

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

Video Conference: <http://zoom.us/join>, Meeting ID: 917 6924 9955, Password: 892816
or Dial-in: (669) 900-6833, Meeting ID: 917 6924 9955

Wednesday, October 28, 2020

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, October 28, 2020, beginning at 9:00 a.m. via Video Conference: <http://zoom.us/join>, Meeting ID: 917 6924 9955, Password: 892816 or via Dial-in: (669) 900-6833, Meeting ID: 917 6924 9955. Members of the Board present during the Regular Meeting were:

**H. Gregory Austin, President
Gary M. Reiff, First Vice President
Paula Herzmark, 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	R. Marsicek, Planning Manager
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	A. Menefee, Community Relations Sr. Specialist
B.D. Good, Chief Administrative Officer	L. Morales, Community Relations Sr. Specialist
D. Gorgemans, Chief Internal Auditor	K. Oligney, Director IT Infrastructure
M. King, Chief External Affairs Officer	C. Proctor, Communication Sr. Specialist
R. Mahoney, Chief Engineering Officer	S. Ravel, Independent Contractor
T.J. Roode, Chief Operations and Maintenance Officer	K. Riegle, Attorney
S. Abram, Budget Manager	J. Seagren, Distribution Relations Manager
S. Adamkovics, Finance Sr. Analyst	J. Shaw, Community Relations Sr. Specialist
B. Akins, Finance Analyst	
M. Aragon, Director Customer Relations	
D. Arnold, Attorney	

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

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



R. Badger, Planning Manager
C. Bramon, Purchasing Supervisor
A. Cavallaro, Paralegal
J. Daly, Finance Sr. Analyst
F. Davis, Rates Manager
R. Davis, Finance Analyst
C. Fransen, Contract Specialist
A. Joseph, Attorney
D. Lopez, IT Support Specialist

A. Turney, Director Engineering - Property
J. Walter, Finance Analyst
P. Williams, Executive Assistant
A. Woodrow, Community Relations Sr. Specialist
J. Crockett, Jacobs
C. Lane, Platte Canyon Water and Sanitation District
L. Suer, Jacobs

INTRODUCTORY BUSINESS

Commissioner Austin called the meeting to order at 9:01 a.m.

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: TENTH AUTHORIZATION FOR ADDITIONAL FUNDS FOR WORKFRONT, INC. – CONTRACT 500906

Approved the Tenth Authorization to Contract 500906 with Workfront Inc. for an extension of the contract period through December 29, 2021, for an additional \$148,505 for annual licensing and support, for a total amended contract amount not to exceed \$837,699.

2. ITEM II-A-2: FIRST AMENDMENT TO AGREEMENT WITH INTERA INCORPORATED – AGREEMENT NO. 504510

Approved the First Amendment to Agreement No. 504510 with Intera Incorporated for an additional \$449,931, for a total amended contract amount not to exceed \$494,931.

3. ITEM II-A-3: STERLING RANCH RECREATION LEASE – CONTRACT 504628

Approved Contract 504628 with Sterling Ranch Community Authority Board for a ten-year recreational trail lease in Douglas County, subject to minor refinements.

4. ITEM II-B-1: LEAD REDUCTION PROGRAM UPDATE

Ms. Woodrow presented the Board with an update on the Lead Reduction Program (LRP), a copy of which is attached to and incorporated in these Minutes as Exhibit A. She reported an uptick in construction efforts, catching up on work that was delayed due to COVID-19. Overall program spending has likewise increased and remains within the expected budget. The program continues to make good progress in meeting all project milestones and regulatory deadlines. She added that Denver Water submitted its third quarterly report and monthly corrosion control water quality report in October as required under the Environmental Protection Agency (EPA) variance. Both the EPA and the Colorado Department of Public Health and Environment (CDPHE) have recognized the efforts and commitment Denver Water has made to the LRP.

The team is also on pace to meet its annual target of 4,477 lead service line (LSL) replacements by November. The prioritization model for LSL replacements considers the location of LSL's as well as demographic information such as the presence of young children and health equity and environmental justice communities. Filter distribution has been completed to all customers with known or suspected LSLs, ahead of the EPA variance order deadline, and filter replacements are now being distributed. Additionally, the filter adoption survey has received a positive return rate.

Media coverage of the LRP is ongoing, and positive comments about the program from customers continue to appear on social media. Denver Water's outreach strategies continue in a virtual environment with online and telephone community meetings. Denver Water has been recognized in Colorado and nationally for its efforts with the LRP.

In response to questions from the Board, Ms. Woodrow explained that questions about the LRP, including the lead service line reimbursement policy, can be directed to water sales at Denver Water. She noted that, typically, information regarding proposed replacement work areas is available for the current calendar year, and staff is working to make those maps of the 2021 work areas available

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on Denver Water's website in the coming months.

Approved and adopted The Restated and Extended Lead Service Line Reimbursement Policy, which extends the Board's temporary policy providing for partial reimbursement of customers and developers who replace lead service lines independently.

5. ITEM II-B-2: ADOPTION OF THE 2021 RATES

Mr. Fletcher Davis presented the Final Reading of Proposed 2021 Rates, a copy of which is attached to and incorporated in these Minutes as Exhibit B. He reported that the proposed rates for 2021 include a 1.5% rate adjustment to fund the Lead Reduction Program (LRP), consistent with the July and September presentations. The fixed service charge will remain at 20% of Denver Water's total rate revenue.

Denver Water staff has worked with distributors and the Citizens Advisory Committee to create a new cost allocation proposed for 2021 only, specifically linked to the LRP. Costs for 2021 will be allocated based on the distribution lines for potable water customers plus 19% for Outside-of-City customers, in keeping with the standard multiplier for Outside-of-City customers. In-City irrigation rates will be approximately 71% while Outside-of-City irrigation rates will be 29%. The proposed rate increases do not include increases to raw or recycled water, which are not part of the LRP.

He explained that the proposed rate increases on the annual single-family bill will have relatively low impacts with the average monthly bill for single family residential customers increasing from \$0.45 for Total Service customers to \$0.67 for In-City customers. The proposed implementation date is January 1, 2021.

Adopted and approved the proposed resolution for Approval of the 2021 Rate Schedules and Allocation of Denver Water's Lead Reduction Program Costs designed to meet the revenue requirement from rates of \$312.7 million in 2021.

POLICY MATTERS

6. ITEM III-A: NORTHWATER TREATMENT PLANT

Mr. McCormick presented the Board with a Northwater Treatment Plant (NTP) update, a copy of which is attached to and incorporated in these Minutes as

Exhibit C. He reported that there are no changes to the project schedule, which continues on pace for early completion of project milestones. NTP's accelerated schedule has the potential to positively impact labor expenses as the project approaches 50% complete over the next 12 months.

Progress continues with ten structures currently under construction. The team has completed 95% of the mass excavation with minimal issues. Overall, the site has become heavily congested due to the level of activity, but this has not slowed progress.

The project is approaching \$167 million in total spending with 750,000 man-hours in construction so far. There are no major changes to owner or contractor contingency, which remain below budget allocation. Minority and women-owned business enterprise (MWBE) spending remains on track with targeted participation expected to be achieved as spending increases. Construction is currently 25% complete with a potential projected completion date two months ahead of schedule.

Mr. McCormick also reported on the GMP9 Moffat Facility Improvements, which was redesigned in 2020 to mitigate operational risks and improve construction safety. As a result of the redesign, costs were reduced by \$1.3 million. Work on the facility includes civil, structural, electrical, and process upgrades to facilitate conveyance water across the site.

Mr. Lochhead commented on his recent tour of NTP, noting that the logistics of a project like this are pretty complex, and overall, the site is impressive, and well-managed with a great deal of activity.

Commissioner Austin thanked Mr. McCormick and his team for their efforts.

EXECUTIVE UPDATE

7. ITEM IV-A: CEO REPORT

Mr. Lochhead commented on his attendance at the American Water Works Association (AWWA) Rocky Mountain Water Summit & Expo, which was held virtually this year. In addition to the lead team, there were several Denver Water participants, including a discussion moderated by Andrea Song. Mr. Lochhead also commented on his participation on a panel at the World Water-Tech North America Virtual Summit, which included participants from 26 different countries.

He mentioned the technological shift for these conferences to a virtual platform, which he anticipates will continue for the foreseeable future.

8. ITEM IV-B: CFO REPORT

Ms. Bricmont reported that the Third Quarter Performance Report will be presented next month, noting that there are no major changes to revenues or expenditures from September's forecast.

9. ITEM IV-C: OPERATIONS UPDATE

Mr. Mahoney presented the Board with an operations update, a copy of which is attached to and incorporated in these Minutes as Exhibit D. He highlighted some of the smaller capital projects, of the over 100 projects, which are ongoing across Denver Water in Engineering. The operations projects discussed included the Eleven Mile Flume Construction, Ralston Spillway Replacement, Gross Dam Outlet Works Rehabilitation, Roberts Tunnel Rehabilitation, Cheesman Dam Auxiliary Outlet Works, and the Ranch Creek Pipeline.

In closing, Mr. Mahoney stated that in light of the economy and the industry right now, Denver Water will be proposing to on-call consultants that they hold their rates at 2020 levels through 2021. The same approach was used during the 2008-09 economic downturn, and the presumption is that there will not be rate increases for utilities this year.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 9:47 a.m.

DocuSigned by:
Jim Lochhead
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Secretary

DocuSigned by:
Greg Austin
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President