

METRO WATER RECOVERY

Minutes of the Regular Meeting of the Board of Directors

October 19, 2021

The Board of Directors of the Metro Water Recovery, in the Counties of Adams, Arapahoe, Douglas, Jefferson, and Weld, and the City and County of Denver, State of Colorado, met in regular session in-person and via conference call at 6450 York Street, Denver, Colorado, Tuesday, October 19, 2021 at 5:30 p.m. in the Boardroom.

Chairman Twombly called the meeting to order.

1. ROLL CALL

Secretary Niyork called the roll.

Officers Present:

Scott Twombly, Thornton
Andrew Johnston, Denver
Sarah Niyork, South Adams
Jo Ann Giddings, Aurora

Chairman
Chairman Pro Tem
Secretary
Treasurer

Directors Present:

Peter Baertlein, Denver*
Greg Baker, Aurora*
Nadine Caldwell, Aurora
David Councilman, Pleasant View
Deborah Crisp, East Lakewood
John Dingess, Aurora
Robert Duncanson, Denver
Tammy Hitchens, Westminster
Joan Iler, Westridge
Kathryn Jensen, North Table Mountain*
Janet Kieler, Denver
Craig Kocian, Arvada
Laura Kroeger, Lakewood
Doug Lazure, Denver
Bob LeGare, Aurora

Charles Long, Thornton
Martin Majors, Fruitdale*
Steve Pott, Applewood
Bill Ray, Arvada*
Bob Roth, Aurora*
Michael Sapp, Denver
Greg Sekera, Lakewood
Del Smith, Bancroft-Clover
Peter Spanberger, Denver
Mary Beth Susman, Denver
Amerigo Svaldi, North Washington Street
Dennis Towndrow, North Pecos
Jennifer Williams, Denver
Ronald Younger, Denver

Directors Absent:

Phil Burgi, Wheat Ridge
John Chavez, Berkeley

Clark Davenport, Northwest Lakewood
Kathy Laurienti, Crestview

*Attended via conference call

Others Present:

Emily Jackson
Mitch Costanzo
Colleen Dempsey
Ruth Kedzior

General Counsel
Director of Engineering/Deputy CEO
Director of Human Resources
Assistant to the CEO

Lydia Nkem
Marv Falconburg
Maria Ostrom
James Graber

Executive Assistant
Member of the Public
Member of the Public
Member of the Public

2. PUBLIC COMMENT

General Counsel Jackson explained the guidelines for public comment before a member of the public addressed the Board.

Mr. Graber gave an overview of his experience as an employee at Metro Water Recovery for 33 years, highlighting what impact pay and performance increases have previously made to employees. He also addressed the proposed five percent increase in merit pay as part of the 2022 Compensation Recommendations, noting cost of living increases in the Denver metropolitan area reduces the impact of the merit pay increase and social security recipients will be receiving more than a five percent increase in 2022. He asked the Board to consider all this in its decisions regarding employee merit pay increases both now and in future years.

Chairman Twombly thanked Mr. Graber for attending the meeting and addressing the Board.

3. APPROVAL OF MINUTES

3.a Minutes of the Board of Directors Meeting on September 21, 2021

Chairman Twombly asked if there were any corrections, deletions, or additions to the minutes of the Regular Meeting of the Board of Directors held September 21, 2021.

Director Smith moved and Director Caldwell seconded the motion to approve the minutes of the Regular Meeting of the Board of Directors held September 21, 2021.

The motion carried unanimously.

4. PROGRESS AND PROJECTION REPORTS

4.a Report by CEO

Deputy CEO Costanzo reviewed the written report, highlighting the Bike to Work Day event, noting the participation of Director Kieler and some of her coworkers. He also reminded Directors of the Fall Board Workshop on Thursday, October 28, 2021 and gave an overview of the Dissolved Air Flotation process highlighted in the Wastewater 101 section.

4.b Report by General Counsel

Ms. Jackson provided an update on the recent developments concerning the Donald Temples litigation.

5. REPORTS OF OFFICERS AND COMMITTEES

5.a Meeting Minutes

There were no additions to the following meeting minutes:

Operations Committee	October 5, 2021
Finance Committee	October 7, 2021
Executive Committee	October 12, 2021

6. NEW BUSINESS

Consent Agenda

6.a **Consideration of South Headworks and Grease Processing Improvements Project (PAR 1225) – Replacement and Repairs to Makeup Air Units Agreement and Funding Appropriation**

Director Kieler moved and Director LeGare seconded the motion to adopt the following resolution:

WHEREAS, it is necessary Metro Water Recovery, hereinafter referred to as “Metro,” enter into an Agreement with Horizon Mechanical Solutions (Horizon) for replacement of Makeup Air Unit (MAU) 1 and repair of MAU-2 at the South Barscreen Facility (SBAR) at the Robert W. Hite Treatment Facility (RWHTF) as part of the South Headworks and Grease Processing Improvements Project (PAR 1225) (Project); and

WHEREAS, on January 14, 2021, while the Project was still under construction, a fire on the roof of the SBAR destroyed MAU-1 and damaged MAU-2, and these two pieces of Heating Ventilation and Air Conditioning (HVAC) equipment are critical to the operation of the SBAR; and

WHEREAS, Metro filed a claim with its builder’s risk insurance for the damage caused by the fire which indicated it will cover eligible costs for replacement and repair of the MAUs less the \$100,000 deductible; payment of the deductible is the contractual obligation of the contractor MWH Constructors (MWHC); and

WHEREAS, Metro will enter an agreement with Horizon, the original mechanical subcontractor to MWHC, to replace and repair the MAUs; and

WHEREAS, the Operations and Finance committees, after having reviewed the matter, recommend authorizing the Chief Executive Officer to enter into an agreement with Horizon in the amount of \$1,600,000 for replacement of MAU-1 and repair of MAU-2 at the SBAR at the RWHTF as part of the Project; and

WHEREAS, the Executive Committee, after having reviewed the matter, concurs in the recommendation of the other committees;

NOW, THEREFORE, BE IT RESOLVED the Chief Executive Officer be and hereby is authorized to enter into an agreement with Horizon Mechanical Solutions (Horizon)

in the amount of \$1,600,000 for replacement of Makeup Air Unit (MAU) 1 and repair of MAU-2 at the South Barscreen Facility at the Robert W. Hite Treatment Facility as part of the South Headworks and Grease Processing Improvements Project (PAR 1225) (Project); and

BE IT FURTHER RESOLVED the sum of \$1,225,000 (70 percent) be and hereby is appropriated from the Fixed Asset Replacement Fund and \$525,000 (30 percent) from the General Fund Capital Project Account, for a total appropriation of \$1,750,000 for this Project.

The motion carried unanimously.

6.b Consideration of Second Creek and Sand Creek Interceptor System Improvements Project (PAR 1232) – Construction Management-At-Risk Construction Services Contract Change Order Approval and Increased CEO Approval Authority

Director Kieler moved and Director LeGare seconded the motion to adopt the following resolution:

WHEREAS, it is necessary Metro Water Recovery, hereinafter referred to as "Metro," execute a Change Order to the Construction Services Contract with Garney Companies, Inc. (Garney) to implement contract changes on the Second Creek (SD) Interceptor and Sand Creek Interceptor System Improvements Project (PAR 1232) (Project); and

WHEREAS, at two locations along the route of the SD Interceptor field condition changes and stakeholder negotiations/agreements have resulted in changes to the Project's construction methods; and

WHEREAS, these two changes will be combined and executed as a single Change Order to the Construction Services Contract with Garney, resulting in a net Change Order amount of \$624,330 which exceeds the Chief Executive Officer's approval authority limit of \$500,000 and requires Board of Directors approval; and

WHEREAS, due to the complexity of the Project and relatively large size (dollar value) of the Construction Services Contract, there is a reasonable potential for future change orders and amendments to be greater than \$500,000; and

WHEREAS, the Operations and Finance committees, after having reviewed the matter, recommend authorizing the Chief Executive Officer to execute a Change Order to the Construction Services Contract with Garney, in the amount of \$624,330 to implement contract changes on the Project and increase the Chief Executive Officer's change order approval authority for this Project only to \$1 million; and

WHEREAS, the Executive Committee, after having reviewed the matter, concurs in the recommendation of the other committees;

NOW, THEREFORE, BE IT RESOLVED the Chief Executive Officer be and hereby is authorized to execute a Change Order to the Construction Services Contract with Garney Companies, Inc., in the amount of \$624,330 to implement contract changes

on the Second Creek Interceptor and Sand Creek Interceptor System Improvements Project (PAR 1232) (Project); and

BE IT FURTHER RESOLVED the Chief Executive Officer's amendment and change order approval authority be and hereby is increased from \$500,000 to \$1 million for this Project only.

The motion carried unanimously.

6.c Consideration of Thornton-North Washington Fixed Asset Replacement Project (PAR 1312) – Construction Contract, Engineering Services Amendment, and Funding Appropriation

Director Kieler moved and Director LeGare seconded the motion to adopt the following resolution:

WHEREAS, it is necessary Metro Water Recovery, hereinafter referred to as "Metro," enter into a Construction Services Contract with PCL Construction, Inc. (PCL) and amend the Professional Services Agreement with Stantec Consulting Engineers (Stantec) to provide construction phase services for the Thornton-North Washington (TNW) Fixed Asset Replacement Project (PAR 1312) (Project); and

WHEREAS, Metro's TNW Lift Station, which pumps wastewater to the Robert W. Hite Treatment Facility from the South Thornton Interceptor and two North Washington Street Water and Sanitation District interceptors, was built in 1967 and has reached the end of its useful life; and

WHEREAS, in March 2019, following standard consultant selection procedures, Stantec was selected as the design consultant to provide preliminary design, final design, and cost estimating services for this Project; and

WHEREAS, pursuant to Metro's Purchasing and Contracting Policies and following a competitive, qualification-based selection process, PCL was selected as the Construction Management-At-Risk Contractor; and

WHEREAS, PCL collaboratively participated in the design efforts with Stantec and the Project design was completed in June 2021; and

WHEREAS, Metro has negotiated a Stipulated Price with PCL for construction of this Project based on Stantec's design; and

WHEREAS, the Operations and Finance committees, after having reviewed the matter, recommend authorizing the Chief Executive Officer to enter into a Construction Services Contract with PCL, in the amount of \$31,960,000, to provide construction services and amend the Professional Services Agreement with Stantec, in the amount of \$2,833,000, to provide construction phase services for the Project; and

WHEREAS, the Executive Committee, after having reviewed the matter, concurs in the recommendation of the other committees;

NOW, THEREFORE, BE IT RESOLVED the Chief Executive Officer be and hereby is authorized to enter into a Construction Services Contract with PCL Construction, Inc., in the amount of \$31,960,000 to provide construction services for the Thornton-North Washington Fixed Asset Replacement Project (PAR 1312) (Project); and

BE IT FURTHER RESOLVED the Chief Executive Officer be and hereby is authorized to amend the Professional Services Agreement with Stantec Consulting Engineers, in the amount of \$2,833,000 to provide construction phase services for the Project; and

BE IT FURTHER RESOLVED the sum of \$38,450,000 (100 percent) be and hereby is appropriated from the Fixed Asset Replacement Project Account for this Project.

The motion carried unanimously.

6.d Consideration of Interceptor Rehabilitation 2020-2022 Project (PAR 1363) – Year 2 Construction Services Contract Change Order and Funding Appropriation

Director Kieler moved and Director LeGare seconded the motion to adopt the following resolution:

WHEREAS, it is necessary Metro Water Recovery, hereinafter referred to as “Metro,” execute an Amendment to the Construction Services Contract with Granite Inliner, LLC (Granite) to provide Construction Services for Year 2 work for the Interceptor Rehabilitation 2020-2022 Project (PAR 1363) (Project) and enter into an Amendment to the Preconstruction Services Agreement with Granite to complete the Year 3 preconstruction work for the Project; and

WHEREAS, this Project is being executed through a three-year, Construction Management-At-Risk (CMAR) delivery method with engineering services provided by in-house Metro staff, and Granite was selected as the CMAR Contractor; and

WHEREAS, Metro entered into a Preconstruction Services Agreement with Granite to provide assistance during design and to develop stipulated prices for each of the three, annual construction work packages; and

WHEREAS, Metro negotiated a stipulated price with Granite for the Year 1 work which is currently being done under a Construction Services Contract; and

WHEREAS, Metro has completed the design of the Year 2 scope of work, has negotiated a stipulated price with Granite for the construction of the Year 2 work, and requires an amendment to Granite’s Construction Services Contract; and

WHEREAS, Metro has negotiated an amendment with Granite to provide additional design support and development of a stipulated price for the Year 3 work and requires an amendment to Granite’s Preconstruction Services Agreement; and

WHEREAS, the overall amount of the agreement exceeds the Chief Executive Officer’s authority; and

WHEREAS, the Operations and Finance committees, after having reviewed the matter, recommend authorizing the Chief Executive Officer to execute an Amendment to the Construction Services Contract with Granite, in the amount of \$7,950,512 to provide Construction Services for Year 2 work, apply unused funds from the Project's Year 1 appropriation to offset the Year 2 appropriation by an amount of \$1 million, and enter into an Amendment to the Preconstruction Services Agreement with Granite in the amount of \$200,000 to complete the Year 3 pre-construction work for the Project; and

WHEREAS, the Executive Committee, after having reviewed the matter, concurs in the recommendation of the other committees;

NOW, THEREFORE, BE IT RESOLVED the Chief Executive Officer be and hereby is authorized to execute an Amendment to the Construction Services Contract with Granite Inliner, LLC (Granite), in the amount of \$7,950,512 to provide Construction Services for Year 2 work for the Interceptor Rehabilitation 2020-2022 Project (PAR 1363) (Project); and

BE IT FURTHER RESOLVED the Chief Executive Officer is authorized to apply unused funds from the Project's Year 1 appropriation to offset the Year 2 appropriation by an amount of \$1 million; and

BE IT FURTHER RESOLVED the Chief Executive Officer is authorized to enter into an Amendment to the Preconstruction Services Agreement with Granite in the amount of \$200,000 to complete the Year 3 preconstruction work for the Project; and

BE IT FURTHER RESOLVED the sum of \$8,472,000 (100 percent) be and hereby is appropriated from the Fixed Asset Replacement Fund for this Project.

The motion carried unanimously.

6.e Consideration of Metro Water Recovery Investment Advisor for Both Defined Contribution Plans (401(a) and 457(b))

Director Kieler moved and Director LeGare seconded the motion to adopt the following resolution:

WHEREAS, it is in the best interest of the participating employees of Metro Water Recovery's, hereinafter referred to as "Metro," Defined Contribution 401(a) Retirement Plan (DC Plan) for Metro to enter into a contract with an Investment Consultant to provide investment consulting and performance analysis services for the DC Plan; and

WHEREAS, Metro's Defined Contribution Retirement Plan Investment Policy requires the Defined Contribution Plan Retirement Board (DC Retirement Board) to retain an independent investment consulting firm to monitor and report on the DC Plan's investments on a continuing basis; and

WHEREAS, the current agreement for investment consulting services for the DC Retirement Board is CapFinancial Partners, LLC (CAPTRUST) and the current agreement for investment consulting services for the 457(b) Advisory Committee is J.H. Ellwood & Associates, Inc.; and

WHEREAS, Metro staff recommends having one consultant to provide investment advice for both plans to save money, provide consistent advice across both employee plans, and provide a consistent approach to investment review and selection, plan design, and fee structure; and

WHEREAS, after following the standard process for selecting a consultant, the Selection Committee consisting of Metro staff recommends entering into an agreement with Innovest Portfolio Solutions, LLC (Innovest) to provide investment consulting and performance analysis services for Metro's DC Plan and 457(b) Deferred Compensation Plan; and

WHEREAS, the Operations and Finance committees, after having reviewed the matter, recommend authorizing the Chief Executive Officer to enter into a one-year agreement, with a one-year annual extension option to a maximum of five years, with Innovest to provide investment consulting and performance analysis services for the DC Plan and 457(b) Deferred Compensation Plan; and

WHEREAS, the Executive Committee, after having reviewed the matter, concurs in the recommendation of the other committees;

NOW, THEREFORE, BE IT RESOLVED the Chief Executive Officer be and hereby is authorized to enter into a one-year agreement, with a one-year annual extension option to a maximum of five years, with Innovest Portfolio Solutions, LLC to provide investment consulting and performance analysis services for the Defined Contribution 401(a) Retirement Plan and 457(b) Deferred Compensation Plan.

The motion carried unanimously.

6.f Consideration of Defined Benefit Retirement Plan Amendment

Director Kieler moved and Director LeGare seconded the motion to adopt the following resolution:

WHEREAS, it is necessary Metro Water Recovery, hereinafter referred to as "Metro," amend the Amended and Restated Retirement Plan (DB Plan); and

WHEREAS, the DB Plan does not address how to administer benefits in the situation when a participant's benefits are accrued after 2012, exceed \$5,000, and the participant dies prior to receiving payments and prior to reaching normal retirement age and was not eligible for early retirement; and

WHEREAS, Metro staff recommend adding a paragraph (d) to section 6.07 to clarify the lump sum option in the section 5.06 death benefit provision includes a participant's "entire vested Accrued Benefit."

WHEREAS, the Operations and Finance committees, after having reviewed the matter, recommend amending the DB Plan to add a new paragraph (d) to section 6.07 to clarify the lump sum option for death benefits include the entire vested Accrued Benefit; and

WHEREAS, the Executive Committee, after having reviewed the matter, concurs in the recommendation of the other committees;

NOW, THEREFORE, BE IT RESOLVED the Amended and Restated Retirement Plan be and hereby is amended to include the following to 6.07:

“(d) Effective August 25, 2021, notwithstanding the above provisions of this Section 6.07, a lump sum payment is available for any Beneficiary of a deceased Participant who dies prior to commencing payments under this Plan, and such lump sum payment shall be available for the Participant’s entire vested Accrued Benefit. If there is more than one Beneficiary, each Beneficiary shall be entitled to elect a lump sum payment for that Beneficiary’s portion of the deceased Participant’s Accrued Benefit.”

The motion carried unanimously.

6.g Consideration of Medical and Dental Insurance Review and Recommendations

Director Kieler moved and Director LeGare seconded the motion to adopt the following resolution:

WHEREAS, it is in the best interest of Metro Water Recovery, hereinafter referred to as “Metro,” to adopt adjustments to the benefits package for all Metro employees and for the compensation for all Metro employees to be at the prevailing rate of pay for equivalent work; and

WHEREAS, Metro is required by C.R.S. § 32-4-510(1)(aa) to fix compensation of employees at prevailing rates of pay for equivalent work; and

WHEREAS, the term “compensation” has been held to include all remuneration for services rendered by Metro employees, including but not limited to wages; salaries; pensions; overtime; holiday and vacation pay; educational assistance; and health, dental, and life insurance; and

WHEREAS, in 2017, Metro hired Gallagher Benefit Services, Inc. (Gallagher), a benefits consultant, to conduct an annual review of Metro’s health and dental insurance benefits program in light of the statutory requirements; and

WHEREAS, for 2022, Gallagher recommends Metro increase its contribution to the cost of health insurance and dental insurance by 0.8 percent from Metro’s 2021 contribution, and has opined the employer contributions are within the prevailing range in the Denver metropolitan area; and

WHEREAS, the Operations and Finance committees, after having reviewed the matter, recommend adopting the following funding distribution for Metro’s health and dental insurance programs:

1. Health Insurance: Effective January 1, 2022, Metro will contribute 82 to 91 percent of the cost of employee-only coverage and 76 to 89 percent of the cost of two-person and family coverage, depending upon the health insurance plan chosen and the number of dependents covered; and

2. Dental Insurance: Effective January 1, 2022, Metro will contribute 70 percent of the cost of employee-only coverage and 56 percent of the cost of two-person and family coverage; and

WHEREAS, the Executive Committee, after having reviewed the matter, concurs in the recommendation of the other committees;

NOW, THEREFORE, BE IT RESOLVED the Board of Directors hereby determines the following funding distribution for Metro's health and dental insurance programs are necessary for the benefits package to meet the statutory mandate:

1. Health Insurance: Effective January 1, 2022, Metro will contribute 82 to 91 percent of the cost of employee-only coverage and 76 to 89 percent of the cost of two-person and family coverage, depending upon the health insurance plan chosen and the number of dependents covered; and
2. Dental Insurance: Effective January 1, 2022, Metro will contribute 70 percent of the cost of employee-only coverage and 56 percent of the cost of two-person and family coverage.

The motion carried unanimously.

Roll Call Agenda

6.h Consideration of 2022 Compensation Recommendations

Director Sekera moved and Director Iler seconded the motion to adopt the following resolution:

WHEREAS, Metro Water Recovery, hereinafter referred to as "Metro," is required by C.R.S. § 32-4-510(1)(aa) to fix compensation of employees at prevailing rates of pay for equivalent work; and

WHEREAS, Metro engaged Graves Consulting (Graves), a compensation consultant, to undertake a compensation study to assist the Board of Directors in making a determination as to the prevailing rates of pay in the Denver metropolitan area, and Graves' findings were presented to the Operations and Finance committees; and

WHEREAS, based on the findings of Graves, which found fluctuations in labor market data due to current economic conditions caused by the COVID-19 pandemic, the Chief Executive Officer provided a 2022 Pay Program Recommendation which includes a two percent adjustment to the Administrative salary structure, a three percent adjustment to the Plant and Field salary structure, and a Merit Pool amount equal to 5.0 percent of 2021 year-end salaries, totaling approximately \$1,530,993, which will be provided to all eligible employees; and

WHEREAS, the Operations, Finance, and Executive committees, after having reviewed the Pay Program Recommendation and the existing Administrative and Plant and Field Salary Structures, have determined the proposed rates of pay are prevailing for equivalent work and recommend approval effective January 1, 2022 as Metro's

salary structures and further recommend salaries of individual employees be set within the salary ranges in the proposed salary structures; and

WHEREAS, the Operations, Finance, and Executive committees, after having reviewed the Chief Executive Officer's Pay Recommendation to a two percent adjustment to the Administrative salary structure, a three percent adjustment to the Plant and Field salary structure, and a Merit Pool amount equal to 5.0 percent of 2021 year-end salaries, totaling approximately \$1,530,993, which will be provided to all eligible employees, recommend approval;

NOW, THEREFORE, BE IT RESOLVED the attached 2022 Administrative Salary Structure by Classification (Exhibit A) be and hereby is approved as the prevailing rates of pay for equivalent work effective January 1, 2022 and the Chief Executive Officer be and hereby is authorized to set salaries of Metro administrative employees within the salary ranges set forth in Exhibit A; and

BE IT FURTHER RESOLVED the attached 2022 Plant and Field Salary Structure by Classification (Exhibit B) be and hereby is authorized as the prevailing rates of pay for equivalent work effective January 1, 2022 and the Chief Executive Officer be and hereby is authorized to set salaries of Metro plant and field employees within the salary ranges set forth in Exhibit B; and

BE IT FURTHER RESOLVED the Chief Executive Officer's Pay for Performance Recommendation to create a Merit Pool amount equal to 5.0 percent of 2021 year-end salaries for eligible employees be and hereby is approved for the 2021 Pay for Performance Plan.

Chairman Twombly called for a roll call vote which carried with 33 Directors voting Yes:

Peter Baertlein	Andrew Johnston	Bob Roth
Greg Baker	Janet Kieler	Michael Sapp
Nadine Caldwell	Craig Kocian	Greg Sekera
David Councilman	Laura Kroeger	Del Smith
Deborah Crisp	Doug Lazure	Peter Spanberger
John Dingess	Bob LeGare	Mary Beth Susman
Robert Duncanson	Charles Long	Amerigo Svaldi
Jo Ann Giddings	Martin Majors	Dennis Towndrow
Tammy Hitchens	Sarah Niyork	Scott Twombly
Joan Iler	Steve Pott	Jennifer Williams
Kathryn Jensen	Bill Ray	Ronald Younger

8. INDIVIDUAL DIRECTOR COMMENTS

Director Sapp commended Metro Water Recovery staff for swiftly acting on the name change, pointing out the new meeting name tents and signs at the facility entrances.

9. OTHER INFORMATION

Chairman Twombly gave an overview of the Board's Direct Report evaluation process, reminding Directors to email their evaluation forms to him or bring them to their November

Committee meeting. He also noted Jane Bais DiSessa has submitted her resignation to the Board and expressed appreciation for her contributions.

Director Ray expressed appreciation to the Board and Metro Water Recovery staff for their kind comments and support in light of his recent accident. He stated he hoped to be able to join in-person in November.

Chairman Twombly wished Director Ray a speedy recovery.

10. ADJOURNMENT

Chairman Twombly adjourned the meeting at 5:48 p.m.

MC\rak\lmm

**Board of Directors Meeting Minutes
October 19, 2021**

(SEAL)

Chairman

ATTEST:

Secretary