

**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 November 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, Walt Partridge, Rod Bergholm, and Heidi Tackett, New District Manager - Heather Beasley, Outgoing District Manager Charles Krogh, General Counsel - Jim Folkestad, District Accountant - Kevin Collins, and District staff –Rhonda Lancaster, Kevin Clark and Dan Hammann. Director Greene’s absence was excused.

Chairman Chapman called the meeting to order at 6:00 pm and established that a quorum of the Board was present.

Minutes for the October 9, 2013 Regular Board Meeting were approved as written.

Motion: Heidi Tackett

Second: Rod Bergholm

Vote: All Directors present voted in favor.

**PUBLIC RESPONSE**

None

**DIRECTOR’S BUSINESS**

Director Partridge asked for an update on the Well A-16 project. It was noted that this is part of the discussion in the Manager’s Report.

**ITEMS FOR BOARD ACTION AND DISCUSSION:**

**RESOLUTION 2013-6 RESERVOIR 2B CONSTRUCTION**

KB Homes, the contractor for the homes to be built in the Pinery West Development, is asking for written intent from the District that the reservoir needed to support those homes will be constructed. A motion was entered to approve Resolution 2013-6 stating that intent.

Motion: Walter Partridge

Second: Heidi Tackett

Vote: All Directors present voted in favor.

**RESOLUTION 2013-7 RESERVOIR 2B EASEMENTS**

*The Board elected to set aside this action item to allow District counsel time to insure that the County is going to approve the planned parking area to be included with these easements.*

**SUBDIVISION IMPROVEMENTS AGREEMENT PINERY WEST COMMERCIAL PROPERTY**

This agreement was approved at the October regular board meeting pending final review. Manager Beasley reported to the Board that at the time of this meeting the District is still waiting for final comments. The Board and staff held a discussion regarding the amount of reimbursement that should be set for each tap sold for this development. The Board agreed that the amount of \$5,000.00 is a good reimbursement amount and suggested keeping it at that number so that the Developer is fully reimbursed for capital costs after a bit of the commercial property is developed.

**RESOLUTION 2013-8 AMENDMENT TO THE WISE WATER DELIVERY AGREEMENT**

This Resolution approves the amendment to the South Metro WISE IGA extending the requirement for resolving all contingencies listed in the WISE Water Delivery Agreement until December 31, 2014. After a brief discussion, a motion was entered to approve Resolution 2013-8.

Motion: Walter Partridge

Second: Heidi Tackett

Vote: All Directors present voted in favor.

**RESOLUTION 2013-9 APPOINTING HEATHER BEASLEY AS ASSISTANT SECRETARY TO THE BOARD AND AUTHORIZING SIGNATURE ON CONTRACTS; RESOLUTION 2013-10 APPOINTMENT OF BOARD MEMBER AND ALTERNATE TO THE CHERRY CREEK PROJECT WATER AUTHORITY (CCPWA); RESOLUTION 2013-11 APPOINTMENT OF DISTRICT REPRESENTATIVE TO THE SOUTH METRO WISE AUTHORITY; RESOLUTION 2013-12 APPOINTMENT OF DISTRICT REPRESENTATIVE TO THE SOUTH METRO WATER SUPPLY AUTHORITY**

Resolution 2013-9 authorizes Manager Beasley to sign contracts up to \$5,000 without Board approval. Resolution 2013-10 appoints Manager Beasley as the primary board member to the CCPWA and names Dan Hammann as the alternate. Resolution 2013-11 appoints Manager Beasley to serve out the term as Board member that the District has on the South Metro WISE Authority. Resolution 2013-12 appoints the new Manager to represent the District on the South Metro Water Supply Authority. These Resolutions appoint and authorize the new District Manager, Heather Beasley, to take over the duties that have been the responsibility of outgoing Manager Krogh. A motion was entered to approve Resolutions 2013-9, 10, 11 and 12 together.

Motion: Walter Partridge

Second: Rod Bergholm

Vote: All Directors voted in favor.

**TASK ORDERS WITH PASE CONSTRUCTION FOR GESC PROJECTS**

The Board was asked to approve the proposal submitted by PASE Contracting, Inc. for the county inspection requirements for erosion and seeding and crimping of bare areas in construction sites remaining inactive for more than 30 days. District construction sites needing this work done are at Well A and Well K complex and Well H complex. A motion was entered to approve the PASE Contracting proposal and authorize a total expenditure of \$9,200.00 for the work and any additional related work.

Motion: Robert Chapman

Second: Heidi Tackett

Vote: All Directors present voted in favor.

#### **DISCUSSION OF POTENTIAL RATE AND TAP FEE CHANGES FOR 2014**

Manager Beasley sought direction on 2014 water and sewer rate increases. The latest Rates and Fees study completed by Red Oak Consulting in 2010. The recommended change to the rates is a 3% increase to the water rates and 3% increase to the wastewater rates.. Director Tackett asked if there would be an issue if the District did less than a 3% increase. Accountant Kevin Collins explained that it would have an effect – that by choosing a smaller increase now would eventually catch the District would risk having to sharply increase rates in the future to cover costs. Chairman Chapman was firm on not raising tap fees stating that he wants to stay with what the consultant recommended. It was agreed that a tap fee study should be done in the near future. Mr. Krogh added that other Districts in the area are actually decreasing their tap fees because of the decline in development. Director Partridge suggested that the District should get on board with providing an outreach program for customers in need of financial assistance. At the end of the discussion the Board confirmed their decision to go with a 3 % water and sewer rate increase for 2014 along with investigating options for a program to assist customers financially.

#### **WISE PARTICIPATION AGREEMENT FOR THE CHAMBERS PIPELINE**

Manager Beasley addressed the Board to discuss this agreement stating that the Chambers Pipeline is an integral piece of infrastructure for the Pinery Water and Wastewater District. This is a portion of the local WISE infrastructure that the participant group agrees needs to begin immediately. Prior to final design and construction agreements, the group needs to perform a preliminary engineering investigation to finalize pipeline routes, easements, and costs to use Parker Water’s distribution system. Manager Beasley explained that Providence Engineering who is currently working on Parker Water’s master plan is being considered for this project and that the District’s cost will be less than a one seventh share.

A motion was entered to authorize the District Manager to approve the agreement up to an amount of \$25,000.00.

Motion: Robert Chapman

Second: Rod Bergholm

Vote: All Directors present voted in favor.

#### **DISCUSSION OF THE DRAFT 2014 BUDGET**

The 2014 Draft Budget was handed out to the Board on October 18, 2013. The Budget hearing is scheduled for the December 11, 2013 Regular Board meeting. The Board and staff discussed potential changes in preparation for adoption of the Budget in December. Mr. Krogh announced that the new financial forecast based on a 3% fee increase and the District will be able to meet all debt requirements to be able to borrow \$19 million. Manager Beasley asked the Board if they still want to keep the amount in the Budget for an additional employee. Director Bergholm suggested that the Board should give the Manager the latitude to decide what needs done and give her the time to do this in reference to where the District could best use another employee. The Board decided to plan for a new hire to begin halfway through the year. The

budget will reflect the change. Also, the budget will change slightly from the previous version to reflect an increase in the size of Reservoir 2B from 1 million gallons (MG) to 2 million gallons. Mr. Krogh reported that the employee benefits will be increasing for 2014, but even with the increase that has been quoted by the County Health Pool, the District will be paying 11% less than it did for benefits in 2011.

#### **ATTORNEY'S REPORT**

Attorney Jim Folkestad presented active matters of interest to the Board:

- The Board's approved Forestar Subdivision Improvements Agreement draft is in the hands of Forestar's legal counsel. Response is expected mid-November.
- The Records Retention is completed and has been filed with the State Archives.
- The District's Rules and Regulations draft has been submitted to Charlie Krogh for review.
- Pinery West Filing 2 Final Plat corrections have been completed and include a warning to potential buyers that there is an existing wastewater treatment plant in the area.

#### **ACCOUNTANT'S REPORT**

Accountant Kevin Collins presented the September 30, 2013 Financials. Mr. Collins reported to the Board that his staff set up a C-Safe account for the accumulating water fees with that balance of \$1,606,000 shown on the Schedule of Cash Position as of September 30, 2013.

- Water – Water operating revenues are slightly above the four-year average budgeted amounts, while water expenses are consistent. Through September 30, 2013 net revenue from water operations is \$999,926.00, as compared to the annual budgeted amount of \$1,201,249.00 which excludes an anticipated \$4,000,000.00 borrowing.
- Sewer – Sewer operating revenues are consistent and sewer expenses are under the four-year average budgeted amounts. Through September, 2013, the net loss from sewer operations is \$(344,467), as compared to the annual budgeted loss of \$(314,235).
- Non-operating – Non-operating revenues are over the four-year average budgeted amount due to more water and sewer tap fees collected through September, while expenses are above the average.

Mr. Collins reported that the District will have \$5.9 million of carryover.

Motion: Heidi Tackett

Second: Rod Bergholm

Vote: All Directors present voted in favor.

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

Director Bergholm presented the Treasurer's Report for Board approval for the month of October 2013. A motion was entered to issue checks as written in the amount of \$979,783.34 for disbursements and \$50,952.96 for the interim report.

Motion: Rod Bergholm

Second: Heidi Tackett

Vote: All Directors present voted in favor.

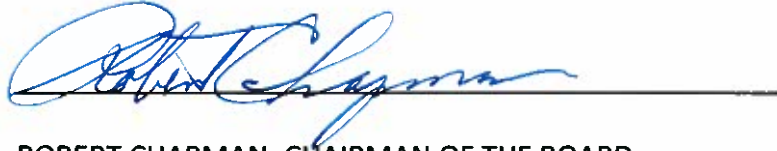
## **DISTRICT MANAGER'S REPORT**

Manager Beasley, along with outgoing Manager Krogh updated the Board on items of importance to the District:

- WISE Update – The group continues to meet bi-monthly to work on the ECCV pipeline acquisition. All three parties that will be using the core pipeline are progressing with the agreements. Modification analysis done by Black and Veatch was received this week and the group will meet with Denver Water next week to discuss the analysis.
- Chambers Pipeline – cost share preliminary work is being done at this time.
- Well A-16 – Mr. Krogh reported that Hydro Resources has been conducting 24 hour continuous pumping and are now close to 48 hours – and heading to 72 hours – but so far this is not generating any better flow from the well. District staff met with Hydro Resources representative to discuss the situation and to convey to them that the District will not pay any more expenses going forward. A plan needs to be made soon on whether to redrill or go ahead and use the well as is. Director Partridge asked if the well can be saved. Mr. Krogh commented that he does not think that enough energy will be put into the formation to get the particles loosened up to move out. As far as moving to another location, the District has only 200 feet from the decreed location to go to.
- Backhoe – The insurance company submitted a loss report valuing the replacement of the damaged backhoe at \$38,000.00. This is less than what it will take to replace the backhoe with another used one like it. Mr. Krogh will negotiate for a better value for the replacement. The Board asked Mr. Krogh to come back to them with a recommendation once he has more information and comparisons for a replacement.
- Manager Beasley asked the Board for their opinion on an issue concerning giving a customer with an extraordinarily high water bill caused by a faulty valve on a water feature consideration for credit beyond the usual 30 day billing period. The District is offering a one-time credit for relief on the high bill that would cover the entire length of the leak which was about 6 weeks and gives the customer an 83% reduction in the bill, instead of using the 30 day policy that is in the Rules and Regulations. The Board was sympathetic to this issue and reminded staff to be consistent in handling these cases.
- Skyway Towers (AT&T) has indicated they would like the northeast corner of the Reservoir 4 site for their proposed cell tower. This area has a number of homes nearby. They will need to contact the affected homeowners about the proposed tower.
- Verizon has approached the District and has expressed an interest in the Bingham Lake area for a cell tower location.

There being no additional business to come before the Board Chairman Chapman adjourned the meeting at 8:30 pm.

The Board then recognized and thanked Charles Krogh for his hard work and dedication to the District for his years as the District Manager with a plaque and gifts.



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

ATTEST:



WALTER PARTRIDGE, SECRETARY