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## RECORD OF PROCEEDINGS

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Mountain Recreation Metropolitan District – July 20, 2022 Meeting Minutes

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### **Minutes of the Regular Meeting Of the Board of Directors Mountain Recreation Metropolitan District July 20, 2022**

The regular meeting of the Board of Directors of the Mountain Recreation Metropolitan District, Eagle County, Colorado, was held on July 20, 2022, at 6:00pm, in the Gypsum Recreation Center, 52 Lundgren Blvd, Gypsum, Colorado, and via Zoom platform, in accordance with the applicable statutes of the State of Colorado.

**Attendance** The following Directors were present and acting:

- Jason Cowles
- Liz Jones
- Tracy Erickson (attending remotely)
- Chris Pryor (attending remotely)

Mikayla Curtis was absent and excused.

Also in attendance were:

- Janet Bartnik, Executive Director
- Scott Ruff, Superintendent of Recreation Facilities
- Cat Olson, Human Resources Manager (attending remotely)
- Eddie Campos, Marketing and Communications Manager
- Ken Marchetti, Marchetti and Weaver (attending remotely)
- Sanjok Timilsina, Finance Manager
- Amy Burford, Administrative Assistant
- Kris Miller (attending remotely)
- Joanna Kerwin (attending remotely)
- Terri Lester (attending remotely)

#### **1. Call to Order**

The regular meeting of the Board of Directors of Mountain Recreation Metropolitan District was called to order by Director Jones on July 20, 2022, at 6:00pm, noting a quorum was present to conduct business.

#### **2. Changes to the Agenda**

There were none.

#### **3. Minutes**

Director Jones asked the Board to consider the June 15, 2022 meeting minutes.

Director Erickson moved to approve the June 15, 2022 regular minutes as presented.  
Director Cowles seconded the motion. It was unanimously

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## RECORD OF PROCEEDINGS

---

Mountain Recreation Metropolitan District – July 20, 2022 Meeting Minutes

---

RESOLVED to approve the June 15, 2022 regular meeting minutes as presented.

#### 4. Public Input

Director Jones asked for anyone from the public wishing to share comments with the board to do so at this time. She stated that she will designate time for public comment throughout the meeting after board discussion.

Director Pryor suggested the public raise a hand in the zoom application if they wish to comment.

#### 5. Presentations

##### a. Capital Replacement Modeling

Ms. Bartnik shared that facility assessments conducted in 2016 focused on the three indoor recreation centers. Assessments were not conducted on the outdoor sports complexes, McCoy or Dotsero park spaces. Staff completed assessments for outdoor spaces in 2021. She presented what was included in each facility assessment which showed mechanical equipment ratings and projected capital needs costs for 10 years. Items such as preventative maintenance, structural repairs and equipment replacement were not included in the original facility assessments. Preventative maintenance services are included in the annual operating budgets to keep mechanical systems operating efficiently for as long as possible.

Ms. Bartnik explained the reserve policy that the board approved in 2021. The District's fund balance is unrestricted, meaning that the funds can be spent as the board wishes without restriction. She reviewed the financial relationships and shared capital replacement funding with intergovernmental entities. The Edwards Field House, Eagle Sports Complex, McCoy Wildcat Park, and Dotsero Park projects are funded solely by the District.

Ms. Bartnik presented two capital replacement models created by staff as an example of the current practice. All items from the facility assessments were listed in the modeling spreadsheets. She explained that these models were made by considering replacement timing, cost which included inflation, and the reserve fund balance.

Director Jones asked how the starting values of the presented items were calculated. Mr. Ruff confirmed that the 2016 assessment was used to determine value, along with an assessment performed by Tolin Mechanical. Staff use the estimated cost of replacement from those assessments in addition to 10% inflation each year to produce cost figures.

Director Erickson stated he believes the District should move forward with a current reserve study to keep the capital replacement modeling consistent.

## RECORD OF PROCEEDINGS

---

Mountain Recreation Metropolitan District – July 20, 2022 Meeting Minutes

---

Director Pryor asked if we would involve the Town of Gypsum and the Town of Eagle in a reserve study process. Mr. Ruff confirmed that all decisions made regarding a potential reserve study would be made in conjunction with the town partners.

Director Jones invited comment from the public.

Kris Miller (Edwards) requested a copy of the capital modeling spreadsheets.

Director Jones suggested staff gather bids from various vendors and the board will discuss a reserve study more in depth at a future meeting.

### 6. Business

#### a. FY 2021 Audit

Auditors at Maggard & Hood delivered the annual audit to the board as required before June 30. Board acceptance is requested so that the audit may be filed with the State prior to July 31.

Director Jones stated that the auditor was unable to attend the meeting.

Ms. Bartnik stated that the audit shows there are no major violations.

Mr. Timilsina stated the District's overall net position increased by 2.14% from the previous fiscal year. He reviewed the details of general revenues, which included funds from property taxes and grants, and program revenues. The biggest source of revenue for the District came from property taxes. Mr. Timilsina reviewed the expenses and explained that administration was the largest fund expenditure.

He expanded on a recommendation from the Management Letter which stated that the District budget transfers between the general fund and conservation trust need to be included in the budget.

Director Jones asked if there were any financial issues from the facilities administration software transition last year. Mr. Timilsina confirmed that he provided all administration software related reports to the auditor and no issues were found.

Director Pryor asked how long Maggard and Hood have been performing the District's audits. Director Jones confirmed they have been responsible for the District's audits since inception and they do a great job.

Director Cowles thanked Mr. Marchetti for his assistance and expressed confidence in the audit process moving forward on account of Mr. Timilsina's previous experience as an auditor.

Kris Miller (Edwards) asked for more details on the Gypsum Recreation Center's deficit.

## RECORD OF PROCEEDINGS

---

Mountain Recreation Metropolitan District – July 20, 2022 Meeting Minutes

---

Ms. Bartnik stated that program revenues have grown but the minimum wage increase accounted for a large portion of the deficit. She explained that the Gypsum Recreation Center is a large facility and that operating at 100% cost recovery is not the most beneficial way to serve the community. The Gypsum Recreation Center typically operates at 90% cost recovery.

Director Pryor moved to accept the FY 2021 Audit as presented. Director Erickson seconded the motion. It was unanimously

RESOLVED to accept the FY 2021 Audit as presented.

### **b. Budget Direction Items**

State statute requires that a proposed budget be delivered to the board by October 15 each year with public comment scheduled thereafter. The Gypsum Recreation Center Advisory Committee desires to review the initial staff-requested budget on August 11. The budget discussion items are FY 2023 Schedule of Fees and Charges Draft, FY 2023 Capital Improvement Plan Draft, and Employee Wellness Benefit for FY 2022 and future years.

Staff has drafted a Schedule of Fees and Charges for FY 2023 for board review. The staff has proposed affordable rates that meet the Revenue Policy approved by the board in 2018. The Policy directs that programs and services that are more of an individual benefit receive less subsidy and are set at market rates. Programs and services that provide a greater community benefit can be subsidized. Daily admissions and membership passes were increased significantly in 2022 and are not proposed to be increased in 2023.

Ms. Bartnik reviewed the budget preparation timeline and reminded the board that the final budget approval will be in November.

Ms. Englehart explained the proposed fee increases in the youth programs of outdoor recreation and youth league programs.

Director Pryor asked if staff did a fee review of Avon Recreation District and Vail Recreation District. Ms. Englehart stated that staff did a fee review for youth sports league and the District remains one of the most affordable choices. Mr. Ruff confirmed there was a facility fee review in 2021 and the District's fees are the lowest in Eagle County.

Director Jones stated that she is comfortable with the proposed Schedule of Fees and Charges 2023. She suggested that the full facility rental rate be considered for increase.

Director Pryor agreed with Director Jones comment.

Ms. Bartnik presented consideration of in-district and out-of-district rates. In January 2022, the board directed staff to implement in-district and out-of-district fees for admission to facilities operated by Mountain Recreation beginning in

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## RECORD OF PROCEEDINGS

---

Mountain Recreation Metropolitan District – July 20, 2022 Meeting Minutes

---

2023. The Town of Gypsum will not authorize rate differentials to be applied to the Gypsum Recreation Center or Gypsum Creek Pool because they feel it may reduce participation. The proposed rates would only impact the Edwards and Eagle facilities. Ms. Bartnik explained the additional revenue that would be seen if the new rates were imposed.

The partial implementation may create challenges when communicating with the public due to the inconsistency amongst the facilities. Staff requests confirmation that the board desires to implement the partial rate differential beginning in January 2023.

Director Pryor voiced his concern about implementing a rate differential at only two of the three facilities. Ms. Bartnik agreed that it would be a challenge to communicate the inconsistent differential to the community.

Director Cowles suggested asking the Town of Gypsum to reconsider the rate differential. He does not believe the estimated additional revenue from the rate change would be worth the potential challenges.

Discussion ensued about the potential benefits and challenges that could occur from an in-district and out-of-district fee policy.

Director Jones suggested they revisit the policy when reviewing the final draft of the budget.

Ms. Bartnik stated that staff has suggested the District consider charging user groups for outdoor field usage. Currently, specially qualified youth serving organizations have access to rent-free field space. Staff is proposing to increase hourly staff rates for maintenance provided to these groups in alignment with wage rate market increases. The District could consider implementing rental fees to local user groups for use of outdoor spaces operated by the District to assist in revenue generation. Alternately, the District could consider implementing fees for tournaments only, retaining the subsidy for field use for ordinary club programming.

Staff is seeking direction on if this practice should be changed and rental fees should be charged.

Director Cowles stated that a potential drawback is the user groups would find another field to play on if the District imposes a rental fee. He mentioned the disparity between indoor facility rental, like hockey, and outdoor field use. He stated he understands that indoor facility maintenance, especially ice, is more expensive.

Ms. Bartnik stated that there is one staff member, Mr. Padilla, managing the outdoor field spaces. She stated that staff are looking for potential revenues that could provide Mr. Padilla additional staff which would also allow the District to follow through with succession planning.

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## RECORD OF PROCEEDINGS

---

---

### Mountain Recreation Metropolitan District – July 20, 2022 Meeting Minutes

---

Director Jones expressed her support for outdoor field use fees even if the charge is minimal. She believes that it will help support the costs associated with field maintenance.

Director Pryor suggested we present fees to user groups in a gentle manner, and it would be helpful they were shown the expenses that are needed for field maintenance if the fee is implemented. Ms. Bartnik agreed with Director Pryor and stated showing user groups the field maintenance expenses is a good idea.

Director Erickson voiced hesitation of raising fees while there is currently an increase of property values.

Staff has completed work on the review of the capital projects for FY 2023. The budget includes vehicle and equipment replacements, contributions to shared capital replacement funds, and funding for capital replacements for those facilities not covered by jointly managed replacement funds. There is also the anticipated cost of the Eagle Pool repair, or replacement, which has not been determined.

Ms. Bartnik reviewed the computer replacement program, the annual \$50,000 contribution to the Eagle Pool and Ice Rink capital fund and the Edwards Fieldhouse roof repainting project. She reminded the Eagle pool repair or replacement will be a significant cost. She discussed the future capital expenses, such as turf and fan replacement, at the Edwards Fieldhouse. The budget transmittal letter will have more detailed line items than the FY 2023 capital improvement plan draft provided in the board meeting packet.

Staff have expressed their appreciation for a wellness benefit that was provided in 2020 & 2021. Staff seeks direction on the inclusion or exclusion of the employee wellness benefit for FY 2022 and future years.

Ms. Bartnik reminded the board that the wellness benefit was not included in the 2022 budget. The cost is funded in the administration budget.

Director Jones stated that it was included in the 2020 budget when staff was working remotely, and mental health was a major focus. It was well received by staff, and she would like to see the benefit continue. She believes it would be a great recruitment and retention tool.

Director Cowles asked if there were any conditions or qualifications required to receive the benefit. Director Jones confirmed that there were no conditions required for staff to receive the wellness benefit.

Director Pryor voiced his support of the employee wellness benefit and believes it aligns with Mountain Recreation's missions and values.

Director Jones reminded the board that the benefit can be removed from the final budget draft if necessary.

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## RECORD OF PROCEEDINGS

---

Mountain Recreation Metropolitan District – July 20, 2022 Meeting Minutes

---

Director Jones gives direction to leave the employee wellness benefit in the 2023 budget and the board will review it during the final budget draft.

**c. Vail Mountaineers Hockey Club User Group Agreement**

Mountain Recreation approved a new Revenue Policy in March 2019. Staff has reviewed and revised each organization's user group agreement for presentation to the board to govern relationships in FY 2022.

Ms. Bartnik stated that the Vail Mountaineers Hockey Club user group agreement is the same as previous years with an adjustment made on sponsorship agreements. The agreement has already been signed by the Club Administrator.

Director Pryor moved to approve the Vail Mountaineers Hockey Club user group agreement. Director Erickson seconded the motion. It was unanimously

RESOLVED to approve the Vail Mountaineers Hockey Club user group agreement as presented.

**d. Other Business**

**7. Financial Matters**

**a. Financial Statements**

**b. Accounts Payable**

Mr. Timilsina reviewed the year-to-date financials and expressed that revenue is favorable. He explained the unfavorable variance in the outdoor recreation program was due to the cancellation of a few camps as the result of a staffing shortage. He pointed out the three payrolls in June accounted for additional expenditures.

Director Cowles moved to approve the financial statements and accounts payable report as presented. Director Jones seconded the motion. It was unanimously

RESOLVED to approve the financial statements and accounts payable report.

**c. ACH Authorization Agreement**

With a change in accounting staffing, access to MBS accounts requires execution of a Non-Corporate Resolution and ACH authorization agreement. Staff proposes authorizing Ken Marchetti, Janet Bartnik, and Sanjok Timilsina on this account.

Mr. Timilsina requested for himself and Ms. Bartnik to be added as authorized users on the account with MBS Securities. He explained that Mr. Marchetti is the only individual who has access to the account currently. Mr. Marchetti agreed with Mr. Timilsina.

## RECORD OF PROCEEDINGS

---

Mountain Recreation Metropolitan District – July 20, 2022 Meeting Minutes

---

Director Cowles moved to approve the ACH authorization agreement as presented. Director Erickson seconded the motion. It was unanimously

RESOLVED to approve the ACH authorization agreement as presented

### **8. Staff Reports**

#### **a. Administration**

#### **b. Facilities Division**

#### **c. Recreation Programs Division**

Director Jones stated that she enjoyed Ms. Bartnik's summary of the Special District Association's presentation on 2022 legislative action.

Kris Miller (Edwards) thanked the board and staff for allowing comment from the public throughout the meeting.

### **9. Reports & Board Communication**

Ms. Bartnik informed the board that she will be attending the August and September meetings virtually due to conference participation.

### **Adjournment**

Director Jones moved to adjourn the board meeting. Director Cowles seconded the motion. It was unanimously

RESOLVED to adjourn the meeting at 8:18 pm.