

# AGENDA

## Denver Board of Water Commissioners

Denver Water Administration Building  
1600 West 12<sup>th</sup> Avenue  
Denver, CO  
Board Room, Third Floor

**Wednesday, November 14, 2018 9:00 a.m.**

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### I. INTRODUCTORY BUSINESS

#### A. Call to Order and Determination of Quorum

#### B. Public Comment and Communications

At this point in the agenda, the Board may allow members of the public to address the Board on any item of interest within the jurisdiction of the Board, and not on the agenda for action. Speakers wishing to address a specific Action Item will be invited to address the Board when the item is being considered. Three minutes are allowed for each person unless the President determines otherwise.

1. Distributor Communications
2. Citizen Advisory Committee Communications

#### C. Ceremonies, Awards and Introductions

### II. ACTION ITEMS

#### A. Consent Items

Items listed below are considered routine and may be enacted by one motion and vote. If any Board member desires discussion beyond explanatory questions, or corrections to the Minutes, the President may order that item to be considered in a separate motion and vote.

1. West Slope Charge Agreement – Riverbend East Pit – Contract 503462
2. Second Amendment to Agreement for Temporary Lease of Non-Potable Water - Contract 501605-17015A
3. Non-potable Water Lease Agreement Overland Golf Course - Contract 503501
4. Intergovernmental Agreement with City of Wheat Ridge First Amendment to Contract 503728

*Denver Water aspires to be the best water utility in the nation.*

Integrity :: Vision :: Passion :: Excellence :: Respect



**B. Individual Approval Items**

- |   |                |           |
|---|----------------|-----------|
| 1. Resolution Authorizing Acquisition of Inundation and Roadway Property via Eminent Domain for the Gross Reservoir Expansion Project | Amy Turney     | 5 minutes |
| 2. Adoption of 2019 Rate Schedule   | Fletcher Davis | 5 minutes |

**III. POLICY MATTERS**

- |   |                                |            |
|---|--------------------------------|------------|
| <b>A. Debt Disclosure Policy</b>                    | Matt Hogan<br>Sherman & Howard | 10 minutes |
| <b>B. NTP Update</b>                                | Pete McCormick                 | 20 minutes |
| <b>C. 3<sup>rd</sup> Quarter Performance Report</b> | Stephanie Abram                | 30 minutes |

**IV. EXECUTIVE UPDATE**

- A. CEO Update**
- B. CFO Update**
- C. Operations Update**

**V. BRIEFING PAPERS & REPORTS**

- A. Briefing Paper**
  - 1. Debt Disclosure
- B. Report**

## **VI. ADJOURNMENT**

## **VII. TRUSTEE MATTERS**

1. Trustee and/or Plan Sponsor Meeting

## **VIII. EXECUTIVE SESSION**

The Board may adjourn the regular meeting and reconvene in executive session on topics authorized by C.R.S. Sec. 24-6-402 or D.R.M.C Sec. 2-34.

- A. Confidential Report § 24-6-402(4)

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 14, 2018

Board Item: II-A-1

## West Slope Charge Agreement – Riverbend East Pit Contract 503642

Action by Consent

Individual Action

### **Purpose and Background:**

Mining activities at the Lupton Lakes North Cell gravel pit have impacted wells used for irrigation on two neighboring farms. To mitigate this impact, water was pumped from the Riverbend East recharge pond and supplied to these farms. The Riverbend East recharge pond, in turn, intercepts alluvial groundwater, reducing the surface flow in the South Platte River. To avoid impacts to downstream water rights, replacement water was provided by Denver Water from other non-potable sources, as required by the Water Division 1 Engineer.

Under the Colorado River Cooperative Agreement, ("CRCA") if Denver Water provides water on a temporary basis outside its service area, the recipient must enter into a West Slope Charge Agreement with the Colorado River Water Conservation District ("CRWCD") and pay a West Slope Charge. Denver Water is providing water to landowners affected by dewatering operations outside its service area and staff has determined, for this unique circumstance, to cover the West Slope Charge of 15%. Water pumped for irrigation purposes by the adversely affected landowners in 2018 totaled 48.83 acre-feet. The amount due to the CRWCD is \$2,505.86.

### **Budget and Schedule:**

The total amount of this contract is \$2,505.86. Funds for this contract will come from the 2018 budget for Lupton Lakes Offsite Dewatering.

### **Recommendation:**

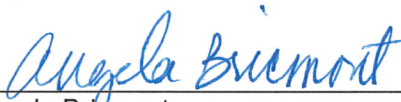
It is recommended that the Board approve Contract 503642 with the Colorado River Water Conservation District for the payment of monies under and in accordance with the CRCA for a total contract amount not to exceed \$2,505.86.

### **Approvals:**

Respectfully submitted,



Mike King  
Chief External Affairs Officer

  
James S. Lochhead  
CEO/Manager

Angela Brimont  
Chief Finance Officer

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 14, 2018

Board Item: II-A-2

## Second Amendment to Agreement for Temporary Lease of Non-Potable Water Contract 501605-17015A

Action by Consent

Individual Action

### **Purpose and Background:**

The City and County of Denver has an agreement with Denver Water for a temporary lease of non-potable water to replace out-of-priority depletions associated with the Globeville Landing Outfall Project. This is a storm-water drainage infrastructure construction project located near the Denver Coliseum. Dewatering of the project site is required during construction of the storm-water drainage. Before the water can be discharged back to the stream system, it must be treated, which results in depletions to the South Platte River. Out-of-priority depletions caused by the dewatering activities must be replaced to prevent injury to other water rights. Denver Water uses two methods to replace these depletions:

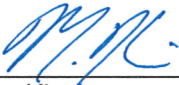
- Providing reusable effluent from wastewater treatment plants; and
- Releases from downstream gravel pit reservoirs.

Phase I dewatering activities began in April 2017 and ended September 2018. The project evolved to include Phase II dewatering activities which started in October 2018 and are expected to continue through June 2019, resulting in lagged depletions accruing to the river through February 2021. The previously approved First Amendment to Contract 501605-17015A extended the termination date of the contract to December 31, 2020. This Second Amendment to Contract 501605-17015A extends the termination date of the lease by one additional year to December 31, 2021 to cover the lagged depletions associated with Phase II dewatering activities. The maximum amount of water that can be delivered under the agreement, including the first and second amendments, is limited to 40 acre-feet. The standard inside city rate for non-potable water will be charged for water provided under this agreement.

### **Recommendation:**

It is recommended the Board approves the Second Amendment to Contract 501605-17015A with the City and County of Denver for temporary lease of non-potable water to replace the lagged out-of-priority depletions associated with the dewatering activities for the Globeville Landing Outfall Project. The Second Amendment to Contract 501605-17015A extends the contract period to December 31, 2021.

### **Approvals:**

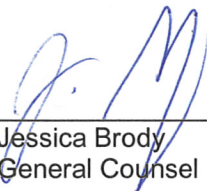


Mike King  
Chief External Affairs Officer

Respectfully submitted,



James S. Lochhead  
CEO/Manager



Jessica Brody  
General Counsel

## DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 14, 2018

Board Item: II-A-3

### Non-potable Water Lease Agreement Overland Golf Course Contract 503501

Action by Consent

Individual Action

#### **Purpose and Background:**

Overland Golf Course is owned by the City and County of Denver and is located within Denver Water's Service Area. The golf course has a junior water right allowing for pumping of non-potable water from the South Platte River for irrigation. When Overland Golf Course's water right is out of priority they are required to replace 80 percent of the water pumped and all evaporation losses from their pond. In 1995 Denver Water and the City and County of Denver entered into Contract 500181 whereby Denver Water agreed to lease up to 600 acre-feet of replacement water to Overland Golf Course. This contract expires December 31, 2018.

The City and County of Denver was offered a permanent agreement but opted for a new temporary lease agreement with Denver Water to lease a maximum of 600 acre-feet per year of raw water. Water will be used by Overland Golf Course for continued replacement of out of priority pumping and evaporation. Contract 503501 will begin January 1, 2019 and end December 31, 2034.

#### **Recommendation:**

It is recommended that the Board approve Contract 503501 with the City and County of Denver for temporary lease of non-potable water for the contract period January 1, 2019 to December 31, 2034.

#### **Approvals:**



Mike King  
Chief External Affairs Officer

Respectfully submitted,



James S. Lochhead  
CEO/Manager

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 14, 2018

Board Item: II-A-4

## Intergovernmental Agreement with City of Wheat Ridge First Amendment to Contract 503728

Action by Consent

Individual Action

### **Purpose and Background:**

The purpose of this Board Item is to execute an amendment to an Intergovernmental Agreement (IGA) with the City of Wheat Ridge (COWR), Contract 500671. The original IGA was executed September 20, 2012 and was in support of the Ashland Reservoir Tank Replacements project. This IGA Amendment is necessary to describe in detail the responsibilities for the street improvements, established in the original IGA and required under terms of the Special Use Permit (SUP) issued by COWR in September 2012. It was a condition of this permit that Denver Water construct the street improvements in order to proceed with the construction of the Ashland Reservoir Tank Replacement Project.

This Amendment to the 2012 IGA provides for the COWR to design and construct improvements that Denver Water is financially responsible for under the SUP within a larger street improvement project that the COWR is conducting. Denver Water will reimburse the COWR for street improvement costs specific to the Ashland project. Packaging the improvements in COWR's project should result in cost savings to Denver Water compared to contracting the improvements separately.

### **Budget and Schedule:**

The estimated cost to Denver Water is expected to be up to \$800,000, with the actual amount determined during construction of the improvements, based upon the payment procedures identified within the IGA. Sufficient funds remain in the Ashland Reservoir Tank Replacements Business Unit to pay for the anticipated costs in 2019 due under the terms of the IGA. Construction of the IGA improvements is anticipated to be complete in 2019, and actual costs should be incurred in 2019.


### **Recommendation:**


It is recommended that the Board approve the First Amendment to the Intergovernmental Agreement with the City of Wheat Ridge, Contract 503728 for an estimated cost of \$800,000.

### **Approvals:**

  
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Robert J. Mahoney  
Chief Engineering Officer

Respectfully submitted,

  
\_\_\_\_\_  
James S. Lochhead  
CEO/Manager

  
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Angela Bricmont  
Chief Finance Officer

## DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 14, 2018

Board Item: II-B-1

### Resolution Authorizing Acquisition of Inundation and Roadway Property via Eminent Domain for the Gross Reservoir Expansion Project

Action by Consent

Individual Action

#### **Purpose and Background:**

The Board plans to construct the Gross Reservoir Expansion (GRE) Project as part of its long-term multi-pronged water supply approach (including conservation, recycled water, and responsible sourcing of new supply). The GRE will raise Gross Dam by 131 feet to provide an additional 77,000 acre-feet of storage capacity in Gross Reservoir. Expanding storage at Gross Reservoir is crucial in providing a secure water future for Denver Water customers.

On April 11, 2018, the Board approved a Resolution for staff to commence negotiations for the acquisition of the 15 acres of private property required in the expanded FERC boundary, including reservoir inundation zone and adjacent roadway. To this point, negotiations have not succeeded. Ownership of the land must be secured prior to FERC granting final approval.

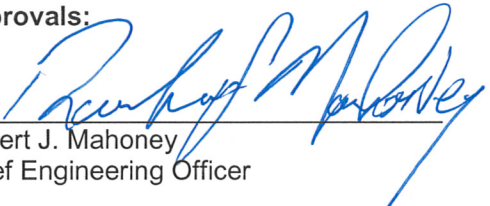
#### **Budget and Schedule:**

The 2019 Budget for GRE includes sufficient funds for the cost of this acquisition.


#### **Recommendation:**

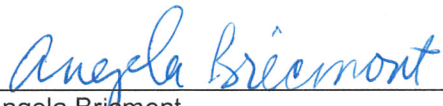
For the foregoing reasons, it is recommended that the Board adopt the attached Resolution authorizing the initiation of eminent domain legal proceedings for the acquisition of approximately 15 acres of inundation and roadway land necessary for the GRE .

#### **Approvals:**

  
Robert J. Mahoney  
Chief Engineering Officer

Respectfully submitted,

  
James S. Lochhead  
CEO/Manager

  
Angela Briceмонт  
Chief Finance Officer



# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 14, 2018

Board Item: II-B-2

## Adoption of 2019 Rate Schedules

Action by Consent

Individual Action

### **Purpose and Background:**

Staff requests Board approval of the 2019 rate schedules. These rates represent an annualized 3% increase to rate revenues for 2019 and are designed to meet the financial needs of Denver Water as forecasted by the financial plan. Denver Water requires this rate revenue increase to fund the approximately \$1.33 billion in capital projects over the next 5 years while meeting all financial policy requirements. The preliminary and final financial plans were presented to the Board of Water Commissioners on July 25 and October 10, 2018.

### **Budget and Schedule:**


The 2019 revenue requirement totals \$506 million, consisting of operation and maintenance expenses, rate-funded expansion capital, repair and replacement capital, and debt service. The revenue requirement is met from rate revenue, miscellaneous revenue, and cash reserves. The requested rate revenue increase of 3.0% in 2019 is needed in order to meet the revenue requirement from rates of \$296.2 million in 2019.

The 2019 fixed charge is designed to recover 20% of total rate revenue or about \$59 million. The 2019 volumetric rate structures remain unchanged. Rate revenue to be recovered from volumetric charges is approximately \$237 million.

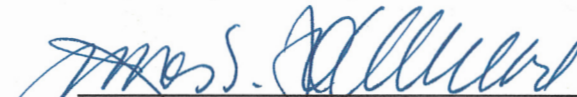
### **Recommendation:**

Staff recommends the Board approve the 2019 rate schedules [attached] designed to meet the financial needs of Denver Water as forecasted by the financial plan.

### **Approvals:**

  
\_\_\_\_\_  
Angela Bricmont  
Chief Financial Officer

Respectfully submitted,

  
\_\_\_\_\_  
James S. Lochhead  
CEO/Manager

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 14, 2018

Board Item: V-A-1

## Briefing Paper on Debt Disclosure

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### Strategic Plan Alignment

Adhering to Security and Exchange Rule 15c2-12 Continuing Disclosure requirements is part of providing Excellent Operations.

Lenses:  Customer Centric  Industry Leader  Long-Term View

### Summary

The objective of this paper is to inform the Board of the disclosure requirements by Securities and Exchange Commission Rule 15c2-12 and the Board's current practice to comply with these requirements until the securities are called or matured. The Board issues securities to finance its capital projects. When issuing these securities, the Board contracts with underwriters and purchasers to disclose financial and operating data free from material misstatements and omissions, to provide annual updates on the financial and operating data and to provide timely notices of certain events identified in Security and Exchange Rule 15c2-12. Complying with the provisions of the documents will promote good investor relations and reduce liability

### Background

In late 2014 the Securities and Exchange Commission Division of Enforcement released the Municipalities Continuing Disclosure Cooperation (MCDC) Initiative which would recommend favorable settlement terms to issuers and underwriters involved in the offer or sale of municipal securities if they self-report violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12.

Denver Water and the underwriters of Denver Water's debt securities reviewed all disclosure undertakings for 5 years prior to the initiative and concluded that there were no violations of the disclosure obligations. This initiative prompted Treasury staff to implement written policies and procedures to provide guidance for future securities issues and to create a log of continuing disclosure submitted to the Electronic Municipal Market Access website for the 5 years audited and for all future submissions. The recently adopted policy document is attached for your review.

Treasury staff requested Matt Hogan from Sherman and Howard, the Board's disclosure counsel, to present to the Board the roles of the Board, the Officials and employees involved in securities issuance at the November 14, 2018 Board meeting.

### Budget

There is no budget impact.

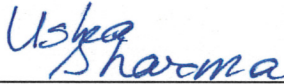
### Owner(s)

Rick Wirth – Finance Supervisor

**Attachments**

- Debt Disclosure Policy FN – 04

Respectfully submitted,



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Usha Sharma  
Treasurer



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Angela Bricmont  
Chief Finance Officer