

# AGENDA

## Denver Board of Water Commissioners

Denver Water Administration Building  
1600 West 12<sup>th</sup> Avenue  
Denver, CO  
Board Room, Third Floor

**Wednesday, May 8, 2019 9:00 a.m.**

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### 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. Minutes from April 10, 2019 Open Session
2. Minutes from April 24, 2019 Open Session
3. Marston Treatment Plant Pump Station Upgrades and Entrance Improvements – Contract 503230
4. No-Fault Main Break Assistance Program Resolution
5. Resolution Authorizing Acquisition of Temporary Construction Easement for the Conduit No. 3 Aerial Crossing Replacement at Bear Creek and South Federal Boulevard

**B. Individual Approval Items**

- |   |           |            |
|---|-----------|------------|
| <b>1. Intergovernmental Agreement with the Mirabelle Metropolitan District Authorizing Stormwater into the High Line Canal through Douglas County</b> | Tom Roode | 10 minutes |
|---|-----------|------------|

**III. POLICY MATTERS**

- |  |                 |            |
|--|-----------------|------------|
| <b>A. Insurance Strategy</b>               | Angela Bricmont | 15 Minutes |
| <b>B. First Quarter Performance Report</b> | Angela Bricmont | 30 Minutes |
| <b>C. ERP Phase I Update</b>               | Gail Cagle      | 15 Minutes |

**IV. EXECUTIVE UPDATE**

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

**V. BRIEFING PAPERS & REPORTS**

- A. Briefing Papers**
  - 1. Insurance Strategy
- B. Reports**

**VI. ADJOURNMENT**

**VII. TRUSTEE MATTERS**

**A. Action Items as Trustee**

- |  |                 |            |
|--|-----------------|------------|
| 1. Minutes from April 24, 2019   |                 |            |
| 2. Actuarial Report for the Employees' Retirement Plan and other Postemployment Benefits | Leslie Thompson | 15 minutes |

## **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 §24-6-402(4)

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 8, 2019

Board Item: II-A-3

## Marston Treatment Plant Pump Station Upgrades and Entrance Improvements Contract 503230

Action by Consent

Individual Action

*Boxes above for Manager's Office ONLY*

### **Purpose and Background:**

The Marston Pump Station, located on site at the Marston Treatment Plant, was constructed in the mid-1960s and conveys up to 140 MGD of treated water to the distribution system. Denver Water's Systems and Programs managers identified the Marston Pump Station upgrades as a high priority project because: it is not currently protected at modern standards from dangerous arc flash potential; the nine pumps are up to 50 years old requiring concerns with ongoing reliability; and the originally installed cathodic protection is nearing depletion. The project will bring the electrical, mechanical, and cathodic protection equipment to current safety and design standards and ensure increased reliability.

In addition, the existing security entrance to the Marston Treatment Plant does not easily facilitate acceptance and rejection of material and chemical deliveries to the site. The delivery check-in process causes normal site access traffic to become congested on Quincy Avenue. Rejected deliveries must still enter the site to turn around and leave. Both of these issues are site security and safety concerns. The Marston Treatment Plant entrance will be reconfigured as part of this project to alleviate the identified site access issues by installing a deceleration lane adjacent to Quincy Avenue, outside of the secured plant boundaries.

### **Budget and Schedule:**

The total amount of this contract is \$12,094,500 and the term of the contract is May 8, 2019 to June 25, 2021. Funds for this contract will come from the 2019 budget for Marston Treatment Plant Pump Station Upgrades and Entrance Improvements, which has sufficient funds of \$2,906,447 to pay the \$2,150,000 estimated to be needed in 2019. The remaining \$9,944,500 will be budgeted in years 2020 and 2021.

### **Selection of Business Partner:**

Denver Water solicited bids from four General Contractors listed on the Prequalified Contractor List under the Mechanical-General Contractor and the Water Treatment and Pump Stations disciplines. This contract was a restricted bid process using Invitation to Bids on the QuestCDN platform. On April 16, 2019, bids were received from four General Contractors. Reynolds Construction, LLC of Colorado was selected based on the lowest cost bid.

### **S/MWBE Information:**

The Minority Women Business Enterprise (MWBE) goal established for this project is 5% participation. Reynolds Construction, LLC achieved 7.43% participation calculated with the inclusion of an electrical equipment procurement broker (3.15% when calculated with direct MWBE firms performing onsite work or supplying materials).

### **Recommendation:**

It is recommended that the Board approve Contract 503230 with Reynolds Construction, LLC for the Marston Treatment Plant Pump Station Upgrades and Entrance Improvements for the contract period May 8, 2019 to June 25, 2021 for a total contract amount not to exceed \$12,094,500.

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**Approvals:**

- James S. Lochhead, CEO/Manager
- Julie Anderson, Chief of Staff
- Jessica R. Brody, General Counsel
- Angela C. Bricmont, Chief Financial Officer
- 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 8, 2019

Board Item: II-A-4

## No-Fault Main Break Assistance Program Resolution

Action by Consent

Individual Action

*Boxes above for Manager's Office ONLY*

### **Purpose and Background:**

On March 13, 2019, Staff provided the Board with a draft resolution pertaining to the administration of the No-Fault Main Break Assistance Program. The Board conditionally approved the resolution with the expectation that Staff would modify it to ensure that Denver Water would limit certain services and payments under the program to those persons who are not insured for the main break losses, while not delaying initial emergency services.

The resolution has been modified to address the following:

- Emergency Services will be initiated as soon as practicable without requiring proof of lack of insurance.
- Reimbursements or other payments related to this service may be conditioned on the owner/tenant demonstrating the lack of applicable insurance coverage.
- Denver Water reserves the right to pursue subrogation for any costs associated with the main break.

The attached draft Enterprise Policy provides additional details to be used in the administration of the program. This policy will be circulated for normal review signature by the CEO/Manager, and publication pending the adoption of the Resolution by the Board.

### **Budget and Schedule:**

There is no budgetary impact.

A request for proposal is in development for a new mitigation services contract and will be presented to the Board later this year for approval.

### **S/MWBE Information:**

S/MWBE is not applicable for this item.

### **Recommendation:**

Staff recommends the Board approve the "No-Fault Main Break Assistance Program Resolution."

### **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 checked="" type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input checked="" 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 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 8, 2019

Board Item: II-A-5

## Resolution Authorizing Acquisition of Temporary Construction Easement for the Conduit No. 3 Aerial Crossing Replacement at Bear Creek and South Federal Boulevard

Action by Consent

Individual Action

*Boxes above for Manager's Office ONLY*

### **Purpose and Background:**

As part of the 2019 Capital Improvement Plan, Denver Water will replace Conduit No. 3 suspended beneath the bridge structure at South Federal Boulevard over Bear Creek in the City of Sheridan. The site is constrained by the creek and the requirement to maintain vehicle movement on South Federal Boulevard.

Acquisition of a temporary construction easement adjacent to the public right-of-way is necessary to accommodate the large equipment needed to replace the pipeline within the project's tight constraints. The vacant commercial property immediately to the northeast of the bridge has adequate space to accommodate the construction activities. The area of the temporary construction easement on the commercial property will be approximately 0.2 acres, and the duration is anticipated to be September 1, 2019 to January 31, 2020.

### **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 adopt the attached resolution authorizing negotiations for the temporary construction easement of the property immediately northeast of the bridge at South Federal Boulevard and Bear Creek.

### **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 checked="" 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 8, 2019

Board Item: II-B-1

## Intergovernmental Agreement with the Mirabelle Metropolitan District Authorizing Storm Water into the High Line Canal through Douglas County Contract 503954

Action by Consent

Individual Action

*Boxes above for Manager's Office ONLY*

### **Purpose and Background:**

For several years Denver Water has worked cooperatively with other governmental entities and the High Line Canal Conservancy to develop a future vision for the High Line Canal that will preserve the Canal's natural character and unique recreational experience. One potential use of the Canal could be to detain storm water to improve water quality and drainage. Recent studies performed by Urban Drainage and Flood Control District (UDFCD), Denver Water and other governmental entities show that the Canal has the potential to serve as an effective storm water treatment and conveyance facility. As a result of the studies, the City and County of Denver and the City of Greenwood Village have entered into agreements to convey and treat storm water in the Canal through portions of their jurisdictions.

Mirabelle Metropolitan District (Mirabelle) is the service provider for the proposed Solstice Development, a 383-acre development that surrounds both sides of the High Line Canal in northern Douglas County. Mirabelle is a metropolitan district formed by Highlands Ranch Development Corporation (HRDC) which holds 935.49-acre rights of High Line Canal contract water. HRDC no longer requires its contract rights and is willing to convey the contract rights to Denver Water as consideration for Mirabelle's ability to use the Canal for storm water conveyance. Mirabelle desires to partner with Denver Water to utilize the Canal for storm water purposes through its development to a release point located at the intersection of the Canal and Plum Creek and assume maintenance responsibility of the Canal as a condition of utilizing the Canal for storm water conveyance.

Intergovernmental Agreement 503954 formally authorizes Mirabelle to install storm water outfalls into the Canal from the Solstice Development located at approximately Roxborough Park Road, south of Chatfield State Park.

Under the IGA:

- Mirabelle may use the Canal to carry storm water within an authorized reach of the Canal beginning at the limits of the Solstice Development to the Plum Creek Wasteway.
- Before discharging to the Canal, Mirabelle will pre-treat storm water to comply with Douglas County's municipal (MS4) permit.
- Mirabelle will undertake responsibility for maintaining the Canal within the authorized reach.
- Mirabelle will acquire approval from UDFCD for the volume and quality of the Mirabelle's storm water in the Canal including all outfalls proposed by Mirabelle.
- Denver Water will approve the necessary licenses and easements affecting the Canal associated with the Mirabelle development.
- The parties will carry out various tasks to maintain continuous public recreation access and compliance with the High Line Canal Framework Plan and Denver Water's Preble's Jumping Mouse Habitat Conservation Plan.
- As a condition precedent, HRDC will convey its High Line Canal contract rights to Denver Water.

This Agreement will not affect or conflict with Denver Water's ability to deliver water to customers on the Canal.

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In approving the IGA, the Board will be making an exception to a May 4, 1999 Policy (Policy), in which the Board prohibited developed storm water from entering irrigation facilities, including the Canal. Based on the location of the segment of the Canal authorized to carry the Mirabelle's storm water and the terms of the IGA, an exception to the Board's Policy for this IGA is appropriate.

**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 approve Intergovernmental Agreement 503594 with Mirabelle Metropolitan District to utilize the High Line Canal for storm water.

**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 checked="" 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 checked="" type="checkbox"/> Thomas J. Roode, Chief Operations Officer    |

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 8, 2019

## Briefing Paper for Insurance Strategy

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### Strategic Plan Alignment

Lenses:  Customer Centric  Industry Leader  Long-Term View

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

### Summary

As a standard practice in the insurance industry, Denver Water's broker/advisor Arthur J. Gallagher competitively markets Denver Water's insurance requirements every 3 years or sooner if favorable market conditions exist. Because insurance policies expire annually, Arthur J. Gallagher provides recommendations to renew or replace the expiring policies to prevent a lapse in coverage. The purpose of this paper is to provide the Board with information on Denver Water's current strategy on insurance and risk retention and inform the Board in advance of the renewal of the expiring policies. Staff expects to present the proposed policies to the Board for approval on May 22, 2019.

### Background

Denver Water has retained Arthur J. Gallagher for its guidance and expertise in determining Denver Water's insurance requirements, the appropriate coverage and deductible amounts, and to bid these requirements. Arthur J. Gallagher also provides contract-related insurance advice, assists in settling insurance claims, alerts Denver Water of self-insurance opportunities, and helps staff analyze the cost-benefit of these opportunities. Arthur J. Gallagher considers the benefit provided by the Colorado Governmental Immunity Act, which limits Denver Water's general liability exposure to \$350,000 per person and \$990,000 per occurrence, when making recommendations and in determining coverage amounts and deductibles.

Denver Water is self-insured for medical and dental benefits, auto liability and workers' compensation. Stop-loss insurance is purchased to limit Denver Water's exposure to workers' compensation and medical claims. Denver Water purchases insurance policies for property and equipment, excess general liability, crime, fiduciary exposures, and accidental death and disability insurance for its employees. The coverage protects the organization from financial loss due to property damage or loss, theft, vandalism, terrorism, errors and omissions, equipment breakdown, fiduciary risks and health, and accidental death and disability claims.

The current program structure attached to this paper provides detail on premiums, deductibles, coverage amounts, when policies were last bid, and the expected date of the next competitive bid for the above insurance policies. A

representative from Arthur J. Gallagher will present the insurance program to the Board at the May 8 Board meeting and will be available should the Board have further questions.

**Budget**

The Finance division budgeted \$635,000 in the 2019 budget. There are sufficient funds for this expenditure.

**Alternatives**

For property and equipment insurance, staff considered the following retention levels presented by Arthur J. Gallagher:

Retention Level	Policy Annual Premium <sup>1</sup>	Reduction in Premium	Recovery for \$1m loss in 5 years
\$100,000	\$514,800	\$0	\$900,000
250,000	495,500	19,300	846,500
500,000	479,500	35,300	676,500
1,000,000	459,000	55,800	279,000

<sup>1</sup> Price does not include the loss control fee of \$5,000

**Approach**

Denver Water has experienced two reimbursable claims for property and equipment in the last 10 years totaling \$3.7 million. Based on the analysis of Arthur J. Gallagher, a retention of \$500,000 is recommended for the property and equipment policy . Excess Liability insurance has a \$1 million retention based on prior year analysis and Fiduciary insurance is priced at the lowest cost available.

Denver Water is waiting for premium quotes on cyber insurance. Staff anticipates providing pricing information and a recommendation regarding this insurance to the Board at the May 22 Board meeting.

**Owner(s)**

Rick Wirth - Finance Division

**Attachments**

Denver Water Insurance Structure

Respectfully submitted,



Usha Sharma  
Treasurer



Brian Good  
Chief Administrative Officer

# Denver Water Insurance Program Structure

Insurance Type	Insurer	Annual Premium (2018)	Coverage Limit	Retention	Renewal Date	Last Competitive Bid	Next Expected Competitive Bid
Property & Equipment	AXA XL	\$482,900	\$500MM <sup>1</sup>	\$100,000	June 1, 2019	2019	2021
Excess Liability	Argonaut	\$75,994	\$10MM	\$1MM	June 1, 2019	2018	2021
Fiduciary	Travelers	\$19,500	\$10MM	\$50,000	June 1, 2019	2017	2020
Crime	Travelers	\$4,700	\$2MM	\$25,000	June 1, 2019	2017	2020

<sup>1</sup>Coverage varies from \$25 million to \$500 million and is dependent on type of property, cause of damage, flood plain location and various other contingencies.