

*All about Elk Meadows' 2016 Ballot Issue No. 3:*

# THE SOLAR PROJECT



*A proposal to improve HOA cash flow, reduce the community carbon footprint and improve Elk Meadows' image and property values.*

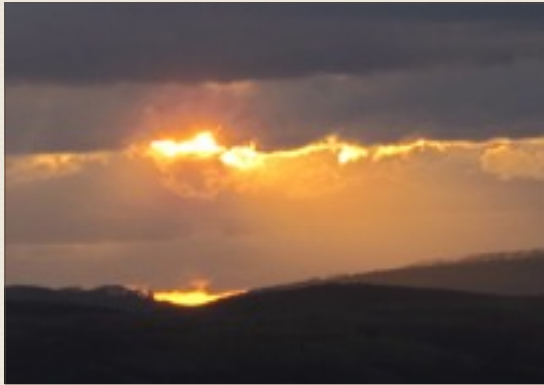
## PROJECT SUMMARY

- \* **Proposal:** Approve and fund a project to purchase and install solar panel arrays to supply electricity for operation of Elk Meadows Homeowners Association's (EMHOA) water treatment plant and waste water treatment plant.
- \* **Process:** The Elk Meadows Solar Committee would select a qualified local or solar systems contractor, who in 2016 would erect an array of from 32 to 36 solar panels at the water treatment plant and 30 to 33 panels at the waste water plant. The panels are intended to provide enough electricity for normal current operations, though would be tied to San Miguel Power Association (SMPA) for back-up grid electricity when needed. The panels would be located to minimize visual impact.
- \* **Budget:** The maximum cost of the project is \$75,000. EMHOA would be eligible for a rebate from SMPA of between \$12,750 and \$13,500 (depending on final system size), building permit and sales tax rebates from Ouray County, and a federal income tax credit of \$1,000/year.
- \* **Finance:** The system would be paid for with the SMPA rebate, and an approved loan of \$61,500 from The Citizen's State Bank, at a per annum rate of 4% and for 20 years. There would be no member assessment.
- \* **Fiscal impact:** In recent years, Elk Meadows paid about \$4,800 annually for SMPA electricity at its facilities, and the committee budgeted that this cost would increase 4.5% a year into the future. The monthly cost of the proposed solar systems is estimated at \$4,699 per year, which includes loan repayment, insurance, SMPA connect fees, maintenance reserve, and the federal tax credit. That annual cost was budgeted to remain the same into future years. Net cumulative positive cash flow is shown on the bottom page.



## F.A.Q.

- \* **Will member/owners be assessed?** No. The project was designed, and the numbers bear that out, to be cash-flow positive from day one.
- \* **Will Elk Meadows' savings/investments/reserves be affected by the project?** No. It was initially proposed to use \$15,000 or so from savings to jump start the project, but repaying that amount would have pushed positive cash flow out 14 years. The committee concluded that SMPA could provide our "down payment."
- \* **What about visual impact?** The committee fully understands the importance of our view corridors. None of us would be here without them. With panels positioned as close to existing electrical meters, the Solar Committee has attempted to "blend" the panels into existing visual impacting infrastructure. The committee has also engaged in a proactive outreach to impacted owners.
- \* **Who is the Solar Committee?** Helen Bowers began investigating the feasibility of the project in the fall of 2015. She performed exhaustive work, including solicitation of bids from seven solar contractors from Durango to Grand Junction. She performed pro forma analysis of the cost-benefit, and concluded that Elk Meadows could go "green" with no financial impact to its owners/members. The Board of Directors approved the creation of the Solar Committee this spring. It is: David Mullings, board member and chairman, Helen Bowers, Tim Beene (extensive knowledge of the water and sewer plants) and Bill Chipley.
- \* **What could go wrong?** Short of an act of God, not much. Elk Meadows owners with solar panels report great reliability. The panels and inverters have 25-year warranties. Additionally, the project includes a maintenance reserve fund for contingencies.
- \* **Who would install?** From the seven bids, and three finalists: The committee selected the low bid of Anasazi Solar. The committee traveled to Montrose on June 15 to observe and vet the company's project work.



*Yes, we've got some politics and community management to attend to. But let's remember to enjoy the beauty and nature — and good neighbors — we enjoy up here in the high country.*



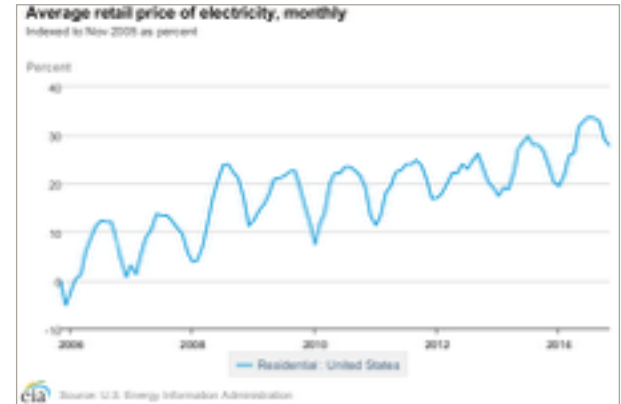
PLEASE ATTEND AND PARTICIPATE  
IN THE 2016 MEETING  
JULY 9, 2016, 9 a.m.-noon  
RIDGWAY TOWN HALL.



## BY THE NUMBERS: THE CASE FOR SOLAR

Here is the summary of the pro forma projections for 25 years, based on an annual 3% increase in electrical costs, and 1.5% increase in EM demand (2 new houses/yr.)

ASSUMPTIONS							
Net Project Cost	\$74,250						
Down Payment	\$12,750						
Loan Amount	\$61,500						
Loan Term	20 years						
Loan Annual Rate	4.00%						
Loan Payment	\$373 / month						
Loan Total Cost	\$89,443						
Loan Interest	\$27,943						
Maintenance Reserve	\$400 / year						
Insurance Cost	\$251 / year						
SMPA Connect Fee	\$48 / month						
Annual Electricity Cost Increase	3.0%	Nat average: 2005: 9¢/kWh. 2014: 13¢/kWh. Up 44%.					
Annual EMHOA Demand Increase	1.5%	New houses per year (2) divided by total lots, 126.					
Insurance Premium Increase	1.0%						
SMPA Connect Fee Increase	1.0%						
Tax Credit Value	\$1,000 / year						
SUMMARY (Cumulative)		5 yrs	10 yrs	15 yrs	20 yrs	25 yrs	
Solar Cost		\$23,887	\$48,151	\$72,757	\$97,564	\$104,417	
Projected Electric Spending w/o Solar		\$26,259	\$58,983	\$99,763	\$150,583	\$213,913	
Net Cash Flow		\$2,855	\$11,314	\$27,489	\$53,501	\$109,979	



Pro forma financial projections over 25 years, based on 3% annual increase in electricity cost, and 1.5% demand growth, are included with e-mail with this PDF. Hard copies of the complete spreadsheet will be available at the annual meeting.

### Possible visual impact. Note: Artist's rendering only, subject to change



The waste water treatment plant.



The water treatment plant.

#### ELK MEADOWS SOLAR COMMITTEE

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