

SOPRIS VILLAGE

Homeowners Association

WATER INFRASTRUCTURE REPLACEMENT PLAN UPDATES

UPDATED: 08.06.2023

Documents regarding the water infrastructure replacement project can be found online at: <https://www.soprisvillage.com/water>

BACKGROUND

- Sopris Village is comprised of 130 households which own a private water system managed by the HOA.
- The water system was constructed in the late 1970's.
- In 2017 SVHOA engaged SGM Engineering to inventory the water infrastructure.
- In March 2016, SGM presented Sopris Village HOA with an inventory of its water infrastructure. The inventory was derived from historic paper construction documents which were digitized into GIS mapping software.
- To estimate life expectancy of infrastructure, SGM referred to a 2010 American Water Works Association (AWWA) report entitled "BURIED NO LONGER: Confronting America's Water Infrastructure Challenge."
- The AWWA report gives a time frame for materials based on geographic location and climate conditions.
- Costs in this capital reserve study were based on similar projects in the Roaring Fork Valley in the previous 5 years. Future costs were calculated using consumer price index (CPI) projections applied annually to present cost values. Historically in Western Colorado the CPI average is 3%1 per year. Costs were based on 2016 knowledge, not 2023 knowledge.
- The replacement infrastructure uses Mid Valley Metropolitan District (MVMD) standards so that Sopris Village has the flexibility to join the district if they ever wanted or needed to in the future.
- Inventory of Existing Water Infrastructure can be found in the Capital Reserve Study sections 5.0 & 6.0.

CAPITAL RESERVE STUDY

- 08.19.2016 Sopris Village HOA was presented with a Capital Reserve Study by SGM
 - Link to report online: <https://www.soprisvillage.com/water>
- PURPOSE: This report estimated present (at time of authoring) and future costs of replacing Sopris Village's water system infrastructure in order to help Sopris Village set saving goals for its capital reserve account. This report also recommended an infrastructure replacement schedule, which is both cost effective and ensures that existing infrastructure does not begin to experience failures.
- RESULTS SUMMARY: SGM recommended Sopris Village plan to have \$2.9 million in capital reserve by the year 2027. They believed that this was a reasonable saving goal because it accounts for the shorter term infrastructure needs. This amount does not include wells or tanks because they were both serviced recently when this report was done in 2016, and were good shape, and could be replaced at a later date.

RATE STUDY

- 09.16.2016 Sopris Village HOA was presented with a Rate Study from SGM in response to a 2016 Capital Reserve Study that was conducted by SGM.
 - Link to report online: <https://www.soprisvillage.com/water>
- PURPOSE: The purpose of the Rate Study was to assess current Homeowners' Association (HOA) service rates for the Sopris Village Homeowners' Association (Sopris Village or HOA). This report includes a summary of current (at time of authoring) expenses and sources of revenue associated with Sopris Village HOA operations. SGM recommended rate increases to allow Sopris Village to fund capital improvement projects and replacement of infrastructure. The 2016 Capital Reserve Study (updated August 2016) recommended the HOA have \$ 2.96 million in capital reserve by 2027.
- RESULTS SUMMARY: If the HOA does not adjust rates, it will not be able to fund infrastructure replacement and improvement projects in the future without borrowing money. Table 2-1 below summarizes the four scenarios. All scenarios eliminate the \$125 annual HOA dues assessment and include a one-time HOA service rate increase in 2017 of some amount (shown in Table 2-1) to fund near term capital improvement projects. All scenarios raise HOA service rates to meet a minimum of 50% of the total \$2.96 M needed by 2027 (\$1.48 M), while maintaining a minimum service rate increase of 5% annually.

Table 2-1: Summary of Four Scenarios

		Scenario 1	Scenario 2	Scenario 3	Scenario 4
2027 Saving Target (% of total \$2.96 M needed)		50%	50%	50%	58%
2027 Capital Reserve Balance (\$ million)		\$ 1.48M	\$ 1.48 M	\$ 1.48 M	\$ 1.71 M
Increase for Monthly HOA Service Rates (% per year, after 2017)		11.5 %	9.4 %	6.8 %	5.0 %
Monthly HOA Service Rates (per household)	2016	\$ 100	\$ 100	\$ 100	\$ 100
	2017 (one time increase)	\$ 125	\$ 140	\$ 150	\$ 175
	2027	\$ 373	\$ 345	\$ 288	\$ 285
Annual HOA dues		Eliminate Annual HOA dues			

- Around this time the Board chose Scenario 3, to being increasing monthly HOA dues by 6.8% per year. This has been applied to HOA dues every year from 2016-2023.
- Note: Dues were decreased in 2019 & 2020 for COVID relief to homeowners.

NEXT STEPS 2016-2022

2016 PROJECT UPDATE:

- Following both of these reports, the Board began gathering information to figure out what options the HOA had to go about replacing the water infrastructure for Sopris Village.
- The Board gathered information on numerous topics, below to list a few:
 - Complete engineering drawings to obtain more informed cost estimate information.

- Understand Sopris Village's water rights and their estimated valuation.
- What type of funding could the HOA obtain vs. what a special district could obtain?
- What is the process of becoming a special district?
- What would happen if the HOA had Mid Valley Metro District run the water for the HOA, like it already runs the sewer for the HOA?
- What should the HOA expect if it were to do the project itself?
- The Board received an opinion letter from CORONA Law regarding Sopris Village HOA's water rights in 2016.
- The Board also received from SGM a Roaring Fork Valley water rate summary comparison report.
 - Link to report online at: <https://www.soprisvillage.com/water>
- 2016 ANNUAL MEETING PRESIDENT'S REPORT RE: Water System
 - Rate / Capital Reserve Study: The studies are complete and posted to the web site. Please look at the map of the subdivision as it relates to your lot and let us know if the water service line shown on the plan is not correct for your lot. The statement pertaining to the immediate need for the addition of a chlorination line is a recommendation from SGM, who prepared this report, and is based on their opinion of the best method approach. I have checked with both Alan Leslie who manages our water system and Bruce Matherly a former resident, Board member, manager of our water system and current District Manager for the Aspen Consolidated Sanitation District on the need for and the urgency of installing it. Both men agreed that we are currently in compliance with State regulation and would definitely recommend building the chlorination line when we make the rest of the capital improvements.

2017 PROJECT UPDATE:

- In 2017, the Board posted online a project update document on the current status of the water infrastructure project.
 - Link to report online: <https://www.soprisvillage.com/water>
- The Board continued collecting information on how to form a Special District, and held discussions regarding this option at monthly Board meetings.
- 2017 ANNUAL MEETING PRESIDENT'S REPORT RE: Water System
 - The Board has been moving forward, as discussed, with the investigation and planning for the eventual need to replace our water main and service lines. We have solicited two bids for the preparation of engineered construction drawings so that we can then ask for bids to determine the cost requirements and financing needs for the project. These bids are significantly different in scope and need to be re bid. The estimates are around \$75000.00.
 - As part of this step Ivan Perrin has been in contact with the Colorado Water Conservation Board to apply for a grant that may fund up to 75% of the cost (up to \$100,00.00) to produce those documents. Ivan and I meet with the NEXT STEPS (Executive Committee) of the CWCB Colorado River Basin in Glenwood Springs in October and made our presentation. The following outlines are the Summaries and Goals we presented.

- Summary
 - Sopris Village was incorporated in 1975.
 - The Sopris Village water system is privately owned and operated by Sopris Village. We are responsible for the wells, storage tank, hydrants, main lines, service lines and all the incidentals that are required. The water system services 130 private residences and provides irrigation to our Park.
- Phase I – Evaluation
 - The SVHOA Board of Directors hired SGM engineering to study the current condition of our water system infrastructure and produce a Rate and Capital Reserve Study.
 - The reason for the Study was to determine the current condition, life expectancy and replacement cost of the individual components and the system as a whole.
 - The plan includes inventorying and evaluating the lifespan and replacement cost for the various components of the entire system.
 - The plan also analyzes our current income, budget, expenses and factors into the replacement cost a 3% increase in cost based on the Consumer Price Index.
 - 2016 – Complete
- Phase II - Capital Reserve Fund Raising
 - If SV waits until 2027 to replace the main lines and service lines the estimated cost will be approximately \$3,000,000. The Board of Directors has set a goal of having a Capital Reserve account of \$1,500,000.00 by 2027 as stated in the Capital Reserve Study. Beginning Jan 1, 2017 monthly assessment where increased from \$100.00 per month to \$150.00 per month. The monthly assessment will need to be raised by 6.8% annually there after until 2027 when the monthly assessment will be \$288.00. The monthly assessment for 2018 will be \$161.00.
 - On going
- Phase III – Planning
 - Prepare CWCB grant application to assist with cost of drawings.
 - Proceed with engineered construction drawings
 - Solicit bids for entire project.
 - Investigate financing based on project cost.
 - Investigate formation of Special District for the purpose of funding this project and managing the Water System thereafter. 2017 – 2018
- Phase IV – Construction
 - Start construction Spring 2020 with scheduled completion Summer 2020.
- 2020 Summary
 - Sopris Village was incorporated in 1975 and the water system was constructed in the late 70's.
 - The SV water system is privately owned and operated by SV. The water system services 130 private residences and provides irrigation to our Park. A Rate and Capital Reserve Study completed SGM in 2016 shows that the

water mains have 26 years of estimated service life left, although AC pipe is known for premature failure and therefore SGM recommends early replacement. It also indicated the service lines have 11 years of remaining service life. SV does not want to wait for main or service line failures before replacing infrastructure.

- Sopris Village owns 22.665 shares of water from the Robinson Ditch. The Robinson ditch splits into the Blue Lake, Tucker, Forest Service and Glassier ditches. The Glassier ditch is piped under Highway 82, the City Market parking lot and runs under the utility easement between Kiowa and Navajo streets and comes out in the Glassier Acres subdivision behind SV. We would like to be able to utilize our ditch rights to irrigate our 43,672 square foot park.
- Goals
 - Upgrade all main water lines to be compatible with current specifications used by Mid Valley Metropolitan District in the event SV would ever wish to join MVMD.
 - Install new water main valves.
 - Install new Hydrants.
 - Install all mainlines in street right of way to avoid disruption of existing service and improve accessibility for future maintenance.
 - Install new service lines to each residence with curb box shutoffs.
 - Install recommended chlorination lines for increased chlorine contact time per CDPHE regulations between both wells and water storage tank.
 - Rehabilitate well #2 with sediment filtration system and bring back on line.
 - Design and build an underground vault connection to MVMD for emergency or future use.
 - Design and build an underground vault connection to the Glassier ditch irrigation pipe that runs under SV to irrigate our park instead of using treated water.
- The following is the summary of the results of that meeting: Sopris Village Homeowners Association - Water Infrastructure Replacement Plan - Grant Application meeting results October 23, 2017 –
 - Ivan and I meet with the Next Action Committee of the Colorado Basin Roundtable of the Colorado Water Conservation Board and made our presentation seeking grant money for the preparation of the engineered construction drawings for the Sopris Village Water Infrastructure Replacement Plan. The Board was very generous with their time, and it was very informative and definitely worthwhile. Our Grant application does meet the underlying requirements and guidelines. For Sopris Village to be considered for a grant we will need to make another presentation at the next meeting in Clifton on November 20th. One of the goals of this group is to assure communities have safe drinking water and we could be considered in that category. As a State agency responsible for disbursing tax payers fund they have objectives they look for in regard to the overall

benefit of the community at large and not just a specific group. Before we make another presentation, they recommend we consider the following suggestions to increase our chances for a successful application. Water conservation is their biggest concern, and the Board strongly recommends installation of water meters with a tiered billing program. They suggest we formally investigate joining Mid Valley Metropolitan District for our water supply. They felt that our current monthly assessment is low and that we should demonstrate a stronger "community buy in" with a significant special assessment on each property and higher monthly assessments. That we contact Basalt and work with them on the Town of Basalt Water Efficiency Plan. The other concern they expressed, but not necessarily a condition for approval, was the timing of the construction phase of the project. I made it clear that this project is going to happen, with or without the requested grant, but would not commit to a specific timeline. I felt that they were encouraging us to continue in the application process but with the understanding that they are looking for significant changes to the application as it currently stands. If we agree to make the concessions, they seek and make a revised presentation that still does not guarantee success. If this group recommends us for consideration, we will move on a final review before the Colorado Water Conservation Board. I believe they said that review would be in either January or March of 2018. If the CWCB approved our grant application, it may not be for the full 75% we are asking for and would become a contractual agreement. The committee members were very complimentary of our efforts and wanted to encourage us to keep investigating all our financing options including low-cost loans and the effort to form a Special District. I have talked with Ivan about tabling the application until we have more discussion amongst ourselves and with the membership. Your thoughts.

- Michael Meiners

2018 PROJECT UPDATE:

- In 2018, the Board posted online a project update document on the current status of the water infrastructure project.
 - Link to report online: <https://www.soprisvillage.com/water>
- 2018 ANNUAL MEETING PRESIDENT'S REPORT RE: Water System
 - The all-Volunteer Board of Directors continues to work on the future needs of our water system and it is our highest priority. Trisha Harris, Attorney of WHITE, BEAR, ANKELE, TANAKA & WALDRON attended the 2017 annual meeting and explained the process involved with the formation of a Special District and also the benefits to Sopris Village of having a Special District to manage our water system. In July, we did experience an issue with the water storage tank running low and not having enough water to supply Sopris Village. This resulted in the need to have an operator manually monitor and fill the tank daily to be sure we had adequate domestic water and fire protection. The problem was repaired and our system is functioning normally again. There will be a presentation tonight on the Sopris

Village Water System and the choices we are facing. This will include discussions ranging from forming a Special District to having Mid Valley Metropolitan district supply our water.

- Also at the Annual Meeting in 2018, the Board provided a presentation to break down the options they had found thus far. Three options were presented at this time:
 - 1) Sopris Village HOA doing the project itself
 - 2) Creating a Special District
 - 3) Mid Valley Metro District to Provide Water to the HOA
 - Link to report online:
 - Each of these options were given courses of action that could occur under each at the time of the report.
 - It was noted at the time of this report, that the decision to replace the water infrastructure for the HOA laid with the Board of Directors.
 - Since this report, the Board has done additional research and information gathering, and some of the information in this report is no longer current.**
 - Link to presentation online: <https://www.soprisvillage.com/water>

2019 PROJECT UPDATE:

- The Board received an opinion letter from Balcomb & Green regarding Sopris Village HOA's water rights.
 - Link to report online: <https://www.soprisvillage.com/water>

2020 PROJECT UPDATE:

- In 2020, the Board posted online a project update document on the current status of the water infrastructure project.
- 2020 Mid Valley Metro District provided a presentation on expectations if Sopris Village HOA were to have MVMD take over operation of the water for the HOA.
 - Link to report online: <https://www.soprisvillage.com/water>
- 2020 ANNUAL MEETING PRESIDENT'S REPORT RE: Water System
 - The Board of Directors continues to work on the future needs of our water system, and it continues to be our highest priority. We have contracted with SGM in Glenwood Springs to complete mapping of the existing utility locations in Sopris Village and to prepare engineered drawings for the options of replacing our existing water infrastructure. When the plans are completed, we will be able to get actual price estimates on the elements of the plans and be able have an understanding on the cost.

2021 PROJECT UPDATE:

- 2021 ANNUAL MEETING PRESIDENT'S REPORT RE: Water System
 - The Board of Directors continues to work on the future needs of our water system, and it continues to be our highest priority. We have contracted with SGM in Glenwood Springs to complete mapping of the existing utility locations in Sopris Village and to prepare engineered drawings for the options of replacing our existing water infrastructure. The plans are 95 % complete and will be presented to the Board soon. Along with the plans will be cost estimates for the replacement of the water infrastructure system. SGM is also preparing a street and road

condition analysis for submittal to Eagle County to try to coordinate asphalt repair and replacement. Once the plans are completed, we will be able to have an actual understanding of all the elements of the plans and be able have an understanding on the cost.

2021-2022 PROPOSED REVISION OF CURRENT AMENDED AND RESTATED DECLARATION OF PROTECTIVE COVENANTS FOR SOPRIS VILLAGE HOA:

- From 2021-2022 roughly, the Board of Directors went through the process of trying to revise the HOA governing documents – specifically the Covenants, Conditions and Restrictions (CC&Rs).
- In 2022 the revised CC&Rs went out to a vote amongst the homeowners. All Written Ballots received by the deadline of July 26, 2022 to either vote FOR or AGAINST the Amended and Restated Declaration of Protective Covenants for Sopris Village have been counted. Total votes counted FOR were 69, 11 AGAINST and 50 owners did not vote. In order for the Amended and Restated Declaration of Protective Covenants to have passed, two-thirds (67%) of the membership, or 87 votes needed to have been cast FOR the revised documents. As such, the Amended and Restated Declaration of Protective Covenants did not pass.
- The current Amended and Restated Declaration of Protective Covenants for Sopris Village HOA dated January 20, 1976 will continue to remain in effect.
 - A key revision made in the revised CC&Rs regarding the water infrastructure replacement project provided below:

Current Declaration	Amended and Restated Declaration
Subjecting Common Elements to a Mortgage: The Current Declaration does not require a vote of the Members in order to subject the Association’s Common Elements to a mortgage.	Subjecting Common Elements to a Mortgage: Prior to subjecting the Common Elements of the Association to a mortgage, Section 4.3.1 of the Amended and Restated Declaration provides that Members representing at least 51% votes in the Association must vote to approve such an action.
Dedication of Common Elements: The Current Declaration does not address this issue and there is no authority for Members to vote on whether to convey or dedicate Common Elements to any public agency, metropolitan district, special district, quasi-municipal corporation, authority or utility.	Dedication of Common Elements: Section 4.3.2 of the Amended and Restated Declaration provides that Members representing at least 51% of the votes in the Association would have to approve conveying or dedicating any part of the Common Elements to any public agency, metropolitan district, special district, quasi-municipal corporation, authority or utility. In other words, Owners would have to vote to convey Common Elements in order to join a metro district to manage the Association’s water system.
Definition of Water System: The Current Declaration does not define what is included as part of the water system.	Definition of the Water System: Section 2.11 of the Declaration defines the Common Elements of the Association and specifically provides that the water system includes, but is not limited to, the wells,

	subsurface rights, water storage tanks, fire hydrants, main lines and <i>service lines up to the shut off valve that provides service to each Lot.</i>
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2022 PROJECT UPDATE:

- 2022 ANNUAL MEETING PRESIDENT’S REPORT RE: Water System
 - The Board of Directors continues to work on the future needs of our water system, and it continues to be our highest priority. We have contracted with SGM in Glenwood Springs to complete mapping of the existing utility locations in Sopris Village and to prepare engineered drawings for the options of replacing our existing water infrastructure. The plans are 95 % complete and are being submitted to qualified contractors for preliminary pricing. The Board has also been in contact with Eagle County to seek partnerships on non-potable irrigation, drainage improvements and the repaving of all our streets. The Board had an informal meeting with the staff of Mid Valley Metropolitan District and requested they provide a proposal for supplying our potable water needs along with managing the construction of the project and to also provide financing options. When all the information has been received, special meetings will be scheduled to review the project.

2023 UPDATES

CURRENT STANDING OF THE WATER INFRASTRUCTURE REPLACEMENT PLAN:

- Again, why is the Board working on replacing the water infrastructure for Sopris Village HOA?
 - The Capital Reserve Study and Rate Study that were commissioned by the Board, from SGM in 2016, stated that certain portions of our water system had a life expectancy of 50 years (2024-2027). The Board at the time, and still do this day, feel that it is our duty to investigate possible solutions to an aging water infrastructure.
- Key Players:
 - **SGM**
 - WHO IS SGM? SGM has been contributing engineering solutions to Colorado communities for several decades. As a multidisciplinary engineering, surveying, and consulting firm our business philosophy is to serve as partners to our clients while contributing to their success. SGM is headquartered in Glenwood Springs, CO with additional offices in Gunnison, Aspen, Durango, Meeker, Salida and Grand Junction.
 - **Chris Lehrman – Project Manager** for Sopris Village HOA
 - **Balcomb & Green**
 - WHO IS BALCOMB & GREEN: Recognized nationally by US News, Balcomb & Green has been serving Colorado’s legal needs in the state and beyond for over 60 years. Our attorneys have substantial experience in Water Law,

Business Law, Real Estate & Construction Litigation, Commercial Litigation, Injury & Malpractice, and Natural Resources & Environmental Law. Quite simply, we have the valuable perspective needed to provide solutions for the complexities our clients face.

- **Scott Grosscup – Water Attorney** for Sopris Village HOA
- What work has the Board completed this year, 2023? + Q&A
 - The HOA currently has saved \$800,000 between the operating account and CDs.
 - The operating account is with Alpine Bank.
 - CDs are with Edward Jones.
 - The Board asked SGM project manager, Chris Lehrman for a project cost analysis
 - Current engineering opinion cost analysis for 2023 estimates that replacement of the water infrastructure in 2023 would be \$6 million.
 - Current options the Board is pursuing to replace the water infrastructure are:
 - 1) The HOA doing the project itself
 - 2) Joining MVMD
 - Why is the Board no longer pursuing the third option of forming a Special District?
 - In order to form a special district, it would have to go on the Ballot for Eagle County to be voted on to be approved, and the likelihood of it getting on the ballot, in addition to getting approved, is very slim. This process is lengthy, expensive, and the Board determined it to be not cost effective or worthwhile to pursue at this time when the focus is to save and conserve money, not spend it on an option that wasn't very promising.
 - The Board has looked at the following funding options:
 - Public funding
 - Grants
 - Private financing options
 - Has the Board applied for formal applications for loans or funding for construction?
 - No. The Board is still gathering information on what options, such as the ones listed above, would be available for the HOA, and continuing to explore all options for sources of funding.
 - What are the legal opinions of the value of SVHOA's water rights?
 - Two opinions were given by Scott Grosscup from Balcom & Green - Water Law and from Craig V. Corona from CORONA Law, which can be found online at: <https://www.soprisvillage.com/water>
 - The Board asked for a current survey of the HOA's water infrastructure, which can be found online at: <https://www.soprisvillage.com/water>
 - Has the Board been providing routine updates to the homeowners?
 - The water system is on the Board's agenda every month and we have openly discussed it in board meetings with whomever is in attendance.
 - Water Infrastructure updates have also been given at the Annual Meeting of the Members in December every year.

- Members of the Board have had informal work sessions with Mid Valley Metro District to gather information only, no formal negotiations have occurred. The Board currently is having its Water Attorney, Scott Grosscup, work with attorneys at MVMD to get a more formal proposal from MVMD on what expectations, costs etc. would come of Sopris Village HOA having MVMD run the water for the HOA. MVMD is not interested in the HOA's water rights.
- The Board currently has no intention to sell the water system, wells, and water rights of the HOA.
- Is there going to be a special assessment?
 - Currently the Board is not currently planning on having a special assessment as the Board does not yet have all of the information to make a decision that is in the best interest of the homeowners.
- Will the Board be having Townhall meetings to present the Boards findings and proposed options to replace the water infrastructure of the HOA?
 - Yes, but no meetings have been scheduled yet.
 - The Board is still working to gather all information possible before presenting options available to the homeowners for their review and comment.
 - The number of Townhall meetings to be had have also not been determined, but there will be multiple attempts at community outreach once all information has been gathered.

CONCLUSION

As the Board continues to work on the water infrastructure replacement project, the Board invites anyone who is interested to read all information the Board has collected over the years on the website, and to attend all HOA monthly Board meetings.

Documents regarding the water infrastructure replacement project can be found online at: <https://www.soprisvillage.com/water>

While this document tries to answer all questions homeowners might have regarding this project, if anyone has any additional questions, please email them to info@soprisvillage.com so that the Board can 1) add them to this working document and 2) answer them formally in a monthly Board meeting.

Thank you,

SVHOA Board of Directors