

AGENDA

Denver Board of Water Commissioners

Video Conference: <http://zoom.us/join>, Meeting ID: 851 6956 1997 - Passcode: 742455 or
Dial in (669) 900-6833 - Meeting ID: 851 6956 1997 - Passcode: 742455

Members of the public are asked to participate via video conference due to COVID-19 safety protocols

Wednesday, May 11, 2022 9:00 a.m.

I. INTRODUCTORY BUSINESS

A. Call to Order and Determination of Quorum

B. Public Comment and Communications

At this point in the agenda, the Board may allow members of the public to address the Board on any item of interest within the jurisdiction of the Board, and not on the agenda for action. Speakers wishing to address a specific Action Item will be invited to address the Board when the item is being considered. Three minutes are allowed for each person unless the President determines otherwise.

1. Distributor Communications
2. Citizen Advisory Committee Communications

C. Ceremonies, Awards and Introductions

D. Legislative Update Andrew Hill 5 minutes

II. ACTION ITEMS

A. Consent Items

Items listed below are considered routine and may be enacted by one motion and vote. If any Board member desires discussion beyond explanatory questions, or corrections to the Minutes, the President may order that item to be considered in a separate motion and vote.

1. Minutes from April 13, 2022
2. Minutes from April 27, 2022
3. Intergovernmental Agreement 505283 with City of Brighton and South Adams County Water and Sanitation District
4. Second Amendment to Agreement with Pure Brand – Contract 503941
5. Foothills Treatment Plant Reservoir No. 1 & No. 2 Roof Slab Waterproofing Improvements – Contract 505063

B. Individual Approval Items

- | | | |
|---|-----------------|------------|
| 1. Reimbursement Resolution for Tax-Exempt Debt | Angela Bricmont | 10 minutes |
|---|-----------------|------------|

III. POLICY MATTERS

- | | | |
|---|-----------------|------------|
| C. Fishing Guide Permit Program – South Platte River | Brandon Ransom | 20 minutes |
| D. Insurance Renewal Strategy | Abdul Aslamy | 10 minutes |
| E. Water Supply Update | Nathan Elder | 10 minutes |
| F. Q1 Performance Report | Stephanie Abram | 10 minutes |

IV. EXECUTIVE UPDATE

- A. **CEO Update**
- B. **CFO Update**
- C. **Operations Update**

V. BRIEFING PAPERS & REPORTS

- A. **Briefing Paper**
 - 1. Insurance Strategy
- B. **Report**

VI. ADJOURNMENT

VII. TRUSTEE MATTERS

VIII. EXECUTIVE SESSION

The Board may adjourn the regular meeting and reconvene in executive session on topics authorized by D.R.M.C Sec. 2-34.

- A. **Confidential Report**

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 11, 2022

Board Item: II-A-3

Intergovernmental Agreement 505283 with City of Brighton and South Adams County Water & Sanitation District

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to provide on a temporary, as available basis, up to 139 acre-feet of potable water per year for five years to the City of Brighton (Brighton) under Contract 505283. Since Denver Water does not have a direct connection to Brighton's potable water distribution system, these deliveries will be made through Denver Water's connection with South Adams County Water & Sanitation District (SACWSD). SACWSD will carry the water to its connection with Brighton's distribution system to complete the delivery.

This lease will help provide peak season capacity to the Brighton while it plans and constructs additional treatment capacity. Availability of this is secondary to Denver Water customer needs and will be subject to water shortage restrictions if declared by the Board over the duration of the contract. The charge for the water will be at the current potable water rate for outside Denver Water's Service Area. Brighton will also be required to, at a minimum, take or pay for up to 50% of the water made available under this lease each year. Because the leased water will be used outside Denver Water's Service Area, this contract requires a West Slope Charge Agreement pursuant to the Colorado River Cooperative Agreement. The West Slope Charge Agreement is incorporated into this Intergovernmental Agreement as Exhibit B.

Budget and Schedule:

The total amount of this Intergovernmental Agreement 505283 is up to \$211,067.33, per year (\$1,055,336.65 in total) which will be a receivable for Denver Water. The term for the agreement will extend from the date signed through December 31, 2026.

S/MWBE Information:

Small/Minority and Women-owned Business Enterprise goals are not applicable for this item.

Recommendation:

Staff recommends that the Board approve Agreement 505283 with City of Brighton and South Adams Water and Sanitation District for up to 139 ac-ft per year (total of up to 695 ac-ft) of potable water and the West Slope Charge Agreement incorporated therein.

Approvals

- | | |
|---|--|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input type="checkbox"/> Julie Anderson, Chief of Staff | <input checked="" type="checkbox"/> Richard B. Marsicek, Chief Water Resource Strategy Officer |
| <input checked="" type="checkbox"/> Jessica R. Brody, General Counsel | <input type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer |
| <input checked="" type="checkbox"/> Angela C. Bricmont, Chief Finance Officer | <input type="checkbox"/> Thomas J. Roode, Chief Operations Officer |

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 11, 2022

Board Item: II-A-4

Second Amendment to Agreement with Pure Brand Contract 503941

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to request an amendment for time and budget to Contract 503941 with Pure Brand for marketing and advertising services.

Pure Brand was contracted in June 2019 to help Denver Water create an umbrella marketing campaign that could be used for different audiences while maintaining brand consistency and to foster and maintain a high level of trust among the public on a variety of topics including, but not limited to, water efficiency, water reuse, capital infrastructure projects, water quality, watershed production, and drought in the Colorado River Basin.

After conducting focus groups with Denver Water employees, executives and board members, the “Life is better with water” campaign was approved in December 2019. The campaign launched in late February 2020, with an initial media buy of print, radio, outdoor billboards, and digital elements. Due to the lockdown associated with the pandemic, most of the media was pulled in mid-March 2020. For the paid media in the market that could not be pulled, we worked with Pure Brand and pivoted messaging to support a COVID-19 handwashing, germ-fighting theme on outdoor billboards and digital media.

With the marketing campaign on hold and a newly identified need for marketing and advertising services related to the launch of the Lead Reduction Program (LRP) in 2020, we shifted Pure Brand’s resources to supporting the communications, outreach, and education efforts for the LRP. Pure Brand developed the LRP style guide, produced templates and materials for all program communications, and advertising from April 2020 to present. These services were paid from the LRP Business Unit budget.

As our community emerges out of the pandemic, we are seeking to extend Pure Brand’s contract to carry out the initial intent of the three-year marketing campaign, while also continuing to use Pure Brand to support the LRP.

Budget and Schedule:

The total amount of this amendment is \$1,957,000, bringing the total contract value to \$3,257,000, and extending the term to October 31, 2025. Funds for this service/contract will come from the 2022 budget for Integrated Marketing (IM) and the Lead Reduction Program (LRP) Business Units, which have sufficient funds to pay the \$373,000 (\$225,000 IM, \$148,000 LRP) estimated to be needed in 2022. The remaining \$1,584,000 (\$1,150,000 IM, \$434,000 LRP) will be budgeted in years 2023-2025.

Selection of Business Partner:

Pure Brand was selected in 2019 through a competitive selection process.

S/MWBE Information:

The contractor is a Small Business Enterprise.

Recommendation:

Staff recommends that the Board approve the second amendment to Contract 503941 with Pure Brand for marketing and advertising services for an extension of the contract period through October 31, 2025, and for an addition of \$1,957,000, for a total amended contract amount not to exceed \$3,257,000.

Approvals:

- | | |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input checked="" type="checkbox"/> Julie Anderson, Chief of Staff | <input type="checkbox"/> Richard B. Marsicek, Chief Water Resource Strategy Officer |
| <input type="checkbox"/> Jessica R. Brody, General Counsel | <input type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer |
| <input checked="" type="checkbox"/> Angela C. Bricmont, Chief Finance Officer | <input type="checkbox"/> Thomas J. Roode, Chief Operations Officer |

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 11, 2022

Board Item: II-A-5

Foothills Treatment Plant Reservoir No. 1 & No. 2 Roof Slab Waterproofing Improvements Contract 505063

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to execute a contract to seal the concrete roof slabs over Foothills Treated Water Reservoirs No. 1 & No. 2 from water intrusion through known and unknown cracks. Recent attempts to address seepage into the reservoir by installing repairs from the interior of the reservoirs have proven to be only partially effective. By installing a membrane over the roof slab, a long-term self-healing barrier will be provided to stop leaks from the reservoir exterior. This will satisfy the guidelines and requirements of the Colorado Department of Public Health and Environment.

Budget and Schedule:

The total amount of this contract is \$4,305,790 and the term of the contract is May 11, 2022 through May 26, 2023. Funds for this contract will come from the 2022 budget for Foothills Reservoir No. 1 & No. 2 Waterproofing business unit, which has sufficient funds to pay the \$1,800,000 estimated to be needed in 2022. The remaining \$2,505,790 will be budgeted in year 2023.

Selection of Business Partner:

Denver Water solicited bids from three general contractors listed on the prequalified contractor list under the Heavy Civil and Structural Repair disciplines. This contract was a restricted bid process using invitations to bid on the QuestCDN platform. On April 14, 2022, bids were received from 3 general contractors. Western Specialty Contractors of Colorado was selected based on the lowest cost bid.

S/MWBE Information:

The Small Minority and Women-owned Business Enterprise goal established for this project is 5% participation. Western Specialty Contractors has proposed 5.3% participation.

Recommendation:

Staff recommends that the Board approve Contract 505063 with Western Specialty Contractors for Foothills Treatment Plant Reservoir No. 1 & No. 2 Roof Slab Waterproofing Improvements for the contract period May 11, 2022 through May 26, 2023 for a total contract amount not to exceed \$4,305,790.

Approvals

- | | |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input type="checkbox"/> Julie Anderson, Chief of Staff | <input type="checkbox"/> Richard B. Marsicek, Chief Water Resource Strategy Officer |
| <input type="checkbox"/> Jessica R. Brody, General Counsel | <input checked="" type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer |
| <input checked="" type="checkbox"/> Angela C. Bricmont, Chief Finance Officer | <input type="checkbox"/> Thomas J. Roode, Chief Operations Officer |

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

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



DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 11, 2022

Board Item: II-B-1

Reimbursement Resolution for Tax-Exempt Debt

Action by Consent

Individual Action

Purpose and Background:

The purpose of the Board item is to recommend the Board adopt the attached Reimbursement Resolution to allow for the use of tax-exempt debt proceeds to reimburse Denver Water for eligible project expenditures for 2022 and beyond. Denver Water uses cash reserves or proceeds from the Line of Credit to pay for capital expenditures and later reimburses those expenditures with tax-exempt bond proceeds. This practice helps optimize the size and timing of the bond issue, minimize negative arbitrage, and increase certainty about the timing and size of capital expenditures to be debt-financed.

The IRS requires an advance written declaration of intent to reimburse capital expenditures with tax-exempt debt. The attached Reimbursement Resolution states the Board's intent to use tax-exempt debt to reimburse cash reserves or refund outstanding borrowing on the Line of Credit for eligible project expenditures incurred in 2022 and beyond. The 2022 Resolution replaces the 2019 Reimbursement Resolution.

Denver Water expects to spend approximately \$765.7 million for expansion and replacement capital projects in the next few years. Some of the largest projects include construction of the Northwater Treatment Plant and Gross Reservoir expansion, main replacements, construction of the Water Resources Center, and pump station upgrades.

The Reimbursement Resolution declares intent for sources of funding. It does not approve any project, expenditure, or bond. All capital projects and expenditures must be approved by the Board through the annual budget process. Similarly, any bonds used for reimbursement will be approved by the Board via adoption of the supplemental bond resolution specific to a series.

Budget and Schedule:

There is no budgetary impact for this item.

Recommendation:

Staff recommends that the Board adopt the attached Resolution, declaring its official intent to reimburse cash reserve expenditures from the proceeds of one or more series of bonds, in an expected maximum aggregate principal amount of \$765.7 million.

Approvals

- James S. Lochhead, CEO/Manager
- Julie Anderson, Chief of Staff
- Jessica R. Brody, General Counsel
- Angela C. Bricmont, Chief Finance Officer

- Brian D. Good, Chief Administrative Officer
- Richard B. Marsicek, Chief Water Resource Strategy Officer
- Robert J. Mahoney, Chief Engineering Officer
- Thomas J. Roode, Chief Operations Officer

TITLE: MAY 11, 2022 REIMBURSEMENT RESOLUTION

ADOPTED AND APPROVED ON MAY 11, 2022 BY THE CITY AND COUNTY OF DENVER
ACTING BY AND THROUGH ITS BOARD OF WATER COMMISSIONERS

Gary M. Reiff, Board President

James S. Lochhead, CEO/Manager

The Board of Water Commissioners finds that:

- A. The City and County of Denver, Colorado, acting by and through its Board of Water Commissioners (Board), expects to incur and pay from the Water Works Fund certain expenditures (Expenditures), including preliminary expenditures for certain water projects (Eligible Projects) and to finance selected Expenditures and Eligible Projects (all as described on Exhibit A attached hereto) by the issuance of one or more series of revenue bonds (Bonds).
- B. The Board reasonably expects to reimburse certain Expenditures with proceeds of the Bonds.
- C. The Internal Revenue Service, United States Department of the Treasury has issued regulations (Regulations) under Section 103 of the Internal Revenue Code of 1986, as amended (Code), clarifying when capital expenditures made and allocated by a governmental entity to tax-exempt bond proceeds to reimburse that entity for such expenditures will be treated as an “expenditure” of tax-exempt bond proceeds within the meaning of Section 103 of the Code and Regulations.
- D. Pursuant to this Reimbursement Resolution, the Board is declaring its “official intent”, in compliance with the Code and Regulations, to reimburse the Expenditures within the meaning of Treasury Regulation §1.150-2. from the proceeds of one or more series of Bonds, in a maximum expected aggregate principal amount of \$765.7 million.

Based on the foregoing findings, the Board:

1. Authorization of Financing. The Board hereby preliminarily authorizes financing for Eligible Projects. The Board expects that the financing for selected Eligible Projects (a) will not exceed the maximum aggregate principal amount of \$765.7

Adopted by the Board on May 11, 2022

million, and (b) will be accomplished with funds raised from the sale of the Bonds, the interest on which is to be excludible from gross income for federal income tax purposes.

This Reimbursement Resolution expresses the Board's expectations as of the date hereof with respect to the financing of the Eligible Projects. Future events or extraordinary circumstances beyond the control of the Board may result in selected Eligible Projects being financed in a manner other than as described herein, and nothing contained herein constitutes an irrevocable commitment by the Board to so finance the Eligible Projects.

2. Reimbursement of Expenditures. The Board intends to make Expenditures from its own funds to finance certain costs relating to the acquisition, installation, and construction of the Eligible Projects. The Board reasonably expects that such Expenditures will be reimbursed with the proceeds of the Bonds. All of such Expenditures constitute "capital expenditures" within the meaning of Section 1.150-1(b) of the Regulations. The Board shall not use reimbursed moneys for purposes prohibited by Treasury Regulation §1.150-2(h).
3. Reimbursement Period. The reimbursement allocation to be made with respect to such Expenditures for the Eligible Projects will occur not later than 18 months after the later of (a) the date on which the Expenditures are paid or (b) the date on which the portion or portions of the Eligible Projects (for which reimbursement allocations are to be made) are placed in service, but in no event more than three years after the original Expenditures are paid (in applying this Section 3 to a construction project for which both the Board and a licensed architect or engineer certify that at least five years are necessary to complete construction of the project, the maximum period is changed from "three years" to "five years"). No reimbursement allocation will be made with respect to an Expenditure paid prior to the 60-day period preceding the date of this Reimbursement Resolution, except with respect to any "preliminary expenditures" as defined by Section 1.150-2(f)(2) of the Regulations.
4. Reimbursement Allocation. The Board's Chief Finance Officer shall make a written "reimbursement allocation", as described in Section 1.150-2(c) of the Regulations, being generally the transfer of the appropriate amount of proceeds of the Bonds to reimburse the source of temporary financing used by the Board to pay the reimbursed costs of the Eligible Projects. Each allocation shall (a) be evidenced by an entry on the official books and records of the Board maintained for the Bonds, and (b) specifically identify the actual prior Expenditure being reimbursed or, in the case of reimbursement of a fund or account in accordance with Section 1.150-2 of the Regulations, the fund or account from which the Expenditures were paid. Such allocation shall be made within 30 days from the issuance of the related Bonds.

Adopted by the Board on May 11, 2022

5. Official Intent. This resolution is intended to be a declaration of “official intent” to reimburse expenditures within the meaning of Treasury Regulation §1.150-2.
6. Payment of the Bonds. The Board expects to pay the debt service on the Bonds from operating revenues of the Board.
7. Repealer. All resolutions of the Board inconsistent with this Reimbursement Resolution are hereby repealed to the extent of such inconsistency and all actions of the officers, agents and employees of the Board which are in furtherance of or in conformance with the purposes and intent of this Reimbursement Resolution are hereby in all respects ratified, approved and confirmed.
8. Invalid, etc. Provisions Disregarded. If any provision of this Reimbursement Resolution shall be judicially determined to be invalid or unenforceable, such determination shall not affect the remaining provisions hereof, the intention being that the provisions hereof are severable.

Adopted by the Board on May 11, 2022

EXHIBIT A
TO RESOLUTION OF BOARD OF WATER COMMISSIONERS
Anticipated Projects for Years 2022 through 2023

Project Portfolio	Anticipated Capital Expenditures 2022-2023 (millions)
Collection	\$296,093
Distribution	\$117,895
Expansion	\$7,872
Operations Support/Other	\$160,736
Treatment	\$183,099
Grand Total	\$765,695

Adopted by the Board on May 11, 2022

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 11, 2022

Board Item: V-A-1

Briefing Paper for Insurance Strategy

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View
An analysis and evaluation of our insurance strategies link directly with the goal under Excellent Operations that states, "We are driven to continuously improve in everything we do. We use standard work, work plans, asset and risk management practices, metrics and operation reporting to effectively and efficiently manage the business".

Summary

Denver Water's insurance broker/advisor, Marsh, competitively markets insurance requirements every three years or sooner if favorable market conditions exist. Because insurance policies need to be renewed annually, Marsh provides recommendations to renew or replace policies expiring on June 1, 2022. The purpose of this briefing paper is to provide information on our current insurance policies, trend in the markets, and anticipated changes to our pricing and coverage. Staff will present recommendations on May 11, 2022 with an action item to follow on May 25, 2022.

Background

Denver Water's broker advises staff on insurance requirements and appropriate coverage and deductible amounts. Marsh bids the requirements, provides contract-related insurance advice, assists in settling insurance claims, alerts Denver Water of self-insurance opportunities and helps staff analyze changes. Factored into this analysis is the Colorado Governmental Immunity Act, which limits Denver Water's general liability exposure to \$424,000 per person and \$1,195,000 per occurrence.

Denver Water is self-insured for medical and dental benefits, auto liability and workers' compensation. Stop loss insurance is purchased to limit Denver Water's exposure to workers' compensation and medical claims. Denver Water purchases insurance policies for property and equipment, excess liability, crime, fiduciary exposures, cyber, terrorism, malicious attacks, and accidental death and disability insurance for its employees. This coverage protects Denver Water, the Board, the executive officers and employees from financial loss due to property damage or loss, theft, vandalism, certified and non-certified acts of terrorism, errors and omissions, equipment breakdown, fiduciary risks, cyber-attacks, active shooter/non-peaceful protests situation, and health and accidental death and disability claims.

Certain lines of coverage have stabilized while others have shown significant premium and rate increases. Some carriers have been reducing or excluding certain coverages that were once standard inclusions in their policies. In this most recent renewal, most of Denver Water's carriers have been able to maintain expiring coverage or make enhancements, including decreased deductibles and increased sub-limits. Some lines of coverage did, however, experience premium increases, most notably property. This is attributed to many general factors such as high instances of natural disasters (wildfire, wind/hail damage), drastic rise in cost of construction materials, lack of available labor and underinsured values that have not kept pace with inflation. The cyber marketplace has also proven particularly challenging for public entities.

Outside counsel has assessed the coverages and exclusions within the fiduciary policy and has provided feedback and recommendations. The quoted cyber policy is currently under review and staff anticipates receiving the outside counsel's recommendations prior to the renewal of the policy. If Denver Water needs to bind coverage before the review process has been completed, there are provisions within the policy to cancel coverage.

A representative from Marsh will present the insurance program to the Board at the May 11, 2022 Board meeting.

Budget

The Finance Division budgeted \$1,081,241 in the 2022 budget for the above policies. The premiums for the 2022 to 2023 term will be presented at the May 25, 2022 Board meeting.

Owner(s)

Usha Sharma, Treasurer

Attachments

Denver Water's Insurance Program Structure
Denver Water's Cyber Insurance Options

Respectfully submitted,

Usha Sharma, Treasurer

Angela Bricmont, Chief Finance Officer