

RECORD OF PROCEEDINGS

CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS

OCTOBER 30, 2017

The regular meeting of the Board of Directors of the Cherry Creek Valley Water and Sanitation District was held at the District Offices, 2325 S. Wabash Street, Arapahoe County, Colorado, at 7:00 p.m. on October 30, 2017.

PRESENT

Paul Hanley – Chairman
Mark Lampert – Vice Chairman
William MacPhee – Secretary/Treasurer
Frederick Norman – Director
Bradley Rastall – Director

OTHERS PRESENT

John Warford – Manager
Lisa Glenn – Office Manager/Accountant
Darryl Farrington – Semple, Farrington & Everall, P.C.
Eric Hein – Merrick & Company
Matt Poznanovic – Petrock & Fendel, P.C.

Mr. Hanley, Chairman of the Board, called the meeting to order at 7:02 p.m.

The first item on the agenda was approval of the agenda. The Board unanimously approved the agenda and unanimously approved the consent agenda approving the September 20, 2017 minutes, the September 2017 financial report and September 2017 payment of bills.

Chairman Hanley opened the meeting for public comment at 7:03 p.m. There were no members of the public present, therefore the public comment period was closed at 7:03 p.m.

The Engineering Report from Mr. Hein included the following topics:

- 2017 CIP Projects – Dayton Street waterline replacement – the main replacement is complete. Minor clean-up is needed. Merrick has completed base map updates and they are preparing project close-out documents for Denver Water. The Creekside waterline replacement – work is complete and the punch list was completed. All work was acceptable except one hydrant must be raised twelve inches. There were change

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT OF OCTOBER 30, 2017, CONTINUED

orders for the two breaks that occurred on that line during the replacement and also fittings the District added for the Skymark apartment tie-in. Merrick has completed base map updates and they are preparing project close-out documents for Denver Water. 2016 Florida Sewer CIPP – Merrick is preparing pay application for contractor payment.

- Developer Project Updates – Iliff Avenue Townhomes, Falling Water, Dayton Street Townhomes, Hunter's Run Fireline, Sierra Vista Fireline, Eloise May Library and Sky Mark Apartments.
- Merrick is assisting District personnel locate water lines in the intersection at Yosemite and Iliff to create correct mapping of those lines.
- Merrick prepared 5 year construction in progress plans for sewer and water based on discussions with District management used for short-term budgeting.
- Merrick updated the 2014 Asset Plan with 2017 costs for long term budgeting purposes.

Mr. Lampert arrived at 7:08 P.M.

Next on the agenda was the Attorney's report from Mr. Farrington:

- Mr. Farrington presented a revised draft of the District's Rules and Regulations Article 1 adding new subsection 1-10-4 "Variations in Water Pressure" that has similar language as in Denver Water's Operating Rules. Subsection 1-10-4 basically states that it's not the District's obligation to maintain a specific water pressure. Mr. Warford said this was added to the rules and regulations because Skymark apartments is installing a pump for fire protection on a seven story building and although the water pressure is high right now in that area, it may decrease in the future from Denver Water. Denver Water has had pressure changes in other areas and state in their Operating Rules that water pressures may vary. Article 10 was also revised adding subsection 10-10-2 which incorporates the suspension of service provisions of section 3-4 of the District's rules, stating that the District shall have authority to suspend water service immediately in an emergency backflow situation, and providing a hearing process for non-emergency cases of a customer's not complying with the District's backflow requirements. Subsection 10-6-1 added language stating that backflow testers must be certified by the American Society of Safety Engineers or the American Backflow Prevention Association. Article 3 was revised to increase all fine amounts to \$1,000 that were previously \$500. The fine amount change was posted on the District's website for 30 days prior to this

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT OF OCTOBER 30, 2017, CONTINUED

Board meeting. The Board unanimously adopted the above changes to Articles 1, 10 and 3 of the District's Rules and Regulations.

- Mr. Farrington has not heard back from the County on the revisions to the median landscape agreement and special provisions he sent to the Art Negretti and County Attorney, Robert Hill.
- Mr. Farrington researched the possibilities of the District becoming a voting member of Metro Wastewater Reclamation District (MWRD). Of the 48 direct service customers of MWRD, 22 are voting members and 26 are special connectors. Twenty voting members are the original founders from 1961 and two were added shortly thereafter. All connectors added since then have been classified as special connectors. There has never been a request by a special connector to become a voting member so there is no process for that at this time. Currently there is a 36 member Board and each member represents 75,000 in population or fraction thereof. Mr. Warford said he was looking into this because the District's contract with the City and County of Denver has expired and if the District has customers that have access only to Denver lines and not Metro lines, the District may need voting power at Metro to take ownership or shared ownership of Denver lines so customers will have sewer service. Mrs. Glenn stated that the development that has been having problems obtaining sewer service on a Denver line is close to resolving the issue with Denver. Chairman Hanley asked that the Metro contract be put on the agenda for the next meeting. Mr. Farrington said that a voting member has the opportunity to participate in the governance of MWRD and that the only other differences were that voting members only pay 1.0% interest on late payments instead of 1.5%, but the District has never had a late payment to MWRD. Also voting members can change their boundaries without MWRD approval, but the District would not do so since Aurora and Denver surround the District on all sides.

Mr. Poznanovic arrived at 7:25 P.M.

The following items were discussed in the Manager's report from Mr. Warford:

- Chairman Hanley and Secretary/Treasurer MacPhee signed the investment policy that was approved at last month's Board meeting.
- The Dayton Street waterline replacement is complete except for some small clean-up items. The Creekside waterline replacement has been completed and a check has been made out for the first pay estimate less the amount Mr. Warford paid for an occupant's car that was hit during construction. The occupant said that the contractor's insurance denied the claim.

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT OF OCTOBER 30, 2017, CONTINUED

- Mr. Warford and Mrs. Glenn met with Ron McLaughlin from Merrick to discuss the information needed for the tiered rate study. Mrs. Glenn has sent the information requested. Mr. McLaughlin said he will prepare a tiered rate system on economics first and then the Board can make changes if necessary.
- Matt Dempsey at Ehlers has been provided with all information he has requested for their financial plan analysis. Mr. Warford and Ehlers thought having a special meeting at the end of November or beginning of December would be best for presenting the information so there are no other distractions. The Board agreed and Mrs. Glenn will get the meeting date set up.
- Mr. Warford, Mr. Buchanan, Mrs. Glenn and Mrs. Kreycik met with Chris Etcheson of CDPHE. CDPHE has many new requirements that the District will have to meet over time. Mr. Etcheson will guide the District when each plan/report will be required. The District did not get its General Monitoring Plan completed since the last time he was here and noted this in a letter to the District. Mr. Etcheson will work with Mrs. Glenn to get the plan completed. The District is on target with its Backflow program for surveying and obtaining backflow tests for 2017.
- 2018 Draft Budget – Water and sewer increases have been passed on to customers based on information from Denver Water and Metro Wastewater. Designated investments was revised to show 30 years of water and sewer replacements from Merrick's 2017 Asset Plan, 5 year CIP Plans and the costs for the settling basin and water intake structure for the reservoir project were also included. Additional tap fee collections were added in revenue for Iliff Avenue Townhomes based on the developer's estimates. Capital outlay also increased due to budgeting for replacing the Dallas St waterline in Huntington in 2018 and the cost of the settling basin and water intake structure for the reservoir project in 2018. The Budget hearing is scheduled for the November 15th Board meeting and was advertised in the Denver Post on October 12th.
- The County doesn't want the education center next door to be done piecemeal. They'd like a full set of plans on what will be done with the property. Mr. Hanley said that the Board needs to determine if there will be a demand for this project before funds are expended. Mr. Lampert said the education center was going to be for the reservoir project and now that it's on hold, the Board and management need to come up with a plan for its use and if it will be in conjunction with another organization.
- Mr. Warford contacted Silicon Ranch regarding the use of solar energy to supplement the District's electric use. Silicon Ranch would own the system for 20 years. Mr. Hanley said the information on the Silicon Ranch website suggests they do much bigger projects

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT OF OCTOBER 30, 2017, CONTINUED

and may not be interested in the District's smaller project. Xcel Energy only allows the size of the project to be 120% of your energy usage over the last 12 months. Mr. Warford will work with Silicon Ranch or other solar companies to put together a preliminary analysis for the Board.

- Mr. Bader at Lytle Water Solutions found a glitch in the weekly accounting for the Wabash complex where the previous week's augmentation requirement can change based on the current week's input. It appears that each week's data was not correct but on a monthly basis it was correct. The lag depletions were not calculated properly. The glitch has been corrected.
- Mr. Warford will get the area cleaned up along the creek and which could be used for recreational use. Mr. Lampert said the area in the floodplain could be a park. Mr. Hanley asked about the statute regarding parks & rec and water & san districts. Mr. Farrington said that a water district can operate a park if it's in conjunction with its water functions. Mr. Hanley said the area around the infiltration basin could be a park. Mr. Poznanovic said there's a new favorable statute with lined storage that says that whatever you divert in priority into a lined storage structure can be made absolute for all decreed uses without actually putting it to use. Mr. Warford said we could pull the water off the creek and transfer it over to the golf course and their augmentation would be less and they could use it for irrigation. The District could charge the golf course for this use. The lines are already in the ground over to the golf course but the pump station would need to be built. Mr. Hanley is reluctant to spend funds that will benefit only one area of the District unless a park would be built that would benefit all district customers. Mr. Poznanovic said a benefit from this concept is limiting the amount of pumping from the Laramie Fox Hills (LFH) well.
- Mr. Poznanovic looked at the rapid infiltration basins (RIBs). Water is delivered to an unlined pond and the water slowly percolates back to the creek. A surface diversion or well can be used to deliver water to those basins. If you take water out of the creek with a surface diversion into the basin and it reaches the creek on a day that is out of priority, you can use that water as an augmentation credit rather than using the LFH water. The closer the basins are to the creek, the quicker that water makes its way back to the creek. The property behind the District's office building is very close to the creek. Fifty percent of the water put into the basins will return to the creek in twelve days. The rest of the water takes a while longer to get back to the creek. The water that makes it back to the creek in 12 days can be put back into the basin and be retimed again. Mr. Hanley said there would have to be a lot of coordination with the golf course to make it

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT OF OCTOBER 30, 2017, CONTINUED

work. Mr. Poznanovic said that if you pump the water out of the ALV-1 well on a free river day, there's a lag on the depletion from today's pumping. The pumping causes a depletion that hits the creek slowly over 23 weeks. 60% of that depletion hits the creek in 2 weeks and 40% of the depletion hits the creek over 21 weeks. If the depletions are hitting the river out of priority, you must replace those depletions. The recharge water coming back could offset some of those pumping depletions, but then you're just treading water. Mr. Poznanovic and Mr. Lytle feel that the well pumping option is not a good option for supplying the RIBs close to the creek. The cost would be high and there would be very limited benefit. Mr. Warford said using the golf course as the storage area or pumping from their Holland Marcus wells could be more beneficial since all the facilities are probably further from the creek. Mr. Hanley said there are some sandy areas on the golf course that could be used as RIBs. Mr. Hanley directed Mr. Warford to get a plan together and some budget figures to present to the Board.

- Mr. Warford, Mrs. Glenn and Mr. Buchanan met with Art Negretti of Arapahoe County and the utility coordinator for the County's Iloff widening project. Many of the District's facilities must be moved or adjusted; vaults, fire hydrants, valves, valve boxes, etc. One major change the County requested was the District eliminating the parallel Syracuse sewer line next to the Iloff sewer line for installation of overhead lines in the same area. Mr. Negretti said the District will need to pay for that "betterment" but Mrs. Glenn pointed out this sewer change would not have to be done if the County was not widening Iloff. Mr. Negretti will look into pushing the overhead lines south if possible. Mr. Hein from Merrick will provide a cost estimate to eliminate the parallel lines for the County to determine if County funding is available if the overhead lines cannot be moved south.
- Chairman Hanley and Mr. Warford suggested adding Mrs. Glenn as an authorized check signer on the District's Wells Fargo accounts. It will save time for the Board members from coming by and signing checks as well as Mrs. Glenn tracking down Board members to sign checks when Mr. Warford is out of town. Mr. Lampert feels that the preparer of the check should not be a signer. The District's auditors feel there will be no internal controls issues as long as there are two signers on each check and all expenditures are reviewed by the Board every month. The Board unanimously voted to add Mrs. Glenn as a check signer on the District's Wells Fargo accounts.
- The Board reviewed the proposal from the Center for Resource Conservation for the sprinkler inspection program. All Board members thought this was a good water saving tool and voted unanimously to approve the expenditure of \$116,450 to contract CRC to

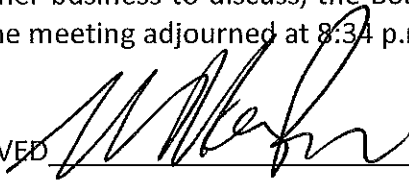
RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT OF OCTOBER 30, 2017,
CONTINUED

perform sprinkler inspections on all 42 multi-family complexes, 150 residential
properties, 20 commercial properties, and 20 irrigation only taps.

There being no other business to discuss, the Board unanimously voted to adjourn. Chairman
Hanley declared the meeting adjourned at 8:34 p.m.

READ AND APPROVED



DATED

11-15-17