AGENDA Denver Board of Water Commissioners

Video Conference: http://zoom.us/join, Meeting ID: 948 1941 6892, Password: 055278 or Dial -

in: (669) 900-6833, Meeting ID: 94819416892

Wednesday, May 27, 2020 9:00 a.m.

I. INTRODUCTORY BUSINESS

A. Call to Order and Determination of Quorum

B. Public Comment and Communications

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

- 1. Distributor Communications
- 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.

- Denver International Airport 2020 Vault and Cathodic Protection Improvements -Contract 504202
- 2. Conduit No. 16 East Segment Phase I 84-inch Steel Casing Pipe at West 32nd Avenue and Ward Road Contract 503045
- 3. Property, Casualty & Cyber Insurance Policy Renewals/Purchases
- 4. Testing, Treating and Maintaining Deckers System Contract 504360



B. Individual Approval Items

 Amendment No. 1 for Foothills 	Kirk Petrick	5 minutes
Treatment Plant Filter Media		
Replacement – Contract 503793		
2. 2019 Comprehensive Financial Report	Jean Bushong, CLA	15 minutes

III. POLICY MATTERS

Α.	Northwater Treatment Plant Update	Peter McCormick	10 minutes
В.	Gross Reservoir Expansion Project Update	Jeff Martin	10 minutes
C.	Lead Reduction Program	Alexis Woodrow	10 minutes
D.	Water Supply	Nathan Elder	5 minutes
E.	First Quarter Performance Report	Stephanie Abram	20 minutes

IV. EXECUTIVE UPDATE

- A. CEO Update
- B. CFO Update

1. Monthly Financial Update Angela Bricmont 5 minutes

C. Operations Update

V. BRIEFING PAPERS & REPORTS

A. Briefing Paper

1. Legislative Update

B. Report

- VI. ADJOURNMENT
- **VII. TRUSTEE MATTERS**
- VIII. EXECUTIVE SESSION

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

A. Confidential Report

Meeting Date: May 27, 2020 Board Item: II-A-1

Denver International Airport 2020 Vault and Cathodic Protection Improvements Contract 504202

⊠Action by Consent	□Individual Action

Purpose and Background:

Denver International Airport has been in operation for 25 years and has proven to be a harsh environment for maintaining utility infrastructure due to highly corrosive soils and poor drainage conditions that allow water and de-icing fluid to accumulate and deteriorate existing utility vaults. The annual Denver International Airport Vault Improvement Program includes replacement of existing vault 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 2020 work includes repairs and improvements to 12 vaults and 20 cathodic protection sites.

Budget and Schedule:

The total amount of this contract is \$1,355,000 and the term of the contract is May 27, 2020 to November 13, 2020. Funds for this contract will come from the 2020 budgets for Denver International Airport Vault Improvements Program and the Denver International Airport Cathodic Protection Improvements Program business units, which do not have sufficient funds to pay the \$1,257,037 estimated to be needed in 2020. A project budget adjustment in the amount of \$97,963 is recommended by the Systems and Programs Managers.

Selection of Business Partner:

Denver Water solicited bids from three general contractors on the prequalified contractors list under the Vaults discipline. This contract was an unrestricted bid process using invitations to bid on the QuestCDN platform. On May 5, 2020, bids were received from three general contractors. Flatiron Constructors, Inc. was selected based on the lowest cost bid.

S/MWBE Information:

The Minority and Women-owned Business Enterprise goal established for this project is 5% participation. Flatiron Constructors, Inc. has proposed 5.2% participation.

Recommendation:

It is recommended that the Board approve Contract 504202 with Flatiron Constructors, Inc. for the Denver International Airport 2020 Vault and Cathodic Protection Improvements for the contract period of May 27, 2020 to November 13, 2020, for a total contract amount not to exceed \$1,355,000.

	☐ Brian D. Good, Chief Administrative Officer
☐ Julie Anderson, Chief of Staff	☐ Mike King, Chief External Affairs Officer
☐ Jessica R. Brody, General Counsel	⊠ Robert J. Mahoney, Chief Engineering Officer
☑ Angela C. Bricmont, Chief Financial Officer	☐ Thomas J. Roode, Chief Operations Officer



Meeting Date: May 27, 2020 Board Item: II-A-2

Conduit No. 16 East Segment - Phase I 84-inch Steel Casing Pipe at West 32nd Avenue and Ward Road Contract 503045

⊠Action by Consent	□Individual Action

Purpose and Background:

The Conduit No. 16 Replacement Project will replace the existing 42-inch Conduit No. 16 pipeline with new 8.5 mile long 84-inch and 66-inch pipelines. The existing conduit currently conveys raw water from Ralston Reservoir to the Moffat Water Treatment Plant and was installed in 1937. The new Conduit No. 16 will deliver treated water from the future Northwater Treatment Plant at Ralston Reservoir to the Moffat Water Treatment Plant. The entire project is being delivered in four bid packages (Tunnel Installations, West Segment, Central Segment, and East Segment – Phases I and II). The Tunnel Installations and the West Segment packages are complete, and the Central segment is currently under construction. This contract provides for the replacement of Conduit No. 16 East Segment – Phase I. The Conduit No. 16 East Segment – Phase II, will replace 6,610 linear feet of pipeline through Wheat Ridge and Lakewood, and is scheduled for construction in 2021 and 2022.

The Conduit No. 16 East Segment – Phase I project requires a full closure of West 32nd Avenue, a major arterial roadway, for approximately five weeks and will significantly impact the surrounding community. The City of Wheat Ridge reviewed and accepted a proposal submitted by Denver Water and Garney Construction for an open cut trench casing installation during current low traffic activity resulting from the COVID-19 pandemic. The work will be performed between May 27 and July 4, 2020 for an estimated savings of \$600,000 versus tunneling.

The project scope for the Conduit No. 16 East Segment – Phase I consists of the following:

- Install 140 linear feet of 84-inch diameter steel casing pipe in the intersection of West 32nd Avenue and Ward Road in Wheat Ridge.
- Provide traffic control, dewatering, demolition, removal of existing 42-inch reinforced concrete pipe, and site restoration.

Budget and Schedule:

The overall Conduit No. 16 Replacement Project budget is \$86,372,367 with prior awarded construction bid packages including the Tunnel Installations, the West Segment and the Central Segment totaling \$50,516,938. The total amount of this contract is \$823,277 and the term of the contract is May 27, 2020 to July 17, 2020.

Funds for this contract will come from the 2020 budget for Conduit No. 16 Replacement Project business unit, which does not have sufficient funds to pay the \$823,277 estimated to be needed in 2020, as this expedited work was not originally planned to occur in 2020. A project budget adjustment in the amount of \$823,277 is recommended by the Systems and Programs Managers. Expenditures for the Conduit No. 16 East Segment – Phase II project will be included in the 2021 and 2022 Capital Improvement budgets. Lower than anticipated construction bids along with savings realized by reducing the diameter from 84-inch to 66-inch will result in a significant reduction of the overall project cost. The current overall forecast for the Conduit No. 16 Replacement project is \$81,409,000.



Selection of Business Partner:

On January 24, 2020, Denver Water solicited Statements of Qualifications from seven general contractors listed on the prequalified contractors list under the Civil Pipelines discipline that specialize in large diameter pipelines. On February 7, 2020, five firms submitted a Statement of Qualifications package and were evaluated by Denver Water Engineering Staff. Garney Construction was selected based on their high-level expertise, proposed project team, and past performance on Denver Water projects.

S/MWBE Information:

The Minority and Women-owned Business Enterprise goal established for this work is 3% participation which Garney Construction has committed to achieve for Phase I of the East Segment project. Based on current negotiations, Garney Construction plans to achieve 8% participation for Phase II of the East Segment project

Recommendation:

It is recommended that the Board approve Contract 503045 - Conduit No. 16 Replacement – East Segment – Phase I Project with Garney Construction for the contract period May 27, 2020 to July 17, 2020 for a total contract amount not to exceed \$823,277.

\square Brian D. Good, Chief Administrative Officer
☐ Mike King, Chief External Affairs Officer
oxtimes Robert J. Mahoney, Chief Engineering Officer
$\hfill\Box$ Thomas J. Roode, Chief Operations Officer

Meeting Date: May 27, 2020 Board Item: II-A-3

Property, Casualty & Cyber Insurance Policy Renewals/Purchases

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□Individual Action

Purpose and Background:

At the May 13 Board meeting, Marsh, Denver Water's insurance broker presented and recommended Denver Water renew its existing insurance policies for property, fiduciary, excess liability, and crime, along with buying additional coverage for Cyber and stand-alone terrorism. Staff had also provided the Board a briefing paper at the May 13 meeting. All lines of coverage except for crime insurance will be effective for the next twelve months, beginning June 1, 2020. Crime insurance will have an effective three-year coverage period beginning June 1, 2020 and expiring May 31, 2023. Attached is a table 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 \$794,286 and the term of the policies are June 1, 2020, to May 31, 2021 for all lines of coverage except for crime, which has an end date of May 31, 2023. Funds for these services will come from the 2020 budget for insurance. The Finance division budgeted \$647,115 in the 2020 budget for the above policies except for the premiums for cyber and stand-alone terrorism coverage. In 2020, the market experienced a hardening of pricing, which affected most of Denver Water's lines of coverage, specifically on property and equipment coverage, as compared to the prior years. The combination of the hardening markets and the additional lines of coverage will create a budget variance of \$147,171. The majority of this budget variance, \$85,770, is due to the property and equipment policy renewal and reflects an increase in the total insured value that was driven by the increase in the assessed business interruption values, and a 12.5% increase in rates as compared to the prior year.

Selection of Business Partner:

Denver Water issued a Request for Proposal for broker services in June 2019 and received five proposals. Marsh was selected based on their experience, staffing plan, understanding of work, professional references, demonstrated expertise, and pricing. Marsh markets Denver Water's property and casualty insurance every three to five years, or sooner if market conditions exist.

S/MWBE Information:

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

Recommendation:

It is recommended that the Board approve the renewal of the insurance policies for property and equipment, excess liability, fiduciary, crime, cyber, and terrorism insurance. The total amount of this renewal is \$794,286.

☑ James S. Lochhead, CEO/Manager	oxtimes Brian D. Good, Chief Administrative Officer
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Denver Water Insurance Program Structure

Insurance Type	Insurer	Annual Premium (2019)	Annual Premium (2020)	Percent Change	Coverage Limit	Retention
Property & Equipment	AXA XL	\$484,500	\$624,000	29%	\$500MM ¹	\$500,000
Excess Liability	Argonaut	\$78,643	\$84,151	7%	\$10MM	\$1MM
Fiduciary	Travelers	\$19,900	\$19,900	0%	\$10MM	\$50,000
Crime	Travelers	\$4,700	\$5,114	9%	\$2MM	\$25,000
Cyber	Chubb	-	\$30,097	-	\$5MM	\$50,000
Terrorism	Talbot	\$5,743 ²	\$31,024	440%	\$150MM ³	\$500,000

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

²2019 premium was additional coverage that was a part of the property/equipment and excess liability policies. 2020 premium is for stand-alone coverage and broadens terrorism coverage as defined by the policy.

³Liability is sub-limited to \$100MM.

Meeting Date: May 27, 2020 Board Item: II-B-4

Testing, Treating and Maintaining Deckers System Contract 504360

⊠Action by Consent	□Individual Action

Purpose and Background:

Denver Water owns and operates eleven potable water systems in the South Platte River corridor supplying drinking water to commercial and single-family residential properties. These water systems provide potable water to Denver Water customers located in small towns within the corridor, including Denver Water-owned rental properties located in Deckers Colorado. The Deckers Resort potable water system is registered with Colorado Department of Public Health and Environment as a transient, non-community potable water system (PWSID CO0218005) that requires drinking water compliance mandated by the Colorado Primary Drinking Water Regulations. Due to the remote location and the necessity of providing drinking water to these areas, Denver Water requires a state certified water treatment operator to run, maintain, test, and treat drinking water using its existing treatment and distribution systems.

Budget and Schedule:

The total amount of this contract is \$350,000 and the term of the contract is June 1, 2020 to May 31, 2023. Funds for this service/contract will come from the 2020 budget for Water Quality Operations, which has sufficient funds to pay the \$68,055 estimated to be needed in 2020. The remaining \$281,945 will be budgeted in years 2021, 2022 and 2023.

Selection of Business Partner:

This competitive selection was issued through a Request for Information (RFI). Procurement issued this RFI through its standard methods of advertising, including posting to Denver Water's website, on Rocky Mountain E-Purchasing System (BidNet), through direct email, and to the Small Business Enterprise (SBE) list. Denver Water received one response from Habcon Services, Inc.

S/MWBE Information:

Habcon Services, Inc. is a Small Business Enterprise. Small/Minority and Women-owned Business Enterprise goals are not applicable for this item.

Recommendation:

It is recommended that the Board approve Contract 504360 with Habcon Services, Inc. for testing, treating and maintaining the Deckers System for the contract period June 1, 2020 to May 31, 2023 for a total contract amount not to exceed \$350,000.

☑ James S. Lochhead, CEO/Manager	$\hfill\square$ Brian D. Good, Chief Administrative Officer
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Meeting Date: May 27, 2020 Board Item: II-B-1

Amendment No. 1 for Foothills Treatment Plant Filter Media Replacement Contract 503793

☐Action by Consent	⊠Individual Action

Purpose and Background:

Foothills Water Treatment Plant has 16 rapid gravity filters that remove particles and turbidity from the water. The filters are comprised of 20 inches of anthracite that lies over eight inches of filter sand and 12 inches of support gravel and clay tile underdrains. The anthracite filter media has noticeably degraded over the past 21 years since it was last replaced in 1999. This affects the efficiency of operations by reducing filter run times, increasing the number of required backwashes, increasing operating costs, and ultimately limiting plant production. In addition to replacing the media, it is good practice to remove the sand, support gravel, and clean and inspect the underdrains.

To complete the media replacement in all 16 filters, four consecutive projects over a four-year period are budgeted and scheduled. These projects are being completed during the low demand winter months to minimize impacts to plant production. The first project, Foothills Treatment Plant Filter Media Replacement Phase I (which includes filters 1 through 4), is currently nearing completion. However, only three of the four filters were completed due to several reasons, including mitigating risk to focus plant resources on implementation of pH adjustment, which is a key component of the Lead Reduction Program. The next project, Foothills Treatment Plant Filter Media Replacement Phase II, will now consist of replacing Filters 4 through 8 which will bring the work back in line with the four-year schedule. In order to complete five filters for Phase II in the fall of this year, an amendment to the existing contract is recommended and described below. The contractors performance and pricing will be considered to either amend or bid future work on filters 9 through 16.

First amendment to the Foothills Treatment Plant Filter Media Replacement contract adds filters 5 through 8 and extends the contract period. The following is a summary of benefits for amending the original contract as opposed to bidding out Phase II:

- 1. Allows for more time to complete all five basin replacements:
 - a. Amending the contact removes the Contractor's time needed to submit on materials, obtain approvals, and media procurement.
 - b. The actual work can begin on day one of the filter shutdown.
 - c. Removes the large learning curve and allows for efficiencies and continuity by using Velocity Constructor Inc.'s same crew.
- 2. Saves cost:
 - a. Velocity Constructors Inc. will complete the Phase II work for their same Phase I bid price.
 - b. The Phase II (Amendment No.1) work includes more scope than Phase I, and this negotiated price is still lower than the original second low bidder on Phase I.
 - c. The cost for completing the Filter 4 work has remained unchanged when shifting from Phase I to Phase II of the Project.
- Saves staff time:
 - a. The amendment eliminates many hours of staff time to complete bidding documents and then procure another contract.
 - b. Eliminates new contractor meetings, submittal reviews, requests for information and other associated work with a new contract.



Budget and Schedule:

The total amount of the first amendment is \$1,229,000 and the term of the contract is July 24, 2019 to April 16, 2021. Funds for this first amendment will come from the budget for the 2020 Foothills Filter Media and Underdrain Replacement business unit. The 2021 budget will include sufficient funds to pay the \$1,229,000 required for this amendment. With the completion of 50% of the replacements for Phase II, the forecasted expenditure is \$2,410,000 leaving over \$3,000,000 in the budget for the final two Phase III and IV projects.

Selection of Business Partner:

Velocity Constructors, Inc. was selected for Foothills Treatment Plant Filter Media Replacement, Phase I through a competitive bid selection process that included four bidders. The original contract was awarded July 24, 2019 in the amount of \$1,177,302.

S/MWBE Information:

The Minority and Women-owned Business Enterprise goal established for this project is 5% participation. Velocity Constructors, Inc. has proposed 38.6% participation.

Recommendation:

It is recommended that the Board approve the first amendment to Contract 503793 with Velocity Constructors, Inc. for an extension of the contract period through April 16, 2021 and for an addition of \$1,229,000 for a total amended contract amount not to exceed \$2,406,302.

☑ James S. Lochhead, CEO/Manager	☐ Brian D. Good, Chief Administrative Officer
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Meeting Date: May 27, 2020 Board Item: II-B-2

2019 Comprehensive Annual Financial Report

☐Action by Consent	

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 are included in the Comprehensive Annual Financial Report for Denver Water. The audit opinion is incorporated into the financial statements as the "Independent Auditors' Report". Upon the Board's acceptance, the CAFR is posted to both the internal and external Denver Water websites, and the Electronic Municipal Market Access website in compliance with SEC regulations.

There are three sections of the CAFR. The first section is an introduction, the second section is the financial section which includes the audited basic financial statements, and the third section includes unaudited statistical information.

Below are some highlights:

Operating income decreased 44% from 2018 to 2019. While revenues were stable between years, operating and non-operating expenses went up \$40 million primarily due to actuarially calculated pension expense which reflects the measurement date of 12/31/2018, increased expense relating to operating projects, and environmental mitigation expenses.

Net position, an indicator of our financial strength, increased \$81 million due to net income of \$13.6 million, capital contributions of \$54.5 million and an adjustment for the Wolford Mountain amortization of \$12.9 million. The positive adjustment to our balance sheet for Wolford Mountain reflects a change in the asset classification which was re-evaluated by Denver Water staff as they reviewed capital leases in order to comply with the new accounting regulations for reporting capital leases, GASB 87.

Denver Water implemented the GASB 84 Fiduciary Fund guidance, which resulted in the Denver Water Supplemental Savings Retirement Plan (401k) being reported as a fiduciary fund along with the Employees' Retirement Plan (pension). These funds are combined in the Fiduciary Pension Trust Fund and incorporated in Denver Water's basic financial statements.

Recommendation:

It is recommended that the Board to accept the 2019 CAFR for Denver Water.

	☐ Brian D. Good, Chief Administrative Officer
	☐ Mike King, Chief External Affairs Officer
☐ Jessica R. Brody, General Counsel	☐ Robert J. Mahoney, Chief Engineering Officer
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Meeting Date: May 27, 2020 Board Item: IV-A-1

Briefing Paper for Legislative Update

Strategic Plan Alignment

Lenses:
Customer Centric Industry Leader Long-Term View Denver Water's Strategic Plan calls for an organization with satisfied and supportive customers and strategically effective relationships to enhance our trusted reputation. Part of that effort is fostering strong relationships with community leaders as well as government officials at local, regional, state and national levels. Our work at the Colorado Legislature supports our role as a thought leader and allows us to impact policy and regulatory matters that affect the organization.

Summary

On May 9, 2020, the Colorado General Assembly announced an additional extension to the pause in the legislative session. The new date for resuming the session is now Tuesday, May 26, 2020.

Once session resumes, all existing committees will meet to put their current committee bills in order and then leadership will assign all remaining business to two or three committees. In addition, the priorities for the Legislature will be quite different:

- Preparing the state's budget: The Colorado Constitution requires that a balanced budget be passed by the end of the current fiscal year on June 30, 2020. With revenue forecasts way down, the Joint Budget Committee (JBC) started working May 11, 2020, to rewrite its budget proposal. There will be roughly \$3 billion in cuts compared to the current 2019-2020 budget. This work will include decisions about cash funds and sweeping them into the General Fund. There are potential impacts to funds related to the water community. JBC staff has recommended pulling back funding from the Water Plan Implementation Fund, and forecasts for severance tax revenue suggest there will be no money for the Species Conservation Trust Fund or the Aquatic Nuisance Species program by 2022 and very little in 2021. JBC staff recommended against pulling money out of the Perpetual Base Account or the Colorado Water Conservation Board Construction Fund.
- <u>Prioritizing the remaining bills on the calendar</u>: It is expected that any bill
 not already sent to the Governor for signature will likely be laid over to the
 end of the session, effectively terminating most of them. This will be
 especially true of bills that have any significant fiscal impact or are
 considered controversial.
- Introduction of COVID-19 related bills: There will be some bills introduced in response to the current pandemic, including health care, paid leave, unemployment insurance, labor, and workers' compensation.
- <u>FAMLI Medical Leave Bill</u>: Sponsors have abandoned trying to introduce legislation on this topic and instead have thrown their support behind a ballot measure for this fall.

Attached to this briefing paper is a list of bills Denver Water is tracking. The 39 bills break down as follows:

- Four bills still on the calendar on which we have a position.
- Seventeen bills still on the calendar that we are monitoring.
- Nine bills we were tracking that have gone to the Governor.
- Nine bills we were tracking that have been postponed indefinitely.



Our goal is to accomplish any needed lobbying remotely. We are in a good position to do this given our good relationships. This goal will help advance the social distancing requirements that the Legislature is working on along with Denver Water's goals for workplace safety.

Background N/A

Budget N/A

Alternatives N/A

Approach N/A

Owner(s) External Affairs

Attachments Summary Table of 2020 Legislation

Respectfully submitted,

☐ Chris Piper, State Affairs Manager