dates were discussed for the 2012 budget of November 8th open public session, November 15th for approval, and passed on December 15th. District Manager Johnston said the revenue for O & M will be covered at 102% and what was included. Other budget items for discussion was covering COA, shortfalls, contingency fund, new hires, reorganization, and overview of items for discussion. Director French mentioned the McCulloch project coming under budget savings and even with change orders is still under budget. District Manager Johnston mentioned other savings. Chair Martin asked about the reserve fund and not using it in the past with revenues down in property taxes some of the reserves will be used. District Manager Johnston mentioned cost savings in departments and how much that would be. He also read the capital projects requested in the 2012 budget from departments.

Starting with Streets and Roads discussion of requested capital equipment and what would be sold to put money back into the department for revenue to the department. Director French feels the 109 parking lot and one storage building should be taken out. Director McCarthy wants the parking lot left in and why. Chair Martin asked about the District Manager vehicle which has been revised and will be discussed with the new fleet rotation schedule. The total for a new road crew

would be \$180,311 and importance of an additional crew to helping with the number one community issue maintaining the roads more frequently by keeping up with what needs to be done having a rotation schedule. The money from the sale of equipment will be deducted from this total. The department request is for 1 Heavy Equipment Operator and 2 Light Equipment Operators for personnel. Chair Martin inquired about the cost of materials not going up which was explained with the asphalt from the Main McCulloch project being reused will keep the cost down. District Manager Johnston explained a rotation schedule for the roads with having another crew the roads will be maintained more frequently. The equipment is left out in areas where work is being done and not brought back and forth to the job site for fuel saving practices. Director Vickers mentioned a future discussion on the IGA with the County and giving the maintenance of the roads back to the County. Chair Martin voiced his views on the IGA and thinks the Streets and Roads budget is good. Capital projects were discussed and the 109 parking lot concept was discussed having a one stop shop that would be at 109 Industrial drawing more traffic. Chair Martin voiced his concerns on the 109 parking lot project. After discussion as to what the storage building will be used for the board consensus is to leave the 109 parking lot project out and second building out, getting bids on a different building. The capital equipment will stay in and road construction at PW High School. Legal Counsel mentioned the legalities of putting a road over a possible easement or parcel and contacting District 70 to a partner as well as the County. The next road task meeting will be held November 10th and Director French asked if it could be changed. Rick Morgan explained the storm water permit requirements.

The next discussion was for the three new fire fighter paramedics. To help offset this cost, a reduction of volunteer costs, a reorganization limiting the Deputy Chief and Fire Inspector, adding two Assistant Chiefs and what the duties would be was discussed. District Manager Johnston mentioned the lack of man power during the day, relieving the Chief of some duties with having two Assistant Chiefs, will help for better consistency with higher call volume during the day. Chief Caserta talked about the number of calls from 2009, 2010, and 2011 and most being EMS calls. Other discussions were on transporting with collecting fees, how AMR responds within Pueblo West, ISO ratings, Parkview expansion, volunteer fire fighters and the importance of hiring 3 more fire fighters. Director McCarthy asked about billing for transport and if an enterprise fund be formed. Legal Counsel said you could charge for ambulance charges but not for service and if Tabor requirements would be an issue. There should not be any more staff requests in the coming years. The cost for the 3 additional staff would be \$84,000. Director McCarthy voiced her concerns on providing transportation for free, revenue down, not hearing any complaints on the fire department, with new staff more benefits costs, and is not in favor of new hires. District Manager Johnston recapped the service of AMR and Pueblo West Fire Department and how many people needed per medical call. Director McCarthy thinks more information is needed on EMS numbers to pursue an EMS Enterprise and talk to AMR to see what options with them can be made. Chief Caserta informed the board of

issues when calls go out and another comes in not having enough people to service the call. Their model is based on any one in the fire department would be able to respond. Chief Caserta explained the process of requesting mutual aid, issues, and downtime getting mutual aid and only responds if available. Director Vickers would like to enhance the volunteer side of the fire department, voicing his concerns on new hires, and services. District Manager District thinks the volunteers are not a reliable source to depend on for services needed for the community because of variety of schedules. Director Lisi thinks new hires are needed for the fire department when you think in terms of saving lives verses grading roads. Director Martin would like to see comparisons with like communities, leave the new hires in for now as the consensus is two to two and continue with the rest of the budget. Fire Chief again reiterated on the importance of having enough coverage for safety issues. Other resources and revenues were discussed, legal liabilities, immunity, obligations, lease payment, grants, and impact on the budget. The breathing apparatus for capital equipment will stay in the budget.

Next discussion was on the 2% adjustment across the board for employees and fleet replacement program. Director McCarthy asked about the meeting the 2% was discussed, which was a recommendation from the comprehensive review committee and a \$40,000 impact. Legal Counsel explained that you cannot freeze pay and must pay on what the salary is at the time you pay it out. Director McCarthy thinks the payout should be on the salary now and not through 10 years which increases added will increase the payout. District Manager Johnston explained the tax burden on the employees and why it was decided over a period of time. Chair Martin inquired about the study with some employees below and some on the high end in wages and not go across the board. District Manager Johnston mentioned the performance based salary increase and at a lower end of 2% because nothing had been given for a few years. The performance evaluation will not be used until 2012 and there would not be any increases until 2013. Director French voiced his concern on the evaluation performance procedure being an advocate for having a performance based evaluation. Other discussions were on a pool for increases, high performances every year, increase in revenues to justify the increase, and the impact on the budget. Director French thinks the staff should be taken care for the work they do just as the equipment and pipes in the ground. Director McCarthy thinks with the low turnover of employees that the employees are satisfied working for the district then suggested give a onetime increase until the performance is in place. Director Lisi mentioned his thoughts on bonuses verses cost of living increases. Director Vickers thoughts were on comparing the private sector and governmental entities and other benefits the employees have. After further discussion some of the board ended up leaning towards giving the employees a onetime 2 1/2% increase in January 2012.

Dave Cosby, Fleet; handed out information on a fleet rotation and reduction program. Fleet Director Cosby thinks the fleet is where it should be for vehicles but needs a program to go by for replacement.

His study was based on one in Iowa and how replacement was determined by mileage based on 85,000 which the board felt was too low. Fleet Director Cosby summarized how a rotation and replacement program would work and be in place for fleet to follow. With the fleet vehicles on a cycle replacement needed every year this will give them a guideline to follow. A safe target for vehicles was determined at 100,000 miles or ten years for any recommendation for replacing any vehicles and only if needed. Chair Martin asked if economical vehicles were being looked at and size for the replacement vehicles in the 2012 budget. Fleet was reduced by six vehicles in 2011, will downsize in next replacements, and looking at other models such as electric, flex fuel etc. Purchases of vehicles are done by state bids with costs hard to determine and how they would go through the budget. Chair Martin inquired about purchasing vehicles for an enterprise fund which was informed is done through a transfer. Fleet Director Cosby explained how the vehicles life can be extended and how that can be done with a comprehensive fleet plan. After further discussion and questions the \$75,000 will stay in the budget for vehicle replacement for the 2012 budget.

Chair Martin said Desert Hawk should be discussed at a different meeting as the bond payment is a loan and this meeting is not a place to discuss the agreement. District Manager Johnston explained it is not considered an O & M because the bond payment will end after the bond is paid off. Discussion on Desert Hawk will be done at another meeting. Legal Counsel asked if anyone has talked to the County if they have thought of refinancing the bonds because of low interest rates.

The enterprise fund capital projects were discussed for at total of \$5,476,573 and using some of the reserves. Revenue increases of \$5,960,667 for 2011 enterprise fund was mentioned as well as the increase in water consumption. Reduction of 2 employees, new hire of a director, and SDS payments were discussed. Legal Counsel said the SDS construction is still being determined and if starting at the east end of the dam then the cost for the district will be determined on when Pueblo West connects which should be in 2012. District Manager Johnston has a pay schedule cost and will share that with the board. The total approximate total for the SDS project is 1.6 million dollars. The Wildhorse project will start with half of cost in 2012 and half of cost in 2013 for a project total of approximately 4.9 million dollars. The Wildhorse project is not an SDS project but for water quality and exchange issues. No rate increases for water will be done until the Red Oak study is completed.

The wastewater enterprise fund has a shortfall of \$270,000, trimmed down from a \$899,000 shortfall; with the \$270,000 being set aside in a separate fund yearly. Capital project for wastewater is for cameras to look and maintain the lines. On the revenue side the RTS (readiness to serve) was increased from \$15.00 to \$20.00 which may change when the Red Oak study is completed. Sewer taps was included in the discussion and new EPA regulations for future septic tanks.

In the conservation trust funds, Chair Martin requested the funds to be

spent. Conservation Trust funds will be spent on matching grant funds, a north side park, and from community input for other suggestions. The County has denied more CTF monies for Pueblo West and future funding on parks will be discussed at another meeting.

Chair Martin adjourned the meeting. The next regular board meeting is set for November 8, 2011, 6:30 p.m., in the Board Room at 109 Industrial Blvd, Pueblo West, Colorado