
RECORD OF PROCEEDINGS

**MINUTES OF THE BOARD OF DIRECTORS OF
THE ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY**

HELD: February 14, 2007

13031 E Caley Ave
Centennial, CO 80111

ATTENDANCE:

Present were Directors: Hap Henderson, Doyle Tinkey, Rod Bockenfeld, Pat Mulhern, Bart Miller, Marie Mackenzie and Jim Dyer. Also in attendance were: Gary Atkin, Jennie Achee, Will Koger, Martin Stegmiller, Barbara Townsley, Patrick Reed, Bryan Rodriguez and Legal Counsel Rick Kron of Grimshaw & Harring. Guests: Louis Hurtado, Chapparral Metro District; Chris Elliott, Tanterra Partners; Linda Lehrer, Antelope POA; Greg Armstrong and Jarrett Armstrong, Tanterra Partners; Gary Woods, Highfield Business Park; Doug Headley and Steve Sullivan, Town of Foxfield and Jeff French, Peak Civil Consultants.

CALL TO ORDER:

Director Hap Henderson called the meeting to order at 9:06 a.m. in the Arapahoe conference room of the Arapahoe County Water and Wastewater Authority office at 13031 E Caley Ave Centennial, CO 80111. Director Dyer led the Pledge of Allegiance.

ADOPTION OF THE AGENDA:

Mr. Atkin requested to move Item #14 (Briefing on Tanterra Development Project) immediately after the consent agenda. A motion was made by Director Tinkey and seconded by Director Mackenzie to adopt the agenda with modifications. The motion passed 7 to 0.

PUBLIC FORUM:

No discussion in public forum.

CONSENT AGENDA:

A motion was made by Director Henderson and seconded by Director Miller to approve the consent agenda. The motion passed 6 to 0 with Director Tinkey abstaining due to the Potential Conflict of Interest regarding Chapparral. The consent agenda consists of the following items:

1. Approval of Meetings Minutes for January 10, 2007.
2. Approve Payment Requests for January 2007.
3. Approve Water Service Agreement with Chapparral Metro District
4. Approve Highfield Business Park Water Service Agreement.
5. Approve Records Retention Policy.
6. Approve Meeting Posting Locations.
7. Approve Construction Contract with Layne-Western for Redrill of Airport Arapahoe Well, project A-173.
8. Approve PDAC Committee Items:
 - A. Approve Professional Services Agreement with Spronk Water Engineers for Water Master Plan Support, Project A-149.
 - B. Approve Professional Services Agreement with Wm. Curtis Wells and Co. for Water Master Plan Support, Project A-149.
 - C. Approve Memorandum of Understanding with Southeast Metro Stormwater Authority.
 - D. Approve Professional Services Agreement with Wright Water Engineers for Design of Pond D-2 Improvements, project A-95.
 - E. Approve Revision to Rules and Regulations Regarding Developer Imprest Accounts.

GENERAL BUSINESS ACTION ITEMS:

Item No. 14– Briefing on Tanterra Development Project

Mr. Chris Elliott addressed the Board stating that he is attending the Board meeting with Greg Armstrong and Jarrett Armstrong from Tanterra Partners. The property that is known as Tanterra Development is part of Dove Valley Business Park. When Tanterra Development placed the property under contract, the condition of the contract was that they were not permitted to enter the formal process of annexation or rezoning until or unless Tanterra Development owned the property. The property is 380 acres. They have requested the City of Centennial to work with them in the negotiation of a pre-annexation agreement. The final details will involve ACWWA, the Board of County Commissioners and other interested parties. He went over the map in detail. They have been working with the Cherry Creek School District to put an elementary school in the development. Tanterra Partners would like to attend another Board meeting in the future to discuss integrating existing detention ponds and the planned detention ponds within the community into their open space. They have been working with the soccer club on some type of gift acquisition that would allow them to expand

their program in the area. They are planning on making this a showcase project for xeriscaping and the nonpotable system. They would like to satisfy the investors and receive a preliminary "will serve" letter. Director Mulhern asked for clarification of the water demands. Mr. Elliot stated preliminary demands will be no greater than present zoning demands. The proposed number of single family detached homes is 780 and 835 mixed residential which includes townhomes and condominiums. Director Tinkey asked about the timing on this project. Development will start probably early next year and is expected to be a 5 to 8 year project. Director Mackenzie asked if they are in the airport influence area. Mr. Elliot said that they were. Tanterra Partners have been working with the Centennial staff on the plan and making the necessary revisions. Director Mackenzie asked if they have talked to the airport. They have and the airport is not supportive of this project per Mr. Elliott.

Item No. 9 – Intergovernmental Agreement with Arapahoe County for the Detention Center Screening Equipment Project A-152

Mr. Atkin told the Board that this Intergovernmental Agreement with Arapahoe County states that the County will provide \$120,000 towards the upgrade of the pretreatment facility. Director Bockenfeld has been instrumental in working out this agreement and helping in discussions with the Sheriff's Department. Director Tinkey stated that this came before the PDACC committee and he is recommending approval of this agreement, but feels that everyone should understand that ACWWA is committed to a long term operation of the facility without any compensation. Mr. Atkin stated that right now our practice requires $\frac{3}{4}$ of a FTE to operate this facility. With the installation of this equipment, staff expects this to go to .1 FTE to operate the facility which is roughly an hour a day. Also, hand raking is required at this time and can cause a safety hazard, but the new equipment will eliminate this risk. Mr. Atkin informed the Board that the Sheriff is aware of the material that comes from the detention center to this facility, and understands that it will not be in compliance with planned pretreatment rules and regulations. If the pretreatment rules and regulations are not met, ACWWA will be able to add a surcharge to the billing. Director Mackenzie asked if we presently are reimbursed for the O&M. Mr. Atkin said ACWWA is not. A motion was made by Director Bockenfeld and seconded by Director Miller to approve the Intergovernmental Agreement with Arapahoe County for upgrades to the Arapahoe County Justice Center Wastewater Pretreatment Facility Project A-152. The motion passed 7 to 0.

Mr. Atkin requested a change to the agenda moving Item #13C to be the next topic discussed.

Item #13C – Foxfield Sunrise Senior Center Update

Mr. Koger stated that Mr. Bovard attended the December Board meeting on behalf of the Seevers family in regard to some excess water rights that were sold

to ACWWA several months ago. The Sunrise Senior Center would require 22 tap equivalents and Mr. Bovard was appealing the prior purchase of water rights by ACWWA. He requested that ACWWA “unwind” the deal so he could make those water rights available to be applied toward the water resource requirement for the Sunrise Senior Center. This matter was referred to the Water Committee and it was decided that there was no reason for ACWWA to “unwind” the deal. The ability to purchase those water rights was a benefit for ACWWA as part of the Foxfield Agreement. There was also discussion about expanding ACWWA’s service commitment to this development given that the Foxfield Agreement only addressed a certain number of residential taps. Mr. Atkin stated staff is looking for confirmation from the full Board that the request for “unwinding” the deal be denied. There is no motion necessary since ACWWA would just continue to follow the contract currently in place. The Board did not direct staff to vary from the current requirements.

Item #10 – Board Policy Manual

Director Henderson talked about the Board Policy Manual being a working live document for the Board members and wanted it to be something that they can actually refer to. He went through the manual and explained each section in the book. Mr. Atkin stated that over the course of every year changes will be made to the handbook. Director Henderson also acknowledged the support and work on the handbook by Ms. Barbara Townsley.

Item #11 – Report by Staff on Wastewater Plant Construction Project

Mr. Atkin introduced Mr. Patrick Reed who is ACWWA’s Senior Inspector on the Wastewater Plant Construction Project and Bryan Rodriguez who is doing the day to day inspection. Mr. Reed addressed the Board. This project is a \$29 million project which is the largest project that has ever been done at ACWWA. It will take approximately 2 years to complete. The project is being done in partnership with Inverness Water and Sanitation District, Glacier Construction who is the contractor and Richard P. Arber who is the design engineer. Mr. Reed went over some information that is in the Board packet. The first change order for \$130,000 was issued at the beginning of the project and it added 30 days to the contract. Change order #2 is being worked on at this time. It will be for approximately \$70,000 and a 24-day time extension due to weather. Mr. Rodriguez addressed the Board. He went over diagrams of the project and also pictures of the construction site in the Board packet. Mr. Rodriguez said that the construction company is doing a great job and they are making great progress on the project. Mr. Rodriguez offered to give a tour of the project at any time. Mr. Atkin suggested setting up a tour in a couple of months when the weather warms up.

Item #12 – Report on Water Supply Options

Mr. Koger referred to a handout pertaining to renewable water supply options. The handout lists possibilities for water supply for ACWWA in the next 15 years but does not include longer term projects on the horizon such as Flaming Gorge.

Item #13A – Update on South Metro Water Authority

Mr. Atkin informed the Board that the South Metro group listened to a presentation from Parker Water and Sanitation District. Parker's CIP for water projects and water acquisitions is \$700 million effective today, and told the Board that Parker bought several farms in Logan County. Their intention is to import water. South Metro has expanded from 12 members to 13 members and they should be finishing the master plan within a month or so.

ACWWA has been working with 3 or 4 of the other agencies on a potential project to bring water from Greeley called the Renaissance Project. There is a potential of 3,000 – 10,000 acre-feet of supply that would be available for the agencies that are interested in working with Renaissance.

Item 13B – Joint Water Treatment Plant Update

Mr. Koger stated that after going through the reverse-osmosis process there is a concentrate that needs to be treated further to remove the phosphorus before the water is discharged into the stormwater system. To remove the phosphorus a microfiltration process needs to be done. With the concentration of the solids in the stream, a pretreatment process in addition to the microfiltration process is needed. Another step needs to be added to this and some chemicals are being added to the water that are adding phosphorus. The consultant is looking at what is the appropriate chemical to add because the one that is planned now adds a fair amount of phosphorus before it gets removed. More testing will be done and the consultant is working on plans to add concentrate pretreatment. The impact to ACWWA is a possible delay of the project between 2 and 4 months. The cost to add a pretreatment process is approximately \$1 million. ACWWA and Cottonwood had planned to go out to bid on this project very soon. Staff is meeting with the consultant in the near future to discuss direction. Director Tinkey asked if there has been any movement on the substitution for the test species needed to confirm that the concentrate discharge is nontoxic. ACWWA and Cottonwood are coordinating with the State to approach the EPA for approval to use a more salt-tolerant test species. The treated concentrate will be discharged into a creek so the testing must prove that the discharge is nontoxic. Director Tinkey wanted to know if the concentrate pretreatment will help this process or make it worse. Mr. Koger doesn't feel it will alter the toxicity testing considerations. The treated concentrate has been shown to pass every test except one which is to keep the microscopic bugs from dying off over time. Mr. Atkin stated that what we are asking for has been approved in other parts of the country.

Other EPA regions have allowed this change to the test species. Director Henderson asked if we are pioneering this. Mr. Atkin said that we are pioneering this for EPA Region.

Item #13D – Water Supply to Extraterritorial Service Areas

Mr. Atkin said that the Water Committee has had some discussion about what ACWWA's policy should be regarding extraterritorial service areas that do not have sufficient water rights for service or what the policy should be if there is water to accompany them. Staff would like the Board to deliberate on this item and provide more policy direction. Director Henderson commented that this is a huge issue and needs proper deliberation. Mr. Atkin stated that during the discussions with the developer regarding the Fetters Property, staff made it very clear that they would need to bring renewable water in order to secure service from ACWWA. If not, a water resource fee would be applied in the amount of \$30,000 per acre foot. Mr. Atkin would like to know if that practice is acceptable. Should ACWWA take on new territory outside the main service area without having secured more renewable water? With the long term obligations, does it benefit ACWWA's customers to take on additional extraterritorial commitments if no renewable water is provided? Director Miller wanted to know the amount of renewable water in our portfolio. Mr. Atkin said it was about 10% of our developed portfolio. Director Henderson said that it would be good to have a policy in place. Per Mr. Atkin and at the Board's direction staff will put this on the agenda for the next Water Committee meeting to develop policy recommendations for water supply to extraterritorial service area.

Item #15 – Report on Options to Improve Water Quality Issues in the Antelope Neighborhood

Mr. Koger addressed the Board concerning the Antelope neighborhood. Staff discussed a number of options with the PDACC, but settled on a combination of three options. The first, a short-term option, is to divide the system and loop the north half of the system back to the main system. The south half of the system could then be flushed every 2 weeks, using much less volume than flushing the whole system. In considering the long-term options, there is some uncertainty on the merger with Chapparal until the vote by their residents in November. If the vote goes in favor of the merger, then a line could be extended from Antelope to Creekside Elementary School, which is currently served by Chapparal Metro District. The cost of this is \$270,000 but would provide reliable, looped service to the school as well as the southern portion of Antelope. If ACWWA does not merge with Chapparal, an internal loop could be constructed between the north and south sides of Antelope system which would allow flushing the water through the southern portion. The cost of this option would be about \$60,000. The choice between the long-term options is pending the outcome of the November vote. At Director Tinkey's recommendation not to waste the water in the meantime, staff has contacted the school district to see if they could make use of the water that is

flushed from the system if it was available to them. Director Miller stated that we need to do whatever we can to improve this situation as quickly as possible. Mr. Atkin stated that there are operational issues that have been modified to allow improved operations but the constructed solutions would be addressed following a firm decision on the Chapparral merger.

EXECUTIVE SESSION

A motion was made by Director Bockenfeld and seconded by Director Tinkey to move into Executive Session to discuss the Bosco and the Elbert County Water at 10:57 a.m. pursuant to Section 24-6-402(4) (B) and Section 24-6-402(4) (E) C.R.S. The motion passed 7 to 0. (Minutes of executive session kept separately pursuant to HB 01-1359.)

The Board took a short break at 10:57 a.m.

Director Miller left the meeting at 11:05 a.m.

Meeting resumed at 11:08 a.m.

Director Dyer left the meeting at 11:52.

The Executive Session ended at 11:56 a.m. A motion was made by Director Bockenfeld and seconded by Director Tinkey to authorize legal counsel to move the court for dismissal of the Summers Group claim against ACWWA. The motion passed 5 to 0.

A motion was made by Director Bockenfeld and seconded by Director Tinkey directing legal counsel to write a letter to the attorney for Mr. Bosco and Bosco Constructors demanding full payment of accrued liquidated damages. The motion passed 5 to 0.

OTHER MATERS

Item #16 - Financial Report

Ms. Achee informed the Board that the audit will be finished at the end of the month. She will have a presentation for the Board in April. Director Mackenzie requested the font to be bigger for the financial report.

Item #17 - Legal Report

Mr. Kron discussed Amendment 41 and stated that ACWWA is not subject to this amendment. There is a draft bill that is being circulated among attorneys trying to clarify or fix Amendment 41. There is still work to be done.

OTHER MATTERS:

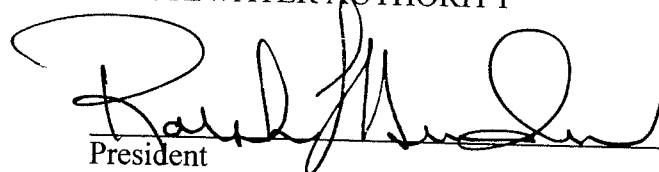
Mr. Atkin stated that last year when ACWWA purchased the Western Water assets, ACWWA did not purchase all of it's percentage at that time. The cost was \$4 million. The total purchase commitment is closer to \$6 million. An additional \$1 million for asset acquisition was added to the budget, which will be on the agenda for next month. Next year the same thing will be done. At that time, ACWWA will be the biggest shareholder of the Western Water assets.

ADJOURNMENT:

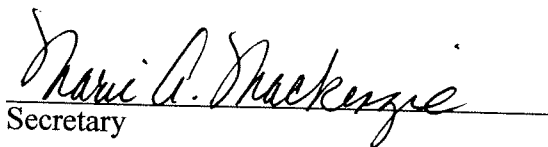
A motion was made by Director Tinkey and seconded by Director Marie Mackenzie to adjourn the meeting at 11:58 a.m. The motion passed 5 to 0.

Approved: March 14, 2007

ARAPAHOE COUNTY WATER AND
WASTEWATER AUTHORITY


President

ATTEST:


Secretary