

## RECORD OF PROCEEDINGS

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### MINUTES OF THE BOARD OF WATER COMMISSIONERS

#### OPEN SESSION

August 26, 2015

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, August 26, 2015, beginning at 9:11 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. Members of the Board present were:

**Thomas A. Gougeon, Vice President**  
**Paula Herzmark, Vice President**  
**Penfield W. Tate, III, Vice President**

Board employees and others present during the meeting were:

J.S. Lochhead, CEO/Manager	P.L. Wells, General Counsel
A.C. Bricmont, Director of Finance	B. Bates, <i>Acting</i> Director of Planning
S.C. Covington, Director of Public Affairs	J.A. Anderson, Director of Customer Relations
B.D. Good, Deputy Manager of Organizational Improvement	T.J. Roode, Director of Operations and Maintenance
R.J. Mahoney, Director of Engineering	C.R. Dermody, Director of Information Technology
G. Cagle, Director of Human Resources	M.K. Frishman, Attorney
	J. Wittler, Attorney

Commissioner Tate called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioners Austin and Lucero were found to be absent for substantial cause and were excused.

Commissioner Tate recessed the meeting at 9:11 a.m.

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#### RECONVENED OPEN SESSION

At 9:14 a.m., on Wednesday, August 26, 2015, in the cafeteria of the Administration Building, 1600 W. 12<sup>th</sup> Avenue, Denver, Colorado, Commissioner Tate reconvened the Regular Meeting of the Board of Water Commissioners, which had been commenced and adjourned earlier. Members of the Board present in person or by telephone for portions of the Reconvened Open Session were:

**H. Gregory Austin, President**  
**Thomas A. Gougeon, Vice President**  
**Paula Herzmark, Vice President**  
**Penfield W. Tate, III, Vice President**

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

J.S. Lochhead, CEO/Manager	P.L. Wells, General Counsel
A.C. Bricmont, Director of Finance	B. Bates, <i>Acting</i> Director of Planning
S.C. Covington, Director of Public Affairs	J.A. Anderson, Director of Customer Relations
B.D. Good, Deputy Manager of Organizational Improvement	T.J. Roode, Director of Operations and Maintenance
R.J. Mahoney, Director of Engineering	C.R. Dermody, Director of Information Technology
G. Cagle, Director of Human Resources	M.K. Frishman, Attorney
P.A. Carey, Manager of Purchasing and Contracting	J. Wittler, Attorney
S.L. Chesney, Manager of Media and Executive Communications	M. Wittern, Community Relations Specialist
J. Segal, Contract Specialist	J. Luthye, Staffing Agency Temporary
	K. Gedney, Contract Specialist
	B. Maulis, Contract Specialist
Amanda Zitzman, 7News	John Daley, Colorado Public Radio
Josh Montoya, 7News	Jim Hooley, KDVR/KWGN

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Chris Rayburn, Littleton resident  
Liz Gardener, Denver resident  
Steve Loftiz, GBSM  
Tom Willison, Denver resident  
Mike Hill, Denver resident  
Molly Pereira, Colorado Dental  
Association

Corinne Allen, CDPHE  
Jean McMains, CDPHE  
Greg Gillette, Denver resident  
Bruce Baumann, Wheat Ridge resident  
Matt Savarie, Denver resident

Commissioner Tate explained the Board would be voting on a resolution regarding the practice of managing fluoride levels in Denver Water's drinking water. He described Denver Water's history of community water fluoridation, which began in 1953 at the Moffat Treatment Plant at the request and expense of the Denver Board of Health. In the late 1970s, Denver Water assumed the cost of fluoridation. In 1980, Denver Water received a grant from the Colorado Department of Health that allowed fluoridation to be expanded to Denver Water's other two treatment plants. Denver Water continued to fluoridate based on recommendations by local, state, and federal public health authorities. On July 29, 2015, the Board held a public forum on community water fluoridation. Afterward, Denver Water provided a comment period on the issue, during which it received more than 1,100 comments from individuals and organizations.

Due to intermittent interruptions in Commissioner Austin's phone connection, Commissioner Tate read Commissioner Austin's written comments on the issue, in which Commissioner Austin expressed, "Community Water Fluoridation at the 0.7 ppm level recommended by the U.S. Public Health Service provides substantial health benefits, and is a safe, cost-effective and common sense contribution to the dental health of the public." He wrote that his vote was to continue Denver Water's policy regarding fluoridation. A copy of Commissioner Austin's full comments is attached to and incorporated in these Minutes as Exhibit "A."

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Commissioner Herzmark added that the Board spent months listening to the public on the issue of fluoridation at Board meetings and the public forum this year, hearing the science advocating for changing the policy and maintaining the policy. She said the Board and staff looked at the landscape of the information available today on both sides of the issue. She also noted that 70 years ago nearly everyone in the United States had tooth decay and resulting health problems. She opined that fluoride supplementation has helped bring control over a serious public health problem. Commissioner Herzmark referenced the detailed science relied upon by the American Dental Association, the American Academy of Pediatrics, the U.S. Public Health Service, the World Health Organization, and the Centers for Disease Control ("CDC") on the importance of maintaining fluoride in water. She noted the CDC has stated that community water fluoridation was one of the 10 great public health achievements of the 20<sup>th</sup> century. Commissioner Herzmark expressed that she does not want to substitute her judgment for the science and expertise of the referenced organizations, and therefore she would vote to maintain fluoride in Denver's water at current levels.

Commissioner Gougeon remarked that both sides of the fluoridation debate have been sincere in their beliefs that it is a public health issue. He noted that Denver Water's source water comes with naturally occurring fluoride and that 80 percent of Denver Water customers would receive approximately the same levels of fluoride as they do today even if Denver Water stopped its fluoridation policy. He commented there is no basis in facts to believe the removal process should be contemplated and that Denver Water is simply moderating the levels of fluoride that people receive. He opined it is beneficial and stated that science says it is beneficial. He remarked everyone should continue learning about fluoridation and pay attention to the science but that continuing Denver Water's fluoridation policy is the most responsible thing Denver Water can do given the chemistry of the water.

Lastly, Commissioner Tate expressed his agreement with all three of his colleagues' comments. He thanked the participants in the process, noting that many people who came to the Board's meetings raised significant enough issues that led Denver Water to investigate the matter in detail. He said the Board did not take

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everything at face value and received information from different sources. He emphasized that the Board did not come to the resolution lightly and that the members have had considerable conversation on the topic. Commissioner Tate opined that Denver Water is helping to prevent too much consumption of fluoride by evening out the fluoride levels in the water. He noted that historically Denver Water has taken a conservative approach and maintained fluoride at the lower end of the range. He commented on the beneficial aspects of fluoridation for young and developing children. Commissioner Tate ended by saying he is convinced the right thing to do is to maintain Denver Water's current policy until there is a compelling reason to change in the future.

The Board unanimously approved the Resolution to continue Denver Water's existing fluoridation program. A copy of the Resolution is attached to and incorporated in these Minutes as Exhibit "B."

Commissioner Tate recessed the meeting at 9:28 a.m.

#### RECONVENED OPEN SESSION

At 9:45 a.m., on Wednesday, August 26, 2015, in the Board Room, Room 309, 1600 W. 12<sup>th</sup> Avenue, Denver, Colorado, Commissioner Lucero reconvened the Regular Meeting of the Board of Water Commissioners, which had been commenced and adjourned earlier. Members of the Board present were:

**John R. Lucero, First Vice President**  
**Thomas A. Gougeon, Vice President**  
**Paula Herzmark, Vice President**  
**Penfield W. Tate, III, Vice President**

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

J.S. Lochhead, CEO/Manager  
A.C. Brimont, Director of Finance  
S.C. Covington, Director of Public  
Affairs

P.L. Wells, General Counsel  
B. Bates, *Acting* Director of Planning  
J.A. Anderson, Director of Customer  
Relations

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B.D. Good, Deputy Manager of Organizational Improvement	T.J. Roode, Director of Operations and Maintenance
R.J. Mahoney, Director of Engineering	C.R. Dermody, Director of Information Technology
G. Cagle, Director of Human Resources	M.K. Frishman, Attorney
P.A. Carey, Manager of Purchasing and Contracting	P.B. Coleman, Chief Internal Auditor
U. Sharma, Treasurer	J. Alexander, Environmental Scientist
M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation	C. Funk, Attorney
T. Bryant, Controller	J. Martin, Engineer
T. Cristiano, Manager of Budgets and Rates Administration	E. Helgeson, Senior Financial Analyst
D.M. Hamm, Staff Analyst	K. Ross, Engineer
W.C. Austin, Manager of Safety and Security	J. Bogner, Finance Analyst
S. Snyder, Special Projects Coordinator	K. Riegler, Attorney
J. Seagren, Distributor Relations Manager	R. Decourcey, Finance Manager/Supervisor
A. Rettig, Finance Manager/Supervisor	D. Shable, Engineer
B. Maulis, Contract Specialist	Z. Campbell, System Manager of Water Quality and Treatment
C. Morgan, Contractor	L. Davis, Human Resources Specialist
	J. Ross, Engineer
	T. Bray, Environmental Scientist
	D. Brinker, Engineer
	B. Gogas, Environmental Scientist
	C. Dick, Engineer
	K. Gedney, Contract Specialist
	J. Segal, Contract Specialist
Bill Mosher, Trammell Crow	Dave Kuntz, Mortenson
Mike Sullivan, Trammell Crow	Andrew Reisbeck, Mortenson
Alex Brown, Trammell Crow	

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#### Public Comment and Communications

Commissioner Lucero 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 response.

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: GENERAL SERVICES ON-CALL AGREEMENTS**

Approved the no-cost 2015-2018 General Engineering, Construction Management, and General Planning Services On-Call Agreements with the 82 business partners listed in Exhibit A to Agenda Item II-A-1, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

2. **ITEM II-A-2: PURCHASE OF LARGE VEHICLES**

Approved the purchase of three 10-yard dump trucks, one heavy duty utility truck, and one side-dump tractor for a total cost not to exceed \$624,088.00.

3. **ITEM II-A-3: INSPECTION, REPAIR, AND MAINTENANCE FOR OVERHEAD CRANES**

At the request of staff, this item was withdrawn from the agenda.

4. **ITEM II-A-4: AGREEMENT WITH URBAN DRAINAGE AND FLOOD CONTROL DISTRICT**

Approved Agreement 16353A with the Urban Drainage and Flood Control District for final design and construction of drainage and flood control

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improvements within the Cherry Creek Galleries property for a total contract amount not to exceed \$280,000.00.

5. **ITEM II-A-5: MAINTENANCE AND SUPPORT SERVICES FOR DATA STORAGE EQUIPMENT**

Approved the Sixth Amendment to Contract 13700A with Park Place Technologies, Inc., for maintenance and support services for data storage equipment. The amendment extends the contract through July 31, 2016, and adds \$20,549.76 for a total amended contract amount not to exceed \$103,576.34.

6. **ITEM II-A-6: MASTER CONTRACT AMENDMENT WITH VECTRONICS MARKETING, INC.**

Approved the addition of \$900,000.00 to Contract 15425A with Vectronics Marketing, Inc., for transaction processing services for original equipment manufacturer maintenance and support contracts through May 31, 2017. The additional funds result in a total amended contract amount not to exceed \$1,350,000.00.

7. **ITEM II-A-7: AMENDMENT TO 1992 CLIMAX-DENVER AGREEMENT**

Approved the Amendment to September 23, 1992 Climax-Denver Agreement (Contract 04394C) with Climax Molybdenum Company, which incorporated the changes made by the Colorado River Cooperative Agreement to paragraph 1(b) of the 1992 Clinton Reservoir – Fraser River Agreement and made the obligation to obtain administrative and water court approvals mutual.

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8. **ITEM II-B-1: ACTUARIAL SERVICES AGREEMENT**

Approved Agreement 16111A with Gabriel Roeder Smith & Company for actuarial and benefits statements services through July 31, 2020, for a total contract amount not to exceed \$422,750.00.

9. **ITEM II-B-2: UPDATE OF THE INVESTMENT POLICY FOR THE WATER WORKS FUND**

Approved the amended *Denver Board of Water Commissioners Investment Policy for the Water Works Fund*, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

Ms. Rettig explained staff's recommendation to make three major changes to the investment policy: (1) remove the stable NAV requirement for money market funds investments; (2) change the concentration limits for corporate bonds, commercial paper, and banker's acceptances; and (3) add municipal bonds to the list of permitted investments. Her presentation is attached to and incorporated in these Minutes as Exhibit "E."

10. **ITEM II-B-3: LEARNING MANAGEMENT SYSTEM SUBSCRIPTION AND IMPLEMENTATION SERVICES AGREEMENT**

Approved Agreement 15560A with Cornerstone OnDemand, Inc., for the implementation of and subscription to a learning management system for a three-year contract period beginning August 26, 2015, for a total contract amount not to exceed \$175,000.00.

Ms. Cagle explained the new system would augment the transformation and learning strategy of the Human Resources Division, by making training available on demand to all employees. Her presentation is attached to and incorporated in these Minutes as Exhibit "F."

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11. **ITEM II-B-4: THIRD AMENDMENT TO AGREEMENT WITH MORTENSON CONSTRUCTION FOR THE OPERATIONS COMPLEX REDEVELOPMENT**

Approved the Third Amendment to Agreement 15511A with Mortenson Construction for pre-construction services for the Operations Complex Redevelopment Project. The amendment extends the Agreement through January 31, 2018, and adds \$319,200.00 for a total amended contract amount not to exceed \$501,600.00.

12. **ITEM II-B-5: OPERATIONS COMPLEX REDEVELOPMENT PROJECT CONSTRUCTION MANAGER AT RISK**

Approved Contract 15630A with Mortenson Construction for the Construction Manager at Risk for the Operations Complex Redevelopment Project from August 26, 2015, through January 30, 2020, for a total contract amount not to exceed \$154,500,081.00.

13. **ITEM III-A: OPERATIONS COMPLEX REDEVELOPMENT PROJECT UPDATE**

Mr. Mosher gave the second monthly update on the Operations Complex Redevelopment Project, reviewing the costs against the approved budget, the schedule, and current scope changes. He explained there have been some delays in taking possession of the auto shop property to the north of the complex in order to accommodate the current tenants. Additionally, Trammell Crow is negotiating with the City and County of Denver regarding the necessary permits and is addressing the regulatory hurdles to overcome in order to accomplish the One Water goals.

Commissioner Gougeon asked to see the total expenditures over time in future updates, as well as the progress of the various sub-elements of the project.

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The presentation is attached to and incorporated in these Minutes as Exhibit "G."

#### 14. **ITEM III-B: GROSS RESERVOIR DAM RAISE UPDATE**

Mr. Martin, Mr. Bray, and Ms. Elliott provided an update on the project to expand Gross Reservoir. Mr. Bray reviewed the timeline for the project, noting the U.S. Army Corps of Engineers issued its Final Environmental Impact Statement in April 2014 and is expected to issue its Record of Decision by the end of 2015. Staff also anticipates receiving the federal 404 permit and the state 401 certification by the end of this year. Mr. Bray said the total cost of the mitigation and enhancement package is currently \$25 million.

Ms. Elliott discussed Denver Water's community engagement efforts, particularly with the neighboring property owners around the reservoir. Staff will be holding drop-in information sessions for the public in the fall and plans to create a web site dedicated to the project.

Mr. Martin explained the project is intended to resolve demand and reliability issues, as well as the imbalance of supply between Denver Water's north and south systems, by adding 18,000 acre-feet of yield per year. It will involve raising the dam and water level by 131 feet, with completion expected by 2024 at a total anticipated cost between \$380 million and \$458 million. The work will require 1.5 million tons of aggregate, which staff expects can be mined from a quarry on the site, significantly reducing the amount of truck hauling that will be necessary.

The presentation is attached to and incorporated in these Minutes as Exhibit "H."

#### 15. **ITEM IV-A: CEO REPORT**

Mr. Lochhead reported on a Conservation Fund event held the previous week to celebrate the preservation of the Toll Property; Denver Water paid

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\$850,000 to acquire a portion of the property last year. Mr. Lochhead said 130 people attended the event including Senator Michael Bennet, the Boulder County Commissioners, and local residents. At the event, Mr. Lochhead spoke about the importance of environmental stewardship, preservation of property, and the need to protect Denver Water's watersheds.

16. **ITEM IV-B-1: CFO REPORT: MONTHLY FINANCIAL REPORT**

The Board received the Monthly Financial Report dated July 31, 2015, as set forth in Agenda Item IV-B-1, which is attached to and incorporated in these Minutes as Exhibit "I."

Mr. Lochhead noted that total revenue was down by \$30 million at the end of July 2015. However, operating expenditures are below budget, and Denver Water has cash reserves to manage the downturn.

17. **ITEM V-A: SCHEDULING OF FUTURE BOARD MEETINGS AND TENTATIVE DISCUSSION TOPICS**

The Board received the Schedule of Future Board Meetings and Tentative Discussion Topics, a copy of which is attached to and incorporated in these Minutes as Exhibit "J."

18. **ITEM V-B: EVENT CALENDAR**

The Board received a calendar of upcoming community events to be attended by various staff, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

No further business appearing, the Board voted unanimously to adjourn into Executive Session at 11:36 a.m.

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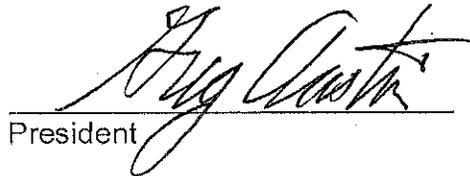
EXECUTIVE SESSION

On Wednesday, August 26, 2015, commencing at 11:37 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters, which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34, were discussed during the Executive Session:

1. Attorney-Client Matters § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at 11:55 a.m.

  
Secretary

  
President