

AGENDA

Denver Board of Water Commissioners

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

Wednesday, May 22, 2019 9:30 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. Professional Marketing and Advertising Services – Contract 503941
2. Conduit No. 12 Internal Joint Seals – Contract 503800
3. Denver International Airport 2019 Vault and Cathodic Protection Improvements – Contract 503649
4. Interconnect Agreement with Meridian Metropolitan District – Contract 504003
5. Marston and Moffat Treatment Plant Chemical Feed and Solids Handling Project – Contract 503393
6. Property and Casualty Insurance Policy Renewals/Purchases

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B. Individual Approval Items

- | | | |
|--|----------------|------------|
| 1. Northwater Treatment Plant Construction Oversight Amendments | Pete McCormick | 15 minutes |
| 2. 2018 Audited Financial Statements | Jean Bushong | 30 minutes |

III. POLICY MATTERS

- | | | |
|----------------------|-------------|------------|
| A. OCR Update | Jeremy Ross | 10 minutes |
|----------------------|-------------|------------|

IV. EXECUTIVE UPDATE

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

V. BRIEFING PAPERS & REPORTS

- A. Briefing Papers**
 - 1. Legislative Update
 - 2. Year-to-Date Sustainability Update
- B. Reports**

VI. ADJOURNMENT

VII. TRUSTEE MATTERS

I. ACTION ITEMS

A. Action Items as Trustee

1. Minutes from May 8, 2019

I. INFORMATION ITEMS

A. Information Items as Plan Sponsor

1. Ellwood's 1Q 2019 Performance Report for the 401(k) Plan and 457 Plan Andy Fiegel – Ellwood 10 Minutes

B. Information Items as Trustee

1. Callan's 1Q 2019 Performance Report for the DB Plan
2. 1Q 2019 Performance Report and Due Diligence Report for DB Plan 401(k) Plan and 457 Plan
3. DB and DC annual audited financials

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 D.R.M.C. Sec. 2-34

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2019

Board Item: II-A-1

Professional Marketing and Advertising Services Contract 503941

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Contract 503941 is for a marketing/advertising agency to create and implement a brand marketing campaign for Denver Water.

On Dec. 5, 2018, the Board gave Public Affairs guidance to issue an RFP for a contractor to create and implement a brand marketing campaign. The campaign is a key component of Denver Water's Integrated Marketing Plan, which will be used to shape communication, outreach, and customer relations across all aspects of Denver Water. The plan outlines strategies for public engagement, building good will, and increasing knowledge about water issues among customers, community partners, and external stakeholders, while elevating the brand and building political capital to position Denver Water for the complex and challenging issues that lie ahead.

The brand marketing campaign will educate and engage customers and stakeholders across multiple channels and platforms, including, but not limited to: bill messages and inserts, websites, emails, events, print publications, radio and social media. These platforms will give Denver Water the ability to communicate about and manage through future challenges, such as the need to increase our infrastructure investments, climate change uncertainty, population growth, and water quality and scarcity.

Denver Water sought proposals from experienced marketing firms to provide advertising and marketing professional services to support the objectives listed above.

Budget and Schedule:

The total amount of this contract is \$1,300,000, and the term of the contract is June 1, 2019, through May 31, 2022. Funds for this contract will come from the 2019 budget for Integrated Marketing, which has sufficient funds to pay the \$350,000 estimated to be needed in 2019. The remaining funds of \$950,000 will be budgeted in years 2020-2022.

Selection of Business Partner:

Denver Water issued an RFP for Professional Marketing and Advertising Services on March 8, 2019, via Denver Water's website; Rocky Mountain E-Purchasing System (BidNet); through direct email to the SBE/M/WBE Bid List; and direct email to 18 known marketing and advertising agencies in the Denver area:

Monigle Associates	Sterling-Rice Group	LRXD
Karsh Hagan	Cactus Marketing Communications	COHN, Inc.
Xuma Communications	Parallel Path	Amelie Co
Milesbrand	Vermilion Design + Digital	Evolution Communications Agency
Webolutions, Inc.	Agency Zero	Launch Communications
Sukle	Vladimir Jones	Revel Interactive

Denver Water received seven proposals; six of which met S/MWBE criteria. One is from an SBE, one is from a S/MBE, two are from S/WBEs, and two are from Women-Owned Businesses.

The selection committee evaluated each proposal for skills and competencies based on:
A demonstrated understanding of Denver Water's marketing strategy.

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A proposed strategy that supports Denver Water's Integrated Marketing Plan.
A proven ability to produce a results-driven brand marketing campaign that includes a staffing plan and client services workflow.
Pricing and professional references.
Proposers' Small/Minority/Women-Owned Business Enterprise status.

Five companies were invited to interview with the selection committee. The committee recommends Pure Brand, based on its ability to best deliver on the criteria outlined in the RFP.

One of the key components of the Pure Brand proposal was the firm's discovery and creative development process, which will involve the Board and executive team to the extent desired by the organization. This process will commence upon contract execution and will facilitate input from organizational leadership and build consensus for the brand campaign.

S/MWBE Information:

There was no S/MWBE goal established for this procurement; however, the recommended proposer is a Small Business Enterprise.

Recommendation:

It is recommended that the Board approve Contract 503941 with Pure Brand for marketing and advertising services for the contract period June 1, 2019, through May 31, 2022, for a total contract amount not to exceed \$1,300,000.

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 Officer |
| <input type="checkbox"/> Gail Cagle, Chief Human Resources Officer | |
| <input type="checkbox"/> Christopher R. Dermody, Chief Information Officer | |

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2019

Board Item: II-A-2

Conduit No. 12 Internal Joint Seals Contract 503800

Action by Consent

Individual Action

Purpose and Background:

Conduit No. 12 is a 66-inch reinforced concrete pipe installed in the 1920s. It has required emergency repairs on leaking joints for several years. This project is a proactive effort to improve the function of Conduit No. 12 by installing a new isolation valve, improving a blowoff valve, and installing internal joint seals on 27,492 feet of Conduit No. 12, with the goal of eliminating unscheduled outages due to joint leaks while extending the serviceability of the pipeline.

Budget and Schedule:

The total amount of this contract is \$3,950,000 and the term of the contract is May 22, 2019 to April 17, 2020. Funds for this contract will come from the 2019 budget for the Conduits Program, which has sufficient funds to pay the \$2,039,426 estimated to be needed in 2019. The remaining funds needed will be budgeted in year 2020.

Selection of Business Partner:

Denver Water solicited bids from five general contractors listed on the Prequalified Contractor List under the Civil - Pipelines discipline. This contract was a restricted bid process using invitations to bid on the QuestCDN platform. On May 2, 2019, bids were received from five general contractors. T. Lowell Construction, Inc. was selected based on the lowest cost bid.

S/MWBE Information:

A 5% Minority and Women-Owned Business Enterprise participation goal was required for the construction portion of the project. T. Lowell Construction, Inc. achieved 5.02% participation.

Recommendation:

It is recommended that the Board approve Contract 503800 with T. Lowell Construction, Inc. for the Conduit No. 12 Internal Joint Seals project for the contract period of May 22, 2019, to April 17, 2020, for a total contract amount not to exceed \$3,950,000.

Approvals:

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

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2019

Board Item: II-A-3

Denver International Airport 2019 Vault and Cathodic Protection Improvements Contract 503649

Action by Consent

Individual Action

Purpose and Background:

Denver International Airport has been in operation for 24 years and has proven to be a harsh environment for maintaining utility infrastructure. Soils in the Denver International Airport region are highly corrosive and poor drainage conditions allow water and de-icing fluid to accumulate and deteriorate existing utility vaults. The annual Denver International Airport Vault Improvements Program includes replacement of existing vault access hatches that have failed, or are prone to failure, and replacement of corroding ladders. The annual Denver International Airport Cathodic Improvements Program involves testing and repairs to prevent corrosion and provides cathodic protection to Denver Water's existing distribution pipelines. The 2019 work includes nine vaults and eighteen cathodic protection sites.

Budget and Schedule:

The total amount of this contract is \$1,270,000 and the term of the contract is May 22, 2019, to November 15, 2019. Funds for this contract will come from the 2019 budgets for the Denver International Airport Vault Program and the Denver International Airport Cathodic Protection Improvements Program, which do not have sufficient funds to pay the \$1,270,000 estimated to be needed in 2019. A project budget adjustment in the amount of \$121,782 is recommended by the Systems and Programs managers.

Selection of Business Partner:

Denver Water solicited bids from three general contractors that were prequalified to perform vault improvements work at Denver International Airport. This contract was an unrestricted bid process using invitations to bid on the QuestCDN platform. On April 30, 2019, bids were received from three general contractors. Flatiron Construction, Inc. was selected based on the lowest cost bid.

S/MWBE Information:

A 5% Minority and Women-Owned Business Enterprise participation goal was required for the construction portion of the project. Flatiron Construction, Inc. achieved 5.3% participation.

Recommendation:

It is recommended that the Board approve Contract 503649 with Flatiron Construction, Inc. for the Denver International Airport 2019 Vault and Cathodic Protection Improvements for the contract period of May 22, 2019, to November 15, 2019, for a total contract amount not to exceed \$1,270,000.

Approvals:

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

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2019

Board Item: II-A-4

Interconnect Agreement with Meridian Metropolitan District Contract 504003

Action by Consent

Individual Action

Purpose and Background:

The Inverness Water and Sanitation District (Inverness) is a Denver Water distributor and has a fixed limit contract with Denver Water to use 597.59 acre-feet of water per year. Meridian Metropolitan District (Meridian), which borders Inverness, has requested an emergency water supply connection from Inverness in the event of a system disruption or outage. However, because Inverness does not have additional available water above the fixed contract amount with Denver Water, Inverness has requested that Denver Water provide water, under a separate agreement, to Meridian through Inverness during emergency situations. Meridian would be responsible for any facilities needed to receive water from Inverness.

Budget and Schedule:

There is no budgetary impact for this item. If the emergency interconnect is used, Meridian will pay the then current treated water service rate for customers outside the Denver Water Total Service Area and other associated fees.

S/MWBE Information:

S/MWBE is not applicable for this item.

Recommendation:

It is recommended that the Board approve Contract 504003 to serve Meridian Metropolitan District with emergency water through Inverness Water and Sanitation District.

Approvals:

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

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2019

Board Item: II-A-5

Marston and Moffat Treatment Plant Chemical Feed and Solids Handling Project Contract 503393

Action by Consent

Individual Action

Purpose and Background:

The Colorado Department of Public Health and Environment, the state's drinking water quality regulatory agency, requires Denver Water to add phosphate to the water to control lead corrosion. This designation was provided in a letter dated March 20, 2018, with implementation required at all three drinking water plants (Foothills, Marston, and Moffat) by March 20, 2020. Chemical feed system modifications for phosphate and sodium hydroxide at the Foothills Treatment Plant will be completed in early June 2019.

Work at the Marston Treatment Plant for lead corrosion control includes addition of a phosphate solution feed system and modifications to the sodium hydroxide system. Additional work at the Marston Treatment Plant includes modifications to the existing fluoride and ammonia systems, addition of a solids distribution conveyor and maintenance platforms, replacement of leaking rapid mix drain valves, repairs to concrete in the sedimentation basins, and replacement of leaking seats on settled water butterfly valves. Work at the Moffat Treatment Plant includes addition of a phosphate solution feed system.

Budget and Schedule:

The total amount of this contract is \$4,898,500 and the term of the contract is May 22, 2019, to May 5, 2020. Funds for this contract will come from the 2019 budget for the Marston Chemical Feed Systems business unit, Moffat Chemical Feed Systems business unit, Marston Solids Handling Improvements business unit, and Marston Settled Water Butterfly Valve Seat Replacements business unit, which have sufficient funds to pay the \$3,507,373 estimated to be needed in 2019. The remaining \$1,391,127 will be budgeted in year 2020.

Selection of Business Partner:

Denver Water solicited bids from three general contractors on the Prequalified Contractor List under the Water Treatment and Pump Stations discipline. The contract was a highly restricted bid process using invitations to bid on the QuestCDN platform. Bids were received on May 8, 2019, from three general contractors. Aslan Construction, Inc. was selected based on the lowest cost bid.

S/MWBE Information:

A 5% Minority and Women-Owned Business Enterprise goal was required for the construction portion of the project. Aslan Construction, Inc. achieved 5.3% participation.

Recommendation:

It is recommended that the Board approve contract 503393 with Aslan Construction, Inc. for construction of the Marston and Moffat Treatment Plant Chemical Feed and Solids Handling project for the contract period May 22, 2019, to May 5, 2020, for a total contract amount not to exceed \$4,898,500.

Approvals:

James S. Lochhead, CEO/Manager

Jessica R. Brody, General Counsel

Julie Anderson, Chief of Staff

Angela C. Bricmont, Chief Financial Officer

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- Gail Cagle, Chief Human Resources Officer
- Christopher R. Dermody, Chief Information Officer
- Brian D. Good, Chief Administrative Officer
- Mike King, Chief External Affairs Officer
- Robert J. Mahoney, Chief Engineering Officer
- Thomas J. Roode, Chief Operations Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2019

Board Item: II-A-6

Property and Casualty Insurance Policy Renewals/Purchases

Action by Consent

Individual Action

Purpose and Background:

Arthur J. Gallagher Risk Management Services, Inc. recommends Denver Water renew its existing insurance policies to continue insurance coverage for property, fiduciary, and excess liability for the next twelve months, beginning June 1, 2019. Arthur J. Gallagher presented at the May 8, 2019, Board meeting and staff provided a briefing paper. Attached to this document is a schedule that provides a summary of the coverage amounts, retention amounts, premiums, and insurance providers.

Budget and Schedule:

The total amount of these policy renewals is \$584,136 and the term of the policies are June 1, 2019, to May 31, 2020. Funds for this service will come from the 2019 budget for insurance.

Selection of Business Partner:

Denver Water issued a Request for Proposal for broker services in August 2016 and received three proposals. Arthur J. Gallagher was selected based on their experience, staffing plan, understanding of work, professional references, demonstrated expertise, and pricing. Arthur J. Gallagher markets Denver Water's property and casualty insurance every 3 to 5 years, or sooner if market conditions exist. Arthur J. Gallagher's contract expires in 2019 and staff will be issuing an RFP for these services later this year.

S/MWBE Information:

S/MWBE is not applicable for this item.

Recommendation:

It is recommended that the Board approve the renewal of the insurance policies for property and equipment, utility excess liability, and fiduciary insurance. The total amount of this renewal is \$584,136.

Approvals:

- | | |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input checked="" type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input type="checkbox"/> Julie Anderson, Chief of Staff | <input type="checkbox"/> Mike E. King, Chief External Affairs Officer |
| <input type="checkbox"/> Jessica R. Brody, General Counsel | <input 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 |
| <input type="checkbox"/> Gail Cagle, Chief Human Resources Officer | |
| <input type="checkbox"/> Christopher R. Dermody, Chief Information Officer | |

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2019

Board Item: II-B-1

Northwater Treatment Plant Construction Oversight Amendments

Action by Consent

Individual Action

Purpose and Background:

The purpose of this board item is to present multiple contract amendments necessary to advance the Northwater Treatment Plant (NTP) project through the construction phase. In accordance with the NTP objectives, the project planning, design, and construction are being completed in a series of tasks as shown in Table 1.

Table 1: Project Delivery Tasks

Task	Status
Task 1: Mobilization	Complete
Task 2: Design Services Procurement	
Task 3: Preliminary Design	
Task 4A: 30% Design	
Task 4B: Final Design	Complete September 2019
Task 5A: Construction Oversight	In Progress
Task 5B: Construction	2024 Target Completion
Task 6: Transfer of Facility Ownership	2024 Target Completion

In May 2018, Task 4B design phase services amendments, which included approximately \$1,700,000 in Task 5A scope to support early works construction activities, were approved by the Board. Amendments within this board item include limited additional Task 4B scope and remaining Task 5A scope. Task 6 scope is also included within these Amendments. This board item excludes Task 5A scope for Design Package (DP) 09 – Programming; Task 5A work for DP09 follows the other design teams and will be amended in a future board item.

Denver Water’s goal is to execute the design and construction in an integrated and collaborative manner, while ensuring that the most qualified professionals conduct the work. The project has multiple discrete DP consultants and an Owner’s Representative (OR) to execute the design phase services. The design team’s responsibilities are selectively scoped and contracted in specific DPs, as outlined below:

- DP01 – Site and Civil Improvements
- DP02 – Treatment Process Systems and Structures (including ancillary systems previously in DP04)
- DP03 – Electrical, Instrumentation, and Control Systems
- DP05 – Architectural and Building Systems
- DP06 – Post-Tensioned Water Storage Tanks
- DP07 – Moffat Facility Improvements
- DP09 – Programming

In order to provide the best value to Denver Water, simplify construction oversight, and maintain consistency, the DPs have been restructured for Task 5 and Task 6, as outlined below:

- DP02 – Treatment Process Systems
- DP03 – Electrical, Instrumentation, and Control Systems

DP05 – Architectural, Building Systems (Mechanical), Structures (previously split between DP02, DP05, and DP07), Site and Civil Improvements (previously DP01), Post-Tensioned Water Storage Tanks (previously DP06)

DP09 – Programming (excluded from this board item, but anticipated in August 2019)

The Owner’s Representative will continue to provide project management, project controls, communications, and permitting services, and will also assume responsibility for construction management, resident engineering, area engineering, construction inspection, engineering services during construction for process and civil aspects of the Moffat facility improvements, project close-out and archiving.

Select members of the previously contracted technical panel will be carried forward for assistance during construction. Of those, only one requires a contract amendment to add scope for Task 5; Lean Project Consulting, Inc. will continue to provide services to the NTP team related to Last Planner System training and implementation.

Budget and Schedule:

The total amount of these amendments is \$45,379,592 and the term of the contracts commences May 22, 2019, with varying end dates as shown in Table 2. Funds for these contracts will come from the 2019 budget for the NTP business unit, which has sufficient funds to pay the \$4,291,510 estimated to be needed in 2019. The remaining \$41,088,082 will be budgeted in years 2020-2024.

Selection of Business Partner:

All contracts being amended within this board item were originally procured using competitive selection. Competitive procurement was conducted over the period from 2016 to 2017, with the original contract amounts based upon only the initial task scope of work. As summarized in Table 1, the project scope was always intended to be contracted and amended in a phased fashion as the project definition grew. The number of amendments to date for each contract is shown in Table 2.

S/MWBE Information:

Goals were established for each DP contract prior to initiation of procurement, with a composite MWBE participation goal for design of 4% to 8%. To date, all DP consultant contracts are meeting or exceeding their participation goals. MWBE participation on the DP contracts during Tasks 5 and 6 is anticipated to produce a combined participation of 7.3%, in line with the original design goal.

Recommendation:

It is recommended that the Board approve the amendments to professional services agreements detailed in Table 2 for final design, construction oversight, and transfer of facility ownership. The total project addition, which includes co-location office costs, is \$45,379,592 to equal a total amended project amount not to exceed \$212,350,358.41, or approximately 41% of the total project budget of \$520,000,000.

Approvals:

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

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2019

Board Item: II-B-2

2018 Audited Financial Statements

Action by Consent

Individual Action

Purpose and Background:

Attached are Denver Water's audited financial statements, which are being presented for the Board's acceptance. CliftonLarsenAllen, LLP, Denver Water's external auditors, conducted an audit of the financial statements in accordance with Generally Accepted Auditing Standards resulting in an unmodified (clean) opinion.

The audited financial statements being provided to the Board include the Comprehensive Annual Financial Report (CAFR) for Denver Water and the retirement plans (the Employees' Retirement Plan of the Denver Board of Water Commissioners, the Denver Water Supplemental Retirement Plan, and the Denver Water Deferred Compensation Plan). The audit opinion is incorporated into the financial statements as the "Independent Auditors' Report". Upon the Board's acceptance, the CAFR and the audited financial statements for the Employees' Retirement Plan of the Denver Board of Water Commissioners are posted to both the internal and external Denver Water websites, and the Electronic Municipal Market Access website in compliance with SEC regulations.

Budget and Schedule:

There is no budgetary impact for this item.

S/MWBE Information:

S/MWBE is not applicable for this item.

Recommendation:

It is recommended that the Board accept the 2018 CAFR for Denver Water and its retirement plans' financial statements.

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 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 |
| <input type="checkbox"/> Gail Cagle, Chief Human Resources Officer | |
| <input type="checkbox"/> Christopher R. Dermody, Chief Information Officer | |

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Denver Water Operations Complex Redevelopment (OCR) Project

Board Update

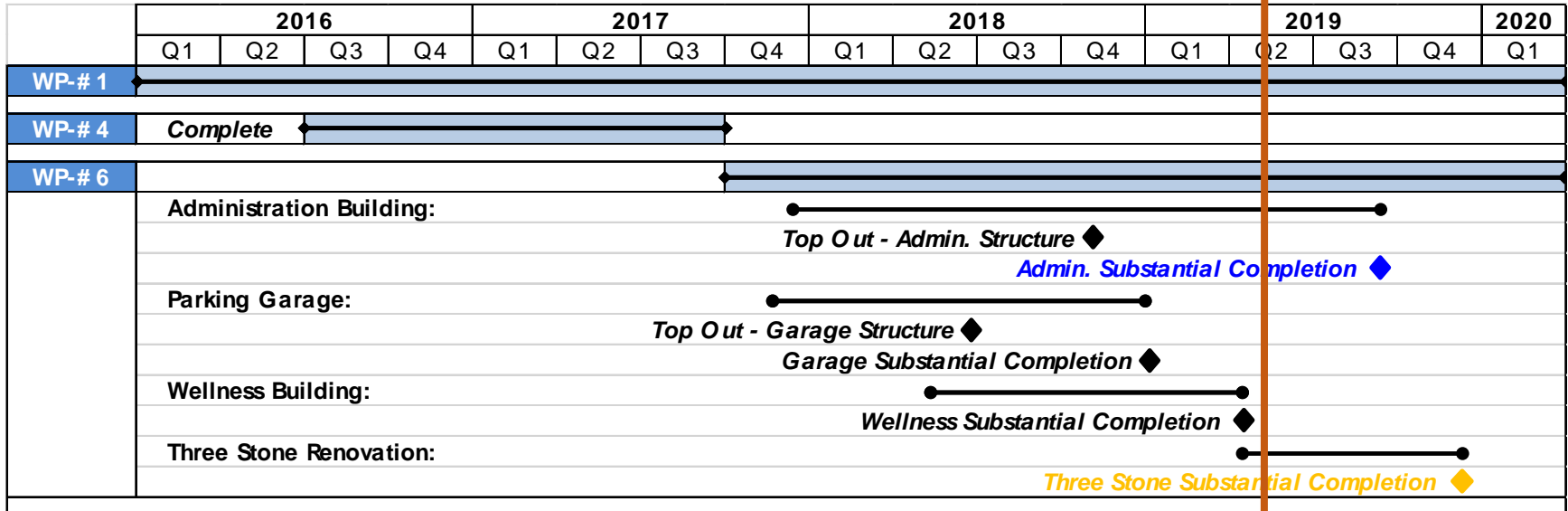
May 22, 2019

Agenda

- Current Progress
- Budget Review
- Work Package Summary
- Contingency Summary
- Budget Forecast
- MWBE Update
- Construction Photographs

Current Progress

Purpose: Schedule + next milestone



◆ April Schedule Update

Phase II Construction

- OCR has passed 1M contractor hours worked (645K sub-contractor hours)
- Administration Building
 - Contract time: + 11 days for weather events through April
 - Contractor Progress
 - Design wall insulated metal panels are targeted to be complete by the end of May
 - Underfloor mechanical installation continues throughout East half of building
 - Interior framing, drywall and access floor install is underway throughout West half of building
- Three Stone Renovation
 - Soils abatement required for basement. Work is expected to impact construction schedule and contingency spend
- Site Work and Campus Infrastructure
 - Visitor parking to the North of Admin. Bldg. is being developed

Budget Summary

Purpose: Total budget spend

- 81% (\$165.69M) of the Total Project Budget (\$204.81M) has been billed to date

Description	Concept Budget (5/27/2015)	Approved Adjustments	Current Budget	Billed To Date (April 2019)
Approved Budget	\$ 195,802,331	\$ 9,009,457	\$ 204,811,788	
Pre-Construction Activities	\$ 1,453,211	\$ 444,136	\$ 1,897,347	\$ 1,808,295
Construction Activities	\$ 154,500,081	\$ 11,942,369	\$ 166,442,450	\$ 140,220,074
Relocations	\$ 469,394	\$ (310,483)	\$ 158,911	\$ -
Allocated Contingency	\$ 7,487,915	\$ (2,327,784)	\$ 5,160,131	\$ 4,269,110
Owner Contingency	\$ 5,000,000	\$ (2,207,653)	\$ 2,792,347	\$ -
Soft Costs	\$ 26,891,730	\$ (1,581,002)	\$ 25,310,728	\$ 19,112,182
Other Costs	\$ -	\$ 3,049,873	\$ 3,049,873	\$ 282,538
Project Totals	\$ 195,802,331	\$ 9,009,456	\$ 204,811,787	\$ 165,692,199

- Approved Adjustments = \$9.00M (includes \$282K for Three Stone Roofing Replacement)
 - Separate maintenance project in the Capital Budget
- Billings (thru April 2019) = \$165.69M

Budget Transfers and Adjustments

Purpose: Approved changes to original budget

Description	Original Budget (5/27/2015)	Adjustments to Budget	Allocations of Cost	Approved Change Orders	O CR Current Estimate
Hard Costs					
Work Package # 1 General Conditions + Site Work	\$ 33,220,973	\$ 3,296,340	\$ 36,517,313	\$ 4,338,739	\$ 40,856,052
Work Package # 3 Demolition of Buildings 8, 9, 10, 11, North Properties	\$ 918,849	\$ (49,923)	\$ 868,926	\$ 571,870	\$ 1,440,796
Work Package # 4 Fleet, Meter, Warehouse, Trades, Phase II demolition	\$ 42,846,332	\$ 689,288	\$ 43,535,620	\$ 1,882,267	\$ 45,417,887
Work Package # 5 Budget for Phase II demolition (in WP # 4)	\$ 556,772	\$ 344,764	\$ 901,536	\$ (901,536)	\$ -
Work Package # 6 Admin. Building, Garage, Wellness, C18, Three-Stone	\$ 70,442,221	\$ 3,807,998	\$ 74,250,219	\$ 3,002,342	\$ 77,252,561
Work Package # 6A Existing Admin. demolition	\$ 6,514,934	\$ (1,757,889)	\$ 4,757,045	\$ (3,706,676)	\$ 1,050,369
Pending Changes (will become part of GMP)	---	---	---	\$ 424,784	\$ 424,784
Hard Costs Sub-Total:	\$ 154,500,081	\$ 6,330,578	\$ 160,830,659	\$ 5,611,790	\$ 166,442,449
Soft Costs					
Preconstruction	\$ 1,453,211	\$ -	\$ 1,453,211	\$ 444,136	\$ 1,897,347
Relocations	\$ 469,394	\$ (467,857)	\$ 1,537	\$ 157,374	\$ 158,911
Allocated Contingency	\$ 7,487,915	\$ (1,530,379)	\$ 5,957,536	\$ (797,405)	\$ 5,160,131
Unallocated Contingency	\$ 5,000,000	\$ 2,567,622	\$ 7,567,622	\$ (4,775,275)	\$ 2,792,347
A/E Soft Costs	\$ 26,891,730	\$ (525,605)	\$ 26,366,125	\$ (1,055,397)	\$ 25,310,728
Other Costs	\$ -	\$ 2,634,997	\$ 2,634,997	\$ 414,876	\$ 3,049,873
Conduit 18 Slip Line Design	\$ -	\$ 122,485	Included Above	\$ -	Included Above
Soft Costs Sub-Total:	\$ 41,302,250	\$ 2,678,778	\$ 43,981,028	\$ (5,611,691)	\$ 38,369,337
O CR Project Totals:	\$ 195,802,331	\$ 9,009,456	\$ 204,811,787	\$ -	\$ 204,811,786

Work Package Summary

Purpose: Report percent complete + change orders

Description	Budget at GMP	Approved Change Orders	OCR Current GMP	% Complete	Variance	Status
Executed GMP						
Work Package # 1 General Conditions + Site Work	\$36.52 M	\$4.34 M	\$40.86 M	86%		Under Construction
Work Package # 3 Demolition of Buildings 8, 9, 10, 11, North Properties	\$0.87 M	\$0.57 M	\$1.44 M	100%		Complete
Work Package # 4 Fleet, Meter, Warehouse, Trades, Phase II demolition	\$43.54 M	\$1.88 M	\$45.42 M	100%		Complete
Work Package # 6 Admin. Building, Garage, Wellness, C18, Three-Stone	\$72.89 M	\$4.36 M	\$77.25 M	75%		Under Construction
Sub-Total (Executed GMP):	\$153.81 M	\$11.16 M	\$164.97 M	--		--
Remaining Scope						
Work Package # 6A Existing Admin. demolition	\$4.76 M	-\$3.71 M	\$1.05 M	--		Bidding & Negotiation
OCR Executed GMP + Remaining Scope:	\$158.57 M	\$7.45 M	\$166.02 M	84%	4.7%	Excludes Pending Changes

Note: OCR Current GMP total excludes pending changes not yet formally captured in an approved Change Order

(approx. \$425K)

Mortenson WP #1, Change Order #14 is approved for \$60K

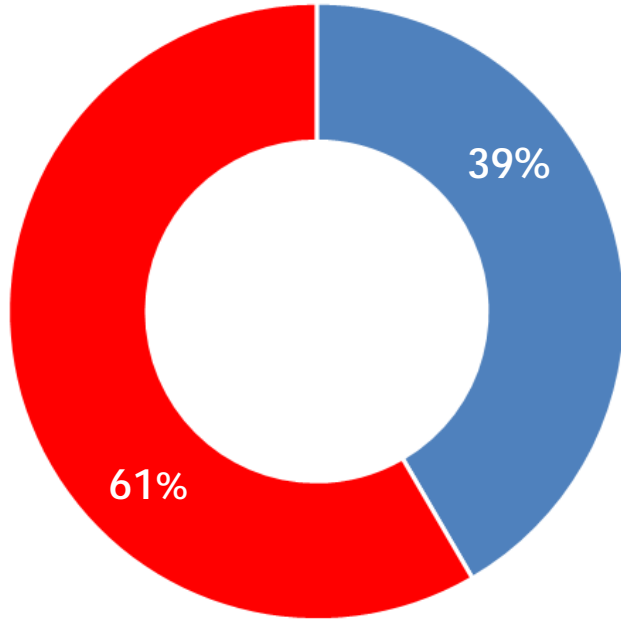
- Includes \$21K for imported fill to offset unsuitable soils and \$40K to remove and replace existing chain link fence to resolve dimensional conflict

Mortenson WP #6, Change Order #8 is approved for \$282K

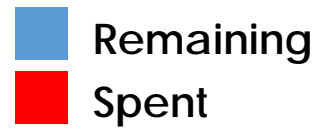
- Three Stone Building Roofing Replacement (budget adjustment from DW Funding Source BU 1009610019 - separate maintenance project in the Capital Budget)

Contractor Contingency

Purpose: Contractor tracking



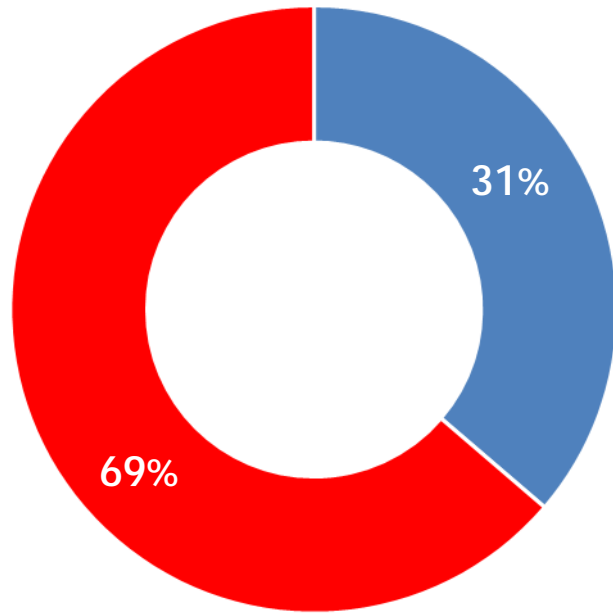
Budgeted:	\$4.05 M
Spent:	\$2.48 M
<hr/>	
Remaining:	\$1.57 M





Note: Contractor Contingency is not controlled by Denver Water

Owner Unallocated Contingency

Purpose: Owner risk



Original (5/27/15):	\$5.00 M
Increase (6/13/18):	\$4.00 M
Total Contingency:	\$9.00 M
Spent:	(\$6.21 M)
Remaining:	\$2.79 M

 Remaining
 Spent

- We are **84%** complete with construction and have spent **69%** of the Unallocated Contingency
- Of the **\$6.21M** of Unallocated Contingency spent to date, **\$3.02M** or **48%** has gone towards environmental remediation and unforeseen site conditions
- Unallocated Contingency has decreased by \$84K since the last update
 - Processing of Admin. Bldg. audio-visual updates (\$88K) was the largest contributor to this decrease

Budget Forecast

Purpose: Projected budget

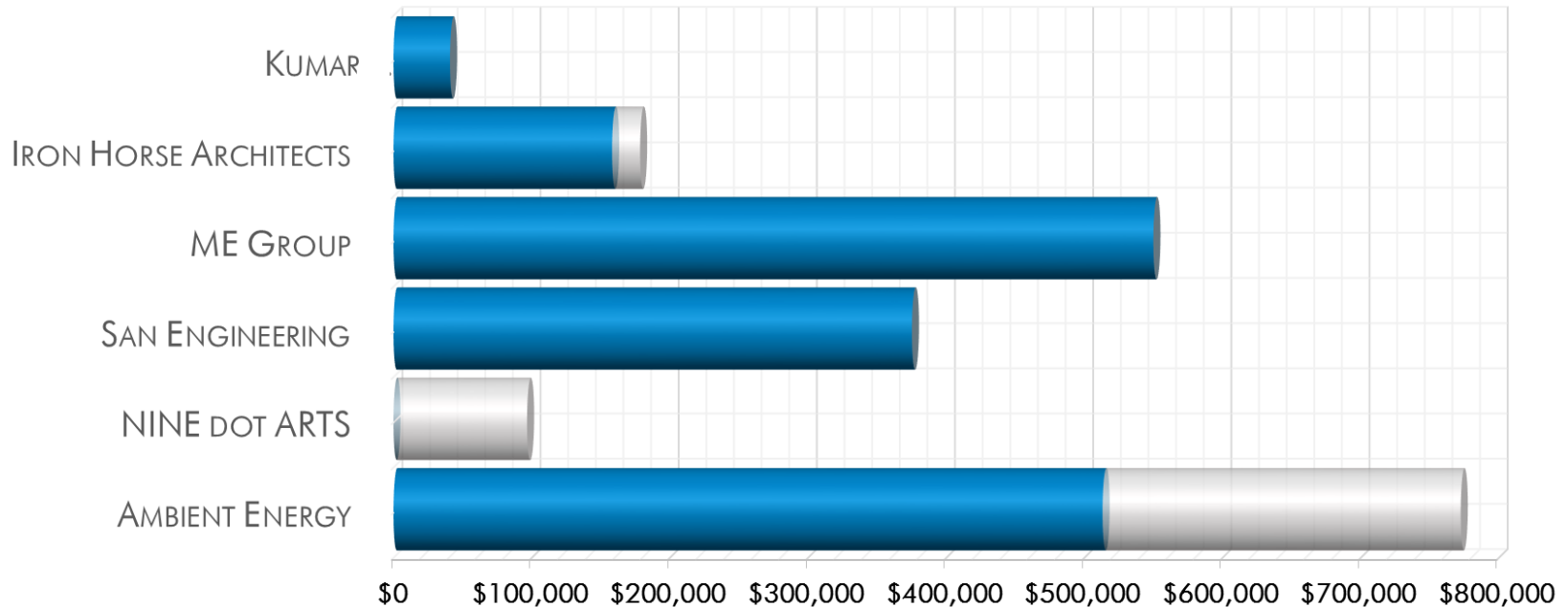
Description	Value	Variance to Budget	Explanation of Forecasted Variance
Original Budget (05/27/2015)	\$ 195,802,331	--	
Approved Adjustments	\$ 9,009,457	--	Includes \$1.5 M for Conduit 18 Slip Line and \$4.6 M in additional funds approved on 6/13/18
Current Budget	\$ 204,811,788	--	Assumes full spend of remaining Unallocated Contingency
Committed Hard Costs	\$ 166,442,450	--	Current costs under GMP or budgeted for construction
Committed Soft Costs	\$ 35,576,990	--	Current costs committed or allocated for soft costs
Forecasted Unallocated Contingency	\$ 2,037,684	\$0.75 M	Assumes a contingency spend of 3% of remaining hard and soft costs and full spend of remaining environmental allocation (\$1M)
Current Reforecasted Budget (February 2019):	\$ 204,057,124	\$0.75 M	Projected surplus/ deficit

2019 Budget Forecast

- Denver Water 2019 OCR Budget: \$55.03M
- Current Reforecast (May 2019): \$52.74M

MWBE – Awarded & Paid-to-Date (Design)

Purpose: MWBE Progress

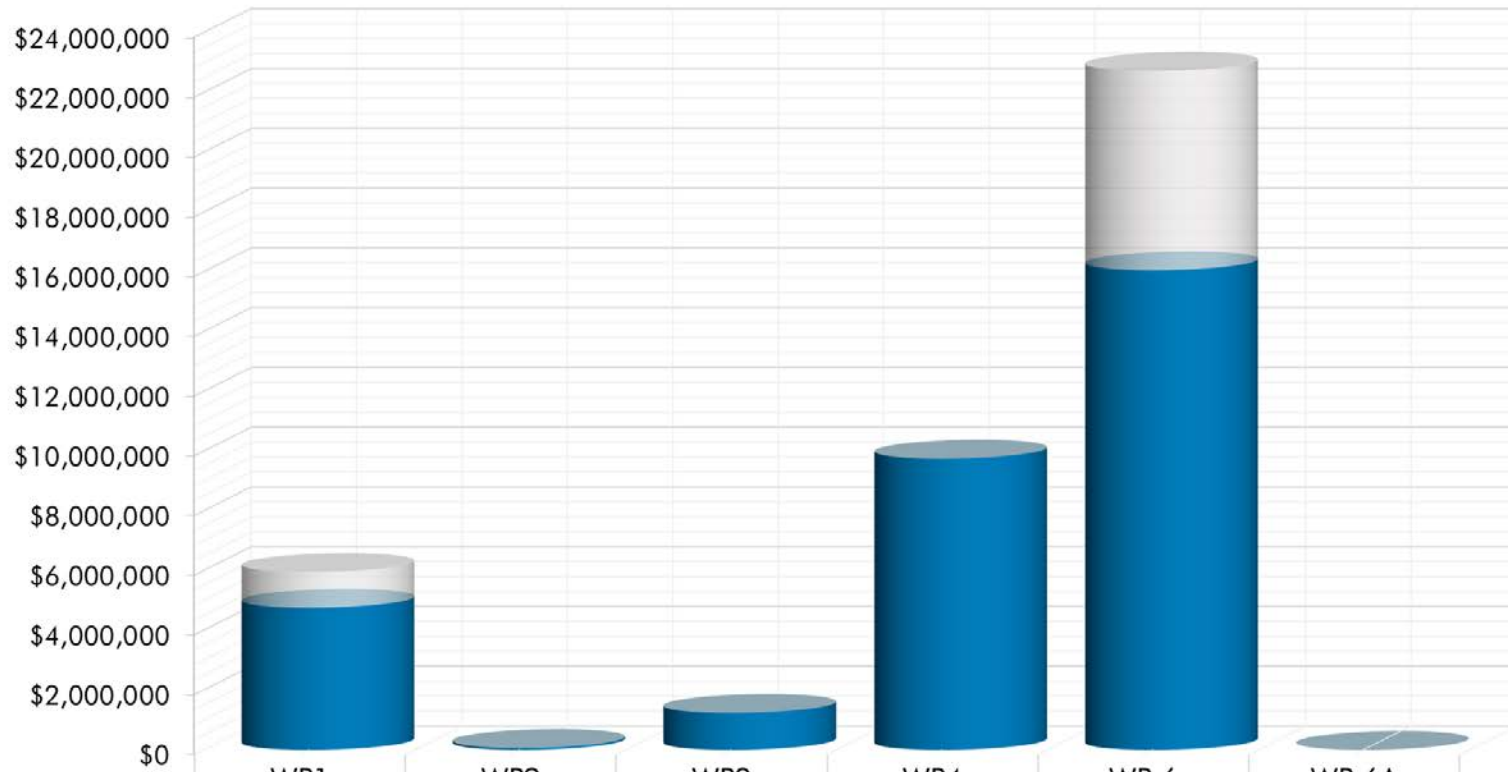


	Ambient Energy	NINE dot ARTS	San Engineering	ME Group	Iron Horse Architects	Kumar (TCC sub)
% Paid-to-Date	66%	0%	100%	100%	89%	100%
Total \$ Paid-to-Date	\$513,220	\$-	\$375,250	\$550,000	\$158,210	\$40,925
Remaining \$ in Contract	\$259,251	\$96,690	\$-	\$-	\$20,290	\$-

- Goal = **12% (\$1.57M)**, Achieving = **15.3% (\$2.01M)**
- Awarded Design MWBE currently exceeding target value by **\$438K**

MWBE – Awarded & Paid-to-Date (Construction)

Purpose: MWBE Progress

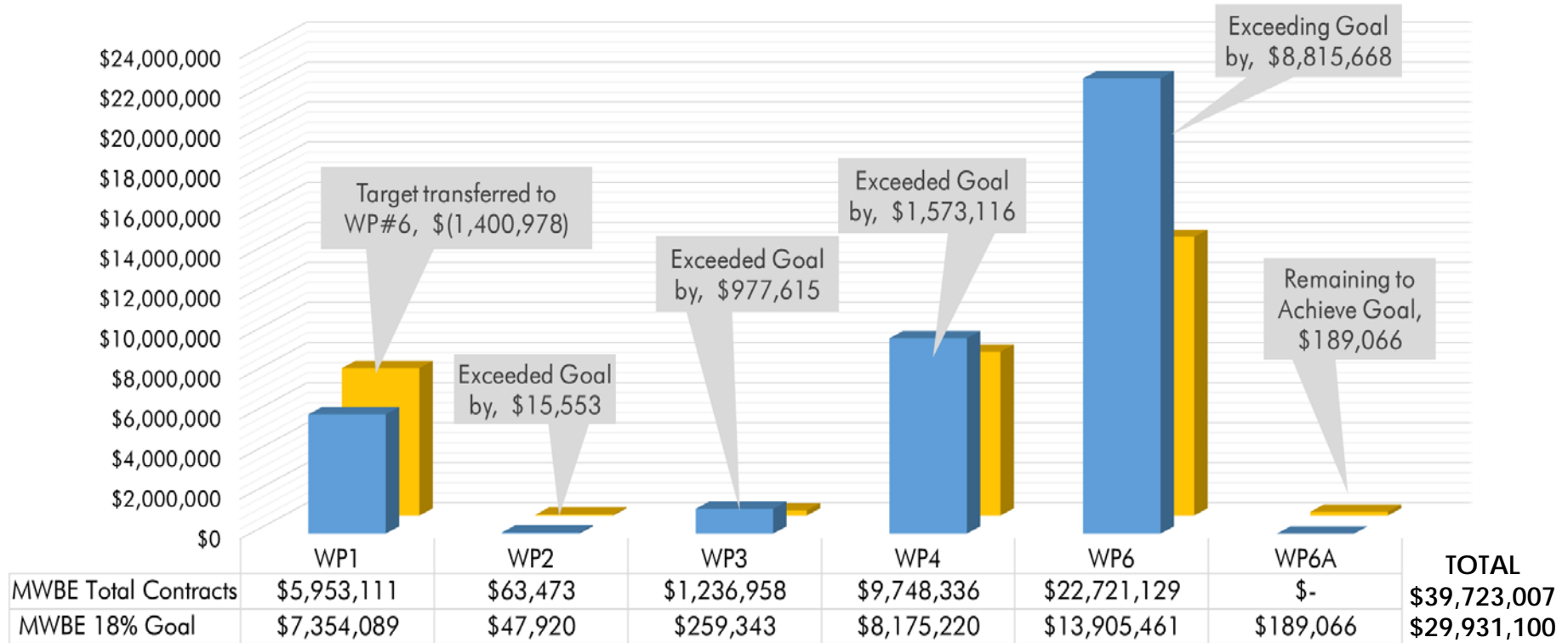


	WP1	WP2	WP3	WP4	WP 6	WP 6A
Remaining \$ in Contract	\$1,198,173	\$-	\$-	\$-	\$6,674,603	\$-
MWBE Paid-to-Date	\$4,754,938	\$63,473	\$1,236,958	\$9,748,336	\$16,046,526	\$-
% MWBE Paid-to-Date	80%	100%	100%	100%	71%	0%

- Goal = 18% (\$29.93M), Achieving = 23.89% (\$39.72M)
- Construction MWBE currently exceeding target value by \$9.79M

MWBE – Awarded vs. Construction Goals by WP

Purpose: MWBE Progress



- Current MWBE contract amounts equal **23.89%** of the Total Construction Budget
- MWBE Construction Contracts currently exceed target value by **\$9.79M**

Construction Photographs

Purpose: Document construction progress



Construction camera looking South

QUESTIONS?

DENVER WATER FINANCIAL REPORT

as of 4/30/19

<i>\$ in thousands</i>	Current Budget	YTD Actuals	Rem. Mo. Forecast	Full Year Forecast	Budget Over/(Under)	Budget Var %	Variance Comments
Water sales	296,208	60,030	234,640	294,670	(1,538)	-0.5%	Through April, demand down 4% as compared to the average (primarily due to a cool, wet Spring, and increased conservation)
Hydropower	4,196	691	3,560	4,250	54	1.3%	
Special assessments and fees	6,980	2,166	4,753	6,919	(61)	-0.9%	
Interest income	6,447	2,176	4,298	6,474	27	0.4%	
Other revenue	8,033	3,118	5,820	8,938	905	11.3%	Arapahoe County Open Space tree cost share (\$150K); Timbo Ranch partial reimb. of 2016 legal costs (\$100K); add'l Cigna reimb. (\$96K)
Sale of assets	659	232	428	659	0	0.0%	
SDC revenue and Contributions	50,674	15,847	35,488	51,335	661	1.3%	
TOTAL REVENUE	\$ 373,197	\$ 84,259	\$ 288,988	\$ 373,247	\$ 49	0.0%	
Proceeds from debt	60,000	-	60,000	60,000	-	0.0%	
TOTAL SOURCES OF FUNDS	\$ 433,197	\$ 84,259	\$ 348,988	\$ 433,247	\$ 49	0.0%	
Regular wages	82,642	26,936	54,260	81,197	(1,445)	-1.7%	Budgeted vacancy rate of 3.7%, forecasted vacancy rate of 5.4%
Limited Term Employee wages	403	69	395	464	62	15.3%	
Seasonal Labor	557	32	588	620	63	11.3%	O&M: Additional need for temps (\$56K)
Other pay	6,040	2,035	4,424	6,460	420	6.9%	O&M: Additional costs for On Call and OT (\$303K)
Applied labor	(9,129)	(2,887)	(6,371)	(9,258)	(129)	1.4%	
Benefits	42,994	14,935	27,794	42,729	(265)	-0.6%	Pension contribution increased to match actuarial calculation, approved by Board (\$400K)
Salaries and Benefits	123,507	41,122	81,090	122,212	(1,295)	-1.0%	
Professional services	10,793	2,623	8,262	10,886	93	0.9%	Ext. Affairs: Some studies in Water Rights deferred until 2020 (-\$225K); O&M: Engineering consultant for lead/OCCT work with CDPHE (\$225K)
Contingent staffing	1,419	278	1,446	1,724	304	21.4%	IT: Temp services for work related to OCR and Security initiative (\$300K)
Purchased services	12,173	4,564	7,182	11,746	(427)	-3.5%	IT: Maximo and ProjectWise renewals less than budgeted (-\$328K)
Construction and field services	5,909	2,171	3,302	5,473	(436)	-7.4%	Admin Svcs: State has assumed cost for Aquatic Nuisance Species contract (-\$100K)
Waste disposal services	954	453	782	1,235	281	29.4%	Admin Svcs: Additional costs for clean up related to main breaks (\$272K)
Facility services	3,520	857	3,079	3,936	416	11.8%	Admin Svcs: Issued new RFP, new contract reflects market increase for security guard services (\$406K)
Utilities	7,928	2,767	5,922	8,690	762	9.6%	O&M: Treated water deliveries approx. 4% higher than 2018; Foothills outage driving add'l utilities usage in the Distribution System (\$672K)
Professional and Purchased Services	42,696	13,713	29,976	43,689	993	2.3%	
Materials and supplies	13,535	3,789	9,763	13,552	18	0.1%	
Chemicals	4,220	1,060	3,621	4,682	462	11.0%	O&M: Higher cost for chemicals due to corrosion control treatment, tariffs, increased plant rate, and longer time as load plant (\$462K)
Materials, Supplies, and Chemicals	17,754	4,849	13,385	18,234	480	2.7%	
Travel	605	125	434	559	(46)	-7.6%	
Training	552	127	440	567	15	2.7%	
Conferences Registration	430	132	307	439	8	1.9%	
Travel, Training, and Conferences	1,587	384	1,181	1,565	(23)	-1.4%	Small reductions across all divisions
Rents and leases	720	163	522	685	(35)	-4.8%	
Conservation (rebates)	-	-	-	-	-	-	
Other insurance and legal claims	713	1,016	337	1,353	641	89.9%	Increased cost for insurance, legal, and main break claims in 1st quarter as compared to budget
Misc. expenses	350	150	320	470	120	34.3%	
Other Expense	1,782	1,330	1,179	2,509	726	40.7%	
TOTAL OPERATING COSTS w/o PROJECTS	\$ 187,327	\$ 61,398	\$ 126,810	\$ 188,208	\$ 881	0.5%	
Collection	1,125	22	766	788	(337)	-30.0%	Roberts Tunnel Lining Repair (-\$375K)
Distribution	4,903	1,012	3,835	4,847	(57)	-1.2%	
Expansion	5,255	962	4,293	5,255	-	0.0%	
Information Technology	4,553	1,103	3,541	4,644	91	2.0%	Security projects (-\$64K), SCADA Network Design (-\$602K), ERP Ph I (\$376K), Call Center as a Service (\$300K)
Operations Support/Other	2,856	756	2,231	2,987	131	4.6%	
Treatment	1,598	90	1,284	1,374	(223)	-14.0%	FH TP Backwash (-\$253K)
Operating Projects (incl. applied labor)	20,290	3,945	15,950	19,895	(395)	-1.9%	Combined with Capital projects for metric (combined variance is 0.7%)
TOTAL OPERATING COSTS	\$ 207,617	\$ 65,343	\$ 142,759	\$ 208,102	\$ 486	0.2%	

DENVER WATER FINANCIAL REPORT

as of 4/30/19

<i>\$ in thousands</i>	Current Budget	YTD Actuals	Rem. Mo. Forecast	Full Year Forecast	Budget Over/(Under)	Budget Var %	Variance Comments
Collection	30,054	4,459	22,855	27,314	(2,740)	-9.1%	Moffat Siphon No 1 (-\$1.8M), Roberts Tunnel EI&C (-\$1.3M)
Distribution	89,537	18,799	76,088	94,887	5,351	6.0%	Conduit 16 (\$2.8M), Contracted Main Replacements (\$1.1M)
Expansion	7,385	3,370	3,823	7,193	(192)	-2.6%	Hazeltine (\$1.3M), WISE/Aurora (-\$896K), Sensus Master Meters (-\$800K)
Information Technology	815	161	531	692	(123)	-15.1%	Radio Systems (-\$165K)
Operations Support/Other	61,724	12,912	47,848	60,760	(964)	-1.6%	
Treatment	64,054	14,647	50,332	64,979	925	1.4%	
TOTAL CAPITAL (incl. applied labor)	\$ 253,567	\$ 54,347	\$ 201,478	\$ 255,824	\$ 2,257	0.9%	Combined with Operating projects for metric (combined variance is 0.7%)
Interest expense	25,498	6,892	18,606	25,498	(0)	0.0%	
Principal payments	22,151	1,358	20,794	22,151	(0)	0.0%	
Debt Service	\$ 47,649	\$ 8,250	\$ 39,399	\$ 47,649	\$ (0)	0.0%	
TOTAL USES OF FUNDS	\$ 508,833	\$ 127,939	\$ 383,636	\$ 511,576	\$ 2,742	0.5%	

Metrics

Revenue: +/- 5%

Operating expense categories: +/- 5%

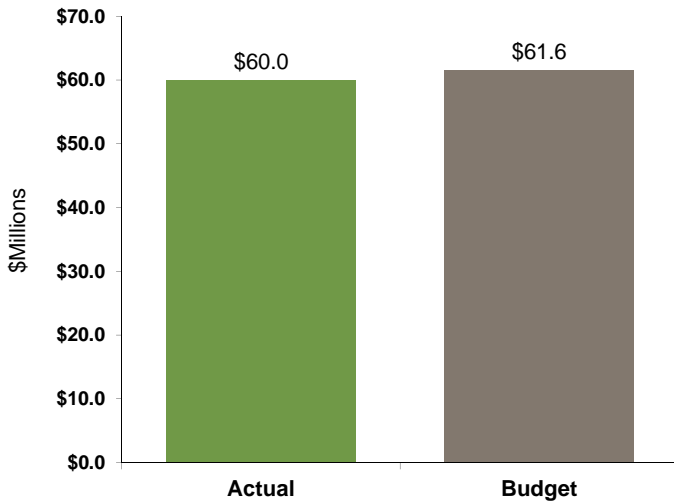
Total Operating w/o Projects: +/- 2%

Operating Projects and Capital Projects: +/- 5% combined

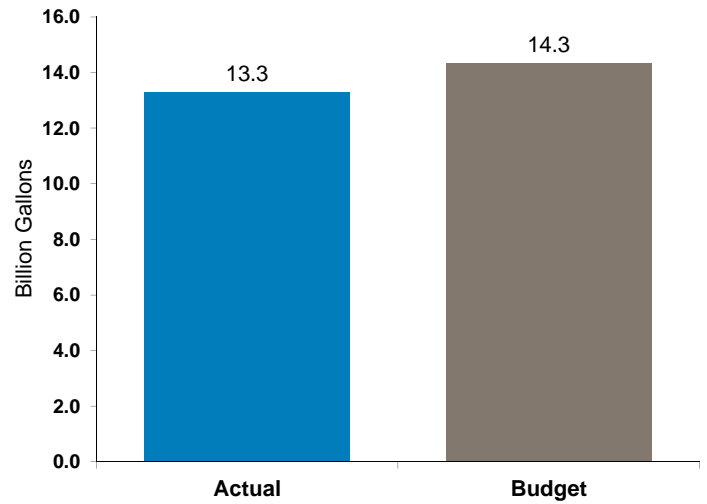
Gray: Items from prior months

Black: Items from current month

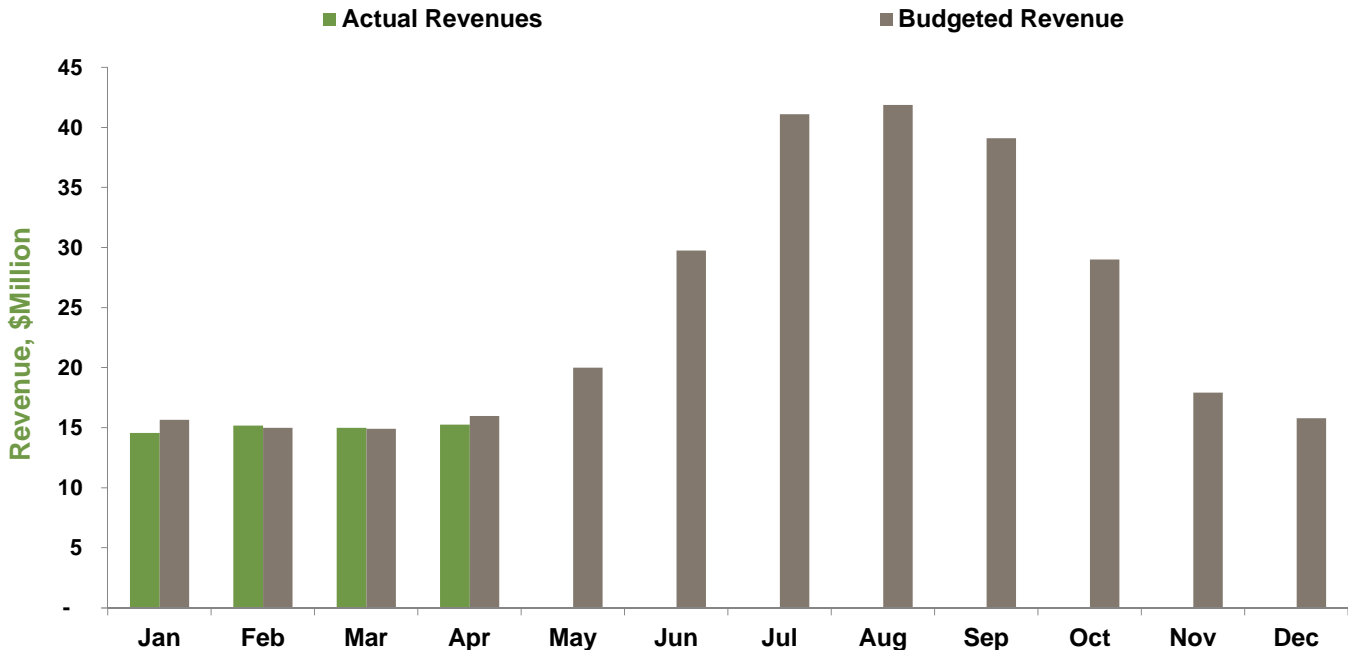
Graph 1: YTD revenue comparison¹



Graph 2: YTD consumption comparison



Graph 3: Comparison of 2019 actual monthly revenue and consumption to forecast monthly revenue



1. The values in this report are based on bill cycle periods which may not correspond with calendar month periods. As a result, the revenue and consumption in this report can vary from the revenue and consumption reported by accounting.

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2019

Board Item: V-A-1

Briefing Paper for Legislative Update

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View

Government Relations plays a key role in issues important to Denver Water's success by advocating the interests of Denver Water in legislative and regulatory matters, specifically by proactively lobbying the Colorado General Assembly.

Summary

Session Overview: This is the final legislative update for the first regular session of the seventy-second General Assembly that ended on May 3, 2019. The Democrats held majorities in both houses of the legislature and the Governor's office, and both brought to the session an extensive agenda. Their top priorities included health care, education, and oil and gas regulation. While the number of bills that were introduced were significantly less than previous years, the length and intensity of debate on the most contentious bills was significantly more.

Relationship Building Overview: Our government relations plan identifies how we strategically tackle building and nurturing our professional relationships with elected officials and their staff that are key to our success. We began this effort prior to the November election by holding one-on-one meetings with candidates likely to win and continued these meetings with newly elected and returning legislators following the election and throughout the session. We also planned and executed the annual Front Range Water Council (FRWC) legislative lunch again this year in conjunction with the Colorado Ag Council and the Colorado River District. Jim Lochhead represented Denver Water and the FRWC at this lunch and presented on the Drought Contingency Plan. We reached 23 legislators through our targeted meet-and-greets and 20 legislators through the FRWC legislative lunch. In addition to these strategically planned meetings, we had hundreds of meetings and touch points with legislators, aides, committee staff, legislative legal counsel, and officials in the new administration including the Governor's top staff, the new Department of Natural Resources Director, the Colorado Water Conservation Board Director, and the Colorado Department of Public Health and Environment staff. We also continue to engage and nurture relationships with key organizations we have memberships in including the Colorado Water Congress, the Denver Metro Chamber, the Colorado Municipal League, and the Colorado Competitive Council (C3).

Legislation Overview: During this year's session the legislature introduced 598 bills (654 including resolutions and memorials). There were significantly fewer bills introduced this year compared to the last six sessions. Daily, the government relations team read the titles and summaries of each bill, filtered out bills that were not related to Denver Water operations in a significant way or were not a priority. After this filtering, we tracked 51 bills this session, 29 that required significant review by the government relations team and internal stakeholders. Internal reviews resulted in recommendations and positions on 12 bills. In the Background section below, we have prepared short summaries of the 12 bills we took positions on and two others that we did not recommend positions on, but were significant.

Interim Preview: During the interim, government relations efforts will focus on the following priorities. First, we will perform a legislative session debrief to ask ourselves how we did, what could have gone better and where we can gain

improvements and efficiencies in our system. Second, we will continue our relationship development through targeted meetings, participation in events hosted for legislators such as the C3 Business Base Camp tours, and planning and hosting Denver Water tours for key audiences. Third, we will engage on policy issues and discussions that come before both the interim water and interim wildfire committees. Fourth, we will hold internal meetings with staff to discuss potential policy changes that are needed in the upcoming session. Finally, we will prepare our 2020 government relations plan and begin our annual process.

Background

Below are summaries of the 12 bills that we held positions on and their status, and in addition two efforts that could have had impacts on Denver Water (one a bill and one a concept for a bill).

HB19-1006 Wildfire Mitigation Wildland-urban Interface Areas – This was a bill referred by the Wildfire Matters Review Committee. The bill allocates \$1M of additional funding for the program, and amended the amount down from \$3M from the introduced bill. The bill is awaiting signature by the Governor.

Position: SUPPORT

HB19-1015 Recreation Of The Colorado Water Institute – The Colorado Water Institute was created in 1981 and automatically repealed in 2017. The bill recreates the institute. Chris Piper currently serves as Denver Water's representative on this advisory board. The bill has been signed by the Governor.

Position: SUPPORT

HB19-1096 Colorado Right To Rest – This bill would have created the Colorado Right to Rest Act, which establishes basic rights for people experiencing homelessness, including but not limited to the right to rest in public spaces. This bill was defeated in the House Committee on Transportation and Local Government.

Position: OPPOSE

HB19-1113 Protect Water Quality Adverse Mining Impacts – This bill requires that a reclamation plan for a new or existing permit must show, by substantial evidence, what the end date is for water quality treatment to ensure compliance with water quality standards. It also requires that the financial warranty covers water quality treatment and monitoring costs. The bill has been signed by the Governor.

Position: SUPPORT

HB19-1200 Reclaimed Domestic Wastewater Point Of Compliance – In 2018, Denver Water helped pass legislation adding toilet flushing as a new recycled water use in Regulation 84. During the reclaimed water rulemaking process, we identified a problem with the new statutory definition of "point of compliance." This bill fixes that definition. The bill has been signed by the Governor.

Position: SUPPORT

HB19-1218 Loaned Water for Instream Flows to Improve Environment – This bill modifies the instream flow loan program by expanding the number of years within a 10-year period that a loan may be exercised from three years to five years and allows a loan to be renewed for up to two additional 10-year periods. Denver Water sought and received two amendments in the House. This bill was postponed indefinitely in the Senate Committee on Agriculture & Natural Resources with a commitment from the legislature to study the issue further during the interim.

Position: SUPPORT

HB19-1231 New Appliance Energy and Water Efficiency Standards – This bill updates and adopts standards for water efficiency and energy efficiency that apply to a list of consumer and commercial appliances and other products. The standards are based on state standards, federal Energy Star and WaterSense specifications, and industry standards in most cases. Where a standard is not incorporated by reference, the standard is specified in statute. We worked with the bill sponsor to get a few amendments that clarify definitions in the bill to be consistent with current standards. The bill is awaiting signature by the Governor.
Position: AMEND

HB19-1271 Augmentation of Instream Flows – This bill clarifies that the Colorado Water Conservation Board (CWCB) may augment stream flows to preserve or improve the natural environment to a reasonable degree by use of an acquired water right that has been previously quantified and changed to include augmentation use, without requiring a further change of the water right. We worked with the bill sponsor to get a few amendments that added needed protections for this new type of augmentation plan. This bill was postponed indefinitely in the Senate Committee on Agriculture & Natural Resources with a commitment from the legislature to study the issue further during the interim.
Position: AMEND

HB19-1327 Authorize and Tax Sports Betting Refer Under TABOR – This bill decriminalizes and establishes regulations for sports betting in Colorado through a referred measure to this November's ballot. It defines a tax on sports betting revenues and directs the majority of those revenues to the newly created water plan implementation cash fund. It is estimated that this could generate about \$8.5M for the water plan fund. Denver Water and many other water users supported the funding allocation portion of the bill. The bill is awaiting signature by the Governor.
Position: SUPPORT

SB19-020 Wildland Fire Airspace Patrol System – The bill requires the Center of Excellence for Advanced Technology Aerial Firefighting, to study and, if feasible, implement a system to patrol the airspace above a wildland fire. There are concerns about drones interfering with fire suppression efforts. The bill is awaiting signature by the Governor.
Position: SUPPORT

SB19-188 FAMLI Family Medical Leave Insurance Program – This bill would have created a paid family and medical leave insurance program in the Colorado Department of Labor and Employment. Colorado employees and employers will contribute in equal shares to a monthly premium based on wages. Premiums will fund a family and medical leave benefit for eligible individuals to care for themselves or family members. Under significant pressure from the business community and others, this bill was amended to study this issue further. The bill is awaiting signature by the Governor.
Position: MONITOR

SB19-212 Appropriation General Fund Implement State Water Plan – This is a Joint Budget Committee "orbital bill" that goes along with the Long Bill or budget bill. It creates the water plan implementation grant program which will not only pay for water plan implementation but also allow for Colorado River demand management program expenditures. The bill allocates \$10M to the fund. Of that, \$8.7M will go towards water plan implementation and \$1.3M towards the demand management program. The bill has been signed by the Governor.
Position: SUPPORT

SB19-221 CO Water Conservation Board Construction Fund Project – This is the annual “water projects” bill. The bill appropriates funding from the Colorado Water Conservation Board (CWCB) construction fund to the CWCB or the Division of Water Resources in the Department of Natural Resources for various specific projects. Of importance to Denver Water is that this bill appropriates \$17.5M for continuing implementation of the State Water Plan. The bill is awaiting signature by the Governor.

Position: SUPPORT

Seaplane Legislation – We have seen three consecutive attempts to pass legislation allowing seaplanes to land on lakes and reservoirs in Colorado. We have opposed these attempts due to the risks of spreading aquatic invasive species, specifically quagga and zebra mussels. The proponents of past attempts circulated a fact sheet this session suggesting yet another attempt. The proposal this year focuses on Single Engine Air Tankers (SEATs). These planes are used to fight fires and can land on and scoop water from lakes. While the law already allows them to land and scoop water in the case of emergencies, their proposal is to allow them to land for training purposes. Through discussions with the Majority Leaders in the House and the Senate and working with the Department of Natural Resources, we were able to ensure that this bill would not be granted “late bill status” and thus the concept was not introduced as a bill.

Budget	N/A
Alternatives	N/A
Approach	N/A
Owner(s)	Chris Piper, External Affairs
Attachments	2019 Denver Water Bill Report

Respectfully submitted,

Chris Piper, Government Relations Manager Mike King, Chief External Affairs Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2019

Board Item: V-A-2

Briefing Paper for Year-To-Date Sustainability Update

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View

Sustainability is an integral part of the Strategic Plan within the Excellent Operations perspective. Continual improvement of operations advances our intent for leadership within the industry, saves resources, and strengthens our resiliency and long-term planning.

Summary

Year-to-date sustainability update (details provided in the Approach section):

- Facilities
 - Finalizing Building J LEED requirements
- Energy
 - Conducted a greenhouse gas (GHG) inventory for 2018
 - Developed a fleet idling report
 - Implementing utility management software (EnergyCAP)
 - Working on multiple energy efficiency projects
- Water
 - Continuing a project to ensure Denver Water facilities are metered
- Waste
 - Purchased reusable dishware for several facilities
 - Coordinating waste diversion for 6S activities
- Contracts
 - Evaluating sustainability elements of cafeteria vendor proposals
 - Developed sustainable landscaping standards
 - Assisted with a custodial contract amendment to include green cleaning objectives
- Education
 - Lunch & Learns, Coffee Breaks, Sustainability Bar
 - Facilitated various activities for Earth Month
 - Wrote and delivered internal communications

Background

As a major water provider in the West, Denver Water views itself as having a special responsibility to the environment. It is a responsibility that we take very seriously. We incorporate it into both our strategic thinking and daily operations.

Sustainability for the next 100 years will require innovation, resilience and adaptability in everything we do. Establishing current state, baselines, goals and commitments for the organization is necessary in order to know what direction we are heading, and what we are accomplishing.

Budget

The budget for system-wide energy efficiency projects, lighting upgrades and sustainability pilots is \$40,000.

We currently expect to spend \$4,500 for a lighting project at Gross Reservoir facilities in Q2; \$3,000 for lighting upgrade at Winter Park facilities in Q3; \$6,000 for lighting at Marston facilities in Q4. Replacement of outdated water meters and installation of new ones at Denver Water facilities will also be funded from the sustainability project budget. There are also possible projects related to a floating

solar pilot, upgrade of lighting at Moffat and for monitoring-based commissioning for the Central Utility Plant at the Operations Complex.

Approach

Facilities: Building J renovation is on target for Bronze Certification, but the team is investigating options to achieve LEED Silver. A few water fixtures were not upgraded during the remodel and are being swapped out now. Also, one of the existing HVAC units is failing and we may replace it with a unit that is more efficient and would provide a few more LEED points.

Energy: Estimated Greenhouse Gas Inventory totals for 2018 are approximately 45,000 mtCO₂e, an increase from 2017's approximately 41,000 mtCO₂e. Multiple factors affected this increase including energy use, weather, and decreased hydropower production at Dillon Dam, Williams Fork Dam, Foothills Treatment Plant, Hillcrest Pump Station and Roberts Tunnel due to maintenance.

Sustainability and Fleet Services worked together to mine data and create a report on the monthly cost and CO₂ contribution due to unnecessary Denver Water vehicle idling. These reports have been provided to the executive team for discussions with their respective teams.

Integration of EnergyCAP continues with meter identification, manual data uploading and historical database creation, while waiting for automated electronic data exchange to start for all accounts from Xcel Energy.

Energy efficiency projects are planned for Gross facilities, Winter Park facilities, and Marston facilities. A feasibility study for floating solar, expected in late May, will identify the potential for this technology at Denver Water facilities. A proposal for a lighting project upgrade at Moffat Treatment Plant is currently being evaluated by Engineering. Commissioning of the new Administration Building has changed from standard commissioning to monitoring-based commissioning, which will benefit Denver Water by testing all equipment and identifying savings and operational inefficiencies during the building's warranty period. Participation in Xcel Energy's Solar Connect Program is contributing carbon-free energy for 10 Denver Water sites. Discussion has begun with Xcel for the solar installation at the Operations Complex.

Water: Sustainability collaborated with GIS, Water Efficiency and Reuse, Customer Care, Grounds, and the Meter Shop to make further headway on the water reporting goals in the Sustainability Guide. We have begun site visits to confirm data and identify problems and are developing water budgets for each location to be compared to monthly consumption.

Waste: Reusable dishware was provided to teams in Building J and the new the Wellness Building in Q1. All break rooms in new Operations Complex buildings and treatment facilities now have reusable dishware which will help divert waste from the landfill and compost streams.

The 6S events leading up to moving into the new Administration Building have the potential to create a lot of waste. By utilizing shared office supply cabinets, reusing materials at other Denver Water facilities, leveraging strategic partnerships in the community and recycling, we have been able to greatly decrease the amount of waste going to landfill from these events.

Procurement and Contracts: Sustainability has supported the cafeteria service RFP evaluation with questions and criteria on food sourcing, Fair Trade Certification, waste diversion, WELL Building Standards and wellness objectives.

Leading up to the RFP process for the landscaping contract, Sustainability worked with Procurement to ensure that important language was incorporated. This language included integrated pest management, best practices for pollinator health and safety, composting landscaping materials, and management of our central controls. This language follows commitments made in the Sustainability Guide.

Sustainability supported the amendment to custodial contracts with LEED Green Cleaning Policy recommendations and WELL Building standards.

Education: Sustainability delivered six lunch and learns through Q1, which covered a range of topics from pollinators to composting. Sustainability Coffee Breaks are hosted bi-weekly, with various topics discussed after a short video. In Q1, topics included off-grid living, pesticide use, plastic pollution, and alternative energy sources. Each Wednesday, a Sustainability Bar is hosted at the demo cubes on the second floor. Activities alternate between trivia on sustainability topics and waste sorting games that educate employees on how to sort their waste properly into three streams.

Earth Month was a collaborative effort between Sustainability, the Green Team, the GIS team, Environmental Compliance, and several outside speakers to support eight outreach events. Activities included lunch and learns, a seed-starting workshop, employee e-waste event, and employee shredding event. Over 4,000 pounds of e-waste were properly recycled during Earth Month.

Sustainability focuses heavily on messaging. We collaborated with the External Affairs to begin a TAP story series titled "Sustainability Beyond Water." The series is meant to educate our ratepayers on the internal sustainability efforts at Denver Water, showcasing efforts like municipal waste diversion, e-waste recycling, GHG inventory efforts, and energy savings. The Sustainability team has started weekly internal communications in the form of "Sustainability Tip of the Week," which focuses on small changes employees can make at work and home such as vehicle idle reduction, printing habits, and household hazardous waste. Additionally, the new series "Sustainability Champion Spotlight" highlights our committed employees that go above and beyond their daily responsibilities for the environment and resource conservation.

Alternatives	Not applicable
Owner(s)	Kate Taft, Administrative Services
Attachments	March monthly/to-date Sustainability Report (2-month lag time due to billing cycle.)

Respectfully submitted,

Kate Taft, Sustainability Manager

Brian Good, Chief Administrative Officer