

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

Video Conference: <http://zoom.us/join>, Meeting ID: 923 5176 6527, Password: 118424
or Dial-in: (669) 900-6833, Meeting ID: 923 5176 6527

Wednesday, May 12, 2021

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, May 12, 2021, beginning at 9:00 a.m. via Zoom Video Conference: <http://zoom.us/join>, Meeting ID: 923 5176 6527, Password: 118424 or via Dial-in: (669) 900-6833, Meeting ID: 923 5176 6527. Members of the Board present during the Regular Meeting were:

**Gary M. Reiff, President
Craig Jones, First Vice President
H. Gregory Austin, Vice President
Paula Herzmark, Vice President
John R. Lucero, Vice President**

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

J.S. Lochhead, CEO/Manager	R. Marsicek, Planning Manager
J.A. Anderson, Chief of Staff	C. Martinez, Finance Associate Analyst
A.C. Bricmont, Chief Financial Officer	M. McDonald, Watershed Planner
J. Brody, General Counsel	L. Morales, Community Relations Sr. Specialist
B.D. Good, Chief Administrative Officer	K. Oligney, Director IT Infrastructure
D. Gorgemans, Chief Internal Auditor	J. O'Reilly, IT Support Sr. Specialist
M. King, Chief External Affairs Officer	C. Palmore, Division Analyst
R. Mahoney, Chief Engineering Officer	J. Park, IT Application Sr. Developer
T.J. Roode, Chief Operations and Maintenance Officer	C. Proctor, Communication Sr. Specialist
E. Abbott, IT Program Manager	A. Rettig, Finance Supervisor
S. Abram, Director Finance Plan & Performance	V. Roberts, Director Enterprise IT
S. Adamkovics, Finance Sr. Analyst	U. Sharma, Treasurer
B. Akins, Finance Analyst	J. Shaw, Community Relations Sr. Specialist

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

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



J. Allen, Planner
 A. Andrews, Finance Sr. Analyst
 D. Arnold, Attorney
 A. Aslamy, Finance Sr. Analyst
 R. Badger, Planning Manager
 D. Bennett, Director Water Resource Strategy
 C. Brummitt, Attorney
 A. Cavallaro, Paralegal
 S. Chesney, Director Public Affairs
 J. Daly, Finance Sr. Analyst
 F. Davis, Rates Manager
 R. Davis, Finance Analyst
 N. Elder, Planning Manager
 D. Fairburn, Engineer
 C. Fikan, Finance Associate Analyst
 P. Freeman, Business Operations Manager
 D. Herrera, IT Program Manager
 D. Lopez, IT Support Specialist

L. Southard, Administrative Sr. Assistant
 J. Spitze, Director IT PMO and Enterprise Projects
 S. Stephen, IT Support Sr. Specialist
 J. Stokes, Director Enterprise Project Management
 M. Turney, Engineering Manager
 J. Walter, Finance Analyst
 P. Williams, Executive Assistant
 A. Witheridge, Lead Scientist
 P. Fitzgerald, Platte Canyon Water and Sanitation District
 A. Glover-Rendahl, Marsh & McLennan
 E. Jorgensen, South Metro Water Supply Authority
 C. Lane, Platte Canyon Water and Sanitation District
 J. Lorenz, Marsh & McLennan
 S. Mathews, Marsh & McLennan

INTRODUCTORY BUSINESS

Commissioner Reiff called the meeting to order at 9:04 a.m.

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.

Ceremonies, Awards, and Introductions

Mr. Roode reported that the Colorado Department of Public Health and Environment (CDPHE) has awarded Denver Water with the Commitment Award. This award recognizes public water systems that have demonstrated a commitment to the culture of health. Denver Water received this award for its efforts in distributing face masks to water and wastewater utility employees across Colorado during the COVID-19 pandemic. He thanked the emergency management and warehouse teams for their contributions.

Legislative Update

Ms. Morales presented the Board with a legislative update, noting two bills on which Denver Water has taken a supportive position. House Bill 21-1268 directs the University of Colorado, Colorado State University, and the Colorado Water Institute to conduct feasibility studies and pilot deployments for new and emerging technologies that can improve the monitoring, management, and conservation of water. The universities are directed to report their findings to the legislature by July 2022. Senate Bill 21-258 takes a variety of approaches to mitigating the risk of wildfires across the state and expands the allowable uses of funding from the Forest Restoration and Wildfire Risk Mitigation grant program. Denver Water supports the bill's efforts to foster statewide coordination and landscape-scale focus to prevent catastrophic wildfires.

She also updated the Board on the progress of SB 21-197, stating that the bill has made it out of the Senate. This bill provides injured workers control over the selection of the primary treating physician in workers' compensation cases, expanding the pool of providers who are considered authorized treating physicians. Denver Water is concerned that this bill could lead to declines in the quality of care patients receive.

Ms. Morales 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 14, 2021

Approved the Minutes from the April 14, 2021 Board Meeting.

2. ITEM II-A-2: MINUTES FROM APRIL 28, 2021

Approved the Minutes from the April 28, 2021 Board Meeting.

3. ITEM II-A-3: CONDUIT NO. 39 TAP REMOVALS – CONTRACT 504356

Approved Contract 504356 with T. Lowell Construction, Inc. for Conduit No. 39 Tap Removals for the contract period from May 13, 2021 to November 15, 2021, for a total contract amount not to exceed \$1,430,000.

4. ITEM II-A-4: AMENDMENT TO BOARD BYLAWS

Approved the Amendments to the Board Bylaws to conform the bylaws to the Board's current practice and terminology, including changes to Article II which add more detail to the role of the President and better distinguishes the role of the First Vice President from that of the other Vice Presidents. Approved updates to the gifts provision in paragraph 3.3 to incorporate changes the Board made to the Personnel Policies ethics provision in December 2020 into the Board Bylaws.

5. ITEM II-A-5: TWENTY-THIRD AUTHORIZATION FOR ADDITIONAL CONTRACT FUNDS FOR ORACLE AMERICA – CONTRACT 500125

Approved the Twenty-third authorization to Contract 500125 with Oracle America Inc. for technical support services for an extension of the contract period through June 1, 2022 and for an additional \$454,904, for a total amended contract amount not to exceed \$4,828,893.

6. ITEM II-B-1: 2021 HARRIMAN RAW WATER DITCH RATES

Ms. Davis presented the Board with the proposed 2021 Harriman Raw Water Ditch Rates. She reported staff's recommendation to increase the annual ditch rate for Harriman Reservoir water from \$41.57 to \$114.33 per inch right, or approximately \$0.46 per thousand gallons, to meet the costs associated with delivering water through the Harriman Reservoir. She noted that the increase is driven largely by Operations and Maintenance costs in 2020, which included sediment removal and vault cleanout projects.

Adopted and Approved the annual ditch rate increase for Harriman Reservoir water from \$41.57 to \$114.33 per inch right to meet the costs associated with delivering water through the Harriman Reservoir, effective immediately.

POLICY MATTERS**7. ITEM III-A: 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 A. She provided an overview of the organization scorecard metrics and highlighted portions of the 2021 Financial Report. She reported that water sales were down due to historically low water use. This lower use is attributed to continued water

efficiency and small effects of the ongoing pandemic. System Development Charge revenues have been strong through the first quarter. Total operating costs without operating projects were \$1.9 million over budget. Salaries and Benefits were slightly over budget, primarily due to the need for on call and overtime staffing. The budgeted employee vacancy rate for 2021 is 3.5%, with a forecasted vacancy rate of 3.4%.

Professional and Purchased Services were \$1.1 million over budget. Construction and Field Services increased, due in part to facility services and additional lead service line removals by Water Distribution. Materials for Water Distribution were higher than budgeted and IT hardware and equipment costs were down. Chemical costs were generally down due to lower water consumption, although some costs increased due to the fall hurricanes and the Texas freeze in February. The projection for capital projects is about \$3.6 million under budget with a reduction in costs on some projects. Overall, through the end of the first quarter, total spending projections are 0.2% under budget.

In response to a question from Commissioner Lucero, Ms. Abram stated that there have been no significant financial impacts due to cost increases or supply chain issues caused by the pandemic. Mr. Mahoney noted that there has been a slowdown in the supply chain, but nothing significant yet.

8. ITEM III-B: ENTERPRISE PROJECT MANAGEMENT OFFICE UPDATE

Ms. Stokes presented the Board with the Enterprise Project Management Office (EPMO) Update, a copy of which is attached to and incorporated in these Minutes as Exhibit B. She reported that the value of the EPMO is that it will support Denver Water's project portfolio to ensure the right projects are selected and delivered at the right time and at the right cost. The EPMO ensures accountability by delivering unified processes, transparent planning, and governance consistent with enterprise reporting.

Ms. Stokes highlighted Denver Water's 2020 accomplishments and provided an organizational roadmap for 2021 and beyond. She explained that the emphasis in 2020 was on following existing processes while the 2021 Roadmap emphasizes building an EPMO unified framework and unified methodology across Denver Water. Going forward, staff will utilize process and governance tools, project selection and prioritization, enterprise project reporting, capacity planning, and organizational change management (OCM). Staff will present

recommendations on enterprise project reporting enhancements to the Board in June.

9. ITEM III-C: IT STRATEGY UPDATE

Ms. Roberts presented the Board with an IT Strategy Update, a copy of which is attached to and incorporated in these Minutes as Exhibit C. She provided a status update for the Business Technology Transformation (BTT) Roadmap and a proposal for the path forward, reporting that many changes and process improvements were completed at Denver Water through implementation of the BTT Roadmap. In order to mitigate pandemic impacts and possible drought risks, precautionary budget reductions were made in 2020-21, which delayed the start of several remaining items on the BTT Roadmap.

Ms. Roberts reported that the BTT Roadmap will be replaced with a more flexible strategic planning approach that allows for adaptation and addresses the evolving organizational needs at Denver Water. The IT leadership team initiated a process for creating and refreshing a long-term three-year IT forecast of initiatives, which include a Cybersecurity Maturity Roadmap, Revised SaaS Migration Roadmap, and a Supervisory Control and Data Acquisition (SCADA) Master Plan. The IT Project Management Office has set a goal to achieve at least a 50% IT Project Performance metric for project execution in 2021.

In response to questions from the Board, Ms. Roberts explained that there is a comprehensive cybersecurity roadmap in place as we increase our cloud storage. She also noted that a cost-benefit analysis was done and overall, the move towards Software-as-a-service (SaaS) was found to be beneficial but in some instances, costs can exceed the original model.

10. ITEM III-D: 2021 INSURANCE PROGRAM

Ms. Glover-Rendahl of Marsh & McLennan presented the Board with Denver Water's 2021 Insurance Program, a copy of which is attached to and incorporated in these Minutes as Exhibit D. She provided details about the proposed policy renewal structure with incumbent carriers for property, fiduciary, terrorism, and crime, and new carrier partners for excess liability, cyber, and malicious attack. She noted that due to responses from incumbents and current market conditions, some lines of coverage were re-marketed in 2021. Marsh's strategy is to market programs every 3-5 years for diligence purposes and in accordance with fluctuating market conditions.

She reported that due to market shifts in recent years, coupled with the pandemic, social unrest, natural disasters, and cyber-attacks, more carriers have been reducing or excluding certain coverages that were once standard inclusions in their policies. In the current renewal, Denver Water's carriers have dropped coverages such as law enforcement liability and malicious attack (active shooter/non-peaceful protest) from their renewal quotes. Malicious Attack is a separate (monoline) coverage obtained for 2021-22 through Hiscox.

Ms. Bricmont added that staff is continuing to work with outside counsel to assist with the review of the quoted cyber policy and will provide feedback and recommendations. Staff expects to present the proposed policies for approval on May 26, 2021.

In response to questions from the Board, Ms. Glover-Rendahl explained that although we did experience a rate increase with XL for property coverage, findings indicates that XL remains the most competitive carrier.

11. ITEM III-E: WATERSHED HEALTH PLAN

Ms. Witheridge presented the Board with the Watershed Planning Program Update, a copy of which is attached to and incorporated in these Minutes as Exhibit E. She reported on the watershed planning framework for the North and South Collection Systems, highlighting the South System action plan project progress from November 2020 through April 2021. These projects include the Strontia Springs Watershed Sediment Management Plan, North Fork Abandoned Mine Lands White Paper, and the South Collection System Water Quality Assessment Reporting. Continued work on the projects will include a focus on prioritizing communication tools, completing the Strontia Springs Watershed Sediment Management Plan, and planning for 2022.

12. ITEM III-F: COLORADO RIVER UPDATE

Mr. Marsicek presented the Board with the Colorado River Update, a copy of which is attached to and incorporated in these Minutes as Exhibit F. He reported that the Colorado River Basin, which spans seven states, is divided between the Upper and Lower Basin states, with water deliveries governed by the Colorado River Compact and several subsequent agreements. He noted that although Denver Water's collection area has been in and out of drought over recent years, the Colorado River Basin has been experiencing drought for the past twenty-two years.

He reported that Lake Powell is 35% full, which is the lowest it has been since it was first filled, and Lake Mead will likely drop to historically low levels later this year. The impacts of climate change have resulted in significantly lower inflows to Lake Powell in the past twenty years compared to the long-term average. The Bureau of Reclamation's most recent projections show elevations for Lake Powell and Lake Mead dropping further with Lake Mead likely below elevation 1075 in January 2022, which will trigger a Stage 1 shortage in the Lower Basin. Denver Water staff will continue to monitor water supply conditions and work closely with state representatives to protect Colorado River supplies.

EXECUTIVE UPDATE

13.ITEM IV-B: CFO REPORT

Ms. Bricmont reported that Denver Water's annual audit has been completed and will be presented at the next Board Meeting.

BRIEFING PAPERS & REPORTS

14.ITEM V-A-1: BRIEFING PAPER FOR LEGISLATIVE UPDATE

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

15.ITEM V-A-2: BRIEFING PAPER FOR IT STRATEGY UPDATE

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

16.ITEM V-A-3: 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 I.

17.ITEM V-A-4: BRIEFING PAPER FOR WATERSHED PLANNING PROGRAM ORGANIZATIONAL STRATEGY

The Board received a Briefing Paper for Watershed Planning Program Organizational Strategy, a copy of which is incorporated and attached to these Minutes as Exhibit J.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 10:24 a.m.

DocuSigned by:
Jim Lochhead
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Secretary

DocuSigned by:
Gary M. Reiff
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President