

**RECORD OF PROCEEDINGS
MINUTES
of the
Board of Water Commissioners**

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

Wednesday, August 14, 2019

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, August 14, 2019, beginning at 9:00 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

Paula Herzmark, President
John R. Lucero, First Vice President
Craig Jones, Vice President
Gary Reiff, Vice President

Board employees and others present during portions of the meeting were:

J.S. Lochhead, CEO/Manager	M.H. Iverson, Business Operations Manager
J.A. Anderson, Chief of Staff	A. Joseph, Attorney
A.C. Bricmont, Chief Financial Officer	R. Kuhn, Finance Supervisor
J. Brody, General Counsel	J. Lorton, Accounting Manager
G. Cagle, Chief Human Resources Officer	J. Martin, Project Engineer
B.D. Good, Chief Administrative Officer	C. Mbakogu, Division Sr. Analyst
M. King, Chief External Affairs Officer	J. Mitchell, Finance Supervisor
R. Mahoney, Chief Engineering Officer	J. Nolte, GIS Manager
T.J. Roode, Chief Operations and Maintenance Officer	K. Oligney, Director IT Infrastructure
S. Abram, Budget Manager	I. Oliver, Director SOS
B. Akins, Finance Analyst	C. Palmore, Division Analyst
D. Arnold, Attorney	N. Poncelet-Johnson, Director Water Quality – Treatment

Denver Water aspires to be the best water utility in the nation.

Integrity :: Vision :: Passion :: Excellence :: Respect



K. Bates, Attorney	D. Raitt, Engineering Manager
G. Boothe, Real Estate Manager	A. Rettig, Finance Supervisor
D. Brinker, Engineering Manager	V. Roberts, Director BTMO
K. Burgess, Director Human Resources	J. Seagren, Distribution Relations Manager
A. Cavallaro, Paralegal	J. Shaw, Community Relations Specialist
S. Chesney, Director Public Affairs	A. Sofrenko, Intern
A. Chotiner, Business Operations Manager	J. Spitze, Director IT PMO & Enterprise Project
U. Daly, Finance Sr. Analyst	R. Stitt, Engineer
R. Davis, Finance Analyst	C. Torgerson, Intern
C. Fikan, Finance Tech	A. Turney, Director Engineering - Property
G. Fisher, Demand Planning Manager	M. Warren, Intern
P. Freeman, Business Operations Manager	C. Lane, Platte Canyon Water and Sanitation District
E. Gleason, Engineer Sr.	W. McCormick, State Engineer's Office
D. Gorgemans, Chief Internal Auditor	P. Ramos, J.P. Morgan
N. Griffin, Intern	
A. Hase, Engineer Associate	

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:17 a.m. Upon motion regularly made, seconded and unanimously carried, Commissioner Austin was found to be absent for good cause and was excused.

Public Comment and Communications

Commissioner Herzmark issued an invitation to members of the public to comment to the Board on any matters not included in the Agenda for the meeting. There was no public comment.

Introductions, Awards, and Ceremonies

Commissioner Herzmark and Mr. Lochhead introduced and welcomed Mr. Gorgemans who recently joined Denver Water as the Chief Internal Auditor. Mr. Gorgemans previously worked in the energy industry and has done work with natural resources and mining operations.

ACTION ITEMS

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. ITEM II-A-1: MINUTES OF JULY 10, 2019

Approved the Minutes of the Open Session Meeting of July 10, 2019.

2. ITEM II-A-2: MINUTES OF JULY 24, 2019

Approved the Minutes of the Open Session Meeting of July 24, 2019.

3. ITEM II-A-3: RESOLUTION AUTHORIZING ACQUISITION OF PROPERTY VIA EMINENT DOMAIN FOR THE GROSS RESERVOIR EXPANSION PROJECT AT COLORADO HIGHWAY 72

Adopted and approved a Resolution authorizing the Office of General Counsel and staff of the distribution and property management sections of the Board's Engineering Division to acquire property interests at the intersection of State Highway 72 and Gross Dam Road. A copy of the Resolution is attached to and incorporated in these Minutes as Exhibit A.

4. ITEM II-A-4: INTERGOVERNMENTAL AGREEMENT WITH PLATTE CANYON WATER AND SANITATION DISTRICT FOR COLLECTION OF DISTRICT SURCHARGE – CONTRACT 504112

Approved Contract 504112 with Platte Canyon Water and Sanitation District, by which Denver Water will collect a surcharge on bills sent to the District's customers. The surcharge proceeds will be used by the District to fund immediate replacement of infrastructure in its Read & Bill service area.

5. ITEM II-A-5: AMENDMENT TO PERSONNEL POLICIES CHAPTER 7 AND CHAPTER 12

Approved changes to chapters 7 and 12 of Denver Water's Personnel Policies regarding PTO cash conversion, use of accrued leave, succession planning and on-call pay. A copy of the changes is attached to and incorporated in these Minutes as Exhibit B.

August 14, 2019

6. ITEM II-B-1: HILLCREST RESERVOIR AND PUMP STATION REPLACEMENT PROJECT MODIFICATION TO CONTRACT 15979A/501033 BUDGET

Approved Work Packages 5 and 6 with MWH Constructors, Inc., adding \$1.5 million for the Hillcrest Reservoir and Pump Station Replacement Project, and the use of \$2 million owner's contingency.

Mr. Ries presented an update on the project, a copy of which is attached to and incorporated in these Minutes as Exhibit C. He explained that eight conduits deliver water into and out of the Hillcrest pump station. Three new water tanks have been constructed. Demolition of the existing tanks, with extensive asbestos abatement as required by State regulations, and preparation work for the new pump station are underway. Work Packages 5 and 6 will be for final site restoration. The project's original completion date has been extended to the first quarter of 2021 due to delays caused by the asbestos abatement work and challenges with concrete work.

7. ITEM II-B-2: RESOLUTION FOR VARIANCE FROM THE LEAD AND COPPER RULE TO IMPLEMENT DENVER WATER'S PROPOSED LEAD REDUCTION PROGRAM

Adopted and approved a Resolution authorizing the CEO/Manager to apply to the Environmental Protection Agency (EPA) for a variance from the corrosion control treatment requirements under the Safe Drinking Water Act's Lead and Copper Rule, in order to implement Denver Water's Lead Reduction Program in place of orthophosphate treatment. A copy of the Resolution is attached to and incorporated in these Minutes as Exhibit D.

Ms. Poncelet-Johnson made a presentation on the variance request, a copy of which is attached to and incorporated in these Minutes as Exhibit E. She explained that lead enters drinking water through individual service lines and plumbing with lead solder, not through Denver Water's source of supply or treatment plants. Approximately 64,000 customers have lead service lines (LSL's), which were a common industry standard until banned by the state of Colorado in 1986. She thanked the Board for its support and commended Denver Water staff, the distributors and regulators for their efforts toward this significant undertaking.

Denver Water has worked to mitigate the release of lead in drinking water by

making pH adjustments. In 2012, Denver Water had an exceedance of the Action Level and began conducting studies on the best methods for mitigating lead releases. After the Colorado Department of Public Health and Environment ordered the use of orthophosphate as the best mitigation method, Denver Water and other stakeholders such as Metro Wastewater conducted further studies which have led to the conclusion that replacing LSL's, in combination with pH adjustment and the provision of filters to customers with lead lines, will mitigate the risk sooner and more effectively than the use of orthophosphate. Therefore, Denver Water will request a variance from the order and to remove LSL's from its service area at a rate of 7% per year over the next 15 years. While the LSL removal project is underway, Denver Water will provide lead removal filters to homes known or suspected of having LSL's and will provide lead replacement cartridges until six-months after LSL removal.

The EPA will host a comment period during which the public may comment on Denver Water's proposal.

If the EPA approves the variance, prioritization for removal of LSL's will include factors of health equity and environmental justice, and Denver Water will conduct an extensive public education effort to inform customers. The program is estimated to cost between \$360 - \$500 million over the fifteen-year period. The costs would be paid through rates rather than being shouldered by customers with lead service lines. Metro Wastewater's Board of Directors has approved a resolution to contribute approximately \$2 million per year toward the cost of the program.

The Board expressed appreciation and strong support for staff's work on this project over an extended period of time, and for their time an effort toward finding a permanent solution that benefits the public and the environment.

POLICY MATTERS

8. ITEM III-A: SECOND QUARTER PERFORMANCE REPORT

The Board received a Second Quarter Performance Report, a copy of which is attached to and incorporated in these Minutes as Exhibit F. Each of the Chiefs reported on the metrics of their respective divisions.

Ms. Abram highlighted certain portions of the financial report, noting that despite the cool and wet spring weather, water consumption is just 1.9% below budgeted

August 14, 2019

amounts. Denver Water's cash balance was stronger than anticipated going into 2019, so staff has reduced the forecast for its line of credit from \$60 to \$30 million. Expenses are generally tracking budgeted amounts. Capital expenses are forecasted to be approximately \$17 million under budget due to changes in the timing of some projects.

9. ITEM III-B: DAM SAFETY PROGRAM

Mr. Brinker and Mr. Oliver provided an update on Denver Water's Dam Safety Program, a copy of which is attached to and incorporated in these Minutes as Exhibit G. Denver Water owns sixteen dams that are regulated by the Colorado State Engineer's Office; four of these are also regulated by the Federal Energy Regulatory Commission (FERC). Denver Water takes a proactive approach to dam safety and toward maximizing the lifespan of the facilities while maintaining regulatory standards. The Dam Safety staff conduct inspections and evaluations, and both regulatory agencies conduct regular inspection activities.

The Source of Supply (SOS) staff are the first line of defense in monitoring the dams. They operate and maintain the dams, and take instrumentation readings at prescribed intervals, which are reported to Dam Safety and the regulatory agencies. On an annual basis, Denver Water is required to update and test its emergency action plans for the dams, and it hosts orientation seminars with first responders and floodplain managers to ensure their understanding of Denver Water's Dam Safety Program.

Denver Water utilizes a maturity matrix to assess its program against industry best practice. This tool, which was developed with dam owners from around the world and the FERC, was initially utilized for Denver Water's dams in 2015. It helped staff to identify potential failure modes, review consequence of potential failures, and prioritize future projects.

Mr. McCormick, Chief of Dam Safety at the State Engineer's Office, explained that dam safety is a shared responsibility between dam owners and regulators. He noted that Denver Water's staff respects the rules and authority, shares the regulators' goals to keep water infrastructure intact and safe, and has done a great job using current consequence reduction tools. He sees the next opportunity to be public education for people living in inundation zones.

The Board thanked Mr. McCormick for sharing information about the partnership between his agency and Denver Water and for their positive working relationship.

August 14, 2019

10.ITEM III-C: HAZELTINE RESERVOIR

Mr. Stitt shared an update of the Hazeltine Material Removal project, a copy of which is attached to and incorporated in these Minutes as Exhibit H. In March 2019, the Board authorized a material removal process that included an option for additional material removal, which will be executed in September 2019. This will allow for the removal of approximately 325,000 cubic yards of stockpile and common fill from the reservoir's bed.

EXECUTIVE UPDATE**11.ITEM IV-A: CEO REPORT**

Mr. Lochhead reported that he spoke at a national drought workshop last week in Washington D.C., at which he presented a utility perspective regarding how to manage drought on a regional, as well as operational level.

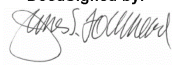
He also reported that Denver Water held its annual Summerfest employee event on August 1st. Three teams of employees received awards: 1) the Lead Service Line Reduction team; 2) the cyber and physical security team; and 3) the 1940 Agreement team.

BRIEFING PAPERS & REPORTS**12.ITEM V-A-1:**

The Board received a Dam Safety Briefing Report, a copy of which is attached to and incorporated in these Minutes as Exhibit I.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 11:20 a.m. Commissioner Reiff recused himself from portions of the Executive Session discussion.

DocuSigned by:

DEDE0A34B77B484...
Secretary

DocuSigned by:

A24AB640056F435...
President

August 14, 2019