

FOOTHILLS PARK AND RECREATION DISTRICT
REGULAR BOARD OF DIRECTORS MEETING

August 25, 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 Nunes called the regular meeting to order at 6pm.
- II. PLEDGE OF ALLEGIANCE: Director Nunes 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 Maulik: | Present |
| Director Shangraw: | Present |
| Director Frankland: | Present |
| Director Sutton: | Present |
| Chairman Nunes: | 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; Patricia Parkin, Director of Administrative Services; Derek Eberhardt, Operations Manager of Recreation Facilities; Barb Butler, Manager of Recreation Programs; Richelle Riley, Recording Secretary; other Foothills staff and members of the public.

IV. APPROVAL OF AGENDA:

MOTION: Director Maulik moved that the Foothills Board of Directors approve the August 25, 2009 agenda as submitted. Director Shangraw seconded the motion. Poll of the Board: Director Maulik, aye; Director Shangraw, aye; Director Frankland, aye; Director Sutton, aye; Director Nunes, aye. The agenda was approved as submitted.

V. APPROVAL OF AUGUST 11, 2009 MINUTES:

Director Shangraw expressed her appreciation for the meeting minutes; they are helpful in going back to read what happened and provide great detail.

MOTION: Director Maulik moved that the Foothills Board of Directors approve the minutes of the August 11, 2009 Board meeting as submitted. Director Shangraw seconded the motion. Poll of the Board: Director Maulik, aye; Director Shangraw, aye; Director Frankland, aye; Director Sutton, aye; Director Nunes, aye. The minutes were approved as submitted.

VI. COMMUNITY COMMENTS:

Natasha McCombs, Newsletter Editor for CWCA subdivision, 8126 West Fremont Drive, asked the Board if there is any information on the Columbine West Pool; has it been successful this year, can we keep it for another year. Ronald Hopp suggested the best way to respond would be directly through her email. We just closed the season and staff would be happy to provide her the statistics on how the pool did this year versus last year.

Jeremy McCombs, 8126 West Fremont Drive, is a Life Scout working on getting his Eagle. He proposed to the Board the idea of putting a Frisbee golf course into the Columbine West subdivision greenbelt for a scout project, and talked about the benefits. Colin Insley informed that the Frisbee golf course at Schaefer Athletic Complex was built with some grant funds for around \$13,000. Director Shangraw suggested if that particular project doesn't work, there could be others that might be easier to do as well. Mr. McCombs was invited to email Board members and contact Mr. Insley for project information.

VII. OLD BUSINESS:

A. Technical Energy Contract Award Recommendation

Mr. Hopp reminded the Board that we have been talking about Energy Service Company (ESCO) contracting possibilities for close to a year; John Canfield with Trident Energy and the Governor's Energy Office spoke to us about the possibility. Staff developed an RFP, went through an interview process, and are now at the point of recommending one of the firms.

The packet includes the RFP that was sent to 13 pre-approved ESCOs that are pre-qualified by the Governor's Energy Office. Also provided is an RFP submittal summary spreadsheet (five of the 13 ESCOs responded to the RFP), the interview schedule and interview panel members, the preferred company's response to the RFP as well as their responses to the evaluation and interview questions, and a summary of reference reviews for McKinstry which is our preferred contractor and preferred ESCO. Referring to the references provided, Mr. Hopp said they are excellent. Leslie Larocque and Chris Larocque from McKinstry were in attendance to answer any questions.

Mr. Hopp indicated McKinstry was selected because of their excellent responses. They are a product neutral audit service and consulting firm that does not represent any vendor specifically. They have developed an excellent track record in assisting local government obtain various grants. McKinstry recommended strategies that the interview committee felt aligned closely to those of the District. In addition to gaining energy efficiencies, performance contracting gives us the ability to address capital equipment and capital repairs in a creative method.

Mr. Hopp told the Board the contract is one that the Governor's Office provides and it has been provided to Paul Rufien for review. If we do the Technical Energy Audit (TEA), and choose to move forward with the performance contracting, the cost of the TEA would roll into that cost; if we choose not to, then we bear the cost of the TEA. There are less than 5% of local governments that choose not to proceed with some form of contracting once the TEA is completed. Mr. Hopp proposed that once the TEA is done and equipment is identified as to what can be replaced and energy savings we would realize, he would be comfortable moving forward with the TEA. He noted that because they are contracting through the Governor's Office, McKinstry is drastically discounting the cost of the TEA, so we will get that benefit at a reduced price. Since we have discussed this issue and decided to go forward, Mr. Hopp said we have been reserving the funding for the light retrofit project at Schaefer Athletic Complex as a potential cash source to roll into the ESCO project as one way to try and buy down the overall cost. He further explained that the TEA identifies the level of savings that we can realize, and the level of savings is what would be utilized to pay for improvements on the equipment, and that is guaranteed. As an example, Mr. Hopp said if it were identified that we could have energy savings of \$100,000 per year, that savings would be used to finance the cost. If we realized only \$85,000 of that energy savings, the \$15,000 left is guaranteed by the company. Regarding current cash flow, Director Shangraw asked what can we do as a District to help reduce the loan. Mr. Hopp suggested we can look at it as part of our budgeting process for 2010. We do have some reserves for paying down debt which is escalating in 2011. He believes the TEA will give sound advice in terms of what we can address towards energy savings. Mr. Hopp pointed out that John Canfield felt like he could conservatively reduce our energy savings by about 20%.

Leslie Larocque explained to the Board that financing is typically 10 – 15 years, it's difficult to get 20 year financing for this type of project in the market we are in today. She suggested they would try to find things that have quick paybacks that help fund some of the larger capital improvements. Director Frankland asked how much longer after the 10 years can we expect the equipment to perform. Ms. Larocque said the financing requirement is that they do a weighted average life cost of the entire project so there will be some things that last 10 or 15 years, other things will last 30 years. The project has to finance within a time frame that everything is going to last. They don't put a guarantee on how long the products will last but are very careful about the items they purchase; they want to make sure everything they put in will be user friendly and last a long time. They do identify what the lifetime of each piece of equipment is supposed to be.

Regarding securing grants, Ms. Larocque said the company follows all the grant opportunities that come out at the federal level, and are very in tune with what is going on at the state level. She pointed out some of the federal monies cannot be used for pools or golf courses, but they can target other pieces of the project to build grant applications. She clarified that with their recommendations, they will identify length of time for payback on the equipment and the useful life. She explained that the Governor's Energy Office has a very prescribed program they go through for the TEA, and described what the report will look like. Each improvement measure they recommend will have a complete write-up.

Concerning capital equipment that could be included, Ms. Larocque said it would be energy using equipment such as heating and ventilation systems. They will determine how to upgrade the systems most efficiently; sometimes they can re-commission the existing system and not have a large capital cost. Mr. Larocque gave examples of what else the project can fund other than energy savings; the first order of business is how to reinvest the savings into the capital infrastructure so after the 10 year period we're gaining the benefit of solid equipment.

Mr. Hopp said staff are seeking a motion to award a contract to McKinstry to perform the TEA subject to staff and Mr. Rufien's review of the final contract language, which is being provided by the Governor's Office. Mr. Rufien reiterated he has seen the contract language for the audit and it would be subject to his approval. Mr. Hopp clarified that once the TEA is done with recommendations, there will be another approval process. If we don't move forward with performance contracting, we would pay an estimated \$35,000 - \$40,000 for the TEA. That would be covered in the 2009 budget if we do not move forward; if we do move forward it will be rolled into the performance contract. Concerning time frame to decide, Mr. Larocque mentioned after 120 days upon delivery of the TEA, we would be obligated to pay for the TEA if we haven't made a decision. Explaining how the audit process works with the grant cycles, Mr. Larocque said they average about six months to complete the audit. The energy audit and grant funding are done simultaneously. Mr. Larocque told the Board they should expect McKinstry to come to future Board meetings to present updates and seek approval to apply for grants.

MOTION: Director Maulik moved that the Foothills Board of Directors adopt a motion authorizing the Chairman of the Board to sign a contract with McKinstry to perform a Technical Energy Audit (TEA) of District facilities subject to both the Executive Director and District Legal Counsel's review of the final contract language. Director Shangraw seconded the motion. Poll of the Board: Director Maulik, aye; Director Shangraw, aye; Director Frankland, aye; Director Sutton, aye; Director Nunes, aye. The motion was approved.

B. Chatfield Right-of-Way

Mr. Insley reminded the Board that last spring we were approached by Jefferson County for the purpose of purchasing right-of-way from the District for property at Chatfield and Wadsworth. The Board elected to have the County do an appraisal and go into a Possession of Right-of-Way agreement so the County could get started on the Chatfield widening process. The appraisal came in higher than anticipated and the County has provided the District an offer letter totaling \$17,505 for purchase of property. There is a remaining portion of the parcel that will be donated to the County in exchange for maintaining that parcel. Included in the packet are maps and photos of the property, agreement for Possession and Use of Right-of-Way, offer letter, and the appraisal summary. Mr. Insley has the entire appraisal for Board review if interested. Staff recommends we proceed with the offer.

Director Sutton observed it doesn't appear that there is a down side financially to the District. Mr. Insley agreed the property doesn't have potential for commercial value or additional development. Director Shangraw observed that we already agreed to possession and use, it's just to settle on the amount and accept it. Director Frankland said he is in favor of accepting the money.

MOTION: Director Maulik moved that the Foothills Board of Directors approve the offer letter dated August 10, 2009 for parcels L12 and L13 as identified on the legal description of the warranty deed for the purpose of purchasing right-of-way for the West Chatfield Widening Project, and execute the legal documents to transfer the property to Jefferson County. Director Frankland seconded the motion. Poll of the Board: Director Maulik, aye; Director Shangraw, aye; Director Frankland, aye; Director Sutton, aye; Director Nunes, aye. The motion was approved.

VIII. NEW BUSINESS:

IX. EXECUTIVE DIRECTOR'S REPORT:

In addition to his report provided, Mr. Hopp said we have indicated to the Rocky Mountain Roller Hockey League what we would agree to do in terms of the extension of the agreement. They have asked for further clarification on the maintenance items and we have provided that for them.

They have also invited the Board to tour their facility. Provided in the packet is a copy of the letter sent to Lynda Fine regarding the dog park; we have not heard anything in response to that letter.

Mr. Hopp believes the meeting with the Mesa View board members went very well; there was good dialogue and exchange of information. At this point in time, Mr. Hopp believes they are going to consider a new proposal and thoughts about things. Director Sutton concurred; by the next Board meeting we should have some sort of response.

We had 112 applicants for the Human Resources Generalist position; five of those were chosen to be interviewed last Friday. There was a clear cut candidate who was offered the position and she has accepted.

This Friday, Foothills Golf Course staff are hosting an employee outing at the Grove, Board members are welcome.

Mr. Hopp talked about tee box conditions at Foothills Golf Course. Staff solicited the opinion of a professional golf course construction company and just received numbers from the company regarding what it would take to have a professional renovation of tee boxes.

Mr. Woodard reminded the Board that the golf course survey showed the number one customer complaint was the crowning of the tee boxes at Foothills Golf Course. We brought some experts in to get an estimate on how much it would cost for repairs. Mr. Woodard provided the Board a project spreadsheet, and will provide a more detailed report at the next Board meeting. Mr. Woodard explained we have \$7,500 in our 2009 budget for staff to do the repairs in-house, which would allow them to repair three tee boxes. He reminded that in the fall, we are down to a skeleton crew trying to maintain 36 holes of golf as well as working on tee boxes. If we bring the experts in, they can dedicate their entire time to the tee boxes. Mr. Woodard observed there is a small increment in cost to have it done by experts; the cost for one tee box is a little over \$2,600. The number 10s and number 9s shown on the spreadsheet are top priority, that total would be 11 tee boxes for about \$75,000. He said the Golf Development and Improvement Fund is projected to carry over \$215,000 at the end of the year; we generate about \$255,000 per year. Mr. Woodard emphasized the fact that we have unlevel tee boxes is costing us revenue, we don't know how much. If we do them in-house, they would not open until May of 2010. The experts could get them done right after Labor Day and we could open in March. Director Maulik asked if we would bid it out. Mr. Woodard said not necessarily bid, but call golf course construction companies and find out how much they would charge to build USGA tee boxes. Director Maulik suggested that because each tee box may be different, a phone call won't always work. Mr. Woodard said we would get a ball park figure of who could do it for close to the same price, then have them come out for a quote. Director Frankland asked if thought has been given to having them do three tee boxes with the \$7,500 to see what kind of quality work they do. Mr. Woodard replied he has experience with this company and discussed projects they have done. Director Shangraw asked how many years would it take and what would it cost to repair everything. Mr. Woodard said it could be done in one year, and explained different options; to do everything would cost roughly \$160,000. As we move forward, Mr. Woodard said we want to make sure that once we rebuild a tee box staff are maintaining them correctly.

Mr. Hopp said because of the critical nature of the time and we need to do due diligence on other companies, staff will develop a recommendation on what we think we could and should spend. We may be seeking some sort of Board approval at the first Board meeting in September.

X. DISCUSSION ITEMS:

A. Finance Update

Patricia Parkin referred to the attached year-to-date report through July 31st. Tax collections so far for this year are \$7,215,298; \$41,768 higher in 2009. Revenues are down overall. Ms. Parkin highlighted various reasons such as decrease in admission fees mostly due to the golf courses. Mr. Woodard offered we are making a comeback in August. Admissions in recreation facilities were down as well as Children's Programs, Aquatics, and Cultural Arts. Other revenue is up due to money received for Chatfield and a rebate received from Kaiser.

Expenses had a decrease due to a decrease in salaries and wages, personnel costs, purchased services, utilities, insurance, debt payments, and other expenditures. Overall we are \$383,837 higher in net profit this year versus last year due to savings in salaries and wages, administrative services costs, and timing on our capital projects. It was clarified we received a check from the County pending the appraisal for the Chatfield right-of-way purchase. Director Shangraw expressed appreciation for the detail put into the finance report.

B. Budget Guidelines

Mr. Hopp said he and Ms. Parkin will be meeting individually with each of the management team to talk about general goals, things that need to be addressed, and go through the Xcel worksheets. We received our assessed valuation from the County Assessor yesterday; it went down and proceeds are projected to be about \$77,000 less than last year. It may be adjusted in November. Mr. Hopp outlined the 2010 proposed budget schedule and pointed out a Board workshop scheduled for October 10th, and suggested that can change if the Board wishes. Directors Maulik and Frankland said they would not be available October 10th. There was discussion whether we need to do a workshop, or do it at the October 13th Board meeting. Director Shangraw expressed she may be traveling at that time and could possibly do a conference call.

Regarding budget guidelines for staff, Mr. Hopp explained we are not having them do any of the calculations related to items they don't have control over such as salaries and wages, workers compensation, health and dental insurance, social security, pension distribution, fuel, electricity, gas, water, irrigation, and debt/interest expense. Some things they have control over are supplies and purchased services, so staff will have a lot less to do and it will be an easier process.

The guidelines were based on a forecast worksheet (through 2015) that was distributed to the Board. Mr. Hopp referred to the 2010 forecast column and provided explanation of increase, decrease, or remaining flat for each item. The property tax is updated to show \$7,072,776; we are assuming a decrease in specific ownership taxes and Conservation Trust Funds. Summarizing admission fees and rentals, Mr. Hopp said that because we raised fees in 2009 and because of the economy we want to try and hold the line on a lot of our revenues, especially golf. Regarding expenditures, at this point in time, we are putting in a 3% increase over the 2009 budget, adjusted for a reduction in positions that were made in 2009. At this point it appears we should be able to do something for employees in 2010 and we are in the process of studying 2009 as well. We have received early indication there may be a 9.5% increase in health insurance. The irrigation number is inclusive of all of our irrigation expenses and assessments that we have at Bergen, Harriman, etc; including if we are successful at securing the additional shares from Bergen and Morrison costs. In 2010 we are earmarking a little over \$500,000 for debt reserve. Like we did in 2009, capital equipment and capital repair were reduced which still leaves a shortfall of \$100,000.

Mr. Hopp summarized the guidelines are basically as follows: we will reduce the capital equipment replacement from \$1million to \$100,000; capital repair from \$2 million to \$200,000; plug in 3% for salaries (in process of studying methods for how to apply); supplies, 4%; medical insurance, 10%; other insurance, 5%; all other expenditures pretty much remain flat. Mr. Hopp proposed if we are successful in achieving cost reductions and viable revenue increases, we apply it to capital repairs and equipment.

Mr. Hopp explained we are changing to a twelve month budget as opposed to a one year annual budget. We are asking people to monitor the bottom line for all of their revenue and expenditure categories and track it on a monthly basis. Staff will have the opportunity to track the cyclical nature of the expenditures and revenues; over time it will be an excellent tool for greater accountability.

Director Shangraw said we have done four or five years of not really funding what we need to fund for capital equipment and repairs; are we starting to see cumulative effects of that lack of attention. Mr. Hopp said yes and we are asking staff to thoroughly evaluate the equipment that they have. We have purchased used equipment opposed to new, identified things for auction and applied those dollars to equipment, and are working on greater tracking capabilities in our overall fleet maintenance operations. Mr. Hopp suggested staff have done a better job taking care of equipment because they know the situation.

In 2011 our debt goes up and we lose the debt reserve line item; there is a shortfall of \$3.2 million. Regarding when we see some of the debt drop off, Ms. Parkin said 2015, more like 2020. Mr. Hopp added that in 2012 there are some callable opportunities depending on the bond market.

C. Field Use Policy Recommendation

Mr. Hopp discussed when the Board approved the budget last year with the higher field use recovery rate, it made the 25% Board policy for field use recovery null and void. He indicated that we would be removing that from the Board Policy Manual, and future recommendations for fees for field usage will be included in our fees and charges guidelines. Director Frankland agreed; we should be looking towards a long term goal of 100% recovery. There was no opposition.

D. Easements on District Property Policy Recommendation

Mr. Insley explained he has been working with legal counsel to simplify this policy into a general guidelines document. It covers what is legally necessary in terms of making sure all easements are approved by the Board, and we can agree to negotiate for compensation or waive compensation. Staff are recommending we go with these general guidelines and take the easement policy out of the Board Policy Manual. There was no opposition.

XI. ADJOURNMENT:

The regular meeting was adjourned at 7:32pm. The next Board meeting will be held at 6pm on Tuesday, September 8, 2009, at The Peak Community and Wellness Center, 6612 South Ward Street, Littleton.

Submitted by:

Richelle Riley
Recording Secretary