

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

March 9, 2010

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, March 9, 2010, 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 meeting 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 - Absent and excused.

Also present were:

Duane Tinsley, District Manager
Peter Gabel, Candidate
Tom Mansfield, Operations Supervisor
Matt Schlanger, Operator
Jeff Cooper, Engineering Technician GIS

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Mike Schlanger, Operator (arrived as noted below)
Dennis Whiting, Operator (arrived as noted below)
David Culberson, Candidate (arrived as noted below)

Chairman Herbolich extended welcome to the visitors and introductions were made.

Approval of Agenda:

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

Public Comment:

Mr. Gabel spoke of his 10 year residency in the Southgate Districts, his experience as an operations manager for a document imaging company, and his interest in community service as a member of the Southgate Board of Directors.

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. Manager Tinsley briefly discussed the variances in revenues and expenditures. There being no further questions or discussion, Director MacDonald MOVED to approve the consent matters, consisting of:

1. Minutes February 9, 2010 - Regular Meeting
2. W10-06(A) Investments - February, 2010
3. W10-06(B) Financials - February, 2010
4. W10-06(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:

Water System Leak Detection (10-XXX)

Supervisor Mansfield and Operator Matt Schlanger briefed the Board on the recently acquired leak detection equipment and the systematic leak detection program initiated by the Operations Work Group. In support of that briefing Operator Schlanger presented a Power Point slide show. He reported that the "un-billed" water in the entire Denver Water and Distributors' system is 4.5% (3.4 billion gallons of water per year). Such "un-billed" water includes fire response, fire hydrant flushing, reservoir draining and cleaning, and *un-reported leaks*. It is the un-reported leaks that prompts systematic leak detection. It was reported that Southgate is the second water utility in the Denver metro area to have a

systematic leak detection program, (Denver Water being the first).

Details of the equipment, equipment utilization, and Southgate's program were discussed. The focus of the program at this point is two fold: 1) investigation of the oldest water lines (to move progressively to the newer lines), and 2) emergency response to reported leaks. As to emergency response there was discussion of the ability to better locate leaks and reduce the extent of costly excavation.

David Culberson, Mike Schlanger and Dennis Whiting arrived at this point.

Director Kirkpatrick asked about reported leaks in Lone Tree. Supervisor Mansfield reported that the equipment vendor demonstrated the proposed equipment by investigation of the reported Terra Ridge leak in Lone Tree; and then several sites were investigated by Southgate staff following equipment acquisition. It was determined that there were no leaks and that the surfacing water was not from the Southgate system. Director MacDonald asked about updates to the Geographic Information System in response to field observations. Jeff Cooper reported that all instances of discrepancy between the GIS information and field observation are treated seriously, investigated and corrected as determined. Director MacDonald asked if leak locations will be plotted in the GIS. Staff indicated that identified leaks lead to an immediate work order through the CityWorks work management system and record is made of the date and location of the repair; that data is available for viewing and plotting through the GIS and will be a significant consideration in the proposed asset management system. Director Bickham asked if the investigation would be done District wide. Staff responded in the affirmative; with indication that each setup covers approximately 1/4 square mile and that the program would progress from the older sections of the District to the newer. Given the size of the District it will take several years to work through the entire District. Director MacDonald asked if there has been sufficient detection in the older parts of the system and the newer parts of the system to develop an understanding of the relationship of leaks to the age of the pipes. Supervisor Mansfield indicated that there is not, at this time, sufficient coverage, or findings, to make such interpretations. Director Herbolich asked about vendor selection. Supervisor Mansfield reported that there are two primary vendors of leak detection equipment. One has presence in the United State and local equipment repair/support services. The second does not. The US vendor (Metrotech) was selected. Director Herbolich asked if Southgate has the same leak detection equipment as Denver Water. Matt Schlanger, (with a big smile), reported that Southgate has newer and better equipment.

Manager Tinsley praised the efforts of the Operations Work Group and Operator Matt Schlanger in particular on this subject.

The Directors were highly complimentary of the efforts of the Operations Work Group, the presentation, and Matt Schlanger's efforts. There was suggestion that the efforts and successes of the District be documented and submitted for presentation at future

conferences and workshops.

Recess:

Director Herbolich MOVED to recess at 5:20 p.m. Director MacDonald SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Tom Mansfield, Matt Schlanger, Mike Schlanger, Dennis Whiting and Jeff Cooper departed at this point.

The meeting was reconvened at 5:58 p.m.

Engineering and Capital Projects:

Engineering Project Status (10-05A):

District Manager Tinsley provided a status report on the following project:

- County Line & S. Yosemite Waterline & Valve Replacement - The work is complete and the notice of final settlement has been published. At the deadline for vendor/sub-contractor claims (relative to final settlement) there was one small claim. The contractor and surety were given notice and 90 days in which to resolve the claim. Assuming the claim to be timely resolved the retainage will be released.

Administrative:

Administrative Project Status (10-05B):

District Manager Tinsley provided brief status reports on the following projects:

- Greenwood Plaza Inclusion - The inclusion process is complete and coordination is underway for facilities construction/conveyance and customer conversion as discussed. Southgate has already received the deposit for the System Charges and will soon receive the deposit for capital facilities.
- Asset Management - A special meeting has been scheduled for March 26, 2010 to meet with Woolpert representatives, discuss the scope of work and anticipated out-comes, and further consider the proposed service agreement. There was discussion of the anticipated out-comes and determination that the Board and Manager are on the "same page". The next step will be to verify that the District and the consultant are on the "same page" regarding the anticipated out-comes
- Headquarters Security - Manager Tinsley briefed the Board regarding a recent meeting with the Business Liaison Officer of the Arapahoe County Sheriff Department and the potential enhancements for security at the District's offices.

Cash Receipts and Expenditures (10-06-D):

The Board reviewed the cash receipts and expenditures for February, 2010. There

being no questions or discussion, Director MacDonald MOVED to approve the expenditures in the amount of \$153,041.68 as set forth in the disbursement schedule attached hereto. Director Kirkpatrick SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Administrative - Special Reports:

Manager Tinsley directed the Board's attention to the favorable tap sales report in the packet.

Legal - Special Reports: None.

Finance - Special Reports:

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

Board:

Directors - Special Reports:

Director Herbolich and Manager Tinsley briefed the Directors regarding their recent attendance at the AWWA/WEF Utility Management Conference. Each spoke of their attendance at sessions regarding "Effective Utility Management", the "Continuous Improvement Cycle", and the anticipated involvement in (and benefits of) AWWA QualServe.

Training:

There was review of upcoming training opportunities and record of expressions of attendance.

Director Herbolich spoke of the merits of: 1) the AWWA/WEF Utility Management Conference, 2) regular attendance by the Manager, and 3) periodic attendance by the Directors.

Adjournment:

There being no further business to come before the Board of Directors, Director MacDonald MOVED to adjourn the meeting. Director Kirkpatrick SECONDED the motion. By UNANIMOUS vote the meeting was adjourned at 5:58 p.m.

Director

President & Chairman

Director

Director

Absent and Excused

Director Don E. Winslow