

AGENDA

Denver Board of Water Commissioners

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

Wednesday, May 23, 2018, 2018 9:00 a.m.

I. INTRODUCTORY BUSINESS

A. Call to Order and Determination of Quorum

B. Public Comment and Communications

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

1. Distributor Communications
2. Citizen Advisory Committee Communications

C. Ceremonies, Awards and Introductions

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. Disposal of Residuals – Contract # 503210
2. Tree and Shrub Trimming and Removal – Contract # 503383, 503384
3. Third Amendment to Agreement for Professional Services with Davis, Graham & Stubbs, LLP – Contract # 15947A/501022

B. Individual Approval Items

- | | | |
|--|----------------|------------|
| 1. 2017 Audited Financial Statements | Julie Lorton | 25 minutes |
| 2. Final Design Services Amendments for Northwater Treatment Plant | Pete McCormick | 15 minutes |

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III. POLICY MATTERS

- | | | |
|---------------------------------|-------------|------------|
| A. OCR Update | Jeremy Ross | 10 minutes |
| B. Sustainability Update | Kate Taft | 15 minutes |

IV. EXECUTIVE UPDATE

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

V. BRIEFING PAPERS & REPORTS

A. Briefing Paper

B. Report

1. Review of Property Burdens and Disposals - 1st Quarter 2018

VI. ADJOURNMENT

VII. TRUSTEE MATTERS

1. Trustee and/or Plan Sponsor Meeting

VIII. EXECUTIVE SESSION

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

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

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 23, 2018

Board Item: II-A-1

Disposal of Residuals Contract # 503210

Action by Consent

Individual Action

Summary:

Denver Water's treatment plants remove sediment from the water through a combination of chemical and mechanical processes. These sediments typically contain contaminants and are referred to as residuals. Proper disposal of residuals has implications for public health as well as an impact on the environment and is regulated by the State of Colorado. There are a limited number of landfill sites that can accept the residuals.

In December of 2015 a financial analysis was performed on Denver Water's residuals disposal practices, which consisted of utilizing T&D crews to collect, haul and dispose of residuals from our Marston and Foothills treatment plants at a Denver Water owned and permitted landfill on our Foothills treatment plant site. Due to the high cost of replacing the required equipment that was reaching end of life, cost of the dedicated T&D crew labor and the regulatory challenges and liabilities associated with maintaining a landfill, it was decided to discontinue the disposal of residuals on-site and instead utilize a public landfill.

At the time of the analysis, Republic Services had a contract to receive residuals from the Moffat and Recycling plants and this contract was amended to dispose of water treatment residuals generated at all the plants. It was also decided to bid a separate contract for hauling of the residuals versus bidding a combined hauling and disposal contract to obtain greater competition on the hauling services. It is recommended that the Board approve a new contract with Republic Services after completion of a competitive bid process for this service.

Budget Information:

Denver Water estimates it will generate approximately 30,000 cubic yards of potable water treatment residuals from the Foothills, Marston and Moffat Water Treatment Plants (WTP) and 4,500 cubic yards of waste water treatment residuals from the Recycling Plant over a three-year period. The total amount of this contract is proposed to be \$1,080,000, based on projected residuals generation and including a 15% contingency. The term of the contract is proposed to run from June 1, 2018 to May 31, 2021. A three-year contraction period is recommended to avoid annual contract change-over expense, coordination impacts with the hauling contract and disruption of the disposal services. Contracted pricing was negotiated with the vendor and shall remain fixed for the duration of the three-year contract term.

Funding for this contract in the amount of \$210,000 has been budgeted in the 2018 Water Quality and Treatment budget. The remaining \$870,000 will be budgeted with an equal distribution in years 2019, 2020 and 2021. The quantity of water treated and the influent quality of the water are the two primary factors that could lead to use of the contract contingency. Other potential regulator impacts or treatment process changes could impact the projected usage. During development of the future years' budgets, the previous year's actual spend against the contract will be highlighted as compared to these projections and deviations from this plan will be identified for the Board. At any time during the three-year contract period, the Board has the ability to start a new bidding process and terminate this contract.

Selection of Business Partner:

Denver Water issued a Request for Proposals (RFP) to the public on Rocky Mountain E-Purchasing System (BidNet), on Denver Water's website, directly to known land fill entities, and through notifications to the SBE and MWBE communities. Denver Water received two proposals; one from Republic Services and one from Norm Services, an SBE. Norm Services proposed to subcontract use of Republic's landfills for disposal of the residuals. As a result, Norm's fee schedule was higher than Republic's on all items. Republic Services, Inc. is recommended based on low price, expertise, and location, as well as a negotiated agreement to hold rates fixed

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for the duration of the three-year contract term. Republic Services, Inc. has held the current contract since 2012. The previous vendor was A1 Organics. A1 Organics held the previous three contracts from 2002 until 2011.

S/MWBE Information:

This contract has been determined not to fall under either the O&M Construction Related or the Covered Goods & Services MWBE programs. Republic Services, Inc. is neither an SBE nor a certified MWBE.

Recommendation:

It is recommended that the Board approve Contract 503210 with Republic Services, Inc. for disposal of residuals for the contract period June 1, 2018 to May 31, 2021 for a total contract amount not to exceed \$1,080,000.00.

Approvals:



Thomas J. Roode
Chief Operations Maintenance Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager



Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 23, 2018

Board Item: II-A-2

Tree and Shrub Trimming and Removal Contract # 503383, 503384

Action by Consent

Individual Action

Summary:

Denver Water has a variety of properties in the Denver Metro Area, many of which have trees that require maintenance. The vast majority of these trees are located on the High Line Canal. A tree inventory and condition assessment was completed in 2016, in collaboration with eight managing-partner agencies on the canal. That assessment yielded data on 23,677 trees that are 6" and larger and prioritized them according to health status and liability. Denver Water has continued to work with the partner agencies and their forestry teams to identify the most critical trees that need to be pruned or removed. Contracts 503383 and 503384 will provide scheduled removal and pruning for 577 trees, and a contingency budget for unscheduled emergency tree work, over the next three (3) years at all Denver Water properties in the Metro Area, with a large emphasis on the High Line Canal.

Budget Information:

The total amount of the contracts is \$900,000 and the term is three (3) years. The majority of the funds for the contracts, \$650,000, will be budgeted for in Business Unit 1004503600 (Recreation Projects) in FY 2018-2020. This project will be combining funds that have typically fallen into two Business Units, High Line Canal Operations (O&M Division, BU 1007036300), and Recreation Projects (Administrative Services Division, BU 1004503600). These funds will be consolidated into the Recreation Projects budget for the purposes of these contracts over FY 2018-2020.

Partner Agencies have also committed \$250,000 to the project, to be paid to and administered by Denver Water. This commitment brings the total budget to \$900,000.

\$200,000 is included in Denver Water's 2018 budget and adequate funds will be included in 2019 and 2020 to cover Denver Water's share of this contract.

Selection of Business Partner:

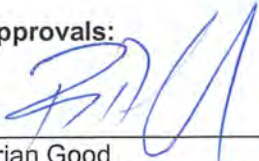
Denver Water issued a Request for Proposals ("RFP") to the public on the Rocky Mountain E-Purchasing System (BidNet), on Denver Water's website, through notifications to the SBE and MWBE list, and via direct solicitation to known vendors. Denver Water received seven (7) proposals. The recommendation is that the award is made to Splintered Forest, LLC and Root Tree Service, LLC based on their pricing, experience, project plan, safety plan, equipment list and proposed service level. Five of the Proposers are SBEs and two are neither SBE nor MWBE.

Both Splintered Forest and Root Tree Service are SBE.

Recommendation:

It is recommended that the Board approve contract 503383 with Splintered Forest, LLC for a total amount not to exceed \$500,000, and contract 503384 with Root Tree Service, LLC for a total amount not to exceed \$400,000, for the contract period June 1, 2018 through May 31, 2021.

Approvals:



Brian Good
Chief Administrative Officer



Angela Bricmont
Chief Finance Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 23, 2018

Board Item: II-A-3

Third Amendment to Agreement For Professional Services with Davis, Graham & Stubbs, LLP

Contract # 15947A/501022

Action by Consent

Individual Action

Summary:

In June, 2015, after a competitive selection process, the Board engaged in a three year contract with Davis, Graham & Stubbs, LLP to provide specialized legal services regarding Denver Water's retirement plans and the tax aspects of certain employee benefits. The term of the contract is from June 15, 2015 to May 31, 2018, with an initial anticipated total expenditure of \$300,000. The contract was amended in January and July, 2017 to reflect additional services required by Denver Water's new PTO program that included a buy-down of excess leave that was contributed to employees' 401(k) accounts, services related to numerous issues and scenarios regarding Denver Water's Defined Benefit Plan, and the need to file a Voluntary Correction (VCP) document with the Internal Revenue Service to assist in rectifying certain calculation errors that have been discovered. These efforts have required extensive legal analysis, research, and drafting of a variety of plan documents and policies. The extent of the effort required was not anticipated, and the budgeted amount under the contract is running low. Davis Graham & Stubbs has provided an estimate of work and costs for the next twelve month period, during which the VCP filing will be finalized. Additionally, in an effort to reduce costs, in-house counsel has begun to transition to perform some of the work for the VCP filing.

The analysis and drafting that will be necessary to implement the VCP filing before December 31, 2018 will be extensive. It is therefore necessary to increase the compensation under the contract and extend the term through May 31, 2019.


Budget Information:

This identified budget expense exception has been discussed and approved by the Executive Team. The \$200,000 variance will be covered by savings elsewhere. Funds necessary for 2019 will be budgeted in year 2019.


Recommendation:

It is recommended that the Board approve the Third Amendment to Contract 15947A with Davis, Graham & Stubbs for continued professional services regarding the retirement and benefit plans, extending the term through May 31, 2019 and adding \$200,000, for a total amended contract amount not to exceed \$1,100,000.

Approvals:




Patricia Wells
General Counsel



Angela Bricmont
Chief Finance Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 23, 2018

Board Item: II-B-1

2017 Audited Financial Statements

Action by Consent

Individual Action

Summary:

Attached are Denver Water's audited financial statements, which are being presented for the Board's acceptance. CliftonLarsenAllen, LLP (CLA), 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) 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). CLA's 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 (EMMA) website.

Budget Information:

Funding for the external audit has been budgeted in the 2018 Accounting budget (BU 1002550300) in the amount of \$95,000. Costs are estimated to be within the budgeted amount.

Recommendation:

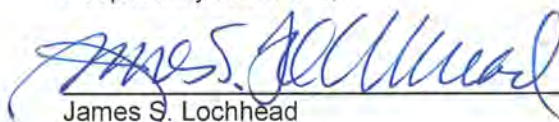
The recommendation is for the Board to accept the 2017 CAFR and retirement plans' financial statements.

Approvals:



Angela Briemont
Chief Financial Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 23, 2018

Board Item: II-B-2

Final Design Services Amendments For Northwater Treatment Plant

Action by Consent

Individual Action

Summary:

The purpose of this Board Item is to execute multiple items in support of advancing the Northwater Treatment Plant (NTP) Project. In accordance with the NTP Project 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	Start 5/23/18
Task 5: Construction	Start September 2018
Task 6: Transfer of Facility Ownership	TBD

Execution of the following items is needed to carry the Project through Final Design (Task 4B) and continue Early Works Construction (Task 5):

- Final Design Services Amendments (Task 4B) to the existing design-phase services Agreements for Design Packages (DPs) 01 through 07, the Owner's Representative (OR), and the Construction Manager-at-Risk (CMAR).
- Addition of terms and conditions to the OR and DP02 Agreements to mitigate the potential impacts of an Organizational Conflict of Interest as a result of the dual role on NTP from Jacobs (OR) wholly acquiring CH2M (DP02).
- Amendment to Construction Agreement 503212 to procure and construct raw water pipelines necessary to prepare the NTP site for plant construction and meet tight outage schedules.
- New Agreement for NTP Programming (DP09).

Denver Water (DW) is in the process of designing the NTP, to be constructed on DW's Ralston Reservoir property north of Golden, to supplement the production of drinking water at the Moffat Water Treatment Plant (WTP). Following the recent capacity decision, the current scope of work for the Project includes the construction of a 75-MGD initial capacity NTP, expandable to 150-MGD; and continuing Moffat WTP operations with a capacity of up to 60-MGD through 2040, as needed.

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DW's goal is to execute the design and construction in an integrated and collaborative manner, while also ensuring that the most qualified professionals conduct the work. The Project has multiple discrete DP consultants, an OR, and a Contractor to execute the design phase services for the NTP. The Design Team's responsibilities are selectively scoped and contracted in specific DPs, which are 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

Budget Information:

The total amount of these contracts and amendments is \$31,909,616.50, including \$863,000 in Owner-controlled contingencies on the Professional Services Amendments. The contingencies on DP01, DP07, and DP09 were increased to account for level of risk associated with unknowns for geotechnical investigations, Moffat repairs, and programming changes, respectively. The contract period for DP05, the OR, and the CMAR are extended through July 31, 2019 to align with all other DP contracts. Funds for these services/contracts will come from the 2018 and 2019 budget for the NTP Business Unit, which has a 2018 budget of \$24,000,000 (re-forecasted to \$18,000,000) to pay the \$14,909,616.50 needed in 2018 for these amendments and new contract. The remaining \$17,000,000 will be included in the 2019 Project budget currently estimated at \$80,000,000.

The OR, CMAR, DP01, and DP02 Amendments include preliminary scope and costs for Construction (Task 5), with additional scope and fee to be added at a future date. Construction of the Conduit No. 22 crossing (GMP2A) was delayed from spring to fall 2018 due to unanticipated delays with other DW projects; the CMAR, as a cost savings plan, proposed this work be amended from tunneled to open cut pipeline installation at a lower cost. As a result, the Construction Amendment (GMP2B) includes a deductive change to GMP2A, as well as added construction scope and an Owner-controlled contingency of \$446,817. The Owner-controlled contingency includes items such as scope changes, differing site conditions, and delayed utility (Xcel) power line relocation, which are DW's responsibility in accordance with the Construction agreement.

The specific Contracts, Amendments, and values are presented in Table 2.

Table 2: NTP Contract and Amendments Summary

Contract	Contract # (Old/New)	Amendment #	Firm	Current Contract Value	Proposed Task 4B Amendment Value ¹	Proposed Task 5 Amendment Value	Total Contract Value
DP01	16811A/ 501524	5	AECOM	\$2,723,475	\$1,363,614	\$125,314	\$4,212,403
DP02 ²	16836A/ 501559	5	CH2M	\$6,209,051	\$2,202,442	\$40,704	\$8,452,197
DP03	16851A/ 501471	5	Carollo	\$4,162,677	\$4,523,084	-	\$8,685,761
DP05 ³	17101A/ 501682	4	AECOM	\$1,496,330	\$3,040,475	-	\$4,536,805
DP07	17098A/ 501678	3	Burns & McDonnell	\$1,426,012	\$1,335,543	-	\$2,761,555
DP09	503392	-	Dewberry	-	\$899,950	-	\$899,950
CMAR ^{3,4}	16912A/ 501515	6	Kiewit	\$5,081,916	\$2,505,161	\$417,828	\$8,004,905
OR ^{2,3,4}	16676A/ 501401	6	Jacobs	\$9,152,431	\$4,299,339	\$1,488,645	\$14,940,415
GMP2B	503212	1	Kiewit	\$692,891.68	-	\$9,667,517.50	\$10,360,409.18
Total				\$30,944,783.68	\$20,169,608	\$11,740,008.50	\$62,854,400.18

For approval 5/23/18
\$31,909,616.50

¹Includes contingency.
²Task 4B amendment value includes a \$2,050,000 Task 4A deduction; \$550,000 for the OR and \$1,500,000 for DP02.
³Includes a time extension to 7/31/19.
⁴Includes funding for Gross Reservoir Expansion project costs; \$28,000 for the OR and \$51,500 for the CMAR.



Selection of New Business Partner:

Programming is the single new Agreement being approved. On November 9, 2017, a Request for Statements of Qualifications (RFQ) was posted to DenverWater.org for Programming Services (DP09). Six firms attended the Pre-Statement of Qualifications (SOQ) Meeting on November 16, 2017. On December 13, 2017, DW received four SOQs for DP09 from the following firms:

- Carollo
- CH2M
- Dewberry
- RSI

SOQs were reviewed and evaluated by a team of Engineering, Operations, and Information Technology (IT). Following the review of the SOQs, the Selection Committee sent a Request for Rate Schedules to the four firms. The Selection Committee and Executive Sponsors conducted an interview on February 1, 2018 with the Dewberry Team. Based on the presented approach and evaluation criteria, the Selection Committee determined the Dewberry Team provided the most value and innovation for the NTP Project.

S/MWBE Information:

Goals were established for each DP contract prior to initiation of procurement. There is no goal set for the DP09, CMAR, or OR contract due to the type of services provided; however, goals for construction S/MWBE participation will be identified in the NTP CMAR Construction Phase Agreement prior to execution. To date, all DP Consultant contracts are meeting or exceeding their participation goals, as identified in Table 3. Although DP09 has no MWBE goal, participation is projected to be approximately 6.4% for Final Design (Task 4B).

Table 3: NTP Contract Amendments MWBE Goals and Participation

Contract	Firm	MWBE Goal	Task 4A MWBE Participation (Actuals)	Task 4B MWBE Participation (Projected)
DP01	AECOM	15%	18.9%	16.9%
DP02	CH2M	2-5%	3.8%	5.4%
DP03	Carollo	4-8%	5.9%	10.4%
DP05	AECOM	8-12%	4.3%	12.9%
DP07	Burns and McDonnell	8-10%	5.6%	2.6%
DP09	Dewberry	0%	N/A	6.4%
CMAR	Kiewit	0%	0%	0%
OR	Jacobs	0%	0.5%	1.1%

For approval
5/23/18

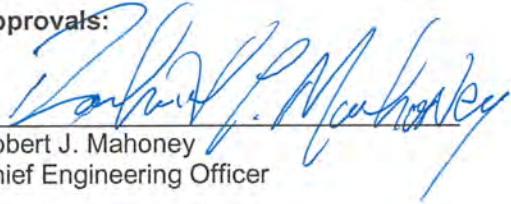
Recommendation:


It is recommended that the Board approve the following:

1. Agreement No. 503392 with Dewberry Engineers Inc. for Programming.
2. Amendments to Professional Services Agreements detailed in Table 2 for Final Design.
3. Amendment to Construction Agreement for pipeline relocation procurement and installation.

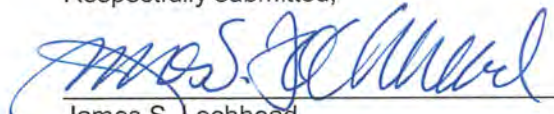
The total Project addition is \$31,909,616.50 to equal a total amended Project amount not to exceed \$62,854,400.18.


Approvals:


Robert J. Mahoney
Chief Engineering Officer


Thomas J. Roode
Chief Operations and Maintenance Officer

Respectfully submitted,


James S. Lochhead
CEO/Manager


Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 23, 2018

Board Item: V-B-1

Review of Property Burdens and Disposals 1st Quarter 2018

Summary:

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

For reference, the attached report may include the following:

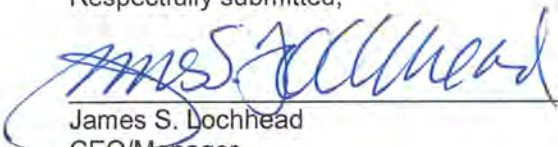
- **Disposals** – Fee property deeded away by Denver Water.
- **Leases** – Property rights of variable time periods granted by Denver Water generally on non-operating land or when leased use does not conflict with Denver Water operations. Compensation is appraised.
- **Letters of Authorization** – Short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

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

Approvals:


Robert J. Mahoney
Chief Engineering Officer

Respectfully submitted,


James S. Lochhead
CEO/Manager