

AGENDA

Denver Board of Water Commissioners

Video Conference: <http://zoom.us/join>, Meeting ID: 915 2578 5536, Password: 032447 or Dial –

in: (669) 900-6833, Meeting ID: 91525785536

Wednesday, May 13, 2020 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.

1. Minutes from April 8, 2020
2. Minutes from April 22, 2020
3. Memorandum of Agreement with U.S. Army Corps of Engineers Concerning the Eleven Mile Flume Replacement Project – USACE File Number NOW-2020-004360-DEN
4. Eleven Mile Reservoir Outflow Flume Replacement – Contract 50799
5. Intergovernmental Agreement with the City and County of Denver for 16th Street Mall Reconstruction – Contract 504447

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B. Individual Approval Items

1. Resolution Authorizing Acquisition of Easement via Eminent Domain for the Lupton Lakes Inlet/Outlet Facility at the Intersection of Weld County Road 8 and Highway 85	Amy Turney	3 minutes
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III. POLICY MATTERS

A. IT Strategy Update	Virginia Roberts	3 minutes
B. Insurance Strategy	Usha Sharma	15 minutes

IV. EXECUTIVE UPDATE

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

V. BRIEFING PAPERS & REPORTS

- A. Briefing Paper**
 - 1. IT Strategy Update Paper
 - 2. Insurance Strategy Briefing Paper
- B. Report**

VI. ADJOURNMENT

VII. TRUSTEE MATTERS

VIII. EXECUTIVE SESSION

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

A. Confidential Report

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 13, 2020

Board Item: II-A-3

Memorandum of Agreement with U.S. Army Corps of Engineers Concerning the Eleven Mile Flume Replacement Project USACE File Number NWO-2020-00436-DEN

Action by Consent

Individual Action

Purpose and Background:

Denver Water is requesting authorization under a Nationwide Permit from the U.S. Army Corps of Engineers (USACE) for impacts to waters of the United States that could result from the Eleven Mile Flume Replacement Project (Project) located on Denver Water property in Park County, Colorado. The objective of the Project is to implement improvements to the downstream flume, which is used to measure flows from the dam. Since the Project would change the size of the footprint of the original fill design and would involve demolition and reconstruction of the existing downstream flume that is greater than 50 years old, consultation between the USACE and the State Historic Preservation Officer (SHPO) is required under Section 106 of the National Historic Preservation Act (NHPA). Denver Water is required to mitigate impacts to the spillway defined under the NHPA by entering into a Memorandum of Agreement among the USACE and SHPO.

This Memorandum of Agreement outlines the roles and responsibilities between the parties to enable Denver Water to perform the mitigation required under the NHPA and to construct the Project.

Recommendation:

It is recommended that the Board approve the Memorandum of Agreement (USACE file number NWO-2020-00436-DEN) with the U.S. Army Corps of Engineers and the State Historic Preservation Officer for the construction of the Eleven Mile Flume Replacement Project.

Approvals:

- | | |
|--|---|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input type="checkbox"/> Julie Anderson, Chief of Staff | <input checked="" type="checkbox"/> Mike King, Chief External Affairs Officer |
| <input type="checkbox"/> Jessica R. Brody, General Counsel | <input type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer |
| <input type="checkbox"/> Angela C. Bricmont, Chief Financial Officer | <input type="checkbox"/> Thomas J. Roode, Chief Operations Office |

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 13, 2020

Board Item: II-A-4

Eleven Mile Reservoir Outflow Flume Replacement Contract 503799

Action by Consent

Individual Action

Purpose and Background:

The existing concrete outlet flume was installed on the South Platte River in 1940 for the measurement of outflows from Eleven Mile Reservoir. The flume structure was undersized for the range of potential seasonal snowmelt flow rates and has been damaged by periodic high flow events. To reduce flooding and subsequent maintenance, Source of Supply would like to replace the undersized flume with a larger structure that can pass the full historic range of seasonal flow rates. The project will also improve the stability of the riverbank upstream and downstream of the flume with additional riprap to prevent future damage.

Budget and Schedule:

The total amount of this contract is \$779,810 and the term of the contract is May 13, 2020 to December 18, 2020. Funds for this contract will come from the 2020 budget for Eleven Mile Reservoir Outflow Flume Replacement business unit, which has sufficient funds to pay the \$779,810 estimated in 2020.

Selection of Business Partner:

Denver Water solicited bids from four general contractors listed on the prequalified contractor list under the heavy civil discipline. This contract was a restricted bid process using invitations to bid on the QuestCDN platform. On April 14, 2020, bids were received from four general contractors. Tezak Heavy Equipment of Colorado was selected based on the lowest cost bid.

S/MWBE Information:

There was an 3% Minority and Women-owned Business Enterprise participation goal required for the construction portion of the project. Tezak Heavy Equipment has proposed 3.0% participation.

Recommendation:

It is recommended that the Board approve Contract 503799 with Tezak Heavy Equipment for the Eleven Mile Reservoir Outflow Flume Replacement project for the contract period May 13, 2020 through December 18, 2020 for a total contract amount not to exceed \$779,810.

Approvals:

- | | |
|---|--|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input type="checkbox"/> Julie Anderson, Chief of Staff | <input type="checkbox"/> Mike King, Chief External Affairs Officer |
| <input type="checkbox"/> Jessica R. Brody, General Counsel | <input checked="" type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer |
| <input checked="" type="checkbox"/> Angela C. Bricmont, Chief Financial Officer | <input type="checkbox"/> Thomas J. Roode, Chief Operations Officer |

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 13, 2020

Board Item: II-A-5

Intergovernmental Agreement with the City and County of Denver for 16th Street Mall Reconstruction - Contract 504447

Action by Consent

Individual Action

Purpose and Background:

The City and County of Denver is planning an extensive reconstruction of the 16th Street Mall in downtown Denver from Blake Street to Broadway Street. Concurrent with the reconstruction, Denver Water will be able to replace approximately 4,800 linear feet of existing parallel piping that was installed between 40 and 120 years ago. Both existing mains have been scheduled for replacement and are extremely problematic to repair due to the congestion on the 16th Street Mall and constrained working conditions required to keep businesses and streets connected. The construction of a new, single, 16-inch ductile iron pipeline will also provide an opportunity to replace an estimated 29 service lines, including all lead service lines encountered.

This Intergovernmental Agreement details that the City and County of Denver will design and construct the replacement and Denver Water will reimburse the City and County of Denver for actual costs over the final two years of construction. Denver Water will review and approve all design and engineering plans for the work and the City and County of Denver will select a Denver Water approved contractor to construct the work in accordance with the plans.

Budget and Schedule:

The total estimated amount of this contract is \$5,454,776 and the term of the contract is from July 1, 2020 to December 31, 2023. Design will take place in 2020 and 2021 with reimbursement to the City and County of Denver occurring in the construction phase from 2022 through 2023. Funds for this contract will come from the 2022 Main Relocation business unit budget to pay the initial installment of \$2,727,388. The remaining \$2,727,388 will be budgeted and reimbursed when construction is complete and actual costs are known in year 2023.

Recommendation:

It is recommended that the Board approve Contract 504447 with the City and County of Denver for pipe replacement related to the 16th Street Mall Reconstruction for the contract period July 1, 2020 to December 31, 2023, for a total contract amount not to exceed \$5,454,776.

Approvals:

- | | |
|---|--|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input type="checkbox"/> Julie Anderson, Chief of Staff | <input type="checkbox"/> Mike King, Chief External Affairs Officer |
| <input type="checkbox"/> Jessica R. Brody, General Counsel | <input checked="" type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer |
| <input checked="" type="checkbox"/> Angela C. Bricmont, Chief Financial Officer | <input type="checkbox"/> Thomas J. Roode, Chief Operations Officer |

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 13, 2020

Board Item: II-B-1

Resolution Authorizing Acquisition of Easement Via Eminent Domain for the Lupton Lakes Inlet/Outlet Facility at the Intersection of Weld County Road 8 and Highway 85

Action by Consent

Individual Action

Purpose and Background:

The Lupton Lakes Complex is an off channel raw water storage facility that will occupy two aggregate mines to the east of the South Platte River. The complex consists of two cells, referred to as the North Cell and the South Cell, located south of Fort Lupton, Colorado, and is generally bounded by U.S. Highway 85 to the west, Weld County Road 27 and the Fulton Ditch Lateral to the east, Weld County Road 8.5 to the north, and Weld County Road 6.25 to the south.

The Board's staff determined that an inlet/outlet facility will be required from the storage cells to the South Platte River. The inlet/outlet facility will require necessary property interests to construct, occupy, and maintain the pipeline, outlet works, and associated appurtenances. These property needs are at approximately Weld County Road 8 running from Highway 85 to the South Platte River. A portion of the inlet/outlet facility needs are located on private lands that will need to be acquired, potentially using eminent domain.

As the design phase of the project is developing, the Board's staff has determined that they should begin the process of acquiring the necessary private lands.

Budget and Schedule:

Funds for this acquisition will come from the Lupton Lakes Inlet/Outlet 2020 budget which has sufficient funds needed in 2020.

S/MWBE Information:

Small/Minority and Women-owned Business Enterprise goals are not applicable for this item.

Recommendation:

It is recommended that the Board adopt the Resolution authorizing negotiations for the acquisition of an easement for the Inlet/Outlet Facility at the intersection of Weld County Road 8 and Highway 85.

Approvals:

- | | |
|---|--|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input type="checkbox"/> Julie Anderson, Chief of Staff | <input type="checkbox"/> Mike King, Chief External Affairs Officer |
| <input checked="" type="checkbox"/> Jessica R. Brody, General Counsel | <input checked="" type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer |
| <input type="checkbox"/> Angela C. Bricmont, Chief Financial Officer | <input type="checkbox"/> Thomas J. Roode, Chief Operations Officer |

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 13, 2020

Board Item: III-A

Briefing Paper for IT Strategy Update

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View

Denver Water's Information Technology (IT) teams play a supportive role in achieving the Denver Water Strategic Plan and the 2020 Business Plan's Top Priority of delivering high quality water and outstanding service to customers through project delivery, application support, and the availability and security of technology infrastructure.

Summary

This briefing paper provides an update on four primary focus areas for IT introduced in a previous briefing on February 26. IT's involvement in Denver Water's response to COVID-19 is briefly discussed. The briefing paper closes by discussing an adjustment made to the Business Technology Transformation roadmap to expand the planned enterprise financial system alternatives exploration to include the enterprise asset management system in its scope.

Approach

The unplanned, yet necessary, IT support response to COVID-19 required a heavy lift from IT resources. IT outfitted Customer Care's call center and other employees with laptops, mobilized videoconferencing options, monitored network connectivity and performance, and assisted Denver Water employees as they adjusted to telework arrangements. Despite this added workload, the IT Leadership Team took its first steps on the prioritized focus areas introduced in the last update:

IT Project Performance

Revisions were made to IT project management procedures to capture recent improvements. An internal training curriculum designed to cover the procedures and lifecycle phases is underway. The Enterprise Project Management Office (EPMO) is working with the IT Project Management Office to plan several training sessions for IT to address project estimation skills. This will include practice sessions and is likely to occur in the second quarter.

The multi-year IT Project Performance metric calculated at the end of Q1 was 12.2% and is largely correlated to the annual -3.6% budget variance forecasted at the end of March. The IT Project Management Office will continue to work with the EPMO and Budget Office to streamline monthly forecasting and project status reporting standard work. Project dashboards containing detailed updates on the Top 10 projects by budget are included in the Quarterly Performance Report for the first quarter.

Cybersecurity Maturity

Three primary projects contain a significant portion of the cybersecurity project budget in 2020:

- The SCADA Network Domain and Design Configuration is a multi-year project that seeks to establish a more secure system serving our Source of Supply, Water Treatment and Distribution facilities. A contract for design review and implementation planning consultation will be awarded in the second quarter.
- The Network Access Control project will restrict access to Denver Water's network to authorized devices only.

- The Segment Internal Network project will limit access between network security zones to prevent unauthorized movement within Denver Water's network to limit the spread of malware or ransomware.

IT staff completed a series of cybersecurity skills assessment tests prior to Denver Water's organizational shift to remote work. The IT Leadership Team and the Director of Cybersecurity began to identify appropriate training curriculum over the past several weeks to address gaps. IT has engaged the assistance of Human Resources to compare the internal gap analysis against cybersecurity skills requirements in similar IT role descriptions in the external job market. This comparison will serve as a foundational input into the creation of a training plan expected to span the next few years.

Supervisory Control and Data Acquisition Team Workload Assessment

The SCADA team is responsible for technologies critical to treatment plant facilities and Denver Water's distribution system. A staffing assessment was prioritized to address anticipated changes in demand and a high number of expected retirements in the next few years. Preliminary steps on the workload assessment were completed in the first quarter.

A process for requesting unplanned work was initiated to prevent lower priority requests from interrupting higher priority work. The rollout and advertising of this new process to the rest of the organization will begin this month. Capacity planning activities have moved into IT's work tracking software where all work efforts are estimated and then tracked. Monthly reporting is still under development to provide project, team, and person capacity estimates as well as determining prioritization of work efforts so new work requests can easily be gauged against capacity already committed to planned efforts.

IT Strategic Planning

New standard work was created and exercised to produce the first rolling multi-year forecast of major upgrades, system replacements, strategic evaluations, etc. The original target was a three-year forecast; however, four years were captured in the first exercise. The IT Leadership Team will regularly reassess the rolling forecast each quarter for insight into longer-term costs and business case development.

Business Technology Transformation Migration Projects

The upgrade of the existing enterprise financial system, JD Edwards, began as planned in the first quarter and is on track to complete by the fourth quarter. Additionally, Executive Team project sponsors decided to expand the scope of the discovery process for enterprise financial system replacement alternatives to add considerations for enterprise asset management system replacement alternatives as well. This combination will assess both the second phase of the enterprise resource planning project and the next recommended roadmap project together. Development of the scope of work for consultant engagement for this discovery process has been temporarily paused for COVID-19 scenario planning, as it is a candidate for potential cost delay.

Owner(s) Virginia Roberts – Administration

Respectfully submitted,

Virginia Roberts, Director, Enterprise IT

Brian Good, Chief Administration Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 13, 2020

Board Item: III-B

Briefing Paper for Insurance Strategy

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View
An analysis and evaluation of our insurance strategies link directly with the goal under Excellent Operations that states, "We are driven to continuously improve in everything we do. We use standard work, work plans, asset and risk management practices, metrics and operation reporting to effectively and efficiently manage the business".

Summary

Denver Water's broker/advisor, Marsh, competitively markets insurance requirements every three years or sooner if favorable market conditions exist. Because insurance policies need to be renewed annually, Marsh provides recommendations to renew or replace policies expiring on June 1, 2020 to prevent lapses in coverage. In addition to the current lines of coverage, staff worked with Marsh to evaluate competitive bids for cyber insurance and stand-alone terrorism coverage starting this year. The purpose of this briefing paper is to provide Denver Water with information on its current strategy on insurance and risk retention and inform Denver Water in advance of the renewal of the expiring policies. Staff expects to present the proposed policies for approval on May 27, 2020.

Background

Denver Water completed a competitive bid process to hire Marsh to advise staff on insurance requirements and appropriate coverage and deductible amounts. Marsh bids the requirements, provides contract-related insurance advice, assists in settling insurance claims, alerts Denver Water of self-insurance opportunities and helps staff analyze opportunities. Factored into this analysis is the Colorado Governmental Immunity Act, which limits Denver Water's general liability exposure to \$387,000 per person and \$1,093,000 per occurrence.

Denver Water is self-insured for medical and dental benefits, auto liability and workers' compensation. Stop loss insurance is purchased to limit the Denver Water's exposure to workers' compensation and medical claims. Denver Water purchases insurance policies for property and equipment, excess liability, crime, fiduciary exposures and accidental death and disability insurance for its employees. This coverage protects Denver Water, the Board, the executive officers and employees from financial loss due to property damage or loss, theft, vandalism, certified acts of terrorism, errors and omissions, equipment breakdown, fiduciary risks, and health and accidental death and disability claims. The additions of cyber and stand-alone terrorism insurance will protect Denver Water from losses due to cyber-attacks and broaden terrorism coverage to include certified and non-certified act of terrorism.

A representative from Marsh will present the insurance program to the Board at the May 13, 2020 Board meeting and will be available should the Board have further questions.

Budget

The Finance division budgeted \$647,115 in the 2020 budget for the above policies except for the premium for cyber and stand-alone terrorism coverage. In 2020, the market experienced a hardening of pricing, which affected most of Denver Water's

lines of coverage, specifically on property and equipment coverage, as compared to the prior years.

Anticipated premiums for the 2020 to 2021 term will cost \$794,286, which is inclusive of the new coverages for cyber and stand-alone terrorism insurance. The 2020 aggregate premiums will create a budget variance of \$147,171. The majority of this budget variance, \$85,770, is due to the property and equipment policy renewal and reflects an increase in the total insured value (TIV) that was driven by the increase in the assessed business interruption values, and a 12.5% increase in rates as compared to the prior year.

The attached tables provide additional details about the proposed renewal structure as well as a summary of the limits and premiums for cyber and stand-alone terrorism coverage.

Owner(s) Usha Sharma, Treasurer

Attachments Denver Water's Insurance Program Structure
Denver Water's Cyber Insurance Options

Respectfully submitted,

Usha Sharma, Treasurer

Angela Bricmont, Chief Finance Officer

Denver Water Insurance Program Structure

Insurance Type	Insurer	Annual Premium (2019)	Annual Premium (2020)	Premium Change from 2019 to 2020	Coverage Limit (2020 & 2019)	Retention (2020 & 2019)	Renewal Date	Last Competitive Bid	Next Expected Competitive Bid
Property & Equipment	AXA XL	\$484,500	\$624,000	\$139,500	\$500MM ¹	\$500,000	June 1, 2020	2020	2023
Excess Liability	Argonaut	\$79,586	\$84,151	\$4,565	\$10MM	\$1MM	June 1, 2020	2020	2023
Fiduciary	Travelers	\$19,900	\$19,900	\$0	\$10MM	\$50,000	June 1, 2020	2020	2023
Crime	Travelers	\$4,700	\$5,114	\$414	\$2MM	\$25,000	June 1, 2020	2020	2023

¹Coverage varies and is dependent on type of property, cause of damage, flood plain location and various other contingencies.

Terrorism Insurance

Insurance Type	Insurer	Annual Premium (2019)	Annual Premium (2020)	Premium Change from 2019 to 2020	Coverage Limit (2019)	Coverage Limit (2020)	Retention (2019)	Retention (2020)
Terrorism	Argonaut/ AXA XL	\$5,743 ²	\$31,024	\$25,281	\$10MM & \$500MM ³	\$150MM ⁴	\$1MM & \$500,000 ³	\$500,000

²2019 premium was additional coverage that was a part of the property and equipment policy and covers certified acts of terrorism. 2020 coverage broadens terrorism coverage to also include non-certified acts of terrorism.

³2019 limits included a \$10mm limit with a \$1mm retention under the excess liability policy and a \$500mm limit with a \$500,000 retention under the property policy.

⁴Liability is sub-limited to \$100mm.

Denver Water's Cyber Insurance Options

Cyber Coverage	Quote	Quote	Quote	Quote	Quote	Quote
Insurer	Chubb	Chubb	Beazley	Beazley	XL	XL
Aggregate Limit of Liability	\$3,000,000	\$5,000,000	\$3,000,000	\$5,000,000	\$3,000,000	\$5,000,000
Policy Level Retention	\$50,000	\$50,000	\$50,000	\$50,000	\$100,000	\$75,000
Total Premium	\$21,036	\$30,097	\$38,750	\$54,790	\$50,000	\$65,000