

AGENDA

Denver Board of Water Commissioners

Video Conference: <http://zoom.us/join>, Meeting ID: 979 6576 8833, Password: 668992 or
Dial – in: (669) 900-6833, Meeting ID: 97965768833
Wednesday, June 10, 2019 9:00 a.m.

I. TRUSTEE MATTERS

The Board will convene first as the Trustees and/or Plan Sponsors of the Denver Water Employee Retirement Plan. The regular session of the Board of Water Commissioners will begin immediately upon the conclusion of the Trustee Meeting.

II. 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 **Chris Piper** **5 minutes**

III. 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 May 13, 2020
2. Minutes from May 27, 2020
3. Conduit No. 94 Pipe and Valve Replacement - Contract 504230
4. 2020 Main Replacements - Contract 504422

5. Accelerated Lead Service Line Replacement On-Call Contracts for Lead Reduction Program - Contracts 504428 and 504429

6. Second Amendment to Contract with Root Tree Service - Contract 503384

B. Individual Approval Items

1. 2019 Comprehensive Annual Financial Report

Angela Bricmont

5 Minutes

IV. POLICY MATTERS

V. EXECUTIVE UPDATE

A. CEO Update

B. CFO Update

C. Operations Update

VI. BRIEFING PAPERS & REPORTS

A. Briefing Paper

B. Report

VII. ADJOURNMENT

VIII. EXECUTIVE SESSION

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

A. Confidential Report

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: June 10, 2020

Board Item: III-A-3

Conduit No. 94 Pipe and Valve Replacement Contract 504230

Action by Consent

Individual Action

Purpose and Background:

The purpose of this project is to extend the service life of Conduit No. 94, a prestressed concrete cylinder pipe installed in the 1970s that delivers water from the Moffat Water Treatment Plant to the 56th Avenue Pump Station and Reservoir. This vintage of pipe was manufactured in an era when manufacturers used ASTM A 648-73 Class IV wire in prestressed concrete cylinder pipe for wall reinforcement, now known to break periodically and lead to pipe failures. Two separate approximately 1,000-foot sections of Conduit No. 94 have been identified for replacement due to relatively high levels of distress. The pipe segments were identified with data from the acoustic fiber optic monitoring system currently installed in Conduit No. 94, which records prestressing wire breaks and plots them on a repair priority curve. The project also includes a valve and vault relocation. The vault experiences water and salt infiltration through its manhole access and the equipment is severely corroded. It will be relocated to a more desirable location with a hatch style access to prevent water infiltration and protect equipment.

Budget and Schedule:

The total amount of this contract is \$4,395,979 and the term of the contract is June 10, 2020 to March 19, 2021. Funds for this contract will come from the 2020 budget for the Conduit No. 94 Pipe and Valve Replacement business unit, which has sufficient funds to pay the \$2,000,000 estimated to be needed in 2020. The remaining \$2,395,979 will be budgeted in year 2021.

Selection of Business Partner:

Denver Water solicited proposals from five general contractors on the prequalified contractors list under the Civil Pipelines discipline. This solicitation was a restricted bid process using requests for proposal on the QuestCDN platform. On May 21, 2020 proposals were received from five general contractors. BT Construction, Inc. was selected based on best value to Denver Water utilizing a quality-based selection. BT Construction, Inc. proposed a two-crew approach, which results in an accelerated schedule.

S/MWBE Information:

An 8% Minority and Women-owned business enterprise participation goal was required for the construction portion of the project. BT Construction, Inc. has proposed 8% participation.

Recommendation:

It is recommended that the Board approve Contract 504230 with BT Construction, Inc. for the Conduit No. 94 Pipe and Valve Replacement for the contract period of June 10, 2020 to March 19, 2021 for a total contract amount not to exceed \$4,395,979.

Approvals:

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

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: June 10, 2020

Board Item: III-A-4

2020 Main Replacements Contracts 504422, 504496, and 504497

Action by Consent

Individual Action

Purpose and Background:

Denver Water replaces distribution mains as part of our annual maintenance program. The 2020 annual budget includes the organization's goal to increase the distribution main replacement rate from 0.6% to 1% by the end of 2023. When the 1% goal has been reached, the projected service level goal of future customer outage hours will be evaluated to determine if a modification of the 1% replacement rate is warranted. At this time, Denver Water is utilizing internal crews, conventional design-bid-build contracting, and alternative contracting via work packages to achieve the 1% replacement goal.

This contract's work package approach will replace 7,805-feet of distribution mains in 2020. Staff utilized Procurement's Request for Proposal (RFP) competitive selection process which solicited contractor qualifications and competitive prices for the first work package (6,525-feet of distribution main). Under this contracting method, Denver Water will issue work to the selected contractors via "Work Packages" with an anticipated scope ranging from 1,000- to 10,000-feet of main replacement. Contractors will competitively bid on each work package to ensure fair and competitive pricing. Anticipated benefits of this contracting method are listed below.

Anticipated Benefits of Work Package Contracting

- Contractors are an extension of internal crews and are nearly as readily available.
- Multiple Contractors under contract ensures highest probability of crew availability.
- Multiple Contractors under contract ensures competitive pricing for all work packages.

At the conclusion of this contract, the various methods of replacement will be evaluated to determine the best approach to obtain the most cost-effective replacement program.

Budget and Schedule:

The total amount of this contract is \$2,900,000. Funds are in the 2020 budget for the Main Replacement Program business unit, which has sufficient funds to pay the \$2,900,000 estimated to be needed in 2020. The duration of these contracts will be June 10, 2020 to June 25, 2021, with the option to extend each for an additional one-year term.

Selection of Business Partner:

Contractors were selected through an RFP process advertised by posting to Denver Water's website and on Rocky Mountain E-Purchasing System (BidNet), through direct email, and to the SBE/MWBE list. Denver Water received four responses from Iron Woman Construction and Environmental Services LLC, T. Lowell Construction Inc., Global Underground Corp, and BT Construction Inc. Based on best value, Iron Woman Construction and Environmental Services LLC and T. Lowell Construction Inc. are being recommended for contract awards.

S/MWBE Information:

This service is an O&M Construction Related covered category under the Supplier Diversity program, which has an annual enterprise target of 30%. Iron Woman Construction and Environmental Services LLC is an SBE. The RFP encouraged utilization of SBE and MWBE subcontractors and suppliers and requires reporting of any participation achieved. Iron Woman Construction and Environmental Services LLC has indicated they will achieve MWBE participation through use of an asphalt and concrete paving subcontractor as well as a traffic control company, which will contribute towards the annual target. T.

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Lowell Construction Inc. has indicated they will utilize a plumbing subcontractor who is an SBE. T. Lowell Construction Inc. also qualifies as an SBE.

Recommendation:

It is recommended that the Board approve Contract 504422 (funds only), Contract 504496 to T. Lowell Construction Inc. and Contract 504497 to Iron Woman Construction and Environmental Services LLC for the contract period of June 10, 2020 to June 25, 2021, for a total amount not to exceed \$2,900,000. It is also recommended that the Board delegate authority to the CEO to issue work packages to these contractors to reach the target of 7,805-feet of main replacements, but not to exceed \$2,900,000 in 2020, based on lowest cost and capacity to complete the work. Authorization of additional work packages will be coordinated with scenario planning efforts.

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

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: June 10, 2020

Board Item: III-A-5

Accelerated Lead Service Line Replacement On-Call Contracts for Lead Reduction Program Contracts 504428 and 504429

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to add two additional on-call contractors to the lead service line replacement program to provide additional resources and flexibility to achieve the target replacement rate. In September 2019, Denver Water applied to the U.S. Environmental Protection Agency (EPA) for a variance from under the Safe Drinking Water Act's corrosion control treatment requirements. Under the variance, Denver Water sought approval to implement a comprehensive Lead Reduction Program (LRP) in place of orthophosphate treatment. The EPA approved Denver Water's application on December 16, 2019, concluding that Denver Water's LRP "provides a holistic and permanent lead reduction approach that is as effective at protecting public health, more efficient in reducing exposure to lead in drinking water, less harmful to the environment, more equitable in its public health benefits and more cost-effective, as compared to orthophosphate treatment.

A critical element of the LRP is to replace 7% of lead service lines (LSLs) per year. Another key element of the LRP, is an inventory of LSLs within the system and a predictive model that identifies where the likely LSLs are in the system and prioritizes them for replacement based on greatest ability to reduce lead levels, equitability in its public health benefits and efficiency. The predictive model has been utilized to identify approximately 64,000 LSLs in the system and has identified prioritized 4,477 LSLs (7%) for replacement during the first year of the LRP. The prioritized LSLs that have been packaged into task order work packages that can be for assignment to contractors for replacement. Adding two additional on-call contractors will allow flexibility if there are challenges in achieving the 7% replacement rate with the existing crews.

Budget and Schedule:

The budget for LSL replacement for 2020 will be \$46,000,000 and will be completed by December 31, 2020. If the on-call contractors are utilized, funds from the approved budget would be shifted to these contracts. The term of the contract is June 10, 2020, to June 30, 2023.

Selection of Business Partner:

An openly advertised prequalification process was conducted with ten contractors submitting. Seven contractors were prequalified to do the work based on similar project experience, their proposed approach to meet the goals of the LRP, and their demonstrated capacity to complete the work. The seven prequalified contractors were invited to provide pricing for a typical task order. Pricing received was generally higher than anticipated by program estimates. Interviews were conducted with all seven prequalified contractors to understand the risks associated with their proposals. Based on the feedback received, the contract documents were modified to reduce uncertainty to the contractors and clarify assumptions of risk. This included assistance from program staff to achieve customer consent prior to construction, greater customer coordination by program staff, simplification of the bid pricing structure and providing greater assurance of additional work awarded based on contractor performance. Apex Plumbing and Iron Woman Construction both met the qualification requirements but provided higher pricing than the five contractors currently performing LSL replacements. The two contractors will only be awarded task orders if the previous five contractors are unable to meet the annual 4,477 LSL replacement targets.

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S/MWBE Information:

A target goal of 5% minimum MWBE participation was requested in the request for proposals. Each of the two contractors committed to achieving this goal.

Recommendation:

It is recommended that the Board approve on-call contracts to Apex Plumbing and Iron Woman Construction in order to provide flexibility of meeting the annual LRP replacement goal of 4,477 LSLs. It is also recommended that the Board delegate authority to the CEO to award subsequent task orders to these two contractors throughout 2020 based on costs and contractors' capacity to perform replacements, up to the number of task orders necessary to replace 4,477 LSLs and within the original budget of \$46,000,000. Status of contract performance and task order authorization will be reported to the Board monthly throughout 2020.

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

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: June 10, 2020

Board Item: III-A-6

Second Amendment to Agreement 503384 with Root Tree Service

Action by Consent

Individual Action

Purpose and Background:

The purpose of this amendment is to add funds to Contract 503384 for tree maintenance and removal work on Denver Water properties. Since this agreement was signed in 2018, Root Tree Service has responded to a number of high-hazard trees, several significant storm events and a number of tree projects that helped Denver Water prepare for partner stormwater projects on the High Line Canal. The High Line projects were not anticipated to be covered by this contract at the time of its signing.

Budget and Schedule:

The total amount of this amendment is \$300,000 and the term of the amendment is through May 2021, consistent with the original term of the contract. Funding for this service/contract will come from the budget for Recreation Projects, which has sufficient funds to pay the \$100,000 estimated to be needed in 2020. The remaining \$200,000 will be budgeted in 2021.

Selection of Business Partner:

In March of 2018, Denver Water issued a Request for Proposal (RFP) to the public on the Rocky Mountain E-Purchasing System and the Denver Water website. Seven proposals were received; four were from small business enterprises (SBE).

Upon evaluation of the seven proposals, two companies were selected: Splintered Forest, LLC and Root Tree Service, LLC based on their pricing, experience, project plan, safety plan, equipment list, and proposed service level. A three-year contract was signed in May 2018 with both companies. The original contract with Root Tree Service, LLC (Contract Number 503384) was valued at \$400,000. The first amendment was signed in May 2019, which increased the available funds by \$300,000. This proposed second amendment would increase the available contract funds by an additional \$300,000.

S/MWBE Information:

Tree trimming and tree removal services is a covered spend category under Denver Water's MWBE program. Root Tree Service, LLC is an SBE.

Recommendation:

It is recommended that the Board approve the second amendment with Root Tree Service for tree work on Denver Water properties for an additional \$300,000 for a total amended contract amount not to exceed \$1,050,000.

Approvals:

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

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: June 10, 2020

Board Item: III-B-1

2019 Comprehensive Annual Financial Report

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 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 \$40,000,000 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 \$81,000,000 due to net income of \$13,600,000, capital contributions of \$54,500,000 and an adjustment for the Wolford Mountain amortization of \$12,900,000. 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.

Approvals:

- | | |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input checked="" 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 |
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