

**MINUTES OF A BUDGET WORKSHOP
OF THE BOARD OF DIRECTORS OF THE
SOUTH METRO WATER SUPPLY AUTHORITY**

HELD: Monday, October 7, 2013 at 3:00 p.m. at 8400 East Prentice Avenue, 15th Floor Conference Room, Greenwood Village, Colorado

ATTENDANCE:

A workshop meeting of the Board of Directors of South Metro Water Supply Authority ("Authority"), Douglas and Arapahoe Counties, Colorado, was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

Ron Redd, Parker Water and Sanitation District
Mark Marlowe, Town of Castle Rock
Dave Kaunisto, East Cherry Creek Valley Water and Sanitation District
Charlie Krogh, Pinery Water and Wastewater District
John Hendrick, Centennial Water and Sanitation District

Also present were: Eric Hecox, SMWSA, Executive Director of the Authority
Rick Marsicek, SMWSA, Director of Engineering
Mikal Martinez, SMWSA, Assistant
James Hunsaker, Spencer Fane & Grimshaw

BOARD DISCUSSION:

Eric Hecox provided an explanation and made recommendations to the Board on the following:

Suite Cost Analysis: Eric Hecox explained the comparisons used to analyze the option of staying in the current offices at the Executive Business Center (EBC) with the option of moving to 5101 DTC Blvd., Suite 420 for a five-year term. The analysis was designed so that the number of offices priced out and the rate of employee growth were equal for each option. Based upon the cost analysis showing a significant savings by staying in the current space and after discussion, the Board agreed that it might be better to stay in the current building and revisit the option of moving in one to two years. The Board directed staff to continue negotiations with EBC.

SMSWA Master Plan Update: Eric laid out the current plan for selecting a master plan consultant and he explained the potential budget cost for 2014. The question for the board is: what is the timeframe or how many budget cycles is preferred for completing the master plan? Would phasing be necessary or preferred? The Board discussed the question of how much to budget for in 2014. Eric made the suggestion to budget for \$150,000 for the first year and then to phase out the rest of the work and expense. After additional discussion the Board directed staff to budget for Task 1

RECORD OF PROCEEDING

(Demand Analysis) in the 2014 budget and increase the Contingency budget line item in case the Master Plan moves more quickly or funds are needed for other activities. The Board also discussed the benefits of a regional master plan and the difficulty of compiling various forms of complex data from individual members. The Board suggested we work with the chosen consultant to develop a way that each member can provide their own data to be compared to the other members of South Metro to pare down the expense and time for the chosen consultant.

Staffing Cost Share Split: Eric explained how the current splits are configured with regards to payroll and benefits. The Board discussed the current split between SMWSA, WISE, Chatfield, and potentially Conservation and Education tasks. Mr. Hecox made the suggestion that 10% of his salary/benefits be allocated to Chatfield. Staff will work with CLA to reflect the staff/benefits splits in the budget.

Public Relations: The Board discussed public relations services and suggested changing the LawsComm contract from a retainer to time and materials.

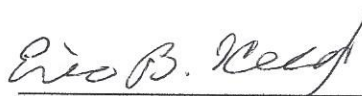
Conservation and Education: Eric updated the Board on DCWRA's work involving conservation and education, and the discussions over the past few months regarding South Metro absorbing some of those tasks. Eric reviewed a proposed budget developed in conjunction with DCWRA. The Board provided feedback that the overall budget seemed too high. The Board directed staff to work with DCWRA to prioritize the suggested tasks so the overall budget is about \$150,000 and member dues are the same or less than current. The Board also discussed how to split the budget. They agreed that it should be done through a Participation Agreement where each South Metro member pays the same cost. They also discussed opening the P.A. to non-SMWSA members. The Board directed staff to work with DCWRA on a budget and dues structure to accomplish this.

The proposed date for the Budget Hearing is November 18th.

ADJOURNMENT:

There being no further business to come before the Board, upon a motion duly made, seconded and unanimously carried, the meeting was adjourned at 5:05 p.m. The next regularly scheduled board meeting will be held on October 21, 2013 at 1:00pm at 8400 East Prentice Avenue, Greenwood Village, CO 80111.

The foregoing minutes constitutes a true and correct copy of the minutes of the above-referenced meeting and was approved by the Board of Directors of the South Metro Water Supply Authority



Director of the Authority