MINUTES
FOR THE BOARD OF DIRECTORS
OF THE SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
JUNE 9, 2021
REGULAR MEETING AT 6:00 P.M.

Regular Board Meeting
A duly called Regular Meeting of the Board of Directors of the South Adams County Water and Sanitation District (the “District”) was held on June 9, 2021, at 6:00 p.m. in the District’s Aragon Boardroom at 6595 E. 70th Avenue, Commerce City, Colorado, in accordance with the applicable statutes of the State of Colorado. All Board members received the Agenda and meeting packet in advance of or at the meeting, and the non-confidential portions of those materials were incorporated by reference into the public portion of the meeting and these meeting minutes.

Board Members Present (thereby constituting a quorum):
Mizraim Cordero, President
Heidi McNeely, Vice President
Vicki Ennis, Secretary
William Frew, Treasurer

SACWSD Staff/Legal Present:
Jim Jones, District Manager
Kipp Scott, Water Systems Manager
JM Grebenc, Wastewater Systems Manager
Abel Moreno, Distribution & Collections Manager
Byron Jefferson, Administrative Services Manager
James M. Mock, General Counsel
Dawn Fredette, District Clerk/Legal Assistant

Consultants/Others Present
Glenn Hamilton, Muller Engineering Company
Gary Barber of Hydrosource Inc. (Water Broker)
Bryan Heasty, CliftonLarsonAllen (CLA)
Paul Niedermuller, CLA

CALL TO ORDER
President Cordero called the meeting to order at 6:00 p.m. and then led everyone in the Pledge of Allegiance.

DISCLOSURES OF CONFLICTS OF INTEREST
President Cordero called for Disclosures of Potential Conflicts of Interest. Mr. Mock noted that the Board had received and staff had filed with the Secretary of State’s office more than 72
hours prior to the meeting certain disclosures of potential conflicts of interest statements for the Directors indicating their conflicts or potential conflicts as shown below.

President Cordero has submitted a standing potential conflict of interest letter stating that he is an employee of United Airlines. United Airlines has significant business with the City and County of Denver. The District has a potential adversarial relationship with the City and County of Denver related to water contamination.

Director Frew has submitted a standing potential conflict of interest letter stating that he is an employee and part-owner of Sunshine Plumbing Heating and Air. The Company provides various plumbing, heating, and air conditioning services throughout the Metro Denver Area, including within the boundaries of the District.

Director Scanlon filed an updated disclosure of potential conflict of interest noting that he is organizing 20/20 Growth, an organization that will explore the intersection of innovation and public policy where he will be a paid employee. He is also a Director of the Adams 14 Education Foundation, a non-profit that supports education and literacy programs.

Director Ennis is an employee of Brighton School District 27J and from time to time the School District has business before the District.

President Cordero asked if the Board members had any additional potential conflicts of interest to disclose. There were none.

**EXCUSED ABSENCE**

President Cordero called for a **MOTION** to excuse the absence of Director Scanlon. Director Frew moved and Director McNeely seconded. The **MOTION** passed unanimously.

**AGENDA REVIEW**

President Cordero asked if there were any changes to the Agenda. The Board determined to add Irrigation Pressure as Discussion Item 2.

**APPROVAL OF MINUTES**

President Cordero called for a **MOTION** to approve the Minutes from the Regular Meeting held on May 12, 2021. Director Ennis moved and Director McNeely seconded. The **MOTION** passed unanimously.

**PUBLIC COMMENT**

President Cordero called for Public Comments and stated that members of the public have three minutes to address the Board.

Mr. Barber introduced himself as owner of Hydrosource Inc., market agents since October 2018 for the Trustee of the Prospect Valley ERU Trust. Hydrosource, Inc. was also engaged in mid-2020 by a Business Improvement District to acquire water rights for a development in Castle Rock. Mr. Barber distributed and discussed handout materials regarding the value of the Prospect Valley ERUs.

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Mr. Barber further discussed previous attempts, on behalf of the Trustee, to pre-construct a pipeline with a 30-year lease of the Prospect Valley Water Rights to South Metro Water Supply Authority. He also discussed the recent offer from the Castle Rock developer to purchase the ERU’s held by just one of the bondholders. Mr. Barber indicated he has previously worked with this developer on a different scenario.

Mr. Barber requested that the Board consider continuing this dialog. President Cordero indicated that at the last meeting the District Manager was authorized to continue discussions if there appears to be a solution that benefits both the District and the Prospect Valley ERU holders.

CONSENT AGENDA

President Cordero inquired whether any Board member would like to discuss any particular item. No Board member expressed a desire to discuss or move an item from the Consent Agenda and Director Cordero then read the following Consent Agenda items:

1. Approve Partial Pay Request #26 for the amount of $433,942.55 to Moltz Construction Inc. for the Water Softening Project
2. Approve Final Pay Request from Moltz Construction in the amount of $29,285.45 for replacement of the Klein generator
3. Approve payment of Pay Application #1 from Insituform Technologies, LLC in the amount of $49,194.89 for the 2021 Wastewater R&R Project
4. Approve Electronic Payments
5. Approve the Bill Paying Process

President Cordero then called for a MOTION to approve the Consent Agenda items. Director Frew moved and Director Ennis seconded. The MOTION passed unanimously.

ACTION ITEMS

ACTION ITEM 1 – Presentation and acceptance of the 2020 Audit

Mr. Jefferson introduced Mr. Niedermuller and Mr. Heasty of CliftonLarsonAllen. Mr. Heasty presented and discussed a slide show pertaining to the 2020 Audit. He talked about the responsibilities of CLA as the Auditors and their Audit Opinion. He stated that CLA issued an unmodified opinion this year, which is the highest level of assurance that can be received. Mr. Heasty thanked Mr. Jefferson and his team for all the support they provided for completion of the 2020 Audit.

Mr. Jefferson then thanked Ms. Sarah Niyork, District Accountant, for all of her hard work. He also thanked Mr. Heasty and his team, noting they are a fantastic group to work with.

President Cordero called for a MOTION to adopt the 2020 Audit as presented. Director Frew moved and Director McNeely seconded. The MOTION passed unanimously.
ACTION ITEM 2 – Date for the 2022 Budget Study Session

Mr. Jefferson discussed the District’s annual budget workshop and suggested choosing a date in late September after the SDA conference. Following discussion, the Board determined to hold the annual budget study session on Monday, September 27, at 5:00 p.m. in the District’s Aragon Boardroom. The study session is open to the public.

ACTION ITEM 3 – Date for the Grand Opening of the Ennis Water Softening Facility (EWSF) and the District’s 70th Anniversary Celebration

Mr. Jones discussed combining the Grand Opening and the Anniversary Celebration, noting that the District’s 70th anniversary is in September. Following discussion, the Board determined to hold the combined event on Wednesday, September 1, at 5:00 p.m. at Klein/EWSF.

ACTION ITEM 4 – Amendments to the Construction Contract with Moltz Construction, Inc. for the EWSF and partial release of retainage to Moltz Construction, Inc. in the amount of $1,013,946

Mr. Scott first discussed the calcium carbonate seed system at the EWSF, noting the need for a delivery method to move the seeds from super sacks to the silo. He indicated that a temporary system is currently being used and that Alliance Power has been asked to be the engineering provider on the project.

Discussion ensued regarding the current proposed delivery method versus a method that had been previously considered by the District. Mr. Scott indicated that the previous option was no longer available since the supplier couldn’t commit to a long-term contract due to the unique size of the EWSF. Mr. Scott went on to provide further details of the construction. He discussed project costs and budget, and the equipment bids received by Alliance Power.

Secondly, Mr. Scott discussed using contract labor supplied by Moltz Construction, Inc. to operate the EWSF due to recent loss of staff. He noted that management has discussed options and decided contract labor would be the best solution at this time. Moltz’s staff is familiar with the system and had been actively involved in providing operational support of the plant during start-up, so they have experience and have shown they know how to fulfill the role. As a result, Moltz will provide contract services for the next 90 days on an as needed basis. Mr. Scott indicated they are currently recruiting for the open positions. Discussion ensued regarding related budgetary matters.

Lastly, Mr. Scott discussed completion of the project, which is finished except for the seed system. He indicated that Moltz Construction, Inc. has requested payment of approximately $1,013,946 in retainage, which would leave approximately $50,000 for the remaining items just discussed.

Mr. Mock discussed the statutes that regulate release of retainage and indicated that the partial release that’s being proposed is allowed under the statute provided that the Board determines that satisfactory and substantial reasons exist for the payment and shall require written approval from any surety furnishing bonds for the work. He also discussed the option of holding the retainage and the possible financial impact to the District of doing so. Discussion ensued and it was determined that satisfactory and substantial reasons did exist to make the
payment of retainage, including that the District does not want to have to pay Moltz’s carrying costs of the retainage on account of the additional work the District will be requiring Moltz perform.

Mr. Scott indicated that Staff is seeking approval from the Board to continue working on the amendments to the Construction Contract with Moltz Construction, Inc. for the EWSF to: 1) construct a pellet seed transfer system in an amount not to exceed $300,000, 2) provide contract labor for a period of 90 days for a not to exceed amount of 125,000; and 3) preliminary approval of a partial release of retainage to Moltz Construction, Inc. and publication of a Notice of Partial Final Completion in the approximate amount of $1,013,946.

It was noted that final approval of the Construction Contract amendments and partial release of retainage will occur at the July meeting.

President Cordero called for a MOTION to approve continued work on the amendments to the Construction Contract with Moltz Construction, Inc. and to determine that substantial and satisfactory reasons exist to make the payment of retainage, that Moltz’s surety provider must give written approval, and to approve a partial release of retainage to Moltz Construction, Inc., as recommended. Director Frew moved and Director Ennis seconded. The MOTION passed unanimously.

ACTION ITEM 5 – Contract Amendment #7 with Carollo Engineers, Inc. in the amount of $42,554.00 for additional engineering services for the EWSF

Mr. Scott indicated this is basically a clean-up matter regarding the costs of: 1) additional submittals for minor work that has occurred since substantial completion; 2) electronic operation maintenance manuals, which results in a reduction from Moltz Construction, Inc.; and 3) the hatches that were approved by Carollo Engineers, Inc. but which were not acceptable to CDPHE, resulting in replacement of the hatches. Carollo Engineers, Inc. was responsible for the cost of the replacement hatches.

Mr. Scott then indicated it is Staff’s recommendation to approve Contract Amendment #7 with Carollo Engineers, Inc. in the amount of $42,554.00 for additional engineering services for the EWSF.

President Cordero called for a MOTION to approve Contract Amendment #7 with Carollo Engineers, Inc. in the amount of $42,554.00, as recommended. Director McNeely moved and Director Ennis seconded. The MOTION passed unanimously.

ACTION ITEM 6 – Backflow Hearing at the July Board meeting and modified notice procedures

Mr. Grebenc stated it’s the time of year for backflow compliance. He’s suggesting the Backflow Compliance Shut-off Hearing be held at the July meeting, which is a month sooner than in the past. This is because holding the hearing in August makes it difficult to ensure that some irrigation systems are in compliance. Mr. Grebenc further discussed backflow compliance notice processes.
Mr. Jones discussed the $250 fine implemented a few years. Discussion ensued regarding the draft letter included in the Board’s meeting packet, the timing of the hearing, the timing of the fine, and a possible fine increase in the future.

Mr. Mock indicated compliance stems from EPA regulations which the state then enforces.

Mr. Grebenc stated it is Staff’s recommendation to hold the Backflow Compliance Shut-off Hearing at the July Board meeting and to approve the modified notice procedures.

President Cordero called for a **MOTION** to approve holding the Backflow Compliance Shut-off Hearing at the July Board meeting and to approve the modified notice procedures, as recommended. Director McNeely moved and Director Frew seconded. The **MOTION** passed unanimously.

**ACTION ITEM 7 – Engineering Contract with Muller Engineering Company, Inc. to design the Sand Creek Connection to Metro Wastewater**

Mr. Moreno discussed the positive aspects of being able to eliminate the Sand Creek Lift Station. He discussed environmental concerns and also noted that Muller Engineering Company, Inc. has completed their proposal in the amount of $69,214. Mr. Moreno further discussed a payment to the Metro Wastewater Reclamation District for tap fees in the amount of $635,180.

Mr. Moreno then indicated that Staff recommends approval of the Engineering Contract with Muller Engineering Company, Inc. in the amount of $69,214 for elimination of the Sand Creek Lift Station and to design the Sand Creek Connection to Metro Wastewater, and also authorization of payment to Metro Wastewater in the amount of $635,180.

President Cordero called for a **MOTION** to approve the Engineering Contract with Muller Engineering Company, Inc. and to authorize the payment to Metro Wastewater, as recommended. Director Frew moved and Director Ennis seconded. The **MOTION** passed unanimously.

**ACTION ITEM 8 – Purchase of an Easement Agreement from Public Service Company of Colorado (PSCo) for the District’s irrigation transmission main in the amount of $89,570.25**

Mr. Moreno discussed the construction of the main and acquiring the land necessary for its construction. He indicated that Xcel likes to just provide a revocable license agreement, but that PSCo has agreed to sell the land in the form of an easement. He further noted PSCo has approved the amount of $89,570.25. Discussion ensued regarding the details of the Easement Agreement and how it differs from the District’s standard form when a landowner is connecting to the District’s system.

Mr. Moreno then indicated that Staff recommends the purchase of an Easement Agreement from Public Service Company of Colorado for the District’s irrigation transmission main in the amount of $89,570.25, and that the District Manager be authorized to sign the agreement.

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President Cordero called for a **MOTION** to approve the purchase of an Easement Agreement from Public Service Company of Colorado, as recommended, and to authorize the District Manager to sign the Easement Agreement. Director McNeely moved and Director Ennis seconded. The **MOTION** passed unanimously.

**ACTION ITEM 9 – Revised employee salary grades and mid-year adjustments for employees that are under the revised grades**

Mr. Jones discussed the challenge of hiring and retaining employees for certain positions because the District’s salary range isn’t competitive with other public water providers in the Denver Metropolitan area. He indicated the last salary grade increases were in 2018, effective January 2019. Mr. Jones further discussed the current proposed increases, including the percentage of increase needed to be competitive.

Mr. Jones then indicated that it is Staff’s recommendation to approve the revised employee salary grades, effective June 20, 2021, and to make mid-year adjustments for employees that are under the revised grades. He noted the adjustments would impact three current employees.

Discussion ensued.

President Cordero called for a **MOTION** to approve the revised employee salary grades and to make the mid-year adjustments, as recommended. Director Frew moved and Director Ennis seconded. The **MOTION** passed unanimously.

**ACTION ITEM 10 – Resolution Extending the District’s Local Disaster Emergency Declaration regarding COVID-19**

Mr. Mock discussed the purpose of the Resolution to extend the District’s disaster declaration. He also discussed the date of the initial declaration and dates of subsequent extensions. Mr. Mock also noted that the State of Colorado and Commerce City are extending their disaster declarations, so if the District also extends they would be in line with those entities. If the District doesn’t extend its declaration, it might not be eligible for federal or state funding. This proposed extension would be good through the end of September 2021 and can be retracted at any time.

Mr. Mock recommends approval of the Resolution Extending the District’s Local Disaster Emergency Declaration regarding COVID-19.

President Cordero called for a **MOTION** to approve the Resolution Extending the District’s Local Disaster Emergency Declaration as recommended. Director McNeely moved and Director Ennis seconded. The **MOTION** passed unanimously.

**DISCUSSION ITEMS**

**DISCUSSION ITEM 1 – Reimplementation of late fees and service suspensions for failure to pay service fees**

Mr. Jefferson discussed the suspension of shut-offs and related late fees last year due to COVID-19. He then discussed Staff’s intention to reimplement late fees, noting that current collection activity is about the same as it was around two years ago. Mr. Jefferson also discussed
the number of shut-offs over the last two weeks and Staff’s efforts to work with those behind on
their fee payments.

Discussion ensued regarding other industry partners that have started to reimplement their
late fees and service suspensions. The Board did not object to Staff’s continued implementation
of the District’s plan to resume late fees.

DISCUSSION ITEM 2 – Irrigation Pressure

Mr. Moreno discussed recent inquiries and concerns received regarding irrigation pressure
problems in the Reunion area. He presented and discussed a map showing locations that have
been impacted over the last couple of weeks. He noted that Staff had found 6-8 main line valves
that had been shut off but have since been turned back on. Mr. Moreno thinks the valves being
shut off were due to construction in the area, but he doesn’t know why contractors didn’t turn
them back on. Staff thought the problem was solved but there have been additional complaints
more recently in a different area which Staff is now investigating.

Mr. Moreno discussed the double backflow prevention measures they found on some homes.
He indicated that secondary prevention measures were removed from the homes, which
improved the problem, but they are looking further at the situation in that area and Muller
Engineering will be running a model to try and narrow down the problem.

Mr. Hamilton discussed the areas that are experiencing problems, noting that Muller
Engineering has been having discussions with Staff. Indications are that the problem is between
the source and the neighborhood, perhaps a partially closed valve.

Mr. Hamilton further discussed different pressure zones, which are associated with the
topography of the land. He also discussed various PSI measurements, noting that a 55 PSI in the
currently affected neighborhood should be sufficient, but that something has happened and they
are investigating.

Discussion ensued on following up with those in the first affected area regarding the
improved pressure, and expediting the investigation to fix the issues in the currently affected
area.

ADJOURNMENT

President Cordero called for a MOTION to adjourn at 7:40 p.m. Director Frew moved and
Director McNeely seconded. The MOTION passed unanimously.

Respectfully submitted,

Vicki Ennis
Secretary