MINUTES
FOR THE BOARD OF DIRECTORS
OF THE SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
JULY 13, 2022
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 July 13, 2022, 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):
Heidi McNeely, Ph.D., President
William Frew, Vice President
Vicki Ennis, Secretary
Becky Toczylowski, Treasurer
René Bullock, Director

SACWSD Staff/Legal Present:
Abel Moreno, District Manager
Kipp Scott, Water Systems Manager
Byron Jefferson, Administrative Services Manager
Jeff Coufal, Distribution & Collections Manager
Gary Smith, Wastewater Systems Manager
James M. Mock, General Counsel
Dawn Fredette, District Clerk/Legal Assistant
Cheryl Layton, Human Resources
Greg Chol, Project Supervisor

Consultants/Others Present:
Glenn Hamilton, Muller Engineering Company
Jim Ginley, Jim Ginley Consulting LLC
John Vitella, Miller United Real Estate
Cyndie Meisner, Employers Council (virtual attendance)
Laurie Sullivan, Brown and Caldwell
Samantha Kepley, Brown and Caldwell
Mary Kay Provaznik, Brown and Caldwell
CALL TO ORDER
President McNeely called the meeting to order at 6:00 p.m. and then led everyone in the Pledge of Allegiance.

DISCLOSURES OF 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.

Director Frew has submitted a standing potential conflict of interest letter stating that he is an 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 Frew is also a Board member of the Commerce City Chamber of Commerce.

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

Director Bullock has submitted a conflict of interest form that states he is the Executive Director of the Chamber of Commerce of the City of Commerce City.

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

AGENDA REVIEW
President McNeely asked if the Board would like to see any changes to the Agenda. There were no changes made to the Agenda.

APPROVAL OF MINUTES
President McNeely asked the Board for any comments on the Minutes from the Regular Meeting held on June 8, 2022. There were no comments.

President McNeely then called for a MOTION to approve the Minutes from the Regular Meeting held on June 8, 2022. Director Bullock moved and Director Ennis seconded. The MOTION passed unanimously.

PUBLIC COMMENT
President McNeely called for public comments and stated that members of the public have three minutes to address the Board. There were no public comments.

CONSENT AGENDA
President McNeely inquired whether any Board member would like to discuss any particular Consent Agenda item. No Board member expressed a desire to discuss or move an item from the Consent Agenda and President McNeely then read the following Consent Agenda items:
1. Approve Pay Application #11 to Vortex Services, LLC in the amount of $193,764.50 for the Irrigation Transmission Main Construction Project
2. Approve Partial Pay Request #1 to Vortex Services LLC in the amount of $103,766.42 for the Monaco Street 2022 Water System R&R Project
3. Approve Partial Pay Request #1 to Insituform Technologies, LLC in the amount of $81,444.93 for the 2022 Wastewater Collection System Rehabilitation Project
4. Approve the District opting out of the Colorado Paid Family and Medical Leave Insurance Program (FAMLI) at this time
5. Approve the purchase of GAC F300 from Calgon Carbon in the amount of $41,869.30 per contactor for a total not to exceed amount of $418,693
6. Approve Electronic Payments
7. Approve the Bill Paying Process

President McNeely called for a **MOTION** to approve the Consent Agenda items. Director Frew moved and Director Toczyłowski seconded. The **MOTION** passed unanimously.

**ACTION ITEMS**

**ACTION ITEM 1 – District and Board participation in an Effective Utility Management Strategic Plan and scheduling of a Special Meeting**

Mr. Moreno briefly discussed that the purpose of this Agenda item is to explain to the Board what an Effective Utility Management (EUM) Strategic Plan is about and to schedule a special meeting for the Board to have a more in-depth discussion. Mr. Moreno then introduced Mr. Jim Ginley, who is a nationally recognized EUM consultant.

Mr. Ginley addressed the Board. He discussed his 35 years of experience in the water sector, including working at AWWA for 17 years, and his transition to becoming a consultant. He also discussed the building and launching of the EUM framework, noting that he's been presenting and instructing nationwide on the topic since 2017 for both AWWA and the EPA.

Mr. Ginley then explained utilization of the EUM framework to identify what an organization does well and where to improve, and then using that assessment as a tool for creating a strategic plan. He proceeded to discuss various components of the EUM assessment tool, including its ten attributes and five keys to leadership success. He also discussed the phases for strategic plan development and implementation. Mr. Ginley concluded by noting that the process relies heavily on staff and the Board to push the process along.

Mr. Moreno thanked Mr. Ginley and further discussed that this as an effective approach to identify what the District does well and what the District could improve on. He noted that the purpose of having a special meeting would be for the Board to identify their priorities.

Discussion ensued regarding the timing for scheduling a special meeting and possible dates. The Board agreed to schedule the special meeting for Tuesday, July 26, at 5:30 p.m.
Additional discussion included how management came up with the plan to hire Mr. Ginley, staff’s involvement in the process so far, the timeframe for completing the EUM Strategic Plan process, and what the Board members will need to come prepared for the special meeting.

President McNeely called for a **MOTION** to approve the scheduling of a special meeting on Tuesday, July 26, at 5:30 p.m. with Mr. Ginley for the Board to participate in the District’s Strategic Plan utilizing the Effective Utility Management framework. Director Ennis moved and Director Frew seconded. The **MOTION** passed unanimously.

**ACTION ITEM 2 – Public Hearing on Petition for Inclusion of Property at 10070 Potomac Street, Commerce City, from the Eberly family group, and approval of a Board Order of Inclusion and Inclusion Agreement**

Mr. Coufal discussed the process for inclusion of property into the District so that the property can receive services from the District. Mr. Mock also discussed the process and noted that this property is owned by ten individual members of the Eberly family, the Petitioners. In addition, Mr. Mock indicated that Mr. John Vitella, representative for the Eberly family group, was in attendance and available to answer questions.

It was noted that notice of tonight’s hearing was published in the District’s legal newspaper, and that staff has reviewed the documentation received and the Petitioners are in compliance.

Staff recommends Inclusion.

President McNeely called for a **MOTION** to open the Public Hearing. Director Bullock moved and Director Toczykowski seconded. The **MOTION** passed unanimously.

President McNeely called for public comments. There were no public comments.

President McNeely called for a **MOTION** to close the Public Hearing. Director Bullock moved and Director Frew seconded. The **MOTION** passed unanimously.

President McNeely then called for a **MOTION** to approve the inclusion of property at 10070 Potomac Street, Commerce City, into the District’s boundaries, and to approve the corresponding Board Order of Inclusion and Inclusion Agreement. Director Ennis moved and Director Frew seconded. The **MOTION** passed unanimously.

**ACTION ITEM 3 – Contract with Muller Engineering Company, Inc. in an amount not to exceed $348,366.00 for 2023 Water System R&R design and bid phase services**

Mr. Coufal discussed the contract with Muller Engineering and the flow chart he prepared to show the Board the process. He stated the project will be divided into two smaller projects to improve the bidding process. Mr. Coufal further indicated that the focus of the project is to continue to improve the fire flow in older sections of the District by upgrading those areas with larger lines.

Discussion ensued regarding the budgeting of the project.
President McNeely called for a **MOTION** to approve the Contract with Muller Engineering Company, Inc. in an amount not to exceed $348,366.00 for 2023 Water System R&R design and bid phase services. Director Frew moved and Director Bullock seconded. The **MOTION** passed unanimously.

**DISCUSSION ITEMS**

**DISCUSSION ITEM 1 – Compensation Study**

Ms. Meisner from Employers Council joined the meeting virtually and was introduced by Mr. Moreno. Mr. Moreno then explained the process leading up to the compensation study and the various components of compensation. He discussed the volatility of the current employment market and noted that the District was due for this study as it hasn’t done a study in more than six years.

Mr. Moreno also talked about staff’s recommendation to add two holidays to the paid holiday schedule - Martin Luther King Jr. Day and Juneteenth. Discussion ensued regarding the Juneteenth holiday, which was made a federal holiday two years ago and a state holiday this year. Mr. Moreno further discussed staff recognition, work/life balance, remote work, and employee performance, growth, and development.

Ms. Meisner provided background information about Employers Council and their services, and the role they played in the District’s compensation study. She then displayed and began discussing a PowerPoint presentation that was prepared for the District.

Topics presented and discussed by Ms. Meisner included: total compensation model and the current economic climate; objectives of the compensation study and project methodology including comparison to other water providers locally and nationally; and philosophy/strategy, including identification of the labor market and aging factor.

Ms. Meisner next discussed a Blueprint for Equitable Pay Plan. Topics included: valuing jobs with both external and internal factors; comparing SACWSD’s positions to salary surveys and the surveys used; and using the market data obtained to update the District’s salary grades and range structure. Ms. Meisner then presented and discussed charts showing the 2022 proposed salary grades and ranges.

Discussion ensued regarding the salary grades and if these are typical findings that Ms. Meisner is seeing with other organizations. Ms. Meisner indicated these are very typical findings and that most organizations are in catch-up mode post-pandemic. She also noted that due to inflation concerns, movement needs to be more aggressive and frequent in order to retain value employees, perhaps annually until the market settles.

Additional questions and discussion were regarding the total compensation model. Ms. Meisner explained that base pay and benefits need to work together. Noting that post-pandemic, healthcare, mental health, and financial well-being are now considerably more important to employees. Also discussed was adding Cesar Chavez Day to the District’s paid holiday schedule.
Staff will do some research on this holiday and bring that information to the Board at the August meeting.

Mr. Moreno then stated that Ms. Layton will further discuss items being recommended by staff (for Board action at the August meeting) and for which they are seeking guidance from the Board. Ms. Layton first explained that there have been meetings with staff to go over the compensation study. She then discussed the two additional grades added into the grade structure, the ten positions immediately impacted by the new grade structure and getting those employees into their appropriate grade. She also discussed a mid-year $1.00 an hour pay adjustment for all employees to better align with the new salary structure prior to merit increases in January, noting how this adjustment equates in the 2022 annual budget.

Ms. Layton briefly revisited the topic of adding two additional holidays to the District’s paid holiday schedule. She then talked about stipends for Spanish speaking employees and explained staff’s proposed two-tier structure, which identifies employees who are required to routinely speak Spanish versus those who need to speak Spanish just occasionally. Mr. Moreno provided additional detail on the current stipend and the proposed two-tier structure. Discussion ensued regarding proficiency testing and what other governments do. Mr. Mock discussed the District’s translation requirements for elections and other written materials, and the certification obtained from the translator.

There was additional discussion regarding the new grades included in the 2022 proposed grades, and salary ranges within various grades. Ms. Layton further discussed the District’s benefit package, being competitive, and possibly adding sign-on bonuses for positions that are hard to fill.

The Board then provided comments on staff’s recommendations as follows:
- There were no additional comments about adding Martin Luther King Jr. Day and Juneteenth to the paid holiday schedule. President McNeely indicated she is in favor of the recommendation.
- Regarding the new salary structure, and minimum adjustments to the ten employees impacted by the new ranges, Mr. Moreno clarified the Board’s options and Mr. Jefferson indicated there are no budget concerns for implementing the new structure in 2022. Board members stated they agree with staff’s recommendation for implementation in 2022.
- Mr. Moreno explained staff’s recommendation for the mid-year $1.00 an hour pay adjustment for all employees. The Board indicated their agreement with the recommendation. Discussion ensued regarding any budgetary concerns and what other organizations are doing. It was also noted that no employees are at the top of their range, so the increase will not put anyone over the top of their range. There was also discussion on hiring difficulties and needing to get a little more creative.
- Bilingual pay program – There was additional discussion regarding evaluation of proficiency. Mr. Moreno indicated it will be brought back to the Board in August as to what that program will look like.
- Supplemental budget – Mr. Moreno explained that a supplemental budget is an opportunity to fund items that were not part of the scope at the time of budget adoption.

This supplemental budget would be to fund the salary changes included in the new

July 13, 2022
Page 6
structure, and to fund items that will be discussed in Discussion Item #2. Grant funding was also discussed with regard to Discussion Item #2, and Mr. Jefferson talked about budgetary concerns.

- Finally, there was discussion regarding sign-on bonuses. Staff is seeking guidance on having sign-on bonuses be a part of the District’s toolbox to attract and hire qualified candidates for difficult to fill positions. Staff is recommending sign-on bonuses in the amount of up to $2000 for difficult to fill positions.

DISCUSSION ITEM 2 – Emerging Contaminants Treatment Project Update and Funding Status

Mr. Moreno first welcomed members of the Brown and Caldwell engineering team who were in attendance. He also stated that the purpose of this Agenda item is to have an informative conversation with the Board around PFAS. Mr. Moreno proceeded to discuss the EPA’s newly reduced Health Advisory Levels (HALs) for PFAS.

Mr. Scott then addressed the Board. He referenced the extensive write-up provided to the Board in the meeting packet and explained that staff is seeking guidance on two items: 1) lowering levels to try to meet the newly reduced HALs for PFAS; and 2) proceeding with final design phases for treatment. Mr. Scott further discussed the variables in play, including paying for additional Denver water.

Mr. Scott then discussed the steps currently being taken to lower levels, which are currently at a non-detect level, which in addition to obtaining more Denver water includes treatment plant adjustments and using only the District’s northern wells, which have lower PFAS levels. He indicated that with these tools, the District has been at non-detect since June 15 and he believes the District can stay at non-detect for the rest of 2022, with those tools, although we cannot stay here with these tools permanently.

Mr. Scott further discussed the cost for purchasing additional Denver water in 2022 ($2.75 million) and states that the District has been awarded, which will pay for the GAC for the rest of the year. However, the cost for Denver water in 2023 is anticipated to be an additional $3.6 million, minus the cost savings of chemical expenses by not having to treat the additional Denver Water for hardness.

Discussion ensued on continuing to treat to a non-detect level depending on what the Maximum Contaminant Level (MCL) goals will be set at. Mr. Scott explained the EPA’s schedule to set MCLGs this fall, and that it’s anticipated the MCLs, which will be based off the MCLG’s might also be set at non-detect levels since the HALs are at non-detect. Current operations with Denver Water and the northern wells were discussed, but that these are not long-term solutions due to water rights issues, growth projections, etc.

There was additional discussion around the District’s water that gets treated and then blended with Denver Water, which all customers are receiving with the exception of two areas/subdivisions that receive primarily Denver Water due to their location near the District’s interconnects with Denver’s system. Further discussion included the need for a supplemental budget for the 2022 costs of purchasing additional Denver Water.

July 13, 2022
Page 7
The next item up for discussion was funding. Mr. Moreno stated that the first question is if the Board wants the District to continue to try to treat to a non-detect level, considering the cost of purchasing the extra Denver Water. Board members responded affirmatively. And, the next question is whether the District should continue down the path of designing treatment technology to remove PFAS from the District’s drinking water supply permanently. Mr. Moreno then discussed being ahead of other organizations in managing and mitigating PFAS in the water supply and not wanting to lose momentum. He also talked about the current status of design work with Brown and Caldwell.

Mr. Mock discussed that even though the District has been able to provide water at the non-detect level in response to the lowering of the HAL, which doesn’t necessarily lock the District in to continuing to treat to this level and it is possible that conditions change and the District is not able to treat to non-detect. This is something the Board can continue to think about as the District learns more about treatment goals, costs, and limitations. Mr. Mock also noted that the Board might discuss what a rate increase might look like in the future at the study session in September to discuss the 2023 budget. Mr. Moreno added that for now staff was seeking Board input on continuing to purchase substantially more Denver Water and proceeding with design technology.

Mr. Scott then discussed the various grant funding opportunities that the District is anticipating and being “shovel ready.” He talked about identification of property for treatment facilities and having completed 80% of a site assessment to support application for grant funds. He also talked about the timing and options of applying for grant funds, noting that staff recommends moving forward now for design purposes. Budget considerations for the September budget meeting were also discussed, as well as the implications without grant funding and where the District should be in the design process to be favored in receiving grant funds.

Mr. Moreno discussed the various grant funds and the advantages of being as shovel ready as possible. Discussion ensued.

Mr. Moreno also discussed the two different design scopes in process - PFAS and 1,4-Dioxane, and the application recently submitted to the state for an Intended Use Plan in the amount $130 million. The goal is for the rate payers to not have to pay for costs of design and construction related to PFAS.

Mr. Moreno further discussed additional federal funds for emerging contaminants that may be available for the next five years for which the state can apply for. The District is offering to partner with the state in applying for those funds. Discussion ensued about the District being prepared in case it doesn’t receive all the funding needed and continuing to move forward even if it’s with District funds to stay at the front of the grant funding process.

Mr. Scott then discussed the construction timeline. The Board indicated its agreement to keep moving forward on design. Discussion ensued on potential customer impact and continuing these discussions at a future meeting.
EXECUTIVE SESSION

The Board determined that an Executive Session was not needed.

In conclusion, the Board members did not have any additional comments on any matters.

ADJOURNMENT

President McNeely called for a MOTION to adjourn at 8:39 p.m. Director Frew moved and Director Ennis seconded. The MOTION passed unanimously.

Respectfully submitted,

Vicki Ennis
Secretary