



Minutes of the Southeast Metro Stormwater Authority

Board Meeting

The Board Meeting of the Southeast Metro Stormwater Authority (SEMSWA) was held on Thursday, September 28, 2006 at 3:00 p.m. at 10730 E. Briarwood Ave., #100, Centennial, CO 80112. A full and timely notice of this meeting had been posted and a quorum was present.

The meeting was called to order by Chairman Bart Miller.

Those present were: Board Member Rod Bockenfeld
Board Member Bart Miller
Board Member Andrea Suhaka
Board Member Ron Weidmann
Board Member Bernie Zimmer

Also present were: Steve Gardner, Arapahoe County Public Works
Ed Krisor, SEMSWA Attorney
John Pazour, Centennial City Manager
Will Koger, ACWWA
Molly Trujillo, ACWWA
Bob McGregor, AMEC
Jon Sorensen, AMEC
Elaine Kyle, CH2M HILL
Michele Majeune, CH2M HILL
Todd Rogers, CH2M HILL-OMI
Nancy Snyder, Colorado Business Bank
Rhonda Livingston, Algonquin Acres

The alternate representative from the special districts was not in attendance.

Board Member Ron Weidmann suggested striking the text (shown italicized below) from the September 20, 2006 Board meeting minutes:

- Board Member Ron Weidmann made a motion to adopt Robert's Rules of Order for conduct; Board Member Andrea Suhaka seconded the motion; all present voted Aye. The motion was approved. *During discussion of this item there was consensus that at times, "Robert's Rules" could be temporarily suspended to facilitate discussion and exchange.*
- Ed Krisor is reviewing the building lease agreement, *which should be signed within the next three weeks to stay on schedule.* A non-binding letter of intent has been signed.

Board Member Andrea Suhaka made a motion to approve the revised minutes. Board Member Ron Weidmann seconded the motion. All present voted AYE. The motion passed and the minutes were adopted.

The districts need to designate an alternate. The alternate eventually will be on a rotating basis, but in the interim an alternate is needed.

Steve Gardner to collect Board Members' social security numbers in order to report their earnings for attending Board meetings (the IGA states that Board Members get paid \$100 per meeting attended).

Ed Krisor will send fully executed copies of the IGA and contact information to Department of Local Affairs and the State Auditor. The State Auditor will send a packet of guidelines. A Tax Identification Number should be issued September 29, 2006.

Because this entity is a Water Activity Enterprise and taxes are not collected, the Authority is exempt from TABOR. Ed Krisor distributed a draft resolution to create the Water Activity Enterprise. Board Member Andrea Suhaka made a motion to adopt the Water Activity Enterprise resolution. Board Member Bernie Zimmer seconded the motion. All present voted AYE. The motion passed. The Enterprise is a subset of the overlying Authority; therefore, a separate set of financial books is not required.

Steve Gardner reported that the short list of firms that could provide executive and finance directors has been drafted. Steve indicated that CH2M HILL identified the firms on the short list for interim Executive Director/Finance Director based upon those that had engineering experience and that were suited to provide Finance Director duties. After some discussion about possible conflicts of interest with some of the firms, it was decided to solicit statements of qualification and have the firm list/describe why they don't feel there is a conflict of interest. Steve Gardner will draft a job description and e-mail it to Board Members next week. It will include experience with stormwater and start-up operations and setting up the financial structure. It was decided that this position would be for a term of 1 year and the contracts would be on a time and materials basis for a minimum of 1,000 hours. A decision will be made by November 1, 2006.

Stormwater Fees –Approaches and Rate Establishment:

Level of Service: Jon Sorensen/AMEC provided the board with a presentation regarding factors to consider when establishing levels of service and stormwater fees/rates. He emphasized that the first place to begin with is to determine levels of service, which mostly relates to the frequency and extent of maintenance of the stormwater structures within the Authority boundary area. This maintenance frequency looks at life safety issues, property damage reduction and environmental protection. SEMSWA infrastructure that needs to be maintained includes approximately 230 miles of streams, 160 miles of storm sewers and about 400 detention/stormwater ponds. With adequate maintenance the lifespan of storm drain facilities gradually reduces over time. The goal is to provide enough maintenance to provide the lowest long-term life-cycle cost. The challenge for SEMSWA is that many of its facilities are currently only minimally maintained, or in response to complaints. The new NPDES requirements require a level of facility maintenance to fulfill NPDES water quality requirements.

A summary of potential levels of services costs was presented and reviewed for the types of facilities in the SEMSWA system. The question of easements and maintenance of easements

was discussed, along with the issues (pros and cons) of taking over maintenance of private ponds. The Board discussed the benefits of targeting the median level of service. No actions or decisions were finalized at this meeting.

Capital Program: The Board also reviewed potential remedial and capital projects that could be undertaken in 2007 and shortly thereafter. Those are projects for which design is generally complete. Several, but not all of these potential projects might be eligible to receive UDFCD matching funds. Steve Gardner reminded the Board that work on these projects would show the public that progress toward stormwater improvements is being made. The Board acknowledged that they would need further discussion on developer projects, and capital projects relevant to ACWWA. No actions or decisions on this topic were finalized at this meeting.

Rate structures: AMEC reminded the Board that they are doing analysis of properties on the basis of assessing the impervious surfaces on parcels. They are and will also be assessing intensity of development and reporting on how that impacts fees. AMEC completed an assessment of all single family residential properties and their area (sq. foot) of impervious surface. There are about 45,000 residential properties in the Authority area. AMEC reviewed three potential approaches for fees: a flat fee, a tiered fee (capped) and fees based on actual impervious surface. Information on these approaches, relative to the AMEC survey of parcels in the area was presented. AMEC presented similar information relating to non-single family parcels, and commercial properties. There are about 6,000 non-residential properties in the area.

In determining fees, issues of public understanding, equitability, and cost of implementation/billing will need to be considered. John Pazour asked staff to investigate and report back on why some cities are using tiers, but many use a flat fee.

The board informally agreed that they would strive to consider the stormwater fees/ rates in upcoming meetings with the goal of deciding over the next two weeks or so.

The Board recessed for a break.

When the meeting reconvened, Centennial City Manager John Pazour replaced Board Member Bart Miller, who had to leave early. Rod Bockenfeld assumed the duties of chairperson.

The public will need to be notified about the rates. This could be accomplished through public meetings and other means. Board Member Ron Weidmann said that the fee structure has been discussed at ward meetings. The rates must be provided to the Treasurer no later than November 1, 2006.

2006 Budget: Board Member Ron Weidmann made a motion to adopt the proposed 2006 budget that was presented to the Board. The motion was seconded by Board Member Bernie Zimmer. After a discussion on the Motion including a discussion in regard to the amount of the loan from Colorado Business Bank that was being proposed, the Motion was passed with four Board Members voting AYE and Board Member Andrea Suhaka voting NAY, the motion passed.

Operating Loan: Immediately following the discussion and adoption of the 2006 budget, the subject of the amount of the loan to be taken out from Colorado Business Bank was brought before the Board. Steve Gardner reported that staff performed due diligence in obtaining loan information from various lenders, including JP Morgan, Vectra Bank, and Colorado Business Bank. References were checked (spoke with ACWWA). The Board was given a copy of the loan commitment from Tatonka Capital Corporation. The amount of the loan was again discussed as well as its terms. Discussion included the possibility of negotiating more favorable terms on the loan in regard to the current prepayment penalty should the Authority pay the loan off prior to its dues date or make additional payments. Steve Gardner was instructed to negotiate with Colorado Business Bank in attempt to obtain agreement for more favorable loan terms. In addition, there was discussion in regard to the impact of a February 2008 cash reserve of less than \$1 million. A representative from Colorado Business Bank also told the Board that after the loan was made, Colorado Business Bank would purchase the loan from Tatonka Capital Corporation. Board Member Ron Weidmann then moved and Board Member Bernie Zimmer second a motion to approve the obtaining and finalizing a \$3.5 million loan on terms as least as good as those contained in the loan commitment provided to the Board. The motion was adopted unanimously.

Ed Krisor will draft/review contracts with AMEC & CH2M HILL to continue providing their services.

Due diligence was performed on the insurance companies that were solicited for quotes. The companies selected were Aon, Marsh, and CIRSA. CIRSA sent a letter respectfully declining to provide insurance coverage, which was distributed at the meeting. Aon could provide full service insurance and risk management services; therefore, the Board recommended contracting with Aon, subject to reasonable rates. This will coincide with Board Member Bernie Zimmer's review of the coverage and rates. Insurance must be in place when equipment is moved into the building. Aon will also provide Officers and Directors insurance, which the board members felt needs to be in place quickly.

Board Member Ron Weidmann made a motion to adjourn.

Summary of Action Items:

- 1.) Identify alternate for the Special District [Steve Gardner to follow up with Board Member Darryl Bellamy]
- 2.) Collect Board Members' social security numbers [Steve Gardner]
- 3.) Send fully executed copies of the IGA and contact information to Department of Local Affairs and the State Auditor [Ed Krisor]
- 4.) Draft job description of Executive Director/Finance Director and e-mail to Board Members next week [Steve Gardner]
- 5.) Provide revised short list of companies for Executive Director/Finance Director, including Merrick & Company [Steve Gardner]
- 6.) Move forward with loan negotiations [Steve Gardner]
- 7.) Draft contracts with AMEC & CH2M HILL [Ed Krisor]

- 8.) Determine rate schedule within two weeks [Board]
- 9.) Work with Aon to get business insurance policies issued [Steve Gardner/Board Member Bernie Zimmer]
- 10.) Confirm with City that they will maintain stormwater staff in their budgets through December 2006.