

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

**July 13, 2010**

The Board of Directors of the Southgate Sanitation District, Arapahoe and Douglas Counties, Colorado, met in regular joint session with the Board of Directors of the Southgate Water District on Tuesday, July 13, 2010, at the office of the Districts, 3722 East Orchard Road, Centennial, Colorado 80121. The meeting was called to order at 4:01 p.m., by the President and Chairman, George MacDonald. These minutes reflect the proceedings of the Board of the Southgate Sanitation 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 Sanitation 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  
Christopher Sheffer, District Engineer

**Approval of Agenda:**

Director Kirkpatrick MOVED to approve the agenda as presented. Director Winslow 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.

**Public Hearings/Scheduled Visits:** None.

**Consent Matters:**

Chairman MacDonald identified the items to be considered under "Consent Matters" and asked if any Director wished to pull any item for discussion. In response to investment report comments by Director MacDonald, there was discussion of the slight increase in interest on new investments and the intent to extend the maturities ("laddering") as yields continue to improve. There was also brief discussion on the mechanics of "callable" instruments and the fact that early calls have had no adverse effect upon the District cash flows. The Investments Manager is scheduled to attend the August Board meeting. Director Kirkpatrick, with reference to the financial statements, asked about the variance in employee compensation expenses. Manager Tinsley reported that the variance is due to the timing of the pension contribution. Director MacDonald questioned the lack of revenue in the BDCI Loan Interest line of the financial statements. Manager Tinsley reported that the remittance is once per year; normally in November.

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

1. Minutes June 8, 2010 - Regular Meeting
2. S10-06 (A) Investments - June, 2010
3. S10-06 (B) Financials - June, 2010
4. S10-06 (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.

**Engineering and Capital Projects:**

**Engineering Project Status (10-05A):**

District Engineer Sheffer provided a brief status report on the following:

- 2006 Sewer Improvement Program - Surety has formally accepted the assignment of work and their local construction consultant has been working on project completion. All pipe is in the ground. Significant site restoration progress is being made. The punch item list is getting shorter. Discussion followed.

**2006 Sewer Program - Phase III - Change Order #7 (06-15)**

District Engineer Sheffer advised that Change Order #7 (reduction in scope of work) has been drafted and delivered to Surety. It is not at this point ready for Board consideration.

**Engineering Team Report**

District Engineer Sheffer directed the Board's attention to the memorandum in the

packet. He briefly discussed the focus on GIS database refinements and continued data entry in preparation for Asset Management and for system hydraulic modeling. The preferred modeling software, MWH, was discussed and endorsed. In response to the growing concerns over development impacts upon the sewer system the Engineer has requested, and the Manager has authorized, purchase of several sewer flow metering devices.

**Recess:**

Director Kirkpatrick MOVED to recess at 5:35 p.m. Director Bickham 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 6:10 p.m.

**Administrative:**

**Administrative Project Status (10-05B):**

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

- Asset Management - Reference was made to the project progress/status reporting in the Engineering Team Report. The Geographical Information System data review undertaken by Woolpert and staff revealed attribute detail at a level less than believed to be necessary for reliable asset management modeling. Significant data gaps were also identified. Woolpert and staff have worked intensively to achieve the desired level of attribute detail and to populate the necessary data fields for the pilot model application. Woolpert as been working to develop the overall asset management modeling and to make ready for the pilot application. A project follow up meeting has been scheduled with Woolpert.
- Special District Directors Election - Director Herbolich had a follow up discussion with Donna at the Special Districts Association and learned that the proposal to improve the election process has not gotten much traction, as yet, at the Association. This is probably because of their very high concern for, and advocacy regarding, the November, 2010 election issues. Director Herbolich and the District Manager have met with the Arapahoe and Douglas Clerk and Recorders. Both Clerks were very familiar with the increasing complications, costs and voter concerns regarding the special district director elections. Both spoke supportively of voluntary conduct of coordinated mail ballot elections if the special district elections could be moved to November of the odd numbered years. Director Herbolich spoke of the very positive reaction and recommendations from the county Clerks. It was suggested that: 1) there be determination of the willingness of the Southgate Directors relative to moving the directors election to November of the odd numbered years, 2) preparation of a legislative proposal "white paper" as discussed, 3) review by the county Clerks, and 4) submittal to the Special Districts Association relative to: a) support or opposition and b) willingness to be the initiating agency. Director

Kirkpatrick MOVED to approve the proposed legislative amendment and to move forward with the implementation effort. Director Winslow SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

- Report to Governance - The Manager and Accountant will coordinate with the Auditor and target response to the Auditor's findings/recommendations not later than the end of 2010.
- Accounting Software Update - The software update has been completed.

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

The Board reviewed the cash receipts and expenditures for June, 2010. Director Winslow MOVED to approve the expenditures in the amount of \$149,162.71 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.

#### **2010 Ballot Issues (10-10)**

At the June Board meeting there was briefing on three items that have been certified for the November, 2010 election. Those included Proposition 101, Amendment 60 and Amendment 61. State and local impacts were discussed; particularly the potential impacts upon the Southgate Districts. It was the consensus of the Board that a resolution of opposition be drafted and placed upon the July agenda for consideration.

A resolution prepared by Legal Counsel Lyons and Manager Tinsley was presented and discussed. Several Directors spoke of the need to streamline the resolution and focus directly on the anticipated impacts upon Southgate. A revised resolution prepared by Director MacDonald was distributed and discussed. A revised resolution prepared by Directors Winslow and Kirkpatrick, on the basis of the MacDonald draft, was distributed and discussed.

It was the consensus of the Board that: 1) Southgate should adopt a resolution of opposition, 2) the Southgate resolution should be communicated to the citizens via the Southgate website and newsletter, 3) the resolution needs to be shorter and focused upon Southgate, 4) all Directors review the MacDonald and Winslow/Kirkpatrick drafts and communicate their wishes by email, 5) Chairman MacDonald and Manager Tinsley be authorized to integrate the responses and deliver a final resolution, soonest possible, for execution, and 6) return the final resolution to the August Board meeting for ratification.

#### **Easement Encroachment License Agreement (10-11)**

Manager Tinsley reported that during the course of construction of a new home at 4201 Preserve Parkway North, a low wooden deck was constructed at the northern end of the site. Without prior knowledge or approval of the Southgate Sanitation District the deck

encroaches into a sanitary sewer easement.

The District's operations crew has inspected the site and determined that the encroachment would not interfere with routine maintenance of the sewer line. The District, however, needs to preserve its rights under the easement incase there is need to access the site for emergency repair or sewer replacement.

To that end, the a License Agreement was prepared, presented and recommended for approval.

Director Kirkpatrick MOVED to approve and execute the License Agreement. Director Bickham SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

**Administrative - Special Reports:**

The Board's attention was directed to the Manager's administrative reports in the meeting packet.

**Legal - Special Reports:** None.

**Finance - Special Reports:**

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

**Board:**

**Directors - Special Reports:**

Chairman MacDonald reviewed the status of the Board goals. Most have been accomplished. The water service charge goal has not been attained but is being pursued as discussed above. The fiscal update goal has been largely accomplished but Director MacDonald and Manager Tinsley will schedule time to run a consumer price index correlation. The results will then be communicated to the Board as a whole. The workforce development goal is an open issue. He requested that there be discussion at the August Board meeting regarding: 1) a realistic review of accomplishments and short term targets for the "Get Into Water" group effort, 2) the expected number of utility operators that will be needed in the front range in the near future, and 3) opportunities for partnering with the Red Rocks Community College and the Arapahoe Community College.

**Training:**

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

**Adjournment:**

There being no further business to come before the Board of Directors, Director Bickham MOVED to adjourn the meeting. Director Kirkpatrick SECONDED the motion.

By UNANIMOUS vote the meeting was adjourned at 7:45 p.m.

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Director

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President & Chairman

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Director

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Director

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