

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

**July 13, 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, 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 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

Also present were:

Duane Tinsley, District Manager  
Christopher Sheffer, District Engineer  
Thomas Mansfield, Operations Supervisor

**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.

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. W10-06 (A) Investments - June, 2010
3. W10-06 (B) Financials - June, 2010
4. W10-06 (C) Improvements Agreements:  
- Ikea, "Waterline Construction Plans - Ikea".

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

**Operations:**

**Zone 10E Pump(s) (10-08):**

Operations Supervisor Mansfield presented and then discussed the results of: 1) the operational and capacity evaluation of the pumps and pump controllers at the Zone 10E pump station, 2) effort to secure competitive proposals for pump and controller replacement, 3) vendor evaluation (with emphasis on parts and service responsiveness). He briefly discussed the estimates of probable useful live and the pros and cons of phased pump replacement.

As to the operational and capacity evaluation, he reported that two controllers have failed (the pumps are currently operating on borrowed controllers), that all three of the primary pumps have reached the end of their probable useful life and are becoming a maintenance/repair burden, and that none have the necessary capacity to serve the pressure zone as the District moves toward build-out.

As to the effort to secure complete and competitive proposals, he reported that substantial time was invested with four prospective vendors. The end result was a

combination of “apples and oranges” and varying levels of proposal completeness and pricing reliability. Two proposals were deemed to be inadequate. One was marginally better. Only the Arvada Pump Company proposal was determined to be fully responsive to the District’s requests and expectations.

As to vendor evaluation, he reported that Arvada Pump Company has been working successfully for some time with the District (and loaned the above reference controllers until such time as a purchase decision is made). He further reported that reference checks were uniformly favorable for Arvada Pump Company.

As to phased pump replacement, he discussed the merits of the currently available pricing and avoidance of multiple “mobilization” charges.

Supervisor Mansfield recommended that Arvada Pump Company be engaged to replace all three primary pumps (at build-out capacity), replace all three pump controllers/motors, in the amount of \$196,375 (less rebates from Xcel Energy for a net total of \$164,125).

Technical and procedural discussion followed. It was recommended that staff ensure the corporate and financial capacity of Arvada Pump Company as part to the contracting process.

Director Kirkpatrick MOVED to engage Arvada Pump Company for pump/motor/controller replacement as proposed (above). Director Herbolich SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

The Directors extended compliments to Supervisor Mansfield, and his support staff, for their work on this proposal.

Supervisor Mansfield departed at this point.

**Engineering and Capital Projects:**

**Engineering Project Status (10-05A):** None.

**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.

**Administrative:**

**Glenmoor Water Rights Exchange (04-20)**

District Manager Tinsley reported that in 1985 Koelbel was decreed the water underlying the Preserve. In 1986 Southgate established claim upon the water under the Glenmoor subdivision and golf course via the Resolution of Implied consent but did not include the area in its early 1990's water rights adjudication and decree. Glenmoor subsequently lost the ditch rights used for irrigation of the golf course.

There followed discussion of a number of alternatives to meet Glenmoor’s needs.

All of that came to a 2005 agreement between Glenmoor and Koelbel for purchase of a portion of the water rights under the Preserve and agreement between Glenmoor and Southgate for adjudication of the water under the golf course and exchange of the water under the golf course for a comparable amount of water under the Preserve. Through those actions Glenmoor will be able to withdraw water underlying the golf course and Southgate will have an additional amount of water immediately adjacent to its adjudicated well field. Glenmoor will reimburse Southgate's costs for participation in the golf course adjudication. The exchange agreement calls for the exchange to be made within 60 days of the court decree.

On April 1, 2010 the water court issued a decree, in the name of Southgate Water, for 43.3 acre feet of Laramie-Fox Hills water underlying the golf course. Southgate, Glenmoor and Koelbel have coordinated and all are still committed to the exchange of rights. For tax reasons Koelbel has requested that the closing occur in the fourth quarter of 2010.

To that end, a First Amendment to Water Rights Exchange Agreement was presented and recommended for approval.

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

**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 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.

- Water Service Charge - Denver Water has reported that the mid-2010 implementation of the requested service charge can not be achieved. It is uncertain, at this time, of the potential timing for implementation. Chairman MacDonald suggested that a meeting be scheduled with upper management at Denver Water to stress our need and to increase their assignment of priority. The Board concurred.
- 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 Kirkpatrick MOVED to approve the expenditures in the amount of \$87,407.65 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.

#### **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.

**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 achieved 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.

Director Winslow spoke of his recent attendance at the American Water Works Association conference and the splendid directors certification sessions. He shared the content of a discussion with the Wacs trailer manufacturer and the growth of shared and contract utility maintenance services. He suggested that Southgate's recent acquisition of a Wacs trailer might represent an opportunity for shared equipment and/or contract services. Discussion followed, but no course of action resulted.

**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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