

**MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
SOUTHGATE WATER DISTRICT
ARAPAHOE AND DOUGLAS COUNTIES, COLORADO**

October 6, 2009

The Board of Directors of the Southgate Water District, Arapahoe and Douglas Counties, Colorado, met in regular joint session with the Board of Directors of the Southgate Sanitation District on Tuesday, October 6, 2009, at the office of the Districts, 3722 East Orchard Road, Centennial, Colorado 80121. The meeting was called to order at 4:00 p.m., by the President and Chairman, John J. Herbolich. These minutes reflect the proceedings of the Board of the Southgate Water District.

Notice of the rescheduled meeting, (from October 13, 2009 to October 6, 2009), was duly posted as required by law. The agenda for this meeting was posted at the District office more than 24 hours before the meeting convened. The purpose of the meeting was stated to be for consideration of any and all business that may come before the Board of Directors of the Southgate Water District.

The following Directors were present:

David Bickham
John J. Herbolich
Terry Kirkpatrick
George J. MacDonald
Don E. Winslow

Also present were:

Duane Tinsley, District Manager
Konad Krori, Engineering Manager
Catherine Tallerico, Legal Counsel

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Approval of Agenda:

Director MacDonald MOVED to approve the agenda as presented. Director Kirkpatrick SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Public Comment:

No public comment was offered.

Consent Matters:

Chairman Herbolich identified the items to be considered under "Consent Matters" and asked if any Director wished to pull any item for discussion. District Manager Tinsley advised that Director MacDonald noted a necessary grammatical correction in both the Water and Sanitation minutes and that he will make such correction in the signature copy of the minutes. Director MacDonald noted the improved bank rating for the District's commercial bank.

There being no further questions or comment, Director MacDonald MOVED to approve the consent matters, consisting of:

1. Minutes September 8, 2009 - Regular Meeting
2. W09-06(A) Investments - September, 2009
3. W09-06(B) Financials - September, 2009
4. W09-06(C) Improvements Agreements: None.

Director Kirkpatrick SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Public Hearings/Scheduled Visits: None.

Executive Session

Director MacDonald MOVED and Director Winslow SECONDED a motion to adjourn to executive session pursuant to 24-6-402(4)(e) and 24-6-402(4)(b) of the Colorado Revised Statutes for consultation with the Southgate Attorney on the issue of the Mile High Excavators contract and litigation. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED. The Board adjourned to executive session at 4:05 p.m.

The Board reconvened in regular session at 5:07 p.m., at which time Chairman Herbolich announced that only matters pertaining to the Mile High Excavators contract and litigation had been discussed.

Director Winslow asked for legal comment on contractor reference inquiries. Legal Counsel Tallerico advised that honest response to reference checks are acceptable but that

un-solicited communications should be avoided.
Legal Counsel Tallerico departed at this point.

Engineering and Capital Projects:

Project Status Reports (08-05):

- Engineering Manager Krori provided brief status reports on the following projects:
- County Line & S. Yosemite Waterline & Valve Replacement - The water line improvements are complete and a few punch list items are being pursued. Notice of final settlement will then be published, and sub-contractor/vendor claims and contract retainage will be handled as required by contract and State Statute. Lone Tree is resurfacing the south half of the intersection. Southgate is responsible of one-half of the expense of the Lone Tree resurfacing. Director Kirkpatrick asked if the District will have further liability for resurfacing of the City of Centennial half of the intersection. Staff reported that Centennial is requiring only trench patch and site clean-up. There has been no discussion of resurfacing or of District participation in resurfacing. Once the Centennial inspector signs off on trench patch and site clean-up the District should have no further liability.
 - Geographic Information System - Phase III - The Phase III consultant work effort is virtually complete. The staff work to fully implement field accessibility is expected to be complete before the end of the year. Staff is looking forward to working on Phase IV - Asset Management in 2010.

Director Herbolich expressed concern regarding the lack of specificity in construction projects relative to removal of erosion control fencing. Engineering Manager Krori advised that: 1) the erosion control measures are responsive to Environmental Protection Agency regulations as administered by local permitting agencies, 2) erosion control fencing must stay in place, and be adequately maintained, until the revegetation is sufficiently established to control erosion (as determined by the permitting agency), and 3) the rate and sufficiency of revegetation establishment varies by location and weather conditions.

Engineering - Special Reports:

Chairman Herbolich inquired about Mr. Krori's experience and reactions during his first month in service to Southgate. Engineering Manager Krori indicated that the Southgate utility focus is very much aligned with his prior experience and his preferred work focus. His focus has been on settling in, becoming familiar with matters at hand, and developing working relationships. Much focus on the Twin Peaks contract and project. The experience thus far has been most positive.

Administrative:

Cash Receipts and Expenditures (09-06-D):

The Board reviewed the cash receipts and expenditures for September, 2009. There being no questions or discussion, Director MacDonald MOVED to approve the expenditures in the amount of \$133,400.04 as set forth in the disbursement schedule attached hereto. Director Winslow SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Employees' Pension Plan (09-16):

District Manager Tinsley discussed the *minimum age* and *plan entry* provisions of the current plan. He expressed desire to amend the plan to:

- 1 - reduce the *minimum age* from 20.5 years of age to 18 years of age in response to the increasing number of younger new hires.
- 2 - change the *plan entry* date from January 1st following eligibility (whereby some new hires are eligible to enter within days of hire and others may have to wait an entire year to enter the plan) to a more uniform and more immediate plan entry following completion of the six month probationary employment period.

To that end he presented and recommended approval of "Amendment Number One to the Southgate Sanitation District Employee's Pension Plan".

Director MacDonald noted that the plan materials reference only the Southgate Sanitation District. District Manager Tinsley affirmed that observation, reported that the employees are employed by the Sanitation District, perform the work of the Water District through an intergovernmental agreement, and both districts contribute equally to the pension plan pursuant to the intergovernmental agreement. For that reason pension matters are presented to both districts and approvals are requested from both districts.

Director MacDonald MOVED to approve the pension plan amendment as presented. Director Kirkpatrick SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

2010 Budget (09-21):

District Manager Tinsley formally transmitted and briefly reviewed the proposed 2010 budget proposals. He spoke of the structure of the budget documents and the significant revenue, expenditure and policy assumptions. He indicated that revenues are conservatively projected (leaning to the low side) and that expenditures are liberally projected (leaning to the high side but less so than in prior years); so that the resulting budget is as reliable as possible. Through the course of the year expenditures are made only as necessary. Several expense line items characterized as "allowances" have been reduced and a corresponding amount added to the contingency line item. He indicated that

the budget proposals have been reviewed for, and found to be in, conformance with the Tabor and Statutory Tax limitations, and that the Manager and staff stand ready to discuss these budget proposals as the Board wishes. Lastly, he recommended that the Board: 1) accept the budget transmittal, 2) schedule a public hearing for the evening of November 10, 2009 and order publication of notice, 3) schedule study sessions as desired, 4) plan for budget adoption at the December 8, 2009 meeting in order to comply with a mill levy certification deadline on December 15th, and 5) designate the Budget Officer for 2010.

There followed clarifying questions and discussion regarding employee compensation, funds for update of the accounting software, capital improvements, elimination of temporary and seasonal personnel, and director compensation.

Director Herbolich MOVED to designate District Manager Tinsley as the year 2010 Budget Officer. Director MacDonald SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Director MacDonald MOVED to: 1) accept the budget transmittal, and 2) schedule and publish notice for a public hearing on the proposed budget for Tuesday, November 10, 2009, at 4:00 p.m. at the office of the District. Director Winslow SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

It was the consensus of the Board that study sessions on the budget are not necessary at this time.

Workforce Development (09-22):

Workforce committee member Herbolich spoke of the committee, (Directors Herbolich and Winslow), efforts in response to the following Board goal: *“Establishing relations with local community colleges and trade schools to effect utility worker development”*. He spoke of conversations with American Water Works Association (AWWA) representatives, with representatives of the Boulder Utility Department and with a representative of the Boulder School District. Those conversations were to obtain background information on workforce development efforts and expectations of the educational institutions. As the sub-committee began to brain storm the school relations goal the District Manager became aware of a regional initiative focusing on water and wastewater workforce development. The sub-committee agreed that the regional initiative should be further explored.

Director Herbolich asked the District Manager to brief the Board regarding that regional effort.

District Manager Tinsley reported that the Colorado Department of Labor and Employment (CDLE), using discretionary funding from the federal government, initiated a “sectors workforce development” program including initial funding for needs assessment and plan/program development. Upon satisfactory completion of the needs assessment

and plan/program development there is funding available for implementation. In Colorado seven sectors projects were awarded assessment/planning grants. Three focus on health care, two focus on sustainable energy, one is focusing on manufacturing, and one is focusing on water and wastewater. The latter is referred to as "Get Into Water! The Front Range Sector Initiative". That effort is focusing on Boulder, Adams, Denver, and Arapahoe counties; and is working within a \$72,000 planning grant from CDLE. The effort is staffed by a professional consultant (former AWWA staffer), sponsored and hosted by AWWA, and served by an Industry Advisory Council composed of human resource personnel from the State/counties/cities, education representatives, and water/wastewater representatives. The needs assessment phase is complete and the program planning phase is nearing completion. Their focus is on out reach to prospective workers and educational program development from elementary through community college. It is anticipated that the plan will be complete by mid-November and that application will be made at that time to CDLE for a \$400,000 implementation grant with work to begin in late 2009 and funded for a three year period. The Council members are attentive to the need for implementation sustainability beyond the three year grant funding. The District Manager has been invited to be a member of the Industry Advisory Council.

With concern for the limitations upon Southgate's ability to individually bring much to the table in educational relationships there was recommendation that the Districts' role could be more effective as a participant in the regional effort.

Several members of the Board expressed support for participation in the regional effort. Director MacDonald expressed concern that the regional effort would stretch over a three year period and not yield results to Southgate as quickly as originally hoped. District Manager Tinsley acknowledged Director MacDonald's concern and suggested that the Sector initiative could be pushed for early and sustainable achievements even as latter year work efforts are pursued. Discussion followed.

It was the consensus of the Board that there be participation in the regional effort with push for early and sustainable achievements. District Manager Tinsley committed to keep the Board informed of the progress of the regional effort.

Recess:

Director Herbolich MOVED to recess at 6:40 p.m. Director Winslow SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

The meeting was reconvened at 7:09 p.m.

Denver Water - Financial Plan and Rate Making (09-23):

District Manager Tinsley briefly reviewed the practices and methodologies used by the Denver Water Department in their annual update of the 10 year financial plan and in

their annual establishment of water consumption rates and charges.

Administrative - Special Reports:

Nothing further.

Legal - Special Reports:

Nothing further.

Finance - Special Reports:

The Board's attention was directed to the Auditor's monthly letter in the meeting packet.

Board:

Directors - Special Reports:

Director Herbolich reported on the Special District Association conference critique request from the Association, with encouragement for Director participation. He spoke of several conference sessions he found to be most informative; including the "Dum Dum Board" and a session on leak detection. He plans to recommend that the leak detection session be repeated at future conferences with more time allotted than was the case this year. He also plans to recommend that there be a session at the next conference to review the various large scale water development projects in the State.

Training:

There was brief review of upcoming training opportunities.

Adjournment:

There being no further business to come before the Board of Directors, Director MacDonald MOVED to adjourn the meeting. Director Winslow SECONDED the motion. By UNANIMOUS vote the meeting was adjourned at 8:46 p.m.

Director

President & Chairman

Director

Director

Director