



Annual Meeting 2015

Thursday, May 26th, 2016

SNOWMASS FIRE HOUSE

Minutes June 10, 2015 Little Elk Creek Annual Meeting-draft

1. **Call to Order/Introductions/Approval of Minutes of 2014 Meeting**

President Wright called the meeting to order and introduced each owner and Board member, as well as new owners Pete and Jenn Voorhees, Tim Vogel and Jan Patterson. The minutes of the 2014 annual meeting were provided, reviewed and approved as written, none opposed. A quorum of owners was represented in person and by proxy.

2. **LEC year in review- Manager Edquist/Trustee's Reports**

Keith spoke about the drainage work completed on Alexander Avenue, drainage work recently completed on the roadways, possible improvements to the water treatment system mandated by the State, the need to maintain septic systems, the Board commissioned reserve study, trash services and revegetation of the areas around the lower pond.

President Wright spoke briefly regarding the reserve study and road work, and then read from a written report on the water system from owner Dan Harris. That report showed perhaps the lowest water use in LEC recent history, an average of less than 15,000 gallons per day. There are possible projects/improvements to be made to the pumphouse equipment and controls, mandated by the State, in regard to monitoring turbidity in the water, and regulating/automating chlorine treatment. Mr. Harris feels also that a couple more valves may be needed to more effectively operate the system, and estimated costs for same at around \$10,000. Mr. Harris' report concluded with the potential 1.2 million dollar cost to replace the entire system should that ever become necessary.

Trustee John Ott spoke about the maintenance, pumping out and inspections of septic systems, reminding owners how critical this is to the health of the water system, which draws water from a very shallow aquifer. He recommended yearly pumping of the systems, and thorough clean outs every three years.

Trustee Jon Visnic spoke briefly about the neighborhood speed limit and the speed controlling dips and bumps in the LEC roadways. Owners showed good support for the addition of a speed control dip towards the end of Little Elk Creek Avenue, and asked the one on Little Elk Avenue recently removed in the preparatory steps for chip sealing be replaced.



Trustee Rene Tornare spoke on being more conversational with neighbors than has been the case in recent years, citing responsible pet ownership, notice of fireworks given to neighbors, and speaking to one another to address issues.

Trustee Bruce Anderson made a brief report on the recent fuel spill on Capital Creek Road, which has and may continue to affect the flow of ditch water to some LECVHOA owners along the Capitol Creek Road side of the subdivision. The county is involved in the cleanup efforts and a return to normalcy may take some time.

Bruce, Keith and President Wright all commented on the increasing number of regulations from the state that impact homeowners associations, and federal statutes pending which may impact use of irrigation water and maintenance and improvement of ditches. Legislation can impact HOA's and costs may come without warning. It is therefore important to have reserve funds to address such changes, as well as the deterioration of capital assets-pumphouse, wells, ponds, piping, tanks, valves and hydrants.

Owner George Johnson reported briefly on the Borum-White ditch, which was not affected by the fuel spill. Little Elk periodically pays the B-W Ditch Company for its shares in the ditch. He said that ditch levels are not fine tunable, and dependant on stream flows and upstream usage. Owners are responsible for the flow of water through their properties, and periodic ditch maintenance is required. He said all LEC irrigation users should have a low water shut off on their pumps, and reminded all that the treated water is not to be used for the irrigation of landscape.

3. **Treasurer's Report and Budget-Bruce Anderson**

Bruce Anderson, association accountant, provided handouts on the 2015-2016 budget, and a breakdown showing how assessments are allocated between water and non-water operations, and the capital reserve. The assessment breakdown will be \$745 per quarter, with \$265 going to administration (non-water operations), \$130 to water operations, and \$150 to the capital reserve. Therefore, there will be a \$200 per quarter increase in assessments this year. Bruce said this was the first increase in the assessments in 8 years. This increase will generate \$112,000 per year to replenish reserves, versus the \$48,000 per year which has been contributed for the last 7 years, and which has –in recent years- been outspent in ongoing maintenance projects on the ponds, water tank, and water system controls.

Preparatory to discussing the coming chip seal project on the roadways, Manager Edquist recounted the last five or six years or patching poor areas of the roads, the near fly by night nature of the companies coming through each summer to do the work, and the inconsistent results. Trustee Anderson recapped the contribution of Pitkin County to the annual costs of road



maintenance in LEC, noting that it is limited and typically does not address even a third of the recent annual costs for patching the roadways.

At this time, President Bob Wright began a comprehensive report on the necessity, costs and timing of the present contract with Rifle based GMCO corporation to chipseal all of the Little Elk Creek roadways. He said the Board had determined to do about half of the subdivision roads this year, and when the numbers came in, the Board determined to do all of the roadways. GMCO is contracted with Pitkin County this year to chip seal both Snowmass and Capitol Creek roads, and in view of the funds available in the reserve, the Trustees felt there would be no better time to complete all of this work. GMCO did the original chip seal work in Little Elk, but the entirety of the roads have not been chip sealed since the 1990s.

Bob outlined the roadwork process which had already begun by the time of the meeting. From meetings with county officials and contractors it became apparent that the roadside drainage must be corrected prior to chip sealing the roads. Improper drainage, caused for the most part by the growth of roadside vegetation, leaves water/slush/ice to freeze on the road surface instead of draining away to the road shoulders. This causes cracking, frost heaving, and a deterioration of the road surface, eventually leading to breakup and pot holes. Consequently, the Board has retained a company to grade the road shoulders and re-establish positive drainage from the roads.

A second cause of road deterioration is water being unable to drain away from the road shoulders due to the lack of culverts and/or subsurface culverts not buried deeply enough in road base to prevent them from flexing with the chipseal. This results in water working its way under the road surface, or in flexing of the chipseal and subsequent cracking of the surface, "alligatoring" (breakup of the road surface), and pot holes.

Bob estimated the costs of the road project to be in the neighborhood of 220 to 240 thousand dollars when all phases have been completed. This will leave something on the order of 350 to 370 thousand dollars in the reserve fund. Not an uncomfortable number but, per the reserve study, perhaps not adequate to address serious failure of the water system, the water wells or ponds which feed the aquifer the wells draw from, or to maintain the capital assets of LECVHOA into the 2040's.

President Wright estimated an expense of \$5,000 to \$15,000 for any minor main line water line break. He said everyone's home service water lines could be impacted should there be a main line failure. Without a working water system, property values plummet; and this is in no owner's best interest.



He likened Little Elk Creek to a small city and, referring to the recently completed reserve study, noted that in the coming five years there are recognized maintenance expenses of \$250,000, and in the 6 to 11 years following, expense to maintain Little Elk's capital assets is projected to be \$749,000. These factors were and are compelling to the Board, and resulted in the proposed increase in assessments for the coming budget year.

Mr. Wright said the Board's duty to the ownership is to preserve and protect its assets. The cost of maintaining these on into the future are great and must be supported by all the owners of property in Little Elk Creek. He calculated those costs to be \$2.19 per day per owner, which he pointed out as modest costs in terms of what owners receive in LEC for their assessment dollars, and there is likely no less expensive way to bring value to the property than this expenditure, at this time.

In support of continuing contributions to the reserve fund, Bob made the following points:

- Ultimately, all owners need to care about the value of their homes.
- Every house eventually gets sold.
- Home values are a hedge against a bust in the economy, as in 2008.
- Higher assessed values bring all home values up.
- No cheaper way to bring value to homes.

There followed comments from the owners present in regard to this significant raise in the assessments, ranging from 'feeling railroaded' to "how will the Board stay on track with contributions?" to 'could this increase not be brought on in a graduated way?' to 'well, let's do it.'

Trustee Anderson noted that a history of the assessments for Little Elk was/is available, as well as a history of the consumer price index increases over a similar period. With this, discussion of the 2015-2016 budget concluded, with assessments per quarter set at \$745.00

4. **New business-Election of Trustees**

Trustees John Ott and Bruce Anderson offered to serve another term. Owner Jeff Weiss nominated owner Tim Vogel. A secret ballot election followed. Ott and Anderson were elected to the Board by those present. The Trustees voted their proxies in support of the candidates, as did all other owners present and holding proxies for others. The new Board will determine its officers and terms at its next meeting.



Little Elk Creek Village
Home Owners' Association
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2015-2016 Board members

Jon Visnic

Rene Tonare

Bob Wright

Bruce Anderson

John Ott

5. **Adjourn**

There being no further business to come before the meeting, the meeting adjourned at 9:45 pm

Respectfully submitted, Keith Edquist, Association Manager

Bob Wright, President