

**MINUTES OF THE BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
DENVER SOUTHEAST SUBURBAN WATER  
AND SANITATION DISTRICT**

A regular meeting of the Board of Directors of the Denver Southeast Suburban Water and Sanitation District was held on Wednesday September 12, 2012 at the main office, the time and place of the meeting according to the posted notices. Present were District Board Members – Robert Chapman, Heidi Tackett, Rod Bergholm, and Robert Greene, District Manager - Charles Krogh, District General Counsel - Jim Folkestad, District Accountant - Kevin Collins, and District staff –Rhonda Lancaster, Bill Morgan, Tim Richard and Kevin Clark. Pinery resident Sonia Eyre was also present. Director Partridge’s absence was excused.

Chairman Chapman called the meeting to order at 6:04 p.m. and established the presence of a quorum.

Minutes for the August 8, 2012 Regular Board Meeting were read and approved as amended.

**PUBLIC RESPONSE**

Pinery resident Sonia Eyre introduced to the Board her concerns about the recurring sewer backups in her residential sewer service line at 8636 Lakeview Drive. She stated that they are aware their service line has problems and the slope is minimal, but the Eyre’s are concerned that the connection at the District’s main sewer line is not in good shape and believes that the District could be at fault for the backups. After a brief discussion about the different types of materials used for service connections to the sewer main and where the District’s responsibilities lie with the sewer main, the discussion moved on to the first agenda item.

**ITEMS FOR BOARD ACTION AND DISCUSSION:**

**DISCUSSION OF SEWER MAINTENANCE AND REPAIR PROGRAM**

District sewer staff Kevin Clark and Tim Richards presented power point slides and videos that gave an overview of the District’s sewer system and maintenance and repair program. The District has about 88.5 miles of sewer mains, 67.4 miles of which have been videoed as part of our maintenance program. All sewer mains are videoed after construction prior to acceptance by the District. The oldest sewer mains were installed in 1970. The District’s video and cleaning program has the oldest sections of the District on a 3 year rotating Video and Cleaning Program. The newer sections of the District are on a 5 year cycle for Video and Cleaning as needed. The presentation showed video and pictures of cleanings and repairs that are done as a part of the maintenance program. The history of the videos done at the 8636 Lakeview Drive was shown along with a video of the sewer service line to the house at this address. The District’s conclusion regarding 8636 Lakeview Drive is as follows:

- The District's overall sewer maintenance program is in line with industry standards.
- The District's approach to the 8636 Lakeview sewer service is consistent with the approach taken District wide.
- The condition of 8636 Lakeview connection and sewer main does not warrant any additional repairs/action at this time as the District is able to control roots within the 3 year maintenance cycle.
- If the District performs a point repair at the 8636 Lakeview connection the customer would still experience backups due to the sag in the service line.

Should the Eyre's choose to replace their service line all the way to the sewer main the District will provide the tee for the connection to the sewer main. In addition, if they wish to reroute their service line the District will assist in obtaining easements that may be required.

After the presentation Director Greene stated that he does not see how the District's main sewer line is impeding the service line at 8636 Lakeview Drive. He sees the customer facing a construction project to replace their sewer line. Director Greene asked Mrs. Eyre if she had any other comments and she stated that she was not ready at this time with any. The Board had no further comments.

### **DIRECTOR'S BUSINESS**

Director Tackett asked Manager Krogh how the District would enforce mandatory water restrictions. Manager Krogh stated that when the District is faced with such restrictions the Board would direct how that is enforced. Enforcement that other water providers use is typically in the form of warnings and fines which escalate with each incident.

### **SEWER LINING PROJECT**

The Board was asked to approve a proposal from Layne Inliner to line 1,564 feet of 8" sewer line for the District in the amount of \$43,792.00 with a 5% contingency of \$2,190.00. A motion was entered to approve the proposal from Layne Inliner not to exceed \$46,000 and to authorize the Manager to sign the agreement. Chairman Chapman asked Kevin Clark what the linear foot price was and how it compared to last year's bids. Mr. Clark replied that the cost was \$28/ft compared to about \$25/ft for last year's projects.

Motion: Robert Greene

Second: Heidi Tackett

Vote: All Directors present voted in favor.

### **RESOLUTION 2012-16 ACCEPTING EASEMENTS FROM PINERY WEST METRO DISTRICT NO. 2**

The Board was asked to approve Resolution 2012 -16 that was signed by both parties the day before the condemnation court hearing was to begin. The Pinery Metro District finally agreed to the easements with some minor changes. A motion was entered to approve the Resolution.

Motion: Robert Chapman

Second: Heidi Tackett

Vote: All Directors present voted in favor.

**PROPOSAL FROM MULHERN MRE FOR DESIGN AND CONSTRUCTION MANAGEMENT OF THE ACCESS ROAD TO THE WELL K COMPLEX**

A motion was entered to approve the Well K Complex access road design and construction management services contract not to exceed \$22,900.00 and authorize the Manager to enter into an agreement with Mulhern MRE for those services. Director Tackett asked Manager Krogh about this project causing the District to go over the 2012 allocated budget. Manager Krogh explained that this is a project that was slated for 2013 but District staff believes it is important to speed up the construction of the Well K Complex.

Motion: Robert Greene

Second: Rod Bergholm

Vote: All Directors present voted in favor.

**WELL K GEOTECHNICAL PROPOSAL – GROUND ENGINEERING**

Ground Engineering has submitted a 2 phase proposal to the District to provide soil sampling and recommendations regarding the access road for the Well K site and for drilling test holes at the site. A motion was presented to authorize the District manager to enter into an agreement with Ground Engineering for geotechnical investigations for the Well K project in the amount of \$8,150.00 and to approve an additional contingency of \$800 for Well K geotechnical testing.

Motion: Heidi Tackett

Second: Rod Bergholm

Vote: All Directors present voted in favor.

**APPROVAL OF NOTICE OF PENDING CERTIFICATION**

The Board was asked to review and approve a Notice of Meeting to Consider Adoption of a Resolution Certifying Delinquent Fees, Rates, Tolls, Penalties, Charges or Assessments made or levied for Readiness-to Serve to the Treasurer of Douglas County for Collection as Taxes. The District is preparing to certify eleven properties that are delinquent for Readiness-to-Serve charges that have gone unpaid since November 2011. A motion was entered to consider adopting the Resolution for Notice of Pending Certification that is scheduled at the October 8, 2012 regular board meeting.

Motion: Robert Chapman

Second: Robert Greene

Vote: All Directors present voted in favor.

**DISCUSSION OF MANDATORY WATER RESTRICTIONS**

Manager Krogh stated that because of the current weather conditions and how much today's rainfall increased water levels at the District's wells, there is no need to discuss mandatory restrictions at this time.

**ATTORNEY'S REPORT**

District Counsel Jim Folkestad presented the Board with items that are currently active regarding the District:

- Well H and Pipeline Easement acquisition is complete, the condemnation action settled, and the deed delivered and recorded.
- Pinery West Commercial final drafts of the license agreements for Pinery Golf monitoring wells 2 and 3 have been reviewed by District counsel and forwarded on to Forestar's attorney for further revision. Negotiation on the terms are in progress.
- Cell Tower Contract: The Cell Tower Company has accepted the proposed changes to the contract except for final disposition of the tower upon termination of the lease.
- Canyons: The amended Letter of Credit has been delivered.
- Amended Rules and Regulations: Working on discussion draft.

### **ACCOUNTANT'S REPORT**

Kevin Collins with CliftonLarsonAllen presented the July 31, 2012 Financial Reports.

- Water operating revenues are above the four year average budgeted amounts due to the collection of the water project fee. The total available balance as of July 31, 2012 is \$865,672.00.
- Water expenses are above the four year average budgeted amounts, as legal expenses are over budget due to the augmentation plan and vehicle maintenance expenses are higher than budget but should remain within budget for the year.
- Sewer operating revenues are above the four year average budgeted amounts due to conversion to monthly billing.
- Sewer expenses are consistent with the four year average budgeted amounts.

Mr. Collins discussed the current assets with the Board stating that the total current assets which includes unrestricted cash and restricted cash amounts totals over \$13,000,000.00 as of July 31, 2012. Director Greene asked Mr. Collins if there is any literature in the financial world that would help direct special districts regarding the "fiscal cliff" and how to deal with the impacts that may occur. Manager Krogh reminded the Board that it is very important to continue with our capital projects in order to continue to be able to meet the obligation to serve our customers.

### **TREASURER'S REPORT**

Director Bergholm presented the Treasurer's Report for Board approval for the month of August, 2012. A motion was entered to issue checks as written in the amount of \$466,521.83 and \$186,771.60 for the interim report. Included in the payable amounts were large payments to IREA and a \$100,000 debt service payment, the last payment scheduled for the purchase of the Evans Ranch water rights. Manager Krogh informed the Board that a check for the purchase of two District trucks was presented for signature and the check amount will appear on the next interim report in the amount of \$42,544.00.

Motion: Rod Bergholm

Second: Robert Greene  
Vote: All Directors present voted in favor.

**DISTRICT MANAGER'S REPORT**

Manager Krogh presented the Board with items of importance going on around the District:

- SDA – Manager Krogh reminded the Board members who are attending the SDA Conference to keep track of their expenses and turn those in to the District office for reimbursement.
- WWTP Permit – The District is still in violation of the zinc standard in the permit. The State has allowed for a minor amendment to the District's permit which was published in August for public comment. The permit should be revised by the end of the year.
- Water Supply Update/Augmentation Plan – The water levels in the District's alluvial wells have dropped and pumping rates have been reduced. We have also fallen behind in the augmentation requirements so the District is purchasing water from the Cherry Creek Project Water Authority to be discharged into Cherry Creek. District staff met with the water commissioner to review what the District is doing to make up the shortage. Manager Krogh explained to the Board that the cost of buying water will basically be a shifting of costs from July and August to September and October.
- Reuter-Hess Release of Water – Parker Water incorrectly captured water from Newlin Gulch during the June 6<sup>th</sup> rain storm. The water commissioner had them release 400 acre-feet of water from the reservoir over a one week period.
- Franktown Fire caused a pressure surge in the District's system as a result of them operating hydrants during training at Ponderosa High School on August 26<sup>th</sup>. The surges caused a water main break at the High School. The District is preparing to bill the Fire Department for the repair.
- .

Director Greene shared with the Board and staff his compliments to Douglas County for addressing the erosion damage to his yard caused by the rain and hail in June.

**EXECUTIVE SESSION**

At 8:25 pm Manager Krogh requested that the meeting move into Executive Session to discuss a District matter. The Board voted to move into Executive Session pursuant to C.R.S. Section 24-6-(4) (f) to discuss personnel matters. The employee to be discussed will be present.

Motion: Robert Chapman

Second: Heidi Tackett

Vote: All Directors present voted in favor.

After the Executive Session, Jim Folkestad stated that all of the discussion in the Executive Session constituted a privileged attorney-client communication and therefore, no record or electronic recording was required to be kept of that discussion. Jim Folkestad further stated that the Board did not adopt any proposed policy, position, resolution, rule, regulation, or formal action with respect to the matters discussed during the Executive Session.

At 8:45 pm a motion was entered to adjourn from Executive Session and re-enter into public session.

Motion: Robert Chapman

Second: Rod Bergholm

Vote: All Directors present voted in favor.

There being no further business to come before the Board, Chairman Robert Chapman closed the regular meeting at 8:45 pm.



ROBERT CHAPMAN, CHAIRMAN OF THE BOARD  
OF DIRECTORS, DENVER SOUTHEAST SUBURBAN  
WATER & SANITATION DISTRICT

ATTEST:



CHARLES J. KROGH, ASSISTANT SECRETARY