

**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, December 11, 2019

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, December 11, 2019, beginning at 9:00 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
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	A. Joseph, Attorney
J.A. Anderson, Chief of Staff	J. Kearns, Contract Specialist
A.C. Bricmont, Chief Financial Officer	C. Lamacraft, Environmental Sr. Scientist
J. Brody, General Counsel	P. McCormick, Project Engineer
B.D. Good, Chief Administrative Officer	K. Riegle, Attorney
D. Gorgemans, Chief Internal Auditor	J. Ross, Director Engineering-Project
M. King, Chief External Affairs Officer	J. Shaw, Community Relations Sr. Specialist
R. Mahoney, Chief Engineering Officer	T. Thompson, Public Affairs Manager
T.J. Roode, Chief Operations and Maintenance Officer	J. Adams, Trammell Crow
S. Abram, Budget Manager	J. Baile, CDM Smith
A. Antolovich, Engineering Manager	G. Bergan, Pure Brand
K. Bates, Attorney	J. Crockett, Jacobs
R. Carlyle, Organizational Improvement Facilitator	L. Ferguson, Trammell Crow

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

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



A. Cavallaro, Paralegal
S. Chesney, Director Public Affairs
C. Clark, Engineer Sr.
D. Fairburn, Engineer

C. Lane, Platte Canyon Water and
Sanitation District
B. Mosher, Trammell Crow
L. Suer, Jacobs

INTRODUCTORY BUSINESS

Commissioner Austin called the meeting to order at 9:14 a.m. Upon motion regularly made, seconded and unanimously carried, Commissioners Herzmark and Reiff were found to be absent for good cause and were 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: COLORADO STATE UNIVERSITY
INTERGOVERNMENTAL AGREEMENT CONSULTING SERVICES FOR
COLORADO WATER CENTER POLICY PROGRAMMING – CONTRACT
504252**

Approved Contract 504252 with Colorado State University (CSU) for consulting services related to the Colorado Water Center policy programming at the National Western Center for the contract period from December 4, 2019 to June 30, 2020, for a total contract amount not to exceed \$50,000.

**2. ITEM II-A-2: BOND AND DISCLOSURE COUNSEL – CONTRACTS
504168 AND 504236**

Approved Contract 504168 with Butler Snow, LLP to serve as bond counsel and Contract 504236 with Stradling Yocca Carlson & Rauth to serve as disclosure counsel for the contract period of January 1, 2020 to November 30, 2023, for a combined total amount not to exceed \$500,000.

3. ITEM II-A-3: DENVER PUBLIC SCHOOLS NORTHEAST BUS WASHING FACILITY SERVICE CONVERSION FROM POTABLE TO RECYCLED WATER – CONTRACT 504255

Approved Contract 504255 with Denver Public Schools (DPS) for conversion of DPS's Northeast Bus Terminal Washing Facility from potable to recycled water for the contract period from December 11, 2019 to December 31, 2019, for a total contract amount not to exceed \$20,000.

4. ITEM II-B-1: APPROVAL OF 2020 BUDGET

Ms. Abram presented the Board with the 2020 Budget Summary. She reported that the budget projects an increase of funds and revenues of \$75 million from 2019. This increase includes updated water demand projections, the approved water rate increase, and debt issuance of \$140 million planned for early 2020. There is a projected cash balance increase of \$22 million due to the bond issuance. Denver Water expects to draw down discretionary reserves to fund capital projects and stabilize rate increases. Operating expenses are projected to rise due to the 27th pay period occurring in 2020 (single year increase), a change to the pension budget to match the Actuarially Determined Contribution, and the Board approved 3.3% merit increase, as well as costs related to main replacements and repairs, chemicals and security services. Capital project costs are projected to decrease in 2020 as the OCR project nears completion.

Approved the proposed 2020 Budget. A copy of the Budget Summary is attached to and incorporated in these Minutes as Exhibit A.

5. ITEM II-B-2: NTP UPDATE

Mr. McCormick presented the Board with the Northwater Treatment Plant (NTP) update, a copy of which is attached to and incorporated in these Minutes as Exhibit B. He reported that there are currently nine active GMPs and six GMPs in negotiation. The project is approaching \$90 million in expenditures and is within 3% of the projection for annual expenditures. There are no changes to the Estimate at Completion (EAC) this month. Design costs are under budget with the savings allocated to other aspects of the project. There is a widening gap between the value of work awarded to contractors and the contingency allocation, which means the contingency risks are being mitigated or closed by the time GMPs are committed and materials are under contract for lower escalation costs. MWBE participation continues to meet or exceed construction

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goals, however, project size and availability has affected MWBE goals for the remaining work packages.

Mr. McCormick reported on Contract 504061 GMP 6 for the Site Wide Electrical Package, which includes all electrical, instrumentation, and controls; lighting; security; connection to United Power on-site substation; grounding and lightning protection; startup and commissioning; and temporary power systems for the duration of construction for NTP. He explained that the electrical work is a significant portion of the GMP 6 budget.

Approved Contract 504061 for the Site Wide Electrical Work Package GMP 6 for the Northwater Treatment Plant Contract 504061 with Kiewit Infrastructure Co. for the contract period from December 11, 2019 to May 28, 2024, with a total not to exceed \$58,316,648.74, including owner contingency.

6. ITEM II-B-3: APPOINTMENT TO CITIZENS ADVISORY COMMITTEE WEST SLOPE CANDIDATE

Approved Denver Water's Citizens Advisory Committee's nominations and appointed Alan Hassler for a three-year term as the West Slope representative. A copy of the proposed appointment is attached to and incorporated in these Minutes as Exhibit C.

POLICY MATTERS

7. ITEM III-A: OCR UPDATE

Mr. Ferguson presented the Board with an OCR update, a copy of which is attached to and incorporated in these Minutes as Exhibit D. He reported that abatement at the old Administration Building is underway with demolition activities projected to begin in mid-December. Because a minimum of 75% of the building is targeted for recycling, demolition will take a little extra care and time. This work is scheduled to be completed over the next four months. Denver Water's parking garage photovoltaic (PV) system is now connected to the power grid. The PV systems on the Administration Building and North Visitor Parking Lot will be tied in soon. The floor joists at Three Stone have been reinforced, bathrooms are scheduled to be installed, and the basement remediation is complete. The Water Recycling System (WRS) is on track, with start-up and commissioning activities expected to resume in January 2020.

The forecasted risks have been updated and include: 1) Three Stone renovation and the demolition of the old Administration Building; 2) OCR contingency allocation for environmental and unforeseen issues; 3) specialized installation and commissioning requirements for the Water Recycling System (WRS); and 4) unallocated contingency impacts.

In response to a question from Mr. Lochhead, Mr. Ferguson explained that Mortensen is ready to complete repair work at the intersection of Shoshone and Seminole Road, but still needs to apply for permits and coordinate with Denver Water so as not to impact its daily operations.

Mr. Lochhead noted that the next OCR update will be in January, followed by bi-monthly reports through project completion. He added that the old Administration Building has been opened to first responders for training exercises and that Denver Water has donated much of the remaining surplus furniture.

8. ITEM III-B: BRAND CAMPAIGN UPDATE

Ms. Chesney presented the Board with a Brand Campaign update, a copy of which is attached to and incorporated in these Minutes as Exhibit E. She explained that this update reflects a transition from Denver Water's 2002 "Use Only What You Need" campaign that ran every summer for ten years and encouraged people to reduce their water usage. Denver Water and the marketing agency, Pure Brand, have developed an integrated marketing plan with a broader theme to educate people about future water challenges and engage people to think about water's necessity and its role in daily life.

Mr. Bergan reviewed the brand theme: "Life is better with water." This theme incorporates the idea that water should be celebrated and elevated to a place that is reverential. Everyone benefits from water, and it is vital to the Colorado lifestyle. The brand focuses on water conservation and recognizes Denver Water's role in protecting this resource and innovating.

In response to a question from Commissioner Jones, Ms. Chesney explained there will be one established theme, but the brand campaign can be expressed with and without explicitly stating the theme. Mr. Bergan confirmed that once the main theme is established, it becomes internalized, so it does not have to be stated every time.

Commissioner Austin commented that the branding program should incorporate the Lead Reduction Program. Ms. Chesney agreed that the intent is for that to be incorporated in the campaign. Mr. Lochhead noted the underlying theme is also that Denver Water cares about its customers and about doing the right thing.

EXECUTIVE UPDATE

9. ITEM IV-C: OPERATIONS REPORT

Ms. Anderson noted that staff is available to answer any questions regarding the attached briefing papers. There were no questions.

BRIEFING PAPERS & REPORTS

10. ITEM V-A-1: 2020 COMMUNICATIONS TEAM PLAN


The Board received a 2020 Communications Team Plan, a copy of which is incorporated and attached to these Minutes as Exhibit F.


11. ITEM V-A-2: NATIONAL WESTERN RECYCLED WATER STATUS UPDATE

The Board received a National Western Recycled Water Status Update, a copy of which is incorporated and attached to these Minutes as Exhibit G.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 10:02 a.m.

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Secretary

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President