

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: 916 8486 7577 - Passcode: 969623 or
Dial in (669) 900-6833 - Meeting ID: 916 8486 7577 - Passcode: 969623

Wednesday, August 25, 2021 - 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. Intergovernmental Agreement for Lead Service Line Replacements with Bancroft-Clover Water and Sanitation District – Contract 504955
2. Cost Sharing Agreement with United States Forest Service for Patrols Along the South Platte River – Contract 504974

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B. Individual Approval Items

1. Approval of Cash Reserve Policy and Debt Management Policy
 - a. Overview of Finance Policies (Debt Service, Cash Reserves) Aneta Rettig 20 minutes

III. POLICY MATTERS

- A. Northwater Treatment Plant Overview and Update Pete McCormick 15 minutes
- B. Highline Canal Update Tom Roode 15 minutes

IV. EXECUTIVE UPDATE

- A. CEO Update
- B. CFO Update
 1. Monthly Financial Report – July
- C. Operations Update

V. BRIEFING PAPERS & REPORTS

- A. Briefing Paper
- B. Report
 1. Lead Reduction Program Dashboard

VI. ADJOURNMENT

VII. TRUSTEE MATTERS

I. ACTION ITEMS

1. Meeting as Trustee: Minutes from July 28, 2021 Trustee Meeting

II. INFORMATION ITEMS

- | | | | |
|----|--|--------------------|------------|
| 1. | <u>Meeting as Trustee and Plan Sponsor</u> : 2020 Annual and Popular report for retirement plans | Usha Sharma | 15 minutes |
| 2. | <u>Meeting as Trustee and or Plan Sponsor</u> : DB Plan - 2Q 2021 Performance Report | Usha Sharma | 5 minutes |
| 3. | <u>Meeting as Plan Sponsor</u> : 401(k) Plan and 457 Plan - Portfolio Evaluations, Inc 2Q 2021 Performance Report | Greg McCarthy, PEI | 10 minutes |
| 4. | <u>Meeting as Trustee and or Plan Sponsor</u> : 2Q 2021 Performance Report and Due Diligence Report for DB Plan, 401 (k) Plan and 457 Plan | | |

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: August 25, 2021

Board Item: II-A-1

Intergovernmental Agreement for Lead Service Line Replacements with Bancroft-Clover Contract 504955

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board Item is to gain approval for an Intergovernmental Agreement (IGA) with the Bancroft-Clover Water and Sanitation District to be reimbursed for lead service line (LSL) replacements. Bancroft-Clover is a Denver Water Master Meter distributor and a part of Denver Water's integrated system. The integrated system consists of Denver Water and certain distributors and is organized to achieve efficiencies in compliance with Safe Drinking Water Act parameters, including the variance allowing for implementation of Denver Water's Lead Reduction Program Plan.

Bancroft-Clover has a combination of approximately 52 partial and full LSLs in the area of a planned capital project. Replacing these LSLs as part of the larger capital project would add efficiencies and minimize disruption to customers. Additional investigation is ongoing to determine the number of partial and full LSLs using the results of the water quality test kits, potholing, and visual inspection. Bancroft-Clover plans to replace these LSLs in 2021 using a contractor selected through a competitive bid process. Under the IGA, Denver Water will reimburse Bancroft-Clover for the cost to replace its LSLs based on a unit cost of \$4,200 per partial LSL and a unit cost of \$9,450 per full LSL replacement, for a total amount not to exceed \$273,000. Denver Water will reimburse Bancroft-Clover no earlier than January 15, 2022.

This partnership with Bancroft-Clover will allow Denver Water to expedite the removal of LSLs in distributor areas. Coordinating the removal of the LSLs during distributor capital projects potentially reduces the costs for the LSL removal since the contractor is impacting the existing service line when installing the new water main. This distributor partnership will continue to help develop the LSL inventory and reduce the long-term impact to customers.

Budget and Schedule:

The total amount of this contract is \$273,000, and the term of the contract extends from the date of approval by the Board through July 1, 2022. Funds for this contract will be budgeted in 2022 in the Accelerated Lead Service Line Replacement business unit.

Recommendation:

Staff recommends the Board approve Contract 504955 with the City of Bancroft-Clover for lead service line replacements for a total contract amount not to exceed \$273,000.

Approvals:

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

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: August 25, 2021

Board Item: II-A-2

Cost Sharing Agreement with United States Forest Service for Patrols Along the South Platte River Contract 504974

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to partner with the United States Forest Service (USFS) for extra patrols along the stretch of the main stem and North Fork of the South Platte River between Cheesman Reservoir and Buffalo Creek, portions of which have been designated as Wild and Scenic. Denver Water and USFS have many shared property boundaries in this area and a consistent approach to recreation management and rule enforcement is desired. Under this contract, Denver Water would provide annual funding in the amount of \$12,768 to cover its share of cost for these patrols on Denver Water property. The proposed agreement is for five-years.

Two U.S. Forest Service personnel will patrol the river corridor to educate visitors about recreation regulations and invasive species prevention, pick up litter, perform minor infrastructure repairs, record their observations and contacts, and provide general agency presence for the public. The river patrol activities are expected to improve land stewardship ethics among visitors and reduce resource damage from public use.

Budget and Schedule:

Recreation Administration, Business Unit 1004503100, has money allocated in 2021 for seasonal employees, which were originally planned for hire by Denver Water to provide a similar service in this area. Additional funds will be budgeted in years 2022 through 2026.

Selection of Business Partner:

Denver Water partners with USFS in many areas throughout the State. This reach of the South Platte River is an area in which the parties have been collaborating for several years. This partnership will help provide the extra patrol coverage that is needed and reduce costs for both agencies.

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 504974 with the United States Forest Service for patrols on the South Platte River for the contract period from August 25, 2021 through June 30, 2026 in the amount of \$12,768 per year.

Approvals:

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

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

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: August 25, 2021

Board Item: II-B-1

Approval of Cash Reserve Policy and Debt Management Policy

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to present amended Cash Reserve and Debt Management policies for approval by the Board. The Cash Reserve and Debt Management policies establish a foundation for annual financial planning processes. The policies are subject to annual review by the Chief Finance Officer and are to be presented to the Board for review and approval no less than every three years. The policies currently in effect follow Government Finance Officers Association (GFOA) best practices and were last approved by the Board on June 27, 2018.

The Cash Reserve Policy conforms to Article X of the Charter of the City and County of Denver and governs the use of funds within the Water Works Fund. The objective of the Cash Reserve Policy is to maintain adequate flexibility in terms of cash balances while maintaining reserves required from a legal and operational perspective. The Cash Reserve Policy contains descriptions of reserve types, target levels, events or conditions prompting the use of the reserves and indicates periodic review dates for balances. The Cash Reserve Guidelines outline target reserve formulas to be used as benchmarks during the financial planning process. In addition to GFOA's best practices document, the amended Cash Reserve Policy also follows American Water Works Association Cash Reserve Policy Statement. No material changes to the Policy are recommended at this time, except for some streamlining of the introductory section and a few spelling corrections.

The Debt Management Policy conforms to the constitution and laws of the State of Colorado and Article X of the Charter of the City and County of Denver. Additionally, the Debt Management Policy complies with the provisions of the Master Bond Resolution and the authorizing resolution for parity bonds. The Debt Policy summarizes the objectives and practices of debt management to ensure Denver Water has the ability to repay its debt obligations, is able to maintain appropriate levels of financial flexibility, seeks optimal financing options for capital, and manages interest rate risk. The Debt Policy describes the types of expenditures appropriate for debt financing and establishes guidance for use of revenue bonds, loans, lines of credit, capital leases and other debt instruments. In general, debt may be used to fund capital improvements and to refund existing debt. While Denver Water's status as an enterprise allows it to have no limit on debt, the Policy specifies 45% leverage (ratio of outstanding debt to net capital assets) as a "not to exceed" target and a debt service coverage target of 1.8X. These targets serve as benchmarks during the financial planning process. The amended Debt Policy has been reviewed by Denver Water's financial advisor as well as disclosure counsel. No major changes to the existing Policy are recommended at this time, except for streamlining of the introductory section and combining references to additional policy and procedure documents. A spelling correction and removal of references to senior and general obligation bonds, which are no longer outstanding/issued.

Budget and Schedule:

There is no budgetary impact for this item.

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Recommendation:

Staff recommends that the Board approve the amended Cash Reserve and Debt Management policies.

Approvals:

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

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