

Forest Lakes Metropolitan District & Pinon Pines Metropolitan Districts 1, 2 and 3, Dec. 5

# Rate increases for residents; 2023 budgets and mill levies adopted

By Natalie Barszcz

The Pinon Pines Metropolitan District (PPMD) 1 board met via teleconference on Dec. 5 to adopt and approve the 2023 budget and set the mill levy. The PPMD 1 meeting was followed by the Forest Lakes Metropolitan District (FLMD) and Pinon Pines Metropolitan Districts 2 and 3 meeting where the board approved residential rate increases for water, wastewater, and landscaping services. The boards adopted the 2023 budgets and the mill levies for each district and received multiple updates on regional water delivery and wastewater projects, and the status of the district wells.

PPMD 1 board members are: President Mike Hitchcock, Vice President Mike Slavick, Secretary Chris Paulene, and Director AJ Slavick. One vacancy exists on this all-resident board.

FLMD and PPMD 2 and 3 board members are: President George Lenz, executive vice president of finance for Classic Homes; Secretary James Boulton, vice president/project manager of Classic Homes; Assistant Secretary Joe Loidolt, president of Classic Homes, and Treasurer Douglas Stimple, CEO of Classic Homes.

Ann Nichols is the manager for all four districts.

**Note:** FLMD, located west of I-25 at the end of Baptist Road, is a Title 32 service district established in 1985. FLMD is the half-acre operating district responsible for the public infrastructure and utility and general government services for the residents of PPMD 1 and 2 and the commercial property in PPMD 3 (Falcon Commerce Center). FLMD collects the residential property taxes from PPMD 1 and 2 and receives a public improvement fee from sales taxes collected in PPMD 3. PPMD 1 and 2 are in unincorporated El Paso County, but the commercial section, PPMD 3, is within Monument town limits.

## Residential rates increase

District counsel Russell Dykstra of Spencer Fane LLP said the proposed residential rate increases for water, wastewater and landscape services had been published as required by statute. No public comments were received before or during the public hearing held for the proposed residential rate increases.

Nichols said the district was proposing a 7% rate increase for water and wastewater services, a \$1 increase to the landscape maintenance service fee (from \$14 to \$15 per month), and a \$1 fee for construction water cost (although rarely sold). A simple cost of service study was conducted, and a 7% cost increase will need to continue annually, said Nichols.

The FLMD board unanimously approved the rate increases.

**Note:** A contract with Triview Metropolitan District (TMD) to provide operator services for the district was approved on Dec. 6, 2021. The contract went into effect on Jan. 1, 2023, and includes non-residential landscaping services and district maintenance. See [www.ocn.me/v22n1.htm#flmd](http://www.ocn.me/v22n1.htm#flmd) and [#tvmd](http://www.ocn.me/v22n1.htm#tvmd).

**Northern Monument Creek Interceptor project update**  
Nichols said that TMD and FLMD are

participating in the design phase of the Northern Monument Creek Interceptor (NMCI) project, and Colorado Springs Utilities (CSU) is in the process of choosing a design engineer. Donala Water and Sanitation District decided not to participate in the design phase, but it has agreed to participate in a cost share study of the jointly owned Upper Monument Creek Wastewater Treatment Facility (UMCWTF). The study will be conducted by Carollo Engineers and will provide a detailed analysis of the future costs of keeping the UMCWTF operational in compliance with all the regulatory requirements, said Nichols.

The study will take into account the cost of upgrades, retrofitting the plant to meet the new regulations, and the potential need for cooling towers. Upon completion of the study, the three districts are expected to make a good economic assessment before deciding whether to participate in the NMCI project and allow CSU to process wastewater or continue operating the UMCWTF. The study will be made public and is expected to be completed by April. A cost estimate for the NMCI project design is expected at the end of 2023, said Nichols. See TMD article on page 12.

## Pikes Peak Regional Water

### Authority reuse study update

Nichols said the Pikes Peak Regional Water Authority Reuse study had been completed. A couple of options had been identified to treat and deliver water back to the region after it is sent down Monument Creek or potentially to the JDS Phillips plant using the NMCI. CSU identified three alternatives at the preliminary stage to return potable water to all the regional water districts. Nichols recommended the district participate in a future CSU project that could potentially recapture return water flows to the district, once costs are determined, said Nichols.

### Well updates

Nichols said the A1 well had been completed, and it had been augmented during the summer when the Dillon well was out of service for five months due to a pump and motor failure and the discovery of holes in the screens that cost about \$270,000 in repairs. The Denver well is drilled and expected to be completed in May for a total cost just under \$1 million, said Nichols.

Tom Blunk of CP Real Estate Capital, representing Forest Lakes LLC and Forest Lakes Residential Development, said a spare pump came in handy to get the Dillon well back up and running. Blunk recommended a spare pump be ordered due to the current lead times on well equipment taking up to a year. The district has come a long way in two years, and it is a great system with a lot of capital in place, but mother nature does affect the reservoir levels, he said.

Nichols said the dam monitor showed the Bristlecone Reservoir actually rose 3 inches at the end of November.

## Public hearing proposed 2023 PPMD 1 budget

Hitchcock opened the public hearing for the Pinon Pines Metropolitan District 2023 budget. Hearing no public

comment, the public hearing was closed.

The board unanimously approved the resolution adopting the 2023 budget and appropriating funds for PPMD 1.

Nichols said the mill levies remain the same for 2023 in PPMD 1 at 11.133 mills for the operation and management of the district and 31.500 mills for the debt service for a total of 42.633 mills. The preliminary assessed property values are subject to change until the final assessment is received from the El Paso County Assessor's Office. The state Legislature's two-year temporary Residential Assessment Rate reduction to 6.95% had brought the assessed value down minutely, said Nichols.

The board unanimously approved the setting of the mill levies subject to the final property assessed values.

Nichols said the cost of the 2022 audit had increased from \$5,650 to \$6,000.

The board unanimously approved the letter of engagement with Hoelting & Co. for the PPMD 1 2022 audit.

The PPMD 1 board also unanimously approved:

- The administration of PPMD 1.
- The district opt-out of the workers compensation program.
- 2023 transparency notice of PPMD 1.

## Election resolution for 2023

Nichols said the next Board of Directors election would be held on May 2, 2023, for three director positions on all four of the district boards.

Dykstra said the election will be canceled if there are no additional nominees by the end of March. The designated election official will be Melissa Oakes of Spencer Fane LLP.

Hitchcock said there had been no rush of volunteers for director positions on the PPMD 1 board, and he asked about term limits for the board directors.

Dykstra confirmed that term limits were removed when the districts were formed, and any incumbent directors can serve indefinitely.

The board unanimously approved the 2023 election.

**Note:** The board positions held by Directors Chris Paulene and AJ Slavick, and a vacant position will be four-year terms after the 2023 election. The positions held by Stimple, Lenz, and Loidolt will be on the May 2023 ballot for four-year terms and Stephen Schlosser will be on the ballot for a two-year term. Self-nomination forms can be obtained from Stephanie Net Johnson, Paralegal, Spencer Fane LLP, 1700 Lincoln St., Suite 3800, Denver, CO 80203. 303-839-3912 [snet@spencerfane.com](mailto:snet@spencerfane.com). Forms should be returned to Johnson and will be accepted until 5 p.m. on Feb. 24, 2023.

## Board vacancy filled

Dykstra requested the board confirm the two-year term of Schlosser to fill the fifth director position on the FLMD, and PPMD 2 and 3 boards that had previously been vacant.

Boulton said the board wanted to fill the vacancy and Schlosser was the new project manager for the Forest Lakes Development and other projects in the area.

The board unanimously accepted the new board member.

## PPMD 1 financial review for September

Nichols said there was nothing of note in the September financials.

The board unanimously accepted the financial statement as presented.

Nichols said the financial review for October was not available for the meeting.

The PPMD 1 board adjourned at 4:17 p.m.

## Amended 2022 budget—PLMD 2 and 3

Nichols said an amendment to the 2022 budget was needed because about \$4.5 million was needed for both PPMD 2 and 3. The increases to each district were needed for public infrastructure in both districts. The changes in the exact amounts were expected to be made to the budget at the end of 2022.

The board approved the resolutions adopting the amended 2022 budget and appropriating funds additional funds for PPMD 2 and 3.

## 2023 budget—FLMD, and PPMD 2 and 3

Nichols said the following:

- In 2022, the district budgeted about \$5.5 million for infrastructure, and that has increased to about \$6.1 million for 2023. The increase is in anticipation of finishing the Denver well in early 2023 and a capital expenditure on the detention ponds after the big rains during the summer showed some deficiencies.
- PPMD 2 has little activity and the operation and management and debt service fund remain the same.
- The general operating expenses for PPMD 2 will be levied at 11.133 mills and for the purpose of meeting all capital and debt retirement expenses, 44.531 mills will be levied for a total of 55.664 mills.
- The main change in PPMD 3 is an increase to the purchase services fees needed for the capital outlays in FLMD that went from \$350,000 in 2022 to \$650,000 in 2023.

Dykstra opened the public hearing for the proposed 2023 budgets for FLMD, PPMD 2 and 3 and, hearing no comments, closed the hearing and the board unanimously approved the following:

- The 2023 budgets appropriating funds for FLMD, and PPMD 2 and 3.
- The certification of the mill levies is subject to updates when the final assessed values are received for FLMD, PPMD 2 and 3.
- An engagement letter with Hoelting & Co. to perform the 2022 audits for FLMD and PPMD 2, and prepare the audit exemption request for PPMD 3.
- The 20th amendment to the Professional Services Agreement between FLMD and Nichols.
- An Election Resolution for 2023.
- The 2023 annual administrative resolution.
- The transparency notices.

**Workers' compensation opt-out**  
Dykstra recommended the workers' compensation opting-out forms for