

**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 March 13, 2013 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, Rod Bergholm, Heidi Tackett and Robert Greene, District Manager - Charles Krogh, District Manager, General Counsel - Jim Folkestad, District Accountant - Kevin Collins, and District staff –Rhonda Lancaster, Susan Saint Vincent, Kevin Clark and Dan Hammann. Also present was District customer Dr. Adams.

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

Minutes for the February 13, 2013 Regular Board Meeting were approved as written.

PUBLIC RESPONSE

None

DIRECTOR'S BUSINESS

Chairman Chapman stated that when the District does its next rate study we should examine the impact on rates of the WISE.

ITEMS FOR BOARD ACTION AND DISCUSSION:

DOUGLAS COUNTY REGIONAL COALITION OF JURISDICTIONS AND WATER DISTRICTS OIL AND GAS TEAM MEMORANDUM OF UNDERSTANDING

The Board was presented with a MOU that shows how a group of local governments and water districts plan to work on protecting our area's surface and groundwater resources in regard to future oil and gas exploration. A motion was entered to accept the draft Memorandum of Understanding presented by Manager Krogh subject to legal counsel and Manager review.

Motion: Robert Greene

Second: Robert Chapman

Vote: All Directors present voted in favor.

PHONE SYSTEM FOR THE OFFICE

The Board was presented with a proposal for replacement of the Main office phone system. The current system being used is no longer supported by the manufacturer and there is the risk of losing the system programming and having no way of restoring it. The 2013 Budget includes monies for this replacement and the proposed costs are within the budgeted amount of

\$12,000. A motion was entered to approve the proposal with Corporate Communications, Inc. for a cost of \$9,450 and to authorize the District Manager to sign the agreement.

Motion: Heidi Tackett

Second: Rod Bergholm

Vote: Four Directors voted in favor. Director Greene voted against the proposal.

UPGRADE OF DISTRICT SECURITY SYSTEMS

The District's security system control panels are 15 years old and have had no upgrades in that time. Replacement parts are no longer available and the software and technology has changed. The upgrade of our security systems is in the budget for 2013 and the proposal is within budget. The Board entered a motion to approve the proposal from United Systems in the amount of \$8,912 and to authorize the District Manager to sign the proposal.

Motion: Robert Greene

Second: Walter Partridge

Vote: All Directors present voted in favor.

REPLACEMENT OF SLUDGE PUMP AT THE WASTEWATER TREATMENT PLANT

Staff has presented the Board with the request for funds to replace the remaining sludge pump from the 1991 construction of the dewatering facility that houses the 2 pumps. The first one was replaced in 2012. Kevin Clark, WWTP Superintendent, informed the Board of the condition of the pump explaining that it is at about 25% of its pumping capacity and needs to be replaced as soon as possible. Falcon Environmental Corp. has quoted \$12,116 for the pump and District staff will install it. The quote does not include shipping. The 2013 budget included \$14,000 for the pump. A motion was entered to authorize the expenditure of up to \$14,000 for the purchase and shipping of the sludge pump to replace existing pump P-620.

Motion: Robert Greene

Second: Heidi Tackett

Vote: All Directors present voted in favor.

2013 CONTRACTS WITH GOLDER ASSOCIATES

The Board and staff held a discussion about the amounts totaling \$64,000 that Golder Associates is asking for in the two task orders presented for approval. This amount is in the approved 2013 Budget. The Board is concerned that the District may be locking into one provider and not looking into other options perhaps at lower costs to the District. The staff discussed that when it comes to the architecture of the District's SCADA, communications, software support, PLC programming and PLC-based control panel work, it is imperative to retain the expertise and 24 hour on call service that Golder Associates has provided over the years. Chairman Chapman added that this is a sole source situation, but that it is allowed and it does pay to have knowledgeable professionals that provide consistency. Director Partridge urged staff to provide the Board with a quote from at least one other competitor in the future to give them an opportunity to see where Golder is with their pricing, and that he does agree that it is important to keep the same company where knowledge of the District's water and sewer systems are concerned. A motion was entered to approve Task Order 13 and Task Order 14 for Golder Associates services.

Motion: Walter Partridge
Second: Rod Bergholm
Vote: All Directors present voted in favor.

ADDITIONAL SURVEYING COSTS FOR THE WELL H AND K COMPLEX

The Board was presented with change orders with Mulhern MRE involving the requirement of more surveying and mapping tasks than were originally quoted for the scope of work for the Well H and Well K roadway and pipeline. Director Tackett expressed her concern that this cost should be covered by Mulhern and not by the District. Manager Krogh explained that it is common that when dealing with field work such as this, there are a lot of unforeseen variables and change orders are needed. The total amount for the change orders is within the 2013 approved Budget. A motion was entered to approve change orders with Mulhern MRE in the amount of \$3,920 for the Well H Roadway contract, \$3,825 for the Well H Pipeline contract and \$2,200 for the Well K Roadway contract.

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

RATE STUDY

After a lengthy discussion regarding the rate study information presented to the Board, they decided to table any decisions to approve moving forward after Manager Krogh and District Accountant Kevin Collins meet with Arcadis (formerly Red Oak Consulting) to lay out more "what-if" scenarios for the rate study to cover including the impact WISE could have on the District.

WELL K / A-14 DESIGN AND CONSTRUCTION CONTRACT

Staff is looking at proposals from five engineering firms for the Well K / A-14 site design and construction oversight. As of the Board meeting staff has not made a decision on who to select for the work. It is a time consuming project to look at so many different proposals and staff is asking for help from the Board to select the engineering firm for the project. Manager Krogh added that staff would like to have a selection made prior to the next Board meeting in April. After a brief discussion it was decided to form a committee consisting of Chairman Chapman and Director Bergholm to work with Manager Krogh and staff to approve the selection. The Board entered a motion to approve a subcommittee to participate with District staff to finalize a decision for awarding the contract. District legal counsel Jim Folkestad added that this committee is authorized to act on the Board's behalf.

Motion: Robert Chapman
Second: Heidi Tackett
Vote: All Directors present voted in favor.

WISE COST SHARING AGREEMENT

An amendment to the WISE Cost Sharing agreement was presented to the Board showing a decrease in the District's cost of participating. This agreement will be used to allocate costs until the WISE Participant IGA becomes active. After a brief discussion a motion was entered to approve the amendment to the WISE Cost Sharing agreement.

Motion: Robert Greene

Second: Heidi Tackett

Vote: All Directors present voted in favor.

SOUTH METRO WISE AUTHORITY FORMATION AND ORGANIZATIONAL INTERGOVERNMENTAL AGREEMENT

Last month the Board and staff held a detailed discussion about the WISE IGA. This IGA forms a new Title 29 and Title 24 Authority. The IGA will have a Board consisting of 5 subscriber members. Three members will represent the largest subscribers and 2 members will represent smaller subscribers. Director Tackett raised a concern about board members who have the biggest vote possibly holding up progress if they are not financially ready to approve pipeline construction expenses when another member is ready for water. Both Manager Krogh and District legal counsel Jim Folkestad agreed that this could be an issue.

A motion was entered by Director Greene to table this action item. No second came forth, and the motion died. The Board continued with the discussion and Chairman Chapman asked what the advantage is to tabling this approval. Manager Krogh reiterated that the agreement is ready to be approved and that the Board has an opportunity to get more input from fellow participants at the WISE breakfast meeting. The discussion continued and then a motion was entered to approve the Resolution to approve the WISE IGA and to affirm the District's participation of 500 AF average annual deliveries.

Motion: Heidi Tackett

Second: Robert Chapman

Vote: Three Directors voted in favor. Directors Greene and Partridge voted against.

ATTORNEY'S REPORT

Jim Folkestad provided the Board with an updated report on District matters of interest to the Board that he and his staff are currently involved with. Mr. Folkestad reported that they are getting to the end of easement issues that pertain to construction projects in the District. He also reported that he has been attending the WISE participant meetings to provide input on the development of the agreements. He had nothing further to add to his report.

ACCOUNTANT'S REPORT

Accountant Kevin Collins with Clifton Larson Allen presented the January 31, 2013 financial statements to the Board. Mr. Collins pointed out that the variances in the report are due to payments that are made in January for the year. He reported that Water revenues and expenses are consistent with the four-year average budgeted amounts. The total available balance for the water project fees as of January 31, 2013 is \$1,183,325.00. Sewer revenues and expenses are also consistent with the four-year average budgeted amounts. The Board and staff held a brief discussion regarding looking into the possibility of refinancing existing bonds.

Manager Krogh mentioned that the Power Authority Bond had recently been refinanced and locked into a lower rate. Mr. Collins added that he will confer with Wells Fargo about refinancing with them also.

TREASURER'S REPORT

Director Bergholm presented the Treasurer's Report for Board approval for the month of February 2013. A motion was entered to issue checks as written in the amount of \$397,698.87 for February disbursements and \$3,057.19 for the interim report. Director Bergholm pointed out that over \$250,000 of the payables went to capital projects. It was also noted that a check was signed today in the amount of \$253,000 to JBS Pipeline that is not included in the presented disbursements. This amount will be reflected in the next 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:

- The District audit will begin on April 9th.
- The project for installing the residential meters has been completed.
- The WISE breakfast meeting will be held on Friday, March 15th. This meeting has been posted as a special meeting.
- Water Restrictions – It is time to communicate with the District customers about the need for water conservation. Manager Krogh would like to include a watering schedule and letter with the next bills going out this month. A motion was entered to approve the notification of watering restrictions.

Motion: Walt Partridge

Second: Robert Greene

Vote: All Directors present voted in favor.

- Water rights – Castle Rock has a case on Cherry Creek and our District is one of the objectors. The trial is scheduled for April 1, 2013 and Manager Krogh is one of the expert witnesses for the case. Castle Rock has developed a proposed decree to share with the objectors in hopes of settling the case before it goes to trial.
- Summer Hires – Staff is requesting permission to hire two summer help employees. The Water staff hires part time help every summer to take care of grounds maintenance and to help with anything else that is needed during the summer months. Manger Krogh asked that the hiring freeze that the Board put into place for 2013 be lifted to allow this. After a discussion about considering the hiring of Veterans for these positions, a motion was entered to allow hiring of temporary help – with a preference for Veterans - for the summer months. Motion: Heidi Tackett

Second: Robert Greene

Vote: All Directors voted in favor.

- Sewer Rate Calculation – The District is now able to look at varying periods for determining indoor water use for sewer rate calculation. The objective to averaging 3 or 4 months of indoor usage is to get a more accurate and fair look at the indoor usage that will determine the yearly sewer rate. Director Greene asked the Board to consider going to a single sewer rate in the future.

There being no further business to come before the Board, Chairman Chapman closed the Regular meeting at 9:05pm.



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

ATTEST:



WALTER PARTRIDGE, SECRETARY