

AGENDA

Denver Board of Water Commissioners

Denver Water Administration Building
1600 West 12th Avenue
Denver, CO
Board Room, Third Floor

Wednesday, February 28, 2018 9:00 a.m.

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

D. Legislative Update

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.

B. Individual Approval Items

1. 2018 Purchase of Fleet Vehicles and Equipment
2. Fleet Services Vehicle Leasing Agreement Contract No.503066
3. Preliminary Commitment for Water Quality Lab Siting at the National Western Water Resources Center
4. Colorado River System Conservation Pilot Program Notification of Additional Funds Contract No. 500977/15580A

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III. POLICY MATTERS

- | | | |
|--|-----------------|------------|
| A. OCR Update | Jeremy Ross | 10 minutes |
| B. 2017 Year-End Performance Report | Angela Bricmont | 10 minutes |

IV. EXECUTIVE UPDATE

- A. CEO Update**
- B. CFO Update**
 - 1. Monthly Financial Update
- C. Operations Update**

V. BRIEFING PAPERS & REPORTS

- A. Briefing Paper**
 - 1. Legislative Update
 - 2. 2018 Lead Reduction Program Update
 - 3. Fleet Audit and Value Stream Assessment
- B. Report**
 - 1. Review of Property Burdens and Disposals - 4th Quarter 2017

VI. ADJOURNMENT

VII. TRUSTEE MATTERS

- 1. Meeting of Denver Board of Water Commissioners Acting as Trustee of the Employees' Retirement Plan Fund
- 2. Meeting of Denver Board of Water Commissioners Acting as Plan Sponsor of the Employees' Retirement Plan, 401(k) Plan and 457 Plan

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: February 28, 2018

Board Item: II-B-1

2018 Purchase of Fleet Vehicles and Equipment

Action by Consent

Individual Action

Summary:

Denver Water Fleet Operations submitted a 2018 Capital budget of \$5,483,451 that was approved by the Board to procure new equipment and vehicles. Since 2014 Fleet has aligned replacements to minimize maintenance costs and maximize resale value with the goal of reducing the overall age of the fleet. During this same time Fleet has standardized Denver Water equipment brands to gain efficiencies in standard work, operator efficiencies, and increase uptime. This allows for continued reduction in operating cost of Fleet Operations, which have been reduced 23% since 2014.

The strategy for asset replacement in Fleet has evolved to a full evaluation of each individual asset to replace the asset as close as possible to the time that will result in the lowest cost of ownership to Denver Water. This includes variables such as replacement purchase price, resale value, historical maintenance cost trend, projected cost of maintenance, and fuel efficiency. Ordering of vehicles occurs steadily throughout the year and as final bid prices are received adjustments in the final order quantity will be made so that the 2018 approved budget amount is not exceeded. The following table lists the planned assets to be replaced with the planned budget.

Asset Class	Proposed Replacement Units	Cost of Replacements
Pickups	47	\$1,583,853.00
Crew Trucks	5	\$693,430.00
Dump Trucks	1	\$168,391.00
1 Ton Trucks	10	\$449,130.00
Medium Duty Trucks	10	\$823,440.00
Backhoes	2	\$240,000.00
Wheeled Loaders	3	\$942,000.00
Skid Steers	1	\$80,000.00
Motor Graders	1	\$306,560.00
Sweepers	1	\$53,766.00
Trailers	4	\$130,620.00
Total	85	\$5,471,190.00

Budget Information:

The total amount proposed for purchase of Fleet assets in 2018 is \$ 5,471,190.00. Funds for these purchases will come from the 2018 budget for Fleet of \$5,483,451.00.

Selection of Business Partner:

Denver Water is using the National Joint Powers Alliance (NJPA) consortium contract for its construction equipment purchases and Fleet piggy-back awards from the State of Colorado for the large utility bodies and light duty trucks and Weld County for purchases.

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S/MWBE Information:

Dellenbach Motors, MHC Kenworth, Honnen Equipment Company and Power Equipment are neither SBE nor a MWBE. For 2018 O&M set an overall 15% target for MWBE participation in contracts.

Recommendation:

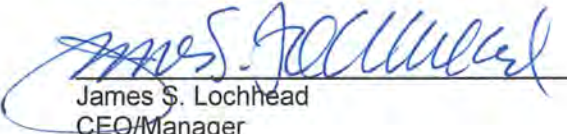
It is recommended that the Board approve the execution of this proposed plan and the funds for the procurement of new vehicles and equipment between February 14, 2018 and December 31, 2018 for a total amount not to exceed \$5,483,451.00.

Approvals:

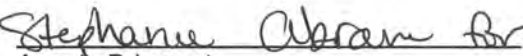


Thomas J. Roode
Chief Operations Maintenance Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager



Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Board Item: II-B-2

Meeting Date: February 28, 2018

REVISED

Fleet Services Vehicle Leasing Agreement Contract # 503066

Action by Consent

Individual Action

Summary:

Since 2014 Denver Water has been utilizing continuous improvement to improve fleet operations. As part of this improvement, in 2015, Denver Water entered into a contract for leasing vehicles utilized in our employee pool. This allowed Fleet staff to focus on more specialized assets that were critical to water service to our customers and also reduce the total number of assets owned. This practice has contributed to an overall savings in Fleet operations cost of 23% since 2014. This contract expires on May 31, 2018 and Denver Water would like to continue this practice and lease approximately 68 SUVs and 4 sedans with optional maintenance services.

Budget Information:

The total amount of this contract is \$1,500,000.00, and the term of the contract is March 1, 2018 to June 30, 2021. Funds for this contract will come from the 2018 budget for Fleet, which has sufficient funds to pay the \$291,666.67 estimated to be needed in 2018. The remaining \$1,208,333.33 will be budgeted in years 2019, 2020 and 2021.

Selection of Business Partner:

Denver Water issued a Request for Proposal ("RFP") to the public on the Rocky Mountain E-Purchasing System (BidNet), on Denver Water's website, through notifications to the SBE and MWBE list, and via direct solicitation to known vendors. Denver Water received three (3) proposals, of whom one is an SBE. The selected Proposer, Merchants Fleet Management, is not an SBE and was selected based on their Proposal Pricing, Fleet Management Services, and Proposed Service Level.

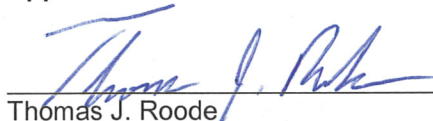
S/MWBE Information:

Merchants Fleet Management is neither a SBE nor a MWBE. For 2018 O&M set an overall 15% target for MWBE participation in contracts.

Recommendation:

It is recommended that the Board approve Contract 503066 with Merchants Fleet Management for vehicle leasing for the contract period March 1, 2018 to June 30, 2021 for a total contract amount not to exceed \$1,500,000.00.

Approvals:



Thomas J. Roode
Chief Operations Maintenance Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager



Angela Brimont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: February 28, 2018

Board Item: II-B-3

Preliminary Commitment for Water Quality Lab Siting at the National Western Water Resources Center

Action by Consent

Individual Action

Summary:

Colorado State University (CSU) is constructing a Water Resources Center (WRC) at the National Western Center redevelopment site. Concurrently, Denver Water's water quality lab at Marston Reservoir is nearing the end of its useful life, and a new lab is needed to serve Denver Water's needs. CSU and Denver Water have identified organizational and economic benefits of locating the new lab at the WRC. On February 13, 2018 CSU delivered to Denver Water a memo that describes: parcel size, location and condition; potential lease terms; Denver Water's preliminary list of specifications and requirements; and the framework for Denver Water's engagement in site design and project management. As the memo describes, Denver Water anticipates entering into a land lease with CSU, and constructing the lab and portions of the building to be occupied by Denver Water at Denver Water's expense. (The memo, Denver Water's response letter, and a drawing showing the anticipated location are attached.)

CSU plans to issue a Request for Qualifications (RFQ) for the WRC design in early March 2018, and a subsequent Request for Proposals (RFP) for the design in April 2018. Denver Water anticipates entering into an agreement with CSU that describes Denver Water's participation in this process.

Budget Information:

Funds for design and construction management services have been allocated in the 2018 budget. Funds for construction contract payments are not needed in 2018 and the timing and allocation of such funds will be developed during the design process and incorporated into Denver Water's 2019 budget process as appropriate.

Recommendation:

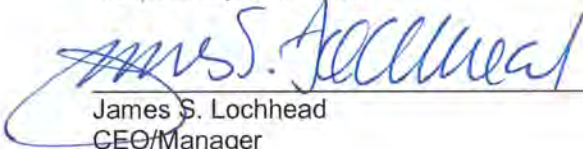
It is recommended that the Board authorize the CEO to communicate to CSU the Board's concurrence in the attached memorandum.

Approvals:

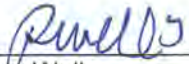


FOR
Mike King
Chief External Affairs Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager



Patricia Wells
General Counsel

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: February 28, 2018

Board Item: II-B-4
REVISED

COLORADO RIVER SYSTEM CONSERVATION PILOT PROGRAM NOTIFICATION OF ADDITIONAL FUNDS Contract # 500977/15580A

Action by Consent

Individual Action

Summary:

On July 30, 2014, Denver Water entered into an agreement ("Funding Agreement") with U.S. Bureau of Reclamation ("Reclamation"), the Central Arizona Water Conservation District, the Southern Nevada Water Authority, and the Metropolitan Water District of Southern California, for a pilot program for funding the creation of Colorado River "system conservation water" through voluntary water conservation and reductions in use. System conservation water is intended to benefit the river system by increasing water in storage in Lake Powell or Lake Mead.

Under the Funding Agreement, Denver Water and the three other municipal water utilities each initially contributed \$2,000,000.00 to the pilot program, and Reclamation contributed \$3,000,000.00 for a combined total of \$11,000,000.00.

On March 8, 2016, the Funding Agreement was amended to allow the parties to the Funding Agreement to contribute additional funds to the pilot program. Under the amendment, a party who desires to contribute additional funds, including funds originating from a non-party to the Funding Agreement, "will notify and consult with the other Parties." If no party raises an objection, the "written notification shall be considered an exhibit to [the Funding Agreement]."

Since 2014, three rounds of pilot projects have been conducted in the Upper Colorado River Basin and two rounds in the Lower Basin. Additionally, the parties have contributed additional funds for pilot projects pursuant to the 2016 amendment to the Funding Agreement.

In 2018, the parties will be funding a fourth year of pilot projects in the Upper Basin and a third round of pilot projects in the Lower Basin. Denver Water and the other parties are each committing approximately \$2,000,000.00 of their own funds. In addition, Denver Water will be contributing approximately \$1,056,000.00 in grant funds: \$556,000.00 from the New Venture Fund, \$400,000.00 from the Walton Family Foundation, and \$100,000.00 from the Gates Family Foundation.

The written notification of \$3,116,000.00 in additional funds is intended to meet Denver Water's obligation to provide notice of its intent to contribute additional funds under the Funding Agreement.

Budget Information:

Denver Water has budgeted \$2,060,000.00 in funds and \$4,839 of administrative expenses for new pilot projects in 2018 under Colorado River Conservation Pilot (business unit 1009610023). In addition, Denver Water has created a business unit for the Walton Family Foundation grant – (Business Unit 1009610055, and received \$400,000.00 on 12/29/2017), and will be creating business units for the New Venture Fund and Gates Family Foundation grants. Denver Water will also be modifying its budget to track grant funds received in 2018 from third party entities.

Recommendation:

It is recommended that the Board approve the expenditure of the 2018 approved funds of \$2,060,000 and \$1,056,000 in grant funds received from third-party contributors for system conservation pilot projects.

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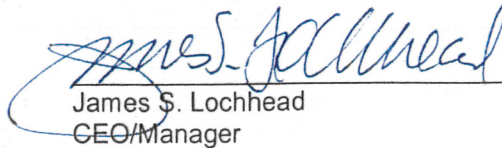


Approvals:



Chief of External Affairs

Respectfully submitted,



James S. Lochhead
CEO/Manager

Stephanie Abram for Angela Bricmont
Chief of Finance

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: February 28, 2018

Board Item: V-A-1

Briefing Paper for Legislative Update

Strategic Plan Alignment:

Lenses: Customer Centric, Industry Leader, and Long-Term View

GOAL: Play a key role in issues important to our success by advocating the interests of Denver Water in legislative and regulatory matters, specifically by proactively lobbying the Colorado General Assembly.

Summary:

Below is a summary of significant issues and updates:

1. ***HB18-1151 Colorado Water Conservation Board Approve Deficit Irrigation Pilot Projects*** – This bill creates a new category of alternative transfer mechanisms under the existing statute. It is a pilot project bill that will be temporary in nature, allow water rights holders to take a time out from counting consumptive use during the project, and must get State approval and meets the terms of existing rules. ***Recommendation: Support***
2. ***SB18-167 Enforce Requirements 811 Locate Underground Facilities*** – Colorado's 811 One-Call program is our state's "call before you dig" service. The current service is not a true "one-call" system and Denver Water is a member at the Tier II level which means we pay a nominal membership fee but take our own calls and perform all of the work in locating our infrastructure for excavators. This bill is being brought by excavating contractors and will make Colorado's one-call system a true, single tier system. If passed, Denver Water will be required to join as a Tier I member. This would come with costs that could be \$200K to \$250K per year plus additional costs in reviewing tickets and possibly more locates. The bill also creates a "Safety Commission" that will oversee both claims for damages and a yet to be determined prevention program. This Safety Commission would become an additional layer on top of the existing process for claims that we follow. We are working with other municipal utilities and the Colorado Municipal League to amend the bill to exempt us from the Safety Commission. ***Recommendation: Oppose unless amended***
3. ***HB18-1215 Safe Disposal Naturally Occur Radioactive Material*** – Technologically enhanced naturally occurring radioactive materials (TENORM) are concentrated in residuals as part of the water and waste water treatment processes. These residuals need to be disposed of and are currently regulated under a guidance. This guidance is overseen by the Colorado Department of Public Health and Environment (CDPHE). CDPHE would like to be allowed to make their oversight of this process a regulation instead of a guidance. Representative Arndt, the bill sponsor, would also like to see that but wants more study on what is going on in the oil and gas industry. The Water Utility Council (of which we are a part of) is working with Representative Arndt to ensure that before new regulations are created that appropriate scientific study is complete to guide the regulator process. ***Recommendation: Oppose unless amended***

Attached is the full bill report which includes a summary table followed by a detailed report on each bill we are tracking. Please refer to this attached report for initial information on all of our bills.

Background:

N/A

Budget Information:

N/A

Alternatives:

N/A

Approach:

N/A

Owner(s):

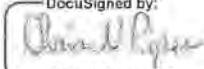
Chris Piper, Government Relations, External Affairs

Attachments:

Report on 2018 Legislation

Respectfully submitted,

DocuSigned by:



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Division – External Affairs

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: February 28, 2018

Board Item: V-A-2

Briefing Paper for 2018 Lead Reduction Program Update

Strategic Plan Alignment

This program aligns with the strategic plan by focusing our efforts on maintaining the quality of water at our customers' tap. Denver Water continues to improve processes necessary to optimize corrosion control, remove lead service lines, and educate our customers. The program uses the "learning by doing" philosophy to identify and implement improvements to our operations on a frequent basis.

Lenses: Customer Centric Industry Leader Long-Term View

Summary

The Colorado Department of Public Health and Environment (CDPHE) will most likely require Denver Water implement phosphate addition to control corrosion. This decision differs from our preferred approach to adjust pH to control corrosion. Phosphate addition is more complex, expensive, and requires approximately \$7 to 8 million more in capital spending from 2018 through 2020. Denver Water continues to remove lead service lines in our system as we encounter them, educate customers on how to minimize exposure to lead, and require homes that are redeveloped to replace service lines that are more than 50 years old. With up to 58,000 lead service lines remaining in our system, this process will take several decades to complete at the current replacement rate.

Background

Since 2016, Denver Water has taken a proactive approach to reducing lead at our customers' taps. The 2018 program includes:

- Designing chemical feed systems at our treatment plants to implement phosphate addition.
- Replacing lead service lines during construction activities with an improved focus on areas with more lead lines than in previous years.
- Continuing to educate our customers and the community about the health risks of lead exposure, with an emphasis on daycares and preschools.

Budget

The total expenditures for the Program in 2017 were \$4.15 million. The 2018 budget is \$4.13 million. With the anticipated ruling from CDPHE to implement phosphate addition, the budget for 2018 will likely increase to approximately \$6.40 million.

Approach

Optimized Corrosion Control Treatment (OCCT) Implementation:

After several discussions with CDPHE and EPA, we understand they will "designate" phosphate addition as the OCCT in a letter due to Denver Water by March 20, 2018. Denver Water will be required to implement the OCCT by March 20, 2020. Entities that are impacted by this designation plan to attend upcoming Water Quality Control Commission meetings to express concerns about phosphate's impact on drinking water quality and on the environment. For example, drinking water utilities have expressed concern over the increased risk of inducing algae blooms in their supplies. They are concerned about producing

cyanotoxins, a by-product of blooms currently addressed through an EPA Health Advisory. Also, wastewater treatment utilities will incur significantly higher operating and capital costs with the increase in phosphate in water they receive. CDPHE expressed their position that public health is a priority over the environmental concerns. Denver Water will attend these meetings to answer questions and reiterate our position.

Lead Service Line Removal:

Denver Water continues to remove lead service lines when we encounter them during construction activities such as water main replacement. We will partner with the City and County of Denver to replace lead service lines they encounter on transportation and wastewater projects. A Continuous Improvement team will also review how we communicate about lead service lines both internally and externally and look for opportunities to improve our processes moving forward. Denver Water will also continue to partner with the Denver Urban Renewal Authority (DURA) in a program designed to offer affordable financing options to our customers to encourage the removal of lead service lines.

Customer Outreach:

Denver Water works with the City and other public health agencies to help raise awareness about the health impacts of lead exposure in all its forms. We continue to work with school districts within our service area to identify water fixtures that release excessive lead. We will continue to offer free lead testing to customers that will augment the results from about 1,200 homes since mid-2016. Customers who have higher lead test results will be invited to participate into our DURA program to replace their service line. We developed additional marketing materials to promote the program and have included educational materials about lead on our website. Lastly, we are participating in two studies with the Water Research Foundation and continue to have our program recognized and referred to by both CDPHE and the EPA as well as industry associations as a good example of leadership on this issue.

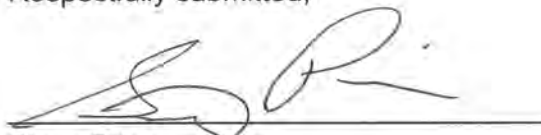
Legislation Efforts:

As presented during the February 14, 2018 Board Meeting, we are working with the Colorado House Speaker, Crisanta Duran, to introduce a bill to require daycare and preschool water testing for lead. We are also participating in an American Water Works Association working group to improve EPA's Lead and Copper Rule.

Owner(s)

Steve Price
Engineering

Respectfully submitted,



Steve Price
Engineering Manager



Robert J. Mahoney
Chief Engineering Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: February 28, 2018

Board Item: V-A-3

Project Completion Briefing Paper for Fleet Audit And Value Stream

Background

In 2014 Internal Audit (IA) worked with Fleet to identify areas of opportunity to reduce operating costs. As part of the audit process Denver Water's Fleet was benchmarked against the Colorado Springs Utility pricing for their outsourced fleet. Denver Water Fleet operating costs were higher by a factor of 17% compared to the awarded vendor for Colorado Springs. Denver Water was faced with three choices: do nothing, outsource the fleet, or significantly reduce operating costs. Denver Water's Fleet team embarked on a Value Stream (VS) to identify and implement efficiencies leading to a goal of a 25% reduction in operating costs.

Scope/Schedule/ Budget

Several key indicators were reviewed during the audit and identified as benchmarks for measuring progress for the VS: reductions in operating costs, optimal asset replacement cycles, evaluation of in house fleet maintenance services, creation of overarching utilization policies and procedures, creation of standard preventive maintenance schedules, Fleet roles and responsibilities, the fuel payments, tracking and deliveries, and overall shop safety. The VS identified goals for these items which included the high-level goal of reducing our overall operating costs by 25%.

Program Success Highlights

Among the items identified was the issue of increasing operating costs due to the age of Denver Water's Fleet. IA staff did an analysis of the age of the fleet and found that if Denver Water replaced vehicles on a more frequent basis it would reduce operating costs and increase the auction value of the replaced vehicles, creating cost savings to invest in new assets. IA determined that Denver Water's inventory of vehicles averaged 8 years and heavy equipment 13 years with 31% of vehicles over ten years and 32% of heavy equipment over 15 years. This aging fleet led to higher overall maintenance costs (more costly repairs) and increased downtime of equipment (due to length of repairs).

To address this issue the Fleet staff implemented a higher volume of replacement in the short-term direction of a six-year replacement cycle and standard six-month maintenance program. Although the expedited replacement of the aging equipment led to a 33% increase in fleet capital spending, Fleet has also seen an increase of 93.5% in auction and trade revenues. Prior to the VS Denver Water received \$88,000.00 in auction and trade proceeds compared to \$1,351,857.00 in 2017.

Fleet now has enough historical data on each asset to do an asset specific analysis to determine the optimal point for replacement of individual assets rather than continuing toward a general target of six years. This analysis is based on total cost of ownership which includes operational and commercial costs (outsourced repairs not economical to perform in-house) for each asset. The 2018 Fleet Asset Replacement Plan was prepared using this updated approach.

While there were short-term increases in maintenance costs as fleet moved to a six-month maintenance program, that has stabilized and operating costs have decreased. A recent analysis comparing 2014 Fleet data on operational spend to 2017 data indicates a 21.6% reduction in operating costs since the inception of the VS. Additionally the Fleet operation has seen substantial savings in its labor costs and reduced downtime of vehicle and equipment assets.

Improvements

Fleet Metrics:

Category	2014 Baseline / Audit Findings	2017 Current State
Avg Equipment Age	13 years	5.5 years
Avg Vehicle Age	8 years	5.2 years
Downtime	2.5 days	1.58 days (New Units); 1.79 days (Planned Work); 2.71 days (Unplanned Work); 11.9 days (Accidents)
Planned Work	30%	62%
Fleet Size (Vehicles & Equip)	667	559 (631 with leased SUVs)
2014 FTE: 23		2018 FTE: 15.5
1 Manager		.5 Manager (duties incl Warehouse and Fleet)
3 Supervisors		1 Supervisor, 1 Lead
6 Fleet Technicians (Planners)		3 Planners
13 Mechanics		10 Mechanics
5 Operators		1.5 Operators

In addition to several VS events to meet our overall goals, Fleet has leveraged the continuous improvement tools learned and used them to improve additional operating processes. Fleet identified a significant impact to efficient operations from the diversity of equipment and vehicles from more than 20 different manufacturers. This impacted efficiency both through the diversity of skills required by staff as well as the complexity of maintaining the parts. Fleet has standardized many items and reduced this

number to five manufacturers (not including trailers) which has allowed reduced space for parts supplies, increased operator efficiency in equipment repairs, and reduced downtime with our mechanics. These efficiencies and others translated to a 23% reduction in the size of the new Fleet building. Fleet optimized the size of their parts room by contracting with NAPA to run an in-house parts supplier in the Fleet building stocking all frequently used parts. The NAPA staff has a large network and quickly secures any parts not already on site.

Another improvement stemming from the VS is the reduction in our environmental risk from onsite fuel storage. After examining the operating costs as well as the cost to incorporate a fuel station in the OCR design, Fleet determined that there were significant savings and efficiencies to be gained by removing the fuel station and outsourcing this service from a contracted mobile fueling service and issuing fuel cards with each vehicle. Some of the savings derive from crew efficiencies now that drivers do not need to return to the main campus for fuel.

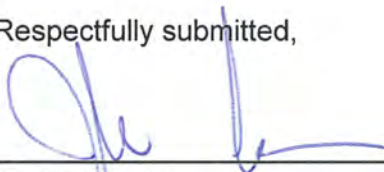
Fleet has also explored additional opportunities to reduce costs including insourcing some general maintenance support for stationary generators to minimize the total support from a contracted vendor. Some support is required due to the specialized tools and skills required for some of the larger generators.

Fleet is beginning the process of comparing the cost of insourcing our SUV fleet by including items in the new pending contract that allows for the purchase of these assets when the contract expires in 2021. The contract allows a first right of refusal of the standard brand manufacture units. This gives Denver Water the ability to purchase the units if it makes economic sense. Fleet has also removed the monthly maintenance fees and opted for a pay as you go plan which will reduce the overall contract cost and allow us to offer in house maintenance to users when they are on campus at any time during the contract.

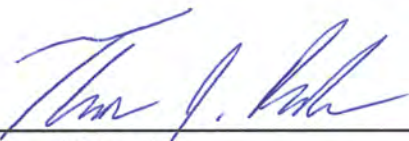
To sustain these improvements moving forward the Fleet Manager is participating in the establishment of a (FRFM) Front Range Fleet Metrics group that includes Denver Water, City of Lakewood, City of Arvada, Jefferson County, City of Greeley, City of Loveland, Adams 12 Five Star Schools, City of Aurora, and the City of Littleton. Participation in this group will provide benchmark data for operating costs and best practices and allow Denver Water's Fleet to continue to refine operations. We will update the Board annually on how Denver Water's Fleet benchmarks against other fleet operations in the region.

Based on the significant cost reductions and operational improvements, wholesale outsourcing no longer appears to be the highest value opportunity for Denver Water. We will continue to evaluate this on an annual basis at a specific function or contract level and a review with the Board when these potential policy level changes arise.

Respectfully submitted,



Jack Tolmich
Fleet Manager



Thomas J. Roode
Chief Operations Maintenance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: February 28, 2018

Board Item: V-B-1

Review of Property Burdens and Disposals 4th Quarter 2017

Summary:


Denver Water's Executive Guidelines B-1, Section 7 state, "All actions taken by the Manager or his designees under the authority granted to him by the Board, which either burden or dispose of Board property or involve an expenditure of \$10,000.00 or more, shall be reported in writing by the Manager to the Board, at least quarterly."

For reference, the attached report may include the following:

- **Disposals** – Fee property deeded away by Denver Water.
- **Leases** – Property rights of variable time periods granted by Denver Water generally on non-operating land or when leased use does not conflict with Denver Water operations. Compensation is appraised.
- **Letters of Authorization** – Short term property or access rights granted by Denver Water for uses of no more than one year with no compensation.
- **License Agreements** – Perpetual property rights that are granted by Denver Water to a specific party for a specific use that could be revoked at Denver Water's discretion within 30 days. Compensation is a set fee.
- **Easements** – Permanent property rights granted by Denver Water that run with the land. Compensation is appraised.
- **Temporary Easements** – Temporary property rights granted by Denver Water for a longer term use on our land. Compensation is appraised and assessed for the duration of the use, typically on a monthly basis.

This report will be updated and presented to the Board on a quarterly basis.

Approvals:


Robert J. Mahoney
Chief Engineering Officer

Respectfully submitted,


James S. Lochhead
CEO/Manager