

**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: 935 2938 8816, Password: 611966
or Dial-in: (669) 900-6833, Meeting ID: 935 2938 8816

Wednesday, July 28, 2021

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, July 28, 2021, beginning at 9:00 a.m., in the Board Room, Room 106, 1600 West 12th Avenue, Denver, Colorado and via Zoom Video Conference: <http://zoom.us/join>, Meeting ID: 935 2938 8816, Password: 611966 or via Dial-in: (669) 900-6833, Meeting ID: 935 2938 8816. Members of the Board present during the Regular Meeting were:

Gary M. Reiff, President
Craig Jones, First Vice President
Stephanie Donner, Vice President
Dominique Gómez, Vice President
John R. Lucero, Vice President

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

J.S. Lochhead, CEO/Manager	D. Herrera, IT Program Manager
J.A. Anderson, Chief of Staff	A. Joseph, Attorney
A.C. Bricmont, Chief Financial Officer	R. Logan, Drafter Sr.
J. Brody, General Counsel	D. Lopez, IT Support Specialist
B.D. Good, Chief Administrative Officer	J. Martin, Project Engineer
D. Gorgemans, Chief Internal Auditor	C. Mbakogu, Division Sr. Analyst
R. Marsicek, Chief of Water Resource Strategy	R. Millendez, Procurement Specialist
R. Mahoney, Chief Engineering Officer	K. Oligney, Director IT Infrastructure
	C. Palmore, Division Analyst

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

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



T.J. Roode, Chief Operations and Maintenance Officer
E. Abbott, IT Program Manager
S. Abram, Director Finance Plan & Performance
S. Adamkovics, Finance Sr. Analyst
B. Akins, Finance Analyst
M. Aragon, Director Customer Relations
D. Arnold, Attorney
R. Badger, Planning Manager
K. Bates, Attorney
S. Behunek, Public Affairs Manager
J. Bogner, Finance Sr. Analyst
C. Brummitt, Attorney
K. Burgess, Director Human Resources
A. Cavallaro, Paralegal
Y. Cha, Procurement Manager
S. Chesney, Director Public Affairs
J. Christensen, Procurement Specialist
F. Davis, Rates Manager
R. Davis, Finance Analyst
C. Fransen, Procurement Specialist
P. Freeman, Business Operations Manager

J. Park, IT Application Sr. Developer
N. Poncelet, Director Water Quality - Treatment
C. Proctor, Communications Sr. Specialist
D. Raitt, Engineering Manager
K. Riegle, Attorney
K. Ross, Engineering Manager
U. Sharma, Treasurer
J. Shaw, Community Relations Sr. Specialist
L. Southard, Administrative Sr. Assistant
G. Thompson, Engineer
M. Trubee, Public Affairs Manager
J. Walter, Finance Analyst
P. Williams, Executive Assistant
T. Winchell, Engineer Associate
A. Woodrow, Lead Program Manager
L. Albanese, Financial Investment News
R. Descallar, Pageant Media
P. Fitzgerald
S. Kohlman
C. Lane, Platte Canyon Water and Sanitation District
M. Nelson

INTRODUCTORY BUSINESS

Commissioner Reiff called the meeting to order at 9:00 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.

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: 2021 AERIAL CROSSING IMPROVEMENTS – CONTRACT 504819

Approved Contract 504819 with T. Lowell Construction, Inc. for the 2021 Aerial Crossing Improvements project for the contract period from July 29, 2021 to January 14, 2022, for a total contract amount not to exceed \$814,000.

2. ITEM II-B-1: APPROVAL OF CIGNA ADMINISTRATIVE SERVICES CONTRACT AND CIGNA STOP-LOSS CONTRACT AMENDMENTS – CONTRACTS 503668 AND 501025

Ms. Burgess reported that after review and evaluation of proposals from four carriers during the competitive selection process, it was determined that CIGNA offered the best competitive pricing and financial incentives. Therefore, staff is seeking approval to retain CIGNA as Denver Water's medical provider and stop-loss carrier.

Approved the First Amendment to Contract 503668 with CIGNA for the Administrative Services described in the contract for the period from January 1, 2022 to December 31, 2026, for a total contract amount not to exceed \$3,832,886.

Approved the Fourth Amendment to Contract 501025 with CIGNA Health and Life Insurance Company for individual stop-loss coverage for the contract period from January 1, 2022 to December 31, 2026, for a total contract amount not to exceed \$11,128,857.

3. ITEM II-B-2: APPROVAL OF 2022 MEDICAL, DENTAL AND VISION RATES FOR EMPLOYEES AND RETIREES

Ms. Burgess reported that Denver Water staff is recommending an 8.7% increase in the estimated premiums for 2022, as well as an adjustment to the employer/employee plan contribution split, moving closer to the 80%/20% contribution split prevalent in the market. This rate increase will be the first in a few years.

Commissioner Reiff thanked Ms. Burgess for her team's work.

Approved the 2022 Medical, Dental and Vision Contributions and the activation of the Cigna programs.

POLICY MATTERS

4. ITEM III-A: STANDARDS UPDATE

Ms. Ross presented the Board with Putting Standards to Work, a copy of which is attached to and incorporated in these Minutes as Exhibit A. She reported that standards establish a minimum level of quality for design and construction and also guarantee that built systems are designed and constructed to ensure safety. In order to promote safety, reliability, productivity, and efficiency, there was a need to capture the organizational standards and technical requirements in a single document.

The Denver Water standards library includes the Capital Projects Construction Standards (CPCS), Engineering Standards, and Computer Aided Drafting (CAD) Standards and projects prepared by or submitted to Denver Water are subject to these standards. The Engineering Standards have evolved to a more procedural document and technical information is now located exclusively in the CPCS. The CPCS 4th Edition captures the Standard Details and Material Specifications from the Engineering Standards in one document.

Historically, the standards have gone through several revisions, and the 10-year evolution of the Engineering Standards and CPCS is a testament to Denver Water's technical expertise and a significant achievement for the Engineering division. The use of these standards extends to multiple divisions internally and also to external end users in the developer community, assisting with safety for employees and the public. Through the use of these standards, all projects in our system will be designed and constructed to ensure employee safety, keep life-cycle costs low, and ensure safe and reliable drinking water.

5. ITEM III-B: LEAD REDUCTION PROGRAM OVERVIEW AND UPDATE

Ms. Woodrow presented the Board with the Lead Reduction Program (LRP) Overview and Update, copies of which are attached to and incorporated in these Minutes as Exhibits B-C. She reported that in 2018, the Colorado Department of Public Health and Environment (CDPHE) designated the use of orthophosphate as an optimal corrosion control treatment to reduce the risk of lead in drinking water. Looking for a better way to address the lead issue, Denver Water proposed an alternative solution, and in 2019 the EPA approved the LRP, which was officially launched in January 2020.

The LRP has five main elements: corrosion control treatment; lead service line inventory; filter program; lead service line replacement; and communications, outreach and education. Approximately 22% (about 100,000 households) are enrolled in the program. The geographic areas are selected based on a prioritization model that considers the risk of lead exposure in addition to other factors. Outreach and education within the community have been tailored to reach a diverse population in different languages through various forms of traditional and social media.

Ms. Woodrow reported that in 2020, nearly 5,300 lead service lines (LSLs) were replaced across the City and County of Denver; the pH was increased for all water delivered; multiple mailings and 105,565 filter pitchers were distributed to enrolled customers; 12 virtual bilingual community events were held with over 8,000 attendees; and over 800,000 people were reached through social media. There were over 22,000 customer contacts fielded by Customer Care related to the LRP, averaging about 500 calls and emails per week. All of these milestones were accomplished during the COVID-19 pandemic.

Currently, the project team is continuing to meet all regulatory deadlines and project milestones. As of the end of June, LSL replacements are 53% complete and on pace to meet the regulatory target of 4,447 for 2021. Overall program expenditures for 2021 through the end of June are just over \$24 million. The program's ongoing community outreach efforts continue to raise program awareness through online, remote, and social media platforms. The progress of pipe and LSL replacements can be followed through an interactive map on Denver Water's website.

In response to questions from Commissioner Lucero, Ms. Woodrow stated that the program is currently tracking about 20% Minority and Women-owned Business Enterprise (MWBE) participation. She noted that bids are received every year and while there has been an increase in material and labor costs, the program has become more cost efficient in other areas.

6. ITEM III-C: PRELIMINARY FINANCIAL PLAN

Ms. Abram and Mr. Davis presented the Board with the 2022 Preliminary Financial Plan, a copy of which is attached to and incorporated in these Minutes as Exhibit C. Ms. Abram provided an overview of the financial planning annual process, highlighting the importance of project prioritization and selection, and the overarching goal to select the right projects at the right time.

Mr. Davis explained that, to provide Denver Water customers some relief during the pandemic, the water rates for 2021 only included a 1.5% rate adjustment to fund the Lead Reduction Program. The long-range financial plan includes a smoothed annual revenue adjustment of 3.5% for operating costs, debt service, and capital costs. The financial plan is designed to meet annual target reserves, stay above targeted debt service coverage, stay below maximum debt to asset ratio (leverage), and include assumptions on inflation. Bond financing and system development fees will minimize customer costs.

He noted that the first reading of the rates will occur September 8, with the second reading of the rates with Board approval on October 13. Implementation of the approved rates will occur January 1, 2022.

EXECUTIVE UPDATE

7. ITEM IV-A: CEO UPDATE

Mr. Lochhead reported that last week he joined the executive team for an appreciation breakfast to celebrate and express gratitude to all Denver Water staff that continued reporting to a facility or job site throughout the pandemic. He remarked that it was great to see everyone, stating it was a positive atmosphere with about 300 to 400 people in attendance.

He also reported on his meeting at Denver Water's Operations Complex with the Interior Secretary Deb Haaland, along with state officials and water leaders from across the state, to discuss the impacts of climate change on the Colorado River. He discussed the status of ongoing drought conditions in Colorado and water supply challenges facing the nation, highlighting Denver Water's sustainability and conservation efforts, and the need for local, state, and federal collaboration on long-term solutions for climate change.

8. ITEM IV-B: CFO UPDATE

Ms. Bricmont reported that the Board will receive the 2Q Performance Report at the next Board meeting.

9. ITEM IV-C: OPERATIONS UPDATE

Mr. Roode reported that the Suncor Energy oil refinery currently has a maintenance issue that is expected to last for six weeks before the problem is resolved. Consequently, delays and price increases are expected for paving-

grade asphalt, which could result in slower completion times on asphalt projects. He also noted that the February 2021 Texas freeze continues to disrupt the global supply chain, and as a result, delays and price increases are also expected for PVC pipe.

BRIEFING PAPERS & REPORTS

10. ITEM V-A-1: BRIEFING PAPER FOR STANDARDS UPDATE

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

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into a Trustee Meeting at approximately 10:42 a.m.

Trustee/Plan Sponsor Meeting

The Board of Water Commissioners, serving in their capacity as Trustees of the Employees' Retirement Plan Trust Fund and Plan Sponsor of the Employees' Retirement Plan, and as Sponsor of the Supplemental Retirement Savings Plan of the Board of Water Commissioners of the City and County of Denver, met on Wednesday, July 28, 2021, commencing at 10:43 a.m., in the Board Room, Room 106, 1600 West 12th Avenue, Denver, Colorado and via Zoom via Video Conference. The Minutes of the Trustee Meeting/Plan Sponsor are maintained separately.

The Trustee/Plan Sponsor Meeting concluded at 10:45 a.m., at which time the Board voted unanimously to adjourn into the meeting of the Board of Water Commissioners and into Executive Session.

DocuSigned by:

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Secretary

DocuSigned by:

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President