

**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 December 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, Walter Partridge, 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 and Susan Saint Vincent.

Chairman Chapman called the meeting to order at 6:00 p.m. and established the presence of a quorum.

Minutes for the November 14, 2012 Regular Board Meeting were approved as amended by the Board.

**PUBLIC RESPONSE**

None

**DIRECTOR'S BUSINESS**

Director Greene requested to make a motion effective immediately that the District is not authorized to hire any new employees without Board approval. He also requested to change the agenda to address the Budget discussion first.

Motion: Robert Greene

Second: Walt Partridge

Vote: All Directors present voted in favor.

**ITEMS FOR BOARD ACTION AND DISCUSSION:**

**APPROVAL OF THE 2013 BUDGET**

The 2013 budget for the District was brought before the Board of Directors for adoption December 12, 2012. The public hearing on the budget was conducted at the regular board meeting on November 14, 2012 and the draft budget was made available to the board and public prior to October 15, 2012.

The 2013 budget includes a 2.8% increase in water and sewer rates for the District that is supported by a rate study prepared for the District by Red Oak Consulting in December 2010. The budget for new taps reflects the slow rate of growth in recent years. The 2013 budget includes a large capital improvements plan at \$11,640,253.00 which includes new well facilities, planning for a replacement for pump station 1, design of a new storage tank, and the District's portion of the 2013 costs for the WISE project

and the Cherry Creek Project Water Authority. The 2013 budget includes a planned borrowing of \$4,000,000.00 to finance the planned capital expenditures.

- **RESOLUTION 2012-27 ADOPT BUDGET**
- **RESOLUTION 2012-28 APROPRIATING FUNDS**
- **RESOLUTION 2012-29 CERTIFYING THE MILL LEVY**

A motion was entered to adopt the 2013 Budget, with one exception being that management comes back to Board with justification for the District's proposed addition of a full time employee, appropriate funds, and certify the mill levy at zero. All appropriate filings will be made with Douglas County and the State.

Motion: Robert Greene

Second: Heidi Tackett

Vote: All Directors present voted in favor.

**RESOLUTION 2012-30 AMENDING THE EMPLOYEE MANUAL TO REVISE THE PART-TIME WITH BENEFITS EMPLOYEE CATEGORY**

The current District employee handbook states that a part-time employee was required to work at least 32 hours in order to receive benefits. The Board entered a motion to approve Resolution 2012-30 revising the employee handbook to provide for a 24 hour minimum work week that provides benefits.

Motion: Robert Greene

Second: Robert Chapman

Vote: All Directors present voted in favor.

**APPROVAL OF THE 2013 CONTRACT FOR THE DISTRICT MANAGER**

The Board was presented with a new contract for the District Manager for 2013. The contract period is one year in length and it provides for the District Manager to work a reduced schedule at a reduced rate of pay.

Motion: Robert Greene

Second: Heidi Tackett

Vote: All Directors present voted in favor.

**AWARD OF CONTRACT FOR DRILLING WELL K AND WELL A-14**

The Board was asked to consider approving the drilling of replacement Well K (a Lower Dawson well) and new well A-14 (an Arapahoe well) located in the area between the southern Pradera border and Cobblestone Ranches. This approval would also include well enhancement. A motion was entered to authorize the District Manager to accept the proposal submitted by Hydro Resources for Well K drilling, casing and testing in the amount of \$261,135 and authorize the District Manager to accept the proposal submitted by Hydro Resources for Well A-14 drilling, casing, well testing and well enhancement in the amount of \$1,017,774, and authorize an additional expenditure of \$79,445 which includes an estimated \$15,500 for snow removal and a 5% contingency on the total Well K and Well A-14 work under this contract.

Motion: Heidi Tackett

Second: Walt Partridge

Vote: All Directors present voted in favor.

**AWARD OF CONTRACT FOR CONSTRUCTION OF ACCESS ROAD FOR WELL K SITE**

This project consists of construction of an 800 foot long recycled concrete access road and pad for the drilling at Well K and A-14 well site. Double R Excavating was low bidder of the five proposals that were submitted. A motion was entered to authorize the District manager to enter into an agreement with Double R Excavating for construction of the Wells K and A-14 access road and drilling pad not to exceed \$90,000.00.

Motion: Robert Greene

Second: Robert Chapman

Vote: All Directors present voted in favor.

**RESOLUTION 2012-20 APPROVAL OF TEMPORARY RIGHT OF ENTRY AGREEMENT WITH TOWN OF CASTLE ROCK FOR WELL H CONSTRUCTION STAGING AREA**

The District has asked The Town of Castle Rock for access through their open space located where the pipeline project for Well H will be going through. Castle Rock has allowed a temporary access to the pipeline contractor hired by the District with a Right of Entry Agreement. A motion was entered to approve Resolution 2012-20 authorizing the appropriate District Board officers to execute the Right of Way Entry Agreement.

Motion: Walt Partridge

Second: Robert Greene

Vote: All Directors present voted in favor.

**AWARD OF CONTRACT FOR GEOTECHNICAL TESTING FOR THE WELL K SITE ACCESS ROAD CONSTRUCTION**

The Board was asked to approve the proposal from Ground Engineering for geotechnical testing that will be done for the access road to Well K well site. A motion was entered to authorize the District Manager to enter into an agreement with Ground Engineering for geotechnical work and materials testing for the Well K and Well A-14 pipeline construction project not to exceed \$8,000.00.

Motion: Robert Greene

Second: Rod Bergholm

Vote: All Directors present voted in favor

The District Manager pointed out that the motion included an incorrect amount to be approved; the amount of \$4,100 was requested for the work.

A motion was entered to amend the original motion to approve the agreement in the amount of \$4,100.00.

Motion: Robert Chapman

Second: Robert Greene

Vote: All Directors present voted in favor.

**RESOLUTION 2012-21 ESTABLISHING A FEE FOR CONTINUING TO SUPPORT SENSUS TOUCH READ METERS**

The District has two remaining customers who still have the old Sensus water meters. The meters are located in the basement of their townhomes and District staff have been unsuccessful in contacting them, including by certified mail, to coordinate a meter change out. The resolution for approval states that the District can charge a monthly fee for the continued support of the Sensus meters for a period of six months. At the end of six months the District will turn off service until new meters can be installed. A motion was entered to approve Resolution 2012-21 that establishes a fee for the continued support of Sensus Touch Read meters.

Motion: Heidi Tackett

Second: Rod Bergholm

Vote: All Directors present voted in favor.

**RESOLUTION 2012-22 DEVELOPER SERVICE AGREEMENT FOR THE PINERY WEST COMMERCIAL DEVELOPMENT**

*\*This action item was tabled – the agreement is not ready for Board action at this time.*

**RESOLUTION 2012-23 APPROVAL OF LICENSE AGREEMENT FOR MONITORING WELLS WITHIN THE PINERY WEST DEVELOPMENT**

The Board was asked to approve a Resolution and license agreements that will allow the District to install two monitoring wells for the purpose of establishing data for the augmentation plan that shows a continuous flow of the drainages that are tributary to Cherry Creek. A motion was entered to approve Resolution 2012-23 approving the License Agreement for installation of monitoring wells on the Pinery West property.

Motion: Robert Greene

Second: Heidi Tackett

Vote: All Directors present voted in favor.

**RESOLUTION 2012-24 APPROVAL OF LICENSE AGREEMENT FOR MONITORING WELLS WITHIN COLORADO GOLF CLUB DEVELOPMENT**

The Board was asked to approve a Resolution and license agreements that will allow the District to install two monitoring wells for the purpose of establishing data for the augmentation plan that shows a continuous flow of the drainages that are tributary to Cherry Creek. A motion was entered to approve Resolution 2012-24 approving the License Agreement for monitoring wells on the Colorado Golf property.

Motion: Robert Greene

Second: Rod Bergholm

Vote: All Directors present voted in favor.

**PROPERTY PURCHASE AGREEMENT WITH PINERY WEST FOR THE PUMP STATION 1 SITE, FUTURE WATER TREATMENT PLANT SITE, WASTEWATER LAGOONS, AND FUTURE RAW WATER STORAGE PONDS**

*\*This action item was tabled. The agreement is not ready for Board approval.*

**RESOLUTION 2012-25 SETTING RATES AND FEES FOR 2013**

The Board was asked to approve the Resolution to establish the 2013 Rates and Fees based on the 2.8% rate increase discussed at the November Board meeting. A motion was entered to approve Resolution 2012-25 using the 2013 version with the 2.8% increase on all rates except the top water rate block.

Motion: Rod Bergholm

Second: Heidi Tackett

Vote: All Directors present voted in favor.

**RESOLUTION 2012-26 SETTING TAP FEES FOR 2013**

The Board was asked to approve the Resolution setting Tap and Connection Fees for 2013. After a brief discussion the Board entered a motion to approve Resolution 2012-26 for a 3% increase in Tap and Connection Fees and making that increase effective February 1, 2013.

Motion: Robert Greene

Second: Heidi Tackett

Vote: 4 Board members voted yes, 1 Walt Partridge voted no.

**ATTORNEY'S REPORT**

Jim Folkestad had no other items to report to the Board. The action items on the agenda covered what he had listed on his report given to the Board.

**ACCOUNTANT'S REPORT**

Accountant Kevin Collins with Clifton Larson Allen presented the October 31, 2012 financial statements to the Board.

- Water operating revenues are above the four year average budgeted amounts because of the collection of the water project fee. As of October 31, 2012 the total available balance for the fee is \$1,029,402.00.
- Water expenses are above the four year average budgeted amounts due to legal expenses involving the District's augmentation plan.
- Sewer operating revenues are above the four year average budgeted amounts due to the conversion to monthly billing in 2012.
- Sewer expenses are consistent with the four year average budgeted amounts. Repairs and maintenance year to date includes video and line cleaning for a total cost of \$36,578.00.
- Investment income is above budget due to earnings received from the Certificates of Deposit.
- Debt service expenses are consistent with the four year average.

- Capital outlay is under budget through the current month.

The Board and staff had a brief discussion about the upcoming projects for 2013 and the funds available for those projects. Also discussed was how the District will be calculating sewer rates for its customers in 2013. Manager Krogh stated that the more months that can be used for averaging the better. The possibility of replacing the tiered sewer rates with a flat rate for customers in the future and having that addressed in the next rate study was also discussed.

#### **TREASURER'S REPORT**

Director Bergholm presented the Treasurer's Report for Board approval for the month of November 2012. A motion was entered to issue checks as written in the amount of \$364,155.63 and \$1,169.80 for the interim report. Manager Krogh informed the Board that one approved payable for Double R Construction in the amount of \$131,000 will appear on the January Interim report.

Motion: Rod Bergholm

Second: Heidi Tackett

Vote: All Directors present voted in favor.

#### **DISTRICT MANAGER'S REPORT**

Manager Krogh presented the Board with an update on what is going on around the District:

- Manager Krogh brought to the Board a request from a developer that is looking at building a 12 patio unit subdivision located at the northeast boundary of Colorado Golf Club. They are asking the District to consider them for inclusion. After a brief discussion the Board suggested the developer go to Parker Water for possible inclusion with their District.
- The snowpack is worse than 2002 in both the Platte and Colorado River drainages.
- Manager Krogh clarified with the Board that they approved a 3.5% raise for District staff along with the benefit package.  
\*Director Partridge stated that the savings the District's safety record has provided should be given back in some way to the employees.

#### **EXECUTIVE SESSION**

At 9:00pm Chairman Chapman entered a motion to move into Executive Session.

Motion: Heidi Tackett

Second: Robert Chapman

Vote: All Directors present voted in favor.

The Board voted to move into an Executive Session pursuant to C.R. S. Section 24-6-402(4)(f) to discuss personnel matters.

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.

There being no further business to come before the Board, Chairman Robert Chapman closed the regular meeting at 9:15 p.m.



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

ATTEST:



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WALT PARTRIDGE, SECRETARY