

PTCR HOA Winter Meeting Notes

Held Dec 3 2023 at 6:30 pm at Fire Station

Opening Comments

Upon opening the meeting, HOA President Cindy Ragan informed the Members that Deidra Steen passed away in October 2023. Ty and Deidra Steen were the first residents to move into a house in the Pinons.

We went around the room and Members introduced themselves, stating their lot numbers.

At the request of Mike Yugovich, backed by the Concerned PTCR Lot-Owners Committee, Pam Waisanen read the minutes from the Nov 12, 2023 HOA Board Meeting.

2024 Budget

Jim Rose asked if for the 2024 HOA budget we project that the \$39K will carry over to next year. Cindy Ragan and Dan Harrell said no, that this amount will cover the budget for regulatory compliance leak detection tests and training for 2024. Jim Rose is concerned that from 2020 until now we are spending \$30K just to stay in compliance.

The HOA is a utility operator with no funding source. It costs approximately \$500 per lot per year to run our propane system, which is very similar to the expenses for our other utility, the Water District. A discussion comparing the two utilities began (recorded below).

A vote for the budget was motioned, but Mark Cooper and Mike Yugovich pointed out that the budget depends on the propane delivery system selected (group or individual), so more discussion is warranted (recorded below). It was pointed out that to implement a conversion to individual tanks would take more than a year. Therefore, regardless of how a vote for a covenant change would go, the budget for regulatory compliance is necessary for 2024.

Later on in the meeting, a second motion was made to approve the budget (Steve Firks, Paul Ragan, and then Carl Waisanen). Votes added up to 28 for the 2024 budget. There were 17 nays. The budget passed.

The 2025 will be assembled by the end of Nov. Mike Yugovich and Jim Rose asked to see a copy of the budget in advance of the meeting so they can study it next year. If the proposed budget is prepared in time, it will be sent out to the members.

Comparison of Funding Sources for our Two Utilities

Cindy Ragan said that the water tax amount we paid is listed on our property tax bill, and hers for last year was \$490.01, making it comparable to what we need per lot to operate our neighborhood propane system.

There is a mil levy is set for water. Fire Department raised theirs the same year (Jim Rose). The Water District budget is posted monthly at the mail boxes. This coming month the Water District meeting will occur on the 2nd Wed. Mark Norman stated that the Water District gets ~\$39K annually from taxes.

Jim Rose said the difference between the two utilities is that we can't say everybody should drill their own well because of legal restrictions, while the only impediment to purchasing individual tanks is majority approval of changes to Covenant 117 restrictions.

HOA Dues Increase

HOA dues have never gone up since they began. HOA dues will be billed for \$900 in Jan 2024. Dues are dependent on whether the PUC requires borehole gas leak testing every year. If the PUC allowed us to test every 3 or 5 years, we would not have the ~\$27K expense every year, and the savings would result in a decrease in dues.

History of the Propane Pipeline Delivery System vs. Individual Tanks Debate

There was a vote about four years ago. Very few Members were in favor of abandoning the propane pipeline delivery system. Ty Stein brought valuable information to the meeting, recorded on a story board, demonstrating that similar votes had also taken place in 2001 and 2004.

Two years ago, two employees from the State of Colorado (DORA) visited and answered questions. They said that out of the 18 small operators, we were the poster child. They were not at liberty to decide if leak detection tests could be waived to intervals such as every three or five years, which would greatly reduce HOA expenses and HOA dues. The employees stated that they do not regulate individual tanks.

Pros and Cons of Current Pipeline Delivery vs. Individual Tanks Discussion

(Initiative by Seven Concerned PTCR Lot Owners)

Mark Cooper said their committee of seven residents researched the feasibility of individual tanks. They reported their findings to the neighborhood through the USPS to every resident. A survey was attached to determine what kind of support exists in the neighborhood for individual tanks. Cindy Ragan sent out an email to all Members stating that the proposed change did not represent an official action of the HOA Board (see Policy # 6 and Covenants Section 305). She proposed that we research the pros and cons of both alternatives in greater detail before possibly petitioning to change the covenants.

Jim Rose said he sent an outline to board members, expecting a response with costs on the current system, and he received generic budget information which was not what he requested.

Mark Cooper said that the request for feedback was not illegal or abnormal, and responses from the survey indicated that about half of the members want change. Cindy said Members wanted to see cost analysis on both sides, which was reinforced by Terry Norman and Carl Waisanen.

Mark Norman doesn't believe individual tanks will save us money, as was also stated by several other people in the meeting. However, some Members want to see greater financial analysis so they can make an educated decision for the future.

Ray Whitehead didn't know who the survey was from, and also wanted to see greater detail.

Mark Cooper stated that he didn't expect to be in a municipality with responsibilities for operating a utility when he moved to PTCR. He also said that he contacted David Glaser for information and got no response.

Cindy stated it is "all or nothing" on propane, in that the propane system becomes individually more costly if people were allowed to opt out.

Path Forward

The HOA Board of Directors chooses to move forward with the research provided by the Seven Concerned PTCR Lot Owners. Four propane committees will perform a deeper analysis of the pros and cons for the current pipeline system and the proposed individual tanks alternative with these four committees:

Committee 1:

- Regulatory comparison - regs for individual tanks? Permits for installation of tanks?
- Propane costs - total ownership, normalized and predicted, cost per gallon, per delivery, initial tank fill cost

Committee 2:

- Individual tank cost - above ground, buried, buy/lease, start up and recurring costs, home tank maintenance
- Sale of existing propane infrastructure to include cost of removal/relocation, hazmat (antifreeze removal)

Committee 3:

- Intangibles - safety, ease of use to homeowner, home values, lessons learned from existing tank users

Committee 4:

- Case study - Shonk home installation

Considerations

- Notional goal dates
- Teams established - Jan 15th
- Status meeting - Feb 15
- Deliverables - Mar 15
- HOA Board decision to proceed or not (if Board doesn't approve, no further action) - Apr 15
- HOA Board approve new Covenant words
- Mail change document to homeowners
- Deadline for voting - July 15
- If a new covenant passed, complete transition to individual tanks - 12-18 months?

Cindy composed a list of volunteer names for the four propane committees. She will set up and distribute meeting dates.

Randy asked for a "pre-read" on data the seven Concerned PTCR Lot-Owners Committee have gathered, before the first meeting of the proposed committees.

Glaser Energy Presentation

David Glaser attended and answered questions. He said he installs gas lines, and the PUC doesn't look closely at an operator until something goes wrong, giving them the opportunity for closer scrutiny and resulting additional requirements/inspections/fines. Also, laws change.

Then David gets fined. As long as we keep the system functionally safe, demonstrated through M&M Cathodics annual regulatory testing, maintain annual training, and maintain records, we meet regulations. Locates and meter reading costs account for 90% of the revenue generated; 10% is profit for Glaser Energy.

Until regulatory compliance was enforced three years ago, he was able to compare fuel levels in with fuel levels out, and was never more than 15 or 20 gal off. Regulators accepted that measurement. David stated that of the 18 small propane operators in the State of Colorado, we are the best because of Cindy and Rob Buetner's efforts. David works with the Regional Building, PUC, and Fire Dept. David Glaser took over system. David addressed a couple of construction issues where he didn't know where lines were located because they were too deep. David did not put the main propane line in. There is a creek. One Member hired an excavator from Canon City. The excavator buried the line too deep; the Member informed David Glaser it is 9' deep. Another, 6 or 7' deep. Carlton homes has a temporary propane tank for 90 days. David Glaser would not go against regulatory requirements. David Glaser is responsible for gas line, tracer wire, and meter installation. Owners pay the builder for digging the trench and installing the interior gas lines with an exterior connection. David Glaser does pressure tests, taps into the trunk, installs the supply line to the meter, and connects the meter to the gas line coming out of the house.

The *Pipes Act* passed in 2020, per Cindy Ragan. In light of increased regulations on kitchen appliances, the question was asked whether individual tanks could become regulated in the future. There is no way to know if this might happen.

Mike Yugovich asked if natural gas lines will be installed parallel with Hwy 115. David Glaser said no, that would not happen because of expense to dig through rocks. Our propane lines can be converted to natural gas if natural gas was installed. 60% of propane comes from natural gas. Propane has a higher BTU rating than natural gas. There is a 15 to 20% savings with natural gas. The natural gas system would be owned by a company, not by HOA.

Randy Shonk said there were five minor leak "incidents" revealed during the 2023 inspection. David Glaser will remediate those minor leaks.

David Glaser said that one service line was recently hit by digging and not calling for a locate. David Glaser was able to fix it the same day.

Contract with Glaser Energy

Pam Waisanen asked if David Glaser can provide a copy of our contract with him so she may judge what services/terms he is obligated to provide, for comparison against industry standard utility contracts. He said he would send a copy. Cindy Ragan has since provided. David said he or our HOA can terminate within 30 days. He is contracted for 30 hours a year; he consistently spends more time on PTCR.

How Glaser Energy Would Implement and Maintain Individual Tank Service

If an HOA majority voted for individual tanks and Glaser Energy was the chosen vendor contracted, he would deliver propane to our individual tanks. He pays his distributor within five days. If there was an emergency and we had individual tanks and there is heat nearby, there is an emergency pressure relief (pop-off) valve to keep the tank from exploding.

With the current propane pipeline, if the vaporizer breaks, David Glaser can deliver 300 - 500 gallons to the 30K tank every few days to keep it pressurized.

If the 30K tank is shut off due to an emergency, there is still 200 – 250 gal of vapor in the entire system. There is a shut-off valve upstream from the meter and regulator for each house.

If the PTCR HOA Members voted with a 2/3 majority to change to individual tanks and Glaser Energy is the chosen vendor, he would deliver fuel in his bobtails that weigh 25 – 32,000 pounds. In non-emergency circumstances, David refuels individual tanks on a 5-week schedule. He can only fill the, 80% full, to allow for expansion.

Carl Waisanen expressed concern over driveway damage. David said that if Glaser Energy trucks damage the asphalt, they will pay for the damage. The hoses on Glaser Energy trucks are 125 to 150 feet long. Carl then asked if tanks next to houses can be serviced with the current IPS plastic lines that runs from the trunkline to houses. David said no, that liquid propane can only be run through steel pipes. This is because liquid propane's temperature is -44°, and it would break the rigid plastic pipe. Therefore, gaseous propane must be run through the plastic pipes. It is necessary to obtain a variance from Pikes Peak Regional Building Department, because they can't see the underground line (and note that below grade propane needs a fresh air inlet).

David would need to do a pressure test after installing each individual tank to make sure there is no leak between the tank and the house. Underground tanks would cost \$10-12,000, which does not include excavation costs. David doesn't charge for delivery. He gave the example that he could provide a rental tank (leased) to the Whiteheads for \$150 to \$160 per year. David also sells them. Michael Childs moved in a few months ago, and stated it was a positive that propane system was in place. He stated that his driveway is too narrow for truck access.

Plan B for Failure of the Vaporizer

William Hull asked what should we budget to replace equipment. David said it would cost \$30k to replace vaporizer, and that it only runs in winter.

Our vaporizer keeps vapor pressure at required levels when temperatures drop. Randy Shonk asked David Glaser what the life expectancy of the vaporizer is. David said it depends on corrosion, and that the vaporizer is currently in good shape. David has replaced controls. Randy then asked if it broke today and we opted to continue with the propane pipeline delivery, what the replacement/installation time would be. David said it would take 30 to 60 days to have a new vaporizer in hand. However, recent supply chain issues have caused delays for other machinery/supplies of up to a year, so two months isn't a "given". Randy asked if for the interim we have a Plan B. Glaser Energy does:

David has a truck that weighs 85,000 pounds that he normally uses to deliver propane to the 30,000-gallon tank. If the vaporizer must be replaced his Plan B is to bring a smaller "bobtail" to deliver 500 gallons of warmer, pressurized propane every couple days so that the system stays pressurized enough for fuel to be delivered to each house.

David said the vaporized propane in the pipeline will last for 48 hours, and he can get his bobtails here immediately. Clark Gaddy checks the vaporizer twice daily, and sometimes his wife Candy.

David stated that he also has a 6,000-gal tank that he could deliver within 48 hours if needed with his machinery and crew.

Safety and Other Energy Comments/Considerations

Lisa Pecoraro asked if a fire occurs, do 58 tanks need to be shut off manually at each house. David Glaser said that yes, the Glaser crew or the Fire Department would need to send two employees to every house to close the propane valve (whether there is a pipeline or individual tanks).

The question was asked about how to keep propane from being stolen out of individual tanks. David Glaser stated that the tanks are under pressure and special equipment is needed.

Mark Cooper said that two firemen stated that the chances of an individual tank catching on fire were 1 in 37,000,000 incidents.

Ask David about group discount. He said he could up until six years ago when regulatory compliance requirements began to be enforced.

Jim Rose stated that the Morleys knew what it took to operate a utility and that is why they sold it to us.

Environmental Considerations

Randy Shonk wants to replace propane in the interest of future generations. His house is 20-years old, and a furnace will cost ~\$20K. He would like to replace his gas fire place and water heaters that use propane with models that use electric or another source of energy.

David runs trucks on diesel and propane. He stated that he is not aware of any electric plants built lately. He is concerned that with so much reliance on electricity that there will be rolling blackouts. David said that natural gas is cleaner than propane but less efficient.

Other HOA Business

There is a fresh pile of slash that was cut down last spring for Water District access that is located between the gas tank and the vaporizer. It is now dried out and a fire hazard. Jim Rose will remove it.

Lisa Pecoraro and Randy Shonk said the Prickett home was painted pure white, per the builder. They are trying to contact Mrs. Prickett's son. Randy said it needs a quality sealer, but may need to wait for warmer weather to apply.

Pam Waisanen, the Covenants Chair, believes the covenants are due for a review (not reviewed since 2018 by the HOA Board). She is soliciting comments for change from every Member. Pam will distribute the draft covenants, with instructions on Page 1 that explain how to insert a comment for proposed changes. Mark Norman stated that any vote must be filed with El Paso County.

It was reported by Kristi Williams that the North mail kiosk light is out and the South light is very dim. Dan Clem will contact Mr. Krepful at the Fire Department for assistance. William Hull asked if the solar lights are being stolen. Nothing is budgeted for these solar lights. The HOA has covered this expenditure through our "overage" account.

We have been registered with the Sec of State for 1.5 years, and recently applied to register with the CO Division of Real Estate.

Conclusion of the Winter Meeting

The meeting ended at 9 p.m.

Pam Waisanen took minutes for Secretary Pam Sheldon.