

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

Video Conference: <http://zoom.us/join>, Meeting ID: 988 1535 8154, Password: 302381
or Dial-in: (669) 900-6833, Meeting ID: 988 1535 8154

Wednesday, December 2, 2020

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, December 2, 2020, beginning at 9:00 a.m. via Video Conference: <http://zoom.us/join>, Meeting ID: 988 1535 8154, Password: 302381 or via Dial-in: (669) 900-6833, Meeting ID: 988 1535 8154. 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	J. Lorton, Director Accounting
J.A. Anderson, Chief of Staff	R. Marsicek, Planning Manager
A. Bricmont, Chief Financial Officer	J. Martin, Project Engineer
J. Brody, General Counsel	C. Mbakogu, Division Sr. Analyst
B.D. Good, Chief Administrative Officer	J. Mitchell, Finance Supervisor
D. Gorgemans, Chief Internal Auditor	K. Oligney, Director IT Infrastructure
M. King, Chief External Affairs Officer	C. Palmore, Division Analyst
R. Mahoney, Chief Engineering Officer	N. Poncelet, Director Water Quality Treatment
T.J. Roode, Chief Operations and Maintenance Officer	C. Proctor, Communication Sr. Specialist
S. Abram, Director Financial Planning & Performance	D. Rendon, Jr. Webmaster
S. Adamkovics, Finance Sr. Analyst	K. Riegler, Attorney
J. Adams, Communications Sr. Specialist	P. Ries, Engineer Sr.
	U. Sharma, Treasurer

B. Akins, Finance Analyst
 A. Andrews, Finance Sr. Analyst
 M. Aragon, Director Customer Relations
 D. Arnold, Attorney
 C. Bramon, Procurement Manager
 K. Burgess, Director Human Resources
 A. Cavallaro, Paralegal
 S. Chesney, Director Public Affairs
 J. Christensen, Contract Specialist
 E. Cinchock, Division Sr. Analyst
 J. Daly, Finance Sr. Analyst
 A. Doud, Environmental Compliance
 Manager
 C. Fransen, Contract Specialist
 P. Freeman, Business Operations
 Manager
 J. Kirk, Communications Specialist

J. Shaw, Community Relations Sr.
 Specialist
 L. Southard, Administrative Sr. Assistant
 J. Spitze, Director IT PMO & Enterprise
 Projects
 J. Stokes, Director Enterprise Project
 Management
 J. Taussig, Director EMSS
 G. Thompson, Engineer
 T. Thompson, Public Affairs Manager
 J. Walter, Finance Analyst
 N. Willis, Web Development
 F. Albanese, Financial Investment News
 P. Fitzgerald, Platte Canyon Water and
 Sanitation District
 C. Lane, Platte Canyon Water and
 Sanitation District

INTRODUCTORY BUSINESS

Commissioner Austin called the meeting to order at 9:02 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.

ADJOURNMENT

The Board voted unanimously to adjourn into its Annual Meeting at approximately 9:03 a.m.

Reconvened Open Session

At approximately 9:05 a.m., on Wednesday, December 2, 2020 via Video Conference: <http://zoom.us/join>, Meeting ID: 988 1535 8154, Password: 302381 or via Dial-in:(669) 900-6833, Meeting ID: 988 1535 8154, Commissioner Austin reconvened the Regular Meeting of the Board of Water Commissioners, which had been commenced and adjourned earlier in the day. Members of the Board present were:

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

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

J.S. Lochhead, CEO/Manager	J. Lorton, Director Accounting
J.A. Anderson, Chief of Staff	R. Marsicek, Planning Manager
A. Bricmont, Chief Financial Officer	J. Martin, Project Engineer
J. Brody, General Counsel	C. Mbakogu, Division Sr. Analyst
B.D. Good, Chief Administrative Officer	J. Mitchell, Finance Supervisor
D. Gorgemans, Chief Internal Auditor	K. Oligney, Director IT Infrastructure
M. King, Chief External Affairs Officer	C. Palmore, Division Analyst
R. Mahoney, Chief Engineering Officer	N. Poncelet, Director Water Quality Treatment
T.J. Roode, Chief Operations and Maintenance Officer	C. Proctor, Communication Sr. Specialist
S. Abram, Director Financial Planning & Performance	D. Rendon, Jr. Webmaster
S. Adamkovics, Finance Sr. Analyst	K. Riegle, Attorney
J. Adams, Communications Sr. Specialist	P. Ries, Engineer Sr.
B. Akins, Finance Analyst	U. Sharma, Treasurer
A. Andrews, Finance Sr. Analyst	J. Shaw, Community Relations Sr. Specialist
M. Aragon, Director Customer Relations	L. Southard, Administrative Sr. Assistant
D. Arnold, Attorney	J. Spitze, Director IT PMO & Enterprise Projects
C. Bramon, Procurement Manager	J. Stokes, Director Enterprise Project Management
K. Burgess, Director Human Resources	J. Taussig, Director EMSS
A. Cavallaro, Paralegal	G. Thompson, Engineer
S. Chesney, Director Public Affairs	T. Thompson, Public Affairs Manager
J. Christensen, Contract Specialist	J. Walter, Finance Analyst
E. Cinchock, Division Sr. Analyst	N. Willis, Web Development
J. Daly, Finance Sr. Analyst	F. Albanese, Financial Investment News
A. Doud, Environmental Compliance Manager	P. Fitzgerald, Platte Canyon Water and Sanitation District
C. Fransen, Contract Specialist	C. Lane, Platte Canyon Water and Sanitation District
P. Freeman, Business Operations Manager	
J. Kirk, Communications Specialist	

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 FROM NOVEMBER 4, 2020**

Approved the Minutes from the November 4, 2020 Board Meeting.

2. **ITEM II-A-2: MINUTES FROM NOVEMBER 18, 2020**

Approved the Minutes from the November 18, 2020 Board Meeting.

3. **ITEM II-A-3: AMENDMENT NO. 2 WITH PURE TECHNOLOGIES FOR CONDUIT NO. 94 ELECTROMAGNETIC INSPECTION AND ACOUSTIC FIBER OPTIC MONITORING SYSTEM – CONTRACT 500917**

Approved the Second Amendment to Contract 500917 with Pure Technologies to operate the pipeline monitoring system through December 31, 2025 for an additional \$560,255, for a total amended contract amount not to exceed \$2,746,016.

4. **ITEM II-A-4: INTERGOVERNMENTAL AGREEMENT FOR THE RUETER-HESS DROUGHT WATER SUPPLY PILOT PLAN – AGREEMENT 504649**

Approved Intergovernmental Agreement 504649 with Parker Water and Sanitation District, Castle Rock Water, and East Cherry Creek Valley Water and Sanitation District for the Rueter-Hess Reservoir Drought Water Supply Pilot Project Plan, for the contract period from December 15, 2020 to December 31, 2024.

5. **ITEM II-B-1: 2021 BUDGET PRESENTATION**

Ms. Abram provided the Board with the 2021 Budget Summary, a copy of which is attached to and incorporated in these Minutes as Exhibit A. She reported that the 2021 budget has faced many challenges and staff took a slightly different approach this year. During budget development, significant reductions were identified to accommodate a lower than planned water rate increase of 1.5% supporting the Lead Reduction Program (LRP), and to offset costs for the required expansion of CO811 utility locating and increased costs for materials,

December 2, 2020

supplies, and chemicals for daily operations. The 2021 budget projects revenue of \$360 million, a planned bond issuance of \$350 million, and \$615.6 million of expenditures. There is also one grant budgeted for 2021.

Operating expenses without projects are budgeted at \$196 million, an increase of \$0.8 million from 2020. The net increase of FTE for 2021 includes new employees to support CO811 and Denver Water main replacements. The salary budget includes a decrease to the budgeted vacancy rate to 3.5% in 2021 from 5% in 2020. The budget does not include a merit increase, primarily due to constraints placed on the budget from the lower 2021 water rate increase and increased operating costs. Market analysis shows that many of Denver Water's Front Range peers will not be giving merit increases in 2021.

Operating project costs are projected to decrease by \$13 million in 2021 and capital projects costs are projected to increase by \$60 million due to the continued work on a few large projects, which include the Lead Reduction Program, Northwater Treatment Plant, and main replacements and improvements.

Commissioner Austin explained that the decision to forego a merit increase was a difficult one and reached after careful consideration. He applauded Denver Water staff for their great work during extraordinary circumstances, emphasizing that everyone has worked as a team without complaint. He noted that in considering the long-term benefits of its employees, Denver Water should not be considered in isolation, but within the context of the community as a whole.

Approved the proposed 2021 Budget.

POLICY MATTERS

6. ITEM III-A: NATIONAL WESTERN UPDATE

Ms. Poncelet presented the Board with a National Western update, a copy of which is attached to and incorporated in these Minutes as Exhibit B. Ms. Poncelet reported that good progress is being made on the site development for the Hydro Building. The design of the building has been completed and installation of the foundation, structural piers, and walls has commenced. The project has billed \$1.9 million to date with 92% of the budget remaining.

Current potential risks include foundation conflicts, which require excavation of underground obstructions left behind from the former building on site. These

obstructions have created challenges to drilling for the structural piers supporting the Hydro Building. Overall, the project remains under budget and is on schedule for substantial completion in August 2022.

In response to questions from the Board, Mr. Roode noted that the cost for dealing with the pier obstruction will be allocated in proportion to the Intergovernmental Agreement (IGA) with Colorado State University (CSU) and is not expected to impact the overall budget. He added that the building will integrate some gray water plumbing on site as part of the laboratory, which was determined to be more cost effective than a recycled water option. Ms. Poncelet explained that Denver Water branding, similar to branding in the Administration Building, will be added to the National Western Complex, including references to water conservation. The External Affairs team is working on this branding project and will provide additional updates to the Board in future meetings.

Commissioner Herzmark commented that this building is outstanding and makes a real contribution to the community. She thanked Mr. Roode, adding that CSU has been a great partner.

7. ITEM III-B: HILLCREST YEAR-END REVIEW

Mr. Ries provided the Board with the Hillcrest Year-End Review, a copy of which is attached to and incorporated in these Minutes as Exhibit C. He provided an overview of the construction progress, budget, and schedule for Hillcrest, reporting that the storage tank replacement is in final completion, excessive native soils have been removed from the site, and planting and landscape restoration is underway. Internal contract auditing is currently being performed for design consultant and construction contracts. Review of the construction contract for the pump station and final site restoration is scheduled for the third quarter of 2021.

He stated that all Work Packages have been awarded. There is \$600,000 in owner contingency and \$480,000 in contractor contingency remaining, which are expected to cover the current \$460,000 budget shortfall. The team is managing the contingencies to close the project within budget. There have been no COVID-19 cost or schedule impacts and the team is continuing to monitor the project schedule as they bring the project to completion.

In response to questions from the Board, Mr. Ries explained that the storage tank asbestos elimination process caused a significant delay, with the permitting

process taking three months and the change in abatement procedures taking about six months.

EXECUTIVE UPDATE

8. ITEM IV-A: OPERATIONS REPORT

Mr. Good provided the Board with a COVID-19 Update, a copy of which is attached to and incorporated in these Minutes as Exhibit D. He reported the current estimate that one in 41 people in Colorado is contagious with COVID-19. The seven-day case average is about 4,000 new positive cases per day, which is down from last week's average of 5,000. The state of Colorado ICU bed utilization rate is at 80%, and the potential impacts of a post-Thanksgiving surge are still unknown.

Denver Water has seen an uptick in affected employees since November and about one third of the workforce has been impacted in some way. There has been no significant impact on Denver Water's operations, partly due to remote telework operations. There has also been no impact on capital projects, and contractors are working to minimize exposure. The peak of infections is expected to occur in mid-January. While a return from telework is not expected before the end of May 2021, it is anticipated that a vaccine will be accessible by June 2021.

Mr. Roode emphasized that Denver Water's main job is to deliver clean water to its customers while adhering to all regulatory requirements. A great deal of work has gone into protecting the workforce that maintains water operations. Steps have been taken to ensure coverage of water facility shifts and that groups operating in separate facilities don't come into contact with each other. Any necessary repairs and maintenance will be performed by separate groups of employees and implementation of social-distancing and contact-tracing protocols will be closely monitored. Long-term preventative work may be delayed in order to decrease possible COVID-19 exposure.

Mr. King reported that any call center impacts could result in service level impacts over the short-term, but could be weathered for a period of time. He also stated that additional meter reading staff have been cross-trained to ensure coverage. Implementation of estimated billing is available and could be expanded in a worst case scenario.

Finally, Mr. Good noted that the Information Technology team is keeping the treatment plants and distribution system running and maintaining water quality

instrumentation, while limiting physical interaction with water facility staff.

Commissioner Reiff, on behalf of the Board, noted his appreciation for the extra work and dedication contributed by staff.

BRIEFING PAPERS & REPORTS

9. ITEM V-A-1: BRIEFING PAPER FOR INTEGRATED MARKETING STRATEGY

The Board received a Briefing Paper for Integrated Marketing, a copy of which is incorporated and attached to these Minutes as Exhibit E.

10. ITEM V-B-1: BRIEFING PAPER FOR SUSTAINABILITY UPDATE

The Board received a Briefing Paper for Sustainability 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 9:56 a.m.

DocuSigned by:
Jim Lochhead
DEDE0A34B77B484...
Secretary

DocuSigned by:
Gary M. Reiff
A40AAFCF9D1D429...
President