

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

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

Wednesday, January 8, 2020

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, January 8, 2020, beginning at 9:30 a.m. in the Board Room, Room 106, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

H. Gregory Austin, President
Gary M. Reiff, First Vice President
Craig Jones, Vice President
John R. Lucero, Vice President

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

J.S. Lochhead, CEO/Manager	D. Martinelli, Finance Associate Analyst
J.A. Anderson, Chief of Staff	C. Mbakogu, Division Sr. Analyst
A.C. Bricmont, Chief Financial Officer	P. McCormick, Project Engineer
J. Brody, General Counsel	H. Miller, Internal Controls Manager
B.D. Good, Chief Administrative Officer	T. Moore, Finance Analyst
D. Gorgemans, Chief Internal Auditor	K. Oligney, Director IT Infrastructure
M. King, Chief External Affairs Officer	R. Peters, Engineer Sr.
R. Mahoney, Chief Engineering Officer	N. Poncelet, Director Water Quality-Treatment
T.J. Roode, Chief Operations and Maintenance Officer	R. Porter, Legal Assistant
S. Abram, Budget Manager	D. Raitt, Engineering Manager
S. Adamkovics, Finance Sr. Analyst	B. Ransom, Recreation Manager
M. Aragon, Director Customer Relations	K. Riegle, Attorney
D. Arnold, Attorney	G. Rygh, Director Water Distribution
K. Bates, Attorney	L. Schulz, Customer Relations Manager

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

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



K. Burgess, Director Human Resources	J. Spitze, Director IT PMO & Enterprise Projects
A. Cavallaro, Paralegal	D. Winter, Director Organizational Improvement
S. Chesney, Director Public Affairs	A. Woodrow, Community Relations Sr. Specialist
J. Daly, Finance Sr. Analyst	J. Crocket, Jacobs
F. Davis, Rates Manager	C. Lane, Platte Canyon Water and Sanitation District
R. Davis, Finance Analyst	P. Ramos, JP Morgan
M. Decker, Contract Specialist	S. Ravel, Mott MacDonald
N. DiMascio, Attorney	L. Suer, Jacobs
M. Garfield, Customer Relations Manager	T. Volz, AECOM
Y. Her, Procurement Manager	
A. Joseph, Attorney	
J. Martin, Project Engineer	

INTRODUCTORY BUSINESS

Commissioner Austin called the meeting to order at 9:34 a.m. Upon motion regularly made, seconded and unanimously carried, Commissioner Herzmark was found to be absent for good cause and was excused.

Public Comment and Communications

Commissioner Austin 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.

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: MIINUTES FROM DECEMBER 4, 2019 BOARD MEETING

Approved the Minutes from the December 4, 2019 Board Meeting.

2. ITEM II-A-2: MINUTES FROM DECEMBER 11, 2019 BOARD MEETING

Approved the Minutes from the December 11, 2019 Board Meeting.

3. ITEM II-A-3: TWENTY-FIRST AMENDMENT FOR ADDITIONAL CONTRACT FUNDS FOR ORACLE AMERICA INC. – CONTRACT 500125

Approved the Twenty-first Amendment to Contract 500125 with Oracle America Inc. for the purchase of an additional database license set with extended support for the current contract period through June 1, 2020 for an additional \$28,331.09 not to exceed a total amended contract amount of \$3,936,580.04.

In response to Commissioner Reiff's question, Mr. Good clarified that the terms of the contract are for additional funds. Oracle currently provides core database and storage system services.

4. ITEM II-A-4: TEMPORARY STAFFING SERVICES – CONTRACT 504100

Approved Contract 504100 for temporary staffing services for the contract period from January 8, 2020 to March 31, 2023 for a total contract amount not to exceed \$5,000,000 with the following five companies: Colorado Network Staffing, Cogent Infotech, Compri Consulting Services, Ajilon, and The Doyle Group.

In response to a question from Commissioner Reiff, Ms. Anderson explained that temporary workers are primarily hired for seasonal increases in workload when there is not a need to hire additional full-time personnel.

5. ITEM II-A-5: TOTAL REWARDS ACTUARIAL AND CONSULTING SERVICES – CONTRACT 504145

Approved Total Rewards actuarial and consulting services Contract 504145 with AON Consulting, Inc. for the contract period from January 8, 2020 to December 11, 2024 for a total contract amount not to exceed \$1,567,136.

6. ITEM II-B-1: LEAD REDUCTION PROGRAM

Mr. Roode reported to the Board that the Environmental Protection Agency (EPA) approved a variance on December 16, 2019, which authorizes Denver Water to implement its Lead Reduction Program (LRP) instead of ortho-phosphate treatment. He recognized the LRP team for its countless hours of work to meet the program's milestones, placing Denver Water in the best position to begin implementation on January 1, 2020.

Ms. Woodrow provided the Board with an overview of the program to date and a brief overview of the work planned for 2020, noting Mr. Volz and Mr. Ravel's availability to answer questions. A copy of the presentation is attached to and incorporated in these Minutes as Exhibit A.

The Lead Reduction Program Plan (LRPP) includes five program components: 1) corrosion control treatment; 2) development of a lead service line inventory; 3) accelerated lead service line replacement (ALSLR); 4) filter distribution program; and 5) communications, outreach and education.

The contractors selected to implement the ALSLR component will be issued task orders identifying approximately 200 lead service lines (LSL) to replace per task order. Denver Water's ability to assist contractors to work efficiently is a critical element in reducing replacement costs. Denver Water anticipates issuing new task orders three times per year, directing work to the best performing contractors as their capacity allows, giving contractors an incentive to work efficiently and find ways to reduce costs over time. Mr. Roode pointed out that staff is asking the Board to award contracts and to delegate authority to Mr. Lochhead to issue individual task orders, which may shift depending upon contractor performance.

Work to implement the LRP is already underway. ALSLR notifications will be provided to the first wave of customers with replacements scheduled to begin at the end of February. Filter distribution will be concurrent with the pH/alkalinity adjustment. Monthly updates and reports will be provided to the Board to keep it apprised of successes and challenges within the program and to ensure appropriate oversight. Upcoming work over the next few months includes selection of an outside lab and finalization of the lab services contract to assist in analyzing samples collected from customers' taps, monthly board reporting, quarterly reporting to CDPHE and EPA, and an annual summary report and program evaluation.

Mr. Roode explained that unlike a conventional construction project, the strategy in this case will likely progress as the project moves forward. He noted that the LRP will utilize a "learning by doing" approach and that we will refine our approach as the program evolves.

Mr. Lochhead noted that the project cost estimates for 2020 are based on allocation of risk, and costs in future years are expected to come down as we learn from experience and refine our approach.

Following the presentation and discussion, the Board took the following actions:

- a. Approved the Third Amendment to Contract 504012 with Mott MacDonald, LLC for the Lead Reduction Program Plan and an additional \$15,165,653 for a total amended contract amount not to exceed \$17,641,653, and to extend the term of the contract through January 31, 2021.
- b. Approved Contract 504210 with 120WaterAudit for pitcher filter supply and distribution for the Lead Reduction Program Plan for the contract period from January 8, 2020 to December 31, 2022 for a total contract amount not to exceed \$17,297,000.
- c. Approved Contracts 504293, 504294, 504295, 504296, and 504297 to the five lowest price contractors: AGL Corporation, Global Underground Corporation, K.R. Swerdfeger Construction, Mid-City Corporation, and Reynolds Construction. Approved delegation of authority to the CEO to issue task orders to these contractors to reach the target of 4,477 LSLs replaced, not to exceed \$47,000,000 in 2020. Status of contract performance and task order issuance will be reported to the Board monthly throughout 2020.

POLICY MATTERS

7. ITEM III-A: PROGRAM OPTIONS FOR ADVANCED LEAD SERVICE LINE REPLACEMENT

Mr. Lochhead thanked the Lead Reduction Program team for their hard work and efforts toward securing the variance from EPA, preparing Denver Water to begin program implementation on January 1, 2020, and positioning Denver Water as a leader in the country in protecting public health.

He presented the Board with program options for implementation of advanced voluntary lead service line replacement reimbursement. He noted that on November 20, 2019, the Board considered several policy questions and directed staff to prepare a resolution for the Board's consideration and direction on the following: 1) whether and how to reimburse customers and developers who replace LSLs ahead of the LRP's schedule, 2) direction regarding how reimbursement would operate, and 3) whether such voluntary replacements should be in addition to, or part of, the annual 7% replacement goal. Staff was asked to develop options for the discounted rate of reimbursement, including

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options to address affordability concerns for low-income households. These considerations are detailed in the Briefing Paper attached to and incorporated in these Minutes as Exhibit B.

In determining the rate of reimbursement, staff considered the average cost of line removal as part of the Denver Urban Renewal Authority (DURA) loan program, which was \$7,600 per LSL replacement. Reimbursement based on actual costs was considered, but staff determined that such an approach could lead to cost inflation and that it would be more burdensome to administer. Staff recommended setting the percentage of reimbursement at 50% of \$7,600 as a pilot in 2020 and working with a consultant to develop a recommendation for future years. Staff also proposed setting a cap of \$2.2 million on LSL replacements during 2020, noting that if funds were not enough to meet customer demand, customers could be placed on a waiting list for the next year.

In addressing the Board's concerns related to affordability as it pertains to low-income customers, staff developed four alternatives: 1) assessed property evaluation—reimburses homeowners on a sliding scale based upon assessed property value; 2) third-party means testing—reimburses homeowners based upon a sliding scale using a percentage of Median Household Income; 3) Denver Water means testing—reimburses homeowners on a sliding scales based upon a percentage of Median Household Income; and 4) Denver Water modified means testing—reimburses homeowners 100% if they qualify for any federal or state assistance program, with all others reimbursed at a lower percentage of DURA program reimbursement cost. The various approaches each have advantages and disadvantages.

In response to a question from the Board, Ms. Woodrow commented that the health equity and environmental justice, along with the relative concentration of lead lines will be factors in determining the priority for lead line removal. In 2020, this will mean that lower-income households and areas with high concentrations of lead lines will be prioritized for LSL removal. This prioritization will be refined going forward as we gather more data from our investigation work.

Mr. Lochhead remarked that staff plans to continue researching options to consider affordability in any reimbursement program going forward.

The Board agreed that priority of the LSL program should be concentrated in low-income neighborhoods.

8. ITEM III-B: NORTHWATER TREATMENT PLANT MWBE UPDATE

Mr. McCormick presented the Board with the Northwater Treatment Plant (NTP) MWBE update, a copy of which is attached to and incorporated in these Minutes as Exhibit C. He reported that the project remains on track to meet the initial MWBE goal of 8% (\$31.5 million, based on the approved budget), with MWBE participation exceeding the projection on several GMPs. There is often a premium paid to achieve MWBE goals, which is dependent upon contractor participation.

Going forward, the project team proposed achieving the \$31.5 million overall MWBE goal while limiting premiums paid by focusing on achieving, but not exceeding, the 8% participation goal.

9. ITEM III-C: GUIDED FISHING ON THE SOUTH PLATTE RIVER

Mr. Ransom presented the Board with an update on the proposed South Platte River outfitter permits, a copy of which is attached to and incorporated in these Minutes as Exhibit D. He reiterated from his November 20, 2019 report that the number of outfitters operating on the South Platte River has increased rapidly, creating a need to prevent over usage in the area. Since then, he has reached out to Colorado Parks and Wildlife (CPW), the U.S. Forest Service (USFS), individual outfitters, contractors, private industry, and law enforcement for their input and concluded that overall, no one has the resources to tackle this issue.

Mr. Ransom recommended rules be put in place in order to educate the public, prevent conflict, and preserve the environment's limited resources and proposed the following for the 2020 pilot year: 1) require special use outfitter permits; 2) allocate 30 client-days per guide; 3) require insurance per Denver Water's policy; 4) collect use data quarterly; 5) collect 3% gross fee to fund seasonal employee to implement this program; 6) utilize trespass model as enforcement mechanism; and 7) study data collection in 2020 for 2021 process.

Commissioner Austin questioned whether the desired result could be attained at a reasonable cost, whether the rules would be intrusive, and how the process would be implemented. Mr. Good clarified that approval to obtain additional data, as opposed to a formal resolution, might be what is needed going into 2020. Mr. Ransom agreed that data collection could assist in laying the foundation for further implementation. The Commissioners agreed to the proposed data collection year and to require outfitters to carry insurance per Denver Water's

policy, allowing staff to continue to explore options, based on feedback from the Board.

EXECUTIVE UPDATE

10.ITEM IV-A: CEO REPORT

Mr. Lochhead reported that he attended the first meeting of the Law and Policy Workgroup as part of the Colorado Water Conservation Board's demand management planning effort. Relatedly, he will also participate in the Colorado River 101 panel at the Colorado State capital to discuss demand management policy.

Staff members from Denver Water attended the Denver Metro Chamber of Congress' Business Legislative Preview Breakfast, which focuses on policies that impact the business community, to discuss the upcoming session and important issues that need to be addressed in 2020, including transportation, healthcare, and education. There will be new legislation on paid family and medical leave and there was discussion pertaining to the 1943 Colorado Labor Peace Act.

11.ITEM IV-B: CFO REPORT

Ms. Bricmont reported that the new ADP payroll system went live. There were a few issues with implementation, but staff will continue to assess how the new system is working. Mr. Lochhead commented that the software is easy and intuitive and a huge improvement over what was previously in place.

12.ITEM IV-C: OPERATIONS REPORT

Ms. Anderson noted the inclusion of a briefing paper for continuous improvement for which David Winter is available to answer questions.

BRIEFING PAPERS & REPORTS

13.ITEM V-A-1: PROGRAM OPTIONS FOR ADVANCED LEAD SERVICE LINE REPLACEMENT

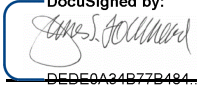
The Board received a brief on Program Options for Advanced Lead Service Line Replacement, a copy of which is incorporated and attached to these Minutes as Exhibit E.

14.ITEM V-A-2: YEAR-TO-DATE CONTINUOUS IMPROVEMENT UPDATE

The Board received a Year-to-Date Continuous Improvement Update, a copy of which is incorporated and attached to these Minutes as Exhibit F.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 11:01 a.m.

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Secretary

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President