

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

Video Conference: <http://zoom.us/join>, Meeting ID: 944 6993 0070, Password: 817481
or Dial-in: (669) 900-6833, Meeting ID: 944 6993 0070

Wednesday, July 22, 2020

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, July 22, 2020, beginning at 9:30 a.m. via Video Conference: <http://zoom.us/join>, Meeting ID: 944 6993 0070, Password: 817481 or via Dial-in: (669) 900-6833, Meeting ID: 944 6993 0070. 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	J. Martin, Project Engineer
A.C. Bricmont, Chief Financial Officer	J. Mitchell, Finance Supervisor
J. Brody, General Counsel	L. Morales, Community Relations Sr. Specialist
B.D. Good, Chief Administrative Officer	K. Oligney, Director IT Infrastructure
D. Gorgemans, Chief Internal Auditor	C. Palmore, Division Analyst
M. King, Chief External Affairs Officer	N. Poncelet, Director Water Quality – Treatment
R. Mahoney, Chief Engineering Officer	R. Porter, Legal Assistant
T.J. Roode, Chief Operations and Maintenance Officer	C. Proctor, Communications Sr. Specialist
S. Abram, Budget Manager	B. Raso, Contract Specialist
S. Adamkovics, Finance Sr. Analyst	S. Ravel, Independent Contractor
B. Akins, Finance Analyst	A. Rettig, Finance Supervisor
A. Antolovich, Engineering Manager	
M. Aragon, Director Customer Relations	

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

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



D. Arnold, Attorney	K. Riegle, Attorney
R. Badger, Planning Manager	J. Ross, Director Engineering-Projects
K. Burgess, Director Human Resources	U. Sharma, Treasurer
A. Cavallaro, Paralegal	L. Southard, Administrative Sr. Assistant
S. Chesney, Director Public Affairs	J. Spitze, Director IT PMO & Entrprs Project
E. Cinchock, Division Sr. Analyst	J. Stokes, Director Enterprise Project Management
F. Davis, Rates Manager	K. Taft, Sustainability Manager
R. Davis, Finance Analyst	J. Walter, Finance Analyst
A. Denault, Community Relations Sr. Specialist	A. Woodrow, Community Relations Sr. Specialist
D. Fairburn, Engineer	J. Crockett, Jacobs
G. Fisher, Demand Planning Manager	L. Ferguson, Trammell Crow
C. Fransen, Contract Specialist	C. Lane, Platte Canyon Water and Sanitation District
P. Freeman, Business Operations Manager	T. Lowe, Bancroft Clover Water & Sanitation
C. Funk, Attorney	B. Mosher, Trammell Crow
J. Kearns, Contract Specialist	L. Suer, Jacobs
C. Lamacraft, Environmental Sr. Scientist	
D. Lopez, IT Support Specialist	

INTRODUCTORY BUSINESS

Commissioner Austin called the meeting to order at 9:37 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: AMENDED GREEN MOUNTAIN PROTOCOL AGREEMENT

Approved the Amended Green Mountain Protocol Agreement.

POLICY MATTERS

2. ITEM III-A: NATIONAL WESTERN UPDATE

Mr. Roode presented the Board with the National Western Update, a copy of which is attached to and incorporated in these Minutes as Exhibit A. He reported that the Water Resource Center building will now be called the Hydro Building, and he provided an overview of the next steps in its continued progression. He explained that, in addition to the existing inter-governmental agreement with Colorado State University (CSU), we are working on a lease agreement that covers general operating and maintenance responsibilities and costs and establishes change management protocols. Costs related to shared spaces will be allocated based upon a building usage ratio (72% CSU; 28% Denver Water). CSU will manage the construction contract and will be responsible for site and aesthetic items, such as landscaping and paving elements for the project. Overall, the project budget remains on target with an agreed upon gross maximum price.

The lease agreement terms include an initial 50-year lease term with two 25-year renewal options (100 years total). The rent will be an annual payment of \$10,000 initially, increased annually for inflation as measured by the Consumer Price Index. Operating expenses and routine maintenance will be shared proportionally to building area allocation, while major maintenance and improvements will be negotiated based on cost sharing principles and benefits received.

In terms of the construction schedule, the project has not experienced any delays, and construction documents will be completed in the coming weeks. Construction will start in October 2020 with an expected completion in July 2022.

Commissioner Austin commended Mr. Roode on the great job, noting that he is pleased with the relationship with CSU.

3. ITEM III-B: NORTHWATER TREATMENT PLANT UPDATE

Ms. Crockett presented the Board with the Northwater Treatment Plant Update, a copy of which is attached to and incorporated in these Minutes as Exhibit B. She reported that current NTP progress is on schedule and in some cases, project milestones are reaching completion earlier than planned. Work crews continue to make excellent progress in the field. Four COVID-19 cases have been identified, but there has been limited impact on production and construction progress due to

implementation of contact tracing and quarantine protocols. There are no adjustments or changes to the Estimate at Completion (EAC) this month. The project is approaching \$135 million in total spending and the current budget forecast remains below budget. Owner and contractor contingency remain at or below budget allocation. Minority-and women-owned business enterprise (MWBE) spending remains on track and targeted participation is expected to be reached once all work is under contract. There are fourteen buildings planned on site, with eight to nine of those buildings expected to be under construction by the end of the year.

4. ITEM III-C: LEAD REDUCTION PROGRAM UPDATE

Ms. Woodrow presented the Board with the Lead Reduction Program Update, a copy of which is attached to and incorporated in these Minutes as Exhibit C. She reported that, while there have been constraints imposed by COVID-19 in implementing the lead service line (LSL) replacement program, Accelerated Lead Service Line Removal (ALSLR) contractor crews continue to ramp up LSL replacement rates. Expenditures remain lower than projected due to COVID-19 delays, however regulatory deliverables have not been affected. Denver Water submitted its second quarterly report in early July as required under the EPA variance and received recognition for meeting all regulatory requirements to date.

As of July, there have been 1,037 LSL replacements and over 80,000 filters distributed. As Denver Water continues to expand its customer outreach, it began hosting bi-lingual virtual meetings in June and will continue those updates and meetings through July. To date, outreach has been very successful in reaching targeted communities and nearly 7,000 people have participated. Staff continues to promote activities on social media and Denver Water's website provides a Key Metrics Dashboard to allow the public to track program progress.

In response to a question from Commissioner Austin, Ms. Woodrow stated that discussions with contractors regarding pricing are ongoing as Denver Water continues to look to areas to drive down costs. The LSL program is currently tracking expected costs. Mr. Roode added that the primary focus has been on meeting the target of 4,477 LSL replacements, but staff will continue to look for opportunities to reduce costs.

5. ITEM III-D: FINAL OCR UPDATE

Mr. Ferguson provided the Board with the Final OCR Update, a copy of which is

attached to and incorporated in these Minutes as Exhibit D. He reported that the existing Administration Building demolition has been completed while paving activities are ongoing, and landscaping around Three Stone is underway. The final construction completion is scheduled for September 2020. Overall, the progress achieved over the last five years of construction has resulted in the redevelopment of 35.5 acres, construction of seven new structures, and renovation of two structures on campus.

The total project budget is 98% complete with approximately \$4 million remaining in the OCR budget. Contractor contingency has been fully spent and 10% of Owner Contingency remains. Of the \$8 million of Unallocated Contingency spent, 51% has gone towards environmental remediation and unforeseen site conditions. Environmental expenditures remain the largest contingency cost category, accounting for 2% of the overall project budget. Budget management played a central role in the success of the project with a total budget savings in excess of \$24 million.

This project set aggressive sustainability goals by incorporating sustainable design with LEED Platinum and Net Zero Energy standards, and Leading-edge Water Management in the new Administration Building. Approximately 43,000 tons of construction debris was diverted from landfills and recycled during the redevelopment of the campus. Both MWBE design and construction participation goals were exceeded with design achieving 17% participation and construction services achieving 25%. The OCR impacted the community by utilizing a large local project team to develop the campus, including 195 sub-contract trade partners and 3,500 construction workers on site. Overall, there were more than 1.3 million hours expended building these facilities.

Mr. Ferguson remarked that the spirit of the OCR project objectives developed during the original planning period have been realized in the final product. He acknowledged Denver Water for keeping these objectives front and center and thanked Denver Water employees and Mortensen for assisting with executing the redevelopment throughout.

Mr. Lochhead added that, despite design and construction challenges, the communication and teamwork from Trammell Crow was outstanding and greatly appreciated. He noted that this project started ten years ago with a well-planned facility contemplated as the end result. Part of that vision was to demonstrate the future of sustainability. The original expected timeline was six years, which was ultimately reduced to four years and two phases through Continuous

Improvement strategies. Denver Water employees were heavily engaged throughout this project with teams designing different aspects of the building. He remarked that he looks forward to enjoying this amazing facility with the proper celebration and thanked all of Denver Water's partners on this project.

Commissioner Austin noted the importance of serving Denver Water's customers and the uncompromising quality of the project. The Board has a right to be proud of everyone that contributed to this amazing result.

Commissioner Herzmark added that Denver Water has made an important contribution to the community and this neighborhood at large. This undertaking has been impressive from day one and everyone has lived up to their obligations and commitments. She thanked staff and partners for their commitment and Mr. Lochhead for his leadership.

Mr. Mosher commented that the leadership exhibited at the Board and staff level has been extraordinary. Everyone should be proud of the sustainability and redevelopment contributions to the neighborhood.

6. ITEM III-E: 2021 DRAFT BUSINESS PLAN, PROGRAMS AND METRICS

Ms. Anderson provided the Board with the 2021 Draft Business Plan, Programs and Metrics, a copy of which is attached to and incorporated in these Minutes as Exhibit E. She noted a shift from developing the standard one to three-year business plan to developing COVID-19 scenario planning alternatives and solutions-based options in order to stay on track for the next 6 to 18 months. This narrowed focus on organizational priorities for the upcoming year will assist in tracking and monitoring the current environment relative to accomplishing Denver Water's objectives.

Ms. Anderson reported that Denver Water's top priority continues to be providing high-quality water and outstanding service to its customers through its daily work. In alignment with its top priority, the Executive Team updated the continuous improvement focus areas to include: 1) Safety Value Stream; 2) Procurement and Contracting Value Stream; 3) Continuous Improvement Value Stream; 4) Capacity Planning Work Shop; 5) Affordability Evaluation Work Shop; and; 6) Review and Revision of Enterprise Policies and Procedures Writing Cell.

In terms of organizational priorities, she stated the only addition to the 2021 plan is the ongoing response to COVID-19, emphasizing the priority to ensure effective operations and employee wellbeing. She also outlined other top organizational priorities, which will continue to include: the Lead Reduction Program; the North System Renewal which includes major capital projects, such as: Gross Reservoir Expansion; the Northwater Treatment Plant and Conduit 16; the National Western Center with the build out of the new Water Quality Lab, working with key partners on site development and the four pillars; the build out of the Enterprise Project Management Office, bringing together work accomplished in Engineering, Water Resource Strategy and the BTMO to an enterprise level approach, to ensure implementation of the right projects at the right time and the right cost; and providing business side vetting, prioritization, governance, and value verification of all projects.

Ms. Anderson also reviewed the strategic programs and changes from quarterly to bi-annual reporting cadence for some of the programs due to the lack of significant changes within a quarter's time. She stated that if something changed within a program or a strategic or policy matter arose between reporting intervals, those items would be brought before the Board.

Ms. Anderson closed with a review of the Organizational Scorecard, pointing out a change to the scorecard under Trusted Reputation where the content impressions metric was replaced with a new metric related to the overall performance of the lead line reduction program. She stated that the successful implementation of the lead line reduction program can have a large impact on building a trusted reputation and the tracking of this program should be raised to the level of the organizational scorecard. She noted that the team is still working on the calculation for this metric and will have more information to share with the Board in the near future. She also indicated that the metrics on the Organizational Dashboard have not changed and the organization is in the process of reviewing targets and will have updated targets where appropriate for review by the Board budget workshop.

7. ITEM III-F: PRELIMINARY FINANCIAL PLANNING SCENARIOS

Ms. Bricmont and Mr. Davis presented the Board with Preliminary Financial Planning Scenarios, a copy of which is attached to and incorporated in these Minutes as Exhibit F. Ms. Bricmont noted that current economic impacts were factored into the proposed financial adjustment scenarios for 2021.

Mr. Davis reported that the preliminary financial plan reflects a 10-year capital planning scenario. Revenues include a projected decrease in system development charges for 2021, which is down about \$4 million in 2020. All financial planning scenarios presented were designed to meet minimum financial targets for debt service coverage, cash reserves, and leverage, and to maintain increases at 3.5% or less. To achieve this, some of the scenarios require budget reductions. The optimal solution will take into account the economic conditions impacting Denver Water and its customers while maintaining financial flexibility for an uncertain future.


Mr. Davis and Ms. Bricmont said they would narrow the financial planning scenarios, refine the long-range financial plan, and provide further assessment on possible reductions to the Board next month, with a revised financial plan scheduled for September 9, 2020.


ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into an Executive (Trustee) Session at approximately 11:03 a.m.

Trustee/Plan Sponsor Meeting

The Board of Water Commissioners, serving in their capacity as Trustees of the Employees' Retirement Plan Trust Fund and Plan Sponsor of the Employees' Retirement Plan, and as Sponsor of the Supplemental Retirement Savings Plan of the Board of Water Commissioners of the City and County of Denver, met on Wednesday, July 22, 2020, commencing at 11:04 a.m., via Video Conference. The Minutes of the Trustee Meeting/Plan Sponsor are maintained separately. The Trustee/Plan Sponsor Meeting concluded at 11:05 a.m., at which time the Board voted unanimously to adjourn into the meeting of the Board of Water Commissioners and into Executive Session.

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Secretary

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President