

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

Video Conference: <http://zoom.us/join>, Meeting ID: 948 1941 6892, Password: 055278
or Dial-in: (669) 900-6833, Meeting ID: 948 1941 6892

Wednesday, May 27, 2020

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, May 27, 2020, beginning at 9:00 a.m. via Zoom Video Conference: <http://zoom.us/join>, Meeting ID: 948 1941 6892, Password: 055278 or via Dial-in: (669) 900-6833, Meeting ID: 948 1941 6892. 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. Martin, Project Engineer
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. Palmore, Division Analyst
R. Mahoney, Chief Engineering Officer	K. Petrik, Director Engineering – Construction
T.J. Roode, Chief Operations and Maintenance Officer	C. Piper, Government Relations Manager
S. Adamkovics, Finance Sr. Analyst	D. Raitt, Engineering Manager
A. Andrews, Finance Sr. Analyst	
D. Arnold, Attorney	
A. Aslamy, Finance Sr. Analyst	

R. Badger, Planning Manager
J. Bandy, Planning Manager
M. Barela, Finance Supervisor
C. Bramon, Purchasing Supervisor
A. Cavallaro, Paralegal
S. Chesney, Director Public Affairs
E. Cinchock, Division Sr. Analyst
J. Daly, Finance Sr. Analyst
S. Douglass, Asset Manager
N. Elder, Planning Manager
C. Fransen, Contract Specialist
P. Freeman, Business Operations
Manager
Y. Her, Procurement Manager
A. Ingram, Contract Supervisor
J. Kearns, Contract Specialist
J. Light, Engineer Sr.
D. Lopez, IT Support Specialist

B. Raso, Contract Specialist
S. Ravel, Independent Contractor
A. Rettig, Finance Supervisor
K. Riegle, Attorney
U. Sharma, Treasurer
J. Shaw, Community Relations Sr.
Specialist
B. Wedll, Purchasing Specialist
A. Woodrow, Community Relations Sr.
Specialist
J. Bushong, CliftonLarsenAllen, LLP
J. Crockett, Jacobs
A. Glover-Rendahl, Marsh & McLennan
C. Lane, Platte Canyon Water and
Sanitation District
J. Lorenz, Marsh & McLennan
L. Suer, Jacobs

INTRODUCTORY BUSINESS

Commissioner Austin called the meeting to order at 9:04 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.

Legislative Update

Mr. Piper reported that the legislative session resumed yesterday. He referred the Board to the Legislative Update Briefing Paper for an overview of bills that have been introduced, noting four bills of interest to Denver Water remaining on the calendar, some of which may be postponed. He stated that a workers' compensation bill, potentially in response to COVID-19, could be introduced. The Governor has issued an executive order asking the Secretary of State to create rules on electronic collection of signatures for ballot measures, which might impact the ability to get measures on the ballot.

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: DENVER INTERNATIONAL AIRPORT 2020 VAULT AND CATHODIC PROTECTION IMPROVEMENTS – CONTRACT 504202

Approved Contract 504202 with Flatiron Constructors, Inc. for the Denver International Airport (DIA) 2020 Vault and Cathodic Protection Improvements for the contract period from May 27, 2020 to November 13, 2020, for a total contract amount not to exceed \$1,355,000.

2. ITEM II-A-2: CONDUIT NO. 16 EAST SEGMENT – PHASE I 84-INCH STEEL CASING PIPE AT WEST 32ND AVENUE AND WARD ROAD – CONTRACT 503045

Approved Contract 503045 for the Conduit No. 16 East Segment, Phase I project with Garney Construction for the contract period from May 27, 2020 to July 17, 2020, for a total contract amount not to exceed \$823,277.

3. ITEM II-A-3: PROPERTY, CASUALTY & CYBER INSURANCE POLICY RENEWALS/PURCHASES

Approved the renewal of existing insurance policies for property and equipment, excess liability, fiduciary, and crime, and additional coverage for cyber and terrorism insurance, for a total amount of \$794,286. The terms of the policies are from June 1, 2020 to May 31, 2021 for all lines of coverage except for crime, which ends May 31, 2023.

4. ITEM II-A-4: TESTING, TREATING AND MAINTAINING DECKERS SYSTEM – CONTRACT 504360

Approved Contract 504360 with Habcon Services, Inc. for testing, treating and maintaining the Deckers System for the contract period from June 1, 2020 to May 31, 2023, for a total contract amount not to exceed \$350,000.

5. ITEM II-B-1: AMENDMENT NO. 1 FOR FOOTHILLS TREATMENT PLANT FILTER MEDIA REPLACEMENT – CONTRACT 503793

Mr. Petrik presented the Board with Amendment No. 1 for Foothills Treatment Plant Filter Media Replacement, a copy of which is attached to and incorporated in these Minutes as Exhibit A. He reported that the Foothills Treatment Plant has 16 filter basins that serve to remove suspended solids from the water. About every 20 years, the filter media requires replacement to maintain plant efficiency. In order to minimize impacts on plant production, the replacement is scheduled for completion over a four-year period, during the winter months.

Due to issues encountered during construction, only three of the planned four filter basins were completed during Phase I of the project. Phase II of the project will now consist of replacing five filters, which will bring the project back in line with the four-year projected schedule. Mr. Petrik noted that the benefits of amending the original contract include providing more time to complete the project, in addition to saving cost and staff time.

Approved the first amendment to Contract 503793 with Velocity Constructors, Inc. for an extension of the contract period through April 16, 2021 and for an additional \$1,229,000, for a total amended contract amount not to exceed \$2,406,302.

6. ITEM II-B-2: 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Ms. Bushong, CliftonLarsenAllen, LLP, provided the Board with the 2019 Comprehensive Annual Financial Report (CAFR), a copy of which is attached to and incorporated in these Minutes as Exhibit B.

She reported that Denver Water's external auditors conducted an audit of the financial statements in accordance with Generally Accepted Auditing Standards resulting in an unmodified (clean) opinion. Summarizing the audit findings, Ms. Bushong noted that the CAFR audit scope encompassed Denver Water's financial statements and retirement plans, and a few changes implemented this year. CLA encountered no difficulties in performing the audit, no corrected misstatements and no disagreements with management. Although CLA staff had conversations with Denver Water management prior to the audit, CLA's engagement was not contingent upon those discussions. CLA found no significant issues to discuss with management and found no material weaknesses.

She remarked that COVID-19 was not a disruption to the audit process and thanked the Board and Denver Water staff for an excellent job of preparing for the audit and ensuring the audit process went as smoothly as possible.

Following a motion duly made and seconded, the Board voted to postpone acceptance of the 2019 Comprehensive Annual Financial Report until the June 10, 2020 meeting of the Board of Water Commissioners, at which time the Board will meet acting as Sponsor and/or Trustees of the Retirement Plans and receive a presentation regarding the audited financial statements.

POLICY MATTERS

7. ITEM III-A: NORTHWATER TREATMENT PLANT UPDATE

Mr. McCormick presented the Board with the Northwater Treatment Plant Update, a copy of which is attached to and incorporated in these Minutes as Exhibit C. He reported a temporary material change to the project, involving an MWBE substitute for the current pipe installation subcontractor. Due to a loss of some key staff, the subcontractor was unable to meet the administrative demands and requirements of the project. Denver Water is currently working with Kiewit to backfill the subcontractor loss.

Mr. McCormick noted that staff has implemented increased COVID-19 screenings at the job site, including temperature monitoring, health screening questionnaires, glove washing throughout the day, and strict social distancing. The teams have been separated into smaller groups to enhance contact tracing and minimize any possible spread of the virus on and off-site. To date, there have been no health-related issues on-site. The only impact from COVID-19 has been a 40% increase in the delivery time of valve actuators. The procurement process has been accelerated by about three months to mitigate any additional delays.

Excavation has commenced for all ancillary buildings and other structures at the construction site. The clearwells have been fully excavated and backfill has begun on the structural fill. Progress on the project is ahead of schedule, barring any unforeseen circumstances. He noted that a financial update would be available the following month.

8. ITEM III-B: GROSS RESERVOIR OUTLET WORKS MODIFICATION PROJECT

Mr. Martin presented the Board with the Gross Reservoir Outlet Works Modification Project, a copy of which is attached to and incorporated in these Minutes as Exhibit D. He provided an overview of the aging valve system at Gross Reservoir and explained that the project objectives include replacing the old multi-branch system with a single-pipe design and removing the old infrastructure. In addition, new ventilation and new energy efficient LED lighting will be installed.

Mr. Martin noted that the project cost increase from the original plan, which was developed a year ago, is partly due to added safety features and rock tunnel reinforcements. The final estimate is still in the negotiation stage as discussions with contractors are ongoing. Due to the specialized demolition and pipe installation, the project offers limited MWBE participation. Additional opportunity for MWBE participation is anticipated in the support services category, including fueling, janitorial, and sanitary services. He emphasized that there is some flexibility within the projected completion timeframes.

In response to a question from Commissioner Austin, Mr. Martin explained that the current design reflects how it was done in the 50s and 60s. The move from the original four-pipe design to the new single-pipe design will be a substantial improvement. In addition to simplifying the system, the new configuration will be able to withstand new reservoir pressures.

9. ITEM III-C: LEAD REDUCTION PROGRAM

Ms. Woodrow presented the Board with a Lead Reduction Program update, a copy of which is attached to and incorporated in these Minutes as Exhibit E. She reported that the program is still trending below projected spending due to COVID-19 delays, however, all Accelerated Lead Service Line Removal (ALSLR) contractor crews are working and have been gradually increasing their replacement capacity.

Denver Water is working with the Environmental Protection Agency (EPA) and Colorado Department of Public Health and Environment (CDPHE) to finalize the corrosion control implementation plan as well as the equivalency modelling. The second quarterly report is due early July, and Denver Water is still on track to meet all regulatory deliverables under the EPA variance. Ms. Woodrow noted

that, while there have been constraints imposed by COVID-19 in implementing the lead service line (LSL) replacement program, it has not affected regulatory deliverables.

As of May, there have been 655 LSL replacements and over 60,000 filters distributed, with a targeted completion of mid-July for filter distribution. Denver Water has expanded its virtual meeting outreach, and on May 8th held its first Lead Reduction Program Advisory Committee meeting. The program is being presented to neighborhood organizations whose members are directly impacted by LSL replacements and is expected to continue through the summer.

In response to a question from Commissioner Herzmark, Ms. Woodrow explained that Denver Water crews have been working with Denver Public Schools as well as some private daycare centers and the Archdiocese of Denver to complete the LSL replacements in schools and childcare centers in 2020.

10. ITEM III-D: WATER SUPPLY

Mr. Elder provided the Board with a Water Supply update, a copy of which is attached to and incorporated in these Minutes as Exhibit F. He reported that it has been a good year for the Denver Water collection system. The Colorado River Collection snowpack peaked at 124% of normal, while the South Platte River Collection snowpack peaked at 125% of normal.

He noted that streamflow run-off has begun in earnest at most locations in the collection system. Inflows to the Dillon Reservoir are running ahead of schedule and fluctuating with the weather. The South Platte Natural Flow of the North Fork has been tracking relatively normal and the Moffat Tunnel has been flowing well above normal at 660 cfs. Since early May, reservoir storage has been tracking below average on all three forecast scenarios, with the reservoir levels at 87% capacity. It is still anticipated that reservoirs will fill this year.

The upcoming short-term climate outlook indicates increased chances for below-normal precipitation on the Eastern slope and increased chances of slightly above-normal precipitation on the Western slope. The drought monitor shows most of Denver Water's collection system classified as abnormally dry or experiencing moderate drought.

11. ITEM III-E: 1ST QUARTER PERFORMANCE REPORT

Ms. Abram presented the Board with the 1st Quarter Performance Report, a copy of which is attached to and incorporated in these Minutes as Exhibit G. She highlighted portions of the financial report, while focusing on April's financials. She noted that there are no significant impacts to water usage revenues through the month of April, and there has been increased water consumption in May. The forecast reflects a delay in hiring through August 31, 2020. The budgeted employee vacancy rate is 5%, with a forecasted vacancy rate of 3.8%. Lower utilization of seasonal labor is due to remote work and stay-at-home requirements under COVID-19. Benefits are tracking under budget primarily due to suppressed health care claims and paused elective procedures.

Adjustments have been made to the forecast to reflect the two interest rate cuts in 2020 and Denver Water's bond issuance. System Development Charges are approximately \$3.2 million under budget and are now projected at \$5 million under budget through year-end. Total operating costs are at a 0% variance, and capital expenditures are currently forecasted at \$9 million over budget due to timing shifts on some projects.

EXECUTIVE UPDATE**12. ITEM IV-A: CEO REPORT**

Mr. Lochhead reported that Denver Water continues to operate in a telework environment and plans to continue its remote operations for the foreseeable future, while monitoring the reopening of other businesses. Although Denver Water has had employees impacted by COVID-19, either directly or indirectly in their day-to-day lives, there have been no work-related illnesses at the Denver Water facilities. The executive team continues to pursue its scenario planning exercises as it pertains to the potential impacts of COVID-19 to meet the needs of its employees, customers, and community.

13. ITEM IV-B: CFO REPORT

Ms. Bricmont provided the Board with a Monthly Financial Update, noting that the Board will receive the audited financial statements for the three retirement plans, which will be presented at the June 10, 2020 Board meeting along with the first quarter results.

BRIEFING PAPERS & REPORTS

14.ITEM V-A-1: BRIEFING PAPER FOR LEGISLATIVE UPDATE

The Board received a Legislative Update Briefing Paper, a copy of which is incorporated and attached to these Minutes as Exhibit H.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 10:13 a.m.

DocuSigned by:
Jim Lochhead
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Secretary

DocuSigned by:
Greg Austin
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President