

AGENDA

Denver Board of Water Commissioners

Denver Water Board Room, 1600 W 12th Avenue, Denver, Co 80204 and

Video Conference: <http://zoom.us/join>, Meeting ID: 882 3417 6376 - Passcode: 600590 or

Dial in (669) 900-6833 - Meeting ID: 882 3417 6376 - Passcode: 600590

Members of the public are welcome to attend either in person or by video conference

Wednesday, May 22, 2024 – 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

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. Settlement of Case No. 24CV30378, Denver Water v. Henkels & McCoy, Inc. – Contract 506076
2. Financial Advisory Services – Contract 506010
3. Aquatic Nuisance Species (ANS) Inspections – Contract 506075
4. Property, Casualty, and Cyber Insurance Policy Renewals/Purchases

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B. Individual Approval Items

- | | | |
|--|-------------------|------------|
| 1. From Forests to Faucets 3: USFS and CSFS Agreements – Presentation | Madelene McDonald | 15 minutes |
| a. The U.S. Forest Service 2024 Collection Agreement From Forests to Faucets Partnership – Contract 506060 | | |
| b. From Forests to Faucets: Colorado State Forest Service Agreement for Non-Federal Lands Management – Contract 506068 | | |
| 2. Intergovernmental Agreement with Arapahoe County for the High Line Canal – Contract 506071 | Tom Roode | 10 minutes |
| 3. 2024 Miscellaneous Fees | John Potts | 10 minutes |

III. POLICY MATTERS

IV. EXECUTIVE UPDATE

A. CEO Update

B. CFO Update

1. Monthly Financial Report – April 30, 2024

C. Operations Update

V. BRIEFING PAPERS & REPORTS

A. Briefing Paper

B. Report

1. Gross Reservoir Update
2. Northwater Treatment Plant Update

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 22, 2024

Board Item: II-A-1

Settlement of Case No. 24CV30378, Denver Water v. Henkels & McCoy, Inc. Contract 506076

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to seek Board approval to settle pending civil litigation that Denver Water brought against an excavator to recover damage to its facilities. Henkels & McCoy, Inc. (Henkels & McCoy), an excavation company, hit a Denver Water conduit while drilling and boring nearby, causing \$280,893.33 in damage. Denver Water filed suit to recover these damages in March 2024 after multiple unsuccessful attempts to engage the defendant to resolve Denver Water's claim. On April 29, 2024, counsel for Henkels & McCoy agreed to pay the full amount of actual damages.

Budget and Schedule:

Through this settlement, Denver Water will recover \$280,893.33, which will be booked as revenue.

Recommendation:

Staff recommends that the Board approve the settlement of Denver District Court Case No. 24CV30378 in the amount of \$280.893.33 with Henkels & McCoy.

Approvals

- | | |
|---|---|
| <input checked="" type="checkbox"/> Alan Salazar, 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 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 checked="" type="checkbox"/> Thomas J. Roode, Chief Operations Officer |

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2024

Board Item: II-A-2

Financial Advisory Services Contract 506010

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to seek approval of Contract 506010 with PFM Financial Advisors LLC for financial advisory services in connection with the issuance of debt for the Board. As a Financial Advisor to the Board, the consultant will assist with the evaluation of financing options as well as the development and implementation of long- and short-term debt strategies. The consultant will also monitor financing opportunities and market trends to provide strategic advice to the Board and staff. Finally, the consultant will serve as Denver Water's independent Registered Municipal Advisor. Assistance with evaluation, risk analysis, and implementation of short-term and long-term financing options available to Denver Water.

Budget and Schedule:

The total amount of this contract is \$1,300,000 and the term of the contract is from June 1, 2024 through May 31, 2029. Funds for this contract will come from the 2024 budget for the Debt Business Unit which has sufficient funds to pay the \$170,000 estimated to be needed in 2024. The remaining \$1,130,000 will be budgeted in years 2025 through 2029.

Selection of Business Partner:

In March 2024, Denver Water Procurement issued a request for proposals (RFP) via direct solicitation to twelve firms. Additionally, Procurement advertised the RFP on the Rocky Mountain E-Purchasing System (BidNet), the Denver Water public website, and via e-mail to S/MWBE chambers and trade organizations. Denver Water received six proposals. The recommendation of award to PFM Financial Advisors LLC is based on their experience and reputation, ability to provide services requested, professional staff/client relations, corporate organization, pricing, and because their proposal response was determined to provide the best overall value to Denver Water.

S/MWBE Information:

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

Recommendation:

Staff recommends that the Board approve Contract number 506010 with PFM Financial Advisors LLC for financial advisory services for the contract period June 1, 2024 through May 31, 2029 for a total contract amount not to exceed \$1,300,000.

Approvals

- | | |
|---|---|
| <input checked="" type="checkbox"/> Alan Salazar, 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 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 |

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2024

Board Item: II-A-3

Aquatic Nuisance Species (ANS) Inspections Contract 506075

Action by Consent

Individual Action

Purpose and Background:

Since 2009, Denver Water and Colorado Parks and Wildlife (CPW) have worked together to ensure that aquatic nuisance species (ANS) do not enter Denver Water's waterways or infrastructure. CPW has provided inspections for Denver Water at Antero, Eleven Mile, and Williams Fork reservoirs since inspection at those sites began in 2009. Of particular interest to Denver Water are Zebra and Quagga Mussels. These non-native mussels are typically transported from one waterbody to another via watercraft, attach to virtually anything, and have infested many of the country's waterways. They can clog intake structures, pipelines and other infrastructure and cost millions of dollars to remove. The purpose of the ANS inspection program is to inspect and, if necessary, decontaminate every trailered boat that enters Denver Water reservoirs. This prevents these nuisance species from entering Denver Water's system, and more broadly, the state. The results of the statewide ANS program have been very favorable.

Budget and Schedule:

The total amount of this contract is \$1,000,000 and the term of the contract is January 1, 2024 through December 31, 2028. Funds for this contract will come from the 2024 budget for Aquatic Nuisance Species Program, which has sufficient funds to pay the \$200,000 estimated to be needed in 2024. The remaining \$800,000 will be budgeted in years 2025-2028.

Recommendation:

Staff recommends that the Board approve Contract 506075 with Colorado Parks and Wildlife for aquatic nuisance inspections for the contract period January 1, 2024 through December 31, 2028 for a total contract amount not to exceed \$1,000,000.

Approvals

- | | |
|---|---|
| <input checked="" type="checkbox"/> Alan Salazar, CEO/Manager | <input checked="" 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 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 |

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2024

Board Item: II-A-4

Property, Casualty, and Cyber Insurance Policy Renewals/Purchases

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to obtain the Board's approval to delegate authority to the CEO to bind annual insurance coverages. Staff recommends that Denver Water renew its existing insurance policies including property, fiduciary, excess liability, crime, cyber, terrorism, and malicious attack. Staff also recommends obtaining a new policy for standalone employment practice liability coverage.

Budget and Schedule:

The not to exceed amount of these policy renewals is \$2,100,000 and the term of the policies begins June 1, 2024, and ends June 1, 2025 for all lines of coverage, except for crime, which has a three-year policy period that began on June 1, 2023 with an end date of June 1, 2026. Funding for these services will come from the 2024 insurance budget. The amount being budgeted for the crime policy in future years is \$5,198. The annual budget for insurance renewals and purchases is \$1,872,816 and a budget variance will be needed if this is exceeded.

Selection of Business Partner:

Denver Water's insurance broker, Marsh, evaluates carriers based on their financial strength and stability and other factors such as the carrier's credit ratings, financial performance, and ability to pay claims. Marsh competitively markets insurance requirements every three years or sooner if favorable market conditions exist. For this renewal period, Marsh marketed cyber, excess liability, and employment practice liability as a standalone coverage, while maintaining carrier relationships with the other lines of coverage.

Recommendation:

Staff recommends that the Board approve the delegation of authority to the CEO to renew and bind annual coverage for the policies related to property and equipment, excess liability, fiduciary, crime, cyber, terrorism, and malicious attack and to obtain a new policy for standalone employment practice liability. The total amount of this renewal is not to exceed \$2,100,000.

Approvals

- | | |
|---|---|
| <input checked="" type="checkbox"/> Alan Salazar, 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 |

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2024

Board Item: II-B-1-a

The U.S. Forest Service 2024 Collection Agreement From Forests to Faucets Partnership Contract 506060

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board Item is to approve Contract 506060 to conduct forest health projects on approximately 4,601 acres of National Forest System lands that are in priority watersheds.

Since 2010, the From Forests to Faucets Partnership (Partnership) has been a successful collaborative partnership between Denver Water and the U.S. Forest Service (USFS). The goal of the Partnership is to implement forest and watershed health projects to reduce the risk of catastrophic wildfire and restore forests impacted by catastrophic wildfire events in Denver Water's priority watersheds.

The Partnership has continued through a Memorandum of Understanding (MOU) that was signed in June 2022 by Denver Water, USFS, Colorado State Forest Service, Natural Resources Conservation Service, and the Colorado Forest Restoration Institute.

Every year under the MOU, Denver Water enters into a collection agreement with the USFS for proposed forest health projects. The term of each agreement is five years to account for the multiple years it takes to implement most wildfire risk reduction projects. Therefore, there are several concurrent agreements. This year's collection agreement (Contract 506060) for \$1,361,832 is from the committed funds as part of the partnership. The focus of this agreement is to conduct wildfire risk reduction, watershed restoration and improvements, and maintenance of past and current treatments on approximately 4,601 acres on National Forest System lands within priority watersheds.

Budget and Schedule:

The total amount for this contract is \$1,361,832 and the term of the contract is May 22, 2024 through April 15, 2029. Denver Water is invoiced annually for work completed. Funds for this contract will come from the From Forests to Faucets business unit, which has sufficient funds to pay the \$1,000,000 estimated to be needed in 2024. The remaining amount will be budgeted in years 2025 through 2029.

Recommendation:

Staff recommends that the Board approve Contract 506060 with the USFS for forest health and wildfire risk reduction for the contract period May 22, 2024 through April 15, 2029 for a total contract amount not to exceed \$1,361,832.

Approvals

- | | |
|---|--|
| <input checked="" type="checkbox"/> Alan Salazar, 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 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 |

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2024

Board Item: II-B-1-b

From Forests to Faucets: Colorado State Forest Service Agreement for Non-Federal Lands Management Contract 506068

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to approve Contract 506068 to conduct wildfire risk reduction and forest restoration projects on non-federal lands and fulfill Denver Water's commitments initiated through the From Forests to Faucets 3 Memorandum of Understanding (MOU), signed June 2022.

Since 2010, the From Forests to Faucets Partnership (Partnership) has been a successful collaborative partnership between Denver Water and the U.S. Forest Service (USFS). The Partnership was expanded in 2017 to include non-federal lands through the additional signatories of the Colorado State Forest Service (CSFS) and the Natural Resources Conservation Service to complement work completed on the National Forest. The goal of the Partnership is to implement forest and watershed health projects to reduce the risk of catastrophic wildfire and restore forests impacted by wildfire events in Denver Water's priority watersheds.

This agreement with the CSFS for \$3,800,000 is from the MOU's committed funds as part of the From Forests to Faucets Partnership. In addition to Denver Water's contribution, CSFS will contribute an additional \$3,800,000 through a 1:1 match on every project executed through this contract.

Budget and Schedule:

The total amount of this contract is \$3,800,000 and the term of the contract is May 31, 2024 through May 31, 2029. Funds for this contract will come from the From Forests to Faucets Business Unit, which has sufficient funds to pay the \$750,000 estimated to be needed in 2024. The remaining \$3,050,000 will be budgeted in the years 2025-2029.

S/MWBE Information:

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

Recommendation:

Staff recommends that the Board approve Contract 506068 with the Colorado State Forest Service for forest health and wildfire risk reduction for the contract period May 31, 2024 through May 31, 2029 for a total contract amount not to exceed \$3,800,000.

Approvals

- | | |
|---|--|
| <input checked="" type="checkbox"/> Alan Salazar, 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 |

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2024

Board Item: II-B-2

Intergovernmental Agreement with Arapahoe County for the High Line Canal Contract 506071

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to approve Intergovernmental Agreement (IGA) 506071 with Arapahoe County to establish transition maintenance commitments and on-going roles and responsibilities following the land transfer of portions of Denver Water's High Line Canal property.

Through the Purchase and Sale Agreement signed in December 2023, Denver Water agreed to transfer approximately 45 miles of fee ownership of its High Line Canal property through Arapahoe, Denver and Adams counties to Arapahoe County Board of County Commissioners. The Purchase and Sale Agreement states that prior to conveyance of the Property to Arapahoe County, Denver Water will convey a conservation easement to the High Line Canal Conservancy. It also acknowledges that Denver Water will reserve an easement for water works purposes. The conservation easement and transfer deed have been modified since the Board approved the Purchase and Sale Agreement, but both documents have remained substantially in the form.

The IGA is designed to clarify how all parties can use the Property for their intended uses. The IGA confirms Denver Water's agreement to perform maintenance and administrative activities through December 31, 2026 and spells out the process for transferring these responsibilities to Arapahoe County. Additionally, the IGA describes how Denver Water will operate, maintain and communicate regarding its current irrigation activities and any potential future water works uses.

Budget and Schedule:

The total commitment for Denver Water's transition responsibilities in the IGA totals \$1,017,900. The term of the contract begins upon property transfer date and is perpetual so long as Denver Water holds the reserved easement for water works purposes. Funds for the transition work have been budgeted in the 2024 Operation and Maintenance and Recreation budgets used to maintain the canal and will also be included in the proposed 2025 budgets for the High Line Canal.

S/MWBE Information:

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

Recommendation:

Staff recommends that the Board approve Intergovernmental Agreement 506071 with Arapahoe County for transition maintenance commitments and the on-going roles and responsibilities for the High Line Canal.

Approvals

- | | |
|---|---|
| <input checked="" type="checkbox"/> Alan Salazar, 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 type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer |
| <input checked="" type="checkbox"/> Angela C. Bricmont, Chief Finance Officer | <input checked="" type="checkbox"/> Thomas J. Roode, Chief Operations Officer |

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 22, 2024

Board Item: II-B-3

2024 Miscellaneous Fees

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to seek approval of proposed updates to the Denver Water Miscellaneous Fee Schedule to reflect Denver Water’s current costs to provide special services to customers. Denver Water assesses miscellaneous fees for various goods and services associated with providing water service that are not recovered via monthly water rates. These costs relate directly to the provision of goods or services to particular licensees (customer) rather than all customers.

Miscellaneous fees are categorized as either service fees or penalty fees. Service fees are designed to recoup the cost of special services provided. Penalty fees, in contrast, are set at the level that incentivizes compliance. Miscellaneous fees are supported by the charter in Chapter 6 Rates and Billing Section 6.06.1 Special Service Fees and Section 6.06.02 Penalty Fees.

Based on an updated review of the costs to provide special services, Denver Water Staff recommends increases to nine service fees to offset the increased cost of labor and operational changes to processes of delivering these services. Staff recommends increasing one penalty fee—failure to annually inspect backflow prevention assembly—to encourage compliance with environmental regulations and promote public safety. Staff recommends fee increases be effective starting January 1, 2025.

In addition, staff recommends that starting in 2026, the miscellaneous fees be increased annually by the Bureau of Labor and Statistics Denver Metropolitan over-the-year inflation rate, and that full cost analysis reviews be completed on a 5-year basis.

Fee	Current Fee	Proposed Fee	Proposed Revenue
Reactivation Fee	\$ 70	\$ 75	\$ 44,680
Tap Stub In	30	40	513,240
Plan Review Fees			344,840
Under 300’	600	900	See Above
Between 300’ and 2,500’	1,200	2,190	See Above
Over 2,500’	2,000	4,120	See Above
Distribution Inspection (Per Foot)	3	5	615,007
Distribution Inspection OT	75	90	102,800
Backflow Prevention	150	1,000	0
Amended Easement Document	1,000	3,300	18,920
Permanent Easement/Property License	2,000	3,300	182,402
Easement Release	410	1,400	35,294
Letter of Authorization			8,120
Personal Letter of Authorization	50	60	See Above
Professional Letter of Authorization	50	140	See Above
Total			\$1,865,303

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Budget and Schedule:

The increase to miscellaneous fees is estimated to generate \$645,323 in additional revenue in 2025 as compared with current fees.

Recommendation:

Staff recommends an increase to ten miscellaneous fees as listed above on January 1, 2025. Additionally, staff recommend yearly inflationary increases based on the Bureau of Labor and Statistics Denver Metropolitan over-the-year inflation rate to service fees with full cost analysis reviews every five years.

Approvals

- | | |
|---|---|
| <input checked="" type="checkbox"/> Alan Salazar, 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 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 |