MINUTES
FOR THE BOARD OF DIRECTORS
OF THE SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SEPTEMBER 29, 2022
SPECIAL MEETING AT 5:30 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 29, 2022, at 5:30 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, President
Vicki Ennis, Secretary
Becky Toczykowski, 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
Sarah Niyork, District Accountant

Consultants/Others Present:
None

1 CALL TO ORDER
President McNeely called the meeting to order at 5:30 p.m. and then led everyone in the Pledge of Allegiance. It was noted that Director Frew had provided notice of not being able to attend the meeting.

President McNeely then called for a MOTION to excuse the absence of Director Frew. Director Ennis moved and Director Bullock seconded. The MOTION passed unanimously.
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 Ennis is an employee of Brighton School District 27J, and from time to time the School District has business before the District.

Director Bullock is the Executive Director of the Chamber of Commerce of the City of Commerce City. The Chamber engages, educates, and advocates for the business community and the residents 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. No changes were made to the Agenda.

ACTION ITEMS

ACTION ITEM 1 - Modifications to Construction Manager/General Contractor (CM/GC) Agreement with Moltz Construction, Inc. for the Horizontal Collection Well Upgrades Project

Mr. Mock stated that the CM/GC contract method for this project was approved by the Board in August, and that timing is critical because of long lead times. He also noted that Moltz Construction, Inc. was approved as the contractor at the September meeting. However, in the process of working through the contract, Moltz has concerns with being able to meet certain deadline dates due to not yet knowing when equipment will arrive. As a result, Moltz is proposing and staff supports that the substantial completion deadline for Phase 1 be adjusted. Mr. Mock stated that the contract in the Board packet now includes that adjustment, which provides some flexibility.

Discussion ensued regarding the start time for the project. Mr. Scott explained that Moltz is working with three pump suppliers regarding delivery times, noting that suppliers first need to commit to a delivery date. There was additional discussion regarding the final specifications for the pump and deadlines being met around supply chain issues.

Mr. Mock further explained the CM/GC method for this project. Additional discussion ensued regarding the dates in the contract pertaining to Phase 1 and Phase 2, substantial completion versus final completion, and the possibility of early finish awards. Mr. Mock stated that it has not been the District’s policy to include early finish awards in District contracts, but it is something the Board could decide it wants to do.

President McNeely then called for a MOTION to approve the modifications to the Construction Manager/General Contractor Agreement in the Board packet with Moltz.
Construction, Inc. for the Horizontal Collection Well Upgrades Project. Director Bullock moved and Director Ennis seconded. The MOTION passed unanimously.

DISCUSSION ITEMS

DISCUSSION ITEM 1 - 2023 Budget Presentation and Discussion

Mr. Jefferson first introduced Sarah Niyyork, District Accountant, and thanked her for her extensive work on the preliminary 2023 Budget. He stated that the budget topics to be discussed would include the budget process, then two cash flow models, followed by the budget book. He noted that the preliminary budget is required by statute to be provided to the Board by October 15 each year.

Mr. Jefferson explained that the draft budget was more challenging than normal this year due to emerging contaminants. He also explained that the preliminary budget will likely change as more information is obtained regarding emerging contaminants and decisions with regard to capital projects. In addition, he needs to receive the final numbers on insurance and health care.

Mr. Jefferson then discussed the public hearings on the budget and rate increases that will be held at the November 9 and December 14 meetings, with final approvals occurring at the December meeting. He also talked about the additional items that will be included in the final budget that are not included in the preliminary version.

Mr. Mock discussed the December 15 deadline for filing the District’s mill levy certification with the County. Discussion ensued on how that correlates with final budget approval on December 14. There was additional discussion regarding the preliminary budget being based on the preliminary assessed valuation already received from the County, and that the County has until December 10 to provide the final assessed valuation.

Mr. Jefferson then presented and discussed two cash flow models, one with PFAS capital costs and funding sources and the other model without those items. He talked about the General Assumptions and the pace of the capital repair and replacement program with various time frames, noting that past Boards have selected the moderate range. Mr. Moreno explained that these projects are funded by the Operations budget. Discussion turned to the fact that in order to avoid a high rate increase particularly for PFAS costs, the pace of capital replacement would need to be delayed this year.

Mr. Jefferson then discussed ERUs and the Denver Water calculation, noting projections for the next three years. He also discussed the Water Resource Projections, which shows growth and ERUs.

Discussion ensued regarding the District’s Master Plan and the City’s Land Use Plan, and possible additional water resources outside of Denver Water.

Mr. Jefferson then discussed Water Operating Expenses followed by Debt Service. Mr. Moreno explained the allocation of funds between Water and Wastewater. Mr. Jefferson
proceeded to discuss the District Cash Position, including proposed rate increases and reserve amounts of Operating Expenses.

Discussion ensued regarding the two cash flow models and a possible debt issuance. It was noted that the goal is to not have a rate increase associated with PFAS. Mr. Moreno then discussed the details of available grant funding.

Additional discussion topics included TABOR and the impact of State grants received on enterprise status, a possible de-TABORing election, the temporary mill levy reduction each year to not go over the revenue limitation, and the District’s options as they pertain to the District Enterprise.

Mr. Jefferson then discussed the Budget Summary, including the Operating Budget which includes PFAS costs, salary increases of 4%, and FTEs. Mr. Moreno explained that the FTEs include a full-time IT Manager and a half-time Project Manager position for Mr. Scott considering his recent retirement announcement. If approved, Mr. Scott would remain through the design and construction of the new PFAS treatment facility, and possibly longer for additional projects depending on his availability.

Mr. Scott then spoke about his retirement and his appreciation for his time with the District. Discussion ensued regarding the value of Mr. Scott’s institutional knowledge of the District. The Board then expressed their support for a half-time position for Mr. Scott.

Mr. Jefferson proceeded to discuss the Operating Budget and the various costs included. Next, he talked about the Capital and Debt Service categories, and the Intergovernmental Budget which includes Rate Funded Capital, Debt Service, Restricted Capital, and Payments to Other Governments.

In finishing his presentation, Mr. Jefferson talked about Cash Reserves. Discussion ensued regarding the District’s Master Plan, long-range projects, and District investment policy.

There was additional discussion regarding the proposed 4.0% rate increase for 2023. It was noted that this increase is reasonably related to the District’s increased costs of service, including supplier cost increases. It was further noted that there was no rate increase for 2021 and only a 3% increase for 2022.

The May 2023 election was discussed, as well as the increased costs for supplies, and various other aspects of the budget. The Board is not inclined to hold a mail ballot election and instead prefers a much less expensive polling place format.

The Board then had a number of questions about specific line items across all of the departments. Mr. Moreno stated that there would be an Information Item in the October Board meeting packet to address outstanding questions.

**EXECUTIVE SESSION**

The Board determined that an Executive Session was not needed.
In conclusion, the Board had no additional comments, except to ask that staff consider including an additional Information Item in the Board packets which provides some general tidbits of information to the Board.

**ADJOURNMENT**

President McNeely called for a **MOTION** to adjourn at 8:45 p.m. Director Ennis moved and Director Toczykowski seconded. The **MOTION** passed unanimously.

Respectfully submitted,

Vicki Ennis
Secretary

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