

# AGENDA

## Denver Board of Water Commissioners

Denver Water Board Room, 1600 W 12<sup>th</sup> 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, July 26, 2023 9:00 a.m.**

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### 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

### 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. 2023/2024 Vault Modifications 56<sup>th</sup> Avenue Pump Station & Reservoir – Contract 505378
2. 2023 Conduit Valve Replacements – Contract 505556

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**B. Individual Approval Items**

- |   |                   |            |
|---|-------------------|------------|
| 1. Memorandum of Understanding Between Denver Water and Arapahoe County Regarding the High Line Canal – Contract 505799           | Tom Roode         | 15 minutes |
| 2. Second Amendment to Gross Reservoir Expansion Construction – Contract 504903   | Jeff Martin       | 5 minutes  |
| 3. Authority to Execute Toll Property Conveyance Documents to the United States Forest Service in Connection with Contract 16893A | Jessica Alexander | 5 minutes  |

**III. POLICY MATTERS**

- |                                       |                 |            |
|---------------------------------------|-----------------|------------|
| <b>A. Northwater Treatment Update</b> | Peter McCormick | 15 minutes |
|---------------------------------------|-----------------|------------|

**IV. EXECUTIVE UPDATE**

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

**V. BRIEFING PAPERS & REPORTS**

- A. Briefing Paper**
- 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: July 26, 2023

Board Item: II-A-1

## 2023/2024 Vault Modifications 56th Avenue Pump Station & Reservoir Contract 505378

Action by Consent

Individual Action

### **Purpose and Background:**

The purpose of this Board item is to approve Contract 505378 for the 2023/2024 Vault Modifications. The Vault Modifications Program is an annual program to modify, repair, replace, or construct new vaults in the distribution system. This project will modify and upgrade existing civil, mechanical, electrical, and industrial controls infrastructure in three existing vaults at the 56th Avenue Facility. These vaults have been prioritized as part of the overall vault program based on condition and outage availability. Improving these vaults will provide Operations the flexibility they need to operate the transmission system and ensure longevity.

### **Budget and Schedule:**

The total amount of this contract is \$4,099,100 and the term of the contract is July 26, 2023 through July 19, 2024. Funds for this contract will come from the 2023 budget for 2023/2024 Vault Modifications business unit, which has sufficient funds to pay the \$1,000,000 estimated to be needed in 2023. The remaining \$3,099,100 will be budgeted in 2024.

### **Selection of Business Partner:**

Denver Water solicited bids from five general contractors listed on the Prequalified Contractor List under the Civil Vaults discipline. This contract was a restricted bid process using invitations to bid on the QuestCDN platform. On July 6, 2023, bids were received from three general contractors. Rice Lake West, Inc. 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. Rice Lake West, Inc. has proposed 5% participation.

### **Recommendation:**

Staff recommends that the Board approve Contract 505378 with Rice Lake West, Inc. for the 2023/2024 Vault Modifications 56th Avenue Pump Station & Reservoir project for the contract period July 26, 2023 through July 19, 2024 for a total contract amount not to exceed \$4,099,100.

### **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                  |

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# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 26, 2023

Board Item: II-A-2

## 2023 Conduit Valve Replacements Contract 505556

Action by Consent

Individual Action

### **Purpose and Background:**

The purpose of this Board item is to approve Contract 505556 to replace four large-diameter valves within the distribution system as part of the annual valve replacement program. The four valves originally installed between 1926 and 1952 are inoperable and not able to be repaired due to lack of available parts. Replacement will provide Operations staff the flexibility to isolate the conduits, increase safety during conduit isolation, and help minimize service interruptions. Each of the four existing valves listed below will be replaced with butterfly valves:

- 36-inch hub valve on Conduit No. 12, at N. Umatilla Street and W. 12th Avenue.
- 36-inch gate valve on Conduit No. 12, at N. Umatilla Street and W. Colfax Avenue.
- 24-inch butterfly valve on Conduit No. 54, at N. Steele Street and E. 9th Avenue.
- 30-inch gate valve on Conduit No. 68, at N. Poplar Street and E. 12th Avenue.

### **Budget and Schedule:**

The total amount of this contract is \$1,684,000 and the term of the contract is July 26, 2023 through May 29, 2024. Funds for this contract will come from the budget for the 2023 Conduit Valve Replacement Project business unit, which has sufficient funds to pay the \$600,000 estimated to be needed in 2023. The remaining \$1,084,000 will be budgeted in 2024.

### **Selection of Business Partner:**

Denver Water solicited bids from four general contractors listed on the prequalified contractors list under the Civil Pipelines discipline. This contract was a restricted bid process using invitations to bid on the QuestCDN platform. On July 11, 2023, bids were received from four general contractors. American West Construction, LLC 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 8% participation. American West Construction, LLC has proposed 8% participation.

### **Recommendation:**

Staff recommends that the Board approve Contract 505556 with American West Construction, LLC for 2023 Conduit Valve Replacements project for the contract period July 26, 2023 through May 29, 2024 for a total contract amount not to exceed \$1,684,000.

### **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                  |

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# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 26, 2023

Board Item: II-B-1

## Memorandum of Understanding Between Denver Water and Arapahoe County Regarding the High Line Canal Contract 505799

Action by Consent

Individual Action

### **Purpose and Background:**

The purpose of this Board item is to recommend approval of a Memorandum of Understanding (MOU) setting forth the timeframe for conveyance of a portion of the canal corridor (Corridor) to Arapahoe County.

The Canal is 71 miles long, traversing through parts of Douglas, Arapahoe, Adams, and Denver Counties. Denver Water has been working with the community toward regional use of the Corridor as a recreational and stormwater amenity as its usefulness as a water conveyance mechanism has declined. Staff has been working with the High Line Conservancy (Conservancy) and the counties toward pursuing a concept where Denver Water grants the Conservancy a Conservation Easement for the permanent protection of the corridor as a public recreation and stormwater amenity, while reserving the Board's ability to use the property for water works purposes. Upon recording of that Conservation Easement, Denver Water will convey ownership to one or more Counties a portion of the corridor property for the purposes consistent with the Conservation Easement. This MOU is for Arapahoe County and Denver Water to establish a common understanding of the property conveyance going forward and the timeframes allowed for due diligence and negotiation of necessary documents. At this time, Arapahoe County is the only county ready to enter into an MOU to take ownership of High Line Canal property, but staff is discussing similar agreements with the other counties including Douglas County and Denver County. Arapahoe County is in coordination with Adams County. The major milestones for the progression of this project are as follows:

- September 13, 2023: Execute Purchase and Sale Agreement(s) between Denver Water and Arapahoe County.
- January 10, 2024: Finalize Intergovernmental Agreement with Arapahoe County to take the place of this MOU.
- January 10, 2024: Denver Water grants conservation easement on the Property.
- January 10, 2024: Denver Water conveys property to Arapahoe County.
- January 10, 2026: End of transition period.

The MOU also sets forth Denver Water's commitment to continuing to perform limited maintenance on the High Line Canal property and to provide advice and consultation during the transition period through January 1, 2026. The intent is to memorialize funding and transition commitments in an IGA that will be executed on or before closing and take place of this MOU.

### **Budget and Schedule:**

There is no budgetary impact for this item and the commitments made in the MOU are aligned with the 2023 budget.

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**Recommendation:**

Staff recommends that the Board approve Contract 505799, MOU with Arapahoe County regarding the parties' intentions to work together on the long-term protection and property ownership of the High Line Canal.

**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 type="checkbox"/> Angela C. Bricmont, Chief Finance Officer | <input checked="" type="checkbox"/> Thomas J. Roode, Chief Operations Officer       |

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 26, 2023

Board Item: II-B-2

## Second Amendment to Gross Reservoir Expansion Construction Contract 504903

Action by Consent

Individual Action

### **Purpose and Background:**

The purpose of this Board item is to increase the Owner Controlled Risk Contingency Fund (Contingency Fund) of the Kiewit-Barnard Joint Venture (KBJV) Construction Contract associated with the Gross Reservoir Expansion Project (Project). The Contingency Fund was established to account for changes to the Project stemming from: 1) unforeseen conditions and scope changes; 2) variation in unit price work quantities; 3) cost escalation of materials (i.e., commodities) and subcontractors; and 4) increases in allowance values due to design progression and permit conditions. The Project's risk position is assessed monthly to incorporate risk events, risk buy-down, and the effects of escalation on key contract commodities (i.e., fuel, cement, fly ash, and steel).

The base contract terms were developed in 2021 for a 2022-2027 construction period. Due to the extended construction period, KBJV was not able to lock in costs for certain project commodities, allowances, and subcontracts because vendors were unwilling to be bound to costs more than 12 months in advance. Denver Water had to assume escalation risk for these items while KBJV assumed the risk for labor and production rates. The high-inflation market experienced since contracting has resulted in an increase of about 40% to the cost of Denver Water's risk items totaling \$34,000,000.

Realization of commodity price escalation of \$34,000,000 combined with the original Contingency Fund budget of \$33,000,000 results in a total required Contingency Fund of \$67,000,000. The \$34,000,000 increase to the Contingency Fund will buy out the escalation risk associated with cement, fly ash, and most of the other eligible commodities/subcontracts, and fund the estimated fuel escalation until the end of the Project.

After consideration of high inflation on the Project, an estimated \$21,000,000 of future risk remains, predominately associated with quantity variations for foundation excavation, quarry development, rock stabilization, and roller compacted concrete. The remaining unallocated<sup>1</sup> \$15,000,000 within the Contingency Fund is a suitable amount to manage the estimated future risk when considering ongoing cost mitigation efforts.

### **Budget and Schedule:**

The total amount of this second amendment is \$34,000,000 and the term of the contract is December 15, 2021, through July 16, 2027. Financial planning for the amendment considers \$10,200,000 from unallocated Program funds, \$18,000,000 from anticipated inflation within the current Financial Plan, and \$5,800,000 from the Capital Program budget. Funds for this contract will come from the 2023-2027 budget for the Project, which has sufficient funds to pay the \$4,000,000 estimated to be needed in 2023. The remaining \$30,000,000 will be budgeted in years 2024 through 2027.

<sup>1</sup> As of June 2023, approximately \$18,000,000 of the Contingency Fund has been allocated for realized risk and \$15,000,000 remains available for future risk.

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**Selection of Business Partner:**

KBJV was selected through a value based competitive process which considered qualification, project approach, technical approach, and cost.

**S/MWBE Information:**

The Small/Minority and Women-owned Business Enterprise (MWBE) minimum participation level is 5%, which represents over \$25,000,000 in MWBE participation. Currently, KBJV has achieved 5.2% and will endeavor to increase participation as the project buy-out of materials and subcontractors progresses. Selection of MWBE partners will continue to be on a best value basis.

**Recommendation:**

Staff recommends that the Board approve the Second Amendment to Contract 504903 with Kiewit-Barnard Joint Venture for dam construction services for an addition of \$34,000,000 for a total amended contract amount not to exceed \$565,519,402.

**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 BOARD OF WATER COMMISSIONERS

Meeting Date: July 26, 2023

Board Item: II-B-3

## Authority to Execute Toll Property Conveyance Documents to the United States Forest Service in Connection with Contract 16893A

Action by Consent

Individual Action

### **Purpose and Background:**

The purpose of this Board item is to authorize Commissioner Craig S. Jones to execute certain conveyance documents on behalf of the Board to donate approximately 379 acres of the Board's "Toll Property" in Gilpin County, Colorado to the United States Forest Service (USFS).

In 2016, the Board entered into a Settlement Agreement, Contract 16893A, with the USFS to address development of the Gross Reservoir Expansion Project on National Forest System lands, as well as to resolve other issues related to Denver Water's operation of its collection system on National Forest System lands. A portion of the settlement includes Denver Water's conveyance of 539 acres of "Toll Property" in Gilpin County to the USFS to mitigate habitat loss and environmental impacts resulting from development of the Gross Reservoir Expansion Project. The "Toll Property" was declared surplus by the Board in conjunction with the approval of Contract 16893A. One hundred sixty acres of the "Toll Property" were conveyed to the USFS in 2017 with the remaining 379 acres to be donated by the end of 2024, following notice that the USFS is ready to accept the deeds.

### **Budget and Schedule:**

There is no budgetary impact for this item.

### **Recommendation:**

Staff recommends that the Board approve the attached Resolution Authorizing Execution of Toll Property Conveyance Documents in Connection with Contract 16893A.

### **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 checked="" type="checkbox"/> Jessica R. Brody, General Counsel | <input checked="" type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer    |
| <input type="checkbox"/> Angela C. Bricmont, Chief Finance Officer    | <input type="checkbox"/> Thomas J. Roode, Chief Operations Officer                  |

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**TITLE: RESOLUTION AUTHORIZING EXECUTION OF TOLL PROPERTY CONVEYANCE DOCUMENTS IN CONNECTION WITH CONTRACT 16893A.**

ADOPTED AND APPROVED ON JULY 26, 2023 BY THE CITY AND COUNTY OF DENVER ACTING BY AND THROUGH ITS BOARD OF WATER COMMISSIONERS

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Craig S. Jones, Board President

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James S. Lochhead, CEO/Manager

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The Board of Water Commissioners finds that:

- A. On January 4, 2014, the Board entered into Contract 15779A with the Conservation Fund to purchase 539 acres of the “Toll Property” in Gilpin County, Colorado with the intent of conveying the land to the United States Forest Service to mitigate certain impacts of the Gross Reservoir Expansion project.
- B. Pursuant to the Settlement Agreement and Purchase Option Agreement between the Board and the United States Forest Service, Contracts 16893A and 16893B (USFS Contracts), Denver Water conveyed approximately 160 acres of the “Toll Property” to the United States Forest Service via a special warranty deed on May 10, 2017, for \$800,000.
- C. In Contract 16893A, Denver Water committed to donate the remaining 379 acres of “Toll Property” to the United States Forest Service via a special warranty deed. This property has been declared as surplus by the Board as part of the Board item approval of Contract 16893A.
- D. The United States Forest Service requested a formal resolution regarding authority to execute certain conveyance and closing documents in connection with the donation of the remaining Toll Property on behalf of the Board.

Based on the foregoing findings, the Board:

1. Authorizes Commissioner Craig S. Jones to execute conveyance and closing documents, including Special Warranty Deed and Donation Agreement and Escrow Instructions, on behalf of the Board in connection with the conveyance of the Toll Property to the United States Forest Service.

Adopted by the Board on July 26, 2023