

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

Denver Water Administration Building  
1600 West 12<sup>th</sup> Avenue  
Denver, CO  
Board Room, First Floor

Video Conference: <http://zoom.us/join>, Meeting ID: 815 6610 4497, Password: 139000  
or Dial-in: (669) 900-6833, Meeting ID: 815 6610 4497

**Wednesday, August 24, 2022**

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**Open Session**

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, August 24, 2022, beginning at 9:00 a.m. in the Board Room and via Zoom Video Conference: <http://zoom.us/join>, Meeting ID: 815 6610 4497, Password: 139000 or via Dial-in: (669) 900-6833, Meeting ID: 815 6610 4497. Members of the Board present during the Regular Meeting were:

**Gary M. Reiff, President**  
**Craig Jones, First 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	S. Monge, Program Administrator
J.A. Anderson, Chief of Staff	K. Oligney, Director IT Infrastructure
A. Bricmont, Chief Financial Officer	S. Overby, Business Operations Support
J. Brody, General Counsel	C. Palmore, Business Sr. Analyst - EPMO
B.D. Good, Chief Administrative Officer	R. Porter, Legal Assistant
D. Gorgemans, Chief Internal Auditor	C. Proctor, Communications Sr. Specialist
R. Mahoney, Chief Engineering Officer	L. Quintana, Administrative Sr. Assistant
R. Marsicek, Chief Water Resource Strategy Officer	A. Rettig, Finance Supervisor
T.J. Roode, Chief Operations and Maintenance Officer	K. Riegler, Attorney
	P. Ries, Engineer Sr.
	V. Roberts, Director Enterprise IT

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

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



S. Abram, Director Finance Planning & Performance	B. Scott, IT Manager
B. Akins, Finance Analyst	J. Seagren, Distribution Relations Manager
J. Archer, Engineering Manager	U. Sharma, Treasurer
J. Bogner, Finance Sr. Analyst	E. Shine, Legal Assistant
N. Boldt, Legal Intern	L. Southard, Business Operations Support
C. Burri, Interagency Project Manager	K. Spahr, Planner Sr.
R. Carlyle, Engineering Specialist	J. Strobel, Community Relations Specialist LTE
A. Cavallaro, Paralegal	J. Walter, Finance Analyst
S. Chesney, Director Public Affairs	P. Williams, Executive Assistant
J. Daly, Finance Sr. Analyst	L. Albanese, Financial Investment News
F. Davis, Rates Manager	M. Atland, Mott MacDonald
R. Davis, Engineer	P. Fitzgerald
N. DiMascio, Attorney	G. Hood, Jacobs
K. Forbes, Director Human Resources	R. Hungerbuhler, Segal Marco Advisors
M. Freeman, Grants Administrator	E. Jourgensen, South Metro Water Supply Authority
P. Freeman, Business Operations Manager	C. Lane, Platte Canyon Water and Sanitation District
J. Hunter, Survey Manager	Tim Lowe, Bancroft-Clover Water & Sanitation District
A. Joseph, Attorney	G. McCarthy, Portfolio Evaluations, Inc.
D. Lopez, IT Support Specialist	Drew Newnam
M. MacDonald, Scientist Sr.	J. Potts
J. Martin, Project Engineer	
D. Martinelli, Finance Associate Analyst	
C. Mbakago, Division Sr. Analyst	
P. McCormick, Project Engineer	
H. Miller, Internal Controls	

## INTRODUCTORY BUSINESS

Commissioner Reiff called the meeting to order at 9:07 a.m. Upon motion regularly made, seconded and unanimously carried, Commissioner Donner 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 meeting Agenda. 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: MARSTON FACILITY HIGH SIDE REDUNDANCY AND VALVE REPLACEMENTS AND CATHODIC PROTECTION IMPROVEMENTS – CONTRACT 505072**

Approved Contract 505072 with T. Lowell Construction, Inc. for Marston Facility High Side Redundancy and Valve Replacements and Cathodic Protection Improvements for the contract period from August 24, 2022 to June 22, 2023, for a total contract amount not to exceed \$2,907,000.

**2. ITEM II-A-2: THE U.S. FOREST SERVICE 2022 COLLECTION AGREEMENT FROM FORESTS TO FAUCETS PARTNERSHIP – CONTRACT 505368**

Approved Contract 505368 for \$1,239,618 with the U.S. Forest Service for forest health and wildfire risk reduction for the contract period from August 24, 2022 to August 24, 2027.

**3. ITEM II-A-3: SURVEY ENGINEERING BASE MAP SERVICES, COLFAX MAIN REPLACEMENT PROJECT – CONTRACT 505376**

Approved Contract 505376 with Harris Kocher Smith for survey base map services for the Colfax Mains Replacement project, for the contract period from August 24, 2022 to December 31, 2023, for a total contract amount not to exceed \$388,288.

**4. ITEM II-B-1: SECOND AMENDMENT TO INTERGOVERNMENTAL AGREEMENT WITH CITY OF ARVADA – CONTRACT 500817**

Ms. Sharma stated that this amendment will clarify the terms of the distribution of interest earning on the escrow account, noting that the terms of the Intergovernmental Agreement with the City of Arvada will not change.

Ms. Sharma was available for questions. The Board had no questions.

Approved the Second Amendment to Agreement 500817 with the City of Arvada for escrow interest.

## POLICY MATTERS

### 5. ITEM III-A: NORTHWATER TREATMENT PLANT

Mr. McCormick presented the Board with the Northwater Treatment Plant (NTP) Update, a copy of which is attached to and incorporated in these Minutes as Exhibit A. He reported on the progress of construction on site, noting several recent milestones in addition to the almost 2.5 million man-hours on the project since 2016. Construction is currently 72% complete and three weeks ahead of the projected substantial completion date despite the previous eight-month slippage due to supply chain issues and manufacturer labor shortages. Minority and women-owned enterprise (MWBE) spending is just shy of 8%, but on track to meet or exceed the targeted participation of \$31.5 million. Construction owner contingency spend is at \$6.7 million and expected to come in under budget. The project estimate at completion (EAC) is \$515 million, which is currently below the project forecast of \$520 million, and approaching \$380 million spent to date.

Mr. McCormick discussed current challenges on the project, including continued manufacturer supply chain issues for key equipment and components, and MWBE subcontractor struggles to maintain staffing. He also highlighted project awards and achievement, two of which include the National Safety Council Perfect Record Award (March 2018-June 2022), and the American Water Works Association (AWWA) Innovation Award (2022).

He provided background and scope on the GMP 10 Amendment for work package 8, for completion of final site finishes. He explained that the amendment is required due to cost increases since the original 2019 pricing, and largely driven by global supply chain issues, labor shortages, and reduced bidder pools. The revised EAC, including all contingencies and allowances, will be \$517 million, which is below the established project budget of \$520 million. There is no impact to the project schedule. This amendment will be presented to the Board for approval on September 14.

### 6. ITEM III-B: GROSS RESERVOIR EXPANSION UPDATE

Mr. Martin presented the Board with the Gross Reservoir Expansion Update, a copy of which is attached to and incorporated in these Minutes as Exhibit B. He provided a financial and risk management update, and reported on the construction progress on site, addressing key activities for 2022. He stated that the team is focused on the foundation excavation, which has been proceeding slower than planned but picking up progress and still on schedule. The first cubic

yard of concrete, which was originally scheduled for July, is being poured today. Additional activities through September will include continued abutment excavation (including increased night shifts), hydro-demolition of the downstream dam face, and completing removal of the existing spillway and mass grading for batch plant, office, maintenance, and lower dam pads.

Mr. Martin touched on the GRE 2022 program cost curve, stating that the cumulative construction costs through July are behind forecast and tracking to spend \$137 million, about \$30 million less than planned. This shortfall is mostly due to labor issues, work sequencing, and delayed non-critical work. He also noted that public outreach is ongoing in the community through print, social media, and in-person events and the team remains responsive to feedback received through email, phone, and the website.

In response to a question from Commissioner Reiff, Mr. Martin clarified that bids for electrical and grouting could be locked in by the end of the year.

## **7. ITEM III-C: 2023 FINANCIAL PLAN PRESENTATION AND FIRST READING OF RATES**

Ms. Bricmont and Mr. Davis presented the 2023 Financial Plan and First Reading of Rates, copies of which are attached to and incorporated in these Minutes as Exhibits C-D. Ms. Bricmont reported on the priorities for 2023, providing an overview of the preliminary long-range financial plan. She presented revenue adjustment scenarios for both 4.5% and 5%, discussed projected funding needs over the next 10 years, and recommended an overall 5% increase to 2023 revenues in order to meet financial targets, manage inflation, and sustain debt capacity for the future.

She noted that the team is in the process of submitting its request to the state of Colorado for funds allocated in the federal Bipartisan Infrastructure Law (formerly known as the Infrastructure Investment and Jobs Act) for water infrastructure improvements. This funding has already been incorporated into the financial plan along with bond financing and system development fees.

Mr. Davis reported that the First Reading of the 2023 proposed water rates reflects a 5% revenue adjustment. He provided an overview of the proposed rate structures and Denver Water's robust customer assistance program. He stated that the average monthly increase for single family residential customers would be \$3.94 for Total Service, \$2.96 for In-City customers, and \$1.08 for Read and Bill customers. Fixed service charges and raw water would also see increases in

2023. Denver Water's current and proposed rates for single family households fall within the average range of costs compared with other Front Range water providers.

Mr. Davis stated that the Second Reading of the rates will occur on October 12. If approved by the Board, rate adjustments would be implemented starting January 1, 2023 after the required 60-day waiting period.

The Board recommended that staff remain sensitive to raising rates above 5% going forward and consider additional ways to meet Denver Water's financial commitments.

## EXECUTIVE UPDATE

### 8. ITEM IV-A: CEO UPDATE

Mr. Lochhead reported that today, Denver Water and other water utilities in the both the Upper and Lower Colorado River Basin sent a signed Memorandum of Understanding (MOU) and letter to the U.S. Bureau of Reclamation, endorsing their joint commitment to use water more efficiently and reduce water use. Specifically, the MOU expresses the commitment to promote conservation and efficiency, reduce non-functional turf to improve climate resiliency, and redouble efforts to increase reuse and recycling.

Since 2000, the signatories to the MOU have saved over a million acre-feet of water per year, despite adding significant populations to their service areas. Denver Water remains committed to updating its conservation plan, developing new strategies, promoting an ethic of wise water use, and transforming outdoor landscapes that benefit all communities.

The Upper Basin states have already devised a Five Point Plan in response to the Bureau's recent demand that the Colorado River Basin states reduce their water consumption by 2 to 4 million acre-feet in the next year. The Lower Basin states have not announced any water cuts, but Mr. Lochhead emphasized that all water users in the basin will need to start stepping forward to conserve.

Commissioner Gomez thanked Mr. Lochhead for his leadership and commitment to underserved communities.

## 9. ITEM IV-B CFO UPDATE

Ms. Bricmont reported that the July Financial Report has been prepared for the Board's review, a copy of which is attached to and incorporated in these Minutes as Exhibit E.

## BRIEFING PAPERS & REPORTS

### 10. ITEM V-A-1: REPORT FOR LEAD REDUCTION PROGRAM DASHBOARD

The Board received a Report for the Lead Reduction Program Dashboard, a copy of which is incorporated and attached to these Minutes as Exhibit F.


## ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into a Trustee Meeting at approximately 10:20 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, August 24, 2022, commencing at 10:21 a.m., in the Board Room, Room 106, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado and via Zoom Video Conference. The Minutes of the Trustee/Plan Sponsor Meeting are maintained separately.

The Trustee/Plan Sponsor Meeting concluded at 10:39 a.m., at which time the Board voted unanimously to adjourn the meeting of the Board of Water Commissioners.

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Secretary

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President