

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

Video Conference: <http://zoom.us/join>, Meeting ID: 937 1553 3160, Password: 410744  
or Dial-in: (669) 900-6833, Meeting ID: 937 1553 3160

**Wednesday, September 23, 2020**

---

**Open Session**

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, September 23, 2020, beginning at 9:00 a.m. via Video Conference: <http://zoom.us/join>, Meeting ID: 937 1553 3160, Password: 410744 or via Dial-in: (669) 900-6833, Meeting ID: 937 1553 3160. 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	P. McCormick, Project Engineer
J.A. Anderson, Chief of Staff	A. Menefee, Community Relations Sr. Specialist
A.C. Bricmont, Chief Financial Officer	L. Morales, Community Relations Sr. Specialist
J. Brody, General Counsel	R. Musick, Planner
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	C. Proctor, Communication Sr. Specialist
R. Mahoney, Chief Engineering Officer	B. Raso, Contract Specialist
T.J. Roode, Chief Operations and Maintenance Officer	S. Ravel, Independent Contractor
S. Abram, Budget Manager	K. Riegler, Attorney
S. Adamkovics, Finance Sr. Analyst	U. Sharma, Treasurer
B. Akins, Finance Analyst	J. Soldano, Engineer Associate
D. Arnold, Attorney	
R. Badger, Planning Manager	

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

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



J. Bandy, Planning Manager  
A. Cavallaro, Paralegal  
S. Chesney, Director Public Affairs  
J. Daly, Finance Sr. Analyst  
F. Davis, Rates Manager  
R. Davis, Finance Analyst  
N. Elder, Planning Manager  
D. Fairburn, Engineer  
C. Fransen, Contract Specialist  
A. Ingram, Contract Supervisor  
A. Joseph, Attorney  
D. Lopez, IT Support Specialist  
J. Lorton, Director Accounting  
R. Marsicek, Planning Manager  
J. Martin, Project Engineer  
C. Mbakogu, Division Sr. Analyst

L. Southard, Administrative Sr. Assistant  
J. Stokes, Director Enterprise Project Management  
A. Toig, Law Fellow  
A. Turney, Director Engineering - Property  
J. Walter, Finance Analyst  
P. Williams, Executive Assistant  
A. Woodrow, Community Relations Sr. Specialist  
J. Crockett, Jacobs  
P. Fitzgerald, Platte Canyon Water and Sanitation District  
K. Lammers, City of Edgewater  
C. Lane, Platte Canyon Water and Sanitation District  
L. Suer, Jacobs

## 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.

## 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: CONDUIT NOS. 3 & 12 VALVE REPLACEMENT PROJECT – CONTRACT 504335

Approved Contract 504335 with Scott Contracting, Inc. for the Conduit Nos. 3 & 12 Valve Replacements Project for the contract period from September 23, 2020 to May 28, 2021, for a total contract amount not to exceed \$2,233,900.

**2. ITEM II-A-2: IGA AND LEASE AGREEMENTS FOR HYDRO BUILDING AT NATIONAL WESTERN COMPLEX FOR THE WATER QUALITY LAB – CONTRACTS 504612 AND 504613**

Approved IGA 504612 with Colorado State University (CSU) for construction of the Hydro Building for the contract period from September 23, 2020 to December 31, 2022, for a total contract amount not to exceed \$24,061,854.

Approved Lease Agreement 504613 with CSU for use of the Hydro Building upon completion of construction, in the amount of \$10,000 per year (adjusted annually by the Consumer Price Index), plus operations and maintenance cost to be determined upon completion of construction.

**3. ITEM II-A-3: INTERAGENCY AGREEMENT WITH DENVER PARKS AND RECREATION FOR ACCESS TO DENVER WATER'S UPPER ARAPAHOE GROUNDWATER AT HARVEY PARK – CONTRACT 504579**

Approved Contract 504579 with the City and County of Denver, acting by and through its Department of Parks and Recreation, which provides up to 64 acre-feet of water from Denver Water's Upper Arapahoe aquifer water right, for the perpetual contract period starting September 23, 2020.

**4. ITEM II-A-4: FIRST AMENDMENT TO NON-POTABLE WATER LEASE AGREEMENT WITH DBS, LLC – AGREEMENT 500828**

Approved the First Amendment to the Lease Agreement with DBS, LLC for a lease of an additional three acre-feet of water with a System Development Charge of \$69,570.

**5. ITEM II-A-5: FIRST AMENDMENT TO THE SEPTEMBER 25, 2013 SETTLEMENT AGREEMENT BETWEEN DENVER WATER AND CLIMAX – AGREEMENT 500899**

Approved the First Amendment to the September 25, 2013 Settlement Agreement between Denver Water and Climax, Agreement 500899.

**6. ITEM II-B-1: NTP PROJECT UPDATE**

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 A. He reported that the project schedule is currently meeting deadlines and has the potential for early completion of project milestones. Due to the accelerated work, crews are accomplishing more this year than anticipated. NTP's accelerated progress is also reflected in the shift of metrics on Denver Water's financial report. This progress does not impact the total project budget, and it is too early to determine if it will impact the project completion date.

Site progress continues with foundational work for the chemical building and the installation of structural steel in the electrical building. Overall, the site has been very busy, and the team is making excellent progress. Mr. McCormick also noted that the differential settlement issue at Highway 93 has been repaired and work is complete. This repair will not impact the NTP budget or the estimate at completion.

The project is approaching \$158 million in total spending and the current budget forecast indicates that the project is on track to be completed below budget. Owner and contractor contingency remain below budget allocation and reflect contingency spending at a lower rate than work completion. Minority and women-owned business enterprise (MWBE) spending remains on track with targeted participation expected once all work is under contract. Construction is currently 23% complete with an estimated completion date of March 2024.

Mr. McCormick explained that the construction agreement with United Power is for the design and construction of electrical infrastructure for permanent power to the NTP. This agreement benefits Denver Water by expanding renewable energy resources on site, improving flexibility to service multiple meters existing on the Ralston property, thereby reducing the amount of power infrastructure to be maintained by Denver Water, and by yielding better rates for renewable energy investment.

Approved the Construction Agreement – Contract 504577 with United Power for the design and construction of new electrical infrastructure to serve the Northwater Treatment Plant, for a total contract amount not to exceed \$1,687,514,92.

## POLICY MATTERS

### 7. ITEM III-A: FIRST READING OF PROPOSED 2021 RATES

Mr. Fletcher Davis provided a first reading of the 2021 proposed rates, a copy of

which is attached to and incorporated in these Minutes as Exhibit B. He reported that the rate methodology is different than in past years. The proposed rates for 2021 include a 1.5% rate adjustment to fund the Lead Reduction Program (LRP). The fixed service charge will remain at 20% of Denver Water's total rate revenue.

Denver Water staff has been working with distributors 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.

Ms. Renee Davis reported that the proposed rate increases on the annual single-family bill will be modest, well below 2% as averaged throughout a year of water consumption. For single family residential customers, the average monthly bill would increase from \$0.45 for Total Service customers to \$0.67 for In-City customers. Compared with other front-range water providers, Denver Water's current and proposed rates fall within the average range of costs.

Mr. Davis thanked the distributors' Technical Advisory Committee for their innovative ideas and collaboration in developing an allocation model this year. He noted that the proposed rate implementation is January 1, 2021. The Board will have the opportunity to approve the rate increases at the October 28, 2020 meeting.

Mr. Fitzgerald, on behalf of the distributors, expressed support for the 2021 water rate proposal, recognizing that removing lead from drinking water is an important public and health policy issue. Given the unique character of the lead service line costs, and the disparity and cost drivers between In-City and Outside-of-City customers, the distributors have been meeting with Denver Water staff to develop a cost allocation methodology that is fair to all Denver Water users. With the onset of COVID-19, Denver Water staff proposed adopting a modest rate increase to recover some of the lead program costs and allocate them in accordance with one of the allocation models under consideration. Mr. Fitzgerald thanked Denver Water staff for the work accomplished in developing a model for the program, stating that he looked forward to future discussions regarding development of a long-term model. He also noted that the distributors' Technical Advisory Committee opposed the application of the 19% Outside-of-City rate multiplier to lead program costs in future years, given the unique public health

focus of this program. In closing, he thanked the Board for the opportunity to comment on the program.

Approved the first reading of the 2021 rates.

**8. ITEM III-B: 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 C. She reported that although the overall financials are still in the catch-up phase due to the onset of COVID-19, the program continues to make good progress in meeting project milestones, which includes meeting all regulatory deadlines. Residential property lead service line (LSL) replacements have increased and are on pace to reach the annual target of 4,477 by November, which is ahead of schedule. Filter distribution has also been completed and ahead of the Environmental Protection Agency (EPA) variance order deadline.

Ms. Woodrow reported that the LSL Reimbursement Pilot Program, which launched in May 2020, has received 196 applications, resulting in 23 reimbursements issued to date with more anticipated by year end. The benefits of the program include incentivizing customers to replace LSL's at an earlier rate and at a reduced cost to Denver Water and establishing good will with the developer community. The recommendation for 2021 is to reduce the reimbursement program's 2020 budget from \$2.2 million to \$1 million based on the actual reimbursements to date while still continuing the partial reimbursement offer.

The LRP continues its community outreach efforts with Spanish language news channels as well as the Hispanic Chamber of Commerce and has received positive comments on social media outlets regarding the program. Continued outreach to homes built between 1983-1987, as required by the EPA, includes free water quality tests and filters.

In response to questions from the Board, Ms. Woodrow noted that she is currently holding discussions with contractors regarding bid offers for 2021 and should have more information next month. Maps of completed work areas, as well as proposed 2021 work areas, will also be available in the coming months.

## EXECUTIVE UPDATE

### 9. ITEM IV-A: CEO REPORT

Mr. Lochhead reported that the 2020 watering season through August has been hot and dry with the greatest number of 90-degree days on record and water use about 10% above normal. As a result of increased usage, August revenues for water use exceeded the budget by \$4.7 million while August revenues for System Development Charges (SDCs) were below budget by about \$1.1 million. The end of year projection is about \$6 million under budget for SDCs.

He reported that salary and benefit expenses are holding at 1.4% below budget due to both fewer employees leaving the organization and the current hiring freeze. Professional and purchased services are below budget while materials and supplies have experienced an 11% increase. Total operating costs are at 1.7% below budget. The capital budget is currently running about 15% over budget, driven by the accelerated construction at the NTP.

The executive team continues to pursue its scenario planning exercises as it pertains to the potential impacts of COVID-19. There has not been a significant change in the number of delinquencies or accounts past due more than 60 days, although the total amount past due has increased to about \$1 million since April. Denver Water continues to take a cautious financial approach and is anticipating a lean budget for 2021.

In terms of COVID-19 impacts on employees, there have been no work-related illnesses at Denver Water facilities. On-site crews continue to be compliant with masking, social distancing, hand washing, and completion of daily health screening forms. Emergency management is reviewing operational performance supply chain disruption in existing stock to ensure critical inventory is maintained despite a global increase in COVID-19 cases, tropical weather, and distribution challenges.

Flu vaccines have been distributed to employees and more will be made available in the coming weeks. If a COVID-19 vaccine becomes available, it will be distributed according to the Colorado Department of Public Health and Environment.

Commissioner Austin thanked Mr. Lochhead for his proactive approach.

## BRIEFING PAPERS & REPORTS

### 10.ITME V-A-1: BRIEFING PAPER FOR AQUATIC INVASIVE SPECIES AT RALSTON RESERVOIR.

The Board received a Briefing Paper for Aquatic Invasive Species at Ralston Reservoir, a copy of which is incorporated and attached to these Minutes as Exhibit D.

## ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 9:55 a.m.

DocuSigned by:  
*Jim Lochhead*  
DEDE0A31877B484...  
Secretary

DocuSigned by:  
*Greg Austin*  
44200A800895454...  
President