

Special 2023 Budget Planning Meeting of the Board of Directors Wolf Creek Property Owners Association

December 28, 2022 – meeting held remotely

Meeting called to order at 9:02 AM by President, Bob Rohde, presiding.

Attending:

Directors: Bob Rohde, Bill Bley, Jim Ginn, Jason Williams, Mark Ryan, and Dick Nova

Facilities Manager: Alan Sodell

Assistant Facilities Manager: Kris Borgias

Secretary Report:

1. Minutes of the November BOD Meeting were approved as written.

Presidents Report regarding Water System Line Replacement:

1. Bob and Bill interviewed two consulting engineers with experience in applying for a USDA loan for water system repairs and replacement.
 - a. One engineer was low key and with a firm in Brewster.
 - b. The other engineer was with Pace Engineering and was quite comprehensive in his description of the process.
 - i. An interim loan would be required at commercial rates.
 - ii. A cultural assessment could be required.
 - iii. Multiple construction bids would be needed.
 - iv. An Environmental Impact assessment would be required
 - v. Only US made materials could be used.
 - c. The conclusion drawn was that the USDA loan route would be considerably more expensive than special assessment funding.
2. Bob provided the following cost estimates:
 - a. The recently completed reserve study shows an assessment of \$1,086,000 next year for water main replacement. This is both impractical and unnecessary. If this amount was funded over multiple years and assuming 70 association members:
 - i. Special assessments over 15 years = \$1,034/yr/member
 - ii. Over 20 years = \$775/yr/member
 - b. A USDA loan would likely need to be 30% higher due to Federal regulations or approximately \$1,400,000.
 - i. At a 3.75% rate over 40 years this would be \$957/yr/member.
3. Given the information above Bob said that he is inclined to forgo the USDA loan route for funding and suggested we consider beginning yearly special assessments of \$2000 per association member. Discussion followed:
 - a. Replacement of the water system conduit is a large job and from a practical standpoint will take a local contractor multiple years to complete.
 - i. Kris volunteered to talk to Pennock Excavating about the job.
 - b. It was asked if we should consider the \$1.086M special assessment this year.

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- i. 35 to 40% of our members are retired.
 - ii. \$15,000/member would be needed and would be a hardship for many.
- c. For reference our system is well over 30 years old. Edelweiss is replacing their system now that is 50 years old.
- d. It was suggested that we put the funding question out to the membership.
 - i. We could make our recommendation and put it in the budget.
 - ii. Rationale would include that USDA loan funding is not feasible.
- e. It was moved and passed that we take the self-funding route.
- f. Bob proposed that we implement two \$1000/member special assessments this year. A decision was temporarily tabled for a discussion of the overall 2023 budget.

Treasurer Report regarding the 2023 Budget:

- 1. Bill said that revenues for this year were over budget.
 - a. There was one more water system connection than budgeted.
 - b. We have \$60K in the capital improvement reserve fund and \$20K in the rainy-day fund for an \$80K reserve.
- 2. Expenses for 2022 were over budget even without considering December.
 - a. Road maintenance was \$6700 over.
 - b. Water system repairs were \$16K over.
 - c. Alan indicated that system wide road grading would probably not be necessary next year. We could also consider reduced dust abatement.
 - d. Bill concluded that we need to tighten our belts next year.
- 3. In any case it was pointed out that funding is needed for continued water system maintenance and repair.
 - a. Kris has been monitoring the current leak rate and said we are losing around 45K gallons/day. Approximately 50K gallons/day are being pumped up to the reservoir. Approximately 5K gallons/day are being used at this time.
 - b. A system wide leak detection effort is planned in the spring. The cost for detection services will be around \$2.5K.
 - c. It was decided that when a leak is located, we would replace that section of line, if possible, versus just repairing the leak.
- 4. In consideration of the projected increase in expenses next year along with the need to build reserves for system-wide water line replacement the following recommendations were made:
 - a. Increase water fees by 20% from \$540/year to \$648/year. In addition, the added charge rates per gallon over 500 gallons per day will increase by 20%.
 - b. Increase maintenance fees by 10% from \$500/year to \$550/year.
 - c. Invoice a special assessment of \$1,000/lot owner in January and again in July.

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- d. It was so moved and approved.
5. Bill and Jim will meet on December 30 to draft the proposed budget and distribute it to the board of directors. Follow-up review and approval will be conducted via email.
6. Bob will draft a letter to members regarding the proposed budget.

A special meeting to ratify the 2023 WCPOA Budget to be held remotely will be scheduled in January at a TBD date and time.

The next BOD meeting will be held following the special budget meeting.

The meeting was adjourned at 10:22 AM.

Respectfully submitted,
Dick Nova, Secretary