MINUTES
FOR THE BOARD OF DIRECTORS
OF THE SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SEPTEMBER 27, 2021
SPECIAL MEETING AT 5:00 P.M.

Special Board Meeting
A duly called Special Meeting of the Board of Directors of the South Adams County Water and Sanitation District (the “District”) was held on September 27, 2021, at 5:00 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
Michael Scanlon, Director

SACWSD Staff/Legal Present:
Jim Jones, District Manager
Kipp Scott, Water Systems Manager
Mark Cubbon, Wastewater O&M Supervisor, filling in for J-M Grebenc
Abel Moreno, Distribution & Collections Manager
Byron Jefferson, Administrative Services Manager
Sarah Niyork, Accountant
James M. Mock, General Counsel
Dawn Fredette, District Clerk/Legal Assistant

Consultants/Others Present
None

1 CALL TO ORDER
President Cordero called the meeting to order at 5:00 p.m. and then led everyone in the Pledge of Allegiance.
2
3 EXCUSED ABSENCE
President Cordero noted that Director Frew had provided advance notice of his planned absence from this meeting. President Cordero then asked for a MOTION to excuse the absence
of Director Frew. Director Scanlon moved and Director McNeely seconded. The **MOTION** passed unanimously.

**DISCLOSURES OF CONFLICTS OF INTEREST**

President Cordero called for Disclosures of Potential Conflicts of Interest. There were no updates to the disclosures currently on file for the Board members and Mr. Mock noted as follows:

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 Scanlon is 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.

**AGENDA REVIEW**

President Cordero asked if there were any changes to the Agenda. The Board determined to add an update from the District Manager Search Committee to the Agenda.

**DISTRICT MANAGER SEARCH COMMITTEE UPDATE**

Director Ennis and President Cordero provided the update. It was noted that notice of the open position has been posted with various industry specific sites. Applicants have been screened for minimum qualifications and several candidates have been scheduled for first-round interviews. It was further noted that the interview schedule is on track and the committee is planning to provide a list of candidates for the Board to interview at the October meeting. The committee continues to meet every other week.

**DISCUSSION ITEMS**

**DISCUSSION ITEM 1 – 2022 Budget Presentation and Discussion**

Mr. Jefferson discussed the October 15 statutory deadline for the Board to receive a proposed budget and the budget process at the November and December Board meetings, noting that final approval will occur at the December meeting. He also thanked Ms. Niyork for all her hard work on the Preliminary 2022 Budget.

Mr. Jefferson then began discussing the summary pages at the beginning of the budget packet, which provide a high-level overview. He stated that the proposed Operating Budget for 2022 is $25 million, which is a 5% increase over last year. He also noted the reimplementation of certain items omitted from the previous year’s budget and further stated that the numbers in the preliminary budget are good estimates, but adjustments will be made prior to final approval.
Mr. Jefferson proceeded to discuss personnel costs, including the requests for additional positions and a 4 percent increase for employee salaries, which is in line with the metro average for governments and information provided by Employers Council. It was noted that a salary survey will be conducted in 2022. In addition, Mr. Jefferson was happy to report that there is no increase to the cost of employee benefits for 2022. Discussion ensued regarding the additional positions being requested.

Mr. Jefferson next discussed the proposed budget amount for repair and maintenance of the District’s infrastructure.

Regarding purchased water, Mr. Jefferson discussed that Denver Water is increasing its rates to the District by 4%. He noted the District is obligated to pay for 2000 acre feet and that the District will take the full 2000 acre feet.

For consulting, legal and engineering costs, Mr. Jefferson indicated there is less in the proposed budget for outside agreements. Discussion ensued regarding outside consultants and allotment of costs.

Mr. Jefferson then discussed the increase to operating supplies, chemicals, and vehicle expense, noting the increase is mostly attributable to the new water softening plant.

The next topic was power and gas. Mr. Jefferson indicated the proposed budget amount is conservative, but that research has shown a possible 5-18% increase. Discussion ensued about looking at the most sustainable options for capital projects. Mr. Cubbon and Mr. Jones talked about sustainable features that the District has already implemented. Additional discussion included water resources and creative infographics, and EV vehicles being looked at for which more analysis is needed. Independent power production and solar power were also discussed.

Mr. Jefferson then talked about rate funded capital, noting the water system CIP is funded by Operations. He discussed the District’s replacement plan, which is currently in the moderate range at 37.5 years. Mr. Moreno discussed the efficiency of using liners in water and wastewater pipelines and the challenges of contracting for this type of work.

Mr. Jefferson pointed out the budget amounts needed for debt service. There was no additional discussion.

Regarding restricted capital, Mr. Jefferson discussed how this is money received from the development community and can be used only for growth. It doesn’t impact rates. Discussion ensued.

Additional budget items discussed by Mr. Jefferson included payments to other governments, cash reserves, and long-range cash flow. He noted that the District is now done with FRICO. He also talked about the proposed rate revenue increases for 2022 and 2023, noting that there was no increase in last year’s budget. Discussion ensued regarding historical increases and the District’s practice of small, regular increases as opposed to drastic occasional increases.
Lastly, Mr. Jefferson discussed that a budget amount is still needed for the District’s May 2022 Regular Election to elect directors. This amount would be based on whether the election is conducted as a polling place election or a mail ballot election. Ms. Fredette then talked about the difference in costs between polling place and mail ballot elections, noting that mail ballot elections are considerably more expensive and that the percentage of increased voter participation tends to be minimal for a directors-only mail ballot election. It was also noted that the District has historically conducted its directors-only elections by polling place, or that the elections have been cancelled, as allowed by statute, because there were not more candidates than open positions. President Cordero referenced discussions from prior Boards and an interest in moving to mail ballot elections. Board discussion ensued and Ms. Fredette was directed to obtain quotes for both a polling pace and mail ballot election.

President Cordero then asked if the Board members had additional comments on any matters. Director McNeely indicated she would be absent for the October meeting. Director Ennis provided comments on the recent SDA Conference. President Cordero thanked Staff for all their work on the Preliminary 2022 Budget.

**ADJOURNMENT**

President Cordero called for a **MOTION** to adjourn at 6:20 p.m. Director Scanlon moved and Director Ennis seconded. The **MOTION** passed unanimously.

Respectfully submitted,

Vicki Ennis
Secretary