



**MINUTES
FOR THE BOARD OF DIRECTORS
OF THE SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
JULY 10, 2019
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 10, 2019, 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 members received the Agenda and Board Packet in advance of or at the meeting, and the non-confidential portion 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
William Frew, Vice President
B. JoAnn Moss, Secretary
Michael Scanlon, Treasurer
Heidi McNeely, Director

SACWSD Staff/Legal/Consultants

Jim Jones, District Manager
Kipp Scott, Water Systems Manager
JM Grebenc, Wastewater Systems Manager
Abel Moreno, Distribution & Collections Manager
Byron Jefferson, Administrative Services Manager
Glenn Hamilton, Muller Engineering
James M. Mock, General Counsel
Sandra Schrawder, Executive Assistant

Others Present

Gilbert Cervantes
Debra Bullock
Esther Hall
Sheila Harris

1 President Cordero called the meeting to order at 6:00 PM and led us in the Pledge of
2 Allegiance.

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4 President Cordero called for Disclosures of Potential Conflicts of Interest. Mr. Mock noted
5 that the Board had received more than 72 hours prior to the meeting certain disclosures of
6 Potential Conflicts of Interest Statements for the following Directors indicating the following
7 conflicts: Mr. Scanlon, through a standing letter filed with the Colorado Secretary of State's
8 Office and the District Board. He is a Director of the Adams 14 Education Foundation. He is also
9 organizing 20/20Growth, an organization that will explore the intersection of innovation and
10 public policy where he will be a paid employee. Director Scanlon also disclosed that he has just
11 accepted a position with Sunshine Plumbing Heating and Air and will recuse himself from any

12 matters related to this business subject to filing the appropriate disclosures. Staff will assist with
13 filing that disclosure.

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15 Director Frew has also submitted a standing potential conflict of interest letter stating that he
16 is an employee and part-owner of Sunshine Plumbing Heating and Air. The Company provides
17 various plumbing, heating, and air conditioning services throughout the Metro Denver Area,
18 including within the boundaries of the District. That letter has been filed with the Board and the
19 Colorado Secretary of State.

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21 Both Director Frew and Director Scanlon have indicated that they will recuse themselves
22 from an Agenda item later this evening related to setting a hearing for shutoff of accounts that
23 are delinquent in filing reports for backflow prevention testing.

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25 President Cordero inquired whether there were any changes to the Agenda. There were no
26 changes.

27
28 President Cordero called for a **MOTION** to approve the Minutes from the Regular Meeting
29 held on June 12, 2019 with minor corrections as amended. Director Moss moved and Director
30 Scanlon seconded. The **MOTION** passed unanimously.

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32 President Cordero called for Public Comments. Esther Hall, Debra Bullock, and Sheila
33 Harris were present from the Commerce City Historical Society (CCHS). Ms. Bullock reminded
34 the Board of a fundraising effort that the CCHS has been engaged in for about a year. That effort
35 was to raise \$10,000 by asking local entities to sponsor a card deck to support two years of
36 operating costs for the museum that they maintain. She wished to thank the District for its
37 support and distributed decks of cards to the Board members. We were the first lifetime member
38 of the Historical Society. Ms. Bullock thanked the District for its support and thanked Mr. Jones
39 for his help with displays at the museum. She also offered her congratulations to Director
40 McNeely.

41
42 President Cordero asked if there were any items to be pulled out of the Consent Agenda.
43 Hearing none, he called for a **MOTION** to approve the Consent Agenda including: approval of
44 payment #3 to Moltz Construction, Inc. in the amount of \$997,294.13 for the pellet softening
45 project; directing staff to file a statement of opposition in case No. 19CW3084; approval of ACH
46 Payments; and approval of the Bill Payment Process.

47
48 Director Scanlon moved and Director Frew seconded. The **MOTION** to approve the Consent
49 Agenda passed unanimously. There was a request for clarification regarding payments made by
50 home builders when settling their accounts at closing and a hydrant refund.

51 **ACTION ITEMS**

52 **ACTION ITEM 1**

53
54 Mr. Grebenc rose to request that the Board set a hearing for delinquent accounts in the
55 backflow program. The department has followed new procedures to ensure that all people are
56 notified and aware of the requirement to test and file an annual report. We have knocked on
57

58 doors and we are still sorting through the data. However, there are a few accounts that have not
59 complied with our Rules and Regulations. Staff's recommendation is to set a hearing at the next
60 regularly scheduled hearing on August 14, 2019. Directors Frew and Scanlon recused themselves
61 from this hearing request.

62
63 President Cordero requested a **MOTION** to set a Backflow Compliance Shut-off Hearing for
64 the regularly scheduled Board Meeting of August 14, 2019 for those commercial users who may
65 remain out of compliance with the District's backflow prevention program regulations. Director
66 Moss moved and Director McNeely seconded. The **MOTION** was carried by majority with
67 President Cordero voting and Directors Frew and Scanlon abstaining.

68
69 **ACTION ITEM 2**

70 Mr. Jefferson rose to provide background information regarding the next budget cycle and to
71 request the setting of a 2020 budget session. Staff must present a preliminary budget to the Board
72 by October 15th of each year. We traditionally set this meeting for the latter part of September.
73 The Board discussed the various dates available and times to meet.

74
75 President Cordero called for a **MOTION** to hold a Special Meeting on September 12, 2019
76 at 5 PM for the purpose of discussing the proposed 2020 budget. Director Moss moved and
77 Director Scanlon seconded. The **MOTION** passed unanimously. Ms. Schrawder will send
78 calendar invitations for upcoming special meetings.

79
80 **ACTION ITEM 3**

81 Mr. Mock discussed the emergency water supply agreements with Denver Water and the
82 West Slope Charge Agreement with Denver Water and the Colorado Water Conservation
83 District. He stated that these agreements for additional treated water were negotiated out of an
84 abundance of caution for purposes of having additional emergency back-up supply in the event
85 that PFAS concentrations were to spike in our alluvial ground water supply.

86
87 Mr. Mock stated that the first agreement had some significant operational challenges and
88 staff was able to work through them to the current document which staff is pleased to present for
89 the Board's consideration. Currently the District has the right to purchase up to 4,000 af from
90 Denver Water. This agreement authorizes the District to purchase an additional 2,000 af for up to
91 5 years. This is a unique circumstance since we already have an agreement in place.

92
93 Mr. Mock then shared highlights. Under the current agreement we are limited in the amount
94 we may take per day and per month to 8.6 million gallons per day. We were able to increase that
95 amount to 12 million gallons per day. That amount would go far in meeting the District's
96 demands if we would need to use it.

97
98 A significant challenge for Denver Water is that they have a number of restrictions with
99 Western slope water users. They have strict contractual limitations on providing additional
100 service or providing additional water to growing communities. One of the conditions when
101 entering into an agreement like this, is the need to pay a surcharge to the western slope. Denver
102 Water agreed to reduce their rate by the amount of surcharge so we are paying the same amount
103 in this agreement as we are being charged in the current 4k water agreement.

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There are two agreements that are presented for the Board’s consideration this evening. The first one is with Denver Water. The other is a three-way agreement with Denver Water and the Colorado River Water Conservation District regarding the surcharge.

The Denver Water Board met this morning and approved this agreement.

There was some discussion regarding the connections that are in place and some of the clauses particularly related to prior agreements stating that this agreement supplements, does not modify the 1998 agreement that we already have in place. If this agreement would expire, there would not be a cross default under the 1998 agreement.

President Cordero called for a **MOTION** to approve the Emergency Water Supply Agreement with Denver Water and the West Slope Charge Agreement with Denver Water and the Colorado River Water Conservation District in substantially the form attached hereto, and authorize Directors Cordero, Frew, and Moss to execute the agreements using the DocuSign electronic document format.

Director Scanlon moved and Director Frew seconded. The **MOTION** passed unanimously.

ACTION ITEM 4

Mr. Scott rose to update the Board regarding PFAS and to request approval of the contract with HRS. He stated that we continue to monitor sentinel wells between our production wells and the source that we have identified. All is stable and we have no new concerns.

Last month we notified the Board that legislation regarding the use of firefighting foam did not pass state legislature. There was a correction, it did pass. Although it gives CDPHE responsibility, it provides no authority for regulation or rulemaking.

We are still waiting for 2 sets of sample data from Denver. That doesn’t change what we already know. Work with CDPHE is slowly progressing. We are developing our optimization and treatment study to bring to the Board at the special meeting to be held in August.

In addition, HRS has recommended a further scope of work. They have been doing ground water modeling over the last nine months to help us track how fast this contaminant could be moving in the alluvium.

We are collecting a lot of data not just regarding the contamination, but hydrological data as well. We have been keeping the data in various Excel spreadsheets. Their scope includes all of these named components being compiled into a single data base. Mr. Scott is making the Board aware of this change to the HRS scope of work since it is an addition to the approved GSA costs already approved in the annual budget. We are half-way through the year and we are hoping to realize savings. At this time we are not contemplating coming to the Board with a budget adjustment. However, we may need to come back to the Board, with a possible supplemental budget amendment, if we do not realize savings in the current budget to cover this additional scope of work.

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151 President Cordero called for **MOTION** to authorize the District Manager to approve a scope
152 of work with HRS for additional support concerning PFAS in the amount not to exceed \$108,000.
153 Director Scanlon moved and Director Frew seconded. The **MOTION** passed unanimously.
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155 **ACTION ITEM 5**

156 Mr. Jones provided background information regarding properties that may not be included in
157 the District in Eagle Creek and other portions of the older part of the District. In the mid-90's
158 there were over 500 properties that were receiving service but weren't included. There was
159 discussion at last month's meeting regarding whether or not we should make another effort to
160 have the remainder of these properties included. Currently we have about 220 properties that
161 have not included. This represents about 1% of our customer base. The remaining properties
162 throughout the District have been receiving service for a long time, have wells, or didn't want to
163 include because landlords didn't want to increase their tax burden.
164

165 If the Board would like to move forward and gives direction to try again to have these
166 property owners included we propose to send a letter out at the end of the month. Send a
167 postcard mid-September with a deadline in October and finish up this process by December or
168 January.
169

170 We tried to draft the letter in a friendly, encouraging manner. Mr. Jones inquired whether the
171 Board is still satisfied with the 15% increase for residential customers and 35% for commercial
172 customers. The mill levy impact for the average home is about \$70-85 per year. The 15% cost is
173 in that range as well.
174

175 President Cordero initiated a discussion among the Board members regarding the approach.
176 The Board members agreed that if we move forward a friendly approach would be best. There
177 was a brief discussion regarding deadlines of the initial effort. There was further discussion
178 regarding the extraterritorial fee amounts, how other water utilities implement them, and how the
179 District's extraterritorial fee is reasonably related to costs of services.
180

181 Mr. Jones then discussed the settlement in the mid-90's with Shell Oil Corporation and the
182 US Army. Some properties affected by the arsenal contamination were in the Brighton service
183 area. They have paid the same rates as District customers. At that time we didn't have any
184 extraterritorial fees. Subsequently, the City of Brighton sued us for some of the 4,000 af of water
185 in that agreement so they could serve their customers in that area. That case was thrown out of
186 court. We have served those customers since the late 1990's.
187

188 We entered into an agreement with the City of Brighton that stated that by 2010 they would
189 be able to take over service to those customers. We agreed that we would turn over any
190 connection fees to the customers who had paid them. By 2010, they were able to serve about 150
191 of the 200 that were in that area. The City of Brighton didn't have the budget to build the
192 infrastructure to the rest that were left. We amended the agreement to reflect that by 2015 they
193 would be able to serve those customers. They still had not built all of the infrastructure by that
194 time and defaulted on the amendment to the agreement. We are still serving approximately 20 of
195 those properties.

196

197 Mr. Jones recommended that since they can't include it would be appropriate to keep them at
198 the regular cost without extraterritorial fees being imposed. He would like to encourage staff and
199 the Board to work with the City of Brighton so they can make the final connections.

200

201 There was discussion regarding properties within the District, the location of the properties
202 not within the District which includes Fuller Estates, Adams Co school district bus barn at 115th
203 and Potomac, and an industrial park north of 120th. Due to the fact that there are about 20
204 properties left in this area, the City of Brighton hasn't wanted to build the infrastructure.
205 However, there is newer development occurring near some of these properties so staff will
206 encourage the City to fulfill the agreement.

207

208 There were some extensive changes to the management of the public works department in the
209 City of Brighton last night so it may take some time to get answers.

210

211 There is one other property that we will serve for a long time at 120th and Himalaya. That is
212 the Singh Sabha Temple. They paid connection fees and pay the extraterritorial charge. They
213 also cannot include and Mr. Jones recommended that we not send them a letter. We will serve
214 again until Brighton builds infrastructure. However, there is no plan for that at this time. The
215 payment of the extra-territorial fee was contemplated in the approved service agreement entered
216 into by the District and the Temple.

217

218 Many properties should have been included a very long time ago. Some of those properties
219 have old wells that they use for irrigation. We normally have properties convey the water rights
220 when they include. In this case we have waived that requirement and we let them keep using the
221 well for this purpose.

222

223 There was discussion regarding the wells in use that may have been affected by the PFAS
224 contamination. The EPA, Tri-County Health and CDPHE are the agencies responsible to handle
225 this issue. Tri-County Health knocked on doors for those who are only sewer customers with
226 contaminated wells. They take it very seriously. This is the health agency's responsibility to
227 make sure people get their water tested and work with them to create solutions if there is a
228 problem.

229

230 There was a brief discussion regarding the number of properties with wells. We estimate
231 there are about forty. There was agreement to keep the former Board's decision intact regarding
232 the well usage.

233

234 Mr. Jones then asked whether the Board wanted to continue to waive fees. The inclusion fee
235 for a residential customer is \$500. The Board came to a consensus to have the letter include a
236 time limit and not impose fees at this time.

237

238 President Cordero called for a **MOTION** directing staff to implement a process to encourage
239 the inclusion of properties that have historically received water and wastewater services from the
240 District but have not included their properties into the District's Service Boundary. Director
241 Moss moved and Director Frew seconded. The **MOTION** passed unanimously.

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DISCUSSION ITEMS

DISCUSSION ITEM 1

Mr. Scott rose to provide an update for the water softening project. He stated that we are four months into the project. He welcomed the Board to visit the site at any time. He provided a PowerPoint presentation with plans for the new building for water softening. He described the components of the new construction and what it will look like when it is finished. He then provided photos of the project as it stands.

He also stated that at the end of June all chlorine gas was removed from the area. This removed a hazard from the area. Liquid chlorine is now being used and is more manageable for staff.

We are under budget by about \$200,000 and also about 15 days behind schedule mainly due to difficulty in obtaining supplies. We are hoping that once engineering plans are approved for the steel building, we will be able to catch up. He reported that it is not unusual to be behind at this time.

It was suggested to put the plan on the District's website. Time lapse footage will also be placed on website.

We have named the project Water Softening Project 2020. A campaign is being developed and will be brought to the Board at the August meeting for input. Then we will start getting information to customers regarding the project.

DISCUSSION ITEM 2

Mr. Mock discussed the Bylaws update. This year the General Assembly passed significant changes to legislation regarding meeting Notice under the Open Meetings Law. The requirements will not change until August 2nd. The former requirement was that we post Notice in three places 72 hours prior to the meeting. That has changed to 24 hours with the Agenda on the District's website, with physical posting no longer required.

There are a number of other suggested changes that are housekeeping and cleanup. There are two drafts, one redline original, and a second redline uploaded to Board packets today. To amend the Bylaws they must first be presented at a regular meeting and any questions or discussion must be taken. This is that meeting. The Bylaws can be amended at the next Board meeting.

There was some discussion regarding stating changes due to statute and whether to use the actual statute in the document. Mr. Mock also added some language that buttresses the District's ability to hold a meeting if there is a power outage or web problem.

The Board came to a consensus to bring the document back in August for adoption.

The ERU report reflects sales more in line with growth. Commerce City is still struggling to keep up with the growth that occurred last year.

288
289 In Board Comments there was a clarification regarding the amount of money we are holding
290 in the cash account. The majority of that amount is in bond proceeds. \$30 million is a restricted
291 fund for development infrastructure and we have to keep some for debt service requirements.
292

293 President Cordero called for a **MOTION** to adjourn at 7:21 PM. Director McNeely moved
294 and Director Scanlon seconded. The **MOTION** passed unanimously.
295

296 Respectfully submitted,

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300 B. JoAnn Moss
301 Secretary