

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: 899 8579 0147 - Passcode: 998765 or
Dial in (669) 900-6833 - Meeting ID: 899 8579 0147 - Passcode: 998765

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

Wednesday, July 27, 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

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. City Ditch Raw Water Lease Agreement – Contract 505308
2. Claims Management Provider – Contract 505145
3. Cost Adjustment for the Accelerated Lead Service Line Replacement Contract
4. Vault Modification 2022-2023 – Contract 505073
5. Denver International Airport 2022-2023 Cathodic Protection Improvements – Contract 505152

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B. Individual Approval Items

- | | | |
|--|---------------|------------|
| 1. Hillcrest Reservoir and Pump Station Replacement Project Change Orders to Work Packages No. 4 & No, 5, and Modification to Contract 501033 Budget | Paul Ries | 10 minutes |
| 2. Board Resolution on the Authority to Bind Denver Water | Jessica Brody | 5 minutes |

III. POLICY MATTERS

- | | | |
|---|----------------|------------|
| A. Denver Water’s 2023 Draft Business Plan | Julie Anderson | 20 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 27, 2022

Board Item: II-A-1

City Ditch Raw Water Lease Agreement Contract 505308

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board Item is to seek approval for a raw water lease agreement for one statutory inch (0.026 cubic feet per second or 11.7 gallons per minute) of water made available from Denver Water's City Ditch water right which diverts from Chatfield Reservoir. This water will be conveyed via City Ditch infrastructure in the section of the ditch owned and operated by the City of Englewood pursuant to the December 1, 2003 City Ditch/Highline Canal Agreement between the Board and Englewood. The water under this lease agreement will be delivered to a parcel of land currently owned by DeAnna and Robert Baird (Lessee) at 850 W. Quincy Avenue, Englewood, CO, 80110 for outdoor irrigation uses.

This lease agreement allows continued use of a portion of Denver Water's historical City Ditch water right. The Lessee will owe annual fees to the City of Englewood for operating and maintaining the portion of City Ditch infrastructure used to convey this water. This lease agreement will become effective on the date it is signed by the Board's President and will renew annually when Lessee pays annual fees owed to the City of Englewood.

Budget and Schedule:

There is no budgetary impact for this item.

Recommendation:

Staff recommends that the Board approve Contract 505308 with DeAnna and Robert Baird for one statutory inch of raw water made available from Denver Water's City Ditch water right.

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 type="checkbox"/> Jessica R. Brody, General Counsel | <input 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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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 27, 2022

Board Item: II-A-2

Claims Management Provider Contract 505145

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to recommend approval of Contract 505145 with Crawford & Company to assist Denver Water in administering claims related to water main breaks and personal injuries, which will include investigation of claims, communicating with claimants, recording and filing claim information, appraisal services, and providing recommendations to Denver Water regarding claims. Historically, the Safety Team at Denver Water has processed claims while also administering safety programs, which detracted from the team's ability to focus on safety priorities. Outsourcing this work will ensure excellent customer service in claims administration while allowing the Safety Team to focus on providing proactive safety support to the organization. Crawford & Company will work closely with Denver Water's Safety Team and Office of General Counsel in executing this work.

Budget and Schedule:

This contract is based on a rates and fee schedule that provides consistent pricing for five years. Because these services are used in emergencies and unplanned incidents, there is no not-to-exceed amount stated in the contract. However, based on the annual claims rate and the proposed pricing the annual costs are estimated to be \$150,000. Based on that historical average, the estimated cost for the five-year period is approximately \$750,000. Funds for these services are budgeted in the Safety Business Unit with \$92,000 budgeted for the remainder of 2022. The remaining funds anticipated to be spent will be budgeted in the appropriate calendar year.

Selection of Business Partner:

In January 2022, Denver Water Procurement issued a Request for Proposal (RFP) seeking proposals from experienced claims solutions agencies via Rocky Mountain E-Purchasing System (BidNet), Denver Water's public website, and direct email solicitation to the S/MWBE chambers and to known vendors. Denver Water received four proposals in response to the RFP, including one which was from a certified S/MWBE organization. Crawford & Company, while not a S/MWBE company, was selected based on its qualifications and proposed pricing.

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 505145 with Crawford & Company for claims management provider services for the contract period July 27, 2022, through July 31, 2027.

Approvals

- | | |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, 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: July 27, 2022

Board Item: II-A-3

Cost Adjustment for the Accelerated Lead Service Line Replacement Contract

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to approve an increase of \$4,152,421 for the Accelerated Lead Service Line (ALSLR) work in 2022 resulting from a shift of a portion of the work from Denver Water self-performed replacements to the ALSLR contractors in order to meet the required lead service line (LSL) replacement rate. This change will not cause an exceedance of the overall budget for the Lead Reduction Program.

Denver Water Distribution crews initially anticipated replacing approximately 1,400 LSLs through main replacement projects and emergency leaks in 2022. However, due to lower occurrence of lead service lines encountered in the main replacement projects, Water Distribution crews have lowered the projected LSL replacements to approximately 1,050 lines. This leaves a shortfall of approximately 300 lines that need to be replaced in order to reach our regulatory target of 4,477 replacements. To address this projected gap, Denver Water staff propose to issue an additional work area task order to one of the ALSLR contractors in an existing work area to ensure Denver Water meets its annual LSL replacement requirement.

Budget and Schedule:

The Board previously approved up to \$33,047,579 to be spent on LSL replacement through these contracts, with an additional \$1,000,000 budgeted for potholing investigations. The proposed additional task order will increase the total ALSLR contract spend by \$4,152,421 with a total estimated contracted cost of \$37,200,000. The funds for this service will have no impact to the 2022 overall budget for the lead program because funds budgeted in the Main Replacement program will be reduced by a corresponding amount.

Selection of Business Partner:

As previously reported to the Board, Denver Water currently contracts with ALSLR contractors AGL Construction (505056), KR Swerdfeger Construction (505057), and Mid City Corp. (505058) to perform LSL replacement work due to their demonstrated capability to perform the work and lowest cost bids. Denver Water intends to issue the additional task order to KR Swerdfeger construction based on the location of the task order and the contractor's availability.

S/MWBE Information:

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

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Recommendation:

Staff recommends that the Board approve an additional \$4,152,421 for the ALSLR contracts to ensure Denver Water can meet our regulatory requirement.

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 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 |

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 27, 2022

Board Item: II-A-4

Vault Modifications 2022-2023 Contract 505073

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to approve Contract 505073, Vault Modifications 2022-2023. The Vault Modifications Program is an annual program to modify, repair, replace or construct new vaults in Denver Water's distribution system. The location for this project is the intersection of East Quincy Avenue and South Holly Street. The vault was selected based on a condition assessment of the facilities, the criticality of these facilities to the distribution system, and ability to schedule an outage. The project scope consists of the following:

- Conduit No. 27 control valve vault: Full replacement of valves, piping, and appurtenant vault systems
- Conduit No. 85 valve vault: Replace and add butterfly valves and appurtenant structures
- 6-inch pressure regulating valve vault: Relocate and replace pressure regulating valve and appurtenant structures

Budget and Schedule:

The total amount of this contract is \$2,990,000 and the term of the contract is July 27, 2022 through July 14, 2023. Funds for this contract will come from the 2022 budget for Vault Modifications 2022/2023 business unit which has sufficient funds to pay the \$1,000,000 estimated to be needed in 2022. The remaining \$1,990,000 will be budgeted in 2023.

Selection of Business Partner:

Denver Water solicited bids from six contractors on the prequalified contractors under the Civil Vaults discipline. This contract was a restricted bid process using invitations to bid on the Quest CDN platform. On July 7, 2022, bids were received from three contractors. BT Construction, Inc. 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. BT Construction has proposed an 8.0% participation.

Recommendation:

Staff recommends that the Board approve Contract 505073 with BT Construction, Inc. for the Vault Modifications 2022-2023 Project for the contract period July 27, 2022 through July 14, 2023 for a total contract amount not to exceed \$2,990,000.

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 27, 2022

Board Item: II-A-5

Denver International Airport 2022-2023 Cathodic Protection Improvements Contract 505152

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to approve Contract 505152 to improve cathodic protection on steel distribution pipe at Denver International Airport (DEN). The existing cathodic protection on these pipelines has depleted and this project will improve cathodic protection and monitoring capabilities on these pipelines to prevent corrosion, reduce the risk of corrosion related leaks, and extend the asset life. This work is part of the larger DEN cathodic protection program to annually address distribution assets due to corrosive conditions.

Budget and Schedule:

The total amount of this contract is \$750,638 and the term of the contract is July 27, 2022 through July 13, 2023. Funds for this contract will come from the 2022 budget for Denver International Airport Cathodic Protection Improvements business unit which has sufficient funds to pay the \$250,000 estimated to be needed in 2022. The remaining \$500,638 will be budgeted in year 2023.

Selection of Business Partner:

Denver Water solicited bids from four contractors listed on the prequalified contractor list under the Cathodic Protection discipline. This contract was a restricted process using invitations to bid on the QuestCDN platform. On June 28, 2022, bids were received from three contractors. Kantex Industries, Inc. 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. Kantex Industries, Inc. has proposed 12.8% participation.

Recommendation:

Staff recommends that the Board approve Contract 505152 with Kantex Industries, Inc. for Denver International Airport 2022/2023 Cathodic Protection Improvements for the contract period July 27, 2022 through July 13, 2023 for a total contract amount not to exceed \$750,638.

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 27, 2022

Board Item: II-B-1

Hillcrest Reservoir and Pump Station Replacement Project Change Orders to Work Packages No. 4 & No. 5, and Modification to Contract 501033 Budget

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to recommend approval for Work Package No. 4 (Pump Station) Change Order No. 3 (WP4CO3) for \$255,000, Work Package No. 5 (Landscaping) Change Order No. 2 (WP5CO2) which extends contract times and final completion to November 28, 2022, and to increase the Hillcrest Reservoir and Pump Station Replacement not to exceed project budget to \$107,160,219. This not to exceed budget includes \$335,306 of remaining Owner contingency out of the Board-approved \$2,000,000 of project contingencies. A summary of the change orders, time extensions and project costs are described below.

The Hillcrest Reservoir and Pump Station Replacement project consists of the demolition of two existing 15-million-gallon rectangular storage tanks, a 12,000 square foot pump station, switch gear, switchyard, and pumps. The existing structures have had multiple issues with expansive soils causing permanent damage over the past 50 years. The demolished infrastructure is replaced with three 15-million-gallon post-tensioned tanks, a 16,000 square foot pump station with 11 large pumps, switch gear, and a switch yard.

On November 4, 2015, the Board approved Contract 501033, previously known as 15979A, with MWH Constructors, Inc. as the Construction Manager at Risk (CMAR) for the Hillcrest Reservoir and Pump Station project for \$100,000,000 along with an additional \$2,000,000 in Owner contingency. Final contract costs, determined as Guaranteed Maximum Prices (GMPs), were negotiated and agreed upon with Denver Water for each of the proposed five work packages identified in the table below.

On August 14, 2019, the Board approved an additional \$1,500,000 amending the total budget to \$103,500,000 including Owner contingency. In addition, the Board was presented with additional asbestos abatement costs estimated in the range of \$2,000,000 to \$4,000,000. The abatement of the existing basins, sampling plan and materials mitigation plans are complete, and the costs have been finalized.

On April 22, 2020, the Board approved the increase in project budget to \$106,200,000 including the final asbestos abatement costs totaling \$2,889,574.

Summary of Change Orders for Approval:

On April 22, 2020, the Board approved abatement costs which included all subcontractor costs associated with the cleanup. As noted in the Board presentation there were potential general conditions costs under the CMAR agreement for the time delays associated with this large mitigation effort. The contractor has submitted change order requests for these costs, along with other delays associated with weather and construction issues. Following several negotiations, an additional eight months of general conditions has been agreed to, totaling \$1,108,000. General conditions costs include CMAR staff, trailers, equipment, etc. for the extended overhead.

The contractor is also late in delivering the project for a number of reasons. In the negotiations and settlement of the multiple issues, the contractor has agreed to compensate Denver Water for their associated costs totaling \$853,000.

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The net cost of this change order is \$255,000 and this amount is included in WP4CO3. Because of the CMAR agreement and interrelationship between work packages, the time extensions and agreement terms are also included in the no-cost WP5CO2 for approval.

Time Extensions:

Included in the change orders are the newly negotiated milestones dates. In summary, the project completion time has been extended to November 28, 2022 for the remaining portion of the work which includes the demolition of the existing pump station and final landscaping.

Project Costs:

The table below details project costs for all associated work packages, change orders, and amendments; a new total project budget that includes the \$255,000 in the requested change order approvals; and the Work Package No. 3 underrun. The contractor’s original forecasted underrun of project savings being returned to Denver Water of \$1,200,000 for Work Package No. 3 (Tanks) was not realized. The savings forecast which was included in previous project budget, has decreased to \$449,200. Due to this decrease, additional project budget is required and shown in the table below. The decreased cost was due to resolving a number of large construction and contract issues, including additional subcontractor cost from the asbestos delays and contracting with new subcontractors.

Included in the total project budget is \$2,000,000 in Owner contingency which has been used to offset numerous construction issues during the course of this six-year project, and to manage the overall project budget and forecasting. There is a remainder of \$335,306 of unused Owner contingency for unknowns including anticipated asbestos abatement of the existing pump station.

The total awarded CMAR GMP for all work packages including Owner contingency, is \$107,160,219. This includes an underrun of \$449,200 for Work Package No. 3 at completion. With approval of WP4CO3 for \$255,000, and an additional \$705,219 to the project budget is required to reconcile all costs bringing the project budget to \$107,160,219 matching the GMP. The table below summarizes the requested modification to Contract 501033.

Work Package (WP) and Contract Summary Table

Work Package/Scope Amendment Description	Approved Budget	Awarded or Closed GMP
WP No. 1 - Pipe Procurement	\$2,413,740	\$1,367,396
WP No. 2 - Pipe Install	\$11,420,000	\$7,025,442
WP No. 3 - Tanks *(Does not include \$2M Owner Contingency)	\$59,966,420	\$56,511,119
WP No. 4 - Pump Station	\$23,800,000	\$30,880,274
WP No. 5 - Phase 1: Happy Canyon Site Restoration	\$1,199,840	\$1,909,864
WP No. 5 - Phase 2: Pump Station Site Restoration	\$1,200,000	\$1,042,891
Amendments & Reconciliation	\$1,500,000	\$3,727,859
Asbestos Abatement	\$2,700,000	\$2,889,574
Owner's Contingency	\$2,000,000	\$2,000,000
Total CMAR GMP	\$106,200,000	\$107,354,419
WP4CO3 & WP5CO2	\$255,000	\$255,000
WP No. 3 - Contract Underrun upon Closeout		(\$449,200)
Additional funds required due to unrealized savings	\$705,219	
Not to Exceed Project Budget / Required Total GMP	\$107,160,219	\$107,160,219

Budget and Schedule:

The total amount of this project budget increase request is \$960,219 to Contract 501033 and the term of the contract is unchanged. Contract 503049 for WP4CO3 shall increase by \$255,000 and contract time extensions are included in WP4CO3 and WP5CO2. A variance will be added to the 2022 budget for the late project delivery and additional funds.

Selection of Business Partner:

MWH Constructors, Inc. was selected as the CMAR through a quality-based selection process which included six proposers. The original CMAR contract was awarded November 4, 2015 in the amount of \$100,000,000.

S/MWBE Information:

The Small/Minority and Women-owned Business Enterprise goal for the overall project is 5% and MWH Constructors, Inc. is currently realizing an 8.5% participation.

Recommendation:

Staff recommends that the Board approve this request for additional \$960,219 of budget for Contract 501033 with MWH Constructors, Inc. for the Hillcrest Reservoir and Pump Station Replacement project for a total not to exceed budget of \$107,160,219, including WP4CO3 (Contract 503049), WP5CO2 (Contract 503633).

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 27, 2022

Board Item: II-B-2

Board Resolution on the Authority to Bind Denver Water

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to present, for the Board's consideration, several proposed revisions to the Board's Resolution on the Authority to Bind Denver Water, previously titled Transactions Requiring Board Approval, which was most recently adopted on July 11, 2018. That resolution has largely achieved its purpose of reducing the number of routine business transactions requiring Board approval while maintaining Board oversight of significant transactions and contractual obligations.

At the same time, the Board and Denver Water staff have identified opportunities to add clarity to the resolution, address gaps, and further reduce the number of routine transactions requiring Board approval. Notably, Denver Water staff proposes to add new detail on the types of routine intergovernmental agreements that will not require Board approval. Aside from those types of agreements specifically called out, Denver Water staff will continue to present all intergovernmental agreements to the Board for approval. In addition, staff proposes to add provisions authorizing the CEO/Manager to enter into grant and revenue agreements up to and including a value of \$750,000 and clarifying which types of property and development-related agreements require Board approval. Finally, staff proposes to add new categories of routine "nondiscretionary" transactions that will no longer require Board approval, irrespective of the dollar amount.

Budget and Schedule:

There is no budgetary impact for this item.

Recommendation:

Staff recommends that the Board approve the revised Resolution on the Authority to Bind Denver Water.

Approvals

- | | |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, 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 checked="" type="checkbox"/> Jessica R. Brody, General Counsel | <input 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: ~~Transactions Requiring Board Approval~~ Authority to Bind Denver Water

ADOPTED AND APPROVED ON JULY 27, 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

~~Recitals~~ The Board of Water Commissioners finds that:

- A. Article 10.1.6 of the Charter of the City and County of Denver provides “The Board shall designate a manager, who shall cause the Board’s policies and orders to be executed and shall bring to the Board’s attention matters appropriate for its action.”
- B. The Board wishes to define the types of monetary and performance obligations created through contracts, agreements, law and regulation, and other means (“transactions”) ~~that require prior approval by the Board, and to for which authorize~~ the CEO/Manager is authorized to act for the Board ~~regarding other transactions.~~
- C. The Board retains authority for all other transactions not specifically delegated in this resolution.
- ~~C.D.~~ _____ To provide consistency over time in terminology describing transactions, this Resolution will use categories of expenditures contained in Denver Water’s Chart of Accounts, ~~which appear as capitalized terms.~~

~~Resolution~~ Based on the foregoing findings, the Board determines:

1. Unless otherwise specified in this Resolution, the CEO/Manager is authorized to approve transactions that create monetary and performance obligations up to and including ~~the amount~~ a value of \$750,000.
2. The following transactions involve nondiscretionary functions and may be approved by the CEO/Manager without regard to amount, so long as (1) the subject matter of the transaction has been approved by the Board in the annual budget, and (2) the transaction was the subject of a competitive selection process. If a sole-source or

Adopted by the Board on July 27, 2022

single-source purchase is required for one of the following nondiscretionary categories, the CEO/Manager may only approve that purchase up to a total value of \$750,000.

- a. Salaries and Wages; Employee ~~Payroll~~ Benefits
- b. Retirement Fund; Other Post-Employment Benefit Expense
- c. Debt Service
- ~~e~~.d. Banking and Other Fees
- e. Vehicle Repair and Maintenance
- ~~d~~.f. Materials Testing
- ~~e~~.g. Aggregate; Asphalt; Fire Hydrants; Pipe and Fittings; Riser Rings and Manhole Covers; Valve Box Components; Tapping Valves; Shoring Rentals; Street Cleaning; Barricades and Signage; Flash and Flow Fill; Paving Services; Utility Potholing; Vacuum Excavating; Field Rentals; Storm Water Management; Hauling/Trucking; Boring Services; Rotomilling; Saw Cutting; Portable Toilets
- h. Spoils Disposal; Residuals Hauling and Disposal; Vacuum Pumping
- i. Tree Maintenance
- j. Emergency Clean Up
- k. Hazardous Waste, Non-Hazardous Waste, Asbestos and Lead Abatement
- l. Fire Alarm Systems Inspections and Testing
- ~~f~~.m. Elevator Maintenance
- ~~g~~.n. Trash Pick-Up; Janitorial Services
- o. Utilities
- ~~h~~.p. IT Communications, Telecom, Network and Radio
- ~~i~~.q. Materials Purchased; Fuel Purchased
- r. Chemicals
- s. Uninterrupted Power Service
- t. Software license renewals and routine upgrades for systems/vendors previously approved by the Board, individually or as part of a larger project; cloud-hosting fees for existing systems
- ~~j~~.u. Postage
- ~~k~~.v. Transactions that the CEO/Manager determines are required to respond to an urgent business need or emergency situation, so long as the CEO/Manager notifies the Board as soon as reasonably possible ~~and seeks Board ratification of the transaction at the next Board meeting~~

3. Transactions and contract amendments involving Professional Services and Contingent Staffing up to and including the amount of \$300,000 may be approved by the CEO/Manager.

4. Settlements of Other Insurance Claims and Other Legal Claims up to and including the amount of \$200,000 may be approved by the CEO/Manager.

5. Individual payments made as required by contracts and agreements approved in compliance with this Resolution do not require Board approval.

Adopted by the Board on July 27, 2022

6. Amendments or change orders to contracts that cumulatively total more than \$750,000, or \$300,000 for professional services and contingent staffing, require Board approval.

7. Intergovernmental agreements (agreements between Denver Water and one or more additional governmental entities) and interagency agreements with the City and County of Denver ~~that create substantive obligations for Denver Water~~ require Board approval, without regard to the amount of any monetary provisions that might be included in the agreement, unless the primary purpose is to:

- Carry out the purposes of, or commitments made in, agreements already approved by the Board;
- Convey or accept an easement, license, lease or other property interest within the limits described in paragraph 10, below;
- Provide for the transfer of funds to one party for work that is required as part of a larger construction or facility relocation project, within established spending authority limits;
- Fund relocation of Denver Water infrastructure pursuant to Denver Water's Operating Rules, within established spending authority limits;
- Fund joint research or conservation projects, within established spending authority limits;
- Designate Denver Water representatives for purposes of applying for building permits, zoning amendments, and the like;
- Authorize the sharing of data or to protect the confidentiality of shared records;
- Establish or update day-to-day operating protocols for which the relationship has already been established by prior agreement approved by the Board; or
- Address a safety concern at a Denver Water facility or respond to an emergency.

8. The CEO/Manager may enter into grant and revenue agreements of up to and including \$750,000 in value.

9. The CEO/Manager may execute Participation Agreements, Developer Compliance Agreements and Special Project Agreements, and other transactions necessary to provide service to new developments and redevelopments as described in the Operating Rules.

10. The CEO/Manager may execute leases up to a net present value of \$750,000 and no longer than five years in duration, easements, licenses, permits and other similar property transactions required in the normal course of business operations, consistent with Denver Water's Property Philosophy, attached as Exhibit A.

~~7.11.~~ To enhance efficiency of Denver Water operations, the CEO/Manager,

Adopted by the Board on July 27, 2022

while retaining responsibility for implementation of this Resolution, ~~is authorized to approve spending~~ may delegate authority ~~level~~ to execute transactions to ~~for~~ other Denver Water employees within the limits established in this Resolution.

~~8.12.~~ _____ This Resolution supersedes all previous resolutions related to spending authority of the CEO/Manager, including resolutions adopted on July 6, 1999; April 13, 2005; June 13, 2012; September 13, 2017; and July 11, 2018.

TITLE: Authority to Bind Denver Water

ADOPTED AND APPROVED ON JULY 27, 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. Article 10.1.6 of the Charter of the City and County of Denver provides “The Board shall designate a manager, who shall cause the Board’s policies and orders to be executed and shall bring to the Board’s attention matters appropriate for its action.”
- B. The Board wishes to define the types of monetary and performance obligations created through contracts, agreements, law and regulation, and other means (“transactions”) for which the CEO/Manager is authorized to act for the Board.
- C. The Board retains authority for all other transactions not specifically delegated in this resolution.
- D. To provide consistency over time in terminology describing transactions, this Resolution will use categories of expenditures contained in Denver Water’s Chart of Accounts.

Based on the foregoing findings, the Board determines:

1. Unless otherwise specified in this Resolution, the CEO/Manager is authorized to approve transactions that create monetary and performance obligations up to and including a value of \$750,000.
2. The following transactions involve nondiscretionary functions and may be approved by the CEO/Manager without regard to amount, so long as (1) the subject matter of the transaction has been approved by the Board in the annual budget, and (2) the transaction was the subject of a competitive selection process. If a sole-source or single-source purchase is required for one of the following nondiscretionary categories, the CEO/Manager may only approve that purchase up to a total value of \$750,000.

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- a. Salaries and Wages; Employee Benefits
- b. Retirement Fund; Other Post-Employment Benefit Expense
- c. Debt Service
- d. Banking and Other Fees
- e. Vehicle Repair and Maintenance
- f. Materials Testing
- g. Aggregate; Asphalt; Fire Hydrants; Pipe and Fittings; Riser Rings and Manhole Covers; Valve Box Components; Tapping Valves; Shoring Rentals; Street Cleaning; Barricades and Signage; Flash and Flow Fill; Paving Services; Utility Potholing; Vacuum Excavating; Field Rentals; Storm Water Management; Hauling/Trucking; Boring Services; Rotomilling; Saw Cutting; Portable Toilets
- h. Spoils Disposal; Residuals Hauling and Disposal; Vacuum Pumping
- i. Tree Maintenance
- j. Emergency Clean Up
- k. Hazardous Waste, Non-Hazardous Waste, Asbestos and Lead Abatement
- l. Fire Alarm Systems Inspections and Testing
- m. Elevator Maintenance
- n. Trash Pick-Up; Janitorial Services
- o. Utilities
- p. IT Communications, Telecom, Network and Radio
- q. Materials Purchased; Fuel Purchased
- r. Chemicals
- s. Uninterrupted Power Service
- t. Software license renewals and routine upgrades for systems/vendors previously approved by the Board, individually or as part of a larger project; cloud-hosting fees for existing systems
- u. Postage
- v. Transactions that the CEO/Manager determines are required to respond to an urgent business need or emergency situation, so long as the CEO/Manager notifies the Board as soon as reasonably possible

3. Transactions and contract amendments involving Professional Services and Contingent Staffing up to and including the amount of \$300,000 may be approved by the CEO/Manager.

4. Settlements of Other Insurance Claims and Other Legal Claims up to and including the amount of \$200,000 may be approved by the CEO/Manager.

5. Individual payments made as required by contracts and agreements approved in compliance with this Resolution do not require Board approval.

6. Amendments or change orders to contracts that cumulatively total more than \$750,000, or \$300,000 for professional services and contingent staffing, require Board approval.

Adopted by the Board on July 27, 2022

7. Intergovernmental agreements (agreements between Denver Water and one or more additional governmental entities) and interagency agreements with the City and County of Denver require Board approval, without regard to the amount of any monetary provisions that might be included in the agreement, unless the primary purpose is to:

- Carry out the purposes of, or commitments made in, agreements already approved by the Board;
- Convey or accept an easement, license, lease or other property interest within the limits described in paragraph 10, below;
- Provide for the transfer of funds to one party for work that is required as part of a larger construction or facility relocation project, within established spending authority limits;
- Fund relocation of Denver Water infrastructure pursuant to Denver Water's Operating Rules, within established spending authority limits;
- Fund joint research or conservation projects, within established spending authority limits;
- Designate Denver Water representatives for purposes of applying for building permits, zoning amendments, and the like;
- Authorize the sharing of data or to protect the confidentiality of shared records;
- Establish or update day-to-day operating protocols for which the relationship has already been established by prior agreement approved by the Board; or
- Address a safety concern at a Denver Water facility or respond to an emergency.

8. The CEO/Manager may enter into grant and revenue agreements of up to and including \$750,000 in value.

9. The CEO/Manager may execute Participation Agreements, Developer Compliance Agreements and Special Project Agreements, and other transactions necessary to provide service to new developments and redevelopments as described in the Operating Rules.

10. The CEO/Manager may execute leases up to a net present value of \$750,000 and no longer than five years in duration, easements, licenses, permits and other similar property transactions required in the normal course of business operations, consistent with Denver Water's Property Philosophy, attached as Exhibit A.

11. To enhance efficiency of Denver Water operations, the CEO/Manager, while retaining responsibility for implementation of this Resolution, may delegate authority to execute transactions to other Denver Water employees within the limits established in this Resolution.

12. This Resolution supersedes all previous resolutions related to spending authority

Adopted by the Board on July 27, 2022

of the CEO/Manager, including resolutions adopted on July 6, 1999; April 13, 2005; June 13, 2012; September 13, 2017; and July 11, 2018.

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EXHIBIT A

DENVER WATER'S PROPERTY OWNERSHIP PHILOSOPHY

Denver Water's Mission Statement declares that Denver Water will be "a responsible steward of the resources, assets, and natural environments entrusted to us...". Among Denver Water's assets are its property holdings, which are extensive. Denver Water owns and operates facilities on more than 60,000 acres of land in 13 counties. The extent of our holdings in turn creates a substantial responsibility for resources and natural environments entrusted to us. Given these responsibilities, this ownership philosophy is intended to clarify Denver Water's goals with regard to ownership of various categories of property. This philosophy is also intended to align with several relevant key priorities described in our Strategic Plan, including:

Customer Perspective

- "Watersheds are protected"

Financial Perspective

- "Optimize funding sources"

Organizational Perspective

- "Cost-effective asset, operational and resource management"
- "Conduct business in a manner that reflects our role as a responsible manager of natural resources, is sustainable and respects the environment"
- "System management that respects the multiple uses of our resources"
- "Proactive management of our properties to improve our operations and the areas around them"

External Perspective

- "Demonstrated adherence to ethics and public accountability"

Below are the specific categories of property holdings and Denver Water's approach to each in order to accomplish the goals set forth above.

Raw Water Reservoirs

Raw water reservoirs account for a large portion of Denver Water's property holdings. Ideally, Denver Water wishes to hold all property beneath a reservoir's high water line in fee simple title. In addition to the reservoirs themselves, Denver Water often needs to own adjacent property for caretaker housing; maintenance, staging and storage facilities; access roadways; and buffers from other property owners. Denver Water may permit its reservoir-related property to be used for public access and recreation in areas deemed to be a low security risk.

Major Facilities: Treatment Plants, Treated Water Reservoirs, Pump Stations, and Hydropower Plants

Major waterworks facilities such as Treatment Plants, Treated Water Reservoirs (potable or nonpotable), Pump Stations, and Hydropower Plants generally require fee title ownership, to ensure the most effective means of security and to minimize regulatory restrictions. As facilities are renovated, expanded or relocated, additional property rights may be identified and acquired on an as-needed basis.

Raw Water Conduits, Tunnels, and Canals

Raw water conduits, tunnels, and canals should be held in fee simple or by means of Forest Service rights-of-way (rather than special use permits) whenever possible. Occasionally,

recreation along open water ways and canals, such as the High Line Canal, can reduce the level of control that Denver Water can exercise, despite fee simple ownership. In such cases, a cross divisional team will review whether Denver Water should allow a local entity to control the property use, consistent with Denver Water's water delivery requirements.

Potable and Recycled Water Conduits and Distribution Mains

Potable and Recycled Water Conduits

Conduits are 24" diameter and larger transmission mains that serve as the backbone to the potable water delivery system. The ability to access and maintain these pipelines is of paramount importance. The primary property interest for conduits has historically been in dedicated street rights-of-way. In areas where no dedicated streets exist, fee simple holdings or exclusive easements are preferred.

Potable and Recycled Distribution Mains

Distribution mains are potable pipelines smaller than 24" in diameter. Distribution mains are directly tapped to serve our customers and provide fire protection. The voluminous number of distribution mains makes dedicated street rights-of-way the ideal property interest. Where dedicated streets are not available, non-exclusive easements with minimum width and limitations on surface improvements are acceptable.

Watershed Protection/Open Space

Denver Water may own or acquire property to enhance watershed protection or to preserve open space. Management of priority watersheds is important to protect and enhance source water quality and flow, and also to help minimize the impact of catastrophic events such as wildfire, land subsidence and sediment flow on key facilities. In some circumstances, Denver Water may wish to preclude development that could be incompatible with its operations, e.g., flowage easements along the North Fork of the South Platte. Open space property may also be held to preserve future options for facilities or land exchanges, to create buffer areas around facilities, or to partner with local community land use planning. Where property is held by Denver Water for these purposes, Denver Water may create a watershed protection plan or use conservation easements or restrictive covenants to limit future development.

Non-Operating Property

Non-operating property is property acquired for water rights or other legacy reasons that is not anticipated to be used for current or future operational needs. Although Denver Water does not pay property tax, maintaining non-operating property can in some situations impose excessive expenses and management to the point an operational nuisance is created. Denver Water will dispose of problematic non-operating property if current market conditions are favorable, and there are no short-term or long-term opportunities for Denver Water to make beneficial use of that asset. Non-operating property that is not creating unnecessary overhead may by default be held for potential future use such as construction staging or property exchanges. Periodic reviews will be completed to assess if any of Denver Water's non-operating properties should be declared surplus.

SURPLUS PROPERTY DESIGNATION

Under the Denver Charter, the Board is authorized to dispose of property when it has been found to be "not useful for or required in the water works operation." When non-operating property is determined to be no longer needed for the waterworks purposes identified above, the Executive Team can recommend the Board declare the property surplus and make it available for disposal. Denver Water should, if necessary, identify compatible future uses of the surplus property and preclude other uses through reverter clauses or deed restrictions.

Restricting future uses will ensure Denver Water's interests and the rightful compensation for the land sale.

Surplus property can be disposed under the following categories:

- 1) Public Purposes
- 2) Private Development

For Public Purposes,

- Denver Water will appraise the land based on its future public use (e.g., open space, school, library, etc.).
- Denver Water will declare the property surplus and offer the land to the local jurisdiction at its appraised value with a conservation easement, reverter clause or deed restriction to protect against a future change in use.

For Private Development,

- Denver Water may engage a consultant, if necessary, to evaluate alternatives for disposal. On large-scale transactions, the alternatives may identify benefits from Denver Water participating in securing entitlements or partnering with a developer.
- Denver Water's Property Team will present disposal alternatives to the Executive Team and the Board.
- Denver Water will declare the property surplus and carry out the selected disposal plan.
- Except in unusual circumstances, Denver Water will use a competitive process to dispose of property for private development.