

**RECORD OF PROCEEDINGS
MINUTES
of the
Board of Water Commissioners**

Denver Water Administration Building
1600 West 12th Avenue
Denver, CO
Board Room, First Floor

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

Wednesday, May 11, 2022

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, May 11, 2022, beginning at 9:00 a.m. in the Board Room and via Zoom Video Conference: <http://zoom.us/join>, Meeting ID: 851 6956 1997, Password: 742455 or via Dial-in: (669) 900-6833, Meeting ID: 851 6956 1997. Members of the Board present during the Regular Meeting were:

Gary M. Reiff, President
Stephanie Donner, Vice President
Tyrone J. Gant, Vice President
Dominique Gómez, Vice President

Board employees and others present during portions of the meeting were:

J.S. Lochhead, CEO/Manager	A. Joseph, Attorney
J.A. Anderson, Chief of Staff	J. Kirk, Communications Specialist
A. Bricmont, Chief Financial Officer	D. Lopez, IT Support Specialist
J. Brody, General Counsel	D. Martinelli, Finance Analyst
B.D. Good, Chief Administrative Officer	C. Mbakago, Division Sr. Analyst
D. Gorgemans, Internal Auditor	J. Mitchell, Financial Planning and Performance Manager
R. Mahoney, Chief Engineering Officer	K. Nash, Business Operations Support
R. Marsicek, Chief Water Resource Strategy Officer	K. Oligney, Director IT Infrastructure
T.J. Roode, Chief Operations and Maintenance Officer	S. Overby, Business Operations Support
	J. Park, IT Application Sr. Developer

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

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



E. Abbott, IT Program Manager	C. Proctor, Communications Sr. Specialist
S. Abram, Director Financial Planning and Performance	L. Quintana, Administrative Sr. Assistant
S. Adamkovics, Finance Sr. Analyst	B. Ransom, Recreation Manager
B. Akins, Finance Analyst	A. Rettig, Finance Supervisor
A. Aslamy, Finance Sr. Analyst	K. Riegle, Attorney
R. Badger, Planning Manager	G. Sanchez, Division Analyst
J. Bandy, Planning Manager	U. Sharma, Treasurer
A. Cavallaro, Paralegal	L. Southard, Business Operations Support
S. Chesney, Director Public Affairs	S. Stephen, IT Support Sr. Specialist
F. Davis, Rates Manager	J. Walter, Finance Analyst
M. Day, IT Support Manager	P. Williams, Executive Assistant
K. Dudas, Public Affairs Manager	O. Bannan, Western Resource Advocates
N. Elder, Planning Manager	M. Davidoff
P. Freeman, Business Operations Manager	K. Koepke, Marsh & McLennan
S. Hansz, Engineer Sr.	C. Lane, Platte Canyon Water and Sanitation District
D. Herrera, IT Applications Manager	J. Lorenz, Marsh & McLennan
A. Hill, Government Relations Liaison	

INTRODUCTORY BUSINESS

Commissioner Reiff called the meeting to order at 9:00 a.m. Upon motion regularly made, seconded and unanimously carried, Commissioner Jones was found to be absent for good cause and was excused.

Public Comment and Communications

Commissioner Reiff issued an invitation to members of the public to comment to the Board on any matters not included in the Agenda for the meeting. There was no public comment.

Legislative Update

Mr. Hill reported that the Legislative Update Briefing Paper has been prepared for the Board's review, stating that today is the last day of the 2022 legislative session. He noted that Denver Water is currently exploring an amendment to SB22-113 that would create an exception for public entities using facial recognition services in connection with controlling access to critical infrastructure.

Mr. Hill stated that he would provide a full summary of bills impacting Denver Water in June and was available to answer any questions regarding the Legislative Update Briefing Paper. The Board had no questions.

ACTION ITEMS

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. ITEM II-A-1: MINUTES FROM APRIL 13, 2022

Approved the Minutes from the April 13, 2022 Board Meeting.

2. ITEM II-A-2: MINUTES FROM APRIL 27, 2022

Approved the Minutes from the April 27, 2022 Board Meeting.

3. ITEM II-A-3: INTERGOVERNMENTAL AGREEMENT 505283 WITH CITY OF BRIGHTON AND SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT

Approved Agreement 505283 with the City of Brighton and South Adams Water and Sanitation District for up to 139 acre-feet per year, for a total up to 695 acre-feet of potable water, and the West Slope Charge Agreement incorporated therein.

4. ITEM II-A-4: SECOND AMENDMENT TO AGREEMENT WITH PURE BRAND – CONTRACT 503941

Ms. Dudas presented the Board with the Pure Brand Contract Amendment: Life is Better with Water, a copy of which is attached to and incorporated in these Minutes as Exhibit A. She explained that Pure Brand was contracted in June 2019 to develop a brand campaign to engage the public on the topic of water and increase water knowledge within the community.

In March 2020, due to the pandemic, Pure Brand's resources were shifted to supporting the communications, outreach, and education efforts of the Lead Reduction Program (LRP). Staff is seeking to extend Pure Brand's contract to carry out the initial intent of the three-year marketing campaign, while also continuing to support the LRP.

In response to questions from the Board, Ms. Dudas stated that the campaign was developed with a broader theme to educate people about future water challenges and engage the community to think about water's necessity and its role in daily life. The brand focuses on water conservation and recognizes Denver Water's role in protecting this resource. The Lead Reduction Program has done very well in measuring the success of its campaign and the intent is to translate the LRP's success to the current campaign.

Approved the Second Amendment to Contract 503941 with Pure Brand for marketing and advertising services, for an extension of the contract period through October 31, 2025, and an additional \$1,957,000, for a total amended contract amount not to exceed \$3,257,000.

5. ITEM II-A-5: FOOTHILLS TREATMENT PLANT RESERVOIR NO. 1 & NO. 2 ROOF SLAB WATERPROOFING IMPROVEMENTS – CONTRACT 505063

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

6. ITEM II-B-1: REIMBURSEMENT RESOLUTION FOR TAX-EXEMPT DEBT

Ms. Sharma and Ms. Joseph presented the Board with the 2022 Reimbursement Resolution, a copy of which is attached to and incorporated in these Minutes as Exhibit B. Ms. Joseph reported that tax-exempt bonds are Denver Water's primary tool for capital expenditures and allow for the use of bond proceeds to reimburse current expenditures. The Reimbursement Resolution declares intent to reimburse capital expenditures with tax-exempt debt and is required by the IRS. She added that the Resolution is not an approval for project expenditures or for bond issuance but will allow flexibility once the bonds are issued later this year.

Ms. Sharma explained that the benefits of the reimbursement resolution are that it optimizes the size of the bond issuance, minimizes negative arbitrage, and manages issuance costs. Denver Water's line of credit and cash reserves provide flexibility to spend/draw down and get reimbursed for those expenses later. The projects to be reimbursed could include large strategic projects such as Gross Reservoir Expansion, Northwater Treatment Plant, the Water Resource

Center, and main replacements. System development charges and rates are also used for funding, but the primary portion of these projects is funded by bonds.

Adopted the 2022 Reimbursement Resolution to reimburse cash reserve expenditures from the proceeds of one or more series of bonds in an expected maximum aggregate principal amount of \$765.7 million.

POLICY MATTERS

7. ITEM III-C: FISHING GUIDE PERMIT PROGRAM – SOUTH PLATTE RIVER

Mr. Ransom presented the Board with the Denver Water Recreation Update, a copy of which is attached to and incorporated in these Minutes as Exhibit C. He reported that Denver Water owns approximately 4.5 miles of the South Platte River and is the third largest property owner in Colorado, with six full-time staff to oversee its various recreation locations. Community feedback and collaboration inform Denver Water's approach at the various facilities.

He reported that the number of outfitters operating on the South Platte River has increased rapidly, creating a need to prevent over usage in the area and protect resources. Currently, Denver Water has 18 self-reported outfitters conducting trips at its facilities and requires outfitter insurance and a state outfitter's license. Denver Water does not impose fees nor restrictions on use days or number of client trips. In contrast, Colorado Parks and Wildlife (CPW) and the U.S. Forest Service (USFS) charge fees and limit the number of client days or limit the number of outfitters on the river at one time.

Mr. Ransom recommended a two-phase approach to determine how to create a better experience, prevent overcrowding, mitigate conflict between outfitters, and preserve and protect these key environmental resources. Phase one would require outfitters to report client days and provide proof of insurance effective June 1, 2022, and phase two would engage outfitters in developing a permit system with an April 1, 2023 proposed effective date.

The Commissioners agreed with Mr. Ransom's proposed two-phase approach, allowing staff to continue to develop permit options based on feedback from the Board and considering input from outfitters and the public.

8. ITEM III-D: INSURANCE RENEWAL STRATEGY

Ms. Koepke of Marsh & McLennan presented the Board with the Denver Water 2022 Insurance Program update, a copy of which is attached to and incorporated in these Minutes as Exhibit D. She provided an overview of the proposed policy renewal structure with incumbent carriers for property, excess liability, fiduciary, and terrorism, and new carrier partners for malicious attack and cyber. She noted that based upon incumbent performance and current market conditions, some lines of coverage were re-marketed in 2022. Benchmarking between other utilities for cyber and excess liability was part of the overall risk review this year. Marsh's strategy is to evaluate the market on a yearly basis.

Commissioner Reiff recommended that additional analysis be provided for excess liability and property within the next two to five years.

9. ITEM III-E: WATER SUPPLY UPDATE

Mr. Elder presented the Board with the Water Supply Update, a copy of which is attached to and incorporated in these Minutes as Exhibit E. He reported that the snowpack for the South Platte River Collection System peaked at 71% of normal and the snowpack for the Colorado River Collection System peaked at 87% of normal. Denver Water's reservoir storage is currently at 79% full, with the rate of fill expected to accelerate over the next week and peak storage anticipated to reach 92% full.

The month of May has already received about half the average rainfall for the month with hot and dry conditions in the forecast. There has been an earlier start to irrigation season and higher water demands than normal for this time of year. Staff is not currently recommending additional water restrictions beyond the summer outdoor watering rules but will continue to monitor conditions and update the Board on any changes.

10. ITEM III-F: Q1 PERFORMANCE REPORT

Ms. Abram presented the Board with the First Quarter Performance Report, a copy of which is attached to and incorporated in these Minutes as Exhibit F. She provided an overview of the organizational scorecard metrics and highlighted portions of the 2022 Financial Report, noting no significant changes from the 4th Quarter Performance Report. She reported that Professional and Purchased Services were \$1.8 million over budget; Construction and Field Services are seeing increased costs for hauling and trucking, paving, and fuel;

Materials, Supplies, and Chemicals are experiencing increased costs for chemicals and fuel; and Waste Disposal Services are seeing higher costs for fuel surcharges. She noted that inflationary impacts were incorporated into the 2022 budget development, but some cost increases have been higher than anticipated. Staff will continue to monitor these cost increases into the high-demand summer months.

In response to recommendations from the Board, Ms. Abram indicated that staff will work to incorporate revisions to timing and expenditure metrics to provide a more accurate representation of Denver Water's Balanced Scorecard and Business Plan. She and Mr. Lochhead thanked the Board for their feedback and stated that they welcomed the Board's input as work continues on the refreshed Strategic Plan.

EXECUTIVE UPDATE

11.ITEM IV-B: CFO UPDATE

Ms. Bricmont reported that the 2021 Annual Comprehensive Financial Report has been prepared for the Board's review.

BRIEFING PAPERS & REPORTS

12.ITEM V-A-1: BRIEFING PAPER FOR LEGISLATIVE STRATEGY

The Board received a Briefing Paper for Legislative Strategy, a copy of which is incorporated and attached to these Minutes as Exhibit G.

13.ITEM V-A-2: BRIEFING PAPER FOR INSURANCE STRATEGY

The Board received a Briefing Paper for Insurance Strategy, a copy of which is incorporated and attached to these Minutes as Exhibit H.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 10:04 a.m.

DocuSigned by:
Jim Lockhead
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Secretary

DocuSigned by:
Gary M. Reiff
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President