

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

January 8, 2008

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, January 8, 2008, 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, Ronald Cooper. 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:

Ronald Cooper
Terry Kirkpatrick
George J. MacDonald
Don E. Winslow

John J. Herbolich - Absent and Excused

Also present were:

Duane Tinsley, Manager
William Jennings, Engineer
Bert Bondi, Auditor
Norbert Frueh, Guest

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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 Cooper 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 problems the Accountant has had with the accounting computer and software and the effort to resolve same. He distributed and discussed corrected copies of the financial statements and advised that the year end closing and audit process will be delayed, (revised schedule to be determined once the computer issues are resolved). In response to a question from Director Cooper there was brief discussion of the RTD Improvements Agreement and the nature of the "driver's relief station" improvements. Director MacDonald noted that the fair market value report in the investment report shows a negative number for Treasury instruments and a positive number for the Agency instruments. He asked why one would be positive and the other negative. He further asked about the extent to which the investment manager is taking advantage of the investment policy authorization for Agency instruments. Manager Tinsley indicated that he would research and provide answers to both questions. There being no further questions, Director Winslow MOVED to approve the consent matters, consisting of:

1. Minutes December 11, 2007 - Regular
2. S07-04(A) Investments - December, 2007
3. S07-04(B) Financials - December, 2007
4. S07-04(C) Improvements Agreements:
 - Regional Transportation District, Driver's Relief Station at RTD's Lincoln Station, Lot 6, Heritage Hills Filing No. 2.

Director MacDonald 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 Cooper MOVED and Director Winslow SECONDED a motion to adjourn to executive session pursuant to Section 24-6-402(4)(f) of the Colorado Revised Statutes for

purposes of discussing personnel matters, (annual meeting with Auditor). 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 4:15 p.m.

The Board reconvened in regular session at 5:12 p.m., at which time Chairman Cooper announced that only matters pertaining to personnel had been discussed during the executive session.

Auditor Bondi departed at this point.

Action Items:

2006 Sewer Program (06-16):

District Engineer Jennings began with review of the overall program. In 2006 Burns and McDonnell was engaged to provide engineering services for approximately 42,000 linear feet of sewer rehabilitation/reconstruction. Upon preliminary investigation the program was broken into three phases. Phase I - consisted of 22,000 linear feet of sewer rehabilitation using cured-in-place pipe liner, with associated manhole rehabilitation. Phase I is now complete with the exception of punch list items, (corrective work associated with landscape restoration, missed elements or blemish cures). It is anticipated that an balancing change order for the Phase I contractor (Insituform) services will be presented at the February, 2008 Board meeting. Phase II - consisted of open-trench and cured-in-place work in the Willow Creek subdivision to deal with odor problems. The Phase II work is complete and the construction contract is now in the warranty period. There have been no odor complaints since completion of the work and there have been no claims from sub-contractors or material suppliers. Release of Phase II construction retainage is in the payables to be approved at this meeting. Phase III - consists of the remainder of the work, (approximately 19,000 linear feet), characterized as those project elements needing easement acquisition and open-trench construction. It is anticipated that design, by-pass pumping arrangements and easement acquisition will be completed by the 3rd quarter of 2008 and that construction will be underway before the end of the year. In response to a question from Director Kirkpatrick, District Engineer Jennings indicated that construction will probably carry over into early 2009.

He then presented and discussed Amendment #2 to the Burns and McDonnell engineering services agreement. The additional work consists of 1) providing additional potholing, geotechnical, surveying and design due to expanded work scope, 2) additional support of easement acquisition, and 3) additional moneys for upgrade of construction inspection/contract administration from half-time to full-time. Specifics of each were discussed at length. The amendment is in the amount of \$137,850, (\$121,491 associated with in-District project elements and \$16,359 associated with the Big Dry Creek Interceptor project elements). The revised contract amount would be \$713,573. With Amendment #2

the engineering fees will be 9 percent of the estimated construction work; while it is typical for engineering fees to range from 8 to 12 percent of construction cost. Approval was recommended.

Director Cooper commented on the anticipation, (at the time of initial contract award to Burns and McDonnell), that the scope of services would need to be adjusted in light of the greater knowledge and project understanding that would be achieved through the preliminary design work. Director MacDonald confirmed that understanding.

Director MacDonald MOVED to approve Amendment #2 to the Burns and McDonnell engineering services agreement, bringing the contract amount to \$713,573. Director Winslow SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Cash Receipts and Expenditures (07-04-D):

The Board reviewed and discussed the cash receipts and expenditures for December, 2007. Director Kirkpatrick noted the differential between the Water and Sanitation payments to the Colorado Special District Property and Liability Insurance Pool and questioned the reason for the difference. Manager Tinsley indicated that the risk exposure and claim history for the Sanitation District is greater than for the Water District. Director MacDonald MOVED to approve the expenditures in the amount of \$167,963.83 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.

Posting of Notice (08-01):

Chairman Cooper advised of the statutory requirement for annual resolution regarding the locations for posting notice of regular and special meetings. The designated places at which notice of meetings are posted include: the District Office, Greenwood Village City Hall, Koelbel Library, Castlewood Library, Lone Tree Library, and Lone Tree Offices. They are also posted at the offices of the Clerk and Recorder in Arapahoe and Douglas Counties. He asked if there have been any changes since the 2007 resolution. Manager Tinsley indicated that only the resolution number and the effective date have been changed.

Director Winslow noted that the address for the Lone Tree city offices needs to be updated to reflect their recent move. Manager Tinsley acknowledged and indicated he would make the necessary changes.

Chairman Cooper asked if the Directors were satisfied with the designated locations and the District coverage provided. No additions or changes were proposed.

Director Winslow MOVED to approve Sanitation Resolution 2008-01, (as corrected),

designating the places for posting of regular and special meetings. Director Cooper SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Manager's Employment Contract (08-02):

Chairman Cooper introduced the Manager's Contract with revisions as discussed at the December, 2007 meeting. (change of compensation and effective dates). He reported that the Manager's 2007 evaluation was documented, reviewed with the Manager, and countersigned by the Manager following the December meeting, (copies were distributed to the Directors). Approval of the updated agreement was recommended.

Director MacDonald MOVED to approve and execute the Manager's Contract as revised. Director Winslow SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Heritage Green Billing Issues Agreement (08-03):

Manager Tinsley reported that: 1) in 2006 it was determined that a number of Southgate Sanitation customers in the Heritage Green Subdivision had been billed, (by the City of Englewood), service charges at the rate charged by the Southgate Arapahoe Sanitation District rather than the much lower rate established by Southgate Sanitation, 2) the proceeds from those charges were remitted from the City of Englewood to South Arapahoe Sanitation, 3) Arapahoe Sanitation agreed to pay to Southgate Sanitation the amount that would have been payable to Southgate Sanitation for the established rate of service charges, 4) South Arapahoe Sanitation agreed to pay, to the City of Englewood, the remainder of the monies received from the incorrectly billed service charges, and 5) Englewood agreed to hold the excess service charge monies, publish notice of reimbursement procedures and process pursuant to the provisions of the Colorado State Statutes. That agreement was finalized April 17, 2006. Subsequently, Southgate received payment from South Arapahoe, Englewood received payment from South Arapahoe and Englewood published and mailed notice.

He then reported that further review has revealed four (4) additional Southgate customers, and one (1) South Englewood customer, which were billed the South Arapahoe service charge rates. An intergovernmental agreement, (conforming to the original 2006 agreement), has now been developed to resolve the incorrect service charge billings. In the manner of the 2006 resolution: 1) Southgate will receive \$219.24 from South Arapahoe, 2) South Arapahoe will pay to Englewood \$2,366.25 for reimbursement to Southgate customers, and 3) Englewood will be responsible for notice and administration of the refunds. Legal Counsel has reviewed the proposed agreement without objection.

Approval was recommended.

Director MacDonald MOVED to approve and execute the Agreement 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.

Colorado's Water/Wastewater Agency Response Network (CoWARN) (08-04):

Manager Tinsley reported that: 1) history has demonstrated that State and Federal agencies have considerable strength in disaster response, but are slow to mobilize, 2) there is a push for individuals and local utilities to make arrangements for unassisted survival for a three day period, and 3) that push for sustainable local utilities is resulting in the formation of emergency response networks to mount initial emergency response, individually and through mutual aid agreements. In Colorado, the State Health Department, using a grant from the Federal agencies, has facilitated a group of local utilities in their effort to develop a voluntary mutual aid network.

On November 8, 2007 the Manager attended their enrollment kickoff meeting for the Colorado Water/Wastewater Agency Response Network (CoWARN). The following materials were presented and discussed:

- 1 - CoWARN pamphlet - Mission, Purpose, Participation, What is a WARN?, Benefits, etc.
Note: "In order to be eligible for federal grants and reimbursements before, during and after an emergency, all local, state, and tribal governments, associations and non-governmental and private organizations must: 1) Adopt the National Incident Management System (NIMS), 2) Support the development of interstate mutual aid programs, and 3) Integrate response at the field, local and state levels of government."
- 2 - CoWARN Powerpoint presentation - with Manager's notes.
- 3 - CoWARN Mutual Aid Agreement Powerpoint presentation - with Manager's notes.
Notes: Mutual aid is not intended to take the place of proper planning. Agreement defines emergencies. Call for aid is initiated by designated agency representative. Participants have no duty to respond, (response is voluntary and entirely subject to availability of resources). Provisions and protections regarding: cost recovery and personnel/equipment control. Responder has normal operational liability subject to provisions of Colorado Governmental Immunity Act. Can terminate participation at any time.
- 4 - 11/19/07 favorable Legal Counsel review comments in response to 11/15/07 request from Manager.
- 5 - Proposed Mutual Aid and Assistance Agreement.
Approval and execution was recommended.
Clarifying discussion followed, including: 1) no cost to join and no cost for on-going membership, 2) initial coordination and clearing house functions via the Colorado Health

Department with functional delegation in the future to regional steering committees, 3) WARN establishment, (either complete or in development), in every state in the United States, (concept first pursued in the states of Florida and California), 4) limits of liability, and 5) the definition of "emergency" (excluding failure to plan or prepare for circumstances falling below the definition of emergency).

Director MacDonald spoke of the strategic discussions regarding vulnerability assessment and emergency preparedness. He indicated that CoWARN would be a good opportunity to flesh out the District's emergency preparedness and develop practical experience.

Director Kirkpatrick asked if emergency response actions will be within the State of Colorado or across state lines. Manager Tinsley indicated that the system will initially be within the State but will probably broaden in the future to cross state lines. Director Kirkpatrick noted that the proposal is comparable to the long standing mutual aid practices among the fire departments.

Director MacDonald MOVED to approve and execute the CoWARN Agreement 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.

Recess:

Director MacDonald MOVED to recess at 5:36 p.m. Director Kirkpatrick 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 6:03 p.m.

Non-action Items:

Project Status Reports (06-06):

Manager Tinsley and Engineer Jennings provided brief status reports on the following projects:

- Geographic Information System - Phase III GIS implementation, (via the previously approved contract with Wolpert, Inc.), will get underway with kickoff and working meetings on January 16 and 17, 2008. Staff is continuing to work up the learning curve and develop proficiencies with the GIS systems. There was brief discussion of the near future release of AutoCADD version 9 and the need for Wolpert evaluation. Director Cooper commented favorably on the District's decision to build the GIS on the AutoCADD and Oracle platforms.
- 2006 Sewer Improvement Program - As discussed above.
- South Yosemite Site Improvements - The only remaining work is: 1) completion of the irrigation system, 2) seeding, and 3) trail restoration. That work will be pursued as

soon as the weather permits.

- Surplus Property - The private party offer of \$1,000, for the Greenwood Hills property, was previously rejected and the City of Greenwood Village reaffirmed their interest. Greenwood Village has, however, not yet come to the table.
- Election - Information regarding the election was published in the January issue of the WaterViews newsletter and posted to the website. Mail-in Ballot application forms were prepared as required by the Statutory deadline, (application forms are available on the website). The significant differences between the previously used "Absentee Ballots" and the newly required "Mail-in Ballots" were briefly discussed. The call for nominations has been prepared and transmitted to the newspapers, (Littleton Sentinel and Douglas County News Press), for publication. That notice was also posted to the website and self-nomination/campaign finance act materials packets have been prepared for distribution upon publication of the call for nominations. Notice of election (or election cancellation) will be published in the same newspapers and in the April issue of the WaterViews newsletter. Candidate profiles will be published in the April issue of the WaterViews newsletter. Critical dates were reviewed.

Finance - Special Reports:

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

Legal - Special Reports:

It was confirmed that Legal Counsel Lyons is scheduled for attendance at the February Board meeting. The Board's attention was directed to the Attorney's correspondence and advisories in the Board packet. That correspondence and advisories will be reissued in the February packet.

Administrative - Special Reports:

Manager Tinsley spoke of the favorable tap sale results through the end of 2007. Chairman Cooper directed the Board's attention to the 2007/2008 goal statements in the packet. There was brief discussion the Manager's responsibilities relative to the website host move and the on-going website maintenance and monitoring. There was brief discussion regarding the clarity of the District Engineer's goal regarding GIS Phase III implementation. The District Engineer will clarify. Director Cooper commented favorably on the Operations Group goals for 2008 and the priority associated with filling the last vacant operator position.

The status of recruitment for the last vacant operator position was briefly discussed.

Engineering - Special Reports:

District Engineer indicated that he had nothing further to report.

Director Cooper noted the lengthy list of development project activities. Brief discussion followed.

Directors - Special Reports:

Chairman Cooper reviewed the training announcements and the planned attendance.

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 7:21 p.m.

Director

President & Chairman

Director

Director

Absent and Excused
Director Herbolich