

FOOTHILLS PARK AND RECREATION DISTRICT
REGULAR BOARD OF DIRECTORS MEETING

May 26, 2009

The regular meeting of the Foothills Park and Recreation District was held at The Peak Community and Wellness Center, 6612 South Ward Street, Littleton, Colorado 80127.

- I. CALL TO ORDER: Director Shangraw called the regular meeting to order at 6pm.
- II. PLEDGE OF ALLEGIANCE: Director Shangraw led those in attendance in the Pledge of Allegiance to the Flag of the United States of America.
- III. ROLL CALL:
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| Director Frankland: | Present |
| Director Maulik: | Present |
| Director Nunes: | Present |
| Director Sutton: | Present |
| Chairman Shangraw: | Present |

ALSO IN ATTENDANCE: Ronald Hopp, Executive Director; Paul Rufien, District Counsel; Tom Woodard, Director of Golf; Colin Insley, Director of Parks, Planning and Construction; Richelle Riley, Recording Secretary; other Foothills staff and members of the public.

IV. APPROVAL OF AGENDA:

Director Frankland advised switching discussion items "C" and "D", to discuss Wards after the Sixth Avenue Area Analysis.

MOTION: Director Maulik moved that the Foothills Board of Directors approve the May 26, 2009 agenda as amended. Director Frankland seconded the motion. Poll of the Board: Director Frankland, aye; Director Maulik, aye; Director Nunes, aye; Director Sutton, aye; Director Shangraw, aye. The agenda was approved as amended.

V. APPROVAL OF MAY 12, 2009 MINUTES:

MOTION: Director Frankland moved that the Foothills Board of Directors approve the minutes of the May 12, 2009 Board meeting as submitted. Director Nunes seconded the motion. Poll of the Board: Director Frankland, aye; Director Maulik, aye; Director Nunes, aye; Director Sutton, aye; Director Shangraw, aye. The minutes were approved as submitted.

VI. COMMUNITY COMMENTS:

A. Eagle Scout Recognition

Colin Insley introduced Kevin Christensen and Taylor Haroldson, Eagle Scouts from Troop 814. Kevin refurbished a pedestrian bridge at Wayside Meadows Park and Taylor repainted the picnic shelter and pedestrian bridge at Columbine West Park. To recognize their service, the Board presented each Eagle Scout with a plaque.

VII. OLD BUSINESS:

VIII. NEW BUSINESS:

A. Board Election of Officers

Director Shangraw explained that every year at this time the Board decides amongst themselves who is going to hold which position: Chairman, First Vice Chairman, Second Vice Chairman, Treasurer, and Secretary. She nominated Director Nunes to be Chairman this year; Director Nunes accepted. Director Frankland nominated Director Maulik to be First Vice Chairman, Director Maulik accepted. Director Sutton will remain as Secretary; Director Frankland will serve as Treasurer; Director Shangraw will serve as Second Vice Chairman.

MOTION: Director Maulik moved that the Foothills Board of Directors approve the slate of officers as recommended: Director Nunes, Chairman; Director Maulik, First Vice Chairman; Director Shangraw, Second Vice Chairman; Director Frankland, Treasurer; Director Sutton, Secretary. Director Frankland seconded the motion. Poll of the Board: Director Frankland,

aye; Director Maulik, aye; Director Nunes, aye; Director Sutton, aye; Director Shangraw, aye. The motion was approved.

IX. EXECUTIVE DIRECTOR'S REPORT:

Ronald Hopp updated the Board on the employee survey; the deadline to complete the survey was last Friday. We had 257 employees respond of the almost 800 who would be eligible; 85 of the 100 full time employees responded.

Mr. Hopp consulted the Board regarding the use of money from the capital repair budget for small matching funds projects. He proposed that staff could make project decisions internally (administratively) and make a determination of whether the project is going to add more maintenance responsibility; therefore, make the decision whether or not to proceed with the project. He gave an example of the Dakota Ridge relationship where we could provide \$1,500 for material, and they could provide labor to get the project accomplished. If we could develop five or six of those types of relationships, we could get some things done with cooperation of an HOA or sports organization. He pointed out we had \$45,000 left of the \$200,000 budgeted capital repair money and could set aside \$20,000. We could use some of the matching funds processes that were previously developed. Some of those procedures may change to make it an administrative decision, unless the Board wants to make those decisions. Director Shangraw said she is fine having it remain administrative, and is glad we are resurrecting the concept. There were no objections; Mr. Hopp said staff will proceed.

Director Shangraw questioned progress on liquor issues with the Summerset and Red, White and You events. Paul Rufien gave a brief explanation and said through the process, his current belief is that those events should proceed as they have in the past.

Director Nunes offered she could attend the June 4th public meeting for the dog park. Mr. Hopp explained the concept of that meeting will be to have probably three stations with exhibits, and people can ask questions and make comments.

Vicki Rodriguez, Edge Ice Arena Manager, told the Board about an event happening this weekend at the Edge Ice Arena. It is 24 Hours of Hockey, a charity event for Children's Hospital. Ms. Rodriguez said the last two years the event ran at Big Bear Ice Arena, and we promoted it to them as a family event with Foothills Park & Recreation District. She talked about some things that will take place at the event, and invited the Board to stop by.

Director Maulik indicated she was asked by George Turtle why the proposed dog park site is where it is, and not at a place like Fehringer Ranch where the space is wide open. Mr. Hopp said Fehringer Ranch was a consideration and in the master plan, there is a dog park proposed as part of that overall development. When staff looked at that area, we came to the conclusion that it is in the middle of nowhere. That can be a positive thing, but we feel that though we told Foothills Unleashed that they would be 100% responsible for maintenance of the dog park, we understand there may be occasion where staff will have to go do something at the site and currently, we are doing no maintenance at Fehringer Ranch. We believe Fehringer Ranch is a viable place to put a dog park if and when the overall development is accomplished. The Easton site has a parking lot and water tap; with Fehringer Ranch, we would have to put in a parking lot and develop a water tap.

X. DISCUSSION ITEMS:

A. 2008 Audit

Mr. Hopp introduced John Cutler, with John Cutler and Associates, who performed our 2008 audit. He reported the process went very smoothly, and the audit has been completed earlier than expected. The financial statements and letter were provided to the Board.

Mr. Cutler commended Ms. Parkin for preparing the document. He emphasized the process went as smooth as he could hope with a first time audit; there were a few suggestions in a separate letter. Mr. Cutler verified that with the audit report they wanted to make sure things are going the way they should and that Foothills has a good accounting system. Mr. Cutler indicated they did have a clean opinion.

Director Shangraw asked if there were any problems with the two items suggested for changes. Mr. Cutler answered he believes they have already been changed.

The Board thanked staff for their hard work and efforts. Mr. Cutler reiterated staff did a thorough job checking everything and it was better than he could have hoped. He conveyed to the Board the importance of the Information Technology department.

Mr. Hopp asked Mr. Cutler to discuss the equipment life expectancy issue that resulted in a significant decrease in our assets. Mr. Cutler said things were being depreciated for 50 or 60 years that will only last 10 or 15 years. They adjusted those things and depreciated them correctly; it doesn't affect cash but the capital assets. They are correct as they think the estimates should be.

B. Meadows New Nine-Hole Golf Course

Tom Woodard explained that he met with Doug Wherry, owner of Elite Golf Schools, on May 15th to start preliminary discussions on the contract language that would define the relationship between the District and Elite Golf School. The intent in moving forward with this meeting was to protect the interest of the District; the list of contract clause demands was presented to Mr. Wherry as non-negotiable. Some items were that the golf school would have to come to the table with \$3 million in escrow and an added 10% contingency. Foothills would be in control of all operation standards, there would be protection of the revenue stream of the Meadows Golf Club, and ownership would stay with the District. In addition, before signing the agreement and starting construction on the project, we were going to do our due diligence and make sure we were getting what we were supposed to be getting for \$3 million; but never got to that point. Mr. Woodard said this deal would have been good for the District, and it didn't take long into the meeting to realize it wasn't going to move forward. He emphasized that staff spent two years on this, but our intent was to protect the interest of the District. Director Frankland agreed it could have been a positive thing for the District, but if the golf school didn't understand ownership and didn't understand that the District didn't want to assume any debt, it has to be a dead issue. Mr. Woodard added there was concern among staff that if we were to move ahead with this new facility, what kind of impact it would have on any future mill levy passing.

Mr. Woodard told the Board that Jeff Freebury applied for a grant with the Colorado section of the PGA to continue to fund the after school program that he does in conjunction with Children's Programs. He was awarded a \$2,000 grant that will allow him to expand that program this winter.

C. Sixth Avenue Area Analysis

Referring to the information provided, Mr. Hopp said the current assessed value of the Sixth Avenue area is a little over \$58 million. The taxes levied and collected from the residences are just below \$240,000 annually; these are 2008 numbers. We don't believe the 2009 numbers change drastically. The 2009 budget attributed around 20% to overall administrative costs; that was added to the direct expenditures in the Sixth Avenue area for a total of \$142,131. Taxes collected exceed expenditures by \$97,476 annually. Mr. Hopp mentioned we can't quantify costs associated with regional parks and recreational facilities. Staff found documentation from 2007 showing that estimates of replacement value of the area's land, pool, parks and trail improvements were a little over \$7 million; but Mr. Hopp doesn't know where the estimates came from. In the approximately 62.79 acres, there are basically four sites: the Sixth Avenue West Park and Pool, Estates Park, Tract M Park, and the greenbelts which are the bulk of the acreage. One time expenditures we are incurring this year such as pipe replacement, sod, and VGB improvements are included in the numbers for 2009.

Mr. Hopp summarized the information with a brief PowerPoint presentation. There are about 1,564 households in that area and the *average* taxes for each household being paid to Foothills Park & Recreation District are about \$153.21. Expenditures with a direct impact to the Sixth Avenue area are about \$142,131. The difference between expenditures and a direct impact to the Sixth Avenue area and other areas within the District is \$97,476. About 59% of each of those taxpayers' taxes go towards a direct impact in the Sixth Avenue area. About 41% go to other areas of the District. The average of the taxes collected from each household

going to the Sixth Avenue area is a little over \$90 and a little less than \$63 supports the other areas of the District. Mr. Hopp suggested the \$63 that one might perceive as benefiting other parts of the District can't be quantified – whether anybody goes to Clement Park or uses Easton Regional Park, etc. Mr. Hopp gave some examples if a person wanted to try to make up \$63 as a District resident, they would save \$12 on a swimming lesson; \$85 would be saved on a two person household pass at the Peak and the Ridge; \$3 savings on a round of golf; youth baseball programs, save \$16; pottery class, save \$16. If a person could participate in a few things, they could possibly recoup the \$63 by being a District resident.

Mr. Hopp discussed usage patterns of the Sixth Avenue West area. Since 2000, we have had about 686 households, or almost 44%, as part of our customer data base; Mr. Hopp explained that process. In 2008, 215 households participated in some activity.

Director Shangraw questioned would we see a similar distribution of revenue and expenditures in other areas in the District? Mr. Hopp said staff talked about how we could correlate that to a similar area; the closest correlation may be the Columbine West area but it wouldn't be apples to apples. Director Shangraw observed there could be other areas in the District where the direct benefits are much less. Mr. Hopp mentioned there are a couple of areas north of Hampden with no facilities.

Director Sutton observed the numbers have shuffled from what the common belief was. Mr. Hopp verified these numbers were directly taken from the 2009 budget. It does not include the \$10,000 donation from the swim team; at this point in time that is a pledge.

Of the 215 participating households, 131 of them participated in the Sixth Avenue West Pool. Mr. Hopp noted that does not preclude them from having participated in something else. Director Frankland determined it's safe to say they are not flocking down here; we would not lose a lot of revenue if they were not part of the District. Director Shangraw noted if we looked at the total population of households in the District, the percentage of users are 30%; it is very close to the same number as the rest of the District. We know from survey results that 100% of the District's households are not going to use the facilities anywhere; 28% - 30% is the national average. Mr. Hopp added about 74% of the households that seem to be utilizing our facilities visited the Sixth Avenue Pool; about 41.8% of the active people in 2008 also visited a Foothills' facility other than the Sixth Avenue West Pool. 8.5% of active participants of the 215 households visited two or more facilities other than the Sixth Avenue West Pool. Mr. Hopp said we could conclude that about half of the people using the Sixth Avenue West Pool are also utilizing other facilities.

There was discussion regarding Senate Bill 35 money opportunities specific to the Sixth Avenue area. Mr. Hopp observed there are improvements that can be made in that area and Senate Bill 35 funds, if there were any, could be utilized to enhance those facilities. It was suggested there will not be any more development in that area.

Director Sutton wondered how all this plays together, talking about re-districting, how does it tie in? The numbers have changed somewhat but it sounds as though the income we receive and the expenses we incur including overhead, leaves less than \$100,000; it doesn't make that much difference. He said these numbers are much more refined than the numbers he was given before. Director Shangraw said it's important to realize that these numbers aren't that different from the rest of the District as far as usage from our patrons. The argument that if people aren't using it they should be excluded could be said about the entire District; we have to look at the greater good. Director Sutton identified the major discussion is that the facilities aren't being maintained. The sprinkler system, weeds, and lockers at the pool are the kinds of quality issues he is being approached with. Director Nunes said that is happening all over the District, not just Sixth Avenue; and she gave examples of other things not being repaired.

Director Sutton said there has been 20 years of this treatment; their feeling is they pay \$300,000 and the money is gone and the resources are marginally maintained. Director Nunes suggested passing a mill levy would help with some of the issues they are talking about. Regarding the budget and how we are doing right now, Director Sutton believes we are doing as good as we can. He discussed the dissatisfaction being they have a park that is poorly maintained, the equipment on it is severely lacking, they have a tennis court that needs to be resurfaced, they have a net that has a big hole in it, and there are no upgrades.

Director Sutton mentioned a hole in the parking lot that Mr. Insley may be working something out with the HOA. Director Shangraw recommended we all make an effort to educate the public on what the real issues are, and that there aren't sufficient funds to do that anywhere in the District. It's our responsibility to pass the message along to those people so they don't think that they are the only ones having these problems. She identified we have employees who haven't had a raise, the issues for Sixth Avenue need to be put into context with the rest of the District.

Director Nunes related that she wanted to understand the history so we could discuss it and then move forward. She believes that Mr. Hopp is moving forward and is listening to everything that everyone has to say, and suggested working together to make this entire District a better place for the Foothills' people. Director Nunes encouraged Director Sutton to go back to Sixth Avenue and discuss how we can work together with Foothills as a whole to make Sixth Avenue better and the entire District better. Director Shangraw acknowledged the changes in the past two years; we have a new Executive Director (a direct result of the Board), we have a new structure and efficiencies in the way the District is run. We need to look positively and move forward. Director Sutton hopes the numbers received tonight are realistic of what the real situation is.

Board discussion about the issues and moving forward together continued. Director Sutton reiterated the assets are there for the community, they were developed and handed to Foothills and Foothills has not maintained them for 20 years; that's the way they feel. There was discussion about value of the assets. Director Frankland brought up discussion about what would be an incentive for that area to pass a mill levy.

Mr. Hopp said in his opinion, there are facilities and areas of this District that are worse than the areas in Sixth Avenue. He gave an example of Columbine Hills Sports Park. Regarding all the efficiencies that have been implemented, he has been very consistent; it has to be fair and equitable across the board. Director Sutton believes Mr. Hopp is and has been fair. He said it bothers him that we should be so dependent upon a mill levy, and suggested it has always been an allocation of resources.

Mr. Hopp announced that he received a letter today from the Mesa View Estates HOA, and he provided copies to the Board. Mr. Rufien distributed a confidential memo of his initial thoughts regarding the letter to the Board. Mr. Hopp outlined the letter from the Mesa View Estates Homeowner's Association relative to exclusion from the District of certain property owners in the Sixth Avenue area, and their suggestion to create a win/win solution for the affected parties. They intend to negotiate a purchase price of \$400,000 in exchange for title to all Foothills' property in the Sixth Avenue area. They are asking that Foothills would agree to approve petitions for exclusion from Foothills now and in the future by property owners in the Sixth Avenue area, such property owners would be removed from the tax rolls of Foothills. Mr. Hopp continued they are asking that Foothills agree to give permission for the overlap of special districts in the Sixth Avenue area in the event any new special district is formed. They are also interested in contracting with Foothills to manage and maintain the pool facility and otherwise foster the growth of a possible new recreation district. They ask that if we agree, we would sign the document and other contracts necessary, and legal documents will follow.

Mr. Rufien said his response to that letter was questions. The summary conclusion of the memo he handed out says he does not believe the letter we received is enough of a foundation to really talk in earnest about exclusion or about a contract because he thinks there are too many questions that are still out there. His overriding question was how many homeowners and what property is represented by this letter. Regarding the purchase price, it makes reference to "all"; do they really need all or are they talking about some of what's going to be acquired.

This plays into the question of what would be a reasonable purchase price and what would be the basis for that be; a fair question to be discussed now. Mr. Rufien advised the Board cannot contractually commit to approve future exclusion petitions nor can it contractually commit to consent to an overlapping district. Both of those things would have to be considered on their own merits and based upon their own facts by the Board at some point in time. The best commitment the Board could have would be to follow the legal process that's outlined which includes factual findings. Regarding management and maintenance of the pool, Mr. Rufien thinks that's ultimately a staff recommendation that would come once they

have the full body of facts. He reiterated it's a good basis for further discussion, but he does not think it is close to a form yet that the Board could commit to it and say these are the terms of the contract; it's more of an outline of discussion.

Director Shangraw emphasized you don't give away 62 acres of property; Director Maulik added for Foothills to still maintain it does not make sense. Director Sutton said the suggestion of maintenance of the pool is that they are offering to pay Foothills more money on an annual basis. Director Shangraw asked how Mesa View, being one homeowners' association, can speak for the whole area, and she mentioned the swim teams who don't want this to happen. Mr. Rufien said his interpretation was that it contemplated that it was going to be up to the homeowners to decide if they want to exclude or not. If it doesn't exclude the entire area, that is something this Board needs to know and it needs to be part of the conversation. He would want to know who is represented by this letter and what type of exclusion is envisioned. Director Sutton voiced it represents the frustrations that they feel have been ignored; the idea is to fully understand the situation and move forward.

Regarding what we are obligated to do legally, Mr. Rufien believes we are legally obligated to do nothing, but professionally obligated to respond. Director Maulik said she would like to know who it represents; Director Sutton said it is obviously just Mesa View. Director Shangraw pointed out that all the Foothills' property in the Sixth Avenue area is beyond Mesa View Estates. Director Sutton said what they are contemplating is to form their own special district. Mr. Rufien advised that if somebody wants to form a special district in that area to provide park and recreation services, by law, this district has to consent to that because it is the current service provider. We can't commit to that until we see what the proposed district would look like, including what mill levy they are going to be charging, and their service plan.

There was discussion about the South Suburban/Cherry Hills Village exclusion process. Mr. Rufien mentioned that so far, the District Court Judge has twice said Cherry Hills Village has to pay fair market value for the assets taken.

Director Maulik suggested acquiring a list of names of property owners, maps of the area, and the proposed service plan. Mr. Hopp proposed he and Mr. Rufien can draft a response, and then share it with the Board for review. There was discussion concerning the response. Mr. Rufien recommended we address the basis for the frustration and how we can get around that frustration. Director Maulik suggested we find out why they want out and what aren't we doing to serve them. Whatever we can address or shift or make better, we need to make those efforts. Director Shangraw said that is dangerous, we need to treat all areas of the District the same. We can't be held hostage to an area that wants out just because we're doing consistently what we're doing everywhere else. Director Maulik referred to the matching funds program we talked about reinstating, and said we can educate them about our efficiencies and that we've got to generate revenue to start the improvements. Offer them help while they hang on for the growth that is coming back to the District. Mr. Hopp concluded the initial response could be to recognize their frustrations and try to figure out a way to forge a positive relationship, along with holding a meeting.

D. Wards

Mr. Hopp said at the last Board meeting, the Board was presented with two thoughts; a five ward representation and a seven ward representation. There was consensus to eliminate the seven ward representation, and a request to put together a concept to show three wards with two at large candidates. For discussion, we have the current method which is the five board members elected at large with no wards; option one, five board members representing five wards; and option two, five board members representing three wards and two at large candidates. The Board decided to eliminate option two.

Director Maulik offered if we are going for fair representation, option one is the most likely scenario and explained why. She thought the only con could be that we could face additional elections. Director Shangraw said to address that, we plan to provide education for the public regarding running for the Board. We can present that information and say ideally we don't have to pay for elections if we don't have more than one candidate, they can be educated to make sure they are making the decision based on what the responsibilities are. Director Maulik added if nobody ran in a ward, the people sitting on the Board would appoint a candidate. We would save election costs associated with that if nobody ran for the Board.

There was discussion regarding there being open seats on the Board next year. Director Shangraw indicated with representation from each ward, there would be more connection with people in your area; before you leave office, you can find potential candidates.

After 50 years of Foothills being in existence, Director Shangraw explained we are talking about wards because she believes the District is in a very financially fragile condition right now, and for the next 10 years. It's very important the District has equal representation around the District. When Director Frankland referred to the reason being due to Sixth Avenue in particular, Director Shangraw identified that the letter we just received from Mesa View Estates HOA is another reason we should be doing this. Director Shangraw explained it's to stop something from being unfair; if there were a majority of people from that area on the Board, it would be unfair to the rest of the District. Director Maulik added if they had a majority, they could pass an exclusion for free. Mr. Rufien assured it couldn't be done that simply. There would be a public hearing process to consider a petition or petitions for exclusion. The culmination of that hearing process is to grant or deny those petitions, so a majority of the Board would make that decision. The majority would rule to grant a petition. The denial of a petition by this Board would not end the process; the petitioners would have the right to appeal. A granting of the petition would end the process.

Discussion regarding equal representation for the District continued. Director Sutton expressed it seems peculiar that we are talking about a major step, reorganizing how the Board is elected here, out of fear that something might happen. We need to be responding to what we can do to make this better. Director Shangraw suggested for the next 10 years when we're in such a fragile condition, we need to take these measures to make sure the District is equally represented. Director Maulik agreed and reiterated we have things to fix in the District, and we are on our way.

Director Sutton recommended this is something of significant consequence; it should be tabled and thought over carefully for some period of time. There was discussion and Director Shangraw pointed out the voter totals in each ward are all virtually equal, and asked what still needs to be addressed. Director Sutton suggested the current method is a viable option. He would like to think that whichever option we would migrate towards would be some sort of an improvement and not hampered with some structural problem that he can't foretell right now. Director Maulik discussed issues with two Board seats open next year.

MOTION: Director Maulik moved that the Foothills Board of Directors approve option one, five board members representing five wards who must live in and be elected by the voters in their ward. Director Shangraw seconded the motion. Poll of the Board: Director Maulik, aye; Director Shangraw, aye; Director Frankland, nay; Director Sutton, nay; Director Nunes, aye. The motion was approved.

XI. ADJOURNMENT:

The regular meeting was adjourned at 7:50pm. The next Board meeting will be held at 6pm on Tuesday, June 9, 2009 at The Peak Community and Wellness Center, 6612 South Ward Street, Littleton.

Submitted by:

Richelle Riley
Recording Secretary